ABC'S OF HEALTH INSURANCE

PLAN DESIGN

Schools have numerous choices when implementing group health insurance plans for their faculty & staff. Available plan designs include PPO, POS, EPO, HMO and High Deductible Health Plan. The majority of schools offer more than one plan in order to provide faculty and staff with health insurance options. Please note that carrier specific requirements apply, but in general the below information outlines how each plan type differs:

PREFERRED PROVIDER ORGANIZATION (PPO) - $$$$$

- In-network and out-of-network benefits
- Typically, there are no referrals required
- Typically, has a national network
- Typically, the member is responsible for prior authorizations
- Carrier participation requirements may apply

POINT-OF-SERVICE PLANS (POS) - $$$$

- In-network and out-of-network benefits
- Typically, referrals are required
- Typically, has a local network
- Typically, the provider is responsible for prior authorizations
- Carrier participation requirements may apply

EXCLUSIVE PROVIDER ORGANIZATION (EPO) - $$$

- In-Network Only Benefits
- Typically, there are no referrals required
- Typically, has a national network
- Typically, the member is responsible for prior authorizations
- Carrier participation requirements may apply

HEALTH MAINTENANCE ORGANIZATION (HMO) - $$

- In-network only benefits
- Community rated without regard to employer size
- Typically, referrals are required
- Typically, has a local network
- Typically, the provider is responsible for prior authorizations
- Typically, no participation requirements apply

HIGH DEDUCTIBLE HEALTH PLAN (HDHP) - $

- In-network and out-of-network or in-network only benefits
- May be compatible with a Health Savings Account (HSA)
- Typically, out-of-network coverage has a higher member cost share
- Typically, there are no referrals required
- Typically, has a national network

- Typically, the member is responsible for prior authorizations
- Carrier participation requirements may apply

CARRIER NETWORK

IN-NETWORK

- Providers are contracted to accept a discounted payment for services.
- Individuals usually have lower out-of-pocket expenses (co-pays) when using an in-network provider.
- Providers are responsible for submitting claims directly to the insurance carrier.

OUT-OF-NETWORK

- Providers are not contracted to charge discounted payment for services.
- Individuals usually have higher out-of-pocket expenses (deductibles and co-insurance) when using an out-of-network provider.
- Individuals are responsible for submitting claims to the insurance carrier.

PRESCRIPTION DRUGS

There are many riders available; however a three-tier approach is the most common. Please note that available prescription drug riders, list of covered drugs, and other coverage details vary by carrier.

GENERIC DRUGS - $

Generic medications must have the same active ingredients as the brand name medication and they are subject to the same standards of their brand name counterpart.

PREFERRED DRUGS - $$

Brand name medications that are on a preferred drug list due to their clinical effectiveness and cost savings.

NON-PREFERRED DRUGS - $$$

Brand name medications that are not on the preferred drug list.

RATING METHODOLOGY

COMMUNITY RATING

Groups between 2 and 100 full time (30+ hours/week) and full time equivalent employees are community rated in NY. Premiums are based on the "pooled" health and demographics the geographic region or the total population covered by a specific carrier policy. Employers will receive the same premium for the same plan regardless of age, gender, health status, occupation, or other factors.

ADJUSTED COMMUNITY RATING

Groups over 101 full time (30+ hours/week) and full time equivalent employees with less than 100 insureds have a base manual rate adjusted by the employer's specific demographics (age, gender, geography, etc.) in NY.

EXPERIENCE RATING

Groups over 101 full time (30+ hours/week) and full time equivalent employees with at least 100 insureds are experience rated in NY. Premiums are based on "specific" employer demographics and claims experience. The insurance company predicts the employer's future medical costs based on past experience.

TAX ADVANTAGE ACCOUNTS

Bank accounts have been designed to help fund individuals' first dollar out-of-pocket costs. Please note that these plans cannot be offered standalone, they must be integrated with a major medical plan in order to avoid additional Affordable Care Act (ACA) requirements.

HEALTH REIMBURSEMENT ARRANGEMENT – HRA

- Can be used in conjunction with any major medical pan
- Considered an ERISA health plan and subject to COBRA
- School funded and owned
- School/TPA obligated to ensure expenses are qualified
- Qualified expense defined by school
- School retains any utilization savings

HEALTH SAVINGS ACCOUNT – HSA

- Can only be used in conjunction with a HSA-Qualified High Deductible Health Plan
- Individual must be eligible to open a HSA.
- Individual owned with immediate vesting
- School and/or faculty and staff funded
- Individual is obligated to ensure expenses are qualified
- Qualified expenses are defined by the IRS
- Individual captures any utilization savings. No 'use it or lose it' provision

CAFETERIA PLANS

Allows faculty & staff to deduct pre-tax dollars from pay:

- Premium Only Plans (POP) - save taxes on insurance premiums only.
- Flexible Spending Account (FSA) - save taxes on qualified medical, dental and vision expenses.
- Transit/Commuter Reimbursement Account (TCRA) - save taxes on work-related transit expenses.
- Limited Purpose Flexible Spending Account (LPFSA) - save taxes on dental and vision expenses only.
- Dependent Care Account (DCA) - save taxes on dependent care expenses.