FELRA and UFCW Health & Welfare Fund

Retiree Analysis For 2021 Policy Year

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Annual Evaluation
FELRA and UFCW Health & Wellness Fund Retiree Analysis

- - PROJECTIONS FOR 2021 - -

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FELRA and UFCW Health & Welfare Fund Retirees

Conclusions

1. The ERISA fund produced a gain in 2019. The gain came from employer contributions higher than expected, due to more plan X actives than expected, fewer retirees than expected, and lower pharmacy claims per retiree than expected.

2. Employer contributions per Plan I and Plan X active can decrease to $169.89, reflecting more actives than projected and EGWP Plan effective 1/1/2021.

3. The calculated retiree copay rate changes show decrease on a per retiree basis, assuming the retirees continue to pay 20% of the projected cost for Fund coverage. Retiree copays have been kept level in past years instead of decreasing the contributions. If retiree copays are unchanged, they are expected to contribute $86,000 toward reserves.

FINANCIAL SUMMARY - TOTAL FUND

	Experience Basis: Year of Analysis or Projection:	Evaluation of Last Year Experience Expected CY19	Actual CY19	Percent Change	Last Year's Projection* Expected CY20	This Year's Projection Current MOB Expected CY21	Updated MOB Expected CY21	% Increase (Decrease) Over Expected CY21/CY20
1	Claims and Expenses	$ 24,805,000	$ 23,161,755	-6.6%	$ 23,383,000	$ 21,025,000	$ 21,025,000	-10.1%
2	Employer Contributions	$ 20,935,000	$ 22,560,528	7.8%	$ 19,118,800	$ 19,074,000	$ 16,995,600	-11.1%
3	Retiree Copayments	3,920,000	3,736,319	-4.7%	3,695,000	3,415,000	3,329,400	-9.9%
4	Conversions	700,000	664,097	-5.1%	700,000	700,000	700,000	0.0%
5	Total Income	$ 25,555,000	$ 26,960,944	5.5%	$ 23,513,800	$ 23,189,000	$ 21,025,000	-10.6%
6	Net Change in Fund Reserve	$ 750,000	$ 3,799,189	406.6%	$ 130,800	$ 2,164,000	$ -	1554.4%
7	Number of Retirees	4,827	4,780	-1.0%	4,711	4,318	4,318	-8.3%
8	Number of Plan I Actives	647	724	12.0%	689	626	626	-9.2%
9	Number of Plan X Actives	7,628	8,192	7.4%	8,079	7,712	7,712	-4.5%
10	Mo. Claims&Exp/Ret counts	$ 428.26	$ 403.84	-5.7%	$ 413.62	$ 405.74	$ 405.74	-1.9%
11	Mo. Claims&Exp/Active counts	$ 3,197.34	$ 2,665.03	-16.6%	$ 2,828.13	$ 2,801.09	$ 2,801.09	-1.0%
12	Monthly Copays per Retiree	$ 79.76	$ 76.72	-3.8%	$ 77.74	$ 79.41	$ 77.76	0.0%
13	Mo Employer Contr. per Retiree	$ 361.45	$ 393.36	8.8%	$ 338.19	$ 368.09	$ 327.98	-3.0%
14	Mo Employer Contr. per Plan I	$ 2,698.51	$ 2,595.85	-3.8%	$ 2,312.38	$ 2,541.17	$ 2,264.27	-2.1%
15	Mo Employer Contr. per Plan I & X	$ 210.83	$ 210.85	0.0%	$ 181.73	$ 190.67	$ 169.89	-6.5%

*Using actual employer MOB and no change in retiree copayments.

FINANCIAL SUMMARY - ERISA FUND

		Evaluation of Last Year Experience			Last Year's Projection*	This Year's Projection		% Increase (Decrease)
						Current MOB	Updated MOB	
	Experience Basis: Year of Analysis or Projection:	Expected CY19	Actual CY19	Percent Change	Expected CY20	Expected CY21	Expected CY21	Over Expected CY21/CY20
1	Claims and Expenses	$ 19,690,000	$ 17,896,857	-9.1%	$ 18,521,000	$ 17,347,000	$ 17,347,000	-6.3%
2	Employer Contributions	$ 15,820,000	$ 17,295,630	9.3%	$ 14,256,800	$ 15,396,000	$ 13,317,600	-6.6%
3	Retiree Copayments	3,920,000	3,736,319	-4.7%	3,695,000	3,415,000	3,329,400	-9.9%
4	Conversions	700,000	664,097	-5.1%	700,000	700,000	700,000	0.0%
5	Total Income	$ 20,440,000	$ 21,696,046	6.1%	$ 18,651,800	$ 19,511,000	$ 17,347,000	-7.0%
6	Net Change in Fund Reserve	$ 750,000	$ 3,799,189	406.6%	$ 130,800	$ 2,164,000	$ -	1554.4%
7	Number of Retirees	3,685	3,595	-2.4%	3,594	3,452	3,452	-3.9%
8	Number of Plan I Actives	647	724	12.0%	689	626	626	-9.2%
9	Number of Plan X Actives	7,628	8,192	7.4%	8,079	7,712	7,712	-4.5%
10	Mo. Claims&Exp/Ret counts	$ 445.31	$ 414.86	-6.8%	$ 429.50	$ 418.78	$ 418.78	-2.5%
11	Mo. Claims&Exp/Active counts	$ 2,538.03	$ 2,059.24	-18.9%	$ 2,240.08	$ 2,311.08	$ 2,311.08	3.2%
12	Monthly Copays per Retiree	$ 104.49	$ 102.00	-2.4%	$ 101.92	$ 99.34	$ 97.28	-2.5%
13	Mo Employer Contr. per Retiree	$ 357.79	$ 400.92	12.1%	$ 330.61	$ 371.68	$ 321.51	12.4%
14	Mo Employer Contr. per Plan I	$ 2,039.19	$ 1,990.06	-2.4%	$ 1,724.33	$ 2,051.16	$ 1,774.26	19.0%
15	Mo Employer Contr. per Plan I & X	$ 159.32	$ 161.64	1.5%	$ 135.51	$ 153.90	$ 133.12	13.6%

*Using actual employer MOB and no change in retiree copayments.

FINANCIAL SUMMARY - Non-ERISA FUND

		Evaluation of Last Year Experience			Last Year's Projection	This Year's Projection	% Increase (Decrease)
	Experience Basis: Year of Analysis or Projection:	Expected CY19	Actual CY19	Percent Change	Expected CY20	Expected CY21	Over Expected CY21/CY20
1	Claims and Expenses	$ 5,115,000	$ 5,264,898	2.9%	$ 4,862,000	$ 3,678,000	-24.4%
2	Employer Contributions	$ 5,115,000	$ 5,264,898	2.9%	$ 4,862,000	$ 3,678,000	-24.4%
3	Retiree Copayments	N/A	N/A	N/A	N/A	N/A	N/A
4	Conversions	N/A	N/A	N/A	N/A	N/A	N/A
5	Total Income	$ 5,115,000	$ 5,264,898	2.9%	$ 4,862,000	$ 3,678,000	-24.4%
6	Net Change in Fund Reserve	$ -	$ -	NA	$ -	$ -	NA
7	Number of Retirees	1,142	1,185	3.7%	1,118	866	-22.5%
8	Number of Plan I Actives	647	724	12.0%	689	626	-9.2%
9	Number of Plan X Actives	7,628	8,192	7.4%	8,079	7,712	-4.5%
10	Mo. Claims&Exp/Ret counts	$ 373.25	$ 370.40	-0.8%	$ 362.57	$ 353.78	-2.4%
11	Mo. Claims&Exp/Active counts	$ 659.32	$ 605.79	-8.1%	$ 588.05	$ 490.01	-16.7%
12	Monthly Copays per Retiree	NA	NA	NA	NA	NA	NA
13	Mo Employer Contr. per Retiree	$ 373.25	$ 370.40	-0.8%	$ 362.57	$ 353.78	-2.4%
14	Mo Employer Contr. per Plan I	$ 659.32	$ 605.79	-8.1%	$ 588.05	$ 490.01	-16.7%
15	Mo Employer Contr. per Plan I & X	$ 51.51	$ 49.21	-4.5%	$ 46.22	$ 36.77	-20.4%

