

CITY OF GRAND RAPIDS
2014 TREND REPORT





December 6, 2013

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

Dear Mr. Buhner:

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 2014 rates.
- As inputs to the June 30, 2013 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. To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial methods. This report relies heavily on data provided by Meritain, which was reviewed for reasonableness but not otherwise audited. We are not responsible for the accuracy or completeness of the information provided. In our judgment, the actuarial assumptions used for the study are, individually and in aggregate, reasonable.

This report has been revised from the November 18th version to incorporate the impact of the Michigan claims tax and administrative fees associated an out-of-network provider savings program. The City's agreement is to pay Meritain a fee equal to a portion of the gross savings received.

Future actuarial measurements (such as the projected 2015 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.

Executive Summary

- For the Pre-65 participants (active and retiree), combined medical and prescription drug claim experience in 2012 showed the expected trend increase over 2011. The claim experience for the Post-65 retiree population was much worse than expected to be, but given there are very few participants, volatile claim experience can be expected.

- Trend rates are used to project results from the experience periods to the 2014 rating period. While experience is often the best indicator for future costs, we do not rely on a single year's experience in setting trend assumptions since trends vary significantly from year to year. Therefore, professional judgment and industry benchmarks are used in setting the trend assumptions. The medical trend assumption is 7.5% and the assumed trend for the prescription drug benefit is 6.0%.
- This year's rate development incorporates a smoothing process for the post-65 retiree population's rate increases by incorporating gains and loss from the prior three years to adjust the current rates. Two and ½ years of experience were used divided into three periods; January 2011 – June 2011 (gain of \$15,614), July 2011 to June 2012 (gain of \$64,860) and July 2012 to June 2013 (loss of \$89,607). As part of the implementation process, there will be a "catch-up" that will use gains in the 2014 rate development that would have been used in 2012 and 2013 rate developments had this smoothing been in place.
- To begin the smoothing process, 100% of the gain from the earliest period, two thirds of the gain from the second period and one third of the most recent period were used to offset the 2014 rate increase. The impact is to reduce the rate increase by approximately 2%. Adding the Michigan claims tax reduces the smoothing impact by 0.5%. The development of the gains and losses in on page 14. The remaining gains and losses, as well as future ones, will be incorporated into the 2015 and 2016 rate development.
- In the October 30, 2013 draft report, it was reported that there is a significant increase in the number of members per contract in the active and pre-65 retiree segments this year. Our investigation validates that this is accurate but is not a sudden or recent development.
 - In September 2010, the ACA reform law required health care programs to extend coverage to young adults up to age 26 on their parents benefit programs.
 - Previously, the City has made efforts to reduce number of dependents covered by various methods.
 - Nuances of the hiring and termination process have impacted increasing the average number of lives per employee as well.
- Incorporating this new information into the historical periods and smoothing pattern of these increases has lowered the rate increase previously reported by approximately 3.3%. This is shown on page 20 of the report. See page 26 of the report for further details.
- The addition the Michigan claims tax and the administration fees associated with the savings from an out-of network discount program impacts many exhibits in this report. The claims tax was effective 1/1/2012, therefore both experience periods used where impacted. The earlier one (7/1/2011 to 6/30/2012) by only half of the period. The impact on the calculated rates for both these changes varies by segment but generally by less than 1%.

- Rate levels and rate increases continue to be partially offset by the use of Early Retiree Reinsurance Program (ERRP) money and the City’s use of 3-year smoothing of gains and losses. Together these adjustments reduce the pre-65 rates by approximately 8%. Adding the Michigan claims tax and the “out-of network” fees negatively impacted the smoothing reduction by 0.5%. The ERRP funds will be exhausted through this reduction in the 2014 rates which means that there will be an additional upward pressure on the rates in 2015 in the absence of plan changes or favorable claims experience.
- Incorporating all of these elements produces composite rate increases of:

Segment	Rate Increase	Rate increase (Nov. 18th Report)	Change
Active employees	7.3%	5.9%	1.4%
Pre – 65 Retirees	7.2%	4.9%	2.3%
Total pre 65 participants	7.3%	5.7%	1.6%
Post 65 retirees	9.7%	8.6%	1.1%

- Note that the change in the pre-65 retiree segment is greater than the other segments. This result is driven by the out-of network saving program which claims higher saving (and therefore more fees) due to the increased use of out-of network providers than active participants. The post-65 retirees are not included in this saving program and therefore this segment experienced less of a change than the other two.
- The results of the rate analysis in this report will be incorporated into the June 30, 2013 Annual Other Postemployment Benefits Valuations for General, Police and Fire. The pre-65 retiree only “calculated rates” developed on page 17 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 2014 blended (pre-65 retiree and active) implemented rates (page 19) serve as the basis for pre-65 retiree contributions. The post-65 retirees pay 100% of the “smoothed” cost also developed on page 19.
- Projections presented in this 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.

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

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taxpayer should seek advice based on the individual's circumstances from an independent tax advisor.

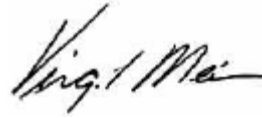
This report shall not be construed to provide tax, legal or investment advice.

James E. Pranschke and Virgil Meier are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries and are independent of the plan sponsor.

Respectively submitted,



James E. Pranschke, FSA, MAAA
Health Care Actuary



Virgil Meier, FSA, MAAA
Health Care Actuary

JEP/VM:ah

cc: James Anderson, GRS
Zari Gano, GRS

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Employer Paid Medical Claims Experience

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

Projection Year: 01/01/2014 - 12/31/2014

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Medical Claims *	\$ 14,233,386	\$ 6,501,506	\$ 20,734,892	\$ 356,096
Trend Factor (7.5% annual trend)	1.198	1.198	1.198	1.198
Incurral Factor	1.012	1.012	1.012	1.012
Projected Incurred Claims	\$ 17,256,216	\$ 7,882,269	\$ 25,138,485	\$ 431,722
Average Contracts	1,266.50	466.92	1,733.42	165.75
Average Members (adjusted)	3,978.11	991.97	4,970.08	199.75
Per Member Per Month Claims (PMPM)	\$ 361.48	\$ 662.17	\$ 421.49	\$ 180.11

Experience Year: 07/01/2012 - 06/30/2013

Projection Year: 01/01/2014 - 12/31/2014

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Medical Claims	\$ 14,682,189	\$ 7,057,570	\$ 21,739,759	\$ 549,002
Trend Factor (7.5% annual trend)	1.114	1.114	1.114	1.114
Incurral Factor	1.012	1.012	1.012	1.012
Projected Incurred Claims	\$ 16,552,231	\$ 7,956,478	\$ 24,508,709	\$ 618,927
Average Contracts	1,202.08	428.50	1,630.58	143.08
Average Members (adjusted)	3,870.72	958.82	4,829.54	173.33
Per Member Per Month Claims (PMPM)	\$ 356.36	\$ 691.52	\$ 422.90	\$ 297.56
Weighted Average PMPM (60/40)	\$ 358.41	\$ 679.78	\$ 422.34	\$ 250.58
Administrative Fees	\$ 9.39	\$ 23.94	\$ 12.28	\$ 14.65
Total Medical PMPM	\$ 367.80	\$ 703.72	\$ 434.62	\$ 265.23

