

# 2024 Health Plan Rates and Qualifications



Item 4D – Group Insurance Board

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# Action Needed

- ETF recommends the Board approve recommended health, pharmacy, and dental rates presented by Segal for plan year 2024.
- ETF requests Board approval to make any additional, minor adjustments to the health plan service areas as they are finalized.
- ETF also recommends the Board approve State premiums under Option 1 and Local premiums without use of reserves.

# Local Network Changes

Large increase in the number of State Maintenance Plan (SMP) counties in 2024

- 30 in 2024, versus 8 in 2023

Primarily due to fewer Tier 1 plans, not plan network qualifications

37 counties will lose at least one Tier 1 plan

Four counties will lose 3 Tier 1 plans

Largest new SMP counties will be Sauk, Green, and Columbia

New SMP eligible members = approximately 7,100

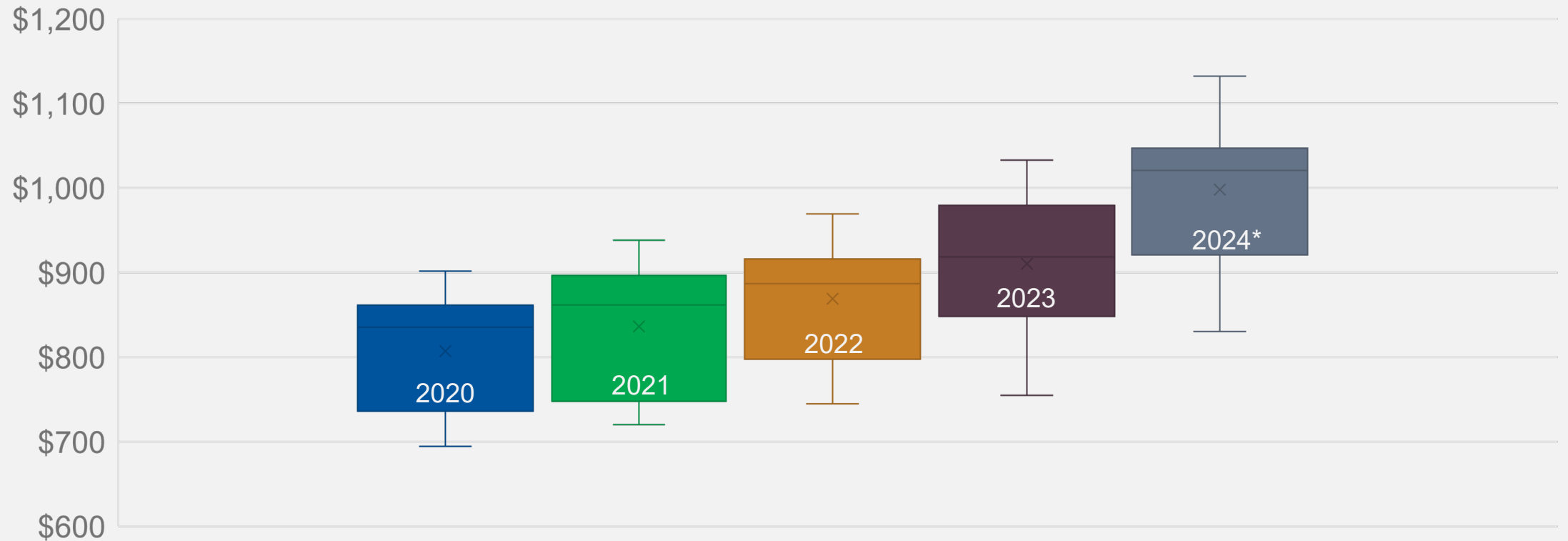
- Not all expected to switch plans

# Rate Negotiations

- Meetings held during the final week of June
- All plans and networks met Tier 1 status for the State Program
- Only 9 of the 19 available plans/networks met Tier 1 status for the Local Program

# Premiums Over Time

State Regular + Dental Single Coverage  
Per Subscriber Per Month



\*2024 rates have no adjustment for reserve buy-down

# Reserves Policy

Wis. Stats. §40.03(6)(e) establishes the Board's ability to create and allocate reserves for premium stabilization

The Board has an additional policy that states the target funding range of the reserve fund and how surplus money can be spent

The purpose of the reserve is to smooth annual increases

The current Board reserve policy does not address years where the reserve fund is below target

# Reserve Fund Below Target

- Due to poor investment returns, the reserve fund is below the low point of the Board's target range
- Under the current Board policy, this leaves no surplus funds available for reducing 2024 rates

# Reserve Options

Option 1: 11.8% premium increase in 2024, future year increases to return to target midpoint

Option 2: 11.8% premium increase in 2024, future year increases to return to low end of target

Option 3: Buydown 2024 rates with remaining reserve to 8.5% increase, 8.5% increases in future years to return to low end of target

Option 4: Buydown 2024 rates with remaining reserve to 7.5%, with 14.8% increase in 2025 to return reserve to low end of target



# ETF Recommends State Reserve Option 1

- Stabilizes reserves at the midpoint under the current Board policy
- Consistent with expectations set in 2022



**State of Wisconsin Group Insurance Board  
Department of Employee Trust Funds**

## **2024 Program Renewals**

August 16, 2023

 **Segal Consulting**



## **1. Overview**

2. Medical Plans
3. Prescription Drug Plan
4. Dental Plan
5. Aggregate Renewal
6. Fund Balance/Reserve
7. 2024 Premium Alternatives

# 2024 Renewal Process

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## ➤ Medical (Fully-Insured)

- Process
  - Health Plans (HMOs) followed a managed competition model, using a tier structure for both existing and new plans
  - Access Plan, Medicare Plus and State Maintenance Plan (SMP) followed a traditional rate development approach using emerging data
  - IYC Medicare Advantage Plan rates were negotiated, ETF is through the guaranteed years
  - Met with majority of plans to discuss tier placement and long-term strategy

## ➤ Pharmacy (Self-Insured)

- Received and reviewed claims experience
- Met with Navitus to discuss trends and program management strategies

## ➤ Dental (Self-Insured)

- Received and reviewed claims experience
- Met with Delta Dental to discuss trends and program benefit and network changes

## ➤ Reserve Fund

- In Year 1 of the 3-year buy-down strategy implemented by the Board- the board approved utilizing the entire surplus (Option 2) and moving slightly below the midpoint
- This would result in a larger increase in 2024 to makeup for this buy-down
- Projected year-end 2023 reserve balance lower than anticipated – primarily from investment loss



1. Overview

**2. Medical Plans**

3. Prescription Drug Plan

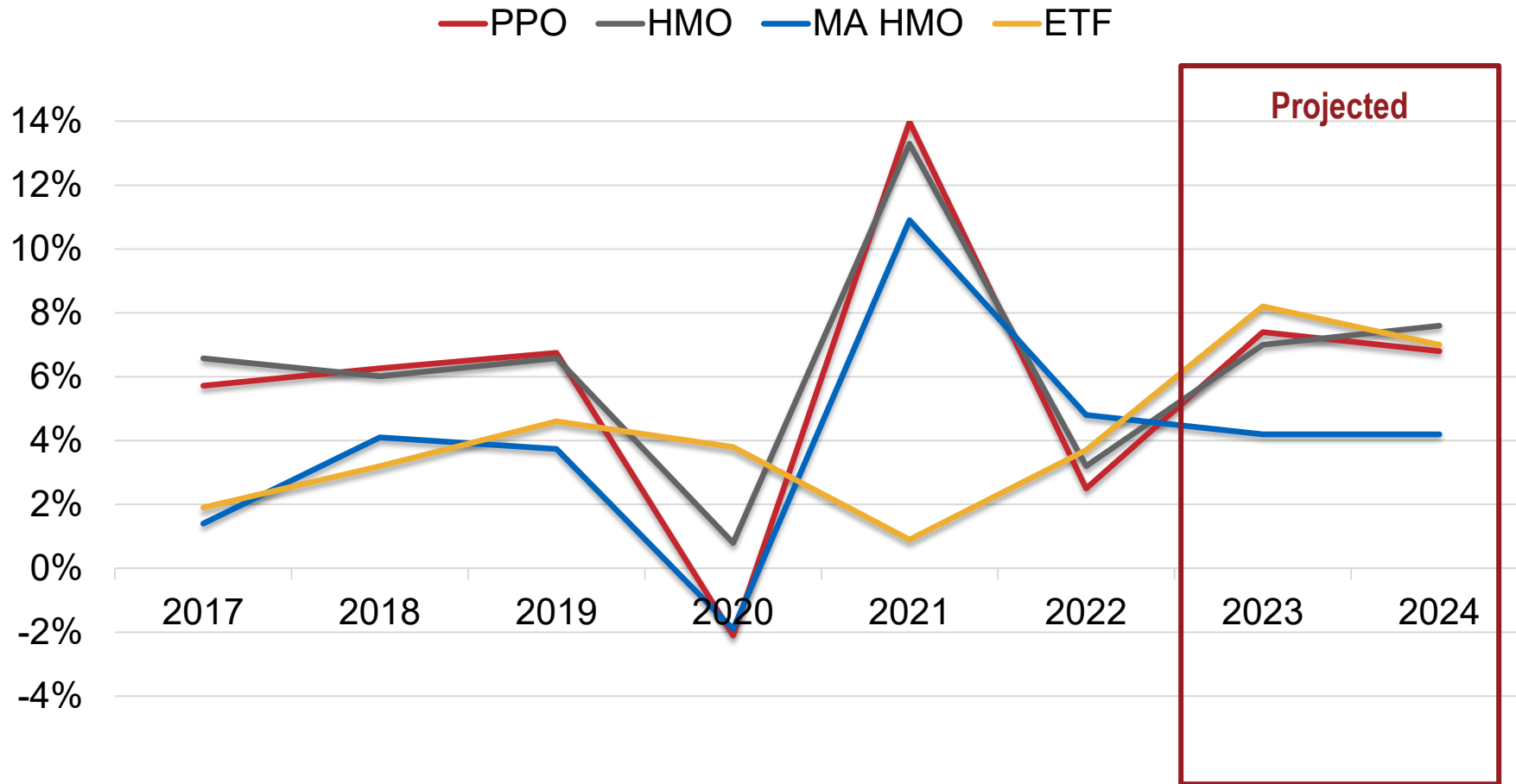
4. Dental Plan

5. Aggregate Renewal

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# Historical Medical Trends – Comparison to ETF



The COVID-19 experience was realized by most programs in 2020, while ETF's was negotiated into the 2021 renewal. We are now seeing greater premium increases.

