Jefferson
HEALTH PLAN

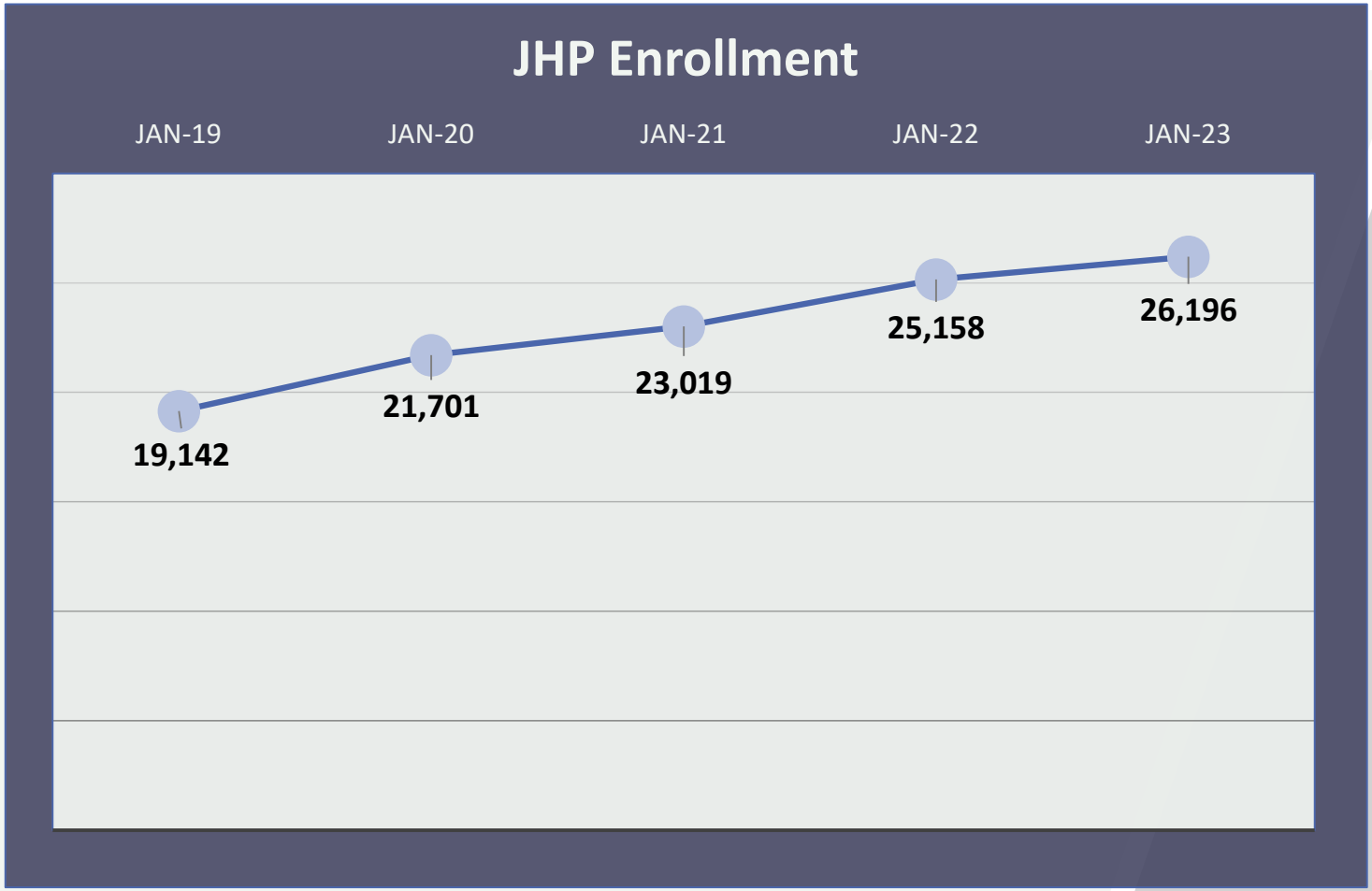
Wyandot Crawford Health Benefits Consortium

