

**CLEVELAND PUBLIC LIBRARY**

**Board Meeting**

November 15, 2018

**RESOLUTION AUTHORIZING CONTRACT WITH MEDICAL MUTUAL OF OHIO FOR  
EMPLOYEE HEALTHCARE BENEFITS**

WHEREAS, The Cleveland Public Library has purchased employee health insurance from Medical Mutual of Ohio Since October 2012; and

WHEREAS, The Library's current contract with Medical Mutual provides for employee healthcare coverage from January 1, 2018 through December 31, 2018; and

WHEREAS, Medical Mutual has proposed to offer employee health insurance to the Library for 2019 at a rate increase of 4% over the 2018 rate as outlined in the attached renewal; now therefore be it

RESOLVED, That the Board of Library Trustees hereby authorizes the Executive Director, CEO or his designee to enter into an agreement with Medical Mutual of Ohio for employee health insurance benefits for a 12 month term from January 1, 2019 through December 31, 2019 at a rate increase of 4%, which agreement shall be subject to the review and approval of the Chief Legal Officer.



Prepared For:  
**CLEVELAND PUBLIC LIBRARY**

Effective Date: 1/1/2019  
End Date: 12/31/2019  
County: Cuyahoga  
State: Ohio

Quote ID: 0061776-05

Monday, October 15, 2018  
12:13 PM



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As part of the Affordable Care Act, health insurance issuers and group health plans are required to provide a Summary of Benefits and Coverage (SBC) to all participants (and their dependents if they reside at a different address).

The SBC(s) applicable to your current plan(s) will be available on EmployerLink or from your sales representative or broker. As the plan sponsor, you are responsible for distributing SBCs to your participants with other written application materials during open enrollment. An SBC must be provided for each benefit package in which a participant or dependent is eligible. If you do not require a written application from your participants to renew, you must provide each participant with the SBC specific to the plan in which he or she is enrolled no later than 30 days prior to the first day of the new plan or policy year.

Please review your applicable SBC(s) carefully. If you make a change that affects the information in your SBC, please contact your sales representative or broker to initiate the change and ensure new SBCs are available for your open enrollment period.



## Federal Definitions

**Full-Time Employee** – Section 4980H provides that full-time employee status is determined on a monthly basis. Under § 4980H, a full-time employee with respect to any month is an employee (including a seasonal employee) who is employed, on average, at least 30 hours of service per week (or, under the rules contemplated to be included in proposed regulations, at least 130 hours of service in the calendar month). An employee who is not a full-time employee under this standard (including a seasonal employee) for a given month is taken into account in the FTE calculation. Section 4980H(c)(2)(E).

**Full-Time Equivalent Employee** – In determining whether an employer is an applicable large employer for the current calendar year, § 4980H provides that the employer is required to calculate the number of FTEs it employed during the preceding calendar year and count each such FTE as one FT employee for that year. All employees (including seasonal employees) who were not full-time employees for any month in the preceding calendar year are included in calculating the employer's FTEs for that month. The number of FTEs for each calendar month in the preceding calendar year would be determined using the following steps:

(1) Calculate the aggregate number of hours of service (but not more than 120 hours of service for any employee) for all employees who were not full-time employees for that month.

(2) Divide the total hours of service in step (1) by 120. This is the number of FTEs for the calendar month.

In determining the number of FTEs for each calendar month, fractions would be taken into account. For example, if in a calendar month employees who are not full-time employees work 1,260 hours, there would be 10.5 FTEs for that month. However, after adding the 12 monthly full-time employee and FTE totals, and dividing by 12 (the amount in Section IV.E, step (4) below), all fractions would be disregarded. For example, 49.9 FT employees for the preceding calendar year would be rounded down to 49 FT employees (and thus the employer would not be an applicable large employer in the current calendar year).

**Seasonal Employee** - Section 4980H provides that seasonal employees are employees who perform labor or services on a seasonal basis as defined by the Secretary of Labor, including seasonal workers covered by 29 C.F.R. § 500.20(s)(1) and retail workers employed exclusively during holiday seasons. Section 4980H(c)(2)(B)(ii). If an employer's workforce exceeds 50 FT employees for 120 days or fewer during a calendar year, and the employees in excess of 50 who were employed during that period of no more than 120 days were seasonal employees, the employer would not be an applicable large employer. It is contemplated that, for this purpose only, four calendar months would be treated as the equivalent of 120 days.



# MEDICAL MUTUAL<sup>SM</sup>

## Renewal Form

To comply with various new components of healthcare reform, Medical Mutual needs to gather the following information in order to correctly process your group's renewal. Please review the definitions section before completing the form.

