2019 Benefits Renewal Meeting

Bellingham Library

October 9, 2018

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Agenda

1 Plan Experience

2 Renewal Calculation

3 Benchmarking

4 Renewal Options

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1

Plan Experience

Premera Blue Cross &

UnitedHealthcare

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Loss Ratio: Definition

Loss Ratio is the ratio between the **claims paid** by an insurer relative to the **premiums earned**

For example, a 95% loss ratio is equivalent of the insurer paying $0.95 in claims for every $1.00 the group pays in premium.

The loss ratio does not factor in administrative costs to run the plan

Loss ratio is a major factor carriers use in determining renewal rates

Affordable Care Act requires that a carrier must spend at least 80% - 85% of their premium dollars on medical care

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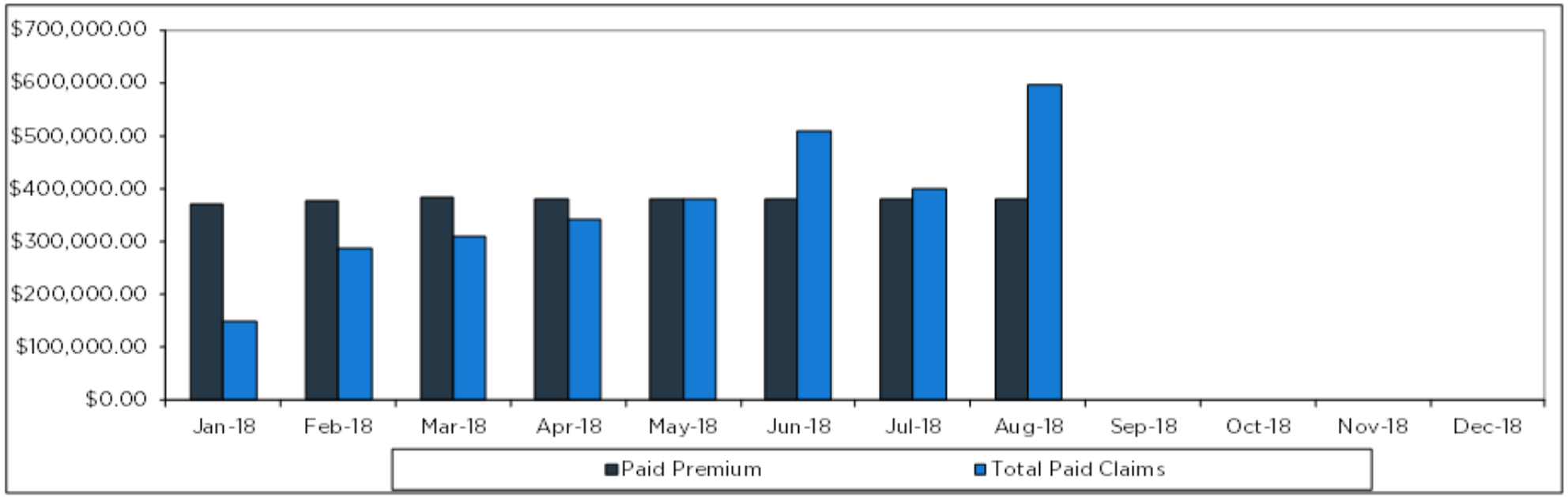
2018 Plan Experience: Premera Blue Cross (All Divisions)