Source: 2024 Segal Health Plan Cost Trend Survey

# Medical Plans – Fully Insured Renewals

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## ➤ Health Plans (HMOs)

- Primarily designed for in-state members
- Renewal consistent with process from last 8 years
- Administered by: Aspirus, Dean, GHC-Eau Claire, GHC-SCW, HealthPartners, Medical Associates, MercyCare, Network, Quartz, Security
- Tier model “managed competition” approach

## ➤ Access Plan, Medicare Plus and State Maintenance Plan (SMP)

- Mostly utilized for out of state members and in-state members in counties without qualified, Tier 1 plan option.
- Fully Insured plans administered by Dean for Access/SMP and UHC for Medicare Plus
- Traditional underwriting renewal, limited emerging data

## ➤ IYC Medicare Advantage (MA)

- Designed for in and out of state Medicare eligible members
- Administered by UnitedHealthcare (UHC)
- Traditional underwriting renewal used for MA programs

## Alternate Plans (HMO's) Overall Renewal Process

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- The negotiation process involved the following:
  - March: Segal prepared addendum collection requirements
  - April: ETF reviewed requirements and requested data from Plans
  - April 28: Addendum data submitted to Segal
  - May: Segal compiled data and calculated tier breakpoints
  - May 12: Preliminary Rate Quotes submitted to Segal
  - June: Segal compiled rates and placed Plans into premium tiers
  - June 21: Plans notified of their tier placement and offered renewal meeting to discuss
  - June 26 – 30: Renewal meetings held with Plans
  - July 7: Best and Final Offers received from Plans
  - July 14: Segal receives Fund Balance Reserve through June 30 from ETF



## Collect Addendum Reports & Data

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- Plans are required to provide addendum reports for each group separately: State (Non-Medicare, Medicare, Grads), Local (Non-Medicare, Medicare), High Deductible Health Plan (HDHP), Total Organization (Non-Medicare, Medicare)
- The reports include:
  - Enrollment and membership demographics
  - Fee For Service claims and capitation encounter experience
  - Medical trend assumptions
  - Administrative expenses
  - Rate development
  - Medical loss ratio report
  - Large claimant information
  - Actuarial certification
- Similar to last year, addendum claims and capitation reports were validated using Merative data warehouse (DAISI)
- Network adequacy reports were submitted and utilized to determine which plans are qualified in each county

# Tier Breakpoint Development – Based on Addendum

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- Incurred claims and capitation experience are compiled for each plan
- Health Plans PMPMs were adjusted to reflect overstated/understated Cost Per Service from pre-pandemic numbers based on Merative analysis
- Adjusted base period claims per member per month (PMPM) are trended forward with projected “limited” trends
- Administrative costs are added up to a threshold— no increase from 2023 amount
- Total PMPMs are then risk adjusted, combining three factors:
  1. Retrospective Merative risk score (30%)
  2. Age/sex score (20%)
  3. Region factor (50%)
- Breakpoints are then set for Tiers 1, 2 and 3 taking into account normalized costs by plan and program budget

**The overall Tier 1 breakpoint increase was estimated to be 5.5% for State and 8.7% for Locals.**

## Compile Tier Placement From Preliminary Bid

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- Plans submit their Preliminary Bids knowing there is an opportunity for negotiations and movement to Tier 1
- Tier placement is performed using the State Non-Medicare group only; negotiations of other groups follow by design
- Bids are risk adjusted using an overall risk score comprised of prospective Merative risk score (30%), age/sex (20%) and region (50%) — similar to experience adjustment except risk is prospective vs. retrospective
- Credits are then applied to reflect quality and catastrophic claims experience
- The final adjusted rates are compared to the tier breakpoints developed from the Addendum experience rate projections
- This year, rate limitations (adjusted for quality credits) were placed on rate increases
- Plans are notified of their tier placement and given the opportunity to meet and discuss results

**There is no direct link from the Addendum projected rates to the Preliminary Bid.**

# State HMO Renewal

- All plans moved into Tier 1

	2023 Rates	BAFO 2024 Rates	Change From Current	%
<b>Medical Costs (in Millions)</b>				
Dane	\$606.6	\$639.9	\$33.4	5.5%
Non-Dane	\$561.6	\$591.5	\$29.9	5.3%
<b>Total State</b>	<b>\$1,168.1</b>	<b>\$1,231.4</b>	<b>\$63.3</b>	<b>5.4%</b>

^ Totals may not reconcile due to rounding

## WPE (Locals) Tier Placement From Preliminary Bids

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- In 2019, a tier process similar to the State was implemented for the Locals
  - The primary difference is that Locals, due to their size, combine Dane and Non-Dane to produce one overall statewide model
- The variability in size necessitates additional smoothing techniques and limitations
- Catastrophic claims were given additional weight in the development
- Consistent with last year, limitations (adjusted for quality credits) were placed on rate increases and % of State Rate for plans to be in Tier 1/2/3

# Local HMO Renewal

- A number of plans did not move to Tier 1 during negotiations:
  - Aspirus
  - Dean
  - HealthPartners West, Southeast & Robin
  - Quartz – Central
  - Common Ground (GHC-EC)
  - GHC EC Greater WI
  - GHC SCW Neighbors
  - Security
  
- The 14.6% shown below may ultimately be less if members migrate into Tier 1 plans from those that had sizable increases and are no longer Tier 1.

	2023 Rates	BAFO 2024 Rates	Change From Current	%
<b>Medical Costs (in Millions)</b>				
<b>Locals</b>	<b>\$209.5</b>	<b>\$240.2</b>	<b>\$30.7</b>	<b>14.6%</b>

## Access Plan, SMP Renewals, and Medicare Plus (Statewide)

- Dean manages the fully-insured Access Plan and SMP plans
- UHC manages the fully-insured Medicare Plus plan for Medicare eligible retirees
- BAFO rates from Dean resulted in a 7.4% increase to the Access Plan and SMP rates respectively. Note that there is a risk-sharing agreement in place with Dean.
- UHC Medicare Plus BAFO rates resulted in an increase of 3.4%

	2023 Rates	BAFO 2024 Rates	Change from Current	%
<b>Medical Costs (in Millions)</b>				
State	\$53.1	\$56.6	\$3.4	6.5%
Local	\$2.3	\$2.5	\$0.2	6.6%
<b>Total</b>	<b>\$55.4</b>	<b>\$59.0</b>	<b>\$3.6</b>	<b>6.5%</b>

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# Medicare Advantage Renewal

- ETF contracted with UnitedHealthcare (UHC) for a Medicare Advantage plan starting in 2019 and had guarantees in place through 2023.
- The 2024 rate included a \$15.00 PMPM increase from \$60.58 to \$75.58, a 25% increase
- UHC declined to decrease initial rates after the negotiation meeting
- ETF would receive a settlement if the plans MLR is under 90%

	2023 Rates	BAFO 2024 Rates	Change from Current	%
<b>Medical Costs (in Millions)</b>				
State	\$11.2	\$14.0	\$2.8	24.8%
Local	\$0.5	\$0.6	\$0.1	24.8%
<b>Total</b>	<b>\$11.7</b>	<b>\$14.7</b>	<b>\$2.9</b>	<b>24.8%</b>

^ Totals may not reconcile due to rounding



# 2024 Overall Medical Increase by Product

➤ Overall, State increased 5.6% and Local increased 14.6%, for a total of 7.0%

	2023 Inforce Rates **	2024 Prelim Bids	Negotiation Savings	%	2024 BAFO Rates***	Change From Inforce	%
<b>State (in Millions)</b>							
Medicare Advantage	\$11.2	\$14.0	\$0.0	0.0%	\$14.0	\$2.8	24.8%
Statewide	\$53.1	\$56.0	\$0.5	0.9%	\$56.6	\$3.4	6.5%
HMO	\$1,168.1	\$1,305.4	(\$73.9)	-5.7%	\$1,231.4	\$63.3	5.4%
<b>Total State</b>	<b>\$1,232.5</b>	<b>\$1,375.4</b>	<b>(\$73.4)</b>	<b>-5.3%</b>	<b>\$1,302.0</b>	<b>\$69.5</b>	<b>5.6%</b>

	2023 Inforce Rates **	2024 Prelim Bids	Negotiation Savings	%	2024 BAFO Rates***	Change From Inforce	%
<b>Local (in Millions)</b>							
Medicare Advantage	\$0.5	\$0.6	\$0.0	0.0%	\$0.6	\$0.1	24.8%
Statewide	\$2.3	\$2.4	\$0.1	2.8%	\$2.5	\$0.2	6.6%
HMO	\$209.5	\$249.6	(\$9.5)	-3.8%	\$240.2	\$30.7	14.6%
<b>Total Local</b>	<b>\$212.3</b>	<b>\$252.7</b>	<b>(\$9.4)</b>	<b>-3.7%</b>	<b>\$243.3</b>	<b>\$31.0</b>	<b>14.6%</b>

	2023 Inforce Rates **	2024 Prelim Bids	Negotiation Savings	%	2024 BAFO Rates***	Change From Inforce	%
<b>Total (in Millions)</b>							
Medicare Advantage	\$11.7	\$14.7	\$0.0	0.0%	\$14.7	\$2.9	24.8%
Statewide	\$55.4	\$58.5	\$0.6	1.0%	\$59.0	\$3.6	6.5%
HMO	\$1,377.6	\$1,555.0	(\$83.4)	-5.4%	\$1,471.6	\$94.0	6.8%
<b>Grand Total</b>	<b>\$1,444.8</b>	<b>\$1,628.1</b>	<b>(\$82.8)</b>	<b>-5.1%</b>	<b>\$1,545.3</b>	<b>\$100.5</b>	<b>7.0%</b>

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\* Medicare includes HDHP Medicare and Family 1 contracts

\*\* 2023 Inforce Rates are pre-buydown

\*\*\* 2024 BAFO rates are pre-buydown

## 2024 Overall Medical Increase by Group

- Renewal process resulted in a \$82.8 million savings, a 5.1% reduction from 2024 Preliminary Bids (5.3% for State and 3.7% for Locals)

	2023 Inforce Rates **	2024 Prelim Bids	Negotiation Savings	%	2024 BAFO Rates***	Change From Inforce	%
<b>State (in Millions)</b>							
Non-Medicare	\$912.6	\$1,007.6	(\$45.5)	-4.5%	\$962.1	\$49.5	5.4%
Medicare*	\$82.6	\$92.9	(\$3.5)	-3.8%	\$89.4	\$6.8	8.2%
Grads	\$55.4	\$74.3	(\$15.5)	-20.9%	\$58.7	\$3.4	6.1%
HDHP	\$182.0	\$200.7	(\$8.9)	-4.4%	\$191.8	\$9.8	5.4%
<b>Total State</b>	<b>\$1,232.5</b>	<b>\$1,375.4</b>	<b>(\$73.4)</b>	<b>-5.3%</b>	<b>\$1,302.0</b>	<b>\$69.5</b>	<b>5.6%</b>
<b>Local (in Millions)</b>							
Non-Medicare	\$188.4	\$223.7	(\$8.4)	-3.8%	\$215.2	\$26.9	14.3%
Medicare*	\$4.5	\$5.2	(\$0.2)	-3.4%	\$5.1	\$0.5	11.5%
HDHP	\$19.4	\$23.8	(\$0.8)	-3.5%	\$23.0	\$3.6	18.3%
<b>Total Local</b>	<b>\$212.3</b>	<b>\$252.7</b>	<b>(\$9.4)</b>	<b>-3.7%</b>	<b>\$243.3</b>	<b>\$31.0</b>	<b>14.6%</b>
<b>Grand Total</b>	<b>\$1,444.8</b>	<b>\$1,628.1</b>	<b>(\$82.8)</b>	<b>-5.1%</b>	<b>\$1,545.3</b>	<b>\$100.5</b>	<b>7.0%</b>

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\* Medicare includes HDHP Medicare and Family 1 contracts