Please complete the following information for the renewing group policy:

Group Information	
Group Name:	CLEVELAND PUBLIC LIBRARY
Group Number:	# 227377
Group Certification	
1.	Total number of people employed by your company (exclude COBRA/retirees): a. <u>438</u> # of full-time b. <u>234</u> # of part-time c. <u>587</u> # of FTEs (full-time equivalent employees)
2.	Total number of covered persons: a. <u>2</u> # electing COBRA b. _____ # who are retired
3.	Minimum work hours per week: a. <u>532</u> # of employees working 25 or more hours per week b. <u>28</u> # of hours an employee must work to be eligible for coverage under this renewing group policy c. <u>74</u> # of employees working the minimum number of hours disclosed in statement 3-b
4.	Total number of eligible employees residing outside of Ohio: <u>NONE</u>
5.	Total number of eligible waivers (ie: employees not applying for coverage): <u>88</u> - Examples of waivers include employees covered: o in a spouse's employer sponsored health plan o as an active eligible employee or retiree in another health plan sponsored by a second employer o covered under a parent's plan o covered by Medicare and/or a Medicare Supplement plan o in a government-sponsored plan such as: TRICARE, Medicaid or Veteran's Administration (VA) coverage o in subsidy-eligible individual coverage
6.	Do you offer spousal coverage: <input checked="" type="checkbox"/> a. Yes <input type="checkbox"/> b. Yes, only if no other coverage is available <input type="checkbox"/> c. No



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Renewal Form

Outside Vendor Information	
1. Health Savings Account (HSA)	
A.	<input checked="" type="checkbox"/> Not applicable
B.	_____ Name of administrator
C.	\$ / % _____ Employer contribution toward single coverage
D.	\$ / % _____ Employer contribution toward family coverage
2. Health Reimbursement Account (HRA)	
A.	<input checked="" type="checkbox"/> Not applicable
B.	_____ Name of administrator
C.	\$ _____ Employer contribution toward single coverage
D.	\$ _____ Employer contribution toward family coverage
E.	Who pays first? <input type="checkbox"/> Employee <input type="checkbox"/> Employer <input type="checkbox"/> Other
3.	Name of Pharmacy Benefit Manager (PBM): _____
4.	Name of Stop Loss Carrier: _____
Employer Contribution	
1.	Employer contribution toward employee coverage: \$ <u>Wellness BASED</u>
2.	Employer contribution toward family/dependent coverage: \$ <u>11</u>
3.	Has your company decreased its level of contributions toward health premium by more than 5 percent below the contribution rate on March 23, 2010, for any tier of coverage and any class of similarly situated individuals? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Renewal Acceptance	
Group Official/Broker/Consultant/Medical Mutual Rep signature:	<u>X</u> _____
Title:	<u>Director</u> _____
Date:	_____

This form must be returned no later than five business days before the effective date of the group's renewal



CLEVELAND PUBLIC LIBRARY  
ALL SECTIONS  
INSURED RENEWAL DEVELOPMENT

Effective January 1, 2019, through December 31, 2019

Experience Period:  
July 1, 2017, through June 30, 2018

		<u>MEDICAL</u>	<u>DRUG</u>	<u>TOTAL</u>
ESTIMATED INCURRED CLAIMS		\$3,400,883	\$1,118,722	\$4,519,605
POOLING ADJUSTMENT	\$150,000	(\$43,402)	N/A	(\$43,402)
CLAIMS TO ANNUALIZE		N/A	N/A	N/A
BENEFIT/ENROLLMENT CHANGES		\$8,394	N/A	\$8,394
CREDIBILITY & RISK ADJUSTMENTS		\$20,830	(\$16,031)	\$4,799
APPLICABLE TREND		1.1502	1.2172	1.1667
	# months	18.0	18.0	
	Annual	9.78%	14.00%	10.82%
PROJECTED INCURRED CLAIMS		\$3,895,388	\$1,342,195	\$5,237,583
ADMINISTRATION & COMMISSION		\$492,923	\$61,775	\$554,698
PREMIUM TAX		\$0	\$0	\$0
MANDATED FEES*		\$2,080	\$0	\$2,080
RENEWAL PREMIUM		\$4,390,391	\$1,403,970	\$5,794,361
REVISED RENEWAL PREMIUM		\$4,457,513	\$860,221	\$5,317,734
PREMIUM AT CURRENT RATES		\$4,286,091	\$827,136	\$5,113,227
CHANGE IN PREMIUM		2.43%	69.74%	13.32%
REVISED CHANGE IN PREMIUM		4.00%	4.00%	4.00%
Based on Average Enrollment of:				
	Single	293	288	
	Family	163	159	

Rates reflect the federally mandated fees as listed below. All fees are subject to state premium tax. Fees are subject to change. When a contract period spans more than one calendar year, the fees are averaged over the length of the period. See notes for rate details.

