

COVENANT HEALTHCARE LEADERSHIP TEAM TALKING POINTS

"HOT TOPIC"



October 6, 2015

HOT TOPIC: Covenant Benefits

As leaders, we want and need you to be informed of organizational decisions that impact Covenant employees. We also want to make sure you know the facts so you are able to have knowledgeable data-based conversations with your staff.

The below is a highlight of information that was shared at the Full Leadership meeting regarding changes to the Covenant health plans. Remember, if you or your staff have questions, you should always contact your Human Resources consultant or a member of the benefits team.

PLEASE NOTE: The attached information is NOT for printing or posting; it is to help you understand changes made in order to ensure accurate dialogue with your staff.

Hot Topic 1: Part Time Health Insurance Eligibility

In 2014, Covenant covered about 200 of our 650 part time employees. Covenant changed our definition of full-time to 60 hours per pay period in January 2015, to comply with the ACA. This allowed 20 percent of the 200 part-time employees to become eligible for Covenant health insurance coverage immediately. Another 30 percent of part-time employees have achieved the 1,560 hour mark or have secured full-time positions within the past year.

The Affordable Care Act (ACA) requires organizations with more than 50 employees to offer health insurance to full-time employees. The ACA definition of full-time is 30 or more hours per week or 60 hours per pay period. The coverage must be affordable (9.5 percent of income or less).

To help with the transition, Covenant did notify part-time employees who utilized Covenant health insurance as early as September 2014, regarding eligibility requirements which will take effect in January 2016. They were notified they would no longer be offered health insurance in 2016 and part-time employees were able to pay the lower full-time rates for 2015 until they were able to find coverage.

The total impact of part-time employees that will be losing the option to select Covenant health insurance coverage for 2016 is around 100 employees out of our 4500 total employees. These employees remain eligible for other Covenant benefits.

Hot Topic 2: Geographic Restriction of PPO Plan

We understand there is a need for employees who live outside of Saginaw, Bay and Midland counties to receive health care services, and it much less feasible for them to utilize Covenant providers and services due to geographical distances. For this reason, the decision was made to geographically restrict the PPO plan for 2016 to employees who reside outside of the Saginaw, Bay and Midland counties.

Due to the nature and freedom of a PPO plan, much of the dollars spent in this plan end up going out of the Covenant system; driving up the cost for the organization. Covenant has always committed to providing comprehensive health benefits at an affordable price, and this change is an effort to help us continue to do so.

Employees residing within Saginaw, Bay and Midland counties will have access to many Covenant facilities and PHO physicians. Several area physicians have joined the PHO and Covenant's HMO plan effective January 1, 2016. In addition, we have added physicians who previously only participated in the PPO plan, but in 2016 some of those physicians will accept the HMO plan for Covenant employees. Covenant continues to work with the PHO to provide additional physicians for our HMO plan.

For individuals wishing to explore other health plan options, they can visit the Government's Health Insurance Marketplace at healthcare.gov to view what is available.

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