

State of Wisconsin Self-Insured Local Medical and Prescription Drug Plans

2012 Rate Development

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August 23, 2011

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Overview

Overall experience for the self-insured plans was better than expected.

- Net Fund Balance
 - The Net Fund Balance increased slightly from last year as a result of favorable experience in the aggregate.
- Prescription Drugs
 - In 2012 the average rate increase for the active HMO program would have been 0.6% without utilizing any Net Fund Balance. We are recommending utilizing \$800,000 of Net Fund Balance, to achieve an overall rate decrease of 2.4% over the 2011 rates.
 - Due in part to the impact of the changes to the Medicare drug subsidy arrangement, the 2012 average rate decrease for the Medicare program would have been 21.9% without utilizing any Net Fund Balance. We are recommending utilizing \$200,000 of the Net Fund Balance, to achieve an overall rate decrease of 26.0% over the 2011 rates.
 - Effective January 2012, the Department will be participating in a self-insured Employer Group Waiver Plan (EGWP) for Medicare retirees administrated by Navitus.
- Local Standard & Local State Maintenance Plan (SMP)
 - The enrollment in the Local SMP has increased in 2011.
 - As Local Standard and SMP Plans enrollments are small (and not credible on a combined basis), they are rated together for medical premium development.
 - Due to the small enrollment, the reinsurance agreement with the self-funded administrator, WPS, will continue to include specific stop loss.
 - We are recommending no rate change from the 2011 rates.
- Local Medicare
 - We are recommending an overall rate decrease of 5.0% over the 2011 rates.

Prescription Drug Program

- The prescription drug program has four components. The largest components are the self-insured active and Medicare HMO pharmacy plans. The other two components are a small self-insured Standard and SMP group and the Medicare program.
- A blended trend rate of 3.3% was employed for developing the 2012 non-Medicare prescription drug rate.
- The average rate increase for the active HMO pharmacy plan for 2012 is 0.6% without utilizing any Net Fund Balance.
 - For the active HMOs, we are recommending utilizing \$800,000 of the Net Fund Balance to arrive at a 2.4% decrease for 2012.
- The average rate decrease for the Medicare pharmacy plan for 2012 is 21.9% without utilizing any Net Fund Balance.
 - For the Medicare, we are recommending utilizing \$200,000 of the Net Fund Balance to arrive at a 26.0% decrease for 2012.
 - From the inception of Medicare Part D in January 1, 2006 through December 31, 2011 the Department has utilized a fully insured PDP purchased from Dean Health Insurance to support prescription drug coverage for their retirees. Beginning January 1, 2012, the Department will be utilizing an Employee Group Waiver Plan (EGWP) arrangement with Navitus. The projected EGWP subsidy has been reflected as a rate reduction for the Medicare group (approximately \$2.7 million for 2012). This estimate was provided by Navitus and been reviewed at a high level for reasonableness and appropriateness for use in rate development.
- The Local Standard and SMP Plans continue to have limited enrollment (54 and 166 members respectively). Since this experience is not credible, we have used the prescription drug needed rate decrease (before any State reserve fund buy down) as calculated for the State Standard Preferred Provider Plan.

Prescription Drug Plan

Non-Medicare

- Recommended single rates for non-Medicare members:

	Non-Medicare Single Rates		
	2012	2011	Rate Change
HMO	\$77.80	\$ 79.70	-2.4%
Standard	\$147.00	\$ 154.10	-4.6%

Medicare

- This will be self-insured and administered by Navitus.

