

HEALTH WEALTH CAREER

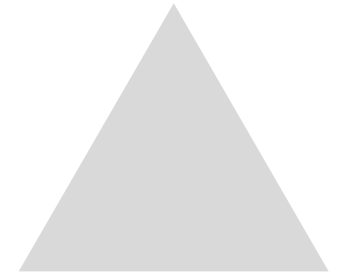
# EVERETT SCHOOL EMPLOYEE BENEFIT TRUST

## 2018 RENEWAL REPORT

AUGUST 23, 2017

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Seattle



MAKE TOMORROW, TODAY



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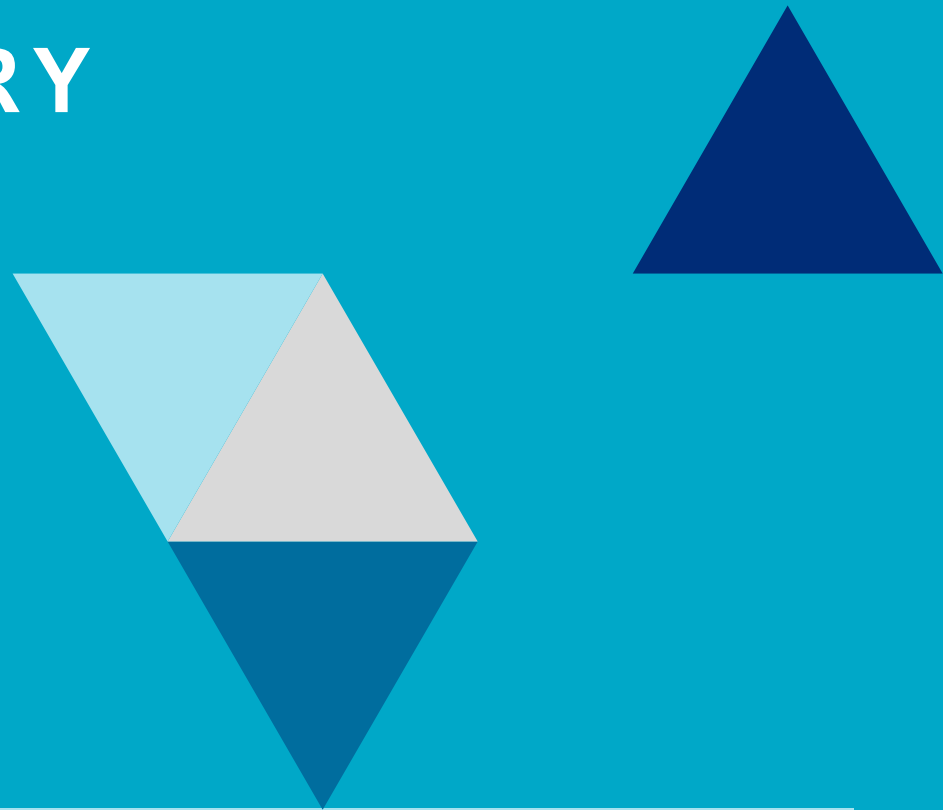
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# EXECUTIVE SUMMARY



# EXECUTIVE SUMMARY

## INTRODUCTION

### Funding Status

- Projected 2018 deficit of \$2.5M if no changes made
- Leads to projected year-end reserve of \$3.4M; 1.3 months of expense
- Mercer prepared alternate scenarios which yield 1.5 and 2.0 months of expense coverage

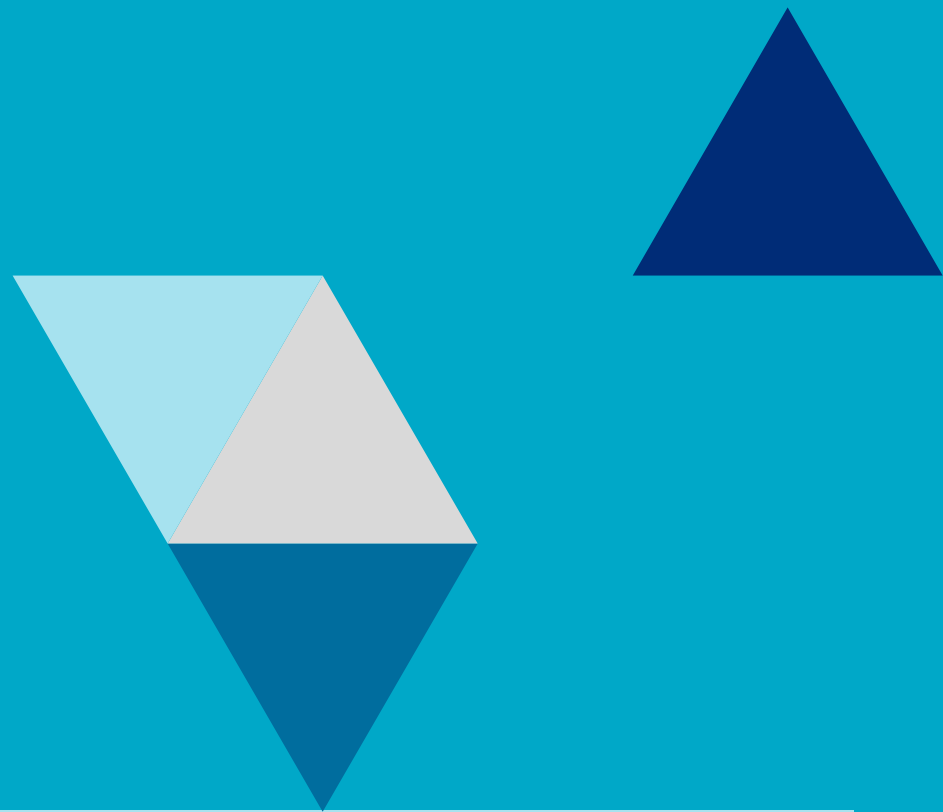
### Affordability Analysis

- 2018 CDH contributions will be unaffordable in accordance with ACA employer-shared responsibility
- Trust has multiple options:
  - Maintain current Structure
  - Adjust Contribution to be affordable for all full time employees
  - Introduce a new minimum plan that is affordable for all full time employees

### Dental RFP

- Mercer requested dental quotes from MetLife, Ameritas, and Cigna
- Cigna was the only carrier to quote
- Moving dental away from the WEA will allow the trust to implement employee contributions

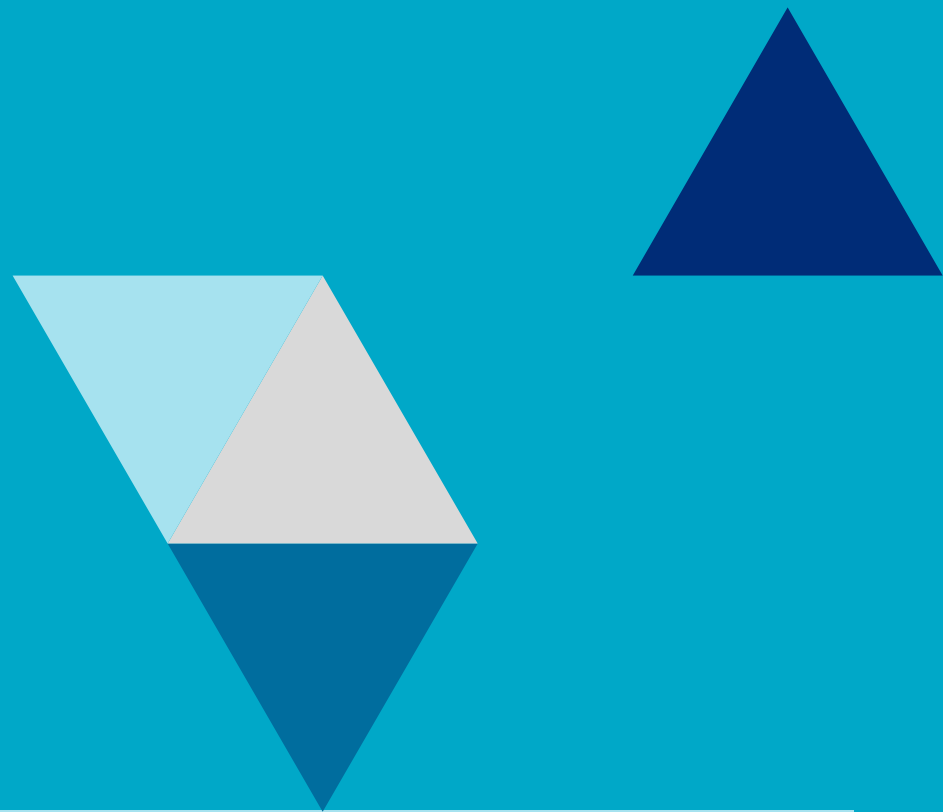
# 2018 RENEWAL SUMMARY



# 2018 RENEWAL SUMMARY

COVERAGE	FUNDING	VENDOR	2017 RENEWAL	2018 RENEWAL	GUARANTEE PERIOD
Medical	Fully-Insured	Aetna	-2.8%	+15.0%	January 1, 2018 – December 31, 2018
Dental	Fully-Insured	WEA <ul style="list-style-type: none"> <li>• Delta Dental WA</li> <li>• Willamette Dental</li> </ul>	PPO: 1.5% HMO: No Change	PPO: 2.0% HMO: Rate Pass	November 1, 2018 – October 31, 2018
Vision	Fully-Insured	MetLife	+0%	+0%	January 1, 2018 – December 31, 2018
HMO Medical	Fully-Insured	Kaiser WA	+5.6%	-0.3%	January 1, 2018 – December 31, 2018
Basic Life and AD&D	Fully-Insured	MetLife	+0%	+25.4%	January 1, 2018 – December 31, 2020
Supplemental Life	Fully-Insured	MetLife	+0%	+0%	
Long-Term Disability	Fully-Insured	MetLife	+27.4%	+38.5%	January 1, 2018 – December 31, 2018
Voluntary Short-Term Disability	Fully-Insured	MetLife	+0%	-10.0%	January 1, 2018 – December 31, 2018
EAP	Service Contract	Magellan	+0%	-9.1%	January 1, 2018 – December 31, 2020
Voluntary Long Term Care	Fully-Insured	Unum	+25.0%	+20.0%	January 1, 2018 – December 31, 2018
Health Programs	Service Contract	Alere	+0%	+0%	January 1, 2018 – December 31, 2018

# 2018 RENEWAL RESULTS



# RENEWALS

## MEDICAL PLANS

### Aetna

- Rate Action: **15.0%**
  - Aetna's required rate change was 20%, before applying the cap
- Aetna calculated a loss ratio of 105%
- Behavioral Health Plan Enhancement and \$25,000 Wellness Budget are included in the renewal

### Alternative Strategies

- Eliminating the Classic Plan
  - Gross plan savings are \$158,000
  - Due to lost contributions, eliminating classic would **cost** the trust \$20,000 in 2018