Month	Paid Premium	Paid Medical Claims	Paid Vision Claims	Paid RX Claims	Total Paid Claims	Loss Ratio	Summary	
Jan-18	$371,111.94	$76,685.48	$665.34	$71,975.72	$149,326.54	40.24%		
Feb-18	$376,302.67	$216,955.90	$1,032.28	$70,710.39	$288,698.57	76.72%	YTD Paid Premium	$3,035,308.64
Mar-18	$385,196.65	$188,544.83	$1,073.37	$121,194.87	$310,813.07	80.69%		
Apr-18	$382,278.90	$200,239.18	$714.36	$140,063.60	$341,017.14	89.21%	YTD Medical Claims	$1,994,346.45
May-18	$380,421.63	$256,452.35	$1,475.17	$122,310.50	$380,238.02	99.95%		
Jun-18	$379,791.91	$391,859.10	$736.92	$117,709.54	$510,305.56	134.36%	YTD Vision Claims	$7,086.80
Jul-18	$379,617.23	$214,193.38	$359.23	$185,134.90	$399,687.51	105.29%	YTD Prescription Claims	$976,367.02
Aug-18	$380,587.71	$449,416.23	$1,030.13	$147,267.50	$597,713.86	157.05%		
Sep-18							YTD Paid Claims	$2,977,800.27
Oct-18								
Nov-18							YTD Loss Ratio	98.11%
Dec-18								

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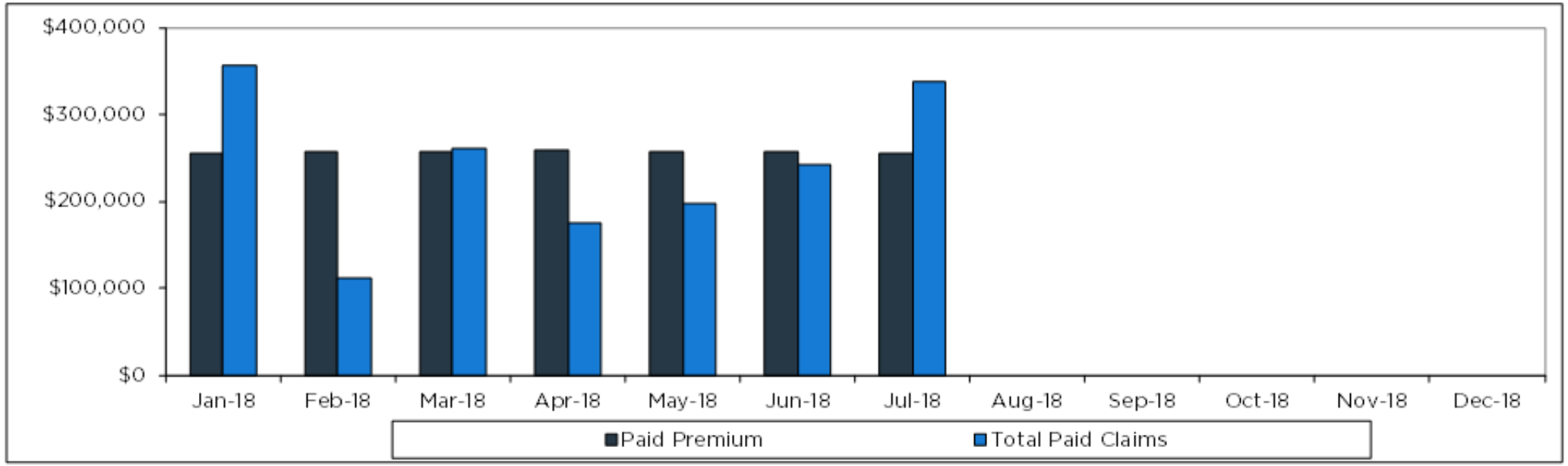
2018 Plan Experience: UnitedHealthcare (All Divisions)



Month	Paid Premium	Paid Medical Claims	Paid RX Claims	Total Paid Claims	Loss Ratio
Jan-18	$254,807	$343,447	$11,839	$355,286	139.43%
Feb-18	$256,581	$91,262	$20,475	$111,737	43.55%
Mar-18	$256,802	$237,168	$24,505	$261,673	101.90%
Apr-18	$258,883	$152,390	$23,038	$175,428	67.76%
May-18	$256,343	$167,354	$30,672	$198,026	77.25%
Jun-18	$256,681	$212,971	$29,445	$242,416	94.44%
Jul-18	$254,776	$309,908	$27,413	$337,321	132.40%
Aug-18					
Sep-18					
Oct-18					
Nov-18					
Dec-18					

