

November 19, 2024

To the Governance and Management of the
Oklahoma Public Employees Health & Welfare Plan

We have audited the accompanying financial statements of the Oklahoma Public Employees Health & Welfare Plan (the “Plan”) for the years ended June 30, 2024 and 2023, and we will issue our report thereon dated November 19, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 19, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2024 and 2023. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Plan’s financial statements was (were):

- 1) The methods and significant assumptions used to estimate fair values of financial instruments. The Plan’s investment in equity funds are reported at fair value as determined by quoted market prices based on shares held by the Plan at year end. The Plans’ investments in bonds and securities are reported at fair value as determined by significant other observable inputs.
- 2) The methods and significant assumptions used in calculating the rebate receivable. The Plan’s rebate receivable is calculated based on historical performance of rebates based on current year activity.
- 3) The methods and significant assumptions used in calculating the claims liability. The Plan’s claims liability is calculated with the assistance of a specialist by using claims experience for similar past claims.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A list of all corrected and uncorrected misstatements are attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 19, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

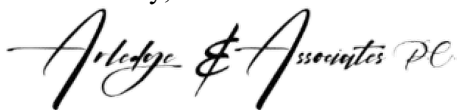
Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the governance and management of the Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,


Arledge & Associates, P.C.



Corrected Adjustments

Account	Account Description	Debit	Credit
30100	Fund Balance	\$8,000	
22000	Bank Loan Payable		\$8,000
[To reconcile debt balance to prior year audited financial statements]			

Account	Account Description	Debit	Credit
30100	Fund Balance	\$412,602	
10060	Arvest Equities Account		\$51,494
10085	Arvest Fixed Income Securities		\$361,108
[To reconcile investment balances to prior year audited financial statements]			

Account	Account Description	Debit	Credit
10060	Arvest Equities Account	\$74,318	
10085	Arvest Fixed Income Securities	\$112,126	
50825	Investment Expense	\$45,547	
41325	Investment Income		\$67,408
41330	Unrealized Gain/Loss		\$164,853
[To record unrealized gain/loss, bring investments to fair value, and record investment income and expenses]			

Account	Account Description	Debit	Credit
40100	Public Entity Premiums	\$5,742	
11150	Accounts Receivables - Unpaid Premiums		\$5,742
[To record the adjustments that true-up the actual premiums received for the month of June]			

Account	Account Description	Debit	Credit
50150	ACA Reinsurance & PCORI Fee	\$19,755	
20000	Accounts Payable		\$19,755
[To record June 2024 expenses that were improperly excluded from Accounts Payable at year end]			

Account	Account Description	Debit	Credit
50210	Claims Supervisor Fees	\$196,548	
20000	Accounts Payable		\$196,548
[To record June 2024 expenses that were improperly excluded from Accounts Payable at year end]			

Uncorrected Adjustments

Account	Account Description	Debit	Credit
	Accounts Payable	\$68,411	
	Group-Life Insurance Expense		\$68,411
[To reverse a group-life insurance expense related to fiscal year 2023]			

Account	Account Description	Debit	Credit
	Expenses	\$12,207	
	Accounts Payable		\$12,207
[To record projected error for June 2024 expenses that were improperly excluded from Accounts Payable at year end]			

Oklahoma Public Employees Health & Welfare Plan
Bartlesville, Oklahoma

Financial Statements

June 30, 2024 and 2023
(With Independent Auditor's Report Thereon)

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
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JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Governance and Management
Oklahoma Public Employees Health & Welfare Plan

Opinion

We have audited the accompanying financial statements of Oklahoma Public Employees Health & Welfare Plan (the "Plan"), which comprise the statement of net position as of June 30, 2024 and 2023, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of June 30, 2024 and 2023, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Arlidge & Associates PC

Oklahoma City, Oklahoma
November 19, 2024



**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
STATEMENT OF NET POSITION**

JUNE 30, 2024 AND 2023

ASSETS	2024	2023
Cash and cash equivalents	\$ 376,558	\$ 708,101
Investments	4,656,429	4,469,985
Accounts receivable - unpaid premiums	2,825,523	2,276,944
Accounts receivable - rebates	1,600,000	1,300,000
Accounts receivable - surcharge	94,215	110,095
Total Assets	\$ <u>9,552,725</u>	\$ <u>8,865,125</u>

LIABILITIES AND NET POSITION

Liabilities:		
Claims payable	\$ 3,253,039	\$ 2,581,229
Bank loan payable	<u>2,314,024</u>	<u>2,529,024</u>
Total Liabilities	<u>5,567,063</u>	<u>5,110,253</u>
Net Position:		
Unrestricted net position	<u>3,985,662</u>	<u>3,754,872</u>
Total Liabilities and Net Position	\$ <u>9,552,725</u>	\$ <u>8,865,125</u>

See accompanying notes and auditor's report.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Revenues:		
Premiums	\$ 40,611,305	\$ 40,107,802
Rebates	3,734,977	3,568,390
Specific reinsurance	514,224	824,113
Subrogation	30,358	54,872
Unrealized and realized losses on investments	67,408	(42,924)
Investment income	164,583	56,805
Other income	-	1,600
Total Revenues	\$ <u>45,122,855</u>	\$ <u>44,570,658</u>
Expenses:		
Claims	\$ 37,546,477	\$ 38,528,378
Claims supervisor fee	3,022,218	2,140,118
Specific reinsurance	1,328,384	1,358,747
Administrator's fee	1,035,949	1,172,605
Life insurance	1,045,553	911,329
VSPVision	474,575	528,487
Interest expense	186,311	168,502
Investment expense	45,547	-
Professional fees	101,153	58,423
ACA reinsurance & PCORI	51,007	23,460
Fidelity bond expense	13,588	13,588
Legal fees	13,949	10,453
Postage	9,220	7,881
Printing	9,203	6,839
Bank fees	6,648	3,012
Dues and Fees	2,283	-
Total Expenses	\$ <u>44,892,065</u>	\$ <u>44,931,822</u>
Net income (loss)	<u>230,790</u>	<u>(361,164)</u>
Net position - beginning of year	<u>3,754,872</u>	<u>4,116,036</u>
Net position - end of year	\$ <u><u>3,985,662</u></u>	\$ <u><u>3,754,872</u></u>

See accompanying notes and auditor's report.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
STATEMENT OF CASH FLOWS**

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net income (loss)	\$ 230,790	\$ (361,164)
Loss on investments	(67,408)	42,924
Adjustment to reconcile net income (loss) to net cash used for operating activities		
Decrease (increase) in accounts receivable - unpaid premiums	(548,579)	123,756
Decrease (increase) in accounts receivable - rebates	(300,000)	(486,366)
Decrease (increase) in accounts receivable - surcharge	15,880	549,951
Increase (decrease) in accounts payable	671,810	739,190
Net cash provided by operating activities	<u>2,493</u>	<u>608,291</u>
Cash flows from investing activities:		
Purchases of investment securities	(119,036)	(139,468)
Proceeds from sales of investment securities	-	117,554
Net cash used in investing activities	<u>(119,036)</u>	<u>(21,914)</u>
Cash flows from financing activities:		
Principal payments on bank loan	<u>(215,000)</u>	<u>(174,976)</u>
Net cash used in financing activities	<u>(215,000)</u>	<u>(174,976)</u>
Net increase (decrease) in cash and cash equivalents	<u>(331,543)</u>	<u>411,401</u>
Cash and cash equivalents, beginning of year	<u>708,101</u>	<u>296,700</u>
Cash and cash equivalents, end of year	<u>\$ 376,558</u>	<u>\$ 708,101</u>

See accompanying notes and auditor's report.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

1. REPORTING ENTITY AND PLAN DESCRIPTION

General

The Oklahoma Public Employees Health & Welfare Plan (hereinafter referred to as "The Plan") was organized on February 1, 1992 under the laws of the State of Oklahoma. Also on February 1, 1992, certain governmental agencies (hereinafter referred to as "Participating Agencies") acting under the provisions of Title 51, Oklahoma Statutes, Sections 167, 168, 169 and 172, Title 74 Oklahoma Statutes, Sections 1001, et seq., and other applicable provisions of Oklahoma Law, by their Inter-Local Government Agreement, established the Plan for the purpose of providing major medical, prescription, dental, vision, life and AD&D insurance benefits for the Participating Agencies' eligible employees and their dependents. These benefits are provided through insurance, self-insurance, or by a combination thereof as determined by the trustees pursuant to the terms of the Trust Agreement.

Premiums and Participants

The health, dental, vision, and life benefits for governmental participants are funded by monthly premiums paid by the counties, schools, municipalities, circuit engineering districts ("CEDs"), individuals, and other such qualified participating agencies. A participant may extend coverage to dependents for an additional monthly premium based on the coverage requested.

Pursuant to the authority granted by Oklahoma Statute, the Plan has the authority to establish and change premium rates for the members, employers, and other contributing entities each year. An outside actuarial consultant advises the Plan regarding changes in premium rates. If premium rates are changed, they generally become effective at the beginning of the next plan year.

At the time of premium payment, the risk of loss due to incurred benefit costs is transferred from the participant to the Plan. If the assets of the Plan were to be exhausted, participants would not be responsible for the Plan's liabilities.

As of June 30, 2024, there were 85 participating groups in the Plan comprised of twenty-four (24) Oklahoma counties, four (4) schools, thirty-one (31) municipalities, five (5) CED's, and twenty-one (21) other organization types. As of June 30, 2023, there were 97 participating groups in the Plan comprised of twenty-eight (28) Oklahoma counties, five (5) schools, thirty-one (31) municipalities, five (5) CED's, and twenty-eight (28) other organization types.

Benefits

A provider network arrangement is available for health and dental benefits through BlueCross BlueShield. According to this arrangement, network providers agree to accept amounts for covered services and prescription costs that do not exceed the charges allowed by the Plan. Therefore, the network provider can only expect to receive payment from the participant for the charges allowed by the network agreement. Vision and life benefits are fully insured.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

1. REPORTING ENTITY AND PLAN DESCRIPTION--Continued

Benefits--Continued

The Plan offers the following types of insurance coverages:

- Diamond, Platinum, Gold, Silver, and Bronze health plan options for non-Medicare participants;
- Medicare Supplement Plans;
- Medicare Advantage Plan;
- Enhanced and Standard Dental Plan Options;
- Enhanced and Standard Vision Plan Options; and
- Term Life Coverage, both Group and Voluntary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Measurement Focus

The Plan prepares its financial statements in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (“GASB”). The Plan is accounted for and presented similarly to a special-purpose government engaged solely in business-type activities.

The financial statements of the Plan are prepared under the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred. The Plan uses the economic resources measurement focus where all assets, liabilities, net position, revenues, expenses, and transfers relating to the Plan and net income and capital maintenance are measured.

Cash and Cash Equivalents

The Plan considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments and Investment Income

Investments are stated at fair value based on quoted prices with changes in fair value included in the statements of revenues, expenses, and changes in net position. If quoted prices are not available from active exchanges for identical instruments, then fair values are estimated using quoted prices from less active markets, quoted prices of securities with similar characteristics, or by pricing models utilizing other significant observable inputs.

The Plan records investment purchases and sales based upon the trade date. Therefore, the Plan records either receivables or payables for unsettled sales or purchases, respectively. Such transactions are usually settled within a few days after the trade date.

Realized gains and losses are determined on the average-cost method. The calculation of realized gains and losses is independent of the calculation of the change in net unrealized gains and losses. Realized gains and losses on investments that had been held in more than one year and sold in the current year may have been recognized as unrealized gains and losses in prior years.

Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Reserves

The Plan establishes health, dental, and life reserves based on the ultimate estimated cost of settling claims that have been reported but not settled, and of claims that have been incurred but not yet reported. Reserves for life are classified as current or noncurrent liabilities. HealthChoice disability reserves are also established based on the estimated ultimate cost of settling claims of participants currently receiving benefits and for disability claims incurred but not yet reported to the Plan. Long-term disability reserves are carried at the present value of expected future benefits. The reserves are determined using the Plan's historical benefit payment experience. These estimates are based on data available at the time of estimate and are reviewed by the Plan's independent consulting actuaries. The health, dental, and life reserves include liabilities for claim processing expenses associated with paying claims, which have been incurred, but not yet paid. The length of time for which costs must be estimated depends on the coverage involved. These reserves are included in claims payable on the statement of net position.

Although reserves reflect the Plan's best estimates of the incurred claims to be paid, due to the complex nature of the factors involved in the calculation, the actual results may be more or less than the estimate. The claim reserves are recomputed on a periodic basis using actuarial and statistical techniques, which consider the effects of general economic conditions, such as inflation, and other factors of past experience, such as changes in participant counts. Adjustments to claim reserves are recorded in the periods in which they are made. Claims must be filed no later than the last day of the calendar year immediately following the calendar year in which the loss is sustained unless an extenuating circumstance can be shown to exist.

Premium deficiency reserves are required to be recorded when the anticipated costs of settling claims plus policy maintenance costs for the following fiscal year are in excess of the anticipated premium receipts and investment income for the following fiscal year. There were no such reserves recorded for the years ending June 30, 2024 and 2023.

Net Position Classification

Net position of the College is classified in three components:

Restricted—Represents net position which has been restricted by outside sources. The Plan is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted—Represents the remaining net position, if any. Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the Plan and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Plan's policy is to first apply the expense toward unrestricted resources and then toward restricted resources.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Premiums

Premiums are recognized in the period when the insurance coverage is provided. Premiums are due monthly from the employers or participants based on the rates adopted by the Plan as provided for in the Plan’s “Benefit Book”, formerly known as the Summary Plan Description.

Pharmacy Rebate

Under the Plan’s agreement with its pharmacy benefit manager, the Plan receives a rebate for various brand name prescriptions. This amount is \$3,734,977 and \$3,568,390 for the year ended June 30, 2024 and 2023, respectively, and is included as revenue within the statements of revenues, expenses, and changes in net position. These amounts are recognized as the rebate benefit is earned.

Claims Paid

The Plan paid claims for the Participating Agencies' eligible employees and their dependents for health, dental, vision, and life insurance claims as provided for in the Trust Agreement and approved by the Trustees. These claims are recognized as an expense as they are incurred. The Summary Plan Description, adopted and approved by the Trustees, is furnished to the Participating Agencies and to all Plan Participants and is controlling and binding upon all persons claiming any right to benefits under the current plan. See the Summary Plan Description for complete details of the benefits available.

Claims Supervisor Fee

The Plan recognizes claims supervisor expenses as they are incurred. The Plan's administrative agreement with Blue Cross and Blue Shield provides the administration of all functions in the claims and payment process of plan benefits. The administrative service fees agreed to were as follows:

	Effective 7/1/22 - 6/30/23	Effective 7/1/23 - 6/30/24	Effective 7/1/24 - 6/30/25
Medical	\$36.25 per contract per month	\$37.34 per contract per month	\$38.46 per contract per month
Dental	\$3.03 per contract per month	\$3.12 per contract per month	\$3.21 per contract per month

The Plan's administrative agreement with Clarity Rx provides the administration of all functions in the prescription claims and payment process of plan benefits. The administrative service fees agreed to were \$2.55 per paid prescription for 2024 and 2023.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Administrative Expenses

The Plan recognizes administrator fee expenses as they are incurred. The Plan entered into a 12-month administrative agreement on April 15, 2021, with McElroy & Associates to provide administrative services for the Plan as agreed to in the agreement. Effective July 1, 2024 the Plan agreed to pay \$19.11 per "Contract" each month. The agreement is in effect from July 1, 2023, to June 30, 2024 and is subject to renewal annually.

Income Taxes

The Plan is exempt from federal income taxes under Section 115 of the Internal Revenue Code (the Code).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain amounts in the statement of net position recorded in the prior year have been reclassified to conform with current year's presentation. In addition, certain information within the notes to the financial statements has been modified to reflect the reclassification.

3. CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank or other institution failure, the Plan's deposits may not be returned or the Plan will not be able to recover collateral securities in the possession of an outside party. The Plan deposits its funds with financial institutions that are insured by the Federal Deposit Insurance Corporation (the "FDIC").

At June 30, 2024 and 2023, all cash was held at one financial institution. The amount of cash that exceeds FDIC coverage limits is \$135,545 and \$583,436, for the years ended June 30, 2024 and 2023, respectively. Additionally, all investments are held at that financial institution.

Investment Interest Rate Risk – The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates as it relates to funds not directly associated with bond issue proceeds.

Investment Credit Risk – The Plan has no investment policy that limits its investment choices.

Concentration of Investment Credit Risk – The Plan does not place any limit on the amount the Plan may invest in any one issuer. The Plan has investments held in government agency securities that are explicitly guaranteed by the federal government that make up 7% of the Plan's portfolio.

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

3. CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS--Continued

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2024, the Plan's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were valued according to the following hierarchy and were rated as follows:

Type	Carrying	Credit Rating	Fair Value Level	Maturities in Years			
				On Demand	0-5	6-10	More than 10
Demand deposits	\$ 537,861	n/a	n/a	\$ 537,861	\$ -	\$ -	\$ -
Large-Cap Equity Funds	1,332,288	n/a	Level 1	1,332,288	-	-	-
Mid-Cap Equity Funds	154,775	n/a	Level 1	154,775	-	-	-
Corporate Bonds	2,345,599	A-Baa	Level 1	-	1,596,417	749,182	-
US Agency Securities	383,102	Aaa	Level 2	-	95,032	-	288,070
Municipal Bonds	279,362	Aa	Level 2	-	-	279,362	-
Total Deposits and Investments	<u>\$ 5,032,987</u>						

Reconciliation to Financial Statements

Cash and cash equivalents	\$ 376,558
Investments	4,656,429
	<u>\$ 5,032,987</u>

At June 30, 2023, the Plan's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were valued according to the following hierarchy and were rated as follows:

Type	Carrying	Credit Rating	Fair Value Level	Maturities in Years			
				On Demand	0-5	6-10	More than 10
Demand deposits	\$ 1,050,125	n/a	n/a	\$ 1,050,125	\$ -	\$ -	\$ -
Large-Cap Equity Funds	1,165,599	n/a	Level 1	1,165,599	-	-	-
Mid-Cap Equity Funds	237,307	n/a	Level 1	237,307	-	-	-
Corporate Bonds	149,937	A1 - Aaa	Level 2	-	149,937	-	-
US Agency Securities	307,046	Aaa	Level 2	-	-	-	307,046
Municipal Bonds	93,288	Aaa	Level 2	-	-	93,288	-
Intermediate Core Bonds	2,174,784	Bbb - Aaa	Level 2	-	1,315,136	859,648	-
Total Deposits and Investments	<u>\$ 5,178,086</u>						

Reconciliation to Financial Statements

Cash and cash equivalents	\$ 708,101
Investments	4,469,985
	<u>\$ 5,178,086</u>

**OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

4. CONTINGENT LIABILITY – CLAIMS INCURRED BUT NOT REPORTED

A contingent liability estimate for claims incurred but not reported ("IBNR") has been made of \$3,000,000 and \$2,300,000 for the years ended June 30, 2024 and 2023, respectively. The accuracy of this estimate cannot be determined prior to the ultimate settlement of each claim. Accordingly, the ultimate cost of settling these claims may vary significantly from this contingent liability estimate. This amount is not recorded as part of the financial statements as management believes that the amount recorded as claims liabilities in the statement of net position is sufficient to reflect the potential future liabilities and that the liability reflected by the IBNR is unlikely to come to fruition.

5. SPECIFIC REINSURANCE

The Plan maintains an excess risk agreement with an insurance company that provides for a specific stop-loss attachment point of \$425,000 per claimant per year as of June 30, 2024 and 2023. Effective July 1, 2024, the stop loss attachment point remains at \$425,000 per claimant per year.

6. REVOLVING LINE OF CREDIT

The Plan renewed a debt agreement on February 20, 2024, with Arvest Bank which maintained the line of credit at \$4,000,000 and is secured by the Plan's investments. Accrued interest for June 30, 2024, and 2023 of 7.25% and 7.00%, respectively is due and payable monthly on any balance due. The loan matures on February 20, 2025. The loan balance due Arvest on June 30, 2024 and 2023, is \$2,314,024 and \$2,529,024, respectively.

7. RISKS AND UNCERTAINTIES

The Plan is exposed to various risks of loss related to torts, thefts of assets, efforts and omissions, injuries to employees while performing Plan business, or acts of God. There have not been any such losses against the Plan since its inception in 1992.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 19, 2024, the date on which the financial statements were available to be issued.

**Oklahoma Public Employees Health & Welfare Plan
Bartlesville, Oklahoma**

**REPORTS REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Governance and Management of the Oklahoma Public Employees Health & Welfare Plan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Public Employees Health & Welfare Plan (the “Plan”), which comprise the statement of net position as of June 30, 2024 and 2023, and the related statement of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

Oklahoma Public Employee’s Health and Welfare Plan Responses to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Plan’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Plan’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Oklahoma City, Oklahoma
November 19, 2024



OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
BARTLESVILLE, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Year Ended June 30, 2024

Findings Required to be Reported in Accordance with *Government Auditing Standards*:

A. Internal Control Findings

2024-01 – Monitoring of cutoff during year-end financial statement close

Criteria: Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Condition: Revenues and expenditures related to fiscal year 2023 were improperly recorded in the fiscal year ending June 30, 2024. This improper recording violates the principles of accrual accounting.

Cause and Effect: During the fiscal years under audit, there was no formal review process for the financial statement closing process. As a result, the lack of thorough review resulted in year-end cutoff errors. In addition, the administrative team, McElroy & Associates, shifted duties to individuals who were not previously familiar with the year-end financial statement closing process.

Recommendation: We recommend implementing a more thorough review process for the financial statement close procedures. This process should focus on monitoring the accurate recognition of revenues and expenses, particularly in the months leading up to and following year-end. Additionally, all staff involved in the financial statement closing process should be adequately trained and familiar with the requirements of accrual accounting.

Management Response: McElroy acknowledges and accepts this finding and purposes enacting the following corrective actions:

- Instigate a system of check and balances, providing internal oversight of such accounting activities.
- Require individuals involved in such accounting activities receive properly accredited financial/bookkeeper training, including continuing education to ensure the highest standards are maintained.
- Utilize a 3rd party accounting firm to advise and review internal practices and procedures, and to review financial data prior to the annual audit process commencing.

B. Compliance Findings

There are no findings requiring reporting under this section.

OKLAHOMA PUBLIC EMPLOYEES HEALTH & WELFARE PLAN
BARTLESVILLE, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Year Ended June 30, 2024

Findings Required to be Reported in Accordance with *Government Auditing Standards*:

A. Internal Control Findings

There are no findings requiring reporting under this section.

B. Compliance Findings

There are no findings requiring reporting under this section.

PLAN YEAR 2024-2025 ACTUARIAL REPORT

OKLAHOMA PUBLIC EMPLOYEES HEALTH AND WELFARE TRUST

January 17, 2024

Peter Kaczmarek, FSA, MAAA | Kara Clark, FSA, MAAA | Anna Ramos, ASA, MAAA | Mallory Grossman

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1. Executive Summary

Purpose and Scope

The Oklahoma Public Employees Health and Welfare Plan (OPEH&W) engaged Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) to perform a valuation of medical, drug, and dental benefits for the plan year beginning July 1, 2024. This review includes:

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

Actuarial Findings

We have developed our rates for plan year 2024-2025 based on our best estimate of actuarial pricing assumptions without any additional charges to increase OPEH&W surplus. Our initial projections show a premium rate increase of 6.5% should be implemented for plan year 2024-2025. Table 1 summarizes the recommended premium rate changes from current rates in plan year 2023-2024.

