State and Public School Life and Health Insurance Board Benefits Sub-Committee Minutes March 5, 2010

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on Friday, March 5, 2010, at 9:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Jeff Altemus Gwen Wiggins Janis Harrison Shelby McCook Bob Alexander

Members Absent

Becky Walker Lloyd Black

Jason Lee, Executive Director, Employee Benefits Division (EBD).

Others Present:

George Platt, Leigh Ann Chrouch, Doug Shackelford; Michelle Hazelett, Stella Greene, Lori Eden, Florence Marvin, Amy Tustison, Amy Redd, Donna Cook, Jane Young, Sherry Bryant, Latryce Taylor, Cathy Harris, EBD; Sherry Saxby, Rhonda Hill, AR Centers for Health Improvement & EBD; Barbara Melugin, Ron Deberry, David Bridges, Kathy Ryan, AR BC/BS Health Advantage; Marc Watts, ASEA; Sarah Sanders, AR Highway & Transportation Dept; Sharon Marcum, LifeSynch; Peggy Nabors, AR Education Association; Shonda Rocke, Alicia Hayden, InformedRx; John Greer, Humana

Call to Order

The meeting was called to order by Jeff Altemus, Chairman.

Approval of Minutes

A request was made by Altemus to approve the January 19, 2010 minutes. McCook made the motion to approve. Harrison seconded. All were in favor. Minutes Approved.

BENEFITS STRATEGIC PLANNING WORKGROUP (BSPW) REPORT by George Platt, Chairman

Platt reported the workgroup met on February 2nd and they are working on a variety of topics. Platt said currently the workgroup does not have any recommendations for the committee at this time.

Platt reported Christ Pittman with Delta Dental provided a speaker to talk about TMJ. Platt said Dr. Herman Herd provided some interesting facts about the condition and the workgroup asked him to attend the Benefits meeting in April to address the committee members as well.

Platt said the workgroup is also researching a few of the wellness benefits for the Quality of Care Committee.

PUBLIC SCHOOL EMPLOYEES ACTIVE RATES by John Colberg, CHEIRON Colberg presented the preliminary PSE Active Rates for 2010-2011. The information was presented in two formats; prior presentation format and revised presentation format.

Colberg reported a rate increase of \$30 for employee only and \$80 for family. The trend projection for next year is 7% medical, 9% pharmacy inflation.

Colberg presented three rating options for consideration.

- Option #1 Baseline Assumes no benefit change or any additional reserve allocation
- Option #2 Full creditability to Novasys/HDPPO
 Re-pricing the NovaSys plan options giving full rating credit to the High
 Deductible plan as opposed to blending the risk between the two plans.
- Option #3 Baseline with non-Medicare Retirees Blend
 Active employee and the pre-Medicare retiree both pay the \$11.20 subsidy and that the entire contribution is given to the Medicare group, or lower the \$11.20 subsidy by whatever amount their premium increases so that this "blending" would have no effect.

Lee commented option # 2 will create a significant price difference between the Health Advantage POS and the NovaSys POS plan and so he has concerns about the viability of the NovaSys plan if they were to give full rating credit to the High Deductible plan.

A discussion ensued.

McCook said he believes it time they move towards giving actual costs to the HDPPO plan. McCook said they have not been aggressive enough in the past.

The committee reviewed a comparison of the rates with the three options.

Chairman Alternus said they will need to find a way to lower the rate increases. Alternus said blending non-Medicare retirees in with the actives is an interesting option to help reduce premiums, but he does not want to do a lot of harm to the actives in the process.

Chairman Altemus said public schools have really struggled the last few years without pay increases. Altemus said his district will receive a small pay increase this year but the premium increases presented in the meeting will consume those increases for those employees enrolled in the family plans.

Alternus requested Cheiron bring back information on projected reserve amounts that can be allocated, and some scenarios of reserves calculated into the rates.

Lee informed the committee the rates assume no benefit design changes and so a small change in the co pays and deductibles will decrease the rates. Lee referenced the January financials

Lee said they will put together some plan designs so the committee can review three health plan options.

DIRECTOR REPORT by Jason Lee

Lee informed the committee they are moving forward with the dependent age change process. The special enrollment period is March 1, through May 31, 2010. Members will need to complete a change form to enroll dependents for coverage. The effective date of coverage will depend on when the change form is received. Change Form submitted in March will be effective April 1. Change Form submitted in April will be effective May 1. Change Form submitted in May will be effective June 1.

Meeting adjourned.

AGENDA

State and Public School Life And Health Insurance Board Benefit Sub-Committee EBD Board Room 501 Building, 5th Floor 9:00 p.m. March 5, 2010

1.	Call to Order	Jeff Altemus, Chairman
2.	Approval of Minutes	Jeff Altemus, Chairman
3.	BSPW Report	George Platt, EBD
4 .	2011 PSE Preliminary Active Rates	John Colberg, Cheiron
5.	Director's Report	Jason Lee, EBD

Next Meeting April 9, 2010

Arkansas Public School Employees Health Benefits Program

Preliminary PSE Active Rates for 2010-2011



John Colberg, FSA Karen Mallett, FSA

March 5, 2010



Topics

,		Page Number
1)	Baseline Projections	
	a) Prior Presentation Format	2
	b) Revised Presentation Format	6
2)	Full experience to Novasys vs. HDPPO	9
3)	Blending non-Medicare retirees	12
4)	Comparison Sheet	16
Аp	pendices	
A.	2009-2010 Final Rate Details	17
B.	Assumptions & Methods	18





Highlights

o Active employee rating tiers and relativities remain unchanged

o Rate Increase	Health Advantage NovaSys ARHealth NovaSys HDPPO Rx Corp Health ^[1]	2009 - 2010 1% 2% -5% 3%	2010 - 2011 6% 4% 4% 12% 0%
o Funding	Base (per employee) Act 1842 Act 1421 Reserve	0% <u>2009 - 2010</u> \$131.00 \$35M \$15M \$4M	2010 - 2011 \$131.00 \$35M \$15M \$0M ^[2]

[1] Assumed no rate change for Corp Health. Final Corp Health rates will be available on or after 4/1/10.

[2] 30% of the \$4M reserve is carried into 2010 - 2011.





Basis for Underwriting

- Health Advantage and Novasys underwriting is based on claims incurred between January 2009 and December 2009 (paid through December 2009)
- o Pharmacy underwriting is based on claims paid between January 2009 and December 2009
- o Underwriting is performed at the benefit administrator level
- o Maintained current \$11.20 retiree subsidy
- o Maintained current vendor fees; updated EBD administrative costs.
- o Assumed no benefit changes

0	Assumed annual trends	<u> 2009 - 2010</u>	<u> 2010 - 2011</u>
	Medical	7.0%	7.0%
	Prescription Drug	9.0%	9.0%
	Behavioral Health/FAP	0.0%	0.0%





Rate Development

		Health Advantage		NovaSys		Informed Rx
				AR Health		
Category		AR Health	AR Health	<u>HD PPO</u>	<u>Total</u>	<u>Total</u>
Incurred Claims ¹		\$137,793,513	\$21,520,287	\$4,142,383	\$25,662,671	\$45,712,641
Member Months	I	630,593	79,960	39,740	119,700	750,293
Incurred PMPM	=	\$218.51	\$269.14	\$104.24	\$214.39	\$60.93
10/2009 -> 09/2010 Benefit Changes	x	1.008	1.008	1.008	1.008	1.000
10/2010 -> 09/2011 Benefit Changes	x	1.000	1.000	1.000	1.000	1.000
Trend Factor	x	1.126	1.126	1.126	1.126	1.163
Demographic Change Factor	x	<u>0.990</u>	<u>0.990</u>	<u>0.990</u>	<u>0.920</u>	<u>0.990</u>
Trended Adjusted Incurred PMPM	=	\$245.43	\$302.40	\$117.15	\$223.96	\$70.14
Current Subscribers		38,776	3,829	2,515		45,120
Members / Subscribers	x	1.41	1.42	1.59		1.42
Net Claims PEPM		\$34 6.57	\$428.92	\$185.81		\$99.76
Vendor Admin Fees ²	+	\$27.13	\$13.90	\$13.90		\$1.45
Plan Administration ²	+	\$9.26	<u>\$9.26</u>	\$9.26		\$0.00
Total Administrative Costs PEPM	=	\$36.39	\$23.16	\$23.16		\$1.45
Gross Claims PEPM for Rating Period (Calculated)	=	\$382.96	\$452.08	\$208.97	\$355.70	\$101.21
Premium Rate PEPM (as of 03/2010)	1	\$360.11	\$386.83	\$274.38	\$354.05	\$90.34
Required Increase (Calculated)		6.3%	16.9%	-23.8%	0.5%	12.0%
Required Increase (Blended)		6.3%	4.0%	3.8%	0.5%	12.0%

^[1] Medical incurred claims for the period 1/09 through 12/09 with payments through 12/09. Rx paid claims for the period 1/09 through 12/09.