May 25, 2023

Jefferson Health Plan Overview

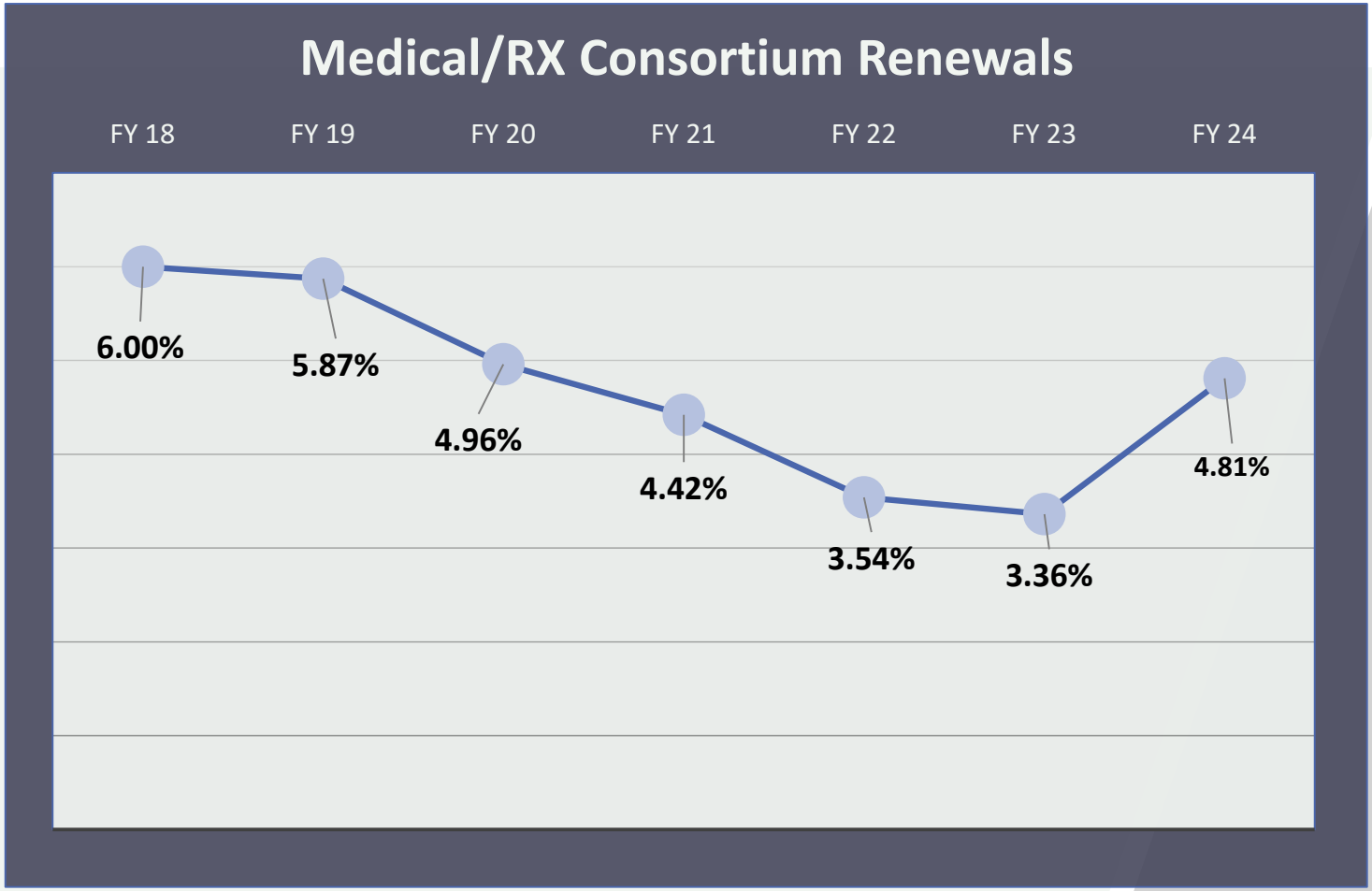
- In operation since 1985, 38+ years of service to public entities
- Organized as an Ohio Public Employer Group Insurance Trust under Council of Government Rules (Section 167)
- Each participating organization is a voting member
- Membership elects a Board of Directors, consisting of representatives from the member organizations
- Membership includes 220+ separate governmental entities with more than 26,000 covered employees

JHP Enrollment



Steady membership growth benefits all member organizations.

JHP Renewal Rates



Stable and predictable funding makes budgeting easier.

