



BEAR Health Insurance Plans

Team 13

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Background

- Rockwood-Leibowitz wants to offer BEAR Health's standalone plans
- They want to offer these plans as multi-choice options

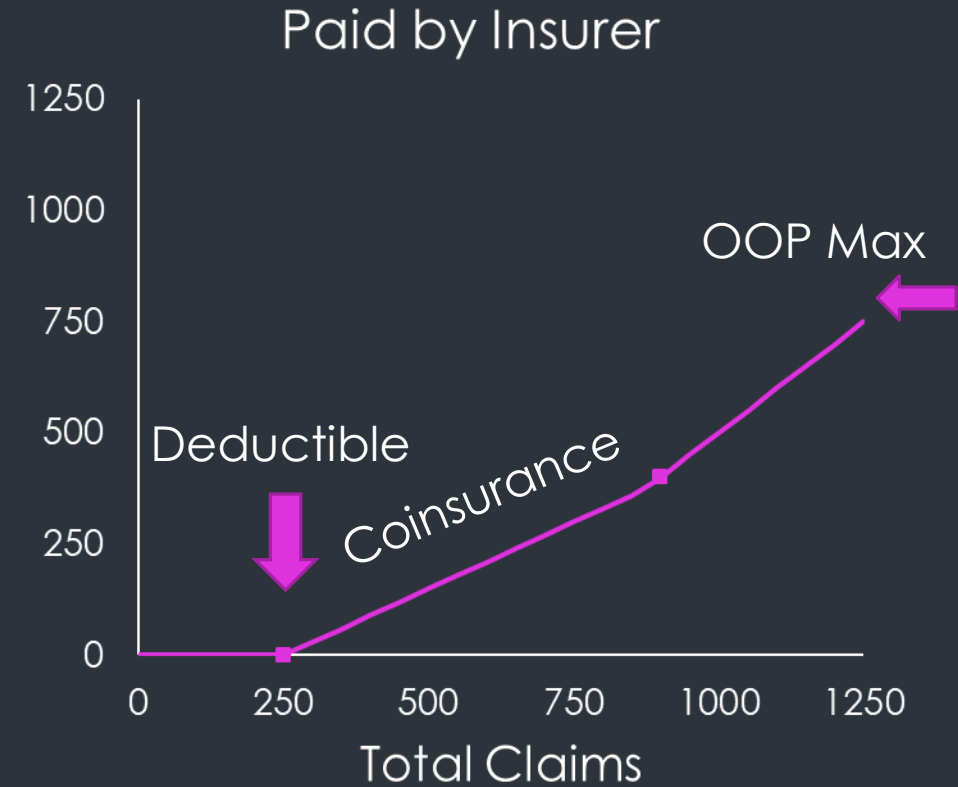
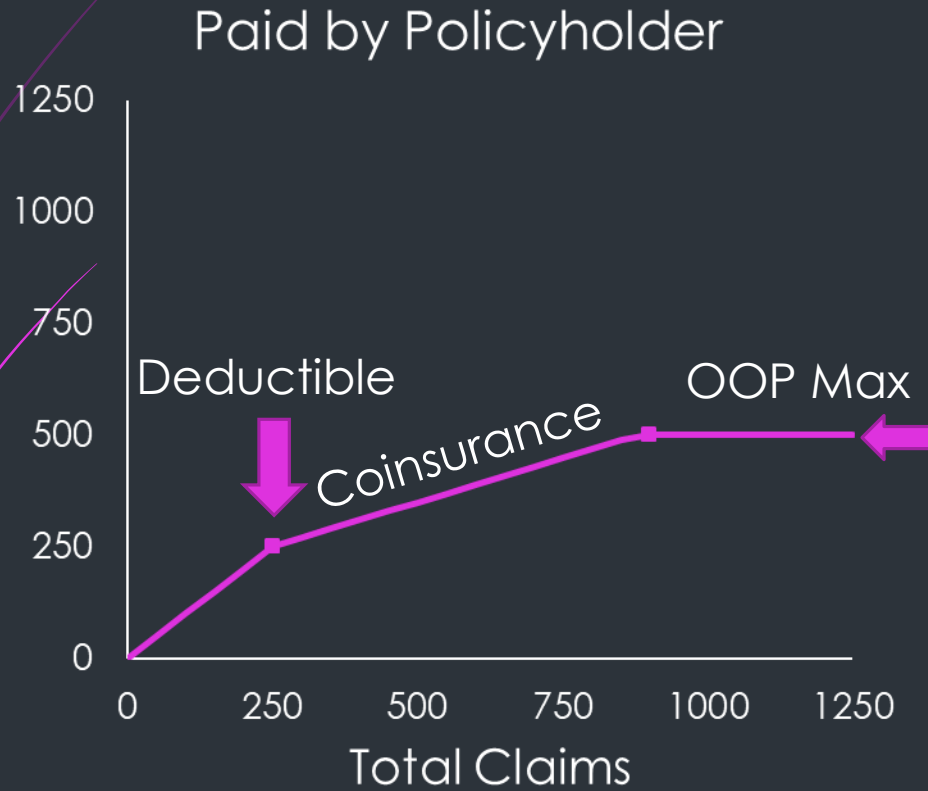
Our Goal

