

City of Grand Rapids
2013 Trend Report

GRS

Gabriel Roeder Smith & Company



December 14, 2012

Mr. Scott Buhner
Chief Financial Officer
City of Grand Rapids
300 Monroe Avenue, N.W.
Grand Rapids, MI 49503

We are pleased to present the results of the annual review of self-insured claims experience for the City of Grand Rapids. The results herein are used for the following purposes:

- To establish the City's calendar year 2013 rates.
- As inputs to the June 30, 2012 actuarial valuations of the City's "Other Employment Benefits" for General, Police, and Fire members.

This report should not be used for any other purpose. We produced this report using data from Meritain.

Executive Summary

- Combined medical and prescription drug claim experience in 2011 showed only a slight increase over 2010. While experience is often the best indicator for future costs, we do not recommend relying on a single year's experience in setting trend assumptions since trends vary significantly from year to year. Therefore, we use professional judgment and industry benchmarks in setting the trend assumptions.
 - The medical trend assumption is 8.5% and the assumed trend for the prescription drug benefit is 8.5% -- each of these assumptions has decreased from the 9% values used in last year's trend report. We use the trends to project results from the experience periods to the rating period (calendar year 2013).
- Despite the increases anticipated from the trend assumptions, final implemented rates for 2013 will be relatively unchanged from 2012. This is partly due to the favorable experience during 2011 noted above, along with the use of Early Retiree Reinsurance Program (ERRP) money which offset the expected trend increases. To date, approximately \$1.48 million of the approximately \$1.98 million of ERRP money has been used. The ERRP funds must be exhausted by December 31, 2014. This means that there will be upward pressure on the rates in 2015 in the absence of significant plan changes or very favorable claims experience. Finally, the City's use of 3-year smoothing of gains and losses for determining the implemented rates also helped suppress a rate increase since gains from the previous year flow into the rates.

- The results of the rate analysis in this report will be incorporated into the June 30, 2012 Annual Other Postemployment Benefits Valuations for General, Police and Fire. The pre-65 retiree only “calculated rates” developed on page 16 of this report serve as the basis of pre-65 per capita costs. The per contract rates are converted to per member rates and then converted to age-graded rates for use in the valuations. The 2013 blended (pre-65 retiree and active) implemented rates (page 18) serve as the basis for pre-65 retiree contributions. The post 65 retirees pay 100% of the true cost developed on page 16.
- Projections presented in the report will differ from retiree health valuation cash flows due to:
 - Age-based projection methodology used in the valuations versus average-base projections used in this report
 - Data variances
 - Cash flows in the reports are net of retiree contributions; and
 - The valuation year starts July 1st while the rating year starts January 1st.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial methods. The data used was reviewed for reasonableness but not otherwise audited. In our judgment, the actuarial assumptions used for the study are, individually and in aggregate, reasonable. We are not responsible for the accuracy or completeness of the information provided.

This report is intended to provide the rates for 2013 and should not be relied on for any other purpose. Future actuarial measurements (such as the projected 2014 rates) may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, or changes in economic or demographic assumptions. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of such future measurements.

Circular 230 Notice: Pursuant to regulations issued by the IRS, to the extent this communication (or any attachment) concerns tax matters, it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) marketing or recommending to another party any tax-related matter addressed within. Each taxpayer should seek advice based on the individual’s circumstances from an independent tax advisor.

This report shall not be construed to provide tax, legal or investment advice.

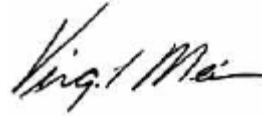
Mr. Scott Buhner
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The actuaries submitting this report are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries.

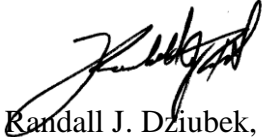
Respectively submitted,



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Employer Paid Medical Claims Experience

Experience Year: 07/01/2010 - 06/30/2011

Projection Year: 01/01/2013 - 12/31/2013

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Medical Claims *	\$ 12,928,384	\$ 6,352,688	\$ 19,281,072	\$ 392,946
Trend Factor (8.5% annual trend)	1.226	1.226	1.226	1.226
Incurral Factor	1.014	1.014	1.014	1.014
Projected Incurred Claims	\$ 16,072,102	\$ 7,897,433	\$ 23,969,535	\$ 488,496
Average Contracts	1,284.42	491.42	1,775.83	174.50
Average Members	3,945.00	1,014.50	4,959.50	210.25
Per Member Per Month Claims (PMPM)	\$ 339.50	\$ 648.71	\$ 402.75	\$ 193.62

Experience Year: 07/01/2011 - 06/30/2012

Projection Year: 01/01/2013 - 12/31/2013

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Medical Claims	\$ 14,185,409	\$ 6,484,230	\$ 20,669,639	\$ 355,972
Trend Factor (8.5% annual trend)	1.130	1.130	1.130	1.130
Incurral Factor	1.014	1.014	1.014	1.014
Projected Incurred Claims	\$ 16,253,925	\$ 7,429,760	\$ 23,683,686	\$ 407,880
Average Contracts	1,266.50	466.92	1,733.42	165.75
Average Members	3,904.33	979.00	4,883.33	199.75
Per Member Per Month Claims (PMPM)	\$ 346.92	\$ 632.43	\$ 404.16	\$ 170.16
Weighted Average PMPM (60/40)	\$ 343.95	\$ 638.94	\$ 403.60	\$ 179.54
Administrative Fees	\$ 8.72	\$ 14.66	\$ 9.91	\$ 14.28
Total Medical PMPM	\$ 352.67	\$ 653.60	\$ 413.51	\$ 193.82

* See explanatory notes for detailed description.

Medical Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Medical PMPM	\$ 352.67	\$ 653.60	\$ 413.51	\$ 193.82
Members Per Contract	3.060	2.122	2.814	1.199
Per Employee Per Month Cost (PEPM)	\$ 1,079.17	\$ 1,386.94	\$ 1,163.62	\$ 232.39
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.063	1.999
Family	2.600	2.220	2.548	2.249
Composite Tier	2.241	1.794	2.124	1.185
Single Rate*	\$ 481.56	\$ 773.10	\$ 547.84	\$ 196.11
Double Rate*	\$ 1,035.35	\$ 1,507.55	\$ 1,130.19	\$ 392.02
Family Rate*	\$ 1,252.06	\$ 1,716.28	\$ 1,395.90	\$ 441.05

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

Employer Paid Rx Pre-65 Claims Experience

Experience Year: 07/01/2010 - 06/30/2011

Projection Year: 01/01/2013 - 12/31/2013

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Rx Claims	\$ 2,999,126	\$ 2,325,050	\$ 5,324,176
Trend Factor (8.5% annual trend)	1.226	1.226	1.226
Incurral Factor	1.007	1.007	1.007
Projected Incurred claims	\$ 3,702,667	\$ 2,870,465	\$ 6,573,132
Average Contracts	1,284.42	491.42	1,775.83
Average Members	3,945.00	1,014.50	4,959.50
Per Member Per Month Claims (PMPM)	\$ 78.21	\$ 235.79	\$ 110.45

Experience Year: 07/01/2011 - 06/30/2012

Projection Year: 01/01/2013 - 12/31/2013

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Rx Claims	\$ 3,223,675	\$ 2,169,329	\$ 5,393,004
Trend Factor (8.5% annual trend)	1.130	1.130	1.130
Incurral Factor	1.007	1.007	1.007
Projected Incurred Claims	\$ 3,668,252	\$ 2,468,501	\$ 6,136,753
Average Contracts	1,266.50	466.92	1,733.42
Average Members	3,904.33	979.00	4,883.33
Per Member Per Month Claims (PMPM)	\$ 78.29	\$ 210.12	\$ 104.72
Weighted Average PMPM (60/40)	\$ 78.26	\$ 220.39	\$ 107.01
Administrative Fees	\$ 1.43	\$ 2.09	\$ 1.56
Total Rx PMPM	\$ 79.69	\$ 222.48	\$ 108.57