JHP Risk Model

Accrual Factors

- Monthly accruals include expected claims + fixed program costs
- Monthly accrual factors do not fluctuate within a plan year

LCRP

- Choose the Large Claim Reimbursement Program (LCRP) deductible (individual stop loss) and pay a fixed fee
- Receive protection against unexpected large claims

Reserve Balance

- Unused accrual funds are held in member's reserve account
- Moratoria (premium holiday) can be taken to access excess reserves

JHP Relationships

Insurance Broker/Benefits Advisor

- JHP members work with your preferred benefits representative
- Representative manages member expectation, provides guidance and education

Jefferson Health Plan

- Underwriting
- Financial Management
- Vendor Management
- Health Plan Compliance Assistance
- Administrative Support

Claims Administrator

- Administers the negotiated plan of benefits
- Provides customer service for plan participants

Allocated Balance Model

PLAN DESIGN	Member Decides
NETWORK	Member Decides
RISK DEDUCTIBLE	Member Decides
COSTS BLEND	Experience/Pool
RESERVES	Owned by Member
INTEREST INCOME	Retained by Member
MORATORIA	Member Decides
REBATES	Member & Risk Pool
REPORTING	Full Transparency
ABILITY TO IMPACT COSTS	Member Controls

JHP Financial Management

The Jefferson Health Plan will manage the financial aspects of the self-funded insurance arrangement including:

- ✓ Monthly invoice reflecting fully-insured equivalent rates
- ✓ Annual renewal summary prepared by the JHP underwriting team
- ✓ Processing of all revenue and disbursement transactions (i.e., claim payments, admin fees, etc.)
- ✓ Monthly financial reporting summarizing all activity within the reserve account
- ✓ Annual actuarial valuation reporting
- ✓ Large claim reimbursement processing without the need for separate filings from the group
- ✓ Management of investment portfolio to maximize return on reserve balance

Implementation/Transition to JHP

- Proposed transition date of 7.1.2023
- MMO remains as the medical TPA
- ESI (through MMO) remains as the pharmacy vendor
- Funding factors remain at current level from 7.1.2023 through 12.31.2023
- Funding factors increase by 11.7% effective 1.1.2024
- Specific deductible for large claims remains $200,000
  - Measurement period is paid claims from 7.1.2023 through 6.30.2024
- Current reserves transferred to US Bank reserve account by 12.31.2023 (reserves are still owned by Wyandot Crawford)

Rate Development for Wyandot Crawford

	Medical	Rx	Total
Annualized Claims	$15,431,643	$3,995,580	$19,427,223
Claims Adjustment Factor	**-2.5%**	**0.0%**	
Adjusted Gross Claims	$15,045,852	$3,995,580	$19,041,432
Less: Large Claim Reimbursements	($2,272,064)	$0	($2,272,064)
Adjusted Paid Claims	$12,773,788	$3,995,580	$16,769,368
Adjusted Paid Claims per Employee per Month	$1,358.66	$484.16	
Annualized Trend Factor *(7.0% Medical; 9.0% Rx)*	1.0700	1.0900	
Projected Annual Claims PEPM	$1,453.77	$527.74	
Projected Fixed Costs PEPM *(Stop Loss, TPA, JHP, Broker)*	*$323*		
Current Enrollment	*783*		
JHP Projected Claims & Fixed Costs	**$21,657,157**		
Current Funding	**$19,782,733**		
JHP Increase from Current Funding	**9.5%**		

Rates by Plan (Proposed)

		Current Rates	7.1.2023-12.31.2023 Rates	1.1.2024-12.31.2024 Proposed Rates	1.1.2024 Increase
PPO A $300 90% $6350					
	Employee	$840.55	$840.55	$920.19	9.5%
	Two Party	$1,916.47	$1,916.47	$2,098.06	9.5%
	Family	$2,678.00	$2,678.00	$2,931.74	9.5%
	Employee	$840.55	$840.55	$920.19	9.5%
	Family	$2,294.68	$2,294.68	$2,724.41	18.7%
PPO B $750 80% $6350					
	Employee	$745.22	$745.22	$815.83	9.5%
	Two Party	$1,699.12	$1,699.12	$1,860.11	9.5%
	Family	$2,374.29	$2,374.29	$2,599.25	9.5%
	Employee	$745.22	$745.22	$815.83	9.5%
	Family	$2,034.43	$2,034.43	$2,415.43	18.7%
HSA C $3000 100% $3850					
	Employee	$701.28	$701.28	$767.73	9.5%
	Two Party	$1,598.93	$1,598.93	$1,750.43	9.5%
	Family	$2,374.29	$2,374.29	$2,445.99	3.0%
	Employee	$701.28	$701.28	$767.73	9.5%
	Family	$1,914.49	$1,914.49	$2,273.01	18.7%

Large Claim Reimbursement Program (LCRP) Risk Model

LCRP risk levels are determined by each JHP member group. Fees are based on deductible chosen from $50,000 to $250,000 in $25,000 increments.

