Filing at a Glance

Company:	Gerber Life Insurance Company
Product Name:	Stop Loss Filing
State:	District of Columbia
TOI:	H12 Health - Excess/Stop Loss
Sub-TOI:	H12.004 Self-Funded Health Plan
Filing Type:	Rate
Date Submitted:	09/19/2013
SERFF Tr Num:	FRCS-129211947
SERFF Status:	Pending Industry Response
State Tr Num:	
State Status:	
Co Tr Num:	5988.1
Implementation Date Requested:	On Approval
Author(s):	Exselsa Cartwright, Marilyn Odell
Reviewer(s):	Darniece Shirley (primary), Alula Selassie, Donghan Xu
Disposition Date:	
Disposition Status:	
Implementation Date:	

State Filing Description:

State:	*District of Columbia*	**Filing Company:**	*Gerber Life Insurance Company*
TOI/Sub-TOI:	*H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan*		
Product Name:	*Stop Loss Filing*		
Project Name/Number:	*GERBER/192.1/192.1*		

General Information

Project Name: GERBER/192.1
Project Number: 192.1
Requested Filing Mode: Review & Approval

Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer, Other
Overall Rate Impact:

Deemer Date:
Submitted By: Exselsa Cartwright

Status of Filing in Domicile: Not Filed
Date Approved in Domicile:
Domicile Status Comments: This filing has not yet been submitted in the domicile state.

Market Type: Group
Group Market Size: Small and Large
Explanation for Other Group Market Type: Stop Loss
Filing Status Changed: 09/23/2013
State Status Changed:
Created By: Exselsa Cartwright
Corresponding Filing Tracking Number: FRCS-129052442

Filing Description:

This filing was previously rejected by your department on 9/13/13. In response to your Disposition report dated 9/13/13 (copy attached under supporting documentation), the company has asked us to respond by asking for reconsideration since we were surprised to hear of this apparently new requirement to limit coverage to large groups only. This seems to be a new requirement in that it didn't apply to a similar approval given to another recent stop-loss filing. We have not seen any notice of any new rules or regulations requiring stop-loss to be issued only to large groups. Given the comment, can you please advise of the regulatory authority behind the request.

We have been retained by Gerber Life Insurance Company to file the enclosed rates for approval in your state.

Forms pertaining to these rates are being filed on this same date under separate cover.

The company's group number is 4483.

These forms to be used with these rates are intended to be issued to employers to provide Excess Loss (stop loss) coverage for employee benefit plans.

To the best of our knowledge, this filing is complete and intended to comply with the insurance laws of your jurisdiction.

If you have any questions or need additional information, please call toll-free 1-800-927-2730. Thank you for your assistance.

Company and Contact

Filing Contact Information

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Kansas City, MO 64105

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800-927-2730 [Phone] 2835 [Ext]
816-391-2755 [FAX]

State:	*District of Columbia*	**Filing Company:**	*Gerber Life Insurance Company*
TOI/Sub-TOI:	*H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan*		
Product Name:	*Stop Loss Filing*		
Project Name/Number:	*GERBER/192.1/192.1*		

Filing Company Information

(This filing was made by a third party - FC01)

Gerber Life Insurance Company	CoCode: 70939	State of Domicile: New York
1311 Mamaroneck Avenue	Group Code: 4483	Company Type:
White Plains, NY 10605	Group Name:	State ID Number:
(914) 272-4025 ext. [Phone]	FEIN Number: 13-2611847	

Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

State: *District of Columbia* **Filing Company:** *Gerber Life Insurance Company*
TOI/Sub-TOI: *H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan*
Product Name: *Stop Loss Filing*
Project Name/Number: *GERBER/192.1/192.1*

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Darniece Shirley	09/23/2013	09/23/2013

Response Letters

Responded By	Created On	Date Submitted

State:	*District of Columbia*	**Filing Company:**	*Gerber Life Insurance Company*
TOI/Sub-TOI:	*H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan*		
Product Name:	*Stop Loss Filing*		
Project Name/Number:	*GERBER/192.1/192.1*		

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	09/23/2013
Submitted Date	09/23/2013
Respond By Date	09/30/2013

Dear Marilyn Odell,

Introduction:

Thank you for your recent filing. Please see below for additional information requested to continue review of the rate filing.

Objection 1

- Cover Letter All Filings (Supporting Document)
- Certificate of Authority to File (Supporting Document)
- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- District of Columbia and Countrywide Loss Ratio Analysis (P&C) (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)
- Actuarial Memorandum and Certifications (Supporting Document)
- Unified Rate Review Template (Supporting Document)
- Disposition dated 09/13/13 (Supporting Document)
- Aggregate Stop Loss Manual, [GLXLPOL-12] (Rate)
- Specific Stop Loss Manual, [GLXLPOL-12] (Rate)

Comments: For the Excess/Stop Loss line of business, the Department, by practice, will only review groups with greater than 50 eligible employees (i.e. Large Groups). This filing will only be reviewed for Large Groups. Please confirm. Also, please remove all references to Small Groups prior to the Department continuing the review of this product.

Conclusion:

Sincerely,
Darniece Shirley

State: *District of Columbia* **Filing Company:** *Gerber Life Insurance Company*
TOI/Sub-TOI: *H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan*
Product Name: *Stop Loss Filing*
Project Name/Number: *GERBER/192.1/192.1*

Rate Information

Rate data applies to filing.

Filing Method: Upon approval
Rate Change Type: Neutral
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision:
Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Gerber Life Insurance Company	0.000%	0.000%	$0	0	$0	0.000%	0.000%

State: *District of Columbia* **Filing Company:** *Gerber Life Insurance Company*
TOI/Sub-TOI: *H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan*
Product Name: *Stop Loss Filing*
Project Name/Number: *GERBER/192.1/192.1*

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Aggregate Stop Loss Manual	GLXLPOL-12	New		AGG2013_v7_DC _final.pdf,
2		Specific Stop Loss Manual	GLXLPOL-12	New		Specific 2013_v8_DC_final.pdf,

HealthMAPS®

2013

Aggregate Stop Loss Manual

May 2013

TOWERS WATSON

IMPORTANT STATE INFORMATION
This manual contains references to and instructions for use of software that is proprietary and not a part of this rate manual filing.

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I. DESCRIPTION AND USE OF TABLES

Description of Tables

The tables in this manual are based upon a computer simulation of medical costs for various size groups with the same underlying probabilities of incurring medical expenses. For each size group composed of a certain number of adults and a certain number of children, the experience was developed by entering a separate claim continuance table for each adult and child. The distribution of results was summarized as the number whose medical costs exceeded X% of the average costs for all groups of the same size. The costs of the claims in excess of X% are shown as a ratio of the total claims for all groups.

From the sample (usually 5,000 groups), the group distribution and excess cost ratios were also calculated and summarized. The claim continuance tables were truncated at specific amounts, such as $3,000, $10,000, $50,000, etc., to show the results if specific stop loss insurance covers costs per person above those amounts. The continuance tables for adults and children are based upon the tables that underlie the 2013 Medical Rate Manual prepared by Towers Watson. The tables assume a benefit plan that has a $200 Calendar Year Deductible and that reimburses 80% of the next $5,000 and 100% of the balance of eligible charges during the calendar year. The annual maximum of the benefit plan is $1,000,000. This means that the maximum out-of-pocket per covered person is $1,200 and that reimbursement to the employer under a Specific Stop Loss Deductible of $5,000 begins after $6,200 of eligible charges have been incurred.

The time period for the calculations is 12 months beginning July 1, 2013, so the midpoint of the experience is January 1, 2014.

The risk charges shown in Tables 3A through 5E are expressed as a ratio to total expected medical expenses. Some examples of how these tables are used will make the concept of the risk charges clear. The variables for which risk charges are shown are:

1. Cost Area – Low, Medium, High

2. Group Sizes and Specific Stop Loss

Group Size	Specific Stop Loss
10 - 100 Employees	$ 3,000 - $ 10,000
25 - 200 Employees	15,000 - 50,000
150 - 300 Employees	25,000 - 75,000
300 - 1,000 Employees	50,000 - 150,000
1,000 - 10,000 Employees	50,000 - 250,000

3. Attachment Points – 105% – 160% of expected claims

Cost area designations for this filing are found in Section V. A Medium designation for the District of Columbia is listed. Three-digit zip codes applicable to the area rating table are listed in Section VI.5.

The risk charges cover several risks. One is random fluctuation. This means that, while the continuance tables of expected claims are a best estimate for each group, the exposure to deviation is still present. Another risk is the error in calculation of expected claims because of problems in precisely evaluating the underlying prior experience, which itself may have involved random fluctuations. This error may exist for a group even when the expected claims for the aggregate of all groups is accurate. It is assumed that the calculation of expected costs for each group will be accurate within a 15% range. The risk charges in these tables represent the average risk charge for a cluster of 7 points below and above the expected claim amount. This produces higher risk charges than would be produced using only the exact expected claim cost.

For example, for a low cost area, a 500 employee group with a $50,000 specific stop loss and an attachment point of 125%, the risk charges associated with the expected claims might be less than .0001 of total expected claims. However, if the risk charges associated with understating or overstating the expected claims were as follows, the average risk charge would be .0012. This is much higher than the risk charge associated with the exact expected claim amount.

Calculated Potential Claims as a % of True Expected Claims	Risk Charge*
108%	.0068
114	.0014
119	.0002
125	.0000
131	.0000
136	.0000
142	.0000
Average	.0012

* Ratio of expected claims above attachment point to total expected claims.

The risks associated with a systematic error, such as an inadequate trend factor or a miscalculation of benefit costs when provisions are changed (for example, changes to a managed care or PPO product), have been partly anticipated. For this manual, the risk factors assume an understatement of expected claims equal to .03, which is equivalent to a .020 annual trend factor understatement for an 18-month period. **In other words, the risk charges shown for an attachment point of 125% are adequate for an attachment point of 121.4%.**

Table 1 (see Section IV) shows the calculated ratios of the excess costs above the specific stop loss deductible to total expected costs for traditional indemnity plans. For preferred provider plans and point of service plans, some adjustment in these ratios may be necessary. A discussion of this subject is contained in Section II.

The complements of the ratios in Table 1 are shown in Tables 3A through 5E to indicate the relative claims for the group that are less than the individual specific stop loss deductible and, therefore, are the

plan sponsor's responsibility. We use the ratios from this table to develop the risk charge ratios shown in Tables 3A through 5E.

Table 2 (See Section IV) shows, for various group sizes, the distribution of groups with ratios of actual to expected claims in ranges from under .70, .70 to .80, etc. to over 1.30. The distributions are shown for various specific stop loss amounts. The values in Table 2 are meant to provide some perspective on the subjects of pooling limits, interpretation of experience, and expectation of the number of groups exceeding an attachment point. The values are not to be used for actual rating of groups because they are raw numbers without the grading and adjustments normally made for pricing purposes.

Use of Aggregate Stop Loss Tables

The values in Tables 3A through 5E (in Section IV) can be used in traditional experience-rated group medical insurance to set pooling limits and develop risk charges based upon margin in rates, rate stabilization reserves, recovery of deficits, etc.

The values can also be used to establish prices for aggregate stop loss coverage for minimum premium groups, ASO business, and insurance for groups with benefits administered by third party administrators.

Below are some examples demonstrating the use of the tables for these situations.

EXAMPLE 1

Low cost area – group size of 300 employees. Group is experience-rated with refunds based upon premium minus pooling charges, minus claims incurred, minus retention, minus any deficit recovery. Group deficit carry-forward is limited to 10% of annual premium. Typical margin for excess claims is 6% of expected claims. Retention, excluding risk charge, is 8% of annual premium. Pooling charge is 22.9% of expected claims for excess of $50,000 per person per year.

The questions are, "What is the proper risk charge for the situation above?" and "What changes in margin or deficit carry-forward might be proposed to modify risk charges?"

EXAMPLE 1 (cont'd.)

Assume expected claims have been calculated to be $1,500,000, based on the experience of the group and on the company's experience for similar benefits in the same area for groups with similar demographics. Assume claims in excess of $50,000 will cost $343,500 (.229 x 1,500,000 – see Table 1, in Section IV).

Calculation of premium using a .02 risk charge

$$\frac{\$1{,}500{,}000 \times 1.06}{1 - .08 - .02} = \$1{,}766{,}667$$

		Margin in Gross Premium for Claims Under $50,000
1.	Gross Premium	$1,766,667
2.	Pooling charge	343,500
3.	Retention .10 x (1)	176,667
4.	Available for claims (1)-(2)-(3)	$1,246,500
5.	Expected claims <$50,000	$1,156,500
6.	Ratio (4) ÷ (5)	1.078
7.	Deficit carry-forward maximum .1 x (1)	176,667
8.	Ratio of [(4) + (7)] ÷ (5) =	1.231

The above calculation indicates that the margin in the gross premium for excess claims is 7.8% if the deficit carry-forward is ignored and 23.1% if full credit for recovery is assumed. The risk charges for attachment points of 107.8% and 123.1% from Table 3D in Section IV are .0257 x $1,500,000 = $38,550 and .0035 x $1,500,000 = $5,250, respectively. Assuming full recovery of a deficit is optimistic, the risk charges for an attachment point of 115% might be more suitable. This results in a risk charge of .0105 x $1,500,000 = $15,750. This is about 1.0% of the gross premium, so the fit with the risk charge tested (.02) appears to be favorable.

EXAMPLE 1 (cont'd.)

In order to test some other variables, assume a .01 risk charge with a 10% claim margin in the premium rates and a 15% deficit carry-forward.

Calculation of premium using a .01 risk charge

$$\frac{\$1{,}500{,}000 \times 1.1}{1 - .08 - .01} = \$1{,}813{,}187$$

		Margin in Gross Premium for Claims Under $50,000
1.	Gross Premium	$1,813,187
2.	Pooling charge	343,500
3.	Retention .09 x (1)	163,187
4.	Available for claims (1)-(2)-(3)	$1,306,500
5.	Expected claims <$50,000	$1,156,500
6.	Ratio (4) ÷ (5)	1.130
7.	Deficit carry-forward maximum .15 x (1)	271,978
8.	Ratio of [(4) + (7)] ÷ (5) =	1.365

The risk charges that correspond to attachment points of 113.0% and 136.5% are .0143 x $1,500,000 = $21,450 and .0003 x $1,500,000 = $450 respectively (see Table 3D in Section IV). Again, assuming only partial recovery of a deficit, a risk charge applicable to an attachment point of 120% may be more realistic. The risk charge for exactly 120% is .0054 x $1,500,000 = $8,100, or 0.45% of gross premium, which confirms that a risk charge of .01 is reasonable with a 10% margin in the gross annual premium.

EXAMPLE 2

A group in a low cost area with 500 employees has expected claims of $5,000,000. The specific stop loss deductible for this group is $100,000 which is expected to remove, on average, 13.1% (see Table 1, Section IV) of the claims, leaving $4,345,000 as the expected claims under $100,000.

The risk charges for various attachment points can be obtained from Table 3D in Section IV.

(1) Attachment Point	(2) Attachment Point Percentage	(3) Risk Charge Ratio	(4) Risk Charge $5,000,000 x (3)
$4,345,000	100%	--	--
5,214,000	120%	.0054	$27,000
5,431,250	125%	.0022	11,000
5,648,500	130%	.0009	4,500
5,865,750	135%	.0003	1,500
6,083,000	140%	.0001	500

Note that the risk charges in Table 3D are expressed as a ratio to the total expected claims. In the example above, this equals $5,000,000. However, the attachment point percentages are expressed as a percentage of the expected claims less the claims in excess of the specific stop loss deductible, totaling $4,345,000 in the example above. Should the underwriter wish to express the attachment point as a percentage of the total expected claims, such as 115.0% of $5,000,000 = $5,750,000 or 120.0% of $5,000,000 = $6,000,000, the risk charge ratio can be obtained by interpolation as illustrated below.

As a % of $4,345,000	Amount	Risk Charge Ratio
Risk charge ratio for attachment point of $5,750,000 = .0006		
135%	$5,865,750	.0003
130%	$5,648,500	.0009
	$ 217,250	.0006

$$.0003 + .0006 \text{ x } \frac{(5{,}865{,}750 - 5{,}750{,}000)}{217{,}250} = .0006$$

Risk charge ratio for attachment point of $6,000,000 = .0002		
140%	$6,083,000	.0001
135%	$5,865,750	.0003
	$ 217,250	.0002

$$.0001 + .0002 \text{ x } \frac{(6{,}083{,}000 - 6{,}000{,}000)}{217{,}250} = .0002$$

EXAMPLE 3

Group size 25, low cost area
Expected claims $200,000
Administration 10% of fully insured gross premium

Gross premium fully insured plan $266,000
Commission & Taxes 10% of Gross Premium
Profit $12,800

Partially self-funded plan with employer paying up to first $15,000 per person.

Expected cost for claims under $15,000 = $108,200, over $15,000 = $91,800 (see Table 1 in Section IV).

Attachment point = 1.25 x $108,200 = $135,250

Risk charge for stop loss = .0128 x $200,000 = $2,560 (see Table 3B Section IV).

Gross Premium – Paid to Insurer

Fully Insured		**Partially Self-Funded**	
Expected claims	$200,000	Expected claims > $15,000	$ 91,800
		Aggregate stop loss risk charge	2,560
		Subtotal	$ 94,360
Commissions & Taxes	26,600	Commission & Taxes	14,862
Administration	26,600	Administration	26,600
Profit	12,800	Profit	12,800
Subtotal retention	$ 66,000	Subtotal retention	$ 54,262
Total	$266,000	Total	$148,622

Partially Self-Funded – Employer's Outlay

	Insurance Premium	$148,622
	Maximum Employer's Claims	135,250
A.	**Total Maximum Cost**	**$283,872**
	Insurance Premium	$148,622
	Probable Employer's Share	108,200
B.	**Total Probable Cost**	**$256,822**
C.	**Compare A. & B. to fully insured cost of**	**$266,000**

Aggregating Specific Stop Loss

Description

Carriers may offer a premium reduction when a group elects a stop loss program with a specific deductible per person, but reimbursement is not made for eligible amounts until an aggregate deductible is accumulated.

For example, a group might have a $50,000 deductible per person and an aggregate deductible of $40,000. Should there be only one claim exceeding the $50,000 deductible, say a claim of $150,000, the amount of eligible excess over the specific stop loss deductible is $100,000. Against this amount, the aggregate deductible of $40,000 is applied so the reimbursement to the plan sponsor is $60,000. Should there be several claims in excess of the $50,000 deductible, say claims for $62,000, $91,000, and $85,000, the total amount eligible would be the sum of $12,000 plus $41,000 plus $35,000, or $88,000. Against this amount, the aggregate deductible of $40,000 would be applied so that the plan sponsor would be reimbursed $48,000.

The following tables contain percentage multipliers to the aggregate risk charge for various levels of aggregating specific deductibles. The factors also vary by specific stop loss deductible. The factors are based on a Monte Carlo simulation of Towers Watson's medical expense continuance tables with the claims in excess of the specific stop loss deductibles subject to the aggregate deductibles shown.

One can interpolate between specific deductible amounts and aggregate deductible amounts.

EXAMPLE 4

The following information is used as an example for including an aggregating stop loss amount in the risk charge.

Group size 500, low cost area	Specific Stop Loss Deductible is $100,000
Expected claims $4,000,000	Aggregating Specific Amount is $50,000

Expected cost for claims under $100,000 = $3,476,000, over $100,000 = $524,000 (see Table 1 in Section IV).

Attachment point = 1.25 x $3,476,000 = $4,345,000.

Risk charge for stop loss = .0022 x $4,000,000 = $8,800 (see Table 3D in Section IV).

Aggregating Specific multiplier from the tables below for a $100,000 Specific and $50,000 Aggregating Specific is 1.018 x $8,800 = $8,958.

Thus, adding a $50,000 aggregating specific increases the risk charge by 1.8% or $158.

Aggregating Specific Stop Loss Adjustments
Multiply Factors by Risk Rate

Aggregating Stop Loss Amount	Specific Stop Loss Deductible					
	$15,000	$20,000	$25,000	$30,000	$40,000	$50,000
$10,000	1.006	1.006	1.006	1.005	1.005	1.005
$15,000	1.009	1.009	1.009	1.008	1.008	1.007
$20,000	1.012	1.012	1.011	1.011	1.010	1.010
$25,000	1.015	1.015	1.014	1.014	1.013	1.012
$30,000	1.018	1.017	1.017	1.016	1.015	1.015
$40,000	1.025	1.024	1.023	1.021	1.020	1.019
$50,000	1.031	1.030	1.028	1.027	1.025	1.024
$60,000	1.037	1.036	1.034	1.033	1.031	1.029
$75,000	1.046	1.044	1.042	1.040	1.038	1.036
$90,000	1.056	1.054	1.051	1.049	1.046	1.043
$100,000	1.062	1.059	1.057	1.054	1.051	1.048
$125,000	1.077	1.074	1.070	1.067	1.063	1.059
$150,000	1.093	1.089	1.084	1.080	1.075	1.070

Aggregating Stop Loss Amount	Specific Stop Loss Deductible					
	$60,000	$75,000	$100,000	$125,000	$150,000	$200,000
$10,000	1.004	1.004	1.004	1.003	1.003	1.002
$15,000	1.007	1.007	1.006	1.004	1.004	1.003
$20,000	1.009	1.009	1.007	1.005	1.005	1.004
$25,000	1.011	1.011	1.009	1.007	1.006	1.004
$30,000	1.013	1.013	1.011	1.008	1.007	1.005
$40,000	1.018	1.017	1.014	1.011	1.010	1.007
$50,000	1.022	1.021	1.018	1.013	1.012	1.009
$60,000	1.026	1.025	1.021	1.015	1.014	1.010
$75,000	1.032	1.030	1.025	1.018	1.016	1.012
$90,000	1.038	1.036	1.030	1.021	1.019	1.015
$100,000	1.042	1.039	1.033	1.023	1.020	1.016
$125,000	1.051	1.048	1.039	1.027	1.024	1.019
$150,000	1.060	1.056	1.045	1.031	1.028	1.022

Use of Group Distribution Tables

As indicated in Section I, the information in Tables 2A and 2B is not intended for precise calculations but to help in understanding the problems of analyzing prior experience and to demonstrate the probable percentage of groups that might be subject to exceeding an aggregate attachment point.

Insight 1

In Example 3, regarding partial self-funding, the maximum employer cost was $283,872 or $17,872 more than the fully insured cost. Table 2A (weight 10,000/25,000 specific stop loss tables ⅔ / ⅓) suggests that about 9.3% of such groups will penetrate the 125% attachment point and require reimbursement under the aggregate stop loss. About 39.2% will have employer costs of between the expected amount of $108,200 and the employer's maximum cost of $135,250. The distribution of groups with better-than-expected cost is:

Ratio to Expected	Claims Under $15,000/Person	Distribution
Under .7	Under $75,740	4.4%
.7 - .8	$75,740 - $86,560	8.6%
.8 - .9	$86,560 - $97,380	16.0%
.9 - 1.0	$97,380 - $108,200	22.5%

This suggests a fairly high level of employer satisfaction, because most employers will receive a cost that is less than the fully insured cost. The groups that exceed $135,250 and obtain some relief from the aggregate stop loss may also be satisfied, because they will be aware that their experience was adverse by more than 25%, yet their total cost was only 106.7% (283,872 ÷ 266,000) of the fully insured plan cost.

Insight 2

If one reviews experience over a one- or two-year period and finds lower than average experience, how likely is it that the favorable experience is a random fluctuation? From Table 2B, Section IV, for a 100 employee group if all experience is included (no adjustment for large claims), the probability of having claims less than 80% of expected is .232 in a single year and .054 for two consecutive years. The probability of having a two-year period where claims are less than 80% of expected in one year and less than 90% in the other year is .134 (.232 x .405 + (.405 – .232) x .232). The probability of having a claim ratio of less than 90% of expected in one year is .405 and in two consecutive years is .164.

These probabilities are rather large and suggest that, without credibility and without pooling for large claims, one would frequently be projecting claims that are too low and, therefore, would under-price the aggregate stop loss risk.

Now consider a 100-employee group, eliminating claims in excess of $25,000 for purposes of projecting expected claims. In this case, the probability of having claims less than 80% of expected in a single year is .028 and for two consecutive years is .001. The probability of having a two-year period with one year under 80% and the other under 90% is .009. The probability of having claims less than 90% of expected in a single year is .175, and the probability of having claims less than 90% in two consecutive years is .031.

This is a large reduction in the number of times a group's experience will be underrated**. For a group of 100 employees, the presence of a reasonable specific stop loss cover significantly increases the likelihood of successful pricing of aggregate stop loss.**

II. EXPECTED CLAIMS

Developing Expected Claim Amounts

The risk charge ratios for different attachment points vary by substantial amounts, so it is important to obtain expected claim amounts that are appropriate.

The risk charge ratios for a 500 employee group, $50,000 specific stop loss, low cost area at 120% and 125% attachment points are .0035 and .0012, respectively. Assume expected claims of $4,000,000 are underestimated by 4% to be $3,840,000 and that aggregate stop loss coverage for a 125% attachment point is priced. Using underestimated expected claims of $3,840,000, the risk charge for a 125% attachment point is .0012 x $3,840,000 = $4,608. However, since 125% of $3,840,000 is the same as 120% of $4,000,000, the true risk priced is for a 120% attachment point for $4,000,000 of expected claims — whose risk charge is .0035 x $4,000,000 = $14,000 or 304% of the lower risk charge.

Table 2 indicates how frequently a group may have experience that deviates from its true expected value. Because the carrier's aggregate stop loss can be considerably under priced if it uses prior experience of a group that is unduly favorable, for all but large groups, it should estimate base plan costs by determining a manual rate and use credibility to project future expected costs. Below is a table that suggests some weights to be used on actual experience, with the balance to be based upon manual costs for the benefits in the base medical plan. These weights are based on the formula: LOG(G) x .4764 – .6859, where G is the number of employee years.

Employee Years During Experience Period	Weight on Own Experience
100	27%
150	35
200	41
300	49
500	60
1,000	74
1,500	83
2,000	89
2,500	93
3,000	97
3,500	100

Example 5 on the following page illustrates the use of credibility and the table above.

EXAMPLE 5

Group's year begins 07/01/2013 215 Employees

Manual base plan net cost per employee per month: $700.00

Trend factor for projection = 12.0% per annum

Experience Period	Average # of Employees	Claims Incurred	Trend Factor	Projected to Period 07/2013-06/2014	Claims Per Employee Per Month (PEPM)
01/2011-12/2011	180	$1,100,000	1.328	$1,460,800	$676.30
01/2012-12/2012	205	$1,050,000	1.185	1,244,250	505.79
Total	385			$2,705,050	$585.51

Based upon 385 employee years, use credibility of .546 (using formula from prior page).

Projected PEPM	$585.51 x .546 =	$319.69
Manual PEPM	$700.00 x .454 =	317.80
		$637.49

Expected claims based upon 215 employees = 215 x 12 x 637.49 = $1,644,724

In this case, the most recent year had claims which were only 72% (505.79/700.00) of manual. The previous year's claims were 97% of manual. Using both years of experience and credibility, the expected claims of $637.49 are 91% of manual. When the results of a calculation produce a low percentage of manual, caution is advised.

An alternative approach to composite more than one year of experience is to give greater weight to the current year. If, in this example, 2011 has a weight of 1.00 and 2012 has a weight of 2.00, the average would be calculated as follows:

	(1) Weight	(2) # of Employees	(3) Per Month Per Employee	(4) Product (1)X(2)X(3)
1/2011-12/2011	1.00	180	676.30	121,734
1/2012-12/2012	2.00	205	505.79	207,374
Weighted Total		590	557.81	329,108

Using this approach, the credibility adjustment would still be based on 385 employees, but the projected rate would be $557.81.

Partial Year Experience

Often when estimating future claims using experience one of the past experience periods may be incomplete.

The following tables show ratios for converting incomplete payments into full payments.

TABLE 1 – COMPLETION RATIOS FOR PAYMENT TIME PERIODS INVOLVING RUN-IN

Months of Claim Payments	Months of Run-In											
	0	1	2	3	4	5	6	7	8	9	10	11
1	0.0240	0.5160	0.6720	0.8280	0.9120	0.9480	0.9600	0.9720	0.9840	0.9900	0.9960	1.0000
2	0.2700	0.5940	0.7500	0.8700	0.9300	0.9540	0.9660	0.9780	0.9870	0.9930	0.9980	1.0000
3	0.4040	0.6720	0.8040	0.8960	0.9400	0.9600	0.9720	0.9820	0.9900	0.9953	0.9987	1.0000
4	0.5100	0.7320	0.8400	0.9120	0.9480	0.9660	0.9765	0.9855	0.9925	0.9965	0.9990	1.0000
5	0.5904	0.7752	0.8640	0.9240	0.9552	0.9708	0.9804	0.9884	0.9940	0.9972	0.9992	1.0000
6	0.6500	0.8060	0.8820	0.9340	0.9610	0.9750	0.9837	0.9903	0.9950	0.9977	0.9993	1.0000
7	0.6943	0.8297	0.8966	0.9420	0.9660	0.9786	0.9860	0.9917	0.9957	0.9980	0.9994	1.0000
8	0.7290	0.8490	0.9083	0.9488	0.9703	0.9813	0.9878	0.9928	0.9963	0.9983	0.9995	1.0000
9	0.7573	0.8647	0.9180	0.9544	0.9736	0.9833	0.9891	0.9936	0.9967	0.9984	0.9996	1.0000
10	0.7806	0.8778	0.9262	0.9590	0.9762	0.9850	0.9902	0.9942	0.9970	0.9986	0.9996	1.0000
11	0.8002	0.8889	0.9329	0.9627	0.9784	0.9864	0.9911	0.9947	0.9973	0.9987	0.9996	1.0000
12	0.8168	0.8982	0.9385	0.9658	0.9802	0.9875	0.9918	0.9952	0.9975	0.9988	0.9997	1.0000
13	0.8309	0.9060	0.9432	0.9685	0.9817	0.9885	0.9925	0.9955	0.9977	0.9989	0.9997	1.0000
14	0.8430	0.9127	0.9473	0.9707	0.9830	0.9893	0.9930	0.9959	0.9979	0.9990	0.9997	1.0000
15	0.8535	0.9185	0.9508	0.9727	0.9841	0.9900	0.9935	0.9961	0.9980	0.9991	0.9997	1.0000
16	0.8626	0.9236	0.9539	0.9744	0.9851	0.9906	0.9939	0.9964	0.9981	0.9991	0.9998	1.0000
17	0.8707	0.9281	0.9566	0.9759	0.9860	0.9912	0.9942	0.9966	0.9982	0.9992	0.9998	1.0000
18	0.8779	0.9321	0.9590	0.9772	0.9868	0.9917	0.9946	0.9968	0.9983	0.9992	0.9998	1.0000
19	0.8843	0.9357	0.9612	0.9784	0.9875	0.9921	0.9948	0.9969	0.9984	0.9993	0.9998	1.0000
20	0.8901	0.9389	0.9631	0.9795	0.9881	0.9925	0.9951	0.9971	0.9985	0.9993	0.9998	1.0000
21	0.8953	0.9418	0.9649	0.9805	0.9887	0.9929	0.9953	0.9972	0.9986	0.9993	0.9998	1.0000
22	0.9001	0.9445	0.9665	0.9814	0.9892	0.9932	0.9955	0.9974	0.9986	0.9994	0.9998	1.0000
23	0.9044	0.9469	0.9679	0.9822	0.9897	0.9935	0.9957	0.9975	0.9987	0.9994	0.9998	1.0000
24	0.9084	0.9491	0.9693	0.9829	0.9901	0.9938	0.9959	0.9976	0.9988	0.9994	0.9998	1.0000

TABLE 2 – COMPLETION RATIOS FOR INCURRED TIME PERIODS INVOLVING RUN-OUT

Incurred Period in Months	Months of Run-Out											
	0	1	2	3	4	5	6	7	8	9	10	11
1	0.0240	0.5160	0.6720	0.8280	0.9120	0.9480	0.9600	0.9720	0.9840	0.9900	0.9960	1.0000
2	0.2700	0.5940	0.7500	0.8700	0.9300	0.9540	0.9660	0.9780	0.9870	0.9930	0.9980	1.0000
3	0.4040	0.6720	0.8040	0.8960	0.9400	0.9600	0.9720	0.9820	0.9900	0.9953	0.9987	1.0000
4	0.5100	0.7320	0.8400	0.9120	0.9480	0.9660	0.9765	0.9855	0.9925	0.9965	0.9990	1.0000
5	0.5904	0.7752	0.8640	0.9240	0.9552	0.9708	0.9804	0.9884	0.9940	0.9972	0.9992	1.0000
6	0.6500	0.8060	0.8820	0.9340	0.9610	0.9750	0.9837	0.9903	0.9950	0.9977	0.9993	1.0000
7	0.6943	0.8297	0.8966	0.9420	0.9660	0.9786	0.9860	0.9917	0.9957	0.9980	0.9994	1.0000
8	0.7290	0.8490	0.9083	0.9488	0.9703	0.9813	0.9878	0.9928	0.9963	0.9983	0.9995	1.0000
9	0.7573	0.8647	0.9180	0.9544	0.9736	0.9833	0.9891	0.9936	0.9967	0.9984	0.9996	1.0000
10	0.7806	0.8778	0.9262	0.9590	0.9762	0.9850	0.9902	0.9942	0.9970	0.9986	0.9996	1.0000
11	0.8002	0.8889	0.9329	0.9627	0.9784	0.9864	0.9911	0.9947	0.9973	0.9987	0.9996	1.0000
12	0.8168	0.8982	0.9385	0.9658	0.9802	0.9875	0.9918	0.9952	0.9975	0.9988	0.9997	1.0000
13	0.8309	0.9060	0.9432	0.9685	0.9817	0.9885	0.9925	0.9955	0.9977	0.9989	0.9997	1.0000
14	0.8430	0.9127	0.9473	0.9707	0.9830	0.9893	0.9930	0.9959	0.9979	0.9990	0.9997	1.0000
15	0.8535	0.9185	0.9508	0.9727	0.9841	0.9900	0.9935	0.9961	0.9980	0.9991	0.9997	1.0000
16	0.8626	0.9236	0.9539	0.9744	0.9851	0.9906	0.9939	0.9964	0.9981	0.9991	0.9998	1.0000
17	0.8707	0.9281	0.9566	0.9759	0.9860	0.9912	0.9942	0.9966	0.9982	0.9992	0.9998	1.0000
18	0.8779	0.9321	0.9590	0.9772	0.9868	0.9917	0.9946	0.9968	0.9983	0.9992	0.9998	1.0000
19	0.8843	0.9357	0.9612	0.9784	0.9875	0.9921	0.9948	0.9969	0.9984	0.9993	0.9998	1.0000
20	0.8901	0.9389	0.9631	0.9795	0.9881	0.9925	0.9951	0.9971	0.9985	0.9993	0.9998	1.0000
21	0.8953	0.9418	0.9649	0.9805	0.9887	0.9929	0.9953	0.9972	0.9986	0.9993	0.9998	1.0000
22	0.9001	0.9445	0.9665	0.9814	0.9892	0.9932	0.9955	0.9974	0.9986	0.9994	0.9998	1.0000
23	0.9044	0.9469	0.9679	0.9822	0.9897	0.9935	0.9957	0.9975	0.9987	0.9994	0.9998	1.0000
24	0.9084	0.9491	0.9693	0.9829	0.9901	0.9938	0.9959	0.9976	0.9988	0.9994	0.9998	1.0000

Uses of these ratios are demonstrated in the following examples.

EXAMPLE 6A

This example uses TABLE 1.

Assume that paid claims for 9 months with a 3-month run-in equal $250,000. The completion ratio from TABLE 1 is .9544.

Complete monthly paid claims would be:

$250,000 / 9 / .9544 = $29,105

This would be the monthly claim estimate for complete monthly claims without any run-in limit.

EXAMPLE 6B

This example uses TABLE 1.

Assume that paid claims for 8 months with no run-in equal $200,000. The completion ratio from TABLE 1 is .7290.

Complete monthly paid claims with no run-in limit would be:

$200,000 / 8 / .7290 = $34,294

If a monthly claim estimate for a 15/12 contract (i.e., 3-month run-in limit) were desired, then the completion ratio of .9658 would be obtained from TABLE 1. The monthly claim estimate with a 3-month run–in limit would be:

$34,294 x .9658 = $33,121*

EXAMPLE 6C

This example uses TABLE 2.

Assume that incurred claims for 12 months with a 2-month run-out equal $300,000. The completion ratio from TABLE 2 is .9385.

Complete monthly incurred claims with no run-out limit would be:

$300,000 / 12 / .9385 = $26,638

If a monthly incurred and paid claim estimate for a 12/18 contract (i.e., 6-month run-out limit) were desired, then the completion ratio of .9918 would be obtained from TABLE 2. The monthly claim estimate with a 6-month run-out limit would be:

$26,638 x .9918 = $26,420*

*Note that in actual practice a trend factor would be incorporated in this calculation.

Preferred Provider Plan Considerations

The presence of a PPO discount has two effects on aggregate stop loss risk charges:

- it decreases total expected costs, and
- it increases the ratio of costs under the specific stop loss deductible to total expected costs.

Most medical plans involve preferred provider organizations (PPO) with various degrees of incentives to use the providers in these networks or disincentives to use providers outside the networks. One type of plan called an Exclusive Preferred Provider Plan (EPPO) may reimburse a member only if the network is used or only if a referral is made by the network because it cannot provide the service. Emergency treatment would be an exception to this requirement. Another type of PPO plan pays a larger part of the charges for in-network services than for out-of-network services. Perhaps 90% for in-network and 70% for out-of-network services would be a typical reimbursement arrangement.

In establishing the expected claims for these programs, the underwriter would take into consideration actual experience, if available, for the plan provisions. When the PPO plan is first implemented, the expected claims would have to be estimated taking into consideration discounts by preferred providers, utilization management, coinsurance percentages and stop loss limits.

It is not uncommon for a plan with 90% of the first $10,000, 100% of excess in-network and 70% from the first $10,000, 100% of excess out-of-network to have a 10% reduction in total cost from a conventional plan with 80% of the first $5,000 and 100% of the excess. For claims up to $10,000, the lower coinsurance out-of-network (70%) and the discounts in-network offset the more generous 90% coinsurance compared to the conventional 80% coinsurance in the previous traditional plan. However, for claims over $10,000 that would have been reimbursed at 100% under the traditional benefits structure, the discounts and utilization management in the PPO plan should represent a significant savings. The cost of the specific stop loss will reflect some or all of this savings.

The point to be considered for aggregate stop loss is in setting the attachment points. The ratios shown in Table 1 may be too high for PPO plans, as illustrated by the following example.

First, assume that claims (before any discount) are distributed as follows.

Range	Average	Frequency	Claims Cost	Excess of $50,000 Claim Cost
$50,000–$62,500	$ 55,700	.0048	$ 267.36	$ 27.36
$62,500 & Over	154,980	.0148	2,293.70	1,553.70
Total	$130,667	.0196	$2,561.06	$1,581.06

If a 20% reduction for services provided in-network is applied against the average claim amount, the revised table would be:

Range	Average	Frequency	Claims Cost	Excess of $50,000 Claim Cost
$40,000-$50,000	$ 44,560	.0048	$ 213.89	$ 0.00
$50,000 & Over	123,984	.0148	1,834.96	1,094.96
Total	$104,533	.0196	$2,048.85	$1,094.96

This would imply a 30.7% reduction (1 – 1,094.96/1,581.06) in specific stop loss cost for in-network benefits with a 20% discount on provider charges. If we assume that the out-of-network benefits require $2,000 in extra coinsurance by the employee, there would be a reduction adjustment for out-of-network specific stop loss cost. This reduction would be calculated as follows:

Range	Average	Frequency	Claims Cost	Excess of $50,000 Claim Cost
$50,000–62,500	$ 53,700	.0048	$ 257.76	$ 17.76
$62,500 & Over	152,980	.0148	2,264.10	1,524.10
Total	$128,667	.0196	$2,521.86	$1,541.86

This would produce a 2.5% reduction (1 – 1,541.86/1,581.06) for out-of-network specific stop loss cost. Assuming that half of the claims are in-network and half are out-of-network, the weighted discount would be (30.7% + 2.5%) x .5 = 16.6%.

Complicating this analysis are qualifying cases which are referred out by the network because services are not available in the network. Therefore, the employee does not have to pay out-of-pocket charges beyond the amount that he would have been required to pay for in-network service. The weighted reduction then might involve three elements, where the third element is the average savings on qualifying care for out-of-network referrals. Assume the proportions of large claim services are 50% in-network with a 30.7% reduction, 30% network referral with a 15% reduction, and 20% self-referral out-of-network with no discount but a 2.5% savings caused by higher subscriber out-of-pocket. The weighted reduction in stop loss cost would be (30.7% x .5 + 15.0% x .3 + 2.5% x .2) = 20.4%.

The specific stop loss gross premium may not be reduced a full 20.4%. But it is necessary to reflect the full savings, resulting in a higher portion of claims under $50,000, for purposes of setting an appropriate aggregate attachment point.

For purposes of completing this example, we assume the traditional plan composite cost per employee would be $500 per month, and the PPO plan composite cost is $450. The distribution of traditional cost between claims under and over $50,000 for a low cost area group is .771 and .229, respectively. We adjust the costs for the PPO plan using the 20.4% reduction from the analysis above.

		TRADITIONAL	RATIO
(1)	Total Composite Cost	$500.00	1.000
(2)	Under $50,000 (1) x .771	385.50	0.771
(3)	Over $50,000 (1) x .229	114.50	0.229
		PPO PLAN	RATIO
(4)	Total Composite Cost	450.00	1.000
(5)	Over 50,000 (3) x .796*	91.14	0.203
(6)	Under $50,000 (4) – (5)	358.86	0.797

* (1.000 – .204)

A similar analysis can be performed for particular groups and various deductibles depending on the facts in each case.

The ratios for a low cost area of claims under the Specific Stop Loss deductibles to total claims, using the data that underlies the example, are as follows.

Specific Stop Loss Deductible	Ratio of Claims Under Deductible to Total Claims	
	Traditional	PPO Plan
$ 10,000	.454	.517
25,000	.648	.689
50,000	.771	.797
75,000	.832	.851
100,000	.869	.884

The effect of the presence of a PPO discount to increase the ratio of claims under the Specific Stop Loss deductible to total claims has been approximated in the HealthMAPS® Aggregate Stop Loss software using the following formula.

$$PPO = .87F + .13, \text{ where } F \text{ is the traditional ratio.}$$

III. MARGINS FOR RISKS OTHER THAN FLUCTUATIONS

As indicated in Section I, computer simulations were performed to develop risk charges that provide for the risk of fluctuation. The risk charge ratios in Tables 3A through 8E are based upon the cluster of risk charges over a modest range around the true expected claim amount. The latter compensates for small deviations in calculating expected values, which will occur even under the best of circumstances or techniques. The expected value deviations that take place because of an overall under-estimation of trend in provider charges, utilization, or changes in medical practice or technology are not covered. How can one make reasonable provision for these risks?

As indicated in the above text, the margin cannot be expressed exclusively as a percentage of the risk charge ratio. The margin for expected claims and, hence, the attachment point can be obtained through various methods or a combination of methods.

1. Minimum Attachment Point

   In most cases, the attachment point will be expressed as monthly cost, per employee or per single employee and per family. As the exposure increases, the attachment point increases. The carrier should also establish a minimum attachment point equal to the attachment point factors multiplied by 90% to 100% of the employees starting the policy year. As an example, suppose there are 500 employees and the monthly attachment point is $600 per employee per month. The minimum attachment point for the year might be established as $3,420,000, which is equivalent to an average of 475 employees.

   Should the number of employees grow beyond 500, the attachment point and aggregate stop loss will increase pro rata, and the risk charge will decrease as a ratio of expected claims because of the relationship of risk charge ratio to group size.

2. Conservative Trend Factor

   Assume the cost for an experience period is to be projected for 18 months. The annual trend factors that appear probable range from 9% to 15%, with the most likely annual trend factor being 12%. If the underwriter uses the 12% trend factor in calculating expected claim costs and the attachment point, and the actual result of trend applicable to all business (not necessarily to this group) is 9%, or the low end of the trend range, the 125% attachment point becomes 130%. This adds a significant margin to the aggregate stop loss premium. On the other hand, should the trend develop as 15%, or the high end of the trend range, the 125% attachment point reduces to a true 120% attachment point, causing a dramatic increase in risk of significant under pricing of aggregate stop loss.

   Under these circumstances, the underwriter might choose to calculate expected claims using a 14% trend factor rather than the most probable 12%. The 125% attachment point becomes 133%, 128%, 125%, and 123% when the actual trend develops as 9%, 12%, 14%, and 15%, respectively. The use of a conservative trend factor will, obviously, be helpful in protecting the integrity of the target attachment point.

3. Use of Conservative Manual

   The non-credible portion of the base plan expected cost should be obtained by use of a rating manual that provides adequate net premium costs for the plan benefits, taking the area and demographics into account. Attempting to establish aggregate stop loss attachment points without any industry manual is improper and dangerous. Table 2 indicates the large number of groups that have favorable experience, especially when experience is considered without a stop loss or pooling charge.

4. Establishing the Expected Cost as the Greater of Experience or Manual

   In some cases, the carrier may be able to review experience and use the greater of projected claims or manual claims. This is a good approach until the actual experience under the carrier is available, because it guards against data errors and unusual claim administration payment patterns. Similar to this is the retention of the attachment point for year t, when the current experience might allow a lower attachment for year t+1. Competition may not allow the carrier to fully use either of these approaches.

5. Estimation of Amount Less Than Specific Stop Loss for Purposes of Aggregate Stop Loss

   The manual contains estimates of the ratio of costs in excess of the specific stop loss (Table 1) and the ratio of costs less than the specific stop loss (Tables 3A through 8E, column labeled Ratio SSL/TE). To calculate the expected claims that are under the specific stop loss for purposes of determining an aggregate stop loss attachment point and risk charge, one could assume a more conservative ratio. For example, for the low cost area, claims less than $25,000 are a ratio of .648 to total claims. When the total expected claims are $500,000, one could use a ratio of .75 for claims under $25,000, which would be $375,000, in lieu of .648, which would be $324,000. The calculation must be coordinated with the development of expected claims and the use of pooling charges to adjust for excess claims.

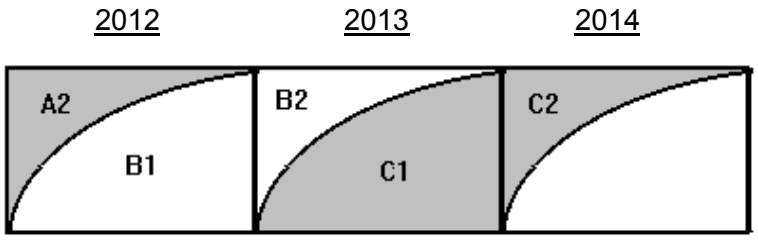
6. Adding Margin by Using Risk Charge Ratio of Lower Attachment Point

   A carrier might use the most likely trend factor for determination of the actual attachment point at, say 125%, but use the risk charge ratio applicable to an attachment point at 120%. This can produce a rather large percentage increase in risk charge. For example, for a low cost area, 500 employee group with a $50,000 specific stop loss, the risk charge for a 125% attachment point is .0012, but the risk charge for 120% attachment point is .0035, which is 192% higher.

7. Contractual Basis for Eligible Claims

   We have used full incurred claims for our aggregate stop loss tables. For a carrier using incurred and paid for a 12-month period or paid in 12 months, the expected claims may be significantly different from traditional incurred. In the case of a group with expected claims of $1,000,000 on the traditional basis, which has been covered by insurance prior to the start of the aggregate stop loss, the prior carrier may be responsible for extended benefits for a disabled person for a period of time. Therefore, the first year paid claims may be lower than renewal paid claims.

The example below shows the assumed paid and incurred claims for the first two years under self-funding.



			Estimated Amount
A_2	=	Claims Incurred in 2011 and Paid in 2012 by prior carrier (including extended benefits)	$ 250,000
B_1	=	Claims Incurred & Paid in 2012	730,000
B_2	=	Claims Incurred in 2012, Paid in 2013	270,000
C_1	=	Claims Incurred & Paid in 2013	810,000
C_2	=	Claims Incurred in 2013, Paid in 2014	300,000
Incurred 2012 = $B_1 + B_2$ =			$1,000,000
Paid 2013 = $B_2 + C_1$ =			$1,080,000
Incurred 2013 = $C_1 + C_2$ =			$1,110,000

In making the assumptions about the conversion from true incurred to another basis such as paid, the underwriter of the aggregate stop loss can make conservative assumptions. For example, the estimate of first year claims on an incurred and paid basis for 2012 could be $800,000, which effectively assumes 80% of incurred claims paid out rather than 73%. In the next year, 2013 in the above example, if the amounts paid for 2012 suggest that the B_2, C_1, and C_2 amounts of $270,000, $810,000, and $300,000 are most probable, the underwriter can use the $1,110,000 incurred claim projection although the contract calls for paid claims which are projected at $1,080,000.

Because of the ability of the policyholder to change the payment pattern to some extent by encouraging early submission of claims when an attachment point is penetrated, the underwriter of a contract which provides for using paid claims rather than incurred claims should always include a margin for some extra payments.

8. Calculation of Gross Premium Rates

As indicated above, there are many techniques to produce more conservative expected claim costs and attachment points or to increase the risk charge ratios applied to the total expected costs. After the appropriate risk charge ratio and expected claims have been calculated, the gross premium should contain an allowance for commissions, taxes, administrative expenses, and profits. A typical gross rate might be calculated as follows:

Loading	
Commissions	15%
Expenses & Taxes	15%
Contingencies & Profit	10%
Total	40%

$$\text{Gross Annual Premium} = \frac{\text{Expected Claims x Risk Charge Ratio}}{1-.4}$$

$$\text{Gross Monthly Premium per Employee} = \frac{\text{Gross Annual Premium}}{\text{12 x \# of employees}}$$

EXAMPLE 7

Group Size 500 – Low Cost Area

Expected Claims	$4,000,000
Specific Stop Loss	$75,000
Ratio of Claims Less Than $75,000 to Expected Claims	.832
Attachment Point = $4,000,000 x .832 x 1.25 =	$4,160,000
Attachment Point per Month per Employee $= \frac{\$4,160,000}{12 \text{ x } 500} =$	$693.33
Risk Charge Ratio at 125%	.0017
Gross Annual Premium $= \frac{\$4,000,000 \text{ x } .0017}{1-.4} = \frac{\$6,800}{.6} =$	$11,333
Gross Monthly Premium per Employee $= \frac{\$11,333}{12 \text{ x } 500} =$	$1.89

IV. AGGREGATE STOP LOSS TABLES

Table Summary

Table	Group Size	Specific Stop Loss Deductible	Aggregate Stop Loss Attachment Point	Page
		Low Cost Area – No Maximum on Aggregate		
3A	10 - 100	$ 3,000 - $ 10,000	110% - 160%	IV-5
3B	25 - 200	15,000 - 50,000	110% - 160%	IV-6
3C	150 - 300	25,000 - 75,000	100% - 160%	IV-7
3D	300 - 1,000	50,000 - 150,000	105% - 140%	IV-8
3E	1,000 - 10,000	50,000 - 250,000	105% - 125%	IV-9
		Medium Cost Area – No Maximum on Aggregate		
4A	10 - 100	$ 3,000 - $ 10,000	110% - 160%	IV-10
4B	25 - 200	15,000 - 50,000	110% - 160%	IV-11
4C	150 - 300	25,000 - 75,000	110% - 160%	IV-12
4D	300 - 1,000	50,000 - 150,000	105% - 140%	IV-13
4E	1,000 - 10,000	50,000 - 250,000	105% - 125%	IV-14
		High Cost Area – No Maximum on Aggregate		
5A	10 - 100	$ 3,000 - $ 10,000	110% - 160%	IV-15
5B	25 - 200	15,000 - 50,000	110% - 160%	IV-16
5C	150 - 300	25,000 - 75,000	110% - 160%	IV-17
5D	300 - 1,000	50,000 - 150,000	105% - 140%	IV-18
5E	1,000 - 10,000	50,000 - 250,000	105% - 125%	IV-19
		Low Cost Area – $1 Million Maximum on Aggregate		
6A	10 - 100	$ 3,000 - $ 10,000	110% - 160%	IV-20
6B	25 - 200	15,000 - 50,000	110% - 160%	IV-21
6C	150 - 300	25,000 - 75,000	100% - 160%	IV-22
6D	300 - 1,000	50,000 - 150,000	105% - 140%	IV-23
6E	1,000 - 10,000	50,000 - 250,000	105% - 125%	IV-24
		Medium Cost Area – $1 Million Maximum on Aggregate		
7A	10 - 100	$ 3,000 - $ 10,000	110% - 160%	IV-25
7B	25 - 200	15,000 - 50,000	110% - 160%	IV-26
7C	150 - 300	25,000 - 75,000	110% - 160%	IV-27
7D	300 - 1,000	50,000 - 150,000	105% - 140%	IV-28
7E	1,000 - 10,000	50,000 - 250,000	105% - 125%	IV-29
		High Cost Area – $1 Million Maximum on Aggregate		
8A	10 - 100	$ 3,000 - $ 10,000	110% - 160%	IV-30
8B	25 - 200	15,000 - 50,000	110% - 160%	IV-31
8C	150 - 300	25,000 - 75,000	110% - 160%	IV-32
8D	300 - 1,000	50,000 - 150,000	105% - 140%	IV-33
8E	1,000 - 10,000	50,000 - 250,000	105% - 125%	IV-34

TABLE 1

Specific Stop Loss — 2013
Ratio of Excess Cost Above Specific Stop Loss to Total Expected Cost – Traditional/Non-PPO Plan

SPECIFIC LIMIT	COST AREA LOW	MEDIUM	HIGH
$ 1,000	0.877	0.895	0.905
2,000	0.809	0.836	0.852
3,000	0.757	0.791	0.811
5,000	0.681	0.722	0.747
7,500	0.606	0.656	0.685
10,000	0.546	0.602	0.634
15,000	0.459	0.516	0.553
20,000	0.397	0.453	0.490
25,000	0.352	0.405	0.441
30,000	0.318	0.367	0.402
40,000	0.267	0.313	0.344
50,000	0.229	0.273	0.303
60,000	0.201	0.242	0.271
75,000	0.168	0.207	0.232
100,000	0.131	0.164	0.187
125,000	0.105	0.135	0.155
150,000	0.086	0.113	0.131
200,000	0.061	0.082	0.098
250,000	0.046	0.062	0.075

TABLE 2A

Distribution of Group Experience by Actual to Expected Claim Ratio — 2013

Ratio of Actual/Expected	Group Size – Number of Employees 25	50	100	250
CLAIMS LIMITED TO $5,000				
Under .70	0.9%	0.1%	0.0%	
.70 to .80	4.9%	1.3%	0.1%	
.80 to .90	16.4%	12.6%	6.0%	
.90 to 1.00	28.4%	36.6%	44.2%	
1.00 to 1.10	27.4%	35.1%	43.4%	
1.10 to 1.20	15.7%	12.6%	6.1%	
1.20 to 1.30	5.0%	1.6%	0.2%	
1.30 and Over	1.3%	0.1%	0.0%	
CLAIMS LIMITED TO $10,000				
Under .70	2.9%	0.3%	0.0%	
.70 to .80	7.9%	3.4%	0.6%	
.80 to .90	16.1%	15.9%	10.1%	
.90 to 1.00	24.4%	30.8%	39.4%	
1.00 to 1.10	22.0%	29.8%	39.0%	
1.10 to 1.20	15.7%	15.1%	10.0%	
1.20 to 1.30	7.3%	4.0%	0.8%	
1.30 and Over	3.7%	0.7%	0.1%	
CLAIMS LIMITED TO $25,000				
Under .70	7.5%	1.9%	0.3%	0.0%
.70 to .80	9.9%	7.1%	2.5%	0.1%
.80 to .90	15.9%	17.3%	14.7%	6.7%
.90 to 1.00	18.8%	24.7%	32.5%	43.8%
1.00 to 1.10	16.8%	23.4%	33.1%	41.8%
1.10 to 1.20	13.5%	15.5%	13.3%	7.3%
1.20 to 1.30	8.7%	7.0%	3.2%	0.3%
1.30 and Over	8.9%	3.1%	0.4%	0.0%

TABLE 2B

Distribution of Group Experience by Actual to Expected Claim Ratio — 2013

Ratio of Actual/Expected	Group Size – Number of Employees 25	50	100	250	500	1,000
CLAIMS LIMITED TO $50,000						
Under .70	12.2%	4.4%	0.8%	0.1%	0.0%	0.0%
.70 to .80	11.0%	9.4%	4.9%	0.6%	0.1%	0.0%
.80 to .90	14.6%	17.0%	16.7%	10.6%	4.5%	0.8%
.90 to 1.00	15.1%	20.7%	28.3%	39.3%	46.8%	49.7%
1.00 to 1.10	14.6%	19.4%	28.1%	37.8%	43.9%	48.6%
1.10 to 1.20	11.3%	14.4%	14.4%	10.5%	4.6%	0.9%
1.20 to 1.30	8.3%	8.5%	5.3%	1.0%	0.1%	0.0%
1.30 and Over	12.9%	6.2%	1.5%	0.1%	0.0%	0.0%
CLAIMS LIMITED TO $100,000						
Under .70	17.3%	8.2%	2.1%	0.1%	0.0%	0.0%
.70 to .80	11.5%	11.3%	7.9%	1.7%	0.2%	0.0%
.80 to .90	13.0%	15.5%	17.4%	14.3%	7.6%	2.4%
.90 to 1.00	12.6%	16.9%	24.4%	34.8%	43.8%	48.1%
1.00 to 1.10	11.5%	16.5%	22.8%	32.9%	40.2%	46.6%
1.10 to 1.20	10.2%	13.1%	14.9%	13.2%	7.6%	2.8%
1.20 to 1.30	7.7%	8.2%	7.1%	2.6%	0.5%	0.1%
1.30 and Over	16.2%	10.3%	3.4%	0.4%	0.1%	0.0%
CLAIMS UNLIMITED						
Under .70	31.1%	19.4%	9.5%	1.6%	0.2%	0.0%
.70 to .80	11.9%	13.4%	13.7%	8.2%	3.1%	0.4%
.80 to .90	10.8%	13.8%	17.3%	20.0%	17.6%	11.0%
.90 to 1.00	9.2%	13.2%	16.7%	24.5%	33.3%	40.9%
1.00 to 1.10	7.6%	9.7%	13.5%	20.5%	27.1%	35.2%
1.10 to 1.20	5.6%	7.8%	10.0%	12.8%	13.1%	10.6%
1.20 to 1.30	4.6%	5.9%	6.8%	7.3%	4.2%	1.7%
1.30 and Over	19.2%	16.8%	12.5%	5.1%	1.4%	0.2%

TABLE 3A LOW COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
10	$ 3,000	0.243	NA	NA	0.0073	0.0051	0.0035	0.0016	0.0007	0.0003
10	5,000	0.319	0.0220	0.0168	0.0128	0.0096	0.0071	0.0037	0.0018	0.0008
10	7,500	0.394	0.0318	0.0251	0.0200	0.0154	0.0119	0.0068	0.0038	0.0019
10	10,000	0.454	0.0410	0.0331	0.0270	0.0214	0.0169	0.0103	0.0061	0.0034
25	3,000	0.243	NA	NA	0.0031	0.0018	0.0010	0.0002	0.0001	0.0000
25	5,000	0.319	0.0129	0.0085	0.0057	0.0035	0.0021	0.0007	0.0002	0.0000
25	7,500	0.394	0.0185	0.0128	0.0089	0.0058	0.0038	0.0014	0.0005	0.0002
25	10,000	0.454	0.0238	0.0169	0.0121	0.0083	0.0056	0.0023	0.0009	0.0003
50	3,000	0.243	NA	NA	0.0017	0.0008	0.0003	0.0000	0.0000	0.0000
50	5,000	0.319	0.0093	0.0054	0.0031	0.0016	0.0008	0.0001	0.0000	0.0000
50	7,500	0.394	0.0131	0.0080	0.0049	0.0027	0.0015	0.0003	0.0001	0.0000
50	10,000	0.454	0.0166	0.0105	0.0067	0.0039	0.0022	0.0006	0.0001	0.0000
100	3,000	0.243	NA	NA	0.0009	0.0003	0.0001	0.0000	0.0000	0.0000
100	5,000	0.319	0.0073	0.0036	0.0016	0.0006	0.0002	0.0000	0.0000	0.0000
100	7,500	0.394	0.0098	0.0052	0.0027	0.0011	0.0004	0.0000	0.0000	0.0000
100	10,000	0.454	0.0122	0.0067	0.0036	0.0016	0.0007	0.0001	0.0000	0.0000

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 3B LOW COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
25	$ 15,000	0.541	0.0328	0.0242	0.0180	0.0128	0.0091	0.0043	0.0019	0.0008
25	20,000	0.603	0.0404	0.0305	0.0233	0.0171	0.0125	0.0063	0.0031	0.0014
25	25,000	0.648	0.0469	0.0361	0.0281	0.0211	0.0158	0.0084	0.0043	0.0021
25	30,000	0.682	0.0524	0.0410	0.0322	0.0246	0.0188	0.0105	0.0056	0.0028
25	40,000	0.733	0.0620	0.0495	0.0398	0.0312	0.0245	0.0145	0.0084	0.0046
25	50,000	0.771	0.0704	0.0570	0.0466	0.0372	0.0297	0.0184	0.0112	0.0065
25	None	1.000	0.1706	0.1554	0.1427	0.1305	0.1198	0.1014	0.0863	0.0735
50	15,000	0.541	0.0227	0.0150	0.0100	0.0061	0.0038	0.0012	0.0003	0.0001
50	20,000	0.603	0.0277	0.0188	0.0129	0.0083	0.0053	0.0019	0.0006	0.0002
50	25,000	0.648	0.0320	0.0222	0.0156	0.0103	0.0067	0.0026	0.0009	0.0003
50	30,000	0.682	0.0356	0.0251	0.0179	0.0121	0.0081	0.0033	0.0013	0.0004
50	40,000	0.733	0.0420	0.0305	0.0223	0.0156	0.0108	0.0048	0.0020	0.0008
50	50,000	0.771	0.0476	0.0353	0.0263	0.0188	0.0135	0.0064	0.0029	0.0012
50	None	1.000	0.1230	0.1073	0.0947	0.0829	0.0730	0.0565	0.0441	0.0344
100	15,000	0.541	0.0162	0.0093	0.0053	0.0026	0.0013	0.0002	0.0000	0.0000
100	20,000	0.603	0.0194	0.0115	0.0068	0.0036	0.0019	0.0004	0.0001	0.0000
100	25,000	0.648	0.0221	0.0134	0.0082	0.0045	0.0024	0.0005	0.0001	0.0000
100	30,000	0.682	0.0243	0.0150	0.0094	0.0053	0.0029	0.0007	0.0002	0.0000
100	40,000	0.733	0.0282	0.0180	0.0116	0.0068	0.0040	0.0011	0.0003	0.0001
100	50,000	0.771	0.0317	0.0207	0.0137	0.0084	0.0051	0.0016	0.0005	0.0001
100	None	1.000	0.0855	0.0700	0.0581	0.0475	0.0391	0.0261	0.0175	0.0115
200	15,000	0.541	0.0129	0.0064	0.0031	0.0012	0.0004	0.0000	0.0000	0.0000
200	20,000	0.603	0.0151	0.0078	0.0039	0.0016	0.0006	0.0001	0.0000	0.0000
200	25,000	0.648	0.0170	0.0090	0.0047	0.0021	0.0009	0.0001	0.0000	0.0000
200	30,000	0.682	0.0185	0.0100	0.0053	0.0024	0.0011	0.0001	0.0000	0.0000
200	40,000	0.733	0.0211	0.0118	0.0066	0.0032	0.0015	0.0002	0.0000	0.0000
200	50,000	0.771	0.0234	0.0134	0.0077	0.0039	0.0019	0.0003	0.0000	0.0000
200	None	1.000	0.0592	0.0444	0.0338	0.0249	0.0185	0.0098	0.0052	0.0026

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 3C LOW COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
150	$ 25,000	0.648	0.0188	0.0106	0.0059	0.0029	0.0014	0.0002	0.0000	0.0000
150	30,000	0.682	0.0206	0.0118	0.0068	0.0034	0.0017	0.0003	0.0000	0.0000
150	40,000	0.733	0.0237	0.0140	0.0083	0.0044	0.0023	0.0005	0.0001	0.0000
150	50,000	0.771	0.0264	0.0160	0.0098	0.0054	0.0029	0.0007	0.0001	0.0000
150	60,000	0.799	0.0287	0.0178	0.0111	0.0063	0.0036	0.0009	0.0002	0.0000
150	75,000	0.832	0.0317	0.0202	0.0130	0.0077	0.0045	0.0012	0.0003	0.0001
150	None	1.000	0.0694	0.0542	0.0430	0.0332	0.0259	0.0154	0.0091	0.0052
200	25,000	0.648	0.0170	0.0090	0.0047	0.0021	0.0009	0.0001	0.0000	0.0000
200	30,000	0.682	0.0185	0.0100	0.0053	0.0024	0.0011	0.0001	0.0000	0.0000
200	40,000	0.733	0.0211	0.0118	0.0066	0.0032	0.0015	0.0002	0.0000	0.0000
200	50,000	0.771	0.0234	0.0134	0.0077	0.0039	0.0019	0.0003	0.0000	0.0000
200	60,000	0.799	0.0253	0.0148	0.0087	0.0046	0.0023	0.0004	0.0001	0.0000
200	75,000	0.832	0.0279	0.0168	0.0102	0.0055	0.0030	0.0006	0.0001	0.0000
200	None	1.000	0.0592	0.0444	0.0338	0.0249	0.0185	0.0098	0.0052	0.0026
250	25,000	0.648	0.0157	0.0079	0.0039	0.0015	0.0006	0.0000	0.0000	0.0000
250	30,000	0.682	0.0171	0.0088	0.0044	0.0018	0.0007	0.0001	0.0000	0.0000
250	40,000	0.733	0.0194	0.0103	0.0054	0.0024	0.0010	0.0001	0.0000	0.0000
250	50,000	0.771	0.0213	0.0117	0.0063	0.0030	0.0013	0.0002	0.0000	0.0000
250	60,000	0.799	0.0230	0.0128	0.0072	0.0035	0.0016	0.0002	0.0000	0.0000
250	75,000	0.832	0.0251	0.0144	0.0083	0.0042	0.0021	0.0003	0.0000	0.0000
250	None	1.000	0.0521	0.0376	0.0276	0.0194	0.0138	0.0065	0.0031	0.0014
300	25,000	0.648	0.0148	0.0072	0.0033	0.0012	0.0004	0.0000	0.0000	0.0000
300	30,000	0.682	0.0161	0.0079	0.0038	0.0015	0.0005	0.0000	0.0000	0.0000
300	40,000	0.733	0.0182	0.0093	0.0046	0.0019	0.0007	0.0001	0.0000	0.0000
300	50,000	0.771	0.0200	0.0105	0.0054	0.0024	0.0010	0.0001	0.0000	0.0000
300	60,000	0.799	0.0215	0.0115	0.0061	0.0028	0.0012	0.0001	0.0000	0.0000
300	75,000	0.832	0.0234	0.0129	0.0071	0.0034	0.0016	0.0002	0.0000	0.0000
300	None	1.000	0.0475	0.0333	0.0238	0.0162	0.0111	0.0048	0.0021	0.0009

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 3D LOW COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105%	110%	115%	120%	125%	130%	135%	140%
300	$ 50,000	0.771	0.0329	0.0200	0.0105	0.0054	0.0024	0.0010	0.0004	0.0001
300	60,000	0.799	0.0349	0.0215	0.0115	0.0061	0.0028	0.0012	0.0005	0.0001
300	75,000	0.832	0.0375	0.0234	0.0129	0.0071	0.0034	0.0016	0.0006	0.0002
300	100,000	0.869	0.0409	0.0260	0.0149	0.0085	0.0043	0.0021	0.0010	0.0004
300	125,000	0.895	0.0436	0.0282	0.0166	0.0098	0.0052	0.0027	0.0013	0.0005
300	150,000	0.914	0.0459	0.0301	0.0181	0.0109	0.0059	0.0032	0.0016	0.0007
300	None	1.000	0.0650	0.0475	0.0333	0.0238	0.0162	0.0111	0.0074	0.0048
500	50,000	0.771	0.0300	0.0170	0.0079	0.0035	0.0012	0.0004	0.0001	0.0000
500	60,000	0.799	0.0316	0.0181	0.0086	0.0039	0.0014	0.0005	0.0001	0.0000
500	75,000	0.832	0.0336	0.0195	0.0096	0.0045	0.0017	0.0006	0.0002	0.0000
500	100,000	0.869	0.0362	0.0214	0.0110	0.0054	0.0022	0.0009	0.0003	0.0001
500	125,000	0.895	0.0383	0.0230	0.0121	0.0062	0.0027	0.0011	0.0004	0.0001
500	150,000	0.914	0.0400	0.0244	0.0131	0.0070	0.0032	0.0014	0.0005	0.0002
500	None	1.000	0.0537	0.0364	0.0232	0.0150	0.0090	0.0054	0.0032	0.0017
750	50,000	0.771	0.0284	0.0154	0.0065	0.0024	0.0006	0.0001	0.0000	0.0000
750	60,000	0.799	0.0298	0.0163	0.0071	0.0027	0.0008	0.0002	0.0000	0.0000
750	75,000	0.832	0.0316	0.0175	0.0078	0.0032	0.0010	0.0002	0.0000	0.0000
750	100,000	0.869	0.0338	0.0191	0.0089	0.0039	0.0013	0.0004	0.0001	0.0000
750	125,000	0.895	0.0355	0.0203	0.0097	0.0044	0.0016	0.0005	0.0001	0.0000
750	150,000	0.914	0.0369	0.0214	0.0105	0.0050	0.0019	0.0007	0.0002	0.0000
750	None	1.000	0.0478	0.0306	0.0179	0.0105	0.0056	0.0029	0.0015	0.0006
1,000	50,000	0.771	0.0277	0.0147	0.0058	0.0019	0.0004	0.0001	0.0000	0.0000
1,000	60,000	0.799	0.0290	0.0155	0.0063	0.0022	0.0005	0.0001	0.0000	0.0000
1,000	75,000	0.832	0.0306	0.0165	0.0069	0.0025	0.0006	0.0001	0.0000	0.0000
1,000	100,000	0.869	0.0325	0.0178	0.0077	0.0030	0.0008	0.0002	0.0000	0.0000
1,000	125,000	0.895	0.0340	0.0189	0.0084	0.0035	0.0011	0.0003	0.0001	0.0000
1,000	150,000	0.914	0.0352	0.0197	0.0090	0.0039	0.0013	0.0003	0.0001	0.0000
1,000	None	1.000	0.0443	0.0272	0.0149	0.0081	0.0039	0.0018	0.0008	0.0003

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 3E LOW COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105.0%	110.0%	112.5%	115.0%	117.5%	120.0%	122.5%	125.0%
1,000	$ 50,000	0.771	0.0277	0.0147	0.0100	0.0058	0.0035	0.0019	0.0009	0.0004
1,000	75,000	0.832	0.0306	0.0165	0.0114	0.0069	0.0043	0.0025	0.0013	0.0006
1,000	100,000	0.869	0.0325	0.0178	0.0125	0.0077	0.0050	0.0030	0.0016	0.0008
1,000	150,000	0.914	0.0352	0.0197	0.0140	0.0090	0.0060	0.0039	0.0022	0.0013
1,000	200,000	0.939	0.0370	0.0211	0.0151	0.0100	0.0068	0.0045	0.0026	0.0016
1,000	250,000	0.954	0.0383	0.0221	0.0160	0.0108	0.0075	0.0050	0.0030	0.0019
1,000	None	1.000	0.0443	0.0272	0.0206	0.0149	0.0111	0.0081	0.0055	0.0039
3,000	50,000	0.771	0.0261	0.0130	0.0085	0.0043	0.0020	0.0008	0.0002	0.0000
3,000	75,000	0.832	0.0284	0.0143	0.0094	0.0049	0.0024	0.0010	0.0003	0.0001
3,000	100,000	0.869	0.0299	0.0152	0.0100	0.0053	0.0027	0.0012	0.0004	0.0001
3,000	150,000	0.914	0.0319	0.0163	0.0109	0.0059	0.0032	0.0015	0.0006	0.0002
3,000	200,000	0.939	0.0330	0.0171	0.0114	0.0063	0.0035	0.0018	0.0007	0.0003
3,000	250,000	0.954	0.0338	0.0176	0.0119	0.0067	0.0038	0.0020	0.0009	0.0003
3,000	None	1.000	0.0368	0.0199	0.0137	0.0083	0.0052	0.0031	0.0016	0.0008
6,000	50,000	0.771	0.0256	0.0125	0.0081	0.0038	0.0016	0.0004	0.0001	0.0000
6,000	75,000	0.832	0.0278	0.0137	0.0089	0.0042	0.0018	0.0006	0.0001	0.0000
6,000	100,000	0.869	0.0292	0.0144	0.0094	0.0045	0.0020	0.0007	0.0002	0.0000
6,000	150,000	0.914	0.0309	0.0154	0.0100	0.0050	0.0023	0.0009	0.0002	0.0000
6,000	200,000	0.939	0.0319	0.0159	0.0104	0.0053	0.0025	0.0010	0.0003	0.0001
6,000	250,000	0.954	0.0326	0.0163	0.0107	0.0055	0.0027	0.0011	0.0003	0.0001
6,000	None	1.000	0.0349	0.0179	0.0119	0.0065	0.0035	0.0017	0.0007	0.0002
10,000	50,000	0.771	0.0254	0.0124	0.0080	0.0036	0.0014	0.0003	0.0000	0.0000
10,000	75,000	0.832	0.0276	0.0134	0.0087	0.0040	0.0016	0.0004	0.0000	0.0000
10,000	100,000	0.869	0.0289	0.0141	0.0091	0.0042	0.0017	0.0004	0.0001	0.0000
10,000	150,000	0.914	0.0305	0.0150	0.0097	0.0046	0.0019	0.0006	0.0001	0.0000
10,000	200,000	0.939	0.0315	0.0155	0.0100	0.0048	0.0021	0.0007	0.0001	0.0000
10,000	250,000	0.954	0.0321	0.0158	0.0103	0.0050	0.0022	0.0007	0.0002	0.0000
10,000	None	1.000	0.0342	0.0171	0.0112	0.0057	0.0028	0.0011	0.0003	0.0001

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 4A MEDIUM COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
10	$ 3,000	0.209	NA	NA	NA	NA	NA	NA	NA	NA
10	5,000	0.278	NA	NA	0.0095	0.0068	0.0049	0.0024	0.0011	0.0004
10	7,500	0.344	0.0249	0.0192	0.0149	0.0112	0.0084	0.0045	0.0023	0.0011
10	10,000	0.398	0.0323	0.0255	0.0203	0.0157	0.0121	0.0069	0.0038	0.0020
25	3,000	0.209	NA	NA	NA	NA	NA	NA	NA	NA
25	5,000	0.278	NA	NA	0.0041	0.0024	0.0014	0.0004	0.0001	0.0000
25	7,500	0.344	0.0145	0.0097	0.0066	0.0041	0.0026	0.0008	0.0003	0.0001
25	10,000	0.398	0.0187	0.0129	0.0090	0.0059	0.0038	0.0014	0.0005	0.0002
50	3,000	0.209	NA	NA	NA	NA	NA	NA	NA	NA
50	5,000	0.278	NA	NA	0.0023	0.0011	0.0005	0.0001	0.0000	0.0000
50	7,500	0.344	0.0105	0.0061	0.0036	0.0019	0.0010	0.0002	0.0000	0.0000
50	10,000	0.398	0.0133	0.0081	0.0050	0.0028	0.0015	0.0003	0.0001	0.0000
100	3,000	0.209	NA	NA	NA	NA	NA	NA	NA	NA
100	5,000	0.278	NA	NA	0.0012	0.0004	0.0001	0.0000	0.0000	0.0000
100	7,500	0.344	0.0080	0.0040	0.0020	0.0007	0.0003	0.0000	0.0000	0.0000
100	10,000	0.398	0.0100	0.0053	0.0027	0.0011	0.0004	0.0000	0.0000	0.0000

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 4B MEDIUM COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
25	$ 15,000	0.484	0.0266	0.0191	0.0139	0.0096	0.0066	0.0028	0.0012	0.0004
25	20,000	0.547	0.0333	0.0245	0.0183	0.0130	0.0093	0.0043	0.0019	0.0008
25	25,000	0.595	0.0391	0.0294	0.0223	0.0162	0.0118	0.0059	0.0028	0.0012
25	30,000	0.633	0.0443	0.0338	0.0260	0.0194	0.0144	0.0075	0.0038	0.0017
25	40,000	0.687	0.0530	0.0414	0.0326	0.0249	0.0191	0.0106	0.0057	0.0029
25	50,000	0.727	0.0604	0.0480	0.0384	0.0299	0.0234	0.0137	0.0078	0.0042
25	None	1.000	0.1690	0.1537	0.1409	0.1285	0.1178	0.0992	0.0840	0.0711
50	15,000	0.484	0.0186	0.0119	0.0077	0.0045	0.0027	0.0007	0.0002	0.0000
50	20,000	0.547	0.0230	0.0152	0.0101	0.0062	0.0038	0.0012	0.0004	0.0001
50	25,000	0.595	0.0268	0.0181	0.0123	0.0078	0.0050	0.0017	0.0006	0.0001
50	30,000	0.633	0.0303	0.0208	0.0144	0.0094	0.0061	0.0022	0.0008	0.0002
50	40,000	0.687	0.0360	0.0254	0.0181	0.0122	0.0082	0.0033	0.0013	0.0004
50	50,000	0.727	0.0409	0.0295	0.0215	0.0149	0.0103	0.0045	0.0018	0.0007
50	None	1.000	0.1212	0.1054	0.0926	0.0807	0.0706	0.0540	0.0414	0.0316
100	15,000	0.484	0.0135	0.0075	0.0041	0.0019	0.0009	0.0001	0.0000	0.0000
100	20,000	0.547	0.0164	0.0094	0.0054	0.0027	0.0013	0.0002	0.0000	0.0000
100	25,000	0.595	0.0188	0.0111	0.0065	0.0034	0.0017	0.0003	0.0001	0.0000
100	30,000	0.633	0.0210	0.0126	0.0076	0.0041	0.0022	0.0005	0.0001	0.0000
100	40,000	0.687	0.0246	0.0152	0.0095	0.0053	0.0030	0.0007	0.0002	0.0000
100	50,000	0.727	0.0276	0.0175	0.0111	0.0065	0.0038	0.0010	0.0003	0.0001
100	None	1.000	0.0836	0.0680	0.0560	0.0452	0.0368	0.0239	0.0155	0.0098
200	15,000	0.484	0.0109	0.0053	0.0024	0.0009	0.0003	0.0000	0.0000	0.0000
200	20,000	0.547	0.0130	0.0065	0.0031	0.0012	0.0004	0.0000	0.0000	0.0000
200	25,000	0.595	0.0147	0.0076	0.0038	0.0016	0.0006	0.0000	0.0000	0.0000
200	30,000	0.633	0.0163	0.0085	0.0044	0.0019	0.0008	0.0001	0.0000	0.0000
200	40,000	0.687	0.0187	0.0101	0.0054	0.0025	0.0011	0.0001	0.0000	0.0000
200	50,000	0.727	0.0207	0.0115	0.0063	0.0030	0.0014	0.0002	0.0000	0.0000
200	None	1.000	0.0575	0.0426	0.0320	0.0232	0.0169	0.0086	0.0043	0.0020

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 4C MEDIUM COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
150	$ 25,000	0.595	0.0162	0.0088	0.0047	0.0022	0.0010	0.0001	0.0000	0.0000
150	30,000	0.633	0.0179	0.0100	0.0055	0.0026	0.0012	0.0002	0.0000	0.0000
150	40,000	0.687	0.0208	0.0119	0.0068	0.0034	0.0017	0.0003	0.0000	0.0000
150	50,000	0.727	0.0232	0.0136	0.0080	0.0042	0.0022	0.0004	0.0001	0.0000
150	60,000	0.758	0.0253	0.0152	0.0092	0.0050	0.0027	0.0006	0.0001	0.0000
150	75,000	0.793	0.0281	0.0173	0.0108	0.0061	0.0034	0.0008	0.0002	0.0000
150	None	1.000	0.0676	0.0522	0.0410	0.0312	0.0240	0.0137	0.0078	0.0042
200	25,000	0.595	0.0147	0.0076	0.0038	0.0016	0.0006	0.0000	0.0000	0.0000
200	30,000	0.633	0.0163	0.0085	0.0044	0.0019	0.0008	0.0001	0.0000	0.0000
200	40,000	0.687	0.0187	0.0101	0.0054	0.0025	0.0011	0.0001	0.0000	0.0000
200	50,000	0.727	0.0207	0.0115	0.0063	0.0030	0.0014	0.0002	0.0000	0.0000
200	60,000	0.758	0.0225	0.0128	0.0072	0.0036	0.0017	0.0003	0.0000	0.0000
200	75,000	0.793	0.0249	0.0145	0.0085	0.0044	0.0022	0.0004	0.0001	0.0000
200	None	1.000	0.0575	0.0426	0.0320	0.0232	0.0169	0.0086	0.0043	0.0020
250	25,000	0.595	0.0137	0.0066	0.0031	0.0012	0.0004	0.0000	0.0000	0.0000
250	30,000	0.633	0.0151	0.0075	0.0036	0.0014	0.0005	0.0000	0.0000	0.0000
250	40,000	0.687	0.0172	0.0088	0.0044	0.0019	0.0007	0.0001	0.0000	0.0000
250	50,000	0.727	0.0190	0.0100	0.0052	0.0023	0.0010	0.0001	0.0000	0.0000
250	60,000	0.758	0.0206	0.0111	0.0059	0.0027	0.0012	0.0001	0.0000	0.0000
250	75,000	0.793	0.0226	0.0125	0.0069	0.0033	0.0015	0.0002	0.0000	0.0000
250	None	1.000	0.0507	0.0361	0.0262	0.0181	0.0126	0.0057	0.0025	0.0011
300	25,000	0.595	0.0130	0.0061	0.0027	0.0009	0.0003	0.0000	0.0000	0.0000
300	30,000	0.633	0.0143	0.0068	0.0031	0.0011	0.0004	0.0000	0.0000	0.0000
300	40,000	0.687	0.0162	0.0080	0.0038	0.0015	0.0005	0.0000	0.0000	0.0000
300	50,000	0.727	0.0179	0.0091	0.0045	0.0018	0.0007	0.0001	0.0000	0.0000
300	60,000	0.758	0.0193	0.0100	0.0051	0.0022	0.0009	0.0001	0.0000	0.0000
300	75,000	0.793	0.0211	0.0113	0.0060	0.0027	0.0011	0.0001	0.0000	0.0000
300	None	1.000	0.0461	0.0319	0.0225	0.0150	0.0101	0.0042	0.0017	0.0007

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 4D MEDIUM COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105%	110%	115%	120%	125%	130%	135%	140%
300	$ 50,000	0.727	0.0300	0.0179	0.0091	0.0045	0.0018	0.0007	0.0002	0.0001
300	60,000	0.758	0.0320	0.0193	0.0100	0.0051	0.0022	0.0009	0.0003	0.0001
300	75,000	0.793	0.0345	0.0211	0.0113	0.0060	0.0027	0.0011	0.0004	0.0001
300	100,000	0.836	0.0378	0.0236	0.0130	0.0072	0.0034	0.0016	0.0007	0.0002
300	125,000	0.865	0.0404	0.0257	0.0146	0.0083	0.0041	0.0020	0.0009	0.0003
300	150,000	0.887	0.0426	0.0274	0.0159	0.0093	0.0048	0.0024	0.0011	0.0004
300	None	1.000	0.0637	0.0461	0.0319	0.0225	0.0150	0.0101	0.0066	0.0042
500	50,000	0.727	0.0276	0.0154	0.0069	0.0029	0.0009	0.0002	0.0001	0.0000
500	60,000	0.758	0.0292	0.0164	0.0076	0.0033	0.0011	0.0003	0.0001	0.0000
500	75,000	0.793	0.0312	0.0178	0.0085	0.0038	0.0013	0.0004	0.0001	0.0000
500	100,000	0.836	0.0338	0.0196	0.0097	0.0046	0.0018	0.0006	0.0002	0.0000
500	125,000	0.865	0.0358	0.0211	0.0107	0.0053	0.0021	0.0008	0.0003	0.0001
500	150,000	0.887	0.0375	0.0224	0.0116	0.0059	0.0025	0.0010	0.0004	0.0001
500	None	1.000	0.0528	0.0355	0.0222	0.0142	0.0083	0.0049	0.0028	0.0015
750	50,000	0.727	0.0263	0.0141	0.0058	0.0020	0.0005	0.0001	0.0000	0.0000
750	60,000	0.758	0.0278	0.0150	0.0063	0.0023	0.0006	0.0001	0.0000	0.0000
750	75,000	0.793	0.0295	0.0161	0.0070	0.0027	0.0007	0.0002	0.0000	0.0000
750	100,000	0.836	0.0318	0.0176	0.0079	0.0032	0.0010	0.0002	0.0000	0.0000
750	125,000	0.865	0.0335	0.0188	0.0087	0.0037	0.0012	0.0003	0.0001	0.0000
750	150,000	0.887	0.0349	0.0198	0.0094	0.0042	0.0015	0.0005	0.0001	0.0000
750	None	1.000	0.0471	0.0299	0.0172	0.0100	0.0052	0.0027	0.0013	0.0005
1,000	50,000	0.727	0.0257	0.0135	0.0052	0.0016	0.0003	0.0000	0.0000	0.0000
1,000	60,000	0.758	0.0271	0.0143	0.0056	0.0018	0.0004	0.0000	0.0000	0.0000
1,000	75,000	0.793	0.0287	0.0153	0.0062	0.0021	0.0005	0.0001	0.0000	0.0000
1,000	100,000	0.836	0.0307	0.0166	0.0070	0.0025	0.0006	0.0001	0.0000	0.0000
1,000	125,000	0.865	0.0323	0.0176	0.0076	0.0029	0.0008	0.0002	0.0000	0.0000
1,000	150,000	0.887	0.0335	0.0185	0.0082	0.0033	0.0010	0.0002	0.0000	0.0000
1,000	None	1.000	0.0437	0.0266	0.0144	0.0077	0.0036	0.0016	0.0007	0.0002

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 4E MEDIUM COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105.0%	110.0%	112.5%	115.0%	117.5%	120.0%	122.5%	125.0%
1,000	$ 50,000	0.727	0.0257	0.0135	0.0091	0.0052	0.0030	0.0016	0.0007	0.0003
1,000	75,000	0.793	0.0287	0.0153	0.0105	0.0062	0.0038	0.0021	0.0010	0.0005
1,000	100,000	0.836	0.0307	0.0166	0.0115	0.0070	0.0044	0.0025	0.0013	0.0006
1,000	150,000	0.887	0.0335	0.0185	0.0130	0.0082	0.0053	0.0033	0.0018	0.0010
1,000	200,000	0.918	0.0354	0.0199	0.0141	0.0091	0.0061	0.0039	0.0022	0.0013
1,000	250,000	0.938	0.0368	0.0209	0.0150	0.0099	0.0067	0.0044	0.0025	0.0015
1,000	None	1.000	0.0437	0.0266	0.0200	0.0144	0.0106	0.0077	0.0052	0.0036
3,000	50,000	0.727	0.0244	0.0121	0.0079	0.0039	0.0018	0.0006	0.0002	0.0000
3,000	75,000	0.793	0.0270	0.0135	0.0088	0.0045	0.0022	0.0008	0.0002	0.0000
3,000	100,000	0.836	0.0286	0.0144	0.0095	0.0049	0.0025	0.0010	0.0003	0.0001
3,000	150,000	0.887	0.0307	0.0156	0.0103	0.0055	0.0029	0.0013	0.0005	0.0001
3,000	200,000	0.918	0.0320	0.0164	0.0109	0.0059	0.0032	0.0015	0.0006	0.0002
3,000	250,000	0.938	0.0329	0.0170	0.0114	0.0063	0.0035	0.0017	0.0007	0.0003
3,000	None	1.000	0.0367	0.0197	0.0136	0.0081	0.0050	0.0029	0.0015	0.0007
6,000	50,000	0.727	0.0241	0.0117	0.0076	0.0035	0.0014	0.0003	0.0000	0.0000
6,000	75,000	0.793	0.0264	0.0130	0.0084	0.0039	0.0017	0.0005	0.0001	0.0000
6,000	100,000	0.836	0.0280	0.0138	0.0089	0.0043	0.0019	0.0006	0.0001	0.0000
6,000	150,000	0.887	0.0299	0.0148	0.0096	0.0047	0.0021	0.0007	0.0002	0.0000
6,000	200,000	0.918	0.0311	0.0155	0.0101	0.0050	0.0023	0.0009	0.0002	0.0000
6,000	250,000	0.938	0.0319	0.0159	0.0104	0.0052	0.0025	0.0010	0.0003	0.0001
6,000	None	1.000	0.0348	0.0178	0.0118	0.0064	0.0034	0.0016	0.0006	0.0002
10,000	50,000	0.727	0.0239	0.0116	0.0075	0.0034	0.0013	0.0002	0.0000	0.0000
10,000	75,000	0.793	0.0262	0.0128	0.0082	0.0037	0.0015	0.0003	0.0000	0.0000
10,000	100,000	0.836	0.0277	0.0135	0.0087	0.0040	0.0016	0.0004	0.0000	0.0000
10,000	150,000	0.887	0.0296	0.0145	0.0093	0.0044	0.0018	0.0005	0.0001	0.0000
10,000	200,000	0.918	0.0307	0.0151	0.0098	0.0046	0.0020	0.0006	0.0001	0.0000
10,000	250,000	0.938	0.0314	0.0155	0.0100	0.0048	0.0021	0.0006	0.0001	0.0000
10,000	None	1.000	0.0341	0.0170	0.0112	0.0056	0.0027	0.0011	0.0003	0.0001

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 5A HIGH COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
10	$ 3,000	0.189	NA	NA	NA	NA	NA	NA	NA	NA
10	5,000	0.253	NA	NA	0.0080	0.0056	0.0040	0.0018	0.0008	0.0003
10	7,500	0.315	0.0216	0.0164	0.0126	0.0093	0.0069	0.0035	0.0017	0.0008
10	10,000	0.366	0.0282	0.0220	0.0173	0.0132	0.0100	0.0055	0.0029	0.0014
25	3,000	0.189	NA	NA	NA	NA	NA	NA	NA	NA
25	5,000	0.253	NA	NA	0.0035	0.0020	0.0011	0.0003	0.0001	0.0000
25	7,500	0.315	0.0126	0.0083	0.0055	0.0034	0.0021	0.0006	0.0002	0.0000
25	10,000	0.366	0.0164	0.0112	0.0076	0.0049	0.0031	0.0011	0.0004	0.0001
50	3,000	0.189	NA	NA	NA	NA	NA	NA	NA	NA
50	5,000	0.253	NA	NA	0.0019	0.0009	0.0004	0.0000	0.0000	0.0000
50	7,500	0.315	0.0092	0.0053	0.0031	0.0015	0.0008	0.0001	0.0000	0.0000
50	10,000	0.366	0.0118	0.0071	0.0043	0.0023	0.0012	0.0002	0.0000	0.0000
100	3,000	0.189	NA	NA	NA	NA	NA	NA	NA	NA
100	5,000	0.253	NA	NA	0.0010	0.0003	0.0001	0.0000	0.0000	0.0000
100	7,500	0.315	0.0072	0.0036	0.0017	0.0006	0.0002	0.0000	0.0000	0.0000
100	10,000	0.366	0.0090	0.0047	0.0023	0.0009	0.0004	0.0000	0.0000	0.0000

