

City of Grand Rapids

2019 Final Trend Report

September 28, 2018



September 28, 2018

Mr. Jeff Dood
Chief Financial Officer
City of Grand Rapids
300 Monroe Avenue, N.W.
Grand Rapids, MI 49503

Dear Mr. Dood:

We are pleased to present the results of the annual review of self-insured claims experience for the City of Grand Rapids. The results herein are used for the following purposes:

- To establish the City's calendar year 2019 rates.
- As inputs to the June 30, 2018 actuarial valuations of the City's "Other Employment Benefits" for General, Police, and Fire members.

This report should not be used for any other purpose. To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial methods. This report relies heavily on data provided by Meritain, which was reviewed for reasonableness but not otherwise audited. We are not responsible for the accuracy or completeness of the information provided. In our judgment, the actuarial assumptions used for the study are, individually and in aggregate, reasonable.

This report incorporates the administrative fees associated with an out-of-network provider savings program. The City's agreement is to pay Meritain a fee equal to a portion of the gross savings received. The impact of the Michigan claims tax is also incorporated in the rate development.

Future actuarial measurements (such as the projected 2020 rates) may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic or demographic assumptions, or changes in economic or demographic assumptions. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of such future measurements.

Executive Summary

- The current experience period (7/1/2017 through 6/30/2018) for both the pre and post-65 participants is showing a gain.
 - The combined experience for medical, Rx, dental and vision generated a significant gain of \$2.2 million (6.2%) relative to our expected claim level (page 14).
 - For the Post-65 participants, the combined experience also generated a gain of \$52,213 (7.4%) relative to our expected claim level (page 15).
- Trend rates are used to project results from the experience periods to the 2019 rating period. While experience is often the best indicator for future costs, we do not rely on a single year's experience in setting trend assumptions since trends vary significantly from year to year. Therefore, we used professional judgment and industry benchmarks in conjunction with historical experience in setting the trend assumptions. The medical trend assumption is 8.0% for all three segments. The assumed trend for the prescription drug benefit is reduced to 10.0% for this projection.
- The City desires to ultimately reflect the total claim experience into future rates. Therefore, a three-year smoothing process remains in effect in the rating for both the Pre-65 (active and retiree) segment and the Post-65 retiree segment. One third of the gain or loss from each of the three prior years is incorporated in the implemented rates each year. The remaining gains and losses, as well as future ones, will be incorporated into future rate developments.
- Historically the Blended Total Rate (\$1,925.15) on page 20 was used as the basis for the contributions made for all participants. In 2019, the plan has made the decision to begin using the Blended Tier Rates (EE Only: \$958.40 / 2 Person: \$2,115.17 / Family: \$2,259.61) as the basis for contributions. While this new approach is actuarially sound, a change of this magnitude could increase the projected 2019 claim costs used in the rate development as healthier participants facing significant contribution increases may seek alternative health care coverage, leaving a somewhat less healthy population covered by the plan. Given that the amount the participants are asked to contribute is a relatively small portion of the overall expense, the risk is expected to be relatively minor.
- The development of the current period gain / (loss) is shown on page 14 for Pre-65 and page 15 for the Post-65 population.
 - The Pre-65 segment rate levels and rate increases continue to be partially offset by the City's use of three-year smoothing of gains and losses (by approximately 3.0% in 2019 implemented rates). Note that the reduction in the 2018 rates was 6.5%.
 - This year the Post-65 segment's rate and rate increases will be essentially offset by the City's use of three-year smoothing of gains and losses (by approximately 3.0% in 2019 implemented rates). Note that the smoothing process actually increased the 2018 rates.



- The addition of the Michigan claims tax and the administration fees associated with the savings from an out-of-network discount program impacts many exhibits in this report. The claims tax was effective January 1, 2012 and therefore impacts all the experience periods reflected in this report. The impact of the calculated rates for both of these charges varies by segment but generally by less than 1%.
- The table below provides a summary of individual rate changes after incorporating the smoothing by segment. Note composite rate changes are different than these due to shifts in the participant distribution. The active and pre-65 retiree increases are double digit after several years of favorable rate increases. This is due in part to the three year smoothing process which replaced a very large gain year (2014-15) with the current year's smaller gain.

Segment	Rate Change
Active employees	12.1%
Pre-65 Retirees	6.4%
Total Pre-65 participants	10.6%
Post-65 retirees	0.2%

- The results of the rate analysis in this report will be incorporated into the June 30, 2018 Annual Other Postemployment Benefits Valuations for General, Police and Fire. The pre-65 retiree only "calculated rates" developed on page 19 of this report serve as the basis of pre-65 per capita costs. The per contract rates are converted to per member rates and then converted to age-graded rates for use in the valuations. The 2019 blended (pre-65 retiree and active) implemented rates (page 19) serve as the basis for pre-65 retiree contributions. The Post-65 retirees pay 100% of the "smoothed" cost also developed on page 20.
- Projections presented in this report will differ from retiree health valuation cash flows due to:
 - Age-based projection methodology used in the valuations versus average-base projections used in this report;
 - Data variances;
 - Cash flows in the reports are net of retiree contributions; and
 - The valuation year starts July 1st while the rating year starts January 1st.

Mr. Jeff Dood
September 28, 2018
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This report shall not be construed to provide tax, legal or investment advice.

James E. Pranschke and Amy McClendon are Members of the American Academy of Actuaries (MAAA), meet the Qualification Standards of the American Academy of Actuaries and are independent of the plan sponsor.

Respectively submitted,



James E. Pranschke, FSA, MAAA
Senior Health Care Actuary



Amy McClendon, ASA, MAAA
Senior Health Care Analyst

JEP:dj

cc: James D. Anderson, GRS



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Employer Paid Medical Claims Experience

Experience Year: 07/01/2016 - 06/30/2017
 Projection Year: 01/01/2018 - 12/31/2018

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Medical Claims *	\$ 14,730,383	\$ 8,096,721	\$ 22,827,104
Trend Factor (8% annual trend)	1.212	1.212	
Incurral Factor	1.013	1.013	
Plan Design Adjustment Factor	1.000	1.000	
Projected Incurred Claims	\$ 18,085,316	\$ 9,940,798	\$ 28,026,114
Average Contracts	1,163.75	437.58	1,601.33
Average Members (adjusted)	3,643.08	1,026.50	4,669.58
Per Member Per Month Claims (PMPM)	\$ 413.69	\$ 807.01	\$ 500.15

Experience Year: 07/01/2017 - 06/30/2018
 Projection Year: 01/01/2019 - 12/31/2019

	Active	Pre-65 Retirees	Pre-65 Blend
Paid Medical Claims	\$ 14,985,336	\$ 7,675,484	\$ 22,660,821
Trend Factor (8% annual trend)	1.122	1.122	
Incurral Factor	1.013	1.013	
Plan Design Adjustment Factor	1.000	1.000	
Projected Incurred Claims	\$ 17,032,123	\$ 8,723,848	\$ 25,755,972
Average Contracts	1,191.00	429.50	1,620.50
Average Members (adjusted)	3,707.00	1,005.25	4,712.25
Per Member Per Month Claims (PMPM)	\$ 382.88	\$ 723.19	\$ 455.48
Weighted Average PMPM (60/40)	\$ 395.20	\$ 756.72	\$ 473.35
Administrative Fees	\$ 20.17	\$ 24.65	\$ 21.13
Total Medical PMPM	\$ 415.37	\$ 781.37	\$ 494.48

* See explanatory notes for detailed description.

Post-65 Retiree Medical Claims Experience

Projection Year: **01/01/2019 - 12/31/2019**

Experience Year (July to June)	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>Total / Weighted Ave.</u>
Experience Year				
Paid Medical Claims *	\$ 265,261	\$ 321,057	\$ 187,962	\$ 774,280
Trend Factor (8% annual trend)	1.309	1.212	1.122	
Incurral Factor	1.013	1.013	1.013	
Plan Design Adjustment Factor	1.000	1.000	1.000	
Projected Incurred Claims	\$ 351,741	\$ 394,179	\$ 213,635	\$ 959,555
Average Contracts	84.42	70.50	56.58	211.50
Average Members (adjusted)	100.08	82.50	62.92	245.50
Weighting Factor	20%	30%	50%	
Per Member Per Month Claims (PMPM)	\$ 292.87	\$ 398.16	\$ 282.96	\$ 319.50
Administrative Fees				\$ 14.20
Total Medical PMPM				\$ 333.70

* See explanatory notes for detailed description.

