



## **AGENDA**

### **State and Public School Life and Health Insurance Board Benefits Sub-Committee**

**June 6, 2014**

**10:00 a.m.**

**EBD Board Room – 501 Building, Suite 500**

- I. Call to Order ..... Shelby McCook, Vice-Chairman***
- II. Approval of May 9, 2014 Minutes ..... Shelby McCook, Vice-Chairman***
- III. 2015 Projections ..... John Colberg, Cheiron***
- IV. Director's Report ..... Bob Alexander, EBD Executive Director***

#### ***Upcoming Meetings***

***July 11<sup>th</sup>***

***August 8<sup>th</sup>***

***NOTE: All material for this meeting will be available by electronic means only asepse-board@dfa.arkansas.gov***

***Notice: Silence your cell phones. Keep your personal conversations to a minimum. Observe restrictions designating areas as "Members and Staff only"***

**State and Public School Life and  
Health Insurance Board  
Benefits Sub-Committee  
Minutes  
June 6, 2014**

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on June 6, 2014, in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

**Members Present**

Janis Harrison  
Carla Wooley-Haugen  
Becky Walker  
Shelby McCook  
Dan Honey  
Jeff Altemus

**Members Absent**

Gwen Wiggins

Bob Alexander, Executive Director, Employee Benefits Division (EBD)

**Others Present**

Robert Boyd, Board Member; John Kirtley, David Keisner, UAMS; Michelle Hazelett, Marla Wallace, Doug Shackelford, Lori Eden, Stella Greene, Tammy McGill, Ethel Whittaker, Leslie Smith, Janna Keathley, Kristi Jackson, Sherry Bryant, EBD; Pam Lawrence, AHH; Brian Davis, BYSI; Kathy Ryan, Kanita Collins, ABCBS/Health Advantage; Ro Summers, ACHI; Mark Watts, ASEA; BJ Himes, QualChoice; Ronda Walthall, AHTD; Bob Walt, Humana; Treg Long, ACS; Mark Chambers, Compsych; Bill Clary, H & H; Alicia Hayden, CTRX; Rhonda Hill, ACHI; Peggy Nabors, AEA; Jeanie Stobaugh, AID, Doug Brown, ARSRC; Bill Clary, H & H; Martha Hill, Harmony Daniels, Jackie Bauer, ASP; Steve Althoff, MTI; Shannon Roberts, Catamaran; Marlo James, AEA; Andy Davis, Arkansas Democrat Gazette; Diann Shoptaw

**Call to Order**

The meeting was called to order by Shelby McCook, Vice-Chairman

**Approval of Minutes**

A request was made by McCook to approve the minutes from May 9, 2014. Harrison made the motion to approve. Honey seconded. All were in favor.

**Minutes approved**

**2015 PRELIMINARY PROJECTIONS FOR CY 2015:** *by John Colberg, Cheiron*

Colberg reported on:

- 2015 Benefit Options
- Employee Contribution Strategy
  - ✓ Risk Adjusted vs. Non-Risk Adjusted rates
  - ✓ Strategy Comparison
- Preliminary Rates
  - ✓ PSE (No Active Migration)
  - ✓ PSE (8,000 Actives Migrate)
  - ✓ ASE

Yellow highlight means the coverage is changed	2014 Gold 83.7%	Altern 1 Prem 79.4%	Altern 2 Prem 81.3%	Altern 3 Prem 81.9%	Altern 4 Prem 82.3%	2014 Silver 78.5%
Actuarial Value (per MV Calculator)						
<b>In-Network:</b>						
Deductible - Individual	\$0.00	\$1000	\$750	\$1000	\$500	\$1000
Co-Insurance Limit-Indv (after deductible)	\$2500	\$2500	\$2500	\$2500	\$2500	\$3000
Med. Out-of-pocket max – (Ded + Co-Ins + Med. Co-Pay)	\$2500	\$3500	\$3250	\$3500	\$3000	\$4000
Deductible - Family	\$0.00	\$2000	\$1500	\$2000	\$1000	\$2000
Co-Insurance Limit-Family (after deductible)	\$5000	\$5000	\$5000	\$5000	\$5000	\$6000
Med. Out-of-pocket Max (Ded. +Co-Ins. + Med. Co-Pay)	\$5000	\$7000	\$6500	\$7000	\$6000	\$8000
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit – Prim Care–Co-pay	\$35	\$35	\$35	\$25	\$35	\$35
Physician Office Visit – Specialist –Co-Pay	\$70	\$70	\$70	\$50	\$70	\$70
Rx-Deductible	None	None	None	None	None	None
Rx- Tier 1 – Generic	\$15	\$15	\$15	\$15	\$15	\$15
RX- Tier 2 –	\$40	\$40	\$40	\$40	\$40	\$40

Preferred Brand						
Rx- Tier 3 Non-Preferred Brand	\$80	\$80	\$80	\$80	\$80	\$80
RX- Specialty	\$100	\$100	\$100	\$100	\$100	\$100
RX-Out of Pocket Max Ind/Fam	n/a	\$3100/6200	\$3350/6700	\$3100/6200	\$3600/7200	n/a
<b>Hospital/Facility-Inpatient &amp; SNF – Co-PayPer Admin *</b>	\$250	\$0.00	\$0.00	\$0.00	\$0.00	\$300
<b>Hospital/Facility-Outpatient-Co-Pay *</b>	\$100	\$0.00	\$0.00	\$0.00	\$0.00	\$150
Urgent Care Visit	\$100	\$100	\$100	\$100	\$100	\$100
Emergency Room Visit	\$250	\$250	\$250	\$250	\$250	\$300
Emergency Transportation-Ambulance	\$50	\$50	\$50	\$50	\$50	\$50
<b>High Tech Radiology – Co-Pay (1<sup>st</sup> Procedure Only) *</b>	\$250	\$0.00	\$0.00	\$0.00	\$0.00	\$300
Rehab/Therapy-Outpatient-Physical/Speech/Occup	\$35	\$35	\$35	\$25	\$35	\$35
Rehab/Therapy-Outpatient-Co-Pay	\$35	\$35	\$35	\$25	\$35	\$35
Out-of-Network:						
Deductible – Individual/Family	\$1000/\$2000	\$2000/\$4000	\$2000/\$4000	\$2000/\$4000	\$2000/\$4000	\$1500/\$3000
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%
Co-Insurance Limit-Individual/Family (after Deductible)	\$5000/\$10000	none	none	none	none	\$5000/10000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6000/\$12000	none	none	none	none	\$6500/\$13000
<b>* Deductible &amp; Co-Insurance also applies</b>						

<b>Yellow highlight means the coverage is changed</b>					
Actuarial Value (per MV Calculator)	<b>Current Bronze</b> 71.3%	<b>Altern 1 Classic</b> 71.3%	<b>Altern 2 Classic</b> 70.0%	<b>Altern 3 Basic</b> 61.5%	<b>Altern 4 Basic</b> 60.6%
Monthly Plan HAS Contribution (Ind./Family)	\$0.00	\$0.00	\$25/\$50	\$0.00	\$25/50
<b>In-Network:</b>					
Deductible - Individual	\$2000	\$2000	\$2500	\$4000	\$6600
Co-Insurance Limit-Indv					

(after deductible)	\$4350	\$4600	\$4100	\$2600	n/a
Med. Out-of-pocket max – (Ded + Co-Ins + Med. Co-Pay)	\$6350	\$6600	\$6600	\$6600	\$6600
Deductible - Family	\$3000	\$3000	\$5000	\$8000	\$13200
Co-Insurance Limit – Family (after Deductible)	\$6525	\$6900	\$8200	\$5200	n/a
Med. Out-of-pocket Max. (Ded. + Co-Ins. + Med. Co-Pay)	\$9525	\$9900	\$13200	\$13200	\$13200
Coinsurance Rate	80%/20%	80%/20%	80%/20%	70%/30%	100%/0%
Physician Office Visit – Prim Care – Co-pay					
Physician Office Visit – Specialist –Co-Pay					
Rx-Deductible	Included w/Med.	Included w/Med	Included w/Med	Included w/Med	Included w/Med
Rx- Tier 1 – Generic			**	**	**
RX- Tier 2 – Preferred Brand			**	**	**
Rx- Tier 3 Non-Preferred Brand			Not covered	Not covered	Not covered
RX- Specialty			**	**	**
<b>Hospital/Facility-Inpatient &amp; SNF –Co-PayPer Admin *</b>					
<b>Hospital/Facility-Outpatient-Co-Pay *</b>					
Urgent Care Visit					
Emergency Room Visit					
Emergency Transportation-Ambulance					
<b>High Tech Radiology – Co-Pay (1<sup>st</sup> Procedure Only) *</b>					
Rehab/Therapy-Outpatient-Physical/Speech/Occup					
Rehab/Therapy-Outpatient-Co-Pay					
<b>Out-of-Network:</b>					
Deductible – Individual/Family	\$3000/6000	\$3000/6000	\$4000/8000	Not covered	Not covered
Co-Insurance	60%/40%	60%/40%	60%/40%	Not covered	Not covered
Co-Insurance Limit-Individual/Family (after Deductible)	\$5000/\$10000	None	None	Not covered	Not covered
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$8000/\$16000	None	None	Not covered	Not covered
<b>* Deductible &amp; Co-Insurance also applies</b>					

Harrison motioned to adopt for ASE and Retiree's alternate 3 Premium Plan with an adjustment of \$15.00 Rx generic co-pay to \$10.00. Alternate 2 for the Classic Plan and alternate 4 for the Basic Plan. Walker seconded.

Harrison motioned to amend the previous motion for ASE Retirees and Medicare eligible to have the same Gold Plan with no deductible. Walker seconded. All were in favor of the amendment. All were in favor of the motion.

**Amendment and Motion Approved**

Altemus recommended reviewing Benefit Plans from surrounding states and compare our proposal.

Altemus motioned for the consultants to study the rates of the surrounding states and examine others for the structure and benefits of their plan in order to make a better decision and send the recommendations to the benefits committee for discussion at a special meeting June 24, 2014 at 10:00 a.m. Harrison seconded. All were in favor.

**Motion Approved**

Employee Contribution Strategy:

<b><u>Risk Adjusted Rates</u></b>	<b><u>Unadjusted Rates</u></b>
Best Practice	Past Practice
Employee contributions set based on a "base plan"	Plan is heavily exposed to selection risk
Employee buys up/down into more expensive/cheaper plan based on benefit differential cost	
Insulated plan from migration/selection	

The strategy comparison risk adjusted rate vs. risk unadjusted rate could have as much as 15% difference in rates for the three (3) Plans.

There are several scenarios for rates on both PSE and ASE. The rates include with and without wellness with a \$75.00 rate difference.

Honey motioned to adopt the risk adjustment rates on page 20. Harrison seconded. There could be an adjustment of \$5.00. All were in favor.

### **Motion Approved**

Harrison motioned to adopt the risk adjustment rates on page 23 for ASE Retirees. Honey seconded. All were in favor.

### **Motion Approved**

Altemus recommended advising legislators of the contributions other states are contributing to their plans.

### **DIRECTOR'S REPORT:** *by Bob Alexander, Executive Director EBD*

Alexander reported the Wellness Program is in progress of implementation. It's possible the program could be released as early as the week of June 9<sup>th</sup>. The goal is to increase the participation in the program. The wellness benefit is on a calendar year basis. The benefit does not cover retirees, dependents, and spouses.

There will be a joint education committee meeting Monday June 9<sup>th</sup> and a second meeting June 10<sup>th</sup> with the taskforce. There is also discussion of a special session.