	1/1/2017-12/31/2017	1/1/2018-12/31/2018 PROJECTED	
<b>AETNA CLASSIC</b>			
• Employee Only	\$1,132.76	\$1,302.67	15.0%
• Employee / Spouse	\$2,073.01	\$2,383.96	15.0%
• Employee / Children	\$1,512.26	\$1,739.10	15.0%
• Employee / Family	\$2,485.32	\$2,858.12	15.0%
<b>AETNA TRADITIONAL</b>			
• Employee Only	\$942.51	\$1,083.89	15.0%
• Employee / Spouse	\$1,724.83	\$1,983.55	15.0%
• Employee / Children	\$1,258.26	\$1,447.00	15.0%
• Employee / Family	\$2,067.89	\$2,378.07	15.0%
<b>AETNA STANDARD</b>			
• Employee Only	\$843.48	\$970.00	15.0%
• Employee / Spouse	\$1,543.62	\$1,775.16	15.0%
• Employee / Children	\$1,126.06	\$1,294.97	15.0%
• Employee / Family	\$1,850.64	\$2,128.24	15.0%
<b>AETNA CORE</b>			
• Employee Only	\$598.69	\$688.49	15.0%
• Employee / Spouse	\$1,095.64	\$1,259.99	15.0%
• Employee / Children	\$799.25	\$919.14	15.0%
• Employee / Family	\$1,313.55	\$1,510.58	15.0%
<b>AETNA SAVER</b>			
• Employee Only	\$468.18	\$538.41	15.0%
• Employee / Spouse	\$856.79	\$985.31	15.0%
• Employee / Children	\$625.02	\$718.77	15.0%
• Employee / Family	\$1,027.20	\$1,181.28	15.0%
<b>Estimated Yearly Cost</b>	<b>\$15.36M</b>	<b>\$17.67M</b>	<b>15.0%</b>

# RENEWALS — MEDICAL HMO PLAN

## Kaiser Permanente Washington— HMO Plan (Fully-Insured)

- Rate action: **-0.3%**

TIER/COST	ACTIVE ENROLLMENT	2017 MONTHLY RATES	PROPOSED 2018 RATES
Employee	247	\$864.85	\$862.56
Employee + Spouse	95	\$1,634.57	\$1,630.24
Employee + Child(ren)	105	\$1,193.49	\$1,190.34
Employee + Family	132	\$1,954.56	\$1,949.39
<b>Annual Total</b>		<b>\$9,026,646</b>	<b>\$9,002,763</b>
<b>\$ Increase Over Current</b>			<b>(\$23,883)</b>
<b>% Increase Over Current</b>			<b>-0.3%</b>

# RENEWALS — WEA SELECT BENEFIT PLANS

## DENTAL PLANS

### WEA Delta Dental of WA Plan C (Fully Insured)

- Rate action: **-2.0%**
  - Effective November 1, 2017

### WEA Willamette Dental Plan (Fully Insured)

- Rate action: **0.0%**
- Willamette dental will now cover composite fillings on any tooth
- New location in Everett opening in late 2017

PLAN	ACTIVE ENROLLMENT	2016-2017 RATES	2017-2018 RATES
Delta Dental of WA	1,529	\$83.30	\$81.60
Willamette	707	\$78.40	\$78.40
<b>Total Projected Annual Cost</b>		<b>\$2,193,534</b>	<b>\$2,162,342</b>
<b>\$ Increase/(Decrease) Over Current</b>			<b>\$(31,193)</b>
<b>% Increase/(Decrease) Over Current</b>			<b>-1.4%</b>

# RENEWALS — LIFE, AD&D AND SUPPLEMENTAL LIFE

## MetLife (Fully-Insured)

- Basic Life and Accidental Death & Dismemberment:
  - Rate action: **25.0%**
  - In five-year analysis, the plan is running at a loss ratio of 160%
    - Only one year of experience in 2013 under a 100% loss ratio
  - MetLife's proposal includes a three-year rate guarantee through December 31, 2020
  - Mercer reviewed MetLife's analysis and credibility calculations and agree with their conclusion on the renewal increase

COVERAGE	ENROLLMENT	2017 RATES	2018 RATES
Combined Life and AD&D Composite Rate	1,945	\$5.90 PEPM	\$7.40 PEPM
Annual Cost <sup>1</sup>		\$137,706	\$172,716
\$ Increase over Current			\$35,010
% Increase over Current			25.0%

<sup>1</sup> 2017 annual cost based on actual trust premium expenses through July; 2018 costs based on PEPM \* enrollment

# RENEWALS — LIFE, AD&D AND SUPPLEMENTAL LIFE

## MetLife (Fully-Insured)

- Supplemental Life:
  - Rate action: **0.0%**

AGE RANGE	2017 RATE (PER \$1,000)	2018 RATE (PER \$1,000)
Under 30	\$0.06	55 – 59
30 – 34	\$0.08	60 – 64
35 – 39	\$0.09	65 – 69
40 – 44	\$0.13	70 – 74
45 – 49	\$0.22	75 and Over
50 – 54	\$0.37	Child(ren)
55 – 59	\$0.63	
60 – 64	\$0.84	
65 – 69	\$1.29	
70 – 74	\$2.06	
75 and Over	\$3.34	
Child(ren)	\$0.27 per employee	
Annual Cost <sup>1</sup>	\$171,573	\$171,573
\$ Increase over Current		\$0
% Increase over Current		0.0%

<sup>1</sup> Based on premiums received through July 2017, annualized

# RENEWALS — LTD

## MetLife (Fully-Insured)

- Long-Term Disability:
  - Rate Action: **38.5%**
  - Experience worse than expected — 140% loss ratio over the last 24 mature months
  - Mercer reviewed and believe the renewal is fair based on plan experience
    - Still room to negotiate based on MetLife's reserve level and IBNR

COVERAGE	ENROLLMENT	2017 RATES	2018 RATES
Long Term Disability Rate	2,071	\$20.72	\$28.69
Annual Cost		\$513,511	\$713,004
\$ Increase over Current			\$199,493
% Increase over Current			38.5%

# RENEWALS — STD

## MetLife (Fully-Insured)

- Voluntary Short-Term Disability:
  - Rate Action: **-10.0%**
  - MetLife's proposal includes a three-year rate guarantee through December 31, 2020
  - Mercer is asking for a larger rate decrease to help offset the increases in LTD rates

COVERAGE	2017 RATES	2018 RATES
Voluntary Short Term Disability	\$ 0.72	\$ 0.65
Annual Cost	\$97,900	\$88,877
\$ Increase over Current		(\$9,023)
% Increase over Current		(10%)

# RENEWALS — OTHER PROGRAMS

## Magellan Employee Assistance Plan (Service Contract)

- Offered three-year rate guarantee through December 31, 2020

COVERAGE	PEPM 2017 RATE	PEPM 2018 RATE
EAP	\$1.65	\$1.50
Annual Cost <sup>1</sup>	\$22,786	\$20,714
\$ Increase Over Current		\$(2,071)
% Increase Over Current		-9.1%

## UNUM Long Term Care Plan (Fully-Insured)

- UNUM provides LTC coverage to Trust employees on a voluntary basis
- UNUM has filed for a 20% increase in 2018

COVERAGE	PEPM 2017 RATE	PEPM 2018 RATE
Annual Cost <sup>1</sup>	\$10,315	\$12,462
\$ Increase Over Current		\$2,147
% Increase Over Current		20%

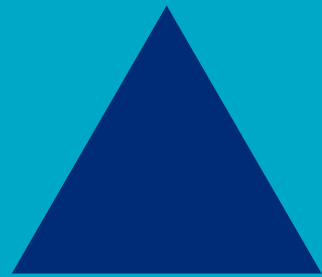
<sup>1</sup> Based on premiums received through July 2017, annualized

# RENEWALS — OTHER PROGRAMS

## Alere Health Programs (Service Contract)

- No rate changes through December 31, 2018
- Rate stays consistent at \$375 per participant
- 2017 has only seen one participant in the program

