



The State of Delaware

Health Policy & Planning Subcommittee

Health Savings Account (HSA) Planning

April 4, 2019

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Today's discussion

- Updates from last subcommittee meeting
 - Considerations for CDH Gold plan
 - Considerations for member education and communications
 - Considerations for HSA plan administration
 - Next steps
-
- Appendix

Updates following our last meeting on March 7

- In light of the robust dialogue at the March 7 subcommittee meeting regarding the CDH Gold plan, WTW has modeled several scenarios intended to further illustrate the member impact of each HRA option
- We will continue the discussion of HSA plan design options at the May 2 subcommittee meeting
 - Will include considerations surrounding any State contributions to an HSA
- Goals for today's discussion:
 - Continue discussion on the feasibility of continuing the CDH Gold plan
 - Revisit considerations for member education and communications, and HSA plan administration

Overall Goal – Review and consider all key decision points associated with an HSA plan in order to be ready to present a complete proposal to the SEBC at the June 10, 2019 meeting

CDH Gold plan – options for employees with HRA fund balance

- In the event that the CDH Gold plan is terminated, the State has several options for handling CDH Gold participants’ Health Reimbursement Account (HRA) balances
 - Discontinue participant access to outstanding HRA funds
 - Allow participant access to outstanding HRA funds – in a manner that will not violate HSA eligibility guidelines established by the IRS – options below:
 - Note: HRA to HSA roll-overs are no longer permitted by the IRS (after 12/31/2011)

HRA Options	Description
Premium Holiday HRA	Allow employees to use HRA funds to pay for coverage in lieu of payroll contributions
Limited-purpose HRA	Use HRA money to pay for “permitted insurance” (e.g., dental, vision) ¹
Post-deductible HRA	Pays for medical expenses after HSA plan deductible met
Retirement HRA	HRA used to pay for medical expenses ² in retirement

- The State has discretion over the permitted use of HRA funds (notwithstanding IRS guidelines for HSA eligibility), the length of time HRA funds remain available to members, and any rules or restrictions regarding use of HRA funds
 - However, it is recommended that the State handle participants’ access to outstanding HRA balances the same way, regardless of a participant’s individual account balance or GHIP medical plan option selected
- Member experience under each of these HRA options has been outlined on the following pages
 - Includes requirements for the member, expected cost for the State, and time until HRA funds are exhausted
 - Two scenarios modeled: (1) member with HRA balance of \$2,500 (current average outstanding balance), and (2) member with HRA balance of \$10,000

¹ Potential compliance considerations related to allowing HRA use toward expenses not covered by the plan, and allowing employees continued access to HRA if they drop medical coverage.

² For non-Medicare eligible retirees enrolled in an IRS-qualified high deductible health plan, would need to be post-deductible medical expenses only to maintain eligibility for HSA contributions.

CDH Gold plan – options for employees with HRA fund balance

Premium holiday HRA

HRA Option	Description
Premium Holiday HRA	Allow employees to use HRA funds to pay for coverage in lieu of payroll contributions

HRA Balance	Member Scenario	
	\$2,500	\$2,500
FY21 plan elected	Comp PPO	First State Basic
Coverage tier selected	Family	Single
Annualized employee payroll contribution (FY21) ¹	\$3,407	\$348
Time before HRA balance is exhausted (in years)	0.7	6.8

Considerations

- Premium holiday would be applicable to all GHIP-offered medical plans, including a new HSA option
- This option potentially encourages enrollment in higher-premium plans (Comp PPO), so consideration should be given to adopting a Premium Holiday HRA in conjunction with another option (such as Post-Deductible HRA) to continue to encourage consumer-driven plan option enrollment
- This option requires coordination between the SBO and Payroll on an ongoing basis following Open Enrollment and after any qualified status changes affecting employee premiums
 - May be administratively burdensome, especially since additional coordination would be required for non-Payroll groups
- State could consider limiting the amount of time outstanding HRA balances are available for this purpose (e.g., up to 1 year)

¹ Based on FY19 employee contributions, increased by 2% each fiscal year starting in FY20. Assumes member remains enrolled in medical plan option and coverage tier selected until HRA balance is completely depleted.

