



**State of Wisconsin Group Insurance Board  
Department of Employee Trust Funds**

## **2016 Local Rate Development**

**Self-Insured Medical, Dental  
and Prescription Drug Plans**

August 25, 2015



**Segal Consulting**

GIB 8.25.15 Item 3C2



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# Overview

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## ➤ Net Fund Balance

- The estimated ratio of Net Fund Balance to annual claims is projected to be approximately 15% of claims and at the bottom end of the 15-25% corridor at 12/31/15.

## ➤ Prescription Drugs

- The prescription drug rates are projected to increase 28.7% over the 2015 rates, varying by group category, without utilizing any of the Net Fund Balance.

## ➤ Standard PPO Plan

- The overall medical and prescription drug rates, including a plan design change adjustment of -1.5%, are projected to decrease 6.3% over the 2015 rates, without utilizing any of the Net Fund Balance.

## ➤ State Maintenance Plan (SMP)

- SMP is the designated Tier 1 plan in every county where there is no other qualified Tier 1 plan. SMP will be offered in 9 counties in 2016, including 7 counties from 2015 plus Pepin and Price counties.
- Given that the SMP experience is not credible, we recommend a 6.3% decrease over the 2015 rates, consistent with the Standard PPO plan. This includes a plan design change adjustment of -4.2%, and does not utilize any of the Net Fund Balance.

## ➤ Medicare Plus Plan

- The overall medical and prescription drug rates are projected to increase 9.7% over the 2015 rates, without utilizing any of the Net Fund Balance.



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# Net Fund Balance

- Overall, the fund balance has decreased due to prior buy-downs and under-projected pharmacy rates.
- Since 2007 there have been pharmacy buy-downs in every year except 2011, including \$10.3 million over the past 4 years utilizing \$4.3 million available from ERRP reimbursements during this time.

| Premium Year | Net Fund Buy-Down (in \$millions) |     |       |
|--------------|-----------------------------------|-----|-------|
|              | Medical                           | Rx  | Total |
| 2015         | 0.0                               | 5.0 | 5.0   |
| 2014         | 0.0                               | 3.1 | 3.1   |
| 2013         | 0.2                               | 1.0 | 1.2   |
| 2012         | 0.0                               | 1.0 | 1.0   |

- At the August 2011 meeting, the Board accepted a policy of using a target Net Fund Balance of between 15% and 25% of annual medical and prescription drug claims.
- 20% of annual fully-insured premiums have been historically included in this calculation. Segal has not altered this logic.

\* Retiree premium contributions include sick leave funding from the State

# Net Fund Balance (current balance)

The fund balance at 6/30/2015 has dropped \$5.6 million in the last 12-months.

|                                  | 06/30/2015 | 06/30/2014 | 06/30/2013 | 06/30/2012 | 06/30/2011 | 06/30/2010 |
|----------------------------------|------------|------------|------------|------------|------------|------------|
| <b>MEDICAL (in millions)</b>     |            |            |            |            |            |            |
| Cash Balance                     | 1.0        | 1.8        | 1.8        | 2.3        | 3.1        | 3.3        |
| Incurred But Not Reported (IBNR) | (0.2)      | (0.2)      | (0.2)      | (0.3)      | (0.2)      | (0.3)      |
| <b>Net Fund Balance</b>          | <b>0.8</b> | <b>1.6</b> | <b>1.6</b> | <b>2.0</b> | <b>2.9</b> | <b>3.0</b> |


|                                   | 06/30/2015  | 06/30/2014  | 06/30/2013  | 06/30/2012  | 06/30/2011  | 06/30/2010  |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>PHARMACY (in millions)</b>     |             |             |             |             |             |             |
| Cash Balance                      | 11.9        | 18.4        | 14.1        | 14.1        | 17.6        | 13.1        |
| <b>Recalculated Cash Balance*</b> | <b>11.9</b> | <b>16.0</b> | <b>12.1</b> | <b>12.3</b> | <b>15.4</b> | <b>11.3</b> |
| Accrued Drug Rebates              | 2.2         | 2.4         | 2.0         | 1.8         | 2.2         | 1.8         |
| Accrued Medicare Part D Subsidy   | 0.7         | 0.9         | 1.7         | 0.7         | N/A         | N/A         |
| Navitus Advance                   | 0.3         | 0.6         | 0.9         | 1.4         | 1.4         | 1.4         |
| ERRP Reimbursement                | 0.0         | 0.0         | 2.2         | 2.1         | 0.0         | 0.0         |
| Projected Future Cash Balance     | 15.1        | 19.9        | 18.9        | 18.3        | 19.0        | 14.5        |
| IBNR                              | (0.8)       | (0.8)       | (0.7)       | (0.7)       | (0.5)       | (0.5)       |
| <b>Net Fund Balance</b>           | <b>14.3</b> | <b>19.1</b> | <b>18.2</b> | <b>17.6</b> | <b>18.5</b> | <b>14.0</b> |
| <b>Total Local Fund Balance</b>   | <b>15.1</b> | <b>20.7</b> | <b>19.8</b> | <b>19.6</b> | <b>21.4</b> | <b>17.0</b> |

