

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
ANNUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016
WITH INDEPENDENT AUDITOR'S REPORT

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Review Trustees
Oklahoma Public Employees Health & Welfare Plan
Bartlesville, Oklahoma

We have audited the accompanying financial statements of the Oklahoma Public Employees Health & Welfare Plan, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma Public Employees Health and Welfare Plan, as of June 30, 2017 and 2016 and the statement of income and changes in fund balance in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017, on our consideration of the Oklahoma Public Employees Health and Welfare Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oklahoma Public Employees Health and Welfare Plan's internal control over financial reporting and compliance.

Kevin C. Duke, CPA, PC

Tulsa, Oklahoma
November 15, 2017

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
BALANCE SHEET
JUNE 30, 2017 and 2016

| <u>ASSETS</u> | June 30, <u>2017</u> | June 30, <u>2016</u> |
|---------------------------------------|-------------------------|-------------------------|
| Current Assets: | | |
| Cash and Cash Equivalents (Note 3) | \$ 437,435 | \$ 586,060 |
| Investments (Note 3) | 4,001,148 | 3,803,422 |
| Accounts Receivable - Unpaid Premiums | 2,853,066 | 2,523,344 |
| Accounts Receivable - Rebates | 900,000 | 0 |
| Accounts Receivable - Refunds | <u>1,876,182</u> | <u>0</u> |
| Total Current Assets | <u>10,067,831</u> | <u>6,912,826</u> |
| TOTAL ASSETS | <u>\$ 10,067,831</u> | <u>\$ 6,912,826</u> |

LIABILITIES AND FUND BALANCE

Current Liabilities:

| | | |
|---------------------------|-------------------|------------------|
| Accounts Payable | \$ 8,168,131 | \$ 5,995,605 |
| Unearned Premiums | 0 | 46 |
| Bank Loan Payable | <u>3,152,883</u> | <u>2,636,197</u> |
| Total Current Liabilities | <u>11,321,014</u> | <u>8,631,848</u> |
| Total Liabilities | <u>11,321,014</u> | <u>8,631,848</u> |

Fund Balance:

| | | |
|------------------------------------|----------------------|---------------------|
| Unrestricted Fund Balance | <u>(1,253,183)</u> | <u>(1,719,022)</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 10,067,831</u> | <u>\$ 6,912,826</u> |

See accompanying notes and auditor's report.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
STATEMENT OF INCOME
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2017 and 2016

| <u>REVENUES:</u> | <u>June 30,</u> <u>2017</u> | <u>June 30,</u> <u>2016</u> |
|---------------------------------------|--------------------------------|--------------------------------|
| Premiums (Note 6) | \$ 53,085,262 | \$ 45,127,707 |
| Specific reinsurance (Note 7) | 11,202 | 404,520 |
| Interest income | 142 | 290 |
| Unrealized gain (loss) on investments | 297,726 | (43,800) |
| Rebates | 2,074,850 | 745,453 |
| Subrogation | 245,429 | 62,340 |
| Refunds | <u>1,878,182</u> | <u>0</u> |
| TOTAL REVENUES | <u>57,592,793</u> | <u>46,296,510</u> |
| <u>EXPENSES:</u> | | |
| ACA reinsurance & PCORI | 261,021 | 334,185 |
| Administrator's fee (Note 8) | 1,292,870 | 1,187,073 |
| Bank fees | 12,080 | 7,236 |
| Claims paid (Note 4) | 49,048,926 | 46,861,729 |
| Claims supervisor fee (Note 9) | 2,652,200 | 2,479,005 |
| Dues and fees | 933 | 400 |
| Fidelity bond expense | 12,247 | 11,705 |
| Interest and investment expense | 154,215 | 172,130 |
| Legal fees | 5,816 | 6,052 |
| Life insurance | 1,784,687 | 1,901,737 |
| Postage | 10,150 | 13,449 |
| Premium reimbursement | 0 | (1,615) |
| Professional fees | 162,880 | 149,867 |
| Specific reinsurance (Note 7) | 902,376 | 589,657 |
| Storage rental | 450 | 600 |
| Printing | 20,372 | 16,398 |
| Office expense | 2,654 | 1,959 |
| VSP Vision | <u>803,077</u> | <u>626,428</u> |
| TOTAL EXPENSES | <u>57,126,954</u> | <u>54,357,995</u> |
| Net Income (Loss) | <u>465,839</u> | <u>(8,061,485)</u> |
| FUND BALANCE - BEGINNING OF YEAR | <u>(1,719,022)</u> | <u>6,342,463</u> |
| FUND BALANCE - END OF YEAR | <u>\$ (1,253,183)</u> | <u>\$ (1,719,022)</u> |

See accompanying notes and auditor's report.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 and 2016

| | <u>June 30,</u> <u>2017</u> | <u>June 30,</u> <u>2016</u> |
|---|--------------------------------|--------------------------------|
| Cash Flows from Operating Activities: | | |
| Net Income (Loss) | \$ 465,839 | \$ (8,061,485) |
| Adjustment to reconcile net income (loss) to net cash used for operating activities | | |
| Decrease (increase) in accounts receivable | (3,105,904) | (256,490) |
| Increase (decrease) in accounts payable | 2,172,526 | 4,512,403 |
| Increase (decrease) in unearned premiums | <u>(46)</u> | <u>(305)</u> |
| Net cash used for operating activities | <u>(467,585)</u> | <u>(3,805,877)</u> |
| Cash Flows from Investing Activities: | | |
| Decrease (increase) in investments | <u>(197,726)</u> | <u>1,442,346</u> |
| Net cash provided by investing activities | <u>(197,726)</u> | <u>1,442,346</u> |
| Cash Flows from Financing Activities: | | |
| Increase (decrease) in financing activities | <u>516,686</u> | <u>2,636,197</u> |
| Net cash provided by financing activities | <u>516,686</u> | <u>2,636,197</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>(148,625)</u> | <u>272,666</u> |
| Cash and Cash Equivalents, Beginning of Year | <u>586,060</u> | <u>313,394</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 437,435</u> | <u>\$ 586,060</u> |

See accompanying notes and auditor's report.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: ORGANIZATION:

The Oklahoma Public Employees Health & Welfare Plan (hereinafter referred to as "The Plan") was organized on February 1, 1992 under the laws of the State of Oklahoma. Also on February 1, 1992, certain governmental agencies (hereinafter referred to as "Participating Agencies") acting under the provisions of Title 51, Oklahoma Statutes, Sections 167, 168, 169 and 172, Title 74 Oklahoma Statutes, Sections 1001, et seq., and other applicable provisions of Oklahoma Law, by their Inter-Local Government Agreement, established the Plan for the purpose of providing major medical, prescription, dental, vision, life and AD&D insurance benefits for the Participating Agencies' eligible employees and their dependents. These benefits are provided through insurance, self-insurance, or by a combination thereof as determined by the trustees pursuant to the terms of the Trust Agreement.

As of June 30, 2017 there were 103 participating groups in the Plan comprised of thirty-four (34) Oklahoma counties, five (5) schools, thirty-three (33) municipalities, six (6) CED's, four (4) COG's five (5) local government authorities, and sixteen (16) other organization types.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES:

Cash and Cash Equivalents:

The Plan considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Basis Of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Income Taxes:

The Plan was organized under the laws of the State of Oklahoma by certain governmental entities' Inter-Local Government Agreement for the purpose of providing group health, dental and group term life insurance benefits, all essential government functions, to participating Oklahoma counties and is, therefore, exempt from federal income taxes under Internal Revenue Code Section 115. The Plan evaluates and accounts for its uncertain tax positions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes (formerly FIN 48, Accounting for Uncertainty in Income Taxes), including the Plan's tax position as an exempt entity. It is also possible that some positions might be subject to uncertainty. The Plan evaluates any uncertain tax positions using the provisions of ASC 450, Contingencies. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgement with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Interest and penalties, if any, resulting from any uncertain tax positions required to be recorded by the Plan would be presented in other expenses in the statement of income. Management does not believe that any uncertain tax positions currently exist and no loss contingency has been recognized in the accompanying financial statements. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Currently, the Plan has no open examination with either the Internal Revenue Service or state taxing authorities.

Concentration Of Credit:

The Plan maintains its cash in bank deposit accounts which, at times during the month, may exceed the federally insured limits of \$250,000. The Plan has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents: Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

| | |
|---------------------------------|-------------------|
| Cash in Bank - Arvest | \$ 437,435 |
| Total Cash and Cash Equivalents | <u>\$ 437,435</u> |

Investments: The estimated fair values of investments are as follows:

| | |
|----------------------------------|---------------------|
| Equity Investments - Arvest | \$ 1,012,351 |
| Intermediate Bonds - Arvest | 1,571,366 |
| Short Term Bonds - Arvest | 1,413,237 |
| Fixed Income Securities - Arvest | <u>4,194</u> |
| Total Investments | <u>\$ 4,001,148</u> |

NOTE 4: CLAIMS PAID:

The Plan paid claims for the Participating Agencies' eligible employees and their dependents for health, dental, vision, and life insurance claims as provided for in the Trust Agreement and approved by the Trustees. The Summary Plan description, adopted and approved by the Trustees, is furnished to the Participating Agencies and to all Plan Participants and is controlling and binding upon all persons claiming any right to benefits under the current plan. See the Summary Plan description for complete details of benefits available.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 5: CONTINGENT LIABILITY-CLAIMS INCURRED BUT NOT REPORTED (IBNR):

A contingent liability estimate for claims incurred but not reported (“IBNR”) has been made of \$4,200,000.00. The accuracy of this estimate cannot be determined prior to the ultimate settlement of each claim. Accordingly, the ultimate cost of settling these claims may vary significantly from this contingent liability estimate.

Note 6: PREMIUMS:

Premium revenue reflects amounts received from eligible employees of Participating Agencies as provided for The Plan’s “Benefit Book”, formerly known as the Summary Plan Description.

Note 7: SPECIFIC REINSURANCE:

The Plan maintains an excess risk agreement with an insurance company that provides for a specific stop loss attachment point of \$425,000 per claimant per year as of June 30, 2017. Effective July 1, 2017, the stop loss attachment point remains at \$425,000 per claimant per year.

Note 8: ADMINISTRATIVE EXPENSES:

The Plan entered into a 12-month administrative agreement on March 19, 2016 with McElroy & Associates to provide administrative services for The Plan as agreed to in the agreement, for \$15.00 per “Contract” each month. The agreement was in effect from July 1, 2016 to June 30, 2017.

The Plan entered into a 12-month administrative agreement on March 16, 2017 with McElroy & Associates to provide administrative services for The Plan as agreed to in the agreement, for \$15.75 per “Contract” each month. The agreement is in effect from July 1, 2017 to June 30, 2018.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 9: CLAIMS SUPERVISOR FEE:

The Plan's administrative agreement with Blue Cross and Blue Shield provides for the administration of all functions in the claims and payment process of plan benefits. The administrative service fees agreed to were as follows:

| | Effective <u>7/1/17 - 6/30/18</u> | Effective <u>7/1/2016 - 6/30/17</u> |
|----------------------------|--------------------------------------|--|
| Medical Administrative Fee | \$36.30 per contract per month | \$ 34.24 per contract per month |
| Dental Administrative Fee | \$ 2.64 per contract per month | \$ 2.51 per contract per month |

Note 10: DATE OF MANAGEMENT'S REVIEW:

Subsequent events were evaluated through November 15, 2017, which is the date the financial statements were available to be issued.

Note 11: REVOLVING LINE OF CREDIT:

The Plan signed a debt modification agreement on October 20, 2016 with Arvest Bank which amended and increased the line of credit to \$3,868,722 and is secured by the Plan's investments. Accrued interest of 5% is due and payable monthly on any balance due.

Note 12: RISKS AND UNCERTAINTIES:

The plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

KEVIN C. DUKE
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A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Review Trustees
Oklahoma Public Employees Health & Welfare Plan
Bartlesville, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Oklahoma Public Employees Health and Welfare Plan statements as of and for the years ended June 30, 2017 and 2016, as listed in the table of contents, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated November 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oklahoma Public Employees Health and Welfare Plan's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oklahoma Public Employees Health and Welfare Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oklahoma Public Employees Health and Welfare Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kevin C. Duke, CPA, PC

Tulsa, Oklahoma
November 15, 2017

2016-2017 PLAN YEAR ACTUARIAL REPORT - Revised

OKLAHOMA PUBLIC EMPLOYEES HEALTH AND WELFARE TRUST

April 8, 2016

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Introduction

The Oklahoma Public Employees Health and Welfare Trust (OPEH&W) engaged Oliver Wyman Actuarial Consulting (OW or “we”) to perform an annual valuation of the medical, drug and dental benefits for the plan year beginning July 1, 2016. On March 16, 2016, an initial version of the report was provided to OPEH&W. On April 5, 2016, OPEH&W communicated to OW that Blue Cross Blue Shield of Oklahoma (BCBSOK) revised the savings estimate associated with switching from the Blue Choice network to the Blue Preferred network. This report reflects the revised savings estimates and incorporates additional alternatives to reduce the impact of the rate changes.

This review includes:

- Development of appropriate premiums for major medical (medical/pharmacy) and dental benefits
- Analysis of potential benefit changes and various surplus levels on premiums
- Determination of IBNR reserves
- Funding forecasts

OPEH&W experienced favorable trends for the last several plan years, and as a result, premium rates were kept nearly steady. However, recent large claim activity has resulted in significant losses for the first half of plan year 2015-2016. Furthermore, drug costs increased noticeably over the course of the last 18 months and have remained elevated.

We continue to recommend a premium rate increase of approximately 18.4% for medical/pharmacy benefits and a premium rate decrease of 35.1% for dental benefits for plan year 2016-2017 relative to current premium rate levels assuming the status quo (i.e., no benefit or provider network changes). Combined, the average rate increase is projected to be approximately 15%.

In the initial report, we developed an alternative premium rate scenario, assuming a change in provider networks which was informed by estimates from BCBSOK. The estimate provided by BCBSOK regarding the medical claims savings associated with switching from the Blue Choice to the Blue Preferred network was revised on April 5, 2016. Under the revised alternative scenario, we now recommend an average rate increase of 12.4% for medical/pharmacy benefits; when combined with dental benefits, the average rate increase is projected to be approximately 9%.

The succeeding sections of this report provide greater context to the premium rate projection, including the data sources used, the methodology behind the premium rate projection, and a description of any assumptions used.

Section 2 describes the data we received and any issues or inconsistencies we identified.

Section 3 provides a history of enrollment changes as well as a summary of future anticipated group additions.

Section 4 provides an overview of the premium rate projections that we developed.

Section 5 contains the details behind the premium rate projections, including a discussion of the assumptions used in projecting the base experience to the rating period.

