

2020-21 UPDATED RENEWAL PROPOSAL

SAN LUIS VALLEY UNDERWRITING GROUP



Ed Pittaway
BEST HEALTH PLAN | 2253 S. ONEIDA STREET, SUITE 200, DENVER, CO 80224

2020-21 UPDATED RENEWAL PROPOSAL

PREPARED FOR San Luis Valley Underwriting Group

Summary of Current Programs

Program	Service Provider	Renewal
Medical	BEST Health Plan	7/1/20
Pharmacy Benefit Manager	OptumRx	7/1/20
Dental	Delta Dental	7/1/20
Vision	Vision Service Plan (VSP)	7/1/20
Life/Accidental Death and Dismemberment (AD&D)	Sun Life	7/1/20

BEST Health Plan History

Effective Date of Change	Plan Change
7/1/2014	Office Visit Copays: Primary Care - \$30.00; Specialist - \$50.00
7/1/2014	Expansion of Qualifying Event definition to include CHIP and Medicaid
1/1/2015	Rx Deductible Eliminated
1/1/2015	All deductibles, copays and coinsurance included in out-of-pocket maximum
7/1/2017	Redirect wellness incentive dollars to no-cost primary care at partner providers
1/1/2018	Apostrophe replaces Colorado Choice as plan administrator; move to an open access network
7/1/2020	Plan administrator alternative proposal attached

San Luis Valley Underwriting Group							
Rate History							
PLAN YEAR	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
INCREASE	N/A	-5%	0%	0%	4.90%	3.80%	5%
EE	471	447	447	447	469	487	511
ES	941	894	894	894	938	974	1023
EC	847	805	805	805	845	878	922
EF	1101	1046	1046	1046	1098	1141	1198
SUMMARY							
Average Increase:	1.45%						

CURRENT PLAN BENEFIT

7/1/19 – 12/31/19

1/1/2020 – 6/30/2020

Plan Year Deductible In Network	\$500 Individual \$1,500 Family	\$750 Individual \$2,250 Family
Out-of-Pocket Maximum In Network	\$2,000 Individual \$4,500 Family	\$2,500 Individual \$5,000 Family
Office visit - PCP	\$30 copay / visit \$0 copay at partner providers, effective 1/1/18	No change
Office visit - Specialist	\$50 copay / visit	No change
Other outpatient and inpatient care	Deductible then 20% coinsurance \$0 for select surgeries arranged by Apostrophe	No change
Pharmacy Generic/Preferred Brand/Non-Preferred Brand/Specialty	10%/20%/30%/40% coinsurance up to Maximum of \$250 Per Prescription	No change
Incentive	No wellness incentive \$150 smart shopper reward for certain imaging services Additional smart shopper rewards	No change

San Luis Valley Underwriting Group	
Current Rates	
	Plan Year
	2019-20
EE	511
ES	1023
EC	922
EF	1198

RENEWAL PLAN BENEFIT OPTION I

7/1/2020 – 6/30/2021

Plan Year Deductible In Network	\$1,500 Individual \$4,500 Family
Out-of-Pocket Maximum In Network	\$5,000 Individual \$10,000 Family
Office visit - PCP	\$35 copay
Office visit - Specialist	\$70 copay
Other outpatient and inpatient care	Deductible then 20% coinsurance
Pharmacy Generic/Preferred Brand/Non-Preferred Brand/Specialty	10%/20%/30%/40% coinsurance up to Maximum of \$250 Per Prescription \$250 Annual Deductible

San Luis Valley Underwriting Group Renewal Option I Rates	
	Plan Year 2020-21
EE	612
ES	1225
EC	1066
EF	1435

RENEWAL PLAN BENEFIT OPTION II

7/1/2020 – 6/30/2021

Plan Year Deductible In Network	\$2,000 Individual \$6,000 Family
Out-of-Pocket Maximum In Network	\$6,000 Individual \$12,000 Family
Office visit - PCP	\$35 copay
Office visit - Specialist	\$70 copay
Other outpatient and inpatient care	Deductible then 20% coinsurance
Pharmacy Generic/Preferred Brand/Non-Preferred Brand/Specialty	10%/20%/30%/40% coinsurance up to Maximum of \$250 Per Prescription \$250 Annual Deductible

San Luis Valley Underwriting Group Renewal Option II Rates	
	Plan Year 2020-21
EE	593
ES	1188
EC	1033
EF	1391



April 2, 2020

To: San Luis Valley Underwriting Group Member District

From: Ken DeLay, CEO and Ed Pittaway, Plan Manager

Re: Mid-Year Assessment Review

For most of the last decade, the BEST Health Plan SLV districts have enjoyed health insurance rates below almost everywhere else in Colorado. The Trust has kept rates low while also providing benefits to school district employees which are as good, or better than, other health insurance plans in Colorado.

