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January 31, 2007

Pete Cutler
Deputy Commissioner of Policy
Insurance Commissioner's Office
P.O. Box 40258
Olympia, WA 98504-0258

RE: Blue Ribbon Commission Report

Dear Pete:

Per your request, we have accumulated input primarily from health plans, but also other stakeholders in the health care marketplace, for the Blue Ribbon Commission (BRC) request of the OIC regarding the marketplace reaction to the potential loosening of benefit mandate and rate regulations. More specifically, the BRC seeks ways to positively impact the individual and small group markets, with particular interest in the 19-34 year-old population, which is disproportionately uninsured.

Our summary report is attached. Thank you for allowing us to participate in this process.

Sincerely,

Timothy S. Barclay, FSA, MAAA
Principal and Consulting Actuary

/kcp
Attachments

MILLIMAN, INC.



**Report to
Office of the Insurance Commissioner
Blue Ribbon Commission**

on

**Marketplace Reaction to Potential Changes
in Benefit Mandate and Rate Regulations**

January 31, 2007

MILLIMAN, INC.



Process

The input to this process began with a letter from the OIC on December 19, 2006, to several carriers, asking them to provide written proposals and analysis for *"...at least one example of a health plan design that meets the criteria listed [above], plus the estimated price for the new health plan designs. For comparison purposes the BRC members are interested in knowing the price for the new health plans with and without changes to the state's rating laws. They have also requested the carriers to explain the likely tradeoffs, in terms of cost and coverage, each of the health plan designs would involve. "*

Two meetings were held to gather input after the OIC letter was sent. The first stakeholder meeting was held on the morning of January 4, 2007 with representatives of state purchasing agencies, consumers, small business organizations, provider organizations, and others. The second meeting held in the afternoon of January 4th was with insurance carriers.

The written input from the health plans was requested with a quick turnaround, due January 12th. The responses included ideas, issues and sample plan designs, with and without pricing. The following seven health plans provided written comment: Assurant, Group Health, PacifiCare/United Healthcare, Physicians Mutual, Premera, Regence, and Symetra. This includes the four largest commercial health carriers in this state, plus three companies that do not currently participate actively in the Washington individual and small group markets. As the OIC committed to these contributors, we will not identify any specific health plan with the ideas summarized in this letter, but rather will comment on the degree of consensus amongst the contributors.

BRC Request

The Blue Ribbon Commission specific request was to identify impacts and likely tradeoffs in terms of cost and coverage if state laws were modified to:

- Allow carriers to offer a health plan to individuals and small businesses not subject to any provider or benefit mandates, with premiums more closely reflecting the cost of providing this particular product;
- Allow carriers to offer a health plan specifically to young adults and/or children, with appropriate mandate exemptions and premiums more closely reflecting the cost of care for this age group;
- Require health carriers who offer coverage for dependents to extend the eligibility for that coverage to unmarried children up to age 25, retaining an employer's current option of contributing to the cost of that coverage, or allowing the employee to pay the cost in full;
- The report is completed in collaboration with insurance carriers, state health purchasing agencies, consumers, small business organizations and others.

The carriers provided several benefit packages in response to this request. Most of the proposals included the comparative pricing information requested by the OIC. However, none of the



carriers had sufficient time to provide detailed comments on the public policy issues related to the eliminations of particular mandates.

Premiums more closely reflecting the cost of care

Two carriers specifically proposed an increase in the current rating statute requirement regarding the maximum variation for age rating. These carriers believe the current 375% maximum variation from high to low artificially inflates premium rates for lower ages. The pricing for current products with a relaxation of this requirement are summarized below:

**Individual Product Pricing Example 1
Currently Available in the Washington Market**

Age Band	\$1,500 Deductible Plan (current age slope)	\$1,500 Deductible Plan (with relaxed age slope)	Percentage Difference from current
Per			
Child	\$60	\$59	98%
<20	72	64	89%
20-24	72	70	97%
25-29	81	77	95%
30-34	93	91	98%
35-39	111	110	99%
40-44	132	132	100%
45-49	165	164	99%
50-54	202	201	100%
55-59	235	240	102%
60-64	268	278	104%
65+	268	333	124%

**Individual Product Pricing Example 2
Currently Available in the Washington Market**

Age Band	\$1,500 Deductible Plan (current age slope)	\$1,500 Deductible Plan (with relaxed age slope)	% Difference from current
First			
Child	\$99	\$92	93%
<24	\$107	\$99	93%
25-29	\$123	\$116	94%
30-34	\$143	\$137	96%
35-39	\$167	\$163	98%
40-44	\$200	\$198	99%
45-49	\$242	\$243	100%
50-54	\$286	\$292	102%
55-59	\$337	\$349	104%
60+	\$401	\$421	105%



One carrier also provided estimated premium impacts for two small group benefit plans if the small group age rating limit were increased from 375% to 425%.

