

TPletzke

From: WWhite
Sent: Wednesday, June 13, 2012 2:58 PM
To: TPletzke
Cc: MCecchini; RBelleman
Subject: Michigan Employee Health Insurance Pool

Importance: High

Tom,

In regard to your question concerning health insurance pooling, I've attached a link to the MieHIP overview document. This is a nice informational tool on pooling and there are over 45 current public employers with over 10,000 individual participants in the pool.

<http://www.miehip.com/downloads/MiEHIP-Employer-Brochure.pdf>

One thing we need to keep in mind is that we are currently **locked into BCBS until January 2015**. Therefore, if the thought was to move away from the blues we would **need to make this a future plan**.

Certainly we can request additional information and/or possible presentations. MieHIP is located in Brighton, Michigan. Phone is 800-360-3005.

If you have any questions, please let me know.

Thanks!

Wendy

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Wendy R. White, MSA, PHR
Director of Human Resources
City of Bay City
Phone: 989.894.8245
Fax: 989.894.1070
E-mail: wwhite@baycitymi.org



Michigan Public Employers
collectively serving each other
with transparent and affordable
healthcare solutions
that make sense for
today's public employees.

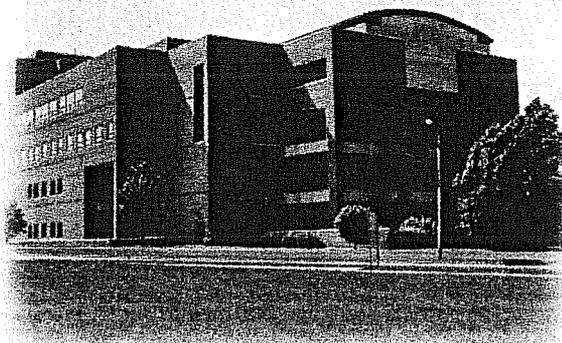
www.miehip.com

HISTORY OF POOLING

HISTORY OF PUBLIC EMPLOYER POOLING INITIATIVES:

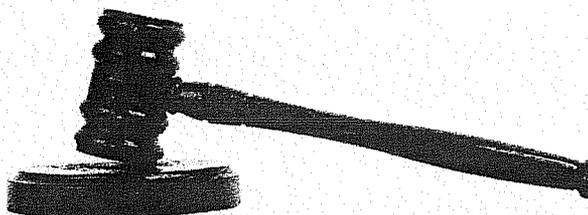
With the continued cost increase of healthcare, public employers have searched for better ways to deliver healthcare, such as:

- MEWAs
- VEBAs
- Trust Account Wrap Plans
- HRA Secondary Funding Plans



Ultimately, these plans have been built around an insurance company plan design that still does not give the employer the flexibility, transparency, and control they need to effectively manage and control their healthcare destiny.

SOLUTION: MICHIGAN PUBLIC ACT 106 ENACTED IN 2007



Observing the need for a public employer solution, several key Michigan Senators picked up the initiative to allow public employers to pool their healthcare dollars to purchase insurance and pay for claims directly from a cost effective employer-owned Pool.

Michigan Public Act 106 was enacted to 1) require public employers to bid health benefits every three years and 2) allow public employer to form their own health insurance pool. Referred to as a "Public Employee Pooled Plan" (PEPP), the new PEPP legislative language included all of the learned safeguards to protect each participating public employer and still allow the flexibility to have a solution that removes several cost centers and layered servicing components that define the majority of yesterday's typical healthcare solutions.

