



City of Pocatello
Retiree Discussion
Budget Session 6/18/2020

Defining the City of Pocatello's Retiree Program

- What is the City of Pocatello's Retiree Program?
- Who can participate in the program?
- When does eligibility terminate?
- What other entities are offering retiree plans?
- Who is not offering retiree plans?
- **Questions we want to answer today:**
 - ⇒ Have we created adverse selection in our retiree program?
 - ⇒ If some of the largest entities in the state are not offering retiree programs, is it necessary?
 - ⇒ Based on the data provided, is this program sustainable?



Reporting/Experience Background

What does experience mean?



Reporting or claims data that applies to a particular group

What is a loss ratio?



Premium paid in vs. Claims paid out
Blue Cross can take 15% of the total premium paid and apply it to administration based on PPACA (The loss ratios shown do not include administration).

What is a large claimant?



Any claimant (Employee, Spouse, or Dependent) that has incurred over \$10,000 in expenses

What is "Trend"?



Trend is essentially medical inflation. In Idaho depending on the carrier; 7.8%-8.6%



City of Pocatello – Retiree Impact

- **Are retirees included in the City of Pocatello Experience?**
 - Yes and No (Depends on who you ask and when).
 - They were included in the experience up until this year. Blue Cross removed them because they were worried that we were going to find another carrier that would remove them when we went to bid.
- **Are they still included on the City of Pocatello's reporting?**
 - Yes
 - They are included on the large claimant listing combined with the rest of the City's experience.
 - They are also not broken out in any way in regards to the large claimant listing.
 - They are included on the overall experience of the group; then each group, active, and retiree is broken out under that.



Current Data – FY2020

Top 3 Large Claims are Retirees

Relation	Status	Plan	Class Type	Classification	Last Incurred Month	Charged Amount	Paid Amount
Enrollee	Termed	PPO	Retiree Under 65	Retiree Under 65	201912	\$129,922.27	\$193,011.56
Enrollee	Enrolled	PPO	Retiree Under 65	Retiree Under 65	202004	\$537,997.06	\$120,913.66
Enrollee	Enrolled	PPO	Retiree Under 65	Retiree Under 65	202004	\$448,951.39	\$105,377.67
Dependent	Enrolled	PPO	Active	Active	202004	\$131,113.16	\$ 73,476.65

• Current Loss Ratio for Retirees

- (367.53%) \$128,935 paid in premium and \$473,875 paid out in claims a **\$344,940 discrepancy**
- What is the loss ratio for the city with the Retirees on the plan? **66.58%**
- What is the loss ratio for city without Retirees on the plan? **57.25%**

• Costs by Type:

- Average Enrollee Headcount Per Month:
 - Active employees: **422 or 95.90%**
 - Retirees: **15 or 4.09%**
- YTD Paid Charges for the 58 large claimants is: **\$2,121.691.93**
 - 53 Active Employees: **\$1,649,038.42 or 77.72%**
 - 4 retirees: **\$435,103.11 or 20.51%**



FY2020 Plan started with 17 retirees and currently only has 14 on the plan

Last Year's Data – FY2019

The year started with 30 participants; year ended with 21

- **Loss Ratio for Retirees**

- (96%) \$240,495 paid in premium and \$225,763 paid out in claims
 - This does not include administration; which would equate to an additional \$34k
- What is the loss ratio for the city with the Retirees on the plan? **72%**
- What is the loss ratio for city without Retirees on the plan? **71%**

In FY2019 you had 1 large claimant in the top 5

Relation	Status	Plan	Class Type	Classification	Last Incurred Month	Charged Amount	Paid Amount
Dependent	Enrolled	PPO	Active	Active	201909	\$1,505,316.94	\$353,359.93
Enrollee	Enrolled	PPO	Active	Active	201909	\$629,309.57	\$258,702.68
Dependent	Enrolled	PPO	Active	Active	201909	\$440,321.83	\$157,775.68
Enrollee	Enrolled	PPO	Retiree Under 65	Retiree Under 65	201909	\$274,294.32	\$136,910.68



Conclusion

- **You have a very small, older, high risk group attached to your plan**
- **The group is only getting smaller (not larger) and the experience is only getting worse (not better).**
- **Questions we need to evaluate:**
 - ⇒ Have we created adverse selection in our retiree program?
 - ⇒ If some of the largest entities in the state are not offering retiree programs, is it necessary?
 - ⇒ Based on the data provided is this program sustainable?

