

# Capital Newspapers



Health Insurance 2015

October 1, 2014

# Agenda

- Impact of the Affordable Care Act
  - Challenges of continuing the Composite Rate
    - Large Group Mandate – Affordability Test is based on Employee Contribution of the lowest cost option for a Single Plan.
    - Impact of Excise “Cadillac” Tax – The current Composite rate would be subject to the Excise Tax that takes effect in 2018.
- 2015 Empire Medical Renewal
  - HRA – Total Cost of Health Care
  - Employee Contribution
- 2015 Empire Dental Renewal

# Affordable Care Act "Cadillac" Tax

Starting in 2018, the ACA law imposes a 40% excise tax on the portion of most employer-sponsored health coverage that exceed \$10,200 a year for singles and \$27,500 for families.

- 2015 Capital Newspapers Composite Rate: \$12,510.9
- Assuming a 5% annual increase, the 2018 Composite Rate would be \$14,483. The result would be an excise tax of \$1,713 would be added to the health care plan, for a total cost of \$16,196.
- Assuming a 25% employee contribution, the employee would pay \$337 per month (47% more than proposed 2015)

# Proposed Three Tier Rate Structure (Single/Double/Family)

- Three year transition to change the Composite Rate to 3 Tier
  - Employee Contribution Strategy
    - Year 1 – Single/Double/Family (33% Tier/67% Composite)
    - Year 2 – Single/Double/Family (67% Tier/33% Composite)
    - Year 3 – Single/Double/Family (100% Tier/0% Composite)
  - Proposed three year transition is included for your review.



# Proposed Empire BlueCross 2015 Medical Renewal

- Initial 2015 Proposed Rate renewal of 2.49% increase
  - Recalculation of Composite Rate results in 6.2% initial proposed increase.
- After negotiation, Empire agreed to no increase.
  - Recalculation of Composite Rate results in 3.6% increase. (see page Composite 1)
- HRA proposed increase of \$10,000 results in a rate increase of 13.3% due to less enrollment. (see page HRA Rates 2)
- Proposed Employee contribution at Total Cost of Health Care with the option to increase Employee deductible cost share to \$1,000. (see union specific handout)
- Proposed three tier employee contribution rates are included for your review.

# Proposed Empire BlueCross 2015 Dental Renewal

- Initial Proposed Rate renewal of 16.16% decrease
- Proposed Employee contribution included in Total Cost of Health Care including dental. (see union specific handout)
- Proposed three tier employee contribution rates are included for your review.

# Capital Newspapers

## Employer Contribution Calculation

### Contract Period 01/01/2015 - 12/31/2015

#### Guild 23%

#### Current Contract 1/1/2014 - 12/31/2014

	Enrollment	Empire Rates	HRA Rates	Dental	Total Rates	Annual Rate	Annual Premium
Composite	169	\$803.15	\$150.47	\$47.33	\$1,000.95	\$12,011.40	\$2,029,926.60

#### Employee Contribution

Composite	169	\$184.72	\$16.81	\$10.89	\$212.42	\$2,549.04	\$430,787.76
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#### Employer Contribution

Composite	169	\$618.43 77%	\$133.66 89%	\$36.44 77%	\$788.53 79%	\$9,462.36 79%	\$1,599,138.84
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#### Renewal Contract 1/1/2015 - 12/31/2015

	Enrollment	Empire Rates	HRA Rates	Dental	Total Rates	Annual Rate	Annual Premium
Composite	169	\$832.32	\$170.58	\$39.68	\$1,042.58	\$12,510.94	\$2,114,349.24

#### Employee Contribution

Composite	169	\$191.43	\$39.23	\$9.13	\$239.79	\$2,877.48	\$486,294.12
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#### Employer Contribution

Composite	169	\$640.89 77%	\$131.35 77%	\$30.55 77%	\$802.79 77%	\$9,633.46 77%	\$1,628,055.12
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#### Excise Tax "Cadillac"

	Enrollment	Monthly	Annual	Annual Premium
Composite	169	\$77.03	\$924.38	\$156,220.22

