HIGH DEDUCTIBLE HEALTH PLAN & HEALTHCARE REIMBURSEMENT ACCOUNT

Purpose of Today's Meeting:

- **Introduce High Deductible Health Plan (HDHP)**
  - Available January 1, 2010
  - Affordable option
- **Review HDHP Plan Design**
  - "Preventive Services"
  - Services that require a deductible
  - In-network and out-of-network coverage
- **Introduce Health Reimbursement Account (HRA)**
  - WHOI funded
  - Relationship between the HRA and WHOI's Healthcare Flexible Spending Account (HFSA) program
- **Resources**
- **Q&A**

What changes are being made to medical coverage for 2010?

- New: High Deductible Health Plan with HRA (offered at a reduced premium to employees, WHOI pays 75%)
- HMO Blue (no increase to employee premium)
- Access Blue (decrease in premium)
- PPO Out-of-State (decrease in premium)
- PPO "in-state" eliminated
- All plans will now cover colonoscopies at 100% when the procedure is *preventive* in nature (every 10 years beginning at age 50)

Why is WHOI offering the HDHP?

- Many employers on a national level have been moving toward HDHPs as an option for employees over the past 5 years, and it's one WHOI has considered over time
- It provides a more affordable option for many employees
- Our 2010 medical plan experienced a favorable renewal and provided the right opportunity
- WHOI's long-term commitment to contain healthcare costs and provide a balanced total compensation package

HDHP Plan Highlights

- Preferred Provider Organization (PPO)
- Choose any doctor or hospital
- No Primary Care Physician required
- No referrals needed
- In-Network and Out-of-Network benefits available:
  - Where you choose to go for treatment determines level of benefit
  - Greater coverage is provided for In-Network services
  - More than 90% of all practicing physicians and hospitals in the U.S. are participating 'In-Network' providers

HDHP- "Blue Care Elect Deductible Plan"

- To find a PPO Preferred Provider:
  - Call 1-800-810-BLUE (2583)
  - Visit the website: www.bcbs.com/healthtravel/finder.htm
  - Use "XXP" as the 3-digit identification number
  - Ask your physician(s) if they're in the BCBS PPO Preferred Network

HDHP- "Blue Care Elect Deductible Plan"

- Annual Deductible: $2,000/$4,000
  ($2,000 per member, capped at $4,000 per family)

  The deductible does NOT apply to In-Network Preventive Health Services* and Prescription Drugs (require a $15 office visit co-payment only):
  - Routine Adult and Child Physicals & Routine GYN Exams
  - Routine Preventive Tests & Routine Mammograms
  - Routine Hearing & Vision Exams
  - Family Planning

- Annual Out-of-Pocket Maximum: $5,000/$10,000
  ($5,000 per member, capped at $10,000 per family)

  The Out-of-Pocket Max only applies when using a non-network provider outside the PPO Preferred National Network.

*See Appendix for listing of "preventive services"

Plan Comparison

	HDHP		HMO Blue/PPO	Access Blue
Type of coverage	**Employee Cost – In-Network**	**Employee Cost – Out of Network**	**Employee Cost**	**Employee Cost**
Plan Year Deductible (combined in and out of network)	$2,000 per member $4,000 per family **($2,000 per member, capped at $4,000 per year)**		HMO - $0/$0 PPO In-Network - $0/$0 PPO Out of Network - $500/$1,000	N/A
Plan Year Out of Pocket Maximum (inclusive of deductible, combined in/out of network)	$5,000 per member $10,000 per family **($5,000 per member, capped at $10,000 per year)**		HMO - $2,000/$4,000 PPO In-Network - $0/$0 PPO Out of Net work- $1,000/$2,000	$2,000/$4,000
Preventive Visits	$15 co-pay	20% After deductible	$25 co-pay	$10 co-pay (PCP) $30 co-pay (Specialist)
Emergency room services	0% After deductible	0% After deductible*	$100 co-pay	$100 co-pay
Clinic visits; physician, podiatrist, and chiropractor visits	$15 co-pay, After deductible	20% After deductible	$25 co-pay	$10 co-pay (PCP) $30 co-pay (Specialist)
Inpatient Hospital Stay	0% After deductible	20% After deductible	$500 co-pay per admission	$500 co-pay per admit
Outpatient Surgery (ambulatory setting)	0% After deductible	20% After deductible	$250 co-pay	$250 co-pay
Diagnostic Lab, X-ray, and other tests	0% After deductible	20% After deductible	0%	0%

