



Stop Loss Insurance Renewal Offer

Voya Employee Benefits

Prepared for:
City of Missoula

Effective Date
01/01/2022

Policy Number
716430

Excess Risk Insurance is issued by ReliaStar Life Insurance Company, a member of the Voya® family of companies.

Stop Loss Proposal for City of Missoula

Individual Excess Risk Insurance

| Plan Description | | Current | Renewal Option 1 | Renewal Option 2 |
|-----------------------------------|-------------------|---|--|--|
| Plan Effective Date | | July 1, 2021 | January 1, 2022 | January 1, 2022 |
| Coverages | | Medical, Rx | Medical, Rx | Medical, Rx |
| Individual Deductible | | \$ 160,000 | \$ 160,000 | \$ 180,000 |
| Aggregating Individual Deductible | | \$ 60,000 | \$ 60,000 | \$ 60,000 |
| Policy Year Maximum | | Unlimited | Unlimited | Unlimited |
| Lifetime Maximum | | Unlimited | Unlimited | Unlimited |
| Coverage Period | | Paid in 6 Months and incurred Jul 01, 2019 or after | Paid in 12 Months and incurred Jul 01, 2019 or after | Paid in 12 Months and incurred Jul 01, 2019 or after |
| Benefit Percentage | | 100% | 100% | 100% |
| Rates Include Commissions of: | | 4.80 % | 4.80 % | 4.80 % |
| Endorsements | | | | |
| Renewal Rate Cap | | 50.00 % | 50.00 % | 50.00 % |
| Plan Mirroring Coordination | | Included | Included | Included |
| Coverage Description | Enrollment | | | |
| Single | 240 | \$ 47.11 | \$ 52.44 | \$ 47.34 |
| Family | 429 | \$ 122.64 | \$ 142.00 | \$ 127.69 |
| Composite | 669 | \$ 97.07 | \$ 109.86 | \$ 98.86 |
| Cost | | | | |
| Estimated Monthly Costs | | \$ 63,919 | \$ 73,504 | \$ 66,141 |
| Estimated Annual Costs | | \$ 767,028 | \$ 882,043 | \$ 793,687 |
| % Change from Current | | | 14.99% | 3.48% |

Aggregate Excess Risk Insurance

| Plan Description | | Current | Renewal Option 1 | Renewal Option 2 |
|-------------------------------------|-------------------|---------------------|--------------------------|--------------------------|
| Plan Effective Date | | July 1, 2021 | January 1, 2022 | January 1, 2022 |
| Coverages | | Medical, Rx, Dental | Medical, Rx, Dental | Medical, Rx, Dental |
| Aggregate Adjustment Corridor | | 125 % | 125 % | 125 % |
| Individual Deductible | | \$ 0 | \$ 0 | \$ 0 |
| Maximum Annual Reimbursement | | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| Coverage Period | | | | |
| Rates Include Commissions of: | | None | 4.80 % | 4.80 % |
| Coverage Description | Enrollment | | | |
| Composite | 669 | \$ 0.00 | \$ 3.73 | \$ 3.76 |
| Monthly Aggregate Corridor* | | | | |
| Single | 240 | \$ 0.00 | \$ 765.13 | \$ 771.33 |
| Family | 429 | \$ 0.00 | \$ 1,912.83 | \$ 1,928.33 |
| Composite | 669 | \$ 0.00 | \$ 1,501.09 | \$ 1,513.25 |
| Minimum Annual Aggregate Deductible | | \$ 0 | \$ 10,243,200 | \$ 10,326,202 |
| Select Acceptance Choice | | | <input type="checkbox"/> | <input type="checkbox"/> |

*Monthly Aggregate Corridor means the Monthly Aggregate Factor (amount of expected claims per month per covered person) multiplied by the Aggregate Adjustment Corridor.