Medical Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Medical PMPM	\$ 415.37	\$ 781.37	\$ 494.48	\$ 333.70
Members Per Contract	3.110	2.339	2.903	1.102
Per Employee Per Month Cost (PEPM)	\$ 1,291.80	\$ 1,827.62	\$ 1,435.48	\$ 367.74
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.060	1.999
Family	2.600	2.220	2.538	2.249
Composite Tier	2.152	1.804	2.058	1.102
Single Rate*	\$ 600.28	\$ 1,013.09	\$ 697.51	\$ 333.70
Double Rate*	\$ 1,290.60	\$ 1,975.53	\$ 1,436.87	\$ 667.07
Family Rate*	\$ 1,560.73	\$ 2,249.06	\$ 1,770.28	\$ 750.49

** Rate calculated as the PEPM times the rating tier divided by the composite tier.*

Employer Paid Rx Pre-65 Claims Experience

Experience Year: 07/01/2016 - 06/30/2017

Projection Year: 01/01/2018 - 12/31/2018

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Paid Rx Claims	\$ 5,204,183	\$ 2,207,050	\$ 7,411,234
Trend Factor (10% annual trend)	1.268	1.268	1.268
Incurral Factor	1.008	1.008	1.008
Projected Incurred claims	\$ 6,651,696	\$ 2,820,928	\$ 9,472,624
Average Contracts	1,163.75	437.58	1,601.33
Average Members (adjusted)	3,643.08	1,026.50	4,669.58
Per Member Per Month Claims (PMPM)	\$ 152.15	\$ 229.01	\$ 169.05

Experience Year: 07/01/2017 - 06/30/2018

Projection Year: 01/01/2019 - 12/31/2019

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Paid Rx Claims	\$ 4,991,277	\$ 2,165,559	\$ 7,156,835
Trend Factor (10% annual trend)	1.153	1.153	1.153
Incurral Factor	1.008	1.008	1.008
Projected Incurred Claims	\$ 5,800,982	\$ 2,516,864	\$ 8,317,846
Average Contracts	1,191.00	429.50	1,620.50
Average Members	3,707.00	1,005.25	4,712.25
Per Member Per Month Claims (PMPM)	\$ 130.41	\$ 208.64	\$ 147.10
Weighted Average PMPM (60/40)	\$ 139.11	\$ 216.79	\$ 155.88
Administrative Fees	\$ 1.45	\$ 1.93	\$ 1.56
Total Rx PMPM	\$ 140.56	\$ 218.72	\$ 157.44

Pre-65 Rx Rate Development

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Total Rx PMPM	\$ 140.56	\$ 218.72	\$ 157.44
Members Per Contract	3.110	2.339	2.903
Per Employee Per Month Cost (PEPM)	\$ 437.14	\$ 511.59	\$ 457.05
Rating Tiers			
Single	1.000	1.000	1.000
Double	2.150	1.950	2.060
Family	2.600	2.220	2.538
Composite Tier	2.152	1.804	2.058
Single Rate*	\$ 203.13	\$ 283.59	\$ 222.08
Double Rate*	\$ 436.73	\$ 553.00	\$ 457.48
Family Rate*	\$ 528.14	\$ 629.57	\$ 563.64

** Rate calculated as the PEPM times the rating tier divided by the composite tier.*

Employer Paid Post-65 Rx Claims Experience

Experience Year: 07/01/2016 - 06/30/2017

Projection Year: 01/01/2018 - 12/31/2018

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay	Post-65 Total
Paid Rx Claims	\$ 26,927	\$ -	\$ 49,887	\$ 416,139	\$ 492,953
Trend Factor (10% annual trend)	1.268	1.268	1.268	1.268	1.268
Incurral Factor	1.008	1.008	1.008	1.008	1.008
Projected Incurred Claims	\$ 34,416	\$ -	\$ 63,762	\$ 531,886	\$ 630,065
Average Contracts	6.50	0.00	6.58	57.42	70.50
Average Members	6.50	0.00	7.58	68.42	82.50
Per Member Per Month Claims (PMPM)	\$ 441.23	\$ -	\$ 700.99	\$ 647.82	\$ 636.43

Experience Year: 07/01/2017 - 06/30/2018

Projection Year: 01/01/2019 - 12/31/2019

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay	Post-65 Total
Paid Rx Claims	\$ 27,086	\$ -	\$ 88,140	\$ 332,038	\$ 447,265
Trend Factor (10% annual trend)	1.153	1.153	1.153	1.153	1.153
Incurral Factor	1.008	1.008	1.008	1.008	1.008
Projected Incurred Claims	\$ 31,480	\$ -	\$ 102,439	\$ 385,903	\$ 519,822
Average Contracts	4.75	0.00	5.42	46.42	56.58
Average Members	4.75	0.00	5.83	52.33	62.92
Per Member Per Month Claims (PMPM)	\$ 552.29	\$ -	\$ 1,464.25	\$ 614.53	\$ 688.61

Post-65 Rx Rate Development

Experience Year: 07/01/2016 - 06/30/2017
 Projection Year: 01/01/2018 - 12/31/2018

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay
Overall Rx Claims PMPM	\$ 636.43	\$ 636.43	\$ 636.43	\$ 636.43
Relative Value to \$10/\$20 Copay Plan***	1.068	1.051	1.045	0.983
Utilization Assumption	1.288	1.265	1.193	0.954
PMPM based on Relative Values (RVs)**	\$ 875.46	\$ 846.14	\$ 793.43	\$ 596.83
PMPM based on Experience	\$ 441.23	\$ -	\$ 700.99	\$ 647.82

Experience Year: 07/01/2017 - 06/30/2018
 Projection Year: 01/01/2019 - 12/31/2019

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay
Overall Rx Claims PMPM	\$ 688.61	\$ 688.61	\$ 688.61	\$ 688.61
Relative Value to \$10/\$20 Copay Plan***	1.070	1.053	1.047	0.985
Utilization Assumption	1.285	1.261	1.190	0.952
PMPM based on Relative Values (RVs)**	\$ 946.80	\$ 914.36	\$ 857.96	\$ 645.72
PMPM based on Experience	\$ 552.29	\$ -	\$ 1,464.25	\$ 614.53
Administrative Fees	\$ 4.07	\$ 4.07	\$ 4.07	\$ 4.07
Weighted Average PMPM (RVs) (60/40)	\$ 922.33	\$ 891.14	\$ 836.22	\$ 630.23
Per Employee Per Month Cost (PEPM)	\$ 1,016.41	\$ 982.04	\$ 921.51	\$ 694.51
Single	1.000	1.000	1.000	1.000
Double	1.999	1.999	1.999	1.999
Family	2.249	2.249	2.249	2.249
Composite Tier	1.102	1.102	1.102	1.102
Single Rate*	\$ 922.33	\$ 891.14	\$ 836.22	\$ 630.23
Double Rate*	\$ 1,843.74	\$ 1,781.39	\$ 1,671.60	\$ 1,259.83
Family Rate*	\$ 2,074.32	\$ 2,004.17	\$ 1,880.66	\$ 1,417.39

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

** Uses relativities produced by GRS model to reallocate claims since PMPM based on experience is not credible.

*** Relative values are adjusted to normalize cost per member.

Employer Paid Dental Claims Experience

Experience Year: **07/01/2016 - 06/30/2017**
 Projection Year: **01/01/2018 - 12/31/2018**

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 1,023,714	\$ 334,739	\$ 1,358,453	\$ 3,984
Trend Factor (4% annual trend)	1.103	1.103	1.103	1.103
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred claims	\$ 1,132,544	\$ 370,325	\$ 1,502,869	\$ 4,408
Average Contracts	1,163.75	437.58	1,601.33	12.83
Average Members (adjusted)	3,643.08	1,026.50	4,669.58	19.50
Per Member Per Month Claims (PMPM)	\$ 25.91	\$ 30.06	\$ 26.82	\$ 18.84

Experience Year: **07/01/2017 - 06/30/2018**
 Projection Year: **01/01/2019 - 12/31/2019**

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 939,570	\$ 328,617	\$ 1,268,187	\$ 4,691
Trend Factor (4% annual trend)	1.060	1.060	1.060	1.060
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 998,932	\$ 349,379	\$ 1,348,311	\$ 4,987
Average Contracts	1,191.00	429.50	1,620.50	11.08
Average Members	3,707.00	1,005.25	4,712.25	14.08
Per Member Per Month Claims (PMPM)	\$ 22.46	\$ 28.96	\$ 22.52	\$ 29.51
Weighted Average PMPM (60/40)	\$ 23.84	\$ 29.40	\$ 24.24	\$ 25.24
Administrative Fees	\$ 1.26	\$ 1.60	\$ 1.33	\$ -
Total Dental PMPM	\$ 25.10	\$ 31.00	\$ 25.57	\$ 25.24

