

# Missouri Educators Unified Health Plan

A Missouri Non-Profit Corporation  
www.meuhp.com

"For School Districts, By School Districts"



## September, 2013 Newsletter



### President's Update

**It's official.** At our July 25, 2013 the Board of Directors meeting in Kansas City, we approved our final January 1, 2014 Administrative Services Only (ASO) and Stop-Loss reinsurance rates and provisions from Anthem BCBS. Our new self-funded plan will include 18 month fixed pricing on our administrative services from Anthem BCBS. We were also able to negotiate competitive reinsurance rates with Anthem BCBS that include key contract provisions to protect the MEUHP from the individual specific claims over \$100,000 and total monthly aggregate claims in excess of 115% of our expected utilization.

**The Board of Directors received a very positive and comprehensive report from Actuarial Resources Corporation** at our July 25 Board meeting with an analysis of our current and projected financial health as well as recommendations to improve our program. As the MEUHP transitions to an ASO/stop-loss self-funded program in 2014, our independent actuary will continue to help our organization by providing:

- reserving analysis and recommendations
- evaluation of risks
- review rate offerings and plan designs
- review stop loss contract language, and
- provide actuarial certifications

**As of June 30, 2014, the report shows that our reserve trust account is projected to have a balance between \$4 million and \$7 million dollars.** This includes reserve contributions made for July-December, 2013 and our projected financials for the first six months of 2014, and equates to approximately 1 to 2 months of expected claims. This level of reserves is a solid and conservative goal for a group our size. Building our reserves is not only required by law, but provides the Board more options and flexibility than in past years in setting plan benefits and rates for our July 1, 2014 renewal. This will also mean we have a better opportunity to review and offer membership to new districts or entire consortiums who will be interested in joining our non-profit corporation in our self-funded format in 2014. Each Region's Board member has a copy of this report and it will be available at the upcoming Regional Meetings.

**In our four short years of existence our membership has grown from 78 member districts to 110 districts and 11,000 insured members statewide.** We have a lot of positives going for us, including saving all members 2.54% on "our" premiums due to the fact we will be a self-funded plan and avoiding the fully insured fees of the Affordable Care Act. Being a self-funded plan also means the MEUHP is "Our" health plan to manage and fund for our benefit. We will only be paying Anthem BCBS a small portion of our premiums. This is mainly to handle our claim and wellness administration, reinsurance fees and access to their broad statewide and national BCBS provider networks--encompassing 90% of all medical providers nationwide. The MEUHP will keep the balance of our premiums in our Trust account--to pay our plan administrator, FTJ, for administering and marketing our program, and most importantly to pay our member health claims.

As superintendents we understand how important planning is to success. **Our organization has had a long-term plan and is well prepared for Health Care Reform.** Our planning to better control our healthcare costs and the clear and direct communication of our plan, has been one of the most important and successful things we have accomplished. We must continue on this track. Our ongoing educational campaigns have helped us achieve 60% of our statewide membership enrolled in one of our nine Consumer Driven Health Plans (CDHP) offered. Seven CDHP plans are compatible with Health Savings Accounts (HSA). HSA plans not only include embedded wellness resources and incentives, but offer districts and members the flexibility to make tax-free deposits into an individual's HSA bank account to cover some or all of their out of pocket health, dental and vision expenses. See our Top 10 List below for other advantages of the MEUHP plan.

As a quick reminder about our renewal communication, even though our plan will become self-funded on **January 1 our rates and benefits will not change for our employees and retirees** and they will still be able to use their same BCBS network providers. New ID cards will be issued in late December though with our MEUHP plan numbers, rather than Anthem BCBS plan numbers. Our member level deductibles and out of pocket limits reset January 1 as well, as they have every year. FTJ will continue to be our third-party plan administrator and continue to provide outstanding customer service, including direct billing our approximately 1200 retired members.

On behalf of the Board of Directors and our FTJ representatives, we want you to know we will continue to do our best to be good stewards of our program and keep focused on our mission, which is posted on our home page at [www.meuhp.com](http://www.meuhp.com). Thank you, for your continued membership and support. Please feel free to contact me or your Regional Board member if we can be of assistance.

