



Introduction to Educators Health

A health insurance collaboration founded,
owned and governed by its members

❖ *October 2015* ❖

EdHealth



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Topics

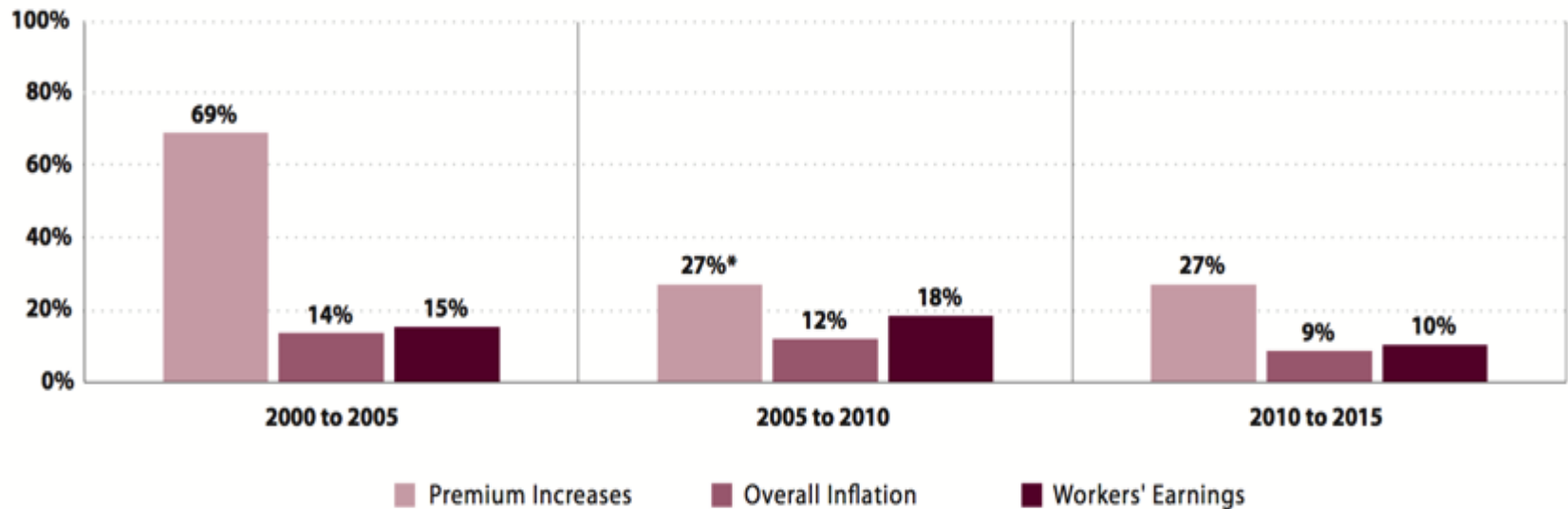
- Why was EdHealth started?
- What are the benefits to members?
- *Healthy You* Disease Management Program
- How does EdHealth work?
- What's next for EdHealth?
- Questions and discussion

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Why Was EdHealth Started?

Average Premium Increases for Covered Workers with Family Coverage, 2000-2015



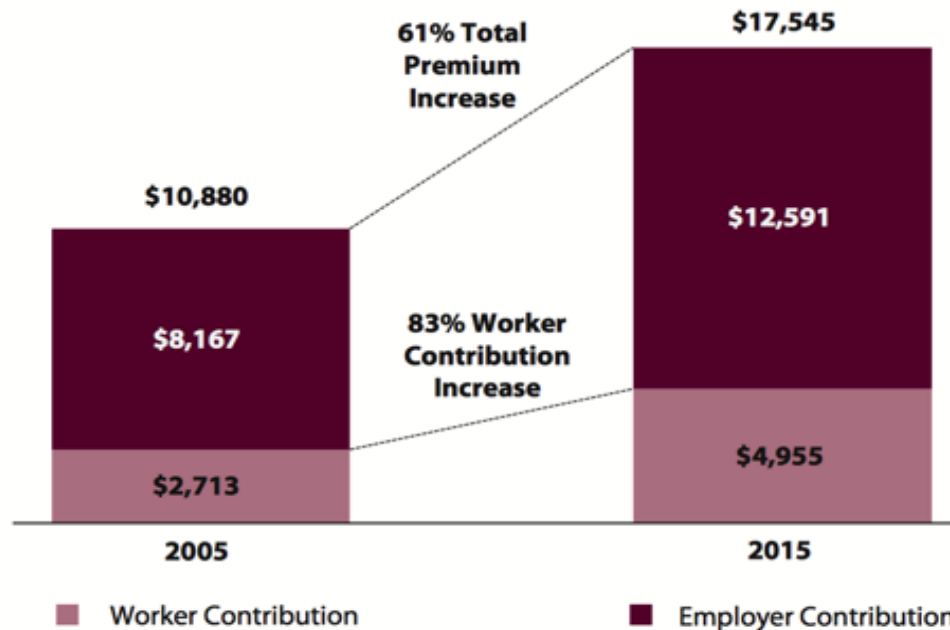
* Premium change is statistically different from previous period shown ($p < .05$).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000-2015. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 2000-2015; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2000-2015 (April to April).