^[2] Vendor admin fees are at 2010 level. Plan administration is updated to reflect 2011 admin costs.



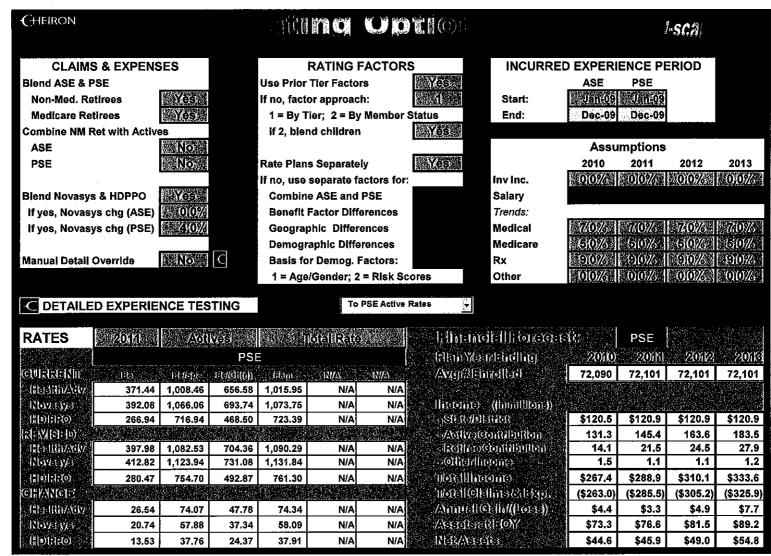
State Contributions

Actives	Medical	Prescription Drug	Corp Health	Retirement Subsidy	Total Monthly Premium	Base	Act 1842	Act 1421	Reserve Allocation	2011 Monthly Employee Cost	2010 Total EE Cost	Chan EE Pre \$		Eligibility Snapshot (Subscribers) Dec-09
Employee Only Health Advantage	\$300.42	\$80.32	\$6.04	\$11.20	\$397.98	(\$131.00)	(\$57.59)	(\$24.68)	(\$1.97)	\$182.73	\$152.69	\$30.04	20%	30,233
Novasys	315.26	80.32	6.04	11.20	412.82	(131.00)	(57.59)	(24.68)	(1.97)	197.57	173.33	24.24	14%	3,009
	207.61	55.62	6.04	11.20	280,47	` ,					48,19	17.03	35%	
Novasys HD PPO	207.01	33.02	0.04	11.20	200,47	(131.00)	(57.59)	(24.68)	(1.97)	65.22	40.19	17.03	3376	1,834
Employee & Spor	491													
Health Advantage	\$838.14	\$224.10	\$9.08	\$11,20	\$1,082,53	(\$131.00)	(\$102.40)	(\$43.89)	(\$3.51)	\$801.73	\$721,45	\$80.28	11%	1,596
Novasys	879,56	224,10	9.08	11.20	1,123.94	(131.00)	(102.40)	(43.89)	(3.51)	843.14	779.05	64.09	8%	114
Novasys HD PPO	579.24	155.18	9.08	11.20	754.70	(131.00)	(102.40)		. ,	473.91	429.93	43.98	10%	155
NovasysTIDTTO	319.24	133.10	5.00	11.20	134.10	(131.00)	(102.40)	(43.89)	(3.51)	410.51	423.33	40.30	1070	100
Employee & Child	i(ren)													
Health Advantage	\$540.73	\$144.57	\$7.86	\$11.20	\$704.36	(\$131.00)	(\$78.45)	(\$33.63)	(\$2.69)	\$458.59	\$406.05	\$52.54	13%	5,116
Novasys	567.44	144.57	7.86	11.20	731.08	(131.00)	(78.45)	(33.63)	(2.69)	485.31	443.21	42.10	9%	515
Novasys HD PPO	373,70	100,11	7.86	11.20	492.87	(131.00)	(78.45)	(33.63)	(2.69)	247.10	217.98	29.12	13%	234
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<u>Family</u>														
Health Advantage	\$841.12	\$224,89	\$13.08	\$11.20	\$1,090.29	(\$131.00)	(\$106.04)	(\$45.45)	(\$3.63)	\$804.16	\$723.40	\$80.76	11%	1,831
Novasys	882.68	224.89	13.08	11.20	1,131.84	(131.00)	(106.04)	(45.45)	(3.63)	845.72	781.20	64.52	8%	191
Novasys HD PPO	581.30	155.72	13.08	11.20	761.30	(131.00)	(106.04)	(45.45)	(3.63)	475.17	430.84	44.33	10%	292
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Est. Monthly Cost Est Annual Cost	\$16,964,044 \$203,568,531	\$4,517,119 \$54,205,424	\$305,159 \$3,661,911	\$505,344 \$6,064,128	\$22,291,666 \$267,499,994	(\$5,910,720) (\$70,928,640)		(\$1,250,000) (\$15,000,000)	(\$100,000) (\$1,200,000)	\$12,114,280 \$145,371,354				45,120





Option 1 - Baseline







Option 1 - Baseline

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		ALLOCATE	ED RESERV	'ES			STAT	E/EMPLC	YER I	FUNDING	
ASE -P	YE	2010	2011	2012	2013	ASE	201		011	2012	2013
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PSE	PYE	2010	2011	2012	2013	PSE	201	0 2	011	2012	2013
Actives	s - 9/30	\$2.00	\$1.20	\$0.80	\$0.0	Base Co	ontr. \$13	1 \$	131	\$131	\$131
	NME -12/31	\$2.20	\$1.32	\$0.88	\$0.0	Act 184	1 1 2 2 2 2	2,2,0,0,0,0,0	THE PARTY OF	\$35.0	\$35,0
	ME -12/31	\$1.80	\$1.08	\$07/2	\$0.0	Act 142		20022000	NAMES OF TAXABLE PARTY.	(3)(5)0	\$15.0
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Option 1 – Baseline