* 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	\$ 367.80	\$ 703.72	\$ 434.62	\$ 265.23
Members Per Contract	3.257	2.290	3.001	1.215
Per Employee Per Month Cost (PEPM)	\$ 1,197.92	\$ 1,611.52	\$ 1,304.29	\$ 322.25
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.058	1.999
Family	2.600	2.220	2.542	2.249
Composite Tier	2.263	1.823	2.147	1.209
Single Rate*	\$ 529.35	\$ 883.99	\$ 607.49	\$ 266.54
Double Rate*	\$ 1,138.10	\$ 1,723.78	\$ 1,250.21	\$ 532.81
Family Rate*	\$ 1,376.31	\$ 1,962.46	\$ 1,544.24	\$ 599.45

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

Employer Paid Rx Pre-65 Claims Experience

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

Projection Year: 01/01/2014 - 12/31/2014

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Rx Claims	\$ 3,240,337	\$ 2,178,453	\$ 5,418,790
Trend Factor (6% annual trend)	1.157	1.157	1.157
Incurral Factor	1.005	1.005	1.005
Projected Incurred claims	\$ 3,767,815	\$ 2,533,072	\$ 6,300,888
Average Contracts	1,266.50	466.92	1,733.42
Average Members (adjusted)	3,978.11	991.97	4,970.08
Per Member Per Month Claims (PMPM)	\$ 78.93	\$ 212.80	\$ 105.65

Experience Year: 07/01/2012 - 06/30/2013

Projection Year: 01/01/2014 - 12/31/2014

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Rx Claims	\$ 3,099,049	\$ 1,666,169	\$ 4,765,218
Trend Factor (6% annual trend)	1.091	1.091	1.091
Incurral Factor	1.005	1.005	1.005
Projected Incurred Claims	\$ 3,397,968	\$ 1,826,879	\$ 5,224,847
Average Contracts	1,202.08	428.50	1,630.58
Average Members (adjusted)	3,870.72	958.82	4,829.54
Per Member Per Month Claims (PMPM)	\$ 73.16	\$ 158.78	\$ 90.16
Weighted Average PMPM (60/40)	\$ 75.47	\$ 180.39	\$ 96.36
Administrative Fees	\$ 1.43	\$ 2.06	\$ 1.56
Total Rx PMPM	\$ 76.90	\$ 182.45	\$ 97.92

Pre-65 Rx Rate Development

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Total Rx PMPM	\$ 76.90	\$ 182.45	\$ 97.92
Members Per Contract	3.257	2.290	3.001
Per Employee Per Month Cost (PEPM)	\$ 250.46	\$ 417.81	\$ 293.86
Rating Tiers			
Single	1.000	1.000	1.000
Double	2.150	1.950	2.058
Family	2.600	2.220	2.542
Composite Tier	2.263	1.823	2.147
Single Rate*	\$ 110.68	\$ 229.19	\$ 136.87
Double Rate*	\$ 237.96	\$ 446.92	\$ 281.68
Family Rate*	\$ 287.77	\$ 508.80	\$ 347.92

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

Employer Paid Post-65 Rx Claims Experience

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

Projection Year: 01/01/2014 - 12/31/2014

	<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	\$ 101,624	\$ 21,562	\$ 98,049	\$ 731,203	\$ 952,438
Trend Factor (6% annual trend)	1.157	1.157	1.157	1.157	1.157
Incurral Factor	1.005	1.005	1.005	1.005	1.005
Projected Incurred Claims	\$ 118,167	\$ 25,073	\$ 114,009	\$ 850,232	\$ 1,107,481
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)	\$ 355.88	\$ 379.89	\$ 408.63	\$ 494.33	\$ 462.03

Experience Year: 07/01/2012 - 06/30/2013

Projection Year: 01/01/2014 - 12/31/2014

	<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	\$ 85,623	\$ 3,835	\$ 72,291	\$ 663,530	\$ 825,280
Trend Factor (6% annual trend)	1.091	1.091	1.091	1.091	1.091
Incurral Factor	1.005	1.005	1.005	1.005	1.005
Projected Incurred Claims	\$ 93,882	\$ 4,205	\$ 79,263	\$ 727,531	\$ 904,881
Average Contracts	22.00	2.58	16.50	102.00	143.08
Average Members	23.17	2.67	20.25	127.25	173.33
Per Member Per Month Claims (PMPM)	\$ 337.66	\$ 131.26	\$ 326.19	\$ 476.44	\$ 435.03

Post-65 Rx Rate Development

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

Projection Year: 01/01/2014 - 12/31/2014

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay
Overall Rx PMPM	\$ 462.03	\$ 462.03	\$ 462.03	\$ 462.03
Relative Value to \$10/\$20 Copay Plan	1.098	1.076	1.056	0.960
Utilization Assumption	1.228	1.204	1.135	0.926
PMPM based on Relative Values (RVs)	\$ 622.97	\$ 598.56	\$ 553.77	\$ 410.72
PMPM based on Experience	\$ 355.88	\$ 379.89	\$ 408.63	\$ 494.33

Experience Year: 07/01/2012 - 06/30/2013

Projection Year: 01/01/2014 - 12/31/2014

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay
Overall Rx PMPM	\$ 435.03	\$ 435.03	\$ 435.03	\$ 435.03
Relative Value to \$10/\$20 Copay Plan	1.103	1.080	1.061	0.964
Utilization Assumption	1.231	1.207	1.138	0.929
PMPM based on Relative Values (RVs)	\$ 590.68	\$ 567.08	\$ 525.26	\$ 389.59
PMPM based on Experience	\$ 337.66	\$ 131.26	\$ 326.19	\$ 476.44
Administrative Fees	\$ 3.80	\$ 3.81	\$ 3.80	\$ 3.80
Weighted Average PMPM (RVs) (60/40)	\$ 607.40	\$ 583.48	\$ 540.46	\$ 401.84
Per Employee Per Month Cost (PEPM)	\$ 737.99	\$ 708.93	\$ 656.66	\$ 488.24
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	1.209	1.209	1.209	1.209
Single Rate*	\$ 610.41	\$ 586.38	\$ 543.14	\$ 403.84
Double Rate*	\$ 1,220.21	\$ 1,172.17	\$ 1,085.74	\$ 807.28
Family Rate*	\$ 1,372.81	\$ 1,318.77	\$ 1,221.52	\$ 908.24

* 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: 07/01/2011 - 06/30/2012
 Projection Year: 01/01/2014 - 12/31/2014

	<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)	1.130	1.130	1.130	1.130
Incurral Factor	1.004	1.004	1.004	1.004
Projected Incurred claims	\$ 1,308,423	\$ 421,616	\$ 1,730,039	\$ 10,101
Average Contracts	1,266.50	466.92	1,733.42	27.83
Average Members (adjusted)	3,978.11	991.97	4,970.08	35.97
Per Member Per Month Claims (PMPM)	\$ 27.41	\$ 35.42	\$ 29.01	\$ 23.40

Experience Year: 07/01/2012 - 06/30/2013
 Projection Year: 01/01/2014 - 12/31/2014