Dental Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Dental PMPM	\$ 25.10	\$ 31.00	\$ 25.57	\$ 25.24
Members Per Contract	3.110	2.339	2.903	1.271
Per Employee Per Month Cost (PEPM)	\$ 78.06	\$ 72.51	\$ 74.23	\$ 32.07
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.060	1.999
Family	2.600	2.220	2.538	2.249
Composite Tier	2.152	1.804	2.058	1.270
Single Rate*	\$ 36.27	\$ 40.19	\$ 36.07	\$ 25.25
Double Rate*	\$ 77.98	\$ 78.37	\$ 74.30	\$ 50.47
Family Rate*	\$ 94.30	\$ 89.22	\$ 91.55	\$ 56.79

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

Employer Paid Vision Claims Experience

Experience Year: **07/01/2016 - 06/30/2017**

Projection Year: **01/01/2018 - 12/31/2018**

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Vision Claims	\$ 229,593	\$ 78,772	\$ 308,365	\$ 892
Trend Factor (3.5% annual trend)	1.090	1.090	1.090	1.090
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 251,007	\$ 86,119	\$ 337,126	\$ 975
Average Contracts	1,163.75	437.58	1,601.33	70.50
Average Members (adjusted)	3,643.08	1,026.50	4,669.58	82.50
Per Member Per Month Claims (PMPM)	\$ 5.74	\$ 6.99	\$ 6.01	\$ 0.99

Experience Year: **07/01/2017 - 06/30/2018**

Projection Year: **01/01/2019 - 12/31/2019**

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Vision claims	\$ 219,899	\$ 82,128	\$ 302,027	\$ 534
Trend Factor (3.5% annual trend)	1.053	1.053	1.053	1.053
Incurral Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 232,248	\$ 86,740	\$ 318,989	\$ 564
Average Contracts	1,191.00	429.50	1,620.50	56.58
Average Members	3,707.00	1,005.25	4,712.25	62.92
Per Member Per Month Claims (PMPM)	\$ 5.22	\$ 7.19	\$ 5.64	\$ 0.75
Weighted Average PMPM (40/60)	\$ 5.43	\$ 7.11	\$ 5.79	\$ 0.85
Administrative Fees	\$ -	\$ -	\$ -	\$ -
Total Vision PMPM	\$ 5.43	\$ 7.11	\$ 5.79	\$ 0.85

Vision Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Vision PMPM	\$ 5.43	\$ 7.11	\$ 5.79	\$ 0.85
Members Per Contract	3.110	2.339	2.903	1.102
Per Employee Per Month Cost (PEPM)	\$ 16.89	\$ 16.63	\$ 16.81	\$ 0.94
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.060	1.999
Family	2.600	2.220	2.538	2.249
Composite Tier	2.152	1.804	2.058	1.102
Single Rate*	\$ 7.85	\$ 9.22	\$ 8.17	\$ 0.85
Double Rate*	\$ 16.88	\$ 17.98	\$ 16.83	\$ 1.70
Family Rate*	\$ 20.41	\$ 20.47	\$ 20.74	\$ 1.91

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

City of Grand Rapids

Summary of Non-Medicare Claims and Expenses

July 2017 through June 2018

July 2017	Active	Pre-65 Retiree	Total
Contracts	1,184	428	1,612
Lives	3,685	1,004	4,689
Medical	\$933,502	\$455,377	\$1,388,879
Rx	\$389,773	\$176,966	\$566,739
Dental	\$62,003	\$25,834	\$87,837
Vision	\$10,337	\$3,921	\$14,258
Meritain/GR Adm. Fee	\$41,130	\$13,701	\$54,831
Meritain - HPA	\$2,596	\$936	\$3,532
Meritain - HPA - DM	\$0	\$3,271	\$3,271
Dental Admin Fees	\$4,635	\$1,596	\$6,231
Cofinity/Aetna	\$9,091	\$3,279	\$12,370
4D Admin Fee	\$5,536	\$1,996	\$7,532
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$1,464,544	\$689,019	\$2,153,563

August 2017	Active	Pre-65 Retiree	Total
Contracts	1,184	431	1,615
Lives	3,693	1,010	4,703
Medical	\$1,144,214	\$602,148	\$1,746,362
Rx	\$408,135	\$157,035	\$565,171
Dental	\$92,319	\$29,086	\$121,406
Vision	\$15,436	\$5,914	\$21,350
Meritain/GR Adm. Fee	\$39,954	\$14,476	\$54,430
Meritain - HPA	\$2,617	\$944	\$3,561
Meritain - HPA - DM	\$0	\$3,315	\$3,315
Dental Admin Fees	\$4,616	\$1,589	\$6,205
Cofinity/Aetna	\$9,173	\$3,308	\$12,481
4D Admin Fee	\$5,690	\$2,052	\$7,742
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$1,728,096	\$822,010	\$2,550,106

September 2017	Active	Pre-65 Retiree	Total
Contracts	1,193	430	1,623
Lives	3,722	1,005	4,727
Medical	\$1,002,647	\$676,679	\$1,679,326
Rx	\$481,455	\$180,888	\$662,343
Dental	\$70,274	\$25,861	\$96,135
Vision	\$15,547	\$4,931	\$20,478
Meritain/GR Adm. Fee	\$42,887	\$14,395	\$57,282
Meritain - HPA	\$2,596	\$936	\$3,532
Meritain - HPA - DM	\$0	\$3,293	\$3,293
Dental Admin Fees	\$4,653	\$1,602	\$6,255
Cofinity/Aetna	\$9,108	\$3,285	\$12,393
4D Admin Fee	\$5,160	\$1,861	\$7,021
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$1,640,268	\$915,873	\$2,556,141

October 2017	Active	Pre-65 Retiree	Total
Contracts	1,198	425	1,623
Lives	3,732	987	4,719
Medical	\$1,290,488	\$632,089	\$1,922,577
Rx	\$390,968	\$181,896	\$572,864
Dental	\$65,204	\$28,213	\$93,416
Vision	\$9,084	\$5,149	\$14,233
Meritain/GR Adm. Fee	\$42,421	\$12,415	\$54,836
Meritain - HPA	\$2,631	\$949	\$3,580
Meritain - HPA - DM	\$0	\$3,233	\$3,233
Dental Admin Fees	\$4,674	\$1,609	\$6,283
Cofinity/Aetna	\$9,144	\$3,297	\$12,441
4D Admin Fee	\$5,569	\$2,008	\$7,577
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$1,826,124	\$872,999	\$2,699,123

November 2017	Active	Pre-65 Retiree	Total
Contracts	1,197	426	1,623
Lives	3,720	994	4,714
Medical	\$1,247,046	\$649,632	\$1,896,678
Rx	\$433,706	\$186,926	\$620,633
Dental	\$71,225	\$21,102	\$92,327
Vision	\$15,874	\$8,316	\$24,190
Meritain/GR Adm. Fee	\$74,696	\$15,305	\$90,001
Meritain - HPA	\$2,656	\$958	\$3,614
Meritain - HPA - DM	\$0	\$3,271	\$3,271
Dental Admin Fees	\$4,739	\$1,632	\$6,371
Cofinity/Aetna	\$9,225	\$3,327	\$12,552
4D Admin Fee	\$5,113	\$1,844	\$6,957
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$1,870,222	\$894,455	\$2,764,677

December 2017	Active	Pre-65 Retiree	Total
Contracts	1,208	425	1,633
Lives	3,743	994	4,737
Medical	\$1,023,588	\$632,407	\$1,655,995
Rx	\$390,702	\$179,503	\$570,205
Dental	\$73,250	\$19,762	\$93,012
Vision	\$15,564	\$7,094	\$22,658
Meritain/GR Adm. Fee	\$47,912	\$21,961	\$69,873
Meritain - HPA	\$2,652	\$956	\$3,608
Meritain - HPA - DM	\$0	\$2,965	\$2,965
Dental Admin Fees	\$4,652	\$1,601	\$6,253
Cofinity/Aetna	\$8,917	\$3,216	\$12,133
4D Admin Fee	\$5,320	\$1,919	\$7,239
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$1,578,498	\$873,525	\$2,452,023

City of Grand Rapids

Summary of Non-Medicare Claims and Expenses

July 2017 through June 2018

January 2018	Active	Pre-65 Retiree	Total
Contracts	1,201	426	1,627
Lives	3,741	998	4,739
Medical	\$1,076,780	\$550,141	\$1,626,922
Rx	\$209,109	\$77,760	\$286,869
Dental	\$104,001	\$41,288	\$145,289
Vision	\$31,450	\$10,062	\$41,512
Meritain/GR Adm. Fee	\$44,832	\$7,012	\$51,844
Meritain - HPA	\$2,654	\$957	\$3,611
Meritain - HPA - DM	\$0	\$3,271	\$3,271
Dental Admin Fees	\$4,644	\$1,599	\$6,243
Cofinity/Aetna	\$9,412	\$3,394	\$12,806
4D Admin Fee	\$5,295	\$1,910	\$7,205
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$1,494,119	\$699,536	\$2,193,655

