



Stop Loss Insurance

Risk Management Solutions to Protect Your Business

Prepared for: **City of Ann Arbor**

Effective Date: **1/1/2024**

Name of Group: City of Ann Arbor
Effective Date: 1/1/2024
Administrator: Blue Cross Blue Shield of Michigan

Proposal No: 187414
Expiration Date: 10/22/2023

SPECIFIC STOP LOSS COVERAGE

Covered Expenses:	Option 1 Medical Rx	Option 2 Medical Rx	Option 3 Medical Rx
Specific Deductible per Person	\$350,000	\$375,000	\$400,000
Aggregating Specific Deductible:	\$165,000	\$160,000	\$150,000
Benefit Period:	PAID	PAID	PAID
Lifetime Maximum:	Unlimited	Unlimited	Unlimited
Single: 566 COBRA 0	\$17.01	\$15.64	\$14.65
Family: 1103 Retirees 986	\$44.63	\$40.21	\$36.94
Comp: 1669	\$35.27	\$31.89	\$29.39
Monthly Premium:	\$58,860	\$53,209	\$49,049
Annual Premium:	\$706,319	\$638,502	\$588,588
Commissions:	3.50%	3.50%	3.50%
Terminal Liability Option:	No	No	No
Family Specific Deductible:	Yes	Yes	Yes

Estimated Maximum Cost: \$706,319 \$638,502 \$588,588

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.

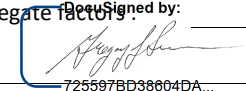
Option Selected: 1.00

Specific coverage type selected:

Composite: X Single/Family:

Are you also purchasing aggregate coverage (NOTE - if selecting aggregate coverage, the aggregate premium rate will be composite):

Yes, Composite aggregate factors: Yes, Single/Family aggregate factors: No Aggregate Coverage:

Signature:  Date: 10/19/2023 | 09:13 CDT

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SUMMARY OF PLAN LIMITATIONS AND EXCLUSIONS

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.

In most claim situations, BCS will agree with the standard third party reporting package as the basis for claim reimbursements however there may be claim submissions that will require additional information and that additional information may vary depending on the claim submission.

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.

For firm quotes, this proposal expires on the Expiration Date 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.

We recommend that the group maintain in-force coverage until written acceptance of replacement coverage is provided by us.

IMPORTANT NOTES

The Specific Deductible is per covered person per policy period.

If aggregate is included in this proposal, Claims up to the Specific Stop Loss deductible will be applied toward Aggregate Stop Loss coverage and the Monthly Aggregate Factor equals the Expected Losses adjusted by the corridor percentage.

PBM rebates paid to the plan will not be reimbursable under the aggregate.

Plan Mirroring is included in stop loss coverage.

Actively at Work requirement is waived.

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ADDITIONAL NOTES

The rates and factors in this proposal are firm. A signed proposal acceptance must be received by the expiration date of this proposal. For new business quotes, a completed application and disclosure are required and BCS retains the right to re-underwrite the terms of this proposed policy and laser or exclude individuals from coverage based upon the new information received in the disclosure.

The network is BC and/or BS network.

The claims administrator is BCBS of Michigan.

PBM is BCBSM/OptumRx.

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 and those over age 65 without Medicare Part A and/or Part B, grandfathered by the City as approved by BCBS of Michigan.

At the renewal on 1/1/2025, no new claimants will be lasered and specific rates will increase no more than 40% assuming the same contract type and specific deductibles.

An Experience Refund option is included however this stop loss coverage must continue for a subsequent policy period and be in force at the time of the refund. BCS will then pay the policyholder 25% of the net positive profits but not to exceed 15% of the Specific Stop Loss Premiums not including broker commissions.

City of Ann Arbor is on a Family Specific Deductible.

The Actively at Work provision and the Dependent non-confinement/non-disabled provision and pre-existing conditions will be waived.