Section 6 details the impact on premiums of implementing various benefit changes and alterations to the relativity of the rate change by employee tier (i.e., varying the rate change by employee tier). This section also includes the rate impact of incorporating varying levels of surplus in the rate projections.

Section 7 contains the development of the prospective incurred but not reported claim estimate for June 30, 2016.

Section 8 shows the forecast for each group for plan year 2016-2017.

Section 9 consists of the Appendices, which contain the calculations associated with the premium rate projections.

Certification

I, Ryan Mueller, Senior Consultant of Oliver Wyman Actuarial Consulting, have been engaged by Oklahoma Public Employees Health and Welfare Trust (OPEH&W) to prepare this report and corresponding premium rates. Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman), is an independent actuarial consulting firm that is not affiliated with, nor a subsidiary, nor in any way owned or controlled by a health plan, health insurer, or a trade association of health plans or insurers.

The information included in this report has been prepared for use by OPEH&W. Oliver Wyman makes no representation or warranty to any third party regarding the content of this actuarial memorandum and no third party may rely on the information included in this actuarial memorandum that would create any legal duty by Oliver Wyman to any third party.

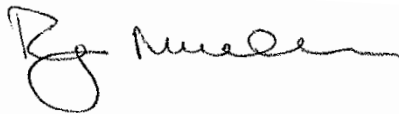
This report is not intended for general circulation or publication, nor is it to be used, quoted or distributed to others for any purpose other than those that may be set forth herein or in the written agreement pursuant to which this report has been issued without the prior written consent of Oliver Wyman. Oliver Wyman assumes no liability related to third party use of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein. This report should not replace the due diligence on behalf of any such third party.

The analysis underlying the development of the rates included in this report is based on our interpretation of current State and Federal laws and regulations. Should these laws and/or regulations be modified our results could be subject to change. It should be noted that Oliver Wyman is an actuarial consulting firm and is not engaged in the practice of law. Therefore, nothing in this actuarial memorandum should be interpreted as legal advice.

The rates developed in this report reflect estimates of future contingent events; actual results will likely vary. The magnitude of differences between projections in this filing and actual observed experience will depend on the extent to which actual experience in the future conforms to the assumptions made in this analysis. It is certain that actual experience will not conform exactly to the assumptions made in this filing.

While we have relied on the data provided by OPEH&W without independent investigation or verification, we have reviewed the data for consistency and reasonableness. In our analysis, we note any data inconsistencies of significance. If the data or information provided by OPEH&W is inaccurate or incomplete, our findings and conclusions may need to be revised.

I am a member of the American Academy of Actuaries (Academy) and I meet the Academy qualification standards for rendering this opinion. I have utilized generally accepted actuarial methodology in reaching this opinion.

A handwritten signature in black ink, appearing to read "Ryan Mueller". The signature is written in a cursive style with a large initial "R" and "M".

Ryan Mueller, FSA, MAAA
Senior Consultant
Oliver Wyman Actuarial Consulting, Inc.

April 8, 2016

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Data

We received the following information from OPEH&W, as supplied by their third party administrator (TPA) and various vendors:

- A summary of aggregated medical and dental claim payments by month from July 2012 to January 2016, and a summary of aggregated pharmacy claim payments by month from July 2012 to December 2015
- Lag reports for medical and dental claims with incurred dates from July 1, 2012 to January 31, 2016
- Summarized claim reports from LDI, the previous pharmacy benefit manager (PBM), for pharmacy claims paid between January 2014 and June 2015
- A summarized claim report from Express Scripts (ESI), the current PBM, for pharmacy claims paid between July 2015 and December 2015
- Shock or high-cost claimant reports for plan years 2012-2013, 2013-2014, 2014-2015 and 2015-2016 through January 2016
- Financial statements for plan years 2012-2013, 2013-2014 and 2014-2015 and for the first six months of plan year 2015-2016
- Medical and dental census information for June 2012 through January 2016
- Current OPEH&W Briefing Book
- Current OPEH&W Benefit Book
- A list of proposed benefit changes, including a potential change to the Blue Preferred provider network
- A list of recent group additions and terminations
- Plan Audit Report for plan years 2012-2013, 2013-2014 and 2014-2015
- Benefit changes for the four most recent plan years
- Premium rates for the four most recent plan years
- The medical and dental ASO projections for plan year 2016-2017 as prepared by BCBSOK
- 2016-2017 plan year vendor fees
 - Plan management fees:
 - \$15.00 per contract per month
 - BCBSOK medical and dental fees:
 - Medical administration fee of \$35.24 per contract per month
 - Dental administration fee of \$2.51 per contract per month
 - Stop-Loss Reinsurance:
 - \$13.59 per contract per month for the Blue Choice provider network
 - \$12.66 per contract per month for the Blue Preferred provider network
 - Additional fees
 - \$2.50 per contract per month for benefits value advisor (BVA) services
 - \$0.23 per member per month for access to Telehealth services

Additional information was provided by OPEH&W to support claim savings associated with new initiatives (e.g., change in provider network) and/or new member services (e.g., BVA). The claim

savings estimate was revised on April 5, 2016. We are relying on the information provided by BCBSOK with regards to the medical claim savings associated with switching to the Blue Preferred provider network and the claim savings associated with the BVA services. We were not provided with sufficient data or time to validate the savings estimate provided by BCBSOK for switching to the Blue Preferred provider network. Regarding the BVA services, we believe it is reasonable to expect a small level of savings as a result of offering this benefit to employees.

Data Reconciliation

We compared the data from the lag reports, the aggregated claim reports, the PBM reports, and the financial statements to determine the reasonability of the claims data provided by OPEH&W. We noted differences across all three sources for medical, pharmacy and dental claims. The differences between the reports were immaterial for medical and dental claims; however, we noted greater discrepancies for pharmacy claims. We compared monthly aggregated pharmacy claim information to the financial statements and PBM reports because lag tables were not provided for pharmacy claims. Pharmacy claims usually process quickly; therefore, paid pharmacy claims typically serve as a good proxy for incurred pharmacy claims.

The table below summarizes the discrepancies associated with paid pharmacy claims between the various sources for plan year 2014-2015. Please note, this is the only time period for which we have information for all three pharmacy claim sources.

| Month | Source | |
|---------------------------------------|--------------------|--------------------|
| | Claim.xlsx | LDI Report |
| 201407 | \$522,933 | \$599,783 |
| 201408 | \$938,079 | \$709,895 |
| 201409 | \$853,247 | \$634,690 |
| 201410 | \$799,031 | \$568,486 |
| 201411 | \$780,937 | \$549,568 |
| 201412 | \$952,957 | \$749,134 |
| 201501 | \$692,812 | \$694,519 |
| 201502 | \$618,539 | \$618,539 |
| 201503 | \$676,432 | \$676,432 |
| 201504 | \$648,673 | \$648,673 |
| 201505 | \$730,466 | \$730,466 |
| 201506 | \$738,463 | \$738,463 |
| Total | \$8,952,568 | \$7,918,649 |
| Financial Statement Total (FS) | \$8,175,675 | |
| Difference vs FS | 9.5% | -3.1% |

While these differences are material for the purposes of setting rates, similar differences were noted last year in the development of the plan year 2015-2016 premium rates. Because the PBM reports match more closely with the financial statements for plan year 2014-2015, the plan year 2016-2017 premium rate projection incorporates the paid pharmacy claim information from the PBM reports (LDI

Report) for plan year 2014-2015. The paid pharmacy claim information for plan year 2013-2014 is based on the paid claim report (Claim.xlsx).

We also compared the data we received for the 2016-2017 plan year rate analysis to the data we received for the 2015-2016 plan year rate analysis. The medical, pharmacy and dental claim information was consistent for overlapping months. Some differences were noted with the medical/pharmacy and dental membership files. The membership data received for this year's 2016-2017 plan year analysis contains approximately 0.5% fewer member months relative to the data received for 2015-2016 plan year analysis; this discrepancy is nearly consistent across overlapping months for both medical/pharmacy and dental.

3

Enrollment

OPEH&W has continued to experience membership growth relative to the plan year 2015-2016 analysis. This section provides a summary of groups that have terminated or been added since the 2015-2016 plan year analysis, along with groups that are expected to terminate or take up coverage in the future.

Terminated Groups

No groups have terminated as of January 31, 2016.

New Groups

The following groups have recently started offering health insurance coverage through OPEH&W:

- Effective 5/1/2015
 - City of Idabel – 92 Employees
- Effective 7/1/2015
 - Town of Velma – 1 Employee
 - City of Walters – 33 Employees
 - City of Woodward – 173 Employees
- Effective 1/1/2016
 - Town of Ninnekah – 2 Employees
 - City of Duncan – 243 Employees
 - Town of Roff – 5 Employees
 - Roger Mills County Hospital – 39 Employees
 - Rogers County – 264 Employees
 - City of Warr Acres – 84 Employees
 - Woods County – 118 Employees
- Additional groups expected to join after January 31, 2016 but with an unspecified effective date
 - City of Sallisaw – 130 Employees
 - Delaware County – 150 Employees
 - Town of Inola – 13 Employees
 - Alfalfa County – 95 Employees
 - Tulsa Public Libraries – 350 Employees
 - McCurtain County Rural Water District #4 – 4 Employees
 - Choctaw County Ambulance Authority – 20 Employees
 - City of Pryor – 130 Employees
 - City of Tuttle – 70 Employees
 - City of Wilburton – 35 Employees
 - City of Ramona – 15 Employees
 - City of Claremore – 240 Employees
 - City of Miami – 135 Employees

As can be seen by the list of groups that are expected to join in calendar year 2016, the favorable growth experienced by OPEH&W over the last several years is expected to continue in the near future. The growth experienced by OPEH&W has resulted in an increasingly favorable (i.e., younger) demographic mix. This mix change has resulted in downward pressure on the underlying claim trend, all else equal; however, if the demographic mix becomes unfavorable in the upcoming plan year, trends may increase more than anticipated. For the purposes of estimating plan year 2016-2017 claim costs, we have assumed that the demographic mix as represented by the January 2016 census information will not change over the 2016-2017 plan year.

4

Premium Rate Projections

Until recently, OPEH&W enjoyed favorable claims experience. As a result, no rate increases were implemented for plan year 2013-2014 and for plan year 2014-2015, a 1.5% rate increase was implemented on the employee-only coverage tier; no rate increase was implemented on the other coverage tiers.

For plan year 2015-2016, we initially recommended a rate increase of 13.5% for medical/pharmacy, which was revised to 8.6%-10.3% after accounting for the change in PBMs from LDI to ESI; a dental rate decrease of 29.7% was recommended. However, we were informed that OPEH&W elected to hold medical/pharmacy and dental rates steady for plan year 2015-2016 in order to release surplus. In recent months, large claim activity has increased, resulting in a \$3.6 million loss for the first six months of plan year 2015-2016, emphasizing the need to either increase rates or find ways to reduce claim costs.

OPEH&W has asked that we develop two medical/pharmacy rate projections. Under the first premium rate projection, we assume the “status quo” with respect to the current plan offering, including member cost-sharing and the provider network (referred to as the “status quo projection”). Under the second premium rate projection (referred to as the “alternative projection”), we assume the provider network will change from the Blue Choice network to the Blue Preferred network.

On April 5, 2016, OPEH&W informed us that BCBSOK revised the medical claim savings estimate associated with switching from the Blue Choice network to the Blue Preferred network. The initial estimate provided by BCBSOK showed medical claim savings of approximately 20%; however, the revised estimate shows medical claim savings of 7%. It is our understanding that the Blue Preferred network consists of many of the same providers as the Blue Choice network, and in the initial claim savings estimates provided by BCBSOK, it was determined that only 5.5% of members would be impacted by switching to the Blue Preferred network. A revised estimate of the proportion of members impacted by changing provider networks was not provided. The stop-loss fees associated with the Blue Preferred network have not changed relative to the prior analysis based on the information provided by BCBSOK. It is not clear whether the stop-loss fees associated with the Blue Preferred network could be revised as a result of the change in the claim savings estimate.

Due to time constraints, we were unable to validate these network change assumptions developed by BCBSOK. Based on our experience, employers have been reluctant to switch to narrower networks. Instead, we generally see employers ensuring that their employees have access to as many providers as desired, even though those providers may not be frequently utilized. We do not have sufficient knowledge of the providers within each network nor do we understand the reputation of facilities and physician groups in Oklahoma to assess the attractiveness of each network. So we cannot comment on how access to specific, well-recognized facilities or physicians will influence employers' decisions. We realize that BCBSOK has recently expanded the number of providers

participating in the Blue Preferred network. We believe the revised medical claim savings estimate is more reasonable relative to the initial estimate.

Only one dental premium rate projection was developed. Additional details regarding the general assumptions underlying the medical/pharmacy and dental rate projections are discussed in the Premium Rate Development section.

5

Premium Rate Development

We have utilized a rating approach that is consistent with renewal rating methods employed by insurers in the large group market. Specially, we developed a projected claim amount per-member-per-month (PMPM), added non-claim expenses to the projected claim amount PMPM, and converted the combined PMPM amount to a premium amount for each subscriber coverage tier (e.g., employee-only).

The projected claim amount PMPM was developed from OPEH&W experience for claims incurred between July 2013 and June 2015 and paid through December 2015 (the experience period). An adjustment was made to the medical and dental claims experience to account for claims that have been incurred but not reported (IBNR); however, because there are six months of claim run-out, IBNR claims are not significant. The experience was separated into two-twelve month periods, July 2013 through June 2014 and July 2014 through June 2015, with each period projected independently and blended together using actuarial credibility methods. It is important to note that we are using incurred claims and not paid claims as the basis for the plan year 2015-2016 premium rate projection. While paid claims have increased significantly in the first half of plan year 2015-2016, some of this experience was attributable to claims with service dates in plan year 2014-2015. Large claim activity with service dates occurring in plan year 2014-2015 and paid on or after July 1, 2015 will be reflected in our premium rate projection.

The medical and pharmacy experience were trended forward to the rating period, and additional claim adjustments were made to each claim category. Medical claims were adjusted to remove claims that would have otherwise been recovered through private reinsurance. Under the “alternative projection,” an additional adjustment was made to account for the claim savings that will result from switching to a new provider network. Pharmacy claims were adjusted to account for a PBM change that occurred effective July 1, 2015 and to account for anticipated pharmacy rebates.

The premium rate calculation was performed separately for medical/pharmacy benefits and dental benefits.

Trend Adjustments

We generated historical trend estimates based on OPEH&W’s emerging experience using incurred claims from November 2012 to October 2015, paid through December 2015. Medical and dental claim amounts were adjusted to reflect IBNR claims. Pharmacy claims were not adjusted to reflect IBNR claims because there is often little lag between when pharmacy claims are incurred and paid. We have used paid pharmacy claims as a proxy for incurred pharmacy claims.