Yours truly,

Ken Cook  
MEUHP President

# Top 10 Reasons...

## **The MEUHP will be the BEST Place for Missouri School Districts in the NEW Era of the Health Care Reform & the Affordable Care Act**

### **1. Superintendents make the decisions.**

While there are over a dozen health insurance consortiums in Missouri, there is only ONE statewide program that will be self-funded and run by an elected Board of Directors consisting of Superintendents. While others may or may not invite input and opinion, our Board of Directors makes the decisions relevant to the future of our program with input from our Regional membership. Our vested interest is in our students, our staff and our schools, not insurance company profits and our decisions reflect that.

### **2. Transparency is key.**

As superintendents we understand how decisions that affect our fringe benefit program must be sound, beneficial to our staff and most of all transparent. Our member elected Board of Directors, who represent each of our eight voting Regions, have full disclosure of costs, fees and expenses. This information is also disclosed and discussed with our member superintendents at our regular Regional meetings.

### **3. Protection is paramount.**

When the Board made the decision March 1, 2013 to move to a ASO/Stop-Loss self-funded program January 1, 2014, large claim protection for our plan and for our districts - large and small - was fundamental and non-negotiable as a benefit protection for our members. That's why the MEUHP will continue to maintain specific stop-loss reinsurance on each individual's plan year claims in excess of \$100,000 until our reserves are sufficient to support a higher pooling level. This limits our plan's exposure on any one person's claim, which we know from experience can be over \$2 million+ dollars for one member. This is a key ingredient for our transition and will help us in building our reserves for our future benefits and rate stability.

### **4. What MUSIC is to P & C, the MEUHP is to health benefits.**

Most of the Superintendents in the MEUHP Program currently belong to or have belonged to the successful self-funded property and casualty program: Missouri United School Insurance Council, which was formed by Missouri school districts over 25 years ago and now includes well over 400 districts. We took the best components of how that program is structured and operated and infused what was practical into the MEUHP. Although personal healthcare is far different from insuring property, we know from experience there is strength and efficiency in large numbers. And, just as we need P & C coverage to protect our districts from fire, floods, wind and liability claims, we also need a solid long-term healthcare plan for our valued employees and retirees. We may not have as many member districts as MUSIC, but the MEUHP does have a very solid base of 11,000 members and 110 member districts, with a fair and transparent structure to support good new membership from individual districts or entire consortiums.

### **5. No onerous entry fees or exit penalties.**

Annual membership is only \$250 per year. There is also no cost or obligation to apply for membership to see if your district can be better served by working with us. It's that simple.

## **6. 18 month rate lock on our BCBS administrative costs and fair reinsurance rates and provisions.**

Through persistent discussions and negotiating for the MEUHP, our FTJ representatives and Tom Kayser (broker for NEMO districts), were able to secure competitive and fixed administrative costs guaranteed until July 1, 2015. The reinsurance provisions negotiated also provide strong protection from large claims and/or an unusually high volume of claims from month to month. This will give us the best opportunity to build OUR reserves and retain and recruit new member districts. When you couple this with the fact that our variable claim costs have historically been stable as a result of proper funding, large statewide plan participation, heavy enrollment in Consumer Driven Plan...as our independent actuarial report points out, we are on target to build substantial reserves for our members leading into our July 1, 2014 to June 30, 2015 membership year. Based on current membership levels, our reserves will be between \$4 million and \$7 million by July 1, 2014, which is between one two months of normal claim expenses. This should provide a great opportunity for a solid renewal and to provide competitive membership proposals to new individual districts and entire consortiums.

## **7. We put our employees and retirees in the driver's seat.**

The MEUHP program has been on the forefront of consumer driven health care plans (CDHP) that help educators become involved in the cost of health care, saving money for themselves...and all members. By utilizing plans that also leverage tax-free dollars in Health Savings Account (HSA), 60% of our membership have moved into one of our HSA friendly plans. This has helped keep our annual premium and administrative expense increases lower than national averages since the inception of the MEUHP in 2009 and is a key ingredient to our future success in controlling healthcare expenses.

