HEALTH INSURANCE 101

CUTTING THROUGH THE "MUMBO-JUMBO" OF INSURANCE

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TOPICS

- Health Insurance-Let's Cut Through the "Mumbo Jumbo"
- Low Deductible PPO Plan
- High Deductible/Wellness PPO Plan
- High Deductible/HSA Qualified Plan
- Prescription Plan
- Health Savings Accounts (HSA)
- Flexible Spending Accounts (FSA)
- Maximizing Your Health Benefit Dollars

HEALTH INSURANCE- LET'S CUT THROUGH THE "MUMBO JUMBO"

- Chronic Disease A disease that is long-lasting or recurrent; examples include diabetes and hypertension
- Coinsurance—The amount you must pay for medical care after you have met your deductible
- Covered Expenses Medical services the plan will pay for (in whole or in part)
- Deductible—The amount you must pay each year before your plan begins paying
- Diagnostic Visit A diagnostic visit occurs when there are signs and/or symptoms - an acute illness; typically, there is a rapid onset of illness and a short duration, such as with a sinus infection or the flu

- Encircle Network A network for hospitals and other medical facilities; use of Encircle facilities decreases the employee's coinsurance from 30% to 20% (insurance pays 80% coinsurance for Encircle facilities)
- Encore Network A network for physicians
- Endorsed Provider A provider that has been "endorsed" by the American Health Data Institute (AHDI); use of endorsed providers decreases the employee's coinsurance from 30% to 20% (insurance pays 80% for Endorsed, in-network providers)
- Exclusions Services the plan does not cover

- Explanation of Benefits (EOB) A statement from your plan that tells you what a provider charged for services, what the plan pays, and what you must pay
- Generic Drugs that are called by their chemical name rather than a brand name; these drugs are equal to the brand-name versions, but cost less
- Inpatient Care Care you receive while staying overnight in the hospital
- Network A group of physicians, hospitals, and other providers who participate in a particular managed care plan; your cost is lower when you get care from providers in the network (Encore/Encircle)



- Out-of-Pocket Costs Money you pay toward the cost of healthcare services; deductibles, coinsurance, etc
- Out-of-Pocket Maximum The most you will have to pay each year in deductibles and coinsurance; after that, the plan generally pays 100% of your covered expenses for the rest of the calendar year
- Outpatient Care Care you receive without an overnight hospital stay
- Plan Year A 12-month period usually beginning in January or July; you will have a chance to review and change your benefits prior to the start of each plan year during an "open enrollment" period (our plan currently begins on July 1)

- Premium—The amount you pay to belong to a health plan
- Preventive Care Care designed to keep you from getting sick, such as immunizations and annual physicals; also referred to as "wellness" or "routine" care
- Preventive Medication Medications taken by a person who has developed risk factors for a disease that has not yet become clinically apparent or to prevent the reoccurrence of a disease from which a person has recovered; our Pharmacy Benefit Manager (Medco) determines which drugs are considered preventive

- Qualifying Event Life events that affect your benefits coverage, such as birth, adoption or death, marriage or divorce, child's custody change, or change in your work status; these must be reported within 30 days of the event
- Summary Plan Description (SPD) A document that includes information about your benefits coverage, how your plans work, and administrative details (like how to file a claim, appeal, etc.)

LOW DEDUCTIBLE PPO PLAN

Annual Premium Amounts	Single/EE & Ch/Family					
	\$2527/\$4801/\$6560					
Deductibles	\$350 - Single / \$875 - EE & Child, Family					
	(per person <u>and</u> per EE & Child/Family)					
Out-of Pocket Maximum (OOP)	OOP is per person					
	\$1725* - In Network/Endorsed Provider/Encircle Facility					
Does Not Include Deductible	\$2600 - Combination of In Network/Endorsed/Non-Endorsed					
**Includes Deductible	Providers/Encircle/Non-Encircle Facility					
includes Deductible	\$3450* for Out of Network plus \$2000 per each Out of Network inpatient admission					
Not subject to deductible	Wellness Benefits – Routine tests, immunizations and Office exams					
80% In Network/Endorsed	Chronic Disease Physician Office visits					
Provider/Encircle Facility	Quick Care Clinic ^					
	Nurse Practitioners^^					
70% In Network/ Non-Endorsed	Diabetic, Asthma & Nutrition Training^					
Provider/ <u>Non</u> – Encircle Facility	Lab Charges^ (Contracted Labs)					
	Emergency Room for Illness/ Accident					
Subject to deductible						
80% In Network/Endorsed	Diagnostic Office Visits/ Injections for Illness & Accident					
Provider/Encircle Facility	Hospital Inpatient and Outpatient/ Surgery					
	Mental, Nervous and Substance Abuse					
70% In Network/ Non-Endorsed	Diagnostic X-rays and Labs for Routine/ Illness/ Accidents (Non-Contracted)					
Provider/Non – Encircle Facility	Labs)					
	Ambulance					
60% Out of Network Provider	Contracted Labs: LabCorp (formerly PA Labs), Quest Diagnostic/LabCard and					
/Outpatient Non-Encircle Facility	American Health Network					
50% Out of Network/Inpatient Non-Encircle Facility	^100% Covered					
	^^Network Not Applicable					

