



Stop Loss Insurance

Risk Management Solutions to Protect Your Business

Prepared for: **City of Ann Arbor**

Effective Date: **01/01/2021**



Group: **City of Ann Arbor**
 Administrator: **Blue Cross Blue Shield of Michigan**
 Policy Period: **01/01/2021 - 12/31/2021**

Proposal No: **41269**
 Proposal Date: **12/14/2020**
 Effective Date: **01/01/2021**
 Proposal Valid Through: **12/28/2020**

SPECIFIC STOP LOSS COVERAGE

	<u>Option 1</u>	
Covered Expenses	Medical, Rx Card	
Benefit Period		36/12
Specific Deductible per Person	\$	350,000
Maximum Reimbursement Per Person		Unlimited
Rate Per Month	<u>Enrollment</u>	
Employee	519 \$	29.81
Employee Plus Family	1,071 \$	51.10
Rate(s) includes Commissions of		3.50%

COST ANALYSIS

	<u>Option 1</u>	
Estimated Specific Premium	\$	842,394
Estimated Total Premium	\$	842,394
Estimated Maximum Annual Liability	\$	842,394

The network is BC and/or BS Network.

The claims administrator is BCBS of Michigan.

BCS will follow the group's Plan Document subject to the BCS stop loss policy exclusions and requirements. BCS will follow all state mandates that pertain to stop loss policies.

Retirees are covered under stop loss. Both retirees under age 65 are covered and retirees age 65 and over are covered. Retirees age 65 and over must be Medicare primary except for Public Safety Grandfathered members.

PBM is Express Scripts.

At the group's renewal on 1/1/2022, no new claimants will be lasered and specific rates will increase no more than 50% assuming the same contract type and specific deductibles.

Renewals: The rates and factors in this proposal are **firm**. A signed proposal acceptance must be received by the expiration date of this proposal. BCS is not obligated to provide Stop Loss Insurance coverage until a fully completed Application and Schedule is received, reviewed and accepted. The Specific Stop Loss deductible is per covered person per policy period.

The Aggregate Stop Loss factor equals the Expected Losses adjusted by the Corridor percentage.

If the enrollment changes by 15% or more prior to the policy effective date, BCS has the right to re-rate, laser, and/or rescind this proposal.

This proposal is being provided to you in reliance upon the accuracy and completeness of the experience data provided to BCS by you, or on your behalf, when this proposal was requested. We may modify or withdraw this proposal, or declare the policy null and void, based upon incorrect, false or misleading information provided to us.

Unless otherwise agreed, this proposal expires on the Expiration Date shown above or the Proposal Effective Date whichever is sooner. However, this proposal expires immediately on the date you file a voluntary petition, or an involuntary petition is filed against you, that commences a Federal bankruptcy proceeding, or the date you become insolvent or unable to meet your debts as they become due.

BCS reserves the right to modify or withdraw this proposal upon receipt of material information from whatever source.

Reinstating Attachment Point (incurred date) definition: A claim is considered to be incurred on the date that a service is rendered or a supply is delivered. In the case of a hospital claim, each day of a hospital stay is considered a separate incurred date.

Proposal Acceptance

Please acknowledge acceptance of the terms in this proposal by signing and returning by proposal expiration date or effective date, whichever is sooner. No signed proposal will be accepted after the effective date unless otherwise agreed by mutual agreement. Failure to remit the signed application and/or disclosure by the expiration date of this proposal will result in updated large claim data being required for our review. Please indicate which option is selected and whether aggregate is to be included.

Option Selected: 1

Specific coverage type selected:

Composite: _____ Single/Family: X 3 Tier: _____ 4 Tier: _____

Are you also purchasing aggregate coverage:

Yes: _____ No: X

If yes, aggregate coverage type selected:

Composite: _____ Single/Family: _____ 3 Tier: _____ 4 Tier: _____

Signature: Please see below. **Date:** _____

FOR THE CITY OF ANN ARBOR

By _____
Christopher Taylor, Mayor

By _____
Jacqueline Beaudry, City Clerk

Approved as to substance:

By _____
Tom Crawford, City Administrator

Approved as to form and content

By _____
Stephen K. Postema, City Attorney



BCS Stop Loss Insurance Program

Complete array of coverage options for your business

The stop loss delivery system, while offering protection against catastrophic or unpredictable losses, is often a complex multi-layered process involving insurance companies, third-party administrators, brokers, and customers. The BCS Stop Loss Program offers employers the following options:

Specific and aggregate coverage to both large and small self-funded groups

Specific coverage can include medical-only or medical with Rx

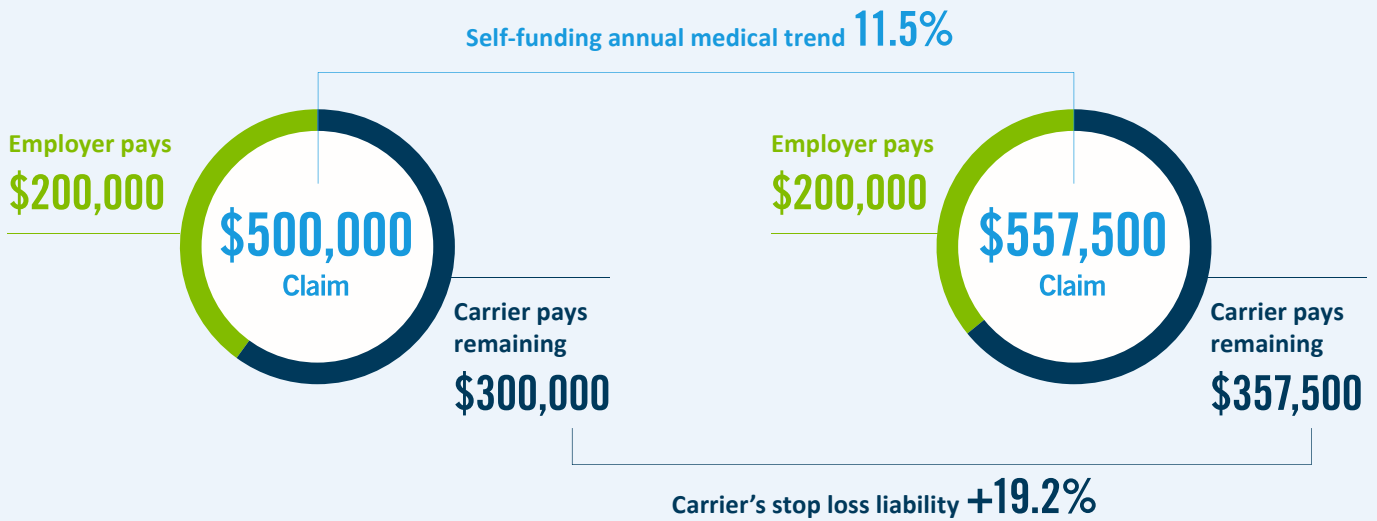
Aggregate coverage can include medical-only or a combination of medical with Rx, dental, and vision

Multiple stop loss reinsurance arrangements

Accumulation periods from 24/12 to 12/24 (and everything in-between)

Optional claim management services through our **BCS Risk Navigator** program powered by Blue Health Intelligence data

Leveraging Impact on Specific Stop Loss Protection



In this example, an 11.5% annual trend in first dollar claims leverages into a 19.2% trend in Stop Loss claim cost.

The BCS Advantage

The Power of Blue

Owned by all primary Blue Cross and Blue Shield licensees

70+ Years

Service to Blue Plans

20+ Years

Experience writing stop loss coverage with a half billion dollars in total written premium to date



Licensed in all 50 states

6 Million

Lives covered

\$691M

Gross Written Premium

A-

Rated A- (Excellent) by A.M. Best



Agreement to do business with BCS Insurance Company ("BCS") if you accept this proposal

Electronic record and signature disclosure

Please review this notice carefully to confirm that you wish to accept electronic delivery of policy documents, other notices and disclosures which we may be required by law to provide to you from time to time. If you agree to receive and access these materials electronically, your signature on this document or other acceptance will confirm agreement. If you do not wish to receive electronic delivery please note this above the signature line where you sign your name.

Getting paper copies

At any time, you may request a paper copy of any record provided or made available electronically. You will also have the ability to download and print electronic documents we send to you. If you wish for us to send you paper copies of documents you will not be charged for copies.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time tell us that you want to receive future required notices and disclosures in paper format. If you elect to change to paper delivery, please contact us at toll free 1-800-621-9215, email us at uquotes@bcsf.com or write to us at 2 Mid America Plaza, Oakbrook Terrace, IL 60181. Please be advised that electing paper delivery will slow the speed with which we can complete certain transactions and notify you of certain other information. In addition, you will no longer be able to use the BCS system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise using the process described above, we will provide electronically all required notices, disclosures, authorizations, acknowledgments, and other documents that are required to be provided or made available to you.

