

HEALTH WEALTH CAREER

EVERETT SCHOOL EMPLOYEE BENEFIT TRUST

2019 RENEWAL REPORT

AUGUST 29, 2018

Sean White
Nick Albert

Seattle



MAKE TOMORROW, TODAY



AGENDA

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2019 RENEWAL RESULTS AND CONSIDERATIONS

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EMPLOYER SHARED RESPONSIBILITY

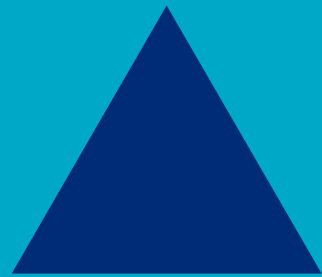
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NEXT STEPS

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APPENDICES

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

SECONDARY INFORMATION



Funding Status

\$5.6M

May 31st reserves

\$4.5M

Projected 2018 year-end
reserves

\$1.5M

Projected 2019 year-
end reserves



Renewal Options

9.9%

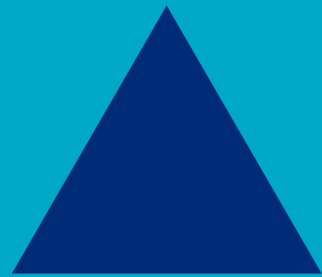
Aetna status
quo renewal

0.1%








Kaiser status
quo renewal

Aetna provided various options to reduce the renewal

RENEWAL RESULTS AND CONSIDERATIONS



RENEWAL OVERVIEW

	Medical	+9.9%	Aetna provided plan design options to reduce increase
	Medical	+0.1%	Small increase from current rates
	Dental (WEA)	-1.9%	Administered through WEA
	Dental	+5.8%	Administered through WEA
	Vision Life & AD&D Supp Life LTD STD	Vision: +0% Life: +22.6% Supp Life: 0% LTD: +14% STD: 0%	2019 is the second year of a two-year rate guarantee
	EAP	+0.0%	2019 is the second year of a two-year rate guarantee
	Long Term Care	+0.0%	Unum confirmed WA OIC has not approved a rate increase for 2019

RENEWAL DETAILS



- Rate Action: **9.90%**
- Calculated renewal was 17.35% before rate adjustment

Alternative Strategies

- Shown on following page

	1/1/2018 - 12/31/2018	1/1/2019 - 12/31/2019 Projected	
AETNA CLASSIC			
• Employee Only	\$1,302.67	\$1,431.64	9.90%
• Employee / Spouse	\$2,383.96	\$2,619.97	9.90%
• Employee / Children	\$1,739.10	\$1,911.27	9.90%
• Employee / Family	\$2,858.12	\$3,141.07	9.90%
AETNA TRADITIONAL			
• Employee Only	\$1,083.89	\$1,191.19	9.90%
• Employee / Spouse	\$1,983.55	\$2,179.93	9.90%
• Employee / Children	\$1,447.00	\$1,590.25	9.90%
• Employee / Family	\$2,378.07	\$2,613.50	9.90%
AETNA STANDARD			
• Employee Only	\$970.00	\$1,066.03	9.90%
• Employee / Spouse	\$1,775.16	\$1,950.90	9.90%
• Employee / Children	\$1,294.97	\$1,423.17	9.90%
• Employee / Family	\$2,128.24	\$2,338.93	9.90%
AETNA CORE			
• Employee Only	\$688.49	\$756.65	9.90%
• Employee / Spouse	\$1,259.99	\$1,384.73	9.90%
• Employee / Children	\$919.14	\$1,010.13	9.90%
• Employee / Family	\$1,510.58	\$1,660.13	9.90%
AETNA SAVER			
• Employee Only	\$538.41	\$591.71	9.90%
• Employee / Spouse	\$985.31	\$1,082.85	9.90%
• Employee / Children	\$718.77	\$789.93	9.90%
• Employee / Family	\$1,181.28	\$1,298.23	9.90%
Estimated Yearly Cost			
	\$18.34M	\$20.16M	9.90%

RENEWAL DETAILS



STATUS QUO RENEWAL

Everett Aetna Plans ¹	2019 Gross Cost	2019 Net Everett Cost	2019 Renewal Increase (%)
2019 Status Quo	\$20,156,000	\$14,711,000	9.9%

2019 MEDICAL/ Rx DESIGN CONSIDERATIONS

Everett Aetna Plans ¹	2019 Gross Cost	2019 Net Everett Cost	Renewal Increase (%)	Gross	Net
				(Savings) 2019 SQ	
Eliminate Classic Plan	\$20,025,000	\$14,728,000	9.3%	(\$131,000)	\$17,000
Aetna Whole Health					
\$500 / \$1,000 Ded.	\$19,890,000	\$14,582,000	8.6%	(\$266,000)	(\$129,000)
\$750 / \$1,500 Ded.	\$19,829,000	\$14,536,000	8.3%	(\$327,000)	(\$175,000)
\$1,000 / \$2,000 Ded.	\$19,801,000	\$14,515,000	8.1%	(\$355,000)	(\$196,000)
Increase Specialist Office Visit Copay by \$5	\$20,035,000	\$14,622,000	9.3%	(\$121,000)	(\$89,000)
Increase Specialist Office Visit Copay by \$10	\$19,934,000	\$14,549,000	8.8%	(\$222,000)	(\$162,000)
Value Plus Formulary	\$19,914,000	\$14,534,000	8.7%	(\$242,000)	(\$177,000)
Adding Mandatory Generics	\$20,015,000	\$14,608,000	9.2%	(\$141,000)	(\$103,000)

¹ Some amounts and percentages may be slightly off due to rounding to the nearest thousand

What Is It?

