

UNM Medical Plan FY 2020 Strategy



HUMAN
RESOURCES

FY 2020 Preliminary Cost Projections

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FY 2020 Preliminary Cost Projection

- FY '20 rates are projected to be 7% higher than current rates
 - Combination of annual trend rates of 5.5% medical / 7.5% pharmacy and above average claims for the most recent 12 months ending October 2018
 - A revised preliminary projection will be calculated in late January with claims through December 2018
- UNM generally experiences renewals +/- 3% of the annual trend rate of approximately 6%
- Since FY '10 premiums have increased an average of 2.9% per year with very few plan design changes compared to a national average of 4.7% annually



Status Quo Monthly Contributions

Monthly Contributions

| | >\$35k (80/20) FY 19 | | | \$35k-\$50k (70/30) FY 19 | | | \$50k+ (60/40) FY 19 | | |
|-----------------------|-------------------------|-------|-------|------------------------------|-------|-------|-------------------------|-------|-------|
| | UNMTH | BCBS | PHP | UNMTH | BCBS | PHP | UNMTH | BCBS | PHP |
| Employee Only | \$98 | \$101 | \$128 | \$147 | \$152 | \$192 | \$196 | \$202 | \$256 |
| Employee + Spouse | \$201 | \$207 | \$263 | \$301 | \$311 | \$395 | \$402 | \$414 | \$526 |
| Employee + Child(ren) | \$181 | \$187 | \$237 | \$272 | \$281 | \$356 | \$362 | \$374 | \$475 |
| Employee + Family | \$285 | \$294 | \$373 | \$428 | \$441 | \$560 | \$570 | \$588 | \$746 |

Employee Only
Employee + Spouse
Employee + Child(ren)
Employee + Family

Monthly Contributions

| | >\$35k (80/20) FY 20 | | | \$35k-\$50k (70/30) FY 20 | | | \$50k+ (60/40) FY 20 | | |
|-----------------------|-------------------------|-------|-------|------------------------------|-------|-------|-------------------------|-------|-------|
| | UNMTH | BCBS | PHP | UNMTH | BCBS | PHP | UNMTH | BCBS | PHP |
| Employee Only | \$105 | \$108 | \$137 | \$157 | \$162 | \$206 | \$209 | \$216 | \$274 |
| Employee + Spouse | \$215 | \$221 | \$281 | \$322 | \$332 | \$422 | \$430 | \$443 | \$563 |
| Employee + Child(ren) | \$194 | \$200 | \$254 | \$291 | \$300 | \$381 | \$388 | \$400 | \$508 |
| Employee + Family | \$305 | \$314 | \$399 | \$458 | \$472 | \$599 | \$610 | \$629 | \$798 |

Employee Only
Employee + Spouse
Employee + Child(ren)
Employee + Family

- Assumes a 7% increase to all plans and all tiers
- Assumes no plan design changes

Monthly Employee Contribution Change

Monthly Contribution Impact

| | >\$35k (80/20) | | | \$35k-\$50k (70/30) | | | \$50k+ (60/40) | | |
|-----------------------|-----------------|------|------|---------------------|------|------|-----------------|------|------|
| | FY 20 vs. FY 19 | | | FY 20 vs. FY 19 | | | FY 20 vs. FY 19 | | |
| | UNMTH | BCBS | PHP | UNMTH | BCBS | PHP | UNMTH | BCBS | PHP |
| Employee Only | \$7 | \$7 | \$9 | \$10 | \$11 | \$14 | \$13 | \$14 | \$18 |
| Employee + Spouse | \$14 | \$14 | \$18 | \$21 | \$22 | \$28 | \$28 | \$29 | \$37 |
| Employee + Child(ren) | \$13 | \$13 | \$17 | \$19 | \$20 | \$25 | \$26 | \$26 | \$33 |
| Employee + Family | \$20 | \$21 | \$26 | \$30 | \$31 | \$39 | \$40 | \$41 | \$52 |

