

BCC INFORMAL REGULAR SESSION

DATE: Wednesday, October 02, 2013

<u>NAME</u>	<u>TITLE</u>	<u>AFFILIATION</u>	<u>PHONE/EMAIL ADDRESS</u>
1. <u>Connie Bave</u>	<u>Chief Dep.</u>	<u>Treasurer</u>	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
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10. _____	_____	_____	_____
11. _____	_____	_____	_____
12. _____	_____	_____	_____



Retro History

Statements for : CLERMONT COUNTY COMMISSIONERS Policy #31300001-0

					(A)	(B)	(C)	(D = B + C)	(E = A - D)	(F)	(G = D + F)	(H = A - G)
RetroYear	Claim Limit	Maximum Percent	Minimum Premium%	Payroll	Experience Rated Prem	Retro Premium	Claim Losses	Total Paid	Retro Savings To Date	Est Future Reserves	Total Est Payments	Est Total Retro Savings
2008	200,000	150	40	\$58,993,991	\$855,412.87	\$342,165.15	\$269,321.95	\$611,487.10	\$243,925.77	\$47,340.00	\$658,827.10	\$196,585.77
2009	200,000	150	40	\$60,780,116	\$899,545.72	\$358,602.68	\$173,660.86	\$532,263.54	\$367,282.18	\$10,507.00	\$542,770.54	\$356,775.18
2010	200,000	150	40	\$56,546,827	\$792,423.34	\$316,969.44	\$165,294.89	\$482,264.33	\$310,159.01	\$28,484.00	\$510,748.33	\$281,675.01
2011	200,000	150	40	\$55,808,464	\$810,344.37	\$324,137.74	\$131,035.93	\$455,173.67	\$355,170.70	\$153,415.00	\$608,588.67	\$201,755.70
2012	200,000	150	40	\$59,100,000	\$632,370.00	\$254,130.00	\$250,686.63	\$504,816.63	\$127,553.37	\$150,346.00	\$655,162.63	-\$22,792.63
											\$0.00	\$0.00
											\$0.00	\$0.00
											\$0.00	\$0.00
											\$0.00	\$0.00
											\$0.00	\$0.00
											\$0.00	\$0.00
											\$0.00	\$0.00
											\$0.00	\$0.00
											\$0.00	\$0.00
Totals					\$3,990,096.30	\$1,596,005.01	\$990,000.26	\$2,586,005.27	\$1,404,091.03	\$390,092.00	\$2,976,097.27	\$1,013,999.03

Premiums do not include BWC Administrative costs - this amount is unchanged based on the Retro Program. Premiums also do not take into account any BWC discounts or dividends given.

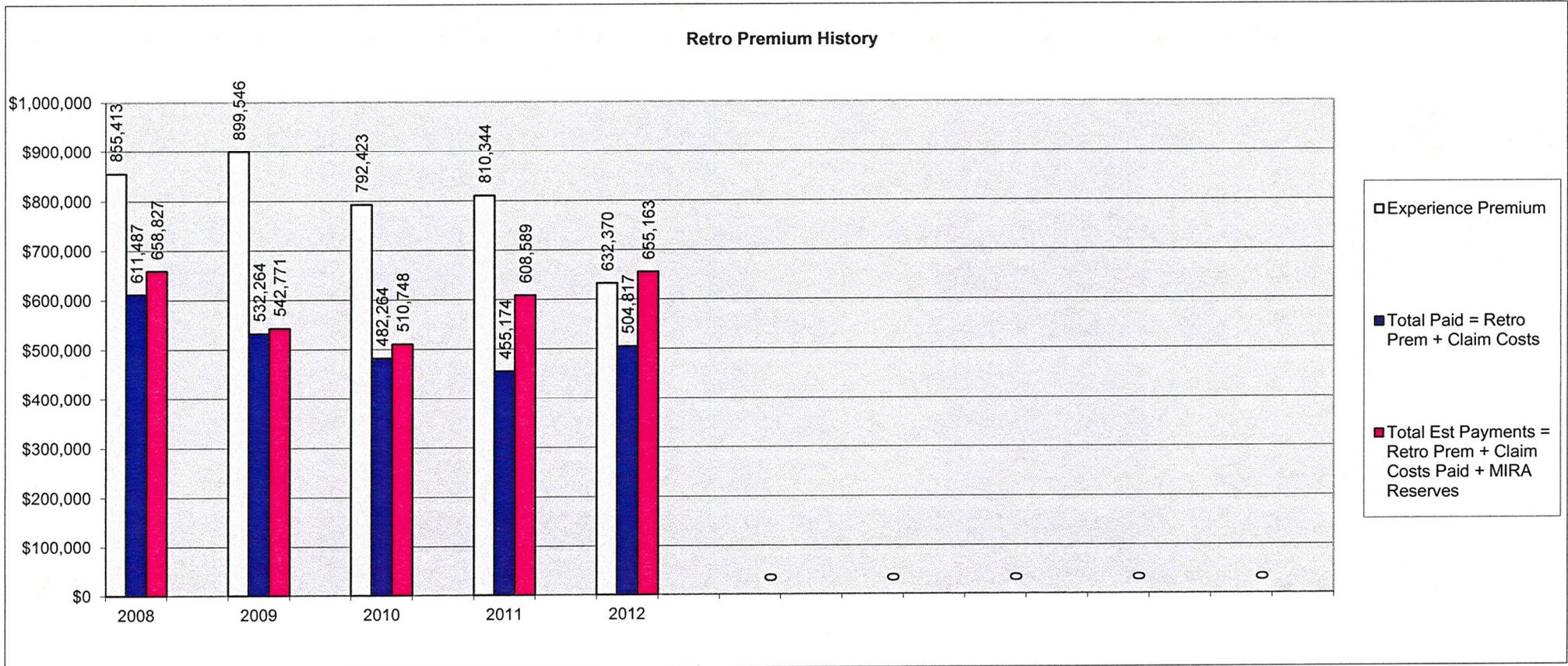
Claim losses paid does not include wages and / or medical payments paid by the employer directly to injured workers or provides - it includes only those payments paid through the BWC.

