



EDUCATORS HEALTH ALLIANCE

Participation. Collaboration. Cooperation.

INSIDE THE 2010 EHA RENEWAL

PARTICIPATING ORGANIZATIONS



NEBRASKA ASSOCIATION OF
SCHOOL BOARDS



NEBRASKA COUNCIL OF
SCHOOL ADMINISTRATORS



NEBRASKA STATE
EDUCATION ASSOCIATION



**DOLSKY - EHA
CONSULTANT**

This article is to provide additional information about the 2010-11 EHA renewal; how it came about including process and content and further, how it compares to 2010 health plan renewals more

generally across the U.S. The process for the development of the 2010 renewal started in December 2009. The EHA Board set the general direction, planning and schedule. That schedule called for Board Meetings in January, February and March to address the various aspects of

the renewal. Throughout the December to March timeframe, I, as the EHA Board's independent consultant, had access to and worked with Blue Cross Blue Shield of Nebraska (BCBSNE) to 'pull together the numbers' and the other content. In the EHA Board meeting in January 2010 the Board reviewed preliminary results and provided direction for changes to benefits or other items related to the renewal. In February, the Board meeting focused solely on receiving the recommendations of the Benefits and Choice Task Force and making decisions on what would be included from this, in the 2010 renewal. This Task Force had been working throughout the previous year and resulted in the recommendations to add a low cost plan and to add employee choice in the form of the dual-option offerings.

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NEW! EHA BENEFITS AND RATES ON WEBSITE

The source for all your EHA information is our website: www.ehaplan.org. At this location, you can find all the new rate and benefit information that was established for the upcoming renewal, September 1, 2010. Also included at the site are our presentations that were done for the:

- 2010 -2011 EHA renewal,
- the New Benefit options, (Dual Choice, Reduced Benefit Plan, etc)
- the New \$2,850 High Deductible Health Plan and Health Savings Accounts
- Early Retiree information.

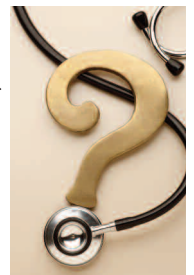
Finally, we have contact information if you have any questions about your benefits or services and don't know who to ask. The EHA website has your answers!

"THE EHA PROGRAM THROUGH THE STATEWIDE POOLING OF RESOURCES AND RISK HAS BEEN ABLE TO POSITIVELY IMPACT THE VALUE EQUATION FOR ITS PARTICIPANTS BY CONTROLLING MEDICAL COSTS, LOWERING ADMINISTRATIVE EXPENSES, AND PROVIDING PREMIUM STABILITY. EMPLOYERS IN OTHER STATES WITHOUT SUCH A POOL DO NOT HAVE COMPARABLE RESULTS ON EACH OF THESE VALUE MEASURES."

INSIDE THE 2010 EHA RENEWAL CONTINUED:

Between February and March the decisions and direction of the Board were utilized and the final rate projections were prepared. In March the EHA Board was presented all this information and made the final decisions approving rates, benefits, and communications to implement for the September 1, 2010 effective date. The development of the rates is a significant component of the renewal process. The EHA is unique in regard to this process in that all the components and the methodology of the rate development are open to the EHA through the EHA's consultant working directly with BCBSNE. We participate in each step along the way. A significant portion of the development involves making a forecast of medical costs for the September 1, 2010 through August 31, 2011 period. We work directly with the BCBSNE actuaries in reviewing medical information and in deciding on the appropriate assumptions for inflation and other items. For example, in the consideration of next year's medical cost we go over, in person and in detail, the BCBSNE information regarding current and future provider reimbursement rates. We similarly go through all the other details of calculations. The financial outcome of the renewal process this year is an overall rate increase of less than 5%. We are pleased with this outcome as it compares to other increases we see throughout the country and given some of the inputs. Included in this renewal are an increase in the Behavioral Health benefits

(to comply with regulations) and the addition of employee choice plans. These 2 items combined added cost estimated at 0.65%. Also, the rate of medical price increases, particularly for hospital services, continues to go up at rates as high as in recent years, despite the slow economy. The EHA compares very favorably with national numbers on several measures regarding the renewal rates. The Oliver Wyman national Carrier Medical Trend survey released in January 2010 indicated a median PPO pricing trend of 11%. The National Business Group on Health's 2010 survey indicated an average cost increase of 6.5% to employers; and this is the net amount after benefit and other changes are included. The EHA renewal also includes less than 7% of the total projected premium allowed for all administration costs plus premium tax, leaving over 93% for the payment of projected medical costs. This compares favorably with national measures of the portion of the costs going to the insurer rather than the medical expenses. Lastly, the EHA compares favorably on its ability to participate in the renewal process, the transparency of the development of the renewal, and EHA's ability to input to the process. In many other cases the issue of insurance rates are more of a one sided process where the insured employer has very little input to the final result.



