

**CITY OF GRAND RAPIDS**  
**2017 TREND REPORT**



November 11, 2016

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 2017 rates.
- As inputs to the June 30, 2016 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 2018 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 producing a \$1.9 million gain versus expected which is 5.9% (page 14).
- After several unfavorable experience periods, the most recent period (7/1/2015 through 6/30/2016) was positive showing a gain of 1.5% (page 15).
- Trend rates are used to project results from the experience periods to the 2017 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 remains at 7.0% for the active / pre-65 retiree segment and reduces to 6% for the post-65 retiree segment. The assumed trend for the prescription drug benefit remains at 12.0% for this projection.
- 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 that the Post-65 segment continues to incorporate losses from prior years that increase the implemented rates by 3.8% over the calculated rate for 2017. 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.
- During the previous two rating cycles, our recommended Post-65 Implemented Rates deviated from the smoothing formula slightly. The 2017 Implemented Rates (page 20) in this segment carry forward the adjustments made in the prior periods.
- 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 2017 implemented 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. During 2015 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 experience period 7/1/2014 through 6/30/2015 incorporates 50% of these adjustments since experience in 2015 is assumed to have incorporated the benefit change.
  - The second experience period needs no adjustment for this benefit change since the entire period is after the effective date of the change.
- 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.)

<b>Segment</b>	<b>Rate Change</b>
<b>Active employees</b>	<b>3.2%</b>
<b>Pre-65 Retirees</b>	<b>3.2%</b>
<b>Total Pre-65 participants</b>	<b>3.2%</b>
<b>Post-65 retirees</b>	<b>10.1%</b>

- The results of the rate analysis in this report will be incorporated into the June 30, 2016 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 2017 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 1<sup>st</sup> while the rating year starts January 1<sup>st</sup>.

Mr. Scott Buhner  
November 11, 2016  
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This report shall not be construed to provide tax, legal or investment advice.

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

Respectively submitted,



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



Amy McClendon, ASA, MAAA  
Senior Health Care Analyst

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cc: James Anderson, GRS

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## Employer Paid Medical Claims Experience

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

Projection Year: 01/01/2017 - 12/31/2017

	<b>Active</b>	<b>Pre-65 Retirees</b>	<b>Pre-65 Blend</b>
Paid Medical Claims *	\$ 12,229,338	\$ 6,335,494	\$ 18,564,831
Trend Factor (7% annual trend)	1.184	1.184	
Incurral Factor	1.011	1.011	
Plan Design Adjustment Factor	0.975	0.988	
Projected Incurred Claims	\$ 14,272,840	\$ 7,492,733	\$ 21,765,573
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)	\$ 325.40	\$ 621.66	\$ 389.26

Experience Year: 07/01/2015 - 06/30/2016

Projection Year: 01/01/2017 - 12/31/2017

	<b>Active</b>	<b>Pre-65 Retirees</b>	<b>Pre-65 Blend</b>
Paid Medical Claims	\$ 13,284,702	\$ 7,782,398	\$ 21,067,100
Trend Factor (7% annual trend)	1.107	1.107	
Incurral Factor	1.011	1.011	
Plan Design Adjustment Factor	1.000	1.000	
Projected Incurred Claims	\$ 14,867,933	\$ 8,709,881	\$ 23,577,814
Average Contracts	1,162.83	429.58	1,592.42
Average Members (adjusted)	3,669.17	1,019.19	4,688.36
Per Member Per Month Claims (PMPM)	\$ 337.68	\$ 712.16	\$ 419.09
<b>Weighted Average PMPM (50/50)</b>	<b>\$ 331.54</b>	<b>\$ 666.91</b>	<b>\$ 404.18</b>
Administrative Fees	\$ 11.50	\$ 42.50	\$ 18.24
<b>Total Medical PMPM</b>	<b>\$ 343.04</b>	<b>\$ 709.41</b>	<b>\$ 422.42</b>

\* See explanatory notes for detailed description.

## Post-65 Retiree Medical Claims Experience

Projection Year: 01/01/2017 - 12/31/2017

Experience Year (July to June)	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>Total / Weighted Ave.</u>
Experience Year				
Paid Medical Claims *	\$ 417,858	\$ 301,050	\$ 265,261	\$ 984,169
Trend Factor (6% annual trend)	1.226	1.157	1.091	
Incurral Factor	1.010	1.010	1.010	
Plan Design Adjustment Factor	1.000	1.000	1.000	
Projected Incurred Claims	\$ 517,417	\$ 351,798	\$ 292,294	\$ 1,161,509
Average Contracts	123.25	101.00	84.42	308.67
Average Members (adjusted)	150.67	120.42	100.08	371.17
Weighting Factor	10%	30%	60%	
<b>Per Member Per Month Claims (PMPM)</b>	<b>\$ 286.18</b>	<b>\$ 243.46</b>	<b>\$ 243.38</b>	<b>\$ 247.68</b>
Administrative Fees				\$ 16.06
<b>Total Medical PMPM</b>				<b>\$ 263.74</b>



## Medical Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Medical PMPM	\$ 343.04	\$ 709.41	\$ 422.42	\$ 263.74
Members Per Contract	3.074	2.279	2.847	1.192
Per Employee Per Month Cost (PEPM)	\$ 1,054.50	\$ 1,616.75	\$ 1,202.63	\$ 314.38
<b>Rating Tiers</b>				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.048	1.999
Family	2.600	2.220	2.535	2.249
Composite Tier	2.177	1.806	2.071	1.170
Single Rate*	\$ 484.38	\$ 895.21	\$ 580.70	\$ 268.70
Double Rate*	\$ 1,041.42	\$ 1,745.66	\$ 1,189.27	\$ 537.13
Family Rate*	\$ 1,259.39	\$ 1,987.37	\$ 1,472.07	\$ 604.31

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

## Employer Paid Rx Pre-65 Claims Experience

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

Projection Year: 01/01/2017 - 12/31/2017

	<b>Active</b>	<b>Pre-65 Retirees</b>	<b>Pre-65 Blend</b>
Paid Rx Claims	\$ 3,716,043	\$ 1,934,350	\$ 5,650,393
Trend Factor (12% annual trend)	1.327	1.327	1.327
Incurral Factor	1.009	1.009	1.009
Projected Incurred claims	\$ 4,975,570	\$ 2,589,984	\$ 7,565,554
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)	\$ 113.43	\$ 214.89	\$ 135.30

Experience Year: 07/01/2015 - 06/30/2016

Projection Year: 01/01/2017 - 12/31/2017

	<b>Active</b>	<b>Pre-65 Retirees</b>	<b>Pre-65 Blend</b>
Paid Rx Claims	\$ 4,680,389	\$ 2,075,912	\$ 6,756,301
Trend Factor (12% annual trend)	1.185	1.185	1.185
Incurral Factor	1.009	1.009	1.009
Projected Incurred Claims	\$ 5,596,177	\$ 2,482,096	\$ 8,078,273
Average Contracts	1,162.83	429.58	1,592.42
Average Members	3,669.17	1,019.19	4,688.36
Per Member Per Month Claims (PMPM)	\$ 127.10	\$ 202.95	\$ 143.59
<b>Weighted Average PMPM (50/50)</b>	\$ 120.27	\$ 208.92	\$ 139.45
Administrative Fees	\$ 1.58	\$ 2.10	\$ 1.69
<b>Total Rx PMPM</b>	<b>\$ 121.85</b>	<b>\$ 211.02</b>	<b>\$ 141.14</b>

