PLAN DESIGN AND CONTRIBUTION MODELING

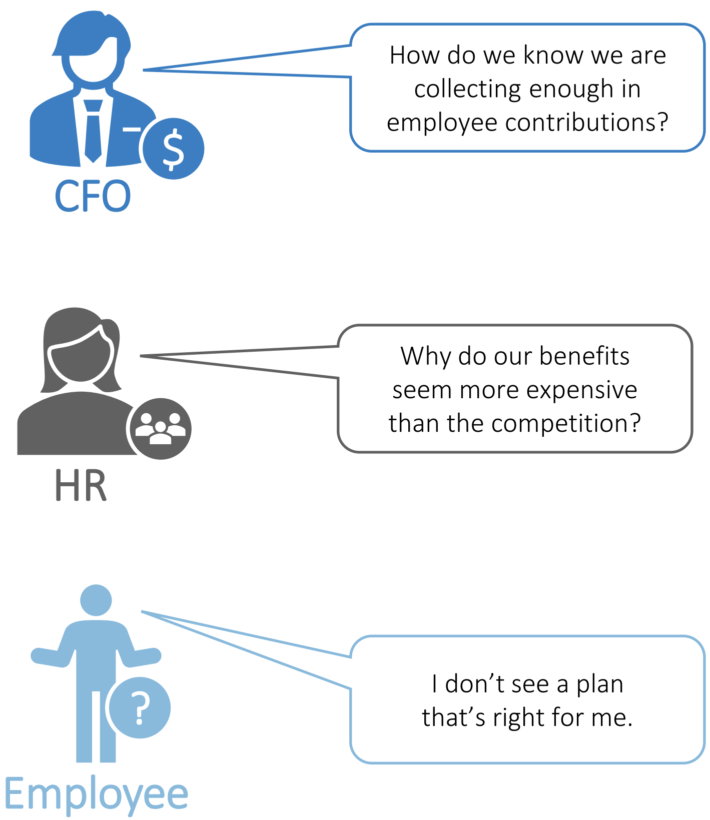
THE USI ONE ADVANTAGE®

www.usi.com

PLAN DESIGN & CONTRIBUTION MODELING

Plan Design & Contribution Challenges

Many employers fail to provide a diverse spread of benefit offerings and contributions to meet the varying needs of employees.



- Although plans may appear diverse due to copay, deductible, and co-insurance amounts, many employers offer plans within too narrow a band of actuarial value.
- Self-funded employers may not be appropriately evaluating fully insured equivalents to set employee contributions.
- Employers looking to offer a defined contribution strategy need an accurate assessment of actuarial plan value.
- Contributions may be inadvertently steering employees into a more expensive plan for the employer.
- Employers lack benchmark data regarding employee contributions.

PLAN DESIGN & CONTRIBUTION MODELING

Ensure Diverse Plan Design Options

USI's actuarial value calculator evaluates plan design structure to ensure appropriate distribution of plan offerings.

USI Actuarial Value Calculator		Existing Plan	Plan 1	Plan 2
Enrollment	Employee Only	55		
Optional (but recommended)	Family	45		
		100		
Network Discount Advantage		Normal / Neutral	Normal / Neutral	Normal / Neutral
Deductible	Single	$5,000	$1,500	$750
	Family	$10,000	$3,000	$1,500
	Type	Embedded	Embedded	Embedded
	Applies To:	Medical and Rx	Medical and Rx	Medical and Rx
	Rx Only - Single			
	Rx Only - Family			
OOP Maximum	Single	$8,550	$5,000	$3,000
	Family	$17,100	$12,500	$6,000
	Rx Only - Single			
	Rx Only - Family			
IP Hospital				
	Copay	$0	$0	$0
	Copay Type	Per Visit	Per Visit	Per Visit
	EE Coinsurance	0%	20%	0%
	Apply Ded.?	Yes	Yes	Yes
Outpatient [illegible]vices				

USI Actuarial Value Results

	Existing Plan	Plan 1	Plan 2
Actuarial Cost Value (ACV); Rating Factors	64.3%	76.7%	84.5%
Value Relative to Selected Plan:	100%	119.3%	131.5%
Increment / Decrement	0.0%	19.3%	31.5%
ACV *including* HRA/HSA	64.3%	76.7%	84.8%
Value Relative to Selected Plan:	100%	119.3%	132.0%
Increment / Decrement	0.0%	19.3%	32.0%

This illustrate a reasonable spread of AV values of 64.3%, 76.7%, and 84.5%.

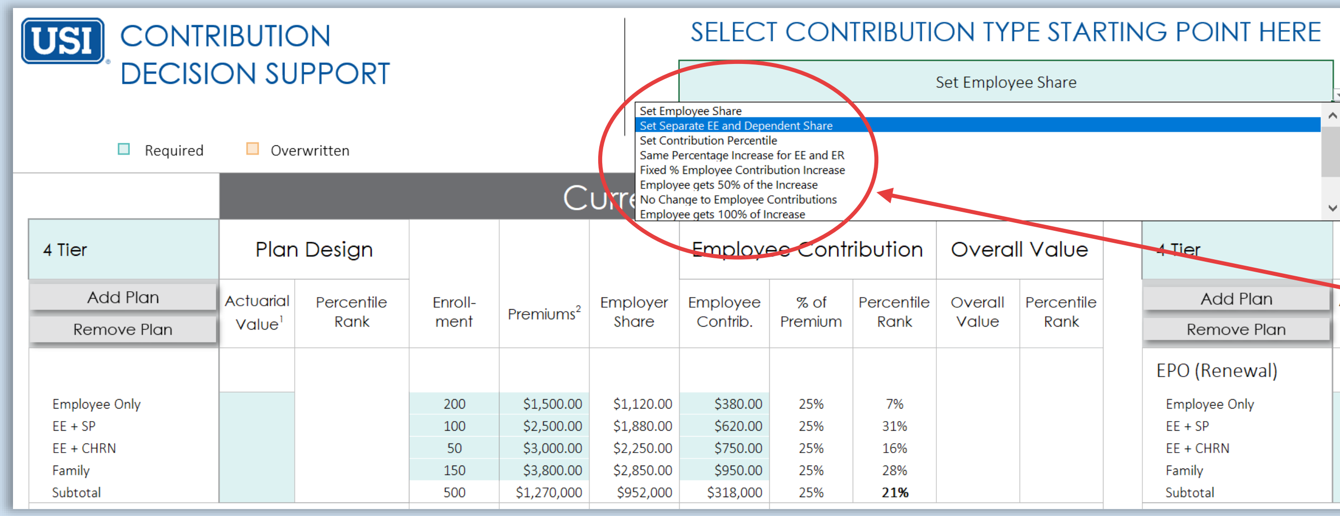
- Employers should offer two or three plans with a significant spread of actuarial value to meet the needs of a diverse employee population.
- HDHPs should be evaluated inclusive of any employer contributions to HRA or HSA.
- Self-funded employers should use actuarial value to determine fully insured equivalents and set employee contributions.
- Utilize the **USI Benefits Benchmarking Study** to ensure market competitiveness.

PLAN DESIGN & CONTRIBUTION MODELING

Appropriately Design Employee Contributions

USI's propriety interactive contribution decision support tool models multiple scenarios and evaluates the impact to employer cost and employee migration.

USI Contribution Decision Support Tool



Pre-designed strategies to model contribution options

- As the employer's renewal approaches, USI will model plan designs and contribution strategies to help employer select the most appropriate design for their needs.
- We can demonstrate this for your plan with the following information:
  - Current plan designs
  - Carrier premium or premium equivalent rates
  - Employee contributions