STATE OF MONTANA BENEFIT PLAN (STATE PLAN)

+ Income

Employer Contribution

Member Contribution

- Expense

Medical

Rx

Dental

Vision

= Plan Reserves
CORE BENEFITS – EMPLOYER CONTRIBUTION

• Medical
  (Includes Prescription Drug Coverage and Routine Annual Eye Exam)

• Dental

• Basic Life Insurance
OPTIONAL BENEFITS

Who

• Spouse or domestic partner
• Child/ren under age 26

What

• Dependent Medical/Dental
• Flexible Spending Accounts
• Additional Life Insurance
• Accidental Death & Dismemberment
• Long Term Disability
MONTHLY COSTS - BENEFITS

Your out of pocket costs after the Employer Contribution is applied.

<table>
<thead>
<tr>
<th>Plans</th>
<th>Core Benefits (See below)</th>
<th>Optional Dental</th>
<th>Vision Hardware</th>
<th>Potential Live Life Well Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Only</td>
<td>$30.00</td>
<td>-</td>
<td>+$7.64</td>
<td>up to $30 off</td>
</tr>
<tr>
<td>Employee &amp; Spouse</td>
<td>$250.00</td>
<td>+$21.40</td>
<td>+$14.42</td>
<td>up to $60 off</td>
</tr>
<tr>
<td>Employee &amp; Child(ren)</td>
<td>$101.00</td>
<td>+$19.90</td>
<td>+$15.18</td>
<td>up to $30 off</td>
</tr>
<tr>
<td>Employee &amp; Family</td>
<td>$327.00</td>
<td>+$28.90</td>
<td>+$22.26</td>
<td>up to $60 off</td>
</tr>
<tr>
<td>Joint Core</td>
<td>$30.00 per employee</td>
<td>-</td>
<td>+$11.13</td>
<td>up to $30 off</td>
</tr>
</tbody>
</table>

**Core Benefits Include:** Medical, Prescription, Basic Vision ($10 copay for an eye exam/member at a participating provider), Employee Only Dental, and Basic Life.
TOBACCO SURCHARGE

Nicotine

• Nicotine is an addictive stimulant proven to have negative health effects that is found in cigarettes, cigars, chewing tobacco, and most vaping products.

Nicotine Free

• You are nicotine free if you have never used nicotine, have quit using nicotine, use only FDA-approved Nicotine Replacement Therapy (NRT), or infrequently use nicotine (less than 4x per month).

• You are nicotine free if you are currently using nicotine but HAVE completed an eligible alternative (nicotine cessation program or a nicotine counseling session with a medical provider) during the past 12 months.
Nicotine User

• You are a nicotine user if you are currently using nicotine and HAVE NOT completed an eligible alternative (nicotine cessation program or a nicotine counseling session with a medical provider) during the past 12 months.
LIVE LIFE WELL INCENTIVE

$30

1 NOVEMBER 2021

31 OCTOBER 2022
Figure 7
Employees Within 30 and 60 Miles of an Existing Montana Health Center

Source: Compiled by the Legislative Audit Division using GIS software and SABHRS records.
STATE PLAN CONSIDERATIONS

Things to consider:

• Currently, the Montana school districts could form one large self-funded plan comprised of only school districts. However, the larger school districts have chosen to manage their own self-funded plans and have not formed into one large plan.

• The larger school districts (Helena, Billings, Missoula, etc.) already have their own self-funded plans. It is likely only small districts would be interested in joining the State Plan.

• School districts would lose control of benefit package and would be required to follow the State Plan funding levels, structure, and benefit plans.

Benefits:

• Creates a larger SOM Health Plan with likely a greater influence in rural areas of MT.

• Allows school districts with limited employees to join a stable health plan.

Risks:

• If you get one high cost case from a small rural district, SOM employees would be subsidizing their healthcare costs.

• If not required for all school districts to join, would likely only get districts with high health costs and state employees would subsidize the pool.

• Need to ensure districts that join cannot disenroll later. Would need to consider entry and exit requirements.
## STATE PLAN CONSIDERATIONS

### Pooled Purchasing vs. Direct Purchasing

<table>
<thead>
<tr>
<th>General Comparison</th>
<th>Pooled Purchasing w/ State Plan</th>
<th>Direct Purchasing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding: Self-Insured</td>
<td>Funding: Fully Insured, Self-Insured</td>
<td></td>
</tr>
<tr>
<td>Volume: Lower Admin costs</td>
<td>Fixed Admin costs</td>
<td></td>
</tr>
<tr>
<td>Fixed Rates – including set employer contribution</td>
<td>Rate is usually based on combination of employer demographics, experience, and carrier manual rate</td>
<td></td>
</tr>
<tr>
<td>Pooled Renewal Increase</td>
<td>Renewal increase is based on claims experience and carrier manual rate</td>
<td></td>
</tr>
<tr>
<td>Plan Designs and Products are limited</td>
<td>Flexible Plan Designs and Products</td>
<td></td>
</tr>
<tr>
<td>Governor’s Office/Budget Office/Department of Administration makes decisions</td>
<td>Employer/Committee makes decisions</td>
<td></td>
</tr>
<tr>
<td>State Employee Group Benefits Advisory Committee (SEGBAC) – advisory only, not decision making</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No access to claims or utilization data</td>
<td>Access to claims and utilization data (depending on size)</td>
<td></td>
</tr>
<tr>
<td>Entry and Exit requirements</td>
<td>Easy to change carriers</td>
<td></td>
</tr>
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</table>
STATE PLAN CONSIDERATIONS

Pooled Purchasing vs. Direct Purchasing

<table>
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<th>Pooled Purchasing:</th>
<th>Direct Purchasing:</th>
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<tbody>
<tr>
<td>• State Plan</td>
<td>• Fully Insured</td>
</tr>
<tr>
<td>• Montana Unified School Trust (MUST)</td>
<td>• Self Insured</td>
</tr>
</tbody>
</table>

What’s the Difference? Is one better than another?

One is not necessarily better (or safer) than another

• Pros and Cons for both Pooled and Direct Purchasing
• Key is to understand the “opportunity cost” or what you’re giving up for what you’re getting
### Degree of pooling (risk sharing) impacts member renewal volatility

<table>
<thead>
<tr>
<th>No Pooling</th>
<th>Partial Pooling</th>
<th>Fully Pooled</th>
</tr>
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<tbody>
<tr>
<td>- Member renewals based entirely on their own claim data.</td>
<td>- Member renewals based partially on their own data as well as the collective data of the pool.</td>
<td>- Member renewals based entirely on collective data of the pool.</td>
</tr>
<tr>
<td>- Highest volatility</td>
<td>- Less volatile (depending on degree of pooling)</td>
<td>- Lowest volatility</td>
</tr>
<tr>
<td>- Highest member-specific ‘fairness’</td>
<td>- Primary advantage(s): lower fixed costs, increased stability element</td>
<td>- Primary advantage(s): lower fixed costs, high stability element</td>
</tr>
<tr>
<td>- Primary advantage: leveraged purchasing for lower fixed costs, low interdependence.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **High Volatility**: Member renewals based entirely on their own claim data. Highest volatility. Highest member-specific ‘fairness’. Primary advantage: leveraged purchasing for lower fixed costs, low interdependence.

- **Partial Pooling**: Member renewals based partially on their own data as well as the collective data of the pool. Less volatile (depending on degree of pooling). Primary advantage(s): lower fixed costs, increased stability element.

- **Fully Pooled**: Member renewals based entirely on collective data of the pool. Lowest volatility. Primary advantage(s): lower fixed costs, high stability element.
FOR MORE INFORMATION

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