

# Self Insured Medical Plan

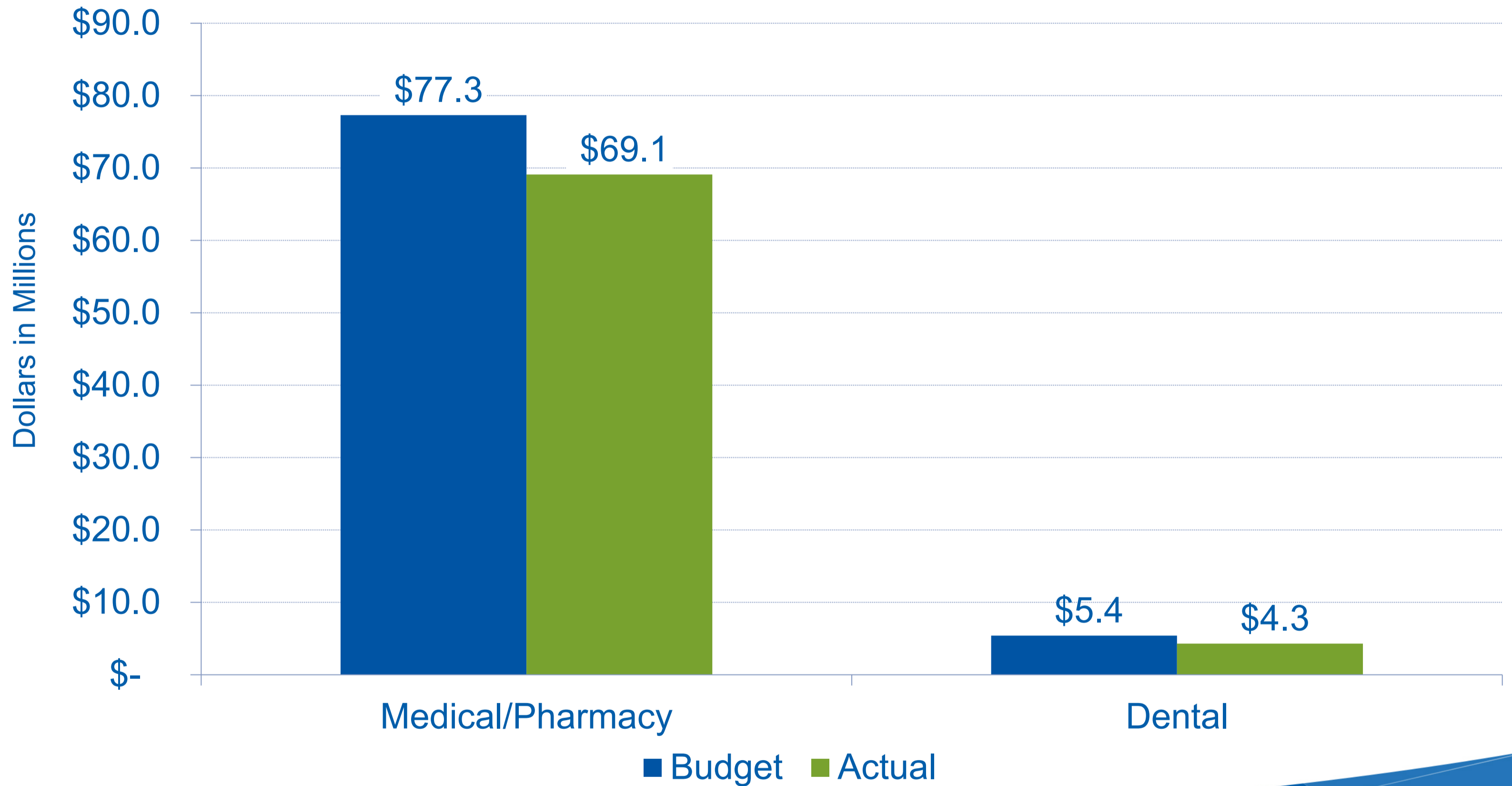
- 2020 Year-End Report
- 2022 Premium Rate Recommendation

