NY44 Health Benefits Plan Trust
Finance Sub Committee
February 25, 2020

Premium Equivalent Rate Setting

- Goal is to Project expected cost of health plans for upcoming year
- Analysis completed annually based on 2.5 years of data through 12/31.
- Statistical analysis based on:
  - Medical & Pharmacy claims experience
  - Population characteristics (age, geography)
  - Prevalence & severity of health risks
  - Number of employees & family members
  - Current plan design
- Also Consider:
  - Plan changes & new plan offerings
  - Administrative costs
  - Statistical analysis of trend
  - Compliance with federal & state mandates

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Who is Covered?

Who is covered under the health plan?

- Health

- Age

- Gender

- Family Size

- **Location**

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Claim Review

- Claims reviewed by Geographical region
  - MVP claims 25-30% higher per capita than WNY
    - Provider discounts
    - Underlying risk of enrolled population
    - Geographic cost differences within healthcare
    - Access to facilities (urgent care, free standing labs, etc)
- Claims reviewed by type of member
  - Spouse 30-40% more expensive than employee
  - Children 60-70% less expensive than employee

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Claim Review (cont.)

- Claims projected on Incurred basis
  - MVP claims are paid "slower" than IH claims
  - Longer lag time means claim projection will be higher to cover the unpaid claims
- Claims reviewed for multiple years
  - Smooth for variability
  - Increase credibility of projection
- Claims reviewed for population expected to be covered
  - Districts joining or leaving

*** Simple Claim example**

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