



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

2015 Rate Development **REVISED**

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August 26, 2014



Board	Mtg Date	Item #
GIB	8.26.14	3C2

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Overview

Overall, premium rates will be increasing by varying amounts for 2015. Prescription drug claims experience is running higher than expected. In addition, due to previous Net Fund Balance buy-downs, we recommend utilizing a \$5.0 million Net Fund Balance buy-down in 2015, resulting in a 7.1% prescription drug rate increase. Active medical experience is not credible and is rated consistent with the State Standard PPO plan and the Medicare Plus experience is running better than expected. No Net Fund Balance buy-down will be utilized for the medical plans.

- Net Fund Balance
 - The Net Fund Balance remained relatively the same from last year.
- Prescription Drugs
 - In 2015, the prescription drug rates are projected to increase approximately 23.0% without utilizing any Net Fund Balance. We are recommending utilizing \$5.0 million of the Net Fund Balance, to achieve a prescription drug rate increase of 7.1% over the 2014 rates.
- Local Standard Plan & Local State Maintenance Plan (SMP)
 - The enrollment in the Local SMP has decreased slightly in 2014.
 - 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 and aggregate stop loss.
 - Because the experience is not credible we recommend establishing the 2015 rate increase at 11.7%, the same level as the State Standard PPO Plan.
- Local Medicare Plus Plan
 - We are recommending an overall medical and prescription drug rate increase of 0.0% from the 2014 rates.

Prescription Drug Plan

- The prescription drug program has four components. The largest components are the self-insured active HMO and Medicare HMO prescription drug plans. The other two components are a small self-insured Standard and SMP group and the Medicare program.
- A blended trend rate of 8.2% was employed for developing the 2015 non-Medicare prescription drug rate.
- The aggregate prescription drug rates (active HMO and Medicare) are projected to increase approximately 23.0% without utilizing any Net Fund Balance. We are recommending utilizing \$5.0 million of the Net Fund Balance (\$4.1 million for active HMO and \$0.9 million for Medicare), to achieve a prescription drug rate increase of 7.1% over the 2014 rates.
- The active HMO prescription drug rates are projected to increase 20.4% without utilizing any Net Fund Balance.
 - We are recommending utilizing \$4.1 million of the Net Fund Balance in order to decrease the combined medical and prescription drug Net Fund Balance ratio to the recommend range of 15% – 25%. After utilizing the Net Fund Balance buy-down the prescription drug program rates are estimated to increase by 5.4% for 2015.
- The Medicare prescription drug rates are projected to increase 41.9% without utilizing any Net Fund Balance, due in part to the buy-down that occurred in 2014.
 - For Medicare, we are recommending utilizing \$0.9 million of the Net Fund Balance in order to decrease the combined medical and prescription drug Net Fund Balance ratio to the recommend range of 15% – 25%. After utilizing the Net Fund Balance buy-down the prescription drug program rates are estimated to increase by 19.5% for 2015.
- The Local Standard and SMP Plans continue to have limited enrollment. Since this experience is not credible, we have used the prescription drug rate increase as calculated for the State Standard PPO Plan (before any reserve fund buy-down).

Prescription Drug Plan Rates

The recommended rate increase for the Non-Medicare HMO and Standard prescription drug plans is 5.4% after utilizing Net Fund Balance buy-down. The increase for the Medicare prescription drug plan is 19.5% after utilizing Net Fund Balance buy-down.