# LEGISLATIVE UPDATE

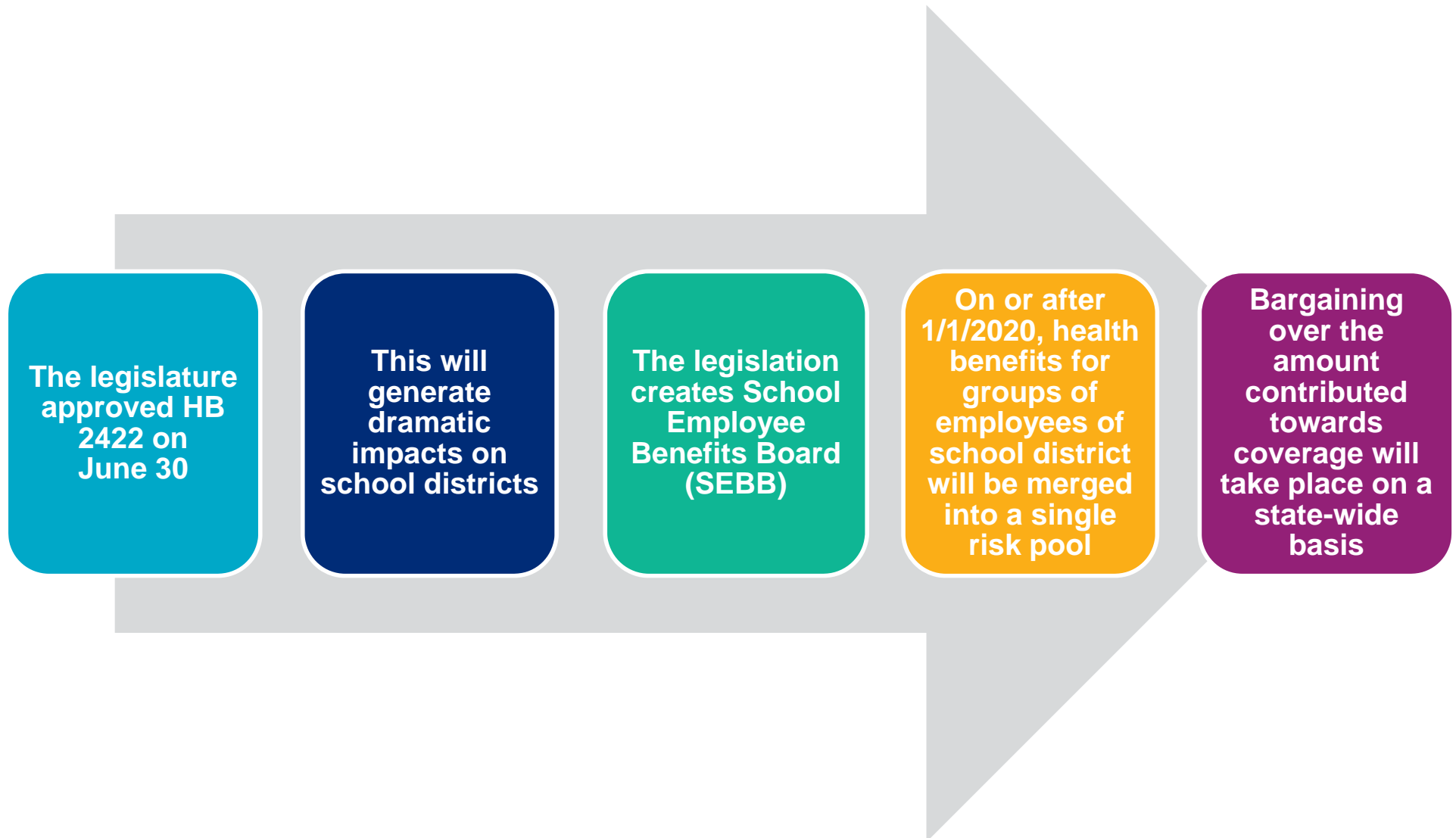


# ESSB 5940 UPDATE

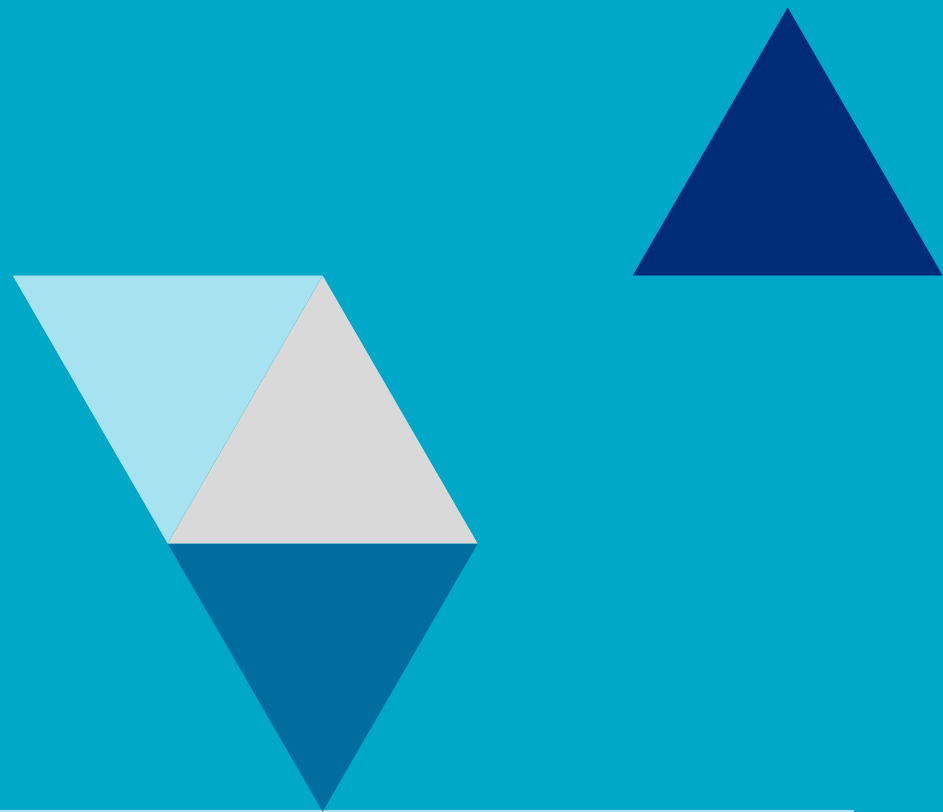
- The table below lists some of the primary requirements of ESSB 5940, the current status for the plans offered by ESEBT, and potential next steps

REQUIREMENT	CURRENT STATUS	NEXT STEPS
<ul style="list-style-type: none"> <li>Offer a plan with high deductible and health savings account</li> </ul>	<ul style="list-style-type: none"> <li>With the carve-out from WEA, ESEBT will continue to offer an HSA-eligible HDHP through Aetna</li> </ul>	<ul style="list-style-type: none"> <li>Ensure compliance</li> </ul>
<ul style="list-style-type: none"> <li>Offer a plan with full-time premium the same as that for state employees (15% FT contribution)</li> </ul>	<ul style="list-style-type: none"> <li>The plan with the lowest employee premium cost share (Kaiser Permanente WA HMO) ranges between 18% and 22%</li> <li>OSPI has not updated what the current target is</li> </ul>	<ul style="list-style-type: none"> <li>Consider this requirement when making ESEBT subsidy decisions for 2018</li> </ul>
<ul style="list-style-type: none"> <li>Must make progress toward more affordable full family insurance coverage; ratio of 3:1</li> </ul>	<ul style="list-style-type: none"> <li>All current ratios are within the accepted range (between 2.5 &amp; 2.85)</li> </ul>	<ul style="list-style-type: none"> <li>Maintain compliance</li> </ul>
<ul style="list-style-type: none"> <li>Each K-12 public school employee pays a minimum premium charge</li> </ul>	<ul style="list-style-type: none"> <li>All plans require a contribution</li> </ul>	<ul style="list-style-type: none"> <li>Determine whether current contributions are an appropriate "minimum contribution"</li> </ul>
<ul style="list-style-type: none"> <li>Employee premiums are structured to ensure that employees who select richer benefit plans pay the higher premium</li> </ul>	<ul style="list-style-type: none"> <li>Current contribution structure is in compliance</li> </ul>	<ul style="list-style-type: none"> <li>Maintain compliance</li> </ul>
<ul style="list-style-type: none"> <li>Follow responsible contracting standards and open competitive bidding</li> </ul>	<ul style="list-style-type: none"> <li>ESEBT conducted competitive marketing bids for their 2015 medical, dental, vision, life and disability coverages, a</li> </ul>	<ul style="list-style-type: none"> <li>Continue to ensure that programs in place are cost effective and delivering market competitive value</li> </ul>
<ul style="list-style-type: none"> <li>Promote health care innovation and cost savings and significantly reduce administrative expense</li> </ul>	<ul style="list-style-type: none"> <li>Wellness program can provide progress toward this requirement</li> </ul>	<ul style="list-style-type: none"> <li>Consider additional means of improving health of members</li> </ul>

# HB 2422 UPDATE



# TRUST FINANCIAL PROJECTIONS



# 2018 BUDGET — STATUS QUO %

	Estimated Income								1/1/2019 - 12/31/2019 Projection	
	PEPM or Mo. Sum	1/1/2017 - 12/31/2017 Actual No. of Benefit FTEs	No. of Months	Estimated Total	PEPM or Mo. Sum	1/1/2018 - 12/31/2018 Projection No. of Benefit FTEs	Number of Months	Estimated Total	Assumed % Change	Estimated Total
Employer Contributions	\$786.67 <sup>2</sup>	2,135 <sup>1</sup>	12	\$20,308,417	\$823.33 <sup>(2)</sup>	2,135 <sup>1</sup>	12	\$21,091,152	0%	\$21,091,152
Additional Supplemental District Contribution <sup>3</sup>				\$0 <sup>3</sup>				\$0	0%	\$0
Employee Contributions	n/a	n/a		\$6,449,933 <sup>4</sup>				\$7,075,724 <sup>4</sup>	10%	\$7,783,296
Investment Income <sup>5</sup>				<u>\$99,240</u>				<u>\$99,240</u>	0%	<u>\$99,240</u>
<b>Total Estimated Revenues</b>				<b>\$26,857,590</b>				<b>\$28,266,116</b>		<b>\$28,973,688</b>
	Estimated Expenses								1/1/2019 - 12/31/2019 Projection	
	YTD Actual 1/1/17-7/31/17	1/1/2017 - 12/31/2017 Actual PEPM or Mo. Sum	No. of Employees <sup>1</sup>	Estimated Total	PEPM or Mo. Sum	1/1/2018 - 12/31/2018 Projection No. of Employees <sup>1</sup>	Number of Months	Estimated Total	Assumed % Change	Estimated Total
Aetna Medical Premiums	\$ 8,910,661	n/a <sup>1</sup>	1,135	\$ 15,311,058	\$ 1,297.00	1,135	12	\$ 17,665,092	8%	\$19,078,300
Kaiser Permanente Washington Medical Premiums <sup>6</sup>	\$ 5,222,739	\$ 1,293.01 <sup>1</sup>	579	\$ 8,983,842	\$ 1,295.73	579	12	\$ 9,002,763	10%	\$9,903,039
Delta Dental Premiums	\$ 891,726	\$ 83.30 <sup>1</sup>	1,529	\$ 1,523,356	\$ 81.60	1,529	12	\$ 1,497,197	5%	\$1,572,057
Willamette Dental Premiums	\$ 381,573	\$ 78.40 <sup>1</sup>	707	\$ 658,717	\$ 78.40	707	12	\$ 665,146	5%	\$698,403
MetLife Life / AD&D Premiums	\$ 79,674	\$ 5.90 <sup>1</sup>	1,945	\$ 137,052	\$ 7.40	1,945	12	\$ 172,716	0%	\$172,716
MetLife Voluntary Term Life Premiums	\$ 93,003	\$ 15,714.15 <sup>1</sup>	n/a	\$ 171,573	\$ 15,714.15	n/a	12	\$ 188,570	0%	\$188,570
MetLife Vision	\$ 246,044	\$ 15.92 <sup>1</sup>	2,219	\$ 421,789	\$ 15.92	2,219	12	\$ 423,918	0%	\$423,918
MetLife LTD Premiums	\$ 298,956	\$ 20.72 <sup>1</sup>	2,071	\$ 513,511	\$ 28.69	2,071	12	\$ 713,004	0%	\$713,004
MetLife Voluntary STD Premiums	\$ 56,753	\$ 8,229.31 <sup>1</sup>	n/a	\$ 97,900	\$ 7,406.38	n/a	12	\$ 88,877	0%	\$88,877
UNUM Voluntary LTC Premiums	\$ 5,988	\$ 865.40	n/a	\$ 10,315	\$ 865.40	n/a	12	\$ 10,385	10%	\$11,424
Quit for Life Tobacco Cessation (Alere)	\$ 408	\$ 375.00	1	\$ 408	\$ 375.00	1	12	\$ 408	0%	\$408
Magellan EAP	\$ 9,494	\$ 1.65	n/a	\$ 22,786	\$ 1.50	n/a	12	\$ 20,714	5%	\$21,750
Weight Watchers	\$ 4,224	n/a	n/a	\$ 10,138	n/a	n/a	n/a	\$ 10,138	0%	\$10,138
ESEBT Administration <sup>7</sup>	\$ 53,403	n/a	n/a	\$ 100,007	n/a	n/a	n/a	\$ 103,007	3%	\$106,098
Wellness Budget	\$ 50,978	n/a	n/a	\$ 122,347	n/a	n/a	n/a	\$ 122,347	0%	\$122,347
Mercer Consulting Fee	\$ 12,382	n/a	n/a	\$ 29,717	n/a	n/a	n/a	\$ 45,000	0%	\$45,000
Investment Consulting Fee	\$ 4,375	n/a	n/a	<u>\$ 10,500</u>	n/a	n/a	n/a	<u>\$ 10,500</u>	0%	<u>\$10,500</u>
<b>Total Estimated Expenses</b>				<b>\$ 28,125,015</b>				<b>\$ 30,739,783</b>		<b>\$ 33,166,548</b>
<b>Estimated Surplus / (Deficit)</b> (based on estimated/current enrollment)				<b>\$ (1,267,425)</b>				<b>\$ (2,473,666)</b>		<b>\$ (4,192,859)</b>
				<b>2017</b>				<b>2018</b>		<b>2019</b>
<b>Unallocated reserve at December 31<sup>8</sup></b>				<b>\$ 5,868,390</b>				<b>\$ 3,394,724</b>		<b>\$ (798,135)</b>
Months of expenses				2.5				1.3		(0.3)

## Notes:

<sup>1</sup> Enrollment based on July 2017 summary of Payments to Carriers from ESEBT

<sup>2</sup> Provided by AonHewitt based on a conversation with the WEA lobbyist

<sup>3</sup> Assumes no additional Supplemental District Contribution

<sup>4</sup> Employee contribution excludes COBRA

<sup>5</sup> Based on investment earnings of reserve through May; Stated on ESEBT Statement of Operations and Fund Balance

