Health Regions and Regional Factors

Pension and Health Benefits Committee

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Regions Journey

JANUARY	JULY	SEPTEMBER	NOVEMBER	DECEMBER
Initiate Board Discussion	Market Analysis & Stakeholder Outreach	Present Stakeholder Feedback & Region Analytics	Employer Focus Groups & Outreach Regional Factors & Scenarios	Two Decisions 1) Regions 2) Regional Factors

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Objectives for Regions

Create Stable Public Agency Risk Pools

Reflect Cost of Health Care Regionally

Retain and Attract Public Agencies

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Opportunity to Improve Cost Alignment

Status Quo

22%

Alignment to cost of care in the region

A New Region Model

38 – 50%

Alignment to cost of care in the region

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Recommendation Scenario A1

Estimated Premium Impact	Total Covered Lives (TCLs)
Increase more than 3%	79,000
Decrease more than 3%	173,000
Change within 3%	216,000
Average PMPM Increase of $41	79,315
Average PMPM Decrease of $25	173,086
Cost Relativities	
Region 1	1.166
Region 2	.914
Region 3	.821
Marketability	38%

Region
- Region 1
- Region 2
- Region 3

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Disruption Hot Spots

Scenarios A, A1

All Scenarios

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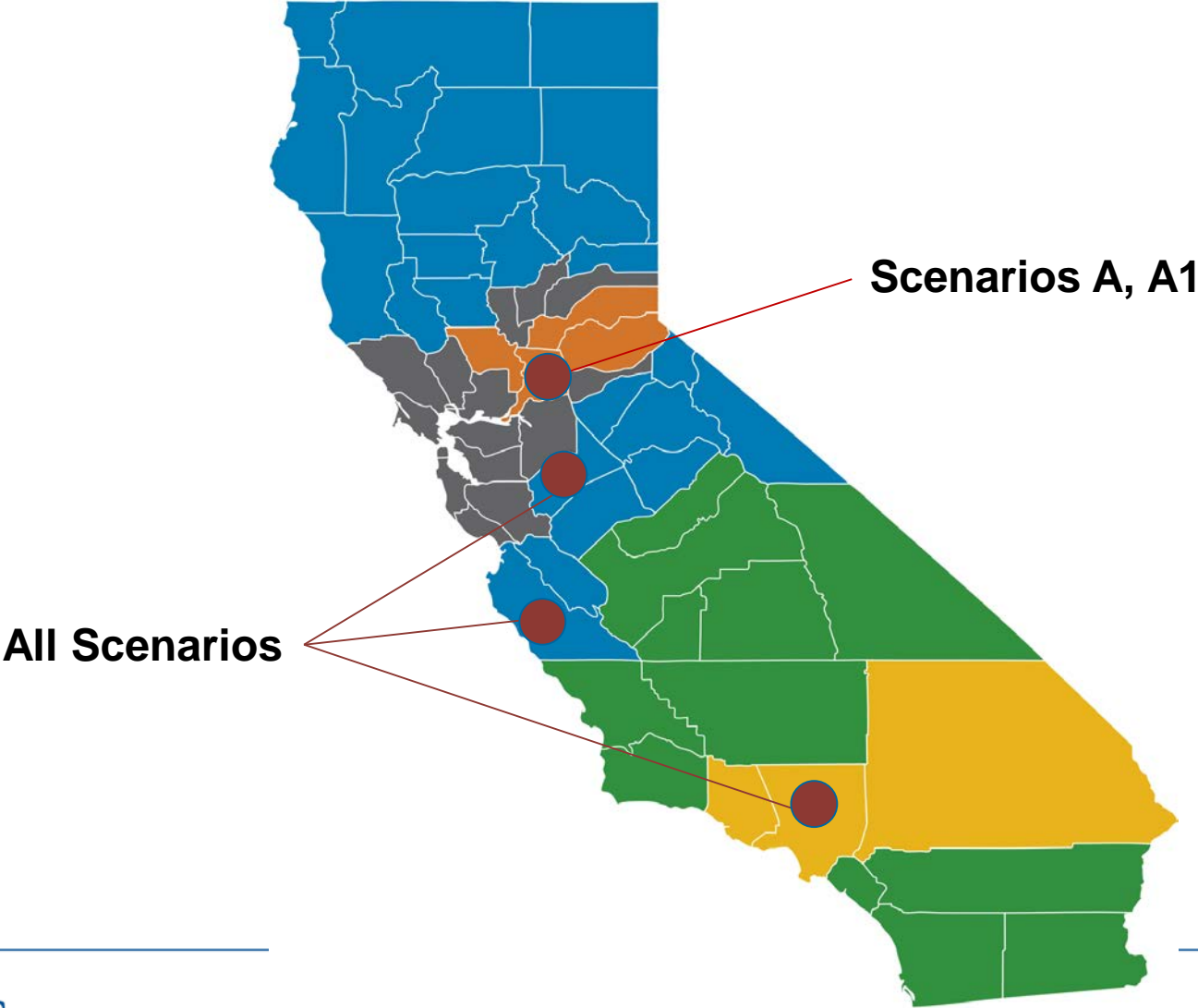
Scenario Comparison

