

## 2017 Medical Plan Changes FAQs

**Q.** How much more am I going to have to pay for medical insurance?

**A.** The increase is 7.5% for active employees and Medicare retirees and 10.5% for non-Medicare retirees. Active employees in the PPO plan will see a monthly rate increase between \$6 and \$20. Active employees in the HDHP will see a monthly rate increase between \$3 and \$10. The exact increase depends on which category you are enrolled in. You can view the 2017 rate chart to see the exact dollar amount you will pay at the [Employee Benefits](#) webpage.

**Q.** Why raise our premiums now?

**A.** The plan has experienced an increase not only in the volume of claims, but the cost to provide medical and pharmacy services has significantly increased over the past two years. It was necessary to increase premiums for the plan to break even according to the projections provided by our consultant hired to review plan funding.

**Q.** This seems like a large percentage. Why is it so much?

**A.** It is based upon the actual experience of our plan and the funding necessary to pay for health insurance benefits for our plan members for 2017, with no changes in the benefit structure, which includes deductibles, copayments or coinsurance percentages. This increase is in line with the national averages for medical premium increases ranging from 6 – 8%.

**Q.** Why is the increase in premium greater for the non-Medicare retirees?

**A.** Current premiums are not covering the medical and prescription costs for this category. This category has been subsidized by other rate categories for many years. By increasing the premium for non-Medicare retirees more than for other rate categories, we are attempting to move these members to a self-sustaining situation, where other members are not subsidizing non-Medicare retiree costs.

**Q:** It seems like our medical insurance premiums go up every year. Is that true?

**A:** For the three years between 2012 and 2014 there were no increases in the total monthly premium for active employees. There was a premium increase of 2% in 2015 and 7.5% increase for 2016.

**Q.** How much will the Commission pay for these increases?

**A.** The percentage increase for the Commission is the same as employees and retirees. The Commission's average contribution per active employee will increase between \$27 and \$80 dollars. The exact increase depends on which category the employee is enrolled in.

**Q.** Is this still an 80 / 20 split between the Commission and active employees?

**A.** Yes, active employees are paying 20% of the premium costs, while the Commission continues to pay 80% of the premium costs. Sharing the costs of this vital benefit on a 4 to 1 ratio is a sincere effort to absorb most of the impact of rising health care costs. This also helps ensure stability and long-term viability of the benefit you and your family count on today and into retirement.

**Q.** Does the reason for the increase have anything to do with the fact we are receiving a COLA increase?

**A.** The decision to increase medical premiums was strictly based on the projected increase in medical and pharmacy claims for 2016 and 2017 in order for the plan to break even. The COLA increase was not a contributing factor in the decision.

**Q.** Are you going to take my entire COLA with the premium increase?

**A.** You will have to review the 2017 medical rate chart to determine exactly how much your premium will be. Here's one example:

If you earn \$35,000, the annual cost of living increase you received was \$700 of gross income. Estimated taxes (married filing jointly with no other income, Fed, state, FICA, etc.): 15% = \$105.

Active employees in the PPO plan will see monthly rate increases between \$6 and \$20, the Commission's average contribution per employee will increase between \$27 and \$80. The exact increase for both employees and the Department depends on the category selected by each employee.

Gross income increase:	\$700
<u>Less: estimated taxes:</u>	<u>\$105</u>
Net Income:	\$595
<u>Less: PPO Family increase:</u>	<u>\$240</u> <b>This is the highest option increase</b>
Estimated Increase in net pay:	\$355

In this scenario, approximately 40 % of the cost of living increase is used to cover the increased medical premium. In this scenario, the Commission absorbed \$960 of the total premium increase of \$1,200.

**Q.** Is there a less costly option for medical coverage?

**A.** Eligible employees can elect to switch from the PPO plan to the HDHP or vice versa in October for January coverage. The out-of-pocket premiums for the HDHP are considerably lower than those of the PPO. Keep in mind with the HDHP, your deductible and out of pocket maximum is much higher. To determine if the HDHP Plan is a good option, you can use the [comparison calculator](#) on the Employee Benefits website to help make that determination.

**Q.** How much does medical care cost for our plan members?

**A.** For calendar year 2015, the medical plan paid \$108 million in medical and pharmacy claims. The cost of the contracts for administrative and professional services for the plan was about \$7 million.

**Q.** Will we still have Coventry as our administrator?

**A.** Aetna has acquired Coventry, so we will switch over to Aetna starting in January, but you should see little to no change in the plan coverage and network of providers. Participants will receive new ID cards later this year.

**Q.** Will we still have MedImpact as our prescription drug administrator?

**A.** Yes, MedImpact will continue to administrator our prescription drug program for next year. You will continue to use the same prescription card you have today.