Why Was EdHealth Started?

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2005–2015



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2015.



Why Was EdHealth Started?

- In mid-2009, work began to more efficiently and cost effectively provide medical insurance. Components included:
 - Create savings for participants through a more efficient financial structure and group purchasing power.
 - Multi-institution participation to take advantage of large numbers of employees to minimize risk volatility and costs, allowing for negotiation of administrative, network and other external charges.
 - Make the *Healthy You* program available to EdHealth members; encourage employees to be more involved in their own wellness and disease management.



Launch

- July 1, 2013 – EdHealth launched operations with six initial members.
- January 1, 2014 – Three additional members joined; bringing the approx number of employee lives covered to 7,000 and \$100 mil. of annual “premiums”.
- January 1, 2015 – Two additional members joined; bringing the approx number of employee lives covered to 9,000 and \$130 mil. of annual “premiums”
- EdHealth now in two states: MA and RI

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What are the Benefits to Members?

- Lower cost than a fully insured plan or a go-alone self insured plan
 - Negotiated lower fees with TPAs
 - No hidden broker payments
 - Larger group = better pricing, less volatility
 - Not paying “profits” on base level of claims
 - Potential for dividend payment from captive surpluses



What are the Benefits to Members?

- Transparency
 - Claims are “transparent” in setting rates; clear information available for plan design and decision-making, at an affordable scale.
 - Compare best practices, results and cost and utilization analysis with other member schools



What are the Benefits to Members?

- Stop Loss Captive
 - “Non-profit” insurance collaborative – a clear mission!
 - Pooled experience
 - The concept of insurance is predicated on the law of large numbers – a larger group means the claims are more predictable or “credible” for rate pricing purposes.
 - Direct access to reinsurers – transparency, lower costs
 - Group controls, manages services, and sets reserves

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What are the Benefits to Members?

- Early indications of savings and success
 - Average 2016 increase in rates is 3.6% Two-year average annual increase is 1.7%
 - One member realized 20% savings in first year vs. fully insured
 - One member has had two years of flat rates and was also able to skip one month of contributions to self-insured account
 - One CHRO received a standing ovation from faculty/staff when introducing the 2015 rates and plans. Subsequently, 25% of the employees enrolled in the high-deductable plan.

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Healthy You Disease Management Program

- In late 2006, The Boston Consortium (TBC) Board and their CHRO's began discussing ways to slow the rise of medical insurance costs.
- In early 2007, work began on a Health Management and Disease Management Initiative – a program to help lower the level of claims. Healthy You was launched in early 2011.
- Focusing on the top 10 sources of health insurance cost, Healthy You is an award-winning program implemented by the Boston Consortium in 2010.





