

Health Care Fund Reserve Policy

Pension and Health Benefits Committee

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Background

Self Funded PPO Plans

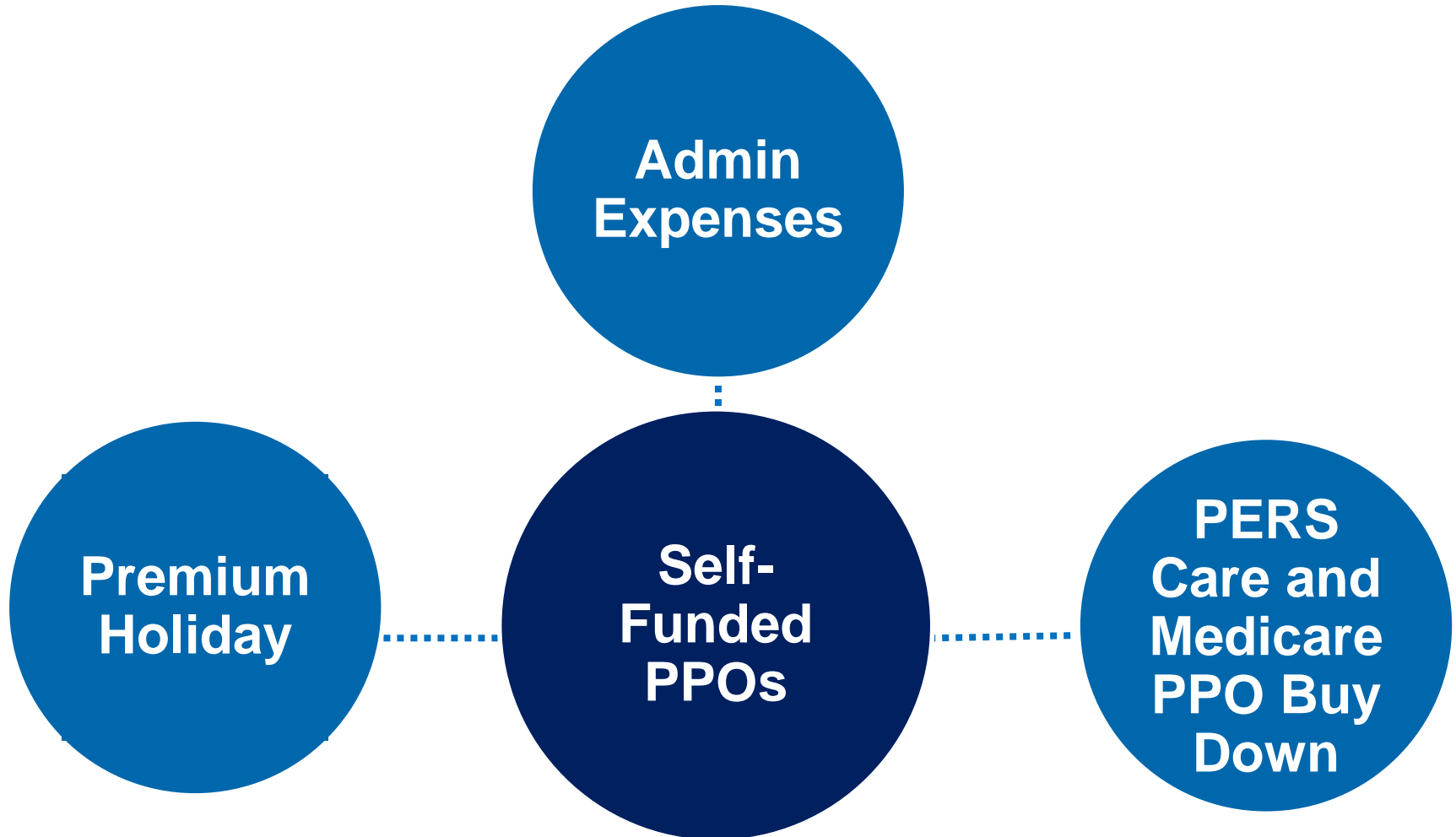
Formalize a long-standing reserve practice with respect to the PPOs

Flex Funded HMO Plans

After the first five-year Flex-Funded HMO contract cycle, formalize the use of any slight surplus in individual Flex-Funded HMOs.