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 5B HIGH COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
25	$ 15,000	0.447	0.0236	0.0167	0.0119	0.0081	0.0055	0.0022	0.0009	0.0003
25	20,000	0.510	0.0298	0.0216	0.0159	0.0111	0.0078	0.0035	0.0015	0.0006
25	25,000	0.559	0.0352	0.0261	0.0195	0.0140	0.0101	0.0048	0.0022	0.0009
25	30,000	0.598	0.0400	0.0301	0.0229	0.0168	0.0123	0.0061	0.0029	0.0013
25	40,000	0.656	0.0484	0.0374	0.0291	0.0219	0.0165	0.0089	0.0046	0.0022
25	50,000	0.697	0.0554	0.0435	0.0345	0.0265	0.0204	0.0116	0.0063	0.0032
25	None	1.000	0.1678	0.1524	0.1394	0.1270	0.1162	0.0974	0.0821	0.0691
50	15,000	0.447	0.0166	0.0104	0.0066	0.0038	0.0022	0.0005	0.0001	0.0000
50	20,000	0.510	0.0207	0.0134	0.0088	0.0053	0.0032	0.0009	0.0003	0.0000
50	25,000	0.559	0.0243	0.0161	0.0108	0.0067	0.0042	0.0013	0.0004	0.0001
50	30,000	0.598	0.0275	0.0186	0.0127	0.0081	0.0052	0.0018	0.0006	0.0001
50	40,000	0.656	0.0330	0.0230	0.0161	0.0107	0.0071	0.0027	0.0010	0.0003
50	50,000	0.697	0.0376	0.0267	0.0192	0.0130	0.0088	0.0037	0.0014	0.0005
50	None	1.000	0.1197	0.1038	0.0909	0.0788	0.0687	0.0519	0.0393	0.0294
100	15,000	0.447	0.0122	0.0067	0.0036	0.0016	0.0007	0.0001	0.0000	0.0000
100	20,000	0.510	0.0149	0.0084	0.0047	0.0023	0.0011	0.0002	0.0000	0.0000
100	25,000	0.559	0.0172	0.0100	0.0057	0.0029	0.0014	0.0002	0.0000	0.0000
100	30,000	0.598	0.0193	0.0114	0.0067	0.0035	0.0018	0.0004	0.0001	0.0000
100	40,000	0.656	0.0228	0.0139	0.0085	0.0047	0.0025	0.0006	0.0001	0.0000
100	50,000	0.697	0.0256	0.0159	0.0100	0.0057	0.0032	0.0008	0.0002	0.0000
100	None	1.000	0.0820	0.0663	0.0542	0.0435	0.0350	0.0223	0.0142	0.0087
200	15,000	0.447	0.0100	0.0047	0.0021	0.0007	0.0002	0.0000	0.0000	0.0000
200	20,000	0.510	0.0119	0.0058	0.0027	0.0010	0.0004	0.0000	0.0000	0.0000
200	25,000	0.559	0.0136	0.0068	0.0033	0.0013	0.0005	0.0000	0.0000	0.0000
200	30,000	0.598	0.0150	0.0077	0.0039	0.0016	0.0006	0.0000	0.0000	0.0000
200	40,000	0.656	0.0175	0.0093	0.0049	0.0021	0.0009	0.0001	0.0000	0.0000
200	50,000	0.697	0.0194	0.0106	0.0057	0.0026	0.0012	0.0001	0.0000	0.0000
200	None	1.000	0.0563	0.0413	0.0308	0.0221	0.0159	0.0078	0.0038	0.0017

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 5C HIGH COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
150	$ 25,000	0.559	0.0148	0.0079	0.0042	0.0019	0.0008	0.0001	0.0000	0.0000
150	30,000	0.598	0.0165	0.0090	0.0049	0.0023	0.0010	0.0001	0.0000	0.0000
150	40,000	0.656	0.0193	0.0109	0.0061	0.0030	0.0014	0.0002	0.0000	0.0000
150	50,000	0.697	0.0216	0.0125	0.0072	0.0037	0.0018	0.0003	0.0000	0.0000
150	60,000	0.729	0.0236	0.0139	0.0082	0.0043	0.0023	0.0004	0.0001	0.0000
150	75,000	0.768	0.0263	0.0159	0.0097	0.0053	0.0029	0.0006	0.0001	0.0000
150	None	1.000	0.0662	0.0508	0.0395	0.0299	0.0227	0.0127	0.0070	0.0037
200	25,000	0.559	0.0136	0.0068	0.0033	0.0013	0.0005	0.0000	0.0000	0.0000
200	30,000	0.598	0.0150	0.0077	0.0039	0.0016	0.0006	0.0000	0.0000	0.0000
200	40,000	0.656	0.0175	0.0093	0.0049	0.0021	0.0009	0.0001	0.0000	0.0000
200	50,000	0.697	0.0194	0.0106	0.0057	0.0026	0.0012	0.0001	0.0000	0.0000
200	60,000	0.729	0.0210	0.0117	0.0065	0.0031	0.0014	0.0002	0.0000	0.0000
200	75,000	0.768	0.0233	0.0133	0.0076	0.0038	0.0019	0.0003	0.0000	0.0000
200	None	1.000	0.0563	0.0413	0.0308	0.0221	0.0159	0.0078	0.0038	0.0017
250	25,000	0.559	0.0127	0.0060	0.0027	0.0010	0.0003	0.0000	0.0000	0.0000
250	30,000	0.598	0.0140	0.0068	0.0032	0.0012	0.0004	0.0000	0.0000	0.0000
250	40,000	0.656	0.0161	0.0081	0.0040	0.0016	0.0006	0.0000	0.0000	0.0000
250	50,000	0.697	0.0178	0.0092	0.0047	0.0020	0.0008	0.0001	0.0000	0.0000
250	60,000	0.729	0.0193	0.0102	0.0053	0.0024	0.0010	0.0001	0.0000	0.0000
250	75,000	0.768	0.0213	0.0116	0.0063	0.0029	0.0013	0.0002	0.0000	0.0000
250	None	1.000	0.0496	0.0351	0.0251	0.0172	0.0118	0.0051	0.0022	0.0009
300	25,000	0.559	0.0121	0.0055	0.0023	0.0008	0.0002	0.0000	0.0000	0.0000
300	30,000	0.598	0.0133	0.0062	0.0027	0.0009	0.0003	0.0000	0.0000	0.0000
300	40,000	0.656	0.0152	0.0074	0.0034	0.0013	0.0004	0.0000	0.0000	0.0000
300	50,000	0.697	0.0168	0.0084	0.0040	0.0016	0.0006	0.0000	0.0000	0.0000
300	60,000	0.729	0.0181	0.0092	0.0046	0.0019	0.0007	0.0001	0.0000	0.0000
300	75,000	0.768	0.0199	0.0104	0.0054	0.0023	0.0009	0.0001	0.0000	0.0000
300	None	1.000	0.0451	0.0310	0.0216	0.0142	0.0094	0.0038	0.0014	0.0006

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 5D HIGH COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105%	110%	115%	120%	125%	130%	135%	140%
300	$ 50,000	0.697	0.0285	0.0168	0.0084	0.0040	0.0016	0.0006	0.0002	0.0000
300	60,000	0.729	0.0304	0.0181	0.0092	0.0046	0.0019	0.0007	0.0002	0.0001
300	75,000	0.768	0.0329	0.0199	0.0104	0.0054	0.0023	0.0009	0.0003	0.0001
300	100,000	0.813	0.0361	0.0223	0.0121	0.0065	0.0030	0.0013	0.0005	0.0002
300	125,000	0.845	0.0387	0.0243	0.0135	0.0076	0.0037	0.0017	0.0007	0.0002
300	150,000	0.869	0.0409	0.0260	0.0148	0.0085	0.0043	0.0021	0.0009	0.0003
300	None	1.000	0.0628	0.0451	0.0310	0.0216	0.0142	0.0094	0.0061	0.0038
500	50,000	0.697	0.0263	0.0145	0.0064	0.0026	0.0008	0.0002	0.0000	0.0000
500	60,000	0.729	0.0279	0.0156	0.0070	0.0029	0.0009	0.0002	0.0001	0.0000
500	75,000	0.768	0.0300	0.0169	0.0079	0.0034	0.0012	0.0003	0.0001	0.0000
500	100,000	0.813	0.0325	0.0187	0.0090	0.0042	0.0015	0.0005	0.0001	0.0000
500	125,000	0.845	0.0346	0.0202	0.0100	0.0048	0.0019	0.0007	0.0002	0.0000
500	150,000	0.869	0.0362	0.0214	0.0109	0.0054	0.0022	0.0009	0.0003	0.0001
500	None	1.000	0.0521	0.0348	0.0216	0.0136	0.0079	0.0046	0.0025	0.0013
750	50,000	0.697	0.0252	0.0134	0.0054	0.0018	0.0004	0.0001	0.0000	0.0000
750	60,000	0.729	0.0267	0.0143	0.0059	0.0020	0.0005	0.0001	0.0000	0.0000
750	75,000	0.768	0.0284	0.0154	0.0065	0.0024	0.0006	0.0001	0.0000	0.0000
750	100,000	0.813	0.0307	0.0169	0.0074	0.0029	0.0008	0.0002	0.0000	0.0000
750	125,000	0.845	0.0324	0.0181	0.0082	0.0034	0.0011	0.0003	0.0001	0.0000
750	150,000	0.869	0.0338	0.0191	0.0088	0.0038	0.0013	0.0004	0.0001	0.0000
750	None	1.000	0.0466	0.0294	0.0168	0.0096	0.0049	0.0025	0.0012	0.0005
1,000	50,000	0.697	0.0247	0.0129	0.0049	0.0014	0.0002	0.0000	0.0000	0.0000
1,000	60,000	0.729	0.0261	0.0137	0.0053	0.0016	0.0003	0.0000	0.0000	0.0000
1,000	75,000	0.768	0.0277	0.0147	0.0058	0.0019	0.0004	0.0001	0.0000	0.0000
1,000	100,000	0.813	0.0298	0.0160	0.0066	0.0023	0.0005	0.0001	0.0000	0.0000
1,000	125,000	0.845	0.0313	0.0170	0.0072	0.0027	0.0007	0.0001	0.0000	0.0000
1,000	150,000	0.869	0.0326	0.0178	0.0077	0.0030	0.0008	0.0002	0.0000	0.0000
1,000	None	1.000	0.0433	0.0262	0.0140	0.0074	0.0034	0.0015	0.0006	0.0002

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 5E HIGH COST AREA – No Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105.0%	110.0%	112.5%	115.0%	117.5%	120.0%	122.5%	125.0%
1,000	$ 50,000	0.697	0.0247	0.0129	0.0087	0.0049	0.0028	0.0014	0.0006	0.0002
1,000	75,000	0.768	0.0277	0.0147	0.0100	0.0058	0.0035	0.0019	0.0009	0.0004
1,000	100,000	0.813	0.0298	0.0160	0.0110	0.0066	0.0041	0.0023	0.0011	0.0005
1,000	150,000	0.869	0.0326	0.0178	0.0125	0.0077	0.0050	0.0030	0.0016	0.0008
1,000	200,000	0.902	0.0345	0.0192	0.0135	0.0086	0.0057	0.0036	0.0020	0.0011
1,000	250,000	0.925	0.0360	0.0203	0.0144	0.0094	0.0063	0.0041	0.0023	0.0014
1,000	None	1.000	0.0433	0.0262	0.0197	0.0140	0.0103	0.0074	0.0049	0.0034
3,000	50,000	0.697	0.0235	0.0116	0.0076	0.0037	0.0017	0.0006	0.0001	0.0000
3,000	75,000	0.768	0.0261	0.0130	0.0085	0.0043	0.0020	0.0008	0.0002	0.0000
3,000	100,000	0.813	0.0278	0.0140	0.0092	0.0047	0.0023	0.0009	0.0003	0.0001
3,000	150,000	0.869	0.0300	0.0152	0.0101	0.0053	0.0027	0.0012	0.0004	0.0001
3,000	200,000	0.902	0.0314	0.0160	0.0107	0.0057	0.0031	0.0014	0.0005	0.0002
3,000	250,000	0.925	0.0324	0.0167	0.0111	0.0061	0.0033	0.0016	0.0006	0.0002
3,000	None	1.000	0.0365	0.0195	0.0134	0.0080	0.0049	0.0028	0.0014	0.0007
6,000	50,000	0.697	0.0232	0.0113	0.0073	0.0034	0.0013	0.0003	0.0000	0.0000
6,000	75,000	0.768	0.0257	0.0126	0.0081	0.0038	0.0016	0.0004	0.0001	0.0000
6,000	100,000	0.813	0.0273	0.0134	0.0087	0.0041	0.0018	0.0005	0.0001	0.0000
6,000	150,000	0.869	0.0293	0.0145	0.0094	0.0045	0.0020	0.0007	0.0002	0.0000
6,000	200,000	0.902	0.0305	0.0151	0.0099	0.0049	0.0022	0.0008	0.0002	0.0000
6,000	250,000	0.925	0.0314	0.0156	0.0102	0.0051	0.0024	0.0009	0.0002	0.0000
6,000	None	1.000	0.0348	0.0177	0.0118	0.0063	0.0034	0.0016	0.0006	0.0002
10,000	50,000	0.697	0.0231	0.0112	0.0072	0.0032	0.0012	0.0002	0.0000	0.0000
10,000	75,000	0.768	0.0255	0.0124	0.0080	0.0036	0.0014	0.0003	0.0000	0.0000
10,000	100,000	0.813	0.0270	0.0132	0.0085	0.0039	0.0015	0.0003	0.0000	0.0000
10,000	150,000	0.869	0.0290	0.0142	0.0091	0.0042	0.0017	0.0004	0.0001	0.0000
10,000	200,000	0.902	0.0302	0.0148	0.0096	0.0045	0.0019	0.0005	0.0001	0.0000
10,000	250,000	0.925	0.0310	0.0152	0.0099	0.0047	0.0020	0.0006	0.0001	0.0000
10,000	None	1.000	0.0341	0.0170	0.0111	0.0056	0.0027	0.0010	0.0003	0.0001

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 6A LOW COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
10	$ 3,000	0.243	NA	NA	0.0073	0.0051	0.0035	0.0016	0.0007	0.0003
10	5,000	0.319	0.0220	0.0168	0.0128	0.0096	0.0071	0.0037	0.0018	0.0008
10	7,500	0.394	0.0318	0.0251	0.0200	0.0154	0.0119	0.0068	0.0038	0.0019
10	10,000	0.454	0.0410	0.0331	0.0270	0.0214	0.0169	0.0103	0.0061	0.0034
25	3,000	0.243	NA	NA	0.0031	0.0018	0.0010	0.0002	0.0001	0.0000
25	5,000	0.319	0.0129	0.0085	0.0057	0.0035	0.0021	0.0007	0.0002	0.0000
25	7,500	0.394	0.0185	0.0128	0.0089	0.0058	0.0038	0.0014	0.0005	0.0002
25	10,000	0.454	0.0238	0.0169	0.0121	0.0083	0.0056	0.0023	0.0009	0.0003
50	3,000	0.243	NA	NA	0.0017	0.0008	0.0003	0.0000	0.0000	0.0000
50	5,000	0.319	0.0093	0.0054	0.0031	0.0016	0.0008	0.0001	0.0000	0.0000
50	7,500	0.394	0.0131	0.0080	0.0049	0.0027	0.0015	0.0003	0.0001	0.0000
50	10,000	0.454	0.0166	0.0105	0.0067	0.0039	0.0022	0.0006	0.0001	0.0000
100	3,000	0.243	NA	NA	0.0009	0.0003	0.0001	0.0000	0.0000	0.0000
100	5,000	0.319	0.0073	0.0036	0.0016	0.0006	0.0002	0.0000	0.0000	0.0000
100	7,500	0.394	0.0098	0.0052	0.0027	0.0011	0.0004	0.0000	0.0000	0.0000
100	10,000	0.454	0.0122	0.0067	0.0036	0.0016	0.0007	0.0001	0.0000	0.0000

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 6B LOW COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
25	$ 15,000	0.541	0.0328	0.0242	0.0180	0.0128	0.0091	0.0043	0.0019	0.0008
25	20,000	0.603	0.0404	0.0305	0.0233	0.0171	0.0125	0.0063	0.0031	0.0014
25	25,000	0.648	0.0469	0.0361	0.0281	0.0211	0.0158	0.0084	0.0043	0.0021
25	30,000	0.682	0.0524	0.0410	0.0322	0.0246	0.0188	0.0105	0.0056	0.0028
25	40,000	0.733	0.0620	0.0495	0.0398	0.0312	0.0245	0.0145	0.0084	0.0046
25	50,000	0.771	0.0704	0.0570	0.0466	0.0372	0.0297	0.0184	0.0112	0.0065
25	None	1.000	0.1693	0.1542	0.1416	0.1294	0.1189	0.1006	0.0856	0.0730
50	15,000	0.541	0.0227	0.0150	0.0100	0.0061	0.0038	0.0012	0.0003	0.0001
50	20,000	0.603	0.0277	0.0188	0.0129	0.0083	0.0053	0.0019	0.0006	0.0002
50	25,000	0.648	0.0320	0.0222	0.0156	0.0103	0.0067	0.0026	0.0009	0.0003
50	30,000	0.682	0.0356	0.0251	0.0179	0.0121	0.0081	0.0033	0.0013	0.0004
50	40,000	0.733	0.0420	0.0305	0.0223	0.0156	0.0108	0.0048	0.0020	0.0008
50	50,000	0.771	0.0476	0.0353	0.0263	0.0188	0.0135	0.0064	0.0029	0.0012
50	None	1.000	0.1214	0.1060	0.0936	0.0819	0.0721	0.0559	0.0437	0.0341
100	15,000	0.541	0.0162	0.0093	0.0053	0.0026	0.0013	0.0002	0.0000	0.0000
100	20,000	0.603	0.0194	0.0115	0.0068	0.0036	0.0019	0.0004	0.0001	0.0000
100	25,000	0.648	0.0221	0.0134	0.0082	0.0045	0.0024	0.0005	0.0001	0.0000
100	30,000	0.682	0.0243	0.0150	0.0094	0.0053	0.0029	0.0007	0.0002	0.0000
100	40,000	0.733	0.0282	0.0180	0.0116	0.0068	0.0040	0.0011	0.0003	0.0001
100	50,000	0.771	0.0317	0.0207	0.0137	0.0084	0.0051	0.0016	0.0005	0.0001
100	None	1.000	0.0823	0.0676	0.0562	0.0460	0.0379	0.0254	0.0170	0.0111
200	15,000	0.541	0.0129	0.0064	0.0031	0.0012	0.0004	0.0000	0.0000	0.0000
200	20,000	0.603	0.0151	0.0078	0.0039	0.0016	0.0006	0.0001	0.0000	0.0000
200	25,000	0.648	0.0170	0.0090	0.0047	0.0021	0.0009	0.0001	0.0000	0.0000
200	30,000	0.682	0.0185	0.0100	0.0053	0.0024	0.0011	0.0001	0.0000	0.0000
200	40,000	0.733	0.0211	0.0118	0.0066	0.0032	0.0015	0.0002	0.0000	0.0000
200	50,000	0.771	0.0234	0.0134	0.0077	0.0039	0.0019	0.0003	0.0000	0.0000
200	None	1.000	0.0543	0.0409	0.0313	0.0231	0.0173	0.0092	0.0048	0.0024

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 6C LOW COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
150	$ 25,000	0.648	0.0188	0.0106	0.0059	0.0029	0.0014	0.0002	0.0000	0.0000
150	30,000	0.682	0.0206	0.0118	0.0068	0.0034	0.0017	0.0003	0.0000	0.0000
150	40,000	0.733	0.0237	0.0140	0.0083	0.0044	0.0023	0.0005	0.0001	0.0000
150	50,000	0.771	0.0264	0.0160	0.0098	0.0054	0.0029	0.0007	0.0001	0.0000
150	60,000	0.799	0.0287	0.0178	0.0111	0.0063	0.0036	0.0009	0.0002	0.0000
150	75,000	0.832	0.0317	0.0202	0.0130	0.0077	0.0045	0.0012	0.0003	0.0001
150	None	1.000	0.0653	0.0512	0.0407	0.0316	0.0247	0.0148	0.0088	0.0050
200	25,000	0.648	0.0170	0.0090	0.0047	0.0021	0.0009	0.0001	0.0000	0.0000
200	30,000	0.682	0.0185	0.0100	0.0053	0.0024	0.0011	0.0001	0.0000	0.0000
200	40,000	0.733	0.0211	0.0118	0.0066	0.0032	0.0015	0.0002	0.0000	0.0000
200	50,000	0.771	0.0234	0.0134	0.0077	0.0039	0.0019	0.0003	0.0000	0.0000
200	60,000	0.799	0.0253	0.0148	0.0087	0.0046	0.0023	0.0004	0.0001	0.0000
200	75,000	0.832	0.0278	0.0168	0.0102	0.0055	0.0030	0.0006	0.0001	0.0000
200	None	1.000	0.0543	0.0409	0.0313	0.0231	0.0173	0.0092	0.0048	0.0024
250	25,000	0.648	0.0157	0.0079	0.0039	0.0015	0.0006	0.0000	0.0000	0.0000
250	30,000	0.682	0.0171	0.0088	0.0044	0.0018	0.0007	0.0001	0.0000	0.0000
250	40,000	0.733	0.0194	0.0103	0.0054	0.0024	0.0010	0.0001	0.0000	0.0000
250	50,000	0.771	0.0213	0.0117	0.0063	0.0030	0.0013	0.0002	0.0000	0.0000
250	60,000	0.799	0.0230	0.0128	0.0072	0.0035	0.0016	0.0002	0.0000	0.0000
250	75,000	0.832	0.0251	0.0144	0.0083	0.0042	0.0021	0.0003	0.0000	0.0000
250	None	1.000	0.0471	0.0343	0.0253	0.0179	0.0128	0.0061	0.0029	0.0013
300	25,000	0.648	0.0148	0.0072	0.0033	0.0012	0.0004	0.0000	0.0000	0.0000
300	30,000	0.682	0.0161	0.0079	0.0038	0.0015	0.0005	0.0000	0.0000	0.0000
300	40,000	0.733	0.0182	0.0093	0.0046	0.0019	0.0007	0.0001	0.0000	0.0000
300	50,000	0.771	0.0199	0.0105	0.0054	0.0024	0.0010	0.0001	0.0000	0.0000
300	60,000	0.799	0.0214	0.0115	0.0061	0.0028	0.0012	0.0001	0.0000	0.0000
300	75,000	0.832	0.0233	0.0129	0.0071	0.0034	0.0016	0.0002	0.0000	0.0000
300	None	1.000	0.0417	0.0298	0.0215	0.0148	0.0102	0.0045	0.0019	0.0008

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 6D LOW COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105%	110%	115%	120%	125%	130%	135%	140%
300	$ 50,000	0.771	0.0329	0.0199	0.0105	0.0054	0.0024	0.0010	0.0004	0.0001
300	60,000	0.799	0.0349	0.0214	0.0115	0.0061	0.0028	0.0012	0.0005	0.0001
300	75,000	0.832	0.0373	0.0233	0.0129	0.0071	0.0034	0.0016	0.0006	0.0002
300	100,000	0.869	0.0404	0.0259	0.0148	0.0085	0.0043	0.0021	0.0010	0.0004
300	125,000	0.895	0.0428	0.0279	0.0165	0.0098	0.0051	0.0027	0.0013	0.0005
300	150,000	0.914	0.0447	0.0296	0.0179	0.0109	0.0059	0.0032	0.0016	0.0007
300	None	1.000	0.0560	0.0417	0.0298	0.0215	0.0148	0.0102	0.0069	0.0045
500	50,000	0.771	0.0294	0.0168	0.0079	0.0035	0.0012	0.0004	0.0001	0.0000
500	60,000	0.799	0.0307	0.0178	0.0086	0.0039	0.0014	0.0005	0.0001	0.0000
500	75,000	0.832	0.0321	0.0190	0.0095	0.0045	0.0017	0.0006	0.0002	0.0000
500	100,000	0.869	0.0338	0.0206	0.0107	0.0054	0.0022	0.0009	0.0003	0.0001
500	125,000	0.895	0.0350	0.0217	0.0117	0.0061	0.0027	0.0011	0.0004	0.0001
500	150,000	0.914	0.0360	0.0227	0.0125	0.0068	0.0031	0.0014	0.0005	0.0002
500	None	1.000	0.0406	0.0285	0.0188	0.0124	0.0076	0.0047	0.0028	0.0015
750	50,000	0.771	0.0260	0.0148	0.0065	0.0024	0.0006	0.0001	0.0000	0.0000
750	60,000	0.799	0.0267	0.0155	0.0070	0.0027	0.0008	0.0002	0.0000	0.0000
750	75,000	0.832	0.0274	0.0162	0.0076	0.0032	0.0010	0.0002	0.0000	0.0000
750	100,000	0.869	0.0282	0.0171	0.0084	0.0037	0.0013	0.0004	0.0001	0.0000
750	125,000	0.895	0.0287	0.0177	0.0090	0.0042	0.0016	0.0005	0.0001	0.0000
750	150,000	0.914	0.0291	0.0182	0.0095	0.0047	0.0018	0.0006	0.0002	0.0000
750	None	1.000	0.0309	0.0211	0.0131	0.0081	0.0044	0.0024	0.0012	0.0006
1,000	50,000	0.771	0.0227	0.0133	0.0057	0.0019	0.0004	0.0001	0.0000	0.0000
1,000	60,000	0.799	0.0231	0.0137	0.0060	0.0021	0.0005	0.0001	0.0000	0.0000
1,000	75,000	0.832	0.0234	0.0141	0.0065	0.0024	0.0006	0.0001	0.0000	0.0000
1,000	100,000	0.869	0.0238	0.0146	0.0070	0.0029	0.0008	0.0002	0.0000	0.0000
1,000	125,000	0.895	0.0241	0.0149	0.0074	0.0032	0.0010	0.0003	0.0001	0.0000
1,000	150,000	0.914	0.0242	0.0152	0.0077	0.0035	0.0012	0.0003	0.0001	0.0000
1,000	None	1.000	0.0250	0.0169	0.0101	0.0058	0.0029	0.0014	0.0006	0.0002

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 6E LOW COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105.0%	110.0%	112.5%	115.0%	117.5%	120.0%	122.5%	125.0%
1,000	$ 50,000	0.771	0.0227	0.0133	0.0093	0.0057	0.0034	0.0019	0.0009	0.0004
1,000	75,000	0.832	0.0234	0.0141	0.0101	0.0065	0.0041	0.0024	0.0012	0.0006
1,000	100,000	0.869	0.0238	0.0146	0.0106	0.0070	0.0046	0.0029	0.0015	0.0008
1,000	150,000	0.914	0.0242	0.0152	0.0113	0.0077	0.0053	0.0035	0.0020	0.0012
1,000	200,000	0.939	0.0245	0.0156	0.0117	0.0082	0.0058	0.0039	0.0024	0.0015
1,000	250,000	0.954	0.0246	0.0158	0.0120	0.0086	0.0062	0.0043	0.0026	0.0017
1,000	None	1.000	0.0250	0.0169	0.0132	0.0101	0.0077	0.0058	0.0041	0.0029
3,000	50,000	0.771	0.0100	0.0066	0.0049	0.0031	0.0017	0.0007	0.0002	0.0000
3,000	75,000	0.832	0.0100	0.0066	0.0049	0.0032	0.0018	0.0009	0.0003	0.0001
3,000	100,000	0.869	0.0100	0.0066	0.0050	0.0033	0.0019	0.0010	0.0004	0.0001
3,000	150,000	0.914	0.0100	0.0067	0.0050	0.0034	0.0021	0.0011	0.0005	0.0002
3,000	200,000	0.939	0.0100	0.0067	0.0050	0.0034	0.0022	0.0012	0.0005	0.0002
3,000	250,000	0.954	0.0100	0.0067	0.0051	0.0035	0.0022	0.0013	0.0006	0.0003
3,000	None	1.000	0.0100	0.0067	0.0051	0.0036	0.0025	0.0016	0.0009	0.0005
6,000	50,000	0.771	0.0053	0.0036	0.0027	0.0019	0.0010	0.0003	0.0001	0.0000
6,000	75,000	0.832	0.0053	0.0036	0.0027	0.0019	0.0011	0.0004	0.0001	0.0000
6,000	100,000	0.869	0.0053	0.0036	0.0027	0.0019	0.0011	0.0004	0.0001	0.0000
6,000	150,000	0.914	0.0053	0.0036	0.0027	0.0019	0.0011	0.0005	0.0002	0.0000
6,000	200,000	0.939	0.0053	0.0036	0.0027	0.0019	0.0011	0.0005	0.0002	0.0000
6,000	250,000	0.954	0.0053	0.0036	0.0027	0.0019	0.0012	0.0006	0.0002	0.0001
6,000	None	1.000	0.0053	0.0036	0.0027	0.0019	0.0012	0.0007	0.0003	0.0001
10,000	50,000	0.771	0.0033	0.0022	0.0017	0.0012	0.0007	0.0002	0.0000	0.0000
10,000	75,000	0.832	0.0033	0.0022	0.0017	0.0012	0.0007	0.0002	0.0000	0.0000
10,000	100,000	0.869	0.0033	0.0022	0.0017	0.0012	0.0007	0.0002	0.0000	0.0000
10,000	150,000	0.914	0.0033	0.0022	0.0017	0.0012	0.0007	0.0003	0.0001	0.0000
10,000	200,000	0.939	0.0033	0.0022	0.0017	0.0012	0.0007	0.0003	0.0001	0.0000
10,000	250,000	0.954	0.0033	0.0022	0.0017	0.0012	0.0007	0.0003	0.0001	0.0000
10,000	None	1.000	0.0033	0.0022	0.0017	0.0012	0.0007	0.0004	0.0001	0.0000

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 7A MEDIUM COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
10	$ 3,000	0.209	NA	NA	NA	NA	NA	NA	NA	NA
10	5,000	0.278	NA	NA	0.0095	0.0068	0.0049	0.0024	0.0011	0.0004
10	7,500	0.344	0.0249	0.0192	0.0149	0.0112	0.0084	0.0045	0.0023	0.0011
10	10,000	0.398	0.0323	0.0255	0.0203	0.0157	0.0121	0.0069	0.0038	0.0020
25	3,000	0.209	NA	NA	NA	NA	NA	NA	NA	NA
25	5,000	0.278	NA	NA	0.0041	0.0024	0.0014	0.0004	0.0001	0.0000
25	7,500	0.344	0.0145	0.0097	0.0066	0.0041	0.0026	0.0008	0.0003	0.0001
25	10,000	0.398	0.0187	0.0129	0.0090	0.0059	0.0038	0.0014	0.0005	0.0002
50	3,000	0.209	NA	NA	NA	NA	NA	NA	NA	NA
50	5,000	0.278	NA	NA	0.0023	0.0011	0.0005	0.0001	0.0000	0.0000
50	7,500	0.344	0.0105	0.0061	0.0036	0.0019	0.0010	0.0002	0.0000	0.0000
50	10,000	0.398	0.0133	0.0081	0.0050	0.0028	0.0015	0.0003	0.0001	0.0000
100	3,000	0.209	NA	NA	NA	NA	NA	NA	NA	NA
100	5,000	0.278	NA	NA	0.0012	0.0004	0.0001	0.0000	0.0000	0.0000
100	7,500	0.344	0.0080	0.0040	0.0020	0.0007	0.0003	0.0000	0.0000	0.0000
100	10,000	0.398	0.0100	0.0053	0.0027	0.0011	0.0004	0.0000	0.0000	0.0000

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 7B MEDIUM COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
25	$ 15,000	0.484	0.0266	0.0191	0.0139	0.0096	0.0066	0.0028	0.0012	0.0004
25	20,000	0.547	0.0333	0.0245	0.0183	0.0130	0.0093	0.0043	0.0019	0.0008
25	25,000	0.595	0.0391	0.0294	0.0223	0.0162	0.0118	0.0059	0.0028	0.0012
25	30,000	0.633	0.0443	0.0338	0.0260	0.0194	0.0144	0.0075	0.0038	0.0017
25	40,000	0.687	0.0530	0.0414	0.0326	0.0249	0.0191	0.0106	0.0057	0.0029
25	50,000	0.727	0.0604	0.0480	0.0384	0.0299	0.0234	0.0137	0.0078	0.0042
25	None	1.000	0.1666	0.1515	0.1388	0.1266	0.1160	0.0976	0.0826	0.0699
50	15,000	0.484	0.0186	0.0119	0.0077	0.0045	0.0027	0.0007	0.0002	0.0000
50	20,000	0.547	0.0230	0.0152	0.0101	0.0062	0.0038	0.0012	0.0004	0.0001
50	25,000	0.595	0.0268	0.0181	0.0123	0.0078	0.0050	0.0017	0.0006	0.0001
50	30,000	0.633	0.0303	0.0208	0.0144	0.0094	0.0061	0.0022	0.0008	0.0002
50	40,000	0.687	0.0360	0.0254	0.0181	0.0122	0.0082	0.0033	0.0013	0.0004
50	50,000	0.727	0.0409	0.0295	0.0215	0.0149	0.0103	0.0045	0.0018	0.0007
50	None	1.000	0.1179	0.1027	0.0903	0.0787	0.0689	0.0528	0.0406	0.0311
100	15,000	0.484	0.0135	0.0075	0.0041	0.0019	0.0009	0.0001	0.0000	0.0000
100	20,000	0.547	0.0164	0.0094	0.0054	0.0027	0.0013	0.0002	0.0000	0.0000
100	25,000	0.595	0.0188	0.0111	0.0065	0.0034	0.0017	0.0003	0.0001	0.0000
100	30,000	0.633	0.0210	0.0126	0.0076	0.0041	0.0022	0.0005	0.0001	0.0000
100	40,000	0.687	0.0246	0.0152	0.0095	0.0053	0.0030	0.0007	0.0002	0.0000
100	50,000	0.727	0.0276	0.0175	0.0111	0.0065	0.0038	0.0010	0.0003	0.0001
100	None	1.000	0.0783	0.0638	0.0527	0.0427	0.0348	0.0227	0.0147	0.0093
200	15,000	0.484	0.0109	0.0053	0.0024	0.0009	0.0003	0.0000	0.0000	0.0000
200	20,000	0.547	0.0130	0.0065	0.0031	0.0012	0.0004	0.0000	0.0000	0.0000
200	25,000	0.595	0.0147	0.0076	0.0038	0.0016	0.0006	0.0000	0.0000	0.0000
200	30,000	0.633	0.0163	0.0085	0.0044	0.0019	0.0008	0.0001	0.0000	0.0000
200	40,000	0.687	0.0187	0.0101	0.0054	0.0025	0.0011	0.0001	0.0000	0.0000
200	50,000	0.727	0.0207	0.0115	0.0063	0.0030	0.0014	0.0002	0.0000	0.0000
200	None	1.000	0.0499	0.0375	0.0284	0.0208	0.0153	0.0078	0.0039	0.0018

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 7C MEDIUM COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
150	$ 25,000	0.595	0.0162	0.0088	0.0047	0.0022	0.0010	0.0001	0.0000	0.0000
150	30,000	0.633	0.0179	0.0100	0.0055	0.0026	0.0012	0.0002	0.0000	0.0000
150	40,000	0.687	0.0208	0.0119	0.0068	0.0034	0.0017	0.0003	0.0000	0.0000
150	50,000	0.727	0.0232	0.0136	0.0080	0.0042	0.0022	0.0004	0.0001	0.0000
150	60,000	0.758	0.0253	0.0152	0.0092	0.0050	0.0027	0.0006	0.0001	0.0000
150	75,000	0.793	0.0281	0.0173	0.0108	0.0061	0.0034	0.0008	0.0002	0.0000
150	None	1.000	0.0609	0.0474	0.0374	0.0286	0.0221	0.0127	0.0073	0.0040
200	25,000	0.595	0.0147	0.0076	0.0038	0.0016	0.0006	0.0000	0.0000	0.0000
200	30,000	0.633	0.0163	0.0085	0.0044	0.0019	0.0008	0.0001	0.0000	0.0000
200	40,000	0.687	0.0187	0.0101	0.0054	0.0025	0.0011	0.0001	0.0000	0.0000
200	50,000	0.727	0.0207	0.0115	0.0063	0.0030	0.0014	0.0002	0.0000	0.0000
200	60,000	0.758	0.0225	0.0128	0.0072	0.0036	0.0017	0.0003	0.0000	0.0000
200	75,000	0.793	0.0248	0.0145	0.0085	0.0044	0.0022	0.0004	0.0001	0.0000
200	None	1.000	0.0499	0.0375	0.0284	0.0208	0.0153	0.0078	0.0039	0.0018
250	25,000	0.595	0.0137	0.0066	0.0031	0.0012	0.0004	0.0000	0.0000	0.0000
250	30,000	0.633	0.0151	0.0075	0.0036	0.0014	0.0005	0.0000	0.0000	0.0000
250	40,000	0.687	0.0172	0.0088	0.0044	0.0019	0.0007	0.0001	0.0000	0.0000
250	50,000	0.727	0.0190	0.0100	0.0052	0.0023	0.0010	0.0001	0.0000	0.0000
250	60,000	0.758	0.0205	0.0111	0.0059	0.0027	0.0012	0.0001	0.0000	0.0000
250	75,000	0.793	0.0225	0.0125	0.0069	0.0033	0.0015	0.0002	0.0000	0.0000
250	None	1.000	0.0428	0.0311	0.0228	0.0160	0.0112	0.0051	0.0023	0.0010
300	25,000	0.595	0.0130	0.0061	0.0027	0.0009	0.0003	0.0000	0.0000	0.0000
300	30,000	0.633	0.0143	0.0068	0.0031	0.0011	0.0004	0.0000	0.0000	0.0000
300	40,000	0.687	0.0162	0.0080	0.0038	0.0015	0.0005	0.0000	0.0000	0.0000
300	50,000	0.727	0.0178	0.0090	0.0045	0.0018	0.0007	0.0001	0.0000	0.0000
300	60,000	0.758	0.0192	0.0100	0.0051	0.0022	0.0009	0.0001	0.0000	0.0000
300	75,000	0.793	0.0210	0.0112	0.0059	0.0027	0.0011	0.0001	0.0000	0.0000
300	None	1.000	0.0375	0.0267	0.0191	0.0130	0.0089	0.0038	0.0015	0.0006

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 7D MEDIUM COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105%	110%	115%	120%	125%	130%	135%	140%
300	$ 50,000	0.727	0.0299	0.0178	0.0090	0.0045	0.0018	0.0007	0.0002	0.0001
300	60,000	0.758	0.0317	0.0192	0.0100	0.0051	0.0022	0.0009	0.0003	0.0001
300	75,000	0.793	0.0340	0.0210	0.0112	0.0059	0.0027	0.0011	0.0004	0.0001
300	100,000	0.836	0.0367	0.0232	0.0129	0.0072	0.0034	0.0016	0.0007	0.0002
300	125,000	0.865	0.0387	0.0250	0.0143	0.0082	0.0041	0.0020	0.0009	0.0003
300	150,000	0.887	0.0402	0.0264	0.0155	0.0091	0.0047	0.0024	0.0011	0.0004
300	None	1.000	0.0503	0.0375	0.0267	0.0191	0.0130	0.0089	0.0059	0.0038
500	50,000	0.727	0.0264	0.0151	0.0069	0.0028	0.0009	0.0002	0.0001	0.0000
500	60,000	0.758	0.0275	0.0160	0.0075	0.0032	0.0011	0.0003	0.0001	0.0000
500	75,000	0.793	0.0287	0.0170	0.0083	0.0038	0.0013	0.0004	0.0001	0.0000
500	100,000	0.836	0.0300	0.0182	0.0093	0.0045	0.0017	0.0006	0.0002	0.0000
500	125,000	0.865	0.0309	0.0192	0.0101	0.0051	0.0021	0.0008	0.0003	0.0001
500	150,000	0.887	0.0316	0.0199	0.0108	0.0056	0.0024	0.0010	0.0004	0.0001
500	None	1.000	0.0353	0.0249	0.0163	0.0107	0.0065	0.0039	0.0023	0.0012
750	50,000	0.727	0.0226	0.0131	0.0056	0.0020	0.0005	0.0001	0.0000	0.0000
750	60,000	0.758	0.0231	0.0136	0.0061	0.0022	0.0006	0.0001	0.0000	0.0000
750	75,000	0.793	0.0237	0.0142	0.0066	0.0026	0.0007	0.0002	0.0000	0.0000
750	100,000	0.836	0.0242	0.0148	0.0072	0.0031	0.0010	0.0002	0.0000	0.0000
750	125,000	0.865	0.0245	0.0153	0.0077	0.0035	0.0012	0.0003	0.0001	0.0000
750	150,000	0.887	0.0248	0.0156	0.0081	0.0038	0.0014	0.0004	0.0001	0.0000
750	None	1.000	0.0261	0.0180	0.0112	0.0069	0.0037	0.0020	0.0010	0.0004
1,000	50,000	0.727	0.0192	0.0115	0.0049	0.0016	0.0003	0.0000	0.0000	0.0000
1,000	60,000	0.758	0.0195	0.0118	0.0052	0.0018	0.0004	0.0000	0.0000	0.0000
1,000	75,000	0.793	0.0197	0.0121	0.0056	0.0020	0.0005	0.0001	0.0000	0.0000
1,000	100,000	0.836	0.0200	0.0124	0.0060	0.0023	0.0006	0.0001	0.0000	0.0000
1,000	125,000	0.865	0.0201	0.0127	0.0063	0.0026	0.0008	0.0002	0.0000	0.0000
1,000	150,000	0.887	0.0202	0.0129	0.0065	0.0029	0.0009	0.0002	0.0000	0.0000
1,000	None	1.000	0.0209	0.0142	0.0085	0.0049	0.0024	0.0012	0.0005	0.0002

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 7E MEDIUM COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105.0%	110.0%	112.5%	115.0%	117.5%	120.0%	122.5%	125.0%
1,000	$ 50,000	0.727	0.0192	0.0115	0.0081	0.0049	0.0029	0.0016	0.0007	0.0003
1,000	75,000	0.793	0.0197	0.0121	0.0087	0.0056	0.0035	0.0020	0.0010	0.0005
1,000	100,000	0.836	0.0200	0.0124	0.0091	0.0060	0.0039	0.0023	0.0012	0.0006
1,000	150,000	0.887	0.0202	0.0129	0.0095	0.0065	0.0044	0.0029	0.0016	0.0009
1,000	200,000	0.918	0.0204	0.0131	0.0099	0.0069	0.0048	0.0032	0.0019	0.0011
1,000	250,000	0.938	0.0205	0.0133	0.0101	0.0072	0.0051	0.0035	0.0021	0.0013
1,000	None	1.000	0.0209	0.0142	0.0112	0.0085	0.0065	0.0049	0.0034	0.0024
3,000	50,000	0.727	0.0080	0.0053	0.0040	0.0026	0.0014	0.0006	0.0001	0.0000
3,000	75,000	0.793	0.0080	0.0054	0.0040	0.0027	0.0015	0.0007	0.0002	0.0000
3,000	100,000	0.836	0.0080	0.0054	0.0040	0.0027	0.0016	0.0008	0.0003	0.0001
3,000	150,000	0.887	0.0080	0.0054	0.0041	0.0028	0.0017	0.0009	0.0004	0.0001
3,000	200,000	0.918	0.0080	0.0054	0.0041	0.0028	0.0018	0.0010	0.0004	0.0002
3,000	250,000	0.938	0.0080	0.0054	0.0041	0.0028	0.0018	0.0010	0.0005	0.0002
3,000	None	1.000	0.0080	0.0054	0.0041	0.0029	0.0020	0.0013	0.0007	0.0004
6,000	50,000	0.727	0.0042	0.0029	0.0022	0.0015	0.0009	0.0003	0.0000	0.0000
6,000	75,000	0.793	0.0042	0.0029	0.0022	0.0015	0.0009	0.0003	0.0001	0.0000
6,000	100,000	0.836	0.0042	0.0029	0.0022	0.0015	0.0009	0.0004	0.0001	0.0000
6,000	150,000	0.887	0.0042	0.0029	0.0022	0.0015	0.0009	0.0004	0.0001	0.0000
6,000	200,000	0.918	0.0042	0.0029	0.0022	0.0015	0.0009	0.0004	0.0001	0.0000
6,000	250,000	0.938	0.0042	0.0029	0.0022	0.0015	0.0009	0.0004	0.0002	0.0000
6,000	None	1.000	0.0042	0.0029	0.0022	0.0015	0.0010	0.0005	0.0002	0.0001
10,000	50,000	0.727	0.0026	0.0018	0.0014	0.0009	0.0006	0.0001	0.0000	0.0000
10,000	75,000	0.793	0.0026	0.0018	0.0014	0.0010	0.0006	0.0002	0.0000	0.0000
10,000	100,000	0.836	0.0026	0.0018	0.0014	0.0010	0.0006	0.0002	0.0000	0.0000
10,000	150,000	0.887	0.0026	0.0018	0.0014	0.0010	0.0006	0.0002	0.0000	0.0000
10,000	200,000	0.918	0.0026	0.0018	0.0014	0.0010	0.0006	0.0002	0.0001	0.0000
10,000	250,000	0.938	0.0026	0.0018	0.0014	0.0010	0.0006	0.0002	0.0001	0.0000
10,000	None	1.000	0.0026	0.0018	0.0014	0.0010	0.0006	0.0003	0.0001	0.0000

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 8A HIGH COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
10	$ 3,000	0.189	NA	NA	NA	NA	NA	NA	NA	NA
10	5,000	0.253	NA	NA	0.0080	0.0056	0.0040	0.0018	0.0008	0.0003
10	7,500	0.315	0.0216	0.0164	0.0126	0.0093	0.0069	0.0035	0.0017	0.0008
10	10,000	0.366	0.0282	0.0220	0.0173	0.0132	0.0100	0.0055	0.0029	0.0014
25	3,000	0.189	NA	NA	NA	NA	NA	NA	NA	NA
25	5,000	0.253	NA	NA	0.0035	0.0020	0.0011	0.0003	0.0001	0.0000
25	7,500	0.315	0.0126	0.0083	0.0055	0.0034	0.0021	0.0006	0.0002	0.0000
25	10,000	0.366	0.0164	0.0112	0.0076	0.0049	0.0031	0.0011	0.0004	0.0001
50	3,000	0.189	NA	NA	NA	NA	NA	NA	NA	NA
50	5,000	0.253	NA	NA	0.0019	0.0009	0.0004	0.0000	0.0000	0.0000
50	7,500	0.315	0.0092	0.0053	0.0031	0.0015	0.0008	0.0001	0.0000	0.0000
50	10,000	0.366	0.0118	0.0071	0.0043	0.0023	0.0012	0.0002	0.0000	0.0000
100	3,000	0.189	NA	NA	NA	NA	NA	NA	NA	NA
100	5,000	0.253	NA	NA	0.0010	0.0003	0.0001	0.0000	0.0000	0.0000
100	7,500	0.315	0.0072	0.0036	0.0017	0.0006	0.0002	0.0000	0.0000	0.0000
100	10,000	0.366	0.0090	0.0047	0.0023	0.0009	0.0004	0.0000	0.0000	0.0000

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 8B HIGH COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
25	$ 15,000	0.447	0.0236	0.0167	0.0119	0.0081	0.0055	0.0022	0.0009	0.0003
25	20,000	0.510	0.0298	0.0216	0.0159	0.0111	0.0078	0.0035	0.0015	0.0006
25	25,000	0.559	0.0352	0.0261	0.0195	0.0140	0.0101	0.0048	0.0022	0.0009
25	30,000	0.598	0.0400	0.0301	0.0229	0.0168	0.0123	0.0061	0.0029	0.0013
25	40,000	0.656	0.0484	0.0374	0.0291	0.0219	0.0165	0.0089	0.0046	0.0022
25	50,000	0.697	0.0554	0.0435	0.0345	0.0265	0.0204	0.0116	0.0063	0.0032
25	None	1.000	0.1646	0.1494	0.1367	0.1245	0.1139	0.0954	0.0804	0.0676
50	15,000	0.447	0.0166	0.0104	0.0066	0.0038	0.0022	0.0005	0.0001	0.0000
50	20,000	0.510	0.0207	0.0134	0.0088	0.0053	0.0032	0.0009	0.0003	0.0000
50	25,000	0.559	0.0243	0.0161	0.0108	0.0067	0.0042	0.0013	0.0004	0.0001
50	30,000	0.598	0.0275	0.0186	0.0127	0.0081	0.0052	0.0018	0.0006	0.0001
50	40,000	0.656	0.0330	0.0230	0.0161	0.0107	0.0071	0.0027	0.0010	0.0003
50	50,000	0.697	0.0376	0.0267	0.0192	0.0130	0.0088	0.0037	0.0014	0.0005
50	None	1.000	0.1152	0.1000	0.0877	0.0761	0.0664	0.0502	0.0381	0.0287
100	15,000	0.447	0.0122	0.0067	0.0036	0.0016	0.0007	0.0001	0.0000	0.0000
100	20,000	0.510	0.0149	0.0084	0.0047	0.0023	0.0011	0.0002	0.0000	0.0000
100	25,000	0.559	0.0172	0.0100	0.0057	0.0029	0.0014	0.0002	0.0000	0.0000
100	30,000	0.598	0.0193	0.0114	0.0067	0.0035	0.0018	0.0004	0.0001	0.0000
100	40,000	0.656	0.0228	0.0139	0.0085	0.0047	0.0025	0.0006	0.0001	0.0000
100	50,000	0.697	0.0256	0.0159	0.0100	0.0057	0.0032	0.0008	0.0002	0.0000
100	None	1.000	0.0752	0.0610	0.0501	0.0403	0.0326	0.0209	0.0133	0.0082
200	15,000	0.447	0.0100	0.0047	0.0021	0.0007	0.0002	0.0000	0.0000	0.0000
200	20,000	0.510	0.0119	0.0058	0.0027	0.0010	0.0004	0.0000	0.0000	0.0000
200	25,000	0.559	0.0136	0.0068	0.0033	0.0013	0.0005	0.0000	0.0000	0.0000
200	30,000	0.598	0.0150	0.0077	0.0039	0.0016	0.0006	0.0000	0.0000	0.0000
200	40,000	0.656	0.0175	0.0093	0.0049	0.0021	0.0009	0.0001	0.0000	0.0000
200	50,000	0.697	0.0194	0.0106	0.0057	0.0026	0.0012	0.0001	0.0000	0.0000
200	None	1.000	0.0471	0.0352	0.0265	0.0193	0.0140	0.0070	0.0034	0.0015

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 8C HIGH COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			110%	115%	120%	125%	130%	140%	150%	160%
150	$ 25,000	0.559	0.0148	0.0079	0.0042	0.0019	0.0008	0.0001	0.0000	0.0000
150	30,000	0.598	0.0165	0.0090	0.0049	0.0023	0.0010	0.0001	0.0000	0.0000
150	40,000	0.656	0.0193	0.0109	0.0061	0.0030	0.0014	0.0002	0.0000	0.0000
150	50,000	0.697	0.0216	0.0125	0.0072	0.0037	0.0018	0.0003	0.0000	0.0000
150	60,000	0.729	0.0236	0.0139	0.0082	0.0043	0.0023	0.0004	0.0001	0.0000
150	75,000	0.768	0.0263	0.0159	0.0097	0.0053	0.0029	0.0006	0.0001	0.0000
150	None	1.000	0.0579	0.0449	0.0351	0.0267	0.0204	0.0115	0.0065	0.0035
200	25,000	0.559	0.0136	0.0068	0.0033	0.0013	0.0005	0.0000	0.0000	0.0000
200	30,000	0.598	0.0150	0.0077	0.0039	0.0016	0.0006	0.0000	0.0000	0.0000
200	40,000	0.656	0.0175	0.0093	0.0049	0.0021	0.0009	0.0001	0.0000	0.0000
200	50,000	0.697	0.0194	0.0106	0.0057	0.0026	0.0012	0.0001	0.0000	0.0000
200	60,000	0.729	0.0210	0.0117	0.0065	0.0031	0.0014	0.0002	0.0000	0.0000
200	75,000	0.768	0.0233	0.0133	0.0076	0.0038	0.0019	0.0003	0.0000	0.0000
200	None	1.000	0.0471	0.0352	0.0265	0.0193	0.0140	0.0070	0.0034	0.0015
250	25,000	0.559	0.0127	0.0060	0.0027	0.0010	0.0003	0.0000	0.0000	0.0000
250	30,000	0.598	0.0140	0.0068	0.0032	0.0012	0.0004	0.0000	0.0000	0.0000
250	40,000	0.656	0.0161	0.0081	0.0040	0.0016	0.0006	0.0000	0.0000	0.0000
250	50,000	0.697	0.0178	0.0092	0.0047	0.0020	0.0008	0.0001	0.0000	0.0000
250	60,000	0.729	0.0193	0.0102	0.0053	0.0024	0.0010	0.0001	0.0000	0.0000
250	75,000	0.768	0.0212	0.0116	0.0063	0.0029	0.0013	0.0002	0.0000	0.0000
250	None	1.000	0.0401	0.0290	0.0212	0.0147	0.0102	0.0045	0.0020	0.0008
300	25,000	0.559	0.0121	0.0055	0.0023	0.0008	0.0002	0.0000	0.0000	0.0000
300	30,000	0.598	0.0133	0.0062	0.0027	0.0009	0.0003	0.0000	0.0000	0.0000
300	40,000	0.656	0.0152	0.0074	0.0034	0.0013	0.0004	0.0000	0.0000	0.0000
300	50,000	0.697	0.0167	0.0083	0.0040	0.0016	0.0006	0.0000	0.0000	0.0000
300	60,000	0.729	0.0180	0.0092	0.0046	0.0019	0.0007	0.0001	0.0000	0.0000
300	75,000	0.768	0.0197	0.0104	0.0054	0.0023	0.0009	0.0001	0.0000	0.0000
300	None	1.000	0.0349	0.0247	0.0177	0.0119	0.0081	0.0033	0.0013	0.0005

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 8D HIGH COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105%	110%	115%	120%	125%	130%	135%	140%
300	$ 50,000	0.697	0.0283	0.0167	0.0083	0.0040	0.0016	0.0006	0.0002	0.0000
300	60,000	0.729	0.0300	0.0180	0.0092	0.0046	0.0019	0.0007	0.0002	0.0001
300	75,000	0.768	0.0321	0.0197	0.0104	0.0054	0.0023	0.0009	0.0003	0.0001
300	100,000	0.813	0.0346	0.0218	0.0120	0.0065	0.0030	0.0013	0.0005	0.0002
300	125,000	0.845	0.0364	0.0234	0.0132	0.0075	0.0036	0.0017	0.0007	0.0002
300	150,000	0.869	0.0377	0.0246	0.0143	0.0083	0.0042	0.0021	0.0009	0.0003
300	None	1.000	0.0468	0.0349	0.0247	0.0177	0.0119	0.0081	0.0053	0.0033
500	50,000	0.697	0.0247	0.0141	0.0064	0.0026	0.0008	0.0002	0.0000	0.0000
500	60,000	0.729	0.0256	0.0149	0.0069	0.0029	0.0009	0.0002	0.0001	0.0000
500	75,000	0.768	0.0267	0.0159	0.0076	0.0034	0.0012	0.0003	0.0001	0.0000
500	100,000	0.813	0.0278	0.0170	0.0086	0.0040	0.0015	0.0005	0.0001	0.0000
500	125,000	0.845	0.0286	0.0178	0.0093	0.0046	0.0018	0.0007	0.0002	0.0000
500	150,000	0.869	0.0291	0.0184	0.0099	0.0051	0.0021	0.0008	0.0003	0.0001
500	None	1.000	0.0323	0.0228	0.0149	0.0098	0.0058	0.0035	0.0020	0.0010
750	50,000	0.697	0.0207	0.0121	0.0052	0.0018	0.0004	0.0001	0.0000	0.0000
750	60,000	0.729	0.0211	0.0126	0.0056	0.0020	0.0005	0.0001	0.0000	0.0000
750	75,000	0.768	0.0216	0.0131	0.0061	0.0023	0.0006	0.0001	0.0000	0.0000
750	100,000	0.813	0.0221	0.0136	0.0066	0.0028	0.0008	0.0002	0.0000	0.0000
750	125,000	0.845	0.0223	0.0140	0.0070	0.0031	0.0010	0.0003	0.0001	0.0000
750	150,000	0.869	0.0225	0.0143	0.0074	0.0034	0.0012	0.0003	0.0001	0.0000
750	None	1.000	0.0236	0.0163	0.0102	0.0062	0.0033	0.0017	0.0009	0.0004
1,000	50,000	0.697	0.0174	0.0105	0.0045	0.0014	0.0002	0.0000	0.0000	0.0000
1,000	60,000	0.729	0.0176	0.0108	0.0048	0.0016	0.0003	0.0000	0.0000	0.0000
1,000	75,000	0.768	0.0178	0.0110	0.0051	0.0018	0.0004	0.0001	0.0000	0.0000
1,000	100,000	0.813	0.0180	0.0113	0.0054	0.0021	0.0005	0.0001	0.0000	0.0000
1,000	125,000	0.845	0.0181	0.0115	0.0057	0.0023	0.0006	0.0001	0.0000	0.0000
1,000	150,000	0.869	0.0182	0.0116	0.0059	0.0025	0.0008	0.0002	0.0000	0.0000
1,000	None	1.000	0.0187	0.0128	0.0077	0.0044	0.0022	0.0010	0.0004	0.0001

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

TABLE 8E HIGH COST AREA – $1 Million Maximum on Aggregate

Risk Charge Ratios & Attachment Point Percents — 2013
Risk Charge = Risk Charge Ratio x Total Expected Claims
Attachment Point = Indicated Percent x Total Expected Claims x Specific Ratio

Group Size	Specific Stop Loss	Ratio SSL/TE*	Attachment Point as % of Expected Cost Under Specific Stop Loss							
			105.0%	110.0%	112.5%	115.0%	117.5%	120.0%	122.5%	125.0%
1,000	$ 50,000	0.697	0.0174	0.0105	0.0075	0.0045	0.0027	0.0014	0.0006	0.0002
1,000	75,000	0.768	0.0178	0.0110	0.0080	0.0051	0.0032	0.0018	0.0009	0.0004
1,000	100,000	0.813	0.0180	0.0113	0.0083	0.0054	0.0035	0.0021	0.0011	0.0005
1,000	150,000	0.869	0.0182	0.0116	0.0087	0.0059	0.0040	0.0025	0.0014	0.0008
1,000	200,000	0.902	0.0183	0.0119	0.0089	0.0062	0.0043	0.0028	0.0016	0.0010
1,000	250,000	0.925	0.0184	0.0120	0.0091	0.0065	0.0046	0.0031	0.0018	0.0011
1,000	None	1.000	0.0187	0.0128	0.0100	0.0077	0.0059	0.0044	0.0030	0.0022
3,000	50,000	0.697	0.0071	0.0047	0.0035	0.0023	0.0013	0.0005	0.0001	0.0000
3,000	75,000	0.768	0.0071	0.0048	0.0036	0.0024	0.0014	0.0006	0.0002	0.0000
3,000	100,000	0.813	0.0071	0.0048	0.0036	0.0024	0.0014	0.0007	0.0002	0.0001
3,000	150,000	0.869	0.0071	0.0048	0.0036	0.0025	0.0015	0.0008	0.0003	0.0001
3,000	200,000	0.902	0.0071	0.0048	0.0036	0.0025	0.0015	0.0008	0.0003	0.0001
3,000	250,000	0.925	0.0071	0.0048	0.0036	0.0025	0.0016	0.0009	0.0004	0.0002
3,000	None	1.000	0.0071	0.0048	0.0037	0.0026	0.0018	0.0011	0.0006	0.0003
6,000	50,000	0.697	0.0037	0.0025	0.0019	0.0013	0.0008	0.0002	0.0000	0.0000
6,000	75,000	0.768	0.0037	0.0025	0.0019	0.0014	0.0008	0.0003	0.0000	0.0000
6,000	100,000	0.813	0.0037	0.0025	0.0019	0.0014	0.0008	0.0003	0.0001	0.0000
6,000	150,000	0.869	0.0037	0.0025	0.0019	0.0014	0.0008	0.0003	0.0001	0.0000
6,000	200,000	0.902	0.0037	0.0025	0.0019	0.0014	0.0008	0.0004	0.0001	0.0000
6,000	250,000	0.925	0.0037	0.0025	0.0019	0.0014	0.0008	0.0004	0.0001	0.0000
6,000	None	1.000	0.0037	0.0025	0.0019	0.0014	0.0009	0.0005	0.0002	0.0001
10,000	50,000	0.697	0.0022	0.0015	0.0012	0.0008	0.0005	0.0001	0.0000	0.0000
10,000	75,000	0.768	0.0022	0.0015	0.0012	0.0008	0.0005	0.0001	0.0000	0.0000
10,000	100,000	0.813	0.0022	0.0015	0.0012	0.0008	0.0005	0.0002	0.0000	0.0000
10,000	150,000	0.869	0.0022	0.0015	0.0012	0.0008	0.0005	0.0002	0.0000	0.0000
10,000	200,000	0.902	0.0022	0.0015	0.0012	0.0008	0.0005	0.0002	0.0000	0.0000
10,000	250,000	0.925	0.0022	0.0015	0.0012	0.0008	0.0005	0.0002	0.0000	0.0000
10,000	None	1.000	0.0022	0.0015	0.0012	0.0008	0.0005	0.0003	0.0001	0.0000

* Ratio of Cost Under Specific Stop Loss to Total Expected Cost

IV.A APPENDIX

This appendix contains information on Aggregate Terminal Liability. This provision extends the payment period for the aggregate excess loss coverage for 3 months beyond the expiration date of the policy. It is sold to self funded policyholders that are terminating their self-funded plan.

Rate and Attachment Factor Adjustment

Rate and attachment factor adjustments for aggregate terminal liability vary by contract type. Note that this coverage would not be sold in conjunction with a 12/15 or other run-out contracts.

Aggregate Terminal Liability

Rate and Attachment Factor Adjustment Factor

Contract Type	Adjustment Factor[1]
12 / 12	1.182
15/12 and other run-in contracts	1.154

[1] The same factor applies to both aggregate premium and attachment factor

This adjustment is not contained in the accompanying software.

V. 2013 AREA TABLE

2013 AREA TABLE		
State	Zip	Table
District of Columbia	All of District	Medium

VI.1 OVERVIEW OF AGGREGATE STOP LOSS BASIC MEDICAL RATE MANUAL

Description

The Aggregate Stop Loss Basic Medical Rate manual and accompanying software present monthly claim costs for typical medical insurance risks. A typical medical insurance risk is an insured past any period of individual underwriting or preexisting selection, or anti-selection (such as guarantee issue for individual coverage) and in an industry and geographical location with average morbidity. The monthly claim costs do not include any margin for expenses or profit. Any desired margin for adverse deviations should also be added to the claim costs.

The manual claim costs are representative of a typical managed indemnity risk (i.e., pre-certification and some wellness provisions). Preferred provider products can either be priced through the network discount factors (discounts — see Section VI.4) or through applying an overall Experience Adjustment Factor as described later in this section.

Unless otherwise indicated, features described in this manual are also provided in the accompanying software.

Trend Factors

The time period for these claim costs is a 12-month period beginning July 1, 2013. The following trend adjustment in claim costs is needed when rating over a different time period. The monthly trend factors are additive and should not be compounded each month.

For comprehensive major medical benefits, the following monthly trend factors by deductible apply:

Comprehensive Major Medical Trends

	Monthly Trend Factor	
Deductible Range	Including Rx	Excluding Rx
$0-$199	0.8%	0.8%
$200-$999	0.9%	0.9%
$1,000-$2,999	1.0%	1.0%
$3,000-$4,999	1.1%	1.1%
$5,000-$20,999	1.2%	1.2%
$21,000 and Over	1.3%	1.3%

Experience Adjustment Factors

The Experience Adjustment Factor can reflect differences between company and manual claim costs. The manual claim costs can be normalized to match company experience to provide consistent information on internal claim costs relationships.

The Experience Adjustment Factor can also be used to reflect the influence from different degrees of managed health care. For example, a PPO product might have an Experience Adjustment Factor of .90 and a point of service product might have a factor of .80.

Geographical Area Rating

This manual presents two tables of geographical area rating factors. Section VI.5 presents a table of geographical area factors for each three digit ZIP code within the District of Columbia. The second table (contained in the Appendix) in Section VI.5.A presents geographical area factors by county within the District of Columbia. The location is based on the location of the employer group or the home address of an individual insured. If employees are in several locations, the area factors should be obtained for each location and then averaged together.

The ZIP code geographical area-rating table and the county area table are intended to be consistent. However, since the ZIP codes and political boundaries overlap, the area table recommendations may occasionally be different. Thus, the user should be consistent in using either ZIP code or county tables.

The software allows the user the option to specify the FIPS (Federal Information Processing Standards) code for state and county or to select the state and county directly.

Medical Benefits for Retirees

Benefits can be provided to retirees. The term retirees refers to former employees (along with their spouses and children) who are no longer active employees and are covered under a group medical plan.

Claim costs for retirees are provided in a separate column, next to claim costs for other insureds, in tables throughout this manual and are displayed only for adults. The following factors are applied to the tabular claim costs to determine retiree claim costs by age and gender, or by age only. No maternity benefits are assumed to be payable.

RETIREE AGE AND GENDER FACTORS				
Prior to Medicare		Male	Female	Unisex
Ages	Under 55	.70	.82	.76
Ages	55-59	.92	.93	.93
Ages	60-64	1.18	1.10	1.14
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan –Ages 65+				
Carve out	65-69	.37	.37	.37
	70-74	.44	.44	.44
	75+	.50	.50	.50
COB	65-69	.56	.56	.56
	70-74	.66	.66	.66
	75+	.75	.75	.75
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan* –Ages 65+				
Carve out	65-69	.07	.07	.07
	70-74	.09	.09	.09
	75+	.10	.10	.10
COB	65-69	.19	.19	.19
	70-74	.20	.20	.20
	75+	.25	.25	.25

*Prescription drugs would then be included in a "card" program.

Carve out plans pay the difference between regular benefits and Medicare reimbursement. COB (Coordination of Benefits) plans pay 100% of all eligible charges less Medicare reimbursement; however, benefits would not exceed those the insurer would pay if the insured were not eligible for Medicare.

The retiree claim costs differ from other insured claim costs due to the following factors:

1. Retirees' average health problems may be greater.
2. Retirees may have more leisure time for elective medical utilization.
3. Retirement may result in some changes in physical condition causing a different pattern of medical utilization.
4. Retirees may relocate to different geographical areas.
5. Retirees may become eligible for other medical benefits. Thus, depending on the circumstances the retiree coverage may be primary or secondary.

Because the combination of these factors is unique to each situation, it is preferable to analyze the actual experience and use the Experience Adjustment Factor to normalize manual retiree claim costs.

Claim costs for children of retirees are calculated in the identical manner as for active employees. This should be somewhat conservative because the retiree is expected to have a smaller average number of children.

Industry Classifications

Rating factors by industry classification are available for two classification systems. The first set of tables use the SIC classification system and the second set uses the NAICS (North American Industry Classification System). Rating factors are applied to both employees and dependents.

Data from surveys of group insurers was considered in determining these factors. The suggested industry classifications are generally close to the industry survey average but also reflect Towers Watson judgment.

Some employers may have several businesses which include a variety of different industries. For example, a company may be involved in publishing, insurance, and amusement parks with a different factor applicable to each activity. A composite industry factor would be appropriate in these situations.

Industry Factors by SIC Range

SIC Range	Description	Medical Factor
No Adjustment		1.000
0111 – 0191	Agriculture – Crops	1.050
0211 – 0291	Agriculture – Livestock	1.050
0711 – 0783	Agricultural Services	1.025
Except 0741 – 0742	Veterinary	1.000
0811 – 0851	Forestry	1.050
0912 – 0972	Fishing, Hunting	1.100
1011 – 1241	Mining — Metal, Coal	1.175
1311 – 1389	Oil & Gas Extraction	1.100
1411 – 1499	Mining & Quarrying Except Metal & Fuels	1.150
1521 – 1542	Building Construction	1.050
1611 – 1629	Other Than Building Construction	1.050
1711 – 1799	Construction — Special Trades	1.025
2011 – 2017	Meat Products	1.050
2018 – 2099	Food Products	1.000

Industry Factors by SIC Range

SIC Range	Description	Medical Factor
2111 – 2141	Tobacco Manufacturer	1.050
2211 – 2299	Textile Mill Products	1.000
2311 – 2399	Apparel & Other Textiles	1.000
2411	Logging	1.075
2421 – 2429	Sawmills	1.050
2431 – 2499	Lumber & Wood Products (Except Furniture)	1.050
2511 – 2599	Furniture & Fixtures	1.000
2611	Pulp Mills	1.025
2612 – 2679	Paper & Allied Products	1.000
2711 – 2796	Printing & Publishing	1.000
2812 – 2899	Chemicals & Allied Products	1.025
Except 2831 – 2836	Drugs	1.000
Except 2892	Explosives	1.150
2911 – 2999	Petroleum Refining	1.050
3011 – 3089	Rubber & Miscellaneous Plastic	1.000
3111	Leather Tanning	1.100
3112 – 3199	Leather & Leather Products	1.025
3211 – 3299	Stone, Clay & Glass Products	1.025
Except 3292	Asbestos Products	1.175
3312 – 3399	Primary Metal Industries	1.050
3411 – 3499	Fabricated Metal Products	1.000
3511 – 3599	Machinery, Except Electrical	1.000
3612 – 3699	Electrical Machinery & Equipment	0.975

Industry Factors by SIC Range

SIC Range	Description	Medical Factor
3711 – 3799	Transportation Equipment	1.000
3812 – 3873	Instruments	0.975
3911 – 3999	Miscellaneous Manufacturing	1.000
4011 – 4013	Railroad Transportation	1.050
4111 – 4173	Local Passenger Transportation	1.100
Except 4121	Taxicabs	1.150
4212 – 4231	Trucking	1.100
4311	US Postal Service	1.050
4412 – 4499	Water Transportation	1.075
4512 – 4581	Air Transportation	1.000
4612 – 4619	Pipe Lines, Except Natural Gas	1.025
4724 – 4789	Transportation Services	0.975
4812 – 4899	Communication	0.950
4911 – 4971	Electric, Gas & Sanitary System	1.000
Except 4952 – 4959	Sanitary Services	1.100
5012 – 5099	Wholesale Trade – Durable Goods	1.000
Except 5093	Scrap & Waste	1.100
5111 – 5199	Wholesale Trade – Non-durable Goods	1.000
Except 5181 – 5182	Beer, Wine & Distilled Alcoholic Beverages	1.050
5211 – 5499	Retail – Hardware, General, Food	1.000
5511 – 5599	Automotive Dealers & Service Stations	1.075
Except 5541	Gasoline Service Stations	1.100

Industry Factors by SIC Range

SIC Range	Description	Medical Factor
5611 – 5736	Retail – Apparel, Furniture	1.000
5812	Eating Places	1.100
5813	Drinking Places	1.150
5912 – 5999	Miscellaneous Retail	1.000
Except 5921	Liquor Stores	1.100
6011 – 6099	Banking	0.950
6111 – 6163	Credit Agencies Other Than Banks	0.950
6211 – 6289	Security, Commodity Brokers	0.975
6311 – 6399	Insurance Carriers	1.000
6411	Insurance Agents/Brokers	1.000
6512 – 6553	Real Estate	1.000
6712 – 6799	Holding, Other Investment Companies	0.975
7011 – 7041	Hotels/Other Lodging	1.075
7211 – 7219	Laundry and Garment Services	1.050
7221 – 7299	Other Personal Services	1.050
7311 – 7389	Business Services	1.000
Except 7342 – 7349	Services to Buildings	1.050
Except 7371 – 7379	Computer Services	0.950
Except 7381	Detective Agencies	1.075
7513 – 7519	Automotive Rental	1.000
7521 – 7549	Automotive Services	1.050
7622 – 7699	Miscellaneous Repair Services	1.000
7812 – 7841	Motion Pictures	1.025

Industry Factors by SIC Range

SIC Range	Description	Medical Factor
7911 – 7999	Amusement & Recreation, Except Movies	1.100
Except 7991	Physical Fitness Facility	1.075
8011 – 8099	Health Services	1.125
Except 8062 – 8069	Hospitals	1.175
8111	Legal Services	1.075
8211 – 8299	Educational Services	1.000
8322 – 8399	Social Services	1.050
8412 – 8422	Museums, Gardens & Zoos	1.000
8611 – 8699	Nonprofit Membership Organization	1.050
8711 – 8748	Services (Engineering, Architect, Accounting, Research)	0.950
8811 – 8999	Miscellaneous Services	1.000
9111 – 9199	General Government	1.075
9211 – 9229	Justice and Public Safety	1.150
9311 – 9721	Other Government	1.100

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
No Adjustment		1.000
111110 - 111419	Crop Farming	1.050
111421 - 111421	Nursery and Tree Production	1.050
111422 - 111992	Crop Farming	1.050
111998 - 111998	All Other Miscellaneous Crop Farming	1.050
112111 - 112420	Livestock Ranching	1.050
112511 - 112512	Finfish and Shellfish Farming and Hatcheries	1.050
112519 - 112990	Livestock Ranching	1.050
113110 - 113210	Timber Tract Operations	1.050
113310 - 113310	Logging	1.075
114111 - 114210	Fishing, Hunting, and Trapping	1.100
115111 - 115310	Support Activities for Farming and Ranching	1.025
211111 - 211112	Petroleum or Natural Gas Extraction	1.100
212111 - 212399	Mining	1.175
213111 - 213112	Drilling Oil and Gas Wells	1.100
213113 - 213115	Mining Support	1.175
221111 - 221310	Hydroelectric and Water Systems	1.000
221320 - 221320	Sewage Treatment Facilities	1.100
221330 - 221330	Steam and Air-Conditioning Supply	1.000
236115 - 236210	Residential or Industrial Construction	1.050
236220 - 236220	Commercial and Institutional Building Construction	1.050
237110 - 237130	Utility Line Construction	1.050
237210 - 237210	Land Subdivision	1.000

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
237310 - 237990	Civil Engineering Construction	1.050
238110 - 238390	Foundation and Finishing Contractors	1.025
238910 - 238910	Site Preparation Contractors	1.025
238990 - 238990	All Other Specialty Trade Contractors	1.025
311111 - 311119	Pet Food Manufacturers	1.000
311211 - 311520	Food Manufacturing	1.000
311611 - 311613	Animal (except Poultry) Slaughtering and Processing	1.050
311615 - 311615	Poultry Processing	1.050
311711 - 311999	Food Manufacturing	1.000
312111 - 312140	Beverage Manufacturing	1.000
312210 - 312229	Tobacco Product Manufacturing	1.050
313111 - 315999	Apparel Manufacturing	1.000
316110 - 316110	Leather and Hide Tanning and Finishing	1.100
316211 - 316211	Rubber and Plastics Footwear Manufacturing	1.000
316212 - 316999	Leather Good Manufacturing	1.025
321113 - 321113	Sawmills	1.050
321114 - 321911	Wood Product Manufacturing	1.050
321912 - 321920	Millwork	1.050
321991 - 321999	Prefabricated Wood Building Manufacturing	1.050
322110 - 322110	Pulp Mills	1.025
322120 - 322224	Paper Packaging Manufacturing	1.000
322225 - 322225	Laminated Aluminum Foil Manufacturing for Flexible Packaging Uses	1.000
322226 - 322299	Other Paper Product Manufacturing	1.000
323110 - 323122	Printing	1.000
324110 - 324199	Petroleum Refineries	1.050

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
325110 - 325320	Petrochemical Manufacturing	1.025
325411 - 325414	Biological Medicine Manufacturing	1.000
325510 - 325910	Paint or Ink Manufacturing	1.025
325920 - 325920	Explosives Manufacturing	1.150
325991 - 325991	Custom Compounding of Purchased Resins	1.025
325992 - 325992	Photographic Film, Paper, Plate, and Chemical Manufacturing	1.025
325998 - 325998	All Other Miscellaneous Chemical Product and Preparation Manufacturing	1.025
326111 - 326112	Plastic Container Manufacturing	1.000
326113 - 326199	Plastic Product Manufacturing	1.000
326211 - 326211	Tire Manufacturing (except Retreading)	1.000
326212 - 326212	Tire Retreading	1.050
326220 - 326299	Rubber Product Manufacturing	1.000
327111 - 327999	Nonmetallic Mineral Product Manufacturing	1.025
331111 - 331222	Iron or Steel	1.050
331311 - 331311	Alumina Refining	1.050
331312 - 331528	Nonferrous Foundries (except Die-Casting)	1.050
332111 - 332117	Metal Forging	1.000
332211 - 332212	Flatware or Hand tool Manufacturing	1.000
332213 - 332612	Saw blade or Spring Manufacturing	1.000
332618 - 332618	Other Fabricated Wire Product Manufacturing	1.000
332710 - 332722	Machine Shops	1.000
332811 - 332811	Metal Heat Treating	1.050
332812 - 332812	Metal Coating, Engraving (except Jewelry and Silverware), and Allied Services to Manufacturers	1.000
332813 - 332813	Electroplating, Plating, Polishing, Anodizing and Coloring	1.000
332911 - 332999	Fabricated Metal Manufacturing	1.000

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
333111 - 333313	Industrial Machinery Manufacturing	1.000
333314 - 333315	Optical Equipment Manufacturing	0.975
333319 - 333414	Commercial and Service Industry Machinery Manufacturing	1.000
333415 - 333415	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing	1.000
333511 - 334119	Other Commercial Machinery Manufacturing	1.000
334210 - 334419	Electronic Component Manufacturing	0.975
334510 - 334517	Electromedical Apparatus Manufacturing	0.975
334518 - 334519	Watch and Measuring Device Manufacturing	0.975
334611 - 334611	Software Reproducing	0.975
334612 - 334612	Prerecorded Compact Disc (except Software), Tape, and Record Reproducing	0.975
334613 - 334613	Magnetic and Optical Recording Media Manufacturing	0.975
335110 - 335228	Household Appliance Manufacturing	0.975
335311 - 335312	Motor and Generator Manufacturing	0.975
335313 - 335912	Switch and Battery Manufacturing	0.975
335921 - 335929	Fiber Optic and Communication Wire Manufacturing	1.000
335931 - 335999	Electrical Equipment Manufacturing	0.975
336111 - 336312	Automobile Manufacturing	1.000
336321 - 336321	Vehicular Lighting Equipment Manufacturing	0.975
336322 - 336330	Vehicle Electrical or Steering Manufacturing	1.000
336340 - 336350	Vehicle Brake or Transmission Manufacturing	1.000
336360 - 336999	Other Vehicle Component Manufacturing	1.000
337110 - 339111	Furniture Manufacturing	1.000
339112 - 339112	Surgical and Medical Instrument Manufacturing	0.975
339113 - 339113	Surgical Appliance and Supplies Manufacturing	0.975

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
339114 - 339115	Dental Equipment and Supplies Manufacturing	0.975
339116 - 339116	Dental Laboratories	1.125
339911 - 339914	Jewelry	1.000
339920 - 339920	Sporting and Athletic Goods Manufacturing	1.000
339931 - 339931	Doll and Stuffed Toy Manufacturing	1.000
339932 - 339932	Game, Toy, and Children's Vehicle Manufacturing	1.000
339941 - 339941	Pen and Mechanical Pencil Manufacturing	1.000
339942 - 339942	Lead Pencil and Art Good Manufacturing	1.000
339943 - 339950	Written Materials Manufacturing	1.000
339991 - 339991	Gasket, Packing, and Sealing Device Manufacturing	1.000
339992 - 339999	Other Manufacturing	1.000
423110 - 423920	Wholesalers	1.000
423930 - 423930	Recyclable Material Merchant Wholesalers	1.100
423940 - 424720	Wholesalers	1.000
424810 - 424820	Liquor Wholesalers	1.050
424910 - 424990	Wholesalers	1.000
425110 - 425120	Wholesale Agents and Brokers	1.000
441110 - 441229	Motor Vehicle Dealers	1.075
441310 - 441320	Automotive Part or Tire Dealers	1.075
442110 - 445299	Specialty Stores	1.000
445310 - 445310	Beer, Wine, and Liquor Stores	1.100
446110 - 446199	Pharmacies and Person Care Stores	1.000
447110 - 447190	Gasoline Stations and Convenience Stores	1.100
448110 - 452990	General Merchandise Stores	1.000
453110 - 453998	Store Retailers	1.000

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
454111 - 454390	Direct Selling Establishments	1.000
481111 - 481212	Scheduled and Chartered Air Transportation	1.000
481219 - 481219	Other Nonscheduled Air Transportation	1.000
482111 - 482112	Railroads	1.050
483111 - 483212	Water Passenger or Freight Transportation	1.075
484110 - 484230	Trucking	1.100
485111 - 485210	Mixed Transit	1.100
485310 - 485310	Taxi Service	1.150
485320 - 485999	Other Ground Passenger Transportation	1.100
486110 - 486110	Pipeline Transportation of Crude Oil	1.025
486210 - 486210	Pipeline Transportation of Natural Gas	1.000
486910 - 486990	Other Pipeline Transportation	1.025
487110 - 487110	Scenic and Sightseeing Transportation, Land	1.100
487210 - 487990	Scenic and Sightseeing Transportation, Other	1.075
488111 - 488111	Air Traffic Control	1.000
488119 - 488119	Other Airport Operations	1.000
488190 - 488210	Support Activities for Air or Rail Transportation	1.050
488310 - 488330	Port, Harbor, or Navigational Services	1.075
488390 - 488390	Other Support Activities for Water Transportation	1.075
488410 - 488410	Motor Vehicle Towing	1.050
488490 - 488490	Other Support Activities for Road Transportation	1.100
488510 - 488999	All Other Support Activities for Transportation	0.975
491110 - 492210	Mail and Delivery Services	1.100
493110 - 493190	Warehousing and Storage	1.100
511110 - 511199	Publishers	1.000

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
511210 - 511210	Software Publishers	0.950
512110 - 512199	Motion Picture and Video Production	1.025
512210 - 512210	Record Production	1.000
512220 - 512220	Integrated Record Production/Distribution	1.000
512230 - 512230	Music Publishers	1.000
512240 - 512290	Other Sound Recording Industries	1.000
515111 - 515210	Radio and Subscription Programming	0.950
516110 - 516110	Internet Publishing and Broadcasting	1.000
517110 - 517910	Other Telecommunications	0.950
518111 - 518111	Internet Service Providers	0.950
518112 - 518112	Web Search Portals	1.000
518210 - 518210	Data Processing, Hosting, and Related Services	0.950
519110 - 519110	News Syndicates	1.000
519120 - 519120	Libraries and Archives	1.000
519190 - 519190	All Other Information Services	1.000
521110 - 521110	Monetary Authorities - Central Bank	0.950
522110 - 522294	Banking	0.950
522298 - 522320	Financial Transaction Processing	0.950
522390 - 522390	Other Activities Related to Credit Intermediation	0.950
523110 - 523120	Securities Brokerage	0.975
523130 - 523130	Commodity Contracts Dealing	0.975
523140 - 523210	Securities and Commodity Exchanges	0.975
523910 - 523910	Miscellaneous Intermediation	0.975
523920 - 523930	Portfolio Management	0.975
523991 - 523991	Trust, Fiduciary, and Custody Activities	0.975

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
523999 - 523999	Miscellaneous Financial Investment Activities	0.975
524113 - 524130	Insurers	1.000
524210 - 524298	All Other Insurance Related Activities	1.000
525110 - 525190	Pension or Insurance Funds	1.000
525910 - 525930	Investment Trusts	0.975
525990 - 525990	Other Financial Vehicles	0.975
531110 - 531120	Lessor of Residential or Nonresidential Buildings	1.000
531130 - 531130	Lessor of Mini-warehouses and Self-Storage Units	1.100
531190 - 532120	Lessor of Other Real Estate Property or Vehicles	1.000
532210 - 532210	Consumer Electronics and Appliances Rental	1.000
532220 - 532220	Formal Wear and Costume Rental	1.050
532230 - 532230	Video Tape and Disc Rental	1.025
532291 - 532291	Home Health Equipment Rental	1.000
532292 - 532292	Recreational Goods Rental	1.100
532299 - 532310	All Other Consumer Goods Rental	1.000
532411 - 532411	Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing	0.975
532412 - 532420	Office Machinery and Equipment Rental and Leasing	1.000
532490 - 532490	Other Commercial and Industrial Machinery and Equipment Rental and Leasing	1.000
533110 - 533110	Lessor of Nonfinancial Intangible Assets (except Copyrighted Works)	1.000
541110 - 541110	Offices of Lawyers	1.075
541120 - 541120	Offices of Notaries	1.000
541191 - 541191	Title Abstract and Settlement Offices	1.000
541199 - 541199	All Other Legal Services	1.000
541211 - 541211	Offices of Certified Public Accountants	0.950
541213 - 541213	Tax Preparation Services	0.950

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
541214 - 541214	Payroll Services	0.950
541219 - 541219	Other Accounting Services	0.950
541310 - 541310	Architectural Services	0.950
541320 - 541320	Landscape Architectural Services	0.950
541330 - 541330	Engineering Services	0.950
541340 - 541350	Drafting or Inspection Services	1.000
541360 - 541360	Geophysical Surveying and Mapping Services	0.950
541370 - 541370	Surveying and Mapping (except Geophysical) Services	0.950
541380 - 541380	Testing Laboratories	0.950
541410 - 541420	Interior or Industrial Design Services	1.000
541430 - 541430	Graphic Design Services	1.000
541490 - 541490	Other Specialized Design Services	1.000
541511 - 541519	Computer Related Services	0.950
541611 - 541611	Administrative Management and General Management Consulting Services	0.950
541612 - 541612	Human Resources and Executive Search Consulting Services	0.950
541613 - 541613	Marketing Consulting Services	0.950
541614 - 541614	Process, Physical Distribution, and Logistics Consulting Services	0.950
541618 - 541618	Other Management Consulting Services	0.950
541620 - 541690	Other Scientific and Technical Consulting Services	0.950
541710 - 541710	Research and Development in the Physical, Engineering, and Life Sciences	0.950
541720 - 541720	Research and Development in the Social Sciences and Humanities	0.950
541810 - 541810	Advertising Agencies	1.000
541820 - 541820	Public Relations Agencies	0.950
541830 - 541890	Other Services Related to Advertising	1.000
541910 - 541910	Marketing Research and Public Opinion Polling	0.950

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
541921 - 541921	Photography Studios, Portrait	1.050
541922 - 541922	Commercial Photography	1.000
541930 – 541930	Translation and Interpretation Services	1.000
541940 - 541940	Veterinary Services	1.000
541990 - 541990	All Other Professional, Scientific, and Technical Services	0.950
551111 - 551112	Offices of Holding Companies	0.975
551114 - 561210	Office Administrative Services	1.000
561310 - 561310	Employment Placement Agencies	1.000
561320 - 561499	All Other Business Support Services	1.000
561510 - 561591	Travel Agencies	1.000
561599 - 561599	All Other Travel Arrangement and Reservation Services	1.000
561611 - 561613	Investigation or Armored Car Services	1.075
561621 - 561622	Security Systems Services	1.000
561710 - 561720	Exterminating and Janitorial Services	1.050
561730 - 561730	Landscaping Services	1.000
561740 - 561740	Carpet and Upholstery Cleaning Services	1.050
561790 - 561790	Other Services to Buildings and Dwellings	1.000
561910 - 561920	Packaging and Convention Services	1.000
561990 - 561990	All Other Support Services	1.000
562111 - 562119	Waste Collection	1.100
562211 - 562219	Waste Treatment and Disposal	1.100
562910 - 562920	Materials Recovery Facilities	1.100
562991 - 562998	All Other Miscellaneous Waste Management Services	1.100
611110 - 611430	Elementary through Professional Development Schools	1.000
611511 - 611511	Cosmetology and Barber Schools	1.050

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
611512 - 611519	Other Technical and Trade Schools	1.000
611610 - 611620	Fine Arts or Sports Schools	1.000
611630 – 611699	All Other Miscellaneous Schools and Instruction	1.000
611710 - 611710	Educational Support Services	1.000
621111 - 621610	Professional Medical Providers	1.125
621910 - 621910	Ambulance Services	1.125
621991 - 621999	All Other Miscellaneous Ambulatory Health Care Services	1.125
622110 - 622310	Hospitals	1.175
623110 - 623210	Nursing Care or Retardation Facilities	1.125
623220 - 623220	Residential Mental Health and Substance Abuse Facilities	1.175
623311 - 623311	Continuing Care Retirement Communities	1.125
623312 - 624410	Elderly or Child Day Care Services	1.050
711110 - 711219	Theater or Spectator Sports	1.100
711310 - 711410	Promoters or Agents of Performances or Sports	1.100
711510 - 711510	Independent Artists, Writers, and Performers	1.025
712110 - 712130	Museums or Zoos	1.000
712190 - 713920	Nature or Amusement Parks or Skiing Facilities	1.100
713930 - 713930	Marinas	1.075
713940 - 713990	All Other Amusement and Recreation Industries	1.100
721110 - 722320	Hotels, Cafeterias, or Caterers	1.075
722330 - 722330	Mobile Food Services	1.000
722410 - 722410	Drinking Places (Alcoholic Beverages)	1.150
811111 - 811198	Automotive Repair and Maintenance	1.050
811211 - 811490	Personal and Household Goods Repair and Maintenance	1.000
812111 - 812199	Personal Care Services	1.050

Industry Factors by NAICS Range

NAICS Range	Description	Medical Factor
812210 - 812220	Funeral Homes or Cemeteries	1.050
812310 - 812332	Laundry Services	1.050
812910 - 812910	Pet Care (except Veterinary) Services	1.050
812921 - 812922	Photofinishing	1.050
812930 - 812990	All Other Personal Services	1.050
813110 - 813110	Religious Organizations	1.050
813211 - 813211	Grant-making Foundations	1.050
813212 - 813319	Other Social Advocacy Organizations	1.050
813410 - 813990	Business, Professional, Labor, and Political Organizations	1.050
814110 - 814110	Private Households	1.000
921110 - 921120	Legislative Bodies	1.075
921130 - 921130	Public Finance Activities	1.100
921140 - 921140	Executive and Legislative Offices, Combined	1.075
921150 - 921150	American Indian and Alaska Native Tribal Governments	1.100
921190 - 921190	Other General Government Support	1.075
922110 - 922140	Courts or Correctional Institutions	1.150
922150 - 922150	Parole Offices and Probation Offices	1.150
922160 - 922190	All Other Justice, Public Order, and Safety Activities	1.150
923110 - 928120	Administration or Regulation Programs	1.100

Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)

Laws and regulations require that employers of 20 or more employees offer a continuance of group health coverage at 102% of the standard cost for active employees or dependents who become ineligible for various reasons. The allowed premium for a Social Security approved disabled person is 150% of the standard cost for the period between 18 and 29 months. The continuation period is up to 18 months for employees who lose coverage due to termination or a reduction in work hours; up to 29 months for the Social Security approved disabled person; and up to 36 months for surviving, divorced or legally separated spouses and their dependents, and for children who reach the maximum age for dependents or who marry or who earn sufficient income to terminate dependency.

For some "qualifying events", the employee has 60 days from the date coverage would terminate to notify the employer. The employer must provide forms requesting continuation within 14 days. The employee or dependent then has 60 days to elect coverage and an additional 45 days to pay the required premium. Each month while continuation exists there is a grace period, usually 30 days for payment of premium.

