

## **LOSS TRUST FUND BOARD REGULAR MEETING**

7447 E. Indian School Rd., Suite 210  
Financial Services Conference Room  
Or By Telephone  
Scottsdale, AZ 85251

**Call 480-312-7700 PIN 992698**

**January 25, 2016**

**5:00 p.m.**

### **NOTICE AND AGENDA**

#### **LOSS TRUST FUND BOARD**

**Jim Stabilito– Chairman**  
**Matthew Kleifield- Vice Chair**  
**Suzanne Welch**

**Pauline Hecker**  
**Paul McKee**  
**Jim Tomlinson**

#### **CALL TO ORDER**

#### **ROLL CALL**

#### **OLD BUSINESS**

1. Approval of December 1, 2015 Meeting Minutes. Action Item: Motion to approve or disapprove minutes as submitted or with suggested changes.

#### **NEW BUSINESS**

1. Farewell & Thank You to Jim Tomlinson & Pauline Hecker - Information Item
2. Introduction of new Board Member, Suzanne Welch - Information Item.
3. Review, discuss, and take action on the submission of the Trustee Fund Status Letter to Mayor and City Council. Action Item: Motion to approve or disapprove.
4. Review, discuss, and take action on the submission of Annual Report to Council 2015 for fiscal 2014/15. Motion to approve or disapprove.
5. Review, discuss, and take action on Fiscal Year 2015/16 medical plan premiums: Action Item: Motion to approve or disapprove.
- 6.

#### **OPEN CALL TO THE PUBLIC (A.R.S. § 38-431.02)**

Subject to reasonable time, place and manner restrictions, as determined by the Chairperson, members of the public will be allowed to address the Loss Trust Fund Board on any issue within the jurisdiction of the Board. At the conclusion of the open call to the public, individual members of the Board may respond to comments made by those who have addressed the Board, may ask staff to review a matter or may ask that a matter be put on a future agenda. Members of the Board shall not discuss or take legal action on matters,



Persons with a disability may request a reasonable accommodation by contacting the Risk Management Office at 480-312-2490. Requests should be made 24 hours in advance, or as early as possible, to allow time to arrange the accommodation. For TTY users, the Arizona Relay Service (1-800-367-8939) may contact the Risk Management Office at 480-312-2490.

however, raised during an open call to the public unless the matters are properly noticed for discussion and legal action.

**ADJOURNMENT** - Action Item: Motion to adjourn



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## **MINUTES**

**LOSS TRUST FUND BOARD MEETING  
7447 E. Indian School Rd., Suite 210  
Finance Conference Room  
Scottsdale, AZ**

**December 1, 2015  
8:00 a.m.**

- PRESENT:** Jim Stabilito, Chairman  
Pauline Hecker, Vice Chair  
Matthew Kleifield (telephonic)  
Paul McKee  
Jim Tomlinson (telephonic)
- STAFF:** Katie Callaway, Risk Management Director  
Jeff Nichols, City Treasurer  
Lauran Beebe, Human Resources Manager  
Ryan Fielder, Senior Budget Analyst  
Lori Davis, Assistant City Attorney
- GUESTS:** Charlie Broucek, Hayes Management Consulting

### **1) CALL TO ORDER**

Chair Stabilito called the meeting of the Loss Trust Fund Board to order at 8:31 a.m.

### **2) ROLL CALL**

A formal roll call confirmed the presence of Board Members as stated above.

## **OLD BUSINESS**

- 1) Approval of the January 28, 2015 meeting minutes

**VICE CHAIR HECKER MOVED TO APPROVE THE MINUTES OF THE JANUARY 28, 2015 MEETING. BOARD MEMBER TOMLINSON SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF FIVE (5) TO ZERO (0).**

## **NEW BUSINESS**

- 1) Introduction of New Board Member, Paul McKee

Board Member McKee introduced himself, speaking of his background, having worked for the City as Risk Services Manager for nearly 22 years. He hopes to contribute his background in safety and loss control.

Risk Management Director Ms. Katie Callaway commented that Board Member McKee is a CPA and a certified safety professional, so he brings both safety and financial expertise. The Board now has a full complement of members. She noted that Board Member Tomlinson's second term ends in October 2016. They may be able to find a replacement for him in the spring.

- 2) Review Risk Management Annual Report for Fiscal 2014/2015

Ms. Callaway stated that for many years the Risk Management Department had the goal of keeping the cost of risk below two percent of the City's operating budget. This year it was 2.37 percent. This is partly because of the premium increase of \$1.1 million for excess insurance for law enforcement. This premium will not be reduced.

Chairman Stabilito inquired how much of the 0.37 percent the \$1.1 million increase represents. Ms. Callaway said they would review this later in the presentation.

Ms. Callaway said another unusual situation during the past fiscal year was that the City paid out a \$1.6 million lump sum general liability settlement. Typically when the City has a large claim it is in the claims system for a couple of years while the City Attorney's Office coordinates the defense. In this case, the claim was presented and settled rather more quickly. This was the failure to regulate claim, also referred to as the pedicab claim.

Board Member McKee asked whether the City is self-insured to \$2 million. Ms. Callaway confirmed that it is. The Board considered changing to a higher retention when the renewal premium was increasing. However it would entail a \$5 million level. The Board did not feel they were ready to do that. Board Member McKee agreed. Mr. Jeff Nichols, City Treasurer, added that a further consideration was that this was a step that once taken could never be reversed.

Vice Chair Hecker asked whether the settlement of \$1.6 million was for both parties, and Ms. Callaway confirmed that it was.

Ms. Callaway stated that although the department was unable to meet the two percent goal, there were some highlights. They dedicated two staff members to finding and recovering damage done to City property. They researched old police reports of such things as sign and curb damage and recovered approximately \$547,000 compared to \$361,000 in other years.

Vice Chair Hecker inquired about recovery of workers' compensation overpayments and Ms. Callaway confirmed this is part of the overall recovery amount. In future reports staff hopes to provide a breakdown of recovery amounts.

They experienced a spike in the frequency of workers' compensation claims. The Safety Manager has decided to focus on a root cause analysis with department managers to identify on what happened and how it could be prevented.

Board Member McKee commented that the report focuses on financial questions and looking at the past rather than being proactive. Even a root cause analysis is looking at the past. Although this is helpful, he opined that it is more productive to be proactive. He encouraged developing written action plans with departments.

Ms. Callaway discussed the cost of risk section of the report. Claim payments increased by approximately \$1 million. Operating budget was not as low as the prior year but was acceptable.

The excess coverage premium rose by \$1.1 million, as discussed. Mr. Nichols pointed out that this accounts for 0.28 percent of the total cost of risk. Had this premium not increased, the cost of risk for the fiscal year would have been approximately 2.1 percent.

Special event reimbursements were a little lower than anticipated. Ms. Callaway said the Super Bowl was a factor. She is waiting to be able to check with the Police Department about that.

Board Member McKee said he is more concerned about the five-year trend. Five years ago the cost of risk was 1.3 percent, so this represents a significant increase. He reiterated that being more proactive is key to reducing the cost of risk.

Ms. Callaway noted a spike in reserves during the previous fiscal year. She attributed this mainly to having added two professional adjusters. Board Member McKee asked how this compares with the IBNR (incurred but not reported). Ms. Callaway undertook to distribute this information via email to the Board Members.

Vice Chair Hecker asked whether the actuarial report could be shared with the Board. Ms. Callaway said she could email the executive report.

Ms. Callaway said an outside company reviews medical bills related to workers' compensation and this is giving a reasonable amount of savings. They have issued an RFP and are also looking to add a pharmacy benefit plan for the workers' compensation claims. She clarified that both functions may be fulfilled by one company, or there may be two vendors.

Ms. Callaway discussed the general liability payment breakdown chart. She pointed out that large claims entail large legal expenses, discussing the pedicab case as an example. She confirmed that the \$1.6 million was the total cost of the claim.

A team meets weekly to review all claims. Members include the adjusters and staff from the City Attorney's Office. Assistant City Attorney Ms. Lisa Davis said most cases are handled in house although they have outside Counsel for risk cases also. Ms. Callaway said her office has begun tracking payments to outside Counsel versus expenses to the City Attorney's Office as of last year. Senior Budget Analyst Mr. Ryan Fielder said an analysis for previous fiscal years would be difficult as it was not tracked separately.

