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Correspondence Memorandum

Date: August 12, 2020

To: Group Insurance Board

From: Eileen Mallow, Director
Brian Stamm, Deputy Director
Renee Walk, Lead Policy Advisor
Douglas Wendt, Health Policy Advisor
Korbey While, Health Policy Advisor

Subject: Health Plan Rate Recommendations for 2021 Plan Year

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve the 2021 rates and health plan service areas as presented by Segal Consulting (Segal), the Board's actuary, in the attached presentation. ETF also requests that the Board determine the amount of surplus to be applied to mitigate rate increases.

Background

The Board approves health insurance, pharmacy, and dental benefit premium rates annually for the upcoming benefit year. The rates the Board approves are jointly developed by Segal and ETF in June and July. Currently, the Board authorizes one-year contracts with participating health plans. Negotiated rates are only effective for that single year.

Rate Setting Process

Health insurance plans seeking to participate in the Board's programs are invited to submit initial rate proposals in June of each year. Plans also submit financial and utilization data (FUDS) to Segal, as well as provider network data and preliminary rate bids. This year, Segal used catastrophic claims data that health plans provided to the DAISI data warehouse; health plans no longer need to submit this data with their FUDS submission. Segal provided an analysis of these submissions to ETF, including proposed tier cut-offs for both state and local program rates. ETF and Segal then worked together to establish a credit for plan quality and any other rate limitations for participation in a given plan year. For 2021, the quality credit provided up to a 1.0% premium credit to health plans that were in the 50th percentile or above. This is the same as 2019 and a 0.5% decrease from 2020.

Reviewed and approved by John Voelker, Deputy Secretary

Electronically Signed 8/14/20

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In addition to the submissions described above, health plans were asked to submit estimates of COVID-19 related costs and savings from reduced utilization of elective medical services in 2020. This information was used to inform ETF's approach to 2021 rate negotiations.

Once ETF and Segal established the rate tiers and plans' preliminary bid placements, ETF sent tier qualification letters to health plans to notify them of the tier placement for preliminary bid and information on the rate reduction necessary to meet the requirements of Tier 1 (as well as Tier 2 and Tier 3, if applicable). The letters also included notes from the actuary on qualities of the data submitted that may have affected a plan's tier placement. ETF offered each health plan a negotiating session to address questions about rates or the health plan contract in general.

Plans were allowed to revise their initial rates after negotiations by submitting a Best and Final Offer (BAFO). If a plan does not submit a BAFO, ETF assumes the preliminary bid stands, regardless of the plan's tier placement. Plans must notify ETF if they no longer wish to participate in the health insurance program by the BAFO due date. There were no health plans that opted to non-renew for 2021.

State and Local Program Health Plan Participation

Plans that participate in the Group Health Insurance Program (GHIP) currently must participate in both the state and local programs, and the networks offered must be the same. Plans may submit different rates for the state group and the local group.

For state employees, the employee portion of premium paid each month is set by the Department of Administration (DOA) and is uniform across all plan offerings. The employee premium share for local employers varies by employer; however, most pay 88% of the average Tier 1 premium for health plans offered in their county.

ETF makes every effort to ensure that as many counties as possible have a qualified Tier 1 health plan available. However, there are occasionally instances where there are no qualified Tier 1 plans available in a county. When this happens, the Board is required to offer the State Maintenance Plan (SMP), an HMO-lookalike plan administered by WEA Trust. State employees who live in a county where SMP is available pay the DOA-designated state employee share of their premiums. Local employers who are in a SMP county will use the SMP rate to calculate their 88% contribution level. There will not be a need to offer SMP in any counties for 2021 for state employees. SMP will be offered in 12 counties without a qualified health plan for local employees.

Medical Rate Changes

ETF staff and Segal established Tier 1 criteria for 2021 that incorporate expected savings by the health plans from reduced utilization of non-urgent services due to COVID-19. The result was a net 0.1% reduction in overall medical premiums for the State program for 2021. The Local program rates were not as favorable with a 4.8% increase, and ETF staff will continue to look at options to manage the Local program

rates in future years. Slide 16 of Segal's presentation (slide 70 of the comprehensive presentation) shows a breakdown of rate changes by participant groups.

The Medicare Advantage plan administered by UnitedHealthcare is in its second year and does not yet have enough ETF participant experience data to inform rate setting. The current contract has an allowable maximum increase based on the Centers for Medicare & Medicaid Services (CMS) payment increase. UnitedHealthcare held firm at the maximum increase of \$20 per month that is allowed under the contract. The elimination of the federal health insurance fee will offset this increase for 2021.

Pharmacy and Dental Rate Changes

Pharmacy costs were slightly above what was forecasted last year due to continued increases in specialty drug costs. The rate trends for ETF have generally been lower than the industry norms over the last five years (See Segal slide 22, comprehensive presentation slide 76). The overall aggregate increase for the State program for 2021 is 4.4%, with 6.1% for the non-Medicare/non-Graduate Assistant group. The Local program has an aggregate increase of 8.4%, with a 9.9% for non-Medicare/non-Grad. Breakdowns of the rate increases by group are in slide 26 of the Segal presentation (comprehensive presentation slide 80).

Due to a sharp reduction in dental visits during the earlier months of the pandemic, the 2020 YTD costs are much lower than forecast. Staff are recommending that 2021 dental premiums remain the same as 2020 since we have seen dental utilization return to pre-COVID levels. Savings from 2020 are noted in the discussion of fund balances available for possible rate buy-downs.

Reserve Fund Balance

ETF is in year two of a three-year buydown strategy that was adopted by the Board last year, with intent to reach the recommended target reserve by 2022. The Funds Available balance has increased over the amount projected primarily due to higher-than-forecast investment gains in 2019 and the projected 2020 dental program surplus. Slide 37 summarizes the gains and losses used to calculate Funds Available. As shown in slide 39 of the Segal presentation (slide 93 in comprehensive presentation), the State program currently has a surplus of \$117.5M over the targeted reserve mid-point. The Local program has a surplus of \$4.4M. The premium rate increase options to be presented by Segal will incorporate different approaches to bringing the surplus closer to the target range over time.

Reserve Draw Options

Segal will present three options, outlined in Segal slides 48-50 (comprehensive presentation slides 102-104), for drawing down the reserve surplus to mitigate rate increases. A year-by-year comparison of the reserve draw for the three options is shown in slide 44 of the presentation (slide 98 in comprehensive presentation). The graph summarizes the options and demonstrates the projected annual premium increase for each of the next three years and the estimated surplus usage each year.

Option 1 is consistent with the reserve draw down plan adopted by the Board in November 2019. Both Option 2 and Option 3 would extend the timeframe to bring the surplus into alignment with the plan by one year (to 2023). Depending on the option selected, the Board may need to revisit its reserve policy.

ETF and Segal staff will be available at the Board meeting to answer any questions.

Correspondence Memorandum

Date: August 19, 2020
To: Group Insurance Board
From: Segal Consulting
Subject: Health Plan Service Area Qualification for 2021

Segal Consulting (Segal), in consultation with Department of Employee Trust Funds (ETF) staff, recommends the Group Insurance Board (Board) accept the qualification recommendations for the 2021 plan year described in this memo. Highlights of the 2021 recommendations include:

- No Tier 2/3 designation in the State program.
- Tier 2/3 designation in the Local program for the following plans: HealthPartners, Robin with Health Partners, Medical Associates, Quartz – Community, WEA Trust West – Mayo Clinic, WEA Trust West – Chippewa Valley.

Segal and ETF staff also request Board approval to make any additional minor adjustments to the service areas, as they are reviewed and finalized with each health plan.

Background

Qualification criteria ensure that participating health plans offer an adequate provider base and have sufficient operating experience to service members. The qualification process incorporates access standards, allowing plans additional ways to meet the qualification requirements.

To be qualified in a county, the plans must meet at least 90% geo-access in the county for the inpatient hospitals, primary care physicians (includes Internal Medicine, Family Medicine and General Medicine) and chiropractors, or the following minimum requirements in the county:

1. The ratio of full-time equivalent primary physicians accepting new patients to total participants in a county is at least one per two thousand (1.0/2,000) with a minimum of five (5) primary care physicians per county. The PCPs counted for

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this requirement must be able to admit patients to an in-network hospital in the county.

2. The plan must have at least one (1) general hospital that is under contract and/or routinely utilized by in-network providers available per county. For counties with no hospital, plans must sufficiently describe how they provide access to providers.
3. A chiropractor must be available in each county.

Although this has not occurred this year, ETF staff may also determine a plan is non-qualified if staff determines the plan is not effectively administering the State of Wisconsin Group Health Insurance Program, regardless of whether they meet the provider access standards.

Segal sent each health plan a standard network submission workbook that included network access standards by county, as well as a requirement to provide the network provider detail. Segal analyzed this data against the qualification criteria to determine each health plan's qualification status for each county. If a county has no qualified Tier 1 health plan, the State Maintenance Plan (SMP) is offered in that county.

Based on the requirements noted above, each year the Board takes formal action on "qualifying" alternate health plans for each county in Wisconsin.

Prior to this meeting, all participating plans were notified of the qualification status recommendations staff planned to present to the Board.

Qualification and Non-Qualification

A quality Tier 1 health plan is considered "qualified" if it meets all qualification criteria that ensures adequate provider coverage and operating experience for State and Local members. If a quality Tier 1 health plan does not meet all qualification criteria, but meets minimum requirements, the health plan will be "listed" in open enrollment materials as having limited provider availability.

State Health Plan Tiering Status for 2021

For 2021, staff recommends Tier 1 designation in the State program for all health plans. Based on the qualification criteria, every county has at least one qualified Tier 1 State plan. The SMP is offered in counties in which there is not a qualified Tier 1 health plan. Because all counties have a qualified Tier 1 health plan, the SMP is not offered in any counties under the State Plan in 2021.