Mandated Fees	
PCORI:	\$2,080
Reinsurance:	\$0
Market Share:	\$0
MCO Fee	\$0
Total:	\$2,080

Quote ID: 0061770-05, Client Ref #: 03R529309911



CLEVELAND PUBLIC LIBRARY  
 ALL SECTIONS  
 INSURED RENEWAL RATES

Effective January 1, 2019, through December 31, 2019

# 227377			<u>Monthly Enrollment</u>	<u>Current Rates</u>	<u>Minimum Rates</u>	<u>Maximum Rates</u>	<u>Billed Rates</u>
CONTINGENT PREMIUM		%			90%	100%	100%
CMM I	\$300 Ded / 80% Coins / \$1,800 MOOP	Single	245	\$497.96	\$466.09	\$517.88	\$517.88
		Family	149	\$1,303.94	\$1,220.49	\$1,356.10	\$1,356.10
CMM II	\$300 Ded/80% Coins/\$1,800 MOOP_OAC	Single	0	\$497.96	\$466.09	\$517.88	\$517.88
		Family	1	\$1,503.12	\$1,406.92	\$1,563.24	\$1,563.24
CMM III	HSA \$3000_OAC	Single	0	\$490.54	\$458.96	\$509.96	\$509.96
		Family	0	\$1,470.36	\$1,376.08	\$1,528.98	\$1,528.98
CMM IV	\$600 ded_OAC	Single	0	\$492.58	\$461.06	\$512.29	\$512.29
		Family	0	\$1,424.15	\$1,333.03	\$1,481.14	\$1,481.14
CMM V	\$600 Ded / 80% Coins / \$3,600 MOOP	Single	43	\$492.58	\$461.06	\$512.29	\$512.29
		Family	9	\$1,289.86	\$1,207.31	\$1,341.46	\$1,341.46
CMM VI	\$3,000 Ded / 100% Coins / \$3,000 MOOP	Single	5	\$490.52	\$458.95	\$509.94	\$509.94
		Family	4	\$1,276.14	\$1,194.30	\$1,327.00	\$1,327.00

Rates include PCORI, Reinsurance and Market Share fees, when applicable, which are federally mandated. All fees are subject to premium tax. When a contract spans more than one calendar year, the fees are averaged over the length of the period.





CLEVELAND PUBLIC LIBRARY  
ALL SECTIONS  
INSURED RENEWAL RATES

Effective January 1, 2019, through December 31, 2019

#			Monthly Enrollment	Current Rates	Minimum Rates	Maximum Rates	Billed Rates
# 227377							
DRUG I	Retail Copays: \$10 / \$20 / \$40 /\$70	Single	245	\$101.58	\$95.08	\$105.64	\$105.64
		Family	149	\$253.94	\$237.69	\$264.10	\$264.10
DRUG II	Retail Copays: \$10 / \$20 / \$40 \$70_OAC	Family	1	\$294.58	\$275.72	\$306.36	\$306.36
DRUG III	Retail Copays: \$10/ \$35 /\$70/\$100	Single	0	\$91.82	\$85.94	\$95.49	\$95.49
		Family	0	\$266.27	\$249.23	\$276.92	\$276.92
DRUG IV	Retail Copays: \$10 / \$35 / \$70 /\$100	Single	43	\$91.82	\$85.94	\$95.49	\$95.49
		Family	9	\$229.54	\$214.85	\$238.72	\$238.72

Rates include PCORI, Reinsurance and Market Share fees, when applicable, which are federally mandated. All fees are subject to premium tax. When a contract spans more than one calendar year, the fees are averaged over the length of the period.