Individual Excess Risk Insurance

| Plan Description | | Renewal Option 3 | Renewal Option 4 |
|-----------------------------------|-------------------|--|------------------|
| Plan Effective Date | | January 1, 2022 | January 1, 2022 |
| Coverages | | Medical, Rx | Medical, Rx |
| Individual Deductible | | \$ 200,000 | \$ 220,000 |
| Aggregating Individual Deductible | | \$ 60,000 | \$ 60,000 |
| Policy Year Maximum | | Unlimited | Unlimited |
| Lifetime Maximum | | Unlimited | Unlimited |
| Coverage Period | | Paid in 12 Months and incurred Jul 01, 2019 or after | |
| Benefit Percentage | | 100% | 100% |
| Rates Include Commissions of: | | 4.80 % | 4.80 % |
| Endorsements | | | |
| Renewal Rate Cap | | 50.00 % | 50.00 % |
| Plan Mirroring Coordination | | Included | Included |
| Coverage Description | Enrollment | | |
| Single | 240 | \$ 40.68 | \$ 36.20 |
| Family | 429 | \$ 109.25 | \$ 96.80 |
| Composite | 669 | \$ 84.65 | \$ 75.06 |
| Cost | | | |
| Estimated Monthly Costs | | \$ 56,631 | \$ 50,215 |
| Estimated Annual Costs | | \$ 679,577 | \$ 602,582 |
| % Change from Current | | -11.40% | -21.44% |

Aggregate Excess Risk Insurance

| Plan Description | | Renewal Option 3 | Renewal Option 4 |
|-------------------------------------|-------------------|--------------------------|--------------------------|
| Plan Effective Date | | January 1, 2022 | January 1, 2022 |
| Coverages | | Medical, Rx, Dental | Medical, Rx, Dental |
| Aggregate Adjustment Corridor | | 125 % | 125 % |
| Individual Deductible | | \$ 0 | \$ 0 |
| Maximum Annual Reimbursement | | \$ 1,000,000 | \$ 1,000,000 |
| Coverage Period | | | |
| Rates Include Commissions of: | | 4.80 % | 4.80 % |
| Coverage Description | Enrollment | | |
| Composite | 669 | \$ 3.79 | \$ 3.81 |
| Monthly Aggregate Corridor* | | | |
| Single | 240 | \$ 776.48 | \$ 780.65 |
| Family | 429 | \$ 1,941.20 | \$ 1,951.63 |
| Composite | 669 | \$ 1,523.36 | \$ 1,531.55 |
| Minimum Annual Aggregate Deductible | | \$ 10,395,126 | \$ 10,450,974 |
| Select Acceptance Choice | | <input type="checkbox"/> | <input type="checkbox"/> |

*Monthly Aggregate Corridor means the Monthly Aggregate Factor (amount of expected claims per month per covered person) multiplied by the Aggregate Adjustment Corridor.

Stop Loss Proposal for City of Missoula

Account Assumptions

| | |
|----------------------|--|
| Renewal As Of Date | October 13, 2021 |
| Renewal Good Through | October 31, 2021 |
| Situs State | Montana |
| Claim Administrator | Allegiance Benefit Plan Management, Inc., Navitus (RX) |
| Network | 2022-01 Cigna ASO |

Additional Contract Specifications:

- No fully insured lives are covered.
- Retirees pre and post age 65 are covered under the Stop Loss contract. We assume Medicare is primary for any retiree age 65 or older.
- In addition to base commissions, certain brokers and/or service providers may receive compensation related to factors such as overall sales of Company products, total premium for products sold through the broker/service provider, growth in the number of customers, and retention of existing customers. Compensation and fees may also be paid to brokers and/or service providers for administrative services in connection with Company products. Please contact us if you would like additional detail on compensation and fees payable on your case.
- The proposal is based on the data submitted. Any changes to this data may allow us to modify the proposal.
- Plan designs and contribution levels are assumed as submitted to underwriting. Any changes may require an adjustment to the individual excess risk rates and/or monthly aggregate corridor.
- Plan must have medical case management and utilization review.
- All claims are reported/paid in U.S. dollars.
- Any costs charged by the claim administrator for reports required to substantiate claims will be paid by the employer.
- Premium rates were adjusted via filed and approved underwriting discretion in consideration of the carrier reporting fees assessed by Allegiance and Navitus, which are directly associated with the claims information we require to administer our Policy.
- We reserve the right to (i) recalculate Monthly Aggregate Factors and Individual Excess Risk Monthly Premium Rates as shown on the Excess Risk Schedule and continue this Policy, or (ii) terminate this Policy in accordance with the Policy Termination provision of this Policy if an increase or decrease in the number of Covered Persons and Covered Dependents that exceeds 15% of the current number covered under the Employee Benefit Plan.
- Per Montana statutory law, Plan Mirroring Exclusions include parts A, B, C and E.
- The Renewal Rate Cap Endorsement guarantees that the 2023 renewal will be capped at 50% and no new individual adjusted deductible will apply (laser-free renewal).
- This renewal offer is firm through 10/31/2021. After this date, we will require additional data, and rates are subject to change.