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

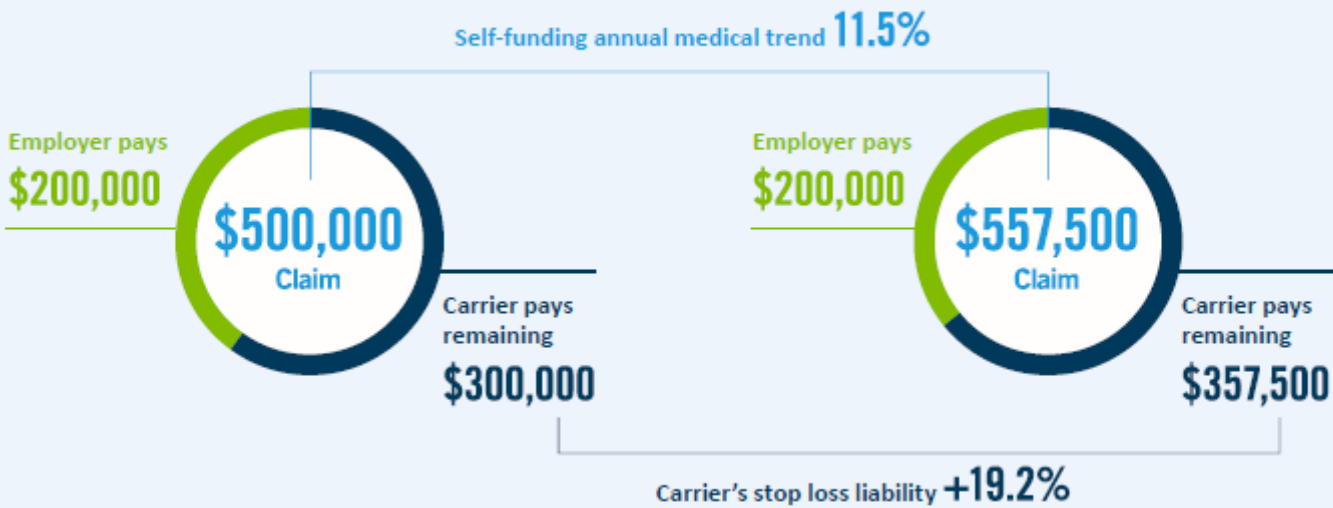
Aggregate coverage can include medical-only or a combination of medical with Rx, dental, and vision

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@bcscf.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 Diagnoses*

Data from 2017 through 2021 | Incurred within a 1 year period | Paid runout through April 2022 for all years

Diagnosis Category	Total Claims Dollars (in billions)	Frequency Rate Per 100,000 Members	Average Severity of Each Claim (in millions)	Highest Cost Single Claim Amount (in millions)
Other Diseases of Lung	\$ 4.8	2.6	\$ 0.9	\$ 7.1
Encounter for Other and Unspecified Procedures and Aftercare	\$ 3.1	2.2	\$ 0.7	\$ 4.3
Other Respiratory Conditions of Fetus and Newborn	\$ 2.2	1.1	\$ 1.0	\$ 9.6
Disorders of Fluid Electrolyte and Acid-Base Balance	\$ 1.8	1.1	\$ 0.8	\$ 4.5
Coagulation Defects	\$ 1.3	0.7	\$ 0.9	\$ 8.2
Lymphoid Leukemia	\$ 1.2	0.7	\$ 0.9	\$ 9.5
Myeloid Leukemia	\$ 1.1	0.7	\$ 0.8	\$ 7.4
Symptoms Involving Cardiovascular System	\$ 1.1	0.6	\$ 0.9	\$ 8.6
Other and Unspecified Disorders of Metabolism	\$ 1.0	0.6	\$ 0.8	\$ 4.9
Chronic Kidney Disease (CKD)	\$ 0.9	0.6	\$ 0.7	\$ 4.5
Top 10 Total	\$ 18.5	10.8	\$ 0.9	\$ 9.6
Total All Large Claims	\$ 46.0	27.7	\$ 0.8	\$ 13.7

Large claims defined as total ground up paid dollars for claims over \$500k per member per year. Approximately \$46 billion dollars in large claims ground up costs. These top 10 diagnoses comprise 40% of all large claims ground up costs.



Top 10 Most Expensive Claims*

Data from 2008 through 2021 | Incurred within a 1 year period | Paid runout through April 2022 for all years

Diagnosis Category	Year Incurred	Total Paid Claims (in millions)
Diseases of White Blood Cells	2015	\$ 18.3
Heart Failure	2020	\$ 13.7
Coagulation Defects	2015	\$ 11.6
Intervertebral Disc Disorders	2015	\$ 10.0
Other Respiratory Conditions of Fetus and Newborn	2017	\$ 9.6
Lymphoid Leukemia	2021	\$ 9.5
Coagulation Defects	2013	\$ 9.3
Chronic Ulcer of Skin	2015	\$ 9.2
Lymphoid Leukemia	2020	\$ 9.2
Other Congenital Anomalies of Heart	2020	\$ 9.0

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