EHA SUMMER REGIONAL MEETINGS ARE SET

The 2010 EHA Regional summer meetings are scheduled for the middle of June to provide our school districts an opportunity to learn more about the upcoming renewal and administrative changes that will be put into place by EHA's Plan Administrator, Blue Cross Blue Shield of Nebraska. Important information about enrollment, COBRA, benefit administration and health care reform will be reviewed. If you administrate your school's benefits, please schedule your time to come to one of the following meetings:

- Tuesday, June 15th, Gering
- Wednesday, June 16th, North Platte
- Thursday, June 17th, Kearney
- Tuesday, June 22nd, SECC, Milford
- Wednesday, June 23rd, Quarry Oaks
- Thursday, June 24th, NECC, Norfolk

Your invitations should be coming out shortly to you at your offices.

WHAT IS THE EHA RATE STABILIZATION RESERVE AND HOW DOES IT BENEFIT YOU?

Unlike group insurance plans controlled and managed by the insurance carrier, the EHA owns and controls the Nebraska's educator's Medical and Dental Insurance plan. And since the EHA is made up of three organizations that represent your interests (NSEA, NASB, NCSA), ultimately YOU own your own Medical Insurance plan. More specifically, you and the other EHA members actually own and control the plan's Rate Stabilization Reserve (RSR).

What is an RSR?

Blue Cross Blue Shield of Nebraska (BCBSN) collects insurance payments from each school district. At the end of each year, after claims and administrative costs are paid, **any remaining money is deposited into the RSR and held.** The RSR also earns interest on behalf of members. This reserve is used to offset future premium payment increases and stabilize the plan's cost over time. For the past seven years, the RSR has helped the EHA to minimize rate increases to less than 10%.

In a nutshell, your Medical Plan is owned and managed by EHA who, since 1999, has represented your interests and negotiates with BCBSNE to obtain high quality benefits at reasonable prices.

Big Numbers. Big Savings.

Economies of Scale is an insurance term that refers to the number of members enrolled in a plan. The more members participating in our EHA group, the more the carrier's risk is stabilized, which helps stabilize premiums. For example, an organization with 100 employees will have a much higher insurance risk cost than an organization that has 1,000 employees.

The EHA's Medical plan insures over 70,000 members in the state-wide program – an impressive number equal to almost 4% of Nebraska's total population. This huge number further reduces the risk for the insurance carrier which enables EHA to negotiate and obtain the highest quality, most cost-effective employee health coverage for all its members.

Membership is Key to EHA's Success

It's important for Nebraska school districts to recognize their continued membership plays a major role in EHA's success. When districts withdraw from the plan, the premiums can increase for remaining districts because the risk for the insurance carrier increases.

From time to time, competitors of BCBSNE try to lure districts away from the EHA by offering lower rates. It's important to know that if fate deals a large number of claims, that introductory rate could soar. And at that point, your district has no choice but to stay with that new carrier because the number of claims could cause coverage denial by other carriers. Is that a gamble your district is willing to take? Even if the number of claims your district submits does not go up, the claims cost will almost certainly rise because no other carrier other than BCBSNE has a state-wide network to cover all 70,000 Nebraska EHA participants or the less than 7% administrative cost. The Blue Card Network saved over \$157 million in claims in 2007 for it's EHA members.

One of the keys to EHA's positive outcomes is the organization's keen understanding of risk

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FUN FACTS

- ◆ A SNEEZE GENERATES A WIND OF (100 MI/HR), AND A COUGH MOVES OUT AT (60 MI/HR).
- ◆ OUR HEART BEATS AROUND 100,000 TIMES EVERY DAY.
- ◆ OUR BLOOD IS ON A 60,000-MILE JOURNEY.
- ◆ IT IS BELIEVED THAT THE MAIN PURPOSE OF EYEBROWS IS TO KEEP SWEAT OUT OF THE EYES
- ◆ THE LENGTH OF YOUR FOOT IS THE SAME AS THAT OF YOUR FOREARM BETWEEN YOUR WRIST AND THE INSIDE OF YOUR ELBOW.