Michigan Employee
Health Insurance Pool

MCHIP

HISTORY OF POOLING

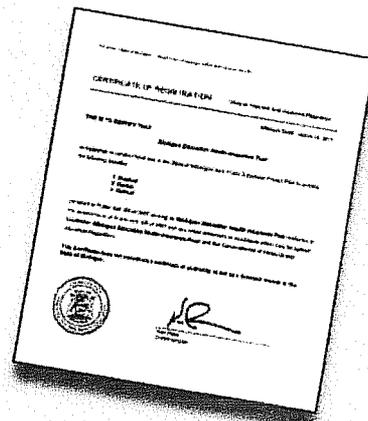
HISTORY OF MiEHIP:

Several districts in the Bay, Thumb, and Eastern Michigan areas saw the need to band together to initiate the new PA106 pooling opportunity. A few specific K-12 superintendents banded together with their insurance consultant, Oak Pointe Group, to develop and launch a new pool. After several rounds of development, it was unilaterally agreed that the Pool needed to embody all of Michigan so every public employer had the opportunity to participate in this transparent initiative.



LAUNCH OF MiEHIP:

Though many public employers desired initial participation during the lengthy development process, the Pool's application with the State of Michigan had to be solidified with the necessary critical mass to start the process without altering the 6 month pool application process to allow for additional members. As a result, The Michigan "Education" Health Insurance Pool was licensed and launched in May of 2011 initially with 9 school districts from both peninsulas of Michigan and only 300 participants. This paved the way for membership growth and expanded public employer development.



MiEHIP AS OF JANUARY 2012:

In just 8 short months, MiEHIP grew to over 45 public employers statewide with several thousand members and over 10,000 individual participants. Public libraries, county intermediaries, k-12 districts, and other public servicing agencies are members of MiEHIP. With this foundation, MiEHIP has now changed its name to "Michigan Employee Health Insurance Pool" to allow for the first statewide and first full public employer initiative in the State of Michigan.



OBJECTIVE & BENEFITS

OBJECTIVE OF MiEHIP:

“The overall goal and objective of MiEHIP is the efficient delivery of healthcare solutions that are flexible and cost effective for Michigan’s public employers while maintaining comprehensive and familiar benefit plans and providers for Michigan’s public employees.”

BENEFITS AND ASSURANCES FOR THE PUBLIC EMPLOYEE

Current Plan Design Replication: With the collective bargaining process, it is extremely important to offer benefit plan options that are consistent with the employees’ currently negotiated plan design as well as offer multiple options for employees to choose from. MiEHIP not only has the ability to replicate medical and pharmaceutical benefit designs, we state the replication guarantee in a letter to the public employer and employee at the point of implementation.

Current Network Replication: Employees work hard to develop and sustain relationships with trusted medical providers. The last thing an employee wants to hear is they can no longer use the same medical provider. MiEHIP uses the Cofinity network of providers. This network is just as strong as the other leading network(s) in the State of Michigan and is even stronger in certain classes of providers.

Single Card & Payer Solution: In the past 10 years, several benefit providers have surfaced that combine multiple payers, cards, and debit card solutions. These approaches to coverage quickly confuse employees and create a burden when trying to organize how to pay claims. MiEHIP offers a single card for all medical and pharmaceutical needs within and outside the State of Michigan. There is no layering of payers or hoops the employee has to manage to get claims paid properly.

Defined Contribution Plans & Multi-Plan Options: With more public sector employee groups looking into defined contribution plans, MiEHIP has the ability to construct plan designs that are tailored to specific employer funding as well as multi-plan option offerings.



OBJECTIVE & BENEFITS

BENEFITS FOR THE PUBLIC EMPLOYER

Benefit Plan Flexibility:

MiEHIP has the capability to create or replicate a plan design that makes sense for your employees. MiEHIP is not an HRA or a dual funded plan that is built on top of an insurance company's plan design. Each plan design is built and priced from scratch to meet the demands of the employee and employer's negotiated plan design. As a result, MiEHIP has the flexibility to offer multiple plan designs within an employee group and change plan designs without changing service providers.

Ownership & Control:

MiEHIP is a trust that is owned by Michigan's public employers. Each employer has a stake in, and control of the overall operations and direction of the Pool.

As a result, the Pool can adapt quickly to the needs of Michigan's public employers and is managed by trustees from each participating employer.

Financial Transparency & Reserve Tracking:

Public employers are no longer sending insurance premiums off to a carrier to pay their claims. With MiEHIP, each employer's funding stays in the Pool collectively and is tracked individually within the Pool upon behalf of the employer. Further, all Pool expenses are categorized on detailed financial statements for review and tracking.