In this example, an Ohio public entity chose a $200,000 risk level:

Each Plan Participant Claims < $200,000

- Paid in full by the member group

Each Plan Participant Claims > $200,000

- Member group pays a fee based on the deductible level chosen
- Claims reimbursed by the LCRP

Each Plan Participant Claims > $1,500,000 (OH)

- Covered by insurance carrier stop loss protection
- Members share greatly reduced insurance cost

Why LCRP Works

The Large Claim Reimbursement Program works because JHP:

- ✓ Is a member driven, public organization
- ✓ Designs programs in members' best interest
- ✓ Has no profit agenda
- ✓ Uses its size to provide purchasing power
- ✓ Uses its reserve strength to offer financial stability through flexible and innovative large claim protection
- ✓ Avoids premium taxes
- ✓ Uses consistently lower trends than for-profit underwriters
- ✓ Once a member of the Jefferson Health Plan, selective underwriting and/or lasering are not used to avoid risk
- ✓ Greatly reduces cost volatility of large claim protection

JHP Underwriting • Renewals

Jefferson
HEALTH PLAN

Example Group

Rating Review Package Effective 7/1/2021

Confidential

Protection you can rely on.
Experience you can trust.

The Jefferson Health Plan
Member Group: Example Group
Effective Date: 7/1/2021 thru 6/30/2022
Renewal Rate Development

Row:						Medical	Rx	Total
1	**Historical Average Enrollment/Contracts**					121	121	121
	Claims and Fixed Costs Projection:							
2	**Claims Paid (Annualized)**	(for details, see exhibit A)				$944,926	$427,746	$1,372,672
3	**Apply: Benefit Adjustment (if applicable)**			Date changes made:	N/A	1.000	1.000	1.000
4	**Subtotal**					$944,926	$427,746	$1,372,672
5	**Less: Large Claims Reimbursed**	LCRP Deductible: $75,000				$77,450	$65,967	$143,417
6	**Adjusted Paid Claims**					$867,476	$361,780	$1,229,255
	Apply Trend							
7	**Assumed Trend %**					8.00%	8.00%	8.00%
		Beginning		**End**	**Midpoint**	**# of mos**		
8	**Paid Claims Experience Period:**	6/1/2018	-	7/31/2020	6/1/2019			
9	**Projected Rating Period:**	7/1/2021	-	6/30/2022	12/30/2021			
10	**Annualized Trend Factor**	=(1+Trend %)^(#months midpt to midpt/12)-1				28.98	1.204	1.204
11	**Projected Annual Claims**						$1,044,644	$435,668	$1,480,312
12	**Projected Claims Per Employee Per Month (PEPM)**						$718.86	$299.80	$1,018.66
13	**Fixed Costs PEPM**						$582.74	$0.00	$582.74
14	**Total Estimated Annual Fixed Costs**						$556,194	$0	$556,194
15	**Member Group Projected Claims and Fixed Costs PEPM**						$1,101.60	$299.80	$1,401.40
					Current Enrollment		116	116	116
16	**Total Annual Member Group Projected Claims and Fixed Costs**	**(PEPM applied to Current Enrollment)**					$1,534,431	$417,123	$1,951,754
17	**Current Annual Accruals**						$1,731,569	$0	$1,731,569
	Base Accrual Calculation:						**Med/Rx Combined**		
18	Estimated Member Group Loss Ratio						112.66%		
19	Member Group Experience Rate						12.66%		
20	Apply Credibility						50.00%		50.00%
21	JHP Consortium Renewal Rate						4.42%		4.42%
22	**Annual Base Rate Funding Increase (Med/Rx capped at 25%)**						8.54%		8.54%
23	**Total Projected Blended Base Rate Funding PEPM**						$1,350.15		$1,350.15
24	**Total Annual Projected Blended Base Rate Funding**						$1,879,403		$1,879,403
	Reserve Accrual Calculation:								
					Requirement	**Applied to Renewal Calculation**	**/ # Rolling Amortized Years**	**= Reserve Funding in Accrual**	
25	Member Group Reserve Balance as of:	7/31/2020	$175,000						
26	Add: Outstanding Large Claim Reimbursements		$0						
27	Add: Outstanding Member Group Funding Payments		$0						
28	Adjusted Balance		$175,000						
29	Deficit Funding Requirement				$0				
30	IBNR Funding Requirement				$106,791	fulfilled			
31	Claims Fluctuation Reserve (CFR) Requirement				$170,258	$161,949	3	$53,983	
32	Recommended Fully Reserved Amount				$559,949			$53,983	
33	Available Moratorium?				N				
34	Recommended Reserve (Supplemental) Funding Amount								$53,983
35	Recommended Reserve (Supplemental) Funding Amount PEPM								$38.78
36	**Recommended Reserve (Supplemental) Funding Renewal Increase**								3.12%
37	Total Estimated Annual Required Funding Amount (Claims Projection + Fixed Costs + Reserves)							$1,933,386	$1,933,386
38	Total Estimated Required Funding Amount PEPM (Claims Projection + Fixed Costs + Reserves)							$1,388.93	$1,388.93
39	**Total Recommended Rate Adjustment**							11.66%	11.66%