### **Meeting Adjourned**

# Arkansas State Employees & Public School Employees Health Benefits Program

## **Preliminary Projections for CY 2015 Rates**

Benefits Committee



June 6, 2014

John Colberg, FSA, MAAA





# Topics

1. Comments
2. 2015 Benefit Options
3. Employee Contribution Strategy
  - a. Risk Adjusted vs. Non-Risk Adjusted rates
  - b. Strategy Comparison
4. Preliminary Rates
  - a. PSE (No Active Migration)
  - b. PSE (8,000 Actives Migrate)
  - c. ASE

## Appendices

- A. Current Benefit Structure
- B. Rating Worksheets
- C. Assumptions and Disclosures



# Comments

- Figures changed from May 22 presentation as a result of processing benefit changes on actual claims data.
- Premium Alternative 3 modified to keep generic copay at \$15 (instead of reducing to \$10) in order for value to be same as Alternative 2.
- The following are interchangeable designs for 2015 employee contributions:
  - Premium Alternative 2 & 3
  - Classic Alternative 1 & 2
  - Basic Alternative 3 & 4
- Projected Year-End 2014 net assets:
  - ASE: \$18 Million
  - PSE: None (\$8 Million in catastrophic reserves)

# 2015 Benefit Options

<i>Yellow highlight means the coverage is changed</i>	2014 Gold	Alternative 1 Premium	Alternative 2 Premium	Alternative 3 Premium	Alternative 4 Premium	2014 Silver
Actuarial Value (per MV Calculator)	83.7%	79.4%	81.3%	81.9%	82.3%	78.5%
<b><i>In-Network:</i></b>						
Deductible - Individual	\$0	\$1,000	\$750	\$1,000	\$500	\$1,000
Co-Insurance Limit - Individual (after Deductible)	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$3,000
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$2,500	\$3,500	\$3,250	\$3,500	\$3,000	\$4,000
Deductible - Family	\$0	\$2,000	\$1,500	\$2,000	\$1,000	\$2,000
Co-Insurance Limit - Family (after Deductible)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$6,000
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$5,000	\$7,000	\$6,500	\$7,000	\$6,000	\$8,000
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-Pay	\$35	\$35	\$35	\$25	\$35	\$35
Physician Office Visit - Specialist - Co-Pay	\$70	\$70	\$70	\$50	\$70	\$70
Rx - Deductible	None	None	None	None	None	None
Rx - Tier 1 - Generic	\$15	\$15	\$15	\$15	\$15	\$15
Rx - Tier 2 - Preferred Brand	\$40	\$40	\$40	\$40	\$40	\$40
Rx - Tier 3 - Non-Preferred Brand	\$80	\$80	\$80	\$80	\$80	\$80
Rx - Specialty	\$100	\$100	\$100	\$100	\$100	\$100
Rx - Out of Pocket Maximum (Individual/Family)	n/a	\$3,100/\$6,200	\$3,350/\$6,700	\$3,100/\$6,200	\$3,600/\$7,200	n/a
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission*	\$250	\$0	\$0	\$0	\$0	\$300
Hospital / Facility - Outpatient - Co-Pay*	\$100	\$0	\$0	\$0	\$0	\$150
Urgent Care Visit	\$100	\$100	\$100	\$100	\$100	\$100
Emergency Room Visit	\$250	\$250	\$250	\$250	\$250	\$300
Emergency Transportation - Ambulance	\$50	\$50	\$50	\$50	\$50	\$50
High Tech Radiology - Co-Pay (1st Procedure Only)*	\$250	\$0	\$0	\$0	\$0	\$300
Rehab / Therapy - Outpatient - Physical/Speech/Occup	\$35	\$35	\$35	\$25	\$35	\$35
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay	\$35	\$35	\$35	\$25	\$35	\$35
<b><i>Out-of-Network:</i></b>						
Deductible - Individual/Family	\$1,000/\$2,000	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000	\$1,500/\$3,000
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	None	None	None	None	\$5,000/\$10,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6,000/\$12,000	None	None	None	None	\$6,500/\$13,000

\*Deductible & Co-Insurance also applies

# 2015 Benefit Options

<i>Yellow highlight means the coverage is changed</i>	Current Bronze	Alternative 1 Classic	Alternative 2 Classic	Alternative 3 Basic	Alternative 4 Basic
Actuarial Value (per MV Calculator)	71.3%	71.3%	70.0%	61.5%	60.6%
Monthly Plan HSA Contribution (Ind./Family)	\$0	\$0	\$25/\$50	\$0	\$25/\$50
<b>In-Network:</b>					
Deductible - Individual	\$2,000	\$2,000	\$2,500	\$4,000	\$6,600
Co-Insurance Limit - Individual (after Deductible)	\$4,350	\$4,600	\$4,100	\$2,600	n/a
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$6,350	\$6,600	\$6,600	\$6,600	\$6,600
Deductible - Family	\$3,000	\$3,000	\$5,000	\$8,000	\$13,200
Co-Insurance Limit - Family (after Deductible)	\$6,525	\$6,900	\$8,200	\$5,200	n/a
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$9,525	\$9,900	\$13,200	\$13,200	\$13,200
Coinsurance Rate	80%/20%	80%/20%	80%/20%	70%/30%	100%/0%
Physician Office Visit - Primary Care - Co-Pay					
Physician Office Visit - Specialist - Co-Pay					
Rx - Deductible	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.
Rx - Tier 1 - Generic			**	**	**
Rx - Tier 2 - Preferred Brand			**	**	**
Rx - Tier 3 - Non-Preferred Brand			not covered	not covered	not covered
Rx - Specialty			**	**	**
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission*					
Hospital / Facility - Outpatient - Co-Pay*					
Urgent Care Visit					
Emergency Room Visit					
Emergency Transportation - Ambulance					
High Tech Radiology - Co-Pay (1st Procedure Only)*					
Rehab / Therapy - Outpatient - Physical/Speech/Occup					
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay					
<b>Out-of-Network:</b>					
Deductible - Individual/Family	\$3,000/\$6,000	\$3,000/\$6,000	\$4,000/\$8,000	not covered	not covered
Co-Insurance	60%/40%	60%/40%	60%/40%	not covered	not covered
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	None	None	not covered	not covered
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$8,000/\$16,000	None	None	not covered	not covered

\*Co-Insurance also applies



# Employee Contribution Strategy

## Unadjusted Rates

- Past Practice
- Plan is heavily exposed to selection risk

## Risk Adjusted Rates

- Best Practice
- Employee contributions set based on a “base” plan
- Employee buys up/down into more expensive/cheaper plan based on benefit differential cost
- Insulates plan from migration/selection

Change of methodology can lead to significant changes in employee contribution for some employees



# Strategy Comparison

	Baseline Population		8,000 Migrate from Premium		% Difference	
<b>Actives</b>	Unadjusted Total Rate	Risk Adjusted Total Rate	Unadjusted Total Rate	Risk Adjusted Total Rate	Unadjusted Total Rate	Risk Adjusted Total Rate
<b>Premium</b>						
Employee Only	\$571.34	\$410.88	\$659.96	\$404.94	16%	-1%
Employee & Spouse	1,289.34	907.36	1,500.48	893.42	16%	-2%
Employee & Child(ren)	1,056.50	746.34	1,227.90	735.00	16%	-2%
Family	1,774.50	1,242.82	2,068.42	1,223.50	17%	-2%
Est. Monthly Total (\$mil)	\$15.7	\$11.2	\$12.0	\$7.3	-23%	-35%
<b>Classic</b>						
Employee Only	\$253.54	\$363.08	\$264.48	\$358.08	4%	-1%
Employee & Spouse	535.62	796.36	561.60	784.40	5%	-2%
Employee & Child(ren)	444.14	655.84	465.24	646.14	5%	-1%
Family	726.22	1,089.12	762.34	1,072.46	5%	-2%
Est. Monthly Total (\$mil)	\$6.9	\$10.1	\$9.1	\$12.6	33%	25%
<b>Basic</b>						
Employee Only	\$122.30	\$320.08	\$126.60	\$315.76	4%	-1%
Employee & Spouse	223.04	693.80	233.22	683.46	5%	-1%
Employee & Child(ren)	190.38	572.60	198.64	564.22	4%	-1%
Family	291.10	946.34	305.26	931.92	5%	-2%
Est. Monthly Total (\$mil)	\$0.8	\$2.2	\$1.0	\$2.7	34%	25%
<b>Total (Monthly) (\$ mil)</b>	<b>\$23.3</b>	<b>\$23.5</b>	<b>\$22.1</b>	<b>\$22.6</b>	<b>-5%</b>	<b>-4%</b>
<b>Est Annual Total (\$ mil)</b>	<b>\$279.6</b>	<b>\$281.7</b>	<b>\$265.7</b>	<b>\$271.4</b>	<b>-5%</b>	<b>-4%</b>
<b>Total Actives &amp; Retirees</b>	<b>\$320.5</b>	<b>\$320.5</b>	<b>\$309.8</b>	<b>\$309.8</b>	<b>-3%</b>	<b>-3%</b>



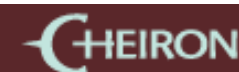
# PSE Preliminary Active Rates (Unadjusted – No Migration)

Actives	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	School District Contrib.	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment
					with	without*		2014 Silver		with	without	
<b>Premium</b>							<b>2014 Silver</b>					
Employee Only	\$571.34	\$221.70	\$10.84	\$153.00	\$185.80	\$260.80	\$173.32	\$12.48	7%	\$87.48	50%	20,098
Employee & Spouse	1,289.34	280.84	13.72	153.00	841.78	916.78	785.24	56.54	7%	131.54	17%	448
Employee & Child(ren)	1,056.50	407.09	19.89	153.00	476.52	551.52	444.52	32.00	7%	107.00	24%	2,314
Family	1,774.50	741.23	36.23	153.00	844.04	919.04	787.36	56.68	7%	131.68	17%	654
Est. Monthly Total (\$mil)	\$15.7	\$6.0	\$0.3	\$3.6	\$5.8	\$0.2	\$5.4	\$0.4	7%	\$0.2	40%	23,515
<b>Classic</b>							<b>2014 Bronze</b>					
Employee Only	\$253.54	\$38.65	\$1.89	\$153.00	\$60.00	\$135.00	\$11.00	\$49.00	445%	\$124.00	1127%	11,609
Employee & Spouse	535.62	0.00	(17.46)	153.00	400.08	475.08	266.72	133.36	50%	208.36	78%	1,168
Employee & Child(ren)	444.14	107.16	5.24	153.00	178.74	253.74	119.16	59.58	50%	134.58	113%	3,071
Family	726.22	161.09	7.87	153.00	404.26	479.26	269.50	134.76	50%	209.76	78%	2,670
Est. Monthly Total (\$mil)	\$6.9	\$1.2	\$0.0	\$2.8	\$2.8	\$0.1	\$1.5	\$1.3	83%	\$0.1	174%	18,517
<b>Basic</b>							<b>2014 Bronze</b>					
Employee Only	\$122.30	\$0.00	(\$41.70)	\$153.00	\$11.00	\$86.00	\$11.00	\$0.00	0%	\$75.00	682%	2,902
Employee & Spouse	223.04	0.00	(196.68)	153.00	266.72	341.72	266.72	0.00	0%	75.00	28%	292
Employee & Child(ren)	190.38	0.00	(81.78)	153.00	119.16	194.16	119.16	0.00	0%	75.00	63%	768
Family	291.10	0.00	(131.40)	153.00	269.50	344.50	269.50	0.00	0%	75.00	28%	667
Est. Monthly Total (\$mil)	\$0.8	\$0.0	(\$0.3)	\$0.7	\$0.4	\$0.0	\$0.4	\$0.0	0%	\$0.0	91%	4,629
Total (Monthly) (\$ mil)	\$23.3	\$7.2	\$0.0	\$7.1	\$8.9	\$0.3	\$7.3	\$1.7/\$2.0		23%/28%		46,662
Est Annual Total (\$ mil)	\$279.6	\$86.6	\$0.0	\$85.7	\$107.3	\$4.2	\$87.4	\$19.9/\$24.1		23%/28%		
vs 2014 plan elections (minimum District) - with/without wellness				\$85.7	\$107.3	\$4.2	\$108.1	-\$0.8/\$3.4		-1%/3%		
vs 2014 plan elections (estimated District) - with/without wellness				\$103.3	\$89.6	\$4.2	\$90.4	-\$0.8/\$3.4		-1%/4%		
<b>Total Active &amp; Ret (\$ mil)</b>	<b>\$320.5</b>	<b>\$86.6</b>	<b>\$0.0</b>	<b>\$85.7</b>	<b>\$148.2</b>	<b>\$4.2</b>	<b>\$120.9</b>	<b>\$27.3</b>	<b>23%</b>	<b>\$31.5</b>	<b>26%</b>	<b>60,828</b>

\*Already subtracted from Total Rates

Premium – Alternative 3  
 Classic – Alternative 1  
 Basic – Alternative 3

Note: The figures presented are preliminary and subject to change.



