



BBI Benefit Bits

Editor:
Jim Edholm.

"If you don't see what you like or like what you see, tell me — I'll make it happen."

Special Interest Articles:

- BBI Introduces Renewal Rate Tracking.

Inside Scoops — Highlights:

- Tearing Apart the Data in the Renewal Tracking Report. Page 2
- The latest update on the Massachusetts Health Insurance Reform Act. Page 3
- Folks with too much time on their hands. See page 4

Business Benefits Insurance, 4 Punchard Ave, Andover, MA 01810
 Phone (978) 474-4730 Fax (978) 474-4379 www.bbibenefits.com
 Questions? Email — info@bbibenefits.com

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BBI Unveils Carrier Renewal Rate Tracking

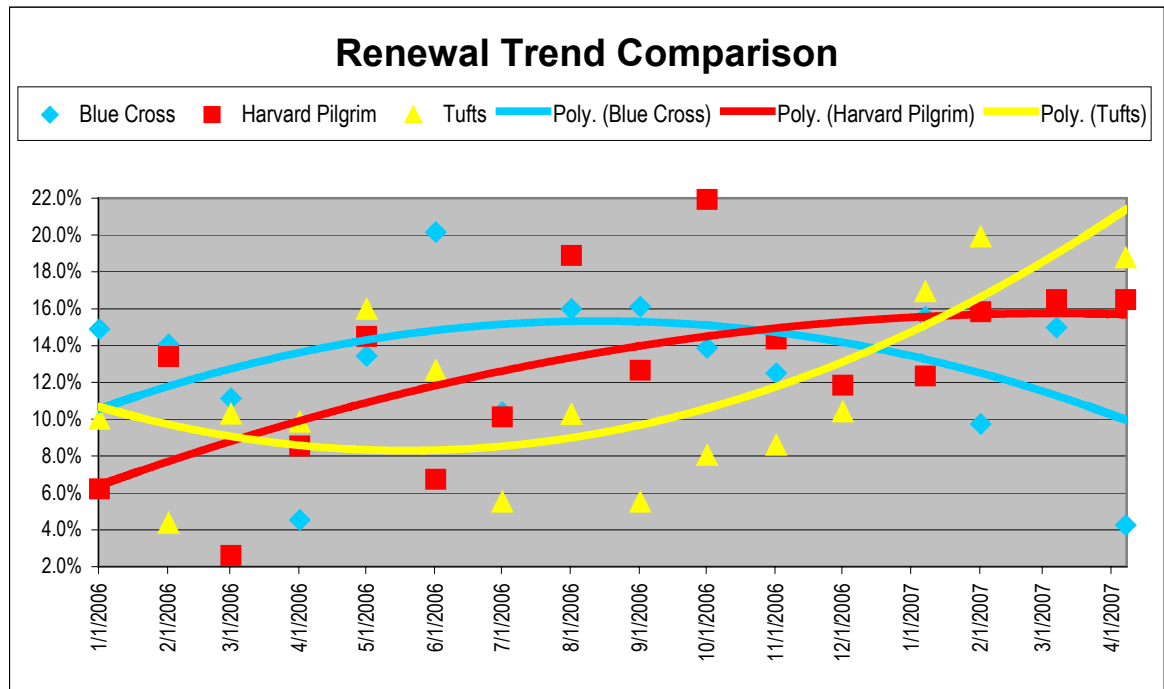
BBI unveils a new service... carrier **renewal rate tracking**.

This information is helpful for

employers who want a "sneak peek" at their next year's probable renewal.

The data is made up of all

the renewals that we see from our clients and prospects. Each month, as renewals come into BBI, we enter the increases and track



them.

We show the chart of the 2006-07 renewals in the chart above. The charts are based on only BBI client renewals, so interpret them carefully. After all, BBI represents only a fraction of the carriers' total business.

However, the renewal rates shown are fairly representative of our client base, and the rates can certainly be

used to identify trends.

