



Happy Holidays!

Important Upcoming Dates

Executive Committee
Meeting

December 15, 2009

1:30 p.m.

MCSIG Holiday Closures

We are **closed** December
24, 25, 31 and January 1.

We are **open** December
28, 29 and 30.

Executive Committee Members

Garry Bousum, President

Robert Della Rosa, Vice President
(CTA)

Sara Perez, Treasurer

Dee Baker, Member

Robin Blakley, Member

Peggy Gilkey, Member (CTA)

Eric Price, Member (CSEA)

Rosie Sanchez, Member (CSEA)

Sherrell Freeman, J.D., MPA

Executive Director

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Executive Director Update

FY10-11 PREMIUM RATE SETTING PROCESS

Your MCSIG staff and Executive Committee are already working on strategies to stabilize our PPO premium rates for FY10-11. Some of the strategies that the Committee will discuss over the next few months include options for the Medicare Supplemental plan, retiree premiums, cross-plan subsidization and normalizing the premium rate tiers.

Premium rate setting for FY10-11 will begin in earnest at the February 2010 Executive Committee meeting. The plan actuaries will present our first look at the FY10-11 rate renewal for all three PPO plans.

During February, March and April the Committee will continue deliberations over strategies designed to stabilize our PPO premium rates. In May, the Committee sends up to the Full Board their recommendations regarding premium rates and any plan design changes. The Full Board votes on those recommendations in May. In June, both the Executive Committee and Full Board will vote on the FY10-11 MCSIG budget.

FY10-11 PREMIUM RATE SETTING FACTORS

In developing our premium estimates the actuaries evaluate a number of factors. First, they estimate the cost of the claims that will be presented for payment during the year. The claims estimates begin with an evaluation of the cost of current claims. Medical inflation as well as MCSIG's own claims trend heavily influences the claims estimate.

Premium costs for the fully insured programs (chiropractic, behavioral health, stop-loss insurance) are added as are the administrative costs to run the program (e.g., claim processing, network access). Rebates and refunds are then projected and credited. If necessary, an amount is factored to rebuild reserves.

All costs are expressed in per-employee-per-month terms. The result is an estimate of the percent increase in premium required to fund the program for the upcoming fiscal year.



Monterey County Schools
Insurance Group