<sup>6</sup> Based on Kaiser Permanente of Washington renewal effective January 1, 2018 (0.03% decrease)

<sup>7</sup> Based on administrative expenses from January through May 2017 annualized from ESEBT Statement of Operations and Fund Balance. Assumes an increase of 3% for 2018

<sup>8</sup> Based on a year end fund balance at 12/31/2016 of \$7,135,815

# SUMMARY OF CONTRIBUTION SCENARIOS

## EMPLOYER SUBSIDY PERCENTAGES

SCENARIO	DESCRIPTION
Scenario SQ %	All EE contribution % of premium remain the same as the 2017 plan year
Scenario 1	Eliminate Classic Plan, all contribution strategies remain status quo
Scenario 2	Eliminate Classic Plan, reduce subsidies to end 2018 with a projected reserve equal to 1.5 months of expenses
Scenario 3	Eliminate Classic Plan, reduce subsidies to end 2018 with a projected reserve equal to 2.0 months of expenses

	STATUS QUO (FLAT %)	SCENARIO 1	SCENARIO 2	SCENARIO 3
Aetna — Employee <sup>1</sup>	78%	78%	78%	74%
Aetna — Dependent <sup>1</sup>	69%	69%	69%	63%
<b>Aetna — Contribution Increase over Current</b>	<b>+15%</b>	<b>+15%</b>	<b>+16%</b>	<b>+37%</b>
Kaiser Permanente — Employee	81%	81%	78%	74%
Kaiser Permanente — Dependent	73%	73%	68%	62%
<b>Kaiser Permanente — Contribution Increase over Current</b>	<b>-0.3%</b>	<b>-0.3%</b>	<b>+16%</b>	<b>+37%</b>
<b>2018 Estimated Reserve</b>	<b>1.3</b>	<b>1.3</b>	<b>1.5</b>	<b>2.0</b>
2019 Estimated Reserve	(0.3)	(0.3)	(0.0)	0.9

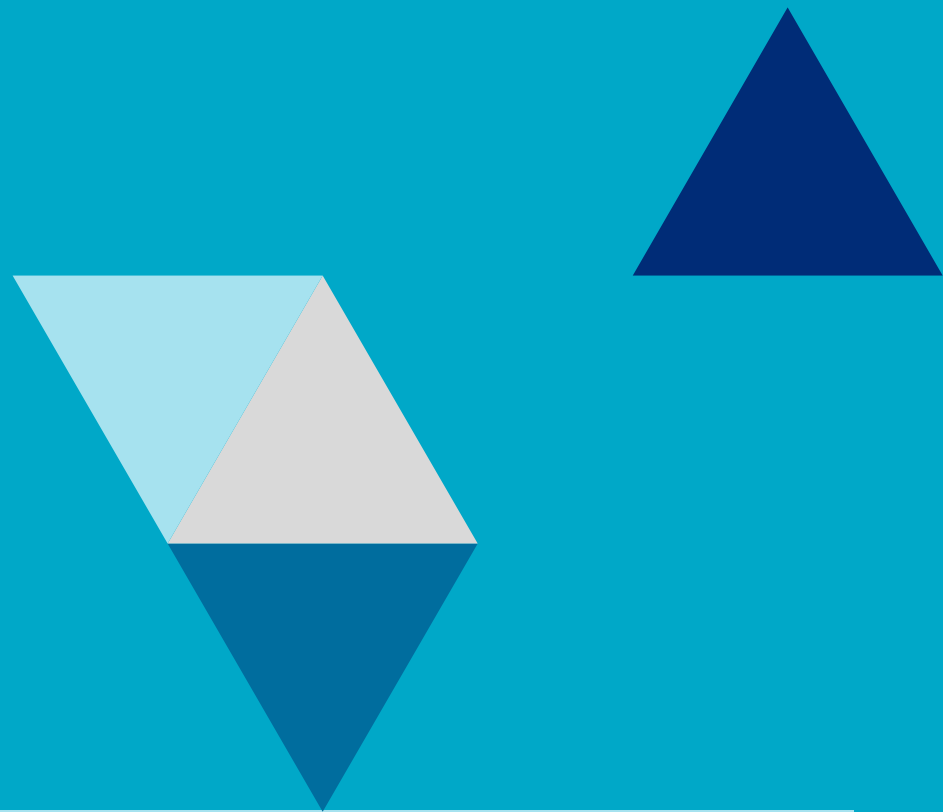
<sup>1</sup> Aetna Core Plan Only, Classic and Traditional are buy up plans.

# BASELINE RATE SUMMARY

## MEDICAL PLANS

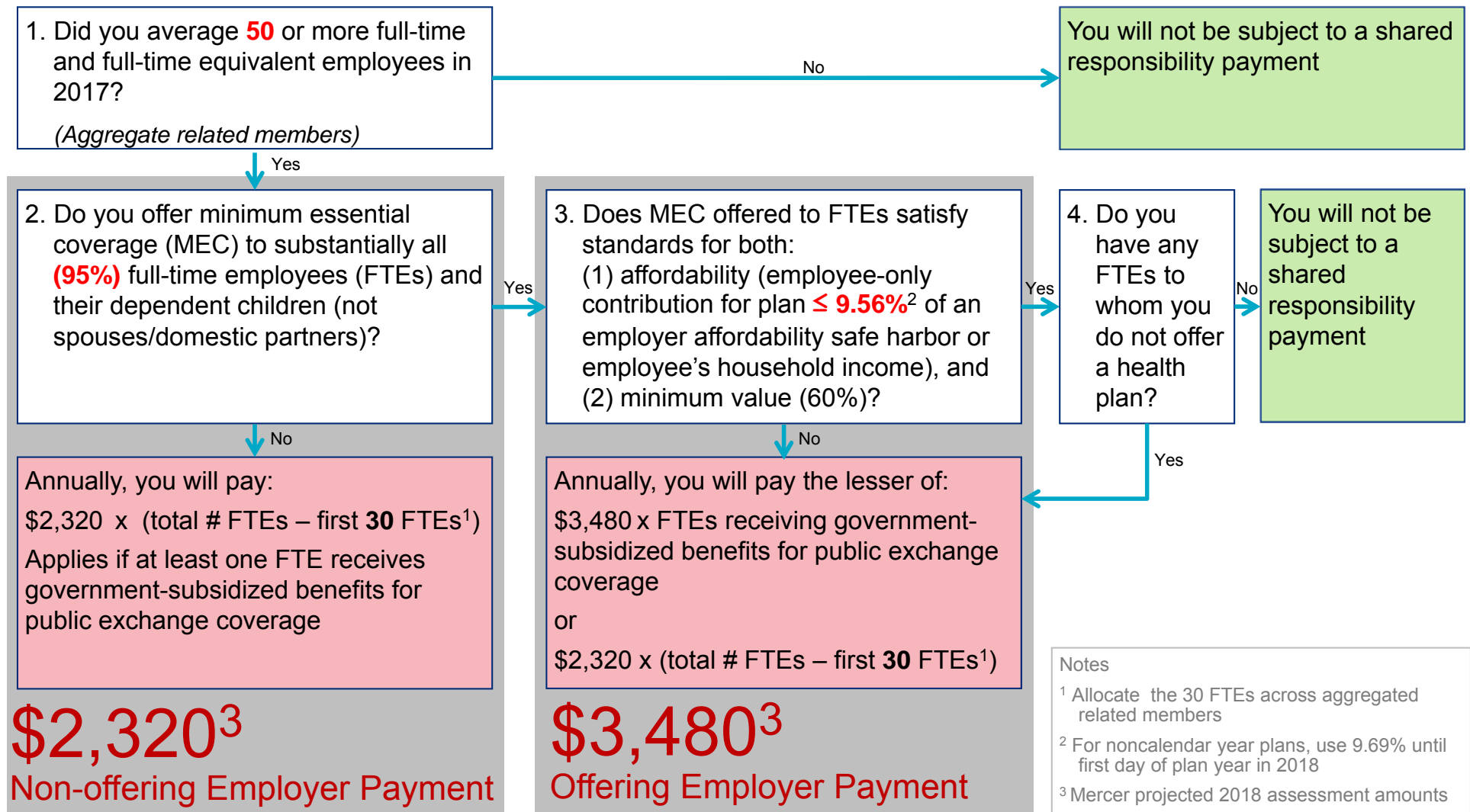
2018 Employee Contribution Exhibit - Scenarios									
2017 Contributions		2018 Contribs SQ		2018 Scenario 1 -		2018 Scenario 2 -		2018 Scenario 3 -	
		(Flat %)	% Inc	Eliminate Classic Plan	% Inc	Eliminate Classic; 1.5 months	% Inc	Eliminate Classic; 2 months	% Inc
Aetna Saver + HSA									
Employee Only	\$94.94	\$109.18	15.0%	\$109.18	15.0%	\$110.13	16.0%	\$130.07	37.0%
Employee / Spouse	\$205.98	\$236.88	15.0%	\$236.88	15.0%	\$238.94	16.0%	\$282.20	37.0%
Employee / Children	\$139.75	\$160.71	15.0%	\$160.71	15.0%	\$162.11	16.0%	\$191.46	37.0%
Employee / Family	\$254.68	\$292.88	15.0%	\$292.88	15.0%	\$295.42	16.0%	\$348.91	37.0%
Aetna Core									
Employee Only	\$130.75	\$150.36	15.0%	\$150.36	15.0%	\$151.67	16.0%	\$179.12	37.0%
Employee / Spouse	\$283.67	\$326.22	15.0%	\$326.22	15.0%	\$329.06	16.0%	\$388.63	37.0%
Employee / Children	\$192.47	\$221.34	15.0%	\$221.34	15.0%	\$223.26	16.0%	\$263.68	37.0%
Employee / Family	\$350.72	\$403.33	15.0%	\$403.33	15.0%	\$406.84	16.0%	\$480.49	37.0%
Aetna Standard									
Employee Only	\$184.21	\$211.84	15.0%	\$211.84	15.0%	\$213.68	16.0%	\$252.36	37.0%
Employee / Spouse	\$399.65	\$459.59	15.0%	\$459.59	15.0%	\$463.59	16.0%	\$547.52	37.0%
Employee / Children	\$271.16	\$311.83	15.0%	\$311.83	15.0%	\$314.54	16.0%	\$371.48	37.0%
Employee / Family	\$494.12	\$568.24	15.0%	\$568.24	15.0%	\$573.18	16.0%	\$676.95	37.0%
Aetna Traditional									
Employee Only	\$282.51	\$324.88	15.0%	\$324.88	15.0%	\$327.71	16.0%	\$387.03	37.0%
Employee / Spouse	\$579.54	\$666.48	15.0%	\$666.48	15.0%	\$672.27	16.0%	\$793.97	37.0%
Employee / Children	\$402.39	\$462.75	15.0%	\$462.75	15.0%	\$466.77	16.0%	\$551.27	37.0%
Employee / Family	\$709.79	\$816.26	15.0%	\$816.26	15.0%	\$823.36	16.0%	\$972.41	37.0%
Aetna Classic									
Employee Only	\$496.61	\$571.10	15.0%	N/A		N/A		N/A	
Employee / Spouse	\$974.70	\$1,120.90	15.0%	N/A		N/A		N/A	
Employee / Children	\$689.57	\$793.00	15.0%	N/A		N/A		N/A	
Employee / Family	\$1,184.36	\$1,362.01	15.0%	N/A		N/A		N/A	
KP WA									
EE	\$163.83	\$163.40	-0.3%	\$163.40	-0.3%	\$190.05	16.0%	\$224.45	37.0%
EE + Spouse	\$373.97	\$372.98	-0.3%	\$372.98	-0.3%	\$433.80	16.0%	\$512.34	37.0%
EE + Child(ren)	\$254.06	\$253.39	-0.3%	\$253.39	-0.3%	\$294.71	16.0%	\$348.06	37.0%
EE + Family	\$461.82	\$460.60	-0.3%	\$460.60	-0.3%	\$535.71	16.0%	\$632.69	37.0%
Projected reserve months at end of 2018		1.3		1.3		1.5		2.0	