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Prepared by rbell

Retro History

Statements for : CLERMONT COUNTY COMMISSIONERS Policy #31300001-0



Retrospective Rating Analysis

Employer: Clermont County
 Policy: 31300001
 Exp Year: 1/1/14 through 12/31/14

Hazard Group: Public
 Est Indiv TM%: -2%
 Est Indiv EMR: 98%

Alternate Program Discounts: Group TM% = 0%
 Deduct Discount = 0%
 DFSP Discount%: 0%

Individual Rates without Program Discounts:				
	Estimated Payroll x	Est Indiv Rate* =	Est Indiv Premium	
Manual # 9430	\$57,295,000	1.40	\$802,130	
Manual # 9439	\$6,000	19.99	\$1,199	
Manual # 0	\$0	0.00	\$0	
Manual # 0	\$0	0.00	\$0	
Manual # 0	\$0	0.00	\$0	
Manual # 0	\$0	0.00	\$0	
		Est Premium :	\$803,329	
		Plus Assesments :	\$115,976	
		Total Est Premium :	\$919,305	

Rates with Program Discounts:				
	Estimated Payroll x	Est Rate* =	Est Indiv Premium	
Manual # 9430	\$57,295,000	1.40	\$802,130	
Manual # 9439	\$6,000	19.99	\$1,199	
Manual # 0	\$0	0.00	\$0	
Manual # 0	\$0	0.00	\$0	
Manual # 0	\$0	0.00	\$0	
Manual # 0	\$0	0.00	\$0	
		Est Premium :	\$803,329	
		Plus Assesments :	\$115,976	
		Total Est Premium :	\$919,305	

TIER 1	Est Incurred Claim Costs:	n/a	\$283,680	\$299,058	\$299,058	\$299,058	\$299,058	\$299,058	\$299,058	None	None
Claim Limit	100,000	100,000	200,000	200,000	300,000	300,000	400,000	400,000	400,000	None	None
Maximum Premium %	150%	200%	150%	200%	150%	200%	150%	200%	150%	200%	200%
1) Premium based on current BWC Program	n/a	n/a	\$919,305	\$919,305	\$919,305	\$919,305	\$919,305	\$919,305	\$919,305	\$919,305	\$919,305
2) Premium without BWC Programs less Assess	n/a	n/a	\$803,329	\$803,329	\$803,329	\$803,329	\$803,329	\$803,329	\$803,329	\$803,329	\$803,329
3) Minimum Premium %	n/a	n/a	0.40	0.36	0.38	0.33	0.38	0.32	0.37	0.31	0.31
4) Retro Minimum Premium^ (line 2 x line 3)	n/a	n/a	\$321,332	\$289,199	\$305,265	\$265,099	\$305,265	\$257,065	\$297,232	\$249,032	\$249,032
5) Retro Minimum Premium + Assessments	n/a	n/a	\$437,308	\$405,175	\$421,241	\$381,075	\$421,241	\$373,041	\$413,208	\$365,008	\$365,008
6) Initial Savings (line 1 - line 5)	n/a	n/a	\$481,997	\$514,130	\$498,064	\$538,230	\$498,064	\$546,264	\$506,097	\$554,297	\$554,297
7) Estimated Incurred Claims	n/a	n/a	\$283,680	\$283,680	\$299,058	\$299,058	\$299,058	\$299,058	\$299,058	\$299,058	\$299,058
8) Estimated Savings / Loss (line 6 - line 7)	n/a	n/a	\$198,317	\$230,450	\$199,007	\$239,173	\$199,007	\$247,207	\$207,039	\$255,239	\$255,239
9) Allowable Break-even Claim Losses (line 6)	n/a	n/a	\$481,997	\$514,130	\$498,064	\$538,230	\$498,064	\$546,264	\$506,097	\$554,297	\$554,297
10) Claim Losses To Reach Maximum Premium	n/a	n/a	\$883,662	\$1,317,460	\$899,729	\$1,341,560	\$899,729	\$1,349,593	\$907,762	\$1,357,627	\$1,357,627
11) Maximum Additional Premium	n/a	n/a	\$401,665	\$803,329	\$401,665	\$803,329	\$401,665	\$803,329	\$401,665	\$803,329	\$803,329