Table 1 – Recommended Premium Rate Changes

Benefit Plan	Blue Choice Diamond	Blue Preferred Diamond
Medical/Pharmacy	7.8%	7.8%
Enhanced Dental	-13.7%	-13.7%
Combined	6.5%	6.5%

The premium rate changes shown in Table 1 reflect the Diamond medical/pharmacy plan and the Enhanced dental plan. We have also developed premium rates for the four additional medical/pharmacy plans offered by OPEH&W. We also altered the platinum Rx coverage where we implemented flat copays for all tiers instead of coinsurance.

Per the request of OPEH&W, we performed additional analysis and assessed the impact of offering GLP-1 coverage, bariatric surgery, and mandating the use of Blue Distinction Centers which are not reflected in rate impact in Table 1 but in Section 5, Benefit Impact Modeling.

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

2. Data

Data Received

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

- A summary of aggregated medical, dental, and pharmacy claim payments by month from July 2012 to October 2023 (referred to as the aggregated claim report)
- Medical claim lag reports for claims paid between February 2013 and September 2023
- Dental claim lag reports for claims paid between July 2013 and September 2023
- Shock or high-cost claimant reports for plan years 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022, 2022-2023, 2023-2024 with claims paid through November 2023
- Financial statements for plan years 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022, and 2022-2023
- Detailed medical and dental census information for July 2012 through November 2023
- Current OPEH&W Briefing Book
- OPEH&W Benefit Books for each plan option offered in plan years 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024
- Plan Audit Report for plan years 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022
- Medical/pharmacy and dental premium rates for plan years 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024
- Benefit changes for plan years 2016-2017, 2017-2018, 2018-2019, 2019-2020, and 2022-2023
- Summary of Benefits and Coverage for plan years 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024
- Coverage highlights for plan years 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024
- The medical and dental ASO renewal reports for plan year 2023-2024 and 2024-2025 as prepared by Blue Cross and Blue Shield of Oklahoma (BCBSOK)
- Analyses and reports covering recent financial and utilization metrics prepared by BCBSOK
- Pharmacy rebates paid for plan years 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022 and plan year 2022-2023 YTD as of December 2023 through reports developed by Express Scripts and Team Pharmacy Consulting
- 2024-2025 plan year vendor fees
 - Medical plan management fees:
 - \$21.00 per contract per month (a 5.0% increase from \$20.00 in 2022-2023 plan year)
 - BCBSOK medical and dental fees:
 - Medical administration fee of \$38.46 per contract per month
 - Medical rebate credit of \$2.50 per contract per month
 - Dental administration fee of \$3.21 per contract per month
 - Stop-Loss Reinsurance (with an aggregate stop-loss component) as of 12/14/2023:
 - \$42.58 per contract per month
 - Additional fees
 - \$0.52 per member per month for virtual visits
 - \$16.29 per contract per month for Health Advocacy Services (HAS)
- Stop loss contract for plan year 2020-2021

- Medical and dental paid claims by month for terminating groups between July 2022 through June 2023

The medical ASO projection for plan year 2022-2023 prepared by BCBSOK did not provide any information about the claim cost relativities between the Blue Choice and Blue Preferred networks. We have assumed the claim cost relativities will not change materially for plan year 2022-2023 relative to the estimate from BCBSOK in support of the rate development for prior year.

Data Reconciliation

To assess the reasonability of the data, we performed a reconciliation on both the enrollment and paid claims data provided by OPEH&W.

Paid Claims Reconciliation

To determine the reasonability of the medical and dental paid claims data, we compared the data from the medical and dental lag reports, the aggregated claim report, the ASO renewal reports developed by BCBSOK, and the financial statements. We compared pharmacy claim information from the aggregated claim report to the financial statements and PBM reports to determine the reasonability of the pharmacy claims data. Pharmacy claims usually process quickly; therefore, paid pharmacy claims typically serve as a sufficient proxy for incurred pharmacy claims. Our reconciliation focused on the time period of data underlying the analysis (i.e., plan years 2021-2022, 2022-2023 and 2023-2024 year to date (YTD)). Any discrepancies outside of the time period of data underlying the analysis are not noted below.

We compared these sources to identify differences in medical, pharmacy, and dental claims. All differences through paid dates of January 2023 were considered within the realm of reasonability, if not exact to the dollar. Beginning in February 2023 and ending in April 2023, we observed higher discrepancies month to month in the medical claims data between the lag report and the aggregated claim report than what had been reported in prior months. The differences between sources were 26.7%, -18.3% and -29.0% for the months of February, March, and April respectively. OPEH&W has indicated this discrepancy is due to a difference how paid dates for claims are reported by BCBS and OPEH&W. Overall, the payments for medical claims appear reasonable for plan year 2022-2023.

For dental paid claims we noticed large discrepancies in claims at the monthly level between the lag report and the aggregated claim report, with a difference of 10.0% for February 2023 and -6.2% for March 2023. OPEH&W has indicated that the discrepancies are due to how paid dates for claims are reported by BCBS and OPEH&W. Overall, the payments for dental claims appear reasonable plan year 2022-2023.

We did not observe any significant discrepancies in the provided pharmacy data when comparing claim amounts to financials at the plan year level. However, we note that we received incurred monthly data through a PBM report for plan years 2021-2022, 2022-2023 and 2023 YTD through October 2023. We compared these amounts to the claim amounts received in the aggregated claim report. While these amounts vary month to month, we believe this is due to the PBM displaying incurred amounts, while the aggregated claims report reflects paid claims.

We also compared the paid claims data we received for the plan year 2023-2024 premium rate analysis to the paid claims data we received for the plan year 2022-2023 premium rate analysis and the claim information was consistent for overlapping months for medical and pharmacy.

Enrollment Reconciliation

To assess the reasonability of the enrollment data, we first compared the detailed contract and member enrollment data provided by OPEH&W to the BCBSOK medical and dental ASO projections and BCBSOK annual plan review. Table 2 shows the growing discrepancies for plan years 2020-2021, 2021-2022 and 2022-2023 for medical membership enrollment:

Table 2 – Membership Discrepancies

Plan Year	OPEH&W average monthly membership	BCBSOK annual plan review average monthly membership	% Difference
2020-2021	6,773	6,421	5.5%
2021-2022	5,982	6,303	-5.1%
2022-2023	5,459	5,101	7.0%

The detailed medical contract enrollment shows smaller discrepancies of 2.5% and 3.0% relative to the BCBSOK reports for plan years 2021-2022 and 2022-2023 respectively which is consistent with the differences in prior plan years. Additionally, we compared the plan year 2021-2022 membership with PBM Pharmacy Utilization reports containing monthly membership (6,327 average monthly membership), which had similar discrepancies when comparing against BCBSOK annual plan review. Per OPEH&W, the PBM monthly data is considered correct.

We utilized the PBM plan year 2021-2022 utilization report member months within the premium development. However, these medical/pharmacy monthly data were only available for one plan year. For the purpose of the premium development, we adjusted the monthly member months received in the enrollment data for plan year 2022-2023 to target a 19.1% decrease from plan year 2021-2022, which is the decrease indicated within the BCBSOK annual plan review. This adjustment allows for the plan year membership to better align with other 2022-2023 reports provided by BCBSOK. Dental member months for plan years 2021-2022 and 2022-2023 were adjusted based on the current medical to dental relativities seen in the enrollment data. We reviewed the calculated monthly member to contract ratios to confirm that the resulting ratios are reasonable.

3. Enrollment

This section provides a summary of groups that have terminated or been added since the end of plan year 2022-2023 analysis. Three groups have recently left OPEH&W with eleven more groups having left around June 2022. Given this significant change in group mix, we have reviewed the terminating group experience to estimate the impact of these group departures on the premium rate change estimates.

Terminating Groups

The groups shown in Table 3 have recently terminated health insurance coverage through OPEH&W:

Table 3 – Terminating Groups

Termination Date	Entity Name	Estimated Number of Employees ¹
8/31/2023	Stroud, City of	40
6/30/2023	Roger Mills County	77
6/30/2023	Blanchard, City of	51
7/31/2022	Idabel, City of	86
6/30/2022	Adair County	14
6/30/2022	Cleveland, City of	17
6/30/2022	Elk City Schools	239
6/30/2022	EODD	16
6/30/2022	Garfield County	150
6/30/2022	Harper County Hospital	41
6/30/2022	Hinton, Town of	17
6/30/2022	Washita County	83
6/30/2022	Woodward County EMS	16
5/31/2022	Woods County	87
	Total	934

1. *Estimated based on the number of employees as of the month the group terminated*

We reviewed monthly paid medical and dental claim experience for the groups terminating around June 2022 and compared the terminating group experience to the rest of groups still insured through OPEH&W. The dental experience for the exiting groups was consistent with the remaining block. Therefore, for the dental rate development, we assume that the change in group mix will have no effect on future experience, thus, we utilized a 1.00 adjustment in the dental rate development for plan year 2024-2025 rates.

The paid medical experience indicated that the departure of the 11 groups around June 2022 could worsen the morbidity of the remaining block. Additionally, in their annual plan review, BCBSOK provided historical plan experience on an incurred basis in two ways: 1) historical plan experience including the terminating groups and 2) historical plan experience without the terminating groups. We utilized this incurred-level detail to develop the adjustment utilized in the premium development of the plan year 2024-2025 medical rates (Step 13 – Demographic and Morbidity Adjustment of 1.0372 for plan year 2021-2022 and 1.000 for plan year 2022-2023) under the assumption that same adjustment applies to both the medical and pharmacy claims experience. Due

to a limited number of terminating groups in 2022-2023 plan year, we assumed no Demographic and Morbidity Adjustment for that plan year.

Demographics

In estimating plan year 2024-2025 claim costs, we have assumed the demographic composition of the block will not change materially relative to the experience used to develop the premium rates beyond the adjustment for terminating groups. This seems in line with BCBSOK estimates in the ASO medical projection. The Blue Preferred demographic factor assumed by BCBS has a modest impact on the overall rates with a value of 0.89% from experience period 11/2022 to 10/2023 to plan year 2024-2025.

4. Premium Rate Development

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

The projected claim amount PMPM was developed from OPEH&W experience for claims incurred between July 2021 and June 2023 and paid through September 2023 (the experience period). The experience was separated into two 12-month periods, July 2021 through June 2022 (plan year 2021-2022) and July 2022 through June 2023 (plan year 2022-2023), with each period projected independently and blended using actuarial credibility methods. The premium rate projections use incurred claims rather than paid claims as the basis for the plan year 2024-2025 premium rate projection, which is consistent with how we have developed premium rates in the past. An incurred claim basis provides a more accurate alignment of funding and claims liabilities for OPEH&W.

An adjustment was made to the medical and dental claims experience to account for IBNR claims. With three months of claim run-out, IBNR claims estimates still have an impact on the rate development. Medical claims were also adjusted to remove claims that would have otherwise been recovered through the stop loss agreement. Starting with 2020-2021 plan year, pharmacy claims have been added to the stop loss arrangement. We assume that no adjustment is needed for pharmacy claims incurred during the experience period for this reinsurance arrangement. As noted earlier, we assume paid pharmacy claims are representative of incurred pharmacy claims since there is typically an immaterial lag between when pharmacy claims are incurred and when they are paid.

Both the medical and pharmacy claims experience was trended forward to the rating period. An additional adjustment was made to medical claims to adjust the claims experience associated with members utilizing the Blue Choice network to the average claim costs associated with the Blue Preferred network. Pharmacy claims were adjusted to account for anticipated pharmacy rebates. The adjusted projected medical, pharmacy and dental claims for the two 12-month periods were blended and adjusted to include expected costs of non-benefit expenses. The initial projected rate development assumes all members will utilize the Blue Preferred network and enroll in the Diamond plan.

