

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

JANUARY 2017 RENEWAL PROJECTIONS

- Started with paid claims for fiscal year 2016
- Removed stop-loss claims and reduced claims for 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 4.6% annual healthcare trend, based on HCPSS actual three-year trends
- Added fixed costs from RFP (carrier administration and stop-loss fees); represented a \$400,000 savings compared to status quo costs
- Incorporated projected savings to prescription pricing from RFP (annualized \$8.7M)
- Compared total projected costs to current rates
- Rate changes for medical/drug:
 - CareFirst Blue Choice HMO: 4.3% increase
 - Aetna HMO: 1.1% increase
 - Aetna PPO: 1.4% decrease
- Delta Dental
 - Same methodology as medical/drug; used annual trend of 3%
 - Rate change: 2.0% increase
- VSP Vision
 - Same methodology as medical/drug; used annual trend of 4%
 - Rate change: 4.3% reduction
- Note: actual annual trend (medical/drug, comparing per member per month claims):
 - FY16 vs. FY15: +6.3%
 - FY15 vs. FY14: +2.6%
 - FY14 vs. FY13: +4.8%
 - Three-year trend: +4.6%
- FY16 Budget vs. Actual: total costs 3.0% higher than premium equivalents
- Overall medical/drug rate change is +1.6%; without RFP, overall medical/drug increase would have been 9.8%