Management Committee  
August 25, 2021

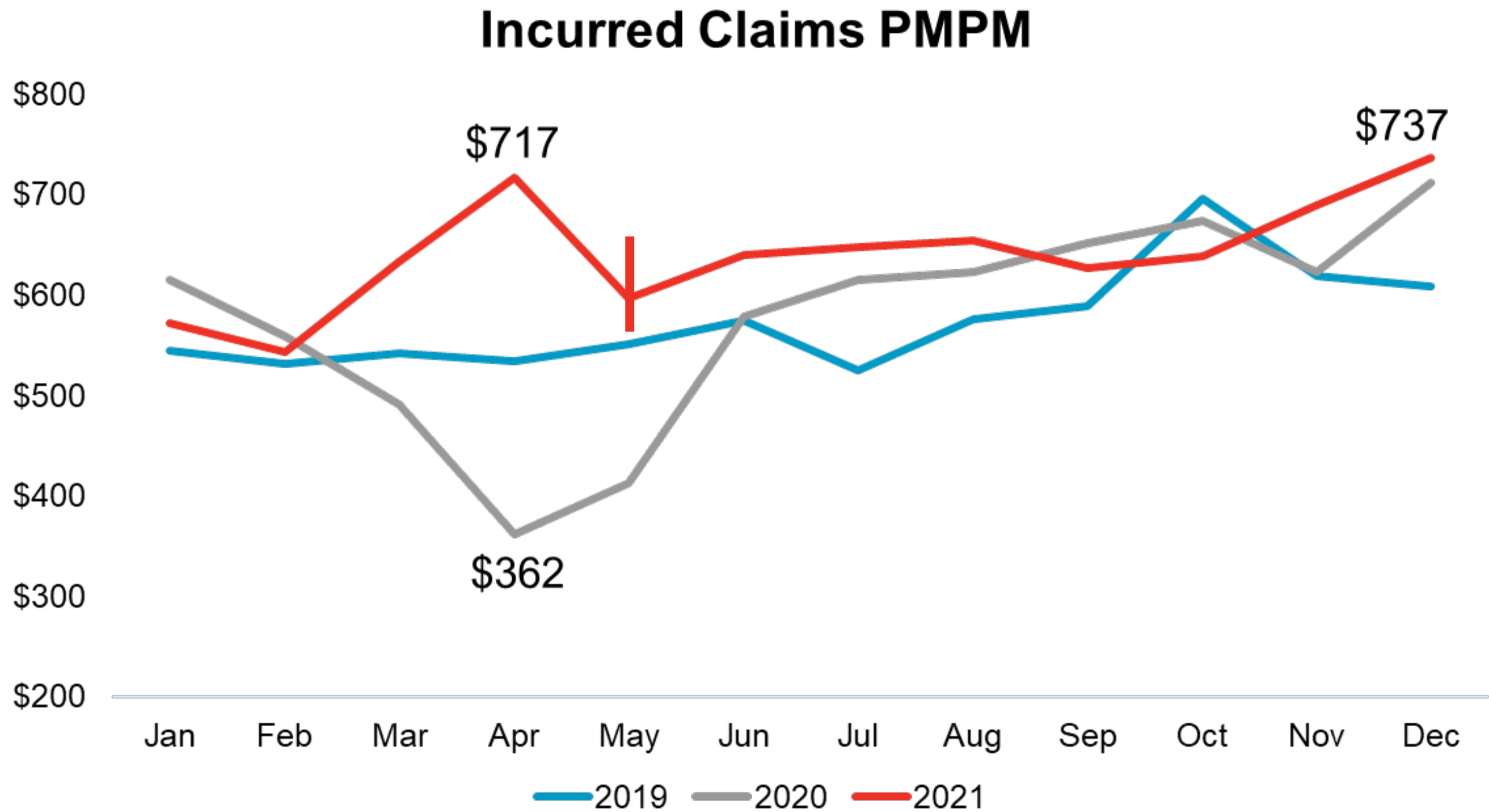


# Self-Insured Plan Costs – 2020

(Claims, admin fees and stop loss premium)