	2012 Self Insured	2011 Fully Insured	Rate Change
Total	\$ 154.70	\$ 209.00	-26.0%

Standard

- On January 1, 2005, both Preferred Provider Plan and Deductible options were added to the Standard Plan. This was done in an effort to slow the spiraling experience of the Standard Plan. Enrollment continues to be small in these products. As a result, we are continuing to pool the Standard Plan's experience with the SMP experience in order to have a more credible group.
- The key rating considerations are listed below:
 - 8.9% medical trend assumption
 - Standard Plan experience in 2011 (while not credible with 34 contracts) is better than anticipated
 - SMP experience in 2011 (while not credible with 63 contracts) is better than anticipated
- The 2012 rate development calculated an approximate 13.5% overall rate decrease.
- Because the experience is not credible we recommend that the 2012 rate increase be established at the same level as the State Standard Plan at 0% compared to the 2011 rates.
- Due to the small enrollment, the reinsurance agreement will continue to include specific stop loss.

Standard

Area Factors

- We recommend that the current area factors be continued:

<u>Area</u>	<u>Region</u>	<u>Area Factor</u>
1	Dane	96.0%
2	Milwaukee	115.0%
3	Waukesha	105.0%
4	Balance of State	105.0%

2012 Rates

- The table below displays the recommended Standard Plan rates:

<u>Area</u>	<u>2012 Single</u>	<u>2011 Single</u>	<u>Rate Change</u>
1	\$ 993.30	\$ 993.30	0.0%
2	\$ 1,159.30	\$ 1,159.30	0.0%
3	\$ 1,071.90	\$ 1,071.90	0.0%
4	\$ 1,071.90	\$ 1,071.90	0.0%

Standard Plans — Basic, Preferred Provider and Deductible Options

- In 2005, the Board approved the addition of the Preferred Provider Plan and Deductible options for the Standard Plan. The 91.5% rate ratio between the Basic Option and Deductible Option will be maintained in 2012.
- The Area 1 Dane single rates are:

	2012 Basic Option	2012 Deductible Option
Standard	\$ 993.30	\$ 909.20
Standard PPP	\$ 891.20	\$ 839.40

State Maintenance Plan

- SMP was underwritten together with the Standard Plan in order to establish a more credible experience base.
- Due to the small enrollment, the reinsurance agreement will continue to include specific stop loss.
- The 65% rate ratio with the Standard Plan will be maintained in 2012.
- The overall recommended rate increase for 2012 is 0%.
- The single rates are:

	2012	2011	Rate Change
SMP	\$ 712.90	\$ 712.90	0.0%
SMP Deductible	\$ 651.90	\$ 651.90	0.0%

Medicare

- The Medicare plan had higher claims than prior year, although with only 270 members, we cannot consider their experience to be credible.
- We applied a 5.0% medical trend assumption when developing the 2012 rates.
- As noted earlier in the report, we have incorporated the impact resulted from the contract change to self-insured under an EGWP contract with Navitus, and the utilization of \$200,000 from Net Fund Balance. This resulted in a projected 26% decrease over the 2011 prescription drug rates.
- We recommend overall rate decrease of 5.0% for 2012.

Medicare Basic, PPP and Deductible Options

- In 2005, the Board approved the addition of Preferred Provider Plan and Deductible options for Medicare eligible participants.
- The overall recommended rate decrease for 2012 is 5.0%
- The 94.7% rate ratio between the Basic Option and the Deductible Option will be maintained in 2012.
- The Area 1 Dane single rates are:

	2012 Basic Option	2012 Deductible Option
Medicare	\$363.50	\$344.40
Medicare PPP	\$351.50	\$331.80

Net Fund Balance

- Overall, estimated Net Fund Balances continued to increase for the medical and pharmacy plan during the last year.
 - Net Fund Balance includes accrued-but-not-received drug rebates in the amount of \$2.2 million.
- We are recommending a 2012 medical and prescription drug buy-down of approximately \$1.0 million utilizing the Net Fund Balance.
- Following this buy-down, the fund balance is expected to be sufficient to protect against unfavorable claim cost and investment experience in 2012, and also provide continued rate stability for 2013 and later.

