



# Self-Insured HealthCare Rates



August 24, 2022 – Management Committee

# Self-Insured Health Care Benefits



- **Projected Costs (Premium Funded)\*** **\$83.4**
- Current Premium w/ Expected Enrollment **\$75.6**
- **Calculated Funding Increase** **10.3%**
- \* Actuarial calculation: assumes 10.3% due to medical claims, cost trend, RX trend, individual plan experience (past 24 months), administrative costs, and inflation.

# Our HealthCare Plans

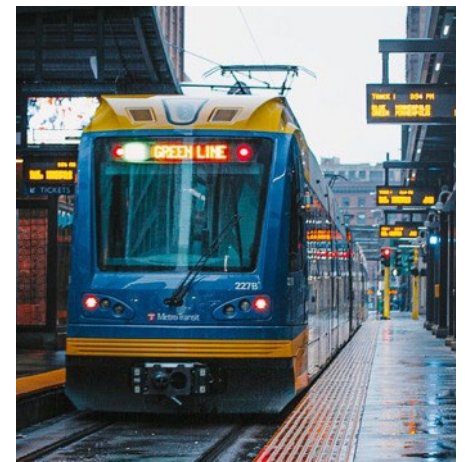
PLANS	OPEN ACCESS	DISTINCTIONS	EMPOWER HRA
Eligible	ATU Members & early retirees	All Employees & early retirees	All Employees & early retirees
Total Premium	Highest	Middle	Lowest
Deductible	None	\$275 Single \$550 Family	\$1,375 Single* \$2,750 Family*
Copays	Lowest	3 Tiers \$23 / \$33 / \$43	20% Coinsurance
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



# 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	Open Access	Distinctions	HRA
10.3%			
(\$7.79)	(\$2.10)	(\$5.69)	

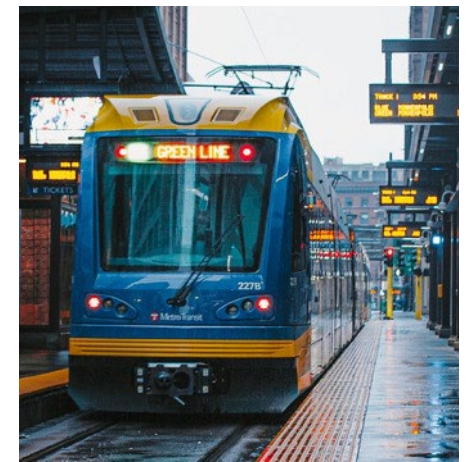
Rate Principle	Open Access	Distinctions	HRA
1	8.6%	10.9%	

