

CITY OF GRAND RAPIDS
2016 TREND REPORT



December 7, 2015

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 2016 rates.
- As inputs to the June 30, 2015 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 incorporates the impact of the Michigan claims tax and the per member fee assessed as part of the Affordable Care Act (ACA). In addition, the administrative fees associated with an out-of-network provider savings program are also incorporated. 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 2017 rates) may differ significantly from the current measurements presented in this report due to such factors as: 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), medical claim experience was lower than predicted during the current experience period and the prescription drug claim experience trended a few points higher than expected. Overall the combined experience trended favorably. This favorable result is due to several factors:
 - During the previous two experience periods there were several spikes in monthly PMPM claims indicating an occurrence of large claims; and
 - Effective January 1, 2015, there was a benefit plan change that reduces claims in the last half of the experience period.
- In the Post-65 retiree segment, experience was also favorable after adjustment for the remainder of the catastrophic claim incurred in a prior period.
- Trend rates are used to project results from the experience periods to the 2016 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, we used professional judgment and industry benchmarks in conjunction with historical experience in setting the trend assumptions. The medical trend assumption is 7.0% and the assumed trend for the prescription drug benefit is 12.0%.
- The City desires to ultimately reflect the total claim experience into future rates. Therefore, a three-year smoothing process is incorporated in the rating for both the Pre-65 (active and retiree) segment and the Post-65 retiree segment.
- The development of the current period gain is shown on page 14 for Pre-65 and page 15 for the Post-65 population. Note the nearly \$6 million gain over the calculated rates for the current period for the Pre-65 segment on page 14. As noted above, there were large claims in previous periods that did not occur in the current period, and we expect a regression back to the expected level going forward. Note also that the Post-65 segment continues to incorporate losses from prior years that increase the implemented rates by 5.0% over the calculated rate for 2016. One third of each year's gain or loss is incorporated in the implemented rates each year. The remaining gains and losses, as well as future ones, will be incorporated into future rate developments.
- Our recommended Post-65 Implemented Rates deviate from the smoothing formula slightly and hold the rates constant to last year by reducing the impact of the smoothing adjustment. This recommendation will reduce revenue from this segment by less than \$60,000 which will be reflected in future rate developments. This recommendation is incorporated into the 2016 Implemented Rates provided on page 20.

- In the Pre-65 segment, rate levels and rate increases continue to be partially offset by the City’s use of three-year smoothing of gains and losses (by approximately 9% in 2016 implemented rates). The ERRP funds were exhausted with the reduction in the 2014 rates and therefore had no impact on the 2016 rates.
- The addition of 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 January 1, 2012; therefore, both experience periods were impacted. The impact on the calculated rates for both these changes varies by segment but generally by less than 1%.
- These rate increases incorporate the impact of the benefit change effective January 1, 2015 for all active participants and approximately 50% of the Pre-65 retirees. The estimated impact of the benefit change is 5% for the active medical rates and 2.5% for the Pre-65 retiree medical rates.
- The individual rate changes after incorporating the smoothing and the benefit changes by segment are: (Note composite rate changes are different than these due to shifts in the participant distribution.)

Segment	Rate Change
Active employees	(5.6%)
Pre-65 Retirees	(6.8%)
Total Pre-65 participants	(6.4%)
Post-65 retirees	(0.0%)

- The results of the rate analysis in this report will be incorporated into the June 30, 2015 Annual Other Postemployment Benefits Valuations for General, Police and Fire. The pre-65 retiree only “calculated rates” developed on page 19 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 2016 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 20.
- 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.

Mr. Scott Buhner
December 7, 2015
Page 4

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

James E. Pranschke is a Member of the American Academy of Actuaries (MAAA), meets the Qualification Standards of the American Academy of Actuaries and is independent of the plan sponsor.

Respectively submitted,

A handwritten signature in cursive script that reads "James E. Pranschke".

James E. Pranschke, FSA, MAAA
Senior Health Care Actuary

JEP:ah

cc: James Anderson, GRS
Zari Gano, GRS

TABLE OF CONTENTS

Employer Paid Medical Claims Experience.....	1
Post-65 Medical Claims Experience	2
Medical Rate Development	3
Employer Paid Rx Pre-65 Claims Experience	4
Pre-65 Rx Rate Development.....	5
Employer Paid Post-65 Rx Claims Experience.....	6
Post-65 Rx Rate Development	7
Employer Paid Dental Claims Experience	8
Dental Rate Development	9
Employer Paid Vision Claims Experience	10
Vision Rate Development	11
Summary of Non-Medicare Claims and Expenses (July 2014 through June 2015)	12
Calculation of Gain/(Loss) on Non-Medicare experience from July 2014 through June 2015	14
Calculation of Gain/(Loss) on Post-65 Retiree experience from July 2014 through June 2015.....	15
Explanation of Rates	16
2016 Calculated Premium Rates	19
2016 Implemented Premium Rates	20
2016 Implemented Rates vs. 2015 Implemented Rates (Dollar Increases)	21
2016 Implemented Rates vs. 2015 Implemented Rates (Percentage Increases)	22
2017 Projected Premium Rates	23
2015 Implemented Premium Rates	24
2015 Calculated Premium Rates	25
2014 Calculated Premium Rates	26
Explanatory Notes	27

Employer Paid Medical Claims Experience

Experience Year: 07/01/2013 - 06/30/2014
 Projection Year: 01/01/2016 - 12/31/2016

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Medical Claims *	\$ 14,390,171	\$ 7,348,665	\$ 21,738,836
Trend Factor (7% annual trend)	1.184	1.184	
Incurral Factor	1.011	1.011	
Plan Design Adjustment Factor	0.950	0.975	
Projected Incurred Claims	\$ 16,364,111	\$ 8,576,615	\$ 24,940,726
Average Contracts	1,144.58	424.25	1,568.83
Average Members (adjusted)	3,749.33	953.96	4,703.29
Per Member Per Month Claims (PMPM)	\$ 363.71	\$ 749.21	\$ 441.90

Experience Year: 07/01/2014 - 06/30/2015
 Projection Year: 01/01/2016 - 12/31/2016

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Medical Claims	\$ 12,229,338	\$ 6,335,494	\$ 18,564,831
Trend Factor (7% annual trend)	1.107	1.107	
Incurral Factor	1.011	1.011	
Plan Design Adjustment Factor	0.975	0.988	
Projected Incurred Claims	\$ 13,344,624	\$ 7,001,907	\$ 20,346,531
Average Contracts	1,134.00	441.75	1,575.75
Average Members (adjusted)	3,655.25	1,004.39	4,659.64
Per Member Per Month Claims (PMPM)	\$ 304.23	\$ 580.94	\$ 363.88
Weighted Average PMPM (50/50)	\$ 333.97	\$ 665.08	\$ 402.89
Administrative Fees	\$ 10.21	\$ 22.41	\$ 12.84
Total Medical PMPM	\$ 344.18	\$ 687.49	\$ 415.73

* See explanatory notes for detailed description.

