

2024 Changes to Consider

Phase 2: Rebalancing Premiums

At the August 2022 rate renewal meeting, the Board voted to take a phased approach to rebalancing premiums gradually across all plans over the next several years. For 2023, the overall/aggregate increase of 7.5% was spread across all plans on a stratified basis.

Plan	2023 Benefit Value	2023 Rate Increase	June 2022 Enrollment	January 2023 Enrollment
Plan 0	82.06%	N/A	0	3
Plan 1	84.23%	6.7%	598	545
Plan 2	82.03%	8.0%	371	352
Plan 3	79.10%	8.6%	407	377
Plan 4	76.98%	9.0%	239	205
Plan 5	76.56%	8.8%	336	291
Plan 6	73.53%	9.4%	149	159
Plan 8	74.41%	9.9%	289	315
Plan 10	70.87%	12.3%	204	201
Plan 11	75.46%	10.6%	365	376
Plan 12	73.53%	12.9%	1108	1037

C&B worked with the Terry Group to put together an analysis based on the enrollment shift for January 1st, 2023. The results of the analysis show that MDA MEWA is expected to have a reduction in net margin of approximately 1.3% compared to the expectations at the time of rating. In aggregate, this is approximately a \$300,000 net income reduction based on an expected premium total of approximately \$22 million.

The enrollment shift to lower premium plans will result in an estimated reduction in expected premiums collected for MDA MEWA, which is a reduction in overall revenue and a loss for the MEWA. Conversely, the enrollment shift to leaner benefit plans will result in an estimated reduction in expected claims payments as well, which is a reduction in overall expenses and a gain for the MEWA. The combination of these two elements will determine the impact to the net margin for the MEWA in CY2023.

An average reduction of 1.41% in premiums (revenue), combined with an average reduction of 0.12% in claim payments (expenses), results in an overall expected impact to net margin of approximately -1.3%. Given the January 2023 enrollment, we estimate total premiums collected to be approximately \$22 million. The aggregate impact of a -1.3% reduction to net margin based on this premium total is approximately a \$300,000 reduction.

C&B and the Terry Group recommend that the premium rebalancing efforts continue into future rating periods, starting with CY2024. Currently the leaner plan offerings (8,10,11,12) are cheaper than expected compared to their benefit value. Raising premiums on those plans faster relative to the other plan offerings will result in revenue gains for the MEWA and a premium distribution more reflective of plan benefits.

COBRA Vendor RFP

Currently, iSolved is MDA's third-party administrator for COBRA administration. iSolved is Priority Health's preferred vendor, so the fee is built into the Priority Health administration fee.

C&B and IFG staff will be conducting a full RFP to determine if there is an alternative vendor that can manage COBRA administration for the MEWA and provide competitive pricing. Results of the RFP will be discussed in the June Board Meeting.

Update TROOPs to 2023 Maximums

There is a standing resolution to update the true out of pocket maximums to the prior year federal maximums allowed each year.

Virtual Care Partners

Beginning on July 1st, 2022, Priority Health began offering a Virtual Primary Care program called Virtual Care Partners – powered by Accolade.

This would be set up as a separate plan for MEWA members to choose.

- No cost share for the members when they have a virtual visit (primary care, mental health, preventive exam, urgent care, etc.)
- Members would continue to see the same providers virtually, just as a traditional PCP.
- If they visit a brick-and-mortar location, there will be member cost share (i.e., deductible/coinsurance)
- PEPM fee of \$25.90 (fees waived year one)
- Priority Health estimates that for every member that enrolls in this plan, there will be \$84.62 PEPM in claims savings
 - *C&B/Terry Group would do further analysis to determine projected savings*
- Brief Video Overview: <https://view.highspot.com/viewer/63c1794aa8dd8ab4b514f12a>
- Note: Priority Health has one group in this program, beginning December 1st, 2022

Tiered Network Plan Design Options

Priority Health has a tiered network offering for southeast and western Michigan available to their small and large groups.

Providers are separated into two tiers: Tier 1 and Tier 2. If a member chooses care through a Tier 1 provider, they will benefit from lower coinsurance, copays, and deductibles. When a member picks a Tier 2 provider, employees will still have access to the Priority Health network. However, they will have a higher cost share.

Western Michigan Counties

- Allegan
- Barry
- Calhoun
- Kalamazoo
- Kent
- Lake
- Van Buren
- Mason
- Mecosta
- Montcalm
- Newaygo
- Osceola
- Ottawa

Southeastern Michigan Counties

- Wayne
- Oakland
- Macomb
- Livingston
- Washtenaw
- St. Clair

C&B and the Terry Group would do an analysis to price these plans based on the tiered network structure in the designated areas.