



December 18, 2015

## **SAIL Health Insurance**

SAIL employee benefits, including health insurance plans and retirement plans, have traditionally been considered 'policy' and hence, brought to the board for consideration and action.

We were notified mid-December of a 20.69% increase in our health insurance premium. I've included in your packets the back-up information based on the eight employees currently enrolled. We expect two more folks to enroll in the coming months. For eight enrollees, this is a \$15,373.78/year increase in premiums. For ten enrollees, this is \$19,217.23/year increase. Our insurance 'year' mirrors the calendar year.

In the attachment, the first half of page one is our current plan. The second half of the same page is our new rates, as of January 1<sup>st</sup>, for the same grandfathered plan. It's a \$1,500 deductible with an out-of-pocket cap of \$5,000. The following pages of the attachment are some Patient Protection & Affordable Care Act alternative plans. Please note to save SAIL any money, the employee deductible amount rises steeply, to \$4,500 and \$5,250 respectively.

To retain the grandfathered plan we have now, the employee contribution cannot be more than 7% of the total premium and the employee's dependent contribution cannot be more than 55% of the total premium. SAIL must pay at least 93% for employees and at least 45% for dependents.

SAIL currently pays \$250 per quarter into each enrolled employee's Health Savings Plan (HSA), for a total of \$1,000 per year. This \$1,000 is not mandated for us to stay in the grandfathered plan. For folks who have other insurance, i.e. they are on their spouse/significant other's plan, SAIL pays a 'buy-out' of \$175 per month.

I met with staff to discuss options. Staff would very much like to stay with the lower deductible (our grandfathered plan) if possible. One option I suggested was total or partial elimination of the SAIL contribution to each HSA. Overwhelmingly, staff preferred this option to a higher deductible.

Another Staff suggestion was raising the buyout amount so that they could afford to be added to their spouse/significant-other's plan. Although raising the buyout may help to entice enrolled employees to take this option in the future, the late

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date of our notice (from our broker) resulted in at least two enrolled employees who could have moved to their spouse/significant-other's plan, missing the open enrollment window for this cycle. That said, as new employees come on and are eligible to be added to the SAIL policy—and when open enrollment comes around again—a higher buyout may entice folks to opt-out, saving SAIL significant \$\$.

Given this increase in our premiums is expected to cost the agency \$15,373.78 to \$19,217.23/year...

Given we expect a significant FY17 budget shortfall...

Given SAIL has a long-standing culture of investing, valuing, and supporting our employees to the extent we can and as our budget will allow...

I recommend:

SAIL maintain our grandfathered plan. Employees contribute the maximum allowed, 7% of the total employee premium. For those wishing to add dependents, the employee will contribute the maximum allowed, or 55% of the total premium for the additionally insured. SAIL will pay 93% for enrolled employees and 45% for their dependents.

Further, I recommend total elimination or significant reduction of the \$250 per quarter employer contribution into each enrolled employee's Health Savings Plan (HSA).

Based on 8-10 enrolled employees:

- Total elimination of SAIL's contribution to the employees HSA will save SAIL \$8,000 to \$10,000
- If the board chose to reduce the quarterly contribution from \$250 to...
  - \$125 per quarter, the savings to the agency is \$4,000-\$5,000
  - \$100 per quarter, the savings to the agency is \$4,800-\$6,000
  - \$75 per quarter, the savings to the agency is \$5,600-\$7,000
  - \$50 per quarter, the savings to the agency is \$6,400-\$8,000

Lastly, I recommend SAIL raise the buyout for employees who are eligible for health insurance coverage through the agency, have other insurance, yet opt-out of SAIL coverage. I recommend an increase from the current taxable payout of \$175 per month to \$225.