



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

2025 Program Renewals

May 23, 2024





1. Overview

2. Medical Plans
3. Prescription Drug Plan
4. Dental Plan
5. Aggregate Renewal
6. Fund Balance/Reserve
7. 2025 Premium Alternatives
8. Appendix I: Renewal Process

Overview

- Annual renewal process conducted similar to prior years (See Appendix I)
- Three components:
 - Medical
 - Pharmacy
 - Dental
- Reserve fund analysis and projections
- Discussion options for 2025 premiums and three-year reserve approach



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State HMO Renewal

- Dane tier breakpoint increase was 5.8%
- Non-Dane tier breakpoint increase was 5.4%
- Overall preliminary bid increase from inforce rates was 11.2%
- All plans remained in Tier 1

	2024 Rates	BAFO 2025 Rates	Change From Current	%
Medical Costs (in Millions)				
Dane	\$662.6	\$704.3	\$41.7	6.3%
Non-Dane	\$608.9	\$640.1	\$31.2	5.1%
Total State	\$1,271.4	\$1,344.4	\$73.0	5.7%

^ Totals may not reconcile due to rounding

Local HMO Renewal

- Very few plans moved to Tier 1

Tier 1	Tier 1 Last Year, now Tier 2/3	Tier 2/3 Both Years
GHC- SCW Dane Choice Network	Dean Prevea East	Aspirus
Quartz UW	Dean Medica West	Dean
Quartz West	GHC-EC River Region	GHC-EC Common Ground
	Medical Associates	GHC-EC Greater WI
	MercyCare	GHC-SCW Neighbors
		HealthPartners West, Southeast, & Robin
		Quartz Central
		Security

- Overall preliminary bid increase from inforce rates was 16.9%

	2024 Rates	BAFO 2025 Rates	Change From Current	%
Medical Costs (in Millions)				
Locals	\$226.2	\$249.3	\$23.1	10.2%

- The 10.2% shown below may ultimately be less if members migrate into lower cost Tier 1 plans from those that had sizable increases and are no longer Tier 1.
- For example, last year the 2024 premium spend was projected to be \$240.2M – \$14M higher than this year, the difference being migration to lower cost plans in the current enrollment.

Access Plan and SMP Renewals (Statewide)

- Dean manages the Access Plan and SMP plans. The Access Plan and SMP rates increased at the rate cap of 8.4%.

	2024 Rates	BAFO 2025 Rates	Change from Current	%
Medical Costs (in Millions)				
State	\$49.3	\$53.4	\$4.1	8.4%
Local	\$10.8	\$11.7	\$0.9	8.4%
Total	\$60.0	\$65.1	\$5.0	8.4%

^ Totals may not reconcile due to rounding

- Experience is running higher with Dean initially proposing a 15.9% increase. The contract terms below incentivize the Board to minimize rate increases to prevent paying Dean more than the 10% retention target.

Contract Terms w/ Dean	
LR > 90%	The Board pays 100% of claims over 90%
LR < 90%	Dean pays 50% of claims under 90%

	2023 Actual	2024 Projected	2025 Projected
Estimated Settlement Owed to Dean (in Millions)			
State	\$7.0	\$3.9	\$2.9
Local	\$2.2	\$2.6	\$2.4
Total	\$9.2	\$6.5	\$5.3

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 1 county in 2025 for State (same as 2024):
 - Florence County
- SMP will be offered in 41 counties in 2025 for Local (up from 30 counties in 2024):
 - Adams
 - Ashland
 - Barron
 - Bayfield
 - Buffalo
 - Burnett
 - Clark
 - Columbia
 - Douglas
 - Dunn
 - Florence
 - Forest
 - Grant
 - Green
 - Iowa
 - Iron
 - Jefferson
 - Juneau
 - Lafayette
 - Langlade
 - Lincoln
 - Marathon
 - Marquette
 - Menominee
 - Oneida
 - Pepin
 - Pierce
 - Polk
 - Portage
 - Price
 - Richland
 - Rock
 - Rusk
 - Sauk
 - Sawyer
 - St. Croix
 - Taylor
 - Vilas
 - Walworth
 - Washburn
 - Wood

Medicare Plus (Statewide)

- UnitedHealthCare (UHC) administers the fully-insured Medicare Plus plan for Medicare eligible retirees
- Medicare Plus BAFO rates of \$250.68/\$266.34 PMPM (State/Local) resulted in an increase of 5.0%

	2024 Rates	BAFO 2025 Rates	Change from Current	%
Medical Costs (in Millions)				
State	\$12.2	\$12.8	\$0.6	5.0%
Local	\$0.5	\$0.5	\$0.0	5.0%
Total	\$12.6	\$13.2	\$0.6	5.0%

^ Totals may not reconcile due to rounding

Medicare Advantage Renewal

- UHC also administers the fully-insured Medical Advantage plan for Medicare eligible retirees
- The preliminary rates were a 58% increase but were reduced \$15.54 per member per month (PMPM) after the negotiation meeting.
- The 2025 BAFO rate of \$104.22 PMPM increased from \$75.58 PMPM in 2024 – a 38% increase.

	2024 Rates	BAFO 2025 Rates	Change from Current	%
Medical Costs (in Millions)				
State	\$15.1	\$20.8	\$5.7	37.9%
Local	\$0.7	\$1.0	\$0.3	37.9%
Total	\$15.8	\$21.8	\$6.0	37.9%

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2025 Overall Medical Increase by Product

➤ Overall, State increased 6.2% and Local increased 10.2%, for a total of 6.8%

	2024 Rates	2025 Prelim Bids	Negotiation Savings	%	2025 BAFO Rates	Change From Inforce	%
State (in Millions)							
HMO	\$1,271.4	\$1,413.7	(\$69.3)	-4.9%	\$1,344.4	\$73.0	5.7%
Statewide	\$61.4	\$69.9	(\$3.7)	-5.3%	\$66.2	\$4.7	7.7%
Medicare Advantage	\$15.1	\$23.9	(\$3.1)	-13.0%	\$20.8	\$5.7	37.9%
Total State	\$1,347.9	\$1,507.5	(\$76.1)	-5.0%	\$1,431.4	\$83.4	6.2%

	2024 Rates	2025 Prelim Bids	Negotiation Savings	%	2025 BAFO Rates	Change From Inforce	%
Local (in Millions)							
HMO	\$226.2	\$257.9	(\$8.6)	-3.3%	\$249.3	\$23.1	10.2%
Statewide	\$11.2	\$13.0	(\$0.8)	-6.2%	\$12.1	\$0.9	8.3%
Medicare Advantage	\$0.7	\$1.1	(\$0.1)	-13.0%	\$1.0	\$0.3	37.9%
Total Local	\$238.1	\$272.0	(\$9.6)	-3.5%	\$262.4	\$24.3	10.2%

	2024 Rates	2025 Prelim Bids	Negotiation Savings	%	2025 BAFO Rates	Change From Inforce	%
Total (in Millions)							
HMO	\$1,497.6	\$1,671.6	(\$77.9)	-4.7%	\$1,593.7	\$96.1	6.4%
Statewide	\$72.6	\$82.8	(\$4.5)	-5.4%	\$78.3	\$5.7	7.8%
Medicare Advantage	\$15.8	\$25.0	(\$3.2)	-13.0%	\$21.8	\$6.0	37.9%
Grand Total	\$1,586.0	\$1,779.5	(\$85.7)	-4.8%	\$1,693.8	\$107.8	6.8%

^ Totals may not reconcile due to rounding

* Medicare includes HDHP Medicare and Family 1 contracts


2025 Overall Medical Increase by Group

- Renewal process resulted in a \$85.7 million savings, a 4.8% reduction from 2025 Preliminary Bids (5.0% for State and 3.5% for Locals)

	2024 Rates	2025 Prelim Bids	Negotiation Savings	%	2025 BAFO Rates	Change From Inforce	%
State (in Millions)							
Non-Medicare	\$980.3	\$1,091.7	(\$54.7)	-5.0%	\$1,037.0	\$56.7	5.8%
Medicare*	\$89.6	\$106.4	(\$6.5)	-6.1%	\$99.9	\$10.3	11.5%
Grads	\$64.1	\$70.6	(\$2.8)	-4.0%	\$67.8	\$3.8	5.9%
HDHP	\$214.0	\$238.7	(\$12.1)	-5.1%	\$226.7	\$12.7	5.9%
Total State	\$1,347.9	\$1,507.5	(\$76.1)	-5.0%	\$1,431.4	\$83.4	6.2%
Local (in Millions)							
Non-Medicare	\$211.7	\$241.3	(\$8.4)	-3.5%	\$232.9	\$21.2	10.0%
Medicare*	\$5.0	\$5.9	(\$0.3)	-5.4%	\$5.6	\$0.6	12.6%
HDHP	\$21.4	\$24.8	(\$0.9)	-3.5%	\$23.9	\$2.5	11.8%
Total Local	\$238.1	\$272.0	(\$9.6)	-3.5%	\$262.4	\$24.3	10.2%
Grand Total	\$1,586.0	\$1,779.5	(\$85.7)	-4.8%	\$1,693.8	\$107.8	6.8%