Of the carrier data, the *least accurate* is the Tufts (yellow) information — we have fewer cases with Tufts than we do with Harvard (red) or Blue Cross (blue).

We use polynomial smoothing of the data points to give a more readable trend line, but we leave in the data points.

There are some interesting

stuff in the data. Note that for most of last year Harvard's renewal rates were below those of Blue Cross. However, in the fall, the Blue Cross trend dropped below that of Harvard.

Harvard rates are beginning to level, but Blue Cross remains the hot carrier in Massachusetts.

Call us to see how we can use this information to help your renewal planning.



This was made from a single sheet of paper... some people have way too much imagination!



This, too, was made from one single sheet of paper.

Digging Into the Renewal Trend Information

On Page 1 we introduced our new **Renewal Trend Tracking service**.

We think our clients will find it useful — particularly if used in advance. Is Carrier X showing a dropping trend compared to your current carrier?

Knowing what the trends look like six months before renewal lets you project which plans or designs may look best at renewal time.

But there's even more data hiding in the figures. We also track how HMO renewal rates are faring compared to PPO rates. That's the chart below.

As you can see, the PPO (red) is growing at a faster

rate than the HMO (blue), which you'd expect.

After all, the HMOs in Mass have huge clout and can negotiate very low rates with docs and hospitals.

But the difference is fairly small, and there aren't many PPO cases. In Mass, almost no one offers a PPO — so I'd really expect to see the renewal rate difference to be greater than it is.

However, we're talking *increase*, not absolute rates, so the PPO is starting from a higher base cost.

Please note that the PPO trend is skewed higher by the existence of **one case** that's had terrible increases (see the renewal numbers

in January 2006 and 2007).

PPO rates in Massachusetts are at the mercy of the HMOs. They are the big players, and they sell most of the PPO cases too, so I'd guess the PPO rate is artificially high. HPHC & BCBS *want* high PPO prices so that the HMO looks even better by comparison.

As in the chart on the Page One, we use an exponential smoothing to make the chart trends easier to read.

On the bottom of page 3 we have a chart of a more interesting comparison.

This one compares plans with **copays** vs. those with **deductibles**.

Continues on page 3

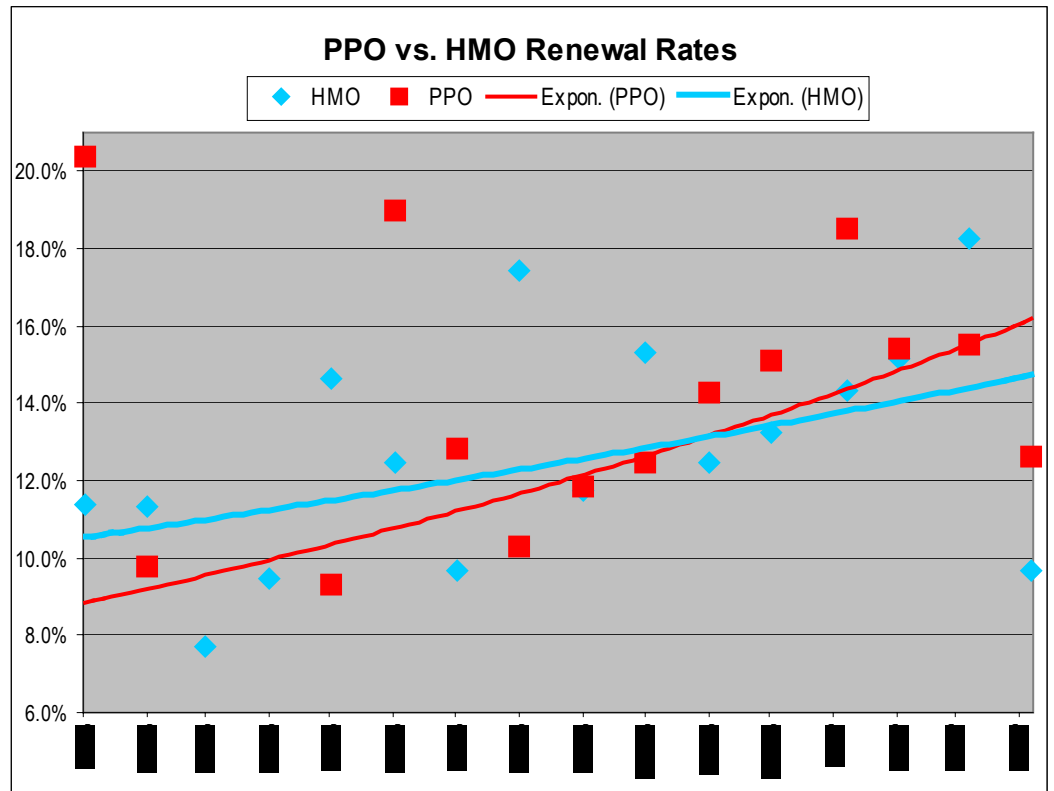
Now Available — Free Evaluation CD for Health Insurance Self-Funding.

