



Self-Insured HealthCare Rates



August 23, 2023 – Management Committee

Self-Insured Health Care Benefits



- **Projected Costs (Premium Funded)*** **\$88.6**
- Current Premium w/ Expected Enrollment \$81.2
- **Calculated Funding Increase** **9.1%**
- * Actuarial calculation: assumes 9.1% due to medical claims, cost trend, RX trend, individual plan experience (past 24 months), administrative costs, and inflation.

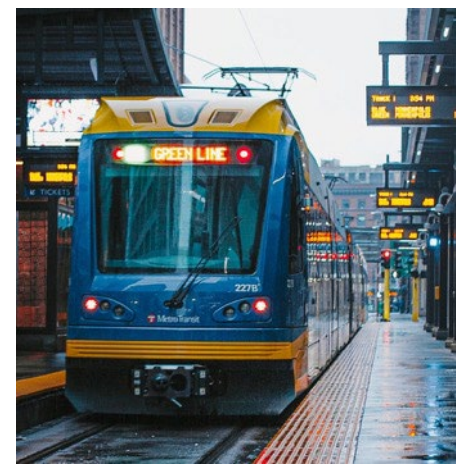
Our HealthCare Plans

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 9.1%	Open Access	Distinctions	HRA
(\$7.39)	(\$1.68)	(\$5.71)	

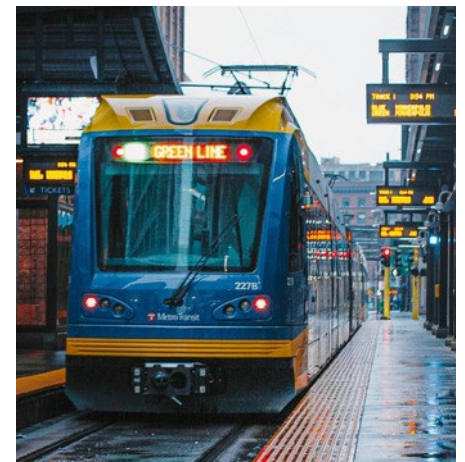
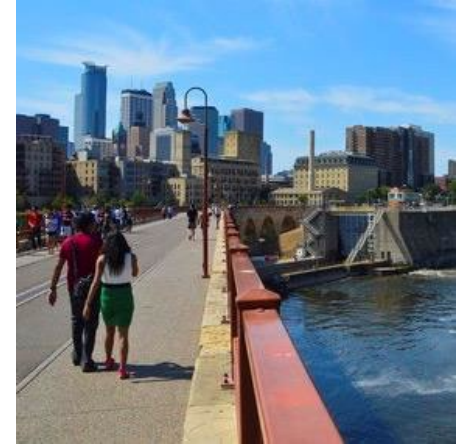
Rate Principle	Open Access	Distinctions	HRA
1	6.7%	10.3%	