- Design standalone and multi-choice plans
 - Reduce adverse selection risk
 - Minimize premiums

Agenda

- Plan Components
- Standalone Plan
- Multi-Choice Plan
- Business Concerns

Plan Components



Actuarial Value

Paid by company

Paid by company + Paid by policyholder

Metal Categories

Plan Category	Platinum	Gold	Silver	Bronze
Actuarial Value	90%	80%	70%	60%

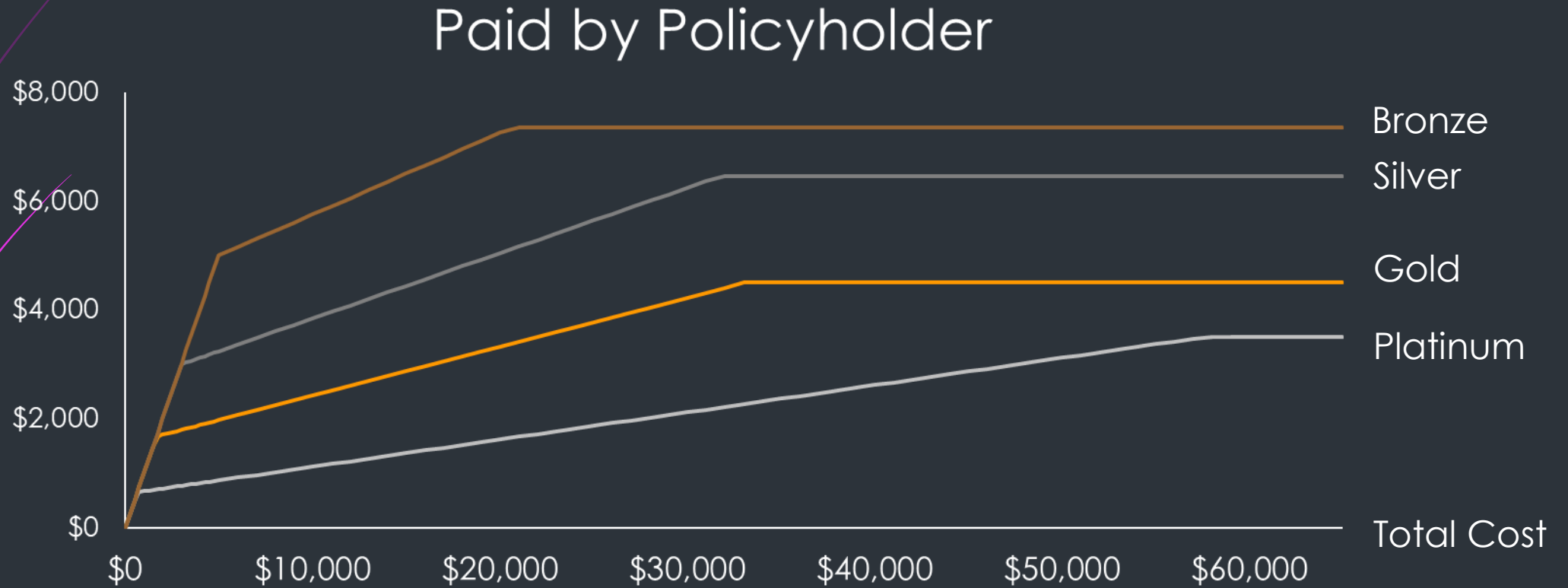
Standalone Plan Assumptions

- 2016 experience is indicative of 2018 claims
- Annual claim growth: 10%
- Loss ratio: 85%