Cost Avoidance & Containment:

Unlike insurance companies, no premium funding or reserves are taken as profit. The Pool is a not-for-profit entity so the Pool's members can benefit from its streamlined operations and expense controls. Furthermore, MiEHIP does not spend capital on public advertising, sponsorships, and avoids other costs associated with current administrative practices of insurance companies or dual funded plans.



SERVICE PROVIDERS

EMPLOYEE SERVICE PROVIDERS

NGS CORESOURCE *A Trustmark Company*

NGS CoreSource is a professional third party administrator dedicated to partnering with MiEHIP to create the benefit delivery system that best suits the Pool's needs. A philosophy of transparency, choice, and flexibility in services delivery allows NGS to offer client ownership of data, comprehensive care management programs, robust web based systems, dedicated claims and customer service professionals, and full member support services a member has come to expect from a claims payer.

CVS CAREMARK

CVS Caremark is one of the largest pharmacy benefit managers (PBMs) in the country. With more than 89 million plan members and more than 1 billion prescriptions filled or managed annually, CVS Caremark prides itself on being a respected PBM among retail pharmaceutical providers. Through the successful relationship the company has established with NGS CoreSource, CVS Caremark combines flexible plan design options and deep discounts to benefit Michigan employers."

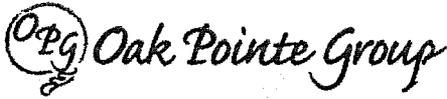
Cofinity™

Cofinity® network is one of the largest preferred provider organizations (PPOs) in the State of Michigan. Cofinity® offers access to thousands of doctors and medical suppliers to provide a competitive discount network for the Pool. The Cofinity® network is widely used by several of Michigan's insurance companies and self-funded benefit plans.



SERVICE PROVIDERS

EMPLOYER & POOL SERVICE PROVIDERS



Oak Pointe Group (OPG) serves as MiEHIP's consultant manager and facilitates the implementation process. OPG was asked by the 9 original Pool members to orchestrate the formation of the Pool and actively manage its service components. Widely respected in the K-12 school market, OPG is known for significant educational association interaction and presentations and has direct client relationships with over 100 public employers all over the State of Michigan.



The Miller Johnson benefits legal team was instrumental in establishing MiEHIP. Specifically Mary Bauman, Attorney at Law, had several years of experience in establishing multiple employer benefit welfare associations and has written several legal opinions for MiEHIP in answering several of the initial questions of public employers and their respective labor groups.



Milliman is among the world's largest independent actuarial and consulting firms. Working closely with several Michigan and national insurance carriers and associations, Milliman has a deep understanding of establishing premium funding rates for medical plans. Milliman strategically worked with MiEHIP to establish a rating tool that develops premium rates for plan designs specific to public employers in the State of Michigan.



FIFTH THIRD BANK

Fifth Third Bank supplies MiEHIP with its banking, trust, and lending services. Fifth Third Bank holds the Pool's Letter of Credit required by Michigan Public Act 106.



BENEFIT SOLUTIONS

BENEFIT SOLUTIONS:

Comprehensive Quoting:

Today's public employer bidding criteria requires more than just a "quote". MiEHIP plan options are designed to specifically accomplish four objectives:

1. Replicate Current plan designs
2. Offer several other options for comparison
3. Defined Contribution plan designs
4. Multi-Plan menu option quotes

Funding Options:

With tight controls on public employer budgeting criteria, sometimes it makes sense to coincide the plan rate renewal with the employer's budgetary calendar year. As a result, MiEHIP will always offer a "short" or "long" plan year funding rate to allow for either a 12 month rate quote or a partial rate quote to renew the plan with the fiscal year of operation.

Public Act 152: Employee/Employer 80/20% Cost Sharing or Hard Caps:

Public employers will eventually be required to share the cost of healthcare through a percentage share or through limited "hard cap" funding. As a result, MiEHIP quotes are accompanied by a detailed spreadsheet identifying the implication to employee groups and the employer concerning cost sharing. In some cases, public employers want to see additional benefit plan options that costs less than the current "hard cap" for comparison.