HIGH DEDUCTIBLE/WELLNESS PPO PLAN

Annual Premium Amounts	Single/EE & Ch/Family					
	\$1008/\$1916/\$2618					
Deductibles	\$1000 - Single / \$2500 - EE & Child, Family					
	(per person <u>and</u> per EE & Child/Family)					
	OOP is per person					
Out-of Pocket Maximum (OOP)	\$2500* - In Network/Endorsed Provider/Encircle Facility					
	\$3750* - Combination of In Network/Endorsed/Non-Endorsed					
*Does Not Include Deductible	Providers/Encircle/Non-Encircle Facility					
**Includes Deductible	\$6000* for Out of Network plus \$2000 per each Out of Network inpatient					
	admission					
Not subject to deductible	Wellness Benefits – Routine tests, immunizations, and Office exams					
80% In Network/Endorsed	Chronic Disease Physician Office visits					
Provider/Encircle Facility	Quick Care Clinic ^					
	Nurse Practitioners^^					
70% In Network/ Non-Endorsed	Diabetic, Asthma & Nutrition Training [^]					
Provider/Non – Encircle Facility	 Lab Charges[*] (Contracted Labs) 					
	Emergency Room for Illness/ Accident					
Subject to deductible	Diagnostic Office Visits/ Injections for Illness & Accident					
80% In Network/Endorsed	Hospital Inpatient and Outpatient/ Surgery					
Provider/Encircle Facility	Mental, Nervous and Substance Abuse					
	Diagnostic X-rays and Labs for Routine/ Illness/ Accidents (Non-					
70% In Network/ Non-Endorsed	Contracted Labs)					
Provider/Non – Encircle Facility	Ambulance					
60% Out of Network Provider/Outpatient	Contracted Labs: LabCorp (formerly PA Labs), Quest Diagnostic/LabCard					
Non-Encircle Facility	and American Health Network					
50% Out of Network/Inpatient Non-	^100% Covered					
Encircle Facility	10010 00101					
	^^Network Not Applicable					

HIGH DEDUCTIBLE/HSA QUALIFIED PLAN

Annual Premium Amounts	Single/EE & Ch/Family \$442/\$840/\$1147				
Deductibles	\$1725 - Single / \$4325 - EE & Child, Family				
	(per person <u>or</u> per EE & Child/Family)				
	Single Coverage				
	\$2875** - In Network/Endorsed Provider/Encircle Facility				
	\$3450** - Combination of In Network/Endorsed/Non-Endorsed Providers/Encircle/Non-Encircle Facility				
Out-of Pocket Maximum (OOP)	\$4025 ** for Out of Network plus \$2000 per each Out of Network inpatient admission				
*Does Not Include Deductible	EE & Child or Family Coverage				
Includes Deductible	\$5750 - In Network/Endorsed Provider/Encircle Facility				
	\$6900** - Combination of In Network/Endorsed/Non-Endorsed Providers/Encircle/Non-Encircle Facility \$8050** for Out of Network plus \$2000 per each Out of Network inpatient admission				
Not subject to deductible	Welless Barefite Barting Tests Insurvice figure and Office France				
80% In Network/Endorsed Provider/Encircle Facility	Wellness Benefits – Routine Tests, Immunizations and Office Exams Routine/Wellness Lab Charges* (Contracted Labs)				
70% In Network/ Non-Endorsed Provider/Non –	Routine/Wellness Lab Charges* (Contracted Labs)				
Encircle Facility					
Subject to deductible	Chronic Disease Physician Office visits				
80% In Network/Endorsed Provider/Encircle Facility	Quick Care Clinic ^				
70% In Network/ Non-Endorsed Provider/Non –	Nurse Practitioners^^				
Encircle Facility	Diabetic, Asthma & Nutrition Training^				
60% Out of Network Provider/Outpatient Non-	Diagnostic Office Visits/ Injections for Illness & Accident				
Encircle Facility	Hospital Inpatient and Outpatient/ Surgery				
50% Out of Network/Inpatient Non-Encircle Facility	Mental, Nervous and Substance Abuse				
Contracted Labs: LabCorp (formerly PA Labs), Quest Diagnostic/LabCard and American Health	Diagnostic X-rays and Labs for Routine/ Illness/ Accidents (Non-Contracted Labs)				
Network	Labs)				
^100% Covered	Emergency Room for Illness/ Accident Diagnostic Lab Charges A(Contracted Labs)				
^^Network Not Applicable	Diagnostic Lab Charges ^(Contracted Labs)				
Network Not Applicable	Ambulance				