Pre-65 Rx Rate Development

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Total Rx PMPM	\$ 79.69	\$ 222.48	\$ 108.57
Members Per Contract	3.060	2.122	2.814
Per Employee Per Month Cost (PEPM)	\$ 243.85	\$ 472.10	\$ 305.52
Rating Tiers			
Single	1.000	1.000	1.000
Double	2.150	1.950	2.063
Family	2.600	2.220	2.548
Composite Tier	2.241	1.794	2.124
Single Rate*	\$ 108.81	\$ 263.15	\$ 143.84
Double Rate*	\$ 233.94	\$ 513.14	\$ 296.74
Family Rate*	\$ 282.91	\$ 584.19	\$ 366.50

** Rate calculated as the PEPM times the rating tier divided by the composite tier.*

Employer Paid Post-65 Rx Claims Experience

Experience Year: 07/01/2010 - 06/30/2011

Projection Year: 01/01/2013 - 12/31/2013

	<u>\$2 Copay</u>	<u>\$4 Copay</u>	<u>\$4/\$8 Copay</u>	<u>\$10/\$20 Copay</u>	<u>Post-65 Total</u>
Paid Rx Claims	\$ 178,735	\$ 25,296	\$ 95,124	\$ 589,813	\$ 888,968
Trend Factor (8.5% annual trend)	1.226	1.226	1.226	1.226	1.226
Incurral Factor	1.007	1.007	1.007	1.007	1.007
Projected Incurred Claims	\$ 220,663	\$ 31,230	\$ 117,438	\$ 728,173	\$ 1,097,504
Average Contracts	28.75	4.25	21.50	120.00	174.50
Average Members	31.75	5.33	25.50	147.67	210.25
Per Member Per Month Claims (PMPM)	\$ 579.17	\$ 488.27	\$ 383.78	\$ 410.92	\$ 435.00

Experience Year: 07/01/2011 - 06/30/2012

Projection Year: 01/01/2013 - 12/31/2013

	<u>\$2 Copay</u>	<u>\$4 Copay</u>	<u>\$4/\$8 Copay</u>	<u>\$10/\$20 Copay</u>	<u>Post-65 Total</u>
Paid Rx Claims	\$ 101,225	\$ 21,485	\$ 97,622	\$ 727,886	\$ 948,218
Trend Factor (8.5% annual trend)	1.130	1.130	1.130	1.130	1.130
Incurral Factor	1.007	1.007	1.007	1.007	1.007
Projected Incurred Claims	\$ 115,185	\$ 24,448	\$ 111,085	\$ 828,269	\$ 1,078,987
Average Contracts	25.25	4.50	19.25	116.75	165.75
Average Members	27.67	5.50	23.25	143.33	199.75
Per Member Per Month Claims (PMPM)	\$ 346.90	\$ 370.42	\$ 398.15	\$ 481.56	\$ 450.14

Post-65 Rx Rate Development

Experience Year: 07/01/2010 - 06/30/2011
 Projection Year: 01/01/2013 - 12/31/2013

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay
Overall Rx PMPM	\$ 435.00	\$ 435.00	\$ 435.00	\$ 435.00
Relative Value to \$10/\$20 Copay Plan	1.098	1.076	1.056	0.960
Utilization Assumption	1.220	1.197	1.128	0.921
PMPM based on Relative Values (RVs)	\$ 582.71	\$ 560.27	\$ 518.16	\$ 384.61
PMPM based on Experience	\$ 579.17	\$ 488.27	\$ 383.78	\$ 410.92

Experience Year: 07/01/2011 - 06/30/2012
 Projection Year: 01/01/2013 - 12/31/2013

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay
Overall Rx PMPM	\$ 450.14	\$ 450.14	\$ 450.14	\$ 450.14
Relative Value to \$10/\$20 Copay Plan	1.103	1.080	1.061	0.964
Utilization Assumption	1.222	1.199	1.130	0.923
PMPM based on Relative Values (RVs)	\$ 606.73	\$ 582.90	\$ 539.69	\$ 400.52
PMPM based on Experience	\$ 346.90	\$ 370.42	\$ 398.15	\$ 481.56
Administrative Fees	\$ 5.57	\$ 5.61	\$ 5.49	\$ 2.89
Weighted Average PMPM (RVs) (60/40)	\$ 602.69	\$ 579.46	\$ 536.57	\$ 397.05
Per Employee Per Month Cost (PEPM)	\$ 722.63	\$ 694.77	\$ 643.35	\$ 476.06
Single	1.000	1.000	1.000	1.000
Double	1.999	1.999	1.999	1.999
Family	2.249	2.249	2.249	2.249
Composite Tier	1.185	1.185	1.185	1.185
Single Rate*	\$ 609.81	\$ 586.30	\$ 542.91	\$ 401.74
Double Rate*	\$ 1,219.01	\$ 1,172.01	\$ 1,085.28	\$ 803.08
Family Rate*	\$ 1,371.46	\$ 1,318.59	\$ 1,221.00	\$ 903.51

* Rate calculated as the PEPM times the rating tier divided by the composite tier,

** Uses relativities produced by GRS model to reallocate claims since PMPM based on experience is not credible.

Employer Paid Dental Claims Experience

Experience Year: 07/01/2010 - 06/30/2011
 Projection Year: 01/01/2012 - 12/31/2012

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 1,177,988	\$ 383,034	\$ 1,561,022	\$ 9,982
Trend Factor (5% annual trend)	1.130	1.130	1.130	1.130
Incurral Factor	1.004	1.004	1.004	1.004
Projected Incurred claims	\$ 1,336,451	\$ 434,560	\$ 1,771,011	\$ 11,325
Average Contracts	1,284.42	491.42	1,775.83	28.42
Average Members	3,945.00	1,014.50	4,959.50	36.61
Per Member Per Month Claims (PMPM)	\$ 28.23	\$ 35.70	\$ 29.76	\$ 25.78

Experience Year: 07/01/2011 - 06/30/2012
 Projection Year: 01/01/2012 - 12/31/2012

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 1,153,283	\$ 371,625	\$ 1,524,908	\$ 8,903
Trend Factor (5% annual trend)	1.076	1.076	1.076	1.076
Incurral Factor	1.004	1.004	1.004	1.004
Projected Incurred Claims	\$ 1,245,896	\$ 401,468	\$ 1,647,364	\$ 9,618
Average Contracts	1,266.50	466.92	1,733.42	27.83
Average Members	3,904.33	979.00	4,883.33	35.97
Per Member Per Month Claims (PMPM)	\$ 26.59	\$ 34.17	\$ 28.11	\$ 22.28
Weighted Average PMPM (60/40)	\$ 27.25	\$ 34.78	\$ 28.77	\$ 23.68
Administrative Fees	\$ -	\$ -	\$ -	\$ -
Total Dental PMPM	\$ 27.25	\$ 34.78	\$ 28.77	\$ 23.68

Dental Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Dental PMPM	\$ 27.25	\$ 34.78	\$ 28.77	\$ 23.68
Members Per Contract	3.060	2.122	2.814	1.199
Per Employee Per Month Cost (PEPM)	\$ 83.39	\$ 73.80	\$ 80.96	\$ 28.39
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.063	1.999
Family	2.600	2.220	2.548	2.249
Composite Tier	2.241	1.794	2.124	1.185
Single Rate*	\$ 37.21	\$ 41.14	\$ 38.12	\$ 23.96
Double Rate*	\$ 80.00	\$ 80.22	\$ 78.64	\$ 47.90
Family Rate*	\$ 96.75	\$ 91.33	\$ 97.13	\$ 53.89

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

Employer Paid Vision Claims Experience

Experience Year: 07/01/2010 - 06/30/2011

Projection Year: 01/01/2013 - 12/31/2013

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Vision Claims	\$ 292,147	\$ 88,448	\$ 380,595	\$ 2,464
Trend Factor (3.5% annual trend)	1.090	1.090	1.090	1.090
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 319,396	\$ 96,698	\$ 416,093	\$ 2,694
Average Contracts	1,284.42	491.42	1,775.83	174.50
Average Members	3,945.00	1,014.50	4,959.50	210.25
Per Member Per Month Claims (PMPM)	\$ 6.75	\$ 7.94	\$ 6.99	\$ 1.07