#### Renewal Contract 1/1/2015 - 12/31/2015

	Enrollment	Empire Rates	HRA Rates	Dental	Total Rates	Annual Rate	Annual Premium
Composite	169	\$832.32	\$170.58	\$39.68	\$1,042.58	\$12,510.94	\$2,114,349.24
Single	34	\$372.12	\$75.82	\$17.21	\$465.15	\$5,581.80	\$189,781.20
Double	50	\$725.64	\$155.43	\$33.56	\$914.63	\$10,975.56	\$548,778.00
Family	85	\$1,079.15	\$217.96	\$49.91	\$1,347.02	\$16,164.24	\$1,373,960.40
<b>Total</b>							<b>\$2,112,519.60</b>



Three Tier 1

For illustration purposes only. Please refer to your policy for specific details.

**Capital Newspapers**  
**Employer Contribution Calculation**  
 Contract Period 01/01/2015 - 12/31/2015

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**Guild 23%**

**Employee Contribution**

Composite	169	\$191.43	\$39.23	\$9.13	\$239.79	\$2,877.48	\$486,294.12
Single	34	\$85.59	\$17.44	\$3.96	\$106.99	\$1,283.88	\$43,651.92
Double	50	\$166.90	\$35.75	\$7.72	\$210.37	\$2,524.44	\$126,222.00
Family	85	\$248.20	\$50.13	\$11.48	\$309.81	\$3,717.72	\$316,006.20
<b>Total</b>							<b>\$485,880.12</b>

**Employee Contribution - Year 1 (33% Tier Rate / 67% Composite Rate)**

Single	34	\$156.50	\$32.04	\$7.42	\$195.96	\$2,351.52	\$79,951.68
Double	50	\$183.34	\$38.08	\$8.66	\$230.08	\$2,760.96	\$138,048.00
Family	85	\$210.16	\$42.83	\$9.91	\$262.90	\$3,154.80	\$268,158.00
<b>Total</b>							<b>\$486,157.68</b>

**Employee Contribution - Year 2 (67% Tier Rate / 33% Composite Rate)**

Single	34	\$120.52	\$24.63	\$5.67	\$150.82	\$1,809.84	\$61,534.56
Double	50	\$174.99	\$36.90	\$8.19	\$220.08	\$2,640.96	\$132,048.00
Family	85	\$229.47	\$46.53	\$10.70	\$286.70	\$3,440.40	\$292,434.00
<b>Total</b>							<b>\$486,016.56</b>

**Employee Contribution - Year 3 (100% Tier Rate / No Composite Rate)**

Single	34	\$85.59	\$17.44	\$3.96	\$106.99	\$1,283.88	\$43,651.92
Double	50	\$166.90	\$35.75	\$7.72	\$210.37	\$2,524.44	\$126,222.00
Family	85	\$248.20	\$50.13	\$11.48	\$309.81	\$3,717.72	\$316,006.20
<b>Total</b>							<b>\$485,880.12</b>



Three Tier 2

For illustration purposes only. Please refer to your policy for specific details.



**Capital Newspapers**  
**Guild - Contribution Summary (23%)**  
 Contract Period 01/01/2015 - 12/31/2015  
 Composite Rate Payroll Deduction Includes HRA Cost

Carrier - Plan	Individual Deductible	Deductible Reimb.	Benefit After Ded.	*OV/UC/ER Co-pay After Deductible	Rx Benefit	Monthly Health Rate	HRA Rate	Monthly Dental Rate	Total Monthly Premium	Current 23% Renewal 23% Total Annual Contribution	Weekly Contribution
Empire HDEPO -\$2,000 ded - Current	\$2,000	\$750	90%	Ded./Coins.	\$10/\$25/\$50 After Ded.	\$803.15	\$150.47	\$47.33	\$1,000.95	\$2,549.04	\$49.02
Empire HDEPO -\$2,000 ded - Renewal	\$2,000	\$750	90%	Ded./Coins.	\$10/\$25/\$50 After Ded.	\$832.32	\$170.58	\$39.68	\$1,042.58	\$2,877.48	\$55.34
Empire HDEPO -\$2,000 ded - Proposed	\$2,000	\$1,000	90%	Ded./Coins.	\$10/\$25/\$50 After Ded.	\$832.32	\$153.86	\$39.68	\$1,025.86	\$2,831.40	\$54.45