\* Prior Cash Balance included accruals resulting in double counting

## Net Fund Balance (current balance)

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- In order to calculate the available buy-down for 2016, Segal projected the Net Fund Balance to 12/31/2015 to estimate the ratio of Net Fund Balance to annual claims and determine where it will be in the 15-25% policy range.
- Q3/Q4 of 2015 is estimated to have a claims loss of \$2.7 million. This will be offset by additional drug rebates and Medicare Part D subsidies of \$1.3 million, resulting in a loss of \$1.4 million. The projected 12/31/2015 cash balance is \$13.7 million.
- The projected 2016 claims expense, including dental claims and 20% of fully-insured premiums, is \$92.8 million.
- Therefore, the estimated ratio of Net Fund Balance to annual claims is approximately 15% of claims and at the low end of the 15-25% corridor.
- At the 15% minimum ratio, no funds are available for a buy-down.

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# Prescription Drug Plan

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- Rating groups are consistent with prior years. The Non-Medicare HMO and Medicare HMO groups are credible and rated separately. The Standard PPO, SMP and Medicare Plus plans are not credible.
- 30 months of claims data (January 2013 - June 2015) was received from Navitus and used in our analysis. The baseline data utilized the most recent 12 months of claims, July 2014 through June 2015.
- Claims were adjusted -2.5% for the 2016 benefit design changes.
- Plan paid claims trend was 12.2% for the 12 month period ending June 2015. Using Segal's trend survey expected trend of 8.6%, we weighted the two trends to produce a 2016 trend assumption of 10.4% used in our claims projection.
- We received and utilized administrative expenses, expected rebates and Medicare Part D subsidies provided by Navitus for the rate development. The resulting net trend is 6.9%.

# Prescription Drug Plan


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- For 2016, the HMO prescription drug rates are projected to increase 28.7% over the 2015 rates, 29.3% Non-Medicare and 23.8% Medicare, without utilizing any of the Net Fund Balance. This increase consists of 3 components:
  - Net pharmacy trend = 6.9%
  - Prior buy-down = 18.5%
  - Contract conversion deficiency = 3.3%
- Note that 2015 rates had a \$4.1 million buy-down for Non-Medicare resulting in a 5.4% increase last year vs. an actual premium need of 20.4% and a \$0.9 million buy-down for Medicare resulting in a 19.5% increase last year vs. an actual premium need of 41.9%.
- Since the Standard PPO, SMP and Medicare Plus plans are not credible, we have used the prescription drug rate increase as calculated for the State Standard PPO, SMP and Medicare Plus plans respectively.

# Prescription Drug Plans Rates

The recommended rate increase for the prescription drug plan is 28.7%.  
This assumes no buy-down for 2016.

|                     | 2015         | 2016         |             |
|---------------------|--------------|--------------|-------------|
|                     | Single Rates | Single Rates | Rate Change |
| <b>Non-Medicare</b> |              |              |             |
| HMO Regular         | \$79.80      | \$103.19     | 29.3%       |
| <b>Medicare</b>     |              |              |             |
| HMO Medicare        | \$206.80     | \$256.08     | 23.8%       |

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# Standard PPO Plan

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- The Standard PPO offerings include 4 different benefit plan designs: Traditional, Coinsurance, Deductible and HDHP.
- Standard Plan membership has dropped 31% since last year's rating. The experience is not credible with approximately 24 members.
- Administrative expenses and network access fees were provided by WPS. The blended administrative expenses will decrease from \$39.11 to \$39.67 PCPM in 2016.
- The reinsurance arrangement will remain in place with a \$350,000 specific deductible and fees will increase from \$161.84 to \$190.90 PCPM in 2016.
- Plans are rated within 4 areas: Dane, Milwaukee, Waukesha and Other Counties. The area factors for 2016 remain consistent with 2015 factors.

# Standard PPO Plan

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- Segal reviewed the current rates and found the rate relativities between the plans to be skewed. The rating differences do not accurately reflect the benefit design differences between plans.
- Segal recalculated rate relativities for each plan, Coinsurance, Deductible and HDHP, compared to the Traditional plan.
- Given that the experience is not credible, for 2016 we recommend a 6.3% decrease over the 2015 rates for the Traditional plan, consistent with the State plans.
- Pricing for the other 3 offerings are calculated based on the recalculated rate relativities shown below:
  - Coinsurance: .96
  - Deductible: .95
  - HDHP: .82

# Standard PPO Plan Rates

- The recommended rates for the Standard PPO Traditional plan represent a 6.3% decrease from 2015.

| Single Rates – Traditional |                |              |            |            |
|----------------------------|----------------|--------------|------------|------------|
| Area                       | Counties       | Area Factor* | 2015 Rates | 2016 Rates |
| 1                          | Dane           | 96%          | \$1,205.90 | \$1,130.00 |
| 2                          | Milwaukee      | 115%         | \$1,408.40 | \$1,319.70 |
| 3                          | Waukesha       | 105%         | \$1,301.20 | \$1,219.30 |
| 4                          | Other Counties | 105%         | \$1,301.20 | \$1,219.30 |

| Family Rates – Traditional |                |              |            |            |
|----------------------------|----------------|--------------|------------|------------|
| Area                       | Counties       | Area Factor* | 2015 Rates | 2016 Rates |
| 1                          | Dane           | 96%          | \$3,006.90 | \$2,818.80 |
| 2                          | Milwaukee      | 115%         | \$3,513.30 | \$3,293.00 |
| 3                          | Waukesha       | 105%         | \$3,245.00 | \$3,042.00 |
| 4                          | Other Counties | 105%         | \$3,245.00 | \$3,042.00 |

