Considering Changing to a Calendar Year Plan Year

Business and Operations Workgroup (BOW)
Attachment 5
February 25, 2015

OEBB Staff Surveyed Entities

- Initial survey was sent to superintendents, business managers and benefit representatives on 11-26-14

“Currently OEBB's plan year runs from October 1 - September 30, with Open Enrollment occurring August 15 - September 15 for most participating entities. Over the past several years, some entities have expressed an interest in moving to a calendar year (January 1 through December 31) plan year. Before staff can prepare a proposal and/or recommendation for the Board to consider, we want to make sure we gather input from all of the OEBB-participating entities.”

OEBB Staff Surveyed Entities

- Follow-up email sent to same group 12-8-14

"If the plan year were to change to January through December, we would propose that the open enrollment period begin on or around August 22 of each year and could run through October 15. An entity would have the ability to communicate a later start date (MyOEBB would still open up on August 22) and could have the open period end any time before the October 15 official end date (just like an entity can close open enrollment early now).

  - Would allow entities that wanted to focus on open enrollment communications and trainings prior to the start of the school year to do so and allow entities that wanted to focus open enrollment communications and meetings after the school year has begun and staff aren't preoccupied with start-up activities to do so as well.
  - Entity benefit and payroll staff would have from October 15 to whatever date is the payroll cutoff date for January premiums to clean up enrollments."

OEBB Staff Surveyed Entities

- Reminded entities participating in the January 15 Benefit Information Exchange (BIE) meeting of the survey and allowed two more days for responses

Considerations in Moving Plan Year from October to January

Areas of Consideration – Plan Design Impacts	Detail	Impact
Medical deductible and annual maximum out-of-pocket accumulations	**Option 1:** • OEBB plan deductibles/MOOPs accumulate October – September of each year. • The change would extend the accumulator accrual from 12 months to 15 months at the same levels as current. **Option 2:** • OEBB plan deductibles/MOOPs could be increased (where allowable) to reflect a 15-month accumulation period	**Option 1:** • Positive member impact (they have longer to accumulate service to the deductibles/maximum out-of-pocket limits) • Rate impact for benefit enhancement (would need to get exact impact from each medical vendor) **Option 2:** • Potential negative member impact if they have to satisfy the deductible and/or maximum out-of-pocket limits in the first quarter (October – December) of the transition year • Rate impact would be reduced
HDHP/HSA Plan Deductible	If OEBB carries forward three months of expenses that accumulate toward an HDHP deductible, the deductibles for HDHPs have to be pro-rated "up" to account for the longer accumulation period in order to meet minimum statutory requirements.	For 2015, the minimum deductibles would look like this pro-rated "up" to reflect a 15-month accumulation period: Individual = ($1,300 * 15)/12 = $1,625 Family = ($2,600 * 15)/12 = $3,250 *Current deductibles are $1,500/$3,000*
Dental plan maximums	**Option 1:** • Extend the benefit maximum period from 12 to 15 months for the transition plan year **Option 2:** • Increase the plan maximum to reflect additional benefit period.	**Option 1:** • Negative member impact (benefit maximum won't renew until January) • Should result in a slight rate credit for this benefit reduction **Option 2:** • Positive member impact if services would have had to have been split into two plan years or if more costly services are needed • May result in a rate increase

Considerations in Moving Plan Year from October to January

Areas of Consideration – Rate Impacts	Detail	Impact
Other accumulators *Other plan and visit limits (home health, acupuncture, outpatient rehabilitation, etc.) accrue on a Plan Year basis.*	**Option 1:** • Extend the benefit caps and visit limitations to the full 15 months for the transition plan year **Option 2:** • Increase the plan maximums to reflect additional benefit period.	**Option 1:** • Negative member impact (benefit or visit allowances won't renew until January) • Should result in a slight rate credit for this benefit reduction **Option 2:** • Positive member impact if services are received in the first 12 months of the transition year • May result in a rate increase
Rate impact overall	Extending the period for "trending" medical, dental and vision costs may result in higher renewal rates than would have been available in a 12-month contract.	Need to confirm with individual carriers on specific rate impact for medical, dental, vision. No impact on life, disability, long term care, or EAP rates with longer term contracts in place.
COBRA rates	COBRA rates may not change more than once in a 12-month period.	COBRA rates may remain unchanged for 15 months, but COBRA participants should be allowed to make a new election after 12 months.

