

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
ANNUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
WITH INDEPENDENT AUDITOR'S REPORT

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Balance Sheet	3
Statement of Income and Changes in Fund Balance	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
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 <u>Government</u> <u>Auditing Standards</u>	10 - 11

KEVIN C. DUKE
Certified Public Accountant
A Professional Corporation

Kevin C. Duke *
* Board Certified in Oklahoma and Texas

7134 South Yale, Suite 212
Tulsa, Oklahoma 74136
(918) 492-2264 Fax (918) 492-2270

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, 2020 and 2019, 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 judgement, 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, 2020 and 2019 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 October 29, 2020, 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
October 29, 2020

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
BALANCE SHEET
JUNE 30, 2020 and 2019

<u>ASSETS</u>	June 30, <u>2020</u>	June 30, <u>2019</u>
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 1,044,085	\$ 124,295
Investments (Note 3)	4,431,710	4,381,348
Accounts Receivable - Unpaid Premiums	2,192,917	2,505,237
Accounts Receivable - Rebates	<u>1,772,995</u>	<u>1,802,190</u>
Total Current Assets	<u>9,441,707</u>	<u>8,813,070</u>
TOTAL ASSETS	<u>\$ 9,441,707</u>	<u>\$ 8,813,070</u>

LIABILITIES AND FUND BALANCE

Current Liabilities:		
Accounts Payable	\$ 1,122,211	\$ 2,013,774
Bank Loan Payable	<u>2,228,888</u>	<u>2,476,400</u>
Total Current Liabilities	<u>3,351,099</u>	<u>4,490,174</u>
Total Liabilities	<u>3,351,099</u>	<u>4,490,174</u>
Fund Balance:		
Unrestricted Fund Balance	<u>6,090,608</u>	<u>4,322,896</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 9,441,707</u>	<u>\$ 8,813,070</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, 2020 and 2019

<u>REVENUES:</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Premiums (Note 6)	\$ 44,749,485	\$ 51,238,372
Specific reinsurance (Note 7)	95,871	15,445
Rebates	2,431,828	2,376,500
Subrogation	20,778	128,200
Runoffs	45,726	0
Unrealized gain (loss) on investments	<u>50,363</u>	<u>328,019</u>
 TOTAL REVENUES	 <u>47,394,051</u>	 <u>54,086,536</u>
<u>EXPENSES:</u>		
ACA reinsurance & PCORI	19,896	20,636
Administrator's fee (Note 8)	1,109,163	1,265,618
Bank fees	9,769	6,369
Claims paid (Note 4)	39,036,309	43,541,771
Claims supervisor fee (Note 9)	2,322,410	2,546,718
Fidelity bond expense	12,700	14,956
Interest expense	128,556	155,011
Legal fees	13,115	6,831
Life insurance	1,189,198	2,179,692
Postage	7,740	11,713
Professional fees	127,000	124,442
Specific reinsurance (Note 7)	1,107,557	1,119,081
Printing	10,100	9,577
VSP Vision	<u>532,826</u>	<u>640,770</u>
 TOTAL EXPENSES	 <u>45,626,339</u>	 <u>51,643,185</u>
 Net Income (Loss)	 <u>1,767,712</u>	 <u>2,443,351</u>
 FUND BALANCE - BEGINNING OF YEAR	 <u>4,322,896</u>	 <u>1,879,545</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 6,090,608</u>	 <u>\$ 4,322,896</u>

See accompanying notes and auditor's report.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 and 2019

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 1,767,712	\$ 2,443,351
Adjustment to reconcile net income (loss) to net cash used for operating activities		
Decrease (increase) in accounts receivable	341,515	1,797,613
Increase (decrease) in accounts payable	<u>(891,563)</u>	<u>(3,889,615)</u>
Net cash provided by operating activities	<u>1,217,664</u>	<u>351,349</u>
Cash Flows from Investing Activities:		
Decrease (increase) in investments	<u>(50,362)</u>	<u>(328,018)</u>
Net cash provided by investing activities	<u>(50,362)</u>	<u>(328,018)</u>
Cash Flows from Financing Activities:		
Increase (decrease) in financing activities	<u>(247,512)</u>	<u>(319,547)</u>
Net cash provided by financing activities	<u>(247,512)</u>	<u>(319,547)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>919,790</u>	<u>(296,216)</u>
Cash and Cash Equivalents, Beginning of Year	<u>124,295</u>	<u>420,511</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,044,085</u>	<u>\$ 124,295</u>

See accompanying notes and auditor's report.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 there were 95 participating groups in the Plan comprised of thirty (30) Oklahoma counties, five (5) schools, thirty-one (31) municipalities, six (6) CED's, and twenty-three (23) 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, 2020

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	<u>\$ 1,044,085</u>
Total Cash and Cash Equivalents	<u>\$ 1,044,085</u>

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

Equity Investments - Arvest	\$ 1,113,031
Fixed Income Securities - Arvest	<u>3,318,679</u>
Total Investments	<u>\$ 4,431,710</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, 2020

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 \$3,400,000.00. 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, 2020. Effective July 1, 2020, 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 June 25, 2019 with McElroy & Associates to provide administrative services for The Plan as agreed to in the agreement, for \$16.54 per "Contract" each month. The agreement is in effect from July 1, 2019 to June 30, 2020.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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
7/1/19 - 6/30/20

Medical Administrative Fee	\$36.92 per contract per month
----------------------------	-----------------------------------

Dental Administrative Fee	\$ 2.75 per contract per month
---------------------------	-----------------------------------

Note 10: DATE OF MANAGEMENT'S REVIEW:

Subsequent events were evaluated through October 29, 2020, 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 January 20, 2020 with Arvest Bank which amended and maintained the line of credit at \$3,138,014 and is secured by the Plan's investments. Accrued interest of 4.75% is due and payable monthly on any balance due. The loan matures on January 20, 2021. The loan balance due Arvest at June 30, 2020 is \$2,228,888.23.

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
Certified Public Accountant
A Professional Corporation

Kevin C. Duke *
* Board Certified in Oklahoma and Texas

7134 South Yale, Suite 212
Tulsa, Oklahoma 74136
(918) 492-2264 Fax (918) 492-2270

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, 2020 and 2019, as listed in the table of contents, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated October 29, 2020.

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
October 29, 2020

PLAN YEAR 2020-2021 ACTUARIAL REPORT
OKLAHOMA PUBLIC EMPLOYEES HEALTH
AND WELFARE TRUST

JANUARY 7, 2020

Contents

1.	Introduction	1
2.	Data	2
3.	Enrollment	5
4.	Premium Rate Development.....	6
5.	Recommended Benefit Plan Modifications	17
6.	Surplus Scenarios.....	19
7.	Incurred But Not Reported Claim Reserves.....	20
8.	Distribution and Use	22
9.	Considerations and Limitations	23
10.	Acknowledgement of Qualifications.....	24
Appendix A.	Benefit Designs	26
Appendix B.	Medical/Pharmacy Rate Development.....	28
Appendix C.	Dental Rate Development	29
Appendix D.	Premium Rate Changes	30

1. Introduction

Purpose and Scope

The Oklahoma Public Employees Health and Welfare Plan (OPEH&W) engaged Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) to perform a valuation of medical, drug, and dental benefits for the plan year beginning July 1, 2020. This review includes:

- Development of appropriate premiums for major medical (medical/pharmacy) and dental benefits
- Determination of incurred but not reported (IBNR) reserves
- Aggregate funding forecasts

Actuarial Findings

After several years of favorable experience, OPEH&W faced a significant loss in plan year 2015-2016 due to an increase in large claim activity. These losses reduced OPEH&W's surplus, necessitating a shift in product strategy to improve the capital position of the plan. Accordingly, OPEH&W took several measures to reduce claim costs, including: implementing a new provider network with lower provider reimbursement rates, implementing programs that encourage members to seek medical care at more cost-effective providers (e.g., telehealth services), and increasing the number of benefit plan options available to employer groups.

Due to the moderation of claim costs based on data through October 2019, the implementation of premium rate increases, and claim savings initiatives, capital levels have been steadily increasing to pre-plan year 2015-2016 levels. Our initial projections show a moderate premium rate increase should be implemented for plan year 2020-2021. Table 1 summarizes the recommended premium rate changes.

Table 1

Benefit Plan	Blue Choice	Blue Preferred
Medical/Pharmacy	6.1%	6.1%
Dental	-39.4%	-39.4%
Combined	3.2%	3.0%

Note: Dental premium rates are additive in the calculation of the combined premium rate change. However, the change in dental premium rates receives greater weight under the Blue Preferred plan relative to the Blue Choice plan, producing a lower combined premium rate change for the Blue Preferred Network.

The premium rate changes shown in Table 1 reflect the Diamond medical/pharmacy plan and assume no changes in dental benefits relative to current benefit levels. We have also developed premium rates for the four additional medical/pharmacy plans currently offered by OPEH&W, and at the request of OPEH&W, a new dental plan option.

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 assumptions used.