Local Health Plan Tiering Status for 2021

For 2021, Segal and ETF recommend Tier 2/3 designation in the Local program for the following health plans: HealthPartners, Robin with Health Partners, Medical Associates, Quartz – Community, WEA Trust West – Mayo Clinic, WEA Trust West – Chippewa Valley.

The premium bids provided by these plans for the Local program were deemed at the top of the acceptable range at which they could bid. While the bids were acceptable for continued participation in the Local program, lack of claims experience, very low enrollment, and/or unjustified higher premiums place these plans in Tier 2/3.

Overall, this recommendation will affect 64 of the 72 Wisconsin counties. The Tier 2/3 plans cover and are qualified in these 64 counties.

The following 29 counties where these Tier 2/3 plans participate will have at least two qualified Tier 1 plans:

- | | | |
|---------------|-------------|-------------|
| • Brown | • Kewaunee | • Portage |
| • Calumet | • Langlade | • Price |
| • Columbia | • Lincoln | • Rock |
| • Dodge | • Manitowoc | • Sauk |
| • Door | • Marathon | • Taylor |
| • Fond du Lac | • Marinette | • Vilas |
| • Green Lake | • Menominee | • Walworth |
| • Iowa | • Oconto | • Waukesha |
| • Jefferson | • Oneida | • Winnebago |
| • Juneau | • Outagamie | |

The following 23 counties will have only one qualified Tier 1 plan:

- | | | |
|------------|--------------|------------|
| • Adams | • Dunn | • Sawyer |
| • Ashland | • Eau Claire | • Shawano |
| • Barron | • Forest | • Vernon |
| • Bayfield | • Grant | • Washburn |
| • Burnett | • Green | • Waupaca |
| • Chippewa | • Lafayette | • Waushara |
| • Clark | • Marquette | • Wood |
| • Douglas | • Richland | |

While the plans affected by this recommendation have a presence in 12 additional counties, there are no qualified Tier 1 plans in these counties. The SMP will be offered in these counties, as discussed later in this memo:

- | | | |
|------------|-------------|---------------|
| • Buffalo | • La Crosse | • Polk |
| • Crawford | • Monroe | • Rusk |
| • Florence | • Pepin | • St. Croix |
| • Jackson | • Pierce | • Trempealeau |

There is at least one qualified Tier 1 plan in all counties below. SMP will not be offered in any of the 8 counties listed below in 2021:

- | | | |
|-----------|-------------|--------------|
| • Dane | • Milwaukee | • Sheboygan |
| • Iron | • Ozaukee | • Washington |
| • Kenosha | • Racine | |

SMP Placement

The SMP is offered in counties in which there is not a qualified Tier 1 health plan. There are no counties in which the SMP will be available in the State Plan for 2021. There are 12 counties in which the SMP will be available in the Local Plan for 2021.

County	WEA/Local SMP 2021	State SMP 2021	WEA/Local SMP 2020	State SMP 2020
Buffalo	X			
Crawford	X			
Florence	X		X	
Forest			X	X
Jackson	X			
LaCrosse	X			
Monroe	X			
Pepin	X		X	
Pierce	X		X	
Polk	X			
Rusk	X		X	
St. Croix	X			
Trempealeau	X			

Staff will be at the Board meeting to answer any questions.



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

2021 Program Renewals

August 19, 2020

 **Segal Consulting**

A large, dark blue geometric shape, resembling a stylized arrow or a series of connected triangles, points from the top right towards the center of the slide. It has a light blue horizontal band passing through its middle.

1. Overview

- 2. Medical Plans
- 3. Prescription Drug Plan
- 4. Dental Plan
- 5. Aggregate Renewal
- 6. Fund Balance/Reserve
- 7. 2021 Premium Alternatives

2021 Renewal Process

➤ Medical (Fully-Insured)

- Process
 - IYC Health Plans (HMOs) followed a managed competition model, using a tier structure
 - IYC Access Plan and State Maintenance Plan (SMP) followed a traditional renewal approach, utilizing standard actuarial/underwriting techniques
 - Medicare Advantage Plan rates remain guaranteed in 2021 – the rate change is a function of the CMS rate announcement
- Met with majority of plans to discuss tier placement and long-term strategy

➤ Pharmacy (Self-Insured)

- Received and reviewed claims experience
- Met with Navitus to discuss trends and program management strategies

➤ Dental (Self-Insured)

- Received and reviewed claims experience
- Met with Delta Dental to discuss trends and program benefit and network changes

➤ Reserve Fund

- In Year 2 of the 3-year buy-down strategy implemented by the Board last year—to reach the recommended target reserve by 2022
- Projected year end 2020 reserve balance has increased primarily due to investment gains in 2019 and 2020 Dental projected surplus due to COVID-19

➤ COVID-19 impacted several aspects of the renewal this year



1. Overview

- 2. Medical Plans**

3. Prescription Drug Plan

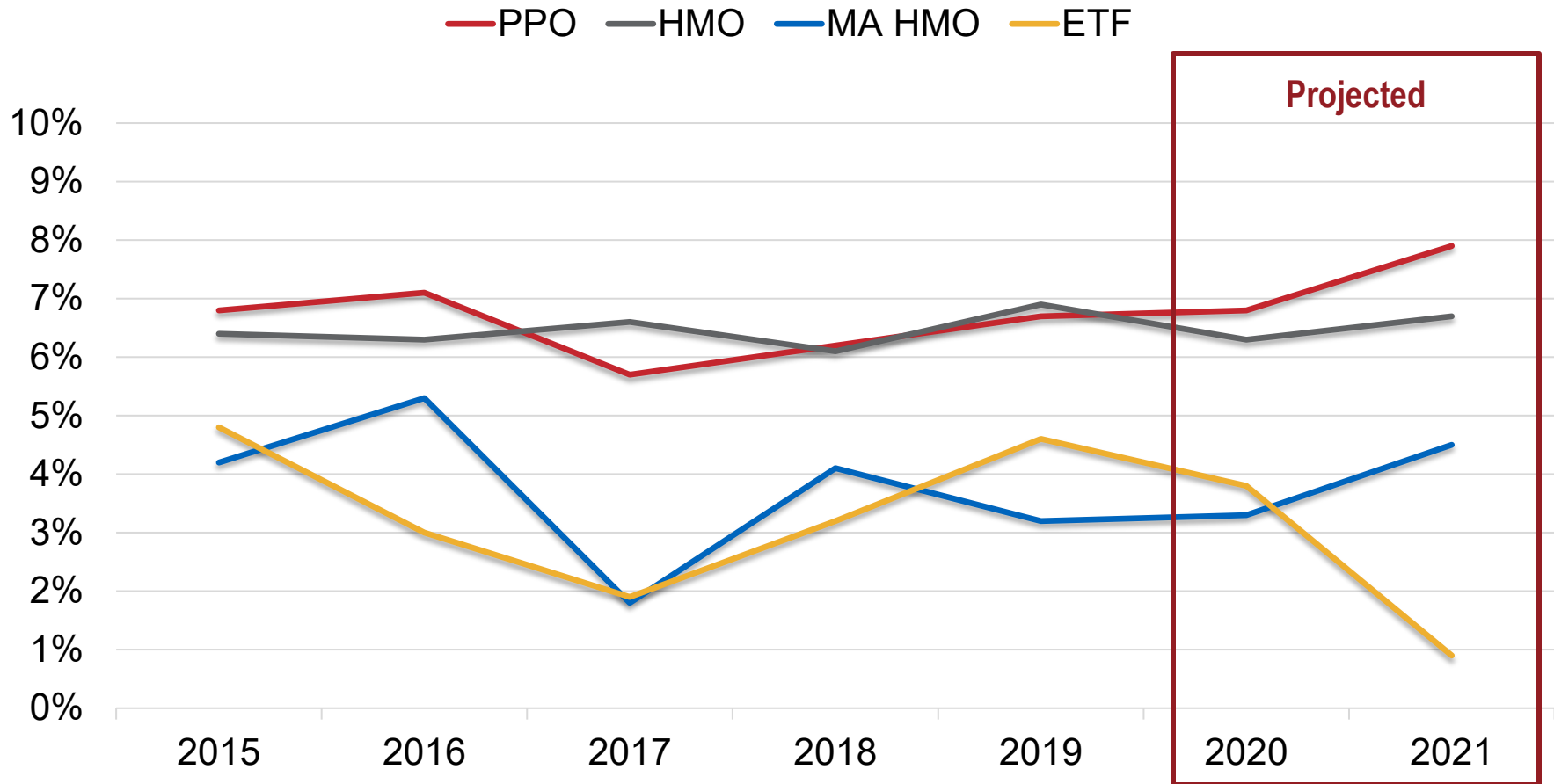
4. Dental Plan

5. Aggregate Renewal

6. Fund Balance/Reserve

7. 2020 Premium Alternatives

Historical Medical Trends – Comparison to ETF



ETF Increases have been lower than norms over past 5 years

Medical Plans – Fully Insured Renewals

- IYC Health Plans (HMOs)
 - Primarily designed for in-state members
 - Renewal consistent with process from last 6 years
 - Administered by: Dean, GHC—Eau Claire, GHC—SCW, HealthPartners, Medical Associates, MercyCare, Network, Quartz, WEA Trust
 - Tier model “managed competition” approach
- IYC Access Plan and State Maintenance Plan (SMP)
 - Mostly utilized for out of state members and in-state members in SMP counties
 - Moved to fully-insured in 2018
 - Administered by: WEA Trust
 - Traditional underwriting approach
- Medicare Advantage (MA) – new option for 2019
 - Covers Medicare retirees only
 - Designed for in and out of state members
 - Administered by: UnitedHealthcare (UHC)
 - Guaranteed rate for 2021 tied to CMS Revenue Increase

