



- Welcome
- Agenda
 - Introduction of 2011 Board Members
 - ICBA Membership Benefits
 - Panel Discussion – Health Care Issues

ICBA Board Members

| | | |
|---------------------|--------------------------|---------------------------------|
| Past President | Jan Smith | <i>Questar</i> |
| President | JoAnn Kooyman | <i>WCF</i> |
| Treasurer | Arlys Johanson | <i>Browning</i> |
| Secretary | Carolyn Spencer | <i>IHC</i> |
| Vice President | Beverly Whetstone | <i>Rio Tinto (Kennecott)</i> |
| Website Coordinator | Kelly Woodbrey | <i>LDS Church</i> |
| Training | Brandon Staheli | <i>Questar</i> |
| Education | Dave Fishback | <i>Zion's Bank</i> |
| | Kimberly Barton | <i>Employers Council</i> |
| Communication | Dallin Johns | <i>IM Flash Technologies</i> |
| Membership | Kathleen M Lund | <i>Associated Foods</i> |
| | Diane Bloxham | <i>Zion's Bank</i> |
| Members at Large | Clyde Robins | <i>Nutraceutical</i> |
| | Jill Carter | <i>Jill E Carter Consulting</i> |

Membership Benefits

- **Professional Development:**
 - Membership offers discounts to Work@Work
 - CCP/CBP/GRP certification courses & resources
 - Certifications ensures professional standards are maintained
- **Networking:**
 - Searchable database
 - Ability to share best practices
- **Continuing Education:**
 - Activities designed to keep members up to date on current trends and regulations
 - Impact on how we administer benefits and compensation

Health Care Panel Discussion

Impact of Health Care Issues in 2011

Dave Adams

AVP, Compensation/Benefits



Arlys Johanson

Manager, Human Resources



Kelly Keyes

Vice President



Clyde J Robins

Vice President, Human Resources



HealthCare Issues at Browning

Arlys Johanson

Browning



Background & History

- **Browning Culture**
 - "Taking Care of Employees"
- **Medium to Small Company**
 - 210 Employees – 2 Unions – 2 States
- **Healthcare Premiums**
 - Through 2010 – 90/10 & \$250 Ded (wellness)
 - Last 4 years – Averaged 6% per year
 - Traditional Premiums – 75% - 80% Paid
- **10 Years of Wellness**
 - Initiated a walking program in 2000
 - Today – full program with "coaching"

Healthcare for 2011

- **Claims History was “Catching Up”**
- **Health Reform – Automatic Increases**
- **Facing a very large increase (18%)**
- **No more than 2% Increase Salary Mass**
- **Been attending meetings Regarding HDHP & Health Savings**
- **Did not like any of our choices**
- **Had to make a drastic change**

Lessons Learned: Start Early



- Health Reform dictates 60 days notice to employees before effective date
- Communication
 - Employee Meetings
 - Spouse Meetings
 - E-mail
 - Reminders
 - Open Meetings for Questions

Lesson Learned: Decisions You Have to Make

- 125 Café Plan –
 - Current End Date vs Future End Date
- Premiums vs No Premium
- Company Contribution
 - How Do You Fund It?
 - Single vs Family?
- Credible Coverage
- Double Coverage
- Employees that are 65 or Older
- Employees that are 65 with Spouses under 65



Lessons Learned: The Things We Did Right

- Deposited Full Company Contribution Up Front
- Honest Communication
- Allowing Time for Adjustments
- Educated Employees in Regards to 125 Cafeteria Plan
- Knowledgeable & User Friendly HSA Partner
- Transparency
- Bottom line Results – Savings of \$400,000



Health Care Reform Impact

Kelly Keyes

Keyes Insurance Services, Inc.



PPACA

Patient Protection and Affordable Care Act

What effects has the new PPACA changes had on employer groups since its inception (September 23rd 2010)????



Headaches

Headaches

Headaches

Ripple Effect of Changes

- Slowing business decisions due to uncertainty
- Updating & modifying plan documents and benefit summaries to reflect changes
- Developing means of disclosure
 - Health care costs listed on W-2
- Adapting to continued Law changes, amendments, & writings



Reform applies to ALL plans

- Elimination of lifetime limits
- Restriction of annual limits on “essential health benefits” until January 2014
- Prohibition on coverage rescissions
- Coverage for adult dependent children
 - Expenses NOT reimbursable through HRA or HSA
- Elimination of pre -existing condition exclusion for children under age 19

Reform applied to NEW plans

Excludes Grandfathered Plans



- Preventive care coverage
- Non-discrimination rules
- Patient protections
- Claims and appeals process
- Miscellaneous other provisions
 - Cost reporting and rebates
 - Transparency
 - Ensuring quality care