Previous Use of Excess Assets



PPO Reserve Changes

Risk-based Capital
level 300%



New industry standard level
250%

Individual plan
Asset Thresholds



110% triggers action to deal
with surplus



90% triggers action to deal
with deficit

Flex-Funded HMO Plans

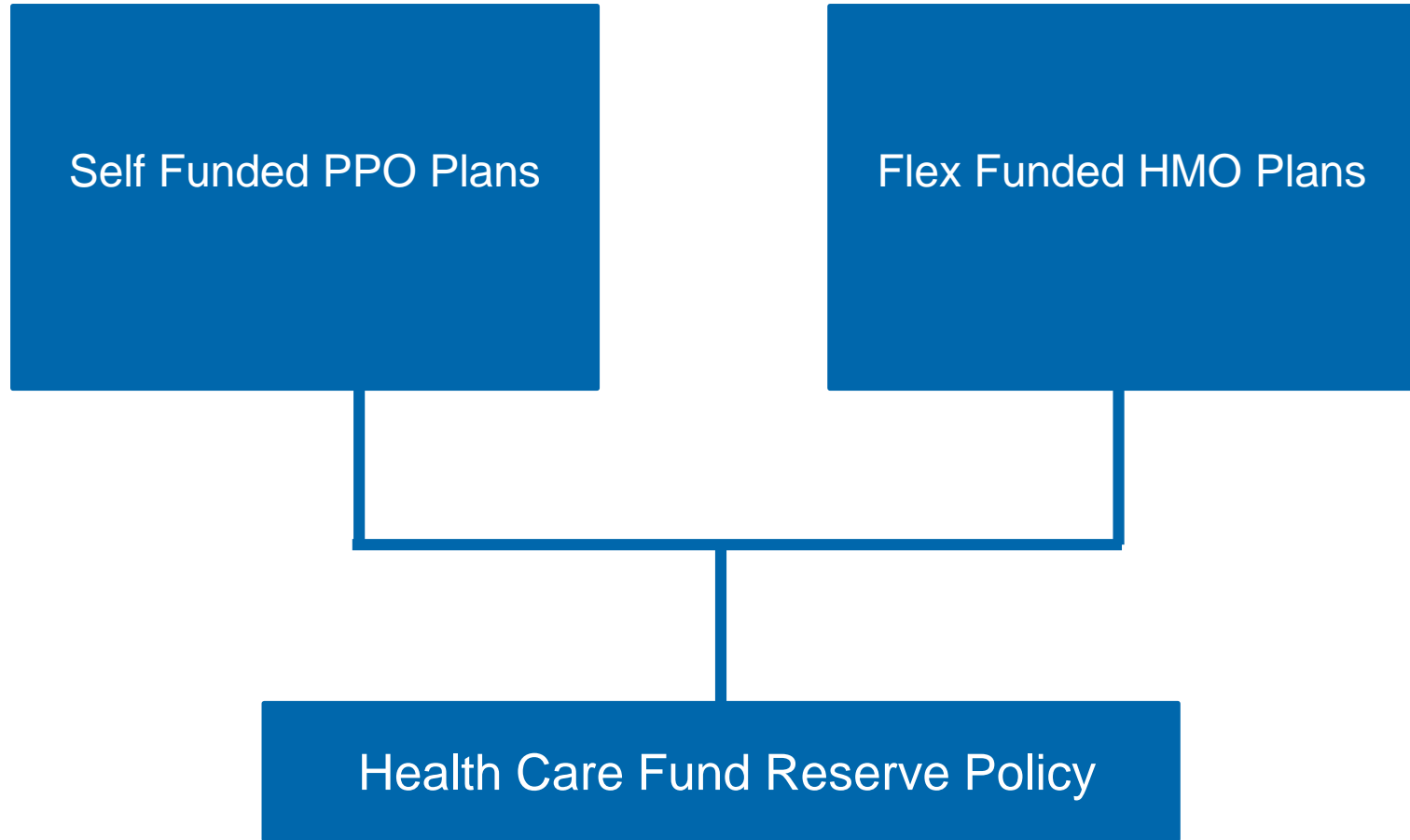
End of plan
year

- Review during RDP

Close of 5-year
contract

- Review during RDP
- If plan remains – consider use
- If plan terminates – consider use toward comparable plan

Summary



Next Steps



Board Approval

Review Reserves Annually

Report Asset Changes Semi-Annually

Review Policy Every Four Years