

# City of Grand Rapids

2018 Trend Report

November 17, 2017



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

Dear Mr. Dood:

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 2018 rates.
- As inputs to the June 30, 2017 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 2019 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 first time since 2011, the current experience period (7/1/2016 through 6/30/2017) for both the pre and post-65 participants is showing a loss.
  - For the Pre-65 participants (active and retiree), while the prescription drug claim experience trended slightly lower than expected, the medical claim experience was higher than predicted. The combined experience for medical, Rx, dental and vision generated a loss of \$0.6 million (2.0%) relative to our expected claim level (page 14).
  - For the Post-65 participants, the combined experience generated a loss of \$10,234 (1.2%) relative to our expected claim level (page 15). Due to the relatively, small exposure base for this segment, there is less credibility attributed to this experience.
- Trend rates are used to project results from the experience periods to the 2018 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 increases to 7% 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 remains in effect in the rating for both the Pre-65 (active and retiree) segment and the Post-65 retiree segment. One third of the gain or loss from each of the three prior years 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. Note on the Pre-65 segment (page 14) that the third year of experience (July 2014 – June 2015) is currently contributing nearly \$2 million to the smoothing formula and further that this large gain will “roll off” when determining the 2019 rates. As this happens, the City should expect a noticeable unfavorable impact on the rate increase calculation next year. To the extent that there is a gain, this impact would be somewhat mitigated.
- The development of the current period gain/(loss) is shown on page 14 for Pre-65 and page 15 for the Post-65 population.
  - 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 6.5% in 2018 implemented rates).
  - The Post-65 segment continues to incorporate losses from prior years that increase the implemented rates by less than 1% over the calculated rate for 2018.



- 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%.
- The table below provides a summary of individual rate changes after incorporating the smoothing by segment. Note composite rate changes are different than these due to shifts in the participant distribution. The active and pre-65 retiree increases are double digit after several years of favorable rate increases. This is due in part to the three year smoothing process which replaced a favorable gain year with the current year unfavorable loss.

<b>Segment</b>	<b>Rate Change</b>
<b>Active employees</b>	<b>14.9%</b>
<b>Pre-65 Retirees</b>	<b>11.7%</b>
<b>Total Pre-65 participants</b>	<b>11.3%</b>
<b>Post-65 retirees</b>	<b>8.3%</b>

- The results of the rate analysis in this report will be incorporated into the June 30, 2017 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. Jeff Dood  
November 17, 2017  
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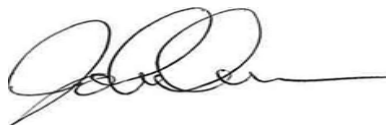
This report shall not be construed to provide tax, legal or investment advice.

James E. Pranschke and John Ames 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



John Ames, FSA, MAAA  
Senior Health Care Actuary

JEP:dj

cc: James D. Anderson, GRS



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## Employer Paid Medical Claims Experience

Experience Year: **07/01/2015 - 06/30/2016**  
 Projection Year: **01/01/2018 - 12/31/2018**

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Medical Claims *	\$ 13,284,702	\$ 7,782,398	\$ 21,067,100
Trend Factor (7% annual trend)	1.184 #	1.184	
Incurral Factor	1.011	1.011	
Plan Design Adjustment Factor	1.000	1.000	
Projected Incurred Claims	\$ 15,902,107	\$ 9,315,717	\$ 25,217,824
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)	\$ 361.17	\$ 761.69	\$ 448.24

Experience Year: **07/01/2016 - 06/30/2017**  
 Projection Year: **01/01/2018 - 12/31/2018**

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Medical Claims	\$ 14,730,383	\$ 8,096,721	\$ 22,827,104
Trend Factor (7% annual trend)	1.106	1.106	
Incurral Factor	1.011	1.011	
Plan Design Adjustment Factor	1.000	1.000	
Projected Incurred Claims	\$ 16,471,013	\$ 9,053,479	\$ 25,524,492
Average Contracts	1,163.75	437.58	1,601.33
Average Members (adjusted)	3,643.08	1,026.50	4,669.58
Per Member Per Month Claims (PMPM)	\$ 376.76	\$ 734.98	\$ 455.51
<b>Weighted Average PMPM (50/50)</b>	<b>\$ 368.97</b>	<b>\$ 748.34</b>	<b>\$ 451.88</b>
Administrative Fees	\$ 13.00	\$ 43.00	\$ 19.59
<b>Total Medical PMPM</b>	<b>\$ 381.97</b>	<b>\$ 791.34</b>	<b>\$ 471.46</b>

\* See explanatory notes for detailed description.

## Post-65 Retiree Medical Claims Experience

Projection Year: **01/01/2018 - 12/31/2018**

Experience Year (July to June)	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>Total / Weighted Ave.</u>
Experience Year				
Paid Medical Claims *	\$ 301,050	\$ 265,261	\$ 321,057	\$ 887,368
Trend Factor (7% annual trend)	1.267	1.184	1.106	
Incurral Factor	1.011	1.011	1.011	
Plan Design Adjustment Factor	1.000	1.000	1.000	
Projected Incurred Claims	\$ 385,626	\$ 317,524	\$ 358,995	\$ 1,062,145
Average Contracts	101.00	84.42	70.50	255.92
Average Members (adjusted)	120.42	100.08	82.50	303.00
Weighting Factor	20%	30%	50%	
<b>Per Member Per Month Claims (PMPM)</b>	<b>\$ 266.87</b>	<b>\$ 264.38</b>	<b>\$ 362.62</b>	<b>\$ 314.00</b>
Administrative Fees				\$ 14.69
<b>Total Medical PMPM</b>				<b>\$ 328.69</b>

*\* See explanatory notes for detailed description.*



## Medical Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Medical PMPM	\$ 381.97	\$ 791.34	\$ 471.46	\$ 328.69
Members Per Contract	3.039	2.260	2.834	1.108
Per Employee Per Month Cost (PEPM)	\$ 1,160.81	\$ 1,788.43	\$ 1,336.12	\$ 364.19
<b>Rating Tiers</b>				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.051	1.999
Family	2.600	2.220	2.540	2.249
Composite Tier	2.160	1.810	2.068	1.108
Single Rate*	\$ 537.41	\$ 988.08	\$ 646.09	\$ 328.69
Double Rate*	\$ 1,155.43	\$ 1,926.76	\$ 1,325.13	\$ 657.05
Family Rate*	\$ 1,397.27	\$ 2,193.54	\$ 1,641.07	\$ 739.22

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

## Employer Paid Rx Pre-65 Claims Experience

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

Projection Year: 01/01/2018 - 12/31/2018

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Rx Claims	\$ 4,680,389	\$ 2,075,912	\$ 6,756,301
Trend Factor (12% annual trend)	1.327	1.327	1.327
Incurral Factor	1.009	1.009	1.009
Projected Incurred claims	\$ 6,266,774	\$ 2,779,528	\$ 9,046,302
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)	\$ 142.33	\$ 227.27	\$ 160.79