**Additional Employee Cost 2015**

		Annual Contribution	Weekly Contribution
Empire HDEPO -\$2,000 ded - Current	\$750 HRA		
Empire HDEPO -\$2,000 ded - Renewal	\$750 HRA	\$328.44	\$6.32
Empire HDEPO -\$2,000 ded - Proposed	\$1,000 HRA	\$282.36	\$5.43

\*\*The Composite Rate was calculated by Rowlands+Barranca Agency

# Capital Newspapers

## Proposed Rate Structure

### Contract Period 01/01/2015 - 12/31/2015

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#### HRA Average Rates

	Current Single / Family	Renewal Single / Family	Proposed Single / Family
Deductible Level	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000
HRA Plan			
Employee Portion	\$750/\$750	\$750/\$750	\$1,000/\$1,000
Employer Portion	\$1,250/\$3,250	\$1,250/\$3,250	\$1,000/\$3,000
Expected Cost	\$500,000	\$510,000	\$460,000

#### Exempt

	Enrollment			
Single	27	\$74.15	\$84.06	\$75.82
Emp/Sp	15	\$152.01	\$172.33	\$155.43
Family	33	\$213.16	\$241.65	\$217.96
Total Monthly Premium		\$11,316.48	\$12,829.02	\$11,571.27
Total Annual Premium		\$135,797.76	\$153,948.24	\$138,855.24

#### Union

	Enrollment			
Composite	169	\$150.47	\$170.58	\$153.86
Single	10	\$74.15	\$84.06	\$75.82
Emp/Sp	0	\$152.01	\$172.33	\$155.43
Family	0	\$213.16	\$241.65	\$217.96
Total Monthly Premium		\$26,170.93	\$29,668.62	\$26,760.54
Total Annual Premium		\$314,051.16	\$356,023.44	\$321,126.48
Overall Monthly Premium		\$37,487.41	\$42,497.64	\$38,331.81
Overall Annual Premium		\$449,848.92	\$509,971.68	\$459,981.72



HRA Rates 2

For illustration purposes only. Please refer to your policy for specific details.

**Capital Newspapers**  
**HRA Reimbursement**  
**Contract Period 01/01/2013 - 12/31/2013**

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Plan: Reimburse Single \$1,250 / Family \$3,250 After Employee Meets First \$750

**HRA Reimbursement 01/01/2013 - 12/31/2013**

	Total	
Reimbursement 01/01/2013-12/31/2013	\$508,087.47	
<u>Remaining Liability</u>	<u>\$0.00</u>	
Actual 01/01/2013-12/31/2013 Paid Claims	\$508,087.47	
Actual 01/01/2013-12/31/2013 HRA Administration Charge	\$9,426	
Actual 01/01/2013-12/31/2013 Total Cost		\$517,513.47

**Contract Period 01/01/2014 - 12/31/2014**

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Plan: Reimburse Single \$1,250 / Family \$3,250 After Employee Meets First \$750

**Estimated HRA Reimbursement 01/01/2014 - 12/31/2014**

	Total	
Reimbursement 01/01/14 - 09/29/2014	\$367,567.24	
<u>Estimated Remaining Liability</u>	<u>\$133,490.66</u>	
Estimated 01/01/2014-12/31/14 Paid Claims	\$501,057.90	
Estimated 01/01/2014-12/31/2014 HRA Administration Charge	\$9,207	
Estimated 01/01/14-12/31/2014 Total Cost		\$510,264.90



HRA Rates 1

For illustration purposes only. Please refer to your policy for specific details.

