

# ST. LOUIS AREA INSURANCE TRUST

*A Self-Insurance Pool*

## Memorandum

TO: SLAIT Health Program Members

FROM: Steve Wicker *Steve*

DATE: April 13, 2015

SUBJECT: 2015-2016 Health Rates

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At its meeting of April 7, 2015, the SLAIT Board of Directors adopted rates for the 2015-2016 health program policy year.

Claims results for the sixth year of the SLAIT health program have been better than expected. As of March 31, 2015, claims for 2014-2015 have been approximately 88% of expected and these better than expected results for the current year help to moderate projections for the coming year. As a result, by taking advantage of prior years' surplus and budgeting a relatively small surplus for 2015-2016, rates can remain at their current level.

As has been done the past three years, the rate increases by member adopted by the Board for the 2015-2016 policy year were developed with the idea of rewarding the best performers, while still maintaining the "one group" characteristics of the plan. To insure that the middle performers were a large number of members, it included all members with loss ratios between 80% and 120% of the group average of 81% for the period July, 2012 through February, 2015. This meant all members with plan loss ratios between 65% and 97%. This left five members in the group of best performers and four members in the worst performing group. The by-member rate increases are attached to this memo.

Two items relative to the Affordable Care Act (ACA) require the Trust's attention. First, the reinsurance fee of \$3.67 per month per participant continues for the rest of the 2015 calendar year. It decreases to \$2.25 on January 1, 2016. This money is used to fund a transitional reinsurance program to help stabilize the individual market. Under current law, the fee will phase out completely in 2017. Second, beginning with the 2015-2016 policy year, the ACA requires that prescription drug co-pays be counted toward reaching a member's maximum out-of-pocket expense. Thus, we will be increasing each plan's out-of-pocket maximum by \$1,000 for the individual and \$2,000 for the family.

With "medical inflation" continuing to run at approximately 1% per month, the 4.8% increase from last year and no rate change this year are certainly excellent results for the SLAIT health plan. Remember, SLAIT is spending less than 10% of premium on administrative expenses and thus the group's premium is based almost entirely on its claims experience. For your information, attached is a history of SLAIT rate plan changes since the inception of the health plan.

**SLAIT Health Plan  
2015-2016 Rate Changes**

City	Loss Ratio * July 2012-February 2015	Current Estimated Annual Premium	Rate Change	Renewal Estimated Annual Premium
WCDC	21%	\$70,000	-3.0%	\$67,900
ECDC	59%	\$230,000	-3.0%	\$223,100
Frontenac	59%	\$680,000	-3.0%	\$659,600
Olivette	61%	\$810,000	-3.0%	\$785,700
Chesterfield	63%	\$2,035,000	-3.0%	\$1,973,950
Totals		\$3,825,000		\$3,710,250
Ferguson	66%	\$1,750,000	0.0%	\$1,750,000
Maryland Heights	74%	\$2,260,000	0.0%	\$2,260,000
Richmond Heights	76%	\$1,430,000	0.0%	\$1,430,000
Creve Coeur	79%	\$1,460,000	0.0%	\$1,460,000
Brentwood	80%	\$1,180,000	0.0%	\$1,180,000
Ballwin	83%	\$1,395,000	0.0%	\$1,395,000
University City	95%	\$2,870,000	0.0%	\$2,870,000
Lake St. Louis**	67%	\$1,030,000	0.0%	\$1,030,000
St. Ann**	39%	\$1,020,000	0.0%	\$1,020,000
Town & Country**	65%	\$255,000 <i>(9 months)</i>	0.0%	\$340,000
<i>** (partial loss history - will receive average increase)</i>				
Totals		\$14,650,000		\$14,735,000
Clayton	100%	\$1,650,000	3%	\$1,699,500
Des Peres	103%	\$1,180,000	3%	\$1,215,400
Maplewood	105%	\$980,000	3%	\$1,009,400
Rock Hill	108%	\$420,000	3%	\$432,600
Totals		\$4,230,000		\$4,356,900
<b>Total</b>		<b>\$22,705,000</b>		<b>\$22,802,150</b>

\* Excludes amounts in excess of individual stop loss.

## History of SLAIT Health Rate Increases – As of July 1, 2015

### 1) For 2010-2011 Policy Year

- 10% rate increase
- Plan changes equal to 6% reduction in estimated losses
- Pharmacy co-pay increase from \$8/25/40 to \$10/35/60, (3% reduction)
- Office visit co-pay increase from \$20/20 to \$20/40, (2% reduction)
- ER co-pay from \$100 to \$200 (1% reduction)

### 2) For 2011-2012 Policy Year

- 7.5% rate increase
- Plan changes equal to 1.5% reduction in estimated losses
- Office visit co-pay increase \$20/40 to \$25/40 (1% reduction)
- ER co-pay from \$200 to \$250 (.5% reduction)

*\$0 deductible plan eliminated  
Maplewood & University City move to \$250*

### 3) For 2012-2013 Policy Year

- Primary Increase 4%
- Varied among members – Range = 1% to 9%

*No Plan Changes*

### 4) For 2013-2014 Policy Year

- Primary Increase 5.6%
- Varied among members – Range = 3% to 11%
- ACA Reinsurance Fee effective 1/1/14

*No Plan Changes*

### 5) For 2014-2015 Policy Year

- Overall Increase 4.8%
- Varied among members – Range = 1.8% to 7.8%
- Maximum out-of-pocket increased by \$1,500/\$3,000 as ACA requires medical co-pays be included