Healthwise:

Strategies for Your Health Care Costs

Massachusetts Nonprofit Network

Becoming a Savvy Purchaser of Employee Health Benefits

High-Level Questions

- How much can I spend?
- What trade-offs am I prepared to make between budget and benefits?
- What do my employees expect, deserve and need?

HMO, POS, and PPO?

Health Maintenance Organization (HMO)

Requires you to use physicians within a specific network

Point-of-Service (POS)

Combine elements of HMO's and PPO's. Give you the option to pay more for going out of network, but usually require you to choose a primary care physician within the network and get a referral before seeing any specialist.

Preferred Provider Organization (PPO)

Allows you to go out of network for a heftier fee. Out-of-pocket costs are usually higher for PPO's than for HMO's.

Health Insurance is About Risk

Mass. insurers are allowed to factor in:

- Age
- Geography
- Industry
- Coverage Type (Single, Family, etc.)

Insurers produce a **composite rate** for your employees. Composite rates are a form of averaging.

Health Insurance is About Risk

Q: Premiums are going up, due to rising medical costs. **How do you respond?**

A: If subscribers are willing to assume **more of the costs** of care or **limit** the providers they can see, they can usually mitigate premium increases.

Mitigation Tactics: What you should know?

- Cost Sharing
- Limited Provider Networks
- Employer Contribution
- Employer Subsidies

Mitigation Tactic: Cost Sharing

Accept more "cost sharing," such as higher deductibles, copays or co-insurance.

Deductibles: Amount you pay out of pocket before certain benefits kick in.

CoPays: Fixed amounts you pay at point of service.

Co-Insurance: A fixed percentage you pay toward the cost of a medical service.

Mitigation Tactic: Cost Sharing

Know your plan's Out-of-Pocket Maximum.

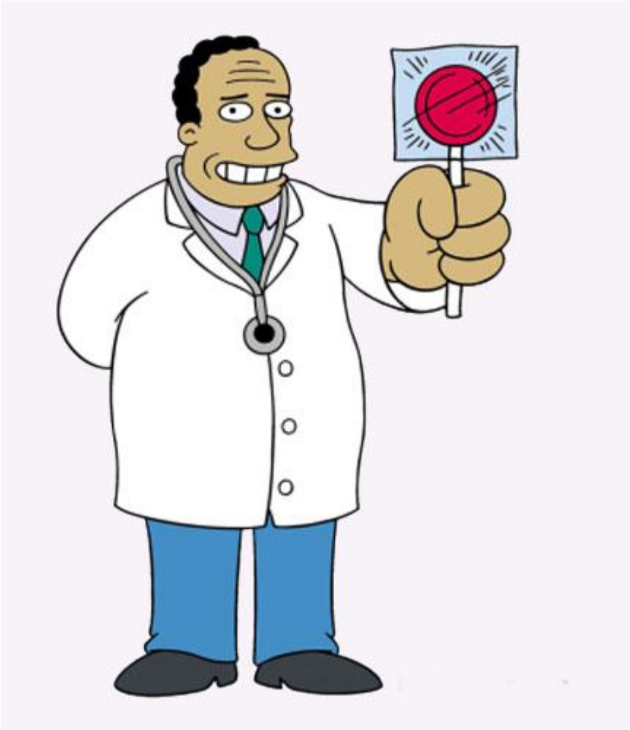
Cost sharing can be limited by an **Out-of - Pocket Maximum**, which is a cap on a subscriber's combined deductible, co-insurance and copay costs for some medical services.

Mitigation Tactic: Cost Sharing

Some high-deductible plans are compatible With **H**ealth **S**avings **A**ccounts (HSAs).

- HSA can be used to pay the deductibles, copays and co-insurance.
- Funds are exempt from taxation until withdrawn and can be rolled over from year to year.
- In 2011, the contribution maximum for individuals is $3,050 and $6,150 for a family.
- Ask the insurer or broker if a plan is HSA compatible. Most banks can set up an HSA for you.

Mitigation Tactics: Limited Provider Networks



Dr. Hibbert is in the network of a plan offered to employees of the Springfield Nuclear Power Plant.

Health care providers join a network once they agree to rates for their services.

A provider may be in the network for one of an insurer’s products but not another.

Mitigation Tactics: Limited Provider Networks

Types of Provider Networks

General:	The insurer's broadest
Limited:	Smaller number of providers
Tiered:	You pay more or less for care, depending on your provider's tier assignment
Regional:	Limited to a geographic area

Mitigation Tactics: Limited Provider Networks

Limited Networks cover a full range of services, but restrict you to providers who deliver quality care at a lower cost.

Tiered Networks may let you use a higher cost, in-network provider, but you will pay more if you make that choice.

The premiums for plans with these networks are typically lower, compared to an insurer's General Network plans.

Mitigation Tactics: Employer Contribution %

How much does/will your organization contribute toward the premium cost of individual and/or dependent coverage?

Some employers reduce their contribution percentage to save costs.

Insurers expect employers to contribute at least 50% toward individual coverage.