

# **Self-Insurance 2016 Q1 Update**

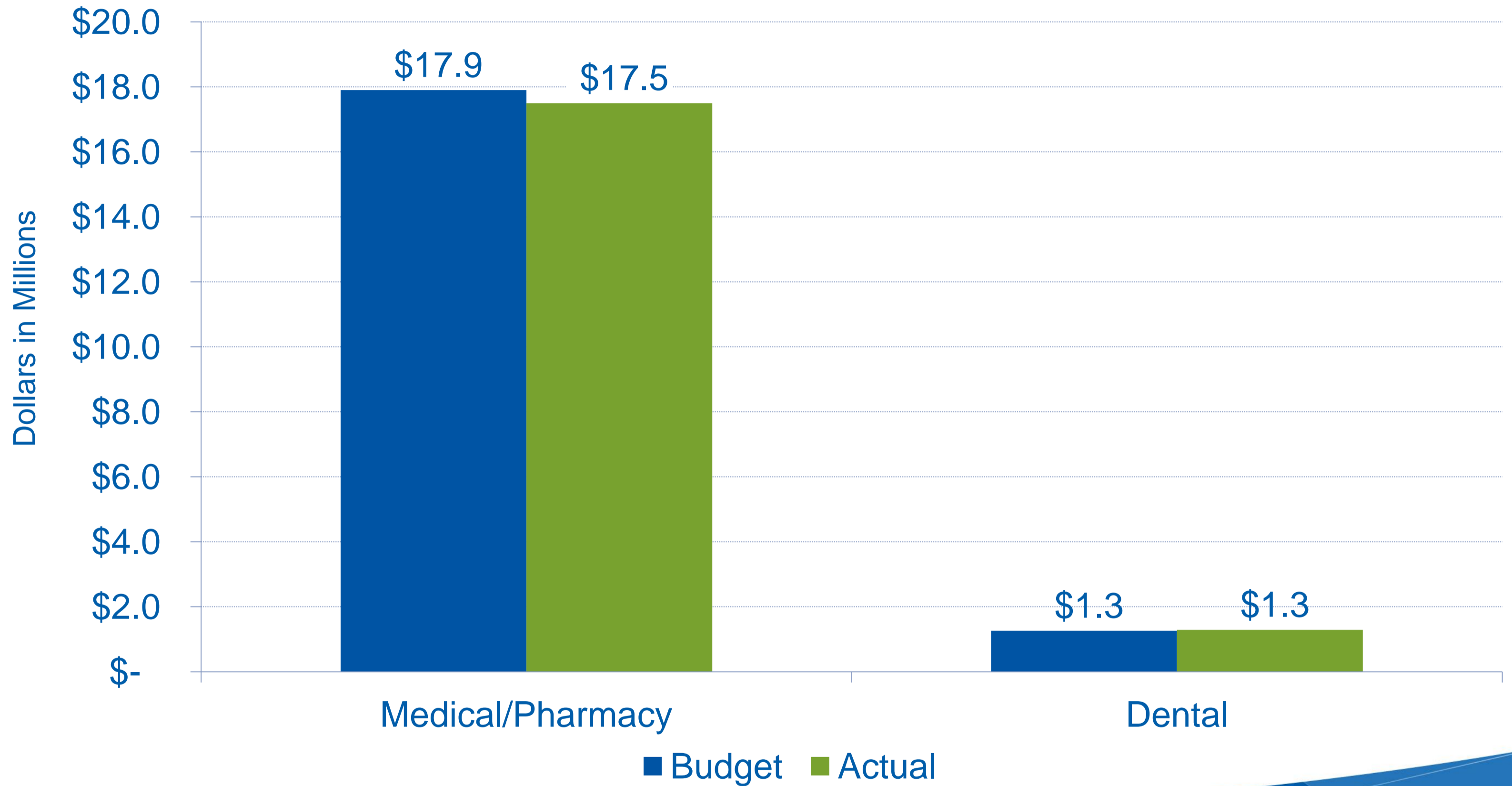
**Presented by Marcy Syman, Human Resources Director  
Mary Bogie, Chief Financial Officer**