How to contact BCS

You may contact us to let us know your changes as to how we may contact you.

Frequency and severity of high-cost claims are rising, reinforcing the role Stop Loss insurance plays in a self-funded employer's risk management strategy.



Top 10 High Cost Diagnosis*

Data through 2017

Diagnosis Category	Total Claims Dollars (in millions)	Frequency Rate Per 100,000 Members	Average Severity of Each Claim (in millions)	Highest Cost Single Claim Amount (in millions)
Other Diseases of Lung	\$ 2.6	0.9	\$ 0.8	\$ 8.4
Other Respiratory Conditions of Fetus and Newborn	\$ 1.5	0.5	\$ 0.9	\$ 9.6
Coagulation Defects	\$ 1.4	0.4	\$ 1.0	\$11.6
Myeloid Leukemia	\$ 1.3	0.5	\$ 0.8	\$ 3.6
Encounter for Other and Unspecified Procedures and Aftercare	\$ 1.2	0.5	\$ 0.7	\$ 5.6
Disorders of Fluid Electrolyte and Acid-Base Balance	\$ 1.2	0.4	\$ 0.8	\$ 3.7
Lymphoid Leukemia	\$ 1.2	0.4	\$ 0.8	\$ 5.0
Chronic Kidney Disease (CKD)	\$ 1.1	0.5	\$ 0.7	\$ 2.7
Disorders Relating to Short Gestation and Unspecified Low Birthweight	\$ 1.0	0.4	\$ 0.8	\$ 3.1
Other and Unspecified Disorders of Metabolism	\$ 0.9	0.3	\$ 0.9	\$ 4.6
Top 10 Total	\$ 13.4	4.8	\$ 0.8	\$11.6
Total All Large Claims	\$ 33.0	12.2	\$ 0.8	\$17.9

Large claims defined as total ground up paid dollars for claims over \$500K per member per year. Approximately \$33 billion in large claims ground up costs. These top 10 diagnosis comprise about 40% of all large claims ground up costs.