Ancillary Benefit Needs:

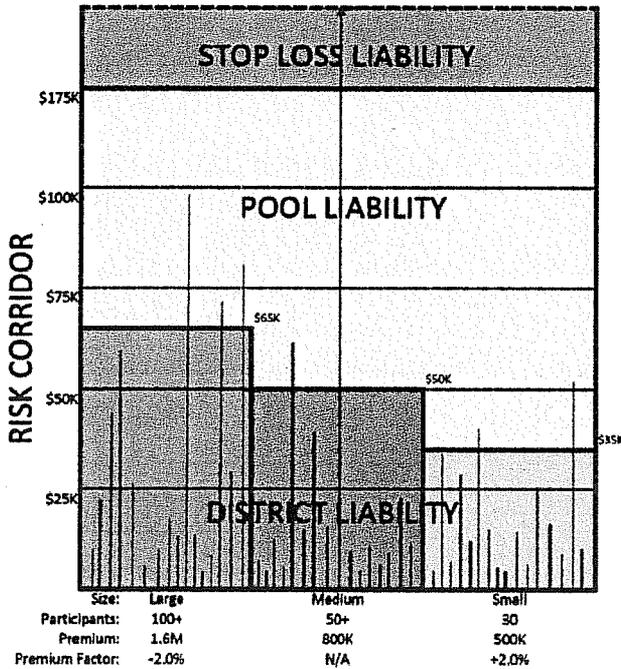
Most public employers offer comprehensive benefit plans to include dental, vision, disability, and life insurances. MiEHIP personnel are able to competitively quote ancillary benefits alongside MiEHIP quotes to give each public employer and their respective employee groups a comprehensive comparison with other trusted benefit providers to properly round out comparable benefit plans.

The image shows two overlapping spreadsheets. The top spreadsheet is titled "MiEHIP Sample Funding Proposal" and "Public Employer Option 1". It contains a table with columns for "Plan Design", "Monthly Rate", "Total Monthly", "Total 6 Month", and "% Change". The table lists various plan options like "Current", "Short Year", and "Long Year" with their respective rates and changes. The bottom spreadsheet is titled "MiEHIP Sample Funding Proposal" and "Public Employer Option 1" as well, but it's a "Contribution Analysis" spreadsheet. It has multiple columns for "Employee Group", "Monthly", "Employer", "Employee", "Total", and "Hard Cap". It provides a detailed breakdown of costs for different employee groups.



VISUAL AIDS

RISK CORRIDOR:

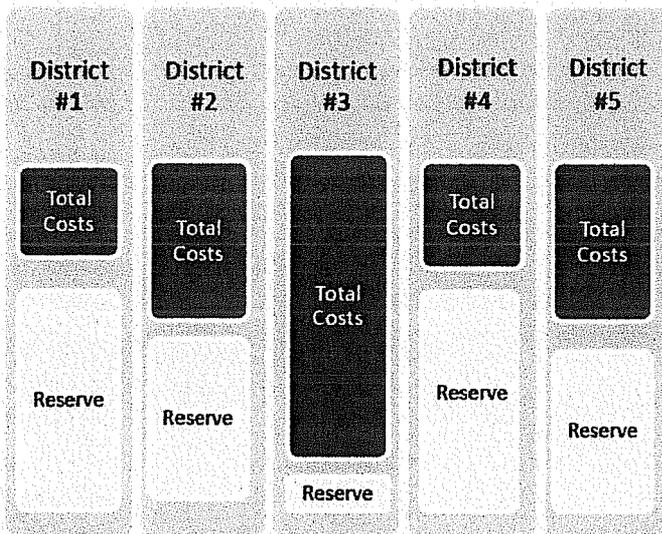


TYPICAL COSTING BREAKDOWN:

<ul style="list-style-type: none"> Claims (Adjudicated) <ul style="list-style-type: none"> Plan Design Segment Demographics Network Discounts 	85 – 90%	90 – 95%
<ul style="list-style-type: none"> Claims (Stop Loss Insurance) <ul style="list-style-type: none"> Specific Loss Aggregate Loss 	5 – 8%	
<ul style="list-style-type: none"> Third Party Administrator <ul style="list-style-type: none"> Comprehensive TPA Services Case Management / 24 Hr Nurse Pharmacy Component Network Access 	3 – 4%	
<ul style="list-style-type: none"> Other Pool Components <ul style="list-style-type: none"> Accounting & Financials Financing & Trustee Services Oversight Components <ul style="list-style-type: none"> Actuarial Auditory QFIR Oversight 	1.5 – 2%	

COMBINED ADVANTAGES:

Participating Districts within Pool



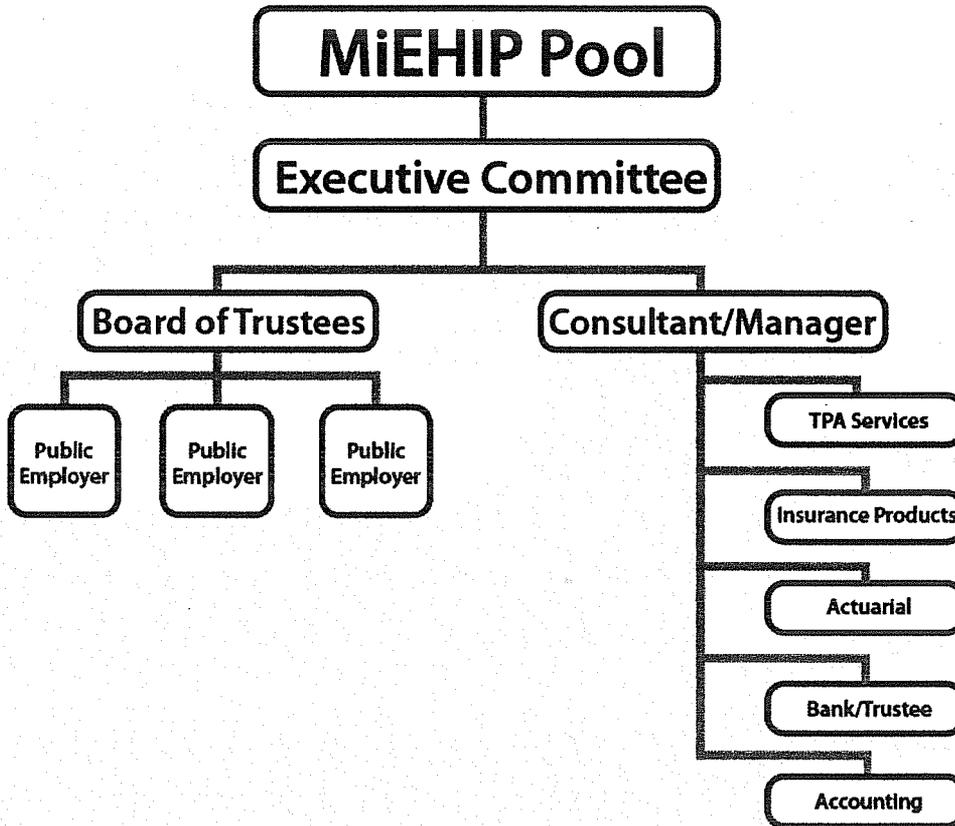
Combined Pool

Combined Advantages:

- Stable Funding Payments
- Reduced Risk
- District Ownership
- More "Sleep at Night"
- Control of Moving Parts
- Savings Opportunity
- Return on Investment
- Individual District Asset Tracking

LEADERSHIP TEAM & TESTIMONIES

MiEHIP LEADERSHIP TEAM



RECENT REUTERS® NEWS ARTICLE

Reuters® recently produced an article addressing the need for public employers to continue to find healthcare solutions. In an article dated November 8, 2011, Reuters® states, "Public employers can find savings on healthcare costs and still deliver high-quality benefits, according to a study released Tuesday."