*Emergency Room services for the initial ER visit is covered at the in-network level when out-of-network. However, if the ER visit becomes an inpatient stay or admission, then those additional services are covered at the out-of-network level and will require additional co-insurance charges up to the applicable out-of-pocket maximum. So, a member in this out-of-network situation could be subject to up to a $5,000 charge.

Plan Comparison (Continued….)

	HDHP		HMO Blue/PPO	Access Blue
Type of coverage	Employee Cost – In-Network	Employee Cost – Out of Network	Employee Cost	Employee Cost
Plan Year Deductible (combined in and out of network)	$2,000 per member $4,000 per family **($2,000 per member, capped at $4,000 per year)**		HMO - $0/$0 PPO In-Network - $0/$0 PPO Out of Network - $500/$1,000	N/A
Plan Year Out of Pocket Maximum (inclusive of deductible, combined in/out of network)	$5,000 per member $10,000 per family **($5,000 per member, capped at $10,000 per year)**		HMO - $2,000/$4,000 PPO In-Network - $0/$0 PPO Out of Network- $1,000/$2,000	$2,000/$4,000
Durable Medical Equip	0% After deductible, up To $750 Cal Yr Max	20% After deductible, up to $750 Cal Yr Max	$0 up to $750 Cal Yr Max	$0 up to $750 Cal Yr Max
Mental Health	Inpatient - 0% After deductible Outpatient - $15 co-pay, After deductible	20% After deductible	Inpatient - $500 co-pay Outpatient - $25 co-pay	Inpatient - $500 co-pay Outpatient - $10 co-pay
Substance Abuse	Inpatient - 0% After deductible Outpatient - $15 co-pay, After deductible	20% After deductible	Inpatient - $500 co-pay Outpatient - $25 co-pay	Inpatient - $500 co-pay Outpatient - $10 co-pay
Prescription Drugs – (Deductible does NOT apply)	$15/$30/$50 Retail $30/$60/$150 Mail	$15/$30/$50 Retail Mail Order not covered out of net.	$15/$30/$50 Retail $30/$60/$100 Mail	$15/$30/$50 Retail $30/$60/$100 Mail

2010 Rate Structure

(annual premium cost to Employee)

2009 Rates (Employee Annual Cost)

	HMO	Access Blue	PPO	PPO – OOS
Employee	$2,325.36	$2,654.40	$5,712.48	$3,680.16
Employee + Child(ren)	$4,185.84	$4,777.68	$10,283.28	$6,624.72
Employee + Spouse	$4,650.24	$5,308.08	$11,424.00	$7,359.84
Family	$6,587.28	$7,520.16	$16,184.64	$10,426.32

2010 Rates (EE Annual Cost , Not Including Deductible)

	HMO	Access Blue	HDHP	PPO – OOS
Employee	$2,325.36	$2,474.40	$1,280.64	$3,083.76
Employee + Child(ren)	$4,185.84	$4,453.92	$2,305.20	$5,550.72
Employee + Spouse	$4,650.24	$4,948.56	$2,561.28	$6,167.52
Family	$6,587.28	$7,009.68	$3,627.84	$8,736.00

Rates represent annual pre-tax premium deductions only. Does not include any out-of-pocket medical costs for co-pays, co-insurance, deductibles etc.