CDH Gold plan – options for employees with HRA fund balance

Limited-purpose HRA

HRA Option	Description
Limited-purpose HRA	Use HRA money to pay for “permitted insurance” (e.g., dental, vision) ¹

HRA Balance	Member Scenario	
	\$2,500	\$10,000
FY21 out-of-pocket (three preventive dental cleanings, dependent child needs braces, three routine vision exams)	\$1,500	\$1,500
Remaining HRA balance	\$1,000	\$8,500
FY22 out-of-pocket (one crown, one pair of frames, routine dental/vision exams)	\$750	\$750
Remaining HRA balance	\$250	\$7,750

Considerations

- This option provides minimal cost to the State (relative to HRA use for medical expenses), especially if limited to out-of-pocket costs for “permitted insurance” (e.g., dental, vision)
- Communication could be difficult
- If State allows HRA funds to offset dental and vision premiums, may need to review with those insurers for potential impact on premiums for those fully-insured plans

¹ Member out of pocket costs for dental and vision program are shown as illustrative to highlight the ability to draw down HRA funds to pay for expenses

CDH Gold plan – options for employees with HRA fund balance

Post-deductible HRA

HRA Option	Description
Post-deductible HRA	Pays for medical expenses after HSA plan deductible is met

HRA Balance	Member Scenario ¹	
	\$2,500	\$10,000
Coverage tier selected	Single	Family
HSA plan deductible	\$2,000	\$4,000
Employee meets annual out-of-pocket maximum	\$4,500	\$9,000
Time before HRA balance is exhausted (in years)	1	2

Considerations

- This option encourages HSA plan enrollment as post-deductible HRA's will help to shield from some health care costs until HRA balance runs out
- HRA must be post-deductible to maintain eligibility for HSA contributions
- Employees with significant HRA balances due to limited utilization under CDH plan may not realize benefit for years
 - Could be administratively burdensome to maintain HRA balances
 - State could consider limiting the amount of time outstanding HRA balances are available for this purpose (e.g., up to 1 year); encourages over-utilization as employees need to exceed HSA deductible to receive HRA benefit
- State could consider offering post-deductible HRA in addition to premium holiday HRA to benefit all participants

¹ Based on HSA scenario 1 plan design (see Appendix slide 16 for details).

CDH Gold plan – options for employees with HRA fund balance

Retirement HRA

HRA Option	Description
Retirement HRA	HRA used to pay for medical expenses in retirement

HRA Balance	Member Scenario	
	\$2,500	\$10,000
Years to retirement	7	20
Present value of HRA at retirement age ¹	\$2,176	\$6,730
Employee meets annual family deductible ²	\$4,000	\$4,000
Time before HRA balance is exhausted (actual \$, in years)	0.6	2.5
Time before HRA balance is exhausted (present value \$, in years)	0.5	1.7

Considerations

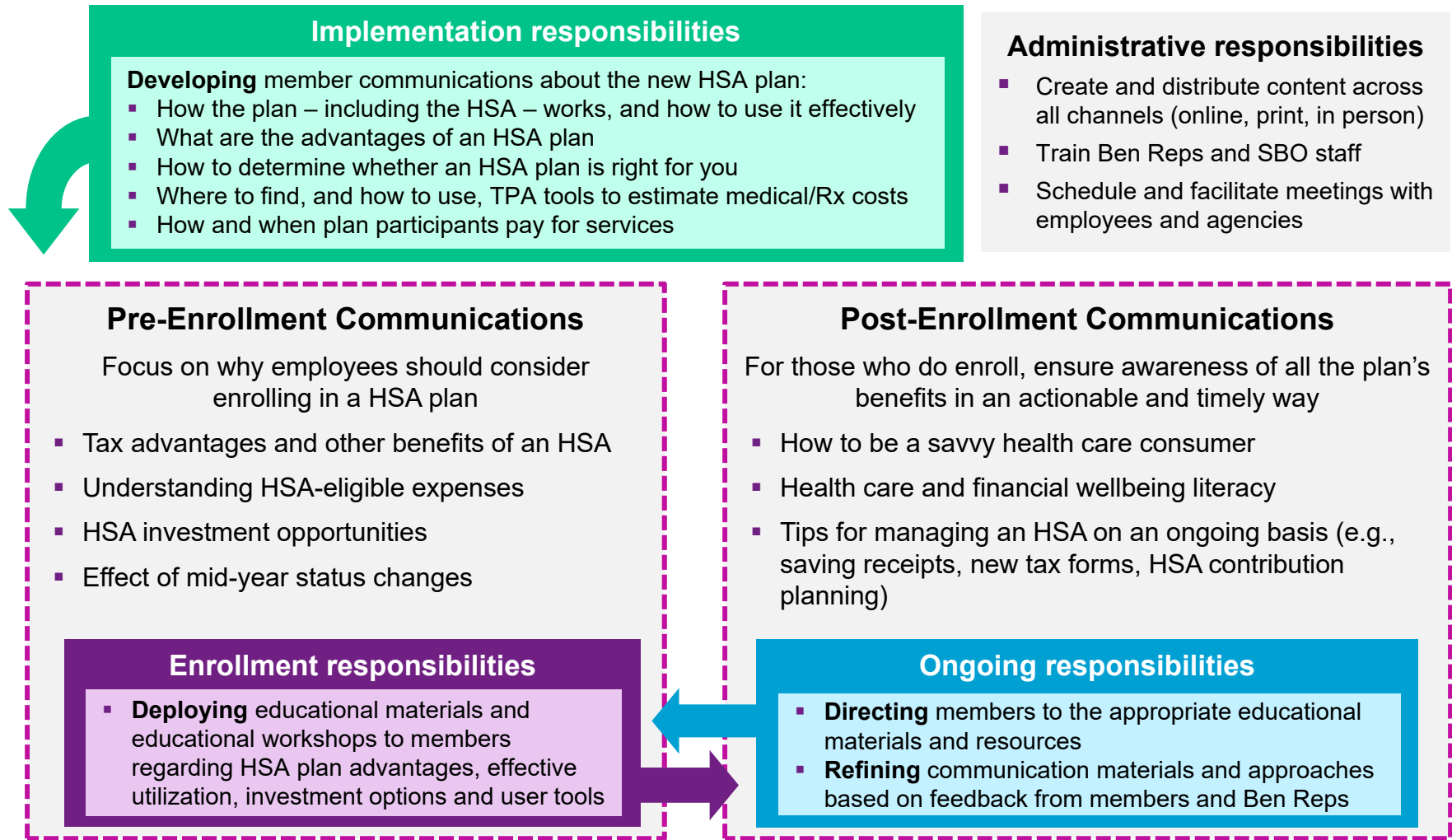
- This option encourages pre-65 retiree HSA plan enrollment as Retirement HRA will help to shield from some health care costs until HRA balance runs out; limited out-of-pocket exposure in existing GHIP plan options make this option less attractive
- HRA must be used for post-deductible expenses to maintain eligibility for HSA contributions
- Little cost to the State in the near-term
- No immediate value to the employee; employee HRA balance loses value annually unless accounts are credited with interest
- Could be an administrative burden for the State to maintain