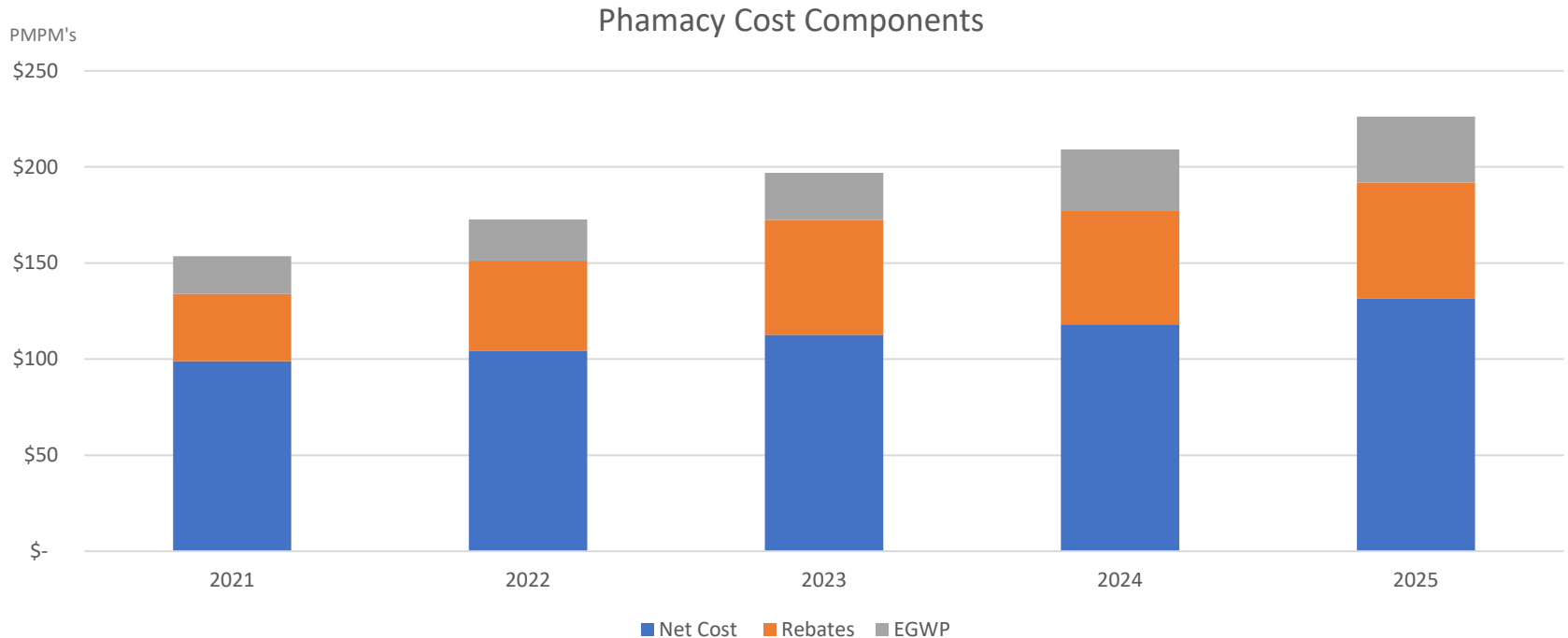
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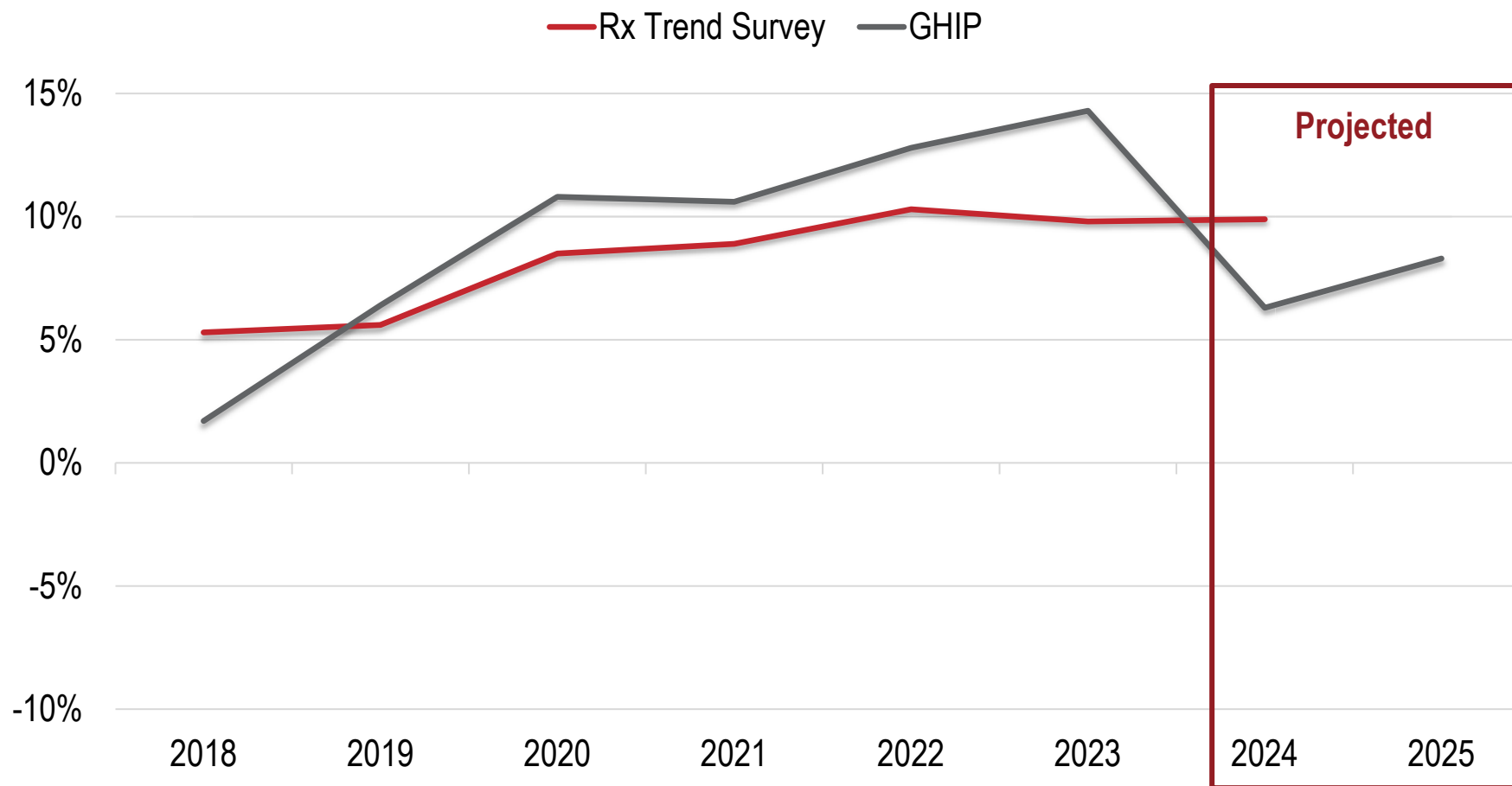
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Historical Pharmacy Spend – PMPM

- “Top Line” claims (before credits) projected trend is averaging 10.4% from 2021 – 2025, while Rebates and Employer Group Waiver Plan (EGWP) subsidies have increased on average 14.8%
- The net impact is a 4-year total average increase of 7.4% annually



Historical Pharmacy “Top Line” Trends – Comparison to GHIP



GHIP increases have been higher than norms over past 5 years.

