

**CLEVELAND PUBLIC LIBRARY**

**Finance Committee**

September 16, 2014

**RESOLUTION AUTHORIZING THREE MONTH EXTENSION OF CONTRACT WITH  
MEDICAL MUTUAL OF OHIO**

WHEREAS, The Cleveland Public Library entered into an agreement effective October 1, 2013 through September 30, 2014 with Medical Mutual of Ohio for health care benefits for the Library's employees; and

WHEREAS, Until very recently, the Library has been engaged in negotiations with both of its unions SEIU Local 1199 and Teamsters Local 244, as well as Fact Finding with SEIU Local 1199, concerning health care benefits and other issues; and

WHEREAS, As a result, issues concerning the type of health care plans that will be available to Library employees has not yet been determined; and

WHEREAS, The Library needs additional time to determine which health care plans it will offer its employees and has requested that Medical Mutual permit the Library to extend its current plan through December 31, 2014; and

WHEREAS, Medical Mutual has agreed to extend the plan for three months, and to renew the Library's health insurance plan for one year from October 1, 2014 through September 30, 2015 at a rate increase of 16.01% as outlined in the attached renewal. The Library will need to renegotiate rates in January, 2015 if we wish to extend the plan through December 31, 2015; now therefore be it

RESOLVED, That the Board of Library Trustees authorizes the Executive Director, CEO or his designee, to enter into an extension of the existing agreement with Medical Mutual of Ohio for a period of three months from October 1, 2014 through December 31, 2014 at a rate increase of 16.01%, which agreement shall be subject to the review and approval of the Chief Legal Officer.



Renewal For:  
**CLEVELAND PUBLIC LIBRARY**

Effective Date: 10/1/2014  
End Date: 9/30/2015  
County: Cuyahoga  
State: Ohio

Quote ID: 0034484-03

Friday, August 22, 2014  
10:22 AM



MEDICAL MUTUAL®

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.



## 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. \_\_\_\_\_ # of full-time
  - b. \_\_\_\_\_ # of part-time
  - c. \_\_\_\_\_ # of FTEs (full-time equivalent employees)
2. Total number of covered persons:
  - a. \_\_\_\_\_ # electing COBRA
  - b. \_\_\_\_\_ # who are retired
3. Minimum work hours per week:
  - a. \_\_\_\_\_ # of employees working 25 or more hours per week
  - b. \_\_\_\_\_ # of hours an employee must work to be eligible for coverage under this renewing group policy
  - c. \_\_\_\_\_ # of employees working the minimum number of hours disclosed in statement 3-b
4. Total number of eligible employees residing outside of Ohio: \_\_\_\_\_
5. Total number of eligible waivers (ie: employees not applying for coverage): \_\_\_\_\_
  - Examples of waivers include employees covered:
    - in a spouse's employer sponsored health plan
    - as an active eligible employee or retiree in another health plan sponsored by a second employer
    - covered under a parent's plan
    - covered by Medicare and/or a Medicare Supplement plan
    - in a government-sponsored plan such as: TRICARE, Medicaid or Veteran's Administration (VA) coverage
    - in subsidy-eligible individual coverage
6. Do you offer spousal coverage:
  - a. Yes
  - b. Yes, only if no other coverage is available
  - c. No



# MEDICAL MUTUAL®

## Renewal Form

### Outside Vendor Information

1. Health Savings Account (HSA)
  - A.  Not applicable
  - B. \_\_\_\_\_ Name of administrator
  - C. \$ / % \_\_\_\_\_ Employer contribution toward single coverage
  - D. \$ / % \_\_\_\_\_ Employer contribution toward family coverage
  
2. Health Reimbursement Account (HRA)
  - A.  Not applicable
  - B. \_\_\_\_\_ Name of administrator
  - C. \$ \_\_\_\_\_ Employer contribution toward single coverage
  - D. \$ \_\_\_\_\_ Employer contribution toward family coverage
  - E. Who pays first?  Employee  Employer  Other
  
3. Name of Pharmacy Benefit Manager (PBM): \_\_\_\_\_
  
4. Name of Stop Loss Carrier: \_\_\_\_\_

### Employer Contribution

1. Employer contribution toward employee coverage: \$ \_\_\_\_\_
  
2. Employer contribution toward family/dependent coverage: \$ \_\_\_\_\_
  
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  No

### Renewal Acceptance

Group Official/Broker/Consultant/Medical Mutual Rep signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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