An additional morbidity cost from anti-selection will probably result from some of the people eligible for continuation. Anti-selection opportunities can be grouped into these several types:

1. Impaired health and/or current need for medical treatment may encourage an employee or dependent to elect coverage. The proportion of substandard risks in the continuation group may be greater than in the employer group.

2. The rules that permit the eligible person to wait from 60 days to over 120 days before electing coverage allow the person to decline the coverage when there has been no expense and to pay for coverage when the reimbursement will exceed the premium. The person whose prospective medical expense risk increases during the decision period may also purchase coverage.

3. There is a known termination date after purchase of continuation coverage. This may be the end of the maximum period, the date when the person becomes covered by another plan (if the plan excludes preexisting conditions, COBRA cannot be terminated), the date when the person fails to timely pay the premium for continuation, or the date the person becomes entitled to Medicare. Knowing the benefits will end, the COBRA insured may incur as many needed medical services as possible while the coverage remains in force.

For this manual, the additional cost for a person electing COBRA coverage is assumed to be 50% of the typical cost for a person of the same age and gender. The assumed percentage of the total COBRA in force at any time is 1.0%. The assumption is that the cost of the COBRA provision is 0.5% of the claim cost. This cost is embedded in all the claim costs in this manual. This embedded cost should be removed if COBRA continuation coverage is not provided.

Health Insurance Portability and Accountability Act of 1996 (HIPAA)

The additional claim costs generated by HIPAA (no actively at work requirement, restrictions on the use of pre-existing limitations, credit for prior coverage) are fully reflected in this manual.

Consumer Driven Health Plans

General

Consumer Driven Health Plan (CDHP) plan designs are characterized by the presence of significant front end deductibles (usually $1,000 to $2,000), health reimbursement or saving accounts and medical decision support information/software tools. Two forms of health reimbursement or saving accounts are used in CDHP plans.

- The older form is typically called a health reimbursement account (HRA). The key characteristic of an HRA is that unused account balances rollover to the next year but any unused amounts are lost when the employee terminates coverage.
- The newer form is called a Health Saving Account (HSA) and was created in the 2003 Medicare legislation. The key characteristic of a HSA is that the employee owns the account balance and does not forfeit unused amounts if he terminates coverage.

Some CDHP goals are as follows:

- Increase cost conscious decision making.
- Increase use of market forces.
- Enhance patient choice.
- Reduce interference from third parties in the patient—physician relationship.
- Increase patient involvement and education (often involving web-based tools).

Reported Experience

The following are some observations on the experience on these plans. These comments pertain to a multiple choice environment (standard PPO, CDHP with HRA, perhaps a HMO):

- Anti-selection between offerings is commonly seen. Participants expecting very low or no expenses have incentive to choose the CDHP since they can rollover unused HRA amounts.
- CDHP enrollment is 15% to 20% of eligible persons.
- A majority of enrollees have HRA balances to rollover.
- The impact on larger claims involving hospitalization is unknown.

Rating Considerations

In a multi-choice environment, the impact on Aggregate attachment points will depend on the CDHP election rate. If election rates are typical (15% - 20%) then the impact will be small.

In the full replacement scenario (or a high election rate in a multi-choice environment), the impact should be significant assuming that claims paid through the HRA do not count towards the Aggregate attachment point.

1. The cost savings due to the increase in deductible from prior standard PPO can be modeled using the HealthMAPS® Aggregate manual.

2. Cost savings due to consumerism and the CDHP plan design are expected. In particular, low amount claimants without significant hospital expenses are expected to reduce their medical service utilization. The table below shows the cost savings calculated for various deductible and utilization decrease assumptions for low amount claimants. Low amount claimants are defined to be those with less than $12,500 in claims. Savings are shown for 10% and 20% utilization reductions among low claimants.

COST SAVINGS (*) DUE TO REDUCED UTILIZATION AMONG LOW AMOUNT CLAIMANTS

	Utilization Reduction Assumption for Claims Below $12,500	
Deductible	**10%**	**20%**
1,000	2.0%	4.0%
1,500	1.8%	3.6%
2,000	1.6%	3.2%
2,500	1.4%	2.8%

*80/20 Coinsurance on first $10,000 after deductible.

Absent a more refined analysis, a savings assumption of 1% to 4% would seem to be reasonable. This adjustment can be applied in the software by using an experience factor of 0.99 to 0.96.

Age and Gender Factors

The customary procedure for determining monthly claim costs for group insurance has been to apply age and gender factors to the census in each bracket to obtain a composite adjustment factor for the group. These age and gender factors are displayed in this manual for non-maternity and maternity benefits combined. Maternity factors by age and gender are shown for purposes of determining the claim costs for maternity should these benefits be excluded or to substitute an alternative maternity benefit.

Historically, some underwriters used formulas to convert the composite adjustment factor for the employee to factors applicable to the spouse and/or to composite dependents. One such general formula is given on the calculation worksheets. In many cases, general formulas were used due to the lack of knowledge about which employees had dependents.

The factors are provided on both unisex and gender specific bases. The monthly claim cost for children may be used regardless of the age and gender distribution of the employees, or a composite adjustment factor may be used based upon the actual age and gender of all employees or those employees that have dependents. The adjustment factors used for dependents may be based on the entire employee enrollment if the dependent enrollment by age and gender of the employees is unknown. A more accurate factor would be obtained from use of the employee distribution, which is limited to those employees with dependents.

Children are covered up to age 26 (i.e., through age 25) as required in the 2010 Federal Health Care Reform.

AGE AND GENDER FACTORS

		Employee		Spouse		Children	Composite Dependent	
		Male	Female	(Wife)	(Husband)		Male Employee	Female Employee
				Total Including Maternity				
Under 30		0.31	0.69	0.79	0.31	0.90	0.84	0.56
30-34		0.41	0.92	0.89	0.40	1.05	0.96	0.67
35-39		0.52	0.94	0.91	0.50	1.15	1.01	0.77
40-44		0.63	0.98	0.95	0.61	1.20	1.05	0.86
45-49		0.82	1.08	1.05	0.80	1.10	1.07	0.93
50-54		1.08	1.28	1.24	1.04	0.90	1.10	0.98
55-59		1.42	1.44	1.40	1.37	0.80	1.15	1.13
60-64		1.82	1.71	1.65	1.76	0.70	1.25	1.32
65 – 69		2.07	1.85	1.80	2.01	0.60	1.30	1.42
70 & Over		2.25	1.97	1.91	2.19	0.60	1.36	1.52
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan								
Carve out	65-69	0.64	0.64	0.62	0.62	0.60	0.61	0.61
	70-74	0.75	0.75	0.73	0.73	0.60	0.68	0.68
	75+	0.87	0.87	0.83	0.83	0.60	0.73	0.73
COB	65-69	0.96	0.96	0.93	0.93	0.60	0.79	0.79
	70-74	1.13	1.13	1.10	1.10	0.60	0.89	0.89
	75+	1.31	1.31	1.25	1.25	0.60	0.98	0.98
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*								
Carve out	65-69	0.13	0.13	0.12	0.12	0.60	0.32	0.32
	70-74	0.15	0.15	0.15	0.15	0.60	0.34	0.34
	75+	0.17	0.17	0.17	0.17	0.60	0.35	0.35
COB	65-69	0.32	0.32	0.31	0.31	0.60	0.43	0.43
	70-74	0.38	0.38	0.37	0.37	0.60	0.47	0.47
	75+	0.44	0.44	0.42	0.42	0.60	0.50	0.50
				Maternity Only Factor				
Under 30		N/A	1.80	2.70	N/A	1.00	2.70	0.04
30-34		N/A	1.50	2.40	N/A	1.00	2.40	0.04
35-39		N/A	1.00	1.50	N/A	1.00	1.50	0.04
40-44		N/A	0.50	0.75	N/A	1.00	0.75	0.04
45-49		N/A	0.30	0.50	N/A	1.00	0.50	0.04
50 & Over		N/A	0.00	0.00	N/A	1.00	0.04	0.04

*Prescription drugs would be included in a “card” program.

AGE FACTORS

AGE FACTORS (Unisex)					
		Employee	Spouse	Children	Composite Dependent
Under 30		0.50	0.55	0.90	0.70
30-34		0.67	0.65	1.05	0.82
35-39		0.73	0.71	1.15	0.89
40-44		0.81	0.78	1.20	0.96
45-49		0.95	0.93	1.10	1.00
50-54		1.18	1.14	0.90	1.04
55-59		1.43	1.39	0.80	1.14
60-64		1.77	1.71	0.70	1.29
65-69		1.96	1.91	0.60	1.36
70 & Over		2.11	2.05	0.60	1.44
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan					
Carve out	65-69	0.64	0.62	0.60	0.61
	70-74	0.75	0.73	0.60	0.68
	75+	0.87	0.83	0.60	0.73
COB	65-69	0.96	0.93	0.60	0.79
	70-74	1.13	1.10	0.60	0.89
	75+	1.31	1.25	0.60	0.98
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*					
Carve out	65-69	0.13	0.12	0.60	0.32
	70-74	0.15	0.15	0.60	0.34
	75+	0.17	0.17	0.60	0.35
COB	65-69	0.32	0.31	0.60	0.43
	70-74	0.38	0.37	0.60	0.47
	75+	0.44	0.42	0.60	0.50
Maternity Only Factor					
Under 30		0.90	1.60	1.00	1.65
30-34		0.75	1.45	1.00	1.45
35-39		0.50	0.90	1.00	1.00
40-44		0.25	0.45	1.00	0.50
45-49		0.15	0.30	1.00	0.30
50 & Over		0.00	0.00	1.00	0.04

*Prescription drugs would be included in a “card” program.

Carve out plans pay the difference between regular benefits and Medicare reimbursement. COB (Coordination of Benefits) plans pay 100% of all eligible charges less Medicare reimbursement; however, benefits would not exceed those the insurer would pay if the insured were not eligible for Medicare.

An example will help illustrate the different benefit treatments of expenses under each of these plans. The expenses for a Medicare eligible person and the Medicare reimbursement are assumed to be:

	Expenses	Medicare Reimbursement
Hospital	$6,000	$4,816
Physician	1,500	1,082
Prescription Drugs	1,000	0
Total	$8,500	$5,898

The group plan is assumed to have a $200 deductible with 80% reimbursement of the first $5,000, and 100% reimbursement thereafter. The benefits payable for an insured not eligible for Medicare would be $7,300.

The **carve out** plan would pay the difference between the regular benefits of $7,300 and the Medicare reimbursement of $5,898 ($1,402). Out-of-pocket expenses for the insured would be $1,200. This is exactly the same out-of-pocket expense that an insured not eligible for Medicare would have.

The **coordination of benefits** plan would pay 100% of all eligible charges ($8,500) less the Medicare reimbursement ($5,898), or $2,602. The secondary benefits would never exceed the benefits the insurer would pay to an insured not eligible for Medicare.

Examples of Age and Gender Factor Calculation

The table on the following page summarizes the spouse and composite dependent factors obtained using various methods for a hypothetical group. Differences can occur because the enrollment of employees with dependents is not proportional to the census of the employees by age and gender. The maternity factors obtained by using all employees produce the greatest deviations.

The expected proportion of males and females that will enroll dependents can be used to approximate the dependent enrollment. A reasonable estimate of dependent coverage might be made by assuming two-thirds of the male employees and one-third of the female employees have dependent coverage.

Following the summary table are various calculations numbered I through XII as described below.

Examples of Calculations of Age and Gender Factors:

I. Employee by age and gender
II. Spouse and children by age and gender of employees with dependents
III. Spouse and children by age (unisex) of employees with dependents
IV. Composite dependents by age and gender of employees with dependents
V. Composite dependents by age (unisex) of employees with dependents
VI. Spouse and children by age and gender all employees
VII. Spouse and children by age (unisex) all employees
VIII. Composite dependents by age and gender of all employees
IX. Composite dependents by age (unisex) of all employees
X. Employees and spouse by age and gender factor - maternity only
XI. Retirees by age and gender factor
XII. Retirees by age (unisex)

Examples of Age and Gender Factor Calculation — Continued

Summary of Composite Age and Gender Factors Based on Various Methods

Method	Employee	Spouse	Composite Dependents	Retiree
Total including Normal Maternity				
General Formula - I	0.765	0.789	0.883	
Employees with Dependents				
Age and Gender - II & IV		0.861	0.929	
Age - III & V		0.796	0.890	
All Employees*				
Age and Gender - VI & VIII		0.765	0.864	
Age - VII & IX		0.769	0.867	
Retirees				
Age and Gender - XI				0.995
Age - XII				0.987
Maternity Only				
Age and Gender - X	0.585	0.997	1.013	

* Total employee census is used to calculate dependent factors.

The following pages illustrate Age and Gender factor calculations for a hypothetical group with 72 employees. In some calculations, it is assumed that the census is available for employees with dependents and such a census is used to calculate the spouse, children and composite dependent factors. The example assumes that 25 male employees out of 39 have dependent coverage (64%) and 10 female employees out of 33 have dependent coverage (30%).

Examples of Age and Gender Factor Calculation — Continued

I. Age and Gender Factors for Employees

Age Bracket		Employees Male (1)	Employees Female (2)	Factor Male (3)	Factor Female (4)	Product (1)x(3) (5)	Product (2)x(4) (6)
Under 30		10	15	0.31	0.69	3.10	10.35
30 - 34		5	6	0.41	0.92	2.05	5.52
35 - 39		7	4	0.52	0.94	3.64	3.76
40 - 44		4	3	0.63	0.98	2.52	2.94
45 - 49		6	2	0.82	1.08	4.92	2.16
50 - 54		3	1	1.08	1.28	3.24	1.28
55 - 59		2	2	1.42	1.44	2.84	2.88
60 - 64		1	0	1.82	1.71	1.82	0.00
65 - 69		1	0	2.07	1.85	2.07	0.00
70 +		0	0	2.25	1.97	0.00	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan							
Carve out	65-69	0	0	0.64	0.64	0.00	0.00
	70-74	0	0	0.75	0.75	0.00	0.00
	75+	0	0	0.87	0.87	0.00	0.00
COB	65-69	0	0	0.96	0.96	0.00	0.00
	70-74	0	0	1.13	1.13	0.00	0.00
	75+	0	0	1.31	1.31	0.00	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*							
Carve out	65-69	0	0	0.13	0.13	0.00	0.00
	70-74	0	0	0.15	0.15	0.00	0.00
	75+	0	0	0.17	0.17	0.00	0.00
COB	65-69	0	0	0.32	0.32	0.00	0.00
	70-74	0	0	0.38	0.38	0.00	0.00
	75+	0	0	0.44	0.44	0.00	0.00
Total		39	33	xxxx	xxxx	26.20	28.89

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTORS

$$\text{Employee} = \frac{(5)+(6)}{(1)+(2)} = A = 0.765$$

$$\text{Spouse} = .9 \times A + .1 = 0.789$$

$$\text{Composite Dependent} = .5 \times A + .5 = 0.883$$

Examples of Age and Gender Factor Calculation — Continued

II. Age and Gender Factors for Spouse/Children Using Enrollment by Age and Gender of Employees with Dependents

		Employee		Factor			Product		
Age Bracket		Male (1)	Female (2)	Wife (3)	Husband (4)	Children (5)	(1)x(3) (6)	(2)x(4) (7)	[(1)+(2)]x(5) (8)
Under 30		6	3	0.79	0.31	0.90	4.74	0.93	8.10
30 - 34		3	2	0.89	0.40	1.05	2.67	0.80	5.25
35 - 39		5	2	0.91	0.50	1.15	4.55	1.00	8.05
40 - 44		2	1	0.95	0.61	1.20	1.90	0.61	3.60
45 - 49		5	1	1.05	0.80	1.10	5.25	0.80	6.60
50 - 54		2	0	1.24	1.04	0.90	2.48	0.00	1.80
55 - 59		1	1	1.40	1.37	0.80	1.40	1.37	1.60
60 - 64		1	0	1.65	1.76	0.70	1.65	0.00	0.70
65 - 69		0	0	1.80	2.01	0.60	0.00	0.00	0.00
70 +		0	0	1.91	2.19	0.60	0.00	0.00	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan									
Carve out	65-69	0	0	0.62	0.62	0.60	0.00	0.00	0.00
	70-74	0	0	0.73	0.73	0.60	0.00	0.00	0.00
	75+	0	0	0.83	0.83	0.60	0.00	0.00	0.00
COB	65-69	0	0	0.93	0.93	0.60	0.00	0.00	0.00
	70-74	0	0	1.10	1.10	0.60	0.00	0.00	0.00
	75+	0	0	1.25	1.25	0.60	0.00	0.00	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*									
Carve out	65-69	0	0	0.12	0.12	0.60	0.00	0.00	0.00
	70-74	0	0	0.15	0.15	0.60	0.00	0.00	0.00
	75+	0	0	0.17	0.17	0.60	0.00	0.00	0.00
COB	65-69	0	0	0.31	0.31	0.60	0.00	0.00	0.00
	70-74	0	0	0.37	0.37	0.60	0.00	0.00	0.00
	75+	0	0	0.42	0.42	0.60	0.00	0.00	0.00
Total		25	10	xxxx		xxxx	24.64	5.51	35.70

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTORS

$$\text{Spouse} = \frac{(6)+(7)}{(1)+(2)} = 0.861 \qquad \text{Children} = \frac{(8)}{(1)+(2)} = 1.020$$

Examples of Age and Gender Factor Calculation — Continued

III. Age Factors for Spouse/Children Using Enrollment by Age of Employees with Dependents

Age Bracket		Employee Unisex (1)	Factor: Spouse (2)	Factor: Children (3)	Product: (1)x(2) (4)	Product: (1)x(3) (5)
Under 30		9	0.55	0.90	4.95	8.10
30 – 34		5	0.65	1.05	3.25	5.25
35 - 39		7	0.71	1.15	4.97	8.05
40 - 44		3	0.78	1.20	2.34	3.60
45 - 49		6	0.93	1.10	5.58	6.60
50 – 54		2	1.14	0.90	2.28	1.80
55 - 59		2	1.39	0.80	2.78	1.60
60 - 64		1	1.71	0.70	1.71	0.70
65 - 69		0	1.91	0.60	0.00	0.00
70 +		0	2.05	0.60	0.00	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan						
Carve out	65-69	0	0.62	0.60	0.00	0.00
	70-74	0	0.73	0.60	0.00	0.00
	75+	0	0.83	0.60	0.00	0.00
COB	65-69	0	0.93	0.60	0.00	0.00
	70-74	0	1.10	0.60	0.00	0.00
	75+	0	1.25	0.60	0.00	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*						
Carve out	65-69	0	0.12	0.60	0.00	0.00
	70-74	0	0.15	0.60	0.00	0.00
	75+	0	0.17	0.60	0.00	0.00
COB	65-69	0	0.31	0.60	0.00	0.00
	70-74	0	0.37	0.60	0.00	0.00
	75+	0	0.42	0.60	0.00	0.00
Total		35	xxxx	xxxx	27.86	35.70

*Prescription drugs would be included in a "card" program.

AGE FACTORS

$$\text{Spouse} = \frac{(4)}{(1)} = 0.796 \qquad \text{Children} = \frac{(5)}{(1)} = 1.020$$

Examples of Age and Gender Factor Calculation — Continued

IV. Age and Gender Composite Dependents Using Enrollment by Age and Gender of Employees with Dependents

		Employees		Factor		Product	
Age Bracket		Male (1)	Female (2)	Dependent of Male (3)	Dependent of Female (4)	(1)x(3) (5)	(2)x(4) (6)
Under 30		6	3	0.84	0.56	5.04	1.68
30 - 34		3	2	0.96	0.67	2.88	1.34
35 - 39		5	2	1.01	0.77	5.05	1.54
40 - 44		2	1	1.05	0.86	2.10	0.86
45 - 49		5	1	1.07	0.93	5.35	0.93
50 – 54		2	0	1.10	0.98	2.20	0.00
55 - 59		1	1	1.15	1.13	1.15	1.13
60 - 64		1	0	1.25	1.32	1.25	0.00
65 - 69		0	0	1.30	1.42	0.00	0.00
70 +		0	0	1.36	1.52	0.00	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan							
Carve out	65-69	0	0	0.61	0.61	0.00	0.00
	70-74	0	0	0.68	0.68	0.00	0.00
	75+	0	0	0.73	0.73	0.00	0.00
COB	65-69	0	0	0.79	0.79	0.00	0.00
	70-74	0	0	0.89	0.89	0.00	0.00
	75+	0	0	0.98	0.98	0.00	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*							
Carve out	65-69	0	0	0.32	0.32	0.00	0.00
	70-74	0	0	0.34	0.34	0.00	0.00
	75+	0	0	0.35	0.35	0.00	0.00
COB	65-69	0	0	0.43	0.43	0.00	0.00
	70-74	0	0	0.47	0.47	0.00	0.00
	75+	0	0	0.50	0.50	0.00	0.00
Total		25	10	xxxx	xxxx	25.02	7.48

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTOR

$$\text{Composite Dependent} = \frac{(5)+(6)}{(1)+(2)} = 0.929$$

Examples of Age and Gender Factor Calculation — Continued

V. Age Factor for Composite Dependents Using Enrollment Age of Employee with Dependents

Age Bracket		Employee Unisex (1)	Factor (2)	Product (1)x(2) (3)
Under 30		9	0.70	6.30
30 - 34		5	0.82	4.10
35 - 39		7	0.89	6.23
40 - 44		3	0.96	2.88
45 - 49		6	1.00	6.00
50 - 54		2	1.04	2.08
55 - 59		2	1.14	2.28
60 - 64		1	1.29	1.29
65 - 69		0	1.36	0.00
70 +		0	1.44	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan				
Carve out	65-69	0	0.61	0.00
	70-74	0	0.68	0.00
	75+	0	0.73	0.00
COB	65-69	0	0.79	0.00
	70-74	0	0.89	0.00
	75+	0	0.98	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*				
Carve out	65-69	0	0.32	0.00
	70-74	0	0.34	0.00
	75+	0	0.35	0.00
COB	65-69	0	0.43	0.00
	70-74	0	0.47	0.00
	75+	0	0.50	0.00
Total		35	xxxx	31.16

*Prescription drugs would be included in a "card" program.

AGE FACTOR

$$\text{Composite Dependent} = \frac{(3)}{(1)} = 0.890$$

Examples of Age and Gender Factor Calculation — Continued

VI. Age and Gender Factors for Spouse/Children Using Enrollment by Age and Gender of All Employees

		Employee		Factor			Product		
Age Bracket		Male (1)	Female (2)	Wife (3)	Husband (4)	Children (5)	(1)x(3) (6)	(2)x(4) (7)	[(1)+(2)]x(5) (8)
Under 30		10	15	0.79	0.31	0.90	7.90	4.65	22.50
30 - 34		5	6	0.89	0.40	1.05	4.45	2.40	11.55
35 - 39		7	4	0.91	0.50	1.15	6.37	2.00	12.65
40 - 44		4	3	0.95	0.61	1.20	3.80	1.83	8.40
45 - 49		6	2	1.05	0.80	1.10	6.30	1.60	8.80
50 - 54		3	1	1.24	1.04	0.90	3.72	1.04	3.60
55 - 59		2	2	1.40	1.37	0.80	2.80	2.74	3.20
60 - 64		1	0	1.65	1.76	0.70	1.65	0.00	0.70
65 - 69		1	0	1.80	2.01	0.60	1.80	0.00	0.60
70 +		0	0	1.91	2.19	0.60	0.00	0.00	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan									
Carve out	65-69	0	0	0.62	0.62	0.60	0.00	0.00	0.00
	70-74	0	0	0.73	0.73	0.60	0.00	0.00	0.00
	75+	0	0	0.83	0.83	0.60	0.00	0.00	0.00
COB	65-69	0	0	0.93	0.93	0.60	0.00	0.00	0.00
	70-74	0	0	1.10	1.10	0.60	0.00	0.00	0.00
	75+	0	0	1.25	1.25	0.60	0.00	0.00	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*									
Carve out	65-69	0	0	0.12	0.12	0.60	0.00	0.00	0.00
	70-74	0	0	0.15	0.15	0.60	0.00	0.00	0.00
	75+	0	0	0.17	0.17	0.60	0.00	0.00	0.00
COB	65-69	0	0	0.31	0.31	0.60	0.00	0.00	0.00
	70-74	0	0	0.37	0.37	0.60	0.00	0.00	0.00
	75+	0	0	0.42	0.42	0.60	0.00	0.00	0.00
Total		39	33	xxxx	xxxx	xxxx	38.79	16.26	72.00

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTORS

$$\text{Spouse} = \frac{(6)+(7)}{(1)+(2)} = 0.765 \qquad \text{Children} = \frac{(8)}{(1)+(2)} = 1.000$$

Examples of Age and Gender Factor Calculation — Continued

VII. Age Factors for Spouse/Children Using Enrollment by Age of All Employees

Age Bracket		Employee Unisex (1)	Factor: Spouse (2)	Factor: Children (3)	Product: (1)x(2) (4)	Product: (1)x(3) (5)
Under 30		25	0.55	0.90	13.75	22.50
30 - 34		11	0.65	1.05	7.15	11.55
35 - 39		11	0.71	1.15	7.81	12.65
40 - 44		7	0.78	1.20	5.46	8.40
45 - 49		8	0.93	1.10	7.44	8.80
50 - 54		4	1.14	0.90	4.56	3.60
55 - 59		4	1.39	0.80	5.56	3.20
60 - 64		1	1.71	0.70	1.71	0.70
65 - 69		1	1.91	0.60	1.91	0.60
70 +		0	2.05	0.60	0.00	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan						
Carve out	65-69	0	0.62	0.60	0.00	0.00
	70-74	0	0.73	0.60	0.00	0.00
	75+	0	0.83	0.60	0.00	0.00
COB	65-69	0	0.93	0.60	0.00	0.00
	70-74	0	1.10	0.60	0.00	0.00
	75+	0	1.25	0.60	0.00	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*						
Carve out	65-69	0	0.12	0.60	0.00	0.00
	70-74	0	0.15	0.60	0.00	0.00
	75+	0	0.17	0.60	0.00	0.00
COB	65-69	0	0.31	0.60	0.00	0.00
	70-74	0	0.37	0.60	0.00	0.00
	75+	0	0.42	0.60	0.00	0.00
Total		72	xxxx	xxxx	55.35	72.00

*Prescription drugs would be included in a "card" program.

AGE FACTORS

$$\text{Spouse} = \frac{(4)}{(1)} = 0.769 \qquad \text{Children} = \frac{(5)}{(1)} = 1.000$$

Examples of Age and Gender Factor Calculation — Continued

VIII. Age and Gender Factors for Composite Dependents Using Enrollment by Age and Gender of All Employees

		Employees		Factor		Product	
Age Bracket		Male (1)	Female (2)	Dependent of Male (3)	Dependent of Female (4)	(1)x(3) (5)	(2)x(4) (6)
Under 30		10	15	0.84	0.56	8.40	8.40
30 - 34		5	6	0.96	0.67	4.80	4.02
35 - 39		7	4	1.01	0.77	7.07	3.08
40 - 44		4	3	1.05	0.86	4.20	2.58
45 - 49		6	2	1.07	0.93	6.42	1.86
50 - 54		3	1	1.10	0.98	3.30	0.98
55 - 59		2	2	1.15	1.13	2.30	2.26
60 - 64		1	0	1.25	1.32	1.25	0.00
65 - 69		1	0	1.30	1.42	1.30	0.00
70 +		0	0	1.36	1.52	0.00	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan							
Carve out	65-69	0	0	0.61	0.61	0.00	0.00
	70-74	0	0	0.68	0.68	0.00	0.00
	75+	0	0	0.73	0.73	0.00	0.00
COB	65-69	0	0	0.79	0.79	0.00	0.00
	70-74	0	0	0.89	0.89	0.00	0.00
	75+	0	0	0.98	0.98	0.00	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*							
Carve out	65-69	0	0	0.32	0.32	0.00	0.00
	70-74	0	0	0.34	0.34	0.00	0.00
	75+	0	0	0.35	0.35	0.00	0.00
COB	65-69	0	0	0.43	0.43	0.00	0.00
	70-74	0	0	0.47	0.47	0.00	0.00
	75+	0	0	0.50	0.50	0.00	0.00
Total		39	33	xxxx	xxxx	39.04	23.18

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTOR

$$\text{Composite Dependent} = \frac{(5)+(6)}{(1)+(2)} = 0.864$$

Examples of Age and Gender Factor Calculation — Continued

IX. Age Factor for Composite Dependents Using Enrollment Age of All Employees

Age Bracket		Employee Unisex (1)	Factor (2)	Product (1)x(2) (3)
Under 30		25	0.70	17.50
30 - 34		11	0.82	9.02
35 - 39		11	0.89	9.79
40 - 44		7	0.96	6.72
45 - 49		8	1.00	8.00
50 - 54		4	1.04	4.16
55 - 59		4	1.14	4.56
60 - 64		1	1.29	1.29
65 - 69		1	1.36	1.36
70 +		0	1.44	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan				
Carve out	65-69	0	0.61	0.00
	70-74	0	0.68	0.00
	75+	0	0.73	0.00
COB	65-69	0	0.79	0.00
	70-74	0	0.89	0.00
	75+	0	0.98	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*				
Carve out	65-69	0	0.32	0.00
	70-74	0	0.34	0.00
	75+	0	0.35	0.00
COB	65-69	0	0.43	0.00
	70-74	0	0.47	0.00
	75+	0	0.50	0.00
Total		72	xxxx	62.40

*Prescription drugs would be included in a “card” program.

AGE FACTOR

$$\text{Composite Dependent} = \frac{(3)}{(1)} = 0.867$$

Examples of Age and Gender Factor Calculation — Continued

X. Age and Gender Factors for Employees and Spouse — Maternity Only

		Employee		Spouse		Maternity Only Factor		Product	
Age Bracket		Male (1)	Female (2)	Wife (3)	Husband (4)	Employee (5)	Wife (6)	(2)x(5) (7)	(3)x(6) (8)
Under 30		10	15	6	3	1.80	2.70	27.00	16.20
30 - 34		5	6	3	2	1.50	2.40	9.00	7.20
35 - 39		7	4	5	2	1.00	1.50	4.00	7.50
40 - 44		4	3	2	1	0.50	0.75	1.50	1.50
45 - 49		6	2	5	1	0.30	0.50	0.60	2.50
50 - 54		3	1	2	0	0.00	0.00	0.00	0.00
55 - 59		2	2	1	1	0.00	0.00	0.00	0.00
60 - 64		1	0	1	0	0.00	0.00	0.00	0.00
65 - 69		1	0	0	0	0.00	0.00	0.00	0.00
70 +		0	0	0	0	0.00	0.00	0.00	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan									
Carve out	65-69	0	0	0	0	0.00	0.00	0.00	0.00
	70-74	0	0	0	0	0.00	0.00	0.00	0.00
	75+	0	0	0	0	0.00	0.00	0.00	0.00
COB	65-69	0	0	0	0	0.00	0.00	0.00	0.00
	70-74	0	0	0	0	0.00	0.00	0.00	0.00
	75+	0	0	0	0	0.00	0.00	0.00	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*									
Carve out	65-69	0	0	0	0	0.00	0.00	0.00	0.00
	70-74	0	0	0	0	0.00	0.00	0.00	0.00
	75+	0	0	0	0	0.00	0.00	0.00	0.00
COB	65-69	0	0	0	0	0.00	0.00	0.00	0.00
	70-74	0	0	0	0	0.00	0.00	0.00	0.00
	75+	0	0	0	0	0.00	0.00	0.00	0.00
Total		39	33	25	10	xxxx	xxxx	42.10	34.90

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTORS

$$\text{Employee} = \frac{(7)}{(1)+(2)} = .585 \qquad \text{Spouse} = \frac{(8)}{(3)+(4)} = .997$$

$$\text{Composite Dependent} = \frac{(8) + .04 \times [(4) + (\text{\# of "50+" in Col (3)})]}{(3)+(4)} = 1.013$$

Examples of Age and Gender Factor Calculation — Continued

XI. Retiree Age and Gender Factors

		Retirees			Factor			Product		
Age Bracket		Male (1)	Female (2)	Children (3)	Male (4)	Female (5)	Children (6)	(1)x(4) (7)	(2)x(5) (8)	(3)x(6) (9)
Under 55		2	3	2	0.70	0.82	0.90	1.40	2.46	1.80
55 - 59		4	3	1	0.92	0.93	0.80	3.68	2.79	0.80
60 - 64		7	3	0	1.18	1.10	0.70	8.26	3.30	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan										
Carve out	65-69	0	0	0	0.37	0.37	0.37	0.00	0.00	0.00
	70-74	0	0	0	0.44	0.44	0.44	0.00	0.00	0.00
	75+	0	0	0	0.50	0.50	0.50	0.00	0.00	0.00
COB	65-69	0	0	0	0.56	0.56	0.56	0.00	0.00	0.00
	70-74	0	0	0	0.66	0.66	0.66	0.00	0.00	0.00
	75+	0	0	0	0.75	0.75	0.75	0.00	0.00	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*										
Carve out	65-69	0	0	0	0.07	0.07	0.07	0.00	0.00	0.00
	70-74	0	0	0	0.09	0.09	0.09	0.00	0.00	0.00
	75+	0	0	0	0.10	0.10	0.10	0.00	0.00	0.00
COB	65-69	0	0	0	0.19	0.19	0.19	0.00	0.00	0.00
	70-74	0	0	0	0.22	0.22	0.22	0.00	0.00	0.00
	75+	0	0	0	0.25	0.25	0.25	0.00	0.00	0.00
Total		13	9	3	xxxx	xxxx	xxxx	13.34	8.55	2.60

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTORS

$$\text{Retiree} = \frac{(7)+(8)}{(1)+(2)} = \frac{13.34+8.55}{22} = 0.995$$

$$\text{Children} = \frac{(9)}{(3)} = \frac{2.60}{3} = 0.867$$

Examples of Age and Gender Factor Calculation — Continued

XII. Retiree Unisex Factors

Age Bracket		Retiree (1)	Children (2)	Factor: Retiree (3)	Factor: Children (4)	Product: (1)x(3) (5)	Product: (2)x(4) (6)
Under 55		5	2	0.76	0.90	3.80	1.80
55 - 59		7	1	0.93	0.80	6.51	0.80
60 - 64		10	0	1.14	0.70	11.40	0.00
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan							
Carve out	65-69	0	0	0.37	0.37	0.00	0.00
	70-74	0	0	0.44	0.44	0.00	0.00
	75+	0	0	0.50	0.50	0.00	0.00
COB	65-69	0	0	0.56	0.56	0.00	0.00
	70-74	0	0	0.66	0.66	0.00	0.00
	75+	0	0	0.75	0.75	0.00	0.00
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*							
Carve out	65-69	0	0	0.07	0.07	0.00	0.00
	70-74	0	0	0.09	0.09	0.00	0.00
	75+	0	0	0.10	0.10	0.00	0.00
COB	65-69	0	0	0.19	0.19	0.00	0.00
	70-74	0	0	0.22	0.22	0.00	0.00
	75+	0	0	0.25	0.25	0.00	0.00
Total		22	3	xxxx	xxxx	21.71	2.60

*Prescription drugs would be included in a "card" program.

UNISEX FACTORS

$$\text{Retiree} = \frac{(5)}{(1)} = \frac{21.71}{22} = 0.987$$

$$\text{Children} = \frac{(6)}{(2)} = \frac{2.60}{3} = 0.867$$

Age and Gender Factor Worksheets

Employee Age and Gender Factors

Group Name _____ Location _____ Zip ____ Area Table _____

Age and Gender Factors for Employees

Age Bracket	Employees Male (1)	Employees Female (2)	Factor Male (3)	Factor Female (4)	Product (1)x(3) (5)	Product (2)x(4) (6)
Under 30			0.31	0.69		
30 - 34			0.41	0.92		
35 - 39			0.52	0.94		
40 - 44			0.63	0.98		
45 - 49			0.82	1.08		
50 - 54			1.08	1.28		
55 - 59			1.42	1.44		
60 - 64			1.82	1.71		
65 - 69			2.07	1.85		
70 +			2.25	1.97		
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan						
Carve out 65-69			0.64	0.64		
Carve out 70-74			0.75	0.75		
Carve out 75+			0.87	0.87		
COB 65-69			0.96	0.96		
COB 70-74			1.13	1.13		
COB 75+			1.31	1.31		
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*						
Carve out 65-69			0.13	0.13		
Carve out 70-74			0.15	0.15		
Carve out 75+			0.17	0.17		
COB 65-69			0.32	0.32		
COB 70-74			0.38	0.38		
COB 75+			0.44	0.44		
Total			xxxx	xxxx		

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTORS

$$\text{Employee} = \frac{(5)+(6)}{(1)+(2)} = A =$$

Spouse = .9 x A + .1 =

Composite Dependent = .5 x A + .5 =

Spouse & Children Age and Gender Factors

Group Name _____ Location _____ Zip ___ Area Table ____

Age and Gender Factors for Spouse/Children Using Enrollment by Age and Gender of Employees with Dependents

		Employee		Factor			Product		
Age Bracket		Male (1)	Female (2)	Wife (3)	Husband (4)	Children (5)	(1)x(3) (6)	(2)x(4) (7)	[(1)+(2)]x(5) (8)
Under 30				0.79	0.31	0.90			
30 - 34				0.89	0.40	1.05			
35 - 39				0.91	0.50	1.15			
40 - 44				0.95	0.61	1.20			
45 - 49				1.05	0.80	1.10			
50 - 54				1.24	1.04	0.90			
55 - 59				1.40	1.37	0.80			
60 - 64				1.65	1.76	0.70			
65 - 69				1.80	2.01	0.60			
70 +				1.91	2.19	0.60			
Supplemental to Medicare and Prescription drugs <u>are</u> covered in the CMM or SMM Plan									
Carve out	65-69			0.62	0.62	0.60			
	70-74			0.73	0.73	0.60			
	75+			0.83	0.83	0.60			
COB	65-69			0.93	0.93	0.60			
	70-74			1.10	1.10	0.60			
	75+			1.25	1.25	0.60			
Supplemental to Medicare <u>and</u> Prescription drugs <u>are not</u> covered in the CMM or SMM Plan*									
Carve out	65-69			0.12	0.12	0.60			
	70-74			0.15	0.15	0.60			
	75+			0.17	0.17	0.60			
COB	65-69			0.31	0.31	0.60			
	70-74			0.37	0.37	0.60			
	75+			0.42	0.42	0.60			
Total				xxxx	xxxx	xxxx			

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTORS

$$\text{Spouse} = \frac{(6)+(7)}{(1)+(2)} = \qquad \text{Children} = \frac{(8)}{(1)+(2)} =$$

Spouse & Children Age and Gender Factors (Continued)

Group Name _____ Location _____ Zip ____ Area Table _____

Age Factors for Spouse/Children Using Enrollment by Age of Employees with Dependents

Age Bracket	Employee Unisex (1)	Factor: Spouse (2)	Factor: Children (3)	Product: (1)x(2) (4)	Product: (1)x(3) (5)
Under 30		0.55	0 .90		
30 - 34		0.65	1.05		
35 - 39		0.71	1.15		
40 - 44		0.78	1.20		
45 - 49		0.93	1.10		
50 - 54		1.14	0.90		
55 - 59		1.39	0.80		
60 - 64		1.71	0.70		
65 - 69		1.91	0.60		
70 +		2.05	0.60		
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan					
Carve out 65-69		0.62	0.60		
Carve out 70-74		0.73	0.60		
Carve out 75+		0.83	0.60		
COB 65-69		0.93	0.60		
COB 70-74		1.10	0.60		
COB 75+		1.25	0.60		
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*					
Carve out 65-69		0.12	0.60		
Carve out 70-74		0.15	0.60		
Carve out 75+		0.17	0.60		
COB 65-69		0.31	0.60		
COB 70-74		0.37	0.60		
COB 75+		0.42	0.60		
Total		xxxx	xxxx		

*Prescription drugs would be included in a "card" program.

AGE FACTORS

Spouse = $\frac{(4)}{(1)}$ = Children = $\frac{(5)}{(1)}$ =

Composite Dependent Age and Gender Factors

Group Name _____ Location _____ Zip ____ Area Table _____

Age and Gender Composite Dependents Using Enrollment by Age and Gender of Employees with Dependents

		Employees		Factor		Product	
Age Bracket		Male (1)	Female (2)	Dependent of Male (3)	Dependent of Female (4)	(1)x(3) (5)	(2)x(4) (6)
Under 30				0.84	0.56		
30 - 34				0.96	0.67		
35 - 39				1.01	0.77		
40 - 44				1.05	0.86		
45 - 49				1.07	0.93		
50 - 54				1.10	0.98		
55 - 59				1.15	1.13		
60 - 64				1.25	1.32		
65 - 69				1.30	1.42		
70 +				1.36	1.52		
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan							
Carve out	65-69			0.61	0.61		
	70-74			0.68	0.68		
	75+			0.73	0.73		
COB	65-69			0.79	0.79		
	70-74			0.89	0.89		
	75+			0.98	0.98		
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*							
Carve out	65-69			0.32	0.32		
	70-74			0.34	0.34		
	75+			0.35	0.35		
COB	65-69			0.43	0.43		
	70-74			0.47	0.47		
	75+			0.50	0.50		
Total				xxxx	xxxx		

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTORS

$$\text{Composite Dependent} = \frac{(5)+(6)}{(1)+(2)} =$$

Composite Dependent Age and Gender Factors (Continued)

Group Name _____ Location _____ Zip ____ Area Table _____

Age Factors for Composite Dependents Using Enrollment Age of Employee with Dependents

Age Bracket		Employee Unisex (1)	Factor (2)	Product (1)x(2) (3)
Under 30			0.70	
30 - 34			0.82	
35 - 39			0.89	
40 - 44			0.96	
45 - 49			1.00	
50 - 54			1.04	
55 - 59			1.14	
60 - 64			1.29	
65 - 69			1.36	
70 +			1.44	
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan				
Carve out	65-69		0.61	
	70-74		0.68	
	75+		0.73	
COB	65-69		0.79	
	70-74		0.89	
	75+		0.98	
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*				
Carve out	65-69		0.32	
	70-74		0.34	
	75+		0.35	
COB	65-69		0.43	
	70-74		0.47	
	75+		0.50	
Total			xxxx	

*Prescription drugs would be included in a “card” program.

AGE FACTORS

$$\text{Composite Dependent} = \frac{(3)}{(1)} =$$

Employee & Spouse Age and Gender Factors Maternity Only

Group Name _____ Location _____ Zip ____ Area Table _____

Age and Gender Factors for Employees and Spouse — Maternity Only

		Employee		Spouse		Maternity Only Factor		Product	
Age Bracket		Male (1)	Female (2)	Wife (3)	Husband (4)	Employee (5)	Wife (6)	(2)x(5) (7)	(3)x(6) (8)
Under 30						1.80	2.70		
30 - 34						1.50	2.40		
35 - 39						1.00	1.50		
40 - 44						0.50	0.75		
45 - 49						0.30	0.50		
50 - 54						0.00	0.00		
55 - 59						0.00	0.00		
60 - 64						0.00	0.00		
65 - 69						0.00	0.00		
70 +						0.00	0.00		
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan									
Carve out	65-69					0.00	0.00		
	70-74					0.00	0.00		
	75+					0.00	0.00		
COB	65-69					0.00	0.00		
	70-74					0.00	0.00		
	75+					0.00	0.00		
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*									
Carve out	65-69					0.00	0.00		
	70-74					0.00	0.00		
	75+					0.00	0.00		
COB	65-69					0.00	0.00		
	70-74					0.00	0.00		
	75+					0.00	0.00		
Total						xxxx	xxxx		

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTORS

$$\text{Employee} = \frac{(7)}{(1)+(2)} = \qquad \text{Spouse} = \frac{(8)}{(3)+(4)} =$$

$$\text{Composite Dependent} = \frac{(8) + .04 \text{ x } [(4) + (\text{\# of "50+" in Col (3)})]}{(3)+(4)} =$$

Retiree Age and Gender Factors

Group Name _____ Location _____ Zip _____ Area Table _____

Retiree Age and Gender Factors

	Retirees			Factor			Product		
Age Bracket	Male (1)	Female (2)	Children (3)	Male (4)	Female (5)	Children (6)	(1)x(4) (7)	(2)x(5) (8)	(3)x(6) (9)
Under 55				0.70	0.82	0.90			
55 - 59				0.92	0.93	0.80			
60 - 64				1.18	1.10	0.70			
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan									
Carve out 65-69				0.37	0.37	0.60			
Carve out 70-74				0.44	0.44	0.60			
Carve out 75+				0.50	0.50	0.60			
COB 65-69				0.56	0.56	0.60			
COB 70-74				0.66	0.66	0.60			
COB 75+				0.75	0.75	0.60			
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*									
Carve out 65-69				0.07	0.07	0.60			
Carve out 70-74				0.09	0.09	0.60			
Carve out 75+				0.10	0.10	0.60			
COB 65-69				0.19	0.19	0.60			
COB 70-74				0.22	0.22	0.60			
COB 75+				0.25	0.25	0.60			
Total				xxxx	xxxx	xxxx			

*Prescription drugs would be included in a "card" program.

AGE AND GENDER FACTORS

$$\text{Retiree} = \frac{(7)+(8)}{(1)+(2)} =$$

$$\text{Children} = \frac{(9)}{(3)} =$$

Retiree Unisex Factors

Group Name _____ Location _____ Zip _____ Area Table _____

Retiree Unisex Factors

Age Bracket		Retiree (1)	Children (2)	Factor: Retiree (3)	Factor: Children (4)	Product: (1)x(3) (5)	Product: (2)x(4) (6)
Under 55				0.76	0.90		
55 - 59				0.93	0.80		
60 - 64				1.14	0.70		
Supplemental to Medicare and Prescription drugs are covered in the CMM or SMM Plan							
Carve out	65-69			0.37	0.60		
	70-74			0.44	0.60		
	75+			0.50	0.60		
COB	65-69			0.56	0.60		
	70-74			0.66	0.60		
	75+			0.75	0.60		
Supplemental to Medicare and Prescription drugs are not covered in the CMM or SMM Plan*							
Carve out	65-69			0.07	0.60		
	70-74			0.09	0.60		
	75+			0.10	0.60		
COB	65-69			0.19	0.60		
	70-74			0.22	0.60		
	75+			0.25	0.60		
Total				xxxx	xxxx		

*Prescription drugs would be included in a "card" program.

UNISEX FACTORS

$$\text{Retiree} = \frac{(5)}{(1)} =$$

$$\text{Children} = \frac{(6)}{(2)} =$$

VI.2 COMPREHENSIVE MAJOR MEDICAL CLAIM COSTS

Description

The claim costs presented in Section VI.2 are appropriate for the standard comprehensive major medical benefits described below.

- Inpatient hospital with pre-certification and concurrent review.
- Maternity and nursery included as any other expense.
- Average semi-private room and board.
- Intensive care up to three times average semi-private room and board.
- Other hospital charges whether inpatient or outpatient.
- Usual and customary surgical and physician charges.
- Diagnostic X-ray and Laboratory.
- Ambulatory Surgical Center.
- Drugs requiring a prescription by a physician.
- Private duty nurse.
- Ambulance and durable medical equipment.
- Home health care by an accredited agency under a written plan by a physician.
- Three deductibles and three stop losses applied per year per family.
- Typical state mandated group benefits.
- Well care for adults and children.

The limitations and exclusions assumed in these claim costs are:

- Preexisting conditions are excluded for twelve months (eighteen months for late enrollees) subject to HIPAA compliance. The twelve or eighteen months time period is reduced by past creditable coverage.

- No coverage for cosmetic surgery, reversal of sterilization, implantation of an ovum, or experimental treatment.

- No coverage for work-related injuries or sickness.

- Coordination of benefits with other carriers on the typical priority basis.

- Extension of benefits after termination of individual coverage, or employer's termination, or group termination is in effect while totally disabled but not to exceed 90 days.

Section VI.2 also presents a wide range of other tables and procedures whereby the tabular claim costs for the standard plan may be modified to rate the user's benefit plan.

Preferred Provider (PPO) Plans

The standard plan benefits do not provide for different levels of benefits in or out-of-network as in a typical PPO plan.

The manual and software require that in-network and out-of-network benefits be rated separately and then combined as a weighted average in determining a single cost.

See Section VI.4 for further detail regarding plans with provider discounts.

Distribution of Costs for Standard Plan Benefits

The following table gives a distribution of costs for the standard plan benefits for an average age and area. Standard benefits are described on the prior page and include well care. Outpatient mental health benefits are not included in the distribution. The other miscellaneous benefits consist of durable medical equipment, ambulance, physical therapy and typical state mandated group benefits (home health care, substance abuse).

DISTRIBUTION OF COMPREHENSIVE PLAN BENEFITS

	Adult	Children	Retiree
Inpatient Hospital	23.8%	24.8%	24.9%
Outpatient Hospital	26.8%	22.8%	26.7%
TOTAL HOSPITAL	50.6%	47.6%	51.6%
Inpatient Surgical	3.3%	1.6%	2.7%
Outpatient Surgical	6.0%	4.7%	5.9%
TOTAL SURGICAL	9.3%	6.3%	8.6%
Inpatient Professional	1.1%	2.4%	1.2%
Outpatient Professional	5.4%	5.5%	5.1%
TOTAL PROFESSIONAL	6.5%	7.9%	6.3%
DX&L	3.9%	1.9%	3.6%
Office Visits	11.6%	19.8%	10.9%
Prescription Drugs	12.1%	9.2%	13.0%
Other Miscellaneous	6.0%	7.3%	6.0%
TOTAL	100.0%	100.0%	100.0%

The remainder of this Section VI.2 is presented as follows:

1. Comprehensive Major Medical Worksheet Example
2. Detailed documentation of Claim Cost development steps
3. Comprehensive Monthly Claim Costs for the Standard Benefit Plan

Comprehensive Major Medical Worksheet Example

The following pages use the manual and software to develop the monthly cost for a plan of benefits. No census is used in the Example. The rate structure illustrated is employee and family. All benefits are assumed to be out-of-network. The assumed effective date is 04/01/2013. The benefits of the plan are:

- Pre-admission certification not required
- Deductible $200 — Maximum $600 Family; no deductible carry-forward; Rx is included
- Coinsurance — 80% of first $4,800 after deductible, 100% of excess
- Annual maximum $2,000,000
- IP Mental Health Benefits/Substance Abuse — SAAO
- Outpatient Mental Health/Substance Abuse — $125 per visit average benefit, unlimited visit maximum for each benefit (SAAO)
- Extended Care Facility — $627 daily benefit, 31 days maximum
- Hospital Deductible Per Admission - $500
- Children are covered from birth to age 26

The following two pages show complete input and manual cost output for area E from the manual software. The remaining pages of this section give a detailed explanation of each line of the worksheet and software.

EXAMPLE
HealthMAPS® Medical Manual Costs 2013
Out-of-Network Monthly Costs
WORKSHEET

Company Name: ABCompany
Plan Name: Example 1
Sub Name:

Effective Date: April 2013
Costs Guaranteed: 12 months
Medical Area: E
SIC: No Adjustment

Pre-Admission Cert.: No
Ded. Plan Type: All Expenses
PPO Participation: 0%

	Input	Employee	Spouse	Children	Composite Dependent	Retiree
1. Base Cost:		$619.40	$645.69	$535.71	$966.70	$1,060.34
Deductible:						
2. Combined or Separate Deductible (PPO)	$200					
3. Waive Ded. For Maintenance Rx	12					
4. Apply Carry-forward	No					
5. Family Deductible	3.00					
6. Waive Ded. For Surgery	No					
Policy Specifications:						
7. In-full Surgical Units	$0					
8. In-full Hospital Amount	$0					
9. ICU Maximum	3 x R&B					
Covered Levels:						
10. Room & Board	$1,254					
11. Surgical	$100.80					
12. Adjusted Base Cost:		$619.40	$645.69	$535.71	$966.70	$1,060.34
Coinsurance – Basic :						
13. First Coinsurance %	80%					
14. On First $x incurred after Ded.	$4,800					
15. Second Coinsurance %	100%					
16. On Next $y incurred	$0					
17. Third Coinsurance %	0%	200.82	210.17	138.38	286.59	365.86
18. Stop Loss Max per Family	3.00					
19. Annual Max (Omit 000's)	$2,000	6.34	6.46	7.00	10.95	14.83
Mental Health						
20. OP –						
21. OP – Average Benefit Per Visit	$125					
22. OP – Annual Maximum	365 visits					
23. OP – Adjustment Factor	1.00	7.50	7.50	6.30	11.29	15.80
24. IP – Max Days	365/0					
25. IP – Misc. Adjustment Factor	1.00					
Substance Abuse:						
26. OP –						
27. OP – Average Benefit Per Visit	$125					
28. OP – Annual Maximum	365 visits					
29. OP – Adjustment Factor	1.00	1.88	1.88	1.58	2.83	3.95
30. IP – Max Days/Annual Max	365/0					
31. IP – Misc. Adjustment Factor	1.00					

EXAMPLE
HealthMAPS® Medical Manual Costs 2013
Out-of-Network Monthly Costs
WORKSHEET

Company Name: ABCompany
Plan Name: Example 1
Sub Name:

Effective Date: April 2013
Costs Guaranteed: 12 months
Medical Area: E
SIC: No Adjustment

Pre-Admission Cert.: No
Ded. Plan Type: All Expenses
PPO Participation: 0%

	Input	Employee	Spouse	Children	Composite Dependent	Retiree
Other Providers						
32. ECF Daily Benefit/ECF Maximum Number of Days	$627/31	2.51	3.14	2.51	4.39	15.05
33. Chiropractic/Physical Therapy Limit	51/51					
34. Chiropractic/Physical Therapy Copay	$0/$0					
Policy Specifications:						
35. Waiver of Coins for OP Surgical	No					
36. Supplemental Accident Maximum	$0					
Copayments:						
37. Hospital Ded. Per Admission/Per Day	$500	-1.95	-2.30	-2.30	-3.75	-2.20
38. Office Visits – Waive Ded/Coin	No/No					
39. Primary Office Visit Copay/Specialist Office Visit Copay	NA/NA					
40. Max Number of Copays per Year	200					
41. Emergency Room Copay	$0					
42. Outpatient Surgical Copay/CT-MRI Copay	$0/$0					
Misc. Out-of-Network Adj.:						
43. Misc. Adjustment						
Well Care Benefits						
44.						
45.						
46. Well Care, Adult – Phy & GYN Exams	NA					
47. Total Benefit Limit	NA					
48. Well Care, Children – Phy & GYN Exams	NA					
49. Total Benefit Limit	NA					
50. Benefits Terminate at Age	NA					
51. Manual Cost: (before factor adjs)		$836.50	$872.54	$689.18	$1,279.00	$1,473.63
Factor Adjustments:						
52. Experience Factor	1.000					
53. Underwriting Factor	1.000					
54. Trend Factor	0.973					
55. Age/Gender Factor	Yes	1.000	1.000	1.000	1.000	1.000
56. Child "Coverage From" (additive)	From Birth					
57. Pre-Admission Certification Factor – No	1.045					
58. SIC Factor – No	1.000					
59. FINAL TOTAL MANUAL COSTS		$850.54	$887.19	$700.75	$1,300.47	$1,498.36

Claim Cost Detail By Line (Worksheet and Software)

Note that certain line items are not used in the Aggregate Stop Loss Basic Medical Rate Manual. The Aggregate Stop Loss Basic Medical Rate Manual is a subset of the Medical Rate Manual, which uses all line items.

Line 1: **Base Cost (Standard Benefits)**

Three components are used to determine the base cost:

Area
Deductible
Inclusion or Exclusion of Prescription Drugs

See end of Section VI.2 for tables of base costs.

Line 2: **Combined or Separate Deductible (PPO) – Not Used**

Line 3: **Waive Deductible for Maintenance Rx – Not Used**

Line 4: **Carry-Forward – Not Used**

Line 5: **Family Deductible**

The software automatically assumes that the family deductible is three times the individual deductible. This produces a $0.00 rate adjustment.

Line 6: **Waive Deductible for Surgery – Not Used**

Line 7: **In-full Surgical Units – Not Used**

Line 8: **In-full Hospital Amount – Not Used**

Line 9: **ICU Maximum – Not Used**

Line 10: **Room and Board Covered Charge Level – Not Used**

Line 11: **Surgical Covered Charge Level – Not Used**

Line 12: **Adjusted Base Cost**

Line 12a: **PPO Discount Value (when computing In-Network Costs)**

Section VI.4 Provider Network Rating has an example of this calculation.

Lines 13-17: **Adjustment for Different Coinsurance Levels and Stop Loss Provisions**

Comprehensive Monthly Claim Costs for Coinsurance Other Than 80%

The monthly claim costs shown in this section are based on 80% coinsurance for charges in excess of the deductible. Towers Watson assumes that utilization will vary with the proportion of benefits that is paid by the member. The stop loss premiums on Line 17 assume that the excess utilization when the carrier pays 100% is 14%. The utilization adjustments shown in the table below are assumed for other coinsurance percentages.

Assumed Utilizations Adjustments

Coinsurance	Utilization Adjustment	Coinsurance	Utilization Adjustment
100%	114%	70%	93%
95	111	65	91
90	107	60	89
85	104	55	87
80	100	50% or less	86
75	97		

An example is provided below for the development of claim costs for a group, Area Table E with a plan that pays 70% of the first $10,000 of charges after a $200 deductible, then 100%.The example assumes that prescription drugs are covered.

In order to fill in the worksheet, calculate the cost for the other than 80% plan including stop loss (line G.) and the sum of the base rate (80% coinsurance) and stop loss at $10,000 cost (line C.). Line 17 in the worksheet is (Line I.).

Lines 13-17 **Adjustment for Different Coinsurance Levels and Stop Loss Provisions (continued)**

Sample Calculation

	Employee	Composite Dependents	Retiree
A. Base Premium - $200 Deductible, 80% Coinsurance	$619.40	$966.70	$1,060.34
B. Stop Loss - $10,000	167.53	231.93	315.53
C. Total (A) + (B)	786.94	1,198.63	1,375.88
D. Adjusted Base Premium, $200 Deductible 70% = (A) x (.70/.80) x .93	504.04	786.65	862.85
E. Base Premium - $10,000 Deductible, 80% Coinsurance	394.20	545.71	742.43
F. Adjusted Stop Loss = (E) x (100/80 x 1.14-70/80 x .93)	240.95	333.57	453.81
G. Total (D) + (F)	744.99	1,120.22	1,316.67
H. Total (G) - (C)	-41.94	-78.41	-59.21
I. Line 17 Adjustment (H) + (B)	$125.59	$153.52	$256.32

Adjustment for Stop Loss Provisions – The claim cost adjustments for providing 100% reimbursement of charges, instead of the 80% reimbursement included in the basic claim costs, are shown on the following pages for several common stop loss levels.

Due to space limitations and to have a slight margin of conservatism, claim costs shown in the manual assume that the stop loss corridor begins with the first dollar of expense. In many benefit plans today, the stop loss corridor begins after the deductible is satisfied. Thus, a plan with a $200 deductible and a $5,000 stop loss corridor actually begins 100% reimbursement after $5,200 of incurred expenses.

The software will perform a more precise calculation of the claim costs using an interpolation between the values in the manual. For example, when using the software, enter a $200 deductible and a corridor of $4,800 to exactly reproduce the $5,000 stop loss claim costs shown in the manual.

Lines 13-17: **Adjustment for Different Coinsurance Levels and Stop Loss Provisions (continued)**

Stop Loss – Includes All Expenses

Area	Employee	Spouse	Children	Composite Dependents	Retiree
	100% Benefits After $2,500 of Covered Medical Expenses ($2,000 Paid)				
E	225.72	236.16	168.30	332.01	402.51
F	241.47	252.84	181.29	356.32	429.38
	100% Benefits after $5,000 of Covered Medical Expenses ($4,000 Paid)				
E	200.82	210.17	138.38	286.59	365.86
F	215.93	226.15	150.04	309.26	391.97

Lines 13-17 **Adjustment for Different Coinsurance Levels and Stop Loss Provisions (continued)**

Stop Loss – Includes All Expenses

Area	Employee	Spouse	Children	Composite Dependents	Retiree
	100% Benefits After $10,000 of Covered Medical Expenses ($8,000 Paid)				
E	167.53	175.74	105.83	231.93	315.53
F	181.48	190.51	115.45	251.99	340.08
	100% Benefits after $20,000 of Covered Medical Expenses ($16,000 Paid)				
E	127.99	134.09	76.71	173.81	254.67
F	140.10	146.90	84.00	190.39	276.52

Lines 13-17: **Adjustment for Different Coinsurance Levels and Stop Loss Provisions (continued)**

Stop Loss – Excludes Prescription Drugs

Area	Employee	Spouse	Children	Composite Dependents	Retiree
	100% Benefits After $2,500 of Covered Medical Expenses ($2,000 Paid)				
E	198.35	209.61	152.92	297.45	349.43
F	213.57	225.75	165.48	320.96	375.39
	100% Benefits after $5,000 of Covered Medical Expenses ($4,000 Paid)				
E	178.31	188.67	126.98	259.41	320.84
F	192.83	204.08	138.24	281.30	345.87

Lines 13-17 **Adjustment for Different Coinsurance Levels and Stop Loss Provisions (continued)**

Stop Loss – Excludes Prescription Drugs

Area	Employee	Spouse	Children	Composite Dependents	Retiree
	100% Benefits After $10,000 of Covered Medical Expenses ($8,000 Paid)				
E	150.84	160.08	98.46	212.86	281.64
F	164.21	174.35	107.76	232.25	305.04
	100% Benefits after $20,000 of Covered Medical Expenses ($16,000 Paid)				
E	116.91	123.37	72.27	161.24	232.13
F	128.51	135.74	79.36	177.28	253.08

Line 18: **Stop Loss Maximum Per Family**

The software automatically assumes that the family stop loss maximum is three times the individual stop loss maximum. This produces a $0.00 rate adjustment.

Line 19: **Adjustment for Annual Maximum**

To adjust costs (for benefits with a stop loss provision) for an annual maximum other than $1 million, the following costs are used.

Line 19: **Adjustment for Annual Maximum**

Annual Maximum with Stop Loss

Area	Employee	Spouse	Children	Composite Dependents	Retiree
			$25,000 Maximum		
E	-384.19	-402.70	-228.72	-520.69	-783.59
F	-422.15	-442.41	-251.14	-571.94	-853.39
			$50,000 Maximum		
E	-251.94	-268.78	-151.99	-347.02	-559.25
F	-279.90	-298.09	-166.94	-383.59	-616.41

Line 19: **Adjustment for Annual Maximum (continued)**

Annual Maximum with Stop Loss

Area	Employee	Spouse	Children	Composite Dependents	Retiree
			$100,000 Maximum		
E	-144.43	-158.91	-99.27	-212.50	-341.17
F	-162.23	-178.08	-108.85	-236.27	-381.63
			$250,000 Maximum		
E	-54.96	-60.72	-50.13	-90.71	-132.96
F	-62.57	-69.88	-55.09	-102.36	-151.80

Line 19: **Adjustment for Annual Maximum (continued)**

Annual Maximum with Stop Loss

Area	Employee	Spouse	Children	Composite Dependents	Retiree
			$500,000 Maximum		
E	-18.05	-18.41	-19.95	-31.21	-42.24
F	-20.91	-21.79	-21.99	-35.67	-48.45
			$2,000,000 Maximum		
E	6.34	6.46	7.00	10.95	14.83
F	7.34	7.65	7.72	12.52	17.01

Line 19: **Adjustment for Annual Maximum (continued)**

Annual Maximum with Stop Loss

Area	Employee	Spouse	Children	Composite Dependents	Retiree
			$5,000,000 Maximum		
E	8.10	8.27	8.96	14.01	18.97
F	9.39	9.78	9.87	16.02	21.76
			Unlimited Maximum		
E	8.48	8.65	9.37	14.67	19.85
F	9.83	10.24	10.33	16.77	22.77

Adjustment for Mental Health and Substance Abuse Benefits

The Emergency Economic Stabilization Act of 2008 (EESA) was signed into law in October 2008. EESA contains provisions that greatly expand the reach of the Mental Health Parity Act of 1996 (MHPA). The effective date of these amendments to the MHPA is January 1, 2010, for most group health plans.
The key requirements are:

- If the group health plan provides mental health or substance abuse benefits, then the deductibles/copayments/coinsurance/out-of-pocket expenses may not be more restrictive than the most frequent financial requirement applied to substantially all medical and surgical benefits covered under the plan.
- Limits on the frequency of treatment, number of visits, days of coverage or other similar limits on scope or duration of treatment may not be more restrictive than for medical and surgical services.
- EESA does not require a group health plan to provide out-of-network coverage. However, if the group health plan provides out-of-network coverage for medical or surgical benefits, then the group health plan must also provide out-of-network coverage for mental health or substance use disorder in a manner that is consistent with the coverage for medical or surgical benefits.
- Applicable to employers with 51 or more employees.

For traditional CMM PPO plans, the EESA requires that mental health and substance abuse be covered same as any other illness (noted by SAAO).

Lines 20-22: **Outpatient Mental Health Benefits**

The software automatically assumes a $125 average benefit per visit and unlimited annual maximum visits. This is the SAAO assumed benefit level.

Outpatient Mental Health Benefits

Average Benefit After Coin./Copay Per Visit	Employee	Spouse	Children	Composite Dependents	Retiree
		Unlimited Annual Maximum Visits			
$125	$7.50	$7.50	$6.30	$11.29	$15.80

Line 23: **Outpatient – Adjustment Factor – Not Used**

Line 24: **Inpatient Mental Health – Maximum Days**

The net monthly premiums in the 2013 manual assume the SAAO basis (same as any other illness). In 2012 and prior, a 30 day limit was assumed.

Rate adjustments for other annual maximum day limits are shown below. This table can be useful if estimates of the impact of EESA are desired. The following percentage adjustments to Line 1 are used. Note that Line 1 rates including prescription drugs are used for these calculations.

Inpatient Mental Health Annual Maximum Day Adjustments

Annual Maximum Days	Employee	Spouse	Children	Comp. Dep	Retiree
0	-2.85%	-2.85%	-2.82%	-2.84%	-2.85%
10	-1.69%	-1.69%	-2.00%	-1.79%	-1.69%
20	-0.92%	-0.92%	-1.35%	-1.06%	-0.92%
30	-0.65%	-0.65%	-1.02%	-0.77%	-0.65%
40	-0.43%	-0.43%	-0.73%	-0.53%	-0.43%
50	-0.28%	-0.28%	-0.52%	-0.36%	-0.28%
60	-0.21%	-0.21%	-0.40%	-0.27%	-0.21%
Unlimited	0.00%	0.00%	0.00%	0.00%	0.00%

Example
- Area E, $200 deductible*
- Plan coinsurance is 70%
- Inpatient Mental Health – 30 day annual maximum

	Line 1 All Expenses		30 Day Annual Maximum Adjustment				
Employee	$619.40	X	-.0065	X	$\frac{70}{80}$	=	-$3.52

*Note that the adjustment is the same regardless of whether drugs are included or excluded from the CMM plan

Line 25: **Inpatient Mental Health – Miscellaneous Adjustment Factor – Not Used**

Lines 26-28 **Outpatient Substance Abuse Benefits**

The software automatically assumes a $125 average benefit per visit and unlimited annual maximum visits. This is the SAAO assumed benefit level.

Outpatient Substance Abuse Benefits

Average Benefit After Coin./Copay Per Visit	Employee	Spouse	Children	Composite Dependents	Retiree
		Unlimited Annual Maximum Visits			
$125	$1.88	$1.88	$1.58	$2.83	$3.95

Line 29: **Outpatient – Adjustment Factor – Not Used**

Line 30: **Inpatient Substance Abuse Benefits – Maximum Days**

The net monthly premiums in the 2013 manual assume the SAAO basis. In 2012 and prior, a 30 day limit was assumed.

Rate adjustments for other annual maximum day limits are shown below. This table can be useful if estimates of the impact of EESA are desired. The following percentage adjustments to Line 1 are used. Note that Line 1 rates including prescription drugs are used for these calculations.

Inpatient Substance Abuse Annual Maximum Day Adjustments

Annual Maximum Days	Employee	Spouse	Children	Comp. Dep	Retiree
0	-1.14%	-1.14%	-1.13%	-1.13%	-1.14%
10	-0.67%	-0.67%	-0.80%	-0.72%	-0.67%
20	-0.37%	-0.37%	-0.54%	-0.43%	-0.37%
30	-0.26%	-0.26%	-0.41%	-0.31%	-0.26%
40	-0.17%	-0.17%	-0.29%	-0.21%	-0.17%
50	-0.11%	-0.11%	-0.21%	-0.15%	-0.11%
60	-0.08%	-0.08%	-0.16%	-0.11%	-0.08%
Unlimited	0.00%	0.00%	0.00%	0.00%	0.00%

Example — Area E, $200 deductible*
— Plan coinsurance is 70%
— Inpatient Substance Abuse – 30 day annual maximum

	Line 1		30 Day Annual Maximum Adjustment				
Employee	$619.40	X	-.0026	X	$\frac{70}{80}$	=	-$1.41

* Note that the adjustment is the same regardless of whether drugs are included or excluded from the CMM plan

Line 31: **Inpatient Substance Abuse – Miscellaneous Adjustment Factor – Not Used**

Line 32: **Extended Care Facility**

The software automatically includes the cost for a 31 day benefit. The daily benefit equals 50% of the Line 10 Room and Board amount.

Extended Care Facility Monthly Claim Costs for $1.00 of Daily Benefit

Maximum Number of Days	Employee	Spouse	Children	Composite Dependents	Retiree
31	$.004	$.005	$.004	$.007	$.024

Line 33: **Chiropractic and Physical Therapy Visit Limits – Not Used**

Line 34: **Chiropractic and Physical Therapy Copay – Not Used**

Line 35: **Waiver of Coinsurance for Outpatient Surgical – Not Used**

Line 36: **Supplemental Accident Maximum – Not Used**

Line 37: **Hospital Deductible (per Admission) and Hospital Per Day Copay**

For each $100 of Hospital per Admission Deductible (in addition to the calendar year deductible), claim costs are reduced by the following amounts.

Net Claim Cost Per $100 of Hospital Per Admission Deductible

Employee	Spouse	Children	Composite Dependents	Retiree
–$0.39	–$0.46	–$0.46	–$0.75	–$0.44

If a per day copay instead of the per admission deductible is needed, multiply the per day copay by 4.5 and use the above table (this assumes an average length of stay of 4.5 days).

Lines 38-40: **Adjustment to Physician Office Visit Benefits**

The software provides the option to waive deductible and coinsurance for office visits and apply a copay. This option is activated by including a copay for office visits in the Deductible, Coinsurance and Copay dialog box.

The following tables are used to calculate the office visit benefit adjustments. An example follows the tables and demonstrates their usage.

Waiver of Deductible for Office Visits – Net Monthly Costs

Deductible	Employee	Spouse	Children	Composite Dependent	Retiree
		Include Rx in CMM			
$ 0	$0.00	$0.00	$0.00	$0.00	$0.00
100	0.40	0.40	1.67	1.64	0.18
150	0.69	0.69	3.02	2.95	0.31
200	0.99	0.99	4.37	4.25	0.45
250	1.27	1.27	5.63	5.48	0.60
300	1.56	1.56	6.90	6.71	0.74
500	2.80	2.80	11.30	11.19	1.39
1,000	5.54	5.54	20.56	20.74	3.48
1,500	7.76	7.76	26.78	27.48	5.61
2,000	9.45	9.45	31.42	32.54	7.60
2,500	10.88	10.88	34.89	36.46	9.29
3,500	13.24	13.24	40.25	42.65	12.34
5,000	15.98	15.98	45.42	49.02	16.34
		Exclude Rx in CMM			
$ 0	$0.00	$0.00	$0.00	$0.00	$0.00
100	0.81	0.81	2.89	2.94	0.43
150	1.30	1.30	4.66	4.74	0.70
200	1.79	1.79	6.44	6.54	0.98
250	2.27	2.27	8.06	8.22	1.28
300	2.75	2.75	9.69	9.89	1.58
500	4.56	4.56	15.15	15.69	3.01
1,000	8.15	8.15	25.14	26.54	6.74
1,500	10.71	10.71	31.12	33.38	9.98
2,000	12.51	12.51	35.04	37.96	12.59
2,500	13.94	13.94	38.13	41.60	14.55
3,500	16.19	16.19	43.08	47.37	17.73
5,000	18.32	18.32	47.45	52.58	21.28

Lines 38-40: **Adjustment to Physician Office Visit Benefits (continued)**

Waiver of Deductible and Coinsurance for Office Visits – Net Monthly Costs

Deductible	Employee	Spouse	Children	Composite Dependent	Retiree
		Include Rx in CMM			
$ 0	$11.87	$11.87	$22.11	$27.33	$16.98
100	12.27	12.27	23.78	28.98	17.16
150	12.56	12.56	25.13	30.28	17.29
200	12.86	12.86	26.48	31.58	17.43
250	13.15	13.15	27.74	32.81	17.58
300	13.43	13.43	29.00	34.04	17.72
500	14.67	14.67	33.41	38.53	18.37
1,000	17.41	17.41	42.66	48.08	20.46
1,500	19.63	19.63	48.88	54.82	22.59
2,000	21.32	21.32	53.53	59.87	24.58
2,500	22.75	22.75	56.99	63.79	26.27
3,500	25.12	25.12	62.35	69.98	29.32
5,000	27.86	27.86	67.53	76.35	33.32
		Exclude Rx in CMM			
$ 0	$11.87	$11.87	$22.11	$27.33	$16.98
100	12.68	12.68	24.99	30.28	17.41
150	13.17	13.17	26.77	32.08	17.68
200	13.67	13.67	28.54	33.88	17.96
250	14.14	14.14	30.17	35.56	18.26
300	14.62	14.62	31.79	37.23	18.56
500	16.43	16.43	37.25	43.02	19.99
1,000	20.02	20.02	47.25	53.87	23.72
1,500	22.58	22.58	53.23	60.71	26.96
2,000	24.38	24.38	57.14	65.29	29.57
2,500	25.81	25.81	60.24	68.93	31.53
3,500	28.06	28.06	65.19	74.70	34.71
5,000	30.19	30.19	69.55	79.91	38.26

Lines 38-40: **Adjustment to Physician Office Visit Benefits (continued)**

Office Visit Copays – $10 Copay Net Monthly Cost Reductions

Employee	Spouse	Children	Composite Dependents	Retiree
-$3.10	-$3.10	-$5.73	-$7.10	-$4.42

Office Visits Area Adjustments*

Area	Area Factor
E	1.00
F	1.07

*Applied to waiver of copay and coinsurance but not to waiver of deductible

PERCENTAGE OF OFFICE VISITS ABOVE THE STOP LOSS LEVEL – INCLUDE RX

	Stop Loss				
Area	**2,500**	**5,000**	**10,000**	**20,000**	**40,000**
E	46%	36%	24%	15%	8%
F	47%	37%	25%	16%	8%

PERCENTAGE OF OFFICE VISITS ABOVE THE STOP LOSS LEVEL – EXCLUDE RX

	Stop Loss				
Area	**2,500**	**5,000**	**10,000**	**20,000**	**40,000**
E	40%	31%	21%	13%	7%
F	42%	33%	22%	14%	8%

Example

The employee rate adjustment for a $10 copay on a $300 deductible plan, with 90/10 coinsurance of the first $5,000 after the deductible then 100%, in Area B with a 15% medicine discount is calculated as follows. Prescription drugs are excluded from the CMM in this example.

Step 1: Calculate Waiver of Deductible

$2.75 X (90/80) = $3.09

Step 2: Calculate Waiver of Coinsurance

$ 14.62	Waiver of Deductible and Coinsurance Table
- 2.75	Waiver of Deductible
11.87	Preliminary Waiver of Coinsurance
x .81	Area Adjustment Table
x .360	Coinsurance Adjustment Factor*
x .85	Discount Adjustment Factor
$ 2.94	Waiver of Coinsurance

*(1 – Percentage of office visits above stop loss level)
x (1 – coinsurance) ÷ .2 = (1 – .28) x (1 – .9) ÷ .2 = .360

Step 3: Calculate Copay Adjustment

The Office Visit Copays table shows an employee rate of –$3.10.

The final rate adjustment is the sum of Step 1 through Step 3 or $2.93.

The copay adjustments can be easily modified. For example, for a $15 copay the value of the $10 would be increased by 50%.

Line 41: **Emergency Room Copay**

The following table is used to calculate the emergency room copay adjustment.

Emergency Room Copay Annual Frequency*		
Adult	Children	Retiree
.141	.133	.213

*Assumes copay is waived when admitted

Example

The monthly cost adjustments for a $100 emergency room copay with 85%/15% coinsurance are calculated as follows:

	Copay		Annual Freq.		Coinsurance/ Monthly Factor		Line 41 Adj.
Employee/Spouse	-$100	X	0.141	X	0.85/12	=	-$1.00

Line 42: **Outpatient Surgical Center Copay or CT-MRI Copay**

These adjustments account for copays applicable to admissions to outpatient surgical centers, or utilization of CT scans or MRIs.

Outpatient Surgical Center Adjustment Per $100 of Copay				
Employee	**Spouse**	**Children**	**Composite Dependents**	**Retiree**
–$0.55	–$0.55	–$0.61	–$0.94	–$0.87

CT Scan – MRI Adjustment Per $100 of Copay				
Employee	**Spouse**	**Children**	**Composite Dependents**	**Retiree**
-$2.30	-$2.30	-$1.77	-$3.29	-$2.70

Example

The monthly cost adjustments for a $300 outpatient surgical center copay and $200 CT Scan – MRI copay with 85%/15% outpatient hospital coinsurance are calculated as follows:

	Outpatient Surg		CT – MRI		Coinsurance		Line 42 Adj.
Employee or Spouse	{[3 x (-0.55)]	+	[2 x (-2.30)]}	X	0.85	=	-$5.31

Line 43: **Miscellaneous Adjustment – Not Used**

Line 44: **Not Currently Used**

Line 45: **Not Currently Used**

Lines 46-50: **Well Care Benefits for Adults and Children**

Well care is commonly included in Point of Service ("POS") plans and PPO plans. In 2013, the Line 1 base rates include well care. In 2009 and prior, well care was not included in Line 1 base rates, but was included as an add-on cost in lines 45-50.

The following table shows the rate adjustments for the five well care options available in the Basic Medical software. Note that the rate adjustment for "No Benefit Limit; Apply Ded/Copay/Coin", are equal to zero because they are included in Line 1 base rates.

Well Care Benefit Net Monthly Claim Adjustments*

Well Care Benefit	Employee	Spouse	Children	Composite Dependent	Retiree
No Benefit	-$9.43	-$9.43	-$12.97	-$18.13	-$17.48
$200 Flat Benefit	-3.40	-3.40	1.62	-1.63	-7.58
$200 Max Benefit; Apply Ded/Copay/Coin	-3.40	-3.40	-4.06	-6.06	-7.58
No Benefit Limit; Apply Ded/Copay/Coin	0.00	0.00	0.00	0.00	0.00
No Benefit Limit; Waive Ded/Copay/Coin	3.86	3.86	7.76	9.33	6.84

*Area E, $200 deductible, 80/20 to $5000. No discount.

Line 50: **Benefits Terminate Upon Attainment of Age – Not Used**

Line 51: **Manual Cost (before factor adjustments)**

Line 52: **Experience Factor**

The Experience Adjustment Factor can reflect differences between company and manual claim costs. The manual claim costs can be normalized to match company experience to provide consistent information on internal claim costs relationships.

The Experience Adjustment Factor can also be used to reflect the influence from different degrees of managed health care. The manual claim costs are representative of a typical managed indemnity risk (i.e., pre-certification and some wellness provisions). Preferred provider products can either be priced through the network discount factors or through applying an overall Experience Adjustment Factor in the range of .90 to .95. A typical point-of-service product might have an Experience Adjustment Factor in the range of .80 to .90.

Line 53: **Underwriting Factor – Not Used**

Line 54: **Trend Adjustment Factor**

Monthly adjustment is measured from July 1, 2013 and uses factors from Section I. These factors are additive and should not be compounded each month.

For comprehensive major medical benefits, the following monthly trend factors by deductible apply:

	Monthly Trend Factor*	
Deductible Range	Including Rx	Excluding Rx
$0-$199	0.8%	0.8%
$200-$999	0.9%	0.9%
$1,000-$2,999	1.0%	1.0%
$3,000-$4,999	1.1%	1.1%
$5,000-$20,999	1.2%	1.2%
$21,000 and Over	1.3%	1.3%

* Additive, not compounded.

Line 55: **Age Gender Factor – See Section VI.1**

Line 56: **Child "Coverage From"**

The manual claim costs assume that children are covered from birth to age 26.

Line 57: **Pre-Admission Certification Factor**

Adjustment for No Pre-Certification and Concurrent Review – The monthly claim costs on Line 51 will be increased by 4.5% if there is no requirement to obtain pre-certification and concurrent review of hospital admissions.

Line 58: **SIC Factor – See Section VI.1**

Line 59: **Final Total Manual Costs**

Base Monthly Claim Costs

Net monthly costs for the base or standard benefit plan for **July 1, 2013** are displayed on the remaining pages of this section.

Area E
2013 Comprehensive Major Medical Claim Costs
Standard Benefit Plan – Including Prescription Drug

Deductible	Employee	Spouse	Children	Composite Dependents	Retiree
Plan I — Deductible Applicable to All Expenses					
$ 0	$631.11	$657.21	$559.11	$994.74	$1,072.90
100	625.11	651.32	547.05	980.32	1,066.54
150	622.21	648.47	541.28	973.40	1,063.42
200	619.40	645.69	535.71	966.70	1,060.34
250	616.66	642.98	530.37	960.22	1,057.31
300	613.99	640.32	525.25	953.97	1,054.32
500	603.84	630.21	506.60	930.83	1,042.67
1,000	581.58	607.71	469.04	882.40	1,015.50
1,500	562.62	588.24	439.77	843.03	990.71
2,000	545.96	571.13	416.16	810.07	968.03
2,500	531.10	555.68	396.00	781.21	947.08
3,500	505.13	528.65	363.31	732.73	909.50
5,000	472.53	494.52	325.60	674.32	860.86
7,500	429.11	449.30	280.75	600.89	795.40
10,000	394.20	413.51	249.01	545.71	742.43
12,500	365.51	383.40	225.78	501.99	698.51
15,000	341.14	357.59	207.77	466.01	660.80
20,000	301.15	315.50	180.50	408.96	599.22
25,000	269.61	282.60	160.50	365.40	549.89
50,000	176.80	188.62	106.66	243.52	392.46
100,000	101.35	111.52	69.66	149.12	239.41

Area F
2013 Comprehensive Major Medical Claim Costs
Standard Benefit Plan – Including Prescription Drug

Deductible	Employee	Spouse	Children	Composite Dependents	Retiree
Plan I — Deductible Applicable to All Expenses					
$ 0	$669.70	$697.86	$593.80	$1,056.34	$1,137.38
100	663.70	691.96	581.72	1,041.91	1,131.01
150	660.79	689.11	575.93	1,034.97	1,127.89
200	657.97	686.31	570.32	1,028.21	1,124.81
250	655.21	683.59	564.91	1,021.68	1,121.76
300	652.52	680.91	559.73	1,015.36	1,118.76
500	642.29	670.72	540.75	991.89	1,107.06
1,000	619.73	647.94	502.31	942.55	1,079.69
1,500	600.41	628.13	472.05	902.11	1,054.63
2,000	583.39	610.66	447.53	868.13	1,031.61
2,500	568.17	594.91	426.57	838.40	1,010.30
3,500	541.56	567.21	392.50	788.27	972.00
5,000	508.08	532.11	353.03	727.66	922.29
7,500	463.30	485.39	305.69	651.02	854.85
10,000	427.01	448.26	271.65	592.91	800.19
12,500	397.05	417.05	246.52	546.78	754.48
15,000	371.59	390.08	227.14	508.74	715.20
20,000	329.65	345.65	197.65	447.97	650.63
25,000	296.24	310.46	176.24	401.36	598.87
50,000	196.42	209.19	117.15	269.19	432.57
100,000	113.85	124.97	76.39	165.81	267.81

Area E
2013 Comprehensive Major Medical Claim Costs
Standard Benefit Plan – Excluding Prescription Drug

Deductible	Employee	Spouse	Children	Composite Dependents	Retiree
Plan I — Deductible Applicable to All Expenses					
$ 0	$552.47	$580.86	$505.72	$888.19	$931.56
100	546.80	575.26	494.02	874.30	925.50
150	544.05	572.55	488.43	867.64	922.53
200	541.43	569.93	483.10	861.26	919.61
250	538.90	567.40	478.01	855.14	916.74
300	536.43	564.95	473.15	849.26	913.93
500	527.26	555.74	455.77	827.88	903.12
1,000	507.95	536.08	422.09	784.90	878.74
1,500	492.14	519.82	396.78	751.34	857.60
2,000	478.59	505.77	376.73	723.75	838.97
2,500	466.71	493.19	359.82	699.87	822.19
3,500	445.83	471.27	331.77	659.36	792.72
5,000	419.54	443.92	298.77	610.38	754.93
7,500	383.77	406.94	259.51	548.31	704.05
10,000	354.91	376.66	231.66	500.86	662.69
12,500	330.75	350.64	210.99	462.62	627.58
15,000	309.76	327.83	194.76	430.57	596.80
20,000	275.09	290.29	170.06	379.39	546.18
25,000	247.36	261.30	151.61	340.35	504.54
50,000	164.97	177.00	102.03	230.03	366.25
100,000	96.00	105.79	66.96	142.15	226.63

Area F
2013 Comprehensive Major Medical Claim Costs
Standard Benefit Plan – Excluding Prescription Drug

Deductible	Employee	Spouse	Children	Composite Dependents	Retiree
Plan I — Deductible Applicable to All Expenses					
$ 0	$590.28	$620.74	$539.87	$948.73	$994.62
100	584.61	615.14	528.15	934.82	988.57
150	581.84	612.41	522.52	928.12	985.58
200	579.20	609.78	517.13	921.68	982.65
250	576.64	607.22	511.97	915.48	979.77
300	574.15	604.74	507.03	909.51	976.94
500	564.84	595.40	489.25	887.71	966.05
1,000	545.11	575.34	454.53	843.57	941.32
1,500	528.82	558.64	428.09	808.75	919.68
2,000	514.84	544.16	407.11	780.08	900.55
2,500	502.52	531.18	389.36	755.20	883.27
3,500	481.02	508.53	360.08	713.11	852.90
5,000	453.72	480.20	325.26	661.87	813.80
7,500	416.65	441.69	283.65	596.68	760.93
10,000	386.38	410.22	253.56	546.47	717.73
12,500	361.05	383.10	231.11	505.90	681.07
15,000	339.04	359.23	213.54	471.91	648.83
20,000	302.39	319.39	186.73	417.13	595.47
25,000	272.88	288.13	166.97	375.14	551.33
50,000	183.70	196.88	112.23	254.89	404.79
100,000	108.05	118.77	73.56	158.33	253.88

VI.3 PRESCRIPTION DRUG CARD

Description

Group medical plans frequently provide prescription drug (Rx) benefits via a drug card program. The manual and software contain a standard set of net monthly claim costs for drug card benefits with various generic/brand copay structures, 100% reimbursement thereafter, with no annual maximum.

Assumptions

Demographic assumptions regarding family composition are the same as for other medical costs. The following age and gender tables are used to calculate age/gender factors.

Age and Gender Factors (Including Oral Contraceptive Factors) – Active Employees

	Male Employee	Female Employee	Unisex Employee	Dependent Spouse Husband	Dependent Spouse Wife	Dependent Spouse Unisex
Under 30	0.26	0.63	0.45	0.26	0.63	0.45
30-34	0.38	0.73	0.56	0.38	0.73	0.56
35-39	0.51	0.79	0.65	0.51	0.79	0.65
40-44	0.63	0.82	0.73	0.63	0.82	0.73
45-49	0.85	1.01	0.93	0.85	1.01	0.93
50-54	1.10	1.26	1.18	1.10	1.26	1.18
55-59	1.36	1.54	1.45	1.36	1.54	1.45
60-64	1.70	1.79	1.75	1.70	1.79	1.75
65-69	2.08	2.11	2.10	2.08	2.11	2.10
70 & Over	2.45	2.45	2.45	2.45	2.45	2.45
Medicare Primary - 65-69	2.28	2.32	2.30	2.28	2.32	2.30
-70-74	2.70	2.70	2.70	2.70	2.70	2.70
-75+	3.24	3.24	3.24	3.24	3.24	3.24

Retiree Age and Gender Factors

Retiree Age	Male	Female	Unisex
50-54	0.70	0.80	0.75
55-59	0.86	0.98	0.92
60-64	1.08	1.14	1.11
65-69	1.32	1.34	1.33
70-74	1.56	1.56	1.56
75+	1.87	1.87	1.87

Oral contraceptives are automatically included as a covered benefit.

Default assumptions used in the software for developing the standard monthly Rx card costs are outlined below.

Average wholesale price (AWP) of a prescription	Generic	$ 57.95
	Brand - Formulary	$247.02
	Brand - Non-Formulary	$276.66
Number of prescriptions per year:	Employee	13.2
	Child	4.4
	Retiree	21.6
Distribution by number of prescriptions	Brand Name	Generic
	31%	69%
Monthly trend:	0.9% (Additive)	

Discounts: Generic 50%
Brand 15%

Expenses consist of a dispensing fee and an administration fee. The dispensing fee is paid to the dispensing pharmacy. The administration fee is paid to the drug card vendor.

Expenses:
Dispensing and Administration fee: $2.00 per prescription

Base Monthly Claim Costs

Following are the base claim costs, with 100% reimbursement after the copay with no annual maximum.

Prescription Drug Card Monthly Costs

Copay per Prescription			Monthly Claim Costs – 2013				
Brand Non-Formulary	**Brand Formulary**	**Generic**	**Employee**	**Spouse**	**Children**	**Composite Dependents**	**Retiree**
$10	$10	$5	$91.64	$91.64	$62.20	$126.41	$164.66
15	10	5	90.98	90.98	61.75	125.50	163.47
15	15	5	89.98	89.98	61.07	124.12	161.68
15	15	10	87.42	87.42	59.33	120.58	157.07
20	20	10	85.80	85.80	58.24	118.36	154.17
30	20	10	84.53	84.53	57.37	116.60	151.88

VI.4 PROVIDER NETWORK RATING

Description

This section contains descriptive material on benefit design and rating issues involving provider networks. In addition, a rating example is shown along with a blank worksheet to use in recording network assumptions, which may be input into the HealthMAPS® software.

The last topic in this section provides a computational framework for evaluating hospital and professional fee discounts for provider networks. An example to use in the process is also included.

Provider Discounts

The term "discount" used in the manual, worksheets and software refers to the cost differential between the average usual, customary and reasonable charge the medical plan would allow and the average charge negotiated with preferred providers. The negotiated charge for a particular provider may not always represent a reduction in the normal charge made by the provider.

The preferred provider charges will frequently be lower than the average charges. The Physician network may also tend to utilize hospitals with lesser charges for the identical treatments. The assumption is that the professional charges for a PPO plan will, on average, be less than for a comparable freedom of choice plan.

Physicians may be reimbursed on a fee schedule, which represents a discount over average UCR fees. Physicians may share in a pool developed from achieving some objective (e.g., hospital days per 1000 members or total hospital cost as a percentage of claim costs).

Hospitals may be reimbursed on a per diem, DRG basis, discount on billed charges or some combination of these methods. For example, inpatient charges up to some outlier point may be on a per diem basis with excess charges on a discounted basis and outpatient services reimbursed on a discount from billed charge basis.

The discount percentages used in the preferred provider calculation should be based on an analysis of the cost reduction by service comparing charges for similar services. The hospital and professional discount analysis worksheets provide a computational framework for performing this type of analysis.

Provider Network Rating Example

Table 1 displays the PPO benefits for the example. Note that Area E costs are used in this example.

