

# Washington State Health Care Authority

## Report to the Legislature

### **PEBB Health Benefit Plan — Cost and Utilization Trends, Demographics, and Impacts of Alternative Consumer-Directed Health Plan**

Second Engrossed Senate Bill 5773, Chapter 8  
Laws of 2011, RCW 41.05.065 (6)

November 30, 2015

Washington State Health Care Authority  
Financial Services Division  
PO Box 45510  
Olympia, WA. 98504-5510  
(360) 725-1319  
Fax: (360) 753-9152

# Table of Contents

- Executive Summary..... 3
  - Chart 1: CDHPs and Non-CDHPs—Enrollment Trend ..... 3
- PEBB Health Benefit Plan Analysis ..... 5
  - Health Plan Cost and Service Utilization ..... 5
    - Chart 2: Allowed Claims PMPM ..... 5
    - Chart 3: Allowed Claims PMPM by Plan ..... 6
    - Table 1: Allowed Claims PMPM\* ..... 6
    - Chart 4: Paid Claims PMPM ..... 6
    - Chart 5: Paid Claims PMPM by Plan..... 7
    - Table 2: Paid Claims PMPM\* ..... 7
    - Chart 6: Utilization per 1,000 Members ..... 8
    - Table 3: PEBB Health Plan Service Utilization Trends ..... 8
- Employees and Dependents—Enrollment and Demographics..... 9
  - Chart 7: Member Distribution by Age Band ..... 9
  - Chart 8: Member Distribution by Age Band (Under 50 and Over 50) ..... 9
  - Table 4: Demographics by Age Band ..... 10
  - Chart 9: Distribution by Gender..... 10
  - Table 5: Demographics – Average Members and Distribution by Gender ..... 10
  - Chart 10: Distribution by Member Type..... 11
  - Table 6: Average Members and Distribution by Member Type ..... 11
- Impact of CDHPs on Non-CDHPs..... 11
- Methodology..... 11
  - Chart 11: Impact on UMP Plans..... 12
  - Table 7: CDHP Impact based on Modeled Bid Rate ..... 13
  - Chart 12: Impact on Non-CDHPs and CDHPs ..... 14
- Milliman Analysis Report ..... 15

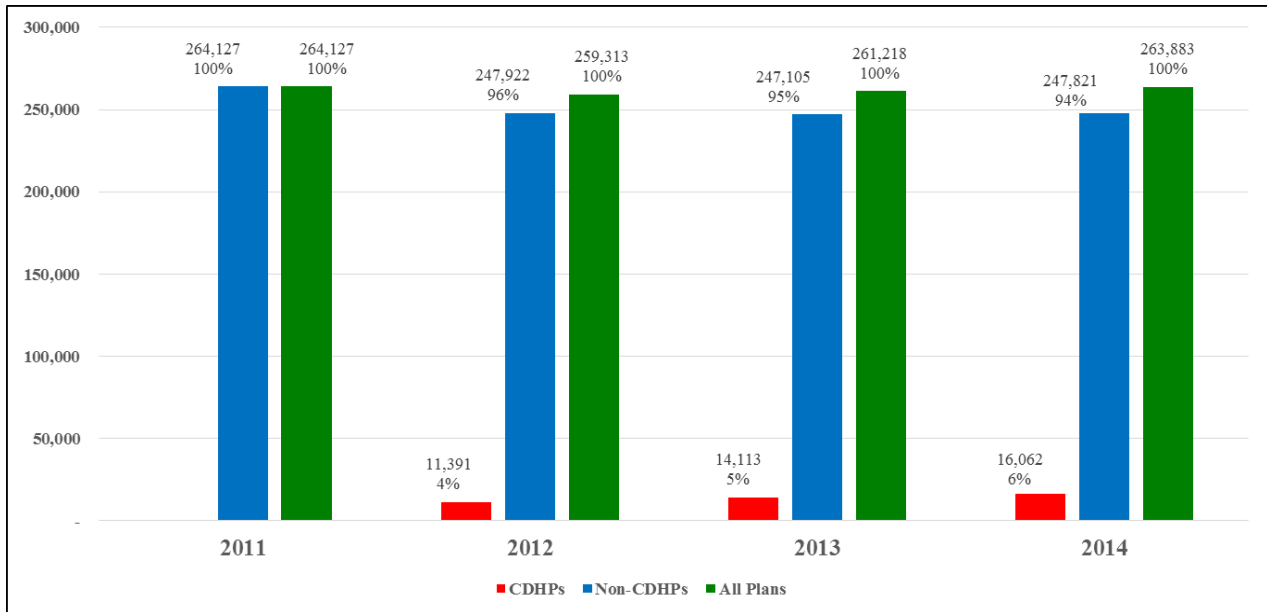
# Executive Summary

HCA is required to submit a report to relevant legislative policy and fiscal committees by November 30, 2015, and each year thereafter, as directed by RCW41.05.065 (6)(b). The report is to evaluate the impact of the newly offered consumer-directed health plan (CDHP) and will include:

1. Public Employees Benefits Board (PEBB) health plan cost and service utilization trends for the previous three years, in total and for each health plan offered to employees.
2. For each health plan offered to employees, the number and percentage of employees and dependents enrolled in the plan, and the age and gender demographics of enrollees in each plan.
3. Any impact of enrollment in alternatives to the most comprehensive plan, including the high deductible health plan with a health savings account, on the cost of health benefits for those employees who have chosen to remain enrolled in the most comprehensive plan.

As shown in Chart 1, the average member enrollment in CDHPs is approximately 4 to 6 percent. This reflects a slightly higher trend from 2012 through 2014.

**Chart 1: CDHPs and Non-CDHPs—Enrollment Trend**



## 1. Health Plan Cost and Service Utilization

The attached report detailing health plan cost and service utilization is provided by the Milliman actuarial firm. On HCA's behalf, Milliman actuaries calculated cost trends based on Allowed and Paid Claims<sup>1</sup> PMPM (Per Member Per Month) for Non-Medicare PEBB enrollees.

The report finds that for 2012 through 2014, the allowed claims PMPM for non-CDHPs ranged from \$408 in CY12 to \$441 in CY14; this range was 3 to 4 percent higher than the average of all plans. The allowed claims PMPM for CDHPs ranged from \$172 in CY12 to \$202 in CY14, which was 42 to 47 percent lower than the average of non-CDHPs.

The service utilization of non-CDHPs in the period from 2012 to 2014 was about 3 percent higher than the average of all plans, whereas CDHPs showed about 54 to 59 percent lower utilization compared to non-CDHPs.

## 2. Employees and Dependent Enrollment and Demographics

CDHP members comprised about 4 to 6 percent of all plan members on average during the report period. Compared to plans that were not CDHPs, CDHPs showed a lower average age distribution. About 78 percent of all CDHP members were under age 50; about 65 percent of members in non-CDHPs were under age 50.

CDHPs also show a slightly higher ratio of dependent enrollment compared to non-CDHPs. Gender distribution for all plans is approximately the same.

## 3. Impact of CDHPs on Other Plans

Since the CDHPs were introduced in 2012, and plan-specific risk scores and utilization data did not become available until 2014, the most comprehensive data and the most experience is shown in the impact in 2014. The CDHPs are still new offerings, and their impact is anticipated to continue to vary as the plans mature over time.

This report focuses on measuring the impact that enrollment in CDHPs has had on every plan in the PEBB portfolio rather than the impact on just the most comprehensive plan. Also, in keeping with statutory language, this report does not speculate on or address possible additional impacts, such as differences in plan richness, administrative costs, or unit costs.

According to Milliman's analysis for both Uniform Medical Plan (UMP) and Group Health (GH), the introduction of CDHPs lowered member contributions in non-CDHPs in 2012 and

---

<sup>1</sup> Allowed Claims equals the amount that was allowed by the health plan and Paid Claims equals the amount paid by the plan after adjusting co-payment, deductible and other plan payment amounts.

2013, and raised employee contributions for non-CDHP members in 2014. This impact was due to the mechanics of the bid rate and employee contribution calculation process.

Overall, the estimated impact on non-CDHPs was as follows (see Chart 12 on page 13):

- a contribution decrease of \$4.66 in CY12,
- a contribution decrease of \$4.24 in CY13, and
- a contribution increase of \$5.63 in CY14.

# PEBB Health Benefit Plan Analysis

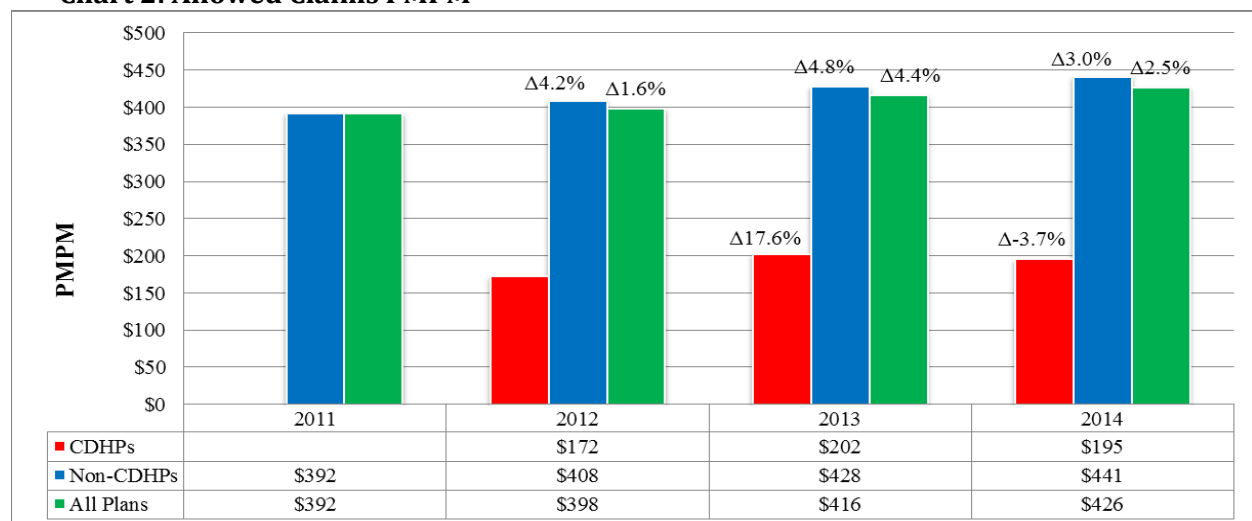
## Health Plan Cost and Service Utilization

### 1) Health Plan Cost Trends

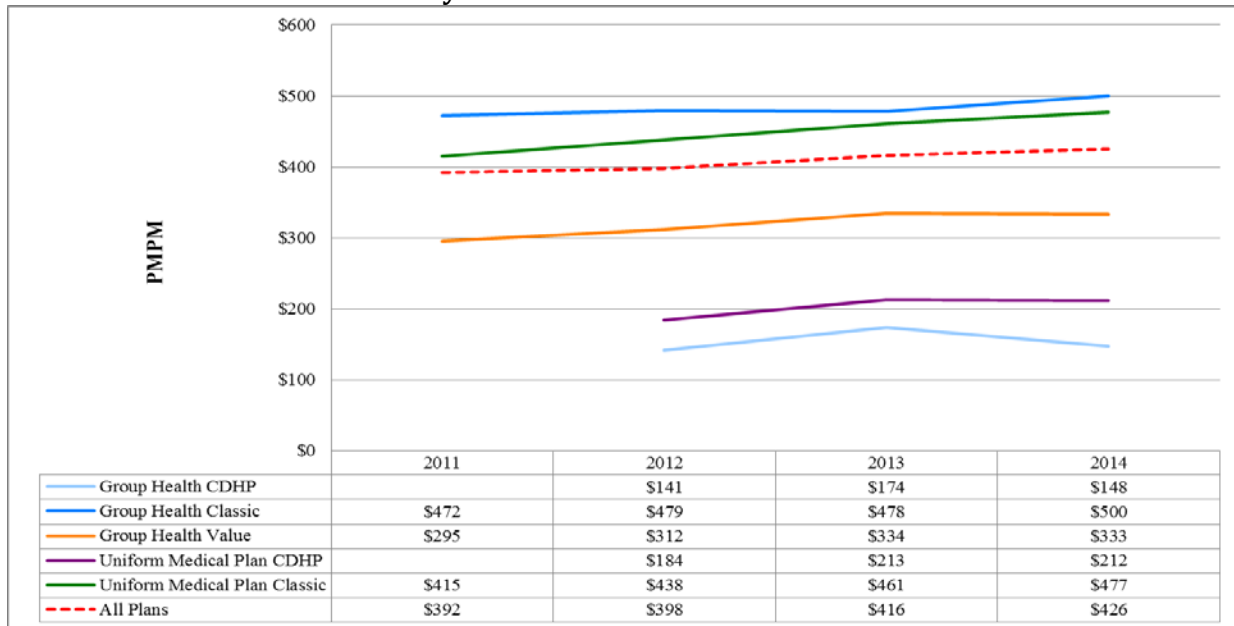
Charts 2 through 5, and Tables 1 and 2, show cost trends for CDHPs and non-CDHPs, calculated as allowed and paid claims PMPM for 2011 through 2014. Allowed and paid claims PMPM are based on the entire PEBB non-Medicare risk pool enrollment.