- Patient centered care delivery model focusing on higher quality and lower costs
- Doctor-driven outreach to members who have higher risks
- Data sharing enables doctors to find gaps in care and better serve members
- Studies have shown the program drives lower costs, fewer inpatient admissions, reduced ER spend

Sample Plan Design

Medical Deductible

In: \$500 / \$1,000
Out: \$1,700 / \$3,400

Out-of-pocket max

In: \$4,000 / \$8,000
Out: \$12,000 / \$24,000

Coinsurance

In: 20%
Out: 50%

Copays

PCP / Specialist: \$20
Urgent Care: \$50
ER: \$150 + 20%

Prescription Drugs (Retail / Mail)

Generics: \$15 / \$30
Pref Brand: \$25 / \$50
Non-Pref Brand: \$40 / \$80

OTHER CHANGES



	Overview	Possible Impact		
Value Plus Formulary	Narrow prescription drug formulary in which more cost effective and effective drugs are placed on preferred tiers	Value Plus Formulary	Drugs Impacted	Unique Members impacted
		Tier Impact		
		Higher Member Copays		
		• Tier 1 drugs moving to Tier 3	35	88
		• Tier 2 drugs moving to Tier 3	10	41
		Lower Member Copays		
		• Tier 3 drugs moving to Tier 1	0	0
		• Tier 3 drugs moving to Tier 2	1	4
		Drug Coverage Reviews		
		Additional Reviews		
		• Prior Authorization	3	4
		• Step Therapy	8	11
		• Formulary Exclusions	23	47
Mandatory Generics	Members taking brand drugs that have a therapeutic equivalent generic alternative would be forced to switch to the generic version of the drug	<ul style="list-style-type: none">As of June, approximately 77 members would be forced to switch to a generic version of their current medicationCommon drug classes are ADHD, depression, and high cholesterol		
Increasing Specialist Copays	Current copays range from \$15-\$30	<ul style="list-style-type: none">Change would impact all members		

RENEWAL DETAILS



TIER/COST ¹	ACTIVE ENROLLMENT	2018 MONTHLY RATES	PROPOSED 2019 RATES
Employee	245	\$850.44	\$851.03
Employee + Spouse	120	\$1,607.33	\$1,608.45
Employee + Child(ren)	99	\$1,173.60	\$1,174.42
Employee + Family	124	\$1,921.99	\$1,923.33
Annual Total		\$9,069,000	\$9,075,000
\$ Increase Over Current			+\$6,000
% Increase Over Current			+0.1%

¹ Some amounts and percentages may be slightly off due to rounding to the nearest thousand

RENEWAL DETAILS



Effective November 1, 2018

Tier/Cost ¹	Active Enrollment	2017-2018 Monthly Rates	Proposed 2019 Rates	% Increase
Delta Dental of WA (Plan C)	1,544	\$81.60	\$80.07	-1.9%
Willamette (Plan 1)	773	\$78.40	\$82.95	+5.8%
Annual Total		\$2,241,000	\$2,253,000	
\$ Increase Over Current			+\$12,000	
% Increase Over Current			+0.5%	

¹ Some amounts and percentages may be slightly off due to rounding to the nearest thousand

RENEWAL DETAILS

LIFE, AD&D AND SUPPLEMENTAL LIFE



Coverage	Enrollment	2018 Rates	2019 Rates
Combined Life and AD&D Composite Rate	2,027	\$6.65 PEPM	\$8.15 PEPM
Annual Cost ¹		\$162,000	\$198,000
\$ Increase over Current			\$36,000
% Increase over Current			+22.6%

¹ 2018 and 2019 annual cost based on August 2018 enrollment and the given year's PEPM

² Annual cost based on annualized actual trust premium expenses through August 2018

Age Range	2018 Rate (Per \$1,000)	2019 Rate (Per \$1,000)
Under 30	\$0.06	\$0.06
30 – 34	\$0.08	\$0.08
35 – 39	\$0.09	\$0.09
40 – 44	\$0.13	\$0.13
45 – 49	\$0.22	\$0.22
50 – 54	\$0.37	\$0.37
55 – 59	\$0.63	\$0.63
60 – 64	\$0.84	\$0.84
65 – 69	\$1.29	\$1.29
70 – 74	\$2.06	\$2.06
75 and Over	\$3.34	\$3.34
Child(ren)	\$0.27 per employee	\$0.27 per employee
Annual Cost ²	\$189,000	\$189,000
\$ Increase over Current		\$0
% Increase over Current		0.0%

RENEWAL DETAILS LTD AND STD

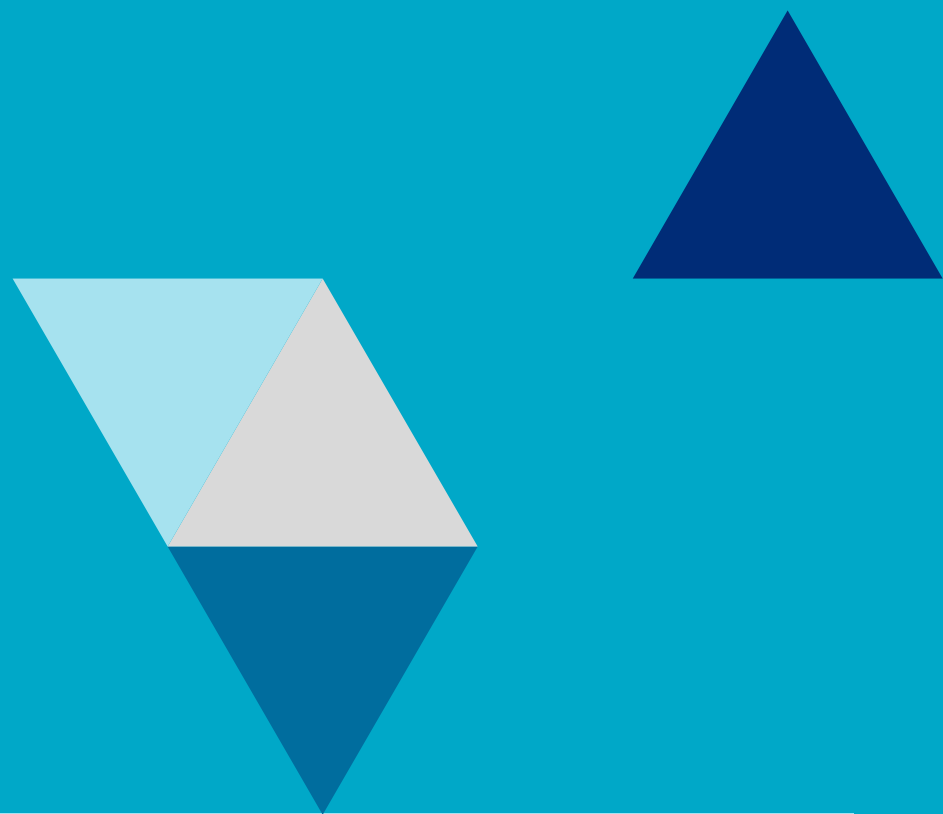


Long-term Disability ¹		Enrollment	2018 Rates	2019 Rates
LTD		2,148	\$26.94 PEPM	\$30.72 PEPM
Annual Cost ²			\$694,000	\$792,000
\$ Increase over Current				\$98,000
% Increase over Current				+14.0%
Short-term Disability ¹		Enrollment	2018 Rates	2019 Rates
STD		n/a	\$0.65 PEPM	\$0.65 PEPM
Annual Cost ¹			\$85,000	\$85,000
\$ Increase over Current				\$0
% Increase over Current				+0.0%
Vision		Enrollment	2018 Rates	2019 Rates
Vision		2,299	\$15.92 PEPM	\$15.92 PEPM
Annual Cost ²			\$439,000	\$439,000
\$ Increase over Current				\$0
% Increase over Current				+0.0%