February 2018	Active	Pre-65 Retiree	Total
Contracts	1,195	430	1,625
Lives	3,711	1,008	4,719
Medical	\$1,328,000	\$582,630	\$1,910,630
Rx	\$690,093	\$278,177	\$968,270
Dental	\$93,078	\$28,368	\$121,446
Vision	\$29,749	\$9,567	\$39,316
Meritain/GR Adm. Fee	\$50,767	\$17,434	\$68,201
Meritain - HPA	\$2,654	\$957	\$3,611
Meritain - HPA - DM	\$0	\$3,233	\$3,233
Dental Admin Fees	\$4,732	\$1,629	\$6,361
Cofinity/Aetna	\$9,384	\$3,384	\$12,768
4D Admin Fee	\$5,383	\$1,941	\$7,324
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$2,219,781	\$929,463	\$3,149,244

March 2018	Active	Pre-65 Retiree	Total
Contracts	1,189	432	1,621
Lives	3,705	1,013	4,718
Medical	\$2,068,616	\$531,693	\$2,600,309
Rx	\$418,805	\$168,574	\$587,380
Dental	\$88,885	\$33,945	\$122,830
Vision	\$25,170	\$8,967	\$34,137
Meritain/GR Adm. Fee	\$42,687	\$18,914	\$61,601
Meritain - HPA	\$2,610	\$941	\$3,551
Meritain - HPA - DM	\$0	\$3,308	\$3,308
Dental Admin Fees	\$4,695	\$1,616	\$6,311
Cofinity/Aetna	\$9,357	\$3,374	\$12,731
4D Admin Fee	\$5,837	\$2,105	\$7,942
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$2,672,604	\$775,579	\$3,448,183

April 2018	Active	Pre-65 Retiree	Total
Contracts	1,185	434	1,619
Lives	3,690	1,017	4,707
Medical	\$1,070,451	\$647,852	\$1,718,303
Rx	\$264,443	\$123,570	\$388,014
Dental	\$72,930	\$22,164	\$95,093
Vision	\$17,191	\$5,766	\$22,957
Meritain/GR Adm. Fee	\$101,459	\$12,726	\$114,185
Meritain - HPA	\$2,558	\$922	\$3,480
Meritain - HPA - DM	\$0	\$3,345	\$3,345
Dental Admin Fees	\$4,713	\$1,623	\$6,336
Cofinity/Aetna	\$9,213	\$3,322	\$12,535
4D Admin Fee	\$5,038	\$1,817	\$6,855
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$1,553,937	\$825,249	\$2,379,186

May 2018	Active	Pre-65 Retiree	Total
Contracts	1,176	432	1,608
Lives	3,666	1,016	4,682
Medical	\$1,481,338	\$958,429	\$2,439,767
Rx	\$416,896	\$211,334	\$628,230
Dental	\$70,489	\$29,631	\$100,119
Vision	\$20,120	\$5,398	\$25,518
Meritain/GR Adm. Fee	\$76,568	\$14,305	\$90,873
Meritain - HPA	\$2,573	\$928	\$3,501
Meritain - HPA - DM	\$0	\$3,114	\$3,114
Dental Admin Fees	\$4,576	\$1,575	\$6,151
Cofinity/Aetna	\$9,054	\$3,265	\$12,319
4D Admin Fee	\$5,684	\$2,050	\$7,734
Consultant/ Actuary	\$5,941	\$2,142	\$8,083
Total	\$2,093,239	\$1,232,170	\$3,325,409

June 2018	Active	Pre-65 Retiree	Total
Contracts	1,182	435	1,617
Lives	3,676	1,017	4,693
Medical	\$1,318,664	\$756,408	\$2,075,072
Rx	\$497,190	\$242,929	\$740,119
Dental	\$75,912	\$23,365	\$99,277
Vision	\$14,377	\$7,043	\$21,420
Meritain/GR Adm. Fee	\$78,940	\$18,927	\$97,867
Meritain - HPA	\$2,606	\$940	\$3,546
Meritain - HPA - DM	\$0	\$3,293	\$3,293
Dental Admin Fees	\$4,695	\$1,616	\$6,311
Cofinity/Aetna	\$9,310	\$3,357	\$12,667
4D Admin Fee	\$5,076	\$1,830	\$6,906
Consultant/ Actuary	\$5,944	\$2,143	\$8,087
Total	\$2,012,714	\$1,061,851	\$3,074,565

Calculation of Gain/(Loss) on July 2017 through June 2018 Pre-65 Segment Experience

Period	Pre-65 Claim & Admin Costs	Active Contracts	Pre-65 Retiree Contracts	Total Non-Medicare Contracts	Expected Revenue Based on 2017 & 2018 Calculated per Contract Rates*	Gain/(Loss)
July-17	\$2,153,563	1,184	428	1,612	\$2,766,563	\$613,000
August-17	\$2,550,106	1,184	431	1,615	\$2,771,711	\$221,605
September-17	\$2,556,141	1,193	430	1,623	\$2,785,441	\$229,300
October-17	\$2,699,123	1,198	425	1,623	\$2,785,441	\$86,318
November-17	\$2,764,677	1,197	426	1,623	\$2,785,441	\$20,764
December-17	\$2,452,023	1,208	425	1,633	\$2,802,604	\$350,581
January-18	\$2,193,655	1,201	426	1,627	\$3,047,566	\$853,911
February-18	\$3,149,244	1,195	430	1,625	\$3,043,820	(\$105,424)
March-18	\$3,448,183	1,189	432	1,621	\$3,036,328	(\$411,855)
April-18	\$2,379,186	1,185	434	1,619	\$3,032,581	\$653,395
May-18	\$3,325,409	1,176	432	1,608	\$3,011,977	(\$313,432)
June-18	\$3,074,565	1,182	435	1,617	\$3,028,835	(\$45,730)
Total	\$32,745,875	1,191	430	1,621	\$34,898,308	\$2,152,433

Amount of July '17 through June '18 experience gain/(loss) recognized in 2019 rates	\$717,478
Amount of July '16 through June '17 experience gain/(loss) recognized in 2019 rates	(\$216,094)
Amount of July '15 through June '16 experience gain/(loss) recognized in 2019 rates	\$639,477
Total Amount experience gain/(loss) recognized in 2019 rates	\$1,140,861

* Apply rates from page 25 for 2018 and from page 26 for 2017 to derive Expected Revenue.

Calculation of Gain/(Loss) on July 2017 through June 2018 Post-65 Retiree Experience

Period	Post-65 Claim & Admin Costs	Post-65 Contracts	Expected Revenue Based on 2017 & 2018 Calculated per Contract Rates*	Gain/(Loss)
July-17	\$57,041	61	\$60,456	\$3,415
August-17	\$59,208	61	\$60,456	\$1,248
September-17	\$61,263	62	\$61,305	\$42
October-17	\$45,075	61	\$60,456	\$15,381
November-17	\$44,699	61	\$60,456	\$15,757
December-17	\$41,181	59	\$57,528	\$16,347
January-18	\$48,074	54	\$59,521	\$11,447
February-18	\$50,574	54	\$59,521	\$8,947
March-18	\$77,242	54	\$59,521	(\$17,721)
April-18	\$32,237	52	\$57,333	\$25,096
May-18	\$71,901	50	\$55,431	(\$16,470)
June-18	\$65,757	50	\$54,481	(\$11,276)
Total	\$654,252	57	\$706,465	\$52,213

Portion of Gain / (Loss) recognized in 2019 Implemented Rates	
Amount of July '17 through June '18 experience gain/(loss) (Use 1/3rd of total)	\$17,404
Amount of July '16 through June '17 experience gain/(loss) (Use 1/3rd of total)	(\$3,411)
Amount of July '15 through June '16 experience gain/(loss) (Use 1/3rd of total)	\$4,846
Total Amount experience gain/(loss) recognized in 2019 rates	\$18,839

* Apply rates from page 25 for 2018 and from page 26 for 2017 to derive Expected Revenue.

Explanation of Rates Developed in Following Section

Page 19: "2019 Calculated Premium Rates" Schedule"

This schedule develops the 2019 rates without incorporating any smoothing.