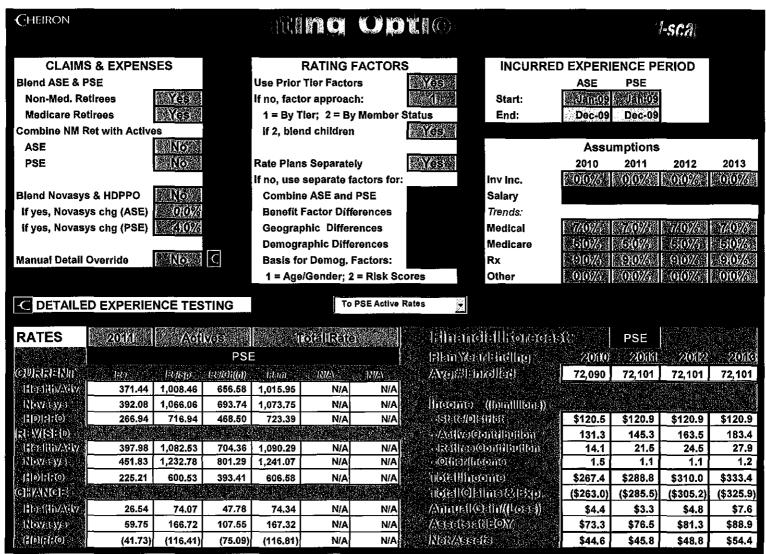
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Employee Only	\$300.42	\$80.32	\$6.04	\$11.20	\$397.98	\$57.59	\$24.68	\$1.97	\$131.00	\$182.73	\$152.69	\$30.04	20%	30,233
Employee & Spouse	838,14	224.10	9,08	11.20	1,082.53	102.40	43,89	3.51	131,00	801.73	721.45	80.28	11%	1,596
Employee & Child(ren)	540.73	144,57	7.86	11,20	704.36	78,45	33.63	2,69	131.00	458.59	406.05	52.54	13%	5,116
Family	841.12	224.89	13.08	11.20	1,090.29	106.04	45.45	3.63	131.00	804.16	723.40	80,76	11%	1,831
Est. Monthly Cost (\$ mil)	\$14.7	\$3.9	\$0.3	\$0.4	\$19.4	\$2,5	\$1.1	\$0.1	\$5.1	\$10.6			7.07 List 8 3	38,776
(foxés vy)	42.6	910 10000				and the	APA PARENTE	ju Vergu	STATE OF W		(1.12 mg/g)			
Employee Only	\$315.26	\$80.32	\$6.04	\$11.20	\$412.82	\$57.59	\$24.68	\$1.97	\$131.00	\$197.57	\$173.33	\$24.24	14%	3,009
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Family	882.68	224.89	13.08	11.20	1,131.84	106.04	45.45	3.63	131.00	845.72	\$781.20	64.52	8%	191
Est. Monthly Cost (\$ mil)	\$1.5	\$0.4	\$0.0	\$0.0	\$2.0	\$0.2	\$0.1	\$0,0	\$0.5	\$1.1				3,829
NEXVESCE TO THE NEXT TO SERVE	AND SAME OF SAME	W 300000		40-19-19-20-20	2.442.4.7.34	17. T. 18.028VI		(c. 100)	1000		Buller (Greek)			
Employee Only	\$207.61	\$55.62	\$6.04	\$11.20	\$280.47	\$57.59	\$24.68	\$1.97	\$131.00	\$65.22	\$48.19	\$17.03	35%	1,834
Employee & Spouse	579.24	155.18	9.08	11.20	754.70	102.40	43.89	3.51	131.00	473.91	429.93	43.98	10%	155
Employee & Child(ren)	373.70	100.11	7.86	11.20	492.87	78.45	33.63	2.69	131.00	247.10	217.98	29.12	13%	234
Family	581.30	155.72	13.08	11.20	761.30	106.04	45.45	3.63	131.00	475.17	430.84	44.33	10%	292
Est. Monthly Cost (\$ mil)	\$0.7	\$0.2	\$0.0	\$0.0	\$1.0	\$0.2	\$0.1	\$0.0	\$0.3	\$0.4				2,515
Total (Monthly) (\$ mil)	\$17.0	\$4.5	\$0.3	\$0.5	\$22.3	\$2.9	\$1.3	\$0.1	\$5.9	\$12.1	N 1997 449			45,120
Est Annual Cost (\$ mil)	\$203.6	\$54,2	\$3.7	\$6.1	\$267.5	\$35.0	\$15.0	\$1,2	\$70.9	\$145.4		神迹态	中心量	经现场情况





Option 2 - Full Credibility to Novasys/HDPPO







Option 2 - Full Credibility to Novasys/HDPPO

CHERON				cipa	nt Gc	ntrik				//u	Ca
		ALLOCATE	D RESERVI	ES				STATE/E	MPLOYER F	UNDING	
ASE -P	YE	2010	- 2011	2012			SE	2010	2011	2012	2013
	s - 12/31	\$0.00	**************************************	\$10100 \$ \$10000		A		\$390	\$850	1, 01,515	\$390
	NME -12/31	\$0.00 \$0.00		\$10,000	EOUG	% for Ee		76%	1/5//6	Y/5//	7/5//9
Retire	ME -12/31	\$0.00	\$0.00	\$000	\$0,00	9	6 for Dep	51%	50%	-60%	50%
PSE	PYF	2010	2011	2012	2013	P	SE	2010	2011	2012	2013
	s - 9/30		\$1:20	\$0.80	\$0.0		Base Contr.	\$131	\$131	\$131	\$131
	NME -12/31	\$2.20	\$1.32	\$0.88	\$0.0		ct 1842(\$mil)		\$35.0	\$35.0	\$35.0
	ME -12/31	N 100 100 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	A B B STATE OF SATISFACE AND STATE OF THE SAME OF THE	\$0,7/2	\$0.0		ct 1421(\$mil)	\$15.0	6)50	\$16:0	\$15.0
recire	IIIL - L/O	V 1100	k s //www.ss. sde				Other(\$mil)	\$0.0	\$000	\$00h	\$0.0
	RETI	REE SUBSI	DY FROM A	CTIVES			zaioi (piiii)	·	STAN ALMSSES	9588846.454.4411	
	11		DI INGINA	VIIVE							
DOE		\$11.20	TENG INP	\$4300N	C11203						
PSE		\$11,20	\$11120	Silitzio	\$11,20						
PSE		\$11.20	\$11120	\$\$f1/20	\$111/20						
	2011						li diak:yayedk:		rafes - I	PSF	
	2011	\$11.20 /A(6)	Ve-5	Pàrti	Sili 20 Gjanikeoni	STANDARD TO LABOR DESCRIPTION	lidini: tatelji: Plen Vend			PSE (2060
RATES		/AVeiti	V⊱S PS	Rajii E	હિ _{િમા} (હિંદુના)	SOLANIA VII ZOLANIA DOSSI DISSI DE	latin Weigh	inellies.	240/10	ध्यमा	
RATES	4:10	AOI	Vel:) PS (11)(4)((4)	န်ဦး (နှို E ါး() ₍₎ ()	હોઉસાં(ઇ ્ ઇના	(ij/A	10. 1978 SEVERS SERVICE STATE 188	inellies.			20(½ 72,101
RATES :://s/s/H/I/Ne: :/#bellih/Adiv	96 152.70	/Acti	V613 PS 1=5/01((1)) 406.06	Parti E Rama 723.40	Gipant∜©ont N/A∀ N/A	N/A N/A	lakinyosid ∕Avosaktino	-intéllagg <u>liteúl</u> ,	2(0)((0) 72,090	ध्यमा	THE PERSON NAMED IN COLUMN NAM
RATES BASEFINE Leginhado Novegy	152.70 173.34	/Acti 721.46 779.06	VeS PS :Et/(0)((i)) 406.06 443.22	Parti E 	Gipant/Gont N/A N/A N/A	N/A N/A N/A	lalem Yosad <u>/Azolialelmo</u> Income	-ludlag <u>Hedl</u> (flouillions)	2(0)(0) 72,090	240(f) 72,101	72,101
RATES EASEHINE FleeliinAdy Noveys Hillinady	96 152.70	/Acti	V613 PS 1=5/01((1)) 406.06	Parti E Rama 723.40	Gipant∜©ont N/A∀ N/A	N/A N/A	Rem Yeerd Aweistine Income Sendo	indlag) <u>Neol</u> (Ibin/Noos) Navior	2(0)(0) 72,090 \$120.5	\$20161 72,101 \$120.9	72,101 \$120.9
RATES PASHUNE Statinado Noveyes HOMEO REMESTO	152.70 173.34 48.20	721.46 779.06 429.94	VelS PS (E8/O)((n)) 406.06 443.22 217.98	Parti E Ham 723.40 781.20 430.84	Gipant ©ónt N/A N/A N/A N/A	N/A N/A N/A N/A	talem Yosud Avos: 314mo Inconta Statelo Artivación	indligg <u>Heat</u> (fainfillons) Hawki Gladion	20(0) 72,090 \$120.5 131.3	\$120.9 145.3	72,101 \$120.9 163.5
RATES E/AST-HINT: Eleatin/Adiv Novesyas HIDIETO REMISTED HIDIETO	152.70 173.34 48.20 182.73	/Acti F8/Sps 721.46 779.06 429.94 801.73	Vés PS IB9/91((n)) 406.06 443.22 217.98	Parti E Ham 723.40 781.20 430.84	Gipant Cont N/A N/A N/A N/A N/A	N/A N/A N/A N/A	falem YGERA Avestalando Arconte Aspetalo Arrivolegia Jagarasego	hidhig <u>Heat</u> (Ininfliture) Estala (Harifon Malatifon	\$120.5 131.3 14.1	\$120.9 145.3 21.5	72,101 \$120.9 163.5 24.5
RATES E/ASEHI/NE Health/Adiv Novesya HDDIATO RE/MSEHD/Adiv Novesya	152.70 173.34 48.20 182.73 236.58	721.46 779.06 429.94 801.73 951.98	VES PS 1E8/91((n)) 406.06 443.22 217.98 458.59 555.53	Parti E 14m1 723.40 781.20 430.84 804.16 954.94	Gipant Cont N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A	talem Yestal /Aves: Strine Income (Strine /Active Con obtained to (Official Inco	indlige; <u>Heat</u> (finalilitane) Parka (dia) filon Malau (bar uta)	\$120.5 131.3 14.1 1.5	\$120.9 145.3 21.5	72,101 \$120.9 163.5 24.5 1.1
RATES EASEHINE Healthrady Noveya Hiblitico EMELIDAVE Noveya Hiblitico Noveya Hiblitico	152.70 173.34 48.20 182.73	/Acti F8/Sps 721.46 779.06 429.94 801.73	Vés PS IB9/91((n)) 406.06 443.22 217.98	Parti E Ham 723.40 781.20 430.84	Gipant Cont N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A	talem Yestali /Aves: Sistano Incomes Sistalie -/Astikas(Son Jacobian) -(Ottanlinos) plotetilinosi	frélige, <u>illeol</u> (finalilitoris) 153464 (illeoffer indicitori 163	\$120.5 131.3 14.1 1.5 \$267.4	\$120.9 145.3 21.5 1.1 \$288.8	72,101 \$120.9 163.5 24.5 1.1 \$310.0
RATES CASI: HINE: Castlin Adv. Novesys Castlin Adv. Novesys Castlin Adv. Novesys Castlin Adv. C	152.70 173.34 48.20 182.73 236.58 9.96	721.46 779.06 429.94 801.73 951.98 319.74	Ves PS Ed/G((n)) 406.06 443.22 217.98 458.59 555.53 147.64	Parti E Parti 723.40 781.20 430.84 804.16 954.94 320.45	N/A N/A N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A N/A	talam Yestala Avog sletno Brecho Stateho Araka Seno Jasalano postillaco plostillaco plostillaco	ficilite) Leal Chimilitans Stylet Gladinans Gladinans	\$120.5 131.3 14.1 1.5 \$267.4 \$263.0	\$120.9 145.3 21.5 1.1 \$288.8 \$285.5	72,101 \$120.9 163.5 24.5 1.1 \$310.0 \$305.2
RATES BASSHUNES Resumator Novesys Republico REVISTO REVISTO Novesys	152.70 173.34 48.20 182.73 236.58 9.96	721.46 779.06 429.94 801.73 951.98	VES PS 1E8/91((n)) 406.06 443.22 217.98 458.59 555.53	Parti E 14m1 723.40 781.20 430.84 804.16 954.94	Gipant Cont N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A N/A	talem Yestali /Aves: Sistano Incomes Sistalie -/Astikas(Son Jacobian) -(Ottanlinos) plotetilinosi	indlige illed (finalliteas) Parkta (dibutton arktouton ark (e) is (de) is (de)	\$120.5 131.3 14.1 1.5 \$267.4	\$120.9 145.3 21.5 1.1 \$288.8	\$120.9 163.5 24.5 1.1 \$310.0