¹ Some amounts and percentages may be slightly off due to rounding to the nearest thousand

² Annual cost based on annualized actual trust premium expenses through August 2018

TRUST FINANCIAL PROJECTIONS



2019 BUDGET — STATUS QUO %

Estimated Income								
	1/1/2018 - 12/31/2018 Actual				1/1/2019 - 12/31/2019 Projection			
	PEPM or Mo. Sum	No. of Benefit FTEs	No. of Months	Estimated Total	PEPM or Mo. Sum	No. of Benefit FTEs	Number of Months	Estimated Total
Employer Contributions	\$ 824.00 ²	2,220 ¹	12	\$ 22,058,652	\$ 848.19 ⁽²⁾	2,220 ⁽¹⁾	12	\$ 22,595,778
Additional Supplemental District Contribution ³				\$ 0 ³				\$ 0
Employee Contributions	n/a	n/a		\$ 7,250,009 ⁴				\$ 7,741,890 ⁴
Investment Income ⁵				<u>\$ 27,116</u>				<u>\$ 27,116</u>
Total Estimated Revenues				\$ 29,335,777				\$ 30,364,784
Estimated Expenses								
	1/1/2018 - 12/31/2018 Actual				1/1/2019 - 12/31/2019 Projection			
	YTD Actual 1/1/17-7/31/17	PEPM or Mo. Sum	No. of Employees ¹	Estimated Total	PEPM or Mo. Sum	No. of Employees ¹	Number of Months	Estimated Total
Aetna Medical Premiums	\$ 11,960,138	n/a ¹	1,177	\$ 18,073,533	\$ 1,427.06	1,177	12	\$ 20,155,847
Kaiser Permanente Washington Medical Premiums ⁶	\$ 5,985,625	n/a ¹	588	\$ 9,008,627	\$ 1,286.19	588	12	\$ 9,075,322
Delta Dental Premiums	\$ 1,009,800	\$ 81.60 ¹	1,544	\$ 1,509,037	\$ 80.07	1,544	12	\$ 1,483,537
Willamette Dental Premiums	\$ 482,709	\$ 78.40 ¹	773	\$ 732,156	\$ 82.95	773	12	\$ 769,444
MetLife Life / AD&D Premiums	\$ 107,794	\$ 6.65 ¹	2,027	\$ 161,704	\$ 8.15	2,027	12	\$ 198,241
MetLife Voluntary Term Life Premiums	\$ 125,715	\$ 15,714.42 ¹	n/a	\$ 188,573	\$ 15,714.42	n/a	12	\$ 188,573
Metlife Vision	\$ 292,896	\$ 15.92 ¹	2,299	\$ 439,344	\$ 15.92	2,299	12	\$ 439,201
Metlife LTD Premiums	\$ 462,748	\$ 26.94 ¹	2,148	\$ 694,217	\$ 30.72	2,148	12	\$ 791,839
Metlife Voluntary STD Premiums	\$ 56,977	\$ 7,122.13 ¹	n/a	\$ 85,466	\$ 7,122.13	n/a	12	\$ 85,466
UNUM Voluntary LTC Premiums	\$ 8,082	\$ 1,010.25	n/a	\$ 12,123	\$ 1,010.25	n/a	12	\$ 12,123
Quit for Life Tobacco Cessation (Alere)	\$ 399	\$ 375.00	1	\$ 399	\$ 375.00	1	12	\$ 399
Magellan EAP	\$ 17,262	\$ 1.50	n/a	\$ 41,429	\$ 1.50	n/a	12	\$ 41,429
Weight Watchers	\$ 2,524	n/a	n/a	\$ 6,058	n/a	n/a	n/a	\$ 6,058
ESEBT Administration ⁷	\$ 20,727	n/a	n/a	\$ 42,042	n/a	n/a	n/a	\$ 43,303
Wellness Budget	\$ 30,649	n/a	n/a	\$ 73,558	n/a	n/a	n/a	\$ 73,558
Mercer Consulting Fee	\$ 5,609	n/a	n/a	\$ 13,462	n/a	n/a	n/a	\$ 45,000
Investment Consulting Fee	\$ 4,375	n/a	n/a	\$ 10,500	n/a	n/a	n/a	<u>\$ 10,500</u>
Total Estimated Expenses				\$ 31,092,227				\$ 33,419,839
Estimated Surplus / (Deficit) (based on estimated/current enrollment)				\$ (1,756,450)				\$ (3,055,055)
				2018	2019			
Unallocated reserve at December 31⁸				\$ 4,509,416	\$ 1,454,361			
Months of expenses				1.7	0.5			

SUMMARY OF CHANGES

IMPACT TO YEAR-END 2019 RESERVE

CONTRIBUTION CHANGES	Year-end Reserve	Months Of Expenses	Change From Status Quo
Status Quo	\$1,454,000	0.5	n/a
Hold Employee Contributions Flat	\$962,000	0.3	(492,000)
Full Spend Down of Reserve (decrease contribs. by 13.5%)	\$22,000	0.0	(\$1,432,000)

PLAN DESIGN CHANGES	Year-end Reserve	Months Of Expenses	Change From Status Quo
Eliminate Classic Plan	\$1,437,000	0.5	(\$17,000)
Aetna Whole Health			
• \$500 / \$1,000 Ded.	\$1,583,000	0.6	\$129,000
• \$750 / \$1,500 Ded.	\$1,629,000	0.6	\$175,000
• \$1,000 / \$2,000 Ded.	\$1,650,000	0.6	\$196,000
Increase Specialist Office Visit Copay by \$5	\$1,543,000	0.6	\$89,000
Increase Specialist Office Visit Copay by \$10	\$1,616,000	0.6	\$162,000
Value Plus Formulary	\$1,631,000	0.6	\$177,000
Adding Mandatory Generics	\$1,557,000	0.6	\$103,000