Alternate Plans (HMO's) Overall Renewal Process

- Renewal process was primarily unchanged for 2020
- The negotiation process involved the following:
 - March: Segal prepared addendum collection requirements
 - April: ETF reviewed requirements and requested data from Plans
 - May 1: Addendum data submitted to Segal
 - May: Segal compiled data and calculated tier breakpoints
 - May 15: Preliminary Rate Quotes submitted to Segal
 - June: Segal compiled rates and placed Plans into premium tiers
 - July 3: Plans notified of their tier placement and offered renewal meeting to discuss
 - July 7 – 10: Renewal meetings held with Plans
 - July 15: Best and Final Offers received from Plans

Collect Addendum Reports & Data

- Plans are required to provide addendum reports for each group separately: State (Non-Medicare, Medicare, Grads), Local (Non-Medicare, Medicare), High Deductible Health Plan (HDHP), Total Organization (Non-Medicare, Medicare)
- The reports include:
 - Enrollment and membership demographics
 - FFS claims and capitation encounter experience
 - Medical trend assumptions
 - Administrative expenses
 - Rate development
 - Medical loss ratio report
 - Large claimant information
 - Actuarial certification
- New this year, addendum claims and capitation reports were validated using IBM-Watson data warehouse
- Network adequacy reports required to determine which plans are qualified in each county

Tier Breakpoint Development – Based on Addendum

- Incurred claims and capitation experience are compiled for each plan
- Catastrophic claims are removed and pooling charge is added
- Adjusted base period claims per member per month (PMPM) are trended forward with projected “limited” trends
- Administrative costs are added— no increase from 2020 levels
- Total PMPMs are then risk adjusted, combining three factors:
 1. Retrospective DxCG Rx model risk score (30%)
 2. Age/sex score (20%)
 3. Region factor (50%)
 - Region factors were updated using the latest marketplace premium variances
- This results in risk-adjusted normalized PMPMs from which to reasonably compare performance between plans
- Breakpoints are then set for Tiers 1, 2 and 3 taking into account normalized costs by plan and program budget
- The Breakpoints were lowered 3.2%— accounting for the 2020 anticipated savings due to Covid-19

Plan Tier Distribution – Based on Experience

- From experience alone, plan results are reasonably spread across Tiers.

Tier	Number of Plans			Non-Medicare Members		
	State		Local	State		Local
	Dane	Non-Dane	All	Dane	Non-Dane	All
1	0	5	5	0	24,631	14,632
2	3	1	1	76,527	4,914	1,320
3	0	5	8	0	36,816	13,698
Total	3	11	14	76,527	66,361	29,650

- Experience can vary between plans for numerous reasons, including:
 - Size of the plan
 - Contracting and competitive arrangements
 - Medical management practices
 - Pooling arrangements
 - Risk components accuracy
- The overall Tier 1 breakpoint increase was estimated to be 0.0% for State and 4.2% for Locals.

Compile Tier Placement From Preliminary Bid

- Plans submit their Preliminary Bids knowing there is an opportunity for negotiations and movement to Tier 1.
- Tier placement is performed using the State Non-Medicare group only. Negotiations of other groups follow by design.
- Bids are converted to a PMPM and risk adjusted using an overall risk score comprised of prospective DxCG risk score (30%), age/sex (20%) and region (50%)—similar to experience adjustment except risk is prospective vs. retrospective.
- Credits/penalties are then applied to reflect quality, Medicare rates and catastrophic claims experience.
- The final adjusted rates are compared to the tier breakpoints developed from the Addendum experience rate projections.
- Plans are notified of their tier placement and given the opportunity to meet and discuss results. Meetings were held with all but one plan.

There is no direct link from the Addendum projected rates to the Preliminary Bid.

WPE (Locals) Tier Placement From Preliminary Bids

- Last year a tier process, similar to that utilized by the State, was implemented for the Locals. The primary difference is that Locals, due to their size, combine Dane and Non-Dane to produce one overall statewide model.
- The variability in size necessitates additional smoothing techniques and limitations.
- Catastrophic claims were given additional weight in the development.
- Consistent with last year, limitations (adjusted for quality credits) were placed on rate increases and % of State Rate for plans to be in Tier 1/2/3 as shown below.

ETF Local Limitations		
Tier	Rate Increase	% of State Rate
1	6%	110%
2	10%	120%
3	15%	130%

State Tier Placement – Based on Preliminary Bids

- Below is a summary of the preliminary bids by assigned Tier:

Tier	Number of Plans		Non-Medicare Members	
	Dane	Non-Dane	Dane	Non-Dane
1	0	3	0	10,063
2	2	4	68,675	33,607
3	1	4	7,852	22,691
Total	3	11	76,527	66,361

- Similar initial Tier distribution as last year
- All plans moved into Tier 1

	2020 Rates	2021 Rates	Change From Current	%
Medical Costs (in Millions)				
Dane	\$547.6	\$545.6	(\$2.0)	-0.4%
Non-Dane	\$528.9	\$535.8	\$6.9	1.3%
Total State	\$1,076.5	\$1,081.4	\$4.9	0.5%

Local Tier Placement – Based on Preliminary Bids

➤ Below is a summary of the preliminary bids by assigned Tier:

	Number of Plans	Non-Medicare Members
Tier	All	All
1	7	22,533
2	1	105
3	6	7,012
Total	14	29,650

➤ A number of plans did not move to Tier 1 during negotiations:

- HealthPartners Perform & Robin
- Medical Associates
- Quartz - Community
- WEA Trust West – Chippewa Valley & Mayo Clinic

	2020 Rates	2021 Rates	Change From Current	%
Medical Costs (in Millions)				
Locals	\$177.7	\$186.3	\$8.6	4.9%

IYC Access Plan and SMP Renewals

- WEA Trust took over the IYC Access Plan and SMP from WPS in 2018.
 - Moved from self-insured to fully-insured as directed by legislation
- Risk pools divided into two groups:
 - Non-Medicare IYC Access/SMP
 - Medicare Plus
- WEA Trust has had favorable experience in 2019, resulting in a premium credit of \$1.2 million for the plan year, per the Retrospective Agreement. Another premium credit is possible for 2020 because of COVID-19 claims impact.
- This favorable experience continues to emerge for the Non-Medicare pool, yielding a 5% reduction to rates.
- Medicare Plus is increasing 5% driven mostly by underlying trend
- Local increase is impacted by LAHP non-Medicare members who have a 30% higher rate in 2021.

	2020 Rates	2021 Rates	Change from Current	%
Medical Costs (in Millions)				
State	\$47.6	\$46.5	(\$1.1)	-2.3%
Local	\$0.9	\$0.9	\$0.0	3.0%
Total	\$48.4	\$47.4	(\$1.1)	-2.2%

Medicare Advantage Renewal

- ETF contracted with UnitedHealthcare (UHC) for a Medicare Advantage plan starting in 2019
- For 2020, the rate remained flat per the original guarantee since there was limited experience to evaluate. However, the addition of the Health Insurance Fee (HIF) worth \$24 PMPM did result in a net increase.
- For 2021, the rate increase is guaranteed not to exceed a certain dollar amount based on 2021 CMS payment increase. Because the CMS payment increase fell between 1.00%-1.99%, the maximum rate increase is \$20 PMPM.
- UHC refused to negotiate and held firm at the maximum \$20 increase net of the HIF.
- The HIF was repealed for 2021, offsetting the rate increase.
- Next year we will have sufficient data to conduct a traditional renewal.

	2020 Rates	2021 Rates	Change from Current	%
Medical Costs (in Millions)				
State	\$11.1	\$10.6	(\$0.5)	-4.5%
Local	\$0.4	\$0.4	(\$0.0)	-4.5%
Total	\$11.6	\$11.0	(\$0.5)	-4.5%

2021 Overall Medical Increase by Group

- Renewal process resulted in a \$84.4 million savings, a 6.0% reduction from 2021 Preliminary Bids (6.1% for Locals and 6.0% for State).

	2020 Inforce Rates **	2021 Prelim Bids	Negotiation Savings	%	2021 BAFO Rates***	Change From Inforce	%
State							
Non-Medicare	\$880.9	\$940.8	(\$56.9)	-6.1%	\$883.9	\$2.9	0.3%
Medicare*	\$88.5	\$92.7	(\$4.2)	-4.5%	\$88.6	\$0.1	0.1%
Grads	\$48.3	\$51.6	(\$3.5)	-6.7%	\$48.1	(\$0.2)	-0.5%
HDHP	\$117.4	\$125.5	(\$7.6)	-6.0%	\$117.9	\$0.5	0.4%
Total State	\$1,135.2	\$1,210.6	(\$72.2)	-6.0%	\$1,138.5	\$3.3	0.3%
Local							
Non-Medicare	\$169.3	\$189.1	(\$11.6)	-6.1%	\$177.5	\$8.2	4.9%
Medicare*	\$4.7	\$5.2	(\$0.3)	-5.0%	\$4.9	\$0.2	4.0%
HDHP	\$5.0	\$5.5	(\$0.3)	-6.2%	\$5.2	\$0.2	4.3%
Total Local	\$179.0	\$199.8	(\$12.2)	-6.1%	\$187.6	\$8.6	4.8%
Grand Total	\$1,314.1	\$1,410.4	(\$84.4)	-6.0%	\$1,326.1	\$11.9	0.9%

* Medicare includes HDHP Medicare and Family 1 contracts

** 2020 Inforce Rates are pre-buydown

*** 2021 BAFO rates are pre-buydown

2021 Overall Medical Increase by Product

➤ Overall medical broken down by each component.