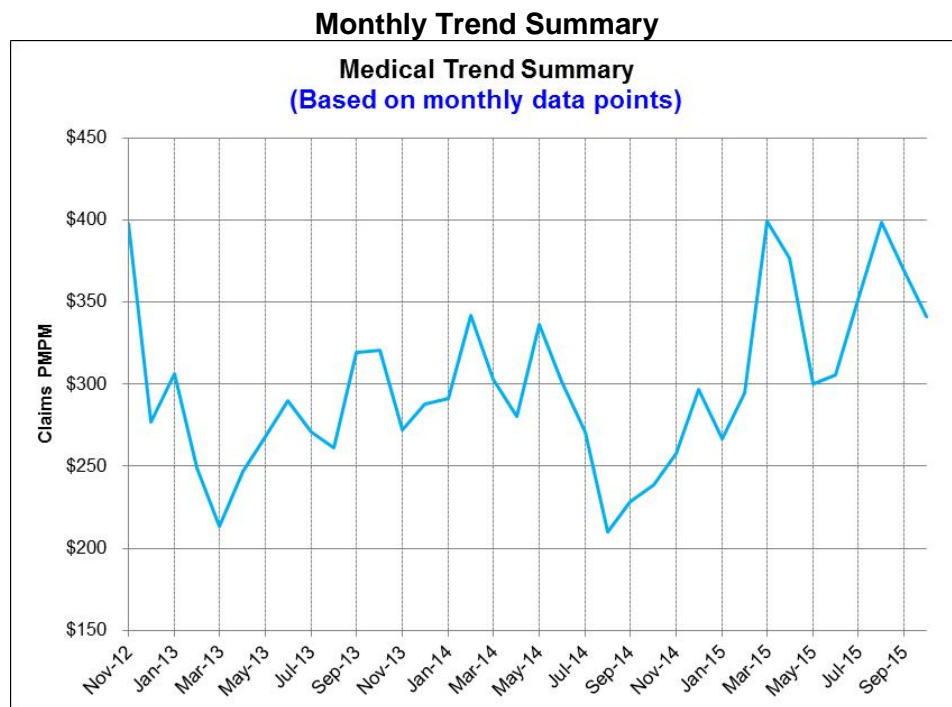
Medical and pharmacy claims were normalized to remove the impact that changes in demographics and benefits have had on OPEH&W claim liabilities. The demographic factors that were applied were developed using a large commercial database, reflecting the experience of Oklahoma fully-insured

and self-funded employer group members. Benefit relativities were developed using Oliver Wyman's propriety pricing model.

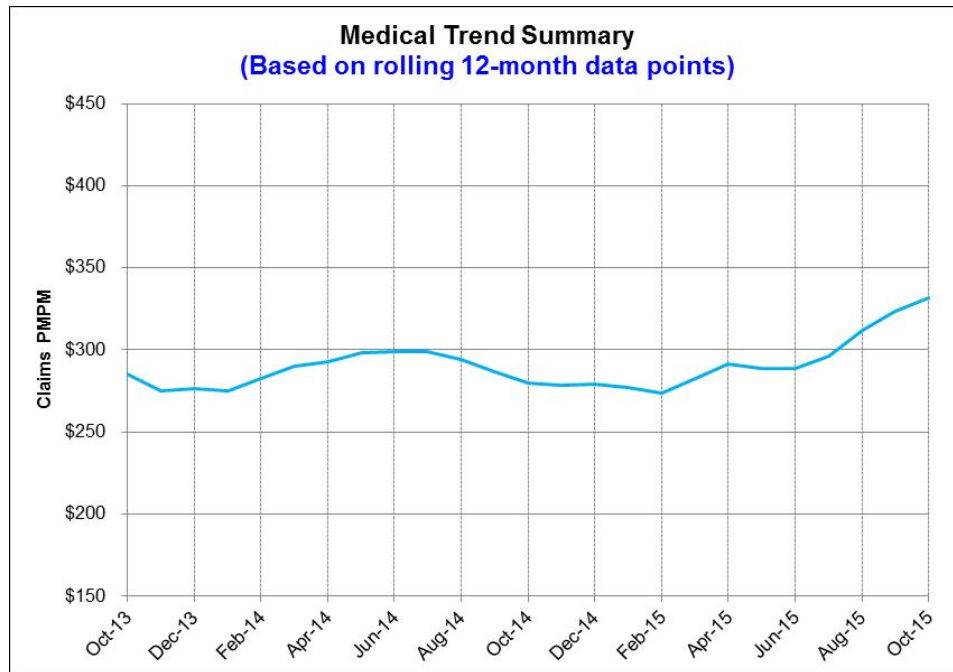
Dental claims were not normalized for changes in demographics, despite the change in demographic profile of members that has been experienced in recent years. The variation in dental claim costs as a result of changes in demographics is smaller relative to medical and pharmacy claim costs. Additionally, dental benefits are limited to an annual maximum of \$1,500 and exclude orthodontics, which further reduces the influence changes in demographics have on overall dental claim costs. It is our understanding that no significant dental benefit changes have occurred in recent years; therefore, dental trends were not normalized for changes in benefits.

Medical Trends

OPEH&W's normalized medical claims experience has exhibited volatility, even on a 12-month rolling basis. Recent large claim activity is influencing overall results; however, given the size of the overall block, such fluctuations may be expected as large claims work their way through the experience. The graphs below summarize the volatility of medical claims PMPM on a monthly and 12-month rolling basis.



12-month Rolling Trend Summary



Estimating trends from actual experience is more difficult when large claim activity is not stable. Using various trend methodologies (e.g., linear versus exponential; monthly versus 12-month moving averages; 24 months versus 36 months of data), medical trend estimates range from as low as 5% to as high as 22%. Longer range trends (i.e., using 36 months of data) are typically a better indicator of historical trends than shorter range trends, particularly for a smaller base of insureds. When using 36 months of data, medical trends range from 5% to 7%.

We compared the trend estimates produced using OPEH&W’s experience to industry standards. Oliver Wyman completes a semi-annual trend survey. The most recent trend survey reflects pricing trends for January 1, 2016. The survey reflects responses from carriers and HMOs insuring over 107.7 million members. The following table summarizes the trend results from the January 2016 Carrier Trend Survey for group PPO policies:

| | <u>Annual Trend Rate</u> |
|-----------------|--------------------------|
| Minimum | 1.9% |
| 25th Percentile | 7.0% |
| Median | 7.8% |
| 75th Percentile | 8.8% |
| Maximum | 11.8% |

We have elected to use a medical trend of 7% in the plan year 2016-2017 premium rate projection. While this trend factor is towards the high end of the 36-month trend range using OPEH&W’s actual experience, it is slightly lower than the median market trend. The medical ASO projection provided by BCBSOK assumed a medical trend rate of 7.4%.

Pharmacy Trends

OPEH&W's pharmacy claims have increased since June 2014 and become more volatile. High-cost specialty drugs, including those related to treating individuals with the Hepatitis C virus, influenced the increase in pharmacy claims. The impact of the newly introduced Hepatitis C drugs was expected to be short-term in nature as most individuals utilizing the drugs achieve viral suppression with a 12-week treatment. However, despite the temporary effect of the Hepatitis C drugs, pharmacy claims PMPM have remained elevated. Additionally, in July 2015, OPEH&W switched to a new PBM, which was estimated to reduce pharmacy costs between \$1.2 million and \$1.8 million at the time the analysis was performed. While it is likely that some savings were achieved as a result of switching to a new PBM, we are unable to confirm the results from the initial analysis or quantify the final impact using actual data.

These factors make it difficult to calculate the underlying pharmacy trend being experienced by OPEH&W. As such, we are relying on pharmacy trend estimates from a recent ESI report and Oliver Wyman's carrier trend survey.¹ Based on a discussion with Ross Naylor at OPEH&W, most new, high-cost specialty drugs with existing drug alternatives will not be added to the formulary, which should reduce pharmacy trends relative to the rest of the industry. The ESI report shows "traditional" (i.e., non-specialty drug costs) increasing at an annual rate of 4% and specialty drug costs increasing at an annual rate of 22%. The same report shows drug trends for 2014 were 6.4% and 30.9% for traditional and specialty drug classes, respectively, for a combined trend of 13.1%. It is important to note that these are allowed claim cost trends. Paid claim trends will be two to three percentage-points higher due to the leveraging effect that occurs with paid claims relative to allowed claims. This means, paid pharmacy trends are projected to be approximately 6% and 24% for traditional and specialty drug classes, respectively.

OPEH&W's specialty drug spend has accounted for approximately 25% of total drug spend in the first six months of plan year 2015-2016. After discussions with OPEH&W, we have assumed that the plan will be able to realize a 15% paid claim trend on specialty drugs, resulting in an average annual drug trend will be approximately 10%. However, this assumes OPEH&W will achieve a lower specialty drug trend than average by limiting access to new, high-cost specialty drugs. It is important to note that our estimate is lower than the trend rates we have observed in the market and less than the approximate annual trend rate of 12% inferred from the ESI report after accounting for leveraging. While OPEH&W has experienced favorable trends in the short-term, this is likely a result of the switch to a new PBM and lower utilization of Hepatitis C drugs. We expect drug trends to increase going forward. As an additional reference, below is a summary of the pricing trends reported from the January 2016 Carrier Trend Survey for prescription drugs:

| | <u>Annual Trend Rate</u> |
|-----------------|--------------------------|
| Minimum | 5.0% |
| 25th Percentile | 10.8% |
| Median | 11.2% |
| 75th Percentile | 13.0% |
| Maximum | 23.7% |

¹ <http://lab.express-scripts.com/lab/~/-/media/bbd3ff0d371b47c9ae83a6d85f5c2f15.ashx>

Dental Trends

OPEH&W has enjoyed favorable dental trends over the course of the most recent 24 to 36 months. Our analysis suggests dental claims PMPM have remained flat or slightly decreased with estimated annualized trends ranging from -4% to +1%. We have assumed an annualized dental claim trend rate of 3%, which is lower than the median trend rate of 5% observed in the market according to the January 2016 Carrier Trend Survey. The dental ASO projection provided by BCBSOK assumed a dental trend rate of 5.0%.

Additional Adjustments to Medical Claims

Medical claims from the experience period were adjusted to remove claims that would have otherwise been recovered through specific stop-loss insurance. To estimate the impact of the specific stop loss coverage, we “discounted” the specific stop-loss attachment point for plan year 2016-2017 to claim levels corresponding to the experience periods. For example, a \$425,000 medical claim in plan year 2016-2017 would have cost about \$371,000 in plan year 2014-2015, assuming a 7% medical trend (i.e., $\$425,000 \div (1.07)^2 = \$371,000$). Using the high-cost claimant reports provided by OPEH&W, we estimate the following specific stop-loss insurance recoveries would have occurred:

| | Plan Year | |
|--|-----------|-----------|
| | 2013-2014 | 2014-2015 |
| Adjusted Reinsurance Attachment Point (RAP): | \$346,927 | \$371,211 |
| Number of Members Exceeding RAP: | 2 | 1 |
| Aggregate Dollars Exceeding RAP: | \$138,025 | \$8,247 |

Due to the relatively small size of OPEH&W’s membership base and the high stop loss attachment point, additional variation in claim costs below the attachment point could influence the overall financial results of OPEH&W. However, such variations are often difficult to predict, particularly with the presence of stop loss coverage. We have assumed removing claims that would have otherwise been recovered through stop loss coverage and adding in the cost of stop loss insurance is a sufficient measure for smoothing the impact of large claims.

It is important to note that in the fall of 2015, OPEH&W asked OW to analyze the impact Rogers County and Tulsa Public Library would have on the overall performance of the plan if either group took up coverage through OPEH&W. The analysis for Rogers County suggested a worse than average risk profile relative to OPEH&W as we expected surplus levels to be reduced 0.2% to 0.4% with the inclusion of Rogers County. We have not adjusted the base experience to reflect the inclusion of Rogers County due to the overall growth of the plan. Additionally, we believe the overall adjustments made to the medical claims should be sufficient capture the difference in risk between Rogers County and existing OPEH&W members. We found no discernable morbidity difference between Tulsa Public Library and existing OPEH&W members.

Additional Adjustments to Pharmacy Claims

As noted earlier, pharmacy claims PMPM have been volatile due to an increase in specialty drug claims and a recent PBM change. In addition to trend, two adjustments have been applied to pharmacy claims: a PBM adjustment and an adjustment to account for pharmacy rebates.

We analyzed average pharmacy claim costs PMPM for pharmacy claims incurred between August 2015 and December 2015. Based on this five month period of data, pharmacy claim costs corresponding to the experience period were estimated by removing the impact of trend (i.e., “de-trending” the average pharmacy claim costs from the mid-point of the August 2015 and December 2015 period to the experience period) and adjusting the claim costs to reflect the demographic mix of the population during the experience period. Additionally, we adjusted for changes in pharmacy benefits. Please note, July 2015 claim costs were not considered in the analysis due to the potential disruption the PBM change may have produced for some members. Under this methodology, we are inherently removing the impact of one-time high-cost specialty claims (e.g., Sovaldi).

An additional adjustment was made to reduce pharmacy claims to account for the impact of pharmacy rebates. Pharmacy rebates represented approximately 12% of pharmacy claims paid in the first quarter of plan year 2015-2016. For plan year 2014-2015, we estimate rebates represented approximately 4% of paid pharmacy claims. We estimate that pharmacy rebates as a percentage of total paid claims for the entire plan year will represent 9% to 10% of paid pharmacy claims, which is lower than the 12% realized in the first three months of plan year 2015-2016 but higher than the 4% realized in plan year 2014-2015. It is important to note that we are using paid pharmacy claims as the basis for the rate development, which may not include fees assessed by the PBM.

Additional Claim Adjustments

In developing the medical/pharmacy rate, we adjusted medical and pharmacy claims to reflect differences between the demographic mix underlying the experience and the demographic mix that is projected to be enrolled for plan year 2016-2017. Our rate projections assume the plan year 2016-2017 demographic mix will be consistent with the demographic mix observed for January 2016, the most recently available census month.

Adjustments were made to the experience to account for changes in member cost-sharing that have occurred relative to the experience period. In plan year 2014-2015, the following benefit changes were made: member cost-sharing for medical copay services were applied to the medical out-of-pocket maximum, and the specialty drug copay increased from \$40 to \$60. In plan year 2015-2016, the following benefit changes were made: a \$1,900 out-of-pocket maximum was added to prescription drug coverage, and specialty drug copays were split into three tiers. We estimate the cumulative impact of these benefit changes will result in a 2.4% increase in claim costs. An additional adjustment was made to reflect savings that are expected to be received through the BVA program. BCBSOK estimates the BVA program could reduce claim costs by \$3.60 PEPM, or approximately \$2.39 PMPM, with a range of \$1 PEPM to \$6 PEPM.