Experience Year: 07/01/2016 - 06/30/2017

Projection Year: 01/01/2018 - 12/31/2018

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Rx Claims	\$ 5,204,183	\$ 2,207,050	\$ 7,411,234
Trend Factor (12% annual trend)	1.185	1.185	1.185
Incurral Factor	1.009	1.009	1.009
Projected Incurred Claims	\$ 6,222,460	\$ 2,638,893	\$ 8,861,353
Average Contracts	1,163.75	437.58	1,601.33
Average Members	3,643.08	1,026.50	4,669.58
Per Member Per Month Claims (PMPM)	\$ 142.34	\$ 214.23	\$ 158.14
<b>Weighted Average PMPM (50/50)</b>	<b>\$ 142.34</b>	<b>\$ 220.75</b>	<b>\$ 159.47</b>
Administrative Fees	\$ 1.49	\$ 1.99	\$ 1.60
<b>Total Rx PMPM</b>	<b>\$ 143.83</b>	<b>\$ 222.74</b>	<b>\$ 161.07</b>

## Pre-65 Rx Rate Development

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Total Rx PMPM	\$ 143.83	\$ 222.74	\$ 161.07
Members Per Contract	3.039	2.260	2.834
Per Employee Per Month Cost (PEPM)	\$ 437.10	\$ 503.39	\$ 456.47
<b>Rating Tiers</b>			
Single	1.000	1.000	1.000
Double	2.150	1.950	2.051
Family	2.600	2.220	2.540
Composite Tier	2.160	1.810	2.068
Single Rate*	\$ 202.36	\$ 278.12	\$ 220.73
Double Rate*	\$ 435.07	\$ 542.33	\$ 452.72
Family Rate*	\$ 526.14	\$ 617.43	\$ 560.65

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

## Employer Paid Post-65 Rx Claims Experience

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

**Projection Year: 01/01/2018 - 12/31/2018**

	<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)	1.327	1.327	1.327	1.327	1.327
Incurral Factor	1.009	1.009	1.009	1.009	1.009
Projected Incurred Claims	\$ 37,222	\$ -	\$ 85,528	\$ 731,072	\$ 853,822
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)	\$ 326.51	\$ -	\$ 689.96	\$ 759.16	\$ 710.95

**Experience Year: 07/01/2016 - 06/30/2017**

**Projection Year: 01/01/2018 - 12/31/2018**

	<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	\$ 26,927	\$ -	\$ 49,887	\$ 416,139	\$ 492,953
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	\$ 32,196	\$ -	\$ 59,648	\$ 497,563	\$ 589,407
Average Contracts	6.50	0.00	6.58	57.42	70.50
Average Members	6.50	0.00	7.58	68.42	82.50
Per Member Per Month Claims (PMPM)	\$ 412.76	\$ -	\$ 655.76	\$ 606.02	\$ 595.37

## Post-65 Rx Rate Development

Experience Year: 07/01/2015 - 06/30/2016  
 Projection Year: 01/01/2018 - 12/31/2018

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay
Overall Rx Claims PMPM	\$ 710.95	\$ 710.95	\$ 710.95	\$ 710.95
Relative Value to \$10/\$20 Copay Plan***	1.112	1.089	1.070	0.972
Utilization Assumption	1.256	1.232	1.161	0.948
PMPM based on Relative Values (RVs)**	\$ 992.96	\$ 953.84	\$ 883.19	\$ 655.11
PMPM based on Experience	\$ 326.51	\$ -	\$ 689.96	\$ 759.16

Experience Year: 07/01/2016 - 06/30/2017  
 Projection Year: 01/01/2018 - 12/31/2018

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay
Overall Rx Claims PMPM	\$ 595.37	\$ 595.37	\$ 595.37	\$ 595.37
Relative Value to \$10/\$20 Copay Plan***	1.127	1.103	1.084	0.984
Utilization Assumption	1.256	1.232	1.161	0.948
PMPM based on Relative Values (RVs)**	\$ 842.75	\$ 809.05	\$ 749.29	\$ 555.38
PMPM based on Experience	\$ 412.76	\$ -	\$ 655.76	\$ 606.02
Administrative Fees	\$ 3.99	\$ -	\$ 3.98	\$ 3.98
<b>Weighted Average PMPM (RVs) (40/60)</b>	\$ 906.82	\$ 866.97	\$ 806.83	\$ 599.25
<b>Per Employee Per Month Cost (PEPM)</b>	\$ 1,004.76	\$ 960.60	\$ 893.97	\$ 663.97
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	1.108	1.108	1.108	1.108
Single Rate*	\$ 906.82	\$ 866.97	\$ 806.83	\$ 599.25
Double Rate*	\$ 1,812.73	\$ 1,733.07	\$ 1,612.85	\$ 1,197.90
Family Rate*	\$ 2,039.44	\$ 1,949.82	\$ 1,814.56	\$ 1,347.71

\* 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: **07/01/2015 - 06/30/2016**

Projection Year: **01/01/2018 - 12/31/2018**

	<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 (4% annual trend)	1.103	1.103	1.103	1.103
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred claims	\$ 1,166,272	\$ 379,708	\$ 1,545,981	\$ 7,198
Average Contracts	1,162.83	429.58	1,592.42	16.17
Average Members (adjusted)	3,669.17	1,019.19	4,688.36	23.25
Per Member Per Month Claims (PMPM)	\$ 26.49	\$ 31.05	\$ 27.48	\$ 25.80

Experience Year: **07/01/2016 - 06/30/2017**

Projection Year: **01/01/2018 - 12/31/2018**

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 1,023,714	\$ 334,739	\$ 1,358,453	\$ 3,984
Trend Factor (4% annual trend)	1.060	1.060	1.060	1.060
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 1,088,392	\$ 355,888	\$ 1,444,280	\$ 4,236
Average Contracts	1,163.75	437.58	1,601.33	12.83
Average Members	3,643.08	1,026.50	4,669.58	19.50
Per Member Per Month Claims (PMPM)	\$ 25.37	\$ 29.52	\$ 25.78	\$ 19.07
<b>Weighted Average PMPM (60/40)</b>	<b>\$ 25.82</b>	<b>\$ 30.13</b>	<b>\$ 26.46</b>	<b>\$ 21.76</b>
Administrative Fees	\$ 0.47	\$ 0.63	\$ 0.51	\$ 0.97
<b>Total Dental PMPM</b>	<b>\$ 26.29</b>	<b>\$ 30.76</b>	<b>\$ 26.97</b>	<b>\$ 22.73</b>

## Dental Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Dental PMPM	\$ 26.29	\$ 30.76	\$ 26.97	\$ 22.73
Members Per Contract	3.039	2.260	2.834	1.519
Per Employee Per Month Cost (PEPM)	\$ 79.90	\$ 69.52	\$ 76.43	\$ 34.54
<b>Rating Tiers</b>				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.051	1.999
Family	2.600	2.220	2.540	2.249
Composite Tier	2.160	1.810	2.068	1.519
Single Rate*	\$ 36.99	\$ 38.41	\$ 36.96	\$ 22.74
Double Rate*	\$ 79.53	\$ 74.90	\$ 75.80	\$ 45.46
Family Rate*	\$ 96.17	\$ 85.27	\$ 93.88	\$ 51.14