The allowed claims are the benefit costs allowed by the health plans whereas paid claims are the amounts paid by the plans after adjusting for copayments, deductibles, and payments by other plans or responsible third parties. The benefit plan design determines the paid-to-allowed ratio for each plan; the final impact on employee contribution levels in this report is calculated from the modeled premium cost for each plan, adjusted by the paid-to-allowed ratio.

**Chart 2: Allowed Claims PMPM**



**Chart 3: Allowed Claims PMPM by Plan**

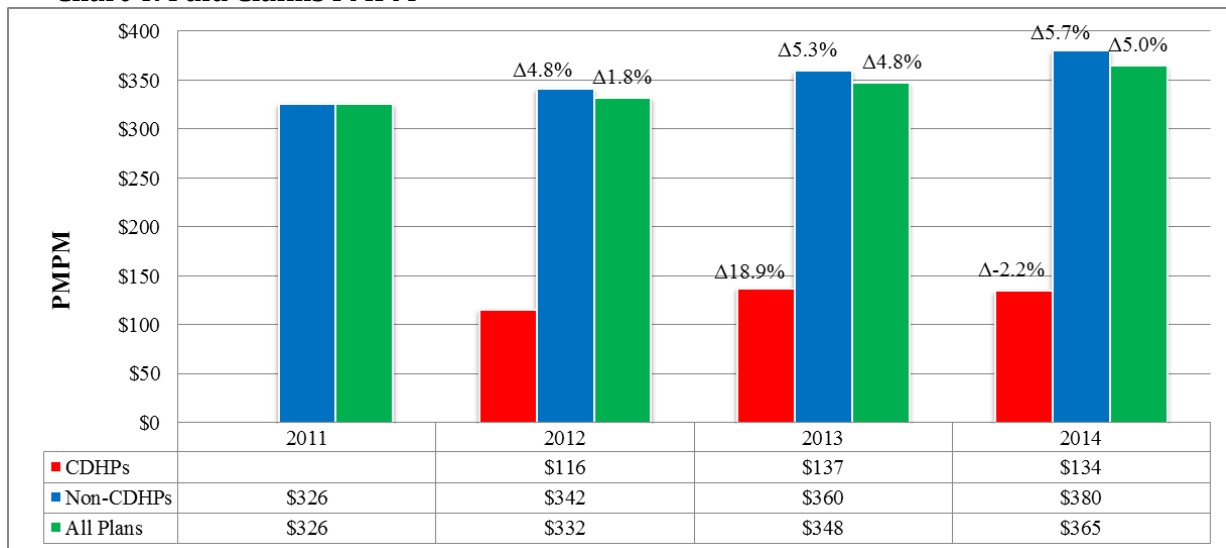


**Table 1: Allowed Claims PMPM\***

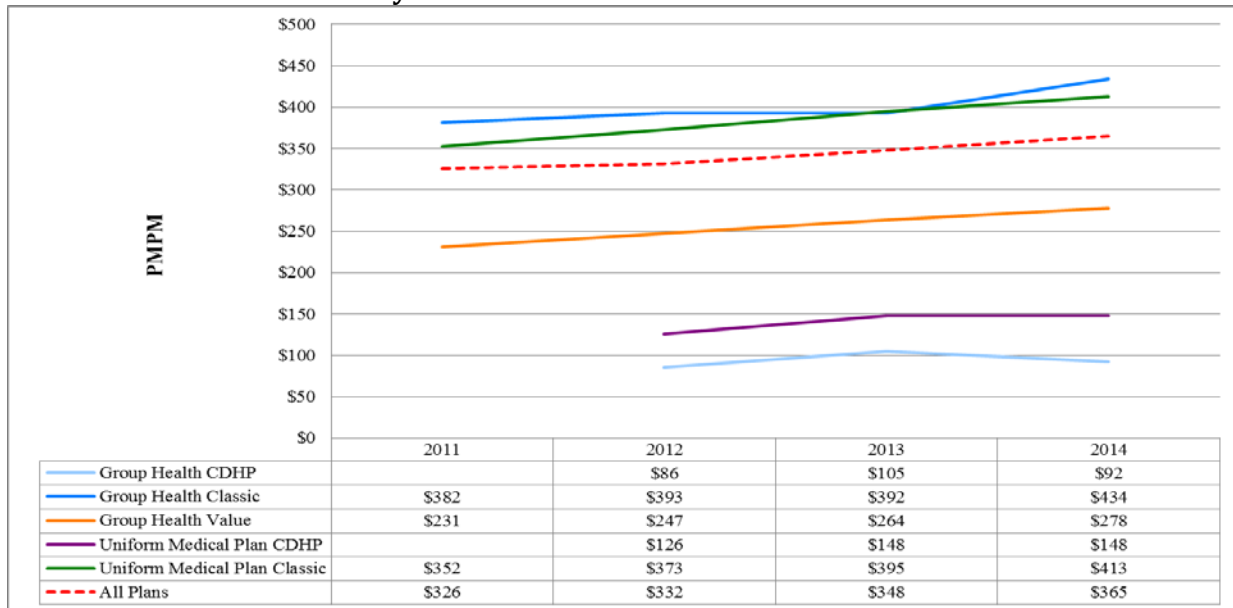
Plan	2011			2012			2013			2014		
	PMPM*	PMPM*	% Change	PMPM*	PMPM*	% Change	PMPM*	PMPM*	% Change	PMPM*	PMPM*	% Change
Group Health CDHP	N/A	\$141	N/A	\$174		22.8%	\$148		-15.0%			
Group Health Classic	\$472	\$479	1.5%	\$478		-0.3%	\$500		4.6%			
Group Health Value	\$295	\$312	5.6%	\$334		7.3%	\$333		-0.3%			
Uniform Medical Plan CDHP	N/A	\$184	N/A	\$213		16.1%	\$212		-0.7%			
Uniform Medical Plan Classic	\$415	\$438	5.5%	\$461		5.1%	\$477		3.4%			
CDHPs	N/A	\$172	N/A	\$202		17.6%	\$195		-3.7%			
Non-CDHPs	\$392	\$408	4.2%	\$428		4.8%	\$441		3.0%			
All Plans	\$392	\$398	1.6%	\$416		4.4%	\$426		2.5%			

\*Per Member Per Month (PMPM) includes medical and prescription costs.

**Chart 4: Paid Claims PMPM**



**Chart 5: Paid Claims PMPM by Plan**



**Table 2: Paid Claims PMPM\***

Plan	2011	2012		2013		2014	
	PMPM*	PMPM*	% Change	PMPM*	% Change	PMPM*	% Change
Group Health CDHP	N/A	\$86	N/A	\$105	21.6%	\$92	-11.9%
Group Health Classic	\$382	\$393	3.0%	\$392	-0.2%	\$434	10.6%
Group Health Value	\$231	\$247	6.8%	\$264	6.9%	\$278	5.5%
Uniform Medical Plan CDHP	N/A	\$126	N/A	\$148	17.3%	\$148	0.5%
Uniform Medical Plan Classic	\$352	\$373	5.9%	\$395	5.9%	\$413	4.6%
CDHPs	N/A	\$116	N/A	\$137	18.9%	\$134	-2.2%
Non-CDHPs	\$326	\$342	4.8%	\$360	5.3%	\$380	5.7%
All Plans	\$326	\$332	1.8%	\$348	4.8%	\$365	5.0%

\*Per Member Per Month (PMPM) includes medical and prescription costs.

Non-CDHPs show moderate increases in both allowed and paid claims PMPM. CDHPs show allowed claims PMPM (\$172 in CY12, \$202 in CY13, and \$195 in CY15) that are 42 to 47 percent lower than non-CDHPs (\$408 in CY12, \$428 in CY13, and \$441 in CY14), and paid claims PMPM (\$116 in CY12, \$137 in CY13, and \$134 in CY14) that are 62 to 66 percent lower than non-CDHPs (\$342 in CY12, \$360 in CY13, and \$380 in CY14). While various factors account for the difference, the low average population age and low utilization claims costs are likely to be the main factors.

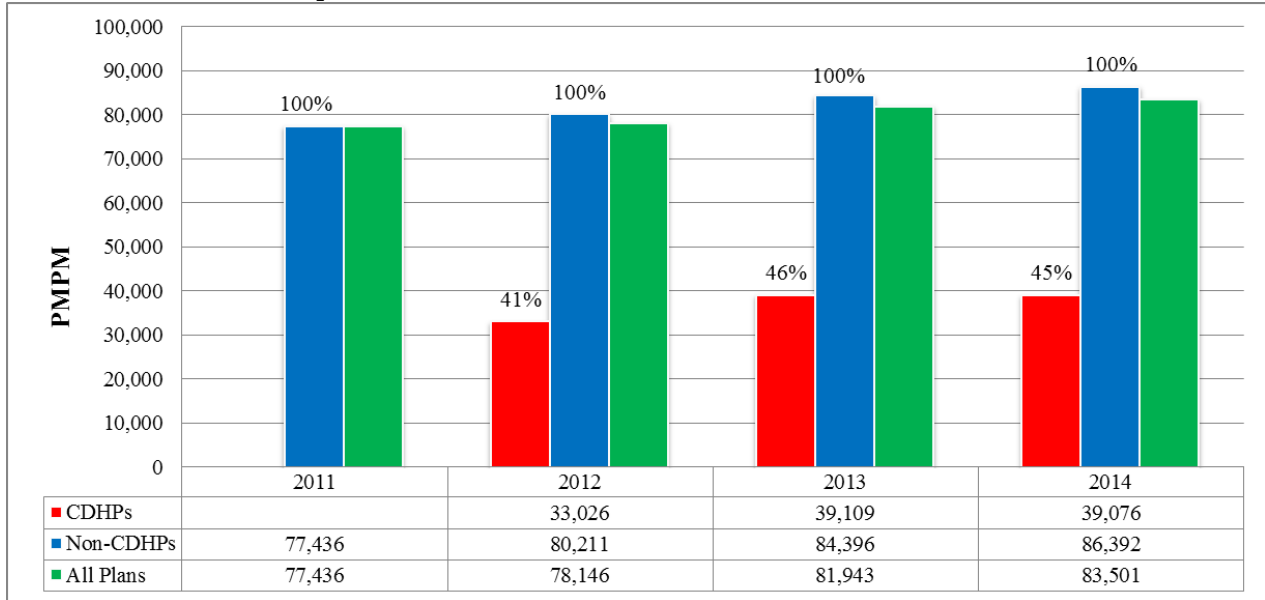
## 2) Service Utilization Trends

Chart 6 and Table 3 show utilization (per 1,000 members<sup>2</sup>) for 2011 through 2014 based on the entire PEBB non-Medicare risk pool enrollment. Utilization for non-CDHPs is approximately 3% higher (80,211 in CY12, 84,396 in CY13, and 86,392 in CY14) compared

<sup>2</sup>Utilization per 1,000 members = total number of units within a service category (hospital days, encounters, prescriptions, etc.) / average member for a year (member months/12) X 1,000

to the average for all plans (78,146 for CY12, 81,943 for CY13, and 83,501 for CY14). They also show a moderate increase in utilization (3.6% in CY12, 5.2% in CY13, and 2.4% in CY14), which is slightly more than the average for all plans (0.9% in CY12, 4.9% in CY13, and 1.9% in CY14).