## Pre-65 Rx Rate Development

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Total Rx PMPM	\$ 121.85	\$ 211.02	\$ 141.14
Members Per Contract	3.074	2.279	2.847
Per Employee Per Month Cost (PEPM)	\$ 374.57	\$ 480.91	\$ 401.83
<b>Rating Tiers</b>			
Single	1.000	1.000	1.000
Double	2.150	1.950	2.048
Family	2.600	2.220	2.535
Composite Tier	2.177	1.806	2.071
Single Rate*	\$ 172.06	\$ 266.28	\$ 194.03
Double Rate*	\$ 369.93	\$ 519.25	\$ 397.37
Family Rate*	\$ 447.36	\$ 591.14	\$ 491.87

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

## Employer Paid Post-65 Rx Claims Experience

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

Projection Year: 01/01/2017 - 12/31/2017

	<b>\$2 Copay</b>	<b>\$4 Copay</b>	<b>\$4/\$8 Copay</b>	<b>\$10/\$20 Copay</b>	<b>Post-65 Total</b>
Paid Rx Claims	\$ 32,316	\$ -	\$ 56,483	\$ 502,065	\$ 590,864
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	\$ 43,270	\$ -	\$ 75,627	\$ 672,237	\$ 791,134
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)	\$ 296.29	\$ -	\$ 521.71	\$ 582.51	\$ 547.48

Experience Year: 07/01/2015 - 06/30/2016

Projection Year: 01/01/2017 - 12/31/2017

	<b>\$2 Copay</b>	<b>\$4 Copay</b>	<b>\$4/\$8 Copay</b>	<b>\$10/\$20 Copay</b>	<b>Post-65 Total</b>
Paid Rx Claims	\$ 27,799	\$ -	\$ 63,877	\$ 546,007	\$ 637,683
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	\$ 33,239	\$ -	\$ 76,376	\$ 652,841	\$ 762,456
Average Contracts	9.50	0.00	8.58	66.33	84.42
Average Members	9.50	0.00	10.33	80.25	100.08
Per Member Per Month Claims (PMPM)	\$ 291.57	\$ -	\$ 616.13	\$ 677.92	\$ 634.87

## Post-65 Rx Rate Development

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

Projection Year: 01/01/2017 - 12/31/2017

	<b>\$2 Copay</b>	<b>\$4 Copay</b>	<b>\$4/\$8 Copay</b>	<b>\$10/\$20 Copay</b>
Overall Rx Claims PMPM	\$ 547.48	\$ 547.48	\$ 547.48	\$ 547.48
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)**	\$ 743.36	\$ 713.67	\$ 661.04	\$ 490.30
PMPM based on Experience	\$ 296.29	\$ -	\$ 521.71	\$ 582.51

Experience Year: 07/01/2015 - 06/30/2016

Projection Year: 01/01/2017 - 12/31/2017

	<b>\$2 Copay</b>	<b>\$4 Copay</b>	<b>\$4/\$8 Copay</b>	<b>\$10/\$20 Copay</b>
Overall Rx Claims PMPM	\$ 634.87	\$ 634.87	\$ 634.87	\$ 634.87
Relative Value to \$10/\$20 Copay Plan***	1.120	1.097	1.077	0.978
Utilization Assumption	1.249	1.225	1.154	0.942
PMPM based on Relative Values (RVs)**	\$ 888.11	\$ 853.15	\$ 789.05	\$ 584.89
PMPM based on Experience	\$ 291.57	\$ -	\$ 616.13	\$ 677.92
Administrative Fees	\$ 4.20	\$ -	\$ 4.20	\$ 4.20
<b>Weighted Average PMPM (RVs) (50/50)</b>	<b>\$ 819.94</b>	<b>\$ 783.41</b>	<b>\$ 729.25</b>	<b>\$ 541.80</b>
<b>Per Employee Per Month Cost (PEPM)</b>	<b>\$ 977.37</b>	<b>\$ 933.82</b>	<b>\$ 869.27</b>	<b>\$ 645.83</b>
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*	\$ 835.36	\$ 798.14	\$ 742.97	\$ 551.99
Double Rate*	\$ 1,669.88	\$ 1,595.48	\$ 1,485.20	\$ 1,103.43
Family Rate*	\$ 1,878.72	\$ 1,795.02	\$ 1,670.94	\$ 1,241.43

\* 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: 07/01/2014 - 06/30/2015  
 Projection Year: 01/01/2017 - 12/31/2017

	<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)	1.130	1.130	1.130	1.130
Incurral Factor	1.004	1.004	1.004	1.004
Projected Incurred claims	\$ 1,178,312	\$ 369,080	\$ 1,547,392	\$ 8,783
Average Contracts	1,134.00	441.75	1,575.75	18.17
Average Members (adjusted)	3,655.25	1,004.39	4,659.64	24.17
Per Member Per Month Claims (PMPM)	\$ 26.86	\$ 30.62	\$ 27.67	\$ 30.29

Experience Year: 07/01/2015 - 06/30/2016  
 Projection Year: 01/01/2017 - 12/31/2017

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 1,054,201	\$ 343,221	\$ 1,397,422	\$ 6,506
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	\$ 1,138,858	\$ 370,783	\$ 1,509,641	\$ 7,028
Average Contracts	1,162.83	429.58	1,592.42	16.17
Average Members	3,669.17	1,019.19	4,688.36	23.25
Per Member Per Month Claims (PMPM)	\$ 25.87	\$ 30.32	\$ 26.84	\$ 25.19
<b>Weighted Average PMPM (60/40)</b>	<b>\$ 26.27</b>	<b>\$ 30.44</b>	<b>\$ 27.17</b>	<b>\$ 27.23</b>
Administrative Fees	\$ -	\$ -	\$ -	\$ -
<b>Total Dental PMPM</b>	<b>\$ 26.27</b>	<b>\$ 30.44</b>	<b>\$ 27.17</b>	<b>\$ 27.23</b>

## Dental Rate Development

	Active	Pre-65 Retiree	Pre-65 Blend	Post-65
Total Dental PMPM	\$ 26.27	\$ 30.44	\$ 27.17	\$ 27.23
Members Per Contract	3.074	2.279	2.847	1.438
Per Employee Per Month Cost (PEPM)	\$ 80.75	\$ 69.37	\$ 77.35	\$ 39.16
 <b>Rating Tiers</b>				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.048	1.999
Family	2.600	2.220	2.535	2.249
Composite Tier	2.177	1.806	2.071	1.467
Single Rate*	\$ 37.09	\$ 38.41	\$ 37.35	\$ 26.69
Double Rate*	\$ 79.74	\$ 74.90	\$ 76.49	\$ 53.35
Family Rate*	\$ 96.43	\$ 85.27	\$ 94.68	\$ 60.03

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

## Employer Paid Vision Claims Experience

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

Projection Year: 01/01/2017 - 12/31/2017

	<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)	1.090	1.090	1.090	1.090
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 285,048	\$ 86,446	\$ 371,493	\$ 1,771
Average Contracts	1,134.00	441.75	1,575.75	101.00
Average Members (adjusted)	3,655.25	1,004.39	4,659.64	120.42
Per Member Per Month Claims (PMPM)	\$ 6.50	\$ 7.17	\$ 6.64	\$ 1.23

