Insurance Made Simple

Employer Health Benefits: 1-50

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Boone Insurance Associates 101 Education Guide: New

Boone Insurance Associates

About Boone Insurance Associates

- Boone Insurance Associates provides health and life insurance products to clients all over Oregon.
- We work directly with the companies to resolve any of your claim, benefit, & premium questions.
- Unlike a captive insurance producer who represents that insurance company alone, we are independent of a specific insurance company and represent a variety of different companies and products.
- Boone Insurance Associates provides this educational program today to help inform you. There is no obligation for you to purchase services from us.

"**Our pledge is to provide our clients with superior customer service and product knowledge in order to guide them in making the most informed decisions."**

Small Group Insurance Eligibility

- Under Oregon law, a small business is defined as having 50 or fewer employees. A full-time employee (FTE), under the Employer Responsibility section of the federal Affordable Care Act, works 30 hours or more per week.
- Groups with one to fifty employees are eligible for small group insurance:
  - **These people do not count as employees:**
  - Sole proprietors
  - Partners
  - The owner of the wholly owned corporation
  - A more than 2 percent shareholder of an S Corporation or limited liability company
  - The spouse of any person listed above
- Groups with 50+ employees are subject to large group insurance
  - Please contact our office for more information on large group insurance

Small Group Requirements

- The employer may determine hours worked for benefit eligibility between 17.5 and 40 hours per week.
- 75% of benefit eligible employees must enroll or show proof of other valid coverage. There is no minimum participation requirement for dependents.
- Valid waivers include those waiving for other group or individual coverage. Waivers for other types of coverage are subject to underwriting review.
- The employer must contribute a minimum of 50% to the employee only rate of the least expensive plan offered to employees.
- Employee only contracts are available.
- The employer must elect a probationary period from the following: Date of hire or first of the month following date of hire; 30-60 days (upon completion of the probationary period or first of the month).
- Dependents are eligible for coverage up to age 26.
- All contract provisions such as contribution, probationary period and hourly requirements must be the same for all employees, regardless of class.

Employee Eligibility

- An employee is eligible for coverage when:
  - Upon inception of a new group plan
  - OR
  - The eligibility requirements stated in the Employer/Group Agreement are satisfied;
  - The employee is an Eligible Employee; and
  - The employee meets the Service Area requirement stated in the out-of-area Subscriber requirements of the Plan.
  - The Effective Date of Coverage is usually the first day of the month following the completion of any Eligibility Waiting Period

Employee Enrollment

- **Employee Enrollment**
  - The Eligible Employee must enroll on forms provided and/or accepted by us. To obtain coverage, an Eligible Employee must enroll within the time period specified in the Employer/Group Agreement.
  - Generally, an Employee has 30 days to enroll after becoming eligible.
  - If you decline coverage or fail to enroll when you first become eligible, the next earliest time you may enroll is the next occurring Open Enrollment Period.
  - In certain situations, you and/or your Eligible Family Dependents may qualify to enroll during a special enrollment period.

Basic Terminology

- The world of health insurance has many terms that can be confusing. Understanding your costs and benefits—and estimating the price of a visit to the doctor—becomes much easier once you are able to make sense of the terminology.

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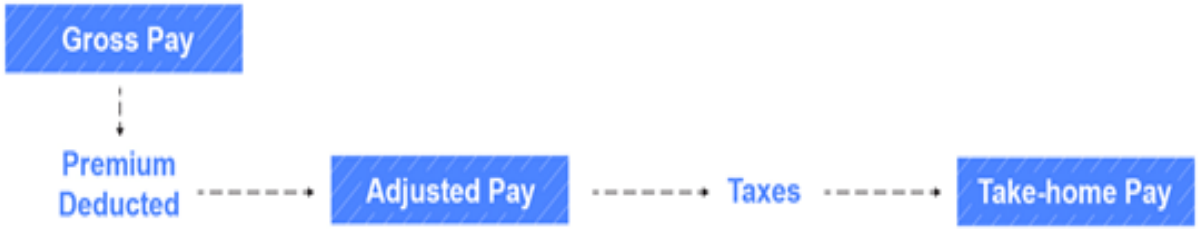
Premium

- The amount of money charged by an insurance company for coverage
- Employers determine how much of the premium employees must pay for coverage (usually paid pre-tax)

Premium Example

Mary has group insurance through her employer, with pre-tax premiums. Every pay period, her share of the health insurance premium is deducted from her paycheck before taxes are calculated to cover the cost of her health insurance.