\*\* 2023 Inforce Rates are pre-buydown

\*\*\* 2024 BAFO rates are pre-buydown

## Network Access Qualification

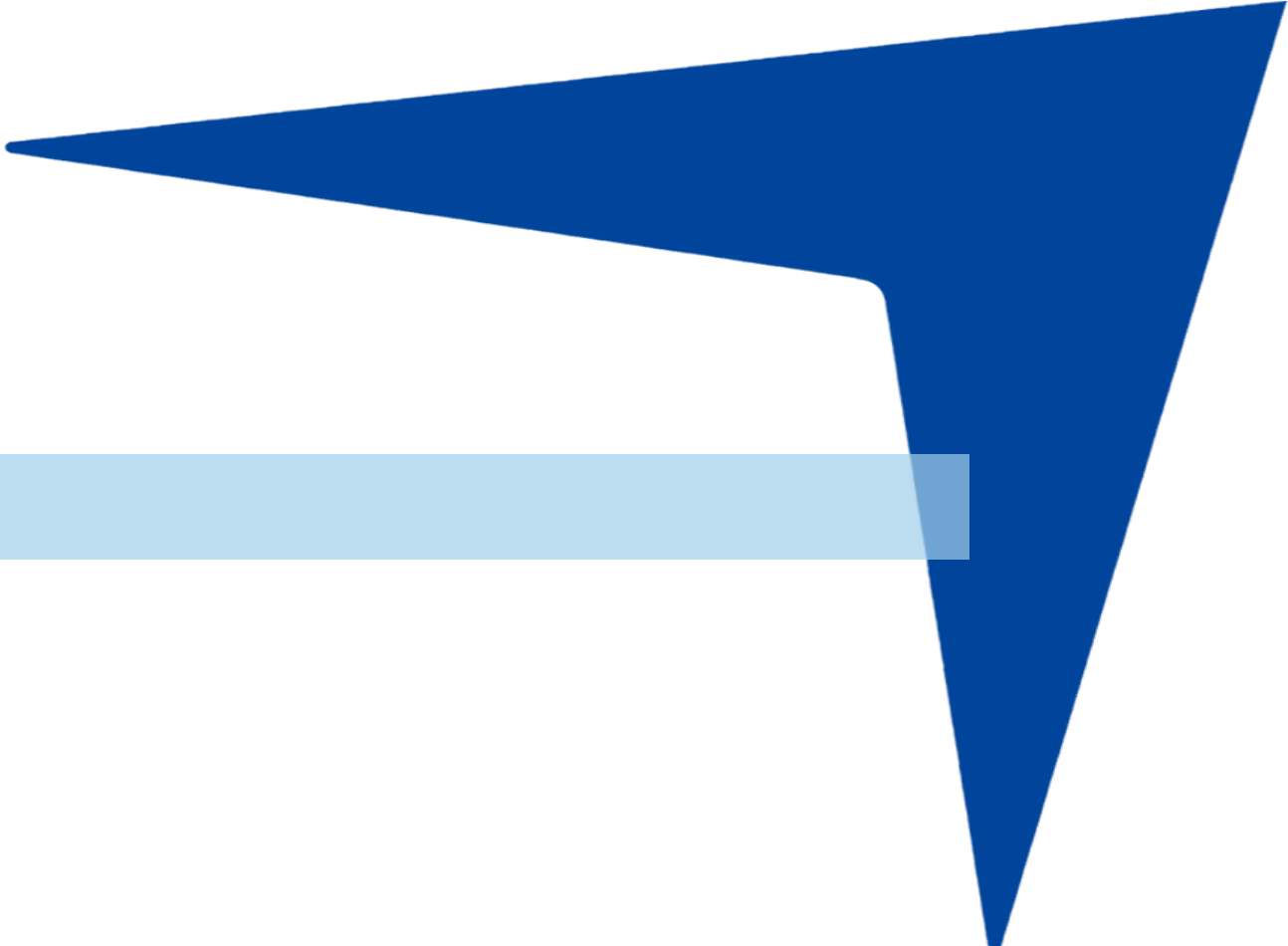
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- A plan must meet at least 90% geo-access in the county for the inpatient hospitals, primary care physicians (includes Internal Medicine, Family Medicine and General Medicine) and chiropractors
- If a geo-access requirement above is not met, the plan can alternatively meet the qualification requirement for any county by:
  - Inpatient Hospitals: the plan must have at least one (1) general hospital under contract and/or routinely utilized by in-network providers available per county
  - Primary Care Physicians: the ratio of full-time equivalent primary physicians accepting new patients to total participants in a county or major city is at least one per two thousand (1.0/2,000) with a minimum of five (5) primary care physicians per county
  - Chiropractors: one (1) chiropractor must be available in each county
- For a plan to be fully qualified in county, the plan must be a qualified in that county **and** be Tier 1
- If no plans meet the requirements above for a given county, the SMP will be available

# State Maintenance Plan (SMP)

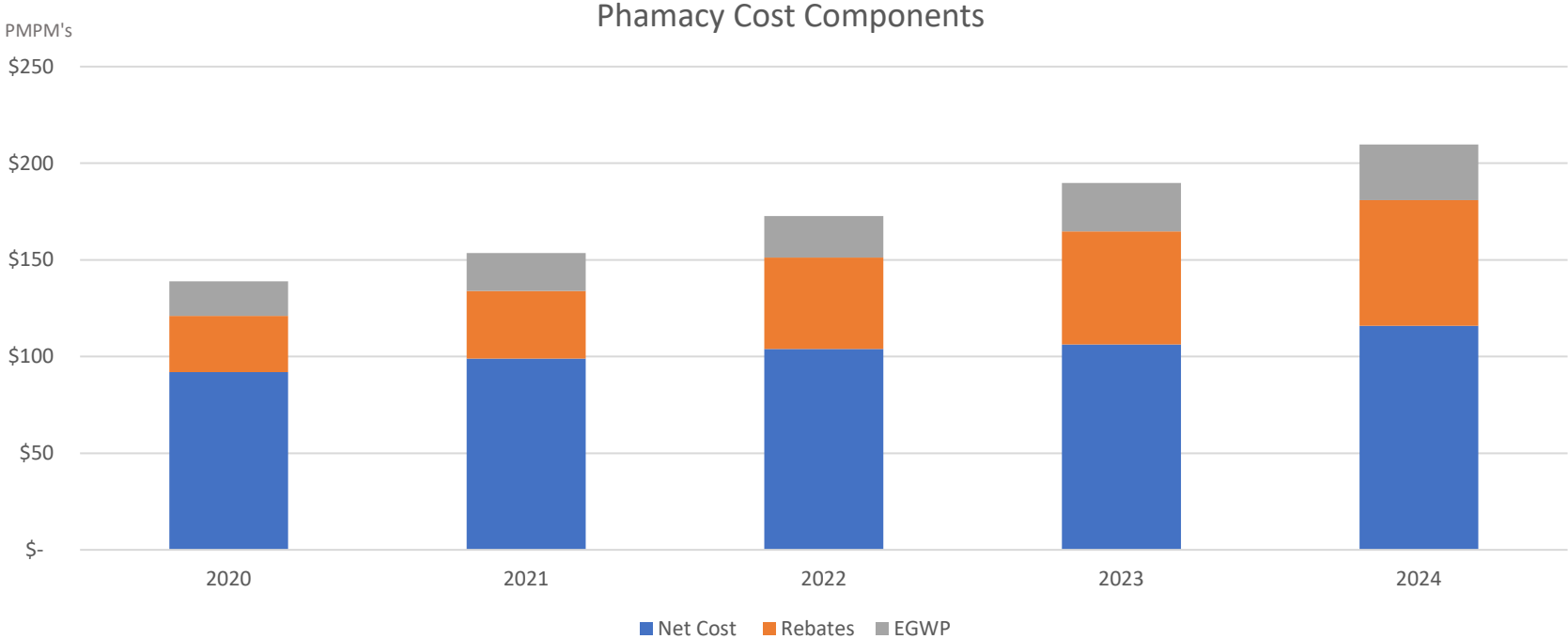
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- SMP is the designated Tier 1 plan in every county where there is no other qualified Tier 1 plan
- SMP will be offered in 1 county in 2024 for State (same as 2023):
  - Florence County
- SMP will be offered in 30 counties in 2023 for Local (up from 4 counties in 2023):
  - Adams
  - Ashland
  - Bayfield
  - Burnett
  - Clark
  - Columbia
  - Douglas
  - Florence
  - Forest
  - Green
  - Iron
  - Juneau
  - Langlade
  - Lincoln
  - Marathon
  - Marquette
  - Menominee
  - Oneida
  - Polk
  - Portage
  - Price
  - Richland
  - Sauk
  - Sawyer
  - Taylor
  - Vilas
  - Washburn
  - Waupaca
  - Waushara
  - Wood

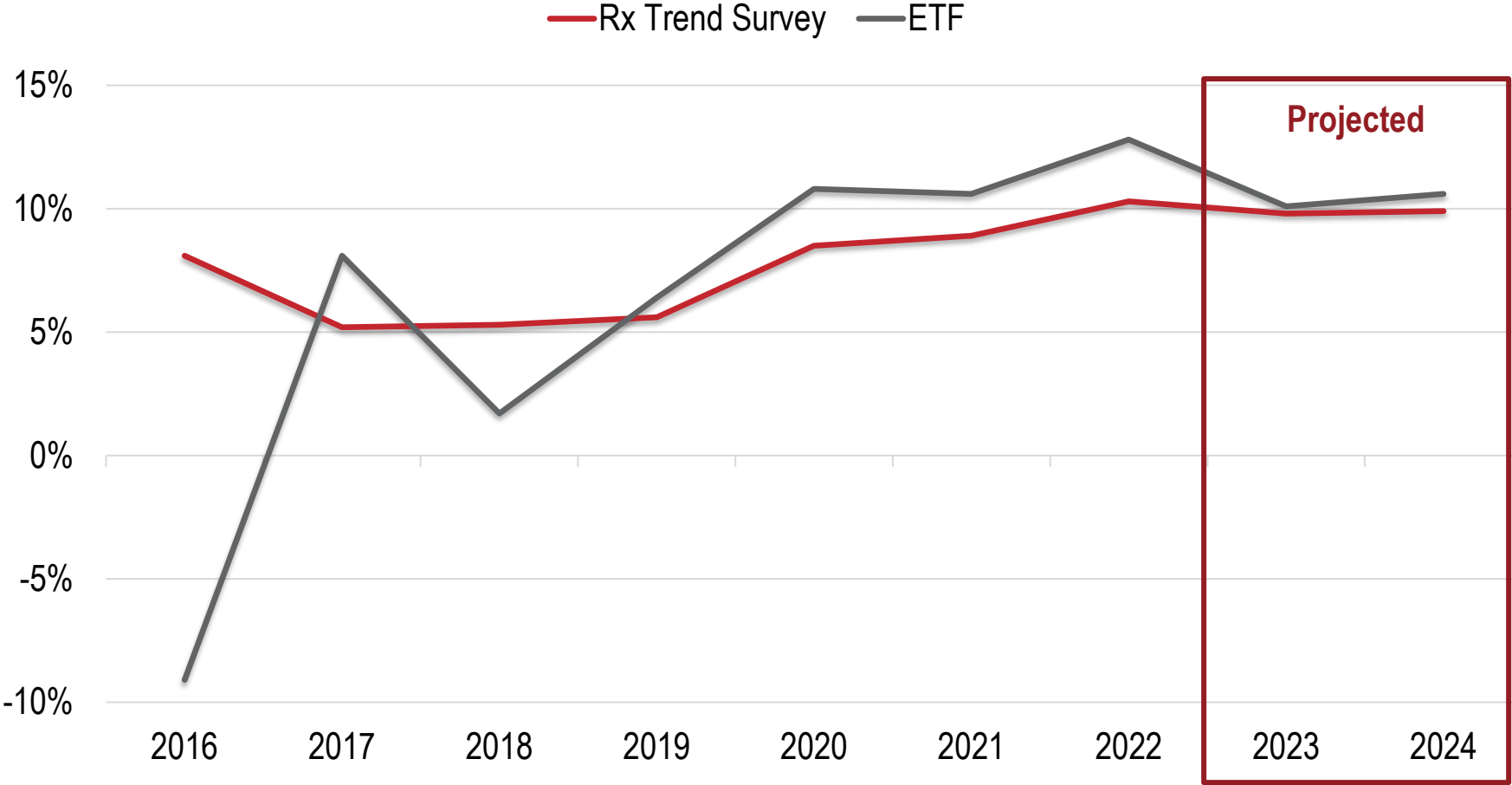
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# Historical Pharmacy Spend – PMPM