An adjustment factor was applied to the Blue Preferred network premium rates to develop the Blue Choice network premium rates. The adjustment factor produces the same premium rate relativity between the two network options in plan year 2024-2025 as was included in the plan year 2023-2024 premium rate development and is based on information provided by BCBSOK from the premium rate development for the prior year. If there have been significant provider reimbursement changes for either the Blue Preferred or Blue Choice networks, this assumption may not be appropriate.

Additionally, as noted in the plan year 2023-2024 premium rate development, if access to the Blue Choice network is limited to specific geographic areas, then it is possible the medical claim cost relativity between the two provider networks could be materially different from what we are projecting. However, most members currently utilize the Blue Preferred network.

Trend Adjustments

We generated historical trend estimates based on OPEH&W's experience using, for medical, pharmacy, and dental incurred claims from September 2021 to August 2023, paid through September 2023. Medical and dental claims were adjusted to reflect IBNR claims. Pharmacy claims were not adjusted to reflect IBNR claims due to the shortened lag. We have not made any specific adjustments in the trend analysis for COVID-19 pandemic.

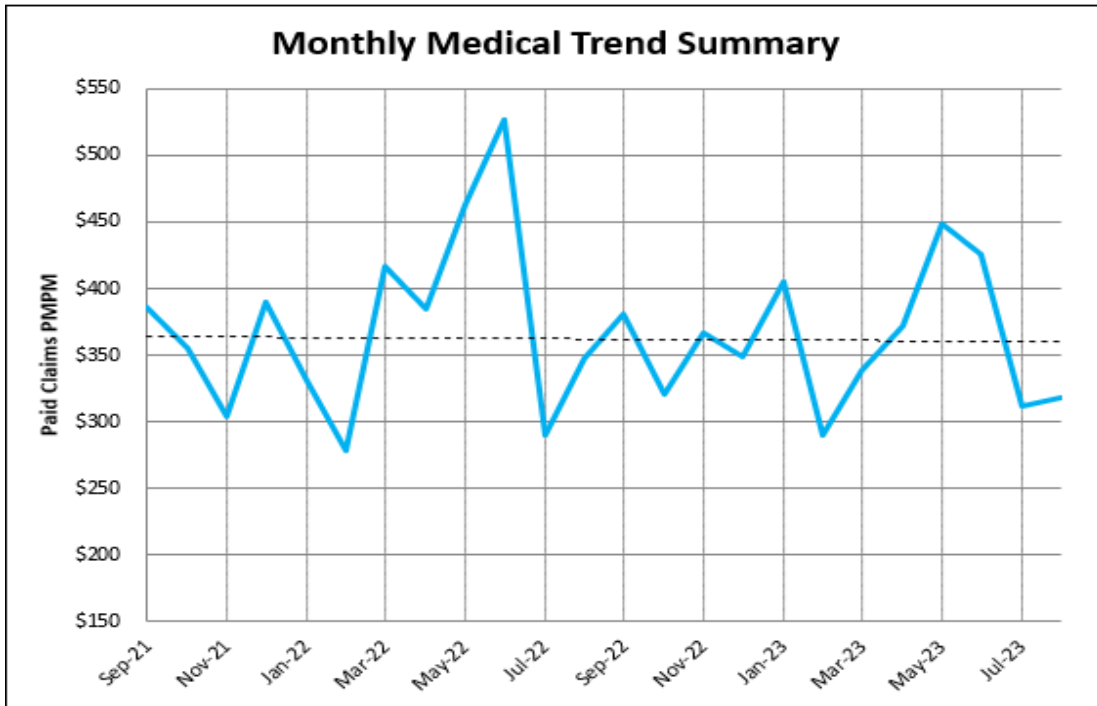
Medical, dental, and pharmacy claims were normalized to remove the impact of changes in member cost-sharing. Medical claims were further normalized to remove the impact of the changes in the membership distributions between the Blue Preferred and Blue Choice networks. Medical and pharmacy benefit relativities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

Trends were not normalized for changes in the demographic mix of the population as we were not provided sufficient membership data to calculate average demographic factors for all time periods included in the trend analysis and BCBSOK estimates in the ASO medical projection suggest demographic changes are minimal. We have not made a specific adjustment in the trend analysis for the change in morbidity and large claims but we acknowledge that the trend for plan year experience might be impacted by larger claims.

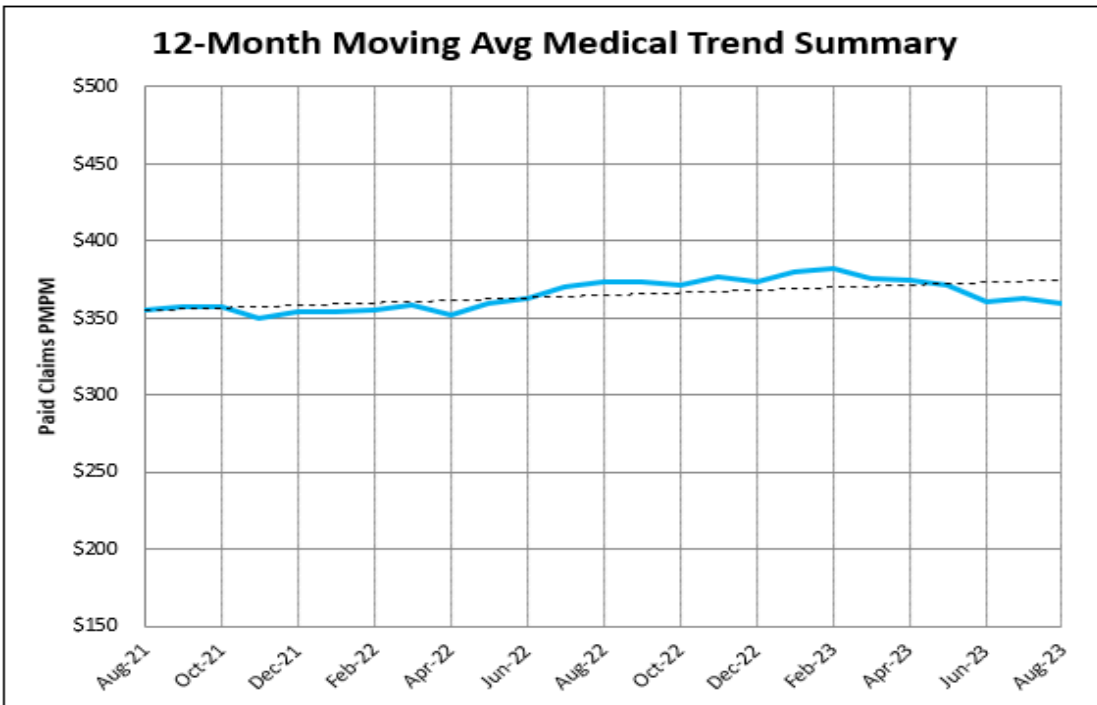
Medical Trends

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

Graph 1



Graph 2



Estimating trends from actual experience is more difficult for smaller experience bases. Using various trend methodologies (e.g., linear versus exponential; monthly versus 12-month moving averages), the most recent 24-month medical trend estimates range from as low as -10.7% to as high as 4.9%. Longer range trends (i.e., using 24 months of data) using 12-month moving averages are typically a better indicator of historical trends than shorter range trends, particularly for a smaller base of insureds. However, given the recent decrease in membership longer range historical trends are not fully credible and may not accurately depict the true underlying change in trend.

We compared the trend estimates produced using OPEH&W’s experience to industry standards. Oliver Wyman completes a semi-annual trend survey which reflects responses from carriers and HMOs insuring 95.3 million group members. The most recent trend survey reflects pricing trends for July 2023. Table 4 summarizes the trend results from the July 2023 Carrier Trend Survey for group major medical PPO policies:

Table 4 – Industry Medical Group PPO Trend

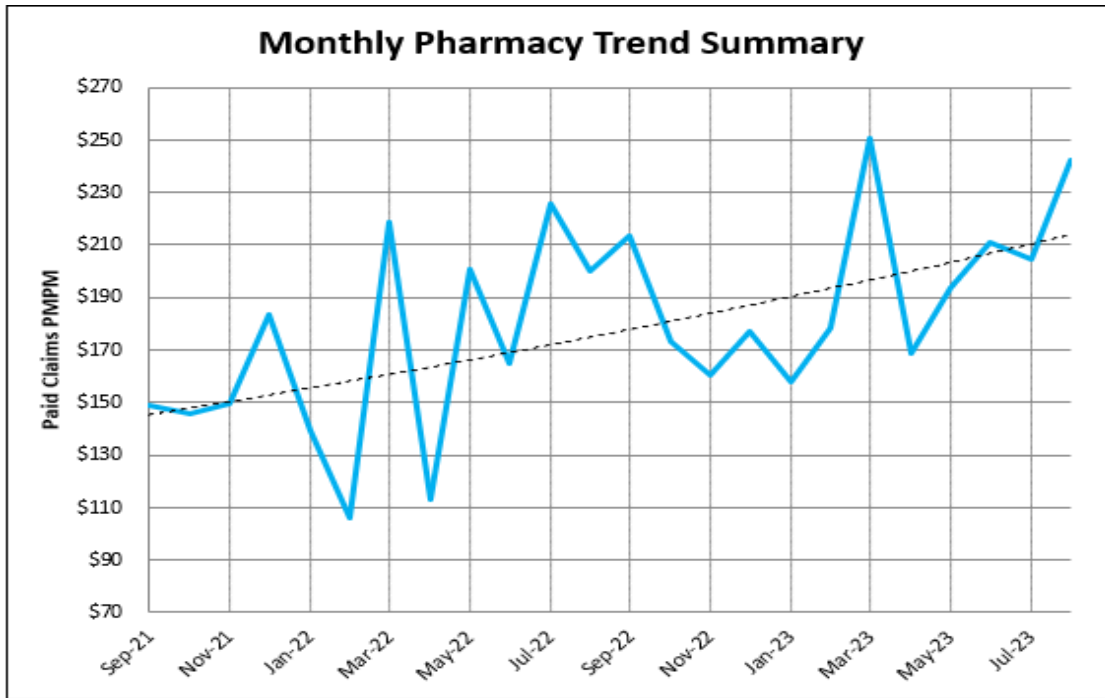
	Annual Trend Rate
Minimum	3.5%
25 th Percentile	5.5%
Median	7.1%
75 th Percentile	9.0%
Maximum	11.7%

We have elected to use an annualized 25th percentile trend rate of 5.5% in the plan year 2024-2025 premium rate projection. This is a decrease from 6.3% assumed in our prior pricing analysis. This trend factor is within the pricing trend range observed in the market, and it is above the medical trend rate of 4.6% for OPEH&W assumed in the medical ASO projection provided by BCBSOK. Given the expected overall decrease in paid costs observed within the most recent OPEH&W’s experience we believe an annualized trend at the 25th percentile is reasonable.

