

Self Insured Medical Plan

2018 Premium Rate Recommendation

Management Committee
August 23, 2017



Self-Insured HealthCare Benefits

	Amount
2018 Projected Plan Cost	\$ 79.5
- HRA Funding from Operating Funds	(2.2)
Projected Costs (Premium Funded)	\$ 77.3
Increase over 2017	8%
7% claims cost trend + 2.6% other cost inflation	

Rate Setting Principles - #1

- Total premiums must ensure that risk is shared by those enrollees with the same plan choices
 - Open Access premiums should cover all anticipated Open Access claims
 - Combined premiums for Distinctions and HRA should cover all anticipated combined claims for those programs

Rate Setting Principles

FUNDING GAP			
Total Gap 8.4%	Open Access	Distinctions	HRA
(\$6.0)	(\$3.3)	(\$2.7)	
Rate Principle	Open Access	Distinctions	HRA
1	11.4%	6.3%	

Rate Setting Principles - #2

- Premiums for each individual plan should be evaluated annually and calibrated to the projected claims expense of that plan.
 - Calibration of premiums can and should be managed over time to avoid significant year to year premium fluctuations (once the first principle is set)

Rate Setting Principles - #3

- A Minimum Reserve Target should be maintained.

Reserve balances may be available for:

- Mitigation of unanticipated gaps between premium collections and claims expenses.
- Mitigation of the premium collection and claims expense impact due to enrolled migration among plans
- Avoid significant year to year premium fluctuations (once the first principle is met)
- One-time uses with priority to uses that mitigate future claims costs

Rate Recommendation

FUNDING GAP			
Total Gap 8.4%	Open Access	Distinctions	HRA
(\$6.0)	(\$3.3)	(\$2.7)	
Rate Principle	Open Access	Distinctions	HRA
1	11.4%	6.3%	
2 & 3	11.4%	7.5%	4%

Health Plans and Rates

2017		
Plan	Single	Family
Open Access	\$955	\$2,388
Distinctions	\$771	\$1,926
HRA*	\$522	\$1,306

* Annual contribution to HRA \$1325 single, \$2750 family



Health Plans and Rates

Plan	2016		2017	
	Single	Family	Single	Family
Open Access	\$955	\$2,388	\$1,064	\$2,660
Distinctions	\$771	\$1,926	\$829	\$2,070
HRA*	\$522	\$1,306	\$543	\$1,358

* Annual contribution to HRA \$1325 single, \$2750 family



Self-Insured HealthCare Plans

Risk Mitigation

- Reserves
 - Cash flow monthly variability between premiums and claims
 - Mitigate uninsured losses for claims exceeding premium coverage and provide stability in rate setting
- Insurance Coverage
 - \$500K Specific stop loss
 - 125% Aggregate stop loss

Self-Insured HealthCare Plans - Reserves

December 31, 2016	Medical	Dental
Ending Reserve Balance	\$ 28.5	\$ 1.7
Planned use of Reserves 03/2017	(1.5)	-
Reserve Balance	\$ 27.0	\$ 1.7
2018 Projected Expense	\$ 77.3	\$4.9
Reserve Target for 2018	25-35%	10%
High end of target (recommended)	\$ 27.1	\$0.49