2. Data

Data Received

We received information from OPEH&W, as supplied by its third-party administrator (TPA) and various vendors, including but not limited to the following:

- A summary of aggregated medical, dental, and pharmacy claim payments by month from July 2012 to October 2019 (referred to as the aggregated claim report)
- Medical claim lag reports for claims paid between July 1, 2015 and October 31, 2019
- Dental claim lag reports for claims paid between July 1, 2015 and October 31, 2019
- Shock or high-cost claimant reports for plan years 2016-2017, 2017-2018, 2018-2019, and 2019-2020, with claims paid through October 2019
- Financial statements for plan years 2016-2017, 2017-2018, 2018-2019, and 2019-2020 through both August 2019 and October 2019
- Detailed medical and dental census information for July 2012 through October 2019 and as of December 2019
- Summarized medical and dental census information for January 2018 through November 2018
- A list of recent group terminations and corresponding membership loss; shock claims; and a summary of medical, dental, and Rx claims for the groups that terminated most recently
- A list of groups anticipated to join the plan on January 1, 2020
- Current OPEH&W Briefing Book
- OPEH&W Benefit Books for each plan option offered in plan years 2016-2017, 2017-2018, 2018-2019, and 2019-2020
- Plan Audit Report for plan years 2016-2017, 2017-2018, and 2018-2019
- Medical/pharmacy and dental premium rates for plan years 2017-2018, 2018-2019, and 2019-2020
- Benefit changes for plan years 2016-2017, 2017-2018, 2018-2019, and 2019-2020
- Summary of Benefits and Coverage for plan years 2016-2017, 2017-2018, 2018-2019, and 2019-2020
- Coverage highlights for plan year 2019-2020
- A benefit design for an alternative dental plan that is expected to be offered alongside the existing dental plan in plan year 2020-2021
- The medical and dental ASO renewal reports for plan year 2020-2021 as prepared by Blue Cross and Blue Shield of Oklahoma (BCBSOK)
- Pharmacy rebates paid for plan years 2017-2018 and 2018-2019 through reports developed by Express Scripts and Team Pharmacy Consulting
- 2020-2021 plan year vendor fees
 - Medical plan management fees:
 - \$17.37 per contract per month
 - BCBSOK medical and dental fees:
 - Medical administration fee of \$33.97 per contract per month
 - Dental administration fee of \$2.75 per contract per month
 - Stop-Loss Reinsurance (with an aggregate stop-loss component):
 - \$22.71 per contract per month

- Additional fees
 - \$0.52 per member per month for virtual visits
 - \$15.00 per contract per month for Health Advocacy Services (HAS)
- Additional analyses obtained by OPEH&W from various vendors, including pharmacy claim cost and rebate information from Express Scripts and Team Pharmacy Consulting

While the medical ASO projection for plan year 2020-2021 prepared by BCBSOK provided an updated view of provider discounts for the Blue Choice and Blue Preferred networks, the projection did not provide an updated view of the claim cost relativities between the two networks. We have assumed the claim cost relativities between the Blue Choice and Blue Preferred networks will not change materially for plan year 2020-2021 relative to the historical estimate.

Data Reconciliation

To assess the reasonability of the data, we performed a reconciliation on both the enrollment and paid claims data provided by OPEH&W. To determine the reasonability of the medical and dental paid claims data, we compared the data from the medical and dental lag reports, the aggregated claim report, the ASO renewal reports developed by BCBSOK, and the financial statements. Since lag tables were not provided for pharmacy claims, we compared pharmacy claim information from the aggregated claim report to the financial statements and PBM reports to determine the reasonability of the pharmacy claims data. Pharmacy claims usually process quickly; therefore, paid pharmacy claims typically serve as a sufficient proxy for incurred pharmacy claims. Our reconciliation focused on the time period of data underlying the analysis (i.e., plan years 2017-2018, 2018-2019 and 2019-2020 YTD). Any discrepancies outside of the time period of data underlying the analysis are not noted below.

We compared these sources to identify differences in medical, pharmacy, and dental claims. All differences we have identified were also present in the plan year 2019-2020 premium rate development analysis. We observed one large discrepancy in the medical claims data between the lag report and the aggregated claim report. In September 2017, the lag report shows medical paid claims of \$2.14 million and the aggregated claim report shows paid claims of \$1.95 million. We assumed the medical lag file to be correct since the amounts in the lag file reconcile to the claim amounts shown in the BCBSOK medical ASO projections.

While the dental paid claims included in the lag table tie to the dental claims shown in the aggregated claim report, we noted a relatively large discrepancy in the total claims paid for plan year 2018-2019 between these sources and the financial statements. Both the lag tables and the aggregated claim report suggest total dental claims paid of \$1.76 million in plan year 2018-2019, but the financial statements suggest \$1.71 million during this same time period. OPEH&W has indicated that the values shown in the financial statement are understated.

We did not observe any significant discrepancies in the provided pharmacy data.

We also compared the paid claims data we received for the plan year 2020-2021 premium rate analysis to the paid claims data we received for the plan year 2019-2020 premium rate analysis and the claim information was consistent for overlapping months.

To assess the reasonability of the enrollment data, we first compared the detailed enrollment data provided by OPEH&W to the BCBSOK medical and dental ASO projections. While this comparison revealed discrepancies for calendar years 2018 and 2019, due to time constraints, we decided the calendar year 2019 data provided by OPEH&W was suitable. The detailed enrollment files for January 2018 through October 2018 showed significant discrepancies on a monthly basis relative to the BCBSOK medical and dental ASO projections. As a result, we also relied on additional calendar year 2018 enrollment data provided by OPEH&W in support of the 2019-2020 premium rate analysis for these months. While the level of detail provided by the calendar year 2018 enrollment information from the supplemental file was less granular relative to the enrollment information provided by OPEH&W, the data was appropriate for rate development purposes. This meant that we were unable to develop demographic factors and incorporate a demographic adjustment into the premium rate development.

It should also be noted that the PBM reports suggest higher membership levels in plan years 2017-2018 and 2018-2019 than what was provided. The PBM report suggests that the average members per month was 8,956 in plan year 2017-2018 and 7,804 in plan year 2018-2019. The data we utilized in our analysis suggests average members per month of 8,883 in plan year 2017-2018 and 7,737 in plan year 2018-2019. We have relied on the enrollment data provided by OPEH&W in the premium rate development.

3. Enrollment

This section provides a summary of groups that have terminated or been added since the plan year 2019-2020 analysis. While four groups have recently left OPEH&W, one of these groups (Lincoln County) is expected to return in January 2020. No new groups have been added in the last year. The changes in group mix are assumed to have no significant influence on the premium rate change estimates.

Terminated Groups

The groups shown in Table 2 have recently terminated health insurance coverage through OPEH&W:

Table 2

Termination Date	Entity Name	Estimated Number of Employees ¹
6/30/2019	Lincoln County ²	126
6/30/2019	Mustang, City of	94
6/30/2019	Woodward, City of	147
6/30/2019	Pittsburg County	202

1. *Estimated based on the number of employees as of the month the group terminated*

2. *Expected to return 1/1/2020*

New Groups

Effective January 1, 2020, three groups began offering health insurance coverage through OPEH&W, in addition to Lincoln County: City of Leedy, City of Morris, and City of Harrah.

Demographics

In estimating plan year 2020-2021 claim costs, we have assumed the demographic composition of the block will not change materially relative to the experience used to develop the premium rates. In recent years, the demographic mix associated with OPEH&W's block of business has generally become more favorable (e.g., younger), which likely reduced claim trends, all else equal. Given the lack of reliable member-level data for most of calendar year 2018, we are unable to accurately assess changes in the demographic mix of the population. It is not clear how the premium rate changes implemented for plan year 2018-2019 may have affected the demographic mix since the premium rate change for tiers with spousal coverage was significantly greater than the premium rate change for tiers without spousal coverage. If the demographic mix were to become unfavorable in the upcoming plan year, observed cost trends may increase more than anticipated.

4. Premium Rate Development

We utilized a rating approach that is consistent with renewal rating methods employed by insurers in the large group market. Specifically, 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 amount PMPM to a premium amount for each subscriber coverage tier (e.g., employee-only). The premium rate calculation was performed separately for medical/pharmacy benefits and dental benefits.

The projected claim amount PMPM was developed from OPEH&W experience for claims incurred between July 2017 and June 2019 and paid through October 2019 (the experience period). The experience was separated into two 12-month periods, July 2017 through June 2018 and July 2018 through June 2019, with each period projected independently and blended together using actuarial credibility methods. The premium rate projections use incurred claims rather than paid claims as the basis for the plan year 2020-2021 premium rate projection, which is consistent with how we have developed premium rates in the past. An incurred claim basis provides a more accurate alignment of funding and claims liabilities for OPEH&W.

An adjustment was made to the medical and dental claims experience to account for IBNR claims. However, because there are four months of claim run-out, IBNR claims should not be significant. Medical claims were also adjusted to remove claims that would have otherwise been recovered through private reinsurance. As noted earlier, we assume paid pharmacy claims are representative of incurred pharmacy claims since there is typically an immaterial lag between when pharmacy claims are incurred and when they are paid.

Both the medical and pharmacy claims experience were trended forward to the rating period. An additional adjustment was made to medical claims to adjust the claims experience associated with members utilizing the Blue Choice network to the average claim costs associated with the Blue Preferred network. Pharmacy claims were adjusted to account for anticipated pharmacy rebates. The adjusted trended medical and pharmacy claims were combined and further adjusted to reflect changes in benefits. The adjusted projected medical and pharmacy claims for the two 12-month periods were blended together and adjusted to include expected costs of non-benefit expenses. The initial projected rate development assumes all members will utilize the Blue Preferred network and enroll in the Diamond plan.

An adjustment factor was applied to the Blue Preferred network premium rates to develop the Blue Choice network premium rates. The adjustment factor produces the same premium rate relativity between the two network options in plan year 2020-2021 as was included in the plan year 2019-2020 premium rate development and is based on information provided by BCBSOK from the plan year 2016-2017 premium rate development. If there have been significant provider reimbursement changes for either the Blue Preferred or Blue Choice networks, this assumption may not be appropriate. Additionally, as noted in the plan year 2019-2020 premium rate development, if access to the Blue Choice network is limited to specific geographic areas, then it is possible the medical claim cost relativity between the two provider networks could be materially different from what we are projecting. However, a majority of members currently utilize the Blue Preferred network.

Trend Adjustments

We generated historical trend estimates based on OPEH&W's experience using incurred claims from September 2016 to August 2019, paid through October 2019. Medical and dental claims were adjusted to reflect IBNR claims. Pharmacy claims were not adjusted to reflect IBNR claims due to the shortened lag.