¹ Assumes 2% annual inflation

² Based on HSA scenario 1 plan design (see Appendix slide 16 for details)

Member education and communications

Critically important to the successful roll-out of an HSA plan



Member education and communications

Illustrative approach for an HSA plan

- Consider the following illustrative approach to HSA plan communications based on best practices:

Initial communications	<ul style="list-style-type: none"> Target Audience: All benefits-eligible employees/non-Medicare retirees Timing: Start at least 6+ months prior to the HSA plan’s effective date Channel(s): Electronic (SBO website & email where possible), print and in-person Other Considerations: <ul style="list-style-type: none"> Distribute content on featured topics related to an HSA plan in a phased approach at least once per month leading up to the plan’s effective date Issue at least 1-2 communications outside of normal SBO cadence to highlight this new offering Leverage an “executive sponsor” to emphasize the importance of the role that this plan plays in attracting and retaining top talent Provide preview of these communications to local leadership / managers, where possible, and provide supplemental educational resources to support conversations with their direct reports
Pre-enrollment communications (subsequent years)	<ul style="list-style-type: none"> Target Audience: All benefits-eligible employees/non-Medicare retirees Timing: At least 3+ months prior to the HSA plan’s effective date Channel(s): Electronic (SBO website & email where possible), print and in-person
Ongoing communications	<ul style="list-style-type: none"> Target Audience: Employees/Non-Medicare retirees enrolled in HSA plan Timing: At least once per quarter Channel(s): Electronic (SBO website & email where possible) and print Other Considerations: <ul style="list-style-type: none"> Educate DHR/recruiting staff on benefits of HSA plan to share with candidates/new hires

Feedback request

Thoughts from Subcommittee members on...

- Options for managing members' account balances if CDH Gold were discontinued
- Requirements for member education and communications

HSA plan administration

Re-evaluating Aetna and Highmark capabilities

- To support the PRC recommended task of re-evaluating Aetna and Highmark to determine which vendor may be the best fit to administer an HSA plan, the following considerations should be reviewed:
 - Each vendor's experience administering HSA plans
 - Vendor-specific administrative considerations associated with HSA plans, including:
 - Effect on plan participants
 - Requirements for the State (SBO, Ben Reps, Payroll)
 - Vendor-provided assistance and resources to support member communications
 - Vendor-provided support for members to maximize the benefits of an HSA
 - Tools and resources available to members
 - Approach to managing investment options
 - Degree to which each vendor would provide administrative assistance with continuing member access to outstanding HRA funds (if elected by the State)
 - Administrative cost and performance guarantees associated with each vendor
- Appendix contains additional details on these topics

Next steps

- WTW to incorporate feedback into the materials for the May 2 meeting of the Health Policy & Planning Subcommittee
- Further dialogue regarding HSA plan design and the feasibility of continuing the CDH Gold plan will be extended through May 2019

Timeline

- Review options and provide feedback
- Discuss other subcommittee's feedback
- ◇ TPA capabilities (HSA RFP review)
- ✓ Finalize recommendations

Goal – Review and consider all key decision points associated with an HSA plan in order to be ready to present a complete proposal to the SEBC at the June 10, 2019 meeting