Post-65 Retiree Medical Claims Experience

Projection Year: 01/01/2016 - 12/31/2016

Experience Year (July to June)	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>Total / Weighted Ave.</u>
Experience Year				
Paid Medical Claims *	\$ 549,002	\$ 417,858	\$ 301,050	\$ 1,267,910
Trend Factor (7% annual trend)	1.267	1.184	1.107	
Incurral Factor	1.011	1.011	1.011	
Plan Design Adjustment Factor	1.000	1.000	1.000	
Projected Incurred Claims	\$ 703,237	\$ 500,187	\$ 336,928	\$ 1,540,352
Average Contracts	143.08	123.25	101.00	367.33
Average Members (adjusted)	173.33	150.67	120.42	444.42
Weighting Factor	10%	30%	60%	
Per Member Per Month Claims (PMPM)	\$ 338.09	\$ 276.65	\$ 233.17	\$ 256.71
Administrative Fees				\$ 15.77
Total Medical PMPM				\$ 272.48

Medical Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Medical PMPM	\$ 344.18	\$ 687.49	\$ 415.73	\$ 272.48
Members Per Contract	3.114	2.268	2.888	1.170
Per Employee Per Month Cost (PEPM)	\$ 1,071.78	\$ 1,559.23	\$ 1,200.63	\$ 318.80
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.056	1.999
Family	2.600	2.220	2.539	2.249
Composite Tier	2.193	1.803	2.088	1.170
Single Rate*	\$ 488.73	\$ 864.80	\$ 575.01	\$ 272.48
Double Rate*	\$ 1,050.77	\$ 1,686.36	\$ 1,182.22	\$ 544.69
Family Rate*	\$ 1,270.70	\$ 1,919.86	\$ 1,459.95	\$ 612.81

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

Employer Paid Rx Pre-65 Claims Experience

Experience Year: 07/01/2013 - 06/30/2014

Projection Year: 01/01/2016 - 12/31/2016

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Rx Claims	\$ 3,370,216	\$ 1,840,533	\$ 5,210,749
Trend Factor (12% annual trend)	1.327	1.327	1.327
Incurral Factor	1.009	1.009	1.009
Projected Incurred claims	\$ 4,512,527	\$ 2,464,369	\$ 6,976,896
Average Contracts	1,145	424	1,569
Average Members (adjusted)	3,749	954	4,703
Per Member Per Month Claims (PMPM)	\$ 100.30	\$ 215.28	\$ 123.62

Experience Year: 07/01/2014 - 06/30/2015

Projection Year: 01/01/2016 - 12/31/2016

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Rx Claims	\$ 3,716,043	\$ 1,934,350	\$ 5,650,393
Trend Factor (12% annual trend)	1.185	1.185	1.185
Incurral Factor	1.009	1.009	1.009
Projected Incurred Claims	\$ 4,443,143	\$ 2,312,834	\$ 6,755,977
Average Contracts	1,134.00	441.75	1,575.75
Average Members	3,655.25	1,004.39	4,659.64
Per Member Per Month Claims (PMPM)	\$ 101.30	\$ 191.89	\$ 120.83
Weighted Average PMPM (50/50)	\$ 100.80	\$ 203.59	\$ 122.23
Administrative Fees	\$ 1.65	\$ 2.35	\$ 1.80
Total Rx PMPM	\$ 102.45	\$ 205.94	\$ 124.03

Pre-65 Rx Rate Development

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Total Rx PMPM	\$ 102.45	\$ 205.94	\$ 124.03
Members Per Contract	3.114	2.268	2.888
Per Employee Per Month Cost (PEPM)	\$ 319.03	\$ 467.07	\$ 358.20
Rating Tiers			
Single	1.000	1.000	1.000
Double	2.150	1.950	2.056
Family	2.600	2.220	2.539
Composite Tier	2.193	1.803	2.088
Single Rate*	\$ 145.48	\$ 259.05	\$ 171.55
Double Rate*	\$ 312.78	\$ 505.15	\$ 352.71
Family Rate*	\$ 378.25	\$ 575.09	\$ 435.57

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

Employer Paid Post-65 Rx Claims Experience

Experience Year: 07/01/2013 - 06/30/2014

Projection Year: 01/01/2016 - 12/31/2016

	<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	\$ 65,480	\$ 1,256	\$ 57,220	\$ 570,113	\$ 694,068
Trend Factor (12% annual trend)	1.327	1.327	1.327	1.327	1.327
Incurral Factor	1.009	1.009	1.009	1.009	1.009
Projected Incurred Claims	\$ 87,673	\$ 1,681	\$ 76,614	\$ 763,349	\$ 929,317
Average Contracts	16.00	2.08	11.08	94.08	123.25
Average Members	16.00	2.08	14.00	118.58	150.67
Per Member Per Month Claims (PMPM)	\$ 456.63	\$ 67.35	\$ 456.04	\$ 536.45	\$ 513.99

Experience Year: 07/01/2014 - 06/30/2015

Projection Year: 01/01/2016 - 12/31/2016

	<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	\$ 32,316	\$ -	\$ 56,483	\$ 502,065	\$ 590,864
Trend Factor (12% annual trend)	1.185	1.185	1.185	1.185	1.185
Incurral Factor	1.009	1.009	1.009	1.009	1.009
Projected Incurred Claims	\$ 38,640	\$ -	\$ 67,534	\$ 600,302	\$ 706,476
Average Contracts	12.17	0.00	10.08	78.75	101.00
Average Members	12.17	0.00	12.08	96.17	120.42
Per Member Per Month Claims (PMPM)	\$ 264.58	\$ -	\$ 465.88	\$ 520.17	\$ 488.90

Post-65 Rx Rate Development

Experience Year: 07/01/2013 - 06/30/2014

Projection Year: 01/01/2016 - 12/31/2016

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay
Overall Rx Claims PMPM	\$ 513.99	\$ 513.99	\$ 513.99	\$ 513.99
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)**	\$ 693.04	\$ 665.88	\$ 616.05	\$ 456.92
PMPM based on Experience	\$ 456.63	\$ 67.35	\$ 456.04	\$ 536.45

Experience Year: 07/01/2014 - 06/30/2015

Projection Year: 01/01/2016 - 12/31/2016

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay
Overall Rx Claims PMPM	\$ 488.90	\$ 488.90	\$ 488.90	\$ 488.90
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)**	\$ 663.82	\$ 637.31	\$ 590.31	\$ 437.84
PMPM based on Experience	\$ 264.58	\$ -	\$ 465.88	\$ 520.17
Administrative Fees	\$ 4.47	\$ -	\$ 4.48	\$ 4.47
Weighted Average PMPM (RVs) (50/50)	\$ 682.90	\$ 651.60	\$ 607.66	\$ 451.85
Per Employee Per Month Cost (PEPM)	\$ 798.99	\$ 762.37	\$ 710.96	\$ 528.66
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	1.170	1.170	1.170	1.170
Single Rate*	\$ 682.90	\$ 651.60	\$ 607.66	\$ 451.85
Double Rate*	\$ 1,365.12	\$ 1,302.55	\$ 1,214.71	\$ 903.25
Family Rate*	\$ 1,535.84	\$ 1,465.45	\$ 1,366.63	\$ 1,016.21

* 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.