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 1,054,353	\$ 311,460	\$ 1,365,813	\$ 11,237
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	\$ 1,139,022	\$ 336,471	\$ 1,475,493	\$ 12,139
Average Contracts	1,202.08	428.50	1,630.58	26.83
Average Members (adjusted)	3,870.72	958.82	4,829.54	34.58
Per Member Per Month Claims (PMPM)	\$ 24.52	\$ 29.24	\$ 25.46	\$ 29.25
Weighted Average PMPM (60/40)	\$ 25.68	\$ 31.71	\$ 26.88	\$ 26.91
Administrative Fees	\$ -	\$ -	\$ -	\$ -
Total Dental PMPM	\$ 25.68	\$ 31.71	\$ 26.88	\$ 26.91

Dental Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Dental PMPM	\$ 25.68	\$ 31.71	\$ 26.88	\$ 26.91
Members Per Contract	3.257	2.290	3.001	1.215
Per Employee Per Month Cost (PEPM)	\$ 83.64	\$ 72.62	\$ 80.67	\$ 32.70
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.058	1.999
Family	2.600	2.220	2.542	2.249
Composite Tier	2.263	1.823	2.147	1.209
Single Rate*	\$ 36.96	\$ 39.84	\$ 37.57	\$ 27.05
Double Rate*	\$ 79.46	\$ 77.69	\$ 77.32	\$ 54.07
Family Rate*	\$ 96.10	\$ 88.44	\$ 95.50	\$ 60.84

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

Employer Paid Vision Claims Experience

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

Projection Year: 01/01/2014 - 12/31/2014

	<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)	1.090	1.090	1.090	1.090
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 316,606	\$ 98,138	\$ 414,744	\$ 2,181
Average Contracts	1,266.50	466.92	1,733.42	165.75
Average Members (adjusted)	3,978.11	991.97	4,970.08	199.75
Per Member Per Month Claims (PMPM)	\$ 6.63	\$ 8.24	\$ 6.95	\$ 0.91

Experience Year: 07/01/2012 - 06/30/2013

Projection Year: 01/01/2014 - 12/31/2014

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Vision claims	\$ 282,086	\$ 82,111	\$ 364,197	\$ 2,984
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	\$ 297,928	\$ 86,722	\$ 384,650	\$ 3,152
Average Contracts	1,202.08	428.50	1,630.58	143.08
Average Members (adjusted)	3,870.72	958.82	4,829.54	173.33
Per Member Per Month Claims (PMPM)	\$ 6.41	\$ 7.54	\$ 6.63	\$ 1.52
Weighted Average PMPM (60/40)	\$ 6.50	\$ 7.82	\$ 6.76	\$ 1.28
Administrative Fees	\$ -	\$ -	\$ -	\$ -
Total Vision PMPM	\$ 6.50	\$ 7.82	\$ 6.76	\$ 1.28

Vision Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Vision PMPM	\$ 6.50	\$ 7.82	\$ 6.76	\$ 1.28
Members Per Contract	3.257	2.290	3.001	1.215
Per Employee Per Month Cost (PEPM)	\$ 21.17	\$ 17.91	\$ 20.29	\$ 1.56
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.058	1.999
Family	2.600	2.220	2.542	2.249
Composite Tier	2.263	1.823	2.147	1.209
Single Rate*	\$ 9.36	\$ 9.82	\$ 9.45	\$ 1.29
Double Rate*	\$ 20.12	\$ 19.15	\$ 19.45	\$ 2.58
Family Rate*	\$ 24.34	\$ 21.80	\$ 24.02	\$ 2.90

* 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
July 2012 through June 2013

July 2012	Active	Pre-65 Retiree	Total
Contracts	1,226	443	1,669
Medical	\$902,558	\$249,967	\$1,152,526
Rx	\$294,731	\$149,924	\$444,655
Dental	\$74,063	\$17,228	\$91,291
Vision	\$14,625	\$2,654	\$17,279
Meritain Admin Fee	\$22,920	\$11,809	\$34,729
Meritain - HPA	\$3,370	\$1,201	\$4,571
Meritain - HPA - DM	\$0	\$1,827	\$1,827
Cofinity Premium	\$7,431	\$2,481	\$9,912
4D Admin Fee	\$5,736	\$2,045	\$7,781
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,330,119	\$440,702	\$1,770,821

August 2012	Active	Pre-65 Retiree	Total
Contracts	1,225	437	1,662
Medical	\$1,505,451	\$671,815	\$2,177,266
Rx	\$295,069	\$147,541	\$442,610
Dental	\$104,847	\$36,765	\$141,612
Vision	\$22,868	\$5,946	\$28,814
Meritain Admin Fee	\$23,638	\$12,581	\$36,219
Meritain - HPA	\$3,351	\$1,195	\$4,546
Meritain - HPA - DM	\$0	\$1,832	\$1,832
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,395	\$2,469	\$9,864
4D Admin Fee	\$5,487	\$1,956	\$7,443
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,972,791	\$883,665	\$2,856,456

September 2012	Active	Pre-65 Retiree	Total
Contracts	1,224	438	1,662
Medical	\$848,737	\$396,048	\$1,244,785
Rx	\$136,126	\$59,455	\$195,581
Dental	\$54,775	\$18,015	\$72,790
Vision	\$16,490	\$3,518	\$20,008
Meritain Admin Fee	\$19,575	\$15,236	\$34,811
Meritain - HPA	\$3,308	\$1,179	\$4,487
Meritain - HPA - DM	\$0	\$2,367	\$2,367
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,300	\$2,438	\$9,738
4D Admin Fee	\$5,349	\$1,907	\$7,256
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,096,345	\$501,728	\$1,598,073

October 2012	Active	Pre-65 Retiree	Total
Contracts	1,220	439	1,659
Medical	\$2,200,066	\$598,803	\$2,798,870
Rx	\$292,773	\$150,925	\$443,697
Dental	\$99,193	\$26,204	\$125,397
Vision	\$23,171	\$9,483	\$32,654
Meritain Admin Fee	\$25,092	\$13,961	\$39,053
Meritain - HPA	\$3,325	\$1,185	\$4,510
Meritain - HPA - DM	\$0	\$1,935	\$1,935
Cofinity Premium	\$7,345	\$2,453	\$9,798
4D Admin Fee	\$5,642	\$2,011	\$7,653
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$2,661,292	\$808,525	\$3,469,817

November 2012	Active	Pre-65 Retiree	Total
Contracts	1,209	435	1,644
Medical	\$1,490,279	\$1,379,161	\$2,869,440
Rx	\$268,420	\$148,136	\$416,556
Dental	\$88,969	\$24,323	\$113,292
Vision	\$15,985	\$5,560	\$21,545
Meritain Admin Fee	\$20,311	\$14,213	\$34,524
Meritain - HPA	\$3,303	\$1,177	\$4,480
Meritain - HPA - DM	\$0	\$1,926	\$1,926
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,332	\$2,448	\$9,780
4D Admin Fee	\$5,066	\$1,806	\$6,872
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,904,351	\$1,580,315	\$3,484,666

December 2012	Active	Pre-65 Retiree	Total
Contracts	1,211	429	1,640
Medical	\$972,994	\$407,039	\$1,380,034
Rx	\$239,202	\$139,393	\$378,595
Dental	\$68,164	\$19,282	\$87,446
Vision	\$14,373	\$4,359	\$18,732
Meritain Admin Fee	\$23,410	\$12,638	\$36,048
Meritain - HPA	\$3,250	\$1,159	\$4,409
Meritain - HPA - DM	\$0	\$1,922	\$1,922
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,170	\$2,394	\$9,564
4D Admin Fee	\$5,664	\$2,019	\$7,683
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,338,912	\$591,770	\$1,930,682

