



PLAN YEAR 2021-2022 ACTUARIAL REPORT

**OKLAHOMA PUBLIC EMPLOYEES HEALTH AND
WELFARE TRUST**

February 08, 2021

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1. EXECUTIVE SUMMARY

Purpose and Scope

The Oklahoma Public Employees Health and Welfare Plan (OPEH&W) engaged Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) to perform a valuation of medical, drug, and dental benefits for the plan year beginning July 1, 2021. This review includes:

- Development of appropriate premiums for major medical (medical/pharmacy) and dental benefits
- Determination of incurred but not reported (IBNR) reserves
- Aggregate funding forecasts

Actuarial Findings

After several years of favorable experience, OPEH&W faced a significant loss in plan year 2015-2016 due to an increase in large claim activity. These losses reduced OPEH&W's surplus, necessitating a shift in product strategy to improve the capital position of the plan. Accordingly, OPEH&W took several measures to reduce claim costs, including: implementing a new provider network with lower provider reimbursement rates, implementing programs that encourage members to seek medical care at more cost-effective providers (e.g., telehealth services), and increasing the number of benefit plan options available to employer groups.

Due to the moderation of claim costs based on data through October 2020, including the impact of lower health service utilization in first half of 2020 due to COVID-19, the implementation of premium rate increases, and claim savings initiatives, capital levels have been steadily increasing to pre-plan year 2015-2016 levels. Our initial projections show a moderate premium rate increase should be implemented for plan year 2021-2022. Table 1 summarizes the recommended premium rate changes.

Table 1 – Recommended Premium Rate Changes

Benefit Plan	Blue Choice Diamond	Blue Preferred Diamond
Medical/Pharmacy	6.7%	6.7%
Standard Dental	-30.5%	-30.5%
Combined	4.6%	4.5%

Note: Dental premium rates are additive in the calculation of the combined premium rate change. However, the change in dental premium rates receives greater weight under the Blue Preferred plan relative to the Blue Choice plan, producing a lower combined premium rate change for the Blue Preferred Network.

The premium rate changes shown in Table 1 reflect the Diamond medical/pharmacy plan and assume no changes in dental benefits relative to current benefit levels. We have also developed premium rates for the four additional medical/pharmacy plans and additional dental plan currently offered by OPEH&W.

The succeeding sections of this report provide greater context to the premium rate projection, including the data sources used, the methodology behind the premium rate projection, and a description of assumptions used.

2. DATA

Data Received

We received information from OPEH&W, as supplied by its third-party administrator (TPA) and various vendors, including but not limited to the following:

- A summary of aggregated medical, dental, and pharmacy claim payments by month from July 2012 to October 2020 (referred to as the aggregated claim report)
- Medical claim lag reports for claims paid between July 1, 2015 and October 31, 2020
- Dental claim lag reports for claims paid between July 1, 2015 and October 31, 2020
- Shock or high-cost claimant reports for plan years 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021 with claims paid through October 2020
- Financial statements for plan years 2016-2017, 2017-2018, 2018-2019, 2019-2020, and 2020-2021 through October 2020
- Detailed medical and dental census information for July 2012 through November 2020
- Current OPEH&W Briefing Book
- OPEH&W Benefit Books for each plan option offered in plan years 2016-2017, 2017-2018, 2018-2019, 2019-2020, and 2020-2021
- Plan Audit Report for plan years 2016-2017, 2017-2018, and 2018-2019
- Medical/pharmacy and dental premium rates for plan years 2017-2018, 2018-2019, 2019-2020, and 2020-2021
- Benefit changes for plan years 2016-2017, 2017-2018, 2018-2019, and 2019-2020
- Summary of Benefits and Coverage for plan years 2016-2017, 2017-2018, 2018-2019, 2019-2020, and 2020-2021
- Coverage highlights for plan years 2019-2020 and 2020-2021
- The medical and dental ASO renewal reports for plan year 2021-2022 as prepared by Blue Cross and Blue Shield of Oklahoma (BCBSOK)
- Analyses and reports covering recent financial and utilization metrics prepared by BCBSOK
- Pharmacy rebates paid for plan years 2017-2018, 2018-2019, and 2019-2020 through reports developed by Express Scripts and Team Pharmacy Consulting
- 2021-2022 plan year vendor fees
 - Medical plan management fees:
 - \$17.37 per contract per month
 - BCBSOK medical and dental fees:
 - Medical administration fee of \$35.67 per contract per month
 - Medical rebate credit of \$1.97 per contract per month
 - Dental administration fee of \$2.89 per contract per month
 - Stop-Loss Reinsurance (with an aggregate stop-loss component) revised as of 01/28/2021:
 - \$29.60 per contract per month
 - Additional fees
 - \$0.52 per member per month for virtual visits
 - \$17.00 per contract per month for Health Advocacy Services (HAS)
- Stop loss contract for plan year 2020-2021
- Additional analyses obtained by OPEH&W from various vendors, including pharmacy claim cost and rebate information from Express Scripts and Team Pharmacy Consulting

While the medical ASO projection for plan year 2021-2022 prepared by BCBSOK provided an updated view of provider discounts for the Blue Choice and Blue Preferred networks, the projection did not provide an updated view of the claim cost relativities between the two networks. We have assumed the claim cost relativities between the Blue Choice and Blue Preferred networks will not change materially for plan year 2021-2022 relative to the estimate from BCBSOK in support of the 2017-2018 rate development.

Data Reconciliation

To assess the reasonability of the data, we performed a reconciliation on both the enrollment and paid claims data provided by OPEH&W. To determine the reasonability of the medical and dental paid claims data, we compared the data from the medical and dental lag reports, the aggregated claim report, the ASO renewal reports developed by BCBSOK, and the financial statements. Since lag tables were not provided for pharmacy claims, we compared pharmacy claim information from the aggregated claim report to the financial statements and PBM reports to determine the reasonability of the pharmacy claims data. Pharmacy claims usually process quickly; therefore, paid pharmacy claims typically serve as a sufficient proxy for incurred pharmacy claims. Our reconciliation focused on the time period of data underlying the analysis (i.e., plan years 2018-2019, 2019-2020, and 2020-2021 year to date (YTD)). Any discrepancies outside of the time period of data underlying the analysis are not noted below.

We compared these sources to identify differences in medical, pharmacy, and dental claims. All differences we have identified were also present in the plan year 2020-2021 premium rate development analysis with exception of recently incurred data. We observed one large discrepancy in the medical claims data between the lag report and the aggregated claim report. In April 2020, the lag report shows medical paid claims of \$1.74 million and the aggregated claim report shows paid claims of \$1.13 million. Notably, this is a month where utilization was directly impacted by the COVID-19 pandemic. OPEH&W has indicated this discrepancy is due to the medical equipment and supplier vendor's costs not passing through BCBSOK's aggregate claim report. While recognizing the difference in these sources, we utilized the higher amount in the medical lag file since the expenses with paid dates between July 2019 and June 2020 (\$25.6 million) reconcile closely to the claim amount shown in the OPEHW financial statement for the same period (\$25.9 million).

While the dental paid claims included in the lag table tie to the dental claims shown in the aggregated claim report, we noted a discrepancy in the total claims paid for plan year 2018-2019 between these sources and the financial statement. Both the lag tables and the aggregated claim report suggest total dental claims paid of \$1.76 million in plan year 2018-2019, but the financial statements suggest \$1.71 million during this same time period. OPEH&W has previously indicated that the values shown in the financial statement are understated. Additionally, we noted a large difference in claims for all months of the current plan year YTD (July to October 2020). The paid amounts in the lag table (\$0.70 million) are much higher than the plan year YTD paid indicated in both the aggregated claim file (\$0.13 million) and financial statement (\$0.13 million). OPEH&W has indicated that the aggregated claim and financial statement file is the correct source. Due to this discrepancy and the impact the COVID-19 pandemic has had on dental claims, the plan year 2020-2021 YTD amounts have been excluded from the reserving and trend analyses.

We did not observe any significant discrepancies in the provided pharmacy data.

We also compared the paid claims data we received for the plan year 2021-2022 premium rate analysis to the paid claims data we received for the plan year 2020-2021 premium rate analysis and the claim information was consistent for overlapping months.

To assess the reasonability of the enrollment data, we first compared the detailed enrollment data provided by OPEH&W to the BCBSOK medical and dental ASO projections. This comparison revealed minor discrepancies for calendar years 2018, 2019, and 2020, but due to time constraints, we decided the calendar year 2019 and 2020 data provided by OPEH&W was suitable. The detailed enrollment files for January 2018 through October 2018 showed significant discrepancies on a monthly basis relative to the BCBSOK medical and dental ASO projections. As a result, we also relied on additional calendar year 2018 enrollment data provided by OPEH&W in support of the 2019-2020 premium rate analysis for these months. While the level of detail provided by the calendar year 2018 enrollment information from the supplemental file was less granular relative to the enrollment information provided by OPEH&W, the data was appropriate for rate development purposes.

It should also be noted that the PBM reports suggest lower membership levels in plan years 2018-2019 and 2019-2020 than what was provided. The PBM report suggests that the average members per month was 7,804 in plan year 2018-2019 and 6,685 in plan year 2019-2020. The data we utilized in our analysis suggests average members per month of 7,737 in plan year 2018-2019 and 6,956 in plan year 2019-2020. We have relied on the enrollment data provided by OPEH&W in the premium rate development.

3. ENROLLMENT

This section provides a summary of groups that have terminated or been added since the plan year 2020-2021 analysis. No groups have terminated in the last year, nor are there any expected group entrants beginning January 1, 2021. Given no changes in group mix, we have recognized no group-mix-change influence on the premium rate change estimates.

Demographics

In estimating plan year 2021-2022 claim costs, we have assumed the demographic composition of the block will not change materially relative to the experience used to develop the premium rates. This seems in line with BCBSOK estimates in the ASO medical projection. The Blue Preferred demographic factor assumed by BCBS has a modest impact on the overall rates with a value of 0.43% from plan year 2020-2021 to plan year 2021-2022, and -0.1% value from plan year 2019-2020 to 2020-2021 in prior year. If the demographic mix were to become unfavorable in the upcoming plan year, observed cost trends may increase more than anticipated.