*** Relative values are adjusted to normalize cost per member.

Employer Paid Dental Claims Experience

Experience Year: 07/01/2013 - 06/30/2014
 Projection Year: 01/01/2016 - 12/31/2016

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 1,071,880	\$ 328,198	\$ 1,400,078	\$ 11,861
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	\$ 1,216,069	\$ 372,347	\$ 1,588,416	\$ 13,457
Average Contracts	1,144.58	424.25	1,568.83	24.00
Average Members (adjusted)	3,749.33	953.96	4,703.29	30.75
Per Member Per Month Claims (PMPM)	\$ 27.03	\$ 32.53	\$ 28.14	\$ 36.47

Experience Year: 07/01/2014 - 06/30/2015
 Projection Year: 01/01/2016 - 12/31/2016

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 1,038,600	\$ 325,318	\$ 1,363,918	\$ 7,742
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	\$ 1,122,004	\$ 351,442	\$ 1,473,446	\$ 8,364
Average Contracts	1,134.00	441.75	1,575.75	18.17
Average Members	3,655.25	1,004.39	4,659.64	24.17
Per Member Per Month Claims (PMPM)	\$ 25.58	\$ 29.16	\$ 26.35	\$ 28.84
Weighted Average PMPM (60/40)	\$ 26.16	\$ 30.51	\$ 27.07	\$ 31.89
Administrative Fees	\$ -	\$ -	\$ -	\$ -
Total Dental PMPM	\$ 26.16	\$ 30.51	\$ 27.07	\$ 31.89

Dental Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Dental PMPM	\$ 26.16	\$ 30.51	\$ 27.07	\$ 31.89
Members Per Contract	3.114	2.268	2.888	1.330
Per Employee Per Month Cost (PEPM)	\$ 81.46	\$ 69.20	\$ 78.18	\$ 42.42
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.056	1.999
Family	2.600	2.220	2.539	2.249
Composite Tier	2.193	1.803	2.088	1.330
Single Rate*	\$ 37.15	\$ 38.38	\$ 37.44	\$ 31.89
Double Rate*	\$ 79.87	\$ 74.84	\$ 76.98	\$ 63.75
Family Rate*	\$ 96.59	\$ 85.20	\$ 95.06	\$ 71.72

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

Employer Paid Vision Claims Experience

Experience Year: 07/01/2013 - 06/30/2014

Projection Year: 01/01/2016 - 12/31/2016

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Vision Claims	\$ 259,032	\$ 73,728	\$ 332,759	\$ 2,107
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	\$ 283,192	\$ 80,605	\$ 363,795	\$ 2,304
Average Contracts	1,144.58	424.25	1,568.83	123.25
Average Members (adjusted)	3,749.33	953.96	4,703.29	150.67
Per Member Per Month Claims (PMPM)	\$ 6.29	\$ 7.04	\$ 6.44	\$ 1.27

Experience Year: 07/01/2014 - 06/30/2015

Projection Year: 01/01/2016 - 12/31/2016

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Vision claims	\$ 260,730	\$ 79,071	\$ 339,800	\$ 1,620
Trend Factor (3.5% annual trend)	1.017	1.017	1.017	1.017
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 265,958	\$ 80,656	\$ 346,613	\$ 1,652
Average Contracts	1,134.00	441.75	1,575.75	101.00
Average Members	3,655.25	1,004.39	4,659.64	120.42
Per Member Per Month Claims (PMPM)	\$ 6.06	\$ 6.69	\$ 6.20	\$ 1.14
Weighted Average PMPM (60/40)	\$ 6.15	\$ 6.83	\$ 6.30	\$ 1.19
Administrative Fees	\$ -	\$ -	\$ -	\$ -
Total Vision PMPM	\$ 6.15	\$ 6.83	\$ 6.30	\$ 1.19

Vision Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Vision PMPM	\$ 6.15	\$ 6.83	\$ 6.30	\$ 1.19
Members Per Contract	3.114	2.268	2.888	1.170
Per Employee Per Month Cost (PEPM)	\$ 19.15	\$ 15.49	\$ 18.19	\$ 1.39
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.056	1.999
Family	2.600	2.220	2.539	2.249
Composite Tier	2.193	1.803	2.088	1.170
Single Rate*	\$ 8.73	\$ 8.59	\$ 8.71	\$ 1.19
Double Rate*	\$ 18.77	\$ 16.75	\$ 17.91	\$ 2.38
Family Rate*	\$ 22.70	\$ 19.07	\$ 22.11	\$ 2.68

* 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 2014 through June 2015

July 2014	Active	Pre-65 Retiree	Total
Contracts	1,099	456	1,555
Lives	3,592	1,029	4,621
Medical	\$1,287,285	\$460,250	\$1,747,535
Rx	\$314,295	\$177,683	\$491,978
Dental	\$107,459	\$31,953	\$139,412
Vision	\$18,034	\$5,701	\$23,735
Meritain Admin Fee	\$18,627	\$10,679	\$29,306
Meritain - HPA	\$3,190	\$1,243	\$4,433
Meritain - HPA - DM	\$0	\$1,647	\$1,647
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,451	\$2,513	\$8,964
4D Admin Fee	\$6,363	\$2,479	\$8,842
AON	\$4,498	\$1,752	\$6,250
Total	\$1,766,202	\$695,900	\$2,462,102

October 2014	Active	Pre-65 Retiree	Total
Contracts	1,118	443	1,561
Lives	3,632	1,003	4,635
Medical	\$1,152,842	\$525,115	\$1,677,957
Rx	\$124,511	\$86,429	\$210,940
Dental	\$89,437	\$30,618	\$120,054
Vision	\$19,280	\$5,931	\$25,211
Meritain Admin Fee	\$19,032	\$18,297	\$37,329
Meritain - HPA	\$3,246	\$1,264	\$4,510
Meritain - HPA - DM	\$0	\$1,656	\$1,656
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,568	\$2,558	\$9,126
4D Admin Fee	\$5,920	\$2,306	\$8,226
AON	\$4,498	\$1,752	\$6,250
Total	\$1,425,333	\$675,925	\$2,101,259

August 2014	Active	Pre-65 Retiree	Total
Contracts	1,099	451	1,550
Lives	3,595	1,019	4,614
Medical	\$975,377	\$422,806	\$1,398,183
Rx	\$297,046	\$155,046	\$452,091
Dental	\$83,121	\$22,259	\$105,380
Vision	\$17,241	\$3,997	\$21,237
Meritain Admin Fee	\$19,199	\$9,514	\$28,713
Meritain - HPA	\$3,284	\$1,279	\$4,563
Meritain - HPA - DM	\$0	\$1,652	\$1,652
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,645	\$2,589	\$9,234
4D Admin Fee	\$5,990	\$2,333	\$8,323
AON	\$4,498	\$1,752	\$6,250
Total	\$1,412,400	\$623,226	\$2,035,626

November 2014	Active	Pre-65 Retiree	Total
Contracts	1,122	441	1,563
Lives	3,643	1,000	4,643
Medical	\$802,274	\$381,452	\$1,183,726
Rx	\$278,081	\$157,188	\$435,269
Dental	\$63,438	\$10,605	\$74,042
Vision	\$11,539	\$5,117	\$16,657
Meritain Admin Fee	\$20,242	\$13,373	\$33,615
Meritain - HPA	\$3,238	\$1,261	\$4,499
Meritain - HPA - DM	\$0	\$1,598	\$1,598
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,559	\$2,555	\$9,114
4D Admin Fee	\$6,100	\$2,376	\$8,476
AON	\$4,498	\$1,752	\$6,250
Total	\$1,195,969	\$577,277	\$1,773,246

September 2014	Active	Pre-65 Retiree	Total
Contracts	1,113	449	1,562
Lives	3,621	1,016	4,637
Medical	\$1,196,518	\$414,978	\$1,611,497
Rx	\$285,793	\$139,486	\$425,279
Dental	\$64,191	\$14,283	\$78,474
Vision	\$10,786	\$1,733	\$12,519
Meritain Admin Fee	\$17,814	\$11,366	\$29,180
Meritain - HPA	\$3,254	\$1,268	\$4,522
Meritain - HPA - DM	\$0	\$1,656	\$1,656
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,568	\$2,558	\$9,126
4D Admin Fee	\$6,243	\$2,432	\$8,675
AON	\$4,498	\$1,752	\$6,250
Total	\$1,595,666	\$591,513	\$2,187,178