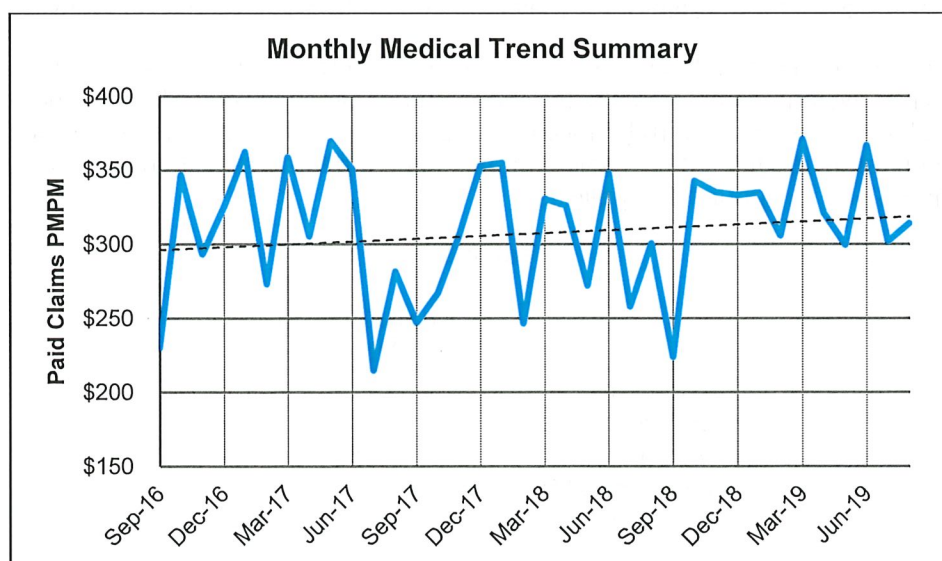
Medical, dental, and pharmacy claims were normalized to remove the impact of changes in member cost-sharing. Medical claims were further normalized to remove the impact of the changes in the membership distributions between the Blue Preferred and Blue Choice networks. Medical and pharmacy benefit relativities were developed using MarVAL™, Oliver Wyman's propriety pricing model, and dental benefit relativities were developed using an external dental relative value model.

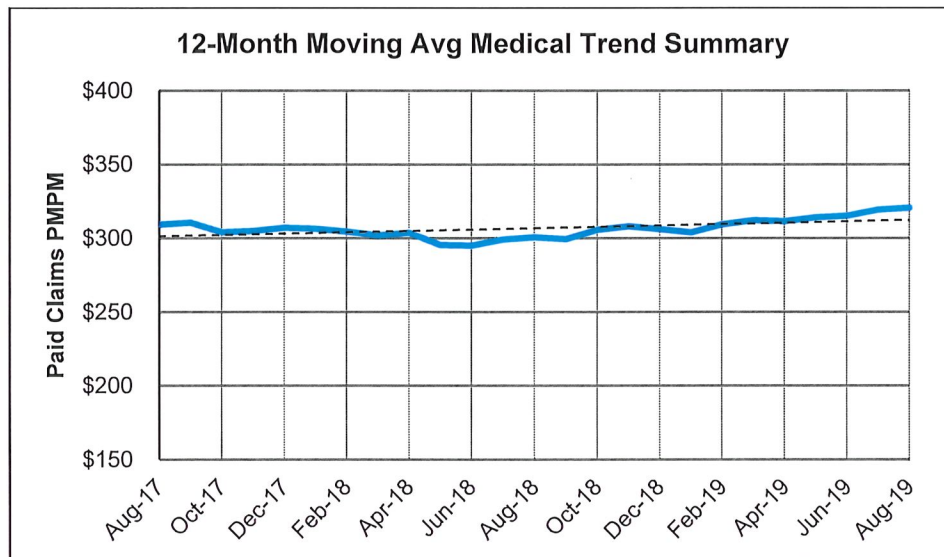
Trends were not normalized for changes in the demographic mix of the population as we were not provided sufficient membership data to calculate average demographic factors for all time periods included in the trend analysis.

Medical Trends

OPEH&W's normalized monthly medical claims experience has exhibited volatility. However, given the size of the overall block, greater volatility should be expected. Graph 1 and Graph 2 summarize normalized medical claims PMPM on a monthly and 12-month moving average basis.

Graph 1



Graph 2

Estimating trends from actual experience is more difficult for smaller experience bases. 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 -2% to as high as +13%. Longer range trends (i.e., using 36 months of data) using 12-month moving averages are typically a better indicator of historical trends than shorter range trends, particularly for a smaller base of insureds. However, given the recent decrease in membership, historical trends are not fully credible and may not accurately depict the true underlying trend.

We compared the trend estimates produced using OPEH&W's experience to industry standards. Oliver Wyman completes a semi-annual trend survey which reflects responses from carriers and HMOs insuring over 104.7 million group members. The most recent trend survey reflects pricing trends for July 2019. Table 3 summarizes the trend results from the July 2019 Carrier Trend Survey for group PPO policies:

Table 3

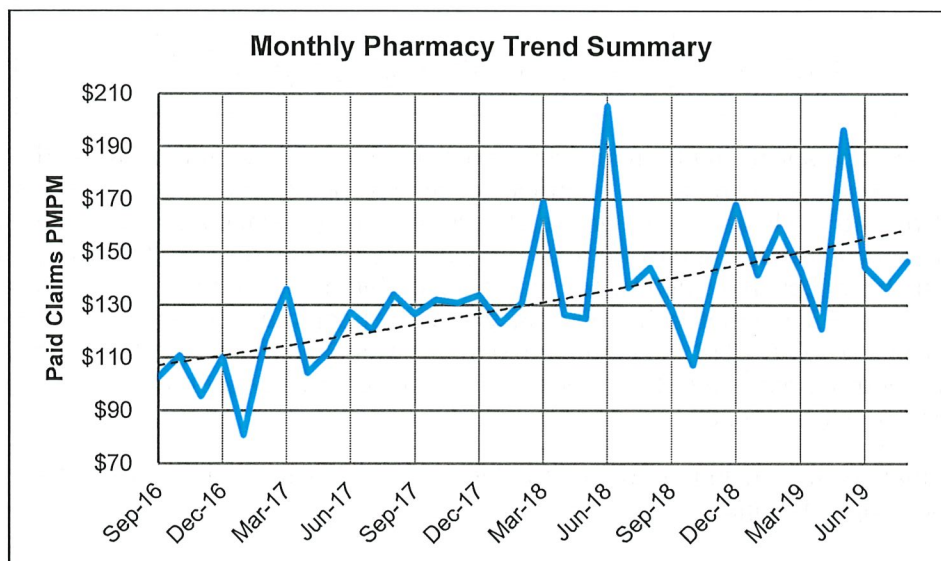
	Annual Trend Rate
Minimum	3.4%
25 th Percentile	5.8%
Median	6.9%
75 th Percentile	8.4%
Maximum	11.0%

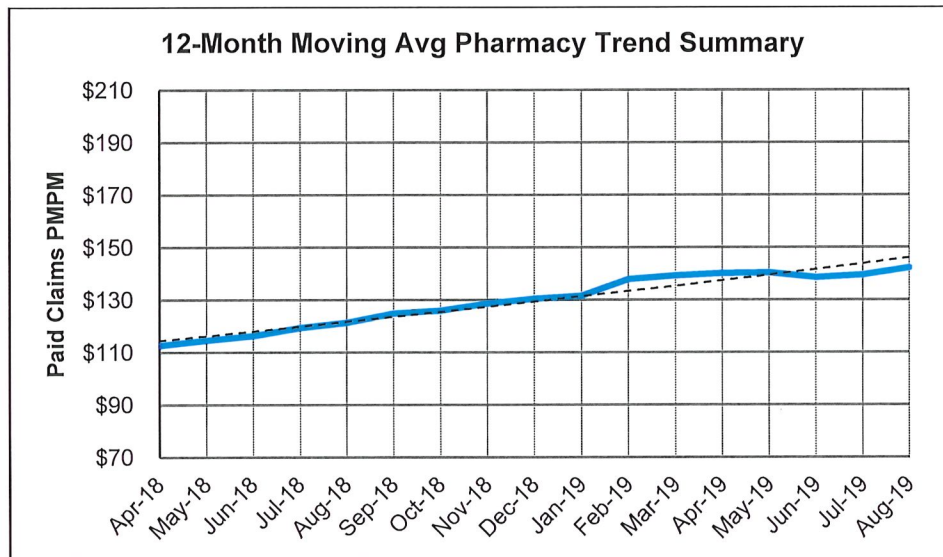
We have elected to use an annualized medical trend rate of 5.5% in the plan year 2020-2021 premium rate projection. This trend factor is towards the lower end of recent pricing trends observed in the market, but it is similar to the medical trend rate of 5.5% for Blue Preferred and 5.4% for Blue Choice assumed in the medical ASO projection provided by BCBSOK. An annualized medical trend rate of 5.5% also falls in the middle of the historical trend estimate produced using OPEH&W's historical experience. Given the continued measures OPEH&W has taken to reduce claim costs, we believe an annualized trend below the median is reasonable.

Pharmacy Trends

OPEH&W's pharmacy claims costs, prior to pharmacy rebates, have been steadily increasing for several years. Graph 3 and Graph 4 summarize normalized pharmacy claims PMPM, prior to pharmacy rebates, on a monthly and 12-month moving average basis.

Graph 3



Graph 4

Graph 3 shows large spikes in pharmacy claim costs in March 2018, June 2018, and May 2019. For the most recent 36-month period, pharmacy costs have increased at an annualized rate of between 9% and 18%. However, the large spikes in pharmacy claim costs in recent months are influencing historical trends, and an increase in pharmacy rebates observed in plan year 2018-2019 suggests historical paid claim trends may be overstated relative to claim trends net of pharmacy rebates. ESI estimates that pharmacy spend for commercial business has increased 1.5% in 2017 and 0.4% in 2018; no comparable report was available for 2019.¹ Further, the most recent report published by ESI projects commercial pharmacy spend will increase by 2% per year from 2019 through 2021.