INSIDE THE 2010 EHA RENEWAL CONTINUED:

factors that impact insurance costs and establishing methods to offset premium increases. The EHA's management of the RSR is a prime example. The net result is that, while EHA paid nearly two billion (\$1,964,008.00) in participant's claims since it was formed in 1999, EHA has:

1. Provided access to high quality health care coverage for over 70,000 plan participants, some of which are from small districts who would not otherwise have this access.
2. Minimized rate increases over the past six years to less than 10%, a rate below the national average.
3. Kept administrative costs with BCBSNE below 7 percent of premium, a rate below comparable school districts in other states.
4. Skillfully managed the RSR so its reserves have not fallen below the target range of 10 to 20% of the projected annual premium for the upcoming year.

EHA ESTABLISHES NSEA FEEDBACK COMMITTEE

In an effort to gain more information from our membership, the EHA has formed an Regional Feedback Committee of teachers who want to provide input to the EHA Board of Directors about our plan options and benefits and to help disseminate the information back to the members. For the plan to belong to it's members, we need to receive more feedback from them to make sure their needs are being met. The members of the committee are:

Mark Gehring	Ponca	Doug Mahoney	Malcom
Eliene Loetscher	Winside	Tim McAllister	Fairbury
Larry Bower	South Sioux	Jerry Layher	South Sarpy District 46
Chad Bailey	Holdredge	Vanessa Tanderup	Logan View
Kory Kitt	Sargent	Diane Hammer	ESU #2
Linda Clark	Southwest	David Eledge	Metro Comm. College
Jennifer Osten	Leigh	Doug Sheppard	Fremont
Tammy Blobaum	Johnson/Brock	Chad Ackerson	Central City Ed. Assoc
Amy Johnson	Conestoga	Jan Barnason	Hastings
Diane Coon	Gering	Lori Erickson	Grand Island Ed. Assoc.
Dave Anderson	Chadron (ESP)	Craig Schaffer	Aurora Ed. Assoc.
Jeanette Niemann	Seward		



Thank you to all these individuals who are willing to help us make the EHA plan the best it can possibly be for our members.

SPRING INTO YOUR HEALTH/DENTAL BENEFITS

Every spring, people in Nebraska trade in their snow shovels for gardening tools to prepare their yards and gardens. Just like a garden, the benefits offered through your school district should be tended to make sure they meet the needs of your family.

Tip #1- Understand how your plan's deductible and coinsurance work. Look at the deductible you and your family will have to meet before benefits are paid. Review the out of pocket maximum that must be met before benefits are paid at 100%. The most popular plans offered by the EHA have an 80/20% coinsurance to \$10,000 (\$2,000 out of pocket per individual). For Ee/Spouse, Ee/Children or Family coverage, the amount out of pocket is double that of single coverage.

Tip #2- Review your Prescription Drug coverage. Every quarter, each member who utilizes prescription drugs receives a statement about their benefits. Take a look at this information to see if you could utilize drugs on a less expensive tier level. Is my drug going to have a generic equivalent? Would the mail-order Rx coverage work for maintenance drugs and save a month's copay? As with all decisions with your health, please consult with your doctor to see if there are any concerns by making a change.

Tip #3- Confirm your dependent's eligibility status for next September 1st. Do you have children graduating from High School, or other Higher Education school? Has your child turned the age of 19 if not attending college or 23 if still in school? If you have questions, please call BCBSNE customer service at 1-800-642-6004.

Tip #4- New Year's Resolutions. Have you stayed up with your self-promises at the beginning of the year? If not, is it time to get back at it and enjoy the Spring!

KNOW YOUR BCBS TEAM



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WE'RE ON THE WEB!
SEE US AT:
WWW.EHAPLAN.ORG



As Senior Regional Service Representative for Blue Cross and Blue Shield of Nebraska, **Sue Warner** services Nebraska school accounts and county groups across the state. Sue has served in multiple capacities during her 20-year career with BCBSNE—including Customer Service and Marketing functions. While in Marketing, Sue has serviced both local and national small and large group accounts. Sue has been part of the EHA/NACO service team since 2004. Sue has attained a Nebraska Producers License, and has completed all of BCBSNE's systems modification training, including Claims and Customer Service systems training.

As Regional Service Representative for Blue Cross and Blue Shield of Nebraska, **Tara Stevenson** services Nebraska school accounts and county groups across the state. Tara has served in multiple capacities during her 16-year career with BCBSNE—including Claims, Customer Service and Market-

ing functions. While in Marketing, Tara has serviced both small- and large-group national accounts. Tara moved to the EHA team in 2010.

Tara has attained a Nebraska Producers License, and has completed all of BCBSNE's systems modification training, including Claims and Customer Service systems training.



**BlueCross BlueShield
of Nebraska**