Page 20: "2019 Implemented Premium Rates"

This schedule incorporates the impact of past experience gains or losses separately for the Active & Pre-65 retiree segment and the Post-65 retiree segment. For the Active / Pre-65 retiree segment, the most recent experience period shows a gain and the two earlier years alternate a loss year and a gain year. Overall the smoothing formula reduces the calculated rates by 3.0%.

For the Post-65 retiree segment, there were two gains and a loss. Gains/(losses) are divided by three and used to adjust the rates in the subsequent three years. Overall this smoothing formula reduces the calculated rates by 3.0%.

Development of gains and losses for the most recent periods are on pages 14 and 15.

Gains/losses are determined by comparing the actual experience to the calculated rates (which are the best estimate of future costs). Gains/losses due to changes in the number of contracts are not recognized in the experience gain/loss calculations.

Combined Active and Pre-65 Retiree Segment

The table below illustrates the development of the rates for the **Active / Pre-65 retiree segments**, showing actual rates for 2018 and 2019 and projected rates for the following five years. The rates are projected assuming all trend assumptions are realized, there are no plan changes or changes in population; in reality, there will be gains and losses in future years.

	2018	2019	2020	2021	2022	2023	2024
Calculated Rate for Medical/Rx/Vision	\$ 1,797.38	\$ 1,909.30	\$ 2,081.14	\$ 2,268.44	\$ 2,472.60	\$ 2,695.13	\$ 2,937.69
Calculated Rate for Dental	\$ 75.74	\$ 75.00	\$ 78.00	\$ 81.12	\$ 84.36	\$ 87.73	\$ 91.24
Total Blended PEPM	\$ 1,873.12	\$ 1,984.30	\$ 2,159.14	\$ 2,349.56	\$ 2,556.96	\$ 2,782.86	\$ 3,028.93
Annual Increase		5.94%	8.81%	8.82%	8.83%	8.83%	8.84%
Smoothing Dollars							
Smoothing July 1 2014 - June 30 2015	\$ (1,971,940)						
Smoothing July 1 2015 - June 30 2016	\$ (639,477)	\$ (639,477)					
Smoothing July 1 2016 - June 30 2017	\$ 216,094	\$ 216,094	\$ 216,094				
Smoothing July 1 2017 - June 30 2018		\$ (717,478)	\$ (717,478)	\$ (717,478)			
Smoothing July 1 2018 - June 30 2019		\$ -	\$ -	\$ -			
Smoothing July 1 2019 - June 30 2020			\$ -	\$ -	\$ -		
Smoothing July 1 2020 - June 30 2021				\$ -	\$ -	\$ -	
Smoothing July 1 2021 - June 30 2022					\$ -	\$ -	\$ -
Smoothing July 1 2022 - June 30 2023						\$ -	\$ -
Total	\$ (2,395,323)	\$ (1,140,861)	\$ (501,384)	\$ (717,478)	\$ -	\$ -	\$ -
Contracts*	1,646	1,607	1,607	1,607	1,607	1,607	1,607
PEPM change due to smoothing	\$ (121.27)	\$ (59.16)	\$ (26.00)	\$ (37.21)	\$ -	\$ -	\$ -
Blended PEPM after Smoothing	\$ 1,751.85	\$ 1,925.14	\$ 2,133.14	\$ 2,312.35	\$ 2,556.96	\$ 2,782.86	\$ 3,028.93
Annual Increase		9.89%	10.80%	8.40%	10.58%	8.83%	8.84%
* It is assumed that the pre-65 retiree population is stable with the current mix of contracts going forward.							

Post-65 Retiree Segment

The table below illustrates the development of the rates for the **post-65 retiree segment**, showing actual rates for 2018 and 2019 and projected rates for the following five years. The rates are projected assuming all trend assumptions are realized, there are no plan changes or changes in population; in reality, there will be gains and losses in future years.

	2018	2019	2020	2021	2022	2023	2024
Calculated Rate for Medical/Rx/Vision	\$ 1,079.94	\$ 1,108.01	\$ 1,207.73	\$ 1,316.43	\$ 1,434.91	\$ 1,564.05	\$ 1,704.81
Calculated Rate for Dental	\$ 22.10	\$ 25.76	\$ 26.79	\$ 27.86	\$ 28.97	\$ 30.13	\$ 31.34
Total Blended PEPM	\$ 1,102.04	\$ 1,133.77	\$ 1,234.52	\$ 1,344.29	\$ 1,463.88	\$ 1,594.18	\$ 1,736.15
Annual Increase		2.88%	8.89%	8.89%	8.90%	8.90%	8.91%
Smoothing Dollars							
Smoothing July 1 2014 - June 30 2015	\$ 8,585						
Smoothing July 1 2015 - June 30 2016	\$ (4,846)	\$ (4,846)					
Smoothing July 1 2016 - June 30 2017	\$ 3,411	\$ 3,411	\$ 3,411				
Smoothing July 1 2017 - June 30 2018		\$ (17,404)	\$ (17,404)	\$ (17,404)			
Smoothing July 1 2018 - June 30 2019		\$ -	\$ -	\$ -			
Smoothing July 1 2019 - June 30 2020			\$ -	\$ -	\$ -		
Smoothing July 1 2020 - June 30 2021				\$ -	\$ -	\$ -	
Smoothing July 1 2021 - June 30 2022					\$ -	\$ -	\$ -
Smoothing July 1 2022 - June 30 2023						\$ -	\$ -
Total	\$ 7,150	\$ (18,839)	\$ (13,993)	\$ (17,404)	\$ -	\$ -	\$ -
Contracts*	65	49	49	49	49	49	49
PEPM change due to smoothing	\$ 9.17	\$ (32.04)	\$ (23.80)	\$ (29.60)	\$ -	\$ -	\$ -
Blended PEPM after Smoothing	\$ 1,111.21	\$ 1,101.73	\$ 1,210.72	\$ 1,314.69	\$ 1,463.88	\$ 1,594.18	\$ 1,736.15
Annual Increase		-0.85%	9.89%	8.59%	11.35%	8.90%	8.91%
* It is assumed that the post-65 retiree population is stable with the current mix of contracts going forward.							

2019 Calculated Premium Rates Without Reflection of Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	261	\$ 846.80	\$ 811.26	\$ 35.54	\$ 2,652,178
	2 Person	244	\$ 1,820.62	\$ 1,744.21	\$ 76.41	\$ 5,330,775
	Family	671	\$ 2,201.68	\$ 2,109.28	\$ 92.40	\$ 17,727,927
	Composite	1,176	\$ 1,821.92	\$ 1,745.45	\$ 76.46	\$ 25,710,880
Retired <65	EE Only	103	\$ 1,345.26	\$ 1,305.90	\$ 39.36	\$ 1,662,741
	2 Person	198	\$ 2,623.26	\$ 2,546.51	\$ 76.75	\$ 6,232,866
	Family	130	\$ 2,986.48	\$ 2,899.10	\$ 87.38	\$ 4,658,909
	Composite	431	\$ 2,427.40	\$ 2,356.38	\$ 71.02	\$ 12,554,516
Blended	EE Only	364	\$ 987.85	\$ 951.23	\$ 36.62	\$ 4,314,919
	2 Person	442	\$ 2,180.17	\$ 2,103.61	\$ 76.56	\$ 11,563,641
	Family	801	\$ 2,329.05	\$ 2,237.47	\$ 91.59	\$ 22,386,836
	Composite	1,607	\$ 1,984.31	\$ 1,909.30	\$ 75.00	\$ 38,265,396
Retired >65 \$2 Rx Copay	EE Only	4	\$ 1,256.90	\$ 1,256.90		\$ 60,331
	w Dep>65	0	\$ 2,512.55	\$ 2,512.55		-
	w Dep<65	0	\$ 2,826.76	\$ 2,826.76		-
	Composite	4	\$ 1,256.90	\$ 1,256.90		\$ 60,331
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,225.70	\$ 1,225.70		-
	w Dep>65	0	\$ 2,450.18	\$ 2,450.18		-
	w Dep<65	0	\$ 2,756.59	\$ 2,756.59		-
	Composite	0	\$ -	\$ -		\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	5	\$ 1,196.03	\$ 1,170.78	\$ 25.25	\$ 71,762
	w Dep>65	0	\$ 2,390.86	\$ 2,340.39	\$ 50.47	-
	w Dep<65	0	\$ 2,689.87	\$ 2,633.08	\$ 56.79	-
	Composite	5	\$ 1,196.03	\$ 1,170.78	\$ 25.25	\$ 71,762
Retired >65 \$10/\$20 Rx Copay	EE Only	35	\$ 990.05	\$ 964.80	\$ 25.25	\$ 415,821
	w Dep>65	5	\$ 1,979.11	\$ 1,928.64	\$ 50.47	\$ 118,747
	w Dep<65	0	\$ 2,226.62	\$ 2,169.83	\$ 56.79	-
	Composite	40	\$ 1,113.68	\$ 1,085.28	\$ 28.40	\$ 534,568
Composite >65	EE Only	44	\$ 1,037.72	\$ 1,014.76	\$ 22.95	\$ 547,914
	w Dep>65	5	\$ 1,979.11	\$ 1,928.64	\$ 50.47	\$ 118,747
	w Dep<65	0	\$ -	\$ -	\$ -	-
	Composite	49	\$ 1,133.78	\$ 1,108.01	\$ 25.76	\$ 666,661

