
UNDERSTANDING THE GROUP HEALTH INSURANCE MARKETPLACE

**ROGERS
BENEFIT
GROUP**

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AGENDA

- Why employer sponsored health insurance
- ACA metallic tiers of plans
- ACA Rates
- Overview of ACA
- Basic terms and components
- Different types of health insurance
 - HMO - PPO - EPO
 - HSA - HRA



WHY EMPLOYER SPONSORED HEALTH INSURANCE?



- Attract and retain employees
- Premiums paid by employer can be written off as business expense
- May reduce overall tax burden for employers and employees
- Some employers with 50 or more full-time equivalent employees are required to offer their employees healthcare coverage or face penalties and fines through the Affordable Care Act (ACA)

AFFORDABLE CARE ACT METALLIC TIERS



- All small group plans for 1-100 FTE's, are organized into metallic tiers
- The metallic tiers are:
 - Platinum—90th percentile actuarial value
 - Gold –80th percentile actuarial value
 - Silver –70th percentile actuarial value
 - Bronze –60th percentile actuarial value
- The metallic tiers are in reference to an actuarial value which refers to the amount of cost sharing the member has on each plan.
- The richer the plan, the less the cost sharing.
- The richer the plan, the more expensive the premium

OVERVIEW OF THE AFFORDABLE CARE ACT (ACA)



- Metallic Tiers
- Minimum Essential Benefits
 - Ambulatory patient services – Emergency Services
 - Hospitalization – Maternity and Newborn Care
 - Mental health and substance use disorder services
 - Prescription drugs - Rehabilitative and habilitative services
 - Laboratory services - Preventive and wellness services
 - Pediatric services including vision and dental care
- No Lifetime Maximums
- Medical Loss Ratio
 - 80% claims; 20% administrative costs
- Employer mandates
 - 50 + Full-Time Equivalents
 - Must be “affordable” + 9.61%

ACA SMALL GROUP RATES IN CALIFORNIA



- Rates are recorded with the DOI or DMHC
- Rates are the same for employers with 1 - 100 Full-Time Equivalent Employees (FTE)
- Rates are the same for all small group plans with 1-100 FTE regardless of SIC code, gender, broker, etc.
- Rates are based on the employer zip code
 - 18 geographic locations in CA
- Rates are based on the employee and dependents' date of birth or age
- Rates have an algorithm 3:1 so the 64 YO rate is 3X the 21 YO rate

Age	Gold Full PPO 500/30 OffEx
0 -14	411.85
15 -15	448.45
16 -16	462.45
17 -17	476.45
18 -18	491.52
19 -19	506.60
20 -20	522.21
21 -21	538.36
22 -22	538.36
23 -23	538.36
24 -24	538.36
25 -25	540.51
26 -26	551.28
27 -27	564.20
28 -28	585.20
29 -29	602.43
30 -30	611.04
31 -31	623.96
32 -32	636.88
33 -33	644.96
34 -34	653.57
35 -35	657.88
36 -36	662.18
37 -37	666.49
38 -38	670.80
39 -39	679.41
40 -40	688.03
41 -41	700.95
42 -42	713.33
43 -43	730.56
44 -44	752.09
45 -45	777.39
46 -46	807.54
47 -47	841.46
48 -48	880.22
49 -49	918.44
50 -50	961.51
51 -51	1004.04
52 -52	1050.88
53 -53	1098.26
54 -54	1149.40
55 -55	1200.55
56 -56	1256.00
57 -57	1311.99
58 -58	1371.74
59 -59	1401.35
60 -60	1461.11
61 -61	1512.80
62 -62	1546.71
63 -63	1589.24
64 -99	1615.08

ACA RATES

BASIC TERMS AND COMPONENTS OF HEALTHCARE PLANS



- **Copayment**—a fixed amount that the member is required to pay for a particular service (i.e., see a doctor, get a test, fill a prescription)
- **Deductible**—the amount a member must pay for healthcare services before the insurance picks up a portion or all of the remaining cost
- **Coinsurance**—the percentage amount a member must pay after the deductible
- **Out-Of-Pocket Maximum**—the maximum amount an individual may pay in a calendar year, includes copay, coinsurance and deductibles.