**Management Committee 6-8-2016**

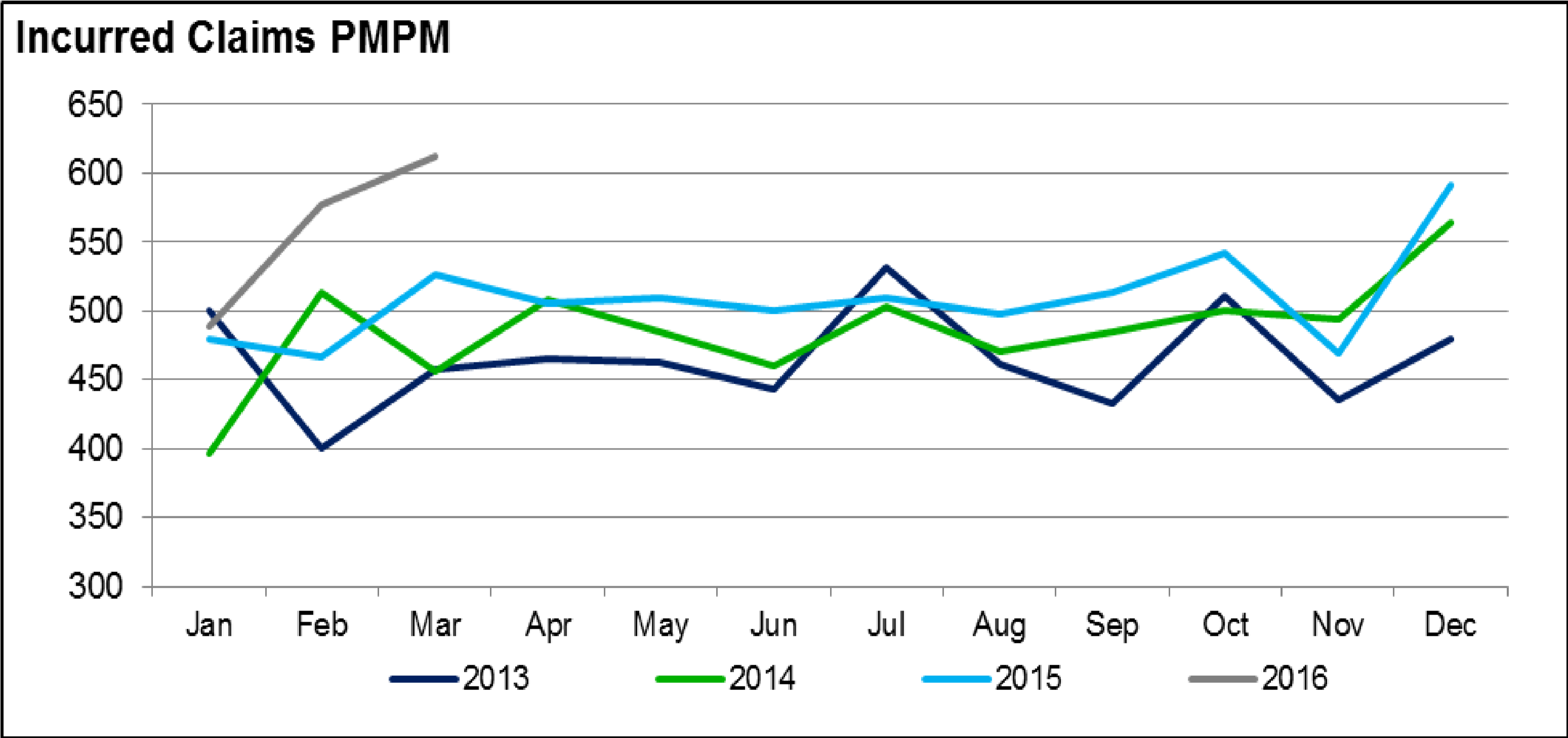


# Self-Insured Plan