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Memo

To: Mr. Ross Naylor, President, OPEH&W

Date: 04 August 2026

From: Peter Kaczmarek, FSA, MAAA

Subject: **Updated Trend Analysis – 2026-2027 Plan Year**

Copy: Ryan Schultz, FSA, MAAA

Background

Oklahoma Public Employees Health and Welfare Plan (OPEH&W) engaged Oliver Wyman Actuarial Consulting, Inc. to update the medical and pharmacy trend assumptions used in the plan year 2026-2027 premium rate development and to estimate the resulting premium rate changes for the Diamond plans. This memorandum supplements the January 15, 2026 actuarial report and reflects the additional claims and enrollment experience made available after that report was completed.

Data Received and Reviewed

The medical lag report was run on July 31, 2026 and provides paid claims by service category, incurred month, and paid month for the 12 paid months from July 2025 through June 2026. The report contains $28.95 million of medical paid claims for those paid months, including $25.97 million through May 2026. This matches the reported paid medical claims of $25.96 million reported in the OPEH&W analytics file from July 2025 to May 2026. For the updated trend analysis, the model was configured to use claims incurred through March 2026 and paid through May 2026, which provides at least two months of runout for the most recent incurred month. Medical claims were completed to an incurred basis and normalized for benefit and network changes consistent with the prior analysis.

The OPEH&W analytics file provides pharmacy claims and enrollment through May 2026. Pharmacy paid claims totaled $14.41 million from July 2025 through May 2026. Pharmacy claims were treated as incurred when paid because of the short pharmacy claim payment lag. Over the same period, covered lives averaged 6,161 per month and increased from 6,057 in July 2025 to 6,370 in May 2026.The monthly covered lives are based on sum of Health - Covered Counts – Bellybuttons, Active Medicare Enrolled Members and Spouses, and Retiree Counts – Bellybuttons from the OPEH&W – Analytics file.

Updated Trend Assumptions

The newly received lag data was appended to the historical lag data used in the January analysis to produce a continuous claim history. We then reviewed 24-month annualized trend estimates using monthly and 12-month moving-average experience, linear and exponential regressions, and normalized claim bases. The updated selections place equal weight on the median from the Oliver Wyman January 2026 Carrier Trend Survey (OW Survey) and the average of the OPEH&W 24-month experience trend estimates summarized in the model. As shown in Table 1, we revised the medical trend assumption from 7.7% to 10.3% and the pharmacy trend assumption from 6.8% to 8.2%.

Table 1 - Updated Medical and Pharmacy Trend Comparison

Claim Type	Prior Assumption	OW Survey Median	OPEH&W 24-Month Experience Average	Updated Assumption	Change from Prior Assumption
Medical	7.7%	9.4%	11.2%	**10.3%**	+2.6 pp
Pharmacy	6.8%	11.2%	5.2%	**8.2%**	+1.4 pp

Note: The updated trend assumptions equal 50% of the OW Survey median and 50% of the average OPEH&W 24-month experience trend estimate. "pp" denotes percentage points.

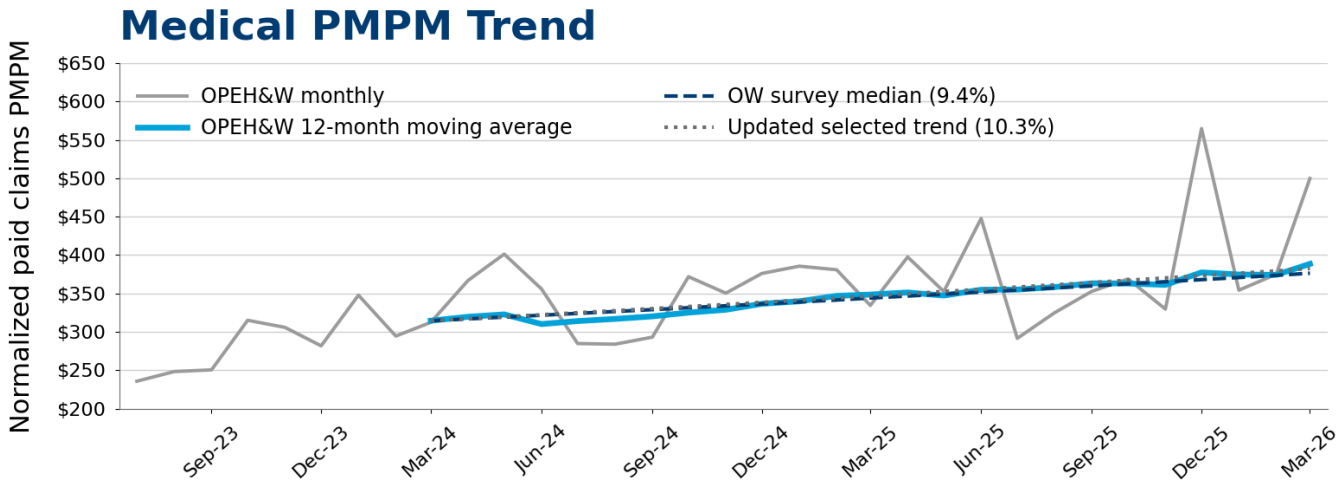
OPEH&W Experience and Trend Benchmarks

The charts below compare normalized OPEH&W paid claim experience with the OW Survey benchmark and the updated selected trend.

