

The Ins & Outs Of Your Renewal



October 6, 2023



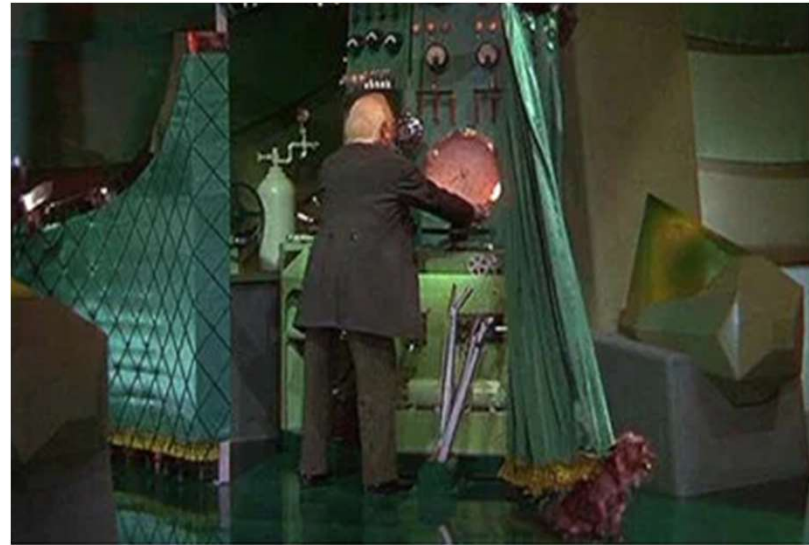
LET'S GET TO KNOW EACH OTHER



TODAY

- What is going on in the world today?
- What's inside the "black box"?
- What are the gray areas?
- Is your process effective?
- What might enhance the effectiveness of your process?

Remember The Wizard of Oz?



WHAT IS HAPPENING?

- Staffing Challenges are not new!
- It's the economy...
 - Everything costs more!
 - Increases in compensation not keeping up with other financial pressures
 - Student loan forgiveness changes
- It has gotten easier to work in a school district too!
- Has additional state funding really helped your budget that much?



THE HEALTH CARE AND BENEFIT LANDSCAPE

- Fewer solutions in the traditional space
- Health care provider consolidation
- Health care worker shortage
- Frequency & Severity of Claims
 - Pandemic related care delays
 - Delays in care due to affordability
- Prescription drug costs continue to increase as a percentage of total cost
- New prescription drugs available and on the way

HERE IS WHAT THEY TELL US!

Keep in Mind... These
are National Numbers!

5.4%
6.0%
7.0%
MORE?



Department of Employee Trust Funds

- State Employees: 11.8%
- Local Government: 15.1 %

WHAT'S INSIDE THE BLACK BOX?



- Claims
- Reserves
- Administration
- Profit

A LOOK INSIDE THE "BLACK BOX"

Big Musky Lake School District - 2024 Renewal	
Experience Period	1/1/2022 - 12/31/2023
Paid Through	2/28/2024
Months of Experience	12
Incurred Claims	\$1,235,000
Average Enrollment	200
Average Per Member Per Month	\$514.58
Adjustment for Large Claims	- \$ 36.02
Other Adjustments (Demographic, Benefits, IBNR, Claims Completion)	\$ - 1.60
Adjusted Claims	\$ 476.96
Claims Adjusted for Trend (6% or \$28.62)	\$ 505.58
Pooling Charge	\$ 110.00
Total Projected Claims Cost (PMPM)	\$615.58
Credibility Adjustment	
- Group at 55% of \$615.58	
- "Pool" at 45% of \$723.50	
Total Projected Claims Cost	\$664.15

HOW THIS SHAKES OUT IN YOUR PREMIUM

Big Musky Lake - Renewal 2024	
Total Projected Claims Cost	\$664.15
Target Loss Ratio	85%
Premium Needed PMPM	\$763.77
Current Premium PMPM	\$725.58
Calculated Premium Increase	5%

For Simplification, Premium Taxes & ACA Fees omitted from this calculation

WHAT ARE THE GRAY AREAS ?



Transparency of Data & Claims Assumptions



Impact of Medical Loss Ratio (MLR) rules on your projected claims



Other Financial Streams in the Insurance Contract

Pharmacy rebates
Provider contracts
Recovery and vendor fees



Consultant compensation



DO YOU REALLY LIKE YOUR PROCESS?

IS IT EFFECTIVE?

LET'S TALK!

