



HealthFlex Mini-Summit—November 2020



Wespath

BENEFITS | INVESTMENTS

2022 Underwriting and Plan Design

Agenda

- Development of HealthFlex premiums (rates) for 2022
- 2022 plan designs



Overview of HealthFlex Rating Methodology

Primary Rating Methodology Goals	Fairness and equity across conferences
	Connectional in nature
	Logical, understandable and stable year-over-year

Principles	Rate increases are driven by experience
	Each conference is responsible for its own experience
	Except: High-cost claims are shared across all conferences

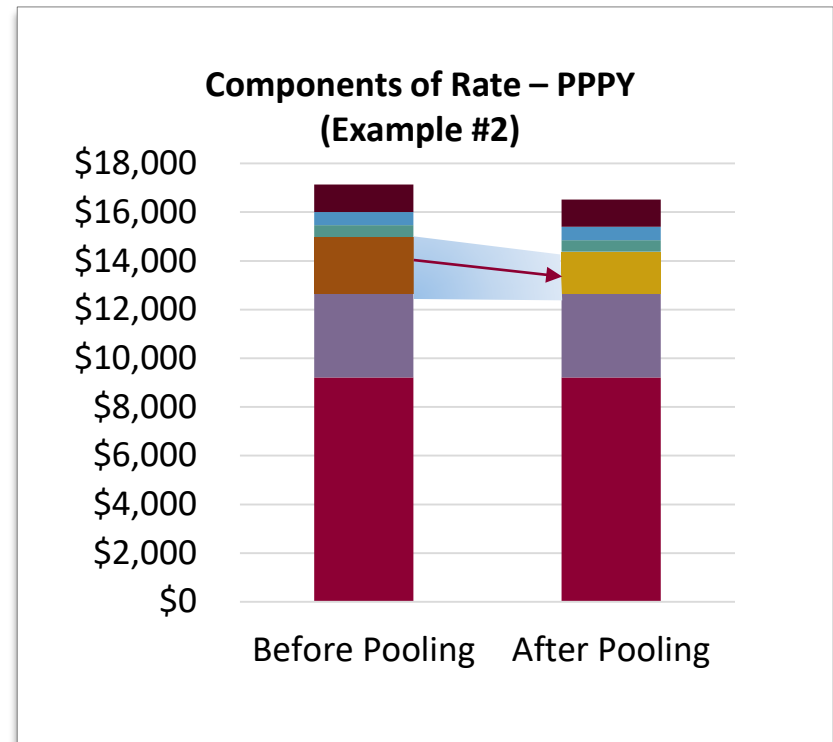
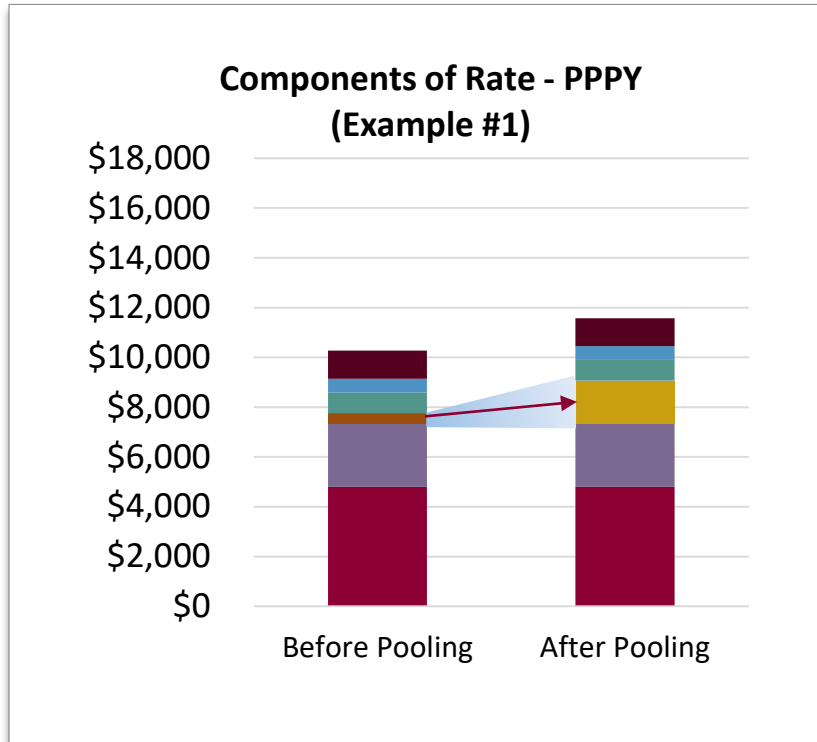