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

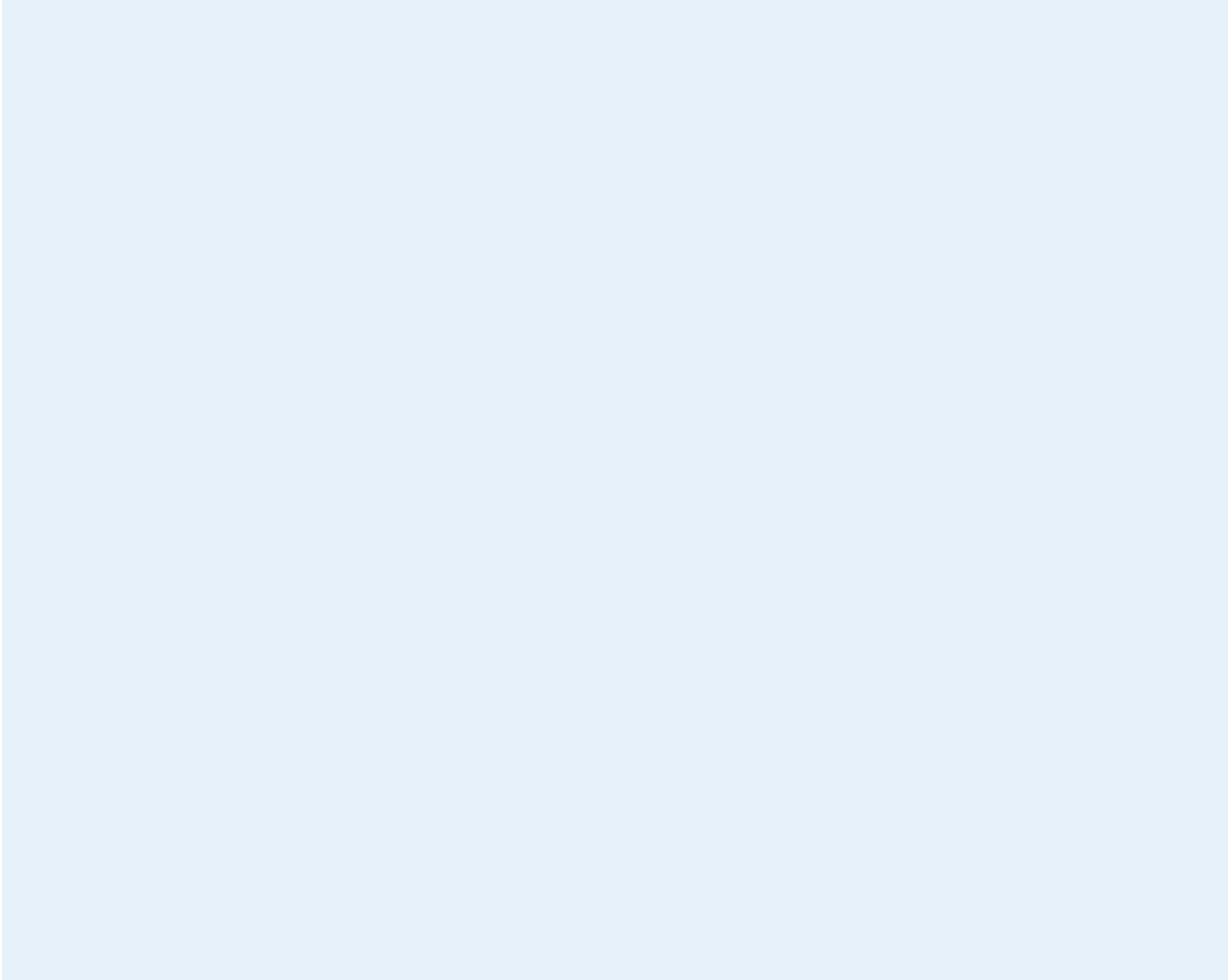
FUNDING GAP			
Total Gap 9.1%	Open Access	Distinctions	HRA
(\$7.39)	(\$1.68)	(\$5.71)	

Rate Principle	Open Access	Distinctions	HRA
1	6.7%	10.3%	
2	6.7%	10.3%	10.3%

Dollars in Millions

Health Plans and Rates (Monthly)

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

Health Plans and Rates (Monthly)

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

2024		
Plan	Single	Family
Open Access	\$ 1,435	\$ 3,586
Distinctions	\$ 1,164	\$ 2,903
HRA*	\$ 762	\$ 1,905

* 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

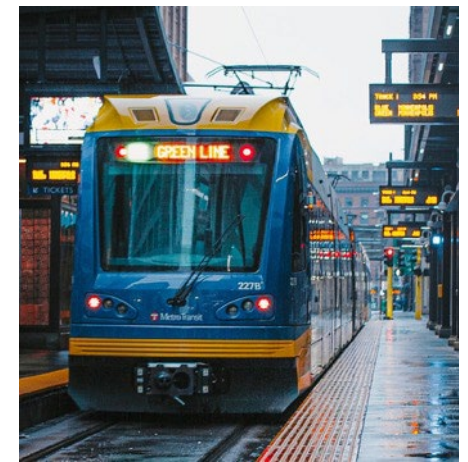
- \$750K Specific stop loss
- 125% Aggregate stop loss

