

MESSA Rating Area Update and Improvement Project

Key Facts

- For more than four decades MESSA has pooled its members into large community pools to spread risk, provide rate stability and save money by leveraging our bargaining power and increased efficiencies.
- MESSA periodically reviews and modifies its rating areas to ensure that they accurately reflect geographic similarities in the cost of medical services and the rate of utilization of those services. It is standard industry practice and has been a component of MESSA's ordinary course of business since 1960.
- Over the years the number of areas MESSA has utilized has ranged from one to 16. Ten years ago the number of areas was reduced to five following a review.
- About a year ago MESSA launched a review of its rating areas. This review found that over the past decade medical cost and utilization trends had shifted in various regions of the state. This variance in medical cost trends particularly affected MESSA's old Area A, which included 71 counties and stretched from Monroe in the southeast corner of the state, to Berrien County in the southwest corner, to the farthest reaches of northern Michigan and the Upper Peninsula. In order to ensure that MESSA's rating areas accurately reflected the new trends in costs and utilization rates, modifications were needed.
- MESSA's goal is to accurately reflect regional differences in medical costs, cost trends and utilization rates while minimizing the impact on individual employers. Our transition to seven rating area pools over the next couple of years will accomplish those goals.
- MESSA's new area configuration:
 - improves MESSA's ability to compete in most areas of the state
 - provides greater rate stability and predictably for school employers
 - more accurately groups areas based on similar cost and utilization factors
 - minimizes change
 - continues to put the power of pooling to work for all members
- MESSA's 2006-2007 rate increases will be lower than recent years because of slower growth in medical costs and utilization trends, increased enrollment in our PPO network plans, and increased administrative efficiencies and savings. It is important to remember that actual increases for each employer are based on area rate; the employer's census of single, two-person and full-family medical coverage; any riders that have been negotiated; and whether the employer utilizes a PAK rate.
- Renewal rates for individual employers are expected to be issued in May. The factors and process involved in providing a renewal rate are unchanged from previous years.



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