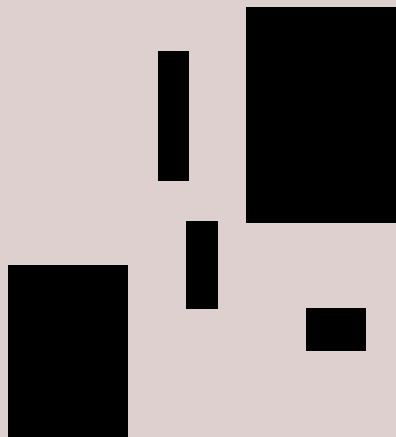
Task (PRC recommendation #)	Owner	February 7		March 7		April 4		May 2		June 6	
		Financial	Health P&P	Financial	Health P&P	Financial	Health P&P	Financial	Health P&P	Financial	Health P&P
Develop HSA plan design (2)	Health P&P		○	○ ■	■ ○			○ ■	■ ✓		
Develop premium rates (2)	Financial			○	○ ■	■ ✓		○	○ ■	■ ✓	
Evaluate current plan offerings and feasibility of continuing CDH Gold plan (3)	Health P&P		○	○ ■	○ ■	○ ■	○ ■	○ ■	■ ✓		
Review fiduciary responsibilities (4)	Financial			○		○		○		✓	
Determine intensity of focus for communication and education (5)	Health P&P				○		○		○		✓
Review TPA capabilities (6)	Health P&P						◇ ○		○		✓
Finalize HSA plan proposal and recommendations to SEBC (7)	Health P&P							○	○ ■	■ ✓	■ ✓

Did not address these topics on 3/7 due to time constraints

April 4 Financial Subcommittee meeting cancelled

Revised 4/4/19.

Appendix



PRC-recommended actions from the HSA Administrator RFP

- PRC recommended the following to the SEBC and the Health Policy & Planning and Financial Subcommittees:

1. Evaluate the overall GHIP plan offerings available and goals associated with adding an HSA plan to the GHIP offerings **(SEBC)**
2. Develop the proposed plan design (including the amount of and schedule for employer funding of the HSA) and premium rates **(HP&P – design; Financial – premium rates)**
3. Evaluate the current plan offerings and in particular, the feasibility of continuing the existing CDH Gold plan, including how members' account balances would be managed if a proposal included discontinuation of this plan **(HP&P)**
4. Fully understand the fiduciary responsibilities, if any, by the State for the investment accounts along with any fees to members and how the investment funds are structured **(Financial)**
5. Determine the intensity of focus needed to communicate and educate members about a HSA plan **(HP&P)**
6. Re-evaluate how closely aligned each vendor is to the above considerations to determine which vendor may be the best fit to administer a HSA plan **(HP&P)**
7. Propose whether or not to offer a HSA plan and the effective date, including all of the above considerations as part of a proposal that will include a recommendation on which of the two TPAs is best suited to administer the HSA plan **(HP&P)**

Note: "Owner" of the final decision about each the above topics is denoted in parentheses at the end of each topic.

HSA plan design – illustrative scenarios

HP&P Subcommittee Feedback:

No comments were provided on any of the illustrative scenarios below.

Plan Design (In-network)	CDH Gold w/HRA	HSA Scenario 1	HSA Scenario 2	HSA Scenario 3	State Employers Peer Benchmark HDHP+HSA ³	CY2019 IRS Requirements for HSA Plans ⁴
Deductible (Ind./Fam.)	\$1,500 / \$3,000	\$2,000 / \$4,000	\$1,500 / \$3,000	\$1,500 / \$3,000	\$2,100 / \$4,200	<i>Minimum of</i> \$1,350 / \$2,700
Account Funding (Ind./Fam.)	\$1,250 / \$2,500	\$1,000 / \$2,000	\$1,000 / \$2,000	\$1,000 / \$2,000	\$700 / \$1,400 ³	<i>Maximum⁵ of</i> \$3,500 / \$7,000
Coinsurance	90%	80%	80%	90%	80%	
Out-of-Pocket Max (Ind./Fam.)	\$4,500 / \$9,000	\$4,500 / \$9,000	\$4,500 / \$9,000	\$4,500 / \$9,000	\$4,500 / \$9,000	<i>Maximum of</i> \$6,750 / \$13,500
PCP Office Visit	90%	80%	80%	90%	80%	
Specialist Office Visit	90%	80%	80%	90%	80%	
Emergency Room	90%	80%	80%	90%	80%	
Inpatient Care	90%	80%	80%	90%	80%	
Prescription Drug¹						
Out-of-Pocket Max (Ind./Fam.)	\$2,100 / \$4,200	Combined with medical	Combined with medical	Combined with medical	Combined with medical	Combined with medical
▪ Retail	\$8 / \$28 / \$50	\$8 / \$28 / \$50 after deductible	\$8 / \$28 / \$50 after deductible	\$8 / \$28 / \$50 after deductible	85% / 80% / 75% after deductible	Subject to deductible
▪ Mail Order	\$16 / \$56 / \$100	\$16 / \$56 / \$100 after deductible	\$16 / \$56 / \$100 after deductible	\$16 / \$56 / \$100 after deductible	85% / 80% / 75% after deductible	Subject to deductible
Relative Benefit Value (RBV)²	0.96	0.89	0.91	0.93	0.88	