Assumes a 7% increase to all plans/tiers and no plan design changes

FY 2020 Medical Plan Options Proposal

Joey Evans, Director, University Benefits

FY 2020 Objectives

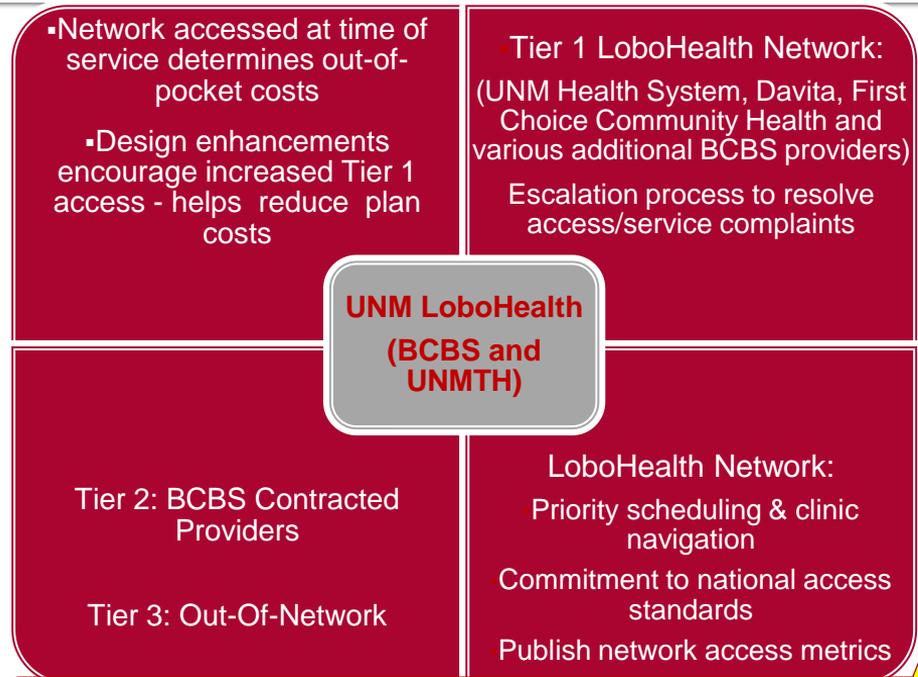
7% increase projected based on
FY 2019 experience



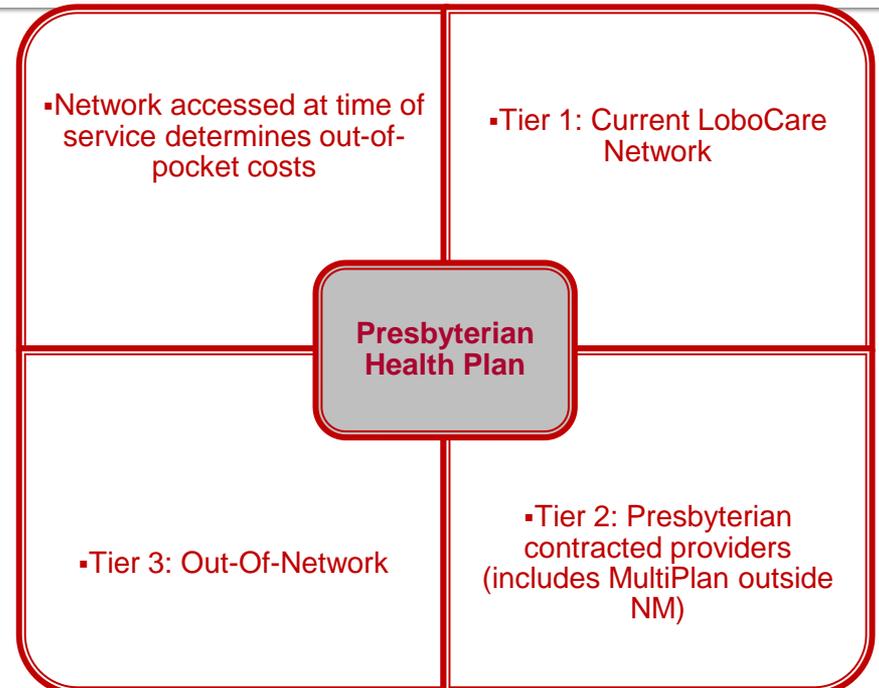
▪FY 2020 Objectives: Create foundation to “Bend the Trend” going forward:

- Combine current UNM Team Health (UNMTH) and BCBS populations into one plan.
- Proposed Name: UNM LoboHealth
- Increase utilization of Tier 1 network within UNM LoboHealth and provide the framework for sustainable benefits in the future.
- Continue to provide choice for how UNM employees and dependents receive their health care.
- Provide a simplified and financially predictable benefit structure for UNM LoboHealth Network.
- Reduce administrative redundancy.

FY 2020 Proposed Medical Plan Choices



No approval required to access care outside of Tier 1 



Plan design will remain the same as current

FY 2020 Proposal: UNM LoboHealth

NETWORK STRUCTURE

- Current UNMTH network will be Tier 1 for combined population
 - Includes UNM Health System, Davita, First Choice Community Health and various additional BCBS providers
 - Additional BCBS providers primarily include Lab and X-ray, Medical Supplies, Mental Health, Rehab/PT, Fertility
- LoboHealth Network plan design enhancements to encourage increased Tier 1 access
 - Increased utilization of LoboHealth Network helps to reduce overall plan costs

NETWORK COMMITMENTS

- UNM LoboHealth network to provide priority scheduling and clinic navigation for Tier 1
 - Commitment to access standards to meet national standards
 - Increase marketing and accessibility of LoboCare Clinic
 - Publish network access metrics on predetermined frequency including length to appointment, number of patients referred outside Tier 1 and other metrics
- Escalation process with BCBS, UNMTH and UNM Benefits to resolve access/service complaints