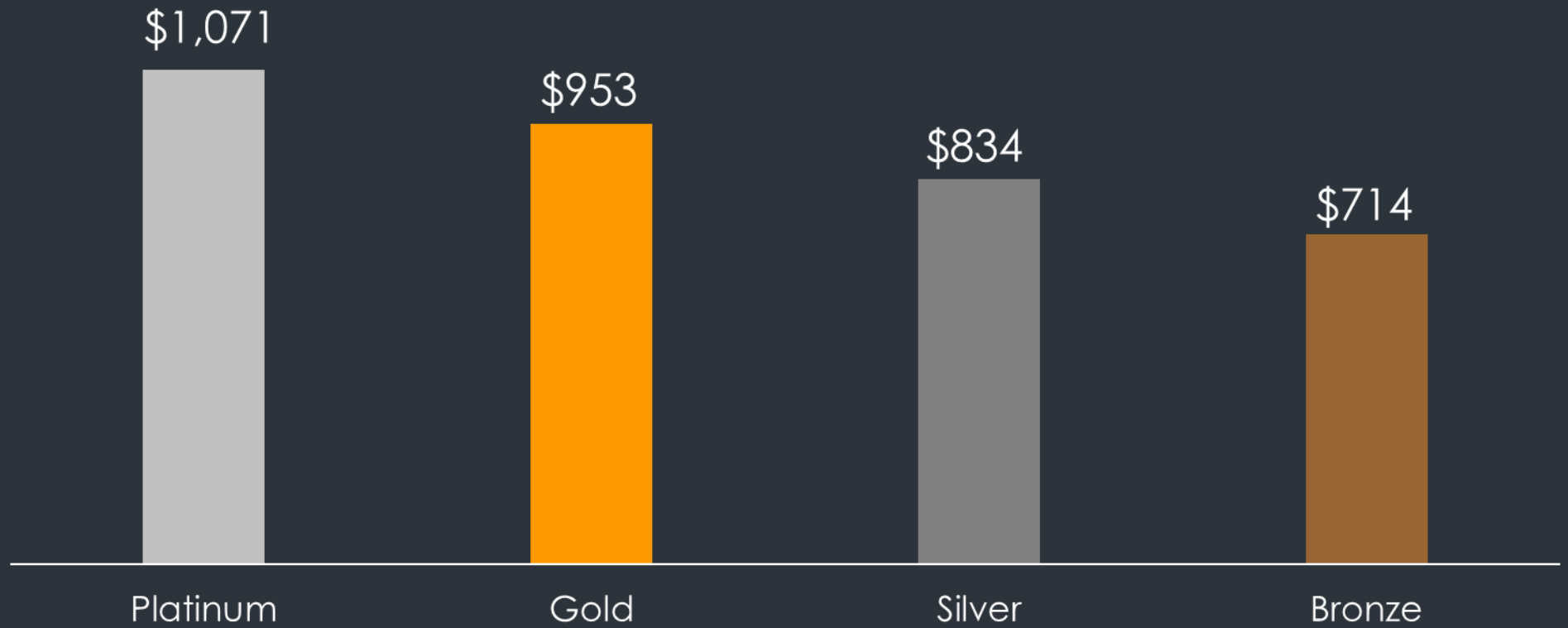
Standalone Plan Proposal

Plan	Platinum	Gold	Silver	Bronze
Deductible	650	1,675	3,000	5,000
Coinsurance	5%	9%	12%	15%
OOP Max	3,500	4,500	6,450	7,350

