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Memorandum

To: Ritchie Brooks
Jason Paradis

From: Josh Timm

Date: April 7, 2020

Re: Kaiser Permanente Rate Quote Effective June 1, 2020

We have reviewed the rate quote provided by Kaiser Permanente effective June 1, 2020. Our analysis included reviewing the side by side benefit plan comparison and developing a self-funded projection for the Fund to compare to the fully-insured premium offered by Kaiser.

The self-funded projection produced a total expected cost of $4,401,000 for the period June 1, 2020 to May 31, 2021. In comparison, the annual expected premium cost from the Kaiser quote is $3,839,000. This represents a potential savings of $562,000. The savings is an estimated amount and may be more or less depending on the actual medical and prescription drug claims.

We also reviewed the side by side benefit comparison provided by Kaiser. The Kaiser plan design matches up well with your current Cigna benefit offering. There are many areas where the in-network Kaiser benefits are equal to or better than the current Cigna benefit plan, including no in-network deductible and most in-network services having fixed copays or no copay. This is a benefit improvement as compared to the same services being subject to the deductible and then 20% coinsurance in the Cigna benefit plan. The out-of-network benefits in the Kaiser plan are almost an exact match to the current Cigna plan, with a few areas in the Kaiser plan that may be viewed more favorably.

While there is no network comparison included, it helps that the out-of-network benefits match up well with the current plan. Further information would need to be obtained from Kaiser to review their provider network in greater detail.

Our analysis assumes Kaiser would be offered as a total replacement to Cigna. If that were not the case, and Kaiser was offered as an option alongside the current Cigna plan, the savings would be less. There would also be the possibility that the risk selection may produce less per participant savings if the lower utilizers in the population were to select Kaiser and as such we would not recommend offering both options.

The next steps would include setting up a conference call to review the results and then obtaining additional network information from Kaiser if you decide to move forward.

cc: Bob Cabana, Segal

Warehouse Employees Union Local 730 Health & Welfare Fund

Financial Analysis of Kaiser Permanente Proposal

	Qtr1 2019	Qtr2 2019	Qtr3 2019	Qtr4 2019	2019 Total
Medical Claims	$507,366	$867,259	$676,600	$685,594	$2,736,819
Prescription Drug Claims	$189,515	$243,103	$191,486	$207,763	$831,867
Cigna Administration	$29,314	$29,946	$29,696	$30,453	$119,409
Cigna OONSP	$30,874	$38,643	$51,876	$11,458	$132,851
Stop Loss	$22,349	$22,080	$21,851	$22,183	$88,463
Total Medical + Rx	**$779,418**	**$1,201,031**	**$971,509**	**$957,451**	**$3,909,409**
Enrollment	366	372	350	359	362
Per Participant Per Month Claims	$634.68	$994.95	$826.75	$829.49	$822.09
Per Participant Per Month Administration	$75.17	$81.24	$98.50	$59.51	$78.49
Per Participant Per Month Total Cost	$709.85	$1,076.19	$925.25	$889.00	$900.58

Experience Claims Per Participant Per Month	$822.09
Annual Trend	7.0%
Trend Months To June 1, 2020 (assumes 1 month lag)	18
Trend Factor	1.1068
Trended Claims Per Participant Per Month	$909.90
Weighting	100%
Projected Claims PPPM for June 1, 2020 to May 31, 2021	$909.90
Cigna Administration Fee (assumes 2% increase on 1/1/21)	$27.92
Cigna OONSP Fee (based on calendar year 2019 actual)	$30.60
Stop Loss Premium (assumes 7% increase on 1/1/21)	$22.89
Total Projected Medical + Rx Costs PPPM	$991.31
Participants Per Census	x 370
Total Projected Medical + Rx Costs for June 1, 2020 to May 31, 2021	**$4,401,000**

Kaiser Permanente Single Rate effective June 1, 2020	$708.17	x	149	$1,266,208
Kaiser Permanente Family Rate effective June 1, 2020	$970.20	x	221	$2,572,970
Total Projected Kaiser Permanente Annual Premium			**370**	**$3,839,000**