Medical PMPM Trend

As shown in Figure 1, the normalized 12-month medical moving-average PMPM increased from $349 for the 12 months ending March 2025 to $388 for the 12 months ending March 2026, based on elevated experience in December 2025 and March 2026. The dashed benchmark lines are indexed to the first available 12-month moving-average observation so that differences in slope can be compared directly. The updated medical trend assumption of 10.3% places equal weight on the OW Survey median of 9.4% and the average OPEH&W 24-month experience trend estimate of 11.2%. This approach reflects the recent increase in OPEH&W experience while moderating the effect of volatility in the monthly results.

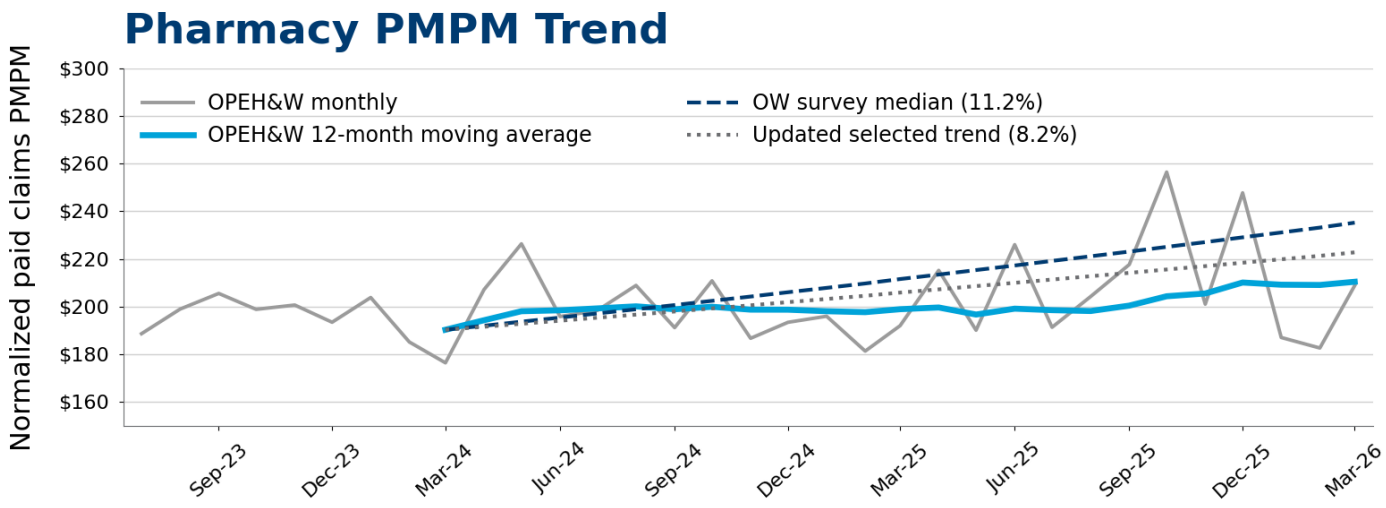
Figure 1 – Medical Monthly and 12-Month Moving-Average Trend



Pharmacy PMPM Trend

As shown in Figure 2, the normalized pharmacy PMPM increased from $199 for the 12 months ending March 2025 to $210 for the 12 months ending March 2026. The recent increase represents a modest change from the relatively level pharmacy experience reflected in the prior analysis. The updated pharmacy trend assumption of 8.2% places equal weight on the OW Survey median of 11.2% and the average OPEH&W 24-month experience trend estimate of 5.2%.

Figure 2 – Pharmacy Monthly and 12-Month Moving-Average Trend



Impact on Proposed Diamond Premium Rate Changes

The premium rate update retains the benefit, network, demographic, large-claim, pharmacy rebate, and expense framework from the January 2026 report. The revised trend assumptions increase projected medical and pharmacy claim costs and also increase the projected pharmacy administrative fee. The Enhanced Dental rate change is unchanged from the prior report.

As shown in Table 2, the updated combined rate increase is 16.3% for Blue Advantage Diamond, 11.6% for Blue Preferred and Blue Choice Diamond, and 15.5% across the combined networks. These results are approximately 4.5 percentage points higher than the corresponding combined increases in the January 2026 report. The change is attributable to the updated medical and pharmacy trend assumptions; the dental rate change remains a 25.3% decrease.

Table 2 – Proposed Premium Rate Changes – Effective Date of July 1, 2026

Benefit plan	Blue Advantage Diamond	Blue Preferred and Blue Choice Diamond	Combined Networks*
	Rate change	Rate change	Rate change
Medical/Pharmacy	19.5%	14.0%	18.5%
Enhanced Dental	-25.3%	-25.3%	-25.3%
Updated Combined	**16.3%**	**11.6%**	**15.5%**
Prior Combined (January 2026 report)	11.8%	7.2%	11.0%

**Combined-network increases are weighted using the network enrollment assumptions in the updated rate calculation. The prior combined increases are shown for comparison and are not additive to the updated results.*

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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. 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.

This memorandum is intended to be read together with the January 15, 2026 actuarial report, including its distribution, use, and limitations provisions.

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 methodologies in reaching this opinion.

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