Copayment

- A copayment, or copay, is a fixed amount you pay for a covered health care service, usually when you get the service. The amount can vary by the type of covered health care service.

Copayment Example

Sally takes her son to the pediatrician for a bad cough. She has a copay of $15 at the doctor's office.

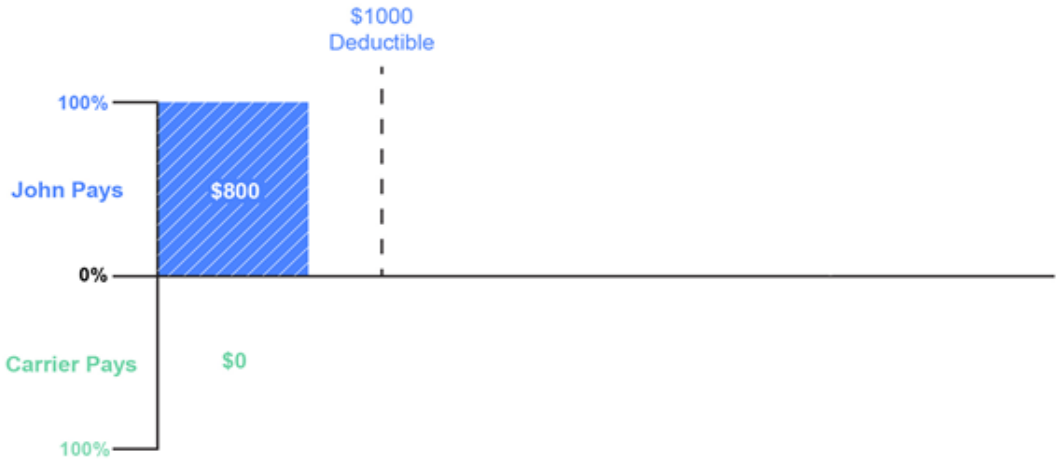
Cost of visit:	**$200**
Sally pays:	**$15**
Health plan pays:	**$185**

Deductible

- The amount you owe for health care services each year before the insurance company begins to pay

Deductible Example

John has a health plan with a $1,000 annual deductible. John falls off his roof and has to have three knee surgeries, the first of which is $800. Because John hasn't paid anything toward his deductible yet this year, and because the $800 surgery doesn't meet the deductible, John is responsible for 100 percent of his first surgery.

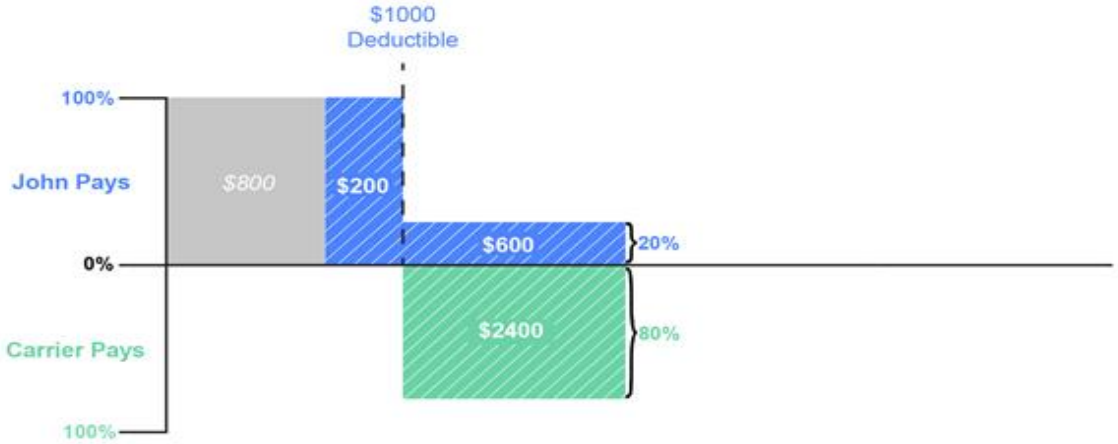


Coinsurance

- Your share of the costs of a covered health care service calculated as a percent of the allowed amount for the service