Table 4 summarizes the pricing trends reported from Oliver Wyman's July 2019 Carrier Trend Survey for prescription drugs:

Table 4

	Annual Trend Rate
Minimum	2.1%
25 th Percentile	8.1%
Median	9.3%
75 th Percentile	10.3%
Maximum	32.7%

¹ <https://www.express-scripts.com/corporate/drug-trend-report>

Given that OPEH&W's pharmacy claims have continued to increase over the course of the last 36 months, we believe a pharmacy trend rate that is more consistent with the July 2019 Carrier Trend Survey is appropriate relative to trends projected by ESI. We have elected to use an annualized pharmacy trend rate of 9% in the plan year 2020-2021 premium rate projection, which is similar to the median trend rate.

Dental Trends

Given that OPEH&W's dental block is not fully credible for purposes of analyzing historical trends, we have relied on dental trend estimates reported in the July 2019 Carrier Trend Survey. Table 5 summarizes the pricing trends reported from the July 2019 Carrier Trend Survey for group dental PPO policies:

Table 5

	Annual Trend Rate
Minimum	0.8%
25 th Percentile	4.0%
Median	4.5%
75 th Percentile	5.0%
Maximum	6.5%

We have assumed an annualized dental claim trend rate of 4.5%, which is equal to the median trend rate of 4.5% observed in the market according to the July 2019 Carrier Trend Survey and the dental trend rate utilized in the 2019-2020 premium rate development. 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. For simplicity, we have assumed the current stop-loss arrangement will be effective for the plan year 2020-2021, noting that this assumption is consistent with the renewal quote provided by BCBSOK. However, OPEH&W has communicated that the stop-loss arrangement for plan year 2020-2021 will likely be updated to include pharmacy claims. This update was not considered in our analysis of claims expected to be recovered through specific stop-loss reinsurance.

To estimate the impact of the specific stop-loss coverage, we "discounted" the specific stop-loss attachment point to claim levels corresponding to the experience periods. For example, a \$425,000 medical claim in plan year 2020-2021 would have cost about \$382,000 in plan year 2018-2019, assuming a 5.5% medical trend (i.e., $\$425,000 \div 1.055^2 = \$382,000$). We do not anticipate any recoveries as a result of the aggregate stop-loss component in plan year 2020-2021. Using the high-cost claimant reports provided by OPEH&W, we estimate the specific stop-loss insurance recoveries shown in Table 6 would have occurred.

Table 6

	PY 2017-2018	PY 2018-2019
Reinsurance Attachment Point (RAP)	\$425,000	\$425,000
Trend-Adjusted RAP	\$361,936	\$381,842
Number of Members Exceeding RAP	4	2
Aggregate Dollars Exceeding RAP	\$469,842	\$101,760

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 variation is often difficult to predict. We assume removing claims that would have otherwise been recovered through stop-loss coverage and adding the cost of stop-loss insurance to the premium rate development is a sufficient measure for smoothing the impact of large claims.

Additional Adjustments to Pharmacy Claims

An adjustment was made to pharmacy claims to account for the impact of pharmacy rebates. Pharmacy rebates represented approximately 15.7% of pharmacy claims paid during the plan year ending June 2018 and about 19.8% of claims paid for the plan year ending June 2019. Therefore, we reduced paid pharmacy claims for the plan year ending June 2018 by 15.7% and for the plan year ending June 2019 by 19.8% to reflect the impact of pharmacy rebates. It is important to note that we believe the incurred pharmacy claims utilized in the premium rate development are assumed to include any fees assessed by the PBM.

Benefit Adjustments

In developing the premium rates, we adjusted claims to account for changes in member cost-sharing that occurred relative to the experience period.

In plan year 2018-2019, the following benefit changes were made:

- Onsite wellness screenings were discontinued in plan year 2016-2017, eliminating the \$250 deductible credit that subscribers and spouses received for completing the wellness screening and resulting in a deductible increase for some individuals
- Orthodontic benefits for dependent children were added to the standard Dental Plan. The plan will pay 50% of allowable charges from an in-network provider up to a \$1,500 lifetime maximum per covered child

In plan year 2019-2020, OPEH&W expanded the number of plan options offered to groups: Diamond, Platinum, Gold, Silver, and Bronze. The Diamond plan is offered on both the Blue Choice and Blue Preferred networks, with the remaining plans only being offered on the Blue Preferred network. The Diamond plan most closely resembles the 2018-2019 plan with the following changes relative to the plan year 2018-2019 plan:

- The individual in-network out-of-pocket maximum decreased from \$5,000 to \$3,000
- The family in-network out-of-pocket maximum decreased from \$10,000 to \$6,000
- The individual out-of-network out-of-pocket maximum decreased from \$10,000 to \$6,000
- The family out-of-network out-of-pocket maximum decreased from \$20,000 to \$12,000

- The non-preferred brand copay increased from \$45 to \$60 for a 30-day supply and from \$112 to \$150 for a 90-day supply

The medical/pharmacy benefit designs for plan year 2019-2020 are shown in Appendix A.1. The plan year 2020-2021 rate development assumes no changes are made to the benefit plans. The elimination of the wellness screenings in plan year 2017-2018 decreased the overall richness of the plan for plan year 2018-2019. In the Annual Performance Review completed by BCBSOK, approximately 3,200 individuals participated in the Catapult wellness screenings and were assumed to have received a \$250 deductible credit for plan year 2017-2018. This benefit elimination resulted in the average effective deductible increasing from approximately \$650 to \$750 in plan year 2018-2019.

Independent of the effect of trend, demographic changes, etc. we estimate the cumulative impact of these benefit changes noted above, in addition to projected benefit levels for plan year 2020-2021, will result in a 2.7% increase in claim costs for the experience underlying plan year 2017-2018 and a 3.2% increase in claim costs for the experience underlying plan year 2018-2019. The expected increase in claim costs is largely driven by a decrease in the average out-of-pocket maximum.

In plan year 2020-2021, OPEH&W will offer an additional (Alternative) dental plan alongside its current (Standard) dental plan. The dental plans proposed to be offered in plan year 2020-2021 are shown in Appendix A.2.

Additional Claim Adjustments

No adjustments were made to the claims experience to reflect the estimated impact of new or terminating groups. Additionally, similar to the premium rate development of prior plan years, we have not adjusted the claims experience to reflect monies that may be recovered as a result of subrogation. As was mentioned earlier, we have not adjusted claims for demographic changes as we were not provided membership data at a level of detail sufficient to calculate demographic factors for the experience period.

We have assumed the Health Advocacy Solutions program that OPEH&W intends to implement will not result in any immediate claim savings to the plan or result in any additional claim costs to the plan. In our experience, programs similar to Health Advocacy Solutions are intended to bend the claim cost curve over the course of the long-run and will likely not reduce claim costs in the short-term.

Non-Benefit Expenses

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

- Medical ASO fees
- Plan management fees
- Stop-loss reinsurance premiums
- Health Advocacy Solution fees²
- Telehealth/Virtual Visit fees
- PCORI fee

The stop-loss coverage for plan year 2020-2021 was assumed to provide coverage for pharmacy claims. The stop-loss reinsurance premiums included in the BCBSOK ASO renewal have been adjusted to reflect the additional cost associated with covering pharmacy claims. Unlike prior plan years, we did not include a contribution to surplus in the medical/pharmacy premium rates. A discussion regarding the appropriateness of surplus in the premium rate development is included in the Surplus Scenarios section of this report. Additionally, non-benefit expenses associated with other vendor services utilized by OPEH&W not listed above (e.g., SaveonSP) were assumed to be offset by any claim savings that may result. It should also be noted that the PCORI fee was reinstated through fiscal year 2029 as a result of the federal spending bill that was signed into law on December 20, 2019.³

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

- Dental ASO fees

Proposed Premium Rate Changes

We propose a premium rate increase of 6.1% for the Blue Preferred and Blue Choice network Diamond medical/pharmacy plans. We are proposing a premium rate decrease of 39.4% for the standard dental plan. On a combined basis, the average premium rate increase is 3.0% for Blue Preferred network and 3.2% for Blue Choice network Diamond plans. The slight difference in the average combined medical/pharmacy and dental premium rate change between the Blue Preferred and Blue Choice network plans is due to differences in the proportion of total premium represented by the dental plan.

Table 7 summarizes the various components driving the projected premium rate increase for the Blue Preferred network Diamond plan.

² The Health Advocacy Solutions fee shown in Appendix B assumed Hinge Health would be offered with Health Advocacy Solutions. Since the removal of the Hinge Health fee of \$0.05 per contract per month would be immaterial to the overall premium rate development, the proposed premium rates were not updated.

³ <https://www.congress.gov/116/bills/hr1865/BILLS-116hr1865eah.pdf>

Table 7

	Medical/Pharmacy Premium Increase		Combined* Premium Increase	
	% Change	\$ Change	% Change	\$ Change
Claims	2.5%	\$ 14.90	2.5%	\$ 15.89
Carry Over from Prior Analysis	2.9%	17.45	0.0%	(0.16)
Administrative Costs	0.6%	3.61	0.6%	3.56
Total	6.1%	\$ 35.96	3.0%	\$ 19.28

*Medical/pharmacy plan and dental plan premium rate change combined

A portion of the projected premium rate increase is a result of an increase in claim costs relative to the plan year 2019-2020 premium rate development, but several other components also contribute to the increase. Approximately 2.9% of the medical/pharmacy premium rate increase is a "carryover" from the recommended plan year 2019-2020 premium rate increase (i.e., the rate increase that was implemented for the medical/pharmacy plans was lower relative to what Oliver Wyman recommended). The 0.6% increase in administrative costs is driven largely by the introduction of the Health Advocacy Solutions program, increased stop-loss premiums, and the reinstatement of the PCORI fee. An increase in the average number of members per subscriber observed since July 2019 is expected to produce a more favorable non-benefit expense load on a PMPM basis. When analyzing the premium rate increase on a combined basis, the magnitude of the various premium rate change components is generally similar relative to the medical/pharmacy premium rate change. However, the Carry Over from Prior Analysis component is significantly less, mostly due to the significant premium rate decrease proposed for dental plans. We had recommended a 38.0% decrease to dental premiums for plan year 2019-2020, whereas a 4.0% increase was implemented for both the medical/pharmacy and dental plans.