Ms. Davis said any further discussion about the details of handling cases should be agendaized for a future meeting.

Ms. Callaway presented the workers' compensation payment charts, pointing out that medical expenses are a huge driver. The City has a great return to work program. Nurse case management services were put out to bid last year.

Chairman Stabilito inquired about the bill review services between FY 2013/2014 and FY 2014/2015. Ms. Callaway said much of the bill review for costs that are not capitated by the Industrial Commission, they are paid a percentage of the savings. If the City had a huge hospitalization, the bill review service firm would receive a large fee. The savings achieved through the bill review service are shown in a separate chart.

Vice Chair Hecker asked whether the current contract gives the service provider a percentage of the savings or a charge for each item reviewed. Ms. Callaway said she believes it is a combination of both. The RFP allows bidders to specify how they wish to be remunerated. Staff will be analyzing the bids received.

Ms. Callaway reviewed the six-year overall loss performance. She is prepared to meet individually with the Board Members if they wished to discuss any individual cases. In general the frequency of losses was good for FY 2014/2015, with the exception of workers' compensation.

Board Member McKee noted that the City workforce is around 2,500 and there were 370 claims. Ms. Callaway pointed out that about 20 were claims for exposure to bloodborne pathogens by public safety personnel. These claims have to be opened for OSHA purposes, but they are then closed. However she acknowledged that the workers' compensation claims are trending upwards. The Safety Manager is concentrating on a root cause analysis on every single Public Works claim to make sure that employees are following safety protocols. The Police and Fire Departments have safety committees, and the Fire Department has a wellness and return to work specialist.

Board Member McKee inquired about the level of Risk Management staff engagement with the higher risk groups. Ms. Callaway said the Safety Manager and the property casualty adjuster attend all the police and fire safety meetings. Quarterly meetings are held where the entire Risk Management Department makes a presentation for the police command staff.

Mr. Nichols said he has reviewed job descriptions. Safety goes to the supervisory level. Tailgate meetings each morning to remind people to be aware of safety considerations

can keep people safer. The Director of Public Works has expressed concerned about preventable accidents.

Board Member McKee asked if they have ever considered doing the OSHA Voluntary Protection Program (VPP) again. Mr. Nichols said this has not been discussed since he became City Treasurer. Board Member McKee explained this is a voluntary accreditation program for municipalities. Scottsdale had it for 12 years and then withdrew. He encouraged staff to consider re-engaging in the program. A discussion ensued about the withdrawal from the program. Board Member McKee said one SRP plant is in the program and a second one is becoming accredited.

Benefits Manager Ms. Lauran Beebe presented the report on the self-insured medical and dental plans. She noted a number of unavoidable larger claims. However staff continues to make wellness presentations at departmental staff meetings to promote wellness initiatives. Participation in the HSA plan continues low. Mr. Nichols said this is a risk-averse population. Board Member McKee said SRP has just started an HSA plan with satisfactory participation. SRP makes a contribution towards each member's plan. Vice Chair Hecker said Maricopa County also contributes to the individual plans.

Mr. Charlie Broucek of Hayes Management Consulting said there are still questions about how federal health care plans will change in 2018.

Chairman Stabilito inquired as to any breakdown in cost trends with regard to pharmacy costs versus other costs. Mr. Broucek said they continually look at this. Some new specialty drugs are very expensive. Four people with the City are on Hep C drugs. Although the drugs are very expensive in the majority of cases it actually cures hepatitis C. A course of treatment can cost up to \$130,000 over 12 weeks. Mr. Nichols noted that the cost of untreated hepatitis C could in fact be even more costly to the City.

Chair Stabilito asked whether pharmacy expenses are included in the stop loss coverage. Ms. Beebe confirmed that it is. She added that the City is now receiving one hundred percent of the pharmacy rebates. In the past they only received 20 percent. Thus far they have received one rebate payment, but starting in 2016 payments will be made on a quarterly basis.

Ms. Callaway said staff will schedule a meeting in late January or early February to discuss the renewal of the health plan. Ms. Beebe said she is scheduled to bring this to City Council on February 24. Once the December figures are available, these will be available for discussion.

Vice Chair Hecker inquired about the rate increase for employees for FY 2015/2016. Ms. Beebe said in FY 2014/2015 the rate increase was 3.3 percent. For 2015/2016 the increase was 6.8 percent. Although for employees this represents an increase of almost ten percent over two years, Mr. Broucek noted that this is a significantly smaller portion of the overall cost. The City has borne the brunt of the increases.

Mr. Fielder reviewed the Trust forecasts. There are separate trusts for health care and risk. He noted that risk costs are projected to increase by eight percent annually in future years. The operating contingency fund of \$2.5 million is held within the Trust.

Vice Chair Hecker asked if a rate increase for employees is anticipated for FY 2016/2017 and Ms Beebe confirmed that it is.

Mr. Fielder said the cost of risk management is trending in the right direction in FY 2014/2015 despite the large settlement they paid out. Expenses are forecast to increase by two percent annually going forward, with the exception of the excess insurance premium, which staff has forecast to increase by ten percent annually. He explained that revenues are the charges transferred from City departments, so once the expenses have been estimated staff then estimates the revenues. These are based on five years of payroll history (payroll dollars) and two years of workers' compensation claims liability adjustment.

Mr. Fielder said staff is working to develop the forecast for FY 2016/2017. At this point the figure look more flat. He feels that the adopted budget for FY 2015/2016 is fairly accurate. Staff believes that in this fiscal year they will achieve the 85 percent confidence level. Chairman Stabilito commented that given the ending of the last fiscal year this is a pretty big jump and Mr. Fielder agreed.

Vice Chair Hecker asked Ms. Callaway if they anticipate any large claims within the next two years. Ms. Callaway said not for the next fiscal year. Ms. Davis said one case is being appealed to the Ninth Circuit. One large claim is pending, but she does not anticipate settlements in that time frame. The City has a good defense reserve but no settlement funds reserved as another organization had coverage. She added that a lot of information as to the facts of this claim are still not available.

Mr. Fielder reviewed the fund balance analysis. This shows that although they are not quite at the 85 percent confidence level the fund balance continues to trend in a favorable direction.

Mr. Nichols recalled that a couple of years ago he had requested that they rebuild the fund balance to the 85 percent confidence level over a period of three years. They are in the second year and the three-year period ends in June 2017.

Mr. Fielder said they have just received the actuarial report for FY 2014/2015 and are already at work developing the FY 2016/2017 budget.

Chairman Stabilito asked the Board Members if they are confident with how the budget is shaking out and whether the goal to be at the 85 percent confidence level by the end of FY 2016/2017 is realistic. He noted that only Board Member Tomlinson and himself were Board Members when Mr. Nichols had suggested this goal.

Vice Chair Hecker said she believes the three-year goal is good. However she expressed concern that although they have yet to achieve this level, it seems they are reducing the rates for FY 2016/2017. She suggested holding rates steady until they have achieved the 85 percent confidence level. Mr. Nichols said the new forecasts will hold the rates steady but this is not reflected in the annual report. Vice Chair Hecker said if rates are dropped prematurely and have to be raised it creates unnecessary angst among other departments.

Mr. Fielder said the numbers for the current fiscal year to date look good so far.

- 3) Approve Risk Management Annual Report for Fiscal 2014/2015 for Submission to the City Council as an Annual Status of the Trust Fund

**BOARD MEMBER TOMLINSON MADE A MOTION TO APPROVE THE RISK MANAGEMENT ANNUAL REPORT FOR FY 2014/2015 TO BE PRESENTED TO CITY COUNCIL. VICE CHAIR HECKER SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF FIVE (5) TO ZERO (0).**

Chairman Stabilito asked Ms. Callaway to bring the annual Loss Trust Board report to the next Board meeting for their review and approval before it is presented to Council. Mr. Nichols invited Board Member McKee to mention any items he would like agendaized for future discussion.

#### **OPEN CALL TO THE PUBLIC**

No members of the public wished to address the Board.

#### **ADJOURNMENT**

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 9:31 a.m.

