

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

JANUARY 2018 RENEWAL PROJECTIONS (REVISED 9-5-17)

- Started with paid claims for fiscal year 2017
- 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 4.0% annual healthcare trend, based on HCPSS actual three-year trends
- Added fixed costs for 2018; updated to reflect Aetna's revised stop-loss renewal (+14.4% vs. initial 16.0%)
- Compared total projected costs to current rates
- Rate changes for medical/drug:
 - CareFirst Blue Choice HMO: 3.66% increase
 - Aetna HMO: 14.56% increase
 - Aetna PPO: 0.46% increase
 - Overall: 4.31% increase (originally 4.35% prior to revised Aetna stop-loss renewal)
 - Recommendation: Use the overall increase of +4.31% for all three plans
- Delta Dental
 - Same methodology as medical/drug; used annual trend of 3%
 - Rate change: 4.1% increase
- VSP Vision
 - Same methodology as medical/drug; used annual trend of 4%
 - Rate change: 2.6% increase
- Note: actual annual trend (medical/drug, comparing per member per month claims; years prior to FY17 adjusted to current level of drug rebates):
 - FY17 vs. FY16: +2.9%
 - FY16 vs. FY15: +6.3%
 - FY15 vs. FY14: +2.6%
 - Three-year trend: +4.0%
- FY17 Budget vs. Actual: total costs 0.6% lower than premium equivalents