



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

2018/2019

Renewals and Planning

NOVEMBER 1, 2017



The information contained herein is subject to the disclosures and disclaimers on the final page of this report/proposal/review.



NCHIP

Gallagher Current Clients



1,023 employees



TOWN of
WAKE FOREST

229 employees



466 employees



1,068 employees



Life. Well Crafted.
671 employees



989 employees



100 employees



176 employees



1,048 employees

Non-clients evaluating NCHIP



130 employees



100 employees



2,405 employees



1,050 employees



188 employees



103 employees



Rockingham
County NC

YOU'RE IN A GOOD PLACE

740 employees



475 employees



820 employees



1,713 employees



Scotland
County NC

330 employees



360 employees



195 employees



281 employees



Great Place. Great People. Great Promise.

1,030 employees



495 employees



706 employees



100 employees

Vendor Partners

Network &
Claims Admin



Pharmacy



Stop-Loss



NCHIP Structure



WHAT'S IN IT FOR BRUNSWICK?

SELF-FUNDED

- **Ownership**

Help drive the decisions of NCHIP. Become owner/partner of NCHIP.

- **More buying power**

Enhanced PBM contracts. Enhanced stop-loss. Buying power on non-medical lines.

- **Predictable budgets**

Volatile claims over \$40K become a fixed cost – the banded layer.

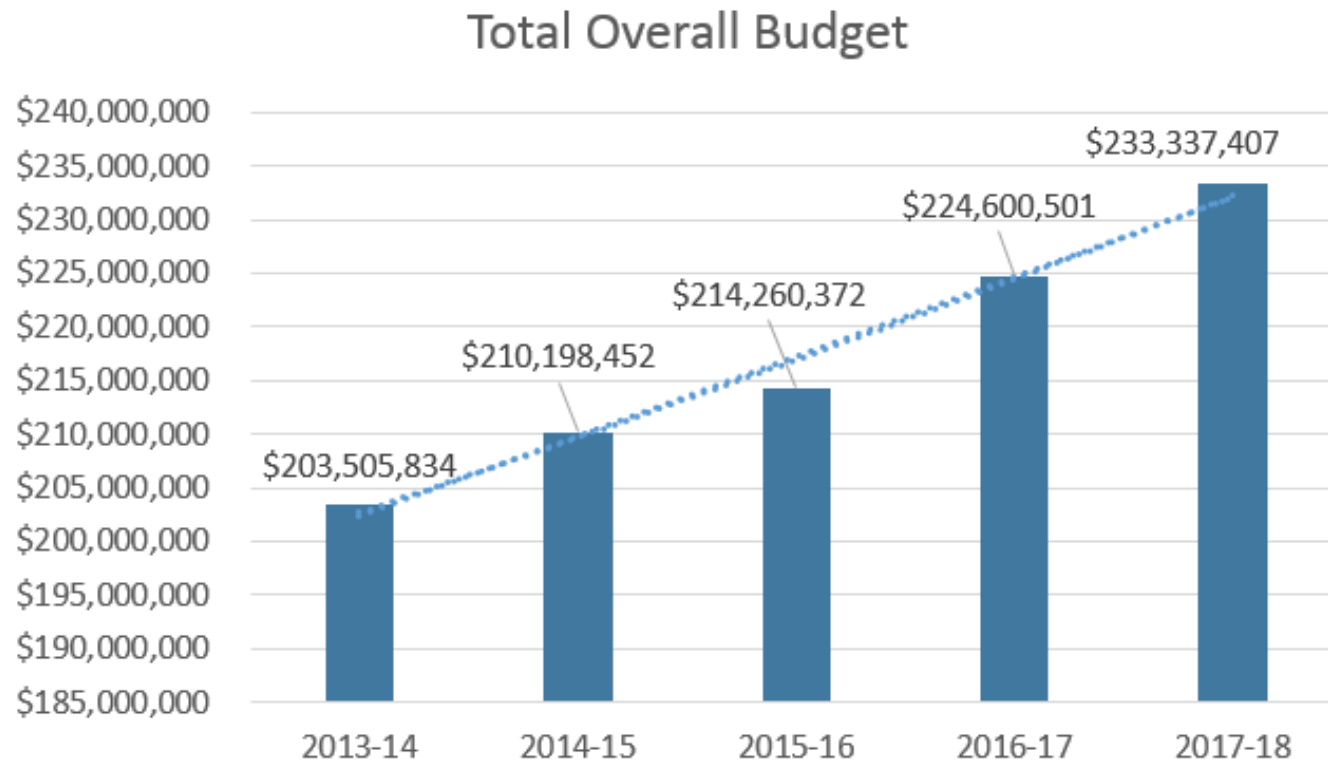
Annual spend determined before plan year

- **No reserves/internal service fund**

\$2.7 million in reserves goes back into General Fund.