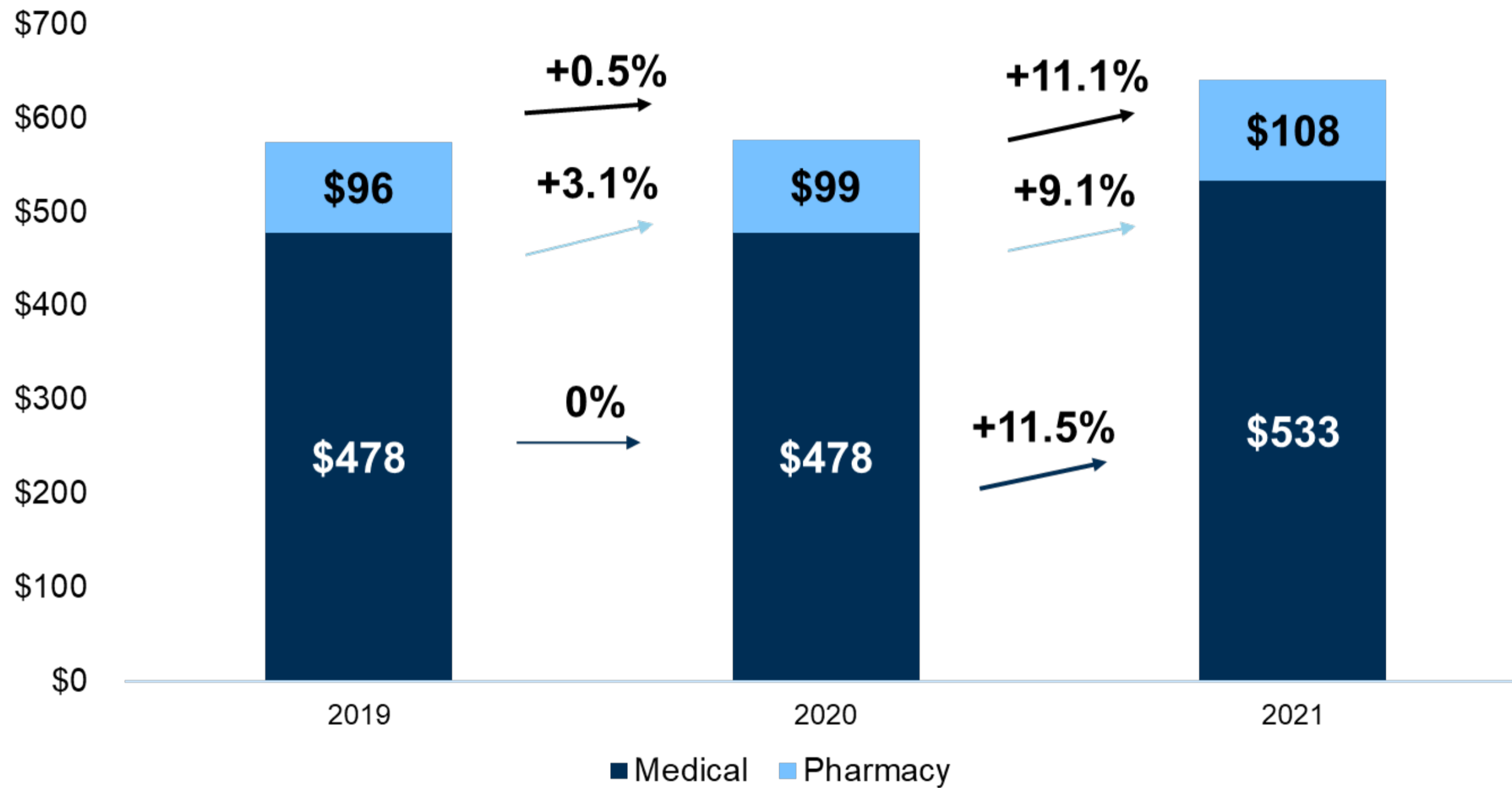


# Incurred Claims: Medical & Pharmacy



Note: 2021 values are projected based on data paid through May 2021