Coinsurance Example

John's second surgery occurs in the same plan year as his first and costs $3,200. Because he has already paid $800 toward his $1,000 annual deductible, John is responsible for the first $200 of the second surgery. After that, he has met his deductible and his carrier will cover 80 percent of the remaining cost, a total of $2,400. John will still be responsible for 20 percent, or $600, of the remaining cost. The total John must pay for his second surgery is $800.



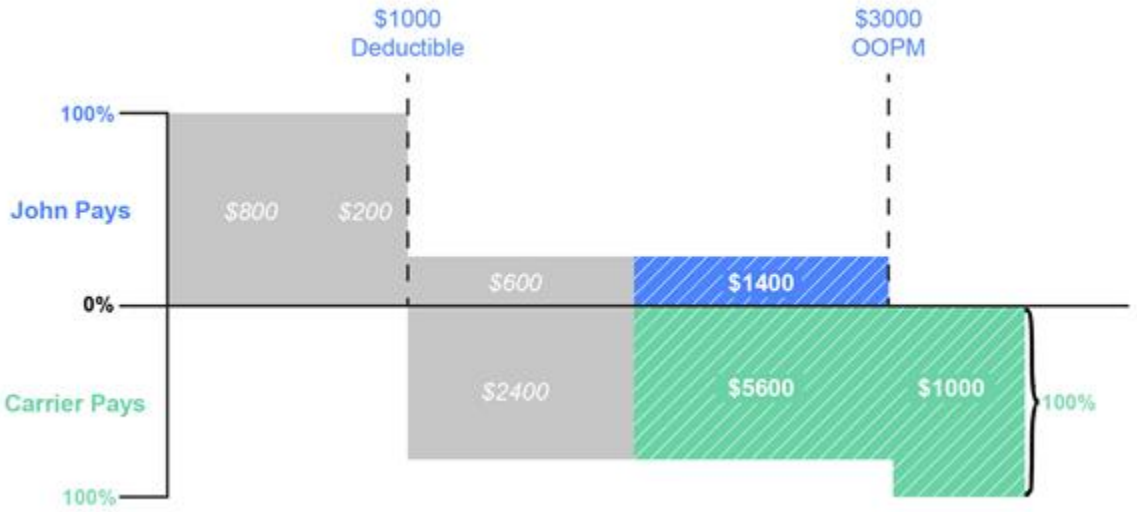
Out-of-pocket Maximum (OOPM)

- An OOPM is the most you should have to pay for your health care during a year, excluding the monthly premium. It protects you from very high medical expenses.
- After you reach the annual OOPM, your health insurance or plan begins to pay 100 percent of the allowed amount for covered health care services or items for the rest of the year.
- Some plans do not count all your out-of-pocket expenses towards your OOPM (for example, some plans do not count your deductible).

Out-of-pocket Maximum Example

John's third surgery occurs in the same plan year as his first two and costs a total of $8,000. John has already met his deductible, so he only needs to pay the coinsurance on this surgery, up to the plan's OOPM of $3,000. Because John has already spent $1,600 towards his OOPM on previous health care costs this year, he only needs to spend $1,400 before he hits his OOPM.

Once he hits the OOPM, his plan covers the remaining costs. Therefore, John's coinsurance total for the third surgery is $1,400—the 20 percent coinsurance cost, up to the $3,000 maximum—and his plan's total is the remaining $6,600 (on the chart, this is shown as $5,600 before the OOPM, plus $1,000 after John hits his OOPM).



