



# Cape Elizabeth School Department

Interpreting your School District's Cost  
Drivers, Medical Loss Ratio Reports & the  
MEABT Rating Process

MEA Benefits Trust  
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# Agenda

- Review of Cape Elizabeth's Cost Drivers for 2017
- Overview of medical loss ratio (MLR) reports
- What to consider when reviewing your districts MLR reports
- Overview of the overall MEABT rating process
- Overview of the MEABT underwriting process for experience rated school districts
- Questions

# Cost Drivers – 2017 Compared to 2016

- Cape experienced a 17.4% increase in paid claims in 2017 compared to 2016.
- Per Member Per Month (PMPM) expenditures remained 3.4% lower than the MEABT average
- Costs increased across all service categories, most noticeably for outpatient facility visits, up 39.0% in 2017, followed by inpatient, professional and pharmacy claims
  - Inpatient admissions increased from 20 in 2016 to 21 in 2017, and total paid claims increased by nearly \$50,000
  - Outpatient paid claims grew by 39.0%, or just over \$255,000, but remained 25.6% below the MEABT average.
  - Pharmacy spending grew 5.0% on a PMPM basis, but remained 15.8% lower than the MEABT average
- In 2017, Cape Elizabeth spent \$2,041,636 on members with chronic conditions or 60.2% of total paid claims

# Medical Loss Ratio (MLR) Reports

## Medical Loss Ratio Reports Include:

- ✓ All active members and retirees that are both Medicare and Not Medicare eligible
- ✓ Loss Ratios are calculated by dividing Total Claims by Premium Paid
- ✓ High dollar claimants over \$50,000
  - Their status with the plan: Active or Term
  - The primary diagnosis associated with the claims
- ✓ Retiree Classification Report
  - # of Medicare retirees – Group Companion Plan contracts
  - # of Non-Medicare retirees – Remain on the active plan as either early retirees or retirees that will never be eligible for Medicare

# Overview of the MEABT Rating Process

- School districts with 50 or fewer full time equivalents, including retirees are community rated in accordance with State law
- School districts with 51 or more full time equivalents, including retirees are experience rated through a modified risk pool methodology
- The MEABT as a total group goes through the renewal process to determine the overall increase required for the next plan year
- The MEABT and consultants begin negotiating with Anthem on different components of the renewal such as trend
- The overall increase is typically bought down by the MEABT in order to reduce the premium impact for all school districts
- A minimum and maximum range is recommended
- The MEABT Board of Trustees are presented with the overall increase, suggested buy down, community rate, and rate range for the experience rated school districts
- Upon approval from the Trustees, the Anthem underwriting process begins in conjunction with MEABT actuarial consultants

# High Level Overview of the MEABT Underwriting Process

- Incurred claims January 2018 – December 2018, paid through January 2019 are pulled
- Group Companion Plan members are removed; claims and premium
- January 2018 – June 2018 premiums are adjusted to the July 2018 rate increases
- Claim amounts over \$150,000 are removed and a pooling charge is applied
- Claims are trended out for 18 months and completion factors are applied to determine estimated total premium needed for the July 2019 – June 2020 plan year
- Credibility factors are applied based on school district size...the larger the group, the more credible they are
- Rate increase is determined within the minimum and maximum percentages approved by the MEABT Board of Trustees

# Questions