December 2014	Active	Pre-65 Retiree	Total
Contracts	1,134	441	1,575
Lives	3,662	1,001	4,663
Medical	\$1,122,874	\$569,700	\$1,692,574
Rx	\$366,557	\$159,160	\$525,717
Dental	\$85,487	\$26,792	\$112,279
Vision	\$18,648	\$6,717	\$25,365
Meritain Admin Fee	\$18,961	\$11,788	\$30,749
Meritain - HPA	\$3,270	\$1,274	\$4,544
Meritain - HPA - DM	\$0	\$1,620	\$1,620
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,650	\$2,590	\$9,240
4D Admin Fee	\$6,265	\$2,441	\$8,706
AON	\$4,498	\$1,752	\$6,250
Total	\$1,633,211	\$783,834	\$2,417,045

City of Grand Rapids
Summary of Non-Medicare Claims and Expenses
July 2014 through June 2015

January 2015	Active	Pre-65 Retiree	Total
Contracts	1,145	437	1,582
Lives	3,686	993	4,679
Medical	\$1,048,239	\$521,364	\$1,569,603
Rx	\$298,758	\$180,336	\$479,095
Dental	\$91,557	\$30,304	\$121,861
Vision	\$53,896	\$16,148	\$70,044
Meritain Admin Fee	\$19,389	\$13,704	\$33,093
Meritain - HPA	\$3,252	\$1,267	\$4,519
Meritain - HPA - DM	\$0	\$1,620	\$1,620
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,615	\$2,577	\$9,192
4D Admin Fee	\$5,562	\$2,167	\$7,729
AON	\$4,498	\$1,752	\$6,250
Total	\$1,531,767	\$771,239	\$2,303,006

April 2015	Active	Pre-65 Retiree	Total
Contracts	1,146	438	1,584
Lives	3,655	1,005	4,660
Medical	\$1,101,064	\$554,010	\$1,655,074
Rx	\$348,836	\$213,518	\$562,354
Dental	\$103,864	\$29,881	\$133,745
Vision	\$20,303	\$6,597	\$26,900
Meritain Admin Fee	\$19,998	\$18,688	\$38,686
Meritain - HPA	\$3,290	\$1,282	\$4,572
Meritain - HPA - DM	\$0	\$1,953	\$1,953
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,727	\$2,621	\$9,348
4D Admin Fee	\$5,561	\$2,166	\$7,727
AON	\$4,498	\$1,752	\$6,250
Total	\$1,614,141	\$832,469	\$2,446,609

February 2015	Active	Pre-65 Retiree	Total
Contracts	1,150	435	1,585
Lives	3,697	989	4,686
Medical	\$892,447	\$483,799	\$1,376,246
Rx	\$323,714	\$156,733	\$480,447
Dental	\$98,439	\$38,281	\$136,720
Vision	\$39,724	\$11,116	\$50,839
Meritain Admin Fee	\$18,146	\$16,441	\$34,587
Meritain - HPA	\$3,306	\$1,288	\$4,594
Meritain - HPA - DM	\$0	\$1,593	\$1,593
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,740	\$2,626	\$9,366
4D Admin Fee	\$6,434	\$2,506	\$8,940
AON	\$4,498	\$1,752	\$6,250
Total	\$1,393,448	\$716,134	\$2,109,582

May 2015	Active	Pre-65 Retiree	Total
Contracts	1,150	436	1,586
Lives	3,663	1,001	4,664
Medical	\$996,193	\$597,185	\$1,593,379
Rx	\$353,177	\$166,739	\$519,916
Dental	\$78,335	\$30,408	\$108,743
Vision	\$14,408	\$4,965	\$19,373
Meritain Admin Fee	\$20,431	\$15,580	\$36,011
Meritain - HPA	\$3,300	\$1,285	\$4,585
Meritain - HPA - DM	\$0	\$1,931	\$1,931
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,732	\$2,622	\$9,354
4D Admin Fee	\$6,121	\$2,385	\$8,506
AON	\$4,498	\$1,752	\$6,250
Total	\$1,483,195	\$824,853	\$2,308,048

March 2015	Active	Pre-65 Retiree	Total
Contracts	1,155	441	1,596
Lives	3,697	1,004	4,701
Medical	\$801,452	\$703,917	\$1,505,369
Rx	\$369,724	\$161,483	\$531,207
Dental	\$92,340	\$32,687	\$125,028
Vision	\$19,008	\$7,499	\$26,506
Meritain Admin Fee	\$19,456	\$13,270	\$32,726
Meritain - HPA	\$3,302	\$1,286	\$4,588
Meritain - HPA - DM	\$0	\$1,643	\$1,643
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,723	\$2,619	\$9,342
4D Admin Fee	\$6,187	\$2,410	\$8,597
AON	\$4,498	\$1,752	\$6,250
Total	\$1,322,690	\$928,566	\$2,251,256

June 2015	Active	Pre-65 Retiree	Total
Contracts	1,177	433	1,610
Lives	3,720	992	4,712
Medical	\$852,772	\$700,917	\$1,553,689
Rx	\$355,551	\$180,548	\$536,099
Dental	\$80,932	\$27,246	\$108,178
Vision	\$17,862	\$3,551	\$21,413
Meritain Admin Fee	\$19,796	\$17,505	\$37,301
Meritain - HPA	\$3,282	\$1,278	\$4,560
Meritain - HPA - DM	\$0	\$1,931	\$1,931
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,693	\$2,607	\$9,300
4D Admin Fee	\$5,827	\$2,270	\$8,097
AON	\$4,498	\$1,752	\$6,250
Total	\$1,347,213	\$939,605	\$2,286,818

Calculation of Gain/(Loss) on July 2014 through June 2015 Non-Medicare Segment Experience

Period	Pre-65 Claim & Admin Costs	Pre-65 Active Contracts	Pre-65 Retiree Contracts	Total Non-Medicare Contracts	Expected Revenue Based on 2014 & 2015 Calculated per Contract Rates*	Gain/(Loss)
July-14	\$2,462,102	1,099	456	1,555	\$2,648,056	\$185,954
August-14	\$2,035,626	1,099	451	1,550	\$2,639,542	\$603,915
September-14	\$2,187,178	1,113	449	1,562	\$2,659,977	\$472,798
October-14	\$2,101,259	1,118	443	1,561	\$2,658,274	\$557,015
November-14	\$1,773,246	1,122	441	1,563	\$2,661,680	\$888,434
December-14	\$2,417,045	1,134	441	1,575	\$2,682,115	\$265,069
January-15	\$2,303,006	1,145	437	1,582	\$2,759,831	\$456,825
February-15	\$2,109,582	1,150	435	1,585	\$2,765,064	\$655,482
March-15	\$2,251,256	1,155	441	1,596	\$2,784,254	\$532,998
April-15	\$2,446,609	1,146	438	1,584	\$2,763,320	\$316,710
May-15	\$2,308,048	1,150	436	1,586	\$2,766,809	\$458,761
June-15	\$2,286,818	1,177	433	1,610	\$2,808,677	\$521,859
Total	\$26,681,777	1,134	442	1,576	\$32,597,597	\$5,915,819

Amount of July '14 through June '15 experience gain/(loss) recognized in 2016 rates	\$1,971,940
Amount of July '13 through June '14 experience gain/(loss) recognized in 2016 rates	\$419,908
Amount of July '12 through June '13 experience gain/(loss) recognized in 2016 rates	\$499,137
Total Amount experience gain/(loss) recognized in 2016 rates	\$2,890,985

*- Apply rates from page 24 for 2015 and from page 25 for 2014 to derive Expected Revenue.