Experience Year: 07/01/2011 - 06/30/2012

Projection Year: 01/01/2013 - 12/31/2013

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Vision claims	\$ 289,595	\$ 89,766	\$ 379,361	\$ 1,995
Trend Factor (3.5% annual trend)	1.053	1.053	1.053	1.053
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 305,858	\$ 94,807	\$ 400,666	\$ 2,107
Average Contracts	1,266.50	466.92	1,733.42	165.75
Average Members	3,904.33	979.00	4,883.33	199.75
Per Member Per Month Claims (PMPM)	\$ 6.53	\$ 8.07	\$ 6.84	\$ 0.88
Weighted Average PMPM (60/40)	\$ 6.62	\$ 8.02	\$ 6.90	\$ 0.96
Administrative Fees	\$ -	\$ -	\$ -	\$ -
Total Vision PMPM	\$ 6.62	\$ 8.02	\$ 6.90	\$ 0.96

Vision Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Vision PMPM	\$ 6.62	\$ 8.02	\$ 6.90	\$ 0.96
Members Per Contract	3.060	2.122	2.814	1.199
Per Employee Per Month Cost (PEPM)	\$ 20.26	\$ 17.02	\$ 19.42	\$ 1.15
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.063	1.999
Family	2.600	2.220	2.548	2.249
Composite Tier	2.241	1.794	2.124	1.185
Single Rate*	\$ 9.04	\$ 9.49	\$ 9.14	\$ 0.97
Double Rate*	\$ 19.44	\$ 18.51	\$ 18.86	\$ 1.94
Family Rate*	\$ 23.50	\$ 21.07	\$ 23.29	\$ 2.18

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

City of Grand Rapids
Summary of Non-Medicare Claims and Expenses
October 2011 through June 2012

October 2011	Active	Pre-65 Retiree	Total
Contracts	1,279	476	1,755
Lives	3,968	991	4,959
Medical	\$1,315,360	\$448,831	\$1,764,191
Rx	\$304,175	\$173,065	\$477,240
Dental	\$91,142	\$33,597	\$124,739
Vision	\$18,026	\$8,154	\$26,180
Meritain Admin Fee	\$18,473	\$6,764	\$25,237
Meritain - HPA	\$3,460	\$1,267	\$4,727
Meritain - HPA - DM	\$0	\$2,034	\$2,034
Cofinity Premium	\$7,639	\$2,717	\$10,356
4D Admin Fee	\$5,768	\$2,112	\$7,880
Coleman, Dugan LLC	\$4,610	\$1,640	\$6,250
Total	\$1,768,653	\$680,181	\$2,448,834

November 2011	Active	Pre-65 Retiree	Total
Contracts	1,277	469	1,746
Lives	3,953	980	4,933
Medical	\$1,220,851	\$482,558	\$1,703,409
Rx	\$286,780	\$179,775	\$466,555
Dental	\$92,860	\$24,142	\$117,002
Vision	\$16,739	\$4,837	\$21,576
Meritain Admin Fee	\$18,640	\$6,825	\$25,465
Meritain - HPA	\$3,492	\$1,278	\$4,770
Meritain - HPA - DM	\$0	\$2,106	\$2,106
Cofinity Premium	\$7,670	\$2,728	\$10,398
4D Admin Fee	\$5,465	\$2,001	\$7,466
Coleman, Dugan LLC	\$4,610	\$1,640	\$6,250
Total	\$1,657,107	\$707,890	\$2,364,997

December 2011	Active	Pre-65 Retiree	Total
Contracts	1,273	467	1,740
Lives	3,934	976	4,910
Medical	\$796,650	\$334,927	\$1,131,577
Rx	\$283,234	\$202,525	\$485,759
Dental	\$87,010	\$26,728	\$113,738
Vision	\$17,924	\$7,846	\$25,770
Meritain Admin Fee	\$18,238	\$6,677	\$24,915
Meritain - HPA	\$3,416	\$1,251	\$4,667
Meritain - HPA - DM	\$0	\$1,967	\$1,967
Cofinity Premium	\$7,515	\$2,673	\$10,188
4D Admin Fee	\$5,741	\$2,102	\$7,843
Coleman, Dugan LLC	\$4,610	\$1,640	\$6,250
Total	\$1,224,338	\$588,336	\$1,812,674

January 2012	Active	Pre-65 Retiree	Total
Contracts	1,265	466	1,731
Lives	3,878	977	4,855
Medical	\$1,385,323	\$520,818	\$1,906,141
Rx	\$274,450	\$209,636	\$484,086
Dental	\$123,743	\$42,223	\$165,966
Vision	\$48,637	\$14,586	\$63,223
Meritain Admin Fee	\$18,424	\$6,746	\$25,170
Meritain - HPA	\$3,452	\$1,264	\$4,716
Meritain - HPA - DM	\$0	\$2,052	\$2,052
Cofinity Premium	\$7,582	\$2,696	\$10,278
4D Admin Fee	\$5,523	\$2,022	\$7,545
Coleman, Dugan LLC	\$4,610	\$1,640	\$6,250
Total	\$1,871,744	\$803,683	\$2,675,427

February 2012	Active	Pre-65 Retiree	Total
Contracts	1,259	465	1,724
Lives	3,863	977	4,840
Medical	\$1,025,309	\$713,657	\$1,738,966
Rx	\$251,806	\$180,434	\$432,240
Dental	\$105,960	\$38,463	\$144,423
Vision	\$36,043	\$10,604	\$46,647
Meritain Admin Fee	\$18,071	\$6,617	\$24,688
Meritain - HPA	\$3,386	\$1,240	\$4,626
Meritain - HPA - DM	\$0	\$1,985	\$1,985
Cofinity Premium	\$7,467	\$2,655	\$10,122
4D Admin Fee	\$5,577	\$2,042	\$7,619
Coleman, Dugan LLC	\$4,610	\$1,640	\$6,250
Total	\$1,458,229	\$959,337	\$2,417,566

March 2012	Active	Pre-65 Retiree	Total
Contracts	1,251	466	1,717
Lives	3,840	983	4,823
Medical	\$1,329,544	\$562,632	\$1,892,176
Rx	\$251,733	\$202,976	\$454,709
Dental	\$119,659	\$35,161	\$154,820
Vision	\$35,995	\$8,525	\$44,520
Meritain Admin Fee	\$18,140	\$6,642	\$24,782
Meritain - HPA	\$3,398	\$1,244	\$4,642
Meritain - HPA - DM	\$0	\$1,966	\$1,966
Cofinity Premium	\$7,480	\$2,660	\$10,140
4D Admin Fee	\$5,677	\$2,078	\$7,755
Coleman, Dugan LLC	\$4,610	\$1,640	\$6,250
Total	\$1,776,236	\$825,524	\$2,601,760

City of Grand Rapids
Summary of Non-Medicare Claims and Expenses
October 2011 through June 2012

April 2012	Active	Pre-65 Retiree	Total
Contracts	1,251	454	1,705
Lives	3,835	962	4,797
Medical	\$1,011,209	\$508,898	\$1,520,107
Rx	\$247,978	\$148,515	\$396,493
Dental	\$86,301	\$21,308	\$107,609
Vision	\$21,686	\$5,947	\$27,633
Meritain Admin Fee	\$18,808	\$6,886	\$25,694
Meritain - HPA	\$3,389	\$1,241	\$4,630
Meritain - HPA - DM	\$0	\$1,966	\$1,966
Cofinity Premium	\$7,453	\$2,651	\$10,104
4D Admin Fee	\$5,332	\$1,952	\$7,284
Coleman, Dugan LLC	\$4,610	\$1,640	\$6,250
Total	\$1,406,766	\$701,004	\$2,107,770