Dollars in Millions

# 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

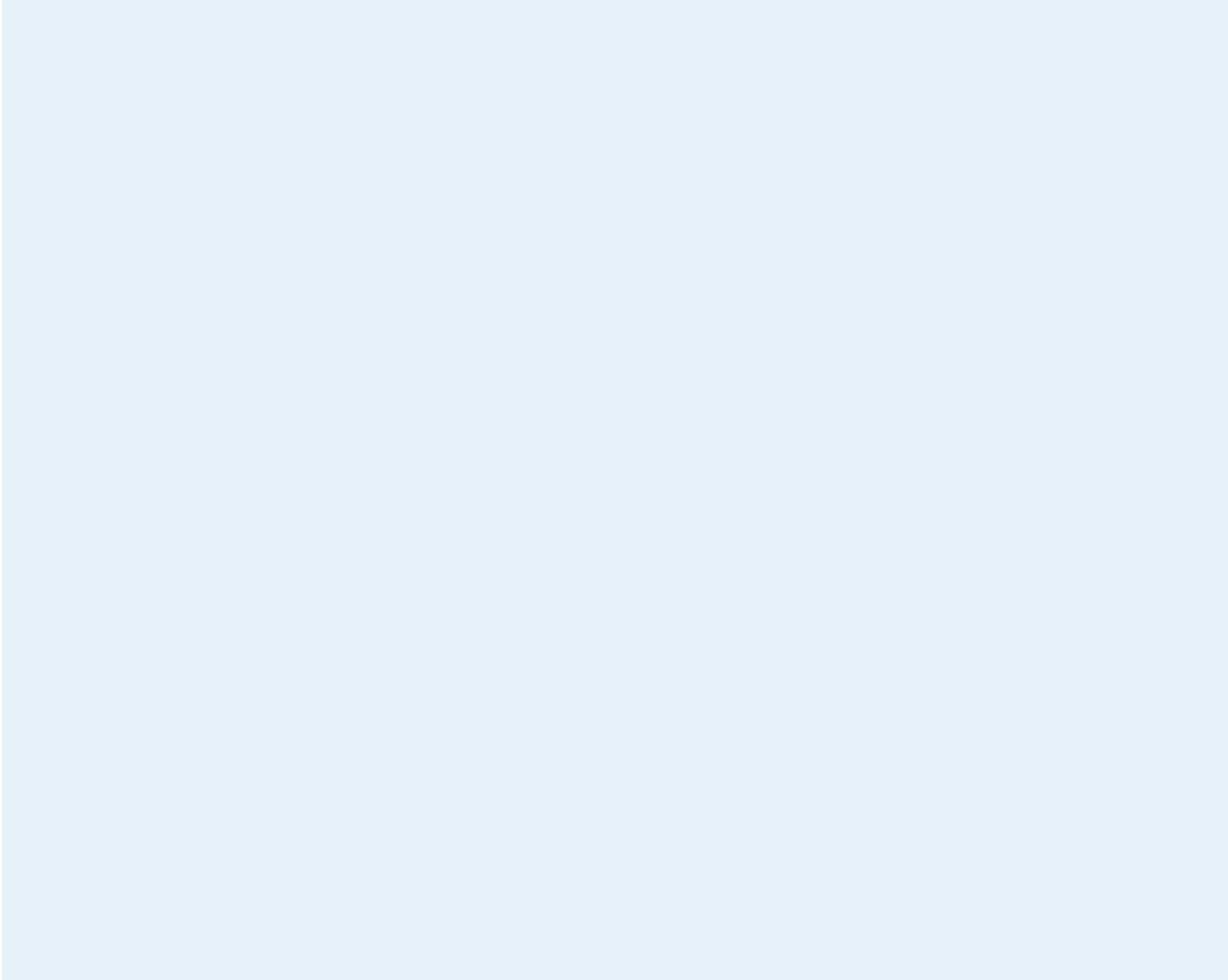
FUNDING GAP			
Total Gap 10.3%	Open Access	Distinctions	HRA
<b>(\$7.79)</b>	<b>(\$2.10)</b>	<b>(\$5.69)</b>	

Rate Principle	Open Access	Distinctions	HRA
1	8.6%	10.9%	
<b>2</b>	<b>8.6%</b>	<b>10.9%</b>	<b>10.9%</b>

Dollars in Millions

# Health Plans and Rates (Monthly)

2022		
Plan	Single	Family
Open Access	\$1,239	\$3,097
Distinctions	\$ 951	\$2,373
HRA*	\$ 623	\$1,557



\* Annual contribution to HRA \$1,375 single \$2,750 Family



# Health Plans and Rates (Monthly)

2022		
Plan	Single	Family
Open Access	\$1,239	\$3,097
Distinctions	\$ 951	\$2,373
HRA*	\$ 623	\$1,557

2023		
Plan	Single	Family
Open Access	\$1,345	\$3,362
Distinctions	\$1,055	\$2,632
HRA*	\$ 691	\$1,727

\* Annual contribution to HRA \$1,375 single \$2,750 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

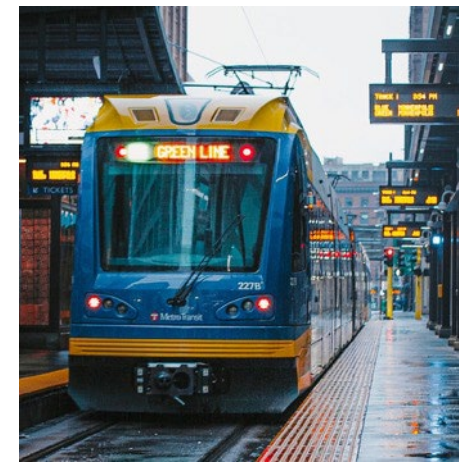
- \$750K Specific stop loss
- 125% Aggregate stop loss