Costs – Q1 2016

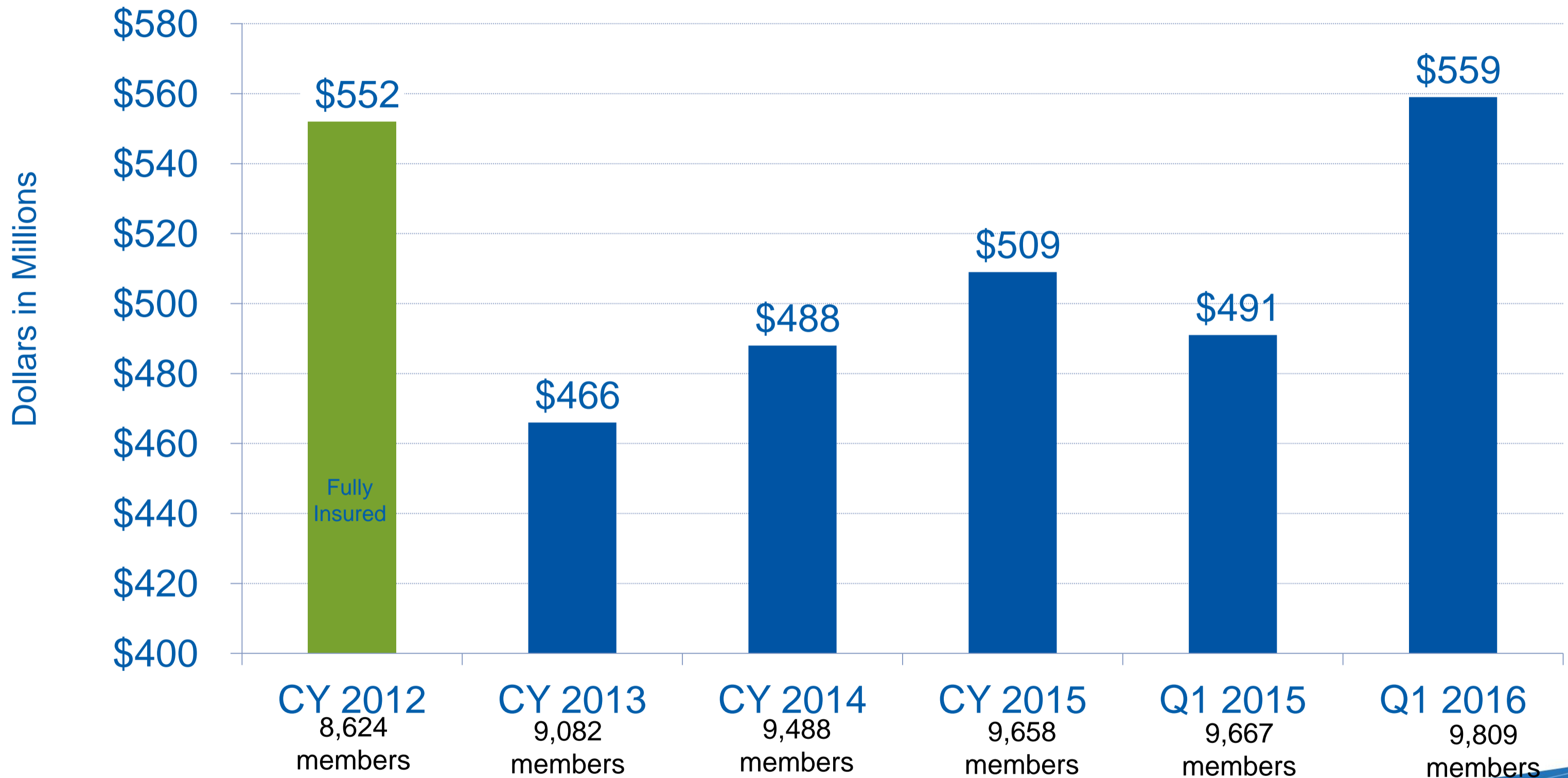
(Claims, admin fees and stop loss premium)