May 2012	Active	Pre-65 Retiree	Total
Contracts	1,249	450	1,699
Lives	3,830	955	4,785
Medical	\$1,764,589	\$599,214	\$2,363,803
Rx	\$268,574	\$165,259	\$433,833
Dental	\$101,943	\$37,733	\$139,676
Vision	\$31,542	\$8,943	\$40,485
Meritain Admin Fee	\$18,553	\$6,793	\$25,346
Meritain - HPA	\$3,343	\$1,224	\$4,567
Meritain - HPA - DM	\$0	\$1,858	\$1,858
Cofinity Premium	\$7,338	\$2,610	\$9,948
4D Admin Fee	\$5,818	\$2,130	\$7,948
Coleman, Dugan LLC	\$4,610	\$1,640	\$6,250
Total	\$2,206,310	\$827,404	\$3,033,714

June 2012	Active	Pre-65 Retiree	Total
Contracts	1,247	443	1,690
Lives	3,816	940	4,756
Medical	\$1,292,691	\$448,815	\$1,741,506
Rx	\$278,260	\$154,321	\$432,581
Dental	\$74,928	\$32,455	\$107,383
Vision	\$13,408	\$5,439	\$18,847
Meritain Admin Fee	\$18,430	\$6,748	\$25,178
Meritain - HPA	\$3,321	\$1,216	\$4,537
Meritain - HPA - DM	\$0	\$1,813	\$1,813
Cofinity Premium	\$7,298	\$2,596	\$9,894
4D Admin Fee	\$5,411	\$1,981	\$7,392
Coleman, Dugan LLC	\$4,610	\$1,640	\$6,250
Total	\$1,698,357	\$657,024	\$2,355,381

Oct 2011 -June 2012 Total	Active	Pre-65 Retiree	Total
Census - Monthly Avg.	1,261	462	1,723
Lives - Monthly Avg.	3,880	971	4,851
Medical	\$11,141,526	\$4,620,350	\$15,761,876
Rx	\$2,446,990	\$1,616,506	\$4,063,496
Dental	\$883,546	\$291,810	\$1,175,356
Vision	\$240,000	\$74,881	\$314,881
Meritain Admin Fee	\$165,777	\$60,698	\$226,475
Meritain - HPA	\$30,657	\$11,225	\$41,882
Meritain - HPA - DM	\$0	\$17,747	\$17,747
Cofinity Premium	\$67,442	\$23,986	\$91,428
4D Admin Fee	\$50,312	\$18,420	\$68,732
Coleman, Dugan LLC	\$41,490	\$14,760	\$56,250
Total	\$15,067,740	\$6,750,383	\$21,818,123

Calculation of Gain/(Loss) on October 2011 through June 2012 Non-Medicare experience

Period	Pre-65 Employer Costs	Active Contracts	Pre-65 Retiree Contracts	Total Non-Medicare Contracts	Expected Claims Based on 2011 & 2012 Calculated per Contract Rates	Gain/(Loss)
October-11	\$2,448,834	1279	476	1755	\$2,821,110	\$372,276
November-11	\$2,364,997	1277	469	1746	\$2,806,643	\$441,646
December-11	\$1,812,674	1273	467	1740	\$2,796,998	\$984,324
January-12	\$2,675,427	1265	466	1731	\$2,696,033	\$20,606
February-12	\$2,417,566	1259	465	1724	\$2,685,130	\$267,564
March-12	\$2,601,760	1251	466	1717	\$2,674,228	\$72,468
April-12	\$2,107,770	1251	454	1705	\$2,655,538	\$547,768
May-12	\$3,033,714	1249	450	1699	\$2,646,193	-\$387,522
June-12	\$2,355,381	1247	443	1690	\$2,632,175	\$276,794

Total	\$21,818,123	1261	462	1723	\$24,414,045	\$2,595,922
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Amount of Oct '11 through June '12 experience gain/(loss) recognized in 2013 rates	\$865,307
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Amount of Jan '11 through Sept '11 experience gain/(loss) recognized in 2013 rates	\$767,772
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Total Amount experience gain/(loss) recognized in 2013 rates	\$1,633,079
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Explanation of Rates Developed in Following Section

Page 16: "2013 Calculated Premium Rates" Schedule

This schedule develops the actuarially sound 2013 rates without incorporating any smoothing or ERRP.

Page 17: "2013 Premium Rates (Reflecting Impact of ERRP Revenue)"

This schedule illustrates the effect of ERRP on the 2013 Rates -- 50% of Early Retiree Reinsurance Program (ERRP) money was used to reduce the 2012 rates and \$492,220.48 (25%) of ERRP money was used to reduce the 2013 pre-65 rates. The remaining 25% and any additional ERRP money received will be used to reduce the 2014 pre-65 rates.

Page 18: "2013 Implemented Premium Rates"

This schedule incorporates both the impact of ERRP revenue and the recognition of past experience gains or losses. There were gains on the October 2011 through June 2012 experience. One third of the experience gains from October 2011 to June 2012 were recognized in the 2013 Implemented rates along with 1/3 of the gains from January 2011 to September 2011. The remaining October 2011 to June 2012 experience gains will be equally recognized in 2014 and 2015. Gains/losses are determined by comparing the actual experience to the calculated rates (which are the best estimate of future costs). Gains/losses due to changes in the number of contracts are not recognized in the experience gain/loss calculations and no experience gain/loss calculations were done for the Medicare Retirees and no ERRP money was used to lower Medicare premiums.

Explanation of Rates Developed in Following Section

The table below illustrates the development of the rates, showing actual rates for 2012 and 2013 and projected rates for the following five years. The rates are projected assuming all trend assumptions are realized, there are no plan changes or changes in population; in reality, there will be gains and losses in future years.

	2012	2013	2014	2015	2016	2017	2018
Calculated Rate for Medical/Rx/Vision	\$ 1,478.53	\$ 1,482.71	\$ 1,608.74	\$ 1,745.48	\$ 1,893.85	\$ 2,054.83	\$ 2,229.49
Calculated Rate for Dental	\$ 78.97	\$ 80.87	\$ 84.91	\$ 89.16	\$ 93.62	\$ 98.30	\$ 103.22
Total Blended PEPM	\$ 1,557.50	\$ 1,563.58	\$ 1,693.65	\$ 1,834.64	\$ 1,987.47	\$ 2,153.13	\$ 2,332.71
Annual Increase		0.39%	8.32%	8.32%	8.33%	8.34%	8.34%
ERRP Dollars	\$ (989,350)	\$ (492,220)	\$ (492,221)				
Contracts *	1,789	1,690	1,690	1,690	1,690	1,690	1,690
PEPM change due to ERRP	\$ (46.08)	\$ (24.27)	\$ (24.27)				
Blended PEPM after ERRP Adjustm	\$ 1,511.42	\$ 1,539.31	\$ 1,669.38	\$ 1,834.64	\$ 1,987.47	\$ 2,153.13	\$ 2,332.71
Annual Increase		1.85%	8.45%	9.90%	8.33%	8.34%	8.34%
Smoothing Dollars							
Smoothing Jan 1 2011 - Sept 30 2011	\$ (767,772)	\$ (767,772)	\$ (767,772)				
Smoothing Oct 1 2011 - June 30 2012		\$ (865,307)	\$ (865,307)	\$ (865,307)			
Smoothing July 1 2012 - June 30 2013			\$ -	\$ -	\$ -		
Smoothing July 1 2013 - June 30 2014				\$ -	\$ -	\$ -	
Smoothing July 1 2014 - June 30 2015					\$ -	\$ -	\$ -
Smoothing July 1 2015 - June 30 2016						\$ -	\$ -
Smoothing July 1 2016 - June 30 2017							\$ -
Smoothing July 1 2017 - June 30 2018							
Smoothing July 1 2018 - June 30 2019							
Total	\$ (767,772)	\$ (1,633,079)	\$ (1,633,079)	\$ (865,307)	\$ -	\$ -	\$ -
Contracts*	1,789	1,690	1,690	1,690	1,690	1,690	1,690
PEPM change due to smoothing	\$ (35.77)	\$ (80.53)	\$ (80.53)	\$ (42.67)	\$ -	\$ -	\$ -
Blended PEPM after Smoothing	\$ 1,475.65	\$ 1,458.78	\$ 1,588.85	\$ 1,791.97	\$ 1,987.47	\$ 2,153.13	\$ 2,332.71
Annual Increase		-1.14%	8.92%	12.78%	10.91%	8.34%	8.34%
<i>* It is assumed that the pre-65 retiree population is stable with the current mix of contracts going forward</i>							