Prescription Drug Plans Rates

➤ Aggregate rate increase of 10.6% for State

	2024 Single Rate	2025 Single Rate	%
State			
HMO Regular	\$136.92	\$152.74	11.6%
Access	\$136.92	\$152.74	11.6%
SMP	\$136.92	\$152.74	11.6%
HDHP Regular	\$117.76	\$131.36	11.6%
Access HDHP	\$117.76	\$131.36	11.6%
SMP HDHP	\$117.76	\$131.36	11.6%
HMO Grads	\$67.22	\$72.38	7.7%
Access Grads	\$67.22	\$72.38	7.7%
SMP Grads	\$67.22	\$72.38	7.7%
HMO Medicare	\$172.92	\$187.16	8.2%
Medicare Plus & Medicare Advantage	\$172.92	\$187.16	8.2%
Overall			10.6%

Prescription Drug Plans Rates *continued*

➤ Aggregate rate increase of 11.5% for Local

	2024 Single Rate	2025 Single Rate	% Change
Local			
HMO Regular	\$134.10	\$149.90	11.8%
Access	\$134.10	\$149.90	11.8%
SMP	\$134.10	\$149.90	11.8%
HDHP Regular	\$108.62	\$121.42	11.8%
Access HDHP	\$108.62	\$121.42	11.8%
SMP HDHP	\$108.62	\$121.42	11.8%
HMO / HDHP Medicare	\$176.32	\$191.34	8.5%
Medicare Plus & Medicare Advantage	\$176.32	\$191.34	8.5%
Overall			11.5%


Prescription Drug Plans Rates

➤ Overall, the recommended rate increase for the prescription drug plan is 10.7%

	2024 Rates	2025 Premium (Pre BD)	\$ Change	% Change
State (in Millions)				
Non-Medicare, Non-Grad	\$171.5	\$191.3	\$19.8	11.6%
Medicare*	\$74.0	\$80.1	\$6.1	8.3%
Grad Assistants	\$7.6	\$8.2	\$0.6	7.7%
HDHP	\$36.9	\$41.2	\$4.3	11.5%
Total State	\$290.0	\$320.8	\$30.8	10.6%
Local (in Millions)				
Non-Medicare, Non-Grad	\$36.8	\$41.1	\$4.3	11.8%
Medicare*	\$3.6	\$3.9	\$0.3	8.6%
HDHP	\$3.5	\$4.0	\$0.4	11.8%
Total Local	\$43.9	\$49.0	\$5.1	11.5%
Grand Total	\$333.9	\$369.8	\$35.9	10.7%

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Dental Plan Rates (State and Local)

- Claims data (January 2021 – January 2024) was received from Delta Dental and used in our analysis
 - Experience period used was 2023 incurred claims (runout through January 2024)
- Assumptions:
 - Annual Trend 4.0% (Segal Trend Survey)
 - Completion factor based on historical claims lag
 - No Plan Design Change Impact for 2024 and 2025
- Emerging experience is slightly lower than prior projections, thus the rate increase is just below the underlying trend assumption

	2024 Rates	2025 Rates	% Change
Uniform Dental Self-Insured Rates			
Single	\$32.08	\$32.72	2.0%
Family	\$80.20	\$81.80	2.0%

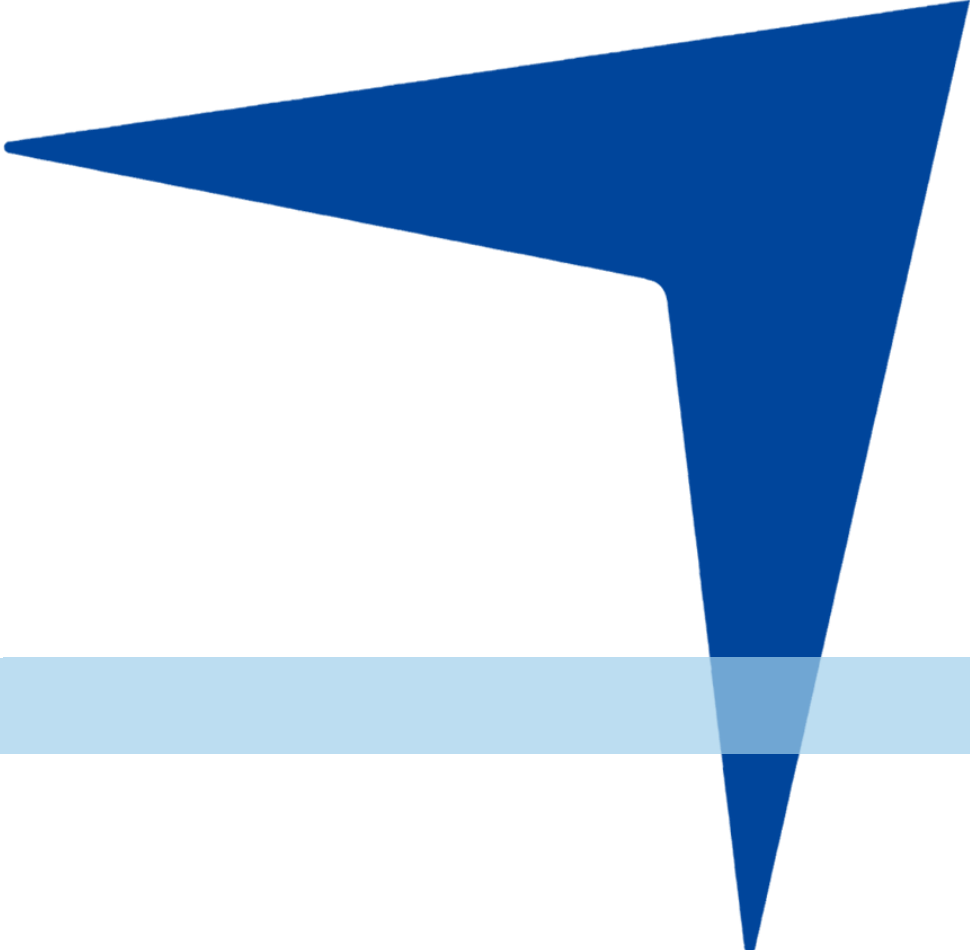
Dental Total Cost

➤ Overall, the recommended rate increase for the dental plan is 2.0%

	2024 Rates	2025 Premium (Pre BD)	\$ Change	% Change
State (in Millions)				
Non-Medicare, Non-Grad	\$39.2	\$40.0	\$0.8	2.0%
Medicare*	\$12.1	\$12.3	\$0.2	2.0%
Grad Assistants	\$3.4	\$3.5	\$0.1	2.0%
HDHP	\$9.7	\$9.9	\$0.2	2.0%
Total State	\$64.4	\$65.7	\$1.3	2.0%
Local (in Millions)				
Non-Medicare, Non-Grad	\$2.2	\$2.3	\$0.0	2.0%
Medicare*	\$0.1	\$0.1	\$0.0	2.0%
HDHP	\$0.2	\$0.2	\$0.0	2.0%
Total Local	\$2.6	\$2.6	\$0.1	2.0%
Grand Total	\$67.0	\$68.3	\$1.3	2.0%

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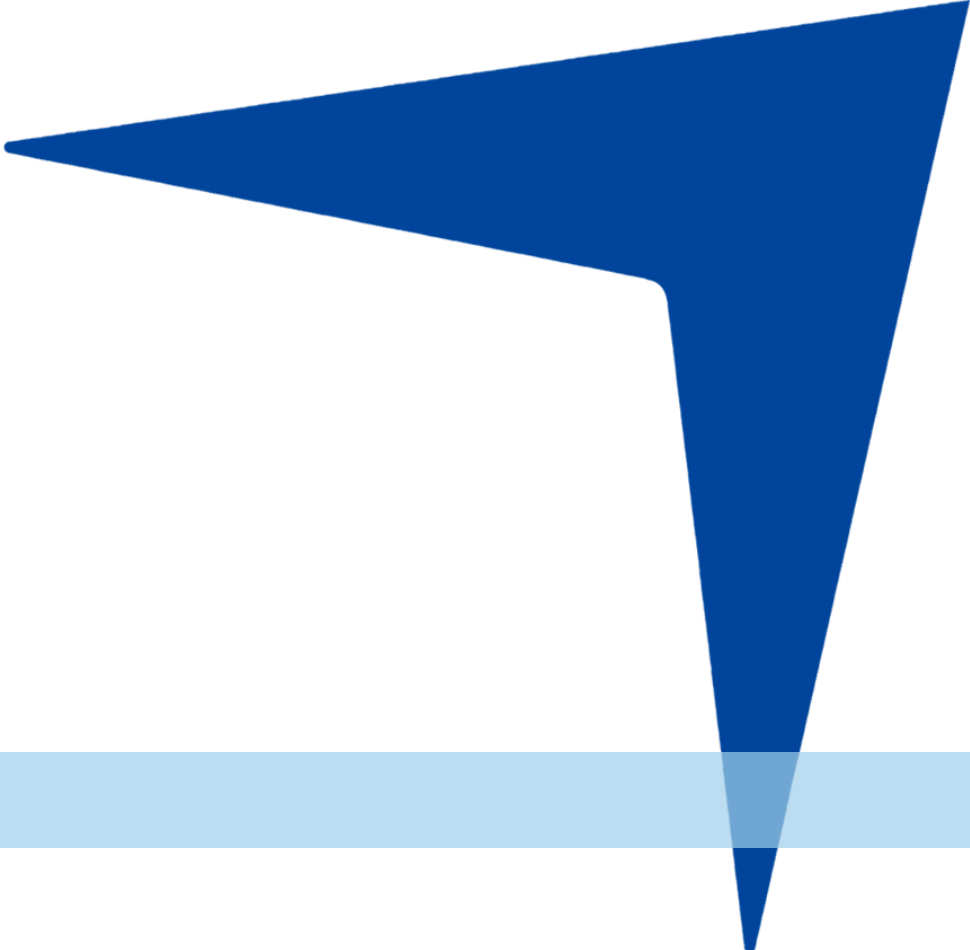
2025 Aggregate Renewal - Medical, Rx, Dental, and Admin