Projected Copays & Contributions

The charts below show the current and projected retiree and surviving spouse copays and the employer contribution rate on a per active employee per month basis and in aggregate dollars. These figures are calculated, assuming that no gain or loss adjustments are made for prior years' experience. The retiree copays are provided assuming changes are applied uniformly to all categories, as done historically.

Retiree Copays

		Current				Projected (no gain/loss)			
		January 2020 - December 2020				January 2021 - December 2021			
		A	**B,C,F**	**D**	**E**	**A**	**B,C,F**	**D**	**E**
Out of Area									
Regular	Family	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Regular	Single	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mixed	Family	$ 57	$ 110	$ 226	$ 279	$ 56	$ 107	$ 220	$ 272
Medicare	Single	57	110	226	279	56	107	220	272
Medicare	Family	86	174	347	434	84	170	338	423
HMO									
Regular	Family	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Regular	Single	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mixed	Family	$ 19	$ 66	$ 84	$ 99	$ 19	$ 64	$ 82	$ 97
Medicare	Single	19	66	84	99	19	64	82	97
Medicare	Family	41	107	121	138	40	104	118	135

Employer Contributions (Traditional Method, per Plan I & Plan X)

	Current			Projected (no gain/loss)		
	January 2020 - December 2020			January 2021 - December 2021		
	MOB	Total $ (millions)		MOB	Total $ (millions)	
Fund Coverage	$ 135.52	$ 14.3	million	$ 147.23	$ 13.3	million
Non-ERISA Account	46.22	4.9		40.66	3.7	million
Total	**$ 181.74**	**$ 19.1**	**million**	**$ 187.89**	**$ 17.0**	**million**