	2020 Inforce Rates **	2021 BAFO Rates***	Change From Inforce	%
State				
Medicare Advantage	\$11.1	\$10.6	(\$0.5)	-4.5%
Statewide	\$47.6	\$46.5	(\$1.1)	-2.3%
HMO	\$1,076.5	\$1,081.4	\$4.9	0.5%
Total State	\$1,135.2	\$1,138.5	\$3.3	0.3%
	2020 Inforce Rates **	2021 BAFO Rates***	Change From Inforce	%
Local				
Medicare Advantage	\$0.4	\$0.4	(\$0.0)	-4.5%
Statewide	\$0.9	\$0.9	\$0.0	3.0%
HMO	\$177.7	\$186.3	\$8.6	4.9%
Total Local	\$179.0	\$187.6	\$8.6	4.8%
	2020 Inforce Rates **	2021 BAFO Rates***	Change From Inforce	%
Total				
Medicare Advantage	\$11.6	\$11.0	(\$0.5)	-4.5%
Statewide	\$48.4	\$47.4	(\$1.1)	-2.2%
HMO	\$1,254.1	\$1,267.7	\$13.5	1.1%
Grand Total	\$1,314.1	\$1,326.1	\$11.9	0.9%

* Medicare includes HDHP Medicare and Family 1 contracts

** 2020 Inforce Rates are pre-buydown


*** 2021 BAFO rates are pre-buydown

Network Access Qualification

- A plan must meet at least 90% geo-access in the county for the inpatient hospitals, primary care physicians (includes Internal Medicine, Family Medicine and General Medicine) and chiropractors.
- If a geo-access requirement above is not met, the plan can alternatively meet the qualification requirement for any county by:
 - Inpatient Hospitals: the plan must have at least one (1) general hospital under contract and/or routinely utilized by in-network providers available per county
 - Primary Care Physicians: the ratio of full-time equivalent primary physicians accepting new patients to total participants in a county or major city is at least one per two thousand (1.0/2,000) with a minimum of five (5) primary care physicians per county
 - Chiropractors: one (1) chiropractor must be available in each county
- For a plan to be fully qualified in a county, they must also be Tier 1. If not, the SMP will be available for the county.

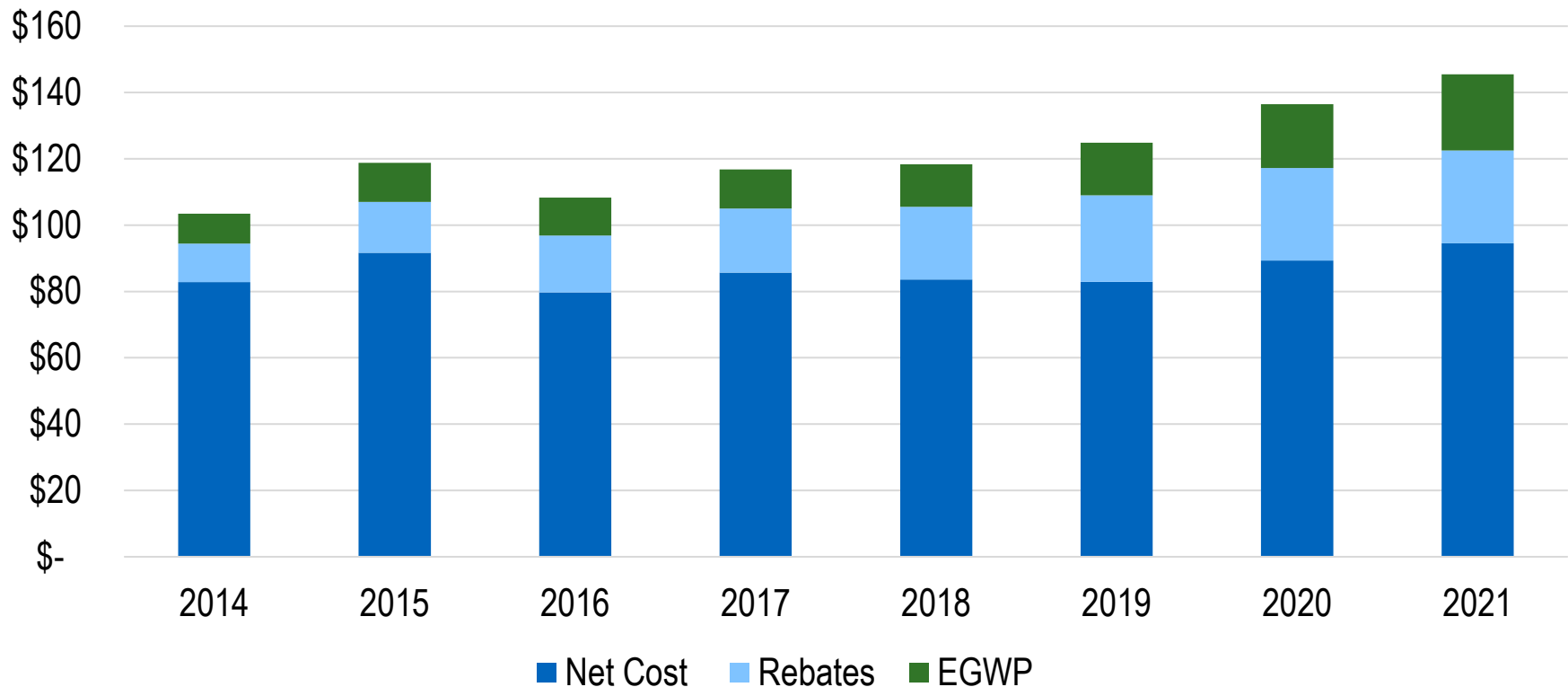
State Maintenance Plan (SMP)

- SMP is the designated Tier 1 plan in every county where there is no other qualified Tier 1 plan.
- No SMP counties are needed for 2021 for State, as every county has a qualified Tier 1 plan.
 - Last year Forest County was the only SMP
- SMP will be offered in 12 counties in 2021 for Local (up from 5 counties in 2020):
 - Buffalo County
 - Crawford County
 - Florence County
 - Jackson County
 - La Crosse County
 - Monroe County
 - Pepin County
 - Pierce County
 - Polk County
 - Rusk County
 - St. Croix County
 - Trempealeau County

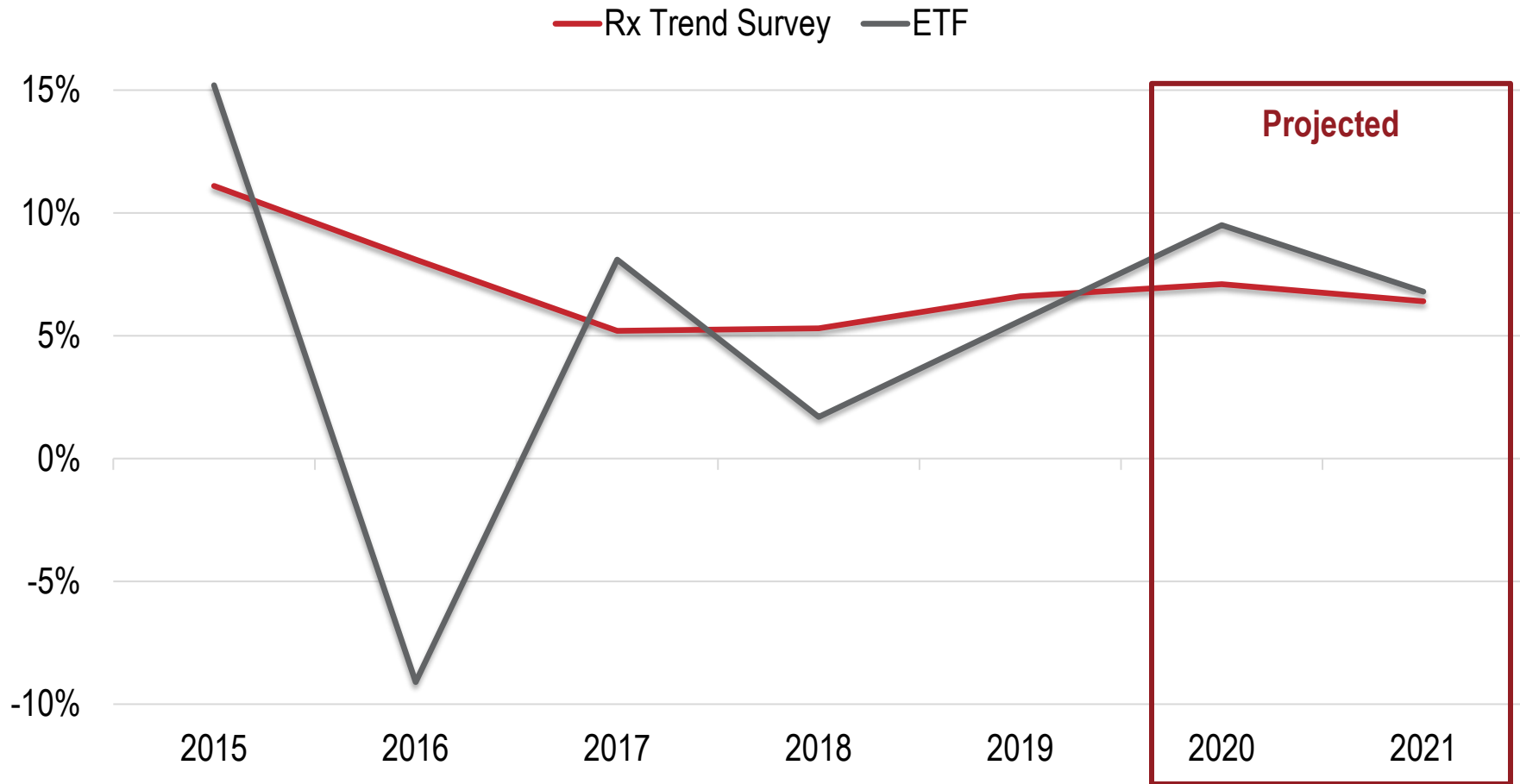
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Historical Pharmacy Spend – PMPM

- “Top Line” claims (before credits) have trended at a 4-year average of 5.9%, while Rebates and EGWP subsidies have increased at 13.2%.
- The net impact is a 4-year total average increase of 2.5% annually.