**Small Group Pricing Examples
Possible Rate Impact of Rate Band Expansion**

(1) Most Popular Plan

PPO, \$15 copay, \$200 Ded, 80%, \$2,500 Out-of-pocket maximum
Rx Drug Card - \$10/\$20/\$40

Current Rate Band Range (375%)

	Subscriber	Spouse
Minimum Rate	\$217.61	\$270.37
Maximum Rate	\$816.01	\$1,013.89

Proposed Rate Band Range (425%)

	Subscriber	Spouse
Minimum Rate	\$208.89	\$259.56
Maximum Rate	\$887.82	\$1,103.11

Percentage Change

Minimum Rate	-4.0%	-4.0%
Maximum Rate	8.8%	8.8%

(2) High Deductible Plan

PPO, \$25 copay, \$1,000 Ded, 80%, \$2,500 Out-of-pocket maximum
Rx Drug Card - \$7/30%/50%

Current Rate Band Range (375%)

	Subscriber	Spouse
Minimum Rate	\$180.74	\$224.26
Maximum Rate	\$677.78	\$840.98

Proposed Rate Band Range (425%)

	Subscriber	Spouse
Minimum Rate	\$173.51	\$215.29
Maximum Rate	\$737.42	\$914.99

Percentage Change

Minimum Rate	-4.0%	-4.0%
Maximum Rate	8.8%	8.8%



Plan designs with limited benefits

The carrier that provided the individual product pricing for Example 2 above also presented a reduced cost package that limited select benefits, but at the same time lowered the member deductible which offset some of the savings. The proposal excluded coverage for several services including mental health, skilled nursing facilities, complementary and alternative care, rehabilitation, home health care, hospice, and chemical dependency services. The proposal would also make coverage for maternity care subject to a separate \$5,000 deductible. A detailed plan description for this limited benefit plan product is included as Appendix A. The carrier provided the comparison pricing shown below for this product’s package of proposed changes, with and without relaxation of the age slope. The carrier did not provide premium impact information for each specific benefit limitation.

Individual Product Pricing Example 3 Limited Benefit Plan Design

Age Band	\$1,500 Deductible	\$1,000 Limited Benefit Design	% Difference from current	\$1,000 Limited Benefit with Relaxed Age Slope	% Difference from current
First Child	\$99	\$90	91%	\$84	85%
<24	\$107	\$97	91%	\$90	84%
25-29	\$123	\$111	90%	\$105	85%
30-34	\$143	\$129	90%	\$124	87%
35-39	\$167	\$151	90%	\$147	88%
40-44	\$200	\$181	91%	\$179	90%
45-49	\$242	\$219	90%	\$220	91%
50-54	\$286	\$259	91%	\$264	92%
55-59	\$337	\$305	91%	\$316	94%
60+	\$401	\$363	91%	\$382	95%

Two additional limited benefit packages were provided by this same carrier, one targeted to children and another to young adults. The child only plan has a \$1,000 deductible and coinsurance limited to \$1,000 in network. Out of network coinsurance is unlimited. Pricing compared to a current market product with a \$1,500 deductible is contained in the table below. A complete description of the plan design is included in Appendix B.

Individual Product Pricing Example 4 Child Specific Limited Benefit Plan Design

Age Band	\$1,500 Deductible current plan	\$1,000 Children Benefit Design	% Difference from current
Child	\$99	\$85	86%



The carrier proposed plan targeting young adults has a \$1,000 deductible and coinsurance limited to \$2,000 in network. Out of network coinsurance is unlimited. Pricing compared to a current market product with a \$1,500 deductible is contained in the table below. Rates apply to non-smokers. A complete description of the plan design is included in Appendix C.

**Individual Product Pricing Example 5
Young Adult Specific Limited Benefit Plan Design**

Age Band	\$1,500 Deductible current plan	\$1,000 Children Benefit Design	% Difference from current
18-24	\$107	\$98	92%
25-29	\$123	\$112	91%

Another carrier provided a limited benefit package for the individual market that reduced the annual maximum benefit (referred to in the table below as Plan A). Pricing was provided for annual maximums of \$50,000 and \$20,000, where no coverage would be provided for claim expenses above the maximum. This carrier's proposal is a limited comprehensive product with a high deductible that excludes maternity, mental health, chemical dependency, vision, skilled nursing facility, home health, hospice, health education, community wellness, nicotine dependency, acupuncture, and spinal manipulations. It retains contraceptive management and diabetes health training, and provides for three office visits at a fixed copay, down from 6 in the carrier's current plan used for comparison in the table below. Generic prescription drugs are available only through mail order for a \$45 copay. Other network services are subject to the deductible and 20% coinsurance. Out of network covered services are subject to a \$4,500 deductible and 50% cost sharing. Some internal limits apply to select services.

The carrier provided the pricing information shown below for these examples, calculated both with the current 375% age rate restriction, and with a relaxed age rate restriction.



**Individual Product Pricing Example 6
Limited Benefit Plan with a \$50,000 Annual Maximum**

Age Band	\$1,500 Deductible current plan	Plan A \$50,000 Annual Maximum	% Difference from current	Plan A \$50,000 relaxed age slope	% Difference from current
Per					
Child	\$60	\$51	85%	\$50	83%
<20	72	58	81%	54	75%
20-24	72	58	81%	57	79%
25-29	81	64	79%	62	77%
30-34	93	72	77%	70	75%
35-39	111	83	75%	83	75%
40-44	132	97	73%	97	73%
45-49	165	118	72%	118	72%
50-54	202	142	70%	142	70%
55-59	235	163	69%	166	71%
60-64	268	185	69%	191	71%
65+	268	185	69%	227	85%

**Individual Product Pricing Example 7
Limited Benefit Plan with a \$20,000 Annual Maximum**

Age Band	\$1,500 Deductible current plan	Plan A \$20,000 Annual Maximum	% Difference from current	Plan A \$20,000 relaxed age slope	% Difference from current
Per					
Child	\$60	\$46	77%	\$45	75%
<20	72	53	74%	49	68%
20-24	72	53	74%	52	72%
25-29	81	58	72%	56	69%
30-34	93	65	70%	64	69%
35-39	111	75	68%	74	67%
40-44	132	87	66%	87	66%
45-49	165	106	64%	105	64%
50-54	202	127	63%	126	62%
55-59	235	146	62%	148	63%
60-64	268	164	61%	170	63%
65+	268	164	61%	201	75%

The carrier also proposed to offer a limited benefit plan that was further restricted to focus on facility care, eliminating coverage of most professional services (referred to in the table below as Plan B). Limited office visits and preventive services are available on a copay basis. Network covered services are subject to a \$2,500 deductible and 80% coinsurance. Out of network covered services are subject to a \$7,500 deductible and 50% coinsurance. This limited plan was priced with annual maximums of \$25,000 and \$10,000.