# PSE Preliminary Active Rates (Risk Adjusted – No Migration)

Actives	Risk Adjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	School District Contrib.	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment
					with	without*		2014 Silver		with	without	
<b>Premium</b>												
Employee Only	\$410.88	\$125.74	\$0.00	\$153.00	\$132.14	\$207.14	\$173.32	(\$41.18)	-24%	\$33.82	20%	20,098
Employee & Spouse	907.36	138.30	0.00	153.00	616.06	691.06	785.24	(169.18)	-22%	(94.18)	-12%	448
Employee & Child(ren)	746.34	251.48	0.00	153.00	341.86	416.86	444.52	(102.66)	-23%	(27.66)	-6%	2,314
Family	1,242.82	264.04	0.00	153.00	825.78	900.78	787.36	38.42	5%	113.42	14%	654
Est. Monthly Total (\$mil)	\$11.2	\$3.3	\$0.0	\$3.6	\$4.3	\$0.2	\$5.4	(\$1.1)	-21%	\$0.2	12%	23,515
<b>Classic</b>												
Employee Only	\$363.08	\$125.74	\$0.00	\$153.00	\$84.34	\$159.34	\$11.00	\$73.34	667%	\$148.34	1349%	11,609
Employee & Spouse	796.36	138.30	0.00	153.00	505.06	580.06	266.72	238.34	89%	313.34	117%	1,168
Employee & Child(ren)	655.84	251.48	0.00	153.00	251.36	326.36	119.16	132.20	111%	207.20	174%	3,071
Family	1,089.12	264.04	0.00	153.00	672.08	747.08	269.50	402.58	149%	477.58	177%	2,670
Est. Monthly Total (\$mil)	\$10.1	\$3.1	\$0.0	\$2.8	\$4.1	\$0.1	\$1.5	\$2.6	171%	\$0.1	262%	18,517
<b>Basic</b>												
Employee Only	\$320.08	\$125.74	\$0.00	\$153.00	\$41.34	\$116.34	\$11.00	\$30.34	276%	\$105.34	958%	2,902
Employee & Spouse	693.80	138.30	0.00	153.00	402.50	477.50	266.72	135.78	51%	210.78	79%	292
Employee & Child(ren)	572.60	251.48	0.00	153.00	168.12	243.12	119.16	48.96	41%	123.96	104%	768
Family	946.34	264.04	0.00	153.00	529.30	604.30	269.50	259.80	96%	334.80	124%	667
Est. Monthly Total (\$mil)	\$2.2	\$0.8	\$0.0	\$0.7	\$0.7	\$0.0	\$0.4	\$0.3	89%	\$0.0	180%	4,629
Total (Monthly) (\$ mil)	\$23.5	\$7.2	\$0.0	\$7.1	\$9.1	\$0.3	\$7.3	\$1.8/\$2.2		25%/30%		46,662
Est Annual Total (\$ mil)	\$281.7	\$86.6	\$0.0	\$85.7	\$109.4	\$4.2	\$87.4	\$22.0/\$26.2		25%/30%		
vs 2014 plan elections (minimum District) - with/without wellness				\$85.7	\$109.4	\$4.2	\$108.1	\$1.3/\$5.5		1%/5%		
vs 2014 plan elections (estimated District) - with/without wellness				\$103.3	\$91.7	\$4.2	\$90.4	\$1.3/\$5.5		1%/6%		
<b>Total Active &amp; Ret (\$ mil)</b>	<b>\$320.5</b>	<b>\$86.6</b>	<b>\$0.0</b>	<b>\$85.7</b>	<b>\$148.2</b>	<b>\$4.2</b>	<b>\$120.9</b>	<b>\$27.3</b>	<b>23%</b>	<b>\$31.5</b>	<b>26%</b>	<b>60,828</b>

\*Already subtracted from Total Rates

Premium – Alternative 3  
Classic – Alternative 1  
Basic – Alternative 3

Note: The figures presented are preliminary and subject to change.





# PSE Preliminary Discounted Rates: Actives Blended – No Migration

Actives	Unadj Rate: Employee Cost	25% Risk Adj Employee Cost	50% Risk Adj Employee Cost	75% Risk Adj Employee Cost	Risk Adj Rate: Ee Cost	2014 Employee Cost		Assumed Enrollment
						2014 Gold	2014 Silver	
<b>Premium</b>						2014 Gold	2014 Silver	
Employee Only	\$185.80	\$172.39	\$158.97	\$145.56	\$132.14	\$249.38	\$173.32	20,098
Employee & Spouse	841.78	785.35	728.92	672.49	616.06	1,129.92	785.24	448
Employee & Child(ren)	476.52	442.86	409.19	375.53	341.86	639.62	444.52	2,314
Family	844.04	839.48	834.91	830.35	825.78	1,132.96	787.36	654
	\$5.8	\$5.4	\$5.0	\$4.6	\$4.3			23,515
<b>Classic</b>						2014 Bronze		
Employee Only	\$60.00	\$66.09	\$72.17	\$78.26	\$84.34	\$11.00		11,609
Employee & Spouse	400.08	426.33	452.57	478.82	505.06	266.72		1,168
Employee & Child(ren)	178.74	196.90	215.05	233.21	251.36	119.16		3,071
Family	404.26	471.22	538.17	605.13	672.08	269.50		2,670
	\$2.8	\$3.1	\$3.5	\$3.8	\$4.1			18,517
<b>Basic</b>						2014 Bronze		
Employee Only	\$11.00	\$18.59	\$26.17	\$33.76	\$41.34	\$11.00		2,902
Employee & Spouse	266.72	300.67	334.61	368.56	402.50	266.72		292
Employee & Child(ren)	119.16	131.40	143.64	155.88	168.12	119.16		768
Family	269.50	334.45	399.40	464.35	529.30	269.50		667
	\$0.4	\$0.5	\$0.6	\$0.6	\$0.7			4,629
<b>Total (Monthly) (\$ mil)</b>	<b>\$8.9</b>	<b>\$9.0</b>	<b>\$9.0</b>	<b>\$9.1</b>	<b>\$9.1</b>			<b>46,662</b>
<b>Est Annual Total (\$ mil)</b>	<b>\$107.3</b>	<b>\$107.8</b>	<b>\$108.3</b>	<b>\$108.9</b>	<b>\$109.4</b>			

Discounted Rates (with wellness) shown. Base rates are \$75 higher per employee. Assumes 90% of population pays discounted rates. If assume 100%, increase all rates by \$7.50. If less, reduce rates by \$7.50 for each 10%.

*Note: The figures presented are preliminary and subject to change.*

# PSE Preliminary Retiree Rates (Unadjusted – No Active Migration)

NME Retirees	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
<b>Premium</b>					<b>2014 Silver</b>			
Retiree Only	\$571.34	\$0.00	\$0.00	\$571.34	\$426.54	\$144.80	34%	2,056
Retiree & NME SP	1,289.34	0.00	0.00	1,289.34	1,107.40	181.94	16%	143
Retiree & Child(ren)	1,056.50	0.00	0.00	1,056.50	779.76	276.74	35%	21
Retiree & NME SP&CH	1,774.50	0.00	0.00	1,774.50	1,363.04	411.46	30%	15
Retiree & ME SP	745.52	0.00	0.00	745.52	508.22	237.30	47%	156
Retiree & ME SP & CH	1,230.68	0.00	0.00	1,230.68	861.44	369.24	43%	-
Est. Monthly Total (\$mil)	\$1.5	\$0.0	\$0.0	\$1.5	\$1.2	\$0.4	32%	2,391
<b>Classic</b>					<b>2014 Bronze</b>			
Employee Only	\$253.54	\$0.00	\$0.00	\$253.54	\$267.66	(\$14.12)	-5%	1,254
Employee & Spouse	535.62	0.00	0.00	535.62	600.98	(65.36)	-11%	243
Employee & Child(ren)	444.14	0.00	0.00	444.14	468.20	(24.06)	-5%	32
Family	726.22	0.00	0.00	726.22	801.52	(75.30)	-9%	43
Est. Monthly Total (\$mil)	\$0.5	\$0.0	\$0.0	\$0.5	\$0.5	\$0.0	-7%	1,571
<b>Basic</b>					<b>2014 Bronze</b>			
Employee Only	\$122.30	\$0.00	\$0.00	\$122.30	\$267.66	(\$145.36)	-54%	139
Employee & Spouse	223.04	0.00	0.00	223.04	600.98	(377.94)	-63%	27
Employee & Child(ren)	190.38	0.00	0.00	190.38	468.20	(277.82)	-59%	4
Family	291.10	0.00	0.00	291.10	801.52	(510.42)	-64%	5
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	-57%	175
Total (Monthly) (\$ mil)	\$2.0	\$0.0	\$0.0	\$2.0	\$1.7	\$0.3	17%	4,137
Est Annual Total (\$ mil)	\$24.5	\$0.0	\$0.0	\$24.5	\$20.9	\$3.6		
<b>Medicare Eligible</b>								
Retiree Only	\$174.18	\$59.85	\$0.00	\$114.34	\$81.68	\$32.66	40%	9,090
Retiree & NME SP	734.33	0.00	0.00	734.33	708.98	25.35	4%	96
Retiree & Child(ren)	710.54	9.05	0.00	701.48	665.66	35.82	5%	17
Retiree & NME SP&CH	1,377.33	98.14	0.00	1,279.18	1,310.62	(31.44)	-2%	1
Retiree & ME SP	320.79	29.92	0.00	290.87	271.04	19.83	7%	825
Retiree & ME SP & CH	857.14	0.00	0.00	857.14	788.44	68.70	9%	-
Est. Monthly Total (\$mil)	\$1.9	\$0.6	\$0.0	\$1.4	\$1.0	\$0.3	30%	10,030
Total (Est. Annual)	\$23.2	\$6.8	\$0.0	\$16.4	\$12.6	\$3.8		

Note: The figures presented are preliminary and subject to change.



# PSE Preliminary Retiree Rates (Risk Adjusted – No Active Migration)

NME Retirees	Risk Adjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
<b>Premium</b>					<b>2014 Silver</b>			
Retiree Only	\$410.88	\$0.00	\$0.00	\$410.88	\$426.54	(\$15.66)	-4%	2,056
Retiree & NME SP	907.36	0.00	0.00	907.36	1,107.40	(200.04)	-18%	143
Retiree & Child(ren)	746.34	0.00	0.00	746.34	779.76	(33.42)	-4%	21
Retiree & NME SP&CH	1,242.82	0.00	0.00	1,242.82	1,363.04	(120.22)	-9%	15
Retiree & ME SP	585.06	0.00	0.00	585.06	508.22	76.84	15%	156
Retiree & ME SP & CH	920.52	0.00	0.00	920.52	861.44	59.08	7%	-
Est. Monthly Total (\$mil)	\$1.1	\$0.0	\$0.0	\$1.1	\$1.2	-\$0.1	-4%	2,391
<b>Classic</b>					<b>2014 Bronze</b>			
Employee Only	\$363.08	\$0.00	\$0.00	\$363.08	\$267.66	\$95.42	36%	1,254
Employee & Spouse	796.36	0.00	0.00	796.36	600.98	195.38	33%	243
Employee & Child(ren)	655.84	0.00	0.00	655.84	468.20	187.64	40%	32
Family	1,089.12	0.00	0.00	1,089.12	801.52	287.60	36%	43
Est. Monthly Total (\$mil)	\$0.7	\$0.0	\$0.0	\$0.7	\$0.5	\$0.2	35%	1,571
<b>Basic</b>					<b>2014 Bronze</b>			
Employee Only	\$320.08	\$0.00	\$0.00	\$320.08	\$267.66	\$52.42	20%	139
Employee & Spouse	693.80	0.00	0.00	693.80	600.98	92.82	15%	27
Employee & Child(ren)	572.60	0.00	0.00	572.60	468.20	104.40	22%	4
Family	946.34	0.00	0.00	946.34	801.52	144.82	18%	5
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	18%	175
Total (Monthly) (\$ mil)	\$1.9	\$0.0	\$0.0	\$1.9	\$1.7	\$0.1	8%	4,137
Est Annual Total (\$ mil)	\$22.6	\$0.0	\$0.0	\$22.6	\$20.9	\$1.7		
<b>Medicare Eligible</b>								
Retiree Only	\$174.18	\$59.85	\$0.00	\$114.34	\$81.68	\$32.66	40%	9,090
Retiree & NME SP	573.86	0.00	0.00	573.86	708.98	(135.12)	-19%	96
Retiree & Child(ren)	557.40	9.05	0.00	548.35	665.66	(117.31)	-18%	17
Retiree & NME SP&CH	1,006.13	98.14	0.00	907.99	1,310.62	(402.63)	-31%	1
Retiree & ME SP	320.79	29.92	0.00	290.87	271.04	19.83	7%	825
Retiree & ME SP & CH	704.01	0.00	0.00	704.01	788.44	(84.43)	-11%	-
Est. Monthly Total (\$mil)	\$1.9	\$0.6	\$0.0	\$1.3	\$1.0	\$0.3	28%	10,030
Total (Est. Annual)	\$23.0	\$6.8	\$0.0	\$16.1	\$12.6	\$3.6		

Note: The figures presented are preliminary and subject to change.