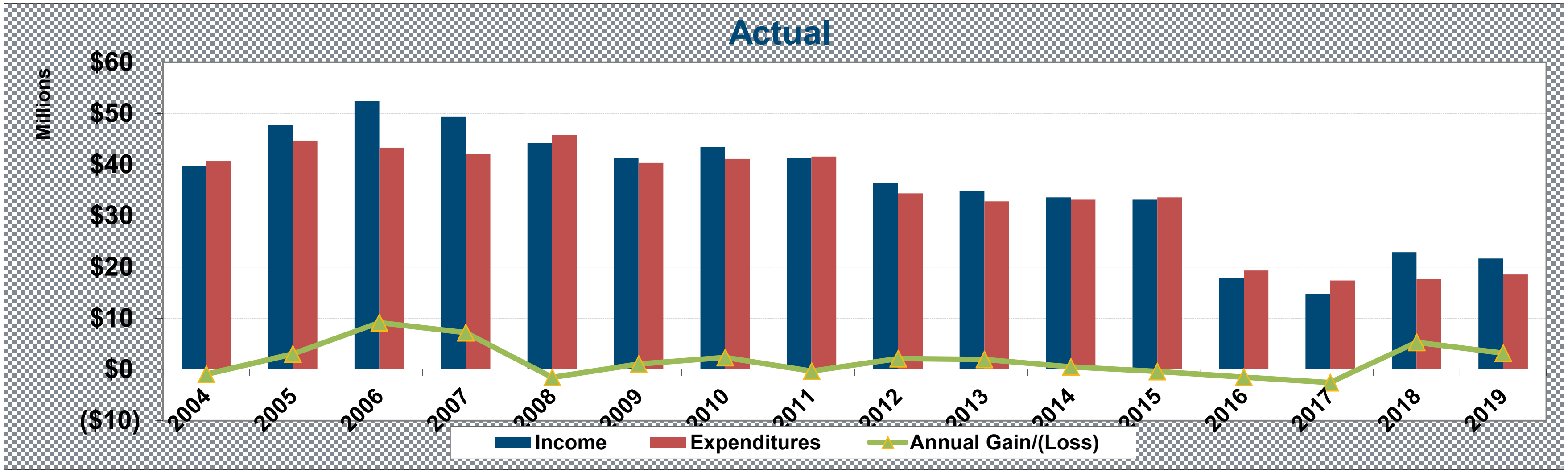
Financial Projections

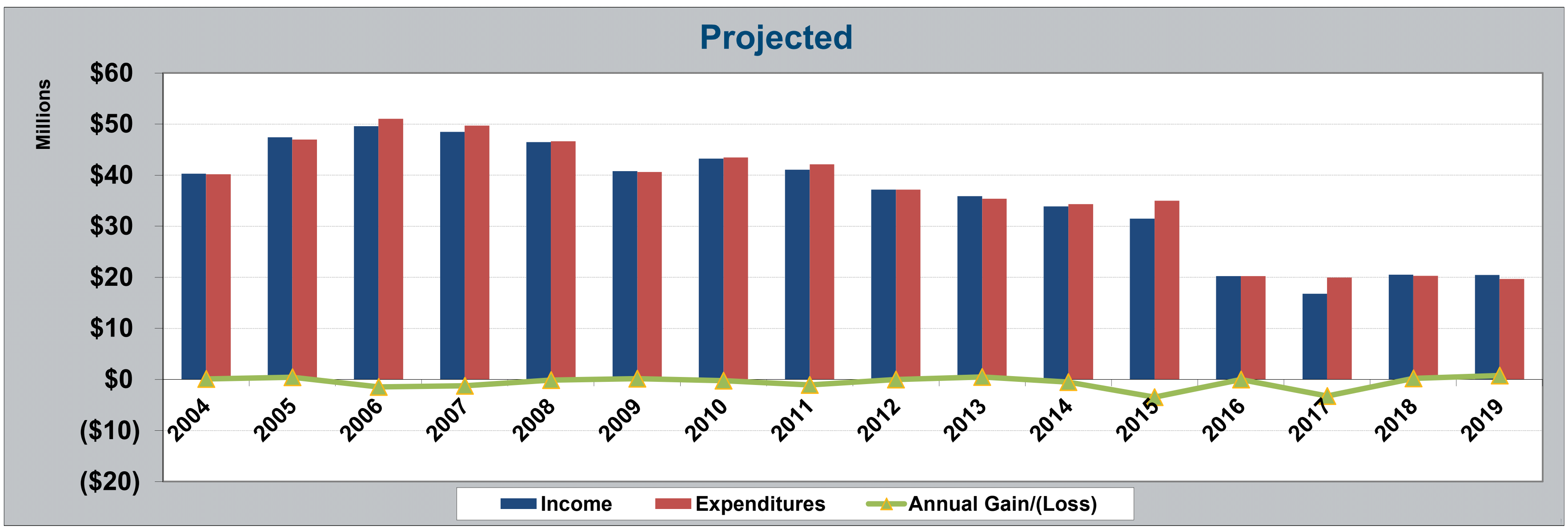
Projected Retiree Cash Flows

	Projected **Jan 2020 - Dec 2020** *No Copay Changes*		Projected **Jan 2021 - Dec 2021** *No Copay Changes*		Projected **Jan 2021 - Dec 2021** *No Gain/(Loss)*	
ERISA FUND		% claims		% claims		% claims
Retirees	$ 3,695,000	20%	$ 3,415,000	20%	$ 3,329,400	19%
Employers	17,320,000	94%	15,396,000	89%	13,317,600	77%
Conversions	700,000	4%	700,000	4%	700,000	4%
TOTAL	$ 21,715,000		$ 19,511,000		$ 17,347,000	
Claims & Expenses:	$ (18,521,000)		$ (17,347,000)		$ (17,347,000)	
Net Cash Flow	$ 3,194,000		$ 2,164,000		$ -	
NON-ERISA FUND						
Stipend & Expenses	$ 4,862,000		$ 3,678,000		$ 3,678,000	
Participants:						
- Retirees (ERISA)	3,594		3,452		3,452	
- Stipend Recipients	1,118		866		866	
- Actives	689		626		626	

A. ERISA Fund Experience (Retirees)

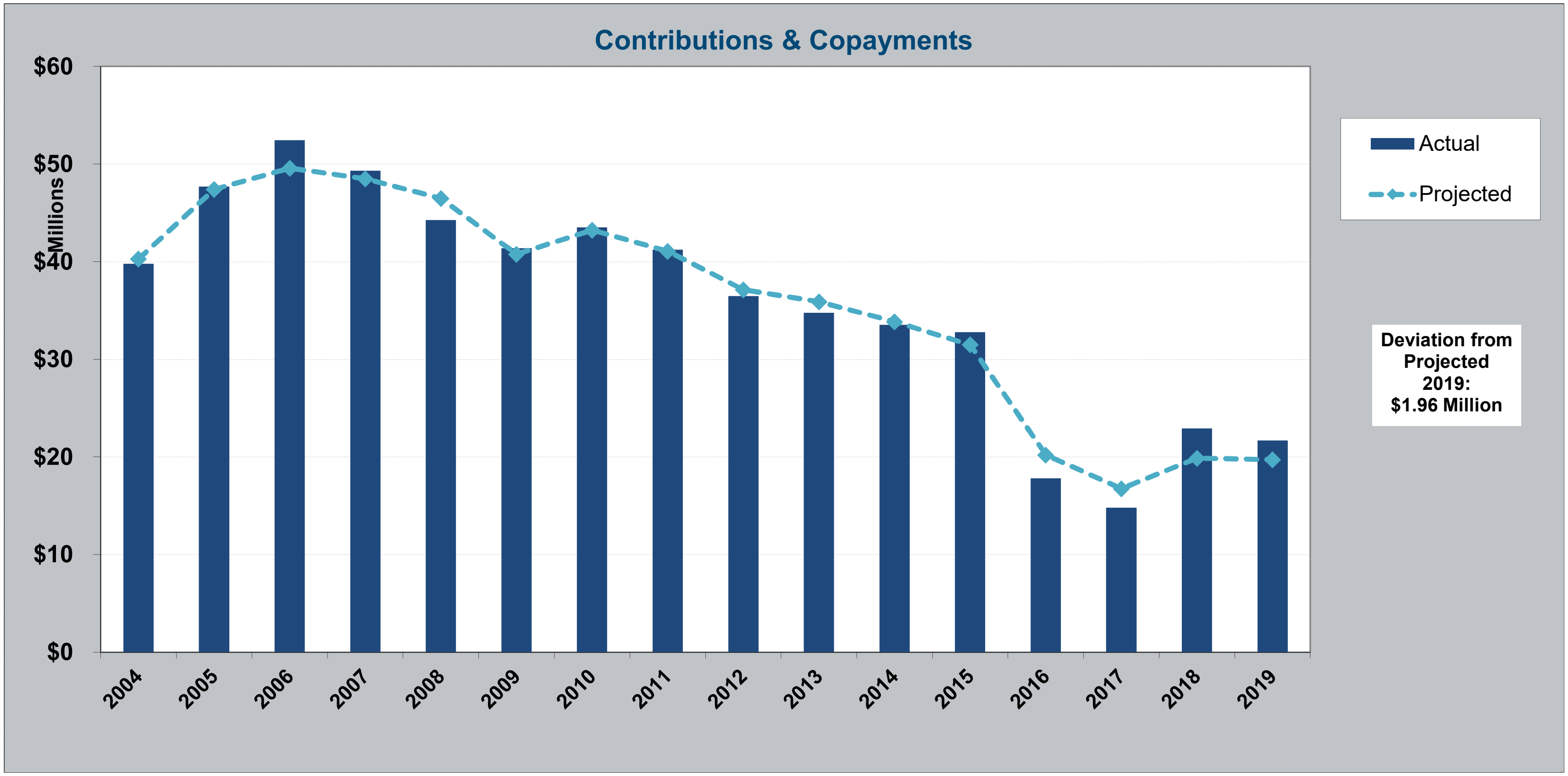
The graphs below show the annual net cash flow to the Fund (excluding non-ERISA). The net cash flow is shown both on an actual cash basis (top chart) and a projected cash basis (bottom chart). In calendar year 2019, The Fund's annual income were $3.2 million higher than the expenditures.





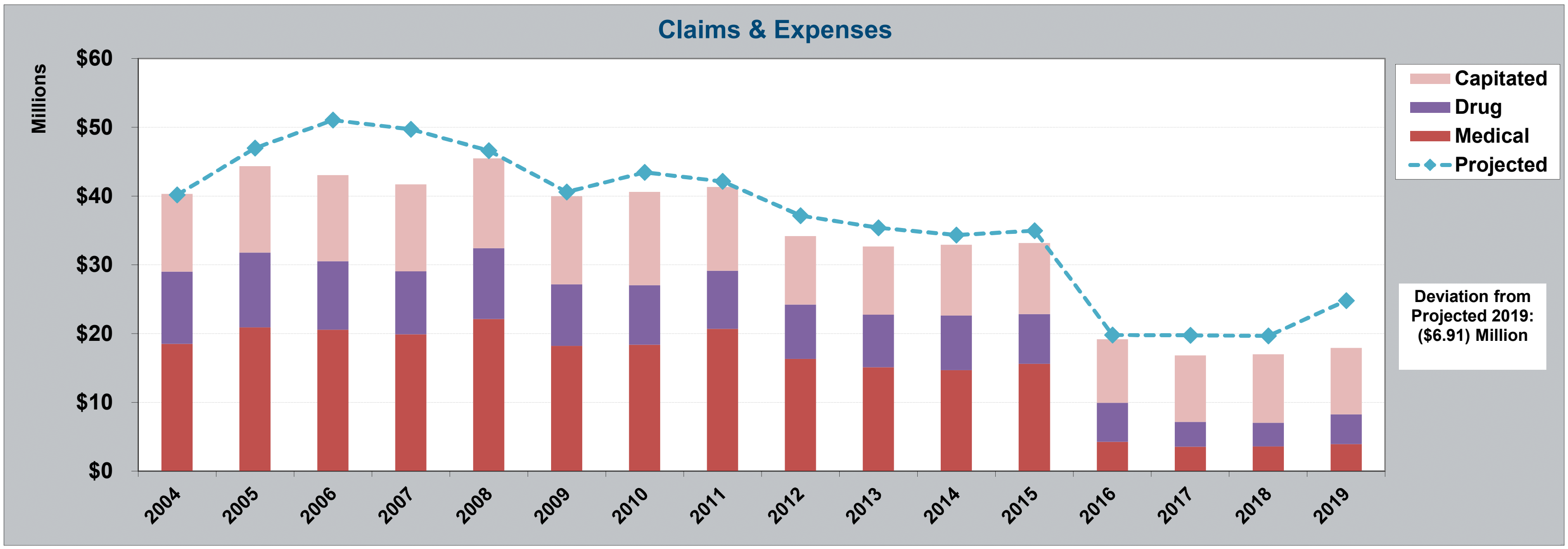
B. Aggregate Income (ERISA Fund)