TABLE 1

Benefits

	In-Network	Out-of-Network
Deductible	$200; no carry-forward	$200; no carry-forward
Office Visits	$15 copay	70% coinsurance
Prescription Drugs	$10 generic $15 brand	same as in-network
Outpatient Psychiatric	$125/visit average benefit; No annual visit max. (1)	same as in-network
Outpatient Substance Abuse	$125/visit average benefit; No annual visit max. (1)	same as in-network
Other Services	After deductible, 90% coinsurance on first $10,000, then 100%	After deductible, 70% coinsurance on first $10,000, then 100%
Well Care	No Benefit Limit; Waive Ded/Copay/Coin	none
Extended Care Facility	31 days	31 days

(1) SAAO assumptions

Table 2 displays nominal in-network discount, which must be input by the user (the software default values are zero).

TABLE 2

In-Network Discounts

Expense Category	Provider Fee Discounts
Hospital Inpatient	30%
Hospital Outpatient	20%
Surgical	30%
Radiology	10%
Pathology	15%
Medicine	25%
Prescription Drugs	NA
Miscellaneous	0%

These assumptions, which must be developed by the user, are used in the calculation of in-network claim costs on the following pages.

Composite In-Network Discount Calculation

	Distribution of Expenses*			Composite Fee Discounts	
	(A) Adult	(B) Child	(C) Fee Discounts	Adult (A)x(C)	Child (B)x(C)
Hospital Inpatient	27.1%	27.3%	30.00%	8.12%	8.20%
Hospital Outpatient	30.5%	25.1%	20.00%	6.10%	5.02%
Surgical Inpatient	3.8%	1.8%	30.00%	1.13%	0.53%
Surgical Outpatient	6.8%	5.2%	30.00%	2.05%	1.55%
Office Visits**	13.2%	21.8%	25.00%	3.30%	5.45%
Professional Inpatient**	1.3%	2.6%	21.50%	0.27%	0.57%
Professional Outpatient**	6.1%	6.1%	11.25%	0.69%	0.68%
DX&L**	4.4%	2.1%	12.75%	0.57%	0.27%
Other Services	6.8%	8.0%	0.00%	0.00%	0.00%
	100.00%	100.00%		22.23%	22.27%

*From Section VI.2 (note: excludes prescription drugs)

**Office Visit Discount = Medicine Discount

Prof-Inpat. Discount = .75 x Medicine Discount + .2 x Radiology Discount + .05 x Pathology Discount

Prof-Outpat. Discount = .75 x Radiology Discount + .25 x Pathology Discount

DX&L Discount = .45 x Radiology Discount + .55 x Pathology Discount

In-Network Base Rate Calculation – Lines 1-12a (of Section VI.2 Worksheet)

		Employee	Spouse	Children
a)	Line 1 – Base Cost $200 ded. – Section VI.2	541.43	569.93	483.10
b)	Line 12 – Adjusted Base Cost	541.43	569.93	483.10
c)	Composite Provider Discounts	22.23%	22.23%	22.27%
d)	Adj. ded. $200/(1-(c))	257		
e)	Base Cost $250 ded.	538.90	567.40	478.01
f)	Base Cost $300 ded.	536.43	564.95	473.15
g)	Base Cost $257 ded. – interp. (e) and (f)	538.55	567.06	477.33
h)	Discounted Base Cost – (g) x (1 – (c))	418.83	441.00	371.03
i)	Line 12a(*) – Discount Value (h) – (b)	-122.60	-128.93	-112.07

(*) Note that Line 12a is only printed on the in-network worksheet in the software.

In-Network Coinsurance Calculation – Lines 13-19

	Starting Values	Adjusted for Discount	Coinsurance
Deductible	$200	$257	NA
Corridor	$200 - $10,200	$257 - $13,116	90%
Above	$10,200+	$13,116+	100%

		Employee	Spouse	Children
a)	$12,500 ded. Base Rate	330.75	350.64	210.99
b)	$15,000 ded. Base Rate	309.76	327.83	194.76
c)	$13,116 ded. Base Rate (interpolate (a) and (b))	325.58	345.02	206.99
d)	Discounts	22.23%	22.23%	22.27%
e)	Line 12 + Line 12a (see above table)	418.83	441.00	371.03
f)	Line 17(*)	141.36	149.22	111.20

$$\frac{(e)}{.8} \text{ x } (.9 \text{ x } 1.07 - .8) + \frac{(c)}{.8} \text{ x } (1.0 \text{ x } 1.14 - .9 \text{ x } 1.07) \text{ x } (1 - (d))$$

(*) The 1.07 and the 1.14 utilization multipliers are discussed in Section VI.2.

In-Network Mental Health, Substance Abuse and Extended Care Facility – Lines 20-34

		Employee	Spouse	Children
a)	Line 23 – Section VI.2 Outpatient Mental Health	7.50	7.50	6.30
b)	Inpatient Mental Health – Section VI-2 SAAO	.0000	.0000	.0000
c)	Line 1 rates including Rx	619.40	645.69	535.71
d)	Line 25 – (b) x (c) x (1- Discount) x (90/80)	0.00	0.00	0.00
e)	Line 29 – Section VI.2 Outpatient Substance Abuse	1.88	1.88	1.58
f)	Inpatient Substance Abuse – Section VI.2 SAAO	.0000	.0000	.0000
g)	Line 31 – (c) x (f) x (1-Discount) x (90/80)	0.00	0.00	0.00
h)	Extended Care – Section VI.2 Monthly Cost per $1.00 Daily Benefit	.004	.005	.004
i)	Line 10 – Area E Room and Board	$1,254.00	$1,254.00	$1,254.00
j)	Line 32 – Extended Care Benefit Equal to 50% of Room and Board Level (h) x (i)/2	2.51	3.14	2.51

In-Network Copayments – Lines 37-42

		Employee	**Spouse**	**Children**
a)	Wavier of Deductible for Office Visits – Section VI.2, $200 ded.	1.79	1.79	6.44
b)	Waiver of Deductible and Coinsurance for Office Visits – Section VI.2, $200 ded.	13.67	13.67	28.54
c)	Office Visit Copay – Section VI.2 $10 copay	-3.10	-3.10	-5.73
d)	Area Adjustment Factor – Section VI.2 Area E	1.00	1.00	1.00
e)	Office Visit Discount – Example Assumptions	25%	25%	25%
f)	Coinsurance Adjustment*	.395	.395	.395
g)	Line 40 $(a) \times \frac{90}{80} + [(b) - (a)] \times (d) \times [1 - (e)] \times (f) + (c) \times \frac{15}{10}$	0.88	0.88	5.20

*(f) Coinsurance Adjustment

(f.1) % of office visits above stop loss = 21%

Section VII.2, area E, 10,000 stop loss

Adj = (1 – (f.1)) x (1 – .9) / .2

see Section VI.2 for detail explanation

In-Network Well Care Benefit – Lines 44-50			
	Employee	**Spouse**	**Children**
a) Line 47 – Adult Well Care – Section VI.2	3.86	3.86	NA
b) Line 50 – Children Well Care – Section VI.2	NA	NA	7.76

The results of the calculations above are summed to produce the Line 51 claim cost – Manual costs before factor adjustments.

In-Network Monthly Manual Claim Cost Summary			
	Employee	Spouse	Children
Line 12	541.43	569.93	483.10
Line 12a	-122.60	-128.93	-112.07
Line 17	141.36	149.22	111.20
Line 23	7.50	7.50	6.30
Line 25	0.00	0.00	0.00
Line 29	1.88	1.88	1.58
Line 31	0.00	0.00	0.00
Line 32	2.51	3.14	2.51
Line 40	0.88	0.88	5.20
Line 47	3.86	3.86	NA
Line 50	NA	NA	7.76
Line 51	576.82	607.48	505.58
Prescription Drug — Section VI.3	87.42	87.42	59.33
Grand Total Cost	664.24	694.90	564.91

Out-of-network claim cost calculation procedures are the same as those shown in Section II. They are repeated for this example on the following pages.

Out-of-Network Base Rate and Coinsurance – Lines 1-19			
	Employee	Spouse	Children
a) Line 1 – Base Cost – Section VI.2	541.43	569.93	483.10
b) Line 12 – Adjusted Base Cost (a)	541.43	569.93	483.10
c) $10,000 ded. Base Rate	354.91	376.66	231.66
d) $12,500 ded. Base Rate	330.75	350.64	210.99
e) $10,200 ded. Base Rate (interpolate (b) and (c))	352.98	374.58	230.01
f) Line 17 – Coin. Adj.	114.92	122.81	50.62
$(b) \times \frac{70}{80} \times .93 + (e) \times [(\frac{100}{80}) \times 1.14 - (\frac{70}{80}) \times .93] - (b)$			

Out-of-Network Mental Health, Substance Abuse, and Other Providers – Lines 20-34	Employee	Spouse	Children
Line 23 – Outpatient Mental Health (same as in-network)	7.50	7.50	6.30
Line 25 – Inpatient Mental Health (same as in-network except omit discount and change coin. from 90% to 70%)	0.00	0.00	0.00
Line 29 – Outpatient Substance Abuse (same as in-network)	1.88	1.88	1.58
Line 31 – Inpatient Substance Abuse (same as in-network except omit discount and change coin. from 90% to 70%)	0.00	0.00	0.00
Line 32 – Extended Care Facility (same as in-network)	2.51	3.14	2.51

No copayments are applied to out-of-network benefits. Thus, Lines 38-42 are not used.

Out-of-Network Well Care Benefits – Lines 44-50	Employee	Spouse	Children
a) Line 47- Adult & Well Care – Section VI.2	-9.43	-9.43	N/A
b) Line 50 – Child Well Care – Section VI.2	N/A	N/A	-12.97

The results of the calculations are summed to produce the Line 51 claim cost — Manual cost before factor adjustments.

Out-of-Network Monthly Claim Cost Summary	Employee	Spouse	Children
Line 12	541.43	569.93	483.10
Line 17	114.92	122.81	50.62
Line 23	7.50	7.50	6.30
Line 25	0.00	0.00	0.00
Line 29	1.88	1.88	1.58
Line 31	0.00	0.00	0.00
Line 32	2.51	3.14	2.51
Line 47	-9.43	-9.43	NA
Line 50	NA	NA	-12.97
Line 51	658.81	695.83	531.14
Prescription Drug (same as in-network)	87.42	87.42	59.33
Grand Total Cost	746.23	783.25	590.47

If 70% utilization of in-network services is assumed, then the final claim costs are:

Combined In- and Out-of-Network Claim Costs			
	Employee	Spouse	Children
a) In-network	664.24	694.90	564.91
b) Out-of-network	746.23	783.25	590.47
c) Combined (a) x .7 + (b) x .3	688.84	721.40	572.58

Provider Network Rating in HealthMAPS® Software

As explained in this section, in and out-of-network benefits must be rated separately. If the user inputs weighting factors for the in-network and out-of-network costs, the software calculates the weighted cost, to produce a total cost for a PPO/POS type plan when using the manual and its software.

In-network discounts must be entered by the user. They may vary by type of services, as in the example on the prior pages, or they may be one average number. In either event, the user may utilize Provider Discount Analysis methodology as presented in the latter part of this Section VI.4. Also, the software automatically accounts for the leveraging impact of discounts on the in-network deductible, as shown in the preceding example.

The Provider Network Analysis Summary Worksheet is useful in recording information necessary for:

- rating of PPO/POS type plans,
- estimating a composite in-network discount for the plan being rated, and
- using the software.

Provider Network Analysis Summary Worksheet		
		Provider Discount
		Total – Including Maternity
Hospital Inpatient		
Hospital Outpatient		
Surgical		
Radiology		
Pathology		
Medicine		
Prescription Drugs	(omit if Rx is excluded from the CMM)	
Miscellaneous		

Provider Discount Analysis

The data underlying the claim costs in this manual are based on the plan of benefits described in Section VI.1, which include pre-certification and continuing stay review. The data does not include a significant portion or direct recognition of discounts as provided by preferred provider organizations (PPO) or point of service (POS) plans.

The structures of PPO plans vary significantly, and their effects on the cost of medical plan rates are difficult to measure. In particular, the effect of a percentage discount depends significantly on the proximity of the discounted charge to the prevailing level of undiscounted charges.

Many health companies have their own approach to the reflection of PPO discounts, based in part on local knowledge and also on underwriting judgment and competitive considerations.

The following pages present a relatively straightforward approach that may be considered if more refined methods are not available. The approach includes worksheets (with instructions) and tables to estimate the “true” effective discounts off of average prevailing hospital and professional charges, for in-network benefits.

Provider Discount Analysis Worksheets and Examples – the worksheets and instructions in this section provide a computational framework for estimating effective discounts for hospital and professional charges. They utilize the Prevailing Charges Tables shown in this section.

Worksheet 1 evaluates discounts for a specific hospital. Worksheet 2 combines inpatient and outpatient services for several hospitals to evaluate the effective discount for various hospitals in a geographic area. Worksheet 3 evaluates discounts for professional services.

The hospital and professional discounts developed on Worksheets 2 and 3 may be carried to the Provider Network Analysis Summary Worksheet in this section and then may be entered in the software. If desired, a composite in-network discount may be computed using Worksheet 4.

An example of how to use the worksheets 1 through 4 appears later in this section. **Note that this discount analysis is not contained in the software.**

Prevailing Charge Tables – The Prevailing Charge Table shows estimated average retail charges for hospital and professional services performed in within the District of Columbia. The average time period for these charges is projected to be centered around July 1, 2013.

The average physician charges are expressed in terms of conversion factors. The conversion factors are applied to the RBRVS-based relative value schedule to calculate fees for particular procedures. The relative values and the calculation procedure are shown in the example later in this section.

RBRVS refers to the Resource Based Relative Value Schedule which forms the basis for Medicare reimbursement. **Note that 2013 relative values are different than 2011 and prior. HealthMAPS had held relative values constant for several years, however RBRVS relative values do change over time. In addition to relative value changes, the number of model CPT codes was increased from 261 to 500.**

Because these charges are based upon projected historical data, the underwriter may have superior information available from the PPO, HMO or provider group that is acceptable based on the documentation supplied. In that case, the local data should be used.

The Prevailing Charge tables offer a reasonable test check against the asserted discounts by the provider, PPO or HMO. Often the network may exaggerate how favorable its reimbursement contracts are compared to the retail charges in the community. When the network providers have percentage of billed charges as the basis of the reimbursements, the underwriter should compare the providers' average billed charges to the prevailing charges in the community. A high cost hospital which has charges that are 115% of community combined with a discount of 25% of billed charges produces only a 13.75% discount compared to 100% of community prevailing charges. On the other hand, a hospital with a charge level of 90% of community combined with a 20% discount produces an effective discount of 28%.

Hospital Outlier Provisions

Some PPO hospital reimbursement contracts have exceptions to the basic reimbursement formula for outlier claims. Outlier claims are hospital claims exceeding a dollar threshold.

Example of Outlier Provision – If hospital's billed charges exceed $25,000 on a case, then the entire hospital claim shall be paid at 80% of the hospital's billed charges.

The following table shows the percentage of inpatient hospital claim dollars that are subject to the outlier threshold. For example, if the cost area is B and the outlier threshold is $50,000, then 60% of inpatient hospital claim dollars are subject to the outlier provision.

Assume that the primary reimbursement is a hospital per diem equivalent to a 30% discount and that the discount on outliers is 20%. Then the effective discount in this example would be 24.0%*. Note that these percentages vary by both area and outlier threshold level.

* [.60 X 20% + .40 X 30%]

Inpatient Hospital Outlier Percentage

	Outlier Threshold ('000)									
Area	$10	$15	$20	$25	$30	$40	$50	$60	$75	$100
A-D	94%	89%	84%	79%	76%	67%	60%	53%	46%	36%
E-F	96%	92%	87%	83%	80%	72%	65%	59%	52%	42%

Note that above table is not in the software.

2013 Prevailing Charges Table

Zip Code	City	Hospital Per Diem	RBRVS Unit Value Surgical	Medical	Pathology	Radiology Total
		DISTRICT OF COLUMBIA				
200	Washington	$8,370	$106.89	$75.42	$72.00	$148.92
202	Government	$8,370	$106.89	$75.42	$72.00	$148.92
203	Government	$8,370	$106.89	$75.42	$72.00	$148.92
204	Government	$8,370	$106.89	$75.42	$72.00	$148.92
205	Government	$8,370	$106.89	$75.42	$72.00	$148.92

2012 Medicare Allowable Unit Values

State	Surgical	Medical	Pathology	Radiology
DC + MD/VA Suburbs	38.00	37.20	26.95	27.20

Provider Discount Analysis Worksheet Example

The Preferred Provider network is in Kansas City, Missouri, ZIP Code 641. The four hospitals involved have the following reimbursement arrangements.

1. **St. Mary's**

   In-Hospital Per Diem

Medical	$4,200
Surgical	4,700
Intensive Care	6,600

   Reimbursement for confinements with billed charges over $50,000 is not less than 80% of billed charges.

   Minimum discount 10% of billed charges.

   Outpatient 85% of billed charges

2. **St. Luke's Medical Center**

   Inpatient Per Diem $6,600

Minimum Discount	10% of billed charges
Maximum Discount	30% of billed charges

   Outpatient 75% of billed charges

3. **Doctor's Hospital**

   Inpatient 80% of billed charges

   Outpatient 80% of billed charges

4. **Northwest Hospital**

   Inpatient 85% of billed charges

   Outpatient 80% of billed charges

The total charges for these hospitals for the previous year have been:

Total Charges		
	Amount	% of Total
St. Mary's	$3,000,000	30%
St. Luke's	2,500,000	25
Doctor's Hospital	2,500,000	25
Northwest Hospital	2,000,000	20
TOTAL	$10,000,000	

The best estimate of inpatient utilization by hospital is:

St. Mary's	35%
St. Luke's	35%
Doctor's Hospital	15%
Northwest Hospital	15%

The out-of-network hospital charges for all claims have been $2,000,000 or 16.7% of the total for the previous period. The assumption being made is that out-of-network claims will be 20% of total and there will be no discount.

Worksheets 1, 2, 3, and 4 on the following pages have been completed.

Worksheet 1A – Example

Calculation of Hospital Pricing Factor – Specific Network Hospital
Contracted Hospital Name: St. Mary's
Contracted Hospital Location: Kansas City – ZIP 641
Outlier Provision: Not less than 80% of billed charges for confinements exceeding $50,000 in billed charges.

		(A)	(B)	(C)	(D)	(E)
		Negotiated Rate	**Prevailing Average**	**Pricing Factor (A/B)**	**Weight***	**Weighted Average (CxD)**
1.	Medical	4,200	8,984	46.75%	42.50%	19.87%
2.	Surgical	4,700	8,984	52.32%	42.50%	22.24%
3.	ICU/CCU	6,600	8,984	73.46%	15.00%	11.02%
4.	Other					
	_____			N/A		0.00%
	_____			N/A		0.00%
	_____			N/A		0.00%
	_____			N/A	_____	0.00%
5.	Subtotal (lines 1 + 2 + 3 + 4)				100.00%	53.13%
6.	Total Calculated Pricing Factor (5(E)/5(D))					53.13%
7.	Outlier Provision Pricing Factor					80.00%
8.	Outlier Percentage (**)					60.00%
9.	Pricing Factor Adjusted for Outliers 6(E)x[1–8(E)] + 7(E)x8(E)					69.25%
10.	Adjusted Pricing Factor					
	Maximum					90.00%
	Minimum					NA
11.	Adjusted Hospital Pricing Factor (9(E) subject to 10(E))					69.25%

* Default Weight from Table W
** Area D is used

Worksheet 1B – Example

Calculation of Hospital Pricing Factor – Specific Network Hospital
Contracted Hospital Name: St. Luke's Medical Center
Contracted Hospital Location: Kansas City – ZIP 641
Outlier Provision: None

		(A)	(B)	(C)	(D)	(E)
		Negotiated Rate	**Prevailing Average**	**Pricing Factor (A/B)**	**Weight***	**Weighted Average (CxD)**
1.	Medical	6,600	8,984	73.46%	42.50%	31.22%
2.	Surgical	6,600	8,984	73.46%	42.50%	31.22%
3.	ICU/CCU	6,600	8,984	73.46%	15.00%	11.02%
4.	Other					
	_____			N/A		0.00%
	_____			N/A		0.00%
	_____			N/A		0.00%
	_____			N/A	_____	0.00%
5.	Subtotal (lines 1 + 2 + 3 + 4)				100.00%	73.46%
6.	Total Calculated Pricing Factor (5(E)/5(D))					73.46%
7.	Outlier Provision Pricing Factor					N/A
8.	Outlier Percentage					00.00%
9.	Pricing Factor Adjusted for Outliers 6(E)x[1–8(E)] + 7(E)x8(E)					73.46%
10.	Adjusted Pricing Factor					
	Maximum					90.00%
	Minimum					70.00%
11.	Adjusted Hospital Pricing Factor (9(E) subject to 10(E))					73.46%

*Default Weight from Table W

Instructions

Worksheet 1

Step 1: Evaluate the hospital contract and determine the current negotiated reimbursement arrangements. It is not necessary to complete this worksheet if the hospital has a single overall percent of charges arrangement. Proceed to Step 4 if the hospital contract has a percent of charges arrangement that varies by service category. Proceed to Step 2 if the hospital arrangement has per diems or case rates.

Step 2: Evaluate the per diem for each service category, and record it in Column A (Medical on Line 1, Surgical on Line 2, ICU/CCU on Line 3, etc.). If the arrangement is a case rate, then estimate the per diem by dividing the case rate by the estimated length of stay.

Step 3: Determine the appropriate undiscounted average per diem for the network location. This overall average should be entered in Column B for each service category after trending to the appropriate hospital contract period.

Step 4: Calculate the pricing factor (Column C) by dividing the negotiated rate (Column A) by the prevailing average (Column B) for each service category. The negotiated percent of charges should be entered if this is available.

Step 5: Default service category weights are provided in the worksheet. Network specific, or local area book of business specific, or client specific weights can be substituted for the default weights if they are available by service category.

Step 6: Calculate the weighted average for each service category (Column E) by multiplying the pricing factor (Column C) by the weight (Column D). Zeros should be substituted for both the weights (Column D) and the weighted average (Column E) in service categories where no data is available.

Step 7: Subtotal the weights (Column D) and the weighted average (Column E) on Line 5. The weights will not add to 100% if some services were zeroed in Step 7 (this will be reflected in Step 8).

Step 8: Divide the subtotal weighted average (Column E, Line 5) by the subtotal weights (Column D, Line 5) to calculate the pricing factor (Line 6).

Step 9: Review the hospital contract for outlier provisions. Estimate the impact and record on Line 7.

Step 10: Record in Line 8 the percentage of inpatient hospital claim dollars that are subject to the outlier provision

Step 11: Calculate the pricing factor adjusted for outliers. The result of Step 8 is combined with the results of Step 9 using the weighting given in Step 10.

Step 12: Review the hospital contract for maximum or minimum discount provisions (example: a clause stating that the per diem floor is 75% of charges and the ceiling is 90% of charges). Estimate the overall impact of this arrangement (if applicable) and record it on Line 10.

Step 13: The pricing factor for the specified hospital is the calculated rate (Line 9) subject to the maximum/minimum provision in the contract (Line 10).

Worksheet 2 – Example

Contracted Network Location: Kansas City – ZIP 641

Calculation of Hospital/Facility Pricing Factor – All Network Hospitals

	(A)	(B)	(C)	(D)	(E)	(F)
Hospital/Facility	Pricing Factor	Total Weight	Weight	Weighted Factor* (A x C)	Category Weight**	Overall Weighted Factor
Inpatient:						
St. Mary's	69.25%	3,500	35.00%	24.24%		
St. Luke's Medical C	73.46%	3,500	35.00%	25.71%		
Doctor's	80.00%	1,500	15.00%	12.00%		
Northwest	85.00%	1,500	15.00%	12.75%		
_____	0.00%		0.00%	0.00%		
_____	0.00%		0.00%	0.00%		
_____	0.00%		0.00%	0.00%		
Subtotal		10,000		74.70% *	50.00%	37.35%
Outpatient/Other:						
St. Mary's	85.00%	3,000	30.00%	25.50%		
St. Luke's Medical C	75.00%	2,500	25.00%	18.75%		
Doctor's	80.00%	2,500	25.00%	20.00%		
Northwest	80.00%	2,000	20.00%	16.00%		
_____			0.00%	0.00%		
_____			0.00%	0.00%		
_____			0.00%	0.00%		
Subtotal		10,000		80.25% *	50.00%	40.13%
Total (to Worksheet 4)						77.48%

* 100% minus the % shown is the estimated effective discount for inpatient and outpatient services, respectively, which may be carried to the table in Section VI.4 and to the HealthMAPS® software

** Default Weight from Table X

Instructions

Worksheet 2

Step 1: Enter the inpatient pricing factor for each hospital in Column A. This figure will either be the calculated figure from Worksheet 1, or the single overall percentage of charges amount.

Step 2: Enter the outpatient discount factor in the outpatient section of Column A.

Step 3: Enter weights to be used to blend together the inpatient hospital arrangements (Column B). Credible historical network information or employer information is the preferred weight (preference order is charges, followed by inpatient days, followed by admits). Total beds (from the AHA guide, or a similar source) can be used in the absence of available historical information.

Step 4: Subtotal the inpatient weights (Column B).

Step 5: Calculate the weight percentages by dividing each hospital's weight by the subtotal weight (Column B). The results should be recorded in Column C for each hospital.

Step 6: Calculate the weighted inpatient pricing factor for each hospital (Column D) by multiplying the pricing factor (Column A) by the weight percentage (Column C).

Step 7: Subtotal the inpatient weighted factors (Column D).

Step 8: Outpatient information should be weighted similar to that described for inpatient. Averaging can be applied in the absence of credible information.

Carry 100% minus the inpatient and outpatient subtotals in Column D to the HealthMAPS® software. Otherwise, multiply the weighted factor subtotals (Column D) by the category weights (Column E) to obtain an overall weighted factor (Column F).

Worksheet 3 – Example

Contracted Physician Location: Kansas City – ZIP 641

Calculation of Physician Pricing Factor

Service Category	(A) Pricing Factor*	(B) Weight[1]	(C) Weighted Average (AxB)
1. Surgical[2]	80.5%	32.00%	25.76%
2. Radiology	96.0%	11.00%	10.56%
3. Pathology	59.1%	6.00%	3.55%
4. Medical	73.0%	43.00%	31.39%
5. Anesthesia**	80.5%	8.00%	6.44%
6. Other:			
_____	N/A		0.00%
_____	N/A		0.00%
_____	N/A		0.00%
_____	N/A	_____	0.00%
7. Subtotal (lines 1 + 2 + 3 + 4 +5 +6)		100.00%	77.70%
8. Total Physician Pricing Factor (7(C)/7(B)) (to Worksheet 4)			77.70%

*The Pricing Factors are calculated on the spreadsheet (Network Physician Fee Analysis Example.xls). 100% minus the % shown is the estimated effective discount, which may be carried to the table in Section VI and to the HealthMAPS® Software

**Assumed to be same as Surgical.

[1]Default Weight from Table Y
[2]Inpatient and outpatient

Instructions

Worksheet 3

Step 1: Calculate the pricing factor for each service category and record in Column A. Enter the negotiated percent of charges if it is available. If the negotiated percent of charges is not available, use the spreadsheet (Network Physician Fee Analysis Example.XLS) to estimate the percent. To use the spreadsheet input the RBRVS Unit Values from the prevailing charge tables and then input the negotiated fee for each CPT code. Pricing factors for each service type are calculated in the last column of the spreadsheet.

Step 2: Service category default weights are provided in Column B. Network specific, or local area book of business specific, or client specific weights can be substituted for the default weights if they are available.

Step 3: Calculate the weighted average for each service category (Column C) by multiplying the pricing factor (Column A) by the weight (Column B). Zeros should be substituted for both the weights (Column B) and the weighted average (Column C) in service categories where no data is available.

Step 4: Subtotal the weights (Column B) and the weighted average (Column C) on Line 7. The weights will not add to 100% if some services were zeroed in Step 3 (this will be reflected in Step 5).

Step 5: Divide the subtotal weighted average (Column C, Line 7) by the subtotal weights (Column B, Line 7) to calculate the physician pricing factor (Line 8).

The following pages show spreadsheet calculations of the Pricing Factors by service category. The RBRVS Unit Values used are (see zip code 641):

Surgical	$ 84.71
Medical	$ 62.87
Pathology	$ 59.45
Radiology	$141.65

Note that the surgical pricing factor is used for anesthesia.

Network Physician Fee Analysis Example

CPT	Description	(A) Relative Frequency	(B) RBRVS Relative Value Unit	(C) Include in Comparison 1-yes 0-no	(D) Network Fee	(E) Average Prevailing Charge = [Unit Valuesx(B)]	(F) Network Products = (A)x(C)x(D)	(G) Average Prevailing Charge Products = (A)x(C)x(E)	Pricing Factor = (F) / ((G)
Surgery									
10022	FNA W/IMAGE	0.00173	3.87	0		327.83			
10040	ACNE SURGERY	0.00306	3.03	0		256.67			
10060	DRAINAGE OF SKIN ABSCESS	0.00527	3.33	1	92.14	282.08	0.4856	1.4866	
10061	DRAINAGE OF SKIN ABSCESS	0.00171	5.49	0		465.06			
11042	DEB SUBQ TISSUE 20 SQ CM/<	0.00299	3.02	0		255.82			
11056	TRIM SKIN LESIONS 2 TO 4	0.00393	1.74	0		147.40			
11100	BIOPSY SKIN LESION	0.02857	3.01	1	89.44	254.98	2.5552	7.2847	
11101	BIOPSY SKIN ADD-ON	0.01177	0.97	0		82.17			
11200	REMOVAL OF SKIN TAGS	0.00245	2.53	0		214.32			
11301	SHAVE SKIN LESION	0.00255	2.73	0		231.26			
11401	EXC TR-EXT B9+MARG 0.6-1 CM	0.00225	4.30	1	153.12	364.25	0.3445	0.8196	
11402	EXC TR-EXT B9+MARG 1.1-2 CM	0.00221	4.79	0		405.76			
11403	EXC TR-EXT B9+MARG 2.1-3 CM	0.00081	5.54	0		469.29			
11602	EXC TR-EXT MLG+MARG 1.1-2 CM	0.00088	7.25	0		614.15			
11721	DEBRIDE NAIL 6 OR MORE	0.01509	1.25	0		105.89			
11730	REMOVAL OF NAIL PLATE	0.00291	2.83	0		239.73			
11750	REMOVAL OF NAIL BED	0.00324	6.45	1	353.65	546.38	1.1458	1.7703	
11900	INJECTION INTO SKIN LESIONS	0.00515	1.63	0		138.08			
12001	REPAIR SUPERFICIAL WOUND(S)	0.00273	2.49	1	136.86	210.93	0.3736	0.5758	
12002	REPAIR SUPERFICIAL WOUND(S)	0.00127	3.04	0		257.52			
12011	REPAIR SUPERFICIAL WOUND(S)	0.00145	3.12	1	173.44	264.30	0.2515	0.3832	
12031	INTMD WND REPAIR S/TR/EXT	0.00113	7.29	0		617.54			
12032	INTMD WND REPAIR S/TR/EXT	0.00209	8.94	0		757.31			
12051	INTMD WND REPAIR FACE/MM	0.00053	7.93	0		671.75			
13101	REPAIR OF WOUND OR LESION	0.00071	11.68	0		989.41			
13121	REPAIR OF WOUND OR LESION	0.00066	13.06	0		1,106.31			
13132	REPAIR OF WOUND OR LESION	0.00088	17.23	0		1,459.55			
13152	REPAIR OF WOUND OR LESION	0.00020	16.63	0		1,408.73			
14040	SKIN TISSUE REARRANGEMENT	0.00045	22.84	0		1,934.78			
14041	SKIN TISSUE REARRANGEMENT	0.00017	28.24	0		2,392.21			
14060	SKIN TISSUE REARRANGEMENT	0.00048	23.29	0		1,972.90			
15260	SKIN FULL GRAFT EEN & LIPS	0.00021	30.17	0		2,555.70			
15732	MUSCLE-SKIN GRAFT HEAD/NECK	0.00006	45.27	0		3,834.82			
15734	MUSCLE-SKIN GRAFT TRUNK	0.00009	45.47	0		3,851.76			
15823	REVISION OF UPPER EYELID	0.00029	18.19	0		1,540.87			
17000	DESTRUCT PREMALG LESION	0.02722	2.36	1	69.11	199.92	1.8812	5.4417	
17003	DESTRUCT PREMALG LES 2-14	0.07491	0.20	0		16.94			
17110	DESTRUCT B9 LESION 1-14	0.02774	3.18	1	81.30	269.38	2.2553	7.4725	
17262	DESTRUCTION OF SKIN LESIONS	0.00103	5.08	0		430.33			
17311	MOHS 1 STAGE H/N/HF/G	0.00230	19.23	0		1,628.97			

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17312	MOHS ADDL STAGE	0.00139	11.39	0		964.85			
17313	MOHS 1 STAGE T/A/L	0.00044	17.52	0		1,484.12			
19102	BX BREAST PERCUT W/IMAGE	0.00068	5.94	0		503.18			
19103	BX BREAST PERCUT W/DEVICE	0.00149	15.27	0		1,293.52			
19120	REMOVAL OF BREAST LESION	0.00031	14.31	1	829.26	1,212.20	0.2571	0.3758	
19125	EXCISION BREAST LESION	0.00028	15.91	0		1,347.74			
19295	PLACE BREAST CLIP PERCUT	0.00176	2.45	0		207.54			
19296	PLACE PO BREAST CATH FOR RAD	0.00004	112.55	0		9,534.11			
19301	PARTICAL MASTECTOMY	0.00028	19.29	0		1,634.06			
19303	MAST SIMPLE COMPLETE	0.00020	29.89	0		2,531.98			
19307	MAST MOD RAD	0.00009	35.32	0		2,991.96			
19318	REDUCTION OF LARGE BREAST	0.00017	34.03	1	3533.83	2,882.68	0.6008	0.4901	
19350	BREAST RECONSTRUCTION	0.00009	24.68	0		2,090.64			
19357	BREAST RECONSTRUCTION	0.00016	45.81	0		3,880.57			
19380	REVISE BREAST RECONSTRUCTION	0.00010	23.61	0		2,000.00			
20550	INJ TENDON SHEATH/LIGAMENT	0.00976	1.68	1	82.66	142.31	0.8068	1.3890	
20552	INJ TRIGGER POINT 1/2 MUSCL	0.00285	1.59	0		134.69			
20553	INJECT TRIGGER POINTS =/> 3	0.00222	1.82	0		154.17			
20600	DRAIN/INJECT JOINT/BURSA	0.00342	1.59	0		134.69			
20605	DRAIN/INJECT JOINT/BURSA	0.00493	1.74	0		147.40			
20610	DRAIN/INJECT JOINT/BURSA	0.03520	2.34	1	96.21	198.22	3.3865	6.9774	
20680	REMOVAL OF SUPPORT IMPLANT	0.00066	18.14	1	692.40	1,536.64	0.4570	1.0142	
22520	PERCUT VERTEBROPLASTY THOR	0.00002	63.37	0		5,368.07			
22554	NECK SPINE FUSION	0.00027	37.80	1	3612.41	3,202.04	0.9754	0.8646	
22558	LUMBAR SPINE FUSION	0.00019	46.27	0		3,919.53			
22585	ADDITIONAL SPINAL FUSION	0.00043	10.20	0		864.04			
22600	NECK SPINE FUSION	0.00004	38.19	0		3,235.07			
22612	LUMBAR SPINE FUSION	0.00049	47.73	0		4,043.21			
22614	SPINE FUSION EXTRA SEGMENT	0.00057	11.87	0		1,005.51			
22630	LUMBAR SPINE FUSION	0.00018	45.96	0		3,893.27			
22802	FUSION OF SPINE	0.00002	63.17	0		5,351.13			
22830	EXPLORATION OF SPINAL FUSION	0.00006	24.07	0		2,038.97			
22840	INSERT SPINE FIXATION DEVICE	0.00028	23.14	0		1,960.19			
22842	INSERT SPINE FIXATION DEVICE	0.00032	23.18	1	2914.59	1,963.58	0.9327	0.6283	
22845	INSERT SPINE FIXATION DEVICE	0.00050	22.33	0		1,891.57			
22846	INSERT SPINE FIXATION DEVICE	0.00007	23.16	0		1,961.88			
22851	APPLY SPINE PROSTH DEVICE	0.00087	12.40	0		1,050.40			
23350	INJECTION FOR SHOULDER X-RAY	0.00075	4.07	0		344.77			
23412	REPAIR ROTATOR CUFF CHRONIC	0.00016	25.38	0		2,149.94			
23420	REPAIR OF SHOULDER	0.00006	28.87	1	3001.31	2,445.58	0.1801	0.1467	
23430	REPAIR BICEPS TENDON	0.00007	22.17	0		1,878.02			
23472	RECONSTRUCT SHOULDER JOINT	0.00008	44.83	0		3,797.55			

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25447	REPAIR WRIST JOINT(S)	0.00009	24.64	0		2,087.25			
25600	TREAT FRACTURE RADIUS/ULNA	0.00086	8.42	0		713.26			
25605	TREAT FRACTURE RADIUS/ULNA	0.00021	18.26	0		1,546.80			
25609	TREAT FX RADIAL 3+ FRAG	0.00009	31.21	0		2,643.80			
26055	INCISE FINGER TENDON SHEATH	0.00049	15.93	0		1,349.43			
27096	INJECT SACROILIAC JOINT	0.00109	5.66	0		479.46			
27130	TOTAL HIP ARTHROPLASTY	0.00072	43.27	1	5490.43	3,665.40	3.9531	2.6391	
27134	REVISE HIP JOINT REPLACEMENT	0.00004	57.86	0		4,901.32			
27236	TREAT THIGH FRACTURE	0.00014	35.86	0		3,037.70			
27245	TREAT THIGH FRACTURE	0.00016	36.92	0		3,127.49			
27446	REVISION OF KNEE JOINT	0.00010	33.09	0		2,803.05			
27447	TOTAL KNEE ARTHROPLASTY	0.00143	46.19	1	5964.67	3,912.75	8.5295	5.5952	
27487	REVISE/REPLACE KNEE JOINT	0.00006	52.95	0		4,485.39			
27786	TREATMENT OF ANKLE FRACTURE	0.00037	9.15	0		775.10			
28285	REPAIR OF HAMMERTOE	0.00073	13.85	1	844.16	1,173.23	0.6162	0.8565	
28296	CORRECTION OF BUNION	0.00046	20.98	1	1982.36	1,777.22	0.9119	0.8175	
28470	TREAT METATARSAL FRACTURE	0.00057	6.16	0		521.81			
29075	APPLICATION OF FOREARM CAST	0.00192	2.59	0		219.40			
29405	APPLY SHORT LEG CAST	0.00114	2.58	0		218.55			
29540	STRAPPING OF ANKLE AND/OR FT	0.00494	0.97	0		82.17			
29806	SHOULDER ARTHROSCOPY/SURGERY	0.00016	31.67	0		2,682.77			
29807	SHOULDER ARTHROSCOPY/SURGERY	0.00018	30.96	0		2,622.62			
29822	SHOULDER ARTHROSCOPY/SURGERY	0.00025	17.06	0		1,445.15			
29823	SHOULDER ARTHROSCOPY/SURGERY	0.00031	18.61	0		1,576.45			
29824	SHOULDER ARTHROSCOPY/SURGERY	0.00030	20.06	0		1,699.28			
29826	SHOULDER ARTHROSCOPY/SURGERY	0.00083	19.83	1	2857.67	1,679.80	2.3719	1.3942	
29827	ARTHROSCOP ROTATOR CUFF REPR	0.00049	32.17	0		2,725.12			
29848	WRIST ENDOSCOPY/SURGERY	0.00022	15.20	0		1,287.59			
29874	KNEE ARTHROSCOPY/SURGERY	0.00012	16.04	0		1,358.75			
29875	KNEE ARTHROSCOPY/SURGERY	0.00026	14.73	1	2051.46	1,247.78	0.5334	0.3244	
29876	KNEE ARTHROSCOPY/SURGERY	0.00024	19.58	1	2448.46	1,658.62	0.5876	0.3981	
29877	KNEE ARTHROSCOPY/SURGERY	0.00074	18.55	1	2188.31	1,571.37	1.6194	1.1628	
29879	KNEE ARTHROSCOPY/SURGERY	0.00024	19.78	0		1,675.56			
29880	KNEE ARTHROSCOPY/SURGERY	0.00063	20.61	1	3008.08	1,745.87	1.8951	1.0999	
29881	KNEE ARTHROSCOPY/SURGERY	0.00165	19.28	1	2489.11	1,633.21	4.1070	2.6948	
29882	KNEE ARTHROSCOPY/SURGERY	0.00010	20.86	0		1,767.05			
29888	KNEE ARTHROSCOPY/SURGERY	0.00046	29.57	1	4403.72	2,504.87	2.0257	1.1522	
30140	RESECT INFERIOR TURBINATE	0.00043	13.14	1	991.85	1,113.09	0.4265	0.4786	
30520	REPAIR OF NASAL SEPTUM	0.00060	18.85	1	2222.19	1,596.78	1.3333	0.9581	
31231	NASAL ENDOSCOPY DX	0.00718	5.68	0		481.15			
31237	NASAL/SINUS ENDOSCOPY SURG	0.00140	9.73	0		824.23			
31255	REMOVAL OF ETHMOID SINUS	0.00029	12.39	0		1,049.56			

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31276	SINUS ENDOSCOPY SURGICAL	0.00019	15.64	0		1,324.86			
31500	INSERT EMERGENCY AIRWAY	0.00066	3.28	0		277.85			
31575	DIAGNOSTIC LARYNGOSCOPY	0.00601	3.42	1	331.98	289.71	1.9952	1.7411	
31579	DIAGNOSTIC LARYNGOSCOPY	0.00063	6.39	0		541.30			
33208	INSERTION OF HEART PACEMAKER	0.00029	15.35	0		1,300.30			
33249	ELTRD/INSERT PACE-DEFIB	0.00020	26.40	0		2,236.34			
33405	REPLACEMENT OF AORTIC VALVE	0.00011	70.07	1	6016.17	5,935.63	0.6618	0.6529	
33430	REPLACEMENT OF MITRAL VALVE	0.00003	86.25	1	5760.08	7,306.24	0.1728	0.2192	
33533	CABG ARTERIAL SINGLE	0.00031	57.49	0		4,869.98			
33534	CABG ARTERIAL TWO	0.00004	67.64	0		5,729.78			
35301	RECHANNELING OF ARTERY	0.00018	33.20	1	3520.27	2,812.37	0.6336	0.5062	
35474	REPAIR ARTERIAL BLOCKAGE	0.00010	28.57	0		2,420.16			
36000	PLACE NEEDLE IN VEIN	0.00199	0.69	1	86.72	58.45	0.1726	0.1163	
36147	ACCESS AV DIAL GRFT FOR EVAL	0.00020	24.33	0		2,060.99			
36216	PLACE CATHETER IN ARTERY	0.00027	35.49	1	760.16	3,006.36	0.2052	0.8117	
36217	PLACE CATHETER IN ARTERY	0.00018	57.96	0		4,909.79			
36247	PLACE CATHETER IN ARTERY	0.00020	52.54	0		4,450.66			
36415	ROUTINE VENIPUNCTURE	0.42693	0.15	1	8.13	12.71	3.4729	5.4248	
36416	CAPILLARY BLOOD DRAW	0.02858	0.15	0		12.71			
36471	INJECTION THERAPY OF VEINS	0.00130	5.19	0		439.64			
36475	ENDOVENOUS RF 1ST VEIN	0.00051	51.90	0		4,396.45			
36478	ENDOVENOUS LASER 1ST VEIN	0.00085	39.34	0		3,332.49			
36556	INSERT NON-TUNNEL CV CATH	0.00162	6.73	0		570.10			
36558	INSERT TUNNELED CV CATH	0.00033	22.38	0		1,895.81			
36561	INSERT TUNNELED CV CATH	0.00061	33.87	0		2,869.13			
36569	INSERT PICC CATH	0.00077	6.95	0		588.73			
36620	INSERTION CATHETER ARTERY	0.00267	1.54	1	250.67	130.45	0.6693	0.3483	
37204	TRANSCATHETER OCCLUSION	0.00011	26.83	0		2,272.77			
37205	TRANSCATH IV STENT PERCUT	0.00022	117.82	0		9,980.53			
37620	REVISION OF MAJOR VEIN	0.00022	19.26	0		1,631.51			
37765	STAB PHLEB VEINS XTR 10-20	0.00021	19.92	0		1,687.42			
38221	BONE MARROW BIOPSY	0.00071	4.39	0		371.88			
38525	BIOPSY/REMOVAL LYMPH NODES	0.00023	12.89	0		1,091.91			
38571	LAPAROSCOPY LYMPHADENECTOMY	0.00005	23.28	0		1,972.05			
38724	REMOVAL OF LYMPH NODES NECK	0.00004	44.87	0		3,800.94			
42820	REMOVE TONSILS AND ADENOIDS	0.00062	8.98	1	902.42	760.70	0.5595	0.4716	
42826	REMOVAL OF TONSILS	0.00032	7.77	1	917.33	658.20	0.2935	0.2106	
43235	UPPR GI ENDOSCOPY DIAGNOSIS	0.00162	8.47	0		717.49			
43239	UPPER GI ENDOSCOPY BIOPSY	0.00892	9.86	1	807.58	835.24	7.2036	7.4503	
43246	PLACE GASTROSTOMY TUBE	0.00026	7.59	0		642.95			
43248	UPPR GI ENDOSCOPY/GUIDE WIRE	0.00040	5.66	0		479.46			
43249	ESOPH ENDOSCOPY DILATION	0.00033	5.22	0		442.19			

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43262	ENDO CHOLANGIOPANCREATOGRAPH	0.00022	12.87	0		1,090.22			
43264	ENDO CHOLANGIOPANCREATOGRAPH	0.00020	15.44	0		1,307.92			
43644	LAP GASTRIC BYPASS/ROUX-EN-Y	0.00020	51.74	0		4,382.90			
43770	LAP PLACE GASTR ADJ DEVICE	0.00015	33.31	0		2,821.69			
43775	LAP SLEEVE GASTRECTOMY	0.00006	38.24	0		3,239.31			
44005	FREEING OF BOWEL ADHESION	0.00013	32.66	1	2376.65	2,766.63	0.3090	0.3597	
44120	REMOVAL OF SMALL INTESTINE	0.00012	36.54	0		3,095.30			
44140	PARTIAL REMOVAL OF COLON	0.00012	40.06	1	3169.32	3,393.48	0.3803	0.4072	
44160	REMOVAL OF COLON	0.00007	37.13	0		3,145.28			
44180	LAP ENTEROLYSIS	0.00012	27.46	0		2,326.14			
44204	LAPARO PARTIAL COLECTOMY	0.00009	46.14	0		3,908.52			
44207	L COLECTOMY/ COLOPROCTOSTOMY	0.00007	54.89	0		4,649.73			
44970	LAPAROSCOPY APPENDECTOMY	0.00079	17.84	0		1,511.23			
45378	DIAGNOSTIC COLONOSCOPY	0.00883	11.40	1	910.55	965.69	8.0401	8.5271	
45380	COLONOSCOPY AND BIOPSY	0.00752	13.58	0		1,150.36			
45381	COLONOSCOPY SUBMUCOUS INJ	0.00026	13.17	0		1,115.63			
45383	LESION REMOVAL COLONOSCOPY	0.00033	16.52	0		1,399.41			
45384	LESION REMOVE COLONOSCOPY	0.00122	13.58	0		1,150.36			
45385	LESION REMOVAL COLONOSCOPY	0.00446	15.33	1	1289.95	1,298.60	5.7532	5.7918	
46221	LIGATION OF HEMORRHOID(S)	0.00078	7.75	0		656.50			
46600	DIAGNOSTIC ANOSCOPY	0.00197	2.49	0		210.93			
47562	LAPAROSCOPIC CHOLECYSTECTOMY	0.00138	22.29	0		1,888.19			
47563	LAPARO CHOLECYSTECTOMY/GRAPH	0.00061	22.51	0		1,906.82			
49505	PRP I/HERN INIT REDUC >5 YR	0.00061	15.42	1	1394.29	1,306.23	0.8505	0.7968	
49560	RPR VENTRAL HERN INIT REDUC	0.00024	21.93	1	1792.66	1,857.69	0.4302	0.4458	
49585	RPR UMBIL HERN REDUC > 5 YR	0.00029	13.14	0		1,113.09			
49650	LAP ING HERNIA REPAIR INIT	0.00024	12.66	0		1,072.43			
50590	FRAGMENTING OF KIDNEY STONE	0.00062	21.94	1	2677.47	1,858.54	1.6600	1.1523	
51720	TREATMENT OF BLADDER LESION	0.00080	3.12	0		264.30			
51728	CYSTOMETROGRAM W/VP	0.00053	8.93	0		756.46			
51729	CYSTOMETROGRAM W/VP&UP	0.00094	9.78	0		828.46			
51741	ELECTRO-UROFLOWMETRY FIRST	0.00372	0.94	0		79.63			
51784	ANAL/URINARY MUSCLE STUDY	0.00114	5.56	0		470.99			
51797	INTRAABDOMINAL PRESSURE TEST	0.00133	3.13	0		265.14			
51798	US URINE CAPACITY MEASURE	0.00996	0.51	0		43.20			
52000	CYSTOSCOPY	0.00504	5.75	1	333.33	487.08	1.6800	2.4549	
52224	CYSTOSCOPY AND TREATMENT	0.00022	16.58	0		1,404.49			
52281	CYSTOSCOPY AND TREATMENT	0.00054	7.41	0		627.70			
52310	CYSTOSCOPY AND TREATMENT	0.00066	6.72	0		569.25			
52332	CYSTOSCOPY AND TREATMENT	0.00077	13.64	0		1,155.44			
52352	CYSTOURETERO W/STONE REMOVE	0.00019	10.85	0		919.10			
52353	CYSTOURETERO W/LITHOTRIPSY	0.00036	12.46	0		1,055.49			

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52601	PROSTATECTOMY (TURP)	0.00014	24.80	1	2544.68	2,100.81	0.3563	0.2941	
52648	LASER SURGERY OF PROSTATE	0.00009	50.81	0		4,304.12			
53850	PROSTATIC MICROWAVE THERMOTX	0.00006	54.27	0		4,597.21			
54150	CIRCUMCISION W/REGIONL BLOCK	0.00275	4.46	1	157.18	377.81	0.4323	1.0390	
55250	REMOVAL OF SPERM DUCT(S)	0.00120	10.98	1	573.16	930.12	0.6878	1.1161	
55700	BIOPSY OF PROSTATE	0.00142	6.19	1	346.88	524.35	0.4926	0.7446	
55845	EXTENSIVE PROSTATE SURGERY	0.00004	48.17	1	4723.51	4,080.48	0.1889	0.1632	
55866	LAPARO RADICAL PROSTATECTOMY	0.00017	51.14	0		4,332.07			
57288	REPAIR BLADDER DEFECT	0.00046	20.87	0		1,767.90			
57454	BX/CURETT OF CERVIX W/SCOPE	0.00347	4.57	1	323.84	387.12	1.1237	1.3433	
58100	BIOPSY OF UTERUS LINING	0.00354	3.24	1	176.14	274.46	0.6236	0.9716	
58150	TOTAL HYSTERECTOMY	0.00050	30.18	1	3154.43	2,556.55	1.5772	1.2783	
58260	VAGINAL HYSTERECTOMY	0.00018	25.02	1	3040.60	2,119.44	0.5473	0.3815	
58300	INSERT INTRAUTERINE DEVICE	0.00254	2.02	0		171.11			
58301	REMOVE INTRAUTERINE DEVICE	0.00132	2.81	0		238.04			
58340	CATHETER FOR HYSTEROGRAPHY	0.00206	3.33	0		282.08			
58550	LAPARO-ASST VAG HYSTERECTOMY	0.00012	26.71	0		2,262.60			
58552	LAPARO-VAG HYST INCL T/O	0.00014	29.65	0		2,511.65			
58558	HYSTEROSCOPY BIOPSY	0.00114	11.60	0		982.64			
58563	HYSTEROSCOPY ABLATION	0.00078	46.24	0		3,916.99			
58565	HYSTEROSCOPY STERILIZATION	0.00023	52.05	0		4,409.16			
58571	TLH W/T/O 250 G OR LESS	0.00014	31.26	0		2,648.03			
58611	LIGATE OVIDUCT(S) ADD-ON	0.00036	2.36	0		199.92			
58660	LAPAROSCOPY LYSIS	0.00010	20.36	0		1,724.70			
58661	LAPAROSCOPY REMOVE ADNEXA	0.00027	19.49	0		1,651.00			
58662	LAPAROSCOPY EXCISE LESIONS	0.00026	21.32	0		1,806.02			
58970	RETRIEVAL OF OOCYTE	0.00022	6.34	0		537.06			
59025	FETAL NON-STRESS TEST	0.00901	1.41	1	138.21	119.44	1.2453	1.0762	
59400	OBSTETRICAL CARE	0.00478	57.26	1	2817.02	4,850.49	13.4654	23.1854	
59409	OBSTETRICAL CARE	0.00019	22.37	0		1,894.96			
59410	OBSTETRICAL CARE	0.00037	28.51	0		2,415.08			
59425	ANTEPARTUM CARE ONLY	0.00051	12.50	0		1,058.88			
59426	ANTEPARTUM CARE ONLY	0.00055	22.34	0		1,892.42			
59510	CESAREAN DELIVERY	0.00276	63.44	1	3318.37	5,374.00	9.1587	14.8322	
59514	CESAREAN DELIVERY ONLY	0.00015	25.21	0		2,135.54			
59515	CESAREAN DELIVERY	0.00020	34.60	0		2,930.97			
59610	VBAC DELIVERY	0.00008	60.14	0		5,094.46			
59820	CARE OF MISCARRIAGE	0.00042	11.29	1	780.48	956.38	0.3278	0.4017	
59840	ABORTION	0.00023	6.47	1	891.59	548.07	0.2051	0.1261	
60220	PARTIAL REMOVAL OF THYROID	0.00012	23.39	0		1,981.37			
60240	REMOVAL OF THYROID	0.00013	29.44	0		2,493.86			
60500	EXPLORE PARATHYROID GLANDS	0.00008	30.80	0		2,609.07			

Network Physician Fee Analysis Example

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61510	REMOVAL OF BRAIN LESION	0.00007	65.19	1	7058.16	5,522.24	0.4941	0.3866	
61795	BRAIN SURGERY USING COMPUTER	0.00032	16.60	0		1,406.19			
62270	SPINAL FLUID TAP DIAGNOSTIC	0.00082	4.45	1	181.56	376.96	0.1489	0.3091	
62284	INJECTION FOR MYELOGRAM	0.00034	5.88	1	518.96	498.09	0.1764	0.1694	
62290	INJECT FOR SPINE DISK X-RAY	0.00024	9.93	0		841.17			
62310	INJECT SPINE C/T	0.00164	7.20	0		609.91			
62311	INJECT SPINE L/S (CD)	0.00442	6.01	0		509.11			
62318	INJECT SPINE W/CATH C/T	0.00026	7.16	0		606.52			
63030	LOW BACK DISK SURGERY	0.00045	28.89	1	3930.83	2,447.27	1.7689	1.1013	
63042	LAMINOTOMY SINGLE LUMBAR	0.00012	38.87	1	4598.84	3,292.68	0.5519	0.3951	
63045	REMOVAL OF SPINAL LAMINA	0.00004	37.96	1	4753.32	3,215.59	0.1901	0.1286	
63047	REMOVAL OF SPINAL LAMINA	0.00048	32.82	0		2,780.18			
63048	REMOVE SPINAL LAMINA ADD-ON	0.00063	6.45	0		546.38			
63056	DECOMPRESS SPINAL CORD	0.00006	44.32	0		3,754.35			
63075	NECK SPINE DISK SURGERY	0.00042	41.05	1	4059.56	3,477.35	1.7050	1.4605	
63076	NECK SPINE DISK SURGERY	0.00027	7.57	0		641.25			
63081	REMOVAL OF VERTEBRAL BODY	0.00008	53.09	0		4,497.25			
63650	IMPLANT NEUROELECTRODES	0.00014	13.09	0		1,108.85			
64415	N BLOCK INJ BRACHIAL PLEXUS	0.00122	3.48	0		294.79			
64447	N BLOCK INJ FEM SINGLE	0.00075	3.50	0		296.49			
64450	N BLOCK OTHER PERIPHERAL	0.00243	3.10	0		262.60			
64479	INJ FORAMEN EPIDURAL C/T	0.00040	7.31	0		619.23			
64483	INJ FORAMEN EPIDURAL L/S	0.00418	6.36	0		538.76			
64484	INJ FORAMEN EPIDURAL ADD-ON	0.00207	2.68	0		227.02			
64490	INJ PARAVERT F JNT C/T 1 LEV	0.00072	5.78	0		489.62			
64491	INJ PARAVERT F JNT C/T 2 LEV	0.00060	2.86	0		242.27			
64493	INJ PARAVERT F JNT L/S 1 LEV	0.00166	5.15	0		436.26			
64494	INJ PARAVERT F JNT L/S 2 LEV	0.00137	2.58	0		218.55			
64495	INJ PARAVERT F JNT L/S 3 LEV	0.00085	2.62	0		221.94			
64622	DESTR PARAVERTEBRL NERVE L/S	0.00060	10.25	0		868.28			
64623	DESTR PARAVERTEBRAL N ADD-ON	0.00113	3.83	0		324.44			
64640	INJECTION TREATMENT OF NERVE	0.00072	6.31	0		534.52			
64718	REVISE ULNAR NERVE AT ELBOW	0.00017	17.61	0		1,491.74			
64721	CARPAL TUNNEL SURGERY	0.00085	12.66	1	1318.41	1,072.43	1.1206	0.9116	
65855	LASER SURGERY OF EYE	0.00063	10.08	0		853.88			
66761	REVISION OF IRIS	0.00046	8.67	0		734.44			
66821	AFTER CATARACT LASER SURGERY	0.00179	9.70	1	1093.48	821.69	1.9573	1.4708	
66982	CATARACT SURGERY COMPLEX	0.00042	31.99	0		2,709.87			
66984	CATARACT SURG W/IOL 1 STAGE	0.00518	22.98	0		1,946.64			
67028	INJECTION EYE DRUG	0.00482	3.06	0		259.21			
67042	VIT FOR MACULAR HOLE	0.00009	45.75	0		3,875.48			
67108	REPAIR DETACHED RETINA	0.00010	48.34	0		4,094.88			

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67113	REPAIR RETINAL DETACH CPLX	0.00006	52.65	0		4,459.98			
67145	TREATMENT OF RETINA	0.00031	15.60	0		1,321.48			
67210	TREATMENT OF RETINAL LESION	0.00061	20.76	1	1673.41	1,758.58	1.0208	1.0727	
67228	TREATMENT OF RETINAL LESION	0.00047	34.38	1	1789.95	2,912.33	0.8413	1.3688	
67904	REPAIR EYELID DEFECT	0.00014	21.85	0		1,850.91			
68761	CLOSE TEAR DUCT OPENING	0.00188	4.29	0		363.41			
69210	REMOVE IMPACTED EAR WAX	0.01243	1.53	1	58.27	129.61	0.7243	1.6110	
69436	CREATE EARDRUM OPENING	0.00108	4.92	1	575.87	416.77	0.6219	0.4501	
	Surgery - Total	1.00000	3.5946				122.6963	152.3695	80.5%
Radiology-Total (Includes professional and technical components)									
70450	CT HEAD/BRAIN W/O DYE	0.03427	4.74	0		671.42			
70486	CT MAXILLOFACIAL W/O DYE	0.00830	6.58	0		932.06			
70544	MR ANGIOGRAPHY HEAD W/O DYE	0.00362	13.20	0		1,869.78			
70551	MRI BRAIN W/O DYE	0.00819	12.36	0		1,750.79			
70553	MRI BRAIN W/O & W/DYE	0.01423	16.19	1	2273.19	2,293.31	32.3475	32.6339	
71010	CHEST X-RAY	0.09145	0.66	1	110.85	93.49	10.1377	8.5496	
71020	CHEST X-RAY	0.14218	0.86	1	130.13	121.82	18.5018	17.3202	
71250	CT THORAX W/O DYE	0.00893	6.00	0		849.90			
71260	CT THORAX W/DYE	0.01594	7.53	0		1,066.62			
71275	CT ANGIOGRAPHY CHEST	0.00507	11.45	0		1,621.89			
72125	CT NECK SPINE W/O DYE	0.00516	6.05	0		856.98			
72141	MRI NECK SPINE W/O DYE	0.00898	11.03	0		1,562.40			
72146	MRI CHEST SPINE W/O DYE	0.00233	11.04	0		1,563.82			
72148	MRI LUMBAR SPINE W/O DYE	0.01582	10.85	1	1807.30	1,536.90	28.5915	24.3138	
72156	MRI NECK SPINE W/O & W/DYE	0.00189	16.22	0		2,297.56			
72158	MRI LUMBAR SPINE W/O & W/DYE	0.00311	15.88	0		2,249.40			
72192	CT PELVIS W/O DYE	0.01843	5.84	0		827.24			
72193	CT PELVIS W/DYE	0.02777	7.11	0		1,007.13			
72194	CT PELVIS W/O & W/DYE	0.00570	9.08	0		1,286.18			
73221	MRI JOINT UPR EXTREM W/O DYE	0.00974	11.58	0		1,640.31			
73630	X-RAY EXAM OF FOOT	0.04844	0.91	1	112.46	128.90	5.4474	6.2440	
73718	MRI LOWER EXTREMITY W/O DYE	0.00268	12.08	0		1,711.13			
73721	MRI JNT OF LWR EXTRE W/O DYE	0.01975	11.84	1	1752.68	1,677.14	34.6155	33.1234	
74150	CT ABDOMEN W/O DYE	0.01830	5.98	0		847.07			
74160	CT ABDOMEN W/DYE	0.02674	8.18	1	1219.33	1,158.70	32.6049	30.9836	
74170	CT ABDOMEN W/O & W/DYE	0.01060	10.84	0		1,535.49			
74183	MRI ABDOMEN W/O & W/DYE	0.00233	16.62	0		2,354.22			
76645	US EXAM BREAST(S)	0.02805	2.79	0		395.20			
76700	US EXAM ABDOM COMPLETE	0.01866	4.02	1	427.33	569.43	7.9739	10.6256	
76770	US EXAM ABDO BACK WALL COMP	0.01190	3.78	0		535.44			
76805	OB US >/= 14 WKS SNGL FETUS	0.01297	4.26	1	334.14	603.43	4.3338	7.8265	

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76811	OB US DETAILED SNGL FETUS	0.00678	5.38	0		762.08			
76817	TRANSVAGINAL US OBSTETRIC	0.01615	2.94	0		416.45			
76830	TRANSVAGINAL US NON-OB	0.04552	3.61	1	377.54	511.36	17.1854	23.2769	
76856	US EXAM PELVIC COMPLETE	0.02939	3.58	1	329.34	507.11	9.6792	14.9039	
76942	ECHO GUIDE FOR BIOPSY	0.01828	5.68	0		804.57			
77003	FLUOROGUIDE FOR SPINE INJECT	0.02250	1.88	0		266.30			
77014	CT SCAN FOR THERAPY GUIDE	0.00805	5.41	0		766.33			
77052	COMP SCREEN MAMMOGRAM ADD-ON	0.09831	0.28	0		39.66			
77057	MAMMOGRAM SCREENING	0.02199	2.25	0		318.71			
77059	MRI BOTH BREASTS	0.00214	17.67	0		2,502.96			
77080	DXA BONE DENSITY AXIAL	0.03421	2.87	0		406.54			
77290	SET RADIATION THERAPY FIELD	0.00306	15.32	0		2,170.08			
77295	SET RADIATION THERAPY FIELD	0.00132	12.76	0		1,807.45			
77334	RADIATION TREATMENT AID(S)	0.00818	4.17	0		590.68			
77418	RADIATION TX DELIVERY IMRT	0.00891	13.28	0		1,881.11			
77421	STEREOSCOPIC X-RAY GUIDANCE	0.00881	2.85	0		403.70			
77427	RADIATION TX MANAGEMENT X5	0.00862	5.33	0		754.99			
78452	HT MUSCLE IMAGE SPECT MULT	0.02235	14.06	0		1,991.60			
78815	PET IMAGE W/CT SKULL-THIGH	0.00390	16.63	0		2,355.64			
	Radiology - Total	1.00000	4.3561				201.4186	209.8013	96.0%
Pathology									
80048	METABOLIC PANEL TOTAL CA	0.01578	0.78	0		46.37			
80050	GENERAL HEALTH PANEL	0.03745	1.78	1	57.98	105.82	2.1715	3.9630	
80053	COMPREHEN METABOLIC PANEL	0.06135	0.91	0		54.10			
80061	LIPID PANEL	0.08096	1.04	1	40.24	61.83	3.2577	5.0056	
80076	HEPATIC FUNCTION PANEL	0.01049	0.81	0		48.15			
80101	DRUG SCREEN SINGLE	0.03155	1.23	0		73.12			
81001	URINALYSIS AUTO W/SCOPE	0.02605	0.37	0		22.00			
81002	URINALYSIS NONAUTO W/O SCOPE	0.04120	0.29	0		17.24			
81003	URINALYSIS AUTO W/O SCOPE	0.02705	0.31	0		18.43			
82043	MICROALBUMIN QUANTITATIVE	0.00794	1.14	0		67.77			
82306	VITAMIN D 25 HYDROXY	0.02558	2.43	0		144.46			
82607	VITAMIN B-12	0.01084	1.30	0		77.29			
82670	ASSAY OF ESTRADIOL	0.00577	1.53	0		90.96			
82728	ASSAY OF FERRITIN	0.00828	1.20	0		71.34			
82746	BLOOD FOLIC ACID SERUM	0.00623	1.33	0		79.07			
83001	GONADOTROPIN (FSH)	0.00532	1.62	0		96.31			
83036	GLYCOSYLATED HEMOGLOBIN TEST	0.03545	0.88	0		52.32			
83901	MOLECULE NUCLEIC AMPLI ADDON	0.01626	2.01	0		119.49			
83914	MUTATION IDENT OLA/SBCE/ASPE	0.02600	2.01	0		119.49			
84153	ASSAY OF PSA TOTAL	0.02027	1.56	0		92.74			

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84403	ASSAY OF TOTAL TESTOSTERONE	0.00763	1.46	0		86.80			
84439	ASSAY OF FREE THYROXINE	0.02214	0.91	0		54.10			
84443	ASSAY THYROID STIM HORMONE	0.03902	1.30	1	54.45	77.29	2.1245	3.0157	
84480	ASSAY TRIIODOTHYRONINE (T3)	0.00493	1.30	0		77.29			
84481	FREE ASSAY (FT-3)	0.00515	1.72	0		102.25			
84702	CHORIONIC GONADOTROPIN TEST	0.00695	1.23	1	52.07	73.12	0.3619	0.5082	
85025	COMPLETE CBC W/AUTO DIFF WBC	0.07550	0.60	1	15.39	35.67	1.1620	2.6931	
85610	PROTHROMBIN TIME	0.02230	0.39	0		23.19			
86003	ALLERGEN SPECIFIC IGE	0.04045	0.36	0		21.40			
86703	HIV-1/HIV-2 SINGLE ASSAY	0.00828	1.30	0		77.29			
87070	CULTURE BACTERIA OTHER	0.01028	0.88	0		52.32			
87086	URINE CULTURE/COLONY COUNT	0.01939	0.81	1	22.48	48.15	0.4360	0.9337	
87491	CHYLMD TRACH DNA AMP PROBE	0.01329	2.34	0		139.11			
87591	N.GONORRHOEAE DNA AMP PROB	0.01296	2.60	0		154.57			
87621	HPV DNA AMP PROBE	0.01468	2.60	0		154.57			
87798	DETECT AGENT NOS DNA AMP	0.00390	2.60	0		154.57			
87880	STREP A ASSAY W/OPTIC	0.03010	1.14	0		67.77			
88112	CYTOPATH CELL ENHANCE TECH	0.00276	2.90	0		172.41			
88141	CYTOPATH C/V INTERPRET	0.00498	0.87	0		51.72			
88142	CYTOPATH C/V THIN LAYER	0.00971	0.55	0		32.70			
88173	CYTOPATH EVAL FNA REPORT	0.00126	3.98	0		236.61			
88175	CYTOPATH C/V AUTO FLUID REDO	0.03253	0.63	0		37.45			
88185	FLOWCYTOMETRY/TC ADD-ON	0.00573	1.40	0		83.23			
88304	TISSUE EXAM BY PATHOLOGIST	0.00647	1.68	1	73.37	99.88	0.4747	0.6462	
88305	TISSUE EXAM BY PATHOLOGIST	0.07241	2.95	1	106.52	175.38	7.7130	12.6991	
88307	TISSUE EXAM BY PATHOLOGIST	0.00437	6.71	1	171.61	398.91	0.7499	1.7432	
88312	SPECIAL STAINS GROUP 1	0.00538	3.08	0		183.11			
88313	SPECIAL STAINS GROUP 2	0.00523	2.21	0		131.38			
88342	IMMUNOHISTOCHEMISTRY	0.01094	3.00	0		178.35			
88367	INSITU HYBRIDIZATION AUTO	0.00146	7.42	0		441.12			
	Pathology - Total	1.00000	1.2991				18.4512	31.2078	59.1%
Medicine									
90471	IMMUNIZATION ADMIN	0.02162	0.68	0		42.75			
90649	HPV VACCINE 4 VALENT IM	0.00133	3.30	0		207.47			
90658	FLU VACCINE 3 YRS & > IM	0.01002	0.40	0		25.15			
90680	ROTOVIRUS VACC 3 DOSE ORAL	0.00198	1.95	0		122.60			
90698	DTAP-HIB-IP VACCINE IM	0.00177	1.95	0		122.60			
90716	CHICKEN POX VACCINE SC	0.00264	1.91	0		120.08			
90734	MENINGOCOCCAL VACCINE IM	0.00137	2.48	0		155.92			
90801	PSY DX INTERVIEW	0.00358	4.46	0		280.40			
90805	PSYTX OFF 20-30 MIN W/E&M	0.00261	2.12	0		133.28			

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90806	PSYTX OFF 45-50 MIN	0.02724	2.39	0		150.26			
90807	PSYTX OFF 45-50 MIN W/E&M	0.00298	2.93	0		184.21			
90847	FAMILY PSYTX W/PATIENT	0.00256	2.99	0		187.98			
90862	MEDICATION MANAGEMENT	0.00460	1.72	0		108.14			
92004	EYE EXAM NEW PATIENT	0.00281	4.30	1	113.49	270.34	0.3189	0.7597	
92012	EYE EXAM ESTABLISHED PAT	0.00479	2.46	1	78.23	154.66	0.3747	0.7408	
92014	EYE EXAM & TREATMENT	0.00849	3.58	1	96.62	225.07	0.8203	1.9109	
92015	REFRACTION	0.00517	0.59	0		37.09			
92083	VISUAL FIELD EXAMINATION(S)	0.00227	2.59	0		162.83			
92135	OPHTH DX IMAGING POST SEG	0.00484	2.00	0		125.74			
92507	SPEECH/HEARING THERAPY	0.00242	2.06	1	56.75	129.51	0.1373	0.3134	
92980	INSERT INTRACORONARY STENT	0.00017	24.02	0		1,510.14			
93000	ELECTROCARDIOGRAM COMPLETE	0.01433	0.51	1	85.90	32.06	1.2309	0.4595	
93010	ELECTROCARDIOGRAM REPORT	0.00742	0.25	1	42.94	15.72	0.3186	0.1166	
93015	CARDIOVASCULAR STRESS TEST	0.00178	2.36	1	496.90	148.37	0.8845	0.2641	
93306	TTE W/DOPPLER COMPLETE	0.00471	5.36	0		336.98			
93320	DOPPLER ECHO EXAM HEART	0.00062	1.28	1	299.07	80.47	0.1854	0.0499	
93325	DOPPLER COLOR FLOW ADD-ON	0.00083	0.56	1	211.65	35.21	0.1757	0.0292	
93350	STRESS TTE ONLY	0.00024	5.70	0		358.36			
93351	STRESS TTE COMPLETE	0.00045	6.57	0		413.06			
93510	LEFT HEART CATHETERIZATION	0.00047	52.11	1	1110.38	3,276.16	0.5219	1.5398	
93526	RT & LT HEART CATHETERS	0.00006	65.14	0		4,095.35			
93555	IMAGING CARDIAC CATH	0.00052	9.12	0		573.37			
93556	IMAGING CARDIAC CATH	0.00059	15.20	0		955.62			
93880	EXTRACRANIAL STUDY	0.00167	6.88	0		432.55			
93925	LOWER EXTREMITY STUDY	0.00029	8.73	0		548.86			
93970	EXTREMITY STUDY	0.00106	7.22	0		453.92			
93971	EXTREMITY STUDY	0.00129	4.71	0		296.12			
93975	VASCULAR STUDY	0.00031	10.49	0		659.51			
94010	BREATHING CAPACITY TEST	0.00269	1.02	1	81.28	64.13	0.2187	0.1725	
94060	EVALUATION OF WHEEZING	0.00155	1.76	1	124.24	110.65	0.1926	0.1715	
95004	PERCUT ALLERGY SKIN TESTS	0.04565	0.19	1	138.03	11.95	6.3013	0.5453	
95117	IMMUNOTHERAPY INJECTIONS	0.01016	0.32	1	18.41	20.12	0.1870	0.2044	
95810	POLYSOMNOGRAPHY 4 OR MORE	0.00069	17.25	0		1,084.51			
95811	POLYSOMNOGRAPHY W/CPAP	0.00060	18.10	0		1,137.95			
95900	MOTOR NERVE CONDUCTION TEST	0.00180	1.88	1	105.82	118.20	0.1905	0.2128	
95903	MOTOR NERVE CONDUCTION TEST	0.00278	2.18	0		137.06			
95904	SENSE NERVE CONDUCTION TEST	0.00507	1.64	1	105.82	103.11	0.5365	0.5228	
96372	THER/PROPH/DIAG INJ SC/IM	0.01132	0.68	0		42.75			
96413	CHEMO IV INFUSION 1 HR	0.00215	3.75	0		235.76			
97001	PT EVALUATION	0.00416	2.17	0		136.43			
97010	HOT OR COLD PACKS THERAPY	0.00965	0.17	1	15.34	10.69	0.1480	0.1031	

Network Physician Fee Analysis Example

CPT	Description	(A) Relative Frequency	(B) RBRVS Relative Value Unit	(C) Include in Comparison 1-yes 0-no	(D) Network Fee	(E) Average Prevailing Charge = [Unit Valuesx(B)]	(F) Network Products = (A)x(C)x(D)	(G) Average Prevailing Charge Products = (A)x(C)x(E)	Pricing Factor = (F) / ((G)
97012	MECHANICAL TRACTION THERAPY	0.01276	0.46	0		28.92			
97014	ELECTRIC STIMULATION THERAPY	0.01291	0.45	1	16.88	28.29	0.2179	0.3652	
97032	ELECTRICAL STIMULATION	0.00660	0.54	0		33.95			
97035	ULTRASOUND THERAPY	0.01035	0.36	1	15.34	22.63	0.1587	0.2343	
97110	THERAPEUTIC EXERCISES	0.08892	0.91	0		57.21			
97112	NEUROMUSCULAR REEDUCATION	0.01686	0.95	0		59.73			
97124	MASSAGE THERAPY	0.00734	0.74	0		46.52			
97140	MANUAL THERAPY	0.04889	0.85	0		53.44			
97530	THERAPEUTIC ACTIVITIES	0.01791	0.99	0		62.24			
98940	CHIROPRACTIC MANIPULATION	0.01713	0.76	0		47.78			
98941	CHIROPRACTIC MANIPULATION	0.02995	1.07	0		67.27			
98942	CHIROPRACTIC MANIPULATION	0.00303	1.37	0		86.13			
99202	OFFICE/OUTPATIENT VISIT NEW	0.00883	2.16	1	84.35	135.80	0.7448	1.1991	
99203	OFFICE/OUTPATIENT VISIT NEW	0.02098	3.13	1	110.42	196.78	2.3166	4.1285	
99204	OFFICE/OUTPATIENT VISIT NEW	0.01086	4.80	1	159.50	301.78	1.7322	3.2773	
99205	OFFICE/OUTPATIENT VISIT NEW	0.00304	5.95	1	214.72	374.08	0.6527	1.1372	
99211	OFFICE/OUTPATIENT VISIT EST	0.00779	0.56	1	39.88	35.21	0.3107	0.2743	
99212	OFFICE/OUTPATIENT VISIT EST	0.02613	1.24	1	56.75	77.96	1.4829	2.0371	
99213	OFFICE/OUTPATIENT VISIT EST	0.16689	2.09	1	72.07	131.40	12.0285	21.9291	
99214	OFFICE/OUTPATIENT VISIT EST	0.09913	3.08	1	105.82	193.64	10.4898	19.1955	
99215	OFFICE/OUTPATIENT VISIT EST	0.01150	4.15	1	170.25	260.91	1.9579	3.0005	
99222	INITIAL HOSPITAL CARE	0.00249	4.03	1	242.32	253.37	0.6034	0.6309	
99223	INITIAL HOSPITAL CARE	0.00407	5.92	1	297.53	372.19	1.2110	1.5148	
99231	SUBSEQUENT HOSPITAL CARE	0.00485	1.15	1	95.08	72.30	0.4611	0.3507	
99232	SUBSEQUENT HOSPITAL CARE	0.01793	2.10	1	128.82	132.03	2.3098	2.3672	
99233	SUBSEQUENT HOSPITAL CARE	0.00886	3.02	1	190.17	189.87	1.6849	1.6822	
99238	HOSPITAL DISCHARGE DAY	0.00284	2.09	1	111.96	131.40	0.3180	0.3732	
99239	HOSPITAL DISCHARGE DAY	0.00158	3.10	0		194.90			
99242	OFFICE CONSULTATION	0.00149	2.58	1	150.30	162.20	0.2239	0.2417	
99243	OFFICE CONSULTATION	0.00609	3.52	1	191.71	221.30	1.1675	1.3477	
99244	OFFICE CONSULTATION	0.00677	5.20	1	251.52	326.92	1.7028	2.2133	
99245	OFFICE CONSULTATION	0.00225	6.36	1	317.47	399.85	0.7143	0.8997	
99254	INPATIENT CONSULTATION	0.00109	4.70	1	276.07	295.49	0.3009	0.3221	
99255	INPATIENT CONSULTATION	0.00060	5.68	1	346.61	357.10	0.2080	0.2143	
99283	EMERGENCY DEPT VISIT	0.00409	1.83	1	173.31	115.05	0.7088	0.4706	
99284	EMERGENCY DEPT VISIT	0.00415	3.45	1	259.19	216.90	1.0756	0.9001	
99285	EMERGENCY DEPT VISIT	0.00405	5.01	1	386.49	314.98	1.5653	1.2757	
99291	CRITICAL CARE FIRST HOUR	0.00193	7.86	1	427.90	494.16	0.8258	0.9537	
99385	PREV VISIT NEW AGE 18-39	0.00218	3.19	1	138.03	200.56	0.3009	0.4372	
99386	PREV VISIT NEW AGE 40-64	0.00161	3.71	1	151.83	233.25	0.2444	0.3755	
99391	PER PM REEVAL EST PAT INF	0.00513	2.31	1	67.48	145.23	0.3462	0.7450	
99392	PREV VISIT EST AGE 1-4	0.00567	2.57	1	72.07	161.58	0.4087	0.9161	

Network Physician Fee Analysis Example

CPT	Description	(A) Relative Frequency	(B) RBRVS Relative Value Unit	(C) Include in Comparison 1-yes 0-no	(D) Network Fee	(E) Average Prevailing Charge = [Unit Valuesx(B)]	(F) Network Products = (A)x(C)x(D)	(G) Average Prevailing Charge Products = (A)x(C)x(E)	Pricing Factor = (F) / ((G)
99393	PREV VISIT EST AGE 5-11	0.00497	2.56	1	78.23	160.95	0.3888	0.7999	
99394	PREV VISIT EST AGE 12-17	0.00396	2.80	0		176.04			
99395	PREV VISIT EST AGE 18-39	0.00817	2.81	1	115.03	176.66	0.9398	1.4434	
99396	PREV VISIT EST AGE 40-64	0.01405	3.07	1	125.75	193.01	1.7669	2.7118	
99469	NEONATE CRIT CARE SUBSQ	0.00031	11.91	0		748.78			
99472	PED CRITICAL CARE SUBSQ	0.00025	11.75	0		738.72			
99479	IC LBW INF 1500-2500 G SUBSQ	0.00060	3.88	0		243.94			
	Medicine - Total	1.00000	1.9505				64.3124	88.0810	73.0%

Worksheet 4 – Example

Contracted Network Location: Kansas City – ZIP 641
Calculation of Network Pricing Factor – All Services

	Provider Category	(A) Pricing Factor	(B) Weight*	(C) Weighted Factor (AxB)
1.	Hospital Pricing Factor (From Worksheet 2)	77.48%	52.00%	40.29%
2.	Physician Pricing Factor (From Worksheet 3)	77.70%	33.00%	25.64%
3.	Other:			
	Outpatient RX	100.00%		____
	Other Miscellaneous	100.00%		____
	Additional Other	100.00%		____
	Subtotal Other	100.00%	15.00%	15.00%
4.	Subtotal (lines 1 + 2 + 3)		100.00%	80.93%
5.	Total In-Network Pricing Factor (4(C)/4(B))			80.93%
6.	Network Savings/Discount (100% - 5(C))			19.07%

* Default Weight from Table Z, Section VI.4

Instructions

Worksheet 4

Step 1: The hospital pricing factor from Worksheet 2 should be entered on Line 1, Column A.

Step 2: The physician pricing factor from Worksheet 3 should be entered on Line 2, Column A.

Step 3: The negotiated pricing factor for any other services (appropriate for the expected deductible level) should be entered on Line(s) 3, Column A.

Step 4: Service category weights are provided in Column B. Network specific, or local area book of business specific, or client specific weights should be substituted for the default weights if they are available.

Step 5: Calculate the weighted average for each provider category (Column C) by multiplying the pricing factor (Column A) by the weight (Column B). Zeros should be substituted for both the weights (Column B) and the weighted average (Column C) in service categories where no data is available.

Step 6: Subtotal the weights (Column B) and the weighted average (Column C) on Line 4. The weights will not add to 100% if some services were zeroed in Step 5 (this will be reflected in Step 7).

Step 7: Divide the subtotal weighted average (Column C, Line 4) by the subtotal weights (Column B, Line 4) to calculate the total in-network pricing factor (Line 5).

Step 8: Calculate the in-network Savings/Discount (Line 6) by subtracting the in-network pricing factor (Line 5) from 100%.

Default Weights for use in Worksheets 1, 2, 3 and 4

Table W
For use in Worksheet 1

All Claims	Medical	Surgical	ICU/CCU
100.0%	42.50%	42.50%	15.00%

Table X
For use in Worksheet 2

All Claims	Inpatient	Outpatient/Other
100.0%	50.00%	50.00%

Table Y
For use in Worksheet 3

All Claims	Medical Portion	Surgical Portion	Pathology	Radiology	Anesthesia
100.0%	43.00%	32.00%	6.00%	11.00%	8.00%

Table Z
For use in Worksheet 4

All Claims	Hospital Weight	Physician Weight	Other Weight
100.0%	52.00%	33.00%	15.00%

VI.5 AREA RATING TABLE

Description

This section includes the following area related information for the District of Columbia, presented in the order listed.

- Cost factor for area designation F.
- Area designations separately by 3-digit zip code and by state/county.

The area cost factor for the District of Columbia geographical area table is:

AREA COST FACTOR

Area Table	Comprehensive Major Medical
F	1.07

The comprehensive major medical factor represents a typical 80% plan with a $200 deductible and $5,000 stop loss level. Other benefit combinations may produce slightly different area relativities.

When insureds are located in more than one area, an average area rating factor should be determined by calculating the ratio of insureds in each area table.

District of Columbia

ZIP	Name	Table	ZIP	Name	Table
200	Washington	F	202–205	Government	F

VI.5.A. APPENDIX FIPS

2013 FIPS Codes and Area Rating Table

County	FIPS Code State	FIPS Code County	Area Table
DISTRICT OF COLUMBIA			
District of Columbia	11	1	F

HealthMAPS®

2013

Specific Stop Loss Manual

January 2013

TOWERS WATSON

IMPORTANT STATE INFORMATION
This manual contains references to and instructions for use of software that is proprietary and not a part of this rate manual filing.

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2013 FIPS Codes and Area Rating Table 1

I. OVERVIEW OF SPECIFIC STOP LOSS MANUAL

Description of Manual

This manual and its accompanying software allow the user to determine estimated net monthly premium rates for stop loss medical coverage by area and for deductibles ranging from $5,000 to $5 million. Unless indicated otherwise, all of the tables presented and calculations illustrated in the printed manual are resident in the software.

Net monthly premium rates are presented separately for three underwriting and renewal situations (or "Types") as described below.

Net Monthly Premium Rates

Type	Underwriting	Actively at Work
I	New Business	Required
II	New Business or Renewal	Waived
III	Automatic Renewal	Not Applicable

These situations are described in more detail in the Definitions and in the Initial and Renewal Underwriting Practices portions of Section I. For each of these three Types, net monthly premium rates are presented for three plans of stop loss coverage:

- Incurred in Twelve (12) Months, Paid in Twelve (12) Months
- Paid in Twelve (12) Months
- Incurred in Twelve (12) Months, Paid in Fifteen (15) Months

A set of percentage adjustments is also provided for companies that wish to set Type I and Type II rates by utilizing a base set of net monthly premium rates for a single plan of stop loss coverage (such as Type II Paid in Twelve Months) and then set net monthly rates for other plans as a percentage of these base rates. These percentage adjustments are located in the Alternative Calculation Methods for Underwritten Business portion of Section I.

The Type III net monthly premiums in this manual were derived by adjusting a historical claim database. The Type I and Type II net monthly premiums were derived by adjusting the Type III claim costs to reflect Towers Watson's view of the current experience of underwritten stop loss business and the contractual provisions applicable to coverage of employees and dependents who are not actively at work or who are disabled.

The stop-loss net monthly premiums assume a base medical plan with a $200 calendar year deductible, 80% coverage of the next $5,000 of expense, and 100% thereafter. The maximum employee out-of-pocket amount is $1,200. The specific stop loss deductible represents the plan sponsor's liability in excess of the out-of-pocket amount. The stop loss net monthly premium rates cover the reimbursement of eligible expenses in excess of the employee's out-of-pocket expense with no annual limit. **In prior versions of the specific stop loss, a $1,000,000 maximum (including the specific deductible) had been used.** Adjustment tables for other employee out-of-pocket amounts and various stop loss maximums are also provided. The basic specific stop loss rates assume that the medical plan requires pre-admission certification and concurrent review. A surcharge of 10% is added when the underlying base medical plan does not require pre-certification, as discussed in Section II.

The net monthly premium rates are assumed to be appropriate for a year beginning July 1, 2013. A table of adjustments is provided for other effective dates in this section.

Definitions

- **"Incurred" claim date** means the date the service is actually received. The normal insurance company procedure of considering the full hospital confinement as being incurred on the date of admission does not apply to specific stop loss coverage. An example will illustrate this point.

  A person is hospitalized on June 28, 2013, and has a continuous confinement through July 3, 2013, with a surgical operation July 1, 2012. Hospital charges are assumed to be billed on a calendar month basis.

			Incurred Month	
Expense	**Date of Expense**	**Amount**	**June 2013**	**July 2013**
Hospital	June 28-June 30	$7,500	$7,500	
	July 1- July 3	7,000		$7,000
Physicians Attendance				
Out of Hospital	June 1-June 27	200	200	
In Hospital	June 28-June 30	200	200	
	July 1-July 3	100		100
Surgery	July 1	2,000		2,000
Anesthesia	July 1	500		500
TOTAL		$17,500	$7,900	$9,600

  If the specific stop loss contract year runs from January 1 to December 31, the distribution is not important for this example. However, if the contract year runs July 1 to June 30, the specific stop loss deductible will apply separately to expenses in two contract years when the contract covers incurred claims rather than paid claims.

- **Actively at Work** provision means that an employee confined in a hospital or disabled at the inception of the stop loss contract will only be included in the stop loss coverage after the employee returns to work. For dependents, the standard for coverage will be non-confinement in a hospital and the ability to engage in normal activities appropriate for a person of that age. In some instances, the stop loss carrier will eliminate the actively at work provision when the extended coverage from the previous carrier expires or at the inception of the contract for a group without extended benefits for disabled persons. The actively at work provision is discussed more fully later in this section.

Actively at work in this context is different from the actively at work provision that was commonly employed (prior to the Health Insurance Portability and Accountability Act — "HIPAA") in both insured and self-insured plans to delay the effective date of coverage of an employee enrolling during the contract year until that employee returned to work or until non-confinement for dependents.

- **Incurred and Paid in Twelve (12) Months** means that the only charges that are eligible for reimbursement under the stop loss contract are charges "incurred" within the contract year and paid by the administrator within the same contract year.

- **Incurred in Twelve (12) Months, Paid in Fifteen (15) Months** means that the services must be "incurred" as previously defined, but the payment can be made within three months after the end of the contract year and be considered as an eligible stop loss expense for that year.

- **Paid in Twelve (12) Months** means that services "incurred" in a prior contract year will also be eligible expenses when they are paid within the current contract year. This is a typical renewal contract for a group that has been continuously covered by the stop loss carrier. It may also be applicable to a new group that has a "paid" type stop loss contract with another carrier.

  A run-in period, as defined below, may limit the incurred dates covered. Therefore, the term "15/12 contract" is used to describe a paid contract with incurred dates that are within three (3) months of the beginning of the policy year. Usually the stop loss carrier underwrites to be sure that there are no significant pending claims and that the payments are made in a consistent manner, without an attempt to heap all the payments into a single year.

  The net premium for the Paid in Twelve (12) Months contract should be less than the premium for an otherwise similar Incurred in Twelve (12), Paid in Fifteen (15) Months contract. This is because the payments are usually for services in a period which is two months earlier. This Manual reflects this adjustment. However, because the policyholder can affect the payment pattern by obtaining and submitting bills earlier and faster when it is to the policyholder's advantage or by delaying bills for the same reason, some carriers will charge the same rates for both contracts. The Incurred in Twelve (12), Paid in Fifteen (15) Months contract eliminates the possibility of deliberate attempts at "gaming" the system, while the Paid in Twelve (12) Months contract encourages attempts to heap claims within a single year. For Type II underwriting, we reflect this offset and have shown the same net monthly premiums for Paid in Twelve (12) Months and Incurred in Twelve (12) Months, Paid in Fifteen (15) Months.

- **Run-in Period** means that a carrier will cover claims on a paid basis, including services incurred in a prior ("run-in") period. A 60-day or 90-day run-in period is common. The contract may also require that the bills for services prior to the effective date of the contract must not have been available for adjudication for more than two weeks. These provisions are meant to allow for coverage of medical expenses reimbursed within normal claim lags for reporting and handling but to prevent the accumulation of claim expenses incurred much earlier and/or available for reimbursement during a prior year.

  An incurred in Twelve (12) Months, Paid in Twelve (12) Months contract ("12/12 contract") or a contract with a run-in period would both typically renew to a Paid in Twelve (12) Months contract in the second and later years. Both contracts would have the same expected claim costs in the renewal year regardless of form of coverage in the first year.

Initial and Renewal Underwriting Practices

The Description of this Manual, in Section I, indicates that the net monthly premium rates vary by the underwriting practice and by the coverage or exclusion of medical expenses on disabled employees or their dependents. The alternative rate Types are discussed below.