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

## Employer Paid Vision Claims Experience

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

Projection Year: **01/01/2018 - 12/31/2018**

	<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)	1.090	1.090	1.090	1.090
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 246,502	\$ 80,599	\$ 327,101	\$ 2,137
Average Contracts	1,162.83	429.58	1,592.42	84.42
Average Members (adjusted)	3,669.17	1,019.19	4,688.36	100.08
Per Member Per Month Claims (PMPM)	\$ 5.60	\$ 6.59	\$ 5.82	\$ 1.78

Experience Year: **07/01/2016 - 06/30/2017**

Projection Year: **01/01/2018 - 12/31/2018**

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Vision claims	\$ 229,593	\$ 78,772	\$ 308,365	\$ 892
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	\$ 242,487	\$ 83,196	\$ 325,682	\$ 942
Average Contracts	1,163.75	437.58	1,601.33	70.50
Average Members	3,643.08	1,026.50	4,669.58	82.50
Per Member Per Month Claims (PMPM)	\$ 5.55	\$ 6.75	\$ 5.81	\$ 0.95
<b>Weighted Average PMPM (40/60)</b>	<b>\$ 5.57</b>	<b>\$ 6.69</b>	<b>\$ 5.81</b>	<b>\$ 1.28</b>
Administrative Fees	\$ -	\$ -	\$ -	\$ -
<b>Total Vision PMPM</b>	<b>\$ 5.57</b>	<b>\$ 6.69</b>	<b>\$ 5.81</b>	<b>\$ 1.28</b>



## Vision Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Vision PMPM	\$ 5.57	\$ 6.69	\$ 5.81	\$ 1.28
Members Per Contract	3.039	2.260	2.834	1.108
Per Employee Per Month Cost (PEPM)	\$ 16.93	\$ 15.12	\$ 16.47	\$ 1.42
<b>Rating Tiers</b>				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.051	1.999
Family	2.600	2.220	2.540	2.249
Composite Tier	2.160	1.810	2.068	1.108
Single Rate*	\$ 7.84	\$ 8.35	\$ 7.96	\$ 1.28
Double Rate*	\$ 16.86	\$ 16.28	\$ 16.33	\$ 2.56
Family Rate*	\$ 20.38	\$ 18.54	\$ 20.22	\$ 2.88

\* 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 2016 through June 2017

July 2016	Active	Pre-65 Retiree	Total
Contracts	1,160	436	1,596
Lives	3,636	1,032	4,668
Medical	\$1,078,269	\$820,807	\$1,899,076
Rx	\$571,159	\$267,289	\$838,448
Dental	\$69,004	\$30,764	\$99,767
Vision	\$20,676	\$5,046	\$25,722
Meritain/GR Adm. Fee	\$20,562	\$37,735	\$58,297
Meritain - HPA	\$2,511	\$944	\$3,455
Meritain - HPA - DM	\$0	\$3,285	\$3,285
Dental Admin Fees	\$0	\$0	\$0
Cofinity/Aetna	\$8,756	\$3,292	\$12,048
4D Admin Fee	\$5,487	\$2,063	\$7,550
AON	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$1,780,905</b>	<b>\$1,172,909</b>	<b>\$2,953,814</b>

August 2016	Active	Pre-65 Retiree	Total
Contracts	1,148	439	1,587
Lives	3,622	1,033	4,655
Medical	\$1,284,641	\$671,829	\$1,956,471
Rx	\$389,106	\$159,839	\$548,945
Dental	\$101,232	\$25,321	\$126,553
Vision	\$14,656	\$6,365	\$21,021
Meritain/GR Adm. Fee	\$33,923	\$41,170	\$75,093
Meritain - HPA	\$2,520	\$947	\$3,467
Meritain - HPA - DM	\$0	\$3,278	\$3,278
Dental Admin Fees	\$0	\$0	\$0
Cofinity/Aetna	\$8,754	\$3,292	\$12,046
4D Admin Fee	\$5,565	\$2,092	\$7,657
AON	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$1,844,879</b>	<b>\$915,819</b>	<b>\$2,760,698</b>

September 2016	Active	Pre-65 Retiree	Total
Contracts	1,153	440	1,593
Lives	3,623	1,033	4,656
Medical	\$1,329,345	\$597,405	\$1,926,750
Rx	\$2,392	\$1,184	\$3,576
Dental	\$71,109	\$18,845	\$89,955
Vision	\$12,308	\$2,838	\$15,146
Meritain/GR Adm. Fee	\$54,245	\$31,835	\$86,080
Meritain - HPA	\$2,499	\$940	\$3,439
Meritain - HPA - DM	\$0	\$3,233	\$3,233
Dental Admin Fees	\$0	\$0	\$0
Cofinity/Aetna	\$8,673	\$3,261	\$11,934
4D Admin Fee	\$5,064	\$1,904	\$6,968
AON	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$1,490,118</b>	<b>\$663,131</b>	<b>\$2,153,249</b>

October 2016	Active	Pre-65 Retiree	Total
Contracts	1,157	441	1,598
Lives	3,648	1,030	4,678
Medical	\$1,176,000	\$583,680	\$1,759,680
Rx	\$853,112	\$377,588	\$1,230,701
Dental	\$73,729	\$27,360	\$101,089
Vision	\$12,881	\$6,687	\$19,568
Meritain/GR Adm. Fee	\$29,003	\$32,761	\$61,764
Meritain - HPA	\$2,501	\$940	\$3,441
Meritain - HPA - DM	\$0	\$3,315	\$3,315
Dental Admin Fees	\$0	\$0	\$0
Cofinity/Aetna	\$8,757	\$3,293	\$12,050
4D Admin Fee	\$5,592	\$2,103	\$7,695
AON	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$2,166,058</b>	<b>\$1,039,412</b>	<b>\$3,205,470</b>

November 2016	Active	Pre-65 Retiree	Total
Contracts	1,155	441	1,596
Lives	3,628	1,028	4,656
Medical	\$1,369,094	\$700,014	\$2,069,108
Rx	\$472,916	\$186,721	\$659,637
Dental	\$88,182	\$28,924	\$117,106
Vision	\$16,912	\$6,244	\$23,156
Meritain/GR Adm. Fee	\$35,776	\$32,463	\$68,239
Meritain - HPA	\$2,526	\$950	\$3,476
Meritain - HPA - DM	\$0	\$3,315	\$3,315
Dental Admin Fees	\$0	\$0	\$0
Cofinity/Aetna	\$8,839	\$3,323	\$12,162
4D Admin Fee	\$5,329	\$2,004	\$7,333
AON	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$2,004,057</b>	<b>\$965,643</b>	<b>\$2,969,700</b>

