MARYLAND LOCAL GOVERNMENT HEALTH COOPERATIVE

On July 1, 2010, LGIT partnered with CIGNA Healthcare and Benecon to provide Maryland's local governments an alternative to self insuring or purchasing health insurance. The Cooperative model involves the joining of several local governments into a purchasing group to capitalize on the advantages of self-funding without bearing the risks of self-funding.

Funding Advantages

Benecon has been managing cooperatives in Pennsylvania since 1990. The Cooperative model provides cash flow stability, maximum claim liability and lower administrative fees. Cash flow stability is obtained because Benecon's actuary sets annual rates based on actual experience. Maximum claim liability is obtained by purchasing stop loss coverage at 10% less than an individual self insured is able to purchase it. Since there is a level of cross sharing of losses among the membership, this coverage can be purchased at a higher level. Finally, the cooperative also has lower administrative costs because by joining together, the fees paid to Benecon and CIGNA are less than individually paying an administrator.

Key Program Advantages

> ➢ Members are allowed to choose their own plan design.

> ➢ Members know what their costs will be because they pay the same amount every month.

> ➢ Members have the opportunity to receive money back in subsequent years.

Unique Funding Model

The relationship of the stop loss deductible to the stop loss premium produces a lower net cost compared to stand alone self funded plans.

Current Cooperative Members

City of Aberdeen, City of Brunswick, Town of Chesapeake Beach, City of College Park, City of Gaithersburg, Town of Hampstead, Kent County, Local Government Insurance Trust, Maryland Municipal League, Town of Middletown, City of New Carrollton, Town of Oakland, Town of Port Deposit, Town of Sykesville, Town of Upper Marlboro, City of Westminster

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