# PSE Preliminary Rates: Retirees Blended – No Active Migration

NME Retirees	Unadj Rate: Retiree Cost	25% Risk Adj Retiree Cost	50% Risk Adj Retiree Cost	75% Risk Adj Retiree Cost	Risk Adj Rate: Ret. Cost	2014 Retiree Cost		Assumed Enrollment
						2014 Gold	2014 Silver	
<b>Premium</b>								
Retiree Only	\$571.34	\$531.23	\$491.11	\$451.00	\$410.88	\$566.72	\$426.54	2,056
Retiree & NME SP	1,289.34	1,193.85	1,098.35	1,002.86	907.36	1,360.06	1,107.40	143
Retiree & Child(ren)	1,056.50	978.96	901.42	823.88	746.34	1,048.24	779.76	21
Retiree & NME SP&CH	1,774.50	1,641.58	1,508.66	1,375.74	1,242.82	1,841.60	1,363.04	15
Retiree & ME SP	745.52	705.41	665.29	625.18	585.06	720.18		156
Retiree & ME SP & CH	1,230.68	1,153.14	1,075.60	998.06	920.52	1,201.70		-
Est. Monthly Total (\$mil)	\$1.5	\$1.4	\$1.3	\$1.2	\$1.1			2,391
<b>Classic</b>						2014 Bronze		
Employee Only	\$253.54	\$280.93	\$308.31	\$335.70	\$363.08	\$267.66		1,254
Employee & Spouse	535.62	600.81	665.99	731.18	796.36	600.98		243
Employee & Child(ren)	444.14	497.07	549.99	602.92	655.84	468.20		32
Family	726.22	816.95	907.67	998.40	1,089.12	801.52		43
Est. Monthly Total (\$mil)	\$0.5	\$0.5	\$0.6	\$0.7	\$0.7			1,571
<b>Basic</b>						2014 Bronze		
Employee Only	\$122.30	\$171.75	\$221.19	\$270.64	\$320.08	\$267.66		139
Employee & Spouse	223.04	340.73	458.42	576.11	693.80	600.98		27
Employee & Child(ren)	190.38	285.94	381.49	477.05	572.60	468.20		4
Family	291.10	454.91	618.72	782.53	946.34	801.52		5
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.1		175
Total (Monthly) (\$ mil)	\$2.0	\$2.0	\$2.0	\$1.9	\$1.9			4,137
Est Annual Total (\$ mil)	\$24.5	\$24.0	\$23.6	\$23.1	\$22.6			
<b>Medicare Eligible</b>								
Retiree Only	\$114.34	\$114.34	\$114.34	\$114.34	\$114.34	\$81.68		9,090
Retiree & NME SP	734.33	694.21	654.09	613.97	573.86	708.98		96
Retiree & Child(ren)	701.48	663.20	624.92	586.63	548.35	665.66		17
Retiree & NME SP&CH	1,279.18	1,186.39	1,093.59	1,000.79	907.99	1,310.62		1
Retiree & ME SP	290.87	290.87	290.87	290.87	290.87	271.04		825
Retiree & ME SP & CH	857.14	818.86	780.57	742.29	704.01	788.44		-
Est. Monthly Total (\$mil)	\$1.4	\$1.4	\$1.4	\$1.3	\$1.3			10,030
Total (Est. Annual)	\$16.4	\$16.3	\$16.3	\$16.2	\$16.1			



# PSE Preliminary Active Rates (Unadjusted – 8,000 Migrate)

Actives	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	School District Contrib.	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/% with & without Wellness Visit				Assumed Enrollment
					with	without*		with		without		
<b>Premium</b>							<b>2014 Silver</b>					
Employee Only	\$659.96	\$296.91	\$15.07	\$153.00	\$194.98	\$269.98	\$173.32	\$21.66	12%	\$96.66	56%	13,281
Employee & Spouse	1,500.48	441.66	22.42	153.00	883.40	958.40	785.24	98.16	13%	173.16	22%	313
Employee & Child(ren)	1,227.90	547.06	27.76	153.00	500.08	575.08	444.52	55.56	12%	130.56	29%	1,473
Family	2,068.42	979.91	49.73	153.00	885.78	960.78	787.36	98.42	13%	173.42	22%	466
Est. Monthly Total (\$mil)	\$12.0	\$5.3	\$0.3	\$2.4	\$4.0	\$0.1	\$3.6	\$0.4	12%	\$0.1	45%	15,533
<b>Classic</b>							<b>2014 Bronze</b>					
Employee Only	\$264.48	\$48.99	\$2.49	\$153.00	\$60.00	\$135.00	\$11.00	\$49.00	445%	\$124.00	1127%	17,063
Employee & Spouse	561.60	8.11	0.41	153.00	400.08	475.08	266.72	133.36	50%	208.36	78%	1,276
Employee & Child(ren)	465.24	127.05	6.45	153.00	178.74	253.74	119.16	59.58	50%	134.58	113%	3,743
Family	762.34	195.17	9.91	153.00	404.26	479.26	269.50	134.76	50%	209.76	78%	2,820
Est. Monthly Total (\$mil)	\$9.1	\$1.9	\$0.1	\$3.8	\$3.3	\$0.2	\$1.7	\$1.6	93%	\$0.2	201%	24,902
<b>Basic</b>							<b>2014 Bronze</b>					
Employee Only	\$126.60	\$0.00	(\$37.40)	\$153.00	\$11.00	\$86.00	\$11.00	\$0.00	0%	\$75.00	682%	4,266
Employee & Spouse	233.22	0.00	(186.50)	153.00	266.72	341.72	266.72	0.00	0%	75.00	28%	319
Employee & Child(ren)	198.64	0.00	(73.52)	153.00	119.16	194.16	119.16	0.00	0%	75.00	63%	936
Family	305.26	0.00	(117.24)	153.00	269.50	344.50	269.50	0.00	0%	75.00	28%	705
Est. Monthly Total (\$mil)	\$1.0	\$0.0	(\$0.4)	\$1.0	\$0.4	\$0.0	\$0.4	\$0.0	0%	\$0.0	108%	6,225
Total (Monthly) (\$ mil)	\$22.1	\$7.2	(\$0.0)	\$7.1	\$7.8	\$0.3	\$5.7	\$2.1/\$2.4			36%/42%	46,661
Est Annual Total (\$ mil)	\$265.7	\$86.6	(\$0.0)	\$85.7	\$93.5	\$4.2	\$68.8	\$24.7/\$28.9			36%/42%	
vs 2014 plan elections (minimum District) - with/without wellness				\$85.7	\$93.5	\$4.2	\$108.1	-\$14.6/-\$10.4			-13%-10%	
vs 2014 plan elections (estimated District) - with/without wellness				\$103.3	\$75.8	\$4.2	\$90.4	-\$14.6/-\$10.4			-16%-11%	
<b>Total Active &amp; Ret (\$ mil)</b>	<b>\$309.8</b>	<b>\$86.6</b>	<b>\$0.0</b>	<b>\$85.7</b>	<b>\$137.6</b>	<b>\$4.2</b>	<b>\$102.3</b>	<b>\$35.3</b>	<b>34%</b>	<b>\$39.5</b>	<b>39%</b>	<b>60,827</b>

\*Already subtracted from Total Rates

Premium – Alternative 3  
Classic – Alternative 1  
Basic – Alternative 3

Note: The figures presented are preliminary and subject to change.



# PSE Preliminary Active Rates (Risk Adjusted – 8,000 Migrate)

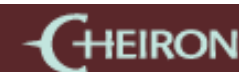
Actives	Risk Adjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	School District Contrib.	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit			Assumed Enrollment	
					with	without*		2014 Silver	with	without		
<b>Premium</b>												
Employee Only	\$404.94	\$125.74	\$0.00	\$153.00	\$126.20	\$201.20	\$173.32	(\$47.12)	-27%	\$27.88	16%	13,281
Employee & Spouse	893.42	138.32	0.00	153.00	602.10	677.10	785.24	(183.14)	-23%	(108.14)	-14%	313
Employee & Child(ren)	735.00	251.48	0.00	153.00	330.52	405.52	444.52	(114.00)	-26%	(39.00)	-9%	1,473
Family	1,223.50	264.06	0.00	153.00	806.44	881.44	787.36	19.08	2%	94.08	12%	466
Est. Monthly Total (\$mil)	\$7.3	\$2.2	\$0.0	\$2.4	\$2.7	\$0.1	\$3.6	(\$0.8)	-24%	\$0.1	9%	15,533
<b>Classic</b>							2014 Bronze					
Employee Only	\$358.08	\$125.74	\$0.00	\$153.00	\$79.34	\$154.34	\$11.00	\$68.34	621%	\$143.34	1303%	17,063
Employee & Spouse	784.40	138.32	0.00	153.00	493.08	568.08	266.72	226.36	85%	301.36	113%	1,276
Employee & Child(ren)	646.14	251.48	0.00	153.00	241.66	316.66	119.16	122.50	103%	197.50	166%	3,743
Family	1,072.46	264.06	0.00	153.00	655.40	730.40	269.50	385.90	143%	460.90	171%	2,820
Est. Monthly Total (\$mil)	\$12.6	\$4.0	\$0.0	\$3.8	\$4.7	\$0.2	\$1.7	\$3.0	173%	\$0.2	281%	24,902
<b>Basic</b>							2014 Bronze					
Employee Only	\$315.76	\$125.74	\$0.00	\$153.00	\$37.02	\$112.02	\$11.00	\$26.02	237%	\$101.02	918%	4,266
Employee & Spouse	683.46	138.32	0.00	153.00	392.14	467.14	266.72	125.42	47%	200.42	75%	319
Employee & Child(ren)	564.22	251.48	0.00	153.00	159.74	234.74	119.16	40.58	34%	115.58	97%	936
Family	931.92	264.06	0.00	153.00	514.86	589.86	269.50	245.36	91%	320.36	119%	705
Est. Monthly Total (\$mil)	\$2.7	\$1.0	\$0.0	\$1.0	\$0.8	\$0.0	\$0.4	\$0.4	83%	\$0.0	191%	6,225
Total (Monthly) (\$ mil)	\$22.6	\$7.2	\$0.0	\$7.1	\$8.3	\$0.3	\$5.7	\$2.5/\$2.9		44%/50%		46,661
Est Annual Total (\$ mil)	\$271.4	\$86.6	\$0.0	\$85.7	\$99.1	\$4.2	\$68.8	\$30.3/\$34.5		44%/50%		
vs 2014 plan elections (minimum District) - with/without wellness				\$85.7	\$99.1	\$4.2	\$108.1	-\$9.0/-\$4.8		-8%-4%		
vs 2014 plan elections (estimated District) - with/without wellness				\$103.3	\$81.4	\$4.2	\$90.4	-\$9.0/-\$4.8		-10%-5%		

Total Active & Ret (\$ mil)	\$309.8	\$86.6	\$0.0	\$85.7	\$137.6	\$4.2	\$102.3	\$35.2	34%	\$39.4	39%	60,827
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\*Already subtracted from Total Rates

Premium – Alternative 3  
Classic – Alternative 1  
Basic – Alternative 3

Note: The figures presented are preliminary and subject to change.





# PSE Preliminary Discounted Rates: Actives Blended – 8,000 Migrate

Actives	Unadj Rate: Employee Cost	25% Risk Adj Employee Cost	50% Risk Adj Employee Cost	75% Risk Adj Employee Cost	Risk Adj Rate: Ee Cost	2014 Employee Cost		Assumed Enrollment
						2014 Gold	2014 Silver	
Premium								
Employee Only	\$194.98	\$177.79	\$160.59	\$143.40	\$126.20	\$249.38	\$173.32	13,281
Employee & Spouse	883.40	813.08	742.75	672.43	602.10	1,129.92	785.24	313
Employee & Child(ren)	500.08	457.69	415.30	372.91	330.52	639.62	444.52	1,473
Family	885.78	865.95	846.11	826.28	806.44	1,132.96	787.36	466
	\$4.0	\$3.7	\$3.4	\$3.0	\$2.7			15,533
Classic						2014 Bronze		
Employee Only	\$60.00	\$64.84	\$69.67	\$74.51	\$79.34	\$11.00		17,063
Employee & Spouse	400.08	423.33	446.58	469.83	493.08	266.72		1,276
Employee & Child(ren)	178.74	194.47	210.20	225.93	241.66	119.16		3,743
Family	404.26	467.05	529.83	592.62	655.40	269.50		2,820
	\$3.3	\$3.7	\$4.0	\$4.4	\$4.7			24,902
Basic						2014 Bronze		
Employee Only	\$11.00	\$17.51	\$24.01	\$30.52	\$37.02	\$11.00		4,266
Employee & Spouse	266.72	298.08	329.43	360.79	392.14	266.72		319
Employee & Child(ren)	119.16	129.31	139.45	149.60	159.74	119.16		936
Family	269.50	330.84	392.18	453.52	514.86	269.50		705
	\$0.4	\$0.5	\$0.6	\$0.7	\$0.8			6,225
Total (Monthly) (\$ mil)	\$7.8	\$7.9	\$8.0	\$8.1	\$8.3			46,661
Est Annual Total (\$ mil)	\$93.5	\$94.9	\$96.3	\$97.7	\$99.1			

Discounted Rates (with wellness) shown. Base rates are \$75 higher per employee. Assumes 90% of population pays discounted rates. If assume 100%, increase all rates by \$7.50. If less, reduce rates by \$7.50 for each 10%.

Note: The figures presented are preliminary and subject to change.