TIER 2	100,000	125,000
Claim Limit	100,000	125,000
Maximum Premium %	150%	150%
1) Premium based on current BWC Program	\$919,305	\$919,305
2) Premium without BWC Programs less Assess	\$803,329	\$803,329
3) Minimum Premium %	0.46	0.43
4) Retro Minimum Premium^ (line 2 x line 3)	\$369,532	\$345,432
5) Retro Minimum Premium + Assessments	\$485,508	\$461,408
6) Initial Savings (line 1 - line 5)	\$433,797	\$457,897
7) Estimated Incurred Claims	\$251,246	\$262,528
8) Estimated Savings / Loss (line 6 - line 7)	\$182,551	\$195,370
9) Allowable Break-even Claim Losses (line 6)	\$433,797	\$457,897
10) Claim Losses To Reach Maximum Premium	\$835,463	\$859,562
11) Maximum Additional Premium	\$401,665	\$401,665

This projection is to be used as a guideline only for decision making purposes. The results should not be construed as actual. Estimated claims costs are based on most recently available MIRA reserves as provided by the BWC. Projections of rates and/or premium changes are estimated using the most recent loss information and historical data as provided by the BWC, therefore, actual numbers may vary from the estimates. Factors which may affect these numbers may include: rate changes by the BWC, BWC updates to MIRA reserves, payroll fluctuations, acceptance into/removal from alternative rating plans, BWC discounts, etc.

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* If a rate offset % is entered, the rate(s) shown here will reflect this offset.
 ^ Total premiums cannot be lower than BWC Administrative Costs.

Retrospective Rating Terms

- 1) Premium based on current BWC Program
Estimated premium payable to the BWC if not enrolled in the Retrospective Rating Plan. Takes into account other BWC program discounts.
Includes BWC assessments.
- 2) Premium without BWC Programs less Assess
Estimated premium payable to the BWC based strictly on employer claim losses and payroll. Does not include additional assessments or other BWC discount programs.
This figure is needed in order to determine minimum premiums under the Retrospective Rating Plan.
- 3) Minimum Premium %
Percents established by the BWC based on the 10 different retrospective rating options. It is the percentage of experience premium that must be paid to the BWC.
- 4) Retro Minimum Premium^ (line 2 x line 3)
The initial reduced premium payment to be paid without regard to any claims incurred during the retrospective rating year. It is calculated by multiplying Experience Premium (less assessments) by the minimum premium % established.
- 5) Retro Minimum Premium + Assessments
The minimum premium as calculated in line 4, plus BWC assessments. Assessments are based on experience premium before any retro minimums are applied.
- 6) Initial Savings (line 1 - line 5)
The difference between Premium based on current BWC Program(s) and Retrospective Premium including assessments. Does not take into account claims costs.
- 7) Estimated Incurred Claims
The amount the employer could expect to pay out in claims costs over the ten year period under the retrospective rating plan. The estimate is based on previous years claim history (compensation, medical, and MIRA reserves).
- 8) Estimated Savings / Loss (line 6 - line 7)
The estimate of the net savings or loss after ten years of claim payments. Calculated by comparing Initial Savings with Estimated Incurred Claims. This estimate does not take into account the time (investment) value of retaining a portion of premiums for the employer's use (i.e. interest).
- 9) Allowable Break-even Claim Losses (line 6)
The amount of claims costs that can be incurred in order to break even under the retrospective rating plan versus the employers current rating plan(s).
- 10) Claim Losses To Reach Maximum Premium
The amount of claims costs necessary to reach the maximum premium limit. This is the maximum claims costs the employer would be responsible for based on the chosen retrospective rating plan option.
- 11) Maximum Additional Premium
The additional premium the employer would have to pay out over the experience premium amount (before assessments and not applying other program discounts). It is the additional risk the employer will face when entering into a retrospective rating plan. This figure should be compared to the estimated savings when determining if the possible return is worth the risk assumed.

Tier 1 Requirements (per BWC):

The employer must have:

- An operating profit for a minimum of 3 years.
- Consistent return on equity of 10% or better.
- A total liabilities/equity ratio greater than 4 to 1.

The BWC also considers:

- Employer's trend of income for a minimum of 5 years.
- Employer's debt structure including current versus long term and recent drastic changes.
- Employer's Retained Earnings trend.
- Significant fluctuations in specific Balance Sheet numbers 1 year to the next..

Tier 2 Requirements (per BWC):

If an employer can not meet all of the financial requirements listed for Tier 1 but can demonstrate the ability to sustain losses that are at the maximum claim limit chosen and still maintain it's financial viability, then the employer can qualify for tier 2.