# Standard PPO Plan Rates

- The recommended rates for each of the Standard PPO options and resulting rate changes are shown for **Waukesha and “Other”** counties below. The rate change by plan option is similar for each of the 4 regions.

|                          |        | 2015 Rates | 2016 Rates | % Change |
|--------------------------|--------|------------|------------|----------|
| Standard PPO Traditional |        |            |            |          |
|                          | Single | \$1,301.20 | \$1,219.30 | -6.3%    |
|                          | Family | \$3,245.00 | \$3,042.00 | -6.3%    |
| Standard PPO Coinsurance |        |            |            |          |
|                          | Single | \$1,164.80 | \$1,168.80 | 0.3%     |
|                          | Family | \$2,904.40 | \$2,915.80 | 0.3%     |
| Standard PPO Deductible  |        |            |            |          |
|                          | Single | \$1,095.40 | \$1,152.00 | 5.2%     |
|                          | Family | \$2,732.30 | \$2,873.80 | 5.2%     |
| Standard HDHP            |        |            |            |          |
|                          | Single | \$1,156.50 | \$994.70   | -14.0%   |
|                          | Family | \$2,885.00 | \$2,481.70 | -14.0%   |



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# State Maintenance Plan (SMP)

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- SMP is the designated Tier 1 plan in every county where there is no other qualified Tier 1 plan.
- SMP will be offered in 9 counties in 2016, including 7 counties from 2015 plus two new counties.
- The SMP offerings also include 4 different benefit plan designs: Traditional, Coinsurance, Deductible and HDHP.
- SMP membership has dropped 33% since last year's rating. The experience is not credible with approximately 117 members.
- Administrative expenses and network access fees were provided by WPS. The blended administrative expenses will decrease from \$39.11 to \$39.67 PCPM in 2016.
- The reinsurance arrangement will remain in place with a \$350,000 specific deductible and fees will increase from \$161.84 to \$190.90 PCPM in 2016.
- Given that the experience is not credible, for 2016 we recommend a 6.3% decrease over the 2015 rates for Traditional, consistent with the Standard PPO plan and the State plans.
- Pricing for the other SMP plan options are based on rate relativities as described for the Standard Plan.

# State Maintenance Plan (SMP) Rates

- The recommended rates for each of the SMP options and resulting rate changes are shown below.

|                 |        | 2015 Rates | 2016 Rates | % Change |
|-----------------|--------|------------|------------|----------|
| SMP Traditional |        |            |            |          |
|                 | Single | \$865.20   | \$810.80   | -6.3%    |
|                 | Family | \$2,157.00 | \$2,020.10 | -6.3%    |
| SMP Coinsurance |        |            |            |          |
|                 | Single | \$821.90   | \$777.30   | -5.4%    |
|                 | Family | \$2,049.10 | \$1,936.40 | -5.4%    |
| SMP Deductible  |        |            |            |          |
|                 | Single | \$791.20   | \$766.20   | -3.2%    |
|                 | Family | \$1,941.10 | \$1,908.60 | -3.2%    |
| SMP HDHP        |        |            |            |          |
|                 | Single | \$769.60   | \$682.10   | -11.4%   |
|                 | Family | \$1,916.20 | \$1,698.40 | -11.4%   |