1 Retail 30 day supply; mail order 90 day supply.

2 RBV estimate includes Health Savings Account seed.

3 See appendix for further details about this benchmark.

4 Announced by the IRS on May 10, 2018.

5 Combined for employer and employee account funding. Does not include catch-up contribution for individuals attaining age 55 by 12/31 until enrolled in Medicare; CY2019 catch-up contribution amount: \$1,000.

Current GHIP offerings

Plan participant enrollment patterns

- Approximately 1/3 of GHIP enrollees are millennials¹ who are lower paid, more likely to waive/enroll in single coverage, and more likely to elect plans with low contributions (First State Basic, CDH Gold) than other State employees
- Between CY2014 and CY2018, new hires/rehires were more likely to waive coverage or elect First State Basic and CDH Gold options compared to the current GHIP State eligible population overall
 - In more recent years (CY2017-CY2018), new hires are increasingly likely to elect the lowest cost plan (FSB) or waive coverage; fewer new employees elected the HMO and CDH Gold options, though proportion in CDH Gold remains higher than GHIP overall (see Appendix for data table)
- Offering an HSA plan alongside the existing CDH Gold option would erode potential GHIP savings
- For administrative and legislative simplicity, consider replacing CDH Gold plan with an HSA plan
 - Requires strategy for participants with existing Health Reimbursement Account (HRA) balances

CDH Gold – FY19 enrollment and HRA balances

- As of December 2018, there are 2,569 employees enrolled in the Aetna CDH Gold plan
- Total funds remaining in participant HRA balances are \$6.5M, with an average remaining balance of \$2,537
- If the State were to eliminate the CDH Gold plan and cause HRA balances to be forfeited, there is a potential for members with existing HRA balances to rush to spend remaining funds before forfeiture

HRA Balance (as of December 2018)	# of Participants (% total)
\$0	315 (12%)
\$1 - \$100	34 (1%)
\$100 - \$249	45 (2%)
\$250 - \$499	108 (4%)
\$500 - \$999	279 (11%)
\$1,000 - \$2,499	845 (33%)
\$2,500 - \$4,999	602 (23%)
\$5,000 - \$9,999	286 (11%)
\$10,000 and greater	55 (2%)
Total	2,569 (100%)

¹ EBRI 2017 Consumer Engagement in Health Care Survey defines millennial generation as the demographic cohort with birth years ranging from 1977 to 2000.

CDH Gold plan – subcommittee member feedback

- Following feedback has been received from Subcommittee members to date about considerations for the CDH Gold plan:
 - One member voicing opinion that CDH Gold is “a good plan that encourages consumerism among our insured, as it incentivizes them to spend money for their health care as if it was their own”
 - One member voiced preference for premium holiday HRA until the funds are exhausted
 - Another member inquired about the administrative cost of both the limited-purpose HRA and the post-deductible HRA. Administrative fees for either option could be up to \$100,000 per year, but may vary by HRA option, scope of allowable expenses, length of time funding is available, vendor selection and potential need for a new or modified eligibility file

HSA plan administration

Vendor overview and experience administering HSA plans

✓ Favorable response
 ✗ Not favorable response
 ■ Neutral response (may be favorable or not favorable under certain circumstances)

	Aetna	Highmark
HSA administrator	PayFlex Systems USA, Inc. ("PayFlex")	Alegeus
HSA administrator relationship to medical TPA	<ul style="list-style-type: none"> Wholly-owned subsidiary of Aetna (acquired October 2011) and operates independently Banking partners are Citibank (HSA cash account) and Bank of NY Mellon (HSA investment account) Partners with Lockwood Advisors, Inc. to manage investments (reports on fund performance quarterly; funds reviewed quarterly and updated annually) 	<ul style="list-style-type: none"> Highmark has contractual relationship with Alegeus
Experience administering HSA plans	<ul style="list-style-type: none"> ✓ Aetna introduced its first CDHP/HRA product in late 2001 for January 2002 effective date ✓ Has offered HSA administrative services for 10+ years ✓ PayFlex began its operations in 1987 	<ul style="list-style-type: none"> ✓ Highmark introduced its first CDHP/HRA product, BlueChoice, in May 2000 ✓ Has offered HSA administrative services for 10+ years

HSA plan administration

Vendor overview and experience administering HSA plans

- ✓ Favorable response
- ✗ Not favorable response
- Neutral response (may be favorable or not favorable under certain circumstances)