Experience Year: 07/01/2015 - 06/30/2016

Projection Year: 01/01/2017 - 12/31/2017

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Vision claims	\$ 225,472	\$ 73,723	\$ 299,195	\$ 1,955
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	\$ 238,134	\$ 77,863	\$ 315,997	\$ 2,065
Average Contracts	1,162.83	429.58	1,592.42	84.42
Average Members	3,669.17	1,019.19	4,688.36	100.08
Per Member Per Month Claims (PMPM)	\$ 5.41	\$ 6.37	\$ 5.62	\$ 1.72
<b>Weighted Average PMPM (60/40)</b>	<b>\$ 5.85</b>	<b>\$ 6.69</b>	<b>\$ 6.03</b>	<b>\$ 1.52</b>
Administrative Fees	\$ -	\$ -	\$ -	\$ -
<b>Total Vision PMPM</b>	<b>\$ 5.85</b>	<b>\$ 6.69</b>	<b>\$ 6.03</b>	<b>\$ 1.52</b>



## Vision Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Vision PMPM	\$ 5.85	\$ 6.69	\$ 6.03	\$ 1.52
Members Per Contract	3.074	2.279	2.847	1.192
Per Employee Per Month Cost (PEPM)	\$ 17.98	\$ 15.25	\$ 17.17	\$ 1.81
<b>Rating Tiers</b>				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.048	1.999
Family	2.600	2.220	2.535	2.249
Composite Tier	2.177	1.806	2.071	1.170
Single Rate*	\$ 8.26	\$ 8.44	\$ 8.29	\$ 1.55
Double Rate*	\$ 17.76	\$ 16.46	\$ 16.98	\$ 3.10
Family Rate*	\$ 21.48	\$ 18.74	\$ 21.02	\$ 3.49

\* 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 2015 through June 2016

<b>July 2015</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,179	425	1,604
Lives	3,736	1,010	4,746
Medical	\$1,039,954	\$816,572	\$1,856,526
Rx	\$359,494	\$159,785	\$519,279
Dental	\$85,250	\$32,728	\$117,977
Vision	\$17,797	\$6,348	\$24,145
Meritain/GR Adm. Fee	\$25,601	\$75,168	\$100,769
Meritain - HPA	\$3,367	\$1,244	\$4,611
Meritain - HPA - DM	\$0	\$1,917	\$1,917
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$6,796	\$2,510	\$9,306
4D Admin Fee	\$5,792	\$2,140	\$7,932
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,548,614</b>	<b>\$1,100,098</b>	<b>\$2,648,712</b>

<b>October 2015</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,163	423	1,586
Lives	3,683	1,014	4,697
Medical	\$806,323	\$390,172	\$1,196,496
Rx	\$403,192	\$177,112	\$580,304
Dental	\$67,388	\$20,218	\$87,606
Vision	\$13,155	\$4,317	\$17,472
Meritain/GR Adm. Fee	\$19,626	\$28,014	\$47,640
Meritain - HPA	\$3,369	\$1,245	\$4,614
Meritain - HPA - DM	\$0	\$1,863	\$1,863
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$8,725	\$3,223	\$11,948
4D Admin Fee	\$5,919	\$2,187	\$8,106
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,332,261</b>	<b>\$630,037</b>	<b>\$1,962,298</b>

<b>August 2015</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,170	426	1,596
Lives	3,711	1,009	4,720
Medical	\$1,087,122	\$504,785	\$1,591,907
Rx	\$404,879	\$191,655	\$596,534
Dental	\$71,344	\$16,430	\$87,774
Vision	\$13,058	\$3,073	\$16,131
Meritain/GR Adm. Fee	\$24,718	\$30,326	\$55,044
Meritain - HPA	\$3,478	\$1,285	\$4,763
Meritain - HPA - DM	\$0	\$1,913	\$1,913
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$7,032	\$2,598	\$9,630
4D Admin Fee	\$5,877	\$2,171	\$8,048
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,622,072</b>	<b>\$755,922</b>	<b>\$2,377,994</b>

<b>November 2015</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,155	431	1,586
Lives	3,653	1,041	4,694
Medical	\$920,976	\$344,730	\$1,265,706
Rx	\$411,996	\$168,070	\$580,066
Dental	\$70,839	\$19,341	\$90,179
Vision	\$11,581	\$6,159	\$17,740
Meritain/GR Adm. Fee	\$19,993	\$28,227	\$48,220
Meritain - HPA	\$3,361	\$1,242	\$4,603
Meritain - HPA - DM	\$0	\$1,904	\$1,904
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$8,729	\$3,225	\$11,954
4D Admin Fee	\$5,680	\$2,098	\$7,778
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,457,719</b>	<b>\$576,682</b>	<b>\$2,034,401</b>

<b>September 2015</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,163	426	1,589
Lives	3,688	1,019	4,707
Medical	\$1,248,901	\$450,144	\$1,699,045
Rx	\$419,648	\$153,752	\$573,400
Dental	\$73,410	\$27,994	\$101,404
Vision	\$14,639	\$4,731	\$19,371
Meritain/GR Adm. Fee	\$20,523	\$31,970	\$52,493
Meritain - HPA	\$3,388	\$1,252	\$4,640
Meritain - HPA - DM	\$0	\$1,913	\$1,913
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$6,852	\$2,532	\$9,384
4D Admin Fee	\$5,943	\$2,196	\$8,139
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,797,869</b>	<b>\$678,170</b>	<b>\$2,476,040</b>

<b>December 2015</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,158	430	1,588
Lives	3,661	1,038	4,699
Medical	\$1,692,635	\$1,050,238	\$2,742,873
Rx	\$392,372	\$192,518	\$584,890
Dental	\$125,941	\$38,933	\$164,874
Vision	\$32,497	\$9,772	\$42,269
Meritain/GR Adm. Fee	\$20,301	\$26,907	\$47,208
Meritain - HPA	\$3,365	\$1,243	\$4,608
Meritain - HPA - DM	\$0	\$1,881	\$1,881
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$8,723	\$3,223	\$11,946
4D Admin Fee	\$5,961	\$2,202	\$8,163
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$2,286,359</b>	<b>\$1,328,603</b>	<b>\$3,614,962</b>

**City of Grand Rapids**  
**Summary of Non-Medicare Claims and Expenses**  
July 2015 through June 2016

<b>January 2016</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,169	426	1,595
Lives	3,672	1,021	4,693
Medical	\$1,040,390	\$520,320	\$1,560,710
Rx	\$391,248	\$167,779	\$559,026
Dental	\$92,505	\$26,660	\$119,165
Vision	\$51,177	\$10,816	\$61,993
Meritain/GR Adm. Fee	\$21,107	\$31,706	\$52,813
Meritain - HPA	\$3,384	\$1,250	\$4,634
Meritain - HPA - DM	\$0	\$1,863	\$1,863
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$8,734	\$3,226	\$11,960
4D Admin Fee	\$5,842	\$2,158	\$8,000
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,618,950</b>	<b>\$767,464</b>	<b>\$2,386,414</b>

<b>February 2016</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,166	432	1,598
Lives	3,666	989	4,655
Medical	\$907,068	\$412,675	\$1,319,744
Rx	\$385,626	\$189,502	\$575,129
Dental	\$65,004	\$25,213	\$90,217
Vision	\$15,591	\$6,959	\$22,550
Meritain/GR Adm. Fee	\$23,606	\$27,487	\$51,093
Meritain - HPA	\$3,330	\$1,230	\$4,560
Meritain - HPA - DM	\$0	\$1,899	\$1,899
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$8,614	\$3,182	\$11,796
4D Admin Fee	\$6,091	\$2,250	\$8,341
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,419,495</b>	<b>\$672,084</b>	<b>\$2,091,579</b>