Summary	
YTD Paid Premium	$1,794,873.00
YTD Medical Claims	$1,514,500.00
YTD Prescription Claims	$167,387.00
YTD Paid Claims	$1,681,887.00
YTD Loss Ratio	93.71%

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2

Renewal Calculation

Underwriting Factors

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Renewal Calculation: How our renewal rate is calculated

- Revenue (Premiums Paid)
- Paid Claims
- Incurred Claims (Run-out, Incurred But Not Reported)
- Less Pooled Claims (Large claims greater than $150,000)
- Plus Pooling Charge
- Trend (Premera: 8.3% Medical, 11.3% Pharmacy)
- Credibility
- Administrative Costs (Cost to run the plan, network, margin, etc.)

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Other Renewal Factors

- Carrier's Block of Business
- Network
- Plan Designs
- Consumerism
- Competition/Marketing
- History
- Funding Arrangements

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Actuarial Value

- **Actuarial Value**. The percentage of total average costs for covered benefits that a **plan** will cover. For example, if a **plan** has an **actuarial value** of 70%, on average, you would be responsible for 30% of the costs of all covered benefits.
- $0 Deductible Plan CMS Platinum Value ~96%
- $250 Deductible Plan CMS Platinum Value ~90%
- $500 Deductible Plan CMS Gold Value ~85%
- $1,500 High Deductible Plan CMS Platinum Value ~89%

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3

Benchmarking

Washington State

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Washington State Benchmarking: Source of Data

In the fall of 2017, Washington State SHRM conducted the first comprehensive benefits survey produced specifically for employers in Washington State. The survey collected data on employee benefits from 216 organizations throughout Washington State, with respondents representing for-profit, non-profit, and public-sector organizations ranging in size from less than 50 employees to more than 500. Our findings provide a detailed picture of the benefit packages being offered statewide, including healthcare benefits, retirement benefits, paid leave, and a variety of other financial, medical, and educational benefits. By leveraging this relevant market data, organizations can make well-informed decisions about their benefits strategy to optimize recruitment and retention efforts in today's challenging talent marketplace.

AFFILIATE OF SHRM SOCIETY FOR HUMAN RESOURCE MANAGEMENT

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Washington State Benchmarking: PPO Deductible & Out of Pocket Max

DEDUCTIBLES AND OUT-OF-POCKET MAXIMUMS (IN-NETWORK AND OUT-OF-NETWORK)

The average in-network HDHP deductible for employee-only coverage is over $2,000, with a family deductible of almost $4,000. The average in-network PPO deductible for employee-only is over $1,100, with family at $2,600; HMO deductibles are about half.

PPO	IN NETWORK			OUT OF NETWORK*		
	Average	Median	No Deductible	Average	Median	No Maximum
Individual Deductible	$1,125	$750	3%	$1,977	$1,500	-
Family Deductible	$2,602	$2,000	3%	$4,475	$3,000	-
"Per Family Member" Deductible	$1,166	$750	3%	$2,022	$1,375	-
Individual Out-of-Pocket Maximum	$3,973	$3,750	-	$6,138	$5,000	15%
Family Out-of-Pocket Maximum	$8,490	$8,000	-	$12,936	$12,000	15%
"Per Family Member" Out-of-Pocket Maximum	$4,239	$4,000	-	$6,874	$5,500	9%

*n = 187 *NOTE: 6.6% of respondents indicated no out-of-network coverage for their PPO plan*

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Washington State Benchmarking: High Deductible Health Plan

HDHP	IN NETWORK			OUT OF NETWORK*		
	Average	Median	No Deductible	Average	Median	No Maximum
Individual Deductible	$2,014	$1,500	0%	$3,341	$3,000	-
Family Deductible	$3,976	$3,000	0%	$6,405	$6,000	-
"Per Family Member" Deductible	$2,703	$2,500	0%	$4,317	$3,500	-
Individual Out-of-Pocket Maximum	$4,199	$4,000	-	$6,427	$5,000	13%
Family Out-of-Pocket Maximum	$9,067	$7,650	-	$13,111	$10,000	13%
"Per Family Member" Out-of-Pocket Maximum	$4,950	$5,000	-	$8,082	$6,000	10%