- “Top Line” claims (before credits) projected trend is averaging 11.0% from 2020 – 2024, while Rebates and EGWP subsidies have increased on average at 18.9%
- The net impact is a 4-year total average increase of 6.0% annually



# Historical Pharmacy “Top Line” Trends – Comparison to ETF



**ETF increases have generally been higher than norms over past 4 years.**

Source: 2024 Segal Health Plan Cost Trend Survey

# Prescription Drug Plan

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- Rating groups below are necessary to minimize volatility:
  - **State:** Regular, Grads, and Medicare
  - **Local:** Regular and Medicare
- Claims data was received from Navitus and used in our analysis
  - Baseline data utilized the most recent 12 months of claims, June 2022 through May 2023
- Annual top-line claims trend of 9.7% was derived from the weighted average of the Navitus projected claims trends for 2022 and 2023 and the Segal trend survey
- We received and utilized administrative expenses, expected rebates and Medicare Part D subsidies provided by Navitus for the rate development
- As opposed to prior years, the actual net prescription costs were slightly higher than Navitus assumptions, yielding a small loss
- The Navitus recast of 2023 and 2024 cost assumptions further drove the composite rate increase of 5.8%



# Prescription Drug Plans Rates

➤ Aggregate rate increase of 5.7% for State

	2023 Single Rate	2024 Single Rate	%
<b>State</b>			
HMO Regular	\$128.50	\$136.92	6.6%
IYC Access	\$128.50	\$136.92	6.6%
State Maintenance Plan (SMP)	\$128.50	\$136.92	6.6%
HDHP Regular	\$110.52	\$117.76	6.6%
IYC Access HDHP	\$110.52	\$117.76	6.6%
State Maintenance Plan (SMP) HDHP	\$110.52	\$117.76	6.6%
HMO Grads	\$64.14	\$67.22	4.8%
IYC Access Grads	\$64.14	\$67.22	4.8%
State Maintenance Plan (SMP) Grads	\$64.14	\$67.22	4.8%
HMO Medicare	\$167.52	\$172.92	3.2%
Medicare Plus (IYC Access & SMP)	\$167.52	\$172.92	3.2%
<b>Overall</b>			<b>5.7%</b>

## Prescription Drug Plans Rates *continued*

➤ Aggregate rate increase of 6.4% for Local

	2023 Single Rate	2024 Single Rate	% Change
<b>Local</b>			
HDHP Regular	\$102.00	\$108.62	6.5%
IYC Access HDHP	\$102.00	\$108.62	6.5%
State Maintenance Plan HDHP	\$102.00	\$108.62	6.5%
HMO Regular	\$125.92	\$134.10	6.5%
IYC Access	\$125.92	\$134.10	6.5%
State Maintenance Plan	\$125.92	\$134.10	6.5%
HMO / HDHP Medicare	\$166.88	\$176.32	5.7%
Medicare Plus (IYC Access & SMP)	\$166.88	\$176.32	5.7%
<b>Overall</b>			<b>6.4%</b>

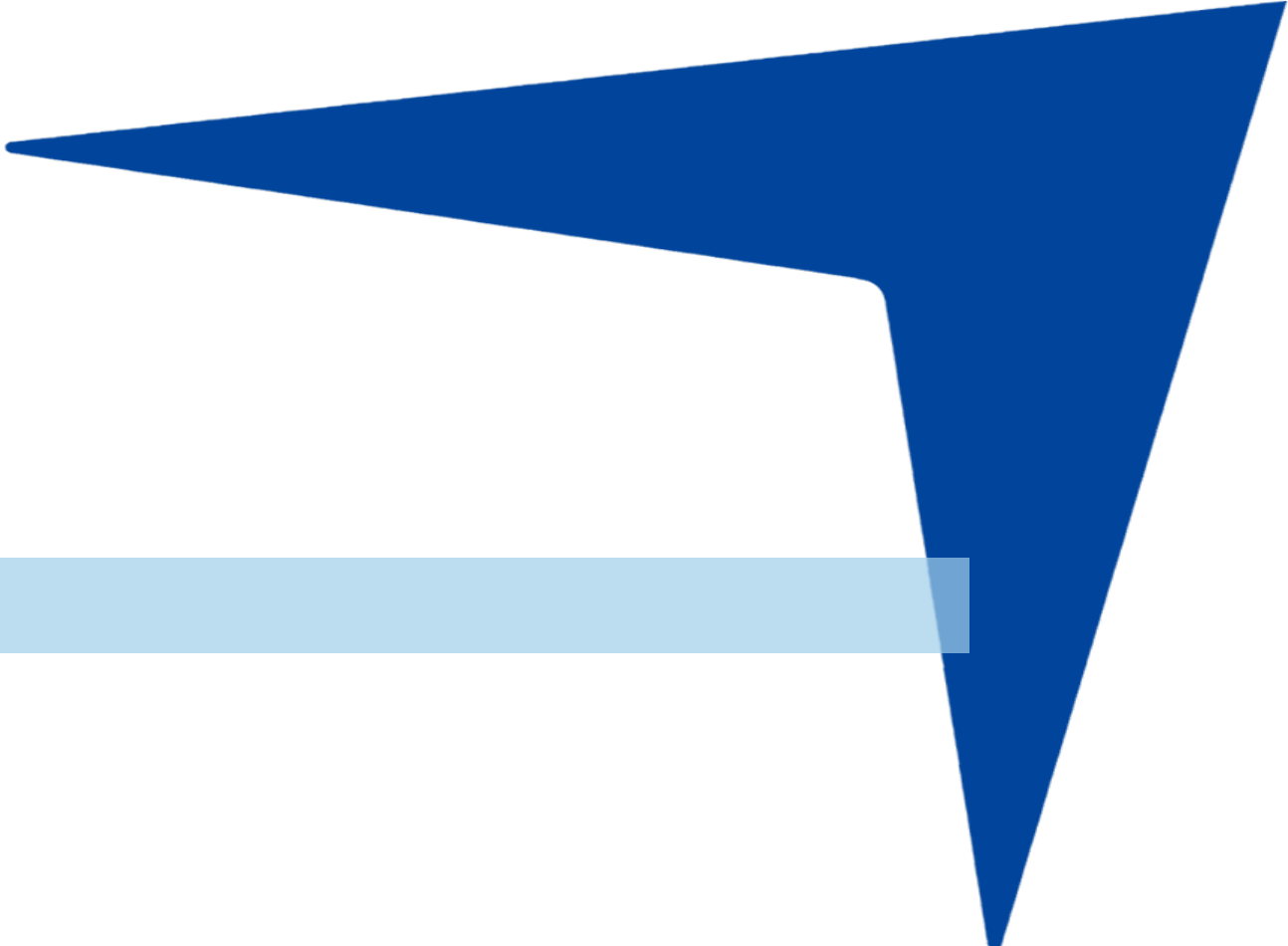
# Prescription Drug Plans Rates

➤ Overall, the recommended rate increase for the prescription drug plan is 5.8%

	2023 Inforce (Pre BD)	2024 Premium (Pre BD)	\$ Change	% Change
<b>State (in Millions)</b>				
Non-Medicare, Non-Grad	\$158.1	\$168.5	\$10.4	6.5%
Medicare*	\$69.7	\$72.0	\$2.3	3.3%
Grad Assistants	\$6.7	\$7.0	\$0.3	4.8%
HDHP	\$31.0	\$33.1	\$2.0	6.6%
<b>Total State</b>	<b>\$265.6</b>	<b>\$280.6</b>	<b>\$15.0</b>	<b>5.7%</b>
<b>Local (in Millions)</b>				
Non-Medicare, Non-Grad	\$33.8	\$36.0	\$2.2	6.5%
Medicare*	\$3.3	\$3.5	\$0.2	5.7%
HDHP	\$3.4	\$3.6	\$0.2	6.5%
<b>Total Local</b>	<b>\$40.5</b>	<b>\$43.1</b>	<b>\$2.6</b>	<b>6.4%</b>
<b>Grand Total</b>	<b>\$306.1</b>	<b>\$323.7</b>	<b>\$17.6</b>	<b>5.8%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes Family 1 contracts

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## Dental Plan Rates (State and Local)

- The self-insured dental plan was procured in 2015 and Delta Dental was awarded the initial contract for a 2016 start date. The subsequently won the latest procurement that started in 2022.
- Claims data (January 2017 – April 2023) was received from Delta Dental and used in our analysis
  - Experience period used was 2022 incurred claims (runout thru April 2023)
- Assumptions:
  - Annual Trend 4.0% (Segal Trend Survey)
  - No Plan Design Change Impact for 2023 and 2024
- Emerging experience aligns with prior projections, thus the rate increase is close to the underlying trend assumption