City of Grand Rapids
Summary of Non-Medicare Claims and Expenses
July 2012 through June 2013

January 2013	Active	Pre-65 Retiree	Total
Contracts	1,201	421	1,622
Medical	\$1,051,570	\$767,045	\$1,818,615
Rx	\$287,136	\$177,938	\$465,074
Dental	\$108,951	\$23,139	\$132,090
Vision	\$35,077	\$8,351	\$43,428
Meritain Admin Fee	\$19,481	\$17,690	\$37,171
Meritain - HPA	\$3,262	\$1,163	\$4,425
Meritain - HPA - DM	\$0	\$1,845	\$1,845
Cofinity Premium	\$7,188	\$2,400	\$9,588
4D Admin Fee	\$5,378	\$1,917	\$7,295
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,522,728	\$1,003,053	\$2,525,781

February 2013	Active	Pre-65 Retiree	Total
Contracts	1,191	423	1,614
Medical	\$1,531,757	\$431,392	\$1,963,149
Rx	\$264,739	\$126,891	\$391,630
Dental	\$91,775	\$36,048	\$127,823
Vision	\$53,020	\$16,536	\$69,556
Meritain Admin Fee	\$19,856	\$19,076	\$38,932
Meritain - HPA	\$3,159	\$1,126	\$4,285
Meritain - HPA - DM	\$0	\$1,805	\$1,805
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,021	\$2,345	\$9,366
4D Admin Fee	\$5,454	\$1,944	\$7,398
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,981,466	\$638,728	\$2,620,194

March 2013	Active	Pre-65 Retiree	Total
Contracts	1,188	419	1,607
Medical	\$1,378,008	\$684,084	\$2,062,092
Rx	\$260,007	\$138,415	\$398,422
Dental	\$115,112	\$39,479	\$154,591
Vision	\$33,987	\$8,592	\$42,579
Meritain Admin Fee	\$19,498	\$16,298	\$35,796
Meritain - HPA	\$3,200	\$1,141	\$4,341
Meritain - HPA - DM	\$0	\$1,854	\$1,854
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,102	\$2,372	\$9,474
4D Admin Fee	\$5,827	\$2,077	\$7,904
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,827,426	\$895,877	\$2,723,302

April 2013	Active	Pre-65 Retiree	Total
Contracts	1,177	419	1,596
Medical	\$1,031,961	\$679,766	\$1,711,727
Rx	\$246,612	\$142,827	\$389,439
Dental	\$78,849	\$15,930	\$94,779
Vision	\$17,166	\$5,591	\$22,757
Meritain Admin Fee	\$20,843	\$24,708	\$45,551
Meritain - HPA	\$3,129	\$1,115	\$4,244
Meritain - HPA - DM	\$0	\$1,823	\$1,823
Cofinity Premium	\$7,026	\$2,346	\$9,372
4D Admin Fee	\$5,180	\$1,846	\$7,026
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,415,451	\$877,517	\$2,292,968

May 2013	Active	Pre-65 Retiree	Total
Contracts	1,178	419	1,597
Medical	\$980,458	\$484,624	\$1,465,082
Rx	\$285,651	\$153,177	\$438,827
Dental	\$98,748	\$36,466	\$135,214
Vision	\$23,439	\$6,570	\$30,009
Meritain Admin Fee	\$19,516	\$21,665	\$41,181
Meritain - HPA	\$3,154	\$1,124	\$4,278
Meritain - HPA - DM	\$0	\$1,823	\$1,823
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,017	\$2,343	\$9,360
4D Admin Fee	\$5,486	\$1,956	\$7,442
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,428,153	\$711,313	\$2,139,466

June 2013	Active	Pre-65 Retiree	Total
Contracts	1,175	420	1,595
Medical	\$788,349	\$307,825	\$1,096,174
Rx	\$228,584	\$131,547	\$360,131
Dental	\$70,907	\$18,581	\$89,488
Vision	\$11,885	\$4,951	\$16,836
Meritain Admin Fee	\$19,894	\$11,028	\$30,922
Meritain - HPA	\$3,837	\$1,368	\$5,205
Meritain - HPA - DM	\$0	\$1,805	\$1,805
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,994	\$2,336	\$9,330
4D Admin Fee	\$6,177	\$2,202	\$8,379
Coleman, Dugan LLC	\$4,685	\$1,565	\$6,250
Total	\$1,141,312	\$483,208	\$1,624,521

Calculation of Gain/(Loss) on July 2012 through June 2013 Non-Medicare Segment Experience

Period	Pre-65 Employer Costs	Active Contracts	Pre-65 Retiree Contracts	Total Non- Medicare Contracts	Expected Revenue Based on 2012 & 2013 Calculated per Contract Rates	Gain/(Loss)
July-12	\$1,770,821	1226	443	1669	\$2,599,468	\$828,647
August-12	\$2,856,456	1225	437	1662	\$2,588,565	(\$267,891)
September-12	\$1,598,073	1224	438	1662	\$2,588,565	\$990,492
October-12	\$3,469,817	1220	439	1659	\$2,583,893	(\$885,924)
November-12	\$3,484,666	1209	435	1644	\$2,560,530	(\$924,136)
December-12	\$1,930,682	1211	429	1640	\$2,554,300	\$623,618
January-13	\$2,525,781	1201	421	1622	\$2,536,127	\$10,345
February-13	\$2,620,194	1191	423	1614	\$2,523,618	(\$96,576)
March-13	\$2,723,302	1188	419	1607	\$2,512,673	(\$210,629)
April-13	\$2,292,968	1177	419	1596	\$2,495,474	\$202,506
May-13	\$2,139,466	1178	419	1597	\$2,497,037	\$357,571
June-13	\$1,624,521	1175	420	1595	\$2,493,910	\$869,389

Total	\$29,036,747	1202	429	1631	\$30,534,159	\$1,497,412
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Amount of July '12 through June '13 experience gain/(loss) recognized in 2014 rates	\$499,137
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Amount of Oct '11 through June '12 experience gain/(loss) recognized in 2014 rates	\$865,307
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Amount of Jan '11 through Sept '11 experience gain/(loss) recognized in 2014 rates	\$767,772
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Total Amount experience gain/(loss) recognized in 2013 rates	\$2,132,216
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Calculation of Gain/(Loss) on January 2011 through June 2013 Post 65 Retiree Experience