<b>March 2016</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,160	433	1,593
Lives	3,649	1,004	4,653
Medical	\$836,009	\$408,717	\$1,244,725
Rx	\$365,285	\$158,831	\$524,116
Dental	\$131,381	\$44,864	\$176,245
Vision	\$4,239	\$2,238	\$6,477
Meritain/GR Adm. Fee	\$20,599	\$27,071	\$47,670
Meritain - HPA	\$3,429	\$1,267	\$4,696
Meritain - HPA - DM	\$0	\$1,931	\$1,931
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$8,850	\$3,270	\$12,120
4D Admin Fee	\$5,987	\$2,212	\$8,199
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,380,342</b>	<b>\$652,087</b>	<b>\$2,032,429</b>

<b>April 2016</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,159	430	1,589
Lives	3,649	1,021	4,670
Medical	\$1,372,997	\$826,046	\$2,199,043
Rx	\$371,983	\$165,901	\$537,884
Dental	\$78,973	\$26,973	\$105,946
Vision	\$13,415	\$6,792	\$20,208
Meritain/GR Adm. Fee	\$24,361	\$36,529	\$60,890
Meritain - HPA	\$2,496	\$922	\$3,418
Meritain - HPA - DM	\$0	\$3,144	\$3,144
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$8,620	\$3,184	\$11,804
4D Admin Fee	\$5,872	\$2,169	\$8,041
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,883,282</b>	<b>\$1,073,346</b>	<b>\$2,956,628</b>

<b>May 2016</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,157	434	1,591
Lives	3,633	1,026	4,659
Medical	\$1,172,269	\$889,636	\$2,061,905
Rx	\$377,236	\$169,812	\$547,048
Dental	\$85,740	\$29,690	\$115,430
Vision	\$16,464	\$6,438	\$22,902
Meritain/GR Adm. Fee	\$19,741	\$26,837	\$46,578
Meritain - HPA	\$2,512	\$928	\$3,440
Meritain - HPA - DM	\$0	\$3,211	\$3,211
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$8,744	\$3,230	\$11,974
4D Admin Fee	\$5,363	\$1,981	\$7,344
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,692,632</b>	<b>\$1,133,450</b>	<b>\$2,826,082</b>

<b>June 2016</b>	<b>Active</b>	<b>Pre-65 Retiree</b>	<b>Total</b>
Contracts	1,155	439	1,594
Lives	3,629	1,038	4,667
Medical	\$1,160,056	\$1,168,364	\$2,328,420
Rx	\$397,430	\$181,195	\$578,625
Dental	\$106,428	\$34,177	\$140,605
Vision	\$21,859	\$6,079	\$27,937
Meritain/GR Adm. Fee	\$30,282	\$39,808	\$70,090
Meritain - HPA	\$2,496	\$922	\$3,418
Meritain - HPA - DM	\$0	\$3,204	\$3,204
Meritain - MRIOA	\$0	\$0	\$0
Cofinity/Aetna	\$8,707	\$3,217	\$11,924
4D Admin Fee	\$5,119	\$1,891	\$7,010
Aon	\$4,564	\$1,686	\$6,250
<b>Total</b>	<b>\$1,736,941</b>	<b>\$1,440,542</b>	<b>\$3,177,483</b>

**Calculation of Gain/(Loss) on July 2015 through June 2016 Non-Medicare Segment Experience**

<b>Period</b>	<b>Pre-65 Claim &amp; Admin Costs</b>	<b>Active Contracts</b>	<b>Pre-65 Retiree Contracts</b>	<b>Total Non-Medicare Contracts</b>	<b>Expected Revenue Based on 2015 &amp; 2016 Calculated per Contract Rates*</b>	<b>Gain/(Loss)</b>
July-15	\$2,648,712	1,179	425	1,604	\$2,798,210	\$149,498
August-15	\$2,377,994	1,170	426	1,596	\$2,784,254	\$406,260
September-15	\$2,476,040	1,163	426	1,589	\$2,772,042	\$296,002
October-15	\$1,962,298	1,163	423	1,586	\$2,766,809	\$804,511
November-15	\$2,034,401	1,155	431	1,586	\$2,766,809	\$732,408
December-15	\$3,614,962	1,158	430	1,588	\$2,770,298	(\$844,664)
January-16	\$2,386,414	1,169	426	1,595	\$2,643,601	\$257,187
February-16	\$2,091,579	1,166	432	1,598	\$2,648,573	\$556,994
March-16	\$2,032,429	1,160	433	1,593	\$2,640,286	\$607,857
April-16	\$2,956,628	1,159	430	1,589	\$2,633,656	(\$322,972)
May-16	\$2,826,082	1,157	434	1,591	\$2,636,971	(\$189,111)
June-16	\$3,177,483	1,155	439	1,594	\$2,641,943	(\$535,540)
<b>Total</b>	<b>\$30,585,022</b>	<b>1,163</b>	<b>430</b>	<b>1,592</b>	<b>\$32,503,452</b>	<b>\$1,918,430</b>

Amount of July '15 through June '16 experience gain/(loss) recognized in 2017 rates	<b>\$639,477</b>
Amount of July '14 through June '15 experience gain/(loss) recognized in 2017 rates	<b>\$1,971,940</b>
Amount of July '13 through June '14 experience gain/(loss) recognized in 2017 rates	<b>\$419,908</b>
<b>Total Amount experience gain/(loss) recognized in 2017 rates</b>	<b>\$3,031,325</b>

\*- Apply rates from page 25 for 2016 and from page 26 for 2015 to derive Expected Revenue.

**Calculation of Gain/(Loss) on July 2015 through June 2016 Post-65 Retiree Experience**

<b>Period</b>	<b>Post-65 Claim &amp; Admin Costs</b>	<b>Post-65 Contracts</b>	<b>Expected Revenue Based on 2015 &amp; 2016 Calculated per Contract Rates*</b>	<b>Gain/(Loss)</b>
July-15	\$91,497	94	\$89,257	(\$2,240)
August-15	\$102,945	93	\$87,744	(\$15,201)
September-15	\$67,391	91	\$86,051	\$18,660
October-15	\$64,995	90	\$83,025	\$18,030
November-15	\$83,846	89	\$82,089	(\$1,757)
December-15	\$65,817	87	\$80,575	\$14,758
January-16	\$62,642	79	\$73,768	\$11,126
February-16	\$81,267	78	\$74,523	(\$6,744)
March-16	\$91,094	80	\$76,194	(\$14,900)
April-16	\$76,484	77	\$71,699	(\$4,785)
May-16	\$67,496	77	\$71,699	\$4,203
June-16	\$79,068	78	\$72,456	(\$6,612)
<b>Total</b>	<b>\$934,542</b>	<b>84</b>	<b>\$949,080</b>	<b>\$14,538</b>

**Portion of Gain / (Loss) recognized in 2017 Implemented Rates**

Amount of July '15 through June '16 experience gain/(loss) (Use 1/3rd of total)	<b>\$4,846</b>
Amount of July '14 through June '15 experience gain/(loss) (Use 1/3rd of total)	<b>(\$8,585)</b>
Amount of July '13 through June '14 experience gain/(loss) (Use 1/3rd of total)	<b>(\$33,007)</b>
<b>Total Amount experience gain/(loss) recognized in 2017 rates</b>	<b>(\$36,746)</b>

\*- Apply rates from page 25 for 2016 and from page 26 for 2015 to derive Expected Revenue.