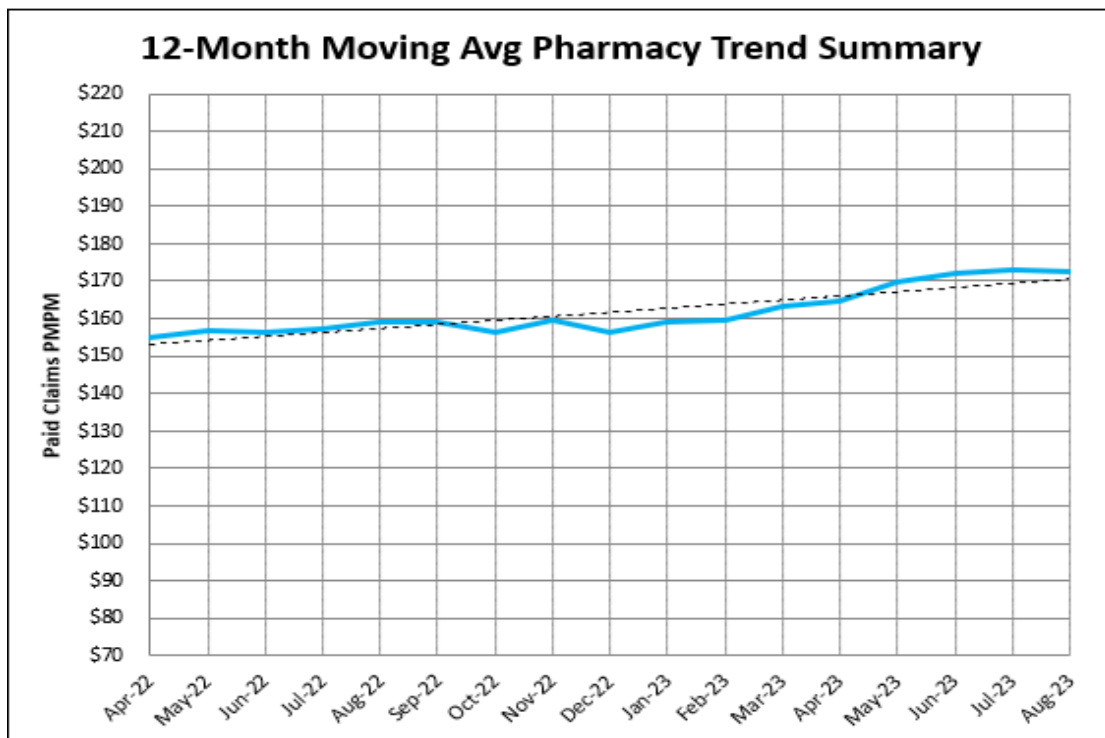
Pharmacy Trends

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

Graph 3



Graph 4



Graph 3 shows large month to month variation in pharmacy claim costs starting in February 2022. The 12-month moving average in Graph 4 show more gradual increase in claims cost. For the most recent 24-month period, pharmacy costs have increased at an annualized rate of between 10.7% and 30.1%. Mercer estimates that pharmacy benefit cost has increased 8.4% in 2023 for employers with 50 or more employees¹.

Table 5 summarizes the pricing trends reported from Oliver Wyman’s July 2023 Carrier Trend Survey for prescription drugs:

Table 5 – Industry Prescription Drug Trend

	Annual Trend Rate
Minimum	2.9%
25 th Percentile	8.5%
Median	9.8%
75 th Percentile	10.5%
Maximum	20.1%

Given that OPEH&W’s pharmacy claims have continued to increase over the course of the last 24 months, we believe a pharmacy trend rate that is more consistent with the July 2023 Carrier Trend Survey is appropriate. We have elected to use an annualized pharmacy trend rate of 9.8% in the plan year 2024-2025 premium rate projection, which is similar to the median trend rate shown in Table 5 and higher than the trend assumptions utilized in prior premium rate development (8.7%).

Dental Trends

We have relied on dental trend estimates reported in the July 2023 Carrier Trend Survey. Table 6 summarizes the pricing trends reported from the July 2023 Carrier Trend Survey for group dental PPO policies:

Table 6 – Group Dental PPO Trend

	Annual Trend Rate
Minimum	2.0%
25 th Percentile	4.0%
Median	4.5%
75 th Percentile	5.0%
Maximum	5.8%

We have assumed an annualized dental claim trend rate of 4.5%, which is at the median in Table 6 and is the same as in our prior premium rate development. While the assumed dental claim trend of 4.5% is lower than the 6.0% trend assumed by BCBSOK, our developed projected claim costs are above the projected claim costs reported by BCBSOK.

¹ [Survey gives early look at employer response to rising health costs \(mercer.com\)](https://www.mercer.com)

Additional Adjustments to Medical Claims

Medical claims from the experience period were adjusted to remove claims that would have otherwise been recovered through specific stop-loss insurance. Starting in plan year 2020-2021, the stop loss arrangement was updated to include pharmacy claims and is expected to continue under the same arrangement through the 2024-2025 plan year.

To estimate the impact of the specific stop-loss coverage, we “discounted” the specific stop-loss attachment point to claim levels corresponding to the experience periods. For example, a \$425,000 medical claim in plan year 2024-2025 would have cost about \$382,000 in plan year 2022-2023, assuming a 5.5% medical trend (i.e., $\$425,000 \div 1.055^2 = \$382,204$). We do not anticipate any recoveries as a result of the aggregate stop-loss component in plan year 2024-2025. Using the high-cost claimant reports provided by OPEH&W, we estimate the specific stop-loss insurance recoveries shown in Table 7 would have occurred.

Table 7 – Estimated Stop-Loss Recoveries

	PY 2021-2022	PY 2022-2023
Reinsurance Attachment Point (RAP)	\$425,000	\$425,000
Trend-Adjusted RAP	\$362,451	\$382,204
Number of Members Exceeding RAP	1	2
Aggregate Dollars Exceeding RAP	\$3,648	\$34,171

As shown in Table 7, the frequency of larger claims over the attachment point and the aggregate recovery amounts stayed low in both 2021-2022 and 2022-2023 plan years. Due to the relatively small size of OPEH&W’s membership base and the high stop-loss attachment point, additional variation in claim costs below the attachment point could influence the overall financial results of OPEH&W. However, such variation is often difficult to predict. We assume removing claims that would have otherwise been recovered through stop-loss coverage and adding the cost of stop-loss insurance to the premium rate development is a sufficient measure for smoothing the impact of large claims.

Additional Adjustments to Pharmacy Claims

An adjustment was made to pharmacy claims to account for the impact of pharmacy rebates. Pharmacy rebates represented approximately 26.5% of pharmacy claims paid during the plan year ending June 2022 and about 30.4% of claims paid for the plan year ending June 2023 based on financial statement information. Therefore, we reduced paid pharmacy claims for the plan year ending June 2022 by 26.5% and for the plan year ending June 2023 by 30.4% to reflect the impact of pharmacy rebates. We assume that the incurred pharmacy claims utilized in the premium rate development include any fees assessed by the PBM.

Terminating Group Adjustments

As discussed previously, the termination of 11 groups from the plan around June 2022 is expected to worsen the medical experience of the remaining block. Utilizing the incurred-level detail from the BCBSOK annual plan review, we assumed that the terminating groups would increase claims by 3.7% in plan year 2021-2022. Note, we did not have access to any pharmacy level-data for the terminating groups, however, we would expect the pharmacy claims to also be affected by these group exits. Therefore, we applied this adjustment to both the medical and pharmacy claims.

Benefit Adjustments

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

In plan year 2022-2023, OPEH&W modified the medical and pharmacy benefits with increases to deductibles, out-of-pocket maximums, primary and urgent care copays, the Diamond plan increased the pharmacy deductible, while the Diamond, Platinum, and Gold plan increased the pharmacy Out-of-Pocket maximums.

The medical/pharmacy benefit designs for plan year 2023-2024 are shown in Appendix A.1. We altered the Platinum Rx coverage where we implemented flat copays for all tiers instead of coinsurance for plan year 2024-2025.

Independent of the effect of trend, demographic changes, etc., we estimate the cumulative impact of these benefit changes noted above, in addition to projected Diamond benefit levels for plan year 2024-2025, would have resulted in a 3.0% decrease in claim costs for the experience underlying plan year 2021-2022 and a 0.8% increase in claim costs for the experience underlying plan year 2022-2023.

In plan year 2024-2025, OPEH&W will continue to offer two dental plan options, with no expected changes to the benefit structure. However, starting in plan year 2023-2024, OPEH&W now offers dental implants as a covered benefit. Based on industry research, we have assumed the cost of this benefit is \$2.15 PMPM. The benefit has been added to both the Enhanced and Standard plans. The dental plan designs for plan year 2023-2024 are shown in Appendix A.2.

Additional Claim Adjustments

Similar to the premium rate development of prior plan years, we have not adjusted the claims experience to reflect monies that may be recovered as a result of subrogation. As was mentioned earlier, we have not adjusted claims in the experience period for changes in demographic composition.

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

Non-Benefit Expenses

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

- Medical ASO fees
- Plan management fees
- Stop-loss reinsurance premiums
- Health Advocacy Solution fees
- Telehealth/Virtual Visit fees
- PCORI fee

The stop-loss reinsurance premiums included in the BCBSOK ASO renewal summary have increased by 19.4% from current plan year (\$35.66 PCPM) to 2024-2025 plan year \$42.58 PCPM). OPEH&W indicated that changes to the stop-loss reinsurance program could be implemented however we assumed that current fees and benefits will remain in place for 2024-2025 plan year. Similar to prior plan years, we did not include a contribution to surplus in the medical/pharmacy premium rates. A discussion regarding the appropriateness of surplus in the premium rate development is included in the Surplus Scenarios section of this report. Additionally, non-benefit expenses associated with other vendor services utilized by OPEH&W not listed above were assumed to be offset by any claim savings that may result. It should also be noted that the PCORI fee was reinstated through fiscal year 2029 as a result of the federal spending bill that was signed into law on December 20, 2019.²

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

- Dental ASO fees

Proposed Premium Rate Changes

We propose a premium rate increase of 7.8% for the Blue Preferred and Blue Choice network Diamond medical/pharmacy plans. We are proposing a premium rate decrease of 13.7% for the enhanced dental plan. On a combined basis, the average premium rate increase is 6.5% for Blue Preferred network and 6.5% for Blue Choice network Diamond plans. The slight difference in the average combined medical/pharmacy and dental premium rate change between the Blue Preferred and Blue Choice network plans is due to differences in the proportion of total premium represented by the dental plan.

Table 8 summarizes the various components driving the projected premium rate increase for the Blue Preferred network Diamond plan. The rate change assumes no changes to benefit plan design.

Table 8 - Recommended Premium Rate Changes

	Medical/Pharmacy Premium Increase		Combined* Premium Increase	
	% Change	\$ Change	% Change	\$ Change
Claims and Benefits	-1.3%	-\$9.00	-1.0%	-\$7.64
Carry Over from Prior Analysis	8.3%	\$58.70	6.8%	\$51.06
Administrative Costs	0.8%	\$5.38	0.7%	\$5.43
Total	7.8%	\$55.07	6.5%	\$48.85

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

A portion of the projected premium rate increase is dampened due to the difference in claim costs relative to the plan year 2023-2024 premium rate development, however, several other components contribute to the increase. Approximately 8.3% of the medical/pharmacy premium rate increase is a “carryover” from the recommended plan year 2023-2024 premium rate increase (i.e., the rate increase that was implemented for the medical/pharmacy plans was lower relative to what Oliver Wyman recommended). When analyzing the premium rate increase on a combined basis, the magnitude of the various premium rate change components is generally similar relative to the medical/pharmacy premium rate change. However, the Carry Over from Prior Analysis component is less, mostly due to the significant premium rate decrease proposed for dental plans. We

² <https://www.congress.gov/116/bills/hr1865/BILLS-116hr1865eah.pdf>

had recommended a 13.5% decrease to the enhanced dental premiums for plan year 2023-2024, whereas a 5.0% increase was implemented for the dental plan. The medical/pharmacy plans rates increased by 5.0% for plan year 2023-2024; we had recommended a 13.8% rate increase under the updated benefit plan designs.

Based on the member cost sharing parameters summarized in Appendix A.1, we estimate the Blue Preferred network premium rates for each plan relative to the Diamond plan will be as shown in Table 9.

Table 9 – 2024-2025 Premium Relativity of Preferred Network Plans

Benefit Plan	Premium Rate Relativity
Diamond	0.0%
Platinum	-3.8%
Gold	-8.4%
Silver	-11.7%
Bronze	-17.0%

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

As mentioned in the “Benefit Adjustments” section of this report, OPEH&W has not requested any benefit changes be made to the 2024-2025 medical/pharmacy benefit plans; however, we tested the impact of adding specific benefits which is described in the next section of this report.

