



**City of Gaffney
Medical Plan with
Supplemental Coverage**



Gaffney Demographics

- 150 Full Time Eligible Employees
- City pays \$100% for Employee Medical, Dental, Vision and \$20k
- Fully Insured with multiple carriers since 2012
- Rates each year increase 25 to 30 % and City absorbed increase while reducing the benefit.




Gaffney History of Carriers

| | | | |
|--------|--------|-----------------|----------------------|
| • 2012 | Cigna | \$10.00 Copay | \$500 Deductible |
| • 2013 | BCBS | \$10.00 Copay | \$500 Deductible |
| • 2014 | United | \$10.00 Copay | \$1,000 Deductible ↑ |
| • 2015 | BCBS | \$30.00 Copay ↑ | \$2,500 Deductible ↑ |
| • 2016 | BCBS | \$30.00 Copay | \$4,000 Deductible ↑ |

With a \$500 HRA Supplement

Changing each year is stressful for employee and employer



Gaffney Current Coverage for 2017

- CIGNA LEVEL FUNDED \$4,000 High Deductible Co Pay eliminated
 - A balance between Self Funded and Fully Insured.
 - Defined Monthly Premium
 - After 16 months, if premiums paid exceed claims, the surplus split 50/50 with Cigna and Employer
 - If claims exceed premium, no additional \$ is due
 - Encourages wellness plans to decrease claims



Gaffney Supplemental Coverage for 2017

- APL Secondary Insurance \$1,000 Benefit to cover first \$1,000 of expenses



- Historically, 80% of employees never use more than \$1,000 in medical claims



What is APL Secondary Insurance

- Covers the first \$1,000 of incurred medical expenses
- Includes coverage for:
 - Labs
 - Office/Specialist Visit Charges
 - Inpatient Expenses
 - Outpatient Expenses
 - Xray, and other diagnostic testing
 - Emergency Room Copay
- Similar to an Health Reimbursement Account (HRA)
- With APL Secondary Insurance, employee virtually has no out of pocket expense until claims exceed \$1,000



APL Secondary Insurance Example



- Employee is in a car accident and goes to the Emergency Room for X-Rays and tests.
- The total bill is \$1,200.
- The member owes the provider \$1,200 due to the deductible being \$4,000.
- The APL Secondary Insurance will pay up to \$1,000 of benefit, thus bringing the cost for them down to \$200 out of their pocket.



APL – How it works for the employee

- When Employee goes to Doctor, they provide the billing office with their Cigna Card and the APL Card and should not need to pay at time of service until both Insurance Plans have been billed.



APL – How it works for the employee

- If Employee forgets to submit card at time of service, they can file a claim for reimbursement.

Fax or Mail the claim form, an EOB, and an itemized bill from the provider to American Public Life.





APL Cost benefit for Employer

| | Monthly | Annual |
|--|--------------|------------------|
| • Cost for \$30.00 CoPay Plan with \$4,000 Ded | \$633.50 | \$1,140,300 |
| Cost for No Copay, \$4,000 High Deductible | \$521.22 | \$ 938,196 |
| Cost for APL Coverage | <u>27.13</u> | <u>\$ 48,834</u> |
| | \$548.35 | \$ 987,030 |

• Savings of \$85.15 per Month per employee

• **Annual Savings for 150 Emp = \$153,270**

Cost difference HRA vs APL



If Employer funds the \$1,000 in an HRA, (150 Employees)

- Potential Liability of \$150,000
- Administration Cost for 3rd party administrator = additional \$8,000.00
- Increased liability to make sure claims are paid within guidelines

With APL, the annual premium is \$48,834

- APL assumes the risk of paid claims.
- APL administers the plan
- Online Portal and submission

Prices may vary. This is for sample only

Contact your SC MEDlink Wholesaler



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