Rate Acceptance	
Group Official Initial: _____	<i>Please initial next to the benefits that have been selected by the group.</i>
Group Official Signature: <u>X</u> _____	
Title: <u>Director</u> _____	
Date: _____	



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CLEVELAND PUBLIC LIBRARY  
ALL SECTIONS  
DISCLAIMERS AND NOTES

Effective January 1, 2019, through December 31, 2019

- 1 - All rates are subject to the terms and conditions specified in the Group Contract.
- 2 - Change in total enrollment or in any one plan of more than 10% or the elimination of a plan may require rates to be adjusted.
- 3 - Medical rates include Essential only.
- 4 - In accordance with respective state laws, coverage for dependents beyond the federal limiting age of 26 may necessitate additional premium on insured plans.
- 5 - Employers must disclose any funding of deductibles or coinsurance provided to employees. If funding is not disclosed, Medical Mutual reserves the right to adjust rates at any time during the contract period. This may result in higher than anticipated rate adjustments.
- 6 - This renewal contains a Fully Insured Guarantee. This rate guarantee does not include and does not apply to fees, taxes or other charges imposed on Medical Mutual by state or federal government laws, statutes or regulations. To the extent permitted by law, Medical Mutual will include such charges in the fees (premium) charged to the Group or may include them as separate line item on the Group's invoice.
- 7 - As required by the Affordable Care Act, employees must be notified at least 60 days before the effective date of a material modification (made other than in conjunction with a renewal) if it impacts the contents of the Summary of Benefits and Coverage (SBC). Please be aware of this requirement when considering an off-renewal plan change or a change in carrier.
- 8 - Quote includes Medical Mutual's comprehensive suite of population health programs, which are designed to promote healthy lifestyle behaviors and encourage your employees to get well and stay well. Our programs help your employees understand their health, identify risk factors for disease, manage their conditions and make positive changes to improve their well-being. Covered employees will automatically have access to Medical Mutual's health and wellness initiatives, which may include, but not be limited to, online health resources and Health Assessment, Disease Management programs, 24/7 Nurse Line, tobacco QuitLine, Maternity program, fitness center discounts, and Weight Watchers® discounts.
- 9 - Use of a third party Pharmacy Benefits Manager (PBM) will require additional fees and additional lead time to implement. Please contact your Medical Mutual representative for further details and explanation.
- 10 - The addition of a specialty drug copay of 25% up to a maximum of \$250 to any Rx Card that does not have a specialty drug copay currently would reduce fully-insured rates up to 3.50% for the drug line of business.
- 11 - Products marketed by Medical Mutual may be underwritten by one of its subsidiaries, such as Medical Health Insuring Corporation of Ohio or Consumers Life Insurance Company.

12

-Medical Mutual will propose a second year rate cap of 10% for all lines of business for the Jan 1, 2020 - Dec 31, 2020 contract period.



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CLEVELAND PUBLIC LIBRARY  
ALL SECTIONS  
LEGISLATIVE UPDATES

Effective January 1, 2019, through December 31, 2019

- Your rates may be adjusted to account for coverage mandated by federal or state law.
- Pursuant to Ohio House Bill 463, based on your current Autism Spectrum Disorder benefits, your renewal (effective 1/1/18 or later) has been adjusted for compliance with the law, where applicable.
- In order to comply with the United State Preventive Task Force final recommendations effective with plan years beginning 12/1/2017, your renewal has been adjusted to reflect changes to your non-grandfathered plan benefits effective with your next plan year on or after 12/1/2017.
- The rates in this proposal may include Patient-Centered Outcomes Research Institute Fee (PCOR), Reinsurance Fee, Exchange Fee, and Market Share Fee when applicable which are federally mandated. Additionally, this policy, Medical Mutual, or you as a Plan Sponsor may become subject to taxes, fees or other charges imposed by State, Local, or Federal governments (collectively, "fees"). Medical Mutual reserves the right to adjust your premium or funding rate (or add the fees to the invoice) consistent with the effective date of the new fees imposed by the government. Adjustments may or may not be noted in a line item on monthly invoices. All fees are subject to change during the contract period.
- Rates and premiums for periods beginning January 1, 2022 do not include potential or actual exposure due to section 49801 of the Internal Revenue Code – Excise Tax on High Cost Employer-Sponsored Health Coverage under the Affordable Care Act. Any Excise tax determined to be payable on your plan(s) will be billed separately from health plan premium rates.

**Medical Mutual of Ohio**  
**Illustration of Contingent Premium Funding Arrangement**



**MEDICAL MUTUAL®**

A Contingent Premium arrangement is a fully insured funding arrangement that sets Discounted Premium and Contingent Premium rates in addition to the typical Fully Insured Premium rates. The usual Fully Insured premium rates are paid to Medical Mutual during the contract year. A settlement is performed after the Contract Period is over to reconcile the final premium amount. The final premium that the group is responsible for is based on actual claims incurred plus retention charges.

The Discounted Premium and Contingent Premium amounts act as lower and upper limits of the group liability. The settlement is based on the observed claims plus retention compared to the premium paid by the group during the contract period. The Discounted and Contingent Premium rates are expressed as a percentage of the Fully Insured rates.

