

Opportunity Living
Health Insurance Cost/Coverage Information
September 29, 2009

Health insurance is the most valued benefit in the eyes of our employees. No one can afford to be without health coverage given the potential for six figure costs from one episode of care. Folks making 8 to 10 dollars an hour will never recover from such a financial burden so health insurance is their life boat in the event illness strikes. Of all the challenges confronting operating a small non-profit agency for me the ability to continue to offer affordable health coverage for our employees is right at the top of the list of things that keep me awake nights.

I. Staff statistics: Our agency has 142 full time employees, 35 regular part time employees, 75 substitute/prn employees (Health insurance is only offered to full and regular part time employees)

II. Health Plan Options: We offer two Preferred Provider Organization options:
Option 1 includes: \$1,000 deductible with a \$2,000 out of pocket maximum
Option 2 includes: \$1,500 deductible with a \$3,000 out of pocket maximum

Both plans have 90/10 coinsurance for in network care and 70/30 for out of network care

Our pharmacy benefit has a \$10 co pay plus 20% for generic drugs and \$15 co pay plus 20% for brand names drugs.

III. Employee Costs: Our employees pay between 2% and 31% of the cost of coverage to our agency.

Cost for \$1,500 deductible and \$1,000 deductible options.
Full time employees pay \$12 or \$20 per month for single coverage
Full time employees pay \$214 or \$250 per month for family coverage
Part time employees pay \$166 or \$190 single coverage
Part time employees pay \$334 to \$390 family coverage

IV. Health Plan Trends:

We increased our low deductible option from \$250 to \$1,000 and our high deductible option from \$1,000 to \$1,500 several years ago. We may be forced to raise our deductibles again in 2010.

Premium increases have been in the 8 to 14 percent range the past 5 years. Current year could be over 20 percent if claims do not decrease over the next 3 months.

Employee percentage of cost has remained constant for past several years.

V. Percent of Budget: This past year our agency spent 12.6% of our budget on health care coverage for our employees. This cost was in excess of one million dollars. In 2000 our health plan amounted to 7% of expenses and cost us less than \$450,000.

VI. Coverage Continuation Strategies: We have been forced to exclude or reduce coverage for a few types of care. Bariatric surgery was excluded, dialysis coverage is limited to \$35,000 per year, and drug co pays were moved from \$5 to \$10 for generics and from \$10 to \$15 for brand name drugs.

We purchased a Transplant Policy last year due to one of our employees needing transplant services within the next few years. (Cost exceeds \$16,000 per year).

We have continued in a self funded program as it appears to give us the best opportunity to mold our plan to maintain an affordable coverage package.

VII. Recommendations: As an employer with fewer than 200 employees eligible for health coverage we are really vulnerable to high utilization of our plan. If we have a very bad year with extremely high costs our agency could be forced to discontinue health coverage or at least reduce its value to our employees significantly.

Some kind of protection from catastrophic costs is the minimum that must come from health reform for employers of our size. A tax supported reinsurance coverage is the least we can hope for.

A public option available for relatively small employers like us would be ideal. This coverage would have to be affordable for employers and provide adequate coverage to meet employee's needs.

A middle ground solution would be some form of ability to pool risks amongst a very large number of covered lives. This could be in the form of co-ops or association type groups. For example: allowing all school districts into the health insurance plans offered to state employees.

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