- Renewal process resulted in a \$149.5 million total premium increase, a 7.4% increase from 2024 Inforce Rates (6.9% for State and 10.4% for Locals)

	2024 Inforce	2025 Premium (Pre BD)	\$ Change	% Change
State (in Millions)				
Medical	\$1,347.9	\$1,431.4	\$83.4	6.2%
Pharmacy	\$290.0	\$320.8	\$30.8	10.6%
Dental	\$64.4	\$65.7	\$1.3	2.0%
Admin	\$30.0	\$34.0	\$4.0	13.4%
Total	\$1,732.3	\$1,851.9	\$119.5	6.9%
Local (in Millions)				
Medical	\$238.1	\$262.4	\$24.3	10.2%
Pharmacy	\$43.9	\$49.0	\$5.1	11.5%
Dental	\$2.6	\$2.6	\$0.1	2.0%
Admin	\$4.2	\$4.7	\$0.6	13.4%
Total	\$288.8	\$318.8	\$30.0	10.4%
Grand Total	\$2,021.1	\$2,170.6	\$149.5	7.4%

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Fund Balance

State

- The fund balance decreased \$104.6M in 2023 as the entire surplus was used and is projected to decrease an additional \$11.7M in 2024

State Health Reserve (in millions)											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beg of Year											
Medical	66.7	69.4	74.8	76.9	84.7	62.0	73.5	86.3	96.5	84.9	75.2
Pharmacy	63.1	30.8	6.7	60.1	121.8	134.7	132.4	100.1	90.1	37.3	(59.1)
Dental	0.0	0.0	0.0	(1.2)	0.2	3.5	5.5	19.6	23.7	23.0	24.4
Total	129.8	100.1	81.5	135.8	206.6	200.2	211.4	206.1	210.3	145.2	40.5
Gain/(Loss)											
Medical	2.7	5.4	2.1	7.8	(22.7)	11.5	12.9	10.2	(11.6)	(9.6)	(2.9)
Pharmacy	(32.3)	(24.1)	53.4	61.6	13.0	(2.4)	(32.2)	(10.1)	(52.8)	(96.3)	(10.6)
Dental	0.0	0.0	(1.2)	1.4	3.3	2.0	14.1	4.1	(0.7)	1.4	1.8
Total	(29.6)	(18.7)	54.3	70.8	(6.4)	11.1	(5.3)	4.2	(65.1)	(104.6)	(11.7)
End of Year											
Medical	69.4	74.8	76.9	84.7	62.0	73.5	86.3	96.5	84.9	75.2	72.3
Pharmacy	30.8	6.7	60.1	121.8	134.7	132.4	100.1	90.1	37.3	(59.1)	(69.6)
Dental	0.0	0.0	(1.2)	0.2	3.5	5.5	19.6	23.7	23.0	24.4	26.1
Total	100.1	81.5	135.8	206.6	200.2	211.4	206.1	210.3	145.2	40.5	28.8
Buy-Down	20.5	20.0	0.0	0.0	29.0	49.1	33.0	10.5	27.0	86.5	0.0

^ Totals may not reconcile due to rounding

* Reserves inclusive of investment income

** Medical includes wellness

*** Difference in 2023 EOY pharmacy balance from reserve statement due to emerging Navitus projections

2023 Gain/(Loss) State

- Segal projected the 2023 ending fund balance at the August 23' GIB meeting.
- The actual results pulled down the reserve more than projected

Projected 12/31/2023 Reserve Gain/(Loss) Analysis

State	\$ in Millions
Projected Last GIB	63.5
Actual	40.5
Total 2023 Reserve Loss Gain/(Loss)	(23.0)
Gain/(Loss) from:	
Investment Income	3.8
Pharmacy Experience	(15.0)
Access/SMP Settlement	(7.0)
Medical	(4.8)

Cumulative impact on 2024 for additional \$15.9M projected loss

Fund Balance

State (Projected 12/31/2024)

- Segal's ending fund balance projection uses ETF transactional data through 2/29/2024. ETF provides investment income assumption of 6.5% used for 2024 and beyond.

Projected 2024 State Health Reserve (in millions)				
	Medical	Pharmacy	Dental	Total
Balance 1/1/2024	75.2	(59.1)	24.4	40.5
Revenue				
Premiums	1,377.2	289.7	64.3	1,731.2
EGWP Subsidy		86.4		86.4
Investment Income	4.6	(4.0)	1.6	2.2
Total Revenue	1,381.9	372.1	65.9	1,819.9
Expenses				
Paid Claims	1,359.2	517.9	62.9	1,939.9
Admin Costs	25.7	10.6	1.2	37.5
Rebates		(145.8)		(145.8)
Total Expenses	1,384.8	382.6	64.1	1,831.6
Net Income/(Expense)	(2.9)	(10.6)	1.8	(11.7)
Balance 12/31/2024	72.3	(69.6)	26.1	28.8

^ Totals may not reconcile due to rounding

The projected 12/31/2024 balance was \$67.7M, for a total loss of \$38.9M

Fund Balance

Local

- The fund balance decreased \$5.7M in 2023 and is projected to decrease \$2.8M in 2024

Local Health Reserve (in millions)											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beg of Year											
Medical	0.6	0.7	0.6	(0.1)	(0.8)	(1.5)	(2.0)	(2.3)	(3.3)	(3.7)	(7.1)
Pharmacy	20.5	15.6	8.4	14.3	19.9	23.7	21.0	16.8	20.4	18.0	15.9
Dental	0.0	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	0.1	0.1	0.1	(0.1)
Total	21.1	16.3	9.0	14.2	18.9	22.1	18.9	14.6	17.2	14.4	8.7
Gain/(Loss)											
Medical	0.0	(0.0)	(0.7)	(0.8)	(0.7)	(0.5)	(0.3)	(1.0)	(0.3)	(3.5)	(3.7)
Pharmacy	(4.9)	(7.2)	5.9	5.6	3.8	(2.7)	(4.2)	3.6	(2.4)	(2.1)	1.1
Dental	0.0	0.0	(0.1)	(0.1)	0.0	0.0	0.3	(0.0)	(0.0)	(0.2)	(0.1)
Total	(4.9)	(7.2)	5.1	4.7	3.1	(3.2)	(4.2)	2.6	(2.7)	(5.7)	(2.8)
End of Year											
Medical	0.7	0.6	(0.1)	(0.8)	(1.5)	(2.0)	(2.3)	(3.3)	(3.7)	(7.1)	(10.8)
Pharmacy	15.6	8.4	14.3	19.9	23.7	21.0	16.8	20.4	18.0	15.9	17.0
Dental	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	0.1	0.1	0.1	(0.1)	(0.2)
Total	16.3	9.0	14.2	18.9	22.1	18.9	14.6	17.2	14.4	8.7	6.0
Buy-Down	3.1	5.0	0.0	0.0	0.0	7.8	6.5	1.7	2.5	4.1	0.0

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* Reserves inclusive of investment income

** Medical includes wellness

*** Difference in 2023 EOY Pharmacy balance from reserve statement due to emerging Navitus projections

2023 Gain/(Loss) Local

- Segal projected the 2023 ending fund balance at the August 23' GIB meeting.
- The actual results pulled down the reserve more than projected

Projected 12/31/2023 Reserve Gain/(Loss) Analysis

Local	\$ in Millions
Projected Last GIB	12.1
Actual	8.7
Total 2023 Reserve Loss Gain/(Loss)	(3.4)
Gain/(Loss) from:	
Investment Income	0.7
Pharmacy Experience	(1.1)
Dental Experience	0.2
Access/SMP Settlement	(2.2)
Medical (Mostly Admin)	(1.0)

Cumulative impact on 2024 for additional \$3.5M projected loss

Fund Balance

Local (Projected 12/31/2024)

- Segal's ending fund balance projection uses ETF transactional data through 2/29/2024. ETF provides investment income assumption of 6.5% used for 2024 and beyond.