Calculation of Gain/(Loss) on July 2014 through June 2015 Post-65 Retiree Experience

Period	Post-65 Claim & Admin Costs	Post-65 Contracts	Expected Revenue Based on 2014 & 2015 Calculated per Contract Rates*	Gain/(Loss)
July-14	\$73,445	112	\$99,557	\$26,112
August-14	\$100,602	110	\$98,020	(\$2,582)
September-14	\$312,555	109	\$94,276	(\$218,278)
October-14	\$59,742	106	\$92,897	\$33,154
November-14	\$63,117	105	\$91,481	\$28,364
December-14	\$66,978	99	\$86,573	\$19,595
January-15	\$101,611	96	\$90,478	(\$11,133)
February-15	\$72,127	96	\$90,478	\$18,350
March-15	\$87,089	97	\$91,235	\$4,146
April-15	\$87,680	94	\$88,187	\$507
May-15	\$59,559	94	\$88,187	\$28,629
June-15	\$64,577	94	\$88,187	\$23,610
Total	\$1,149,082	101	\$1,099,555	(\$49,526)

Portion of Gain / (Loss) recognized in 2016 Implemented Rates

Amount of July '14 through June '15 experience gain/(loss) (Use 1/3rd of total)	(\$16,509)
Amount of July '13 through June '14 experience gain/(loss) (Use 1/3rd of total)	(\$63,475)
Amount of July '12 through June '13 experience gain/(loss) (Use 1/3rd of total)	(\$29,869)
Total Amount experience gain/(loss) recognized in 2016 rates	(\$109,853)

*- Apply rates from page 24 for 2015 and from page 25 for 2014 to derive Expected Revenue.

Explanation of Rates Developed in Following Section

Page 19: "2016 Calculated Premium Rates" Schedule"

This schedule develops the actuarially sound 2015 rates without incorporating any smoothing.

Page 20: "2016 Implemented Premium Rates"

This schedule incorporates the impact 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 three losses. 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 14 and 15.

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.

Combined Active and Pre-65 Retiree Segment

The table below illustrates the development of the rates for the **Active / Pre-65 retiree segments**, showing actual rates for 2015 and 2016 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.

	2015	2016	2017	2018	2019	2020	2021
Calculated Rate for Medical/Rx/Vision	\$ 1,663.70	\$ 1,579.26	\$ 1,729.29	\$ 1,893.57	\$ 2,073.46	\$ 2,270.44	\$ 2,486.13
Calculated Rate for Dental	\$ 80.82	\$ 78.17	\$ 82.08	\$ 86.18	\$ 90.49	\$ 95.01	\$ 99.76
Total Blended PEPM	\$ 1,744.52	\$ 1,657.43	\$ 1,811.37	\$ 1,979.75	\$ 2,163.95	\$ 2,365.45	\$ 2,585.89
Annual Increase		-4.99%	9.29%	9.30%	9.30%	9.31%	9.32%
Smoothing Dollars							
Smoothing Oct 1 2011 - June 30 2012	\$ (865,307)						
Smoothing July 1 2012 - June 30 2013	\$ (499,137)	\$ (499,137)					
Smoothing July 1 2013 - June 30 2014	\$ (419,908)	\$ (419,908)	\$ (419,908)				
Smoothing July 1 2014 - June 30 2015		\$ (1,971,940)	\$ (1,971,940)	\$ (1,971,940)			
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					\$ -	\$ -	\$ -
Smoothing July 1 2019 - June 30 2020						\$ -	\$ -
Total	\$ (1,784,352)	\$ (2,890,985)	\$ (2,391,848)	\$ (1,971,940)	\$ -	\$ -	\$ -
Contracts*	1,543	1,600	1,600	1,600	1,600	1,600	1,600
PEPM change due to smoothing	\$ (96.37)	\$ (150.57)	\$ (124.58)	\$ (102.71)	\$ -	\$ -	\$ -
Blended PEPM after Smoothing	\$ 1,648.15	\$ 1,506.86	\$ 1,686.79	\$ 1,877.04	\$ 2,163.95	\$ 2,365.45	\$ 2,585.89
Annual Increase		-8.57%	11.94%	11.28%	15.29%	9.31%	9.32%
<i>* It is assumed that the pre-65 retiree population is stable with the current mix of contracts going forward.</i>							

Post-65 Retiree Segment

The table below illustrates the development of the rates for the **post-65 retiree segment**, showing actual rates for 2015 and 2016 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.

	2015	2016	2017	2018	2019	2020	2021
Calculated Rate for Medical/Rx/Vision	\$ 906.29	\$ 898.12	\$ 983.44	\$ 1,076.87	\$ 1,179.17	\$ 1,291.19	\$ 1,413.85
Calculated Rate for Dental	\$ 36.30	\$ 33.25	\$ 34.91	\$ 36.66	\$ 38.49	\$ 40.41	\$ 42.43
Total Blended PEPM	\$ 942.59	\$ 931.37	\$ 1,018.35	\$ 1,113.53	\$ 1,217.66	\$ 1,331.60	\$ 1,456.28
Annual Increase		-1.19%	9.34%	9.35%	9.35%	9.36%	9.36%
Smoothing Dollars							
Smoothing Oct 1 2011 - June 30 2012	\$ (21,620)						
Smoothing July 1 2012 - June 30 2013	\$ 29,869	\$ 29,869					
Smoothing July 1 2013 - June 30 2014	\$ 63,475	\$ 63,475	\$ 63,475				
Smoothing July 1 2014 - June 30 2015		\$ 16,509	\$ 16,509	\$ 16,509			
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					\$ -	\$ -	\$ -
Smoothing July 1 2019 - June 30 2020						\$ -	\$ -
Total	\$ 71,724	\$ 109,853	\$ 79,984	\$ 16,509	\$ -	\$ -	\$ -
Contracts*	111	94	94	94	94	94	94
PEPM change due to smoothing	\$ 53.85	\$ 97.39	\$ 70.91	\$ 14.64	\$ -	\$ -	\$ -
Blended PEPM after Smoothing	\$ 996.44	\$ 1,028.76	\$ 1,089.26	\$ 1,128.17	\$ 1,217.66	\$ 1,331.60	\$ 1,456.28
Annual Increase		3.24%	5.88%	3.57%	7.93%	9.36%	9.36%
* <i>It is assumed that the post-65 retiree population is stable with the current mix of contracts going forward.</i>							