8/12/2022

The Jefferson Health Plan
Member Group: Example Group
Exhibit A - Paid Claims and Enrollment by Month

Prior Period	Paid Claims			Enrollment/Contracts	
Paid Month	**Medical**	**Pharmacy**	**Total**	**Medical**	**Pharmacy**
Aug-18	$53,653.44	$71,097.29	$124,720.73	126	126
Sep-18	$70,703.23	$38,736.50	$109,441.73	127	127
Oct-18	$52,361.78	$39,601.51	$91,963.29	130	130
Nov-18	$100,470.15	$89,221.78	$189,691.93	128	128
Dec-18	$40,399.23	$42,304.58	$90,903.83	121	121
Jan-19	$91,132.10	$10,056.75	$101,188.85	121	121
Feb-19	$41,882.50	$74,306.18	$116,188.68	122	122
Mar-19	$36,466.26	$32,170.62	$68,636.88	123	123
Apr-19	$51,408.89	$34,096.84	$85,505.73	121	121
May-19	$58,131.60	$31,872.16	$90,063.85	120	120
Jun-19	$226,977.33	$33,500.04	$260,477.37	119	119
Jul-19	$123,740.60	$41,533.39	$165,273.99	124	124
Prior Total	**$957,457.22**	**$538,341.64**	**$1,495,798.86**	**1,482**	**1,482**
PEPM	$646.08	$363.39	$1,009.62	124	124
Rx as a % of Total Medrx Claims= 36.0%					

Current Period	Paid Claims			Enrollment/Contracts	
Paid Month	**Medical**	**Pharmacy**	**Total**	**Medical**	**Pharmacy**
Aug-19	$78,969.95	$35,410.92	$114,380.87	123	123
Sep-19	$42,776.74	$33,409.30	$76,186.04	120	120
Oct-19	$28,974.79	$43,322.62	$72,297.41	119	119
Nov-19	$136,113.95	$38,460.91	$174,574.86	121	121
Dec-19	$86,503.80	$39,704.97	$126,208.77	122	122
Jan-20	$101,190.41	$14,667.16	$115,857.57	121	121
Feb-20	$27,304.06	$18,476.65	$45,780.71	120	120
Mar-20	$151,765.81	$27,022.49	$178,808.50	120	120
Apr-20	$44,062.92	$32,944.34	$77,007.26	120	120
May-20	$51,606.22	$21,646.73	$73,252.95	120	120
Jun-20	$81,523.41	$28,816.97	$109,840.38	116	116
Jul-20	$56,232.68	$31,514.26	$87,746.94	117	117
Current Total	**$887,224.74**	**$364,897.32**	**$1,252,122.26**	**1,439**	**1,439**
Apply COVID-19 Factor	**1.0588**	**1.0263**	**1.0488**		
Adjusted Current Total	**$938,683.77**	**$374,484.32**	**$1,313,178.10**		
PEPM	$652.32	$260.25	$912.56	120	120
+/- % Current/Prior	1.0%	-31.4%	-9.8%		
Rx as a % of Total Medrx Claims= 29.1%					
***Blended Applied/Yr**	**$944,925.58**	**$427,766.41**	**$1,372,671.99**	**1,453**	**1,453**
***Blended Applied PEPM**	**$650.24**	**$294.35**	**$944.59**	**121**	**121**

Notes:
- If more than 12 months available, blended claims and enrollment are weighted using 67% current period and 33% prior period.
- Paid claims are based on JHP and Member Group Financials.