Period	Post-65 Employer Costs	Post-65 Contracts	Expected Revenue Based on 2011, 2012 & 2013 Calculated per Contract Rates	Gain/(Loss)
January-11	\$135,347	176	\$122,514	(\$12,833)
February-11	\$114,194	173	\$120,814	\$6,620
March-11	\$100,822	172	\$119,196	\$18,374
April-11	\$98,010	171	\$118,098	\$20,088
May-11	\$139,790	173	\$120,246	(\$19,544)
June-11	\$117,338	173	\$120,246	\$2,908
July-11	\$96,761	172	\$119,172	\$22,411
August-11	\$122,252	170	\$117,787	(\$4,465)
September-11	\$98,649	169	\$117,800	\$19,151
October-11	\$139,471	170	\$118,331	(\$21,140)
November-11	\$111,704	169	\$117,310	\$5,606
December-11	\$106,105	169	\$116,457	\$10,352
January-12	\$105,442	162	\$120,409	\$14,967
February-12	\$114,484	162	\$120,531	\$6,048
March-12	\$120,327	161	\$119,794	(\$533)
April-12	\$134,619	162	\$119,784	(\$14,835)
May-12	\$118,475	162	\$120,218	\$1,743
June-12	\$94,082	161	\$119,638	\$25,555
July-12	\$104,210	152	\$114,295	\$10,084
August-12	\$120,370	150	\$112,282	(\$8,087)
September-12	\$66,283	148	\$111,122	\$44,839
October-12	\$126,231	148	\$111,122	(\$15,108)
November-12	\$198,267	148	\$111,713	(\$86,554)
December-12	\$99,987	148	\$111,713	\$11,726
January-13	\$125,032	140	\$113,422	(\$11,610)
February-13	\$93,242	139	\$112,288	\$19,046
March-13	\$108,091	137	\$111,042	\$2,951
April-13	\$171,439	136	\$109,695	(\$61,744)
May-13	\$85,416	136	\$109,695	\$24,279
June-13	\$128,318	135	\$108,888	(\$19,430)
Total	\$3,494,758	158	\$3,485,623	(\$9,135)

Portion of Gain / (Loss) recognized in 2014 Implemented Rates

Amount of July '12 through June '13 experience gain/(loss) (Use 1/3rd of total)	(\$29,869)
Amount of July '11 through June '12 experience gain/(loss) (Use 2/3rds of total; catch-up)	\$43,240
Amount of Jan '11 through June '11 experience gain/(loss) (Use 100% of total; catch-up)	\$15,614
Total Amount experience gain/(loss) recognized in 2013 rates	\$28,984

Explanation of Rates Developed in Following Section

Page 17: "2014 Calculated Premium Rates" Schedule

This schedule develops the actuarially sound 2014 rates without incorporating any smoothing or ERRP.

Page 18: "2014 Premium Rates (Reflecting Impact of ERRP Revenue)"

This schedule illustrates the effect of ERRP on the 2014 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% ERRP money received was used to reduce the 2014 pre-65 rates.

Page 19: "2014 Implemented Premium Rates"

This schedule incorporates both the impact of ERRP revenue and the recognition of past experience gains or losses separately for the active & pre 65 retiree segment and the post 65 retiree segment. For the active / pre 65 retiree segment, the three recent experience periods showed gains. For the post 65 retiree segment, there were two gains and a loss in the most recent period. Gains/(losses) are divided by three and used to adjust the rates in the subsequent three years. Development of gains and losses for the most recent periods are on pages 13 and 14.

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 ERRP money was used to lower Post-65 premiums.

Page 21: "2014 Implemented Rates vs. 2013 Implemented Rates (Percentage Increase)"

Composite rate increases on page 21 do not always follow an expected pattern due to changes in the distribution by tier level. To illustrate this point we will use the "Retired > 65 \$4 Rx Copay" segment which is an extreme example.

	2013 Implemented Premium Rates		2014 Implemented Premium Rates		2013 vs. 2014 % Increase
	Enrollment	Total	Enrollment	Total	Total
EE Only	2	\$ 783.38	1	\$ 837.04	6.85%
w Dep>65	1	\$ 1,565.97	0	\$ 1,673.24	6.85%
w Dep<65	0	\$ 1,761.82	0	\$ 1,882.50	6.85%
Composite	3	\$ 1,044.24	1	\$ 837.04	(19.84%)

The increase in individual contract premiums by tier from 2013 to 2014 was just under 6%. However, when actual enrollment is applied to determine the composite rate, there is more than a 20% decrease in composite premiums. Since the composite rate is the average premium weighted by tier it can be very sensitive to changes in the distribution of members between tiers.

Explanation of Rates Developed in Following Section

The table below illustrates the development of the rates, showing actual rates for 2013 and 2014 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.

	2013	2014	2015	2016	2017	2018	2019
Calculated Rate for Medical/Rx/Vision	\$ 1,482.71	\$ 1,622.20	\$ 1,731.70	\$ 1,848.59	\$ 1,973.37	\$ 2,106.57	\$ 2,248.76
Calculated Rate for Dental	\$ 80.87	\$ 80.73	\$ 84.77	\$ 89.01	\$ 93.46	\$ 98.13	\$ 103.04
Total Blended PEPM	\$ 1,563.58	\$ 1,702.93	\$ 1,816.47	\$ 1,937.60	\$ 2,066.83	\$ 2,204.70	\$ 2,351.80
Annual Increase		8.91%	6.67%	6.67%	6.67%	6.67%	6.67%
ERRP Dollars	\$ (492,220)	\$ (492,221)					
Contracts *	1,690	1,594	1,594	1,594	1,594	1,594	1,594
PEPM change due to ERRP	\$ (24.27)	\$ (25.73)	\$ -				
Blended PEPM after ERRP Adjustment	\$ 1,539.31	\$ 1,677.20	\$ 1,816.47	\$ 1,937.60	\$ 2,066.83	\$ 2,204.70	\$ 2,351.80
Annual Increase		8.96%	8.30%	6.67%	6.67%	6.67%	6.67%
Smoothing Dollars							
Smoothing Jan 1 2011 - Sept 30 2011	\$ (767,772)	\$ (767,772)					
Smoothing Oct 1 2011 - June 30 2012	\$ (865,307)	\$ (865,307)	\$ (865,307)				
Smoothing July 1 2012 - June 30 2013		\$ (499,137)	\$ (499,137)	\$ (499,137)			
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	\$ (1,633,079)	\$ (2,132,216)	\$ (1,364,444)	\$ (499,137)	\$ -	\$ -	\$ -
Contracts*	1,690	1,594	1,594	1,594	1,594	1,594	1,594
PEPM change due to smoothing	\$ (80.53)	\$ (111.47)	\$ (71.33)	\$ (26.09)	\$ -	\$ -	\$ -
Blended PEPM after Smoothing	\$ 1,458.78	\$ 1,565.73	\$ 1,745.14	\$ 1,911.51	\$ 2,066.83	\$ 2,204.70	\$ 2,351.80
Annual Increase		7.33%	11.46%	9.53%	8.13%	6.67%	6.67%
<i>* It is assumed that the pre-65 retiree population is stable with the current mix of contracts going forward</i>							