Retrospective Rating Analysis

1 Year Example with savings invested at 0%

Employer: **Clermont County**
 Policy: **31300001**
 Exp Year: 1/1/14 through 12/31/14

Plan Parameters

Designated Hazard Group	Public	Investment Percent
Claim Limit	\$300,000	0%
Maximum Premium %	200%	
Maximum Premium Liability with Assessments	\$1,722,634	

Cost under the Regular State Fund Plan - Estimated

EMR	98%	
Annual Payroll	\$57,301,000	
Premium (with plan discounts if applicable)		\$803,329
Assessment Charges		\$115,976
Total Premium		\$919,305

Cost under the Retrospective Rating Plan - Estimated

Estimated Individual Premium (prior to assessments)	\$803,329	
Minimum Premium %	0.33	
Minimum Premium		\$265,099
Assessment Charges		\$115,976
Initial Cashflow Advantage / Savings		\$538,230

Incurring Claim Costs	=	299,058	Annual Claim Payout	Running Savings	Investment Earned	Savings to Date
Year 1	35%		104,670	433,560	0	433,560
Year 2	25%		74,764	358,796	0	358,796
Year 3	15%		44,859	313,937	0	313,937
Year 4	10%		29,906	284,031	0	284,031
Year 5	5%		14,953	269,078	0	269,078
Year 6	1%		2,991	266,087	0	266,087
Year 7	1%		2,991	263,096	0	263,096
Year 8	1%		2,991	260,105	0	260,105
Year 9	1%		2,991	257,114	0	257,114
Year 10	6%		17,943	239,171	0	239,171
Total Claim Costs	100%		299,058		0	

Total Savings		\$239,171
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Retrospective Rating Analysis

1 Year Example with savings invested at 4%

Employer: Clermont County

Policy: 31300001

Exp Year: 1/1/14 through 12/31/14

Plan Parameters

Designated Hazard Group	Public	Investment Percent
Claim Limit	\$300,000	4%
Maximum Premium %	200%	
Maximum Premium Liability with Assessments	\$1,722,634	

Cost under the Regular State Fund Plan - Estimated

EMR	98%	
Annual Payroll	\$57,301,000	
Premium (with plan discounts if applicable)		\$803,329
Assessment Charges		\$115,976
Total Premium		\$919,305

Cost under the Retrospective Rating Plan - Estimated

Estimated Individual Premium (prior to assessments)	\$0	
Minimum Premium %	0.33	
Minimum Premium		\$265,099
Assessment Charges		\$115,976
Initial Cashflow Advantage / Savings		<u>\$538,230</u>

Incurred Claim Costs	=	299,058	Annual Claim Payout	Running Savings	Investment Earned	Savings to Date
Year 1	35%		104,670	433,560	17,342	450,902
Year 2	25%		74,764	376,138	15,046	391,184
Year 3	15%		44,859	346,325	13,853	360,178
Year 4	10%		29,906	330,272	13,211	343,483
Year 5	5%		14,953	328,530	13,141	341,671
Year 6	1%		2,991	338,680	13,547	352,227
Year 7	1%		2,991	349,236	13,969	363,205
Year 8	1%		2,991	360,214	14,409	374,623
Year 9	1%		2,991	371,632	14,865	386,497
Year 10	6%		17,943	368,554	14,742	383,296
Total Claim Costs	100%		<u>299,058</u>		<u>144,125</u>	

Total Savings		\$383,296
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10 Year Example

Employer: Clermont County
 Policy: 31300001
 Exp Year: 1/1/14 through 12/31/14

Plan Parameters

Designated Hazard Group	Public	Investment Percent	4%
Claim Limit	\$300,000	Annual Premium Increases	4%
Maximum Premium %	200%	Annual Claim Cost Increases	10%
Maximum Premium Liability with Assessments	\$1,722,634		

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Indiv Premiums with Discounts	919,305	956,078	994,321	1,034,094	1,075,457	1,118,476	1,163,215	1,209,743	1,258,133	1,308,458
Estimated Incurred Losses	299,058	328,964	361,860	398,046	437,851	481,636	529,799	582,779	641,057	705,163
Minimum Premium	265,099	275,703	286,731	298,200	310,128	322,533	335,435	348,852	362,806	377,319
Assessments	115,976	115,976	115,976	115,976	115,976	115,976	115,976	115,976	115,976	115,976
Claim Costs 1st Plan Year	104,670	115,137	126,651	139,316	153,248	168,572	185,430	203,973	224,370	246,807
Claim Costs 2nd Plan Year		74,764	82,241	90,465	99,511	109,463	120,409	132,450	145,695	160,264
Claim Costs 3rd Plan Year			44,859	49,345	54,279	59,707	65,678	72,245	79,470	87,417
Claim Costs 4th Plan Year				29,906	32,896	36,186	39,805	43,785	48,164	52,980
Claim Costs 5th Plan Year					14,953	16,448	18,093	19,902	21,893	24,082
Claim Costs 6th Plan Year						2,991	3,290	3,619	3,980	4,379
Claim Costs 7th Plan Year							2,991	3,290	3,619	3,980
Claim Costs 8th Plan Year								2,991	3,290	3,619
Claim Costs 9th Plan Year									2,991	3,290
Claim Costs 10th Plan Year										17,943
Total Costs by Year	485,745	581,581	656,458	723,208	780,992	831,876	887,105	947,082	1,012,252	1,098,055
Initial Savings	433,560	374,497	337,863	310,886	294,466	286,599	276,110	262,661	245,881	210,403
Investment Earnings (current + prior yr)	17,342	33,016	47,851	62,201	76,467	90,990	105,674	120,407	135,059	148,877
Prior Year Savings	0	450,902	858,415	1,244,129	1,617,216	1,988,149	2,365,738	2,747,522	3,130,590	3,511,530
Savings to Date	450,902	858,415	1,244,129	1,617,216	1,988,149	2,365,738	2,747,522	3,130,590	3,511,530	3,870,810
Remaining Liability	194,388	333,449	441,559	530,573	613,537	701,805	795,911	896,436	1,004,023	1,104,425
Savings less liability	256,514	524,966	802,570	1,086,643	1,374,612	1,663,933	1,951,611	2,234,154	2,507,507	2,766,385

Retrospective Rating Analysis

What is Retrospective Rating?