4. PREMIUM RATE DEVELOPMENT

We utilized a rating approach that is consistent with renewal rating methods employed by insurers in the large group market. Specifically, we developed a projected claim amount per member per month (PMPM), added non-claim expenses to the projected claim amount PMPM, and converted the combined amount PMPM to a premium amount for each subscriber coverage tier (e.g., employee-only). The premium rate calculation was performed separately for medical/pharmacy benefits and dental benefits.

The projected claim amount PMPM was developed from OPEH&W experience for claims incurred between July 2018 and June 2020 and paid through October 2020 (the experience period). The experience was separated into two 12-month periods, July 2018 through June 2019 and July 2019 through June 2020, with each period projected independently and blended using actuarial credibility methods. The premium rate projections use incurred claims rather than paid claims as the basis for the plan year 2021-2022 premium rate projection, which is consistent with how we have developed premium rates in the past. An incurred claim basis provides a more accurate alignment of funding and claims liabilities for OPEH&W.

An adjustment was made to the medical and dental claims experience to account for IBNR claims. However, because there are four months of claim run-out, IBNR claims should not be significant. Medical claims were also adjusted to remove claims that would have otherwise been recovered through private reinsurance. Starting with 2020-2021 plan year, pharmacy claims have been added to the reinsurance arrangement. We assume that no adjustment is needed for pharmacy claims incurred during the experience period for this new reinsurance arrangement. As noted earlier, we assume paid pharmacy claims are representative of incurred pharmacy claims since there is typically an immaterial lag between when pharmacy claims are incurred and when they are paid.

Both the medical and pharmacy claims experience was trended forward to the rating period. An additional adjustment was made to medical claims to adjust the claims experience associated with members utilizing the Blue Choice network to the average claim costs associated with the Blue Preferred network. Pharmacy claims were adjusted to account for anticipated pharmacy rebates. The adjusted trended medical and pharmacy claims were combined and further adjusted to reflect changes in benefits. An additional adjustment for COVID-19 was made to the March to June 2020 experience period to account for under-utilization of services experienced during the COVID-19 pandemic, applied separately to the medical and pharmacy claims. We estimated expected claims for the period from March to June 2020 based on average of the trended 2017-2018 and 2018-2019 monthly claim experience. The adjusted projected medical and pharmacy claims for the two 12-month periods were blended and adjusted to include expected costs of non-benefit expenses. The initial projected rate development assumes all members will utilize the Blue Preferred network and enroll in the Diamond plan.

An adjustment factor was applied to the Blue Preferred network premium rates to develop the Blue Choice network premium rates. The adjustment factor produces the same premium rate relativity between the two network options in plan year 2021-2022 as was included in the plan year 2020-2021 premium rate development and is based on information provided by BCBSOK from the plan year 2016-2017 premium rate development. If there have been significant provider reimbursement changes for either the Blue Preferred or Blue Choice networks, this assumption may not be appropriate.

Additionally, as noted in the plan year 2020-2021 premium rate development, if access to the Blue Choice network is limited to specific geographic areas, then it is possible the medical claim cost relativity between the two provider networks could be materially different from what we are projecting. However, most members currently utilize the Blue Preferred network.

Trend Adjustments

We generated historical trend estimates based on OPEH&W's experience using, for medical/pharmacy, incurred claims from September 2017 to August 2020, paid through October 2020 and, for dental, incurred claims from July 2017 to June 2020. Medical and dental claims were adjusted to reflect IBNR claims. Pharmacy claims were not adjusted to reflect IBNR claims due to the shortened lag.

Medical, dental, and pharmacy claims were normalized to remove the impact of changes in member cost-sharing. Medical claims were further normalized to remove the impact of the changes in the membership distributions between the Blue Preferred and Blue Choice networks. Medical and pharmacy benefit relativities were developed using MarVAL™, Oliver Wyman's proprietary pricing model, and dental benefit relativities were developed using an external dental relative value model.

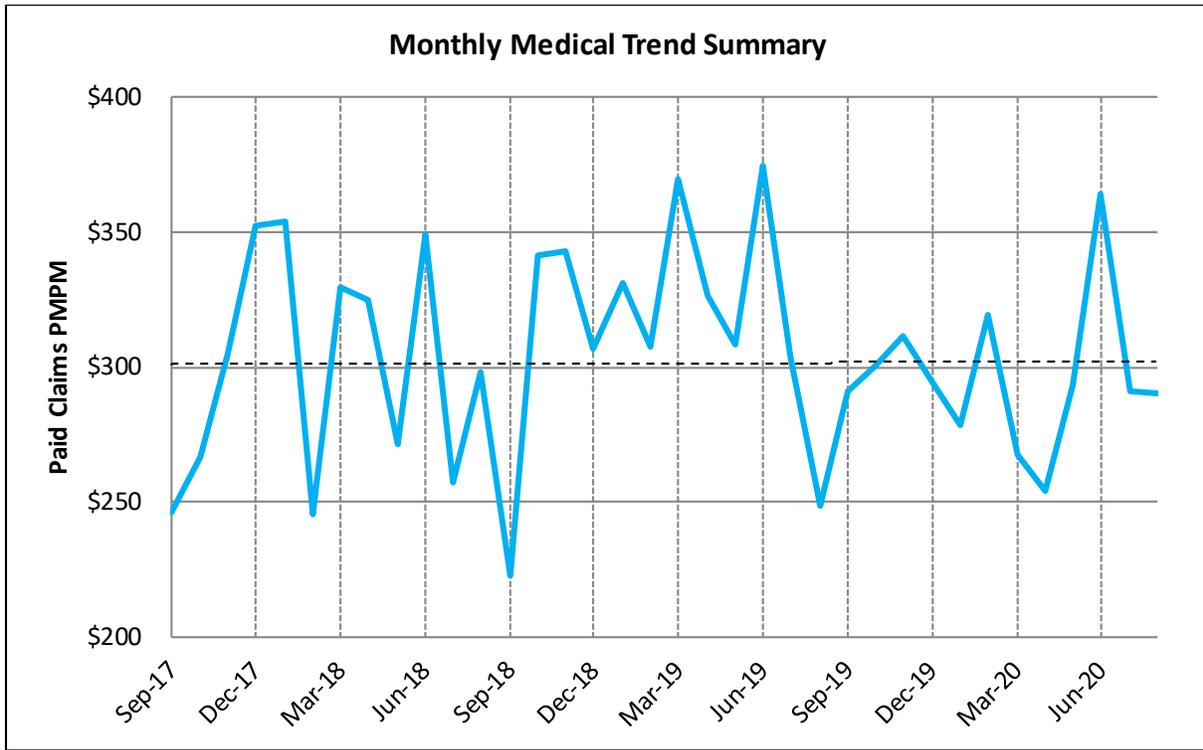
Trends were not normalized for changes in the demographic mix of the population as we were not provided sufficient membership data to calculate average demographic factors for all time periods included in the trend analysis and BCBSOK estimates in the ASO medical projection suggest demographic changes are minimal.

Trends were also analyzed by excluding the months of experience impacted by COVID-19 (i.e., using incurred claims from March 2017 to February 2020). We chose to apply a separate COVID-19 adjustment to claims and utilize trends which reflects pre COVID-19 experience period. The COVID-19 adjustment is discussed later in this section.

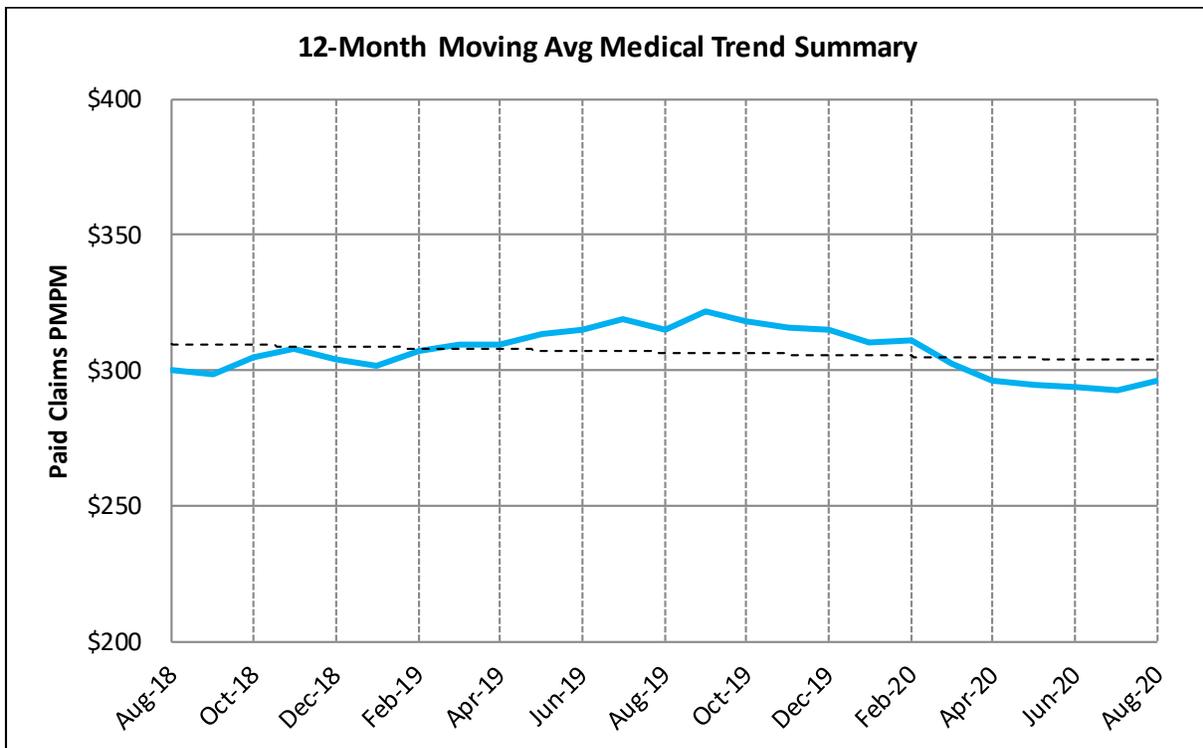
Medical Trends

OPEH&W's normalized monthly medical claims experience has exhibited volatility. However, given the size of the overall block, greater volatility should be expected. Graph 1 and Graph 2 summarize normalized medical claims PMPM on a monthly and 12-month moving average basis.