2013 Calculated Premium Rates

Without Reflection of ERRP Revenue or Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	201	\$ 636.62	\$ 599.41	\$ 37.21	\$ 1,535,527
	2 Person	281	\$ 1,368.73	\$ 1,288.73	\$ 80.00	\$ 4,615,358
	Family	765	\$ 1,655.22	\$ 1,558.47	\$ 96.75	\$ 15,194,920
	Composite	1247	\$ 1,426.48	\$ 1,343.10	\$ 83.38	\$ 21,345,805
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired <65	EE Only	107	\$ 1,086.88	\$ 1,045.74	\$ 41.14	\$ 1,395,554
	2 Person	216	\$ 2,119.41	\$ 2,039.19	\$ 80.22	\$ 5,493,511
	Family	120	\$ 2,412.87	\$ 2,321.54	\$ 91.33	\$ 3,474,533
	Composite	443	\$ 1,949.51	\$ 1,875.72	\$ 73.79	\$ 10,363,598
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Blended	EE Only	308	\$ 793.04	\$ 754.47	\$ 38.58	\$ 2,931,081
	2 Person	497	\$ 1,694.98	\$ 1,614.89	\$ 80.10	\$ 10,108,868
	Family	885	\$ 1,757.95	\$ 1,661.94	\$ 96.02	\$ 18,669,452
	Composite	1690	\$ 1,563.58	\$ 1,482.71	\$ 80.87	\$ 31,709,401
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$2 Rx Copay	EE Only	21	\$ 806.89	\$ 806.89		\$ 203,336
	w Dep>65	2	\$ 1,612.97	\$ 1,612.97		\$ 38,711
	w Dep<65	0	\$ 1,814.69	\$ 1,814.69		\$ -
	Composite	23	\$ 876.98	\$ 876.98		\$ 242,047
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4 Rx Copay	EE Only	2	\$ 783.38	\$ 783.38		\$ 18,801
	w Dep>65	1	\$ 1,565.97	\$ 1,565.97		\$ 18,792
	w Dep<65	0	\$ 1,761.82	\$ 1,761.82		\$ -
	Composite	3	\$ 1,044.24	\$ 1,044.24		\$ 37,593
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4/\$8 Rx Copay	EE Only	15	\$ 763.95	\$ 739.99	\$ 23.96	\$ 137,511
	w Dep>65	4	\$ 1,527.14	\$ 1,479.24	\$ 47.90	\$ 73,303
	w Dep<65	0	\$ 1,718.12	\$ 1,664.23	\$ 53.89	\$ -
	Composite	19	\$ 924.62	\$ 895.62	\$ 29.00	\$ 210,814
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$10/\$20 Rx Copay	EE Only	92	\$ 622.78	\$ 598.82	\$ 23.96	\$ 687,549
	w Dep>65	20	\$ 1,244.94	\$ 1,197.04	\$ 47.90	\$ 298,786
	w Dep<65	3	\$ 1,400.63	\$ 1,346.74	\$ 53.89	\$ 50,423
	Composite	115	\$ 751.27	\$ 722.37	\$ 28.90	\$ 1,036,758
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Composite >65	EE Only	130	\$ 671.28	\$ 651.56	\$ 19.72	\$ 1,047,198
	w Dep>65	27	\$ 1,325.90	\$ 1,283.32	\$ 42.58	\$ 429,591
	w Dep<65	3	\$ 1,400.63	\$ 1,346.74	\$ 53.89	\$ 50,423
	Composite	160	\$ 795.42	\$ 771.20	\$ 24.22	\$ 1,527,212

2013 Premium Rates

Reflecting Impact of ERRP Revenue

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	201	\$ 626.74	\$ 590.11	\$ 36.63	\$ 1,511,692
	2 Person	281	\$ 1,347.48	\$ 1,268.73	\$ 78.76	\$ 4,543,714
	Family	765	\$ 1,629.53	\$ 1,534.28	\$ 95.25	\$ 14,959,051
Composite		1247	\$ 1,404.33	\$ 1,322.25	\$ 82.08	\$ 21,014,457
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired <65	EE Only	107	\$ 1,070.01	\$ 1,029.51	\$ 40.50	\$ 1,373,891
	2 Person	216	\$ 2,086.51	\$ 2,007.54	\$ 78.97	\$ 5,408,236
	Family	120	\$ 2,375.42	\$ 2,285.50	\$ 89.91	\$ 3,420,598
Composite		443	\$ 1,919.25	\$ 1,846.60	\$ 72.64	\$ 10,202,725
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Blended	EE Only	308	\$ 780.73	\$ 742.75	\$ 37.98	\$ 2,885,583
	2 Person	497	\$ 1,668.67	\$ 1,589.82	\$ 78.85	\$ 9,951,949
	Family	885	\$ 1,730.66	\$ 1,636.14	\$ 94.52	\$ 18,379,649
Composite		1690	\$ 1,539.31	\$ 1,459.70	\$ 79.61	\$ 31,217,181
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$2 Rx Copay	EE Only	21	\$ 806.89	\$ 806.89	\$ -	\$ 203,336
	w Dep>65	2	\$ 1,612.97	\$ 1,612.97	\$ -	\$ 38,711
	w Dep<65	0	\$ 1,814.69	\$ 1,814.69	\$ -	\$ -
Composite		23	\$ 876.98	\$ 876.98	\$ -	\$ 242,047
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4 Rx Copay	EE Only	2	\$ 783.38	\$ 783.38	\$ -	\$ 18,801
	w Dep>65	1	\$ 1,565.97	\$ 1,565.97	\$ -	\$ 18,792
	w Dep<65	0	\$ 1,761.82	\$ 1,761.82	\$ -	\$ -
Composite		3	\$ 1,044.24	\$ 1,044.24	\$ -	\$ 37,593
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4/\$8 Rx Copay	EE Only	15	\$ 763.95	\$ 739.99	\$ 23.96	\$ 137,511
	w Dep>65	4	\$ 1,527.14	\$ 1,479.24	\$ 47.90	\$ 73,303
	w Dep<65	0	\$ 1,718.12	\$ 1,664.23	\$ 53.89	\$ -
Composite		19	\$ 924.62	\$ 895.62	\$ 29.00	\$ 210,814
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$10/\$20 Rx Copay	EE Only	92	\$ 622.78	\$ 598.82	\$ 23.96	\$ 687,549
	w Dep>65	20	\$ 1,244.94	\$ 1,197.04	\$ 47.90	\$ 298,786
	w Dep<65	3	\$ 1,400.63	\$ 1,346.74	\$ 53.89	\$ 50,423
Composite		115	\$ 751.27	\$ 722.37	\$ 28.90	\$ 1,036,758
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Composite >65	EE Only	130	\$ 671.28	\$ 651.56	\$ 19.72	\$ 1,047,198
	w Dep>65	27	\$ 1,325.90	\$ 1,283.32	\$ 42.58	\$ 429,591
	w Dep<65	3	\$ 1,400.63	\$ 1,346.74	\$ 53.89	\$ 50,423
Composite		160	\$ 795.42	\$ 771.20	\$ 24.22	\$ 1,527,212

