

JANUARY 2019 RENEWAL PROJECTIONS

- Started with paid claims for fiscal year 2018
- 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 4.2% annual healthcare trend, based on HCPSS actual three-year trends
- Added 2% claim fluctuation margin
- Added fixed costs for 2019; specific stop-loss deductible increased from \$500,000 to \$1,000,000
- Compared total projected costs to current rates
- Rate changes for medical/drug:
 - CareFirst Blue Choice HMO: 7.65% increase
 - Aetna HMO: 8.27% increase
 - Aetna PPO: 0.75% increase
 - Overall: 5.09% increase
 - Recommendation: Use the overall increase of +5.09% for all three plans
- Delta Dental
 - Same methodology as medical/drug; used annual trend of 4%
 - Rate change: 1.1% decrease
- VSP Vision
 - Same methodology as medical/drug; used annual trend of 3%
 - Rate change: 1.0% increase
- Note: actual annual trend (medical/drug, comparing per member per month claims; years prior to FY17 adjusted to current level of drug rebates):
 - FY18 vs. FY17: +3.5%
 - FY17 vs. FY16: +3.2%
 - FY16 vs. FY15: +5.9%
 - Three-year trend: +4.2%
- FY18 Budget vs. Actual: total costs 1.0% lower than premium equivalents