***Recorded and Transcribed by AVTronics Inc., d/b/a AVTranz Transcription and Reporting Services***

January XX, 2016

To: The Honorable Mayor and City Council

Re: Report and Recommendations from the Advisory Trustees of the Loss Trust Fund

Pursuant to Scottsdale Revised Code 2-171, which requires the Loss Trust Fund Advisory Trustees to meet at least once per year and submit a report to the City Council regarding the status of the Loss Trust Fund. Per the Loss Trust Fund Board meeting held on December 1, 2015, this letter constitutes the required report from the Advisory Trustees for the fiscal year ending June 30, 2015. Reference is made to the FY 2014/15 Risk Management Annual Report, which contains the statistical and financial details of the Loss Trust Fund balances.

#### **Property-Casualty Findings**

The FY 2014/15 ending reserve balance of \$14.1 million is above the actuarial recommended fund balance of 50-55 percent. However, the Loss Trust Fund Advisory Board has recommended that the fund balance be maintained at the actuarial 85 percent confidence interval. For FY 2014/15, a shortfall of \$2.6 million occurred as a balance of \$16.7 million would have been needed to meet the 85 percent confidence interval.

A fund balance analysis is included in the financial section of the Risk Management Annual Report. The narrative explains the challenge of using the current actuary report to budget for future fund balances. Often the year end actuary report has set higher requirements for the fund balance than the current budget has captured. The fund balance analysis also highlights that improvements to the fund balance in FY 2013/14 and FY 2014/15 have been achieved. The adopted FY 2015/16 budget is forecasted to meet the 85 percent confidence level goal.

The Advisory Trustees believe that the Property-Casualty (General Liability, Workers' Compensation, Vehicle Liability, Vehicle Physical Damage and Property claims) portion of the Loss Trust Fund is adequately funded to take care of future financial claim obligations as of June 30, 2015.

#### **Self-Insured Group Health Findings**

The FY 2014/15 ending fund balance was \$5.6 million, which includes a slight deficit in the fund for the year totaling \$0.5 million. The city maintains an internal calculation which aids in determining the proper fund balance that includes funding for both large claims that exceed certain thresholds and a 30 day reserve of Incurred but not reported (IBNR) claims. The Healthcare Fund balances have historically met funding level supporting both these criteria.

**Ongoing Financial Controls**

The Advisory Trustees also wish to advise that the status of the Loss Trust Fund is regularly monitored and updated by the City Treasurer's staff to identify and report on any material changes during the course of the fiscal year.

Respectfully submitted this \_\_\_\_ day of January, 2016.

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James Stabilito, Chairman  
Loss Trust Fund Board Advisory Trustees



## Loss Trust Fund Board Annual Report to Council

Prepared by Katherine Callaway, January 11, 2016

Approval pending January 25, 2016

Web Site Address: [www.ScottsdaleAZ.gov/boards/Loss Trust](http://www.ScottsdaleAZ.gov/boards/Loss Trust)

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**Number of Meetings Held:** 2

**Public Comments:** 0

### Major Topics of Discussion / Action Taken:

- Approval of 2015/2016 medical plan premiums. (January 28, 2015)
- Approval of the FY 2013/14 Loss Trust Fund Board Annual Report (January 28, 2015)

### Current Member Attendance:

Member Name, Title	Present	Absent	Service Dates
Jim Tomlinson,	2	0	from January to December
Pauline Hecker	2	0	from January to December
Paul McKee	1	0	from May to December*
Jim Stabilito, Chairman	2	0	from January to December
Matt Kleifield, Vice-Chairman	2	0	from January to December
Suzanne Welch	0	0	from December to December*

\* Paul McKee was appointed 5/12/2018 and therefore was not available for the first meeting of the year.

\* Suzanne Welch was appointed December 1, 2015 after the final meeting of the year.

**Subcommittees:** None

**Ethics Training:** Ethics Refresher training (January 2015)

**Selected Officers:** Chairman Jim Tomlinson was had served his maximum term as chairman and was replaced by Jim Stabilito; Matt Kleifield was elected to Vice Chairman.

### Anticipated Key Issues:

- Maintenance of Appropriate Fund Balances

### Future Significant Work Products:

### Upcoming Opportunities, Challenges, or Outcomes:

### Additional Comments/Recommendations:



Phoenix, AZ



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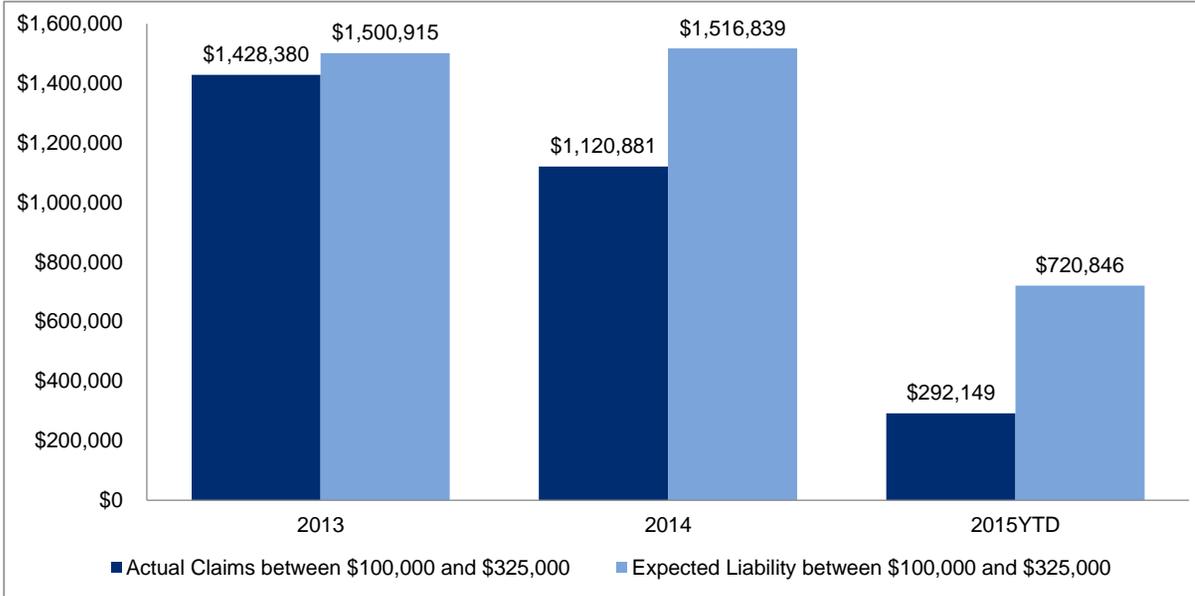
# City of Scottsdale

