NIS
National Insurance Services

NIS Guide

The Ultimate HITA Survival Guide

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The Basics

- According to Minnesota's Health Insurance Transparency and Accountability Law (HITA), school districts that purchase health insurance coverage for 25+ employees must request proposals and select a carrier who is best qualified.
- Districts must make requests for proposals at least 150 days before their contract expires but not more than once every 24 months.
- Fully-insured school districts must request at least three health insurance proposals from insurance companies, service cooperatives, and Public Employers Insurance Plan (PEIP).
  - » One Request for Proposal must be provided to PEIP.
  - » PEIP must respond with a proposal within 60 days of your request.
- Districts must place a public notice of the Request for Proposals in a newspaper or trade journal at least 21 days before the final proposal submittal date.
- Request for proposals must be in writing and include: coverage to be provided, criteria for how proposals will be evaluated, and aggregate claims data.
- Initial and final proposals must be sealed and opened in the presence of district and employee representatives.
  - » Initial proposals must be opened at least 90 days prior to the end of the contract (renewal date).
  - » Final proposals must be opened at least 75 days prior to the end of the contract (renewal date).

The Basics, *continued*

- Carriers can submit a final proposal by the final proposal submittal date.
- Claims data/records must be provided by the in-force insurance carrier. The deadlines are as follows:
  - » PEIP must provide claims data within 60 days of request.
  - » All other health insurance carriers must provide it within 30 days.
  - » All entities must provide districts with their non-identifiable claims records for the most current 24 months.
- Once final proposals are opened, all proposals (final and initial) become public record.
- 15 days after proposals have become public, districts can make their final decision.
- If the district decides to enter into a contract with a carrier, written rationale is needed for the school board's decision.
- School districts cannot enter into contracts longer than two years unless the representative of the largest group of employees and the district agree to a longer-term contract.
- If the school receives an insurance premium refund, schools must negotiate with the exclusive representative of the employees regarding the amount attributable to the proportionate number of insured lives covered by that exclusive representative. If no agreement can be reached within 150 days, the refund can be spent on premium payments for any employees not covered by an agreement until the amount is depleted.

Other Notable HITA Items

- Board members or district employees cannot receive compensation or benefits based on incentives from an insurance carrier, except for refunds from a health or wellness plan.
- Carriers must give notice of any rate or plan design changes at least 90 days before the effective date of the change. Employees must be notified of any change.
- School superintendents, principals, district officers, and school board members are not allowed to accept gifts.

Self-Insured Groups

- The HITA rules for self-insured groups are different than fully-funded groups.
- School districts are not considered self-insured due to participation in a joint powers arrangement.
- Self-insured groups must make Request for Proposals to three different Third Party Administrators (TPAs). A PEIP bid not required.
- Requests for Proposals must be made 90 days before the contract ends (renewal date).
- TPAs should submit proposals at least 60 days before the contract ends (renewal date).

Task List

01 Establish Your HITA Timeline

Use the handy timeline countdown sheet on pages 4 and 5 to create your district's schedule.

PRO TIP #1

HITA provides maximum allowable timelines. Consider practical date limits for certain tasks (Example: Allowing one week to receive proposals before bid opening). Specify these dates in your RFP.

02 Request For Information (RFI)

Request claim data for the past 24 months from your current health insurance carrier.

PRO TIP #2

HITA only requires you to request claim data, but requesting more information will help you receive viable proposals (all the following are applicable or in effect during the claims data period):

1. List of all high claim claimants (excess of $50,000)
2. Census data
3. Current rates and premium information
4. Summary plan descriptions of current health plans

03 Send Your Request For Proposal (RFP) To Insurance Carriers

- Coverage to be provided
- Aggregate claims records for the appropriate period
- Selection criteria of how you'll evaluate submitted proposals

04 Evaluate Proposals

Use your selection criteria to evaluate all submitted proposals. They can submit a best and final proposal. Then, select your winning bid. For more information, see page 6.

Timeline

Renewal Date:

Enter your renewal date here. This is the date your health insurance contract expires.