2014 Calculated Premium Rates

Without Reflection of ERRP Revenue or Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	186	\$ 686.35	\$ 649.39	\$ 36.96	\$ 1,531,933
	2 Person	217	\$ 1,475.64	\$ 1,396.18	\$ 79.46	\$ 3,842,567
	Family	770	\$ 1,784.51	\$ 1,688.41	\$ 96.10	\$ 16,488,872
	Composite	1173	\$ 1,553.24	\$ 1,469.59	\$ 83.64	\$ 21,863,372
Retired <65	EE Only	96	\$ 1,162.83	\$ 1,123.00	\$ 39.83	\$ 1,339,580
	2 Person	185	\$ 2,267.52	\$ 2,189.85	\$ 77.67	\$ 5,033,894
	Family	140	\$ 2,581.48	\$ 2,493.06	\$ 88.42	\$ 4,336,886
	Composite	421	\$ 2,120.02	\$ 2,047.41	\$ 72.62	\$ 10,710,360
Blended	EE Only	282	\$ 848.56	\$ 810.62	\$ 37.94	\$ 2,871,513
	2 Person	402	\$ 1,840.06	\$ 1,761.43	\$ 78.64	\$ 8,876,461
	Family	910	\$ 1,907.12	\$ 1,812.20	\$ 94.92	\$ 20,825,759
	Composite	1594	\$ 1,702.93	\$ 1,622.20	\$ 80.73	\$ 32,573,733
Retired >65 \$2 Rx Copay	EE Only	20	\$ 878.24	\$ 878.24		\$ 210,778
	w Dep>65	0	\$ 1,755.60	\$ 1,755.60		\$ -
	w Dep<65	0	\$ 1,975.16	\$ 1,975.16		\$ -
	Composite	20	\$ 878.24	\$ 878.24		\$ 210,778
Retired >65 \$4 Rx Copay	EE Only	1	\$ 854.21	\$ 854.21		\$ 10,251
	w Dep>65	0	\$ 1,707.56	\$ 1,707.56		\$ -
	w Dep<65	0	\$ 1,921.12	\$ 1,921.12		\$ -
	Composite	1	\$ 854.21	\$ 854.21		\$ 10,251
Retired >65 \$4/\$8 Rx Copay	EE Only	11	\$ 838.01	\$ 810.97	\$ 27.04	\$ 110,617
	w Dep>65	3	\$ 1,675.18	\$ 1,621.13	\$ 54.05	\$ 60,306
	w Dep<65	0	\$ 1,884.68	\$ 1,823.87	\$ 60.81	\$ -
	Composite	14	\$ 1,017.40	\$ 984.58	\$ 32.83	\$ 170,923
Retired >65 \$10/\$20 Rx Copay	EE Only	75	\$ 698.71	\$ 671.67	\$ 27.04	\$ 628,839
	w Dep>65	24	\$ 1,396.72	\$ 1,342.67	\$ 54.05	\$ 402,255
	w Dep<65	1	\$ 1,571.40	\$ 1,510.59	\$ 60.81	\$ 18,857
	Composite	100	\$ 874.96	\$ 841.10	\$ 33.86	\$ 1,049,951
Composite >65	EE Only	107	\$ 748.04	\$ 726.31	\$ 21.73	\$ 960,484
	w Dep>65	27	\$ 1,427.66	\$ 1,373.61	\$ 54.05	\$ 462,562
	w Dep<65	1	\$ 1,571.40	\$ 1,510.59	\$ 60.81	\$ 18,857
	Composite	135	\$ 890.06	\$ 861.58	\$ 28.49	\$ 1,441,903

2014 Premium Rates
Reflecting Impact of ERRP Revenue

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	186	\$ 675.98	\$ 639.58	\$ 36.40	\$ 1,508,784
	2 Person	217	\$ 1,453.34	\$ 1,375.08	\$ 78.26	\$ 3,784,502
	Family	770	\$ 1,757.54	\$ 1,662.90	\$ 94.64	\$ 16,239,709
	Composite	1173	\$ 1,529.77	\$ 1,447.39	\$ 82.38	\$ 21,532,995
Retired <65	EE Only	96	\$ 1,145.26	\$ 1,106.03	\$ 39.23	\$ 1,319,338
	2 Person	185	\$ 2,233.26	\$ 2,156.76	\$ 76.50	\$ 4,957,827
	Family	140	\$ 2,542.47	\$ 2,455.39	\$ 87.08	\$ 4,271,352
	Composite	421	\$ 2,087.99	\$ 2,016.47	\$ 71.52	\$ 10,548,517
Blended	EE Only	282	\$ 835.73	\$ 798.37	\$ 37.36	\$ 2,828,122
	2 Person	402	\$ 1,812.26	\$ 1,734.81	\$ 77.45	\$ 8,742,329
	Family	910	\$ 1,878.30	\$ 1,784.82	\$ 93.48	\$ 20,511,061
	Composite	1594	\$ 1,677.20	\$ 1,597.69	\$ 79.51	\$ 32,081,512
Retired >65 \$2 Rx Copay	EE Only	20	\$ 878.24	\$ 878.24	\$ -	\$ 210,778
	w Dep>65	0	\$ 1,755.60	\$ 1,755.60	\$ -	\$ -
	w Dep<65	0	\$ 1,975.16	\$ 1,975.16	\$ -	\$ -
	Composite	20	\$ 878.24	\$ 878.24		\$ 210,778
Retired >65 \$4 Rx Copay	EE Only	1	\$ 854.21	\$ 854.21	\$ -	\$ 10,251
	w Dep>65	0	\$ 1,707.56	\$ 1,707.56	\$ -	\$ -
	w Dep<65	0	\$ 1,921.12	\$ 1,921.12	\$ -	\$ -
	Composite	1	\$ 854.21	\$ 854.21		\$ 10,251
Retired >65 \$4/\$8 Rx Copay	EE Only	11	\$ 838.01	\$ 810.97	\$ 27.04	\$ 110,617
	w Dep>65	3	\$ 1,675.18	\$ 1,621.13	\$ 54.05	\$ 60,306
	w Dep<65	0	\$ 1,884.68	\$ 1,823.87	\$ 60.81	\$ -
	Composite	14	\$ 1,017.40	\$ 984.58	\$ 32.83	\$ 170,923
Retired >65 \$10/\$20 Rx Copay	EE Only	75	\$ 698.71	\$ 671.67	\$ 27.04	\$ 628,839
	w Dep>65	24	\$ 1,396.72	\$ 1,342.67	\$ 54.05	\$ 402,255
	w Dep<65	1	\$ 1,571.40	\$ 1,510.59	\$ 60.81	\$ 18,857
	Composite	100	\$ 874.96	\$ 841.10	\$ 33.86	\$ 1,049,951
Composite >65	EE Only	107	\$ 748.04	\$ 726.31	\$ 21.73	\$ 960,484
	w Dep>65	27	\$ 1,427.66	\$ 1,373.61	\$ 54.05	\$ 462,562
	w Dep<65	1	\$ 1,571.40	\$ 1,510.59	\$ 60.81	\$ 18,857
	Composite	135	\$ 890.06	\$ 861.58	\$ 28.49	\$ 1,441,903

