



Case Study for Portland Air Conditioning using a Choice Care Card based HRA

Portland Air Conditioning, a 15 employee HVAC contractor, had been insured with a first dollar HMO plan design for many years. Like most other employers, they had been suffering double digit rate increases year after year.

In 2002 Portland Air took control of their health insurance program by implementing a higher deductible health plan along with a Choice Care Card based HRA.

The plan design implemented in 2002 is as follows:

- \$2,500 deductible
- 90/70% co-insurance
- \$3,500 out of pocket maximum
- \$20 office visit co-pay with preventive care
- 10/25/40 Rx co-pay

The company funds an HRA with \$1,000 annually for each employee.

The results for the years 2002 through 2008 are as follows.

HMO premiums that would have been paid	\$417,253
Premiums paid for the high deductible health plan	\$272,743
Actual HRA funds spent	38,454
Choice Care Card admin fee	13,095
Total spent with HDHP and Choice Care Card	<u>\$324,292</u>
Total Savings over the six year period	\$ 92,961
Annual Savings per employee:	\$ 1,191

*The savings totals are approximate due to monthly variations in enrollment and the assumption that the previous plan would have been continued with no changes to benefits.