Individual Product Pricing Example 8
Facility Focused Benefit Plan with a \$25,000 Annual Maximum

Age Band	\$1,500 Deductible current plan	Plan B \$25,000 Annual Maximum	% Difference from current	Plan B \$25,000 relaxed age slope	% Difference from current
Per					
Child	\$60	\$39	65%	\$38	63%
<20	72	44	61%	41	57%
20-24	72	44	61%	43	60%
25-29	81	48	59%	46	57%
30-34	93	54	58%	53	57%
35-39	111	62	56%	61	55%
40-44	132	71	54%	71	54%
45-49	165	86	52%	85	52%
50-54	202	102	50%	102	50%
55-59	235	117	50%	119	51%
60-64	268	132	49%	136	51%
65+	268	132	49%	161	60%

Individual Product Pricing Example 9
Facility Focused Benefit Plan with a \$10,000 Annual Maximum

Age Band	\$1,500 Deductible current plan	Plan B \$10,000 Annual Maximum	% Difference from current	Plan B \$10,000 relaxed age slope	% Difference from current
Per					
Child	\$60	\$38	63%	\$38	63%
<20	72	44	61%	40	56%
20-24	72	44	61%	43	60%
25-29	81	48	59%	46	57%
30-34	93	53	57%	52	56%
35-39	111	61	55%	60	54%
40-44	132	70	53%	70	53%
45-49	165	85	52%	84	51%
50-54	202	101	50%	101	50%
55-59	235	115	49%	117	50%
60-64	268	130	49%	134	50%
65+	268	130	49%	158	59%

Carriers not currently participating in the Washington market did not propose specific benefit and rating changes in response to the BRC review and the OIC request for written input. However, several expressed a desire to bring limited benefit plans to the market that are structured with a schedule of benefits. They represented that these plans are typically marketed toward part-time, seasonal or hourly employees that do not otherwise qualify for an employer’s traditional comprehensive medical plan. These benefit plans do not cover catastrophic expenses. One health plan stated: “This product is not intended to be a total replacement for group products; rather it is designed to provide employers an option to offer some level of benefits to



part-time and hourly employees, who make up a large percentage of the working uninsured population.”

The kind of limited benefit plans proposed by these carriers typically cover preventive and routine physician office visits, pharmacy, and accidental injury, usually with limits on each component. For example, physician services often include an annual limit on the number of visits, and the pharmacy benefit may only cover generic drugs and may have an annual maximum coverage amount. Non-covered services such as dental, vision, mental health and alternative medicine, if provided in network, typically qualify for the health plan’s network discounts

A fairly comprehensive description of such a plan is attached in Appendix D. One carrier provided four summaries of limited, scheduled benefit products with pricing, which are included in Appendix E. It indicated the monthly premiums for its proposed plans would range from \$49.59 to 199.99.

One carrier presented a small group product which included both a reduction in covered benefits and limitations on the annual maximum claims; it referred to this product as the “Blue Ribbon Commission Plan”. The proposal did not include any estimated premium information. The design is a high deductible plan that excludes mental health, chemical dependency, vision, prescription drugs, home health, hospice, health education, community wellness, nicotine dependency, acupuncture and spinal manipulation. The first 3 doctor visits are available at a \$25 copay (down from 6 in the carrier’s current plan used for comparison in the table below) It waives the deductible on preventive exams, mammography, and preventive screenings. Other in network covered services are subject to a \$1,500 deductible and 20% cost sharing limited to an annual coinsurance maximum of \$5,000. Out of network covered services are subject to a \$3,000 deductible, 50% unlimited cost sharing. These deductible and coinsurance provisions are the same as the carrier’s current plan. However, unlike the carrier’s current plan, the BRC plan does not include a family maximum. Internal limits apply to certain services.

Small Group Benefit Plan Comparison	Lifetime Maximum	Estimated Savings
Current \$1,500 Deductible Plan	\$2,000,000	
Blue Ribbon Commission Plan	\$2,000,000	11.1%
Blue Ribbon Commission Plan ¹	\$500,000	12.8%
Blue Ribbon Commission Plan ¹	\$50,000	15.5%

¹ The carrier submitting these plan design ideas and savings estimates indicated that they have an interest in offering such plans only if rating flexibility such as the 1993 NAIC model rating law is enacted.

Three additional product ideas were presented, without any specific proposals for changes in benefit mandates or rating requirements, and without specific pricing information.



The first concept focuses on healthy lifestyle behavior rewards. The plan notes:

“This option may be best suited for one or more demonstration projects. Currently, carriers are not permitted to offer incentives or benefits to groups or individuals within a group when the participants act to reduce their health risks. Possible incentives could include adjustment to individual premiums or other incentives based on behaviors of individuals. A select group of behaviors should be selected, such as smoking, appropriate body weight and management of certain chronic disease such as asthma and diabetes. Individuals who do not smoke, have an appropriate body weight and manage their chronic diseases would be eligible for lower premiums. We expect that a rigorous evaluation component follow these pilots and that an adequate period of time be allowed to fully test the pilot, such as five years. We also believe that the pilots should receive fast track approvals from the OIC.”