Potential Annual Savings - $	**($562,000)**
Potential Annual Savings - %	**-12.8%**

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KAISER PERMANENTE Teamsters Local 730	Current Cigna PPO Plan		Proposed KP option (Added Choice POS)	
	In Network	**Out of Network**	**KP Sig**	**OON**
Annual Deductible: Individual / Family	$800/$1,600	$800/$1,600	None	$800/$1,600
Maximum Out-Of-Pocket Medical : Individual / Family	$6,250/$12,500	$6,250/$12,500	$2,250/$4,500	$6,250/$12,500
Maximum Out-Of-Pocket Rx : Individual / Family	$1,100/$2,200	$1,100/$2,200	w/Medical	w/Medical
Maximum Lifetime Benefit	Unlimited	Unlimited	Unlimited	Unlimited
Hospital Inpatient				
Services rendered while hospitalized	$100 per confinement deductible then 20%	$100 per confinement deductible then 20%	$500 copay per admission	20% after deductible
Outpatient				
Primary Care	Plan pays $35 you pay 20% after deductible	Plan pays $35 you pay 20% after deductible	$20 copay	20% after deductible
Urgent Care	Plan pays $35 you pay 20% after deductible	Plan pays $35 you pay 20% after deductible	$40 copay	20% after deductible
Specialist	Plan pays $35 you pay 20% after deductible	Plan pays $35 you pay 20% after deductible	$40 copay	20% after deductible
Preventive Care	No copay	No copay	No copay	No copay
Outpatient Surgery	20% after deductible	20% after deductible	$100 copay	20% after deductible
Diagnostic Lab - Radiology	20% after deductible	20% after deductible	No copay	20% after deductible
Advanced Imaging (CT / MRI / PET scans)	20% after deductible	20% after deductible	$100 copay	20% after deductible
Ambulance Services	20% after deductible	20% after deductible	$100 copay	20% after deductible
Emergency Department visits	20% after deductible	20% after deductible	$100 copay	20% after deductible
Outpatient Prescription Drugs				
Pharmacy: Generic / Brand / Non-Preferred Brand	$15/$40/$75		$0/$25/$50 KP	$10/$50/$75 Contracted
Specialty Rx	$75		At applicable copay	
Mail order	2x for 90 days		2x for 90 days	Available at KP Pharmacies
Mental Health Services / Substance Abuse				
Inpatient psychiatric care	$100 per confinement deductible then 20%	$100 per confinement deductible then 20%	$500 copay per admission	20% after deductible
Outpatient individual therapy visits	Plan pays $35 you pay 20% after deductible	Plan pays $35 you pay 20% after deductible	$20 copay	20% after deductible
Outpatient group therapy visits	Plan pays $35 you pay 20% after deductible	Plan pays $35 you pay 20% after deductible	$40 copay	20% after deductible
Infertility Services				
Covered services related to the diagnosis and treatment of infertility	Not covered	Not covered	50% for covered services	60% for covered services
Additional Benefits				
Durable Medical Equipment	20% after deductible	Not covered	No copay	20% after deductible
Skilled Nursing Facility	20% after deductible	20% after deductible	$500 copay per admission	20% after deductible
Home Health	20% after deductible	20% after deductible	No copay	20% after deductible
Hospice Care	20% after deductible	20% after deductible	No copay	20% after deductible
Acupuncture	Not covered	Not covered	Not covered	Not covered
Chiropractic	Plan pays $35 you pay 20%	Plan pays $35 you pay 20%	$40 copay up to 20 visits	20% after deductible
Effective date 6/1/2020				
Single Subscriber	**$814.26 (2020 COBRA Equivalent)**		**$708.17**	
Family	**$1,125.70 (2020 COBRA Equivalent)**		**$970.20**	

DISCLAIMER: This information is for illustrative purposes only. Please refer to your EOC documents for complete explanation of benefits.