

Inside the EHA

**Nebraska Educators Health Alliance
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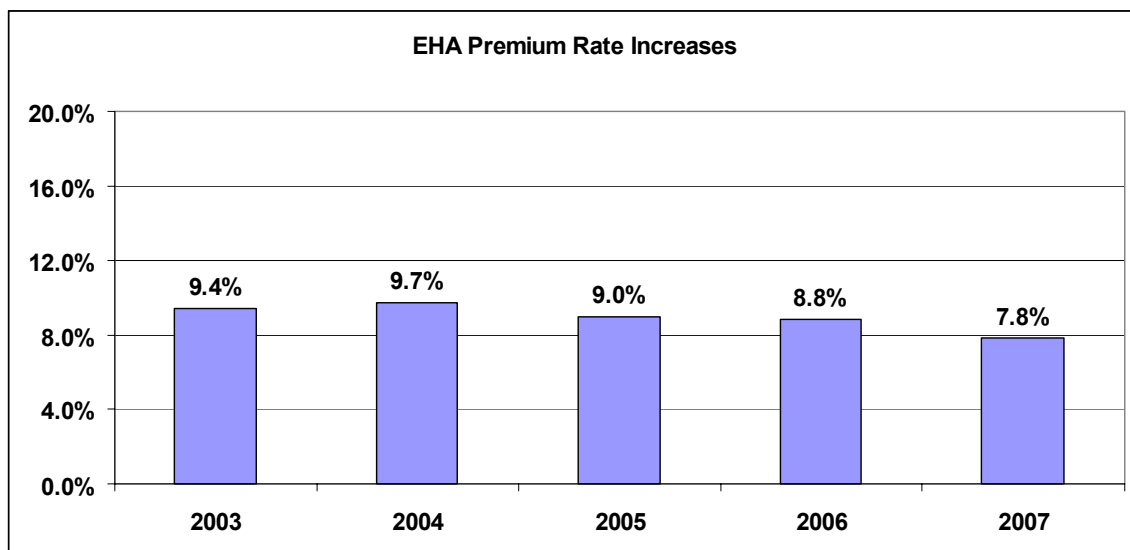
Welcome to *Inside the EHA*, the newsletter for quick updates on timely EHA topics of interest, issues and decisions before the EHA Board, and information about your health insurance plan.

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How the EHA Works as an Insurance Pool

The EHA represents the health insurance plan for nearly all the public school districts in Nebraska and includes a number of other educational entities totaling approximately 300 groups and 72,000 members. Because of its large membership, the EHA is able to negotiate favorable terms with its insurer and provide premium rates that are competitive and stable. In fact, this stability is evidenced by rate increases in each of the last five years of less than 10%.



The EHA works as a pool by combining the experience from all of its participants in projecting future cost and rates, utilizing a uniform set of member participation rules, and

offering a limited number of available benefit plans. The EHA also has an agreement with Blue Cross Blue Shield of Nebraska (BCBS) whereby any premiums paid in excess of medical claims and administrative expenses are held in a fund to be used exclusively by the EHA to offset future premium needs.

EHA Elects 2007-08 Officers

During the September 18, 2007, EHA Board Meeting, the following officers were elected for the September 2007 through August 2008 plan year:

| | | |
|--------------------|------|----------------|
| Craig Christiansen | NSEA | Chair |
| Dan Kosmicki | NASB | Vice-President |
| Steve Baker | NCSA | Secretary |

Please feel free to contact the officers or any of the EHA Board members if you have questions or concerns.

Disease Management Program Update

The Blue Partners disease management program completed its second year on January 31, 2007. The program identifies EHA members with diabetes and certain cardiac conditions and works collaboratively in an effort to assist these members in better managing their diseases. The goals of the program include better health, member satisfaction, and lower cost.

BCBS, HealthWays (the program vendor), and the EHA consultant have been working to measure the financial return on this program. “Proving” savings from improved clinical measures or projections of medical expenses which have not occurred remains a difficult technical problem. However, the EHA has addressed this problem by using the best available actuarial and measurement techniques. The medical cost savings for the second year of the program are approximated to be between 1 and 2.5 times the amount spent on the program. The EHA continues to monitor these measurements as well as clinical and satisfaction measurements to determine if future expansion of the program is desirable.

Underwriting and Rating Rules to Take Effect September 2008

The EHA Board at its September 2007 meeting received a report from BCBS on the status of implementing the premium rating rules scheduled to take effect September 1, 2008. At that time, EHA groups may have their premium rate adjusted based on measures of the percentage of the eligible members that are enrolled in the plan and the level of contribution made by the employer to the employee’s coverage.

In order to assist groups with planning, the EHA sent a preliminary indication of the result of application of the rules to each group in August 2007. This preliminary indication was based on 2006-07 plan year information. BCBS is now in the process of

applying the rating rules to each group's current information. This current information will be used to determine the impact of the rules on premium rates beginning in September 2008. Groups can expect to receive the result of this determination in December 2007.

November Vote for 4-Tier Premium Rates

The EHA Board will vote to finalize the 4-tier premium rate structure at its November 2007 meeting. The EHA currently uses a 2-tier rate structure: single and family coverage. The 4-tier provides separate rates for employee only, employee plus spouse, employee plus children, and employee plus spouse and children.

The EHA initially announced its intention to move toward 4-tier rates effective September 2008 following its May 2006 meeting. The board announced its intention in advance of the effective date in order to get member input and enable groups to prepare for this potential change. BCBS and the EHA's actuary have recommended the 4-tier rates as a premium structure for the EHA. They provided the EHA the following reasons for the 4-tier structure: it is more equitable and competitive, better for the risk pool, and in line with what is generally used in health benefit plans today. The EHA is interested in minimizing any transitional discomfort that may accompany change to 4-tier and, therefore, is taking a gradual approach to implementing the recommendation.

Early Retirees Issues

The EHA offers continued coverage to early retirees, provided certain eligibility requirements are met. The Board is keenly aware of the "Baby Boom" population and has been examining potential future scenarios given the large number of members who are nearing early retirement eligibility. The EHA has reviewed actuarial projections and costs of the EHA population under various employment and retirement assumptions.

Early retirees participate in the EHA pool and have enjoyed the same pool benefits as the group members. Currently, early retirees with single coverage pay slightly higher premium rates than active employees with single coverage, and early retirees with family coverage pay slightly lower rates than active employees with family coverage. The EHA is evaluating what is fair, appropriate, and fiscally sound for future early retiree premium rates.