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# Medicare Plus Plan

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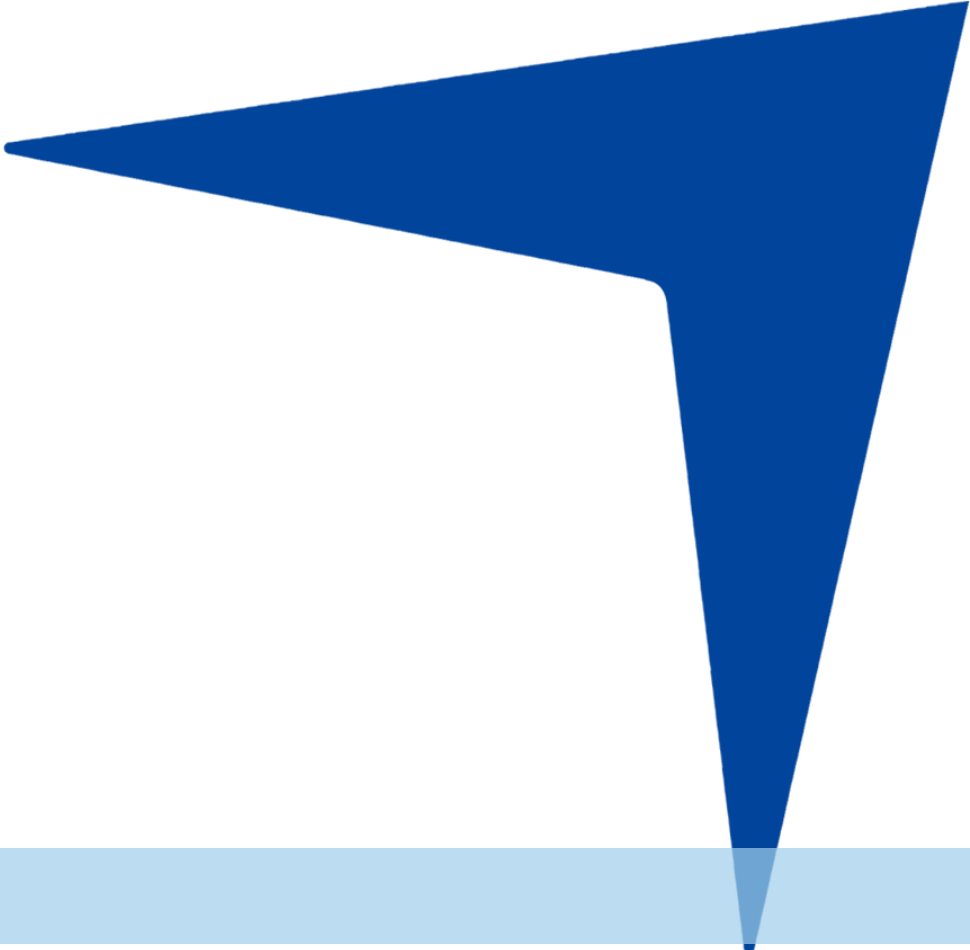
- Medicare Plus Plan experience for medical increased by 6.9% since last year's rating while membership has remained flat. The experience is not considered credible, however, with approximately 234 members.
- We used Segal's trend survey expected trend of 4.0% for this population in our claims projection.
- Given that the experience is not credible, for 2016 we recommend a 9.7% increase over the 2015 rates, consistent with the State plan.
- For 2016, the overall medical and prescription drug rates are projected to increase 9.7% over the 2015 rates, without utilizing any of the Net Fund Balance.
  - Medical rates are projected to decrease by 6.1% for 2016.
  - Prescription drug rates are projected to increase by 26.0% for 2016.

# Medicare Plus Plan Rates

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The recommend rates for 2016 represent a 9.7% increase from 2015.

|                      | 2015 Rates | 2016 Rates | % Change |
|----------------------|------------|------------|----------|
| <b>Medicare Plus</b> |            |            |          |
| Single               | \$414.30   | \$454.50   | 9.7%     |
| Family               | \$824.30   | \$904.50   | 9.7%     |

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# Dental Plan Rates

- The self-insured dental plan was procured earlier this year and Delta Dental was awarded the contract.
- Local employers will determine whether to opt-in to the dental benefit and make it available to employees and retirees.
- The data collected for the RFP was utilized in the rate development and included a base period of expenses for calendar year 2015. Additional addendum data was collected that showed overall trends of 2.7%.
- Renewal information was projected by Delta Dental and shown to be consistent with the Segal development.
- The developed rates are approximately 8% less than last year's overall reported rates from the Addendum.

|        | 2015 Rates          | 2016 Rates         |             |
|--------|---------------------|--------------------|-------------|
|        | Fully-Insured Rates | Self-Insured Rates | Rate Change |
| Single | \$28.61             | \$26.28            | -8.0%       |
| Family | \$71.45             | \$65.70            | -8.0%       |



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# Standard PPO Traditional Rates

| Local Standard PPO Traditional |            |            |            |            |            |            |            |            |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 2015 Rates                     |            |            |            |            |            |            |            |            |
|                                | Dane       |            | Milwaukee  |            | Waukesha   |            | Other      |            |
|                                | Single     | Family     | Single     | Family     | Single     | Family     | Single     | Family     |
| <b>Medical Claim Cost</b>      | \$873.58   | \$2,182.31 | \$1,075.98 | \$2,688.71 | \$968.88   | \$2,420.41 | \$968.88   | \$2,420.41 |
| <b>Rx Claim Cost</b>           | \$189.27   | \$473.18   | \$189.27   | \$473.18   | \$189.27   | \$473.18   | \$189.27   | \$473.18   |
| <b>Expenses</b>                | \$143.05   | \$351.41   | \$143.05   | \$351.41   | \$143.05   | \$351.41   | \$143.05   | \$351.41   |
| <b>TOTAL</b>                   | \$1,205.90 | \$3,006.90 | \$1,408.30 | \$3,513.30 | \$1,301.20 | \$3,245.00 | \$1,301.20 | \$3,245.00 |

| Local Standard PPO Traditional |            |            |            |            |            |            |            |            |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 2016 Rates                     |            |            |            |            |            |            |            |            |
|                                | Dane       |            | Milwaukee  |            | Waukesha   |            | Other      |            |
|                                | Single     | Family     | Single     | Family     | Single     | Family     | Single     | Family     |
| <b>Medical Claim Cost</b>      | \$752.63   | \$1,881.61 | \$942.33   | \$2,355.81 | \$841.93   | \$2,104.81 | \$841.93   | \$2,104.81 |
| <b>Rx Claim Cost</b>           | \$233.88   | \$584.71   | \$233.88   | \$584.71   | \$233.88   | \$584.71   | \$233.88   | \$584.71   |
| <b>Expenses*</b>               | \$143.49   | \$352.48   | \$143.49   | \$352.48   | \$143.49   | \$352.48   | \$143.49   | \$352.48   |
| <b>TOTAL</b>                   | \$1,130.00 | \$2,818.80 | \$1,319.70 | \$3,293.00 | \$1,219.30 | \$3,042.00 | \$1,219.30 | \$3,042.00 |
| <b>Change</b>                  | -6.3%      |            | -6.3%      |            | -6.3%      |            | -6.3%      |            |