“WHEN KNOWLEDGE IS LOW FEAR IS HIGH”

- Health Benefits are one business item out of thousands in your world
 - Do you really understand them?
 - Do any of us?
- We are all reluctant to change... it's hard wired !
- Short-term decision making that leads to unintended consequences
 - Just adjust the benefits, raise deductibles, adjust our HRA/HSA/FSA
 - Take the lower cost that might be available by limiting provider access
 - Implement different premium costs
 - Select solutions that financially don't work or fit the culture of your district



THOUGHTS ON EFFECTIVE PROCESS



Get intentional
with what works
for your district



Know Your PEPY



Data is your
friend



You can get
data!



Move without the
ball



Know what
change looks like

GET INTENTIONAL

- Everyone says that they want and have “competitive benefits”
- Take some time to figure out what that really means
- This should NOT happen within 120 days of your renewal
- Involve all willing stakeholders, listen and gain clarity on what they want
- You do this for many other areas in your district

PEPY: WHAT IS IT?



Per Employee Per Year Cost



Easy to Calculate, Easy to Understand



Works for all decision makers in the process



Allows you to track from year to year



Use it to engage your staff

DATA IS YOUR FRIEND

- It seems that this continues to be a challenge
 - “We don’t do that”
 - “You are too small”
- This involves knowing what to expect before you enter into a relationship
- If you cannot find cooperation, look to independent solutions to extract data
- The world of data access and analysis is changing
- The last resort is to work with your staff to put in the hard work



MOVING WITHOUT THE BALL

- The work is not done when you lock in your decisions for 12 months
- This is the time to get in the “Idea Lab”
 - Low pressure environment
 - Exploration of concepts and strategies
 - What does it look like?
- Allows you to grow and make more purposeful decisions
- This does not take a great amount of time



IF CHANGES ARE COMING

- Have a plan with specific timelines for roll out
 - Technical aspects
 - Communication plan
 - Review and testing of technology resources
- A good timeline anticipates some “plot twists” along the way
- You need support across all areas of your district
- Preview what is happening with those who will champion
- Show leadership and grace
- Work to communicate all year long



THANK YOU!

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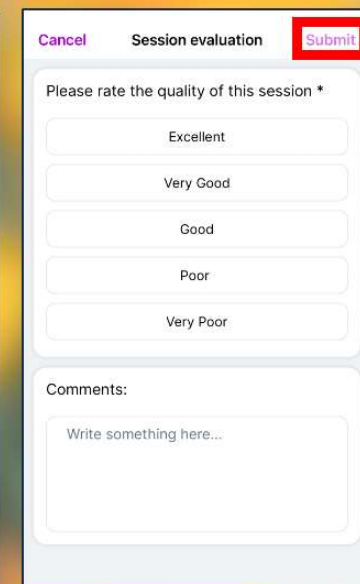
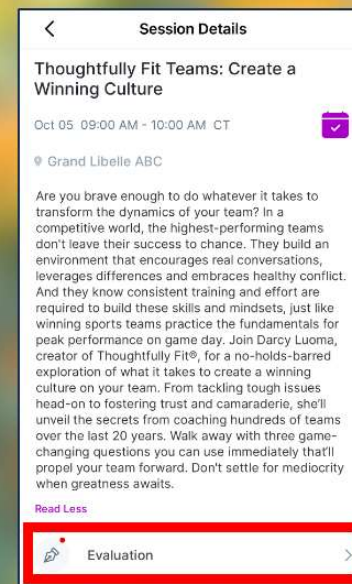
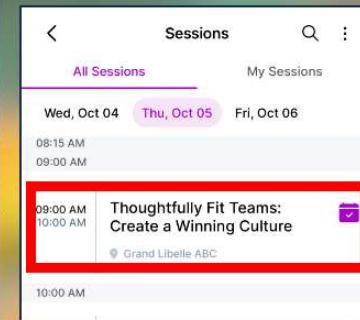
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YouTube: <https://www.youtube.com/@rethinkingbenefitsCGL/featured>



PLEASE COMPLETE THE SESSION EVALUATION!

1. IN THE WASBO GO APP, GO TO THE FALL CONFERENCE AFTER VISITING THE CALENDAR TAB.
2. GO TO “SESSIONS” AND CLICK THIS SESSION.
3. CLICK THE EVALUATION LINK AT THE BOTTOM OF THE SESSION LISTING.
4. PROVIDE YOUR FEEDBACK ON THE SESSION (LESS THAN ONE MINUTE!) AND CLICK “SUBMIT.” (SEE EXAMPLE TO RIGHT).



FIVE ATTENDEES WHO COMPLETE EVALUATIONS FOR ALL SESSIONS WILL BE RANDOMLY SELECTED TO WIN \$50 IN AMAZON GIFT CARDS!