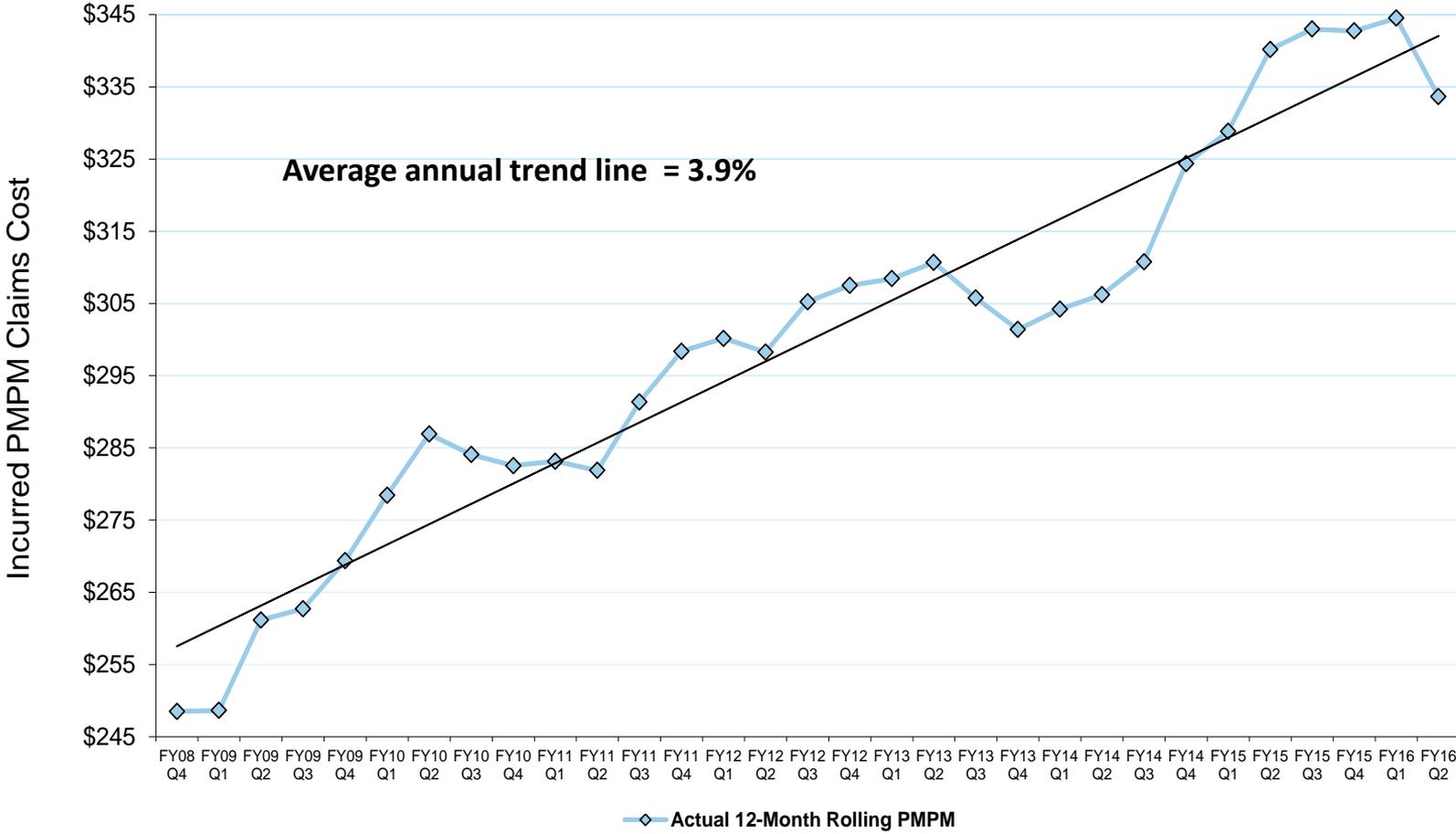




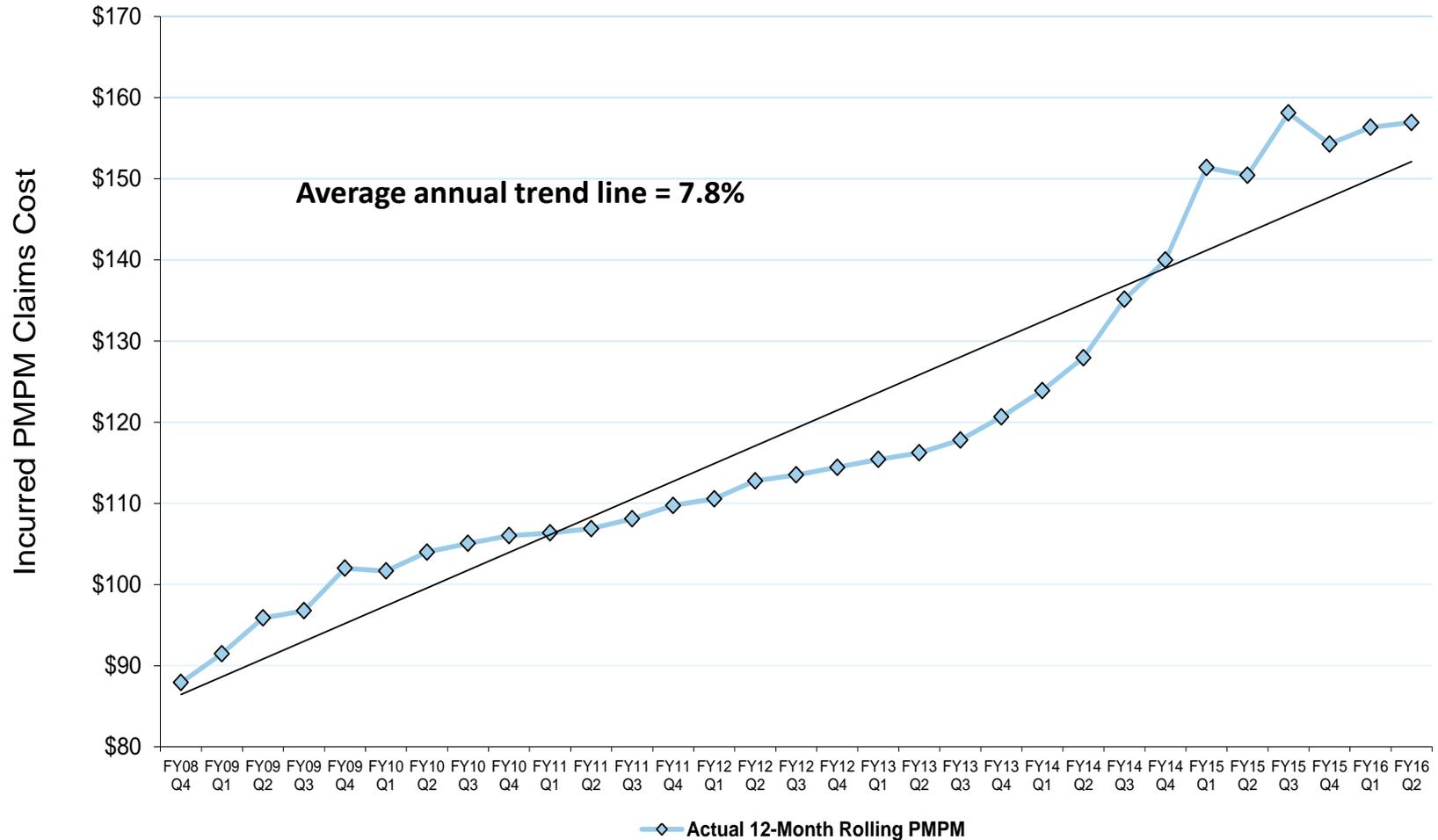
State Employees Benefits Committee
Group Health Program Long-term Trend History
February 19, 2016