The graph below shows the actual (bars) versus projected (line) aggregate cash income to the Fund for retiree benefits (excluding non-ERISA). In calendar year 2019, the aggregate income was $21.7 million dollars. This was 9.9% higher than we had projected for aggregate income in 2019.



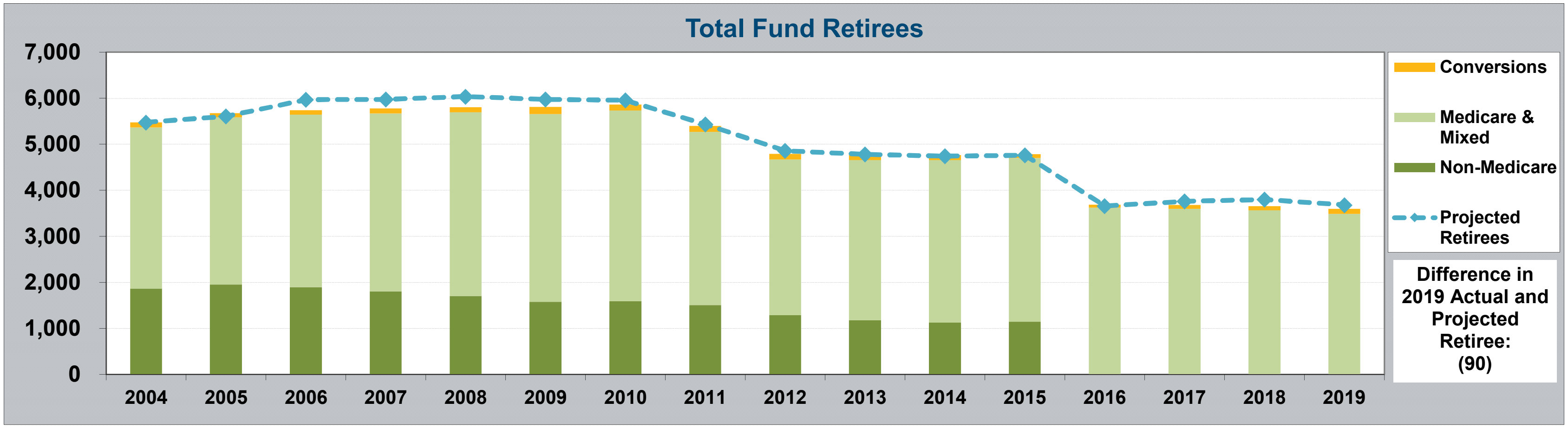
C. Claims & Expenses (ERISA Fund)

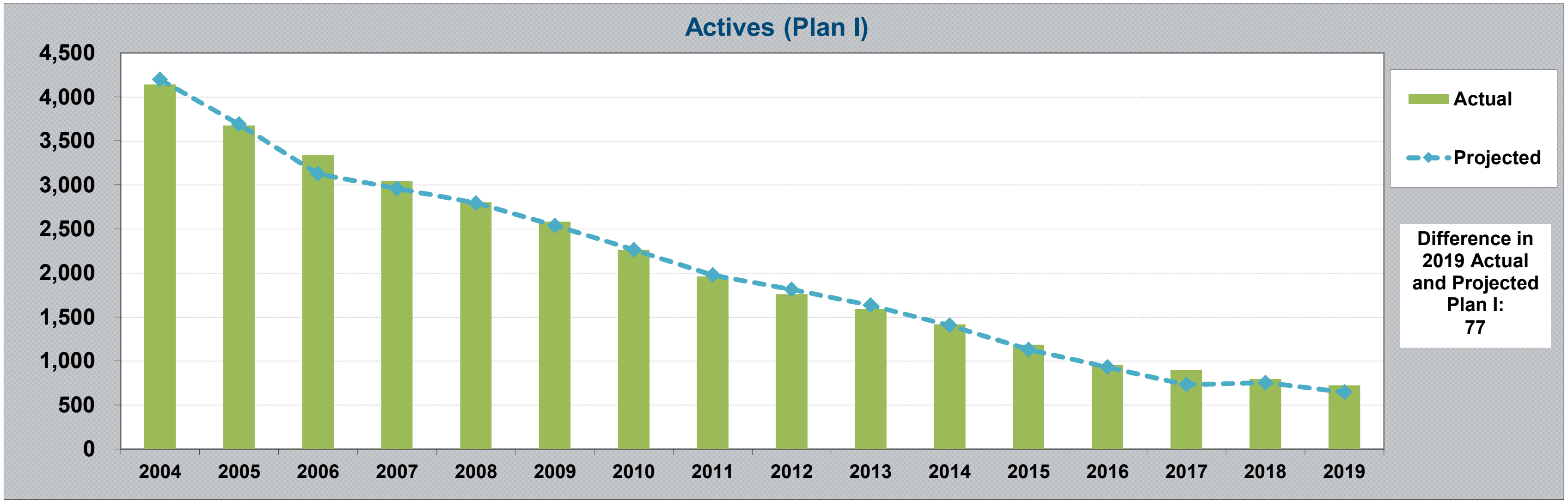
The graph below shows the actual (bars) versus projected (line) aggregate cash expenditures to the Fund for retirees and their covered dependents (Excluding non-ERISA). The capitated figures (pink bars) include all expenditures to the Fund that are regularly negotiated on a per participant or per employee or percent of claims basis. Therefore, Kaiser and Group Dental Services (GDS) premiums are included, which involve both administrative and claims charges. Additionally, the capitated figures include administrative and access fees for medical, pharmacy, vision, mental health, medical management, population management, and medical provider networks. The drug figures (purple bars) are only for claims payments made through the PBM. The medical figures (red bars) are claims payments made through the administrator (Associated Administrators) for out-of-area participants and through the CIGNA HMO. In calendar year 2019, the aggregate expenditures were $17.9 million dollars. This was 27.8% lower than we had projected for the aggregate claims and expenses.