This past year has unexpectedly seen a sudden increase in large claims across SLV member districts. The year to year increase in large claim costs across the SLV Group totals about \$1 million. Moreover, many of these new large claims are for chronic health conditions such as diabetes, and thus these claims will continue to impact the Trust in future years as well.

Over the last several years, as a result of great claims experience, the SLV Group has also had large surpluses in its reserves. Based on the current level of school finance in Colorado, the school districts in the SLV Group decided for financial reasons to spend down those excess reserves in order to keep down insurance costs in those years. Although prudent in the overall fiscal situation of years past, those decisions to spend down excess reserves left the SLV Group with little cushion in its reserves if, like this year, an unanticipated sharp increase in claims occurred.

These two trends, an unanticipated spike in large claims and spending down excess reserves, have come together this year like a perfect storm. As a result, the SLV reserves have fallen to a level which requires them to be replenished in this plan year. At any given moment there are many claims across the Trust which have not yet been billed even though the obligation to pay already exists as a result of a doctor visit or medical treatment. The reserves needed for these Incurred but Not Reported (IBNR) claims have been depleted.

When the IBNR reserves fall below the amount necessary to pay 100% of all claims already incurred, both fiscal prudence and the Trust Participation Agreement require member school districts to provide additional funds as needed to restore the IBNR reserves. Specifically, Section 2.3 of the Participation Agreement requires assessments to be made and paid within 60 days when the Trust Actuary finds that an assessment is necessary "in order to maintain sufficient reserves within the Trust to fund the Trust's obligations" to pay all claims, including IBNR claims. All school districts should have a copy of the Participation Agreement, but we will provide copies on request.

During the recent meeting of the SLV Group districts, the Actuary also discussed the Claims Fluctuation Reserve (CFR) shortfall. Claims never flow evenly over the course of the year, and the CFR, as its name suggests, is intended to be sure the Trust has the reserves needed to cover the uneven fluctuation of claims during the year. We expect to cover the SLV CFR needs next year with other Trust assets and with the increases built into the contribution rates for next year.

Based on the SLV Group's current reserves and on the Actuary's projections for the remainder of the year, the IBNR reserves are short slightly less than \$400,000 for this plan year. That works out to be about \$520 for each individual member, or roughly the equivalent of 1 month of extra premium for each member. An invoice for the assessment your district is responsible for accompanies this letter. Assessments are due no later than May 29, 2020.

Thanks for your attention to this matter. Please feel free to call me or Ed Pittaway if you have questions.

Regards,

/s/ Ken DeLay
Ken DeLay
CEO

/s/ Ed Pittaway
Ed Pittaway
Plan Manager

ACTUARIAL ANALYSIS OF PLAN PERFORMANCE AND RECOMMENDATIONS

SLV Assessments			
PY 19-20			
DISTRICT	EMPLOYEE COUNT	IBNR \$520 PER EMPLOYEE YEAR 1	
Aguilar	15.5	8,060.00	
Alamosa	225.0	117,000.00	
Center	115.0	59,800.00	
Creede	28.0	14,560.00	
Del Norte	54.5	28,340.00	
La Veta	32.0	16,640.00	
Moffat	54.5	28,340.00	
Mountain Valley	30.0	15,600.00	
Sangre de Cristo	47.5	24,700.00	
Sargent	46.5	24,180.00	
Sierra Grande	0.0	-	
Silverton	22.0	11,440.00	
SLV BOCES	56.5	29,380.00	
South Conejos	20.0	10,400.00	
TOTALS	747	388,440.00	

NOTES:

- Renewal options assume no change in District participation in the SLV Underwriting Group.
- Actuarial assessment recommendation applies to all current member Districts that have participated for longer than 12 months.

Dental Plan Rates

Delta Dental	Current Monthly Rates	Monthly Renewal Rates
Employee Only	\$ 34.03	\$ 34.03
Employee & Spouse	\$ 64.46	\$ 64.46
Employee & Children	\$ 78.24	\$ 78.24
Employee & Family	\$112.25	\$112.25

Vision Plan Rates

Vision Services Plan (VSP)	Current Monthly Rates	Monthly Renewal Rates
Employee Only	\$ 10.66	\$ 10.66
Employee & Spouse	\$ 15.63	\$ 15.63
Employee & Children	\$ 13.86	\$ 13.86
Employee & Family	\$ 26.73	\$ 26.73

Life/AD&D Rates

Life and Accidental Death & Dismemberment (AD&D)

- \$0.152/\$1,000 of coverage
- \$20,000 Life/\$20,000 AD&D
- Current Rate: \$3.04 per employee per month – fully paid by employer
- Renewal Rate: Pending