

## MEMO

To: All Employees

From: Mike Ratkiewicz

Subj: **Group Health, Life & Dental Renewal Effective January 1, 2018**

Aetna Insurance Company (Med) Policy # 284011 Aetna Life Insurance Co (Life) Policy # 284011 Aetna Dental Ins. Co. (Dental) Policy # 284011

Date: September 13, 2017

This year we started 2018 health renewal discussions in July and just finished up today. Our claims are presently right at 88% thru nine months which likely means by the time we get all the claims tallied thru year end including the "runout" of 2017 claims paid in 2018, the loss ratio will be in the nineties. Now we watch closely as the new congress wrestles with what to do with the nation's healthcare situation. **Please remember that insurance is "claims driven"; the more the claims, the higher the premiums.** We ended up after a lot of discussions, with a 12.3% overall increase in premiums for the 2018 year which is significantly less than national averages, given the uncertainty of healthcare. 3.15% of this increase is reinstatement of the federal tax on ins. premiums which was suspended in 2017, but back in for 2018. This comes as a result of our group doing better than the claims-blistering ratios we had over the two years previous to 2017. Your administrator for the program is Tammy Kratky at Ext 4302. She will handle the day to day administration, billings and routine questions/forms. Aetna does have a "Teladoc" program that will give you 24/7/365 access to a doctor through the convenience of phone or video consults; **I strongly urge each subscriber to use this program to its fullest extent. Live healthy, use Teledoc (855-835-2362).**

**Open enrollment is from 11/1/17 thru 11/30/17. You can enroll, add dependents, or switch plans at your option.**

Year	1997	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Plan A	Plan B	Plan A	Plan B	Plan A	Plan B	Plan A	Plan B
Sing	\$105.03	137.88	166.19	212.80	265.88	320.12	368.21	394.99	410.38	418.38	418.08	409.92	410.28	410.28	410.28	418.55	435.83	512.91	300.74	569.35	380.22	639.56	381.73	715.97	428.58	
Fam	\$279.63	365.67	437.92	560.53	700.36	843.20	970.60	1016.44	1055.92	1076.43	1076.43	1055.21	1056.45	1056.45	1056.45	1077.64	1121.82	1318.82	755.92	1464.66	979.73	1646.07	984.73	1848.45	1106.15	

Coverage Item	Plan A Existing continuation		Plan B Higher Deductible/Out of Pocket (unchanged)	
	Expiring Policy	New Policy (1/1/18)	In Network	Out of Network
Lifetime Benefit	\$ Unlimited	\$ Unlimited	\$ Unlimited	\$ Unlimited
Deductible per year	\$1000 Individual \$2000 Family	\$1000 Individual \$2000 Family	\$ 5,000 Individual \$10,000 Family	\$10,000 Individual \$20,000 Family
Co-Insurance Levels	90% In Network / 80% out	90% In Network / 80% out	50%	50%
Out of Pocket Including Deductible per Year	\$1500 In network individual \$2000 Out network individual \$3000 Family in network \$4000 Family out network	\$1500 In network individual \$2000 Out network individual \$3000 Family in network \$4000 Family out network	\$ 6,350 Individual \$12,700 Family	\$12,700 Individual \$25,400 family
Office Visit Co-Pay	\$ 30	\$ 30	Deductible and Co-insurance	
Emergency Room Co-Pay	\$225	\$225	Deductible and Co-Insurance	
Urgent Care Co-Pay	\$ 50	\$ 50	Deductible and Co-Insurance	
<b>RX Plan</b>	<b>In Network</b>	<b>Out Network</b>		
Generic	\$15 Copay +20% of submitted cost after copay	\$15 Copay +20% of submitted cost after copay	Deductible and Co-Insurance	
Formulary	\$45 Copay, Same	\$45 Copay, Same	Deductible and Co-Insurance	
Non Formulary	\$75 Copay, Same	\$75 Copay, Same	Deductible and Co-Insurance	
Specialty Drugs	\$90 Copay, Not Covered	\$90 Copay, Not Covered	Deductible and Co-Insurance In network only	

<b>Dental</b> Benefit per Person	\$500 Year \$ 50 Deductible 80% Co Insurance	\$500 Year \$ 50 Deductible 80% Co Insurance	\$500 Year \$ 50 Deductible 80% Co Insurance
<b>Life Insurance:</b>	\$10K Employee \$ 5K Spouse \$ 2K Children over 6 mos	\$10K Employee \$ 5K Spouse \$ 2K Children over 6 mos	\$10K Employee \$ 5K Spouse \$ 2K Children over 6 months

The employee contribution levels for our group for the year 1/1/18 to 12/31/18:

	<b>Plan A</b>	<b>After Tax Wage</b>	<b>Plan B</b>	<b>After Tax Wage</b>
	<b>Gross Deduction</b>	<b>Net HR 125 Plan Effect</b>	<b>Gross Deduction</b>	<b>Net HR 125 Plan Effect</b>
Individual Medical, Life & Dental	\$ 78 per week	\$ 58 per week	\$ 49 per week	\$ 30 per week
Family Medical, Life & Dental	\$165 per week	\$123 per week	\$122 per week	\$ 91 per week

Here's how the Section 125 HR works:

Comparison Item	Plan A				Plan B			
	Without HR 125		With HR 125		Without HR 125		With HR 125	
	Individual	Family	Individual	Family	Individual	Family	Individual	Family
Gross Weekly Income	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Less Premium Charge			(\$78)	(\$165)			(\$49)	(\$122)
Taxable Income	\$800	\$800	\$722	\$635	\$800	\$800	\$760	\$678
Est. State, Fed & FICA	(\$200)	(\$200)	(\$180)	(\$158)	(\$200)	(\$200)	(\$190)	(\$169)
Income After Taxes	\$600	\$600			\$600	\$600		
Less Premium Charges:	(\$78)	(\$165)			(\$49)	(\$122)		
<b>Net Take Home Pay:</b>	<b>\$522</b>	<b>\$435</b>	<b>\$542</b>	<b>\$477</b>	<b>\$551</b>	<b>\$478</b>	<b>\$570</b>	<b>\$509</b>

K&B continues with a plan, which compared to other employers has significantly lower deductibles and out of pocket totals, plus better co-insurance levels. Once again remember, it's all claims-driven and the healthy pay for the sick; that's what insurance is, a pooling of premium dollars and likewise a pooling of claims. Kory and Brock took a hard look at overall healthcare cost to our employees and opted to pass on only about half of the rate increase instead of the full 12.3%. Let's all do our part and live the healthiest lifestyle, and use all available Aetna features to assist in controlling our group health claims.