Standard HealthFlex Rating Methodology

- **Experience rate:**
 - Two years of medical and Rx incurred claims, with IBNR, weighted 40-60%
 - Pooling: Claims between \$50,000 and \$200,000 = 50%;
Claims above \$200,000 = 100%
 - Overall blended medical/Rx trend: ~5.8%
- **Manual rate:**
 - Based on total plan experience, geography, plan design, demographics adjustment

# of Subscribers	Credibility (Experience Weight)	Weight of Manual Rate
0 – 49	20%	80%
50 – 124	40%	60%
125 – 249	60%	40%
250 – 499	90%	10%
500 +	100%	No manual rate

HealthFlex Rating Methodology—Pooling



■ Medical Claims ■ Rx Claims ■ High-Cost Claims ■ Pooling Charge ■ HRA/HSA Contributions ■ Wellness Incentives ■ Other Costs

Potential Changes to 2022 Process

Normal Periods for 2022 Rating

- **Period 1:** Dec 2018 – Nov 2019 (weighted 40%)
- **Period 2:** Dec 2019 – Nov 2020 (weighted 60%)

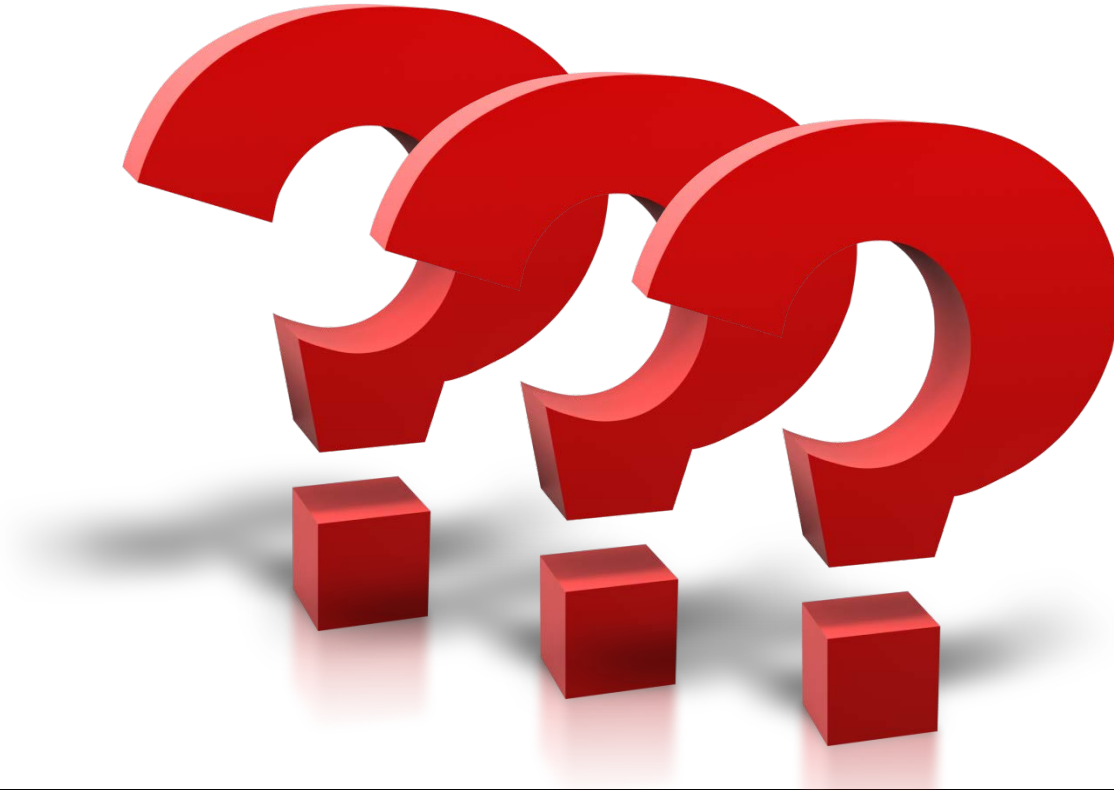
New 2022 Rating Periods

Due to unreliability of claims after March 2020

- **Period 1:** April 2018 – March 2019 (weighted 40%)