## **Explanation of Rates Developed in Following Section**

Page 19: "2017 Calculated Premium Rates" Schedule"

This schedule develops the actuarially sound 2016 rates without incorporating any smoothing.

Page 20: "2017 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 two losses and the most recent period is a gain. 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 2016 and 2017 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.

	2016	2017	2018	2019	2020	2021	2022
Calculated Rate for Medical/Rx/Vision	\$ 1,579.26	\$ 1,638.69	\$ 1,794.37	\$ 1,964.84	\$ 2,151.50	\$ 2,355.89	\$ 2,579.70
Calculated Rate for Dental	\$ 78.17	\$ 77.54	\$ 81.42	\$ 85.49	\$ 89.76	\$ 94.25	\$ 98.96
<b>Total Blended PEPM</b>	<b>\$ 1,657.43</b>	<b>\$ 1,716.23</b>	<b>\$ 1,875.79</b>	<b>\$ 2,050.33</b>	<b>\$ 2,241.26</b>	<b>\$ 2,450.14</b>	<b>\$ 2,678.66</b>
<b>Annual Increase</b>		<b>3.55%</b>	<b>9.30%</b>	<b>9.30%</b>	<b>9.31%</b>	<b>9.32%</b>	<b>9.33%</b>
<b>Smoothing Dollars</b>							
Smoothing July 1 2012 - June 30 2013	\$ (499,137)						
Smoothing July 1 2013 - June 30 2014	\$ (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		\$ (639,477)	\$ (639,477)	\$ (639,477)			
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					\$ -	\$ -	\$ -
Smoothing July 1 2020 - June 30 2021						\$ -	\$ -
Total	\$ (2,890,985)	\$ (3,031,325)	\$ (2,611,417)	\$ (639,477)	\$ -	\$ -	\$ -
Contracts*	1,600	1,617	1,617	1,617	1,617	1,617	1,617
PEPM change due to smoothing	\$ (150.58)	\$ (156.22)	\$ (134.58)	\$ (32.96)	\$ -	\$ -	\$ -
<b>Blended PEPM after Smoothing</b>	<b>\$ 1,506.85</b>	<b>\$ 1,560.01</b>	<b>\$ 1,741.21</b>	<b>\$ 2,017.37</b>	<b>\$ 2,241.26</b>	<b>\$ 2,450.14</b>	<b>\$ 2,678.66</b>
<b>Annual Increase</b>		<b>3.53%</b>	<b>11.62%</b>	<b>15.86%</b>	<b>11.10%</b>	<b>9.32%</b>	<b>9.33%</b>

\* It is assumed that the pre-65 retiree population is stable with the current mix of contracts going forward.

## Post-65 Retiree Segment

The table below illustrates the development of the rates for the **post-65 retiree segment**, showing actual rates for 2016 and 2017 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.

	2016	2017	2018	2019	2020	2021	2022
Calculated Rate for Medical/Rx/Vision	\$ 898.12	\$ 996.46	\$ 1,086.14	\$ 1,183.89	\$ 1,290.44	\$ 1,406.58	\$ 1,533.17
Calculated Rate for Dental	\$ 33.25	\$ 28.46	\$ 29.88	\$ 31.37	\$ 32.94	\$ 34.59	\$ 36.32
<b>Total Blended PEPM</b>	<b>\$ 931.37</b>	<b>\$ 1,024.92</b>	<b>\$ 1,116.02</b>	<b>\$ 1,215.26</b>	<b>\$ 1,323.38</b>	<b>\$ 1,441.17</b>	<b>\$ 1,569.49</b>
<b>Annual Increase</b>		<b>10.04%</b>	<b>8.89%</b>	<b>8.89%</b>	<b>8.90%</b>	<b>8.90%</b>	<b>8.90%</b>
<b>Smoothing Dollars</b>							
Smoothing July 1 2012 - June 30 2013	\$ 11,140						
Smoothing July 1 2013 - June 30 2014	\$ 33,007	\$ 33,007					
Smoothing July 1 2014 - June 30 2015	\$ 8,585	\$ 8,585	\$ 8,585				
Smoothing July 1 2015 - June 30 2016		\$ (4,846)	\$ (4,846)	\$ (4,846)			
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					\$ -	\$ -	\$ -
Smoothing July 1 2020 - June 30 2021						\$ -	\$ -
Total	\$ 52,732	\$ 36,746	\$ 3,739	\$ (4,846)	\$ -	\$ -	\$ -
Contracts*	94	79	79	79	79	79	79
PEPM change due to smoothing	\$ 46.75	\$ 38.76	\$ 3.94	\$ (5.11)	\$ -	\$ -	\$ -
<b>Blended PEPM after Smoothing</b>	<b>\$ 978.12</b>	<b>\$ 1,063.68</b>	<b>\$ 1,119.96</b>	<b>\$ 1,210.15</b>	<b>\$ 1,323.38</b>	<b>\$ 1,441.17</b>	<b>\$ 1,569.49</b>
<b>Annual Increase</b>		<b>8.75%</b>	<b>5.29%</b>	<b>8.05%</b>	<b>9.36%</b>	<b>8.90%</b>	<b>8.90%</b>
* <i>It is assumed that the post-65 retiree population is stable with the current mix of contracts going forward.</i>							



**2017 Calculated Premium Rates**  
**Without Reflection of Gain/Loss Smoothing**

		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
Active	EE Only	250	\$ 701.79	\$ 664.70	\$ 37.09	\$ 2,105,370
	2 Person	196	\$ 1,508.85	\$ 1,429.11	\$ 79.74	\$ 3,548,815
	Family	709	\$ 1,824.65	\$ 1,728.22	\$ 96.43	\$ 15,524,122
	<b>Composite</b>	<b>1,155</b>	<b>\$ 1,528.02</b>	<b>\$ 1,447.26</b>	<b>\$ 80.75</b>	<b>\$ 21,178,307</b>
Retired <65	EE Only	110	\$ 1,208.34	\$ 1,169.93	\$ 38.41	\$ 1,595,009
	2 Person	205	\$ 2,356.27	\$ 2,281.37	\$ 74.90	\$ 5,796,424
	Family	147	\$ 2,682.52	\$ 2,597.25	\$ 85.27	\$ 4,731,965
	<b>Composite</b>	<b>462</b>	<b>\$ 2,186.76</b>	<b>\$ 2,117.25</b>	<b>\$ 69.51</b>	<b>\$ 12,123,398</b>
Blended	EE Only	360	\$ 856.57	\$ 819.08	\$ 37.49	\$ 3,700,379
	2 Person	401	\$ 1,942.07	\$ 1,864.80	\$ 77.27	\$ 9,345,239
	Family	856	\$ 1,971.97	\$ 1,877.46	\$ 94.51	\$ 20,256,087
	<b>Composite</b>	<b>1,617</b>	<b>\$ 1,716.23</b>	<b>\$ 1,638.69</b>	<b>\$ 77.54</b>	<b>\$ 33,301,705</b>
Retired >65 \$2 Rx Copay	EE Only	7	\$ 1,105.59	\$ 1,105.59		\$ 92,870
	w Dep>65	0	\$ 2,210.07	\$ 2,210.07		\$ -
	w Dep<65	0	\$ 2,486.47	\$ 2,486.47		\$ -
	<b>Composite</b>	<b>7</b>	<b>\$ 1,105.59</b>	<b>\$ 1,105.59</b>		<b>\$ 92,870</b>
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,068.38	\$ 1,068.38		\$ -
	w Dep>65	0	\$ 2,135.69	\$ 2,135.69		\$ -
	w Dep<65	0	\$ 2,402.79	\$ 2,402.79		\$ -
	<b>Composite</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
Retired >65 \$4/\$8 Rx Copay	EE Only	7	\$ 1,039.89	\$ 1,013.20	\$ 26.69	\$ 87,351
	w Dep>65	1	\$ 2,078.74	\$ 2,025.39	\$ 53.35	\$ 24,945
	w Dep<65	0	\$ 2,338.72	\$ 2,278.69	\$ 60.03	\$ -
	<b>Composite</b>	<b>8</b>	<b>\$ 1,169.75</b>	<b>\$ 1,139.72</b>	<b>\$ 30.02</b>	<b>\$ 112,296</b>
Retired >65 \$10/\$20 Rx Copay	EE Only	53	\$ 848.91	\$ 822.22	\$ 26.69	\$ 539,907
	w Dep>65	10	\$ 1,696.97	\$ 1,643.62	\$ 53.35	\$ 203,636
	w Dep<65	1	\$ 1,909.21	\$ 1,849.18	\$ 60.03	\$ 22,911
	<b>Composite</b>	<b>64</b>	<b>\$ 997.99</b>	<b>\$ 966.61</b>	<b>\$ 31.38</b>	<b>\$ 766,454</b>
Composite >65	EE Only	67	\$ 895.68	\$ 871.78	\$ 23.90	\$ 720,127
	w Dep>65	11	\$ 1,731.68	\$ 1,678.33	\$ 53.35	\$ 228,581
	w Dep<65	1	\$ 1,909.21	\$ 1,849.18	\$ 60.03	\$ 22,911
	<b>Composite</b>	<b>79</b>	<b>\$ 1,024.91</b>	<b>\$ 996.46</b>	<b>\$ 28.46</b>	<b>\$ 971,619</b>