## 2016 Plan Year - Claims Projection

January 21, 2016

# City of Scottsdale

## High Case Analysis Tool - Normalization



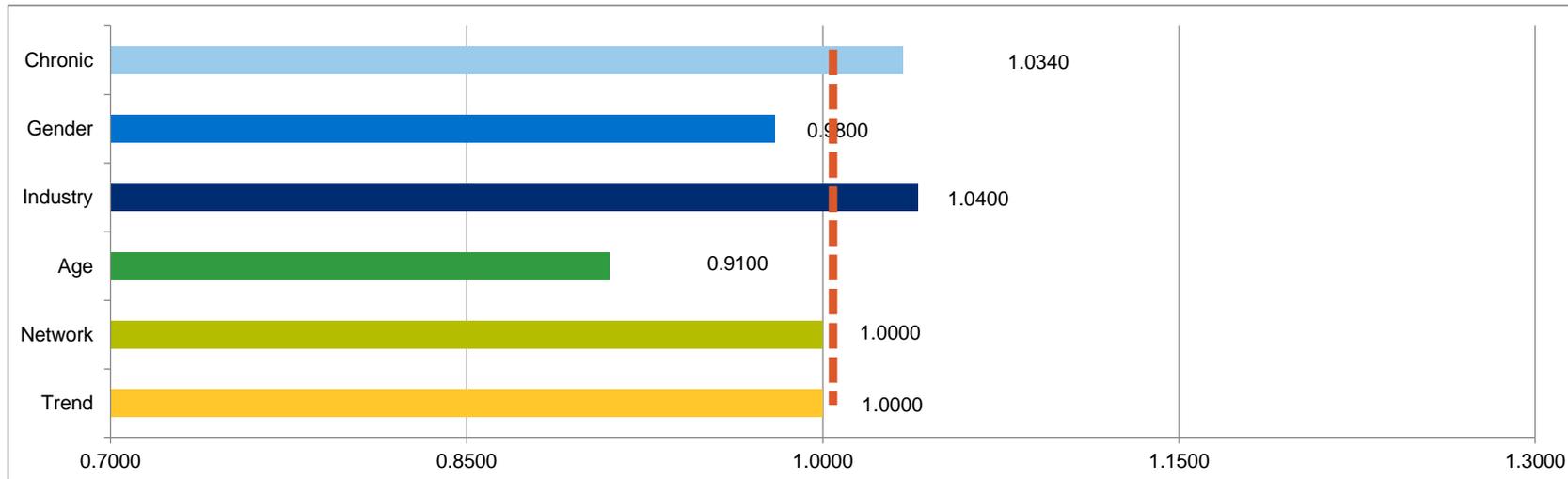
### About City of Scottsdale

Analysis Period  
**7/1/13- 12/31/15**

Current Membership  
**5,555**

Overall Group Factor  
**0.9590**

Current Specific Stop Loss Level  
**\$325,000**



# City of Scottsdale

## 2013 High Case Analysis Tool

### High-Case Normalization – \$100,000 to \$325,000

Specific Deductible	Projected Members/1000 in Excess of Deductible for a Normal Population	Expected Members in Excess of Deductible	Total Expected Liability
\$20,000	31.090234	168.873742	
\$25,000	24.027896	130.513034	
\$30,000	19.175835	104.157950	
\$35,000	15.738814	85.488983	
\$40,000	13.208522	71.745118	
\$45,000	11.313583	61.452323	
\$50,000	9.830069	53.394277	
\$55,000	8.618363	46.812617	
\$60,000	7.684437	41.739783	
\$65,000	6.894201	37.447435	
\$70,000	6.151882	33.415358	
\$75,000	5.631245	30.587397	
\$80,000	5.142158	27.930809	
\$85,000	4.733812	25.712787	
\$90,000	4.356411	23.662848	
\$95,000	4.013991	21.802913	
\$100,000	3.676829	19.971542	
\$105,000	3.446473	18.720310	\$96,626
\$110,000	3.190691	17.330972	\$90,018
\$115,000	2.989135	16.236172	\$83,835
\$120,000	2.812931	15.279080	\$78,719
\$125,000	2.584539	14.038518	\$73,208
\$130,000	2.426957	13.182575	\$67,996
\$135,000	2.259950	12.275439	\$63,587
\$140,000	2.127820	11.557741	\$59,538
\$145,000	1.997125	10.847845	\$55,972
\$150,000	1.867325	10.142807	\$52,436
\$155,000	1.747001	9.489237	\$49,044
\$160,000	1.643104	8.924899	\$46,005
\$165,000	1.570007	8.527855	\$43,611
\$170,000	1.488327	8.084188	\$41,507
\$175,000	1.410265	7.660180	\$39,340
\$180,000	1.328654	7.216890	\$37,171
\$185,000	1.261733	6.853393	\$35,159
\$190,000	1.195603	6.494193	\$33,353
\$195,000	1.152486	6.259992	\$31,875
\$200,000	1.093719	5.940784	\$30,488
\$225,000	0.843341	4.580801	\$129,610
\$250,000	0.689068	3.742829	\$102,991
\$275,000	0.590152	3.205545	\$86,243
\$300,000	0.487382	2.647328	\$72,580
\$350,000	0.337828	1.834990	
\$400,000	0.253173	1.375166	
\$450,000	0.191155	1.038301	
\$500,000	0.152548	0.828601	
\$600,000	0.112639	0.611826	
\$750,000	0.063066	0.342555	
\$1,000,000	0.033335	0.181068	
\$1,500,000	0.008098	0.043984	
\$2,000,000	0.002786	0.015133	
\$3,000,000	0.000310	0.001682	
\$5,000,000	0.000106	0.000577	
			<b>\$1,500,915</b>

#### Analysis Period

**7/1/2013 to 6/30/2014**

#### Membership

**5,664**

#### Pooling Threshold

**\$100,000**

#### Specific Deductible

**\$325,000**

#### Network / Demographic Factor

**0.9590**

#### Actual Claims above \$100,000

**\$1,428,380**

#### Actual Claims above \$325,000

**\$0**

#### Actual Claims between \$100,000 and \$325,000

**\$1,428,380**

#### Expected Liability between \$100,000 and \$325,000

**\$1,500,915**

#### Net Underwriting Adjustment

**\$72,535**

#### About High Case Analysis Tool - Normalization

-The Membership reflects the most current total headcount, including all covered employees, spouses and dependents.

-The Pooling Threshold is a discretionary lower limit at where we begin to examine expected liability. Claim activity below this limit will not be examined in the HCAT.

-The Network/Demographic Factor is the numeric expression of the population's health and claim data.

-Actual Claims above \$100,000 represent the total claims over the pooling point that are removed from the analysis due to the unpredictability of these claims.

-Actual Claims above \$325,000 represent the total claims over the specific deductible. These claims are removed from the analysis because activity above the specific deductible level is the reinsurer's liability and not the groups.

-Actual Claims between \$100,000 and \$325,000 are the total claims between the pooling level and the specific deductible. This represents the normalization corridor.

-The Expected Liability is calculated by projecting the number of members who will reach a given specific deductible level and the expected liability associated with each increment. The expected liability examined here reflects the sum of all increments between the pooling point and specific deductible. This value represents the normalized claim expectation within the corridor.

-The Net Underwriting Adjustment offsets reimbursed claims and actual claim experience with the expected liability for City of Scottsdale within the corridor.



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# City of Scottsdale

## 2014 High Case Analysis Tool

### High-Case Normalization – \$100,000 to \$325,000

Specific Deductible	Projected Members/1000 in Excess of Deductible for a Normal Population	Expected Members in Excess of Deductible	Total Expected Liability
\$20,000	30.996963	166.229331	
\$25,000	23.955813	128.469317	
\$30,000	19.137483	102.629765	
\$35,000	15.707337	84.234706	
\$40,000	13.195313	70.763322	
\$45,000	11.302270	60.611379	
\$50,000	9.820239	52.663603	
\$55,000	8.552849	45.866890	
\$60,000	7.655109	41.052525	
\$65,000	6.868451	36.833867	
\$70,000	6.115686	32.796968	
\$75,000	5.642435	30.259033	
\$80,000	5.151296	27.625175	
\$85,000	4.745259	25.447696	
\$90,000	4.377298	23.474408	
\$95,000	4.036275	21.645579	
\$100,000	3.691355	19.795856	
\$105,000	3.492622	18.730098	\$96,226
\$110,000	3.223101	17.284725	\$89,923
\$115,000	3.040165	16.303683	\$83,896
\$120,000	2.878183	15.435011	\$79,284
\$125,000	2.633307	14.121800	\$73,801
\$130,000	2.483251	13.317082	\$68,544
\$135,000	2.302747	12.349086	\$64,103
\$140,000	2.181043	11.696415	\$60,073
\$145,000	2.043559	10.959118	\$56,595
\$150,000	1.911661	10.251783	\$52,987
\$155,000	1.784162	9.568037	\$49,511
\$160,000	1.680272	9.010896	\$46,417
\$165,000	1.609425	8.630966	\$44,085
\$170,000	1.526009	8.183624	\$42,014
\$175,000	1.447507	7.762633	\$39,845
\$180,000	1.362977	7.309319	\$37,658
\$185,000	1.293512	6.936798	\$35,598
\$190,000	1.220673	6.546179	\$33,690
\$195,000	1.187479	6.368166	\$32,278
\$200,000	1.124677	6.031374	\$30,984
\$225,000	0.858502	4.603941	\$130,937
\$250,000	0.706496	3.788768	\$103,883
\$275,000	0.622084	3.336088	\$88,545
\$300,000	0.519559	2.786270	\$75,958
\$350,000	0.352790	1.891928	
\$400,000	0.269821	1.446984	
\$450,000	0.209658	1.124347	
\$500,000	0.172516	0.925164	
\$600,000	0.138033	0.740238	
\$750,000	0.083295	0.446692	
\$1,000,000	0.058181	0.312012	
\$1,500,000	0.018310	0.098191	
\$2,000,000	0.007780	0.041724	
\$3,000,000	0.001084	0.005813	
\$5,000,000	0.000637	0.003417	
			<b>\$1,516,839</b>

#### Analysis Period

**7/1/2014 to 6/30/2015**

#### Membership

**5,592**

#### Pooling Threshold

**\$100,000**

#### Specific Deductible

**\$325,000**

#### Network / Demographic Factor

**0.9590**

#### Actual Claims above \$100,000

**\$1,375,007**

#### Actual Claims above \$325,000

**\$254,127**

#### Actual Claims between \$100,000 and \$325,000

**\$1,120,881**

#### Expected Liability between \$100,000 and \$325,000

**\$1,516,839**

#### Net Underwriting Adjustment

**\$141,831**

#### About High Case Analysis Tool - Normalization

-The Membership reflects the most current total headcount, including all covered employees, spouses and dependents.