The front-page article talks about self-funding health insurance. Self-funding can be useful and can save you money.

But is it right for you? How can you find out?

We now offer a free, easy-to-use CD that answers common questions about Employer Self-funding of health insurance. It also includes a simple 4-question survey that will tell you whether or not self-funding "fits" your company and might be a tool you can use to reduce your health costs.

To get your no-obligation copy of this free CD, email JEdholm@bbibenefits.com and give us your snail-mail address. I'll get the CD to you immediately.



The Ever-Changing Mass Health Reform Act

The Legislature has been struggling with the new Mass Health Reform Law.

“There is a hearing in late April that may change these guidelines further.”

Recently, it looked as if the law *wouldn't* extend coverage to 360,000 uninsured individuals as intended. Instead, it would actually create a whole new class of uninsureds, **620,000 of them**.

How? By accidentally making some existing plans "illegal."

Well, the legislature responded creatively and attacked most of the problems. Here's where we stand today:

- If you're **self-insured**, you needn't cover mandated benefits.
- Plans not covering drugs are OK until 1/1/2009
- Lifetime benefit maximums are OK (for existing plans).
- Health Savings Accounts are OK.
- Annual deductible plans will be limited to \$2,000 single, \$4,000 family. (This means that the Harvard, Blue Cross and Tufts plans with those deductibles are approved.)
- Out of Pocket costs are limited to \$5,000 single and \$10,000 family in network.
- Drug deductibles are capped at \$250/\$500 (existing HPHC, BCBS & Tufts plans are mostly OK)
- Plans must cover pre-ventive, primary care, ER visits, hospitalization, outpatient surgery & other services, and

mental health svcs.

- Part-time employees allowed pre-tax coverage were redefined as 64 hours per month (about 15-16 hours per week) -- double what they had been earlier.

There is a hearing in late April that may change these guidelines further.

As always, if you have any questions, please call us at **978-474-4730**. BBI will help walk you through the evaluation process. Alternatively, return the enclosed postcard, or email us at: JEdholm@bbibenefits.com

Digging Into Renewal Trend Information *(continued from Page 2)*

Continued from Page 2

There are fewer deductible plans available, so the trend factors are less meaningful than those for copay plans. The statistics have much more uncertainty in them.

But this data is interesting because deductible plans are a different breed of cat than copay plans.

In a deductible plan, the employee is typically responsible for the first \$500 to \$2,000 of charges... and

unlike a copay plan, those charges include diagnostic lab and x-ray in addition to the surgery and hospital.