Rate Setting Principles - #3

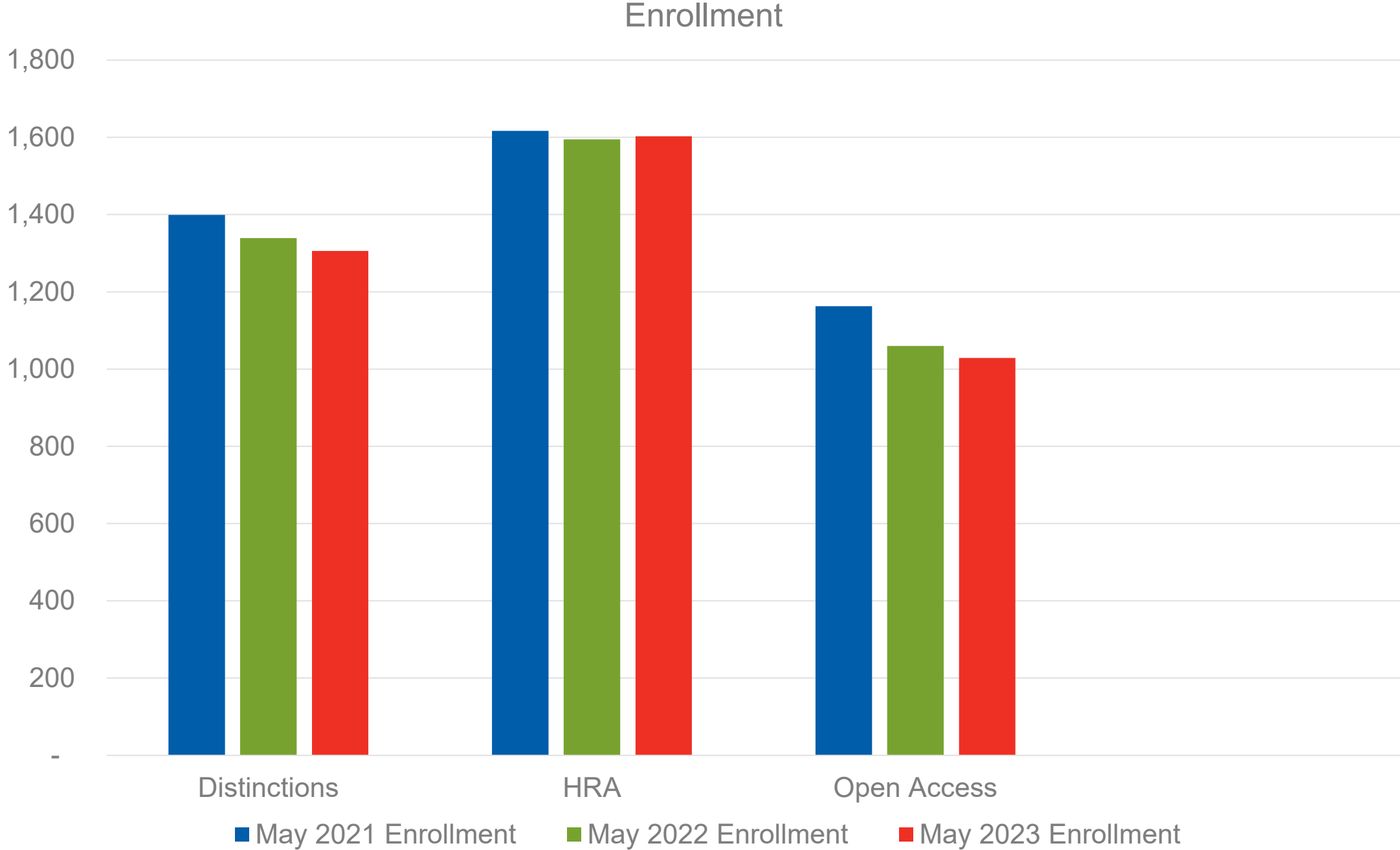
A Minimum Reserve Target should be maintained

Reserve balances may be available to:

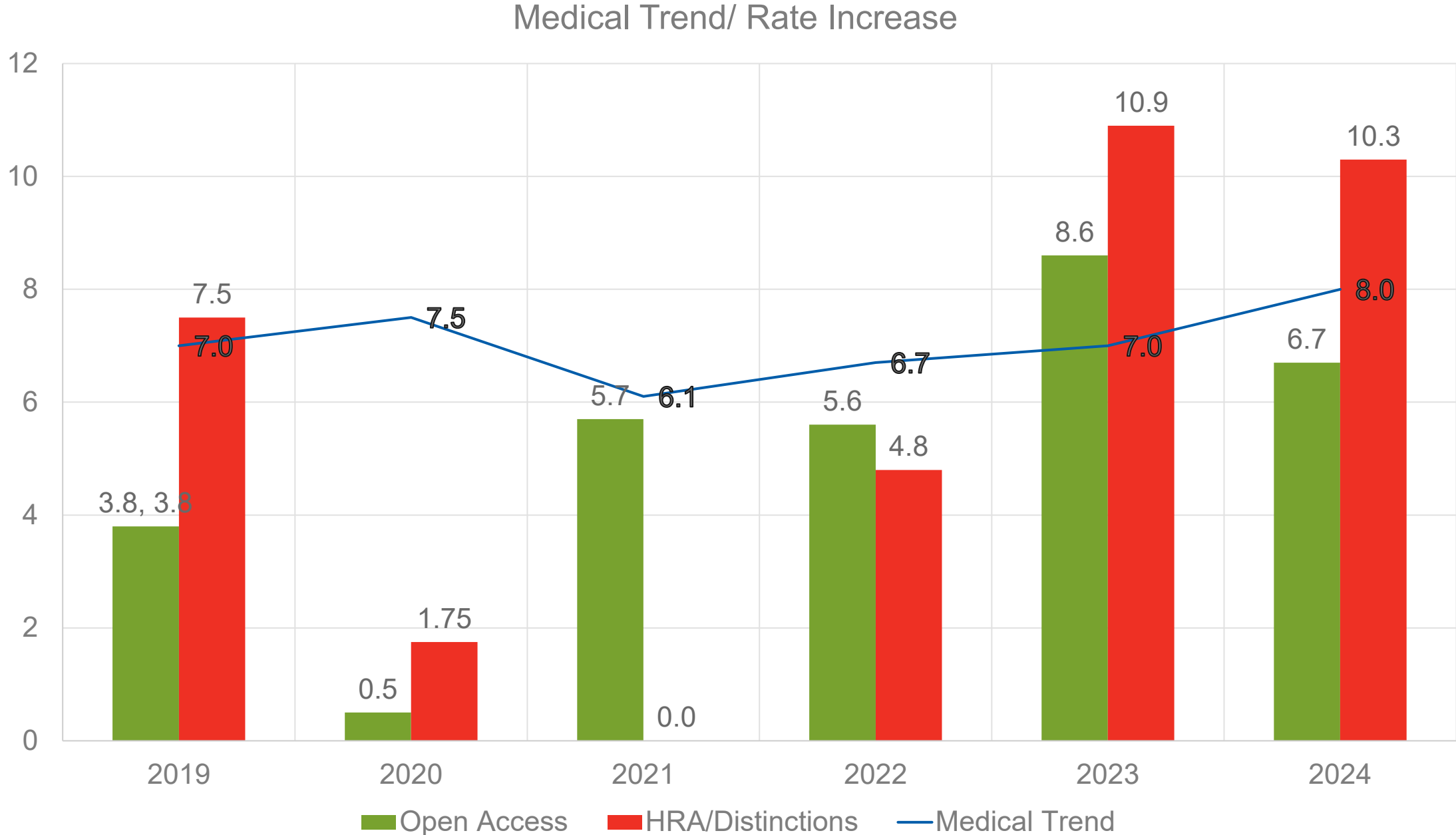
- Mitigate risk of unanticipated gaps between premium collections and claims expenses.
- Mitigate risk impact of participant migration among plans
- Avoid significant year to year premium fluctuations (once the first principle is met)
- One-time uses with priority to uses that mitigate future claims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