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

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

5. Benefit Impact Modeling

Per the request of OPEH&W, we performed additional analyses to assess the impact of offering GLP-1 coverage, bariatric surgery, and the mandating the use of Blue Distinction Centers. The Table 10 shows the modeled rate impact each benefit would have on the proposed Diamond Preferred Network rates.

Table 10 – 2024-2025 Premium Impacts of Proposed Benefits

	Medical/Pharmacy Premium Impact	Combined* Premium Impact
Bariatric Surgery	0.4%	0.4%
GLP-1 Drugs for Weight Loss Indications	2.0%	1.9%
Blue Distinction Center Mandate	-0.7%	-0.7%

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

To estimate the impact of bariatric surgery, we utilized specific procedure codes provided by OPEH&W and relied on the cost of service as obtained from 2021 Marketscan, trended to the projection period. The allowed cost was converted to a PMPM based on a utilization per thousand estimate of 1.6, the high end of the range supplied to OPEH&W. The allowed cost was converted to a paid cost, which was modeled to have a 0.4% impact to Diamond rates.

The proposed GLP-1 benefit would be available to qualified subscribers and spouses based on enrollment duration, Body Mass Index (BMI) in combination with eligible comorbidities for certain BMI ranges. Additionally, a separate copay would be utilized for the benefit in the range of \$200 to \$250 per script. To model this benefit, we relied on a combination of information from relevant industry presentations³, information provided by OPEH&W, and actuarial judgment. We estimated a level of affected individuals that would qualify for the benefit by Obese BMI range and assumed the Obese II range (BMI 35-39.9) would utilize the GLP-1 drug benefit at a moderate level and that the Obese III range (BMI 40 and greater) would utilize the benefit at a high utilization rate, removing the assumed impact of diabetics,⁴ who are covered under current benefit designs. Additionally, we assumed an uptick in utilization due to recent media coverage of GLP-1 outcomes by 15%. Under an assumed copay of \$200 and an expected rebate of \$230 per script, in combination with a trended allowed amount using the industry presentation, we estimated an expected projected annual plan cost, with a modeled impact of 2.0% on the medical Diamond rates.

The estimate for the Blue Distinction Centers savings was based on data received within the Annual Review BCBS presentation provided in prior years. We assumed a 50% decrease in the savings estimate due to the phase in of these centers in the past few years. This results in an estimated savings of 0.7% to the Diamond rates.

³ Health 2023 Society of Actuaries Meeting: The Evolving Landscape of Obesity Management: What Actuaries Need to Know, June 26, 2023

⁴ CDC Statistics: Appendix Table 8 Crude percentage of factors associated with diabetes-related complications among adults aged 18 years or older with diagnosed diabetes, United States, 2017–2020.

<https://www.cdc.gov/diabetes/data/statistics-report/appendix.html#tabs-1-8>

6. Recommended Benefit Plan Modifications

Proposed Medical Benefit Plan Designs

Per OPEH&W request, we altered the platinum Rx coverage where we implemented flat copays for all tiers instead of coinsurance for plan year 2024-2025. We are not recommending any additional modifications to be made at this time as the medical plans saw a change to plan benefits in plan year 2022-2023. A majority of current enrollment is in the Diamond plan and a smaller portion of enrollment is in the Platinum plan. If enrollment in the benefit plans were to become more diversified, we would recommend further updates to the benefits to maintain a consistent spread between each plan option and to help offset the impact of claim cost leveraging.

7. Surplus Scenarios

For the plan year 2024-2025 premium rate development, OPEH&W requested no contribution to surplus be built into the medical/pharmacy or dental premium rates. OPEH&W's capital position for the past six full plan years is summarized in Table 11. This information is based on the financial statements provided by OPEH&W. The capital-to-premium ratio has remained stable in plan years 2020-2021 and 2021-2022 and it has increased slightly (0.5%) in plan year 2022-2023 relative to the prior plan year.

Table 11 – OPEH&W Capital Position by Plan Year

Capital Position by Plan Year (Amounts in \$1,000)							
	Jul 2016 - Jun 2017	Jul 2017 - Jun 2018	Jul 2018 - Jun 2019	Jul 2019 - Jun 2020	Jul 2020 - Jun 2021	Jul 2021 - Jun 2022	Jul 2022 - Jun 2023
Total Capital (A)	(\$1,608)	\$1,530	\$3,645	\$6,091	\$4,437	\$4,515	\$4,184
Total Prem (B)	\$53,004	\$55,089	\$51,178	\$44,749	\$45,176	\$45,444	\$40,117
Active Prem	49,358	51,744	47,996	42,190	43,079	43,244	38,176
Cobra Prem	447	146	96	104	71	75	355
Retiree Prem	3,199	3,200	3,085	2,456	2,026	2,125	1,586
Capital % of Prem (A / B)	N/A	2.8%	7.1%	13.6%	9.8%	9.9%	10.4%

Further actions could be considered to strengthen the capital position of the plan. We estimate that including an additional 2.0% rate increase will generate approximately \$0.88 million in surplus for plan year 2024-2025, assuming enrollment in plan year 2024-2025 is consistent with November 2023 enrollment levels.

8. Incurred But Not Reported Claim Reserves

We estimate IBNR claim reserves for the plan year ending June 30, 2023 to be approximately \$2.70 million. This estimate is based on medical, dental, and pharmacy claims incurred between July 2022 and June 2023 and paid through September 2023. Given that there are three months of claims run-out, the amount we have assumed including a margin at 15% is \$3.11 million. The estimate is lower compared to the prior report due to the lower claims' estimates in plan year 2022-2023.

OPEH&W has historically requested an IBNR estimate for the current plan year as part of the annual rate review process. The current plan year spans July 1, 2023 to June 30, 2024, and consequently, some claims for the plan year have not yet been incurred or paid. There is significant uncertainty in estimating IBNR claim reserves for future valuation dates, and to do so, we made several broad assumptions:

- The claim payment pattern reflected in the most recently completed plan year (ending June 30, 2023) will be replicated for the current plan year
- The membership levels observed in November 2023 will remain constant for the next months (i.e., through June 2024)
- Claims will trend according to the annualized trends specified in the premium rate projections (e.g., 5.5% for medical)
- Claims were adjusted to reflect benefit changes, anticipated changes in benefit plan mix, and pharmacy rebates

Given these caveats, we calculated an estimated IBNR claim reserve for the plan year ending June 30, 2024 to be approximately \$3.10 million. We also recommend a margin of no less than 15% be included to reflect uncertainty associated with claim trends, membership changes, and other unknowns. The projected IBNR claim reserve for the plan year ending June 30, 2024 with margin is \$3.57 million. Please note that the estimate assumes stable enrollment, claims processing, and claims utilization end of June 30, 2024 similar to current experience. An alternative that OPEH&W may want to consider is to use a reserve on a PMPM basis for member months associated with the plan year to better reflect changes in enrollment that may occur between November 2023 and June 2024. The IBNR claim reserve estimate PMPM is \$47.75 without margin and \$54.92 with margin.

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

Please note, due to the prospective nature of the IBNR claim reserve, we cannot opine as to the adequacy of the IBNR claim reserve for the plan year ending June 30, 2024. Instead, we can only provide a general estimate based on the information available to us at this time. Our estimates will not reflect case-specific reserves that may be necessary for known large claimants. Our reserve estimate could be subject to change if the network or plan mix, or enrollment changes significantly relative to our current expectations.

9. Distribution and Use

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

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10. Considerations and Limitations

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

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

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

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

11. Acknowledgement of Qualifications

I, Peter Kaczmarek, Senior Manager of Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman), have been engaged by Oklahoma Public Employees Health and Welfare Plan (OPEH&W) to prepare this report summarizing the premium rate development for the plan year beginning July 1, 2024. Oliver Wyman is an independent actuarial consulting firm that is not affiliated with, nor a subsidiary, nor in any way owned or controlled by a health plan, health insurer, or a trade association of health plans or insurers.

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

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

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

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Reliance

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

Actuarial Certification

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



Peter Kaczmarek, FSA, MAAA
Senior Manager
Oliver Wyman Actuarial Consulting, Inc.

Appendix A. Benefit Designs

A.1. Medical/Pharmacy: Plan Years 2024-2025

	Diamond	Diamond	Platinum	Gold	Silver	Bronze
Medical - In-Network						
Network	Blue Preferred	Blue Choice	Blue Preferred	Blue Preferred	Blue Preferred	Blue Preferred
Deductible - Individual	1,000	1,000	1,750	3,250	2,250	4,250
Deductible - Family	2,000	2,000	3,500	6,500	4,500	8,500
Max Out-of-Pocket - Individual	5,000	5,000	6,000	7,000	7,000	7,500
Max Out-of-Pocket - Family	10,000	10,000	12,000	14,000	14,000	15,000
Coinsurance (%)	80%	80%	80%	80%	50%	50%
Primary Care Office Visit	25	25	25	25	25	25
Urgent Care Office Visit	25	25	25	25	25	25
Specialist Office Visit	50	50	50	50	50	50
Medical - Out-of-Network						
Deductible - Individual	2,000	2,000	3,500	6,500	4,500	8,500
Deductible - Family	4,000	4,000	7,000	13,000	9,000	17,000
Max Out-of-Pocket - Individual	10,000	10,000	12,000	14,000	14,000	15,000
Max Out-of-Pocket - Family	20,000	20,000	24,000	28,000	28,000	30,000
Coinsurance (%)	70%	70%	70%	70%	50%	50%
Primary Care Office Visit	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Urgent Care Office Visit	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Specialist Office Visit	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance	Deductible & Coinsurance
Rx						
Brand Deductible	75	75	100	100	500	500
Max Out-of-Pocket - Individual	2,500	2,500	2,500	2,500	2,500	2,500
Max Out-of-Pocket - Family	5,000	5,000	5,000	5,000	5,000	5,000
30-Day Supply						
Generics	10	10	10	10	10	20% coinsurance up to \$20
Preferred Brands	45	45	75	25% coinsurance up to \$80	25% coinsurance up to \$80	30% coinsurance up to \$100
Non-Preferred Brands	60	60	100	40% coinsurance up to \$120	40% coinsurance up to \$120	50% coinsurance up to \$150
90-Day Supply						
Generics	25	25	25	25	25	20% coinsurance up to \$50
Preferred Brands	112	112	150	25% coinsurance up to \$200	25% coinsurance up to \$200	30% coinsurance up to \$250
Non-Preferred Brands	150	150	200	40% coinsurance up to \$300	40% coinsurance up to \$300	50% coinsurance up to \$375
Specialty - 30-Day Supply						
Generics	10	10	10	10	10	20% coinsurance up to \$50
Preferred Brands	60	60	60	60	20% coinsurance up to \$80	30% coinsurance up to \$80
Non-Preferred Brands	100	100	100	100	40% coinsurance up to \$120	50% coinsurance up to \$120

A.2. Dental Plan Year 2024-2025

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

Appendix B. Medical/Pharmacy Rate Development

**OPEH&W Health Plan
Medical/Pharmacy Experience Rating Renewal Calculation - Diamond Plan, Blue Preferred Network**

Rating Period: 7/1/2024 to 6/30/2025
Pooling Level: \$425,000

	Experience Period 1	Experience Period 2
Experience Period	7/1/2021 to 6/30/2022	7/1/2022 to 6/30/2023
Member Months	75,926	61,424
Contract Months	52,427	43,425
Number of Projection Months	36	24
Member Months/Contract	1.448	1.414

