



## MeASBO Spring Meeting

# Interpreting your School Districts Medical Loss Ratio Reports & the Rating Process

MEA Benefits Trust  
Jennifer Kent, Executive Director

# Agenda

- Overview of medical loss ratio (MLR) reports
- What to consider when reviewing your districts MLR reports
- Overview of the overall MEABT rating process
- Overview of the MEABT underwriting process for experience rated school districts
- Questions

# Medical Loss Ratio (MLR) Reports

## Medical Loss Ratio Reports Include:

- ✓ All active members and retirees that are both Medicare and Not Medicare eligible
- ✓ Loss Ratios are calculated by dividing Total Claims by Premium Paid
- ✓ High dollar claimants over \$50,000
  - Their status with the plan: Active or Term
  - The primary diagnosis associated with the claims
- ✓ Retiree Classification Report
  - # of Medicare retirees – Group Companion Plan contracts
  - # of Non-Medicare retirees – Remain on the active plan as either early retirees or retirees that will never be eligible for Medicare

# Reviewing Medical Loss Ratio(MLR) Reports

Your district's MLR report is a helpful tool in monitoring your school districts performance

- MLR reports are available quarterly
- Look at your High Dollar Claimants
  - Are these members active or termed?
  - What conditions are being treated?
  - How many claimants do we have that exceed \$150,000?
  - Were these claimants on my report in the prior year?
- Consider the potential impact retirees have on your report
  - Medicare retirees have Medicare primary for medical claims, but not for prescription claims
  - Non-Medicare retirees will be included in the rating of your district; they typically have higher medical and prescription claims

# Medical Loss Ratio Report

## PERIOD: 201701 through 201712

YYYYMM	Contracts	Members	Premium	Rx Claims	Medical Claims	Total Claims	Loss Ratio
201701	329	596	\$339,626	\$89,897	\$364,500	\$454,397	133.8%
201702	329	591	\$338,525	\$78,477	\$356,875	\$435,352	128.6%
201703	331	592	\$338,901	\$114,781	\$199,001	\$313,782	92.6%
201704	332	600	\$342,787	\$93,313	\$174,994	\$268,307	78.3%
201705	330	598	\$342,027	\$85,767	\$370,404	\$456,171	133.4%
201706	331	599	\$342,753	\$124,689	\$219,240	\$343,929	100.3%
201707	328	595	\$340,913	\$90,606	\$200,282	\$290,888	85.3%
201708	329	601	\$343,040	\$78,177	\$321,169	\$399,346	116.4%
201709	338	618	\$351,520	\$105,273	\$242,301	\$347,574	98.9%
201710	340	621	\$353,224	\$75,418	\$309,161	\$384,579	108.9%
201711	343	633	\$358,732	\$77,791	\$293,495	\$371,286	103.5%
201712	345	633	\$358,752	\$100,794	\$502,139	\$602,933	168.1%
<b>Sum</b>	<b>4,005</b>	<b>7,277</b>	<b>\$4,150,799</b>	<b>\$1,114,981</b>	<b>\$3,553,562</b>	<b>\$4,668,543</b>	<b>112.5%</b>

## High Dollar Claimant Report

SCHOOL DISTRICT: Example School A

PERIOD: 201701 through 201712

471156#C1%T	ACTIVE	\$330,042	CYANOSIS OTHER DISEASES OF VOCAL CORDS
661#1?12126	ACTIVE	\$285,427	* MYELOYDYSPLASTIC SYNDROME, UNSP
?2141%1W1##	ACTIVE	\$185,612	MALIGNANT NEOPLASM OF OVERLAPP HEMORRHAGE DUE TO OTHER INTERN
3?12651C176	ACTIVE	\$154,690	ISCHEMIC CARDIOMYOPATHY HEART FAILURE, UNSPECIFIED
4412351C?3#	ACTIVE	\$117,937	DISPLACED INTERTROCHANTERIC FR MUSCLE WEAKNESS (GENERALIZED)
411146#C4?R	ACTIVE	\$108,997	CONGENITAL CUTANEOUS MASTOCYTO *
\$41126%C3\$#	TERM	\$94,297	NON-ST ELEVATION (NSTEMI) MYOC TYPE 2 DIABETES MELLITUS WITH
5\$115?%C43#	TERM	\$88,480	ATHEROSCLEROTIC HEART DISEASE *
?6151?1#13Q	ACTIVE	\$85,213	* AUTISTIC DISORDER
24131%111?#	ACTIVE	\$83,742	BENIGN NEOPLASM OF CRANIAL NER AFTERCARE FOLLOWING SURGERY FO