A second concept that was raised was the creation of a clinically driven pilot project, structured as a high deductible plan with front loaded coverage for select preventive services and prescription drugs. Such a model could also be customized to target populations to maximize both marketability and clinical effectiveness. For example, the product could be designed for the characteristics of the young adult population.

The third idea, specifically focused on the young adult population, is a pilot that adds no-deductible preventive services, as well as maternity and limited pharmacy coverage to the individual catastrophic plan. The plan suggesting this approach noted, *“Currently, only the individual market comprehensive plan has maternity and limited pharmacy with a low deductible, making the plan too costly for some, particularly young families. We recommend that we jointly explore the impact of requiring all carriers to include in at least one of their higher deductible plans both maternity and prescription drug coverage, both subject to the deductible.... This option would exclude preventive care services from the deductible to help assure patients seek preventive care services.”*

The carrier submitting this idea notes that it is likely to have a limited impact on the market given that adding benefits will raise costs.

Dependent coverage to age 25

There was no consensus among the responding carriers on the issue of mandating coverage for dependents up to age 25. Some argued that this would be an effective approach to decreasing the number of uninsured in that age range. Others who argued against the mandate raised the following points:

- These dependents are currently eligible for individual products that are often just slightly more expensive.
- Adding costs to employer based coverage is counter to much of the current discussion and desire to constrain cost increases and allow the highest number of small employers to retain coverage.
- Concern was expressed about the tax deductibility of employer contributions for these dependents.
- All carriers currently in the market allow for dependent coverage to age 25 at the employer’s request.



One carrier also noted that, “If this practice is to be mandated, the legislative language should stipulate that coverage must be elected according to current enrollment requirements, for example, at open enrollment periods or specific qualifying events.”

Rate Regulation

In its December 19, 2006 letter, the OIC requested carriers to identify specific changes they would like to propose in the rating statutes, and the impact of the proposed changes on the premium prices. Most of the carriers indicated they would support changes to Washington State’s modified community rating requirements, but the only specific proposed change, with premium impact information was the increase in the maximum age range from 375%, discussed on pages 2 – 4. None of the carriers provided any information regarding the likely impact of the proposed rating changes on the various age groups in the market - i.e., how many more young persons would be likely to seek coverage, and how many older persons would not be able to afford coverage. Such a cost sensitivity study was beyond the scope of analysis that could be accomplished in the time frame provided.

Most of the carriers indicated that they believe the current modified community rating provisions are detrimental to the marketplace and lead to larger annual rate increases, a larger number of uninsured, and contribute to the low number of carriers in the market.

The 1993 NAIC model small group rating law was the most commonly cited example of a preferable approach toward rating and underwriting. The Idaho approach, which is similar, was also referenced as a possible option. These rating models allow for limited variation in rates between small employer groups based on medical underwriting and claim history (plus or minus 25% is typical). These approaches also place limitations on the size of annual rate increases at renewal (e.g. 10% above base trend) and can continue to restrict the allowable rating factors, similar to modified community rating.

Several other rating issues were raised by the respondents, including expanding the allowable variation in age rating, increasing the rating pool flexibility beyond the current 4%, allowing limited rate variation by group size, and adding an industry factor to the set of allowable rating variables. The only pricing estimates that were provided were for the age rating expansion.

Increasing Carrier Participation

In the stakeholder meetings, both groups indicated that greater carrier participation would have a positive impact on the individual and small group markets. The most common suggestions made by carriers in their written comments to increase carrier participation in Washington were:

- Allow limited medical underwriting, as per the 1993 NAIC small group regulation
- Lower the minimum loss ratio requirement to 65%
- Eliminate guarantee issue



Several other recommendations were made by single carrier respondents, including:

- Create a more accommodating rate filing process, including
 - Allowing carriers to market products if not notified of deficiencies after 30 days, while deficiencies could later be identified with corrections required
 - Adopt the same rules for HCSCs and Life and Health carriers
 - Allow more frequent rate filings, for example, as often as necessary for rate decreases and quarterly for rate increases.
 - Permit bracketed forms, which would reduce carrier administrative costs by allowing the submission of master policies.
- Relax limitations on the use of pre-existing condition defenses
- Reduce guarantee renewability requirements to be consistent with HIPAA
- Eliminate state defined product offerings
- Simplify or eliminate the individual health questionnaire
- Allow the application of conditional waivers

Caveats

It should be noted that Milliman's role in this process has been to summarize the input from stakeholders. This report does not represent an independent recommendation by Milliman, as such a recommendation is beyond the scope of this request.

This report is intended for the exclusive use of the Office of the Insurance Commissioner in their report to the Blue Ribbon Commission. Even though Milliman recognizes that the information contained in this report may be shared with third parties, Milliman makes no representations or warranties regarding the contents of this report to third parties. Likewise, third parties are instructed that they are to place no reliance upon this report prepared for the OIC by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this report must rely upon their own experts in drawing conclusions.