- Retrospective Rating (Retro) is a rating plan established by the BWC where the employer agrees to assume a portion of risk (cost of claims) in return for a possible reduction in premiums. The greater the assumed risk, the greater the potential reduction in premiums.
- With retrospective rating, the employer pays a discounted premium initially, and then reimburses the BWC for all compensation and medical payments made on claims occurring during the policy year. The employer is responsible for these claim costs for a 10-year period. At the end of 10 years, the employer must also pay any remaining reserve on all open claims.

What does the analysis tell us?

- The analysis compares estimated state fund costs to estimated retrospective rating costs and shows potential savings for an employer.
- Estimated retro costs compose of the minimum retro premium and estimated incurred claims losses, which are calculated using historical losses and the BWC MIRA reserves.

Important areas to review on the analysis:

- There are 2 sections listing premium.
- The one on the left is premiums based strictly on the employer's TM% - no program discounts. This premium is needed to establish a premium payment that would be made under the Retro Program - see below for program discounts that may be compatible with Retro discounts.
- The one on the right is premium based on any other program the employer is currently participating in. If none, the two sections should be the same.
- Estimated Incurred Claim Costs is the amount the employer could expect to pay out in claims costs over the ten year period for the claims that can occur during the retro rating year.
- The estimate is based on previous years' claim history - 5-year average usually - and includes compensation, medical, and MIRA reserves.
- Any claim that is more than the claim limit established by the plan will be capped at that max claim limit. Therefore, it is possible for incurred losses to differ depending on the plan chosen. This offers a clue as to any large claims that may exist for an employer in the past and to be careful of in the future.
- There are 2 tiers offered by the BWC depending on the financial strength of the employer.
- If the employer meets the financial requirements for Tier 1 Retro, there are 10 different rating options to choose from. Depending on the claim limit and maximum premium limits selected, the employer's level of risk and premiums change.
- If Tier 1 financials cannot be met, there are only 2 options available to employers under Tier 2 Retro. These are usually 2 of the less favorable options and probably will not offer great savings.
- There are 11 lines of data in the analysis for each plan options. On the second page of the analysis, there are descriptions for each line item. The main line to review is LINE 8 - Estimated Savings/Loss.
- As stated in our letter to employers (those sent out by the Rate Dept directly during our annual review process): Since it is impossible to predict the actual claim losses that will incur in claims from 7/1/20xx to 6/31/20xx, the most important ingredient in the decision making process is an "unknown". The incurred claim costs reflected on our analysis is an estimate based on previous claim exposure and can alter drastically by a change in loss trend. One large claim may exhaust all possible savings.
- For that reason, those employers who have historically experienced major claims should exercise great caution before opting for any of these alternative retrospective plans. Management's decision should take into consideration the ratio of potential savings under the plans, to the potential additional premium exposure. Each plan is a form of partial self-funding; therefore, emphasis on safety and claims control must be exercised if savings are to be realized. CompManagement neither recommends nor discourages the choice of any of the retrospective rating plans.

Basic Requirements

- Any large size employer who has paying premium of \$25,000 or more (usually more beneficial to employers paying premium of \$250,000 or more)
- Employer must demonstrate financial strength and stability (5 years of audited financial statements), no more than 15 days of lapse during the last 5 years
- Employer shall maintain a safety program approved by the division of safety & hygiene

Noteworthy Items

- Employers are responsible for the costs of any claim with a date of injury during the retro year for a period of 10 years.
- Employer will be billed annually for costs paid by the BWC.

Years of Eligibility

Unlimited

How to Begin

Complete the BWC application (U-20 for private, U-21 for public) - A new application must be submitted annually.

Deadlines

Private ER's must file their application by the last business day in April. Public employers must file by the last business day in October. (Employers can opt out prior to the start of the policy year.)