Type I

Underwritten New Business, Actively at Work Provision Required. The new stop loss carrier obtains whatever information is needed to be sure that no special risks were involved for large claims. If an unexpected medical problem arises after the underwriting decision is made, the new stop loss carrier is not responsible for covering any medical expenses of a person disabled at inception of the stop loss contract. Once a disabled person returns to work or is performing normal duties, the stop loss coverage becomes effective for future expenses.

Examples of medical expenses that, unknown to a plan sponsor or administrator, can occur late in a policy year and continue during the next policy year include premature births, automobile accidents, strokes, etc.

Net monthly premium rates are displayed for the following Type I contracts, which exclude coverage for disabled persons:

- incurred in 12 months, paid in 12 months,
- paid in 12 months (15/12),
- incurred in 12 months, paid in 15 months.

The inclusion of the 15/12 contract, which represents a 90-day run-in, may appear inconsistent because the claims incurred in a prior year would be covered by the prior carrier in a fully insured plan. However, some plan sponsors are moving from a cost plus or ASO contract and are responsible for all payments. In this contract, the run-in expenses of a person not disabled can be used to satisfy the deductible.

With the advent of HIPAA, the underwriter should consider whether a Type I stop loss contract is appropriate.

Under HIPAA, a base medical plan (insured or self-insured) may not exclude coverage by applying a “return to work” waiting period. Therefore, the prevalence of base plans with extension of benefits may decline. This may impact new self-funded plans in that disabled persons that would have been covered by the prior insured plan’s extension of benefits may now be covered by the self-funded plan.

If the base self-insured plan, therefore, has additional initial exposure for disabled persons, the stop loss coverage would generally — though not necessarily — follow the base plan liability. HIPAA does not prevent a stop loss contract that excludes coverage for disabled persons.

We believe that, with HIPAA in effect, the circumstances that would be consistent with a Type I stop loss contract would be where:

- the plan sponsor believes that there are no disabled persons at the stop loss contract date and wants to take the risk that the sponsor will be fully liable for expenses that may occur on any such persons in order to receive a lower stop loss premium,
- a prior stop loss contract has an extended benefits provision,
- a prior fully insured contract contains an extension of benefits provision.

Type II

Underwritten New Business or Renewal, Actively at Work Provision Waived. This is similar to Type I except the Actively at Work Provision does not apply to persons covered by the previous carrier. This is the contract needed by a plan sponsor that is transferring stop loss coverage to a new carrier, that does not have an extension of benefits with its previous stop loss carrier, and that wishes to avoid gaps in coverage. This is also the renewal coverage type needed by plan sponsors that want to avoid gaps in coverage.

The Type II net monthly premiums must be higher than the Type I contracts because of the possible expenses on disabled persons. The carrier has underwritten a new group or re-underwritten an in-force group to determine whether the expected claims fall into a standard rating class. Depending on the size of the group, the deductible and the health status of specific persons, the group may be a standard risk, substandard risk or uninsurable.

Carriers that perform re-underwriting on renewal groups, as well as on new business, can charge a lower premium for a standard risk by offering a non-standard renewal on groups who do not qualify as standard. Examples of the non-standard renewal are:

- premium surcharge,
- special higher deductible on certain individuals (lasering),
- higher deductible for all,
- exclude certain persons from coverage.

Lasering practices vary within the industry. Typically lasers apply to all causes and are often set equal to expected claims for the identified condition as estimated by the large case manager and/or underwriter. No lasers will apply where prohibited by law in the state where a policy is issued.

- Direct Writing Companies - Most companies will unilaterally impose lasers for new business quotes. For renewal quotes, existing lasers will be re-evaluated to see if they are still appropriate. If "new" potential high claimants (i.e., someone not identified and lasered when the case was initially written or if circumstances warrant increasing an existing laser) are identified during the renewal underwriting process, then practices vary. Some companies will unilaterally apply lasers to "new" potential high claimants, however other companies will not unilaterally apply lasers to "new" potential high claimants but will do so upon policy-holder request (direct writers may be approximately evenly split between these two approaches).

- Managing General Underwriters (MGUs) - Virtually all MGUs will unilaterally impose lasers for new business quotes. For renewal quotes, nearly all MGUs will unilaterally impose lasers on "new" potential high claimants.

In some instances, the carrier's renewal underwriting may be more liberal than for a new case. If so, the net monthly premium rates may vary between the two situations. The greater knowledge about renewal risks may allow some discretion in accepting marginal risk groups.

Type III

Automatic Renewal represents an automatic renewal without any underwriting for experience or ongoing claim status. The Actively at Work Provision is not applicable to currently covered persons. A number of claims will be incurred in the new contract year that would have been identified in an underwritten situation and would have been compensated for by premium surcharges, special deductibles or rejection of the group. Therefore, the Type III net monthly premium rates will be higher than those for Type II re-underwritten cases.

In accordance with HIPAA, for all three Types of underwriting, rates do not exclude from stop loss coverage new participants who are disabled as of the date their insurance is to become effective, provided that this date is after the effective date of the stop loss contract. However, these rates do assume that a preexisting limitation is in place to protect the self-funded plan from abuse by such participants.

Alternative Calculation Methods for Underwritten Business

Adjustments to Type II Paid in 12 Months Rates – Some companies find it more convenient to use a simplified manual that bases all stop loss rates on a single underwriting situation and contract plan, with percentage adjustments for other underwriting situations and other contract variations. Type II Paid in Twelve (12) Months net premiums are chosen as the base for the other options.

Another reason for using the Type II Paid in 12 Months option as the base is the ability to explain the premium deviations in a fairly simple manner that may be acceptable to the broker and the plan sponsor.

Some stop loss carriers find that the relationships between underwriting types and contract plans cause problems in renewal rating. The required increase to go from a Type I, 12/12 to Type II, Paid in 12 Months or from a Type I, 12/15 to a Type II, 12/15 can be difficult to explain and sell to a plan sponsor. Therefore, one strategy is to control the premium differential between the programs.

The following tables illustrate percentage adjustments applied to Type II Paid in 12 Months premiums to produce premiums for other underwritten contracts.

Adjustment Factors to Apply to Rates for
Type II Paid in 12 Months Contract (3 month run-in limit)

Contract	Actively at Work	Adjustment Factor
Paid in 12 months with:		
1 month run-in limit	Waived (Type II)	.93
2 month run-in limit	Waived (Type II)	.98
3 month run-in limit	Waived (Type II)	1.00
6 month run-in limit	Waived (Type II)	1.03
12+ month run-in limit	Waived (Type II)	1.04
Incurred in 12 months and:		
Paid in 12 Months	Waived (Type II)	.83
Paid in 13 Months	Waived (Type II)	.93
Paid in 14 Months	Waived (Type II)	.98
Paid in 15 Months	Waived (Type II)	1.00
Paid in 18 Months	Waived (Type II)	1.03
Paid in 24+ Months	Waived (Type II)	1.04

Adjustment Factors to Apply to Rates for Type II Paid in 12 Months Contract (3 month run-in limit)

Contract	Actively at Work	Adjustment Factor
Paid in 12 months with:		
1 month run-in limit	Required (Type I)	.81
2 month run-in limit	Required (Type I)	.85
3 month run-in limit	Required (Type I)	.87
6 month run-in limit	Required (Type I)	.90
12+ month run-in limit	Required (Type I)	.91
Incurred in 12 months and:		
Paid in 12 Months	Required (Type I)	.76
Paid in 13 Months	Required (Type I)	.86
Paid in 14 Months	Required (Type I)	.90
Paid in 15 Months	Required (Type I)	.92
Paid in 18 Months	Required (Type I)	.95
Paid in 24+ Months	Required (Type I)	.96

Adjustments to $50,000 Deductible Rates – Some companies find it convenient to use a simplified manual that bases stop loss rates on a single deductible, with percentage adjustments for other deductible levels.

Following are adjustment factors that the user may apply to $50,000 deductible premiums to produce premiums for other deductibles. These adjustments do not produce the exact premiums shown in the manual because the relationships vary by area and by employee versus dependent. Note that these adjustments do not vary by contract type or actively at work provision.

Ratio of Rates for Specific Deductible To Rates for $50,000 Deductible, Unlimited Maximum	
Deductible	**Adjustment Factor**
$ 5,000	3.483
10,000	2.627
15,000	2.203
20,000	1.847
25,000	1.616
30,000	1.423
40,000	1.173
50,000	1.000
60,000	0.892
75,000	0.757
100,000	0.612
125,000	0.513
150,000	0.438
200,000	0.337
250,000	0.269
300,000	0.220
400,000	0.157
500,000	0.117

Age/Gender Adjustment Factors

The following table shows estimated relative costs for stop loss coverage by age and gender. The relative costs vary depending upon deductible, with the factors for smaller deductibles such as $5,000 to $20,000 being intermediate to first dollar factors for larger deductibles.

A composite employee factor is obtained by multiplying the number of employees in each age bracket by the applicable factor and then dividing the sum of the products by the total number of employees.

A composite dependent factor can be obtained by multiplying the number of employees with dependents in each age bracket by the applicable factor and then dividing the sum of the products by the total number of employees with dependents.

If the number of employees with dependents in each age bracket is not available then the composite dependent age/gender factor is calculated using the following formula:

Composite Dependent = .5 + .5 x Employee Factor

The net monthly premium rates for dependents are shown as Composite Dependent. The corresponding net premium rates suggested for Spouse Only, Children Only, and Spouse & Children are 66%, 60%, and 126%, respectively, of the Composite Dependent net premium rate.

Children are covered up to age 26 (i.e., through age 25) as required in the 2010 Federal Health Care Reform.

Employee Age/Gender Adjustment Factors

	Stop Loss Ded. Under $25,000		Stop Loss Ded. $25,000 to $99,000		Stop Loss Ded. $100,000 to $249,000		Stop Loss Ded. $250,000 & Over	
Employee Age	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Under 30	0.40	0.60	0.45	0.45	0.65	0.45	0.70	0.45
30 – 34	0.50	0.85	0.50	0.65	0.65	0.65	0.70	0.65
35 – 39	0.65	1.00	0.65	0.75	0.75	0.75	0.85	0.70
40 – 44	0.85	1.15	0.85	1.00	0.95	0.85	1.00	0.80
45 – 49	1.15	1.45	1.25	1.30	1.30	1.15	1.35	1.10
50 – 54	1.70	1.80	1.85	1.70	1.95	1.50	2.00	1.45
55 – 59	2.45	2.15	2.65	2.15	2.65	1.95	2.70	1.85
60 – 64	3.35	2.80	3.75	2.85	3.85	2.60	3.90	2.55
65 – 69	3.85	3.20	4.30	3.30	4.45	3.00	4.50	2.95
70 & Over	4.35	3.60	4.85	3.75	5.05	3.40	5.10	3.35
Retired – Medicare Primary	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80

Composite Dependent Age/Gender Adjustment Factors

	Stop Loss Ded. Under $25,000 Gender of Employees with Dependents		Stop Loss Ded. $25,000 to $99,000 Gender of Employees with Dependents		Stop Loss Ded. $100,000 to $249,000 Gender of Employees with Dependents		Stop Loss Ded. $250,000 & Over Gender of Employees with Dependents	
Employee Age	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Under 30	1.00	0.75	1.05	0.95	1.30	1.20	1.40	1.35
30 – 34	1.00	0.75	1.05	0.95	1.30	1.20	1.40	1.35
35 – 39	1.00	0.75	1.00	0.90	1.10	1.05	1.20	1.15
40 – 44	1.00	0.75	0.95	0.85	1.00	0.90	1.00	0.90
45 – 49	1.00	0.90	0.90	0.90	0.85	0.90	0.85	0.90
50 – 54	1.20	1.10	1.05	1.10	0.90	1.05	0.85	1.05
55 – 59	1.40	1.50	1.30	1.55	1.05	1.35	0.95	1.30
60 – 64	1.65	2.00	1.60	2.15	1.25	1.90	1.15	1.75
65 – 69	1.90	2.30	1.85	2.45	1.50	2.20	1.40	2.05
70 & Over	2.15	2.60	2.10	2.75	1.85	2.50	1.75	2.30
Retired – Medicare Primary	0.45	0.45	0.40	0.40	0.35	0.35	0.35	0.35

Employee Age Adjustment Factors (Unisex)

	Stop Loss Ded. Under $25,000	Stop Loss Ded. $25,000 to $99,000	Stop Loss Ded. $100,000 to $249,000	Stop Loss Ded. $250,000 & Over
Employee Age				
Under 30	0.500	0.450	0.550	0.575
30 – 34	0.675	0.575	0.650	0.675
35 – 39	0.825	0.700	0.750	0.775
40 – 44	1.000	0.925	0.900	0.900
45 – 49	1.300	1.275	1.225	1.225
50 – 54	1.750	1.775	1.725	1.725
55 – 59	2.300	2.400	2.300	2.275
60 – 64	3.075	3.300	3.225	3.225
65 – 69	3.525	3.800	3.725	3.725
70 & Over	3.975	4.300	4.225	4.225
Retired – Medicare Primary	0.800	0.800	0.800	0.800

Composite Dependent Age Adjustment Factors (Unisex)

	Stop Loss Ded. Under $25,000 Gender of Employees with Dependents	Stop Loss Ded. $25,000 to $99,000 Gender of Employees with Dependents	Stop Loss Ded. $100,000 to $249,000 Gender of Employees with Dependents	Stop Loss Ded. $250,000 & Over Gender of Employees with Dependents
Employee Age				
Under 30	0.875	1.000	1.250	1.375
30 – 34	0.875	1.000	1.250	1.375
35 – 39	0.875	0.950	1.075	1.175
40 – 44	0.875	0.900	0.950	0.950
45 – 49	0.950	0.900	0.875	0.875
50 – 54	1.150	1.075	0.975	0.950
55 – 59	1.450	1.425	1.200	1.125
60 – 64	1.825	1.875	1.575	1.450
65 – 69	2.100	2.150	1.850	1.725
70 & Over	2.375	2.425	2.175	2.025
Retired – Medicare Primary	0.450	0.400	0.350	0.350

Trend Factors

This Manual shows net monthly rates for a 12-month period **beginning July 1, 2013**. For other starting dates, the following factors are applied. These factors take into consideration the leveraging effect of increasing medical expense charges on excess coverage and changes in medical technology.

Trend Factor Adjustments for Specific Deductibles

	Specific Stop Loss Deductible (000)										
12-Month Period Beginning	**$5 to $20**	**$21 to $50**	**$51 to $100**	**$101 to $150**	**$151 to $200**	**$201 to $300**	**$301 to $450**	**$451 to $550**	**$551 to $650**	**$651 to $750**	**$751 & Over**
January 2013	0.928	0.922	0.916	0.910	0.904	0.898	0.892	0.886	0.880	0.874	0.868
February 2013	0.940	0.935	0.930	0.925	0.920	0.915	0.910	0.905	0.900	0.895	0.890
March 2013	0.952	0.948	0.944	0.940	0.936	0.932	0.928	0.924	0.920	0.916	0.912
April 2013	0.964	0.961	0.958	0.955	0.952	0.949	0.946	0.943	0.940	0.937	0.934
May 2013	0.976	0.974	0.972	0.970	0.968	0.966	0.964	0.962	0.960	0.958	0.956
June 2013	0.988	0.987	0.986	0.985	0.984	0.983	0.982	0.981	0.980	0.979	0.978
July 2013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
August 2013	1.012	1.013	1.014	1.015	1.016	1.017	1.018	1.019	1.020	1.021	1.022
September 2013	1.024	1.026	1.028	1.030	1.032	1.034	1.036	1.038	1.040	1.042	1.044
October 2013	1.036	1.039	1.042	1.045	1.048	1.051	1.054	1.057	1.060	1.063	1.066
November 2013	1.048	1.052	1.056	1.060	1.064	1.068	1.072	1.076	1.080	1.084	1.088
December 2013	1.060	1.065	1.070	1.075	1.080	1.085	1.090	1.095	1.100	1.105	1.110

An example of the application of the trend factor adjustment is shown below.

Area C, Type III — $25,000 Specific Stop Loss for a Paid in Twelve (12) Month unlimited maximum contract with a starting date of June 1, 2013.

		Employee	Composite Dependent
1.	Manual Rate	$179.82	$359.48
2.	Trend Adjustment	.987	.987
3.	Net Monthly Rate (1) x (2)	$177.48	$354.81

Multi-Year Rate Guarantees

Given the high trends inherent in stop loss costs, multi-year rate guarantees are not commonly offered. If a multi-year guarantee is needed then the following procedure may be followed.

A rate guaranteed for two years should be calculated as the average of the appropriate first year rate and the second year rate. To the extent that a two-year rate guarantee is offered to a group in a renewal year, the rate charged should be an average of the next two renewal years.

The second year rate needs to take into account the following:

- The appropriate form of coverage for the second year (i.e., 12/12 typically renews to a Paid/12, etc.). If the first year of a two-year rate guarantee is a renewal year, the form of coverage for both years will likely be the same;
- Leveraged trend to the renewal year;
- The load necessary to offset the inability to underwrite the renewal for poor experience (i.e., Type III coverage);
- Offset due to investment earnings on the improved cash flow.

Example — consider the development of a two-year rate guarantee for a $25,000 Specific Stop Loss Deductible, $1,000,000 annual maximum, Age/Gender Factor = 1.00, Area C, Type II, effective 7/1/2013, 12/12 first year renewing to Type III Paid/12.

First year Employee monthly net premium* = (Type II 12/12)	$ 130.79	
Renewal Employee monthly net premium* = (Type III Paid/12)	$179.82	(a)
(Paid/12 to 24/12 adjustment)	1.04	(b)
(Annual leveraged trend: 1+[.013 x 12])	1.156	(c)
	$216.19	(a)x(b)x(c)

* See Section II – Unlimited Maximum
(b) See Section II – Run-In Adjustments
(c) See Section I – Trend Factors

The average expected Employee monthly net premium is .5 x ($130.79 + $216.19) or $173.49. Investment earnings would amount to approximately 50% of the difference in the expected claim costs at one year's interest rate. If the interest rate is 5%, then the $173.49 can be reduced by .05 x .50 x ($173.49 – $130.79) or $1.07. Therefore, the final average expected Employee monthly net premium under the two-year rate guarantee is $173.49 – $1.07 or $172.42.

Alternatives to the sample calculation above may be as follows:

- The average monthly net premium may be multiplied by .99 to reflect an interest adjustment of 1%, rather than making the detailed calculation.
- If the underwriter chooses to take additional risk for such reasons as knowledge of the case or competitive considerations, the rate for the second year may be taken as a Type II rate with an additional margin added of 5% to 10%.

The multi-year rate approach described in this section is <u>not</u> contained in the accompanying software.

Non-Standard Contract Year

The specific net monthly premiums in this manual assume that the standard contract year or period of coverage (e.g., the "incurred" period) is 12 months. On occasion, a group may request a reduced or extended period of coverage so that its plan year will correspond to its tax year or for some other reason.

The tables below provide factors that adjust the rates for a 12-month contract year to the periods ranging from 6 months to 18 months. The impact of reducing or extending the period of coverage on net monthly premiums varies by specific deductible size.

The first table is used for contracts without a run-in or run-out period. The second table is for all contracts with either a run-in or run-out period.

For example, the adjustment factor for changing from a standard paid contract (incurred in 15 months and paid in 12 months) to a contract period of 17/14 (incurred in 17 months and paid in 14 months) for a $50,000 specific deductible is 105% — or, a 5% increase in the net monthly premiums.

Non-Standard Contract Year Specific Rating Adjustment Percentages
Contracts without a Run-in or Run-out Period

Deductible	6 month	7 month	8 month	9 month	10 month	11 month
$ 5,000	75%	79%	85%	90%	94%	97%
10,000	74%	78%	83%	89%	93%	96%
15,000	74%	78%	82%	88%	93%	96%
20,000	73%	77%	81%	88%	93%	96%
25,000	73%	77%	81%	87%	93%	96%
30,000	72%	77%	81%	86%	93%	96%
40,000	71%	76%	80%	85%	92%	96%
50,000	70%	76%	79%	85%	92%	96%
60,000	69%	75%	79%	84%	91%	96%
75,000	68%	74%	78%	84%	91%	95%
100,000	66%	72%	77%	82%	90%	95%
125,000	65%	71%	76%	82%	89%	94%
150,000	63%	70%	76%	81%	88%	94%
200,000	59%	68%	74%	80%	87%	94%
250,000	56%	66%	73%	79%	86%	93%
300,000	54%	63%	70%	77%	86%	93%
400,000	51%	59%	68%	75%	86%	93%
500,000	48%	54%	64%	75%	86%	93%

Non-Standard Contract Year Specific Rating Adjustment Percentages
Contracts without a Run-in or Run-out Period (continued)

Deductible	12 month	13 month	14 month	15 month	16 month	17 month	18 month
$ 5,000	100%	103%	105%	108%	110%	112%	114%
10,000	100%	103%	106%	110%	113%	116%	118%
15,000	100%	103%	106%	110%	113%	117%	119%
20,000	100%	104%	107%	111%	114%	118%	120%
25,000	100%	104%	107%	111%	114%	118%	121%
30,000	100%	104%	107%	111%	115%	118%	121%
40,000	100%	104%	108%	112%	115%	119%	122%
50,000	100%	104%	108%	112%	116%	120%	123%
60,000	100%	104%	109%	113%	117%	121%	124%
75,000	100%	104%	109%	114%	118%	122%	126%
100,000	100%	104%	110%	115%	120%	124%	128%
125,000	100%	105%	111%	117%	121%	126%	131%
150,000	100%	105%	112%	118%	123%	128%	132%
200,000	100%	105%	113%	120%	125%	131%	136%
250,000	100%	106%	114%	121%	127%	133%	139%
300,000	100%	107%	115%	123%	129%	135%	142%
400,000	100%	108%	116%	125%	132%	139%	147%
500,000	100%	109%	117%	127%	135%	143%	152%

Non-Standard Contract Year Specific Rating Adjustment Percentages
Contracts with Either a Run-in or Run-out Period (continued)

Deductible	6 month	7 month	8 month	9 month	10 month	11 month
$ 5,000	93%	95%	97%	97%	98%	99%
10,000	89%	92%	94%	95%	97%	98%
15,000	88%	91%	94%	95%	97%	98%
20,000	87%	90%	93%	94%	96%	98%
25,000	86%	90%	93%	94%	96%	97%
30,000	85%	89%	92%	94%	96%	97%
40,000	84%	88%	91%	93%	95%	97%
50,000	82%	87%	91%	93%	95%	97%
60,000	81%	86%	90%	92%	95%	97%
75,000	81%	84%	89%	92%	94%	96%
100,000	80%	83%	87%	90%	93%	96%
125,000	79%	82%	85%	89%	92%	95%
150,000	78%	81%	84%	89%	92%	95%
200,000	77%	80%	84%	88%	91%	95%
250,000	74%	77%	82%	86%	90%	95%
300,000	72%	77%	82%	86%	90%	95%
400,000	68%	74%	81%	85%	89%	94%
500,000	64%	73%	80%	84%	88%	94%

Non-Standard Contract Year Specific Rating Adjustment Percentages
Contracts with Either a Run-in or Run-out Period (continued)

Deductible	12 month	13 month	14 month	15 month	16 month	17 month	18 month
$ 5,000	100%	102%	103%	104%	105%	107%	108%
10,000	100%	102%	104%	106%	107%	109%	111%
15,000	100%	102%	104%	107%	108%	110%	112%
20,000	100%	103%	105%	107%	109%	111%	113%
25,000	100%	103%	105%	107%	109%	111%	114%
30,000	100%	103%	105%	107%	109%	111%	114%
40,000	100%	103%	105%	107%	109%	112%	114%
50,000	100%	103%	105%	108%	110%	112%	115%
60,000	100%	103%	105%	108%	110%	113%	116%
75,000	100%	103%	106%	109%	111%	114%	117%
100,000	100%	103%	106%	110%	112%	115%	119%
125,000	100%	104%	107%	110%	113%	116%	121%
150,000	100%	104%	107%	111%	114%	117%	122%
200,000	100%	104%	108%	112%	116%	120%	125%
250,000	100%	105%	109%	113%	117%	122%	128%
300,000	100%	106%	110%	115%	119%	124%	131%
400,000	100%	107%	112%	117%	123%	129%	138%
500,000	100%	108%	113%	119%	126%	133%	142%

Dependent Participation Factors

Dependent participation in this manual is assumed to be 75% of total employees with dependents. If the dependent participation percentage is known, the appropriate factor from the table below is used to adjust the Composite Dependent premium. If the dependent participation factor is not known but the portion of the dependent premium paid by the employer is known, then the corresponding factor noted below is used. If adjustments are not being made for dependent participation, then use 1.00 as the factor.

Dependent Participation Adjustments
Factors Apply Only to Composite Dependent Net Premium

Dependent Participation %*	Factor	Employer Dependent Contribution % (Dependent Participation Unknown)	Factor
100%	0.85	100%	0.85
90%-99%	0.90	90%-99%	0.88
80%-89%	0.95	80%-89%	0.90
70%-79%	1.00	60%-79%	0.95
60%-69%	1.04	40%-59%	1.00
50%-59%	1.08	20%-39%	1.03
Under 50%	1.10	1%-19%	1.08
		0%	1.10

* % of Employees with Dependents whose Dependents participate in the plan

Hospital Domestic Reimbursement Adjustment Factor

For self-funded groups, reimbursement on domestic utilization (i.e. a hospital employee or dependent who utilizes the hospital for medical care) is usually reduced. The table below varies by the domestic reimbursement percentage and domestic utilization. Note that a 1.000 factor is assigned to the 80% reimbursement level.

Hospital Domestic Reimbursement Adjustment Factors

Stop Loss Reimbursement % on Domestic Claims	Domestic Hospital Utilization % for Stop Loss Claims					
	0%	20%	40%	60%	80%	100%
0%	1.000	0.850	0.700	0.550	0.400	0.250
10%	1.000	0.867	0.734	0.601	0.468	0.336
20%	1.000	0.885	0.769	0.654	0.539	0.423
30%	1.000	0.903	0.805	0.708	0.611	0.514
40%	1.000	0.921	0.843	0.764	0.685	0.606
50%	1.000	0.940	0.880	0.821	0.761	0.701
60%	1.000	0.960	0.919	0.879	0.839	0.798
70%	1.000	0.980	0.959	0.939	0.918	0.898
80%	1.000	1.000	1.000	1.000	1.000	1.000
90%	1.000	1.027	1.054	1.082	1.109	1.136
100%	1.000	1.056	1.113	1.169	1.225	1.281

Consumer Driven Health Plans

General

Consumer Driven Health Plan (CDHP) plan designs are characterized by the presence of significant front end deductibles (usually $1,000 to $2,000), health reimbursement or saving accounts and medical decision support information/software tools. Two forms of health reimbursement or savings accounts are used in CDHP plans.

- The older form is typically called a health reimbursement account (HRA). The key characteristic of an HRA is that unused account balances carry over to the next year but any unused amounts are lost when the employee terminates coverage.
- The newer form is called a Health Savings Account (HSA) and was created in the 2003 Medicare legislation. The key characteristic of a HSA is that the employee owns the account balance and does not forfeit unused amounts if he terminates coverage.

Some CDHP goals are as follows:

- Increase cost conscious decision making.
- Increase use of market forces.
- Enhance patient choice.
- Reduce interference from third parties in the patient - physician relationship.
- Increase patient involvement and education (often involving web-based tools).

Reported Experience

The following are some observations on the early experience on these plans. These comments pertain to a multiple choice environment (standard PPO, CDHP with HRA, perhaps a HMO)

- Anti-selection between offerings is commonly seen. Participants expecting very low or no expenses have incentive to choose the CDHP since they can carry over unused HRA amounts.
- CDHP enrollment is 10% to 15% of eligible persons in the first year. The election rate among new hires is greater (20% to 30%).
- A majority of enrollees have HRA balances to carry over.
- The impact on larger claims involving hospitalization is unknown.

Rating Considerations

CDHPs may not impact the frequency or severity of larger claims. Assuming that the CDHP has an out-of-pocket maximum similar to the standard PPO plan (multi-choice) or the prior plan (full replacement) then no specific stop loss claim cost savings are expected.

II. SPECIFIC STOP LOSS RATES

Run-In Adjustment

The "Paid in 12 Month" premium rates in this manual assume a 90-day or a 3-month run-in. The table below shows the cost for other run-in periods as a percentage of the standard 3 month provision.

Relative Cost for Run-In Periods

Run-In Period	Percentage of 3 Month Run-In
1 month	93%
2 months	98%
3 months	100%
6 months	103%
12+ months	104%

Adjustment for Other Annual Maximum Benefits

For 2010 and prior, Towers Watson tabular rates have always used a $1,000,000 lifetime maximum. For the 2011 and after this provision is changed to a $1,000,000 annual maximum. This change was made in response to federal health care reform which eliminates lifetime maximum on essential benefits. **For 2013, this is changed to an unlimited annual maximum as annual maximums are eliminated effective January 2014 per the federal reform.**

The tables in Appendix II.A show the net stop loss premiums for an unlimited annual maximum medical plan for deductibles up to and including $5 million.

If the stop loss plan has an annual maximum (including the stop loss deductible), then the line 5 annual maximum adjustment equals the unlimited rate with stop loss deductible equal to the annual maximum (including the stop loss deductible) times minus one.

Run-Out Adjustment

For the Incurred in 12 Months contracts, the cost of a contract that extends the payment period beyond 12 months (i.e., run-out) is shown below, expressed as a percentage of the Incurred in 12, Paid in 15 Months ("12/15") net premiums.

Run-Out Adjustments to Incurred in 12 Months Contract

Run-out Period	Percentage of 12/15
1 month	93%
2 months	98
3 Months	100
6 Months	103
12+ Months	104

Adjustment for Family Deductible

All the net monthly premiums displayed are based on a separate stop loss deductible for each insured person. Net monthly premiums for a family deductible equal to one times, one and one-half times or two times the individual deductible are obtained by multiplying the composite dependent net monthly premiums by the factors shown below. Under this option, benefits are payable when either any individual's eligible medical expenses exceed the individual deductible or all the eligible medical expenses of the covered family members exceed the family deductible. No one person must exceed the individual deductible to trigger the stop loss benefits. No adjustment is used if the family deductible is 3 or more.

Adjustment for Family Deductible

	Percentage of Composite Dependent Rate for Family Deductible of		
Individual Deductible	1X	1.5X	2X
$ 5,000	140%	125%	109%
10,000	145	126	107
15,000	150	128	105
20,000	150	127	104
25,000	150	127	103
30,000	150	126	102
40,000	145	124	102
50,000	140	121	101
60,000	140	121	101
75,000	135	118	101
100,000 & Over	125	113	101

Adjustment for Pre-admission Certification and Continued Stay Review

This manual assumes that pre-admission certification and continued stay review is a requirement of the base medical plan. When a group does not have a pre-certification requirement, a 10% surcharge is employed. The reason for the extra cost applicable to the specific stop loss is that most large claims involve hospitalizations of significant duration. The savings for pre-certification and continuing stay review is almost entirely based on the avoidance of unnecessary prolonged hospital confinements rather than a denial of the original submission. When the administrator is limited to reviewing hospital bills after the fact, an opportunity is lost to discuss the need for further confinement with the physician.

Adjustment for Case Management

Case Management is defined as a program that provides for a representative of the administrator or plan sponsor to intervene in the delivery of medical services, with the mutual consent of the patient and his physician, to achieve a more efficient and appropriate treatment for a serious medical problem. This may include providing payment for services not explicitly covered in the medical plan such as home health care, home remodeling, purchase of hospital equipment for home use, etc., which will result in equal to or superior treatment at equal or lower cost to the program.

Case management is generally only suitable for certain types of medical problems, but it can be effective in reducing costs. This manual assumes that the self-funded group uses case management. When a group does not have a case management program, a 5% surcharge of the net monthly premium cost for a specific deductible of $100,000 is applied to a group which has a deductible of $100,000 or less. For cases with larger specific stop loss deductibles, the 5% surcharge would be applicable to the stop loss premium for the actual deductible.

Example 1

Type II — Area A — Deductible $25,000 — Paid in 12 Months Contract

Deductible	Employee Net Monthly Premium
$ 25,000	$130.93
100,000	42.66

Surcharge for absence of Case Management = .05 x $42.66 = $2.13

Example 2

Type II — Area A — Deductible $200,000 — Paid in 12 Months Contract

Deductible	Employee Net Monthly Premium
$200,000	$21.24

Surcharge for absence of Case Management = .05 x $21.24 = $1.06

Adjustment for Mental Health and Substance Abuse Benefits

The Emergency Economic Stabilization Act of 2008 (EESA) was signed into law in October 2008. EESA contains provisions that greatly expand the reach of the Mental Health Parity Act of 1996 (MHPA). The effective date of these amendments to the MHPA is January 1, 2010, for most group health plans.
The key requirements are:

- If the group health plan provides mental health or substance abuse benefits, then the deductibles/copayments/coinsurance/out-of-pocket expenses may not be more restrictive than the most frequent financial requirement applied to substantially all medical and surgical benefits covered under the plan.
- Limits on the frequency of treatment, number of visits, days of coverage or other similar limits on scope or duration of treatment may not be more restrictive than for medical and surgical services.
- EESA does not require a group health plan to provide out-of-network coverage. However, if the group health plan provides out-of-network coverage for medical or surgical benefits, then the group health plan must also provide out-of-network coverage for mental health or substance use disorder in a manner that is consistent with the coverage for medical or surgical benefits.
- Applicable to employers with 51 or more employees.

For traditional CMM PPO plans, the EESA requires that mental health and substance abuse be covered same as any other illness (noted by SAAO). The net monthly premiums in the 2013 manual assume the SAAO coverage level. Thus, no rate adjustment is used for SAAO.

Note that the rate adjustment tables for mental health and substance abuse included in the 2009 and prior manuals are shown in Appendix II.B. These tables can be useful if estimates of the impact of EESA are desired.

Adjustment for Exclusion of Organ Transplants

The net monthly premiums in this manual include the cost of non-experimental organ transplants. A company's need to identify the portion of net monthly premiums due to organ transplant coverage may arise due to a group having fully insured coverage on organ transplants or due to separate reinsurance agreements on organ transplants.

Organ transplant costs vary by area and deductible. To exclude organ transplant costs from the specific stop loss coverage, the tables below are used to identify the adjustment to net monthly premiums in this manual.

The transplants included in the tables below are heart, lung, heart-lung, bone marrow, liver, pancreas, kidney, cornea, and intestine.

Adjustment to Net Monthly Premium for Exclusion of Organ Transplant Benefits

	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months and Incurred in 12 Months Paid in 15 Months	
Specific Stop Loss Deductible	**Employee**	**Composite Dependent**	**Employee**	**Composite Dependent**
		AREA A		
$ 5,000	(3.17)	(6.00)	(3.82)	(7.22)
10,000	(3.16)	(5.99)	(3.81)	(7.21)
15,000	(3.15)	(5.98)	(3.80)	(7.20)
20,000	(3.14)	(5.97)	(3.79)	(7.19)
25,000	(3.13)	(5.96)	(3.78)	(7.18)
30,000	(3.12)	(5.95)	(3.77)	(7.17)
40,000	(3.11)	(5.94)	(3.76)	(7.16)
50,000	(2.96)	(5.93)	(3.57)	(7.15)
60,000	(2.89)	(5.92)	(3.49)	(7.14)
75,000	(2.71)	(5.89)	(3.27)	(7.10)
100,000	(2.33)	(5.33)	(2.80)	(6.42)
125,000	(1.96)	(4.71)	(2.37)	(5.68)
150,000	(1.67)	(4.14)	(2.02)	(4.99)
200,000	(1.31)	(3.45)	(1.58)	(4.16)
250,000	(0.97)	(2.68)	(1.17)	(3.23)
300,000	(0.75)	(2.16)	(0.90)	(2.61)
400,000	(0.46)	(1.44)	(0.55)	(1.74)
500,000	(0.31)	(1.01)	(0.37)	(1.22)

Adjustment to Net Monthly Premium for Exclusion of Organ Transplant Benefits

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months and Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent
		AREA C		
$ 5,000	(3.69)	(6.98)	(4.45)	(8.40)
10,000	(3.68)	(6.97)	(4.44)	(8.39)
15,000	(3.67)	(6.96)	(4.43)	(8.38)
20,000	(3.66)	(6.95)	(4.42)	(8.37)
25,000	(3.65)	(6.94)	(4.41)	(8.36)
30,000	(3.64)	(6.93)	(4.40)	(8.35)
40,000	(3.48)	(6.92)	(4.19)	(8.34)
50,000	(3.28)	(6.86)	(3.96)	(8.27)
60,000	(3.22)	(6.82)	(3.87)	(8.21)
75,000	(3.05)	(6.63)	(3.67)	(7.99)
100,000	(2.69)	(6.17)	(3.25)	(7.44)
125,000	(2.35)	(5.64)	(2.83)	(6.80)
150,000	(2.11)	(5.22)	(2.54)	(6.29)
200,000	(1.65)	(4.34)	(1.99)	(5.23)
250,000	(1.24)	(3.42)	(1.49)	(4.12)
300,000	(0.95)	(2.73)	(1.14)	(3.29)
400,000	(0.59)	(1.85)	(0.71)	(2.23)
500,000	(0.40)	(1.30)	(0.48)	(1.57)
		AREA E		
$ 5,000	(4.23)	(7.99)	(5.09)	(9.63)
10,000	(4.22)	(7.98)	(5.08)	(9.62)
15,000	(4.21)	(7.97)	(5.07)	(9.61)
20,000	(4.20)	(7.96)	(5.06)	(9.60)
25,000	(4.12)	(7.95)	(4.97)	(9.59)
30,000	(3.99)	(7.94)	(4.81)	(9.57)
40,000	(3.75)	(7.74)	(4.52)	(9.33)
50,000	(3.56)	(7.45)	(4.29)	(8.98)
60,000	(3.50)	(7.43)	(4.21)	(8.95)
75,000	(3.31)	(7.20)	(3.98)	(8.67)
100,000	(3.05)	(7.00)	(3.68)	(8.43)
125,000	(2.77)	(6.65)	(3.33)	(8.01)
150,000	(2.59)	(6.41)	(3.12)	(7.72)
200,000	(2.06)	(5.42)	(2.48)	(6.53)
250,000	(1.54)	(4.28)	(1.86)	(5.15)
300,000	(1.20)	(3.45)	(1.44)	(4.16)
400,000	(0.76)	(2.37)	(0.91)	(2.86)
500,000	(0.51)	(1.68)	(0.61)	(2.02)

Adjustment to Net Monthly Premium for Exclusion of Organ Transplant Benefits

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months and Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent
		AREA F		
$ 5,000	(4.48)	(8.47)	(5.40)	(10.21)
10,000	(4.47)	(8.46)	(5.39)	(10.20)
15,000	(4.46)	(8.45)	(5.38)	(10.19)
20,000	(4.45)	(8.44)	(5.37)	(10.18)
25,000	(4.38)	(8.43)	(5.28)	(10.17)
30,000	(4.24)	(8.42)	(5.11)	(10.15)
40,000	(4.01)	(8.27)	(4.83)	(9.96)
50,000	(3.80)	(7.95)	(4.58)	(9.57)
60,000	(3.73)	(7.92)	(4.49)	(9.54)
75,000	(3.56)	(7.75)	(4.29)	(9.33)
100,000	(3.29)	(7.54)	(3.96)	(9.09)
125,000	(2.99)	(7.18)	(3.60)	(8.65)
150,000	(2.80)	(6.94)	(3.38)	(8.36)
200,000	(2.25)	(5.93)	(2.71)	(7.14)
250,000	(1.72)	(4.76)	(2.07)	(5.73)
300,000	(1.34)	(3.86)	(1.61)	(4.65)
400,000	(0.84)	(2.65)	(1.02)	(3.19)
500,000	(0.57)	(1.88)	(0.69)	(2.26)

If organ transplant benefits are limited (as opposed to a total exclusion) then the rate adjustment corresponds to the maximum of the specific deductible and the benefit limit.

Example 1

Area E, 12/15 Contract — Specific Deductible of $25,000 and a Transplant Benefit Limit of $100,000, then the Employee Adjustment is found by looking up the exclusion adjustment for a $100,000 deductible which is $(3.68).

Example 2

Area E, 12/15 Contract — Specific Deductible of $150,000 and a Transplant Benefit Limit of $100,000, then the Employee Adjustment is found by looking up the exclusion adjustment for a $150,000 deductible which is $(3.12).

Adjustment for Exclusion of Prescription Drugs

The net monthly premiums in the manual include the cost of outpatient prescription drugs. Some carriers exclude outpatient prescription drugs from specific stop loss coverage. Prescription drugs are sometime excluded when the drug program is managed by a third party prescription drug benefit manager.

Prescription drug costs vary by deductible and decrease as a percentage of net monthly premiums for higher deductibles.

Adjustment to Net Monthly Premium for Exclusion of Prescription Drugs

	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months and Incurred in 12 Months Paid in 15 Months	
Specific Stop Loss Deductible	**Employee**	**Composite Dependent**	**Employee**	**Composite Dependent**
		AREA A		
$ 5,000	(34.04)	(64.33)	(41.01)	(77.51)
10,000	(20.56)	(39.66)	(24.77)	(47.79)
15,000	(14.18)	(27.70)	(17.08)	(33.37)
20,000	(9.19)	(18.22)	(11.07)	(21.96)
25,000	(5.86)	(11.70)	(7.06)	(14.10)
30,000	(5.08)	(10.07)	(6.11)	(12.14)
40,000	(4.00)	(8.23)	(4.81)	(9.92)
50,000	(3.28)	(6.85)	(3.95)	(8.25)
60,000	(2.85)	(6.05)	(3.44)	(7.28)
75,000	(2.28)	(4.95)	(2.74)	(5.97)
100,000	(1.71)	(3.91)	(2.06)	(4.71)
125,000	(1.35)	(3.24)	(1.63)	(3.91)
150,000	(1.08)	(2.67)	(1.30)	(3.22)
200,000	(0.75)	(1.96)	(0.90)	(2.37)
250,000	(0.55)	(1.53)	(0.67)	(1.84)
300,000	(0.43)	(1.24)	(0.52)	(1.49)
400,000	(0.26)	(0.83)	(0.32)	(1.00)
500,000	(0.18)	(0.59)	(0.21)	(0.71)

Adjustment to Net Monthly Premium for Exclusion of Prescription Drugs

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months and Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent
		AREA C		
$ 5,000	(39.59)	(74.85)	(47.70)	(90.18)
10,000	(24.67)	(47.62)	(29.73)	(57.38)
15,000	(17.02)	(33.27)	(20.51)	(40.08)
20,000	(11.06)	(21.94)	(13.32)	(26.44)
25,000	(7.05)	(14.09)	(8.50)	(16.98)
30,000	(6.20)	(12.30)	(7.46)	(14.82)
40,000	(4.89)	(10.08)	(5.89)	(12.15)
50,000	(4.03)	(8.41)	(4.85)	(10.13)
60,000	(3.50)	(7.43)	(4.22)	(8.95)
75,000	(2.84)	(6.18)	(3.42)	(7.44)
100,000	(2.14)	(4.89)	(2.57)	(5.89)
125,000	(1.69)	(4.06)	(2.04)	(4.89)
150,000	(1.37)	(3.39)	(1.65)	(4.09)
200,000	(0.94)	(2.47)	(1.13)	(2.97)
250,000	(0.70)	(1.95)	(0.85)	(2.35)
300,000	(0.54)	(1.56)	(0.65)	(1.88)
400,000	(0.34)	(1.07)	(0.41)	(1.28)
500,000	(0.23)	(0.75)	(0.28)	(0.91)
		AREA E		
$ 5,000	(45.34)	(85.78)	(54.62)	(103.34)
10,000	(28.92)	(55.86)	(34.84)	(67.30)
15,000	(19.95)	(39.03)	(24.04)	(47.02)
20,000	(13.12)	(26.05)	(15.81)	(31.39)
25,000	(8.37)	(16.73)	(10.08)	(20.16)
30,000	(7.35)	(14.62)	(8.86)	(17.61)
40,000	(5.87)	(12.12)	(7.08)	(14.60)
50,000	(4.89)	(10.24)	(5.90)	(12.33)
60,000	(4.26)	(9.04)	(5.13)	(10.89)
75,000	(3.45)	(7.52)	(4.16)	(9.06)
100,000	(2.63)	(6.03)	(3.17)	(7.27)
125,000	(2.08)	(5.01)	(2.51)	(6.03)
150,000	(1.69)	(4.19)	(2.04)	(5.05)
200,000	(1.17)	(3.08)	(1.41)	(3.71)
250,000	(0.88)	(2.44)	(1.06)	(2.94)
300,000	(0.68)	(1.97)	(0.82)	(2.38)
400,000	(0.43)	(1.36)	(0.52)	(1.64)
500,000	(0.30)	(0.97)	(0.36)	(1.17)

Adjustment to Net Monthly Premium for Exclusion of Prescription Drugs

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months and Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent
		AREA F		
$ 5,000	(48.89)	(92.51)	(58.90)	(111.46)
10,000	(31.47)	(60.80)	(37.92)	(73.26)
15,000	(21.72)	(42.49)	(26.16)	(51.19)
20,000	(14.41)	(28.62)	(17.36)	(34.48)
25,000	(9.19)	(18.38)	(11.08)	(22.15)
30,000	(8.08)	(16.06)	(9.73)	(19.35)
40,000	(6.51)	(13.44)	(7.84)	(16.19)
50,000	(5.42)	(11.35)	(6.53)	(13.67)
60,000	(4.72)	(10.02)	(5.69)	(12.08)
75,000	(3.86)	(8.41)	(4.65)	(10.13)
100,000	(2.94)	(6.74)	(3.54)	(8.12)
125,000	(2.33)	(5.60)	(2.81)	(6.74)
150,000	(1.89)	(4.68)	(2.28)	(5.64)
200,000	(1.31)	(3.44)	(1.58)	(4.15)
250,000	(0.98)	(2.73)	(1.19)	(3.28)
300,000	(0.76)	(2.21)	(0.92)	(2.66)
400,000	(0.49)	(1.52)	(0.59)	(1.84)
500,000	(0.33)	(1.09)	(0.40)	(1.31)

Adjustment for Different Out-of-Pocket Maximums

As indicated previously, the net monthly premiums are based upon a $1,200 out-of-pocket maximum with respect to the employee. Below are two examples that illustrate how an adjustment for a greater or lesser out-of-pocket maximum is made.

Example 1

Area A — Incurred in 12 Months Paid in 15 Months — $20,000 Specific Stop Loss
— Type I
— Base Plan has $100 deductible, 80% of next $2,500 for a $600 out-of-pocket maximum.

Stop Loss Deductible	Charges Including Out-of-Pocket Maximum	Manual Net Monthly Premium – Unlimited Maximum
$17,500	$18,700	$151.82
$20,000	21,200	(-) 138.40
		$13.42

Charges of $20,600, including an out-of-pocket maximum of $600, would have a net monthly premium calculated as:

$$\$138.40 + \frac{\$600}{\$2,500} \times \$13.42 = \$141.62$$

Example 2

Area A — Paid in 12 Months — $50,000 Specific Stop Loss
— Type III
— Base Plan has $2,000 out-of-pocket maximum.

Stop Loss Deductible	Charges Including Out-of-Pocket Maximum	Manual Net Monthly Premium
$50,000	$51,200	$92.74
$55,000	56,200	(-) 86.82
		$5.92

Charges of $52,000 would have a net monthly rate calculated as:

$$\$92.74 - \frac{\$800}{\$5,000} \times \$5.92 = \$91.79$$

Note: An additional example is shown in Appendix II.C.

If copays are applicable, then the out-of-pocket maximum includes the following amounts.

Copay Addition to Out-of-Pocket Maximum

Copay Category	Formula for Addition to Out-of-Pocket Maximum
Office Visits	8.900 x copay amount
Hospital Inpatient per stay	1.000 x copay amount
Hospital Inpatient per day	5.300 x copay amount
Outpatient Surgical Center	1.940 x copay amount
CT Scan/MRI	1.000 x copay amount
Emergency Room	0.335 x copay amount
Prescription Drug	
– Generic	5.814 x copay amount
– Brand Name Formulary	6.478 x copay amount
– Brand Name Non-Formulary	4.319 x copay amount

Example 3

- $200 deductible, 90% of first $5,000 then 100%, $10 office visit copay.
- $5/$15/$25 generic / brand formulary / brand non-formulary drug copays.

Out-of-pocket maximum:

$200 + .1 x $5,000 + $10 x 8.9 + $5 x 5.814 + $15 x 6.478 + $25 x 4.319 = $1,023.22

Adjustment for Extended Benefits

The base medical plan may offer an extended benefit that provides for continued coverage after termination of the group for a disabled employee or dependent during the next policy year (assuming the termination occurs on the anniversary). The deductible for the policy year must be satisfied, and the extension will have a maximum period of 12 months during which the insured person must be totally disabled.

If the stop loss contract covers this additional base plan liability, the first year cost for this extension is included in the initial stop loss rates by increasing the base rate by a percentage varying by stop loss deductible and underwriting (see table below). The stop loss renewal cost is equal to the tabular percentage below multiplied by the increase in premium rates on the anniversary.

Extended Benefits Adjustment Percentage

	Premium for Extension of Benefits as a % of Base Stop Loss Premium	
Deductible	**Type I First Year Actively at Work**	**Types II and III Renewal Year or Waiver of Actively at Work**
$10,000 or less	10%	5%
$20,000	15%	10%
$30,000	20%	15%
$50,000	25%	20%
$100,000	30%	23%
$200,000+	35%	25%

An example of the adjustment is shown below. Group ABC with a $30,000 specific deductible has required premiums in 2011, 2012, and 2013 of $15.20, $20.00, and $26.00, respectively. The adjustment for extended benefits is 15% (uses second column in the table) of the basic premium rates in this example.

Enter the following computations on lines 23 and 23a of the Stop Loss Worksheet. Note that line 23a is subtracted from line 23 and is, therefore, taken into account in line 23 of the worksheet. For software users, line 23 information is selected in the Specific Stop Loss Additional Parameters dialog box. Line 23a is manually entered in the Additional Rating Factors dialog box.

Example

Year	Premium Rate	Adjustment for Extended Benefit (Line 23)	Credit for Prior Year Extended Benefit (Line 23a)	Adjustment for Extended Benefit (Line 23 – Line 23a) included in Line 24
2011	$15.20	15.20 x .15 = 2.28	N/A	2.28
2012	20.00	20.00 x .15 = 3.00	2.28	.72
2013	26.00	26.00 x .15 = 3.90	3.00	.90

Adjustment for Infertility Benefits

If the base medical plan covers infertility benefits and if the stop loss plan also covers the infertility benefits then include the following rate adjustment. Note the following:

- The rate adjustment is the same for employees and dependents.
- Only low deductibles less than $50,000 are affected.

Adjustment to Net Monthly Premium for Inclusion of Infertility Benefits

Specific Stop Loss Deductible	Employee and Composite Dependent Rates (*)			
	Area A	Area C	Area E	Area F
$ 5,000	1.90	2.46	2.98	3.20
10,000	0.81	1.27	1.72	1.92
15,000	0.23	0.50	0.83	0.98
20,000	0.05	0.15	0.31	0.40
25,000	0.00	0.04	0.10	0.14
30,000	0.00	0.00	0.02	0.04
40,000	0.00	0.00	0.00	0.00
50,000	0.00	0.00	0.00	0.00
60,000	0.00	0.00	0.00	0.00
75,000	0.00	0.00	0.00	0.00
100,000	0.00	0.00	0.00	0.00
125,000	0.00	0.00	0.00	0.00
150,000	0.00	0.00	0.00	0.00
200,000	0.00	0.00	0.00	0.00
250,000	0.00	0.00	0.00	0.00
300,000	0.00	0.00	0.00	0.00
400,000	0.00	0.00	0.00	0.00
500,000	0.00	0.00	0.00	0.00

* Note that employee and composite dependent rates are the same.

Credibility and Experience Rating

In many instances, the underwriter will have prior experience data on the group and will use that experience, along with a manual rate and a credibility factor, to determine an experience adjusted net premium.

The following two examples demonstrate the use of this technique. The methodology shown is used by the software.

The major steps in the procedure are:

- Adjust each experience period for trend to the rating period.
- Adjust for the difference in the stop loss coverage between the experience and rating periods. Note that the Non-standard Contract Factor is used in calculations for the most recent partial experience year.
- Weight the experience periods to get a combined experience net premium.
- Weight manual and experience net premiums together using the credibility of the experience.

Example 1 – Paid Contract with Run-in

The stop loss carrier has experience on the group for the most recent 2-⅔ years.

A. Experience Information – Example 1

Contract Period		1	2	3
Start	Month	January	January	January
	Year	2010	2011	2012
End	Month	December	December	December
	Year	2010	2011	2012
Underwriting Type		I	II	II
Deductible (000)		$40.0	$50.0	$55.0
Run-In Period (1)		0	3	6
Claims Paid thru (2)				
	Month	December	December	August
	Year	2010	2011	2012
Stop Loss Claims (000) (3)		$200.0	$190.0	$125.0
Average Number of Employees Per Month		200	210	205

Notes:
(1) Run-in period is positive for "paid contracts" (e.g., equals 3 for 15/12 contract and 6 for 18/12 contract) and zero for "incurred contracts" (e.g., 12/12, 12/15)
(2) a) for a "paid" or "12/12" contract the "claims paid thru" entry will generally be the contract end month except for the most recent contract year.
b) for a "12/15" contract the "claims paid thru" entry will be 3 months past the end of the contract year except for the most recent contract year (6 months for 12/18 etc.)
(3) Only includes amount above specific deductible.

B. Rating Parameters – Example 1

- Effective Month 1/2013 (Rating Period is calendar year 2013)
- Area E
- Base Plan out-of-pocket is $1,200
- Specific Coverage Type II; 24/12; $60,000 deductible
- Ratio of Number of Covered Dependent Units to Number of Covered Employees is 0.40

C. Experience Projection to Rating Period (Example 1)

	1			2			3		
		Employee	Comp. Dep.		Employee	Comp. Dep.		Employee	Comp. Dep.
1. Start Date of Exp. Period	1/1/2010			1/1/2011			1/1/2012		
2. Start Date of Rating Period	1/1/2013			1/1/2013			1/1/2013		
3. No. Months Between Start Dates	36			24			12		
4. Monthly Trend(1)	0.013			0.013			0.014		
5. Trend Factor(2)	**1.592**			**1.363**			**1.182**		
6. Benefit Adjustment									
Experience Period Net Premium									
Base Rate		$102.62	$211.75		$113.78	$238.00		$106.54	$224.57
Underwriter Type	I			II			II		
Deductible (000)	$40.0			$50.0			$55.0		
Contract Type	12/12			Paid in 12			Paid in 12		
Run-In/Run-Out Adj.	0/0	1.0	1.0	3/0	1.0	1.0	6/0	1.03	1.03
Contract Length Adj.	12	1.000	1.000	12	1.000	1.000	8	.905	.905
Product		$102.62	$211.75		$113.78	$238.00		$99.31	$209.33
Rating Period Net Premium									
Base Rate		$100.71	$213.76		$100.71	$213.76		$100.71	$213.76
Underwriter Type	II			II			II		
Deductible (000)	$60.0			$60.0			$60.0		
Contract Type	Paid in 12			Paid in 12			Paid in 12		
Run-In/Run-Out Adj.	12/0	1.04	1.04	12/0	1.04	1.04	12/0	1.04	1.04
Contract Length Adj.	12	1.000	1.000	12	1.000	1.000	12	1.000	1.000
Product		$104.74	$222.31		$104.74	$222.31		$104.74	$222.31
Dependent %	0.40			0.40			0.40		
Adjustment(3)	**1.034**			**0.927**			**1.058**		
7. No. of Exp. Months	12			12			8		
8. Claims	$200,000			$190,000			$125,000		
9. No. of EE/Month	200			210			205		
10. Projected Claims/EE/Month(4)	137.18			95.26			95.32		
11. Weights(5)	0.366			0.384			0.250		
Composite Experience Rate(6)	$110.62								

Notes:
(1) Monthly trend from Section I (software allows user defined trends too)
(2) Trend factor = (1 + L4) ^ (L3) : Note L4 means Line 4
(3) Rating period adjustment = [Ee + (Dep %) x Comp. Dep.] / Exp. Period [Ee + (Dep %) x Comp. Dep.]
(4) Proj. Claims/EE/Mo = (L5) x (L6) x (L8) / [(L7) x (L9)]
(5) Based on employee life months (software allows for user defined weights also)
(6) Sum product of (L10) and (L11).

D. Credibility (Example 1)

- Number of Employee Years = [200 x 12 + 210 x 12 + 205 x 8] / 12 = 547
- Credibility (per the table following the examples) is 14.8%. The HealthMAPS® software program allows the user to override the table and to define the user's own credibility.

E. Credibility Weighted Net Premiums (Example 1)

1. Assume an employee age/gender factor of .8 and a composite dependent age/gender factor of 1.0.

2.

Manual Expected Net Premiums		
	Employee	**Dependent**
Base Rate	$ 100.71	$ 213.76
Run-In Period ADJ	+ 4.03	+ 8.55
	104.74	222.31
Age/Gender	x .8	x 1.0
Trend Factor	x .916	x .916
	76.75	203.64

Composite employee manual net premium is 76.75 + .4 x 203.64 = 158.21

3.

Experience Net Premiums		
	Employee	**Dependent**
i. Composite Employee Exp. Rate	$ 110.62	$ 110.62
ii. Composite Employee Manual Rate	158.21	158.21
iii. Manual Rate	76.75	203.64
iv. (i) x $\frac{\text{(iii)}}{\text{(ii)}}$	53.66	142.38

4.

Credibility Weighted Net Premiums		
	Employee	**Dependent**
a. Experience (3.iv.)	$ 53.66	$ 142.38
Credibility	x .148	x .148
(i)	7.94	21.07
b. Manual	76.75	203.64
1.0 – Credibility	x .852	x .852
(ii)	65.39	173.50
c. (i) + (ii)	73.33	194.57

Example 2 – Incurred Contract with Run-out

The stop loss carrier has experience on the group for the most recent 2-⅔ years.

A. Experience Information (Example 2)

Contract Period		1	2	3
Start	Month	January	January	January
	Year	2010	2011	2012
End	Month	December	December	December
	Year	2010	2011	2012
Underwriting Type		I	II	II
Deductible (000)		$40.0	$50.0	$55.0
Run-In Period (1)		0	0	0
Claims Paid thru (2)				
	Month	June	June	August
	Year	2011	2012	2012
Stop Loss Claims (000) (3)		$200.0	$190.0	$125.0
Average Number of Employees Per Month		200	210	205

Notes:
(1) Run-in period is positive for "paid contracts" (e.g., equals 3 for 15/12 contract and 6 for 18/12 contract) and zero for "incurred contracts" (e.g., 12/12, 12/15)
(2) a) for a "paid" or "12/12" contract the "claims paid thru" entry will generally be the contract end month except for the most recent contract year
b) for a "12/15" contract the "claims paid thru" entry will be 3 months past the end of the contract year except for the most recent contract year (6 months for 12/18 etc.)
(3) Only includes amount above specific deductible.

B. Rating Parameters (Example 2)

- Effective Month 1/2013 (Rating Period is calendar year 2013)
- Area E
- Base Plan out-of-pocket is $1,200
- Specific Coverage Type II; 12/18; $60,000 deductible
- Ratio of Number of Covered Dependent Units to Number of Covered Employees is 0.40

C. Experience Projection to Rating Period (Example 2)

	1			2			3		
		Employee	Comp. Dep.		Employee	Comp. Dep.		Employee	Comp. Dep.
1. Start Date of Exp. Period	1/1/2010			1/1/2011			1/1/2012		
2. Start Date of Rating Period	1/1/2013			1/1/2013			1/1/2013		
3. No. Months Between Start Dates	36			24			12		
4. Monthly Trend(1)	0.013			0.013			0.014		
5. Trend Factor(2)	**1.592**			**1.363**			**1.182**		
6. Benefit Adjustment									
Experience Period Net Premium									
Base Rate		$123.64	$255.12		$113.78	$238.00		$88.42	$186.39
Underwriter Type	I			II			II		
Deductible (000)	$40.0			$50.0			$55.0		
Contract Type	12/15			12/15			12/12		
Run-In/Run-Out Adj.	0/6	1.03	1.03	0/6	1.03	1.03	0/0	1.0	1.0
Contract Length Adj.	12	1.000	1.000	12	1.000	1.000	8	0.790	0.790
Product		$127.35	$262.77		$117.19	$245.14		$69.85	$147.25
Rating Period Net Premium									
Base Rate		$100.71	$213.76		$100.71	$213.76		$100.71	$213.76
Underwriter Type	II			II			II		
Deductible (000)	$60.0			$60.0			$60.0		
Contract Type	12/15			12/15			12/15		
Run-In/Run-Out Adj.	0/6	1.03	1.03	0/6	1.03	1.03	0/6	1.03	1.03
Contract Length Adj.	12	1.000	1.000	12	1.000	1.000	12	1.000	1.000
Product		$103.73	$220.17		$103.73	$220.17		$103.73	$220.17
Dependent %	0.4			0.4			0.4		
Adjustment(3)	**0.825**			**0.891**			**1.490**		
7. No. of Exp. Months	12			12			8		
8. Claims	$200,000			$190,000			$125,000		
9. No. of EE/Month	200			210			205		
10. Projected Claims/EE/Month(4)	109.45			91.56			134.24		
11. Weights(5)	0.366			0.384			0.250		
Composite Experience Rate(6)	$108.78								

Notes:
(1) Monthly trend from Section I (software allows user defined trends too)
(2) Trend factor = (1 + L4) ^ (L3) : Note L4 means Line 4
(3) Rating period adjustment = [Ee + (Dep %) x Comp. Dep.] / Exp. Period [Ee + (Dep %) x Comp. Dep.]
(4) Proj. Claims/EE/Mo = (L5) x (L6) x (L8) / [(L7) x (L9)]
(5) Based on employee life months (software allows for user defined weights also)
(6) Sum product of (L10) and (L11).

D. Credibility (Example 2)

- Number of Employee Years = [200 x 12 + 210 x 12 + 205 x 8] / 12 = 547
- Credibility (per the table following the examples) is 14.8%. The HealthMAPS® software program allows the user to override the table and to define the user's own credibility.

E. Credibility Weighted Net Premiums (Example 2)

1. Assume an employee age/gender factor of .8 and a composite dependent age/gender factor of 1.0.

2.

Manual Expected Net Premiums		
	Employee	**Dependent**
Base Rate	$ 100.71	$ 213.76
Run-Out Period ADJ	+ 3.02	+ 6.41
	103.73	220.17
Age/Gender	x .8	X 1.0
Trend Factor	x .916	x .916
	76.01	201.68

Composite employee manual net premium is 76.01 + .4 x 201.68 = 156.68

3.

Experience Net Premiums		
	Employee	**Dependent**
i. Composite Employee Exp. Rate	$ 108.78	$ 108.78
ii. Composite Employee Manual Rate	156.68	156.68
iii. Manual Rate	76.01	201.68
iv. (i) x $\frac{\text{(iii)}}{\text{(ii)}}$	52.77	140.02

4.

Credibility Weighted Net Premiums		
	Employee	**Dependent**
a. Experience (3.iv.)	$ 52.77	$ 140.02
Credibility	x .148	X .148
(i)	7.81	20.72
b. Manual	76.01	201.68
1.0 – Credibility	x .852	x .852
(ii)	64.76	171.83
c. (i) + (ii)	72.57	192.55

Credibility Table — Weight Given to Stop Loss Experience

Specific Deductible	Employee Years During Experience Period								
	50	75	100	150	200	300	500	750	1,000
$ 5,000	11%	20%	26%	34%	40%	48%	59%	67%	73%
10,000	8%	15%	21%	25%	30%	36%	46%	64%	71%
15,000	7%	11%	19%	21%	23%	28%	36%	50%	63%
20,000	5%	9%	16%	19%	20%	23%	29%	41%	51%
25,000	0%	8%	13%	16%	18%	21%	25%	35%	44%
30,000	0%	7%	11%	13%	15%	19%	22%	31%	38%
40,000	0%	6%	9%	11%	12%	16%	18%	25%	31%
50,000	0%	0%	7%	9%	10%	13%	16%	20%	26%
60,000	0%	0%	5%	8%	9%	11%	14%	18%	23%
75,000	0%	0%	0%	6%	7%	10%	12%	15%	19%
100,000	0%	0%	0%	0%	6%	7%	9%	12%	15%
125,000	0%	0%	0%	0%	5%	6%	8%	10%	13%
150,000	0%	0%	0%	0%	0%	5%	6%	9%	11%
200,000	0%	0%	0%	0%	0%	0%	5%	7%	9%
250,000	0%	0%	0%	0%	0%	0%	0%	6%	7%
300,000	0%	0%	0%	0%	0%	0%	0%	0%	6%
400,000	0%	0%	0%	0%	0%	0%	0%	0%	0%
500,000	0%	0%	0%	0%	0%	0%	0%	0%	0%

Credibility Table — Weight Given to Stop Loss Experience

Specific Deductible	Employee Years During Experience Period								
	1,500	2,000	3,000	5,000	7,500	10,000	15,000	20,000	25,000
$ 5,000	82%	88%	96%	100%	100%	100%	100%	100%	100%
10,000	80%	85%	94%	100%	100%	100%	100%	100%	100%
15,000	77%	82%	92%	100%	100%	100%	100%	100%	100%
20,000	70%	79%	90%	100%	100%	100%	100%	100%	100%
25,000	60%	74%	88%	96%	100%	100%	100%	100%	100%
30,000	53%	65%	86%	92%	100%	100%	100%	100%	100%
40,000	42%	52%	70%	85%	100%	100%	100%	100%	100%
50,000	35%	44%	58%	79%	96%	100%	100%	100%	100%
60,000	31%	38%	51%	69%	84%	97%	100%	100%	100%
75,000	26%	32%	44%	59%	72%	83%	90%	100%	100%
100,000	21%	26%	35%	47%	58%	67%	82%	94%	100%
125,000	18%	22%	29%	39%	48%	56%	68%	79%	88%
150,000	15%	19%	25%	34%	42%	48%	59%	68%	76%
200,000	12%	15%	20%	26%	32%	37%	46%	53%	59%
250,000	10%	12%	16%	21%	26%	30%	37%	43%	48%
300,000	8%	10%	14%	18%	22%	26%	32%	36%	41%
400,000	6%	8%	10%	14%	17%	19%	24%	27%	30%
500,000	0%	6%	8%	11%	13%	15%	18%	21%	24%

Credibility Table — Weight Given to Stop Loss Experience

Specific Deductible	Employee Years During Experience Period								
	30,000	40,000	50,000	75,000	100,000	125,000	150,000	200,000	300,000
$ 5,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
10,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
15,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
20,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
25,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
30,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
40,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
50,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
60,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
75,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
100,000	100%	100%	100%	100%	100%	100%	100%	100%	100%
125,000	96%	100%	100%	100%	100%	100%	100%	100%	100%
150,000	84%	97%	100%	100%	100%	100%	100%	100%	100%
200,000	65%	75%	84%	100%	100%	100%	100%	100%	100%
250,000	53%	61%	68%	83%	96%	100%	100%	100%	100%
300,000	45%	51%	58%	70%	81%	91%	95%	100%	100%
400,000	33%	39%	43%	53%	61%	68%	75%	86%	100%
500,000	26%	30%	34%	41%	48%	53%	58%	67%	83%

Credibility Table — Weight Given to Stop Loss Experience

Specific Deductible	Employee Years During Experience Period						
	400,000	500,000	750,000	1,000,000	1,250,000	1,500,000	2,000,000
$ 5,000	100%	100%	100%	100%	100%	100%	100%
10,000	100%	100%	100%	100%	100%	100%	100%
15,000	100%	100%	100%	100%	100%	100%	100%
20,000	100%	100%	100%	100%	100%	100%	100%
25,000	100%	100%	100%	100%	100%	100%	100%
30,000	100%	100%	100%	100%	100%	100%	100%
40,000	100%	100%	100%	100%	100%	100%	100%
50,000	100%	100%	100%	100%	100%	100%	100%
60,000	100%	100%	100%	100%	100%	100%	100%
75,000	100%	100%	100%	100%	100%	100%	100%
100,000	100%	100%	100%	100%	100%	100%	100%
125,000	100%	100%	100%	100%	100%	100%	100%
150,000	100%	100%	100%	100%	100%	100%	100%
200,000	100%	100%	100%	100%	100%	100%	100%
250,000	100%	100%	100%	100%	100%	100%	100%
300,000	100%	100%	100%	100%	100%	100%	100%
400,000	100%	100%	100%	100%	100%	100%	100%
500,000	95%	100%	100%	100%	100%	100%	100%

Claim Frequency and Average Claim Size

The frequency of claims exceeding various specific deductible levels and their average claim size are shown in the following table. The assumptions underlying this table are as follows:

Both Employee and Dependent Age/Gender factors are 1.0.

For composite employee statistics 50% of employees cover dependents.

Average area cost (Area E).

12/15 contract and Type III underwriting (automatic renewal).

No PPO discounts.

Unlimited maximum

Some uses of the table are as follows:

Help set deductible levels for different size groups.

For example:

A 200 life employer is acquiring another company with 100 lives and combining their medical plans and wants a higher specific deductible (assume current specific deductible is $50,000). The table can be used to set the new higher deductible so that the employer has the same number of expected specific claims as prior to the acquisition.

Expected number of specific claims for 200 life group with $50,000 specific deductible
= 200 x 429.87/10,000 = 8.60

Annual frequency per 10,000 to produce 8.60 claims in 300 life group

$$= \frac{8.60}{300} \times 10{,}000 = 286.667 \text{ claims per } 10{,}000$$

Interpolate between $75,000 and $60,000 specific deductibles

$$60{,}000 \times \frac{(286.67 - 250.44)}{(338.14 - 250.44)} + 75{,}000 \times \frac{(338.14 - 286.67)}{(338.14 - 250.44)} = 68{,}803$$

Thus a 300 life group with a 69,000 specific deductible has approximately the same number of expected claims as the 200 life group with a $50,000 specific.

Help assess reasonableness of historical claim experience.

For example:

A 200 life group with a $50,000 specific deductible has had no specific claims for two years. The underwriter wants to calculate the probability of that occurrence.

The probability of a claim over $50,000 for 1 employee is:

$$\frac{429.87}{10,000} = .042987$$

The probability of no claims for 1 employee = 1 – .042987 = .957013

The probability of no claims for a 200 life group for 2 years (i.e., 400 life years) = $(.957013)^{400} < .00001$

However, the expected number of claims is: 400 x .042987 = 17.2

Clearly the probability of no claims is very low and follow-up questions are needed.

Type III Automatic Renewal
Claim Frequency and Average Claim Size — No PPO Discount, Unlimited Maximum

Specific Deductible	Employee		Spouse		Child		Comp. Dep		Comp. Emp	
	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (2)	Severity (4)	Freq. (3)	Severity (4)
$ 5,000	$2,841.35	$19,400	$3,778.58	$20,500	$1,570.82	$15,700	$5,625.52	$18,440	$5,654.11	$18,920
10,000	1,604.26	25,800	2,238.48	26,900	677.81	27,000	2,944.23	26,940	3,076.38	26,350
15,000	1,032.64	33,500	1,484.75	34,300	407.47	38,000	1,888.16	35,530	1,976.72	34,470
20,000	732.98	40,300	1,036.29	42,300	272.53	49,600	1,299.62	44,650	1,382.79	42,340
25,000	600.51	43,800	878.59	44,400	210.22	58,200	1,069.83	48,570	1,135.43	46,050
30,000	467.92	50,900	670.28	51,900	161.03	69,300	817.18	57,170	876.51	53,820
40,000	317.20	62,300	472.40	62,300	104.42	94,600	561.99	71,520	598.20	66,630
50,000	227.69	75,100	332.06	76,400	79.47	111,300	404.36	86,940	429.87	80,670
60,000	177.89	85,100	259.31	86,600	65.13	124,700	320.49	98,500	338.14	91,450
75,000	130.95	98,200	191.36	99,800	49.67	146,500	238.98	114,710	250.44	106,080
100,000	84.73	119,200	126.27	121,000	34.79	180,600	160.79	140,810	165.13	129,720
125,000	61.41	134,500	92.93	136,500	26.83	208,500	120.22	161,190	121.52	147,700
150,000	45.68	151,700	69.05	154,100	21.46	232,800	91.67	182,410	91.52	167,070
200,000	28.10	182,700	42.64	186,100	15.21	273,700	59.62	220,430	57.91	202,120
250,000	18.86	210,500	28.86	213,500	11.51	308,600	42.22	253,320	39.97	233,120
300,000	13.34	237,400	20.21	243,700	9.08	338,400	31.13	286,150	28.91	263,610
400,000	7.35	289,100	11.54	293,300	6.18	387,800	19.31	339,700	17.01	317,740
500,000	4.44	342,800	7.24	337,200	4.51	423,900	13.08	383,240	10.98	366,890
600,000	3.11	375,200	4.66	383,600	3.40	444,600	9.19	418,090	7.71	400,520
750,000	1.89	432,100	2.71	442,700	2.24	486,300	5.75	468,450	4.77	453,560

(1) annual frequency per 10,000 employees, spouses or children
(2) annual frequency per 10,000 composite dependent units (composite dependent = .85 spouses + .78 * 1.97 children)
(3) annual frequency per 10,000 composite employee units (composite employee = 1.0 employees + .5 composite dependents)
(4) severity equals the average claim size excess of the specific deductible.

For a PPO discount of 20%, the table of frequency and severity is as follows.

Type III Automatic Renewal
Claim Frequency and Average Claim Size — 20% PPO Discount, Unlimited Maximum

Specific Deductible	Employee		Spouse		Child		Comp. Dep		Comp. Emp	
	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (2)	Severity (4)	Freq. (3)	Severity (4)
$ 5,000	$2,392.72	$18,400	$3,181.96	$19,500	$1,322.80	$14,900	$4,737.28	$17,530	$4,761.36	$17,970
10,000	1,334.07	24,500	1,861.47	25,600	563.65	25,700	2,448.35	25,640	2,558.25	25,050
15,000	836.98	31,800	1,203.43	32,600	330.27	36,100	1,530.41	33,760	1,602.19	32,740
20,000	586.38	38,300	829.03	40,200	218.02	47,100	1,039.69	42,420	1,106.23	40,240
25,000	480.41	41,600	702.87	42,200	168.18	55,300	855.86	46,160	908.34	43,750
30,000	374.34	48,400	536.22	49,300	128.82	65,800	653.73	54,300	701.21	51,150
40,000	250.42	59,200	372.95	59,200	82.44	89,900	443.68	67,970	472.26	63,320
50,000	179.76	71,300	262.15	72,600	62.74	105,700	319.23	82,600	339.38	76,610
60,000	138.57	80,800	201.99	82,300	50.73	118,500	249.64	93,600	263.39	86,870
75,000	102.00	93,300	149.06	94,800	38.69	139,200	186.15	108,980	195.08	100,780
100,000	65.11	113,200	97.03	115,000	26.73	171,600	123.55	133,820	126.89	123,230
125,000	46.54	127,800	70.43	129,700	20.33	198,100	91.10	153,160	92.09	140,340
150,000	34.62	144,100	52.33	146,400	16.26	221,200	69.47	173,290	69.36	158,710
200,000	20.71	173,600	31.42	176,800	11.21	260,000	43.93	209,430	42.68	192,020
250,000	13.70	200,000	20.96	202,800	8.36	293,200	30.66	240,690	29.03	221,490
300,000	9.69	225,500	14.68	231,500	6.59	321,500	22.60	271,870	20.99	250,460
400,000	5.34	274,600	8.38	278,600	4.49	368,400	14.02	322,840	12.35	301,980
500,000	3.22	325,700	5.26	320,300	3.28	402,700	9.51	364,010	7.98	348,320
600,000	2.26	356,400	3.38	364,400	2.47	422,400	6.67	397,320	5.60	380,450
750,000	1.37	410,500	1.97	420,600	1.63	462,000	4.18	445,320	3.46	431,530

(1) annual frequency per 10,000 employees, spouses or children
(2) annual frequency per 10,000 composite dependent units (composite dependent = .85 spouses + .78 * 1.97 children)
(3) annual frequency per 10,000 composite employee units (composite employee = 1.0 employees + .5 composite dependents)
(4) severity equals the average claim size excess of the specific deductible.

For a PPO discount of 30%, the table of frequency and severity is as follows.

Type III Automatic Renewal
Claim Frequency and Average Claim Size — 30% PPO Discount, Unlimited Maximum

Specific Deductible	Employee		Spouse		Child		Comp. Dep		Comp. Emp	
	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (2)	Severity (4)	Freq. (3)	Severity (4)
$ 5,000	$2,185.65	$17,700	$2,906.60	$18,700	$1,208.32	$14,300	$4,327.31	$16,810	$4,349.31	$17,260
10,000	1,216.42	23,500	1,697.31	24,500	513.94	24,600	2,232.43	24,540	2,332.64	24,000
15,000	760.30	30,500	1,093.17	31,200	300.01	34,600	1,390.19	32,330	1,455.40	31,370
20,000	523.56	36,700	740.21	38,500	194.66	45,100	928.29	40,630	987.71	38,550
25,000	428.94	39,900	627.56	40,400	150.16	53,000	764.16	44,200	811.02	41,930
30,000	334.23	46,300	478.77	47,200	115.02	63,100	583.69	52,010	626.08	48,960
40,000	226.57	56,700	337.43	56,700	74.59	86,100	401.43	65,090	427.29	60,640
50,000	160.13	68,300	233.54	69,500	55.89	101,300	284.39	79,100	302.33	73,380
60,000	125.11	77,400	182.37	78,800	45.81	113,500	225.41	89,630	237.82	83,190
75,000	90.66	89,400	132.48	90,800	34.39	133,300	165.45	104,380	173.39	96,540
100,000	57.73	108,500	86.03	110,100	23.70	164,300	109.54	128,120	112.50	118,050
125,000	41.16	122,400	62.29	124,200	17.98	189,700	80.57	146,670	81.45	134,400
150,000	30.12	138,000	45.53	140,200	14.15	211,800	60.44	165,970	60.34	152,010
200,000	17.91	166,300	27.18	169,400	9.69	249,100	37.99	200,650	36.91	183,960
250,000	11.81	191,600	18.08	194,300	7.21	280,800	26.45	230,510	25.04	212,110
300,000	8.36	216,000	12.66	221,800	5.69	307,900	19.50	260,450	18.11	239,930
400,000	4.60	263,100	7.23	266,900	3.87	352,900	12.09	309,250	10.65	289,170
500,000	2.78	311,900	4.53	306,900	2.82	385,700	8.18	348,780	6.87	333,860
600,000	1.95	341,400	2.92	349,100	2.13	404,600	5.75	380,990	4.83	364,610
750,000	1.18	393,200	1.70	402,900	1.40	442,500	3.60	426,140	2.98	413,100

(1) annual frequency per 10,000 employees, spouses or children
(2) annual frequency per 10,000 composite dependent units (composite dependent = .85 spouses + .78 * 1.97 children)
(3) annual frequency per 10,000 composite employee units (composite employee = 1.0 employees + .5 composite dependents)
(4) severity equals the average claim size excess of the specific deductible.

For Type II underwriting, the tables for No PPO discount, 20% PPO and 30% PPO discount are as follows.

Type II Underwritten New Business or Renewal
Claim Frequency and Average Claim Size — No PPO Discount, Unlimited Maximum

Specific Deductible	Employee		Spouse		Child		Comp. Dep		Comp. Emp	
	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (2)	Severity (4)	Freq. (3)	Severity (4)
$ 5,000	$2,551.63	$19,400	$3,393.30	$20,500	$1,410.65	$15,700	$5,051.91	$18,440	$5,077.59	$18,920
10,000	1,440.16	25,800	2,009.51	26,900	608.48	27,000	2,643.07	26,940	2,761.70	26,350
15,000	926.75	33,500	1,332.50	34,300	365.69	38,000	1,694.54	35,530	1,774.02	34,470
20,000	643.21	40,300	909.37	42,300	239.15	49,600	1,140.44	44,650	1,213.43	42,340
25,000	515.66	43,800	754.44	44,400	180.51	58,200	918.65	48,570	974.98	46,050
30,000	393.03	50,900	563.00	51,900	135.26	69,300	686.39	57,170	736.22	53,820
40,000	260.80	62,300	388.40	62,300	85.85	94,600	462.06	71,520	491.83	66,630
50,000	183.41	75,100	267.49	76,400	64.02	111,300	325.73	86,940	346.28	80,670
60,000	143.29	85,100	208.87	86,600	52.46	124,700	258.15	98,500	272.36	91,450
75,000	103.45	98,200	151.17	99,800	39.24	146,500	188.79	114,720	197.85	106,080
100,000	66.94	119,200	99.75	121,000	27.48	180,600	127.02	140,820	130.45	129,720
125,000	48.51	134,500	73.41	136,500	21.20	208,500	94.97	161,190	96.00	147,700
150,000	36.09	151,700	54.55	154,100	16.95	232,800	72.42	182,400	72.30	167,070
200,000	22.20	182,700	33.69	186,100	12.02	273,700	47.10	220,430	45.75	202,120
250,000	14.90	210,500	22.80	213,500	9.09	308,600	33.35	253,350	31.57	233,160
300,000	10.54	237,400	15.97	243,700	7.17	338,400	24.59	286,180	22.83	263,710
400,000	5.81	289,100	9.12	293,300	4.88	387,800	15.25	339,810	13.43	317,920
500,000	3.51	342,800	5.72	337,200	3.56	423,900	10.34	382,990	8.68	366,640
600,000	2.46	375,200	3.68	383,600	2.69	444,600	7.26	418,090	6.09	400,570
750,000	1.49	432,100	2.14	442,700	1.77	486,300	4.54	468,710	3.76	454,560

(1) annual frequency per 10,000 employees, spouses or children
(2) annual frequency per 10,000 composite dependent units (composite dependent = .85 spouses + .78 * 1.97 children)
(3) annual frequency per 10,000 composite employee units (composite employee = 1.0 employees + .5 composite dependents)
(4) severity equals the average claim size excess of the specific deductible.

Type II Underwritten New Business or Renewal
Claim Frequency and Average Claim Size — 20% PPO Discount, Unlimited Maximum

Specific Deductible	Employee		Spouse		Child		Comp. Dep		Comp. Emp	
	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (2)	Severity (4)	Freq. (3)	Severity (4)
$ 5,000	$2,148.75	$18,400	$2,857.51	$19,500	$1,187.92	$14,900	$4,254.25	$17,530	$4,275.87	$17,970
10,000	1,197.61	24,500	1,671.06	25,600	506.00	25,700	2,197.92	25,640	2,296.57	25,050
15,000	751.16	31,800	1,080.03	32,600	296.40	36,100	1,373.48	33,760	1,437.90	32,740
20,000	514.56	38,300	727.49	40,200	191.32	47,100	912.35	42,420	970.74	40,240
25,000	412.53	41,600	603.55	42,200	144.42	55,300	734.93	46,160	779.99	43,750
30,000	314.43	48,400	450.40	49,300	108.20	65,800	549.10	54,300	588.98	51,150
40,000	205.89	59,200	306.63	59,200	67.78	89,900	364.79	67,970	388.29	63,320
50,000	144.80	71,300	211.17	72,600	50.54	105,700	257.16	82,590	273.38	76,610
60,000	111.62	80,800	162.70	82,300	40.86	118,500	201.08	93,600	212.16	86,860
75,000	80.58	93,300	117.76	94,800	30.57	139,200	147.06	108,980	154.11	100,780
100,000	51.44	113,200	76.65	115,000	21.12	171,600	97.60	133,820	100.24	123,230
125,000	36.77	127,800	55.64	129,700	16.06	198,100	71.97	153,160	72.75	140,350
150,000	27.35	144,100	41.34	146,400	12.85	221,200	54.88	173,300	54.79	158,720
200,000	16.36	173,600	24.82	176,800	8.86	260,000	34.71	209,400	33.72	192,000
250,000	10.82	200,000	16.56	202,800	6.60	293,200	24.22	240,700	22.93	221,520
300,000	7.66	225,500	11.60	231,500	5.21	321,500	17.86	271,780	16.59	250,340
400,000	4.22	274,600	6.62	278,600	3.55	368,400	11.08	322,720	9.76	301,870
500,000	2.54	325,700	4.16	320,300	2.59	402,700	7.51	364,150	6.30	348,560
600,000	1.79	356,400	2.67	364,400	1.95	422,400	5.27	397,260	4.42	380,790
750,000	1.08	410,500	1.56	420,600	1.29	462,000	3.30	445,620	2.73	432,070

(1) annual frequency per 10,000 employees, spouses or children
(2) annual frequency per 10,000 composite dependent units (composite dependent = .85 spouses + .78 * 1.97 children)
(3) annual frequency per 10,000 composite employee units (composite employee = 1.0 employees + .5 composite dependents)
(4) severity equals the average claim size excess of the specific deductible.

Type II Underwritten New Business or Renewal
Claim Frequency and Average Claim Size — 30% PPO Discount, Unlimited Maximum

Specific Deductible	Employee		Spouse		Child		Comp. Dep		Comp. Emp	
	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (1)	Severity (4)	Freq. (2)	Severity (4)	Freq. (3)	Severity (4)
$ 5,000	$1,962.79	$17,700	$2,610.23	$18,700	$1,085.11	$14,300	$3,886.08	$16,810	$3,905.83	$17,260
10,000	1,092.00	23,500	1,523.70	24,500	461.37	24,600	2,004.08	24,540	2,094.04	24,000
15,000	682.34	30,500	981.08	31,200	269.25	34,600	1,247.64	32,330	1,306.16	31,370
20,000	459.44	36,700	649.55	38,500	170.82	45,100	814.60	40,630	866.74	38,550
25,000	368.33	39,900	538.88	40,400	128.94	53,000	656.18	44,200	696.42	41,930
30,000	280.74	46,300	402.14	47,200	96.61	63,100	490.27	52,010	525.87	48,960
40,000	186.28	56,700	277.43	56,700	61.33	86,100	330.05	65,090	351.31	60,640
50,000	128.99	68,300	188.13	69,500	45.02	101,300	229.09	79,100	243.54	73,380
60,000	100.77	77,400	146.90	78,800	36.90	113,500	181.56	89,640	191.55	83,200
75,000	71.62	89,400	104.66	90,800	27.17	133,300	130.71	104,370	136.98	96,540
100,000	45.61	108,500	67.96	110,100	18.72	164,300	86.54	128,120	88.88	118,050
125,000	32.52	122,400	49.21	124,200	14.20	189,700	63.65	146,670	64.34	134,410
150,000	23.79	138,000	35.97	140,200	11.18	211,800	47.75	165,960	47.67	152,000
200,000	14.15	166,300	21.47	169,400	7.66	249,100	30.01	200,660	29.15	184,010
250,000	9.33	191,600	14.28	194,300	5.70	280,800	20.89	230,570	19.77	212,240
300,000	6.60	216,000	10.00	221,800	4.50	307,900	15.41	260,370	14.31	239,880
400,000	3.63	263,100	5.71	266,900	3.06	352,900	9.55	309,280	8.41	289,290
500,000	2.20	311,900	3.58	306,900	2.23	385,700	6.47	348,360	5.43	333,690
600,000	1.54	341,400	2.31	349,100	1.68	404,600	4.55	380,360	3.82	364,200
750,000	0.93	393,200	1.34	402,900	1.11	442,500	2.84	426,740	2.35	413,830

(1) annual frequency per 10,000 employees, spouses or children
(2) annual frequency per 10,000 composite dependent units (composite dependent = .85 spouses + .78 * 1.97 children)
(3) annual frequency per 10,000 composite employee units (composite employee = 1.0 employees + .5 composite dependents)
(4) severity equals the average claim size excess of the specific deductible.

Claim Cost Distribution by Diagnosis

Specific stop loss claim cost distribution by diagnosis for a $20,000 specific deductible is shown in the table below. The underlying assumptions for this table are the same as those underlying the table in the prior section.

Some uses for this table are as follows:

A benchmark for use in setting laser amounts. Note that the stated costs are excess of $20,000 specific deductible.
Benchmark against internal cost distribution data. For example, injury and poisoning is 8.3% of costs. If internal statistics are significantly higher (say 20%) then underwriting results may be skewed upward by an adverse fluctuation in accident claims.

Average Size Claim and Cost Distribution by Diagnosis

		Specific Stop Loss Claim Size (1)				
Description	**ICD 9 Range**	**Average**	**25th P'tile**	**50th P'tile**	**75th P'tile**	**Cost Distribution (1)**
Infectious and parasitic diseases	1 - 139	58,062	8,582	19,684	54,570	2.80%
Malignant neoplasms - tongue, mouth, lips, oral cavity, pharynx	140 - 149	82,442	28,126	64,673	112,906	0.40%
Malignant neoplasms - stomach, colon,, anus (digestive organs)	150 - 159	88,000	27,831	64,046	118,769	3.13%
Malignant neoplasms - nasal cavity, lung, thymus	160 - 164	78,565	28,135	57,780	104,699	1.45%
Malignant neoplasms - bone, skin	170-173.178	53,926	9,852	24,628	64,002	0.45%
Malignant neoplasms - breast	174 - 176	58,998	20,734	43,168	80,061	3.63%
Malignant neoplasms - uterus and other female genital organs	179 - 184	54,284	15,107	34,770	70,592	0.79%
Malignant neoplasms - prostate and testis	185 - 187	31,580	9,558	19,799	39,560	0.80%
'Malignant neoplasms - bladder and urinary	188 - 189	46,562	11,753	25,778	57,648	0.47%
Malignant neoplasms - eye, brain nerves	190 - 192	99,949	28,166	68,233	134,993	0.82%
Malignant neoplasms - thyroid, endocrine, other	193-199,230-239	61,995	12,788	30,935	74,800	2.37%
Malignant neoplasms - lymphatic tissue	200 - 203	90,071	21,122	51,289	111,807	2.00%
Leukemia	204 - 208	160,866	27,946	62,747	192,702	1.47%
Neuroendocrine Tumors	209	54,747	16,812	36,733	73,085	0.06%
Benign neoplasm	210 - 229	23,818	6,754	12,955	26,590	1.08%
Disorders of the thyroid	240 - 246	15,701	5,753	10,073	18,329	0.09%
Diseases of the other endocrine glands	250 - 259	37,146	7,902	16,769	38,937	1.05%
Other metabolic and immunity disorders	260 - 279	36,072	9,098	17,429	35,906	2.43%
Diseases of the blood and blood-forming organs	280 - 289	74,250	10,853	27,452	73,163	1.45%
Mental disorders	290 - 319	23,250	7,157	13,799	27,402	1.51%
Central nervous system disorders	320 - 349	34,179	9,743	18,856	34,009	2.54%
Peripheral nervous system disorders	350 - 359	48,529	8,807	20,269	53,762	0.76%
Sense organ disorders	360 - 389	18,497	5,936	10,799	20,778	0.39%

Average Size Claim and Cost Distribution by Diagnosis

Description	ICD 9 Range	Specific Stop Loss Claim Size (1) Average	25th P'tile	50th P'tile	75th P'tile	Cost Distribution (1)
Heart disease	390 - 429	46,152	12,506	27,010	55,526	9.93%
Cerebrovascular disease	430 - 438	58,302	10,851	25,466	64,596	1.65%
Other circulatory diseases	440 - 459	43,662	9,694	22,079	49,515	1.53%
Other diseases of upper respiratory tract	460 - 478	19,375	5,941	10,515	19,922	0.49%
Pneumonia and Influenza	480 - 487	48,014	9,012	19,896	46,392	0.83%
Chronic obstructive pulmonary disease	490 - 496	30,203	7,893	15,725	31,510	0.52%
Other respiratory diseases	500 - 519	86,363	14,237	34,054	87,208	2.08%
Digestive system disease - oral cavity, salivary glands and jaws	520 - 529	24,537	6,824	12,858	25,684	0.12%
Digestive system disease - esophagus, stomach, and duodenum	530 - 537	33,281	7,433	14,853	32,586	0.68%
Appendicitis and abdominal hernia	540 - 553	19,945	6,275	11,445	21,866	0.77%
Enteritis and colitis	555 - 558	33,839	9,516	19,713	39,408	1.15%
Intestinal and peritoneal disorders	560 - 569	39,859	9,473	19,729	42,349	1.63%
Liver disorders	570 - 573	80,048	11,733	28,282	79,644	0.64%
Gallbladder disorders	574 - 575	17,488	5,999	10,590	19,459	0.75%
Pancreas disorders	576 - 579	47,228	9,147	19,973	46,471	0.92%
Renal failure	580 - 588	123,297	26,723	73,994	156,425	3.92%
Other urinary tract disorders	589 - 599	20,375	6,678	12,333	23,428	0.95%
Male genital and female breast and genital disorders	600 - 628	15,432	5,860	10,224	18,512	1.19%
Complication of pregnancy, childbirth, and puerperium	629 - 677	17,906	5,500	9,450	17,979	1.72%
Skin and subcutaneous tissue disorders	680 - 709	29,256	7,236	14,469	30,327	0.85%
Arthropathies and related disorders (Osteoarthrosis)	710 - 719	24,723	9,437	17,628	31,114	4.40%
Dorsopathies	720 - 724	34,193	10,123	21,484	43,404	5.37%
Rheumatism, osteopathies and acquired deformity	725 - 738	33,052	7,503	15,445	35,541	2.44%
Congenital anomalies	740 - 759	67,395	12,959	30,398	67,637	2.12%
Certain conditions originating in the perinatal period	760 - 779	101,519	13,452	34,529	96,773	1.28%
Symptoms, signs and ill-defined conditions	780 - 799	20,551	6,208	11,338	21,898	2.07%
Injury and poisoning	800 - 999	45,431	8,620	18,745	44,491	8.33%
Other supplementary classification	v01-v29,v39-v99	73,251	13,738	36,014	90,236	7.13%
Single liveborm	v30	81,353	12,111	28,346	77,126	1.62%
Mulitple birth	v31 - v37	135,748	22,841	56,640	140,023	0.99%
(1) Assumes $20,000 specific deductible						100.00%

Types of Retention

Specific stop loss coverage is provided by carriers that operate in fundamentally different ways. Some carriers provide the benefits only to groups which are insured under minimum premium or cost plus contracts or which are administered without an insurance contract. The latter type of program is referred to as Administrative Services Only (ASO) or Administrative Service Contract (ASC). These carriers may pay commissions or have field service allowances that depend upon the equivalent premium (claims plus retention) rather than on the premium volume associated with the stop loss risk.