**Chart 6: Utilization per 1,000 Members**



**Table 3: PEBB Health Plan Service Utilization Trends**

Utilization per 1,000 members							
Plan	2011	2012		2013		2014	
	Utilization	Utilization	% Change	Utilization	% Change	Utilization	% Change
Group Health CDHP	N/A	21,491	N/A	30,066	39.9%	25,962	-13.7%
Group Health Classic	86,729	84,963	-2.0%	88,031	3.6%	86,338	-1.9%
Group Health Value	53,745	54,164	0.8%	59,706	10.2%	59,208	-0.8%
Uniform Medical Plan CDHP	N/A	36,788	N/A	41,952	14.0%	43,352	3.3%
Uniform Medical Plan Classic	85,094	90,575	6.4%	94,295	4.1%	97,644	3.6%
CDHPs	N/A	33,026	N/A	39,109	18.4%	39,076	-0.1%
Non-CDHPs	77,436	80,211	3.6%	84,396	5.2%	86,392	2.4%
All Plans	77,436	78,146	0.9%	81,943	4.9%	83,501	1.9%

CDHPs' utilizations are approximately 55 to 59 percent lower (33,026 in CY12, 39,109 in CY13, and 39,076 in CY14) compared to non-CDHPs (80,211 in CY12, 84,396 in CY13, and 86,392 in CY14). It is likely that the higher deductible amounts for CDHPs and low risk scores for the low age population are the major factors causing the lower utilization.

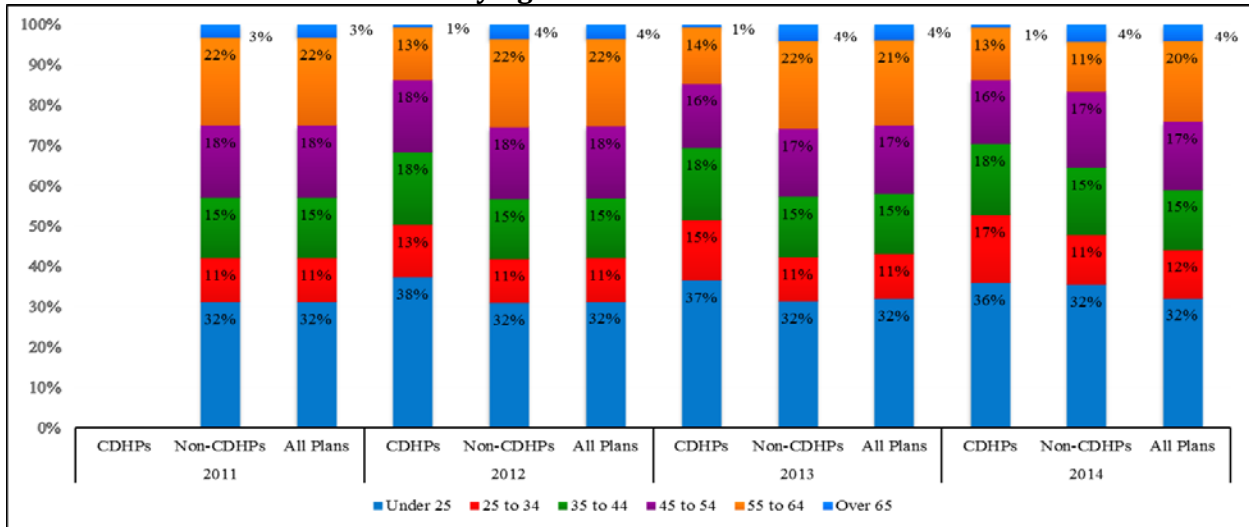


## Employees and Dependents—Enrollment and Demographics

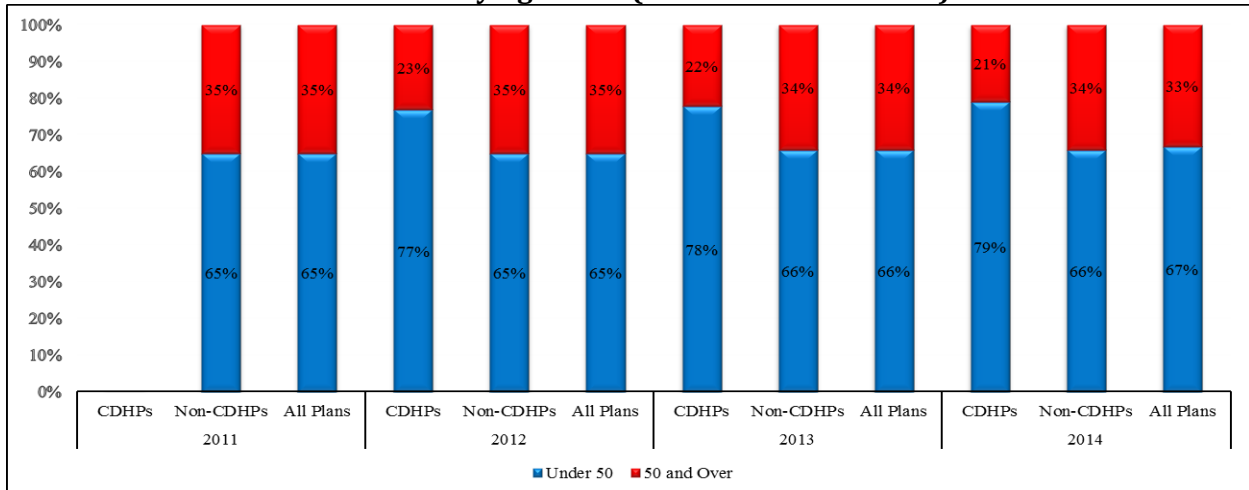
Charts 7 and 8 show enrollment by type of plan and age group for years 2011 through 2014; Table 4 provides a detailed breakdown. All counts are displayed in average members, an actuarial measure used by Milliman that averages relative costs based on the age and gender distribution of a plan’s members.

CDHPs represent 4 to 6 percent of all plan members and are generally younger than non-CDHP members. In CDHPs, 77 to 79 percent of members were under age 50 compared to 65 to 66 percent of members in non-CDHPs. See Charts 7 and 8, as well as Table 4.

**Chart 7: Member Distribution by Age Band**



**Chart 8: Member Distribution by Age Band (Under 50 and Over 50)**

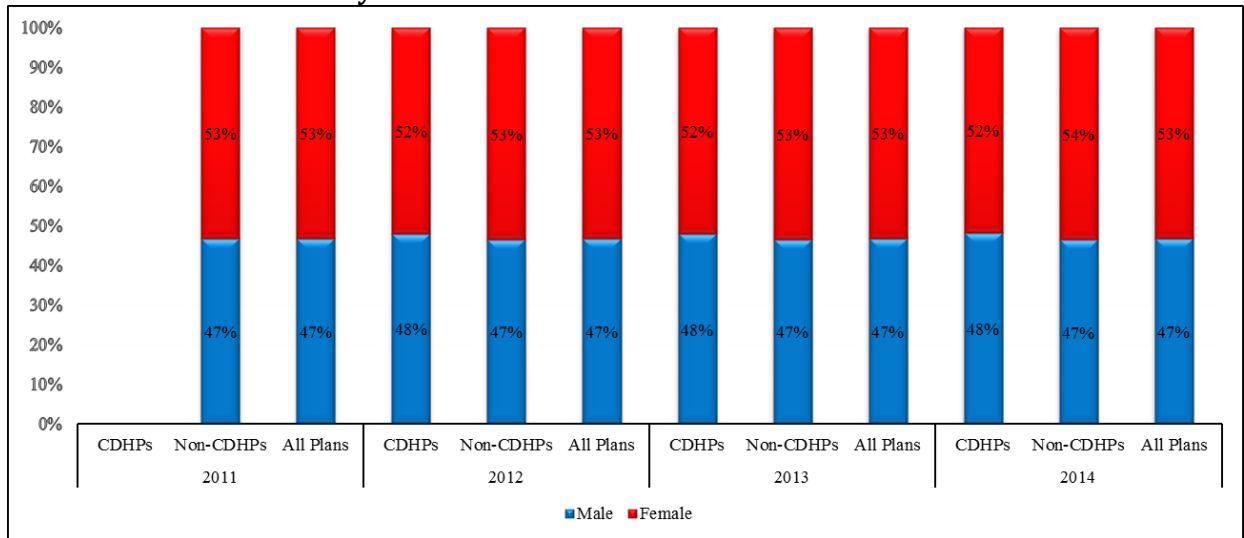


**Table 4: Demographics by Age Band**

Age Band	CDHPs			Non-CDHPs				All Plans			
	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Under 25	4,287	5,216	5,843	83,221	78,305	78,604	79,479	83,221	82,591	83,820	85,322
25 to 34	1,405	2,101	2,716	28,528	26,854	27,457	28,290	28,528	28,259	29,558	31,007
35 to 44	2,022	2,493	2,778	38,308	35,610	35,409	35,535	38,308	37,632	37,902	38,313
45 to 54	2,036	2,331	2,559	48,229	43,887	42,740	42,297	48,229	45,923	45,071	44,855
55 to 64	1,568	1,878	2,055	57,444	54,074	53,024	51,798	57,444	55,642	54,902	53,853
Over 65	74	94	112	8,397	9,192	9,871	10,422	8,397	9,266	9,965	10,533
<b>Total</b>	<b>11,391</b>	<b>14,113</b>	<b>16,062</b>	<b>264,127</b>	<b>247,922</b>	<b>247,105</b>	<b>247,821</b>	<b>264,127</b>	<b>259,313</b>	<b>261,218</b>	<b>263,883</b>
Ratio to All Plans	4%	5%	6%	100%	96%	95%	94%	100%	100%	100%	100%
Under 50	8,716	10,979	12,630	172,185	160,889	161,140	163,039	172,185	169,604	172,119	175,669
50 and Over	2,675	3,134	3,432	91,943	87,033	85,965	84,782	91,943	89,709	89,099	88,214
<b>Total</b>	<b>11,391</b>	<b>14,113</b>	<b>16,062</b>	<b>264,127</b>	<b>247,922</b>	<b>247,105</b>	<b>247,821</b>	<b>264,127</b>	<b>259,313</b>	<b>261,218</b>	<b>263,883</b>
Under 50	77%	78%	79%	65%	65%	65%	66%	65%	65%	66%	67%
50 and Over	23%	22%	21%	35%	35%	35%	34%	35%	35%	34%	33%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Chart 9 and Table 5 show the distribution of members by gender for each year from 2011 through 2014. Non-CDHPs and CDHPs show approximately the same distribution rates over the three year period.