Historical Pharmacy “Top Line” Trends – Comparison to ETF



ETF Increases have generally been lower norms over past 5 years.

Prescription Drug Plan

- Rating groups were condensed this year to minimize volatility:
 - **State:** Regular, Grads, and Medicare
 - **Local:** Regular and Medicare
- Claims data was received from Navitus and used in our analysis. Baseline data utilized the most recent 12 months of claims, June 2019 through May 2020.
- Adjustment made for unusual spike in March 2020 due to COVID-19 impact
- Annual trend of 6.8% was derived from the weighted average of the Navitus projected claims trends for 2019 and 2020.
- We received and utilized administrative expenses, expected rebates and Medicare Part D subsidies provided by Navitus for the rate development.

Prescription Drug Plans Rates

➤ Aggregate rate increase of 4.4% for State.

	2020 Single Rate	2021 Single Rate	% Change
State			
HMO Regular	\$101.54	\$108.54	6.9%
HMO Grads	\$45.04	\$48.60	7.9%
HMO Medicare	\$130.32	\$130.24	-0.1%
HDHP Regular	\$87.32	\$93.34	6.9%
IYC Access	\$168.14	\$108.54	-35.4%
IYC Access Grads	\$106.92	\$48.60	-54.5%
IYC Access HDHP	\$144.60	\$93.34	-35.4%
State Maintenance Plan (SMP)	\$101.54	\$108.54	6.9%
State Maintenance Plan (SMP) Grads	\$76.16	\$48.60	-36.2%
State Maintenance Plan (SMP) HDHP	\$87.32	\$93.34	6.9%
Medicare Plus (IYC Access & SMP)	\$134.08	\$130.24	-2.9%
Overall			4.4%

- Grey categories now blended with creditable major groups

Prescription Drug Plans Rates *continued*

- Aggregate rate increase of 8.4% for Local.

	2020 Single Rate	2021 Single Rate	% Change
Local			
HMO Regular	\$107.78	\$118.06	9.5%
HMO / HDHP Medicare	\$144.48	\$133.16	-7.8%
HDHP Regular	\$87.30	\$95.62	9.5%
IYC Access	\$197.74	\$118.06	-40.3%
IYC Access HDHP	\$166.10	\$95.62	-42.4%
State Maintenance Plan	\$143.20	\$118.06	-17.6%
State Maintenance Plan HDHP	\$120.28	\$95.62	-20.5%
Medicare Plus (IYC Access & SMP)	\$158.64	\$133.16	-16.1%
Overall			8.4%


- Grey categories now blended with creditable major groups

Prescription Drug Plans Rates

➤ Overall, the recommended rate increase for the prescription drug plan is 4.9%.

	2020 Inforce (Pre BD)	2021 Premium (Pre BD)	\$ Change	% Change
State				
Non-Medicare, Non-Grad	\$138.2	\$146.6	\$8.4	6.1%
Medicare*	\$51.4	\$51.1	(\$0.3)	-0.5%
Grad Assistants	\$5.0	\$5.1	\$0.2	3.2%
HDHP	\$18.2	\$19.2	\$1.1	5.8%
Total State	\$212.8	\$222.1	\$9.3	4.4%
Local				
Non-Medicare, Non-Grad	\$29.1	\$32.0	\$2.9	9.9%
Medicare*	\$2.7	\$2.4	(\$0.2)	-8.3%
HDHP	\$0.8	\$0.9	\$0.1	8.0%
Total Local	\$32.6	\$35.3	\$2.7	8.4%
Grand Total	\$245.4	\$257.4	\$12.0	4.9%

* Medicare includes Family 1 contracts

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Dental Plan Rates (State and Local)

- The self-insured dental plan was procured in 2015 and Delta Dental was awarded the contract for a 2016 start date.
- Claims data (January 2016 – April 2020) was received from Delta Dental and used in our analysis.
 - Experience period used was 2019 incurred claims (runout thru April 2020).
- Baseline experience adjusted for trend, plan design changes, and network discount improvements in projection.

Assumptions:

- Annual Trend 3.8% (Segal Trend Survey)
 - 2020 Plan Design Changes 1.1% (from Delta Dental)
- Calculated rate increase for 2021 nullified by significant claims reduction in 2020 due to COVID-19.

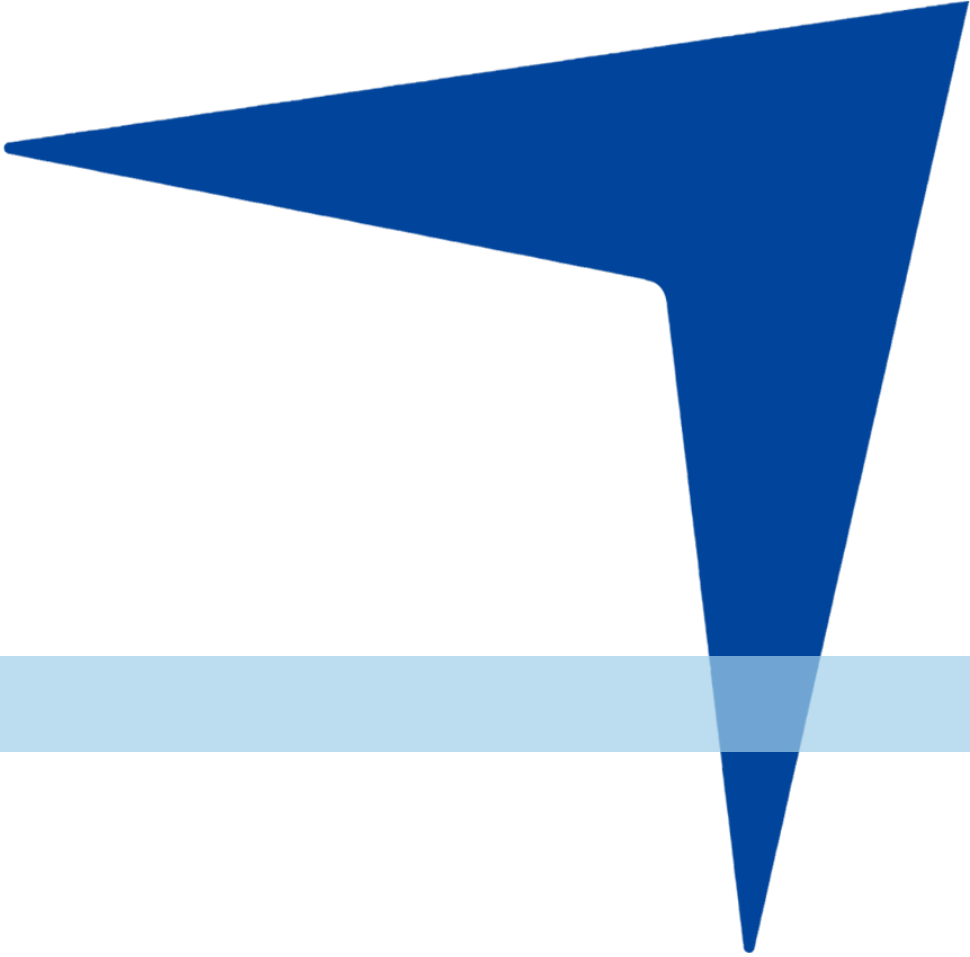
	2020 Rates	2021 Rates	% Change
Self-Insured Rates			
Single	\$30.20	\$30.20	0.0%
Family	\$75.50	\$75.50	0.0%

Dental Total Cost

- Overall, the recommended rate action for the dental plan is 0.0%.

	2020 Inforce (Pre BD)	2021 Premium (Pre BD)	\$ Change	% Change
State				
Non-Medicare, Non-Grad	\$39.8	\$39.8	\$0.0	0.0%
Medicare*	\$10.2	\$10.2	\$0.0	0.0%
Grad Assistants	\$3.0	\$3.0	\$0.0	0.0%
HDHP	\$6.0	\$6.0	\$0.0	0.0%
Total State	\$59.0	\$59.0	\$0.0	0.0%
Local				
Non-Medicare, Non-Grad	\$1.7	\$1.7	\$0.0	0.0%
Medicare*	\$0.1	\$0.1	\$0.0	0.0%
HDHP	\$0.1	\$0.1	\$0.0	0.0%
Total Local	\$1.8	\$1.8	\$0.0	0.0%
Grand Total	\$60.8	\$60.8	\$0.0	0.0%