	2023 Rates	2024 Rates	% Change
<b>Self-Insured Rates</b>			
Single	\$31.16	\$32.08	3.0%
Family	\$77.90	\$80.20	3.0%

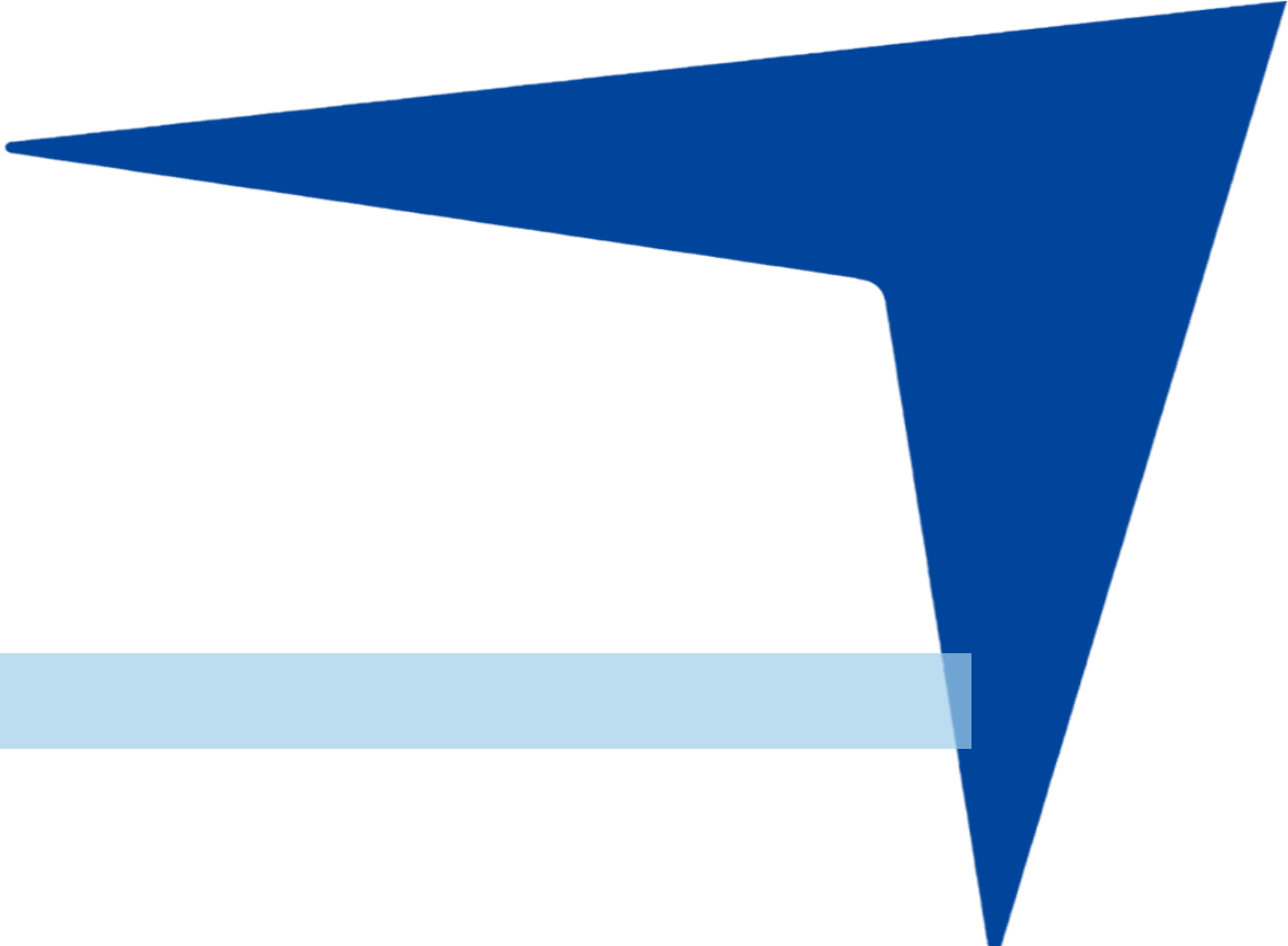
# Dental Total Cost

➤ Overall, the recommended rate action for the dental plan is 3.0%

	2023 Inforce (Pre BD)	2024 Premium (Pre BD)	\$ Change	% Change
<b>State (in Millions)</b>				
Non-Medicare, Non-Grad	\$37.3	\$38.4	\$1.1	3.0%
Medicare*	\$11.3	\$11.6	\$0.3	3.0%
Grad Assistants	\$3.1	\$3.2	\$0.1	3.0%
HDHP	\$8.4	\$8.7	\$0.2	3.0%
<b>Total State</b>	<b>\$60.2</b>	<b>\$61.9</b>	<b>\$1.8</b>	<b>3.0%</b>
<b>Local (in Millions)</b>				
Non-Medicare, Non-Grad	\$2.1	\$2.1	\$0.1	3.0%
Medicare*	\$0.1	\$0.1	\$0.0	3.0%
HDHP	\$0.2	\$0.2	\$0.0	3.0%
<b>Total Local</b>	<b>\$2.3</b>	<b>\$2.4</b>	<b>\$0.1</b>	<b>3.0%</b>
<b>Grand Total</b>	<b>\$62.5</b>	<b>\$64.3</b>	<b>\$1.8</b>	<b>3.0%</b>

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## 2024 Aggregate Renewal - Medical, Rx, Dental, and Admin

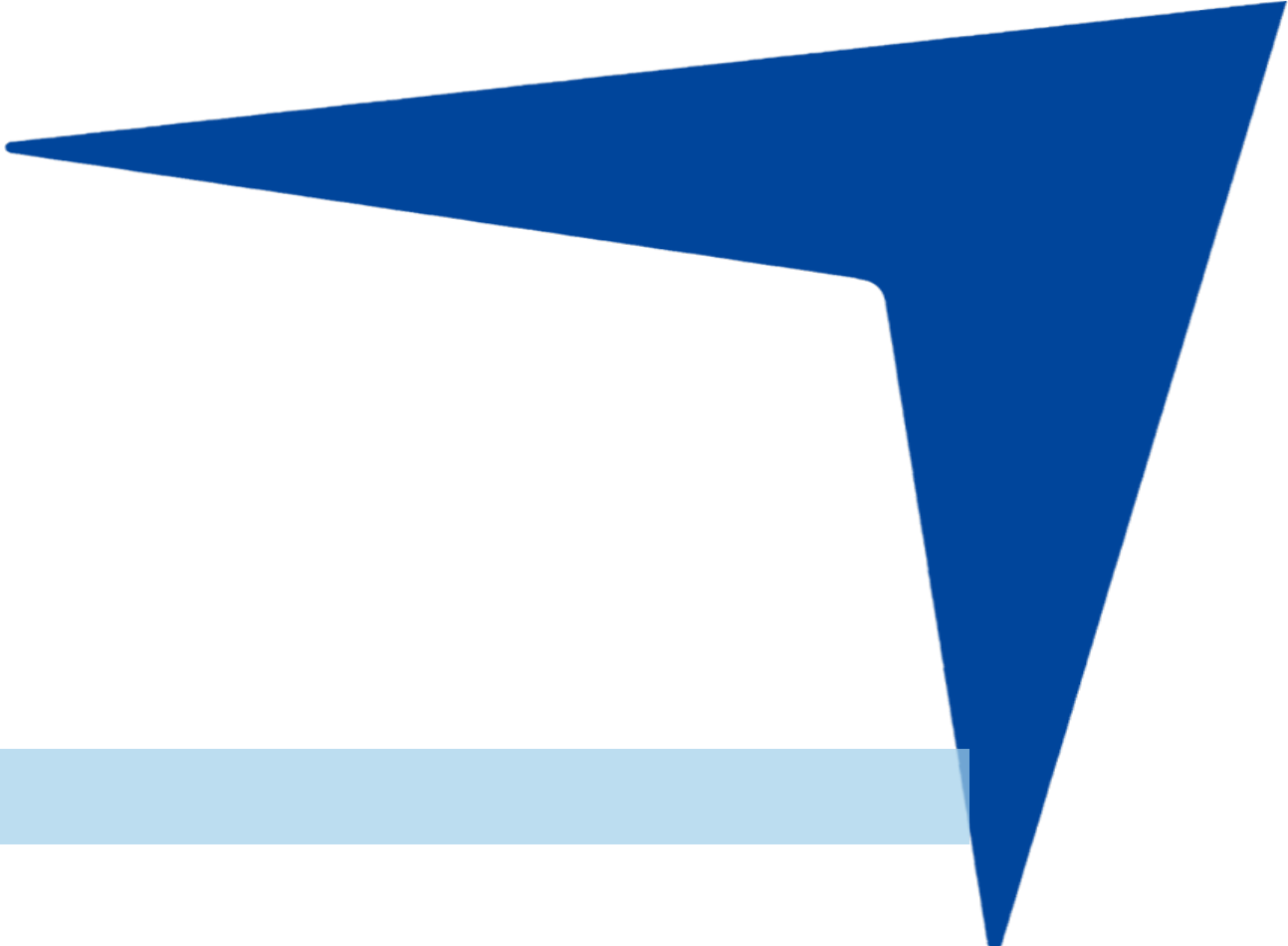
- Renewal process resulted in a \$123.8 million Total Premium increase, a 6.7% increase from 2023 Inforce Rates (5.7% for State and 13.2% for Locals)

	2023 Inforce (Pre BD)	2024 Premium (Pre BD)	\$ Change	% Change
<b>State (in Millions)</b>				
Medical	\$1,232.5	\$1,302.0	\$69.5	5.6%
Pharmacy	\$265.6	\$280.6	\$15.0	5.7%
Dental	\$60.2	\$61.9	\$1.8	3.0%
Admin	\$25.4	\$28.8	\$3.4	13.2%
<b>Total</b>	<b>\$1,583.6</b>	<b>\$1,673.3</b>	<b>\$89.7</b>	<b>5.7%</b>
<b>Local (in Millions)</b>				
Medical	\$212.3	\$243.3	\$31.0	14.6%
Pharmacy	\$40.5	\$43.1	\$2.6	6.4%
Dental	\$2.3	\$2.4	\$0.1	3.0%
Admin	\$3.6	\$4.1	\$0.5	13.2%
<b>Total</b>	<b>\$258.8</b>	<b>\$292.9</b>	<b>\$34.1</b>	<b>13.2%</b>
<b>Grand Total</b>	<b>\$1,842.4</b>	<b>\$1,966.2</b>	<b>\$123.8</b>	<b>6.7%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes HDHP Medicare and Family 1 contracts



- 
1. Overview
  2. Medical Plans
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  7. 2024 Premium Alternatives

# Fund Balance

## State

- The fund balance decreased \$65.1M in 2022 and is projected to decrease by \$81.7M in 2023

State Health Reserve (in millions)											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beg of Year</b>											
Medical	61.4	66.7	69.4	74.8	76.9	84.7	62.0	73.5	86.3	96.5	84.9
Pharmacy	77.9	63.1	30.8	6.7	60.1	121.8	134.7	132.4	100.1	90.1	37.3
Dental	0.0	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5	19.6	23.7	23.0
<b>Total</b>	<b>139.3</b>	<b>129.8</b>	<b>100.1</b>	<b>81.5</b>	<b>135.8</b>	<b>206.6</b>	<b>200.2</b>	<b>211.4</b>	<b>206.1</b>	<b>210.3</b>	<b>145.2</b>
<b>Gain/(Loss)</b>											
Medical	5.3	2.7	5.4	2.1	7.8	(22.7)	11.5	12.9	10.2	(11.6)	2.2
Pharmacy	(14.9)	(32.3)	(24.1)	53.4	61.6	13.0	(2.4)	(32.2)	(10.1)	(52.8)	(85.6)
Dental	0.0	0.0	0.0	(1.2)	1.4	3.3	2.0	14.1	4.1	(0.7)	1.7
<b>Total</b>	<b>(9.6)</b>	<b>(29.6)</b>	<b>(18.7)</b>	<b>54.3</b>	<b>70.8</b>	<b>(6.4)</b>	<b>11.1</b>	<b>(5.3)</b>	<b>4.2</b>	<b>(65.1)</b>	<b>(81.7)</b>
<b>End of Year</b>											
Medical	66.7	69.4	74.8	76.9	84.7	62.0	73.5	86.3	96.5	84.9	87.1
Pharmacy	63.1	30.8	6.7	60.1	121.8	134.7	132.4	100.1	90.1	37.3	(48.3)
Dental	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5	19.6	23.7	23.0	24.7
<b>Total</b>	<b>129.8</b>	<b>100.1</b>	<b>81.5</b>	<b>135.8</b>	<b>206.6</b>	<b>200.2</b>	<b>211.4</b>	<b>206.1</b>	<b>210.3</b>	<b>145.2</b>	<b>63.5</b>
<b>Buy-Down</b>	<b>32.8</b>	<b>20.5</b>	<b>20.0</b>	<b>0.0</b>	<b>0.0</b>	<b>29.0</b>	<b>49.1</b>	<b>33.0</b>	<b>10.5</b>	<b>27.0</b>	<b>86.5</b>

