

Frequently Asked Questions

Why are employer-funded high-deductible plans a concern?

When developing fully insured rates for high-deductible plans, IBC assumes that member behavior will be positively influenced by the introduction of a deductible. When employers fund more than 50 percent of the member cost-sharing, it can have a significant impact on the utilization assumptions used when developing the premium rates for the high-deductible products. We have found that trends in member behavior remain unchanged when all or the majority of deductible costs are funded by the employer. As a result, an employer may experience a rate reduction the first year they introduce a high-deductible plan but are then subject to a significant rate increase in year two.

This practice ultimately impacts the overall trends for these high-deductible products and makes it difficult for IBC to competitively price our products for you and your customers.

When will the certification requirement go into effect?

The new high-deductible health plan certification requirement will go into effect immediately for all new business. Renewing groups of 100 or more employees will receive the certification form with their renewal.

Where can I find a copy of the certification form?

The certification form is available on Forms Online.

What are IBC's guidelines for funding high-deductible health plans?

With disclosure to IBC at the time of initial quote or renewal, employers are allowed to:

- fund up to 50 percent of the deductible through contributions to a Health Reimbursement Account (HRA) or Health Savings Account (HSA);
- pay employee claims up to 50 percent of deductible costs;
- provide any combination of the above as long as the total amount funded is less than 50 percent of the deductible.

Employers are not allowed to:

- contribute more than 50 percent of deductible costs to an HRA or HSA;
- provide a supplemental benefits plan that augments the core health insurance plan;
- pay more than 50 percent of employee deductible costs through an allowance or claims payment;
- provide any combination of the above that causes the total amount funded to be greater than 50 percent of the deductible.

What is the penalty if a group does not comply with IBC's high-deductible health plan policy?

IBC may take the following actions in regards to groups that fail to comply with the high-deductible health plan policy:

Groups with 2 – 50 employees:

- require the group to select from a Blue Solutions Copay Series program
- terminate the group program

Groups with 51 or more employees:

- adjust the premiums retroactively
- terminate the group program