



September 22, 2016

Ms. Michelle Mahowald
City of Northfield
801 Washington
Northfield, MN 55057

RE: January 1, 2017, Renewal for City of Northfield

Dear Ms. Mahowald:

Thank you for your participation in the Public Employees Insurance Program (PEIP) Pool. We hope that the program has fulfilled your insurance needs.

We are very pleased to inform you that the pool is continuing to perform very well! For January 1, 2017, the pool renewal will be a combined average increase of 3.5%, a figure considerably less than the current health care trend. Your renewal rates will vary slightly depending on your premium tier shown on the attached Exhibit B.

Significant growth of the program over the last few years has provided us with the opportunity to develop premiums and renewal rates based on the claims experience of the entire PEIP membership population, allowing all groups to benefit from the success of the program. The pool has grown to over 125 groups, and more the 20,000 members with an average annual renewal of 2.3% over the last 7 years, as shown below.

History of PEIP Pool Renewals

<u>July Group Average</u>	<u>January Group Average</u>
July, 2010 = +8.0%	January, 2013 = +5.0%
July, 2011 = - 6.6%	January, 2014 = + .5%
July, 2012 = - 3.3%	January, 2015 = +2.4%
July, 2013 = +6.0%	January, 2016 = +5.5%
July, 2014 = +1.9%	January, 2017 = +3.5%
July, 2015 = +2.0%	
Combined Pool Average = 2.3%	
<i>*History includes all ACA taxes</i>	

By combining all PEIP groups into one pool, the risk is spread among a larger group, providing more stability of renewals.

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For 2017, the Advantage and Value costs will not change from 2016 levels. The HSA plan design has been enhanced with lower out of pocket for most members. Please review the attached summary sheets for the updated benefits available in 2017 and distribute to employees as appropriate. Also, the Summaries of Benefits and Coverage (SBC's), as required by the Affordable Care Act, can be accessed online at www.innovomn.com/plan_information.html. The 2017 clinic directory is being updated and will be available mid October; we will email it to you when available and post on the website.

During the next two months, your insurance eligible employees will have the opportunity to change health plans and carrier networks. Plan designs, clinic listings, and enrollment forms are attached and can also be found on PEIP's website at www.innovomn.com/plan_information.html.

Employees and dependents who wish to change health plans or networks, need to complete an enrollment form for the change, and include the primary care clinic number for each member. Participants who are not making any changes, or wish to change only their primary care clinic, do not need to complete a form. Primary care clinics can be changed at any time by calling the customer service number on their ID card.

As the sponsor of the group insurance, you may change PEIP product options (e.g. life and dental coverages) and eligibility requirements at this time. Eligibility criteria include number of hours worked per week to be eligible, new employee waiting periods before coverage becomes effective, etc. Any changes made to your current eligibility policy must be made in writing.

Please start your group's open enrollment early so ID cards will be delivered by 1/1/2017. All completed enrollment forms and any changes to your group's eligibility requirements must be submitted to Innovo Benefits Administration, PEIP's administrator, by November 11, 2016.

Forms can be sent via Fax, secure eMail or mailed to Innovo Benefits Administration

Secure Fax: 952-746-3108

Email: lorrie@innovomn.com or jean@innovomn.com

Mail: Innovo Benefits Administration

Attn: PEIP

7805 Telegraph Road, Suite 110

Bloomington, MN 55438

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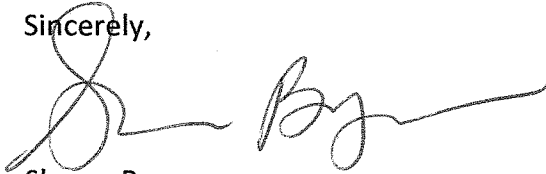
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Please forward the renewal rate information to your COBRA, Minnesota continuation, disabled, and early retiree participants (if any). If PEIP manages your COBRA, Innovo will send out the information to these participants.

We are available for in-person, phone, or Skype meetings if you would like to discuss your 2017 renewal. To schedule a meeting, or if you have questions, please call 952-746-3101 or 1-800-829-5601 or email shawn@innovomn.com. We look forward to another year of serving you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shawn Byrne', is written over a faint, larger signature.

Shawn Byrne
Manager

CC: MMB

Enc: benefit charts, enrollment forms, renewal rates

EXHIBIT A
Confirmation of PEIP Coverages
City of Northfield

Your group currently has the following benefits

- o Medical Coverage Advantage Plan Options
- o Basic Life Coverage \$50,000 Basic Life

Retiree rating structure

- o In accordance with Chapter 488, renewal rates for retirees who are under age 65 are blended with the rates for active employees. Eligible retirees currently on COBRA have been included in the retiree rate structure.
- o For retirees over age 65, individual Medicare supplement policies are available. Please call Innovo Benefits Administration at 1-800-829-5601 or contact your plan administrator for more details.

Optional coverages available for next renewal period

- | | |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Life: | Can be made available to all employees or locked with medical subject to evidence of insurability. |
| Supplemental Life/AD&D: | Individuals in your group can purchase supplemental life/AD&D coverage in \$5,000 increments up to a maximum of \$300,000; subject to evidence of insurability. |
| o Dependent Life: | Dependent life insurance with \$5,000 spouse coverage and \$2,500 child coverage is also available to individuals in your group. Evidence of insurability is required. |
| o Preventive Dental: | Coverage for routine dental exams, teeth cleaning, fluoride treatment and x-rays. |
| o Comprehensive Dental: | Provides coverage for preventive, basic (fillings, extractions) and major (inlays, crowns, bridgework) treatments. |

EXHIBIT B
City of Northfield
1/1/17 Renewal Rates
Advantage Plans

	Current Rates	Renewal Rates
Advantage High Option		
Single	\$ 824.62	\$ 851.80
Family	\$2,204.90	\$2,274.50
Advantage Value Option		
Single	\$ 746.94	\$ 771.32
Family	\$1,997.50	\$2,059.70
Advantage HSA Option		
Single	\$ 568.82	\$ 586.84
Family	\$1,521.88	\$1,567.10
<u>Basic Life/AD&D Insurance</u>		
Basic Life/AD&D:	\$.19/1,000	\$.19/1,000
Dependent Life:	\$ 1.18	\$1.18
Supplemental Life/AD&D:	<u>Age</u>	
(Per Thousand)	<35	.11
	35-39	.13
	40-44	.17
	45-49	.26
	50-54	.44
	55-59	.71
	60-64	.79
	65-69	1.49
<u>Dental Coverage – Rates</u>		
Preventive Dental:	Monthly Rate	Monthly Rate
	If Employer Pays	If Employer Pays
	<u>90% or More of Cost</u>	<u>50-89% of Cost</u>
Employee:	\$10.78	\$11.72
Family:	\$32.60	\$36.20
Comprehensive Dental:	Monthly Rate	Monthly Rate
	If Employer Pays	If Employer Pays
	<u>90% or More of Cost</u>	<u>50-89% of Cost</u>
Employee:	\$36.82	\$40.73
Family:	\$87.81	\$96.25