

# ST. LOUIS AREA INSURANCE TRUST

*A Self-Insurance Pool*

## Memorandum

TO: SLAIT Health Program Members

FROM: Steve Wicker *Steve*

DATE: April 8, 2014

SUBJECT: 2014-2015 Health Rates

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At its meeting of April 3, 2014, the SLAIT Board of Directors adopted rate increases for the 2014-2015 health program policy year and decided to change service providers from UnitedHealthcare (UHC) to Anthem at an estimated savings of approximately \$1 million. The change to the Anthem network will become effective July 1, 2014. The Anthem network of physicians and hospital is quite comparable with UHC's and we do not anticipate any major problems with this change. Assistance will be provided to your City and employees to make the transition as smooth as possible.

Claims results for the fifth year of the SLAIT health program have been better than expected. As of March 31, 2014, claims for 2013-2014 have been approximately 92% 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 relative small surplus for 2014-2015, an overall 4.8% rate increase is all that is required for the 2014-2015 policy year.

As has been done the past two years, the rate increases by member adopted by the Board for the 2014-2015 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 82% for the period July, 2011 through February, 2014. This meant all members with plan loss ratios between 66% and 98%. This left four members in the group of best performers and two 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 \$5.25 per month per participant continues for the rest of the 2014 calendar year. It decreases to \$3.67 on January 1, 2015. 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. We will continue to collect this fee separate from the SLAIT premium since it is not related to actual health coverage and

because it will ultimately be discontinued. Second, beginning with the 2014-2015 policy year, the ACA requires that 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 \$1,500 for the individual and \$3,000 for the family. For the member, this is actually an additional benefit since for the first time a combination of deductibles and co-pays exceeding the maximum out-of-pocket amount would mean no additional co-pays would have to be paid during the policy year. For the Trust, it will limit the number of co-pays that become a part of the claims expense, thus allowing rates to be determined in the same fashion as in prior years.

With "medical inflation" continuing to run at approximately 1% per month, I believe these rate adjustments are an excellent result for the fifth year of 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.

If you have any questions about any of this information, please feel free to contact me at 314-444-1937 or [wickers@danielandhenry.com](mailto:wickers@danielandhenry.com).

**SLAIT Health Plan  
2014-2015 Rate Increases**

City	Loss Ratio * July 2011-February 2014	Current Estimated Annual Premium	Rate Increase	Renewal Estimated Annual Premium
WCDC	28%	\$69,000	1.8%	\$70,242
Olivette	57%	\$810,000	1.8%	\$824,580
Creve Coeur	61%	\$1,380,000	1.8%	\$1,404,840
Chesterfield	65%	\$1,915,000	1.8%	\$1,949,470
<b>Totals</b>		<b>\$4,174,000</b>		<b>\$4,249,132</b>
Frontenac	68%	\$629,000	4.8%	\$659,192
Richmond Heights	75%	\$1,380,000	4.8%	\$1,446,240
Brentwood	78%	\$1,185,000	4.8%	\$1,241,880
ECDC	78%	\$188,000	4.8%	\$197,024
Ferguson	79%	\$1,655,000	4.8%	\$1,734,440
Maplewood	79%	\$921,000	4.8%	\$965,208
Ballwin	80%	\$1,362,000	4.8%	\$1,427,376
Maryland Heights	83%	\$2,154,000	4.8%	\$2,257,392
Clayton	91%	\$1,555,000	4.8%	\$1,629,640
University City	94%	\$2,725,000	4.8%	\$2,855,800
Des Peres	98%	\$1,135,000	4.8%	\$1,189,480
Lake St. Louis**	59%	\$1,025,000	4.8%	\$1,074,200
St. Ann**	15%	\$948,000	4.8%	\$993,504
<i>** (partial loss history - will receive average increase)</i>				
<b>Totals</b>		<b>\$16,862,000</b>		<b>\$17,671,376</b>
Manchester	109%	\$773,000	7.8%	\$833,294
Rock Hill	158%	\$378,000	7.8%	\$407,484
<b>Totals</b>		<b>\$1,151,000</b>		<b>\$1,240,778</b>
<b>Total</b>		<b>\$22,187,000</b>		<b>\$23,161,286</b>

\* Excludes amounts in excess of individual stop loss.

## History of SLAIT Health Rate Increases

### 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 6%
- Varied among members – Range = 3% to 11%
- ACA Reinsurance Fee effective 1/1/14

*No Plan Changes*

### 5) For 2014-2015 Policy Year

- Primary Increase 4.8%
- Varied among members – Range = 1.8% to 7.8%
- Maximum out-of-pocket includes co-pays as required by ACA

## Kuntz, Robert

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**From:** Quinn, Cathy <QuinnC@danielandhenry.com>  
**Sent:** Friday, April 18, 2014 9:25 AM  
**To:** Kuntz, Robert  
**Cc:** Morrison, Haley; Pederson, Dana  
**Subject:** SLAIT Rates, effective 7/1/14 for City of Ballwin

Hello,

Listed below are your current and renewal rates for the SLAIT Medical Plan. A 4.8% increase was applied.

	Current	7/1/14
EE	\$399.78	\$418.97
EE + 1	\$761.20	\$797.74
FAM	\$1,228.13	\$1,287.08

If you have any questions, please let me know.

Thanks,  
Cathy

Cathy Quinn  
Assistant Vice-President, Group Benefits  
The Daniel and Henry Company  
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### Health Insurance 2014 - based on April billing

Current City and Employee Portions					Hike with City paying the hike				Hike with Employee paying the .8% not budgeted				
		city	employee	total	Jan-June	new rates	employee	city	July - Aug	new rates	city/budgeted	employee	
Single	49	379.8	19.98	399.78	111661.2	418.97	19.98	398.99	117303.06	418.97	395.79	23.18	116362.26
Emp + 1	33	654.64	106.56	761.2	129618.72	797.74	106.56	691.18	136853.64	797.74	685.09	112.65	135647.82
Family	56	997.81	230.32	1228.13	335264.16	1287.08	230.32	1056.76	355071.36	1287.08	1046.94	240.14	351771.84
					576544.08				609228.06				603781.92

	Total Budget	1195556	
	Jan-Mar expense	-286993	
est	april-june	-286993	-573985.48
	July-Dec	621570.5	

Medical	total	emp pays	city pays	jan-june	total premium		emp pays	city pays	jul-dec	
					4.00%					
single	399.78	19.98	379.80	2278.80	415.77	19.98	395.79	2374.75	4653.55	
emp + 1	761.20	106.56	654.64	3927.84	791.65	106.56	685.09	4110.53	8038.37	
Family	1228.13	230.32	997.81	5986.86	1277.26	230.32	1046.94	6281.61	12268.47	

Dental	3.00%			
30.85	0.93	31.78	376.68	
30.85	0.93	31.78	376.68	
		0.00	0.00	
Lagers	general	police		
new rate	5.5%	8.90%		
		0.00%		
Life	84.00	0.00	84.00	