Impact on HSA and Flex Plans

- Health care account changes
 - Over-the-counter medication restrictions
 - Visit to physician for prescription – additional expenses
 - Required supporting medical documentation
 - Medical condition “justification” or “creation”
 - 20% addition tax for non-qualified expenses
- Flex Plan participation decreasing
 - Ease of HSA
 - Carry-over fund year to year instead of use-or-lose
 - Portability
 - Interest bearing account
- 2013 – Flex Plan contribution limit of \$2,500

Adapting to the Changing Landscape

Carriers raising rates & struggle to keep up with rapidly evolving health care landscape

- 2% to 5% rate adjustments added on to renewals
- Grandfathered vs Non-Grandfathered
 - Dual option provided for 2011 plan year
 - Grandfathered normally a few % less



HDHP Plans becoming more prevalent

- Medical Inflation - National Medical Spending at 4% in 2009, slowest in 50 years*



- Employers seeking alternatives
 - 50% of large employers have a CDHP as an option**
 - Company sponsored Wellness Programs with financial incentives

Source: * Pear, Robert, "Health Spending Rose in '09, but at Low Rate" New York Times, A10, January 5, 2011
 ** Bridgeford, Lydell C. "CDHP, HDHP enrolment rates see slow growth" December 8, 2010

Benefit Education

Clyde J Robins
Nutraceutical Corporation



Why Education of Plans are Important?

- **Benefits plans are becoming more complex**
- **Employees need to...**
 - **Understand**
 - Plan design
 - Tax consequences
 - How benefit plans work
 - **Take more responsibility**
 - **Manage their benefit decisions**



How Much Benefit Education is Necessary?

H.S.A. Contribution -

- Excluded from Box 1 Wages W2, line 7 of Form 1040
- Noted in Box 12 code W on W2
- Included as "Other Income" on line 21 of Form 1040
- Excluded if file Form 8889

Confused Yet ????????

Your G.A.S. Plan

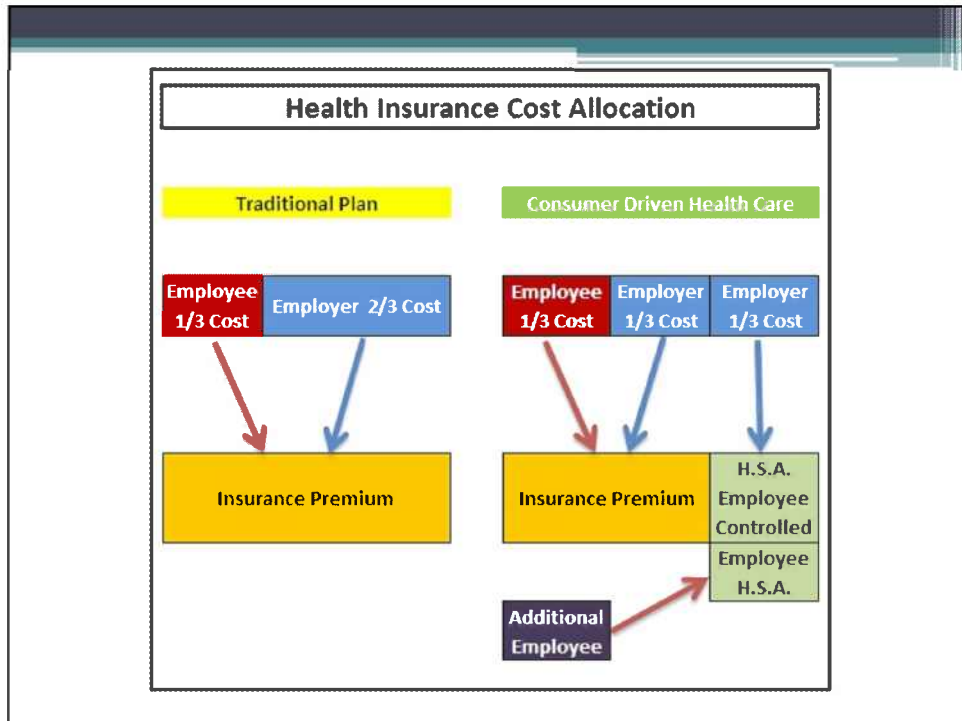
- During open enrollment meetings this is what we tell people.
 - \$2.00 co-pay per fill-up (regular)
 - \$3.00 co-pay per fill-up (premium)

What will you drive?



We need to disclose the rest of the plan:

- At the end of the year, plan participants split the **total cost** of gas, plus a 10% administration fee.



Lotto

\$3,120
Prize

Odds: 100%

\$10,000
Prize

Odds: 1 in 10

How to Get Past the Sticker Shock...