* Medicare includes Family 1 contracts

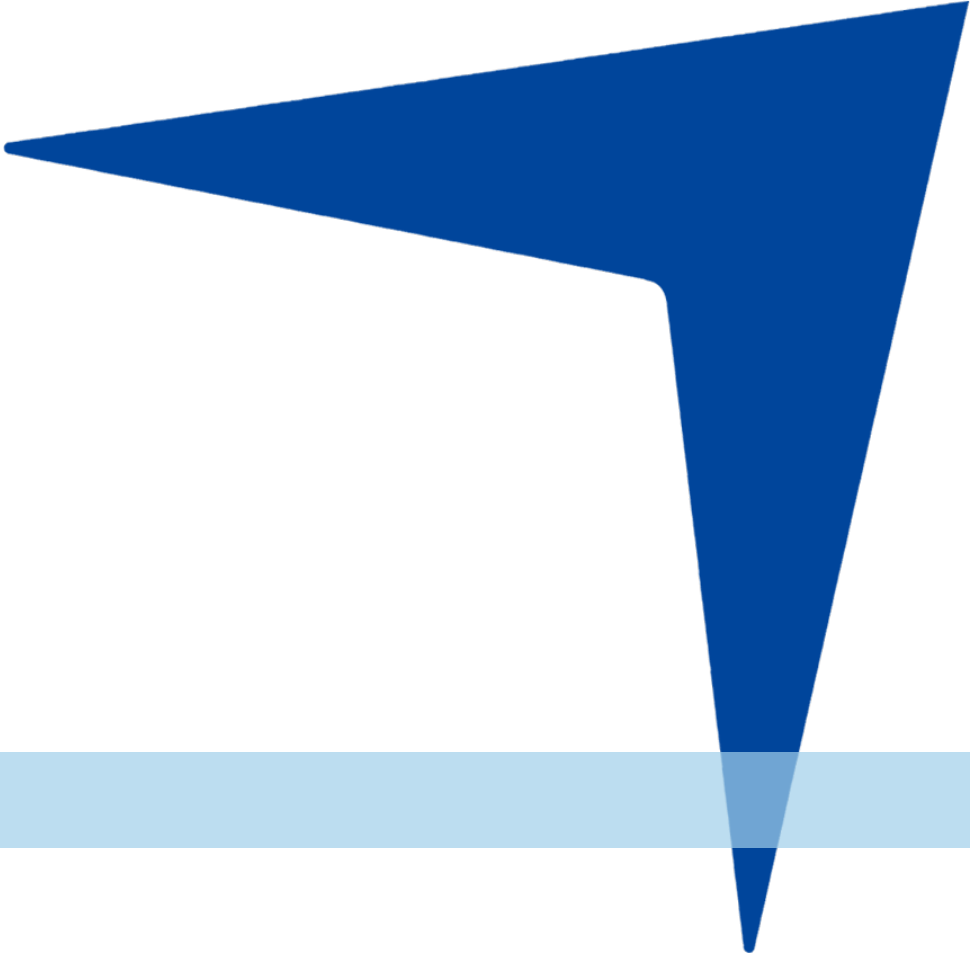
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2021 Aggregate Renewal - Medical, Rx, and Dental

- Renewal process resulted in a \$27.0 million Total Premium increase, a 1.6% increase from 2020 Inforce Rates (5.4% for Locals and 1.1% for State).

	2020 Inforce (Pre BD)	2021 Premium (Pre BD)	\$ Change	% Change
State				
Medical	\$1,135.2	\$1,138.5	\$3.3	0.3%
Pharmacy	\$212.8	\$222.1	\$9.3	4.4%
Dental	\$59.0	\$59.0	\$0.0	N/A
Admin	\$25.9	\$28.6	\$2.7	10.4%
Total	\$1,432.9	\$1,448.2	\$15.3	1.1%
Local				
Medical	\$179.0	\$187.6	\$8.6	4.8%
Pharmacy	\$32.6	\$35.3	\$2.7	8.4%
Dental	\$1.8	\$1.8	\$0.0	N/A
Admin	\$3.4	\$3.7	\$0.3	10.4%
Total	\$216.7	\$228.4	\$11.7	5.4%
Grand Total	\$1,649.6	\$1,676.6	\$27.0	1.6%

* Medicare includes HDHP Medicare and Family 1 contracts

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Fund Balance

State

- The fund balance increased \$11.2M in 2019 and is projected to decrease by \$15.8M in 2020.

State Health Reserve (in millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beg of Year									
Medical	56.8	61.4	66.7	69.4	74.8	76.9	84.7	62.0	73.5
Pharmacy	103.7	77.9	63.1	30.8	6.7	60.1	121.8	134.7	132.4
Dental	0.0	0.0	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5
Total	160.5	139.3	129.8	100.1	81.5	135.8	206.6	200.2	211.4
Gain/(Loss)									
Medical	4.6	5.3	2.7	5.4	2.1	7.8	-22.7	11.5	6.2
Pharmacy	(25.7)	(14.9)	(32.3)	(24.1)	53.4	61.6	13.0	(2.4)	(36.8)
Dental	0.0	0.0	0.0	0.0	(1.2)	1.4	3.3	2.0	14.9
Total	(21.2)	(9.6)	(29.6)	(18.7)	54.3	70.8	-6.4	11.1	(15.8)
End of Year									
Medical	61.4	66.7	69.4	74.8	76.9	84.7	62.0	73.5	79.6
Pharmacy	77.9	63.1	30.8	6.7	60.1	121.8	134.7	132.4	95.6
Dental	0.0	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5	20.4
Total	139.3	129.8	100.1	81.5	135.8	206.6	200.2	211.4	195.6

* Reserves inclusive of investment income

Fund Balance

Local

- The fund balance decreased \$3.2 M in 2019 and is projected to decrease an additional \$2.9M in 2020.

Local Health Reserve (in millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beg of Year									
Medical	1.8	1.7	0.6	0.7	0.6	(0.1)	-0.8	(1.5)	(2.0)
Pharmacy	18.4	17.0	20.5	15.6	8.4	14.3	19.9	23.7	21.0
Dental	0.0	0.0	0.0	0.0	0.0	(0.1)	-0.2	(0.2)	(0.2)
Total	20.1	18.7	21.1	16.3	9.0	14.2	18.9	22.1	18.9
Gain/(Loss)									
Medical	(0.0)	(1.1)	0.0	(0.0)	(0.7)	(0.8)	-0.7	(0.5)	0.1
Pharmacy	(1.4)	3.5	(4.9)	(7.2)	5.9	5.6	3.8	(2.7)	(3.4)
Dental	0.0	0.0	0.0	0.0	(0.1)	(0.1)	0.0	(0.0)	0.3
Total	(1.4)	2.4	(4.9)	(7.2)	5.1	4.7	3.1	(3.2)	(2.9)
End of Year									
Medical	1.7	0.6	0.7	0.6	(0.1)	(0.8)	-1.5	(2.0)	(1.8)
Pharmacy	17.0	20.5	15.6	8.4	14.3	19.9	23.7	21.0	17.6
Dental	0.0	0.0	0.0	0.0	(0.1)	(0.2)	-0.2	(0.2)	0.2
Total	18.7	21.1	16.3	9.0	14.2	18.9	22.1	18.9	15.9

* Reserves inclusive of investment income

Fund Balance

State (Projected 12/31/2020)

- Using ETF transactional data through 6/30/2020, Segal projected the ending fund balance.

State Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
Balance 1/1/2020	73.5	132.4	5.5	211.4
Revenue				
Premiums	1,169.5	180.4	61.0	1,410.9
EGWP Subsidy		51.9		51.9
Investment Income	5.2	7.7	0.9	13.8
Total Revenue	1,174.7	240.0	61.9	1,476.5
Expenses				
Paid Claims	1,150.9	335.2	45.8	1,531.9
Admin Costs	17.6	8.4	1.3	27.3
Rebates		(66.9)		(66.9)
Total	1168.5	276.8	47.0	1,492.3
2020 Gain/(Loss)	6.2	(36.8)	14.9	(15.8)
Balance 12/31/2020	79.6	95.6	20.4	195.6
2019 Projection				157.3

A net gain of \$38.3M

Fund Balance

Local (Projected 12/31/2020)

- Using ETF transactional data through 6/30/2020, Segal projected the ending fund balance.

Local Health Reserve (in millions)

	Medical	Pharmacy	Dental	Total
Balance 1/1/2020	(2.0)	21.0	(0.2)	18.9
Revenue				
Premiums	175.2	26.2	1.8	203.3
EGWP Subsidy		3.1		3.1
Investment Income	(0.1)	1.3	(0.0)	1.2
Total Revenue	175.0	30.6	1.8	207.5
Expenses				
Paid Claims	172.7	45.4	1.5	219.6
Admin Costs	2.2	1.0	0.0	3.2
Rebates		(12.3)		(12.3)
Total	174.9	34.1	1.5	210.5
2020 Gain/(Loss)	0.1	(3.4)	0.3	(2.9)
Balance 12/31/2020	(1.8)	17.6	0.2	15.9
2019 Projection				11.4

A net gain of \$4.5M

Gain/(Loss) Summary

- Majority of reserve gain came from investment return and dental experience

Projected 12/31/2020 Reserve Gain/(Loss) Analysis (in millions)

	State	Local
2019 Projected	\$157.3	\$11.4
2020 Projected	\$195.6	\$15.9
Total Reserve Gain	\$38.3	\$4.5
Gain from:		
Investment Income	\$26.6	\$2.9
Pharmacy Experience	(\$3.2)	\$1.2
2020 Dental Covid Exp	\$14.9	\$0.3

Reserve Policy

- In August 2017, Segal was asked to review the reserve policy in place and recommended some modifications at the August 30, 2018 Board meeting.
- The proposed policy looked at a number of factors and recommended reducing the reserve levels for the self-insured pharmacy and dental programs.
- The new policy, approved by the Board, sets reserves at:
 - Medical: 3% to 5% of premiums
 - Pharmacy: 8% to 10% of projected claims
 - Dental: 3% to 5% of projected claims
- It was proposed to move to the midpoint of the new policy over a 4-year period to minimize premium fluctuations—with 2021 being the last year of the phase-in.
- In December 2018, Lewis & Ellis completed an audit of the reserve methodology. They recommended increasing the dental reserve 2%, resulting in 5% to 7% of projected claims. It was also recommended to incorporate the State's internal rate of return in the projection.