➤ Expenses include the following Per Contract Per Month (PCPM) fees:

- ETF Administrative Fee of \$5.50
- Wellness Contract Administrative Fee of \$0.35
- ACA Reinsurance Fee of \$6.56
- WPS Specific and Aggregate Reinsurance Fee of \$190.90
- WPS Medical Expense Fee of \$27.26

# Standard PPO Coinsurance Rates

| Local Standard PPO Coinsurance |                   |                   |                   |                   |                   |                   |                   |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2015 Rates                     |                   |                   |                   |                   |                   |                   |                   |                   |
|                                | Dane              |                   | Milwaukee         |                   | Waukesha          |                   | Other             |                   |
|                                | Single            | Family            | Single            | Family            | Single            | Family            | Single            | Family            |
| Medical 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                       | \$143.05          | \$351.41          | \$143.05          | \$351.41          | \$143.05          | \$351.41          | \$143.05          | \$351.41          |
| <b>TOTAL</b>                   | <b>\$1,081.20</b> | <b>\$2,697.40</b> | <b>\$1,259.50</b> | <b>\$3,142.50</b> | <b>\$1,164.80</b> | <b>\$2,904.40</b> | <b>\$1,164.80</b> | <b>\$2,904.40</b> |

| Local Standard PPO Coinsurance |                   |                   |                   |                   |                   |                   |                   |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2016 Rates                     |                   |                   |                   |                   |                   |                   |                   |                   |
|                                | Dane              |                   | Milwaukee         |                   | Waukesha          |                   | Other             |                   |
|                                | Single            | Family            | Single            | Family            | Single            | Family            | Single            | Family            |
| Medical Claim Cost             | \$707.43          | \$1,768.61        | \$885.83          | \$2,214.61        | \$791.43          | \$1,978.61        | \$791.43          | \$1,978.61        |
| Rx Claim Cost                  | \$233.88          | \$584.71          | \$233.88          | \$584.71          | \$233.88          | \$584.71          | \$233.88          | \$584.71          |
| Expenses*                      | \$143.49          | \$352.48          | \$143.49          | \$352.48          | \$143.49          | \$352.48          | \$143.49          | \$352.48          |
| <b>TOTAL</b>                   | <b>\$1,084.80</b> | <b>\$2,705.80</b> | <b>\$1,263.20</b> | <b>\$3,151.80</b> | <b>\$1,168.80</b> | <b>\$2,915.80</b> | <b>\$1,168.80</b> | <b>\$2,915.80</b> |
| <b>Change</b>                  | 0.3%              |                   | 0.3%              |                   | 0.3%              |                   | 0.3%              |                   |

➤ Expenses include the following Per Contract Per Month (PCPM) fees:

- ETF Administrative Fee of \$5.50
- Wellness Contract Administrative Fee of \$0.35
- ACA Reinsurance Fee of \$6.56
- WPS Specific and Aggregate Reinsurance Fee of \$190.90
- WPS Medical Expense Fee of \$27.26

# Standard PPO Deductible Rates

| Local Standard PPO Deductible |                   |                   |                   |                   |                   |                   |                   |                   |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2015 Rates                    |                   |                   |                   |                   |                   |                   |                   |                   |
|                               | Dane              |                   | Milwaukee         |                   | Waukesha          |                   | Other             |                   |
|                               | Single            | Family            | Single            | Family            | Single            | Family            | Single            | Family            |
| Medical 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                      | \$143.05          | \$351.41          | \$143.05          | \$351.41          | \$143.05          | \$351.41          | \$143.05          | \$351.41          |
| <b>TOTAL</b>                  | <b>\$1,018.00</b> | <b>\$2,537.60</b> | <b>\$1,181.70</b> | <b>\$2,946.20</b> | <b>\$1,095.40</b> | <b>\$2,732.30</b> | <b>\$1,095.40</b> | <b>\$2,732.30</b> |

| Local Standard PPO Deductible |                   |                   |                   |                   |                   |                   |                   |                   |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2016 Rates                    |                   |                   |                   |                   |                   |                   |                   |                   |
|                               | Dane              |                   | Milwaukee         |                   | Waukesha          |                   | Other             |                   |
|                               | Single            | Family            | Single            | Family            | Single            | Family            | Single            | Family            |
| Medical Claim Cost            | \$692.43          | \$1,731.11        | \$866.93          | \$2,167.31        | \$774.63          | \$1,936.61        | \$774.63          | \$1,936.61        |
| Rx Claim Cost                 | \$233.88          | \$584.71          | \$233.88          | \$584.71          | \$233.88          | \$584.71          | \$233.88          | \$584.71          |
| Expenses*                     | \$143.49          | \$352.48          | \$143.49          | \$352.48          | \$143.49          | \$352.48          | \$143.49          | \$352.48          |
| <b>TOTAL</b>                  | <b>\$1,069.80</b> | <b>\$2,668.30</b> | <b>\$1,244.30</b> | <b>\$3,104.50</b> | <b>\$1,152.00</b> | <b>\$2,873.80</b> | <b>\$1,152.00</b> | <b>\$2,873.80</b> |
| <b>Change</b>                 | 5.1%              |                   | 5.3%              |                   | 5.2%              |                   | 5.2%              |                   |