We have not adjusted the claims experience to reflect monies that may be recovered as a result of subrogation, due to the lack of certainty regarding when monies will be recovered, if at all. As of January 2016, approximately \$1.9 million in claims were pending subrogation. While many cases were recent, several are more than two years old. The financial statements show that subrogation refunds for recent plan years have varied between \$0 and \$175,000.

Non-Benefit Expenses

The following non-benefit expenses have been incorporated into the medical/pharmacy premium rate projection:

- Plan management fees
- Medical ASO fees
- BVA and Telehealth fees
- Individual stop loss reinsurance fees
- Transitional reinsurance program fees
- Patient-Centered Outcomes Research Institute (PROCI) fee

The federal transitional reinsurance program (TRP) fee for calendar year 2016 is \$2.25 PMPM. Because the TRP terminates at the end of calendar year 2016, no TRP fees have been assumed beyond December 2016. As a result, we have pro-rated the TRP fees for the entire duration of plan year 2016-2017 in the medical/pharmacy premium rate projection.

The following non-benefit expenses have been incorporated into the dental premium rate projection:

- Dental ASO fees

Our dental premium rate projections do not incorporate any plan management fees. If any portion of the plan management fee should be allocated to the dental benefit, our projected dental premium rates may be understated and the projected medical/pharmacy rates may be overstated.

Please note, we have not included any contribution to surplus in the premium rate projection. However in the Potential Benefit Changes and Surplus Scenarios section of this report, we provide the impact of retaining various surplus amounts, as requested by OPEH&W. Typically, we would recommend a contribution to surplus of approximately 2% to retain existing surplus.

Proposed Rate Changes

Using the assumptions outlined above, we are proposing a premium rate increase of 18.4% for the “status quo projection” and a rate increase of 12.4% for the “alternative projection”. Additionally, we are proposing a premium rate decrease of 35.1% for the dental plan. On a combined basis, the average rate increase is approximately 15% for the “status quo projection” and 9% for the “alternative projection.”

As stated earlier, the only difference between the “status quo projection” and the “alternative projection” is that the “alternative projection” assumes significant medical claim cost savings as a result of switching provider networks. The “alternative projection” relies on a medical claim savings estimate provided by BCBSOK; we have not independently verified the estimate. The decrease in dental premium rates is likely a result of no plan management fees being allocated to the dental rate projection; additionally, dental trends have been favorable in recent time periods. The non-recognition of plan management fees may result in subsidization of premiums if the proposed rates are implemented, and the financial performance of OPEH&W could be adversely impacted if dental enrollment outperforms medical/pharmacy.

The table that follows summarizes the proposed medical/pharmacy and dental premium rates and includes a comparison to the current premium rates. A detailed development of the “status quo projection” is shown in Appendix A. Appendix B shows the detailed development of the “alternative projection.” Appendix C shows the detailed development of the dental premium rates.

Summary of Medical/Pharmacy and Dental Rate Changes - Blue Choice Network

| Proposed Rates | | | | | | | | | |
|------------------------------|-------------|----------|-------------|-------------|----------|-------------|-------------|----------|-------------|
| Tier | Non-Retiree | | | Retiree | | | COBRA | | |
| | Medical | Dental | Total | Medical | Dental | Total | Medical | Dental | Total |
| Employee | \$ 563.97 | \$ 22.33 | \$ 586.30 | \$ 704.21 | \$ 27.89 | \$ 732.10 | \$ 575.24 | \$ 22.79 | \$ 598.03 |
| Employee + Child | \$ 838.76 | \$ 34.36 | \$ 873.12 | \$ 1,059.28 | \$ 41.72 | \$ 1,101.01 | \$ 855.53 | \$ 35.06 | \$ 890.59 |
| Employee + Children | \$ 1,011.31 | \$ 41.46 | \$ 1,052.78 | \$ 1,271.09 | \$ 49.95 | \$ 1,321.04 | \$ 1,031.54 | \$ 42.31 | \$ 1,073.85 |
| Employee + Spouse | \$ 1,178.94 | \$ 48.06 | \$ 1,227.00 | \$ 1,483.39 | \$ 57.47 | \$ 1,540.86 | \$ 1,202.53 | \$ 49.03 | \$ 1,251.56 |
| Employee + Spouse + Child | \$ 1,233.92 | \$ 50.41 | \$ 1,284.33 | \$ 1,553.98 | \$ 60.19 | \$ 1,614.17 | \$ 1,258.60 | \$ 51.44 | \$ 1,310.04 |
| Employee + Spouse + Children | \$ 1,433.88 | \$ 60.16 | \$ 1,494.04 | \$ 1,807.27 | \$ 71.50 | \$ 1,878.77 | \$ 1,462.57 | \$ 61.38 | \$ 1,523.95 |

| Current Rates | | | | | | | | | |
|------------------------------|-------------|----------|-------------|-------------|-----------|-------------|-------------|----------|-------------|
| Tier | Non-Retiree | | | Retiree | | | COBRA | | |
| | Medical | Dental | Total | Medical | Dental | Total | Medical | Dental | Total |
| Employee | \$ 476.14 | \$ 34.40 | \$ 510.54 | \$ 594.54 | \$ 42.96 | \$ 637.50 | \$ 485.66 | \$ 35.10 | \$ 520.76 |
| Employee + Child | \$ 708.14 | \$ 52.92 | \$ 761.06 | \$ 894.32 | \$ 64.26 | \$ 958.58 | \$ 722.30 | \$ 54.00 | \$ 776.30 |
| Employee + Children | \$ 853.82 | \$ 63.86 | \$ 917.68 | \$ 1,073.14 | \$ 76.94 | \$ 1,150.08 | \$ 870.90 | \$ 65.16 | \$ 936.06 |
| Employee + Spouse | \$ 995.34 | \$ 74.02 | \$ 1,069.36 | \$ 1,252.38 | \$ 88.52 | \$ 1,340.90 | \$ 1,015.26 | \$ 75.52 | \$ 1,090.78 |
| Employee + Spouse + Child | \$ 1,041.76 | \$ 77.64 | \$ 1,119.40 | \$ 1,311.98 | \$ 92.70 | \$ 1,404.68 | \$ 1,062.60 | \$ 79.22 | \$ 1,141.82 |
| Employee + Spouse + Children | \$ 1,210.58 | \$ 92.66 | \$ 1,303.24 | \$ 1,525.82 | \$ 110.12 | \$ 1,635.94 | \$ 1,234.80 | \$ 94.54 | \$ 1,329.34 |

| Proposed Changes | | | | | | | | | |
|------------------------------|-------------|--------|-------|---------|--------|-------|---------|--------|-------|
| Tier | Non-Retiree | | | Retiree | | | COBRA | | |
| | Medical | Dental | Total | Medical | Dental | Total | Medical | Dental | Total |
| Employee | 18.4% | -35.1% | 14.8% | 18.4% | -35.1% | 14.8% | 18.4% | -35.1% | 14.8% |
| Employee + Child | 18.4% | -35.1% | 14.7% | 18.4% | -35.1% | 14.9% | 18.4% | -35.1% | 14.7% |
| Employee + Children | 18.4% | -35.1% | 14.7% | 18.4% | -35.1% | 14.9% | 18.4% | -35.1% | 14.7% |
| Employee + Spouse | 18.4% | -35.1% | 14.7% | 18.4% | -35.1% | 14.9% | 18.4% | -35.1% | 14.7% |
| Employee + Spouse + Child | 18.4% | -35.1% | 14.7% | 18.4% | -35.1% | 14.9% | 18.4% | -35.1% | 14.7% |
| Employee + Spouse + Children | 18.4% | -35.1% | 14.6% | 18.4% | -35.1% | 14.8% | 18.4% | -35.1% | 14.6% |

Summary of Medical/Pharmacy and Dental Rate Changes - Blue Preferred Network

| Proposed Rates | | | | | | | | | |
|------------------------------|-------------|----------|-------------|-------------|----------|-------------|-------------|----------|-------------|
| Tier | Non-Retiree | | | Retiree | | | COBRA | | |
| | Medical | Dental | Total | Medical | Dental | Total | Medical | Dental | Total |
| Employee | \$ 535.15 | \$ 22.33 | \$ 557.49 | \$ 668.23 | \$ 27.89 | \$ 696.12 | \$ 545.85 | \$ 22.79 | \$ 568.64 |
| Employee + Child | \$ 795.91 | \$ 34.36 | \$ 830.27 | \$ 1,005.16 | \$ 41.72 | \$ 1,046.89 | \$ 811.82 | \$ 35.06 | \$ 846.88 |
| Employee + Children | \$ 959.64 | \$ 41.46 | \$ 1,001.11 | \$ 1,206.15 | \$ 49.95 | \$ 1,256.10 | \$ 978.84 | \$ 42.31 | \$ 1,021.15 |
| Employee + Spouse | \$ 1,118.70 | \$ 48.06 | \$ 1,166.76 | \$ 1,407.60 | \$ 57.47 | \$ 1,465.08 | \$ 1,141.09 | \$ 49.03 | \$ 1,190.13 |
| Employee + Spouse + Child | \$ 1,170.88 | \$ 50.41 | \$ 1,221.29 | \$ 1,474.59 | \$ 60.19 | \$ 1,534.78 | \$ 1,194.30 | \$ 51.44 | \$ 1,245.74 |
| Employee + Spouse + Children | \$ 1,360.62 | \$ 60.16 | \$ 1,420.78 | \$ 1,714.93 | \$ 71.50 | \$ 1,786.43 | \$ 1,387.84 | \$ 61.38 | \$ 1,449.23 |

| Current Rates | | | | | | | | | |
|------------------------------|-------------|----------|-------------|-------------|-----------|-------------|-------------|----------|-------------|
| Tier | Non-Retiree | | | Retiree | | | COBRA | | |
| | Medical | Dental | Total | Medical | Dental | Total | Medical | Dental | Total |
| Employee | \$ 476.14 | \$ 34.40 | \$ 510.54 | \$ 594.54 | \$ 42.96 | \$ 637.50 | \$ 485.66 | \$ 35.10 | \$ 520.76 |
| Employee + Child | \$ 708.14 | \$ 52.92 | \$ 761.06 | \$ 894.32 | \$ 64.26 | \$ 958.58 | \$ 722.30 | \$ 54.00 | \$ 776.30 |
| Employee + Children | \$ 853.82 | \$ 63.86 | \$ 917.68 | \$ 1,073.14 | \$ 76.94 | \$ 1,150.08 | \$ 870.90 | \$ 65.16 | \$ 936.06 |
| Employee + Spouse | \$ 995.34 | \$ 74.02 | \$ 1,069.36 | \$ 1,252.38 | \$ 88.52 | \$ 1,340.90 | \$ 1,015.26 | \$ 75.52 | \$ 1,090.78 |
| Employee + Spouse + Child | \$ 1,041.76 | \$ 77.64 | \$ 1,119.40 | \$ 1,311.98 | \$ 92.70 | \$ 1,404.68 | \$ 1,062.60 | \$ 79.22 | \$ 1,141.82 |
| Employee + Spouse + Children | \$ 1,210.58 | \$ 92.66 | \$ 1,303.24 | \$ 1,525.82 | \$ 110.12 | \$ 1,635.94 | \$ 1,234.80 | \$ 94.54 | \$ 1,329.34 |

| Proposed Changes | | | | | | | | | |
|------------------------------|-------------|--------|-------|---------|--------|-------|---------|--------|-------|
| Tier | Non-Retiree | | | Retiree | | | COBRA | | |
| | Medical | Dental | Total | Medical | Dental | Total | Medical | Dental | Total |
| Employee | 12.4% | -35.1% | 9.2% | 12.4% | -35.1% | 9.2% | 12.4% | -35.1% | 9.2% |
| Employee + Child | 12.4% | -35.1% | 9.1% | 12.4% | -35.1% | 9.2% | 12.4% | -35.1% | 9.1% |
| Employee + Children | 12.4% | -35.1% | 9.1% | 12.4% | -35.1% | 9.2% | 12.4% | -35.1% | 9.1% |
| Employee + Spouse | 12.4% | -35.1% | 9.1% | 12.4% | -35.1% | 9.3% | 12.4% | -35.1% | 9.1% |
| Employee + Spouse + Child | 12.4% | -35.1% | 9.1% | 12.4% | -35.1% | 9.3% | 12.4% | -35.1% | 9.1% |
| Employee + Spouse + Children | 12.4% | -35.1% | 9.0% | 12.4% | -35.1% | 9.2% | 12.4% | -35.1% | 9.0% |

6

Potential Benefit Changes and Surplus Scenarios

Benefit Changes

We have modeled the impact of various medical deductible changes to alleviate the impact of the proposed rate increase for the “status quo” projection. The table below summarizes the impact of the medical deductible changes relative to the proposed premium levels shown in Appendix A and B. The current medical individual/family deductible is \$500/\$1,500.

| Proposed Deductible Change | Net Impact (Med and Rx) |
|--|-------------------------|
| \$600 individual/\$1,800 family medical deductible | -0.6% |
| \$750 individual/\$2,250 family medical deductible | -1.5% |
| \$1,000 individual/\$3,000 family medical deductible | -2.7% |

Based on our report from March 16, 2016, the Board of Trustees elected, at its March 17, 2016 meeting to implement a 2.5% rate increase on medical/pharmacy premiums and hold dental premiums flat for plan year 2016-2017 relative to plan year 2015-2016. Given the magnitude of the revision to the medical claim savings estimate associated with changing provider networks, OPEH&W has asked us to develop additional rate change scenarios. In the scenarios below, we assume the plan year 2016-2017 medical/pharmacy premium rates will increase 2.5% relative to plan year 2015-2016 for all employee tiers except for the employee-only coverage tier. We also assume that dental rates will not change relative to plan year 2015-2016. The premium rate change for the employee-only coverage tier shown in the table below reflects the rate increase needed such that in aggregate, the total premium collected will be sufficient to cover claim costs and all other non-claim costs for plan year 2016-2017, assuming the current level of membership. Please note, the employee-only rate changes are assumed to apply to all categories of employee-only coverage (i.e., active, retiree and COBRA).

| Proposed Deductible | Medical/Pharmacy Rate Change | |
|---|------------------------------|------------------------|
| | Employee-Only Tier Rate | All Other Rating Tiers |
| \$500 individual/\$1,000 family medical deductible (Current Benefit) | +15.8% | +2.5% |
| \$750 individual/\$2,250 family medical deductible | +13.2% | +2.5% |
| \$1,000 individual/\$3,000 family medical deductible | +11.1% | +2.5% |

Surplus Scenarios

Due to the losses sustained by OPEH&W in the first half of plan year 2015-2016, we have been asked to model the premium impact of incorporating various levels of surplus into the premium rate projections. The table below summarizes the additional premium impact for each amount of surplus relative to the proposed premium levels.

| Aggregated Surplus Amount | Blue Choice | Blue Preferred |
|---------------------------|-------------|----------------|
| \$500,000 | +1.0% | +1.0% |
| \$750,000 | +1.4% | +1.5% |
| \$1,000,000 | +1.9% | +2.0% |
| \$1,500,000 | +2.9% | +3.0% |

It is important to note that the table above assumes membership levels observed in January 2016 will continue throughout plan year 2016-2017 and that projected claims materialize as expected. If membership levels deviate from those observed in January 2016 or experience does not materialize as expected, the amount of surplus realized will vary.