*n = 83 *NOTE: 6.1% of respondents indicated no out-of-network coverage for their HDHP plan*

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Washington State Benchmarking: Premiums

PPO	n	TOTAL PREMIUM Average	TOTAL PREMIUM Median	EMPLOYER COST Average	EMPLOYER COST Median	EMPLOYEE COST Average	EMPLOYEE COST Median	% PAID BY EMPLOYER Average	% PAID BY EMPLOYER Median	% PAID BY EMPLOYER 100% Paid
Employee only	184	$591	$556	$518	$484	$73	$39	87%	90%	36%
Employee + Spouse	171	$1,175	$1,169	$713	$671	$461	$411	60%	62%	3%
Employee + Registered Domestic Partner	137	$1,208	$1,201	$723	$682	$485	$438	59%	61%	3%
Employee + Child(ren)	174	$1,017	$999	$649	$586	$368	$314	63%	65%	3%
Employee + Family	174	$1,679	$1,617	$984	$874	$695	$601	57%	60%	3%

HDHP	n	TOTAL PREMIUM Average	TOTAL PREMIUM Median	EMPLOYER COST Average	EMPLOYER COST Median	EMPLOYEE COST Average	EMPLOYEE COST Median	% PAID BY EMPLOYER Average	% PAID BY EMPLOYER Median	% PAID BY EMPLOYER 100% Paid
Employee only	82	$468	$458	$436	$432	$33	$0	92%	100%	55%
Employee + Spouse	80	$1,009	$987	$666	$639	$343	$337	65%	67%	3%
Employee + Registered Domestic Partner	69	$1,045	$1,006	$675	$635	$371	$366	64%	65%	1%
Employee + Child(ren)	81	$886	$848	$601	$598	$285	$227	68%	70%	4%
Employee + Family	79	$1,395	$1,393	$843	$778	$552	$487	60%	63%	3%

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4

Renewal Options & Plan Comparisons

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Renewal: Premera & UnitedHealthcare

