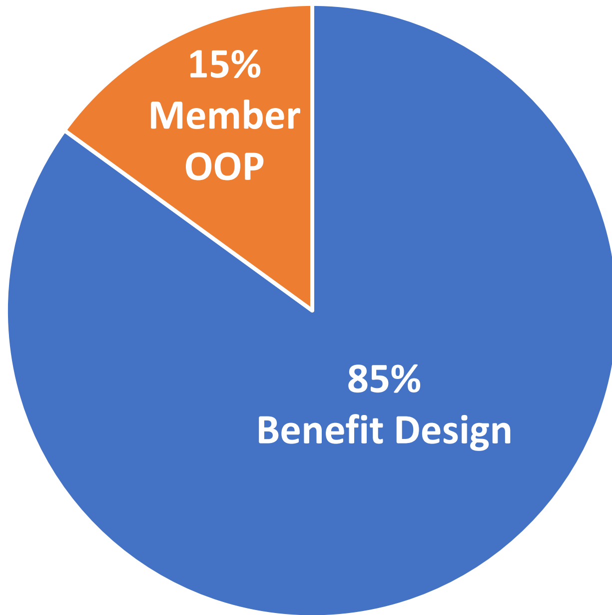
H&W Considerations

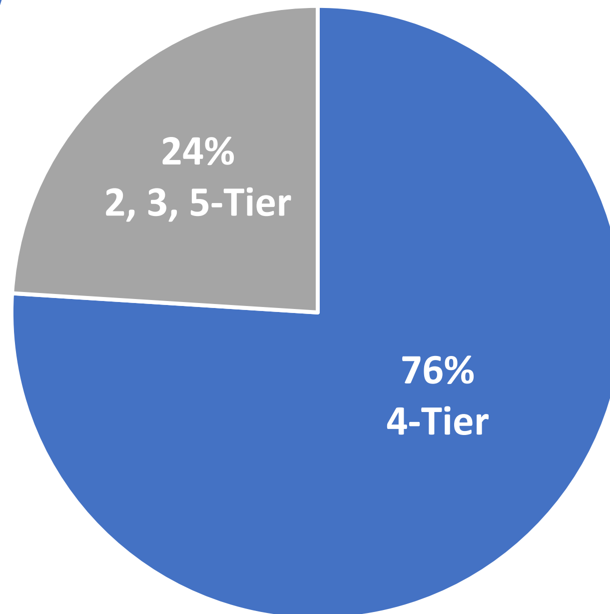
NCCC and BMWED/SMART-Mechanical – Carrier H&W Proposal

December 1, 2020

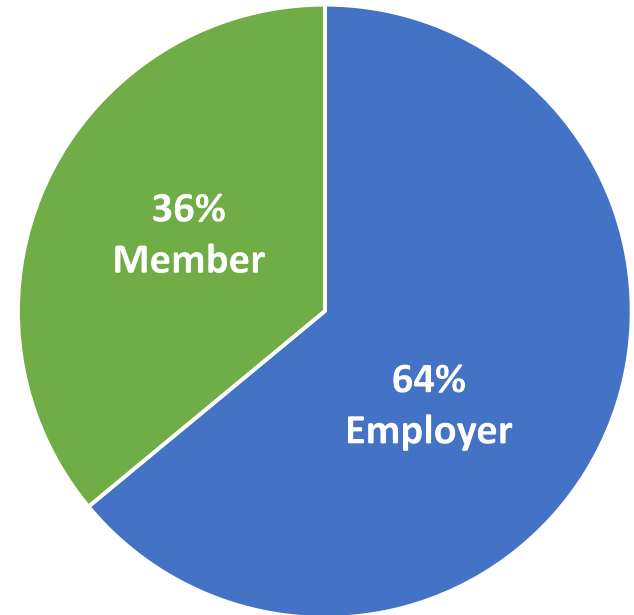
Recap of Benchmarking



Surveys: Aon, Milliman Medical Index, Willis Towers Watson



Survey: PwC



Surveys: Aon, Milliman Medical Index, Willis Towers Watson

* Survey showed 0% 1-tier plans

Carrier H&W Proposal Summary

Benefit Design

- Medical and pharmacy benefit design features with 85% actuarial value
- Site of care benefit design differentials
- Annual indexing of fixed dollar provisions
- ERMA pharmacy benefit design to match actives

Employee Contributions

- 64/36 total cost share and all Covered Employees pay a contribution
- Tiered contribution structure with a working spouse and tobacco surcharges
- Annual indexing of employee contribution amounts
- Contributions for dental, vision, and ERMA

Plan Administrative Activities

Require JPC/GC to periodically perform the following administrative functions and implement changes as appropriate:

- Rebid medical and pharmacy vendors
- Conduct ongoing review of network offerings
- Conduct ongoing review of pharmacy rules and programs
- Monitor and expand upper-tier COE network
- Review and implement digital health solutions, active annual enrollment, dependent confirmation process, and other communication initiatives