Historical Trend Analysis - Medical



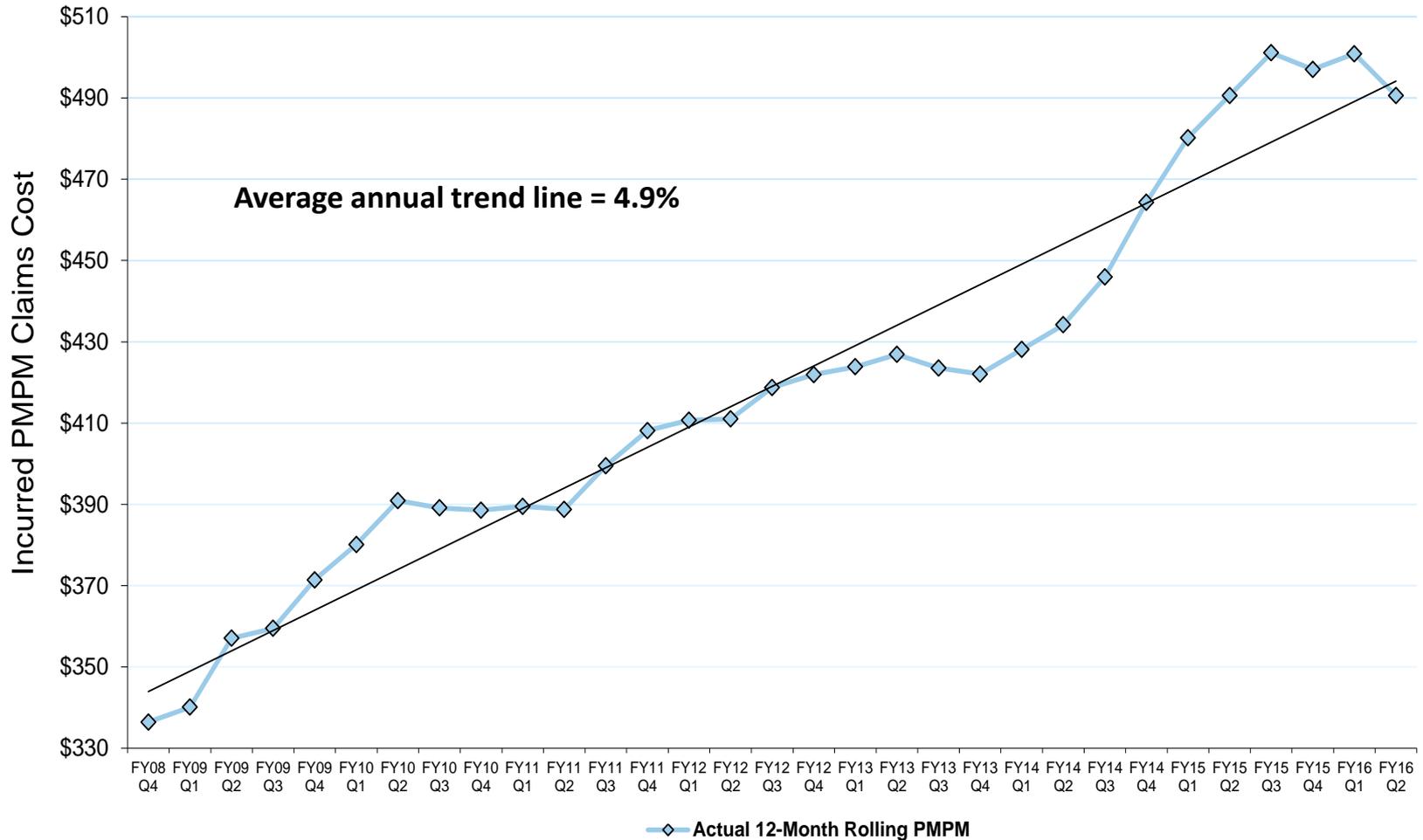
*12-Month Rolling PMPM represents the average Per Member Per Month claims cost for the latest 12 months at that point in time.