City of Bellingham Renewal

Effective January 1, 2019

Company	Premera	Premera	Premera	United Healthcare	United Healthcare
Provider Website	www.premera.com	www.premera.com	www.premera.com	www.welcometouhc.com/navigate	www.welcometouhc.com/navigate
Plan	Zero Ded Plan	250 Ded Plan	HDHP HSA Plan	$10 Copay Plan MF-W MOD1/Rx F5 Mod1	$200 Ded ($20 Copay) MF-W MOD2/Rx F5 Mod2
Network	Heritage Plus PPO	Heritage Plus PPO	Heritage Plus PPO	Navigate	Navigate
IN NETWORK:					
Office Calls	$10 Copay	10% After Deductible	20% After Deductible	$10 Copay	$20 Copay + 10% Coinsurance
Prescription Copay	$4 $15 $35	$5 $25 $50 $100	20% After Deductible	$10 $10 $50	$10 $20 $40
Deductible per Person/Family	Zero	$250/$750	$1,500/$3,000	Zero	$200/$400
Emergency Room	$75 Copay, Coin Applies	$75 Copay, Ded & Coin Apply	20% After Deductible	$50 Copay	$75 Copay, Ded & Coin Apply
Diagnostic Lab	Covered in Full	10% After Deductible	20% After Deductible	Covered in Full	10% Coin
Hospital Coverage	$150 Copay, Coins Apply	10% After Deductible	20% After Deductible	$100 Copay/Day up to $400 per Admit	10% After Deductible
Coinsurance %	10%	10%	20%	None	10%
Preventive Care	Covered in Full	Covered in Full	Covered in Full	Covered in Full	Covered in Full
Out of Pocket Max per Person/Family (includes Deductible & Copays)	$1,100/$2,200	$3,000/$6,000	$5,000/$10,000 Embedded	$2,100/$4,200	$2,500/$5,000
Vision Exam	$20 Copay 1 PCY	$20 Copay 1 PCY	Not Covered	$10 Copay Every 12 Months	$10 Copay Every 12 Months
Acupuncture	$10 Copay 12 Visits PCY	10% After Ded 12 Visits PCY	20% After Ded 12 Visits PCY	$10 Copay/12 Visits PCY w/PCP Referral	$20 Copay, Coin Apply 12 Visits PCY w/PCP Referral
Chiropractic	$10 Copay 15 visits PCY	10% After Ded 15 Visits PCY	20% After Ded 10 Visits PCY	$10 Copay/20 Visits PCY	$20 Copay + 10% Coin 20 Visits PCY
Naturopath	Paid Same as Physician's Office Visit	Paid Same as Physician's Office Visit	Paid Same as Physician's Office Visit	Paid Same as Physician's Office Visit w/PCP Referral	Paid Same as Physician's Office Visit w/PCP Referral
Rehabilitation Therapy (PT, Massage, Speech, OT)	$10 Copay, 99 Visits PCY with Prescription	10% After Ded/99 Visits PCY with Prescription	20% After Ded 25 Visits PCY	$10 Copay/20 Visits PCY Per Therapy Type	$20 Copay + 10% Coin 20 Visits PCY Per Therapy Type
OUT OF NETWORK:					
Deductible per Person/Family	Shared with In-Network	Shared with In-Network	Shared with In-Network	N/A	N/A
Coinsurance %	30%	30%	40%	N/A	N/A
Out of Pocket Max Person/Family (includes Deductible)	Shared with In-Network	Shared with In-Network	Unlimited	N/A	N/A

PPO = Preferred Provider Organization HDHP = High Deductible Health Plan HSA = Health Savings Account Ded = Deductible Coin = Coinsurance PCY = Per Calendar Year COB = Coordination of Benefits

Renewal: Premera Takeover

City of Bellingham

Effective January 1, 2019

Premera Total Takeover - Rates not Final nor Official

Company	Premera	Premera	Premera	Premera
Provider Website	www.premera.com	www.premera.com	www.premera.com	www.premera.com
Plan	Zero Ded Plan	250 Ded Plan	HDHP HSA Plan	500 Ded
Network	Heritage Plus PPO	Heritage Plus PPO	Heritage Plus PPO	Heritage Plus PPO
IN NETWORK:				
Office Calls	$10 Copay	10% After Deductible	20% After Deductible	$30 Copay, Ded & Coin Apply
Prescription Copay	$4 $15 $35	$5 $25 $50 $100	20% After Deductible	$5 $25 $50 $100
Deductible per Person/Family	Zero	$250/$750	$1,500/$3,000	$500/$1,500
Emergency Room	$75 Copay, Coin Applies	$75 Copay, Ded & Coin Apply	20% After Deductible	$75 Copay, Ded & Coin Apply
Diagnostic Lab	Covered in Full	10% After Deductible	20% After Deductible	20% After Deductible
Hospital Coverage	$150 Copay, Coin Apply	10% After Deductible	20% After Deductible	20% After Deductible
Coinsurance %	10%	10%	20%	20%
Preventive Care	Covered in Full	Covered in Full	Covered in Full	Covered in Full
Out of Pocket Max per Person/Family (includes Deductible & Copays)	$1,100/$2,200	$3,000/$6,000	$5,000/$10,000 Embedded	$3,000/$6,000
Vision Exam	$20 Copay 1 PCY	$20 Copay 1 PCY	Not Covered	$20 Copay 1 PCY
Acupuncture	$10 Copay 12 Visits PCY	10% After Ded 12 Visits PCY	20% After Ded 12 Visits PCY	$30 Copay, Ded & Coin Apply 12 visits PCY
Chiropractic	$10 Copay 15 visits PCY	10% After Ded 15 Visits PCY	20% After Ded 10 Visits PCY	$30 Copay, Ded & Coin Apply 15 visits PCY
Naturopath	Paid Same as Physician's Office Visit	Paid Same as Physician's Office Visit	Paid Same as Physician's Office Visit	Paid Same as Physician's Office Visit
Rehabilitation Therapy (PT, Massage, Speech, OT)	$10 Copay, 99 Visits PCY with Prescription	10% After Ded/99 Visits PCY with Prescription	20% After Ded 25 Visits PCY	$30 Copay, Ded & Coin Apply 99 Visits PCY/w Prescription
OUT OF NETWORK:				
Deductible per Person/Family	Shared with In-Network	Shared with In-Network	Shared with In-Network	Shared with In-Network
Coinsurance %	30%	30%	40%	50%
Out of Pocket Max Person/Family (includes Deductible)	Shared with In-Network	Shared with In-Network	Unlimited	Shared with In-Network