Reserve Surplus Calculation

- Based on the mid-point reserve target, the State has a surplus of \$117.3M. Locals also have a surplus of \$4.4M.

	Projected Reserve (in millions)							
	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
Projected Fund Balance 12/31/2020	79.6	95.6	20.4	195.6	(1.8)	17.6	0.2	15.9
Projected 2021 Claims (SI)		345.9	60.2	406.1		50.0	1.9	51.9
Projected 2021 Premiums (FI)	1,087.4			1,087.4	171.9			171.9
New Policy Reserve Target								
3% Medical, 8% Rx, 5% Dental	32.6	27.7	3.0	63.3	5.2	4.0	0.1	9.3
5% Medical, 10% Rx, 7% Dental	54.4	34.6	4.2	93.2	8.6	5.0	0.1	13.7
Mid-Point Reserve	43.5	31.1	3.6	78.2	6.9	4.5	0.1	11.5
Surplus New Policy	36.1	64.4	16.8	117.3	(8.7)	13.1	0.0	4.4

- Segal recommends the State and Local plans utilize a portion of the surplus to buy down premiums.

Historical Fund Balance Buy-Downs

- Since 2007 there have been frequent buy-downs to move toward the Board Reserve Policy.

Fund Buy-Down (in millions)

Premium Year	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
2023(TBD)								
2022(TBD)								
2021(TBD)								
2020	0.0	33.0	0.0	33.0	0.0	6.5	0.0	6.5
2019	0.0	49.1	0.0	49.1	0.0	7.8	0.0	7.8
2018	13.0	16.0	0.0	29.0	0.0	0.0	0.0	0.0
2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2016	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0	20.0	0.0	20.0	0.0	5.0	0.0	5.0
2014	0.0	20.5	0.0	20.5	0.0	3.1	0.0	3.1
2013	0.0	32.8	0.0	32.8	0.2	1.0	0.0	1.2
2012	0.0	30.0	0.0	30.0	0.0	1.0	0.0	1.0

- Buy-downs require additional premium in the future years to make up the amount

Multi-Year Reserve Draw Strategy – Option 1

- The table below illustrates targets no overall increase in 2021 and drawing the remaining surplus in 2022 (for State). Use all of Local reserve in 2021.

State Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$195.6	\$78.2	5.2%	\$117.3	\$48.6
2022	\$157.3	\$82.2	5.2%	\$75.1	\$76.6
2023	\$86.3	\$86.3	5.2%	\$0.0	\$0.0

Local Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$15.9	\$11.5	5.1%	\$4.4	\$4.9
2022	\$12.0	\$12.1	5.1%	-\$0.1	\$0.0
2023	\$12.8	\$12.7	5.1%	\$0.1	\$0.0

¹ Assumes 7% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Target assumed to increase at 5% per year.

³ The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

Multi-Year Reserve Draw Strategy – Option 2

- The table below illustrates targets no increase in 2021, then uniform draw over the remaining 2-year period—reaching new policy target in 2023 (State). Spread out Local draw over two years.

State Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$195.6	\$78.2	5.2%	\$117.3	\$48.6
2022	\$157.3	\$82.2	5.2%	\$75.1	\$39.6
2023	\$125.9	\$86.3	5.2%	\$39.6	\$39.6

Local Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$15.9	\$11.5	5.1%	\$4.4	\$2.6
2022	\$14.3	\$12.1	5.1%	\$2.3	\$2.5
2023	\$12.7	\$12.7	5.1%	\$0.0	\$0.0

¹ Assumes 7% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Policy assumed to increase at 5% per year.

³ The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

Multi-Year Reserve Draw Strategy – Option 3

- The table below illustrates targets a similar rate increase using various draws over the next three year—reaching new policy target in 2023 (State). Local draw amount spread out over the three years as well.

State Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$195.6	\$78.2	5.2%	\$117.3	\$10.5
2022	\$198.0	\$82.2	5.2%	\$115.9	\$43.5
2023	\$165.3	\$86.3	5.2%	\$79.1	\$79.1

Local Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw
2021	\$15.9	\$11.5	5.1%	\$4.4	\$1.7
2022	\$15.3	\$12.1	5.1%	\$3.2	\$1.7
2023	\$14.5	\$12.7	5.1%	\$1.8	\$1.8

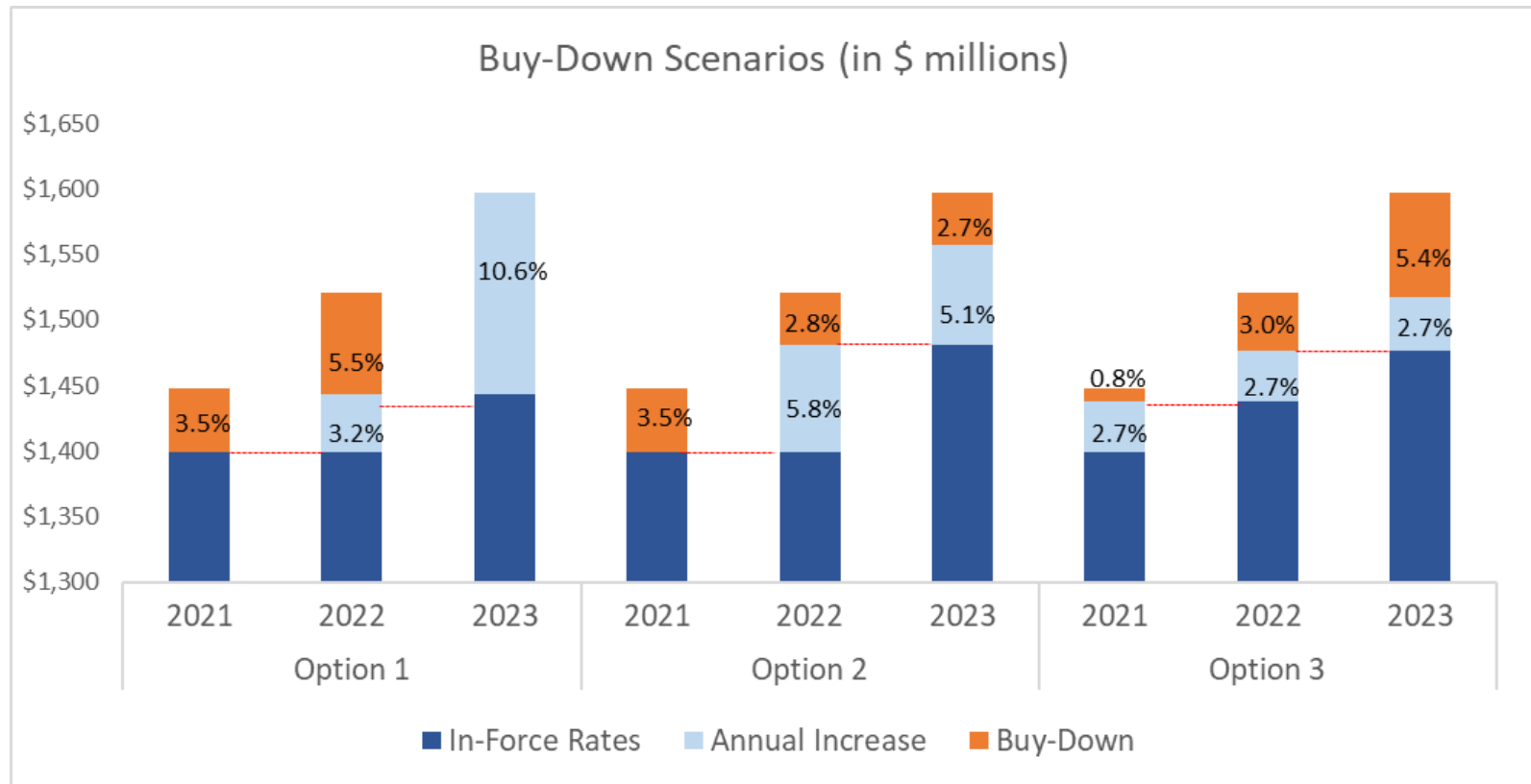
¹ Assumes 7% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Policy assumed to increase at 5% per year.

³ The Surplus refers to the money in the fund that exceeds the Midpoint Target Reserve at beginning of year.