Can be stacked with

- \$15k Medical Only Program
- Early Payment Discount
- Go Green (effective with the 1/1/2013 payroll period)
- Safety Council
- Salary Continuation

Cannot be stacked with:

- Claims Free Discount
- Deductible Program (Small or Large)
- Drug Free Safety Program
- EMR Cap
- Group Rating
- Group Retrospective Rating
- Grow Ohio
- Industry Safety Discount
- Lapse Free Discount
- One Claim Program
- Transitional Work Performance Bonus



Clermont County
2014 Renewals
Commissioners Meeting
October 2, 2013

Judi Meyer, Sr. Vice President/Account Manager
Steve Ashe, CEBS, Account Manager



Update on Large Claims

Complete Renewal Financial Overview

Narrow Networks

Humana Mercy Options

Health Care Reform Impact

Medical Plan Recommendations

Dental Renewal

FSA/HSA Renewal

Vision and Ancillary Update

Ancillary Recommendations

Next Steps



Update on Large Claims through July

Total Paid	Clinical Conditions(s)*	Claims Prognosis based on legend below*
\$1,166,330	PNEUMONIA, ORGANISM UNSPECIFIED	Good
\$320,363	LOCALIZED OSTEOARTHRISIS NOT SPECIFIED WHETHER PRIMARY OR SECONDARY, PELVIC REGION AND THIGH	Very Poor
\$291,240	SCOLIOSIS (AND KYPHOSCOLIOSIS), IDIOPATHIC	Good
\$240,462	SPINA BIFIDA WITH HYDROCEPHALUS, LUMBAR REGION	Very Poor
\$151,900	EMBOLISM AND THROMBOSIS OF ARTERIES OF LOWER EXTREMITY	Poor
\$124,833	CORONARY ATHEROSCLEROSIS OF NATIVE CORONARY ARTERY	Fair
\$103,950	NEOPLASM OF UNCERTAIN BEHAVIOR OF OVARY	Good
\$95,213	OTHER POSTOPERATIVE INFECTION	Fair
\$78,706	OTHER PNEUMOTHORAX	Fair
\$77,135	SPONDYLOSIS WITH MYELOPATHY, LUMBAR REGION	Good
\$56,310	HEMATOMA COMPLICATING A PROCEDURE	Good
\$2,706,443		

Good = Estimated <\$25,000

Fair = Estimated \$25,000 - \$50,000

Poor = Estimated \$50,000-\$100,000

Very Poor = Estimated >\$100,000

Employee Benefits Consulting, Life and Health Insurance,
Financial and Estate Planning, Retirement Planning Services, Wealth Management



2014 Fixed Costs + Carrier Claims Projection + HCR Fees

	2013 Clermont Total Projected Costs	Humana Renewal (HORAN projection*/ Humana Fixed costs)	CEBCO Anthem**	MMO	UMR/UHC	CDB Healthspan
Total Cost	\$11,283,312	\$11,948,590	\$12,858,161	\$14,373,422	\$13,070,996	\$12,636,985
3 Mos. of Humana Administration	N/A	N/A	\$142,863	\$142,863	\$142,863	\$142,863
HCR Taxes & Fees*	N/A	\$166,465	Included in CEBCO rates	\$166,465	\$166,465	\$166,465
Run Out Claims (estimated)	\$0	\$0	\$523,710	\$0	\$0	\$0
Total Cost	\$11,283,312	\$12,115,055	\$13,524,734	\$14,682,750	\$13,380,324	\$12,946,313
% Change from Current	N/A	+7.3%	+19.9%	+30.1%	+18.6%	+14.7%
\$ Change from Current	N/A	\$831,743	\$2,241,422	\$3,399,438	\$2,097,012	\$1,663,001

*Estimated Health Care Reform Fees & Taxes

Claims through May were used to develop projections except for HORAN projection used data through June. MOOP not included in costs

**CEBCO has offered stop loss protection for run out claims over \$450,000. County is responsible for claims up to \$450,000



2013 Clermont Projection vs Revenue Compared to 2014 HORAN Projection and Humana Fixed Cost Renewal

	2013 Clermont Total Projected Costs	2014 HORAN Claims Projection and Humana Fixed Costs Renewal		2013 Clermont Current County Revenue (EE contribution and Dept Funding)*	2014 HORAN Claims Projection and Humana Fixed Costs Renewal
Total Cost	\$11,283,312	\$12,413,292		\$10,269,660	\$12,413,292
% Change from Current	N/A	+10.0%		N/A	+20.8%
\$ Change from Current	N/A	\$1,129,980		N/A	\$2,143,632

2014 Projection Includes:
 HORAN projected claims increase of 4.9%
 Humana fixed cost increase of 13.6%
 Clermont County Administration Internal \$150,000
 Health Care Reform TRP, PCORI and MOOP Option 1

* The Clermont County funding is lower because the County estimated 10% enrollment in the HDHP and result was 27% enrollment. Less employee premium was collected than expected. Claims are running high and not matching the funding rates used to charge each department. Department funding not covering claims.



Guarantees

Humana	CEBCO Anthem	MMO	UMR/UHC	CDB Healthspan
<p>Admin guarantee: 4% cap for 2 years (The county will receive no more than a 4% in 2015 and 4% increase in 2016)</p> <p>Offered discount guarantees</p>	<p>Admin guarantee: None</p>	<p>Admin guarantee: 3 years</p> <p>Offered a \$10,000 wellness budget</p>	<p>Admin guarantee: 2 years; 5% cap year 3</p> <p>Contingent upon being a finalist: Performance Guarantees, Wellness Budget w/ Clinical Services Account Manager</p>	<p>Admin guarantee: 2 years; 5% cap year 3</p> <p>One time set-up fee of \$3,500</p>



Summary of Top Four Administrators

	Humana	CEBCO/ Anthem	CDB/ Health Span	UMR/ UHC
Network Discount	51.7%	48.1%	47.0% Mercy Preferred: 54%	47.3%
Network Disruption	OON 5% HMO X 50%	OON 6%	OON 6% Mercy 42%	OON 1%
Benefit Plan Match	Yes	No, required to use one of CEBCO plans and some services are different	Yes	Yes

Provider Networks, in particular narrow network plans, were analyzed in order to determine the impact to claims and member disruption.

