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September 21, 2021

**RE:** 2022 Health Insurance Plan Designs and Premium Rates

School Board Members,

Please review the included proposal for Plan Design Changes and Premium Rates for the 2022 Health Plan year beginning January 1, 2022 through December 31, 2022. It has been a challenging year for our self-funded plan. Our loss ratio through July is 112%. See the attached information on our claims experience to date for the 2021 plan year.

We are projected to finish the year at a 10-year high loss ratio above 135%. Projected expenses for this plan year are expected to reach \$27,000,000 dollars. We expect to use much of our account reserve (over 6 million dollars) to cover claims expense in excess of what we have collected this year in premiums. Projections are consistent within our renewal quotes from our Stop Loss market. These numbers will not be finalized until the carriers run analytics data through August 2021. We will provide final renewal of Stop Loss Insurance and fixed costs at the October 5<sup>th</sup> Board Meeting.

Data on our projected performance for 2022 has been provided by our self-funded plan actuary, Jay Miniati. Fisher Brown Bottrell's analytics and actuarial study confirms that our plan is projected to continue with high claims experience. This is further confirmed in reviewing Stop Loss preliminary bids from the market. It is with this information that we have made changes to our health plan designs and fixed our premium renewal at the proposed rate with funding 100% of the plan premiums.

Provided for review this month are updated plan designs that are responsive to the growing claims we are experiencing. Also included for your review are rate recommendations for 2022. These rates represent a total renewal increase of \$6,044,279 over our renewal level for 2021. Of this increase, \$4,203,301 would be paid by the School Board in premiums. HSA Contribution decreases as well as migration off of the HSA plan expected for some members, will help offset the overall cost to the Board. This offset cost change is expected to put the school board increase at \$2,182,581.

The recommended School Board HSA Contribution for 2022 for the single tier is \$40 per month and the family tier contributions are \$85 monthly. This is a change from 2021 HSA single rate of \$95.83 monthly and family rates of \$191.67 monthly. This recommendation is being made in order to decrease the overall cost of the renewal for the School Board from a \$4,203,301 increase to an estimated \$2,182,581 increase.

The employees will collectively share a \$1,840,978 increase. The total paid by the School Board, not including the HSA contributions, would be \$20,576,280. This is 73.6% of the total cost of health care premiums. Employees would cost share the remaining 26.4% (\$7,378,872) of the total premium cost.

Please see supporting renewal documents. The 2022 year is a high cost renewal for our group. We are fortunate to have a reserve in our self-funded account to help us cover the current year losses. The 2022 proposal offers new plan designs to give our members options that fit a variety of needs based on each family's personal health and wellness profile. The new premiums will help our plan navigate growing costs over the next few years.

Claims management strategies are being put in place and we will continue to work to help employees navigate health care with available resources and tools. We are excited to continue a telemedicine program through implementation of Florida Blue's Teledoc system. Florida Blue will also be offering a full range of behavioral health services and new programs designed to offer customized prevention programs and next steps health coaching. We will go into the 2022 plan year with many new resources to help employees navigate their personal health needs.

Sincerely,

*Pam Smith*

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