Appendix A

Limited Benefit Plan Design Individual Product Pricing Example 3, Page 4

Benefit Design for Limited Health Plan

Features	Limited Health Plan		
	In-Network	Out-of-Network	
Networks	PPO	Par (hold harmless)	Non-Par (balance bill)
Deductibles	Amount yet to be determined		
Coinsurance	Plan pays 80%	Plan pays 50%	
Coinsurance maximum (after deductible the plan pays 100%)	Amount yet to be determined		
Fourth Quarter Carryover	Not covered		
Accidental Injury	Covered up to \$500 per calendar year		
Restoration or Reinstatement of Benefits	Not covered		
Lifetime Maximum	\$2,000,000		
Services	In-Network - Plan Pays	Out-Network - Plan Pays	Comments
Acupuncture	Not covered	Not covered	
Alcoholism	Not covered	Not covered	
Ambulance	80%	50%	
Annual Women's Exam	Covered under preventive care	Covered under preventive care	
Blood and Blood Plasma	Not covered	Not covered	
Breast Reduction	Not covered	Not covered	
Chemical Dependency			
Inpatient services	Not covered	Not covered	
Outpatient services	Not covered	Not covered	
Chemotherapy	80%	50%	
Chiropractic Services	Not covered	Not covered	
Contraceptives			
Oral contraceptive prescription drugs	Covered under prescription	Covered under prescription	
Non-Discount Card Items: Diaphragms, IUDs, injectable contraceptives, and Norplant implants	Not covered	Not covered	
Dental Hospitalization	Not covered	Not covered	
Dental Injury	Not covered	Not covered	
Diabetic Education	Not covered	Not covered	
Diabetic Supplies (blood sugar diagnostic, lancets, swabs, and urine test strips)	Not covered	Not covered	
Durable Medical Equipment	Not covered	Not covered	
Home Health Care	Not covered	Not covered	

Benefit Design for Limited Health Plan

Features	Limited Health Plan		
Services	In-Network - Plan Pays	Out-Network - Plan Pays	Comments
Home Infusion Therapy	Not covered	Not covered	
Home Phototherapy	Not covered	Not covered	
Hospice Care	Not covered	Not covered	
Hospital Care			
Inpatient services	80%	50%	
Emergency room charge	\$100 copay plus deductible & coinsurance	\$100 copay plus deductible & coinsurance	Waived if admitted
Lab/x-ray	80%	50%	
Outpatient services	80%	50%	
Physician Services	80%	50%	
Human Growth Hormone Therapy	Not covered	Not covered	
Immunizations	100%, no deductible	100%, no deductible	
Lab and X-Ray	80%	50%	Limited to \$2,500 per calendar year.
Mammography	\$25 copay, no deductible & coinsurance	\$25 copay, no deductible & coinsurance	Not covered under preventive care.
Maternity Care			Separate \$5,000 deductible.
Physician Services	80%	50%	
Hospital Services	80%	50%	
Mental Health			
Inpatient services	Not covered	Not covered	
Outpatient services	Not covered	Not covered	
Neurodevelopmental Therapy	Not covered	Not covered	
Newborn Care	Covered	Covered	
On-the-Job Coverage	Covered	Covered	
Orthotics	Not covered	Not covered	
Phenylketonuria (PKU) Formulas	80%	50%	
Prosthesis	Not covered	Not covered	
Physician Services			
Office	\$25 copay, no deductible & coinsurance		Limited to 3 visits per calendar year, does not include preventive or wellness.
Procedures in Office	80%	50%	
Eye Exams	Not covered	Not covered	
Hearing Exams	Not covered	Not covered	
Prescription Drugs	\$10 copay for generics only, then 50% coinsurance for non-generics		Limited to \$1,200 per calendar year.
Preventive Care (exam only)	\$25 copay, no deductible & coinsurance		Limited to \$300 per person per calendar year for exam and all lab and x-rays combined.
Preventive Care (Lab and x-rays)	100%, no deductible	100%, no deductible	

Benefit Design for Limited Health Plan

Features	Limited Health Plan		
Services	In-Network - Plan Pays	Out-Network - Plan Pays	Comments
Radiation Therapy	Not covered	Not covered	
Rehabilitation			
Inpatient services	Not covered	Not covered	
Outpatient services			
Speech therapy	Not covered	Not covered	
Occupational therapy	Not covered	Not covered	
Physical therapy	Not covered	Not covered	
Respiratory therapy	Not covered	Not covered	
Renal Dialysis	Not covered	Not covered	
Respite Care	Not covered	Not covered	
Skilled Nursing Facility	Not covered	Not covered	
Temperomandibular Joint (TMJ) Disorders and Orthognathic Conditions	Not covered	Not covered	
Transplants	80%	50%	Limited to \$250,000 per lifetime.
Treatment for Infertility	Not covered	Not covered	
Urgent Care	Covered under office visit	Covered under office visit	
Well-Baby and Well-Child	Covered under preventive care	Covered under preventive care	

Notes:

1. Based on adults aged 18 and over. No restrictions to marital status.
2. Rates based on five-year age bands.
3. No smoker/non-smoker rates.
4. No gender based rates.
5. Any person who purchased this product would be included in a pool separate from other Individual products.
6. All members would have to pass WSHIP criteria.



Appendix B

Child Specific Limited Benefit Plan Design Individual Product Pricing Example 4, Page 4