2016 Calculated Premium Rates

Without Reflection of ERRP Revenue or Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	240	\$ 680.09	\$ 642.94	\$ 37.15	\$ 1,958,659
	2 Person	206	\$ 1,462.19	\$ 1,382.32	\$ 79.87	\$ 3,614,534
	Family	725	\$ 1,768.24	\$ 1,671.65	\$ 96.59	\$ 15,383,688
	Composite	1,171	\$ 1,491.38	\$ 1,409.91	\$ 81.47	\$ 20,956,881
Retired <65	EE Only	106	\$ 1,170.82	\$ 1,132.44	\$ 38.38	\$ 1,489,283
	2 Person	184	\$ 2,283.10	\$ 2,208.26	\$ 74.84	\$ 5,041,085
	Family	139	\$ 2,599.22	\$ 2,514.02	\$ 85.20	\$ 4,335,499
	Composite	429	\$ 2,110.70	\$ 2,041.51	\$ 69.19	\$ 10,865,867
Blended	EE Only	346	\$ 830.43	\$ 792.90	\$ 37.53	\$ 3,447,942
	2 Person	390	\$ 1,849.49	\$ 1,771.99	\$ 77.50	\$ 8,655,618
	Family	864	\$ 1,901.93	\$ 1,807.17	\$ 94.76	\$ 19,719,187
	Composite	1,600	\$ 1,657.43	\$ 1,579.26	\$ 78.17	\$ 31,822,747
Retired >65 \$2 Rx Copay	EE Only	12	\$ 956.45	\$ 956.45		\$ 137,729
	w Dep>65	0	\$ 1,911.95	\$ 1,911.95		\$ -
	w Dep<65	0	\$ 2,151.06	\$ 2,151.06		\$ -
	Composite	12	\$ 956.45	\$ 956.45		\$ 137,729
Retired >65 \$4 Rx Copay	EE Only	0	\$ 925.14	\$ 925.14		\$ -
	w Dep>65	0	\$ 1,849.36	\$ 1,849.36		\$ -
	w Dep<65	0	\$ 2,080.64	\$ 2,080.64		\$ -
	Composite	0	\$ -	\$ -		\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	8	\$ 913.10	\$ 881.20	\$ 31.90	\$ 87,658
	w Dep>65	2	\$ 1,825.29	\$ 1,761.52	\$ 63.77	\$ 43,807
	w Dep<65	0	\$ 2,053.56	\$ 1,981.82	\$ 71.74	\$ -
	Composite	10	\$ 1,095.54	\$ 1,057.26	\$ 38.27	\$ 131,465
Retired >65 \$10/\$20 Rx Copay	EE Only	58	\$ 757.29	\$ 725.39	\$ 31.90	\$ 527,074
	w Dep>65	14	\$ 1,513.83	\$ 1,450.06	\$ 63.77	\$ 254,323
	w Dep<65	0	\$ 1,703.14	\$ 1,631.40	\$ 71.74	\$ -
	Composite	72	\$ 904.40	\$ 866.30	\$ 38.10	\$ 781,397
Composite >65	EE Only	78	\$ 803.91	\$ 776.92	\$ 26.99	\$ 752,460
	w Dep>65	16	\$ 1,552.76	\$ 1,488.99	\$ 63.77	\$ 298,130
	w Dep<65	0	\$ -	\$ -	\$ -	\$ -
	Composite	94	\$ 931.37	\$ 898.12	\$ 33.25	\$ 1,050,590

2016 Implemented Premium Rates

Reflecting Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	240	\$ 618.31	\$ 584.53	\$ 33.78	\$ 1,780,722
	2 Person	206	\$ 1,329.36	\$ 1,256.74	\$ 72.62	\$ 3,286,166
	Family	725	\$ 1,607.60	\$ 1,519.79	\$ 87.81	\$ 13,986,134
Composite		1,171	\$ 1,355.89	\$ 1,281.83	\$ 74.06	\$ 19,053,022
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired <65	EE Only	106	\$ 1,064.46	\$ 1,029.56	\$ 34.90	\$ 1,353,987
	2 Person	184	\$ 2,075.69	\$ 2,007.65	\$ 68.04	\$ 4,583,120
	Family	139	\$ 2,363.09	\$ 2,285.63	\$ 77.46	\$ 3,941,634
Composite		429	\$ 1,918.95	\$ 1,856.04	\$ 62.91	\$ 9,878,741
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Blended	EE Only	346	\$ 754.99	\$ 720.87	\$ 34.12	\$ 3,134,709
	2 Person	390	\$ 1,681.47	\$ 1,611.01	\$ 70.46	\$ 7,869,286
	Family	864	\$ 1,729.14	\$ 1,643.00	\$ 86.14	\$ 17,927,768
Composite		1,600	\$ 1,506.86	\$ 1,435.79	\$ 71.07	\$ 28,931,763
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$2 Rx Copay	EE Only	12	\$ 1,004.45	\$ 1,004.45	\$ -	\$ 144,641
	w Dep>65	0	\$ 2,007.91	\$ 2,007.91	\$ -	\$ -
	w Dep<65	0	\$ 2,259.02	\$ 2,259.02	\$ -	\$ -
Composite		12	\$ 1,004.45	\$ 1,004.45	\$ -	\$ 144,641
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4 Rx Copay	EE Only	0	\$ 971.57	\$ 971.57	\$ -	\$ -
	w Dep>65	0	\$ 1,942.18	\$ 1,942.18	\$ -	\$ -
	w Dep<65	0	\$ 2,185.07	\$ 2,185.07	\$ -	\$ -
Composite		0	\$ -	\$ -	\$ -	\$ -
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4/\$8 Rx Copay	EE Only	8	\$ 958.93	\$ 925.43	\$ 33.50	\$ 92,057
	w Dep>65	2	\$ 1,916.90	\$ 1,849.93	\$ 66.97	\$ 46,006
	w Dep<65	0	\$ 2,156.63	\$ 2,081.29	\$ 75.34	\$ -
Composite		10	\$ 1,150.52	\$ 1,110.33	\$ 40.19	\$ 138,063
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$10/\$20 Rx Copay	EE Only	58	\$ 795.30	\$ 761.80	\$ 33.50	\$ 553,529
	w Dep>65	14	\$ 1,589.81	\$ 1,522.84	\$ 66.97	\$ 267,088
	w Dep<65	0	\$ 1,788.62	\$ 1,713.28	\$ 75.34	\$ -
Composite		72	\$ 949.79	\$ 909.78	\$ 40.01	\$ 820,617
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Composite >65	EE Only	78	\$ 844.26	\$ 815.91	\$ 28.35	\$ 790,227
	w Dep>65	16	\$ 1,630.70	\$ 1,563.73	\$ 66.97	\$ 313,094
	w Dep<65	0	\$ -	\$ -	\$ -	\$ -
Composite		94	\$ 978.12	\$ 943.20	\$ 34.92	\$ 1,103,321

2016 Implemented Rates vs. 2015 Implemented Rates (Dollar Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue*
Active	EE Only	\$ (36.89)	\$ (35.44)	\$ (1.45)	\$ (8,855)
	2 Person	\$ (79.33)	\$ (76.20)	\$ (3.12)	\$ (16,342)
	Family	\$ (95.91)	\$ (92.13)	\$ (3.78)	\$ (69,537)
	Composite	\$ (132.07)	\$ (126.12)	\$ (5.95)	\$ (94,734)
Retired <65	EE Only	\$ (78.10)	\$ (76.18)	\$ (1.90)	\$ (8,279)
	2 Person	\$ (152.28)	\$ (148.55)	\$ (3.73)	\$ (28,020)
	Family	\$ (173.38)	\$ (169.13)	\$ (4.25)	\$ (24,100)
	Composite	\$ (151.98)	\$ (148.17)	\$ (3.81)	\$ (60,399)
Blended	EE Only	\$ (78.73)	\$ (77.04)	\$ (1.69)	\$ (27,241)
	2 Person	\$ (121.14)	\$ (117.76)	\$ (3.37)	\$ (47,245)
	Family	\$ (103.25)	\$ (99.33)	\$ (3.92)	\$ (89,205)
	Composite	\$ (141.29)	\$ (136.01)	\$ (5.28)	\$ (163,691)
Retired >65 \$2 Rx Copay	EE Only	\$ 14.76	\$ 14.76	\$ -	\$ 177
	w Dep>65	\$ 29.52	\$ 29.52	\$ -	\$ -
	w Dep<65	\$ 33.20	\$ 33.20	\$ -	\$ -
	Composite	\$ 14.76	\$ 14.76	\$ -	\$ 177
Retired >65 \$4 Rx Copay	EE Only	\$ 8.05	\$ 8.05	\$ -	\$ -
	w Dep>65	\$ 16.12	\$ 16.12	\$ -	\$ -
	w Dep<65	\$ 18.12	\$ 18.12	\$ -	\$ -
	Composite	\$ -	\$ -	\$ -	\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	\$ 6.87	\$ 9.02	\$ (2.15)	\$ 55
	w Dep>65	\$ 13.73	\$ 18.03	\$ (4.29)	\$ 27
	w Dep<65	\$ 15.45	\$ 20.28	\$ (4.83)	\$ -
	Composite	\$ 39.95	\$ 41.34	\$ (1.39)	\$ 82
Retired >65 \$10/\$20 Rx Copay	EE Only	\$ (4.96)	\$ (2.81)	\$ (2.15)	\$ (288)
	w Dep>65	\$ (9.90)	\$ (5.61)	\$ (4.29)	\$ (139)
	w Dep<65	\$ (11.16)	\$ (6.33)	\$ (4.83)	\$ -
	Composite	\$ (31.74)	\$ (28.03)	\$ (3.71)	\$ (427)
Composite >65	EE Only	\$ (0.23)	\$ 1.92	\$ (2.15)	\$ (18)
	w Dep>65	\$ (0.95)	\$ 3.34	\$ (4.29)	\$ (15)
	w Dep<65	\$ (1,799.78)	\$ (1,719.61)	\$ (80.17)	\$ -
	Composite	\$ (18.32)	\$ (14.87)	\$ (3.45)	\$ (33)

*- Change in revenue uses the current enrollment applied to the rate changes.