7

Incurred But Not Reported Claim Reserves

We estimate incurred but not reported (IBNR) claim reserves for the plan year ending June 30, 2015 to be approximately \$3,100,000. This estimate is based upon claim run-out for the thirty-month period beginning July 1, 2013 and ending December 31, 2015. Given that there was six months of claims run-out, the amount required for margin is negligible.

OPEH&W has historically requested an IBNR estimate for the current plan year as part of the annual rate review process. The current plan year spans July 1, 2015 to June 30, 2016, and consequently, claims have not yet been paid for the entire plan year. There is significant uncertainty in estimating IBNR claim reserves for future valuation dates, and in order to do so, we must make several broad assumptions.

In developing the prospective reserve estimate for the plan year ending June 30, 2016, we have made the following assumptions:

- The claim payment pattern reflected in the most recently completed plan year (ending June 30, 2015) will be replicated for the current plan year
- The membership levels observed in January 2016 will continue to be observed for the next six months (i.e., through June 2016)
- Claims will trend according to the annualized trends specified in the premium rate projections (i.e., 7% for medical, 10% for prescription drug, and 3% for dental claims)

Given all these caveats, we have calculated an estimated IBNR claim reserve for the plan year ending June 30, 2016 to be approximately \$4,200,000. We also recommend a margin of no less than 10% be included to reflect uncertainty associated with claim trends, membership changes, and other unknowns. The projected IBNR claim reserve for the plan year ending June 30, 2016 with margin would be \$4,620,000. An alternative that OPEH&W may want to consider is to use a reserve on a per member basis to better reflect changes in enrollment that may occur between January 2016 and June 2016. The IBNR claim reserve estimate per member is \$42.30 without margin and \$46.53 with margin. Please note, the IBNR claim reserve estimates include medical, drug and dental coverages.

We recognize that the claim reserve estimates developed for plan year 2015-2016 reflect a significant increase relative to the prospective claim reserve estimates for plan year 2014-2015 as shown in last year's report. The prospective reserve estimates reflect the recent increase in claim costs noted in the second half of plan year 2015-2016, along with the increase in overall membership.

The IBNR claim reserve estimates do not consider what is often referred to as loss adjustment expenses (LAE). These expenses reflect the costs OPEH&W incurs for having the TPA process IBNR claims. Sometimes these costs are pre-negotiated with the TPA. If so, OPEH&W should use those costs as the LAE. If these have not been negotiated, then OPEH&W should set up an additional reserve to cover approximately two months of claim processing expenses. If there are any additional administrative expenses beyond TPA expenses (such as general plan expenses, PBM, etc.), OPEH&W should set up a reserve for those as well.

Please note, due to the prospective nature of the IBNR claim reserve, we cannot opine as to the adequacy of the IBNR claim reserve for the plan year ending June 30, 2016 at this time. Instead, we can only provide you a general estimate based upon the information available to us at this time. Our estimates will not reflect case-specific reserves that may be necessary for known large claimants.

8

Forecast

Appendix D provides a breakdown of the forecasted premium and claims for the plan year beginning July 1, 2016 for each group in-force as of January 2016. The forecast assumes OPEH&W implements the “status quo projection” (i.e., no benefit changes for plan year 2016), and the premiums include no contribution to surplus or savings from a switch to the Blue Preferred Network. While we have not received claim information specific to each group, we have estimated the paid claims for each group based the demographic composition of each group. It should be noted that there is a slight discrepancy with regards to the aggregated net change. This discrepancy is attributed to a greater proportion of employees enrolled in medical/pharmacy coverage than dental coverage.

9

Appendices

APPENDIX A

OPEH&W Health Plan Medical/Pharmacy Experience Rating Renewal Calculation - Blue Choice Network

Rating Period: 7/1/2016 to 6/30/2017
Pooling Level: \$425,000

| | Experience Period 1 | Experience Period 2 |
|-----------------------------|-----------------------|-----------------------|
| Experience Period | 7/1/2013 to 6/30/2014 | 7/1/2014 to 6/30/2015 |
| Member Months | 71,892 | 79,656 |
| Contract Months | 51,362 | 55,375 |
| Number of Projection Months | 36 | 24 |
| Member Months/Contract | 1.400 | 1.438 |

| BASE PERIOD MEDICAL/PHARMACY CLAIMS | | |
|--|---------------|---------------|
| 1. Medical Claims For Period | \$ 22,217,409 | \$ 23,436,130 |
| 2. Less Reinsurance Recoveries | \$ 138,025 | \$ 8,247 |
| 3a. Claims Adjusted for Reinsurance Recoveries (1. - 2.) | \$ 22,079,383 | \$ 23,427,883 |
| 3b. Adjustment for change in Provider Network | 1.0000 | 1.0000 |
| 3c. Large Claim Adjustment | 1.0000 | 1.0000 |
| 4. Trend Factor to 01/01/2017 Effective Date @ 7% | x 1.2250 | x 1.1449 |
| 5. Projected Medical Claims (3a. x 3b. x 3c. x 4.) | \$ 27,048,194 | \$ 26,822,584 |
| 6a. Pharmacy Claims For Period | \$ 5,557,041 | \$ 7,918,649 |
| 6b. PBM Adjustment | 1.0289 | 0.8814 |
| 6c. Pharmacy Rebate Adjustment | 0.9100 | 0.9100 |
| 7. Trend Factor to 01/01/2017 Effective Date @ 10% | x 1.3310 | x 1.2100 |
| 8. Projected Pharmacy Claims (6a. x 6b. x 6c. x 7.) | \$ 6,925,030 | \$ 7,685,385 |
| 9. Projected Net Claims (5.+x 8.) | \$ 33,973,224 | \$ 34,507,969 |
| 10. Member Months | / 71,892 | / 79,656 |
| 11. Projected Medical and Drug Costs PMPM (9. / 10.) | \$ 472.56 | \$ 433.21 |
| 12. Other Multiplicative Adjustment | | |
| Demographic (Adjust to Jan 2015 Demographics) | 0.9524 | 0.9677 |
| Benefit (Rx MOOP) | x 1.0244 | x 1.0253 |
| Total | 0.9757 | 0.9922 |
| 13. Other Additive Adjustment PMPM | + \$ (2.39) | + \$ (2.39) |
| 14. Adjusted Trended Medical Claims (11. x 12. + 13.) | \$ 458.67 | \$ 427.45 |

| PROJECTED CLAIMS PMPM FOR 7/1/2015-6/30/2016 | | |
|---|---------------|---------------|
| 1. Projected Medical and Pharmacy Claims Experience | \$ 458.67 | \$ 427.45 |
| 2. Period Weightings | 0.32 | 0.68 |
| 3. Contributing Claims Experience (1. x 2.) | 3a. \$ 148.79 | 3b. \$ 288.79 |
| 4. Weighted Projected Medical and Pharmacy Claims (3a. + 3b.) | | \$ 437.58 |

| ADMINISTRATIVE/EXPENSE | | |
|---|--|-----------|
| 1. Projected Medical and Pharmacy Claims | | \$ 437.58 |
| 2. Fees | | |
| a. BCBSOK Medical Fee | PCPM \$ 35.24 | \$ 23.40 |
| b. Plan Management Fee | PCPM \$ 15.00 | 9.96 |
| c. Additional Services | PCPM \$ 2.50 | 1.66 |
| d. Stop Loss Premium | PCPM \$ 13.59 | 9.02 |
| e. Telehealth Fee | PMPM | 0.23 |
| f. ACA Reinsurance Fee | PMPM \$2.25 PMPM from July-Dec 2015; \$0.00 PMPM thereafter | 1.13 |
| g. PCORI | PMPM \$0.18 PMPM from July-Sept 2016 \$0.19 PMPM from Oct 2016-June 2017 | 0.19 |
| h. Total Fees | | \$ 45.58 |
| * Ratio of Members/Contract for Jan 2016: | 1.506 | |
| 3. Projected Claims and Expense PMPM (1. + 2h.) | | \$ 483.15 |

| | |
|------------------------------------|-------|
| Convert Premium PMPM to Tier Rates | |
| Single Conversion Factor | 1.167 |

APPENDIX B

OPEH&W Health Plan
Medical/Pharmacy Experience Rating Renewal Calculation - Blue Preferred Network

Rating Period: 7/1/2016 to 6/30/2017
 Pooling Level: \$425,000

| | Experience Period 1 | Experience Period 2 |
|-----------------------------|-----------------------|-----------------------|
| Experience Period | 7/1/2013 to 6/30/2014 | 7/1/2014 to 6/30/2015 |
| Member Months | 71,892 | 79,656 |
| Contract Months | 51,362 | 55,375 |
| Number of Projection Months | 36 | 24 |
| Member Months/Contract | 1.400 | 1.438 |

| BASE PERIOD MEDICAL/PHARMACY CLAIMS | | |
|--|---------------|---------------|
| 1. Medical Claims For Period | \$ 22,217,409 | \$ 23,436,130 |
| 2. Less Reinsurance Recoveries | \$ 138,025 | \$ 8,247 |
| 3a. Claims Adjusted for Reinsurance Recoveries (1. - 2.) | \$ 22,079,383 | \$ 23,427,883 |
| 3b. Adjustment for change in Provider Network | 0.9302 | 0.9302 |
| 3c. Large Claim Adjustment | 1.0000 | 1.0000 |
| 4. Trend Factor to 01/01/2017 Effective Date @ 7% | x 1.2250 | x 1.1449 |
| 5. Projected Medical Claims (3a. x 3b. x 3c. x 4.) | \$ 25,160,230 | \$ 24,950,367 |
| 6a. Pharmacy Claims For Period | \$ 5,557,041 | \$ 7,918,649 |
| 6b. PBM Adjustment | 1.0289 | 0.8814 |
| 6c. Pharmacy Rebate Adjustment | 0.9100 | 0.9100 |
| 7. Trend Factor to 01/01/2017 Effective Date @ 10% | x 1.3310 | x 1.2100 |
| 8. Projected Pharmacy Claims (6a. x 6b. x 6c. x 7.) | \$ 6,925,030 | \$ 7,685,385 |
| 9. Projected Net Claims (5.+x 8.) | \$ 32,085,260 | \$ 32,635,752 |
| 10. Member Months | / 71,892 | / 79,656 |
| 11. Projected Medical and Drug Costs PMPM (9. / 10.) | \$ 446.30 | \$ 409.71 |
| 12. Other Multiplicative Adjustment | | |
| Demographic (Adjust to Jan 2015 Demographics) | 0.9524 | 0.9677 |
| Benefit (Rx MOOP) | x 1.0244 | x 1.0253 |
| Total | 0.9757 | 0.9922 |
| 13. Other Additive Adjustment PMPM | + \$ (2.39) | + \$ (2.39) |
| 14. Adjusted Trended Medical Claims (11. x 12. + 13.) | \$ 433.05 | \$ 404.13 |

| PROJECTED CLAIMS PMPM FOR 7/1/2016-6/30/2017 | | |
|---|---------------|---------------|
| 1. Projected Medical and Pharmacy Claims Experience | \$ 433.05 | \$ 404.13 |
| 2. Period Weightings | 0.32 | 0.68 |
| 3. Contributing Claims Experience (1. x 2.) | 3a. \$ 140.47 | 3b. \$ 273.03 |
| 4. Weighted Projected Medical and Pharmacy Claims (3a. + 3b.) | | \$ 413.51 |

| ADMINISTRATIVE/EXPENSE | | |
|---|--|-----------|
| 1. Projected Medical and Pharmacy Claims | | \$ 413.51 |
| 2. Fees | | |
| a. BCBSOK Medical Fee | PCPM \$35.24 | \$ 23.40 |
| b. Plan Management Fee | PCPM \$ 15.00 | 9.96 |
| c. Additional Services | PCPM \$2.50 | 1.66 |
| d. Stop Loss Premium | PCPM \$12.66 | 8.41 |
| e. Telehealth Fee | PMPM | 0.23 |
| f. ACA Reinsurance Fee | PMPM \$2.25 PMPM from July-Dec 2015; \$0.00 PMPM thereafter | 1.13 |
| g. PCORI | PMPM \$0.18 PMPM from July-Sept 2016 \$0.19 PMPM from Oct 2016-June 2017 | 0.19 |
| h. Total Fees | | \$ 44.96 |
| * Ratio of Members/Contract for Jan 2016: | 1.506 | |
| 3. Projected Claims and Expense PMPM (1. + 2h.) | | \$ 458.47 |

| | |
|--|-------|
| Convert Premium PMPM to Tier Rates Single Conversion Factor | 1.167 |
|--|-------|

APPENDIX C

OPEH&W Health Plan Dental Experience Rating Renewal Calculation

Rating Period: 7/1/2016 to 6/30/2017

| | Experience Period 1 | Experience Period 2 |
|-----------------------------|-----------------------|-----------------------|
| Experience Period | 7/1/2013 to 6/30/2014 | 7/1/2014 to 6/30/2015 |
| Member Months | 75,649 | 81,718 |
| Contract Months | 50,737 | 54,541 |
| Number of Projection Months | 36 | 24 |
| Member Months/Contract | 1.491 | 1.498 |

| BASE PERIOD DENTAL CLAIMS | | |
|---|--------------|--------------|
| 1. Dental Claims | \$ 1,376,541 | \$ 1,436,791 |
| 2. Trend Factor to 01/01/2016 Effective Date @ 5% | x 1.093 | x 1.061 |
| 3. Projected Net Claims (1. x 2.) | \$ 1,504,183 | \$ 1,524,292 |
| 4. Member Months | / 75,649 | / 81,718 |
| 5. Projected Dental Costs PMPM (3. / 4.) | \$ 19.88 | \$ 18.65 |
| 6. Other Multiplicative Adjustment | 1.0000 | 1.0000 |
| 7. Other Additive Adjustment PMPM | \$ - | \$ - |
| 8. Adjusted Trended Dental Claims (5. x 6. + 7.) | \$ 19.88 | \$ 18.65 |

| PROJECTED CLAIMS PMPM FOR 7/1/2016-6/30/2017 | | |
|---|-------------|--------------|
| 1. Projected Dental Claims PMPM | \$ 19.88 | \$ 18.65 |
| 2. Period Weightings | 0.33 | 0.67 |
| 3. Contributing Claims Experience (1. x 2.) | 3a. \$ 6.58 | 3b. \$ 12.48 |
| 4. Weighted Projected Dental Claims (3a. + 3b.) | | \$ 19.06 |

| ADMINISTRATIVE/EXPENSE | | |
|---|-------------|----------|
| 1. Projected Dental Claims | | \$ 19.06 |
| 2. BCBSOK Dental Fee | PCPM \$2.51 | 1.83 |
| Ratio of Members/Contract for Jan 2016 | 1.372 | |
| 3. Projected Claims and Expense PMPM (1. + 2b.) | | \$ 20.89 |

| | |
|------------------------------------|-------|
| Convert Premium PMPM to Tier Rates | |
| Single Conversion Factor | 1.069 |