2014 Implemented Premium Rates
Reflecting Gain/Loss Smoothing and Impact of ERRP Revenue

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	186	\$ 631.05	\$ 597.07	\$ 33.98	\$ 1,408,507
	2 Person	217	\$ 1,356.75	\$ 1,283.69	\$ 73.06	\$ 3,532,974
	Family	770	\$ 1,640.73	\$ 1,552.38	\$ 88.35	\$ 15,160,378
	Composite	1173	\$ 1,428.09	\$ 1,351.19	\$ 76.90	\$ 20,101,859
Retired <65		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	96	\$ 1,069.14	\$ 1,032.52	\$ 36.62	\$ 1,231,651
	2 Person	185	\$ 2,084.83	\$ 2,013.42	\$ 71.41	\$ 4,628,318
	Family	140	\$ 2,373.49	\$ 2,292.20	\$ 81.29	\$ 3,987,467
	Composite	421	\$ 1,949.22	\$ 1,882.45	\$ 66.77	\$ 9,847,436
Blended		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	282	\$ 780.19	\$ 745.31	\$ 34.88	\$ 2,640,158
	2 Person	402	\$ 1,691.81	\$ 1,619.51	\$ 72.30	\$ 8,161,292
	Family	910	\$ 1,753.47	\$ 1,666.19	\$ 87.28	\$ 19,147,845
	Composite	1594	\$ 1,565.73	\$ 1,491.50	\$ 74.23	\$ 29,949,295
Retired >65 \$2 Rx Copay		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	20	\$ 860.59	\$ 860.59	\$ -	\$ 206,541
	w Dep>65	0	\$ 1,720.31	\$ 1,720.31	\$ -	\$ -
	w Dep<65	0	\$ 1,935.46	\$ 1,935.46	\$ -	\$ -
	Composite	20	\$ 860.59	\$ 860.59	\$ -	\$ 206,541
Retired >65 \$4 Rx Copay		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	1	\$ 837.04	\$ 837.04	\$ -	\$ 10,044
	w Dep>65	0	\$ 1,673.24	\$ 1,673.24	\$ -	\$ -
	w Dep<65	0	\$ 1,882.50	\$ 1,882.50	\$ -	\$ -
	Composite	1	\$ 837.04	\$ 837.04	\$ -	\$ 10,044
Retired >65 \$4/\$8 Rx Copay		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	11	\$ 821.16	\$ 794.67	\$ 27.04	\$ 108,394
	w Dep>65	3	\$ 1,641.51	\$ 1,588.54	\$ 54.05	\$ 59,094
	w Dep<65	0	\$ 1,846.80	\$ 1,787.21	\$ 60.81	\$ -
	Composite	14	\$ 996.95	\$ 964.78	\$ 32.83	\$ 167,488
Retired >65 \$10/\$20 Rx Copay		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	75	\$ 684.67	\$ 658.17	\$ 27.04	\$ 616,199
	w Dep>65	24	\$ 1,368.64	\$ 1,315.68	\$ 54.05	\$ 394,170
	w Dep<65	1	\$ 1,539.81	\$ 1,480.23	\$ 60.81	\$ 18,478
	Composite	100	\$ 857.37	\$ 824.19	\$ 33.86	\$ 1,028,847
Composite >65		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	107	\$ 733.00	\$ 711.71	\$ 21.73	\$ 941,177
	w Dep>65	27	\$ 1,398.96	\$ 1,346.00	\$ 54.05	\$ 453,264
	w Dep<65	1	\$ 1,539.81	\$ 1,480.23	\$ 60.81	\$ 18,478
	Composite	135	\$ 872.17	\$ 844.26	\$ 28.49	\$ 1,412,919

2014 Implemented Rates vs. 2013 Implemented Rates (Dollar Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	\$ 37.10	\$ 37.83	\$ (0.74)	\$ (24,103)
	2 Person	\$ 79.76	\$ 81.34	\$ (1.58)	\$ (773,042)
	Family	\$ 96.45	\$ 98.36	\$ (1.92)	\$ 983,887
	Composite	\$ 97.22	\$ 98.11	\$ (0.89)	\$ 186,742
Retired <65	EE Only	\$ 55.11	\$ 56.87	\$ (1.76)	\$ (70,367)
	2 Person	\$ 107.47	\$ 110.90	\$ (3.43)	\$ (496,994)
	Family	\$ 122.34	\$ 126.26	\$ (3.92)	\$ 745,812
	Composite	\$ 130.37	\$ 132.45	\$ (2.07)	\$ 178,451
Blended	EE Only	\$ 40.30	\$ 41.41	\$ (1.11)	\$ (94,470)
	2 Person	\$ 110.43	\$ 112.86	\$ (2.43)	\$ (1,270,037)
	Family	\$ 113.34	\$ 115.65	\$ (2.30)	\$ 1,729,700
	Composite	\$ 106.95	\$ 108.16	\$ (1.22)	\$ 365,193
Retired >65 \$2 Rx Copay	EE Only	\$ 53.70	\$ 53.70	\$ -	\$ 3,205
	w Dep>65	\$ 107.34	\$ 107.34	\$ -	\$ (38,711)
	w Dep<65	\$ 120.77	\$ 120.77	\$ -	\$ -
	Composite	\$ (16.39)	\$ (16.39)	\$ -	\$ (35,506)
Retired >65 \$4 Rx Copay	EE Only	\$ 53.66	\$ 53.66	\$ -	\$ (8,757)
	w Dep>65	\$ 107.27	\$ 107.27	\$ -	\$ (18,792)
	w Dep<65	\$ 120.68	\$ 120.68	\$ -	\$ -
	Composite	\$ (207.20)	\$ (207.20)	\$ -	\$ (27,549)
Retired >65 \$4/\$8 Rx Copay	EE Only	\$ 57.21	\$ 54.68	\$ 3.08	\$ (29,117)
	w Dep>65	\$ 114.37	\$ 109.30	\$ 6.15	\$ (14,209)
	w Dep<65	\$ 128.68	\$ 122.98	\$ 6.92	\$ -
	Composite	\$ 72.33	\$ 69.16	\$ 3.83	\$ (43,326)
Retired >65 \$10/\$20 Rx Copay	EE Only	\$ 61.89	\$ 59.35	\$ 3.08	\$ (71,350)
	w Dep>65	\$ 123.70	\$ 118.64	\$ 6.15	\$ 95,384
	w Dep<65	\$ 139.18	\$ 133.49	\$ 6.92	\$ (31,945)
	Composite	\$ 106.10	\$ 101.82	\$ 4.96	\$ (7,911)
Composite >65	EE Only	\$ 61.72	\$ 60.15	\$ 2.01	\$ (106,021)
	w Dep>65	\$ 73.06	\$ 62.68	\$ 11.47	\$ 23,673
	w Dep<65	\$ 139.18	\$ 133.49	\$ 6.92	\$ (31,945)
	Composite	\$ 76.75	\$ 73.06	\$ 4.27	\$ (114,293)

2014 Implemented Rates vs. 2013 Implemented Rates (Percentage Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	6.25%	6.77%	(2.12%)	(1.68%)
	2 Person	6.25%	6.76%	(2.11%)	(17.95%)
	Family	6.25%	6.76%	(2.12%)	6.94%
	Composite	7.30%	7.83%	(1.14%)	0.94%
Retired <65		Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	5.43%	5.83%	(4.59%)	(5.40%)
	2 Person	5.44%	5.83%	(4.59%)	(9.70%)
	Family	5.43%	5.83%	(4.60%)	23.01%
	Composite	7.17%	7.57%	(3.01%)	1.85%
Blended		Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	5.45%	5.88%	(3.08%)	(3.45%)
	2 Person	6.98%	7.49%	(3.25%)	(13.47%)
	Family	6.91%	7.46%	(2.57%)	9.93%
	Composite	7.33%	7.82%	(1.62%)	1.23%
Retired >65 \$2 Rx Copay		Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	6.65%	6.65%	N/A	1.58%
	w Dep>65	6.65%	6.65%	N/A	(100.00%)
	w Dep<65	6.65%	6.65%	N/A	N/A
	Composite	(1.87%)	(1.87%)	N/A	(14.67%)
Retired >65 \$4 Rx Copay		Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	6.85%	6.85%	N/A	(46.58%)
	w Dep>65	6.85%	6.85%	N/A	(100.00%)
	w Dep<65	6.85%	6.85%	N/A	N/A
	Composite	(19.84%)	(19.84%)	N/A	(73.28%)
Retired >65 \$4/\$8 Rx Copay		Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	7.49%	7.39%	12.85%	(21.17%)
	w Dep>65	7.49%	7.39%	12.84%	(19.38%)
	w Dep<65	7.49%	7.39%	12.84%	N/A
	Composite	7.82%	7.72%	13.21%	(20.55%)
Retired >65 \$10/\$20 Rx Copay		Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	9.94%	9.91%	12.85%	(10.38%)
	w Dep>65	9.94%	9.91%	12.84%	31.92%
	w Dep<65	9.94%	9.91%	12.84%	(63.35%)
	Composite	14.12%	14.10%	17.16%	(0.76%)
Composite >65		Total	Med/Rx/Vis	Dental	Total Revenue
	EE Only	9.19%	9.23%	10.20%	(10.12%)
	w Dep>65	5.51%	4.88%	26.94%	5.51%
	w Dep<65	9.94%	9.91%	12.84%	(63.35%)
	Composite	9.65%	9.47%	17.63%	(7.48%)

