

PEIP Health Insurance Pool July, 2018 Renewal

*Public Employees Insurance Program
(PEIP)/ School Pool*

March 29, 2018



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July, 2018 Renewal Notes

We are very excited that the July, 2018 PEIP School Pool renewal has demonstrated for the ninth straight year the effectiveness of the pooling concept and the cost containment features of the Advantage plans offered by PEIP.

- This year the pool received an average overall increase of 3.9%.
- In the last 12 months we added 100 groups into the pool (more than 30 schools)
- The July School Pool's nine year renewal average is approximately 2.1% (increase).



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Renewal Facts

Renewal History of School Pool

<u>July Group Average</u>	<u>January Group Average</u>
July, 2010 = +8.0%	January, 2013 = +5.0%
July, 2011 = - 6.6%	January, 2014 = +0.5%
July, 2012 = - 3.3%	January, 2015 = +2.4%
July, 2013 = +6.0%	January, 2016 = +5.5%
July, 2014 = +1.9%	January, 2017 = +3.5%
July, 2015 = +2.0%	January, 2018 = +0.2%
July, 2016 = +5.9%	
July, 2017 = +1.3%	
July, 2018 = +3.9%	

Combined Pool Average rate increase =2.4%

History includes all ACA taxes

Average increase including plan design changes =3%



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PEIP Health Insurance Pool July, 2018 Renewal

The PEIP school pool has now beat the industry averages for fifteen consecutive renewals!

- Because we added 30 new groups to the July pool in 2017 PEIP needed to expand from two rate tiers to four tiers (A,B,C,D). The pool has grown to >250 employers (117 schools) and >33,000 members.
- The worries of the ACA Cadillac tax were pushed back to 2022.



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Establishing PEIP Renewal Rates

- Aggregate claims data from the entire pool was analyzed by Deloitte LLP to determine the actual claims costs of the pool.
- Based on the claims data available, the actuaries projected the total dollars that will be needed to pay claims during the July 1, 2018 – June 30, 2019 plan year.
- The overall average increase in rates is 3.9%. Groups that were not in a tier will vary individually, to fit into one of the four tiers.



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July, 2018 Renewal Notes *(continued)*

- PEIP will continue to review the plan's performance annually.
- PEIP renewals take into account the claims experience of all 250+ employer groups.
- New schools joining the pool will elect to join either the "July" renewal, or "January" renewal pool.
- Claims from both renewal groups are combined for renewals (one pool).



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July, 2018 Renewal Notes *(continued)*

- This year the PEIP underwriters rated all premium tiers (A-D) in the same fashion
 - **High plan = 4.5% increase** (includes ACA add-on)
 - **Value plan = 4.5% increase** (includes ACA add-on)
 - **HSA plan = 3.4% increase** (includes ACA add-on)



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Public Employees Insurance Program (Inforce tier rates effective 7/1/17)

Advantage High			Advantage Value			Advantage HSA		
Tier	Single	Family	Tier	Single	Family	Tier	Single	Family
A	642.38	1,715.14	A	574.68	1,534.44	A	447.04	1,193.64
B	708.90	1,892.84	B	633.32	1,691.02	B	488.96	1,305.62
C	797.20	2,128.46	C	712.52	1,902.46	C	551.48	1,472.48



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Public Employees Insurance Program (Inforce tier rates effective 7/1/18)

Inforce groups remain in their tiers, new groups will be slotted in A-D

Advantage High			Advantage Value			Advantage HSA		
Tier	Single	Family	Tier	Single	Family	Tier	Single	Family
A	671.42	1792.58	A	600.68	1603.72	A	462.10	1233.80
B	740.94	1978.32	B	661.94	1767.38	B	505.44	1349.56
C	833.22	2224.58	C	744.72	1988.36	C	570.08	1522.04
D	928.20	2478.16	D	829.58	2214.96	D	635.04	1695.50



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Plan Design Revisions

For July 2018 renewal groups there are minimal plan changes, and they are benefit increases. The convenience/online clinic visits will have \$0 copays (after deductible in the HSA plan)

Clinic Changes

- Always review the new clinic listing (2018) on the Innovo website.

Miscellaneous Updates

- Health club discount added 1/1/15 (continuing)
- All three networks have “online-office” visits available covered as convenience clinics (HSA plan-after deductible).



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Open Enrollment 7/1/18

IMPORTANT FACTS

- All changes will be effective 7/1/18. If you change networks/plans, you will receive credit for claims incurred in the first 6 months of the year.
- Primary care clinics may change cost levels. Be sure to check the 2018 clinic directory to ensure your clinic cost level has not changed.
- **Changes must be submitted to Innovo by 5/18/18.**
- No paperwork needed unless you are changing your plan or network selection (check with your employer)
- The 2018 directory will be emailed to all groups and posted at the Innovo website (www.innovomn.com/plan_information.html).



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Existing Pooling Agreement

PEIP Pooling Agreement

- This Agreement provides for the establishment of a pool for purposes of purchasing health insurance from the Public Employees Insurance Plan (PEIP).
- The groups that entered into the multi-employer pool agree to the terms of this pool.
- We will be meeting with the PEIP management to discuss any required revisions to the agreement for the 7/1/18 thru 6/30/19 period.

The Existing terms are as follows: (Depending on which year you enrolled)

- The participants agree to remain part of the pool through *June 30, 2019*. Later entrants will similarly agree to, at a minimum, remain part of the pool for the completion of the first PEIP year and an additional full year. *

*Minnesota Statute 43A.316 establishes that, "...participation in the program is for a two year term."



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Pooling Agreement *(continued)*

The terms continued:

- If another Union and/or School District wants to be included in this pool after the first year, they can do so. PEIP will allow them to join at the next open enrollment.
- Each participating Union agrees that it will ensure that the District employing its members will individually be responsible for the payment of premiums to PEIP.



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Pooling Agreement *(continued)*

The terms continued:

- Participating Union's will individually negotiate the employer contributions toward these premiums.
- If requested by participating Unions, Education Minnesota staff will facilitate a meeting to review this Agreement or any other issues that may arise.
 - **A meeting of representatives from all PEIP participating locals is scheduled to take place during the Education Minnesota Summer Seminar .**
 - **During this meeting, future operation of the Pool, as well as plan design changes will be discussed.**



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PEIP 2018 July Pool Renewal

Expected Incurred Claims (July Groups)	\$38,827,649
Pooled Claims (26 claims > \$100K)	<u>\$(5,010,691)</u>
Reported Claims Net of Stop Loss Claims	\$33,816,958
Annual Trend Factor	6%
18 Month Trend Factor	<u>9.1%</u>
Projected Incurred Claims	\$36,905,690
Pooled Claim Adjustment (26* \$100K)	\$2,600,000
Enrollment & Benefit Adjustment	<u>1.185</u>



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PEIP 2018 July Pool Renewal

Final Projected Incurred Claims	\$46,803,565
Projected Stop Loss Expenses at \$100K Pooling Level	\$5,925,384
Indirect Expenses	\$1,232,895
Projected Administrative Expenses (5.33% of premium)	\$3,038,820
Required Annual Premium	\$57,000,664
Current Annual Premium	\$(54,046,204)
Blending adjustment (blended pool credibility, PPACA fee reduction, plan design)	-1.6%
Recommended final rate change	+3.9%



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Questions??????

We will now answer any questions that have been submitted.

Questions that are limited to issues of an individual local will be addressed directly to that local.



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For Further Information / Questions Contact:

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