8/12/2022

The Jefferson Health Plan
Member Group: Example Group - Med/Rx
Accrual Rate Election Sheet - Renewal Effective: 7/1/2021 - 6/30/2022

	Current Enrollment		Current Accrual Rates		Renewal Accrual Rates	
HSA $3,000 100% Plan	**Med/Rx**		**Med/Rx**	**Total**	**Med/Rx**	**Total**
Employee	63	63	$688.54	$688.54	$768.80	$768.80
Family	53	53	$1,904.14	$1,904.14	$2,126.07	$2,126.07
Monthly Total	116	116	$144,297	$144,297	$161,116	$161,116
Total Contracts as of : 8/2020	116	116				
Estimated Monthly Accrual Total			$144,297	$144,297	$161,116	$161,116
Estimated Annual Accrual Total			$1,731,569	$1,731,569	$1,933,393	$1,933,393
Annual Base Rate Funding Increase					8.54%	8.54%
Recommended Reserve (Supplemental) Funding Renewal Increase					3.12%	3.12%
Renewal % Increase/Decrease					11.66%	11.66%

Assumed Plan Parameters:
LCRP Deductible Level: $75,000

Please sign below to accept the renewal rates as shown above:

Member Group Representative Name (Print) | Position/Title

Member Group Representative (Signature) | Date

Notes:
- Signed election sheet must be returned The Jefferson Health Plan by May 15, 2021 via mail or email to: renewals@thejeffersonhealthplan.org
- Please remember to also forward a copy of the signed election sheet to your claims administrator (TPA) for their records.
- The standard JHP Large Claim Reimbursement Plan (LCRP) Period and Aggregate Plan Period, if applicable, cover paid dates between July 1st and June 30th.
- Changes to LCRP deductible levels can only be made effective July 1st if communicated in writing to JHP at least 30 days prior (June 1st).

8/12/2022

JHP Underwriting • Renewals

The Jefferson Health Plan
Glossary

Row:	Terms:	
	Experience	Detail of actual claims paid during a specified time period for the member group.
	Experience Period	The period of time used to project the expected expenses for the next contract period.
	Experience Rating	Rating method which uses the actual claims and accruals for the specific group to project the group's likely experience in the next contract period, and translate this projection into rates.
	(correlates with the row #s on the Rate Development as a reference)	
1	**Historical Average Enrollment/Contracts**	The average enrollment, or average number of contracts, used within the rate development to correlate accurately with claims paid. The calculation adds the number of employees by month for the months within the experience period.
2	**Claims Paid**	Claims paid by product line over the experience period used in the rate development. Medical and drug claims represent a blend of 67% of the current period with 33% of the prior period. Blending the current and prior periods allows to help mitigate the impact that any given year of high claims may have on the member group's renewal development. This rating methodology is applied consistently to all member groups.
3	**Benefit Adjustment**	When a benefit change has occurred during the experience period, an underwriting adjustment is made to the claims. Assuming a downgrade in benefit, the adjustment would 'recast', or reduce, the claim amount by month for each month prior to the adjustment. The intention is to bring all claims to the current benefit level to more accurately predict future claims.
5a	**LCRP Deductible (Level)**	The amount of eligible expenses relating to a covered person that the member group must pay before the member group is eligible for a large claim reimbursement (example: $150,000). LCRP coverage mitigates risks associated with individuals.
5b	**Large Claims Reimbursed**	Large claims paid by covered person that were above the LCRP Deductible threshold for the member group and below the JHP specific deductible that have been
7-10	**Trend**	Factor reflecting the combined effect of unit cost increases and increases in utilization. The trend is calculated from the mid-point of the experience period to the mid point of the contract period.
13-14	**Fixed Costs**	All fees not associated with expected claims to include, but not limited to, large claim reimbursement plan fees, aggregate protection fees, administrative and network access fees, commissions, and other bank fees, if applicable.
17	**Current Annual Accruals**	The amount of accruals paid by the member group over the length of the experience period (# of enrollees by benefit plan by contract type X current accrual rate X month). Accrual refers to the accrual rate billed by coverage type. This rate is inclusive of all costs for the program under consideration, to include projected claims, fixed costs, and reserves. These rates are similar to premiums paid under an insured policy, but are not to be considered premiums. The accrual rates represent the maximum payment to JHP, made by the member group, within the contract period.
20	**Credibility**	A credibility factor, up to 1.00, is applied to a member group's claims experience, based on group size, to blend the group's actual experience with that of the overall JHP consortium experience. The purpose is to adjust for random claims fluctuation. Generally, the larger the group, the more stable the experience will be from one year to the next. Conversely, the smaller the group, the less stable the claims experience will be from one year to the next. Credibility regresses the group's experience toward the mean for all groups of a similar size. This helps mitigate the impact that any given year of high claims may have on the member group's renewal development. This rating methodology is applied consistently to all member groups.