December 2016	Active	Pre-65 Retiree	Total
Contracts	1,154	438	1,592
Lives	3,616	1,020	4,636
Medical	\$1,590,008	\$641,609	\$2,231,617
Rx	\$412,693	\$176,165	\$588,858
Dental	\$77,955	\$22,177	\$100,132
Vision	\$11,738	\$5,549	\$17,287
Meritain/GR Adm. Fee	\$26,890	\$38,184	\$65,074
Meritain - HPA	\$2,505	\$942	\$3,447
Meritain - HPA - DM	\$0	\$3,300	\$3,300
Dental Admin Fees	\$0	\$0	\$0
Cofinity/Aetna	\$8,737	\$3,285	\$12,022
4D Admin Fee	\$5,338	\$2,007	\$7,345
AON	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$2,140,346</b>	<b>\$894,902</b>	<b>\$3,035,249</b>

# City of Grand Rapids

## Summary of Non-Medicare Claims and Expenses

### July 2016 through June 2017

January 2017	Active	Pre-65 Retiree	Total
Contracts	1,175	431	1,606
Lives	3,676	1,002	4,678
Medical	\$1,063,070	\$664,411	\$1,727,481
Rx	\$233,139	\$70,408	\$303,547
Dental	\$89,932	\$26,092	\$116,024
Vision	\$23,790	\$7,773	\$31,563
Meritain/GR Adm. Fee	\$11,335	\$29,295	\$40,630
Meritain - HPA	\$2,507	\$943	\$3,450
Meritain - HPA - DM	\$0	\$3,136	\$3,136
Dental Admin Fees	\$3,858	\$1,451	\$5,309
Cofinity/Aetna	\$8,781	\$3,302	\$12,083
4D Admin Fee	\$5,543	\$2,084	\$7,627
ABG	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$1,446,438</b>	<b>\$810,579</b>	<b>\$2,257,017</b>

April 2017	Active	Pre-65 Retiree	Total
Contracts	1,175	437	1,612
Lives	3,663	1,030	4,693
Medical	\$749,431	\$574,996	\$1,324,426
Rx	\$441,615	\$188,442	\$630,057
Dental	\$70,109	\$27,411	\$97,520
Vision	\$18,021	\$4,194	\$22,216
Meritain/GR Adm. Fee	\$20,782	\$30,887	\$51,669
Meritain - HPA	\$2,524	\$949	\$3,473
Meritain - HPA - DM	\$0	\$3,136	\$3,136
Dental Admin Fees	\$3,957	\$1,488	\$5,445
Cofinity/Aetna	\$8,811	\$3,313	\$12,124
4D Admin Fee	\$5,285	\$1,987	\$7,272
ABG	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$1,325,017</b>	<b>\$838,488</b>	<b>\$2,163,506</b>

February 2017	Active	Pre-65 Retiree	Total
Contracts	1,171	438	1,609
Lives	3,647	1,027	4,674
Medical	\$1,170,645	\$745,717	\$1,916,361
Rx	\$417,077	\$146,769	\$563,846
Dental	\$118,902	\$41,071	\$159,972
Vision	\$38,726	\$9,284	\$48,010
Meritain/GR Adm. Fee	\$27,057	\$31,396	\$58,453
Meritain - HPA	\$2,538	\$954	\$3,492
Meritain - HPA - DM	\$0	\$3,278	\$3,278
Dental Admin Fees	\$1,221	\$459	\$1,680
Cofinity/Aetna	\$8,989	\$3,380	\$12,369
4D Admin Fee	\$5,740	\$2,158	\$7,898
ABG	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$1,795,377</b>	<b>\$986,150</b>	<b>\$2,781,527</b>

May 2017	Active	Pre-65 Retiree	Total
Contracts	1,177	437	1,614
Lives	3,674	1,028	4,702
Medical	\$1,682,290	\$615,722	\$2,298,012
Rx	\$389,991	\$194,529	\$584,520
Dental	\$74,974	\$22,483	\$97,456
Vision	\$18,724	\$10,982	\$29,706
Meritain/GR Adm. Fee	\$21,734	\$36,309	\$58,043
Meritain - HPA	\$2,522	\$948	\$3,470
Meritain - HPA - DM	\$0	\$3,285	\$3,285
Dental Admin Fees	\$3,746	\$1,409	\$5,155
Cofinity/Aetna	\$8,960	\$3,369	\$12,329
4D Admin Fee	\$5,684	\$2,137	\$7,821
ABG	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$2,213,106</b>	<b>\$892,858</b>	<b>\$3,105,965</b>

March 2017	Active	Pre-65 Retiree	Total
Contracts	1,165	435	1,600
Lives	3,624	1,028	4,652
Medical	\$1,161,025	\$911,805	\$2,072,830
Rx	\$594,808	\$239,422	\$834,230
Dental	\$107,378	\$36,382	\$143,760
Vision	\$28,343	\$6,514	\$34,857
Meritain/GR Adm. Fee	\$30,811	\$32,284	\$63,095
Meritain - HPA	\$2,532	\$952	\$3,484
Meritain - HPA - DM	\$0	\$3,323	\$3,323
Dental Admin Fees	\$3,964	\$1,490	\$5,454
Cofinity/Aetna	\$9,036	\$3,398	\$12,434
4D Admin Fee	\$5,427	\$2,041	\$7,468
ABG	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$1,947,805</b>	<b>\$1,239,297</b>	<b>\$3,187,102</b>

June 2017	Active	Pre-65 Retiree	Total
Contracts	1,175	438	1,613
Lives	3,660	1,027	4,687
Medical	\$1,076,565	\$568,727	\$1,645,292
Rx	\$426,175	\$198,694	\$624,869
Dental	\$81,208	\$27,911	\$109,119
Vision	\$12,817	\$7,294	\$20,111
Meritain/GR Adm. Fee	\$22,353	\$32,429	\$54,782
Meritain - HPA	\$2,563	\$964	\$3,527
Meritain - HPA - DM	\$0	\$3,233	\$3,233
Dental Admin Fees	\$3,923	\$1,475	\$5,398
Cofinity/Aetna	\$9,000	\$3,384	\$12,384
4D Admin Fee	\$5,038	\$1,894	\$6,932
ABG	\$4,482	\$1,685	\$6,167
<b>Total</b>	<b>\$1,644,125</b>	<b>\$847,690</b>	<b>\$2,491,814</b>

## Calculation of Gain/(Loss) on July 2016 through June 2017 Pre-65 Segment Experience

Period	Pre-65 Claim & Admin Costs	Pre-65			Expected Revenue Based on 2016 & 2017 Calculated per Contract Rates*	Gain/(Loss)
		Active Contracts	Retiree Contracts	Total Non-Medicare Contracts		
July-16	\$2,953,814	1,160	436	1,596	\$2,645,258	(\$308,556)
August-16	\$2,760,698	1,148	439	1,587	\$2,630,341	(\$130,357)
September-16	\$2,153,249	1,153	440	1,593	\$2,640,286	\$487,037
October-16	\$3,205,470	1,157	441	1,598	\$2,648,573	(\$556,897)
November-16	\$2,969,700	1,155	441	1,596	\$2,645,258	(\$324,442)
December-16	\$3,035,249	1,154	438	1,592	\$2,638,629	(\$396,620)
January-17	\$2,257,017	1,175	431	1,606	\$2,756,265	\$499,248
February-17	\$2,781,527	1,171	438	1,609	\$2,761,414	(\$20,113)
March-17	\$3,187,102	1,165	435	1,600	\$2,745,968	(\$441,134)
April-17	\$2,163,506	1,175	437	1,612	\$2,766,563	\$603,057
May-17	\$3,105,965	1,177	437	1,614	\$2,769,995	(\$335,970)
June-17	\$2,491,814	1,175	438	1,613	\$2,768,279	\$276,465
<b>Total</b>	<b>\$33,065,111</b>	<b>1,164</b>	<b>438</b>	<b>1,601</b>	<b>\$32,416,829</b>	<b>(\$648,282)</b>