"Another area in which governments could save is cooperative purchasing of healthcare, even though most use such arrangements for purchasing other goods. Only about a third of governments use cooperative purchasing for healthcare, but of those that do, most recommend it enthusiastically. This suggests untapped potential, the survey said."

"These arrangements can include pooling purchasing power or negotiating with vendors and can knock 5 percent to 20 percent off governments' healthcare costs, the survey found."



LEADERSHIP Team & TESTIMONIES

EXECUTIVE COMMITTEE

Robert Colby, Chairperson



Bob Colby is the Superintendent of Lewis Cass Intermediate School District. With 33 years working in the field of education, Bob has had classroom, principal, local superintendent, and intermediate superintendent experience. Just as important, Bob has desired for years to see public employers come together to address collective opportunities, such as a healthcare option.

"A state-wide self insured pool, owned and operated by the member agencies, is the future of providing employee benefits. It is the surest way to get control of one of our largest expenditures, employee healthcare."

Michael Wallace, Vice Chairperson



Mike Wallace is the Superintendent of St. Charles Community Schools. With 27 years working in the field of education and 7 years as a superintendent, Mike was recently selected as the MASA Region IV Superintendent of the Year. Mike has worked diligently to bring quality healthcare options to his employee segments and has desired to see his locals come together to form a healthcare pool.

"Our District wants and enjoys the ability to manage our own insurance program under the MiEHIP umbrella. This allows us to be able to serve our employees with quality insurance coverage while managing costs and affordability for both the District and our employees required contributions. I encourage anyone to contact our District's union representatives to get their thoughts about how happy our employees are with their MiEHIP insurance coverages."

Charles Schwedler, Secretary



Charlie Schwedler is the Superintendent of Bullock Creek Community Schools. With 24 years in public service, Charlie won the 2007 MASSP Michigan Principal of the Year. As one of the initial member districts to join, Charlie immediately saw the opportunity the MiEHIP Pool created for his public employees.

"My desire to help lead the MiEHIP organization is based on my belief that people who dedicate their lives to the service of others, especially service to children, deserve a benefit package that allows them to be worry free when it comes to healthcare. Rising costs have obviously created an increasing challenge to this belief; enter MiEHIP. MiEHIP offers a fantastic, affordable healthcare option for those who serve others."

Jacob Sullivan, Treasurer



Jacob Sullivan is serving as the Business Manager of Farwell Area Schools. With 11 years of school finance experience, Jacob has been the pioneer and voice of MiEHIP in Central/Northern Michigan among business officials and his own school leadership teams.

"It is exciting to be part of the leadership of an organization that offers ways to provide excellent healthcare benefits at affordable costs. MiEHIP is a great way to allow employers and employees to take control of healthcare benefits and costs for their entity."

EXECUTIVE DIRECTOR

Clark Galloway, Executive Director



Clark Galloway planted his educational roots in 2005, working to develop intermediate-based collaborative solutions for constituent public school districts. After assisting with the launch of an ISD based contracting solution, Clark turned his attention to the recently established legislation to allow for public employers to form a health insurance pool. Clark joined forces with Oak Pointe Group (OPG) in 2009-10 specifically to establish a statewide health insurance initiative. Combining the deep relationship OPG has with school districts and the assistance from existing ISD, school district, and legislative relationships, the OPG team assisted the initial settler districts in forming the MiEHIP pool.

"There has not been a better time and environment in the State of Michigan public employer sector to allow for the entrance of the MiEHIP pool. MiEHIP specifically addresses our current public employer need to directly fill the void of cost-effective healthcare solutions that continues to meet the needs of public employees, yet deliver value and ownership for the public employer."

Michigan Employee
Health Insurance Pool

MiEHIP



Representing
Over
13,000
Covered
Individuals

NCS
HUMAN RESOURCE

*AS OF 1/1/12

810-360-3005 • Fax: 810-225-3441
P.O. Box 1669, Brighton, Michigan 48116

www.miehip.com