2019 Implemented Premium Rates Reflecting Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	261	\$ 821.55	\$ 787.07	\$ 34.48	\$ 2,573,104
	2 Person	244	\$ 1,766.34	\$ 1,692.21	\$ 74.13	\$ 5,171,841
	Family	671	\$ 2,136.04	\$ 2,046.39	\$ 89.65	\$ 17,199,379
	Composite	1,176	\$ 1,767.60	\$ 1,693.41	\$ 74.19	\$ 24,944,324
Retired <65	EE Only	103	\$ 1,305.15	\$ 1,266.97	\$ 38.18	\$ 1,613,168
	2 Person	198	\$ 2,545.05	\$ 2,470.59	\$ 74.46	\$ 6,047,036
	Family	130	\$ 2,897.44	\$ 2,812.66	\$ 84.78	\$ 4,520,006
	Composite	431	\$ 2,355.03	\$ 2,286.13	\$ 68.90	\$ 12,180,210
Blended	EE Only	364	\$ 958.40	\$ 922.87	\$ 35.53	\$ 4,186,272
	2 Person	442	\$ 2,115.17	\$ 2,040.89	\$ 74.28	\$ 11,218,878
	Family	801	\$ 2,259.61	\$ 2,170.76	\$ 88.85	\$ 21,719,385
	Composite	1,607	\$ 1,925.15	\$ 1,852.38	\$ 72.77	\$ 37,124,535
Retired >65 \$2 Rx Copay	EE Only	4	\$ 1,221.38	\$ 1,221.38	\$ -	\$ 58,626
	w Dep>65	0	\$ 2,441.55	\$ 2,441.55	\$ -	\$ -
	w Dep<65	0	\$ 2,746.88	\$ 2,746.88	\$ -	\$ -
	Composite	4	\$ 1,221.38	\$ 1,221.38	\$ -	\$ 58,626
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,191.06	\$ 1,191.06	\$ -	\$ -
	w Dep>65	0	\$ 2,380.94	\$ 2,380.94	\$ -	\$ -
	w Dep<65	0	\$ 2,678.69	\$ 2,678.69	\$ -	\$ -
	Composite	0	\$ -	\$ -	\$ -	\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	5	\$ 1,162.24	\$ 1,137.70	\$ 24.54	\$ 69,734
	w Dep>65	0	\$ 2,323.29	\$ 2,274.25	\$ 49.04	\$ -
	w Dep<65	0	\$ 2,613.86	\$ 2,558.67	\$ 55.19	\$ -
	Composite	5	\$ 1,162.24	\$ 1,137.70	\$ 24.54	\$ 69,734
Retired >65 \$10/\$20 Rx Copay	EE Only	35	\$ 962.08	\$ 937.54	\$ 24.54	\$ 404,074
	w Dep>65	5	\$ 1,923.18	\$ 1,874.14	\$ 49.04	\$ 115,391
	w Dep<65	0	\$ 2,163.70	\$ 2,108.51	\$ 55.19	\$ -
	Composite	40	\$ 1,082.21	\$ 1,054.61	\$ 27.60	\$ 519,465
Composite >65	EE Only	44	\$ 1,008.40	\$ 986.09	\$ 22.31	\$ 532,435
	w Dep>65	5	\$ 1,923.18	\$ 1,874.14	\$ 49.04	\$ 115,391
	w Dep<65	0	\$ -	\$ -	\$ -	\$ -
	Composite	49	\$ 1,101.73	\$ 1,076.70	\$ 25.03	\$ 647,826

2019 Implemented Rates vs. 2018 Implemented Rates (Dollar Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue*
Active	EE Only	\$ 88.37	\$ 87.86	\$ 0.50	\$ 23,064
	2 Person	\$ 189.99	\$ 188.91	\$ 1.08	\$ 46,358
	Family	\$ 229.75	\$ 228.45	\$ 1.30	\$ 154,162
	Composite	\$ 184.02	\$ 183.22	\$ 0.80	\$ 223,584
Retired <65	EE Only	\$ 77.93	\$ 74.93	\$ 2.99	\$ 8,027
	2 Person	\$ 151.98	\$ 146.13	\$ 5.85	\$ 30,091
	Family	\$ 173.01	\$ 166.34	\$ 6.67	\$ 22,491
	Composite	\$ 133.28	\$ 128.08	\$ 5.20	\$ 60,609
Blended	EE Only	\$ 91.65	\$ 90.43	\$ 1.23	\$ 33,362
	2 Person	\$ 134.65	\$ 131.23	\$ 3.43	\$ 59,516
	Family	\$ 224.29	\$ 222.17	\$ 2.12	\$ 179,656
	Composite	\$ 173.30	\$ 171.37	\$ 1.93	\$ 272,534
Retired >65 \$2 Rx Copay	EE Only	\$ (25.71)	\$ (25.71)	\$ -	\$ (103)
	w Dep>65	\$ (51.38)	\$ (51.38)	\$ -	\$ -
	w Dep<65	\$ (57.82)	\$ (57.82)	\$ -	\$ -
	Composite	\$ (25.71)	\$ (25.71)	\$ -	\$ (103)
Retired >65 \$4 Rx Copay	EE Only	\$ (15.83)	\$ (15.83)	\$ -	\$ -
	w Dep>65	\$ (31.64)	\$ (31.64)	\$ -	\$ -
	w Dep<65	\$ (35.61)	\$ (35.61)	\$ -	\$ -
	Composite	\$ -	\$ -	\$ -	\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	\$ (5.97)	\$ (8.56)	\$ 2.59	\$ (30)
	w Dep>65	\$ (11.95)	\$ (17.11)	\$ 5.16	\$ -
	w Dep<65	\$ (13.44)	\$ (19.25)	\$ 5.82	\$ -
	Composite	\$ (200.48)	\$ (199.41)	\$ (1.07)	\$ (30)
Retired >65 \$10/\$20 Rx Copay	EE Only	\$ 3.17	\$ 0.58	\$ 2.59	\$ 111
	w Dep>65	\$ 6.32	\$ 1.16	\$ 5.16	\$ 32
	w Dep<65	\$ 7.12	\$ 1.30	\$ 5.82	\$ -
	Composite	\$ 14.86	\$ 11.69	\$ 3.17	\$ 143
Composite >65	EE Only	\$ 1.64	\$ (1.00)	\$ 2.63	\$ 72
	w Dep>65	\$ (53.45)	\$ (58.61)	\$ 5.16	\$ (267)
	w Dep<65	\$ -	\$ -	\$ -	\$ -
	Composite	\$ (9.49)	\$ (12.23)	\$ 2.74	\$ (195)

* Change in revenue uses the current enrollment applied to the rate changes.

2019 Implemented Rates vs. 2018 Implemented Rates (Percentage Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue*
Active	EE Only	12.05%	12.57%	1.47%	12.05%
	2 Person	12.05%	12.57%	1.48%	12.05%
	Family	12.05%	12.57%	1.47%	12.05%
	Composite	11.62%	12.13%	1.09%	12.05%
<hr/>					
Retired <65	EE Only	6.35%	6.29%	8.50%	6.35%
	2 Person	6.35%	6.29%	8.53%	6.35%
	Family	6.35%	6.29%	8.54%	6.35%
	Composite	6.00%	5.93%	8.16%	6.35%
<hr/>					
Blended	EE Only	10.57%	10.86%	3.59%	10.57%
	2 Person	6.80%	6.87%	4.84%	6.80%
	Family	11.02%	11.40%	2.44%	11.02%
	Composite	9.89%	10.19%	2.72%	9.66%
<hr/>					
Retired >65 \$2 Rx Copay	EE Only	(2.06%)	(2.06%)	N/A	(2.06%)
	w Dep>65	(2.06%)	(2.06%)	N/A	N/A
	w Dep<65	(2.06%)	(2.06%)	N/A	N/A
	Composite	(2.06%)	(2.06%)	N/A	(2.06%)
<hr/>					
Retired >65 \$4 Rx Copay	EE Only	(1.31%)	(1.31%)	N/A	N/A
	w Dep>65	(1.31%)	(1.31%)	N/A	N/A
	w Dep<65	(1.31%)	(1.31%)	N/A	N/A
	Composite	N/A	N/A	N/A	N/A
<hr/>					
Retired >65 \$4/\$8 Rx Copay	EE Only	(0.51%)	(0.75%)	11.78%	(0.51%)
	w Dep>65	(0.51%)	(0.75%)	11.76%	N/A
	w Dep<65	(0.51%)	(0.75%)	11.79%	N/A
	Composite	(14.71%)	(14.91%)	(4.18%)	(0.51%)
<hr/>					
Retired >65 \$10/\$20 Rx Copay	EE Only	0.33%	0.06%	11.78%	0.33%
	w Dep>65	0.33%	0.06%	11.76%	0.33%
	w Dep<65	0.33%	0.06%	11.79%	N/A
	Composite	1.39%	1.12%	12.98%	0.33%
<hr/>					
Composite >65	EE Only	0.16%	(0.10%)	13.34%	0.16%
	w Dep>65	(2.70%)	(3.03%)	11.76%	(2.70%)
	w Dep<65	N/A	N/A	N/A	N/A
	Composite	(0.85%)	(1.12%)	12.29%	(0.36%)

* % change in revenue uses the current enrollment applied to the rate changes.