Graph 1



Graph 2



Estimating trends from actual experience is more difficult for smaller experience bases. Using various trend methodologies (e.g., linear versus exponential; monthly versus 12-month moving averages; 24 months versus 36 months of data), medical trend estimates range from as low as -10% to as high as +4%. Longer range trends (i.e., using 36 months of data) using 12-month moving averages are typically a better indicator of historical trends than shorter range trends, particularly for a smaller base of insureds. However, given the recent decrease in membership and the impacts of lower utilization especially in March and April of 2020, historical trends are not fully credible and may not accurately depict the true underlying trend.

We compared the trend estimates produced using OPEH&W's experience to industry standards. Oliver Wyman completes a semi-annual trend survey which reflects responses from carriers and HMOs insuring over 97 million group members. The most recent trend survey reflects pricing trends for July 2020. Table 2 summarizes the trend results from the July 2020 Carrier Trend Survey for group PPO policies:

Table 2 – Industry Medical Group PPO Trend

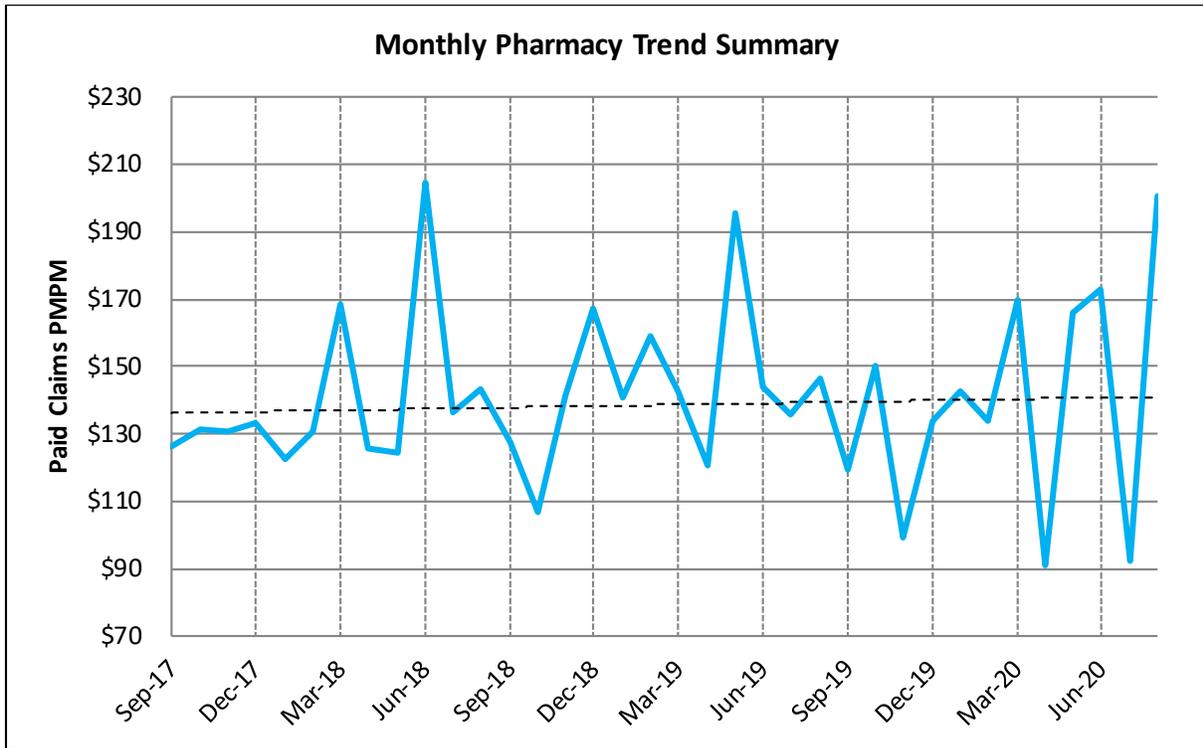
	Annual Trend Rate
Minimum	2.9%
25 th Percentile	6.4%
Median	7.0%
75 th Percentile	7.0%
Maximum	11.0%

We have elected to use an annualized medical trend rate of 5.5% in the plan year 2021-2022 premium rate projection. This trend factor is towards the lower end of recent pricing trends observed in the market, but it is in line with the medical trend rate of 7.6% for Blue Preferred and 7.5% for Blue Choice assumed in the medical ASO projection provided by BCBSOK. These reported trends include an upward adjustment for claims impacted by the COVID-19 pandemic, which we apply a separate adjustment for. An annualized medical trend rate of 5.5% also falls in the middle of the historical trend estimate produced using OPEH&W's historical experience excluding COVID-19 impacted period from March to June 2020. Given the continued measures OPEH&W has taken to reduce claim costs, we believe an annualized trend below the median is reasonable.

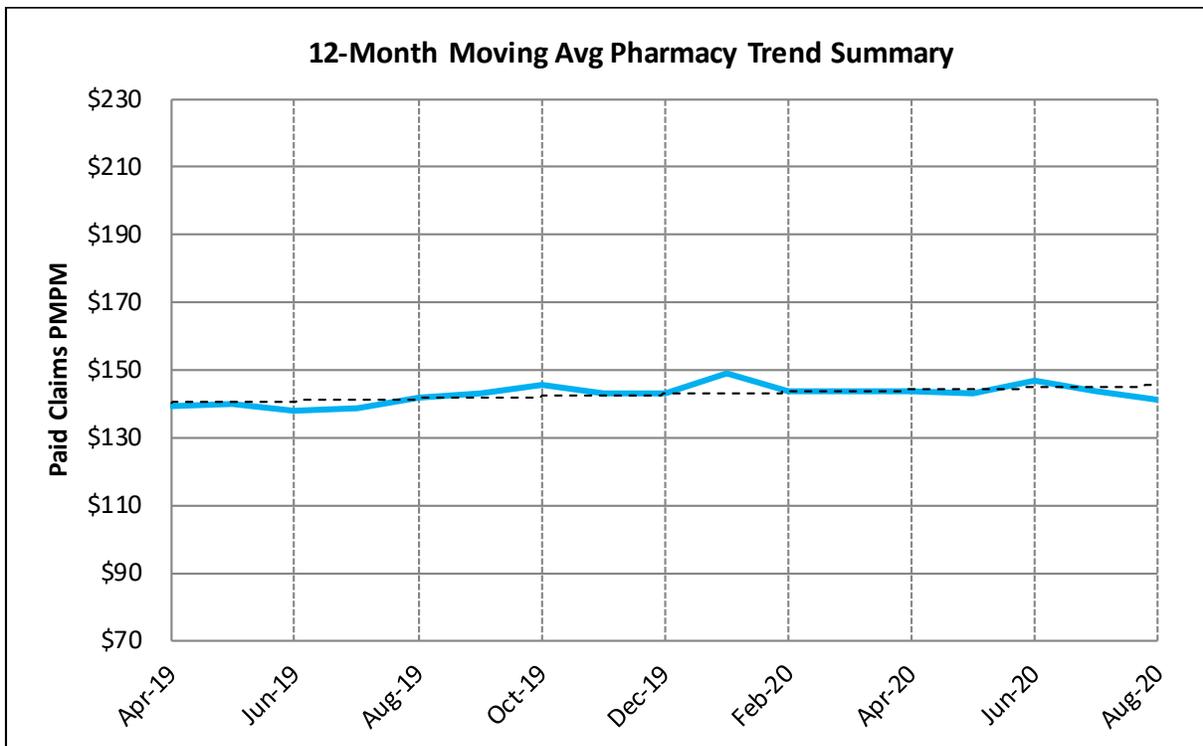
Pharmacy Trends

OPEH&W's pharmacy claims costs, prior to pharmacy rebates, have been steadily increasing for several years. Graph 3 and Graph 4 summarize normalized pharmacy claims PMPM, prior to pharmacy rebates, on a monthly and 12-month moving average basis.

Graph 3



Graph 4



Graph 3 shows large spikes in pharmacy claim costs in June 2018, May 2019, and August 2020 and large decreases during COVID affected April and July 2020 months. For the most recent 36-month period, pharmacy costs have increased at an annualized rate of between -3% and 7%. Express Scripts estimates that pharmacy spend for commercial business has increased 0.4% in 2018 and 2.3% in 2019; no comparable report was available for 2020¹.

Table 3 summarizes the pricing trends reported from Oliver Wyman's July 2020 Carrier Trend Survey for prescription drugs:

Table 3 – Industry Prescription Drug Trend

	Annual Trend Rate
Minimum	5.0%
25 th Percentile	6.8%
Median	8.8%
75 th Percentile	10.4%
Maximum	17.2%

Given that OPEH&W's pharmacy claims have continued to increase over the course of the last 36 months (with the exception of the months impacted by COVID-19), we believe a pharmacy trend rate that is more consistent with the July 2020 Carrier Trend Survey is appropriate. We have elected to use an annualized pharmacy trend rate of 8.5% in the plan year 2021-2022 premium rate projection, which is similar to the median trend rate shown in Table 3.

