

Self Insured Medical Plan 2019 Premium Rate Recommendation

Management Committee
August 22, 2018



Self-Insured HealthCare Benefits

	Amount
2019 Projected Plan Cost	\$ 81.7
- HRA Funding from Operating Funds	(2.8)
Projected Costs (Premium Funded)	\$ 78.9
Increase over 2018	6.1%

7% medical claims cost trend, individual plan experience, and administrative cost inflation

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

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
(\$4.5)	(\$1.1)	(\$3.4)	
Rate Principle	Open Access	Distinctions	HRA
1	3.8%	7.5%	

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 to:

- Mitigate risk of unanticipated gaps between premium collections and claims expenses.
- Mitigate risk impact of participant 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			
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(\$4.5)	(\$1.1)	(\$3.4)	
Rate Principle	Open Access	Distinctions	HRA
1	3.8%	7.5%	
2 & 3	3.8%	7.5%	7.5%

Health Plans and Rates

2018		
Plan	Single	Family
Open Access	\$1,064	\$2,660
Distinctions	\$829	\$2,070
HRA*	\$543	\$1,358

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



Health Plans and Rates

Plan	2018		2019	
	Single	Family	Single	Family
Open Access	\$1,064	\$2,660	\$1,104	\$2,761
Distinctions	\$829	\$2,070	\$891	\$2,225
HRA*	\$543	\$1,358	\$584	\$1,460

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



Self-Insured HealthCare Plans - Reserves

December 31, 2017	Medical	Dental
Beginning Balance	\$ 28.5	\$ 1.7
Change in Fund Balance	(1.6)	0.5
Reserve Balance (12/31/17)	\$ 26.9	\$ 2.2
2019 Projected Expense	\$ 78.9	\$4.8
Reserve Target %	25-35%	10%
Reserve Target for 2019	\$20-\$28	\$0.48
Projected 2019 Reserve %	34%	46%