Scenario #1 - Employee Only (low risk member)

Patient	Cost Type	Utilization	Unit Cost	Allowable Charges	HMO Option	HDHP Option
Employee	Preventive Visit	1	$150	$150	$25 copay	$15 copay
	Sick Visit (PCP)	0	NA	$0	$0	$0
	IP Hospital Visit	0	NA	$0	$0	$0
	Generic Rx	2	$20	$40	$30 (2 copays)	$30 (2 copays)
	Preferred Brand Rx	1	$100	$100	$30 copay	$30 copay
Total Out-of-Pocket Expenses					$85.00	$75.00 *
WHOI-funded HRA Available					N/A	$1,000.00
Remaining Out-of-Pocket Expenses (OOP - HRA)					$85.00	$75.00
EE Annual Premium Cost					$2,325.36	$1,280.64
Total Annual Net Cost to Employee (premium + OOP – HRA)					$2,410.36	$1,355.64
Difference to Comparable Option (savings to EE)						**($1,054.72)**

*Preventive OV and Rx co-pays are not counted towards deductible and are not reimbursable through HRA funds.
Assumes the use of "in-network" providers in the National PPO Preferred Network.
Unit Cost are estimates only and will vary based on the particular provider and/or hospital.

Scenario #2 – Employee Only (moderate risk member)

Patient	Cost Type	Utilization	Unit Cost	Allowable Charges	HMO Option	HDHP Option
Employee	Preventive Visit	1	$150	$150	$25 copay	$15 copay
	Sick Visit (PCP)	1	$150	$150	$25 copay	$150
	IP Hospital Visit	1	$5,000	$5,000	$500 copay	$1,850 (max)
	Generic Rx	4	$20	$80	$60 (4 copays)	$60 (4 copays)
	Preferred Brand Rx	4	$100	$400	$120 (4 copays)	$120 4 copays)
Total Out-of-Pocket Expenses					$730.00	$2,195.00 *
WHOI-funded HRA Available					N/A	$1,000.00
Remaining Out-of-Pocket Expenses (OOP – HRA)					$730.00	$1,195.00
EE Annual Premium Cost					$2,325.36	$1,280.64
Total Annual Net Cost to Employee (premium + OOP – HRA)					$3,055.36	$2,475.64
Difference to Comparable Option (savings to EE)						**($579.72)**

*Preventive OV and Rx co-pays are not counted towards deductible and are not reimbursable through HRA funds.
Assumes the use of "in-network" providers in the National PPO Preferred Network.
Unit Cost are estimates only and will vary based on the particular provider and/or hospital.

Scenario #3 - Employee + Spouse (low-risk member)

Patient	Cost Type	Utilization	Unit Cost	Allowable Charges	HMO Option	HDHP Option
Employee	Preventive Visit	1	$150	$150	$25 copay	$15 copay
	Sick Visit (PCP)	1	$150	$150	$25 copay	$150
	Generic Rx	2	$20	$40	$30 (2 copays)	$30 (2 copays)
	Preferred Brand Rx	2	$100	$200	$60 (2 copays)	$60 (2 copays)
Spouse / Domestic Partner	Preventive Visit	1	$150	$150	$25 copay	$15 copay
	Generic Rx	2	$20	$40	$30 (2 copays)	$30 (2 copays)
	Preferred Brand Rx	1	$100	$100	$30 copay	$30 copay
Total Out-of-Pocket Expenses					$225.00	$330.00 *
WHOI-funded HRA Available					N/A	$2,000.00
Remaining Out-of-Pocket Expenses (OOP – HRA)					$225.00	$180.00
EE Annual Premium Cost (EE + Spouse coverage)					$4,650.24	$2,561.28
Total Annual Net Cost to Employee (premium – OOP + HRA)					$4,875.24	$2,741.28
Difference to Comparable Option (savings to EE)						**($2,133.96)**

*Preventive OV and Rx co-pays are not counted towards deductible and are not reimbursable through HRA funds.
Assumes the use of "in-network" providers in the National PPO Preferred Network.
Unit Cost are estimates only and will vary based on the particular provider and/or hospital.