PPO = Preferred Provider Organization HDHP = High Deductible Health Plan HSA = Health Savings Account Ded = Deductible Coin = Coinsurance PCY = Per Calendar Year COB = Coordination of Benefits

Provider Count: Premera Heritage Network

Premera Blue Cross
Skagit and Whatcom County Unique Provider Type Counts
Heritage Network

County	Heritage Hospitals	Heritage Providers	Heritage Physicians	Heritage Non-Physicians	Heritage PCP	Heritage Adult PCP	Heritage SPEC	Heritage OBGYN	Heritage PEDS	Dentists
Skagit	3	872	340	532	174	156	713	54	84	81
Whatcom	1	1395	416	979	258	231	1158	68	107	104

Hospital=Acute Care
Provider= Physicians & NonPhysician people providers (Medical)
Physician= MD & DO Degree Types
Non-Physician= Providers who are not MD & DO Degree Types
PCP = Primary Care Provider
ADULT_PCP = Primary Care Provider whose specialty is not Pediatrics
SPEC = Specialist
OBGYN = Performs Obstetric and or Gynecological services
PEDS = Provides care to Pediatric patients
Dentists = Premera Blue Cross Dental Network Proiders
Unique=Counted 1x based on occurrence within the County/State combinationviders

Self Service Glossary

For questions about this report please email 'Dist PIMS Data Reporting' and reference DR-7533

Data Current as of: 9/25/2018

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Premera: Why Choose Premera

Unmatched access and deep discounts

- We offer a variety of provider network options so you can choose the level of access that works best for the needs of your employees.
- Our largest network, Heritage, offers the broadest access to hospitals and physicians across Washington state.

Well-rounded benefits package

- We make it easy for you to attract and retain the best talent with appealing benefits packages that support the whole health of your employees.
- Choose from a range of plans to find the right balance that best fits the needs and budget for both your business and your employees.

Tools and programs for employees

- Our built-in support programs encourage your employees to engage in their healthcare, leading to healthier, happier employees.
- Online tools and apps help your employees find doctors, compare costs of services and medications, access pharmacy information, and review claims.

Administrative ease and support

- Integrate dental and pharmacy with your medical plans and simplify your work by dealing with only one health plan for all your healthcare administration.
- Effortlessly manage your health plans and pay bills online with our secure employer dashboard.
- Get ready-to-share resources that make benefits simple for you and your employees.

Heritage network

Our broadest provider network offers access to 100% of Washington hospitals and 99% of primary care doctors, which is more than 38,400 doctors, clinics, and hospitals across Washington state.

National and worldwide network coverage with BlueCard®

When you choose a Premera Blue Cross health plan, it offers specific levels of healthcare benefits wherever your employees live or travel, across the country and worldwide.

Contact your producer or Premera representative for more details and to find out what level of BlueCard healthcare benefits are included in your Premera health plan.

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