# PSE Preliminary Retiree Rates (Unadjusted – 8,000 Actives Migrate)

NME Retirees	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
<b>Premium</b>					<b>2014 Silver</b>			
Retiree Only	\$659.96	\$0.00	\$0.00	\$659.96	\$426.54	\$233.42	55%	2,056
Retiree & NME SP	1,500.48	0.00	0.00	1,500.48	1,107.40	393.08	35%	143
Retiree & Child(ren)	1,227.90	0.00	0.00	1,227.90	779.76	448.14	57%	21
Retiree & NME SP&CH	2,068.42	0.00	0.00	2,068.42	1,363.04	705.38	52%	15
Retiree & ME SP	834.14	0.00	0.00	834.14	508.22	325.92	64%	156
Retiree & ME SP & CH	1,402.08	0.00	0.00	1,402.08	861.44	540.64	63%	-
Est. Monthly Total (\$mil)	\$1.8	\$0.0	\$0.0	\$1.8	\$1.2	\$0.6	53%	2,391
<b>Classic</b>					<b>2014 Bronze</b>			
Employee Only	\$264.48	\$0.00	\$0.00	\$264.48	\$267.66	(\$3.18)	-1%	1,254
Employee & Spouse	561.60	0.00	0.00	561.60	600.98	(39.38)	-7%	243
Employee & Child(ren)	465.24	0.00	0.00	465.24	468.20	(2.96)	-1%	32
Family	762.34	0.00	0.00	762.34	801.52	(39.18)	-5%	43
Est. Monthly Total (\$mil)	\$0.5	\$0.0	\$0.0	\$0.5	\$0.5	\$0.0	-3%	1,571
<b>Basic</b>					<b>2014 Bronze</b>			
Employee Only	\$126.60	\$0.00	\$0.00	\$126.60	\$267.66	(\$141.06)	-53%	139
Employee & Spouse	233.22	0.00	0.00	233.22	600.98	(367.76)	-61%	27
Employee & Child(ren)	198.64	0.00	0.00	198.64	468.20	(269.56)	-58%	4
Family	305.26	0.00	0.00	305.26	801.52	(496.26)	-62%	5
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	-56%	175
Total (Monthly) (\$ mil)	\$2.3	\$0.0	\$0.0	\$2.3	\$1.7	\$0.6	32%	4,137
Est Annual Total (\$ mil)	\$27.6	\$0.0	\$0.0	\$27.6	\$20.9	\$6.7		
<b>Medicare Eligible</b>								
Retiree Only	\$174.18	\$59.85	\$0.00	\$114.34	\$81.68	\$32.66	40%	9,090
Retiree & NME SP	822.94	0.00	0.00	822.94	708.98	113.96	16%	96
Retiree & Child(ren)	793.18	9.05	0.00	784.12	665.66	118.46	18%	17
Retiree & NME SP&CH	1,582.64	98.14	0.00	1,484.50	1,310.62	173.88	13%	1
Retiree & ME SP	320.79	29.91	0.00	290.87	271.04	19.83	7%	825
Retiree & ME SP & CH	939.78	0.00	0.00	939.78	788.44	151.34	19%	-
Est. Monthly Total (\$mil)	\$1.9	\$0.6	\$0.0	\$1.4	\$1.0	\$0.3	31%	10,030
Total (Est. Annual)	\$23.3	\$6.8	\$0.0	\$16.5	\$12.6	\$3.9		

Note: The figures presented are preliminary and subject to change.





# PSE Preliminary Retiree Rates (Risk Adjusted – 8,000 Actives Migrate)

NME Retirees	Risk Adjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
<b>Premium</b>					<b>2014 Silver</b>			
Retiree Only	\$404.94	\$0.00	\$0.00	\$404.94	\$426.54	(\$21.60)	-5%	2,056
Retiree & NME SP	893.42	0.00	0.00	893.42	1,107.40	(213.98)	-19%	143
Retiree & Child(ren)	735.00	0.00	0.00	735.00	779.76	(44.76)	-6%	21
Retiree & NME SP&CH	1,223.50	0.00	0.00	1,223.50	1,363.04	(139.54)	-10%	15
Retiree & ME SP	579.12	0.00	0.00	579.12	508.22	70.90	14%	156
Retiree & ME SP & CH	909.18	0.00	0.00	909.18	861.44	47.74	6%	-
Est. Monthly Total (\$mil)	\$1.1	\$0.0	\$0.0	\$1.1	\$1.2	-\$0.1	-6%	2,391
<b>Classic</b>					<b>2014 Bronze</b>			
Employee Only	\$358.08	\$0.00	\$0.00	\$358.08	\$267.66	\$90.42	34%	1,254
Employee & Spouse	784.40	0.00	0.00	784.40	600.98	183.42	31%	243
Employee & Child(ren)	646.14	0.00	0.00	646.14	468.20	177.94	38%	32
Family	1,072.46	0.00	0.00	1,072.46	801.52	270.94	34%	43
Est. Monthly Total (\$mil)	\$0.7	\$0.0	\$0.0	\$0.7	\$0.5	\$0.2	33%	1,571
<b>Basic</b>					<b>2014 Bronze</b>			
Employee Only	\$315.76	\$0.00	\$0.00	\$315.76	\$267.66	\$48.10	18%	139
Employee & Spouse	683.46	0.00	0.00	683.46	600.98	82.48	14%	27
Employee & Child(ren)	564.22	0.00	0.00	564.22	468.20	96.02	21%	4
Family	931.92	0.00	0.00	931.92	801.52	130.40	16%	5
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	17%	175
Total (Monthly) (\$ mil)	\$1.9	\$0.0	\$0.0	\$1.9	\$1.7	\$0.1	7%	4,137
Est Annual Total (\$ mil)	\$22.3	\$0.0	\$0.0	\$22.3	\$20.9	\$1.4		
<b>Medicare Eligible</b>								
Retiree Only	\$174.18	\$59.85	\$0.00	\$114.34	\$81.68	\$32.66	40%	9,090
Retiree & NME SP	567.92	0.00	0.00	567.92	708.98	(141.06)	-20%	96
Retiree & Child(ren)	550.62	9.05	0.00	541.57	665.66	(124.09)	-19%	17
Retiree & NME SP&CH	992.74	98.14	0.00	894.61	1,310.62	(416.01)	-32%	1
Retiree & ME SP	320.79	29.91	0.00	290.87	271.04	19.83	7%	825
Retiree & ME SP & CH	697.22	0.00	0.00	697.22	788.44	(91.22)	-12%	-
Est. Monthly Total (\$mil)	\$1.9	\$0.6	\$0.0	\$1.3	\$1.0	\$0.3	28%	10,030
Total (Est. Annual)	\$23.0	\$6.8	\$0.0	\$16.1	\$12.6	\$3.6		

Note: The figures presented are preliminary and subject to change.



# PSE Preliminary Rates:

## Retirees Blended – 8,000 Actives Migrate

NME Retirees	Unadj Rate: Retiree Cost	25% Risk Adj Retiree Cost	50% Risk Adj Retiree Cost	75% Risk Adj Retiree Cost	Risk Adj Rate: Ret. Cost	2014 Retiree Cost		Assumed Enrollment
						2014 Gold	2014 Silver	
<b>Premium</b>								
Retiree Only	\$659.96	\$596.21	\$532.45	\$468.70	\$404.94	\$566.72	\$426.54	2,056
Retiree & NME SP	1,500.48	1,348.72	1,196.95	1,045.19	893.42	1,360.06	1,107.40	143
Retiree & Child(ren)	1,227.90	1,104.68	981.45	858.23	735.00	1,048.24	779.76	21
Retiree & NME SP&CH	2,068.42	1,857.19	1,645.96	1,434.73	1,223.50	1,841.60	1,363.04	15
Retiree & ME SP	834.14	770.39	706.63	642.88	579.12	720.18		156
Retiree & ME SP & CH	1,402.08	1,278.86	1,155.63	1,032.41	909.18	1,201.70		-
Est. Monthly Total (\$mil)	\$1.8	\$1.6	\$1.4	\$1.3	\$1.1			2,391
<b>Classic</b>						2014 Bronze		
Employee Only	\$264.48	\$287.88	\$311.28	\$334.68	\$358.08	\$267.66		1,254
Employee & Spouse	561.60	617.30	673.00	728.70	784.40	600.98		243
Employee & Child(ren)	465.24	510.47	555.69	600.92	646.14	468.20		32
Family	762.34	839.87	917.40	994.93	1,072.46	801.52		43
Est. Monthly Total (\$mil)	\$0.5	\$0.6	\$0.6	\$0.7	\$0.7			1,571
<b>Basic</b>						2014 Bronze		
Employee Only	\$126.60	\$173.89	\$221.18	\$268.47	\$315.76	\$267.66		139
Employee & Spouse	233.22	345.78	458.34	570.90	683.46	600.98		27
Employee & Child(ren)	198.64	290.04	381.43	472.83	564.22	468.20		4
Family	305.26	461.93	618.59	775.26	931.92	801.52		5
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1			175
Total (Monthly) (\$ mil)	\$2.3	\$2.2	\$2.1	\$2.0	\$1.9			4,137
Est Annual Total (\$ mil)	\$27.6	\$26.3	\$25.0	\$23.6	\$22.3			
<b>Medicare Eligible</b>								
Retiree Only	\$114.34	\$114.34	\$114.34	\$114.34	\$114.34	\$81.68		9,090
Retiree & NME SP	822.94	759.19	695.43	631.68	567.92	708.98		96
Retiree & Child(ren)	784.12	723.48	662.84	602.20	541.57	665.66		17
Retiree & NME SP&CH	1,484.50	1,337.03	1,189.55	1,042.08	894.61	1,310.62		1
Retiree & ME SP	290.87	290.87	290.87	290.87	290.87	271.04		825
Retiree & ME SP & CH	939.78	879.14	818.50	757.86	697.22	788.44		-
Est. Monthly Total (\$mil)	\$1.4	\$1.4	\$1.4	\$1.4	\$1.3			10,030
Total (Est. Annual)	\$16.5	\$16.4	\$16.3	\$16.2	\$16.1			

Note: The figures presented are preliminary and subject to change.



# ASE Preliminary Active Rates Unadjusted

Actives	Unadjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment	
				with	without*		2014 Gold		with	without		
<b>Premium</b>												
Employee Only	\$443.40	\$322.76	\$21.26	\$99.38	\$174.38	\$96.68	\$2.70	3%	\$77.70	80%	14,304	
Employee & Spouse	998.20	578.46	38.10	381.64	456.64	371.24	10.40	3%	85.40	23%	3,155	
Employee & Child(ren)	745.02	510.44	33.62	200.96	275.96	195.48	5.48	3%	80.48	41%	4,970	
Family	1,299.80	810.93	53.41	435.46	510.46	423.60	11.86	3%	86.86	21%	3,403	
Est. Monthly Total (\$mil)	\$17.6	\$11.7	\$0.8	\$5.1	\$0.2	\$5.0	\$0.1	3%	\$0.2	42%	25,832	
<b>Classic</b>						2014 Bronze						
Employee Only	\$181.70	\$137.64	\$9.06	\$35.00	\$110.00	\$0.00	\$35.00	n/a	\$110.00	n/a	952	
Employee & Spouse	378.84	245.72	16.18	116.94	191.94	77.96	38.98	50%	113.98	146%	280	
Employee & Child(ren)	288.86	231.46	15.24	42.16	117.16	28.10	14.06	50%	89.06	317%	249	
Family	486.02	325.00	21.40	139.62	214.62	93.08	46.54	50%	121.54	131%	346	
Est. Monthly Total (\$mil)	\$0.5	\$0.4	\$0.0	\$0.1	\$0.0	\$0.1	\$0.1	105%	\$0.0	329%	1,827	
<b>Basic</b>						2014 Bronze						
Employee Only	\$94.04	\$88.23	\$5.81	\$0.00	\$75.00	\$0.00	\$0.00	n/a	\$75.00	n/a	238	
Employee & Spouse	170.48	86.80	5.72	77.96	152.96	77.96	0.00	0%	75.00	96%	70	
Employee & Child(ren)	135.60	100.86	6.64	28.10	103.10	28.10	0.00	0%	75.00	267%	62	
Family	212.04	111.61	7.35	93.08	168.08	93.08	0.00	0%	75.00	81%	86	
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	\$0.0	224%	457	
Total (Monthly) (\$ mil)	\$18.2	\$12.2	\$0.8	\$5.2	\$0.2	\$5.0	\$0.2/\$0.4		4%8%		28,115	
Est Annual Total (\$ mil)	\$218.4	\$145.8	\$9.6	\$63.0	\$2.5	\$60.5	\$2.4/\$5.0		4%8%			
vs 2014 plan elections - with/without wellness			\$9.6	\$63.0	\$2.5	\$65.1	-\$2.2/\$0.4		-3%1%			

Total Active & Ret (\$ mil)	\$287.8	\$175.4	\$11.5	\$100.9	\$2.5	\$94.8	\$6.1	6%	\$8.6	9%	39,574
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\*Already subtracted from Total Rates

Premium – Alternative 3  
 Classic – Alternative 1  
 Basic – Alternative 3

Note: The figures presented are preliminary and subject to change.