Net Fund Balance

	6/30/2011	6/30/2010	6/30/2009
MEDICAL (in millions)			
Cash Balance ⁽¹⁾	3.1	3.3	3.5
Incurred But Not Report Claim Liability (IBNR)	(0.2)	(0.3)	(0.2)
Net Fund Balance	2.9	3.0	3.3

	6/30/2011	6/30/2010	6/30/2009
PHARMACY (in millions)			
Cash Balance	13.1	13.1	12.3
Estimated Accrued Drug Rebates	2.2	1.8	1.3
Navitus Advance	1.4	1.4	1.4
Projected Future Cash Balance⁽¹⁾	16.6	16.3	15.0
IBNR ⁽²⁾	(0.5)	(0.5)	(0.4)
Net Fund Balance	16.1	15.8	14.6

(1) Source: Department of Employee Trust Funds

(2) 2011 RX IBNR is estimated at one week of claims



Appendix I

Final Rates

Local Standard

State of Wisconsin Local Medical Plans 2012 Rate Development Detail

Local Standard								
2011 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$769.86	\$1,924.68	\$935.86	\$2,339.68	\$848.46	\$2,121.08	\$848.46	\$2,121.08
Rx Claim Cost	\$147.55	\$368.89	\$147.55	\$368.89	\$147.55	\$368.89	\$147.55	\$368.89
Expenses	\$75.89	\$185.83	\$75.89	\$185.83	\$75.89	\$185.83	\$75.89	\$185.83
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$993.30	\$2,479.40	\$1,159.30	\$2,894.40	\$1,071.90	\$2,675.80	\$1,071.90	\$2,675.80

Local Standard								
2012 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$772.32	\$1,931.16	\$938.32	\$2,346.16	\$850.92	\$2,127.56	\$850.92	\$2,127.56
Rx Claim Cost	\$138.51	\$346.27	\$138.51	\$346.27	\$138.51	\$346.27	\$138.51	\$346.27
Expenses ⁽¹⁾	\$82.47	\$201.97	\$82.47	\$201.97	\$82.47	\$201.97	\$82.47	\$201.97
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL ⁽²⁾	\$993.30	\$2,479.40	\$1,159.30	\$2,894.40	\$1,071.90	\$2,675.80	\$1,071.90	\$2,675.80
Change	0.0%		0.0%		0.0%		0.0%	

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$2.80
- B) WPS Expense Fee of \$120.37, includes specific stop loss
- C) Navitus Expense fee of \$8.50
- D) Expenses are allocated between Single and Family contracts.

(2) Total rates must be rounded to the nearest ten cents.

Local Standard PPP

State of Wisconsin Local Medical Plans 2012 Rate Development Detail

Local Standard PPP								
2011 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$667.76	\$1,669.48	\$813.56	\$2,033.98	\$736.06	\$1,840.18	\$736.06	\$1,840.18
Rx Claim Cost	\$147.55	\$368.89	\$147.55	\$368.89	\$147.55	\$368.89	\$147.55	\$368.89
Expenses	\$75.89	\$185.83	\$75.89	\$185.83	\$75.89	\$185.83	\$75.89	\$185.83
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$891.20	\$2,224.20	\$1,037.00	\$2,588.70	\$959.50	\$2,394.90	\$959.50	\$2,394.90

Local Standard PPP								
2012 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$670.22	\$1,675.96	\$816.02	\$2,040.46	\$738.52	\$1,846.66	\$738.52	\$1,846.66
Rx Claim Cost	\$138.51	\$346.27	\$138.51	\$346.27	\$138.51	\$346.27	\$138.51	\$346.27
Expenses ⁽¹⁾	\$82.47	\$201.97	\$82.47	\$201.97	\$82.47	\$201.97	\$82.47	\$201.97
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL ⁽²⁾	\$891.20	\$2,224.20	\$1,037.00	\$2,588.70	\$959.50	\$2,394.90	\$959.50	\$2,394.90
Change	0.0%		0.0%		0.0%		0.0%	

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$2.80
- B) WPS Expense Fee of \$120.37, includes specific stop loss
- C) Navitus Expense fee of \$8.50
- D) Expenses are allocated between Single and Family contracts.