Other carriers provide a stop loss contract to plan sponsors whose claim administration may be performed by another insurance company or a third party administrator. These carriers frequently deal with brokers or TPAs on the basis of a commission rate based entirely on the stop loss premium. Also, a separate underwriting facility may prepare the premium rate quotation, renewal analysis, financial analysis, and financial reports. In addition, the underwriting facility may be involved in the marketing of the product and audit function for claim approvals. The expenses of the facility may be covered by an allowance expressed as a percentage of premium.

The worksheet examples in the next section contemplate two retention settings, denoted as MGU and direct writer.

The MGU example assumes that there is a managing general underwriter (MGU), reinsurers which underwrite the risk, and a fronting company which issues the contract and which may be one of the underwriting participants. Calculations to convert a net monthly premium to a gross monthly premium may involve establishing a premium net to the underwriters with an expected loss ratio of .85 to .95. The resulting "net to underwriters" premium is then divided by the complement of expense allowance needed to cover commissions, marketing expenses, underwriting, administration, fronting fees, and premium taxes.

The direct writer example assumes that there will be no fronting fee and that the profit and contingency margin will replace the risk margin developed in the MGU example.

Worksheet Examples

There are three separate worksheets, with sample data and calculations, on the following pages. The worksheets are:

Plan Specifications — for recording plan specific information necessary for rate determination.

Net Premium Calculation — for calculating the net monthly stop loss premium before any retention provision.

Gross Premium Calculation — for converting net to gross premium, separately for MGU and direct writer settings.

Plan Specification Worksheet — The plan specification page outlines the information that is necessary to identify the group, its location, industry and details of the underlying medical plan that affect the stop loss risk. Additional factors describe the stop loss deductible, underwriting type, contract type, and effective date of the stop loss coverage used in the premium calculation. There are several potential net premium adjustments in the manual for non-standard run-in periods applicable to paid contracts, payment periods applicable to incurred contracts, maximum benefits, family deductible, extended benefits, etc.

The age/gender distribution is based on the active and retired lives for which the group is the primary carrier. A retired person over age 65 for whom Medicare is primary has a separate age/gender factor.

In the example, we assume that the group is a renewal which has no continuing medical problems requiring special handling such as a premium surcharge, individual special deductible for a disabled person or exclusions.

The run-in period for new cases is frequently established on a contractual basis as 60 or 90 days (i.e., 14/12 or 15/12) while for renewals, the run-in may be for all services from the time the group was covered by the initial stop loss contract with the renewal carrier. This is often referred to as a 24/12 contract.

The mental illness and substance abuse benefits in the group's plan are the same as any other illness in compliance with the EESA.

Net Premium Worksheet — This worksheet allows for recording of a base net premium and various adjustment factors as discussed earlier in this manual.

The worksheet also contains provisions for entry of a number of rating factors that may be applicable to the case, including:

Reinsurance (line 10) — This represents reinsurance premiums which exceed the expected costs built into the basic net monthly premiums. One way of calculating such excess costs is to compare the gross reinsurance cost to the expected net monthly premium for the same benefit. Another method is to assume that some fraction of the gross reinsurance cost is for the reinsurer's retention. Perhaps 30% to 50% is a reasonable estimate for large deductible coverage.

Experience (line 12) — This represents the experience factor in the worksheet that allows for adjusting the net premiums by area, producer, contract type or overall to reflect the experience of a particular carrier, underwriter or plan sponsor.

PPO (line 13) — This line may be used to enter a factor to reflect the estimated effects of specific preferred provider discounts or other managed care features. The Preferred Provider analysis portion of this manual presents one method of determining such a factor.

Industry (line 16) — Section V contains a comprehensive set of industry adjustment factors.

Gross Premium Worksheet — The retention examples are based on the same group and stop loss data as in the net premium worksheet and used in Section III in pricing an aggregating specific stop loss benefit with a deductible of $50,000. The MGU retention has a net to underwriter factor of .87 and certain commission and expense assumptions. These assumptions may vary depending upon group size, deductible amount, competition, commission overrides, etc. The second retention example for a direct writing company uses a factor of 1.00 for the net to underwriter factor and utilizes Profit and Contingency margin to provide the risk premium.

The example for the MGU retention formula continues for an aggregating specific deductible of $50,000. The other additional information required for Section III is the number of dependent units which is assumed to be as 78 units.

EXAMPLE
PLAN SPECIFICATIONS

Name	Jones Office Supplies
Effective Date	04/01/2013
Location & Zip Code	Orlando, FL ZIP 327
Industry	0811
Base Deductible	$200
Base Coinsurance Out-of-Pocket Maximum	$1300
Pre-Certification/Concurrent Review	Yes
Case Management	Yes, costs not reimbursable
Mental Illness And Substance Abuse Benefits	SAAO
Underwriting & Type	Underwritten Renewal — Type II
Contract Type	12/15
Specific Stop Loss Deductible	$50,000
Family Specific Deductible	Yes, 2 times individual specific deductible
Dependent Participation	85%
Employer Dependent Contribution Percentage	N/A
Maximum Benefits	$2,000,000
Organ Transplant Coverage	No, carve out
Prescription Drug Coverage	Yes
Nonstandard Contract Year	18 months
Payment Period For Incurred Contracts	18 months
Run-In Period For Paid Contracts	N/A
Extended Benefit Provision	N/A
Infertility Benefits	N/A
Preferred Provider Plan	Yes, 25% discount
Hospital Domestic Reimbursement	N/A

Age/Gender Factor Calculation for Employees

Age Group	No. of Employees		Age/Gender		Product	
	Male (1)	Female (2)	Male (3)	Female (4)	(1)x(3) (5)	(2)x(4) (6)
Under 30	14	12	.45	.45	6.30	5.40
30 – 34	13	9	.50	.65	6.50	5.85
35 – 39	12	9	.65	.75	7.80	6.75
40 – 44	10	5	.85	1.00	8.50	5.00
45 – 49	7	4	1.25	1.30	8.75	5.20
50 – 54	5	4	1.85	1.70	9.25	6.80
55 – 59	4	3	2.65	2.15	10.60	6.45
60 – 64	3	2	3.75	2.85	11.25	5.70
65 – 69	1	1	4.30	3.30	4.30	3.30
70 +	0	0	4.85	3.75	0.00	0.00
Retired – Medicare Primary	1	1	.80	.80	.80	.80
Total	70	50	xxxx	Xxxx	74.05	51.25

$$\textit{Employee Factor} = \frac{(5) + (6)}{(1) + (2)} = 1.044$$

Age/Gender Factor Calculation for Dependents

Age Group	No. of Employees With Dependents		Age/Gender Factors		Product	
	Male (1)	Female (2)	Male (3)	Female (4)	(1)x(3) (5)	(2)x(4) (6)
Under 30	6	5	1.05	.95	6.30	4.75
30 – 34	10	4	1.05	.95	10.50	3.80
35 – 39	10	4	1.00	.90	10.00	3.60
40 – 44	9	3	.95	.85	8.55	2.55
45 – 49	6	2	.90	.90	5.40	1.80
50 – 54	4	2	1.05	1.10	4.20	2.20
55 – 59	4	2	1.30	1.55	5.20	3.10
60 – 64	3	2	1.60	2.15	4.80	4.30
65 – 69	1	0	1.85	2.45	1.85	0.00
70 +	0	0	2.10	2.75	0.00	0.00
Dependent–Medicare Primary	1	0	.40	.40	.40	0.00
Total	54	24	xxxx	xxxx	57.20	26.10

$$\textit{Dependent Factor} = \frac{(5) + (6)}{(1) + (2)} = 1.068$$

EXAMPLE
STOP LOSS WORKSHEET

REGULAR NET MONTHLY PREMIUM CALCULATION

Group Name	Jones Office Supplies	Net Premium Basis	Regular
Location	Orlando, FL ZIP 327	Area Table	E
Underwriting Type	Type II	Contract	12/15
Deductible	$50,000	Effective Date	04/01/2013

		Employee	Composite Dependent
1.	Base Net Premium	$113.78	$238.00
1a.	Adjustment for Out-of-Pocket $1500 Including Deductible	(0.43)	(0.81)
2.	Adjusted Base Rate	$113.35	$237.19
3.	Adjustment for Payment Period	3.40	7.12
4.	Adjustment for Run-In Period	0.00	0.00
5.	Adjustment for Maximum Benefit	(.81)	(2.67)
6.	Adjustment for Case Management	0.00	0.00
7.	Adjustment for Mental Illness & Substance Abuse	0.00	0.00
8.	Adjustment for Exclusion of Organ Transplants	(4.29)	(8.98)
9.	Adjustment for Prescription Drugs	0.00	0.00
10.	Reinsurance Cost/Infertility Adjustment	0.00	0.00
11.	Subtotal (2) through (10)	$111.65	$232.66
12.	Experience Factor	1.00	1.00
13.	PPO Adjustment	.75	.75
14.	Adjustment for Family Specific Deductible	N/A	1.01
15.	Adjustment for No Pre-Certification	1.000	1.000
16.	Industry Factor	1.050	1.050
17.	Age/Gender Factor	1.044	1.068
18.	Dep. Part./Employer Dep. Contrib. Factor	N/A	.95
19.	Hospital Domestic Reimbursement Adj.	1.000	1.000
20.	Nonstandard Plan Year Factor	1.15	1.15
21.	Trend Factor	.961	.961
22.	Adjusted Base Net Premium (11)x(12)x(13)x(14)x(15)x(16)x(17)x(18)x(19)x(20)x(21)	$101.45	$207.50
23.	Addition for Extended Benefits	0.00	0.00
23a.	Credit for Prior Year Extended Benefits	N/A	N/A
24.	Net Premium (22)+(23) – (23a)	$101.45	$207.50

EXAMPLE
STOP LOSS WORKSHEET

GROSS PREMIUM CALCULATION

Group Name	Jones Office Supplies	Net Premium Basis	Regular
Location	Orlando, FL ZIP 327	Area Table	E
Underwriting Type	Type II	Contract	12/15
Deductible	$50,000	Effective Date	04/01/2013

		MGU Retention Formula		Direct Writer Retention Formula	
		Employee	Composite Dependent	Employee	Composite Dependent
24.	Net Premium (22)+(23) – (23a)	$101.45	$207.50	$101.45	$207.50
25.	Net to Underwriter Factor	.870	.870	1.000	1.000
26.	(24) ÷ (25)	$116.61	$238.51	$101.45	$207.50
27.	Retention Component*	27.5%	27.5%	32.5%	32.5%
28.	Constant Expense	$0.00	$0.00	$0.00	$0.00
29.	Preliminary Gross Premium Rate (26)+ (28) / 1 – (27)	$160.84	$328.98	$150.30	$307.41

*Retention	MGU Retention Formula	Direct Writer Retention Formula
Commissions	10.0%	10.0%
Administrative Allowance	7.5%	7.5%
Marketing Allowance	2.5%	2.5%
Fronting Fee	5.0%	N/A
Premium Taxes	2.5%	2.5%
Profit & Contingency	N/A	10.0%

Net Monthly Premium Rates

The tables in Section II present the manual net monthly stop loss premium rates by deductible, area and plan Types I, II, and III separately for employees and composite dependents.

Details on area designations, by ZIP code and city/state, are found in Section VI.

TYPE I – Underwritten New Business Actively at Work Provision

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE I – Underwritten New Business –
Actively at Work Provision, No Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
AREA A						
$ 5,000	$236.16	$446.28	$269.07	$508.46	$284.53	$537.69
10,000	167.45	323.07	190.78	368.08	201.74	389.24
15,000	139.85	273.21	159.34	311.27	168.50	329.16
20,000	114.87	227.79	130.88	259.53	138.40	274.44
25,000	99.98	199.56	113.91	227.37	120.46	240.44
30,000	87.25	173.16	99.41	197.29	105.12	208.63
40,000	69.79	143.77	79.51	163.80	84.08	173.22
50,000	58.21	121.56	66.32	138.50	70.13	146.46
60,000	51.51	109.12	58.68	124.33	62.05	131.47
75,000	42.18	91.68	48.05	104.46	50.81	110.46
100,000	32.58	74.58	37.12	84.98	39.25	89.86
125,000	26.59	63.80	30.30	72.69	32.04	76.87
150,000	21.95	54.27	25.01	61.83	26.45	65.38
200,000	16.22	42.59	18.48	48.53	19.54	51.32
250,000	12.34	34.14	14.06	38.89	14.87	41.13
300,000	9.84	28.36	11.21	32.31	11.85	34.17
400,000	6.45	20.23	7.35	23.05	7.77	24.37
500,000	4.61	15.17	5.25	17.28	5.55	18.28
AREA C						
$ 5,000	$274.66	$519.28	$312.93	$591.64	$330.91	$625.64
10,000	200.97	387.92	228.97	441.97	242.13	467.37
15,000	167.87	328.11	191.26	373.83	202.26	395.32
20,000	138.23	274.27	157.49	312.49	166.54	330.45
25,000	120.33	240.33	137.10	273.82	144.97	289.56
30,000	106.51	211.52	121.35	240.99	128.33	254.84
40,000	85.44	176.12	97.34	200.66	102.94	212.19
50,000	71.47	149.35	81.42	170.16	86.10	179.94
60,000	63.24	134.09	72.06	152.78	76.20	161.56
75,000	52.56	114.31	59.88	130.24	63.32	137.73
100,000	40.73	93.30	46.40	106.30	49.07	112.40
125,000	33.26	79.84	37.89	90.96	40.07	96.19
150,000	27.86	68.89	31.74	78.49	33.57	83.00
200,000	20.36	53.50	23.20	60.96	24.53	64.46
250,000	15.72	43.49	17.91	49.55	18.94	52.40
300,000	12.40	35.77	14.13	40.76	14.94	43.10
400,000	8.27	25.94	9.42	29.55	9.96	31.25
500,000	5.93	19.50	6.75	22.22	7.14	23.50

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE I – Underwritten New Business –
Actively at Work Provision, No Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
AREA E						
$ 5,000	$314.53	$595.06	$358.36	$677.98	$378.95	$716.94
10,000	235.55	454.99	268.38	518.39	283.80	548.18
15,000	196.80	384.96	224.22	438.60	237.11	463.81
20,000	163.98	325.63	186.83	371.01	197.57	392.33
25,000	142.77	285.43	162.67	325.20	172.02	343.89
30,000	126.40	251.28	144.01	286.29	152.29	302.75
40,000	102.62	211.75	116.92	241.25	123.64	255.12
50,000	86.88	181.74	98.99	207.06	104.67	218.96
60,000	76.90	163.22	87.62	185.97	92.65	196.65
75,000	63.93	139.22	72.84	158.62	77.03	167.74
100,000	50.15	115.01	57.14	131.03	60.42	138.57
125,000	40.97	98.48	46.68	112.20	49.37	118.64
150,000	34.35	85.03	39.13	96.88	41.38	102.45
200,000	25.41	66.85	28.95	76.16	30.62	80.54
250,000	19.65	54.39	22.38	61.97	23.67	65.54
300,000	15.68	45.26	17.86	51.57	18.89	54.53
400,000	10.58	33.19	12.05	37.81	12.75	39.99
500,000	7.66	25.20	8.72	28.71	9.23	30.36
500,000	13.86	45.61	15.79	51.97	16.70	54.95
AREA F						
$ 5,000	$339.16	$641.80	$386.42	$731.23	$408.63	$773.25
10,000	256.36	495.27	292.08	564.28	308.86	596.71
15,000	214.19	419.08	244.04	477.47	258.06	504.92
20,000	180.10	357.71	205.20	407.55	216.99	430.97
25,000	156.81	313.56	178.66	357.25	188.93	377.78
30,000	138.84	276.07	158.18	314.53	167.28	332.61
40,000	113.72	234.70	129.57	267.40	137.02	282.77
50,000	96.29	201.45	109.70	229.52	116.01	242.71
60,000	85.23	180.93	97.11	206.14	102.69	217.99
75,000	71.48	155.65	81.43	177.34	86.11	187.53
100,000	56.07	128.58	63.88	146.50	67.55	154.92
125,000	45.81	110.10	52.19	125.44	55.19	132.64
150,000	38.40	95.07	43.75	108.31	46.26	114.54
200,000	28.41	74.74	32.37	85.15	34.23	90.04
250,000	21.97	60.81	25.03	69.29	26.46	73.27
300,000	17.53	50.60	19.97	57.65	21.12	60.96
400,000	11.83	37.10	13.48	42.27	14.25	44.70
500,000	8.56	28.17	9.75	32.10	10.32	33.94

TYPE II – Underwritten New Business or Renewal Actively at Work Waived

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE II – Underwritten New Business or Renewal – Actively at Work Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
AREA A						
$ 5,000	$256.70	$485.09	$309.27	$584.44	$309.27	$584.44
10,000	182.01	351.16	219.28	423.08	219.28	423.08
15,000	152.01	296.96	183.15	357.79	183.15	357.79
20,000	124.86	247.60	150.43	298.31	150.43	298.31
25,000	108.68	216.92	130.93	261.34	130.93	261.34
30,000	94.84	188.22	114.26	226.77	114.26	226.77
40,000	75.86	156.27	91.40	188.28	91.40	188.28
50,000	63.27	132.13	76.23	159.20	76.23	159.20
60,000	55.98	118.61	67.45	142.90	67.45	142.90
75,000	45.84	99.65	55.23	120.06	55.23	120.06
100,000	35.41	81.07	42.66	97.67	42.66	97.67
125,000	28.91	69.35	34.83	83.56	34.83	83.56
150,000	23.86	58.99	28.75	71.07	28.75	71.07
200,000	17.63	46.30	21.24	55.78	21.24	55.78
250,000	13.42	37.10	16.16	44.70	16.16	44.70
300,000	10.69	30.83	12.88	37.14	12.88	37.14
400,000	7.01	21.99	8.45	26.49	8.45	26.49
500,000	5.01	16.49	6.04	19.87	6.04	19.87
AREA C						
$ 5,000	$298.54	$564.43	$359.69	$680.04	$359.69	$680.04
10,000	218.44	421.65	263.18	508.01	263.18	508.01
15,000	182.47	356.64	219.84	429.69	219.84	429.69
20,000	150.25	298.12	181.02	359.18	181.02	359.18
25,000	130.79	261.23	157.58	314.74	157.58	314.74
30,000	115.77	229.91	139.49	277.00	139.49	277.00
40,000	92.87	191.43	111.89	230.64	111.89	230.64
50,000	77.68	162.34	93.59	195.59	93.59	195.59
60,000	68.74	145.75	82.82	175.61	82.82	175.61
75,000	57.13	124.26	68.83	149.71	68.83	149.71
100,000	44.27	101.41	53.33	122.18	53.33	122.18
125,000	36.15	86.78	43.55	104.55	43.55	104.55
150,000	30.28	74.88	36.49	90.22	36.49	90.22
200,000	22.13	58.16	26.66	70.07	26.66	70.07
250,000	17.09	47.27	20.59	56.96	20.59	56.96
300,000	13.48	38.89	16.24	46.85	16.24	46.85
400,000	8.99	28.19	10.83	33.97	10.83	33.97
500,000	6.44	21.20	7.76	25.54	7.76	25.54

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE II – Underwritten New Business or Renewal –
Actively at Work Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
AREA E						
$ 5,000	$341.88	$646.81	$411.91	$779.29	$411.91	$779.29
10,000	256.04	494.55	308.48	595.85	308.48	595.85
15,000	213.91	418.44	257.73	504.14	257.73	504.14
20,000	178.24	353.95	214.75	426.44	214.75	426.44
25,000	155.19	310.24	186.97	373.79	186.97	373.79
30,000	137.39	273.13	165.53	329.07	165.53	329.07
40,000	111.54	230.16	134.39	277.30	134.39	277.30
50,000	94.43	197.54	113.78	238.00	113.78	238.00
60,000	83.59	177.42	100.71	213.76	100.71	213.76
75,000	69.49	151.33	83.72	182.32	83.72	182.32
100,000	54.51	125.01	65.68	150.61	65.68	150.61
125,000	44.54	107.04	53.66	128.96	53.66	128.96
150,000	37.33	92.43	44.98	111.36	44.98	111.36
200,000	27.62	72.66	33.28	87.54	33.28	87.54
250,000	21.36	59.12	25.73	71.23	25.73	71.23
300,000	17.04	49.19	20.53	59.27	20.53	59.27
400,000	11.50	36.07	13.85	43.46	13.85	43.46
500,000	8.32	27.39	10.03	33.00	10.03	33.00
AREA F						
$ 5,000	$368.66	$697.61	$444.16	$840.49	$444.16	$840.49
10,000	278.65	538.34	335.72	648.60	335.72	648.60
15,000	232.82	455.52	280.50	548.82	280.50	548.82
20,000	195.76	388.81	235.86	468.45	235.86	468.45
25,000	170.45	340.82	205.36	410.63	205.36	410.63
30,000	150.91	300.07	181.82	361.53	181.82	361.53
40,000	123.61	255.11	148.93	307.36	148.93	307.36
50,000	104.66	218.96	126.10	263.81	126.10	263.81
60,000	92.64	196.67	111.62	236.95	111.62	236.95
75,000	77.69	169.18	93.60	203.84	93.60	203.84
100,000	60.95	139.76	73.43	168.39	73.43	168.39
125,000	49.79	119.67	59.99	144.18	59.99	144.18
150,000	41.74	103.33	50.29	124.50	50.29	124.50
200,000	30.88	81.23	37.21	97.87	37.21	97.87
250,000	23.88	66.10	28.77	79.64	28.77	79.64
300,000	19.05	55.00	22.96	66.26	22.96	66.26
400,000	12.86	40.33	15.49	48.59	15.49	48.59
500,000	9.31	30.62	11.21	36.89	11.21	36.89

TYPE III – Automatic Renewal Actively at Work Provision Not Applicable

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE III – Automatic Renewal –
Actively at Work Provision Not Applicable, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
AREA A						
$ 5,000	$285.78	$540.39	$337.43	$638.05	$344.31	$651.08
10,000	202.70	391.42	239.33	462.16	244.22	471.59
15,000	169.34	331.14	199.94	390.98	204.02	398.96
20,000	142.25	282.35	167.96	333.38	171.39	340.19
25,000	126.53	252.77	149.40	298.45	152.45	304.54
30,000	112.89	224.21	133.29	264.73	136.01	270.13
40,000	92.25	190.15	108.93	224.51	111.15	229.09
50,000	78.54	164.07	92.74	193.72	94.63	197.68
60,000	69.50	147.29	82.06	173.91	83.73	177.46
75,000	58.03	126.14	68.52	148.94	69.91	151.98
100,000	44.82	102.62	52.92	121.16	54.00	123.64
125,000	36.59	87.79	43.20	103.65	44.08	105.77
150,000	30.20	74.67	35.66	88.16	36.39	89.96
200,000	22.31	58.60	26.35	69.20	26.88	70.61
250,000	16.98	46.97	20.05	55.46	20.46	56.59
300,000	13.53	39.02	15.98	46.08	16.30	47.02
400,000	8.87	27.84	10.48	32.87	10.69	33.54
500,000	6.34	20.87	7.49	24.64	7.64	25.15
AREA C						
$ 5,000	$332.40	$628.89	$392.47	$742.54	$400.48	$757.70
10,000	243.30	470.06	287.27	555.01	293.13	566.34
15,000	203.29	397.75	240.02	469.64	244.92	479.22
20,000	171.20	340.03	202.14	401.48	206.26	409.67
25,000	152.30	304.46	179.82	359.48	183.49	366.82
30,000	137.82	273.90	162.73	323.39	166.05	329.99
40,000	112.94	232.94	133.35	275.04	136.08	280.66
50,000	96.43	201.58	113.86	238.01	116.18	242.87
60,000	85.34	181.01	100.76	213.72	102.82	218.08
75,000	72.31	157.29	85.38	185.71	87.12	189.50
100,000	56.03	128.36	66.16	151.56	67.51	154.66
125,000	45.76	109.85	54.02	129.70	55.13	132.35
150,000	38.33	94.79	45.26	111.92	46.18	114.21
200,000	28.01	73.62	33.07	86.92	33.75	88.69
250,000	21.63	59.84	25.54	70.65	26.06	72.10
300,000	17.06	49.22	20.14	58.12	20.56	59.30
400,000	11.38	35.69	13.43	42.14	13.71	43.00
500,000	8.16	26.84	9.63	31.69	9.83	32.33

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE III – Automatic Renewal –
Actively at Work Provision Not Applicable, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA E			
$ 5,000	$380.70	$720.82	$449.50	$851.09	$458.67	$868.46
10,000	285.21	551.46	336.76	651.12	343.63	664.41
15,000	238.35	466.79	281.43	551.15	287.17	562.40
20,000	203.12	403.79	239.83	476.77	244.72	486.50
25,000	180.73	361.65	213.39	427.01	217.74	435.73
30,000	163.57	325.44	193.13	384.25	197.08	392.10
40,000	135.66	280.11	160.18	330.73	163.45	337.48
50,000	117.23	245.31	138.42	289.64	141.24	295.55
60,000	103.77	220.34	122.53	260.16	125.03	265.47
75,000	87.96	191.55	103.86	226.17	105.98	230.79
100,000	69.00	158.24	81.47	186.84	83.14	190.65
125,000	56.38	135.49	66.56	159.98	67.92	163.24
150,000	47.26	117.00	55.80	138.14	56.94	140.96
200,000	34.97	91.98	41.29	108.60	42.13	110.81
250,000	27.03	74.84	31.92	88.37	32.57	90.17
300,000	21.57	62.27	25.47	73.53	25.99	75.03
400,000	14.56	45.66	17.19	53.92	17.54	55.02
500,000	10.54	34.67	12.44	40.94	12.69	41.77
			AREA F			
$ 5,000	$410.53	$777.49	$484.72	$918.00	$494.61	$936.73
10,000	310.41	600.32	366.51	708.81	373.99	723.28
15,000	259.43	508.20	306.32	600.04	312.57	612.29
20,000	223.09	443.59	263.41	523.75	268.79	534.44
25,000	198.50	397.32	234.38	469.12	239.16	478.69
30,000	179.67	357.56	212.14	422.17	216.47	430.79
40,000	150.35	310.47	177.52	366.58	181.14	374.06
50,000	129.93	271.91	153.41	321.05	156.54	327.61
60,000	115.01	244.25	135.80	288.39	138.57	294.27
75,000	98.34	214.16	116.11	252.86	118.48	258.02
100,000	77.15	176.91	91.09	208.89	92.95	213.15
125,000	63.03	151.48	74.42	178.86	75.94	182.51
150,000	52.83	130.80	62.38	154.44	63.65	157.59
200,000	39.09	102.83	46.16	121.41	47.10	123.89
250,000	30.22	83.67	35.68	98.79	36.41	100.81
300,000	24.12	69.62	28.48	82.20	29.06	83.88
400,000	16.27	51.05	19.21	60.28	19.61	61.51
500,000	11.78	38.76	13.91	45.77	14.19	46.70

II.A. APPENDIX

This Appendix contains the full list of Line 1 tabular values. Tabular values for non-listed specific deductibles are obtained via linear interpolation.

TYPE I – Underwritten New Business Actively at Work Provision

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE I – Underwritten New Business –
Actively at Work Provision, No Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA A			
$ 5,000	$236.16	$446.28	$269.07	$508.46	$284.53	$537.69
7,500	198.09	378.02	225.69	430.69	238.67	455.44
10,000	167.45	323.07	190.78	368.08	201.74	389.24
12,500	152.16	295.44	173.36	336.61	183.32	355.96
15,000	139.85	273.21	159.34	311.27	168.50	329.16
17,500	126.01	248.04	143.57	282.61	151.82	298.85
20,000	114.87	227.79	130.88	259.53	138.40	274.44
22,500	106.62	212.15	121.48	241.71	128.46	255.60
25,000	99.98	199.56	113.91	227.37	120.46	240.44
30,000	87.25	173.16	99.41	197.29	105.12	208.63
35,000	77.58	156.88	88.39	178.74	93.47	189.01
40,000	69.79	143.77	79.51	163.80	84.08	173.22
45,000	63.38	131.47	72.21	149.79	76.36	158.39
50,000	58.21	121.56	66.32	138.50	70.13	146.46
55,000	54.50	114.67	62.09	130.65	65.66	138.16
60,000	51.51	109.12	58.68	124.33	62.05	131.47
65,000	47.97	102.51	54.65	116.80	57.79	123.51
70,000	44.79	96.56	51.03	110.02	53.96	116.34
75,000	42.18	91.68	48.05	104.46	50.81	110.46
80,000	39.93	87.68	45.49	99.90	48.11	105.64
85,000	37.82	83.92	43.09	95.61	45.56	101.11
90,000	35.91	80.52	40.91	91.74	43.26	97.01
95,000	34.16	77.40	38.92	88.19	41.16	93.26
100,000	32.58	74.58	37.12	84.98	39.25	89.86
105,000	31.18	72.06	35.52	82.10	37.56	86.82
110,000	29.86	69.69	34.02	79.40	35.98	83.96
115,000	28.67	67.54	32.66	76.96	34.54	81.38
120,000	27.58	65.58	31.42	74.72	33.23	79.01
125,000	26.59	63.80	30.30	72.69	32.04	76.87
130,000	25.51	61.57	29.06	70.15	30.73	74.18
135,000	24.49	59.47	27.90	67.76	29.50	71.66
140,000	23.56	57.58	26.85	65.60	28.39	69.37
145,000	22.72	55.84	25.88	63.62	27.37	67.28
150,000	21.95	54.27	25.01	61.83	26.45	65.38
155,000	21.27	52.88	24.23	60.25	25.63	63.71
160,000	20.61	51.54	23.48	58.72	24.83	62.09
165,000	19.97	50.23	22.75	57.23	24.06	60.52
170,000	19.35	48.97	22.04	55.79	23.31	59.00

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE I – Underwritten New Business –
Actively at Work Provision, No Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
175,000	18.78	47.80	21.39	54.46	22.62	57.59
180,000	18.21	46.65	20.74	53.14	21.94	56.20
185,000	17.66	45.54	20.12	51.88	21.28	54.86
190,000	17.16	44.52	19.56	50.72	20.68	53.64
195,000	16.68	43.54	19.01	49.61	20.10	52.46
200,000	16.22	42.59	18.48	48.53	19.54	51.32
205,000	15.76	41.59	17.95	47.38	18.98	50.11
210,000	15.31	40.61	17.44	46.27	18.45	48.93
215,000	14.88	39.67	16.95	45.19	17.92	47.79
220,000	14.46	38.75	16.47	44.15	17.42	46.69
225,000	14.07	37.91	16.03	43.19	16.95	45.67
230,000	13.69	37.07	15.60	42.24	16.49	44.66
235,000	13.32	36.27	15.18	41.32	16.05	43.70
240,000	12.98	35.53	14.79	40.48	15.64	42.81
245,000	12.66	34.82	14.42	39.67	15.25	41.95
250,000	12.34	34.14	14.06	38.89	14.87	41.13
275,000	10.95	30.94	12.48	35.25	13.20	37.27
300,000	9.84	28.36	11.21	32.31	11.85	34.17
325,000	8.85	26.00	10.08	29.62	10.66	31.32
350,000	7.96	23.86	9.07	27.18	9.59	28.74
375,000	7.15	21.92	8.15	24.98	8.62	26.41
400,000	6.45	20.23	7.35	23.05	7.77	24.37
425,000	5.91	18.76	6.74	21.37	7.13	22.60
450,000	5.43	17.43	6.19	19.86	6.54	21.00
475,000	4.99	16.22	5.69	18.48	6.02	19.55
500,000	4.61	15.17	5.25	17.28	5.55	18.28
550,000	4.02	13.23	4.58	15.07	4.84	15.94
600,000	3.53	11.63	4.03	13.25	4.26	14.01
650,000	3.12	10.28	3.56	11.71	3.76	12.38
700,000	2.77	9.12	3.16	10.39	3.34	10.99
750,000	2.47	8.14	2.82	9.28	2.98	9.81
800,000	2.21	7.29	2.52	8.30	2.67	8.78
900,000	1.79	5.90	2.04	6.73	2.16	7.11
1,000,000	1.47	4.85	1.68	5.53	1.78	5.84
1,250,000	0.96	3.15	1.09	3.59	1.15	3.79
1,500,000	0.66	2.18	0.75	2.48	0.80	2.62
2,000,000	0.37	1.23	0.43	1.40	0.45	1.48
2,500,000	0.24	0.79	0.28	0.91	0.29	0.96
3,000,000	0.16	0.54	0.19	0.61	0.20	0.65
4,000,000	0.09	0.31	0.11	0.35	0.11	0.37
5,000,000	0.07	0.22	0.08	0.25	0.08	0.26
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE I – Underwritten New Business –
Actively at Work Provision, No Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA C			
$ 5,000	$274.66	$519.28	$312.93	$591.64	$330.91	$625.64
7,500	233.83	446.50	266.41	508.72	281.73	537.96
10,000	200.97	387.92	228.97	441.97	242.13	467.37
12,500	182.63	354.79	208.08	404.22	220.04	427.45
15,000	167.87	328.11	191.26	373.83	202.26	395.32
17,500	151.45	298.28	172.55	339.85	182.47	359.38
20,000	138.23	274.27	157.49	312.49	166.54	330.45
22,500	128.31	255.47	146.19	291.07	154.59	307.79
25,000	120.33	240.33	137.10	273.82	144.97	289.56
30,000	106.51	211.52	121.35	240.99	128.33	254.84
35,000	94.84	191.90	108.05	218.64	114.26	231.21
40,000	85.44	176.12	97.34	200.66	102.94	212.19
45,000	77.70	161.29	88.52	183.76	93.61	194.32
50,000	71.47	149.35	81.42	170.16	86.10	179.94
55,000	66.91	140.90	76.23	160.53	80.62	169.76
60,000	63.24	134.09	72.06	152.78	76.20	161.56
65,000	59.19	126.60	67.44	144.24	71.32	152.53
70,000	55.55	119.85	63.29	136.55	66.93	144.40
75,000	52.56	114.31	59.88	130.24	63.32	137.73
80,000	49.79	109.40	56.73	124.64	59.99	131.80
85,000	47.19	104.77	53.76	119.37	56.85	126.23
90,000	44.83	100.59	51.08	114.61	54.01	121.19
95,000	42.68	96.76	48.62	110.25	51.42	116.58
100,000	40.73	93.30	46.40	106.30	49.07	112.40
105,000	38.98	90.15	44.41	102.71	46.96	108.61
110,000	37.33	87.19	42.54	99.33	44.98	105.04
115,000	35.85	84.51	40.84	96.28	43.19	101.82
120,000	34.49	82.06	39.29	93.49	41.55	98.86
125,000	33.26	79.84	37.89	90.96	40.07	96.19
130,000	31.99	77.28	36.45	88.04	38.55	93.10
135,000	30.81	74.87	35.10	85.30	37.12	90.20
140,000	29.73	72.69	33.88	82.82	35.82	87.58
145,000	28.75	70.70	32.76	80.55	34.64	85.18
150,000	27.86	68.89	31.74	78.49	33.57	83.00
155,000	26.97	67.06	30.73	76.41	32.49	80.80
160,000	26.10	65.29	29.74	74.39	31.45	78.67
165,000	25.26	63.57	28.79	72.43	30.44	76.59
170,000	24.45	61.91	27.86	70.53	29.46	74.59
175,000	23.70	60.37	27.01	68.78	28.56	72.73
180,000	22.96	58.84	26.16	67.04	27.67	70.90

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE I – Underwritten New Business –
Actively at Work Provision, No Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
185,000	22.25	57.38	25.35	65.38	26.81	69.14
190,000	21.60	56.04	24.61	63.85	26.02	67.52
195,000	20.97	54.75	23.89	62.38	25.26	65.96
200,000	20.36	53.50	23.20	60.96	24.53	64.46
205,000	19.81	52.31	22.57	59.60	23.86	63.03
210,000	19.27	51.16	21.96	58.29	23.22	61.64
215,000	18.75	50.04	21.37	57.01	22.60	60.29
220,000	18.25	48.96	20.80	55.78	21.99	58.99
225,000	17.79	47.96	20.27	54.64	21.43	57.78
230,000	17.33	46.97	19.75	53.51	20.88	56.59
235,000	16.89	46.01	19.24	52.43	20.35	55.44
240,000	16.49	45.14	18.79	51.43	19.86	54.39
245,000	16.10	44.30	18.34	50.48	19.40	53.38
250,000	15.72	43.49	17.91	49.55	18.94	52.40
275,000	13.88	39.22	15.82	44.68	16.73	47.25
300,000	12.40	35.77	14.13	40.76	14.94	43.10
325,000	11.20	32.91	12.76	37.50	13.49	39.65
350,000	10.11	30.33	11.52	34.55	12.18	36.54
375,000	9.13	27.99	10.40	31.88	11.00	33.72
400,000	8.27	25.94	9.42	29.55	9.96	31.25
425,000	7.59	24.07	8.65	27.42	9.14	29.00
450,000	6.97	22.37	7.94	25.49	8.40	26.96
475,000	6.41	20.84	7.31	23.75	7.73	25.11
500,000	5.93	19.50	6.75	22.22	7.14	23.50
550,000	5.17	17.01	5.89	19.38	6.23	20.49
600,000	4.54	14.95	5.18	17.04	5.47	18.02
650,000	4.02	13.22	4.58	15.06	4.84	15.92
700,000	3.56	11.73	4.06	13.36	4.29	14.13
750,000	3.18	10.47	3.62	11.93	3.83	12.61
800,000	2.85	9.37	3.24	10.67	3.43	11.29
900,000	2.31	7.59	2.63	8.65	2.78	9.14
1,000,000	1.90	6.24	2.16	7.10	2.28	7.51
1,250,000	1.23	4.05	1.40	4.61	1.48	4.88
1,500,000	0.85	2.80	0.97	3.19	1.03	3.37
2,000,000	0.48	1.58	0.55	1.80	0.58	1.90
2,500,000	0.31	1.02	0.35	1.16	0.37	1.23
3,000,000	0.21	0.69	0.24	0.79	0.25	0.83
4,000,000	0.12	0.40	0.14	0.45	0.15	0.48
5,000,000	0.08	0.28	0.10	0.32	0.10	0.34
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE I – Underwritten New Business –
Actively at Work Provision, No Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA E			
$ 5,000	$314.53	$595.06	$358.36	$677.98	$378.95	$716.94
7,500	270.78	517.46	308.51	589.57	326.24	623.45
10,000	235.55	454.99	268.38	518.39	283.80	548.18
12,500	214.08	416.19	243.92	474.19	257.93	501.44
15,000	196.80	384.96	224.22	438.60	237.11	463.81
17,500	178.62	352.09	203.51	401.15	215.20	424.21
20,000	163.98	325.63	186.83	371.01	197.57	392.33
22,500	152.23	303.36	173.44	345.63	183.41	365.49
25,000	142.77	285.43	162.67	325.20	172.02	343.89
30,000	126.40	251.28	144.01	286.29	152.29	302.75
35,000	113.23	229.38	129.00	261.34	136.42	276.36
40,000	102.62	211.75	116.92	241.25	123.64	255.12
45,000	93.90	195.12	106.98	222.31	113.13	235.09
50,000	86.88	181.74	98.99	207.06	104.67	218.96
55,000	81.35	171.48	92.69	195.37	98.01	206.60
60,000	76.90	163.22	87.62	185.97	92.65	196.65
65,000	71.98	154.13	82.02	175.60	86.73	185.69
70,000	67.56	145.94	76.98	166.28	81.40	175.83
75,000	63.93	139.22	72.84	158.62	77.03	167.74
80,000	60.71	133.56	69.17	152.16	73.14	160.91
85,000	57.68	128.23	65.71	146.10	69.49	154.49
90,000	54.93	123.41	62.59	140.61	66.18	148.69
95,000	52.43	119.00	59.73	135.59	63.16	143.38
100,000	50.15	115.01	57.14	131.03	60.42	138.57
105,000	48.00	111.14	54.69	126.63	57.84	133.90
110,000	45.99	107.50	52.39	122.48	55.40	129.52
115,000	44.16	104.21	50.31	118.73	53.20	125.56
120,000	42.49	101.20	48.41	115.30	51.19	121.93
125,000	40.97	98.48	46.68	112.20	49.37	118.64
130,000	39.42	95.33	44.92	108.61	47.50	114.85
135,000	37.97	92.37	43.26	105.24	45.74	111.29
140,000	36.65	89.70	41.75	102.20	44.15	108.07
145,000	35.44	87.25	40.38	99.41	42.70	105.12
150,000	34.35	85.03	39.13	96.88	41.38	102.45
155,000	33.28	82.87	37.92	94.42	40.10	99.84
160,000	32.26	80.78	36.75	92.03	38.86	97.32
165,000	31.26	78.74	35.61	89.71	37.66	94.87
170,000	30.29	76.78	34.51	87.47	36.50	92.50
175,000	29.40	74.96	33.49	85.40	35.42	90.31
180,000	28.51	73.16	32.49	83.35	34.35	88.14

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE I – Underwritten New Business –
Actively at Work Provision, No Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
185,000	27.66	71.43	31.52	81.38	33.33	86.06
190,000	26.89	69.85	30.63	79.58	32.39	84.15
195,000	26.14	68.32	29.78	77.84	31.49	82.31
200,000	25.41	66.85	28.95	76.16	30.62	80.54
205,000	24.73	65.37	28.17	74.47	29.79	78.75
210,000	24.06	63.93	27.42	72.84	28.99	77.03
215,000	23.42	62.54	26.68	71.25	28.22	75.35
220,000	22.80	61.19	25.97	69.72	27.46	73.73
225,000	22.22	59.95	25.31	68.30	26.77	72.23
230,000	21.65	58.72	24.66	66.90	26.08	70.74
235,000	21.10	57.53	24.04	65.55	25.42	69.32
240,000	20.60	56.45	23.47	64.32	24.82	68.01
245,000	20.11	55.40	22.92	63.12	24.23	66.75
250,000	19.65	54.39	22.38	61.97	23.67	65.54
275,000	17.45	49.33	19.88	56.21	21.02	59.44
300,000	15.68	45.26	17.86	51.57	18.89	54.53
325,000	14.19	41.75	16.17	47.56	17.10	50.30
350,000	12.85	38.57	14.64	43.95	15.49	46.47
375,000	11.64	35.70	13.26	40.67	14.02	43.01
400,000	10.58	33.19	12.05	37.81	12.75	39.99
425,000	9.73	30.86	11.08	35.16	11.72	37.19
450,000	8.96	28.76	10.21	32.77	10.80	34.65
475,000	8.27	26.86	9.42	30.60	9.96	32.36
500,000	7.66	25.20	8.72	28.71	9.23	30.36
550,000	6.68	21.98	7.61	25.04	8.05	26.48
600,000	5.87	19.32	6.69	22.01	7.07	23.28
650,000	5.19	17.07	5.91	19.45	6.25	20.57
700,000	4.61	15.15	5.25	17.27	5.55	18.26
750,000	4.11	13.53	4.68	15.41	4.95	16.30
800,000	3.68	12.10	4.19	13.79	4.43	14.58
900,000	2.98	9.81	3.39	11.17	3.59	11.81
1,000,000	2.45	8.06	2.79	9.18	2.95	9.71
1,250,000	1.59	5.23	1.81	5.96	1.91	6.30
1,500,000	1.10	3.62	1.25	4.12	1.32	4.36
2,000,000	0.62	2.04	0.71	2.32	0.75	2.46
2,500,000	0.40	1.32	0.46	1.50	0.48	1.59
3,000,000	0.27	0.89	0.31	1.02	0.33	1.07
4,000,000	0.16	0.51	0.18	0.59	0.19	0.62
5,000,000	0.11	0.36	0.12	0.41	0.13	0.43
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE I – Underwritten New Business –
Actively at Work Provision, No Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA F			
$ 5,000	$339.16	$641.80	$386.42	$731.23	$408.63	$773.25
7,500	293.29	560.62	334.16	638.74	353.36	675.45
10,000	256.36	495.27	292.08	564.28	308.86	596.71
12,500	233.00	453.06	265.46	516.19	280.72	545.86
15,000	214.19	419.08	244.04	477.47	258.06	504.92
17,500	195.31	385.08	222.52	438.74	235.31	463.95
20,000	180.10	357.71	205.20	407.55	216.99	430.97
22,500	167.20	333.25	190.50	379.68	201.45	401.50
25,000	156.81	313.56	178.66	357.25	188.93	377.78
30,000	138.84	276.07	158.18	314.53	167.28	332.61
35,000	124.93	253.15	142.33	288.42	150.51	305.00
40,000	113.72	234.70	129.57	267.40	137.02	282.77
45,000	104.06	216.28	118.56	246.41	125.38	260.57
50,000	96.29	201.45	109.70	229.52	116.01	242.71
55,000	90.16	190.08	102.72	216.57	108.63	229.01
60,000	85.23	180.93	97.11	206.14	102.69	217.99
65,000	80.02	171.35	91.17	195.23	96.41	206.45
70,000	75.33	162.73	85.82	185.40	90.75	196.06
75,000	71.48	155.65	81.43	177.34	86.11	187.53
80,000	67.87	149.31	77.33	170.12	81.77	179.90
85,000	64.48	143.36	73.47	163.34	77.69	172.72
90,000	61.42	137.97	69.97	157.20	73.99	166.23
95,000	58.61	133.05	66.78	151.59	70.62	160.30
100,000	56.07	128.58	63.88	146.50	67.55	154.92
105,000	53.67	124.26	61.15	141.57	64.66	149.70
110,000	51.41	120.19	58.58	136.94	61.94	144.81
115,000	49.37	116.51	56.25	132.74	59.48	140.37
120,000	47.50	113.15	54.12	128.91	57.23	136.32
125,000	45.81	110.10	52.19	125.44	55.19	132.64
130,000	44.08	106.58	50.22	121.43	53.10	128.41
135,000	42.45	103.27	48.36	117.66	51.14	124.42
140,000	40.97	100.28	46.68	114.25	49.36	120.82
145,000	39.62	97.55	45.14	111.14	47.74	117.53
150,000	38.40	95.07	43.75	108.31	46.26	114.54
155,000	37.21	92.65	42.40	105.56	44.83	111.62
160,000	36.06	90.31	41.09	102.89	43.45	108.81
165,000	34.94	88.03	39.81	100.30	42.10	106.06
170,000	33.87	85.84	38.58	97.80	40.80	103.42
175,000	32.87	83.80	37.45	95.48	39.60	100.97
180,000	31.88	81.79	36.32	93.19	38.41	98.54

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE I – Underwritten New Business –
Actively at Work Provision, No Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
185,000	30.93	79.86	35.24	90.99	37.26	96.22
190,000	30.06	78.09	34.25	88.97	36.22	94.08
195,000	29.22	76.38	33.29	87.03	35.21	92.03
200,000	28.41	74.74	32.37	85.15	34.23	90.04
205,000	27.65	73.08	31.50	83.26	33.31	88.05
210,000	26.90	71.48	30.65	81.44	32.41	86.12
215,000	26.18	69.92	29.83	79.66	31.54	84.24
220,000	25.49	68.42	29.04	77.95	30.71	82.43
225,000	24.84	67.02	28.30	76.36	29.93	80.75
230,000	24.20	65.64	27.57	74.79	29.16	79.09
235,000	23.59	64.32	26.88	73.28	28.42	77.50
240,000	23.03	63.11	26.24	71.90	27.75	76.04
245,000	22.49	61.94	25.62	70.57	27.09	74.63
250,000	21.97	60.81	25.03	69.29	26.46	73.27
275,000	19.51	55.16	22.23	62.84	23.50	66.45
300,000	17.53	50.60	19.97	57.65	21.12	60.96
325,000	15.87	46.67	18.08	53.18	19.12	56.23
350,000	14.37	43.12	16.37	49.13	17.31	51.96
375,000	13.01	39.91	14.83	45.47	15.68	48.09
400,000	11.83	37.10	13.48	42.27	14.25	44.70
425,000	10.88	34.51	12.39	39.31	13.10	41.57
450,000	10.02	32.16	11.41	36.64	12.07	38.74
475,000	9.24	30.03	10.53	34.22	11.13	36.18
500,000	8.56	28.17	9.75	32.10	10.32	33.94
550,000	7.47	24.57	8.51	27.99	9.00	29.60
600,000	6.56	21.60	7.48	24.61	7.91	26.02
650,000	5.80	19.09	6.61	21.75	6.99	23.00
700,000	5.15	16.94	5.87	19.30	6.20	20.41
750,000	4.60	15.12	5.24	17.23	5.54	18.22
800,000	4.11	13.53	4.68	15.42	4.95	16.30
900,000	3.33	10.96	3.80	12.49	4.01	13.21
1,000,000	2.74	9.01	3.12	10.26	3.30	10.85
1,250,000	1.78	5.85	2.02	6.66	2.14	7.04
1,500,000	1.23	4.04	1.40	4.61	1.48	4.87
2,000,000	0.69	2.28	0.79	2.60	0.84	2.75
2,500,000	0.45	1.48	0.51	1.68	0.54	1.78
3,000,000	0.30	1.00	0.35	1.14	0.36	1.20
4,000,000	0.17	0.57	0.20	0.66	0.21	0.69
5,000,000	0.12	0.40	0.14	0.46	0.15	0.48
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

TYPE II – Underwritten New Business or Renewal Actively at Work Waived

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE II – Underwritten New Business or Renewal –
Actively at Work Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA A			
$ 5,000	$256.70	$485.09	$309.27	$584.44	$309.27	$584.44
7,500	215.32	410.89	259.42	495.05	259.42	495.05
10,000	182.01	351.16	219.28	423.08	219.28	423.08
12,500	165.39	321.13	199.27	386.91	199.27	386.91
15,000	152.01	296.96	183.15	357.79	183.15	357.79
17,500	136.97	269.61	165.02	324.84	165.02	324.84
20,000	124.86	247.60	150.43	298.31	150.43	298.31
22,500	115.89	230.60	139.63	277.83	139.63	277.83
25,000	108.68	216.92	130.93	261.34	130.93	261.34
30,000	94.84	188.22	114.26	226.77	114.26	226.77
35,000	84.32	170.52	101.59	205.44	101.59	205.44
40,000	75.86	156.27	91.40	188.28	91.40	188.28
45,000	68.89	142.90	83.00	172.17	83.00	172.17
50,000	63.27	132.13	76.23	159.20	76.23	159.20
55,000	59.24	124.64	71.37	150.17	71.37	150.17
60,000	55.98	118.61	67.45	142.90	67.45	142.90
65,000	52.14	111.43	62.82	134.25	62.82	134.25
70,000	48.68	104.96	58.65	126.46	58.65	126.46
75,000	45.84	99.65	55.23	120.06	55.23	120.06
80,000	43.40	95.30	52.29	114.82	52.29	114.82
85,000	41.11	91.22	49.53	109.90	49.53	109.90
90,000	39.03	87.52	47.02	105.44	47.02	105.44
95,000	37.13	84.14	44.74	101.37	44.74	101.37
100,000	35.41	81.07	42.66	97.67	42.66	97.67
105,000	33.89	78.33	40.83	94.37	40.83	94.37
110,000	32.46	75.75	39.10	91.26	39.10	91.26
115,000	31.16	73.42	37.54	88.45	37.54	88.45
120,000	29.98	71.28	36.12	85.88	36.12	85.88
125,000	28.91	69.35	34.83	83.56	34.83	83.56
130,000	27.73	66.93	33.40	80.63	33.40	80.63
135,000	26.62	64.65	32.07	77.89	32.07	77.89
140,000	25.61	62.58	30.86	75.40	30.86	75.40
145,000	24.69	60.70	29.75	73.13	29.75	73.13
150,000	23.86	58.99	28.75	71.07	28.75	71.07
155,000	23.12	57.48	27.86	69.25	27.86	69.25
160,000	22.40	56.02	26.99	67.49	26.99	67.49
165,000	21.70	54.60	26.15	65.78	26.15	65.78
170,000	21.03	53.23	25.34	64.13	25.34	64.13

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE II – Underwritten New Business or Renewal –
Actively at Work Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
175,000	20.41	51.96	24.59	62.60	24.59	62.60
180,000	19.79	50.70	23.84	61.09	23.84	61.09
185,000	19.20	49.50	23.13	59.63	23.13	59.63
190,000	18.66	48.39	22.48	58.30	22.48	58.30
195,000	18.13	47.33	21.85	57.02	21.85	57.02
200,000	17.63	46.30	21.24	55.78	21.24	55.78
205,000	17.13	45.20	20.63	54.46	20.63	54.46
210,000	16.64	44.15	20.05	53.19	20.05	53.19
215,000	16.17	43.12	19.48	51.95	19.48	51.95
220,000	15.72	42.12	18.94	50.75	18.94	50.75
225,000	15.29	41.20	18.43	49.64	18.43	49.64
230,000	14.88	40.29	17.93	48.55	17.93	48.55
235,000	14.48	39.42	17.44	47.50	17.44	47.50
240,000	14.11	38.62	17.00	46.53	17.00	46.53
245,000	13.76	37.85	16.58	45.60	16.58	45.60
250,000	13.42	37.10	16.16	44.70	16.16	44.70
275,000	11.91	33.63	14.35	40.51	14.35	40.51
300,000	10.69	30.83	12.88	37.14	12.88	37.14
325,000	9.62	28.26	11.59	34.04	11.59	34.04
350,000	8.65	25.93	10.42	31.24	10.42	31.24
375,000	7.78	23.83	9.37	28.71	9.37	28.71
400,000	7.01	21.99	8.45	26.49	8.45	26.49
425,000	6.43	20.39	7.75	24.57	7.75	24.57
450,000	5.90	18.94	7.11	22.82	7.11	22.82
475,000	5.43	17.63	6.54	21.24	6.54	21.24
500,000	5.01	16.49	6.04	19.87	6.04	19.87
550,000	4.37	14.38	5.27	17.33	5.27	17.33
600,000	3.84	12.64	4.63	15.23	4.63	15.23
650,000	3.40	11.17	4.09	13.46	4.09	13.46
700,000	3.01	9.92	3.63	11.95	3.63	11.95
750,000	2.69	8.85	3.24	10.66	3.24	10.66
800,000	2.41	7.92	2.90	9.54	2.90	9.54
900,000	1.95	6.42	2.35	7.73	2.35	7.73
1,000,000	1.60	5.27	1.93	6.35	1.93	6.35
1,250,000	1.04	3.42	1.25	4.12	1.25	4.12
1,500,000	0.72	2.37	0.87	2.85	0.87	2.85
2,000,000	0.41	1.33	0.49	1.61	0.49	1.61
2,500,000	0.26	0.86	0.32	1.04	0.32	1.04
3,000,000	0.18	0.58	0.21	0.70	0.21	0.70
4,000,000	0.10	0.34	0.12	0.41	0.12	0.41
5,000,000	0.07	0.24	0.09	0.28	0.09	0.28
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE II – Underwritten New Business or Renewal –
Actively at Work Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA C			
$ 5,000	$298.54	$564.43	$359.69	$680.04	$359.69	$680.04
7,500	254.17	485.33	306.22	584.74	306.22	584.74
10,000	218.44	421.65	263.18	508.01	263.18	508.01
12,500	198.51	385.64	239.17	464.62	239.17	464.62
15,000	182.47	356.64	219.84	429.69	219.84	429.69
17,500	164.62	324.22	198.34	390.63	198.34	390.63
20,000	150.25	298.12	181.02	359.18	181.02	359.18
22,500	139.47	277.68	168.04	334.56	168.04	334.56
25,000	130.79	261.23	157.58	314.74	157.58	314.74
30,000	115.77	229.91	139.49	277.00	139.49	277.00
35,000	103.08	208.59	124.20	251.32	124.20	251.32
40,000	92.87	191.43	111.89	230.64	111.89	230.64
45,000	84.45	175.31	101.75	211.22	101.75	211.22
50,000	77.68	162.34	93.59	195.59	93.59	195.59
55,000	72.73	153.15	87.63	184.52	87.63	184.52
60,000	68.74	145.75	82.82	175.61	82.82	175.61
65,000	64.34	137.61	77.52	165.79	77.52	165.79
70,000	60.38	130.27	72.75	156.96	72.75	156.96
75,000	57.13	124.26	68.83	149.71	68.83	149.71
80,000	54.12	118.91	65.20	143.26	65.20	143.26
85,000	51.29	113.88	61.79	137.21	61.79	137.21
90,000	48.73	109.34	58.71	131.73	58.71	131.73
95,000	46.39	105.18	55.89	126.72	55.89	126.72
100,000	44.27	101.41	53.33	122.18	53.33	122.18
105,000	42.37	97.98	51.04	118.05	51.04	118.05
110,000	40.58	94.77	48.89	114.18	48.89	114.18
115,000	38.96	91.86	46.95	110.67	46.95	110.67
120,000	37.49	89.19	45.16	107.46	45.16	107.46
125,000	36.15	86.78	43.55	104.55	43.55	104.55
130,000	34.77	84.00	41.90	101.20	41.90	101.20
135,000	33.48	81.38	40.34	98.05	40.34	98.05
140,000	32.32	79.01	38.94	95.20	38.94	95.20
145,000	31.25	76.85	37.65	92.59	37.65	92.59
150,000	30.28	74.88	36.49	90.22	36.49	90.22
155,000	29.31	72.89	35.32	87.82	35.32	87.82
160,000	28.37	70.97	34.19	85.51	34.19	85.51
165,000	27.46	69.10	33.09	83.25	33.09	83.25
170,000	26.58	67.29	32.03	81.07	32.03	81.07
175,000	25.77	65.62	31.04	79.06	31.04	79.06
180,000	24.96	63.96	30.07	77.06	30.07	77.06

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE II – Underwritten New Business or Renewal –
Actively at Work Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
185,000	24.18	62.37	29.14	75.15	29.14	75.15
190,000	23.47	60.92	28.28	73.39	28.28	73.39
195,000	22.79	59.51	27.46	71.70	27.46	71.70
200,000	22.13	58.16	26.66	70.07	26.66	70.07
205,000	21.53	56.86	25.94	68.51	25.94	68.51
210,000	20.95	55.61	25.24	67.00	25.24	67.00
215,000	20.39	54.39	24.56	65.53	24.56	65.53
220,000	19.84	53.22	23.91	64.12	23.91	64.12
225,000	19.34	52.13	23.30	62.80	23.30	62.80
230,000	18.84	51.05	22.70	61.51	22.70	61.51
235,000	18.36	50.02	22.12	60.26	22.12	60.26
240,000	17.92	49.07	21.59	59.12	21.59	59.12
245,000	17.50	48.16	21.08	58.02	21.08	58.02
250,000	17.09	47.27	20.59	56.96	20.59	56.96
275,000	15.09	42.63	18.18	51.36	18.18	51.36
300,000	13.48	38.89	16.24	46.85	16.24	46.85
325,000	12.17	35.77	14.66	43.10	14.66	43.10
350,000	10.99	32.96	13.24	39.71	13.24	39.71
375,000	9.92	30.42	11.95	36.65	11.95	36.65
400,000	8.99	28.19	10.83	33.97	10.83	33.97
425,000	8.25	26.16	9.94	31.52	9.94	31.52
450,000	7.58	24.32	9.13	29.30	9.13	29.30
475,000	6.97	22.66	8.40	27.30	8.40	27.30
500,000	6.44	21.20	7.76	25.54	7.76	25.54
550,000	5.62	18.49	6.77	22.28	6.77	22.28
600,000	4.94	16.25	5.95	19.58	5.95	19.58
650,000	4.37	14.36	5.26	17.31	5.26	17.31
700,000	3.87	12.75	4.67	15.36	4.67	15.36
750,000	3.46	11.38	4.17	13.71	4.17	13.71
800,000	3.09	10.18	3.73	12.27	3.73	12.27
900,000	2.51	8.25	3.02	9.94	3.02	9.94
1,000,000	2.06	6.78	2.48	8.17	2.48	8.17
1,250,000	1.34	4.40	1.61	5.30	1.61	5.30
1,500,000	0.92	3.04	1.11	3.67	1.11	3.67
2,000,000	0.52	1.72	0.63	2.07	0.63	2.07
2,500,000	0.34	1.11	0.41	1.34	0.41	1.34
3,000,000	0.23	0.75	0.27	0.90	0.27	0.90
4,000,000	0.13	0.43	0.16	0.52	0.16	0.52
5,000,000	0.09	0.30	0.11	0.36	0.11	0.36
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE II – Underwritten New Business or Renewal –
Actively at Work Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA E			
$ 5,000	$341.88	$646.81	$411.91	$779.29	$411.91	$779.29
7,500	294.32	562.46	354.61	677.66	354.61	677.66
10,000	256.04	494.55	308.48	595.85	308.48	595.85
12,500	232.70	452.38	280.36	545.04	280.36	545.04
15,000	213.91	418.44	257.73	504.14	257.73	504.14
17,500	194.15	382.71	233.92	461.10	233.92	461.10
20,000	178.24	353.95	214.75	426.44	214.75	426.44
22,500	165.47	329.74	199.36	397.27	199.36	397.27
25,000	155.19	310.24	186.97	373.79	186.97	373.79
30,000	137.39	273.13	165.53	329.07	165.53	329.07
35,000	123.07	249.33	148.28	300.39	148.28	300.39
40,000	111.54	230.16	134.39	277.30	134.39	277.30
45,000	102.06	212.09	122.97	255.53	122.97	255.53
50,000	94.43	197.54	113.78	238.00	113.78	238.00
55,000	88.42	186.39	106.54	224.57	106.54	224.57
60,000	83.59	177.42	100.71	213.76	100.71	213.76
65,000	78.24	167.53	94.27	201.84	94.27	201.84
70,000	73.44	158.63	88.48	191.12	88.48	191.12
75,000	69.49	151.33	83.72	182.32	83.72	182.32
80,000	65.99	145.17	79.50	174.90	79.50	174.90
85,000	62.69	139.38	75.53	167.93	75.53	167.93
90,000	59.71	134.14	71.94	161.62	71.94	161.62
95,000	56.98	129.35	68.66	155.85	68.66	155.85
100,000	54.51	125.01	65.68	150.61	65.68	150.61
105,000	52.18	120.80	62.87	145.55	62.87	145.55
110,000	49.98	116.85	60.22	140.78	60.22	140.78
115,000	48.00	113.27	57.83	136.48	57.83	136.48
120,000	46.18	110.00	55.64	132.53	55.64	132.53
125,000	44.54	107.04	53.66	128.96	53.66	128.96
130,000	42.85	103.62	51.63	124.84	51.63	124.84
135,000	41.27	100.40	49.72	120.97	49.72	120.97
140,000	39.83	97.50	47.99	117.47	47.99	117.47
145,000	38.52	94.84	46.41	114.26	46.41	114.26
150,000	37.33	92.43	44.98	111.36	44.98	111.36
155,000	36.18	90.07	43.59	108.52	43.59	108.52
160,000	35.06	87.80	42.24	105.78	42.24	105.78
165,000	33.97	85.59	40.93	103.12	40.93	103.12
170,000	32.93	83.45	39.67	100.55	39.67	100.55
175,000	31.95	81.48	38.50	98.16	38.50	98.16
180,000	30.99	79.52	37.34	95.81	37.34	95.81

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE II – Underwritten New Business or Renewal –
Actively at Work Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
185,000	30.07	77.64	36.23	93.54	36.23	93.54
190,000	29.23	75.92	35.21	91.47	35.21	91.47
195,000	28.41	74.26	34.23	89.47	34.23	89.47
200,000	27.62	72.66	33.28	87.54	33.28	87.54
205,000	26.88	71.05	32.38	85.60	32.38	85.60
210,000	26.16	69.49	31.51	83.73	31.51	83.73
215,000	25.45	67.98	30.67	81.90	30.67	81.90
220,000	24.78	66.52	29.85	80.14	29.85	80.14
225,000	24.15	65.16	29.10	78.51	29.10	78.51
230,000	23.53	63.82	28.35	76.89	28.35	76.89
235,000	22.94	62.54	27.63	75.34	27.63	75.34
240,000	22.39	61.36	26.98	73.93	26.98	73.93
245,000	21.86	60.22	26.34	72.56	26.34	72.56
250,000	21.36	59.12	25.73	71.23	25.73	71.23
275,000	18.97	53.62	22.85	64.61	22.85	64.61
300,000	17.04	49.19	20.53	59.27	20.53	59.27
325,000	15.43	45.38	18.59	54.67	18.59	54.67
350,000	13.97	41.93	16.83	50.51	16.83	50.51
375,000	12.65	38.80	15.24	46.75	15.24	46.75
400,000	11.50	36.07	13.85	43.46	13.85	43.46
425,000	10.58	33.55	12.74	40.42	12.74	40.42
450,000	9.74	31.26	11.73	37.67	11.73	37.67
475,000	8.98	29.20	10.82	35.18	10.82	35.18
500,000	8.32	27.39	10.03	33.00	10.03	33.00
550,000	7.26	23.89	8.75	28.78	8.75	28.78
600,000	6.38	21.00	7.69	25.30	7.69	25.30
650,000	5.64	18.56	6.79	22.36	6.79	22.36
700,000	5.01	16.47	6.03	19.85	6.03	19.85
750,000	4.47	14.70	5.38	17.71	5.38	17.71
800,000	4.00	13.15	4.82	15.85	4.82	15.85
900,000	3.24	10.66	3.90	12.84	3.90	12.84
1,000,000	2.66	8.76	3.21	10.55	3.21	10.55
1,250,000	1.73	5.68	2.08	6.85	2.08	6.85
1,500,000	1.19	3.93	1.44	4.74	1.44	4.74
2,000,000	0.67	2.22	0.81	2.67	0.81	2.67
2,500,000	0.44	1.43	0.53	1.73	0.53	1.73
3,000,000	0.29	0.97	0.35	1.17	0.35	1.17
4,000,000	0.17	0.56	0.20	0.67	0.20	0.67
5,000,000	0.12	0.39	0.14	0.47	0.14	0.47
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE II – Underwritten New Business or Renewal –
Actively at Work Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA F			
$ 5,000	$368.66	$697.61	$444.16	$840.49	$444.16	$840.49
7,500	318.79	609.37	384.09	734.18	384.09	734.18
10,000	278.65	538.34	335.72	648.60	335.72	648.60
12,500	253.26	492.46	305.13	593.32	305.13	593.32
15,000	232.82	455.52	280.50	548.82	280.50	548.82
17,500	212.29	418.56	255.77	504.29	255.77	504.29
20,000	195.76	388.81	235.86	468.45	235.86	468.45
22,500	181.74	362.23	218.96	436.42	218.96	436.42
25,000	170.45	340.82	205.36	410.63	205.36	410.63
30,000	150.91	300.07	181.82	361.53	181.82	361.53
35,000	135.79	275.16	163.60	331.52	163.60	331.52
40,000	123.61	255.11	148.93	307.36	148.93	307.36
45,000	113.11	235.08	136.28	283.23	136.28	283.23
50,000	104.66	218.96	126.10	263.81	126.10	263.81
55,000	98.00	206.61	118.07	248.93	118.07	248.93
60,000	92.64	196.67	111.62	236.95	111.62	236.95
65,000	86.97	186.25	104.79	224.40	104.79	224.40
70,000	81.88	176.88	98.65	213.11	98.65	213.11
75,000	77.69	169.18	93.60	203.84	93.60	203.84
80,000	73.77	162.30	88.88	195.54	88.88	195.54
85,000	70.09	155.83	84.44	187.74	84.44	187.74
90,000	66.76	149.97	80.43	180.69	80.43	180.69
95,000	63.71	144.62	76.76	174.24	76.76	174.24
100,000	60.95	139.76	73.43	168.39	73.43	168.39
105,000	58.34	135.06	70.28	162.72	70.28	162.72
110,000	55.88	130.64	67.33	157.40	67.33	157.40
115,000	53.66	126.64	64.65	152.58	64.65	152.58
120,000	51.63	122.98	62.21	148.17	62.21	148.17
125,000	49.79	119.67	59.99	144.18	59.99	144.18
130,000	47.91	115.85	57.72	139.57	57.72	139.57
135,000	46.14	112.25	55.59	135.24	55.59	135.24
140,000	44.53	109.00	53.65	131.33	53.65	131.33
145,000	43.07	106.03	51.89	127.74	51.89	127.74
150,000	41.74	103.33	50.29	124.50	50.29	124.50
155,000	40.45	100.70	48.73	121.33	48.73	121.33
160,000	39.20	98.16	47.23	118.27	47.23	118.27
165,000	37.98	95.69	45.76	115.29	45.76	115.29
170,000	36.81	93.30	44.35	112.41	44.35	112.41
175,000	35.72	91.09	43.04	109.75	43.04	109.75
180,000	34.65	88.90	41.75	107.11	41.75	107.11

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE II – Underwritten New Business or Renewal –
Actively at Work Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
185,000	33.62	86.80	40.50	104.58	40.50	104.58
190,000	32.67	84.88	39.37	102.27	39.37	102.27
195,000	31.76	83.02	38.27	100.03	38.27	100.03
200,000	30.88	81.23	37.21	97.87	37.21	97.87
205,000	30.05	79.43	36.20	95.70	36.20	95.70
210,000	29.24	77.69	35.23	93.61	35.23	93.61
215,000	28.46	76.00	34.29	91.56	34.29	91.56
220,000	27.70	74.36	33.38	89.60	33.38	89.60
225,000	27.00	72.85	32.53	87.77	32.53	87.77
230,000	26.31	71.35	31.70	85.97	31.70	85.97
235,000	25.64	69.92	30.89	84.24	30.89	84.24
240,000	25.03	68.60	30.16	82.65	30.16	82.65
245,000	24.44	67.33	29.45	81.12	29.45	81.12
250,000	23.88	66.10	28.77	79.64	28.77	79.64
275,000	21.20	59.95	25.55	72.23	25.55	72.23
300,000	19.05	55.00	22.96	66.26	22.96	66.26
325,000	17.25	50.73	20.78	61.12	20.78	61.12
350,000	15.62	46.87	18.82	56.47	18.82	56.47
375,000	14.14	43.38	17.04	52.27	17.04	52.27
400,000	12.86	40.33	15.49	48.59	15.49	48.59
425,000	11.82	37.51	14.24	45.19	14.24	45.19
450,000	10.89	34.95	13.12	42.11	13.12	42.11
475,000	10.04	32.64	12.10	39.33	12.10	39.33
500,000	9.31	30.62	11.21	36.89	11.21	36.89
550,000	8.12	26.71	9.78	32.18	9.78	32.18
600,000	7.13	23.48	8.60	28.29	8.60	28.29
650,000	6.31	20.75	7.60	25.00	7.60	25.00
700,000	5.60	18.42	6.74	22.19	6.74	22.19
750,000	4.99	16.44	6.02	19.80	6.02	19.80
800,000	4.47	14.71	5.38	17.72	5.38	17.72
900,000	3.62	11.92	4.36	14.36	4.36	14.36
1,000,000	2.98	9.79	3.58	11.80	3.58	11.80
1,250,000	1.93	6.35	2.33	7.65	2.33	7.65
1,500,000	1.34	4.40	1.61	5.30	1.61	5.30
2,000,000	0.75	2.48	0.91	2.99	0.91	2.99
2,500,000	0.49	1.60	0.59	1.93	0.59	1.93
3,000,000	0.33	1.08	0.40	1.31	0.40	1.31
4,000,000	0.19	0.62	0.23	0.75	0.23	0.75
5,000,000	0.13	0.44	0.16	0.53	0.16	0.53
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

TYPE III – Automatic Renewal Actively at Work Provision Not Applicable

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE III – Automatic Renewal –
Actively at Work Provision Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA A			
$ 5,000	$285.78	$540.39	$337.43	$638.05	$344.31	$651.08
7,500	239.75	457.86	283.08	540.61	288.86	551.64
10,000	202.70	391.42	239.33	462.16	244.22	471.59
12,500	184.22	358.02	217.51	422.73	221.95	431.35
15,000	169.34	331.14	199.94	390.98	204.02	398.96
17,500	154.33	304.11	182.22	359.07	185.94	366.40
20,000	142.25	282.35	167.96	333.38	171.39	340.19
22,500	133.54	265.97	157.68	314.03	160.90	320.44
25,000	126.53	252.77	149.40	298.45	152.45	304.54
30,000	112.89	224.21	133.29	264.73	136.01	270.13
35,000	101.46	205.34	119.79	242.45	122.24	247.39
40,000	92.25	190.15	108.93	224.51	111.15	229.09
45,000	84.66	175.70	99.96	207.45	102.00	211.69
50,000	78.54	164.07	92.74	193.72	94.63	197.68
55,000	73.53	154.78	86.82	182.75	88.59	186.48
60,000	69.50	147.29	82.06	173.91	83.73	177.46
65,000	65.15	139.28	76.93	164.45	78.50	167.80
70,000	61.24	132.06	72.31	155.93	73.78	159.11
75,000	58.03	126.14	68.52	148.94	69.91	151.98
80,000	54.94	120.64	64.87	142.44	66.19	145.35
85,000	52.03	115.46	61.44	136.33	62.69	139.11
90,000	49.40	110.78	58.33	130.80	59.52	133.47
95,000	47.00	106.50	55.50	125.75	56.63	128.31
100,000	44.82	102.62	52.92	121.16	54.00	123.64
105,000	42.90	99.15	50.65	117.07	51.68	119.46
110,000	41.08	95.88	48.51	113.21	49.50	115.52
115,000	39.45	92.93	46.57	109.73	47.53	111.97
120,000	37.95	90.23	44.81	106.54	45.72	108.72
125,000	36.59	87.79	43.20	103.65	44.08	105.77
130,000	35.10	84.72	41.44	100.03	42.28	102.07
135,000	33.69	81.83	39.78	96.62	40.59	98.59
140,000	32.42	79.22	38.28	93.54	39.06	95.45
145,000	31.26	76.83	36.91	90.72	37.66	92.57
150,000	30.20	74.67	35.66	88.16	36.39	89.96
155,000	29.27	72.76	34.55	85.90	35.26	87.66
160,000	28.36	70.91	33.48	83.72	34.17	85.43
165,000	27.47	69.11	32.44	81.60	33.10	83.26
170,000	26.62	67.38	31.43	79.55	32.07	81.17

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE III – Automatic Renewal –
Actively at Work Provision Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
175,000	25.83	65.77	30.50	77.65	31.12	79.24
180,000	25.05	64.18	29.58	75.78	30.18	77.32
185,000	24.30	62.65	28.69	73.98	29.28	75.49
190,000	23.62	61.26	27.88	72.33	28.45	73.80
195,000	22.95	59.91	27.10	70.73	27.65	72.18
200,000	22.31	58.60	26.35	69.20	26.88	70.61
205,000	21.68	57.22	25.60	67.56	26.12	68.94
210,000	21.07	55.88	24.87	65.98	25.38	67.33
215,000	20.47	54.58	24.17	64.44	24.66	65.76
220,000	19.89	53.32	23.49	62.96	23.97	64.24
225,000	19.36	52.16	22.86	61.58	23.33	62.84
230,000	18.83	51.01	22.24	60.22	22.69	61.45
235,000	18.33	49.90	21.64	58.92	22.08	60.12
240,000	17.86	48.89	21.09	57.72	21.52	58.90
245,000	17.42	47.91	20.56	56.57	20.98	57.72
250,000	16.98	46.97	20.05	55.46	20.46	56.59
275,000	15.07	42.57	17.80	50.26	18.16	51.28
300,000	13.53	39.02	15.98	46.08	16.30	47.02
325,000	12.18	35.77	14.38	42.23	14.67	43.09
350,000	10.95	32.83	12.93	38.76	13.20	39.55
375,000	9.84	30.16	11.62	35.61	11.86	36.34
400,000	8.87	27.84	10.48	32.87	10.69	33.54
425,000	8.14	25.81	9.61	30.47	9.80	31.10
450,000	7.47	23.98	8.82	28.31	9.00	28.89
475,000	6.87	22.32	8.11	26.35	8.28	26.89
500,000	6.34	20.87	7.49	24.64	7.64	25.15
550,000	5.53	18.20	6.53	21.49	6.66	21.93
600,000	4.86	16.00	5.74	18.89	5.86	19.28
650,000	4.30	14.14	5.07	16.70	5.18	17.04
700,000	3.81	12.55	4.50	14.82	4.60	15.12
750,000	3.40	11.20	4.02	13.23	4.10	13.50
800,000	3.05	10.02	3.60	11.84	3.67	12.08
900,000	2.47	8.12	2.91	9.59	2.97	9.79
1,000,000	2.03	6.67	2.39	7.88	2.44	8.04
1,250,000	1.32	4.33	1.55	5.11	1.59	5.22
1,500,000	0.91	3.00	1.07	3.54	1.10	3.61
2,000,000	0.51	1.69	0.61	2.00	0.62	2.04
2,500,000	0.33	1.09	0.39	1.29	0.40	1.32
3,000,000	0.22	0.74	0.26	0.87	0.27	0.89
4,000,000	0.13	0.43	0.15	0.50	0.16	0.51
5,000,000	0.09	0.30	0.11	0.35	0.11	0.36
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE III – Automatic Renewal –
Actively at Work Provision Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA C			
$ 5,000	$332.40	$628.89	$392.47	$742.54	$400.48	$757.70
7,500	283.04	540.90	334.19	638.65	341.01	651.68
10,000	243.30	470.06	287.27	555.01	293.13	566.34
12,500	221.13	430.00	261.10	507.71	266.42	518.07
15,000	203.29	397.75	240.02	469.64	244.92	479.22
17,500	185.51	365.77	219.03	431.88	223.50	440.69
20,000	171.20	340.03	202.14	401.48	206.26	409.67
22,500	160.73	320.32	189.77	378.21	193.65	385.93
25,000	152.30	304.46	179.82	359.48	183.49	366.82
30,000	137.82	273.90	162.73	323.39	166.05	329.99
35,000	124.04	251.21	146.45	296.61	149.44	302.66
40,000	112.94	232.94	133.35	275.04	136.08	280.66
45,000	103.79	215.57	122.55	254.53	125.05	259.72
50,000	96.43	201.58	113.86	238.01	116.18	242.87
55,000	90.29	190.18	106.60	224.55	108.78	229.13
60,000	85.34	181.01	100.76	213.72	102.82	218.08
65,000	80.40	172.02	94.93	203.10	96.87	207.25
70,000	75.96	163.93	89.69	193.55	91.52	197.50
75,000	72.31	157.29	85.38	185.71	87.12	189.50
80,000	68.50	150.52	80.88	177.72	82.53	181.35
85,000	64.92	144.16	76.66	170.21	78.22	173.68
90,000	61.68	138.40	72.83	163.41	74.32	166.75
95,000	58.72	133.14	69.33	157.20	70.75	160.41
100,000	56.03	128.36	66.16	151.56	67.51	154.66
105,000	53.63	124.03	63.32	146.45	64.61	149.44
110,000	51.37	119.96	60.65	141.64	61.89	144.53
115,000	49.32	116.27	58.24	137.29	59.42	140.09
120,000	47.45	112.90	56.03	133.31	57.17	136.03
125,000	45.76	109.85	54.02	129.70	55.13	132.35
130,000	44.02	106.32	51.97	125.54	53.03	128.10
135,000	42.39	103.01	50.05	121.63	51.07	124.11
140,000	40.91	100.02	48.30	118.09	49.29	120.50
145,000	39.56	97.27	46.71	114.85	47.66	117.20
150,000	38.33	94.79	45.26	111.92	46.18	114.21
155,000	37.10	92.27	43.81	108.95	44.70	111.17
160,000	35.92	89.84	42.41	106.07	43.27	108.24
165,000	34.76	87.46	41.04	103.27	41.88	105.38
170,000	33.65	85.18	39.73	100.57	40.54	102.62
175,000	32.62	83.06	38.51	98.07	39.30	100.07
180,000	31.59	80.96	37.30	95.60	38.06	97.55

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE III – Automatic Renewal –
Actively at Work Provision Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
185,000	30.61	78.95	36.15	93.22	36.88	95.12
190,000	29.71	77.11	35.09	91.05	35.80	92.90
195,000	28.85	75.33	34.06	88.94	34.76	90.76
200,000	28.01	73.62	33.07	86.92	33.75	88.69
205,000	27.25	71.98	32.18	84.98	32.83	86.72
210,000	26.52	70.39	31.31	83.11	31.95	84.81
215,000	25.80	68.85	30.47	81.29	31.09	82.95
220,000	25.12	67.36	29.65	79.54	30.26	81.16
225,000	24.48	65.98	28.90	77.91	29.49	79.50
230,000	23.85	64.62	28.16	76.30	28.73	77.86
235,000	23.24	63.31	27.44	74.75	28.00	76.28
240,000	22.69	62.11	26.79	73.34	27.33	74.84
245,000	22.15	60.96	26.15	71.97	26.69	73.44
250,000	21.63	59.84	25.54	70.65	26.06	72.10
275,000	19.10	53.96	22.55	63.71	23.01	65.01
300,000	17.06	49.22	20.14	58.12	20.56	59.30
325,000	15.41	45.28	18.19	53.47	18.56	54.56
350,000	13.91	41.73	16.43	49.27	16.76	50.27
375,000	12.56	38.50	14.83	45.46	15.13	46.39
400,000	11.38	35.69	13.43	42.14	13.71	43.00
425,000	10.44	33.11	12.33	39.10	12.58	39.90
450,000	9.59	30.78	11.33	36.35	11.56	37.09
475,000	8.83	28.68	10.42	33.86	10.63	34.55
500,000	8.16	26.84	9.63	31.69	9.83	32.33
550,000	7.11	23.40	8.40	27.63	8.57	28.20
600,000	6.25	20.57	7.38	24.29	7.53	24.79
650,000	5.53	18.18	6.52	21.47	6.66	21.91
700,000	4.90	16.14	5.79	19.05	5.91	19.44
750,000	4.38	14.40	5.17	17.01	5.27	17.35
800,000	3.92	12.89	4.62	15.22	4.72	15.53
900,000	3.17	10.44	3.75	12.33	3.82	12.58
1,000,000	2.61	8.58	3.08	10.13	3.14	10.34
1,250,000	1.69	5.57	2.00	6.57	2.04	6.71
1,500,000	1.17	3.85	1.38	4.55	1.41	4.64
2,000,000	0.66	2.17	0.78	2.57	0.80	2.62
2,500,000	0.43	1.41	0.50	1.66	0.51	1.69
3,000,000	0.29	0.95	0.34	1.12	0.35	1.14
4,000,000	0.17	0.55	0.20	0.65	0.20	0.66
5,000,000	0.12	0.38	0.14	0.45	0.14	0.46
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE III – Automatic Renewal –
Actively at Work Provision Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA E			
$ 5,000	$380.70	$720.82	$449.50	$851.09	$458.67	$868.46
7,500	327.80	626.99	387.04	740.31	394.94	755.41
10,000	285.21	551.46	336.76	651.12	343.63	664.41
12,500	259.25	504.55	306.11	595.74	312.35	607.90
15,000	238.35	466.79	281.43	551.15	287.17	562.40
17,500	218.83	431.89	258.38	509.94	263.66	520.35
20,000	203.12	403.79	239.83	476.77	244.72	486.50
22,500	190.71	380.45	225.18	449.20	229.77	458.37
25,000	180.73	361.65	213.39	427.01	217.74	435.73
30,000	163.57	325.44	193.13	384.25	197.08	392.10
35,000	148.11	300.33	174.88	354.60	178.45	361.84
40,000	135.66	280.11	160.18	330.73	163.45	337.48
45,000	125.45	260.83	148.12	307.97	151.15	314.25
50,000	117.23	245.31	138.42	289.64	141.24	295.55
55,000	109.78	231.48	129.61	273.31	132.26	278.89
60,000	103.77	220.34	122.53	260.16	125.03	265.47
65,000	97.78	209.43	115.45	247.28	117.81	252.32
70,000	92.39	199.61	109.09	235.69	111.31	240.50
75,000	87.96	191.55	103.86	226.17	105.98	230.79
80,000	83.53	183.76	98.62	216.97	100.63	221.40
85,000	79.36	176.43	93.70	208.31	95.61	212.57
90,000	75.58	169.80	89.24	200.49	91.06	204.58
95,000	72.13	163.74	85.17	193.33	86.91	197.27
100,000	69.00	158.24	81.47	186.84	83.14	190.65
105,000	66.05	152.92	77.99	180.55	79.58	184.24
110,000	63.27	147.91	74.71	174.64	76.23	178.21
115,000	60.76	143.39	71.74	169.30	73.20	172.75
120,000	58.46	139.25	69.03	164.41	70.43	167.77
125,000	56.38	135.49	66.56	159.98	67.92	163.24
130,000	54.24	131.16	64.05	154.87	65.35	158.03
135,000	52.24	127.09	61.68	150.06	62.94	153.13
140,000	50.42	123.41	59.53	145.72	60.75	148.69
145,000	48.76	120.05	57.57	141.74	58.75	144.64
150,000	47.26	117.00	55.80	138.14	56.94	140.96
155,000	45.79	114.02	54.07	134.62	55.17	137.37
160,000	44.38	111.14	52.40	131.23	53.47	133.90
165,000	43.00	108.34	50.78	127.92	51.81	130.53
170,000	41.68	105.64	49.21	124.73	50.21	127.27
175,000	40.45	103.13	47.76	121.77	48.73	124.26
180,000	39.23	100.66	46.32	118.85	47.27	121.27

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
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Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
185,000	38.06	98.28	44.94	116.04	45.86	118.41
190,000	36.99	96.10	43.68	113.47	44.57	115.79
195,000	35.96	94.00	42.46	110.99	43.33	113.26
200,000	34.97	91.98	41.29	108.60	42.13	110.81
205,000	34.02	89.94	40.17	106.19	40.99	108.36
210,000	33.11	87.97	39.09	103.86	39.89	105.98
215,000	32.22	86.05	38.04	101.60	38.82	103.67
220,000	31.36	84.20	37.03	99.41	37.79	101.44
225,000	30.57	82.48	36.10	97.39	36.83	99.38
230,000	29.79	80.79	35.17	95.39	35.89	97.33
235,000	29.03	79.16	34.28	93.47	34.98	95.37
240,000	28.34	77.67	33.46	91.71	34.15	93.58
245,000	27.67	76.23	32.68	90.01	33.34	91.84
250,000	27.03	74.84	31.92	88.37	32.57	90.17
275,000	24.01	67.88	28.35	80.15	28.92	81.78
300,000	21.57	62.27	25.47	73.53	25.99	75.03
325,000	19.53	57.44	23.06	67.82	23.53	69.20
350,000	17.69	53.07	20.88	62.66	21.31	63.94
375,000	16.02	49.12	18.91	58.00	19.30	59.18
400,000	14.56	45.66	17.19	53.92	17.54	55.02
425,000	13.39	42.47	15.81	50.14	16.13	51.16
450,000	12.33	39.57	14.56	46.73	14.85	47.68
475,000	11.37	36.96	13.43	43.64	13.70	44.53
500,000	10.54	34.67	12.44	40.94	12.69	41.77
550,000	9.19	30.24	10.85	35.70	11.07	36.43
600,000	8.08	26.58	9.54	31.39	9.73	32.03
650,000	7.14	23.49	8.43	27.74	8.60	28.30
700,000	6.34	20.85	7.48	24.62	7.63	25.12
750,000	5.66	18.61	6.68	21.97	6.81	22.42
800,000	5.06	16.65	5.97	19.66	6.10	20.06
900,000	4.10	13.49	4.84	15.93	4.94	16.25
1,000,000	3.37	11.09	3.98	13.09	4.06	13.36
1,250,000	2.19	7.19	2.58	8.49	2.63	8.67
1,500,000	1.51	4.98	1.79	5.88	1.82	6.00
2,000,000	0.85	2.81	1.01	3.31	1.03	3.38
2,500,000	0.55	1.82	0.65	2.14	0.66	2.19
3,000,000	0.37	1.23	0.44	1.45	0.45	1.48
4,000,000	0.22	0.71	0.25	0.84	0.26	0.85
5,000,000	0.15	0.50	0.18	0.58	0.18	0.60
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
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Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
			AREA F			
$ 5,000	$410.53	$777.49	$484.72	$918.00	$494.61	$936.73
7,500	355.06	679.34	419.23	802.11	427.79	818.48
10,000	310.41	600.32	366.51	708.81	373.99	723.28
12,500	282.17	549.29	333.16	648.55	339.96	661.79
15,000	259.43	508.20	306.32	600.04	312.57	612.29
17,500	239.30	472.40	282.55	557.78	288.31	569.16
20,000	223.09	443.59	263.41	523.75	268.79	534.44
22,500	209.47	417.95	247.33	493.49	252.37	503.56
25,000	198.50	397.32	234.38	469.12	239.16	478.69
30,000	179.67	357.56	212.14	422.17	216.47	430.79
35,000	163.43	331.47	192.96	391.37	196.90	399.36
40,000	150.35	310.47	177.52	366.58	181.14	374.06
45,000	139.04	289.11	164.16	341.36	167.51	348.32
50,000	129.93	271.91	153.41	321.05	156.54	327.61
55,000	121.66	256.59	143.65	302.96	146.58	309.14
60,000	115.01	244.25	135.80	288.39	138.57	294.27
65,000	108.70	232.84	128.34	274.92	130.96	280.53
70,000	103.01	222.58	121.63	262.81	124.11	268.17
75,000	98.34	214.16	116.11	252.86	118.48	258.02
80,000	93.38	205.44	110.26	242.57	112.51	247.52
85,000	88.72	197.25	104.75	232.90	106.89	237.65
90,000	84.50	189.84	99.77	224.14	101.81	228.72
95,000	80.64	183.06	95.22	216.14	97.16	220.55
100,000	77.15	176.91	91.09	208.89	92.95	213.15
105,000	73.84	170.96	87.19	201.86	88.97	205.98
110,000	70.74	165.37	83.52	195.25	85.23	199.24
115,000	67.93	160.30	80.20	189.28	81.84	193.14
120,000	65.36	155.68	77.17	183.81	78.74	187.56
125,000	63.03	151.48	74.42	178.86	75.94	182.51
130,000	60.64	146.64	71.60	173.14	73.06	176.68
135,000	58.40	142.09	68.95	167.77	70.36	171.19
140,000	56.37	137.98	66.56	162.91	67.92	166.24
145,000	54.52	134.21	64.37	158.47	65.68	161.70
150,000	52.83	130.80	62.38	154.44	63.65	157.59
155,000	51.20	127.47	60.45	150.51	61.68	153.58
160,000	49.62	124.26	58.59	146.71	59.78	149.71
165,000	48.08	121.12	56.77	143.01	57.93	145.93
170,000	46.60	118.10	55.02	139.45	56.14	142.29
175,000	45.22	115.30	53.39	136.14	54.48	138.92
180,000	43.86	112.54	51.79	132.87	52.84	135.58

Specific Stop Loss – Net Monthly Premium Rates, Unlimited Maximum – 2013
TYPE III – Automatic Renewal –
Actively at Work Provision Waived, Coverage for Disabled Persons

Specific Stop Loss Deductible	Incurred in 12 Months Paid in 12 Months		Paid in 12 Months		Incurred in 12 Months Paid in 15 Months	
	Employee	Composite Dependent	Employee	Composite Dependent	Employee	Composite Dependent
185,000	42.56	109.88	50.25	129.74	51.27	132.38
190,000	41.36	107.44	48.83	126.86	49.83	129.45
195,000	40.21	105.09	47.47	124.09	48.44	126.62
200,000	39.09	102.83	46.16	121.41	47.10	123.89
205,000	38.04	100.55	44.91	118.72	45.83	121.14
210,000	37.02	98.35	43.71	116.12	44.60	118.49
215,000	36.02	96.20	42.53	113.59	43.40	115.90
220,000	35.07	94.13	41.40	111.14	42.25	113.41
225,000	34.18	92.22	40.36	108.88	41.18	111.10
230,000	33.30	90.32	39.32	106.64	40.12	108.82
235,000	32.46	88.50	38.32	104.49	39.11	106.63
240,000	31.69	86.83	37.41	102.53	38.18	104.62
245,000	30.94	85.22	36.53	100.63	37.28	102.68
250,000	30.22	83.67	35.68	98.79	36.41	100.81
275,000	26.84	75.89	31.69	89.60	32.34	91.43
300,000	24.12	69.62	28.48	82.20	29.06	83.88
325,000	21.84	64.22	25.78	75.82	26.31	77.37
350,000	19.77	59.33	23.35	70.06	23.82	71.49
375,000	17.91	54.91	21.14	64.84	21.57	66.16
400,000	16.27	51.05	19.21	60.28	19.61	61.51
425,000	14.97	47.48	17.67	56.06	18.03	57.20
450,000	13.78	44.24	16.27	52.24	16.61	53.31
475,000	12.71	41.32	15.01	48.79	15.32	49.78
500,000	11.78	38.76	13.91	45.77	14.19	46.70
550,000	10.27	33.81	12.13	39.91	12.38	40.73
600,000	9.03	29.72	10.66	35.09	10.88	35.80
650,000	7.98	26.26	9.42	31.01	9.62	31.64
700,000	7.08	23.31	8.36	27.52	8.53	28.08
750,000	6.32	20.81	7.47	24.57	7.62	25.07
800,000	5.66	18.62	6.68	21.98	6.82	22.43
900,000	4.58	15.08	5.41	17.81	5.52	18.17
1,000,000	3.77	12.39	4.45	14.63	4.54	14.93
1,250,000	2.44	8.04	2.89	9.50	2.94	9.69
1,500,000	1.69	5.56	2.00	6.57	2.04	6.70
2,000,000	0.95	3.14	1.13	3.71	1.15	3.78
2,500,000	0.62	2.03	0.73	2.40	0.74	2.45
3,000,000	0.42	1.37	0.49	1.62	0.50	1.65
4,000,000	0.24	0.79	0.28	0.93	0.29	0.95
5,000,000	0.17	0.55	0.20	0.65	0.20	0.67
10,000,000	0.00	0.00	0.00	0.00	0.00	0.00

II.B. APPENDIX

This Appendix contains the full list of mental health and substance abuse rate adjustment tables. In 2009 and prior manuals this material was listed in Section II.

