

FAQ regarding 2027 Health Care Rates

If you are interested, you are invited to review the Frequently Asked Questions below for information about how health care rates are set for LCC employees and the unique role a 2011 state law plays in how the college contributes to employee costs.

Frequently Asked Questions (FAQ)

Who sets health care rates for LCC employees?

Our rates are set by Western Michigan Health Insurance Pool (WMHIP), which administers plans through Blue Cross Blue Shield (BCBS) and Priority Health. The decision to partner with WMHIP was a joint decision between LCC and the Health Care Task Force – a 14-member body made up of representatives from all five of our labor unions.

LCC and the Health Care Task Force have opted to use WMHIP every year since July 2017.

Can we look at other insurance options available through WMHIP?

For 2027, the Health Care Task Force agreed to adding a new Priority Health Traditional PPO plan to the health benefits menu. This will give full-time employees seven plan options to choose from during open enrollment, with coverage beginning January 1, 2027. The new plan will be offered through WMHIP Priority Health.

For 2028, the Health Care Task Force will continue reviewing plan options that balance quality, affordable coverage with the potential for lower premiums. Generally, plans with lower premiums may have higher copays, coinsurance, or deductibles, which could result in higher out-of-pocket costs depending on individual health care needs.

Health insurance costs are influenced by several factors, including how often health care services are used, provider and prescription drug costs, network access, plan features, high-cost claims, chronic conditions, and overall medical inflation. The Task Force will continue evaluating these factors and exploring adjustments that may help manage premiums while maintaining valuable health care coverage.

Does LCC have information on how employees utilize the health benefits in comparison to others participating in Western Michigan Health Insurance Pool (WMHIP) group?

LCC's renewal package shared our utilization experience period for 2026 in comparison to the average of The Pool (all participants) and the average of Higher Ed (community colleges within The Pool) as follows:

Category	LCC	Higher Ed	The Pool
ER Visits per 1,000	188.8	158.3	152.8
Specialist Visits per 1,000	2,501.9	2,326.6	2,033.5

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Physical Therapy Visits per 1,000	4,928.5	3,978.6	2,868.7
Mental Health Visits per 1,000	4,691.0	3,251.1	2,023.0
Primary Care Physician Visits per 1,000	1,456.0	1,148.8	1,068.6
Prevention Visits per 1,000	647.7	657.9	675.2
Chiropractic Visits per 1,000	1,071.5	1,100.4	1,324.5
Outpatient Surgeries per 1,000	183.7	154.1	106.0
Admissions per 1,000	50.0	45.0	42.0

Why are health care costs increasing so much?

This is a national trend. Michigan Economist, Mark J. Perry, gathered data from the Bureau of Labor Statistics to create what is called The Chart of the Century, which shows that over the last 25 years, the cost of hospital services has increased 281.4% percent, higher than any other consumer goods and services. You can view the full article [here](#).

As a Michigan public sector employer, LCC has an additional complication – Public Act 152, an act to limit a public employer’s expenditures for employee medical benefit plans. LCC, being a public employer, is limited on the amount of health insurance that can be contributed to the total annual costs of the medical benefit plan as well as payments for reimbursement of co-pays, deductibles, and payments into health savings accounts, flexible spending accounts, or similar accounts used for health care.

Under the 2011 law, a public employer may choose either to follow the Hard Cap calculation or to follow a provision that restricts the employer from paying more than 80% of the total annual cost. The decision to utilize either the Hard Cap or the 80% maximum is, under the law, made by the public employers’ governing body (i.e., the LCC Board of Trustees). In 2027, the majority of community colleges use the hard cap calculation, including LCC.

The hard cap increased 3.0% for 2027.

Are other Michigan community colleges seeing rate increases?

This is a national problem. Yes, other community colleges, as well as many public/private employers are experiencing rate increases. WMHIP’s average increase for 2027 has been set at 13.9%. Employers that experience claim utilization that exceeds the amount of premiums collected receive an additional increase through WMHIP. In 2026, LCC had a number of high-cost claims, defined as claims exceeding \$150,000. Due to LCC’s situation where utilization costs exceeded the premium collected, LCC’s increase will be 16.9% for 2027.

What can LCC do to bring rates down?

There are many drivers of health insurance costs. They include: utilization; provider network; network access (HMO vs. PPO vs. POS); plan features such as deductible, copay, coinsurance,

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specialty visit (i.e., physical therapy, chiropractic, etc.), and plan enhancements; and medical inflation. Making adjustments to those drivers can control the impact on premiums.