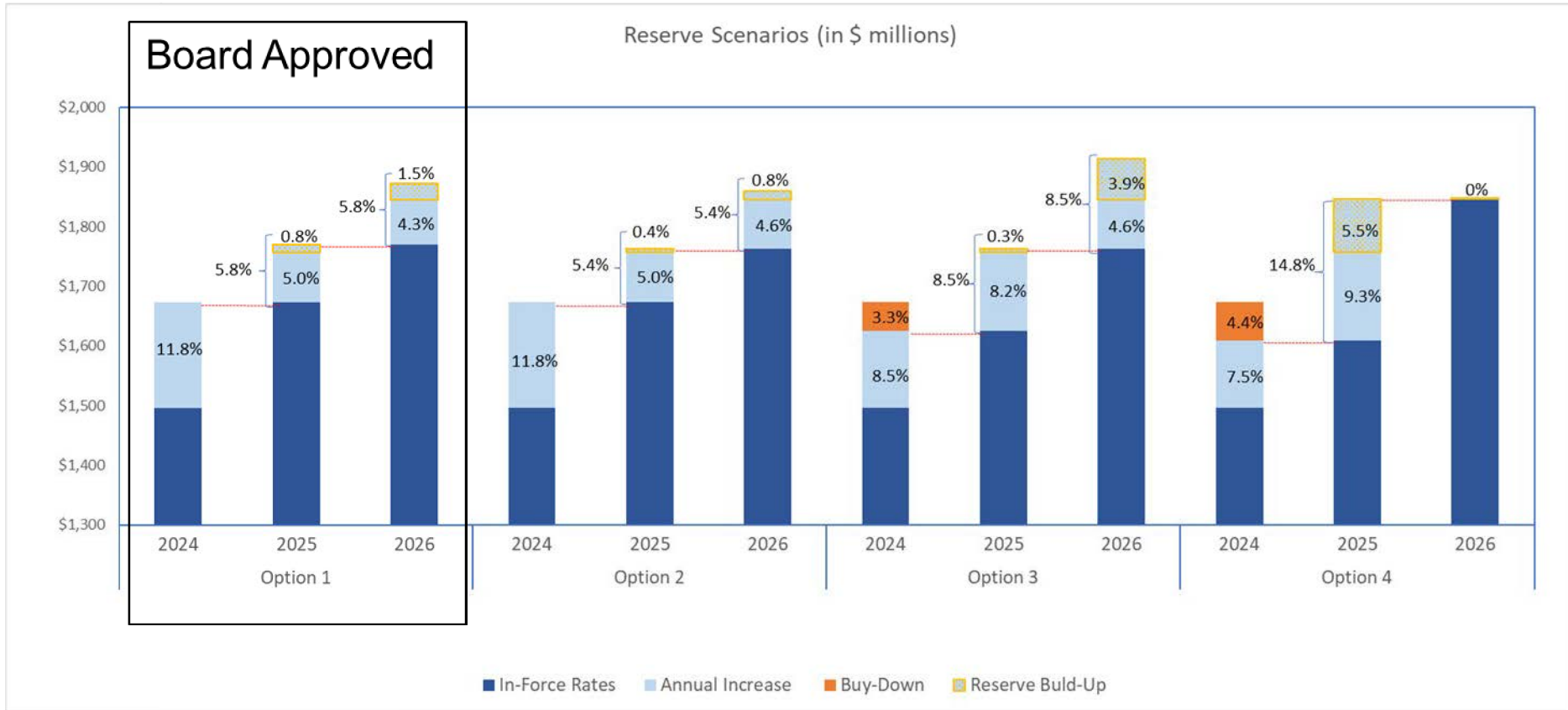
Projected 2024 Local Health Reserve (in millions)				
	Medical	Pharmacy	Dental	Total
Balance 1/1/2024	(7.1)	15.9	(0.1)	8.7
Revenue				
Premiums	235.1	44.8	2.6	282.4
EGWP Subsidy		5.7		5.7
Investment Income	(0.6)	1.1	(0.0)	0.5
Total Revenue	234.5	51.5	2.6	288.6
Expenses				
Paid Claims	234.8	72.6	2.6	310.0
Admin Costs	3.4	1.0	0.0	4.5
Rebates		(23.2)		(23.2)
Total Expenses	238.2	50.5	2.7	291.3
Net Income/(Expense)	(3.7)	1.1	(0.1)	(2.8)
Balance 12/31/2024	(10.8)	17.0	(0.2)	6.0

^ Totals may not reconcile due to rounding

The projected 12/31/2024 balance was \$12.9M, for a total loss of \$6.9M

August 2023 GIB Meeting: Projected State Premium Increases – Options 1 through 4

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



Reserve Surplus Calculation

- Based on the mid-point reserve target, the State has a deficit of \$82.5M
- Locals also have a deficit of \$11.6M

Projected Reserve (in millions)								
	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
Projected Fund Balance 12/31/2024	72.3	(69.6)	26.1	28.8	(10.8)	17.0	(0.2)	6.0
Projected 2025 Claims (SI)		558.1	64.5	622.5		77.1	2.6	79.7
Projected 2025 Premiums (FI)	1,431.4			1,431.4	262.4			262.4
New Policy Reserve Target								
3% Medical, 8% Rx, 5% Dental	42.9	44.6	3.2	90.8	7.9	6.2	0.1	14.2
5% Medical, 10% Rx, 7% Dental	71.6	55.8	4.5	131.9	13.1	7.7	0.2	21.0
Mid-Point Reserve	57.3	50.2	3.9	111.3	10.5	6.9	0.2	17.6
Surplus New Policy - Midpoint	15.0	(119.8)	22.3	(82.5)	(21.3)	10.1	(0.4)	(11.6)
Surplus - Lower Boundry	29.3	(114.3)	22.9	(62.0)	(18.7)	10.8	(0.3)	(8.2)

- Both programs are under the lower boundary of the reserve target
- Per last year's Board Approved Option 1, Segal recommends the State and Local programs continue the plan to get reserves within the target range

Historical Fund Balance Buy-Downs

- Since 2007 there have been frequent buy-downs to move toward the Board Reserve Policy. 2024 had no buy-down because there was no projected surplus.

Fund Buy-Down (in millions)								
Premium Year	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
2027(TBD)								
2026(TBD)								
2025(TBD)								
2024	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2023	0.0	86.5	0.0	86.5	0.0	4.1	0.0	4.1
2022	0.0	27.0	0.0	27.0	0.0	2.5	0.0	2.5
2021	0.0	10.5	0.0	10.5	0.0	1.7	0.0	1.7
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

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

The buy-down is applied by taking a % of the Rx premium rates across all groups.

Multi-Year Reserve Draw Strategy – State Option 1

- No reserve build-up in 2025 – 6.9% renewal increase
- 2026 and 2027 have a 1.2% premium load to reach the Low End Target Reserve by the end of 2027 (projected to be 6% without reserve build-up)
- Rates Increase of 6.9% / 7.2% / 7.2%

State Reserve Multi-year Strategy					
	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw ⁴
2025	\$28.8	\$90.8	5.4%	-\$62.0	\$0.0
2026	\$27.8	\$96.3	5.4%	-\$68.5	-\$22.8
2027	\$53.1	\$102.0	5.4%	-\$48.9	-\$48.9

[^] Totals may not reconcile due to rounding

*Assumes \$2.9M Access/SMP Settlement for 2025

¹ Assumes 6.5% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Target assumed to increase at 6% per year.

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

⁴ Positive draw refers to a buy-down, while a negative draw refers to a reserve build-up.

Multi-Year Reserve Draw Strategy – State Option 2

- Incrementally build-up reserve to reach the Low End Target Reserve by the end of 2027
- 2025 – 2027 all include a 0.6% premium load to build the reserve
- Rate increases of 7.5% / 6.6% / 6.6%

State Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw ⁴
2025	\$28.8	\$90.8	5.4%	-\$62.0	-\$10.4
2026	\$38.5	\$96.3	5.4%	-\$57.7	-\$23.0
2027	\$64.8	\$102.0	5.4%	-\$37.3	-\$37.3

[^] Totals may not reconcile due to rounding

*Assumes \$2.9M Access/SMP Settlement for 2025

¹ Assumes 6.5% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Target assumed to increase at 6% per year.

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

⁴ Positive draw refers to a buy-down, while a negative draw refers to a reserve build-up.

Multi-Year Reserve Draw Strategy – State Option 3

- Continue board approved strategy of reaching Midpoint Target by end of 2026
- 2025 and 2026 include a 1.6% premium load to build the reserve
- 2027 increase is mitigated by past premium loads as the rates realign with expenses
- Rate Increases of 8.5% / 7.6% / 2.9%

State Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw ⁴
2025	\$28.8	\$111.3	5.4%	-\$82.5	-\$28.4
2026	\$57.1	\$118.0	5.4%	-\$60.9	-\$60.9
2027	\$123.7	\$125.1	5.4%	-\$1.4	-\$1.4

[^] Totals may not reconcile due to rounding

*Assumes \$2.9M Access/SMP Settlement for 2025

¹ Assumes 6.5% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Target assumed to increase at 6% per year.

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

⁴ Positive draw refers to a buy-down, while a negative draw refers to a reserve build-up.

Multi-Year Reserve Draw Strategy – State Option 4

- Incrementally build-up reserve to reach the Midpoint Target Reserve by the end of 2027
- 2025 – 2027 all include a 0.8% premium load to build the reserve
- Rate Increases of 7.7% / 6.8% / 6.8%

State Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw ⁴
2025	\$28.8	\$111.3	5.4%	-\$82.5	-\$14.5
2026	\$42.8	\$118.0	5.4%	-\$75.3	-\$30.0
2027	\$76.5	\$125.1	5.4%	-\$48.6	-\$48.6

[^] Totals may not reconcile due to rounding

*Assumes \$2.9M Access/SMP Settlement for 2025

¹ Assumes 6.5% investment return and no additional gains or losses that would impact the fund balance.