Benefit Design for Child Only Plan

Features	Child Only Plan		
	In-Network	Out-of-Network	
Networks	PPO	Par (hold harmless)	Non-Par (balance bill)
Deductibles	Amount yet to be determined		
Coinsurance	Plan pays 80%	Plan pays 50%	
Coinsurance maximum (after deductible the plan pays 100%)	Amount yet to be determined		
Fourth Quarter Carryover	Not covered		
Accidental Injury	Covered up to \$500 per calendar year		
Restoration or Reinstatement of Benefits	Not covered		
Lifetime Maximum	\$2,000,000		
Services	In-Network - Plan Pays	Out-Network - Plan Pays	Comments
Acupuncture	Not covered	Not covered	
Alcoholism	Not covered	Not covered	
Ambulance	Not covered	Not covered	
Annual Women's Exam	Covered under preventive care	Covered under preventive care	
Blood and Blood Plasma	Not covered	Not covered	
Breast Reduction	Not covered	Not covered	
Chemical Dependency			
Inpatient services	Not covered	Not covered	
Outpatient services	Not covered	Not covered	
Chemotherapy	Not covered	Not covered	
Chiropractic Services	Not covered	Not covered	
Contraceptives			
Oral contraceptive prescription drugs	Not covered	Not covered	
Non-Discount Card Items: Diaphragms, IUDs, injectable contraceptives, and Norplant implants	Not covered	Not covered	
Dental Hospitalization	Not covered	Not covered	
Dental Injury	Not covered	Not covered	
Diabetic Education	Not covered	Not covered	
Diabetic Supplies (blood sugar diagnostic, lancets, swabs, and urine test strips)	Not covered	Not covered	
Durable Medical Equipment	Not covered	Not covered	
Home Health Care	Not covered	Not covered	

Benefit Design for Child Only Plan

Features	Child Only Plan		
Services	In-Network - Plan Pays	Out-Network - Plan Pays	Comments
Home Infusion Therapy	Not covered	Not covered	
Home Phototherapy	Not covered	Not covered	
Hospice Care	Not covered	Not covered	
Hospital Care			
Inpatient services	80%	50%	
Emergency room charge	\$100 copay plus deductible & coinsurance	\$100 copay plus deductible & coinsurance	Waived if admitted
Lab/x-ray	80%	50%	
Outpatient services	80%	50%	
Physician Services	80%	50%	
Human Growth Hormone Therapy	Not covered	Not covered	
Immunizations	100%, no deductible	100%, no deductible	
Lab and X-Ray	80%	50%	Limited to \$2,500 per calendar year.
Mammography	Not covered	Not covered	
Maternity Care			
Physician Services	Not covered	Not covered	
Hospital Services	Not covered	Not covered	
Mental Health			
Inpatient services	Not covered	Not covered	
Outpatient services	Not covered	Not covered	
Neurodevelopmental Therapy	Not covered	Not covered	
Newborn Care	Covered	Covered	
On-the-Job Coverage	Not covered	Not covered	
Orthotics	Not covered	Not covered	
Phenylketonuria (PKU) Formulas	80%	50%	
Prosthesis	Not covered	Not covered	
Physician Services			
Office	\$25 copay, no deductible & coinsurance		Limited to 3 visits per calendar year, does not include preventive or wellness.
Procedures in Office	80%	50%	
Eye Exams	Not covered	Not covered	
Hearing Exams	Not covered	Not covered	
Prescription Drugs	\$10 copay for generics only, then 50% coinsurance for non-generics		Limited to \$1,200 per calendar year.
Preventive Care (exam only)	\$25 copay, no deductible & coinsurance		Limited to \$300 per person per calendar year for exam and all lab and x-rays combined. Exams could be for schools, camps, etc.
Preventive Care (Lab and x-rays)	100%, no deductible	100%, no deductible	

Benefit Design for Child Only Plan

Features	Child Only Plan		
Services	In-Network - Plan Pays	Out-Network - Plan Pays	Comments
Radiation Therapy	Not covered	Not covered	
Rehabilitation			
Inpatient services	Not covered	Not covered	
Outpatient services			
Speech therapy	Not covered	Not covered	
Occupational therapy	Not covered	Not covered	
Physical therapy	Not covered	Not covered	
Respiratory therapy	Not covered	Not covered	
Renal Dialysis	Not covered	Not covered	
Respite Care	Not covered	Not covered	
Skilled Nursing Facility	Not covered	Not covered	
Temperomandibular Joint (TMJ) Disorders and Orthognathic Conditions	Not covered	Not covered	
Transplants	Not covered	Not covered	
Treatment for Infertility	Not covered	Not covered	
Urgent Care	Covered under office visit	Covered under office visit	
Well-Baby and Well-Child	Covered under preventive care	Covered under preventive care	

Notes:

1. This product is for children ages 0 - 17.
2. Would have just one rate per child.
3. No smoker or non-smoker rates.
4. No gender based rates.
5. Child must pass WSHIP criteria.
6. All children who buy this product would be pooled separately from rest of Individual pools.



Appendix C

Young Adult Specific Limited Benefit Plan Design Individual Product Pricing Example 5, Page 5

Benefit Design for Young Adult Plan

Features	Young Adult Plan		
	In-Network	Out-of-Network	
Networks	PPO	Par (hold harmless)	Non-Par (balance bill)
Deductibles	Amount yet to be determined		
Coinsurance	Plan pays 80%	Plan pays 50%	
Coinsurance maximum (after deductible the plan pays 100%)	Amount yet to be determined		
Fourth Quarter Carryover	Not covered		
Accidental Injury	Covered up to \$500 per calendar year		
Restoration or Reinstatement of Benefits	Not covered		
Lifetime Maximum	\$2,000,000		
Services	In-Network - Plan Pays	Out-Network - Plan Pays	Comments
Acupuncture	Not covered	Not covered	
Alcoholism	Not covered	Not covered	
Ambulance	80%	50%	
Annual Women's Exam	Covered under preventive care	Covered under preventive care	
Blood and Blood Plasma	Not covered	Not covered	
Breast Reduction	Not covered	Not covered	
Chemical Dependency			
Inpatient services	Not covered	Not covered	
Outpatient services	Not covered	Not covered	
Chemotherapy	Not covered	Not covered	
Chiropractic Services	Not covered	Not covered	
Contraceptives			
Oral contraceptive prescription drugs	Covered under prescription	Covered under prescription	
Non-Discount Card Items: Diaphragms, IUDs, injectable contraceptives, and Norplant implants	Not covered	Not covered	
Dental Hospitalization	Not covered	Not covered	
Dental Injury	Not covered	Not covered	
Diabetic Education	Not covered	Not covered	
Diabetic Supplies (blood sugar diagnostic, lancets, swabs, and urine test strips)	Not covered	Not covered	
Durable Medical Equipment	Not covered	Not covered	
Home Health Care	Not covered	Not covered	
Home Infusion Therapy	Not covered	Not covered	