Amount of July '16 through June '17 experience gain/(loss) recognized in 2018 rates	<b>(\$216,094)</b>
Amount of July '15 through June '16 experience gain/(loss) recognized in 2018 rates	<b>\$639,477</b>
Amount of July '14 through June '15 experience gain/(loss) recognized in 2018 rates	<b>\$1,971,940</b>
Total Amount experience gain/(loss) recognized in 2018 rates	<b>\$2,395,323</b>

\* Apply rates from page 25 for 2017 and from page 26 for 2016 to derive Expected Revenue.

## Calculation of Gain/(Loss) on July 2016 through June 2017 Post-65 Retiree Experience

Period	Post-65 Claim & Admin Costs	Post-65 Contracts	Expected Revenue Based on 2016 & 2017 Calculated per Contract Rates*	Gain/(Loss)
July-16	\$82,857	76	\$70,942	(\$11,915)
August-16	\$98,368	76	\$70,942	(\$27,426)
September-16	\$29,627	75	\$69,428	\$39,801
October-16	\$165,401	75	\$69,272	(\$96,129)
November-16	\$61,693	74	\$68,359	\$6,666
December-16	\$68,271	73	\$67,602	(\$669)
January-17	\$36,710	70	\$73,537	\$36,827
February-17	\$70,783	66	\$69,294	(\$1,489)
March-17	\$82,024	67	\$70,143	(\$11,881)
April-17	\$27,358	65	\$66,749	\$39,391
May-17	\$58,565	65	\$66,749	\$8,184
June-17	\$54,950	64	\$63,356	\$8,406
<b>Total</b>	<b>\$836,607</b>	<b>71</b>	<b>\$826,373</b>	<b>(\$10,234)</b>

### Portion of Gain / (Loss) recognized in 2018 Implemented Rates

Amount of July '16 through June '17 experience gain/(loss) (Use 1/3rd of total)	<b>(\$3,411)</b>
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>
<b>Total Amount experience gain/(loss) recognized in 2018 rates</b>	<b>(\$7,150)</b>

\* Apply rates from page 25 for 2017 and from page 26 for 2016 to derive Expected Revenue.

## Explanation of Rates Developed in Following Section

Page 19: "2018 Calculated Premium Rates" Schedule"

This schedule develops the actuarially sound 2018 rates without incorporating any smoothing.

Page 20: "2018 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 most recent experience period shows a loss and the two earlier years are gains. Overall the smoothing formula reduces the calculated rates by 6.5%.

For the Post-65 retiree segment, there were two losses and a gain. Gains/(losses) are divided by three and used to adjust the rates in the subsequent three years. Overall this smoothing formula increase the implemented rates less than 1%.

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.

	2017	2018	2019	2020	2021	2022	2023
Calculated Rate for Medical/Rx/Vision	\$ 1,638.69	\$ 1,797.38	\$ 1,968.13	\$ 2,155.10	\$ 2,359.83	\$ 2,584.01	\$ 2,829.49
Calculated Rate for Dental	\$ 77.54	\$ 75.74	\$ 78.77	\$ 81.92	\$ 85.20	\$ 88.61	\$ 92.15
<b>Total Blended PEPM</b>	<b>\$ 1,716.23</b>	<b>\$ 1,873.12</b>	<b>\$ 2,046.90</b>	<b>\$ 2,237.02</b>	<b>\$ 2,445.03</b>	<b>\$ 2,672.62</b>	<b>\$ 2,921.64</b>
<b>Annual Increase</b>		<b>9.14%</b>	<b>9.28%</b>	<b>9.29%</b>	<b>9.30%</b>	<b>9.31%</b>	<b>9.32%</b>
<b>Smoothing Dollars</b>							
Smoothing July 1 2013 - June 30 2014	\$ (419,908)						
Smoothing July 1 2014 - June 30 2015	\$ (1,971,940)	\$ (1,971,940)					
Smoothing July 1 2015 - June 30 2017	\$ (639,477)	\$ (639,477)	\$ (639,477)				
Smoothing July 1 2017 - June 30 2017		\$ 216,094	\$ 216,094	\$ 216,094			
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					\$ -	\$ -	\$ -
Smoothing July 1 2021 - June 30 2022						\$ -	\$ -
Total	\$ (3,031,325)	\$ (2,395,323)	\$ (423,383)	\$ 216,094	\$ -	\$ -	\$ -
Contracts*	1,617	1,646	1,646	1,646	1,646	1,646	1,646
PEPM change due to smoothing	\$ (156.23)	\$ (121.27)	\$ (21.43)	\$ 10.94	\$ -	\$ -	\$ -
<b>Blended PEPM after Smoothing</b>	<b>\$ 1,560.00</b>	<b>\$ 1,751.85</b>	<b>\$ 2,025.47</b>	<b>\$ 2,247.96</b>	<b>\$ 2,445.03</b>	<b>\$ 2,672.62</b>	<b>\$ 2,921.64</b>
<b>Annual Increase</b>		<b>12.30%</b>	<b>15.62%</b>	<b>10.98%</b>	<b>8.77%</b>	<b>9.31%</b>	<b>9.32%</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.

	2017	2018	2019	2020	2021	2022	2023
Calculated Rate for Medical/Rx/Vision	\$ 996.46	\$ 1,079.94	\$ 1,182.53	\$ 1,294.87	\$ 1,417.88	\$ 1,552.58	\$ 1,700.08
Calculated Rate for Dental	\$ 28.46	\$ 22.10	\$ 22.98	\$ 23.90	\$ 24.86	\$ 25.85	\$ 26.88
<b>Total Blended PEPM</b>	<b>\$ 1,024.92</b>	<b>\$ 1,102.04</b>	<b>\$ 1,205.51</b>	<b>\$ 1,318.77</b>	<b>\$ 1,442.74</b>	<b>\$ 1,578.43</b>	<b>\$ 1,726.96</b>
<b>Annual Increase</b>		<b>7.52%</b>	<b>9.39%</b>	<b>9.40%</b>	<b>9.40%</b>	<b>9.41%</b>	<b>9.41%</b>
<b>Smoothing Dollars</b>							
Smoothing July 1 2013 - June 30 2014	\$ 33,007						
Smoothing July 1 2014 - June 30 2015	\$ 8,585	\$ 8,585					
Smoothing July 1 2015 - June 30 2017	\$ (4,846)	\$ (4,846)	\$ (4,846)				
Smoothing July 1 2017 - June 30 2017		\$ 3,411	\$ 3,411	\$ 3,411			
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					\$ -	\$ -	\$ -
Smoothing July 1 2021 - June 30 2022						\$ -	\$ -
Total	\$ 36,746	\$ 7,150	\$ (1,435)	\$ 3,411	\$ -	\$ -	\$ -
Contracts*	79	65	65	65	65	65	65
PEPM change due to smoothing	\$ 38.77	\$ 9.17	\$ (1.84)	\$ 4.37	\$ -	\$ -	\$ -
<b>Blended PEPM after Smoothing</b>	<b>\$ 1,063.69</b>	<b>\$ 1,111.21</b>	<b>\$ 1,203.67</b>	<b>\$ 1,323.14</b>	<b>\$ 1,442.74</b>	<b>\$ 1,578.43</b>	<b>\$ 1,726.96</b>
<b>Annual Increase</b>		<b>4.47%</b>	<b>8.32%</b>	<b>9.93%</b>	<b>9.04%</b>	<b>9.41%</b>	<b>9.41%</b>
* It is assumed that the post-65 retiree population is stable with the current mix of contracts going forward.							