180 days prior to renewal

Request Claims Data By: (enter date here)

- Request claims data from your health insurance carrier for the past 24 months.
- Carriers must complete this request within 30 days.

150 days prior to renewal

Send Requests for Proposals (RFP) By: (enter date here)

- Request health insurance proposals directly from insurance carriers, PEIP, and service cooperatives (also referred to as entities) at least 150 days prior to renewal but not more than once every 24 months.
- The RFP must include the selection criteria (proposal requirements) you will use to determine the winner (in writing).
- The proposals must be sealed in an envelope.
- All entities will have the opportunity to provide a best and final proposal after their initial proposal.

118 days prior to renewal

Place a Public Notice By: (enter date here)

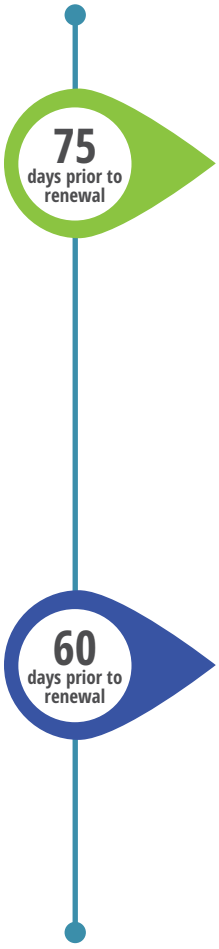
- Place a public notice in a newspaper or trade journal stating that your organization is requesting group health insurance proposals. Include submittal information (submission deadline, where to send proposals to, etc.)
- The notice must appear in the publication at least 21 days before the submission deadline.
- Note: When selecting a deadline, make sure to allow one week for proposal delivery.

90 days prior to renewal

Open Initial Proposals By: (enter date here)

- Open initial sealed proposals in the presence of district representatives and up to three exclusive representatives of the largest union.
- Using your written criteria for evaluation, make benefit and cost comparisons between all initial proposals received.
- All proposal information is kept confidential (except for the names of the bidders).
- Note that initial proposals are due one week prior to the proposal opening date. This allows time for proposals to be delivered before the deadline.

Timeline, *continued*



Open Final Proposals By: (enter date here)

- Open the sealed, final proposals in the presence of district representatives and up to three exclusive representatives of the largest union.
- Using your written criteria for evaluation, make benefit and cost comparisons between all final proposals received.
- Note that final proposals are due one week prior to the proposal opening date. This allows time for proposals to be delivered before the deadline.
- All opened proposals (initial and final) and any other data included are considered public data.

Make a Decision By: (enter date here)

- The earliest you can make a final decision is 15 days after receiving the final proposals.
- Prepare a written rational for your final decision in writing and retain for your records.
- Notify the 'winning' carrier.

Negotiation

Negotiating With Carriers and Making Your Decision

In today's health insurance environment, cost management is not achieved simply by price shopping. In other words, the HITA bid law will not fix all your health insurance woes. Cost management is achieved by adjusting your plan to provide maximum coverage without causing major impact to premiums, co-insurance, and deductibles. And for school districts, this task is complicated by the confines of bargained contract language.

Bargained districts can't make sweeping changes to their health plan any time they choose. But by having a strategic plan and establishing goals, districts can make small, strategic changes over time. This can have a dramatic effect on stabilizing premiums while delivering the plans employees appreciate.

Here Are a Few Questions to Ask Yourself As You Prepare for Negotiations:

1. Do you know what your premium should be based on your claim history?
2. Is your current carrier using accurate underwriting methods to determine your premium?
3. Do you know your cost drivers? What programs do the incumbent and competitive carriers have that will address those cost drivers?
4. What are you being charged for administrative costs and are they being correctly projected?
5. What changes can be made to the network to reduce costs?
6. Do the carriers have a good claim-paying history? What about customer service? Are you getting the analytics, service, support, and advice from your carrier, broker, or consultant, that you need to manage something so significant and costly?
7. Is your organization suited to a self-funded plan instead of a fully-insured plan? How risky would self-funding be based on your claims history and projected claims?

