

# Samford University

## Understanding Our Medical Plan

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How our plan works:

- ❖ We are self-insured, not fully insured – this means we accept the risk, not BCBS. The risk is that claims may exceed our ability to pay.
- ❖ Our premiums must exceed our claims for the plan to remain solvent. No one is going to bail us out.
- ❖ BCBS pays claims based on the contract that we jointly agree on – there is very little discretion on either side.

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How our plan works:

- ❖ Premiums are collected – we hold them in an account, we do not send premiums to BCBS.
- ❖ Every Friday, from this account, we reimburse BCBS for claims paid – all medical, dental and the administrative fee for BCBS.
- ❖ We must have enough money in that account to cover the claims, the administrative fee and reinsurance .

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Several Misperceptions about our Plan:

- ❖ Blue Cross saves money by not paying a claim – not true; actually the more claims they pay, the more BCBS makes because their admin fee is a percentage of our claims.
- ❖ Samford has a pot of money to bail us out if claims get too high – the only pot of money is the premium account fund.
- ❖ The Samford Medical Plan can do whatever we want it to because we are self-insured – we have more latitude in setting our plan design because we are self-insured, we cannot make decisions on individual claims.

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Samford Pays 75% of the medical premium,  
Employees pay 25% of the premium, across all  
three tiers:

	Ee	Samford	Total
Employee only	\$109	\$327	\$436
Employee +1	\$218	\$654	\$872
Ee +2 or more	\$255	\$765	\$1020

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How much premium dollars do we generate? As of  
May 2009:

Employee only 305 times \$436 = \$132,980

Employee +1 172 times \$872 = \$149,984

Ee +2 or more 282 times \$1020 = \$287,640

Totaled = \$570,604

X 12 = \$6,847,248

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- ❖ Claims from 5/08 – 5/09 averaged \$110,223/wk
- ❖ Actual claims totaled for the period - \$5,731,646
- ❖ Premiums \$6,847,248
- ❖ Claims \$5,731,646 (includes admin fee)
- ❖ Difference \$1,115,602
- ❖ Re-insurance - \$240,000/yr from difference equals \$875,602 which leaves a very small cushion of \$16,838/wk

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The amount of our claims is affected by:

- ❖ Experience – the ways in which our plan is used, frequency and intensity, i.e., how often we go, how sick we may be.
- ❖ Charges – how much is paid out to medical providers. BCBS helps tremendously here by taking discounts from the providers.
- ❖ Employee pay – how much we pay for services, i.e., co-pays and deductibles. The more we pay individually, the less our claims are.

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What can we do to control costs?

- ❖ Maintain a conservative plan design. The less the plan pays; the lower our claims are; the lower our claims are, the lower our premiums can be set.
- ❖ Use our plan responsibly. Don't go to the ER when you could make an office visit.
- ❖ Make good lifestyle choices.
- ❖ Use preventive care appropriately.