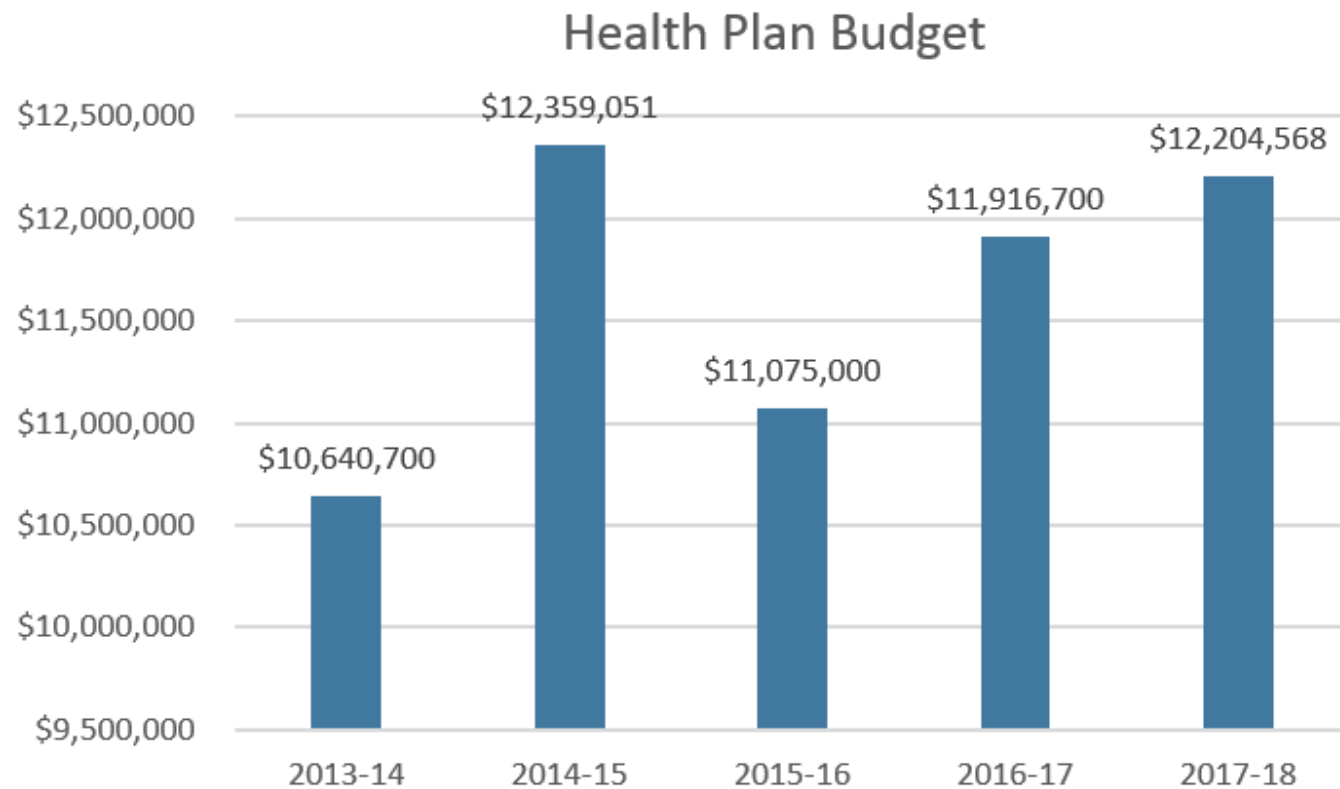
- **No penalties to withdraw, only requires 1 year commitment**

Total Budget vs Health Budget



	2013-14	2014-15	2015-16	2016-17	2017-18
Total Overall Budget	\$203,505,834	\$210,198,452	\$214,260,372	\$224,600,501	\$233,337,407
% Increase	-	3.3%	1.9%	4.8%	3.9%

Health Budget Increases



	2013-14	2014-15	2015-16	2016-17	2017-18
Health Plan Budget	\$10,640,700	\$12,359,051	\$11,075,000	\$11,916,700	\$12,204,568
Health Plan % Increase	-	16.15%	-10.39%	7.60%	2.42%

'18-'19 Projections

- \$12,204,568 – FY 18 Medical / Dental Budget
- \$12,090,287 – FY19 Medical Budget (No Change)
 - ❖ Addt'l \$500,000 for dental
 - ❖ 3.2% above current total budget
- \$12,090,287 – FY19 Medical Budget (NCHIP)
 - ❖ Addt'l \$500,000 for dental
 - ❖ Potentially lower depending on final stop-loss / Rx pricing
 - ❖ Frees up \$2M+ in reserve fund
- \$2,330,000 – Medical cost to add 172 Spouses (NCHIP)
 - ❖ Projected contributions of ~ \$740,000
 - ❖ Addt'l \$60,000 in gross dental costs