# Total Incurred Medical Claims Per Member Per Month



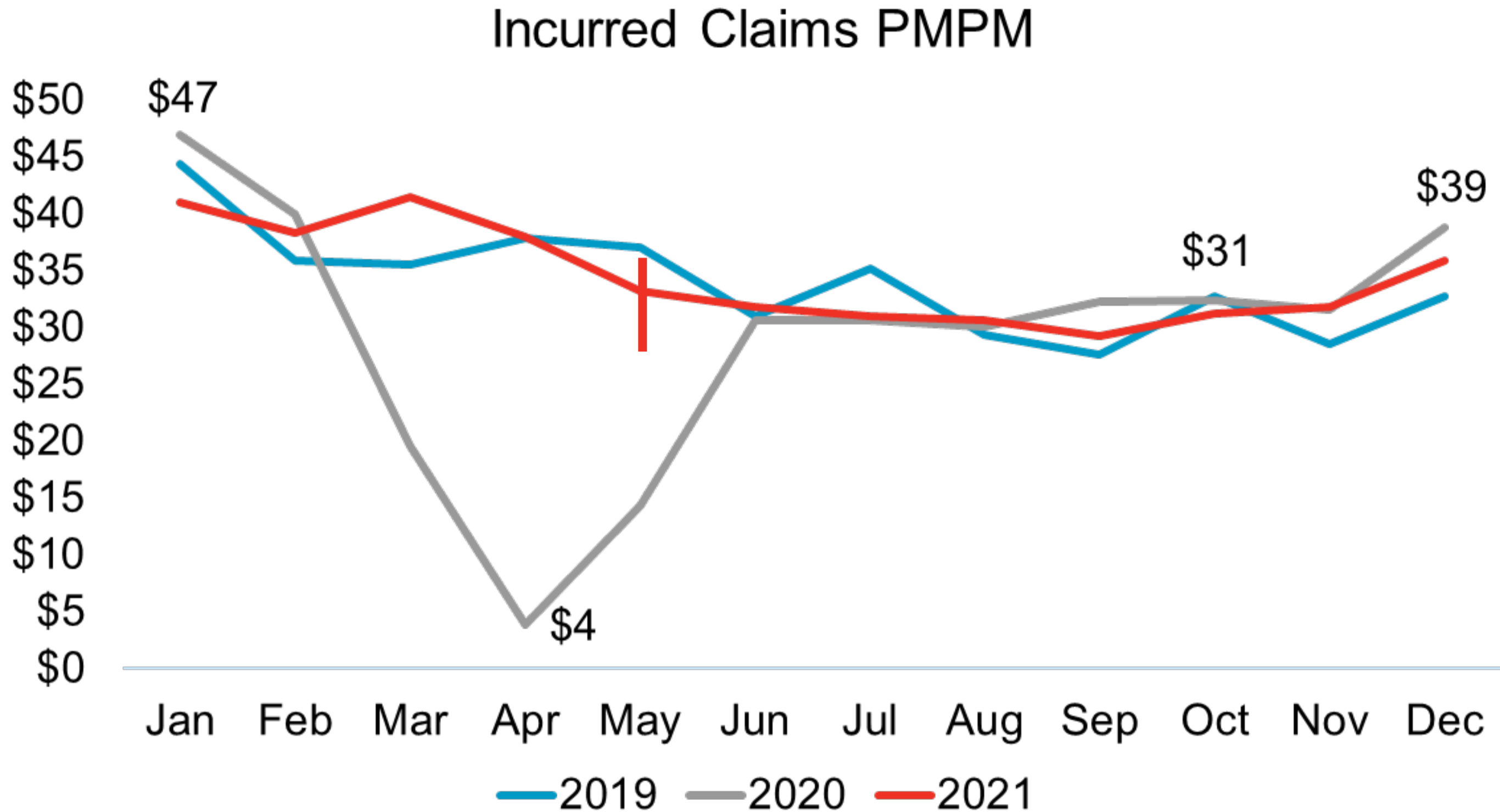
Note: 2021 values are projected based on data paid through May 2021