# ASE Preliminary Active Rates

## Risk Adjusted

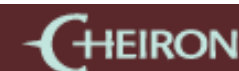
Actives	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment	
				with	without*		2014 Gold		with	without		
<b>Premium</b>												
Employee Only	\$425.56	\$308.34	\$20.22	\$97.00	\$172.00	\$96.68	\$0.32	0%	\$75.32	78%	14,304	
Employee & Spouse	955.78	557.12	36.54	362.12	437.12	371.24	(9.12)	-2%	65.88	18%	3,155	
Employee & Child(ren)	713.80	484.15	31.75	197.90	272.90	195.48	2.42	1%	77.42	40%	4,970	
Family	1,244.02	732.95	48.07	463.00	538.00	423.60	39.40	9%	114.40	27%	3,403	
Est. Monthly Total (\$mil)	\$16.9	\$11.1	\$0.7	\$5.1	\$0.2	\$5.0	\$0.1	2%	\$0.2	41%	25,832	
<b>Classic</b>												
						2014 Bronze						
Employee Only	\$374.72	\$308.34	\$20.22	\$46.16	\$121.16	\$0.00	\$46.16	n/a	\$121.16	n/a	952	
Employee & Spouse	837.44	557.12	36.54	243.78	318.78	77.96	165.82	213%	240.82	309%	280	
Employee & Child(ren)	626.28	484.15	31.75	110.38	185.38	28.10	82.28	293%	157.28	560%	249	
Family	1,089.00	732.95	48.07	307.98	382.98	93.08	214.90	231%	289.90	311%	346	
Est. Monthly Total (\$mil)	\$1.1	\$0.8	\$0.1	\$0.2	\$0.0	\$0.1	\$0.2	303%	\$0.0	528%	1,827	
<b>Basic</b>												
						2014 Bronze						
Employee Only	\$328.56	\$308.34	\$20.22	\$0.00	\$75.00	\$0.00	\$0.00	n/a	\$75.00	n/a	238	
Employee & Spouse	727.68	557.12	36.54	134.02	209.02	77.96	56.06	72%	131.06	168%	70	
Employee & Child(ren)	545.54	484.15	31.75	29.64	104.64	28.10	1.54	5%	76.54	272%	62	
Family	944.66	732.95	48.07	163.64	238.64	93.08	70.56	76%	145.56	156%	86	
Est. Monthly Total (\$mil)	\$0.2	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	66%	\$0.0	291%	457	
Total (Monthly) (\$ mil)	\$18.3	\$12.1	\$0.8	\$5.4	\$0.2	\$5.0	\$0.3/\$0.5		6%10%		28,115	
Est Annual Total (\$ mil)	\$219.0	\$145.2	\$9.5	\$64.3	\$2.5	\$60.5	\$3.8/\$6.3		6%10%			
vs 2014 plan elections - with/without wellness			\$9.5	\$64.3	\$2.5	\$65.1	-\$0.8/\$1.7		-1%3%			

Total Active & Ret (\$ mil)	\$287.8	\$175.4	\$11.5	\$100.9	\$2.5	\$94.8	\$6.2	6%	\$8.7	9%	39,574
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\*Already subtracted from Total Rates

Premium – Alternative 3  
 Classic – Alternative 1  
 Basic – Alternative 3

Note: The figures presented are preliminary and subject to change.





# ASE Preliminary Rates: Actives Blending & Options

Actives	Unadj Rate: Employee Cost	25% Risk Adj Employee Cost	50% Risk Adj Employee Cost	75% Risk Adj Employee Cost	Risk Adj Rate: Ee Cost	2014 Employee Cost		Assumed Enrollment
						2014 Gold	2014 Silver	
<b>Premium</b>								
Employee Only	\$99.38	\$98.79	\$98.19	\$97.60	\$97.00	\$96.68	\$62.72	14,304
Employee & Spouse	381.64	376.76	371.88	367.00	362.12	371.24	285.20	3,155
Employee & Child(ren)	200.96	200.20	199.43	198.67	197.90	195.48	142.78	4,970
Family	435.46	442.35	449.23	456.12	463.00	423.60	327.68	3,403
	\$5.1	\$5.1	\$5.1	\$5.1	\$5.1			25,832
<b>Classic</b>						2014 Bronze		
Employee Only	\$35.00	\$37.79	\$40.58	\$43.37	\$46.16	\$0.00		952
Employee & Spouse	116.94	148.65	180.36	212.07	243.78	77.96		280
Employee & Child(ren)	42.16	59.22	76.27	93.33	110.38	28.10		249
Family	139.62	181.71	223.80	265.89	307.98	93.08		346
	\$0.1	\$0.2	\$0.2	\$0.2	\$0.2			1,827
<b>Basic</b>						2014 Bronze		
Employee Only	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		238
Employee & Spouse	77.96	91.98	105.99	120.01	134.02	77.96		70
Employee & Child(ren)	28.10	28.49	28.87	29.26	29.64	28.10		62
Family	93.08	110.72	128.36	146.00	163.64	93.08		86
	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0			457
<b>Total (Monthly) (\$ mil)</b>	<b>\$5.2</b>	<b>\$5.3</b>	<b>\$5.3</b>	<b>\$5.3</b>	<b>\$5.4</b>			<b>28,115</b>
<b>Est Annual Total (\$ mil)</b>	<b>\$63.0</b>	<b>\$63.3</b>	<b>\$63.6</b>	<b>\$64.0</b>	<b>\$64.3</b>			

Discounted Rates (with wellness) shown. Base rates are \$75 higher per employee. Assumes 90% of population pays discounted rates. If assume 100%, increase all rates by \$7.50. If less, reduce rates by \$7.50 for each 10%.



# ASE Preliminary Retiree Rates

## Unadjusted

NME Retirees	Unadjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
<b>Premium</b>					<b>2014 Gold</b>			
Retiree Only	\$443.40	\$186.48	\$12.28	\$244.64	\$237.98	\$6.66	3%	1,900
Retiree & NME SP	998.20	375.81	24.75	597.64	581.36	16.28	3%	606
Retiree & Child(ren)	745.02	270.73	17.83	456.46	444.02	12.44	3%	104
Retiree & NME SP&CH	1,299.80	326.95	21.53	951.32	925.42	25.90	3%	39
Retiree & ME SP	800.28	359.86	23.70	416.72	405.36	11.36	3%	251
Retiree & ME SP & CH	1,101.90	443.02	29.18	629.70	612.54	17.16	3%	9
Est. Monthly Total (\$mil)	\$1.8	\$0.7	\$0.0	\$1.0	\$1.0	\$0.0	3%	2,909
<b>Classic</b>					<b>2014 Bronze</b>			
Employee Only	\$181.70	\$10.94	\$0.72	\$170.04	\$147.86	\$22.18	15%	27
Employee & Spouse	378.84	27.68	1.82	349.34	303.78	45.56	15%	18
Employee & Child(ren)	288.86	50.85	3.35	234.66	204.06	30.60	15%	4
Family	486.02	95.60	6.30	384.12	334.02	50.10	15%	12
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	15%	60
<b>Basic</b>					<b>2014 Bronze</b>			
Employee Only	\$94.04	\$0.00	(\$53.82)	\$147.86	\$147.86	(\$0.00)	0%	3
Employee & Spouse	170.48	0.00	(133.30)	303.78	303.78	0.00	0%	2
Employee & Child(ren)	135.60	0.00	(68.46)	204.06	204.06	(0.00)	0%	0
Family	212.04	0.00	(121.98)	334.02	334.02	(0.00)	0%	1
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	7
<b>Total (Monthly) (\$ mil)</b>	<b>\$1.8</b>	<b>\$0.7</b>	<b>\$0.0</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$0.0</b>	<b>3%</b>	<b>2,975</b>
<b>Est Annual Total (\$ mil)</b>	<b>\$21.7</b>	<b>\$8.6</b>	<b>\$0.6</b>	<b>\$12.5</b>	<b>\$12.1</b>	<b>\$0.4</b>		
<b>Medicare Eligible</b>								
Retiree Only	\$356.89	\$175.04	\$11.53	\$170.32	\$148.10	\$22.22	15%	5,797
Retiree & NME SP	800.30	232.07	15.29	552.94	480.82	72.12	15%	399
Retiree & Child(ren)	698.69	280.37	18.46	399.86	347.70	52.16	15%	62
Retiree & NME SP&CH	1,213.29	404.13	26.62	782.54	680.46	102.08	15%	34
Retiree & ME SP	686.20	276.04	18.18	391.98	340.86	51.12	15%	2,170
Retiree & ME SP & CH	1,028.00	381.34	25.12	621.54	540.48	81.06	15%	21
Est. Monthly Total (\$mil)	\$4.0	\$1.7	\$0.1	\$2.1	\$1.8	\$0.3	15%	8,483
<b>Total (Est. Annual)</b>	<b>\$47.8</b>	<b>\$20.9</b>	<b>\$1.4</b>	<b>\$25.5</b>	<b>\$22.2</b>	<b>\$3.3</b>		

Note: The figures presented are preliminary and subject to change.



# ASE Preliminary Retiree Rates

## Risk adjusted

NME Retirees	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
<b>Premium</b>					<b>2014 Gold</b>			
Retiree Only	\$425.56	\$179.71	\$11.79	\$234.06	\$237.98	(\$3.92)	-2%	1,900
Retiree & NME SP	955.78	328.99	21.57	605.22	581.36	23.86	4%	606
Retiree & Child(ren)	713.80	260.87	17.11	435.82	444.02	(8.20)	-2%	104
Retiree & NME SP&CH	1,244.02	410.14	26.90	806.98	925.42	(118.44)	-13%	39
Retiree & ME SP	782.44	296.93	19.47	466.04	405.36	60.68	15%	251
Retiree & ME SP & CH	1,070.68	378.09	24.79	667.80	612.54	55.26	9%	9
Est. Monthly Total (\$mil)	\$1.7	\$0.7	\$0.0	\$1.0	\$1.0	\$0.0	2%	2,909
<b>Classic</b>					<b>2014 Bronze</b>			
Employee Only	\$374.72	\$179.71	\$11.79	\$183.22	\$147.86	\$35.36	24%	27
Employee & Spouse	837.44	328.99	21.57	486.88	303.78	183.10	60%	18
Employee & Child(ren)	626.28	260.87	17.11	348.30	204.06	144.24	71%	4
Family	1,089.00	410.14	26.90	651.96	334.02	317.94	95%	12
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	61%	60
<b>Basic</b>					<b>2014 Bronze</b>			
Employee Only	\$328.56	\$179.71	\$11.79	\$137.06	\$147.86	(\$10.80)	-7%	3
Employee & Spouse	727.68	328.99	21.57	377.12	303.78	73.34	24%	2
Employee & Child(ren)	545.54	260.87	17.11	267.56	204.06	63.50	31%	0
Family	944.66	410.14	26.90	507.62	334.02	173.60	52%	1
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	24%	7
<b>Total (Monthly) (\$ mil)</b>	<b>\$1.8</b>	<b>\$0.7</b>	<b>\$0.0</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$0.0</b>	<b>3%</b>	<b>2,975</b>
<b>Est Annual Total (\$ mil)</b>	<b>\$21.1</b>	<b>\$8.2</b>	<b>\$0.5</b>	<b>\$12.4</b>	<b>\$12.1</b>	<b>\$0.3</b>		
<b>Medicare Eligible</b>								
Retiree Only	\$356.89	\$184.21	\$12.08	\$160.60	\$148.10	\$12.50	8%	5,797
Retiree & NME SP	782.44	235.25	15.43	531.76	480.82	50.94	11%	399
Retiree & Child(ren)	685.33	303.09	19.88	362.36	347.70	14.66	4%	62
Retiree & NME SP&CH	1,175.36	414.65	27.19	733.52	680.46	53.06	8%	34
Retiree & ME SP	686.20	292.38	19.18	374.64	340.86	33.78	10%	2,170
Retiree & ME SP & CH	1,014.63	411.25	26.96	576.42	540.48	35.94	7%	21
Est. Monthly Total (\$mil)	\$4.0	\$1.8	\$0.1	\$2.0	\$1.8	\$0.2	9%	8,483
<b>Total (Est. Annual)</b>	<b>\$47.7</b>	<b>\$22.1</b>	<b>\$1.4</b>	<b>\$24.2</b>	<b>\$22.2</b>	<b>\$2.0</b>		

Note: The figures presented are preliminary and subject to change.