**Chart 9: Distribution by Gender**

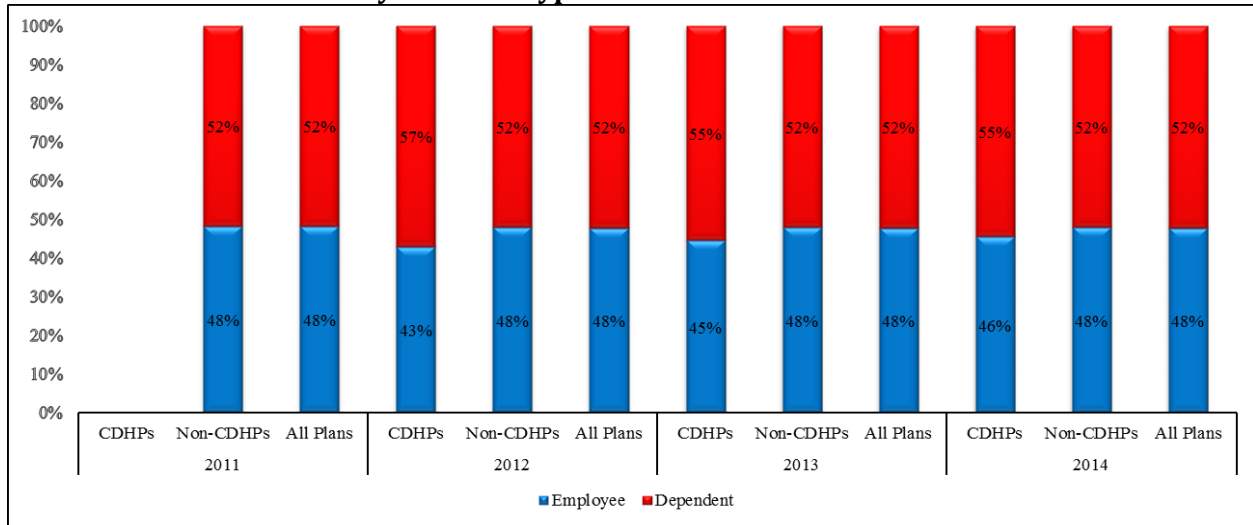


**Table 5: Demographics – Average Members and Distribution by Gender**

	CDHPs			Non-CDHPs				All Plans			
	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Male	5,478	6,779	7,751	123,219	115,534	115,098	115,356	123,219	121,012	121,877	123,107
Female	5,913	7,333	8,311	140,908	132,388	132,008	132,465	140,908	138,301	139,341	140,776
<b>Total</b>	<b>11,391</b>	<b>14,113</b>	<b>16,062</b>	<b>264,127</b>	<b>247,922</b>	<b>247,105</b>	<b>247,821</b>	<b>264,127</b>	<b>259,313</b>	<b>261,218</b>	<b>263,883</b>
Male	48.1%	48.0%	48.3%	46.7%	46.6%	46.6%	46.5%	46.7%	46.7%	46.7%	46.7%
Female	51.9%	52.0%	51.7%	53.3%	53.4%	53.4%	53.5%	53.3%	53.3%	53.3%	53.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Chart 10 and Table 6 display member type (employees vs. dependents), enrollment, and distribution. CDHPs show a slightly higher dependent enrollment ratio compared to non-CDHPs.

**Chart 10: Distribution by Member Type**



**Table 6: Average Members and Distribution by Member Type**

	CDHPs			Non-CDHPs				All Plans			
	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Employee	4,884	6,290	7,303	127,324	119,102	118,410	118,933	127,324	123,985	124,700	126,236
Dependent	6,508	7,822	8,759	136,804	128,820	128,696	128,888	136,804	135,328	136,518	137,647
Total	11,391	14,113	16,062	264,127	247,922	247,105	247,821	264,127	259,313	261,218	263,883
Employee	42.9%	44.6%	45.5%	48.2%	48.0%	47.9%	48.0%	48.2%	47.8%	47.7%	47.8%
Dependent	57.1%	55.4%	54.5%	51.8%	52.0%	52.1%	52.0%	51.8%	52.2%	52.3%	52.2%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

## Impact of CDHPs on Non-CDHPs

### Methodology

Milliman measured the impact of CDHP alternatives on all existing plans by creating a “modeled premium” and comparing it to the actual premiums from the procurement process. The model simulates a scenario in which members in existing plans would not be impacted by the introduction of CDHPs. The model focuses on measuring the impact that enrollment in CDHPs has had on every plan in the PEBB portfolio rather than impact on the most comprehensive plan.

Experience shows that PEBB members are much more likely to switch from one plan to another within a carrier family than they are to switch between carriers. Since there is little movement between carriers, comparing the impact of movement from one carrier to the most comprehensive plan in another carrier may be misleading and may not reflect the reality of how the new CDHPs have impacted all PEBB plans.

The difference between the actual and modeled bid rates displayed in Table 7 represents the impact that CDHP enrollment has had on those members who have elected to remain within other plan options. This impact could be from differences in plan richness, administrative costs, unit costs, differences in morbidity that are not accounted for in the procurement risk score model, or other factors such as actual to expected pricing variation. Please note that, in keeping

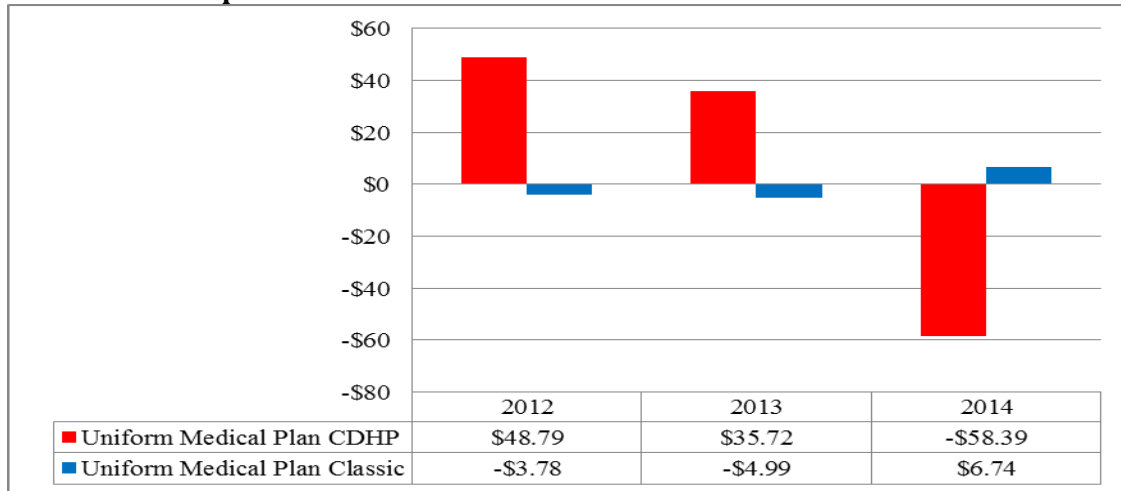
with statutory language, this report does not speculate on or address these possible additional impacts.

A negative impact implies that members in the plan are underpaying compared to what would be expected in the modeled scenario. A positive impact implies that members are overpaying.

### Analysis

The modeled impact on UMP Classic, displayed in Chart 11, was negative in CY12 and CY13: UMP Classic members were paying lower contributions (\$3.78 in CY12, and \$4.99 in CY13). In CY14, the impact on UMP Classic was positive (higher contribution \$6.74).

**Chart 11: Impact on UMP Plans**



The impact of the GH CDHP on GH Classic and Value plans is complicated and difficult to isolate. The GH CDHP had a positive impact in 2012 and 2013, which means GH Value and Classic plan members overall were paying lower contributions. There was a negative impact in 2014, which means plan members paid higher contributions overall for GH Value and Classic plans.

Table 7 shows the CDHP impact based on modeled bid rate for all plans.

**Table 7: CDHP Impact based on Modeled Bid Rate**  
**CDHP Impact based on Modeled Bid Rate (PAUPM\*)**

		2012					
Carrier	Plan	Modeled Bid Rate With HSA**	Actual Bid Rate With HSA**	Modeled Employee Contribution	Actual Employee Contribution	Impact (\$)	Impact % on Actual
UMP	Uniform Medical Plan CDHP	\$425.2	\$473.6	-\$18.8	\$30.0	\$48.8	10.3%
UMP	Uniform Medical Plan Classic	\$533.8	\$529.9	\$89.8	\$86.0	-\$3.8	-0.7%
GH	Group Health CDHP	\$360.8	\$472.7	-\$83.2	\$29.0	\$112.2	23.7%
GH	Group Health Value	\$510.8	\$500.4	\$66.8	\$56.0	-\$10.8	-2.2%
GH	Group Health Classic	\$546.5	\$549.3	\$102.5	\$105.0	\$2.5	0.5%
All	CDHPs Totals	\$411.3	\$473.4	-\$32.7	\$29.0	\$61.7	13.0%
All	Non-CDHPs Totals	\$530.7	\$526.3	\$86.7	\$82.0	-\$4.7	-0.9%
All	All Plans	\$525.7	\$524.1	\$81.7	\$80.0	-\$1.7	-0.3%

\* Per Adult Unit Per Month (PAUPM), \*\* Health Savings Account (HAS) Employer Contributions

		2013					
Carrier	Plan	Modeled Bid Rate With HSA**	Actual Bid Rate With HSA**	Modeled Employee Contribution	Actual Employee Contribution	Impact (\$)	Impact % on Actual
UMP	Uniform Medical Plan CDHP	\$448.3	\$484.1	-\$14.7	\$21.0	\$35.7	7.4%
UMP	Uniform Medical Plan Classic	\$545.0	\$540.0	\$82.0	\$77.0	-\$5.0	-0.9%
GH	Group Health CDHP	\$403.2	\$499.8	-\$59.8	\$37.0	\$96.8	19.4%
GH	Group Health Value	\$548.6	\$529.4	\$85.6	\$66.0	-\$19.6	-3.7%
GH	Group Health Classic	\$555.9	\$578.8	\$92.9	\$116.0	\$23.1	4.0%
All	CDHPs Totals	\$440.5	\$486.8	-\$22.5	\$24.0	\$46.5	9.6%
All	Non-CDHPs Totals	\$547.2	\$543.0	\$84.2	\$80.0	-\$4.2	-0.8%
All	All Plans	\$541.7	\$540.1	\$78.7	\$77.0	-\$1.7	-0.3%