- **Period 2:** April 2019 – March 2020 (weighted 60%)
- **Period 3:** April 2020- Nov 2020 (as appropriate)

Additional Trend Considerations Will Be Applied

Questions about 2022 HealthFlex Rates?



What Plans Will Be Offered in 2022?

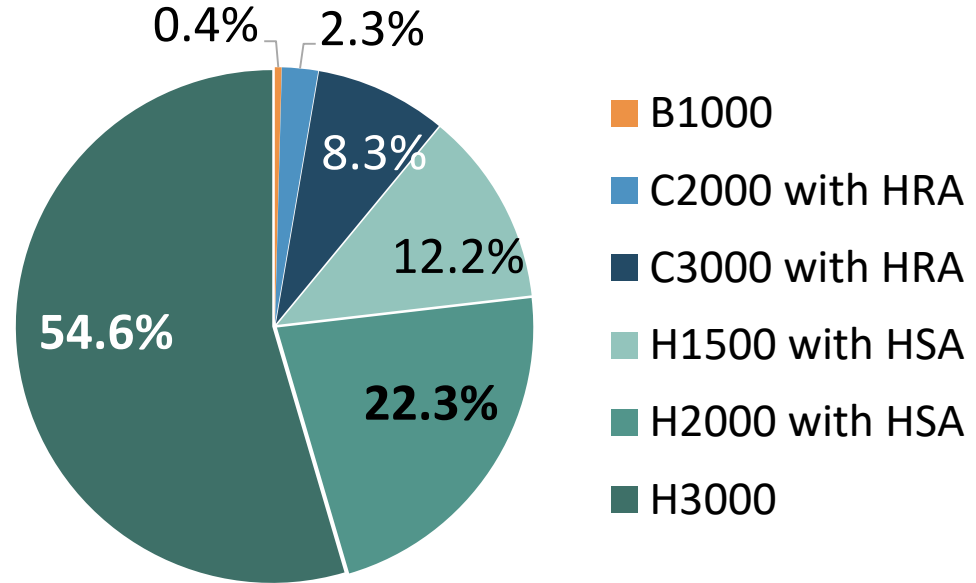


Current (2020-2021) Plan Offerings



Actual 2021 Lowest Cost Plan Projections

Based on actual 2019 claims costs and 2021 premiums + plan designs for all HealthFlex participants



Previous Considerations for 2022

- Replace B1000
- Eliminate C3000
- Replace H3000 with a deductible-only plan
- Reduce offerings from 6 to 5 plans



Consideration: Replace B1000 with B1500

Rationale in Favor

- ✓ B1000 financially best plan for <1%
- ✓ A less-desirable PPO may inspire participant migration
- ✓ Raising deductible to keep pace with inflation
- ✓ Keeps a PPO option in HealthFlex



Rationale Against

- ✓ High participant disruption—particularly for newly transitioned
- ✓ B1500 still financially best for <1%
- ✓ \$1,500 deductible above industry average for PPO plans—impact to RFP