Appendix D

| Employee Counts by Coverage Tier (Medical and Pharmacy Coverage) | ACCO | Adair County | Arnett Public Schools | Atoka County | Beaver County | Beaver, Town of | Beckham County | Bethany, City of | Blanchard, City of | Boise City Schools | Bryan County |
|---|-------------------|---------------------|----------------------------------|---------------------|----------------------|----------------------------|---------------------------|-------------------------|-------------------------------|-------------------------------|---------------------|
| Employee | 5 | 12 | 14 | 46 | 42 | 6 | 87 | 60 | 26 | 33 | 103 |
| Employee + Child | 1 | 1 | 3 | 3 | 7 | 1 | 4 | 9 | 2 | 3 | 4 |
| Employee + Children | 3 | 0 | 3 | 0 | 8 | 0 | 4 | 10 | 1 | 2 | 6 |
| Employee + Spouse | 4 | 0 | 4 | 2 | 17 | 0 | 14 | 12 | 1 | 2 | 7 |
| Employee + Spouse + Child | 3 | 0 | 0 | 0 | 9 | 2 | 2 | 14 | 2 | 3 | 0 |
| Employee + Spouse + Children | 1 | 0 | 5 | 0 | 11 | 2 | 2 | 20 | 2 | 5 | 2 |
| Total Medical Employees | 17 | 13 | 29 | 51 | 94 | 11 | 113 | 125 | 34 | 48 | 122 |
| Total Dental Employees | 17 | 15 | 34 | 51 | 105 | 13 | 118 | 127 | 34 | 64 | 138 |
| Current Estimated Premium (12 months) | \$ 179,649 | 83,682 | \$ 286,101 | 335,934 | \$ 931,027 | 105,066 | \$ 876,537 | 1,231,873 | \$ 260,292 | 407,119 | \$ 866,928 |
| Projected Claims | | | | | | | | | | | |
| Medical | \$ 159,255 | 65,025 | \$ 228,204 | 255,325 | \$ 862,048 | 70,293 | \$ 746,965 | 826,106 | \$ 157,803 | 363,436 | \$ 622,498 |
| Pharmacy | 43,953 | 17,947 | 62,983 | 70,468 | 237,919 | 19,400 | 206,157 | 228,000 | 43,553 | 100,306 | 171,805 |
| Dental | 6,997 | 3,922 | 14,306 | 14,054 | 39,776 | 4,876 | 40,439 | 48,119 | 10,115 | 21,450 | 39,116 |
| Total Claims | \$ 210,205 | 86,893 | \$ 305,492 | 339,847 | \$ 1,139,743 | 94,569 | \$ 993,561 | 1,102,225 | \$ 211,470 | 485,193 | \$ 833,419 |
| Pharmacy as a % of total claims | 20.9% | 20.7% | 20.6% | 20.7% | 20.9% | 20.5% | 20.7% | 20.7% | 20.6% | 20.7% | 20.6% |
| Dental as a % of total claims | 3.3% | 4.5% | 4.7% | 4.1% | 3.5% | 5.2% | 4.1% | 4.4% | 4.8% | 4.4% | 4.7% |
| Non-Benefit Expenses | | | | | | | | | | | |
| Stop Loss Premium | \$ 2,772 | \$ 2,120 | \$ 4,729 | \$ 8,317 | \$ 15,330 | \$ 1,794 | \$ 18,428 | \$ 20,385 | \$ 5,545 | \$ 7,828 | \$ 19,896 |
| BCBSOK Administrative Fee | 7,701 | 5,949 | 13,288 | 23,103 | 42,913 | 5,043 | 51,340 | 56,685 | 15,402 | 22,226 | 55,748 |
| Plan Management Fee | 3,060 | 2,340 | 5,220 | 9,180 | 16,920 | 1,980 | 20,340 | 22,500 | 6,120 | 8,640 | 21,960 |
| Additional Services | 541 | 414 | 923 | 1,623 | 2,992 | 350 | 3,597 | 3,979 | 1,082 | 1,528 | 3,884 |
| ACA Reinsurance Fee | 346 | 264 | 590 | 1,037 | 1,911 | 224 | 2,298 | 2,542 | 691 | 976 | 2,481 |
| PCORI Fee | 82 | 31 | 138 | 125 | 437 | 58 | 345 | 590 | 109 | 176 | 343 |
| Total Non-Benefit Expenses | \$ 14,503 | \$ 11,119 | \$ 24,888 | \$ 43,385 | \$ 80,503 | \$ 9,449 | \$ 96,348 | \$ 106,681 | \$ 28,950 | \$ 41,374 | \$ 104,311 |
| Margin (\$) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Projected Claims + Non-Benefit Expenses | \$ 224,707 | \$ 98,012 | \$ 330,380 | \$ 383,232 | \$ 1,220,246 | \$ 104,018 | \$ 1,089,909 | \$ 1,208,907 | \$ 240,420 | \$ 526,566 | \$ 937,730 |
| Net Change | 25.1% | 17.1% | 15.5% | 14.1% | 31.1% | -1.0% | 24.3% | -1.9% | -7.6% | 29.3% | 8.2% |

Appendix D

| Employee Counts by Coverage Tier (Medical and Pharmacy Coverage) | Buffalo, Town of | Burns Flat, Town of | Carter, Town of | CED 3 | Chattanooga, Town of | Cherokee County | Choctaw County | Cimarron County | Circuit Engineers District # 6 | Circuit Engineers District # 7 | Circuit Engineers District # 8 |
|---|-------------------|---------------------|------------------|------------------|----------------------|---------------------|-------------------|-------------------|--------------------------------|--------------------------------|--------------------------------|
| Employee | 2 | 9 | 0 | 8 | 2 | 100 | 67 | 50 | 1 | 9 | 11 |
| Employee + Child | 1 | 2 | 1 | 0 | 0 | 4 | 3 | 0 | 0 | 2 | 3 |
| Employee + Children | 1 | 0 | 0 | 0 | 0 | 2 | 1 | 0 | 0 | 3 | 3 |
| Employee + Spouse | 2 | 1 | 0 | 2 | 0 | 9 | 2 | 6 | 0 | 3 | 0 |
| Employee + Spouse + Child | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 1 | 0 | 2 | 0 |
| Employee + Spouse + Children | 3 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 |
| Total Medical Employees | 9 | 12 | 1 | 11 | 2 | 117 | 74 | 57 | 1 | 20 | 17 |
| Total Dental Employees | 10 | 11 | 1 | 11 | 2 | 7 | 80 | 70 | 1 | 20 | 17 |
| Current Estimated Premium (12 months) | 104,796 | \$ 85,601 | 8,910 | \$ 89,943 | 12,253 | \$ 766,459 | 499,233 | \$ 410,700 | 6,602 | \$ 185,981 | 127,472 |
| Projected Claims | | | | | | | | | | | |
| Medical | 74,937 | \$ 67,032 | 8,813 | \$ 53,469 | 8,986 | \$ 714,560 | 421,342 | \$ 321,926 | 7,883 | \$ 128,567 | 83,983 |
| Pharmacy | 20,682 | 18,500 | 2,432 | 14,757 | 2,480 | 197,214 | 116,288 | 88,849 | 2,176 | 35,484 | 23,179 |
| Dental | 4,239 | 3,103 | 245 | 3,447 | 489 | 2,279 | 22,512 | 22,373 | 526 | 6,723 | 4,971 |
| Total Claims | 99,858 | \$ 88,636 | 11,490 | \$ 71,672 | 11,955 | \$ 914,052 | 560,141 | \$ 433,148 | 10,585 | \$ 170,774 | 112,133 |
| Pharmacy as a % of total claims | 20.7% | 20.9% | 21.2% | 20.6% | 20.7% | 21.6% | 20.8% | 20.5% | 20.6% | 20.8% | 20.7% |
| Dental as a % of total claims | 4.2% | 3.5% | 2.1% | 4.8% | 4.1% | 0.2% | 4.0% | 5.2% | 5.0% | 3.9% | 4.4% |
| Non-Benefit Expenses | | | | | | | | | | | |
| Stop Loss Premium | \$ 1,468 | \$ 1,957 | \$ 163 | \$ 1,794 | \$ 326 | \$ 19,080 | \$ 12,068 | \$ 9,296 | \$ 163 | \$ 3,262 | \$ 2,772 |
| BCBSOK Administrative Fee | 4,107 | 5,406 | 453 | 4,983 | 906 | 49,688 | 33,703 | 26,213 | 453 | 9,060 | 7,701 |
| Plan Management Fee | 1,620 | 2,160 | 180 | 1,980 | 360 | 21,060 | 13,320 | 10,260 | 180 | 3,600 | 3,060 |
| Additional Services | 286 | 382 | 32 | 350 | 64 | 3,724 | 2,356 | 1,814 | 32 | 637 | 541 |
| ACA Reinsurance Fee | 183 | 244 | 20 | 224 | 41 | 2,379 | 1,505 | 1,159 | 20 | 407 | 346 |
| PCORI Fee | 51 | 33 | 4 | 40 | 4 | 312 | 187 | 145 | 2 | 85 | 62 |
| Total Non-Benefit Expenses | \$ 7,716 | \$ 10,182 | \$ 853 | \$ 9,371 | \$ 1,701 | \$ 96,244 | \$ 63,138 | \$ 48,886 | \$ 850 | \$ 17,050 | \$ 14,483 |
| Margin (\$) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Projected Claims + Non-Benefit Expenses | \$ 107,573 | \$ 98,818 | \$ 12,343 | \$ 81,043 | \$ 13,656 | \$ 1,010,296 | \$ 623,279 | \$ 482,034 | \$ 11,436 | \$ 187,824 | \$ 126,616 |
| Net Change | 2.7% | 15.4% | 38.5% | -9.9% | 11.5% | 31.8% | 24.8% | 17.4% | 73.2% | 1.0% | -0.7% |

Appendix D

| Employee Counts by Coverage Tier (Medical and Pharmacy Coverage) | Circuit Engineers District #4 | Coal County | Craig County | Custer City, Town of | Custer County | Duncan, City of | Elk City Schools | Ellis County | EODD | Fargo Public Schools | Garfield County |
|---|--|--------------------|---------------------|---------------------------------|----------------------|------------------------|-----------------------------|---------------------|-------------------|---------------------------------|------------------------|
| Employee | 2 | 23 | 81 | 3 | 91 | 88 | 179 | 42 | 8 | 23 | 159 |
| Employee + Child | 1 | 0 | 3 | 0 | 9 | 10 | 12 | 11 | 0 | 5 | 7 |
| Employee + Children | 0 | 0 | 2 | 0 | 5 | 4 | 23 | 3 | 0 | 2 | 12 |
| Employee + Spouse | 6 | 1 | 5 | 0 | 9 | 61 | 15 | 12 | 2 | 2 | 15 |
| Employee + Spouse + Child | 1 | 1 | 0 | 0 | 3 | 25 | 6 | 7 | 1 | 0 | 0 |
| Employee + Spouse + Children | 1 | 1 | 3 | 0 | 2 | 53 | 9 | 15 | 1 | 2 | 2 |
| Total Medical Employees | 11 | 26 | 94 | 3 | 119 | 241 | 244 | 90 | 12 | 34 | 195 |
| Total Dental Employees | 11 | 22 | 103 | 2 | 129 | 239 | 292 | 99 | 13 | 38 | 221 |
| Current Estimated Premium (12 months) | \$ 130,234 | 181,986 | \$ 667,539 | 17,967 | \$ 904,857 | 2,630,765 | \$ 1,967,506 | 887,663 | \$ 104,083 | 267,704 | \$ 1,430,196 |
| Projected Claims | | | | | | | | | | | |
| Medical | \$ 125,960 | 145,153 | \$ 537,848 | 8,546 | \$ 752,190 | 1,897,685 | \$ 1,610,723 | 742,971 | \$ 83,666 | 220,454 | \$ 1,199,617 |
| Pharmacy | 34,764 | 40,061 | 148,442 | 2,359 | 207,599 | 523,749 | 444,549 | 205,055 | 23,091 | 60,844 | 331,086 |
| Dental | 5,055 | 6,030 | 30,321 | 489 | 42,381 | 60,464 | 96,758 | 37,396 | 4,418 | 12,065 | 68,042 |
| Total Claims | \$ 165,779 | 191,244 | \$ 716,611 | 11,394 | \$ 1,002,171 | 2,481,898 | \$ 2,152,031 | 985,422 | \$ 111,176 | 293,364 | \$ 1,598,745 |
| Pharmacy as a % of total claims | 21.0% | 20.9% | 20.7% | 20.7% | 20.7% | 21.1% | 20.7% | 20.8% | 20.8% | 20.7% | 20.7% |
| Dental as a % of total claims | 3.0% | 3.2% | 4.2% | 4.3% | 4.2% | 2.4% | 4.5% | 3.8% | 4.0% | 4.1% | 4.3% |
| Non-Benefit Expenses | | | | | | | | | | | |
| Stop Loss Premium | \$ 1,794 | \$ 4,240 | \$ 15,330 | \$ 489 | \$ 19,407 | \$ 39,302 | \$ 39,792 | \$ 14,677 | \$ 1,957 | \$ 5,545 | \$ 31,801 |
| BCBSOK Administrative Fee | 4,983 | 11,658 | 42,853 | 1,329 | 54,208 | 109,113 | 111,978 | 41,041 | 5,466 | 15,522 | 89,118 |
| Plan Management Fee | 1,980 | 4,680 | 16,920 | 540 | 21,420 | 43,380 | 43,920 | 16,200 | 2,160 | 6,120 | 35,100 |
| Additional Services | 350 | 828 | 2,992 | 95 | 3,788 | 7,672 | 7,767 | 2,865 | 382 | 1,082 | 6,207 |
| ACA Reinsurance Fee | 224 | 529 | 1,911 | 61 | 2,420 | 4,900 | 4,961 | 1,830 | 244 | 691 | 3,965 |
| PCORI Fee | 51 | 71 | 261 | 7 | 363 | 1,266 | 818 | 426 | 45 | 116 | 555 |
| Total Non-Benefit Expenses | \$ 9,382 | \$ 22,005 | \$ 80,267 | \$ 2,521 | \$ 101,606 | \$ 205,633 | \$ 209,236 | \$ 77,039 | \$ 10,254 | \$ 29,077 | \$ 166,746 |
| Margin (\$) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Projected Claims + Non-Benefit Expenses | \$ 175,161 | \$ 213,249 | \$ 796,878 | \$ 13,915 | \$ 1,103,776 | \$ 2,687,531 | \$ 2,361,266 | \$ 1,062,461 | \$ 121,429 | \$ 322,441 | \$ 1,765,491 |
| Net Change | 34.5% | 17.2% | 19.4% | -22.6% | 22.0% | 2.2% | 20.0% | 19.7% | 16.7% | 20.4% | 23.4% |