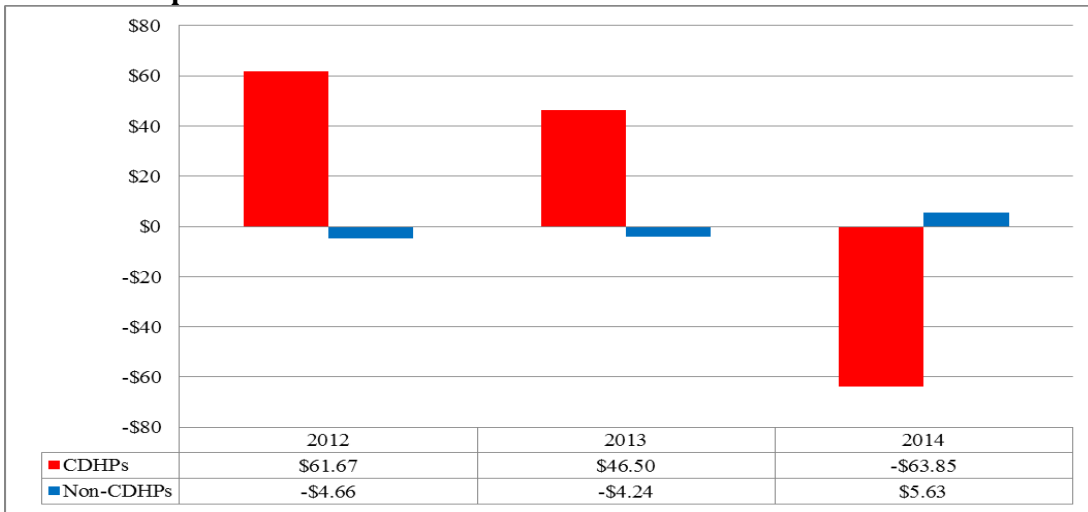
\* Per Adult Unit Per Month (PAUPM), \*\* Health Savings Account (HAS) Employer Contributions

		2014					
Carrier	Plan	Modeled Bid Rate With HSA**	Actual Bid Rate With HSA**	Modeled Employee Contribution	Actual Employee Contribution	Impact (\$)	Impact % on Actual
UMP	Uniform Medical Plan CDHP	\$547.4	\$489.0	\$81.4	\$23.0	-\$58.4	-11.9%
UMP	Uniform Medical Plan Classic	\$538.3	\$544.8	\$72.3	\$79.0	\$6.7	1.2%
GH	Group Health CDHP	\$569.6	\$486.2	\$103.6	\$20.0	-\$83.6	-17.2%
GH	Group Health Value	\$545.0	\$530.8	\$79.0	\$65.0	-\$14.0	-2.6%
GH	Group Health Classic	\$551.3	\$583.0	\$85.3	\$117.0	\$31.7	5.4%
All	CDHPs Totals	\$551.9	\$488.5	\$85.9	\$22.0	-\$63.9	-13.1%
All	Non-CDHPs Totals	\$541.4	\$546.7	\$75.4	\$81.0	\$5.6	1.0%
All	All Plans	\$542.0	\$543.3	\$76.0	\$77.0	\$1.0	0.2%

\* Per Adult Unit Per Month (PAUPM), \*\* Health Savings Account (HAS) Employer Contributions

There was an overall \$3.27 negative impact of CDHPs on non-CDHPs from 2011 to 2014 (-\$4.66 in CY12, -\$4.24 in CY13, and +\$5.63 in CY14). This impact is displayed graphically in Chart 12. We expect the impact will continue to vary as the plans mature.

**Chart 12: Impact on Non-CDHPs and CDHPs**





1301 Fifth Avenue  
Suite 3800  
Seattle, WA 98101-2605  
Tel +1 206 504 5561  
Fax +1 206 682 1295  
Email: ben.diederich@milliman.com

November 13, 2015

Thuy Hua-Ly  
Chief Financial Officer  
Washington State Health Care Authority  
626 8th Ave. SE, M/S 45500  
Olympia, WA 98504-5500

Stephen Lee  
Fiscal Information & Data Analyst  
Washington State Health Care Authority  
626 8th Ave. SE, M/S 45500  
Olympia, WA 98504-5500

## **Re: Legislative Report Regarding Implementation of CDHPs**

Thuy and Stephen,

As requested in work order #PEBB-0316, we have prepared this report to comply with the legislative requirements set forth in RCW 41.05.065(6) relating to the establishment of the consumer driven health plan (CDHP) option for employees covered by the Public Employee Benefits Board (PEBB) program. We understand that you may use this information as a supplemental appendix to a formal report submitted by the Washington State Health Care Authority (HCA) to the Washington State Legislature. It is not appropriate for any other purpose and should be referenced in its entirety as supplementary material.

### **Scope of Analysis**

This analysis aims to address the data summaries and analysis specifically requested by the relevant RCW, and to analyze the impact of introducing CDHP benefit plans into the PEBB portfolio starting in 2012. In areas where the RCW was not sufficiently clear to prescribe a certain approach or data summary, care has been taken to develop a methodology and provide results that are actuarially sound and consistent with our understanding of the RCW. Although there are other policy implications associated with these summaries, discussion of these implications is outside of the scope of this report.

### **Summary of Requirements**

Three specific summaries were required by RCW 41.05.065(6). These summaries are:

- (i) Public employee's benefits board health plan cost and service utilization trends for the previous three years, in total and for each health plan offered to employees;**

Milliman

Exhibit 1 shows the unit cost and utilization trends for 2011 through 2014. The trend information is displayed separately for each plan, as well as subtotals by CDHP and Non-CDHP options, and in total for all plans.

- (ii) **For each health plan offered to employees, the number and percentage of employees and dependents enrolled in the plan, and the age and gender demographics of enrollees in each plan;**

Exhibit 2 shows the detailed breakout of enrollment by plan for each year from 2011 through 2014 by key demographic groups. Enrollment is also shown for the CDHP and non-CDHP subtotals, and for all plans.

- (iii) **Any impact of enrollment in alternatives to the most comprehensive plan, including the high deductible health plan with a health savings account, upon the cost of health benefits for those employees who have chosen to remain enrolled in the most comprehensive plan.**

Based on discussion with HCA, our modeling is focused on measuring the impact that enrollment in CDHPs has had on every plan in the PEBB portfolio. This is a wider scope than what is explicitly stated in the RCW, which only requests the measurement of the impact on the most comprehensive plan. We chose to widen the scope of this impact measurement because it is our experience that PEBB members are much more likely to switch from one plan to another within a carrier (i.e. UMP Classic to UMP CDHP, or Group Health Classic to Group Health CDHP) than they are to switch between carriers (Group Health Classic to UMP CDHP, for example). Since there is little movement between carriers, comparing the impact of a CDHP from one carrier to the most comprehensive plan in another carrier could be misleading and does not reflect the reality of how the new CDHPs have impacted all PEBB plans.

Exhibits 3a and 3b show the development of the impact that enrollment in the CDHPs has had on every plan.

Overall our analysis shows that for both UMP and Group Health the introduction of the CDHPs has lowered the employee contribution for members in the non-CDHPs in 2012 and 2013, and raised the employee contribution for members in the non-CDHPs in 2014. This impact is due to the specific mechanics of the complex bid rate and employee contribution calculation process. The CDHPs are still a relatively new plan offering, and we expect that the impact that offering CDHPs will have on members in the non-CDHPs will continue to vary as the plans mature over the coming years.

## **Analysis**

We have organized our analysis to correspond with the three RCW requirements.



### Utilization and Cost Trends:

The analysis of utilization and cost trends is found in Exhibit 1. Allowed and paid claims per member per month (PMPM), member months, and utilization per 1,000 are displayed for each year, and are based on the entirety of the PEBB, non-Medicare risk pool enrollment. The utilization trends are calculated directly from the utilization data and unadjusted for any changes in the population from year to year. From this data, allowed PMPM trends are calculated. The portion of the overall PMPM trend not explained by the utilization trend is presented in the unit cost and mix trend. This includes the impact of changes in unit cost due to contract negotiation with providers as well as trend due to changes in the underlying mix of high and low cost services provided from year to year across the various categories of service in the analysis.

### Demographics:

Exhibit 2 includes the demographic summaries in total and by demographic groups. These groups include gender, age band, and member type (employee vs dependent). All counts are displayed as average members, which is total member months divided by 12.

Additionally, we have included an aggregate demographic rating factor for each plan and year based on the Milliman *Health Cost Guidelines*. This factor represents the relative claims cost expected from a large employer group based on their age and gender distribution, all other factors being equal. We provided this factor to allow for a quick comparison between plans and years of the age and gender demographics. This factor has not been normalized to a 1.0 for the PEBB population, so factors should not be compared to a 1.0 demographic factor, but rather to the factor of other plans or subtotals.

### Impact of CDHP on Other Plans:

#### *Background on Bid Rate and Employee Contribution Development Process*

The impact that employees or members in one plan have on the claims cost, risk scores, bid rates and employee contributions of members in another plan is based on a set of very complex interactions within the PEBB program. Payment rates for the non-Medicare risk pool are based on the projected costs of each benefit plan. Bid rates are the payment rates standardized for the risk score in each plan; these bid rates are used to establish the monthly employee premium contribution for State Active employees.

The interaction between the employee contribution rates of different plans is driven by the collective bargaining agreement and the “index rate” methodology. The current collective bargaining agreement for State Active employees dictates that employees will contribute no more than 15% of the aggregate bid rate volume across all plans. The current methodology for employee premium contributions establishes the state index rate as the fixed contribution per adult unit per month that the state provides across all plans; employees pay the difference

between the index rate and the bid rate. This methodology causes some plans to have an effective contribution rate above 15% of the bid rate and other plans to have a contribution rate below 15% of the bid rate.

#### *Sources of Bid Rate Variation*

When the CDHPs were introduced to the PEBB program, the HCA adopted greater flexibility within the procurement process in terms of allowing the employee contribution rates to vary across plans. Prior to the introduction of CDHPs, the bid rates between the plan options were within a narrow range of values. The CDHPs have been offered with rates that are significantly lower than the non-CDHPs, which has caused aggregate bid rates to decrease. A lower bid rate volume lowers the index rate and raises the employee contribution on the existing plan. Although a bid rate represents a standardized population, there are many reasons why a lower bid rate is appropriate. The most common reasons are:

- Leaner plan design,
- Lower unit cost due to different networks,
- Lower administrative costs,
- Deviation of actual claims costs from expected results in pricing, and
- Imperfections of the risk model for a lower morbidity population.

These factors, among others, were considered as part of the process of establishing the CDHPs in 2012.

Plan design, unit cost, and administrative costs could reasonably be expected to be similar between plans in this analysis. Plan design relativity calculations indicate that the benefit relativities for the CDHPs are very close to the existing plans. Our understanding of the carriers' network and cost structure is that they are similar for plans within a carrier. Any differences between plans would be reflected in the bid rates and impact the contribution rates for the existing plan.

Because the CDHPs were new in 2012, there was an element of pricing uncertainty between the claims costs that were assumed in development of premiums and the costs that actually occurred. Each year, new information was introduced to the pricing process that allowed pricing to be more accurate. In 2012, plan-specific information was not available for claims costs or risk scores. In 2013, plan specific risk scores became available. In 2014, the CDHPs were able to be priced using plan specific risk scores and experience, however, that experience reflected an immature plan population and we would expect claims costs to change as the plan matures. Of the three years, 2014 should give the best picture of what the impact on the existing plans will look like in later years; however, the magnitude or direction of the impact may change as the plan matures.

The procurement process has long used prospective risk scores to standardize the morbidity differences between plans in the calculation of employee contributions. Any morbidity based

variation that is not captured in the risk scores would impact the bid rate pricing for each of the plans.

*Methodology for Determining Impact of CDHPs on Members in Non-CDHPs*

We have measured the impact of the CDHP alternatives on all existing plans by creating a “modeled premium” and comparing it to the actual premiums from the procurement process. The modeled premium concept simulates a scenario in which members in existing plans would not be impacted by the introduction of CDHPs.

