

ECHIP – Renewal vs. Trend

Fiscal Year	ECHIP Renewal Average For its Members	Regional Medical, Rx Trends	% Savings for all ECHIP Members
ECHIP Launches July 1, 2012			Averaged 7% savings, moving from fully insured to self-funded
2013-2014	Renewal increases ranged from (-2%) to 19% Group average was 11%	12% to 13%	Averaged 1% savings over expected trend
2014-2015	Renewal increases ranged from (-2%) to 8% Group average was 6.4%	12%	Averaged 6% savings over expected trend
2015-2016 (as of 4/27/15)	Group average is 2.7%	10%	Averaged 7% savings over expected trend

ECHIP Operations

- ECHIP members created and set bylaws
- ECHIP members created rules and underwriting parameters
 - Minimum reserves to be held in account for IBNR
 - Each rate includes 2-4% claims fluctuation margin – no flexibility if insufficient reserves held
- ECHIP members created rules for sharing or subsidizing a member in difficult financial position
 - Contingency fund
 - Each member sets aside certain percentage of their claims for potential to help
 - Rules set the approval process to request contingency funds
 - Rules set parameters for payback of contingency funds
 - If contingency funds are borrowed the claims fluctuation margin in the next renewal is automatically 4%
- ECHIP rating procedure change
 - Originally each member was rated on their own claims experience
 - New rating includes a pooling concept

ECHIP Savings at a Glance

- 2012-13: Negotiated share of Rx rebates from Cigna, creating approximately \$186,000 in savings toward ECHIP's annual ASO Fees
- 2013-14: Moved stop-loss to a third party administrator and lowered stop-loss deductible from \$160K to \$150K, saving \$550,000
- 2013-14: Negotiated release of ECHIP members' \$812K security deposit, initially required by Citibank and Cigna to smooth monthly cash flow; savings returned to members
- 2014-15: Reduced the aggregate budget by 16.5%, based on lower medical utilization for all members (i.e., Urgent Care vs. Emergency Room and reduced hospital admissions; higher use of generic Rx's)

ECHIP: Looking Ahead

- Continue promoting our Affordable Care Act/Cadillac Tax– Common Plan options
- Continue research and review of our pharmacy benefit management program
- Create RFPs for ECHIP-wide dental program
- Seek alternative Medicare options and solutions
- Promote ECHIP Health and Wellness initiative