Based on the member cost sharing parameters summarized in Appendix A.1, we estimate the Blue Preferred network premium rates for each plan relative to the Diamond plan will be as shown in Table 8.

Table 8

Benefit Plan	Premium Rate Relativity
Diamond	0.0%
Platinum	-3.1%
Gold	-10.1%
Silver	-12.7%
Bronze	-16.7%

These estimates were produced using MarVAL™ based on the cost-sharing parameters specified in the summary of benefits and coverage for each plan.⁴ It is important to note the premium relativities have not been adjusted to reflect the potential for selection that may occur. It is our understanding that each group will only be allowed to offer one plan to its employees, which will significantly reduce the potential for selection. However, in our experience, there will likely be some level of selection between groups when choosing which plan to offer.

As mentioned in the "Benefit Adjustments" section of this report, OPEH&W has not requested any benefit changes be made to the 2019-2020 medical/pharmacy benefit plans. While no benefit changes were requested for the medical plans in plan year 2020-2021, we recommend modifications be made to maintain a consistent spread between each option and offset the impact of claim cost leveraging, where possible. Our recommended benefit changes are outlined in Section 5 of this report.

A detailed development of the Diamond plan premiums for the Blue Preferred network is shown in Appendix B. As noted earlier, the premium rate development of the Blue Choice network premiums is based on the development of the Blue Preferred network premiums. Appendix C shows the detailed development of the standard dental plan premiums.

A comparison of the proposed premium rates to the current premium rates is shown in Appendix D. While we have included a stand-alone comparison of the proposed medical/pharmacy premium rates to the current medical/pharmacy premium rates, we have not included a stand-alone comparison of the proposed dental premium rates to the current dental premium rates for simplicity. Instead, we have included a comparison of the proposed medical/pharmacy and dental premium rates combined for the current benefit plan and the additional (Alternative) benefit plan OPEH&W intends to offer in plan year 2020-2021.

⁴ The alternative benefit plans that were modeled as part of the plan year 2019-2020 premium rate development assumed all medical benefits would be subject to the deductible and coinsurance whereas the final benefit designs assumed copays would apply for select medical services (e.g., office visits). The premium rate development for plan year 2020-2021 reflects the impact of any benefit differences relative to the alternative benefit plans that were modeled, which is driving the different in premium rate change by plan.

5. Recommended Benefit Plan Modifications

While no benefit changes were requested for the medical plans in plan year 2020-2021, we recommend modifications be made to maintain a consistent spread between each option and to help offset the impact of claim cost leveraging, where possible. We propose the following changes relative to the 2019-2020 medical benefit plans:

- Diamond
 - No changes
- Platinum Plan
 - Increase the individual in-network out-of-pocket maximum from \$3,000 to \$3,500
 - Increase the family in-network out-of-pocket maximum from \$6,000 to \$7,000
 - Increase the individual out-of-network out-of-pocket maximum from \$6,000 to \$7,000
 - Increase the family out-of-network out-of-pocket maximum from \$12,000 to \$14,000
- Gold
 - Decrease the individual in-network deductible from \$3,000 to \$2,500
 - Decrease the family in-network deductible from \$6,000 to \$5,000
 - Decrease the individual out-of-network deductible from \$6,000 to \$5,000
 - Decrease the family out-of-network deductible from \$12,000 to \$10,000
 - Decrease the individual in-network out-of-pocket maximum from \$5,000 to \$4,500
 - Decrease the family in-network out-of-pocket maximum from \$10,000 to \$9,000
 - Decrease the individual out-of-network out-of-pocket maximum from \$10,000 to \$9,000
 - Decrease the family out-of-network out-of-pocket maximum from \$20,000 to \$18,000
- Silver
 - No changes
- Bronze
 - Increase the individual in-network out-of-pocket maximum from \$5,000 to \$5,500
 - Increase the family in-network out-of-pocket maximum from \$10,000 to \$11,000
 - Increase the individual out-of-network out-of-pocket maximum from \$10,000 to \$11,000
 - Increase the family out-of-network out-of-pocket maximum from \$20,000 to \$22,000

The recommended benefit changes outlined above would produce the following rate changes applicable to the medical/pharmacy premium rates relative to the proposed medical/pharmacy premium rates shown in Appendix D:

Table 9

Benefit Plan	Premium Impact
Diamond	0.0%
Platinum	-1.1%
Gold	2.0%
Silver	0.0%
Bronze	-2.2%

It is important to note that the majority of OPEH&W's current membership is in the Diamond plan, for which we do not recommend any cost sharing changes. The rest of OPEH&W's membership is in the Platinum plan. As a result, we do not anticipate our recommended benefit changes to significantly impact the current member experience. While we recommend OPEH&W make the above changes to its medical/pharmacy benefit plans, the premium rates summarized in this report for plan year 2020-2021 assume no medical/pharmacy benefit changes relative to plans being offered in plan year 2019-2020.

6. Surplus Scenarios

For the plan year 2020-2021 premium rate development, OPEH&W requested no contribution to surplus be built into the medical/pharmacy or dental premium rates. OPEH&W's capital position for the past six full plan years is summarized in Table 10. This information was based on the financial statements provided by OPEH&W and shows that while OPEH&W's capital position has improved since plan year 2016-2017, OPEH&W's capital position has not fully recovered.

Table 10

Capital Position by Plan Year (Amounts in \$1,000)						
	Jul 2013 - Jun 2014	Jul 2014 - Jun 2015	Jul 2015 - Jun 2016	Jul 2016 - Jun 2017	Jul 2017 - Jun 2018	Jul 2018 - Jun 2019
Total Capital (A)	\$6,053	\$6,342	(\$1,552)	(\$1,608)	\$1,530	\$3,645
Total Prem (B)	\$34,281	\$37,537	\$45,128	\$53,004	\$55,089	\$51,178
Active Prem	31,943	33,771	40,327	49,358	51,744	47,996
Cobra Prem	73	103	143	447	146	96
Retiree Prem	2,265	3,663	4,658	3,199	3,200	3,085
Capital % of Prem (A / B)	17.7%	16.9%	N/A	N/A	2.8%	7.1%

Note: Premium amounts shown in the table above may include premiums associated with ancillary benefits (e.g., vision)

Further actions should be considered to strengthen the capital position of the plan. We estimate that including an additional 2.0% to 2.5% rate increase will generate approximately \$1 million in surplus for plan year 2020-2021, assuming enrollment in plan year 2020-2021 is consistent with December 2019 enrollment levels.

7. Incurred But Not Reported Claim Reserves

We estimate IBNR claim reserves for the plan year ending June 30, 2019 to be approximately \$3.1 million. This estimate is based on medical, dental, and pharmacy claims incurred between July 2018 and June 2019 and paid through October 2019. Given that there are four months of claims run-out, the amount we have assumed 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, 2019 to June 30, 2020, and consequently, some claims for the plan year have not yet been incurred or paid. There is significant uncertainty in estimating IBNR claim reserves for future valuation dates, and to do so, we made several broad assumptions:

- The claim payment pattern reflected in the most recently completed plan year (ending June 30, 2019) will be replicated for the current plan year
- The membership levels observed in December 2019 will remain constant for the next seven months (i.e., through June 2020)
- Claims will trend according to the annualized trends specified in the premium rate projections (e.g., 5.5% for medical)
- Claims were adjusted to reflect the impact of benefit changes, anticipated changes in benefit plan mix, and pharmacy rebates

Given these caveats, we calculated an estimated IBNR claim reserve for the plan year ending June 30, 2020 to be approximately \$3.1 million. 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, 2020 with margin is \$3.4 million. An alternative that OPEH&W may want to consider is to use a reserve on a PMPM basis for member months associated with the plan year to better reflect changes in enrollment that may occur between December 2019 and June 2020. The IBNR claim reserve estimate PMPM is \$36.85 without margin and \$40.54 with margin.

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, 2020. Instead, we can only provide a general estimate based on the information available to us at this time. Our estimates will not reflect case-specific reserves that may be necessary for known large claimants. Our reserve estimate could be subject to change if the network or plan mix changes significantly relative to our current expectations.

8. Distribution and Use

Usage and Responsibility of Client – Oliver Wyman prepared this report for the sole use of OPEH&W for the stated purpose. This report includes important considerations, assumptions, and limitations and, as a result, is intended to be read and used only as a whole. This report may not be separated into, or distributed, in parts other than by the client to whom this report was issued, as needed, in the case of distribution to such client's directors, officers, or employees. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of OPEH&W.

Distribution, Circulation, and Publication - 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 we issued this report without the prior written consent of Oliver Wyman. Neither all nor any part of the contents of this report, any opinions expressed herein, or the firm with which this report is connected, shall be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other public means of communications, without the prior written consent of Oliver Wyman.

Third Party Reliance and Due Diligence – Oliver Wyman's consent to any distribution of this report (whether herein or in the written agreement pursuant to which we issued this report) to parties other than OPEH&W does not constitute advice by Oliver Wyman to any such third parties. Any distribution to third parties shall be solely for informational purposes and not for purposes of reliance by any such parties. 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.

9. Considerations and Limitations

Data Verification – Our review of data may not always reveal imperfections. Though we have reviewed the data for reasonableness and consistency, we have not audited or otherwise verified this data. We have assumed that the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information is inaccurate or incomplete, our findings and conclusions might therefore be unreliable.

Unanticipated Changes – We based our conclusions on the estimation of the outcome of many contingent events. We developed our estimates from historical experience, with adjustments for anticipated changes. Unless otherwise stated, our estimates make no provision for the emergence of new types of risks not sufficiently represented in the historical data on which we relied or which are not yet quantifiable.

Internal / External Changes – The sources of uncertainty affecting our estimates are numerous and include factors internal and external to OPEH&W. Internal factors include items such as changes in provider reimbursement and claims adjudication practices. The most significant external influences include, but are not limited to, changes in the legal, social, or regulatory environment. Uncontrollable factors such as general economic conditions also contribute to the variability.