# AFFORDABILITY ANALYSIS



# EMPLOYER SHARED RESPONSIBILITY

## HOW THE PAYMENT WORKS IN 2018



# INDEXING OF ESR AMOUNTS

PENALTIES		2015	2016	2017	2018 <sup>1</sup> (PROJECTED)
“Non-Offering” \$2,000 Penalty		\$2,080/year \$173/month	\$2,160/year \$180/month	\$2,260/year \$183/month	\$2,320/year \$193/month
“Offering” \$3,000 Penalty		\$3,120/year \$260/month	\$3,240/year \$270/month	\$3,390/year \$282/month	\$3,480/year \$290/month

ESR SAFE-HARBOR	2015	2016	2017	2018
W-2	9.56%	9.66%	9.69%	9.56%
Rate of Pay	9.56%	9.66%	9.69%	9.56%
Federal Poverty Level	9.56% \$92.97/month <sup>2</sup> (for calendar-year plans)	9.66% \$94.74/month <sup>3</sup> (for calendar-year plans)	9.69% \$95.93/month <sup>4</sup> (for calendar-year plans)  \$97.38/month <sup>4</sup> (for non-calendar year plans)	9.56% \$96.07/month <sup>5</sup> (for calendar-year plans)

<sup>1</sup> Indexed assessments for 2018 and beyond will be posted on IRS website

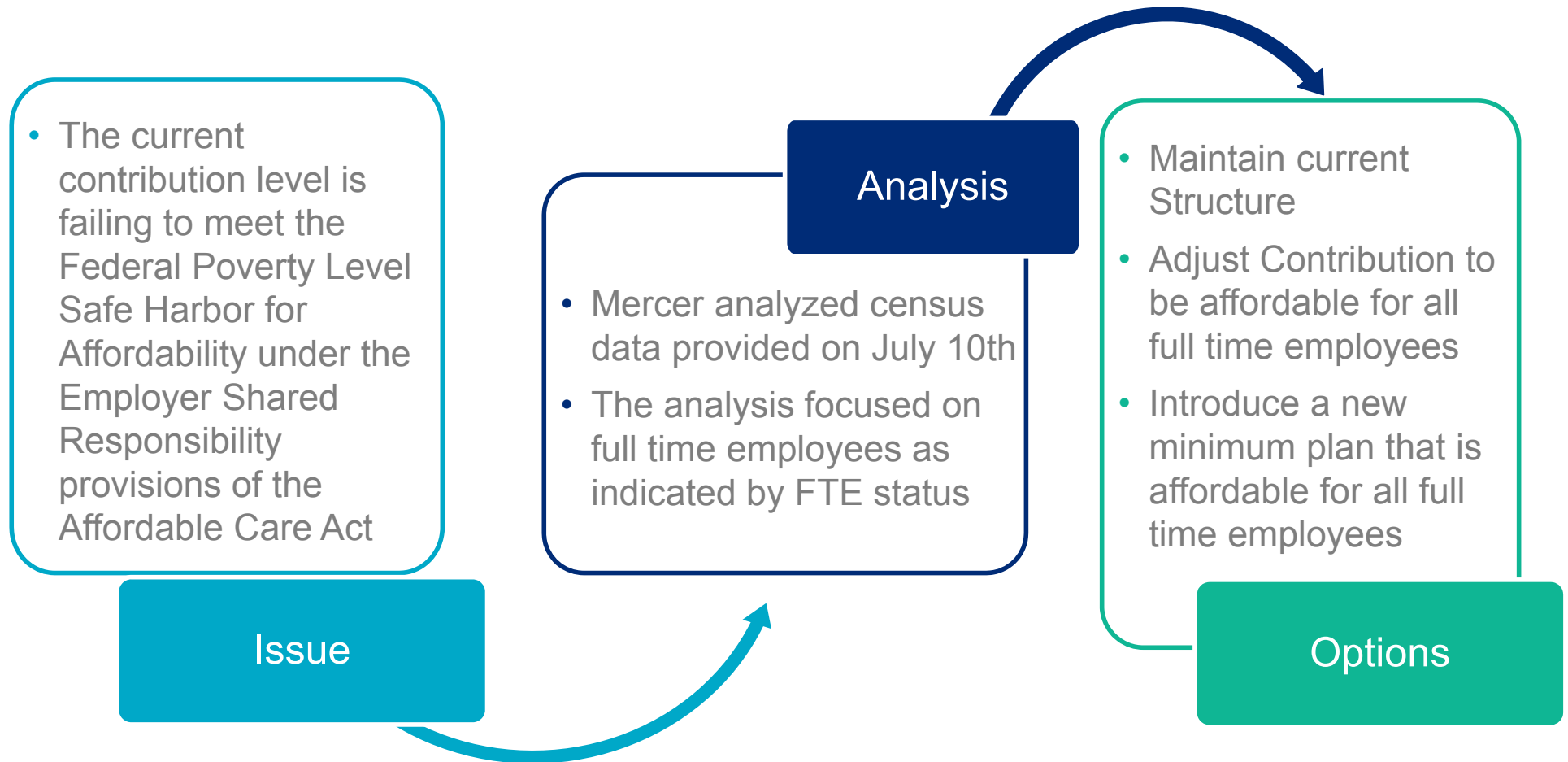
<sup>2</sup> (\$11,670 X 9.56%) / 12

<sup>3</sup> (\$11,770 x 9.66%) / 12

<sup>4</sup> (\$11,880 x 9.69%) / 12; (\$12,060 x 9.69%) / 12

<sup>5</sup> (\$12,060 x 9.56%) / 12

# AFFORDABILITY ANALYSIS



# MAINTAIN CURRENT STRUCTURE

1

To determine affordability, the EE-only employee contribution amount on the HDHP is reviewed to determine if greater than 9.56% of employee's annual salary

2

The number of employees waiving coverage is also calculated, since assessments would not apply for any employees actually enrolling in coverage

3

This figure could be overstated, based on the following assumptions

- All employees waiving coverage enroll on the public health exchange
- All employees do not have additional household income through another source of employment or a spouse

## METHODOLOGY

## CALCULATIONS

Liability per employee if ACA affordability requirements are not fulfilled

\$3,480

Total count of those for whom QHDHP is unaffordable with FTE status between 0.75 and 1.00

136 Employees

**Assessment if all went to exchange and got subsidies for all 12 months of the year**

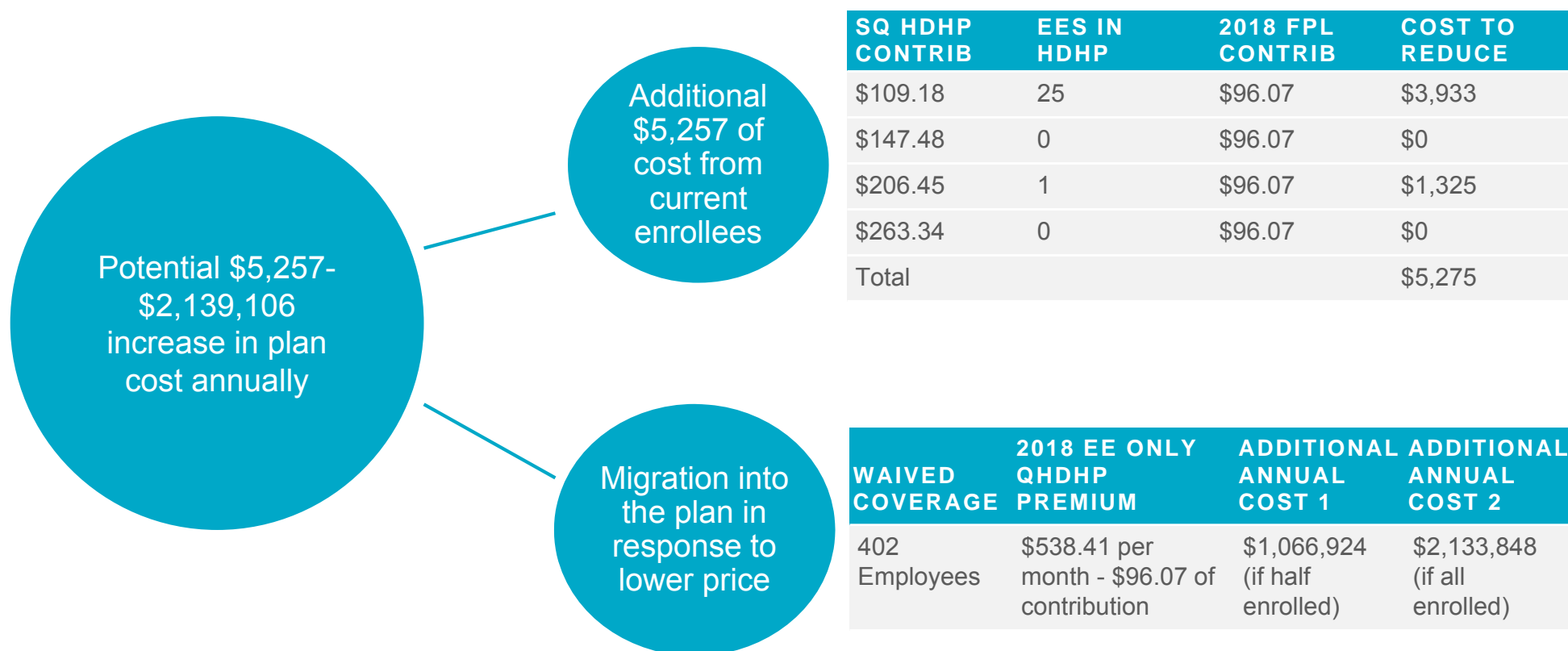
**136 EE \* \$3,480 = \$473,280**

- Includes 80 employees who currently have waived coverage

# ADJUST CONTRIBUTION TO FPL SAFE HARBOR AMOUNT

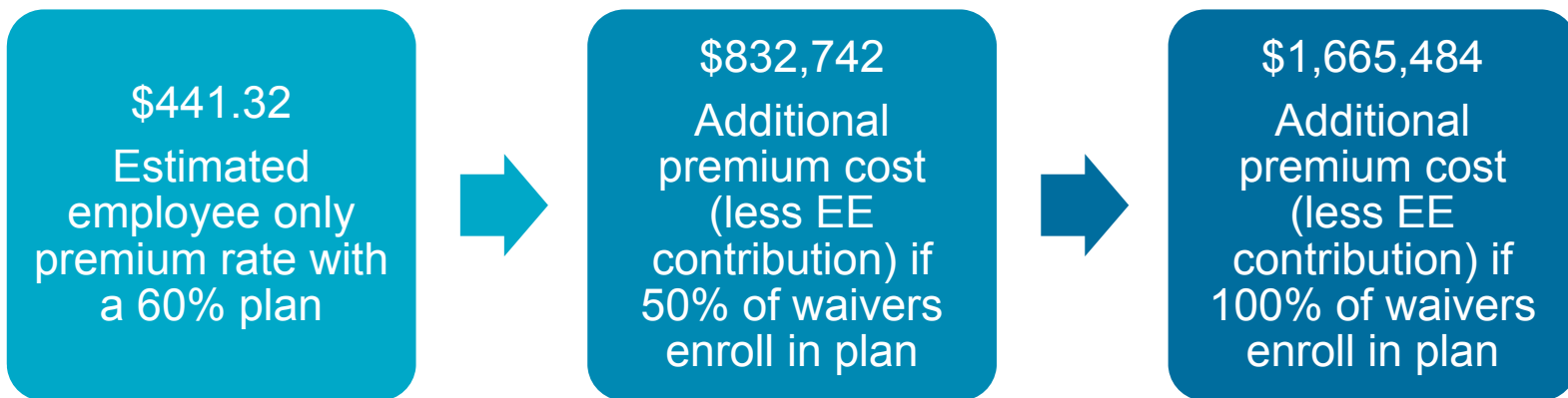
A potential solution is to set HDHP EE only coverage at the 2018 FPL contribution level