The individual stop loss renewal is based upon the current leveraged trend factors, market conditions, plan designs and current demographic factors. The aggregate renewal is based upon the experience of the group and current trend. Any plan changes may affect this renewal and need to be disclosed prior to the renewal acceptance.

Authorized Signature

Date

City of Missoula

01/01/2022

Excess Risk Insurance is underwritten by ReliaStar Life Insurance Company. Policy form RL-SL-POL-2013 (may vary by state). Exclusions and limitations are described in the policy.

Economic Factors: Manage the Effects of Leveraged Trend (Illustrative)

Medical trend is the anticipated annual increase in the cost of medical claims from year to year. Medical costs generally increase every year through inflation, and there are many additional factors that determine the actual medical trend for a specific health plan.

Components of medical trend include:

Plan Design

Technology

Network

Utilization Patterns

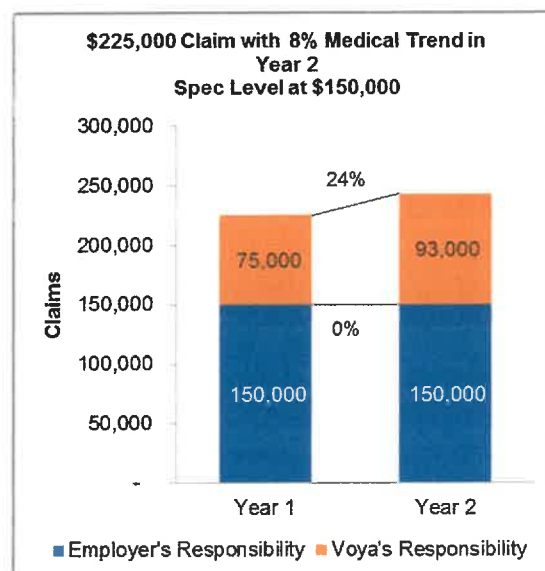
Demographics

Cost Shifting

Medical trend gets leveraged when parties responsible for medical claims do not maintain the same proportional share of the risk from year to year. Put simply, rising medical costs affect stop loss carriers differently than employers. But rather than passing our increasing risk back on to you in the form of large rate increases, we can compensate with small increases in deductibles.

Here's an example. In Year 1, the plan elects a \$150,000 individual stop loss deductible. If there is an individual claim of \$225,000, the first \$150,000 is the employer's responsibility and the remaining \$75,000 is reimbursed by the stop loss carrier.

In Year 2, assuming an 8% increase in medical costs, a claim that would have been \$225,000 in Year 1 now costs \$243,000. If the deductible doesn't change, the first \$150,000 is the employer's responsibility and the remaining \$93,000 reimbursed by the stop loss carrier. So that 8% trend produces a 24% cost increase to the stop loss carrier's claim and 0% increase to the employer.



If the stop loss deductible is left at the same dollar level year after year, the employer's risk actually decreases as a percentage of the overall claim. Conversely, the insurer's risk is increasing -- and, in response, the insurer has to increase rates well beyond medical trend.

In order to eliminate the leveraging effect, the employer should increase its individual deductible by trend each year. This essentially retains the exact same proportion of the risk.

In an effort to mitigate the effects of leveraged trend, your underwriter has included an optional quote during this year's renewal.

Excess Risk Insurance is issued by ReliaStar Life Insurance Company, a member of the Voya® family of companies.