## **8. The more they know, the more they appreciate the benefits we provide.**

We're all in the education business. We know more than most how important it is to communicate and educate. That's why our Plan Administrator and broker, Forrest T. Jones & Company, takes every opportunity to educate our staff and retirees on our benefit program. Whether it's a board meeting, back to school or in-service meeting, one on one after school, or service through phone or internet, we know the experienced representatives from FTJ will do the job right. They've been doing this for Missouri educators for over 60 years!

## **9. We are Health Care Reform ready and efficient.**

With the MEUHP becoming our own self-funded health plan most of the Affordable Care Act (ACA) heavy lifting has been and will continue to be handled by the MEUHP for member districts.

- MEUHP members will save 2.54% in premiums through our conversion from a fully insured to a self-funded program. In 2014 alone this projects to well over \$1 million dollars in savings of our hard earned premiums dollars, based on current premiums.
- MEUHP will continue to serve our districts with less than 50 full-time employees in 2014 in the same basic capacity as we have in the past. (and <100 in 2016). If you hear non-MEUHP superintendents discussing their fully insured plan options, please refer them to us for a no-obligation consultation on the potential benefits of the MEUHP.

- MEUHP districts with less than 50 full-time employees (small employer) in 2014 (and <100 in 2016) will not be impacted by ACA mandated community rating. This may mean a blended group rate may change to rates for each individual insured in their group based on employee and dependent ages. Plan options for fully insured small employers will also be changing at some point in 2014, with possibly higher copays, deductibles and out of pocket limits than in prior years.
- MEUHP benefit plans CAN continue to be customized and not subject to the strict ACA "metal level" plan design requirements for small groups and individual plans.
- MEUHP will continue to offer a wide variety of plans, including our Consumer Driven Health Plans. 17 total plans are currently offered statewide.
- The MEUHP will be able to continue to underwrite ALL new groups prior to their acceptance by the Board & Region, an important safeguard in screening groups to help maintain our rate stability. Starting 1-1-14, fully insured carriers will be required to quote the same plans and provide community rates to each small employer requesting coverage (<100 in 2016).
- The MEUHP will continue to provide member districts with ACA updates, notifications, templates, SBC's, and ensure actuarial compliance of benefit plan designs as well as minimum value and affordable coverage.
- **The MEUHP will collect and pay all ACA fees** and facilitate completion of ACA employer reports and payments, once these requirements and timelines become clear and final. Although the 2.54% insurer fee will not be collected, the \$63 annual per person Reinsurance Fee and the \$2 annual per person Patient Centered Outcomes Research Fee (PCORI) will be collected and paid by the MEUHP. Our rates DO include the Reinsurance and PCORI fees...so no need to worry about a separate line item on your benefit budget.

#### **10. Child friendly & family friendly rating structure.**

Our Board voted to implement a one child rate three years ago as a fair option for members with only had one child to cover. Our one child rate is 45% of the employee rate and is intended to increase participation of healthy young individuals. It has been a huge success with our participation more than doubling this past year. Members pay only 75% of the employee rate if they are covering two or more children. And, our spouse rate is fair and is equal to our employee rate. Due to the coming community rate changes to individual plans mandated by the Affordable Care Act, MEUHP dependent rates may be more attractive for many families in 2014 and beyond, which could help increase our numbers to spread our risk.

## **MEUHP Selects Independent Legal Counsel**

The Missouri Educators Unified Health Plan is pleased to announce that the law firm of Tueth, Keeney, Cooper, Mohan, and Jackstadt, P.C., has been selected as counsel for MEUHP. Tueth Keeney has extensive experience in representing public school districts across the state of Missouri and their related non-profit organizations. This experience includes representation of insurance trusts, with an emphasis on compliance assurance and review, dispute prevention and resolution, and the statutory scheme unique to school districts and school insurance in this state - as well as all other aspects of school district representation. In addition, Tueth Keeney includes lawyers who have individual experience and expertise in the healthcare professions, health insurance coverage, the Affordable Care Act, HIPAA, wellness programs, and other areas directly related to the mission of MEUHP. Tueth Keeney will work in conjunction with attorneys for our third party administrator, Forrest T. Jones & Co., as well as other specially retained legal counsel regarding federal programs, to provide the best services possible for members of MEUHP. We look forward to working with Tueth Keeney as MEUHP implements its new self-funded structure and plan for growth with respect to membership and services.

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