Appendix D

| Employee Counts by Coverage Tier (Medical and Pharmacy Coverage) | Goodwell, Town of | Grady County | Grady County Criminal Justice Authority | Grant County | Greer County | Guymon, City of | Harper County | Harper County Community Hospital | Haskell County | Idabel, City of | Johnston County |
|---|------------------------------|---------------------|--|---------------------|---------------------|----------------------------|----------------------|---|-----------------------|------------------------|----------------------------|
| Employee | 7 | 107 | 73 | 61 | 40 | 33 | 33 | 32 | 63 | 89 | 66 |
| Employee + Child | 0 | 7 | 1 | 2 | 1 | 11 | 2 | 3 | 2 | 0 | 0 |
| Employee + Children | 1 | 6 | 1 | 1 | 1 | 15 | 1 | 2 | 0 | 3 | 2 |
| Employee + Spouse | 0 | 10 | 3 | 3 | 1 | 29 | 19 | 1 | 0 | 0 | 2 |
| Employee + Spouse + Child | 0 | 7 | 0 | 0 | 2 | 3 | 2 | 3 | 0 | 0 | 0 |
| Employee + Spouse + Children | 0 | 3 | 1 | 0 | 1 | 17 | 2 | 1 | 0 | 0 | 0 |
| Total Medical Employees | 8 | 140 | 79 | 67 | 46 | 108 | 59 | 42 | 65 | 92 | 70 |
| Total Dental Employees | 9 | 159 | 79 | 83 | 57 | 4 | 67 | 44 | 33 | 0 | 73 |
| Current Estimated Premium (12 months) | 54,413 | \$ 1,075,495 | 523,166 | \$ 452,873 | 343,656 | \$ 1,068,319 | 547,236 | \$ 315,358 | 396,596 | \$ 539,255 | 459,097 |
| Projected Claims | | | | | | | | | | | |
| Medical | 24,248 | \$ 878,062 | 310,133 | \$ 389,033 | 303,236 | \$ 880,628 | 563,789 | \$ 263,140 | 357,748 | \$ 407,770 | 334,253 |
| Pharmacy | 6,692 | 242,339 | 85,595 | 107,370 | 83,691 | 243,047 | 155,602 | 72,625 | 98,736 | 112,542 | 92,252 |
| Dental | 2,471 | 52,357 | 21,898 | 23,604 | 19,379 | 978 | 25,196 | 13,162 | 9,951 | 0 | 21,442 |
| Total Claims | 33,412 | \$ 1,172,759 | 417,625 | \$ 520,007 | 406,306 | \$ 1,124,654 | 744,588 | \$ 348,928 | 466,435 | \$ 520,312 | 447,946 |
| Pharmacy as a % of total claims | 20.0% | 20.7% | 20.5% | 20.6% | 20.6% | 21.6% | 20.9% | 20.8% | 21.2% | 21.6% | 20.6% |
| Dental as a % of total claims | 7.4% | 4.5% | 5.2% | 4.5% | 4.8% | 0.1% | 3.4% | 3.8% | 2.1% | 0.0% | 4.8% |
| Non-Benefit Expenses | | | | | | | | | | | |
| Stop Loss Premium | \$ 1,305 | \$ 22,831 | \$ 12,883 | \$ 10,926 | \$ 7,502 | \$ 17,613 | \$ 9,622 | \$ 6,849 | \$ 10,600 | \$ 15,003 | \$ 11,416 |
| BCBSOK Administrative Fee | 3,654 | 63,992 | 35,787 | 30,833 | 21,169 | 45,792 | 26,968 | 19,086 | 28,481 | 38,905 | 31,800 |
| Plan Management Fee | 1,440 | 25,200 | 14,220 | 12,060 | 8,280 | 19,440 | 10,620 | 7,560 | 11,700 | 16,560 | 12,600 |
| Additional Services | 255 | 4,457 | 2,515 | 2,133 | 1,464 | 3,438 | 1,878 | 1,337 | 2,069 | 2,929 | 2,228 |
| ACA Reinsurance Fee | 163 | 2,847 | 1,606 | 1,362 | 935 | 2,196 | 1,200 | 854 | 1,322 | 1,871 | 1,423 |
| PCORI Fee | 22 | 434 | 201 | 165 | 131 | 564 | 205 | 131 | 149 | 221 | 172 |
| Total Non-Benefit Expenses | \$ 6,838 | \$ 119,761 | \$ 67,212 | \$ 57,479 | \$ 39,482 | \$ 89,042 | \$ 50,492 | \$ 35,818 | \$ 54,321 | \$ 75,488 | \$ 59,639 |
| Margin (\$) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Projected Claims + Non-Benefit Expenses | \$ 40,250 | \$ 1,292,520 | \$ 484,837 | \$ 577,486 | \$ 445,788 | \$ 1,213,695 | \$ 795,080 | \$ 384,746 | \$ 520,757 | \$ 595,800 | \$ 507,585 |
| Net Change | -26.0% | 20.2% | -7.3% | 27.5% | 29.7% | 13.6% | 45.3% | 22.0% | 31.3% | 10.5% | 10.6% |

Appendix D

| Employee Counts by Coverage Tier (Medical and Pharmacy Coverage) | Kingfisher County | Kingfisher, City of | Lincoln County | Lincoln County E911 Trust Authority | McAlester, City of | McCurtain County | McCurtain Co E911 | McElroy & Associates Inc. | Medford, City of | Muskogee County | Muskogee County E911 |
|---|------------------------------|--------------------------------|-----------------------|--|-------------------------------|-----------------------------|------------------------------|--|-------------------------|----------------------------|---------------------------------|
| Employee | 72 | 21 | 103 | 9 | 152 | 157 | 1 | 2 | 2 | 115 | 11 |
| Employee + Child | 1 | 4 | 2 | 0 | 2 | 7 | 0 | 0 | 1 | 6 | 3 |
| Employee + Children | 7 | 8 | 2 | 1 | 6 | 3 | 0 | 0 | 1 | 4 | 0 |
| Employee + Spouse | 8 | 8 | 3 | 0 | 6 | 4 | 0 | 1 | 3 | 19 | 2 |
| Employee + Spouse + Child | 2 | 7 | 2 | 0 | 2 | 0 | 0 | 2 | 3 | 8 | 0 |
| Employee + Spouse + Children | 2 | 13 | 4 | 0 | 1 | 0 | 0 | 2 | 2 | 4 | 1 |
| Total Medical Employees | 92 | 61 | 116 | 10 | 169 | 171 | 1 | 7 | 12 | 156 | 17 |
| Total Dental Employees | 96 | 60 | 127 | 10 | 167 | 176 | 1 | 7 | 12 | 167 | 17 |
| Current Estimated Premium (12 months) | \$ 695,744 | 649,120 | \$ 814,690 | 66,150 | \$ 1,159,627 | 1,121,522 | \$ 6,126 | 83,063 | \$ 141,772 | 1,233,391 | \$ 134,295 |
| Projected Claims | | | | | | | | | | | |
| Medical | \$ 567,458 | 444,249 | \$ 688,042 | 39,487 | \$ 821,703 | 923,036 | \$ 1,626 | 68,476 | \$ 121,099 | 1,008,766 | \$ 105,406 |
| Pharmacy | 156,615 | 122,610 | 189,895 | 10,898 | 226,785 | 254,752 | 449 | 18,899 | 33,422 | 278,413 | 29,091 |
| Dental | 28,938 | 24,445 | 39,503 | 2,655 | 54,781 | 49,402 | 245 | 3,339 | 5,457 | 53,705 | 4,465 |
| Total Claims | \$ 753,012 | 591,304 | \$ 917,439 | 53,040 | \$ 1,103,270 | 1,227,190 | \$ 2,320 | 90,713 | \$ 159,978 | 1,340,883 | \$ 138,962 |
| Pharmacy as a % of total claims | 20.8% | 20.7% | 20.7% | 20.5% | 20.6% | 20.8% | 19.3% | 20.8% | 20.9% | 20.8% | 20.9% |
| Dental as a % of total claims | 3.8% | 4.1% | 4.3% | 5.0% | 5.0% | 4.0% | 10.5% | 3.7% | 3.4% | 4.0% | 3.2% |
| Non-Benefit Expenses | | | | | | | | | | | |
| Stop Loss Premium | \$ 15,003 | \$ 9,948 | \$ 18,917 | \$ 1,631 | \$ 27,561 | \$ 27,887 | \$ 163 | \$ 1,142 | \$ 1,957 | \$ 25,440 | \$ 2,772 |
| BCBSOK Administrative Fee | 41,796 | 27,603 | 52,879 | 4,530 | 76,497 | 77,614 | 453 | 3,171 | 5,436 | 70,999 | 7,701 |
| Plan Management Fee | 16,560 | 10,980 | 20,880 | 1,800 | 30,420 | 30,780 | 180 | 1,260 | 2,160 | 28,080 | 3,060 |
| Additional Services | 2,929 | 1,942 | 3,693 | 318 | 5,380 | 5,443 | 32 | 223 | 382 | 4,966 | 541 |
| ACA Reinsurance Fee | 1,871 | 1,240 | 2,359 | 203 | 3,436 | 3,477 | 20 | 142 | 244 | 3,172 | 346 |
| PCORI Fee | 299 | 343 | 323 | 27 | 450 | 421 | 2 | 42 | 71 | 497 | 56 |
| Total Non-Benefit Expenses | \$ 78,458 | \$ 52,056 | \$ 99,051 | \$ 8,509 | \$ 143,743 | \$ 145,622 | \$ 850 | \$ 5,980 | \$ 10,250 | \$ 133,155 | \$ 14,476 |
| Margin (\$) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Projected Claims + Non-Benefit Expenses | \$ 831,469 | \$ 643,360 | \$ 1,016,490 | \$ 61,549 | \$ 1,247,013 | \$ 1,372,812 | \$ 3,170 | \$ 96,694 | \$ 170,229 | \$ 1,474,038 | \$ 153,438 |
| Net Change | 19.5% | -0.9% | 24.8% | -7.0% | 7.5% | 22.4% | -48.3% | 16.4% | 20.1% | 19.5% | 14.3% |

Appendix D

| Employee Counts by Coverage Tier (Medical and Pharmacy Coverage) | Mustang, City of | Ninnekah, Town of | N.O.D.A | NOSWDA | Nowata County | OEDA | Okay, Town of | OMAG | OMRF | OMUSA | Pawnee County |
|---|-----------------------------|------------------------------|-------------------|------------------|----------------------|------------------|----------------------|-------------------|------------------|------------------|----------------------|
| Employee | 31 | 0 | 11 | 4 | 64 | 11 | 1 | 17 | 3 | 5 | 68 |
| Employee + Child | 2 | 1 | 0 | 2 | 1 | 0 | 0 | 2 | 1 | 0 | 3 |
| Employee + Children | 7 | 1 | 2 | 0 | 1 | 1 | 0 | 2 | 1 | 0 | 4 |
| Employee + Spouse | 15 | 0 | 2 | 0 | 0 | 0 | 0 | 5 | 2 | 0 | 2 |
| Employee + Spouse + Child | 5 | 0 | 0 | 1 | 0 | 0 | 0 | 3 | 0 | 0 | 0 |
| Employee + Spouse + Children | 24 | 0 | 1 | 0 | 0 | 0 | 0 | 4 | 0 | 1 | 0 |
| Total Medical Employees | 84 | 2 | 16 | 7 | 66 | 12 | 1 | 33 | 7 | 6 | 77 |
| Total Dental Employees | 0 | 2 | 19 | 7 | 71 | 12 | 1 | 33 | 0 | 6 | 88 |
| Current Estimated Premium (12 months) | 863,501 | \$ 19,569 | 132,266 | \$ 55,982 | 417,009 | \$ 78,050 | 6,126 | \$ 313,673 | 61,194 | \$ 45,572 | 525,363 |
| Projected Claims | | | | | | | | | | | |
| Medical | 627,822 | \$ 12,505 | 110,480 | \$ 52,999 | 348,605 | \$ 60,771 | 4,738 | \$ 277,498 | 65,596 | \$ 39,441 | 397,478 |
| Pharmacy | 173,275 | 3,451 | 30,492 | 14,627 | 96,213 | 16,772 | 1,308 | 76,588 | 18,104 | 10,885 | 109,701 |
| Dental | 0 | 489 | 6,225 | 2,151 | 18,465 | 2,935 | 245 | 12,226 | 0 | 1,467 | 25,003 |
| Total Claims | 801,097 | \$ 16,445 | 147,197 | \$ 69,777 | 463,282 | \$ 80,478 | 6,291 | \$ 366,312 | 83,700 | \$ 51,794 | 532,182 |
| Pharmacy as a % of total claims | 21.6% | 21.0% | 20.7% | 21.0% | 20.8% | 20.8% | 20.8% | 20.9% | 21.6% | 21.0% | 20.6% |
| Dental as a % of total claims | 0.0% | 3.0% | 4.2% | 3.1% | 4.0% | 3.6% | 3.9% | 3.3% | 0.0% | 2.8% | 4.7% |
| Non-Benefit Expenses | | | | | | | | | | | |
| Stop Loss Premium | \$ 13,699 | \$ 326 | \$ 2,609 | \$ 1,142 | \$ 10,763 | \$ 1,957 | \$ 163 | \$ 5,382 | \$ 1,142 | \$ 978 | \$ 12,557 |
| BCBSOK Administrative Fee | 35,522 | 906 | 7,338 | 3,171 | 30,049 | 5,436 | 453 | 14,949 | 2,960 | 2,718 | 35,212 |
| Plan Management Fee | 15,120 | 360 | 2,880 | 1,260 | 11,880 | 2,160 | 180 | 5,940 | 1,260 | 1,080 | 13,860 |
| Additional Services | 2,674 | 64 | 509 | 223 | 2,101 | 382 | 32 | 1,050 | 223 | 191 | 2,451 |
| ACA Reinsurance Fee | 1,708 | 41 | 325 | 142 | 1,342 | 244 | 20 | 671 | 142 | 122 | 1,566 |
| PCORI Fee | 483 | 13 | 60 | 25 | 154 | 31 | 2 | 154 | 27 | 20 | 214 |
| Total Non-Benefit Expenses | \$ 69,206 | \$ 1,710 | \$ 13,722 | \$ 5,962 | \$ 56,289 | \$ 10,210 | \$ 850 | \$ 28,146 | \$ 5,754 | \$ 5,110 | \$ 65,860 |
| Margin (\$) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Projected Claims + Non-Benefit Expenses | \$ 870,303 | \$ 18,155 | \$ 160,919 | \$ 75,740 | \$ 519,571 | \$ 90,688 | \$ 7,141 | \$ 394,458 | \$ 89,454 | \$ 56,903 | \$ 598,042 |
| Net Change | 0.8% | -7.2% | 21.7% | 35.3% | 24.6% | 16.2% | 16.6% | 25.8% | 46.2% | 24.9% | 13.8% |