Estimated Premium Increases for Rating Regions: Total Covered Lives

	Scenario A	Scenario A.1	Scenario B	Scenario C	Scenario D
More than 10%	1,085	3,807	28,876	31,996	28,740
Between 7% & 10%	28,987	37,069	40,423	39,657	39,504
Between 5% & 7%	11,226	27,324	21,451	15,474	17,106
Between 3% & 5%	112,294	11,115	80,743	88,261	88,143

Legend: Between 3% & 5% ■ Between 5% & 7% ■ Between 7% & 10% ■ More than 10%

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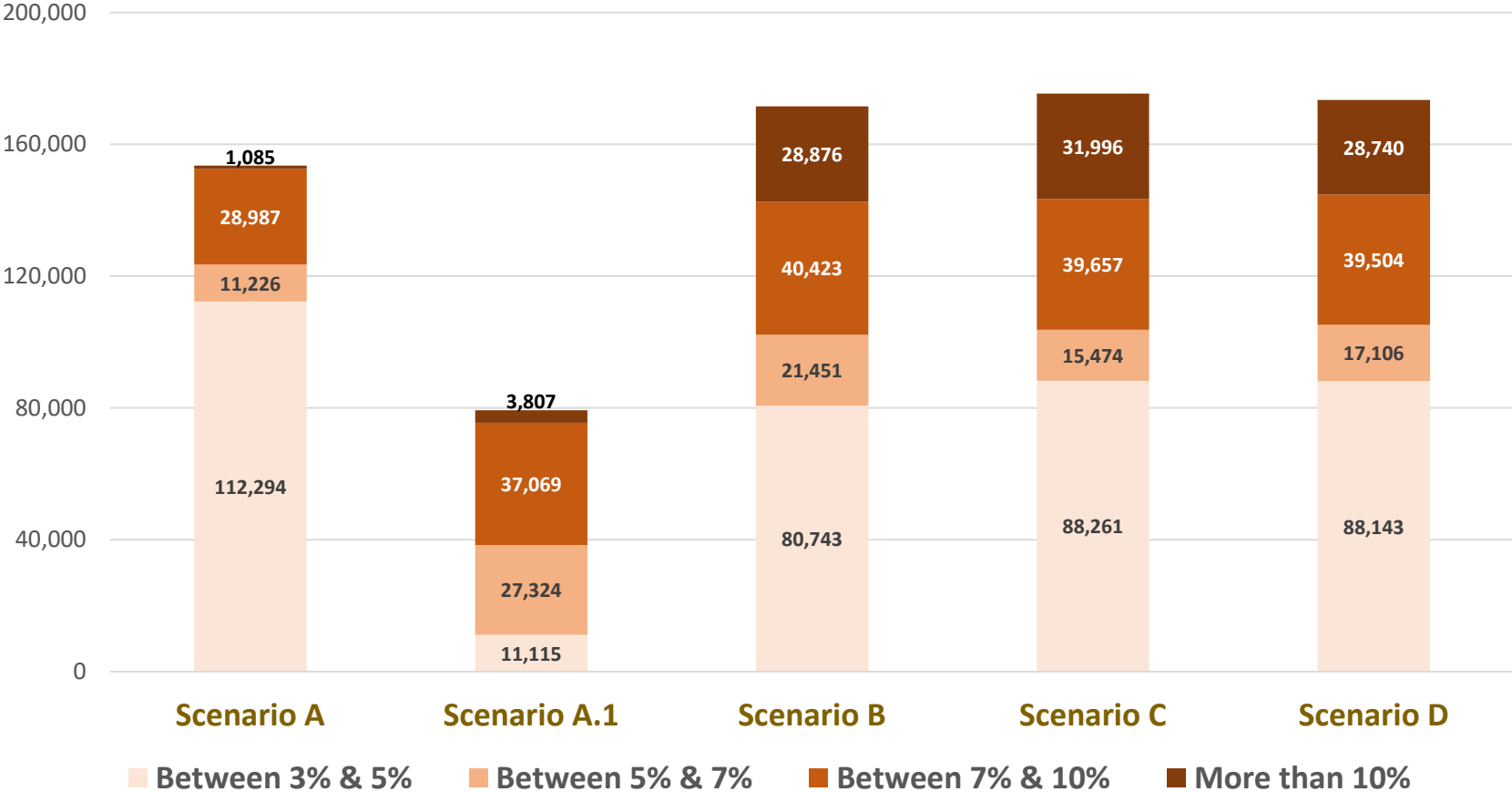
Scorecard: Scenario Comparison View