	<u>2015</u> <u>Single Rates</u>	<u>2014</u> <u>Single Rates</u>
Non-Medicare		
HMO	\$ 79.80	\$ 75.70
Standard	189.27	143.00
Medicare		
Total	\$ 206.80	\$ 173.00

Standard PPO Plan

- Due to the small enrollment, the reinsurance agreement will continue to include specific and aggregate stop loss.
- While the experience is not credible (with only approximately 30 members), the Standard PPO Plan experience has been running better than expected with a 6.1% observed annual trend.
 - WPS corporate trend is 10.9% for this population.
- We employed a 9.6% trend assumption in setting the 2015 rates, blending lower industry-wide PPO benchmarks in the 8 – 9% trend range with the WPS trends, similar to State Standard PPO plan.
- Because the experience is not credible we recommend establishing the 2015 rate increase at 11.7%, consistent with the State Standard PPO Plan increase.
- Beginning January 1, 2015 a High Deductible Health Plan (HDHP) will be offered to active members, excluding graduate assistants. Similar to the HMO plans HDHP rate must be 0.875 times the regular rate.

Standard PPO Plan by Area

We recommend maintaining current area factors and targeting an overall increase of 11.7% for single rates in 2015.

<u>Area</u>	<u>Region</u>	<u>Area Factor</u>	<u>2015 Rates</u>	<u>2014 Rates</u>
1	Dane	96.0%	\$ 1,205.90	\$ 1,079.40
2	Milwaukee	115.0%	1,408.40	1,259.60
3	Waukesha	105.0%	1,301.20	1,164.70
4	Balance of State	105.0%	1,301.20	1,164.70

Standard PPO Plan Rates

On May 22, 2012 the Board approved the modification of the Standard plans. Beginning January 1, 2013 the Standard PPO offerings include Standard PPO Full-Pay, Standard PPO Coinsurance, and Standard PPO Deductible.

The overall recommended medical and prescription drug rate increase for 2015 is 11.7%.

	<u>2015</u> <u>Area 1 (Dane)</u> <u>Single Rates</u>	<u>2014</u> <u>Area 1 (Dane)</u> <u>Single Rates</u>
Standard PPO Full-Pay	\$ 1,205.90	\$ 1,079.40
Standard PPO Coinsurance	1,081.20	967.80
Standard PPO Deductible	1,018.00	911.20
Standard High Deductible Health Plan	1,073.10	N/A

State Maintenance Plan (SMP)

- Due to low enrollment, the SMP experience is pooled with the Standard PPO's experience in order to have a more credible group.
- The reinsurance agreement will continue to include specific and aggregate stop loss, due to this low enrollment
- While the experience is not credible (with only approximately 160 members), the SMP experience has been slightly worse than expected with a 12.5% observed annual trend.
 - WPS corporate trend is 11.7% for this population.
- We employed a 9.6% trend assumption in setting the 2015 rates, similar to State Standard PPO plan.
- Because the experience is not credible we recommend establishing the 2015 rate increase at 11.7%, consistent with the State Standard PPO Plan increase.
- Beginning January 1, 2015 a High Deductible Health Plan (HDHP) will be offered to active members, excluding graduate assistants. Similar to the HMO plans, the HDHP rate must be 0.875 times the regular rate.

State Maintenance Plan Rates

On May 22, 2012 the Board approved the modification of the SMP plans. Beginning January 1, 2013 the SMP offerings include SMP Full-Pay Uniform Benefits, SMP Coinsurance Uniform Benefits and SMP Deductible Uniform Benefits.

The overall recommended medical and prescription drug rate increase for 2015 is 11.7%.

	<u>2015</u> <u>Single Rates</u>	<u>2014</u> <u>Single Rates</u>
SMP Full-Pay Uniform Benefits	\$ 865.20	\$ 774.40
SMP Coinsurance Uniform Benefits	821.90	735.70
SMP Deductible Uniform Benefits	791.20	708.20
SMP High Deductible Health Plan	769.60	N/A

Medicare Plus Plan

- The Medicare Plus Plan experience has been running better than expected with a -13.2% observed annual trend.
 - WPS corporate trend is 4.9% for this population.
- We used a 5.0% medical trend assumption for setting next year's rate, blending the observed and WPS corporate trends, as well as other national industry benchmark trends.
- Overall Medicare Plus plan medical and prescription drug rates are projected to increase 0.0% for 2015.
 - Medical-only rates are projected to decrease approximately 13.5% for 2015.
 - Prescription drug rates are projected to increase approximately 19.5% for 2015, after utilizing a small Net Fund Balance buy-down
- We recommend a 0.0% increase with no explicit medical Net Fund Balance contribution for 2015.