D. Participation (ERISA Fund)

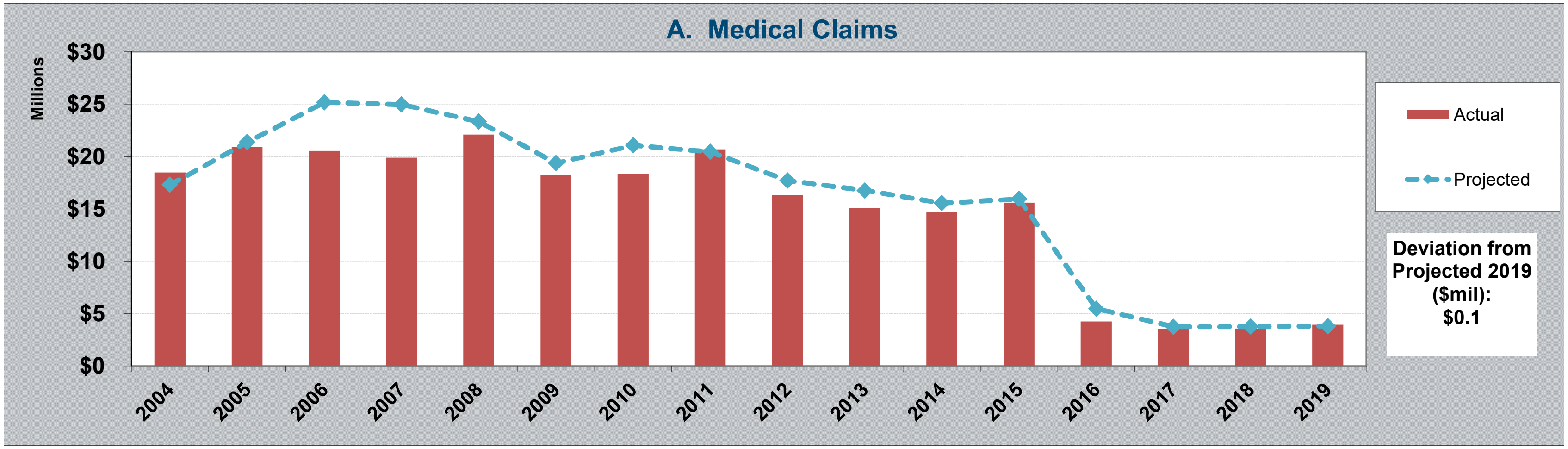
The top graph shows the retiree participation in the Fund. **In calendar year 2019, an average of 3,488 retirees elected to participate in this Plan. This is 2.4% fewer retirees than we had projected.** The bottom graph shows the number of active participants that will have the option to be in the retiree program when they retire. **Actual average active employees were 12.0% higher than we had projected.**

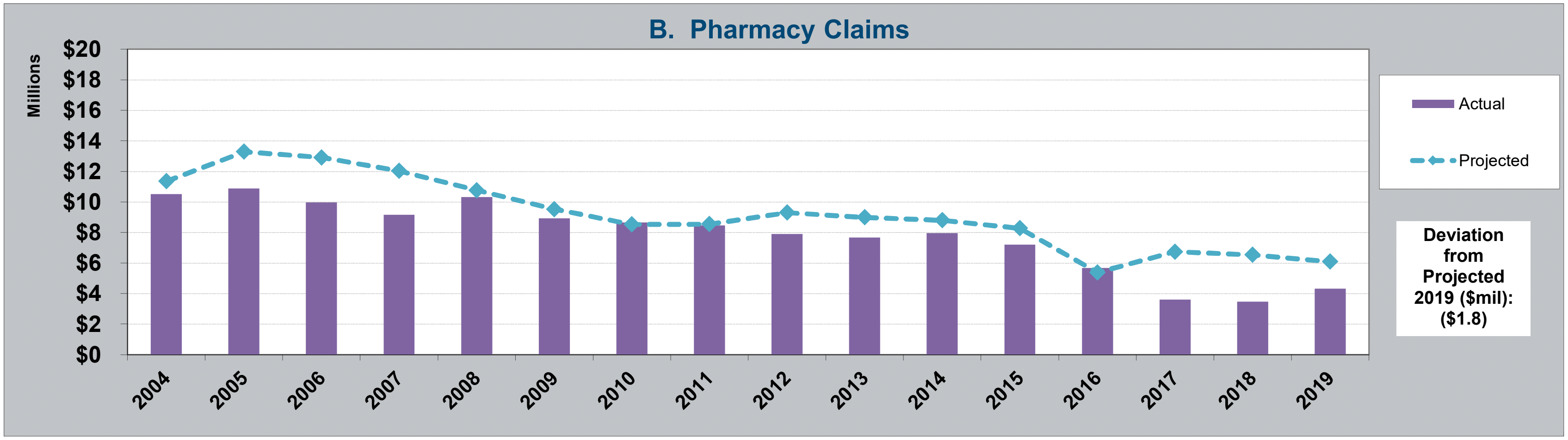




ERISA Fund Claims & Expense Details

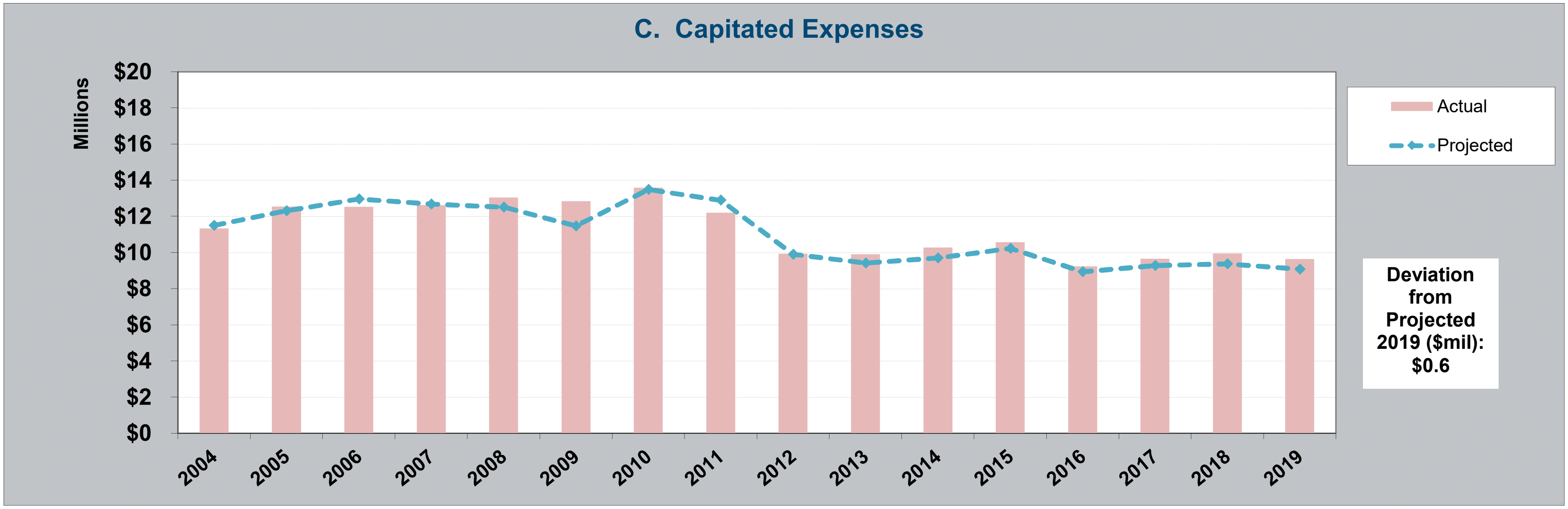
The graphs below show the actual (bars) versus projected (line) medical and pharmacy claims, excluding conversions. Kaiser premiums are included with the expenses. Actual medical claims in 2019 were $0.1 million greater than projected. Actual pharmacy claims (net of rebates) were $1.8 million less than projected.