MEDICAL PLANS RATE SUMMARY

STATUS QUO

		2018		2019		EE Change from 2018	
Plan	August '18 Enrollment	Premium Rates	Employee	Budgeted Premium Rates	Employee	\$ Inc.	% Inc.
Aetna Saver + HSA							
Employee	38	\$538.41	\$109.18	\$591.71	\$119.99	\$10.81	
Employee & Spouse	5	\$985.31	\$236.88	\$1,082.85	\$260.33	\$23.45	
Employee & Child(ren)	3	\$718.77	\$160.71	\$789.93	\$176.62	\$15.91	
Employee & Family	11	\$1,181.28	\$292.88	\$1,298.23	\$321.87	\$28.99	9.9%
Aetna Core							
Employee	151	\$688.49	\$150.36	\$756.65	\$165.24	\$14.88	
Employee & Spouse	89	\$1,259.99	\$326.22	\$1,384.73	\$358.51	\$32.29	
Employee & Child(ren)	57	\$919.14	\$221.34	\$1,010.13	\$243.25	\$21.91	
Employee & Family	86	\$1,510.58	\$403.33	\$1,660.13	\$443.26	\$39.93	9.9%
Aetna Standard							
Employee	209	\$970.00	\$211.84	\$1,066.03	\$232.81	\$20.97	
Employee & Spouse	120	\$1,775.16	\$459.59	\$1,950.90	\$505.09	\$45.50	
Employee & Child(ren)	77	\$1,294.97	\$311.83	\$1,423.17	\$342.70	\$30.87	
Employee & Family	100	\$2,128.24	\$568.24	\$2,338.93	\$624.50	\$56.25	9.9%
Aetna Traditional							
Employee	92	\$1,083.89	\$324.88	\$1,191.19	\$357.04	\$32.16	
Employee & Spouse	34	\$1,983.55	\$666.48	\$2,179.93	\$732.45	\$65.98	
Employee & Child(ren)	39	\$1,447.00	\$462.75	\$1,590.25	\$508.56	\$45.81	
Employee & Family	33	\$2,378.07	\$816.26	\$2,613.50	\$897.07	\$80.81	9.9%
Aetna Classic							
Employee	15	\$1,302.67	\$571.10	\$1,431.64	\$627.63	\$56.54	
Employee & Spouse	11	\$2,383.96	\$1,120.90	\$2,619.97	\$1,231.87	\$110.96	
Employee & Child(ren)	6	\$1,739.10	\$793.00	\$1,911.27	\$871.50	\$78.50	
Employee & Family	1	\$2,858.12	\$1,362.01	\$3,141.07	\$1,496.84	\$134.83	9.9%
KP WA							
Employee	245	\$850.44	\$163.83	\$851.03	\$163.95	\$0.11	
Employee & Spouse	120	\$1,607.33	\$373.97	\$1,608.45	\$374.23	\$0.26	
Employee & Child(ren)	99	\$1,173.60	\$254.06	\$1,174.42	\$254.24	\$0.18	
Employee & Family	124	\$1,921.99	\$461.82	\$1,923.33	\$462.14	\$0.32	0.1%

MEDICAL PLANS RATE SUMMARY

HOLD CONTRIBUTIONS FLAT

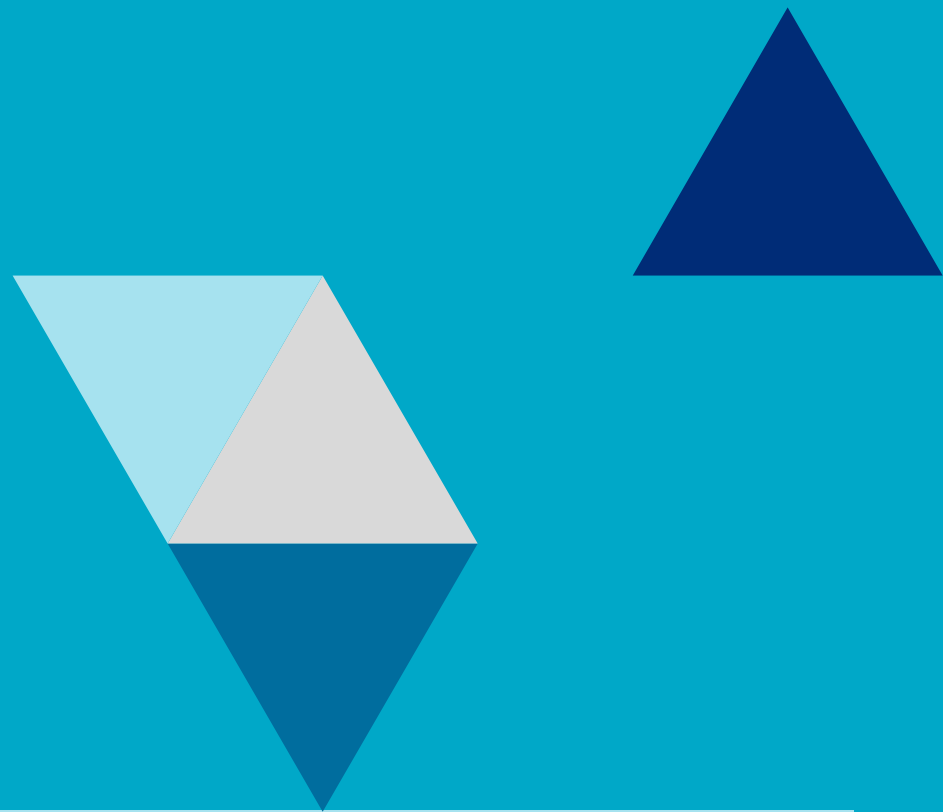
Plan	2018			2019		EE Change from 2018	
	August '18 Enrollment	Premium Rates	Employee	Budgeted Premium Rates	Employee	\$ Inc.	% Inc.
Aetna Saver + HSA							
Employee	38	\$538.41	\$109.18	\$591.71	\$109.18	\$0.00	
Employee & Spouse	5	\$985.31	\$236.88	\$1,082.85	\$236.88	\$0.00	
Employee & Child(ren)	3	\$718.77	\$160.71	\$789.93	\$160.71	\$0.00	
Employee & Family	11	\$1,181.28	\$292.88	\$1,298.23	\$292.88	\$0.00	0.0%
Aetna Core							
Employee	151	\$688.49	\$150.36	\$756.65	\$150.36	\$0.00	
Employee & Spouse	89	\$1,259.99	\$326.22	\$1,384.73	\$326.22	\$0.00	
Employee & Child(ren)	57	\$919.14	\$221.34	\$1,010.13	\$221.34	\$0.00	
Employee & Family	86	\$1,510.58	\$403.33	\$1,660.13	\$403.33	\$0.00	0.0%
Aetna Standard							
Employee	209	\$970.00	\$211.84	\$1,066.03	\$211.84	\$0.00	
Employee & Spouse	120	\$1,775.16	\$459.59	\$1,950.90	\$459.59	\$0.00	
Employee & Child(ren)	77	\$1,294.97	\$311.83	\$1,423.17	\$311.83	\$0.00	
Employee & Family	100	\$2,128.24	\$568.24	\$2,338.93	\$568.24	\$0.00	0.0%
Aetna Traditional							
Employee	92	\$1,083.89	\$324.88	\$1,191.19	\$324.88	\$0.00	
Employee & Spouse	34	\$1,983.55	\$666.48	\$2,179.93	\$666.48	\$0.00	
Employee & Child(ren)	39	\$1,447.00	\$462.75	\$1,590.25	\$462.75	\$0.00	
Employee & Family	33	\$2,378.07	\$816.26	\$2,613.50	\$816.26	\$0.00	0.0%
Aetna Classic							
Employee	15	\$1,302.67	\$571.10	\$1,431.64	\$571.10	\$0.00	
Employee & Spouse	11	\$2,383.96	\$1,120.90	\$2,619.97	\$1,120.90	\$0.00	
Employee & Child(ren)	6	\$1,739.10	\$793.00	\$1,911.27	\$793.00	\$0.00	
Employee & Family	1	\$2,858.12	\$1,362.01	\$3,141.07	\$1,362.01	\$0.00	0.0%
KP WA							
Employee	245	\$850.44	\$163.83	\$851.03	\$163.83	\$0.00	
Employee & Spouse	120	\$1,607.33	\$373.97	\$1,608.45	\$373.97	\$0.00	
Employee & Child(ren)	99	\$1,173.60	\$254.06	\$1,174.42	\$254.06	\$0.00	
Employee & Family	124	\$1,921.99	\$461.82	\$1,923.33	\$461.82	\$0.00	0.0%