Dental Trends

We have relied on dental trend estimates reported in the July 2020 Carrier Trend Survey. Table 4 summarizes the pricing trends reported from the July 2020 Carrier Trend Survey for group dental PPO policies:

Table 4 – Group Dental PPO Trend

	Annual Trend Rate
Minimum	0.0%
25 th Percentile	4.0%
Median	4.5%
75 th Percentile	5.0%
Maximum	6.5%

¹ <https://www.express-scripts.com/corporate/drug-trend-report>

We have assumed an annualized dental claim trend rate of 4.5%, which is equal to the median trend rate of 4.5% in Table 4, in the 2020-2021 premium rate development.

Additional Adjustments to Medical Claims

Medical claims from the experience period were adjusted to remove claims that would have otherwise been recovered through specific stop-loss insurance. Starting in plan year 2020-2021, the stop loss arrangement was updated to include pharmacy claims and is expected to continue through the 2021-2022 plan year. We have not made an explicit adjustment to account for this contract change impact given current emerging experience has yet to include pharmacy claims crossing the attachment point.

To estimate the impact of the specific stop-loss coverage, we “discounted” the specific stop-loss attachment point to claim levels corresponding to the experience periods. For example, a \$425,000 medical claim in plan year 2020-2021 would have cost about \$382,000 in plan year 2019-2020, assuming a 5.5% medical trend (i.e., $\$425,000 \div 1.055^2 = \$382,000$). We do not anticipate any recoveries as a result of the aggregate stop-loss component in plan year 2021-2022. Using the high-cost claimant reports provided by OPEH&W, we estimate the specific stop-loss insurance recoveries shown in Table 5 would have occurred.

Table 5 – Estimated Stop-Loss Recoveries

	PY 2018-2019	PY 2019-2020
Reinsurance Attachment Point (RAP)	\$425,000	\$425,000
Trend-Adjusted RAP	\$361,936	\$381,842
Number of Members Exceeding RAP	2	1
Aggregate Dollars Exceeding RAP	\$141,573	\$139,029

Due to the relatively small size of OPEH&W’s membership base and the high stop-loss attachment point, additional variation in claim costs below the attachment point could influence the overall financial results of OPEH&W. However, such variation is often difficult to predict. We assume removing claims that would have otherwise been recovered through stop-loss coverage and adding the cost of stop-loss insurance to the premium rate development is a sufficient measure for smoothing the impact of large claims.

Additional Adjustments to Pharmacy Claims

An adjustment was made to pharmacy claims to account for the impact of pharmacy rebates. Pharmacy rebates represented approximately 20.0% of pharmacy claims paid during the plan year ending June 2019 and about 20.2% of claims paid for the plan year ending June 2020. Therefore, we reduced paid pharmacy claims for the plan year ending June 2019 by 20.0% and for the plan year ending June 2020 by 20.2% to reflect the impact of pharmacy rebates. We assume that the incurred pharmacy claims utilized in the premium rate development include any fees assessed by the PBM.

COVID-19 Adjustments

The COVID-19 pandemic caused a reduction in utilization of services starting in March 2020, extending through the available runout, particularly for dental and medical care. However, when comparing the monthly incurred claim PMPM patterns for OEPH&W for 2020 against 2018 and 2019, it appears that the severest reduction of claims occurred during March and April of 2020 with utilization returning to almost normal levels in May and June of 2020. We report similar pattern across various lines of business including comprehensive group and dental nationwide.² With the roll out of the vaccine underway, we would expect health care utilization and claim costs to return to normal levels in plan year 2021-2022 without adjustment for pent-up demand or increased utilization of deferred care. Therefore, we adjusted the plan year 2019-2020 experience period to reflect claim levels that the period may have experienced had the global pandemic not occurred. We calculated the 12-month rolling average claims PMPM for medical, pharmacy, and dental coverages, normalized for plan design and network. Using the rolling average claims PMPM, we determined the 12-month and the 24-month trends based on the February 2020 rolling average claims PMPM, the most recent month not affected by the pandemic. These trends were applied to the March 2019 – June 2019 and March 2018 – June 2018 normalized PMPMs, respectively, to adjust the COVID-19 affected months to determine two sets of expected experience claims. The expected to actual claim ratio was taken for both sets of expected experience period claims and averaged to determine the final adjustment. The average was taken in order to reduce the impact of claim volatility. The final adjustments generated were 1.05, 1.02, and 1.08 for medical, pharmacy, and dental claims, respectively, applied to the plan year 2019-2020 experience period.

In addition to the experience impact, the rates were developed with the assumption that all members will receive a two-dose COVID-19 vaccine and OPEH&W plan will be responsible for full payment of the vaccine administration fee during plan year 2021-2022. We took the midpoint of the expected fee ranges for each of the two doses, which vary by location of administration, resulting in an additive PMPM adjustment of \$5.79 to the medical/pharmacy rates. We expect health care utilization and claim costs to return to normal levels in plan year 2021-2022 without adjustment for pent-up demand or increased utilization of deferred care.

Benefit Adjustments

In developing the premium rates, we adjusted claims to account for changes in member cost-sharing that occurred relative to the experience period.

In plan year 2018-2019, the following benefit changes were made:

- Onsite wellness screenings were discontinued in plan year 2016-2017, eliminating the \$250 deductible credit that subscribers and spouses received for completing the wellness screening and resulting in a deductible increase for some individuals
- Orthodontic benefits for dependent children were added to the standard Dental Plan. The plan will pay 50% of allowable charges from an in-network provider up to a \$1,500 lifetime maximum per covered child

² See Oliver Wyman Financial Newsletter V4 "Q3 2020 REPORTED CLAIMS RETURNING TO NORMAL FOLLOWING Q2 2020 COVID-19 DIP" https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2020/dec/OW_Health_Insurer_Financial_Insights_Vol4.pdf

In plan year 2019-2020, OPEH&W expanded the number of plan options offered to groups: Diamond, Platinum, Gold, Silver, and Bronze. The Diamond plan is offered on both the Blue Choice and Blue Preferred networks, with the remaining plans only being offered on the Blue Preferred network. The Diamond plan most closely resembles the 2018-2019 plan with the following changes relative to the plan year 2018-2019 plan:

- The individual in-network out-of-pocket maximum decreased from \$5,000 to \$3,000
- The family in-network out-of-pocket maximum decreased from \$10,000 to \$6,000
- The individual out-of-network out-of-pocket maximum decreased from \$10,000 to \$6,000
- The family out-of-network out-of-pocket maximum decreased from \$20,000 to \$12,000
- The non-preferred brand copay increased from \$45 to \$60 for a 30-day supply and from \$112 to \$150 for a 90-day supply

In plan year 2020-2021, OPEH&W added an additional, richer dental plan option, extending the dental offering to two plans, Standard and Enhanced.

The medical/pharmacy benefit designs for plan year 2021-2022 are shown in Appendix A.1. We assume no changes to the benefit plans from plan year 2020-2021.

Independent of the effect of trend, demographic changes, etc. we estimate the cumulative impact of these benefit changes noted above, in addition to projected benefit levels for plan year 2021-2022, would have resulted in a 3.2% increase in claim costs for the experience underlying plan year 2018-2019 and a 0.3% increase in claim costs for the experience underlying plan year 2019-2020.

In plan year 2021-2022, OPEH&W will continue to offer two dental plan options, with no expected changes. The dental plans designs are shown in Appendix A.2.

Additional Claim Adjustments

No adjustments were made to the claims experience to reflect the estimated impact of new or terminating groups. Additionally, similar to the premium rate development of prior plan years, we have not adjusted the claims experience to reflect monies that may be recovered as a result of subrogation. As was mentioned earlier, we have not adjusted claims in the experience period for changes in demographic composition.

We have assumed the Health Advocacy Solutions program that OPEH&W intends to implement will not result in any immediate claim savings to the plan or result in any additional claim costs to the plan. In our experience, programs similar to Health Advocacy Solutions are intended to bend the claim cost curve over the course of the long-run and will likely not reduce claim costs in the short-term.

Non-Benefit Expenses

The following non-benefit expenses have been incorporated into the medical/pharmacy premium rate projection:

- Medical ASO fees
- Plan management fees

- Stop-loss reinsurance premiums
- Health Advocacy Solution fees
- Telehealth/Virtual Visit fees
- PCORI fee

The stop-loss reinsurance premiums included in the BCBSOK ASO renewal have increased significantly from the prior year. Similar to prior plan year, we did not include a contribution to surplus in the medical/pharmacy premium rates. A discussion regarding the appropriateness of surplus in the premium rate development is included in the Surplus Scenarios section of this report. Additionally, non-benefit expenses associated with other vendor services utilized by OPEH&W not listed above were assumed to be offset by any claim savings that may result. It should also be noted that the PCORI fee was reinstated through fiscal year 2029 as a result of the federal spending bill that was signed into law on December 20, 2019.³

The following non-benefit expenses have been incorporated into the dental premium rate projection:

- Dental ASO fees

Proposed Premium Rate Changes

We propose a premium rate increase of 6.7% for the Blue Preferred and Blue Choice network Diamond medical/pharmacy plans. We are proposing a premium rate decrease of 30.5% for the standard dental plan. On a combined basis, the average premium rate increase is 4.5% for Blue Preferred network and 4.6% for Blue Choice network Diamond plans. The slight difference in the average combined medical/pharmacy and dental premium rate change between the Blue Preferred and Blue Choice network plans is due to differences in the proportion of total premium represented by the dental plan.

Table 6 summarizes the various components driving the projected premium rate increase for the Blue Preferred network Diamond plan.