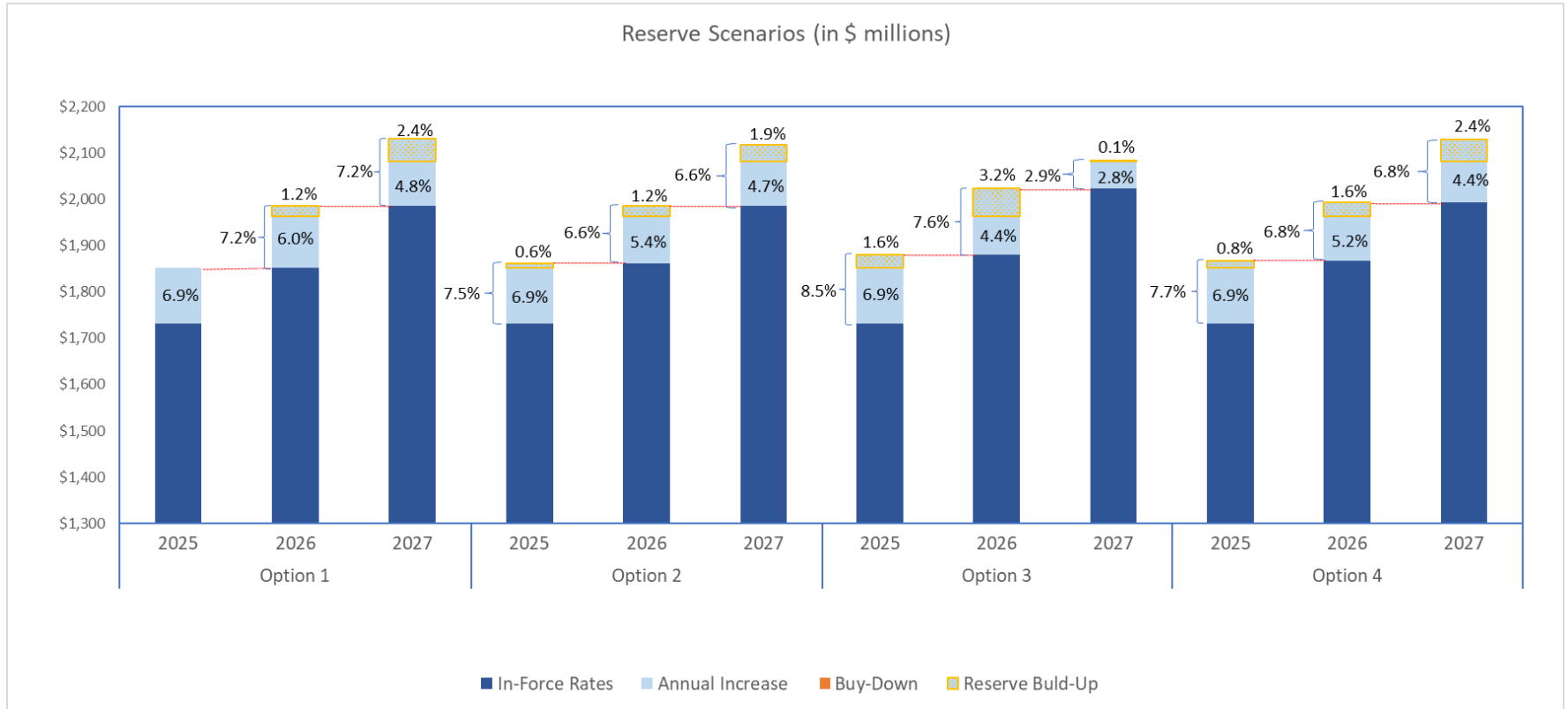
² Reserve Target assumed to increase at 6% per year.

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

⁴ Positive draw refers to a buy-down, while a negative draw refers to a reserve build-up.

Projected State Premium Increases – Options 1 through 4

- Depending on the option, there will be a decrease to mitigate trend in the future to compensate for the overfunding in prior years



- Each option reflects the same underlying future cost increase of 6.0%, the premium differences result from funding the reserve

Multi-Year Reserve Draw Strategy – Local Option 1

- No reserve build-up in 2025 – 10.4% renewal increase
- 2026 and 2027 have a 1.2% premium load to reach the Low End Target Reserve by the end of 2027 (projected to be 6% without reserve build-up)
- Rate Increases of 10.4% / 7.2% / 7.2%

Local Reserve Multi-year Strategy					
	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw ⁴
2025	\$6.0	\$14.2	5.1%	-\$8.2	\$0.0
2026	\$3.9	\$15.0	5.1%	-\$11.1	-\$3.7
2027	\$8.0	\$15.9	5.1%	-\$7.9	-\$7.9

^ Totals may not reconcile due to rounding

*Assumes \$2.4M Access/SMP Settlement for 2025

¹ Assumes 6.5% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Target assumed to increase at 6% per year.

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

⁴ Positive draw refers to a buy-down, while a negative draw refers to a reserve build-up.

Multi-Year Reserve Draw Strategy – Local Option 2

- Incrementally build-up reserve to reach the Low End Target Reserve by the end of 2027
- 2025 – 2027 all include a 0.6% premium load to build the reserve
- Rate Increases of 11.0% / 6.6% / 6.6%

Local Reserve Multi-year Strategy					
	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw ⁴
2025	\$6.0	\$14.2	5.1%	-\$8.2	-\$1.8
2026	\$5.8	\$15.0	5.1%	-\$9.2	-\$3.7
2027	\$10.0	\$15.9	5.1%	-\$5.9	-\$5.9

[^] Totals may not reconcile due to rounding

*Assumes \$2.4M Access/SMP Settlement for 2025

¹ Assumes 6.5% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Target assumed to increase at 6% per year.

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

⁴ Positive draw refers to a buy-down, while a negative draw refers to a reserve build-up.

Multi-Year Reserve Draw Strategy – Local Option 3

- Continue board approved strategy of reaching Midpoint Target by end of 2026
- 2025 and 2026 include a 1.6% premium load to build the reserve
- 2027 increase is mitigated by past premium loads as the rates realign with expenses
- Rate Increases of 12.0% / 7.6% / 3.0%

Local Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw ⁴
2025	\$6.0	\$17.6	5.1%	-\$11.6	-\$4.6
2026	\$8.7	\$18.6	5.1%	-\$10.0	-\$10.0
2027	\$19.5	\$19.8	5.1%	-\$0.2	-\$0.2

[^] Totals may not reconcile due to rounding

*Assumes \$2.4M Access/SMP Settlement for 2025

¹ Assumes 6.5% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Target assumed to increase at 6% per year.

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

⁴ Positive draw refers to a buy-down, while a negative draw refers to a reserve build-up.

Multi-Year Reserve Draw Strategy – Local Option 4

- Incrementally build-up reserve to reach the Midpoint Target Reserve by the end of 2027
- 2025 – 2027 all include a 0.8% premium load to build the reserve
- Rate Increases of 11.2% / 6.8% / 6.8%

Local Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw ⁴
2025	\$6.0	\$17.6	5.1%	-\$11.6	-\$2.3
2026	\$6.3	\$18.6	5.1%	-\$12.3	-\$4.9
2027	\$11.8	\$19.8	5.1%	-\$8.0	-\$8.0

[^] Totals may not reconcile due to rounding

*Assumes \$2.4M Access/SMP Settlement for 2025

¹ Assumes 6.5% investment return and no additional gains or losses that would impact the fund balance.