Enrollment – Employee (Average)



Medical Trend – Rate increases

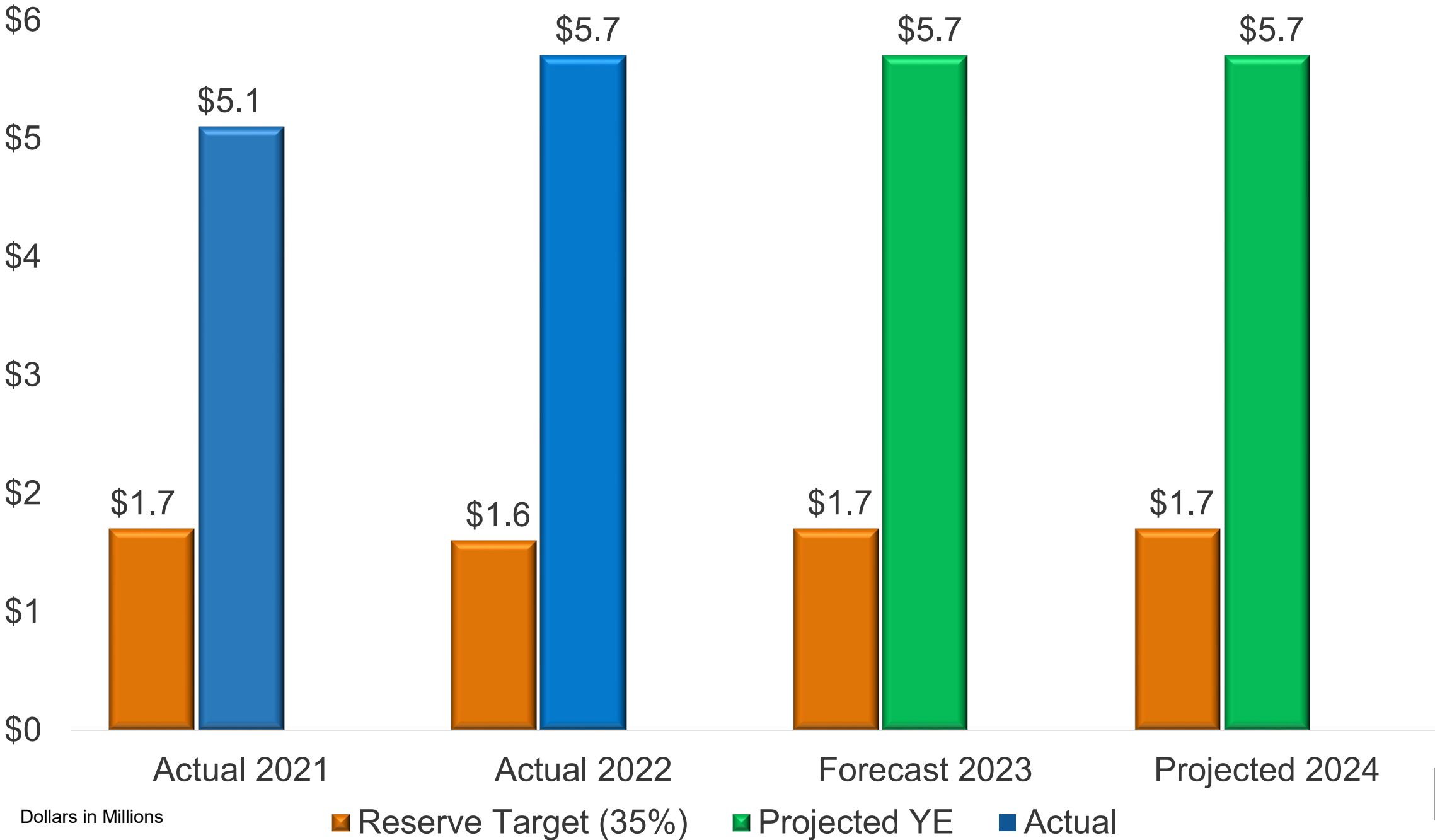


Medical Operating Reserve



Metropolitan Council

Dental Operating Reserve





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