- **Large Networks:** Humana NPOS, Anthem Blue Access, UHC Choice Plus, Health Span
 - Large national networks that will provide little member disruption to current providers being utilized
 - Healthspan is a State of Ohio network. Out of state access to providers is offered through leased wrap networks with different discounts.

- **Narrow Networks - Mercy Preferred and Humana X**
 - Smaller networks will cause provider disruption to some members. Mercy and Humana have developed narrow networks with lower cost provider contracts. By offering narrow networks both Clermont County and members can save money.
 - **Mercy Preferred** - made of all Mercy owned hospitals and providers (Allied Physician partnership to fill in the gaps)
 - **Humana X** - made up of St Elizabeth system in Northern Kentucky and TriHealth system in Cincinnati

Mercy Preferred:

- If you offer this network as a sole option, the projected savings to claims is 5-7%.
- Member provider disruption of 42%

Humana HMO X:

- If you offer this network as a sole option, the projected savings to claims is 10-12%.
- Humana is working on a cost guarantee and additional financial information about this option.
- Member provider disruption of 50%

- Based on the financial and network overview, HORAN and Clermont County narrowed down the list to four finalist:
 - Humana
 - CEBCO/Anthem
 - UMR/UHC
 - CDB/Healthspan

- Additional information was requested and analyzed from the finalist in order for the County to have all the necessary information to make a decision on the administrator for 2014.
 - Network access, network claims discounts, narrow networks, stop loss options, benefit plan match, member experience, online tools, etc.

Humana, Mercy Provider Options

- Mercy can manually administer a reduced/waived copay at the time of service. No impact to Humana network/benefit build. Clermont County will need to negotiate this direct.
- Humana can build a tiered network/benefit to drive members to Mercy physicians and/or hospitals. Tier 1: Mercy, Tier 2: NPOS Open Access, Tier 3: Non-network. Note: 1) agreement would need to be signed between Mercy and Clermont County since Humana's contracts cannot steer to a particular provider. 2) HDHP benefits in a tiered design would need to be modified to remain HSA compliant 3) Need to know if this includes Mercy hospitals, physicians, or both. Humana can administer either or both due to a limited number of tax IDs associated with Mercy hospitals and physicians. While it is possible to administer specific Mercy hospitals (due to different tax IDs for each location), it is not possible to administer some of the physicians since Mercy physicians are grouped under single tax ID.
- Same as Option 2 but Clermont County could negotiate an additional discount with Mercy. This written agreement will be between Mercy and Clermont County. Humana recommends the following to be written into the agreement: *Clermont County will utilize this additional discount of x% over Humana's existing rates, but still using Humana's payment systems, reimbursement methodology, terms and conditions, and claim processing.* If the Mercy/Clermont agreement does not follow the Humana methodology/Claims payment/ and terms and conditions, as stated above, the County should be concerned about negotiating a deal that is less favorable than what they have today. Also, this additional discount needs to be clear: ie if Mercy provides an extra 10% discount does a 20% discount go to a 22% (an actual 10% increase) or does it go to 30% (10 point improvement).

1) Renew with Humana

- Evaluate plan changes to reduce costs. HORAN has requested the following options:
 - ✓ Eliminate the NPOS1 and offer NPOS2 and HDHP
 - ✓ Eliminate the NPOS2 and offer NPOS1 and HDHP
 - ✓ Eliminate both NPOS1 and NPOS2 and offer a blended plan with HDHP
 - ✓ Offer a tiered network with Mercy Providers in Tier 1 with NPOS1 benefits and NPOS2 benefits in tier 2 and out of network benefit
 - ✓ Requested insight from Humana underwriting team on other suggested changes

- Evaluate employer and employee contributions

- Evaluate Clermont County Health Savings Account Contribution. Consider the following:
 - ✓ No longer fund 50% of contribution upfront. Provide equal contribution per pay.
 - ✓ Implement an employer match program: for each dollar the employee contributes employer will match each dollar up to maximum (no more than 50% of current employer contribution.)
 - ✓ Reduce employer contribution by no more than 50% of current contribution (current, \$1000/\$2000)
 - ✓ Currently The County funds the FSA with the same dollar amount as HSA if employee is enrolled in Medicare and not eligible for the HSA. Discontinue this practice. The HDHP will coordinate with Medicare. Employee can still enroll and contribute own dollars in FSA.



Health Care Reform – Taxes and Fees

- In 2014, Clermont County must pay the Transitional Reinsurance Plan (TRP) fee estimated to be \$63 per member per year (PMPY) and the Patient Centered Outcome Research Institute (PCORI) fee of \$2 PMPY. Based on an average membership count of 2,561 this equates to \$166,465 in taxes and fees.