Medicare Plus Plan Rates

On May 22, 2012 the Board approved the modification of the Medicare plans. Beginning January 1, 2013 the Medicare Plus plan replaced the Medicare Standard Plan, Medicare Standard PPP, Medicare Deductible Standard Plan and Medicare Deductible PPP.

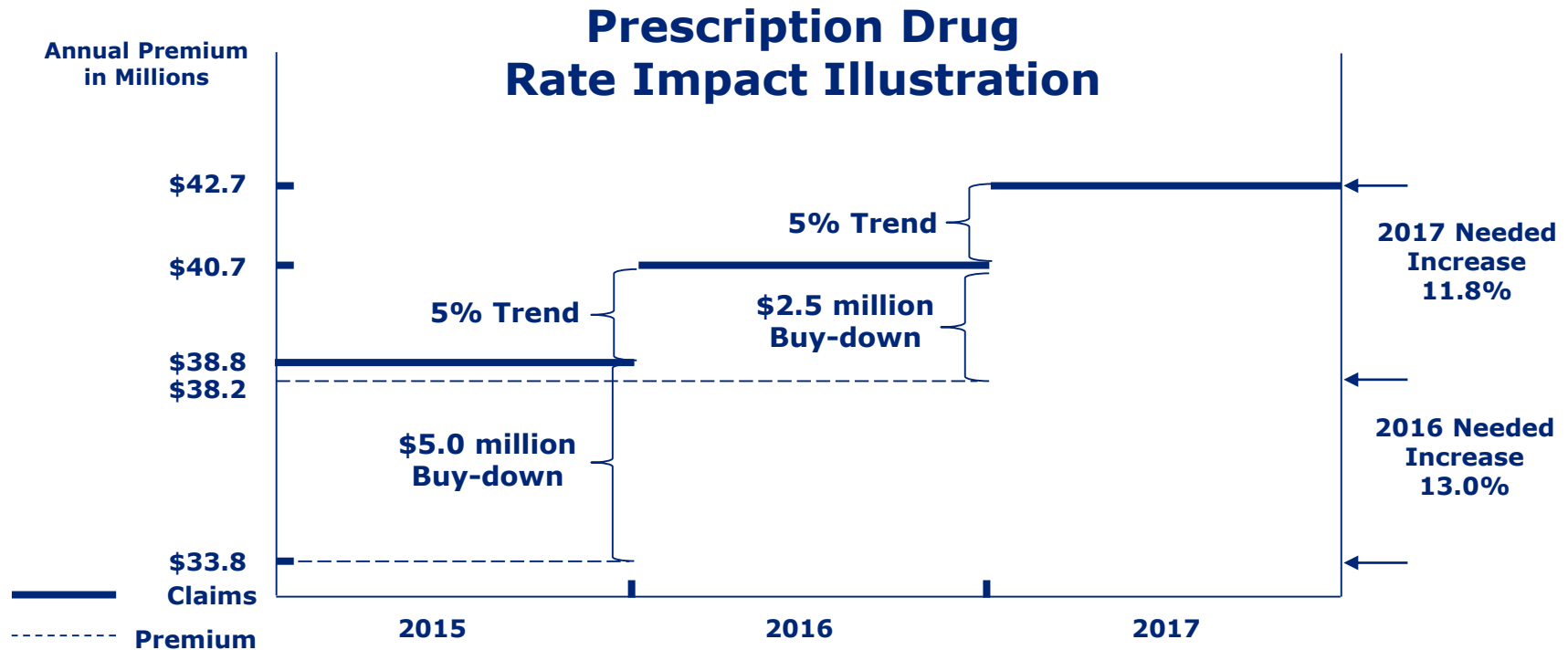
The overall recommended rate change from the 2014 Medicare Plus single rate in Area 1 (Dane) is a 0.0% increase.