- Plan cost increase will come from current enrollees and potential new enrollees



## ADD A NEW LOW VALUE AFFORDABLE PLAN

- Aetna is quoting a minimum value (60% AV) plan that Everett could offer as an affordable plan to employees only
- Mercer estimated the premium amounts based on the current CDHP rates and calculated the additional cost of adding a new plan



# DENTAL MARKETING



## 2017-2018 DENTAL PROPOSALS

### FULL REPLACEMENT

	ENROLLMENT		WEA RENEWAL		CIGNA	
PREMIUM RATES	HMO (Willamette)	PPO (Delta)	HMO	PPO	HMO	PPO
• Employee	326	609	\$78.40	\$81.60	\$15.98	\$49.57
• Employee / Spouse	117	256	\$78.40	\$81.60	\$29.78	\$98.48
• Employee / Children	117	341	\$78.40	\$81.60	\$38.30	\$114.85
• Employee / Family	152	326	\$78.40	\$81.60	\$55.96	\$175.75
Total	712	1,532				
Composite Rate <sup>1</sup>			\$78.40	\$81.60	\$30.44	\$99.13
Annualized Total (Tiered)				\$2,169,984		\$2,082,468
<b>Differential to WEA Renewal</b>						<b>-\$87,516</b>
<b>Percentage Change</b>						<b>-4.0%</b>

- Annualized total assumes enrollees stays within their current service network. (e.g., HMO enrollees will continue to enroll in an HMO plan)

<sup>1</sup> Based on enrollment in exhibit; Cigna composites are \$30.30 for the HMO and \$99.13 for the PPO

# CIGNA DENTAL PROPOSAL

## PPO PLAN DESIGN

	WEA RENEWAL	CIGNA
BENEFITS	PPO	PPO
Deductible		
• Employee	\$0	\$0
• Family	\$0	\$0
• Waived for Class 1	Yes	Yes
Annual Maximum per Person	2000 IN/\$1750 OON	2000 IN/\$1750 OON
Class 1 - Diagnostic & Preventive Exams, Prophys, X-Rays, Fluoride	100%	100%
Class 2 - Restorative Restorations, Endodontics, Perio, Oral Surgery	80%	80%
Class 3 - Major Dentures, Partial, Bridges, Implants	50%	50%

# 2017 DENTAL BENEFIT CHART

## HMO PLAN DESIGN

COVERAGE	WILLAMETTE	CIGNA
Deductible	None	
Annual Maximum	Unlimited	
Office Visit	\$0	\$5
Diagnostic & Preventive		
Routine and Emergency Exams	Covered at 100%	Covered at 100%
All X-rays	Covered at 100%	Covered at 100%
Teeth Cleaning	Covered at 100%	Covered at 100% for two per calendar year
Restorative / Prosthetics		
Fillings	\$10 - \$50	Covered at 100%
Crowns	\$100 - \$175	\$185
Complete Dentures	\$140	\$230
Endodontics & Periodontics		
Root Canal Therapy		
• Anterior	\$100	\$80
• Bicuspid	\$125	\$120
• Molar	\$150	\$250
Osseous Surgery	\$75 - \$100	\$225 - \$295
TMJ – Surgical and Nonsurgical	Covered at 100%	\$160 - \$240
• Annual maximum	\$1,000	Only oral exams, X-rays, and orthodontia devices are covered
• Lifetime maximum	\$5,000	

# WEA MEDICAL WITH ORTHODONTIA

	WEA RENEWAL		CIGNA	
	HMO	PPO	HMO	PPO
Coverage	Adults and Children	Child Only	Adults and Children	Child Only
Plan Benefit	\$150 copay for adults	50%	\$2,340 copay for adults	50%
Lifetime Max per Person	\$2,000 copay for children	\$1,000	\$1,740 copay for children	\$1,000

	CURRENT		WEA RENEWAL		CIGNA	
With Orthodontia (Optional)	HMO (Willamette)	PPO (Delta)	HMO	PPO	HMO	PPO
Employee	326	609	\$78.40	\$81.60	\$87.85	\$91.20
Employee / Spouse	117	256	\$78.40	\$81.60	\$87.85	\$91.20
Employee / Children	117	341	\$78.40	\$81.60	\$87.85	\$91.20
Employee / Family	152	326	\$78.40	\$81.60	\$87.85	\$91.20
Total	712	1,532				
Composite Rate					\$87.85	\$91.20
Annualized Total					\$30.44	\$101.20
Differential to current					\$2,427,211	\$2,120,556
Percentage Change					\$225,974	-\$80,681
					10.3%	-3.7%

- WEA rates comes from Plan B orthodontia coverage for Delta Dental, and Plan 1 for Willamette Dental

# CIGNA DENTAL PROPOSAL

## GEO ACCESS REPORT

PPO NETWORK	ACCESS STANDARD	AVERAGE DISTANCE TO FIRST DENTIST	% WITH ACCESS	EMPLOYEES WITHOUT DESIRED ACCESS
All Dentists	2 in 10 miles	0.9 Miles	99.7%	7 Employees with average 8 miles to the first dentist
Urban	2 in 5 miles	0.6 Miles	100%	0 Employees without desired access
Suburban	2 in 15 miles	0.6 Miles	100%	0 Employees without desired access
Rural	2 in 25 miles	2.1 Miles	100%	0 Employees without desired access

HMO NETWORK	ACCESS STANDARD	AVERAGE DISTANCE TO FIRST DENTIST	% WITH ACCESS	EMPLOYEES WITHOUT DESIRED ACCESS
All Dentists	2 in 10 miles	3.8 Miles	69.3%	692 Employees with average 9 miles to the first dentist
Urban	2 in 5 miles	3.2 Miles	51.3%	565 Employees with average 5 miles to the first dentist
Suburban	2 in 15 miles	4.7 Miles	82.2%	103 Employees with average 5 Miles to the first dentist
Rural	2 in 25 miles	6.9 Miles	84.5%	80 Employees with average 33 Miles to the first dentist

# DENTAL CONTRIBUTION MOVING TO CIGNA

- Placing dental coverage outside the WEA would allow the trust to add contributions for dental coverage

	PREMIUMS		CURRENT		CONTRIBUTIONS SCENARIO #1		CONTRIBUTIONS SCENARIO #2		CONTRIBUTIONS SCENARIO #3	
	HMO	PPO	HMO	PPO	HMO	PPO	HMO	PPO	HMO	PPO
• Employee	\$15.98	\$49.57	\$0	\$0	\$0	\$5	\$0	\$10	\$0	\$20
• Employee / Spouse	\$29.78	\$98.48	\$0	\$0	\$0	\$10	\$0	\$20	\$0	\$40
• Employee / Children	\$38.30	\$114.85	\$0	\$0	\$0	\$15	\$0	\$30	\$0	\$60
• Employee / Family	\$55.96	\$175.75	\$0	\$0	\$0	\$20	\$0	\$40	\$0	\$80
Total Annual Contributions			\$0		\$206,896		\$413,792		\$827,584	
Months of Reserve										
• Status Quo			• 1.3		• 1.41		• 1.49		• 1.69	
• Alt #1 – 1.5 Months			• 1.5		• 1.55		• 1.63		• 1.80	
• Alt #2 – 2.0 Months			• 2.0		• 2.05		• 2.13		• 2.29	
Assumes elimination of Classic Plan										

# WEA COST COMPARISON



# 2017-2018 MEDICAL PREMIUM PROPOSALS

- Due to changes in the WEA, the medical carriers are now UHC and Aetna
- The Aetna rates listed below are within their PPO network and includes 10% discount

WEA OPTION	WEA AETNA PLAN 5	WEA AETNA PLAN 5	WEA AETNA CHOICE 2	WEA AETNA CHOICE A	WEA AETNA QHDHP
Employee Only	\$1,135.00	\$1,135.00	\$972.29	\$658.33	\$505.70
Employee\Spouse	\$2,185.31	\$2,185.31	\$1,783.32	\$1,199.78	\$926.58
Employee\Children	\$1,544.89	\$1,544.89	\$1,303.25	\$879.09	\$674.14
Family	\$2,633.37	\$2,633.37	\$2,137.89	\$1,432.16	\$1,100.05

Aetna Renewal	Classic	Traditional	Standard	Core	Saver
Employee Only	\$1,302.67	\$1,083.89	\$970.00	\$688.49	\$538.41
Employee\Spouse	\$2,383.96	\$1,983.55	\$1,775.16	\$1,259.99	\$985.31
Employee\Children	\$1,739.10	\$1,447.00	\$1,294.97	\$919.14	\$718.77
Family	\$2,858.12	\$2,378.07	\$2,128.24	\$1,510.58	\$1,181.28

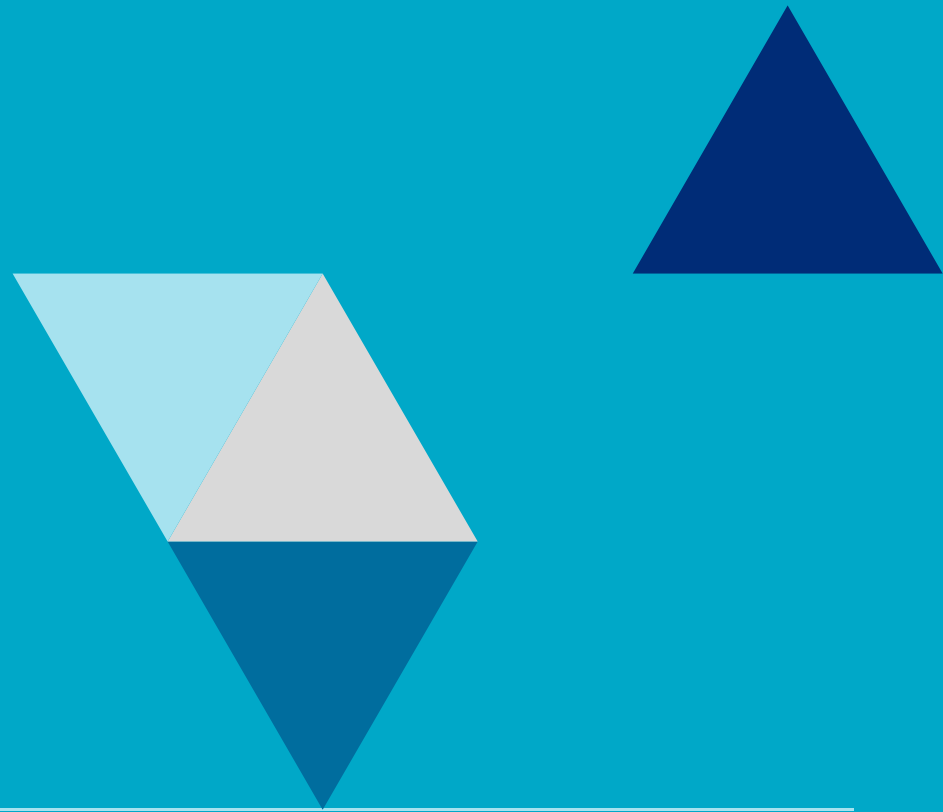
	Annualized Total (Aetna)	Annualized Total (WEA)	% Change Over Renewal	% Change Over Renewal
	\$17,665,092	\$17,653,565	(\$11,527)	-0.07%