Table 6 - Recommended Premium Rate Changes

	Medical/Pharmacy Premium Increase		Combined* Premium Increase	
	% Change	\$ Change	% Change	\$ Change
Claims	2.6%	\$ 15.46	2.5%	\$ 16.51
Carry Over from Prior Analysis	3.0%	19.18	0.9%	6.41
Administrative Costs	1.0%	5.90	0.9%	6.00
Total	6.7%	\$ 40.54	4.5%	\$ 28.92

**Medical/pharmacy plan and standard dental plan premium rate change combined*

A portion of the projected premium rate increase is a result of an increase in claim costs relative to the plan year 2020-2021 premium rate development, but several other components also contribute to the increase. Approximately 3.0% of the medical/pharmacy premium rate increase is a “carryover” from the recommended plan year 2020-2021 premium rate increase (i.e., the rate increase that was implemented

³ <https://www.congress.gov/116/bills/hr1865/BILLS-116hr1865eah.pdf>

for the medical/pharmacy plans was lower relative to what Oliver Wyman recommended). The 1.0% increase in administrative costs is driven largely by the increased stop-loss premium. When analyzing the premium rate increase on a combined basis, the magnitude of the various premium rate change components is generally similar relative to the medical/pharmacy premium rate change. However, the Carry Over from Prior Analysis component is significantly less, mostly due to the significant premium rate decrease proposed for dental plans. We had recommended a 39.4% decrease to the standard dental premiums for plan year 2020-2021, whereas a 13.3% decrease was implemented for the dental plan, and the medical/pharmacy plans increased by 1.8%.

Based on the member cost sharing parameters summarized in Appendix A.1, we estimate the Blue Preferred network premium rates for each plan relative to the Diamond plan will be as shown in Table 7.

Table 7 – 2021-2022 Preferred Network Premium Relativity

Benefit Plan	Premium Rate Relativity
Diamond	0.0%
Platinum	-2.5%
Gold	-8.4%
Silver	-11.3%
Bronze	-14.2%

These estimates were produced using MarVAL™ based on the cost-sharing parameters specified in the summary of benefits and coverage for each plan. It is important to note the premium relativities have not been adjusted to reflect the potential for selection that may occur. It is our understanding that each group will only be allowed to offer one plan to its employees, which will significantly reduce the potential for selection. However, in our experience, there will likely be some level of selection between groups when choosing which plan to offer.

As mentioned in the “Benefit Adjustments” section of this report, OPEH&W has not requested any benefit changes be made to the 2020-2021 medical/pharmacy benefit plans.

One change in rate development from prior year is to assume that retiree rates are set equal to rates of active employees for 2021-2022 plan year. We have increased the conversion factor to account for the lower premium revenue from the retirees based on November 2020 membership distribution.

A detailed development of the Diamond plan premiums for the Blue Preferred network is shown in Appendix B. As noted earlier, the premium rate development of the Blue Choice network premiums is based on the development of the Blue Preferred network premiums. Appendix C shows the detailed development of the standard dental plan premiums.

A comparison of the proposed premium rates to the current premium rates is shown in Appendix D. While we have included a stand-alone comparison of the proposed medical/pharmacy premium rates to the current medical/pharmacy premium rates, we have not included a stand-alone comparison of the proposed dental premium rates to the current dental premium rates for simplicity. Instead, we have included a comparison of the proposed medical/pharmacy and dental premium rates combined for the Standard benefit plan and Enhanced benefit plan.

5. RECOMMENDED BENEFIT PLAN MODIFICATIONS

No benefit changes were requested for the medical and dental plans in plan year 2021-2022. We estimated the actuarial value of each plan using MarVAL™ based on the cost-sharing parameters specified in the summary of benefits for current plan year 2020-2021. Table 8 demonstrates the benefit relativities produced in our model under the current plan year benefits compared to the actuarial values of the same benefits estimated in our last year analysis. For all plans the actuarial value relativity to Diamond increased due to the impact of claim cost leveraging. A majority of the current enrollment is in a Diamond plan and smaller portion in the Platinum plan. If enrollment in the benefit plans were to become more diversified, we would recommend updates to the benefits in order to maintain a consistent spread between each plan option and to help offset the impact of claim cost leveraging.

Table 8 – Benefit Relativity to Diamond – Plan Years 2020-2021 and 2021-2022

Benefit Plan	Benefit Relativity to Diamond Estimates for 2020-2021	Benefit Relativity to Diamond Estimates for 2021-2022
Diamond	1.000	1.000
Platinum	0.965	0.972
Gold	0.888	0.906
Silver	0.859	0.873
Bronze	0.814	0.841

At this point, we do not recommend modification to the plan designs for plan year 2021-2022. However, we recommend revising the plan benefits as part of next year's analysis. The premium rates summarized in this report utilize benefit factors corresponding to the 2020-2021 plan year benefits estimated for 2021-2022.

6. SURPLUS SCENARIOS

For the plan year 2021-2022 premium rate development, OPEH&W requested no contribution to surplus be built into the medical/pharmacy or dental premium rates. OPEH&W's capital position for the past six full plan years is summarized in Table 9. This information was based on the financial statements provided by OPEH&W and shows that OPEH&W's capital position has nearly recovered to similar level as in plan year 2014-2015.

Table 9 – OPEH&W Capital Position by Plan Year

Capital Position by Plan Year (Amounts in \$1,000)						
	Jul 2014 - Jun 2015	Jul 2015 - Jun 2016	Jul 2016 - Jun 2017	Jul 2017 - Jun 2018	Jul 2018 - Jun 2019	Jul 2019 - Jun 2020
Total Capital (A)	\$6,342	(\$1,552)	(\$1,608)	\$1,530	\$3,645	\$6,091
Total Prem (B)	\$37,537	\$45,128	\$53,004	\$55,089	\$51,178	\$44,749
Active Prem	33,771	40,327	49,358	51,744	47,996	42,190
Cobra Prem	103	143	447	146	96	104
Retiree Prem	3,663	4,658	3,199	3,200	3,085	2,456
Capital % of Prem (A / B)	16.9%	N/A	N/A	2.8%	7.1%	13.6%

Further actions could be considered to strengthen the capital position of the plan. We estimate that including an additional 2.0% rate increase will generate approximately \$1 million in surplus for plan year 2021-2022, assuming enrollment in plan year 2021-2022 is consistent with November 2020 enrollment levels.

7. INCURRED BUT NOT REPORTED CLAIM RESERVES

We estimate IBNR claim reserves for the plan year ending June 30, 2020 to be approximately \$2.4 million. This estimate is based on medical, dental, and pharmacy claims incurred between July 2019 and June 2020 and paid through October 2020. Given that there are four months of claims run-out, the amount we have assumed for margin is negligible.

OPEH&W has historically requested an IBNR estimate for the current plan year as part of the annual rate review process. The current plan year spans July 1, 2020 to June 30, 2021, and consequently, some claims for the plan year have not yet been incurred or paid. There is significant uncertainty in estimating IBNR claim reserves for future valuation dates, and to do so, we made several broad assumptions:

- The claim payment pattern reflected in the most recently completed plan year (ending June 30, 2020) will be replicated for the current plan year
- The membership levels observed in November 2020 will remain constant for the next seven months (i.e., through June 2021)
- Claims will trend according to the annualized trends specified in the premium rate projections (e.g., 5.5% for medical)
- Claims were adjusted to reflect the impact of COVID-19, benefit changes, anticipated changes in benefit plan mix, and pharmacy rebates

Given these caveats, we calculated an estimated IBNR claim reserve for the plan year ending June 30, 2021 to be approximately \$2.6 million. We also recommend a margin of no less than 15% be included to reflect uncertainty associated with claim trends, membership changes, any potential COVID-19 impacts and other unknowns. The projected IBNR claim reserve for the plan year ending June 30, 2021 with margin is \$3.0 million. Please note that the estimate assumes stable enrollment, claims processing and claims utilization end of June 30, 2021 similar to current experience. An alternative that OPEH&W may want to consider is to use a reserve on a PMPM basis for member months associated with the plan year to better reflect changes in enrollment that may occur between November 2020 and June 2021. The IBNR claim reserve estimate PMPM is \$31.38 without margin and \$36.09 with margin.

The IBNR claim reserve estimates do not consider what is often referred to as loss adjustment expenses (LAE). These expenses reflect the costs OPEH&W incurs for having the TPA process IBNR claims. Sometimes these costs are pre-negotiated with the TPA. If so, OPEH&W should use those costs as the LAE. If these have not been negotiated, then OPEH&W should set up an additional reserve to cover approximately two months of claim processing expenses. If there are any additional administrative expenses beyond TPA expenses (such as general plan expenses, PBM, etc.), OPEH&W should set up a reserve for those as well.

Please note, due to the prospective nature of the IBNR claim reserve, we cannot opine as to the adequacy of the IBNR claim reserve for the plan year ending June 30, 2021. Instead, we can only provide a general estimate based on the information available to us at this time. Our estimates will not reflect case-specific reserves that may be necessary for known large claimants. Our reserve estimate could be subject to change if the network or plan mix changes significantly relative to our current expectations.

8. DISTRIBUTION AND USE

Usage and Responsibility of Client – Oliver Wyman prepared this report for the sole use of OPEH&W for the stated purpose. This report includes important considerations, assumptions, and limitations and, as a result, is intended to be read and used only as a whole. This report may not be separated into, or distributed, in parts other than by the client to whom this report was issued, as needed, in the case of distribution to such client’s directors, officers, or employees. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of OPEH&W.

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9. CONSIDERATIONS AND LIMITATIONS

Data Verification – For our analysis, we relied on publicly available data and information provided by the client named herein without independent audit. Though we have reviewed the data for reasonableness and consistency, we have not audited or otherwise verified this data. Our review of data may not always reveal imperfections. We have assumed that the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information is inaccurate or incomplete, our findings and conclusions might therefore be unreliable.

Unanticipated Changes – We based our conclusions on the estimation of the outcome of many contingent events. We developed our estimates from historical experience, with adjustments for anticipated changes. Unless otherwise stated, our estimates make no provision for the emergence of new types of risks not sufficiently represented in the historical data on which we relied or which are not yet quantifiable.

Internal/External Changes – The sources of uncertainty affecting our estimates are numerous and include factors internal and external to the client named herein. Internal factors include items such as changes in provider reimbursement and claims adjudication practices. The most significant external influences include, but are not limited to, changes in the legal, social, or regulatory environment, and the potential for emerging diseases or existing COVID-19 pandemic. Uncontrollable factors such as general economic conditions also contribute to the variability.