Regional Scenario	TCLs with Premiums Increasing					Estimate of Average Premium Increase PMPM	TCLs Decreasing More than 3%	Average Decrease PMPM	Marketability (Paying within 97% of the cost of care)
	3-5%	5-7%	7-10%	>10%	Total				
Status Quo						0	0	0	22%
Scenario A	112,294	11,226	28,987	1,085	153,592	$ 27.07	193,169	$ (24.85)	40%
Scenario A1	**11,115**	**27,324**	**37,069**	**3,807**	**79,315**	**$ 41.00**	**173,086**	**$ (25.20)**	**38%**
Scenario B	80,743	21,451	40,423	28,876	171,493	$ 36.64	187,156	$ (38.99)	48%
Scenario C	88,261	15,474	39,657	31,996	175,388	$ 36.89	183,132	$ (40.34)	50%
Scenario D	88,143	17,106	39,504	28,740	173,493	$ 36.52	182,823	$ (40.25)	49%

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HMO Regional Factor Decision

Three Options

Status Quo
Plans interpret directions for calculating factors

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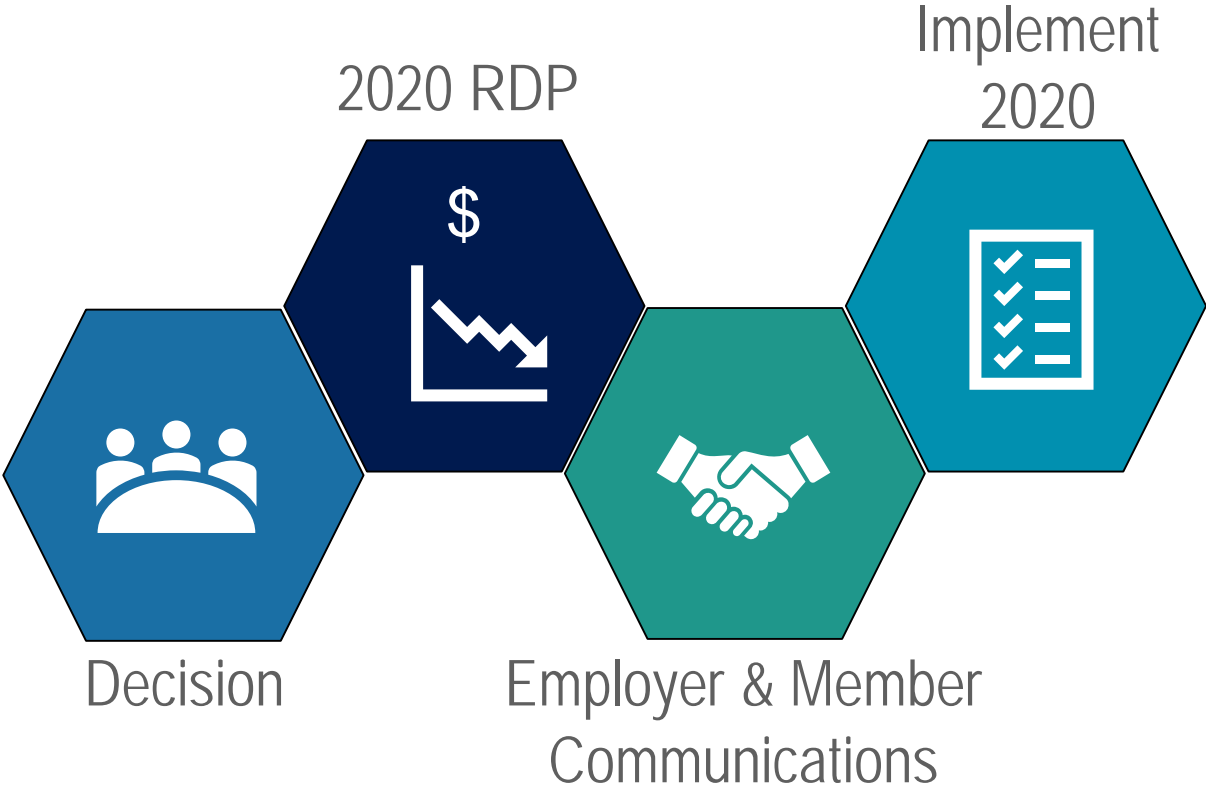Provides prescriptive definition to plans for calculating factors

Recommendation

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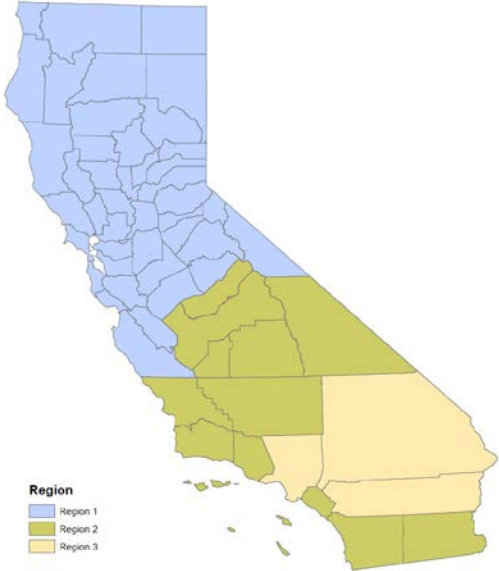sets a range for regional factors for plans to be within

Third-party validation

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Next Steps

Two Decisions

Regions

Regional Factors