-The Pooling Threshold is a discretionary lower limit at where we begin to examine expected liability. Claim activity below this limit will not be examined in the HCAT.

-The Network/Demographic Factor is the numeric expression of the population's health and claim data.

-Actual Claims above \$100,000 represent the total claims over the pooling point that are removed from the analysis due to the unpredictability of these claims.

-Actual Claims above \$325,000 represent the total claims over the specific deductible. These claims are removed from the analysis because activity above the specific deductible level is the reinsurer's liability and not the groups.

-Actual Claims between \$100,000 and \$325,000 are the total claims between the pooling level and the specific deductible. This represents the normalization corridor.

-The Expected Liability is calculated by projecting the number of members who will reach a given specific deductible level and the expected liability associated with each increment. The expected liability examined here reflects the sum of all increments between the pooling point and specific deductible. This value represents the normalized claim expectation within the corridor.

-The Net Underwriting Adjustment offsets reimbursed claims and actual claim experience with the expected liability for City of Scottsdale within the corridor.



All. Together. Certain.

Specific Deductible	Projected Members/1000 in Excess of Deductible for a Normal Population	Expected Members in Excess of Deductible	Total Expected Liability
\$20,000	31.183785	83.259234	
\$25,000	24.100197	64.346387	
\$30,000	19.214264	51.301176	
\$35,000	15.770355	42.106103	
\$40,000	13.221744	35.301431	
\$45,000	11.324908	30.236969	
\$50,000	9.839909	26.272092	
\$55,000	8.684379	23.186882	
\$60,000	7.713877	20.595688	
\$65,000	6.920048	18.476200	
\$70,000	6.188292	16.522446	
\$75,000	5.620077	15.005339	
\$80,000	5.133035	13.704961	
\$85,000	4.722392	12.608564	
\$90,000	4.335624	11.575912	
\$95,000	3.991830	10.657998	
\$100,000	3.662361	9.778331	
\$105,000	3.400934	9.080334	\$47,089
\$110,000	3.158607	8.433332	\$43,733
\$115,000	2.938961	7.846887	\$40,656
\$120,000	2.749158	7.340122	\$37,931
\$125,000	2.536674	6.772801	\$35,243
\$130,000	2.371940	6.332967	\$32,735
\$135,000	2.217949	5.921818	\$30,611
\$140,000	2.075895	5.542541	\$28,637
\$145,000	1.951747	5.211072	\$26,864
\$150,000	1.824018	4.870042	\$25,183
\$155,000	1.710614	4.567258	\$23,576
\$160,000	1.606759	4.289972	\$22,128
\$165,000	1.531554	4.089178	\$20,937
\$170,000	1.451575	3.875636	\$19,901
\$175,000	1.373982	3.668468	\$18,850
\$180,000	1.295196	3.458112	\$17,806
\$185,000	1.230735	3.286004	\$16,852
\$190,000	1.171048	3.126643	\$16,024
\$195,000	1.118524	2.986407	\$15,276
\$200,000	1.063613	2.839795	\$14,559
\$225,000	0.828448	2.211917	\$62,265
\$250,000	0.672069	1.794394	\$49,554
\$275,000	0.559859	1.494797	\$40,774
\$300,000	0.457198	1.220698	\$33,659
\$350,000	0.323501	0.863731	
\$400,000	0.237552	0.634253	
\$450,000	0.174284	0.465331	
\$500,000	0.134891	0.360154	
\$600,000	0.091917	0.245414	
\$750,000	0.047749	0.127488	
\$1,000,000	0.019100	0.050995	
\$1,500,000	0.003581	0.009562	
\$2,000,000	0.000998	0.002664	
\$3,000,000	0.000088	0.000236	
\$5,000,000	0.000018	0.000047	
			<b>\$720,846</b>

<b>Analysis Period</b>	<b>Actual Claims above \$100,000</b>
<b>7/1/2015 to 12/31/2015</b>	<b>\$292,149</b>
<b>Membership</b>	<b>Actual Claims above \$325,000</b>
<b>2,784</b>	<b>\$0</b>
<b>Pooling Threshold</b>	<b>Actual Claims between \$100,000 and \$325,000</b>
<b>\$100,000</b>	<b>\$292,149</b>
<b>Specific Deductible</b>	<b>Expected Liability between \$100,000 and \$325,000</b>
<b>\$325,000</b>	<b>\$720,846</b>
<b>Network / Demographic Factor</b>	<b>Net Underwriting Adjustment</b>
<b>0.9590</b>	<b>\$428,697</b>

**About High Case Analysis Tool - Normalization**

- The Membership reflects the most current total headcount, including all covered employees, spouses and dependents.
- The Pooling Threshold is a discretionary lower limit at where we begin to examine expected liability. Claim activity below this limit will not be examined in the HCAT.
- The Network/Demographic Factor is the numeric expression of the population's health and claim data.
- Actual Claims above \$100,000 represent the total claims over the pooling point that are removed from the analysis due to the unpredictability of these claims.
- Actual Claims above \$325,000 represent the total claims over the specific deductible. These claims are removed from the analysis because activity above the specific deductible level is the reinsurer's liability and not the groups.
- Actual Claims between \$100,000 and \$325,000 are the total claims between the pooling level and the specific deductible. This represents the normalization corridor.
- The Expected Liability is calculated by projecting the number of members who will reach a given specific deductible level and the expected liability associated with each increment. The expected liability examined here reflects the sum of all increments between the pooling point and specific deductible. This value represents the normalized claim expectation within the corridor.
- The Net Underwriting Adjustment offsets reimbursed claims and actual claim experience with the expected liability for City of Scottsdale within the corridor.

# City of Scottsdale

## High Case Analysis Tool

### Expected Members

#### Analysis Period

7/1/2013 to 6/30/2014

#### Membership

5,664

Specific Deductible	Expected Members in Excess of Deductible	Actual Members in Excess of Deductible
\$50,000	53.4	31
\$75,000	30.6	31
\$100,000	20.0	23
\$125,000	14.0	15
\$150,000	10.1	11
\$175,000	7.7	7
\$200,000	5.9	5
\$225,000	4.6	4
\$250,000	3.7	2
\$275,000	3.2	1
\$300,000	2.6	1
\$350,000	1.8	0
\$400,000	1.4	0
\$450,000	1.0	0
\$500,000	0.8	0
\$600,000	0.6	0
\$750,000	0.3	0
\$1,000,000	0.2	0
\$1,500,000	0.0	0
\$2,000,000	0.0	0
\$3,000,000	0.0	0
\$5,000,000	0.0	0

#### Analysis Period

7/1/2014 to 6/30/2015

#### Membership

5,592

Specific Deductible	Expected Members in Excess of Deductible	Actual Members in Excess of Deductible
\$50,000	52.7	60
\$75,000	30.3	34
\$100,000	19.8	19
\$125,000	14.1	11
\$150,000	10.3	8
\$175,000	7.8	6
\$200,000	6.0	4
\$225,000	4.6	3
\$250,000	3.8	2
\$275,000	3.3	2
\$300,000	2.8	1
\$350,000	1.9	1
\$400,000	1.4	1
\$450,000	1.1	1
\$500,000	0.9	1
\$600,000	0.7	0
\$750,000	0.4	0
\$1,000,000	0.3	0
\$1,500,000	0.1	0
\$2,000,000	0.0	0
\$3,000,000	0.0	0
\$5,000,000	0.0	0