Historical Trend Analysis – Prescription Drug



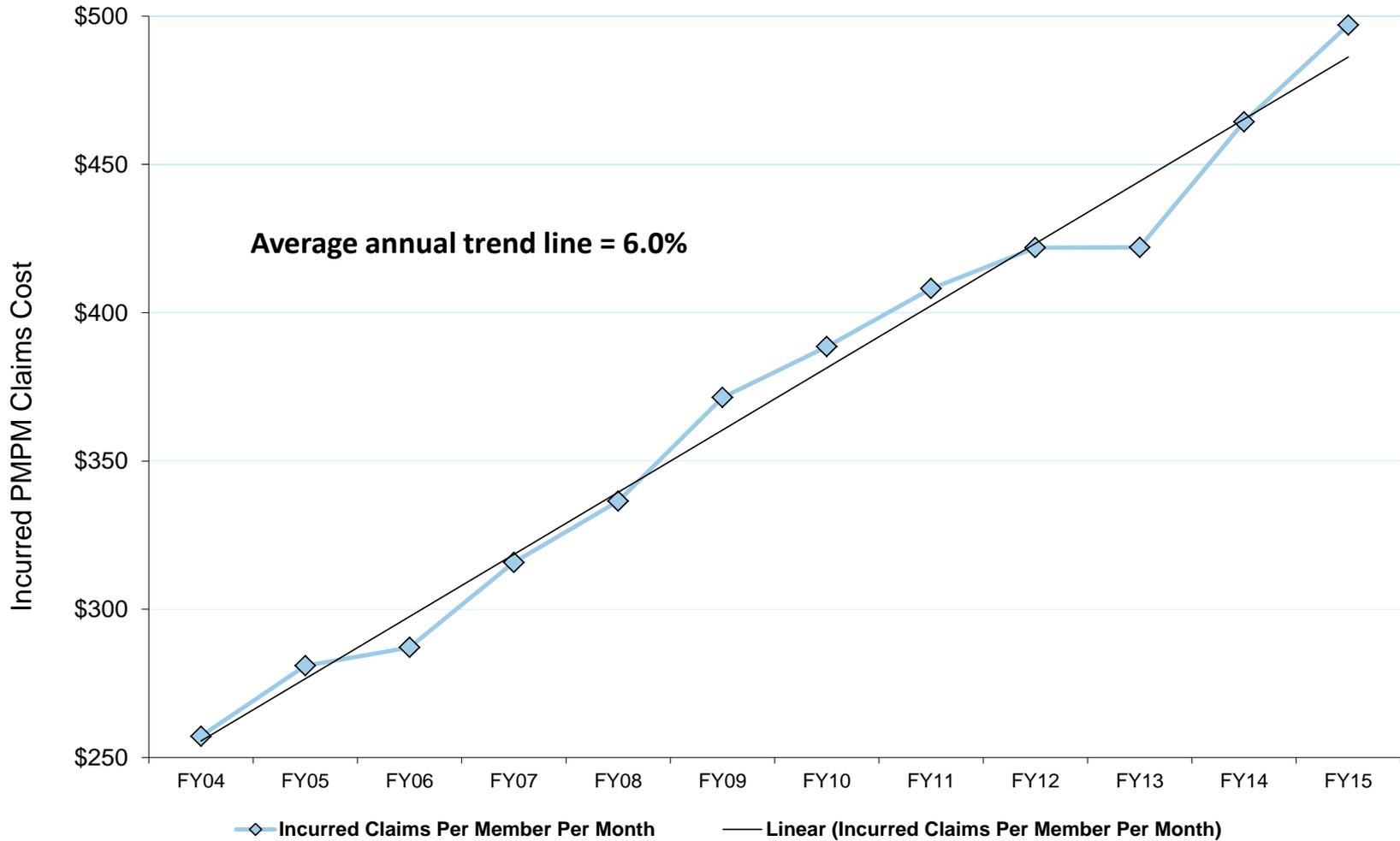
*12-Month Rolling PMPM represents the average Per Member Per Month claims cost for the latest 12 months at that point in time.

Historical Trend Analysis – Medical & Drug



*12-Month Rolling PMPM represents the average Per Member Per Month claims cost for the latest 12 months at that point in time.

Historical Trend Analysis – Medical and Drug



Incurred Medical and Drug claims before offset for brand drug manufacturer rebates and Part D/EGWP subsidies

Projections – Both an Art and a Science

Facts and Data

- Monthly claims data for a defined experience period
- Enrollment for same defined experience period
- Current Rates
- Plan Design(s) during and after experience period
- Demographics such as age, contract size, geography

Assumptions

- Trend Rates
 - Medical
 - Prescription
 - Administration
- Value of Plan Design changes that are not reflected (or totally reflected in experience period)
- Impact of Demographic changes
- Credibility
- Projected subsidies and rebates

Calculations

- Start with known claims
- Adjust for plan changes during Experience Period
- Adjust for known plan changes after experience period
- Adjust for changes in number of participants
- Adjust for demographic changes
- Trend application for appropriate months (CY15 experience period would need 18 months of trend for FY17 projection period)
- Subtract any projected subsidies and rebates
- Add administrative expenses including ACA and other fees
- Calculate increase % by comparing projected costs to projected premium (current rates and lives)

The trend assumptions are the most important of the above. When setting the trend assumptions, consideration should be given to:

1. Delaware specific trend
2. Projected industry trends
3. Known or anticipated changes in the health care delivery system
4. Reserve/funding position