	<u>2015</u> <u>Area 1 (Dane)</u> <u>Single Rates</u>	<u>2014</u> <u>Area 1 (Dane)</u> <u>Single Rates</u>
<u>Medicare</u>		
Medicare Plus	\$ 414.30	\$ 414.30

Net Fund Balance

- Overall, estimated fund balances remained consistent for the medical plan and increased for the pharmacy plan during the last year.
 - Net Fund Balance includes accrued-but-not-received drug rebates in the amount of \$5.0 million.
- Based on prevailing regulatory capital requirements applicable to the insurance industry, as well as leading practices for self-insured employers, maintaining a Net Fund Balance of 15% to 25% of the annual claims of the Medical and Prescription Drug plans is recommended.
 - At the August 2011 meeting, the Board accepted the use of this benchmark policy.
- The current Net Fund Balance ratio to annual claims for the local program is estimated to be approximately 28.7% for the combined Medical and Prescription Drug plans.
- We discussed several strategies for the Net Fund Balance buy-down for 2015 and chose to recommend a scenario that would reduce the combined ratio to approximately 22.5%.
- We are recommending a 2015 medical buy-down of \$0 and prescription drug buy-down of \$5.0 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 2015, and also provide continued rate stability for 2016 and later.

Net Fund Balance



Observations

- Estimated 5% trend rate for illustration purposes
- Utilizing fund balance is a temporary one-year premium reduction
- Implementing a phased in buy-down approach of \$5.0 million in year 1 and a smaller amount in year 2 will help mitigate the expected premium rate increases

Net Fund Balance

	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010
MEDICAL (in millions)					
Cash Balance ⁽¹⁾	1.8	1.8	2.3	3.1	3.3
Incurred But Not Report Claim Liability (IBNR)	(0.2)	(0.2)	(0.3)	(0.2)	(0.3)
Net Fund Balance	1.6	1.6	2.0	2.9	3.0
		6/30/2013	6/30/2012	6/30/2011	6/30/2010
PHARMACY (in millions)					
Cash Balance	18.4	14.1	14.1	17.6	13.1
Estimated Accrued Drug Rebates	2.4	2.0	1.8	2.2	1.8
Estimated Accrued Medicare Part D Subsidy	0.9	1.7	0.7	N/A	N/A
Navitus Advance	0.6	0.9	1.4	1.4	1.4
ERRP Reimbursement ⁽²⁾	0.0	2.2	2.1	0.0	0.0
Projected Future Cash Balance⁽¹⁾	22.2	20.8	20.1	21.2	16.3
IBNR ⁽³⁾	(0.8)	(0.7)	(0.7)	(0.5)	(0.5)
Net Fund Balance	21.5	20.1	19.4	20.7	15.8
<p>⁽¹⁾ Source: Department of Employee Trust Funds</p> <p>⁽²⁾ ERRP: Early Retiree Reinsurance Program reimbursement cannot be used as General Revenue.</p> <p>⁽³⁾ 2014 RX IBNR is estimated at one week of claims</p>					

Appendix I

Final Rates

Standard PPO Full-Pay Rate Comparison

Local Standard PPO Full-Pay								
2014 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$779.66	\$1,947.95	\$959.86	\$2,398.55	\$864.96	\$2,161.15	\$864.96	\$2,161.15
Rx Claim Cost	\$177.29	\$443.23	\$177.29	\$443.23	\$177.29	\$443.23	\$177.29	\$443.23
Expenses	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72
TOTAL	\$1,079.40	\$2,691.90	\$1,259.60	\$3,142.50	\$1,164.70	\$2,905.10	\$1,164.70	\$2,905.10