➤ Expenses include the following Per Contract Per Month (PCPM) fees:

- ETF Administrative Fee of \$5.50
- Wellness Contract Administrative Fee of \$0.35
- ACA Reinsurance Fee of \$6.56
- WPS Specific and Aggregate Reinsurance Fee of \$190.90
- WPS Medical Expense Fee of \$27.26

# Standard PPO HDHP Rates

| Local High Deductible Health Plan (HDHP) |                   |                   |                   |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2015 Rates                               |                   |                   |                   |                   |                   |                   |                   |                   |
|  | Dane              |                   | Milwaukee         |                   | Waukesha          |                   | Other             |                   |
|  | Single            | Family            | Single            | Family            | Single            | Family            | Single            | Family            |
| Medical Claim Cost                       | \$764.44          | \$1,909.56        | \$941.44          | \$2,352.66        | \$847.84          | \$2,119.56        | \$847.84          | \$2,119.56        |
| Rx Claim Cost                            | \$165.61          | \$414.03          | \$165.61          | \$414.03          | \$165.61          | \$414.03          | \$165.61          | \$414.03          |
| Expenses*                                | \$143.05          | \$351.41          | \$143.05          | \$351.41          | \$143.05          | \$351.41          | \$143.05          | \$351.41          |
| <b>TOTAL</b>                             | <b>\$1,073.10</b> | <b>\$2,675.00</b> | <b>\$1,250.10</b> | <b>\$3,118.10</b> | <b>\$1,156.50</b> | <b>\$2,885.00</b> | <b>\$1,156.50</b> | <b>\$2,885.00</b> |

| Local High Deductible Health Plan (HDHP) |                 |                   |                   |                   |                 |                   |                 |                   |
|--|-----------------|-------------------|-------------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| 2016 Rates                               |                 |                   |                   |                   |                 |                   |                 |                   |
|  | Dane            |                   | Milwaukee         |                   | Waukesha        |                   | Other           |                   |
|  | Single          | Family            | Single            | Family            | Single          | Family            | Single          | Family            |
| Medical Claim Cost                       | \$609.61        | \$1,524.03        | \$763.31          | \$1,908.23        | \$682.02        | \$1,705.03        | \$682.02        | \$1,705.03        |
| Rx Claim Cost                            | \$196.46        | \$491.15          | \$196.46          | \$491.15          | \$196.46        | \$491.15          | \$196.46        | \$491.15          |
| Expenses*                                | \$116.22        | \$285.51          | \$116.22          | \$285.51          | \$116.22        | \$285.51          | \$116.22        | \$285.51          |
| <b>TOTAL</b>                             | <b>\$922.30</b> | <b>\$2,300.70</b> | <b>\$1,076.00</b> | <b>\$2,684.90</b> | <b>\$994.70</b> | <b>\$2,481.70</b> | <b>\$994.70</b> | <b>\$2,481.70</b> |
| <b>Change</b>                            | -14.1%          |                   | -13.9%            |                   | -14.0%          |                   | -14.0%          |                   |

➤ Expenses include the following Per Contract Per Month (PCPM) fees:

- ETF Administrative Fee of \$5.50
- Wellness Contract Administrative Fee of \$0.35
- ACA Reinsurance Fee of \$6.56
- WPS Specific and Aggregate Reinsurance Fee of \$190.90
- WPS Medical Expense Fee of \$27.26

# State Maintenance Plan Rates

| Local SMP          |                 |                   |                 |                   |                 |                   |                 |                   |
|--------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| 2015 Rates         |                 |                   |                 |                   |                 |                   |                 |                   |
|                    | Traditional     |                   | Coinsurance     |                   | Deductible      |                   | HDHP            |                   |
|                    | Single          | Family            | Single          | Family            | Single          | Family            | Single          | Family            |
| Medical Claim Cost | \$640.08        | \$1,600.42        | \$596.78        | \$1,492.52        | \$553.72        | \$1,384.52        | \$560.09        | \$1,400.36        |
| Rx Claim Cost      | \$124.92        | \$312.30          | \$124.92        | \$312.30          | \$137.28        | \$343.20          | \$109.31        | \$273.26          |
| Expenses           | \$100.20        | \$244.28          | \$100.20        | \$244.28          | \$100.20        | \$244.28          | \$100.20        | \$244.28          |
| <b>TOTAL</b>       | <b>\$865.20</b> | <b>\$2,157.00</b> | <b>\$821.90</b> | <b>\$2,049.10</b> | <b>\$791.20</b> | <b>\$1,972.00</b> | <b>\$769.60</b> | <b>\$1,917.90</b> |