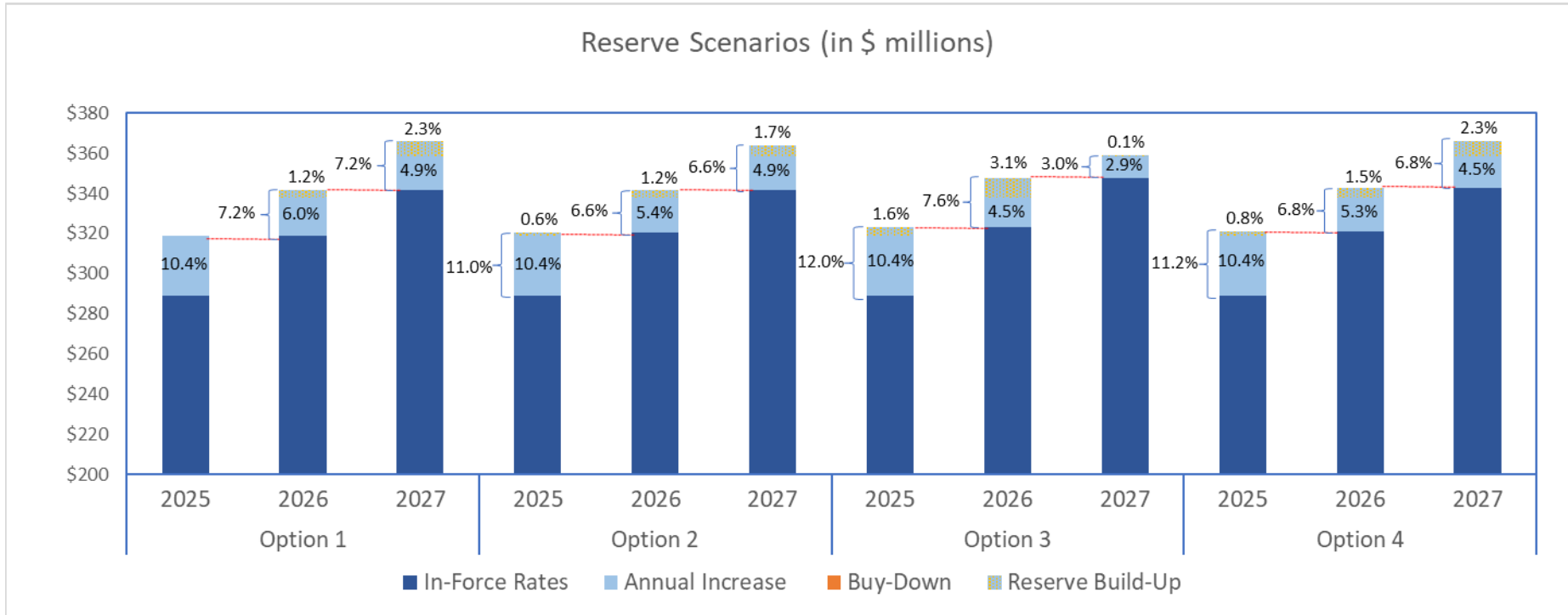
² Reserve Target assumed to increase at 6% per year.

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

⁴ Positive draw refers to a buy-down, while a negative draw refers to a reserve build-up.

Projected Local Premium Increases - Options 1 through 4

- Depending on the option, there will be a decrease to mitigate trend in the future to compensate for the overfunding in prior years



- Each option reflects the same underlying future cost increase of 6.0%, the premium differences result from funding the reserve

Multi-Year Reserve Draw Strategy – Local Option 4 w/ SMP Premium Stabilization Charge (PSC)

- Incrementally build-up reserve to reach the Midpoint Target Reserve by the end of 2027
- Includes an addition \$0.7M reserve build -up by increasing SMP Medical rate 15%
- Rate Increases of 11.3% / 6.7% / 6.7% (11.1% for non-SMP rates)
- A 0.1% reduction from Local Option 4 for non-SMP rates

Local Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus ³	Draw ⁴
2025	\$6.0	\$17.6	5.1%	-\$11.6	-\$2.7
2026	\$6.7	\$18.6	5.1%	-\$11.9	-\$5.0
2027	\$12.3	\$19.8	5.1%	-\$7.5	-\$7.5

^ Totals may not reconcile due to rounding


*Assumes 15% SMP member rate increase to build \$0.7M PSC. This partially offsets projected \$2.4M Settlement.

¹ Assumes 6.5% investment return and no additional gains or losses that would impact the fund balance.

² Reserve Target assumed to increase at 6% per year.

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

⁴ Positive draw refers to a buy-down, while a negative draw refers to a reserve build-up.

- 
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 8. Appendix I: Renewal Process

2025 Premium Rates – With No Reserve Draw

Total Premium by Group

- The 2025 premiums reflects no buy-down for State and Locals.
- The 2025 inforce after buy-down premiums are expected to increase 6.9% in 2025 before further reserve draw down – Locals increase is 10.4%
- Premiums include medical, pharmacy, dental, and admin

	2024 Inforce (Pre BD)	2024 Inforce (Post BD)	2024 BD	2025 Premium (Pre BD)	2025 Needed Premium	%
State (in Millions)						
Non-Medicare, Non-Grad	\$1,207.1	\$1,207.1	\$0.0	\$1,286.5	\$79.4	6.6%
Medicare*	\$183.0	\$183.0	\$0.0	\$200.7	\$17.7	9.7%
Grad Assistants	\$77.4	\$77.4	\$0.0	\$82.1	\$4.7	6.1%
HDHP	\$264.8	\$264.8	\$0.0	\$282.5	\$17.7	6.7%
Total	\$1,732.3	\$1,732.3	\$0.0	\$1,851.9	\$119.5	6.9%
Local (in Millions)						
Non-Medicare, Non-Grad	\$254.1	\$254.1	\$0.0	\$280.1	\$26.0	10.2%
Medicare*	\$9.1	\$9.1	\$0.0	\$10.1	\$1.0	10.9%
HDHP	\$25.5	\$25.5	\$0.0	\$28.5	\$3.0	11.7%
Total	\$288.8	\$288.8	\$0.0	\$318.8	\$30.0	10.4%
Grand Total	\$2,021.1	\$2,021.1	\$0.0	\$2,170.6	\$149.5	7.4%

^ Totals may not reconcile due to rounding

* Medicare includes Family 1 contracts

2025 Premium Rates – No Reserve Draw – Option 1

- No reserve draw for State or Locals in 2025
- Aggregate increase remains 7.4%

	2024 Inforce (Post BD)	2025 Premium (Pre BD)	2025 Reserve Build-Up	2025 Premium (Post BD)	\$ Premium Change	% Change
State (in Millions)						
Non-Medicare, Non-Grad	\$1,207.1	\$1,286.5	\$0.0	\$1,286.5	\$79.4	6.6%
Medicare*	\$183.0	\$200.7	(\$0.0)	\$200.7	\$17.7	9.7%
Grad Assistants	\$77.4	\$82.1	\$0.0	\$82.1	\$4.7	6.1%
HDHP	\$264.8	\$282.5	\$0.0	\$282.5	\$17.7	6.7%
Total	\$1,732.3	\$1,851.9	(\$0.0)	\$1,851.9	\$119.5	6.9%
Local (in Millions)						
Non-Medicare, Non-Grad	\$254.1	\$280.1	\$0.0	\$280.1	\$26.0	10.2%
Medicare*	\$9.1	\$10.1	\$0.0	\$10.1	\$1.0	10.9%
HDHP	\$25.5	\$28.5	\$0.0	\$28.5	\$3.0	11.7%
Total	\$288.8	\$318.8	\$0.0	\$318.8	\$30.0	10.4%
Grand Total	\$2,021.1	\$2,170.6	(\$0.0)	\$2,170.6	\$149.5	7.4%

^ Totals may not reconcile due to rounding

* Medicare includes Family 1 contracts

2025 Premium Rates – With Option 2 Reserve Draw

- State increases the reserve \$10.4 million in 2025 to bring the overall increase from 6.9% to 7.5%
- Local increases the reserve \$1.8 million in 2025 to bring the overall increase from 10.4% to 11.0%
- Aggregate increase after reserve build-up is 8.0%

	2024 Inforce (Post BD)	2025 Premium (Pre BD)	2025 Reserve Build-Up	2025 Premium (Post BD)	\$ Premium Change	% Change
State (in Millions)						
Non-Medicare, Non-Grad	\$1,207.1	\$1,286.5	\$6.2	\$1,292.8	\$85.7	7.1%
Medicare*	\$183.0	\$200.7	\$2.6	\$203.3	\$20.3	11.1%
Grad Assistants	\$77.4	\$82.1	\$0.3	\$82.4	\$5.0	6.4%
HDHP	\$264.8	\$282.5	\$1.3	\$283.8	\$19.0	7.2%
Total	\$1,732.3	\$1,851.9	\$10.4	\$1,862.3	\$130.0	7.5%
Local (in Millions)						
Non-Medicare, Non-Grad	\$254.1	\$280.1	\$1.5	\$281.7	\$27.5	10.8%
Medicare*	\$9.1	\$10.1	\$0.1	\$10.2	\$1.1	12.5%
HDHP	\$25.5	\$28.5	\$0.1	\$28.7	\$3.1	12.3%
Total	\$288.8	\$318.8	\$1.8	\$320.6	\$31.8	11.0%
Grand Total	\$2,021.1	\$2,170.6	\$12.2	\$2,182.8	\$161.8	8.0%

^ Totals may not reconcile due to rounding

* Medicare includes Family 1 contracts

2025 Premium Rates – With Option 3 Reserve Draw

- State increases the reserve \$28.4 million in 2025 to bring the overall increase from 6.9% to 8.5%
- Local increases the reserve \$4.6 million in 2025 to bring the overall increase from 10.4% to 12.0%
- Aggregate increase after reserve build-up is 9.0%