(2) Total rates must be rounded to the nearest ten cents.

Local Standard Deductible

State of Wisconsin Local Medical Plans 2012 Rate Development Detail

Local Standard Deductible								
2011 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$685.76	\$1,714.38	\$835.56	\$2,088.78	\$755.76	\$1,889.38	\$755.76	\$1,889.38
Rx Claim Cost	\$147.55	\$368.89	\$147.55	\$368.89	\$147.55	\$368.89	\$147.55	\$368.89
Expenses	\$75.89	\$185.83	\$75.89	\$185.83	\$75.89	\$185.83	\$75.89	\$185.83
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$909.20	\$2,269.10	\$1,059.00	\$2,643.50	\$979.20	\$2,444.10	\$979.20	\$2,444.10

Local Standard Deductible								
2012 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$688.22	\$1,720.86	\$838.02	\$2,095.26	\$758.22	\$1,895.86	\$758.22	\$1,895.86
Rx Claim Cost	\$138.51	\$346.27	\$138.51	\$346.27	\$138.51	\$346.27	\$138.51	\$346.27
Expenses ⁽¹⁾	\$82.47	\$201.97	\$82.47	\$201.97	\$82.47	\$201.97	\$82.47	\$201.97
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL ⁽²⁾	\$909.20	\$2,269.10	\$1,059.00	\$2,643.50	\$979.20	\$2,444.10	\$979.20	\$2,444.10
Change	0.0%		0.0%		0.0%		0.0%	

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$2.80
- B) WPS Expense Fee of \$120.37, includes specific stop loss
- C) Navitus Expense fee of \$8.50
- D) Expenses are allocated between Single and Family contracts.

(2) Total rates must be rounded to the nearest ten cents.

Local Standard PPP Deductible

State of Wisconsin Local Medical Plans 2012 Rate Development Detail

Local Standard PPP Deductible								
2011 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$615.96	\$1,539.78	\$749.86	\$1,874.68	\$679.36	\$1,698.28	\$679.36	\$1,698.28
Rx Claim Cost	\$147.55	\$368.89	\$147.55	\$368.89	\$147.55	\$368.89	\$147.55	\$368.89
Expenses	\$75.89	\$185.83	\$75.89	\$185.83	\$75.89	\$185.83	\$75.89	\$185.83
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$839.40	\$2,094.50	\$973.30	\$2,429.40	\$902.80	\$2,253.00	\$902.80	\$2,253.00

Local Standard PPP Deductible								
2012 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$618.42	\$1,546.26	\$752.32	\$1,881.16	\$681.82	\$1,704.76	\$681.82	\$1,704.76
Rx Claim Cost	\$138.51	\$346.27	\$138.51	\$346.27	\$138.51	\$346.27	\$138.51	\$346.27
Expenses ⁽¹⁾	\$82.47	\$201.97	\$82.47	\$201.97	\$82.47	\$201.97	\$82.47	\$201.97
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL ⁽²⁾	\$839.40	\$2,094.50	\$973.30	\$2,429.40	\$902.80	\$2,253.00	\$902.80	\$2,253.00
Change	0.0%		0.0%		0.0%		0.0%	

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$2.80
- B) WPS Expense Fee of \$120.37, includes specific stop loss
- C) Navitus Expense fee of \$8.50
- D) Expenses are allocated between Single and Family contracts.

(2) Total rates must be rounded to the nearest ten cents.

