

RFP: 2013-14-15

**Group Health
Insurance**

Addendum No. 2

Summary Of Renewal/Proposed Rates

City of Weslaco
Effective October 1, 2014

Control Number - 802039

- This exhibit outlines your Total Amount Due rates effective October 1, 2014.
- Please refer to the Caveats-FI for an outline of the level of benefits quoted, as well as the terms and conditions of this proposal.
- Amount Due includes Aetna Premium and Producer Service Fee, as outlined in the Billing and Collection Agreement.
- Refer to the Caveats-FI page regarding an explanation of Producer Service Fee of Producer Service Fee.
- Enhanced Wellness included
- OON Reimbursement revised to Medicare 90% professional/100% facility
- Base Current: Coinsurance Limit 5K/10K INN/OON (excluding ded)
Base Renewal: MPL 6,350 / 17.5K INN/OON, includes deductible copays Rx
Buy up Current: Ind Ded 2.5K/7.5K INN/OON, Coinsurance Limit 0/6K INN/OON (excluding ded)
Buy up Renewal: MPL 4K/13.5K INN/OON, includes deductible Rx copays
- DME \$ limit removed

TX - Texas - POS Open Access - Core				
Coverage Categories	Assumed Employees	Current Amount Due Rates	Amount Due Rates	% Change
Emp Only	137	\$359.02	\$452.42	26.0%
Emp + Spouse	8	\$640.12	\$806.64	26.0%
Emp + Child(ren)	31	\$534.57	\$673.63	26.0%
Emp + Family	7	\$868.44	\$1,094.36	26.0%
TOTAL	183	\$76,957.45	\$96,977.71	26.0%

TX - Texas - POS Open Access - Buy up				
Coverage Categories	Assumed Employees	Current Amount Due Rates	Amount Due Rates	% Change
Emp Only	41	\$395.73	\$498.67	26.0%
Emp + Spouse	5	\$704.40	\$887.64	26.0%
Emp + Child(ren)	27	\$589.64	\$743.03	26.0%
Emp + Family	12	\$957.67	\$1,206.80	26.0%
TOTAL	85	\$47,159.25	\$59,427.08	26.0%

	Employees	Current Amount Due	Total Amount Due	% Change
Monthly Totals	268	\$124,116.70	\$156,404.79	26.0%

Experience Exhibit

City of Weslaco
Effective October 01, 2014

Control Number - 802039

- This exhibit displays the historical experience used in the development of the rates.
- Claims displayed are incurred claims and have been adjusted and completed.
- Based on customer size by experience rating group, claims over a certain threshold are removed to normalize the claims experience in order to minimize large yearly fluctuations.
- Claims experience includes National Advantage Program access fees (for savings achieved on covered claims with non-network providers and on high dollar, in-network facility claims).
- Effective with Rx claims incurred in 2011, Rx Claims & Adjusted Rx Claims are calculated by applying discounts from Average Wholesale Prices to enrollees' utilization, rather than using actual amounts paid.

All

Historical Experience

Month	Members	Premium	Total Medical FFS/Caps	Adjusted Med FFS/Caps	Rx Claims	Adjusted Rx Claims
May-13	439	\$110,427	\$62,492	\$62,492	\$20,387	\$20,387
Jun-13	434	108,529	102,875	102,875	15,495	15,495
Jul-13	433	107,640	55,399	55,399	15,886	15,886
Aug-13	443	110,430	47,402	47,402	18,703	18,703
Sep-13	438	109,159	46,535	46,535	14,345	14,345
Oct-13	444	114,956	73,875	73,875	21,875	21,875
Nov-13	453	118,386	64,458	64,458	17,411	17,411
Dec-13	467	123,339	66,268	66,268	18,765	18,765
Jan-14	486	127,628	55,579	55,579	32,387	32,387
Feb-14	485	127,136	236,957	236,957	31,926	31,926
Mar-14	481	126,114	80,507	80,507	29,855	29,855
Apr-14	475	124,627	42,277	42,277	32,963	32,963
TOTALS	5,478	\$1,408,371	\$934,624	\$934,624	\$269,998	\$269,998
Claims Over \$100,000 Threshold				\$43,014		N/A
Net Incurred Claims				\$891,610		\$269,998
Net Incurred Claims PMPM				\$162.76		\$49.29
Demographic Adjustment Factor				1.0051		0.9937
Net Adjusted Incurred Claims PMPM				\$163.59		\$48.98
Net Adjusted Medical and Rx Incurred Claims PMPM - Combined						\$212.57