Projected State Premium Increases – Option 1 vs. 2 vs. 3

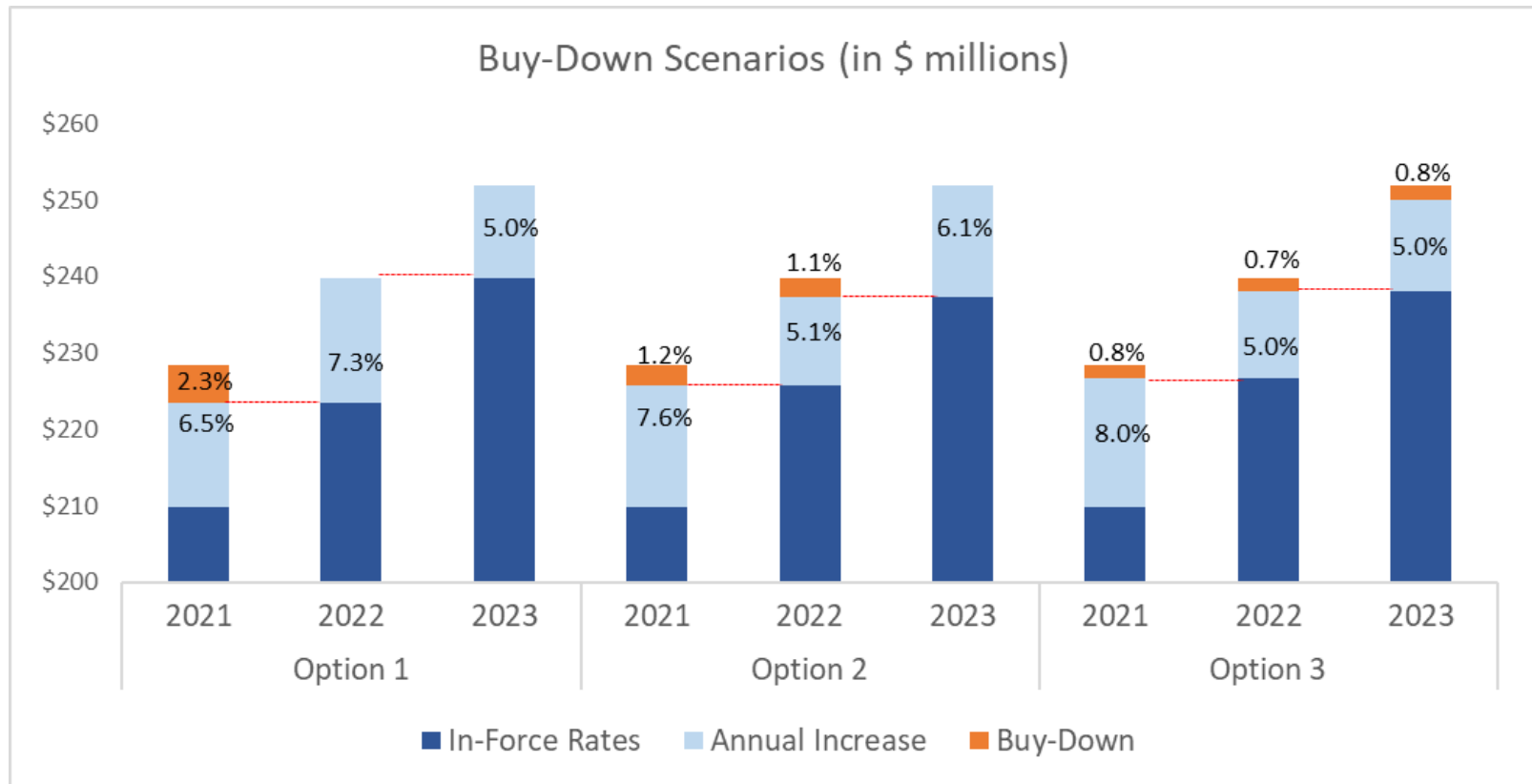
- Depending on the option, there will be an additional increases over trend in the future to compensate for the underfunding in prior years.




- Option 3 provides the smoothest rate increases
- Each option produces the same 3-year overall increase of 4.5%

Projected Local Premium Increases – Option 1 vs. 2 vs. 3

- Depending on the option, there will be an additional increases over trend in the future to compensate for the underfunding in prior years.



- Not as much variation in options due to limited reserve surplus
- Each option produces the same 3-year overall increase of 6.3%

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2021 Premium Rates – With No Reserve Draw

Total Premium by Group

- The 2020 premiums include a \$33.3 million buy-down for State and \$6.8 million for Locals.
- The 2020 after buy-down premiums are expected to increase 3.5% in 2021 before further reserve draw down. Locals increase is 8.8%.
- Premiums include medical, pharmacy, dental, and admin.

	2020 Inforce (Pre BD)	2020 Inforce (Post BD)	2020 BD	2021 Premium (Pre BD)	2021 Need	%
State						
Non-Medicare, Non-Grad	\$1,074.5	\$1,052.8	\$21.6	\$1,087.4	\$34.6	3.3%
Medicare*	\$156.2	\$148.2	\$8.1	\$156.7	\$8.5	5.7%
Grad Assistants	\$58.1	\$57.4	\$0.8	\$58.3	\$0.9	1.6%
HDHP	\$144.0	\$141.2	\$2.8	\$145.9	\$4.7	3.3%
Total	\$1,432.9	\$1,399.6	\$33.3	\$1,448.2	\$48.6	3.5%

Local						
Non-Medicare, Non-Grad	\$203.0	\$196.9	\$6.1	\$214.4	\$17.5	8.9%
Medicare*	\$7.7	\$7.2	\$0.6	\$7.7	\$0.6	7.7%
HDHP	\$6.0	\$5.8	\$0.2	\$6.3	\$0.5	7.9%
Total	\$216.7	\$209.9	\$6.8	\$228.4	\$18.5	8.8%

Grand Total	\$1,649.6	\$1,609.5	\$40.1	\$1,676.6	\$67.1	4.2%
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* Medicare includes Family 1 contracts

2021 Premium Rates – With Option 1 Reserve Draw

- Recommending that State draws down the reserve \$48.6 million to reduce the overall increase to 0.0% from 3.5% increase.
- Recommending that Locals draws down the reserve \$4.9 million to reduce the overall increase to 6.5% from 8.8% increase.
- Aggregate increase after buy-down is 0.8%.

	2020 Inforce (Post BD)	2021 Premium (Pre BD)	2021 Buydown	2021 Premium (Post BD)	\$ Change	% Change
State						
Non-Medicare, Non-Grad	\$1,052.8	\$1,087.4	(\$32.1)	\$1,055.3	\$2.5	0.2%
Medicare*	\$148.2	\$156.7	(\$11.2)	\$145.5	(\$2.7)	-1.8%
Grad Assistants	\$57.4	\$58.3	(\$1.1)	\$57.1	(\$0.2)	-0.4%
HDHP	\$141.2	\$145.9	(\$4.2)	\$141.7	\$0.5	0.3%
Total	\$1,399.6	\$1,448.2	(\$48.6)	\$1,399.6	\$0.0	0.0%

Local						
Non-Medicare, Non-Grad	\$196.9	\$214.4	(\$4.4)	\$210.0	\$13.1	6.6%
Medicare*	\$7.2	\$7.7	(\$0.3)	\$7.4	\$0.2	3.0%
HDHP	\$5.8	\$6.3	(\$0.1)	\$6.2	\$0.3	5.8%
Total	\$209.9	\$228.4	(\$4.9)	\$223.5	\$13.6	6.5%

Grand Total	\$1,609.5	\$1,676.6	(\$53.5)	\$1,623.1	\$13.7	0.8%
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* Medicare includes Family 1 contracts

2021 Premium Rates – With Option 2 Reserve Draw

- Recommending that State draws down the reserve \$48.6 million to reduce the overall increase to 0.0% from 3.5% increase.
- Recommending that Locals draws down the reserve \$2.6 million to reduce the overall increase to 7.6% from 8.8% increase.
- Aggregate increase after buy-down is 1.0%.

	2020 Inforce (Post BD)	2021 Premium (Pre BD)	2021 Buydown	2021 Premium (Post BD)	\$ Change	% Change
State						
Non-Medicare, Non-Grad	\$1,052.8	\$1,087.4	(\$32.1)	\$1,055.3	\$2.5	0.2%
Medicare*	\$148.2	\$156.7	(\$11.2)	\$145.5	(\$2.7)	-1.8%
Grad Assistants	\$57.4	\$58.3	(\$1.1)	\$57.1	(\$0.2)	-0.4%
HDHP	\$141.2	\$145.9	(\$4.2)	\$141.7	\$0.5	0.3%
Total	\$1,399.6	\$1,448.2	(\$48.6)	\$1,399.6	\$0.0	0.0%

Local						
Non-Medicare, Non-Grad	\$196.9	\$214.4	(\$2.4)	\$212.1	\$15.1	7.7%
Medicare*	\$7.2	\$7.7	(\$0.2)	\$7.6	\$0.4	5.2%
HDHP	\$5.8	\$6.3	(\$0.1)	\$6.2	\$0.4	6.8%
Total	\$209.9	\$228.4	(\$2.6)	\$225.8	\$15.9	7.6%

Grand Total	\$1,609.5	\$1,676.6	(\$51.2)	\$1,625.4	\$16.0	1.0%
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* Medicare includes Family 1 contracts

2021 Premium Rates – With Option 3 Reserve Draw

- Recommending that State draws down the reserve \$10.5 million to reduce the overall increase to 2.7% from 3.5% increase.
- Recommending that Locals draws down the reserve \$1.7 million to reduce the overall increase to 8.0% from 8.8% increase.
- Aggregate increase after buy-down is 3.4%.

	2020 Inforce (Post BD)	2021 Premium (Pre BD)	2021 Buydown	2021 Premium (Post BD)	\$ Change	% Change
State						
Non-Medicare, Non-Grad	\$1,052.8	\$1,087.4	(\$6.9)	\$1,080.5	\$27.6	2.6%
Medicare*	\$148.2	\$156.7	(\$2.4)	\$154.3	\$6.1	4.1%
Grad Assistants	\$57.4	\$58.3	(\$0.2)	\$58.0	\$0.7	1.2%
HDHP	\$141.2	\$145.9	(\$0.9)	\$144.9	\$3.8	2.7%
Total	\$1,399.6	\$1,448.2	(\$10.5)	\$1,437.7	\$38.2	2.7%

Local						
Non-Medicare, Non-Grad	\$196.9	\$214.4	(\$1.5)	\$212.9	\$16.0	8.1%
Medicare*	\$7.2	\$7.7	(\$0.1)	\$7.6	\$0.4	6.1%
HDHP	\$5.8	\$6.3	(\$0.0)	\$6.2	\$0.4	7.2%
Total	\$209.9	\$228.4	(\$1.7)	\$226.7	\$16.8	8.0%

Grand Total	\$1,609.5	\$1,676.6	(\$12.2)	\$1,664.4	\$55.0	3.4%
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* Medicare includes Family 1 contracts

Questions & Discussion

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Thank you!