All estimates based upon the information available at a point in time are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimate.  
Aetna plans are illustrated for WEA option, as those are the most cost effective in terms of premium

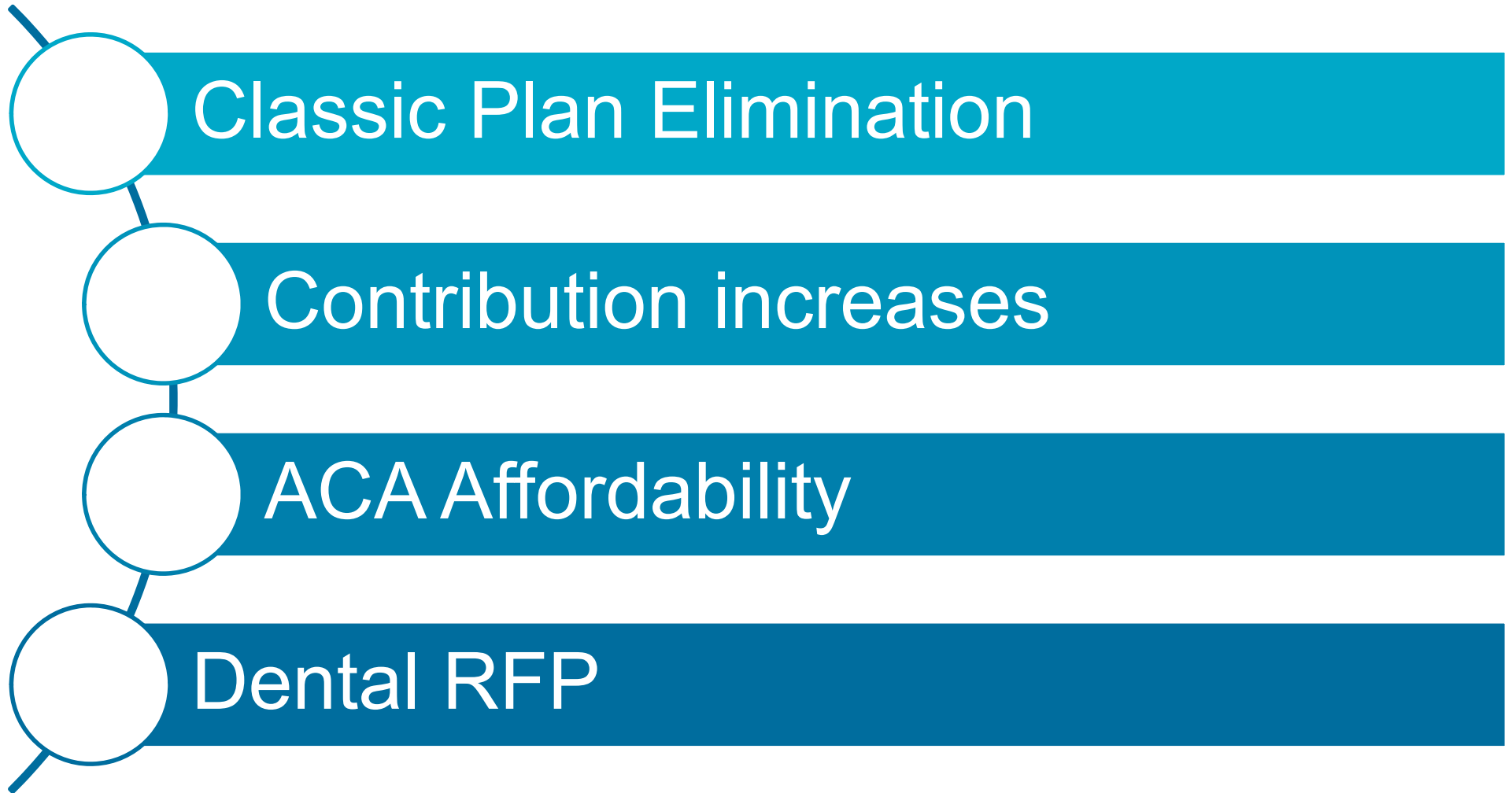
# WEA MEDICAL

BENEFIT SUMMARY	WEA QHDHP	WEA PLAN 2	WEA EASY CHOICE A	WEA EASY CHOICE B	WEA BASIC PLAN	WEA PLAN 3	WEA PLAN 5
Coinsurance	Covered 80%	Covered 80%	Covered 80%	Covered 75%	Covered 70%	Covered 80%	Covered 90%
Individual Deductible	\$1,750	\$300	\$1,250	\$750	\$2,100	\$500	\$200
Family Deductible	\$3,500	\$900	\$3,750	\$2,250	\$4,200	\$1,500	\$600
Individual Out of Pocket Maximum	\$5,000	\$2,000	\$4,000	\$3,500	\$6,600	\$3,000	\$1,000
Family Out of Pocket Maximum	\$10,000	\$6,000	\$8,000	\$7,000	\$13,200	\$9,000	\$3,000
Preventive Care	Covered 100%	Covered 100%	Covered 100%	Covered 100%	Covered 100%	Covered 100%	Covered 100%
RX - Retail	Subject to medical deductible, then 20%	Generic \$10 Preferred Brand \$20 Non-Preferred Brand \$35	\$500 deductible (waived for generics) Generic \$10 Preferred Brand 30% Non-Preferred Brand 30%	\$250 deductible (waived for generics) Generic \$5 Preferred Brand \$30 Non-Preferred Brand \$45	Rx Deductible: \$750 Ind / \$1,500 Fam Generic \$15 Preferred Brand \$30 Non-Preferred Brand \$50	Generic \$15 Preferred Brand \$25 Non-Preferred Brand \$40	Generic \$10 Preferred Brand \$15 Non-Preferred Brand \$30
Spinal and Other Manipulations	12 visits	Unlimited	12 visits	12 visits	12 visits	Unlimited	Unlimited
Acupuncture	12 visits	12 visits	12 visits	12 visits	12 visits	12 visits	52 visits
Rehabilitation - Outpatient (PT, OT, Speech, Massage)	15 visits combined	45 visits PCY, PT unlimited	30 visits combined	45 visits combined	30 visits combined	45 visits PCY, PT unlimited	45 visits combined
Emergency Room	Subject to deductible, then 20%	\$75 copay, deductible, then 20%	\$100 copay, deductible, then 20%	\$150 copay, deductible, then 25%	\$200 copay, deductible, then 30%	\$100 copay, deductible, then 20%	\$50 copay, deductible, then 10%
Office Visit	Subject to deductible, then 20%	PCP: \$25 copay Specialist: \$35 copay	PCP: \$25 copay Specialist: \$35 copay	PCP: \$30 copay Specialist: \$40 copay	PCP: \$35 copay Specialist: \$50 copay	PCP: \$30 copay Specialist: \$40 copay	PCP: \$20 copay Specialist: \$30 copay
Inpatient Hospital	Subject to deductible, then 20%	\$150 copay/day up to \$450/person/year, deductible, then 20%	Subject to deductible, then 20%	Subject to deductible, then 25%	Subject to deductible, then 30%	\$300 copay/day up to \$900/person/year, deductible, then 20%	\$150 copay/day up to \$450/person/year deductible, then 10%

# NEXT STEPS



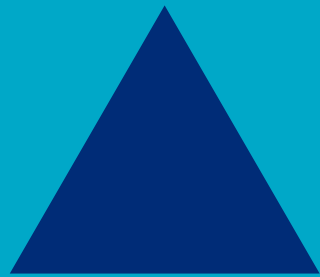
## NEXT STEPS AND DECISIONS



# APPENDICES



# 2017 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%

## 2017 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 • 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 • Dentures, Partials, Bridges, and Implants	50%	100% after \$15 copay per visit; additional \$50 procedural copay
TMJ – Surgical and Nonsurgical • 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

# 2017 VISION BENEFIT CHART

## METLIFE VISION PLAN

COVERAGE	METLIFE
Copay Amounts <ul style="list-style-type: none"> <li>Exam</li> </ul>	\$5
Exam once every calendar year after copay	Paid in full
Eyeglass lenses (pair) once every calendar year <ul style="list-style-type: none"> <li>Single vision</li> <li>Bifocal</li> <li>Trifocal</li> <li>Lenticular</li> <li>Continuous blend</li> <li>Lens tinting, coating, or oversize</li> </ul>	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

## 2017 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

# 2017 OTHER BENEFIT CHARTS

## METLIFE (FULLY-INSURED)

### Life Insurance Programs

COVERAGE	BENEFITS
Basic Life & AD&D	\$50,000 <sup>1</sup>
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

<sup>1</sup> 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

# 2017 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"> <li>• Under age 60</li> <li>• Age 60 through Age 64</li> <li>• Age 65 through Age 69</li> <li>• Age 70 and over</li> </ul>	<ul style="list-style-type: none"> <li>• To age 65</li> <li>• 5 years</li> <li>• To age 70</li> <li>• 1 year</li> </ul>
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