Single

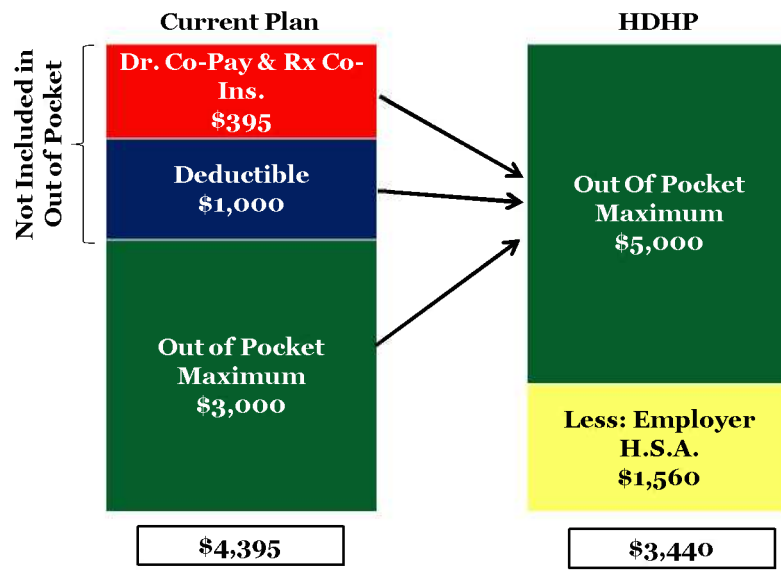
\$1,000 deductible to **\$5,000** deductible

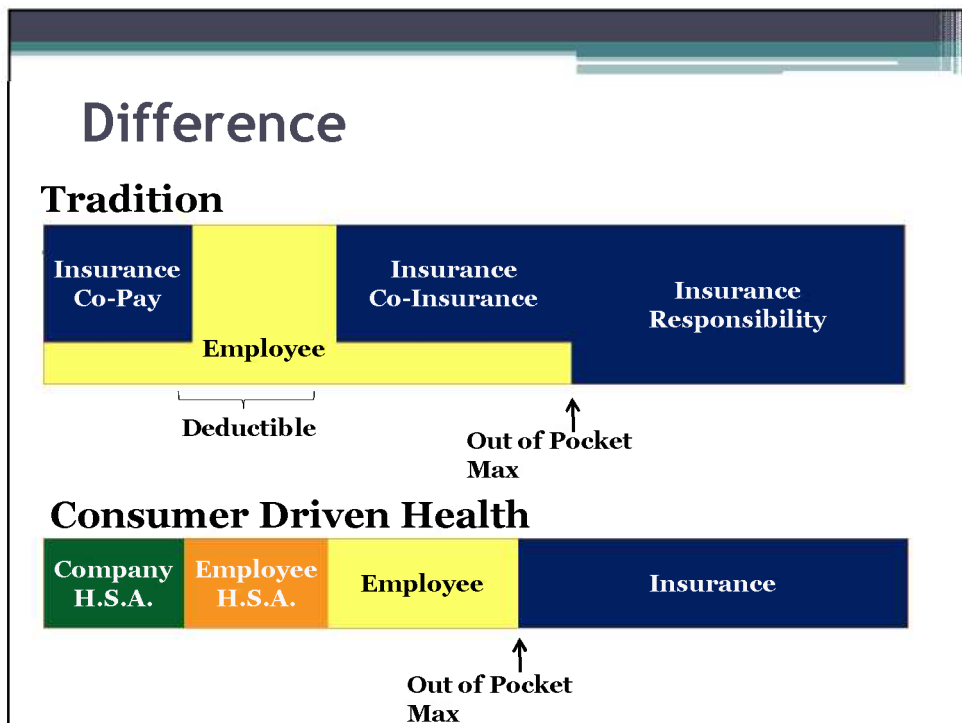
Family

\$3,000 deductible to **\$10,000** deductible



Out of Pocket Maximum - Employee Only





Education

- Nutraceutical Employee's Comment:
 "I would rather pay \$1,500 per month for good health insurance!"



- Employee Benefit Research Institute (EBRI) reports:
 37% (6.3 million) HDHP enrollees, reported being eligible for an HSA, but **DO NOT** have one.*

Source: "Employee Benefits Research Institute "Sixth Annual: Engagement in Health Care Survey" 2010

Cost Shifting vs. CDHC

Cost Shifting



CDHC with Education



40% of Health Care Spending considered Avoidable Expenses*

Source: *National Coalition on Health Care, 2009

Deductible Report Employee Only



| <u>Claims Experience</u> | <u>Percent</u> |
|--------------------------|----------------|
| \$5,000 + | 9.0 % |
| ER H.S.A. amt to \$5,000 | 15.6% |
| \$0 to ER H.S.A amount | 75.4% |

Note: Family Coverage results very similar

Note: 9 months actual/3 months estimate with IBNR.



Health Care Panel Discussion Impact of Health Care Issues in 2011

Dave Adams

AVP, Compensation/Benefits



Arlys Johanson

Manager, Human Resources



Kelly Keyes

Vice President



Clyde J Robins

Vice President, Human Resources