2016 Implemented Rates vs. 2015 Implemented Rates (Percentage Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue*
Active	EE Only	(5.63%)	(5.72%)	(4.12%)	(5.63%)
	2 Person	(5.63%)	(5.72%)	(4.12%)	(5.63%)
	Family	(5.63%)	(5.72%)	(4.13%)	(5.63%)
	Composite	(8.88%)	(8.96%)	(7.44%)	(5.63%)
		Total	Med/Rx/Vis	Dental	Total Revenue*
Retired <65	EE Only	(6.84%)	(6.89%)	(5.16%)	(6.84%)
	2 Person	(6.83%)	(6.89%)	(5.20%)	(6.83%)
	Family	(6.84%)	(6.89%)	(5.20%)	(6.84%)
	Composite	(7.34%)	(7.39%)	(5.71%)	(6.84%)
		Total	Med/Rx/Vis	Dental	Total Revenue*
Blended	EE Only	(9.44%)	(9.66%)	(4.72%)	(9.44%)
	2 Person	(6.72%)	(6.81%)	(4.56%)	(6.72%)
	Family	(5.63%)	(5.70%)	(4.35%)	(5.63%)
	Composite	(8.57%)	(8.65%)	(6.92%)	(6.36%)
		Total	Med/Rx/Vis	Dental	Total Revenue*
Retired >65 \$2 Rx Copay	EE Only	1.49%	1.49%	N/A	1.49%
	w Dep>65	1.49%	1.49%	N/A	N/A
	w Dep<65	1.49%	1.49%	N/A	N/A
	Composite	1.49%	1.49%	N/A	1.49%
		Total	Med/Rx/Vis	Dental	Total Revenue*
Retired >65 \$4 Rx Copay	EE Only	0.84%	0.84%	N/A	N/A
	w Dep>65	0.84%	0.84%	N/A	N/A
	w Dep<65	0.84%	0.84%	N/A	N/A
	Composite	N/A	N/A	N/A	N/A
		Total	Med/Rx/Vis	Dental	Total Revenue*
Retired >65 \$4/\$8 Rx Copay	EE Only	0.72%	0.98%	(6.02%)	0.72%
	w Dep>65	0.72%	0.98%	(6.02%)	0.72%
	w Dep<65	0.72%	0.98%	(6.03%)	N/A
	Composite	3.60%	3.87%	(3.34%)	0.72%
		Total	Med/Rx/Vis	Dental	Total Revenue*
Retired >65 \$10/\$20 Rx Copay	EE Only	(0.62%)	(0.37%)	(6.02%)	(0.62%)
	w Dep>65	(0.62%)	(0.37%)	(6.02%)	(0.62%)
	w Dep<65	(0.62%)	(0.37%)	(6.03%)	N/A
	Composite	(3.23%)	(2.99%)	(8.49%)	(0.62%)
		Total	Med/Rx/Vis	Dental	Total Revenue*
Composite >65	EE Only	(0.03%)	0.24%	(7.05%)	(0.03%)
	w Dep>65	(0.06%)	0.21%	(6.02%)	(0.06%)
	w Dep<65	(100.00%)	(100.00%)	(100.00%)	N/A
	Composite	(1.84%)	(1.55%)	(8.99%)	(0.04%)

*- % change in revenue uses the current enrollment applied to the rate changes.

2017 Projected Premium Rates (assumes no change in covered lives from 2015)

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	240	\$ 691.90	\$ 655.58	\$ 36.32	\$ 1,992,672
	2 Person	206	\$ 1,487.59	\$ 1,409.50	\$ 78.09	\$ 3,677,322
	Family	725	\$ 1,798.96	\$ 1,704.52	\$ 94.44	\$ 15,650,952
	Composite	1,171	\$ 1,517.29	\$ 1,437.64	\$ 79.65	\$ 21,320,946
Retired <65	EE Only	106	\$ 1,192.23	\$ 1,154.70	\$ 37.53	\$ 1,516,517
	2 Person	184	\$ 2,324.86	\$ 2,251.68	\$ 73.18	\$ 5,133,291
	Family	139	\$ 2,646.75	\$ 2,563.45	\$ 83.30	\$ 4,414,779
	Composite	429	\$ 2,149.30	\$ 2,081.65	\$ 67.65	\$ 11,064,587
Blended	EE Only	346	\$ 845.18	\$ 808.49	\$ 36.69	\$ 3,509,189
	2 Person	390	\$ 1,882.61	\$ 1,806.83	\$ 75.77	\$ 8,810,613
	Family	864	\$ 1,935.35	\$ 1,842.70	\$ 92.65	\$ 20,065,731
	Composite	1,600	\$ 1,686.75	\$ 1,610.31	\$ 76.43	\$ 32,385,533
Retired >65 \$2 Rx Copay	EE Only	12	\$ 1,109.29	\$ 1,109.29	\$ -	\$ 159,738
	w Dep>65	0	\$ 2,217.49	\$ 2,217.49	\$ -	\$ -
	w Dep<65	0	\$ 2,494.81	\$ 2,494.81	\$ -	\$ -
	Composite	12	\$ 1,109.29	\$ 1,109.29	\$ -	\$ 159,738
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,072.98	\$ 1,072.98	\$ -	\$ -
	w Dep>65	0	\$ 2,144.89	\$ 2,144.89	\$ -	\$ -
	w Dep<65	0	\$ 2,413.13	\$ 2,413.13	\$ -	\$ -
	Composite	0	\$ -	\$ -	\$ -	\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	8	\$ 1,057.50	\$ 1,022.02	\$ 35.48	\$ 101,520
	w Dep>65	2	\$ 2,113.94	\$ 2,043.02	\$ 70.92	\$ 50,735
	w Dep<65	0	\$ 2,378.30	\$ 2,298.52	\$ 79.78	\$ -
	Composite	10	\$ 1,268.79	\$ 1,226.22	\$ 42.57	\$ 152,255
Retired >65 \$10/\$20 Rx Copay	EE Only	58	\$ 876.79	\$ 841.31	\$ 35.48	\$ 610,246
	w Dep>65	14	\$ 1,752.70	\$ 1,681.78	\$ 70.92	\$ 294,454
	w Dep<65	0	\$ 1,971.88	\$ 1,892.10	\$ 79.78	\$ -
	Composite	72	\$ 1,047.11	\$ 1,004.73	\$ 42.37	\$ 904,700
Composite >65	EE Only	78	\$ 931.09	\$ 901.07	\$ 30.02	\$ 871,500
	w Dep>65	16	\$ 1,797.86	\$ 1,726.94	\$ 70.92	\$ 345,189
	w Dep<65	0	\$ -	\$ -	\$ -	\$ -
	Composite	94	\$ 1,078.63	\$ 1,041.64	\$ 36.98	\$ 1,216,689

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 2016 rates developed next year will differ from the rates above.