5-Year Projections – 7.5% Trend

	Brunswick County	NCHIP*	Estimated Savings	Estimated Dividends***
5 Year Trend	7.5%	3.3%	4.3%	
7/1/2018 Funding (Year 1)	\$12,090,287	\$12,090,287	\$0	\$0
Estimated 7/1/2019 Funding (Year 2)	\$12,997,059	\$12,483,221	\$513,837	\$124,832
Estimated 7/1/2020 Funding (Year 3)	\$13,971,838	\$12,888,926	\$1,082,912	\$257,779
Estimated 7/1/2021 Funding (Year 4)	\$15,019,726	\$13,307,816	\$1,711,910	\$266,156
Estimated 7/1/2022 Funding (Year 5)	\$16,146,205	\$13,740,320	\$2,405,885	\$274,806
Total	\$70,225,114	\$64,510,571	\$5,714,544	\$923,573

*Assumed trend of 4% Year 1 to Year 2 and 3% Year 2 through 5

**Savings estimates come from Illinois, Missouri and Florida co-op programs

***0% Year 1, 1% Year 2, 2% Year 3 through 5

TOTAL ESTIMATED SAVINGS

\$6,638,117

Cumulative Funding - Traditional vs NCHIP

\$18,000,000
\$16,000,000
\$14,000,000
\$12,000,000
\$10,000,000
\$8,000,000
\$6,000,000
\$4,000,000
\$2,000,000
\$0

	7/1/2018 Funding (Year 1)	Estimated 7/1/2019 Funding (Year 2)	Estimated 7/1/2020 Funding (Year 3)	Estimated 7/1/2021 Funding (Year 4)	Estimated 7/1/2022 Funding (Year 5)
No Change	\$12,090,287	\$12,997,059	\$13,971,838	\$15,019,726	\$16,146,205
NCHIP	\$12,090,287	\$12,483,221	\$12,888,926	\$13,307,816	\$13,740,320
NCHIP + Dividend	\$12,090,287	\$12,358,389	\$12,631,147	\$13,041,660	\$13,465,514

5 Year Total Cost Estimates

\$72,000,000
\$70,000,000
\$68,000,000
\$66,000,000
\$64,000,000
\$62,000,000
\$60,000,000

No Change NCHIP NCHIP + Dividend



2018 CONSIDERATIONS

PLAN CONSIDERATIONS FOR FY19

North Carolina Health Insurance Pool						
	Current	No Change	Add 172 Spouses			
			No Plan Chg	SP Contribs	+5% Increase	Current
Enrollment						
- EE Only	749	749	668	668	668	668
- EE & SP	9	9	90	90	90	90
- EE & Ch	306	306	215	215	215	215
- EE & Fam	2	2	93	93	93	93
	1,066	1,066	1,066	1,066	1,066	1,066
Projected Costs						
- Medical	\$ 11,704,568	\$ 12,090,287	\$ 14,421,927	\$ 14,421,927	\$ 14,421,927	\$ 14,421,927
- Dental	500,000	506,125	565,669	565,669	565,669	565,669
Total Projected Costs	\$ 12,204,568	\$ 12,596,412	\$ 14,987,596	\$ 14,987,596	\$ 14,987,596	\$ 14,987,596
- Increase over Current		3.2%	22.8%	22.8%	22.8%	22.8%
Medical Contributions (Monthly)						
- EE Only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
- EE & SP	\$ 407.00	\$ 407.00	\$ 407.00	\$ 407.00	\$ 427.00	\$ 407.00
- EE & Ch	\$ 227.00	\$ 227.00	\$ 227.00	\$ 227.00	\$ 238.00	\$ 227.00
- EE & Fam	\$ 541.00	\$ 541.00	\$ 541.00	\$ 634.00	\$ 665.00	\$ 634.00
Total EE Contributions	\$ 890,484	\$ 890,484	\$ 1,628,976	\$ 1,732,764	\$ 1,817,340	\$ 1,732,764
Dental Contributions (Monthly)						
- EE Only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
- EE & SP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11.54
- EE & Ch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12.98
- EE & Fam	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18.75
Total EE Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,883
Net Brunswick Costs	\$ 11,314,084	\$ 11,705,928	\$ 13,358,620	\$ 13,254,832	\$ 13,170,256	\$ 13,187,949
- Increase from Status Quo			\$ 1,652,692	\$ 1,548,904	\$ 1,464,328	\$ 1,482,021
Plan Design / Contribution Changes Needed			\$ 152,692	\$ 48,904	\$ (35,672)	\$ (17,979)

Action steps for follow up meeting



Arthur J. Gallagher & Co.
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Thank You

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This analysis is for illustrative purposes only, and is not a proposal for coverage or a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. See your policy or contact us for specific information or further details in this regard.

While GBS does not guarantee the financial viability of any health insurance carrier or market, it is an area we recommend that clients closely scrutinize when selecting a health insurance carrier. There are a number of rating agencies that can be referred to including, A.M. Best, Fitch, Moody's, Standard & Poor's, and Weiss Ratings (TheStreet.com). Generally, agencies that provide ratings of Health Insurers, including traditional insurance companies and other managed care organizations, reflect their opinion based on a comprehensive quantitative and qualitative evaluation of a company's financial strength, operating performance and market profile. However, these ratings are not a warranty of an insurer's current or future ability to meet its contractual obligations.