#### Analysis Period

7/1/2015 to 12/31/2015

#### Membership

2,784

Specific Deductible	Expected Members in Excess of Deductible	Actual Members in Excess of Deductible
\$50,000	26.3	29
\$75,000	15.0	16
\$100,000	9.8	6
\$125,000	6.8	3
\$150,000	4.9	1
\$175,000	3.7	1
\$200,000	2.8	1
\$225,000	2.2	1
\$250,000	1.8	1
\$275,000	1.5	1
\$300,000	1.2	0
\$350,000	0.9	0
\$400,000	0.6	0
\$450,000	0.5	0
\$500,000	0.4	0
\$600,000	0.2	0
\$750,000	0.1	0
\$1,000,000	0.1	0
\$1,500,000	0.0	0
\$2,000,000	0.0	0
\$3,000,000	0.0	0
\$5,000,000	0.0	0

# City of Scottsdale

ISL - High Case Analysis Tool



Specific Deductible	Projected Members/1000 in Excess of Deductible for a Normal Population	Expected Members in Excess of Deductible	Total Expected Liability
\$20,000	30.996963	165.129459	
\$25,000	23.955813	127.619288	
\$30,000	19.137483	101.950706	
\$35,000	15.707337	83.677359	
\$40,000	13.195313	70.295110	
\$45,000	11.302270	60.210338	
\$50,000	9.820239	52.315149	
\$55,000	8.552849	45.563407	
\$60,000	7.655109	40.780897	
\$65,000	6.868451	36.590152	
\$70,000	6.115686	32.579964	
\$75,000	5.642435	30.058821	
\$80,000	5.151296	27.442390	
\$85,000	4.745259	25.279319	
\$90,000	4.377298	23.319087	
\$95,000	4.036275	21.502359	
\$100,000	3.691355	19.664875	
\$105,000	3.492622	18.606169	
\$110,000	3.223101	17.170359	
\$115,000	3.040165	16.195808	
\$120,000	2.878183	15.332883	
\$125,000	2.633307	14.028361	
\$130,000	2.483251	13.228968	
\$135,000	2.302747	12.267377	
\$140,000	2.181043	11.619024	
\$145,000	2.043559	10.886606	
\$150,000	1.911661	10.183951	
\$155,000	1.784162	9.504730	
\$160,000	1.680272	8.951275	
\$165,000	1.609425	8.573858	
\$170,000	1.526009	8.129477	
\$175,000	1.447507	7.711271	
\$180,000	1.362977	7.260956	
\$185,000	1.293512	6.890900	
\$190,000	1.220673	6.502866	
\$195,000	1.187479	6.326031	
\$200,000	1.124677	5.991467	
\$225,000	0.858502	4.573479	
\$250,000	0.706496	3.763700	
\$275,000	0.622084	3.314014	
\$300,000	0.519559	2.767834	
\$350,000	0.352790	1.879410	\$112,929
\$400,000	0.269821	1.437410	\$81,516
\$450,000	0.209658	1.116908	\$62,958
\$500,000	0.172516	0.919043	\$50,401
\$600,000	0.138033	0.735340	\$81,135
\$750,000	0.083295	0.443736	\$83,843
\$1,000,000	0.058181	0.309948	\$89,746
\$1,500,000	0.018310	0.097541	\$82,505
\$2,000,000	0.007780	0.041448	\$26,773
\$3,000,000	0.001084	0.005775	\$12,909
\$5,000,000	0.000637	0.003394	\$6,074
			<b>\$690,788</b>

**Analysis Period**

7/1/2016 to 6/30/2017

**Membership**

5,555

**Network / Demographic Factor**

0.9590

**Specific Deductible**

\$325,000

**Maximum Specific Reimbursement**

\$5,000,000

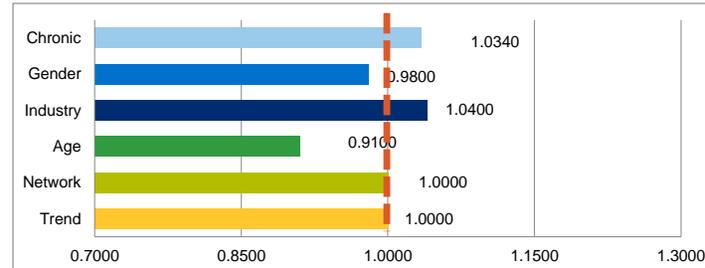
**Expected Liability between \$325,000 and \$5 Million**

\$690,788

**ISL Estimated Premium \$656,125**

**ISL Loss Ratio 105.3%**

**City of Scottsdale Network / Demographic Factor Breakdown**



**About High Case Analysis Tool - Expected Liability**

-This tool applies City of Scottsdale's specific demographics and membership data to provide a unique, customized analysis.

-The Membership reflects the most current total headcount, including all covered employees, spouses and dependents.

-The Network/Demographic Factor is the numeric expression of the population's health and claim data.

-The Maximum Specific Reimbursement is the upper limit for which liability is calculated. Due to the complexities and relatively minute values associated with very high reimbursement levels, for ease of presentation maximums above \$5 million are reflected as \$5 million.

-The Total Expected Liability between \$325,000 and \$5 Million is calculated by projecting the number of members who will reach each different specific deductible level and adding the expected liability for each increment above City of Scottsdale's specific deductible.



Medical Claims Projection

January 21, 2016

	MEDICAL		
Experience Period	7/1/2013 to 6/30/2014	7/1/2014 to 6/30/2015	7/1/2015 to 12/31/2015
Medical Claims	\$16,110,601	\$19,519,653	\$10,429,856
Pooled Dollars above \$100,000 Per-Member	(\$1,428,380)	(\$1,375,007)	(\$292,149)
Expected Liability between \$100,000 and \$325,000	\$1,500,915	\$1,516,839	\$720,846
Medical Claims Normalized for High Case Activity	\$16,183,136	\$19,661,484	\$10,858,553
Benefit Adjustment <sup>(2)</sup>	1,000	1,000	1,000
Network Discount Adjustment <sup>(3)</sup>	1,000	1,000	1,000
Immature Benefit Year Adjustment <sup>(4)</sup>	1,000	1,000	1,000
COBRA Adjustment <sup>(5)</sup>	1,000	1,000	1,000
Benefit Adjusted Medical Claims	\$16,183,136	\$19,661,484	\$10,858,553
Member-Months	67,967	67,104	33,409
PMPM	\$238.10	\$293.00	\$325.02
Completion Factor	1.000	1.000	1.000
Adjusted PMPM	\$238.10	\$293.00	\$325.02
Annual Trend: <b>7.3%</b>	1.2354	1.1513	1.0857
Trended Medical Claims	\$294.15	\$337.34	\$352.86
PMPM Capitation	\$0.00	\$0.00	\$0.00
<b>Projected Medical PMPM</b>	<b>\$294.15</b>	<b>\$337.34</b>	<b>\$352.86</b>

	PHARMACY		
Experience Period	7/1/2013 to 6/30/2014	7/1/2014 to 6/30/2015	7/1/2015 to 12/31/2015
Rx Claims	\$5,068,694	\$5,064,568	\$2,904,265
Benefit Adjustment <sup>(2)</sup>	1,000	1,000	1,000
Network Discount Adjustment <sup>(3)</sup>	1,000	1,000	1,000
COBRA Adjustment <sup>(5)</sup>	1,000	1,000	1,000
Benefit Adjusted Rx Claims	\$5,068,694	\$5,064,568	\$2,904,265
Member-Months	67,967	67,104	33,409
PMPM	\$74.58	\$75.47	\$86.93
Completion Factor	1.000	1.000	1.000
Adjusted PMPM	\$74.58	\$75.47	\$86.93
Annual Trend: <b>9.7%</b>	1.3201	1.2034	1.1141
Trended Rx Claims	\$98.45	\$90.83	\$96.85
Incurred to Paid Adjustment Factor	1.0000	1.0000	1.0000
<b>Projected Rx PMPM</b>	<b>\$98.45</b>	<b>\$90.83</b>	<b>\$96.85</b>

