

State Employee Affordable Care Act Employment & Health Insurance

The logo for the Virginia Department of Human Resource Management, featuring the lowercase letters 'dhrm' in a blue sans-serif font. To the right of the text is a stylized graphic consisting of a blue square above a yellow square, with a white outline of a person's head and shoulders in the center.

Virginia Department of
HUMAN RESOURCE
MANAGEMENT

Virginia Department of Human Resource Management

Senate Finance Committee
General Assembly Building, Richmond, Virginia
May 23, 2013

Health Care Reform

Affordable Care Act (ACA)

- \$9.5 million minimum in estimated additional costs
- Reduces annual contribution to Medical Flexible Reimbursement Account from \$5,000 to \$2,500
- Requires publishing of electronic Summary of Benefits and Coverage for all plans
- Expands the definition of full-time employee for health care purposes
 - Provides coverage to all employees that work on average 30 or more hours per week
 - Applies to employers with 50 or more employees
 - Becomes effective January 1, 2014

Full-Time Employment Status

- Provides employers options for measuring the 30 or more hours, on average, per week

PERIOD	DATES
Measurement Period	3 months up to 12 months
Administrative Period	Up to 90 days
Stability Period	No shorter than measurement period

State Employee Health Plan

Full-Time Employment Status

- Dates selected by the State Employee Health Plan to determine full-time employment status

State Employee Health Plan	
PERIOD	INITIAL DATES
Measurement Period (also called "Look Back" Period)	May 1, 2013 to April 30, 2014
Administrative Period (includes Open Enrollment)	May 1, 2014 to June 30, 2014
Stability Period (same as Health Plan Year)	July 1, 2014 to June 30, 2015

State Employees Working 30+ Hours

Impact on Health Plan

- Incomplete data to determine impact of 30 or more hour rule on state health plan eligibility

As of June 30, 2012	FTEs	Headcount	30+ Employees
Part-Time Salaried	144	251	69
Wage	18,088.19	37,216	?

State Employees Working 30+ Hours

State Wage Employment Survey

- Sent out a Wage Employment Survey
 - ~ 200 agencies surveyed
 - 158 agencies responded
 - 7,386 wage employees met the 30+ hours criteria
 - Top 10 agencies with 30+ hour employees responding to date

Agency	Number 30+ Wage Employees
VCCS	1,479
VCU	883
ABC	605
NSU	504
DCR	500
CNU	483
VEC	433
W&M	331
DBHDS	317
DMV	200

State Employees Working 30+ Hours

Fiscal Impact of Eligibility

- **Part-time salaried** employees working 30+ hours on average per week will be eligible for health insurance
- Reviewed the fiscal impact of **wage employees** working 30+ hours

Options for Wage Employees Working 30+ Hours Per Week		Estimated Cost/Penalty
Scenario 1	All Wage Employees work <30 hours per week on average per year	\$0
Scenario 2	Provide Basic Benefits to 30+ Hour Wage Employees, including Dependents	\$110 million
Scenario 3	Provide Basic Benefits to 30+ Hour Wage Employees only, no Dependents	\$61 million
Scenario 4	Do Not Provide Basic Benefits to 30+ Hour Wage Employees	\$113 million

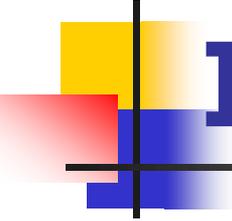
State Employees Working 30+ Hours

Eligibility Decision

- Governor selected Scenario 1 capping all wage employees at 29 hours on average per week over a year

Employment Status	Weekly Hours Worked Today	Hours Worked on July 1, 2014	Eligible for Health Plan	Eligible for Employer Contributions
Full-Time Salaried	32 or more	30 or more	Yes	Yes
Part-Time Salaried	20 to 31	20 to 29	Yes	No
Wage	1500 per year, with exceptions	Avg 29 hours, No exceptions	No	No

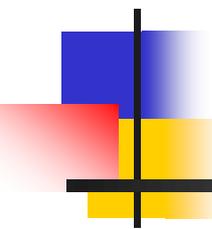
Does not apply to teaching hospitals



State Employees Working 30+ Hours

IRS Guidance Needed

- “Hours Paid” versus “Hours Worked”
- Adjunct Faculty
- Seasonal Employees
- Variable Hour Employees



Health Benefits

Changes July 1, 2013

COVA Care

- Plan design changes

Item	Plan Design	Change	Savings	Status
1	Emergency Room - co-pay	Increase co-pay from \$125 to \$150	\$0.9 million	Adopted
2	Mandatory Retail Maintenance Network – No co-pay change	Mandatory Mail/Retail Maintenance Network with 90 day Retail co-pay equal to 2 times the 30 day retail	\$10.4 million	Rejected