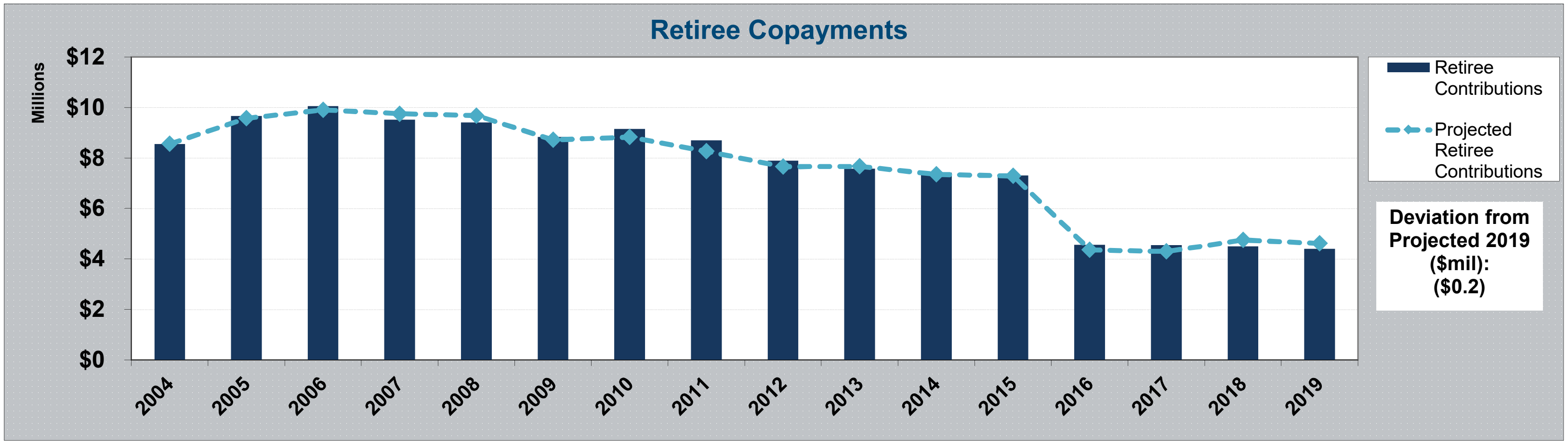
ERISA Fund Claims & Expense Details (Continued)

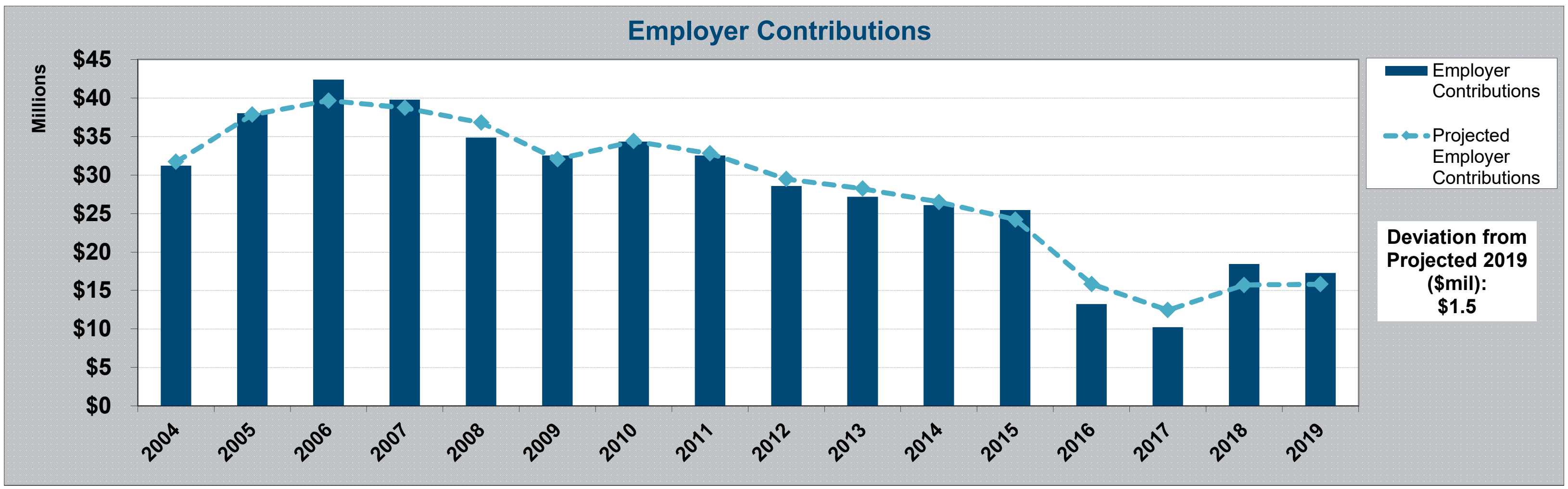
The graph below shows the actual (bars) versus projected (line) capitated expenditures. These include all expenditures to the Fund that are regularly negotiated on a per participant, or per employee, or percent of claims basis. Kaiser and Group Dental Services (GDS) premiums are included, which include both administrative and claims charges. Additionally, the capitated figures include administrative and access fees for medical, pharmacy, vision, mental health, medical management, population management, and medical provider networks.



Contributions & Copayments (ERISA Fund)

The graphs below show the actual (bars) versus projected (line) cash income split by retiree copayments (including conversions) and employer contributions.





Appendix A. Gain/Loss Allocation

The chart below is to maintain an accounting of the gains and losses. The gains and losses are split between the employers and retirees based on a bargained agreement that employers would pay for 80% of the costs (excluding conversion). There are two options from a collectively bargained agreement prior to 2001. Conversion costs for this purpose are assumed to be the actual contributions that participants pay into the Fund, so their gains/losses are split 80% / 20% for the employers / retirees.