Local Standard PPO Full-Pay								
2015 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$873.58	\$2,182.31	\$1,075.98	\$2,688.71	\$968.88	\$2,420.41	\$968.88	\$2,420.41
Rx Claim Cost	\$189.27	\$473.18	\$189.27	\$473.18	\$189.27	\$473.18	\$189.27	\$473.18
Expenses ⁽¹⁾	\$143.05	\$351.41	\$143.05	\$351.41	\$143.05	\$351.41	\$143.05	\$351.41
TOTAL ⁽²⁾	\$1,205.90	\$3,006.90	\$1,408.30	\$3,513.30	\$1,301.20	\$3,245.00	\$1,301.20	\$3,245.00
Change	11.7%		11.7%		11.7%		11.7%	

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

- A) ETF Administrative Fee of \$4.15
- B) Wellness Contract Administrative Fee of \$0.80
- C) ACA Reinsurance Fee of \$8.17
- D) WPS Expense Fee of \$187.83, includes specific and aggregate stop loss
- E) Navitus Expense Fee of \$7.90
- F) Expenses are allocated between Single and Family contracts

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

Standard PPO Coinsurance Rate Comparison

Local Standard PPO Coinsurance

2014 Rates

	<i>Dane</i>		<i>Milwaukee</i>		<i>Waukesha</i>		<i>Balance of State</i>	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$650.47	\$1,626.97	\$810.07	\$2,025.37	\$725.27	\$1,812.27	\$725.27	\$1,812.27
Rx Claim Cost	\$194.88	\$487.21	\$194.88	\$487.21	\$194.88	\$487.21	\$194.88	\$487.21
Expenses	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72
TOTAL	\$967.80	\$2,414.90	\$1,127.40	\$2,813.30	\$1,042.60	\$2,600.20	\$1,042.60	\$2,600.20

Local Standard PPO Coinsurance

2015 Rates

	<i>Dane</i>		<i>Milwaukee</i>		<i>Waukesha</i>		<i>Balance of State</i>	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$730.15	\$1,825.98	\$908.45	\$2,271.08	\$813.75	\$2,032.98	\$813.75	\$2,032.98
Rx Claim Cost	\$208.00	\$520.01	\$208.00	\$520.01	\$208.00	\$520.01	\$208.00	\$520.01
Expenses ⁽¹⁾	\$143.05	\$351.41	\$143.05	\$351.41	\$143.05	\$351.41	\$143.05	\$351.41
TOTAL ⁽²⁾	\$1,081.20	\$2,697.40	\$1,259.50	\$3,142.50	\$1,164.80	\$2,904.40	\$1,164.80	\$2,904.40
Change	11.7%		11.7%		11.7%		11.7%	

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

- A) ETF Administrative Fee of \$4.15
- B) Wellness Contract Administrative Fee of \$0.80
- C) ACA Reinsurance Fee of \$8.17
- D) WPS Expense Fee of \$187.83, includes specific and aggregate stop loss
- E) Navitus Expense Fee of \$7.90
- F) Expenses are allocated between Single and Family contracts

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

Standard PPO Deductible Rate Comparison

Local Standard PPO Deductible								
2014 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$593.87	\$1,483.87	\$740.37	\$1,849.67	\$663.17	\$1,658.17	\$663.17	\$1,658.17
Rx Claim Cost	\$194.88	\$487.21	\$194.88	\$487.21	\$194.88	\$487.21	\$194.88	\$487.21
Expenses	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72	\$122.45	\$300.72
TOTAL	\$911.20	\$2,271.80	\$1,057.70	\$2,637.60	\$980.50	\$2,446.10	\$980.50	\$2,446.10

