



# Monroe Community College

STATE UNIVERSITY OF NEW YORK

## Frequently Asked Questions About the Move to MCC's Self-Funded Health Insurance Plan

### How will moving to a self-funded healthcare plan impact me and my family?

MCC healthcare participants will not experience a change in coverage or disruption with this move. Excellus will be the third-party administrator (claims processing will remain using the Excellus networks and systems). Current plan design, co-pays, preferred (or your choice of) physicians and drug coverage will remain unchanged.

### How do self-funded health plans work?

A self-insured health plan is one in which your employer assumes responsibility for providing healthcare benefits to their employees. A self-funded plan is not health insurance in the sense that premiums are paid to a commercial insurance carrier and they administer the plan.

Instead, an employer sets up a fund for their employees' healthcare claims with a premium equivalent that the College would have paid to an insurance carrier. The College premium equivalent is established annually by actuaries. The College would retain a third-party administrator (TPA) like Excellus to administer the plans.

The College's fully insured health plans revolve around fixed premiums; paying premiums to Excellus, with Excellus setting and charging rates based largely on the number of people covered in a policy and their expected claim expense.

Traditionally, the cost for healthcare coverage, includes the insurance carrier's profit margin and operating expenses which is been passed along to employers and their employees. In turn, the carrier manages claims and administers the coverage but retains any money left over from the year. Based on this for-profit model, employers and employees tend to see rate hikes.

### Why should the College move to self-funded healthcare?

As healthcare costs continue to increase, the College has continued to look at cost-effective alternatives to preserve its rich healthcare benefit. In moving to a self-funding arrangement, the College can break the 12-month healthcare cycle of negotiating the upcoming year's premiums to a long-term plan to sustain a rich benefit.

### This decision appears rushed. How has the College arrived at the decision to go to self-funded healthcare?

Over the last 10 years, the College has reviewed and monitored self-funding requirements.

In addition, over recent years, the College has sought competing insurance carrier quotes for the existing level of benefits in an effort to leverage rates received from Excellus; this tactic is no longer working. The College has also reviewed other Excellus plans but found no relief in premiums and in addition, would create changes and potential disruption to the current benefits.

After last year's premium increases, the College formed a Healthcare Committee consisting of union leadership and College management representatives. These meetings were led by Lawley Employee Group Benefits, MCC's benefits broker. The Healthcare Committee collectively came to the recommendation to go to self-funded healthcare, with President Burt-Nanna accepting their recommendation last week.

## **By moving to self-funded healthcare, is the College looking to reduce employee benefits?**

No. After the large rate increase for 2022, the College formed a Healthcare Committee comprised of union leadership and College management representatives. The meetings were led by the College's healthcare broker, Lawley Employee Group Benefits. The objective of this committee was to review options on how to sustain the current level of health benefits.

## **What assurances do employees have that the College will not reduce our benefits under self-funded healthcare?**

**Objective is Sustainability:** The Healthcare Committee's objective is to work to sustain the current level of healthcare benefits provided. The committee will continue to meet and explore new options and programs.

**Why No Decrease in Coverage:** In our meetings this year, it was reviewed and shown how decreasing benefits or adding lesser plans would actually hurt a self-funded plan and work against it.

**Disruption Analysis:** Annually, disruption reports have been utilized to review when changes were made by the insurance carrier. Our benefits broker, Lawley would continue to review and report to the committee the impact of any type of change. Any change will be thoroughly reviewed and assessed.

## **Where do the funds come from to sustain the current benefit under self-funded healthcare?**

The first source of funding is the employee & employer amounts paid into the fund. Rather than paying those to the insurance carrier, they are paid to the fund.

Here are sources of funding that work to drive down the **premium-equivalent** created

- No profit margin as was built into insurance carrier premiums
- Lower administrative fees
- 100% retention of prescription drug pharmacy rebates

## **What are other advantages to self-funded healthcare?**

Fully insured plans offered by health insurance companies can be inflexible — employers must elect all or nothing! In a self-funded health plan, the College can search for better participant benefits and add them into the plan. **In addition, self-funded healthcare represents a savings to the College that helps our ability to maintain the current quality of healthcare benefits.**

## **Who do I call regarding claims questions or issues?**

As you may do so now, you would contact Excellus' Customer Service department regarding any claims or coverage questions.

## **What happens to the health claims data?**

Claims will be processed by the College's third-party administrator, Excellus. As in fully funded health plans by an insurance carrier, accuracies through Lawley will analyze the claims data to establish employer and employee contributions. No HIPPA-protected information will be accessed by the College.

## **What's in it for me as an employee? Are there advantages in moving to a self-funded plan?**

With a long-term plan under a self-funded arrangement, employers have the ability to offer customized programs within their plans for better care and wellness. With claims performance analysis and budgeting, the College would have the ability to zero in on programs that best fit the College's participants.

## **Do I get an ID card?**

Yes! Staff enrolled in the plan will receive new health insurance cards.