2015 Projected Premium Rates (assumes no change in covered lives from 2013)

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	186	\$ 723.96	\$ 685.83	\$ 38.13	\$ 1,615,879
	2 Person	217	\$ 1,556.50	\$ 1,474.53	\$ 81.97	\$ 4,053,126
	Family	770	\$ 1,882.29	\$ 1,783.16	\$ 99.13	\$ 17,392,360
	Composite	1173	\$ 1,638.35	\$ 1,552.06	\$ 86.28	\$ 23,061,365
Retired <65	EE Only	96	\$ 1,227.11	\$ 1,186.02	\$ 41.09	\$ 1,413,631
	2 Person	185	\$ 2,392.86	\$ 2,312.74	\$ 80.12	\$ 5,312,149
	Family	140	\$ 2,724.18	\$ 2,632.97	\$ 91.21	\$ 4,576,622
	Composite	421	\$ 2,237.21	\$ 2,162.31	\$ 74.91	\$ 11,302,402
Blended	EE Only	282	\$ 895.25	\$ 856.11	\$ 39.13	\$ 3,029,509
	2 Person	402	\$ 1,941.39	\$ 1,860.28	\$ 81.12	\$ 9,365,275
	Family	910	\$ 2,011.81	\$ 1,913.90	\$ 97.91	\$ 21,968,982
	Composite	1594	\$ 1,796.52	\$ 1,713.24	\$ 83.28	\$ 34,363,766
Retired >65 \$2 Rx Copay	EE Only	20	\$ 944.11	\$ 944.11	\$ -	\$ 226,586
	w Dep>65	0	\$ 1,887.27	\$ 1,887.27	\$ -	\$ -
	w Dep<65	0	\$ 2,123.30	\$ 2,123.30	\$ -	\$ -
	Composite	20	\$ 944.11	\$ 944.11	\$ -	\$ 226,586
Retired >65 \$4 Rx Copay	EE Only	1	\$ 918.28	\$ 918.28	\$ -	\$ 11,019
	w Dep>65	0	\$ 1,835.63	\$ 1,835.63	\$ -	\$ -
	w Dep<65	0	\$ 2,065.20	\$ 2,065.20	\$ -	\$ -
	Composite	1	\$ 918.28	\$ 918.28	\$ -	\$ 11,019
Retired >65 \$4/\$8 Rx Copay	EE Only	11	\$ 900.18	\$ 871.79	\$ 28.39	\$ 118,824
	w Dep>65	3	\$ 1,799.46	\$ 1,742.71	\$ 56.75	\$ 64,781
	w Dep<65	0	\$ 2,024.51	\$ 1,960.66	\$ 63.85	\$ -
	Composite	14	\$ 1,092.88	\$ 1,058.42	\$ 34.47	\$ 183,605
Retired >65 \$10/\$20 Rx Copay	EE Only	75	\$ 750.44	\$ 722.05	\$ 28.39	\$ 675,396
	w Dep>65	24	\$ 1,500.12	\$ 1,443.37	\$ 56.75	\$ 432,035
	w Dep<65	1	\$ 1,687.73	\$ 1,623.88	\$ 63.85	\$ 20,253
	Composite	100	\$ 939.74	\$ 904.19	\$ 35.55	\$ 1,127,684
Composite >65	EE Only	107	\$ 803.60	\$ 780.78	\$ 22.82	\$ 1,031,822
	w Dep>65	27	\$ 1,533.38	\$ 1,476.63	\$ 56.75	\$ 496,815
	w Dep<65	1	\$ 1,687.73	\$ 1,623.88	\$ 63.85	\$ 20,253
	Composite	135	\$ 956.11	\$ 926.20	\$ 29.91	\$ 1,548,890

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 2015 rates developed next year will differ from the rates above.

2013 Implemented Premium Rates

Reflecting Gain/Loss Smoothing and Impact of ERRP Revenue

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	201	\$ 593.95	\$ 559.23	\$ 34.72	\$ 1,432,610
	2 Person	281	\$ 1,276.99	\$ 1,202.35	\$ 74.64	\$ 4,306,016
	Family	765	\$ 1,544.28	\$ 1,454.01	\$ 90.27	\$ 14,176,491
	Composite	1247	\$ 1,330.87	\$ 1,253.08	\$ 77.79	\$ 19,915,117
Retired <65	EE Only	107	\$ 1,014.03	\$ 975.65	\$ 38.38	\$ 1,302,018
	2 Person	216	\$ 1,977.36	\$ 1,902.51	\$ 74.84	\$ 5,125,312
	Family	120	\$ 2,251.15	\$ 2,165.94	\$ 85.21	\$ 3,241,655
	Composite	443	\$ 1,818.85	\$ 1,750.00	\$ 68.84	\$ 9,668,985
Blended	EE Only	308	\$ 739.89	\$ 703.90	\$ 35.99	\$ 2,734,628
	2 Person	497	\$ 1,581.38	\$ 1,506.65	\$ 74.73	\$ 9,431,329
	Family	885	\$ 1,640.13	\$ 1,550.55	\$ 89.58	\$ 17,418,145
	Composite	1690	\$ 1,458.78	\$ 1,383.34	\$ 75.45	\$ 29,584,102
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
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
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
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
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 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
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
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
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
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
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
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
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

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
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
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
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

Explanatory Notes -- Data, Methods and Assumptions

- Paid claims were used for the analysis. Consistent with prior rate developments, incurred claims are derived using paid claims and actuarial assumptions.
- 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 2014 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 2.29 in 2014 vs. 2.12 in 2013.
- 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.
- Active and Pre 65 Contracts and Lives counts -- assumptions and smoothing technique
 - There has been a significant increase in the number of lives per contract in the 2014 rate development versus the 2013 development.
 - The October 30, 2013 Draft Report contained inconsistencies between historical snapshot data and the detailed census information received from Meritain
 - Revised data now provides consistent data for the recent months (April to June 2013) between these two sources.
 - The detailed census data in the revised data is consistent with the original detailed census.
 - Since the remaining historical months (July 2011 through March 2013) do not smoothly transition to the more recent months, a smoothing technique was used to estimate the number of lives in these months.
 - The technique was tested to provide a small margin in the resultant rate increase.