Scenario #4 - Employee + Spouse (moderate risk member)

Patient	Cost Type	Utilization	Unit Cost	Allowable Charges	HMO Option	HDHP Option
Employee	Preventive Visit	1	$150	$150	$25 copay	$15 copay
	Sick Visit (PCP)	11	$150	$1,650	$275 (11 copays)	$1,650
	IP Hospital Visit	6	$5,000	$30,000	$2,000 (max) ($500 copays)	$350 (met max deductible)
	Generic Rx	8	$20	$160	$120 (8 copays)	$120 (8 copays)
	Preferred Brand Rx	6	$100	$600	$180 (6 copays)	$180 (6 copays)
Spouse / Domestic Partner	Preventive Visit	1	$150	$150	$25 copay	$15 copay
	Sick Visit (PCP)	5	$150	$750	$125 copay	$750
	IP Hospital Visit	1	$5,000	$5,000	$500 copay	$1,250 (max)
	Generic Rx	4	$20	$80	$60 (4 copays)	$60 (4 copays)
	Preferred Brand Rx	4	$100	$400	$120 (4 copays)	$120 (4 copays)
Total Out-of-Pocket Expenses					$3,430.00	$4,510.00 *
WHOI-funded HRA Available					N/A	$2,000.00
Remaining Out-of-Pocket Expenses (OOP – HRA)					$3,430.00	$2,510.00
EE Annual Premium Cost (EE + spouse coverage)					$4,650.24	$2,561.28
Total Annual Net Cost to Employee (premium + OOP – HRA)					$8,080.24	$5,071.28
Difference to Comparable Option (savings to EE)						**($3,008.96)**

*Preventive OV and Rx co-pays are not counted towards deductible and are not reimbursable through HRA funds.
Assumes the use of "in-network" providers in the National PPO Preferred Network.
Unit Cost are estimates only and will vary based on the particular provider and/or hospital.

Scenario #5 - Employee + Family (moderate risk member)

Patient	Cost Type	Utilization	Unit Cost	Allowable Charges	HMO Option	HDHP Option
Employee	Preventive Visit	1	$150	$150	$25 copay	$15 copay
	Sick Visit (PCP)	3	$150	$450	$75 (3 copays)	$450 (Deductible)
	IP Hospital Visit	2	$5,000	$10,000	$1,000 (2, $500 copays)	$1,550 (Deductible, met $2k PM max)
	Generic Rx	3	$20	$60	$45 (3 copays)	$45 (3 copays)
	Preferred Brand Rx	2	$100	$200	$60 (2 copays)	$60 (2 copays)
Spouse / Domestic Partner	Preventive Visit	1	$150	$150	$25 copay	$15 copay
	Sick Visit (PCP)	2	$150	$300	$50 (2 copays)	$300 (Deductible)
	ER Visit	1	$750	$750	$100 copay	$750 (Deductible)
	Generic Rx	2	$20	$40	$30 (2 copays)	$30 (2 copays)
	Preferred Brand Rx	2	$100	$400	$60 (2 copays)	$60 (2 copays)
Child	Preventive Visit	1	$150	$150	$25 copay	$15 copay
	Sick Visit (PCP)	4	$150	$600	$100 (4 copays)	$600 (Deductible)
	ER Visit	2	$750	$1,500	$200 (2, $100 copays)	$350 (Deductible, met $4k CY max)
	Generic Rx	4	$20	$80	$60 (4 copays)	$60 (4 copays)
Total Out-of-Pocket Expenses					$1,855.00	$4,300.00 *
WHOI-funded HRA Available					N/A	$2,000.00
Remaining Out-of-Pocket Expenses (OOP – HRA)					$1,855.00	$2,300.00
EE Annual Premium Cost (EE + spouse coverage)					$6,587.28	$3,627.84
Total Annual Net Cost to Employee (premium + OOP – HRA)					$8,442.28	$5,927.84
Difference to Comparable Option (savings to EE)						**($2,514.44)**

*Preventive OV and Rx co-pays are not counted towards deductible and are not reimbursable through HRA funds.
Assumes the use of "in-network" providers in the National PPO Preferred Network.
Unit Cost are estimates only and will vary based on the particular provider and/or hospital.