2020 Projected Premium Rates (Assumes No Change in Covered Lives from 2018)

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	261	\$ 910.00	\$ 873.49	\$ 36.51	\$ 2,850,120
	2 Person	244	\$ 1,956.51	\$ 1,878.01	\$ 78.50	\$ 5,728,661
	Family	671	\$ 2,366.01	\$ 2,271.09	\$ 94.92	\$ 19,051,113
	Composite	1,176	\$ 1,957.90	\$ 1,879.35	\$ 78.55	\$ 27,629,894
Retired <65	EE Only	103	\$ 1,446.52	\$ 1,406.08	\$ 40.44	\$ 1,787,899
	2 Person	198	\$ 2,820.71	\$ 2,741.86	\$ 78.85	\$ 6,702,007
	Family	130	\$ 3,211.27	\$ 3,121.50	\$ 89.77	\$ 5,009,581
	Composite	431	\$ 2,610.11	\$ 2,537.15	\$ 72.96	\$ 13,499,487
Blended	EE Only	364	\$ 1,061.82	\$ 1,024.20	\$ 37.62	\$ 4,638,019
	2 Person	442	\$ 2,343.64	\$ 2,264.98	\$ 78.65	\$ 12,430,668
	Family	801	\$ 2,503.19	\$ 2,409.11	\$ 94.09	\$ 24,060,694
	Composite	1,607	\$ 2,132.83	\$ 2,055.77	\$ 77.05	\$ 41,129,381
Retired >65 \$2 Rx Copay	EE Only	4	\$ 1,343.14	\$ 1,343.14	\$ -	\$ 64,471
	w Dep>65	0	\$ 2,684.94	\$ 2,684.94	\$ -	\$ -
	w Dep<65	0	\$ 3,020.71	\$ 3,020.71	\$ -	\$ -
	Composite	4	\$ 1,343.14	\$ 1,343.14	\$ -	\$ 64,471
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,309.80	\$ 1,309.80	\$ -	\$ -
	w Dep>65	0	\$ 2,618.29	\$ 2,618.29	\$ -	\$ -
	w Dep<65	0	\$ 2,945.72	\$ 2,945.72	\$ -	\$ -
	Composite	0	\$ -	\$ -	\$ -	\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	5	\$ 1,276.85	\$ 1,251.11	\$ 25.74	\$ 76,611
	w Dep>65	0	\$ 2,552.43	\$ 2,500.97	\$ 51.46	\$ -
	w Dep<65	0	\$ 2,871.64	\$ 2,813.74	\$ 57.90	\$ -
	Composite	5	\$ 1,276.85	\$ 1,251.11	\$ 25.74	\$ 76,611
Retired >65 \$10/\$20 Rx Copay	EE Only	35	\$ 1,056.74	\$ 1,031.00	\$ 25.74	\$ 443,831
	w Dep>65	5	\$ 2,112.43	\$ 2,060.97	\$ 51.46	\$ 126,746
	w Dep<65	0	\$ 2,376.61	\$ 2,318.71	\$ 57.90	\$ -
	Composite	40	\$ 1,188.70	\$ 1,159.75	\$ 28.96	\$ 570,577
Composite >65	EE Only	44	\$ 1,107.79	\$ 1,084.39	\$ 23.40	\$ 584,913
	w Dep>65	5	\$ 2,112.43	\$ 2,060.97	\$ 51.46	\$ 126,746
	w Dep<65	0	\$ -	\$ -	\$ -	\$ -
	Composite	49	\$ 1,210.30	\$ 1,184.04	\$ 26.26	\$ 711,659

The rates are projected assuming all trend assumptions are realized, there are no plan changes or changes in population; in reality, there will be gains and losses so the actual 2020 rates developed next year will differ from the rates above.

2018 Implemented Premium Rates Reflecting Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	278	\$ 733.19	\$ 699.21	\$ 33.98	\$ 2,445,908
	2 Person	197	\$ 1,576.35	\$ 1,503.30	\$ 73.05	\$ 3,726,488
	Family	737	\$ 1,906.29	\$ 1,817.94	\$ 88.35	\$ 16,859,220
Composite		1,212	\$ 1,583.58	\$ 1,510.19	\$ 73.39	\$ 23,031,616
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired <65	EE Only	103	\$ 1,227.22	\$ 1,192.03	\$ 35.19	\$ 1,516,840
	2 Person	193	\$ 2,393.07	\$ 2,324.46	\$ 68.61	\$ 5,542,355
	Family	138	\$ 2,724.43	\$ 2,646.32	\$ 78.11	\$ 4,511,662
Composite		434	\$ 2,221.75	\$ 2,158.05	\$ 63.70	\$ 11,570,857
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Blended	EE Only	381	\$ 866.74	\$ 832.44	\$ 34.30	\$ 3,962,749
	2 Person	390	\$ 1,980.52	\$ 1,909.67	\$ 70.85	\$ 9,268,843
	Family	875	\$ 2,035.32	\$ 1,948.59	\$ 86.73	\$ 21,370,882
Composite		1,646	\$ 1,751.85	\$ 1,681.01	\$ 70.84	\$ 34,602,474
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$2 Rx Copay	EE Only	6	\$ 1,247.09	\$ 1,247.09	\$ -	\$ 89,790
	w Dep>65	0	\$ 2,492.92	\$ 2,492.92	\$ -	\$ -
	w Dep<65	0	\$ 2,804.70	\$ 2,804.70	\$ -	\$ -
Composite		6	\$ 1,247.09	\$ 1,247.09	\$ -	\$ 89,790
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,206.90	\$ 1,206.90	\$ -	\$ -
	w Dep>65	0	\$ 2,412.58	\$ 2,412.58	\$ -	\$ -
	w Dep<65	0	\$ 2,714.30	\$ 2,714.30	\$ -	\$ -
Composite		0	\$ -	\$ -	\$ -	\$ -
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$4/\$8 Rx Copay	EE Only	5	\$ 1,168.21	\$ 1,146.26	\$ 21.95	\$ 70,093
	w Dep>65	1	\$ 2,335.24	\$ 2,291.36	\$ 43.88	\$ 28,023
	w Dep<65	0	\$ 2,627.30	\$ 2,577.93	\$ 49.37	\$ -
Composite		6	\$ 1,362.72	\$ 1,337.11	\$ 25.61	\$ 98,116
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Retired >65 \$10/\$20 Rx Copay	EE Only	47	\$ 958.91	\$ 936.96	\$ 21.95	\$ 540,825
	w Dep>65	6	\$ 1,916.86	\$ 1,872.98	\$ 43.88	\$ 138,014
	w Dep<65	0	\$ 2,156.58	\$ 2,107.21	\$ 49.37	\$ -
Composite		53	\$ 1,067.35	\$ 1,042.92	\$ 24.43	\$ 678,839
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Composite >65	EE Only	58	\$ 1,006.76	\$ 987.08	\$ 19.68	\$ 700,705
	w Dep>65	7	\$ 1,976.63	\$ 1,932.75	\$ 43.88	\$ 166,037
	w Dep<65	0	\$ -	\$ -	\$ -	\$ -
Composite		65	\$ 1,111.22	\$ 1,088.93	\$ 22.29	\$ 866,742