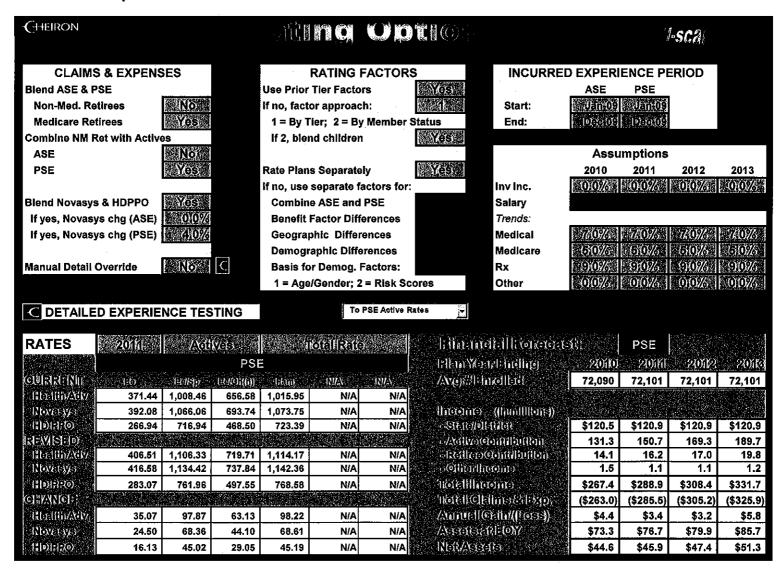
Option 2 - Full Credibility to Novasys/HDPPO

		lacredalon	(Poin	liktilementi	hotel Bhailily	7.Y(\$(1 .7 . 74	AMERIA	Rea	Stelliooti District	agrenosti	2010/16511	leth merathile	e Variabilities	iMorit Recent
atolikes:	(2.1ailor))	10)21(2)	1 : 121(ii)	स्राज्यातुर	laktajillim	មេ គ្គក្រៀង	(คือกับประ	Allbor	(doittib.		(Elf(On ()	(6)1/		Bawllment
Healifin/Advatifage)			多数股票	18 KOW			AND REPORTS		2. NO. 100	ng with facility	(C) (A) (C)			
Employee Only	\$300.42	\$80.32	\$6.04	\$11.20	\$397.98	\$57.59	\$24.68	\$1.97	\$131.00	\$182.73	\$152.69	\$30.04	20%	30,233
Employee & Spouse	838.14	224.10	9.08	11.20	1,082.53	102.40	43.89	3.51	131.00	801.73	721.45	80,28	11%	1,596
Employee & Child(ren)	540.73	144.57	7.86	11.20	704.36	78.45	33.63	2.69	131,00	458.59	406.05	52.54	13%	5,116
Family	841,12	224.89	13.08	11.20	1,090.29	106.04	45.45	3.63	131.00	804.16	723.40	80.76	11%	1,831
Est, Monthly Cost (\$ mil)	\$14.7	\$3.9	\$0.3	\$0.4	\$19.4	\$2.5	\$1.1	\$0.1	\$5.1	\$10.6		2 1 m		38,776
λόγι (γγε		95393943							3.000 NO.		No. of the last of		10.00	
Employee Only	\$354.27	\$80.32	\$6.04	\$11.20	\$451.83	\$57.59	\$24.68	\$1.97	\$131.00	\$236.58	\$173.33	\$63.25	36%	3,009
Employee & Spouse	988.40	224.10	9.08	11.20	1,232.78	102.40	43.89	3.51	131.00	951.98	\$779.05	172.93	22%	114
Employee & Child(ren)	637.66	144.57	7.86	11.20	801.29	78.45	33.63	2.69	131.00	555.53	\$443.21	112.32	25%	515
Family	991.90	224.89	13.08	11.20	1,241.07	106.04	45.45	3,63	131.00	954.94	\$781.20	173,74	22%	191
Est. Monthly Cost (\$ mil)	\$1.7	\$0.4	\$0.0	\$0.0	\$2,1	\$0.2	\$0.1	\$0.0	\$0.5	\$1.3				3,829
Novetyeationation		AND NOTE OF		701 (280)				K. 1/2 (5)					100	
Employee Only	\$152.35	\$55.62	\$6.04	\$11.20	\$225.21	\$57.59	\$24.68	\$1.97	\$131.00	\$9.96	\$48.19	(\$38,23)	-79%	1,834
Employee & Spouse	425.07	155.18	9.08	11.20	600.53	102.40	43.89	3.51	131.00	319.74	429.93	(110.19)	-26%	155
Employee & Child(ren)	274.24	100.11	7.86	11.20	393.41	78.45	33.63	2.69	131.00	147.64	217.98	(70,34)	-32%	234
Family	426.58	155.72	13.08	11.20	606.58	106.04	45.45	3.63	131.00	320.45	430.84	(110.39)	-26%	292
Est. Monthly Cost (\$ mil)	\$0.5	\$0.2	\$0.0	\$0.0	\$0.8	\$0.2	\$0.1	\$0.0	\$0.3	\$0.2				2,515
Total (Monthly) (\$ mil)	\$17.0	\$4.5	\$0.3	\$0.5	\$22.3	\$2.9	\$1.3	\$0.1	\$5.9	\$12.1			ing this	45,120
Est Annual Cost (\$ mil)	\$203.5	\$54.2	\$3.7	\$6.1	\$267.4	\$35.0	\$15.0	\$1.2	\$70.9	\$145.3	(4) (4)	15 图 36	1000	