MEDICAL PLANS RATE SUMMARY

FULL SPEND DOWN OF RESERVE

Plan	2018			2019		EE Change from 2018	
	August '18 Enrollment	Premium Rates	Employee	Budgeted Premium Rates	Employee	\$ Inc.	% Inc.
Aetna Saver + HSA							
Employee	38	\$538.41	\$109.18	\$591.71	\$94.44	(\$14.74)	
Employee & Spouse	5	\$985.31	\$236.88	\$1,082.85	\$204.90	(\$31.98)	
Employee & Child(ren)	3	\$718.77	\$160.71	\$789.93	\$139.02	(\$21.70)	
Employee & Family	11	\$1,181.28	\$292.88	\$1,298.23	\$253.34	(\$39.54)	(13.5%)
Aetna Core							
Employee	151	\$688.49	\$150.36	\$756.65	\$130.06	(\$20.30)	
Employee & Spouse	89	\$1,259.99	\$326.22	\$1,384.73	\$282.18	(\$44.04)	
Employee & Child(ren)	57	\$919.14	\$221.34	\$1,010.13	\$191.46	(\$29.88)	
Employee & Family	86	\$1,510.58	\$403.33	\$1,660.13	\$348.88	(\$54.45)	(13.5%)
Aetna Standard							
Employee	209	\$970.00	\$211.84	\$1,066.03	\$183.24	(\$28.60)	
Employee & Spouse	120	\$1,775.16	\$459.59	\$1,950.90	\$397.55	(\$62.05)	
Employee & Child(ren)	77	\$1,294.97	\$311.83	\$1,423.17	\$269.73	(\$42.10)	
Employee & Family	100	\$2,128.24	\$568.24	\$2,338.93	\$491.53	(\$76.71)	(13.5%)
Aetna Traditional							
Employee	92	\$1,083.89	\$324.88	\$1,191.19	\$281.02	(\$43.86)	
Employee & Spouse	34	\$1,983.55	\$666.48	\$2,179.93	\$576.50	(\$89.97)	
Employee & Child(ren)	39	\$1,447.00	\$462.75	\$1,590.25	\$400.28	(\$62.47)	
Employee & Family	33	\$2,378.07	\$816.26	\$2,613.50	\$706.06	(\$110.20)	(13.5%)
Aetna Classic							
Employee	15	\$1,302.67	\$571.10	\$1,431.64	\$494.00	(\$77.10)	
Employee & Spouse	11	\$2,383.96	\$1,120.90	\$2,619.97	\$969.58	(\$151.32)	
Employee & Child(ren)	6	\$1,739.10	\$793.00	\$1,911.27	\$685.95	(\$107.06)	
Employee & Family	1	\$2,858.12	\$1,362.01	\$3,141.07	\$1,178.14	(\$183.87)	(13.5%)
KP WA							
Employee	245	\$850.44	\$163.83	\$851.03	\$141.72	(\$22.12)	
Employee & Spouse	120	\$1,607.33	\$373.97	\$1,608.45	\$323.48	(\$50.49)	
Employee & Child(ren)	99	\$1,173.60	\$254.06	\$1,174.42	\$219.76	(\$34.30)	
Employee & Family	124	\$1,921.99	\$461.82	\$1,923.33	\$399.47	(\$62.35)	(13.5%)

EMPLOYER SHARED RESPONSIBILITY



EMPLOYER SHARED RESPONSIBILITY

HOW THE PAYMENT WILL WORK IN 2019

1. Did you average 50 or more full-time and full-time equivalent employees in 2018?

(Aggregate related members)

No

You will not be subject to a shared responsibility payment.

Yes

2. Do you offer minimum essential coverage (MEC) to substantially all (95%) full-time employees (FTEs) and their children to age 26 (not spouses/domestic partners)?

(Disaggregate related members)

Yes

3. Does MEC offered to FTEs satisfy standards for both:
(1) affordability (employee-only contribution for plan $\leq 9.86\%^{**}$ of an employer affordability safe harbor or employee's household income), and
(2) minimum value (60%)?

Yes

4. Do you have any FTEs to whom you do not offer MEC?

No

You will not be subject to a shared responsibility payment.

No

Annually, you will pay:

$\$2,500 \times (\text{total \# FTEs} - \text{first 30 FTEs}^*)$

Applies if at least one FTE receives tax-subsidized benefits for exchange coverage.