**2013 Implemented Premium Rates
Reflecting Gain/Loss Smoothing and Impact of ERRP Revenue**

		Enrollment	Total	Med/Rx/Vis	Dental
Active	EE Only	201	\$ 593.95	\$ 559.23	\$ 34.72
	2 Person	281	\$ 1,276.99	\$ 1,202.35	\$ 74.64
	Family	765	\$ 1,544.28	\$ 1,454.01	\$ 90.27
	Composite	1247	\$ 1,330.87	\$ 1,253.08	\$ 77.79
Retired <65	EE Only	107	\$ 1,014.03	\$ 975.65	\$ 38.38
	2 Person	216	\$ 1,977.36	\$ 1,902.51	\$ 74.84
	Family	120	\$ 2,251.15	\$ 2,165.94	\$ 85.21
	Composite	443	\$ 1,818.85	\$ 1,750.00	\$ 68.84
Blended	EE Only	308	\$ 739.89	\$ 703.90	\$ 35.99
	2 Person	497	\$ 1,581.38	\$ 1,506.65	\$ 74.73
	Family	885	\$ 1,640.13	\$ 1,550.55	\$ 89.58
	Composite	1690	\$ 1,458.78	\$ 1,383.34	\$ 75.45
Retired >65 \$2 Rx Copay	EE Only	21	\$ 806.89	\$ 806.89	\$ -
	w Dep>65	2	\$ 1,612.97	\$ 1,612.97	\$ -
	w Dep<65	0	\$ 1,814.69	\$ 1,814.69	\$ -
	Composite	23	\$ 876.98	\$ 876.98	
Retired >65 \$4 Rx Copay	EE Only	2	\$ 783.38	\$ 783.38	\$ -
	w Dep>65	1	\$ 1,565.97	\$ 1,565.97	\$ -
	w Dep<65	0	\$ 1,761.82	\$ 1,761.82	\$ -
	Composite	3	\$ 1,044.24	\$ 1,044.24	
Retired >65 \$4/\$8 Rx Copay	EE Only	15	\$ 763.95	\$ 739.99	\$ 23.96
	w Dep>65	4	\$ 1,527.14	\$ 1,479.24	\$ 47.90
	w Dep<65	0	\$ 1,718.12	\$ 1,664.23	\$ 53.89
	Composite	19	\$ 924.62	\$ 895.62	\$ 29.00
Retired >65 \$10/\$20 Rx Copay	EE Only	92	\$ 622.78	\$ 598.82	\$ 23.96
	w Dep>65	20	\$ 1,244.94	\$ 1,197.04	\$ 47.90
	w Dep<65	3	\$ 1,400.63	\$ 1,346.74	\$ 53.89
	Composite	115	\$ 751.27	\$ 722.37	\$ 28.90
Composite >65	EE Only	130	\$ 671.28	\$ 651.56	\$ 19.72
	w Dep>65	27	\$ 1,325.90	\$ 1,283.32	\$ 42.58
	w Dep<65	3	\$ 1,400.63	\$ 1,346.74	\$ 53.89
	Composite	160	\$ 795.42	\$ 771.20	\$ 24.22

2013 Implemented Rates vs. 2012 Implemented Rates (Dollar Increases)

		Total	Med/Rx/Vis	Dental
Active	EE Only	\$ 3.10	\$ 3.62	\$ (0.52)
	2 Person	\$ 6.68	\$ 7.80	\$ (1.12)
	Family	\$ 8.18	\$ 9.52	\$ (1.34)
	Composite	\$ 27.97	\$ 27.88	\$ 0.09
<hr/>				
Retired <65	EE Only	\$ (90.93)	\$ (90.88)	\$ (0.05)
	2 Person	\$ (177.32)	\$ (177.23)	\$ (0.09)
	Family	\$ (201.87)	\$ (201.76)	\$ (0.11)
	Composite	\$ (113.49)	\$ (115.13)	\$ 1.64
<hr/>				
Blended	EE Only	\$ (38.56)	\$ (38.15)	\$ (0.41)
	2 Person	\$ (84.14)	\$ (83.48)	\$ (0.66)
	Family	\$ (0.04)	\$ 1.27	\$ (1.32)
	Composite	\$ (16.87)	\$ (17.49)	\$ 0.63
<hr/>				
Retired >65 \$2 Rx Copay	EE Only	\$ 69.92	\$ 69.92	\$ -
	w Dep>65	\$ 139.44	\$ 139.44	\$ -
	w Dep<65	\$ 157.54	\$ 157.54	\$ -
	Composite	\$ 63.81	\$ 63.81	\$ -
<hr/>				
Retired >65 \$4 Rx Copay	EE Only	\$ 67.17	\$ 67.17	\$ -
	w Dep>65	\$ 133.95	\$ 133.95	\$ -
	w Dep<65	\$ 151.36	\$ 151.36	\$ -
	Composite	\$ 184.87	\$ 184.87	\$ -
<hr/>				
Retired >65 \$4/\$8 Rx Copay	EE Only	\$ 61.62	\$ 61.95	\$ (0.33)
	w Dep>65	\$ 122.86	\$ 123.53	\$ (0.67)
	w Dep<65	\$ 138.86	\$ 139.59	\$ (0.73)
	Composite	\$ 88.59	\$ 88.50	\$ 0.09
<hr/>				
Retired >65 \$10/\$20 Rx Copay	EE Only	\$ 42.70	\$ 43.03	\$ (0.33)
	w Dep>65	\$ 85.09	\$ 85.76	\$ (0.67)
	w Dep<65	\$ 96.26	\$ 96.99	\$ (0.73)
	Composite	\$ 42.09	\$ 42.89	\$ (0.80)
<hr/>				
Composite >65	EE Only	\$ 43.33	\$ 42.69	\$ 0.64
	w Dep>65	\$ 97.58	\$ 97.50	\$ 0.08
	w Dep<65	\$ 96.26	\$ 96.99	\$ (0.73)
	Composite	\$ 49.28	\$ 48.86	\$ 0.42

2013 Implemented Rates vs. 2012 Implemented Rates (percentage Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	0.53%	0.65%	-1.47%	-11.38%
	2 Person	0.53%	0.65%	-1.48%	-13.88%
	Family	0.53%	0.66%	-1.47%	3.65%
	Composite	2.15%	2.28%	0.12%	-1.87%
		Total	Med/Rx/Vis	Dental	Total Revenue
Retired <65	EE Only	-8.23%	-8.52%	-0.12%	-25.04%
	2 Person	-8.23%	-8.52%	-0.12%	-25.20%
	Family	-8.23%	-8.52%	-0.13%	15.92%
	Composite	-5.87%	-6.17%	2.44%	-15.07%
		Total	Med/Rx/Vis	Dental	Total Revenue
Blended	EE Only	-4.95%	-5.14%	-1.13%	-18.46%
	2 Person	-5.05%	-5.25%	-0.88%	-20.42%
	Family	0.00%	0.08%	-1.45%	5.73%
	Composite	-1.14%	-1.25%	0.84%	-6.61%
		Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$2 Rx Copay	EE Only	9.49%	9.49%	N/A	-11.57%
	w Dep>65	9.46%	9.46%	N/A	-27.03%
	w Dep<65	9.51%	9.51%	N/A	N/A
	Composite	7.85%	7.85%	N/A	-14.47%
		Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4 Rx Copay	EE Only	9.38%	9.38%	N/A	-45.31%
	w Dep>65	9.35%	9.35%	N/A	9.36%
	w Dep<65	9.40%	9.40%	N/A	N/A
	Composite	21.51%	21.51%	N/A	-27.09%
		Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4/\$8 Rx Copay	EE Only	8.77%	9.14%	-1.36%	-4.02%
	w Dep>65	8.75%	9.11%	-1.38%	8.75%
	w Dep<65	8.79%	9.16%	-1.34%	N/A
	Composite	10.60%	10.96%	0.31%	0.06%
		Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$10/\$20 Rx Copay	EE Only	7.36%	7.74%	-1.36%	6.21%
	w Dep>65	7.34%	7.72%	-1.38%	-10.55%
	w Dep<65	7.38%	7.76%	-1.34%	61.07%
	Composite	5.94%	6.31%	-2.69%	2.37%
		Total	Med/Rx/Vis	Dental	Total Revenue
Composite >65	EE Only	6.90%	7.01%	3.33%	-0.74%
	w Dep>65	7.94%	8.22%	0.19%	-8.92%
	w Dep<65	7.38%	7.76%	-1.34%	61.07%
	Composite	6.60%	6.76%	1.76%	-1.97%