# ASE Preliminary Rates: Retirees Blending & Options

NME Retirees	Unadj Rate: Retiree Cost	25% Risk Adj Retiree Cost	50% Risk Adj Retiree Cost	75% Risk Adj Retiree Cost	Risk Adj Rate: Ret. Cost	2014 Retiree Cost		Assumed Enrollment
						2014 Gold	2014 Silver	
<b>Premium</b>						2014 Gold	2014 Silver	
Retiree Only	\$244.16	\$241.64	\$239.11	\$236.59	\$234.06	\$237.98	\$204.00	1,900
Retiree & NME SP	596.48	598.67	600.85	603.04	605.22	581.36	495.32	606
Retiree & Child(ren)	455.56	450.63	445.69	440.76	435.82	444.02	379.16	104
Retiree & NME SP&CH	949.48	913.86	878.23	842.61	806.98	925.42	678.34	39
Retiree & ME SP	415.90	428.44	440.97	453.51	466.04	405.36		251
Retiree & ME SP & CH	628.46	638.30	648.13	657.97	667.80	612.54		9
Est. Monthly Total (\$mil)	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0			2,909
<b>Classic</b>						2014 Bronze		
Employee Only	\$170.04	\$173.34	\$176.63	\$179.93	\$183.22	\$147.86		27
Employee & Spouse	349.34	383.73	418.11	452.50	486.88	303.78		18
Employee & Child(ren)	234.66	263.07	291.48	319.89	348.30	204.06		4
Family	384.12	451.08	518.04	585.00	651.96	334.02		12
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0			60
<b>Basic</b>						2014 Bronze		
Employee Only	\$147.86	\$145.16	\$142.46	\$139.76	\$137.06	\$147.86		3
Employee & Spouse	303.78	322.12	340.45	358.79	377.12	303.78		2
Employee & Child(ren)	204.06	219.94	235.81	251.69	267.56	204.06		0
Family	334.02	377.42	420.82	464.22	507.62	334.02		1
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0			7
Total (Monthly) (\$ mil)	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0			2,975
Est Annual Total (\$ mil)	\$12.4	\$12.4	\$12.4	\$12.4	\$12.4			
<b>Medicare Eligible</b>								
Retiree Only	\$170.32	\$167.89	\$165.46	\$163.03	\$160.60	\$148.10		5,797
Retiree & NME SP	552.94	547.65	542.35	537.06	531.76	480.82		399
Retiree & Child(ren)	399.86	390.49	381.11	371.74	362.36	347.70		62
Retiree & NME SP&CH	782.54	770.29	758.03	745.78	733.52	680.46		34
Retiree & ME SP	391.98	387.65	383.31	378.98	374.64	340.86		2,170
Retiree & ME SP & CH	621.54	610.26	598.98	587.70	576.42	540.48		21
Est. Monthly Total (\$mil)	\$2.1	\$2.1	\$2.1	\$2.0	\$2.0			8,483
Total (Est. Annual)	\$25.5	\$25.2	\$24.8	\$24.5	\$24.2			

Note: The figures presented are preliminary and subject to change.





# CHEIRON

Classic Values, Innovative Advice



# Appendix A – Current Benefit Summary

<b>Benefit Option Name:</b> <b>Last Modified:</b> <b>Provider Network:</b>	<b>Gold</b> <b>1/1/2014</b> <b>Health Advantage</b>	<b>Silver</b> <b>1/1/2014</b> <b>QualChoice</b>	<b>Bronze</b> <b>1/1/2014</b> <b>Health Advantage</b>
<b><u>In-Network (INN) Benefits</u></b>			
Deductible (Individual / Family)	None / None	\$1000 / \$2000	\$2000 / \$3000
Coinsurance	20%	20%	20%
Copays			
Office Visit - Primary Care (PCP)	\$35	\$35	Ded. & Coins.
OV - Specialist Care Provider (SCP)	\$70	\$70	Ded. & Coins.
Urgent Care (UC)	\$100	\$150	Ded. & Coins.
Emergency Room (ER) Non-admitted	\$250	\$300	Ded. & Coins.
Outpatient Surgery	\$100 then Ded. & Coins.	\$150 then Ded. & Coins.	Ded. & Coins.
Hospital Inpatient	\$250 then Ded. & Coins.	\$300 then Ded. & Coins.	Ded. & Coins.
Out-of-Pocket Max (Individual / Family)	\$2500 / \$5000	\$4000 / \$8000	\$6350 / \$9525
<b><u>Out-of-Network (OON) Benefits</u></b> <sup>1</sup>			
Deductible (Individual / Family)	\$1000 / \$2000	\$2000 / \$4000	\$4000 / \$8000
Coinsurance	40%	40%	40%
Out-of-Pocket Max (Individual / Family)	\$6000 / \$12000	\$8000 / \$16000	\$12700 / \$19000
<b>Annual Maximum INN / OON</b>	<b>Unlimited</b>	<b>Unlimited</b>	<b>Unlimited</b>
<b><u>Prescription Drugs</u></b>			
Separate Deductible then the following Copays:			
Retail (31 Days) - Generic/Formulary /Non-Form./ Specialty	\$15 / \$40 / \$80 / \$100	\$15 / \$40 / \$80 / \$100	Ded. & Coins.
Mail Order (93 Days) - Generic/Form. /Non-Form.	\$45 / \$120/ \$240	\$45 / \$120 / \$240	Ded. & Coins.
<b><u>Selected Detail Benefits</u></b>			
Emergency Transportation - Ambulance	INN: \$50 Copay; OON: Ded & Coins.	INN: \$50 Copay; OON: Ded & Coins.	
Psychiatry	INN: \$25 Copay; OON: Ded & Coins.	INN: \$25 Copay; OON: Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	INN: \$35 Copay; OON: Ded. & Coins.	INN: \$35 Copay; OON: Ded. & Coins.	Ded. & Coins.
Chiropractors:	INN: \$35 ; OON: Ded & Coins.	INN: \$50; OON: Ded & Coins.	Ded. & Coins.
Hearing Aids:	No Cost; Limit of \$1400 per ear every 3 years	No Cost; Limit of \$1400 per ear every 3 years	Ded. & Coins.
Durable Medical Equipment (DME):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Preventive Care:	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost

<sup>1</sup>When an in-network provider is not available within 50 miles for a hospital and 25 miles for all other providers, then in-network benefits apply.



# Appendix B – Rating Worksheets (no migration)

## PSE ACTIVE & NME RATE DEVELOPMENT for CY2015

Plan:  
Benefit:  
Experience Period - Service (Incurred) Dates  
Experience Period - Processed (Paid) Dates

	Premium (from Gold/Silver)			Classic (from Bronze)			Basic (from Bronze)		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	4/13 - 3/14	4/13 - 3/14		4/13 - 3/14	4/13 - 3/14		4/13 - 3/14	4/13 - 3/14	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$139,796,219	\$48,388,928	\$188,185,147	\$55,314,558	\$10,667,044	\$65,981,603	\$55,314,558	\$10,667,044	\$65,981,603
2 Less High Cost Claims Above (Med/Rx)	\$125,000	\$25,000							
3 Net Incurred Claims below Pooling Point [1 - 2]	\$128,646,939	\$41,931,075	\$170,578,014	\$53,894,494	\$9,991,305	\$63,885,799	\$53,894,494	\$9,991,305	\$63,885,799
4 Person Months for Experience Period	424,456	424,456	424,456	478,463	478,463	478,463	478,463	478,463	478,463
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$303.09	\$98.79	\$401.88	\$112.64	\$20.88	\$133.52	\$112.64	\$20.88	\$133.52
6 Change in Benefits & Network/Contract During Experience Period	0.9903	0.8632		0.9263	0.8534		0.9263	0.8534	
7 Change in Demographics or Illness Burden During Experience Period	1.0602	1.0608		1.0068	1.0103		1.0068	1.0103	
8 Change in Geographic During Experience Period	1.0043	1.0000		1.0016	1.0004		1.0016	1.0004	
9 a) Annual Trend Rate	6.0%	6.0%		6.0%	6.0%		6.0%	6.0%	
b) Months to Trend	21	21		21	21		21	21	
c) Trend Adjustment	1.1074	1.1074		1.1074	1.1074		1.1074	1.1074	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$353.87	\$100.18	\$454.05	\$116.51	\$19.94	\$136.45	\$116.51	\$19.94	\$136.45
11 Charge for Claims above Pooling Point PPPM	\$26.51	\$14.10	\$40.61	\$8.89	\$2.78	\$11.66	\$8.89	\$2.78	\$11.66
12 Total Claims Charged PPPM [10 + 11]	\$380.39	\$114.27	\$494.66	\$125.39	\$22.72	\$148.12	\$125.39	\$22.72	\$148.12
13 Change in Future Benefits & Networks/Contracts	0.9469	1.0029		0.9995	0.9995		0.7723	0.7723	
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	0.9984	1.0053		1.1624	1.2017		0.4995	0.4982	
15 Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 Rating Incurred Claim PPPM [13 x 14 x 15]	\$359.61	\$115.21	\$474.81	\$145.69	\$27.29	\$172.98	\$48.38	\$8.74	\$57.12
17 ACA Transitional Reinsurance Fee & ARK PCMH PPPM			\$6.67			\$6.67			\$6.67
18 Projected Persons Months	396,225	396,225	396,225	425,932	425,932	425,932	103,210	103,210	103,210
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	\$142,484,636	\$45,648,009	\$190,774,143	\$62,053,456	\$11,623,647	\$76,516,651	\$4,993,151	\$902,356	\$6,583,575
20 PEPM Expenses and Other Costs			\$40.00			\$37.99			\$38.13
21 Retiree Subsidy / Holdback PEPM			\$11.20			\$11.20			\$11.20
22 Projected Expense Loaded Cost [19 + (20+21) x 23]			\$206,762,979			\$88,374,023			\$9,427,554
23 Conversion to Rating Tiers [19 x rating tier x counts]									
Method: <input type="text" value="Person"/>									
	x tier	Projected		x tier	Projected		x tier	Projected	
	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only	1.08	268,873	\$571.35	1.14	154,355	\$253.54	1.14	36,499	\$122.31
b) Employee & Spouse	2.57	7,102	\$1,289.34	2.71	16,923	\$535.61	2.72	3,826	\$223.04
c) Employee & Child(ren)	2.09	28,037	\$1,056.50	2.20	37,231	\$444.13	2.21	9,255	\$190.37
d) Family	3.58	8,032	\$1,774.49	3.77	32,552	\$726.21	3.79	8,066	\$291.10
e) Child(ren) of Medicare Retirees	1.01	208	\$536.35						
24 Rates Balance Confirmation		312,252	\$206,762,979		241,062	\$88,374,023		57,647	\$9,427,554



# Appendix B – Rating Worksheets (no migration)

## PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2015

Plan:

Benefit:

Experience Period - Service (Incurred) Dates

Experience Period - Processed (Paid) Dates

		Medicare	
		Medical	Total
		4/13 - 3/14	
		4/13 - 4/14	
1	Total Incurred Medical & Rx Claims	\$14,297,045	\$14,297,045
2	<u>Less High Cost Claims Above (Med/Rx)</u>	\$125,000	\$25,000
		<u>\$95,364</u>	<u>\$95,364</u>
3	<b>Net Incurred Claims below Pooling Point [1 - 2]</b>	<b>\$14,201,681</b>	<b>\$14,201,681</b>
4	<u>Person Months for Experience Period</u>	106,868	<b>106,868</b>
5	<b>Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]</b>	<b>\$132.89</b>	<b>\$132.89</b>
6	Change in Benefits & Network/Contract During Experience Period	1.0000	
7	Change in Demographics or Risk During Experience Period	1.0038	
8	Change in Geographic During Experience Period	1.0000	
9	a) Annual Trend Rate	5.0%	
	b) Months to Trend	21	
	c) <u>Trend Adjustment</u>	<u>1.0891</u>	
10	<b>Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]</b>	<b>\$145.28</b>	<b>\$145.28</b>
11	<u>Charge for Claims above Pooling Point PPPM</u>	<u>\$4.03</u>	<u>\$4.03</u>
12	<b>Total Claims Charged PPPM [10 + 11]</b>	<b>\$149.31</b>	<b>\$149.31</b>
13	Change in Future Benefits & Networks/Contracts	1.0000	
14	Change in Future Demographics (Age/Gender/Family) or Illness Burden	0.9819	
15	<u>Change in Future Geographic</u>	<u>1.0000</u>	
16	<b>Projected Incurred Claim PPPM [13 x 14 x 15]</b>	<b>\$146.60</b>	<b>\$146.60</b>
17	<u>Projected Person Months</u>	132,129	132,129
18	Allocated Expenses	\$27.58	\$27.58
19	<u>Projected ME Retiree Months</u>	120,355	120,355
20	<b>Projected Total Incurred Claims &amp; Exp [16 x 17 + 18 x 19]</b>	<b>\$22,689,813</b>	<b>\$22,689,813</b>



# Appendix B – Rating Worksheets (no migration)

## PSE PREMIUM RETIREE RATE DEVELOPMENT for CY2015

### 21 Conversion to Rating Tiers from PPPM [16]

Method:

Person

- a) NME Retiree
- b) NME Retiree & NME Spouse
- c) NME Retiree & Child(ren)
- d) NME Retiree & NME Spouse & Child(ren)
- e) NME Retiree & ME Spouse
- f) NME Retiree & ME Spouse & Child(ren)
- g) ME Retiree
- h) ME Retiree & NME Spouse
- i) ME Retiree & Child(ren)
- j) ME Retiree & NME Spouse & Child(ren)
- k) ME Retiree & ME Spouse
- l) ME Retiree & ME Spouse & Child(ren)