Exhibit 3a shows the development of the modeled premium rate. A composite carrier-wide allowed cost amount in column (A) is developed from all members covered by the carrier, regardless of their plan selection. This allowed amount represents a baseline amount of claims cost for the carrier’s population. Modeled allowed amounts for each plan are calculated by adjusting the carrier-wide allowed amounts in (A) by the plan specific concurrent risk score in (B). A modeled paid amount is then calculated in (D) by applying the historical paid to allowed factor in (C) to the modeled allowed amount. The concurrent risk score is independent of the process used in the development of the bid rates and represents our current expectation of claims distribution between the plans. In this instance the risk score is used to apportion the relative morbidity of the carrier wide experience to each plan.

The next step is to convert the modeled paid amounts in (D) to the required revenue for comparison to the payment rates developed during procurement. To accomplish this, modeled paid claim amounts are loaded with non-benefit expenses using the target medical loss ratio (MLR) per plan in (E) from the 2016 procurement to produce our modeled payment rate in column (F). In order for our modeled payment rate to be comparable with the original index rate the modeled payment rates are converted to an adult unit basis from a member basis, and balanced to the original payment rate at the carrier level. The resulting modeled payment rate per adult unit per month (PAUPM) is shown in (G), and comparable to the actual payment rate in (H). Payment rates shown in Exhibit 3a do not include payments for HSA contributions. As the HSA contribution is not risk adjusted, it is only included in the bid rate development within Exhibit 3b for the final impact on employee contributions.

Exhibit 3b builds on the Exhibit 3a payment rate by standardizing the required revenue into a bid rate and computing the modeled employee contributions for each plan. The modeled bid rate in (C) is developed by standardizing the modeled payment rate from Exhibit 3a, displayed again in column (A) of Exhibit 3b, using the prospective risk score in (B) from the procurement process. Employer HSA contributions in (D) are added for the CDHPs to develop the modeled bid rate for all plans in (E). This modeled bid rate is comparable to the actual bid rate from procurement displayed in (F). Modeled and actual employee contributions in (H) and (I) are then calculated from the modeled and actual bid rate using the actual index rate in (G) from each procurement cycle.

This methodology does not replicate every detail of the procurement process. Instead it represents an approximation of the procurement process.

### *Results*

The difference between the actual and modeled bid rate is displayed in column (J), and represents the impact that enrollment on the CDHPs has had for those members that have elected to remain enrolled within the other plan options. This impact could be based on non-trivial differences in plan richness, administrative costs, unit costs, differences in morbidity that are not accounted for in the procurement risk score model, or other factors (such as actual to expected pricing variation). A negative impact implies that members in the plan are underpaying compared to what we would expect in our modeled scenario. A positive impact implies that members are overpaying.

In 2012 and 2013, the impact on UMP Classic is negative (members are paying a lower contribution). In 2014, the first year that plan specific experience is used to inform the actual bid rates, the impact on UMP Classic was positive (higher contribution). The difference between the modeled and actual premium for UMP Classic can most likely be attributed to morbidity factors that are not captured by the risk score model and differences between actual and projected experience.

The impact of the Group Health CDHP plan on the Group Health Classic and Value plans is complicated by the fact that there is significant selection between the Classic and Value plans. It is difficult to isolate the impact that any one plan has on either of the other two plans. We would recommend focusing on the UMP results, which give a clearer picture of the program impacts. The easiest way to look at the Group Health impact is to focus only on the CDHP impact. A positive CDHP impact (higher contribution) likely means that the CDHPs caused a lower contribution for the other plans, in aggregate. The Group Health CDHP had a positive impact in 2012 and 2013 and a negative impact in 2014, which means that the Value and Classic plan members were paying lower contributions in 2012 and 2013 due to the CDHP, and higher contributions in 2014.

### **Data and Assumptions**

In the course of this analysis, we relied upon data from several sources. We reviewed this data for reasonableness, but did not conduct a full audit of this data. We found no significant issues in the data. A full description of the data sources is provided below.

#### Enrollment and Demographic Information:

Monthly enrollment and demographic information was obtained from the PEBB Master Enrollment Database (PMED). This data is provided by HCA to Milliman through monthly enrollment snapshots. Milliman compiles this information into a single database.

Due to the low enrollment in the Kaiser CDHP, the results for this plan were not deemed credible and are not displayed in this report.

Claims Information:

Quarterly medical claim information is provided to Milliman by each of the major carriers (Group Health, Kaiser, and Regence for UMP). MODA provides monthly pharmacy files. This data is compiled, grouped, and summarized by Milliman. The claims data used for this analysis include claims paid through June 2015. Since we are using claims incurred through December 2014 in this analysis we have 6 months of run-out, and no adjustments for completion were made.

Due to the low enrollment in the Kaiser CDHP, the results for this plan were not deemed credible and are not displayed in this report.

Concurrent Risk Scores:

The risk relativities are based on the enrollment provided by HCA and diagnoses from paid claim data for each calendar year. This data is processed through the Affordable Care Act (ACA) risk adjustment model for an Individual Platinum plan to produce the concurrent age/gender and diagnosis based risk scores. The raw risk scores are scaled such that the aggregate modeled payment rate dollars by carrier are equal to the original aggregate payment rate dollars.

Bid Rates and Prospective Risk Scores:

The risk relativities are based on the enrollment provided by HCA and diagnoses from paid claim data. This data is processed through the Verisk DxCG Risk Adjustment Model to produce prospective age/gender and diagnosis-based risk scores. Members with eligibility in the diagnosis period were assigned diagnosis-based risk scores while members without eligibility in the diagnosis period received an age/gender score. The health-status based risk relativities are weighted by member months with the age/gender risk relativities to complete the DxCG model output and capture the total risk by plan or carrier for the calculation of risk adjustment relativity factors. The bid rates are used for the expense index in order to ensure that the factors are revenue neutral across all of the plans in the portfolio.

**Caveats and Limitations**

The information contained in this letter has been prepared for the Washington State Health Care Authority and its consultants and advisors. It is our understanding that the information contained in this report may be utilized in a public document and may be provided to legislative policy and fiscal committees. To the extent that the information contained in this report is provided to third parties, it should be distributed in its entirety. Any user of this information should possess a certain level of expertise in health care modeling and projections so as not to misinterpret the data presented.

Milliman makes no representations or warranties regarding the contents of this report to third parties. Likewise, third parties are instructed that they are to place no reliance upon this report

Thuy Hua-Ly and Stephen Lee  
November 13, 2015  
Page 8

prepared for the Washington State Health Care Authority by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this report must rely upon their own experts in drawing conclusions about the Washington State Health Care Authority's management of the PEBB program.

In performing this analysis, Milliman has relied upon data ultimately provided by the Health Care Authority, as well as HCA's third party administrators. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment. To the extent that there are errors contained within this data, the results of our analysis could produce erroneous results.

The analysis provided with this report represents the most current information available, and is based on the specific methodology we describe herein. Future analyses may vary from these results for many reasons, including but not limited to enrollment shifts, random claims fluctuations, and alternate methodologies. It is important to monitor enrollment and claims and make revisions to the assumptions as needed.

This analysis is subject to the terms and conditions of the Contract between Milliman and Washington State Health Care Authority.

I am a member of the American Academy of Actuaries and meet the qualification standards to perform financial projections of this type.

### **Closing**

We recognize that this report deals with highly technical material. Please feel free to give me a call if you have any questions regarding the material presented in this report.

Sincerely,



Ben Diederich, FSA, MAAA  
Consulting Actuary

### **Attachments**

cc: David Koenig (Milliman)

Offices in Principal Cities Worldwide

**PEBB - Exhibit 1**  
**CDHP LEG Report**  
**PEBB Health Plan Cost and Service Utilization Trends for 2011 Through 2014**  
**Non-Medicare Risk Pool**

Allowed Claims PMPM	2011							2012						
	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy
	Plan													
Group Health CDHP														
Group Health Classic	\$126.67	\$100.53	\$114.22	\$70.25	\$411.68	\$60.57	\$472.24	\$28.87	\$31.16	\$41.46	\$27.35	\$128.83	\$12.60	\$141.43
Group Health Value	\$66.59	\$69.88	\$78.18	\$48.13	\$262.77	\$32.47	\$295.24	\$114.33	\$106.20	\$126.86	\$71.40	\$418.79	\$60.49	\$479.28
Uniform Medical Plan CDHP								\$68.32	\$72.87	\$85.03	\$51.68	\$277.91	\$33.80	\$311.71
Uniform Medical Plan Classic								\$30.61	\$45.33	\$53.47	\$41.02	\$170.42	\$13.32	\$183.75
All CDHP	\$81.92	\$98.52	\$95.42	\$69.51	\$345.37	\$70.04	\$415.41	\$91.42	\$108.88	\$97.32	\$70.16	\$367.78	\$70.59	\$438.37
All Non-CDHP	\$83.98	\$91.21	\$92.98	\$64.02	\$332.18	\$59.75	\$391.94	\$29.79	\$41.68	\$50.15	\$37.54	\$159.16	\$12.97	\$172.13
All Plans	\$83.98	\$91.21	\$92.98	\$64.02	\$332.18	\$59.75	\$391.94	\$87.92	\$98.67	\$96.98	\$65.02	\$348.60	\$59.88	\$408.48
								\$85.38	\$96.18	\$94.93	\$63.82	\$340.31	\$57.83	\$398.14

Paid Claims PMPM	2011							2012						
	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy
	Plan													
Group Health CDHP								\$23.55	\$20.36	\$24.36	\$12.12	\$80.40	\$5.66	\$86.06
Group Health Classic	\$96.70	\$88.54	\$95.41	\$55.86	\$336.52	\$45.15	\$381.66	\$89.97	\$93.64	\$107.60	\$57.08	\$348.29	\$44.81	\$393.10
Group Health Value	\$52.01	\$60.41	\$60.91	\$34.66	\$207.99	\$23.20	\$231.19	\$55.31	\$62.79	\$66.90	\$37.71	\$222.71	\$24.18	\$246.89
Uniform Medical Plan CDHP								\$27.45	\$32.07	\$32.64	\$24.31	\$116.48	\$9.24	\$125.72
Uniform Medical Plan Classic								\$87.34	\$94.71	\$76.87	\$56.02	\$314.94	\$58.06	\$373.00
All CDHP	\$78.03	\$85.26	\$75.04	\$55.88	\$294.21	\$58.14	\$352.35	\$26.22	\$29.13	\$30.42	\$21.39	\$107.17	\$8.35	\$115.52
All Non-CDHP	\$74.12	\$79.15	\$73.84	\$50.56	\$277.67	\$48.08	\$325.75	\$79.14	\$85.88	\$77.58	\$51.16	\$293.76	\$47.78	\$341.54
All Plans	\$74.12	\$79.15	\$73.84	\$50.56	\$277.67	\$48.08	\$325.75	\$76.82	\$83.39	\$75.52	\$49.85	\$285.59	\$46.06	\$331.64

Member Months	2011	2012	2013	2014
	Group Health CDHP	-	29,187	29,124
Group Health Classic	482,000	423,890	397,093	374,789
Group Health Value	650,455	657,757	648,430	649,459
Kaiser Permanente CDHP	-	2,050	3,459	3,998
Kaiser Permanente Classic	60,284	56,166	52,584	49,346
Uniform Medical Plan CDHP	-	107,507	140,226	154,331
Uniform Medical Plan Classic	2,037,072	1,893,416	1,919,742	1,949,604
All CDHP	-	138,744	172,809	196,741
All Non-CDHP	3,229,811	3,031,229	3,017,849	3,023,198
All Plans	3,229,811	3,169,973	3,190,658	3,219,939