Local SMP and Deductible

State of Wisconsin Local Medical Plans 2012 Rate Development Detail

	Local SMP		Local SMP Deductible	
2011 Rates				
	Single	Family	Single	Family
Claim Cost	\$564.05	\$1,410.36	\$503.05	\$1,257.76
Rx Claim Cost	\$95.91	\$239.78	\$95.91	\$239.78
Expenses	\$52.94	\$128.46	\$52.94	\$128.46
PSC	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$712.90	\$1,778.60	\$651.90	\$1,626.00

	Local SMP		Local SMP Deductible	
2012 Rates				
	Single	Family	Single	Family
Claim Cost	\$559.93	\$1,400.38	\$498.93	\$1,247.78
Rx Claim Cost	\$90.03	\$225.07	\$90.03	\$225.07
Expenses ⁽¹⁾	\$62.94	\$153.15	\$62.94	\$153.15
PSC	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL ⁽²⁾	\$712.90	\$1,778.60	\$651.90	\$1,626.00
Change	0.0%		0.0%	

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$2.80
- B) WPS Expense Fee of \$120.37, includes specific stop loss
- C) Navitus Expense fee of \$8.50
- D) Expenses are allocated between Single and Family contracts.

(2) Total rates must be rounded to the nearest ten cents.

Local Medicare

State of Wisconsin Local Medical Plans 2012 Rate Development Detail

Local Medicare						
2011 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			Dane	Milwaukee	Waukesha	Balance of State
Claim Cost	\$159.26	\$318.42	\$929.12	\$1,095.12	\$1,007.62	\$1,007.62
Rx Claim Cost	\$0.00	\$0.00	\$147.55	\$147.55	\$147.55	\$147.55
Expenses	\$14.34	\$26.08	\$90.23	\$90.23	\$90.23	\$90.23
FI RX	\$209.00	\$418.00	\$209.00	\$209.00	\$209.00	\$209.00
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$382.60	\$762.50	\$1,375.90	\$1,541.90	\$1,454.40	\$1,454.40

Local Medicare						
2012 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			Dane	Milwaukee	Waukesha	Balance of State
Claim Cost	\$196.30	\$392.59	\$968.62	\$1,134.62	\$1,047.22	\$1,047.22
Rx Claim Cost	\$146.20	\$292.40	\$284.71	\$284.71	\$284.71	\$284.71
Expenses ⁽¹⁾	\$21.00	\$39.21	\$103.47	\$103.47	\$103.47	\$103.47
Fully Insured RX	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL ⁽²⁾	\$363.50	\$724.20	\$1,356.80	\$1,522.80	\$1,435.40	\$1,435.40
Change		-5.0%	-1.4%	-1.2%	-1.3%	-1.3%

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$2.80
- B) WPS Expense Fee of \$16.45
- C) Expenses are allocated between Single and Family contracts.

(2) Total rates must be rounded to the nearest ten cents.

Local Medicare PPP

State of Wisconsin Local Medical Plans 2012 Rate Development Detail

Local Medicare PPP						
2011 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			Dane	Milwaukee	Waukesha	Balance of State
Claim Cost	\$146.66	\$293.22	\$814.42	\$960.22	\$882.72	\$882.72
Rx Claim Cost	\$0.00	\$0.00	\$147.55	\$147.55	\$147.55	\$147.55
Expenses	\$14.34	\$26.08	\$90.23	\$90.23	\$90.23	\$90.23
FI RX	\$209.00	\$418.00	\$209.00	\$209.00	\$209.00	\$209.00
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$370.00	\$737.30	\$1,261.20	\$1,407.00	\$1,329.50	\$1,329.50

Local Medicare PPP						
2012 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			Dane	Milwaukee	Waukesha	Balance of State
Claim Cost	\$184.30	\$368.59	\$854.52	\$1,000.32	\$922.82	\$922.82
Rx Claim Cost	\$146.20	\$292.40	\$284.71	\$284.71	\$284.71	\$284.71
Expenses ⁽¹⁾	\$21.00	\$39.21	\$103.47	\$103.47	\$103.47	\$103.47
Fully Insured RX	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL ⁽²⁾	\$351.50	\$700.20	\$1,242.70	\$1,388.50	\$1,311.00	\$1,311.00
Change		-5.0%	-1.5%	-1.3%	-1.4%	-1.4%

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$2.80
- B) WPS Expense Fee of \$16.45
- C) Expenses are allocated between Single and Family contracts.