TYPES OF MEDICAL PLANS

HMO - HEALTH MAINTENANCE ORGANIZATION



- Type of managed healthcare
- Hallmark features:
 - Usually there are fixed copays.
 - Limited choice.
 - Comprised of group of doctors, specialists and facilities who all work together via a medical group.
 - Must have a Primary Care Physician (PCP) assigned.
 - Only way to see a specialist is through a PCP referral.
 - No out-of-network coverage.
 - HMO is a contract between the employer and the HMO. The employee is a participant or member. The participant is managed by the HMO for services provided.

DIFFERENT TYPES OF HMO'S



- Full-network HMO's provide access to several different medical groups
 - Members can change their PCP which may provide access to a different medical group
- Staff Model HMO like Kaiser and Sutter Health Plus also referred to as a brick-and-mortar HMO
 - Members can walk through door for services
 - Providers are employees of the HMO
 - Often groups can offer Kaiser alongside another carrier if meeting participation guidelines
- Narrow network Accountable Care Organizations (ACO's) like Blue Shield Trio.
 - An ACO is a group of doctors, hospitals, and other health care providers that share information about care and coordinate it to provide better treatment and keep costs down.

SAMPLE - HMO PLAN

HMO

Gold 80 HMO 0/30 + Child Dental Alt

Broad Network

No out of network coverage

Deductible In Net	\$0
Out Net	N/A
PC/Specialist In Net	\$30/\$35
Out Net	N/A
Co-Insurance In Net	0%
Out Net	N/A
OOP Limit In Net	\$7,000
Out Net	N/A
Family OOP Limit In Net	\$14,000
Out Net	N/A
Lab/X-Ray In Net	\$30/\$40
Out Net	N/A
Inpatient Hosp In Net	\$600/day up to 5 days
Out Net	N/A
Urgent Care In Net	\$30
Out Net	N/A
Rx Generic In Net	\$15
Out Net	N/A
Rx Preferred In Net	\$40
Out Net	N/A
Rx Non-Preferred In Net	\$40
Out Net	N/A

Most services at a copay

PPO - PREFERRED PROVIDER ORGANIZATION



- Hallmark Features:
 - Greater freedom of choice
 - Larger network
 - No referrals needed
 - Some out-of-network coverage
 - May be balance billing for OON provider
 - Discounts for in-network providers
 - Usually there is a deductible
 - A PPO is a contract purchased by the employer. The contract is between the employee and doctors, hospitals and service providers in the PPO network and outside the network. The employee is responsible for where care is received. There is more freedom of choice, but also more responsibility.

SAMPLE - PPO PLAN

Plan has a deductible

PPO
Gold Full PPO 500/30 OffEx
Broad Network

Deductible In Net	\$500
Out Net	\$1,000
PC/Specialist In Net	\$30/\$55 ded waived
Out Net	40% after ded
Co-Insurance In Net	20%
Out Net	40%
OOP Limit In Net	\$8,150 (incl ded)
Out Net	\$16,300 (incl ded)
Family OOP Limit In Net	\$16,300 (incl ded)
Out Net	\$32,600 (incl ded)
Lab/X-Ray In Net	L-\$30 ded waived/20% after ded; X-\$50/\$100 ded waived (FS/Hospital)
Out Net	40% after ded; \$350 benefit max/day Hospital
Inpatient Hosp In Net	20% after ded
Out Net	40% after ded; \$2,000 benefit max/day
Urgent Care In Net	\$30 ded waived
Out Net	40% after ded
Rx Generic In Net	\$15 ded waived
Out Net	Not covered
Rx Preferred In Net	\$50 after \$100
Out Net	Not covered
Rx Non-Preferred In Net	\$80 after \$100
Out Net	Not covered

Some out-of-network coverage

Co-insurance for some services after deductible

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EPO - EXCLUSIVE PROVIDER ORGANIZATION



- Slight variation on PPO
- No referrals needed
- No out-of-network coverage
- An EPO is the same as a PPO contract except without the ability to go out-of-network. If an employee receives care out-of-network, the employee is responsible for 100% of those costs.