Mental Health Adjustments to Manual Net Monthly Premiums
50% Ultimate Inpatient Mental Health Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-2.3%	-2.1%	-1.9%	-1.6%	-1.4%	-1.3%	-1.2%	-1.2%	-1.2%	-1.1%
10,000	-2.8%	-2.6%	-2.4%	-2.1%	-1.9%	-1.7%	-1.6%	-1.6%	-1.5%	-1.5%
15,000	-2.9%	-2.7%	-2.5%	-2.2%	-2.0%	-1.9%	-1.7%	-1.7%	-1.6%	-1.5%
20,000	-3.1%	-2.9%	-2.8%	-2.6%	-2.4%	-2.2%	-2.0%	-1.9%	-1.9%	-1.8%
25,000	-3.1%	-3.0%	-2.9%	-2.7%	-2.6%	-2.4%	-2.2%	-2.2%	-2.1%	-2.0%
30,000	-3.1%	-3.1%	-3.0%	-3.0%	-2.9%	-2.7%	-2.5%	-2.4%	-2.3%	-2.2%
40,000	-2.8%	-2.8%	-2.8%	-2.8%	-2.8%	-2.6%	-2.3%	-2.2%	-2.1%	-2.0%
50,000	-2.2%	-2.2%	-2.2%	-2.2%	-2.2%	-2.2%	-1.9%	-1.8%	-1.8%	-1.6%
60,000	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.0%	-2.0%	-1.8%
75,000	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.8%	-1.6%
100,000	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.1%
125,000	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%
150,000	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Mental Health Adjustments to Manual Net Monthly Premiums
60% Ultimate Inpatient Mental Health Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-2.3%	-2.1%	-1.8%	-1.6%	-1.3%	-1.2%	-1.0%	-1.0%	-1.0%	-0.9%
10,000	-2.8%	-2.5%	-2.3%	-2.0%	-1.7%	-1.5%	-1.4%	-1.3%	-1.3%	-1.2%
15,000	-2.9%	-2.6%	-2.4%	-2.1%	-1.8%	-1.6%	-1.4%	-1.4%	-1.3%	-1.2%
20,000	-3.1%	-2.9%	-2.6%	-2.4%	-2.1%	-1.9%	-1.7%	-1.6%	-1.6%	-1.4%
25,000	-3.1%	-2.9%	-2.8%	-2.6%	-2.4%	-2.1%	-1.9%	-1.8%	-1.7%	-1.6%
30,000	-3.1%	-3.0%	-2.9%	-2.7%	-2.6%	-2.4%	-2.1%	-2.0%	-1.9%	-1.8%
40,000	-2.8%	-2.8%	-2.8%	-2.7%	-2.7%	-2.4%	-2.1%	-2.0%	-1.9%	-1.7%
50,000	-2.2%	-2.2%	-2.2%	-2.2%	-2.2%	-2.1%	-1.7%	-1.6%	-1.5%	-1.3%
60,000	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-1.9%	-1.7%	-1.7%	-1.4%
75,000	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.8%	-1.7%	-1.5%
100,000	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-0.9%
125,000	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%
150,000	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Mental Health Adjustments to Manual Net Monthly Premiums
70% Ultimate Inpatient Mental Health Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-2.3%	-2.0%	-1.7%	-1.4%	-1.1%	-1.0%	-0.8%	-0.8%	-0.8%	-0.7%
10,000	-2.8%	-2.5%	-2.2%	-1.8%	-1.5%	-1.3%	-1.1%	-1.0%	-1.0%	-0.9%
15,000	-2.9%	-2.6%	-2.3%	-1.9%	-1.6%	-1.4%	-1.2%	-1.1%	-1.0%	-0.9%
20,000	-3.1%	-2.8%	-2.5%	-2.2%	-1.9%	-1.6%	-1.4%	-1.3%	-1.2%	-1.1%
25,000	-3.1%	-2.9%	-2.6%	-2.4%	-2.1%	-1.8%	-1.5%	-1.4%	-1.4%	-1.2%
30,000	-3.1%	-2.9%	-2.7%	-2.5%	-2.3%	-2.0%	-1.7%	-1.6%	-1.5%	-1.3%
40,000	-2.8%	-2.8%	-2.7%	-2.7%	-2.6%	-2.2%	-1.8%	-1.7%	-1.6%	-1.4%
50,000	-2.2%	-2.2%	-2.2%	-2.2%	-2.2%	-1.9%	-1.4%	-1.3%	-1.2%	-1.0%
60,000	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-1.6%	-1.4%	-1.3%	-1.1%
75,000	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.8%	-1.7%	-1.5%	-1.2%
100,000	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.1%	-0.7%
125,000	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.7%
150,000	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Mental Health Adjustments to Manual Net Monthly Premiums
80% Ultimate Inpatient Mental Health Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-2.3%	-2.0%	-1.7%	-1.3%	-1.0%	-0.8%	-0.6%	-0.6%	-0.5%	-0.5%
10,000	-2.8%	-2.4%	-2.1%	-1.7%	-1.3%	-1.0%	-0.8%	-0.8%	-0.7%	-0.6%
15,000	-2.9%	-2.5%	-2.2%	-1.8%	-1.4%	-1.1%	-0.9%	-0.8%	-0.8%	-0.6%
20,000	-3.1%	-2.7%	-2.4%	-2.0%	-1.6%	-1.3%	-1.0%	-0.9%	-0.9%	-0.7%
25,000	-3.1%	-2.8%	-2.5%	-2.1%	-1.8%	-1.5%	-1.2%	-1.1%	-1.0%	-0.8%
30,000	-3.1%	-2.8%	-2.6%	-2.3%	-2.0%	-1.7%	-1.3%	-1.2%	-1.1%	-0.9%
40,000	-2.8%	-2.7%	-2.6%	-2.5%	-2.4%	-1.9%	-1.5%	-1.4%	-1.3%	-1.0%
50,000	-2.2%	-2.2%	-2.2%	-2.2%	-2.2%	-1.7%	-1.2%	-1.0%	-0.9%	-0.6%
60,000	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-1.9%	-1.3%	-1.1%	-1.0%	-0.7%
75,000	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.5%	-1.3%	-1.2%	-0.8%
100,000	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.1%	-1.0%	-0.5%
125,000	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.4%
150,000	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.5%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Mental Health Adjustments to Manual Net Monthly Premiums
90% Ultimate Inpatient Mental Health Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-2.3%	-1.9%	-1.6%	-1.2%	-0.8%	-0.6%	-0.4%	-0.4%	-0.3%	-0.2%
10,000	-2.8%	-2.4%	-1.9%	-1.5%	-1.0%	-0.8%	-0.6%	-0.5%	-0.4%	-0.3%
15,000	-2.9%	-2.5%	-2.1%	-1.6%	-1.2%	-0.9%	-0.6%	-0.5%	-0.5%	-0.3%
20,000	-3.1%	-2.7%	-2.3%	-1.8%	-1.4%	-1.0%	-0.7%	-0.6%	-0.5%	-0.4%
25,000	-3.1%	-2.7%	-2.4%	-2.0%	-1.6%	-1.2%	-0.8%	-0.7%	-0.6%	-0.4%
30,000	-3.1%	-2.8%	-2.4%	-2.1%	-1.7%	-1.3%	-0.9%	-0.8%	-0.7%	-0.4%
40,000	-2.8%	-2.6%	-2.4%	-2.2%	-2.0%	-1.5%	-1.0%	-0.9%	-0.8%	-0.5%
50,000	-2.2%	-2.2%	-2.2%	-2.1%	-2.1%	-1.5%	-0.9%	-0.7%	-0.6%	-0.3%
60,000	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-1.7%	-1.0%	-0.8%	-0.7%	-0.4%
75,000	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.2%	-1.0%	-0.8%	-0.4%
100,000	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.0%	-0.8%	-0.4%
125,000	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.8%	-0.2%
150,000	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.3%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Mental Health Adjustments to Manual Net Monthly Premiums
100% Ultimate Inpatient Mental Health Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-2.3%	-1.9%	-1.5%	-1.0%	-0.6%	-0.4%	-0.2%	-0.2%	-0.1%	0.0%
10,000	-2.8%	-2.3%	-1.8%	-1.3%	-0.8%	-0.6%	-0.3%	-0.2%	-0.1%	0.0%
15,000	-2.9%	-2.4%	-2.0%	-1.5%	-1.0%	-0.7%	-0.3%	-0.2%	-0.2%	0.0%
20,000	-3.1%	-2.6%	-2.1%	-1.6%	-1.1%	-0.8%	-0.4%	-0.3%	-0.2%	0.0%
25,000	-3.1%	-2.7%	-2.2%	-1.8%	-1.3%	-0.9%	-0.4%	-0.3%	-0.2%	0.0%
30,000	-3.1%	-2.7%	-2.3%	-1.8%	-1.4%	-1.0%	-0.5%	-0.3%	-0.2%	0.0%
40,000	-2.8%	-2.5%	-2.3%	-2.0%	-1.7%	-1.1%	-0.6%	-0.4%	-0.3%	0.0%
50,000	-2.2%	-2.1%	-2.1%	-2.0%	-1.9%	-1.3%	-0.7%	-0.5%	-0.3%	0.0%
60,000	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-1.5%	-0.7%	-0.5%	-0.4%	0.0%
75,000	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.7%	-0.9%	-0.6%	-0.4%	0.0%
100,000	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.0%	-0.8%	-0.5%	0.0%
125,000	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.6%	0.0%
150,000	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	0.0%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Substance Abuse Adjustments to Manual Net Monthly Premiums
50% Ultimate Inpatient Substance Abuse Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-0.9%	-0.8%	-0.8%	-0.6%	-0.6%	-0.5%	-0.5%	-0.5%	-0.5%	-0.4%
10,000	-1.1%	-1.0%	-1.0%	-0.8%	-0.8%	-0.7%	-0.6%	-0.6%	-0.6%	-0.6%
15,000	-1.2%	-1.1%	-1.0%	-0.9%	-0.8%	-0.8%	-0.7%	-0.7%	-0.6%	-0.6%
20,000	-1.2%	-1.2%	-1.1%	-1.0%	-1.0%	-0.9%	-0.8%	-0.8%	-0.8%	-0.7%
25,000	-1.2%	-1.2%	-1.2%	-1.1%	-1.0%	-1.0%	-0.9%	-0.9%	-0.8%	-0.8%
30,000	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.1%	-1.0%	-1.0%	-0.9%	-0.9%
40,000	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.0%	-0.9%	-0.9%	-0.8%	-0.8%
50,000	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.8%	-0.7%	-0.7%	-0.6%
60,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.7%
75,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.7%	-0.6%
100,000	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.4%
125,000	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
150,000	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Substance Abuse Adjustments to Manual Net Monthly Premiums
60% Ultimate Inpatient Substance Abuse Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-0.9%	-0.8%	-0.7%	-0.6%	-0.5%	-0.5%	-0.4%	-0.4%	-0.4%	-0.4%
10,000	-1.1%	-1.0%	-0.9%	-0.8%	-0.7%	-0.6%	-0.6%	-0.5%	-0.5%	-0.5%
15,000	-1.2%	-1.0%	-1.0%	-0.8%	-0.7%	-0.6%	-0.6%	-0.6%	-0.5%	-0.5%
20,000	-1.2%	-1.2%	-1.0%	-1.0%	-0.8%	-0.8%	-0.7%	-0.6%	-0.6%	-0.6%
25,000	-1.2%	-1.2%	-1.1%	-1.0%	-1.0%	-0.8%	-0.8%	-0.7%	-0.7%	-0.6%
30,000	-1.2%	-1.2%	-1.2%	-1.1%	-1.0%	-1.0%	-0.8%	-0.8%	-0.8%	-0.7%
40,000	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.0%	-0.8%	-0.8%	-0.8%	-0.7%
50,000	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.8%	-0.7%	-0.6%	-0.6%	-0.5%
60,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.7%	-0.7%	-0.6%
75,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.7%	-0.7%	-0.6%
100,000	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.4%
125,000	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
150,000	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Substance Abuse Adjustments to Manual Net Monthly Premiums
70% Ultimate Inpatient Substance Abuse Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-0.9%	-0.8%	-0.7%	-0.6%	-0.4%	-0.4%	-0.3%	-0.3%	-0.3%	-0.3%
10,000	-1.1%	-1.0%	-0.9%	-0.7%	-0.6%	-0.5%	-0.4%	-0.4%	-0.4%	-0.4%
15,000	-1.2%	-1.0%	-0.9%	-0.8%	-0.6%	-0.6%	-0.5%	-0.4%	-0.4%	-0.4%
20,000	-1.2%	-1.1%	-1.0%	-0.9%	-0.8%	-0.6%	-0.6%	-0.5%	-0.5%	-0.4%
25,000	-1.2%	-1.2%	-1.0%	-1.0%	-0.8%	-0.7%	-0.6%	-0.6%	-0.6%	-0.5%
30,000	-1.2%	-1.2%	-1.1%	-1.0%	-0.9%	-0.8%	-0.7%	-0.6%	-0.6%	-0.5%
40,000	-1.1%	-1.1%	-1.1%	-1.1%	-1.0%	-0.9%	-0.7%	-0.7%	-0.6%	-0.6%
50,000	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.8%	-0.6%	-0.5%	-0.5%	-0.4%
60,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.6%	-0.6%	-0.5%	-0.4%
75,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.7%	-0.7%	-0.6%	-0.5%
100,000	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.4%	-0.3%
125,000	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.3%
150,000	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Substance Abuse Adjustments to Manual Net Monthly Premiums
80% Ultimate Inpatient Substance Abuse Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-0.9%	-0.8%	-0.7%	-0.5%	-0.4%	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%
10,000	-1.1%	-1.0%	-0.8%	-0.7%	-0.5%	-0.4%	-0.3%	-0.3%	-0.3%	-0.2%
15,000	-1.2%	-1.0%	-0.9%	-0.7%	-0.6%	-0.4%	-0.4%	-0.3%	-0.3%	-0.2%
20,000	-1.2%	-1.1%	-1.0%	-0.8%	-0.6%	-0.5%	-0.4%	-0.4%	-0.4%	-0.3%
25,000	-1.2%	-1.1%	-1.0%	-0.8%	-0.7%	-0.6%	-0.5%	-0.4%	-0.4%	-0.3%
30,000	-1.2%	-1.1%	-1.0%	-0.9%	-0.8%	-0.7%	-0.5%	-0.5%	-0.4%	-0.4%
40,000	-1.1%	-1.1%	-1.0%	-1.0%	-1.0%	-0.8%	-0.6%	-0.6%	-0.5%	-0.4%
50,000	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.7%	-0.5%	-0.4%	-0.4%	-0.2%
60,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.5%	-0.4%	-0.4%	-0.3%
75,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.6%	-0.5%	-0.5%	-0.3%
100,000	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.4%	-0.4%	-0.2%
125,000	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.2%
150,000	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.2%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Substance Abuse Adjustments to Manual Net Monthly Premiums
90% Ultimate Inpatient Substance Abuse Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-0.9%	-0.8%	-0.6%	-0.5%	-0.3%	-0.2%	-0.2%	-0.2%	-0.1%	-0.1%
10,000	-1.1%	-1.0%	-0.8%	-0.6%	-0.4%	-0.3%	-0.2%	-0.2%	-0.2%	-0.1%
15,000	-1.2%	-1.0%	-0.8%	-0.6%	-0.5%	-0.4%	-0.2%	-0.2%	-0.2%	-0.1%
20,000	-1.2%	-1.1%	-0.9%	-0.7%	-0.6%	-0.4%	-0.3%	-0.2%	-0.2%	-0.2%
25,000	-1.2%	-1.1%	-1.0%	-0.8%	-0.6%	-0.5%	-0.3%	-0.3%	-0.2%	-0.2%
30,000	-1.2%	-1.1%	-1.0%	-0.8%	-0.7%	-0.5%	-0.4%	-0.3%	-0.3%	-0.2%
40,000	-1.1%	-1.0%	-1.0%	-0.9%	-0.8%	-0.6%	-0.4%	-0.4%	-0.3%	-0.2%
50,000	-0.9%	-0.9%	-0.9%	-0.8%	-0.8%	-0.6%	-0.4%	-0.3%	-0.2%	-0.1%
60,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.7%	-0.4%	-0.3%	-0.3%	-0.2%
75,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.5%	-0.4%	-0.3%	-0.2%
100,000	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.4%	-0.3%	-0.2%
125,000	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.3%	-0.1%
150,000	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.1%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

Substance Abuse Adjustments to Manual Net Monthly Premiums
100% Ultimate Inpatient Substance Abuse Coinsurance

Specific Stop Loss Deductible	Inpatient Confinement Day Limit									
	0 Days	5 Days	10 Days	15 Days	20 Days	30 Days	40 Days	50 Days	60 Days	SAAO *
$ 5,000	-0.9%	-0.8%	-0.6%	-0.4%	-0.2%	-0.2%	-0.1%	-0.1%	0.0%	0.0%
10,000	-1.1%	-0.9%	-0.7%	-0.5%	-0.3%	-0.2%	-0.1%	-0.1%	0.0%	0.0%
15,000	-1.2%	-1.0%	-0.8%	-0.6%	-0.4%	-0.3%	-0.1%	-0.1%	-0.1%	0.0%
20,000	-1.2%	-1.0%	-0.8%	-0.6%	-0.4%	-0.3%	-0.2%	-0.1%	-0.1%	0.0%
25,000	-1.2%	-1.1%	-0.9%	-0.7%	-0.5%	-0.4%	-0.2%	-0.1%	-0.1%	0.0%
30,000	-1.2%	-1.1%	-0.9%	-0.7%	-0.6%	-0.4%	-0.2%	-0.1%	-0.1%	0.0%
40,000	-1.1%	-1.0%	-0.9%	-0.8%	-0.7%	-0.4%	-0.2%	-0.2%	-0.1%	0.0%
50,000	-0.9%	-0.8%	-0.8%	-0.8%	-0.8%	-0.5%	-0.3%	-0.2%	-0.1%	0.0%
60,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.6%	-0.3%	-0.2%	-0.2%	0.0%
75,000	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.7%	-0.4%	-0.2%	-0.2%	0.0%
100,000	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.4%	-0.3%	-0.2%	0.0%
125,000	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.2%	0.0%
150,000	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	0.0%
200,000+	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

*Same as any other

II.C. APPENDIX

This appendix contains documentation of the out-of-pocket adjustment (line 1B) and the maximum benefit adjustment (line 5).

A. Introduction

The calculations are explained by example. The example uses employee rates. Dependent rates are not shown but the calculations are identical.

The following table shows selected stop loss rates with unlimited maximum. The rates are listed at the end of Section II and in Appendix II.A. Note that several rates in this table are obtained by linear interpolation of the surrounding values (interpolated values are in bold type). Type II, Area E, 15/12 employee rates are used throughout this example.

Table 1

Stop Loss Cost – Unlimited Maximum
Area E, Type II, 15/12 Contract
100% Excess Expense Level

Specific Stop Loss Deductible	Total Expense Level*	Employee Net Monthly Premium
$25,000	$26,200	$186.97
	26,500	185.68
30,000	31,200	165.53
35,000	36,200	148.28
	36,214	148.24
40,000	41,200	134.39
45,000	46,200	122.97
	50,500	115.07
50,000	51,200	113.78
2,000,000	2,001,200	0.81
	2,001,500	0.81
	2,015,500	0.80
2,500,000	2,501,200	0.53

*Total Expense Level equals specific stop loss deductible plus $1,200 out-of-pocket.

B. Self-Funded Plan Design

	In-Network	Out-of-Network
Deductible	$500	$500
Coinsurance	90% of the first $10,000 after the deductible then 100%	70% of the first $50,000 after the deductible then 100%
Annual Maximum	$2,000,000	

C. Stop Loss Coverage

Specific Deductible	$25,000
Annual Maximum	$2,000,000 (including the specific deductible)
Contract Type	15/12

D. Stop Loss Rating Assumptions

Use Type II Rates	
PPO Participation	80% (in-network utilization)
Area E	

E. Calculation Details

E.1. Line 1

Type II, 12/15 tabular rates (unlimited maximum) are shown in the tables and Appendix at the end of Section II.

Line 1 = 186.97

E.2. Lines 1A and 2

E.2.1. Line 2 In-Network

The in-network out-of-pocket is $1,500:

$500	deductible
1,000	coinsurance out-of-pocket
$1,500	total out-of-pocket

Since the specific deductible is $25,000, the total cost including the out-of-pocket is $26,500. The value from Table 1 is $185.68.

E.2.2. Line 2 Out-of-Network

The situation is more complex out-of-network. The large coinsurance corridor creates the situation where the stop loss pays 70% for total expenses in the corridor from $36,214 to $50,500.

Table 2

Total Cost Corridor	Stop Loss Reimbursement Percentage
$0 - $36,214*	0%
36,214 – 50,500	70%
50,500 +	100%

*$36,214 = $500 deductible + $25,000 specific deductible / 70%.

Table 3

Out-of-Network Cost

$148.24	Table 1 @ $36,214
-115.07	Table 1 @ $50,500
33.17	
x.70	Coinsurance Percentage
23.22	1st Corridor Cost = A
115.07	Table 1 @ $50,500 = B
$138.29	Total Cost = A + B

E.2.3. Line 2 Combined In- and Out-of-Network

The PPO participation is 80%. The in-network and out-of-network costs with unlimited annual maximum are combined using the PPO participation assumption.

Table 4

Line 2 Rate Calculation

$185.68	E.2.1
x.80	PPO Participation
148.54	A
138.29	Table 3
x.20	1 – PPO Participation
27.66	B
$176.20	A + B = Line 2

E.2.4. Line 1A

The Line 1A (OOP adjustment) is simply the difference between Line 2 and Line 1.

Table 5

Line 1A Rate Calculation

$176.20	Line 2
-186.97	Line 1
$-10.77	Line 1A

E.3. Line 5 Annual Maximum Benefit Adjustment

E.3.1. Line 5 In-Network

The annual maximum is $2,000,000. The in-network out-of-pocket is $1,500. The Table 1 cost for 2,001,500 is $0.81 and the maximum adjustment is -$0.81.

E.3.2. Line 5 Out-of-Network

The out-of-network out-of-pocket is $15,500. The Table 1 cost for $2,015,500 is $0.80 and the maximum adjustment is -$0.80.

E.3.3. Line 5 Combined In- and Out-of-Network

Table 6

Line 5 Rate Adjustment Calculation

-$0.81	E.3.1
x.80	PPO Participation
-0.65	A
-$0.80	E.3.2
x.20	1 – PPO Participation
-0.16	B
-$0.81	A + B = Line 5

II.D APPENDIX

This appendix contains information on Specific Terminal Liability. This provision extends the payment period for the specific excess loss coverage for 3 months beyond the expiration date of the stop loss policy. It is sold to self funded policyholders that are terminating their self-funded plan.

Rate Adjustment

Rate adjustments for specific terminal liability vary by contract type. Note that this coverage would not be sold in conjunction with a 12/15 or other run-out contracts.

Specific Terminal Liability

Rate Adjustment Factor

Contract Type	Adjustment Factor[1]
12 / 12	1.205
15/12 and other run-in contracts	1.170

[1] **This rate adjustment is not contained in the accompanying software.**

III. AGGREGATING SPECIFIC STOP LOSS

Description

Carriers may offer a premium reduction when a group elects a stop loss program with a specific deductible per person, but reimbursement is not made for eligible amounts until an aggregate deductible is accumulated.

For example, a group might have a $50,000 deductible per person and an aggregate deductible of $40,000. Should there be only one claim exceeding the $50,000 deductible, say a claim of $150,000, the amount of eligible excess over the specific stop loss deductible is $100,000. Against this amount, the aggregate deductible of $40,000 is applied so the reimbursement to the plan sponsor is $60,000. Should there be several claims in excess of the $50,000 deductible, say claims for $62,000, $91,000, and $85,000, the total amount eligible would be the sum of $12,000, $41,000, and $35,000, or $88,000. Against this amount, the aggregate deductible of $40,000 would be applied so that the plan sponsor would be reimbursed $48,000.

For many groups, there will be no claims in excess of the specific stop loss deductible in a particular year, so that the net cost reduction can never be equal to the full amount of the aggregate deductible. However, because of the retention element in the gross premium, there can be particular combinations of group sizes, specific stop loss deductibles and aggregate deductibles such that the reduction in gross premium equals or exceeds the aggregate deductible. This is especially true when a group has a specific stop loss deductible that is low compared to the expected claims. The reverse is also true. That is, there is only a small reduction when a group has a large specific stop loss deductible compared to its total expected claims.

The tables in Section III contain percentage reductions in the net annual specific stop loss premiums for various levels of aggregating specific deductibles. The factors also vary by area, group size, age/gender, PPO discount, and specific stop loss deductible. The factors are based on a Monte Carlo simulation of Towers Watson's medical expense continuance tables with the claims excess of the specific stop loss deductibles subject to the aggregate deductibles shown.

One can interpolate between specific deductible amounts, aggregate deductible amounts, and group sizes. The interpolation for group sizes should be based on a straight line method between dollar amounts of savings for the applicable group sizes. A sample worksheet and example are shown in Section III to illustrate the technique that is employed in the accompanying software.

Because percentages are used, there is a possibility that for a group with a high net monthly specific stop loss premium, the calculation might produce a net reduction in cost that exceeds the aggregating deductible. In both theory and actuality, that is impossible, so the maximum shown on lines 12 and 15 of the calculation worksheet must not exceed the aggregating deductible on line 2. Many carriers will not want to allow the gross premium reduction on line 22 to exceed the aggregating deductible for practical business reasons, although in theory there could be such a reduction.

Adjustment for the Age/Gender and PPO Discount

The percentage reduction tabular values, for a given aggregating deductible level, vary by area, group size and specific deductible level as shown in the tables following the example.

The tabular values are adjusted for age/gender and PPO discount using the following formula:

A = Age/Gender Adjustment =
max {0, min [.07, (1 – Average (EE A/G, CD A/G) / 1.30) x .7]}
where EE A/G and CD A/G are the employee and composite dependent age/gender factors

B = PPO Adjustment =
max {0, min [.07, (.8 – PPO) x .7]}
where PPO is the PPO discount factor

The Adjustment Factor = A + B + 1.0

The calculation details of the adjustment factor for the example (Section II MGU Example) in this section is as follows.

EE A/G = 1.044
CD A/G = 1.068
PPO = .75

A = max {0, min [.07, (1 – Average (1.044, 1.068) / 1.30) x .7]}
= max {0, min [.07, (1 – .812) x .7]}
= max {0, min [.07, .132]}
= max {0, .07} = .07

B = max {0, min [.07, (.8 – .75) x .7]}
= max {0, min [.07, .05 x .7]}
= max {0, min [.07, .035]}
= max {0, .035} = .035

Adjustment Factor = 1.0 + .07 + .035 = 1.105

The percentage reduction tabular value for [100 lives; $50,000 specific deductible; $50,000 aggregating deductible; Area E] is 15.2% (see Area E table). The adjusted value is 1.105 x 15.2% = 16.8%.

Similarly, the adusted value for a 200 life group is: 1.105 x 8.6% = 9.5%.

Worksheet Example

AGGREGATING SPECIFIC STOP LOSS WORKSHEET
CALCULATION OF REDUCTION TO SPECIFIC STOP LOSS GROSS PREMIUM

This example uses the Employee and Composite Dependent net and gross monthly (MGU formula) premium rates worksheet example in Section II, including specifications and the tabular reduction factors for aggregating specific stop loss in Section III. The additional information needed is the aggregating deductible requested.

		Employee (a)	Dependent (b)
1.	Specific Stop Loss Deductible	$50,000	
2.	Aggregating Deductible	$50,000	
3.	Net Specific Stop Loss Rate	$101.45	$207.50
4.	Gross Specific Stop Loss Rate	$160.84	$328.98
5.	Constant Expense in (4)	0	0
6.	Number of Units	120	78
7.	Dependent Units as % of Employee Units	65%	
8.	Lower Number of Employees from Tables	100	
9.	Higher Number of Employees from Tables	200	
10.	Total Group Net Annual Specific Stop Loss Premium for Size in (8)	$283,590	
11.	Adjusted Tabular % Reduction for Size in (8)	16.8%	
12.	Net Cost Reduction for Size in (8)	$47,643	
13.	Net Specific Stop Loss Premium for Size in (9)	$567,180	
14.	Adjusted Tabular % Reduction for Size in (9)	9.5%	
15.	Net Cost Reduction for Size in (9)	$50,000	
16.	Net Cost Reduction for Actual Number of Employees (Interpolate (12) and (15))	$48,114	
17.	Net Annual Specific Stop Loss Premium for This Group	$340,308	
18.	Net Cost Reduction as a % of Total Net Stop Loss Premium = ((16) ÷ (17))	14.1%	
19.	Gross Annual Specific Stop Loss Premium for This Group (Before Reduction for Aggregating Specific)	$539,535	
20.	Constant Expense Amount in (19)	0	
21.	(19) – (20)	$539,535	
22.	Gross Premium Reduction for Aggregating Specific = ((18) x (21))	$76,074	
23.	Total Gross Premium with Aggregating Specific = ((19) – (22))	$463,461	
24.	Gross Premium Reduction per Employee/Dependent per Month	$22.68	$46.39

(10.) = $101.45 x 100 x 12 + $207.50 x 65 x 12

(12.) = (10) x (11) not to exceed (2)

(13.) $= \frac{200}{100} \times (10)$

(15.) = (13) x (14) not to exceed (2)

(16.) = .8 x (12) + .2 x (15)

(17.) $= \frac{120}{100} \times (10)$

(19.) = $160.84 x 120 x 12 + $328.98 x 78 x 12

(20.) = 120 x (5a) x 12 + 78 x (5b) x 12

(24.) $= \frac{(22)}{(19)} \times$ (4a) or (4b)

The gross premium reduction is $76,074. Some carriers in this circumstance would offer only a $50,000 reduction in gross premium or even a $47,500 reduction (95% of $50,000) for the aggregating deductible of $50,000.

Percentage Reduction to Specific Stop Loss Cost

Percentage Reduction to Specific Stop Loss Cost
Arising from an Aggregating Stop Loss Deductible

AREA A

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$10,000	$15,000	$20,000	$25,000	$30,000	$40,000	$50,000
25	$10,000	7.1%	10.5%	13.6%	16.6%	19.4%	24.5%	29.0%
25	$20,000	8.2%	11.8%	15.1%	18.1%	20.9%	26.0%	30.4%
25	$30,000	8.5%	12.2%	15.6%	18.8%	21.7%	26.8%	31.2%
25	$50,000	8.4%	11.9%	15.2%	18.2%	21.0%	26.0%	30.3%
50	$10,000	3.7%	5.6%	7.4%	9.2%	11.0%	14.6%	18.0%
50	$20,000	5.1%	7.5%	9.9%	12.2%	14.4%	18.5%	22.3%
50	$30,000	6.1%	8.8%	11.5%	14.0%	16.5%	20.9%	25.0%
50	$50,000	6.7%	9.7%	12.5%	15.2%	17.7%	22.3%	26.5%
50	$75,000	6.3%	9.1%	11.9%	14.5%	16.9%	21.2%	25.1%
50	$100,000	5.8%	8.4%	10.8%	13.0%	15.1%	18.9%	22.4%
100	$20,000	2.7%	4.0%	5.3%	6.7%	8.0%	10.6%	13.1%
100	$25,000	3.0%	4.6%	6.0%	7.5%	9.0%	11.9%	14.7%
100	$30,000	3.5%	5.1%	6.8%	8.5%	10.1%	13.3%	16.3%
100	$40,000	4.1%	6.0%	7.9%	9.8%	11.6%	15.1%	18.4%
100	$50,000	4.5%	6.7%	8.8%	10.8%	12.7%	16.4%	19.9%
100	$60,000	4.6%	6.8%	8.9%	11.0%	12.9%	16.7%	20.1%

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$20,000	$25,000	$30,000	$40,000	$50,000	$60,000	$75,000
200	$25,000	3.1%	3.8%	4.6%	6.1%	7.7%	9.2%	11.5%
200	$30,000	3.5%	4.4%	5.3%	7.0%	8.8%	10.5%	13.1%
200	$40,000	4.3%	5.4%	6.4%	8.6%	10.6%	12.7%	15.7%
200	$50,000	5.1%	6.3%	7.5%	9.9%	12.3%	14.6%	18.0%
200	$60,000	5.5%	6.8%	8.1%	10.7%	13.2%	15.6%	19.1%
500	$40,000	1.7%	2.2%	2.6%	3.5%	4.3%	5.2%	6.5%
500	$50,000	2.1%	2.6%	3.1%	4.1%	5.2%	6.2%	7.8%
500	$60,000	2.3%	2.9%	3.5%	4.6%	5.8%	7.0%	8.7%

Percentage Reduction to Specific Stop Loss Cost Arising from an Aggregating Stop Loss Deductible

AREA A

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$20,000	$25,000	$30,000	$40,000	$50,000	$60,000	$75,000
100	$75,000	9.4%	11.5%	13.5%	17.4%	20.8%	24.0%	28.3%
100	$100,000	9.2%	11.2%	13.1%	16.6%	19.9%	22.8%	26.8%
200	$75,000	6.3%	7.8%	9.2%	12.1%	14.8%	17.3%	21.0%
200	$100,000	6.8%	8.4%	9.9%	12.8%	15.6%	18.2%	21.8%
200	$125,000	6.7%	8.3%	9.7%	12.6%	15.2%	17.7%	21.2%
500	$75,000	2.8%	3.5%	4.2%	5.6%	6.9%	8.3%	10.3%
500	$100,000	3.4%	4.3%	5.1%	6.8%	8.4%	10.0%	12.4%
500	$125,000	3.9%	4.8%	5.7%	7.5%	9.3%	11.0%	13.5%
500	$150,000	4.2%	5.2%	6.2%	8.2%	10.0%	11.8%	14.4%
500	$200,000	4.4%	5.5%	6.5%	8.4%	10.3%	12.1%	14.7%
500	$250,000	4.4%	5.4%	6.4%	8.3%	10.2%	11.9%	14.3%

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$50,000	$75,000	$100,000	$125,000	$150,000	$175,000	$200,000
1,000	$75,000	3.5%	5.3%	7.0%	8.8%	10.5%	12.2%	14.0%
1,000	$100,000	4.4%	6.6%	8.8%	11.0%	13.2%	15.3%	17.4%
1,000	$125,000	5.2%	7.8%	10.3%	12.8%	15.2%	17.6%	19.9%
1,000	$150,000	6.1%	9.0%	11.8%	14.6%	17.2%	19.7%	22.1%
1,000	$200,000	7.2%	10.5%	13.6%	16.5%	19.3%	21.9%	24.3%
1,000	$250,000	7.8%	11.3%	14.5%	17.4%	20.1%	22.6%	24.9%
6,000	$150,000	1.1%	1.6%	2.1%	2.6%	3.2%	3.7%	4.2%
6,000	$200,000	1.4%	2.1%	2.8%	3.5%	4.2%	4.9%	5.5%
6,000	$250,000	1.8%	2.7%	3.5%	4.4%	5.3%	6.2%	7.1%
6,000	$300,000	2.2%	3.2%	4.3%	5.4%	6.4%	7.5%	8.5%
6,000	$400,000	2.9%	4.4%	5.8%	7.1%	8.4%	9.7%	11.0%
6,000	$500,000	3.4%	5.0%	6.5%	7.9%	9.3%	10.6%	11.8%
10,000	$150,000	0.6%	1.0%	1.3%	1.6%	1.9%	2.2%	2.5%
10,000	$200,000	0.8%	1.2%	1.7%	2.1%	2.5%	2.9%	3.3%
10,000	$250,000	1.1%	1.6%	2.1%	2.7%	3.2%	3.7%	4.3%
10,000	$300,000	1.3%	2.0%	2.6%	3.3%	3.9%	4.6%	5.2%
10,000	$400,000	1.9%	2.8%	3.7%	4.7%	5.6%	6.5%	7.3%
10,000	$500,000	2.4%	3.5%	4.7%	5.8%	6.8%	7.9%	8.9%

Percentage Reduction to Specific Stop Loss Cost Arising from an Aggregating Stop Loss Deductible

AREA C

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$10,000	$15,000	$20,000	$25,000	$30,000	$40,000	$50,000
25	$10,000	6.2%	9.1%	11.9%	14.6%	17.2%	21.9%	26.3%
25	$20,000	7.4%	10.6%	13.7%	16.5%	19.2%	24.1%	28.4%
25	$30,000	7.8%	11.3%	14.5%	17.4%	20.2%	25.1%	29.5%
25	$50,000	7.7%	11.1%	14.2%	17.2%	19.9%	24.7%	29.0%
50	$10,000	3.2%	4.8%	6.3%	7.9%	9.5%	12.6%	15.6%
50	$20,000	4.4%	6.5%	8.6%	10.6%	12.6%	16.3%	19.9%
50	$30,000	5.3%	7.8%	10.2%	12.5%	14.7%	18.8%	22.6%
50	$50,000	6.0%	8.8%	11.4%	13.9%	16.2%	20.6%	24.5%
50	$75,000	5.8%	8.5%	11.0%	13.4%	15.7%	19.9%	23.6%
50	$100,000	5.4%	7.9%	10.2%	12.4%	14.5%	18.3%	21.8%
100	$20,000	2.3%	3.4%	4.5%	5.7%	6.8%	9.0%	11.2%
100	$25,000	2.6%	3.9%	5.2%	6.4%	7.7%	10.2%	12.6%
100	$30,000	2.9%	4.4%	5.8%	7.2%	8.7%	11.4%	14.1%
100	$40,000	3.5%	5.2%	6.8%	8.4%	10.0%	13.1%	16.1%
100	$50,000	3.9%	5.8%	7.6%	9.4%	11.1%	14.4%	17.6%
100	$60,000	4.1%	6.0%	7.9%	9.7%	11.5%	14.9%	18.1%

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$20,000	$25,000	$30,000	$40,000	$50,000	$60,000	$75,000
200	$25,000	2.6%	3.3%	3.9%	5.2%	6.5%	7.8%	9.8%
200	$30,000	3.0%	3.7%	4.5%	6.0%	7.4%	8.9%	11.1%
200	$40,000	3.6%	4.5%	5.4%	7.2%	9.0%	10.8%	13.4%
200	$50,000	4.2%	5.3%	6.3%	8.4%	10.4%	12.4%	15.4%
200	$60,000	4.7%	5.8%	6.9%	9.2%	11.3%	13.5%	16.5%
500	$40,000	1.5%	1.8%	2.2%	2.9%	3.6%	4.4%	5.5%
500	$50,000	1.7%	2.2%	2.6%	3.5%	4.3%	5.2%	6.5%
500	$60,000	1.9%	2.4%	2.9%	3.9%	4.8%	5.8%	7.3%

Percentage Reduction to Specific Stop Loss Cost Arising from an Aggregating Stop Loss Deductible

AREA C

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$20,000	$25,000	$30,000	$40,000	$50,000	$60,000	$75,000
100	$75,000	8.4%	10.3%	12.2%	15.7%	18.9%	22.0%	26.1%
100	$100,000	8.4%	10.3%	12.1%	15.5%	18.6%	21.5%	25.5%
200	$75,000	5.3%	6.6%	7.9%	10.4%	12.8%	15.0%	18.3%
200	$100,000	5.9%	7.3%	8.7%	11.3%	13.8%	16.2%	19.6%
200	$125,000	6.1%	7.5%	8.9%	11.5%	13.9%	16.3%	19.6%
500	$75,000	2.3%	2.9%	3.5%	4.6%	5.8%	6.9%	8.6%
500	$100,000	2.9%	3.6%	4.3%	5.7%	7.1%	8.4%	10.5%
500	$125,000	3.3%	4.1%	4.9%	6.5%	8.0%	9.5%	11.7%
500	$150,000	3.6%	4.5%	5.4%	7.1%	8.7%	10.4%	12.7%
500	$200,000	4.0%	4.9%	5.8%	7.6%	9.4%	11.1%	13.5%
500	$250,000	4.1%	5.0%	6.0%	7.8%	9.6%	11.2%	13.6%

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$50,000	$75,000	$100,000	$125,000	$150,000	$175,000	$200,000
1,000	$75,000	2.9%	4.4%	5.8%	7.3%	8.7%	10.2%	11.6%
1,000	$100,000	3.6%	5.5%	7.3%	9.1%	10.9%	12.7%	14.4%
1,000	$125,000	4.3%	6.5%	8.6%	10.7%	12.8%	14.8%	16.8%
1,000	$150,000	5.1%	7.5%	9.9%	12.3%	14.6%	16.8%	19.0%
1,000	$200,000	6.1%	9.0%	11.8%	14.4%	17.0%	19.4%	21.7%
1,000	$250,000	6.9%	10.0%	13.0%	15.7%	18.3%	20.7%	23.0%
6,000	$150,000	0.9%	1.3%	1.7%	2.2%	2.6%	3.0%	3.5%
6,000	$200,000	1.1%	1.7%	2.3%	2.8%	3.4%	4.0%	4.5%
6,000	$250,000	1.4%	2.2%	2.9%	3.6%	4.3%	5.0%	5.8%
6,000	$300,000	1.8%	2.6%	3.5%	4.4%	5.3%	6.1%	7.0%
6,000	$400,000	2.4%	3.6%	4.8%	6.0%	7.1%	8.2%	9.3%
6,000	$500,000	3.0%	4.3%	5.7%	7.0%	8.2%	9.5%	10.6%
10,000	$150,000	0.5%	0.8%	1.0%	1.3%	1.6%	1.8%	2.1%
10,000	$200,000	0.7%	1.0%	1.4%	1.7%	2.0%	2.4%	2.7%
10,000	$250,000	0.9%	1.3%	1.7%	2.2%	2.6%	3.0%	3.5%
10,000	$300,000	1.1%	1.6%	2.1%	2.7%	3.2%	3.7%	4.2%
10,000	$400,000	1.5%	2.3%	3.0%	3.8%	4.5%	5.3%	6.0%
10,000	$500,000	2.0%	2.9%	3.9%	4.8%	5.7%	6.6%	7.5%

Percentage Reduction to Specific Stop Loss Cost Arising from an Aggregating Stop Loss Deductible

AREA E

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$10,000	$15,000	$20,000	$25,000	$30,000	$40,000	$50,000
25	$10,000	5.2%	7.8%	10.2%	12.6%	15.0%	19.4%	23.5%
25	$20,000	6.5%	9.5%	12.3%	15.0%	17.5%	22.1%	26.3%
25	$30,000	7.1%	10.4%	13.3%	16.1%	18.7%	23.5%	27.7%
25	$50,000	7.1%	10.3%	13.3%	16.1%	18.7%	23.5%	27.7%
50	$10,000	2.6%	4.0%	5.3%	6.6%	7.9%	10.6%	13.1%
50	$20,000	3.7%	5.5%	7.3%	9.1%	10.8%	14.2%	17.4%
50	$30,000	4.5%	6.7%	8.8%	10.9%	12.9%	16.7%	20.3%
50	$50,000	5.3%	7.8%	10.2%	12.5%	14.7%	18.8%	22.5%
50	$75,000	5.4%	7.8%	10.2%	12.4%	14.5%	18.5%	22.2%
50	$100,000	5.1%	7.4%	9.7%	11.8%	13.9%	17.7%	21.3%
100	$20,000	1.9%	2.8%	3.8%	4.7%	5.6%	7.5%	9.4%
100	$25,000	2.1%	3.2%	4.3%	5.4%	6.4%	8.5%	10.6%
100	$30,000	2.4%	3.6%	4.8%	6.0%	7.2%	9.5%	11.8%
100	$40,000	2.9%	4.3%	5.7%	7.1%	8.5%	11.1%	13.7%
100	$50,000	3.3%	4.8%	6.4%	8.0%	9.5%	12.4%	15.2%
100	$60,000	3.5%	5.2%	6.9%	8.5%	10.0%	13.1%	16.0%

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$20,000	$25,000	$30,000	$40,000	$50,000	$60,000	$75,000
200	$25,000	2.2%	2.7%	3.2%	4.3%	5.4%	6.5%	8.1%
200	$30,000	2.4%	3.0%	3.7%	4.9%	6.1%	7.3%	9.1%
200	$40,000	2.9%	3.7%	4.4%	5.9%	7.4%	8.8%	11.0%
200	$50,000	3.4%	4.3%	5.2%	6.9%	8.6%	10.2%	12.7%
200	$60,000	3.8%	4.8%	5.7%	7.6%	9.5%	11.3%	14.0%
500	$40,000	1.2%	1.5%	1.8%	2.4%	3.0%	3.5%	4.4%
500	$50,000	1.4%	1.7%	2.1%	2.8%	3.5%	4.2%	5.2%
500	$60,000	1.6%	1.9%	2.3%	3.1%	3.9%	4.7%	5.8%

Percentage Reduction to Specific Stop Loss Cost Arising from an Aggregating Stop Loss Deductible

AREA E

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$20,000	$25,000	$30,000	$40,000	$50,000	$60,000	$75,000
100	$75,000	7.4%	9.1%	10.8%	14.0%	17.0%	19.9%	23.9%
100	$100,000	7.7%	9.4%	11.1%	14.4%	17.4%	20.2%	24.1%
200	$75,000	4.4%	5.5%	6.6%	8.7%	10.7%	12.8%	15.7%
200	$100,000	5.1%	6.3%	7.5%	9.8%	12.1%	14.3%	17.4%
200	$125,000	5.5%	6.8%	8.0%	10.4%	12.7%	14.8%	18.0%
500	$75,000	1.8%	2.3%	2.8%	3.7%	4.6%	5.5%	6.9%
500	$100,000	2.3%	2.9%	3.4%	4.6%	5.7%	6.8%	8.5%
500	$125,000	2.7%	3.4%	4.0%	5.4%	6.7%	8.0%	9.9%
500	$150,000	3.1%	3.8%	4.6%	6.0%	7.5%	8.9%	11.0%
500	$200,000	3.5%	4.4%	5.2%	6.9%	8.5%	10.0%	12.3%
500	$250,000	3.8%	4.7%	5.6%	7.3%	8.9%	10.6%	12.9%

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$50,000	$75,000	$100,000	$125,000	$150,000	$175,000	$200,000
1,000	$75,000	2.3%	3.5%	4.6%	5.8%	6.9%	8.1%	9.2%
1,000	$100,000	2.9%	4.3%	5.7%	7.2%	8.6%	10.1%	11.5%
1,000	$125,000	3.4%	5.2%	6.9%	8.6%	10.3%	12.0%	13.7%
1,000	$150,000	4.0%	6.0%	8.0%	10.0%	11.9%	13.9%	15.8%
1,000	$200,000	5.1%	7.6%	10.0%	12.3%	14.6%	16.8%	19.0%
1,000	$250,000	6.0%	8.7%	11.4%	14.0%	16.5%	18.9%	21.1%
6,000	$150,000	0.7%	1.0%	1.3%	1.7%	2.0%	2.4%	2.7%
6,000	$200,000	0.9%	1.3%	1.8%	2.2%	2.7%	3.1%	3.5%
6,000	$250,000	1.1%	1.7%	2.2%	2.8%	3.3%	3.9%	4.5%
6,000	$300,000	1.4%	2.0%	2.7%	3.4%	4.1%	4.8%	5.5%
6,000	$400,000	1.9%	2.9%	3.8%	4.8%	5.7%	6.7%	7.6%
6,000	$500,000	2.5%	3.7%	4.9%	6.1%	7.2%	8.4%	9.5%
10,000	$150,000	0.4%	0.6%	0.8%	1.0%	1.2%	1.4%	1.6%
10,000	$200,000	0.5%	0.8%	1.1%	1.3%	1.6%	1.9%	2.1%
10,000	$250,000	0.7%	1.0%	1.3%	1.7%	2.0%	2.3%	2.7%
10,000	$300,000	0.8%	1.2%	1.6%	2.0%	2.5%	2.9%	3.3%
10,000	$400,000	1.2%	1.7%	2.3%	2.9%	3.5%	4.1%	4.6%
10,000	$500,000	1.6%	2.3%	3.1%	3.9%	4.6%	5.4%	6.1%

Percentage Reduction to Specific Stop Loss Cost Arising from an Aggregating Stop Loss Deductible

AREA F

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$10,000	$15,000	$20,000	$25,000	$30,000	$40,000	$50,000
25	$10,000	4.9%	7.3%	9.7%	12.0%	14.2%	18.4%	22.3%
25	$20,000	6.2%	9.0%	11.7%	14.3%	16.7%	21.2%	25.2%
25	$30,000	6.8%	9.9%	12.7%	15.4%	17.9%	22.5%	26.6%
25	$50,000	6.8%	9.9%	12.7%	15.5%	18.0%	22.6%	26.7%
50	$10,000	2.5%	3.7%	5.0%	6.2%	7.5%	10.0%	12.4%
50	$20,000	3.5%	5.2%	6.9%	8.6%	10.2%	13.4%	16.5%
50	$30,000	4.3%	6.3%	8.4%	10.3%	12.2%	15.8%	19.2%
50	$50,000	5.1%	7.4%	9.7%	11.9%	14.0%	17.9%	21.5%
50	$75,000	5.1%	7.5%	9.7%	11.9%	13.9%	17.8%	21.4%
50	$100,000	4.9%	7.2%	9.3%	11.4%	13.4%	17.1%	20.6%
100	$20,000	1.8%	2.7%	3.5%	4.4%	5.3%	7.1%	8.8%
100	$25,000	2.0%	3.0%	4.0%	5.0%	6.0%	8.0%	10.0%
100	$30,000	2.3%	3.4%	4.5%	5.7%	6.8%	9.0%	11.2%
100	$40,000	2.7%	4.0%	5.4%	6.7%	7.9%	10.5%	12.9%
100	$50,000	3.1%	4.6%	6.0%	7.5%	8.9%	11.7%	14.3%
100	$60,000	3.3%	4.9%	6.5%	8.0%	9.5%	12.4%	15.1%

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$20,000	$25,000	$30,000	$40,000	$50,000	$60,000	$75,000
200	$25,000	2.0%	2.5%	3.0%	4.0%	5.1%	6.1%	7.6%
200	$30,000	2.3%	2.9%	3.4%	4.6%	5.7%	6.9%	8.6%
200	$40,000	2.8%	3.5%	4.1%	5.5%	6.9%	8.3%	10.3%
200	$50,000	3.2%	4.0%	4.8%	6.4%	8.0%	9.6%	11.9%
200	$60,000	3.6%	4.5%	5.4%	7.1%	8.9%	10.6%	13.1%
500	$40,000	1.1%	1.4%	1.7%	2.2%	2.8%	3.3%	4.1%
500	$50,000	1.3%	1.6%	1.9%	2.6%	3.2%	3.9%	4.9%
500	$60,000	1.5%	1.8%	2.2%	2.9%	3.6%	4.4%	5.5%

Percentage Reduction to Specific Stop Loss Cost Arising from an Aggregating Stop Loss Deductible

AREA F

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$20,000	$25,000	$30,000	$40,000	$50,000	$60,000	$75,000
100	$75,000	7.0%	8.6%	10.2%	13.2%	16.1%	18.9%	22.8%
100	$100,000	7.3%	9.0%	10.6%	13.7%	16.6%	19.4%	23.1%
200	$75,000	4.2%	5.2%	6.2%	8.2%	10.1%	12.0%	14.8%
200	$100,000	4.8%	5.9%	7.1%	9.3%	11.4%	13.5%	16.4%
200	$125,000	5.2%	6.4%	7.6%	9.9%	12.0%	14.1%	17.1%
500	$75,000	1.7%	2.2%	2.6%	3.5%	4.3%	5.2%	6.5%
500	$100,000	2.1%	2.7%	3.2%	4.3%	5.3%	6.4%	8.0%
500	$125,000	2.5%	3.2%	3.8%	5.0%	6.3%	7.5%	9.3%
500	$150,000	2.9%	3.6%	4.3%	5.7%	7.0%	8.4%	10.3%
500	$200,000	3.3%	4.1%	4.9%	6.5%	8.0%	9.5%	11.7%
500	$250,000	3.6%	4.5%	5.3%	6.9%	8.5%	10.1%	12.4%

Group Size	Specific Stop Loss	Aggregating Specific Stop Loss Deductible						
		$50,000	$75,000	$100,000	$125,000	$150,000	$175,000	$200,000
1,000	$75,000	2.2%	3.2%	4.3%	5.4%	6.5%	7.6%	8.6%
1,000	$100,000	2.7%	4.0%	5.4%	6.7%	8.1%	9.4%	10.7%
1,000	$125,000	3.2%	4.8%	6.4%	8.0%	9.6%	11.2%	12.8%
1,000	$150,000	3.8%	5.6%	7.5%	9.3%	11.2%	13.0%	14.7%
1,000	$200,000	4.8%	7.1%	9.4%	11.6%	13.7%	15.8%	17.9%
1,000	$250,000	5.6%	8.2%	10.8%	13.2%	15.6%	17.9%	20.0%
6,000	$150,000	0.6%	0.9%	1.3%	1.6%	1.9%	2.2%	2.5%
6,000	$200,000	0.8%	1.2%	1.7%	2.1%	2.5%	2.9%	3.3%
6,000	$250,000	1.0%	1.6%	2.1%	2.6%	3.1%	3.6%	4.2%
6,000	$300,000	1.3%	1.9%	2.5%	3.2%	3.8%	4.5%	5.1%
6,000	$400,000	1.8%	2.7%	3.6%	4.5%	5.3%	6.2%	7.1%
6,000	$500,000	2.3%	3.5%	4.6%	5.7%	6.8%	7.8%	8.9%
10,000	$150,000	0.4%	0.6%	0.8%	0.9%	1.1%	1.3%	1.5%
10,000	$200,000	0.5%	0.7%	1.0%	1.2%	1.5%	1.7%	2.0%
10,000	$250,000	0.6%	0.9%	1.2%	1.6%	1.9%	2.2%	2.5%
10,000	$300,000	0.8%	1.1%	1.5%	1.9%	2.3%	2.7%	3.1%
10,000	$400,000	1.1%	1.6%	2.2%	2.7%	3.2%	3.8%	4.3%
10,000	$500,000	1.4%	2.2%	2.9%	3.6%	4.3%	5.0%	5.7%

IV. PREFERRED PROVIDER NETWORK DISCOUNT ANALYSIS

Introduction

The data underlying the stop loss net premiums in the manual are based on the plan of benefits described on page I-2, which includes pre-certification and continuing stay review. The data does not include direct recognition of significant discounts as provided by preferred provider option (PPO) or point of service (POS) plans.

The structures of PPO plans vary significantly, and their effects on stop loss costs and rates are difficult to measure.

Many underwriters and MGUs may have their own approach to reflection of PPO discounts, based in part on local knowledge and also on underwriting judgment and competitive considerations.

This section provides guidance in the reflection of PPO discounts in stop loss premium determination in the following order.

- Overview — general discussion of PPO discounts and their potential effects on stop loss costs.
- Illustrative Methodology — a sample approach to quantification of effective PPO discounts to determine an estimated adjustment factor to stop loss premiums when PPO benefits are present.

Overview

Most group medical plans now have either Preferred Provider or Point of Service features. These features may have a somewhat different effect on total medical plan costs and on excess claims over a stop loss deductible.

An analysis of the first dollar costs of a PPO plan is included in the HealthMAPS® Medical Manual. We have included an illustrative methodology in this section of the Specific Stop Loss Manual to assist in the analysis of PPO discounts and the expected financial impact of these discounts on the net monthly premiums included in this manual. **The comments in this section are intended to emphasize that to evaluate the potential or likely savings in a specific stop loss program when a PPO is involved, many factors that are specific to that PPO and the group involved should be considered.**

Benefits provided in-network usually are paid with lower employee's coinsurance than under a regular indemnity or fee for service plan. Conversely, benefits provided out-of-network are usually paid with higher employee's coinsurance. Sometimes well care is provided but only for in-network providers. The usual objective is to have benefits that are more generous than previously available if one uses the network but reduced when one elects to go out-of-network. Total cost of the program usually is targeted to be less than an 80/20 indemnity plan due to utilization controls by shifting utilization to more efficient providers and by obtaining discounts for services from network providers.

A typical PPO plan compared to an indemnity plan with 80% of the first $5,000, then 100% of the excess might have 90% of the first $10,000 in-network, then 100% of the excess and 70% of the expenses out-of-network for the first 10,000, then 100% of the excess. The net result of the plan design differences and provider discounts may be that the composite cost per employee is lower by 10%

compared to the 80/20 indemnity plan and the reimbursement arrangement in-network may reduce future trends by 1 or 2 percentage points.

The success of the program depends upon the relative use of the network, the scope of services available in-network, the network's relative costs and efficiency of its medical practice, and the scope of the services actually rendered by the network.

Because stop loss claims usually are paid without any employee's coinsurance, the network and out-of-network coinsurance percentages are generally not a factor. If one could be sure that the network would treat all patients at a cost that is, for purposes of illustration, 20% below the usual, regular, and customary average cost without adding any extra services, the case for a significant reduction in related stop loss cost is clear. For example, under a traditional base plan, the claims excess of $50,000 may be distributed as follows:

Range	Average	Frequency	Claims Cost	Excess of $50,000 Claim Cost
$50,000 – $62,500	$ 55,700	.0048	$ 267.36	$ 27.36
$62,500 & Over	154,980	.0148	2,293.70	1,553.70
Total	$130,667	.0196	$2,561.06	$1,581.06

Assuming the 20% reduction against the average claim amount, the revised table would be:

Range	Average	Frequency	Claims Cost	Excess of $50,000 Claim Cost
$40,000 – $50,000	$44,560	.0048	$ 213.89	$ 0
$50,000 & Over	123,984	.0148	1,834.96	1,094.96
Total	$104,533	.0196	$2,048.85	$1,094.96

This would be a reduction of 30.7% in stop loss cost under a PPO plan with a 20% discount on provider charges. Assuming that half of all claim amounts in dollars are performed out-of-network, the weighted cost reduction would be 30.7% x .5 = 15.4%.

Complicating this analysis are qualifying cases which are referred out by the network because services are not available in the network. Therefore, the subscriber does not have to pay out-of-pocket charges beyond the amount that he would have been required to pay for in-network service. The weighted reduction then would involve three elements, where the third element is the average savings, if any, on qualifying care for out-of-network referrals. Assume the proportions of large claim services are 40% in-network with a 31.0% reduction, 30% network referrals with an 11% reduction, and 30% self-referrals out-of-network with no discount. The weighted reduction in stop loss cost would be (31.0% x .4 + 11% x .3) = 15.7%.

A hospital discount expressed as a percentage of regular billed charges may have a similar impact on moderate and extremely expensive hospital confinements. However, a per diem reimbursement may offer much greater reductions for extremely expensive confinements which make up the bulk of the costs for stop loss deductibles of $50,000 and over. These claims may have more intense hospital services, and a per diem that represents a 20% discount on average may represent a 70% discount in some cases and perhaps a 40% discount on average for all hospital claims where the regular billed charges exceed $50,000.

In some PPOs, there are no facilities for performing certain expensive treatments such as organ transplants, neonatal problems, spinal cord trauma, etc. The patient is referred out-of-network and receives in-network benefits or some other “qualifying” level which is higher than the non-network benefits. In some situations, the charges are regular retail while in other situations, the PPOs negotiate lower than retail charges and, therefore, obtain discounted prices for these services.

Some PPO reimbursement contracts have exceptions to the basic reimbursement formula for outlier claims, whether the formula uses per diems, DRGs, or discounts. Some may have a minimum/maximum discount test for each claim, such as all hospital reimbursements being on a per diem but the reimbursement having a minimum discount of 10% and a maximum discount of 40%.

Some PPOs have a “center of excellence” program which covers most tertiary services at a lower than retail cost. The provisions of the plan sponsored medical program may treat the failure to use the center of excellence facilities as out-of-network benefits with a modest extra coinsurance applicable such as $2,000. On the other hand, a stronger cost control measure may limit reimbursement for a facility out-of-network or not part of a center of excellence program as being subject to a maximum reimbursement equal to the reimbursement that would have been made for an in-network or center of excellence facility. In some cases, PPOs will negotiate with non-network and non-centers of excellence for competitive reimbursements.

The credit or discount from expected claims allowed for first dollar benefits for purposes of setting attachment points may be greater than the credit or discount applied to stop loss premiums. This may reflect the utilization controls of the PPO network upon total costs. However, the claims that penetrate a stop loss deductible usually will require significant treatment and specialists rather than family physicians.

Evaluation of a Preferred Provider Network

Following is a list of factors that should be considered for each individual PPO situation in order to determine a stop loss premium discount. Once a particular PPO in a location has been analyzed, subsequent analysis is easier. Also, once a PPO program has been in place for a period of time, one can analyze claims to determine for various claims sizes the relative utilization of in-network and out-of-network services, the actual discounts from retail and the case management effectiveness of the PPO.

1. Reimbursement arrangements with hospitals, physicians, and other providers.
2. Exceptions to reimbursement arrangements such as outliers, minimum/maximum discounts.
3. Extent of network services in general with attention to availability of services for treatments for:
   - organ and bone marrow transplants
   - neonatal
   - extensive burns
   - head and spinal cord injuries.

4. Availability of a “center of excellence” program.
5. Practice and success in negotiations with providers out-of-network.
6. Plan sponsor’s contractual provisions with respect to out-of-network treatment and non-use of “center of excellence” facilities.
7. History of actual experience in and out-of-network for large claims and extent of actual savings on large claims in-network.

Summary

With the wide prevalence of PPO programs, we believe that pricing of related stop loss benefits should reflect the specific characteristics of the PPO and the group being rated. The following pages provide an illustrative methodology that is a step in that direction. Regardless of approach, careful consideration of all the pertinent factors is advised.

The argument that the provider discount will have a leveraged effect on the excess expenses over the stop loss deductible is reasonable on its face, but the potential for out-of-network care, with only a relatively small disincentive, causes us to adopt a conservative stance. The use of leveraged discounts (off of manual stop loss premiums) still may prove to be too optimistic, especially if the large claims are performed out-of-network at greater frequencies than anticipated or if the reimbursement contract changes to protect facilities from inadequate payments for intensive services or expensive charges whose wholesale costs may exceed per diem allowances. Therefore, absent a more refined, quantitative approach, such as a detailed analysis of high claims and discounts for a significant book of business in a single location, we would usually recommend discounts that are 60% to 70% of the theoretically calculated discounts obtained by analyzing all the pertinent factors. Such an approach should be balanced against other underwriting and competitive considerations.

From discussions with users of this manual and software we have noted the following:

- Most users do not use a leveraged discount because of the reasons noted in the above paragraph.
- Discounts off manual vary widely from 10% to 30%.
- Differences between PPOs are often not analyzed because of lack of information. Thus most PPOs may be given a “standard” discount with a few given a higher preferred discount based upon experience and greater disclosure of information.

Illustrative Methodology

As stated previously, the effect of PPO discounts on stop loss costs is difficult to measure and many approaches are possible.

This section presents a relatively straightforward approach that may be considered if more refined methods are not available. The approach includes the following steps:

- Prevailing Charge Tables and Analysis — tables and worksheets to estimate the effective discounts for average prevailing hospital and professional charges, for in-network benefits. This includes consideration of hospital outlier and minimum/ maximum discount provisions. **Note that this discount analysis is not contained in the accompanying visual basic software.** However, a spreadsheet is provided to aid in the analysis of physician fee discounts.

- Hospital Outlier Reimbursement Provisions — a table of weights used to modify inpatient hospital discounts.
- Pricing Factors for PPO Discounts — a table of factors to transform the effective discounts into percentage adjustments for in-network stop loss costs.
- Stop Loss Premium Adjustment Factor — a worksheet to estimate an overall adjustment to manual stop loss costs when PPO discounts are present.

Prevailing Charge Tables and Analysis

Shown on the Prevailing Charge tables on the following pages are the average retail charges one would expect for hospital and professional services performed within the District of Columbia. Note that average physician charges are expressed in terms of conversion factors. The conversion factors are applied to the RBRVS-based relative value schedule to calculate fees for particular procedures. The relative values and the calculation procedure are shown in the Example and on the spreadsheet. The average time period for these charges is projected to be centered around July 1, 2013.

RBRVS refers to the Resource Based Relative Value Schedule which forms the basis for Medicare reimbursement. **Note that 2013 relative values are different than 2011 and prior. HealthMAPS® had held relative values constant for several years, however, RBRVS relative values do change over time. In addition to relative value changes, the number of model CPT codes was increased from 261 to 500.**

Because these charges are based upon projected historical data, the underwriter may have superior information available from the PPO, HMO, or provider group that is acceptable based on the documentation supplied. In that case, the local data should be used.

The Prevailing Charge tables offer a reasonable test check against the asserted discounts by the provider, PPO, or HMO. Often the network may exaggerate how favorable its reimbursement contracts are compared to the retail charges in the community. When the network hospitals have percentage of billed charges as the basis of the reimbursements, the stop loss underwriter should compare the hospitals' average billed per diem charges to the prevailing charges in the community. A high cost hospital which has charges that are 115% of community combined with a discount of 25% of billed charges produces only a 13.75% discount, compared to 100% of community prevailing charges. On the other hand, a hospital with a charge level of 90% of community combined with a 20% discount produces an effective discount of 28%.

Following the tables of Prevailing Charges is an example of how to use the tables to estimate an overall effective level of discount for in-network benefits and an adjustment factor to apply to stop loss premiums to reflect the effect of discounts. The example includes Worksheets 1 through 5, instructions for each worksheet, and the Network Physician Fee Analysis spreadsheet.

The worksheets are best utilized if the user can provide some assumptions in the nature of distribution of charges by type of expense. However, default values are provided.

2013 Prevailing Charges Table

Zip Code	City	Hospital Per Diem	RBRVS Unit Value Surgical	Medical	Pathology	Radiology Total
		DISTRICT OF COLUMBIA				
200	Washington	$8,370	$106.89	$75.42	$72.00	$148.92
202	Government	$8,370	$106.89	$75.42	$72.00	$148.92
203	Government	$8,370	$106.89	$75.42	$72.00	$148.92
204	Government	$8,370	$106.89	$75.42	$72.00	$148.92
205	Government	$8,370	$106.89	$75.42	$72.00	$148.92

2012 Medicare Allowable Unit Values

State	Surgical	Medical	Pathology	Radiology
DC + MD/VA Suburbs	38.00	37.20	26.95	27.20

Inpatient Hospital Outlier Provisions

Some PPO inpatient hospital reimbursement contracts have exceptions to the basic reimbursement formula for outlier claims. Outlier claims are inpatient hospital claims exceeding a dollar threshold.

Example of Outlier Provision — If hospital's inpatient billed charges exceed $25,000 on a case, then the entire hospital claim shall be paid at 80% of the hospital's billed charges.

The following table shows the percentage of inpatient hospital claim dollars that are subject to the outlier threshold. For example, if the specific deductible is $25,000 and the outlier threshold is $50,000, then 81% of inpatient hospital claim dollars are subject to the outlier provision.

Assume the primary reimbursement is a hospital per diem equivalent to a 30% discount and the discount on outliers is 20%. Then the effective discount in this example would be 21.9%*. Note that these percentages vary by both specific deductible and outlier threshold level.

*[.81 x 20% + .19 x 30%]

Percent of Inpatient Hospital Claims Subject to Outlier Provision

Specific Deductible	Outlier Threshold ('000)									
	$10	$15	$20	$25	$30	$40	$50	$60	$75	$100
$5,000	97%	93%	89%	85%	81%	74%	68%	62%	54%	44%
$10,000	98%	95%	92%	88%	85%	78%	71%	65%	57%	47%
$15,000	99%	97%	94%	91%	88%	82%	75%	69%	60%	50%
$20,000	100%	98%	96%	94%	91%	85%	78%	72%	63%	52%
$25,000	100%	99%	98%	96%	93%	87%	81%	75%	66%	55%
$30,000	100%	99%	98%	97%	95%	90%	84%	78%	69%	58%
$40,000	100%	100%	99%	98%	97%	93%	88%	82%	74%	62%
$50,000	100%	100%	99%	99%	98%	95%	91%	87%	79%	67%
$60,000	100%	100%	99%	99%	99%	97%	94%	90%	83%	72%
$75,000	100%	100%	100%	99%	99%	98%	96%	94%	89%	78%
$100,000	100%	100%	100%	99%	99%	99%	98%	96%	94%	87%
$125,000	100%	100%	100%	100%	99%	99%	98%	97%	96%	92%
$150,000	100%	100%	100%	100%	99%	99%	98%	98%	96%	94%
$200,000	100%	100%	100%	100%	100%	99%	99%	98%	97%	96%
$250,000	100%	100%	100%	100%	100%	99%	99%	98%	98%	97%
$300,000	100%	100%	100%	100%	100%	99%	99%	99%	98%	97%
$400,000	100%	100%	100%	100%	100%	100%	99%	99%	99%	98%
$500,000	100%	100%	100%	100%	100%	100%	100%	99%	99%	98%

Example

The Preferred Provider network is in Kansas City, Missouri, ZIP Code 641. The four hospitals involved that have the following reimbursement arrangements include:

1. St. Mary's
   In-Hospital Per Diem

Medical	$4,200
Surgical	$4,700
Intensive Care	$6,600

   Reimbursement for confinements with billed charges over $50,000 is not less than 80% of billed charges.

   Minimum Discount 10% of billed charges

   Outpatient 85% of billed charges

2. St. Luke's Medical Center
   Inpatient Per Diem $6,600
   Minimum Discount 10% of billed charges
   Maximum Discount 30% of billed charges

   Outpatient 75% of billed charges

3. Doctor's Hospital
   Inpatient 80% of billed charges

   Outpatient 80% of billed charges

4. Northwest Hospital
   Inpatient 85% of billed charges

   Outpatient 80% of billed charges

The total charges for these hospitals for the previous year have been:

Total Charges		
	Amount	**% of Total**
St. Mary's	$ 3,000,000	30%
St. Luke's	2,500,000	25
Doctor's Hospital	2,500,000	25
Northwest Hospital	2,000,000	20
TOTAL	$10,000,000	

The Stop Loss program covers claims in excess of $25,000. For these larger claims, it is expected that the distribution will be somewhat greater for St. Mary's and St. Luke's because they do more tertiary care, neonatal, transplants, and open-heart surgeries.

The adjusted distribution of charges by hospital is:

St. Mary's	35%
St. Luke's	35
Doctor's Hospital	15
Northwest Hospital	15

The out-of-network hospital charges for all claims have been $2,000,000 or 16.7% of the total for the previous period. The information about large size claims out-of-network is not available; however, the assumption being made is that out-of-network claims will be 20% of total, and there will be no discount.

The following page contains various default values used in the example. Following that page, Worksheets 1, 2, 3 and 4 have been completed. In addition, the spreadsheet (Network Physician Fee Analysis Example) is shown.

Default Weights for use in Worksheets 1, 2, 3 and 4

Table W (For use in Worksheet 1)

All Claims	Medical	Surgical	ICU/CCU
100.0%	30.0%	50.0%	20.0%

Table X (For use in Worksheet 2)

All Claims	Inpatient	Outpatient/Other
100.0%	70.0%	30.0%

Table Y (For use in Worksheet 3)

All Claims	Medical Portion	Surgical Portion	Pathology	Radiology	Anesthesia
100%	41.0%	35.0%	6.0%	9.0%	9.0%

Table Z (For use in Worksheet 4)

Specific Deductible	All Claims	Hospital Weight	Physician Weight	Other Weight
<25,000	100.0%	61%	30%	9%
25,000–99,000	100.0%	70%	24%	6%
100,000 and over	100.0%	74%	22%	4%

Worksheet 1A – Example

Calculation of Hospital Pricing Factor – Specific Network Hospital

Contracted Hospital Name: St. Mary's

Contracted Hospital Location: Kansas City – ZIP 641

Outlier Provision: Not less than 80% of billed charges for confinements exceeding $50,000 in billed charges.

Specific Deductible Level: $25,000

	(A) Negotiated Rate	(B) Prevailing Average	(C) Pricing Factor (A/B)	(D) Weight *	(E) Weighted Average (C*D)
1. Medical	4,200	8,984	46.75%	30.00%	14.03%
2. Surgical	4,700	8,984	52.32%	50.00%	26.16%
3. ICU/CCU	6,600	8,984	73.46%	20.00%	14.69%
4. Other					
_____			N/A		0.00%
_____			N/A		0.00%
_____			N/A		0.00%
_____			N/A	_____	0.00%
5. Subtotal (lines 1 + 2 + 3 + 4)				100.00%	54.88%
6. Total Calculated Pricing Factor ((5(E) / 5(D))					54.88%
7. Outlier Provision Pricing Factor					80.00%
8. Outlier Percentage					81.00%
9. Pricing Factor Adjusted for Outliers 6(E) x [1-8(E)] + 7(E) x 8(E)					75.23%
10. Adjusted Pricing Factor					
Maximum					90.00%
Minimum					N/A
11. Adjusted Hospital Pricing Factor (Lesser of 9(E) or 10(E))					75.23%

*Default Weight from Table W

Worksheet 1B – Example

Calculation of Hospital Pricing Factor – Specific Network Hospital

Contracted Hospital Name: St. Luke's Medical Center

Contracted Hospital Location: Kansas City – ZIP 641

Outlier Provision: None

Specific Deductible Level: $25,000

	(A) Negotiated Rate	(B) Prevailing Average	(C) Pricing Factor (A/B)	(D) Weight *	(E) Weighted Average (C*D)
1. Medical	6,600	8,984	73.46%	30.00%	22.04%
2. Surgical	6,600	8,984	73.46%	50.00%	36.73%
3. ICU/CCU	6,600	8,984	73.46%	20.00%	14.69%
4. Other					
_____			N/A		0.00%
_____			N/A		0.00%
_____			N/A		0.00%
_____			N/A	_____	0.00%
5. Subtotal (lines 1 + 2 + 3 + 4)				100.00%	73.46%
6. Total Calculated Pricing Factor ((5(E) / 5(D))					73.46%
7. Outlier Provision Pricing Factor					N/A
8. Outlier Percentage					N/A
9. Pricing Factor Adjusted for Outliers 6(E) x [1-8(E)] + 7(E) x 8(E)					73.46%
10. Adjusted Pricing Factor					
Maximum					90.00%
Minimum					70.00%
11. Adjusted Hospital Pricing Factor (9(E) Adjusted for 10(E) Max/Min)					73.46%

*Default Weight from Table W

Instructions

Worksheet 1

Step 1: Evaluate the hospital contract and determine the current negotiated reimbursement arrangements. It is not necessary to complete this worksheet if the hospital has a single overall percent of charges arrangement. Proceed to Step 4 if the hospital contract has a percent of charges arrangement that varies by service category. Proceed to Step 2 if the hospital arrangement has per diems or case rates.

Step 2: Evaluate the per diem for each service category, and record it in Column A (Medical on line 1, Surgical on Line 2, ICU/CCU on Line 3, etc.). If the arrangement is a case rate, then estimate the per diem by dividing the case rate by the estimated length of stay.

Step 3: Determine the appropriate undiscounted average per diem for the network location. This overall average should be entered in Column B for each service category after trending to the appropriate hospital contract period.

Step 4: Calculate the pricing factor (Column C) by dividing the negotiated rate (Column A) by the prevailing average (Column B) for each service category. The negotiated percent of charges should be entered if this is available.

Step 5: Default service category weights are provided in Table W. Network specific, or local area book of business specific, or client specific weights can be substituted for the default weights if they are available by service category.

Step 6: Calculate the weighted average for each service category (Column E) by multiplying the pricing factor (Column C) by the weight (Column D). Zeros should be substituted for both the weights (Column D) and the weighted average (Column E) in service categories where no data is available.

Step 7: Subtotal the weights (Column D) and the weighted average (Column E) on Line 5. The weights will not add to 100% if some services were zeroed in Step 7 (this will be reflected in Step 8).

Step 8: Divide the subtotal weighted average (Column E, Line 5) by the subtotal weights (Column D, Line 5) to calculate the pricing factor (Line 6).

Step 9: Review the hospital contract for outlier provisions. Estimate the impact and record on Line 7.

Step 10: Record in Line 8 the percentage of inpatient hospital claim dollars that are subject to the outlier provision.

Step 11: Calculate the pricing factor adjusted for outliers. The result of Step 8 is combined with the result of Step 9 using the weighting given in Step 10.

Step 12: Review the hospital contract for maximum or minimum discount provisions (example: a clause stating that the per diem floor is 75% of charges and the ceiling is 90% of charges). Estimate the overall impact of this arrangement (if applicable) and record it on Line 10.

Step 13: The pricing factor for the specified hospital is the calculated rate (Line 9) subject to the maximum/minimum provision in the contract (Line 10).

Worksheet 2 – Example

Contracted Network Location: Kansas City – ZIP 641

Calculation of Hospital/Facility Pricing Factor – All Network Hospitals

	(A)	(B)	(C)	(D)	(E)	(F)
Hospital/Facility	**Pricing Factor**	**Total Weight**	**Total Weight (Percent)**	**Weighted Factor (A*C)**	**Category Weight ***	**Overall Weighted Factor**
Inpatient:						
St. Mary's	75.23%	3,500	35.00%	26.33%		
St. Luke's Medical Ctr.	73.46%	3,500	35.00%	25.71%		
Doctor's Hospital	80.00%	1,500	15.00%	12.00%		
Northwest Hospital	85.00%	1,500	15.00%	12.75%		
_____	0.00%	_____	0.00%	0.00%		
_____	0.00%	_____	0.00%	0.00%		
_____	0.00%	_____	0.00%	0.00%		
Subtotal		10,000		76.79%	70.0%	53.75%
Outpatient/Other:						
St. Mary's	85.00%	3,000	30.00%	25.50%		
St. Luke's Medical Ctr.	75.00%	2,500	25.00%	18.75%		
Doctor's Hospital	80.00%	2,500	25.00%	20.00%		
Northwest Hospital	80.00%	2,000	20.00%	16.00%		
_____	_____	_____	0.00%	0.00%		
_____	_____	_____	0.00%	0.00%		
_____	_____	_____	0.00%	0.00%		
Subtotal		10,000		80.25%	30.0%	24.08%
Total (to Worksheet 4)						77.83%

* Default Weight from Table X

Instructions

Worksheet 2

Step 1: Enter the inpatient pricing factor for each hospital in Column A. This figure will either be the calculated figure from Worksheet 1 or the single overall percentage of charges amount.

Step 2: Enter the outpatient pricing factor in the outpatient section of Column A.

Step 3: Enter weights to be used to blend together the inpatient hospital arrangements (Column B). Credible historical network information or employer information is the preferred weight (preference order is charges, followed by inpatient days, followed by admits). Total beds (from the AHA guide, or a similar source) can be used in the absence of available historical information.

Step 4: Subtotal the inpatient weights (Column B).

Step 5: Calculate the weight percentages by dividing each hospital's weight by the subtotal weight (Column B). The results should be recorded in Column C for each hospital.

Step 6: Calculate the weighted inpatient pricing factor for each hospital (Column D) by multiplying the pricing factor (Column A) by the weight percentage (Column C).

Step 7: Subtotal the inpatient weighted factors (Column D).

Step 8: Outpatient information should be weighted similar to that described for inpatient. Averaging can be applied in the absence of credible information. The resulting average for outpatient service should be recorded on the outpatient subtotal in Column D.

Step 9: Standard category weights (inpatient and outpatient) for stop loss claims have been provided in Column E. The historical percentages should be substituted for supplied figures if credible historical information is available.

Step 10: The inpatient and outpatient weighted pricing factors (Column D) should be multiplied by the respective category weights (Column E) to develop the weighted factor (Column F) for both inpatient and outpatient.

Step 11: Inpatient and outpatient weighted factors (Column F) should be totaled to determine the all network hospital pricing factor.

Worksheet 3 – Example

Contracted Network Location: Kansas City – ZIP 641

Calculation of Physician Pricing Factor

Service Category	(A) Pricing Factor*	(B) Weight***	(C) Weighted Average (A*B)
1. Surgical	80.5%	35.00%	28.18%
2. Radiology	96.0%	9.00%	8.64%
3. Pathology	59.1%	6.00%	3.55%
4. Medical	73.0%	41.00%	29.93%
5. Anesthesia**	80.5%	9.00%	7.25%
6. Other:			
_____	N/A		0.00%
_____	N/A		0.00%
_____	N/A		0.00%
_____	N/A	_____	0.00%
7. Subtotal (lines 1 + 2 + 3 + 4 + 5 + 6)		100.00%	77.55%
8. Total Physician Pricing Factor (7(C) / 7(B)) (to Worksheet 4)			77.55%

*The Pricing Factors are calculated on the spreadsheet (Network Physician Fee Analysis Example.xls).

**Assumed to be same as Surgical

***Default Weight from Table Y

Instructions

Worksheet 3

Step 1: Calculate the pricing factor for each service category and record in Column A. Enter the negotiated percent of charges if it is available. If the negotiated percent of charges is not available, use the spreadsheet (Network Physician Fee Analysis Example.xls) to estimate the percent. To use the spreadsheet, input the conversion factors from the prevailing charge tables and then input the negotiated fee for each CPT code. Pricing factors for each service type are calculated in the last column of the spreadsheet.

Step 2: Service category default weights are provided in Column B. Network specific, or local area book of business specific, or client specific weights for relevant size claims by service category can be substituted for the default weights if they are available.

Step 3: Calculate the weighted average for each service category (Column C) by multiplying the pricing factor (Column A) by the weight (Column B). Zeros should be substituted for both the weights (Column B) and the weighted average (Column C) in service categories where no data is available.

Step 4: Subtotal the weights (Column B) and the weighted average (Column C) on Line 7. The weights will not add to 100% if some services were zeroed in Step 3 (this will be reflected in Step 5).

Step 5: Divide the subtotal weighted average (Column C, Line 7) by the subtotal weights (Column B, Line 7) to calculate the physician pricing factor (Line 8).

The following pages show spreadsheet calculations of the Pricing Factors by service category. The RBRVS Unit Values used are (see ZIP code 641):

Surgical	$84.71
Medical	$62.87
Pathology	$59.45
Radiology	$141.65

Note that the surgical pricing factor is used for anesthesia.

