

# WSHIP Benefit Evaluation Project Recommendations

May 10, 2017

**BACKGROUND:** WSHIP has five different benefit plans, some with multiple deductible options. Consistent with the Board's recommendation to delay the 2017 sunset of WSHIP non-Medicare plans, the Board desires an evaluation of WSHIP's benefit plans in light of the current market landscape.

**PROJECT OVERSIGHT:** Planning Committee

**PROJECT SCOPE AND DELIVERABLES:** Determine if any benefit plans should be discontinued beginning January 1, 2018. Conduct an evaluation pursuant to RCW 48.41.160 on the impacts of discontinuing a plan upon: 1) the cost and quality of care to enrollees; 2) Pool financing and enrollment; and 3) the Board's ability to offer comprehensive and other plans to its enrollees. Request input from constituents.

## PROJECT RECOMMENDATIONS:

1. **Discontinue all Standard Plans effective January 1, 2018**  
*(Impacts about 30 enrollees; estimated assessment reduction is \$762,000)*
2. **Re-evaluate next year whether or not to discontinue the PPO \$500 and Basic Plus plans**

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**EVALUATION SUMMARY:** The evaluation was comprised of four general areas:

**Comparison of WSHIP Plans to Market:** Leif Associates conducted a detailed comparison of WSHIP plans to plans offered in the Washington state market. The following plans were identified as being out of sync with the market and warranting further evaluation for potential discontinuation: Standard plans (indemnity), PPO \$500 deductible plan, and the Basic Plus plan.

**Impact to Enrollees:** Impacts were based on the assumption that enrollees would move to the most similar available WSHIP plan. (E.g., PPO \$500 enrollees would move to the PPO \$1,000 plan.)

**Number of enrollees potentially impacted:** Standard plans (38), PPO \$500 (287), Basic Plus (208)

**Cost impacts to enrollees:** Specific impacts depend upon the enrollee's current plan, age and geographic location. General impacts were as follows:

Enrollees moving from Standard plans to PPO plans would have lower premiums.

Enrollees moving from the Standard and PPO \$500 plans to the PPO \$1,000 plan would have lower premiums (about 8-24% less) and higher out-of-pocket costs (about \$1,000 more a year for in-network services). The average enrollee age 40 in the PPO \$500 plan would save about \$1,150 per year in premium by moving to the PPO \$1,000 plan, so their net impact would be minimal. However, some PPO enrollees would experience a net cost increase of about \$500.

Basic Plus enrollees moving to the Basic plan will have lower premiums (about 37% lower) and higher out-of-pocket costs (about \$5,000 more a year to cover gaps in the Medicare Part D plan). Premium savings range from \$1,900-\$2,900 per year.

**Quality of care impacts:** No impacts to quality of care or network access were identified.

**Input from Constituents:** Opportunities for public comment will be provided at both the March and May WSHIP Board meetings. Written input was received following the March Board meeting from the Evergreen Health Insurance Program who reported that discontinuation of the PPO \$500 plan would not greatly affect its clients since the state helps pay for their out-of-pocket costs.

After additional evaluation and consensus by the Planning Committee to recommend discontinuation of the Standard plans only, a website notice and comment period was posted to the WSHIP website regarding the potential discontinuation of WSHIP's Standard plans. All comments received by the May 8<sup>th</sup> deadline will be forwarded to the Board for consideration prior to taking action on the Planning Committee's recommendation at the May Board meeting.

**Impact to WSHIP:** Impacts are based on the assumption that all enrollees would move to the most similar available WSHIP plan. (E.g., PPO \$500 enrollees would move to the PPO \$1,000 plan.)

The net financial effect would be a reduction in assessments as follows (modelled on current enrollment, premiums and claims experience):

Standard plans:	Reduction in assessments of \$762,000
PPO \$500 and Standard plans:	Reduction in assessments of \$707,000
Basic Plus plan:	Reduction in assessments of \$678,000