8/12/2022

The Jefferson Health Plan
Glossary (continued)

Row:	Terms:	
21	**JHP Consortium Renewal Rate**	The overall consortium renewal rate applied as a book rate during credibility to the member group's experience at renewal.
25	**Member Group Reserve Balance**	The member group's reserve account balance as of the most recent bank statement available at time of renewal.
26	**Outstanding Large Claim Reimbursements**	Any outstanding large claim reimbursements that have been submitted but not yet included on the bank statement due to a timing issue. Applied to show the earned increase in reserve balance.
27	**Outstanding Member Group Funding Payment**	Any outstanding member group funding (accrual) payments that have been submitted but not yet included on the bank statement due to a timing issue. This is applied to show the earned increase in reserve balance.
29	**Deficit Funding Requirement**	The funding amount required to reduce the deficit over a specified period of time as established by Underwriting.
30	**IBNR Funding Requirement**	Claims that have been "incurred but not reported" refers to claims that are in the "lag period" that occurs between the date of service of a claim (incurred date) and the date the claim is paid by the administrator (paid date). JHP, in accordance with Ohio Revised Code, requires member groups to fund a portion of their reserve account to cover these expenses. This reserve is determined actuarially as adequate to fund the required Ohio Revised Code claim liability for the member organization. The reserve amount associated with this additional estimated claims expense is calculated as a percentage of the total claims paid for the experience period used in the rate development. The percentage used within the calculation has been recommended by a local Actuarial firm hired by the Jefferson Health Plan based on the needs of the member groups within the consortium. JHP requires the IBNR funding requirement be fulfilled prior to applying the CFR Requirement.
31	**Claims Fluctuation Reserve (CFR) Requirement**	Claims can be volatile, unpredictable and can vary based on employer group size. JHP requires member groups to fund a portion of their reserve account to cover these unanticipated expenses. The percentage of projected annual claims, used within the calculation has been recommended by a local Actuarial firm hired by the Jefferson Health Plan based on the needs of the member groups within the Consortium. JHP requires the IBNR funding requirement be fulfilled prior to applying the CFR Requirement.
33	**Moratoria**	During each annual renewal evaluation, the reserve balance of each member organization is reviewed. If a member organization's reserve balance held by The Jefferson Health Plan exceeds the amount required under the consortium's Funding Guidelines by the equivalent of one or more months of the member organization's funding factor accrual, the member organization may apply for a Funding Moratorium.

8/12/2022

JHP Service Contact Guide

TOPIC	EMAIL ADDRESS	PHONE
Billing	billing@thejeffersonhealthplan.org	740-792-4010 ext. 250
Broker with Questions	broker@thejeffersonhealthplan.org	740-792-4010 ext. 257
Employee with Question (Wellness & EAP)	jhpmember@thejeffersonhealthplan.org	740-792-4010 ext. 255
Employer with Questions	jhpemployer@thejeffersonhealthplan.org	740-792-4010 ext. 256
Investment (US Bank/Audit)	invest@thejeffersonhealthplan.org	740-792-4010 ext. 251
Legal and Compliance	legal@thejeffersonhealthplan.org	740-792-4010 ext. 252
Life Insurance	lifeinsurance@thejeffersonhealthplan.org	740-792-4010 ext. 256
Moratoria Requests	moratoria@thejeffersonhealthplan.org	740-792-4010 ext. 258
Ohio Valley Pool	ovp@thejeffersonhealthplan.org	740-792-4010 ext. 253
Renewals/Election Sheets	renewals@thejeffersonhealthplan.org	740-792-4010 ext. 254
Quotes	quotes@thejeffersonhealthplan.org	740-792-4010 ext. 254