PRESCRIPTION PLAN

Prescription Coverage	Low Deductible PPO		High Deductible Wellness		High Deductible HSA Plan	
Deductible	None		None		Included in Medical deductible All drugs are subject to deductible except preventive	
14 : 0 : (medication	
Maximum Out of Pocket Expense	\$1725 per person per year for mail order only; retail costs do not apply to out-of-pocket maximums		\$1725 per person per year for mail order only; retail costs do not apply to out-of-pocket maximums		Included in Medical out of pocket maximum	
					Effective January 1, 2012:	
					\$5,950 (including deductible) for retail prescription drug expenditures	
					\$11,900 (including deductible) for retail prescription drug expenditures	
Covered: Retail	Generic Drugs	Name Brand	Generic Drugs	Name Brand	Generic Drugs	Name Brand
Non- Maintenance	80%	<u>Drugs</u> 70%	80%	<u>Drugs</u> 70%	80%	<u>Drugs</u> 70%
Drugs Maintenance Drugs	80%	70%	80%	70%	80%	70%
After 3 rd refill at retail pharmacy (RRA Penalty)	65%	55%	65%	55%	65%	55%
Covered: Mail Order	Generic Drugs	<u>Name Brand</u> <u>Drugs</u>	Generic Drugs	<u>Name Brand</u> <u>Drugs</u>	Generic Drugs	Name Brand Drugs
Maintenance Drugs only	80%	70%	80%	70%	80%	70%

Retail Refill Allowance (RRA) Penalties do not apply toward the out of pocket maximums. The RRA Penalty will not be effective for the High Deductible HSA Plan until **January 1**, **2012** at which time continued use of retail pharmacies could significantly increase your out-of-pocket maximum.



FLEXIBLE SPENDING ACCOUNTS (FSA)

- Two accounts
 - Dependent care FSA plan
 - Healthcare FSA plan
- Must sign up during every Open Enrollment period and make contribution "election" for the next plan year
- Maximum = \$5,000 per account
- Amounts contributed are pre-tax, which reduces your taxable income
- "Use it or lose it" you must use all the funds in your account by September 15th (plan year ends June 30th)
- Reimbursement claims must be filed by Dec. 15th
- Regulated by IRS keep your receipts!
- Prescriptions are now required for over-the-counter medications



HEALTH SAVINGS ACCOUNTS (HSA)

- Pre-tax savings account
 - Features determined by Federal law (IRS)
 - "Triple tax" advantage
 - Must use funds to pay for Qualified Medical Expenses (QME's) until age 65 or disabled; otherwise, will become taxable income and be subject to 20% tax penalty
- "Similar" to FSA, but several critical differences
 - Only available when paired with a "qualified" HDHP
 - Maximum of \$3,050 for single/\$6150 for family (2011)
 - May change elections monthly
 - Carry-over year-to-year (no "use it or lose it")
 - Keep excess funds for future use
 - Inheritable
 - HSA Road Rules is required reading!

MAXIMIZING YOUR HEALTH BENEFIT DOLLARS

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- Use the mail-order option for your maintenance medications
- Use generic instead of brand when possible
 - A 30-day supply of Ambien (brand name sleeping aid) costs, on average, \$156.86 more than the generic
- Choose a doctor that's in the network; if your doctor isn't in the network, nominate them
- Go to the Quick Clinic for minor ailments the visit is 100% covered for members of the Low Deductible and High Deductible Wellness PPO Plans
- Request to see a Nurse Practitioner when ill; visit is not subject to the deductible for members of the Low Deductible and High Deductible Wellness PPO Plans



MAXIMIZING YOUR HEALTH BENEFIT DOLLARS

- Make sure that you follow the plan's preauthorization procedures for certain services
- Take advantage of the plan's preventive healthcare benefits
- If you need lab work done, make sure you use labs that the plan is contracted with (LabCorp, American Health Network & Quest Diagnostics/LabOne)
- Review your plan's SPD
- Enroll in a tax-advantaged account (Flexible Spending Account or Health Savings Account)
- Speak up if you disagree with how a claim is processed!

PRESENTATION SOURCES

- Navigating Your Health Benefits for Dummies, 2nd Edition, by Wendy A. Richards, MD, MBA, FAAP & Tracey A. Baker, CFP
- o www.dol.gov
- o <u>www.insure.com</u>
- The Life and Health Insurance Foundation for Education
- Benefits and Compensation Glossary, 11th Edition, Edited by Judith A. Sankey, CEBS

THE END