Types of Plans

- Small Group Health Plans are presented in 4 “metal” categories: Bronze, Silver and Gold and Platinum (not all carriers offer Platinum plans)

- Metal categories are based on how you and your plan split the costs of your health care. They have nothing to do with quality of care.

Which metal category is right for you?

- **Bronze**
  - Lowest monthly premium
  - Highest costs when you need care
  - Bronze plan deductibles — the amount of medical costs you pay yourself before your insurance plan starts to pay — can be thousands of dollars a year.
  - Generally cover about 60% of total average costs after deductible is met
  - **Good choice if:** You want a low-cost way to protect yourself from worst-case medical scenarios, like serious sickness or injury. Your monthly premium will be low, but you'll have to pay for most routine care yourself

Metal Categories

- **Silver**
  - Moderate monthly premium
  - Moderate costs when you need care
  - Silver deductibles — the costs you pay yourself before your plan pays anything — are usually lower than those of Bronze plans.
  - Generally cover about 70% of total average costs after deductible is met
  - **Good choice if**: You're willing to pay a slightly higher monthly premium than Bronze to have more of your routine care covered.

Metal Categories

- **Gold**
  - High monthly premium
  - Low costs when you need care
  - Deductibles — the amount of medical costs you pay yourself before your plan pays — are usually low.
  - Generally cover about 80% of total average costs after deductible is met
  - **Good choice if:** You're willing to pay more each month to have more costs covered when you get medical treatment. If you use a lot of care, a Gold plan could be a good value.

Metal Categories

- **Platinum**
  - Highest monthly premium
  - Lowest costs when you need care
  - Deductibles — the amount of medical costs you pay yourself before your plan pays — are usually the lowest available.
  - Generally cover about 90% of total average costs after deductible is met
  - **Good choice if:** You're willing to pay more each month to have more costs covered when you get medical treatment. If you use a lot of care, a Platinum plan could be a good value.

Types of Plans

- **Preferred Provider Organization (PPO)**
  - Has a network of providers, but also allows use of medical providers outside of the plan's network (typically with greater employee cost-sharing). Referrals may not be required. Is more flexible than an HMO, but also more expensive generally.
- **Health Maintenance Organization (HMO)**
  - Covers services performed solely by providers in a network. This tends to be a low cost system, but is more restrictive than other plans.
- **High Deductible Health Plan (HDHP)**
  - A high deductible health plan is often paired with a tax-advantaged account to pay for medical expenses. The most prominent options are health reimbursement arrangements (HRAs) and health savings accounts (HSAs) used in conjunction with savings accounts.

Types of Plans

- **Health Savings Account (HSA)**
  - An HSA is a tax-advantaged account used to pay for qualified medical expenses. An HSA must be used in conjunction with an HDHP. An advantage of an HSA is that the funds remaining in the account at the end of the plan year are rolled over into the account for the next year.
- **Health Reimbursement Arrangement (HRA)**
  - A health reimbursement arrangement is a program that allows employers to set aside an amount of funds to reimburse participating employees for medical expenses. An HRA is often combined with another health plan.
- **Health Flex Spending Account (Health FSA)**
  - A health flex spending account is an account set up through a health plan that allows employees to contribute funds that are not subject to payroll tax. Any unused funds are lost after a grace period. Employers also have the option of allowing employees to carry over up to $500 of unused funds from one year to the next.

Prescription Benefits

- Most plans use a MAC (Maximum Allowable Charge) “A” formulary
  - If you want brand name but generic alternative is available, you must pay difference between generic copay cost and brand name cost.
- Most plans have Rx benefit included in health plan maximum.
- Drugs on a formulary are typically grouped into tiers. The tier that your medication is in determines your portion of the drug cost. A typical drug benefit includes three or four tiers: Tier 1 usually includes generic medications

	GENERIC DRUGS	PREFERRED BRAND NAME DRUGS	NON-PREFERRED BRAND NAME DRUGS	SPECIALTY DRUGS
BRONZE	26%	37%	43%	40%
SILVER	25%	29%	39%	38%
GOLD	18%	28%	41%	32%