	Aetna	Highmark
References	<ul style="list-style-type: none"> ✗ Four of the references listed did not provide feedback (two active, two terminated)² ✓ The two responsive references are/were HSA customers ✓ The two responsive references are larger employers (5,500 – 16,000 eligible employees) with 330 – 1,600 eligible employees enrolled in the HSA plan ✓ Both references confirmed educational tools and materials are accessible through the PayFlex portal resource library; one reference indicated interactive and onsite trainings were available upon request ✓ One reference praised Aetna’s employer client portal with robust reporting capabilities; one reference mentioned ample support in acclimating personnel to the member portal ✗ One reference confirmed the reason for termination was the administrative challenges caused by replacing Aetna with Highmark for medical benefits administration, while maintaining PayFlex for HSA administration 	<ul style="list-style-type: none"> ✓ Each reference listed provided feedback ✗ One of the active references provided is an FSA customer, not HSA ✗ The two HSA references are small employers (60 – 1,200 eligible employees) with 29 – 269 eligible employees enrolled in the HSA plan ✓ Both HSA references confirmed educational tools and materials are accessible through the Highmark/Alegeus portal; one reference received significant support from Highmark on their respective employee education strategy, including in-person meetings³ ✓ Both HSA references praised the administrative simplicity of the client portal; one reference heard positive feedback regarding the member portal and enhanced security at login ✓ Both HSA references confirmed plan sponsor’s and members’ questions and concerns are promptly addressed by Highmark

HSA plan administration

Vendor overview and experience administering HSA plans

- ✓ Favorable response
- ✗ Not favorable response
- Neutral response (may be favorable or not favorable under certain circumstances)

Other examples of information to evaluate include:

	Aetna
2018 number of HSA clients	1,525
2018 number of HSA employee accounts	983,025
2018 amount of HSA funds managed	\$1.9 billion
2019 projected number of HSA clients	1,800
2019 projected number of employee HSA accounts	1,200,000
2019 amount of HSA funds managed	\$2.0+ billion

HSA plan administration

Vendor overview and experience administering HSA plans

Other examples of information to evaluate include:

- ✓ Favorable response
- ✗ Not favorable response
- Neutral response (may be favorable or not favorable under certain circumstances)

	Aetna
Account management team experience	<ul style="list-style-type: none"> ■ Separate account management team for HSA administration that would coordinate with current account management team ✓ Account management team specialized in HSA administration ✗ Potential coordination/communication challenges between account management teams ✓ Implementation manager possesses requisite amount of experience (completed at least 5 prior HSA implementations) as specified in the RFP ✓ Implementation manager would be dedicated to the State throughout implementation

HSA plan administration

Vendor-specific administrative considerations

- ✓ Favorable response
- ✗ Not favorable response
- Neutral response (may be favorable or not favorable under certain circumstances)

Effect on plan participants – examples of information to evaluate include:

	Aetna
Member's experience in a HSA plan	<ul style="list-style-type: none"> ■ Employees can deposit funds into the HSA through payroll pre-tax or after tax deductions, personal check (after-tax basis), electronic transfers from personal bank account (after-tax basis) and mobile app ■ Employees can access HSA funds via debit card, online banking, online check and mobile app ■ Online banking, account management services and mobile application available to members ✗ Caps member transactions at \$2,600 per day (either as single transaction or up to 8 transactions totaling \$2,600)¹ ■ PayFlex customer service is available for HSA (account) member inquiries and Aetna's customer service for HDHP (medical plan) member inquiries, both through the same toll-free number ■ Aetna plan participants would see PayFlex branding on their HSA [may not be a challenge with a robust communication campaign to educate members on the Aetna/PayFlex relationship]

¹ In the unlikely event that this daily limit is reached, a plan participant would need to use other funds to pay for qualified medical expenses or wait until the following day to continue using their HSA to pay for other qualified medical expenses. According to Aetna/PayFlex, this is a rare occurrence that tends to happen when a member incurs a large prescription drug expense prior to meeting the deductible. PayFlex has an escalation process in place to review and assist members who may need to access funds that are beyond the transaction spending limit. Members can contact member services for assistance via phone or email.