Option 3 - Baseline with Non-Medicare Retirees Blended







Option 3 – Baseline with Non-Medicare Retirees Blended

				CIDA	nt Co	ntribu				Ja	Gá
		ALLOCATE	D RESERV						IPLOYER F	UNDING	
ASE -P		2010	2011	2012	2013	ASE	_	2010	2011	2012	2013
	s - 12/31	[25 (d) (d) [2]	CONTRACTOR OF STREET	\$0,00	#SONOO X		Contr.	:: (i:{x}	\$390	WEX380)	\$390
	NME -12/31	\$30(00)	\$0,00	\$0.00	\$20,000	% for		7/3//	7/5%	7/453//6	*** *********************************
Ketires	ME -12/31	50,00	\$0.00	30,00	\$0,000	% for	neb [45 (17/6	[50%]	50%	150%
PSE	PYE	2010	2011	2012	2013	PSE	_	2010	2011	2012	2013
Actives	s - 9/30	\$200	\$11/20	\$0,80	\$0.0	Base	Contr.	ં ક્યાઇકા	\$131	\$131	\$131
Retiree	NME -12/31	(\$29740)	\$1132	\$0.88	\$0.0	Act 1	842(\$mil)	(Sd5(0):	\$35.0	\$35,0	\$35.0
Retires	ME -12/31	(31)(3)	\$1.08	\$07/2	\$0.0	Act 1	421(\$mil)	\$160	\$115.0	\$15.0	\$15.0
		become to come y consecutive			Andrew Property of the 1901	Other	r(\$mil)	(50)(i)	800	\$00	\$0.0
	RETII	REE SUBSI	DY FROM A	CTIVES							
PSE		\$1/1/20	\$1/1/20	SIN20	\$11/20						
						(6	aketakejkel	451018(0)	3 (:)	PSE	
	2011	Sitil/20	ves:	ા સિલ્લો	SIN 20	ANY SERVICE AND DESCRIPTION OF THE PROPERTY OF		Xou(exeeq Intilise		PSE 2401Ki	200
RATES	2011	/Acti	ves PS	i i i i i i i i i i i i i i i i i i i	ย่ไระไม่เรื่องกับ	1:15	क्षेत्रहाराः	intilige)	2010	<u> ሂ</u> ላክክ	algerating of the state of
RATES PASEUNE	2011	/Acti	ves:	i i i i i i i i i i i i i i i i i i i		127 E		intilige)			algerating of the state of
RATES BASEUINE BETUDARRA	2011	, Adii	Vett PS Haddi(iji)	(Parúl E Pan	albellikesiüri	IRE IWA /AVA N/A	ihtethu Markino	intilige)	2010 72,090	<u> ሂ</u> ላክክ	article and all the property
RATES BASELLINE Libertinagiv Noveeye	2011 IFO 152.70	Agti Helsp 721.46	Ves PS 1:19(h(h)) 406.06	(Panti) E (Pani) 723,40	elpanikGönti INA NA	IRE IWA /AVA N/A	ihtethu Markino	intilige ltrit (Inmillions)	2010 72,090	<u>ሂላካ</u> ዘነ	72 ,10
RATES SASTEDINE	2011 Fo 152.70 173.34	Acti 721.46 779.06	Ves PS (:Ε/(ο)η((j)) 406.06 443.22	(# (Panti) E (Jan) 723.40 781.20	cipanticonti IN/A N/A N/A	IPLE IVIA /AV. N/A N/A Inc N/A	inYespel onystane oms (indine) (Erd. (Camillians) (Talat	20(10 72,090	220[K] 72,101	201 72,10 \$120.9
RATES PASEILINE Libertinadiv Noveye Hidiriko	2011 Fo 152.70 173.34	Acti 721.46 779.06	Ves PS (:Ε/(ο)η((j)) 406.06 443.22	(# (Panti) E (Jan) 723.40 781.20	cipanticonti IN/A N/A N/A	IRE IVIA AV. N/A N/A IIIO N/A	urYenda urBalio urba urbalio urbalio	indlige) (Eril (famillioni) (anta gladion	2010 72,090 \$120.5	2ረባነዘ\ 72,101 \$120.9	72,10 \$120.9
RATES SYASELLINE Lite IUINANIV INOXEEYAS LIEDITARO LEMISTED	2011 152.70 173.34 48.20	AGU BARGSPS 721.46 779.06 429.94	Ves PS !#/oh((i)) 406.06 443.22 217.98	Partil E Fami 723.40 781.20 430.84	cipant Contr N/A N/A N/A N/A	IVIA AV. N/A N/A N/A N/A	in Ydeard: er::::::::::::::::::::::::::::::::::	indlige) (Erd. (Erdillbact) Erdik (Herdia (Herdia (Herdia)	\$120.5 131.3	\$120.9 150.7	72,10 \$120.9 169.3
RATES SYASTELLINE THE HIMASTIC INOVERYS HEDITION ASYMST TO HE EITHASTIC	2011 150 152.70 173.34 48.20	A6ti 721.46 779.06 429.94 825.53	Ves PS (FFOR(I)) 406.06 443.22 217.98	Partil E Fani 723.40 781.20 430.84	Gipant/Gontri N/A N/A N/A N/A	IPE IVIA N/A N/A N/A N/A N/A N/A N/A N/A N/A N/	in Yeard or: Ashro toms — t statel ofbecom stlescon	indling) (faid) (faid)llend) (faid) (\$120.5 131.3 14.1	\$120.9 150.7 16.2	72,10 \$120.9 169.3
RATES PASE LINE The HIMANY Nove yea HIMANY	2011 152.70 173.34 48.20 191.26 201.32	AGII (14/8) 721.46 779.06 429.94 825.53 853.62	PS (#9/0h(in)) 406.06 443.22 217.98 473.95 492.07	Parti E Fam. 723.40 781.20 430.84 828.05 856.23	Gipani (Conti N/A N/A N/A N/A N/A N/A	IPLE IN/A IN/A IN/A IN/A IN/A IN/A IN/A IN/A	urYerdi agaland ome (strele alkegar ariesea diedica tillagar	indling) (faid) (faid)llend) (faid) (\$120.5 131.3 14.1 1.5	\$120.9 150.7 16.2 1.1	72,10 \$120.9 169.: 17.(1.: \$308.
RATES PASE LINE The HIMANY Nove yea HIMANY	2011 152.70 173.34 48.20 191.26 201.32	AGII (14/8) 721.46 779.06 429.94 825.53 853.62	PS (#9/0h(in)) 406.06 443.22 217.98 473.95 492.07	Parti E Fam. 723.40 781.20 430.84 828.05 856.23	Gipani (Conti N/A N/A N/A N/A N/A N/A	IN/A IN/A IN/A IN/A IN/A IN/A IN/A IN/A	inYealds one of the control of the	infiling) (Earl) (Earlillones) (Earlin (Earlillon (Earlin) (Earlin) (Earlin) (Earlin) (Earlin)	\$120.5 131.3 14.1 1.5 \$267.4	\$120.9 150.7 16.2 1.1 \$288.9	72,10 \$120.9 169.0 17.0
RATES PASE HINE For Holding F	2011 152.70 173.34 48.20 191.26 201.32 67.82	Acti 721.46 779.06 429.94 825.53 853.62 481.16	Ves PS £5(0h(t)) 406.06 443.22 217.98 473.95 492.07 251.78	Parti E Pam 723.40 781.20 430.84 828.05 856.23 482.45	N/A N/A N/A N/A N/A N/A N/A N/A	IN/A IN/A IN/A IN/A IN/A IN/A IN/A IN/A	inYeard ordering ordering ordering ordering ordering the discontilled the discontilled the discontilled	infiling) (Earl) (Earlillones) (Earlin (Earlillon (Earlin) (Earlin) (Earlin) (Earlin) (Earlin)	\$120.5 131.3 14.1 1.5 \$267.4 \$263.0	\$120.9 150.7 16.2 1.1 \$288.9 \$285.5	72,10 \$120.9 169.3 17.0 1.1 \$308.4 \$305.2