**2017 Implemented Premium Rates**

**Reflecting Gain/Loss Smoothing**

		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
Active	EE Only	250	\$ 637.91	\$ 604.19	\$ 33.72	\$ 1,913,726
	2 Person	196	\$ 1,371.51	\$ 1,299.02	\$ 72.49	\$ 3,225,780
	Family	709	\$ 1,658.56	\$ 1,570.91	\$ 87.65	\$ 14,111,022
	<b>Composite</b>	<b>1,155</b>	<b>\$ 1,388.93</b>	<b>\$ 1,315.52</b>	<b>\$ 73.41</b>	<b>\$ 19,250,528</b>
Retired <65	EE Only	110	\$ 1,098.35	\$ 1,063.44	\$ 34.91	\$ 1,449,821
	2 Person	205	\$ 2,141.79	\$ 2,073.71	\$ 68.08	\$ 5,268,798
	Family	147	\$ 2,438.34	\$ 2,360.83	\$ 77.51	\$ 4,301,233
	<b>Composite</b>	<b>462</b>	<b>\$ 1,987.71</b>	<b>\$ 1,924.52</b>	<b>\$ 63.19</b>	<b>\$ 11,019,852</b>
Blended	EE Only	360	\$ 778.60	\$ 744.52	\$ 34.08	\$ 3,363,548
	2 Person	401	\$ 1,765.29	\$ 1,695.06	\$ 70.23	\$ 8,494,579
	Family	856	\$ 1,792.47	\$ 1,706.56	\$ 85.91	\$ 18,412,254
	<b>Composite</b>	<b>1,617</b>	<b>\$ 1,560.01</b>	<b>\$ 1,489.52</b>	<b>\$ 70.49</b>	<b>\$ 30,270,381</b>
Retired >65 \$2 Rx Copay	EE Only	7	\$ 1,147.40	\$ 1,147.40	\$ -	\$ 96,382
	w Dep>65	0	\$ 2,293.65	\$ 2,293.65	\$ -	\$ -
	w Dep<65	0	\$ 2,580.51	\$ 2,580.51	\$ -	\$ -
	<b>Composite</b>	<b>7</b>	<b>\$ 1,147.40</b>	<b>\$ 1,147.40</b>	<b>\$ -</b>	<b>\$ 96,382</b>
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,108.79	\$ 1,108.79	\$ -	\$ -
	w Dep>65	0	\$ 2,216.46	\$ 2,216.46	\$ -	\$ -
	w Dep<65	0	\$ 2,493.66	\$ 2,493.66	\$ -	\$ -
	<b>Composite</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Retired >65 \$4/\$8 Rx Copay	EE Only	7	\$ 1,079.22	\$ 1,051.52	\$ 27.70	\$ 90,654
	w Dep>65	1	\$ 2,157.36	\$ 2,101.99	\$ 55.37	\$ 25,888
	w Dep<65	0	\$ 2,427.17	\$ 2,364.87	\$ 62.30	\$ -
	<b>Composite</b>	<b>8</b>	<b>\$ 1,213.99</b>	<b>\$ 1,182.83</b>	<b>\$ 31.16</b>	<b>\$ 116,542</b>
Retired >65 \$10/\$20 Rx Copay	EE Only	53	\$ 881.02	\$ 853.32	\$ 27.70	\$ 560,329
	w Dep>65	10	\$ 1,761.15	\$ 1,705.78	\$ 55.37	\$ 211,338
	w Dep<65	1	\$ 1,981.41	\$ 1,919.11	\$ 62.30	\$ 23,777
	<b>Composite</b>	<b>64</b>	<b>\$ 1,035.73</b>	<b>\$ 1,003.17</b>	<b>\$ 32.56</b>	<b>\$ 795,444</b>
Composite >65	EE Only	67	\$ 929.56	\$ 904.75	\$ 24.81	\$ 747,366
	w Dep>65	11	\$ 1,797.17	\$ 1,741.80	\$ 55.37	\$ 237,226
	w Dep<65	1	\$ 1,981.41	\$ 1,919.11	\$ 62.30	\$ 23,777
	<b>Composite</b>	<b>79</b>	<b>\$ 1,063.68</b>	<b>\$ 1,034.14</b>	<b>\$ 29.54</b>	<b>\$ 1,008,369</b>