- Only diagnostic and preventive dental covered in basic plan, with fillings, x-rays and extractions moved to the buy-up (ACA)
- Sleep management pilot
 - Reviews sleep study requests
 - Covers home sleep studies
 - Requires equipment rental rather purchase for the first 90 days
 - Assists employees in therapy compliance

New Wellness Engine

MyActiveHealth

- Applies to both COVA Care and COVA HealthAware
- Includes a Health Assessment survey
 - **Premium reduction** of \$17/\$34 per month if complete Health Assessment between May 1 and May 24, 2013
 - **Continue premium reduction** if complete biometric screenings between August 1 and October 31, 2013
- Tracks activity with Web-based portal
 - Disease Management (e.g. Diabetes, COPD, Asthma, CHF)
 - Smoking
 - Weight Management
 - Nutrition
 - Maternity Management
 - Bariatric Surgery Pre-education
 - Physical Activity
- Allows employees to customize their portal

New CDHP July 1, 2013

COVA HealthAware

- Uses co-insurance rather than co-payments
- Provides for a Health Reimbursement Arrangement (HRA)
 - **Rewards** employees and spouses \$600 each on July 1, 2013
 - **Rewards** employees and spouses up to \$150 each for 3 “do-rights”
 1. Annual Exam
 2. Dental Exam
 3. Flu Shot
 4. Tracker utilization of 3 times per month per quarter
 - Unused HRA funds will **carry forward** to the next plan year
- Navigator tools to follow the money
 - Track HRA balance
 - Track deductible and out-of-pocket expenses
 - Check drug price
 - Estimate payment due

Summary Benefits July 1, 2013

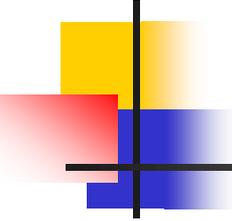
Plan Comparison

In-Network Benefits	COVA Care	COVA HealthAware	COVA HDHP
Premium Rewards	\$17/\$34	\$17/\$34	\$0
Deductible	\$225/\$450	\$1,500/\$3,000	\$1,750/\$3,500
Out-of-Pocket Maximum	\$1,500/\$3,000	\$3,000/\$6,000	\$5,000/\$10,000
OOP – Pharmacy included	No	Yes	Yes
OOP – Dental included	No	No	No
Health Reimbursement Account (HRA)	No	\$600 Employee/ \$1,200 Employee & Spouse	No
“Do-Rights”	No	Up to \$150/\$300	No
Plan Design	Generally Co-payments	80%/20% Co-insurance	80%/20% Co-insurance
Wellness & Preventive	100%	100%	100%
Annual Vision Exam	No	100%	No
Annual Hearing Exam	No	100%	No
Expanded Dental	Yes	Yes	Yes
Expanded Vision	Yes	Yes	No
Expanded Hearing	Yes	No	No

FY 2014

Premium Rewards

MONTHLY PREMIUMS		Employee Only	Employee Plus One		Employee Plus Two Or More	
Health Care Plan	Reward Earner	Employee	Employee or Spouse	Employee and Spouse	Employee or Spouse	Employee and Spouse
COVA Care	Employee Premium	\$72	\$164	\$164	\$220	\$220
	<i>Rewards</i>	<u>-\$17</u>	<u>-\$17</u>	<u>-\$34</u>	<u>-\$17</u>	<u>-\$34</u>
	Employee Premium with Rewards	\$55	\$147	\$130	\$203	\$186
COVA HealthAware	Employee Premium	\$26	\$78	\$78	\$93	\$93
	<i>Rewards</i>	<u>-\$17</u>	<u>-\$17</u>	<u>-\$34</u>	<u>-\$17</u>	<u>-\$34</u>
	Employee Premium with Rewards	\$9	\$61	\$44	\$76	\$59



Resources

- Health Benefits Plan Decision Assistant
 - www.alexforcova.com
- Resources to help employees manage their health
 - www.myactivehealth.com/COVA
- Department of Human Resource Management
 - <http://www.dhrm.virginia.gov>
- Annual Compensation Report
 - <http://www.dhrm.virginia.gov/reports/AnnualSalaryReport2012.pdf>
- Annual Health Benefits Report
 - <http://www.dhrm.virginia.gov/hbenefits/ohbcommunications/reports/annualreport2012.pdf>
- Review of State Employee Health Insurance Fund
 - <http://www.apa.virginia.gov/reports/HealthInsuranceFundSR2011.pdf>