| Local SMP          |                 |                   |                 |                   |                 |                   |                 |                   |
|--------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| 2016 Rates         |                 |                   |                 |                   |                 |                   |                 |                   |
|                    | Traditional     |                   | Coinsurance     |                   | Deductible      |                   | HDHP            |                   |
|                    | Single          | Family            | Single          | Family            | Single          | Family            | Single          | Family            |
| Medical Claim Cost | \$557.80        | \$1,394.46        | \$524.30        | \$1,310.76        | \$513.20        | \$1,282.96        | \$451.83        | \$1,129.59        |
| Rx Claim Cost      | \$142.07        | \$355.19          | \$142.07        | \$355.19          | \$142.07        | \$355.19          | \$119.34        | \$298.36          |
| Expenses*          | \$110.93        | \$270.45          | \$110.93        | \$270.45          | \$110.93        | \$270.45          | \$110.93        | \$270.45          |
| <b>TOTAL</b>       | <b>\$810.80</b> | <b>\$2,020.10</b> | <b>\$777.30</b> | <b>\$1,936.40</b> | <b>\$766.20</b> | <b>\$1,908.60</b> | <b>\$682.10</b> | <b>\$1,698.40</b> |
| <b>Change</b>      | <b>-6.3%</b>    |                   | <b>-5.4%</b>    |                   | <b>-3.2%</b>    |                   | <b>-11.4%</b>   |                   |

➤ Expenses include the following Per Contract Per Month (PCPM) fees:


- ETF Administrative Fee of \$5.50
- Wellness Contract Administrative Fee of \$0.35
- ACA Reinsurance Fee of \$6.56
- WPS Specific and Aggregate Reinsurance Fee of \$190.90
- WPS Medical Expense Fee of \$27.26

# Medicare Plus Rates

| Local Medicare Plus |                 |                 |                           |                   |                   |                   |
|---------------------|-----------------|-----------------|---------------------------|-------------------|-------------------|-------------------|
| 2015 Rates          |                 |                 |                           |                   |                   |                   |
|                     | Single          | Family          | Family + 1                |                   |                   |                   |
|                     |                 |                 | Non-Medicare eligible in: |                   |                   |                   |
|                     |                 |                 | Dane                      | Milwaukee         | Waukesha          | Other             |
| Medical 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            | \$29.73         | \$55.31         | \$172.78                  | \$172.78          | \$172.78          | \$172.78          |
| <b>TOTAL</b>        | <b>\$414.30</b> | <b>\$824.30</b> | <b>\$1,620.20</b>         | <b>\$1,822.60</b> | <b>\$1,715.50</b> | <b>\$1,715.50</b> |

| Local Medicare Plus |                 |                 |                           |                   |                   |                   |
|---------------------|-----------------|-----------------|---------------------------|-------------------|-------------------|-------------------|
| 2016 Rates          |                 |                 |                           |                   |                   |                   |
|                     | Single          | Family          | Family + 1                |                   |                   |                   |
|                     |                 |                 | Non-Medicare eligible in: |                   |                   |                   |
|                     |                 |                 | Dane                      | Milwaukee         | Waukesha          | Other             |
| Medical Claim Cost  | \$174.37        | \$348.33        | \$927.00                  | \$1,116.70        | \$1,016.30        | \$1,016.30        |
| Rx Claim Cost       | \$250.80        | \$501.60        | \$484.68                  | \$484.68          | \$484.68          | \$484.68          |
| Expenses*           | \$29.33         | \$54.57         | \$172.82                  | \$172.82          | \$172.82          | \$172.82          |
| <b>TOTAL</b>        | <b>\$454.50</b> | <b>\$904.50</b> | <b>\$1,584.50</b>         | <b>\$1,774.20</b> | <b>\$1,673.80</b> | <b>\$1,673.80</b> |
| <b>Change</b>       | 9.7%            |                 | -2.2%                     | -2.7%             | -2.4%             | -2.4%             |

- Expenses include the following Per Contract Per Month (PCPM) fees:
- ETF Administrative Fee of \$5.50
  - Wellness Contract Administrative Fee of \$0.35
  - ACA Reinsurance Fee of \$6.56
  - WPS Medical Expense Fee of \$19.50

- 
1. **Overview**
  2. **Net Fund Balance**
  3. **Prescription Drug Plan**
  4. **Standard PPO Plan**
  5. **State Maintenance Plan**
  6. **Medicare Plus Plan**
  7. **Dental Plan**
  8. **Appendix**
    - Final Rates
    - Plan Descriptions



# Standard PPO Plan Designs

## ➤ Medical Benefit

### • Standard PPO that is offered with Traditional Uniform Benefits

#### In-Network

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

#### Out-of-Network

- » Deductible: \$500 Single, \$1,000 Family
- » Coinsurance: 80/20%
- » Out-of-Pocket Limit (OOPL): \$2,000 Single, \$4,000 Family

### • Standard PPO that is offered with Coinsurance Uniform Benefits

#### In-Network

- » Deductible: \$250 Single, \$500 Family
- » Coinsurance: 90/10%
- » OOPL: \$1,000 Single, \$2,000 Family

#### Out-of-Network

- » Deductible: \$500 Single, \$1,000 Family
- » Coinsurance: 70/30%
- » Out-of-Pocket Limit (OOPL): \$2,000 Single, \$4,000 Family