# Key Points

- Medical Claims:
  - ❖ 0% trend from 2019 to 2020
  - ❖ Low trend driven by suppression of claims from COVID-19 pandemic
  - ❖ Top claims diagnosis: Cancer and Orthopedic/Arthritic conditions
  - ❖ 2020 large claims:  
100 claims over \$100K totaled \$18.8M or 27% of total claims
  - ❖ 2019 large claims:  
85 claims over \$100K totaled \$15.1M or 22% of total claims
- Pharmacy Claims:
  - ❖ 3.1% trend from 2019 to 2020
  - ❖ COVID-19 pandemic had more limited impact
  - ❖ Top pharmacy drug classes: chronic inflammatory disease and diabetes

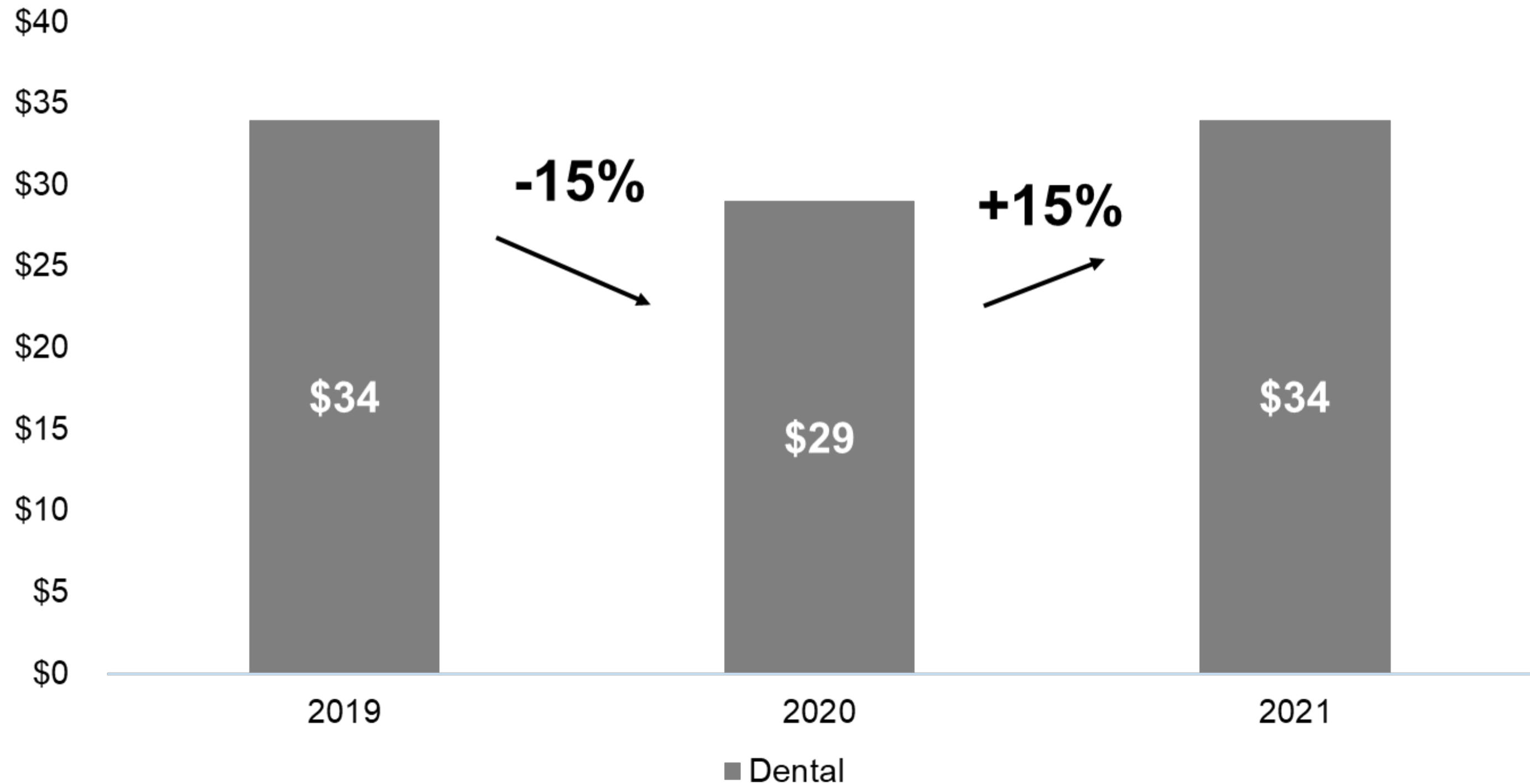


# Incurred Dental Claims - 2020



Note: 2021 values are projected based on data paid through May 2021

# Incurred Dental Claims - PMPM



Note: 2021 values are projected based on data paid through May 2021

# Self-Insured HealthCare Benefits

	Amount
<b>Projected Costs (Premium Funded)*</b>	<b>\$ 80.0</b>
Current Premium w/ Expected Enrollment	76.2
Calculated Funding Increase	5.1%

\* Actuarial calculation: assumes 5.6% medical claims cost trend, individual plan experience (24 months), and administrative cost inflation



# Our HealthCare Plans

PLANS	OPEN ACCESS	DISTINCTIONS	EMPOWER HRA
Eligible	ATU Members & early retirees	All Employees & early retirees	All Employees & early retirees
Total Premium	Highest	Middle	Lowest
Deductible	None	\$275 Single \$550 Family	\$1,375 Single* \$2,750 Family*