Local Standard PPO Deductible								
2015 Rates								
	Dane		Milwaukee		Waukesha		Balance of State	
	Single	Family	Single	Family	Single	Family	Single	Family
Claim Cost	\$666.95	\$1,666.18	\$830.65	\$2,074.78	\$744.35	\$1,860.88	\$744.35	\$1,860.88
Rx Claim Cost	\$208.00	\$520.01	\$208.00	\$520.01	\$208.00	\$520.01	\$208.00	\$520.01
Expenses ⁽¹⁾	\$143.05	\$351.41	\$143.05	\$351.41	\$143.05	\$351.41	\$143.05	\$351.41
TOTAL ⁽²⁾	\$1,018.00	\$2,537.60	\$1,181.70	\$2,946.20	\$1,095.40	\$2,732.30	\$1,095.40	\$2,732.30
Change	11.7%		11.7%		11.7%		11.7%	

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

- A) ETF Administrative Fee of \$4.15
- B) Wellness Contract Administrative Fee of \$0.80
- C) ACA Reinsurance Fee of \$8.17
- D) WPS Expense Fee of \$187.83, includes specific and aggregate stop loss
- E) Navitus Expense Fee of \$7.90
- F) Expenses are allocated between Single and Family contracts

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

State Maintenance Plans Rate Comparison

	Local SMP Full-Pay		Local SMP Coinsurance ⁽¹⁾		Local SMP Deductible	
2014 Rates						
	Single	Family	Single	Family	Single	Family
Claim Cost	\$570.36	\$1,426.39	\$531.66	\$1,329.69	\$492.55	\$1,231.66
Rx Claim Cost	\$117.01	\$292.53	\$117.01	\$292.53	\$128.62	\$321.56
Expenses	\$87.03	\$212.18	\$87.03	\$212.18	\$87.03	\$212.18
TOTAL	\$774.40	\$1,931.10	\$735.70	\$1,834.40	\$708.20	\$1,765.40

	Local SMP Full-Pay		Local SMP Coinsurance ⁽¹⁾		Local SMP Deductible	
2015 Rates						
	Single	Family	Single	Family	Single	Family
Claim Cost	\$640.08	\$1,600.42	\$596.78	\$1,492.52	\$553.72	\$1,384.52
Rx Claim Cost	\$124.92	\$312.30	\$124.92	\$312.30	\$137.28	\$343.20
Expenses ⁽²⁾	\$100.20	\$244.28	\$100.20	\$244.28	\$100.20	\$244.28
TOTAL ⁽³⁾	\$865.20	\$2,157.00	\$821.90	\$2,049.10	\$791.20	\$1,972.00
Change	11.7%		11.7%		11.7%	

(1) Local SMP Coinsurance is based on 95% of Local SMP

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

- A) ETF Administrative Fee of \$4.15
- B) Wellness Contract Administrative Fee of \$0.80
- C) ACA Reinsurance Fee of \$8.17
- D) WPS Expense Fee of \$187.83, includes specific and aggregate stop loss
- E) Navitus Expense Fee of \$7.90
- F) Expenses are allocated between Single and Family contracts

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

Medicare Plus Rate Comparison

Local Medicare Plus						
2014 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			<i>Dane</i>	<i>Milwaukee</i>	<i>Waukesha</i>	<i>Balance of State</i>
Claim Cost	\$218.36	\$436.82	\$998.02	\$1,178.32	\$1,083.42	\$1,083.42
Rx Claim Cost	\$165.18	\$330.36	\$342.47	\$342.47	\$342.47	\$342.47
Expenses	\$30.76	\$57.92	\$153.21	\$153.21	\$153.21	\$153.21
TOTAL	\$414.30	\$825.10	\$1,493.70	\$1,674.00	\$1,579.10	\$1,579.10

Local Medicare Plus						
2015 Rates						
	Single	Family	Family + 1 (Non-Medicare Eligible in)			
			<i>Dane</i>	<i>Milwaukee</i>	<i>Waukesha</i>	<i>Balance of State</i>
Claim Cost	\$185.57	\$371.00	\$1,059.15	\$1,261.55	\$1,154.45	\$1,154.45
Rx Claim Cost	\$199.00	\$397.99	\$388.27	\$388.27	\$388.27	\$388.27
Expenses ⁽¹⁾	\$29.73	\$55.31	\$172.78	\$172.78	\$172.78	\$172.78
TOTAL ⁽²⁾	\$414.30	\$824.30	\$1,620.20	\$1,822.60	\$1,715.50	\$1,715.50
Change	0.0%		8.5%	8.9%	8.6%	8.6%

