

The Egyptian Trust
Benefits Committee Recommendations
2017-18

Additional Information

Included with this document is an alphabetical list of districts in each of the premium tiers, as recommended by the Benefits Committee. This list, as well as further information about the development of the tiers, is being distributed at the request of member districts.

The recommendations of the committee were based upon each district's most recent two and one-half years of claims costs versus premium contributions, with shock losses capped at \$250,000 in any given year. In other words, if a district had a shock loss claim of \$500,000 in each year, as many districts had, the loss was capped at the \$250,000 level in calculating their loss history. This two and one-half year period was chosen over a longer period due to several factors, including: 1) the network change from HealthLink to Coventry/Aetna effective September 1, 2015; 2) the normal employee turnover where a district's demographics change over time, and 3) the most recent two and one-half year time period represents what a commercial insurance carrier would use to evaluate and price a district in the marketplace.

The tiers were developed based upon the following information. Districts which had less than a 93% loss history were included in the 3% tier. All those districts listed in the 3% tier contributed more premium dollars than paid claims plus overhead costs during the past two and one-half year time period. The next tier at 5% represents districts between 93% and 99%, which basically "broke even" over the past two and one-half years, paying in about the same in premiums as was paid out in claims and overhead. The next tiers, in 5% loss ratio increments, all represent member districts where paid claims and overhead expenses exceeded premiums paid.

As requested by members in attendance at the May 1st informational meeting, the Power Point presentation made by HST, HealthSCOPE and MedWatch is included. Given the extensive information included in the original Benefits Committee memorandum, the presentation and question and answer time of the May 1st informational meeting, plus the information in this communication, there is no plan to make another complete presentation about the Reference Based Pricing model or the vendors being recommended. Of course, there will be time to answer any questions about any of the committee's recommendations.

All member districts are encouraged to attend the May 10th meeting and vote their preference on these recommendations going forward.

Comments or questions about this information may be directed to Trust consultants Tom Dahncke, tdahncke@charter.net, 618-791-5541 or Leo Hefner, lhefner@htc.net, 618-973-8221.