## 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.



**CLEVELAND PUBLIC LIBRARY  
ALL SECTIONS  
INSURED RENEWAL DEVELOPMENT**

Effective October 1, 2014, through September 30, 2015

Experience Period: <u>June 1, 2013, through May 31, 2014</u>		<u>MEDICAL</u>	<u>DRUG</u>	<u>TOTAL</u>
ESTIMATED INCURRED CLAIMS		\$3,731,298	\$708,894	\$4,440,192
POOLING ADJUSTMENT	\$125,000	\$40,424	N/A	\$40,424
CLAIMS TO ANNUALIZE		N/A	N/A	N/A
BENEFIT/ENROLLMENT CHANGES		\$35,077	\$709	\$35,786
CREDIBILITY & RISK ADJUSTMENTS		\$4,672	(\$6,030)	(\$1,358)
APPLICABLE TREND		1.1487	1.1548	1.1497
	# months	16.0	16.0	
	Annual	10.96%	11.40%	11.03%
PROJECTED INCURRED CLAIMS		\$4,378,237	\$812,486	\$5,190,723
ADMINISTRATION & COMMISSION		\$541,130	\$37,395	\$578,525
PREMIUM TAX		\$0	\$0	\$0
FEDERALLY MANDATED FEES*		\$223,203	\$0	\$223,203
RENEWAL PREMIUM (Including Federally Mandated Fees)		\$5,142,570	\$849,881	\$5,992,451
REVISED RENEWAL PREMIUM (Including Federally Mandated Fees)		\$4,959,471	\$819,621	\$5,779,092
PREMIUM AT CURRENT RATES (Including Federally Mandated Fees)		\$4,361,153	\$620,393	\$4,981,546
CHANGE IN PREMIUM (Including Federally Mandated Fees)		17.92%	36.99%	20.29%
REVISED CHANGE IN PREMIUM (Including Federally Mandated Fees)		13.72%	32.11%	16.01%

Based on Average Enrollment of:

Single	279	279
Family	157	158

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.

Federally Mandated Fees	
PCORI:	\$1,717
Reinsurance:	\$37,150
Market Share:	\$184,336
Total:	\$223,203

Quote ID: 0034484-03, Client Ref #: 039320000001



**CLEVELAND PUBLIC LIBRARY**  
**ALL SECTIONS**  
**INSURED RENEWAL RATES**

Effective October 1, 2014, through September 30, 2015

# 227377			Monthly Enrollment	Current Rates	Renewal Rates
CMM I	SMP \$0 Ded. - Gold	Single	258	\$532.85	\$605.96
		Family	144	\$1,395.30	\$1,586.74
CMM II	SMP \$300 Ded. - Silver	Single	21	\$437.89	\$497.97
		Family	11	\$1,146.62	\$1,303.94
CMM III	SMP \$0 Ded. - Gold - OAC	Family	2	\$1,608.44	\$1,829.12
DRUG I	\$10/20/40/70 2x MO	Single	279	\$76.89	\$101.58
		Family	156	\$192.22	\$253.94
DRUG II	\$10/20/40/70 2x MO - OAC	Family	2	\$222.98	\$294.58

Rates reflect the federally mandated fees 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.

<b>Federally Mandated Fees</b>				
Description	Type	2014	2015	
Patient-Centered Outcomes Research Institute Fee	per member per month	\$0.18	\$0.19	
Reinsurance Fee	per member per month	\$5.25	\$3.66	
Market Share Fee	percent of premium	2.40%	3.30%	





**CLEVELAND PUBLIC LIBRARY**  
**ALL SECTIONS**  
*INSURED RENEWAL RATES*

Effective October 1, 2014, through September 30, 2015

Notes:

- All rates are subject to the terms and conditions specified in the Group Contract.
  - Medical rates include SuperWell Essential plan. Add \$1 to all medical rates for the SuperWell Impact plan.
  - In accordance with respective state laws, coverage for dependents beyond the federal limiting age of 26 may necessitate additional premium on insured plans.
  - 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.
- 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.

Quote ID: 0034484-03, Client Ref #: 039320000001

**Medical Mutual of Ohio  
Illustration of Reduced Premium**



Reduced Premium refers to a general reduction to the premium rates as a result of negotiations between Medical Mutual and the Group. The Premium rates shown in the contract will reflect the reduction applied.

For example, assume that Group ABC has been provided rates for the period beginning January 1, 2014 and ending December 31, 2014.

<b>Sample Renewal Illustration: Reduced Premium</b>	Group ABC		
	Insured Renewal Rates		
	The rates below reflect Medical Mutual and the Group negotiating Discounted Premium Rates:		
<b>ILLUSTRATION ONLY</b>			
(Renewal Rates)	<u>Rate Type</u>	<u>Current Rates</u>	<u>Renewal Rates</u>
	Single	\$300.00	\$330.00
	Family	\$750.00	\$825.00
(Proposed Rates)	<u>Rate Type</u>	<u>Monthly Rates</u>	
	Single	\$330.00	
	Family	\$825.00	

In the example above, the next Renewal/Proposed Rates have been reduced as a result of negotiation between Medical Mutual and the Group.

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.

**Medical Mutual of Ohio**  
**Illustration of Reduced Premium**  
(continued)



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