- The current NPOS plans include medical coinsurance in the out of pocket maximum. The medical deductible, medical copays, drug copays and drug coinsurance does not apply to the out of pocket maximum.
- Health Care Reform requires each benefit plan to have a true maximum out of pocket (MOOP) to include medical and prescription drug copays. The County's HDHP is compliant and has a true MOOP.
- The traditional plans do not have a true MOOP. Humana is administering this change with a separate medical and prescription drug out of pocket maximum that can accumulate to a combined out of pocket maximum.



Health Care Reform – Maximum Out-of-Pocket

Option 1					
Plan	Current MOOP (Single/Family)	Humana Proposed MOOP (Single/Family)			% Claims Increase to Plan
		Medical	Rx	Total MOOP*	
NPOS 1	\$1,000/\$2,000	\$1,500/\$3,000	\$3,500/\$7,000	\$5,000/\$10,000	1.46%
NPOS 2	\$2,000/\$4,000	\$2,000/\$4,000	\$3,500/\$7,000	\$5,500/\$11,000	1.99%
EHDHP	\$2,500/\$5,000	No Changes		\$2,500/\$5,000	0.00%

Option 2					
Plan	Current MOOP (Single/Family)	Humana Proposed MOOP (Single/Family)			% Claims Increase to Plan
		Medical	Rx	Total MOOP*	
NPOS 1	\$1,000/\$2,000	\$2,500/\$5,000	\$2,500/\$5,000	\$5,000/\$10,000	0.90%
NPOS 2	\$2,000/\$4,000	\$2,500/\$5,000	\$2,500/\$5,000	\$5,000/\$10,000	1.35%
EHDHP	\$2,500/\$5,000	No Changes		\$2,500/\$5,000	0.00%

Plan	What Counts Toward MOOP In 2014	
	Medical	Rx
NPOS 1	Deductible Services, All Cost Share Services & Copay Services	All Copays
NPOS 2	Deductible Services, All Cost Share Services & Copay Services	All Copays
EHDHP	Deductible Services	Deductible Services

***Humana 2014 caps for MOOP are: Single = \$6,250; Family = \$12,500.**

Health Care Reform – New Hire Waiting Periods

- Health Care Reform does not allow waiting periods for new hire greater than 90 days. The County's current waiting period is 1st of the month following 90 days. This must be changed to 1st of the month following 60 days.

- HORAN negotiated two no shop options for the County to choose from:
 - Rate hold guaranteed for one year
 - Admin rate remains at \$4.05
 - Annual admin cost of \$39,512
 - \$.10 increase to administration guaranteed for three years
 - Admin rate increases from \$4.05 to \$4.15
 - Annual admin cost of \$40,487

- HORAN developed fully insured equivalents and modeled employee contributions for both renewals. Both show a decrease to rates due to a below current claims projection.



Dental, 1 Year Administration Rate Hold

Scenario 1: Clermont County Accepts 1 year admin fee rate hold.

Dental Fully Insured Equivalents			
Tier	Enrolled	Current 2013	2014
Employee	341	\$25.31	\$25.10
Family	472	\$70.87	\$70.29

Dental Contributions						
Tier	Enrolled	2013	EE Contribution	2014 FIE	EE Contribution	% Increase
Employee	341	\$25.31	\$12.66	\$25.10	\$12.55	-0.82%
Family	472	\$70.87	\$35.44	\$70.29	\$35.14	-0.82%

- Admin Fee - \$4.05



Dental, \$.10 monthly Administration Increase Guaranteed for 3 Years

Scenario 2: Clermont County Accepts 3 Year Rate Agreement of \$0.10 increase per year in admin.

Dental Fully Insured Equivalents			
Tier	Enrolled	Current 2013	2014
Employee	341	\$25.31	\$25.15
Family	472	\$70.87	\$70.42

Dental Contributions						
Tier	Enrolled	2013	EE Contribution	2014 FIE	EE Contribution	% Increase
Employee	341	\$25.31	\$12.66	\$25.15	\$12.57	-0.63%
Family	472	\$70.87	\$35.44	\$70.42	\$35.21	-0.63%

- Admin Fee - \$4.15

- **Flexible Spending Account (FSA)**
 - Currently with Chard Snyder. No increase to rates and no plan changes.

- **Health Savings Account (HSA)**
 - Currently with Park National. Park National will continue to administer with no fees.



Vision, Basic Life/AD&D, Supplemental Life/AD&D and Long-Term Disability

○ Vision

- Under rate guarantee through 2014. Next renewal is January 1, 2015.

○ Basic Life/AD&D, Supplemental Life/AD&D and LTD

- Under rate guarantee through 2015. Next renewal is January 1, 2016.

- 1) Renew with DCP at the one year rate guarantee
- 2) Renew with Chard Snyder for the FSA
- 3) Renew with Park National for the HSA
 - Evaluate employer HSA contribution levels for 2014

- Final decision on administrator – October 9
- Notify carrier who will begin implementation
- Evaluate Plan Options and Contribution Strategy – Meeting with Advisory Committee Monday, October 7
- Final Commissioners decision on plans and employee contribution – October 9
- Update Clermont County enrollment system
- Develop Open enrollment materials
- Conduct open enrollment meetings

QUESTIONS