2014 Projected Premium Rates (assumes no change in covered lives from 2012)

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	201	\$ 646.77	\$ 610.12	\$ 36.65	\$ 1,560,009
	2 Person	281	\$ 1,390.55	\$ 1,311.75	\$ 78.80	\$ 4,688,935
	Family	765	\$ 1,681.61	\$ 1,586.31	\$ 95.30	\$ 15,437,180
	Composite	1247	\$ 1,449.22	\$ 1,367.09	\$ 82.13	\$ 21,686,124
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired <65	EE Only	107	\$ 1,104.94	\$ 1,064.42	\$ 40.52	\$ 1,418,743
	2 Person	216	\$ 2,154.64	\$ 2,075.62	\$ 79.02	\$ 5,584,827
	Family	120	\$ 2,452.97	\$ 2,363.01	\$ 89.96	\$ 3,532,277
	Composite	443	\$ 1,981.91	\$ 1,909.23	\$ 72.68	\$ 10,535,847
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Blended	EE Only	308	\$ 805.94	\$ 767.94	\$ 38.00	\$ 2,978,752
	2 Person	497	\$ 1,722.63	\$ 1,643.73	\$ 78.90	\$ 10,273,761
	Family	885	\$ 1,786.20	\$ 1,691.63	\$ 94.58	\$ 18,969,457
	Composite	1690	\$ 1,588.85	\$ 1,509.20	\$ 79.66	\$ 32,221,970
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$2 Rx Copay	EE Only	21	\$ 875.48	\$ 875.48	\$ -	\$ 220,621
	w Dep>65	2	\$ 1,750.07	\$ 1,750.07	\$ -	\$ 42,002
	w Dep<65	0	\$ 1,968.94	\$ 1,968.94	\$ -	\$ -
	Composite	23	\$ 951.53	\$ 951.53		\$ 262,623
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4 Rx Copay	EE Only	2	\$ 849.97	\$ 849.97	\$ -	\$ 20,399
	w Dep>65	1	\$ 1,699.08	\$ 1,699.08	\$ -	\$ 20,389
	w Dep<65	0	\$ 1,911.57	\$ 1,911.57	\$ -	\$ -
	Composite	3	\$ 1,133.01	\$ 1,133.01		\$ 40,788
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4/\$8 Rx Copay	EE Only	15	\$ 828.05	\$ 802.89	\$ 25.16	\$ 149,049
	w Dep>65	4	\$ 1,655.28	\$ 1,604.98	\$ 50.30	\$ 79,453
	w Dep<65	0	\$ 1,862.27	\$ 1,805.69	\$ 56.58	\$ -
	Composite	19	\$ 1,002.20	\$ 971.75	\$ 30.45	\$ 228,502
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$10/\$20 Rx Copay	EE Only	92	\$ 674.88	\$ 649.72	\$ 25.16	\$ 745,068
	w Dep>65	20	\$ 1,349.09	\$ 1,298.79	\$ 50.30	\$ 323,782
	w Dep<65	3	\$ 1,517.79	\$ 1,461.21	\$ 56.58	\$ 54,640
	Composite	115	\$ 814.12	\$ 783.77	\$ 30.35	\$ 1,123,490
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Composite >65	EE Only	130	\$ 727.65	\$ 706.94	\$ 20.71	\$ 1,135,134
	w Dep>65	27	\$ 1,437.11	\$ 1,392.40	\$ 44.71	\$ 465,624
	w Dep<65	3	\$ 1,517.79	\$ 1,461.21	\$ 56.58	\$ 54,640
	Composite	160	\$ 862.19	\$ 836.75	\$ 25.43	\$ 1,655,398

The rates are projected assuming all trend assumptions are realized, there are no plan changes or changes in population; in reality, there will be gains and losses so the actual 2014 rates developed next year will differ from the rates above.

2012 Implemented Premium Rates

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	228	\$ 590.85	\$ 555.61	\$ 35.24	\$ 1,616,560
	2 Person	328	\$ 1,270.31	\$ 1,194.55	\$ 75.76	\$ 4,999,944
	Family	742	\$ 1,536.10	\$ 1,444.49	\$ 91.61	\$ 13,677,423
	Composite	1298	\$ 1,302.90	\$ 1,225.20	\$ 77.70	\$ 20,293,927
Retired <65	EE Only	131	\$ 1,104.96	\$ 1,066.53	\$ 38.43	\$ 1,737,000
	2 Person	265	\$ 2,154.68	\$ 2,079.74	\$ 74.93	\$ 6,851,878
	Family	95	\$ 2,453.02	\$ 2,367.70	\$ 85.32	\$ 2,796,444
	Composite	491	\$ 1,932.34	\$ 1,865.13	\$ 67.20	\$ 11,385,322
Blended	EE Only	359	\$ 778.45	\$ 742.05	\$ 36.40	\$ 3,353,561
	2 Person	593	\$ 1,665.52	\$ 1,590.13	\$ 75.39	\$ 11,851,821
	Family	837	\$ 1,640.17	\$ 1,549.28	\$ 90.89	\$ 16,473,866
	Composite	1789	\$ 1,475.65	\$ 1,400.83	\$ 74.82	\$ 31,679,248
Retired >65 \$2 Rx Copay	EE Only	26	\$ 736.97	\$ 736.97	\$ -	\$ 229,935
	w Dep>65	3	\$ 1,473.53	\$ 1,473.53	\$ -	\$ 53,047
	w Dep<65	0	\$ 1,657.15	\$ 1,657.15	\$ -	\$ -
	Composite	29	\$ 813.17	\$ 813.17		\$ 282,982
Retired >65 \$4 Rx Copay	EE Only	4	\$ 716.21	\$ 716.21	\$ -	\$ 34,378
	w Dep>65	1	\$ 1,432.02	\$ 1,432.02	\$ -	\$ 17,184
	w Dep<65	0	\$ 1,610.46	\$ 1,610.46	\$ -	\$ -
	Composite	5	\$ 859.37	\$ 859.37		\$ 51,562
Retired >65 \$4/\$8 Rx Copay	EE Only	17	\$ 702.33	\$ 678.04	\$ 24.29	\$ 143,275
	w Dep>65	4	\$ 1,404.28	\$ 1,355.71	\$ 48.57	\$ 67,405
	w Dep<65	0	\$ 1,579.26	\$ 1,524.64	\$ 54.62	\$ -
	Composite	21	\$ 836.03	\$ 807.12	\$ 28.91	\$ 210,680
Retired >65 \$10/\$20 Rx Copay	EE Only	93	\$ 580.08	\$ 555.79	\$ 24.29	\$ 647,369
	w Dep>65	24	\$ 1,159.85	\$ 1,111.28	\$ 48.57	\$ 334,037
	w Dep<65	2	\$ 1,304.37	\$ 1,249.75	\$ 54.62	\$ 31,305
	Composite	119	\$ 709.18	\$ 679.48	\$ 29.70	\$ 1,012,711
Composite >65	EE Only	140	\$ 627.95	\$ 608.87	\$ 19.09	\$ 1,054,957
	w Dep>65	32	\$ 1,228.32	\$ 1,185.82	\$ 42.50	\$ 471,674
	w Dep<65	2	\$ 1,304.37	\$ 1,249.75	\$ 54.62	\$ 31,305
	Composite	174	\$ 746.14	\$ 722.34	\$ 23.80	\$ 1,557,936