\$2,500

**Non-offering
Employer Payment**

No

Annually, you will pay the lesser of:

$\$3,750 \times \text{FTEs receiving tax-subsidized benefits for exchange coverage}$

or

$\$2,500 \times (\text{total \# FTEs} - \text{first 30 FTEs}^*)$

\$3,750

**Offering
Employer Payment**

Yes

Notes

*Allocate the 30 FTEs across aggregated related members.

**For noncalendar year plans, use 9.56% until first day of plan year in 2019.

HOW DO YOU DETERMINE AFFORDABILITY OF EMPLOYER COVERAGE?

- Under the ACA, employer coverage is affordable to full-time employees if **lowest cost self-only coverage** providing minimum value is **9.86% (for 2019 plan years) or less of employee's household income** (9.56% for 2018 and 9.69% for 2017)
 - Employees offered affordable, minimum value coverage will not be eligible for subsidies
- Employers not offering full-time employees affordable coverage may be liable for employer shared responsibility penalties
- The obvious problem: **Employers don't know their employees' household incomes**
- IRS response: **Three safe harbors employers can use to establish affordability**
 - none of which are premised on actual household income

AFFORDABILITY SAFE HARBOR OPTIONS (ASSUMES CALENDAR YEAR PLAN)

Federal Poverty Line -(FPL)	W-2 Wages	Rate-of-Pay
<ul style="list-style-type: none">• Based on 9.86% (for 2019 plan year) of FPL for a single individual in the state where the employee is employed• Employers are permitted to use the poverty guidelines in effect within six months before the beginning of the plan year• See chart on next slide	<ul style="list-style-type: none">• Based on 9.86% (for 2019 plan year) of employee's wages reported in Box 1 of Form W-2 in the current year• Special method for employees who are not offered coverage the entire year• Employee-by-employee determination potentially complex	<ul style="list-style-type: none">• For hourly employees, based on 9.86% (for 2019 plan year) of pay rate times 130 hours (regardless of hours worked in the month)<ul style="list-style-type: none">– Use the lower of (i) employee's hourly rate as of first day of the coverage period or (ii) employee's lowest hourly pay rate during the calendar month• For salaried employees, based on 9.86% (for 2019) of actual monthly salary<ul style="list-style-type: none">– Can't use this safe harbor for any month following a reduction in salary

INDEXING OF ESR ASSESSMENTS AND SAFE HARBOR AFFORDABILITY PERCENTAGES

	2015	2016	2017	2018 ¹	2019 ¹
“Non-Offering” \$2,000 Assessment	\$2,080/year \$173/month	\$2,160/year \$180/month	\$2,260/year \$188/month	\$2,320/year \$193/month	\$2,500/year \$208/month
“Offering” \$3,000 Assessment	\$3,120/year \$260/month	\$3,240/year \$270/month	\$3,390/year \$282/month	\$3,480/year \$290/month	\$3,750/year \$312/month

ESR Safe-Harbor	2015	2016	2017	2018	2019
W-2	9.56%	9.66%	9.69%	9.56%	9.86%
Rate of Pay	9.56%	9.66%	9.69%	9.56%	9.86%
Federal Poverty Level	9.56% \$92.97/month (for CY plans)	9.66% \$94.74/month (for CY plans)	9.69% \$95.93/month (for CY plans)	9.56% \$96.07/month (for CY plans)	9.86% \$99.75/month (for CY plans)
	$(\$11,670 \times 9.56\%) / 12$	$(\$11,770 \times 9.66\%) / 12$	$(\$11,880 \times 9.69\%) / 12$	$(\$12,060 \times 9.56\%) / 12$	$(12,140 \times 9.86\%) / 12$

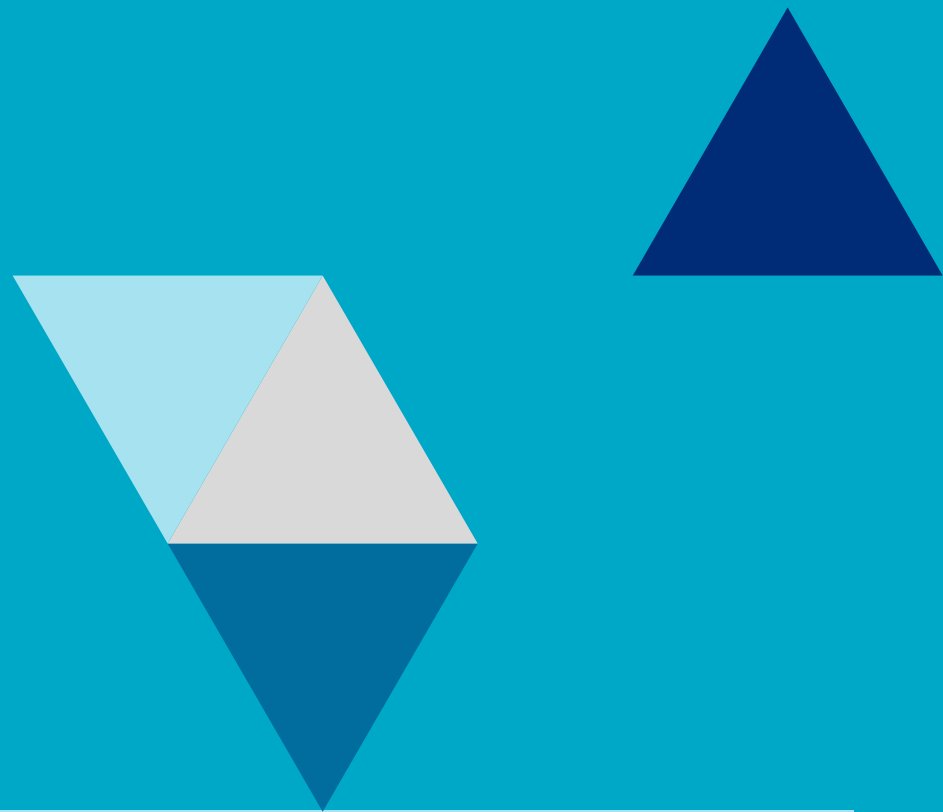
¹ Indexed assessments for 2018 and beyond will be posted on IRS website