Benefit Design for Young Adult Plan

Features	Young Adult Plan		
Services	In-Network - Plan Pays	Out-Network - Plan Pays	Comments
Home Phototherapy	Not covered	Not covered	
Hospice Care	Not covered	Not covered	
Hospital Care			
Inpatient services	80%	50%	
Emergency room charge	\$100 copay plus deductible & coinsurance	\$100 copay plus deductible & coinsurance	Waived if admitted
Lab/x-ray	80%	50%	
Outpatient services	80%	50%	
Physician Services	80%	50%	
Human Growth Hormone Therapy	Not covered	Not covered	
Immunizations	100%, no deductible	100%, no deductible	
Lab and X-Ray	80%	50%	Limited to \$2,500 per calendar year.
Mammography	80%	50%	Only diagnostic care would be covered. Not covered under preventive care.
Maternity Care			Separate \$5,000 deductible.
Physician Services	80%	50%	
Hospital Services	80%	50%	
Mental Health			
Inpatient services	Not covered	Not covered	
Outpatient services	Not covered	Not covered	
Neurodevelopmental Therapy	Not covered	Not covered	
Newborn Care	Covered	Covered	
On-the-Job Coverage	Not covered	Not covered	
Orthotics	Not covered	Not covered	
Phenylketonuria (PKU) Formulas	80%	50%	
Prosthesis	Not covered	Not covered	
Physician Services			
Office	\$25 copay, no deductible & coinsurance		Limited to 3 visits per calendar year, does not include preventive or wellness.
Procedures in Office	80%	50%	
Eye Exams	Not covered	Not covered	
Hearing Exams	Not covered	Not covered	
Prescription Drugs	\$10 copay for generics only, then 50% coinsurance for non-generics		Limited to \$1,200 per calendar year.

Benefit Design for Young Adult Plan

Features	Young Adult Plan		
Services	In-Network - Plan Pays	Out-Network - Plan Pays	Comments
Preventive Care (exam only)	\$25 copay, no deductible & coinsurance		Limited to \$300 per person per calendar year for exam and all lab and x-rays combined. Mammograms would be excluded from preventive care benefits.
Preventive Care (Lab and x-rays)	100%, no deductible	100%, no deductible	
Radiation Therapy	Not covered	Not covered	
Rehabilitation			
Inpatient services	Not covered	Not covered	
Outpatient services			
Speech therapy	Not covered	Not covered	
Occupational therapy	Not covered	Not covered	
Physical therapy	Not covered	Not covered	
Respiratory therapy	Not covered	Not covered	
Renal Dialysis	Not covered	Not covered	
Respite Care	Not covered	Not covered	
Skilled Nursing Facility	Not covered	Not covered	
Temperomandibular Joint (TMJ) Disorders and Orthognathic Conditions	Not covered	Not covered	
Transplants	80%	50%	Limited to \$250,000 lifetime maximum.
Treatment for Infertility	Not covered	Not covered	
Urgent Care	Covered under office visit	Covered under office visit	
Well-Baby and Well-Child	Covered under preventive care	Covered under preventive care	

Notes:

1. Based on young, unmarried adults ages 18 - 25.
2. One rate per young adult.
3. No smoker/non-smoker rates.
4. No gender based rates.
5. Young adult must pass WSHIP criteria.
6. All young adults who purchase this product would be included in a separate pool from other Individual products.



Appendix D

Plan Description Limited Benefit Plan with Scheduled Benefits



Services	Core Plan	Standard Plan	Enhanced Plan
Deductible	None	None	None
OOP	None	None	None
Lifetime Max	Unlimited	Unlimited	Unlimited
Hospitalization			
Inpatient Facility	Health Discount Program	Health Discount Program	up to \$1,000 INN / \$700 OON per day 30 day maximum
Inpatient Physician	Health Discount Program	Health Discount Program	100% INN / 50% OON \$500 annual max
Doctor Visits			
Office Visits	\$20 copay INN / 50% OON \$450 annual maximum	\$15 copay INN / 50% OON \$450 annual maximum	\$10 copay INN / 50% OON \$450 annual maximum
Outpatient & Surgical			
Outpatient Surgical	Health Discount Program	80% INN / 50% OON \$1,000 annual maximum	80% INN 50% ONN \$2,000 annual maximum
Outpatient Diagnostics	Health Discount Program	100% INN / 50% OON \$300 annual maximum	100% INN / 50% OON \$300 annual maximum
Accident	Within 3 days	Within 3 days	Within 3 days
Accidental Injury	80% INN or ONN \$5,000 annual maximum	80% INN or ONN \$5,000 annual maximum	80% INN or ONN \$5,000 annual maximum
Pharmacy	\$10/\$25/\$60 copay \$250 annual maximum	\$10/\$25/\$60 copay \$300 annual maximum	\$10/\$25/\$60 copay \$350 annual maximum