Uncertainty Inherent in Projections – While this analysis complies with applicable Actuarial Standards of Practice, users of this analysis should recognize that our projections involve estimates of future events and are subject to economic and statistical variations from expected values. We have not anticipated any extraordinary changes to the regulatory, legal, social, or economic environment or the emergence of new diseases or catastrophes that might affect our results. For these reasons, we provide no assurance that the emergence of actual experience will correspond to the projections in this analysis.

10. Acknowledgement of Qualifications

I, Ryan Mueller, Senior Consultant of Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman), have been engaged by Oklahoma Public Employees Health and Welfare Plan (OPEH&W) to prepare this report summarizing the premium rate development for the plan year beginning July 1, 2020. 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 analysis underlying the development of the premium 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 premium rates developed in this report reflect estimates of future contingent events; actual results will likely vary. The magnitude of differences between projections in this report 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.

This report was prepared for the sole use of 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.

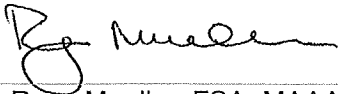
This report is not intended for general circulation or publication, nor is it to be used, quoted or distributed to others for any purpose other than those that may be set forth herein or in the written agreement pursuant to which this report has been issued without the prior written consent of Oliver 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.

Reliance

In performing the analyses outlined in this report and arriving at my opinion, I used and relied on information provided by OPEH&W. I used and relied on this information without independent investigation or audit. If this information is inaccurate, incomplete, or out of date, the findings and conclusions noted within this report may need revision. While I have relied on the data provided without independent investigation or audit, I reviewed the data for consistency and reasonableness. Where I found the data inconsistent or unreasonable, I requested clarification.

Actuarial Certification

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render this opinion. I have utilized generally accepted actuarial methodology in reaching this opinion.

A handwritten signature in black ink, appearing to read "Ryan Mueller", written over a horizontal line.

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

Appendix A. Benefit Designs

A.1. Medical/Pharmacy: Plan Years 2019-2020 and 2020-2021

	Diamond	Diamond	Platinum	Gold	Silver	Bronze
Medical - In-Network						
Network	Blue Preferred	Blue Choice	Blue Preferred	Blue Preferred	Blue Preferred	Blue Preferred
Deductible - Individual	750	750	1,500	3,000	2,000	4,000
Deductible - Family	1,500	1,500	3,000	6,000	4,000	8,000
Max Out-of-Pocket - Individual	3,000	3,000	3,000	5,000	5,000	5,000
Max Out-of-Pocket - Family	6,000	6,000	6,000	10,000	10,000	10,000
Coinsurance (%)	80%	80%	80%	80%	50%	50%
Primary Care Office Visit	20	20	20	20	20	20
Urgent Care Office Visit	20	20	20	20	20	20
Specialist Office Visit	50	50	50	50	50	50
Medical - Out-of-Network						
Deductible - Individual	1,500	1,500	3,000	6,000	6,000	6,000
Deductible - Family	3,000	3,000	6,000	12,000	12,000	12,000
Max Out-of-Pocket - Individual	6,000	6,000	6,000	10,000	10,000	10,000
Max Out-of-Pocket - Family	12,000	12,000	12,000	20,000	20,000	20,000
Coinsurance (%)	70%	70%	70%	70%	50%	50%
Primary Care Office Visit	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Urgent Care Office Visit	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Specialist Office Visit	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Rx						
Brand Deductible	50	50	100	100	500	500
Max Out-of-Pocket - Individual	2,000	2,000	2,000	2,000	2,500	2,500
Max Out-of-Pocket - Family	4,000	4,000	4,000	4,000	5,000	5,000
30-Day Supply						
Generics	10	10	10	10	10	20% coinsurance up to \$20
Preferred Brands	45	45	25% coinsurance up to \$80	25% coinsurance up to \$80	25% coinsurance up to \$80	30% coinsurance up to \$100
Non-Preferred Brands	60	60	40% coinsurance up to \$120	40% coinsurance up to \$120	40% coinsurance up to \$120	50% coinsurance up to \$150
90-Day Supply						
Generics	25	25	25	25	25	20% coinsurance up to \$20
Preferred Brands	112	112	25% coinsurance up to \$200	25% coinsurance up to \$200	25% coinsurance up to \$200	30% coinsurance up to \$250
Non-Preferred Brands	150	150	40% coinsurance up to \$300	40% coinsurance up to \$300	40% coinsurance up to \$300	50% coinsurance up to \$375
Specialty - 30-Day Supply						
Generics	10	10	10	10	10	20% coinsurance up to \$50
Preferred Brands	60	60	60	60	20% coinsurance up to \$80	30% coinsurance up to \$80
Non-Preferred Brands	100	100	100	100	40% coinsurance up to \$120	50% coinsurance up to \$120

A.2. Dental: Plan Year 2020-2021

	Standard	Alternative
Individual Deductible	50	25
Plan Year Maximum Per Covered Person	1,500	2,500
Preventive & Diagnostic Services	0%	0%
Basic Services	20%	15%
Major Services	50%	40%
Orthodontic Treatment		
Deductible	0	0
Coinsurance	50%	50%
Lifetime Maximum per Child	1,500	1,500

Appendix B. Medical/Pharmacy Rate Development

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

Rating Period: 7/1/2020 to 6/30/2021
Pooling Level: \$425,000

	Experience Period 1	Experience Period 2
Experience Period	7/1/2017 to 6/30/2018	7/1/2018 to 6/30/2019
Member Months	106,598	92,844
Contract Months	68,100	60,896
Number of Projection Months	36	24
Member Months/Contract	1.565	1.525

BASE PERIOD MEDICAL/PHARMACY CLAIMS		
1. Medical Claims	\$ 30,709,495	\$ 28,447,241
2. Less Reinsurance Recoveries	\$ 469,842	\$ 101,760
3a. Claims Adjusted for Reinsurance Recoveries (1. - 2.)	\$ 30,239,653	\$ 28,345,481
3b. Adjustment for change in Provider Network	0.9933	0.9942
3c. Large Claim Adjustment	1.0000	1.0000
4. Trend Factor to 01/01/2021 Effective Date @ 5.5%	x 1.1742	1.1130
5. Projected Medical Claims (3a. x 3b. x 3c. x 4.)	\$ 35,269,244	\$ 31,367,434
6a. Pharmacy Claims For Period	\$ 14,346,100	\$ 12,997,564
6b. PBM Adjustment	0.8433	0.8022
7. Trend Factor to 01/01/2021 Effective Date	x 1.2950	1.1881
8. Projected Pharmacy Claims (6a. x 6b. x 7.)	\$ 15,666,938	\$ 12,387,812
9. Projected Net Claims (5.+ 8.)	\$ 50,936,182	\$ 43,755,245
10. Member Months	/ 106,598	92,844
11. Projected Medical and Drug Costs PMPM (9. / 10.)	\$ 477.83	\$ 471.28
12. Other Multiplicative Adjustment		
Benefit Changes	1.0273	1.0317
Demographic	x 1.0000	1.0000
Total	1.0273	1.0317
13. Other Additive Adjustment PMPM	+ \$ -	\$ -
14. Adjusted Trended Medical Claims (11. x 12. + 13.)	\$ 490.86	\$ 486.23

PROJECTED CLAIMS PMPM FOR 7/1/2020 to 6/30/2021		
1. Projected Medical and Pharmacy Claims Experience	\$ 490.86	\$ 486.23
2. Period Weightings	0.38	0.62
3. Contributing Claims Experience (1. x 2.)	3a. \$ 188.73	3b. \$ 299.28
4. Weighted Projected Medical and Pharmacy Claims (3a. + 3b.)		\$ 488.01

ADMINISTRATIVE/EXPENSE		PMPM
1. Projected Medical and Pharmacy Claims		\$ 488.01
2. Fees		
a. BCBSOK Medical ASO Fee	PCPM \$33.97	\$ 21.02
b. Plan Management Fee	PCPM \$17.37	10.75
c. Health Advocacy Solutions	PCPM \$15.05	9.31
d. Stop Loss Premium	PCPM \$22.71	14.05
e. Telehealth Fee	PMPM \$0.52	0.32
f. PCORI	PMPM	0.22
g. Total Fees		\$ 55.68
* Ratio of Members/Contract for Dec 2019:	1.616	
3. Projected Claims and Expense (1. + 2g.)		\$ 543.69
4. Contribution to Surplus		0.00%
5. Projected Claims and Contribution to Surplus (3 / (1 - 4.))		\$ 543.69

Convert Premium PMPM to Tier Rates	
Single Conversion Factor	1.144

Appendix C. Dental Rate Development

OPEH&W Health Plan Dental Experience Rating Renewal Calculation - Standard Dental Plan

Rating Period: 7/1/2020 to 6/30/2021

	Experience Period 1	Experience Period 2
Experience Period	7/1/2017 to 6/30/2018	7/1/2018 to 6/30/2019
Member Months	96,816	88,373
Contract Months	60,226	56,706
Number of Projection Months	36	24
Member Months/Contract	1.608	1.558

BASE PERIOD DENTAL CLAIMS

1. Dental Claims	\$	1,827,347	\$	1,775,478
2. Trend Factor to 01/01/2021 Effective Date @ 4.5%	x	1.141	x	1.092
3. Projected Net Claims (1. x 2.)	\$	2,085,307	\$	1,938,866
4. Member Months	/	96,816	/	88,373
5. Projected Dental Costs PMPM (3. / 4.)	\$	21.54	\$	21.94
6. Benefit Adjustment		1.030		1.000
7. Other Additive Adjustment PMPM	\$	-	\$	-
8. Adjusted Trended Dental Claims (5. x 6. + 7.)	\$	22.18	\$	21.94

PROJECTED CLAIMS PMPM FOR 7/1/2020 to 6/30/2021

1. Projected Dental Claims PMPM	\$	22.18	\$	21.94
2. Period Weightings		0.37		0.63
3. Contributing Claims Experience (1. x 2.)	3a. \$	8.27	3b. \$	13.76
4. Weighted Projected Dental Claims (3a. + 3b.)			\$	22.03

