

Kenai Peninsula Borough School District

Fully Insured Marketing Review – Additional Information

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Presenters:

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Premera Rate Caps and Historical Performance *(revised 9/4/2020)*

KPBSD	Self-Funded Plan			Premera Fully Insured Proposal
	2018	2019	2020 (Jan-Jun)	2021
Calendar Year Surplus (MMA reports)	\$2,029,768	\$388,063	\$1,758,348	<ul style="list-style-type: none"> • Year 2 and year 3 renewal rate cap budgeting stability: <ul style="list-style-type: none"> - 2022 renewal: 7% rate cap if dental is bought with medical 1/1/2021 - 2023 renewal: soft rate cap: <ul style="list-style-type: none"> - Up to 70% paid loss ratio: no rate increase - 71-80% PL paid loss ratio: 9.5% increase - 81-90% paid loss ratio: 15% rate increase - 91-100% paid loss ratio: 20% rate increase - 100%+ paid loss ratio: no rate cap - Employee turnover for the same 12 month period must be less than 15% • Premera paid loss ratio calculated by: <ul style="list-style-type: none"> - Claims Cost (M-Rx-D-V claims w/o admin costs) / Premium (admin included)
Calendar Year Total Net Cost Ratio (MMA reports, admin included)	93%	99%	88%	
KPBSD Fiscal Year Reserves (period ending June 30 th)	\$2,043,473	\$3,168,649	Unaudited at the time of this report	
KPBSD Loss Ratio using Premera's calculation for Rate Caps (Claims only vs. Total Funding)	82%	84%	76%	

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Administration Comparisons

	KPBSD Self Funded	Premera Fully Insured
% of Administration Cost (including Stop Loss/Pooling charges)	11.6%	14.6%
% of Administration Cost (excluding Stop Loss/Pooling Charges)	2.2%	7.2%
<p><u>Other Notables:</u></p> <ol style="list-style-type: none"> 1) Premera percentages are based on 1st year annual premiums and HSA/HRA contributions (does not include run-out claim liability) 2) The Premera pooling level is \$350,000 per individual. KPBSD's Individual Stop Loss is currently at \$250,000. 		

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Kenai Peninsula Borough School District Coverage Differences

Benefit	Current (Self-Funded)	Premera (Fully Insured)	Comments
HRA Plan Family Deductible	\$3,000 (embedded)	\$3,000 (aggregate)	<p>Aggregate deductible less generous for families with 2 or more enrollees.</p> <p><u>Definitions</u></p> <p>Embedded means that no member pays more than the individual deductible amount (e.g., each member is responsible for a maximum \$1,500 individual deductible; and when all family members' deductible dollars total the \$3,000 family deductible, all family members are considered to have met the deductible).</p> <p>Aggregate means that the entire family deductible amount must be satisfied—by one or by any combination of members—before plan cost shares will apply.</p>
Plan Coinsurance			
- PPO Facility	80%	80% Preferred 60% Participating	Premera's Preferred hospital in Anchorage is Providence and the Participating hospital is Alaska Regional. Participating provider only applies to Anchorage area.
- Non-PPO Facility	Constant 60%	40%	

Benefit	Current (Self-Funded)	Premera (Fully Insured)	Comments
<ul style="list-style-type: none"> - Out-of-Pocket Maximum (OOPM) - In—Network only and includes deductible amounts 	HSA Individual: \$3,500 (\$6,900 with Rx) HSA Family: \$7,000 (\$13,800 with Rx) HRA Individual: \$3,500 (\$8,150 with Rx) HSA Family: \$7,000 (\$16,300 with Rx)	HSA Individual: \$3,500 HSA Family: \$7,000 HRA Individual: \$3,500 HSA Family: \$7,000	Current plan Rx out of pocket maximum only includes the Rx copayment amounts that accumulate to the higher limit (i.e. retail at \$5, \$25, \$50, or \$100)
Out-of-Network OOPM	No maximum for non-PPO facility charges	\$45,000 Individual \$90,000 Family	
- HRA Specialty Rx	\$100 copay	Subject to medical deductible, then 20% member coinsurance	Example: Member has specialty medication script at the beginning of the year that cost \$5,500: Current Plan - Member pays \$100 copay Premera Plan – Member pays \$2,300 (\$1,500 deductible + \$800 in coinsurance)
- HSA Specialty Rx	\$100 copay after deductible	Subject to medical deductible, then 20% member coinsurance	Example: Member has met their \$1,500 deductible, and has specialty medication script that cost \$5,500: Current Plan - Member pays \$1,600 (\$1,500 deductible + \$100 copay) Premera Plan – Member pays \$2,600 (\$1,500 deductible + \$1,100 in coinsurance)