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SAMPLE - EPO PLAN

Broad Network

Deductible In Net	\$750
Out Net	N/A
PC/Specialist In Net	\$30/\$50 ded waived
Out Net	N/A
Co-Insurance In Net	20%
Out Net	N/A
OOP Limit In Net	\$7,550 (incl ded)
Out Net	N/A
Family OOP Limit In Net	\$15,100 (incl ded)
Out Net	N/A
Lab/X-Ray In Net	20% after ded
Out Net	N/A
Inpatient Hosp In Net	20% after ded
Out Net	N/A
Urgent Care In Net	\$50 ded waived
Out Net	N/A
Rx Generic In Net	\$15 after \$200
Out Net	N/A
Rx Preferred In Net	\$30 after \$200
Out Net	N/A
Rx Non-Preferred In Net	\$50 after \$200
Out Net	N/A

No out-of-network coverage

Some services at co-insurance after deductible

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HSA - HEALTH SAVINGS ACCOUNT



- Minimum deductibles set by IRS for 2021 is \$1400
- Allows employers or employees to put pre-tax money in a Health Savings Account for qualified healthcare expenses
- To participate in this savings plan, an employee must be enrolled in a qualified HSA medical plan
- Can be funded in different ways, by employer, employee or a combination
- Not an insurance plan, but a savings plan managed by consumer to pay for current or future healthcare expenses
- Money set aside belongs to employees and rolls over—even after employee leaves employer
- Can be used for qualified healthcare expenses, dental, vision costs
- Can help pay for medical expenses during retirement
- IRS determines maximum amount that can be contributed, for 2021 for single its \$3600 and family it's \$7200 55+ has a catch up of \$1.000
- No first dollar benefit other than preventive exam

SAMPLE - HSA PLAN

PPO(HSA)

Bronze Full PPO Savings 5700/40% OffEx

Broad Network

Deductible In Net	\$5,700
Out Net	\$11,400
PC/Specialist In Net	40% after ded
Out Net	50% after ded
Co-Insurance In Net	40%
Out Net	50%
OOP Limit In Net	\$7,000 (incl ded)
Out Net	\$14,000 (incl ded)
Family OOP Limit In Net	\$14,000 (incl ded)
Out Net	\$28,000 (incl ded)
Lab/X-Ray In Net	40% after ded
Out Net	50% after ded; \$350 benefit max/day Hospital
Inpatient Hosp In Net	40% after ded
Out Net	50% after ded; \$2,000 benefit max/day
Urgent Care In Net	40% after ded
Out Net	50% after ded
Rx Generic In Net	40% after ded; \$500 max/script
Out Net	Not covered
Rx Preferred In Net	40% after ded; \$500 max/script
Out Net	Not covered
Rx Non-Preferred In Net	40% after ded; \$500 max/script
Out Net	Not covered

Paired with high-deductible health plan

All services except for annual physical are subject to deductible

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HRA - HEALTH REIMBURSEMENT ARRANGEMENT

- Usually paired with a HDHP
- The employer promises to pay up to a certain amount of a high deductible health plan
- Requires a third-party administrator (TPA) to administer plan
- For in-depth tutorial on HRA's and other tax-advantaged plans please see link below:
 - [Tax-Advantaged Plans – Power Point](#)
- For example, the high deductible health plan has a \$5500 deductible.
 - The employer promises to pay \$4500 of that \$5500 deductible, essentially providing the employees with a \$1000 deductible health plan
 - Amount promised is customized
 - The employer only pays once claims are incurred

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THANK YOU!!

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