Areas of Consideration – Compliance	Detail	Impact
ACA Measurement/ Administrative/Stability Period	Entities may have established a measurement period and administrative period to coincide with an October 1 renewal date/stability period.	Measurement periods may need to change and will likely create some overlap

Considerations in Moving Plan Year from October to January

Areas of Consideration – Compliance (cont)	Detail	Impact
Cafeteria Plan rules require an election period of no longer than 12 months	Employers aren't generally permitted to "lock in" member elections for longer than 12 months under the cafeteria plan rules. We realize many plans actually do this and are just noting it is a technical cafeteria plan violation.	OEBB will allow members to change their elections in October for a short plan year (3 months), but OEBB can present it as a passive enrollment opportunity and not a required active enrollment.
Areas of Consideration – Administration	**Detail**	**Impact**
Timing of Change	Change could be made for a 2016 or 2017 effective date.	Effective date of January 1, 2017, will affect the RFP rather than renewal discussions and decisions.
Impact on collective bargaining *Contributions toward benefits and some benefit availability decisions are subject to collective bargaining*	Current collective bargaining agreements may have very specific language relating to insurance or benefit years and would need to revisit the language.	Collective bargaining agreements under negotiation at the time the change is approved, if it is, would need to bring this to the table. Collective bargaining agreements that are not open for negotiation at this time may result in an employee receiving a contribution change prior to the new rates going into effect for a plan year starting in January until the CBA expires.
Communications	OEBB and Entities will need to revise their communication timelines/materials and have an OE election for October and again for January 1 in the transition year.	Some confusion for employees in the transition year.

OEBB Staff Surveyed Entities

- Survey asked three questions

1. How much do you agree with this statement – I fully support OEBB moving to a January through December plan year -- ?

   The allowable responses were – “Completely agree,” “Somewhat agree,” “Somewhat disagree,” and “Completely disagree”

2. Please provide additional details on why you do or do not support OEBB making this change.

3. If OEBB staff wish to discuss your responses further, may they contact you?

Survey Results

- Completely agree = 14 entities that identified the entity, representing about 13,755 employees with about 31 respondents selecting this option overall

- Somewhat agree = 14 entities that identified the entity, representing about 3,015 employees with about 31 respondents selecting this option overall

Survey Results

- Somewhat disagree = 14 entities that identified the entity, representing about 5,246 employees with about 34 respondents selecting this option overall

- Completely disagree = 35 entities that identified the entity, representing about 7,804 employees with about 70 respondents selecting this option overall

Survey Results

- There were a number of duplicate responses from many entities
- Did not include duplicates when the entity identified a contact person
- Did not include duplicates when counting the number of employees represented by entities supportive or not supportive of a plan year change

Survey Results

- Reasons given for supporting a plan year change
  - ✓ Moves end of plan year away from the summer break ruckus
  - ✓ Allows for longer open enrollment period
  - ✓ Allows more time for reconciliation of employee elections or election error fixes before payroll deductions are made
  - ✓ Allows college to be “in session” and the ability to host a benefits fair providing more information for employees
  - ✓ Better alignment with the ACA
  - ✓ Better alignment with the typical FSA and HSA plan year
  - ✓ Better alignment with most other employers’ open enrollment periods and plan years

Survey Results

- Reasons given for NOT supporting a plan year change

  - ✓ Hire practice is a fiscal year, not a calendar year
  - ✓ Alignment with the school year makes more sense
  - ✓ Possibility for two deductibles within 15 months for new hires for the new school year
  - ✓ Increases in employee workloads and negative effects on budget and bargaining processes
  - ✓ Changing premiums mid-year at the same time year-end processes are taking place
  - ✓ Having to enter insurance plans twice for each employee
  - ✓ Budgeting and negotiations would be more difficult with a plan year that is totally different than both the fiscal and school year
  - ✓ Systems are currently setup for October – September plan year
  - ✓ It is an unnecessary disruption to employees and employers
  - ✓ Misalignment for primary hiring and training cycle
  - ✓ Raises the risk to entity's group HRA during transition year

Options to consider

1. Move to a calendar year plan year effective January 1, 2017
   - Renewal for 2015-16 would be a 15-month contract
   - Could have provisions to have a 15-month plan year with deductible, MOOP, benefit maximums, etc. prorated, or continue current deductible, MOOP, benefit maximums, etc., spread over 15 months
2. Move to a calendar year plan year effective January 1, 2018
   - RFP scheduled for release in June 2015 would request a 15-month rate for initial contract and 12-month renewals thereafter
   - Could have provisions to have a 15-month plan year with deductible, MOOP, benefit maximums, etc. prorated, or continue current deductible, MOOP, benefit maximums, etc., spread over 15 months.

Options to consider

3. Pend decision to be reconsidered in the future (earliest effective date for a future change would be January 1, 2019, and would need to be re-evaluated for possible options prior to renewals in early 2017)