

Case Study Supplement to Consumer Driven Healthcare: Medtronic's Health Insurance Options

Table 1 - Medtronic Medical Insurance Premiums for Minnesota Location			
Medical Plan and Level of Coverage	Total Plan Cost*	Full-Time Employee Cost	Part-Time Employee Cost
	Monthly Cost	Monthly Cost	Monthly Cost
HealthPartners			
Employee only	\$191	\$49.00	\$153.13
Employee plus one	\$387	\$99.00	\$310.00
Employee plus two or more	\$573	\$146.00	\$458.25
Medica Choice			
Employee only	\$244	\$78.25	\$195.63
Employee plus one	\$489	\$158.75	\$391.88
Employee plus two or more	\$759	\$242.75	\$606.88
Definity Health			
Employee only - \$1,000 PCA			
Low Deductible \$1,500	\$206	\$44.00	\$165.63
Medium Deductible \$2,500	\$189	\$28.00	\$151.88
High Deductible \$3,500	\$178	\$11.45	\$143.13
Employee plus one - \$1,500 PCA			
Low Deductible \$2,250	\$434	\$83.40	\$347.50
Medium Deductible \$3,750	\$398	\$51.10	\$319.38
High Deductible \$5,250	\$379	\$24.05	\$300.63
Employee only - \$2,000 PCA			
Low Deductible \$3,000	\$600	\$115.20	\$480.00
Medium Deductible \$5,000	\$541	\$70.60	\$441.25
High Deductible \$7,000	\$518	\$33.20	\$415.00

*Includes both employer and employee costs

Table 2 - Medtronic Health Insurance Enrollment Summary for Minnesota Location			
Medical Plan and Level of Coverage	Full Time	Part Time	Total Employees
HealthPartners			
Employee only	198	110	308
Employee plus one	403	182	585
Employee plus two or more	2,347	409	2,756
Medica Choice			
Employee only	190	48	238
Employee plus one	410	46	456
Employee plus two or more	2,083	38	2,121
Employee only - \$1,000 PCA			
Low Deductible \$1,500	1,084	21	1,105
Medium Deductible \$2,500	855	18	873
High Deductible \$3,500	220	12	232
Employee plus one - \$1,500 PCA			
Low Deductible \$2,250	940	26	966
Medium Deductible \$3,750	543	18	561
High Deductible \$5,250	112	4	116
Employee only - \$2,000 PCA			
Low Deductible \$3,000	90	11	101
Medium Deductible \$5,000	54	3	57
High Deductible \$7,000	29	0	29

Table 3 - Medtronic Employee Demographics for Minnesota Location					
	Age Cohorts				
	21 – 30	31-45	46-55	56-65 or >	Total
Male	1,098	1,159	1,499	1,602	5,358
Female	1,201	1,299	1,406	1,240	5,146
Full Time	1,104	2,752	2,800	2,893	9,558
Part Time	346	399	113	88	946

Competitor A Description

Competitor A, based in the New England area, has taken an aggressive strategy to contain rising healthcare costs. One strategy has been the implementation of a higher tier of healthcare contribution for employees who are tobacco users. In order to reduce the number of individuals covered on its healthcare insurance plans the company also implemented a “working spouse” policy that requires spouses of employees who have the option of coverage with their own employer to pay an additional \$75 per month over the premium to be enrolled on Competitor A’s health insurance plan. Competitor A offers employees the option of two different health plans. The Value PPO plan has lower monthly premiums but higher out-of-pocket costs at the time of service. The Value PPO plan also uses a narrow network of providers with higher penalties for use of out of network providers. The Choice Plus PPO plan has a higher monthly premium but lower out-of-pocket costs. This plan also offers a broader network of providers for participants to choose from. Competitor A promotes the use of generic drugs by establishing a \$0 co-pay for generic prescriptions. The company has also partnered to offer employees a “CareCompare” tool that compares the cost of procedures at various providers and offers employees a financial incentive for selecting a lower cost provider of care.