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

- A) ETF Administrative Fee of \$4.15
- B) Wellness Contract Administrative Fee of \$0.80
- C) ACA Reinsurance Fee of \$8.17
- D) WPS Expense Fee of \$18.56
- E) Expenses are allocated between Single and Family contracts

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

Appendix II

Plan Descriptions

Standard PPO Plan Designs

Medical Benefit:

Standard PPO that is offered with Full-Pay Uniform Benefits

In-Network

- Deductible: \$100 Single, \$200 Family
- 100% coinsurance after deductible satisfied

Out-of-Network

- Deductible: \$500 Single, \$1000 Family
- Coinsurance: 80/20%
- Out-of-Pocket Limit (OOPL):
\$2000 Single, \$4000 Family

Standard PPO that is offered with Coinsurance Uniform Benefits

In-Network

- Deductible: \$250 Single, \$500 Family
- Coinsurance: 90/10%
- OOPL: \$1000 Single, \$2000 Family

Out-of-Network

- Deductible: \$500 Single, \$1000 Family
- Coinsurance: 70/30%
- OOPL: \$2000 Single, \$4000 Family

Standard PPO that is offered with Deductible Uniform Benefits

In-Network

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

Out-of-Network

- Deductible:
\$1000 Single, \$2000 Family
- Coinsurance: 70/30%
- OOPL: \$4000 Single, \$8000 Family

Standard PPO Plan Designs

Drug Benefit (non-specialty):

- \$5 Level 1 Copay
- \$15 Level 2 Copay
- \$35 Level 3 Copay (does not count towards OOP)
- OOP: \$1000 Single, \$2000 Family

Specialty Medications:

- \$50 Level 4 Copay
- OOP: \$1000 Single, \$2000 Family
 - Copays for Non-Preferred Specialty Drugs do not count towards OOP
 - A reduced Level 4 copay of \$15 is available for Preferred Specialty Drugs obtained at the preferred Participating Pharmacy for Specialty Medications (Diplomat Specialty Pharmacy)

NOTE: Medical, Drug Benefit, and Specialty Medication Out-of-Pocket Limits accumulate separately

Standard PPO Plan

High Deductible Health Plan Design

Preferred Provider

- Medical Benefit
 - Deductible: \$1,700 Single, \$3,400 Family (must be met first)
 - 90/10% Coinsurance
 - OOP: \$3,500 Single, \$7,000 Family
 - Combined medical and pharmacy, includes deductible
 - ER Copay \$75
 - Applies to OOP and is limited by OOP
- Drug Benefit (non-specialty)
 - \$5 Level 1 Copay (after deductible is met)
 - \$15 Level 2 Copay (after deductible is met)
 - \$35 Level 3 Copay (after deductible is met)
- Specialty Medications
 - Preferred Pharmacy: \$15 Copay
 - Non-Preferred Pharmacy: \$50 Copay

Non-Preferred Provider

- Medical Benefit
 - Deductible: \$2,000 Single, \$4,000 Family (must be met first)
 - 70/30% Coinsurance
 - OOP: \$3,800 Single, \$7,600 Family
 - Combined medical and pharmacy, includes deductible
 - ER Copay \$75
 - Applies to OOP and is limited by OOP
- Drug Benefit (non-specialty)
 - \$5 Level 1 Copay (after deductible is met)
 - \$15 Level 2 Copay (after deductible is met)
 - \$35 Level 3 Copay (after deductible is met)
- Specialty Medications
 - Preferred Pharmacy: \$15 Copay
 - Non-Preferred Pharmacy: \$50 Copay

