



Mission Health & Blue Cross Blue Shield Contract Dispute Effect on the County's Health Plan

Commissioners' Work Session

July 25, 2017



County Health Plan

4176 total lives covered



Buncombe County's Health Plan Design

- We are self-insured
- We pay for all claims
- We contract with BCBS to administer our claims
- We use BCBS's network to determine how much to pay each provider for services



Our relationship with BCBS

- BCBS negotiates a rate with each provider for every service
- BCBS negotiates different rates with different providers for the same service
- Some providers charge less than others for the same service
- Each month the County pays BCBS for all claims plus BCBS's administrative fee per subscriber



How the County Pays Each Claim

If the provider rates increase, so do the County's costs. This will result in:

- The County will paying for the increase;
- The employee paying for the increase by raising premiums, co-payments, deductibles, co-insurance, or out of pocket maximum; or
- A combination of above



Current situation

- Currently, Mission and BCBS are negotiating how much each service provided by Mission is going to cost.
- Both sides agree the rates will increase but the issue is by what percentage



Amount Paid to Mission for Services

Percentage of County claim dollars going to Mission Health (includes facilities and doctors):

| | |
|------|-------|
| 2015 | 48.1% |
| 2016 | 45.8% |
| 2017 | 50.1% |



The County and/or the County employees will be responsible for paying for any increase going to Mission Health



On the flip side, BCBS can charge the County more in administrative fees



In-Network Transaction

- Currently, BCBS pays the in-network provider directly.
- BCBS and the provider have an agreement as to the amount for each service.
- The Employee is responsible for paying to the provider any co-pay, deductible or co-insurance up to the out of pocket limit
- The County is responsible for paying the allowed amount minus any deductibles, co-pays and co-insurance. The County pays BCBS and not the provider.
- Outside of the deductible, co-pay and co-insurance amount, the employee is not billed any additional amounts for in-network services.
- The employee has a maximum liability he or she will pay for every service and a maximum amount the employee will pay for the plan year



In-Network Transaction - Example

BCBS Negotiated Rate for Service - \$5000

Employee Max Out of Pocket - **\$750** (rate different based on plan)

BCBS pays Provider directly - \$4250

Remaining Employee Liability - \$0

County charged by BCBS - \$4250



Out-of-Network

- The employee is responsible for 100% of the provider bill.
- The employee will be responsible for paying out-of-network:
 - Deductible,
 - Co-insurance, and
 - Co-pay. (This charge is separate from in-network.)
- The employee and/or provider will file the claim with BCBS.
- BCBS will reimburse the employee directly.
- BCBS will reimburse the allowed amount for the service less any deductibles.
- The employee is responsible for paying the provider



Out of Network Transaction - Example

- Provider cost for Service - \$10,000
- Employee Out of Network Liability - \$1500 (depends on plan)
- BCBS allow amount for Service - \$5000
- BCBS reimbursement to Employee - \$3500
- Remaining Employee Liability/responsibility) - \$5000

Total Amount owed by Employee - \$6500

Amount charged to County by BCBS - \$3500



Out of Network Issues

- If Mission and its doctors become out of network, the County Employee will be responsible for the bill
- BCBS will only reimburse the allowed amount, less the deductible and co-insurance.
- BCBS will reimburse the employee directly and it will be up to the employee to pay the bill
- The employee will be responsible for any difference



Out of Network Issues

- Not only will the employee be responsible for the additional out of network expenses in the plan, the employee will be responsible for the remainder of the provider bill.
- In some cases, there is a significant difference in the Provider Cost and the BCBS Allowed Amount.

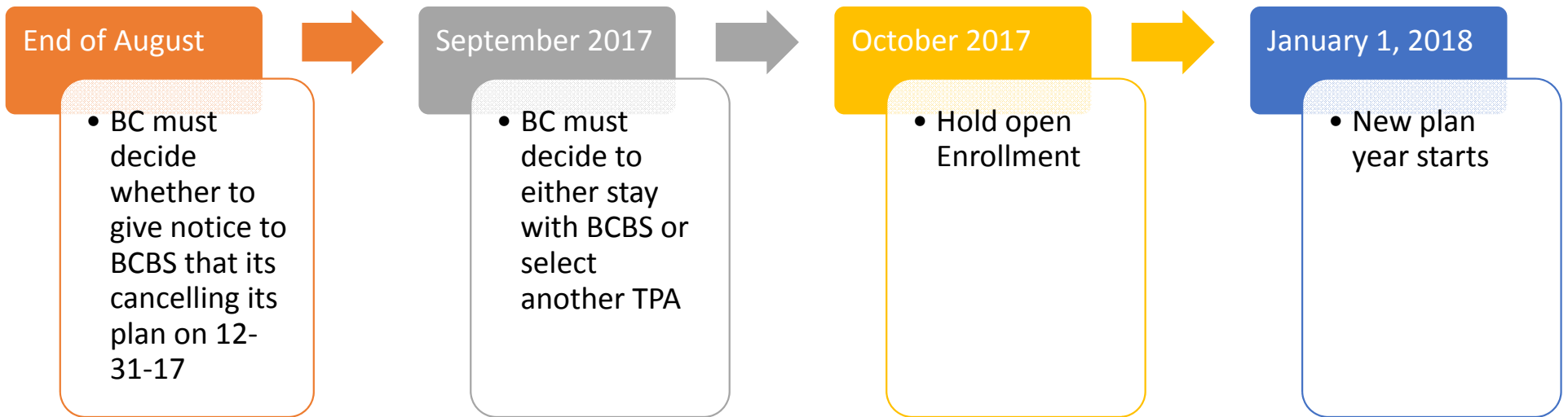


What actions are we taking?

- Communicating with our employees as to the developments with the Mission/BCBS issue
- Meeting with our BCBS representatives and Mission to develop a plan for the County employees if BCBS and Mission cannot reach a deal.
- Looking at other providers to be the County's TPA with Mission being in-network in the plan starting January 2018
- Working with our BCBS representatives developing a tentative plan for 2018



Timeline Moving Forward





Questions?



Community Safety Net



Affordable Care Act - Update

- 21,532 Enrolled with BCBS
- 19,348 received average of \$564/month subsidy
- Percentage of uninsured dropped from 19% to 11% (2013-2016)
- 8,500 uninsured <133% of Federal Poverty Level (Medicaid Expansion)



Safety Net Potential Impact

- BCBS only ACA provider in WNC
- BCBS has tentatively committed to ACA for another year
- Final decision by August 6, 2017
- Medicaid recipients not impacted (43,148)
- Health Choice recipients not impacted (2,723)
- Federally Qualified Health Centers patients not impacted (~19,000)
- FQHCs will see # of uninsured increase if no ACA provider