Premium Development

	Current Employees		
Emp Only	178	Current Monthly Amount Due	\$124,117
Emp + Spouse	13	Current Members	472
Emp + Child(ren)	58	Current Amount Due PMPM	\$262.96
Emp + Family	19		
TOTAL	268		

Rate Change Development

City of Weslaco

Effective October 01, 2014

Control Number - 802039

- The components of your renewal rate change are detailed below.
- The current Net Adjusted Incurred Claims Per Member Per Month (PMPM) are trended forward to the Renewal Rate Period.
- A large claim adjustment is added to the Incurred Claims PMPM, and blended with Baseline Claims PMPM, if applicable, to develop a blended expected claim PMPM. An adjustment for renewal benefit change is added if applicable.
- The Net Expected claim PMPM's are then divided by the Target Cost Ratio to develop a premium PMPM.
- State taxes, commissions, and other adjustments are then added resulting in the final required premium PMPM.
- Total Amount Due includes Aetna Premium and Producer Service Fee.
- Refer to the Medical Renewal Assumptions - Financial & Administrative page regarding an explanation of Producer Service Fee, Reinsurance Contribution PMPM and Health Insurance Providers Fee PMPM.

All	Total Medical		
	FFS/Caps	Rx Claims	Total
1. Net Adjusted Incurred Claims PMPM	\$163.59	\$48.98	\$212.57
2. Annual Trend	9.30%	10.50%	9.58%
	<i>Experience Period: 5/1/2013 - 5/1/2014</i>	<i>Midpoint -> 11/1/2013</i>	
	<i>Renewal Rate Period: 10/1/2014 - 10/1/2015</i>	<i>Midpoint -> 4/1/2015</i>	
3. Months to Trend Experience	17.0	17.0	17.0
4. Trended Experience Inc. Claims PMPM	\$185.55	\$56.42	\$241.97
5. Large Claim Adjustment PMPM (\$100,000 threshold)	\$30.12	N/A	\$30.12
6. Projected Incurred Claims PMPM (4 + 5)	\$215.67	\$56.42	\$272.09
7. Experience Credibility	52.13%	52.13%	52.13%
8. Baseline Claims PMPM	\$163.77	\$36.27	\$200.04
9. Baseline Weight (100% - 7)	47.87%	47.87%	47.87%
10. Blended Claims PMPM	\$190.82	\$46.77	\$237.59
11. Adjustment for Renewal Benefit Change PMPM	\$1.92	\$0.34	\$2.26
12. NET Expected Claim PMPM	\$192.74	\$47.11	\$239.85
13. Target Cost Ratio (excluding Taxes, Comm., Other)	77.01%	87.03%	78.79%
14. State Taxes, Assessments and/or Other Charges	\$6.86	\$1.46	\$8.32
15. Reinsurance Contribution PMPM	\$4.07	N/A	\$4.07
16. Health Insurance Providers Fee PMPM (2.90%)	\$7.80	\$1.66	\$9.46
17. Commissions PMPM	\$0.00	\$0.00	\$0.00
18. Experience-Based Premium PMPM (12/13+14+15+16+17)	\$269.01	\$57.25	\$326.27
19. Other Adjustment PMPM	\$0.00	\$0.00	\$0.00
20. RENEWAL Premium PMPM (18+19) (does not include commissions)	\$269.01	\$57.25	\$326.27
21. Current Amount Due PMPM (includes 4.00% Producer Service Fee)			\$262.96
22. Producer Service Fee PMPM (4.00%)			\$13.59
23. Total Amount Due (20 + 22)			\$339.86
24. Calculated Total Amount Due Change (23 / 21) - 1			29.2%
25. Recommended Total Amount Due			\$331.37
26. Recommended Total Amount Due Change			26.0%