^ Totals may not reconcile due to rounding

\* Reserves inclusive of investment income

# Fund Balance

## Local

- The fund balance decreased \$2.7M in 2022 and is projected to decrease \$2.4M in 2023

Local Health Reserve (in millions)											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beg of Year</b>											
Medical	1.7	0.6	0.7	0.6	(0.1)	(0.8)	(1.5)	(2.0)	(2.3)	(3.3)	(3.7)
Pharmacy	17.0	20.5	15.6	8.4	14.3	19.9	23.7	21.0	16.8	20.4	18.0
Dental	0.0	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	0.1	0.1	0.1
<b>Total</b>	<b>18.7</b>	<b>21.1</b>	<b>16.3</b>	<b>9.0</b>	<b>14.2</b>	<b>18.9</b>	<b>22.1</b>	<b>18.9</b>	<b>14.6</b>	<b>17.2</b>	<b>14.4</b>
<b>Gain/(Loss)</b>											
Medical	(1.1)	0.0	(0.0)	(0.7)	(0.8)	(0.7)	(0.5)	(0.3)	(1.0)	(0.3)	(0.6)
Pharmacy	3.5	(4.9)	(7.2)	5.9	5.6	3.8	(2.7)	(4.2)	3.6	(2.4)	(1.4)
Dental	0.0	0.0	0.0	(0.1)	(0.1)	0.0	0.0	0.3	(0.0)	(0.0)	(0.4)
<b>Total</b>	<b>2.4</b>	<b>(4.9)</b>	<b>(7.2)</b>	<b>5.1</b>	<b>4.7</b>	<b>3.1</b>	<b>(3.2)</b>	<b>(4.2)</b>	<b>2.6</b>	<b>(2.7)</b>	<b>(2.4)</b>
<b>End of Year</b>											
Medical	0.6	0.7	0.6	(0.1)	(0.8)	(1.5)	(2.0)	(2.3)	(3.3)	(3.7)	(4.2)
Pharmacy	20.5	15.6	8.4	14.3	19.9	23.7	21.0	16.8	20.4	18.0	16.6
Dental	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	0.1	0.1	0.1	(0.3)
<b>Total</b>	<b>21.1</b>	<b>16.3</b>	<b>9.0</b>	<b>14.2</b>	<b>18.9</b>	<b>22.1</b>	<b>18.9</b>	<b>14.6</b>	<b>17.2</b>	<b>14.4</b>	<b>12.1</b>
<b>Buy-Down</b>	<b>1.2</b>	<b>3.1</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.8</b>	<b>6.5</b>	<b>1.7</b>	<b>2.5</b>	<b>4.1</b>

^ Totals may not reconcile due to rounding

\* Reserves inclusive of investment income

# Fund Balance

## State (Projected 12/31/2023)

- Segal's ending fund balance projection uses ETF transactional data through 6/30/2023. ETF provides investment income assumption of 6.7% used for 2023 and beyond.

Projected 2023 State Health Reserve (in millions)				
	Medical	Pharmacy	Dental	Total
Balance 1/1/2023	84.9	37.3	23.0	145.2
<b>Revenue</b>				
Premiums	1,276.7	180.6	60.7	1,518.1
EGWP Subsidy		67.3		67.3
Investment Income	5.6	(0.4)	1.5	6.8
<b>Total Revenue</b>	<b>1,282.3</b>	<b>247.5</b>	<b>62.3</b>	<b>1,592.1</b>
<b>Expenses</b>				
Paid Claims	1,258.5	468.5	59.4	1,786.4
Admin Costs	21.6	9.1	1.2	31.9
Rebates		(144.5)		(144.5)
<b>Total Expenses</b>	<b>1,280.1</b>	<b>333.1</b>	<b>60.6</b>	<b>1,673.8</b>
2023 Change in Budget	2.2	(85.6)	1.7	(81.7)
<b>Balance 12/31/2023</b>	<b>87.1</b>	<b>(48.3)</b>	<b>24.7</b>	<b>63.5</b>
<b>2023 Projection</b>				<b>89.1</b>

^ Totals may not reconcile due to rounding

**A net loss of \$25.6M - \$23.9M from 2022 Investment Performance**

# Fund Balance

Local (Projected 12/31/2023)

➤ Segal's ending fund balance projection uses ETF transactional data through 6/30/2023.

Projected 2023 Local Health Reserve (in millions)				
	Medical	Pharmacy	Dental	Total
Balance 1/1/2023	(3.7)	18.0	0.1	14.4
<b>Revenue</b>				
Premiums	213.1	37.7	2.1	252.9
EGWP Subsidy		3.9		3.9
Investment Income	(0.3)	1.1	(0.0)	0.9
<b>Total Revenue</b>	<b>212.8</b>	<b>42.8</b>	<b>2.1</b>	<b>257.7</b>
<b>Expenses</b>				
Paid Claims	210.5	64.4	2.4	277.3
Admin Costs	2.8	0.9	0.0	3.7
Rebates		(21.0)		(21.0)
<b>Total Expenses</b>	<b>213.4</b>	<b>44.2</b>	<b>2.5</b>	<b>260.0</b>
2023 Change in Budget	(0.6)	(1.4)	(0.4)	(2.4)
<b>Balance 12/31/2023</b>	<b>(4.2)</b>	<b>16.6</b>	<b>(0.3)</b>	<b>12.1</b>
<b>2023 Projection</b>				<b>14.2</b>

^ Totals may not reconcile due to rounding

**A net loss of \$2.1M - \$2.3M from 2022 Investment Performance**

# Reserve Policy

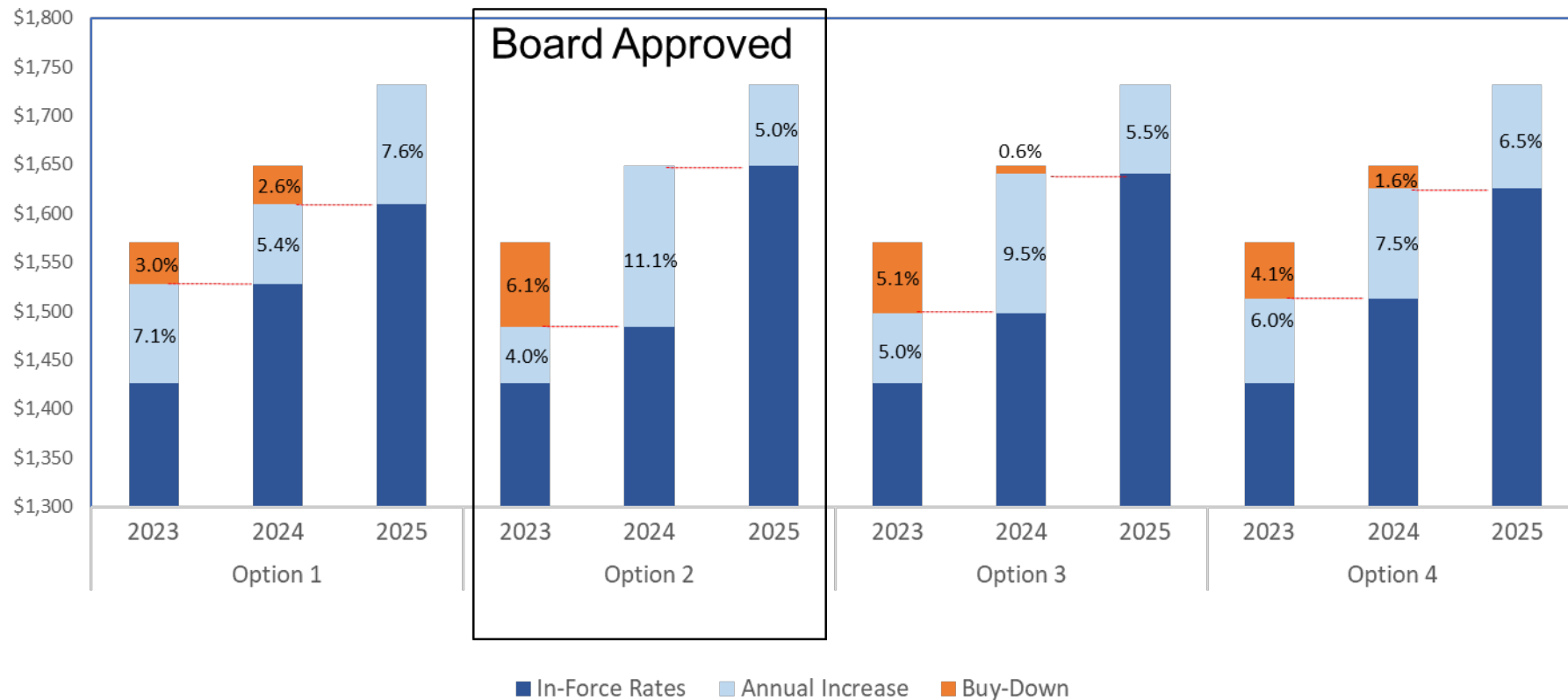
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- In August 2017, Segal was asked to review the reserve policy in place and recommended some modifications at the August 30, 2017, Board meeting
- The proposed policy looked at a number of factors and recommended reducing the reserve levels for the self-insured pharmacy and dental programs
- The new policy, approved by the Board, sets reserves at:
  - Medical: 3% to 5% of premiums
  - Pharmacy: 8% to 10% of projected claims
  - Dental: 5% to 7% of projected claims
- It was proposed to move to the midpoint of the new policy over a 4-year period to minimize premium fluctuations—with 2021 being the last year of the phase-in
- Last year the board, based on the reserve at that time, approved utilizing the entire surplus and moving slightly below the midpoint. This would result in a larger increase in 2024 to makeup for this buy-down.

# August 2022 GIB Meeting: Projected State Premium Increases – Options 1 through 4

- Depending on the option, there will be additional increases over trend in the future to compensate for the underfunding in prior years

Buy-Down Scenarios (in \$ millions)



# Reserve Surplus Calculation

- Based on the mid-point reserve target, the State has a deficit of \$38.7M
- Locals also have a deficit of \$4.4M

	Projected Reserve (in millions)							
	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
Projected Fund Balance 12/31/2023	87.1	(48.3)	24.7	63.5	(4.2)	16.6	(0.3)	12.1
Projected 2024 Claims (SI)		516.1	60.7	576.8		73.2	2.4	75.5
Projected 2024 Premiums (FI)	1,302.0			1,302.0	243.3			243.3
<b>New Policy Reserve Target</b>								
3% Medical, 8% Rx, 5% Dental	39.1	41.3	3.0	83.4	7.3	5.9	0.1	13.3
5% Medical, 10% Rx, 7% Dental	65.1	51.6	4.3	121.0	12.2	7.3	0.2	19.6
Mid-Point Reserve	52.1	46.4	3.6	102.2	9.7	6.6	0.1	16.5
<b>Surplus New Policy - Midpoint</b>	<b>35.0</b>	<b>(94.7)</b>	<b>21.0</b>	<b>(38.7)</b>	<b>(14.0)</b>	<b>10.0</b>	<b>(0.4)</b>	<b>(4.4)</b>
<b>Surplus - Lower Boundry</b>	<b>48.0</b>	<b>(89.6)</b>	<b>21.6</b>	<b>(19.9)</b>	<b>(11.5)</b>	<b>10.7</b>	<b>(0.4)</b>	<b>(1.2)</b>

- Both programs are under the lower boundary of the reserve target
- Per last year's Board Approved Option 2, Segal recommends the State and Local programs develop a plan to get reserves within the target range



# Historical Fund Balance Buy-Downs

- Since 2007 there have been frequent buy-downs to move toward the Board Reserve Policy

Premium Year	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
2026(TBD)								
2025(TBD)								
2024(TBD)								
2023	0.0	86.5	0.0	86.5	0.0	4.1	0.0	4.1
2022	0.0	27.0	0.0	27.0	0.0	2.5	0.0	2.5
2021	0.0	10.5	0.0	10.5	0.0	1.7	0.0	1.7
2020	0.0	33.0	0.0	33.0	0.0	6.5	0.0	6.5
2019	0.0	49.1	0.0	49.1	0.0	7.8	0.0	7.8
2018	13.0	16.0	0.0	29.0	0.0	0.0	0.0	0.0
2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2016	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0	20.0	0.0	20.0	0.0	5.0	0.0	5.0
2014	0.0	20.5	0.0	20.5	0.0	3.1	0.0	3.1
2013	0.0	32.8	0.0	32.8	0.2	1.0	0.0	1.2
2012	0.0	30.0	0.0	30.0	0.0	1.0	0.0	1.0

- Buy-downs require additional premium in the future years to make up the amount

The buy-down is applied by taking a % of the Rx premium rates across all groups.