Combined Medical & Rx Projection	\$392.60	\$428.16	\$449.71
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	PERIOD WEIGHTING		
Period Weight	10%	50%	40%
Adjusted Membership	6,797	33,552	13,364
Member-Adjusted Period Weight	12.7%	62.5%	24.9%
<b>Total PMPM Claims Projection</b>		<b>\$429.02</b>	
Current Membership		5,555	
Monthly Claims		\$2,383,232	
Annual Claims Projection		\$28,598,790	
Current Enrollment		2,234	
<b>Total PEPM Claims Projection</b>		<b>\$1,066.80</b>	
PEPM Admin 2016		\$16.45	
PEPM Wellness and Consulting Fee		\$10.04	
Stop Loss Fees - ISL @ \$325,000 @ +18%		\$24.47	
RX Rebates		(\$18.65)	
PEPM ACA FEEs (PMPM @ \$2.42)		\$6.03	
Total Average PEPM Cost		\$1,105.14	

TOTAL ANNUAL COST ESTIMATE ALL - PRE MIGRATION	\$29,626,597.42
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<sup>(1)</sup> Adjustments made where applicable to reflect partial year experience period.  
<sup>(2)</sup> Adjusts benefits to reflect disparities between the experience-period and the renewal-period.  
<sup>(3)</sup> Reflects the assumed cost differences between the experience-period and the renewal-period based on changes in networks and/or administrators.  
<sup>(4)</sup> Adjusts partial-periods to reflect immature deductibles (individual and specific stop loss).  
<sup>(5)</sup> Adjusted where applicable to reflect the inherent utilization differences between Active and COBRA populations.  
<sup>(6)</sup> 2016 ACA fees: Reinsurance Fee is \$27.00 PMPY and the PCORI Fee is \$2.08 PMPY

Actuarial Alignment  
No Plan Change

January 21, 2016

	EE	EE+SP	EE+CH	Fam
Expected Annual Claims for All Plans Combined	\$29,626,597			
Expected Monthly Claims for All Plans Combined	\$2,468,883			
<b>CIGNA OAP In-Network</b>				
Enrollment	640	250	304	661
Rate Relationship to CIGNA OAP In-Network	1.00	2.16	1.81	3.11
Rate Relationship Coefficient	640.00	540.77	551.26	2053.13
Total Unadjusted Coefficient	3785.15			
Richness Relative to CIGNA OAP In-Network	100.0%			
Total Coefficient Relative to CIGNA OAP In-Network	3785.15			
Total Budgeted Rate	\$568.40	\$1,229.48	\$1,030.70	\$1,765.49
Confirm Relationship to CIGNA OAP In-Network	1.00	2.16	1.81	3.11
Total Monthly Cost	\$2,151,462			
<b>CIGNA OAP</b>				
Enrollment	145	30	46	76
Rate Relationship to CIGNA OAP In-Network	1.00	2.16	1.81	3.11
Rate Relationship Coefficient	145.00	64.89	83.41	236.06
Total Unadjusted Coefficient	529.37			
Richness Relative to CIGNA OAP In-Network	87.4%			
Total Coefficient Relative to CIGNA OAP In-Network	462.81			
Total Budgeted Rate	\$496.93	\$1,074.89	\$901.11	\$1,543.50
Confirm Relationship to CIGNA OAP In-Network	1.00	2.16	1.81	3.11
Total Monthly Cost	\$263,058			
<b>Cigna OAP + HSA</b>				
Enrollment	59	10	5	8
Rate Relationship to CIGNA OAP In-Network	1.00	2.16	1.81	3.11
Rate Relationship Coefficient	59.00	21.63	9.07	24.85
Total Unadjusted Coefficient	114.55			
Richness Relative to CIGNA OAP In-Network	83.5%			
Total Coefficient Relative to CIGNA OAP In-Network	95.64			
Total Budgeted Rate	\$474.59	\$1,026.58	\$860.61	\$1,474.13
Confirm Relationship to CIGNA OAP In-Network	1.00	2.16	1.81	3.11
Total Monthly Cost	\$54,363			
Confirm Expected Monthly Claims for All Plans	\$2,468,883			
Confirm Expected Annual Claims for All Plans	\$29,626,597			



Plan Option 1 ( No Plan Changes)

Current Plan Year 2015							
		CIGNA OAP In-Network		CIGNA OAP		Cigna OAP + HSA	
		In	Out	In	Out	In	Out
Plan Design (In-Network)	Deductible	NA	NA	\$750 / \$1,500	\$2,000 / \$4,000	\$1,250 / \$2,500	\$3,500 / \$7,000
	Maximum out-of-pocket	\$2,500 / \$5,000	NA	\$4,500 / \$9,000	\$4,500 / \$9,000	\$4,000 / \$8,000	\$6,000 / \$12,000
	Coinsurance	100%	NA	90%	70%	90%	70%
	PCP visit copay	\$10 or \$25	NA	\$10 or \$25	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Specialist copay	\$40	NA	\$40	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Urgent care copay	\$50	NA	\$50	Ded Then 70%	Ded Then 90%	Ded Then 70%
	ER copay	\$150	NA	\$150 + Ded Then 90%		Ded Then 90%	
	Inpatient Hospital	\$500	NA	DedThen 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Outpatient Hospital	\$250	NA	Ded Then 90%	Ded Then 70%	Ded Then 70%	
Pharmacy	\$10/20%/40%	NA	\$10/20%/40%	50%	Ded then \$10/20%/40% 50%		
Funding Rates	EE	640	\$509.00	145	\$445.00	59	\$425.00
	EE+SP	250	\$1,101.00	30	\$963.00	10	\$918.00
	EE+CH	304	\$923.00	46	\$806.00	5	\$769.00
	Fam	661	\$1,581.00	76	\$1,381.00	8	\$1,317.00
Expected Annual Cost	By Plan	\$23,119,716		\$2,825,364		\$583,632	
	All Plans	\$26,528,712					

Plan Year 2016							
		CIGNA OAP In-Network		CIGNA OAP		Cigna OAP + HSA	
		In	Out	In	Out	In	Out
Plan Design (In-Network)	Deductible	NA	NA	\$750 / \$1,500	\$2,000 / \$4,000	\$1,300 / \$2,600	\$3,500 / \$7,000
	Maximum out-of-pocket	\$2,500 / \$5,000	NA	\$4,500 / \$9,000	\$4,500 / \$9,000	\$3,425 / \$6,850	\$6,000 / \$12,000
	Coinsurance	100%	NA	90%	70%	90%	70%
	PCP visit copay	\$10 or \$25	NA	\$10 or \$25	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Specialist copay	\$40	NA	\$40	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Urgent care copay	\$50	NA	\$50	Ded Then 70%	Ded Then 90%	Ded Then 70%
	ER copay	\$150	NA	\$150 + Ded Then 90%		Ded Then 90%	
	Inpatient Hospital	\$500	NA	DedThen 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Outpatient Hospital	\$250	NA	Ded Then 90%	Ded Then 70%	\$0	Ded Then 70%
Pharmacy	\$10/20%/40%	NA	\$10/20%/40%	0.5	Ded then \$10/20%/40% 0.5		
Funding Rates	EE	640	\$568.40	145	\$496.93	59	\$474.59
	EE+SP	250	\$1,229.48	30	\$1,074.89	10	\$1,026.58
	EE+CH	304	\$1,030.70	46	\$901.11	5	\$860.61
	Fam	661	\$1,765.49	76	\$1,543.50	8	\$1,474.13
Expected Annual Cost	By Plan	\$25,817,549		\$3,156,695		\$652,354	
	% Change from Current	11.7%		11.7%		11.8%	
	All Plans	\$29,626,597					
	% Change from Current	11.7%					

Additional Savings by changing RX ( savings estimated by Cigna)

Step Therapy (224 impacted) Est. Savings \$145,048

Drug Removals/PA (138 impacted) Est. Savings \$600,000 (-2 decrement)

Tier Change (295 impacted) Additional Rebates \$29,213

Limited Pharmacy Network -Excluding Walgreens (1151 impacted) Est Savings \$77,282 - Exclude CVS (528 impacted) Est. Savings \$7,691 Exclude CVS/Walgreens ( 1638 impacted) Est. Savings \$261,943