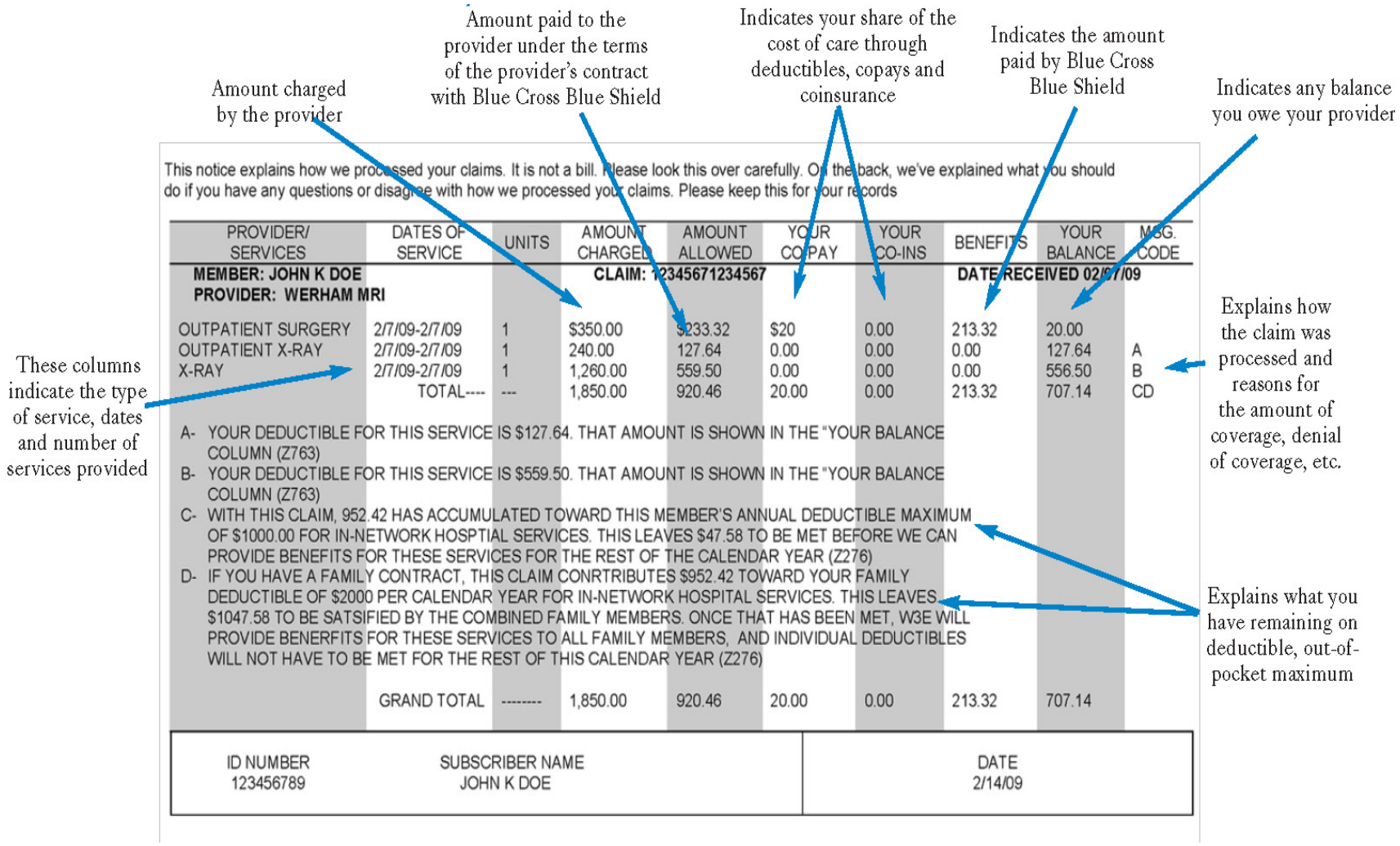
How do I pay for services under the HDHP?