2018 Calculated Premium Rates Without Reflection of Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	278	\$ 783.94	\$ 747.61	\$ 36.33	\$ 2,615,224
	2 Person	197	\$ 1,685.47	\$ 1,607.36	\$ 78.11	\$ 3,984,451
	Family	737	\$ 2,038.25	\$ 1,943.79	\$ 94.46	\$ 18,026,283
	Composite	1,212	\$ 1,693.20	\$ 1,614.73	\$ 78.47	\$ 24,625,958
Retired <65	EE Only	103	\$ 1,312.17	\$ 1,274.55	\$ 37.62	\$ 1,621,842
	2 Person	193	\$ 2,558.73	\$ 2,485.37	\$ 73.36	\$ 5,926,019
	Family	138	\$ 2,913.03	\$ 2,829.51	\$ 83.52	\$ 4,823,978
	Composite	434	\$ 2,375.55	\$ 2,307.44	\$ 68.11	\$ 12,371,839
Blended	EE Only	381	\$ 926.74	\$ 890.06	\$ 36.68	\$ 4,237,066
	2 Person	390	\$ 2,117.62	\$ 2,041.86	\$ 75.76	\$ 9,910,470
	Family	875	\$ 2,176.22	\$ 2,083.48	\$ 92.73	\$ 22,850,261
	Composite	1,646	\$ 1,873.12	\$ 1,797.38	\$ 75.74	\$ 36,997,797
Retired >65 \$2 Rx Copay	EE Only	6	\$ 1,236.80	\$ 1,236.80		\$ 89,050
	w Dep>65	0	\$ 2,472.36	\$ 2,472.36		\$ -
	w Dep<65	0	\$ 2,781.56	\$ 2,781.56		\$ -
	Composite	6	\$ 1,236.80	\$ 1,236.80		\$ 89,050
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,196.94	\$ 1,196.94		\$ -
	w Dep>65	0	\$ 2,392.68	\$ 2,392.68		\$ -
	w Dep<65	0	\$ 2,691.91	\$ 2,691.91		\$ -
	Composite	0	\$ -	\$ -		\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	5	\$ 1,158.57	\$ 1,136.80	\$ 21.77	\$ 69,514
	w Dep>65	1	\$ 2,315.98	\$ 2,272.46	\$ 43.52	\$ 27,792
	w Dep<65	0	\$ 2,605.62	\$ 2,556.66	\$ 48.96	\$ -
	Composite	6	\$ 1,351.47	\$ 1,326.08	\$ 25.40	\$ 97,306
Retired >65 \$10/\$20 Rx Copay	EE Only	47	\$ 951.00	\$ 929.23	\$ 21.77	\$ 536,364
	w Dep>65	6	\$ 1,901.05	\$ 1,857.53	\$ 43.52	\$ 136,876
	w Dep<65	0	\$ 2,138.79	\$ 2,089.83	\$ 48.96	\$ -
	Composite	53	\$ 1,058.55	\$ 1,034.32	\$ 24.23	\$ 673,240
Composite >65	EE Only	58	\$ 998.46	\$ 978.94	\$ 19.52	\$ 694,928
	w Dep>65	7	\$ 1,960.33	\$ 1,916.81	\$ 43.52	\$ 164,667
	w Dep<65	0	\$ -	\$ -	\$ -	\$ -
	Composite	65	\$ 1,102.05	\$ 1,079.94	\$ 22.10	\$ 859,595

2017 Calculated Premium Rates Without Reflection of Gain/Loss Smoothing

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	250	\$ 701.79	\$ 664.70	\$ 37.09	\$ 2,105,370
	2 Person	196	\$ 1,508.85	\$ 1,429.11	\$ 79.74	\$ 3,548,815
	Family	709	\$ 1,824.65	\$ 1,728.22	\$ 96.43	\$ 15,524,122
	Composite	1,155	\$ 1,528.02	\$ 1,447.26	\$ 80.75	\$ 21,178,307
Retired <65	EE Only	110	\$ 1,208.34	\$ 1,169.93	\$ 38.41	\$ 1,595,009
	2 Person	205	\$ 2,356.27	\$ 2,281.37	\$ 74.90	\$ 5,796,424
	Family	147	\$ 2,682.52	\$ 2,597.25	\$ 85.27	\$ 4,731,965
	Composite	462	\$ 2,186.76	\$ 2,117.25	\$ 69.51	\$ 12,123,398
Blended	EE Only	360	\$ 856.57	\$ 819.08	\$ 37.49	\$ 3,700,379
	2 Person	401	\$ 1,942.07	\$ 1,864.80	\$ 77.27	\$ 9,345,239
	Family	856	\$ 1,971.97	\$ 1,877.46	\$ 94.51	\$ 20,256,087
	Composite	1,617	\$ 1,716.23	\$ 1,638.69	\$ 77.54	\$ 33,301,705
Retired >65 \$2 Rx Copay	EE Only	7	\$ 1,105.59	\$ 1,105.59	\$	\$ 92,870
	w Dep>65	0	\$ 2,210.07	\$ 2,210.07	\$	\$ -
	w Dep<65	0	\$ 2,486.47	\$ 2,486.47	\$	\$ -
	Composite	7	\$ 1,105.59	\$ 1,105.59	\$	\$ 92,870
Retired >65 \$4 Rx Copay	EE Only	0	\$ 1,068.38	\$ 1,068.38	\$	\$ -
	w Dep>65	0	\$ 2,135.69	\$ 2,135.69	\$	\$ -
	w Dep<65	0	\$ 2,402.79	\$ 2,402.79	\$	\$ -
	Composite	0	\$ -	\$ -	\$	\$ -
Retired >65 \$4/\$8 Rx Copay	EE Only	7	\$ 1,039.89	\$ 1,013.20	\$ 26.69	\$ 87,351
	w Dep>65	1	\$ 2,078.74	\$ 2,025.39	\$ 53.35	\$ 24,945
	w Dep<65	0	\$ 2,338.72	\$ 2,278.69	\$ 60.03	\$ -
	Composite	8	\$ 1,169.75	\$ 1,139.72	\$ 30.02	\$ 112,296
Retired >65 \$10/\$20 Rx Copay	EE Only	53	\$ 848.91	\$ 822.22	\$ 26.69	\$ 539,907
	w Dep>65	10	\$ 1,696.97	\$ 1,643.62	\$ 53.35	\$ 203,636
	w Dep<65	1	\$ 1,909.21	\$ 1,849.18	\$ 60.03	\$ 22,911
	Composite	64	\$ 997.99	\$ 966.61	\$ 31.38	\$ 766,454
Composite >65	EE Only	67	\$ 895.68	\$ 871.78	\$ 23.90	\$ 720,127
	w Dep>65	11	\$ 1,731.68	\$ 1,678.33	\$ 53.35	\$ 228,581
	w Dep<65	1	\$ 1,909.21	\$ 1,849.18	\$ 60.03	\$ 22,911
	Composite	79	\$ 1,024.91	\$ 996.46	\$ 28.46	\$ 971,619

Explanatory Notes -- Data, Methods and Assumptions

- Paid claims were used for the analysis. Consistent with prior rate developments, incurred claims are derived using paid claims and actuarial assumptions.
- Claim amounts used are net of amounts paid by the member directly to the health care provider such as copays, coinsurance, etc.
- Amounts paid by the member directly to the City have not been removed from claims.
- Pre-65 claims include claims for Medicare spouses of Non-Medicare members.
- Analysis was done on a per member per month basis.
- Incurral factors estimated assuming a two-month payment lag for medical and a one-month lag for Rx, dental and vision.
- Generally, a weighted average of the two experience periods was used in the analysis to smooth out yearly claim fluctuations.
- For the Post-65 Medical Segment due to very few participants, a weighted average of the three experience periods is used.
- Trend assumptions were chosen primarily based on national trends cited in National Health Trend surveys and recent claim experience under the City of Grand Rapids benefit programs.
- Rating tiers have recently been reviewed and determined not to be revised at this time.
- The current plan distribution (members in each tier) was used to allocate costs to each tier.
- Blended pre-65 rates are a weighted average of the active and pre-65 retiree rates.
- Rates include GRS fees and city personnel costs associated with administering the benefit program.
- Projections will differ from the OPEB valuation cash flows due to the following:
 - Projections ignore new retirees and deaths, and
 - Projections ignore members turning age 65 during the year.
- Projections in this report and the OPEB valuation report are not adjusted for election changes that occur after the valuation date.
- In developing the Post-65 Rx rates (page 7), the relative value factors to the \$10 / \$20 copay plan have been updated to reflect more recent relativities between the various copay plans. This change results in a reduced differential between the rates for the low copay plans (\$2, \$4 & \$4/\$8) and the rates for the \$10/\$20 Rx copay plan. Since the Post-65 rate increase for 2019 is very small, this is an opportune time to revise these relativities.