ADMINISTRATIVE/EXPENSE

1. Projected Dental Claims			\$	22.03
2. BCBSOK Dental Fee	PCPM	\$2.75		\$1.69
Ratio of Members/Contract for Dec 2019	1.578			
3. Projected Claims and Expense PMPM (1. + 2b.)			\$	23.73
4. Contribution to Surplus				0.00%
5. Projected Claims and Contribution to Surplus (3 / (1 - 4.))			\$	23.73

Convert Premium PMPM to Tier Rates
Single Conversion Factor

1.083

Appendix D. Premium Rate Changes

D.1. Diamond Plan – Blue Preferred Network

Tier	Proposed Premium Rates								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$621.98	\$800.92	\$634.41	\$647.66	\$833.99	\$660.62	\$651.32	\$838.70	\$664.35
Employee + Child	\$925.08	\$1,200.97	\$943.59	\$964.60	\$1,250.29	\$983.91	\$970.23	\$1,257.31	\$989.65
Employee + Children	\$1,115.40	\$1,442.62	\$1,137.71	\$1,163.09	\$1,501.73	\$1,186.37	\$1,169.87	\$1,510.14	\$1,193.29
Employee + Spouse	\$1,363.74	\$1,775.12	\$1,391.03	\$1,421.78	\$1,846.73	\$1,450.25	\$1,430.04	\$1,856.93	\$1,458.68
Employee + Spouse + Child	\$1,666.84	\$2,175.16	\$1,700.19	\$1,738.72	\$2,263.03	\$1,773.51	\$1,748.95	\$2,275.54	\$1,783.95
Employee + Spouse + Children	\$1,857.16	\$2,416.81	\$1,894.31	\$1,937.20	\$2,514.47	\$1,975.96	\$1,948.60	\$2,528.37	\$1,987.59

Tier	Current Premium Rates								
	Medical			Medical & Standard Dental			Medical & Standard Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$586.02	\$754.62	\$597.74	\$628.38	\$809.16	\$640.96	\$628.38	\$809.16	\$640.96
Employee + Child	\$871.60	\$1,131.54	\$889.04	\$936.78	\$1,212.88	\$955.54	\$936.78	\$1,212.88	\$955.54
Employee + Children	\$1,050.92	\$1,359.22	\$1,071.94	\$1,129.56	\$1,456.70	\$1,152.18	\$1,129.56	\$1,456.70	\$1,152.18
Employee + Spouse	\$1,284.90	\$1,672.50	\$1,310.62	\$1,380.62	\$1,790.60	\$1,408.28	\$1,380.62	\$1,790.60	\$1,408.28
Employee + Spouse + Child	\$1,570.48	\$2,049.42	\$1,601.90	\$1,689.02	\$2,194.32	\$1,722.82	\$1,689.02	\$2,194.32	\$1,722.82
Employee + Spouse + Children	\$1,749.80	\$2,277.10	\$1,784.80	\$1,881.80	\$2,438.14	\$1,919.46	\$1,881.80	\$2,438.14	\$1,919.46

Tier	Premium Rate Change								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	6.1%	6.1%	6.1%	3.1%	3.1%	3.1%	3.7%	3.7%	3.6%
Employee + Child	6.1%	6.1%	6.1%	3.0%	3.1%	3.0%	3.6%	3.7%	3.6%
Employee + Children	6.1%	6.1%	6.1%	3.0%	3.1%	3.0%	3.6%	3.7%	3.6%
Employee + Spouse	6.1%	6.1%	6.1%	3.0%	3.1%	3.0%	3.6%	3.7%	3.6%
Employee + Spouse + Child	6.1%	6.1%	6.1%	2.9%	3.1%	2.9%	3.5%	3.7%	3.5%
Employee + Spouse + Children	6.1%	6.1%	6.1%	2.9%	3.1%	2.9%	3.5%	3.7%	3.5%

D.2. Diamond Plan – Blue Choice Network

Tier	Proposed Premium Rates								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$665.42	\$856.80	\$678.73	\$691.10	\$889.88	\$704.93	\$694.76	\$894.58	\$708.66
Employee + Child	\$989.67	\$1,284.75	\$1,009.49	\$1,029.19	\$1,334.07	\$1,049.82	\$1,034.82	\$1,341.09	\$1,055.56
Employee + Children	\$1,193.26	\$1,543.28	\$1,217.14	\$1,240.94	\$1,602.39	\$1,265.80	\$1,247.73	\$1,610.80	\$1,272.72
Employee + Spouse	\$1,458.96	\$1,899.03	\$1,488.15	\$1,517.01	\$1,970.64	\$1,547.37	\$1,525.27	\$1,980.84	\$1,555.80
Employee + Spouse + Child	\$1,783.21	\$2,326.97	\$1,818.89	\$1,855.09	\$2,414.84	\$1,892.22	\$1,865.32	\$2,427.35	\$1,902.66
Employee + Spouse + Children	\$1,986.80	\$2,585.50	\$2,026.54	\$2,066.85	\$2,683.15	\$2,108.20	\$2,078.24	\$2,697.06	\$2,119.82

Tier	Current Premium Rates								
	Medical			Medical & Standard Dental			Medical & Standard Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$626.94	\$807.26	\$639.48	\$669.30	\$861.80	\$682.70	\$669.30	\$861.80	\$682.70
Employee + Child	\$932.44	\$1,210.46	\$951.12	\$997.62	\$1,291.80	\$1,017.62	\$997.62	\$1,291.80	\$1,017.62
Employee + Children	\$1,124.26	\$1,454.04	\$1,146.76	\$1,202.90	\$1,551.52	\$1,227.00	\$1,202.90	\$1,551.52	\$1,227.00
Employee + Spouse	\$1,374.60	\$1,789.22	\$1,402.10	\$1,470.32	\$1,907.32	\$1,499.76	\$1,470.32	\$1,907.32	\$1,499.76
Employee + Spouse + Child	\$1,680.10	\$2,192.42	\$1,713.72	\$1,798.64	\$2,337.32	\$1,834.64	\$1,798.64	\$2,337.32	\$1,834.64
Employee + Spouse + Children	\$1,871.92	\$2,436.00	\$1,909.36	\$2,003.92	\$2,597.04	\$2,044.02	\$2,003.92	\$2,597.04	\$2,044.02

Tier	Premium Rate Change								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	6.1%	6.1%	6.1%	3.3%	3.3%	3.3%	3.8%	3.8%	3.8%
Employee + Child	6.1%	6.1%	6.1%	3.2%	3.3%	3.2%	3.7%	3.8%	3.7%
Employee + Children	6.1%	6.1%	6.1%	3.2%	3.3%	3.2%	3.7%	3.8%	3.7%
Employee + Spouse	6.1%	6.1%	6.1%	3.2%	3.3%	3.2%	3.7%	3.9%	3.7%
Employee + Spouse + Child	6.1%	6.1%	6.1%	3.1%	3.3%	3.1%	3.7%	3.9%	3.7%
Employee + Spouse + Children	6.1%	6.1%	6.1%	3.1%	3.3%	3.1%	3.7%	3.9%	3.7%

D.3. Platinum Plan – Blue Preferred Network

Tier	Proposed Premium Rates								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$602.52	\$775.88	\$614.58	\$628.21	\$808.96	\$640.79	\$631.86	\$813.66	\$644.52
Employee + Child	\$896.15	\$1,163.43	\$914.08	\$935.67	\$1,212.75	\$954.41	\$941.30	\$1,219.77	\$960.15
Employee + Children	\$1,080.51	\$1,397.51	\$1,102.14	\$1,128.20	\$1,456.62	\$1,150.79	\$1,134.99	\$1,465.04	\$1,157.72
Employee + Spouse	\$1,321.09	\$1,719.63	\$1,347.53	\$1,379.13	\$1,791.25	\$1,406.75	\$1,387.39	\$1,801.44	\$1,415.18
Employee + Spouse + Child	\$1,614.72	\$2,107.15	\$1,647.03	\$1,686.60	\$2,195.02	\$1,720.36	\$1,696.83	\$2,207.53	\$1,730.79
Employee + Spouse + Children	\$1,799.08	\$2,341.26	\$1,835.08	\$1,879.12	\$2,438.91	\$1,916.74	\$1,890.52	\$2,452.81	\$1,928.36

Tier	Current Premium Rates								
	Medical			Medical & Standard Dental			Medical & Standard Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$545.58	\$702.56	\$556.50	\$587.94	\$757.10	\$599.72	\$587.94	\$757.10	\$599.72
Employee + Child	\$811.46	\$1,053.48	\$827.70	\$876.64	\$1,134.82	\$894.20	\$876.64	\$1,134.82	\$894.20
Employee + Children	\$978.40	\$1,265.44	\$997.98	\$1,057.04	\$1,362.92	\$1,078.22	\$1,057.04	\$1,362.92	\$1,078.22
Employee + Spouse	\$1,196.24	\$1,557.12	\$1,220.18	\$1,291.96	\$1,675.22	\$1,317.84	\$1,291.96	\$1,675.22	\$1,317.84
Employee + Spouse + Child	\$1,462.12	\$1,908.02	\$1,491.38	\$1,580.66	\$2,052.92	\$1,612.30	\$1,580.66	\$2,052.92	\$1,612.30
Employee + Spouse + Children	\$1,629.06	\$2,120.00	\$1,661.66	\$1,761.06	\$2,281.04	\$1,796.32	\$1,761.06	\$2,281.04	\$1,796.32

Tier	Premium Rate Change								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	10.4%	10.4%	10.4%	6.8%	6.8%	6.8%	7.5%	7.5%	7.5%
Employee + Child	10.4%	10.4%	10.4%	6.7%	6.9%	6.7%	7.4%	7.5%	7.4%
Employee + Children	10.4%	10.4%	10.4%	6.7%	6.9%	6.7%	7.4%	7.5%	7.4%
Employee + Spouse	10.4%	10.4%	10.4%	6.7%	6.9%	6.7%	7.4%	7.5%	7.4%
Employee + Spouse + Child	10.4%	10.4%	10.4%	6.7%	6.9%	6.7%	7.3%	7.5%	7.3%
Employee + Spouse + Children	10.4%	10.4%	10.4%	6.7%	6.9%	6.7%	7.4%	7.5%	7.4%