Uncertainty Inherent in Projections – While this analysis complies with applicable Actuarial Standards of Practice, users of this analysis should recognize that our projections involve estimates of future events and are subject to economic and statistical variations from expected values. We have not anticipated any extraordinary changes to the regulatory, legal, social, or economic environment or the emergence of new diseases or catastrophes that might affect our results. For these reasons, we provide no assurance that the emergence of actual experience will correspond to the projections in this analysis.

10. ACKNOWLEDGEMENT OF QUALIFICATIONS

I, Peter Kaczmarek, Senior Consultant of Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman), have been engaged by Oklahoma Public Employees Health and Welfare Plan (OPEH&W) to prepare this report summarizing the premium rate development for the plan year beginning July 1, 2021. Oliver Wyman is an independent actuarial consulting firm that is not affiliated with, nor a subsidiary, nor in any way owned or controlled by a health plan, health insurer, or a trade association of health plans or insurers.

The analysis underlying the development of the premium rates included in this report is based on our interpretation of current State and Federal laws and regulations. Should these laws and/or regulations be modified our results could be subject to change. It should be noted that Oliver Wyman is an actuarial consulting firm and is not engaged in the practice of law. Therefore, nothing in this actuarial memorandum should be interpreted as legal advice.

The premium rates developed in this report reflect estimates of future contingent events; actual results will likely vary. The magnitude of differences between projections in this report and actual observed experience will depend on the extent to which actual experience in the future conforms to the assumptions made in this analysis. It is certain that actual experience will not conform exactly to the assumptions made in this filing.

This report was prepared for the sole use of OPEH&W. Oliver Wyman makes no representation or warranty to any third party regarding the content of this actuarial memorandum and no third party may rely on the information included in this actuarial memorandum that would create any legal duty by Oliver Wyman to any third party.

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Reliance

In performing the analyses outlined in this report and arriving at my opinion, I used and relied on information provided by OPEH&W. I used and relied on this information without independent investigation or audit. If this information is inaccurate, incomplete, or out of date, the findings and conclusions noted within this report may need revision. While I have relied on the data provided without independent investigation or audit, I reviewed the data for consistency and reasonableness. Where I found the data inconsistent or unreasonable, I requested clarification.

Actuarial Certification

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render this opinion. I have utilized generally accepted actuarial methodology in reaching this opinion.

A handwritten signature in black ink, appearing to read "Peter Kaczmarek", is written over a light gray horizontal line.

Peter Kaczmarek, FSA, MAAA
Senior Consultant
Oliver Wyman Actuarial Consulting, Inc

APPENDIX A. BENEFIT DESIGNS

A.1. Medical/Pharmacy: Plan Years 2021-2022

	Diamond	Diamond	Platinum	Gold	Silver	Bronze
Medical - In-Network						
Network	Blue Preferred	Blue Choice	Blue Preferred	Blue Preferred	Blue Preferred	Blue Preferred
Deductible - Individual	750	750	1,500	3,000	2,000	4,000
Deductible - Family	1,500	1,500	3,000	6,000	4,000	8,000
Max Out-of-Pocket - Individual	3,000	3,000	3,000	5,000	5,000	5,000
Max Out-of-Pocket - Family	6,000	6,000	6,000	10,000	10,000	10,000
Coinsurance (%)	80%	80%	80%	80%	50%	50%
Primary Care Office Visit	20	20	20	20	20	20
Urgent Care Office Visit	20	20	20	20	20	20
Specialist Office Visit	50	50	50	50	50	50
Medical - Out-of-Network						
Deductible - Individual	1,500	1,500	3,000	6,000	6,000	6,000
Deductible - Family	3,000	3,000	6,000	12,000	12,000	12,000
Max Out-of-Pocket - Individual	6,000	6,000	6,000	10,000	10,000	10,000
Max Out-of-Pocket - Family	12,000	12,000	12,000	20,000	20,000	20,000
Coinsurance (%)	70%	70%	70%	70%	50%	50%
Primary Care Office Visit	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Urgent Care Office Visit	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Specialist Office Visit	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Rx						
Brand Deductible	50	50	100	100	500	500
Max Out-of-Pocket - Individual	2,000	2,000	2,000	2,000	2,500	2,500
Max Out-of-Pocket - Family	4,000	4,000	4,000	4,000	5,000	5,000
30-Day Supply						
Generics	10	10	10	10	10	20% coinsurance up to \$20
Preferred Brands	45	45	25% coinsurance up to \$80	25% coinsurance up to \$80	25% coinsurance up to \$80	30% coinsurance up to \$100
Non-Preferred Brands	60	60	40% coinsurance up to \$120	40% coinsurance up to \$120	40% coinsurance up to \$120	50% coinsurance up to \$150
90-Day Supply						
Generics	25	25	25	25	25	20% coinsurance up to \$50
Preferred Brands	112	112	25% coinsurance up to \$200	25% coinsurance up to \$200	25% coinsurance up to \$200	30% coinsurance up to \$250
Non-Preferred Brands	150	150	40% coinsurance up to \$300	40% coinsurance up to \$300	40% coinsurance up to \$300	50% coinsurance up to \$375
Specialty - 30-Day Supply						
Generics	10	10	10	10	10	20% coinsurance up to \$50
Preferred Brands	60	60	60	60	20% coinsurance up to \$80	30% coinsurance up to \$80
Non-Preferred Brands	100	100	100	100	40% coinsurance up to \$120	50% coinsurance up to \$120

A.2. Dental: Plan Year 2021-2022

	Standard	Enhanced
Individual Deductible	50	25
Plan Year Maximum Per Covered Person	1,500	2,500
Preventive & Diagnostic Services	0%	0%
Basic Services	20%	15%
Major Services	50%	40%
Orthodontic Treatment		
Deductible	0	0
Coinsurance	50%	50%
Lifetime Maximum per Child	1,500	1,500

APPENDIX B. MEDICAL/PHARMACY RATE DEVELOPMENT

OPEHW Health Plan

Medical/Pharmacy Experience Rating Renewal Calculation - Diamond Plan, Blue Preferred Network

Rating Period: 7/1/2021 to 6/30/2022
 Pooling Level: \$425,000

	Experience Period 1	Experience Period 2
Experience Period	7/1/2018 to 6/30/2019	7/1/2019 to 6/30/2020
Member Months	92,844	83,476
Contract Months	60,896	52,931
Number of Projection Months	36	24
Member Months/Contract	1.525	1.577

BASE PERIOD MEDICAL/PHARMACY CLAIMS		
1. Medical Claims	\$ 28,515,687	\$ 24,597,280
2. Less Reinsurance Recoveries	\$ 141,573	\$ 139,029
3a. Claims Adjusted for Reinsurance Recoveries (1. - 2.)	\$ 28,374,114	\$ 24,458,251
3b. Adjustment for change in Provider Network	0.9942	0.9996
3c. Large Claim Adjustment	1.0000	1.0000
3d. COVID-19 Adjustment	1.0000	1.0490
4. Trend Factor to 01/01/2022 Effective Date @ 5.5%	x 1.1742	1.1130
5. Projected Medical Claims (3a. x 3b. x 3c. x 3d. x 4.)	\$ 33,126,071	\$ 28,545,127
6a. Pharmacy Claims For Period	\$ 12,997,564	\$ 11,598,631
6b. PBM Adjustment	0.8004	0.7981
6c. COVID-19 Adjustment	1.0000	1.0199
6d. Large Trend Adjustment	1.0000	1.0000
7. Trend Factor to 01/01/2022 Effective Date @ 8.5%	x 1.2773	1.1772
8. Projected Pharmacy Claims (6a. x 6b. x 6c. x 6d. x 7.)	\$ 13,287,515	\$ 11,114,459
9. Projected Net Claims (5. + 8.)	\$ 46,413,585	\$ 39,659,586
10. Member Months	/ 92,844	83,476
11. Projected Medical and Drug Costs PMPM (9. / 10.)	\$ 499.91	\$ 475.10
12. Other Multiplicative Adjustment		
Benefit Changes	1.0316	1.0028
Demographic	x 1.0000	1.0000
Total	1.0316	1.0028
13. Other Additive Adjustment PMPM	+ \$ 5.79	\$ 5.79
14. Adjusted Trended Medical Claims (11. x 12. + 13.)	\$ 521.49	\$ 482.22

PROJECTED CLAIMS PMPM FOR 7/1/2021 to 6/30/2022		
1. Projected Medical and Pharmacy Claims Experience	\$ 521.49	\$ 482.22
2. Period Weightings	0.38	0.62
3. Contributing Claims Experience (1. x 2.)	3a. \$ 196.37	3b. \$ 300.63
4. Weighted Projected Medical and Pharmacy Claims (3a. + 3b.)		\$ 497.01

ADMINISTRATIVE/EXPENSE		PMPM
1. Projected Medical and Pharmacy Claims		\$ 497.01
2. Fees		
a. BCBSOK Medical ASO Fee	PCPM \$33.70	\$ 21.06
b. Plan Management Fee	PCPM \$17.37	\$ 10.85
c. Health Advocacy Solutions	PCPM \$17.00	\$ 10.62
d. Stop Loss Premium	PCPM \$29.60	\$ 18.49
e. Telehealth Fee	PCPM \$0.52	\$ 0.32
f. PCORI	PMPM	0.23
g. Total Fees		\$ 61.58
* Ratio of Members/Contract for Nov 2020:	1.616	
3. Projected Claims and Expense (1. + 2g.)		\$ 558.58
4. Contribution to Surplus		0.00%
5. Projected Claims and Contribution to Surplus (3 / (1 - 4.))		\$ 558.58

Convert Premium PMPM to Tier Rates	
Single Conversion Factor	1.153

APPENDIX C. DENTAL RATE DEVELOPMENT

OPEH&W Health Plan Dental Experience Rating Renewal Calculation - Standard Dental Plan

Rating Period: 7/1/2021 to 6/30/2022

	Experience Period 1	Experience Period 2
Experience Period	7/1/2018 to 6/30/2019	7/1/2019 to 6/30/2020
Member Months	88,373	84,563
Contract Months	56,706	53,258
Number of Projection Months	36	24
Member Months/Contract	1.558	1.588