Below are definitions relevant to the Contingent Premium arrangement:

**DEFINITIONS:**

**Discounted Premium:** The minimum amount for which the Group may be liable at Annual Settlement. The Discounted Premium will be determined by multiplying the number of months in the contract period by the number of contract-types in effect for each of those months times the Discounted Premium rates.

**Contingent Premium:** The maximum amount for which the Group may be liable at Annual Settlement. The Contingent Premium will be determined by multiplying the number of months in the Contract Period by the number of contract-types in effect for each of those months times the Contingent Premium rates.

**Fully Insured Premium:** 100% of the premium for which the Group would be liable under a conventional Fully Insured program. The Fully Insured premium amounts are intended to fund the Group's Incurred Claims, including reserve requirements for Incurred Claims not reported until after the end of the Contract Period, administrative fees and other insurance expenses. The Discounted and Contingent Premium rate(s) are minimum and maximum percentages of the Fully Insured Premium.

**Billing Premium:** The rates for which the Group will be billed each month during the Contract Period.

**Incurred Claim:** A claim for Covered Services, as defined in the applicable Certificate(s), that has beginning service dates on or after the effective date of the Contract and prior to termination of the Contract. For purposes of this Contingent Premium arrangement, Incurred Claims may also include Medical Mutual's best estimate of Incurred Claims not reported until after the end of the Contract Period.

**Retention:** Administrative expenses, including premium tax and commission, if applicable. Retention for the Contract Period is shown on Exhibit A.

**Medical Mutual of Ohio**  
**Illustration of Contingent Premium Funding Arrangement**  
(continued)



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## ANNUAL SETTLEMENT:

If the Billing Premium paid for the Contract Period is greater than the Group's Incurred Claims and retention, a refund will be made to the Group for the difference only to the level of the Discounted Premium amount.

If the Billing Premium paid for the Contract Period is less than the Group's Incurred Claims and retention the Group will be liable for the excess up to the Contingent Premium amount. The Group will be invoiced for any amount due.

<b>Sample Settlement:</b>		<u>Medical</u>	<u>Drug</u>	<u>Total</u>
(1)	Incurred 1/1/13-12/31/13, Paid thru 3/31/14	\$5,100,000	\$1,425,000	
(2)	Estimated runout claims	\$255,000	\$42,750	
(3)	Incurred Claims	\$5,355,000	\$1,467,750	
(4)	Retention, Commission, Tax	\$595,000	\$77,250	
(5)	<b>INCURRED CLAIMS + RETENTION</b>	<b>\$5,950,000</b>	<b>\$1,545,000</b>	<b>\$7,495,000</b>
(6)	<b>BILLED PREMIUM</b>			<b>\$8,462,087</b>
(7)	<b>DISCOUNTED PREMIUM (95%)</b>			<b>\$8,038,983</b>
(8)	<b>CONTINGENT PREMIUM (105%)</b>			<b>\$8,885,191</b>
<b>TOTAL AMOUNT DUE THE GROUP</b>				<b>\$423,104</b>
	If (5) < (6) but > (7), then (6) - (5)			
	If (5) < (6) and < (7), then (6) - (7)			
	If (5) > (6), then \$0			
<b>SETTLEMENT AMOUNT DUE MEDICAL MUTUAL</b>				<b>\$0</b>
	If (5) > (6), but < (8), then (5) - (6)			
	If (5) > (6), but >= (8), then (8) - (6)			
	If (5) < (6), then \$0			

Medical Mutual of Ohio  
 Illustration of Contingent Premium Funding Arrangement  
 (continued)



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This rate guarantee does not include and does not apply to fees, taxes or other charges imposed on Medical Mutual by state or federal government laws, statutes or regulations. To the extent permitted by law, Medical Mutual will include such charges in the fees (premium) charged to the Group or may include them as separate line item on the Group's invoice.

This arrangement does not include and does not apply to fees, taxes or other charges imposed on Medical Mutual by state or federal government laws, statutes or regulations. To the extent permitted by law, Medical Mutual will include such charges in the fees (premium) charged to the Group or may include them as separate line item on the Group's invoice.

Based on current guidance about Healthcare Reform, the following federally mandated fees are in effect:

- Patient Centered Outcomes Research Institute Fee
- Health Insurer Fee
- Reinsurance Fee

To the extent permitted by law, we reserve the right to adjust the Group's premium during the contract period and/or add these fees as a line item in the Group's invoice to fully disclose the new costs and to comply as necessary.

For illustration purposes only