Network Physician Fee Analysis Example

CPT	Description	(A) Relative Frequency	(B) RBRVS Relative Value Unit	(C) Include in Comparison 1-yes 0-no	(D) Network Fee	(E) Average Prevailing Charge = [Unit Values.x(B)	(F) Network Products = (A)x(C)x(D)	(G) Average Prevailing Charge Products = (A)x(C)x(E)	Pricing Factor = (F) / ((G)
Surgery									
10022	FNA W/IMAGE	0.00173	3.87	0		327.83			
10040	ACNE SURGERY	0.00306	3.03	0		256.67			
10060	DRAINAGE OF SKIN ABSCESS	0.00527	3.33	1	92.14	282.08	0.4856	1.4866	
10061	DRAINAGE OF SKIN ABSCESS	0.00171	5.49	0		465.06			
11042	DEB SUBQ TISSUE 20 SQ CM/<	0.00299	3.02	0		255.82			
11056	TRIM SKIN LESIONS 2 TO 4	0.00393	1.74	0		147.40			
11100	BIOPSY SKIN LESION	0.02857	3.01	1	89.44	254.98	2.5552	7.2847	
11101	BIOPSY SKIN ADD-ON	0.01177	0.97	0		82.17			
11200	REMOVAL OF SKIN TAGS	0.00245	2.53	0		214.32			
11301	SHAVE SKIN LESION	0.00255	2.73	0		231.26			
11401	EXC TR-EXT B9+MARG 0.6-1 CM	0.00225	4.30	1	153.12	364.25	0.3445	0.8196	
11402	EXC TR-EXT B9+MARG 1.1-2 CM	0.00221	4.79	0		405.76			
11403	EXC TR-EXT B9+MARG 2.1-3 CM	0.00081	5.54	0		469.29			
11602	EXC TR-EXT MLG+MARG 1.1-2 CM	0.00088	7.25	0		614.15			
11721	DEBRIDE NAIL 6 OR MORE	0.01509	1.25	0		105.89			
11730	REMOVAL OF NAIL PLATE	0.00291	2.83	0		239.73			
11750	REMOVAL OF NAIL BED	0.00324	6.45	1	353.65	546.38	1.1458	1.7703	
11900	INJECTION INTO SKIN LESIONS	0.00515	1.63	0		138.08			
12001	REPAIR SUPERFICIAL WOUND(S)	0.00273	2.49	1	136.86	210.93	0.3736	0.5758	
12002	REPAIR SUPERFICIAL WOUND(S)	0.00127	3.04	0		257.52			
12011	REPAIR SUPERFICIAL WOUND(S)	0.00145	3.12	1	173.44	264.30	0.2515	0.3832	
12031	INTMD WND REPAIR S/TR/EXT	0.00113	7.29	0		617.54			
12032	INTMD WND REPAIR S/TR/EXT	0.00209	8.94	0		757.31			
12051	INTMD WND REPAIR FACE/MM	0.00053	7.93	0		671.75			
13101	REPAIR OF WOUND OR LESION	0.00071	11.68	0		989.41			
13121	REPAIR OF WOUND OR LESION	0.00066	13.06	0		1,106.31			
13132	REPAIR OF WOUND OR LESION	0.00088	17.23	0		1,459.55			
13152	REPAIR OF WOUND OR LESION	0.00020	16.63	0		1,408.73			
14040	SKIN TISSUE REARRANGEMENT	0.00045	22.84	0		1,934.78			
14041	SKIN TISSUE REARRANGEMENT	0.00017	28.24	0		2,392.21			
14060	SKIN TISSUE REARRANGEMENT	0.00048	23.29	0		1,972.90			
15260	SKIN FULL GRAFT EEN & LIPS	0.00021	30.17	0		2,555.70			
15732	MUSCLE-SKIN GRAFT HEAD/NECK	0.00006	45.27	0		3,834.82			
15734	MUSCLE-SKIN GRAFT TRUNK	0.00009	45.47	0		3,851.76			
15823	REVISION OF UPPER EYELID	0.00029	18.19	0		1,540.87			
17000	DESTRUCT PREMALG LESION	0.02722	2.36	1	69.11	199.92	1.8812	5.4417	
17003	DESTRUCT PREMALG LES 2-14	0.07491	0.20	0		16.94			
17110	DESTRUCT B9 LESION 1-14	0.02774	3.18	1	81.30	269.38	2.2553	7.4725	
17262	DESTRUCTION OF SKIN LESIONS	0.00103	5.08	0		430.33			
17311	MOHS 1 STAGE H/N/HF/G	0.00230	19.23	0		1,628.97			

Network Physician Fee Analysis Example

CPT	Description	(A) Relative Frequency	(B) RBRVS Relative Value Unit	(C) Include in Comparison 1-yes 0-no	(D) Network Fee	(E) Average Prevailing Charge = [Unit Values.x(B)	(F) Network Products = (A)x(C)x(D)	(G) Average Prevailing Charge Products = (A)x(C)x(E)	Pricing Factor = (F) / ((G)
17312	MOHS ADDL STAGE	0.00139	11.39	0		964.85			
17313	MOHS 1 STAGE T/A/L	0.00044	17.52	0		1,484.12			
19102	BX BREAST PERCUT W/IMAGE	0.00068	5.94	0		503.18			
19103	BX BREAST PERCUT W/DEVICE	0.00149	15.27	0		1,293.52			
19120	REMOVAL OF BREAST LESION	0.00031	14.31	1	829.26	1,212.20	0.2571	0.3758	
19125	EXCISION BREAST LESION	0.00028	15.91	0		1,347.74			
19295	PLACE BREAST CLIP PERCUT	0.00176	2.45	0		207.54			
19296	PLACE PO BREAST CATH FOR RAD	0.00004	112.55	0		9,534.11			
19301	PARTICAL MASTECTOMY	0.00028	19.29	0		1,634.06			
19303	MAST SIMPLE COMPLETE	0.00020	29.89	0		2,531.98			
19307	MAST MOD RAD	0.00009	35.32	0		2,991.96			
19318	REDUCTION OF LARGE BREAST	0.00017	34.03	1	3,533.83	2,882.68	0.6008	0.4901	
19350	BREAST RECONSTRUCTION	0.00009	24.68	0		2,090.64			
19357	BREAST RECONSTRUCTION	0.00016	45.81	0		3,880.57			
19380	REVISE BREAST RECONSTRUCTION	0.00010	23.61	0		2,000.00			
20550	INJ TENDON SHEATH/LIGAMENT	0.00976	1.68	1	82.66	142.31	0.8068	1.3890	
20552	INJ TRIGGER POINT 1/2 MUSCL	0.00285	1.59	0		134.69			
20553	INJECT TRIGGER POINTS =/> 3	0.00222	1.82	0		154.17			
20600	DRAIN/INJECT JOINT/BURSA	0.00342	1.59	0		134.69			
20605	DRAIN/INJECT JOINT/BURSA	0.00493	1.74	0		147.40			
20610	DRAIN/INJECT JOINT/BURSA	0.03520	2.34	1	96.21	198.22	3.3865	6.9774	
20680	REMOVAL OF SUPPORT IMPLANT	0.00066	18.14	1	692.40	1,536.64	0.4570	1.0142	
22520	PERCUT VERTEBROPLASTY THOR	0.00002	63.37	0		5,368.07			
22554	NECK SPINE FUSION	0.00027	37.80	1	3,612.41	3,202.04	0.9754	0.8646	
22558	LUMBAR SPINE FUSION	0.00019	46.27	0		3,919.53			
22585	ADDITIONAL SPINAL FUSION	0.00043	10.20	0		864.04			
22600	NECK SPINE FUSION	0.00004	38.19	0		3,235.07			
22612	LUMBAR SPINE FUSION	0.00049	47.73	0		4,043.21			
22614	SPINE FUSION EXTRA SEGMENT	0.00057	11.87	0		1,005.51			
22630	LUMBAR SPINE FUSION	0.00018	45.96	0		3,893.27			
22802	FUSION OF SPINE	0.00002	63.17	0		5,351.13			
22830	EXPLORATION OF SPINAL FUSION	0.00006	24.07	0		2,038.97			
22840	INSERT SPINE FIXATION DEVICE	0.00028	23.14	0		1,960.19			
22842	INSERT SPINE FIXATION DEVICE	0.00032	23.18	1	2,914.59	1,963.58	0.9327	0.6283	
22845	INSERT SPINE FIXATION DEVICE	0.00050	22.33	0		1,891.57			
22846	INSERT SPINE FIXATION DEVICE	0.00007	23.16	0		1,961.88			
22851	APPLY SPINE PROSTH DEVICE	0.00087	12.40	0		1,050.40			
23350	INJECTION FOR SHOULDER X-RAY	0.00075	4.07	0		344.77			
23412	REPAIR ROTATOR CUFF CHRONIC	0.00016	25.38	0		2,149.94			
23420	REPAIR OF SHOULDER	0.00006	28.87	1	3,001.31	2,445.58	0.1801	0.1467	
23430	REPAIR BICEPS TENDON	0.00007	22.17	0		1,878.02			
23472	RECONSTRUCT SHOULDER JOINT	0.00008	44.83	0		3,797.55			

Network Physician Fee Analysis Example

CPT	Description	(A) Relative Frequency	(B) RBRVS Relative Value Unit	(C) Include in Comparison 1-yes 0-no	(D) Network Fee	(E) Average Prevailing Charge = [Unit Values.x(B)	(F) Network Products = (A)x(C)x(D)	(G) Average Prevailing Charge Products = (A)x(C)x(E)	Pricing Factor = (F) / ((G)
25447	REPAIR WRIST JOINT(S)	0.00009	24.64	0		2,087.25			
25600	TREAT FRACTURE RADIUS/ULNA	0.00086	8.42	0		713.26			
25605	TREAT FRACTURE RADIUS/ULNA	0.00021	18.26	0		1,546.80			
25609	TREAT FX RADIAL 3+ FRAG	0.00009	31.21	0		2,643.80			
26055	INCISE FINGER TENDON SHEATH	0.00049	15.93	0		1,349.43			
27096	INJECT SACROILIAC JOINT	0.00109	5.66	0		479.46			
27130	TOTAL HIP ARTHROPLASTY	0.00072	43.27	1	5,490.43	3,665.40	3.9531	2.6391	
27134	REVISE HIP JOINT REPLACEMENT	0.00004	57.86	0		4,901.32			
27236	TREAT THIGH FRACTURE	0.00014	35.86	0		3,037.70			
27245	TREAT THIGH FRACTURE	0.00016	36.92	0		3,127.49			
27446	REVISION OF KNEE JOINT	0.00010	33.09	0		2,803.05			
27447	TOTAL KNEE ARTHROPLASTY	0.00143	46.19	1	5,964.67	3,912.75	8.5295	5.5952	
27487	REVISE/REPLACE KNEE JOINT	0.00006	52.95	0		4,485.39			
27786	TREATMENT OF ANKLE FRACTURE	0.00037	9.15	0		775.10			
28285	REPAIR OF HAMMERTOE	0.00073	13.85	1	844.16	1,173.23	0.6162	0.8565	
28296	CORRECTION OF BUNION	0.00046	20.98	1	1,982.36	1,777.22	0.9119	0.8175	
28470	TREAT METATARSAL FRACTURE	0.00057	6.16	0		521.81			
29075	APPLICATION OF FOREARM CAST	0.00192	2.59	0		219.40			
29405	APPLY SHORT LEG CAST	0.00114	2.58	0		218.55			
29540	STRAPPING OF ANKLE AND/OR FT	0.00494	0.97	0		82.17			
29806	SHOULDER ARTHROSCOPY/SURGERY	0.00016	31.67	0		2,682.77			
29807	SHOULDER ARTHROSCOPY/SURGERY	0.00018	30.96	0		2,622.62			
29822	SHOULDER ARTHROSCOPY/SURGERY	0.00025	17.06	0		1,445.15			
29823	SHOULDER ARTHROSCOPY/SURGERY	0.00031	18.61	0		1,576.45			
29824	SHOULDER ARTHROSCOPY/SURGERY	0.00030	20.06	0		1,699.28			
29826	SHOULDER ARTHROSCOPY/SURGERY	0.00083	19.83	1	2,857.67	1,679.80	2.3719	1.3942	
29827	ARTHROSCOP ROTATOR CUFF REPR	0.00049	32.17	0		2,725.12			
29848	WRIST ENDOSCOPY/SURGERY	0.00022	15.20	0		1,287.59			
29874	KNEE ARTHROSCOPY/SURGERY	0.00012	16.04	0		1,358.75			
29875	KNEE ARTHROSCOPY/SURGERY	0.00026	14.73	1	2,051.46	1,247.78	0.5334	0.3244	
29876	KNEE ARTHROSCOPY/SURGERY	0.00024	19.58	1	2,448.46	1,658.62	0.5876	0.3981	
29877	KNEE ARTHROSCOPY/SURGERY	0.00074	18.55	1	2,188.31	1,571.37	1.6194	1.1628	
29879	KNEE ARTHROSCOPY/SURGERY	0.00024	19.78	0		1,675.56			
29880	KNEE ARTHROSCOPY/SURGERY	0.00063	20.61	1	3,008.08	1,745.87	1.8951	1.0999	
29881	KNEE ARTHROSCOPY/SURGERY	0.00165	19.28	1	2,489.11	1,633.21	4.1070	2.6948	
29882	KNEE ARTHROSCOPY/SURGERY	0.00010	20.86	0		1,767.05			
29888	KNEE ARTHROSCOPY/SURGERY	0.00046	29.57	1	4,403.72	2,504.87	2.0257	1.1522	
30140	RESECT INFERIOR TURBINATE	0.00043	13.14	1	991.85	1,113.09	0.4265	0.4786	
30520	REPAIR OF NASAL SEPTUM	0.00060	18.85	1	2,222.19	1,596.78	1.3333	0.9581	
31231	NASAL ENDOSCOPY DX	0.00718	5.68	0		481.15			
31237	NASAL/SINUS ENDOSCOPY SURG	0.00140	9.73	0		824.23			
31255	REMOVAL OF ETHMOID SINUS	0.00029	12.39	0		1,049.56			

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31276	SINUS ENDOSCOPY SURGICAL	0.00019	15.64	0		1,324.86			
31500	INSERT EMERGENCY AIRWAY	0.00066	3.28	0		277.85			
31575	DIAGNOSTIC LARYNGOSCOPY	0.00601	3.42	1	331.98	289.71	1.9952	1.7411	
31579	DIAGNOSTIC LARYNGOSCOPY	0.00063	6.39	0		541.30			
33208	INSERTION OF HEART PACEMAKER	0.00029	15.35	0		1,300.30			
33249	ELTRD/INSERT PACE-DEFIB	0.00020	26.40	0		2,236.34			
33405	REPLACEMENT OF AORTIC VALVE	0.00011	70.07	1	6,016.17	5,935.63	0.6618	0.6529	
33430	REPLACEMENT OF MITRAL VALVE	0.00003	86.25	1	5,760.08	7,306.24	0.1728	0.2192	
33533	CABG ARTERIAL SINGLE	0.00031	57.49	0		4,869.98			
33534	CABG ARTERIAL TWO	0.00004	67.64	0		5,729.78			
35301	RECHANNELING OF ARTERY	0.00018	33.20	1	3,520.27	2,812.37	0.6336	0.5062	
35474	REPAIR ARTERIAL BLOCKAGE	0.00010	28.57	0		2,420.16			
36000	PLACE NEEDLE IN VEIN	0.00199	0.69	1	86.72	58.45	0.1726	0.1163	
36147	ACCESS AV DIAL GRFT FOR EVAL	0.00020	24.33	0		2,060.99			
36216	PLACE CATHETER IN ARTERY	0.00027	35.49	1	760.16	3,006.36	0.2052	0.8117	
36217	PLACE CATHETER IN ARTERY	0.00018	57.96	0		4,909.79			
36247	PLACE CATHETER IN ARTERY	0.00020	52.54	0		4,450.66			
36415	ROUTINE VENIPUNCTURE	0.42693	0.15	1	8.13	12.71	3.4729	5.4248	
36416	CAPILLARY BLOOD DRAW	0.02858	0.15	0		12.71			
36471	INJECTION THERAPY OF VEINS	0.00130	5.19	0		439.64			
36475	ENDOVENOUS RF 1ST VEIN	0.00051	51.90	0		4,396.45			
36478	ENDOVENOUS LASER 1ST VEIN	0.00085	39.34	0		3,332.49			
36556	INSERT NON-TUNNEL CV CATH	0.00162	6.73	0		570.10			
36558	INSERT TUNNELED CV CATH	0.00033	22.38	0		1,895.81			
36561	INSERT TUNNELED CV CATH	0.00061	33.87	0		2,869.13			
36569	INSERT PICC CATH	0.00077	6.95	0		588.73			
36620	INSERTION CATHETER ARTERY	0.00267	1.54	1	250.67	130.45	0.6693	0.3483	
37204	TRANSCATHETER OCCLUSION	0.00011	26.83	0		2,272.77			
37205	TRANSCATH IV STENT PERCUT	0.00022	117.82	0		9,980.53			
37620	REVISION OF MAJOR VEIN	0.00022	19.26	0		1,631.51			
37765	STAB PHLEB VEINS XTR 10-20	0.00021	19.92	0		1,687.42			
38221	BONE MARROW BIOPSY	0.00071	4.39	0		371.88			
38525	BIOPSY/REMOVAL LYMPH NODES	0.00023	12.89	0		1,091.91			
38571	LAPAROSCOPY LYMPHADENECTOMY	0.00005	23.28	0		1,972.05			
38724	REMOVAL OF LYMPH NODES NECK	0.00004	44.87	0		3,800.94			
42820	REMOVE TONSILS AND ADENOIDS	0.00062	8.98	1	902.42	760.70	0.5595	0.4716	
42826	REMOVAL OF TONSILS	0.00032	7.77	1	917.33	658.20	0.2935	0.2106	
43235	UPPR GI ENDOSCOPY DIAGNOSIS	0.00162	8.47	0		717.49			
43239	UPPER GI ENDOSCOPY BIOPSY	0.00892	9.86	1	807.58	835.24	7.2036	7.4503	
43246	PLACE GASTROSTOMY TUBE	0.00026	7.59	0		642.95			
43248	UPPR GI ENDOSCOPY/GUIDE WIRE	0.00040	5.66	0		479.46			
43249	ESOPH ENDOSCOPY DILATION	0.00033	5.22	0		442.19			

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43262	ENDO CHOLANGIOPANCREATOGRAPH	0.00022	12.87	0		1,090.22			
43264	ENDO CHOLANGIOPANCREATOGRAPH	0.00020	15.44	0		1,307.92			
43644	LAP GASTRIC BYPASS/ROUX-EN-Y	0.00020	51.74	0		4,382.90			
43770	LAP PLACE GASTR ADJ DEVICE	0.00015	33.31	0		2,821.69			
43775	LAP SLEEVE GASTRECTOMY	0.00006	38.24	0		3,239.31			
44005	FREEING OF BOWEL ADHESION	0.00013	32.66	1	2,376.65	2,766.63	0.3090	0.3597	
44120	REMOVAL OF SMALL INTESTINE	0.00012	36.54	0		3,095.30			
44140	PARTIAL REMOVAL OF COLON	0.00012	40.06	1	3,169.32	3,393.48	0.3803	0.4072	
44160	REMOVAL OF COLON	0.00007	37.13	0		3,145.28			
44180	LAP ENTEROLYSIS	0.00012	27.46	0		2,326.14			
44204	LAPARO PARTIAL COLECTOMY	0.00009	46.14	0		3,908.52			
44207	L COLECTOMY/COLOPROCTOSTOMY	0.00007	54.89	0		4,649.73			
44970	LAPAROSCOPY APPENDECTOMY	0.00079	17.84	0		1,511.23			
45378	DIAGNOSTIC COLONOSCOPY	0.00883	11.40	1	910.55	965.69	8.0401	8.5271	
45380	COLONOSCOPY AND BIOPSY	0.00752	13.58	0		1,150.36			
45381	COLONOSCOPY SUBMUCOUS INJ	0.00026	13.17	0		1,115.63			
45383	LESION REMOVAL COLONOSCOPY	0.00033	16.52	0		1,399.41			
45384	LESION REMOVE COLONOSCOPY	0.00122	13.58	0		1,150.36			
45385	LESION REMOVAL COLONOSCOPY	0.00446	15.33	1	1,289.95	1,298.60	5.7532	5.7918	
46221	LIGATION OF HEMORRHOID(S)	0.00078	7.75	0		656.50			
46600	DIAGNOSTIC ANOSCOPY	0.00197	2.49	0		210.93			
47562	LAPAROSCOPIC CHOLECYSTECTOMY	0.00138	22.29	0		1,888.19			
47563	LAPARO CHOLECYSTECTOMY/GRAPH	0.00061	22.51	0		1,906.82			
49505	PRP I/HERN INIT REDUC >5 YR	0.00061	15.42	1	1,394.29	1,306.23	0.8505	0.7968	
49560	RPR VENTRAL HERN INIT REDUC	0.00024	21.93	1	1,792.66	1,857.69	0.4302	0.4458	
49585	RPR UMBIL HERN REDUC > 5 YR	0.00029	13.14	0		1,113.09			
49650	LAP ING HERNIA REPAIR INIT	0.00024	12.66	0		1,072.43			
50590	FRAGMENTING OF KIDNEY STONE	0.00062	21.94	1	2,677.47	1,858.54	1.6600	1.1523	
51720	TREATMENT OF BLADDER LESION	0.00080	3.12	0		264.30			
51728	CYSTOMETROGRAM W/VP	0.00053	8.93	0		756.46			
51729	CYSTOMETROGRAM W/VP&UP	0.00094	9.78	0		828.46			
51741	ELECTRO-UROFLOWMETRY FIRST	0.00372	0.94	0		79.63			
51784	ANAL/URINARY MUSCLE STUDY	0.00114	5.56	0		470.99			
51797	INTRAABDOMINAL PRESSURE TEST	0.00133	3.13	0		265.14			
51798	US URINE CAPACITY MEASURE	0.00996	0.51	0		43.20			
52000	CYSTOSCOPY	0.00504	5.75	1	333.33	487.08	1.6800	2.4549	
52224	CYSTOSCOPY AND TREATMENT	0.00022	16.58	0		1,404.49			
52281	CYSTOSCOPY AND TREATMENT	0.00054	7.41	0		627.70			
52310	CYSTOSCOPY AND TREATMENT	0.00066	6.72	0		569.25			
52332	CYSTOSCOPY AND TREATMENT	0.00077	13.64	0		1,155.44			
52352	CYSTOURETERO W/STONE REMOVE	0.00019	10.85	0		919.10			
52353	CYSTOURETERO W/LITHOTRIPSY	0.00036	12.46	0		1,055.49			

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52601	PROSTATECTOMY (TURP)	0.00014	24.80	1	2,544.68	2,100.81	0.3563	0.2941	
52648	LASER SURGERY OF PROSTATE	0.00009	50.81	0		4,304.12			
53850	PROSTATIC MICROWAVE THERMOTX	0.00006	54.27	0		4,597.21			
54150	CIRCUMCISION W/REGIONL BLOCK	0.00275	4.46	1	157.18	377.81	0.4323	1.0390	
55250	REMOVAL OF SPERM DUCT(S)	0.00120	10.98	1	573.16	930.12	0.6878	1.1161	
55700	BIOPSY OF PROSTATE	0.00142	6.19	1	346.88	524.35	0.4926	0.7446	
55845	EXTENSIVE PROSTATE SURGERY	0.00004	48.17	1	4,723.51	4,080.48	0.1889	0.1632	
55866	LAPARO RADICAL PROSTATECTOMY	0.00017	51.14	0		4,332.07			
57288	REPAIR BLADDER DEFECT	0.00046	20.87	0		1,767.90			
57454	BX/CURETT OF CERVIX W/SCOPE	0.00347	4.57	1	323.84	387.12	1.1237	1.3433	
58100	BIOPSY OF UTERUS LINING	0.00354	3.24	1	176.14	274.46	0.6236	0.9716	
58150	TOTAL HYSTERECTOMY	0.00050	30.18	1	3,154.43	2,556.55	1.5772	1.2783	
58260	VAGINAL HYSTERECTOMY	0.00018	25.02	1	3,040.60	2,119.44	0.5473	0.3815	
58300	INSERT INTRAUTERINE DEVICE	0.00254	2.02	0		171.11			
58301	REMOVE INTRAUTERINE DEVICE	0.00132	2.81	0		238.04			
58340	CATHETER FOR HYSTEROGRAPHY	0.00206	3.33	0		282.08			
58550	LAPARO-ASST VAG HYSTERECTOMY	0.00012	26.71	0		2,262.60			
58552	LAPARO-VAG HYST INCL T/O	0.00014	29.65	0		2,511.65			
58558	HYSTEROSCOPY BIOPSY	0.00114	11.60	0		982.64			
58563	HYSTEROSCOPY ABLATION	0.00078	46.24	0		3,916.99			
58565	HYSTEROSCOPY STERILIZATION	0.00023	52.05	0		4,409.16			
58571	TLH W/T/O 250 G OR LESS	0.00014	31.26	0		2,648.03			
58611	LIGATE OVIDUCT(S) ADD-ON	0.00036	2.36	0		199.92			
58660	LAPAROSCOPY LYSIS	0.00010	20.36	0		1,724.70			
58661	LAPAROSCOPY REMOVE ADNEXA	0.00027	19.49	0		1,651.00			
58662	LAPAROSCOPY EXCISE LESIONS	0.00026	21.32	0		1,806.02			
58970	RETRIEVAL OF OOCYTE	0.00022	6.34	0		537.06			
59025	FETAL NON-STRESS TEST	0.00901	1.41	1	138.21	119.44	1.2453	1.0762	
59400	OBSTETRICAL CARE	0.00478	57.26	1	2,817.02	4,850.49	13.4654	23.1854	
59409	OBSTETRICAL CARE	0.00019	22.37	0		1,894.96			
59410	OBSTETRICAL CARE	0.00037	28.51	0		2,415.08			
59425	ANTEPARTUM CARE ONLY	0.00051	12.50	0		1,058.88			
59426	ANTEPARTUM CARE ONLY	0.00055	22.34	0		1,892.42			
59510	CESAREAN DELIVERY	0.00276	63.44	1	3,318.37	5,374.00	9.1587	14.8322	
59514	CESAREAN DELIVERY ONLY	0.00015	25.21	0		2,135.54			
59515	CESAREAN DELIVERY	0.00020	34.60	0		2,930.97			
59610	VBAC DELIVERY	0.00008	60.14	0		5,094.46			
59820	CARE OF MISCARRIAGE	0.00042	11.29	1	780.48	956.38	0.3278	0.4017	
59840	ABORTION	0.00023	6.47	1	891.59	548.07	0.2051	0.1261	
60220	PARTIAL REMOVAL OF THYROID	0.00012	23.39	0		1,981.37			
60240	REMOVAL OF THYROID	0.00013	29.44	0		2,493.86			
60500	EXPLORE PARATHYROID GLANDS	0.00008	30.80	0		2,609.07			

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61510	REMOVAL OF BRAIN LESION	0.00007	65.19	1	7,058.16	5,522.24	0.4941	0.3866	
61795	BRAIN SURGERY USING COMPUTER	0.00032	16.60	0		1,406.19			
62270	SPINAL FLUID TAP DIAGNOSTIC	0.00082	4.45	1	181.56	376.96	0.1489	0.3091	
62284	INJECTION FOR MYELOGRAM	0.00034	5.88	1	518.96	498.09	0.1764	0.1694	
62290	INJECT FOR SPINE DISK X-RAY	0.00024	9.93	0		841.17			
62310	INJECT SPINE C/T	0.00164	7.20	0		609.91			
62311	INJECT SPINE L/S (CD)	0.00442	6.01	0		509.11			
62318	INJECT SPINE W/CATH C/T	0.00026	7.16	0		606.52			
63030	LOW BACK DISK SURGERY	0.00045	28.89	1	3,930.83	2,447.27	1.7689	1.1013	
63042	LAMINOTOMY SINGLE LUMBAR	0.00012	38.87	1	4,598.84	3,292.68	0.5519	0.3951	
63045	REMOVAL OF SPINAL LAMINA	0.00004	37.96	1	4,753.32	3,215.59	0.1901	0.1286	
63047	REMOVAL OF SPINAL LAMINA	0.00048	32.82	0		2,780.18			
63048	REMOVE SPINAL LAMINA ADD-ON	0.00063	6.45	0		546.38			
63056	DECOMPRESS SPINAL CORD	0.00006	44.32	0		3,754.35			
63075	NECK SPINE DISK SURGERY	0.00042	41.05	1	4,059.56	3,477.35	1.7050	1.4605	
63076	NECK SPINE DISK SURGERY	0.00027	7.57	0		641.25			
63081	REMOVAL OF VERTEBRAL BODY	0.00008	53.09	0		4,497.25			
63650	IMPLANT NEUROELECTRODES	0.00014	13.09	0		1,108.85			
64415	N BLOCK INJ BRACHIAL PLEXUS	0.00122	3.48	0		294.79			
64447	N BLOCK INJ FEM SINGLE	0.00075	3.50	0		296.49			
64450	N BLOCK OTHER PERIPHERAL	0.00243	3.10	0		262.60			
64479	INJ FORAMEN EPIDURAL C/T	0.00040	7.31	0		619.23			
64483	INJ FORAMEN EPIDURAL L/S	0.00418	6.36	0		538.76			
64484	INJ FORAMEN EPIDURAL ADD-ON	0.00207	2.68	0		227.02			
64490	INJ PARAVERT F JNT C/T 1 LEV	0.00072	5.78	0		489.62			
64491	INJ PARAVERT F JNT C/T 2 LEV	0.00060	2.86	0		242.27			
64493	INJ PARAVERT F JNT L/S 1 LEV	0.00166	5.15	0		436.26			
64494	INJ PARAVERT F JNT L/S 2 LEV	0.00137	2.58	0		218.55			
64495	INJ PARAVERT F JNT L/S 3 LEV	0.00085	2.62	0		221.94			
64622	DESTR PARAVERTEBRL NERVE L/S	0.00060	10.25	0		868.28			
64623	DESTR PARAVERTEBRAL N ADD-ON	0.00113	3.83	0		324.44			
64640	INJECTION TREATMENT OF NERVE	0.00072	6.31	0		534.52			
64718	REVISE ULNAR NERVE AT ELBOW	0.00017	17.61	0		1,491.74			
64721	CARPAL TUNNEL SURGERY	0.00085	12.66	1	1,318.41	1,072.43	1.1206	0.9116	
65855	LASER SURGERY OF EYE	0.00063	10.08	0		853.88			
66761	REVISION OF IRIS	0.00046	8.67	0		734.44			
66821	AFTER CATARACT LASER SURGERY	0.00179	9.70	1	1,093.48	821.69	1.9573	1.4708	
66982	CATARACT SURGERY COMPLEX	0.00042	31.99	0		2,709.87			
66984	CATARACT SURG W/IOL 1 STAGE	0.00518	22.98	0		1,946.64			
67028	INJECTION EYE DRUG	0.00482	3.06	0		259.21			
67042	VIT FOR MACULAR HOLE	0.00009	45.75	0		3,875.48			
67108	REPAIR DETACHED RETINA	0.00010	48.34	0		4,094.88			

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67113	REPAIR RETINAL DETACH CPLX	0.00006	52.65	0		4,459.98			
67145	TREATMENT OF RETINA	0.00031	15.60	0		1,321.48			
67210	TREATMENT OF RETINAL LESION	0.00061	20.76	1	1,673.41	1,758.58	1.0208	1.0727	
67228	TREATMENT OF RETINAL LESION	0.00047	34.38	1	1,789.95	2,912.33	0.8413	1.3688	
67904	REPAIR EYELID DEFECT	0.00014	21.85	0		1,850.91			
68761	CLOSE TEAR DUCT OPENING	0.00188	4.29	0		363.41			
69210	REMOVE IMPACTED EAR WAX	0.01243	1.53	1	58.27	129.61	0.7243	1.6110	
69436	CREATE EARDRUM OPENING	0.00108	4.92	1	575.87	416.77	0.6219	0.4501	
	Surgery - Total	1.00000	3.5946				122.6963	152.3695	80.5%
Radiology-Total(Includesprofessionalandtechnicalcomponents)									
70450	CT HEAD/BRAIN W/O DYE	0.03427	4.74	0		671.42			
70486	CT MAXILLOFACIAL W/O DYE	0.00830	6.58	0		932.06			
70544	MR ANGIOGRAPHY HEAD W/O DYE	0.00362	13.20	0		1,869.78			
70551	MRI BRAIN W/O DYE	0.00819	12.36	0		1,750.79			
70553	MRI BRAIN W/O & W/DYE	0.01423	16.19	1	2,273.19	2,293.31	32.3475	32.6339	
71010	CHEST X-RAY	0.09145	0.66	1	110.85	93.49	10.1377	8.5496	
71020	CHEST X-RAY	0.14218	0.86	1	130.13	121.82	18.5018	17.3202	
71250	CT THORAX W/O DYE	0.00893	6.00	0		849.90			
71260	CT THORAX W/DYE	0.01594	7.53	0		1,066.62			
71275	CT ANGIOGRAPHY CHEST	0.00507	11.45	0		1,621.89			
72125	CT NECK SPINE W/O DYE	0.00516	6.05	0		856.98			
72141	MRI NECK SPINE W/O DYE	0.00898	11.03	0		1,562.40			
72146	MRI CHEST SPINE W/O DYE	0.00233	11.04	0		1,563.82			
72148	MRI LUMBAR SPINE W/O DYE	0.01582	10.85	1	1,807.30	1,536.90	28.5915	24.3138	
72156	MRI NECK SPINE W/O & W/DYE	0.00189	16.22	0		2,297.56			
72158	MRI LUMBAR SPINE W/O & W/DYE	0.00311	15.88	0		2,249.40			
72192	CT PELVIS W/O DYE	0.01843	5.84	0		827.24			
72193	CT PELVIS W/DYE	0.02777	7.11	0		1,007.13			
72194	CT PELVIS W/O & W/DYE	0.00570	9.08	0		1,286.18			
73221	MRI JOINT UPR EXTREM W/O DYE	0.00974	11.58	0		1,640.31			
73630	X-RAY EXAM OF FOOT	0.04844	0.91	1	112.46	128.90	5.4474	6.2440	
73718	MRI LOWER EXTREMITY W/O DYE	0.00268	12.08	0		1,711.13			
73721	MRI JNT OF LWR EXTRE W/O DYE	0.01975	11.84	1	1,752.68	1,677.14	34.6155	33.1234	
74150	CT ABDOMEN W/O DYE	0.01830	5.98	0		847.07			
74160	CT ABDOMEN W/DYE	0.02674	8.18	1	1,219.33	1,158.70	32.6049	30.9836	
74170	CT ABDOMEN W/O & W/DYE	0.01060	10.84	0		1,535.49			
74183	MRI ABDOMEN W/O & W/DYE	0.00233	16.62	0		2,354.22			
76645	US EXAM BREAST(S)	0.02805	2.79	0		395.20			
76700	US EXAM ABDOM COMPLETE	0.01866	4.02	1	427.33	569.43	7.9739	10.6256	
76770	US EXAM ABDO BACK WALL COMP	0.01190	3.78	0		535.44			
76805	OB US >/= 14 WKS SNGL FETUS	0.01297	4.26	1	334.14	603.43	4.3338	7.8265	

Network Physician Fee Analysis Example

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76811	OB US DETAILED SNGL FETUS	0.00678	5.38	0		762.08			
76817	TRANSVAGINAL US OBSTETRIC	0.01615	2.94	0		416.45			
76830	TRANSVAGINAL US NON-OB	0.04552	3.61	1	377.54	511.36	17.1854	23.2769	
76856	US EXAM PELVIC COMPLETE	0.02939	3.58	1	329.34	507.11	9.6792	14.9039	
76942	ECHO GUIDE FOR BIOPSY	0.01828	5.68	0		804.57			
77003	FLUOROGUIDE FOR SPINE INJECT	0.02250	1.88	0		266.30			
77014	CT SCAN FOR THERAPY GUIDE	0.00805	5.41	0		766.33			
77052	COMP SCREEN MAMMOGRAM ADD-ON	0.09831	0.28	0		39.66			
77057	MAMMOGRAM SCREENING	0.02199	2.25	0		318.71			
77059	MRI BOTH BREASTS	0.00214	17.67	0		2,502.96			
77080	DXA BONE DENSITY AXIAL	0.03421	2.87	0		406.54			
77290	SET RADIATION THERAPY FIELD	0.00306	15.32	0		2,170.08			
77295	SET RADIATION THERAPY FIELD	0.00132	12.76	0		1,807.45			
77334	RADIATION TREATMENT AID(S)	0.00818	4.17	0		590.68			
77418	RADIATION TX DELIVERY IMRT	0.00891	13.28	0		1,881.11			
77421	STEREOSCOPIC X-RAY GUIDANCE	0.00881	2.85	0		403.70			
77427	RADIATION TX MANAGEMENT X5	0.00862	5.33	0		754.99			
78452	HT MUSCLE IMAGE SPECT MULT	0.02235	14.06	0		1,991.60			
78815	PET IMAGE W/CT SKULL-THIGH	0.00390	16.63	0		2,355.64			
	Radiology - Total	1.00000	4.3561				201.4186	209.8013	96.0%
Pathology									
80048	METABOLIC PANEL TOTAL CA	0.01578	0.78	0		46.37			
80050	GENERAL HEALTH PANEL	0.03745	1.78	1	57.98	105.82	2.1715	3.9630	
80053	COMPREHEN METABOLIC PANEL	0.06135	0.91	0		54.10			
80061	LIPID PANEL	0.08096	1.04	1	40.24	61.83	3.2577	5.0056	
80076	HEPATIC FUNCTION PANEL	0.01049	0.81	0		48.15			
80101	DRUG SCREEN SINGLE	0.03155	1.23	0		73.12			
81001	URINALYSIS AUTO W/SCOPE	0.02605	0.37	0		22.00			
81002	URINALYSIS NONAUTO W/O SCOPE	0.04120	0.29	0		17.24			
81003	URINALYSIS AUTO W/O SCOPE	0.02705	0.31	0		18.43			
82043	MICROALBUMIN QUANTITATIVE	0.00794	1.14	0		67.77			
82306	VITAMIN D 25 HYDROXY	0.02558	2.43	0		144.46			
82607	VITAMIN B-12	0.01084	1.30	0		77.29			
82670	ASSAY OF ESTRADIOL	0.00577	1.53	0		90.96			
82728	ASSAY OF FERRITIN	0.00828	1.20	0		71.34			
82746	BLOOD FOLIC ACID SERUM	0.00623	1.33	0		79.07			
83001	GONADOTROPIN (FSH)	0.00532	1.62	0		96.31			
83036	GLYCOSYLATED HEMOGLOBIN TEST	0.03545	0.88	0		52.32			
83901	MOLECULE NUCLEIC AMPLI ADDON	0.01626	2.01	0		119.49			
83914	MUTATION IDENT OLA/SBCE/ASPE	0.02600	2.01	0		119.49			
84153	ASSAY OF PSA TOTAL	0.02027	1.56	0		92.74			

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84403	ASSAY OF TOTAL TESTOSTERONE	0.00763	1.46	0		86.80			
84439	ASSAY OF FREE THYROXINE	0.02214	0.91	0		54.10			
84443	ASSAY THYROID STIM HORMONE	0.03902	1.30	1	54.45	77.29	2.1245	3.0157	
84480	ASSAY TRIIODOTHYRONINE (T3)	0.00493	1.30	0		77.29			
84481	FREE ASSAY (FT-3)	0.00515	1.72	0		102.25			
84702	CHORIONIC GONADOTROPIN TEST	0.00695	1.23	1	52.07	73.12	0.3619	0.5082	
85025	COMPLETE CBC W/AUTO DIFF WBC	0.07550	0.60	1	15.39	35.67	1.1620	2.6931	
85610	PROTHROMBIN TIME	0.02230	0.39	0		23.19			
86003	ALLERGEN SPECIFIC IGE	0.04045	0.36	0		21.40			
86703	HIV-1/HIV-2 SINGLE ASSAY	0.00828	1.30	0		77.29			
87070	CULTURE BACTERIA OTHER	0.01028	0.88	0		52.32			
87086	URINE CULTURE/COLONY COUNT	0.01939	0.81	1	22.48	48.15	0.4360	0.9337	
87491	CHYLMD TRACH DNA AMP PROBE	0.01329	2.34	0		139.11			
87591	N.GONORRHOEAE DNA AMP PROB	0.01296	2.60	0		154.57			
87621	HPV DNA AMP PROBE	0.01468	2.60	0		154.57			
87798	DETECT AGENT NOS DNA AMP	0.00390	2.60	0		154.57			
87880	STREP A ASSAY W/OPTIC	0.03010	1.14	0		67.77			
88112	CYTOPATH CELL ENHANCE TECH	0.00276	2.90	0		172.41			
88141	CYTOPATH C/V INTERPRET	0.00498	0.87	0		51.72			
88142	CYTOPATH C/V THIN LAYER	0.00971	0.55	0		32.70			
88173	CYTOPATH EVAL FNA REPORT	0.00126	3.98	0		236.61			
88175	CYTOPATH C/V AUTO FLUID REDO	0.03253	0.63	0		37.45			
88185	FLOWCYTOMETRY/TC ADD-ON	0.00573	1.40	0		83.23			
88304	TISSUE EXAM BY PATHOLOGIST	0.00647	1.68	1	73.37	99.88	0.4747	0.6462	
88305	TISSUE EXAM BY PATHOLOGIST	0.07241	2.95	1	106.52	175.38	7.7130	12.6991	
88307	TISSUE EXAM BY PATHOLOGIST	0.00437	6.71	1	171.61	398.91	0.7499	1.7432	
88312	SPECIAL STAINS GROUP 1	0.00538	3.08	0		183.11			
88313	SPECIAL STAINS GROUP 2	0.00523	2.21	0		131.38			
88342	IMMUNOHISTOCHEMISTRY	0.01094	3.00	0		178.35			
88367	INSITU HYBRIDIZATION AUTO	0.00146	7.42	0		441.12			
	Pathology - Total	1.00000	1.2991				18.4512	31.2078	59.1%
Medicine									
90471	IMMUNIZATION ADMIN	0.02162	0.68	0		42.75			
90649	HPV VACCINE 4 VALENT IM	0.00133	3.30	0		207.47			
90658	FLU VACCINE 3 YRS & > IM	0.01002	0.40	0		25.15			
90680	ROTOVIRUS VACC 3 DOSE ORAL	0.00198	1.95	0		122.60			
90698	DTAP-HIB-IP VACCINE IM	0.00177	1.95	0		122.60			
90716	CHICKEN POX VACCINE SC	0.00264	1.91	0		120.08			
90734	MENINGOCOCCAL VACCINE IM	0.00137	2.48	0		155.92			
90801	PSY DX INTERVIEW	0.00358	4.46	0		280.40			
90805	PSYTX OFF 20-30 MIN W/E&M	0.00261	2.12	0		133.28			

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90806	PSYTX OFF 45-50 MIN	0.02724	2.39	0		150.26			
90807	PSYTX OFF 45-50 MIN W/E&M	0.00298	2.93	0		184.21			
90847	FAMILY PSYTX W/PATIENT	0.00256	2.99	0		187.98			
90862	MEDICATION MANAGEMENT	0.00460	1.72	0		108.14			
92004	EYE EXAM NEW PATIENT	0.00281	4.30	1	113.49	270.34	0.3189	0.7597	
92012	EYE EXAM ESTABLISHED PAT	0.00479	2.46	1	78.23	154.66	0.3747	0.7408	
92014	EYE EXAM & TREATMENT	0.00849	3.58	1	96.62	225.07	0.8203	1.9109	
92015	REFRACTION	0.00517	0.59	0		37.09			
92083	VISUAL FIELD EXAMINATION(S)	0.00227	2.59	0		162.83			
92135	OPHTH DX IMAGING POST SEG	0.00484	2.00	0		125.74			
92507	SPEECH/HEARING THERAPY	0.00242	2.06	1	56.75	129.51	0.1373	0.3134	
92980	INSERT INTRACORONARY STENT	0.00017	24.02	0		1,510.14			
93000	ELECTROCARDIOGRAM COMPLETE	0.01433	0.51	1	85.90	32.06	1.2309	0.4595	
93010	ELECTROCARDIOGRAM REPORT	0.00742	0.25	1	42.94	15.72	0.3186	0.1166	
93015	CARDIOVASCULAR STRESS TEST	0.00178	2.36	1	496.90	148.37	0.8845	0.2641	
93306	TTE W/DOPPLER COMPLETE	0.00471	5.36	0		336.98			
93320	DOPPLER ECHO EXAM HEART	0.00062	1.28	1	299.07	80.47	0.1854	0.0499	
93325	DOPPLER COLOR FLOW ADD-ON	0.00083	0.56	1	211.65	35.21	0.1757	0.0292	
93350	STRESS TTE ONLY	0.00024	5.70	0		358.36			
93351	STRESS TTE COMPLETE	0.00045	6.57	0		413.06			
93510	LEFT HEART CATHETERIZATION	0.00047	52.11	1	1,110.38	3,276.16	0.5219	1.5398	
93526	RT & LT HEART CATHETERS	0.00006	65.14	0		4,095.35			
93555	IMAGING CARDIAC CATH	0.00052	9.12	0		573.37			
93556	IMAGING CARDIAC CATH	0.00059	15.20	0		955.62			
93880	EXTRACRANIAL STUDY	0.00167	6.88	0		432.55			
93925	LOWER EXTREMITY STUDY	0.00029	8.73	0		548.86			
93970	EXTREMITY STUDY	0.00106	7.22	0		453.92			
93971	EXTREMITY STUDY	0.00129	4.71	0		296.12			
93975	VASCULAR STUDY	0.00031	10.49	0		659.51			
94010	BREATHING CAPACITY TEST	0.00269	1.02	1	81.28	64.13	0.2187	0.1725	
94060	EVALUATION OF WHEEZING	0.00155	1.76	1	124.24	110.65	0.1926	0.1715	
95004	PERCUT ALLERGY SKIN TESTS	0.04565	0.19	1	138.03	11.95	6.3013	0.5453	
95117	IMMUNOTHERAPY INJECTIONS	0.01016	0.32	1	18.41	20.12	0.1870	0.2044	
95810	POLYSOMNOGRAPHY 4 OR MORE	0.00069	17.25	0		1,084.51			
95811	POLYSOMNOGRAPHY W/CPAP	0.00060	18.10	0		1,137.95			
95900	MOTOR NERVE CONDUCTION TEST	0.00180	1.88	1	105.82	118.20	0.1905	0.2128	
95903	MOTOR NERVE CONDUCTION TEST	0.00278	2.18	0		137.06			
95904	SENSE NERVE CONDUCTION TEST	0.00507	1.64	1	105.82	103.11	0.5365	0.5228	
96372	THER/PROPH/DIAG INJ SC/IM	0.01132	0.68	0		42.75			
96413	CHEMO IV INFUSION 1 HR	0.00215	3.75	0		235.76			
97001	PT EVALUATION	0.00416	2.17	0		136.43			
97010	HOT OR COLD PACKS THERAPY	0.00965	0.17	1	15.34	10.69	0.1480	0.1031	

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97012	MECHANICAL TRACTION THERAPY	0.01276	0.46	0		28.92			
97014	ELECTRIC STIMULATION THERAPY	0.01291	0.45	1	16.88	28.29	0.2179	0.3652	
97032	ELECTRICAL STIMULATION	0.00660	0.54	0		33.95			
97035	ULTRASOUND THERAPY	0.01035	0.36	1	15.34	22.63	0.1587	0.2343	
97110	THERAPEUTIC EXERCISES	0.08892	0.91	0		57.21			
97112	NEUROMUSCULAR REEDUCATION	0.01686	0.95	0		59.73			
97124	MASSAGE THERAPY	0.00734	0.74	0		46.52			
97140	MANUAL THERAPY	0.04889	0.85	0		53.44			
97530	THERAPEUTIC ACTIVITIES	0.01791	0.99	0		62.24			
98940	CHIROPRACTIC MANIPULATION	0.01713	0.76	0		47.78			
98941	CHIROPRACTIC MANIPULATION	0.02995	1.07	0		67.27			
98942	CHIROPRACTIC MANIPULATION	0.00303	1.37	0		86.13			
99202	OFFICE/OUTPATIENT VISIT NEW	0.00883	2.16	1	84.35	135.80	0.7448	1.1991	
99203	OFFICE/OUTPATIENT VISIT NEW	0.02098	3.13	1	110.42	196.78	2.3166	4.1285	
99204	OFFICE/OUTPATIENT VISIT NEW	0.01086	4.80	1	159.50	301.78	1.7322	3.2773	
99205	OFFICE/OUTPATIENT VISIT NEW	0.00304	5.95	1	214.72	374.08	0.6527	1.1372	
99211	OFFICE/OUTPATIENT VISIT EST	0.00779	0.56	1	39.88	35.21	0.3107	0.2743	
99212	OFFICE/OUTPATIENT VISIT EST	0.02613	1.24	1	56.75	77.96	1.4829	2.0371	
99213	OFFICE/OUTPATIENT VISIT EST	0.16689	2.09	1	72.07	131.40	12.0285	21.9291	
99214	OFFICE/OUTPATIENT VISIT EST	0.09913	3.08	1	105.82	193.64	10.4898	19.1955	
99215	OFFICE/OUTPATIENT VISIT EST	0.01150	4.15	1	170.25	260.91	1.9579	3.0005	
99222	INITIAL HOSPITAL CARE	0.00249	4.03	1	242.32	253.37	0.6034	0.6309	
99223	INITIAL HOSPITAL CARE	0.00407	5.92	1	297.53	372.19	1.2110	1.5148	
99231	SUBSEQUENT HOSPITAL CARE	0.00485	1.15	1	95.08	72.30	0.4611	0.3507	
99232	SUBSEQUENT HOSPITAL CARE	0.01793	2.10	1	128.82	132.03	2.3098	2.3672	
99233	SUBSEQUENT HOSPITAL CARE	0.00886	3.02	1	190.17	189.87	1.6849	1.6822	
99238	HOSPITAL DISCHARGE DAY	0.00284	2.09	1	111.96	131.40	0.3180	0.3732	
99239	HOSPITAL DISCHARGE DAY	0.00158	3.10	0		194.90			
99242	OFFICE CONSULTATION	0.00149	2.58	1	150.30	162.20	0.2239	0.2417	
99243	OFFICE CONSULTATION	0.00609	3.52	1	191.71	221.30	1.1675	1.3477	
99244	OFFICE CONSULTATION	0.00677	5.20	1	251.52	326.92	1.7028	2.2133	
99245	OFFICE CONSULTATION	0.00225	6.36	1	317.47	399.85	0.7143	0.8997	
99254	INPATIENT CONSULTATION	0.00109	4.70	1	276.07	295.49	0.3009	0.3221	
99255	INPATIENT CONSULTATION	0.00060	5.68	1	346.61	357.10	0.2080	0.2143	
99283	EMERGENCY DEPT VISIT	0.00409	1.83	1	173.31	115.05	0.7088	0.4706	
99284	EMERGENCY DEPT VISIT	0.00415	3.45	1	259.19	216.90	1.0756	0.9001	
99285	EMERGENCY DEPT VISIT	0.00405	5.01	1	386.49	314.98	1.5653	1.2757	
99291	CRITICAL CARE FIRST HOUR	0.00193	7.86	1	427.90	494.16	0.8258	0.9537	
99385	PREV VISIT NEW AGE 18-39	0.00218	3.19	1	138.03	200.56	0.3009	0.4372	
99386	PREV VISIT NEW AGE 40-64	0.00161	3.71	1	151.83	233.25	0.2444	0.3755	
99391	PER PM REEVAL EST PAT INF	0.00513	2.31	1	67.48	145.23	0.3462	0.7450	
99392	PREV VISIT EST AGE 1-4	0.00567	2.57	1	72.07	161.58	0.4087	0.9161	

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99393	PREV VISIT EST AGE 5-11	0.00497	2.56	1	78.23	160.95	0.3888	0.7999	
99394	PREV VISIT EST AGE 12-17	0.00396	2.80	0		176.04			
99395	PREV VISIT EST AGE 18-39	0.00817	2.81	1	115.03	176.66	0.9398	1.4434	
99396	PREV VISIT EST AGE 40-64	0.01405	3.07	1	125.75	193.01	1.7669	2.7118	
99469	NEONATE CRIT CARE SUBSQ	0.00031	11.91	0		748.78			
99472	PED CRITICAL CARE SUBSQ	0.00025	11.75	0		738.72			
99479	IC LBW INF 1500-2500 G SUBSQ	0.00060	3.88	0		243.94			
	Medicine - Total	1.00000	1.9505				64.3124	88.0810	73.0%

Worksheet 4 – Example

Contracted Network Location: Kansas City – ZIP 641

Calculation of Network Pricing Factor — All Services

Provider Category	(A) Pricing Factor	(B) Weight*	(C) Weighted Factor (A*B)
1. Hospital Pricing Factor (From Worksheet 2)	77.83%	70.00%	54.48%
2. Physician Pricing Factor (From Worksheet 3)	77.55%	24.00%	18.61%
3. Other:			
Outpatient RX	100.00%		_____
Other Miscellaneous	100.00%		_____
Additional Other	100.00%		_____
Subtotal Other	100.00%	6.00%	6.00%
4. Subtotal (lines 1 + 2 + 3)		100.00%	79.09%
5. Total In-Network Pricing Factor (4(C)/4(B))			79.09%
6. Network Savings/Discount (100%-5(C))			20.91%

*Default Weight from Table Z

Instructions

Worksheet 4

Step 1: The hospital pricing factor from Worksheet 2 should be entered on Line 1, Column A.

Step 2: The physician pricing factor from Worksheet 3 should be entered on Line 2, Column A.

Step 3: The negotiated pricing factor for any other services (appropriate for the expected deductible level) should be entered on Line(s) 3, Column A.

Step 4: Service category weights for stop loss claims are provided in Column B. Network specific, or local area book of business specific, or client specific weights should be substituted for the default weights (Table Z: Note that weights vary by deductible level), if they are available.

Step 5: Calculate the weighted average for each provider category (Column C) by multiplying the pricing factor (Column A) by the weight (Column B). Zeros should be substituted for both the weights (Column B) and the weighted average (Column C) in service categories where no data is available.

Step 6: Subtotal the weights (Column B) and the weighted average (Column C) on Line 4. The weights will not add to 100% if some services were zeroed in Step 5 (this will be reflected in Step 7).

Step 7: Divide the subtotal weighted average (Column C, Line 4) by the subtotal weights (Column B, Line 4) to calculate the in-network pricing factor (Line 5).

Step 8: Calculate the in-network Savings/Discount (Line 6) by subtracting the in-network pricing factor (Line 5) from 100%.

Pricing Factors for PPO Discounts

The following table may be used to transform the estimated overall in-network discount from Worksheet 4, Line 6 into an in-network pricing factor which reflects the leveraging effect of discounted charges on stop loss costs.

The calculation of these factors assumes that 25% of in-network services require referral to non-network providers where no discount is available. For example, the in-network pricing factors for a 20% discount are calculated assuming that 75% of in-network services are discounted 20% and 25% of in-network services are referred out-of-network with no discount. This assumption significantly reduces the leveraging effect of the deductible. For example, the in-network pricing factor for a $50,000 specific deductible with 25% discount is .70. Without the assumption for referral to out-of-network providers the in-network pricing factor would be .60 (i.e., solve the equation $.70 = .75\,X + .25$).

Pricing Factors for Preferred Provider Plans

	Specific Deductible ('000)							
Discount	**$5**	**$10**	**$15**	**$20**	**$25**	**$30**	**$40**	**$50**
10%	0.90	0.90	0.88	0.88	0.88	0.88	0.88	0.88
11%	0.89	0.88	0.87	0.87	0.87	0.87	0.86	0.86
12%	0.88	0.87	0.86	0.86	0.85	0.85	0.85	0.85
13%	0.87	0.86	0.85	0.84	0.84	0.84	0.84	0.84
14%	0.86	0.85	0.84	0.83	0.83	0.83	0.82	0.82
15%	0.85	0.84	0.83	0.82	0.82	0.82	0.81	0.81
16%	0.84	0.83	0.81	0.81	0.81	0.81	0.80	0.80
17%	0.83	0.82	0.80	0.80	0.79	0.79	0.79	0.79
18%	0.82	0.81	0.79	0.78	0.78	0.78	0.78	0.78
19%	0.81	0.80	0.78	0.77	0.77	0.77	0.76	0.76
20%	0.80	0.79	0.77	0.76	0.76	0.76	0.75	0.75
21%	0.79	0.78	0.76	0.75	0.75	0.75	0.74	0.74
22%	0.78	0.77	0.75	0.74	0.73	0.73	0.73	0.73
23%	0.77	0.76	0.74	0.73	0.72	0.72	0.72	0.72
24%	0.76	0.75	0.73	0.72	0.71	0.71	0.71	0.71
25%	0.75	0.74	0.72	0.71	0.70	0.70	0.70	0.70
26%	0.74	0.73	0.71	0.70	0.69	0.69	0.69	0.69
27%	0.73	0.72	0.70	0.69	0.68	0.68	0.68	0.68
28%	0.72	0.71	0.69	0.67	0.67	0.67	0.67	0.67
29%	0.71	0.70	0.68	0.66	0.66	0.66	0.66	0.65
30%	0.70	0.69	0.67	0.65	0.65	0.65	0.65	0.64
31%	0.69	0.68	0.66	0.64	0.64	0.64	0.64	0.63
32%	0.68	0.66	0.64	0.63	0.63	0.63	0.63	0.62
33%	0.67	0.65	0.63	0.62	0.62	0.62	0.62	0.61
34%	0.66	0.64	0.62	0.61	0.61	0.61	0.61	0.60
35%	0.65	0.64	0.62	0.60	0.60	0.60	0.60	0.59
36%	0.64	0.63	0.61	0.59	0.59	0.59	0.59	0.58
37%	0.63	0.62	0.60	0.58	0.58	0.58	0.58	0.57
38%	0.62	0.61	0.59	0.58	0.57	0.57	0.57	0.56
39%	0.61	0.60	0.58	0.57	0.56	0.56	0.56	0.55
40%	0.60	0.59	0.57	0.56	0.55	0.55	0.55	0.55

Pricing Factors for Preferred Provider Plans

	Specific Deductible ('000)						
Discount	**$60**	**$75**	**$100**	**$125**	**$150**	**$200**	**$250+**
10%	0.87	0.87	0.87	0.86	0.86	0.85	0.84
11%	0.86	0.86	0.85	0.85	0.85	0.84	0.83
12%	0.84	0.84	0.84	0.83	0.83	0.82	0.81
13%	0.83	0.83	0.83	0.82	0.82	0.81	0.79
14%	0.82	0.82	0.81	0.80	0.80	0.79	0.78
15%	0.80	0.80	0.80	0.79	0.79	0.78	0.76
16%	0.79	0.79	0.78	0.78	0.78	0.76	0.75
17%	0.78	0.78	0.77	0.76	0.76	0.75	0.73
18%	0.77	0.77	0.76	0.75	0.75	0.73	0.72
19%	0.75	0.75	0.74	0.74	0.74	0.72	0.71
20%	0.74	0.74	0.73	0.72	0.72	0.70	0.69
21%	0.73	0.73	0.72	0.71	0.71	0.69	0.68
22%	0.72	0.72	0.71	0.70	0.70	0.68	0.67
23%	0.71	0.71	0.70	0.69	0.68	0.67	0.66
24%	0.70	0.70	0.69	0.68	0.67	0.65	0.64
25%	0.69	0.68	0.67	0.67	0.65	0.64	0.63
26%	0.68	0.67	0.66	0.66	0.64	0.63	0.62
27%	0.67	0.66	0.65	0.65	0.63	0.62	0.61
28%	0.66	0.65	0.64	0.63	0.62	0.61	0.59
29%	0.65	0.64	0.63	0.62	0.61	0.59	0.58
30%	0.64	0.63	0.62	0.61	0.60	0.58	0.57
31%	0.63	0.62	0.61	0.60	0.59	0.57	0.56
32%	0.62	0.61	0.59	0.59	0.58	0.56	0.54
33%	0.60	0.60	0.58	0.58	0.57	0.55	0.53
34%	0.59	0.59	0.57	0.57	0.56	0.54	0.52
35%	0.58	0.58	0.56	0.55	0.55	0.53	0.51
36%	0.57	0.57	0.55	0.54	0.53	0.51	0.49
37%	0.56	0.56	0.55	0.53	0.52	0.50	0.48
38%	0.55	0.55	0.54	0.52	0.51	0.49	0.47
39%	0.54	0.54	0.53	0.51	0.50	0.48	0.46
40%	0.53	0.53	0.52	0.50	0.49	0.47	0.45

Stop Loss Premium Adjustment Factors

The premium adjustment factor (e.g., multiplier) for stop loss over a preferred provider plan is developed from Worksheets 1, 2, 3, 4, and 5 from this section, using the information about the network reimbursement levels, utilization of network services and the pricing factors for PPO discounts.

The benefits are assumed to be all allowable medical charges included in the applicable plan which are the responsibility of the plan sponsor.

The stop loss premium rate would be calculated in the regular manner taking into consideration the group's basic medical benefits, stop loss deductible, stop loss maximum, age/gender distribution of employees, industry, deductible, type of underwriting, contract type, etc.

When using the HealthMAPS Stop Loss worksheet, the entry for the Preferred Provider adjustment factor (Worksheet 5, line 7c) is on Line 13 of the worksheet.

Worksheet 5 – Example

Contracted Network Location: Kansas City – ZIP 641

Calculation of Stop Loss Premium Factor

Network & Non-Network Category	(A) Pricing Factor	(B) Weight	(C) Weighted Factor (A*B)
1. In-Network Pricing Factor*	75.1%		
2. Network Utilization for Excess Claims		80.0%	
3. Weighted In-Network Factor (1A x 2B)			60.1%
4. Non-Network Pricing Factor (From Appropriate Source)	100.0%		
5. Non-Network Utilization for Excess Claims		20.0%	
6. Weighted Non-Network Factor (4A x 5B)			20.0%
7. Stop Loss Premium Factor (3C + 6C)**			80.1%

*By interpolating in Pricing Factor tables, using desired Specific Stop Loss deductible and in-network discount from line 6, Worksheet 4

**May be transferred to line 13 of stop loss net premium worksheet

Instructions

Worksheet 5

General: Worksheet 5 is used to calculate the stop loss premium factor. This factor is applied to the stop loss premium that would otherwise be calculated in the absence of a negotiated provider network.

Step 1: Using the table of Pricing Factors for PPO Discounts, look up the pricing factor based on the in-network savings/discount (Line 6 of Worksheet 4 or Column F, Worksheet 2 in the case of hospital only). Record the appropriate factor on Line 1, Column A.

Step 2: Using historical experience, if available, estimate the amount of in-network utilization for excess claims (preferably based on a percentage of stop loss claim dollars). Record this weight for in-network services on Line 2, Column B.

Step 3: Calculate the weighted factor for in-network services (Line 3, Column C) by multiplying the pricing factor (Line 1, Column A) by the weight (Line 2, Column B).

Step 4: Determine the discount (if any) available on non-network claims or the effect of a contract per diem maximum allowance.

Step 5: From an appropriate source, determine a pricing factor based on the non-network savings/discount (from Step 4). Record the appropriate factor on Line 4, Column A.

Step 6: Calculate the non-network utilization estimate for excess claims (100% minus Line 2, Column B). Record this weight for non-network services on Line 5, Column B.

Step 7: Calculate the weighted factor for non-network services (Line 6, Column C) by multiplying the pricing factor (Line 4, Column A) by the weight (Line 5, Column B).

Step 8: Total the weighted factors for in-network (Line 3, Column C) and non-network (Line 6, Column C). Record the results on Line 7, Column C. This resulting factor can be applied to the stop loss premium that would otherwise be calculated in the absence of a negotiated provider network.

V. INDUSTRY CLASSIFICATIONS

Rating factors by industry classifications are available for two classification systems. The first set of tables use the SIC classification system and the second set uses the NAICS (North American Industry Classification System).

Industry Factors by SIC Range

SIC Range	Description	Stop Loss Factor
No Adjustment		1.000
0111 – 0191	Agriculture – Crops	1.050
0211 – 0291	Agriculture – Livestock	1.050
0711 – 0783	Agricultural Services	1.025
Except 0741 – 0742	Veterinary	1.000
0811 – 0851	Forestry	1.050
0912 – 0972	Fishing, Hunting	1.100
1011 – 1241	Mining — Metal, Coal	1.175
1311 – 1389	Oil & Gas Extraction	1.100
1411 – 1499	Mining & Quarrying Except Metal & Fuels	1.150
1521 – 1542	Building Construction	1.050
1611 – 1629	Other Than Building Construction	1.050
1711 – 1799	Construction — Special Trades	1.025
2011 – 2017	Meat Products	1.050
2018 – 2099	Food Products	1.000
2111 – 2141	Tobacco Manufacturer	1.050
2211 – 2299	Textile Mill Products	1.000

Industry Factors by SIC Range

SIC Range	Description	Stop Loss Factor
2311 – 2399	Apparel & Other Textiles	1.000
2411	Logging	1.075
2421 – 2429	Sawmills	1.050
2431 – 2499	Lumber & Wood Products (Except Furniture)	1.050
2511 – 2599	Furniture & Fixtures	1.000
2611	Pulp Mills	1.025
2612 – 2679	Paper & Allied Products	1.000
2711 – 2796	Printing & Publishing	1.000
2812 – 2899	Chemicals & Allied Products	1.025
Except 2831 – 2836	Drugs	1.000
Except 2892	Explosives	1.150
2911 – 2999	Petroleum Refining	1.050
3011 – 3089	Rubber & Miscellaneous Plastic	1.000
3111	Leather Tanning	1.100
3112 – 3199	Leather & Leather Products	1.025
3211 – 3299	Stone, Clay & Glass Products	1.025
Except 3292	Asbestos Products	1.175
3312 – 3399	Primary Metal Industries	1.050
3411 – 3499	Fabricated Metal Products	1.000
3511 – 3599	Machinery, Except Electrical	1.000
3612 – 3699	Electrical Machinery & Equipment	0.975
3711 – 3799	Transportation Equipment	1.000

Industry Factors by SIC Range

SIC Range	Description	Stop Loss Factor
3812 – 3873	Instruments	0.975
3911 – 3999	Miscellaneous Manufacturing	1.000
4011 – 4013	Railroad Transportation	1.050
4111 – 4173	Local Passenger Transportation	1.100
Except 4121	Taxicabs	1.150
4212 – 4231	Trucking	1.100
4311	US Postal Service	1.050
4412 – 4499	Water Transportation	1.075
4512 – 4581	Air Transportation	1.000
4612 – 4619	Pipe Lines, Except Natural Gas	1.025
4724 – 4789	Transportation Services	0.975
4812 – 4899	Communication	0.950
4911 – 4971	Electric, Gas & Sanitary System	1.000
Except 4952 – 4959	Sanitary Services	1.100
5012 – 5099	Wholesale Trade – Durable Goods	1.000
Except 5093	Scrap & Waste	1.100
5111 – 5199	Wholesale Trade – Non-durable Goods	1.000
Except 5181 – 5182	Beer, Wine & Distilled Alcoholic Beverages	1.050
5211 – 5499	Retail – Hardware, General, Food	1.000
5511 – 5599	Automotive Dealers & Service Stations	1.075
Except 5541	Gasoline Service Stations	1.100
5611 – 5736	Retail – Apparel, Furniture	1.000
5812	Eating Places	1.100

Industry Factors by SIC Range

SIC Range	Description	Stop Loss Factor
5813	Drinking Places	1.150
5912 – 5999	Miscellaneous Retail	1.000
Except 5921	Liquor Stores	1.100
6011 – 6099	Banking	0.950
6111 – 6163	Credit Agencies Other Than Banks	0.950
6211 – 6289	Security, Commodity Brokers	0.975
6311 – 6399	Insurance Carriers	1.000
6411	Insurance Agents/Brokers	1.000
6512 – 6553	Real Estate	1.000
6712 – 6799	Holding, Other Investment Companies	0.975
7011 – 7041	Hotels/Other Lodging	1.075
7211 – 7219	Laundry and Garment Services	1.050
7221 – 7299	Other Personal Services	1.050
7311 – 7389	Business Services	1.000
Except 7342 – 7349	Services to Buildings	1.050
Except 7371 – 7379	Computer Services	0.950
Except 7381	Detective Agencies	1.075
7513 – 7519	Automotive Rental	1.000
7521 – 7549	Automotive Services	1.050
7622 – 7699	Miscellaneous Repair Services	1.000
7812 – 7841	Motion Pictures	1.025
7911 – 7999	Amusement & Recreation, Except Movies	1.100
Except 7991	Physical Fitness Facility	1.075

Industry Factors by SIC Range

SIC Range	Description	Stop Loss Factor
8011 – 8099	Health Services	1.125
Except 8062 – 8069	Hospitals	1.175
8111	Legal Services	1.075
8211 – 8299	Educational Services	1.000
8322 – 8399	Social Services	1.050
8412 – 8422	Museums, Gardens & Zoos	1.000
8611 – 8699	Nonprofit Membership Organization	1.050
8711 – 8748	Services (Engineering, Architect, Accounting, Research)	0.950
8811 – 8999	Miscellaneous Services	1.000
9111 – 9199	General Government	1.075
9211 – 9229	Justice and Public Safety	1.150
9311 – 9721	Other Government	1.100

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
No Adjustment		1.000
111110 - 111419	Crop Farming	1.050
111421 - 111421	Nursery and Tree Production	1.050
111422 - 111992	Crop Farming	1.050
111998 - 111998	All Other Miscellaneous Crop Farming	1.050
112111 - 112420	Livestock Ranching	1.050
112511 - 112512	Finfish and Shellfish Farming and Hatcheries	1.050
112519 - 112990	Livestock Ranching	1.050
113110 - 113210	Timber Tract Operations	1.050
113310 - 113310	Logging	1.075
114111 - 114210	Fishing, Hunting, and Trapping	1.100
115111 - 115310	Support Activities for Farming and Ranching	1.025
211111 - 211112	Petroleum or Natural Gas Extraction	1.100
212111 - 212399	Mining	1.175
213111 - 213112	Drilling Oil and Gas Wells	1.100
213113 - 213115	Mining Support	1.175
221111 - 221310	Hydroelectric and Water Systems	1.000
221320 - 221320	Sewage Treatment Facilities	1.100
221330 - 221330	Steam and Air-Conditioning Supply	1.000
236115 - 236210	Residential or Industrial Construction	1.050
236220 - 236220	Commercial and Institutional Building Construction	1.050
237110 - 237130	Utility Line Construction	1.050
237210 - 237210	Land Subdivision	1.000

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
237310 - 237990	Civil Engineering Construction	1.050
238110 - 238390	Foundation and Finishing Contractors	1.025
238910 - 238910	Site Preparation Contractors	1.025
238990 - 238990	All Other Specialty Trade Contractors	1.025
311111 - 311119	Pet Food Manufacturers	1.000
311211 - 311520	Food Manufacturing	1.000
311611 - 311613	Animal (except Poultry) Slaughtering and Processing	1.050
311615 - 311615	Poultry Processing	1.050
311711 - 311999	Food Manufacturing	1.000
312111 - 312140	Beverage Manufacturing	1.000
312210 - 312229	Tobacco Product Manufacturing	1.050
313111 - 315999	Apparel Manufacturing	1.000
316110 - 316110	Leather and Hide Tanning and Finishing	1.100
316211 - 316211	Rubber and Plastics Footwear Manufacturing	1.000
316212 - 316999	Leather Good Manufacturing	1.025
321113 - 321113	Sawmills	1.050
321114 - 321911	Wood Product Manufacturing	1.050
321912 - 321920	Millwork	1.050
321991 - 321999	Prefabricated Wood Building Manufacturing	1.050
322110 - 322110	Pulp Mills	1.025
322120 - 322224	Paper Packaging Manufacturing	1.000
322225 - 322225	Laminated Aluminum Foil Manufacturing for Flexible Packaging Uses	1.000
322226 - 322299	Other Paper Product Manufacturing	1.000
323110 - 323122	Printing	1.000
324110 - 324199	Petroleum Refineries	1.050

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
325110 - 325320	Petrochemical Manufacturing	1.025
325411 - 325414	Biological Medicine Manufacturing	1.000
325510 - 325910	Paint or Ink Manufacturing	1.025
325920 - 325920	Explosives Manufacturing	1.150
325991 - 325991	Custom Compounding of Purchased Resins	1.025
325992 - 325992	Photographic Film, Paper, Plate, and Chemical Manufacturing	1.025
325998 - 325998	All Other Miscellaneous Chemical Product and Preparation Manufacturing	1.025
326111 - 326112	Plastic Container Manufacturing	1.000
326113 - 326199	Plastic Product Manufacturing	1.000
326211 - 326211	Tire Manufacturing (except Retreading)	1.000
326212 - 326212	Tire Retreading	1.050
326220 - 326299	Rubber Product Manufacturing	1.000
327111 - 327999	Nonmetallic Mineral Product Manufacturing	1.025
331111 - 331222	Iron or Steel	1.050
331311 - 331311	Alumina Refining	1.050
331312 - 331528	Nonferrous Foundries (except Die-Casting)	1.050
332111 - 332117	Metal Forging	1.000
332211 - 332212	Flatware or Hand tool Manufacturing	1.000
332213 - 332612	Saw blade or Spring Manufacturing	1.000
332618 - 332618	Other Fabricated Wire Product Manufacturing	1.000
332710 - 332722	Machine Shops	1.000
332811 - 332811	Metal Heat Treating	1.050
332812 - 332812	Metal Coating, Engraving (except Jewelry and Silverware), and Allied Services to Manufacturers	1.000
332813 - 332813	Electroplating, Plating, Polishing, Anodizing and Coloring	1.000

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
332911 - 332999	Fabricated metal Manufacturing	1.000
333111 - 333313	Industrial Machinery Manufacturing	1.000
333314 - 333315	Optical Equipment Manufacturing	0.975
333319 - 333414	Commercial and Service Industry Machinery Manufacturing	1.000
333415 - 333415	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing	1.000
333511 - 334119	Other Commercial Machinery Manufacturing	1.000
334210 - 334419	Electronic Component Manufacturing	0.975
334510 - 334517	Electromedical Apparatus Manufacturing	0.975
334518 - 334519	Watch and Measuring Device Manufacturing	0.975
334611 - 334611	Software Reproducing	0.975
334612 - 334612	Prerecorded Compact Disc (except Software), Tape, and Record Reproducing	0.975
334613 - 334613	Magnetic and Optical Recording Media Manufacturing	0.975
335110 - 335228	Household Appliance Manufacturing	0.975
335311 - 335312	Motor and Generator Manufacturing	0.975
335313 - 335912	Switch and Battery Manufacturing	0.975
335921 - 335929	Fiber Optic and Communication Wire Manufacturing	1.000
335931 - 335999	Electrical Equipment Manufacturing	0.975
336111 - 336312	Automobile Manufacturing	1.000
336321 - 336321	Vehicular Lighting Equipment Manufacturing	0.975
336322 - 336330	Vehicle Electrical or Steering Manufacturing	1.000
336340 - 336350	Vehicle Brake or Transmission Manufacturing	1.000
336360 - 336999	Other Vehicle Component Manufacturing	1.000
337110 - 339111	Furniture Manufacturing	1.000
339112 - 339112	Surgical and Medical Instrument Manufacturing	0.975

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
339113 - 339113	Surgical Appliance and Supplies Manufacturing	0.975
339114 - 339115	Dental Equipment and Supplies Manufacturing	0.975
339116 - 339116	Dental Laboratories	1.125
339911 - 339914	Jewelry	1.000
339920 - 339920	Sporting and Athletic Goods Manufacturing	1.000
339931 - 339931	Doll and Stuffed Toy Manufacturing	1.000
339932 - 339932	Game, Toy, and Children's Vehicle Manufacturing	1.000
339941 - 339941	Pen and Mechanical Pencil Manufacturing	1.000
339942 - 339942	Lead Pencil and Art Good Manufacturing	1.000
339943 - 339950	Written Materials Manufacturing	1.000
339991 - 339991	Gasket, Packing, and Sealing Device Manufacturing	1.000
339992 - 339999	Other Manufacturing	1.000
423110 - 423920	Wholesalers	1.000
423930 - 423930	Recyclable Material Merchant Wholesalers	1.100
423940 - 424720	Wholesalers	1.000
424810 - 424820	Liquor Wholesalers	1.050
424910 - 424990	Wholesalers	1.000
425110 - 425120	Wholesale Agents and Brokers	1.000
441110 - 441229	Motor Vehicle Dealers	1.075
441310 - 441320	Automotive Part or Tire Dealers	1.075
442110 - 445299	Specialty Stores	1.000
445310 - 445310	Beer, Wine, and Liquor Stores	1.100
446110 - 446199	Pharmacies and Person Care Stores	1.000
447110 - 447190	Gasoline Stations and Convenience Stores	1.100
448110 - 452990	General Merchandise Stores	1.000

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
453110 - 453998	Store Retailers	1.000
454111 - 454390	Direct Selling Establishments	1.000
481111 - 481212	Scheduled and Chartered Air Transportation	1.000
481219 - 481219	Other Nonscheduled Air Transportation	1.000
482111 - 482112	Railroads	1.050
483111 - 483212	Water Passenger or Freight Transportation	1.075
484110 - 484230	Trucking	1.100
485111 - 485210	Mixed Transit	1.100
485310 - 485310	Taxi Service	1.150
485320 - 485999	Other Ground Passenger Transportation	1.100
486110 - 486110	Pipeline Transportation of Crude Oil	1.025
486210 - 486210	Pipeline Transportation of Natural Gas	1.000
486910 - 486990	Other Pipeline Transportation	1.025
487110 - 487110	Scenic and Sightseeing Transportation, Land	1.100
487210 - 487990	Scenic and Sightseeing Transportation, Other	1.075
488111 - 488111	Air Traffic Control	1.000
488119 - 488119	Other Airport Operations	1.000
488190 - 488210	Support Activities for Air or Rail Transportation	1.050
488310 - 488330	Port, Harbor, or Navigational Services	1.075
488390 - 488390	Other Support Activities for Water Transportation	1.075
488410 - 488410	Motor Vehicle Towing	1.050
488490 - 488490	Other Support Activities for Road Transportation	1.100
488510 - 488999	All Other Support Activities for Transportation	0.975
491110 - 492210	Mail and Delivery Services	1.100
493110 - 493190	Warehousing and Storage	1.100

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
511110 - 511199	Publishers	1.000
511210 - 511210	Software Publishers	0.950
512110 - 512199	Motion Picture and Video Production	1.025
512210 - 512210	Record Production	1.000
512220 - 512220	Integrated Record Production/Distribution	1.000
512230 - 512230	Music Publishers	1.000
512240 - 512290	Other Sound Recording Industries	1.000
515111 - 515210	Radio and Subscription Programming	0.950
516110 - 516110	Internet Publishing and Broadcasting	1.000
517110 - 517910	Other Telecommunications	0.950
518111 - 518111	Internet Service Providers	0.950
518112 - 518112	Web Search Portals	1.000
518210 - 518210	Data Processing, Hosting, and Related Services	0.950
519110 - 519110	News Syndicates	1.000
519120 - 519120	Libraries and Archives	1.000
519190 - 519190	All Other Information Services	1.000
521110 - 521110	Monetary Authorities - Central Bank	0.950
522110 - 522294	Banking	0.950
522298 - 522320	Financial Transaction Processing	0.950
522390 - 522390	Other Activities Related to Credit Intermediation	0.950
523110 - 523120	Securities Brokerage	0.975
523130 - 523130	Commodity Contracts Dealing	0.975
523140 - 523210	Securities and Commodity Exchanges	0.975
523910 - 523910	Miscellaneous Intermediation	0.975
523920 - 523930	Portfolio Management	0.975

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
523991 - 523991	Trust, Fiduciary, and Custody Activities	0.975
523999 - 523999	Miscellaneous Financial Investment Activities	0.975
524113 - 524130	Insurers	1.000
524210 - 524298	All Other Insurance Related Activities	1.000
525110 - 525190	Pension or Insurance Funds	1.000
525910 - 525930	Investment Trusts	0.975
525990 - 525990	Other Financial Vehicles	0.975
531110 - 531120	Lessor of Residential or Nonresidential Buildings	1.000
531130 - 531130	Lessor of Mini-warehouses and Self-Storage Units	1.100
531190 - 532120	Lessor of Other Real Estate Property or Vehicles	1.000
532210 - 532210	Consumer Electronics and Appliances Rental	1.000
532220 - 532220	Formal Wear and Costume Rental	1.050
532230 - 532230	Video Tape and Disc Rental	1.025
532291 - 532291	Home Health Equipment Rental	1.000
532292 - 532292	Recreational Goods Rental	1.100
532299 - 532310	All Other Consumer Goods Rental	1.000
532411 - 532411	Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing	0.975
532412 - 532420	Office Machinery and Equipment Rental and Leasing	1.000
532490 - 532490	Other Commercial and Industrial Machinery and Equipment Rental and Leasing	1.000
533110 - 533110	Lessor of Nonfinancial Intangible Assets (except Copyrighted Works)	1.000
541110 - 541110	Offices of Lawyers	1.075
541120 - 541120	Offices of Notaries	1.000
541191 - 541191	Title Abstract and Settlement Offices	1.000
541199 - 541199	All Other Legal Services	1.000
541211 - 541211	Offices of Certified Public Accountants	0.950

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
541213 - 541213	Tax Preparation Services	0.950
541214 - 541214	Payroll Services	0.950
541219 - 541219	Other Accounting Services	0.950
541310 - 541310	Architectural Services	0.950
541320 - 541320	Landscape Architectural Services	0.950
541330 - 541330	Engineering Services	0.950
541340 - 541350	Drafting or Inspection Services	1.000
541360 - 541360	Geophysical Surveying and Mapping Services	0.950
541370 - 541370	Surveying and Mapping (except Geophysical) Services	0.950
541380 - 541380	Testing Laboratories	0.950
541410 - 541420	Interior or Industrial Design Services	1.000
541430 - 541430	Graphic Design Services	1.000
541490 - 541490	Other Specialized Design Services	1.000
541511 - 541519	Computer Related Services	0.950
541611 - 541611	Administrative Management and General Management Consulting Services	0.950
541612 - 541612	Human Resources and Executive Search Consulting Services	0.950
541613 - 541613	Marketing Consulting Services	0.950
541614 - 541614	Process, Physical Distribution, and Logistics Consulting Services	0.950
541618 - 541618	Other Management Consulting Services	0.950
541620 - 541690	Other Scientific and Technical Consulting Services	0.950
541710 - 541710	Research and Development in the Physical, Engineering, and Life Sciences	0.950
541720 - 541720	Research and Development in the Social Sciences and Humanities	0.950
541810 - 541810	Advertising Agencies	1.000
541820 - 541820	Public Relations Agencies	0.950
541830 - 541890	Other Services Related to Advertising	1.000

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
541910 - 541910	Marketing Research and Public Opinion Polling	0.950
541921 - 541921	Photography Studios, Portrait	1.050
541922 - 541922	Commercial Photography	1.000
541930 – 541930	Translation and Interpretation Services	1.000
541940 - 541940	Veterinary Services	1.000
541990 - 541990	All Other Professional, Scientific, and Technical Services	0.950
551111 - 551112	Offices of Holding Companies	0.975
551114 - 561210	Office Administrative Services	1.000
561310 - 561310	Employment Placement Agencies	1.000
561320 - 561499	All Other Business Support Services	1.000
561510 - 561591	Travel Agencies	1.000
561599 - 561599	All Other Travel Arrangement and Reservation Services	1.000
561611 - 561613	Investigation or Armored Car Services	1.075
561621 - 561622	Security Systems Services	1.000
561710 - 561720	Exterminating and Janitorial Services	1.050
561730 - 561730	Landscaping Services	1.000
561740 - 561740	Carpet and Upholstery Cleaning Services	1.050
561790 - 561790	Other Services to Buildings and Dwellings	1.000
561910 - 561920	Packaging and Convention Services	1.000
561990 - 561990	All Other Support Services	1.000
562111 - 562119	Waste Collection	1.100
562211 - 562219	Waste Treatment and Disposal	1.100
562910 - 562920	Materials Recovery Facilities	1.100
562991 - 562998	All Other Miscellaneous Waste Management Services	1.100
611110 - 611430	Elementary through Professional Development Schools	1.000

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
611511 - 611511	Cosmetology and Barber Schools	1.050
611512 - 611519	Other Technical and Trade Schools	1.000
611610 - 611620	Fine Arts or Sports Schools	1.000
611630 – 611699	All Other Miscellaneous Schools and Instruction	1.000
611710 - 611710	Educational Support Services	1.000
621111 - 621610	Professional Medical Providers	1.125
621910 - 621910	Ambulance Services	1.125
621991 - 621999	All Other Miscellaneous Ambulatory Health Care Services	1.125
622110 - 622310	Hospitals	1.175
623110 - 623210	Nursing Care or Retardation Facilities	1.125
623220 - 623220	Residential Mental Health and Substance Abuse Facilities	1.175
623311 - 623311	Continuing Care Retirement Communities	1.125
623312 - 624410	Elderly or Child Day Care Services	1.050
711110 - 711219	Theater or Spectator Sports	1.100
711310 - 711410	Promoters or Agents of Performances or Sports	1.100
711510 - 711510	Independent Artists, Writers, and Performers	1.025
712110 - 712130	Museums or Zoos	1.000
712190 - 713920	Nature or Amusement Parks or Skiing Facilities	1.100
713930 - 713930	Marinas	1.075
713940 - 713990	All Other Amusement and Recreation Industries	1.100
721110 - 722320	Hotels, Cafeterias, or Caterers	1.075
722330 - 722330	Mobile Food Services	1.000
722410 - 722410	Drinking Places (Alcoholic Beverages)	1.150
811111 - 811198	Automotive Repair and Maintenance	1.050
811211 - 811490	Personal and Household Goods Repair and Maintenance	1.000

Industry Factors by NAICS Range

NAICS Range	Description	Stop Loss Factor
812111 - 812199	Personal Care Services	1.050
812210 - 812220	Funeral Homes or Cemeteries	1.050
812310 - 812332	Laundry Services	1.050
812910 - 812910	Pet Care (except Veterinary) Services	1.050
812921 - 812922	Photofinishing	1.050
812930 - 812990	All Other Personal Services	1.050
813110 - 813110	Religious Organizations	1.050
813211 - 813211	Grant-making Foundations	1.050
813212 - 813319	Other Social Advocacy Organizations	1.050
813410 - 813990	Business, Professional, Labor, and Political Organizations	1.050
814110 - 814110	Private Households	1.000
921110 - 921120	Legislative Bodies	1.075
921130 - 921130	Public Finance Activities	1.100
921140 - 921140	Executive and Legislative Offices, Combined	1.075
921150 - 921150	American Indian and Alaska Native Tribal Governments	1.100
921190 - 921190	Other General Government Support	1.075
922110 - 922140	Courts or Correctional Institutions	1.150
922150 - 922150	Parole Offices and Probation Offices	1.150
922160 - 922190	All Other Justice, Public Order, and Safety Activities	1.150
923110 - 928120	Administration or Regulation Programs	1.100

VI. 2013 AREA RATING TABLE

2013 Three Digit Zip Code Area Rating Table

District of Columbia

ZIP	Name	Table	ZIP	Name	Table
200	Washington	F	202–205	Government	F

VI.A APPENDIX FIPS

2013 FIPS Codes and Area Rating Table

County	FIPS Code State	FIPS Code County	Area Table
DISTRICT OF COLUMIBA			
District of Columbia	11	1	F

State: District of Columbia **Filing Company:** Gerber Life Insurance Company
TOI/Sub-TOI: H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan
Product Name: Stop Loss Filing
Project Name/Number: GERBER/192.1/192.1

Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	
Attachment(s):	DC Rates Ltr.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Certificate of Authority to File
Comments:	
Attachment(s):	AUTH.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Actuarial Memorandum - 20130606.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	See actuarial memorandum attached.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	Not applicable to this filing.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)

State: District of Columbia **Filing Company:** Gerber Life Insurance Company
TOI/Sub-TOI: H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan
Product Name: Stop Loss Filing
Project Name/Number: GERBER/192.1/192.1

Bypass Reason:	Not applicable to this filing.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	See Actuarial Memorandum attached.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	Not applicable to this filing.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Disposition dated 09/13/13
Comments:	
Attachment(s):	DC Objection 09-13-13.pdf
Item Status:	
Status Date:	

FIRST CONSULTING
& Administration, Inc.

August 27, 2013

Government of the District of Columbia
Department of Insurance and Securities Regulation
Insurance Products Division
810 First Street, N.E., Suite 701
Washington, D.C. 20002

RATE FILING

RE: Gerber Life Insurance Company
NAIC # 70939 FEIN # 13-2611847
Rates for:

GLXLPOL-12	-	Contract Providing Excess Loss Insurance
GLXLPOL-12 APP-DC	-	Application and Schedule
GLAAR-12	-	Aggregate Accommodation Rider
GLBAA-12	-	Blended Aggregate Accommodation Rider
GLTERMEXT-12	-	Aggregate Terminal Liability Rider
GL-STLR-12	-	Specific Terminal Liability Rider
GLXL-AF-12	-	Advance Funding for Specific Excess Loss

Our File Number: 5988.1

Dear Sir or Madam:

We have been retained by Gerber Life Insurance Company to file the enclosed rates for approval in your state.

Forms pertaining to these rates are being filed on this same date under separate cover.

We enclose the following for your consideration:

- Cover Letter
- Third party authorization
- Actuarial memorandum and rates

The company's group number is 4483.

These forms to be used with these rates are intended to be issued to employers to provide Excess Loss (stop loss) coverage for employee benefit plans.

To the best of our knowledge, this filing is complete and intended to comply with the insurance laws of your jurisdiction.

www.firstconsulting.com
1020 Central, Suite 201, Kansas City, Missouri 64105-1670
(816) 391-2730 ● (800) 927-2730 ● FAX: (816) 391-2755

If you have any questions or need additional information, please call toll-free 1-800-927-2730. Thank you for your assistance.

Sincerely,

FIRST CONSULTING & ADMINISTRATION, INC.

Marilyn J. Odell
Compliance Specialist
E-mail: marilyn.odell@firstconsulting.com
Extension: 2835

Enclosures

Gerber Life Insurance Company
1311 Mamaroneck Avenue
White Plains, New York 10605
Tel: 914.272.4000 • Fax: 914.272.4099

Robert J. Lodewick
Vice-President, General Counsel and Corporate Secretary
914.272.4017 (p)
914.272.4099 (fax)
Robert.Lodewick@us.nestle.com

April 16, 2013

To: The Insurance Commissioner

Authorization

This letter, or a copy thereof, will authorize the consulting firm of First Consulting & Administration, Inc., Kansas City, Missouri, to represent this Company in matters before the Insurance Department.

This Authorization shall be valid until revoked by us.

Gerber Life Insurance Company

By: _____

Title: Vice President, General Counsel & Secretary

Gerber Life Insurance Company

Medical Stop Loss Policy GLXLPOL-12
Actuarial Memorandum and Certification

Description of Coverage

The coverage is typical stop loss insurance for groups self insuring their medical plan risk, up to a stated deductible amount per employee per year, after which stop loss coverage begins, up to a stated maximum reimbursement. Typical specific stop loss deductibles are in the $25,000 to $250,000 range but may go as low as $15,000, subject to specific state-required minimums, or as high as $500,000 or more in the case of very large groups. Attachment points for aggregate stop loss, if offered to the group, begin at 110% to 120%, subject to specific state-mandated minimums, of expected medical costs under the specific stop loss deductible.

Gerber Life Insurance Company participates in this market via managing general underwriters ("MGUs"), which place and administer the stop loss coverage and establish relationships with third party administrators that administer the base self insured medical plan. The MGU prices and manages the stop loss risk, with oversight by Gerber Life Insurance Company, who is the risk bearer.

Description of Premiums

MGUs contracted with Gerber Life Insurance Company use a manual prepared by Towers Watson as a beginning point for determining stop loss rates.

Specific Stop Loss Rates

Towers Watson has prepared the specific stop loss manual annually for over ten years. The manual provides average net monthly stop loss premiums for various stop loss plans of benefits, types of coverage, deductibles, and geographical areas. The manual provides an average rate for stop loss cover, without specific adjustment for managed care discounts, which vary widely from case to case. The manual provides a methodology to measure the level of discount and adjust the stop loss rate appropriately.

The Type III specific net monthly premiums in the manual are based upon the claims continuance tables used in our Group Medical Manual, and apply to groups renewing coverage, via application for a new policy. The Type I (New Business – Actively-at-work required) and Type II (New or Renewing Coverage – Waiver of actively-at-work) specific net monthly premiums are derived by adjusting the Type III claim continuance tables to reflect the expected impact of underwritten stop loss business and the contractual provisions applicable to coverage of employees and dependents who are not actively at work or who are disabled. In actual practice Type II rates are usually used (i.e., no actively-at-work requirement). Rating factors are further developed and refined based in part on rate relationships from periodic rate surveys that we conduct. The Stop Loss Survey has 15–20 companies that participate on a regular basis. They include national carriers of stop loss coverage, as well as MGUs, who may represent several reinsurance companies. There are 50 cities considered in this periodic study.

The Towers Watson manual is a major, but not the only, source of specific stop loss rates prepared by the Gerber and its MGUs. The manual rates may be modified by the Gerber and its MGUs for such reasons as:

- Experience — the underwriter may have information that the group's expected experience may be better or worse than average manual experience.
- Managed Care Discount — as mentioned above, specific managed care discount may apply and affect the premium.
- Competitive Adjustment — the underwriter may adjust the rates slightly in certain competitive situations.
- Expenses and Profit — the underwriter would include reasonable provisions for related expenses and risk/profit margins.

Aggregate Stop Loss Rates

Premium for aggregate stop loss comprises 5%-10% of total stop loss premium. Rates are the product of the manual risk factor and projected self-funded claims. The manual risk factors are derived from computer simulations using underlying claims cost from our Group Medical Manual. Gerber and its MGUs calculate projected self-funded claims based on the group's prior experience.

Loss Ratio

A typical loading would include the TPA commission, the expense margin, and margins for risk and profit to the insurer and MGU. A typical expected gross premium loss ratio would be a minimum of 65%. Actual results would vary over time but a target in this range over the long term would be reasonable.

Certification

I am a member of the American Academy of Actuaries and meet the qualifications of the American Academy of Actuaries. In my opinion, the Towers Watson stop loss manuals comprise a sound basis for the determination of net premiums for the stop loss business underwritten by Gerber Life Insurance Company. Assuming that the gross rates determined by Gerber and its MGUs make reasonable provisions for underwriting adjustment and profit and expenses, to the best of my knowledge and belief, the rate filing of Gerber Life Insurance Company for stop loss rates is in compliance with the applicable laws and regulations of this state and the benefits are reasonable in relation to the premiums charged.

By: Richard Nelson

Richard J. Nelson, FSA, MAAA

Towers Watson

Date: June 10, 2013

State: *District of Columbia* **Filing Company:** *Gerber Life Insurance Company*
TOI/Sub-TOI: *H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan*
Product Name: *Stop Loss Filing*
Project Name/Number: *GERBER/192.1/192.1*

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Rejected	Darniece Shirley	09/13/2013	09/13/2013

State: *District of Columbia* **Filing Company:** *Gerber Life Insurance Company*
TOI/Sub-TOI: *H12 Health - Excess/Stop Loss/H12.004 Self-Funded Health Plan*
Product Name: *Stop Loss Filing*
Project Name/Number: *GERBER/192.1/192.1*

Disposition

Disposition Date: 09/13/2013
Implementation Date:
Status: Rejected

Comment: For the Excess/Stop Loss line of business, the Department will only review groups with greater than 50 eligible employees (i.e. Large Groups). Please refile as a Large Group and provide specifics for (1) the minimum specific stop loss deductibles and aggregate attachment points for stop loss; (2) the target specific stop loss deductible; target aggregate attachment point; as well as, minimum and target aggregate reimbursement percentages; and (3) the Company's "Sweet Spot" for Large Groups, i.e. What is the true target market for this business?

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Gerber Life Insurance Company	0.000%	0.000%	$0	0	$0	0.000%	0.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Cover Letter All Filings		Yes
Supporting Document	Certificate of Authority to File		Yes
Supporting Document	Actuarial Memorandum		Yes
Supporting Document	Actuarial Justification		Yes
Supporting Document	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		Yes
Supporting Document	Actuarial Memorandum and Certifications		Yes
Supporting Document	Unified Rate Review Template		Yes
Rate	Aggregate Stop Loss Manual		No
Rate	Specific Stop Loss Manual		No