FAQs from Healthcare Information Sessions:

Can you explain the difference between embedded and aggregate deductible on health plans?

Embedded deductible: Each individual family member has an individual deductible that is part of the larger family deductible. Once an individual meets their individual deductible, the plan begins paying benefits for that individual, even if the overall family deductible has not yet been met. The individual's deductible is "embedded" within the family deductible.

Aggregate deductible: All covered family members' expenses are combined toward one shared family deductible. The full family deductible must be met before the plan begins paying benefits for any family member, subject to the plan's other cost-sharing provisions (co-insurance or copays).

Example: Under an **embedded \$1,000/\$2,000 family deductible plan**, if an employee has two-person or family coverage and one family member incurs \$1,000 in eligible expenses, that individual has met their \$1,000 deductible. The plan can then begin paying its share of covered expenses for that individual, even though the family deductible has not yet been met. The remaining family members collectively need to incur another \$1,000 in eligible expenses before the \$2,000 family deductible is satisfied and the deductible requirement is met for the remaining family members.

Under an **aggregate \$1,000/\$2,000 deductible family plan**, if an employee has two-person or family coverage, all covered family members' eligible expenses are combined into one shared deductible. The full \$2,000 family deductible must be met before the plan begins paying its share of covered expenses for any family member.

Bottom line: With an **embedded deductible**, one family member can meet their individual deductible and begin receiving plan benefits before the family deductible is met. With an **aggregate deductible**, the family must collectively meet the entire family deductible before the plan begins paying benefits.

If the health plan is switched from BCBSM HSA to Priority HSA, would there be fees associated with maintaining previously contributed funds in the BCBSM HSA or rolling them into the new Priority HSA?

There are no fees associated with changing HSA plans. Money would be combined into one account and maintained by Health Equity.

If my selected plan has a co-insurance provision, will coinsurance have to be paid after the deductible is met for the year?

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Yes, coinsurance applies after the deductible has been met and continues until the cost of plan's out-of-pocket maximums has been reached.

Why is the cost for family \$0.00 and for 2 person \$60.00 per month for the Priority Health HDHP plan?

The contribution structure for two-person coverage has historically been less favorable than other coverage tiers due to the hard-cap methodology. PA 152 legislation is currently under consideration that could help make employer contributions more equitable across all coverage options.

What is considered preventative care?

Most health plans cover preventative services, such as screening tests, at no cost. The Healthcare.gov website has a list of preventative services for all adults, women, and children that generally apply to preventative service. <https://www.healthcare.gov/coverage/preventive-care-benefits/>.

Why is open enrollment occurring in November at LCC rather than October?

LCC typically receives health insurance rates from our health provider at the end of August and dental rates at the beginning of October. To ensure employees receive accurate and complete information about all benefit options, rates are shared in October. This allows employees several weeks to review the plans, compare options, and discuss coverage decisions with family members, if applicable, before open enrollment begins in November.

Please explain how specialty medications are covered by health plans?

Specialty medications are covered by all health plans with the assistance of Payer Matrix. The Payer Matrix program helps eligible members access available manufacturer assistance programs and prescription savings opportunities for certain high-cost medications. The goal of the program is to help those eligible access available financial assistance resources that may significantly reduce, or even eliminate, the cost of their specialty medications.

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What does RFP stand for?

Request for Proposal.

May I transfer Health Savings Account contributions from another employer into LCC Health Savings Account?

Health Savings Account contributions may be transferred into an LCC Health Equity HSA account by contacting Health Equity and completing the required paperwork.

Are the value-added benefits such as Hinge Health, Bexa, etc. available to all employees?

No, you must be enrolled in an LCC medical plan to access these additional benefits.

Where can I find more information about Priority Health participating doctors?

Information on Priority Health can be found on their website at [Find a Doctor](#).

Does Priority Health provide out-of-state coverage and what network is used for the coverage?

Priority Health is a strategic alliance partner of Cigna. This means that participating Priority Health plan members get in-network benefits with any Cigna Open Access Plus (OAP) provider, anywhere in the U.S., outside of Michigan. These members have access to Cigna's quality health care network that features nearly one million health care providers nationwide. Learn more about our Cigna alliance [here](#).

Human Resources is working with the Health Care Task Force to find creative solutions for the future, including reviewing different plan options with lower premiums. Questions regarding health benefits can be directed to Human Resources at lcc-hr-benefits@star.lcc.edu or 517-483-1870, option 4.