# Rate Setting Principles - #3

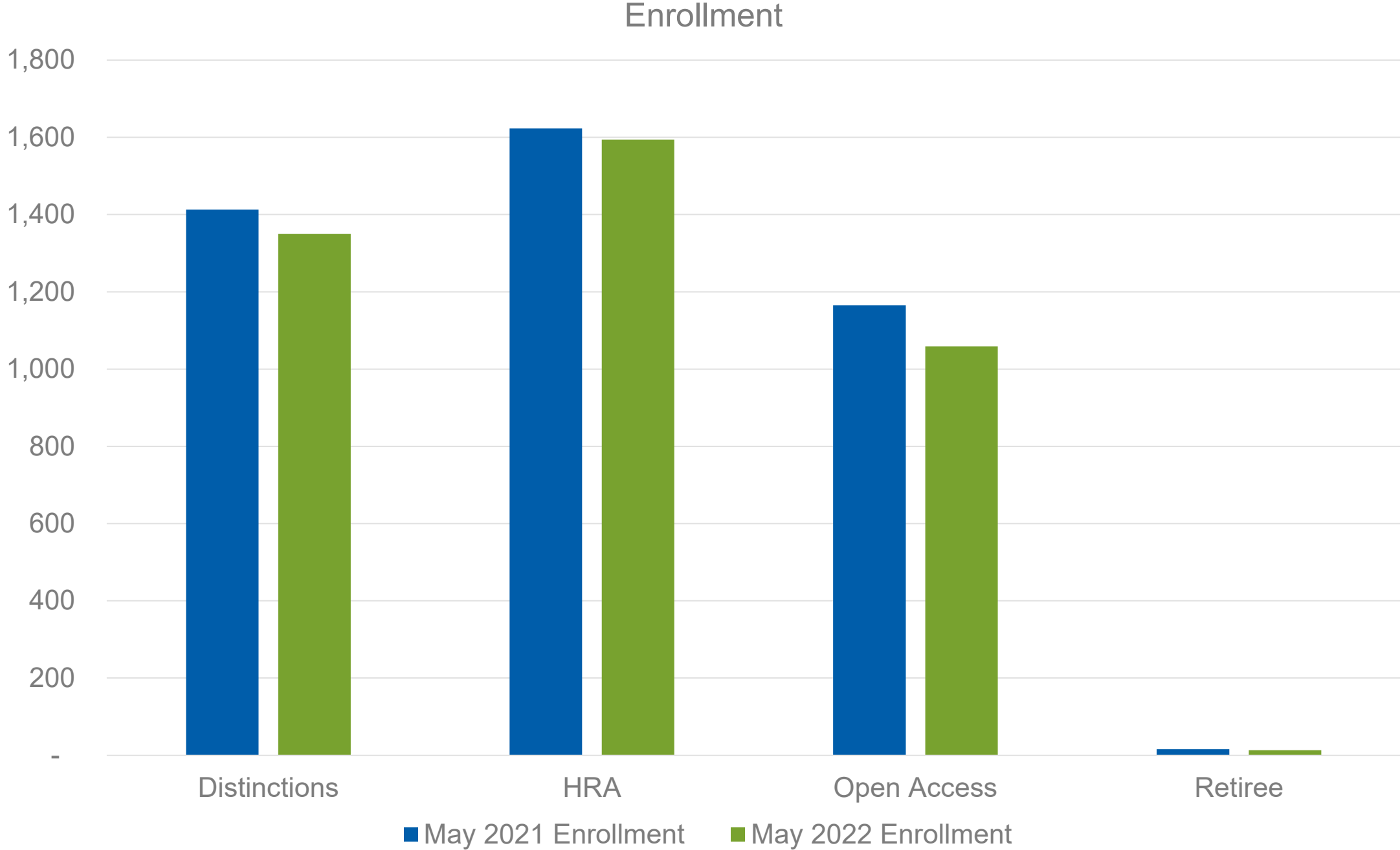
## A Minimum Reserve Target should be maintained