Enrollment Periods

- You can start a group plan anytime of year
- You do not have to wait for Open Enrollment
- Plans generally start the first of the month following your application date
- Most carriers have a 10th of the month deadline to submit applications for the first of the following month
- Once the plan is in place, it will renew every year on the anniversary date which may be different from the calendar year deductible

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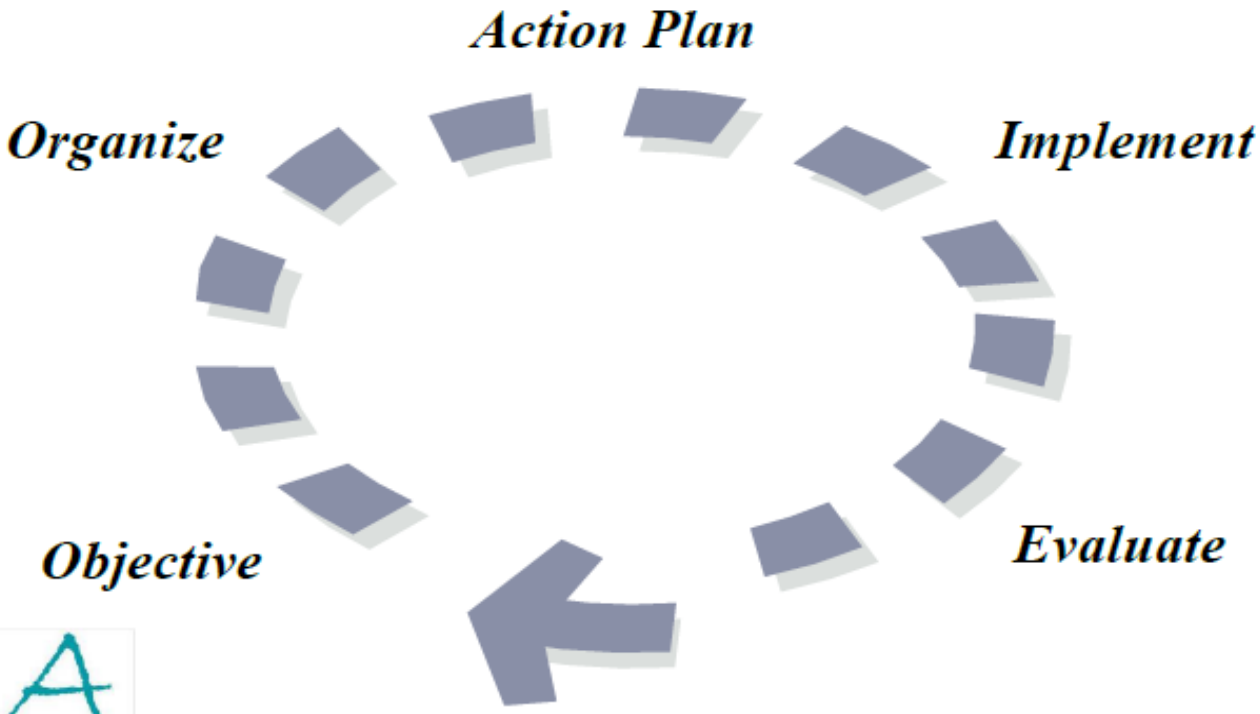
Insurance Planning: Next Steps

- ☐ Planning Phase/Meeting
- ☐ Information Gathering
- ☐ Obtain Rates
- ☐ Discuss Potential Plan Designs
- ☐ Enrollment

The Boone Insurance Associates Strategic Planning Continuum

We recommend that our clients make employee benefits management a strategic initiative. By defining objectives and developing an action plan based on meeting those objectives, we ensure an organized, complete approach to fulfilling your benefits needs.



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Sharing Powerful Tools to Improve Bottom Line Performance

Getting Help

- BIA is here to help!
  - Call our office to speak to a licensed agent at: 541-345-3707
  - Visit our website at: www.booneinsuranceassociates.com
  - Email our Sales Team at: SalesISA@booneinsuranceassociates.com

Thank you!