Copays	Lowest	3 Tiers \$23 / \$33 / \$43	20% Coinsurance
Providers	In-network/ Out-of- network	Tiered Network	In-network/ Out-of- network
Out-of-Pocket Maximum	\$1,000 Single \$2,000 Family	\$1,100 Single \$2,200 Family	\$2,875 Single \$5,750 Family
Employee Involvement	Lowest	Medium	Active

\* Council makes annual contribution to active employee accounts to cover deductible.



# 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 5.1%	Open Access	Distinctions	HRA
<b>(\$3.86)</b>	<b>(\$1.43)</b>	<b>(\$2.43)</b>	

Rate Principle	Open Access	Distinctions	HRA
1	5.6%	4.8%	

# 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 Recommendation

FUNDING GAP			
Total Gap 5.1%	Open Access	Distinctions	HRA
<b>(\$3.86)</b>	<b>(\$1.43)</b>	<b>(\$2.43)</b>	
Rate Principle	Open Access	Distinctions	HRA
1	5.6%	4.8%	
2	5.6%	4.8%	4.8%

# Health Plans and Rates

2021		
Plan	Single	Family
Open Access	\$1,173	\$2,933
Distinctions	\$907	\$2,264
HRA*	\$594	\$1,486

\* Annual contribution to HRA \$1375 single, \$2750 family





# Health Plans and Rates

Plan	2021		2022	
	Single	Family	Single	Family
Open Access	\$1,173	\$2,933	\$1,239	\$3,097
Distinctions	\$907	\$2,264	\$951	\$2,373
HRA*	\$594	\$1,486	\$623	\$1557

\* Annual contribution to HRA \$1375 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
  - \$750K Specific stop loss
  - 125% Aggregate stop loss