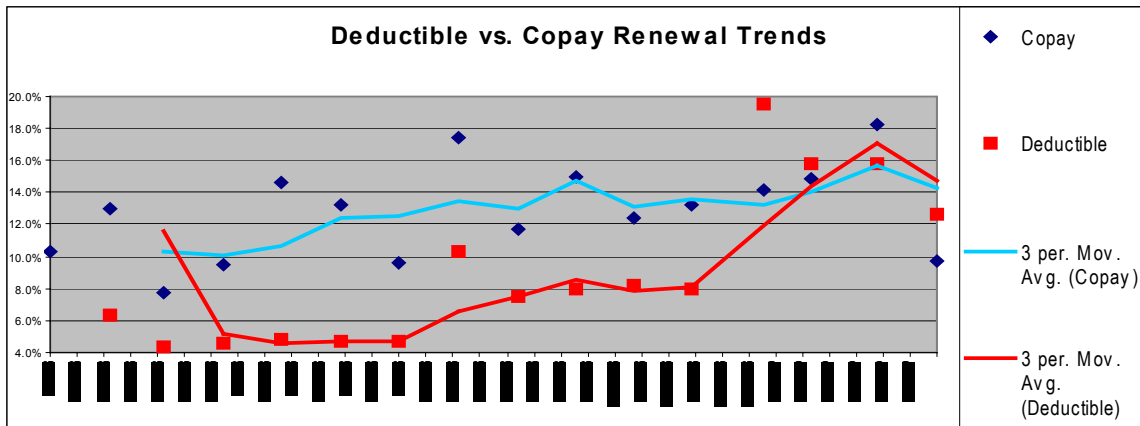
Nationally, deductible plans are showing lower inflation trends than copay plans — employees, when it's their money, are more careful about how they spend.

Mass plans are different than most national plans, which may often tend to make doctor or drug expenses subject to a deductible

first.

Despite Mass plans not requiring as large an employee cost-sharing commitment, the same thing seems to be happening here. For most of last year the deductible rates were lower than the copay plans.

You might want to consider evaluating a deductible plan rather than a copay plan. Your employees may spend more wisely — and that's good for all of us.



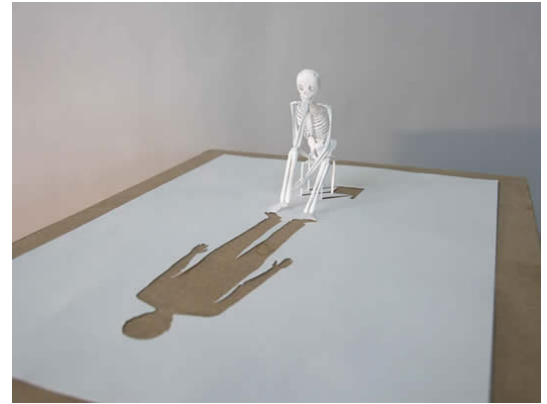
People With Too Much Time on Their Hands

I'm always amazed at the talents and capabilities of human beings. A friend of mine in Florida finds many truly weird items of interest that he sends to me.

He always comments that the people in the pictures he sends "have too much time on their hands."

That may be right, I remind him, but what would he say about the person who spends all their time on the Internet finding and sending out pictures like those he sends me?

But let's put them to good use. Here are some of the items he's sent in the past.



Then there's more paper art like that on Page 2.

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4 Punchard Ave
Suite 300
Andover, MA 01810
Phone:
(978) 474-4730
Fax:
(978) 474-4379

E-Mail:
info@bbibenefits.com

We're on the Web!
See us at:
www.bbibenefits.com



First, sidewalk art:



And some just plain unusual pictures:

About BBI...

BBI specializes in reducing costs & risks of employee benefits.

Our clients are companies with up to 200-300 employees.

Our services include, but aren't limited to:

- Benefit Design
- HR Automation
- Corporate Risk Analysis.
- Implementation

- Administration assistance
- Compliance efforts
- Alternative Financial options analysis
- Benchmarking analysis.
- More... email or call to ask.



4 Punchard Ave, #300
Andover, MA 01810