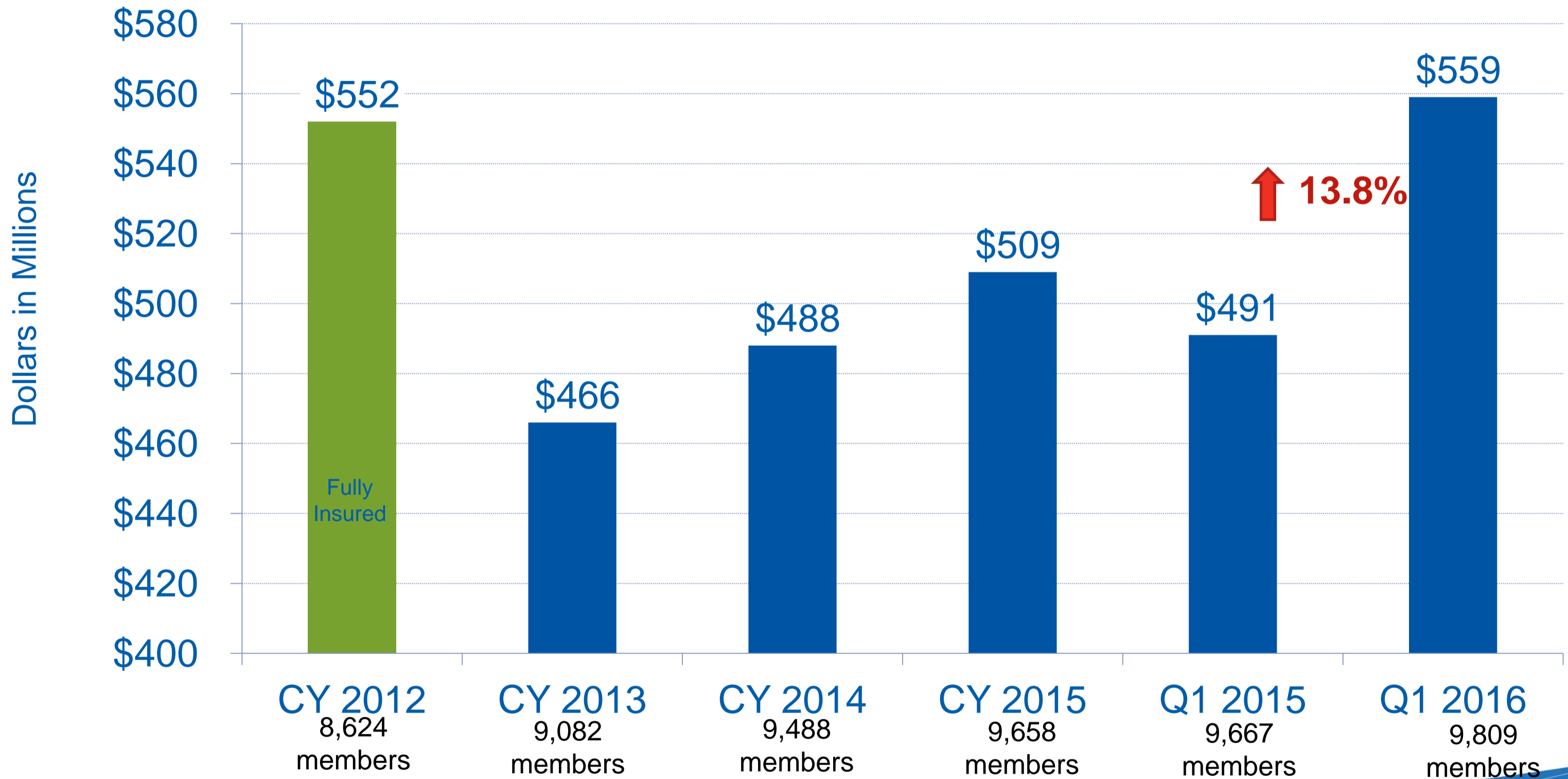
# Incurred Claims: Medical/Pharmacy



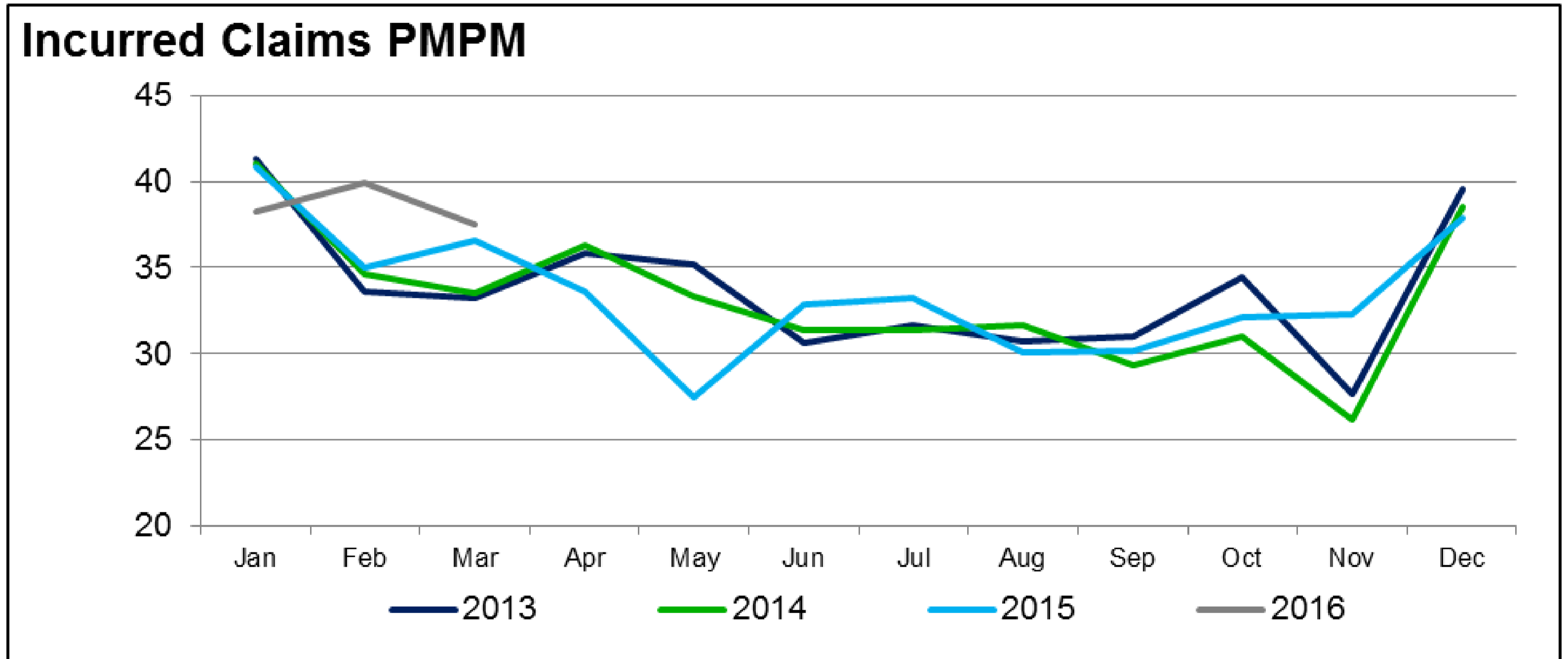
# Total Incurred Medical Claims Per Member Per Month (PMPM)



# Total Incurred Medical Claims Per Member Per Month (PMPM)



# Incurred Claims: Dental



# Self-Insured Fund Reserves

As of December 31, 2015

	Medical	Dental
<b>Beginning Reserve Balance</b>	<u>\$ 22,814</u>	<u>\$ 933</u>
Premiums – Active and Retirees	\$ 66,437	\$ 4,713
Investment Earnings	366	20
<b>Revenues</b>	<u>\$ 66,803</u>	<u>\$ 4,733</u>
Contracted Services	\$ 323	\$ -
Administrative Fees	4,461	181
Medical & Dental Claims	58,747	4,223
<b>Expenses</b>	<u>\$ 63,531</u>	<u>\$ 4,404</u>
<b>Ending Reserve Balance</b>	<b>\$ 26,086</b>	<b>\$ 1,262</b>
Reserves as % of Expense	41%	29%

# Self-Insured Fund Reserves

As of December 31, 2015

	Medical	Dental
<b>Ending Reserve Balance</b>	<b>\$ 26,086</b>	<b>\$ 1,262</b>
	41%	29%
<b>Reserve Target</b>	<b>25-35%</b>	<b>10%</b>
Projected 2016 Expenses (Oct 2015)	\$ 66,800	\$4,600
Low end of target	16,700	-
High end of target ( <b>recommended</b> )	23,380	460

	Target Reserve (% of Annual Costs)
Incurred But Not Paid (IBNP) Claims	8.0-11.0%
Claims Fluctuation	0.8 – 2.2%
Rate Stabilization	15.0 – 20.0%
Other Costs (Admin Fees, Stop Loss, etc.)	1.5 – 2.0%



# Rate Setting Principle - #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 Principle - #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 Principle - #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