(2) Total rates must be rounded to the nearest ten cents.

Local Medicare Deductible

State of Wisconsin Local Medical Plans 2012 Rate Development Detail

Local Medicare Deductible						
2011 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			Dane	Milwaukee	Waukesha	Balance of State
Claim Cost	\$139.16	\$278.32	\$824.92	\$974.72	\$894.92	\$894.92
Rx Claim Cost	\$0.00	\$0.00	\$147.55	\$147.55	\$147.55	\$147.55
Expenses	\$14.34	\$26.08	\$90.23	\$90.23	\$90.23	\$90.23
FI RX	\$209.00	\$418.00	\$209.00	\$209.00	\$209.00	\$209.00
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$362.50	\$722.40	\$1,271.70	\$1,421.50	\$1,341.70	\$1,341.70

Local Medicare Deductible						
2012 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			Dane	Milwaukee	Waukesha	Balance of State
Claim Cost	\$177.20	\$354.39	\$865.42	\$1,015.22	\$935.42	\$935.42
Rx Claim Cost	\$146.20	\$292.40	\$284.71	\$284.71	\$284.71	\$284.71
Expenses ⁽¹⁾	\$21.00	\$39.21	\$103.47	\$103.47	\$103.47	\$103.47
Fully Insured RX	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL ⁽²⁾	\$344.40	\$686.00	\$1,253.60	\$1,403.40	\$1,323.60	\$1,323.60
Change		-5.0%	-1.4%	-1.3%	-1.4%	-1.4%

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$2.80
- B) WPS Expense Fee of \$16.45
- C) Expenses are allocated between Single and Family contracts.

(2) Total rates must be rounded to the nearest ten cents.

Local Medicare PPP Deductible

State of Wisconsin Local Medical Plans 2012 Rate Development Detail

Local Medicare PPP Deductible						
2011 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			Dane	Milwaukee	Waukesha	Balance of State
Claim Cost	\$125.86	\$251.72	\$741.82	\$875.72	\$805.12	\$805.12
Rx Claim Cost	\$0.00	\$0.00	\$147.55	\$147.55	\$147.55	\$147.55
Expenses	\$14.34	\$26.08	\$90.23	\$90.23	\$90.23	\$90.23
FI RX	\$209.00	\$418.00	\$209.00	\$209.00	\$209.00	\$209.00
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$349.20	\$695.80	\$1,188.60	\$1,322.50	\$1,251.90	\$1,251.90

Local Medicare PPP Deductible						
2012 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			Dane	Milwaukee	Waukesha	Balance of State
Claim Cost	\$164.60	\$329.09	\$783.02	\$916.92	\$846.42	\$846.42
Rx Claim Cost	\$146.20	\$292.40	\$284.71	\$284.71	\$284.71	\$284.71
Expenses ⁽¹⁾	\$21.00	\$39.21	\$103.47	\$103.47	\$103.47	\$103.47
Fully Insured RX	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PSC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL ⁽²⁾	\$331.80	\$660.70	\$1,171.20	\$1,305.10	\$1,234.60	\$1,234.60
Change		-5.0%	-1.5%	-1.3%	-1.4%	-1.4%

(1) Expenses include a per contract per month fee for the following:

- A) ETF Administrative Fee of \$2.80
- B) WPS Expense Fee of \$16.45
- C) Expenses are allocated between Single and Family contracts.

(2) Total rates must be rounded to the nearest ten cents.



