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Dear Jennifer,

Our health insurance plan with Blue Shield renews December 1, 2016. With the renewal, Blue Shield will be raising their rates by 14%. While Blue Shield is an excellent carrier with a great PPO, the VCB may want to consider alternative plans from Anthem or United Healthcare. In preparation for this review, I have researched every top insurance company writing business in California. Based on plan design, quality of PPO network and pricing, Anthem and United HealthCare (UHC) offer the most compelling alternatives to Blue Shield in Monterey County.

The chart on the following page compares our 1700 Silver 'core' PPO plan to similar plans offered by UHC and Anthem. Any of these plans could serve as our "core plan" for 2017. To be fair, Blue Shield and Anthem have comparably-sized PPO networks in Monterey and across the country. I've worked with both of them for many years and their networks are equal (though there will always be doctors who are in one network but not the other).

United Healthcare is a little different story - while they have the largest PPO network in California and the largest PPO across the United States, they only have about 65% of the providers that Anthem and Blue Shield have in Monterey County. Though UHC will have all the top hospitals, locally and nationally, they have much smaller provider networks in rural areas such as Monterey. For example, if you need a colonoscopy there is only 1 gastroenterologist in Monterey County (the doctor is in Salinas). While there are 14 in Monterey, none of them are in the UHC network.

It's important to remember that though there are "out of network" benefits, some of the most valued benefits such as a '\$30 copay office visit' or "100% preventive services" are only available **IF** you see a "PPO provider". Deductibles and other coinsurance costs dramatically increase if you are unable to find a contracted provider. Click on [benefit link](#) to see how medical services are paid if you are in network versus out of network.

That being said, UHC is VERY competitive for December 1 business.

See chart below.

Potential Core Plans for December 1, 2016 (CVB pays 75% of employee cost)

	Blue Shield Full PPO	Blue Shield Full	UHC* Full	UHC* Full	Anthem Full	Anthem Full	Anthem Full
	Current plan	Renewal 12-1-16					
Deductible	\$1700	\$1700	\$1800	\$1800	\$2000	\$1750	\$1250
Employee Coinsurance	30%	30%	30%	30%	35%	35%	40%
Employee out of pocket max-OOPM	\$6250	\$6500	\$6500	\$6500	\$6850	\$6850	\$6850
Office Visits - ded waived unless otherwise noted	\$40	\$40	\$40 waived for 4 visits**	\$30	\$25	\$25	\$30
Generic rx	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Brand rx	\$50/\$300	\$50/\$300	\$50/\$200	\$35/\$200	\$40	\$40	\$40
Benefit Summary		<a href="#">Summary</a>	<a href="#">Summary</a>	<a href="#">Summary</a>	<a href="#">Summary</a>	<a href="#">Summary</a>	<a href="#">Summary</a>
Current Premium	\$19,195						
Dec 1 Premium		\$21,864	\$17,648	\$18,601	\$20,060	\$20,324	\$20,401
Percent of Change		14%	-8%	-3%	4.3%	5.9%	6%
CVB Share (75% employee)	\$10,290	\$11,753	\$9,487	\$10,000	10,783	10,925	10,967

\*UHC policy has a \$250 Per Occurrence Deductible for certain lab, surgery, x-rays done in **hospital related facilities**- Does not apply when using “free-standing lab or clinics. Any per occurrence charge goes toward meeting the Out of Pocket Maximum..

\*\* Deductible waived for 4 office visits, \$40 copayment applies. Thereafter, you must meet the deductible before office visits are covered again

[Side by Side “Silver Plan” comparison - Dec 1 2016 Effective Date](#)

### **Employee Plan Choice-**

As a reminder, VCB pays 75% of the employee cost for the 1700 Silver PPO plan and allows employees to buy up or down if they were willing to pay the difference. Since we allow employees to choose from a menu of plan options, I have sketched out a portfolio of 5 plans for each of the three carriers and have priced the options at various ages. Please click on the links below to see the menu of plan options for each of the carriers:

[-Blue Shield Portfolio- employee choice options](#)

[-Anthem Portfolio - employee choice options](#)

[-United Healthcare Portfolio - employee choice options](#)

### **Full PPO vs Narrow PPO-**

All of the plans in my review utilize the carrier's Full PPO network. As we discussed last year, some carriers offer a scaled down version of their Full PPO to create competitive pricing. Though these Narrow network options make plan costs cheaper, they create potentially large drawbacks:

1. Less provider choice, locally and statewide (  $\frac{2}{3}$  of the Full PPO) .
2. More likely to exclude top-tier doctors (due to lower reimbursement rates).
3. Hidden cost traps- While most of the top hospitals, with some exceptions, are in the Narrow networks, many times the surgeon groups performing surgery in these network hospitals are NOT in the narrow PPO. The out of network cost for a non PPO surgeon is borne by the consumer and that can be VERY expensive.
4. Lack of parity between CA employees and Out of State employees (OOS)- There is not a "narrow network" option for OOS employees - OOS employees would have the benefit of a full PPO but in-state employees would be constrained by a narrow PPO, creating a different (better) level of benefits for some employees.

Due to these differences, I didn't include them in the review but I'm happy to quote them if you would like.