BASE PERIOD MEDICAL/PHARMACY CLAIMS		
1. Medical Claims	\$ 28,952,292	\$ 22,154,259
2. Less Reinsurance Recoveries	\$ 3,648	\$ 34,171
3a. Claims Adjusted for Reinsurance Recoveries (1. - 2.)	\$ 28,948,644	\$ 22,120,088
3b. Adjustment for change in Provider Network	0.9996	0.9998
3c. Large Claim Adjustment	1.0000	1.0000
3d. Other Adjustment	1.0000	1.0000
3e. Morbidity Adjustment	1.0000	1.0000
4. Trend Factor to 01/01/2025 Effective Date @ 5.45%	x 1.1726	1.1120
5. Projected Medical Claims (3a. x 3b. x 3c. x 3d. x 3e. x 4.)	\$ 33,930,273	\$ 24,590,783
6a. Pharmacy Claims For Period	\$ 12,717,125	\$ 11,810,377
6b. PBM Adjustment	0.7353	0.6958
6c. COVID-19 Adjustment	1.0000	1.0000
6d. Large Trend Adjustment	1.0000	1.0000
7. Trend Factor to 01/01/2025 Effective Date @ 9.8%	x 1.3238	1.2056
8. Projected Pharmacy Claims (6a. x 6b. x 6c. x 6d. x 7.)	\$ 12,378,882	\$ 9,907,856
9. Projected Net Claims (5.+ 8.)	\$ 46,309,155	\$ 34,498,639
10. Member Months	/ 75,926	61,424
11. Projected Medical and Drug Costs PMPM (9. / 10.)	\$ 609.92	\$ 561.65
12. Other Multiplicative Adjustment		
Benefit Changes	0.9702	1.0082
Demographic and Morbidity	x 1.0372	1.0000
Total	1.0063	1.0082
13. Other Additive Adjustment PMPM	+ \$ -	\$ -
14. Adjusted Trended Medical Claims (11. x 12. + 13.)	\$ 613.79	\$ 566.27

PROJECTED CLAIMS PMPM FOR 7/1/2024 to 6/30/2025		
1. Projected Medical and Pharmacy Claims Experience	\$ 613.79	\$ 566.27
2. Period Weightings	0.40	0.60
3. Contributing Claims Experience (1. x 2.)	3a. \$ 247.23	3b. \$ 338.18
4. Weighted Projected Medical and Pharmacy Claims (3a. + 3b.)	\$ 585.41	\$ 585.41

ADMINISTRATIVE/EXPENSE		PMPM
1. Projected Medical and Pharmacy Claims		\$ 585.41
2. Fees		
a. BCBSOK Medical ASO Fee	PCPM \$35.96	\$ 22.94
b. Plan Management Fee	PCPM \$21.00	\$ 13.40
c. Health Advocacy Solutions	PCPM \$16.29	\$ 10.39
d. Stop Loss Premium	PCPM \$42.58	\$ 27.16
e. Telehealth Fee	PCPM \$0.52	\$ 0.33
f. PCORI	PMPM	0.25
* Ratio of Members/Contract for Nov 2023:	1.568	\$ 74.47
		\$ 659.88
4. Contribution to Surplus		0.00%
5. Projected Claims and Contribution to Surplus (3 / (1 - 4.))		\$ 659.88

Convert Premium PMPM to Tier Rates	
Single Conversion Factor	1.156

Appendix C. Dental Rate Development

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

Rating Period: 7/1/2024 to 6/30/2025

	Experience Period 1	Experience Period 2
Experience Period	7/1/2021 to 6/30/2022	7/1/2022 to 6/30/2023
Member Months	78,517	63,456
Contract Months	53,577	44,335
Number of Projection Months	36	24
Member Months/Contract	1.465	1.431

BASE PERIOD DENTAL CLAIMS		
1. Dental Claims For Period	\$ 2,097,386	\$ 1,745,715
2. Trend Factor to 01/01/2025 Effective Date @ 4.5%	x 1.141	x 1.092
3. Projected Net Claims (1. x 2.)	\$ 2,393,466	\$ 1,906,365
4. Member Months	/ 78,517	/ 63,456
5. Projected Dental Costs PMPM (3. / 4.)	\$ 30.48	\$ 30.04
6. Benefit Adjustment	1.014	1.016
7. Other Multiplicative Adjustment	1.000	1.000
8. Other Additive Adjustment PMPM	\$ 2.15	\$ 2.15
9. Adjusted Trended Dental Claims (5. x 6. x 7. + 8.)	\$ 33.07	\$ 32.67

PROJECTED CLAIMS PMPM FOR 7/1/2024 to 6/30/2025		
1. Projected Dental Claims Experience	\$ 33.07	\$ 32.67
2. Period Weightings	0.40	0.60
3. Contributing Claims Experience (1. x 2.)	3a. \$ 13.33	3b. \$ 19.50
4. Weighted Projected Dental Claims (3a. + 3b.)		\$ 32.83

ADMINISTRATIVE/EXPENSE		PMPM
1. Projected Dental Claims		\$ 32.83
2. Fees	PCPM \$3.21	\$2.04
Ratio of Members/Contract for Nov 2023	1.577	
3. Projected Claims and Expense (1. + 2b.)		\$ 34.87
4. Contribution to Surplus		0.00%
5. Projected Claims and Contribution to Surplus (3 x (1 + 4.))		\$ 34.87

Convert Premium PMPM to Tier Rates	
Single Conversion Factor	1.123

Appendix D. Premium Rate Changes

D.1. Diamond Plan – Blue Preferred Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$762.93	\$762.93	\$778.19	\$795.99	\$795.99	\$811.91	\$802.07	\$802.07	\$818.11
Employee + Child	\$1,127.42	\$1,127.42	\$1,149.97	\$1,177.93	\$1,177.93	\$1,201.50	\$1,187.23	\$1,187.23	\$1,210.97
Employee + Children	\$1,356.30	\$1,356.30	\$1,383.42	\$1,417.13	\$1,417.13	\$1,445.46	\$1,428.32	\$1,428.32	\$1,456.87
Employee + Spouse	\$1,654.96	\$1,654.96	\$1,688.05	\$1,728.84	\$1,728.84	\$1,763.41	\$1,742.44	\$1,742.44	\$1,777.27
Employee + Spouse + Child	\$2,019.45	\$2,019.45	\$2,059.82	\$2,110.79	\$2,110.79	\$2,153.00	\$2,127.60	\$2,127.60	\$2,170.13
Employee + Spouse + Children	\$2,248.33	\$2,248.33	\$2,293.27	\$2,349.99	\$2,349.99	\$2,396.96	\$2,368.68	\$2,368.68	\$2,416.03

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$707.86	\$707.86	\$722.02	\$748.68	\$748.68	\$763.66	\$753.22	\$753.22	\$768.28
Employee + Child	\$1,046.04	\$1,046.04	\$1,066.96	\$1,108.42	\$1,108.42	\$1,130.60	\$1,115.36	\$1,115.36	\$1,137.66
Employee + Children	\$1,258.40	\$1,258.40	\$1,283.56	\$1,333.52	\$1,333.52	\$1,360.18	\$1,341.86	\$1,341.86	\$1,368.68
Employee + Spouse	\$1,535.50	\$1,535.50	\$1,566.20	\$1,626.74	\$1,626.74	\$1,659.26	\$1,636.88	\$1,636.88	\$1,669.60
Employee + Spouse + Child	\$1,873.68	\$1,873.68	\$1,911.14	\$1,986.48	\$1,986.48	\$2,026.20	\$1,999.02	\$1,999.02	\$2,038.98
Employee + Spouse + Children	\$2,086.04	\$2,086.04	\$2,127.74	\$2,211.58	\$2,211.58	\$2,255.78	\$2,225.52	\$2,225.52	\$2,270.00

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	7.8%	7.8%	7.8%	6.3%	6.3%	6.3%	6.5%	6.5%	6.5%
Employee + Child	7.8%	7.8%	7.8%	6.3%	6.3%	6.3%	6.4%	6.4%	6.4%
Employee + Children	7.8%	7.8%	7.8%	6.3%	6.3%	6.3%	6.4%	6.4%	6.4%
Employee + Spouse	7.8%	7.8%	7.8%	6.3%	6.3%	6.3%	6.4%	6.4%	6.4%
Employee + Spouse + Child	7.8%	7.8%	7.8%	6.3%	6.3%	6.3%	6.4%	6.4%	6.4%
Employee + Spouse + Children	7.8%	7.8%	7.8%	6.3%	6.3%	6.3%	6.4%	6.4%	6.4%

D.2. Diamond Plan – Blue Choice Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$816.23	\$816.23	\$832.55	\$849.28	\$849.28	\$866.27	\$855.37	\$855.37	\$872.46
Employee + Child	\$1,206.16	\$1,206.16	\$1,230.28	\$1,256.68	\$1,256.68	\$1,281.82	\$1,265.98	\$1,265.98	\$1,291.29
Employee + Children	\$1,451.00	\$1,451.00	\$1,480.01	\$1,511.83	\$1,511.83	\$1,542.06	\$1,523.01	\$1,523.01	\$1,553.46
Employee + Spouse	\$1,770.53	\$1,770.53	\$1,805.94	\$1,844.41	\$1,844.41	\$1,881.30	\$1,858.01	\$1,858.01	\$1,895.17
Employee + Spouse + Child	\$2,160.46	\$2,160.46	\$2,203.68	\$2,251.80	\$2,251.80	\$2,296.85	\$2,268.61	\$2,268.61	\$2,313.99
Employee + Spouse + Children	\$2,405.30	\$2,405.30	\$2,453.41	\$2,506.96	\$2,506.96	\$2,557.09	\$2,525.65	\$2,525.65	\$2,576.16

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$757.30	\$757.30	\$772.44	\$798.12	\$798.12	\$814.08	\$802.66	\$802.66	\$818.70
Employee + Child	\$1,119.08	\$1,119.08	\$1,141.46	\$1,181.46	\$1,181.46	\$1,205.10	\$1,188.40	\$1,188.40	\$1,212.16
Employee + Children	\$1,346.24	\$1,346.24	\$1,373.16	\$1,421.36	\$1,421.36	\$1,449.78	\$1,429.70	\$1,429.70	\$1,458.28
Employee + Spouse	\$1,642.70	\$1,642.70	\$1,675.56	\$1,733.94	\$1,733.94	\$1,768.62	\$1,744.08	\$1,744.08	\$1,778.96
Employee + Spouse + Child	\$2,004.48	\$2,004.48	\$2,044.58	\$2,117.28	\$2,117.28	\$2,159.64	\$2,129.82	\$2,129.82	\$2,172.42
Employee + Spouse + Children	\$2,231.64	\$2,231.64	\$2,276.28	\$2,357.18	\$2,357.18	\$2,404.32	\$2,371.12	\$2,371.12	\$2,418.54

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	7.8%	7.8%	7.8%	6.4%	6.4%	6.4%	6.6%	6.6%	6.6%
Employee + Child	7.8%	7.8%	7.8%	6.4%	6.4%	6.4%	6.5%	6.5%	6.5%
Employee + Children	7.8%	7.8%	7.8%	6.4%	6.4%	6.4%	6.5%	6.5%	6.5%
Employee + Spouse	7.8%	7.8%	7.8%	6.4%	6.4%	6.4%	6.5%	6.5%	6.5%
Employee + Spouse + Child	7.8%	7.8%	7.8%	6.4%	6.4%	6.4%	6.5%	6.5%	6.5%
Employee + Spouse + Children	7.8%	7.8%	7.8%	6.4%	6.4%	6.4%	6.5%	6.5%	6.5%

D.3. Platinum Plan – Blue Preferred Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$733.68	\$733.68	\$748.37	\$766.73	\$766.73	\$782.09	\$772.82	\$772.82	\$788.28
Employee + Child	\$1,084.19	\$1,084.19	\$1,105.89	\$1,134.70	\$1,134.70	\$1,157.42	\$1,144.00	\$1,144.00	\$1,166.89
Employee + Children	\$1,304.30	\$1,304.30	\$1,330.41	\$1,365.13	\$1,365.13	\$1,392.46	\$1,376.32	\$1,376.32	\$1,403.86
Employee + Spouse	\$1,591.52	\$1,591.52	\$1,623.36	\$1,665.40	\$1,665.40	\$1,698.72	\$1,679.00	\$1,679.00	\$1,712.58
Employee + Spouse + Child	\$1,942.03	\$1,942.03	\$1,980.89	\$2,033.37	\$2,033.37	\$2,074.06	\$2,050.18	\$2,050.18	\$2,091.19
Employee + Spouse + Children	\$2,162.14	\$2,162.14	\$2,205.41	\$2,263.80	\$2,263.80	\$2,309.09	\$2,282.49	\$2,282.49	\$2,328.16