FPL SAFE HARBOR OPTION FOR ESEBT

- Under the “Status Quo” employee contribution scenario, employee contributions for employee only coverage on the HSA plan would be \$119.99 per month for employees with an FTE classification of 0.75 and above
- To follow the FPL Safe Harbor for all full-time employees as defined under the ACA, averaging 30 hours a week in a given month, or FTE of 0.75 and above, those contributions would need to be reduced to \$99.75 per month
 - Based on enrollment of 26 employees¹ with an FTE of 0.75+ enrolled for employee only coverage on the HSA plan, this represents additional cost to the Trust of \$6,300

¹ 2017 census provided to Mercer

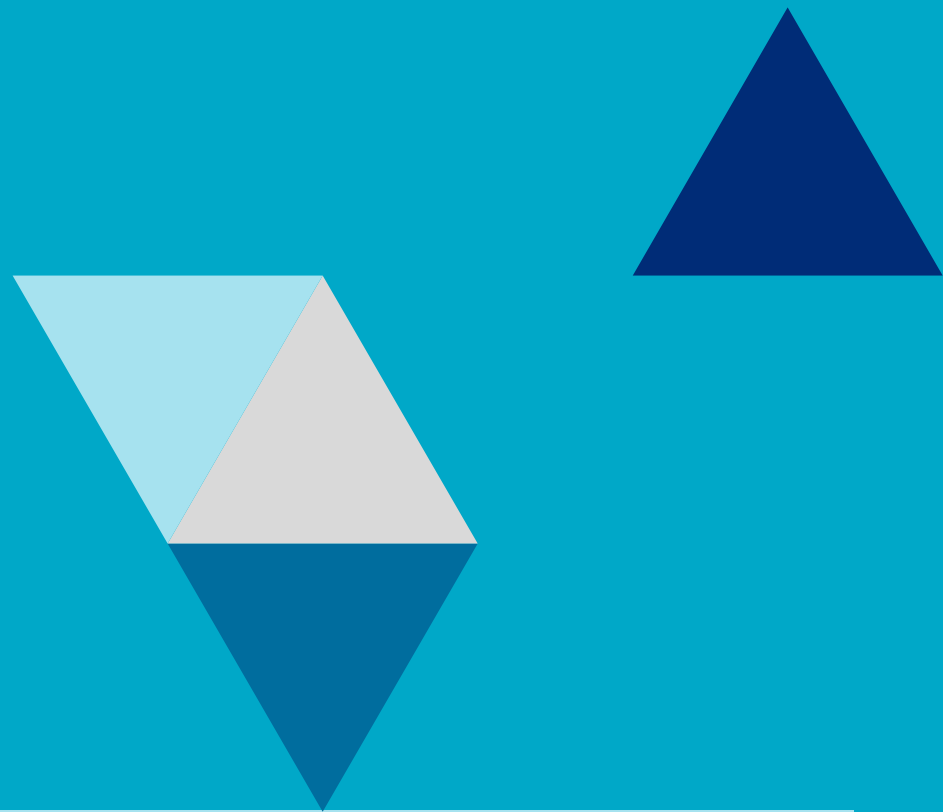
NEXT STEPS



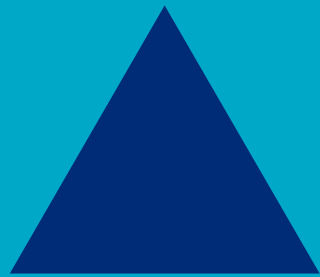
NEXT STEPS

- 1 FINALIZE PLAN DESIGN CHANGES
- 2 FINALIZE EMPLOYEE CONTRIBUTIONS
- 3 CONFIRM COVERAGE WITH VENDORS
- 4 DELIVER RATE SHEETS BEFORE OPEN ENROLLMENT

APPENDICES



2018 PLAN DESIGN FOR ALL COVERAGES



CURRENT MEDICAL PLANS

AETNA

Summary of Covered Medical Benefits Benefits Subject to Calendar Year Deductible, Unless Noted Otherwise						
Benefit	Kaiser Permanente Washington	Aetna CORE (Previously Option 4)	Aetna STANDARD (Previously Option 3)	Aetna TRADITIONAL (Previously Option 2)	Aetna CLASSIC (Previously Option 1)	Aetna SAVER + HSA (Previously Option 7)
		* The amount the plan pays for covered services is based on the usual, customary, and reasonable (UCR) amount. If a non-network provider charges more than the UCR amount, you may have to pay the difference. For example, if a non-network hospital charges \$1,500 for an overnight stay, and the UCR amount is \$1,000, you may have to pay the \$500 difference (this is balance billing).				
Calendar Year Deductible	None	In-Network: \$1,000 per person or \$3,000 per family *Out-of-Network: \$2,000 per person or \$6,000 per family (waived for office visits and in-network preventive care) There is a separate deductible for prescription drugs	Combined in-network and *out-of-network: \$300 per person or \$900 per family (waived for office visits, in-network preventive care and prescription drugs)	Combined in-network and *out-of-network: \$200 per person or \$600 per family (waived for office visits, in-network preventive care and prescription drugs)	In-Network: \$200 per person or \$600 per family *Out-of-Network: \$350 per person (waived for office visits, in-network preventive care and prescription drugs)	In-Network: \$1,500 individual or \$3,000 family *Out-of-Network: \$3,000 individual or \$6,000 family (waived for in-network preventive care)
Coinsurance	No plan coinsurance	In-Network: 80% *Out-of-Network: 50%	In-Network: 80% *Out-of-Network: 60%	In-Network: 80% *Out-of-Network: 60%	In-Network: 90% *Out-of-Network: 70%	In-Network: 80% *Out-of-Network: 50%
Annual Out-of-Pocket Maximum	\$2,000/person; \$4,000/family.	In-Network: \$4,000 per person or \$12,000 per family (includes deductible, coinsurance and copays) *Out-of-Network: Unlimited	Combined in-network and *out-of-network: \$2,750 per person or \$8,250 per family (includes deductible, coinsurance and copays)	Combined in-network and *out-of-network: \$1,500 per person or \$4,500 per family (includes deductible, coinsurance and copays)	In-Network: \$500 per person/\$1,500 family (includes deductible, coinsurance and copays) *Out-of-Network: Unlimited	In-Network: \$4,000 individual or \$8,000 family (includes deductible, coinsurance and copays) *Out-of-Network: Unlimited
Office Visit Copays / Coinsurance	Your copay for most office visits is \$15/visit.	In-Network: \$15 *Out-of-Network: 50%	In-Network: \$30 *Out-of-Network: \$40	In-Network: \$25 *Out-of-Network: \$30	In-Network: \$15 *Out-of-Network: 70%	In-Network: 80% *Out-of-Network: 50%
Ambulance	80% for emergency ground/air transport and for nonemergency ground/air interfacility transfers; 100% for hospital to hospital ground transfers.	80%	80%	80%	\$50 copay after deductible	80%
Diagnostic X-ray & Lab	100%.	In-Network: Not subject to deductible. Minor diagnostic: 100% Major diagnostic: 80% *Out-of-Network: 50%	In-Network: 80% *Out-of-Network: 60%	In-Network: 80% *Out-of-Network: 60%	In-Network: 90% *Out-of-Network: 70%	In-Network: 80% *Out-of-Network: 50%
Emergency Room	Emergency room care at GH-designated facilities subject to a \$100 copay/visit. Copay is waived if admitted directly to the hospital from the emergency department. Emergency care at non-GH-designated facilities subject to a \$100 copay (waived if admitted); if admitted, requires notification to GH within 24 hours of admission.	\$100 copay; waived if admitted In-Network: 80% *Out-of-Network: 80% (medical emergencies are always paid at the in-network benefit levels)	\$100 copay; waived if admitted In-Network: 80% *Out-of-Network: 80% (medical emergencies are always paid at the in-network benefit levels)	\$75 copay; waived if admitted In-Network: 80% *Out-of-Network: 80% (medical emergencies are always paid at the in-network benefit levels)	\$50 copay; waived if admitted In-Network: 90% *Out-of-Network: 90% (medical emergencies are always paid at the in-network benefit levels)	In-Network: 80% *Out-of-Network: 80% (medical emergencies are always paid at the in-network benefit levels)
Outpatient Surgery	100% after \$15 copay/visit.	In-Network: 80% *Out-of-Network: 50%	In-Network: 80% \$150 outpatient surgery copay *Out-of-Network: 60%	In-Network: 80% \$100 outpatient surgery copay *Out-of-Network: 60%	In-Network: 90% *Out-of-Network: 70%	In-Network: 80% *Out-of-Network: 50%