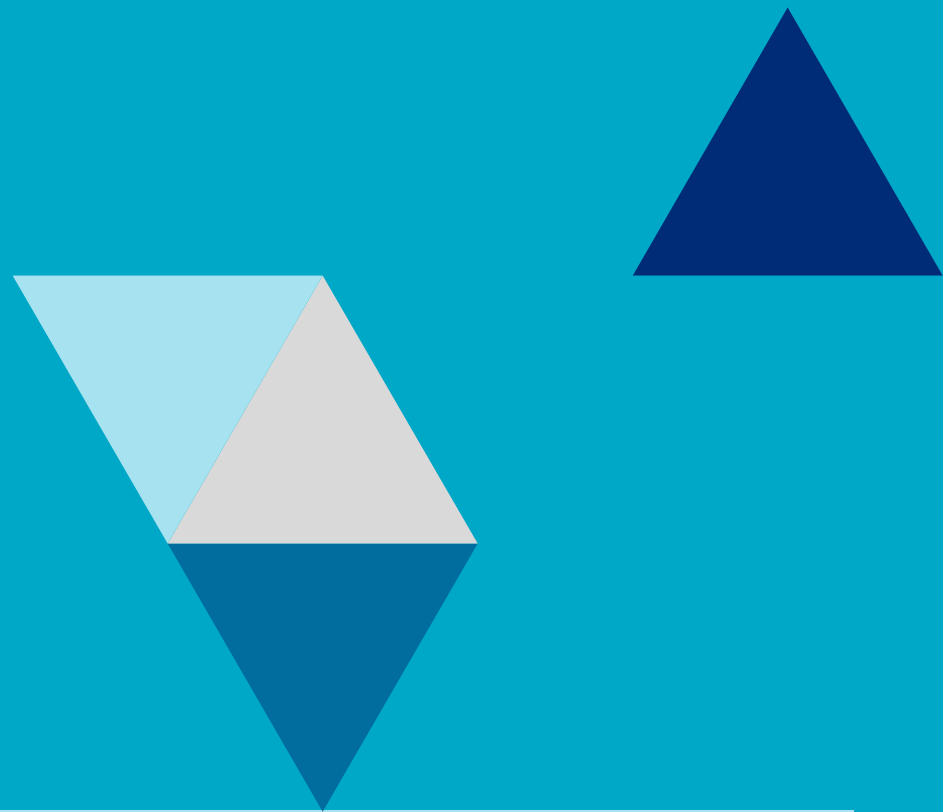
# 2017 OTHER BENEFIT CHARTS

## 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

# BENCHMARKING



# BENCHMARKING ANALYSIS

## 2016 CONTRIBUTIONS

### Individual \$

Plan Type	Everett School Employee Benefit Trust		School Boards	Washington	National
Aetna Traditional	\$283	▲	\$116	\$74	\$132
Aetna Standard	\$184	▲	\$116	\$74	\$132
Aetna Core	\$131	—	\$116	\$74	\$132
Aetna Classic	\$497	▲	\$116	\$74	\$132
Aetna Saver + HSA	\$95	▲	\$53	\$56	\$84
HMO GHC	\$164	▲	\$119	\$114	\$139

### Individual %

Plan Type	Everett School Employee Benefit Trust	School Boards	Washington	National
Aetna Traditional	30%	20%	14%	24%
Aetna Standard	22%	20%	14%	24%
Aetna Core	22%	20%	14%	24%
Aetna Classic	44%	20%	14%	24%
Aetna Saver + HSA	20%	12%	13%	19%
HMO GHC	19%	20%	15%	24%

### Family \$

Plan Type	Everett School Employee Benefit Trust		School Boards	Washington	National
Aetna Traditional	\$710	▲	\$519	\$331	\$467
Aetna Standard	\$494	▲	\$519	\$331	\$467
Aetna Core	\$351	▼	\$519	\$331	\$467
Aetna Classic	\$1,184	▲	\$519	\$331	\$467
Aetna Saver + HSA	\$255	▼	\$372	\$343	\$321
HMO GHC	\$462	—	\$660	\$404	\$487

### Family %

Plan Type	Everett School Employee Benefit Trust	School Boards	Washington	National
Aetna Traditional	34%	37%	25%	33%
Aetna Standard	27%	37%	25%	33%
Aetna Core	27%	37%	25%	33%
Aetna Classic	48%	37%	25%	33%
Aetna Saver + HSA	25%	28%	27%	25%
HMO GHC	24%	49%	23%	32%

# BENCHMARKING ANALYSIS

## PPO

Above Market

In Line

Below Market

PPO		ESEBT 2016 / 2017				Mercer 2016 Employer Survey		
Plan Design	Aetna Classic	Aetna Traditional	Aetna Standard	Aetna Core		School Boards, Other Institutions 500+	Washington 500+	National 500+
<b>% Employers Offering</b>						84%	92%	87%
<b>Average Age</b>	N/A	N/A	N/A	N/A		42	43	43
<b>Median Deductible (IN / OON)</b>								
Individual	\$200 / \$350	\$200 / Shared	\$300 / Shared	\$1,000 / \$2,000		\$500 / \$1,300	\$400 / \$600	\$600 / \$1,200
Family	\$600 / Unlimited	\$600 / Shared	\$900 / Shared	\$3,000 / \$6,000		\$1,500 / \$3,000	\$1,200 / \$1,700	\$1,500 / \$3,000
<b>Out-of-Pocket Maximum (IN)</b>								
Individual	\$500 / Unlimited	\$1,500 / Shared	\$2,750 / Shared	\$4,000 / Unlimited		\$3,230	\$3,000	\$3,000
Family	\$1,500 / Unlimited	\$4,500 / Shared	\$8,250 / Shared	\$12,000 / Unlimited		\$7,000	\$6,000	\$6,600
<b>Cost-sharing (IN / OON)</b>								
Physician	\$15 / Ded. 30%	\$25 / \$30	\$30 / \$40	\$15 / Ded. 50%		\$25 / 40%	\$25 / 40%	\$25 / 40%
Specialist (IN only)	\$15 / Ded. 30%	\$25 / \$30	\$30 / \$40	\$15 / Ded. 50%		\$40	\$40	\$40
Lab and X-Ray/Radiology	Ded. 10% /Ded. 30%	Ded. 20%/ Ded. 40%	Ded. 20% / Ded. 40%	\$0/ Ded. 50%		20% / 40%	20% / 40%	20% / 40%
Hospital Facility	Ded. \$200, 10% /Ded. 30%	\$150, 20%/Ded. 40%	Ded. \$300, 20% / Ded. 40%	Ded. 20%/ Ded. 50%		20% / 40%	20% / 40%	20% / 40%
Emergency Room Copay (waived if admitted)	Ded. \$50.	Ded. \$75	Ded. \$100	Ded. \$100		\$150	\$150	\$150
Emergency Room Coinsurance	10%	20%	20%	20%		20%	20%	20%

Source: 2016 Mercer National Survey of Employer-Sponsored Health Plans

# BENCHMARKING ANALYSIS

## HEALTH MAINTENANCE ORGANIZATION (HMO)

Above Market

In Line

Below Market

HMO	ESEBT 2016 / 2017	Mercer 2016 Employer Survey		
Plan Design	Group Health Cooperative Traditional HMO	School Boards, Other Institutions 500+	Washington 500+	National 500+
% Employers Offering		34%	44%	31%
Average Age <sup>2</sup>	N/A	41	44	43
<b>Median Deductible (IN)</b>				
Individual	\$0	\$900	\$400	\$500
Family	\$0	\$2,400	\$1,000	\$1,000
<b>Cost-sharing</b>				
Physician	\$15	\$20	\$20	\$20
Specialist	\$15	\$50	\$23	\$40
Hospital Facility	\$100 per day, up to 3 days	20%	20%	20%
Emergency Room Copay	\$100	\$150	\$88	\$100

Source: 2016 Mercer National Survey of Employer-Sponsored Health Plans

# BENCHMARKING ANALYSIS

## HDHP WITH HSA

Above Market

In Line

Below Market

HSA	ESEBT 2016 / 2017	Mercer 2016 Employer Survey		
Plan Design	Aetna Saver	School Boards, Other Institutions 500+	Washington 500+	National 500+
% Employers Offering		40%	33%	53%
Average Age <sup>2</sup>	N/A	N/A	N/A	N/A
<b>HSA Employer Contribution</b>				
% Contributing	No	72%	77%	75%
Median Contribution - Individual	None	\$720	\$775	\$500
Median Contribution - Family	None	\$1,440	\$1,100	\$1,000
<b>Median Deductible (IN / OON)</b>				
Individual	\$1,500 / \$3,000	\$2,600 / \$3,375	\$1,500 / \$3,000	\$1,800 / \$3,000
Family	\$3,000 / \$6,000	\$5,000 / \$6,500	\$3,000 / \$6,000	\$3,900 / \$6,000
<b>Out-of-Pocket Maximum (IN / OON)</b>				
Individual	\$4,000 / Unlimited	\$3,750 / \$6,000	\$3,000 / \$6,000	\$3,750 / \$6,550
Family	\$8,000 / Unlimited	\$7,000 / \$13,350	\$6,000 / \$12,000	\$7,000 / \$13,600
<b>Physician cost-sharing (IN / OON)</b>	20% / 50%	20% / 30%	20% / 40%	20% / 40%

Source: 2016 Mercer National Survey of Employer-Sponsored Health Plans

























# BENCHMARKING ANALYSIS

## PRESCRIPTION DRUG

Above Market

In Line

Below Market

Prescription Drug	ESEBT 2016 / 2017												Mercer 2016 Employer Survey		
Plan Design	Aetna Classic		Aetna Traditional		Aetna Standard		Aetna Core		Aetna Saver		Group Health Cooperative Traditional HMO		School Boards, Other Institutions 500+	Washington 500+	National 500+
Retail - 30 Day															
Generic	\$10		\$10		\$15		\$0		20%		\$10		\$11	\$10	\$11
Brand-name Formulary	\$15		\$20		\$25		30%		20%		\$20		\$32	\$30	\$32
Brand-name Non-Formulary	\$30		\$35		\$40		30%		20%		N/A		\$55	\$54	\$55
Mail-Order - 90 Day															
Generic	\$10		\$10		\$15		\$0		20%		\$20		\$23	\$20	\$22
Brand-name Formulary	\$30		\$20		\$25		25%		20%		\$40		\$67	\$60	\$66
Brand-name Non-Formulary	\$60		\$35		\$40		25%		20%		N/A		\$108	\$109	\$114

Source: 2016 Mercer National Survey of Employer-Sponsored Health Plans









# BENCHMARKING ANALYSIS

## DENTAL

Above Market

In Line

Below

Dental		ESEBT 2016 / 2017		Mercer 2016 Employer Survey		
Plan Design	Delta Dental	Willamette Dental		School Boards, Other Institutions 500+	Washington 500+	National 500+
<b>Median Deductible (IN)</b>						
Individual	\$0		\$0		\$50	\$50
Family	\$0		\$0		\$150	\$150
<b>Annual Maximum Benefit</b>	\$1,750 / \$2,000		None		\$1,500	\$2,000
<b>Orthodontic Lifetime Maximum</b>	N/A		N/A		\$1,500	\$1,500

Source: 2016 Mercer National Survey of Employer-Sponsored Health Plans

# BENCHMARKING ANALYSIS

## VOLUNTARY

Above Market

In Line

Below Market

Voluntary Benefits		ESEBT 2016 / 2017				Mercer 2016 Employer Survey		
Coverages						School Boards, Other Institutions 500+		
						Washington 500+ National 500+		
Accident	No					65%	62%	60%
Cancer / critical illness	No					61%	35%	49%
Individual disability insurance	No					60%	54%	42%
Whole / universal life	No					57%	30%	44%
Hospital indemnity	No					43%	8%	22%
Long-term care	Yes					46%	19%	27%
Auto / homeowners	No					3%	14%	21%
ID theft	No					21%	22%	25%
Legal benefit	No					29%	27%	34%
Investment advisory	Yes					17%	16%	21%
Discount purchase program	No					14%	35%	32%
Pet insurance	No					1%	14%	15%
<b>Health Care FSA</b>								
% offering health care FSA	Yes					95%	90%	87%
Average employee participation						17%	17%	21%
Average annual contribution						\$1,309	\$1,330	\$1,306
<b>Dependent Care FSA</b>								
% offering dependent care FSA	Yes					91%	87%	84%
Average employee participation						5%	4%	6%
Average annual contribution						\$3,173	\$3,611	\$3,417

Source: 2016 Mercer National Survey of Employer-Sponsored Health Plans

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