

MEMO

To: All Employees

From: Mike Ratkiewicz

Subj: **Group Health, Life, & Dental Renewal - Effective January 1, 2019**
 Aetna Insurance Company Medical, Dental, and Life Policy # 284011

Date: September 20, 2018

This year we started 2019 health renewal discussions in July and just finished up late August. Our claims are presently right at 80% thru nine months, which likely means by the time we get all the claims tallied thru year end including the "runout" of 2018 claims paid in 2019, the loss ratio will be in the mid-80's **Please remember that insurance is "claims driven"; the more the claims, the higher the premiums.** This year, because of lower claims/losses, we saw only a 4.5% overall increase in premiums for the 2019 renewal which is significantly less than national averages, given the uncertainty of healthcare. This comes as a result of our group doing better than the claims-blistering ratios we had over the years previous to 2018. 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). This is first in several years that we've obtained a single digit increase, finally some good news on health coverage.**

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single	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	569.35	639.56	715.97
Family	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	1464.66	1646.07	1848.45
														Plan B single	300.74	380.22	381.73	428.58
														Plan B family	755.92	979.73	984.73	1106.15

Employee contribution levels for our group for the year 1/1/19 to 12/31/19:

	Plan A After Tax Wage		Plan B After Tax Wage	
	Gross Deduction	Net HR 125 Plan Effect	Gross Deduction	Net HR 125 Plan Effect
Individual Medical, Life & Dental	\$ 79.50 per week	\$ 59.50 per week	\$ 52 per week	\$ 39 per week
Family Medical, Life & Dental	\$168 per week	\$126 per week	\$133 per week	\$100 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	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000	\$1000
Less Premium Charge			(\$79.50)	(\$168)			(\$52)	(\$133)
Taxable Income	\$1000	\$1000	\$920.50	\$832	\$1000	\$1000	\$948	\$867
Est. State, Federal & FICA	(\$250)	(\$250)	(\$230)	(\$208)	(\$250)	(\$250)	(\$237)	(\$217)
Income After Taxes	\$750	\$750			\$750	\$750		
Less Premium Charge	(\$79.50)	(\$168)			(\$52)	(\$133)		
Net Take Home Pay	\$670.50	\$582	\$690.50	\$624	\$698	\$617	\$711	\$650

Coverage Item	Plan A Standard Deductible		Plan B Higher Deductible/Out of Pocket	
	Expiring Policy 2018	New Policy (1/1/19)	In Network	Out of Network
Lifetime Benefit	\$Unlimited	\$Unlimited	\$Unlimited	\$Unlimited
Medical				
Deductible:	\$1000 Individual per year \$2000 Family per year	\$1000 Individual per year \$2000 Family per year	\$ 5,000 Individual per year \$10,000 Family per year	\$10,000 Individual per year \$20,000 Family per year
Co-Insurance Levels	90% in network/80% out	90% in network/80% out	50%	50%
Out of Pocket Including Deductible per Year	\$1500 Individual in network \$2000 Individual out network \$3000 Family in network \$4000 Family out network	\$1500 Individual in network \$2000 Individual out network \$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	
RX Plan	In Network/Out of Network			
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	
Dental				
Benefit per Person	\$500 Year \$ 50 Deductible 80% Co-Insurance		\$500 Year \$ 50 Deductible 80% Co-Insurance	
Life Insurance:				
	\$10K Employee \$ 5K Spouse \$ 2K Children over 6 Months		\$10K Employee \$ 5K Spouse \$ 2K Children over 6 Months	

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 4.50%.** Let's all do our part and live the healthiest lifestyle we can and use all available Aetna features to assist in controlling our group health claims. Unless we hear from you on any changes, we will presume you are opting to retain your current insurance options and programs.