Option 3 - Baseline with Non-Medicare Retirees Blended

Adilyes	Mashall	विद्याः स्टब्स्स्य द्वित्ते । विद्यारम्	Gap Herlin	terucincino Substily	nostil Contilly Gazaalhar	75481339 (9566)5	रहासार्थाः इत्यासार्थाः	(R) A (A) loo	Edited) 1910like Gonfilik	POSKÝ USPAL	20(0)(31) 141(0)(31	Gir ing Alah: KW		läjö (t lateenik Hoollineni
Har Ulivadov ničego														
Employee Only	\$305.19	\$84.08	\$6.04	\$11.20	\$406.51	\$57.59	\$24.68	\$1.97	\$131.00	\$191.26	\$152.69	\$38.57	25%	30,233
Employee & Spouse	851.47	234.58	9.08	11.20	1,106.33	102,40	43.89	3.51	131.00	825.53	721.45	104.08	14%	1,596
Employee & Child(ren)	549.32	151.33	7.86	11.20	719.7	78.45	33.63	2.69	131.00	473.95	406.05	67.90	17%	5,116
Family	854.49	235.40	13.08	11.20	1,114.17	106.04	45.45	3.63	131.00	828.05	723.40	104.65	14%	1,831
fileMembryerest(Smith	(311310	K K K K	(10kg) #	(10K)	(Main)	(J/1.)	(3)(4)	SOME	(1)(i)	(Shift)				\$1:}/(k)}
Noverye														
Employee Only	\$315.26	\$84.08	\$6.04	\$11.20	\$416.58	\$57.59	\$24.68	\$1.97	\$131.00	\$201.32	\$173.33	\$27.99	16%	3,009
Employee & Spouse	879.56	234.58	9.08	11.20	1,134.42	102.40	43.89	3.51	131.00	853.62	\$779.05	74.57	10%	114
Employee & Child(ren)	567.44	151.33	7.86	11.20	737.84	78.45	33.63	2.69	131.00	492.07	\$443.21	48.86	11%	515
Family	882.68	235.40	13.08	11.20	1,142.36	106.04	45.45	3.63	131.00	856.23	\$781.20	75.03	10%	191
-firMonthlycor8(simily)	(3)13	(303)	\$00	\$0,0	\$2X0) ii	\$3083	(90%)	(10)(0)	806	(Stal			Victory (V	(9)(9)
Noverny (1:10 x3:40)			CHANGE WAS											
Employee Only	\$207.61	\$58.22	\$6.04	\$11.20	\$283.07	\$57.59	\$24.68	\$1.97	\$131.00	\$67.82	\$48.19	\$19.63	41%	1,834
Employee & Spouse	579.24	162.44	9.08	11.20	761.96	102.40	43.89	3.51	131.00	481.16	429.93	51.23	12%	155
Employee & Child(ren)	373.70	104.79	7.86	11,20	497.55	78.45	33.63	2.69	131.00	251.78	217.98	33.80	16%	234
Family -	581.30	163.00	13.08	11.20	768.58	106.04	45.45	3.63	131.00	482.45	430.84	51.61	12%	292
ef (GALE) in ally con (MEX in all) is	\$30.77	\$10,22	\$00	(003	§\$1(0)	\$0/2	\$00	\$000	\$ (30)	604				2/515
rate (((datable)((Antil)	Silvin	Carr	30%	(30H5)	(\$202\n/#\)	(9)9	8(18)	SOM	S 50	(3020)				73.56F0
Est Annual Cost (\$ mil)	\$206,4	\$56.7	\$3.7	\$6.1	\$272.8	\$35.0	\$15.0	\$1.2	\$70.9	\$150.7	科學新聞景	77.7	新拉斯	Children and





Option 3 - Baseline with Non-Medicare Retirees Blended

				oralland	iro(til	Sub Ray		101.5				12.	1 / 4 / F	thest
Rillieus	Istaalla II	la confolion Dug	Copp Heliin		Monthly Fremilin	i lingley is	Allon Hon			20461763411 (25-1)	The state of the s	alkqymi i Gaellacast		Entellinton
Magapharapagagagagagagagagagagagagagagagagagag	12/20 EN 30			4/4						M30000	500	44/6/33/39		
Retiree Only	\$310.40	\$85.91	\$6.04	\$11.20	\$413.55	\$0.00	\$57.89			\$355.65	\$527.62	(\$171.97)	-33%	1,686
Retiree & NME SP	865.99	239.69	9.08	11,20	1,125.96	0.00	57.89			1,068.07	1,213.72	(145.65)	-12%	201
Retiree & Child(ren)	558.69	154.63	7.86	11.20	732.38	0.00	57.89			674.49	939.28	(264.79)	-28%	11
Retiree & NME SP & CH	869.07	240.53	13.08	11.20	1,133.88	0.00	57.89			1,075.98	1,900.80	(824.82)	-43%	2
Retiree & ME SP	472.04	85.91	6.04	11.20	575.19	0.00	57.89			517.30	674.59	(157.29)	-23%	-
Retiree & ME SP & CH	719.55	154.63	7.86	11.20	893.24	0.00	57.89			835.34	1,087.73	(252.39)	-23%	-
atharicanny eto na amilia	[£3057]	8.003	E0)007	(000)	(\$1019) s.i	\$\$ (0 1 0[3]	\$10\n\	70.00		(30)(3)				K[{£1]0);
Stealbridge And Males		Philippe Ville	2886Wh			9000								
Retiree Only	\$173.52	Not Offered	Not Offered		\$173.52	\$101.02	\$17.26			\$55,24	\$50.92	\$4.32	8%	4,635
Retiree & NME SP	729.12	\$153.78	Not Offered		882.90	101.02	17.26			764.61	716.78	47.83	7%	134
Retiree & Child(ren)	421.82	68.72	Not Offered		490.54	101.02	17.26			372,25	450.43	(78.18)	-17%	13
Retiree & NME SP & CH	732.19	154.62	Not Offered		886.81	101.02	17.26			768.53	1,116.29	(347.76)	-31%	3
Retiree & ME SP	329.75	Not Offered	Not Offered		329.75	101.02	17.26			211.47	190.03	21.44	11%	426
Retiree & ME SP & CH	332.83	0.84	Not Offered	·	333.67	101.02	17.26			215.38	589.53	(374.15)	-63%	2
per Michael page 18	[3] [3] [4]	\$300		100	(Jiki)	\$0\d	(50%)		11 (5) 42 (4)	\$1015				1.1/4/61
TOTAL (EALTHONIUM)	(3)(1)	(10)?	\$000	\$0.0	" (資)	(10)63	(30)23			(3)(3)				aranka.
Total (Est. Annual)	\$21,1	\$2,6	\$0.1	\$0.3	\$24.1	\$6.3	\$2.4		STREET, LEGISLAND	\$15.4				