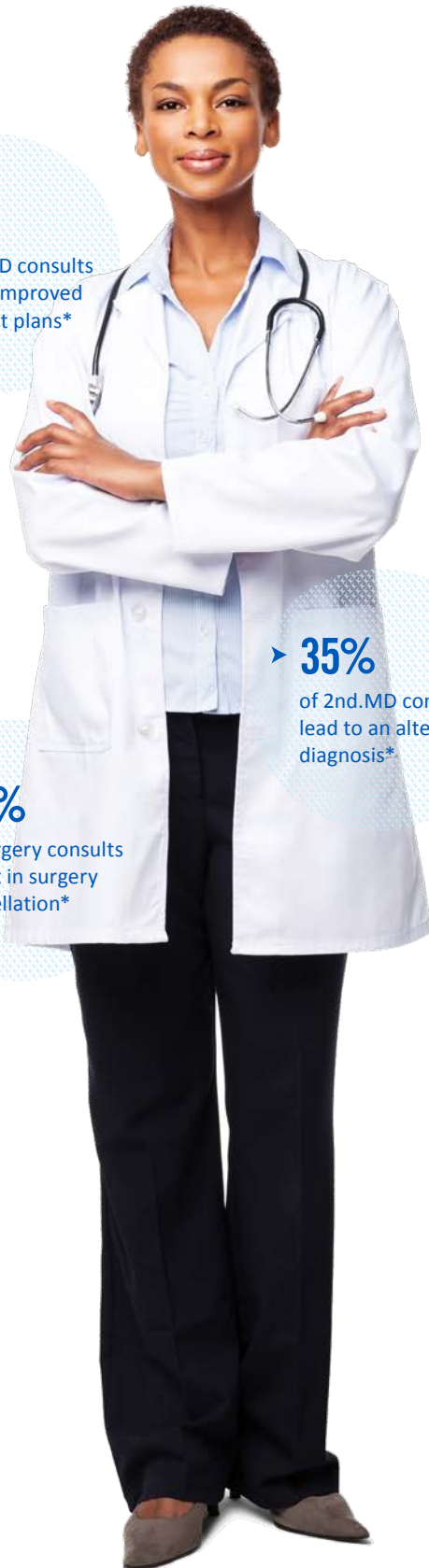
Top 10 Most Expensive Claims*

Incurred within a 1 year period

Diagnosis Category	Year Incurred	Total Paid Claims (in millions)
Diseases of White Blood Cells	2015	\$17.9
Coagulation Defects	2015	\$11.6
Other Respiratory Conditions of Fetus and Newborn	2017	\$ 9.6
Chronic Ulcer of Skin	2015	\$ 9.2
Other Disorders of Soft Tissues	2013	\$ 8.7
Coagulation Defects	2013	\$ 8.6
Chronic Ulcer of Skin	2017	\$ 8.6
Other Diseases of Lung	2016	\$ 8.4
Coagulation Defects	2014	\$ 8.3
Coagulation Defects	2017	\$ 8.2

Claims as shown = one year time period. Single large claims may span several years, potentially exceeding \$10M in paid claims.

*Data comprised of more than 40 million unique members nationwide.



Healthcare Decisions Made Clear with 2nd.MD

Whether you're faced with a new or existing diagnosis, upcoming surgery, or healthcare decision and want to learn more about your treatment options, 2nd.MD connects you with experts who can help. 2nd.MD's expert opinion service is faster, more innovative, and delivers significantly higher utilization than legacy second opinion vendors. Here's how:

► **85%**
of 2nd.MD consults result in improved treatment plans*

► **35%**
of 2nd.MD consults lead to an alternate diagnosis*

► **30%**
of surgery consults result in surgery cancellation*



Live Video

Face-To-Face video consultations directly with experts

Highly personalized consultations based on member goals and preferences

Convenient – consults from the comfort of the member's home

Members can include family members, care givers, and treating physicians in the virtual consultation



Speed

Proprietary, in-house records collection technology and processes

3–5 day average turnaround for expert consultations

Ability to expedite the consult within a few hours of a request for inpatient and urgent cases



Expert Led

Proprietary method of matching elite specialist or team of specialists based on the members specific condition and the expert's niche area of specialty or subspecialty

100% of consults are delivered by 2nd.MD's panel of over 800 expert specialists

Members are matched with dedicated Care Team nurses who specialize in member's specific condition (oncology, pediatric, behavioral health, etc.)

Records team members are paired with care team nurses and also specialize by diagnosis

We cover all specialties and subspecialties – everything from Autism to Zika

*2nd.MD's Book of Business Statistics, 2019

How It Works

As part of the Stop Loss coverage offered through BCS, your eligible members and their family have access to 2nd.MD, an expert medical consultation and navigation service.* 2nd.MD connects members with board-certified, elite specialists from top medical institutions for virtual medical consultations via phone or video from the comfort of home.

Expert Consultation in Just 3 Easy Steps

- 1 Referral to 2nd.MD**
 - ▶ If a member would benefit from an expert medical consultation, a clinician will reach out to them regarding a referral to 2nd.MD.
- 2 Speak with a Nurse**
 - ▶ The member will explain their medical issues, and an experienced nurse will handle the rest, including collecting medical records and connecting them with a leading specialist who is an expert in their condition.
- 3 Consult with a Specialist**
 - ▶ The member will receive information about their diagnosis, treatment plan, and next steps in care from a top specialist. The video or phone consult happens at the time that is best for the member, including evenings and weekends!

After The Consultation

The member will receive ongoing healthcare navigation support from the 2nd.MD Care Team and a written summary of their consultation so they're prepared for a conversation with their treating physician. If needed, the 2nd.MD Care Team can also refer them to a local in-network specialist.

Let's Talk

For more information on how 2nd.MD can benefit your organization, please contact:
[Insert Personalized contact here: Name, Phone, Email]

*Eligible members and their families are those identified through clinical/claims review who have or are expected to breach the employer's stop loss deductible specified in their BCS Stop Loss policy.

BCS Risk Navigator

More information about 2nd.MD and BCS Risk Navigator is available through your BCS representative and BCS Clinical Staff. Your group's participation in Risk Navigator is voluntary. Participation in one program does not obligate your group to participate in any other program or service. Risk Navigator is provided as a tool to help group members receive the most appropriate care while helping manage the high cost of specialized services. Stop loss coverage furnished by BCS Insurance Company, Oakbrook Terrace, Illinois.