Reserve balances may be available to:

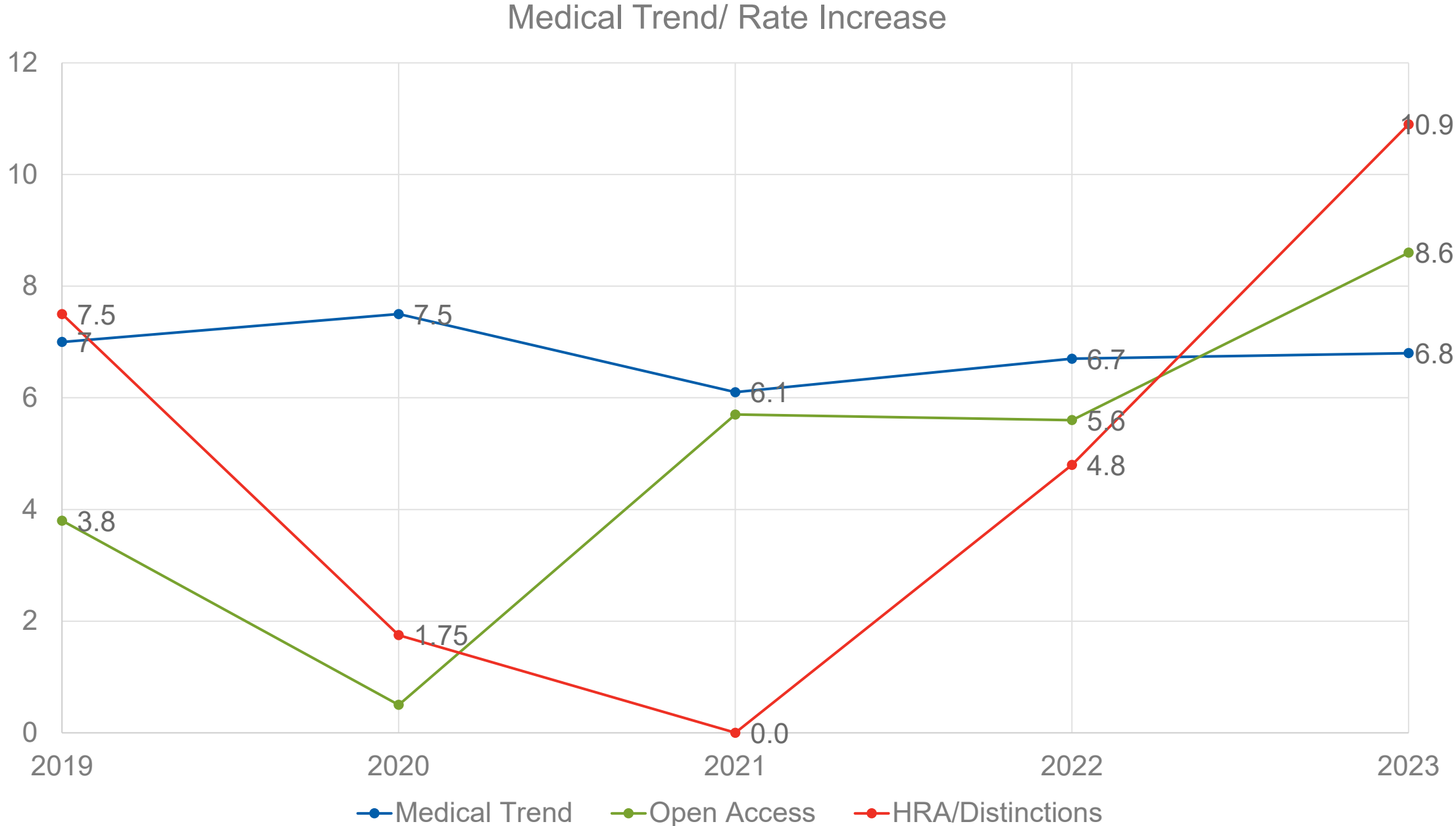
- Mitigate risk of unanticipated gaps between premium collections and claims expenses.
- Mitigate risk impact of participant migration among plans
- Avoid significant year to year premium fluctuations (once the first principle is met)
- One-time uses with priority to uses that mitigate future claims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