BASE PERIOD DENTAL CLAIMS			
1. Dental Claims	\$	1,774,658	\$ 1,530,109
2. Trend Factor to 01/01/2022 Effective Date @ 4.5%	x	1.141	x 1.092
3. Projected Net Claims (1. x 2.)	\$	2,025,179	\$ 1,670,917
4. Member Months	/	88,373	/ 84,563
5. Projected Dental Costs PMPM (3. / 4.)	\$	22.92	\$ 19.76
6. COVID-19 Adjustment		1.000	1.081
7. Other Additive Adjustment PMPM	\$	-	\$ -
8. Adjusted Trended Dental Claims (5. x 6. + 7.)	\$	22.92	\$ 21.35

PROJECTED CLAIMS PMPM FOR 7/1/2021 to 6/30/2022			
1. Projected Dental Claims PMPM	\$	22.92	\$ 21.35
2. Period Weightings		0.36	0.64
3. Contributing Claims Experience (1. x 2.)	3a. \$	8.27	3b. \$ 13.64
4. Weighted Projected Dental Claims (3a. + 3b.)			\$ 21.92

ADMINISTRATIVE/EXPENSE			PMPM
1. Projected Dental Claims			\$ 21.92
2. BCBSOK Dental Fee	PCPM	\$2.89	\$1.80
Ratio of Members/Contract for Nov 2020		1.578	
3. Projected Claims and Expense PMPM (1. + 2b.)			\$ 23.71
4. Contribution to Surplus			0.00%
5. Projected Claims and Contribution to Surplus (3 / (1 - 4.))			\$ 23.71

Convert Premium PMPM to Tier Rates	
Single Conversion Factor	1.118

APPENDIX D. PREMIUM RATE CHANGES

D.1. Diamond Plan – Blue Preferred Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$644.14	\$644.14	\$657.03	\$670.64	\$670.64	\$684.06	\$674.43	\$674.43	\$687.93
Employee + Child	\$958.03	\$958.03	\$977.22	\$998.81	\$998.81	\$1,018.80	\$1,004.65	\$1,004.65	\$1,024.77
Employee + Children	\$1,155.13	\$1,155.13	\$1,178.25	\$1,204.34	\$1,204.34	\$1,228.43	\$1,211.38	\$1,211.38	\$1,235.61
Employee + Spouse	\$1,412.32	\$1,412.32	\$1,440.58	\$1,472.20	\$1,472.20	\$1,501.66	\$1,480.78	\$1,480.78	\$1,510.40
Employee + Spouse + Child	\$1,726.21	\$1,726.21	\$1,760.77	\$1,800.38	\$1,800.38	\$1,836.40	\$1,811.00	\$1,811.00	\$1,847.24
Employee + Spouse + Children	\$1,923.32	\$1,923.32	\$1,961.80	\$2,005.91	\$2,005.91	\$2,046.03	\$2,017.73	\$2,017.73	\$2,058.08

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$603.60	\$603.60	\$615.68	\$641.72	\$641.72	\$654.56	\$645.96	\$645.96	\$658.88
Employee + Child	\$897.74	\$897.74	\$915.72	\$956.40	\$956.40	\$975.54	\$962.92	\$962.92	\$982.20
Employee + Children	\$1,082.44	\$1,082.44	\$1,104.10	\$1,153.22	\$1,153.22	\$1,176.28	\$1,161.08	\$1,161.08	\$1,184.30
Employee + Spouse	\$1,323.44	\$1,323.44	\$1,349.92	\$1,409.58	\$1,409.58	\$1,437.78	\$1,419.16	\$1,419.16	\$1,447.54
Employee + Spouse + Child	\$1,617.58	\$1,617.58	\$1,649.96	\$1,724.26	\$1,724.26	\$1,758.76	\$1,736.12	\$1,736.12	\$1,770.86
Employee + Spouse + Children	\$1,802.28	\$1,802.28	\$1,838.34	\$1,921.08	\$1,921.08	\$1,959.50	\$1,934.28	\$1,934.28	\$1,972.96

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	6.7%	6.7%	6.7%	4.5%	4.5%	4.5%	4.4%	4.4%	4.4%
Employee + Child	6.7%	6.7%	6.7%	4.4%	4.4%	4.4%	4.3%	4.3%	4.3%
Employee + Children	6.7%	6.7%	6.7%	4.4%	4.4%	4.4%	4.3%	4.3%	4.3%
Employee + Spouse	6.7%	6.7%	6.7%	4.4%	4.4%	4.4%	4.3%	4.3%	4.3%
Employee + Spouse + Child	6.7%	6.7%	6.7%	4.4%	4.4%	4.4%	4.3%	4.3%	4.3%
Employee + Spouse + Children	6.7%	6.7%	6.7%	4.4%	4.4%	4.4%	4.3%	4.3%	4.3%

D.2. Diamond Plan – Blue Choice Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$689.11	\$689.11	\$702.90	\$715.61	\$715.61	\$729.93	\$719.41	\$719.41	\$733.80
Employee + Child	\$1,024.91	\$1,024.91	\$1,045.42	\$1,065.69	\$1,065.69	\$1,087.00	\$1,071.53	\$1,071.53	\$1,092.97
Employee + Children	\$1,235.76	\$1,235.76	\$1,260.47	\$1,284.96	\$1,284.96	\$1,310.65	\$1,292.00	\$1,292.00	\$1,317.84
Employee + Spouse	\$1,510.92	\$1,510.92	\$1,541.16	\$1,570.80	\$1,570.80	\$1,602.24	\$1,579.38	\$1,579.38	\$1,610.98
Employee + Spouse + Child	\$1,846.71	\$1,846.71	\$1,883.68	\$1,920.87	\$1,920.87	\$1,959.32	\$1,931.50	\$1,931.50	\$1,970.15
Employee + Spouse + Children	\$2,057.56	\$2,057.56	\$2,098.73	\$2,140.15	\$2,140.15	\$2,182.96	\$2,151.97	\$2,151.97	\$2,195.02

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$645.74	\$645.74	\$658.66	\$683.86	\$683.86	\$697.54	\$688.10	\$688.10	\$701.86
Employee + Child	\$960.40	\$960.40	\$979.62	\$1,019.06	\$1,019.06	\$1,039.44	\$1,025.58	\$1,025.58	\$1,046.10
Employee + Children	\$1,157.98	\$1,157.98	\$1,181.14	\$1,228.76	\$1,228.76	\$1,253.32	\$1,236.62	\$1,236.62	\$1,261.34
Employee + Spouse	\$1,415.82	\$1,415.82	\$1,444.16	\$1,501.96	\$1,501.96	\$1,532.02	\$1,511.54	\$1,511.54	\$1,541.78
Employee + Spouse + Child	\$1,730.48	\$1,730.48	\$1,765.12	\$1,837.16	\$1,837.16	\$1,873.92	\$1,849.02	\$1,849.02	\$1,886.02
Employee + Spouse + Children	\$1,928.06	\$1,928.06	\$1,966.64	\$2,046.86	\$2,046.86	\$2,087.80	\$2,060.06	\$2,060.06	\$2,101.26

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	6.7%	6.7%	6.7%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Employee + Child	6.7%	6.7%	6.7%	4.6%	4.6%	4.6%	4.5%	4.5%	4.5%
Employee + Children	6.7%	6.7%	6.7%	4.6%	4.6%	4.6%	4.5%	4.5%	4.5%
Employee + Spouse	6.7%	6.7%	6.7%	4.6%	4.6%	4.6%	4.5%	4.5%	4.5%
Employee + Spouse + Child	6.7%	6.7%	6.7%	4.6%	4.6%	4.6%	4.5%	4.5%	4.5%
Employee + Spouse + Children	6.7%	6.7%	6.7%	4.6%	4.6%	4.6%	4.5%	4.5%	4.5%

D.3. Platinum Plan – Blue Preferred Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$628.15	\$628.15	\$640.72	\$654.65	\$654.65	\$667.74	\$658.45	\$658.45	\$671.61
Employee + Child	\$934.28	\$934.28	\$952.97	\$975.06	\$975.06	\$994.56	\$980.90	\$980.90	\$1,000.52
Employee + Children	\$1,126.48	\$1,126.48	\$1,149.01	\$1,175.68	\$1,175.68	\$1,199.19	\$1,182.72	\$1,182.72	\$1,206.37
Employee + Spouse	\$1,377.30	\$1,377.30	\$1,404.84	\$1,437.18	\$1,437.18	\$1,465.92	\$1,445.76	\$1,445.76	\$1,474.66
Employee + Spouse + Child	\$1,683.42	\$1,683.42	\$1,717.09	\$1,757.59	\$1,757.59	\$1,792.73	\$1,768.21	\$1,768.21	\$1,803.56
Employee + Spouse + Children	\$1,875.62	\$1,875.62	\$1,913.14	\$1,958.21	\$1,958.21	\$1,997.37	\$1,970.03	\$1,970.03	\$2,009.42

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$561.94	\$561.94	\$573.18	\$600.06	\$600.06	\$612.06	\$604.30	\$604.30	\$616.38
Employee + Child	\$835.80	\$835.80	\$852.52	\$894.46	\$894.46	\$912.34	\$900.98	\$900.98	\$919.00
Employee + Children	\$1,007.74	\$1,007.74	\$1,027.90	\$1,078.52	\$1,078.52	\$1,100.08	\$1,086.38	\$1,086.38	\$1,108.10
Employee + Spouse	\$1,232.12	\$1,232.12	\$1,256.76	\$1,318.26	\$1,318.26	\$1,344.62	\$1,327.84	\$1,327.84	\$1,354.38
Employee + Spouse + Child	\$1,505.98	\$1,505.98	\$1,536.10	\$1,612.66	\$1,612.66	\$1,644.90	\$1,624.52	\$1,624.52	\$1,657.00
Employee + Spouse + Children	\$1,677.92	\$1,677.92	\$1,711.48	\$1,796.72	\$1,796.72	\$1,832.64	\$1,809.92	\$1,809.92	\$1,846.10