**2017 Implemented Rates vs. 2016 Implemented Rates (Dollar Increases )**

		<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue*</b>
Active	EE Only	\$ 19.60	\$ 19.66	\$ (0.06)	\$ 4,901
	2 Person	\$ 42.15	\$ 42.28	\$ (0.13)	\$ 8,261
	Family	\$ 50.96	\$ 51.12	\$ (0.16)	\$ 36,129
	<b>Composite</b>	<b>\$ 33.04</b>	<b>\$ 33.69</b>	<b>\$ (0.65)</b>	<b>\$ 49,291</b>
Retired <65	EE Only	\$ 33.89	\$ 33.87	\$ 0.01	\$ 3,728
	2 Person	\$ 66.10	\$ 66.06	\$ 0.04	\$ 13,550
	Family	\$ 75.25	\$ 75.20	\$ 0.05	\$ 11,062
	<b>Composite</b>	<b>\$ 68.76</b>	<b>\$ 68.48</b>	<b>\$ 0.28</b>	<b>\$ 28,340</b>
Blended	EE Only	\$ 23.61	\$ 23.65	\$ (0.04)	\$ 8,500
	2 Person	\$ 83.82	\$ 84.04	\$ (0.23)	\$ 33,612
	Family	\$ 63.33	\$ 63.56	\$ (0.23)	\$ 54,207
	<b>Composite</b>	<b>\$ 53.15</b>	<b>\$ 53.73</b>	<b>\$ (0.58)</b>	<b>\$ 96,319</b>
Retired >65 \$2 Rx Copay	EE Only	\$ 142.95	\$ 142.95	\$ -	\$ 1,001
	w Dep>65	\$ 285.74	\$ 285.74	\$ -	\$ -
	w Dep<65	\$ 321.48	\$ 321.48	\$ -	\$ -
	<b>Composite</b>	<b>\$ 142.95</b>	<b>\$ 142.95</b>	<b>\$ -</b>	<b>\$ 1,001</b>
Retired >65 \$4 Rx Copay	EE Only	\$ 137.21	\$ 137.21	\$ -	\$ -
	w Dep>65	\$ 274.28	\$ 274.28	\$ -	\$ -
	w Dep<65	\$ 308.59	\$ 308.59	\$ -	\$ -
	<b>Composite</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Retired >65 \$4/\$8 Rx Copay	EE Only	\$ 120.29	\$ 126.09	\$ (5.80)	\$ 842
	w Dep>65	\$ 240.46	\$ 252.06	\$ (11.60)	\$ 240
	w Dep<65	\$ 270.54	\$ 283.58	\$ (13.04)	\$ -
	<b>Composite</b>	<b>\$ 63.47</b>	<b>\$ 72.50</b>	<b>\$ (9.03)</b>	<b>\$ 1,082</b>
Retired >65 \$10/\$20 Rx Copay	EE Only	\$ 85.72	\$ 91.52	\$ (5.80)	\$ 4,543
	w Dep>65	\$ 171.34	\$ 182.94	\$ (11.60)	\$ 1,713
	w Dep<65	\$ 192.79	\$ 205.83	\$ (13.04)	\$ 193
	<b>Composite</b>	<b>\$ 85.94</b>	<b>\$ 93.39</b>	<b>\$ (7.45)</b>	<b>\$ 6,449</b>
Composite >65	EE Only	\$ 85.30	\$ 88.84	\$ (3.54)	\$ 5,715
	w Dep>65	\$ 166.47	\$ 178.07	\$ (11.60)	\$ 1,831
	w Dep<65	\$ 1,981.41	\$ 1,919.11	\$ 62.30	\$ -
	<b>Composite</b>	<b>\$ 85.56</b>	<b>\$ 90.94</b>	<b>\$ (5.38)</b>	<b>\$ 7,546</b>

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

**2017 Implemented Rates vs. 2016 Implemented Rates (Percentage Increases)**

		<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue*</b>
Active	EE Only	3.17%	3.36%	(0.18%)	3.17%
	2 Person	3.17%	3.36%	(0.18%)	3.17%
	Family	3.17%	3.36%	(0.18%)	3.17%
	<b>Composite</b>	<b>2.44%</b>	<b>2.63%</b>	<b>(0.88%)</b>	<b>3.17%</b>
		<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue*</b>
Retired <65	EE Only	3.18%	3.29%	0.03%	3.18%
	2 Person	3.18%	3.29%	0.06%	3.18%
	Family	3.18%	3.29%	0.06%	3.18%
	<b>Composite</b>	<b>3.58%</b>	<b>3.69%</b>	<b>0.45%</b>	<b>3.18%</b>
		<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue*</b>
Blended	EE Only	3.13%	3.28%	(0.12%)	3.13%
	2 Person	4.98%	5.22%	(0.33%)	4.98%
	Family	3.66%	3.87%	(0.27%)	3.66%
	<b>Composite</b>	<b>3.53%</b>	<b>3.74%</b>	<b>(0.82%)</b>	<b>3.97%</b>
		<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue*</b>
Retired >65 \$2 Rx Copay	EE Only	14.23%	14.23%	N/A	14.23%
	w Dep>65	14.23%	14.23%	N/A	N/A
	w Dep<65	14.23%	14.23%	N/A	N/A
	<b>Composite</b>	<b>14.23%</b>	<b>14.23%</b>	<b>N/A</b>	<b>14.23%</b>
		<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue*</b>
Retired >65 \$4 Rx Copay	EE Only	14.12%	14.12%	N/A	N/A
	w Dep>65	14.12%	14.12%	N/A	N/A
	w Dep<65	14.12%	14.12%	N/A	N/A
	<b>Composite</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
		<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue*</b>
Retired >65 \$4/\$8 Rx Copay	EE Only	12.54%	13.63%	(17.32%)	12.54%
	w Dep>65	12.54%	13.63%	(17.33%)	12.54%
	w Dep<65	12.54%	13.63%	(17.31%)	N/A
	<b>Composite</b>	<b>5.52%</b>	<b>6.53%</b>	<b>(22.47%)</b>	<b>12.54%</b>
		<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue*</b>
Retired >65 \$10/\$20 Rx Copay	EE Only	10.78%	12.01%	(17.32%)	10.78%
	w Dep>65	10.78%	12.01%	(17.33%)	10.78%
	w Dep<65	10.78%	12.01%	(17.31%)	10.78%
	<b>Composite</b>	<b>9.05%</b>	<b>10.27%</b>	<b>(18.62%)</b>	<b>10.78%</b>
		<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue*</b>
Composite >65	EE Only	10.10%	10.89%	(12.49%)	10.10%
	w Dep>65	10.21%	11.39%	(17.33%)	10.21%
	w Dep<65	N/A	N/A	N/A	N/A
	<b>Composite</b>	<b>8.75%</b>	<b>9.64%</b>	<b>(15.41%)</b>	<b>12.79%</b>