Table 4 - Competitor A Medical Insurance Premiums

Medical Plan and Level of Coverage	Total Plan Cost*	Full-Time Employee Cost		Part-Time Employee Cost	
	Monthly Cost	Monthly Cost		Monthly Cost	
Value PPO – 80% Co-Insurance		Non-Smoker	Smoker	Non-Smoker	Smoker
Employee only	\$154	\$23	\$34	\$92	\$138
Employee plus one	\$313	\$63	\$94	\$252	\$378
Employee plus two or more	\$516	\$103	\$154	\$412	\$618
Choice Plus PPO – 100% Co-Insurance					
Employee only	\$298	\$60	\$90	\$223	\$268
Employee plus one	\$597	\$122	\$183	\$477	\$547
Employee plus two or more	\$926	\$179	\$268	\$741	\$876

Table 5 - Competitor A Health Plan Design

	Value PPO 80% Co-Insurance		Choice Plus PPO 100% Co-Insurance	
	In-Network	Out of Network	In Network	Out of Network
Copays				
Office Visit	\$25	\$75	\$10	\$20
Urgent Care	\$35	\$85	\$20	\$45
Emergency Room	\$250	\$250	\$100	\$100
Inpatient	\$500	\$1,250	\$250	\$250
Out-of-Pocket Maximum				
Employee	\$1,000	\$3,000	\$750	\$1,250
Employee plus one	\$2,000	\$5,000	\$1,500	\$2,500
Employee plus two	\$3,000	\$7,000	\$2,250	\$3,750

Competitor B Description

Competitor B has its headquarters on the west coast. The healthcare strategy used by Competitor B has been to create a “culture of wellbeing” for its workforce. Competitor B has a progressive workplace wellness program and has engaged the majority of its workforce in health improvement activities by deploying mobile applications that include campaigns and contests on various topics. Competitor B has an onsite wellness center for its headquarter employees and also offers on-site clinics that are staffed to provide employees with primary healthcare at a nominal cost. Competitor B has also embraced the use of telehealth, where employees can be assessed and get prescriptions for routine illnesses from the comfort of their home or office. Competitor B offers two health plan options: a PPO plan and a High Deductible Healthcare Plan. The PPO plan has a narrow network that encourages the use of healthcare provider selected on the basis on their overall value (cost and quality). In conjunction with its High Deductible Health Plan the company offers a Health Savings Account (HSA) which allows both the employee and employer to make contributions to an account to pay for healthcare expenses. The company funds \$500 for individual coverage and \$1,000 for dependent coverage for all employees. In addition, employees can earn additional contributions through participation in wellness activities. Wellness activities encourage employees to complete all recommended preventative screenings for their age and gender. Over 80% of covered employees are enrolled in the Qualified High Deductible Health Plan option.

Table 6 - Competitor B Medical Insurance Premiums

Medical Plan and Level of Coverage	Total Plan Cost*	Full-Time Employee Cost	Part-Time Employee Cost
	Monthly Cost	Monthly Cost	Monthly Cost
PPO Advantage Plan – 90% Co-Insurance			
Employee only	\$197	\$39	\$89
Employee / Child(ren)	\$295	\$73	\$147
Employee / Spouse	\$401	\$100	\$200
Employee with Children/Spouse	\$593	\$148	\$296
Qualified High Deductible Health Plan with Health Savings Account - \$2,000 individual / \$4,000 dependent deductible			
Employee only	\$168	\$32	\$71
Employee / Child(ren)	\$251	\$51	\$113
Employee / Spouse	\$361	\$72	\$180
Employee /Child(ren)/Spouse	\$553	\$110	\$267

Table 7 - Competitor B Health Plan Design

	PPO Advantage Plan – 90% Co-Insurance		Qualified High Deductible Health Plan with Health Savings Account - \$2,000 individual / \$4,000 dependent deductible	
	In Network	Out of Network	In Network	Out of Network
Copays				
Office Visit	\$20	\$40	0% after deductible	20% after deductible
Urgent Care	\$30	\$60	0% after deductible	20% after deductible
Emergency Room	\$100	\$100	0% after deductible	20% after deductible
Inpatient	\$250	\$750	0% after deductible	20% after deductible
Out-of-Pocket Maximum				
Employee Only	\$2,500	\$5,000	\$2,000	\$4,000
Employee /Child(ren)	\$5,000	\$7,500	\$4,000	\$6,000
Employee / Spouse	\$5,000	\$7,500	\$4,000	\$6,000
Employee/Child(ren)/Spouse	\$5,000	\$7,500	\$4,000	\$6,000