# Multi-Year Reserve Draw Strategy – State Option 1

- Continue Option 2 from 2023 Board Approval – an 11.8% increase (was projected to be 11.1%)
- 2025 and 2026 have the same premium increase to reach the Midpoint Target Reserve by 2027 – a 5.8% increase (was projected to be 5%)

State Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$63.5	\$102.2	5.4%	-\$38.7	\$0.0
<b>2025</b>	\$67.7	\$107.3	5.4%	-\$39.6	-\$13.0
<b>2026</b>	\$85.7	\$112.6	5.4%	-\$26.9	-\$26.9

**Note this is 0.7% higher due to investment losses in 2022**

<sup>^</sup> Totals may not reconcile due to rounding

<sup>1</sup> Assumes 6.7% investment return and no additional gains or losses that would impact the fund balance.

<sup>2</sup> Reserve Target assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

## Multi-Year Reserve Draw Strategy – State Option 2

- Continue Option 2 from 2023 Board Approval – an 11.8% increase (same as Option 1)
- 2025 and 2026 have the same premium increase to reach the Lower Boundary Target Reserve by 2027 – a 5.4% increase (0.4% lower than Option 1)

State Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$63.5	\$83.4	5.4%	-\$19.9	\$0.0
<b>2025</b>	\$67.7	\$87.6	5.4%	-\$19.8	-\$6.0
<b>2026</b>	\$78.5	\$91.9	5.4%	-\$13.5	-\$13.5

<sup>^</sup> Totals may not reconcile due to rounding

<sup>1</sup> Assumes 6.7% investment return and no additional gains or losses that would impact the fund balance.

<sup>2</sup> Reserve Target assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Lower Boundary of Target Reserve at beginning of year.

## Multi-Year Reserve Draw Strategy – State Option 3

- Have a 3-year equivalent premium rate increase to build the reserve back to the Lower Boundary by 2027 – an 8.5% increase
- Use a draw in 2023 of \$49.2M, putting the target well below the reserve target
- This scenario puts the plan at risk for a cash shortfall

State Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$63.5	\$83.4	5.4%	-\$19.9	\$49.2
<b>2025</b>	\$16.9	\$87.6	5.4%	-\$70.7	-\$5.6
<b>2026</b>	\$23.8	\$91.9	5.4%	-\$68.1	-\$68.1

<sup>^</sup> Totals may not reconcile due to rounding

<sup>1</sup> Assumes 6.7% investment return and no additional gains or losses that would impact the fund balance.

<sup>2</sup> Reserve Target assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Lower Boundary of Target Reserve at beginning of year.

## Multi-Year Reserve Draw Strategy – State Option 4

- Use entire reserve to buy-down 2024 rates – a 7.5% increase
- 2025 will require a large increase to get the reserve back to the Lower Boundary – a 14.8% increase
- In 2026, following a 2025 large buy-up, premiums would be flat
- Without additional funding, this option would place the plan in a poor financial position, likely resulting in a cash shortfall with any adverse experience

State Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$63.5	\$83.4	5.4%	-\$19.9	\$65.5
<b>2025</b>	\$0.0	\$87.6	5.4%	-\$87.5	-\$88.9
<b>2026</b>	\$91.9	\$91.9	5.4%	\$0.0	\$0.0

**Alternatively – 2025 and 2026 increases could be smoothed at 9.6%**

<sup>^</sup> Totals may not reconcile due to rounding

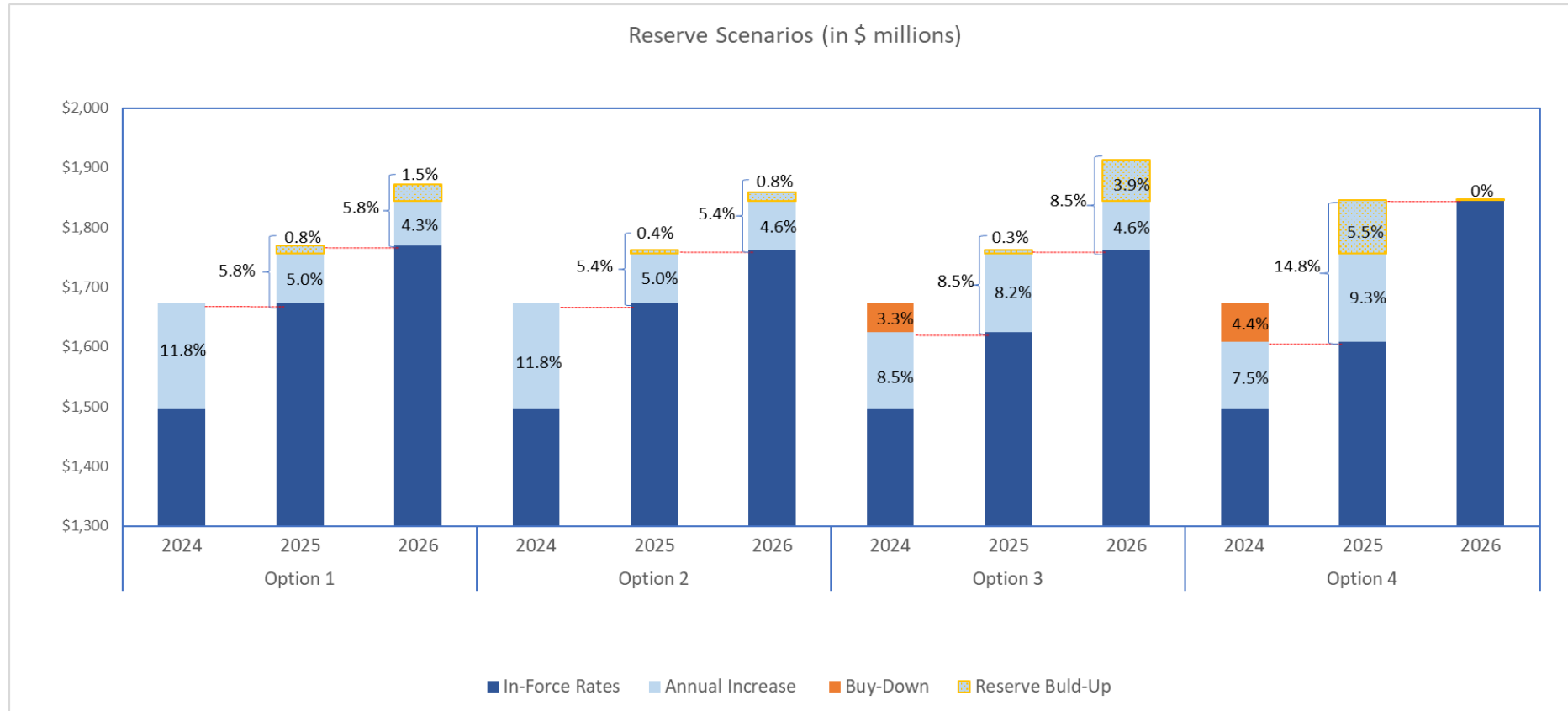
<sup>1</sup> Assumes 6.7% investment return and no additional gains or losses that would impact the fund balance.

<sup>2</sup> Reserve Target assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Lower Boundary of Target Reserve at beginning of year.

# Projected State Premium Increases – Options 1 through 4

- Depending on the option, there will be an additional increases over trend in the future to compensate for the underfunding in prior years



- Each option produces the same 3-year overall cost increase of 5.0%, the premium differences result from funding the reserve

# Projected Local Premium Increases – Option 2

- Continue Local Option from 2023 Board Approval – a 15.1% increase
- 2025 and 2026 have the same premium increase to reach the Lower Boundary Target Reserve by 2027 – a 5.1% increase

Local Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$12.1	\$13.3	5.2%	-\$1.2	\$0.0
<b>2025</b>	\$12.9	\$13.9	5.2%	-\$1.1	-\$0.2
<b>2026</b>	\$14.0	\$14.6	5.2%	-\$0.6	-\$0.6

<sup>1</sup> Totals may not reconcile due to rounding  
<sup>2</sup> Assumes 6.7% investment return and no additional gains or losses that would impact the fund balance.  
<sup>3</sup> Reserve Target assumed to increase at 5% per year.  
<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Lower Boundary of Target Reserve at beginning of year.

## Projected Local Premium Increases – Option 4

- Use entire reserve to buy-down 2024 rates – a 10.2% increase
- 2025 will require a large increase to get the reserve back to the Lower Boundary – a 14.7% increase
- In 2026, following a 2025 large buy-up, premiums would increase 0.4%
- Without additional funding, this option would place the plan in a poor financial position, likely resulting in a cash shortfall with any adverse experience

Local Reserve Multi-year Strategy					
	Balance <sup>1</sup>	Target <sup>2</sup>	% of Claims/ FI Premium	Surplus <sup>3</sup>	Draw
<b>2024</b>	\$12.1	\$13.3	5.2%	-\$1.2	\$12.5
<b>2025</b>	\$0.0	\$13.9	5.2%	-\$14.0	-\$14.2
<b>2026</b>	\$14.6	\$14.6	5.2%	\$0.0	\$0.0

**Alternatively – 2025 and 2026 increases could be smoothed at 9.7%**

<sup>^</sup> Totals may not reconcile due to rounding

<sup>1</sup> Assumes 6.7% investment return and no additional gains or losses that would impact the fund balance.