HSA plan administration

Vendor-specific administrative considerations

- ✓ Favorable response
- ✗ Not favorable response
- Neutral response (may be favorable or not favorable under certain circumstances)

Requirements for the State – examples of information to evaluate include:

	Aetna	Highmark
Able to use the same operational and administrative processes in place with the State today	<ul style="list-style-type: none"> ✓ Confirmed that the current eligibility files are sufficient for HSA enrollment ✓ Confirmed the ability to use the same operational and administrative processes currently in place with the State (eligibility/enrollment, claims administration and billing) ✓ Confirmed HSA plan would use same provider network as the CDH Gold plan ✓ Offers an option for plan sponsors to allow HSAs to be opened automatically, provided that an employee passes CIP ✓ Will accept automatic employer contributions for HSAs that are not completely set up for up to 90 days following initial notice to employee of pending account activation status 	<ul style="list-style-type: none"> ✓ Confirmed that the current eligibility files are sufficient for HSA enrollment ✓ Confirmed the ability to use the same operational and administrative processes currently in place with the State (eligibility/enrollment, claims administration and billing) ✓ Confirmed HSA plan would use same provider network as the PPO plan

HSA plan administration

Vendor-specific administrative considerations

- ✓ Favorable response
- ✗ Not favorable response
- Neutral response (may be favorable or not favorable under certain circumstances)

Requirements for the State – examples of information to evaluate include:

	Aetna	Highmark
SBO/Ben Rep on-line account management tools	<ul style="list-style-type: none"> ✓ Online employer portal offers robust set of on-demand reports for account management ✗ Online employer portal does not allow individual or group HSA contributions to be made or updated ✓ Able to track and report employer-specific data showing member utilization of website tools 	<ul style="list-style-type: none"> ✓ Online employer portal offers robust set of on-demand reports for account management

HSA plan administration

Vendor-provided assistance and resources to support member communications

- ✓ Favorable response
- ✗ Not favorable response
- Neutral response (may be favorable or not favorable under certain circumstances)

Other examples of information to evaluate include:

	Aetna
Training and communications support for SBO / Ben Reps before and during Open Enrollment	<ul style="list-style-type: none"> ✓ Will provide onsite support for OE meetings and benefit fairs and Account Manager will provide training for Ben Reps as often as needed via webinars
Ability to develop and launch comprehensive member education and communication strategies	<ul style="list-style-type: none"> ✓ Will host monthly educational webinars for employees, which will offer additional support and learning opportunities regarding their HSA ✓ Communication materials available across multiple media channels (print, online, video) ✓ Confirmed that all communication materials can be customized; no communication materials are provided directly from Citibank

HSA plan administration

- ✓ Favorable response
- ✗ Not favorable response
- Neutral response (may be favorable or not favorable under certain circumstances)

Vendor-provided support for members to maximize the benefits of an HSA

	Aetna	Highmark
Member transparency tools for provider costs and quality	<ul style="list-style-type: none"> ✓ Offers same provider cost and quality transparency tools as other Aetna plans ✓ Members can estimate provider costs and view their current available HSA balance on the Aetna member portal ✓ Recently launched “Aetna Pay” tool to simplify the way that consumers view, manage and pay their health care expenses 	<ul style="list-style-type: none"> ✓ Offers same provider cost and quality transparency tools as other Highmark plans ✓ Members can estimate provider costs and view their current available HSA balance on the Highmark member portal

HSA plan administration

Vendor-provided support for members to maximize the benefits of an HSA

- ✓ Favorable response
- ✗ Not favorable response
- Neutral response (may be favorable or not favorable under certain circumstances)

Other examples of information to evaluate include:

	Aetna
Member self-service banking tools and resources for the HSA	<ul style="list-style-type: none"> ✓ HSA funds accessible through online banking website and mobile app ✓ Online member tools include plan selection and cost estimator tool, a savings calculator and a “maximum contribution” tool for estimating HSA contributions

	Aetna
HSA administrator responsibilities for managing investments	<ul style="list-style-type: none"> ■ As a non-bank custodian, PayFlex handles all transaction processing, tax reporting, bank account reconciliation, financial decisions around fees and interest rates, customer identification process (CIP), member support, communications, and additionally acts as the Custodian for the health investment accounts² ■ PayFlex makes the final decision on any fund changes ■ State of DE employees would only interact with PayFlex as PayFlex is the sole HSA administrator
Investment advisor	Lockwood Advisors, Inc.
Investment fund line-up	28 mutual funds ³
Investment advisor review of fund performance	<ul style="list-style-type: none"> ■ Reported on a quarterly basis ■ Funds reviewed quarterly and updated annually
Fee to customize investment options	Up to \$10,000 (paid by plan sponsor)
Member tools and communications	<ul style="list-style-type: none"> ■ PayFlex posts quarterly investment fund performance reports to HSA portal for plan participants ■ Aetna/PayFlex provide member access to an investment specific tool “Investment Journey”

1 Vendor presentations to the PRC on 1/10/2019

2 PayFlex does not provide investment “covered advice” to either employers or account holders

3 Funds listed are subject to change; as of September 2018 PayFlex reported 14 equity funds, 4 bonds funds and 10 “other” funds

HSA plan administration

HSA fees for accountholders

●	Cash Account Only
●	Investment Account Only
★	HSA - Cash/Investment Accounts Combined

Other examples of information to evaluate include:

- Health savings account holders may incur fees, depending on how individuals manage their accounts
- Monthly investment fee is a factor for account holders who wish to invest their HSA funds
- Separated participant fee would be payable by account holders who are no longer enrolled in the health plan portion of the HSA plan (e.g., participant has dropped medical coverage under the HSA plan but retains ownership of the HSA)

	Aetna
Enrolled in HDHP but has not opened a HSA	None
Paper statements ★	\$1.50 per statement
ATM or bank teller withdrawals ●	N/A – made via ACH to linked bank account
Insufficient funds for HSA transaction ●	\$25 per transaction
Deposit item returned (insufficient funds for deposit to HSA) ●	\$25 per transaction
Check transaction ●	\$0 – processed via member website
Check copy or replacement ●	\$0
Check stop payment ●	\$25 per transaction
Debit card replacement ●	None
Outbound trustee transfer ●	\$25 per transaction
Excess contribution return ●	\$0
Mistaken distribution return ●	\$0
Monthly investment fee ● <ul style="list-style-type: none"> Investment threshold 	None <ul style="list-style-type: none"> Minimum of \$1,000 in HSA (interest-bearing cash account)
Separated participant fee (has HSA, not enrolled in HDHP) ●	\$5.00 per month, deducted from the member’s HSA
Account closing fee ★	\$25 (one-time fee)

HSA plan administration

Performance guarantees

- ✓ Favorable response
- ✗ Not favorable response
- Neutral response (may be favorable or not favorable under certain circumstances)

Examples of information to evaluate include:

	Aetna
Performance guarantees	<ul style="list-style-type: none"> ■ Aetna proposed a slightly more robust set of performance guarantees (new guarantees offered)¹, but with a lower amount of additional fees at risk (\$4.68 per employee per year) <ul style="list-style-type: none"> ■ Proposed new PGs related to PayFlex’s role in administering the HSA plan: <ul style="list-style-type: none"> ■ debit card timeliness ■ member services ■ eligibility/funding file processing ■ system uptime ■ implementation satisfaction ■ account management satisfaction ■ Existing medical PGs for the CDH Gold plan would apply to the health plan portion of the HSA plan

1 20% of fees at risk proposed apply to HSA administration fees only and would be implemented in addition to existing medical ASO fee performance guarantees.

2 2% of fees at risk proposed would be added to the medical ASO fee operational performance guarantees. The maximum payout would remain at 40% of the existing medical ASO fee performance guarantees and would need to be re-worked to the mutual agreement of both Highmark and the State of Delaware.

HSA plan administration

Vendor administrative costs

- In general, administrative costs typically represent about 10% of total medical costs, with the remaining 90% coming from medical claims
- Administrative Services Only (ASO) fees quoted by each vendor are outlined in the chart below
 - Includes separate ASO fees for the underlying medical plan (HDHP) and HSA administration
 - For illustrative purposes only, annualized fees for HSA plan were estimated based on current enrollment in the CDH Gold plan, given the similarities of these two plans relative to other GHIP medical options; this is not meant to imply any future changes to current plan offerings or enrollment patterns
- Aetna’s estimated annual ASO fees are approximately \$124,000 less than Highmark and would be approximately \$91,000 less than the FY21 CDH Gold plan ASO fees

ASO Fees – Year 1 (FY21) (PEPM unless otherwise noted)	Aetna ¹	Highmark ²	ASO Fees – FY21 (PEPM unless otherwise noted)	Aetna CDH Gold Plan
HDHP	\$39.32	\$43.27	CDH Medical Plan	\$41.53
HSA Administration	\$1.95	\$2.10	HRA Administration	\$2.75
Total for HSA Plan	\$41.27	\$45.37	Total for CDH Gold Plan	\$44.28
Estimated Annual ASO Fees ³	\$1,243,000	\$1,367,000	Estimated Annual ASO Fees ³	\$1,334,000

1 Aetna proposed a tiered HDHP fee based on enrollment; see Appendix for full details. Fee shown above reflects total subscriber enrollment of 12,501 – 15,000 contracts across all plans (i.e., reflects current enrollment in Aetna plans assuming all CDH Gold subscribers enroll in the HSA plan) and exclude CareLink health management program fees. Aetna’s HSA administration fee is a flat amount per accountholder per month that does not vary by the total subscriber enrollment.

2 Highmark proposed tiered HDHP and HSA administration fees based on enrollment; see Appendix for full details. Fee shown above reflects total subscriber enrollment of 31,000 – 35,999 contracts across all plans, excluding Medicfill (i.e., reflects current enrollment in Highmark plans assuming all CDH Gold subscribers enroll in the HSA plan) and exclude Custom Care Management Unit (CCMU) health management program fees. Highmark’s HDHP ASO fee matches Highmark’s guaranteed maximum FY21 ASO fee for the Comprehensive PPO plan, which is appropriate given that both plans would use the same provider network.

3 Assumes enrollment of all 2,510 subscribers currently enrolled in the CDH Gold plan (as of July 2018).