**Planning for December 1-**

Most businesses in California have a 12-1 renewal date. If we remain with Blue Shield, we will have plenty of time to make plan changes for 12-1. If the VCB decides to switch to Anthem or United Healthcare, I would recommend that we get our forms in early to ensure a smooth transition. There will be an enormous amount of business moving to Anthem and UHC for 12-1 and it would be ideal if we could submit our paperwork by 11-1 and avoid the large delays being anticipated by the carriers.

Please let me know what I can do to help facilitate and answer any questions you may have about the renewal.

Thank you.

James Greco, CLU

P.S- Our Guardian dental package will also renew 12-1 but I've not received the renewal yet.

## Current Rates for 2015-2016- Employees 1 year younger- Blue Shield Portfolio -

	Core Plan	Optional Plans	Option 1 Gold	Option 2 Silver	Option 3 Bronze	*Option 4 HSA
Deductible	\$1700		\$750	\$1250	\$3500	\$5500
Employee Co-insurance	30%		20%	30%	15%	40%
Employee out of pocket max	\$6250		\$6250	\$6250	\$6500	\$6250
Office Visits	\$40		\$20/\$35	\$35/\$50	After \$3500 Deductible	30%
Generic rx	\$15		\$10	\$15	\$15	\$15
Brand rx	\$50/\$300		\$30/\$200	\$50/\$500	\$50/\$225	\$50
<b>Employee Cost if 75% of Core</b>						
Age 25	\$99		\$160	\$107	\$51	\$52
Age 34	\$120		\$193	\$130	61	\$62
Age 43	\$134		\$216	\$145	\$69	\$70
Age 54	\$211		\$340	\$228	\$108	\$110

\*HSA- No benefits until \$5500 deductible met (except preventive)-

## Blue Shield Portfolio -

	Core Plan	Optional Plans	Option 1 Gold	Option 2 Silver	Option 3 Bronze	*Option 4 HSA
Deductible	\$1700		\$750	\$1250	\$3500	\$5500
Employee Co-insurance	30%		20%	30%	15%	40%
Employee out of pocket max	\$6250		\$6250	\$6250	\$6500	\$6250
Office Visits	\$40		\$20/\$35	\$35/\$50	After \$3500 Deductible	30%
Generic rx	\$15		\$10	\$15	\$15	\$15
Brand rx	\$50/\$300		\$30/\$200	\$50/\$500	\$50/\$225	\$50
Employee Cost if 75% of Core						
Age 26	\$112		\$179	\$113	\$51	\$55
Age 35	\$140		\$213	\$135	60	\$65
Age 44	\$153		\$244	\$155	\$69	\$75
Age 55	\$245		\$390	\$247	\$110	\$119

\*HSA- No benefits until \$5500 deductible met (except preventive)-

See [employee cost breakdown assuming all employees chose the "core plan"](#):

## Anthem Portfolio -

	Anthem Silver	Optional Plans	Option 1 Gold	Option 2 Silver	Option 3 Bronze	*Option 4 HSA
	<b>Core Plan</b>					
Deductible	\$1750		\$700	\$1250	\$6000	\$4500
Employee Co-insurance	35%		20%	40%	35%	30%
Employee out of pocket max	\$6850		\$6600	\$6850	\$6600	\$6350
Office Visits	\$25		\$20	\$30	\$70 - 3 visits	30%
Generic rx	\$15		\$15	\$15	\$15	30%
Brand rx	\$40		\$40/\$250	\$40	\$50 /\$250	\$30%
Employee Cost if 75% of Core						
Age 26	\$104		\$145	\$105	\$48	\$40
Age 35	\$125		\$173	\$126	\$58	\$48
Age 44	\$142		\$199	\$145	\$66	\$55
Age 55	\$227		\$317	\$231	\$105	\$87

\*HSA- No benefits until \$4500 deductible met (except preventive)-

See [employee cost breakdown assuming all employees chose the "core plan"](#):

## United HealthCare Portfolio -

	United HealthCare *	Optional Plans	Option 1 Gold	Option 2 Gold	Option 3 Bronze	*Option 4 HSA
	<b>Core Plan</b>					
Deductible	\$1800		\$750	\$1000	\$6600	\$4500
Employee Co-insurance	30%		20%	20%	0%	40%
Employee out of pocket max	\$6500		\$5000	\$5400	\$6850	\$6500
Office Visits	\$30		\$20	\$20	\$40 waived for 4 visits	40%
Generic rx	\$15		\$15	\$15	\$20	\$20 after ded
Brand rx	\$35/\$200		\$35	\$35	\$50/\$250	\$50 after ded
Employee Cost if 75% of Core						
Age 26	\$96		\$157	\$146	\$53	\$9
Age 35	\$114		\$187	\$175	\$63	\$11
Age 44	\$130		\$214	\$200	\$72	\$12
Age 55	\$208		\$341	\$319	\$115	\$19

\*UHC policy has a \$250 Per Occurrence Deductible for certain lab, surgery, x-rays done in hospital related facilities- Does not apply when using “free-standing lab or clinics. Any per occurrence charge goes toward meeting the OOPM.

See [employee cost breakdown assuming all employees chose the “core plan”](#):