## 2018 Calculated Premium Rates Without Reflection of Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	278	\$ 783.94	\$ 747.61	\$ 36.33	\$ 2,615,224
	2 Person	197	\$ 1,685.47	\$ 1,607.36	\$ 78.11	\$ 3,984,451
	Family	737	\$ 2,038.25	\$ 1,943.79	\$ 94.46	\$ 18,026,283
	<b>Composite</b>	<b>1,212</b>	<b>\$ 1,693.20</b>	<b>\$ 1,614.73</b>	<b>\$ 78.47</b>	<b>\$ 24,625,958</b>
Retired <65	EE Only	103	\$ 1,312.17	\$ 1,274.55	\$ 37.62	\$ 1,621,842
	2 Person	193	\$ 2,558.73	\$ 2,485.37	\$ 73.36	\$ 5,926,019
	Family	138	\$ 2,913.03	\$ 2,829.51	\$ 83.52	\$ 4,823,978
	<b>Composite</b>	<b>434</b>	<b>\$ 2,375.55</b>	<b>\$ 2,307.44</b>	<b>\$ 68.11</b>	<b>\$ 12,371,839</b>
Blended	EE Only	381	\$ 926.74	\$ 890.06	\$ 36.68	\$ 4,237,066
	2 Person	390	\$ 2,117.62	\$ 2,041.86	\$ 75.76	\$ 9,910,470
	Family	875	\$ 2,176.22	\$ 2,083.48	\$ 92.73	\$ 22,850,261
	<b>Composite</b>	<b>1,646</b>	<b>\$ 1,873.12</b>	<b>\$ 1,797.38</b>	<b>\$ 75.74</b>	<b>\$ 36,997,797</b>
Retired >65 \$2 Rx Copay	EE Only	6	\$ 1,236.80	\$ 1,236.80		\$ 89,050
	w Dep>65	0	\$ 2,472.36	\$ 2,472.36		\$ -
	w Dep<65	0	\$ 2,781.56	\$ 2,781.56		\$ -
	<b>Composite</b>	<b>6</b>	<b>\$ 1,236.80</b>	<b>\$ 1,236.80</b>		<b>\$ 89,050</b>
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,196.94	\$ 1,196.94		\$ -
	w Dep>65	0	\$ 2,392.68	\$ 2,392.68		\$ -
	w Dep<65	0	\$ 2,691.91	\$ 2,691.91		\$ -
	<b>Composite</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
Retired >65 \$4/\$8 Rx Copay	EE Only	5	\$ 1,158.57	\$ 1,136.80	\$ 21.77	\$ 69,514
	w Dep>65	1	\$ 2,315.98	\$ 2,272.46	\$ 43.52	\$ 27,792
	w Dep<65	0	\$ 2,605.62	\$ 2,556.66	\$ 48.96	\$ -
	<b>Composite</b>	<b>6</b>	<b>\$ 1,351.47</b>	<b>\$ 1,326.08</b>	<b>\$ 25.40</b>	<b>\$ 97,306</b>
Retired >65 \$10/\$20 Rx Copay	EE Only	47	\$ 951.00	\$ 929.23	\$ 21.77	\$ 536,364
	w Dep>65	6	\$ 1,901.05	\$ 1,857.53	\$ 43.52	\$ 136,876
	w Dep<65	0	\$ 2,138.79	\$ 2,089.83	\$ 48.96	\$ -
	<b>Composite</b>	<b>53</b>	<b>\$ 1,058.55</b>	<b>\$ 1,034.32</b>	<b>\$ 24.23</b>	<b>\$ 673,240</b>
Composite >65	EE Only	58	\$ 998.46	\$ 978.94	\$ 19.52	\$ 694,928
	w Dep>65	7	\$ 1,960.33	\$ 1,916.81	\$ 43.52	\$ 164,667
	w Dep<65	0	\$ -	\$ -	\$ -	\$ -
	<b>Composite</b>	<b>65</b>	<b>\$ 1,102.05</b>	<b>\$ 1,079.94</b>	<b>\$ 22.10</b>	<b>\$ 859,595</b>