Appendix D

| Employee Counts by Coverage Tier (Medical and Pharmacy Coverage) | Pittsburg County | Pittsburg County Water Authority | Pond Creek, City of | Pontotoc County | Pushmataha County | Roger Mills County | Roger Mills County Hospital | Rogers County | Rogers County Industrial Development Authority | Roff, Town of | RWD#1 - McCurtain County |
|---|-----------------------------|---|--------------------------------|----------------------------|------------------------------|-------------------------------|--|----------------------|---|----------------------|---|
| Employee | 194 | 1 | 12 | 132 | 57 | 55 | 26 | 225 | 2 | 5 | 6 |
| Employee + Child | 4 | 0 | 0 | 6 | 1 | 13 | 0 | 4 | 0 | 0 | 0 |
| Employee + Children | 0 | 1 | 0 | 2 | 1 | 8 | 5 | 4 | 0 | 0 | 0 |
| Employee + Spouse | 7 | 1 | 0 | 5 | 0 | 21 | 1 | 3 | 0 | 0 | 0 |
| Employee + Spouse + Child | 3 | 0 | 0 | 0 | 1 | 3 | 1 | 3 | 0 | 0 | 0 |
| Employee + Spouse + Children | 0 | 3 | 0 | 1 | 0 | 10 | 5 | 3 | 0 | 0 | 0 |
| Total Medical Employees | 208 | 6 | 12 | 146 | 60 | 110 | 38 | 242 | 2 | 5 | 6 |
| Total Dental Employees | 215 | 6 | 12 | 160 | 37 | 121 | 37 | 0 | 0 | 5 | 7 |
| Current Estimated Premium (12 months) | \$ 1,381,344 | 76,888 | \$ 74,944 | 979,937 | \$ 373,470 | 1,043,009 | \$ 315,186 | 1,491,677 | \$ 11,427 | 30,632 | \$ 37,821 |
| Projected Claims | | | | | | | | | | | |
| Medical | \$ 1,075,958 | 53,261 | \$ 56,441 | 710,734 | \$ 339,397 | 952,740 | \$ 270,540 | 1,165,647 | \$ 11,753 | 23,752 | \$ 34,786 |
| Pharmacy | 296,957 | 14,700 | 15,577 | 196,158 | 93,671 | 262,950 | 74,667 | 321,711 | 3,244 | 6,555 | 9,601 |
| Dental | 61,073 | 3,201 | 3,780 | 44,029 | 9,801 | 43,803 | 9,170 | 0 | 0 | 1,223 | 2,097 |
| Total Claims | \$ 1,433,989 | 71,161 | \$ 75,798 | 950,922 | \$ 442,870 | 1,259,494 | \$ 354,377 | 1,487,357 | \$ 14,997 | 31,530 | \$ 46,483 |
| Pharmacy as a % of total claims | 20.7% | 20.7% | 20.6% | 20.6% | 21.2% | 20.9% | 21.1% | 21.6% | 21.6% | 20.8% | 20.7% |
| Dental as a % of total claims | 4.3% | 4.5% | 5.0% | 4.6% | 2.2% | 3.5% | 2.6% | 0.0% | 0.0% | 3.9% | 4.5% |
| Non-Benefit Expenses | | | | | | | | | | | |
| Stop Loss Premium | \$ 33,921 | \$ 978 | \$ 1,957 | \$ 23,810 | \$ 9,785 | \$ 17,939 | \$ 6,197 | \$ 39,465 | \$ 326 | \$ 815 | \$ 978 |
| BCBSOK Administrative Fee | 94,435 | 2,718 | 5,436 | 66,560 | 26,487 | 50,161 | 17,184 | 102,337 | 846 | 2,265 | 2,748 |
| Plan Management Fee | 37,440 | 1,080 | 2,160 | 26,280 | 10,800 | 19,800 | 6,840 | 43,560 | 360 | 900 | 1,080 |
| Additional Services | 6,621 | 191 | 382 | 4,648 | 1,910 | 3,502 | 1,210 | 7,703 | 64 | 159 | 191 |
| ACA Reinsurance Fee | 4,229 | 122 | 244 | 2,969 | 1,220 | 2,237 | 773 | 4,921 | 41 | 102 | 122 |
| PCORI Fee | 501 | 49 | 27 | 365 | 145 | 448 | 156 | 615 | 4 | 11 | 13 |
| Total Non-Benefit Expenses | \$ 177,147 | \$ 5,138 | \$ 10,206 | \$ 124,631 | \$ 50,347 | \$ 94,086 | \$ 32,359 | \$ 198,602 | \$ 1,641 | \$ 4,252 | \$ 5,133 |
| Margin (\$) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Projected Claims + Non-Benefit Expenses | \$ 1,611,137 | \$ 76,300 | \$ 86,004 | \$ 1,075,553 | \$ 493,217 | \$ 1,353,580 | \$ 386,737 | \$ 1,685,959 | \$ 16,638 | \$ 35,782 | \$ 51,616 |
| Net Change | 16.6% | -0.8% | 14.8% | 9.8% | 32.1% | 29.8% | 22.7% | 13.0% | 45.6% | 16.8% | 36.5% |

Appendix D

| Employee Counts by Coverage Tier (Medical and Pharmacy Coverage) | RWD#8 - McCurtain County | S.W.O.D.A. | Seminole County | Seminole County - Court Special Programs | Stroud, City of | Talihina, Town of | Texas County | Tipton, Town of | Velma, Town of | Vici Public Schools | Walters, City of |
|---|---|-------------------|----------------------------|---|------------------------|------------------------------|---------------------|------------------------|-----------------------|--------------------------------|-------------------------|
| Employee | 3 | 23 | 115 | 3 | 41 | 16 | 102 | 7 | 1 | 34 | 24 |
| Employee + Child | 0 | 4 | 2 | 0 | 0 | 0 | 7 | 0 | 0 | 1 | 2 |
| Employee + Children | 0 | 1 | 3 | 0 | 0 | 0 | 14 | 0 | 0 | 4 | 0 |
| Employee + Spouse | 3 | 3 | 5 | 1 | 2 | 0 | 18 | 0 | 0 | 1 | 1 |
| Employee + Spouse + Child | 1 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 2 | 1 |
| Employee + Spouse + Children | 1 | 0 | 0 | 1 | 0 | 0 | 2 | 0 | 0 | 4 | 0 |
| Total Medical Employees | 8 | 31 | 125 | 5 | 43 | 16 | 148 | 7 | 1 | 46 | 28 |
| Total Dental Employees | 0 | 34 | 98 | 5 | 42 | 8 | 164 | 7 | 1 | 53 | 25 |
| Current Estimated Premium (12 months) | 80,001 | \$ 240,207 | 813,446 | \$ 46,851 | 277,135 | \$ 95,075 | 1,199,682 | \$ 42,885 | 6,126 | \$ 373,521 | 191,936 |
| Projected Claims | | | | | | | | | | | |
| Medical | 59,655 | \$ 214,920 | 658,760 | \$ 39,627 | 170,723 | \$ 85,388 | 1,037,071 | \$ 29,104 | 4,538 | \$ 288,936 | 155,103 |
| Pharmacy | 16,464 | 59,317 | 181,813 | 10,937 | 47,118 | 23,567 | 286,225 | 8,033 | 1,252 | 79,744 | 42,807 |
| Dental | 0 | 11,196 | 28,139 | 1,919 | 11,248 | 2,166 | 55,501 | 1,712 | 245 | 17,202 | 6,235 |
| Total Claims | 76,119 | \$ 285,433 | 868,712 | \$ 52,482 | 229,089 | \$ 111,121 | 1,378,797 | \$ 38,849 | 6,034 | \$ 385,882 | 204,146 |
| Pharmacy as a % of total claims | 21.6% | 20.8% | 20.9% | 20.8% | 20.6% | 21.2% | 20.8% | 20.7% | 20.8% | 20.7% | 21.0% |
| Dental as a % of total claims | 0.0% | 3.9% | 3.2% | 3.7% | 4.9% | 1.9% | 4.0% | 4.4% | 4.1% | 4.5% | 3.1% |
| Non-Benefit Expenses | | | | | | | | | | | |
| Stop Loss Premium | \$ 1,305 | \$ 5,055 | \$ 20,385 | \$ 815 | \$ 7,012 | \$ 2,609 | \$ 24,136 | \$ 1,142 | \$ 163 | \$ 7,502 | \$ 4,566 |
| BCBSOK Administrative Fee | 3,383 | 14,133 | 55,812 | 2,265 | 19,449 | 7,007 | 67,526 | 3,171 | 453 | 21,049 | 12,594 |
| Plan Management Fee | 1,440 | 5,580 | 22,500 | 900 | 7,740 | 2,880 | 26,640 | 1,260 | 180 | 8,280 | 5,040 |
| Additional Services | 255 | 987 | 3,979 | 159 | 1,369 | 509 | 4,711 | 223 | 32 | 1,464 | 891 |
| ACA Reinsurance Fee | 163 | 630 | 2,542 | 102 | 874 | 325 | 3,009 | 142 | 20 | 935 | 569 |
| PCORI Fee | 36 | 89 | 310 | 20 | 100 | 36 | 506 | 16 | 2 | 167 | 74 |
| Total Non-Benefit Expenses | \$ 6,581 | \$ 26,475 | \$ 105,527 | \$ 4,261 | \$ 36,545 | \$ 13,367 | \$ 126,528 | \$ 5,953 | \$ 850 | \$ 39,397 | \$ 23,734 |
| Margin (\$) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Projected Claims + Non-Benefit Expenses | \$ 82,700 | \$ 311,908 | \$ 974,240 | \$ 56,743 | \$ 265,634 | \$ 124,488 | \$ 1,505,325 | \$ 44,802 | \$ 6,885 | \$ 425,280 | \$ 227,880 |
| Net Change | 3.4% | 29.8% | 19.8% | 21.1% | -4.2% | 30.9% | 25.5% | 4.5% | 12.4% | 13.9% | 18.7% |

Appendix D

| Employee Counts by Coverage Tier (Medical and Pharmacy Coverage) | Warr Acres, City of | Washington County | Washita County | Weatherford, City of | Woods County | Woodward, City of | Woodward Co. EMS | Total |
|---|--------------------------------|------------------------------|-----------------------|---------------------------------|---------------------|------------------------------|-----------------------------|----------------------|
| Employee | 34 | 55 | 72 | 107 | 68 | 77 | 14 | 4,367 |
| Employee + Child | 9 | 11 | 3 | 5 | 6 | 10 | 0 | 267 |
| Employee + Children | 9 | 3 | 7 | 7 | 4 | 21 | 1 | 277 |
| Employee + Spouse | 12 | 19 | 7 | 4 | 11 | 31 | 1 | 521 |
| Employee + Spouse + Child | 8 | 15 | 6 | 0 | 2 | 10 | 1 | 198 |
| Employee + Spouse + Children | 9 | 15 | 2 | 1 | 5 | 24 | 1 | 316 |
| Total Medical Employees | 81 | 118 | 97 | 124 | 96 | 173 | 18 | 5,946 |
| Total Dental Employees | 78 | 134 | 109 | 0 | 109 | 1 | 18 | 5,288 |
| Current Estimated Premium (12 months) | \$ 776,648 | 1,161,128 | \$ 765,161 | 795,337 | \$ 784,509 | 1,584,669 | \$ 137,512 | \$ 46,640,094 |
| Projected Claims | | | | | | | | |
| Medical | \$ 508,306 | 777,643 | \$ 615,188 | 599,779 | \$ 624,464 | 1,208,281 | \$ 106,108 | \$ 36,951,195 |
| Pharmacy | 140,289 | 214,624 | 169,788 | 165,535 | 172,348 | 333,478 | 29,285 | 10,198,286 |
| Dental | 19,257 | 51,814 | 36,964 | 0 | 28,359 | 245 | 4,919 | 1,659,370 |
| Total Claims | \$ 667,853 | 1,044,082 | \$ 821,940 | 765,314 | \$ 825,171 | 1,542,003 | \$ 140,312 | \$ 48,808,850 |
| Pharmacy as a % of total claims | 21.0% | 20.6% | 20.7% | 21.6% | 20.9% | 21.6% | 20.9% | 20.9% |
| Dental as a % of total claims | 2.9% | 5.0% | 4.5% | 0.0% | 3.4% | 0.0% | 3.5% | 3.4% |
| Non-Benefit Expenses | | | | | | | | |
| Stop Loss Premium | \$ 13,209 | \$ 19,243 | \$ 15,819 | \$ 20,222 | \$ 15,656 | \$ 28,213 | \$ 2,935 | \$ 969,674 |
| BCBSOK Administrative Fee | 36,603 | 53,936 | 44,302 | 52,437 | 43,880 | 73,188 | 8,154 | 2,673,719 |
| Plan Management Fee | 14,580 | 21,240 | 17,460 | 22,320 | 17,280 | 31,140 | 3,240 | 1,070,280 |
| Additional Services | 2,578 | 3,756 | 3,088 | 3,947 | 3,056 | 5,507 | 573 | 189,275 |
| ACA Reinsurance Fee | 1,647 | 2,399 | 1,972 | 2,521 | 1,952 | 3,518 | 366 | 120,906 |
| PCORI Fee | 385 | 546 | 325 | 343 | 314 | 836 | 67 | 19,955 |
| Total Non-Benefit Expenses | \$ 69,003 | \$ 101,121 | \$ 82,967 | \$ 101,791 | \$ 82,137 | \$ 142,402 | \$ 15,335 | \$ 5,043,809 |
| Margin (\$) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0 |
| Projected Claims + Non-Benefit Expenses | \$ 736,856 | \$ 1,145,203 | \$ 904,907 | \$ 867,105 | \$ 907,309 | \$ 1,684,404 | \$ 155,648 | \$ 53,852,659 |
| Net Change | -5.1% | -1.4% | 18.3% | 9.0% | 15.7% | 6.3% | 13.2% | 15.5% |



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