### • Standard PPO that is offered with Deductible Uniform Benefits

#### In-Network

- » Deductible: \$500 Single, \$1,000 Family
- » Coinsurance: 80/20%
- » OOPL: \$2,000 Single, \$4,000 Family

#### Out-of-Network

- » Deductible: \$1,000 Single, \$2,000 Family
- » Coinsurance: 70/30%
- » Out-of-Pocket Limit (OOPL): \$4,000 Single, \$8,000 Family

# Standard PPO Plan Designs

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## ➤ Drug benefit (non-specialty)

- \$5 Level 1 Copay
- 20% (\$50 max) Level 2 Coinsurance
- 40% (\$150 max) Level 3 Coinsurance (Does not count towards OOPL)
- OOPL: \$600 Single, \$1,200 Family

## ➤ Specialty Medications

- 40% (\$200 max) Level 4 Coinsurance
- OOPL: \$1,200 Single, \$2,400 Family
  - Coinsurance for Non-Preferred Specialty Drugs do not count towards OOPL
  - A reduced Level 4 copay of \$50 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

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### ➤ Preferred Provider

- Medical Benefit
  - Deductible: \$1,700 Single, \$3,400 Family (must be met first for medical and pharmacy)
  - 90/10% coinsurance
  - OOP: \$3,500 Single, \$7,000 Family
    - » Combined medical and pharmacy, includes deductible
  - ER Copay \$75
    - » Applies to OOP
- Drug Benefit (non-specialty)
  - \$5 Level 1 Copay
  - 20% (\$50 Max) Level 2 Coinsurance
  - 40% (\$150 Max) Level 3 Coinsurance
- Specialty Medications
  - Preferred Pharmacy: \$50 Copay
  - Non-Preferred Pharmacy: 40% (\$200 Max) Coinsurance

### ➤ Non-Preferred Provider

- Medical Benefit
  - Deductible: \$2,000 Single, \$4,000 Family (must be met first for medical and pharmacy)
  - 70/30% coinsurance
  - OOP: \$3,800 Single, \$7,600 Family
    - » Combined medical and pharmacy, includes deductible
  - ER Copay \$75
    - » Applies to OOP
- Drug Benefit (non-specialty)
  - \$5 Level 1 Copay
  - 20% (\$50 Max) Level 2 Coinsurance
  - 40% (\$150 Max) Level 3 Coinsurance
- Specialty Medications
  - Preferred Pharmacy: \$50 Copay
  - Non-Preferred Pharmacy: 40% (\$200 Max) Coinsurance

# State Maintenance Plan Designs

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## ➤ Medical Benefit

### • SMP Traditional Uniform Benefits

#### In-Network

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

### • SMP Coinsurance Uniform Benefits (Matches State design)

#### In-Network

- » Deductible: \$250 Single, \$500 Family
- » 90/10% Coinsurance
  - › DME and hearing aids remain at 80/20% coinsurance
- » OOP: \$1,000 Single, \$2,000 family
- » OV Copays: \$15 PCP/\$25 SPC and \$15 PT/OT/ST
- » Urgent Care Copay: \$25
- » ER Copay \$75, 90/10% coinsurance thereafter to OOP

### • SMP Deductible Uniform Benefits

#### In-Network

- » Deductible: \$500 Single, \$1,000 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
- 20% (\$50 max) Level 2 Coinsurance
- 40% (\$150 max) Level 3 Coinsurance (Does not count towards OOPPL)
- OOPPL: \$600 Single, \$1,200 Family

## ➤ Specialty Medications

- 40% (\$200 max) Level 4 Coinsurance
- OOPPL: \$1,200 Single, \$2,400 Family
  - Coinsurance for Non-Preferred Specialty Drugs do not count towards OOPPL
  - A reduced Level 4 copay of \$50 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
  - DME and hearing aids remain at 80/20% coinsurance
- OOP: \$2,500 Single, \$5,000 family
  - Combined medical and pharmacy, includes deductible
- ER Copay \$75, 90/10% coinsurance thereafter to OOP

### ➤ Drug benefit (non-specialty)

- \$5 Level 1 Copay
- 20% (\$50 max) Level 2 Coinsurance
- 40% (\$150 max) Level 3 Coinsurance

### ➤ Specialty Medications

- Preferred Pharmacy: \$50 Copay
- Non-Preferred Pharmacy: 40% (\$200 Max) Coinsurance

# Medicare Plus Plan Design

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## ➤ Medical Benefit

- 100% Coinsurance on Usual, Customary and Reasonable after Medicare

## ➤ Drug benefit (non-specialty)

- \$5 Level 1 Copay
- 20% (\$50 max) Level 2 Coinsurance
- 40% (\$150 max) Level 3 Coinsurance (Does not count towards OOPL)
- OOPL: \$600 Single, \$1,200 Family

## ➤ Specialty Medications

- 40% (\$200 max) Level 4 Coinsurance
- OOPL: \$1,200 Single, \$2,400 Family
  - Coinsurance for Non-Preferred Specialty Drugs do not count towards OOPL
  - A reduced Level 4 copay of \$50 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

# Questions & Discussion

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*Thank you!*