Additional Features

- 24-Hour NurseLine
- Educational and decision-support tools
- No claim forms from network physicians
- Wellness product discounts (gym memberships, weight loss programs, smoking cessation products)



Health Discount Program

Service Category	Service Category Examples of Service Discounts
General Medicine	Primary and emergency care; pediatrics; laboratory tests, imaging, and screenings; rehabilitative medicine
Hospital	Emergency room and inpatient charges; outpatient surgery centers
Pharmacy	Prescription drugs; vitamins and supplements
Behavioral	Psychology; marriage and family counseling; addiction treatment
Vision	Laser eye surgery, optometry, eyeglasses, and contact lenses
Dental	Checkups and fillings, orthodontics, and cosmetic dentistry
Complementary Medicine	Chiropractic care; acupuncture; massage therapy
Long-Term Care	Nursing facilities; assisted living facilities; home health care; durable medical equipment
Hearing	Hearing tests and devices



Appendix E

Plan and Pricing Examples Limited Benefit Plans with Scheduled Benefits



Limited, Scheduled Benefit Plan - Standard

1 of 4

Doctor's Office Visit, DXL*, and Preventive Care Benefit

\$65 per visit (10 visits PP/PCY¹ maximum)

Major Diagnostic Testing Benefit

\$100 per test (1 test PP/PCY¹ maximum)

Emergency Room Benefit

\$75 per visit (\$150 PP/PCY¹ maximum)

Inpatient Hospital Benefit

\$400 daily hospital / \$800 daily ICU² (30 days PP/PCY¹ maximum)

Surgical Benefit

\$1,000 PP/PCY¹ maximum (Schedule A)

Surgical Anesthesia Benefit

\$200 PP/PCY¹ maximum (Schedule A)

Generic Drug Benefit

\$20 Generic copay; Discount on Name Brand; No PP/PCY¹ maximums

Group Accident Benefit

\$500 PP/PCY¹ maximum

Pharmacy Discount Program

Survivor Benefit

Monthly Premium

Premium \$134.51

Rates are subject to change.

* DXL = Diagnostic X-Ray and Laboratory

¹ PP/PCY = Per Person, Per Calendar Year

² ICU = Intensive Care Unit



Limited Scheduled Benefit Plan - High Option

2 of 4

Doctor's Office Visit, DXL*, and Preventive Care Benefit

\$70 per visit (15 visits PP/PCY¹ maximum)

Major Diagnostic Testing Benefit

\$125 per test (1 test PP/PCY¹ maximum)

Emergency Room Benefit

\$75 per visit (\$150 PP/PCY¹ maximum)

Inpatient Hospital Benefit

\$500 daily hospital / \$1,000 daily ICU² (30 days PP/PCY¹ maximum)

Surgical Benefit

\$1,000 PP/PCY¹ maximum (Schedule A)

Outpatient Surgical Facility Benefit

\$250 per surgery (1 surgery PP/PCY¹ maximum)

Surgical Anesthesia Benefit

\$200 PP/PCY¹ maximum (Schedule A)

Generic Drug Benefit

\$20 Generic copay; Discount on Name Brand; No PP/PCY¹ maximums

Group Accident Benefit

\$1,000 PP/PCY¹ maximum

Vision Benefit

\$50 per exam and either \$100 for glasses or \$75 for contacts

Dental Benefit

\$50/\$200/\$150 per basic/major/orthodontia visits (\$500 PP/PCY¹ maximum)

Employee Life/AD&D Insurance Benefits**

\$5,000 life plus \$5,000 AD&D

Dependent Life Insurance Benefit

Spouse - \$2,500, Child - \$1,250, Infant - \$200

Pharmacy Discount Program

Survivor Benefit

Monthly Premium

Premium \$199.90

* DXL = Diagnostic X-Ray and Laboratory

** AD&D = Accidental Death and Dismemberment

¹ PP/PCY = Per Person, Per Calendar Year

² ICU = Intensive Care Unit



Limited Scheduled Benefit Plan – Low Option

3 of 4

Doctor's Office Visit, DXL*, and Preventive Care Benefit

\$65 per visit (15 visits PP/PCY¹ maximum)

Major Diagnostic Testing Benefit

\$75 per test (1 test PP/PCY¹ maximum)

Emergency Room Benefit

\$50 per visit (\$150 PP/PCY¹ maximum)

Inpatient Hospital Benefit

\$100 daily hospital / \$200 daily ICU² (30 days PP/PCY¹ maximum)

Generic Drug Benefit

\$20 Generic copay; Discount on Name Brand; No PP/PCY¹ maximums

Group Accident Benefit

\$500 PP/PCY¹ maximum

Pharmacy Discount Program

Survivor Benefit

Monthly Premium

Premium \$100.77

* DXL = Diagnostic X-Ray and Laboratory

¹ PP/PCY = Per Person, Per Calendar Year

² ICU = Intensive Care Unit



Limited Scheduled Benefit Plan - Doctor Only Low Option

4 of 4

Doctor's Office Visit, Urgent Care and Outpatient Hospital Benefit

\$50 per visit (\$300 PP/PCY¹ maximum)

Outpatient DXL* Benefit

\$50 per visit (\$300 PP/PCY¹ maximum)

Preventive Care Benefit

\$75 per visit (\$150 PP/PCY¹ maximum)

Generic Drug Benefit

\$20 Generic copay; Discount on Name Brand; No PP/PCY¹ maximums

Pharmacy Discount Program

Survivor Benefit

Monthly Premium

Premium \$49.59

* DXL = Diagnostic X-Ray and Laboratory

¹ PP/PCY = Per Person, Per Calendar Year