

About the LGRP

Frequently Asked Questions

What is the LGRP?

The Local Governments Risk Pool (LGRP) consists of more than 250 municipalities, counties, special service districts, and schools in Utah. These entities together form a self-funded pool. The LGRP follows a nonprofit model unlike anything in the market. The money we hold in the LGRP is never ours. It always belongs to our clients, because the LGRP is a self-funded trust. So, when trends are lowered or costs are reduced, our clients reap the financial benefit, as they did in 2012 when we returned \$14.5 million in the form of a premium holiday.

What are the advantages of joining the LGRP?

- » Variety of plan options; depending on group size, we can offer up to six medical options.
- » Our three medical networks together provide access to more than 12,000 providers and every major hospital in Utah.
- » One-stop shopping: Get medical, dental, vision, life, and LTD from one source — convenient for you and your employees.
- » Lowest administration and reinsurance costs in Utah.
- » Reserves earn interest to help offset renewal rates.
- » No profit margin or risk charge.
- » Unmatched customer service — external surveys show satisfaction rates above 95%.
- » Avoid some federal healthcare reform taxes.

How does PEHP determine renewal rates?

Rates and renewals are based entirely on trends, expected claims costs, and the lowest administrative costs in the market. No other factors matter. For example, we don't offer any preferred pricing to brokers. You get the same rate regardless of your broker. You'll never see differences in price among brokers as long as the plan and benefits are the same.

SEE OTHER SIDE FOR MORE FAQs

peHP Serving the Employees Who Serve Utah

Does my group have to sign a three-year contract to join the LGRP?

No. Any group that joins the LGRP is only required to sign a year-to-year contract. To receive full membership in the LGRP, there is a three-year vesting period. This vesting period requires a group to pay back any deficit it incurs if the group leaves before the vesting period ends.

Why must groups wait to become vested?

PEHP is a fiduciary for the funds we hold in trust on behalf of LGRP groups. In order to protect the reserves the LGRP has built, PEHP requires new groups to vest for three years. This protects the participating groups in the LGRP, preventing any one group from depleting the reserves and then leaving the other groups responsible for the deficit.

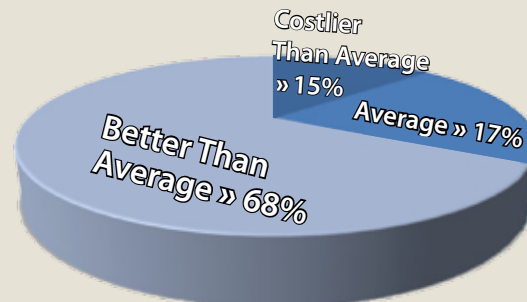
Is there a way to be vested immediately upon joining the LGRP?

Yes. If a new group provides a minimum of two years of credible claims experience, PEHP may waive the vesting period and the deficit repayment requirement. Typically, this only applies to groups with more than 100 employees. It is rare for a carrier to release claims experience for groups with fewer than 100.

How often has a group had to repay a deficit when it left the LGRP?

Never. Only two groups have ever left the pool during the vesting period. In both cases, neither group had a deficit, so there was nothing to repay. Once vested, a group can leave the pool with no requirement to repay a deficit. Finally, a group is never restricted from leaving the LGRP. It just has to pay back any deficit it created in the pool during the vesting period.

Groups Renewing During Their Vesting Period Since 2008



Total Renewals.....79

On average, groups in their vesting period received a renewal of 0.8% lower than the pool average.