2015 Implemented Premium Rates

Reflecting Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	173	\$ 655.20	\$ 619.97	\$ 35.23	\$ 1,360,196
	2 Person	203	\$ 1,408.68	\$ 1,332.94	\$ 75.74	\$ 3,431,553
	Family	743	\$ 1,703.51	\$ 1,611.92	\$ 91.59	\$ 15,188,538
	Composite	1,119	\$ 1,487.96	\$ 1,407.95	\$ 80.01	\$ 19,980,287
Retired <65	EE Only	100	\$ 1,142.55	\$ 1,105.75	\$ 36.80	\$ 1,371,065
	2 Person	188	\$ 2,227.97	\$ 2,156.20	\$ 71.77	\$ 5,026,300
	Family	136	\$ 2,536.47	\$ 2,454.76	\$ 81.71	\$ 4,139,521
	Composite	424	\$ 2,070.93	\$ 2,004.21	\$ 66.72	\$ 10,536,886
Blended	EE Only	273	\$ 833.72	\$ 797.91	\$ 35.81	\$ 2,731,261
	2 Person	391	\$ 1,802.61	\$ 1,728.78	\$ 73.83	\$ 8,457,853
	Family	879	\$ 1,832.39	\$ 1,742.33	\$ 90.06	\$ 19,328,059
	Composite	1,543	\$ 1,648.15	\$ 1,571.80	\$ 76.35	\$ 30,517,173
Retired >65 \$2 Rx Copay	EE Only	13	\$ 989.69	\$ 989.69	\$ -	\$ 154,392
	w Dep>65	0	\$ 1,978.39	\$ 1,978.39	\$ -	\$ -
	w Dep<65	0	\$ 2,225.82	\$ 2,225.82	\$ -	\$ -
	Composite	13	\$ 989.69	\$ 989.69		\$ 154,392
Retired >65 \$4 Rx Copay	EE Only	0	\$ 963.52	\$ 963.52	\$ -	\$ -
	w Dep>65	0	\$ 1,926.06	\$ 1,926.06	\$ -	\$ -
	w Dep<65	0	\$ 2,166.95	\$ 2,166.95	\$ -	\$ -
	Composite	0	\$ -	\$ -		\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	10	\$ 952.06	\$ 916.41	\$ 35.65	\$ 114,247
	w Dep>65	2	\$ 1,903.17	\$ 1,831.91	\$ 71.26	\$ 45,676
	w Dep<65	0	\$ 2,141.18	\$ 2,061.01	\$ 80.17	\$ -
	Composite	12	\$ 1,110.57	\$ 1,068.99	\$ 41.58	\$ 159,923
Retired >65 \$10/\$20 Rx Copay	EE Only	67	\$ 800.26	\$ 764.61	\$ 35.65	\$ 643,409
	w Dep>65	17	\$ 1,599.71	\$ 1,528.45	\$ 71.26	\$ 326,341
	w Dep<65	2	\$ 1,799.78	\$ 1,719.61	\$ 80.17	\$ 43,195
	Composite	86	\$ 981.53	\$ 937.81	\$ 43.72	\$ 1,012,945
Composite >65	EE Only	90	\$ 844.49	\$ 813.99	\$ 30.50	\$ 912,049
	w Dep>65	19	\$ 1,631.65	\$ 1,560.39	\$ 71.26	\$ 372,016
	w Dep<65	2	\$ 1,799.78	\$ 1,719.61	\$ 80.17	\$ 43,195
	Composite	111	\$ 996.44	\$ 958.07	\$ 38.37	\$ 1,327,260

2015 Calculated Premium Rates

Without Reflection of ERRP Revenue or Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	173	\$ 693.51	\$ 656.22	\$ 37.29	\$ 1,439,727
	2 Person	203	\$ 1,491.05	\$ 1,410.88	\$ 80.17	\$ 3,632,198
	Family	743	\$ 1,803.12	\$ 1,706.17	\$ 96.95	\$ 16,076,618
	Composite	1,119	\$ 1,574.96	\$ 1,490.28	\$ 84.68	\$ 21,148,543
Retired <65	EE Only	100	\$ 1,209.36	\$ 1,170.40	\$ 38.96	\$ 1,451,232
	2 Person	188	\$ 2,358.24	\$ 2,282.27	\$ 75.97	\$ 5,320,189
	Family	136	\$ 2,684.78	\$ 2,598.29	\$ 86.49	\$ 4,381,561
	Composite	424	\$ 2,192.02	\$ 2,121.40	\$ 70.62	\$ 11,152,982
Blended	EE Only	273	\$ 882.47	\$ 844.56	\$ 37.90	\$ 2,890,959
	2 Person	391	\$ 1,908.01	\$ 1,829.86	\$ 78.15	\$ 8,952,387
	Family	879	\$ 1,939.53	\$ 1,844.20	\$ 95.33	\$ 20,458,179
	Composite	1,543	\$ 1,744.52	\$ 1,663.70	\$ 80.82	\$ 32,301,525
Retired >65 \$2 Rx Copay	EE Only	13	\$ 936.21	\$ 936.21		\$ 146,049
	w Dep>65	0	\$ 1,871.48	\$ 1,871.48		\$ -
	w Dep<65	0	\$ 2,105.54	\$ 2,105.54		\$ -
	Composite	13	\$ 936.21	\$ 936.21		\$ 146,049
Retired >65 \$4 Rx Copay	EE Only	0	\$ 911.45	\$ 911.45		\$ -
	w Dep>65	0	\$ 1,821.98	\$ 1,821.98		\$ -
	w Dep<65	0	\$ 2,049.85	\$ 2,049.85		\$ -
	Composite	0	\$ -	\$ -		\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	10	\$ 900.61	\$ 866.89	\$ 33.72	\$ 108,073
	w Dep>65	2	\$ 1,800.32	\$ 1,732.91	\$ 67.41	\$ 43,208
	w Dep<65	0	\$ 2,025.47	\$ 1,949.63	\$ 75.84	\$ -
	Composite	12	\$ 1,050.56	\$ 1,011.23	\$ 39.34	\$ 151,281
Retired >65 \$10/\$20 Rx Copay	EE Only	67	\$ 757.01	\$ 723.29	\$ 33.72	\$ 608,636
	w Dep>65	17	\$ 1,513.26	\$ 1,445.85	\$ 67.41	\$ 308,705
	w Dep<65	2	\$ 1,702.52	\$ 1,626.68	\$ 75.84	\$ 40,860
	Composite	86	\$ 928.49	\$ 887.13	\$ 41.36	\$ 958,201
Composite >65	EE Only	90	\$ 798.85	\$ 770.00	\$ 28.85	\$ 862,758
	w Dep>65	19	\$ 1,543.48	\$ 1,476.07	\$ 67.41	\$ 351,913
	w Dep<65	2	\$ 1,702.52	\$ 1,626.68	\$ 75.84	\$ 40,860
	Composite	111	\$ 942.59	\$ 906.29	\$ 36.30	\$ 1,255,531

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	1,173	\$ 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	1,594	\$ 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

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.
- Generally, a weighted average of the two experience periods was used in the analysis to smooth out yearly claim fluctuations.
- For the Post-65 Medical Segment due to very few participants, a weighted average of the three experience periods is used.
- Trend assumptions were chosen primarily based on national trends cited in the National Health Trend surveys.
- Rating tiers were not revisited when developing the 2016 rates.
- The current plan distribution (members in each tier) was used to allocate costs to each tier.
- 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.