Adult Vision - Materials	<p>80% coinsurance;</p> <p>Either:</p> <ul style="list-style-type: none"> * One (1) year supply of disposable contacts, or * One (1) pair of eyeglasses (lenses and/or frames), or * One (1) pair of hard contact lenses per person per Calendar Year; <p>* Notwithstanding the limit above, no more than (1) set of frames per person in any two consecutive calendar years</p> <p>* Two (2) pair of contact lenses per person per calendar year for contacts prescribed for medical reasons.</p> <p>Frames limited to \$100</p> <p>Pediatric vision services to extent of required federal law.</p>	<p>Covered in full up to benefit maximum;</p> <p>Premera's vision hardware plan is an indemnity plan which covers prescription eyeglass lenses (single vision, bifocal, trifocal, quadrafocal or lenticular)</p> <ul style="list-style-type: none"> • Frames for eyeglasses • Prescription contact lenses (soft, hard or disposable) • Prescription safety glasses • Prescription sunglasses • Special features, such as tinting or coating • Fitting of eyeglass lenses to frames • Fitting of contact lenses to the eyes) <p>The plan also covers pediatric vision hardware for members under age 19 with no dollar limit: One pair of glasses PCY (frames & lenses). 12 month supply of contacts PCY, in lieu of glasses (frames & lenses)</p>
Benefit Maximum	<p>\$100 (frames); \$150 per lens or \$600 for 2-pair medically prescribed contact lenses</p>	<p>\$300 combined exam and materials maximum per 2 calendar years</p>
Prescription Exceptions	<p>Exceptions are possible through consultation with NationalCooperative Rx Pharmacist</p>	<p>Only available through Premera's appeal process and approval</p>

Travel Benefit	<p>Round trip coach airfare if it is certified by a health professional that adequate treatment cannot be provided locally.</p> <p>Surgical travel benefit through BridgeHealth for planned non-urgent surgical procedures.</p> <ul style="list-style-type: none"> You pay \$0 deductible and \$0 coinsurance. Services received through BridgeHealth are covered at 100% by the Plan. 	<p>Replaced by Premera's proprietary travel benefit containing three components:</p> <ul style="list-style-type: none"> Medical access: 3 roundtrip PCY to access an INN provider in the closest Alaskan community or Seattle. Elective Procedures Travel: Elective procedures can be done in the nationwide Blue Cross Blue Shield provider network, travel and accommodation paid up to IRS limits, travel companion if medically necessary. <p>Total Joint replacements, spine surgery and gynecological procedures at a Premera Designated Center of Excellence at Virginia Mason, predictive modeling to identify and engage potential members.</p>	<p>BridgeHealth program has more flexibility due to ability to access total joint replacement with providers outside of Virginia Mason.</p>
Emergency Room	<p>\$250 copay for non-emergency only</p>	<p>\$250 copay waived if admitted after emergency; Premera cannot differentiate emergent vs non-emergent at the point of claim.</p>	
4th quarter Deductible Carryover	<p>Yes</p>	<p>No</p>	
Deductible for common accident	<p>Only one deductible applies if family members are in the same accident</p>	<p>Premera cannot administer this provision as the claim is not submitted with the accident notification and who was involved in the accident.</p>	
TMJ	<p>Covered</p>	<p>Not covered</p>	

Hospice Inpatient Facility	No Limit; when life expectancy is 6 months or less	10 days inpatient; within the 6 month lifetime maximum; Out of Network 40% reduced benefit	
Home Health Care	1 visit per day up to 100 visits	130 visits/Calendar Year; Out of Network 40% reduced benefit	
Medical Access Transportation	No Limit; Coach airfare covered if treatment not available locally	3 round trips per Calendar Year	
Elective Procedure Travel	No Limit; Coach airfare covered if treatment not available locally	Prior Approval required; 1 round-trip per episode; parking \$35/day; Ferry \$50 each way; lodging \$50/day	
Rolfing	20 visits per Calendar Year combined with Chiropractic	No Benefit	
Rehab Inpatient Facility	No limit	30 days per calendar year; Out of Network 40% reduced benefit	
Physical Therapy	24 visits, additional visits may be approved when deemed medically necessary	24 visits per calendar year	
Direct Contracts	AK Center for ENT Alaska Regional Hospital Alaska Regional Life Flight BridgeHealth Central Peninsula Hospital Coalition Health Center Denali Emergency Medical Associates Geneva Woods Birth Center Guardian Flight National Cooperative RX New Frontier Anesthesia Pathology Associates Renalogic Dialysis Cost Containment South Peninsula Hospital Surgery Center of Anchorage Teladoc	Not Customizable	Direct contracts are negotiated to save KPBSD plan and members in their claims cost. Local peninsula direct contract arrangements would be terminated.

All coinsurance references are plan coinsurance unless otherwise specified (e.g., Specialty Rx “member coinsurance”).

This is a brief summary for comparison purposes only and is not considered a contract; refer to proposals/contracts for details. If any provision is inconsistent with the Plan Document, the Plan Document will govern.