Let's Look at Each One of the Questions in More Detail:

Know How Much Your Premiums *Should* Be

It used to be that when you went to a car dealership, you had no idea how much the dealer paid for that car, so you had no basis for negotiating. You were in a one-down position. Today, that information is readily available, and consumers are in a better position to negotiate.

The same is true of health insurance. Based on your past claim history and current trend, it is now possible to calculate where your premiums should be. This calculation can be run by a qualified health insurance consultant on your behalf. You don't need to hire an expensive actuary to do this work, as there is now software that consultants use that is actuarially sound.

Negotiation, *continued*

Understanding Underwriting Accuracy

Look at the underwriting accuracy of your current and potential carriers or ask an experienced consultant to do this. The underwriting process is largely a projection of future costs based on past claims costs, market trends, administrative fees, taxes, reserve assessments, and any other associated costs from the insurance company. It is important to understand what these specific costs are. Insurance companies often use a multitude of formulas to generate these costs. Employers should verify that the formula has been applied correctly and compare past formula projections to actual costs.

Appropriate Administration Fees Based on Claims

Are your administration fees in line with your claims? Your carrier sets up administrative costs based upon your projected claims. As claims go up, your administration fee goes up. When claims go down, your administration fee most likely does not. You might have some room to negotiate if claims have decreased.

Identify Your Cost Drivers

Many consultants and groups just barely skim the surface of cost drivers. A standard look involves seeing how certain types of care affect the overall cost. But a deep dive into those analytics will reveal the causes. Is preventative care increasing because of your wellness plan? Are retirees on your plan causing high utilization?

Educated Purchasing

Once you understand your cost drivers, ask the carrier what programs they have that will address those cost drivers. It may be nice that they provide a disease management program, but do you really need one? Perhaps pharmacy benefit management would be more helpful for your group. Or a telemedicine program, a mobile app, wellness program, etc.

Network

a. **Email:** Do providers accept e-visits?

b. **Online Care:** Are there tablet and phone apps that allow employees to access healthcare providers?

c. **Accountable Care Organizations (ACOs):** Does the network allow you to pair different ACOs together? Can you exclude high-cost providers?

d. **Accessing Care:** Do employees need to choose a primary care provider? Can specialists only be accessed by a referral through this primary care provider?

e. **Provider Choice:** Does the carrier provide a tool for you to choose the highest quality/lowest cost provider?

f. **Cost:** Are there ways to narrow the network to achieve cost savings?

Negotiation, *continued*

Claim-Paying History/Customer Service

Unfortunately, insurance companies are not rated by their customer service or claim paying history, so it's a bit harder to assess this information. Your best bet is to ask colleagues. Brokers and consultants may be the most knowledgeable in this area. Additionally, your department of insurance can provide information on complaints lodged against a particular insurance company.

Self-Funding Evaluations

Is it reasonable for you to move from a fully-insured to a self-funded plan or change risk structures if you are already self-funded? Seek personalized recommendations by independent entities based on your current and renewal rates, as well as current and prior claims experience. Seeing the relative risk/reward characteristics of various self-funded structures will allow you to make more informed and educated decisions based on your risk tolerance. You will be able to evaluate the capital at risk, return on capital, and the likelihood of outperforming a fully-insured (riskless) alternative.

For Minnesota schools, pricing trends are on the rise. This is one of your highest cost expenses as an employer. As we have explained above, price shopping via HITA is just the beginning of cost management of your health plan. By developing a health insurance strategic plan and establishing goals, districts can make small tactical changes over time. This can have a dramatic effect on stabilizing your plan.

As health insurance consultants, National Insurance Services encourages you to review the data before making any decisions. Having solid, detailed data and expert analysis is a game changer. Data helps you take careful, calculated steps forward and takes the fear out of these big benefit decisions. Our consultants can help you with all your HITA needs – we will handle the entire process for you if you wish, as well as help educate your employees on any health insurance changes.

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You may also be interested in the following resources:

- Quiz: Rate Your Broker
- Health Insurance Rx
- Case Study: How Freeborn County Saved Their Health Plan Benefit From Extinction
- Case Study: How Anoka-Hennepin School District Introduced a Consumer-Driven Health Plan and Achieved a 35% Participation Rate

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