<u>x Non-Med.</u>	<u>Non-Med.</u>	<u>x Medicare</u>	<u>Medicare</u>	<u>Projected</u>	<u>TOTAL</u>
<u>tier factor</u>	<u>PEPM</u>	<u>tier factor</u>	<u>PEPM</u>	<u>Ret Months</u>	<u>PEPM</u>
1.08	\$571.35	-	\$0.00	23,311	\$571.35
2.57	\$1,289.34	-	\$0.00	1,694	\$1,289.34
2.09	\$1,056.50	-	\$0.00	242	\$1,056.50
3.58	\$1,774.49	-	\$0.00	180	\$1,774.49
1.08	\$571.35	1.00	\$146.60	1,871	\$717.95
2.09	\$1,056.50	1.00	\$146.60	-	\$1,203.10
	\$0.00	1.00	\$174.18	109,076	\$174.18
1.08	\$560.15	1.00	\$174.18	1,154	\$734.33
1.01	\$525.15	1.00	\$174.18	208	\$699.34
2.50	\$1,203.14	1.00	\$174.18	14	\$1,377.33
	\$0.00	2.00	\$320.79	9,903	\$320.79
1.01	\$525.15	2.00	\$320.79	-	\$845.94
	<u>\$17,919,873</u>		<u>\$22,689,813</u>		<u>\$40,609,686</u>

### 22 Rates Balance Confirmation

# Appendix B – Rating Worksheets

## ASE ACTIVE & NME RATE DEVELOPMENT for CY2015

Plan:  
Benefit:  
Experience Period - Service (Incurred) Dates  
Experience Period - Processed (Paid) Dates

	Premium (from Gold/Silver)			Classic (from Bronze)			Basic (from Bronze)		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	4/13 - 3/14	4/13 - 3/14		4/13 - 3/14	4/13 - 3/14		4/13 - 3/14	4/13 - 3/14	
	4/13 - 4/14	4/13 - 4/14		4/13 - 4/14	4/13 - 4/14		4/13 - 4/14	4/13 - 4/14	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$163,531,148	\$50,765,092	\$214,296,240	\$4,224,267	\$529,194	\$4,753,460	\$4,224,267	\$529,194	\$4,753,460
2 Less High Cost Claims Above (Med/Rx)	\$11,567,451	\$4,502,192	\$16,069,644	\$52,314	\$16,250	\$68,565	\$52,314	\$16,250	\$68,565
3 Net Incurred Claims below Pooling Point [1 - 2]	\$151,963,696	\$46,262,900	\$198,226,596	\$4,171,952	\$512,943	\$4,684,896	\$4,171,952	\$512,943	\$4,684,896
4 Person Months for Experience Period	615,788	615,788	615,788	49,208	49,208	49,208	49,208	49,208	49,208
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$246.78	\$75.13	\$321.91	\$84.78	\$10.42	\$95.20	\$84.78	\$10.42	\$95.20
6 Change in Benefits & Network/Contract During Experience Period	0.9878	0.8646		0.9563	0.8376		0.9563	0.8376	
7 Change in Demographics or Illness Burden During Experience Period	0.9823	0.9772		0.9946	0.9922		0.9946	0.9922	
8 Change in Geographic During Experience Period	0.9997	1.0000		0.9945	0.9993		0.9945	0.9993	
9 a) Annual Trend Rate	6.0%	6.0%		6.0%	6.0%		6.0%	6.0%	
b) Months to Trend	21	21		21	21		21	21	
c) Trend Adjustment	1.1074	1.1074		1.1074	1.1074		1.1074	1.1074	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$265.08	\$70.29	\$335.38	\$88.80	\$9.58	\$98.38	\$88.80	\$9.58	\$98.38
11 Charge for Claims above Pooling Point PPPM	\$19.53	\$7.88	\$27.41	\$6.09	\$0.96	\$7.06	\$6.09	\$0.96	\$7.06
12 Total Claims Charged PPPM [10 + 11]	\$284.61	\$78.17	\$362.78	\$94.89	\$10.54	\$105.43	\$94.89	\$10.54	\$105.43
13 Change in Future Benefits & Networks/Contracts	0.9427	1.0050		1.0000	1.0000		0.7985	0.7985	
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	1.0028	1.0011		1.1356	1.1604		0.5033	0.4992	
15 Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 Rating Incurred Claim PPPM [13 x 14 x 15]	\$269.05	\$78.65	\$347.70	\$107.76	\$12.23	\$119.99	\$38.13	\$4.20	\$42.33
17 ACA Transitional Reinsurance Fee & ARK PCMH PPPM			\$6.67			\$6.67			\$6.67
18 Projected Persons Months	621,701	621,701	621,701	44,051	44,051	44,051	10,827	10,827	10,827
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	\$167,265,900	\$48,896,997	\$220,307,569	\$4,746,953	\$538,943	\$5,579,571	\$412,839	\$45,501	\$530,517
20 PEPM Expenses and Other Costs			\$40.20			\$38.42			\$38.48
21 Projected Expense Loaded Cost [19 + (20+21) x 23]			\$234,410,805			\$6,449,348			\$744,464
22 Conversion to Rating Tiers [19 x rating tier x counts]									
Method:	Person								
	<u>x tier</u>	<u>Projected</u>		<u>x tier</u>	<u>Projected</u>		<u>x tier</u>	<u>Projected</u>	
	<u>factor</u>	<u>Ee Months</u>	<u>PEPM</u>	<u>factor</u>	<u>Ee Months</u>	<u>PEPM</u>	<u>factor</u>	<u>Ee Months</u>	<u>PEPM</u>
a) Employee Only	1.14	202,240	\$443.41	1.13	11,744	\$181.69	1.13	2,891	\$94.04
b) Employee & Spouse	2.70	45,131	\$998.20	2.69	3,577	\$378.84	2.69	865	\$170.49
c) Employee & Child(ren)	1.99	61,408	\$745.01	1.98	3,028	\$288.87	1.98	751	\$135.60
d) Family	3.55	41,300	\$1,299.81	3.53	4,292	\$486.01	3.54	1,053	\$212.05
e) Child(ren) of Medicare Retirees	0.85	744	\$341.80						
23 Rates Balance Confirmation		350,824	\$234,410,805		22,641	\$6,449,348		5,560	\$744,464

# Appendix B – Rating Worksheets

## ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2015

Plan:			
Benefit:			
Experience Period - Service (Incurred) Dates	Medical	Medicare Pharmacy	Total
Experience Period - Processed (Paid) Dates	4/13 - 3/14	4/13 - 3/14	
	4/13 - 4/14	4/13 - 4/14	
<b>1 Total Incurred Medical &amp; Rx Claims *</b>	\$17,795,528	\$20,746,773	\$38,542,301
<b>2 Less High Cost Claims Above (Med/Rx)</b> <b>\$125,000</b> <b>\$25,000</b>	<u>\$260,444</u>	<u>\$2,626,086</u>	<u>\$2,886,530</u>
<b>3 Net Incurred Claims below Pooling Point [1 - 2]</b>	<b>\$17,535,084</b>	<b>\$18,120,687</b>	<b>\$35,655,771</b>
<b>4 Person Months for Experience Period</b>	119,851	119,851	<b>119,851</b>
<b>5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]</b>	<b>\$146.31</b>	<b>\$151.19</b>	<b>\$297.50</b>
<b>6 Change in Benefits/Network During Experience Period</b>	1.0000	0.8653	
<b>7 Change in Demographics or Risk During Experience Period</b>	1.0015	1.0015	
<b>8 Change in Geographic During Experience Period</b>	1.0000	1.0000	
<b>9 a) Annual Trend Rate</b>	5.0%	6.0%	
<b>b) Months to Trend</b>	21	21	
<b>c) Trend Adjustment</b>	<u>1.0891</u>	<u>1.1074</u>	
<b>10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]</b>	<b>\$159.59</b>	<b>\$145.09</b>	<b>\$304.68</b>
<b>11 Charge for Claims above Pooling Point PPPM</b>	<u>\$2.17</u>	<u>\$21.91</u>	<u>\$24.08</u>
<b>12 Total Claims Charged PPPM [10 + 11]</b>	<b>\$161.76</b>	<b>\$167.00</b>	<b>\$328.76</b>
<b>13 Change in Future Benefits (Level/Mgt/Discounts)</b>	1.0000	1.0051	
<b>14 Change in Future Demographics (Age/Gender/Family) or Risk</b>	0.9975	1.0005	
<b>15 Change in Future Geographic</b>	<u>1.0000</u>	<u>1.0000</u>	
<b>16 Projected Incurred Claim PPPM [13 x 14 x 15]</b>	<b>\$161.37</b>	<b>\$167.94</b>	<b>\$329.31</b>
<b>17 Projected Person Months</b>	131,225	131,225	<b>131,225</b>
<b>18 Allocated Expenses</b>	\$27.58		<b>\$27.58</b>
<b>19 Projected ME Retiree Months</b>	101,800		<b>101,800</b>
<b>20 Projected Total Incurred Claims &amp; Exp [16 x 17 + 18 x 19]</b>	<b>\$23,982,819</b>	<b>\$22,038,311</b>	<b>\$46,021,130</b>

\* Pharmacy Cost for Medicare has subtracted the RDS Subsidy.

# Appendix B – Rating Worksheets

## ASE PREMIUM RETIREE RATE DEVELOPMENT for CY2015

### 21 Conversion to Rating Tiers from PPPM [16]

Method:

Person

- a) NME Retiree
- b) NME Retiree & NME Spouse
- c) NME Retiree & Child(ren)
- d) NME Retiree & NME Spouse & Child(ren)
- e) NME Retiree & ME Spouse
- f) NME Retiree & ME Spouse & Child(ren)
- g) ME Retiree
- h) ME Retiree & NME Spouse
- i) ME Retiree & Child(ren)
- j) ME Retiree & NME Spouse & Child(ren)
- k) ME Retiree & ME Spouse
- l) ME Retiree & ME Spouse & Child(ren)

	<u>x Non-Med.</u>	<u>Non-Med.</u>	<u>x Medicare</u>	<u>Medicare</u>	<u>Projected</u>	<u>TOTAL</u>
	<u>tier factor</u>	<u>PEPM</u>	<u>tier factor</u>	<u>PEPM</u>	<u>Ee Months</u>	<u>PEPM</u>
a)	1.14	\$443.41	-	\$0.00	22,582	\$443.41
b)	2.70	\$998.20	-	\$0.00	7,168	\$998.20
c)	1.99	\$745.01	-	\$0.00	1,214	\$745.01
d)	3.55	\$1,299.81	-	\$0.00	450	\$1,299.81
e)	1.14	\$443.41	1.00	\$329.31	3,013	\$772.72
f)	1.99	\$745.01	1.00	\$329.31	110	\$1,074.32
g)	-	\$0.00	1.00	\$356.89	69,560	\$356.89
h)	1.14	\$443.41	1.00	\$356.89	4,784	\$800.30
i)	0.85	\$341.80	1.00	\$356.89	744	\$698.69
j)	2.42	\$856.40	1.00	\$356.89	411	\$1,213.29
k)	-	\$0.00	2.00	\$686.20	26,045	\$686.20
l)	0.85	\$341.80	2.00	\$686.20	257	\$1,028.00
		<u>\$22,889,663</u>		<u>\$46,021,130</u>		<u>\$68,910,793</u>

### 22 Rates Balance Confirmation





# Appendix C – Assumptions & Disclosures

- Plan Election:
  - For ASE and PSE overall Non-Medicare Eligible plan election will be similar to 2014.
  - Increases in Medicare eligible retirees (to 8,500 for ASE and 10,000 for PSE, approximately).
  - Silver and Gold are assumed to move to the Premium plan.
  - 20% of Bronze Active participants are assumed to elect the Basic plan and 80% the Classic plan. 10% of Bronze Retiree participants are assumed to elect the Basic plan and 90% the Classic plan.
  - For selected PSE Scenarios, 8,000 participants migrate from Premium to Classic/Basic
- Experience period: April 2013 through March 2014. Claims are paid through April 2014, adjusted for savings generated by reference pricing changes implemented on or before January 1, 2014.
- Trend assumption: 6% annually for medical (Non-Medicare) and Rx, 5% for medical Medicare.
- Additional details about the assumptions and methods will be provided in follow-up documentation.
- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the Plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information and claims data. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.
- Cheiron's analysis was prepared exclusively for the Employee Benefits Division of the State of Arkansas for the specific purpose of providing projections and options to the Arkansas State and Public School Life and Health Insurance Board and/or Benefits Committee. Our analysis is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.
- The figures in this presentation are preliminary and subject to change or modification as more detailed information is gathered and depending upon decisions made by the Board.