# 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

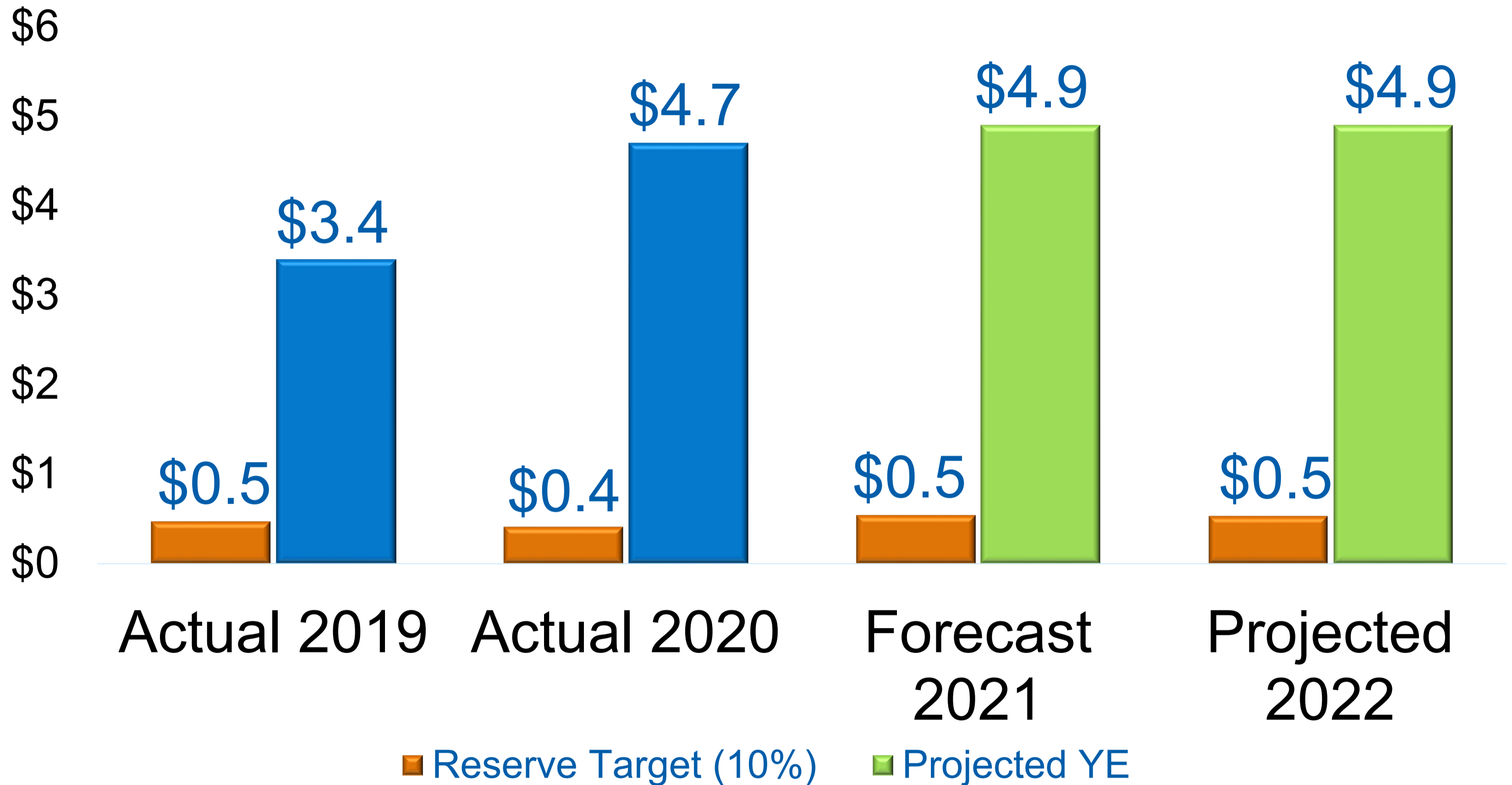
# Medical Operating Reserve



Dollars in Millions



# Dental Operating Reserve



Dollars in Millions

# Questions

Marcy Syman, Human Resources Director

Marie Henderson, Acting CFO