## 2018 Implemented Premium Rates Reflecting Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	278	\$ 733.19	\$ 699.21	\$ 33.98	\$ 2,445,908
	2 Person	197	\$ 1,576.35	\$ 1,503.30	\$ 73.05	\$ 3,726,488
	Family	737	\$ 1,906.29	\$ 1,817.94	\$ 88.35	\$ 16,859,220
	<b>Composite</b>	<b>1,212</b>	<b>\$ 1,583.58</b>	<b>\$ 1,510.19</b>	<b>\$ 73.39</b>	<b>\$ 23,031,616</b>
Retired <65	EE Only	103	\$ 1,227.22	\$ 1,192.03	\$ 35.19	\$ 1,516,840
	2 Person	193	\$ 2,393.07	\$ 2,324.46	\$ 68.61	\$ 5,542,355
	Family	138	\$ 2,724.43	\$ 2,646.32	\$ 78.11	\$ 4,511,662
	<b>Composite</b>	<b>434</b>	<b>\$ 2,221.75</b>	<b>\$ 2,158.05</b>	<b>\$ 63.70</b>	<b>\$ 11,570,857</b>
Blended	EE Only	381	\$ 866.74	\$ 832.44	\$ 34.30	\$ 3,962,749
	2 Person	390	\$ 1,980.52	\$ 1,909.67	\$ 70.85	\$ 9,268,843
	Family	875	\$ 2,035.32	\$ 1,948.59	\$ 86.73	\$ 21,370,882
	<b>Composite</b>	<b>1,646</b>	<b>\$ 1,751.85</b>	<b>\$ 1,681.01</b>	<b>\$ 70.84</b>	<b>\$ 34,602,474</b>
Retired >65 \$2 Rx Copay	EE Only	6	\$ 1,247.09	\$ 1,247.09	\$ -	\$ 89,790
	w Dep>65	0	\$ 2,492.92	\$ 2,492.92	\$ -	\$ -
	w Dep<65	0	\$ 2,804.70	\$ 2,804.70	\$ -	\$ -
	<b>Composite</b>	<b>6</b>	<b>\$ 1,247.09</b>	<b>\$ 1,247.09</b>	<b>\$ -</b>	<b>\$ 89,790</b>
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,206.90	\$ 1,206.90	\$ -	\$ -
	w Dep>65	0	\$ 2,412.58	\$ 2,412.58	\$ -	\$ -
	w Dep<65	0	\$ 2,714.30	\$ 2,714.30	\$ -	\$ -
	<b>Composite</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Retired >65 \$4/\$8 Rx Copay	EE Only	5	\$ 1,168.21	\$ 1,146.26	\$ 21.95	\$ 70,093
	w Dep>65	1	\$ 2,335.24	\$ 2,291.36	\$ 43.88	\$ 28,023
	w Dep<65	0	\$ 2,627.30	\$ 2,577.93	\$ 49.37	\$ -
	<b>Composite</b>	<b>6</b>	<b>\$ 1,362.72</b>	<b>\$ 1,337.11</b>	<b>\$ 25.61</b>	<b>\$ 98,116</b>
Retired >65 \$10/\$20 Rx Copay	EE Only	47	\$ 958.91	\$ 936.96	\$ 21.95	\$ 540,825
	w Dep>65	6	\$ 1,916.86	\$ 1,872.98	\$ 43.88	\$ 138,014
	w Dep<65	0	\$ 2,156.58	\$ 2,107.21	\$ 49.37	\$ -
	<b>Composite</b>	<b>53</b>	<b>\$ 1,067.35</b>	<b>\$ 1,042.92</b>	<b>\$ 24.43</b>	<b>\$ 678,839</b>
Composite >65	EE Only	58	\$ 1,006.76	\$ 987.08	\$ 19.68	\$ 700,705
	w Dep>65	7	\$ 1,976.63	\$ 1,932.75	\$ 43.88	\$ 166,037
	w Dep<65	0	\$ -	\$ -	\$ -	\$ -
	<b>Composite</b>	<b>65</b>	<b>\$ 1,111.22</b>	<b>\$ 1,088.93</b>	<b>\$ 22.29</b>	<b>\$ 866,742</b>

## 2018 Implemented Rates vs. 2017 Implemented Rates (Dollar Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue*
Active	EE Only	\$ 95.28	\$ 95.01	\$ 0.26	\$ 26,487
	2 Person	\$ 204.84	\$ 204.27	\$ 0.56	\$ 40,354
	Family	\$ 247.73	\$ 247.04	\$ 0.70	\$ 182,577
	<b>Composite</b>	<b>\$ 194.65</b>	<b>\$ 194.67</b>	<b>\$ (0.02)</b>	<b>\$ 249,418</b>
Retired <65	EE Only	\$ 128.87	\$ 128.60	\$ 0.28	\$ 13,273
	2 Person	\$ 251.28	\$ 250.76	\$ 0.53	\$ 48,498
	Family	\$ 286.09	\$ 285.49	\$ 0.60	\$ 39,481
	<b>Composite</b>	<b>\$ 234.04</b>	<b>\$ 233.53</b>	<b>\$ 0.51</b>	<b>\$ 101,252</b>
Blended	EE Only	\$ 88.14	\$ 87.92	\$ 0.22	\$ 33,583
	2 Person	\$ 215.23	\$ 214.61	\$ 0.62	\$ 83,940
	Family	\$ 242.85	\$ 242.03	\$ 0.82	\$ 212,495
	<b>Composite</b>	<b>\$ 191.84</b>	<b>\$ 191.49</b>	<b>\$ 0.35</b>	<b>\$ 330,018</b>
Retired >65 \$2 Rx Copay	EE Only	\$ 99.68	\$ 99.68	\$ -	\$ 598
	w Dep>65	\$ 199.27	\$ 199.27	\$ -	\$ -
	w Dep<65	\$ 224.19	\$ 224.19	\$ -	\$ -
	<b>Composite</b>	<b>\$ 99.69</b>	<b>\$ 99.69</b>	<b>\$ -</b>	<b>\$ 598</b>
Retired >65 \$4 Rx Copay	EE Only	\$ 98.11	\$ 98.11	\$ -	\$ -
	w Dep>65	\$ 196.12	\$ 196.12	\$ -	\$ -
	w Dep<65	\$ 220.64	\$ 220.64	\$ -	\$ -
	<b>Composite</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Retired >65 \$4/\$8 Rx Copay	EE Only	\$ 88.99	\$ 94.74	\$ (5.75)	\$ 445
	w Dep>65	\$ 177.88	\$ 189.37	\$ (11.49)	\$ 178
	w Dep<65	\$ 200.13	\$ 213.06	\$ (12.93)	\$ -
	<b>Composite</b>	<b>\$ 148.73</b>	<b>\$ 154.28</b>	<b>\$ (5.55)</b>	<b>\$ 623</b>
Retired >65 \$10/\$20 Rx Copay	EE Only	\$ 77.89	\$ 83.64	\$ (5.75)	\$ 3,661
	w Dep>65	\$ 155.71	\$ 167.20	\$ (11.49)	\$ 934
	w Dep<65	\$ 175.17	\$ 188.10	\$ (12.93)	\$ -
	<b>Composite</b>	<b>\$ 31.62</b>	<b>\$ 39.75</b>	<b>\$ (8.13)</b>	<b>\$ 4,595</b>
Composite >65	EE Only	\$ 77.20	\$ 82.34	\$ (5.13)	\$ 4,478
	w Dep>65	\$ 179.46	\$ 190.95	\$ (11.49)	\$ 1,256
	w Dep<65	\$ (1,981.41)	\$ (1,919.11)	\$ (62.30)	\$ -
	<b>Composite</b>	<b>\$ 47.54</b>	<b>\$ 54.79</b>	<b>\$ (7.25)</b>	<b>\$ 5,734</b>