FY 2020 Proposed Plan design

| Plan Design Major Categories | FY 2019 UNM Team Health | | FY 2019 BCBS | | FY 2020 Combined | |
|--|---|--------------------|---|--------------------|--|-----------------------------|
| Number of Employees | 1,313 | | 4,117 | | 5,430 | |
| Total Lives Covered | 2,450 | | 7,900 | | 10,350 | |
| Percent of Claims in Tier 1 | ~85% | | ~50% | | Projected ~63% | |
| Deductible- Individual/Family(Only Applicable to Coinsurance) | \$600/\$1,200 | | \$600/\$1,200 | | \$600/\$1,200 | |
| OOP Max-Individual/Family (Includes Tier I and Tier II cost share and combined with Rx cost share) | \$3,000/\$6,000 | | \$3,000/\$6,000 | | \$3,000/\$6,000 | |
| Approval Required to access Tier II Providers | Approval from UNMTH (Benefit Certification) Required for Tier II. If not obtained, Cost Share is at Tier III (Out of Network) | | Choice-Cost Share is based on network chosen at time of service. No Approval required | | Choice-Cost Share is based on network chosen at time of service. No Approval required | |
| Customer Service | UNMTH with warm transfer to BCBS | | BCBS | | BCBS with warm transfer to UNMTH UNMTH provide UNMTH network and clinic priority scheduling | |
| Plan Cost Share | Tier I Cost Share | Tier II Cost Share | Tier I Cost Share | Tier II Cost Share | Tier I Cost Share PROPOSED | Tier II Cost Share PROPOSED |
| PCP Visit | \$25 | \$30 | \$25 | \$30 | \$10 | \$30 |
| Specialist Visit | \$35 | \$45 | \$35 | \$45 | \$20 | \$45 |
| Complex Diagnostic (MRI, CT, PET, Nuclear Med) | 10% | 30% | 15% | 25% | \$150 | 25% |
| Outpatient Procedures | 10% | 30% | 15% | 25% | \$250 | 25% |
| Inpatient | 10% | 30% | 15% | 25% | \$500 | 25% |

FY 2020 Proposed Plan design Examples

| Health Care Service | FY 2019 UNM Team Health Network Out-Of-Pocket Costs | FY 2020 LoboHealth Network Out-Of-Pocket Costs |
|--|--|--|
| Hospitalization for Delivery of a baby | \$600 Deductible + \$640 coinsurance = approximately \$1,240 assuming delivery total cost of \$7,000 | \$500 Co-pay Out-Of-Pocket savings of approximately \$740 |
| MRI | \$600 Deductible + \$40 coinsurance = \$640 assuming total cost of \$1,000 | \$150 Co-pay Out-Of-Pocket savings of approximately \$490 |
| Outpatient Knee Surgery | \$600 Deductible + \$340 coinsurance = \$940 assuming total costs of \$4,000 | \$250 Co-pay Out-Of-Pocket savings of approximately \$690 |
| Four PCP Visits | \$25 X 4 = \$100 | \$10 X 4 = \$40 Out-Of-Pocket savings of approximately \$60 |
| Two Specialist Visits | \$35 X 2 = \$70 | \$20 X 2 = \$40 Out-Of-Pocket savings of approximately \$30 |

Monthly Employee Differential from Status Quo and Proposed Change

Monthly Contribution Differential Between Options

| | >\$35k (80/20) | | \$35k-\$50k (70/30) | | \$50k+ (60/40) | |
|-----------------------|----------------|------|---------------------|------|----------------|------|
| | FY 20 | | FY 20 | | FY 20 | |
| | UNMTH | BCBS | UNMTH | BCBS | UNMTH | BCBS |
| Employee Only | \$2 | -\$1 | \$4 | -\$1 | \$6 | -\$1 |
| Employee + Spouse | \$5 | -\$1 | \$8 | -\$2 | \$10 | -\$3 |
| Employee + Child(ren) | \$5 | -\$1 | \$7 | -\$2 | \$10 | -\$2 |
| Employee + Family | \$8 | -\$1 | \$11 | -\$3 | \$16 | -\$3 |

Proposed Monthly Contributions

Monthly Contributions

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|-----------------------|-------------------------|-------|------------------------------|-------|-------------------------|-------|
| | UNMTH | BCBS | UNMTH | BCBS | UNMTH | BCBS |
| | Employee Only | \$98 | \$101 | \$147 | \$152 | \$196 |
| Employee + Spouse | \$201 | \$207 | \$301 | \$311 | \$402 | \$414 |
| Employee + Child(ren) | \$181 | \$187 | \$272 | \$281 | \$362 | \$374 |
| Employee + Family | \$285 | \$294 | \$428 | \$441 | \$570 | \$588 |

Monthly Contributions

| | >\$35k (80/20) FY 20 | | \$35k-\$50k (70/30) FY 20 | | \$50k+ (60/40) FY 20 | |
|-----------------------|-------------------------|--|------------------------------|--|-------------------------|--|
| | UNM LoboHealth | | UNM LoboHealth | | UNM LoboHealth | |
| Employee Only | \$107 | | \$161 | | \$215 | |
| Employee + Spouse | \$220 | | \$330 | | \$440 | |
| Employee + Child(ren) | \$199 | | \$298 | | \$398 | |
| Employee + Family | \$313 | | \$469 | | \$626 | |