6411\$6#C###	ACTIVE	\$82,417	MALIGNANT NEOPLASM OF UNSPECIF MALIGNANT NEOPLASM OF OVERLAPP
?211111?1%#	ACTIVE	\$75,387	* MALIGNANT NEOPLASM OF UPPER LO
3313111413#	ACTIVE	\$74,550	CEREBRAL ANEURYSM, NONRUPTURED ENCOUNTER FOR SCREENING MAMMOG
%42?2%2414T	ACTIVE	\$66,600	MAJOR DEPRESSIVE DISORDER, REC SEDATIVE, HYPNOTIC OR ANXIOLYT
14111\$1211#	ACTIVE	\$65,434	* PSORIASIS VULGARIS
4?1156#C1%#	ACTIVE	\$64,003	* ENCOUNTER FOR SCREENING FOR MA
%111141?11#	ACTIVE	\$63,675	SEPSIS DUE TO ESCHERICHIA COLI *
%%1?121314#	ACTIVE	\$61,220	OVERACTIVE BLADDER OTHER SPECIFIED NONINFECTIVE D
4?11%64C?##	ACTIVE	\$57,648	* RHEUMATOID ARTHRITIS WITH RHEU

This member will most likely repeat in future years

## Retiree Classification Report Medicare Eligible Retirees vs. Non Medicare Eligible Retirees Retirees As Of: 201712

Retiree	Medicare	Contract
RETIREE	MEDICARE	58
RETIREE	NON-MEDICARE	20
TOTAL		78

- Medicare retirees are carved out of the rating process; Group Companion Plan is rated separately as one statewide unit
- Non-Medicare retirees are included in your district's rating



# Overview of the MEABT Rating Process

- School districts with 50 or fewer full time equivalents, including retirees are community rated in accordance with State law
- School districts with 51 or more full time equivalents, including retirees are experience rated through a modified risk pool methodology
- The MEABT as a total group goes through the renewal process to determine the overall increase required for the next plan year
- The MEABT and consultants begin negotiating with Anthem on different components of the renewal such as trend
- The overall increase is typically bought down by the MEABT in order to reduce the premium impact for all school districts
- A minimum and maximum range is recommended
- The MEABT Board of Trustees are presented with the overall increase, suggested buy down, community rate, and rate range for the experience rated school districts
- Upon approval from the Trustees, the Anthem underwriting process begins in conjunction with MEABT actuarial consultants

# High Level Overview of the MEABT Underwriting Process

- Group Companion Plan members are removed; claims and premium
- January 2017 – June 2017 premiums are adjusted to the July 2017 rate increases
- Claim amounts over \$150,000 are removed and a pooling charge is applied
- Claims are trended out for 18 months and completion factors are applied to determine estimated total premium needed for the July 2018 – June 2019 plan year
- Credibility factors are applied based on school district size...the larger the group, the more credible they are
- Rate increase is determined within the minimum and maximum percentages approved by the MEABT Board of Trustees

# Medical Loss Ratio Report

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### High Dollar Claimant Report

SCHOOL DISTRICT: Example School A

PERIOD: 201701 through 201712

4 HDC >  
\$150K

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\$955,771  
-\$600,000  
\$355,771

Instead of  
\$955,771 being  
included in the  
total claims,  
only \$600,000  
will be  
included.

# Adjusting the Medical Loss Ratio for High Dollar Claimants over \$150,000

YYYYMM	Contracts	Members	Premium	Rx Claims	Medical Claims	Total Claims	Loss Ratio
Sum	4,005	7,277	\$4,150,799	\$1,114,981	\$3,553,562	\$4,668,543	112.5%

Total Claims: \$4,668,543  
 Less Claims > \$150,000: \$ 355,771  
 Total Claims after HDC: \$4,312,772 / \$4,150,799 = 103.9%

Adjusted Loss Ratio = 103.9%

Pooling charge is applied which is calculated as a percentage of total claims after HDC are removed

Adjusted loss ratio after pooling charge = 104.7%

Without a maximum increase established, this example school district would have warranted at 25.14% increase instead of the 8.765% received

# Questions