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$665.38	\$665.38	\$678.70	\$706.20	\$706.20	\$720.34	\$710.74	\$710.74	\$724.96
Employee + Child	\$983.26	\$983.26	\$1,002.94	\$1,045.64	\$1,045.64	\$1,066.58	\$1,052.58	\$1,052.58	\$1,073.64
Employee + Children	\$1,182.88	\$1,182.88	\$1,206.56	\$1,258.00	\$1,258.00	\$1,283.18	\$1,266.34	\$1,266.34	\$1,291.68
Employee + Spouse	\$1,443.36	\$1,443.36	\$1,472.24	\$1,534.60	\$1,534.60	\$1,565.30	\$1,544.74	\$1,544.74	\$1,575.64
Employee + Spouse + Child	\$1,761.24	\$1,761.24	\$1,796.48	\$1,874.04	\$1,874.04	\$1,911.54	\$1,886.58	\$1,886.58	\$1,924.32
Employee + Spouse + Children	\$1,960.86	\$1,960.86	\$2,000.10	\$2,086.40	\$2,086.40	\$2,128.14	\$2,100.34	\$2,100.34	\$2,142.36

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	10.3%	10.3%	10.3%	8.6%	8.6%	8.6%	8.7%	8.7%	8.7%
Employee + Child	10.3%	10.3%	10.3%	8.5%	8.5%	8.5%	8.7%	8.7%	8.7%
Employee + Children	10.3%	10.3%	10.3%	8.5%	8.5%	8.5%	8.7%	8.7%	8.7%
Employee + Spouse	10.3%	10.3%	10.3%	8.5%	8.5%	8.5%	8.7%	8.7%	8.7%
Employee + Spouse + Child	10.3%	10.3%	10.3%	8.5%	8.5%	8.5%	8.7%	8.7%	8.7%
Employee + Spouse + Children	10.3%	10.3%	10.3%	8.5%	8.5%	8.5%	8.7%	8.7%	8.7%

D.4. Gold Plan – Blue Preferred Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$698.85	\$698.85	\$712.83	\$731.91	\$731.91	\$746.55	\$737.99	\$737.99	\$752.74
Employee + Child	\$1,032.73	\$1,032.73	\$1,053.38	\$1,083.24	\$1,083.24	\$1,104.91	\$1,092.54	\$1,092.54	\$1,114.38
Employee + Children	\$1,242.38	\$1,242.38	\$1,267.23	\$1,303.21	\$1,303.21	\$1,329.27	\$1,314.40	\$1,314.40	\$1,340.68
Employee + Spouse	\$1,515.95	\$1,515.95	\$1,546.28	\$1,589.84	\$1,589.84	\$1,621.64	\$1,603.43	\$1,603.43	\$1,635.50
Employee + Spouse + Child	\$1,849.83	\$1,849.83	\$1,886.83	\$1,941.17	\$1,941.17	\$1,980.01	\$1,957.98	\$1,957.98	\$1,997.14
Employee + Spouse + Children	\$2,059.48	\$2,059.48	\$2,100.68	\$2,161.14	\$2,161.14	\$2,204.36	\$2,179.84	\$2,179.84	\$2,223.43

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$630.00	\$630.00	\$642.60	\$670.82	\$670.82	\$684.24	\$675.36	\$675.36	\$688.86
Employee + Child	\$930.98	\$930.98	\$949.60	\$993.36	\$993.36	\$1,013.24	\$1,000.30	\$1,000.30	\$1,020.30
Employee + Children	\$1,119.98	\$1,119.98	\$1,142.38	\$1,195.10	\$1,195.10	\$1,219.00	\$1,203.44	\$1,203.44	\$1,227.50
Employee + Spouse	\$1,366.60	\$1,366.60	\$1,393.94	\$1,457.84	\$1,457.84	\$1,487.00	\$1,467.98	\$1,467.98	\$1,497.34
Employee + Spouse + Child	\$1,667.58	\$1,667.58	\$1,700.94	\$1,780.38	\$1,780.38	\$1,816.00	\$1,792.92	\$1,792.92	\$1,828.78
Employee + Spouse + Children	\$1,856.58	\$1,856.58	\$1,893.72	\$1,982.12	\$1,982.12	\$2,021.76	\$1,996.06	\$1,996.06	\$2,035.98

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	10.9%	10.9%	10.9%	9.1%	9.1%	9.1%	9.3%	9.3%	9.3%
Employee + Child	10.9%	10.9%	10.9%	9.0%	9.0%	9.0%	9.2%	9.2%	9.2%
Employee + Children	10.9%	10.9%	10.9%	9.0%	9.0%	9.0%	9.2%	9.2%	9.2%
Employee + Spouse	10.9%	10.9%	10.9%	9.1%	9.1%	9.1%	9.2%	9.2%	9.2%
Employee + Spouse + Child	10.9%	10.9%	10.9%	9.0%	9.0%	9.0%	9.2%	9.2%	9.2%
Employee + Spouse + Children	10.9%	10.9%	10.9%	9.0%	9.0%	9.0%	9.2%	9.2%	9.2%

D.5. Silver Plan – Blue Preferred Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$673.51	\$673.51	\$686.99	\$706.57	\$706.57	\$720.71	\$712.65	\$712.65	\$726.90
Employee + Child	\$995.29	\$995.29	\$1,015.19	\$1,045.80	\$1,045.80	\$1,066.73	\$1,055.10	\$1,055.10	\$1,076.20
Employee + Children	\$1,197.34	\$1,197.34	\$1,221.29	\$1,258.17	\$1,258.17	\$1,283.34	\$1,269.35	\$1,269.35	\$1,294.74
Employee + Spouse	\$1,461.00	\$1,461.00	\$1,490.21	\$1,534.88	\$1,534.88	\$1,565.57	\$1,548.47	\$1,548.47	\$1,579.43
Employee + Spouse + Child	\$1,782.78	\$1,782.78	\$1,818.42	\$1,874.12	\$1,874.12	\$1,911.59	\$1,890.93	\$1,890.93	\$1,928.73
Employee + Spouse + Children	\$1,984.82	\$1,984.82	\$2,024.52	\$2,086.48	\$2,086.48	\$2,128.20	\$2,105.18	\$2,105.18	\$2,147.27

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$601.68	\$601.68	\$613.72	\$642.50	\$642.50	\$655.36	\$647.04	\$647.04	\$659.98
Employee + Child	\$889.14	\$889.14	\$906.92	\$951.52	\$951.52	\$970.56	\$958.46	\$958.46	\$977.62
Employee + Children	\$1,069.64	\$1,069.64	\$1,091.04	\$1,144.76	\$1,144.76	\$1,167.66	\$1,153.10	\$1,153.10	\$1,176.16
Employee + Spouse	\$1,305.18	\$1,305.18	\$1,331.28	\$1,396.42	\$1,396.42	\$1,424.34	\$1,406.56	\$1,406.56	\$1,434.68
Employee + Spouse + Child	\$1,592.64	\$1,592.64	\$1,624.48	\$1,705.44	\$1,705.44	\$1,739.54	\$1,717.98	\$1,717.98	\$1,752.32
Employee + Spouse + Children	\$1,773.14	\$1,773.14	\$1,808.60	\$1,898.68	\$1,898.68	\$1,936.64	\$1,912.62	\$1,912.62	\$1,950.86

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	11.9%	11.9%	11.9%	10.0%	10.0%	10.0%	10.1%	10.1%	10.1%
Employee + Child	11.9%	11.9%	11.9%	9.9%	9.9%	9.9%	10.1%	10.1%	10.1%
Employee + Children	11.9%	11.9%	11.9%	9.9%	9.9%	9.9%	10.1%	10.1%	10.1%
Employee + Spouse	11.9%	11.9%	11.9%	9.9%	9.9%	9.9%	10.1%	10.1%	10.1%
Employee + Spouse + Child	11.9%	11.9%	11.9%	9.9%	9.9%	9.9%	10.1%	10.1%	10.1%
Employee + Spouse + Children	11.9%	11.9%	11.9%	9.9%	9.9%	9.9%	10.1%	10.1%	10.1%

D.6. Bronze Plan – Blue Preferred Network

Proposed Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$633.30	\$633.30	\$645.98	\$666.36	\$666.36	\$679.70	\$672.44	\$672.44	\$685.90
Employee + Child	\$935.86	\$935.86	\$954.60	\$986.37	\$986.37	\$1,006.14	\$995.67	\$995.67	\$1,015.61
Employee + Children	\$1,125.87	\$1,125.87	\$1,148.39	\$1,186.70	\$1,186.70	\$1,210.44	\$1,197.88	\$1,197.88	\$1,221.84
Employee + Spouse	\$1,373.79	\$1,373.79	\$1,401.27	\$1,447.67	\$1,447.67	\$1,476.63	\$1,461.26	\$1,461.26	\$1,490.49
Employee + Spouse + Child	\$1,676.34	\$1,676.34	\$1,709.90	\$1,767.69	\$1,767.69	\$1,803.07	\$1,784.50	\$1,784.50	\$1,820.20
Employee + Spouse + Children	\$1,866.35	\$1,866.35	\$1,903.68	\$1,968.01	\$1,968.01	\$2,007.37	\$1,986.71	\$1,986.71	\$2,026.43

Current Premium Rates

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	\$566.28	\$566.28	\$577.62	\$607.10	\$607.10	\$619.26	\$611.64	\$611.64	\$623.88
Employee + Child	\$836.82	\$836.82	\$853.58	\$899.20	\$899.20	\$917.22	\$906.14	\$906.14	\$924.28
Employee + Children	\$1,006.72	\$1,006.72	\$1,026.86	\$1,081.84	\$1,081.84	\$1,103.48	\$1,090.18	\$1,090.18	\$1,111.98
Employee + Spouse	\$1,228.40	\$1,228.40	\$1,252.98	\$1,319.64	\$1,319.64	\$1,346.04	\$1,329.78	\$1,329.78	\$1,356.38
Employee + Spouse + Child	\$1,498.94	\$1,498.94	\$1,528.94	\$1,611.74	\$1,611.74	\$1,644.00	\$1,624.28	\$1,624.28	\$1,656.78
Employee + Spouse + Children	\$1,668.84	\$1,668.84	\$1,702.22	\$1,794.38	\$1,794.38	\$1,830.26	\$1,808.32	\$1,808.32	\$1,844.48

Premium Rate Change

Tier	Medical			Medical & Standard Dental			Medical & Enhanced Dental		
	Active	Retiree	Cobra	Active	Retiree	Cobra	Active	Retiree	Cobra
Employee	11.8%	11.8%	11.8%	9.8%	9.8%	9.8%	9.9%	9.9%	9.9%
Employee + Child	11.8%	11.8%	11.8%	9.7%	9.7%	9.7%	9.9%	9.9%	9.9%
Employee + Children	11.8%	11.8%	11.8%	9.7%	9.7%	9.7%	9.9%	9.9%	9.9%
Employee + Spouse	11.8%	11.8%	11.8%	9.7%	9.7%	9.7%	9.9%	9.9%	9.9%
Employee + Spouse + Child	11.8%	11.8%	11.8%	9.7%	9.7%	9.7%	9.9%	9.9%	9.9%
Employee + Spouse + Children	11.8%	11.8%	11.8%	9.7%	9.7%	9.7%	9.9%	9.9%	9.9%



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