- For Co-payment Services (not subject to deductible):
  - Show Provider your BCBS ID card
  - Pay $15 co-payment (in-network)
  - Provider sends claim to BCBS for balance of payment

- For Deductible & Co-insurance Services:

- Show Provider your BCBS ID card
- Pay nothing
- Provider sends claim to BCBS
- BCBS sends claim summary with payment information to you and Provider
- Provider sends you a bill
- You pay Provider

Sample Claim Summary



What is an HRA?

- "HRA" stands for Health Reimbursement Account and will automatically be provided to employees who enroll in the High Deductible Health Plan.
- An HRA is a bucket of money funded by WHOI to reimburse employees for services incurred toward the deductible. WHOI will fund the first 50% of the deductible:
  - Single HRA: $1,000 (for Individual coverage)
  - Family HRA: $2,000 (for Employee+ coverage)
- The money is available during the calendar year.
- Employees may not take any unused money with them if they terminate employment (<u>this is not a Health Savings Account</u>)

How does the HRA work?

- Benefit Strategies will administer the HRA (same vendor who administers Health Flexible Spending Accounts)
- Every week, BCBS will send a file to Benefit Strategies listing all claims that have occurred and are eligible for HRA reimbursement
- Benefit Strategies will determine the amount the HRA covers and also determine the employee liability on the expense
- Reimbursement checks (or direct deposit) are processed every Friday
- Employees are responsible for paying providers directly

How do the HRA and FSA work together?

- An employee may have a Flexible Spending Account (FSA) as well as an HRA:
  - FSA accounts are 'employee'-funded
  - HRA accounts are 'employer'-funded
- The HRA will fund only deductible expenses. Once the HRA is exhausted, the FSA may be used to pay for the remaining deductible.
  - Example: Employee covered under an individual plan is subject to up to $2,000 annual deductible. Employee can receive full $1,000 reimbursement from HRA. Remaining $1,000 can be reimbursed through available FSA money.
- The FSA can always be used to pay for medical and prescription co-pays

Advantages/Disadvantages of HDHP:

Advantages:

- Lower premiums
- HRA will alleviate some of the risk for upfront out-of-pocket costs
- PPO Preferred Plan allows for more flexibility (no referrals, coverage outside of state with a broad network of participating BCBS providers and hospitals
- Encourages "consumerism" and creates positive behavior towards a healthier lifestyle.

Disadvantages:

- Potential for upfront out-of-pocket costs
- Additional responsibilities for managing HRA reimbursement

Is there a catch?

- No, offering the HDHP is a lower cost option that could save hundreds or even thousands in your pocket, depending on your coverage level and health status
- The HRA contribution from WHOI reduces the risk of up-front, out-of-pocket expenses associated with the high deductible
- The HDHP is not for everyone! Employees will need to consider their own health services needs and potential up-front, out-of-pocket expenses vs. premium savings throughout the year

Questions about your medical plan?

For Provider Information or Questions About Membership, Benefits or Claims Call the Member Service Number on your ID Card

Monday - Friday, 8 a.m. - 6 p.m. EST

or Visit www.bluecrossma.com

Other Important Contacts

- Human Resources
  - Denise Cabral, Benefits Manager x2217 (dcabral@whoi.edu)
  - Donna Hyman, Benefits Specialist x3743 (dhyman@whoi.edu)
  - Linda Snow, Benefits Specialist x3763 (lsnow@whoi.edu)
- BCBS – check to see if your provider(s) are in the HDHP network:
  - 1-800-810-BLUE (2583)
  - www.bcbs.com/healthtravel/finder.com (use "XXP" for plan ID)
- Benefit Strategies
  - 1-888-401-3539

Important Dates/Reminders

- Open Enrollment is from 10/26 to 11/20/09. All changes must be submitted to Human Resources by **November 20, 2009.**
- Open Enrollment is your once-a-year opportunity to enroll in, change, or cancel your Medical/Dental coverage, as well as enroll in the Flexible Spending Accounts for 2010.
- Remember, you **MUST re-enroll in FSA** for Health Care and/or Dependent Care for every year.
- IMPORTANT: All in-state PPO enrollees MUST select a new medical plan for 2010. Choice of 3 plans: HMO, Access Blue, HDHP.
- This presentation will be posted on the HR, Open Enrollment website for future viewing.