Utilization Per 1,000	2011							2012						
	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy
	Group Health CDHP	-	-	-	-	-	-	-	52	3,350	8,363	5,610	17,375	4,116
Group Health Classic	267	22,894	33,625	15,461	72,247	14,482	86,729	253	21,252	34,123	14,793	70,421	14,542	84,963
Group Health Value	151	14,036	20,221	10,948	45,356	8,390	53,745	145	13,232	21,004	11,070	45,451	8,713	54,164
Uniform Medical Plan CDHP	-	-	-	-	-	-	-	76	7,203	13,427	12,920	33,626	3,162	36,788
Uniform Medical Plan Classic	278	21,195	27,112	22,909	71,495	13,600	85,094	271	24,435	29,532	23,053	77,291	13,284	90,575
All CDHP	-	-	-	-	-	-	-	70	6,286	12,163	11,191	29,710	3,316	33,026
All Non-CDHP	246	19,611	26,190	18,961	65,008	12,428	77,436	236	21,106	27,777	18,871	67,989	12,222	80,211
All Plans	246	19,611	26,190	18,961	65,008	12,428	77,436	229	20,457	27,093	18,535	66,314	11,832	78,146

**PEBB - Exhibit 1**  
**CDHP LEG Report**  
**PEBB Health Plan Cost and Service Utilization Trends for 2011 Through 2014**  
**Non-Medicare Risk Pool**

Allowed Claims PMPM								2013							2014													
Plan	Inpatient		Outpatient		Core Professional		Other Professional		Total Medical		Pharmacy		Tot Medical + Pharmacy		Inpatient		Outpatient		Core Professional		Other Professional		Total Medical		Pharmacy		Tot Medical + Pharmacy	
	Group Health CDHP	\$31.91	\$40.44	\$47.05	\$37.16	\$156.57	\$17.16	\$173.73	\$20.29	\$27.70	\$48.95	\$37.67	\$134.61	\$13.00	\$147.62	\$108.28	\$107.93	\$132.97	\$77.41	\$426.57	\$73.09	\$499.66	\$69.55	\$77.43	\$86.73	\$58.53	\$292.25	\$41.13
Group Health Classic	\$103.68	\$110.15	\$124.15	\$76.22	\$414.20	\$63.61	\$477.80	\$40.28	\$52.88	\$54.63	\$40.63	\$188.42	\$23.46	\$211.87	\$97.52	\$125.76	\$99.21	\$73.73	\$396.23	\$80.49	\$476.72	\$40.73	\$48.66	\$51.81	\$40.42	\$181.62	\$20.80	\$202.42
Group Health Value	\$74.32	\$82.17	\$82.44	\$59.08	\$298.00	\$36.47	\$334.47	\$35.56	\$46.89	\$52.41	\$39.22	\$174.08	\$20.94	\$195.02	\$90.24	\$108.01	\$96.52	\$68.33	\$363.10	\$64.83	\$427.93	\$91.26	\$111.12	\$99.09	\$69.72	\$371.19	\$69.80	\$440.99
Uniform Medical Plan CDHP	\$43.56	\$51.57	\$54.07	\$42.10	\$191.30	\$22.07	\$213.37	\$87.85	\$107.19	\$96.24	\$67.86	\$359.14	\$66.81	\$425.96	\$95.32	\$119.25	\$98.20	\$71.69	\$384.47	\$76.44	\$460.91	\$87.85	\$107.19	\$96.24	\$67.86	\$359.14	\$66.81	\$425.96
Uniform Medical Plan Classic	\$95.32	\$119.25	\$98.20	\$71.69	\$384.47	\$76.44	\$460.91	\$97.52	\$125.76	\$99.21	\$73.73	\$396.23	\$80.49	\$476.72	\$40.73	\$48.66	\$51.81	\$40.42	\$181.62	\$20.80	\$202.42	\$91.26	\$111.12	\$99.09	\$69.72	\$371.19	\$69.80	\$440.99
All CDHP	\$40.73	\$48.66	\$51.81	\$40.42	\$181.62	\$20.80	\$202.42	\$35.56	\$46.89	\$52.41	\$39.22	\$174.08	\$20.94	\$195.02	\$90.24	\$108.01	\$96.52	\$68.33	\$363.10	\$64.83	\$427.93	\$91.26	\$111.12	\$99.09	\$69.72	\$371.19	\$69.80	\$440.99
All Non-CDHP	\$90.24	\$108.01	\$96.52	\$68.33	\$363.10	\$64.83	\$427.93	\$87.85	\$107.19	\$96.24	\$67.86	\$359.14	\$66.81	\$425.96	\$95.32	\$119.25	\$98.20	\$71.69	\$384.47	\$76.44	\$460.91	\$87.85	\$107.19	\$96.24	\$67.86	\$359.14	\$66.81	\$425.96
All Plans	\$87.56	\$104.79	\$94.10	\$66.82	\$353.27	\$62.45	\$415.72	\$87.85	\$107.19	\$96.24	\$67.86	\$359.14	\$66.81	\$425.96	\$95.32	\$119.25	\$98.20	\$71.69	\$384.47	\$76.44	\$460.91	\$87.85	\$107.19	\$96.24	\$67.86	\$359.14	\$66.81	\$425.96

Paid Claims PMPM								2013							2014													
Plan	Inpatient		Outpatient		Core Professional		Other Professional		Total Medical		Pharmacy		Tot Medical + Pharmacy		Inpatient		Outpatient		Core Professional		Other Professional		Total Medical		Pharmacy		Tot Medical + Pharmacy	
	Group Health CDHP	\$21.64	\$26.85	\$27.49	\$17.82	\$93.81	\$10.88	\$104.68	\$18.55	\$18.74	\$28.41	\$19.42	\$85.11	\$7.15	\$92.26	\$100.17	\$97.01	\$114.36	\$63.18	\$374.71	\$59.40	\$434.11	\$64.63	\$67.39	\$68.60	\$44.74	\$245.36	\$32.88
Group Health Classic	\$88.32	\$89.46	\$104.75	\$61.41	\$343.93	\$48.41	\$392.34	\$37.13	\$38.48	\$33.16	\$24.77	\$133.54	\$14.76	\$148.30	\$63.40	\$64.67	\$63.99	\$44.35	\$236.41	\$27.40	\$263.82	\$37.13	\$38.48	\$33.16	\$24.77	\$133.54	\$14.76	\$148.30
Group Health Value	\$63.40	\$64.67	\$63.99	\$44.35	\$236.41	\$27.40	\$263.82	\$37.13	\$38.48	\$33.16	\$24.77	\$133.54	\$14.76	\$148.30	\$38.85	\$37.40	\$32.45	\$25.49	\$134.18	\$13.34	\$147.51	\$37.13	\$38.48	\$33.16	\$24.77	\$133.54	\$14.76	\$148.30
Uniform Medical Plan CDHP	\$38.85	\$37.40	\$32.45	\$25.49	\$134.18	\$13.34	\$147.51	\$93.39	\$111.05	\$79.16	\$59.82	\$343.42	\$69.60	\$413.02	\$90.69	\$104.38	\$77.58	\$57.40	\$330.05	\$64.98	\$395.03	\$93.39	\$111.05	\$79.16	\$59.82	\$343.42	\$69.60	\$413.02
Uniform Medical Plan Classic	\$90.69	\$104.38	\$77.58	\$57.40	\$330.05	\$64.98	\$395.03	\$32.74	\$33.85	\$31.56	\$23.22	\$121.37	\$12.97	\$134.35	\$35.17	\$34.87	\$30.96	\$23.68	\$124.69	\$12.66	\$137.34	\$32.74	\$33.85	\$31.56	\$23.22	\$121.37	\$12.97	\$134.35
All CDHP	\$35.17	\$34.87	\$30.96	\$23.68	\$124.69	\$12.66	\$137.34	\$32.74	\$33.85	\$31.56	\$23.22	\$121.37	\$12.97	\$134.35	\$82.93	\$92.07	\$76.88	\$54.12	\$306.01	\$53.59	\$359.60	\$82.93	\$92.07	\$76.88	\$54.12	\$306.01	\$53.59	\$359.60
All Non-CDHP	\$82.93	\$92.07	\$76.88	\$54.12	\$306.01	\$53.59	\$359.60	\$86.53	\$98.12	\$79.96	\$56.02	\$320.63	\$59.31	\$379.94	\$80.35	\$88.97	\$74.40	\$52.47	\$296.19	\$51.38	\$347.56	\$86.53	\$98.12	\$79.96	\$56.02	\$320.63	\$59.31	\$379.94
All Plans	\$80.35	\$88.97	\$74.40	\$52.47	\$296.19	\$51.38	\$347.56	\$86.53	\$98.12	\$79.96	\$56.02	\$320.63	\$59.31	\$379.94	\$80.35	\$88.97	\$74.40	\$52.47	\$296.19	\$51.38	\$347.56	\$86.53	\$98.12	\$79.96	\$56.02	\$320.63	\$59.31	\$379.94

Utilization Per 1,000								2013							2014													
Plan	Inpatient		Outpatient		Core Professional		Other Professional		Total Medical		Pharmacy		Tot Medical + Pharmacy		Inpatient		Outpatient		Core Professional		Other Professional		Total Medical		Pharmacy		Tot Medical + Pharmacy	
	Group Health CDHP	64	4,392	13,646	7,419	25,522	4,544	30,066	67	3,022	11,254	7,652	21,995	3,967	25,962	231	21,815	35,395	15,994	73,435	14,596	88,031	247	19,807	35,560	16,208	71,822	14,516
Group Health Classic	231	21,815	35,395	15,994	73,435	14,596	88,031	152	14,206	24,146	12,007	50,512	8,696	59,208	160	15,093	23,800	11,852	50,905	8,801	59,706	121	9,783	14,546	12,224	36,674	5,278	41,952
Group Health Value	160	15,093	23,800	11,852	50,905	8,801	59,706	89	11,895	14,708	11,347	38,039	5,314	43,352	121	9,783	14,546	12,224	36,674	5,278	41,952	89	11,895	14,708	11,347	38,039	5,314	43,352
Uniform Medical Plan CDHP	121	9,783	14,546	12,224	36,674	5,278	41,952	267	31,452	30,506	22,523	84,748	12,896	97,644	274	27,952	30,348	22,644	81,218	13,078	94,295	267	31,452	30,506	22,523	84,748	12,896	97,644
Uniform Medical Plan Classic	274	27,952	30,348	22,644	81,218	13,078	94,295	83	9,921	13,734	10,395	34,133	4,943	39,076	109	8,679	14,104	11,170	34,061	5,049	39,109	83	9,921	13,734	10,395	34,133	4,943	39,076
All CDHP	109	8,679	14,104	11,170	34,061	5,049	39,109	235	25,790	29,268	19,114	74,407	11,984	86,392	239	23,894	29,076	19,056	72,265	12,131	84,396	235	25,790	29,268	19,114	74,407	11,984	86,392
All Non-CDHP	239	23,894	29,076	19,056	72,265	12,131	84,396	226	24,821	28,319	18,581	71,947	11,554	83,501	232	23,070	28,265	18,629	70,196	11,747	81,943	226	24,821	28,319	18,581	71,947	11,554	83,501
All Plans	232	23,070	28,265	18,629	70,196	11,747	81,943	226	24,821	28,319	18,581	71,947	11,554	83,501	232	23,070	28,265	18,629	70,196	11,747	81,943	226	24,821	28,319	18,581	71,947	11,554	83,501



**PEBB - Exhibit 1**  
**CDHP LEG Report**  
**PEBB Health Plan Cost and Service Utilization Trends for 2011 Through 2014**  
**Non-Medicare Risk Pool**