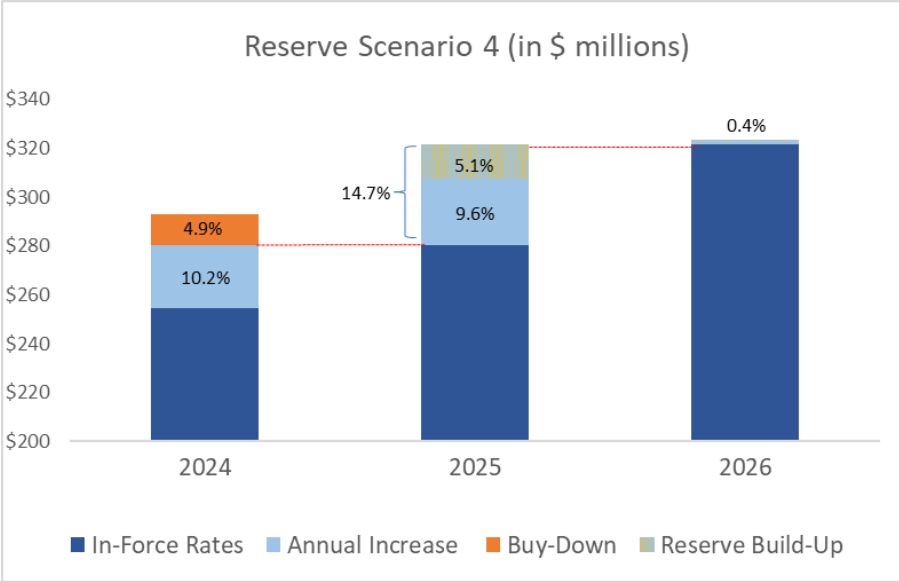
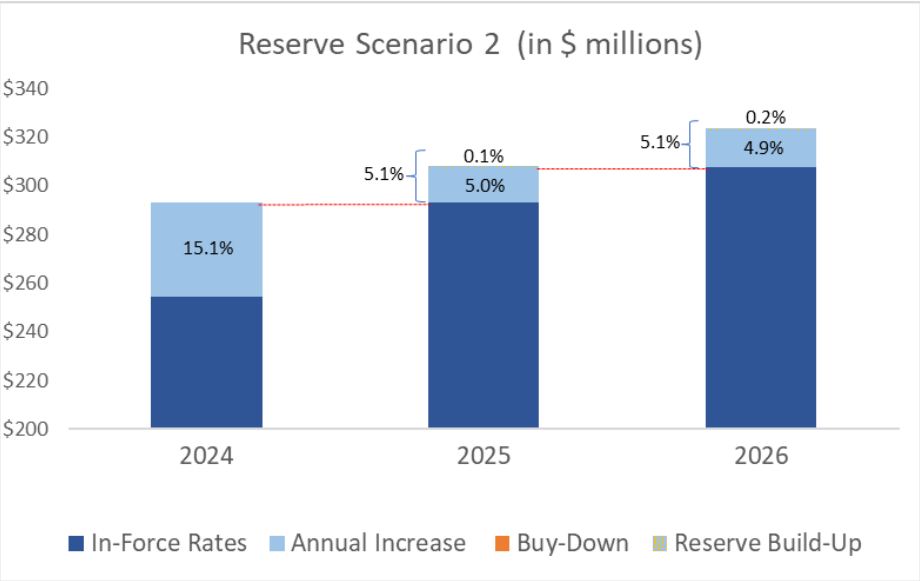
<sup>2</sup> Reserve Target assumed to increase at 5% per year.

<sup>3</sup> The Surplus refers to the money in the fund that exceeds the Lower Boundary of Target Reserve at beginning of year.



# Projected Local Premium Increases Comparison

- Option 2 is a continuation of the 2023 Board Approval and fully accounts for impact of past of buy-downs
- Option 4 would result in additional increases over trend in the future to compensate for the underfunding in 2024



- Each option produces the same 3-year overall cost increase of 5.0%, the premium differences result from funding the reserve

- 
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  2. Medical Plans
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## **7. 2024 Premium Alternatives**

# 2024 Premium Rates – With No Reserve Draw

## Total Premium by Group

- The 2024 premiums reflect a \$87.3 million buy-down for State and \$4.4 million for Locals
- The 2024 inforce after buy-down premiums are expected to increase 11.8% in 2024 before further reserve draw down – Locals increase is 15.1%
- Premiums include medical, pharmacy, dental, and admin

	2023 Inforce (Pre BD)	2023 Inforce (Post BD)	2023 BD	2024 Premium (Pre BD)	2024 Need	%
<b>State (in Millions)</b>						
Non-Medicare, Non-Grad	\$1,122.0	\$1,069.9	\$52.0	\$1,184.7	\$114.8	10.7%
Medicare*	\$169.9	\$147.0	\$22.9	\$180.2	\$33.2	22.6%
Grad Assistants	\$67.0	\$64.8	\$2.2	\$71.0	\$6.2	9.6%
HDHP	\$224.8	\$214.6	\$10.2	\$237.4	\$22.8	10.6%
<b>Total</b>	<b>\$1,583.6</b>	<b>\$1,496.3</b>	<b>\$87.3</b>	<b>\$1,673.3</b>	<b>\$177.0</b>	<b>11.8%</b>
<b>Local (in Millions)</b>						
Non-Medicare, Non-Grad	\$227.1	\$223.5	\$3.6	\$256.7	\$33.2	14.8%
Medicare*	\$8.3	\$7.9	\$0.4	\$9.0	\$1.1	14.1%
HDHP	\$23.4	\$23.0	\$0.4	\$27.2	\$4.2	18.2%
<b>Total</b>	<b>\$258.8</b>	<b>\$254.4</b>	<b>\$4.4</b>	<b>\$292.9</b>	<b>\$38.5</b>	<b>15.1%</b>
<b>Grand Total</b>	<b>\$1,842.4</b>	<b>\$1,750.7</b>	<b>\$91.7</b>	<b>\$1,966.2</b>	<b>\$215.5</b>	<b>12.3%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes Family 1 contracts

## 2024 Premium Rates – No Reserve Draw – Options 1 & 2

- No reserve draw for State or Locals in 2024
- Aggregate increase remains 12.3%

	2023 Inforce (Post BD)	2024 Premium (Pre BD)	2024 Buydown	2024 Premium (Post BD)	\$ Change	% Change
<b>State (in Millions)</b>						
Non-Medicare, Non-Grad	\$1,069.9	\$1,184.7	\$0.0	\$1,184.7	\$114.8	10.7%
Medicare*	\$147.0	\$180.2	\$0.0	\$180.2	\$33.2	22.6%
Grad Assistants	\$64.8	\$71.0	\$0.0	\$71.0	\$6.2	9.6%
HDHP	\$214.6	\$237.4	\$0.0	\$237.4	\$22.8	10.6%
<b>Total</b>	<b>\$1,496.3</b>	<b>\$1,673.3</b>	<b>\$0.0</b>	<b>\$1,673.3</b>	<b>\$177.0</b>	<b>11.8%</b>
<b>Local (in Millions)</b>						
Non-Medicare, Non-Grad	\$223.5	\$256.7	\$0.0	\$256.7	\$33.2	14.8%
Medicare*	\$7.9	\$9.0	\$0.0	\$9.0	\$1.1	14.1%
HDHP	\$23.0	\$27.2	\$0.0	\$27.2	\$4.2	18.2%
<b>Total</b>	<b>\$254.4</b>	<b>\$292.9</b>	<b>\$0.0</b>	<b>\$292.9</b>	<b>\$38.5</b>	<b>15.1%</b>
<b>Grand Total</b>	<b>\$1,750.7</b>	<b>\$1,966.2</b>	<b>\$0.0</b>	<b>\$1,966.2</b>	<b>\$215.5</b>	<b>12.3%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes Family 1 contracts

## 2024 Premium Rates – With Option 3 Reserve Draw

- State draws down the reserve \$49.2 million in 2024 to reduce the overall increase from 11.8% to 8.5%
- No draw for the Locals
- Aggregate increase after buy-down is 9.5%

	2023 Inforce (Post BD)	2024 Premium (Pre BD)	2024 Buydown	2024 Premium (Post BD)	\$ Change	% Change
<b>State (in Millions)</b>						
Non-Medicare, Non-Grad	\$1,069.9	\$1,184.7	(\$29.6)	\$1,155.2	\$85.3	8.0%
Medicare*	\$147.0	\$180.2	(\$12.6)	\$167.5	\$20.6	14.0%
Grad Assistants	\$64.8	\$71.0	(\$1.2)	\$69.8	\$5.0	7.7%
HDHP	\$214.6	\$237.4	(\$5.8)	\$231.6	\$17.0	7.9%
<b>Total</b>	<b>\$1,496.3</b>	<b>\$1,673.3</b>	<b>(\$49.2)</b>	<b>\$1,624.1</b>	<b>\$127.8</b>	<b>8.5%</b>
<b>Local (in Millions)</b>						
Non-Medicare, Non-Grad	\$223.5	\$256.7	\$0.0	\$256.7	\$33.2	14.8%
Medicare*	\$7.9	\$9.0	\$0.0	\$9.0	\$1.1	14.1%
HDHP	\$23.0	\$27.2	\$0.0	\$27.2	\$4.2	18.2%
<b>Total</b>	<b>\$254.4</b>	<b>\$292.9</b>	<b>\$0.0</b>	<b>\$292.9</b>	<b>\$38.5</b>	<b>15.1%</b>
<b>Grand Total</b>	<b>\$1,750.7</b>	<b>\$1,966.2</b>	<b>(\$49.2)</b>	<b>\$1,916.9</b>	<b>\$166.2</b>	<b>9.5%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes Family 1 contracts

## 2024 Premium Rates – With Option 4 Reserve Draw

- State draws down the reserve \$65.5 million in 2024 to reduce the overall increase from 11.8% to 7.5% - leaving no balance in 2025
- Local draws down the reserve \$12.5 million in 2024 to reduce the overall increase from 15.1% to 10.2% - leaving no balance in 2025
- Aggregate increase after buy-down is 7.9%

	2023 Inforce (Post BD)	2024 Premium (Pre BD)	2024 Buydown	2024 Premium (Post BD)	\$ Change	% Change
<b>State (in Millions)</b>						
Non-Medicare, Non-Grad	\$1,069.9	\$1,184.7	(\$39.3)	\$1,145.4	\$75.5	7.1%
Medicare*	\$147.0	\$180.2	(\$16.8)	\$163.4	\$16.4	11.1%
Grad Assistants	\$64.8	\$71.0	(\$1.6)	\$69.4	\$4.6	7.1%
HDHP	\$214.6	\$237.4	(\$7.7)	\$229.6	\$15.0	7.0%
<b>Total</b>	<b>\$1,496.3</b>	<b>\$1,673.3</b>	<b>(\$65.5)</b>	<b>\$1,607.8</b>	<b>\$111.5</b>	<b>7.5%</b>
<b>Local Option 4 (in Millions)</b>						
Non-Medicare, Non-Grad	\$223.5	\$256.7	(\$10.4)	\$246.2	\$22.7	10.2%
Medicare*	\$7.9	\$9.0	(\$1.0)	\$8.0	\$0.1	1.2%
HDHP	\$23.0	\$27.2	(\$1.0)	\$26.1	\$3.1	13.7%
<b>Total</b>	<b>\$254.4</b>	<b>\$292.9</b>	<b>(\$12.5)</b>	<b>\$280.4</b>	<b>\$26.0</b>	<b>10.2%</b>
<b>Grand Total</b>	<b>\$1,750.7</b>	<b>\$1,966.2</b>	<b>(\$78.0)</b>	<b>\$1,888.2</b>	<b>\$137.5</b>	<b>7.9%</b>

^ Totals may not reconcile due to rounding

\* Medicare includes Family 1 contracts

# Questions & Discussion

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*Thank you!*



# Action Needed

- ETF recommends the Board approve recommended health, pharmacy, and dental rates presented by Segal for plan year 2024.
- ETF requests Board approval to make any additional, minor adjustments to the health plan service areas as they are finalized.
- ETF also recommends the Board approve State premiums under Option 1 and Local premiums without use of reserves.



The background is a dark blue gradient with numerous out-of-focus light spots in shades of blue and purple, creating a bokeh effect.

**Questions?**