2018 DENTAL BENEFIT CHART

DELTA DENTAL OF WA PLAN C AND WILLAMETTE PLAN 1 (FULLY-INSURED)

Coverage	Delta Dental of WA	Willamette
Deductible	None	None
Annual Maximum	\$2,000/ \$1,750	Unlimited
Class I – Diagnostic & Preventive	100%	100% after \$15 copay
Class II – Restorative <ul style="list-style-type: none"> Restorations, Endodontics, Periodontics, Oral Surgery 	80%	100% after \$15 copay
Class II – Crowns & Onlays	50%	100% after \$15 copay per visit; additional \$50 copay for crowns
Class III – Major <ul style="list-style-type: none"> Dentures, Partials, Bridges, and Implants 	50%	100% after \$15 copay per visit; additional \$50 procedural copay
TMJ – Surgical and Nonsurgical <ul style="list-style-type: none"> Annual maximum Lifetime maximum 	50% \$1,000 \$5,000	100% \$1,000 \$5,000
Orthodontia	Not covered	Enhanced to provide greater discounts on orthodontia services
Rates (PEPM)	\$83.30	\$78.40

2018 VISION BENEFIT CHART

METLIFE VISION PLAN

Coverage	Metlife
Copay Amounts <ul style="list-style-type: none"> • Exam 	\$5
Exam once every calendar year after copay	Paid in full
Eyeglass lenses (pair) once every calendar year <ul style="list-style-type: none"> • Single vision • Bifocal • Trifocal • Lenticular • Continuous blend • Lens tinting, coating, or oversize 	Paid in full Paid in full Paid in full Paid in full Paid in full after copay Paid in full after copay
Frames	Covered up to \$130 allowance (up to \$70 at Costco) Once every 12 months
Contact lenses (in lieu of frames and eyeglass lenses)	Covered up to \$130 allowance Once every 12 months
Rate (PEPM)	\$15.92

2018 OTHER BENEFIT CHARTS

Magellan (Service Contract) Employee Assistance Plan

Coverage	Benefits
Employee Assistance Plan	One to five visits (per issue) model, up to 25 hours of critical incident stress management (i.e., group sessions for affected employees following a traumatic event) and up to six training/service hours

UNUM (Fully-Insured) Long Term Care

Coverage	Benefits
Covered Benefits	\$1,000 to \$3,500 monthly benefit for nursing home care, as pre-selected by the participant, and 50% of the facility benefit for home and community-based care
Waiting Period	60 days
Benefit Maximum	Plan benefits are capped through a “pool” of dollars equivalent to three or five years (36 or 60 months) times the monthly facility benefit

2018 OTHER BENEFIT CHARTS

METLIFE (FULLY-INSURED)

Life Insurance Programs

Coverage	Benefits
Basic Life & AD&D	\$50,000 ¹
Supplemental Life	
• Employee	\$10,000 units up to five times basic annual earnings to a maximum of \$250,000
• Spouse	One-half employee supplemental life coverage
• Child(ren)	\$2,000 each

¹ The Life and AD&D benefits amounts reduce 35% at age 65, and additional 20% of the original amount at age 70, an additional 15% of the original amount at age 75 and an additional 10% of the original amount at age 80

2018 OTHER BENEFIT CHARTS

METLIFE (FULLY-INSURED)

Long-Term Disability Coverage

Coverage	Benefits
Benefit Waiting Period	90 days of continuous total disability
LTD Benefit	66 2/3% of basic monthly earnings
Maximum LTD Benefit	\$8,000 before reduction by deductible income
Minimum LTD Benefit	\$100 or 10% of LTD benefits before reduction by deductible income, whichever is greater
Benefit Duration (based on age at beginning of total disability) <ul style="list-style-type: none"> • Under age 60 • Age 60 through Age 64 • Age 65 through Age 69 • Age 70 and over 	<ul style="list-style-type: none"> • To age 65 • 5 years • To age 70 • 1 year
Return to Work Provision	50% reduction after 12 months
Survivor Benefits	Three times monthly benefit
Limitations	24 months for mental illness, alcoholism and drug abuse

2018 OTHER BENEFIT CHARTS

METLIFE (FULLY-INSURED)

Voluntary Short-Term Disability Coverage

Coverage	Benefits
Benefit Waiting Period	14 days (other waiting periods apply if not enrolled when first eligible)
STD Benefit	66 2/3% of pre-disability earnings
Maximum STD Benefit	\$600/week
Minimum STD Benefit	\$15/week

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