2012 Calculated Premium Rates

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	228	\$ 623.62	\$ 586.43	\$ 37.19	\$ 1,706,224
	2 Person	328	\$ 1,340.77	\$ 1,260.81	\$ 79.96	\$ 5,277,271
	Family	742	\$ 1,621.30	\$ 1,524.61	\$ 96.69	\$ 14,436,055
	Composite	1298	\$ 1,375.16	\$ 1,293.15	\$ 82.01	\$ 21,419,550
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired <65	EE Only	131	\$ 1,166.25	\$ 1,125.69	\$ 40.56	\$ 1,833,345
	2 Person	265	\$ 2,274.19	\$ 2,195.10	\$ 79.09	\$ 7,231,924
	Family	95	\$ 2,589.08	\$ 2,499.03	\$ 90.05	\$ 2,951,551
	Composite	491	\$ 2,039.51	\$ 1,968.58	\$ 70.93	\$ 12,016,820
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Blended	EE Only	359	\$ 821.63	\$ 783.21	\$ 38.42	\$ 3,539,569
	2 Person	593	\$ 1,757.90	\$ 1,678.33	\$ 79.57	\$ 12,509,195
	Family	837	\$ 1,731.14	\$ 1,635.21	\$ 95.94	\$ 17,387,606
	Composite	1789	\$ 1,557.50	\$ 1,478.53	\$ 78.97	\$ 33,436,370
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$2 Rx Copay	EE Only	26	\$ 736.97	\$ 736.97		\$ 229,935
	w Dep>65	3	\$ 1,473.53	\$ 1,473.53		\$ 53,047
	w Dep<65	0	\$ 1,657.15	\$ 1,657.15		\$ -
	Composite	29	\$ 813.17	\$ 813.17		\$ 282,982
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4 Rx Copay	EE Only	4	\$ 716.21	\$ 716.21		\$ 34,378
	w Dep>65	1	\$ 1,432.02	\$ 1,432.02		\$ 17,184
	w Dep<65	0	\$ 1,610.46	\$ 1,610.46		\$ -
	Composite	5	\$ 859.37	\$ 859.37		\$ 51,562
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4/\$8 Rx Copay	EE Only	17	\$ 702.33	\$ 678.04	\$ 24.29	\$ 143,275
	w Dep>65	4	\$ 1,404.28	\$ 1,355.71	\$ 48.57	\$ 67,405
	w Dep<65	0	\$ 1,579.26	\$ 1,524.64	\$ 54.62	\$ -
	Composite	21	\$ 836.03	\$ 807.12	\$ 28.91	\$ 210,680
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$10/\$20 Rx Copay	EE Only	93	\$ 580.08	\$ 555.79	\$ 24.29	\$ 647,369
	w Dep>65	24	\$ 1,159.85	\$ 1,111.28	\$ 48.57	\$ 334,037
	w Dep<65	2	\$ 1,304.37	\$ 1,249.75	\$ 54.62	\$ 31,305
	Composite	119	\$ 709.18	\$ 679.48	\$ 29.70	\$ 1,012,711
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Composite >65	EE Only	140	\$ 627.95	\$ 608.87	\$ 19.09	\$ 1,054,957
	w Dep>65	32	\$ 1,228.32	\$ 1,185.82	\$ 42.50	\$ 471,674
	w Dep<65	2	\$ 1,304.37	\$ 1,249.75	\$ 54.62	\$ 31,305
	Composite	174	\$ 746.14	\$ 722.34	\$ 23.80	\$ 1,557,936

2011 Calculated Premium Rates

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	232	\$ 619.03	\$ 579.95	\$ 39.08	\$ 1,723,380
	2 Person	341	\$ 1,330.91	\$ 1,246.89	\$ 84.02	\$ 5,446,084
	Family	791	\$ 1,609.47	\$ 1,507.87	\$ 101.60	\$ 15,277,089
	Composite	1364	\$ 1,371.37	\$ 1,284.80	\$ 86.57	\$ 22,446,553
Retired <65		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	122	\$ 1,285.15	\$ 1,244.62	\$ 40.53	\$ 1,881,460
	2 Person	258	\$ 2,506.05	\$ 2,427.02	\$ 79.03	\$ 7,758,731
	Family	104	\$ 2,853.04	\$ 2,763.06	\$ 89.98	\$ 3,560,594
	Composite	484	\$ 2,272.86	\$ 2,201.18	\$ 71.68	\$ 13,200,785
Blended		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	354	\$ 848.60	\$ 809.02	\$ 39.58	\$ 3,604,839
	2 Person	599	\$ 1,837.06	\$ 1,755.19	\$ 81.87	\$ 13,204,815
	Family	895	\$ 1,753.97	\$ 1,653.72	\$ 100.25	\$ 18,837,683
	Composite	1848	\$ 1,607.47	\$ 1,524.80	\$ 82.67	\$ 35,647,337
Retired >65 \$2 Rx Copay		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	45	\$ 692.34	\$ 692.34	\$ -	\$ 373,864
	w Dep>65	9	\$ 1,383.90	\$ 1,383.90	\$ -	\$ 149,461
	w Dep<65	9	\$ 1,416.42	\$ 1,416.42	\$ -	\$ 152,973
	Composite	63	\$ 894.57	\$ 894.57	\$ -	\$ 676,298
Retired >65 \$4 Rx Copay		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	0	\$ 667.89	\$ 667.89	\$ -	\$ -
	w Dep>65	0	\$ 1,334.59	\$ 1,334.59	\$ -	\$ -
	w Dep<65	0	\$ 1,373.23	\$ 1,373.23	\$ -	\$ -
	Composite				\$ -	\$ -
Retired >65 \$4/\$8 Rx Copay		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	34	\$ 639.18	\$ 626.70	\$ 12.48	\$ 260,785
	w Dep>65	6	\$ 1,277.65	\$ 1,252.68	\$ 24.97	\$ 91,991
	w Dep<65	1	\$ 1,325.73	\$ 1,300.77	\$ 24.96	\$ 15,909
	Composite	41	\$ 749.36	\$ 734.75	\$ 14.61	\$ 368,685
Retired >65 \$10/\$20 Rx Copay		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	72	\$ 530.72	\$ 518.24	\$ 12.48	\$ 458,542
	w Dep>65	14	\$ 1,060.89	\$ 1,035.92	\$ 24.97	\$ 178,230
	w Dep<65	3	\$ 1,135.32	\$ 1,110.36	\$ 24.96	\$ 40,872
	Composite	89	\$ 634.50	\$ 619.63	\$ 14.87	\$ 677,644
Composite >65		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	151	\$ 603.31	\$ 594.55	\$ 8.76	\$ 1,093,191
	w Dep>65	29	\$ 1,205.98	\$ 1,188.76	\$ 17.22	\$ 419,682
	w Dep<65	13	\$ 1,344.57	\$ 1,336.89	\$ 7.68	\$ 209,754
	Composite	193	\$ 743.79	\$ 733.83	\$ 9.96	\$ 1,722,627

Explanatory Notes -- Data, Methods and Assumptions

- Paid claims were used for the analysis. Incurred claims were not available.
- Claim amounts used are net of amounts paid by the member directly to the health care provider such as copays, coinsurance, etc.
- Amounts paid by the member directly to the City have not been removed from claims.
- Pre-65 claims include claims for Medicare spouses of Non-Medicare members
- Analysis was done on a per member per month basis.
- Incurral factors estimated assuming a two-month payment lag for medical and a one-month lag for Rx, dental and vision.
- A weighted average of the two experience periods was used in the analysis to smooth out yearly claim fluctuations.
- Trend assumptions were chosen primarily based on national trends cited in the National Health Trend surveys.
- Rating tiers were not revisited when developing the 2013 rates.
- The current plan distribution (members in each tier) was used to allocate costs to each tier.
- Medicare members are charged 100% of the true costs which is causing migration to less expensive Medicare plans.
- Pre-65 members had an average tier ratio of 2.12 in 2013 vs. 2.08 in 2012; there was a loss due to the decrease in members/contract.
- Split contracts (Non-Medicare & Medicare members) are considered Medicare contracts consistent with prior report.
- Blended pre-65 rates are a weighted average of the active and pre-65 retiree rates.
- Rates exclude GRS fees.
- Projections will differ from the OPEB valuation cash flows due to the following:
 - Projections ignore new retirees and deaths and
 - Projections ignore members turning age 65 during the year
- Projections in this report and the OPEB valuation report are not adjusted for election changes that occur after the valuation date.