D.4. Gold Plan – Blue Preferred Network

Tier	Proposed Premium Rates								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$559.29	\$720.20	\$570.49	\$584.98	\$753.28	\$596.70	\$588.63	\$757.98	\$600.43
Employee + Child	\$831.85	\$1,079.92	\$848.50	\$871.38	\$1,129.25	\$888.82	\$877.00	\$1,136.27	\$894.56
Employee + Children	\$1,002.99	\$1,297.23	\$1,023.07	\$1,050.67	\$1,356.34	\$1,071.73	\$1,057.46	\$1,364.75	\$1,078.66
Employee + Spouse	\$1,226.28	\$1,596.20	\$1,250.82	\$1,284.33	\$1,667.81	\$1,310.04	\$1,292.59	\$1,678.01	\$1,318.47
Employee + Spouse + Child	\$1,498.84	\$1,955.92	\$1,528.85	\$1,570.73	\$2,043.79	\$1,602.17	\$1,580.96	\$2,056.29	\$1,612.61
Employee + Spouse + Children	\$1,669.98	\$2,173.22	\$1,703.40	\$1,750.02	\$2,270.88	\$1,785.06	\$1,761.42	\$2,284.78	\$1,796.68

Tier	Current Premium Rates								
	Medical			Medical & Standard Dental			Medical & Standard Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$513.36	\$661.06	\$523.64	\$555.72	\$715.60	\$566.86	\$555.72	\$715.60	\$566.86
Employee + Child	\$763.54	\$991.24	\$778.82	\$828.72	\$1,072.58	\$845.32	\$828.72	\$1,072.58	\$845.32
Employee + Children	\$920.62	\$1,190.70	\$939.06	\$999.26	\$1,288.18	\$1,019.30	\$999.26	\$1,288.18	\$1,019.30
Employee + Spouse	\$1,125.58	\$1,465.12	\$1,148.10	\$1,221.30	\$1,583.22	\$1,245.76	\$1,221.30	\$1,583.22	\$1,245.76
Employee + Spouse + Child	\$1,375.76	\$1,795.30	\$1,403.30	\$1,494.30	\$1,940.20	\$1,524.22	\$1,494.30	\$1,940.20	\$1,524.22
Employee + Spouse + Children	\$1,532.84	\$1,994.76	\$1,563.52	\$1,664.84	\$2,155.80	\$1,698.18	\$1,664.84	\$2,155.80	\$1,698.18

Tier	Premium Rate Change								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	8.9%	8.9%	8.9%	5.3%	5.3%	5.3%	5.9%	5.9%	5.9%
Employee + Child	8.9%	8.9%	8.9%	5.1%	5.3%	5.1%	5.8%	5.9%	5.8%
Employee + Children	8.9%	8.9%	8.9%	5.1%	5.3%	5.1%	5.8%	5.9%	5.8%
Employee + Spouse	8.9%	8.9%	8.9%	5.2%	5.3%	5.2%	5.8%	6.0%	5.8%
Employee + Spouse + Child	8.9%	8.9%	8.9%	5.1%	5.3%	5.1%	5.8%	6.0%	5.8%
Employee + Spouse + Children	8.9%	8.9%	8.9%	5.1%	5.3%	5.1%	5.8%	6.0%	5.8%

D.5. Silver Plan – Blue Preferred Network

Tier	Proposed Premium Rates								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$542.98	\$699.19	\$553.84	\$568.67	\$732.27	\$580.05	\$572.33	\$736.97	\$583.78
Employee + Child	\$807.60	\$1,048.43	\$823.75	\$847.12	\$1,097.75	\$864.07	\$852.75	\$1,104.78	\$869.81
Employee + Children	\$973.75	\$1,259.38	\$993.22	\$1,021.43	\$1,318.49	\$1,041.88	\$1,028.22	\$1,326.91	\$1,048.80
Employee + Spouse	\$1,190.53	\$1,549.66	\$1,214.36	\$1,248.57	\$1,621.28	\$1,273.58	\$1,256.84	\$1,631.47	\$1,282.01
Employee + Spouse + Child	\$1,455.12	\$1,898.88	\$1,484.22	\$1,527.00	\$1,986.74	\$1,557.55	\$1,537.24	\$1,999.25	\$1,567.98
Employee + Spouse + Children	\$1,621.27	\$2,109.85	\$1,653.71	\$1,701.32	\$2,207.50	\$1,735.37	\$1,712.71	\$2,221.41	\$1,746.99

Tier	Current Premium Rates								
	Medical			Medical & Standard Dental			Medical & Standard Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$484.06	\$623.32	\$493.74	\$526.42	\$677.86	\$536.96	\$526.42	\$677.86	\$536.96
Employee + Child	\$719.96	\$934.66	\$734.36	\$785.14	\$1,016.00	\$800.86	\$785.14	\$1,016.00	\$800.86
Employee + Children	\$868.08	\$1,122.72	\$885.44	\$946.72	\$1,220.20	\$965.68	\$946.72	\$1,220.20	\$965.68
Employee + Spouse	\$1,061.34	\$1,381.50	\$1,082.58	\$1,157.06	\$1,499.60	\$1,180.24	\$1,157.06	\$1,499.60	\$1,180.24
Employee + Spouse + Child	\$1,297.22	\$1,692.82	\$1,323.16	\$1,415.76	\$1,837.72	\$1,444.08	\$1,415.76	\$1,837.72	\$1,444.08
Employee + Spouse + Children	\$1,445.34	\$1,880.90	\$1,474.26	\$1,577.34	\$2,041.94	\$1,608.92	\$1,577.34	\$2,041.94	\$1,608.92

Tier	Premium Rate Change								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	12.2%	12.2%	12.2%	8.0%	8.0%	8.0%	8.7%	8.7%	8.7%
Employee + Child	12.2%	12.2%	12.2%	7.9%	8.0%	7.9%	8.6%	8.7%	8.6%
Employee + Children	12.2%	12.2%	12.2%	7.9%	8.1%	7.9%	8.6%	8.7%	8.6%
Employee + Spouse	12.2%	12.2%	12.2%	7.9%	8.1%	7.9%	8.6%	8.8%	8.6%
Employee + Spouse + Child	12.2%	12.2%	12.2%	7.9%	8.1%	7.9%	8.6%	8.8%	8.6%
Employee + Spouse + Children	12.2%	12.2%	12.2%	7.9%	8.1%	7.9%	8.6%	8.8%	8.6%

D.6. Bronze Plan – Blue Preferred Network

Tier	Proposed Premium Rates								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$518.33	\$667.45	\$528.71	\$544.02	\$700.53	\$554.92	\$547.67	\$705.23	\$558.65
Employee + Child	\$770.93	\$1,000.85	\$786.36	\$810.45	\$1,050.17	\$826.69	\$816.08	\$1,057.19	\$832.43
Employee + Children	\$929.54	\$1,202.22	\$948.14	\$977.23	\$1,261.33	\$996.80	\$984.02	\$1,269.75	\$1,003.73
Employee + Spouse	\$1,136.49	\$1,479.31	\$1,159.24	\$1,194.54	\$1,550.93	\$1,218.46	\$1,202.80	\$1,561.12	\$1,226.89
Employee + Spouse + Child	\$1,389.09	\$1,812.69	\$1,416.89	\$1,460.97	\$1,900.55	\$1,490.21	\$1,471.20	\$1,913.06	\$1,500.65
Employee + Spouse + Children	\$1,547.68	\$2,014.08	\$1,578.67	\$1,627.73	\$2,111.74	\$1,660.33	\$1,639.12	\$2,125.64	\$1,671.95

Tier	Current Premium Rates								
	Medical			Medical & Standard Dental			Medical & Standard Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$455.34	\$586.34	\$464.46	\$497.70	\$640.88	\$507.68	\$497.70	\$640.88	\$507.68
Employee + Child	\$677.24	\$879.22	\$690.80	\$742.42	\$960.56	\$757.30	\$742.42	\$960.56	\$757.30
Employee + Children	\$816.58	\$1,056.12	\$832.92	\$895.22	\$1,153.60	\$913.16	\$895.22	\$1,153.60	\$913.16
Employee + Spouse	\$998.38	\$1,299.54	\$1,018.36	\$1,094.10	\$1,417.64	\$1,116.02	\$1,094.10	\$1,417.64	\$1,116.02
Employee + Spouse + Child	\$1,220.28	\$1,592.40	\$1,244.70	\$1,338.82	\$1,737.30	\$1,365.62	\$1,338.82	\$1,737.30	\$1,365.62
Employee + Spouse + Children	\$1,359.60	\$1,769.32	\$1,386.82	\$1,491.60	\$1,930.36	\$1,521.48	\$1,491.60	\$1,930.36	\$1,521.48

Tier	Premium Rate Change								
	Medical			Medical & Standard Dental			Medical & Alternative Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	13.8%	13.8%	13.8%	9.3%	9.3%	9.3%	10.0%	10.0%	10.0%
Employee + Child	13.8%	13.8%	13.8%	9.2%	9.3%	9.2%	9.9%	10.1%	9.9%
Employee + Children	13.8%	13.8%	13.8%	9.2%	9.3%	9.2%	9.9%	10.1%	9.9%
Employee + Spouse	13.8%	13.8%	13.8%	9.2%	9.4%	9.2%	9.9%	10.1%	9.9%
Employee + Spouse + Child	13.8%	13.8%	13.8%	9.1%	9.4%	9.1%	9.9%	10.1%	9.9%
Employee + Spouse + Children	13.8%	13.8%	13.8%	9.1%	9.4%	9.1%	9.9%	10.1%	9.9%



Oliver Wyman
411 East Wisconsin Avenue, Suite 1300
Milwaukee, WI 53202-4419
414-277-4680
Ryan.Mueller@OliverWyman.com