					Balance Carried Forward @ 8%			
					Option 1 - Blended:		Option 2 - Actual:	
		Total	Employers	Retirees	Employers	Retirees	Employers	Retirees
Balance from 12/31/2011 ($ in millions)					$ (35.9)	$ 31.3	$ (37.2)	$ 32.5
1/1/12 to 12/31/12								
	Income	35.9	28.6	7.3				
	Clm&Exp	33.9	27.2	6.8				
	Gain/(Loss)	2.0	1.4	0.5	(39.1)	34.0	(40.5)	35.3
1/1/13 to 12/31/13								
	Income	34.1	27.2	6.9				
	Clm&Exp	32.5	26.0	6.5				
	Gain/(Loss)	1.6	1.2	0.4	(40.8)	37.2	(42.3)	38.7
1/1/14 to 12/31/14								
	Income	33.0	26.1	6.9				
	Clm&Exp	32.7	26.1	6.5				
	Gain/(Loss)	0.4	(0.0)	0.4	(42.9)	40.6	(44.5)	42.2
1/1/15 to 12/31/15								
	Income	32.5	25.5	7.1				
	Clm&Exp	33.2	26.5	6.6				
	Gain/(Loss)	(0.7)	(1.1)	0.4	(46.4)	44.3	(48.2)	46.0
1/1/16 to 12/31/16								
ERISA	Income	17.2	13.2	3.9				
	Clm&Exp	19.0	15.2	3.8				
	Gain/(Loss)	(1.9)	(2.0)	0.1	(51.2)	48.3	(53.1)	50.1
1/1/17 to 12/31/17								
ERISA	Income	14.1	10.2	3.8				
	Clm&Exp	16.3	13.0	3.3				
	Gain/(Loss)	(2.2)	(2.8)	0.6	(57.2)	52.2	(59.3)	54.2
1/1/18 to 12/31/18								
ERISA	Income	22.4	18.4	4.0				
	Clm&Exp	16.3	13.1	3.3				
	Gain/(Loss)	6.0	5.4	0.7	(64.6)	57.0	(66.8)	59.1
1/1/19 to 12/31/19								
ERISA	Income	21.0	17.3	3.7				
	Clm&Exp	17.3	13.8	3.5				
	Gain/(Loss)	3.8	3.5	0.3	(64.4)	62.2	(66.8)	64.5

All figures exclude conversions. Totals may not add due to rounding.

Appendix B. Summary of Plan and Policy Changes

Below is a summary of significant policy changes made from year-to-year:

Date	Change
1992	Old System
1993	Changed Copay Structure
1994	Increased Copays & Employer Contributions.
1996	Incorporate HMO Medicare Risk Contracts.
1998	Incorporate HMO Medicare Drug Riders and expand HMO area.
2000	Medicare risk marketplace begins contracting, pushing out over 200 retirees into the out-of-area regions.
-	Added CIGNA's non-Medicare HMO in June. Use of CIGNA is mandatory for all living in the region.
-	Changed Aggregate Contribution Split ER/Ret to 80/20.
-	Changed Copay & Contribution increases to be consistent with actives.
-	Granted a 2-Year Retiree Copay Reduction (July 1, 2001 to June 30, 2003).
-	Added new benefits
2001	Substantial withdrawal of Medicare risk contract providers. Over 1,200 retirees are pushed into the out-of-area region in January. By July, slightly over 750 are back in an HMO Medicare risk area. Significant premiums for drug riders
-	Increase retiree copays with a $1.3 million reduction
-	No employer contribution increase
2002	The Medicare risk availability is stable for this Plan's region.
-	Increase retiree copays with a $1.3 million reduction.
-	Employer contribution increase.
2003	Medicare risk marketplace slightly expanding for this Plan allowing slightly over 350 back in area in March.
-	Switched Pharmacy Benefits Manager to NMHCRx
-	5% load on retiree copays to fund reserve
2004	Copay increase in Pharmacy benefit by 3%
-	Increase in Out-of-Pocket, Deductible and Lifetime Limit
2005	Pharmacy Benefits: Implement a stricter mandatory generic program, add a quantity and dose limitation program, add a specialty drug program (Ascend)
2006	Medicare Part D begins
2008	Reduced retiree benefits and copays by 11.5% on average
2011	Removed Lifetime Limits and other changes required by the Affordable Care Act
2012	Reduced CIGNA HMO benefits by 5.7% to reflect modified plan design; Reduce Kaiser Medicare HMO benefits to reflect Plan A benefits.
2014	Eliminate Base Plan, OOA Emergency room copay increase to $75, amend Coordination of Benefits to prevent duplication.
2015	Narrower Rx Formulary and other contracting changes.
2016	Non-Medicare retirees changed to $350 monthly stipend from non-ERISA account.
2017	The retirees who retired from Safeway receive an additional $50 per month going back to December 2016.
2021	Effective on January 1, 2021, prescription drugs for out-of-area Medicare members will be provided through an Employer Group Waiver Plan (EGWP)

Appendix B. Summary of Plan and Policy Changes (Continued)

FELRA UFCW Health & Welfare Fund

Plan Last Modified: Provider Network:	1/1/2016 HMO (Kaiser)	1/1/2016 Out of Area (OOA)
Medicare Benefits	**Kaiser Medicare Advantage**	**Medicare Supplement**
Prescription Drugs		
Retail (INN)	$ 15 copay	11% (Dependents $200 ded + 25%)
Retail (OON)	$ 25 copay	18% (Dependents $200 ded + 25%)
Mail Order	$ 10 copay	
Vision Care Services		
Exam	Covered at 100%; 1 exam / 24 months	Covered at 100%; 1 exam / 24 months
Lens	1 pair lenses / 24 months	1 pair lenses / 24 months
Frames	1 frame / 24 months	1 frame / 24 months
Contacts	Not Covered	Not Covered
Dental:		
Annual Deductible	N/A	N/A
Coinsurance (Preventive / Prosthetic / Restoration)	Copay based on schedule	Copay based on schedule
Annual Maximum Covered	N/A	N/A
Orthodontics	$425 per year + $75 completion	$425 per year + $75 completion

Appendix C. Projected Retiree Counts

Retiree Counts*

		Current Enrollment					Projected				
		Mar 2020					January 2021 - December 2021				
		A	**B,C,F**	**D**	**E**	**Total**	**A**	**B,C,F**	**D**	**E**	**Total**
Out of Area											
Regular	Family	-	-	-	-	**-**	-	-	-	-	**-**
Regular	Single	-	-	-	-	**-**	-	-	-	-	**-**
Mixed	Family	2	12	-	-	**14**	2	12	-	-	**14**
Medicare	Single	249	730	74	7	**1,060**	249	735	70	2	**1,056**
Medicare	Family	179	332	15	3	**529**	184	329	14	2	**529**
TOTALS		**430**	**1,074**	**89**	**10**	**1,603**	**435**	**1,076**	**84**	**4**	**1,599**
HMO											
Regular	Family	-	-	-	-	**-**	-	-	-	-	**-**
Regular	Single	-	-	-	-	**-**	-	-	-	-	**-**
Mixed	Family	-	6	-	-	**6**	-	6	-	-	**6**
Medicare	Single	559	665	81	15	**1,320**	555	622	73	9	**1,259**
Medicare	Family	246	225	10	1	**482**	247	217	4	1	**469**
TOTALS		**805**	**896**	**91**	**16**	**1,808**	**802**	**845**	**77**	**10**	**1,734**
TOTAL		**1,235**	**1,970**	**180**	**26**	**3,411**	**1,237**	**1,921**	**161**	**14**	**3,333**
Conversions						**119**					**119**

* Mixed Family member counts are included with "Medicare single" group while spouse is not eligible for Medicare.