Consideration: Eliminate C3000

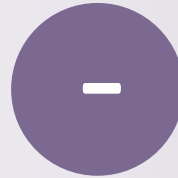
Rationale in Favor

- ✓ Fewer plans = Lower administrative burden and reduces choice overload
- ✓ Least disruption: lowest enrollment





Rationale Against

- ✓ 8% of the population financially best in the C3000 (vs. 2% in the C2000)
- ✓ C3000 is the lowest-cost non-HSA plan
- ✓ Less variety in available deductibles



Consideration: Replace H3000 with H5000

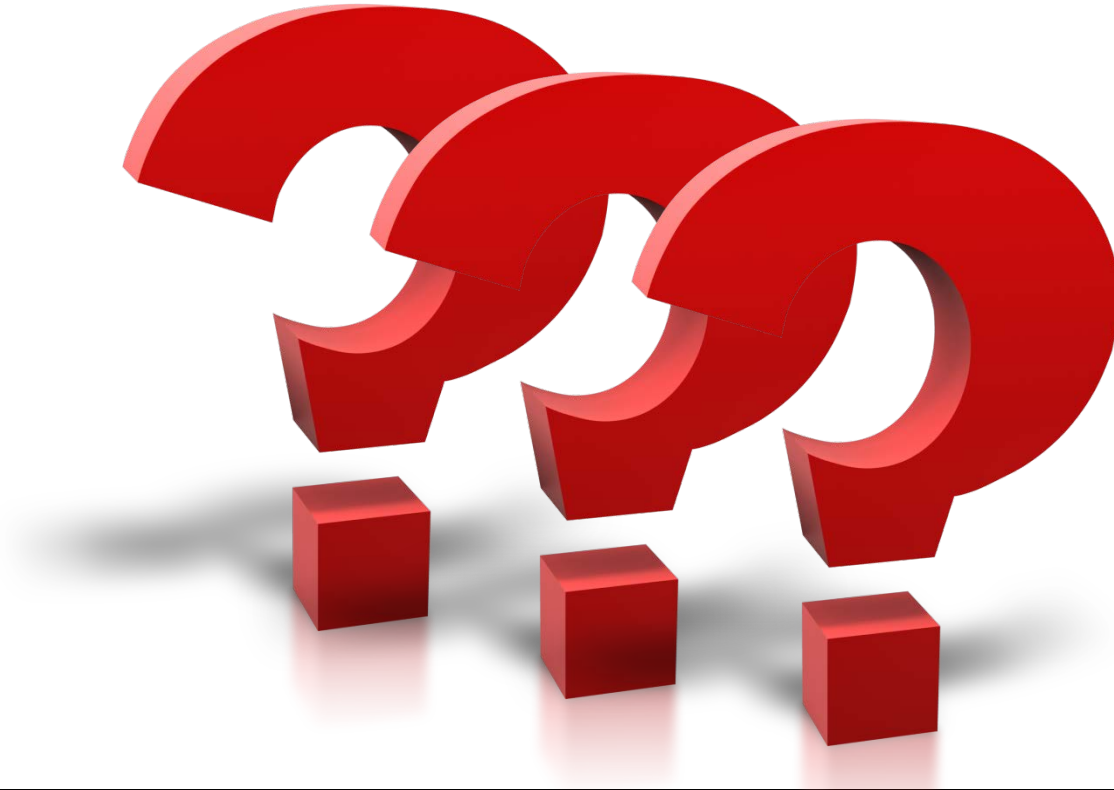
Rationale in Favor	Rationale Against
<ul style="list-style-type: none">✓ Easy communication with same OOP maximum for all plans (\$5,000/\$10,000)✓ Deductible-only plan may increase competitiveness for RFP 	<ul style="list-style-type: none">✓ More generous design = slightly higher premium✓ Higher premium + higher deductible could drive confusion/dissatisfaction 

Recommendation for 2022

- No plan changes for 2022
 - Not a strong enough case to introduce change
 - Maintain existing plan designs through 2022
 - Re-evaluate for 2023 or 2024



Questions about 2022 Plan Designs?





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