# Capital Newspapers Composite Rate Reconciliation

## Guild

2014	Tier Rates (Billed)	Composite Rates	Difference	Percent Difference
January	\$103,859.00	\$103,141.25	\$717.75	0.69%
February	\$101,384.40	\$100,744.16	\$640.24	0.63%
March	\$99,881.05	\$97,233.88	\$2,647.17	2.65%
April	\$100,528.53	\$99,302.23	\$1,226.30	1.22%
May	\$107,003.42	\$104,121.13	\$2,882.29	2.69%
June	\$99,784.29	\$97,695.93	\$2,088.36	2.09%
July	\$99,412.17	\$96,892.78	\$2,519.39	2.53%
August	\$99,747.08	\$96,089.63	\$3,657.45	3.67%
September	\$101,863.18	\$96,892.78	\$4,970.40	4.88%
<b>Total</b>	<b>\$913,463.12</b>	<b>\$892,113.77</b>	<b>\$21,349.35</b>	<b>2.34%</b>

## Mechanical

2014	Tier Rates (Billed)	Composite Rates	Difference	Percent Difference
January	\$44,189.41	\$44,917.49	-\$728.08	-1.65%
February	\$46,347.71	\$46,523.79	-\$176.08	-0.38%
March	\$42,031.11	\$43,311.19	-\$1,280.08	-3.05%
April	\$46,273.29	\$43,311.19	\$2,962.10	6.40%
May	\$44,524.32	\$44,114.34	\$409.98	0.92%
June	\$44,524.32	\$44,114.34	\$409.98	0.92%
July	\$42,719.53	\$42,508.04	\$211.49	0.50%
August	\$43,445.17	\$43,311.19	\$133.98	0.31%
September	\$43,445.17	\$43,311.19	\$133.98	0.31%
<b>Total</b>	<b>\$397,500.03</b>	<b>\$395,422.76</b>	<b>\$2,077.27</b>	<b>0.52%</b>

## Total

2014	Tier Rates (Billed)	Composite Rates	Difference	Percent Difference
January	\$148,048.41	\$148,058.74	-\$10.33	-0.01%
February	\$147,732.11	\$147,267.95	\$464.16	0.31%
March	\$141,912.16	\$140,545.07	\$1,367.09	0.96%
April	\$146,801.82	\$142,613.42	\$4,188.40	2.85%
May	\$151,527.74	\$148,235.47	\$3,292.27	2.17%
June	\$144,308.61	\$141,810.27	\$2,498.34	1.73%
July	\$142,131.70	\$139,400.82	\$2,730.88	1.92%
August	\$143,192.25	\$139,400.82	\$3,791.43	2.65%
September	\$145,308.35	\$140,203.97	\$5,104.38	3.51%
<b>Total</b>	<b>\$1,310,963.15</b>	<b>\$1,287,536.53</b>	<b>\$23,426.62</b>	<b>1.79%</b>





# Capital Newspapers Composite Rate Calculation

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**Empire**

HD EPO - \$2,000/\$4,000 Deductible, 90% Coinsurance, \$4,000/\$8,000 OOP Maximum

\$10/\$25/\$50 Prescription Drug Co-pay After Deductible

<b>2014 Projected</b>		<b>Current</b>	<b>Monthly</b>
	<b>Enrollment</b>	<b>Rates</b>	<b>Premium</b>
Single	47	\$372.12	\$17,489.64
Emp+1	52	\$725.64	\$37,733.28
Family	88	\$1,079.15	\$94,965.20
Total Monthly Premium			\$150,188.12
Composite Rate		\$803.15	

<b>2014 Update - August 2015</b>		<b>Current</b>	<b>Monthly</b>
	<b>Enrollment</b>	<b>Rates</b>	<b>Premium</b>
Single	34	\$372.12	\$12,652.08
Emp+1	50	\$725.64	\$36,282.00
Family	85	\$1,079.15	\$91,727.75
Total Monthly Premium			\$140,661.83
Composite Rate		\$832.32	3.63%

<b>2015 Initial Renewal</b>		<b>Renewal</b>	<b>Monthly</b>
	<b>Enrollment</b>	<b>Rates</b>	<b>Premium</b>
Single	34	\$372.12	\$12,652.08
Emp+1	50	\$725.64	\$36,282.00
Family	85	\$1,079.15	\$91,727.75
Total Monthly Premium			\$140,661.83
Composite Rate		\$832.32	3.63%



Composite 1

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