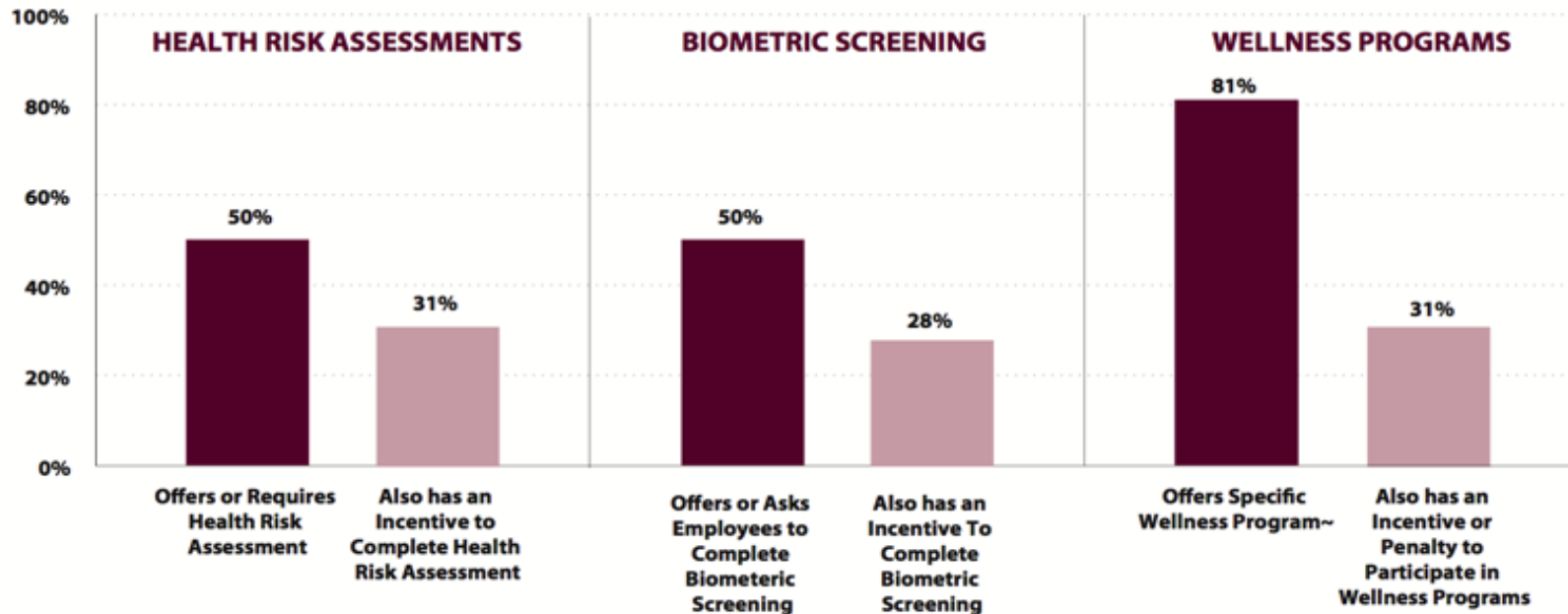
Healthy You Disease Management Program

- Over 20,000 faculty and staff have participated and adopted healthier behaviors. Incentives provided by several participating schools, but in every case, this branded program has become a source of employee satisfaction, often cited in school surveys.
- Combined with EdHealth, it provides a further means to insure savings in health insurance.
- The intellectual property of Healthy You has been provided to all interested EdHealth member institutions.



Healthy You Disease Management Program

Among Large Firms (200 or more workers) Offering Health Benefits, Percentage of Firms Offering Incentives for Various Wellness and Health Promotion Activities, 2015



~ Firms which offer either "Programs to Help Employees Stop Smoking", "Programs to Help Employees Lose Weight", or "Other Lifestyle or Behavioral Coaching"

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2015.



How Does EdHealth Work?

- Collaborative Educational Ventures of New England, LLC (CEVoNE) was created as the sponsoring organization.
 - CEVoNE was launched in March 2011 to bring together institutions from around New England to develop new programs.
- The first initiative was to sponsor the creation of EdHealth.
 - CEVoNE members provided nearly \$1.5 million to fund the initial development of EdHealth.
 - EdHealth is now financially independent of CEVoNE.