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

## 2018 Implemented Rates vs. 2017 Implemented Rates (Percentage Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue*
Active	EE Only	14.94%	15.73%	0.77%	14.94%
	2 Person	14.94%	15.73%	0.77%	14.94%
	Family	14.94%	15.73%	0.80%	14.94%
<b>Composite</b>		<b>14.01%</b>	<b>14.80%</b>	<b>(0.03%)</b>	<b>14.94%</b>
		Total	Med/Rx/Vis	Dental	Total Revenue*
Retired <65	EE Only	11.73%	12.09%	0.80%	11.73%
	2 Person	11.73%	12.09%	0.78%	11.73%
	Family	11.73%	12.09%	0.77%	11.73%
<b>Composite</b>		<b>11.77%</b>	<b>12.13%</b>	<b>0.81%</b>	<b>11.73%</b>
		Total	Med/Rx/Vis	Dental	Total Revenue*
Blended	EE Only	11.32%	11.81%	0.65%	11.32%
	2 Person	12.19%	12.66%	0.88%	12.19%
	Family	13.55%	14.18%	0.95%	13.55%
<b>Composite</b>		<b>12.30%</b>	<b>12.86%</b>	<b>0.50%</b>	<b>12.92%</b>
		Total	Med/Rx/Vis	Dental	Total Revenue*
Retired >65 \$2 Rx Copay	EE Only	8.69%	8.69%	N/A	8.69%
	w Dep>65	8.69%	8.69%	N/A	N/A
	w Dep<65	8.69%	8.69%	N/A	N/A
<b>Composite</b>		<b>8.69%</b>	<b>8.69%</b>	<b>N/A</b>	<b>8.69%</b>
		Total	Med/Rx/Vis	Dental	Total Revenue*
Retired >65 \$4 Rx Copay	EE Only	8.85%	8.85%	N/A	N/A
	w Dep>65	8.85%	8.85%	N/A	N/A
	w Dep<65	8.85%	8.85%	N/A	N/A
<b>Composite</b>		<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
		Total	Med/Rx/Vis	Dental	Total Revenue*
Retired >65 \$4/\$8 Rx Copay	EE Only	8.25%	9.01%	(20.75%)	8.25%
	w Dep>65	8.25%	9.01%	(20.74%)	8.25%
	w Dep<65	8.25%	9.01%	(20.76%)	N/A
<b>Composite</b>		<b>12.25%</b>	<b>13.04%</b>	<b>(17.81%)</b>	<b>8.25%</b>
		Total	Med/Rx/Vis	Dental	Total Revenue*
Retired >65 \$10/\$20 Rx Copay	EE Only	8.84%	9.80%	(20.75%)	8.84%
	w Dep>65	8.84%	9.80%	(20.74%)	8.84%
	w Dep<65	8.84%	9.80%	(20.76%)	N/A
<b>Composite</b>		<b>3.05%</b>	<b>3.96%</b>	<b>(24.97%)</b>	<b>8.84%</b>
		Total	Med/Rx/Vis	Dental	Total Revenue*
Composite >65	EE Only	8.31%	9.10%	(20.66%)	8.31%
	w Dep>65	9.99%	10.96%	(20.74%)	9.99%
	w Dep<65	(100.00%)	(100.00%)	(100.00%)	N/A
<b>Composite</b>		<b>4.47%</b>	<b>5.30%</b>	<b>(24.54%)</b>	<b>8.62%</b>

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

## 2019 Projected Premium Rates (Assumes No Change in Covered Lives from 2017)

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	278	\$ 847.45	\$ 810.06	\$ 37.39	\$ 2,827,093
	2 Person	197	\$ 1,822.01	\$ 1,741.63	\$ 80.38	\$ 4,307,232
	Family	737	\$ 2,203.37	\$ 2,106.16	\$ 97.21	\$ 19,486,604
	<b>Composite</b>	<b>1,212</b>	<b>\$ 1,830.37</b>	<b>\$ 1,749.62</b>	<b>\$ 80.75</b>	<b>\$ 26,620,929</b>
Retired <65	EE Only	103	\$ 1,419.74	\$ 1,381.02	\$ 38.72	\$ 1,754,799
	2 Person	193	\$ 2,768.48	\$ 2,692.98	\$ 75.50	\$ 6,411,800
	Family	138	\$ 3,151.82	\$ 3,065.87	\$ 85.95	\$ 5,219,414
	<b>Composite</b>	<b>434</b>	<b>\$ 2,570.28</b>	<b>\$ 2,500.18</b>	<b>\$ 70.09</b>	<b>\$ 13,386,013</b>
Blended	EE Only	381	\$ 1,002.16	\$ 964.41	\$ 37.75	\$ 4,581,892
	2 Person	390	\$ 2,290.39	\$ 2,212.43	\$ 77.96	\$ 10,719,031
	Family	875	\$ 2,352.95	\$ 2,257.52	\$ 95.43	\$ 24,706,018
	<b>Composite</b>	<b>1,646</b>	<b>\$ 2,025.47</b>	<b>\$ 1,947.52</b>	<b>\$ 77.94</b>	<b>\$ 40,006,941</b>
Retired >65 \$2 Rx Copay	EE Only	6	\$ 1,352.21	\$ 1,352.21	\$ -	\$ 97,359
	w Dep>65	0	\$ 2,703.06	\$ 2,703.06	\$ -	\$ -
	w Dep<65	0	\$ 3,041.11	\$ 3,041.11	\$ -	\$ -
	<b>Composite</b>	<b>6</b>	<b>\$ 1,352.21</b>	<b>\$ 1,352.21</b>	<b>\$ -</b>	<b>\$ 97,359</b>
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,308.63	\$ 1,308.63	\$ -	\$ -
	w Dep>65	0	\$ 2,615.95	\$ 2,615.95	\$ -	\$ -
	w Dep<65	0	\$ 2,943.10	\$ 2,943.10	\$ -	\$ -
	<b>Composite</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Retired >65 \$4/\$8 Rx Copay	EE Only	5	\$ 1,265.49	\$ 1,242.88	\$ 22.61	\$ 75,929
	w Dep>65	1	\$ 2,529.70	\$ 2,484.51	\$ 45.19	\$ 30,356
	w Dep<65	0	\$ 2,846.07	\$ 2,795.23	\$ 50.84	\$ -
	<b>Composite</b>	<b>6</b>	<b>\$ 1,476.19</b>	<b>\$ 1,449.82</b>	<b>\$ 26.37</b>	<b>\$ 106,285</b>
Retired >65 \$10/\$20 Rx Copay	EE Only	47	\$ 1,038.55	\$ 1,015.94	\$ 22.61	\$ 585,742
	w Dep>65	6	\$ 2,076.05	\$ 2,030.86	\$ 45.19	\$ 149,476
	w Dep<65	0	\$ 2,335.68	\$ 2,284.84	\$ 50.84	\$ -
	<b>Composite</b>	<b>53</b>	<b>\$ 1,156.00</b>	<b>\$ 1,130.84</b>	<b>\$ 25.17</b>	<b>\$ 735,218</b>
Composite >65	EE Only	58	\$ 1,090.56	\$ 1,070.29	\$ 20.27	\$ 759,030
	w Dep>65	7	\$ 2,140.86	\$ 2,095.67	\$ 45.19	\$ 179,832
	w Dep<65	0	\$ -	\$ -	\$ -	\$ -
	<b>Composite</b>	<b>65</b>	<b>\$ 1,203.67</b>	<b>\$ 1,180.72</b>	<b>\$ 22.95</b>	<b>\$ 938,862</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 2019 rates developed next year will differ from the rates above.

## 2017 Implemented Premium Rates Reflecting Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
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>
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		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
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>
<hr/>						
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
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>
<hr/>						
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
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>
<hr/>						
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
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>
<hr/>						
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
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>
<hr/>						
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
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>
<hr/>						
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
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 Calculated Premium Rates Without Reflection of Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
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>

## 2016 Calculated Premium Rates Without Reflection of 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
	<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>\$</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>	<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>



## 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 2018 rates, but are currently under review.
- 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.