State Maintenance Plan Designs

Medical Benefit:

SMP (Traditional) Full-Pay Uniform Benefits

- Deductible: \$0
- Coinsurance: 100%
(except for DME and hearing aids at 80/20%)
- ER Copay \$60

SMP Coinsurance Uniform Benefits (Matches State design)

- Coinsurance: 90/10%
(DME and hearing aids remain at 80/20%)
- OOP: \$500 Single, \$1000 Family
- ER Copay \$75, 90% coinsurance thereafter to OOP

SMP Deductible Uniform Benefits

- Deductible: \$500 Single, \$1000 Family
- Coinsurance: 100% after deductible satisfied
(except for DME and hearing aids at 80/20%)
- ER Copay \$60

State Maintenance Plan Designs

Drug Benefit (non-specialty):

- \$5 Level 1 Copay
- \$15 Level 2 Copay
- \$35 Level 3 Copay (does not count towards OOPL)
- OOPL: \$410 Single, \$820 Family

Specialty Medications:

- \$50 Level 4 Copay
- OOPL: \$1000 Single, \$2000 Family
 - Copays for Non-Preferred Specialty Drugs do not count towards OOPL
 - A reduced Level 4 copay of \$15 is available for Preferred Specialty Drugs obtained at the preferred Participating Pharmacy for Specialty Medications (Diplomat Specialty Pharmacy)

NOTE: Medical, Drug Benefit, and Specialty Medication Out-of-Pocket Limits accumulate separately

State Maintenance Plan

High Deductible Health Plan Design

- Medical Benefit
 - Deductible: \$1,500 Single, \$3,000 Family (must be met first)
 - 90/10% Coinsurance
 - OOP: \$2,500 Single, \$5,000 Family
 - Combined medical and pharmacy, includes deductible
 - ER Copay \$75
 - Applies to OOP and is limited by OOP
- Drug Benefit (non-specialty)
 - \$5 Level 1 Copay (after deductible is met)
 - \$15 Level 2 Copay (after deductible is met)
 - \$35 Level 3 Copay (after deductible is met)
- Specialty Medications
 - Preferred Pharmacy: \$15 Copay
 - Non-Preferred Pharmacy: \$50 Copay

Medicare Plus Plan Design

Medical Benefit:

- 100% on Usual, Customary and Reasonable after Medicare

Drug Benefit (non-specialty):

- \$5 Level 1 Copay
- \$15 Level 2 Copay
- \$35 Level 3 Copay (does not count towards OOP)
- OOP: \$410 Single, \$820 Family

Specialty Medications:

- \$50 Level 4 Copay
- OOP: \$1000 Single, \$2000 Family
 - Copays for Non-Preferred Specialty Drugs do not count towards OOP
 - A reduced Level 4 copay of \$15 is available for Preferred Specialty Drugs obtained at the preferred Participating Pharmacy for Specialty Medications (Diplomat Specialty Pharmacy)

NOTE: Medical, Drug Benefit, and Specialty Medication Out-of-Pocket Limits accumulate separately

Appendix III

Key Metrics

Key Metrics

Prescription Drug Plans				
	Members	Trend	2015 Claims PMPM ⁽¹⁾	2015 PCPM Expenses
HMO	37,289	8.20%	\$ 71.19	\$ 8.20
Medicare	1,948	8.20%	234.75	8.20

Self-Funded Medical Plans				
	Members	Trend	2015 Claims PMPM ⁽¹⁾	2015 PCPM Expenses
Standard	29	9.6%	\$ 633.59	\$ 187.83
SMP	157	9.6%	540.56	187.83
Medicare	223	5.0%	185.58	18.56

⁽¹⁾ These numbers are illustrative only and net of fund balance buy-down.

Key Metrics

	Rx Rate Change	Rx Single Rate
HMO Active	5.4%	\$ 79.80
HMO Medicare	19.5%	\$ 206.80

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