Plan Option 2 ( Changing the OAP-In-Network to Local Plus)

		Current Plan Year 2015					
		CIGNA OAP In-Network		CIGNA OAP		Cigna OAP + HSA	
		In	Out	In	Out	In	Out
Plan Design (In-Network)	Deductible	NA	NA	\$750 / \$1,500	\$2,000 / \$4,000	\$1,250 / \$2,500	\$3,500 / \$7,000
	Maximum out-of-pocket	\$2,500 / \$5,000	NA	\$4,500 / \$9,000	\$4,500 / \$9,000	\$4,000 / \$8,000	\$6,000 / \$12,000
	Coinsurance	100%	NA	90%	70%	90%	70%
	PCP visit copay	\$10 or \$25	NA	\$10 or \$25	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Specialist copay	\$40	NA	\$40	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Urgent care copay	\$50	NA	\$50	Ded Then 70%	Ded Then 90%	Ded Then 70%
	ER copay	\$150	NA	\$150 + Ded Then 90%		Ded Then 90%	
	Inpatient Hospital	\$500	NA	DedThen 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Outpatient Hospital	\$250	NA	Ded Then 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Pharmacy	\$10/20%/40%	NA	\$10/20%/40%	50%	Ded then \$10/20%/40%	50%
Funding Rates	EE	640	\$509.00	145	\$445.00	59	\$425.00
	EE+SP	250	\$1,101.00	30	\$963.00	10	\$918.00
	EE+CH	304	\$923.00	46	\$806.00	5	\$769.00
	Fam	661	\$1,581.00	76	\$1,381.00	8	\$1,317.00
	Expected Annual Cost	By Plan \$23,119,716		\$2,825,364		\$583,632	
	All Plans		\$26,528,712				

		Plan Year 2016					
		CIGNA Local Plus In-Network		CIGNA OAP		Cigna OAP + HSA	
		In	Out	In	Out	In	Out
Plan Design (In-Network)	Deductible	NA	NA	\$750 / \$1,500	\$2,000 / \$4,000	\$1,300 / \$2,600	\$3,500 / \$7,000
	Maximum out-of-pocket	\$2,500 / \$5,000	NA	\$4,500 / \$9,000	\$4,500 / \$9,000	\$3,425 / \$6,850	\$6,000 / \$12,000
	Coinsurance	100%	NA	90%	70%	90%	70%
	PCP visit copay	\$10 or \$25	NA	\$10 or \$25	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Specialist copay	\$40	NA	\$40	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Urgent care copay	\$50	NA	\$50	Ded Then 70%	Ded Then 90%	Ded Then 70%
	ER copay	\$150	NA	\$150 + Ded Then 90%		Ded Then 90%	
	Inpatient Hospital	\$500	NA	DedThen 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Outpatient Hospital	\$250	NA	Ded Then 90%	Ded Then 70%	\$0	Ded Then 70%
	Pharmacy	\$10/20%/40%	NA	\$10/20%/40%	0.5	Ded then \$10/20%/40%	0.5
Funding Rates	EE	544	\$534.21	241	\$496.93	59	\$474.59
	EE+SP	212	\$1,155.52	68	\$1,074.89	10	\$1,026.58
	EE+CH	258	\$968.71	92	\$901.11	5	\$860.61
	Fam	562	\$1,659.29	175	\$1,543.50	8	\$1,474.13
	% Change - Rate to Rate	4.95%		11.67%		11.67%	
Expected Annual Cost	By Plan	\$20,616,325		\$6,550,391		\$652,354	
	% Change from Current	-10.8%		131.8%		11.8%	
	All Plans			\$27,819,070			
	% Change from Current			4.9%			

Additional Savings by changing RX (savings estimated by Cigna)

Step Therapy (224 impacted) Est. Savings \$145,048  
 Drug Removals/PA (138 impacted) Est. Savings \$600,000 (-2 decrement)  
 Tier Change (295 impacted) Additional Rebates \$29,213  
 Limited Pharmacy Network -Excluding Walgreens (1151 impacted) Est Savings \$77,282 - Exclude CVS (528 impacted) Est. Savings \$7,691 Exclude CVS/Walgreens ( 1638 impacted) Est. Savings \$261,943  
**Est. Migration from Cigna Local Plus to Cigna OAP = 15%.**

Plan Option 3 (Eliminating the OAP In-Network Plan)

Current Plan Year 2015							
		CIGNA OAP In-Network		CIGNA OAP		Cigna OAP + HSA	
		In	Out	In	Out	In	Out
Plan Design (In-Network)	Deductible	NA	NA	\$750 / \$1,500	\$2,000 / \$4,000	\$1,250 / \$2,500	\$3,500 / \$7,000
	Maximum out-of-pocket	\$2,500 / \$5,000	NA	\$4,500 / \$9,000	\$4,500 / \$9,000	\$4,000 / \$8,000	\$6,000 / \$12,000
	Coinsurance	100%	NA	90%	70%	90%	70%
	PCP visit copay	\$10 or \$25	NA	\$10 or \$25	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Specialist copay	\$40	NA	\$40	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Urgent care copay	\$50	NA	\$50	Ded Then 70%	Ded Then 90%	Ded Then 70%
	ER copay	\$150	NA	\$150 + Ded Then 90%		Ded Then 90%	
	Inpatient Hospital	\$500	NA	DedThen 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Outpatient Hospital	\$250	NA	Ded Then 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Pharmacy	\$10/20%/40%	NA	\$10/20%/40%	50%	Ded then \$10/20%/40%	50%
Funding Rates	EE	640	\$509.00	145	\$445.00	59	\$425.00
	EE+SP	250	\$1,101.00	30	\$963.00	10	\$918.00
	EE+CH	304	\$923.00	46	\$806.00	5	\$769.00
	Fam	661	\$1,581.00	76	\$1,381.00	8	\$1,317.00
	Expected Annual Cost	By Plan	\$23,119,716		\$2,825,364		\$583,632
	All Plans			\$26,528,712			
Plan Year 2016							
		CIGNA OAP		Cigna OAP + HSA			
		In	Out	In	Out		
Plan Design (In-Network)	Deductible			\$750 / \$1,500	\$2,000 / \$4,000	\$1,300 / \$2,600	\$3,500 / \$7,000
	Maximum out-of-pocket			\$4,500 / \$9,000	\$4,500 / \$9,000	\$3,425 / \$6,850	\$6,000 / \$12,000
	Coinsurance			90%	70%	90%	70%
	PCP visit copay			\$10 or \$25	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Specialist copay			\$40	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Urgent care copay			\$50	Ded Then 70%	Ded Then 90%	Ded Then 70%
	ER copay			\$150 + Ded Then 90%		Ded Then 90%	
	Inpatient Hospital			DedThen 90%	Ded Then 70%	Ded Then 90%	Ded Then 70%
	Outpatient Hospital			Ded Then 90%	Ded Then 70%	\$0	Ded Then 70%
	Pharmacy			\$10/20%/40%	0.5	Ded then \$10/20%/40%	0.5
Funding Rates	EE			785	\$496.93	59	\$474.59
	EE+SP			280	\$1,074.89	10	\$1,026.58
	EE+CH			350	\$901.11	5	\$860.61
	Fam			737	\$1,543.50	8	\$1,474.13
	% Change - Rate to Rate		NA		11.67%		11.67%
Expected Annual Cost	By Plan				\$25,728,029		\$652,354
	% Change from Current		-100.0%		810.6%		11.8%
	All Plans				\$26,380,383		
	% Change from Current				-0.6%		

Additional Savings by changing RX ( savings estimated by Cigna)

Step Therapy (224 impacted) Est. Savings \$145,048

Drug Removals/PA (138 impacted) Est. Savings \$600,000 (-2 decrement)

Tier Change (295 impacted) Additional Rebates \$29,213

Limited Pharmacy Network -Excluding Walgreens (1151 impacted) Est Savings \$77,282 - Exclude CVS (528 impacted) Est. Savings \$7,691 Exclude CVS/Walgreens ( 1638 impacted) Est. Savings \$261,943