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

**2018 Projected Premium Rates (assumes no change in covered lives from 2016)**

		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
Active	EE Only	250	\$ 709.19	\$ 673.17	\$ 36.02	\$ 2,127,570
	2 Person	196	\$ 1,524.76	\$ 1,447.32	\$ 77.44	\$ 3,586,236
	Family	709	\$ 1,843.90	\$ 1,750.25	\$ 93.65	\$ 15,687,901
	<b>Composite</b>	<b>1,155</b>	<b>\$ 1,544.13</b>	<b>\$ 1,465.71</b>	<b>\$ 78.43</b>	<b>\$ 21,401,707</b>
Retired <65	EE Only	110	\$ 1,222.14	\$ 1,184.84	\$ 37.30	\$ 1,613,225
	2 Person	205	\$ 2,383.19	\$ 2,310.45	\$ 72.74	\$ 5,862,647
	Family	147	\$ 2,713.16	\$ 2,630.35	\$ 82.81	\$ 4,786,014
	<b>Composite</b>	<b>462</b>	<b>\$ 2,211.74</b>	<b>\$ 2,144.23</b>	<b>\$ 67.51</b>	<b>\$ 12,261,886</b>
Blended	EE Only	360	\$ 865.92	\$ 829.51	\$ 36.41	\$ 3,740,795
	2 Person	401	\$ 1,963.61	\$ 1,888.57	\$ 75.03	\$ 9,448,883
	Family	856	\$ 1,993.18	\$ 1,901.39	\$ 91.78	\$ 20,473,915
	<b>Composite</b>	<b>1,617</b>	<b>\$ 1,734.88</b>	<b>\$ 1,659.57</b>	<b>\$ 75.30</b>	<b>\$ 33,663,593</b>
Retired >65 \$2 Rx Copay	EE Only	7	\$ 1,208.43	\$ 1,208.43	\$ -	\$ 101,508
	w Dep>65	0	\$ 2,415.64	\$ 2,415.64	\$ -	\$ -
	w Dep<65	0	\$ 2,717.75	\$ 2,717.75	\$ -	\$ -
	<b>Composite</b>	<b>7</b>	<b>\$ 1,208.43</b>	<b>\$ 1,208.43</b>		<b>\$ 101,508</b>
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,167.76	\$ 1,167.76	\$ -	\$ -
	w Dep>65	0	\$ 2,334.34	\$ 2,334.34	\$ -	\$ -
	w Dep<65	0	\$ 2,626.29	\$ 2,626.29	\$ -	\$ -
	<b>Composite</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
Retired >65 \$4/\$8 Rx Copay	EE Only	7	\$ 1,135.54	\$ 1,107.44	\$ 28.10	\$ 95,385
	w Dep>65	1	\$ 2,269.95	\$ 2,213.78	\$ 56.17	\$ 27,239
	w Dep<65	0	\$ 2,553.85	\$ 2,490.64	\$ 63.21	\$ -
	<b>Composite</b>	<b>8</b>	<b>\$ 1,277.34</b>	<b>\$ 1,245.73</b>	<b>\$ 31.61</b>	<b>\$ 122,624</b>
Retired >65 \$10/\$20 Rx Copay	EE Only	53	\$ 926.80	\$ 898.70	\$ 28.10	\$ 589,445
	w Dep>65	10	\$ 1,852.67	\$ 1,796.50	\$ 56.17	\$ 222,320
	w Dep<65	1	\$ 2,084.39	\$ 2,021.18	\$ 63.21	\$ 25,013
	<b>Composite</b>	<b>64</b>	<b>\$ 1,089.55</b>	<b>\$ 1,056.52</b>	<b>\$ 33.03</b>	<b>\$ 836,778</b>
Composite >65	EE Only	67	\$ 978.04	\$ 952.87	\$ 25.17	\$ 786,344
	w Dep>65	11	\$ 1,890.61	\$ 1,834.44	\$ 56.17	\$ 249,561
	w Dep<65	1	\$ 2,084.39	\$ 2,021.18	\$ 63.21	\$ 25,013
	<b>Composite</b>	<b>79</b>	<b>\$ 1,119.11</b>	<b>\$ 1,089.14</b>	<b>\$ 29.97</b>	<b>\$ 1,060,918</b>

*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 2018 rates developed next year will differ from the rates above.*

**2016 Implemented Premium Rates**

**Reflecting Gain/Loss Smoothing**

		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
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
	<b>Composite</b>	<b>1,171</b>	<b>\$ 1,355.89</b>	<b>\$ 1,281.83</b>	<b>\$ 74.06</b>	<b>\$ 19,053,022</b>
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
	<b>Composite</b>	<b>429</b>	<b>\$ 1,918.95</b>	<b>\$ 1,856.04</b>	<b>\$ 62.91</b>	<b>\$ 9,878,741</b>
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
	<b>Composite</b>	<b>1,600</b>	<b>\$ 1,506.86</b>	<b>\$ 1,435.79</b>	<b>\$ 71.07</b>	<b>\$ 28,931,763</b>
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	\$ -	\$ -
	<b>Composite</b>	<b>12</b>	<b>\$ 1,004.45</b>	<b>\$ 1,004.45</b>		<b>\$ 144,641</b>
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	\$ -	\$ -
	<b>Composite</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
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	\$ -
	<b>Composite</b>	<b>10</b>	<b>\$ 1,150.52</b>	<b>\$ 1,110.33</b>	<b>\$ 40.19</b>	<b>\$ 138,063</b>
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	\$ -
	<b>Composite</b>	<b>72</b>	<b>\$ 949.79</b>	<b>\$ 909.78</b>	<b>\$ 40.01</b>	<b>\$ 820,617</b>
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	\$ -	\$ -	\$ -	\$ -
	<b>Composite</b>	<b>94</b>	<b>\$ 978.12</b>	<b>\$ 943.20</b>	<b>\$ 34.92</b>	<b>\$ 1,103,321</b>

**2016 Calculated Premium Rates**  
**Without Reflection of Gain/Loss Smoothing**

		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
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
	<b>Composite</b>	<b>1,171</b>	<b>\$ 1,491.38</b>	<b>\$ 1,409.91</b>	<b>\$ 81.47</b>	<b>\$ 20,956,881</b>
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
	<b>Composite</b>	<b>429</b>	<b>\$ 2,110.70</b>	<b>\$ 2,041.51</b>	<b>\$ 69.19</b>	<b>\$ 10,865,867</b>
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
	<b>Composite</b>	<b>1,600</b>	<b>\$ 1,657.43</b>	<b>\$ 1,579.26</b>	<b>\$ 78.17</b>	<b>\$ 31,822,747</b>
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		\$ -
	<b>Composite</b>	<b>12</b>	<b>\$ 956.45</b>	<b>\$ 956.45</b>		<b>\$ 137,729</b>
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		\$ -
	<b>Composite</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
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	\$ -
	<b>Composite</b>	<b>10</b>	<b>\$ 1,095.54</b>	<b>\$ 1,057.26</b>	<b>\$ 38.27</b>	<b>\$ 131,465</b>
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	\$ -
	<b>Composite</b>	<b>72</b>	<b>\$ 904.40</b>	<b>\$ 866.30</b>	<b>\$ 38.10</b>	<b>\$ 781,397</b>
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	\$ -	\$ -	\$ -	\$ -
	<b>Composite</b>	<b>94</b>	<b>\$ 931.37</b>	<b>\$ 898.12</b>	<b>\$ 33.25</b>	<b>\$ 1,050,590</b>

**2015 Calculated Premium Rates**

**Without Reflection of Gain/Loss Smoothing**

		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
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
	<b>Composite</b>	<b>1,119</b>	<b>\$ 1,574.96</b>	<b>\$ 1,490.28</b>	<b>\$ 84.68</b>	<b>\$ 21,148,543</b>
		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
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
	<b>Composite</b>	<b>424</b>	<b>\$ 2,192.02</b>	<b>\$ 2,121.40</b>	<b>\$ 70.62</b>	<b>\$ 11,152,982</b>
		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
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
	<b>Composite</b>	<b>1,543</b>	<b>\$ 1,744.52</b>	<b>\$ 1,663.70</b>	<b>\$ 80.82</b>	<b>\$ 32,301,525</b>
		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
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		\$ -
	<b>Composite</b>	<b>13</b>	<b>\$ 936.21</b>	<b>\$ 936.21</b>		<b>\$ 146,049</b>
		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
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		\$ -
	<b>Composite</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
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	\$ -
	<b>Composite</b>	<b>12</b>	<b>\$ 1,050.56</b>	<b>\$ 1,011.23</b>	<b>\$ 39.34</b>	<b>\$ 151,281</b>
		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
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
	<b>Composite</b>	<b>86</b>	<b>\$ 928.49</b>	<b>\$ 887.13</b>	<b>\$ 41.36</b>	<b>\$ 958,201</b>
		<b>Enrollment</b>	<b>Total</b>	<b>Med/Rx/Vis</b>	<b>Dental</b>	<b>Total Revenue</b>
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
	<b>Composite</b>	<b>111</b>	<b>\$ 942.59</b>	<b>\$ 906.29</b>	<b>\$ 36.30</b>	<b>\$ 1,255,531</b>



## 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 National Health Trend surveys and recent claim experience under the City of Grand Rapids benefit programs.
- Rating tiers were not revisited when developing the 2017 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.