Slide 1: Proposed FY 2014 Changes to Employee Benefits
Board of Governors
Dr. David Bea
Executive Vice Chancellor for Finance and Administration
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Slide 2: FY 2014 Medical Benefits Plan
- Medical Benefits provider still CIGNA
- 7.5% rate increase
- $647,000 cost increase to College
- Total contract cost about $9.2 million
- Patient Protection and Affordable Care Act
  - Fees:
    - Health Insurance Industry Fee
    - Reinsurance Fee
  - Preventive health enhancements
  - “Cadillac Plan” Excise Tax:
    - Total Plan Costs have doubled in last 10 years,
    - Co-pays and deductibles have not changed in 10 years

Slide 3: Employee plus Employer Total Annual Plan Cost
Comparison FY 2004 versus 2014 (Employee Only Tier)

FY 2004 – HMO: $3,123
FY 2014 OAP-IN (HMO): $8,034

FY2004 – PPO: $3,841
FY 2014 OAP (PPO): 7,684

Slide 4: Estimated Increases in Total Medical and Pharmacy Plan Costs compared to “Cadillac Plan” Threshold
Employee only – OAP (PPO Medical plus Pharmacy)

“Cadillac Plan” Threshold is: $10,200

FY 14: $7,684
FY 15: $8,452
FY 16: $9,297
FY 17: $10,227
FY 18: $11,250
FY 19: $12,374

**Slide 5: Employee plus Employer Total Annual Plan Cost for Employee Only Tier FY 2013**
State of Arizona – PPO: $10,752
ASRS – non-medicare: $8,148
PCC – OAPIN: $7,493
State of Arizona – EPO: $7,080
PCC – OAP: $6,969
MCC – PPO: $6,888
State of Arizona – HDHP: $6,348
TUSD – PPO: $6,167
MCC – EPO: $6,118
City of Tucson – HMO: $5,456
TUSD – EPO: $4,820
Pima County – PPO: $4,547
City of Tucson – HDHP/HRA: $4,095
TUSD – HDHP: $3,910
Pima County HDHP: $3,505

**Slide 6: FY 2014 Medical Benefits Plan Changes**
Open Access Plus – Modified PPO Plan

- OAP was established as the base plan in FY 2010
- Premiums
  - District continues to pay full premium for employee-only coverage
  - Other tiers will see a 7.5% premium increase
- Deductibles
  - Plan year deductible Changes:
    - “Individual” deductible increases from $250 to $500,
    - “Family deductible increases from $500 to $1000
- Some co-pays increase
  - Increases are $15 per co-pay except,
  - Emergency room co-pay that increases from $75 to $125
Slide 7: Comparison of Deductibles
FY 2013 versus Proposed FY 2014

In-Network Deductible – Individual
Pima County – HDHP: $2,000
City of Tucson – HDHP/HRA: $2,000
TUSD – HDHP: $1,500
State of Arizona – HDHP: $1,250
Pima County – HMO: $1,000
City of Tucson – HMO: $500
TUSD – PPO: $500
State of Arizona – PPO: $500
MCC – core EPO ded: $500
PCC OAP – FY 14 Proposed: $500
MCC – buy-up PPO: $300
PCC OAP – FY 13: $250

In-Network Deductible – Family
Pima County – HDHP: $4,000
City of Tucson – HDHP/HRA: $4,000
TUSD – HDHP: $3,000
State of Arizona – HDHP: $2,500
Pima County – HMO: $2,000
City of Tucson – HMO: $1,000
TUSD – PPO: $1,000
State of Arizona – PPO: $1,000
MCC – core EPO ded: $1,000
PCC OAP – FY 14 Proposed: $1,000
MCC – buy-up PPO: $600
PCC OAP – FY 13: $500

Slide 8: FY 2014 Medical Benefits Plan Changes
Open Access Plus – In Network plan, HMO Plan

- Premiums
  - All tiers will see a 7.5% premium increase over FY 2013 contributions
  - Employee-only coverage will pay a monthly premium of $29.03, up from $27.00
- Some co-pays increase
  - Increases are $5 - 15 per co-pay except,
  - Emergency room co-pay that increases from $100 to $125
Slide 9: Comparison of Co-Pays
FY 2013 versus Proposed FY 2014

Primary Care Co-Pay
MCC – EPO: $35
City of Tucson – HMO: $25
Pima County – HMO: $25
MCC – PPO: $25
TUSD – PPO: $25
TUSD – EPO: $25
ASRS – Retiree: $20
PCC Proposed FY 14 – Both Plans: $20
PCC – OAP: $20
State of AZ – PPO: $15
State of AZ – EPO: $15
PCC-OAPIN: $15

Specialist Co-Pay
ASRS – Retiree: $50
Pima County – HMO: $45
MCC – EPO: $45
City of Tucson – HMO: $40
TUSD – PPO: $40
TUSD – EPO: $40
PCC Proposed FY 14 – Both Plans: $35
MCC – PPO: $35
State of AZ – PPO: $30
State of AZ – EPO: $30
PCC – OAPIN: $30
PCC – OAP: $20

Slide 10: Comparison of Pharmacy Co-Pays for Employees FY 2014

Current Plan
Retail Pharmacy (30 day supply)
  First and Second Fill: Tier 1 – Generic $5.00, Tier 2 – Non-Generic $25.00
Retail Pharmacy (30 day supply)
  Third Refill & Beyond: Tier 1 – Generic $15.00, Tier 2 – Non-Generic $60.00
Mail Order (90 day supply): Tier 1 – Generic $10.00, Tier 2 – Non-Generic $55.00
Proposed Plan
(Note: The term “Formulary” refers to the preferred brand of drugs as defined by Express Scripts)

Retail Pharmacy (30 day supply)
  First and Second Fill: Tier 1 – Generic $5.00, Tier 2 – Formulary $25.00, Tier 3 – Non-Formulary $40.00
Retail Pharmacy (30 day supply)
  Third Refill & Beyond: Tier 1 – Generic $15.00, Tier 2 – Formulary $60.00, Tier 3 – Non-Formulary $90.00
Mail Order (90 day supply): Tier 1 – Generic $10.00, Tier 2 – Formulary $55.00, Tier 2 – Non-Formulary $85.00

Slide 11: Impact of Pharmacy Changes
Calendar Year 2012

Type of Filled Prescription
Generic or Formulary Prescriptions: 92%
Non-Formulary Prescriptions: 8%

Members Use of Type of Prescription
Generic or Formulary Prescriptions: 81.5%
Non-Formulary Prescriptions: 18.5%

Slide 12: Questions? Comments?