Benefit Design Details – 2022, 85% AV

	Current			Carrier Design Proposal		
	MMCP In-Net.	MMCP OON	CHCB	MMCP In-Net.	MMCP OON	CHCB
Medical						
Individual Deductible	$350	$700	$350	$700	$1,400	$700
Family Deductible	$700	$1,400	$700	$1,400	$2,800	$1,400
Coinsurance	10%	30%	20%	20%	40%	30%
Coinsurance Tier 2[1]	NA	NA	NA	30%	50%	40%
Copay Tier 2[1]	NA	NA	NA	$100	$100	$100
Individual OOP Max	$2,000	$4,000	$3,000	$4,000	$8,000	$5,000
Family OOP Max	$4,000	$8,000	$6,000	$8,000	$16,000	$10,000
Convenient Clinic Copay	$10	Ded.&Coins.	Ded.&Coins.	$10	Ded.&Coins.	Ded.&Coins.
PCP Copay	$25	Ded.&Coins.	Ded.&Coins.	$30	Ded.&Coins.	Ded.&Coins.
Specialist Copay	$40	Ded.&Coins.	Ded.&Coins.	$50	Ded.&Coins.	Ded.&Coins.
Urgent Care Center Copay	$25	Ded.&Coins.	Ded.&Coins.	$30	Ded.&Coins.	Ded.&Coins.
Emergency Room Copay	$100	Ded.&Coins.	Ded.&Coins.	$200	Ded.&Coins.	Ded.&Coins.
Pharmacy						
Retail[2]	$10/$30/$60 Copays			20%/20%/50%/20%		
Mail Order[2]	$10/$60/$120 Copays			20%/20%/50%/20%		
				Maximum Per Rx - $250		
				Minimum Per Rx - Current Copays		

1 - Tier 2 coinsurance and copay apply to pathology, high-tech radiology, and certain surgeries performed in an outpatient hospital setting when a free-standing facility is a safe alternative

2 - Generic/Brand Formulary/Brand Non-Formulary copays in current design
Generic/Brand Formulary/Brand Non-Formulary/Specialty coinsurnace in new designs
New designs have copay maximums for Generic, Brand Formulary, and Specialty

Within a reasonable range, the carriers are open to different cost sharing features so long as overall cost sharing targets are achieved and design features targeting unnecessary spend are present. Mainstream average AV is 85% and mainstream average total cost share is 64/36.

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Benefit Design Indexing after 2022 to Maintain 85% AV

Benefit Design Features Increase Annually by the Amounts in the Table Below

	Carrier Indexing Proposal		
	MMCP In-Net.	MMCP OON	CHCB
Medical			
Individual Deductible	$35	$70	$35
Family Deductible	$70	$140	$70
Coinsurance	NA	NA	NA
Coinsurance Tier 2[1]	NA	NA	NA
Copay Tier 2[1]	$5	$5	$5
Individual OOP Max	$200	$400	$250
Family OOP Max	$400	$800	$500
Convenient Clinic Copay	$0	NA	NA
PCP Copay	$0	NA	NA
Specialist Copay	$3	NA	NA
Urgent Care Center Copay	$0	NA	NA
Emergency Room Copay	$10	NA	NA
Pharmacy Min and Max			
Copay Max	$15		
Retail Copay Min	$1 Generic, $2 Brand & Specialty		
Mail Order Copay Min	$1 Generic, $3 Brand & Specialty		

Employee Contribution Details – 2022

25% Medical 50% Dental/Vision	Employee Count	Distribution	Employee Monthly Contribution Medical	Dental	Vision	Total
Employee Only	20,948	18%	$258.65	$12.12	$1.48	$272.24
Employee Plus Children	12,755	11%	$343.65	$31.25	$3.81	$378.70
Employee Plus Spouse	18,604	16%	$366.37	$24.87	$3.03	$394.27
Employee Plus Family	62,693	55%	$451.37	$40.82	$4.97	$497.16
Total/Composite	115,000	100%	$390.56	$31.95	$3.89	$426.40

Additional contribution details:

- Active participants –
  - All Covered Employees pay a monthly contribution
  - Annual indexing achieved by updating the contribution each year based on the monthly Payment Rate and the percentages above
  - $100 per month Working Spouse surcharge
  - $100 per month Tobacco surcharge
- ERMA participants –
  - $100 per member per month contribution
  - Annual indexing achieved by updating the contribution each year based on the change in the monthly per-member cost

Within a reasonable range, the carriers are open to different cost sharing features so long as overall cost sharing targets are achieved and design features targeting unnecessary spend are present. Mainstream average AV is 85% and mainstream average total cost share is 64/36.

Promote Effective Plan Administration

The terms of the parties' existing agreements require the joint plan committees to consider and implement administrative changes. Without prejudice to the carriers' position that any pending disputes involve administrative issues and without limiting the existing obligations of the applicable joint plan committee (JPC for National Plan and GC for UTU Plan), the National and UTU Plans shall be modified to expressly require that the applicable committee (on its own or through its designated subcommittee) perform the following functions:

- Re-bid all medical and pharmacy vendors (including a specialty pharmacy carve-out vendor) and implement vendor changes that improve discounts, reduce unnecessary expenditures, and lower total cost of care while maintaining or improving health outcomes within one year of the Agreement effective date and no less than every three years thereafter upon the request of either applicable plan committee member.
- Conduct an ongoing review of network offerings in each region and implement changes in network offerings within one year of the Agreement effective date and no less than every three years thereafter upon the request of either applicable plan committee member to ensure that participants are enrolled in the most cost-effective networks considering discount rates and total cost of care.
- Conduct an ongoing review of available pharmacy rules and programs and implement all mainstream programs and rules to reduce waste and excess costs while maintaining or improving health outcomes.
- Continuously monitor and expand the upper-tier COE network to improve health outcomes and provide a better member experience while lowering overall cost of care, with a new site for an upper-tier COE for musculoskeletal, cancer, and transplants in place within one year of the Agreement effective date and, based upon the request of either applicable plan committee member, consider the addition of a new upper-tier COE site every year thereafter.
- Continuously review and implement mainstream digital health solutions, active annual enrollment and dependent confirmation processes, and other communication initiatives to improve member engagement and health outcomes while lowering overall cost of care, with initial solutions implemented in 1-3 years.

In the event of a disagreement regarding a matter covered by this proposal (e.g., which vendor should be selected or which networks should be offered), the matter will be resolved by the deadlock neutral applying the standards described in the relevant bullet point.