Comparison of Rates

	ાં(અધ	MonthlyPen	nitim "	2010 2011 પ્રાથમિક ((બોર્સ્સોઇફિટાલેક))				
Maliyes:	्रशिक्काधिकः स्रोधिकस्त		्रभावताः अभिन्याः		्रमाजा १८० विभागका			
Health Advantage								
Employee Only	\$397.98	\$397.98	\$406.51	\$182.73	\$182.73	\$191.26		
Employee & Spouse	1,082.53	1,082.53	1,106.33	801.73	801.73	825.53		
Employee & Child(ren)	704.36	704.36	719.71	458.59	458.59	473.95		
Family	1,090.29	1,090.29	1,114.17	804.16	804.16	828.05		
EstaMontlilly@osia(Simil)	\$194	\$19.4	(8)(9)(2)	\$10.6	\$106	\$111.0°		
N toxys: 1-xys:3		230						
Employee Only	\$412.82	\$451.83	\$416.58	\$197.57	\$236.58	\$201.32		
Employee & Spouse	1,123.94	1,232.78	1,134.42	843.14	951.98	853.62		
Employee & Child(ren)	731.08	801.29	737.84	485.31	555.53	492.07		
Family	1,131.84	1,241.07	1,142.36	845.72	954.94	856.23		
Establenthly@ost(Smil)	\$32,0	\$2.41	\$\$2,(0)	\$1,41	\$1.3	\$1.11		
X6xx:13y53{ 0)187;70)								
Employee Only	\$280.47	\$225.21	\$283.07	\$65.22	\$9.96	\$67.82		
Employee & Spouse	754.70	600.53	761.96	473.91	319.74	481.16		
Employee & Child(ren)	492.87	393.41	497.55	247.10	147.64	251.78		
Family	761.30	606.58	768.58	475.17	320.45	482.45		
ESI/Monthly/Cost(S/mll)	\$1.0	\$0.8	\$11.0°	\$0/45	\$0/2	\$(0)/4		
notal (Monthly) (Smil)	\$2/2/8	\$22.0	\$227	811/211	\$112.11	\$126		
Est Annual Cost (\$ mil)	\$267.5	\$267.4	\$272.8	\$145.4	\$145.3	\$150.7		





Appendix A – 2009-2010 Final Rate Details

					ingel				Salicol		7.7.7.17.1			IIIb 1E
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italinatviitga :		2014-020		208/2011			2 (1.4)							
Employee Only	\$282.49	\$71.70	\$6.04	\$11.20	\$371.43	\$58.93	\$25.42	\$3.39	\$131.00	\$152.69	\$180.36	(\$27.67)	-15%	28,411
Employee & Spouse	788.13	200.04	9.08	11,20	1,008.45	104.77	45.20	6.03	131.00	721.45	770.62	(49.17)	-6%	1,640
Employee & Child(ren)	508.46	129.05	7.86	11.20	656.57	80.27	34.63	4.62	131.00	406.05	434.58	(28.53)	-7%	4,902
Family	790.93	200.74	13.08	11.20	1,015.95	108,50	46.81	6.24	131.00	723.40	773.30	(49.90)	-6%	
Euccombyce ((Gmil))	(31)??	{ \$ }¢}	\$102	{30/4	[Sutter	(374)	[3314]	\$0818	(3/18)	(130)				86)7/641
DOWN		alli di Ja						M. L.						
Employee Only	\$303.13	\$71.70	\$6.04	\$11.20	\$392.07	\$58.93	\$25.42	\$3.39	\$131.00	\$173.33	\$185.30	(\$11.97)	-6%	3,740
Employee & Spouse	845.73	200.04	9.08	11.20	1,066.05	104.77	45.20	6.03	131.00	779.05	784.42	(5.37)	-1%	164
Employee & Child(ren)	545.62	129.05	7.86	11.20	693.73	80.27	34.63	4.62	131.00	443.21	443.48	(0.27)	0%	704
Family	848.73	200.74	13.08	11.20	1,073.75	108.50	46.81	6.24	131.00	781.20	787.14	(5.94)	-1%	
ETALLOUGHAGO TA((Xolli))	(Mor)	£10K}	£(0(0)	(30)(1)	(3/3)	(103)	(40K)	\$000	5003	(588)				?.\{:\{:\}:\}?\}
OSTRUTE VALVOS	9.5 % W.M													
Employee Only	\$200.04	\$49.65	\$6.04	\$11.20	\$266.93	\$58.93	\$25.42	\$3,39	\$131.00	\$48.19	\$99.84	(\$51.65)	-52%	1,493
Employee & Spouse	558.13	138.52	9.08	11.20	716.93	104.77	45.20	6.03	131.00	429.93	545.98	(116.05)	-21%	117
Employee & Child(ren)	360.08	89.36	7.86	11.20	468.50	80.27	34.63	4.62	131.00	217.98	289.66	(71.68)	-25%	191
Family	560.11	139.00	13.08	11.20	723.39	108.50	46.81	6.24	131.00	430.84	547.86	(117.02)	-21%	
Botakonihiykeetik(paili)	\$10(c)\$	\$1031	\$(0(0)	(000)	\$107/	(SO)	\$0XI	\$0.0	(CO)30	(3)(0)				2/0/16
noiel(Monikly)(()mil)	Sign 1	S09 *	\$10.0	\$10[5]	[\{\forall \} \]	(½/t)+ ((308)	S02	(1677	(Final)				(K)(d524)
Est Annual Cost (\$ mil)	\$188.1	\$47.3	\$3.6	\$5,9	\$244.9	\$34.8	\$15,0	\$2.0	\$68.6	\$124.5	77 Y 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			7774





Appendix B **Assumptions & Methods**

Total Rate Projection Methodology:

The H-Scan model methodology includes several options when projecting rates. First, choose a period for the per member per month (PMPM) experience period. These claims are trended to the projection period, which is the year starting 10/1/2010 for PSE Actives or the year starting 1/1/2011 for PSE Retirees, using the trend factors below (or those input by the user of H-scan). Next, decide which groups to combine for rating. This includes the options of whether or not to blend ASE and PSE, Actives and Non-Medicare Eligible (NME) Retirees, and NovaSys and NovaSys HD. Once the rating groups are set, decide on the appropriate tiering factors, primarily deciding whether or not to use the current tiering factors. The resulting rates will reflect the decisions displayed in the Rating Options. For expenses, we relied on actual negotiated vendor fees plus estimated EBD expenses.