Handouts Available

- 2010 Rate Sheet
- Medical Plan Comparison
- BCBS Medical Plan Summaries
- FSA Benefit Strategies Worksheet
- HRA Informational Sheet
- What services are considered “Preventive Services”

Questions?

Appendix

What is considered a "preventive service?"

Adult Routine Physical

This health plan covers routine physical exams furnished by a General Hospital, Community Health Center, Physician, Nurse Practitioner, Nurse Midwife or Independent Lab for the number of exams described in the benefit limit. These covered services include:

- Routine medical exams
- Immunizations (including flu shots and travel immunizations)
- Related lab tests and x-rays
- Blood tests to screen for lead poisoning
- One baseline mammogram during the 5-year period a member is age 35 thru 39, and one mammogram for each member in each calendar year for a member age 40 or older
- One routine PSA (prostate-specific antigen) blood test each calendar year for a member age 40 or older
- A sigmoidoscopy or barium enema once every 3 years for a member age 50 or older
- A colonoscopy once every 10 years for a member age 50 or older (effective 1/1/2010)
- Other related routine services furnished in accordance with Blue Cross Blue Shield guidelines.

Note: The benefit limit for routine exams does not apply to immunizations. If there is a routine exam charge during the same visit, the benefit limit applies **only to the routine exam (and other covered related services).**

What is considered a "preventive service?" (Continued….)

Pediatric Routine Physical

This health plan covers routine pediatric care furnished by a General Hospital, Community Health Center, Physician, Nurse Practitioner or Independent Lab in accordance with the age-based schedule described in this section. These covered services include:

- Routine medical exams, including history, measurements, sensory screening and neuropsychiatric evaluation and development screening and assessment
- Hereditary and metabolic screening at birth
- Appropriate immunizations (including flu shots and travel immunizations)
- Tuberculin tests
- Hematocrit, hemoglobin and other appropriate blood tests, such as blood tests to screen for lead poisoning
- Urinalysis
- Other related routine services furnished in accordance with Blue Cross Blue Shield guidelines

These preventive health benefits are provided based on the following age-based schedule:

- 10 visits during the first year of life (birth to age one). These 10 visits include inpatient pediatric care for a well newborn
- 3 visits during the second year of life (age one to age two)
- One visit each calendar year from age two through age 18.

Note: The age-based schedule does not apply to immunizations. If there is a routine exam charge during the same visit, the age-based schedule applies only to the routine exam (and other related services).

BCBS Member Self-Service

Go to www.bluecrossma.com

Register for Member Self-Service:

- Review your deductibles & co-insurance
- Review your claims
- Review your benefits
- Change your address
- Request an ID card
- Enroll in My Blue Health

Important Claims Information

- Be Sure to show your ID card to your providers. The "XXP" prefix is part of your ID number and must be included with the number on all claims.
- Providers submit all claims to the local Blue Cross & Blue Shield plan
- Claim summary sent to you & provider for services subject to deductible & co-insurance

Healthy Blue Benefits (all BCBS plans)

- $150 Fitness Benefit
- $150 Weight Loss Benefit
- Living Healthy Babies!
- Childbirth Class Benefit
- Blue Care Line: 1-888-247-BLUE (2583)
- Blue365 – Health & Wellness Resources/Discounts
- Living Healthy Vision Discounts
- Living Healthy Naturally Discounts
- Home Safety Items Discounts