	2024 Inforce (Post BD)	2025 Premium (Pre BD)	2025 Reserve Build-Up	2025 Premium (Post BD)	\$ Premium Change	% Change
State (in Millions)						
Non-Medicare, Non-Grad	\$1,207.1	\$1,286.5	\$16.9	\$1,303.5	\$96.4	8.0%
Medicare*	\$183.0	\$200.7	\$7.1	\$207.8	\$24.8	13.5%
Grad Assistants	\$77.4	\$82.1	\$0.7	\$82.8	\$5.4	7.0%
HDHP	\$264.8	\$282.5	\$3.6	\$286.1	\$21.4	8.1%
Total	\$1,732.3	\$1,851.9	\$28.4	\$1,880.2	\$147.9	8.5%
Local (in Millions)						
Non-Medicare, Non-Grad	\$254.1	\$280.1	\$3.9	\$284.0	\$29.9	11.8%
Medicare*	\$9.1	\$10.1	\$0.4	\$10.4	\$1.4	14.9%
HDHP	\$25.5	\$28.5	\$0.4	\$28.9	\$3.4	13.2%
Total	\$288.8	\$318.8	\$4.6	\$323.4	\$34.6	12.0%
Grand Total	\$2,021.1	\$2,170.6	\$33.0	\$2,203.6	\$182.5	9.0%

^ Totals may not reconcile due to rounding

* Medicare includes Family 1 contracts

2025 Premium Rates – With Option 4 Reserve Draw

- State increases the reserve \$14.5 million in 2025 to bring the overall increase from 6.9% to 7.7%
- Local increases the reserve \$2.3 million in 2025 to bring the overall increase from 10.4% to 11.2%
- Aggregate increase after reserve build-up is 8.2%

	2024 Inforce (Post BD)	2025 Premium (Pre BD)	2025 Reserve Build-Up	2025 Premium (Post BD)	\$ Premium Change	% Change
State (in Millions)						
Non-Medicare, Non-Grad	\$1,207.1	\$1,286.5	\$8.6	\$1,295.2	\$88.1	7.3%
Medicare*	\$183.0	\$200.7	\$3.6	\$204.3	\$21.3	11.6%
Grad Assistants	\$77.4	\$82.1	\$0.4	\$82.5	\$5.1	6.6%
HDHP	\$264.8	\$282.5	\$1.9	\$284.4	\$19.6	7.4%
Total	\$1,732.3	\$1,851.9	\$14.5	\$1,866.3	\$134.0	7.7%
Local (in Millions)						
Non-Medicare, Non-Grad	\$254.1	\$280.1	\$1.9	\$282.1	\$27.9	11.0%
Medicare*	\$9.1	\$10.1	\$0.2	\$10.3	\$1.2	12.9%
HDHP	\$25.5	\$28.5	\$0.2	\$28.7	\$3.2	12.4%
Total	\$288.8	\$318.8	\$2.3	\$321.1	\$32.3	11.2%
Grand Total	\$2,021.1	\$2,170.6	\$16.8	\$2,187.4	\$166.3	8.2%

^ Totals may not reconcile due to rounding

* Medicare includes Family 1 contracts

2025 Premium Rates – Option 4 w/ Local SMP PSC

- Local increases the reserve \$2.7 million in 2025 to bring the overall increase from 10.4% to 11.3%.
- The \$2.7M build-up includes \$0.7M PSC by increasing Local SMP Medical rate 15% in 2025.
- Aggregate increase after reserve build-up is 8.2%

	2024 Inforce (Post BD)	2025 Premium (Pre BD)	2025 Reserve Build-Up	2025 Premium (Post BD)	\$ Premium Change	% Change
State (in Millions)						
Non-Medicare, Non-Grad	\$1,207.1	\$1,286.5	\$8.6	\$1,295.2	\$88.1	7.3%
Medicare*	\$183.0	\$200.7	\$3.6	\$204.3	\$21.3	11.6%
Grad Assistants	\$77.4	\$82.1	\$0.4	\$82.5	\$5.1	6.6%
HDHP	\$264.8	\$282.5	\$1.9	\$284.4	\$19.6	7.4%
Total	\$1,732.3	\$1,851.9	\$14.5	\$1,866.3	\$134.0	7.7%
Local (in Millions)						
Non-Medicare, Non-Grad	\$254.1	\$280.1	\$2.1	\$282.3	\$28.1	11.1%
Medicare*	\$9.1	\$10.1	\$0.2	\$10.2	\$1.1	12.6%
HDHP	\$25.5	\$28.5	\$0.4	\$29.0	\$3.4	13.4%
Total	\$288.8	\$318.8	\$2.7	\$321.4	\$32.7	11.3%
Grand Total	\$2,021.1	\$2,170.6	\$17.2	\$2,187.8	\$166.7	8.2%

^ Totals may not reconcile due to rounding

* Medicare includes Family 1 contracts

Questions & Discussion


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Thank you!

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 6. Fund Balance/Reserve
 7. 2025 Premium Alternatives

8. Appendix I: Renewal Process

Medical Plans – Fully Insured Renewals

- Health Plans (HMOs)
 - Primarily designed for in-state members
 - Renewal consistent with process from last 9 years
 - Administered by: Aspirus, Dean, GHC-Eau Claire, GHC-SCW, HealthPartners, Medical Associates, MercyCare, Network, Quartz, Security
 - Tier model “managed competition” approach

- Access Plan, State Maintenance Plan (SMP), and Medicare Plus
 - Mostly utilized for out of state members and in-state members in counties without qualified, Tier 1 plan option
 - Fully Insured plans administered by Dean for Access/SMP and UHC for Medicare Plus
 - Traditional underwriting renewal
 - Two-sided gain sharing agreement in place (Access and SMP only)
 - ETF pays Dean 100% of claims over 90% MLR; receives 50% under 90% MLR

- IYC Medicare Advantage (MA)
 - Designed for in and out of state Medicare eligible members
 - Administered by UHC
 - Traditional underwriting renewal used

Overall Renewal Process

- The negotiation process involved the following:
 - December: Segal prepared addendum collection requirements
 - January: ETF reviewed requirements and requested data from Plans
 - February 2: Addendum data submitted to Segal
 - February: Segal compiled data and calculated tier breakpoints
 - February 16: Preliminary Rate Quotes submitted to Segal
 - March: Segal compiled rates and placed Plans into premium tiers
 - March 18: Plans notified of their tier placement and offered renewal meeting to discuss
 - March 25-29: Renewal meetings held with Plans
 - April 5: Best and Final Offers received from Plans
 - April 5: Segal receives Fund Balance Reserve through February from ETF

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
 - Fee For Service claims and capitation encounter experience
 - Medical trend assumptions
 - Administrative expenses
 - Rate development
 - Medical loss ratio report
 - Large claimant information
 - Actuarial certification
- Addendum claims and capitation reports were validated using the Board's claims data warehouse, administered by Merative (DAISI)
- Network adequacy reports were submitted and utilized 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
- Health Plans PMPMs were adjusted to reflect overstated/understated Cost Per Service from pre-pandemic numbers based on Merative analysis
- Adjusted base period claims PMPM are trended forward with projected “limited” trends
- Administrative costs are added up to a threshold— no increase from 2024 amount
- Total PMPMs are then risk adjusted, combining three factors:
 1. Retrospective Merative risk score (30%)
 2. Age/sex score (20%)
 3. Region factor (50%)
- Breakpoints are then set for Tiers 1, 2 and 3 taking into account normalized costs by plan and program budget

The overall Tier 1 breakpoint increase was estimated to be 5.6% for State and 5.6% 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 risk adjusted using an overall risk score comprised of prospective Merative risk score (30%), age/sex (20%) and region (50%) — similar to experience adjustment except risk is prospective vs. retrospective
- Credits are then applied to reflect quality and catastrophic claims experience
- The final adjusted rates are compared to the tier breakpoints developed from the Addendum experience rate projections
- Limitations (adjusted for quality credits) were placed on rate increases
- Plans are notified of their tier placement and given the opportunity to meet and discuss results

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

WPE (Locals) Tier Placement From Preliminary Bids

- In 2019, a tier process similar to 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

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 county, the plan must be a qualified in that county **and** be Tier 1
- If no plans meet the requirements above for a given country, the SMP will be available

Prescription Drug Plan

- Rating groups below are necessary 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, February 2023 through January 2024
- Annual top-line claims trend of 6.2% used in projection based on Navitus projected claims trends for 2024 and 2025.
- We received and utilized administrative expenses, expected rebates and Medicare Part D subsidies provided by Navitus for the rate development
- The actual net prescription costs were higher than prior Navitus assumptions, yielding a loss
- The Navitus recast of 2024 and 2025 cost assumptions further drove the composite (State and Local) rate increase of 10.7%

Reserve Policy

- In August 2017, Segal was asked to review the reserve policy in place and recommended some modifications at the August 30, 2017, 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: 5% to 7% of projected claims
- Last year the projected reserve balance was below the target range. The board approved a scenario with no buydown or reserve build-up in 2024 and planned to build up the reserve to the midpoint by the end of 2026 by incorporating an additional rate load.