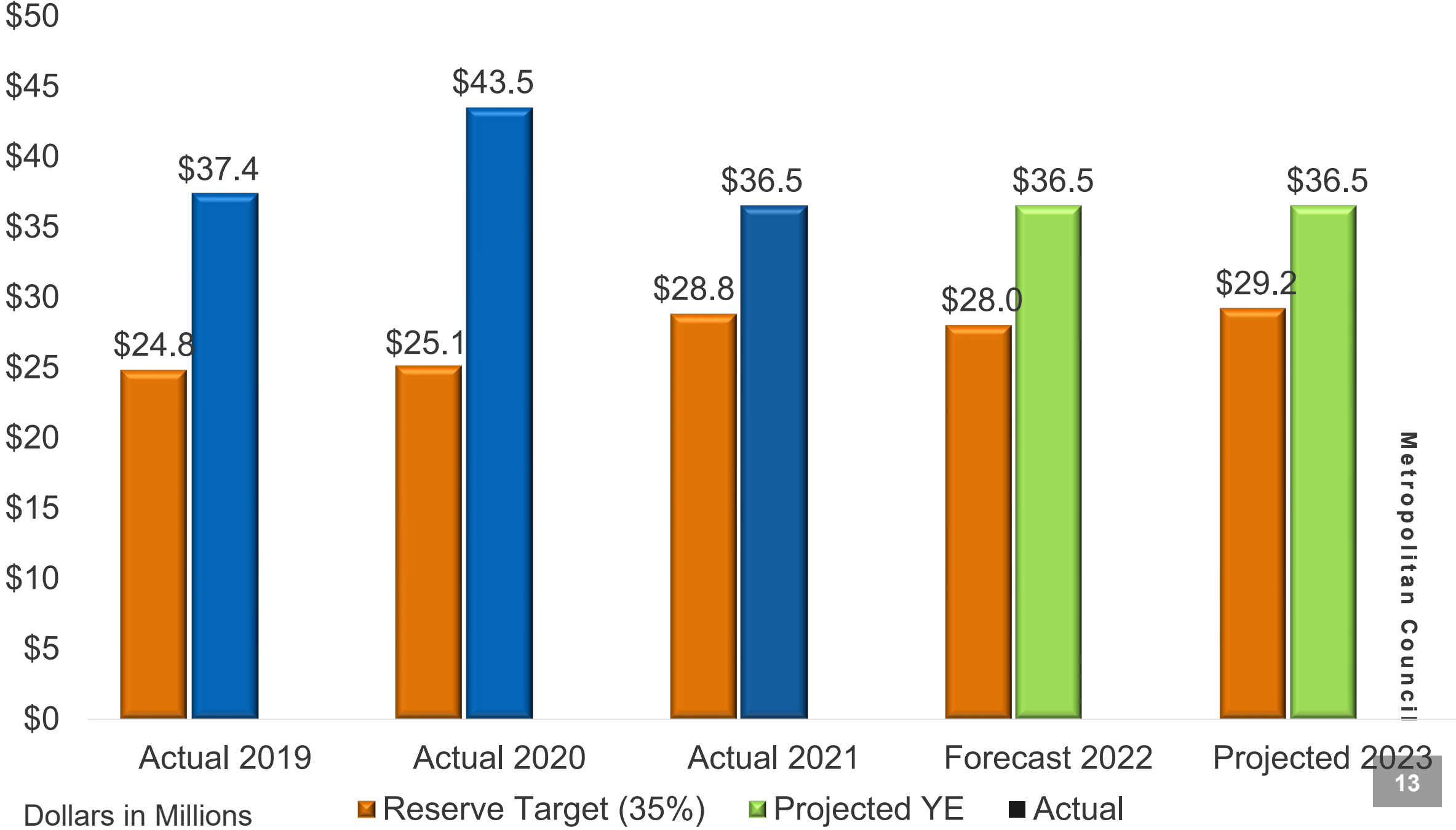
# Enrollment – Employee and Family



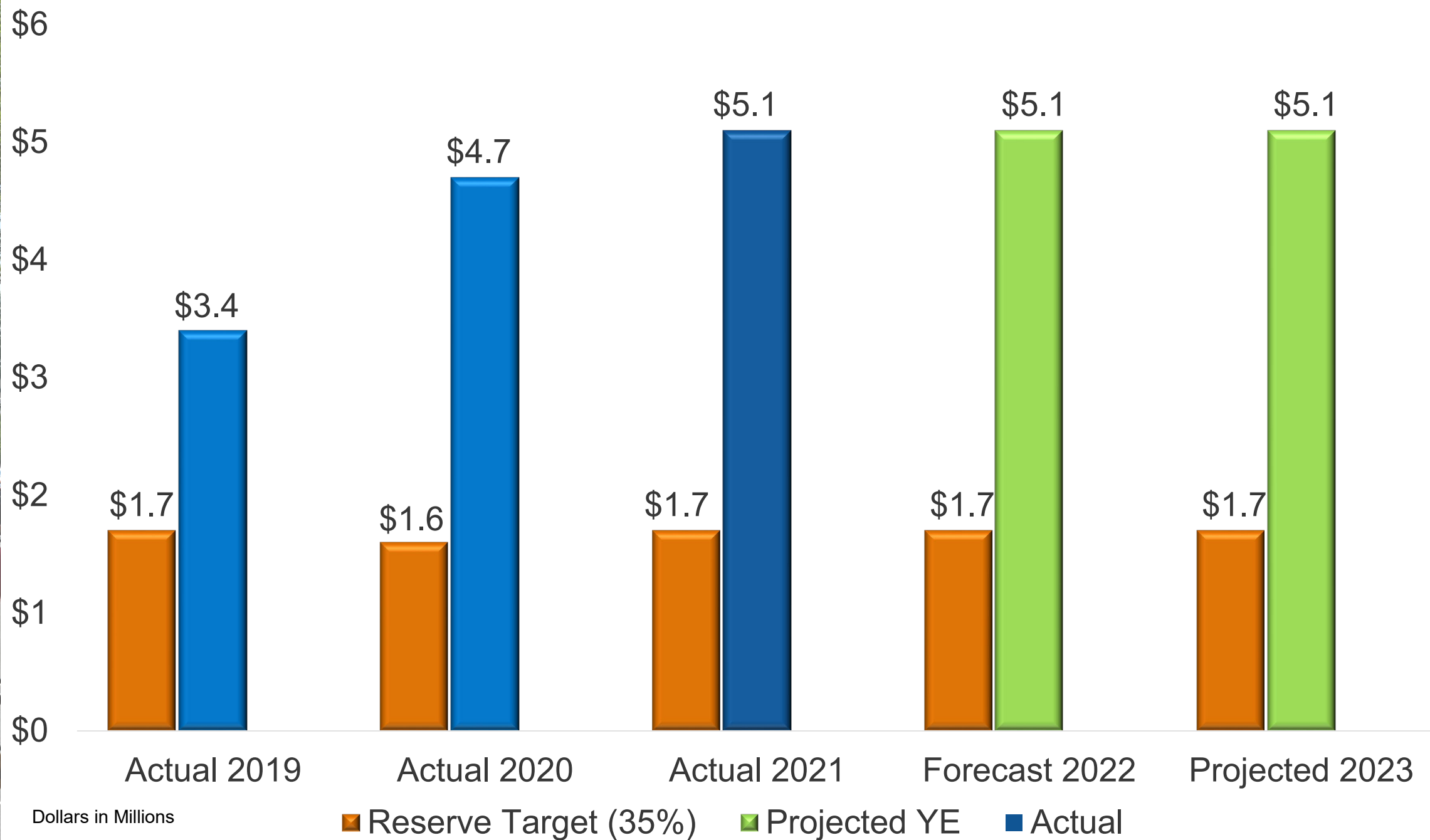
# Medical Trend – Rate increases



# Medical Operating Reserve



# Dental Operating Reserve





**Marie Henderson**

Deputy CFO

