

**Subject**

BWA Employee Group Medical Insurance Renewal

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**Recommendation**

Staff recommends approval of the 2023-23 Medical Insurance Renewal with United Healthcare (UHC), including:

1. Employee options for Copay plan CE-FA and HSA plan CE-CZ; and
  2. Maintaining HSA contribution rates of \$1,200 annually for Employee Only coverage, \$2,400 for Employee & Spouse/Employee & Children coverage, and \$3,600 for Employee & Family coverage.
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**Background**

BWA currently offers two medical plans, both through United Healthcare (UHC). The first plan is a Copay plan. This plan has a \$3,500 individual deductible (\$10,500 family deductible), after which the plan pays 100% of eligible expenses. The individual maximum out-of-pocket cost on this plan is \$6,000 (\$13,500 for families). There are no out-of-network benefits. Copays on this plan are \$45 for a primary care physician office visit; \$90 for a specialist office visit; \$50 for urgent care; and \$300 for ER facility. ER services are subject to deductible. Major diagnostic exams have a \$400 copay. Prescription copays are \$10/\$40/\$125, depending on the type of medication. Some specialty drugs have copays of \$300. Copays do not count toward deductible amounts but do count toward maximum out-of-pocket expenses.

The second plan is a Health Savings Account (HSA) plan. This plan has an individual deductible of \$5,000 (\$10,000 for families), after which the plan pays 100% of eligible expenses. The individual maximum out-of-pocket cost on this plan is \$6,000 (\$12,000 for families). There are no out-of-network benefits on this plan. Since this is an HSA plan there are no copays. All costs paid by the employee go toward the deductible, including costs for prescriptions. BWA contributes to the HSA for employees on this plan. The current annual contributions are \$1,200 for Employee Only coverage, \$2,400 for Employee and Children/Employee and Spouse coverage, and \$3,600 for Employee and Family Coverage. Employees can also contribute to their HSA, subject to contribution limits set by the IRS each year.

Current premiums for the plans are:

Coverage Type	UHC Copay Plan Premium	UHC HSA Premium
EE	\$898.88	\$784.10
ES	\$1,797.76	\$1,568.20
EC	\$1,797.76	\$1,568.20
FAM	\$2,696.64	\$2,352.30

### UHC Renewal

UHC is offering our current plans for renewal. There are minor changes in prescription coverage that will affect all UHC plans. These changes include the exclusion of CVS pharmacies and a change in copay from \$300 to \$500 for some specialty drugs. The premium increase of approximately 10.9 percent (%) for these plans results in an annual impact to BWA of approximately \$69,000.

Coverage Type	UHC Copay Plan Renewal Premium	UHC HSA Renewal Premium
EE	\$997.14	\$866.90
ES	\$1,994.28	\$1,733.80
EC	\$1,994.28	\$1,733.80
FAM	\$2,991.42	\$2,600.70

### Proposals from Other Carriers

BWA advertised for proposals from other carriers on June 28, July 5, and July 12. Proposals were due on July 21. In addition to the proposal from UHC, proposals were received from Blue Cross Blue Shield (BCBS). TML declined to quote.

The proposed plans from BCBS included an HSA plan very similar to our current plan, with premiums approximately 6% higher than our current HSA plan. The copay plan proposed by BCBS has higher copays for urgent care, emergency room and prescription drugs. Additionally, it is an 80% plan and has an out-of-pocket maximum of \$8,550 (\$5,050 higher than the current plan), which could have a serious financial impact on employees with serious medical conditions or requiring a surgical procedure.

### Financial Impact

Adopting the proposed plans from UHC will have a budget impact of approximately \$69,000.