

JANUARY 2020 RENEWAL PROJECTIONS

- Started with paid claims for fiscal year 2019
- Removed stop-loss claims and reduced claims for estimated prescription rebates
- Calculated a paid claims cost per employee
- Added an adjustment for estimated change in the claim reserve to get to incurred claims
- Projected base incurred claims using an assumption of 6.24% annual healthcare trend, based on HCPSS actual three-year trends
- Incorporated the anticipated savings from the new ESI contract
- Incorporated the projected savings from changes to the prescription plan
- Added fixed costs for 2020 (admin and specific stop-loss at \$1,000,000)
- Compared total projected costs to current rates
- Rate changes for medical/drug:
 - CareFirst Blue Choice HMO: 6.9% increase
 - Aetna HMO: 7.1% increase
 - Aetna PPO: 5.2% increase
 - Overall: 6.3% increase
 - Recommendation: Use the overall increase of +6.3% for all three plans
- Retiree rates are 4.5% less than active rates due to a freeze for CY18. For 2020, 2021 and 2022, retiree rate increase will be 1.5% higher than for actives; for 2020 will be +7.8%.
- Delta Dental
 - Same methodology as medical/drug; used annual trend of 4%
 - Rate change: 0% (no change)
- VSP Vision
 - Same methodology as medical/drug; used annual trend of 3%
 - Rate change: 0% (no change)
- Note: actual annual trend (medical/drug, comparing per member per month claims; prior years adjusted to current level of drug rebates):
 - FY19 vs. FY18: +12.0%
 - FY18 vs. FY17: +3.8%
 - FY17 vs. FY16: +3.1%
 - Three-year trend: +6.2%
- FY19 Budget vs. Actual: total costs 3.9% higher than premium equivalents