Total Rate Projection Assumptions:

Population Projection:

Same as Enrollment on 12/31/2009

Investment return*:

Annual Trend*:

non-Medicare: Medicare:

	nealth Auvantage	INCVASYS	полго
:	78009/5	7.00%	7/00//
:	UX00V/6	16.00%	6,00%

ARHealth Retirees

Behavioral Health Pharmacy 4 8 1 Expenses

Historical Benefit Adjustment Factors applied to the PMPM cost for 2011 benefits. These factors were developed by the prior actuary.

a, bononi rajaonnoni raotoro t	apparou to tare i	1111 111 0000 101 401			, , , , , , , , , , , , , , , , , , ,		
ASE non-Medicare 2008:	0.9780	0.9780	0.9193	Use either Medicare	1.000	1.000	1.000
PSE non-Medicare 2008:	0.9776	0.9776	0,9168	or Non-Medicare Factors	1.000	1.000	1.000
ASE/PSE non-Medicare 2009:	1.0105	1.0105	1.0105	그 유민과 경험 다 된 요를 다	1,000	1.000	1.000
ASE / PSE Medicare 2008:	1.0650	N/A	N/A	Use either Medicare	1.000	1,000	1.000
ASE / PSE Medicare 2009:	1.0650	N/A	N/A	or Non-Medicare Factors	1.000	1.000	1.000

Benefit Ratio:	<u>Health Advantage</u>	HA or NovaSys		HD PPO		<u>Medicare</u>
	or NovaSys	<u>Pharmacy</u>	HD PPO	<u>Pharmacy</u>	Medicare *	Pharmacy *
PSE	0.8310	0.6900	0.6870	0.5200		

^{*} reflects Medicare Parts A. B. D.

Expenses:		Actives	Actives	Retirees	Retirees	Actives & Retirees
	Per Subscriber Per Month	Health Advantage	<u>NovaSys</u>	Non-Medicare	<u>Medicare</u>	EBD*
	PSE Actual 2009	\$26.09	\$13.92	\$20.14	\$14.96	\$8.97
	PSE Actual 2010	\$27.13	\$13.90	\$20.74	\$15.41	\$6.21
	DCC Translad 2011	837 43	642.00	\$20.74	\$45 A4	€ € 24

^{*} Assumed to include UAM expenses (both Rx and Medical), EAP, weight management, smoking cessation, and Integrall cost.

Rx Rebates:

The assumed Rx Rebates for PSE are 0%. The actual Rx Rebates based on the 2009 plan year are 2%.

Part D Subsidy:

PSE - N/A

Seasonality:

We have not used seasonality factors, instead we are requiring that the base and projected period be for an annual period.



^{*} Unless otherwise shown in the screen capture.



Appendix B Assumptions & Methods (continued)

Used for Incurred Claims Development:

Method: We calculated the Paid-to-Date claims by using individual claims and eligibility databases. To determinate the relationship and family tiers, we link each claim to the eligibility database. Also, we use the Plan ID in the eligibility data to determine whether a member should be considered as part of the Active, Non-Medicare Retiree or Medicare Retiree Plan. Finally, we applied the below completion factors to the Paid-to-Date claims to calculate the incurred claims.

Paid-to-Date Claims:

Health Advantage:

Service dates from January 1, 2008 to November 30, 2009 and process dates from January 1, 2008 to November 30, 2009, assuming November 2009 and December 2009 have the same paid-to-date claim as October 2009.

NovaSys and Pharmacy:

Service dates from January 1, 2008 to December 31, 2009 and process dates from January 1, 2008 to December 31, 2009.

Completion Factors:

For Health Advantage, we used the data from lag reports with service dates from January 1, 2008 to December 31, 2009 and process dates from January 1, 2008 to December 31, 2009 to develop the completion factors.

For NovaSys and Pharmacy, we used the individual claims database with service dates from January 1, 2008 to December 31, 2009 and process dates from January 1, 2008 to December 31, 2009 to develop the completion factors.

						AITHURIU	LIIGIJII BYY
				ARHealth Non-	Pharmacy non-	<u>Medicare</u>	<u>Medicare</u>
Health Advantage	Nova\$vs	HD PPO	Pharmacy	<u>Medicare Retirees</u>	Medicare Retirees	Retirees	Retirees
0.989	0,999	0.998	1.000	0.989	1.000	0,983	Not Applicable
0.987	0.998	0.998	1.000	0.987	1.000	0.982	Not Applicable
0.987	0.996	0.994	1.000	0.987	1.000	0.981	Not Applicable
0.986	0,985	0.993	1.000	0.985	1.000	0,977	Not Applicable
0.979	0.981	0.991	1,000	0.979	1.000	0.973	Not Applicable
0.978	0.974	0.981	1.000	0.978	1.000	0.967	Not Applicable
0.968	0.967	0.966	1.000	0,968	1.000	0,961	Not Applicable
0.966	0.955	0.944	1.000	0.966	1.000	0.951	Not Applicable
0.932	0.936	0.930	1.000	0.932	1,000	0.924	Not Applicable
0.865	0.898	0,878	1.000	0.865	1.000	0.876	Not Applicable
0.717	0.749	0.725	1,000	0.717	1.000	0.700	Not Applicable
0,239	0,225	0.150	1,000	0.239	1.000	0.050	Not Applicable
	0.989 0.987 0.987 0.986 0.979 0.978 0.968 0.966 0.932 0.865	0.989 0.999 0.987 0.998 0.987 0.998 0.986 0.986 0.979 0.981 0.978 0.974 0.968 0.967 0.966 0.965 0.932 0.936 0.865 0.898 0.717 0.749	0.989 0.998 0.998 0.987 0.998 0.998 0.987 0.996 0.994 0.986 0.986 0.993 0.979 0.981 0.991 0.978 0.974 0.981 0.988 0.987 0.986 0.966 0.956 0.944 0.932 0.936 0.930 0.865 0.898 0.878 0.717 0.749 0.725	0.989 0.998 0.998 1.000 0.987 0.998 0.998 1.000 0.987 0.996 0.994 1.000 0.986 0.985 0.993 1.000 0.979 0.981 0.991 1.000 0.978 0.974 0.981 1.000 0.968 0.967 0.955 1.000 0.966 0.956 0.944 1.000 0.932 0.936 0.930 1.000 0.865 0.898 0.878 1.000 0.717 0.749 0.725 1.000	Health Advantage NovaSys HD PPO Pharmacy Medicare Retiress 0.989 0.989 1.000 0.989 0.987 0.998 0.998 1.000 0.987 0.987 0.998 0.994 1.000 0.987 0.986 0.994 1.000 0.986 0.979 0.981 0.991 1.000 0.978 0.968 0.997 0.981 1.000 0.968 0.968 0.997 0.955 1.000 0.968 0.956 0.944 1.000 0.966 0.932 0.936 0.930 1.000 0.932 0.865 0.898 0.878 1.000 0.866 0.717 0.749 0.725 1.000 0.717	Health Advantage NovaSys HD PPO Phermacy Medicare Retirees Medicare Retirees 0,969 0,999 0,998 1,000 0,999 1,000 0,987 0,998 0,998 1,000 0,987 1,000 0,987 0,998 0,994 1,000 0,987 1,000 0,986 0,986 0,993 1,000 0,985 1,000 0,979 0,981 0,991 1,000 0,979 1,000 0,978 0,974 0,981 1,000 0,978 1,000 0,968 0,987 0,955 1,000 0,988 1,000 0,966 0,955 0,944 1,000 0,956 1,000 0,932 0,336 0,930 1,000 0,932 1,000 0,865 0,888 0,878 1,000 0,865 1,000 0,717 0,749 0,725 1,000 0,717 1,000	Health Advantage

Note that Life and Behavioral health are insured. Therefore, no completion factors are needed. Actual premium was used and trended.

Allocation of Rate Methodology:

Once the total rates are developed, we split the contributions to cover the rates first by removing the costs that have already been legislated to be covered from reserves. We then allow the user to select the methodology for allocating the remainder of the rates. The total actual cost may be somewhat impacted by the desired allocation as participant selection of Plan option and coverage could be impacted.

Rate Allocation Assumptions:

<u></u>	Actives (10/1 - 9/30)	Retirees (1/1-12/31
Previously adopted reserves allocations:		
P\$E 2010:	\$2.00	\$2,20
PSE 2011:	\$1.20	\$1.32
PSE 2012:	\$0.80	\$0.88

PSE '

Legislature: Act 1842 Act 1421 Interest Income:

Active Employee Subsidy:

* Unless otherwise shown in the screen capture.

Amount	in	\$ MII	lons
\$60	8		

CONTRACTOR DOUBLES	THE STATE OF THE S
33.703.836	(1)
51816	
30	
\$6,757	