Appendix II

Plan Descriptions

Standard Plan

Standard

- Base Benefits: 100%
- Major Medical Benefits
 - Deductible: \$250 Single, \$500 Family
 - Coinsurance: 80/20%
 - Out-of-Pocket (OOP) Maximum: \$1250 Single, \$2500 Family

Standard PPP

- In-Network:
 - Deductible: \$250 Single, \$500 Family
 - Coinsurance: 90/10%
 - OOP Maximum: \$1000 Single, \$2000 Family
- Out of Network:
 - Deductible: \$500 Single, \$1000 Family
 - Coinsurance: 70/30%
 - OOP Maximum: \$2000 Single, \$4000 Family

Deductible Standard

- Deductible: \$500 Single, \$1000 Family
- Coinsurance: 80/20%
- OOP Maximum: \$2000 Single, \$4000 Family

Deductible Standard PPP

- In-Network:
 - Deductible: \$500 Single, \$1000 Family
 - Coinsurance: 80/20%
 - OOP Maximum: \$2000 Single, \$4000 Family
- Out of Network:
 - Deductible: \$1000 Single, \$2000 Family
 - Coinsurance: 70/30%
 - OOP Maximum: \$4000 Single, \$8000 Family

Drug Benefit

- \$5 Level 1 Copay
- \$15 Level 2 Copay
- \$35 Level 3 Copay
- No OOP Maximum

SMP

SMP

- Base Benefits: 100%
- Major Medical Benefits
 - Deductible: \$200 Single, \$400 Family
 - Coinsurance: 80/20%
 - OOP Maximum: \$1200 Single, \$2400 Family

Deductible SMP Plan Design

- Deductible: \$500 Single, \$1000 Family
- 100% coinsurance after deductible satisfied

Drug Benefit

- \$5 Level 1 Copay
- \$15 Level 2 Copay
- \$35 Level 3 Copay
- No OOP Maximum

Medicare

Standard

- Base Benefits: 100%
- Major Medical Benefit
 - Deductible: \$150 Single, \$300 Family
 - Coinsurance: 80/20%
 - OOP Maximum: \$1150 Single, \$2300 Family

Standard PPP

- In-Network:
 - Deductible: \$150 Single, \$300 Family
 - 100% coinsurance after deductible satisfied
- Out of Network:
 - Deductible: \$300 Single, \$600 Family
 - 100% coinsurance after deductible satisfied

Deductible Standard

- Deductible: \$500 Single, \$1000 Family
- 100% coinsurance after deductible satisfied

Deductible Standard PPP

- In-Network:
 - Deductible: \$500 Single, \$1000 Family
 - 100% coinsurance after deductible satisfied
- Out of Network:
 - Deductible: \$1000 Single, \$2000 Family
 - 100% coinsurance after deductible satisfied

Drug Benefit

- \$5 Level 1 Copay
- \$15 Level 2 Copay
- \$35 Level 3 Copay
- No OOP Maximum



Appendix III

Key Metrics

Key Metrics

Prescription Drug Values

	Members	Trend	2012 Claims PMPM ⁽¹⁾	2012 PCPM Expenses
HMO	35,884	3.3%	\$ 60.12	\$ 8.50
Standard	54	3.3%	\$ 122.56	\$ 8.50

Medical Values

	Members	Trend	2012 Claims PMPM ⁽¹⁾	2012 PCPM Expenses ⁽²⁾
Standard	54	8.9%	\$ 735.18	\$ 123.17
SMP	166	8.9%	\$ 461.06	\$ 123.17
Medicare	270	5.0%	\$ 196.31	\$ 19.25

- (1) These numbers are illustrative only and net of fund balance buy-down.
- (2) Due to limited enrollment the Local Standard and SMP plans are required by their self-funded plan administrator to add specific stop loss insurance. These expenses vary by the size of enrollment in the plan and is reflected in the 2012 medical PCPM expenses.

Key Metrics

Plan	RX Rate Change	RX Single Rate
HMO Active	-2.4%	\$77.80
HMO Active Deductible	-2.4%	\$77.80
HMO Medicare	-26.0%	\$154.70
HMO Medicare Deductible	-26.0%	\$154.70

Key Metrics

Plan Relative Values	Non-Medicare	Medicare
Basic	1.000	1.000
PPP	0.897	0.967
Deductible	0.915	0.947
PPP Deductible	0.845	0.913

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