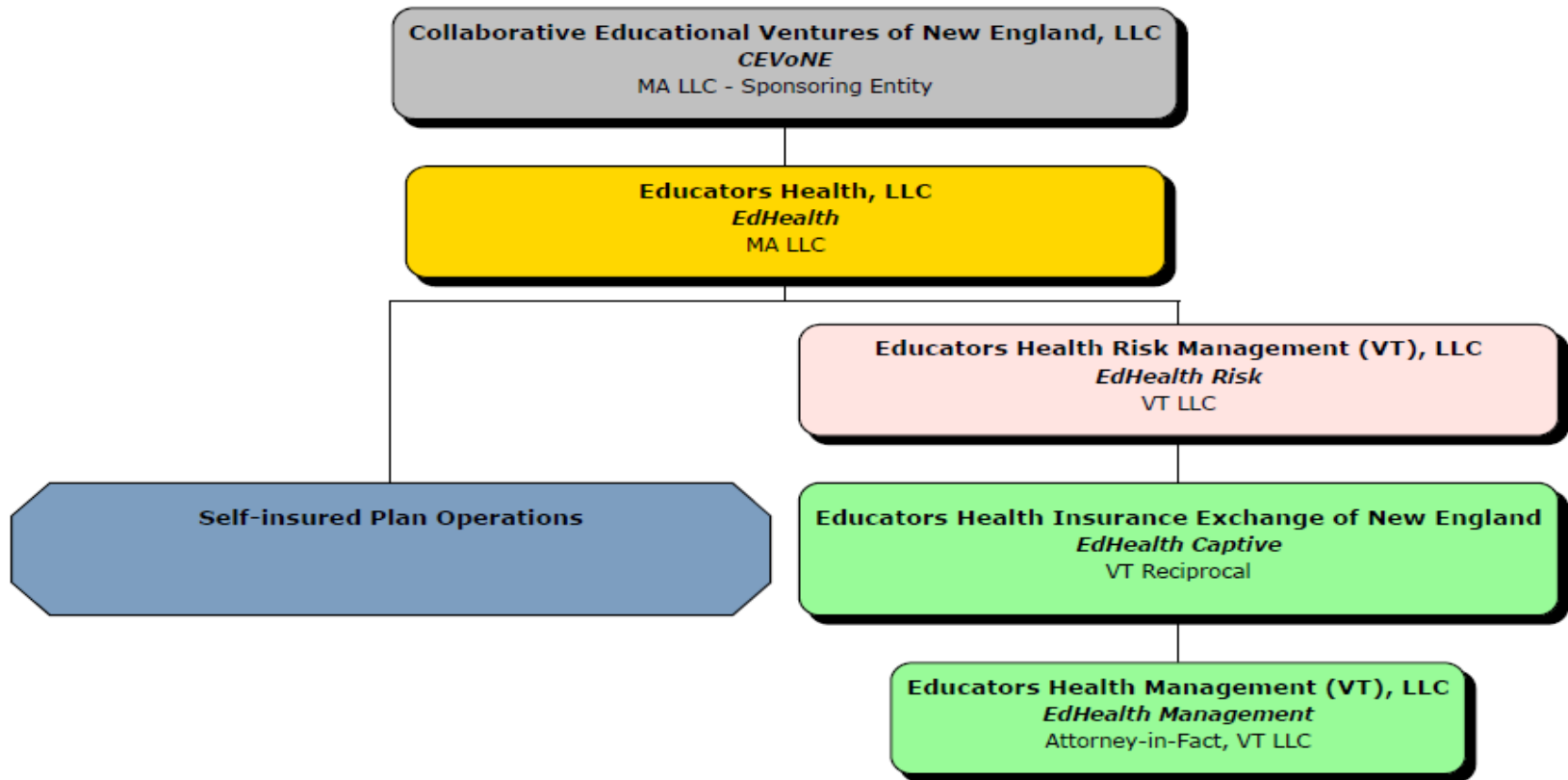


How Does EdHealth Work?

- Massachusetts LLC, formed on July 12, 2012
- Purpose: To implement an integrated program to design and coordinate the management of each participating institution's self-funded health care plan.
- EdHealth LLC is the “parent” company that oversees the overall program, consisting of:
 - A group of individually underwritten self-insured plans with individually set self-insured retention attachment points,
 - A pooled stop-loss insurance program administered by a licensed Vermont Reciprocal Captive.



How Does EdHealth Work?





How Does EdHealth Work?

EdHealth Captive
 (Excess of Stop Loss coverage)

Stop Loss Reinsurer
 (Excess of 125% of expected EdHealth Captive Claims - \$5M of protection)

Optional: EdHealth Captive
 (Excess of 125% of Participant's expected SIR)

Participant's Self Insured Retention (SIR)
 (e.g \$100K per claim, up to 125% of expected)

EdHealth Captive

(e.g. Next \$650K per claim)

Stop Loss Reinsurer

(e.g Excess of \$750K per claim)

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How Does EdHealth Work?

- A common set of plan designs – “evolvable”
- Two Third Party Administrators – to date...
- Self-insured plan and captive administrators
- Actuarial and underwriting consultant
- Stop loss reinsurer



How Does EdHealth Work?

■ Costs

- CEVoNE membership fee \$20,000 (1)
- EdHealth
 - 2016 Application Fee \$54,000
 - Membership Capital Contribution \$50,000 (2)
 - 3 Months Stop Loss Premium (2)(3)

(1) Plus \$2,000 Annual Dues after first year

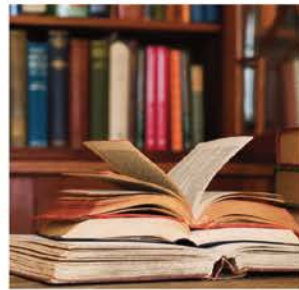
(2) Refundable when member leaves program

(3) Based on individual member



What's Next for EdHealth?

- Strategy for containing rising cost of pharmaceuticals
- Educate members and design plans in preparation for the 2018 Cadillac Tax
- Membership expansion – discussions with RI, ME, VT, NH, CT and MA schools underway.
- Potentially expand offerings to include other fringe benefits (dental, life insurance, disability, etc.)
- And.....



Members



Wheaton College



Olin College of Engineering



WENTWORTH
Institute of Technology



Worcester Polytechnic Institute



Brandeis

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Questions and Discussion

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