

Hope College Medical & Rx Insurance Plan Update

Last year I shared with you how we incur our health insurance cost, along with how we determine what to change and how much to charge. If you didn't have the opportunity to read this last year, you can still access (see 2017 Archived Letter on Open Enrollment Site).

This year we would like to update you on what is trending in regards to the increasing costs of expenses.

Our most pressing issue

Hope College is no different than any other employer in facing a new and growing concern for our prescription drugs (Rx) costs, specifically the costs of specialty drugs. Specialty drugs are often new drugs, very expensive, and can be rather controversial as to whether or not plans should cover them. Just this year a new drug entered the market that costs over \$700,000 per year. Our Hope College costs for prescription drugs (Rx) were around \$2 million dollars per year, and are growing. For this year our trend is that specialty drugs make up 56% of this.

As a reminder, because we are a self-funded plan, when an employee or family member fills an Rx, you pay a co-pay and the College pays the rest. So if your drug is \$500 a month, you might be paying \$40 for the Rx but Hope College pays the other \$460. If your drug is \$30,000 a month, Hope College is paying the other \$29,960 per month. It is not uncommon for an unbranded specialty drug to cost \$30,000-\$50,000 per month. While Hope College actually has to cut the check to pay this amount, it is actually all of us, as members, who ultimately have to pay a part. How is this? Because the actual costs of prescription drugs (Rx) get put into the formula for determining our premiums and benefit changes. Remember this formula from last year?

Medical Claims + **Rx Claims** + Stop Loss coverage + Admin Fees + Taxes + broker fees – Employee amounts = College costs of health care

This year alone, our total drug costs will be at least ½ million dollars more than we anticipated. The dilemma lies in that the individuals needing these drugs often need them for life continuation with little or no options for other alternative drugs. So what does a group health plan do to help control these costs?

Currently we continue to meet with CVS and our broker to examine all options, look at employer trends for new ideas, and continue to hope that Washington D.C. will act on these costs. There is however one thing that every member of the plan can do and this is where we are reaching out to you this year.

Cost Tools for Comparison Shopping

Over the next couple of weeks you will have the opportunity to learn how utilization of cost tools provided by both Blue Cross Blue Shield and CVS/Caremark can save money. Both of these tools allow you to comparison shop medical services, along with drug prices (what you and the College both pay).

By utilizing these tools, we can offset some of the costs of specialty drugs by lowering our other costs. For example, if you are diabetic and have monthly Rx's, where you buy your insulin can sometimes be a cost difference of hundreds of dollars to the plan. Did you know that an MRI at Holland Hospital for our plan is much less expensive than at Zeeland Hospital? Learning how to shop both your drugs and medical services can save you out of pocket costs and the College plan additional dollars.

Expect to hear more about this in the coming year and if you are able, join us for one of our upcoming meetings!

Lori Mulder, Director of Human Resources