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	11.8%	11.8%	11.8%	9.1%	9.1%	9.1%	9.0%	9.0%	9.0%
Employee + Child	11.8%	11.8%	11.8%	9.0%	9.0%	9.0%	8.9%	8.9%	8.9%
Employee + Children	11.8%	11.8%	11.8%	9.0%	9.0%	9.0%	8.9%	8.9%	8.9%
Employee + Spouse	11.8%	11.8%	11.8%	9.0%	9.0%	9.0%	8.9%	8.9%	8.9%
Employee + Spouse + Child	11.8%	11.8%	11.8%	9.0%	9.0%	9.0%	8.8%	8.8%	8.8%
Employee + Spouse + Children	11.8%	11.8%	11.8%	9.0%	9.0%	9.0%	8.8%	8.8%	8.8%

D.4. Gold Plan – Blue Preferred Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$590.00	\$590.00	\$601.80	\$616.50	\$616.50	\$628.83	\$620.29	\$620.29	\$632.70
Employee + Child	\$877.52	\$877.52	\$895.08	\$918.30	\$918.30	\$936.67	\$924.14	\$924.14	\$942.63
Employee + Children	\$1,058.06	\$1,058.06	\$1,079.21	\$1,107.26	\$1,107.26	\$1,129.39	\$1,114.30	\$1,114.30	\$1,136.57
Employee + Spouse	\$1,293.60	\$1,293.60	\$1,319.49	\$1,353.49	\$1,353.49	\$1,380.57	\$1,362.07	\$1,362.07	\$1,389.31
Employee + Spouse + Child	\$1,581.13	\$1,581.13	\$1,612.77	\$1,655.29	\$1,655.29	\$1,688.41	\$1,665.91	\$1,665.91	\$1,699.24
Employee + Spouse + Children	\$1,761.67	\$1,761.67	\$1,796.90	\$1,844.25	\$1,844.25	\$1,881.13	\$1,856.08	\$1,856.08	\$1,893.19

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$528.76	\$528.76	\$539.34	\$566.88	\$566.88	\$578.22	\$571.12	\$571.12	\$582.54
Employee + Child	\$786.44	\$786.44	\$802.18	\$845.10	\$845.10	\$862.00	\$851.62	\$851.62	\$868.66
Employee + Children	\$948.24	\$948.24	\$967.20	\$1,019.02	\$1,019.02	\$1,039.38	\$1,026.88	\$1,026.88	\$1,047.40
Employee + Spouse	\$1,159.34	\$1,159.34	\$1,182.54	\$1,245.48	\$1,245.48	\$1,270.40	\$1,255.06	\$1,255.06	\$1,280.16
Employee + Spouse + Child	\$1,417.02	\$1,417.02	\$1,445.38	\$1,523.70	\$1,523.70	\$1,554.18	\$1,535.56	\$1,535.56	\$1,566.28
Employee + Spouse + Children	\$1,578.82	\$1,578.82	\$1,610.40	\$1,697.62	\$1,697.62	\$1,731.56	\$1,710.82	\$1,710.82	\$1,745.02

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	11.6%	11.6%	11.6%	8.8%	8.8%	8.8%	8.6%	8.6%	8.6%
Employee + Child	11.6%	11.6%	11.6%	8.7%	8.7%	8.7%	8.5%	8.5%	8.5%
Employee + Children	11.6%	11.6%	11.6%	8.7%	8.7%	8.7%	8.5%	8.5%	8.5%
Employee + Spouse	11.6%	11.6%	11.6%	8.7%	8.7%	8.7%	8.5%	8.5%	8.5%
Employee + Spouse + Child	11.6%	11.6%	11.6%	8.6%	8.6%	8.6%	8.5%	8.5%	8.5%
Employee + Spouse + Children	11.6%	11.6%	11.6%	8.6%	8.6%	8.6%	8.5%	8.5%	8.5%

D.5. Silver Plan – Blue Preferred Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$571.41	\$571.41	\$582.85	\$597.91	\$597.91	\$609.88	\$601.71	\$601.71	\$613.75
Employee + Child	\$849.89	\$849.89	\$866.90	\$890.67	\$890.67	\$908.48	\$896.51	\$896.51	\$914.44
Employee + Children	\$1,024.73	\$1,024.73	\$1,045.25	\$1,073.94	\$1,073.94	\$1,095.43	\$1,080.98	\$1,080.98	\$1,102.61
Employee + Spouse	\$1,252.87	\$1,252.87	\$1,277.95	\$1,312.76	\$1,312.76	\$1,339.03	\$1,321.33	\$1,321.33	\$1,347.77
Employee + Spouse + Child	\$1,531.35	\$1,531.35	\$1,561.99	\$1,605.51	\$1,605.51	\$1,637.63	\$1,616.13	\$1,616.13	\$1,648.47
Employee + Spouse + Children	\$1,706.19	\$1,706.19	\$1,740.35	\$1,788.78	\$1,788.78	\$1,824.58	\$1,800.60	\$1,800.60	\$1,836.63

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$498.58	\$498.58	\$508.56	\$536.70	\$536.70	\$547.44	\$540.94	\$540.94	\$551.76
Employee + Child	\$741.56	\$741.56	\$756.40	\$800.22	\$800.22	\$816.22	\$806.74	\$806.74	\$822.88
Employee + Children	\$894.12	\$894.12	\$912.02	\$964.90	\$964.90	\$984.20	\$972.76	\$972.76	\$992.22
Employee + Spouse	\$1,093.18	\$1,093.18	\$1,115.06	\$1,179.32	\$1,179.32	\$1,202.92	\$1,188.90	\$1,188.90	\$1,212.68
Employee + Spouse + Child	\$1,336.16	\$1,336.16	\$1,362.90	\$1,442.84	\$1,442.84	\$1,471.70	\$1,454.70	\$1,454.70	\$1,483.80
Employee + Spouse + Children	\$1,488.72	\$1,488.72	\$1,518.52	\$1,607.52	\$1,607.52	\$1,639.68	\$1,620.72	\$1,620.72	\$1,653.14

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	14.6%	14.6%	14.6%	11.4%	11.4%	11.4%	11.2%	11.2%	11.2%
Employee + Child	14.6%	14.6%	14.6%	11.3%	11.3%	11.3%	11.1%	11.1%	11.1%
Employee + Children	14.6%	14.6%	14.6%	11.3%	11.3%	11.3%	11.1%	11.1%	11.1%
Employee + Spouse	14.6%	14.6%	14.6%	11.3%	11.3%	11.3%	11.1%	11.1%	11.1%
Employee + Spouse + Child	14.6%	14.6%	14.6%	11.3%	11.3%	11.3%	11.1%	11.1%	11.1%
Employee + Spouse + Children	14.6%	14.6%	14.6%	11.3%	11.3%	11.3%	11.1%	11.1%	11.1%

D.6. Bronze Plan – Blue Preferred Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$552.73	\$552.73	\$563.79	\$579.23	\$579.23	\$590.81	\$583.03	\$583.03	\$594.68
Employee + Child	\$822.10	\$822.10	\$838.52	\$862.88	\$862.88	\$880.11	\$868.72	\$868.72	\$886.07
Employee + Children	\$991.24	\$991.24	\$1,011.06	\$1,040.44	\$1,040.44	\$1,061.24	\$1,047.49	\$1,047.49	\$1,068.42
Employee + Spouse	\$1,211.93	\$1,211.93	\$1,236.16	\$1,271.81	\$1,271.81	\$1,297.24	\$1,280.39	\$1,280.39	\$1,305.98
Employee + Spouse + Child	\$1,481.30	\$1,481.30	\$1,510.90	\$1,555.46	\$1,555.46	\$1,586.54	\$1,566.08	\$1,566.08	\$1,597.37
Employee + Spouse + Children	\$1,650.44	\$1,650.44	\$1,683.44	\$1,733.03	\$1,733.03	\$1,767.67	\$1,744.85	\$1,744.85	\$1,779.72

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$469.00	\$469.00	\$478.38	\$507.12	\$507.12	\$517.26	\$511.36	\$511.36	\$521.58
Employee + Child	\$697.56	\$697.56	\$711.50	\$756.22	\$756.22	\$771.32	\$762.74	\$762.74	\$777.98
Employee + Children	\$841.08	\$841.08	\$857.90	\$911.86	\$911.86	\$930.08	\$919.72	\$919.72	\$938.10
Employee + Spouse	\$1,028.34	\$1,028.34	\$1,048.90	\$1,114.48	\$1,114.48	\$1,136.76	\$1,124.06	\$1,124.06	\$1,146.52
Employee + Spouse + Child	\$1,256.90	\$1,256.90	\$1,282.02	\$1,363.58	\$1,363.58	\$1,390.82	\$1,375.44	\$1,375.44	\$1,402.92
Employee + Spouse + Children	\$1,400.42	\$1,400.42	\$1,428.42	\$1,519.22	\$1,519.22	\$1,549.58	\$1,532.42	\$1,532.42	\$1,563.04

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	17.9%	17.9%	17.9%	14.2%	14.2%	14.2%	14.0%	14.0%	14.0%
Employee + Child	17.9%	17.9%	17.9%	14.1%	14.1%	14.1%	13.9%	13.9%	13.9%
Employee + Children	17.9%	17.9%	17.9%	14.1%	14.1%	14.1%	13.9%	13.9%	13.9%
Employee + Spouse	17.9%	17.9%	17.9%	14.1%	14.1%	14.1%	13.9%	13.9%	13.9%
Employee + Spouse + Child	17.9%	17.9%	17.9%	14.1%	14.1%	14.1%	13.9%	13.9%	13.9%
Employee + Spouse + Children	17.9%	17.9%	17.9%	14.1%	14.1%	14.1%	13.9%	13.9%	13.9%



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