Appendix D: Tabular Results

		CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	ERISA CY 2019	Change CY 2018 TO 2019	Change per Retiree (%)	Change per Active/mo ($)
Page 7	**Total Fund Experience (Retirees)**									
ACTUAL	Income	$ 33.6	$ 33.2	$ 17.8	$ 14.8	$ 22.9	$ 21.7	-5.3%	56.1%	$ 90.61
	Expenditures	$ 33.1	$ 33.6	$ 19.3	$ 17.4	$ 17.6	$ 18.5	5.1%	2.3%	$ 282.18
	Accumulated Gain/(Loss)	$ 0.5	$ (0.4)	$ (1.5)	$ (2.6)	$ 5.3	$ 3.2	n/a	N/A	$ (191.57)
PROJECTED	Income	$ 33.9	$ 31.5	$ 20.2	$ 16.8	$ 20.5	$ 20.4	-0.2%	23.1%	$ 201.77
	Expenditures	$ 34.4	$ 35.0	$ 20.2	$ 20.0	$ 20.3	$ 19.7	-2.9%	2.2%	$ 137.97
	Accumulated Gain/(Loss)	$ (0.5)	$ (3.5)	$ 0.0	$ (3.2)	$ 0.2	$ 0.8	n/a	N/A	$ 63.81
Page 8	**Aggregate Income**									
	Actual	$ 33.5	$ 32.8	$ 17.8	$ 14.8	$ 22.9	$ 21.7	-5.3%	56.1%	$ 90.61
	Projected	$ 33.4	$ 31.0	$ 19.8	$ 16.6	$ 19.9	$ 19.7	-0.7%	21.0%	$ 184.20
Page 9	**Claims & Expenses**									
	Medical	$ 14.7	$ 15.6	$ 4.3	$ 3.5	$ 3.6	$ 3.9	10.4%	1.3%	$ 78.58
	Drug	$ 8.0	$ 7.2	$ 5.7	$ 3.6	$ 3.5	$ 4.3	24.8%	-3.0%	$ 134.17
	Expenses	$ 10.3	$ 10.4	$ 9.2	$ 9.7	$ 9.9	$ 9.6	-3.2%	3.7%	$ 63.93
	Total	$ 32.9	$ 33.2	$ 19.2	$ 16.8	$ 17.0	$ 17.9	5.4%	1.8%	$ 276.67
	Projected Total	$ 34.4	$ 35.0	$ 19.8	$ 19.8	$ 19.7	$ 24.8	26.1%	0.2%	$ 789.48
Page 10	**Participation**									
RETIREES	Retirees (Non-Medicare)	1,129	1,145	-	-	-	-	n/a	n/a	n/a
	Retirees (Medicare)	3,530	3,557	3,621	3,599	3,568	3,488	-2.2%	n/a	n/a
	Conversions	109	82	68	86	90	107	18.3%	n/a	n/a
	Total Retirees	4,767	4,784	3,689	3,685	3,658	3,595	-1.7%	n/a	n/a
	Projected	4,746	4,767	3,662	3,767	3,802	3,685	-3.1%	n/a	n/a
ACTIVES (PLAN I)	Actual	1,416	1,186	956	898	794	724	-8.8%	n/a	n/a
	Projected	1,406	1,131	932	733	755	647	-14.4%	n/a	n/a

Appendix D: Tabular Results

		CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	ERISA CY 2019	Change CY 2018 TO 2019	Change per Retiree (%)	Change per Active/mo ($)
Page 11 **Claim & Expense Detail**										
MEDICAL	Actual*	$ 14.7	$ 15.6	$ 4.3	$ 3.5	$ 3.6	$ 3.9	10.4%	1.3%	$ 78.58
	Projected*	$ 15.6	$ 16.0	$ 5.5	$ 3.8	$ 3.8	$ 3.8	1.4%	0.9%	$ 44.06
PHARMACY	Actual*	$ 8.0	$ 7.2	$ 5.7	$ 3.6	$ 3.5	$ 4.3	24.8%	-3.0%	$ 29.41
	Projected*	$ 8.8	$ 8.3	$ 5.4	$ 6.7	$ 6.5	$ 6.1	-6.7%	-2.3%	$ 60.21
Page 12 **Claim & Expense Detail (continued)**										
CAPITATED	Actual*	$ 10.3	$ 10.6	$ 9.2	$ 9.7	$ 9.9	$ 9.6	-3.2%	3.7%	$ 147.23
	Projected*	$ 9.7	$ 10.2	$ 8.9	$ 9.3	$ 9.4	$ 9.1	-3.1%	1.7%	$ 121.43
Page 13 **Contributions & Copayments**										
RETIREES	Actual*	$ 7.4	$ 7.3	$ 4.6	$ 4.5	$ 4.5	$ 4.4	-2.1%	-0.4%	$ 49.53
	Projected*	$ 7.3	$ 7.3	$ 4.4	$ 4.3	$ 4.8	$ 4.6	-2.7%	11.3%	$ 99.27
EMPLOYERS	Actual*	$ 26.1	$ 25.5	$ 13.2	$ 10.2	$ 18.4	$ 17.3	-6.1%	81.2%	$ 982.97
	Projected*	$ 26.5	$ 24.2	$ 15.8	$ 12.5	$ 15.7	$ 15.8	0.5%	27.2%	$ 494.64

*includes conversions

Appendix E. Assumptions and Methods

- Annual trends are shown below and applied for an average of 18 months.

Medical	6.00%
Prescription drug	7.00% (1/2020-12/2020, 1/2022+) and 0.00% (1/2021-12/2021)
Capitated	See below

- Data provided by Associated Administrators, including Administrative Manager's Reports, Retiree Utilization Reports, capitation rates, detailed participant data both individual and by monthly copay.

- Participants were projected using recent changes in copay categories. The final assumed population is shown on page 15.

- Medical claims assume a 3-month lag between incurred and paid. Drug claims assume a 1-month lag.

- Notes on claim cost development:
  - Claims costs were developed using experience through March 2020 for out-of-area Medicare participants.
  - Premium rates for Medicare participants were used for HMO participants.
  - The claims costs for mixed participants was set equal to the claim costs for single Medicare.
  - Prescription drug costs for Medicare Participants are net of any savings due to Drug Rebates of 29.8%
  - The claims costs for disabled participants (category F) were derived by increasing the retirees costs (after removing the implicit spouse cost) by 40.6% for medical and 65.9% for drug.

- Participants in copay categories A-E are assumed to have the same average experience.

- Actual HMO premiums are known and used for 2021. Capitated rates for 2021 are assumed to increase 0.5% for 2020

Rate at 1/1/2021*	Out-of-Area	HMO
Capitated Rate	$ 61.41	$ 41.92

* Includes dental, vision, life, EAP, medical management, mental health and administrative fees.

Average HMO Premiums Assumed at 1/1/2021	
Mixed Family	$ 259.27
Medicare Single	$ 259.27
Medicare Family	$ 460.53

- Final claim costs are shown in the chart below.

	Out-of-Area		HMO	
	Non-Dis	Disabled	Non-Dis	Disabled
Mixed Family	$ 373.91	n/a	$ 301.19	n/a
Medicare Single	$ 373.83	$ 448.24	$ 301.16	$ 301.19
Medicare Family	$ 686.54	$ 759.00	$ 502.44	$ 502.44

Appendix E. Assumptions and Methods (Continued)

Reliance Statement: In preparing our report, we relied without audit, on information (some oral and some written) supplied by Associated Administrators. This information includes, but is not limited to, the plan provisions, employee data, and financial information.

Scope: Actuarial computations provided in this report are for purposes of assisting the Trustees in establishing retiree copays and employer contribution rates. The projections and reserve calculations reported in the enclosed exhibits have been made on a basis consistent with our understanding of the associated Actuarial Standards of Practice. Determinations for other purposes may be significantly different from the results in this report. Actual results will be different than our projections and vary to the extent that the Plan experience differs from the assumptions. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Compliance with Actuarial Standards: This report has been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

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