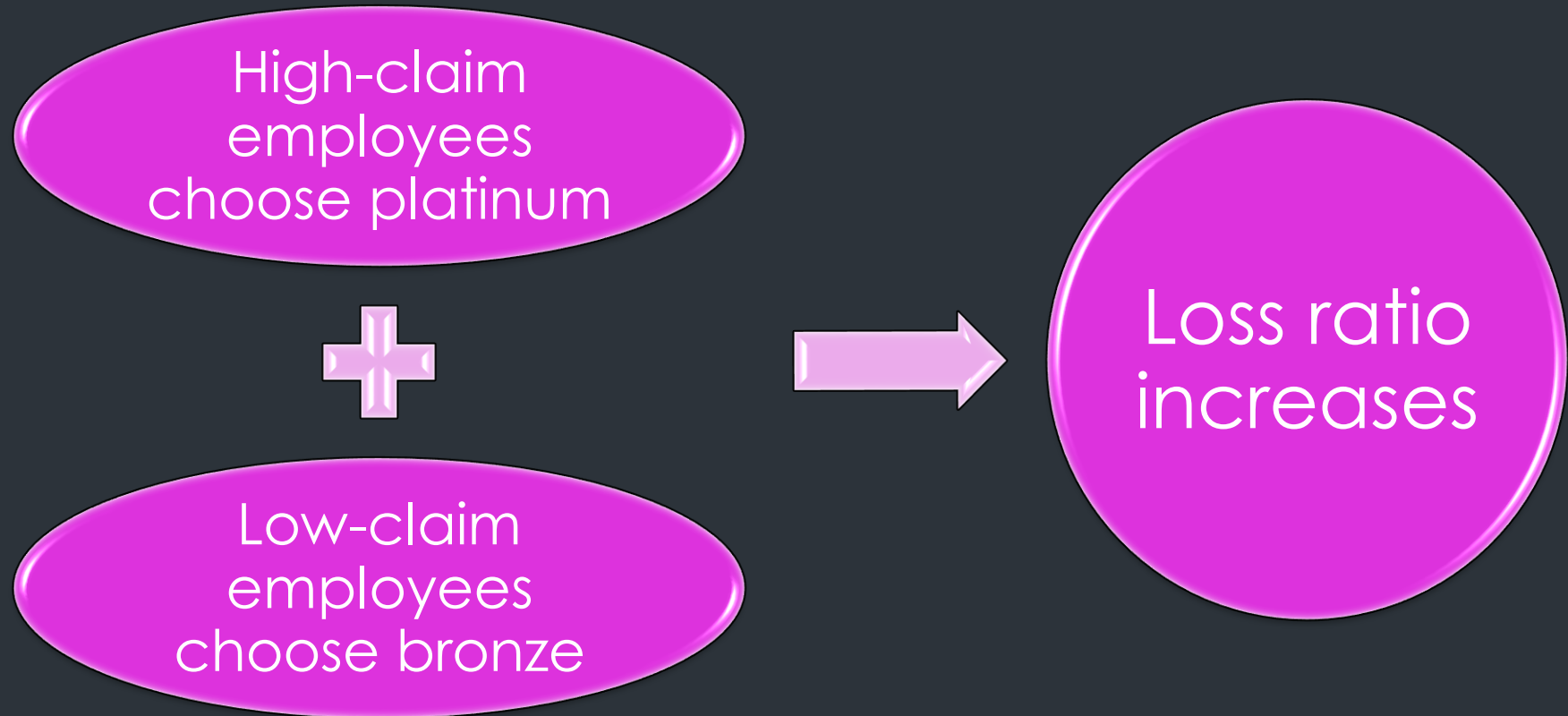
Standalone Plan Proposal



Premiums PEPM



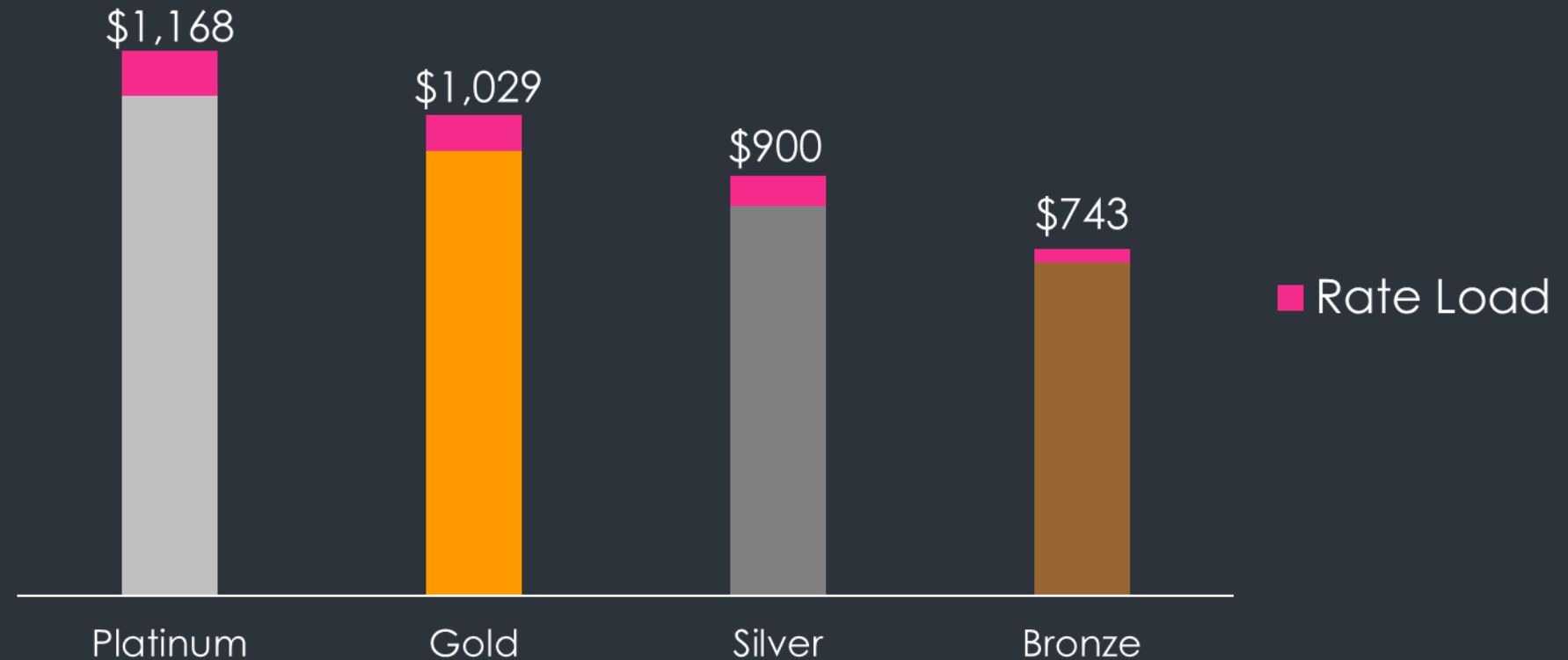
Multi-Choice Plan Adjustments



Multi-Choice Enrollment

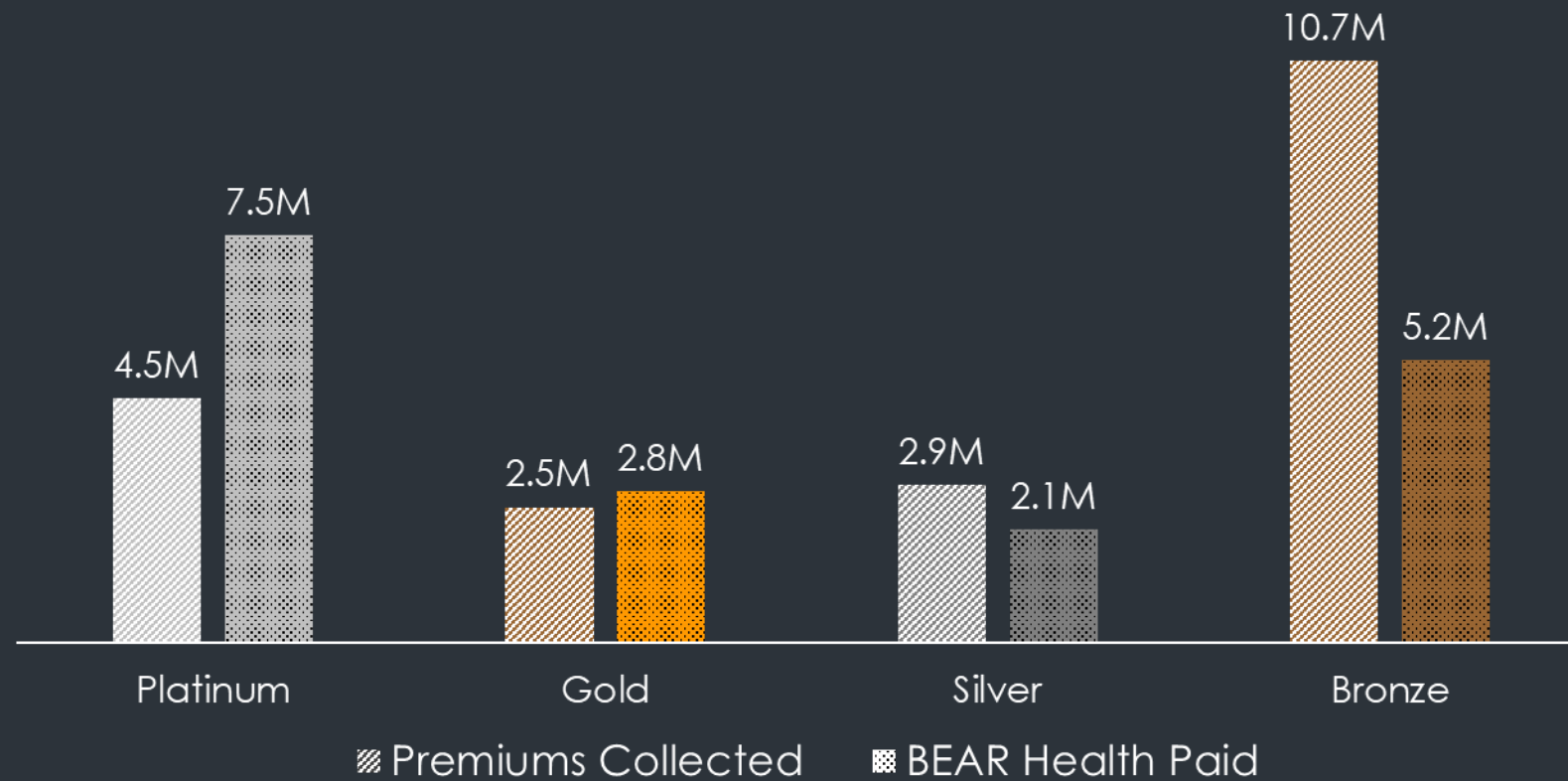
- Assumptions:
 - Future claims match 2016 experiences
 - All employees enroll in a plan
- Simulation method:
 - Employees choose the plan that costs them the least

Multi-Choice Plan Proposal



Plan	Platinum	Gold	Silver	Bronze
Rate Load	1.09	1.08	1.08	1.04

Multi-Choice Plan Proposal



Plan	Platinum	Gold	Silver	Bronze
Simulated Enrollment	324	203	273	1200

Business Concerns

- Simulation metric is limited
- Platinum and Gold loss ratios are high
- Bronze enrollees may opt out

Price Concerns and Recommendations

Reduce costs



Reduce number of
options

Maximize choices



Higher prices

Conclusion

Create standalone plans

Adverse selection increases
rates for multi-choice plan

Consider offering fewer choices
to lower prices



Questions?

Appendix: Multi-Choice Plan Proposal

Plan	Platinum	Gold	Silver	Bronze
Standalone PEPM Rates	\$1,071	\$953	\$834	\$714
Rate Load	1.09	1.08	1.08	1.04
Simulated Enrollment	324	203	273	1200
Multi-Choice PEPEM	\$1,168	\$1,029	\$900	\$743

Appendix: Multi-Choice Plan Proposal

Plan	Platinum	Gold	Silver	Bronze
BEAR Health Paid	\$7.5M	\$2.8M	\$2.1M	\$5.2M
Premiums Collected	\$4.5M	\$2.5M	\$2.9M	\$10.7M
Loss Ratio	1.64	1.13	0.71	0.49