Utilization Trend	2011 to 2012								2012 to 2013							
	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy		Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy	
	Group Health CDHP	na	na	na	na	na	na	na	na	24.1%	31.1%	63.2%	32.2%	46.9%	10.4%	39.9%
Group Health Classic	-5.3%	-7.2%	1.5%	-4.3%	-2.5%	0.4%	-2.0%	-8.7%	2.6%	3.7%	8.1%	4.3%	0.4%	3.6%		
Group Health Value	-3.8%	-5.7%	3.9%	1.1%	0.2%	3.9%	0.8%	10.2%	14.1%	13.3%	7.1%	12.0%	1.0%	10.2%		
Uniform Medical Plan CDHP	na	na	na	na	na	na	na	58.8%	35.8%	8.3%	-5.4%	9.1%	66.9%	14.0%		
Uniform Medical Plan Classic	-2.7%	15.3%	8.9%	0.6%	8.1%	-2.3%	6.4%	1.2%	14.4%	2.8%	-1.8%	5.1%	-1.6%	4.1%		
All CDHP	na	na	na	na	na	na	na	55.9%	38.1%	16.0%	-0.2%	14.6%	52.2%	18.4%		
All Non-CDHP	-3.9%	7.6%	6.1%	-0.5%	4.6%	-1.7%	3.6%	1.3%	13.2%	4.7%	1.0%	6.3%	-0.7%	5.2%		
All Plans	-6.9%	4.3%	3.4%	-2.3%	2.0%	-4.8%	0.9%	1.4%	12.8%	4.3%	0.5%	5.9%	-0.7%	4.9%		

Unit Cost and Mix Trend	2011 to 2012								2012 to 2013							
	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy		Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy	
	Group Health CDHP	na	na	na	na	na	na	na	-10.9%	-1.0%	-30.4%	2.7%	-17.3%	23.4%	-12.2%	
Group Health Classic	-4.7%	13.8%	9.4%	6.2%	4.4%	-0.5%	3.6%	-0.7%	1.0%	-5.7%	-1.3%	-5.2%	4.8%	-3.8%		
Group Health Value	6.7%	10.6%	4.7%	6.2%	5.5%	0.2%	4.8%	-1.3%	-1.1%	-14.4%	6.8%	-4.3%	6.8%	-2.7%		
Uniform Medical Plan CDHP	na	na	na	na	na	na	na	-10.4%	-16.2%	-6.7%	8.5%	2.9%	-0.8%	1.8%		
Uniform Medical Plan	14.6%	-4.1%	-6.4%	0.3%	-1.5%	3.2%	-0.9%	3.0%	-4.3%	-1.8%	4.0%	-0.5%	10.0%	1.0%		
All CDHP	na	na	na	na	na	na	na	-12.3%	-15.4%	-10.9%	7.9%	-0.5%	5.3%	-0.7%		
All Non-CDHP	9.0%	0.5%	-1.6%	2.1%	0.3%	1.9%	0.6%	1.3%	-3.3%	-4.9%	4.1%	-2.0%	9.1%	-0.4%		
All Plans	9.2%	1.1%	-1.3%	2.0%	0.4%	1.7%	0.7%	1.1%	-3.4%	-5.0%	4.2%	-1.9%	8.8%	-0.4%		

Total Allowed PMPM Trend	2011 to 2012								2012 to 2013							
	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy		Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy	
	Group Health CDHP	na	na	na	na	na	na	na	10.6%	29.8%	13.5%	35.8%	21.5%	36.2%	22.8%	
Group Health Classic	-9.7%	5.6%	11.1%	1.6%	1.7%	-0.1%	1.5%	-9.3%	3.7%	-2.1%	6.8%	-1.1%	5.2%	-0.3%		
Group Health Value	2.6%	4.3%	8.8%	7.4%	5.8%	4.1%	5.6%	8.8%	12.8%	-3.0%	14.3%	7.2%	7.9%	7.3%		
Uniform Medical Plan CDHP	na	na	na	na	na	na	na	42.3%	13.8%	1.1%	2.6%	12.2%	65.6%	16.1%		
Uniform Medical Plan	11.6%	10.5%	2.0%	0.9%	6.5%	0.8%	5.5%	4.3%	9.5%	0.9%	2.2%	4.5%	8.3%	5.1%		
All CDHP	na	na	na	na	na	na	na	36.7%	16.8%	3.3%	7.7%	14.1%	60.3%	17.6%		
All Non-CDHP	4.7%	8.2%	4.3%	1.6%	4.9%	0.2%	4.2%	2.6%	9.5%	-0.5%	5.1%	4.2%	8.3%	4.8%		
All Plans	1.7%	5.4%	2.1%	-0.3%	2.4%	-3.2%	1.6%	2.6%	9.0%	-0.9%	4.7%	3.8%	8.0%	4.4%		

**PEBB - Exhibit 1**  
**CDHP LEG Report**  
**PEBB Health Plan Cost and Service Utilization Trends for 2011 Through 2014**  
**Non-Medicare Risk Pool**

Utilization Trend	2013 to 2014						
	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy
Group Health CDHP	4.5%	-31.2%	-17.5%	3.1%	-13.8%	-12.7%	-13.7%
Group Health Classic	7.1%	-9.2%	0.5%	1.3%	-2.2%	-0.5%	-1.9%
Group Health Value	-4.5%	-5.9%	1.5%	1.3%	-0.8%	-1.2%	-0.8%
Uniform Medical Plan CDHP	-26.7%	21.6%	1.1%	-7.2%	3.7%	0.7%	3.3%
Uniform Medical Plan Classic	-2.7%	12.5%	0.5%	-0.5%	4.3%	-1.4%	3.6%
All CDHP	-24.1%	14.3%	-2.6%	-6.9%	0.2%	-2.1%	-0.1%
All Non-CDHP	-1.5%	7.9%	0.7%	0.3%	3.0%	-1.2%	2.4%
All Plans	-2.5%	7.6%	0.2%	-0.3%	2.5%	-1.6%	1.9%

Unit Cost and Mix Trend	2013 to 2014						
	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy
Group Health CDHP	-39.2%	-0.4%	26.2%	-1.7%	-0.2%	-13.2%	-1.6%
Group Health Classic	-2.5%	7.9%	6.6%	0.2%	5.3%	15.5%	6.6%
Group Health Value	-2.0%	0.1%	3.7%	-2.2%	-1.2%	14.1%	0.5%
Uniform Medical Plan CDHP	26.1%	-15.7%	-0.1%	4.0%	-5.0%	5.6%	-3.9%
Uniform Medical Plan	5.1%	-6.3%	0.5%	3.4%	-1.2%	6.8%	-0.1%
All CDHP	15.1%	-15.7%	3.9%	4.3%	-4.4%	2.8%	-3.6%
All Non-CDHP	2.7%	-4.7%	2.0%	1.7%	-0.7%	9.0%	0.7%
All Plans	2.9%	-4.9%	2.1%	1.8%	-0.8%	8.8%	0.6%

Total Allowed PMPM Trend	2013 to 2014						
	Inpatient	Outpatient	Core Professional	Other Professional	Total Medical	Pharmacy	Tot Medical + Pharmacy
Group Health CDHP	-36.4%	-31.5%	4.0%	1.4%	-14.0%	-24.2%	-15.0%
Group Health Classic	4.4%	-2.0%	7.1%	1.6%	3.0%	14.9%	4.6%
Group Health Value	-6.4%	-5.8%	5.2%	-0.9%	-1.9%	12.8%	-0.3%
Uniform Medical Plan CDHP	-7.5%	2.5%	1.0%	-3.5%	-1.5%	6.3%	-0.7%
Uniform Medical Plan	2.3%	5.5%	1.0%	2.8%	3.1%	5.3%	3.4%
All CDHP	-12.7%	-3.6%	1.2%	-3.0%	-4.1%	0.7%	-3.7%
All Non-CDHP	1.1%	2.9%	2.7%	2.0%	2.2%	7.7%	3.0%
All Plans	0.3%	2.3%	2.3%	1.6%	1.7%	7.0%	2.5%

**PEBB - Exhibit 2  
CDHP LEG Report  
Demographic Summary**

Demographic Group	Average Members*																			
	Group Health CDHP				Group Health Classic				Group Health Value				Uniform Medical Plan CDHP				Uniform Medical Plan Classic			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Gender																				
Male	-	1,179	1,167	1,563	19,076	16,846	15,812	14,892	25,837	25,983	25,634	25,618	-	4,299	5,612	6,188	78,306	72,704	73,652	74,846
Female	-	1,254	1,260	1,638	21,090	18,478	17,279	16,340	28,368	28,830	28,402	28,504	-	4,660	6,073	6,673	91,450	85,080	86,327	87,621
Total	-	2,432	2,427	3,201	40,167	35,324	33,091	31,232	54,205	54,813	54,036	54,122	-	8,959	11,686	12,861	169,756	157,785	159,979	162,467
Age Band																				
Under 25	-	900	903	1,161	12,008	10,653	9,980	9,384	19,231	19,211	18,797	18,883	-	3,387	4,314	4,683	51,983	48,440	49,827	51,212
25 to 29	-	194	231	323	1,534	1,383	1,360	1,307	3,637	3,692	3,676	3,624	-	434	755	981	6,941	6,547	7,033	7,436
30 to 34	-	193	213	327	2,176	1,840	1,677	1,646	4,266	4,396	4,471	4,608	-	584	901	1,086	9,974	8,996	9,240	9,671
35 to 39	-	204	212	289	2,279	1,983	1,887	1,809	4,273	4,224	4,229	4,363	-	732	992	1,096	11,139	10,241	10,492	10,785
40 to 44	-	217	213	286	2,895	2,539	2,308	2,144	4,551	4,559	4,478	4,408	-	870	1,076	1,107	13,172	12,064	12,016	12,026
45 to 49	-	221	195	236	3,408	2,837	2,559	2,406	4,396	4,341	4,182	4,125	-	782	974	1,057	14,323	12,942	12,929	13,203
50 to 54	-	197	162	218	4,385	3,695	3,397	3,121	4,627	4,599	4,457	4,415	-	836	1,000	1,047	17,090	15,473	15,216	15,027
55 to 59	-	181	165	192	5,136	4,469	4,091	3,762	4,500	4,668	4,512	4,415	-	775	926	970	19,496	17,947	17,580	17,073
60 to 64	-	112	120	149	4,752	4,259	4,099	3,913	3,887	4,067	4,064	4,033	-	501	667	744	19,673	18,664	18,679	18,603
Over 65	-	14	13	21	1,594	1,667	1,734	1,742	837	1,056	1,171	1,248	-	59	81	91	5,966	6,469	6,967	7,432
Total	-	2,432	2,427	3,201	40,167	35,324	33,091	31,232	54,205	54,813	54,036	54,122	-	8,959	11,686	12,861	169,756	157,785	159,979	162,467
Member Type																				
Employee	-	1,109	1,144	1,528	20,090	17,460	16,348	15,539	24,518	24,921	24,751	24,943	-	3,775	5,146	5,774	82,716	76,720	77,310	78,451
Dependent	-	1,323	1,283	1,673	20,077	17,864	16,743	15,693	29,687	29,892	29,284	29,178	-	5,184	6,540	7,087	87,041	81,065	82,668	84,016
Total	-	2,432	2,427	3,201	40,167	35,324	33,091	31,232	54,205	54,813	54,036	54,122	-	8,959	11,686	12,861	169,756	157,785	159,979	162,467
Avg Demographic Factor**	na	0.934	0.916	0.907	1.197	1.208	1.217	1.222	1.007	1.021	1.025	1.023	na	0.974	0.963	0.956	1.168	1.179	1.175	1.169

\*Calculated as member months divided by 12

\*\*The average demographic factor is based on the Milliman Health Cost Guidelines age/sex factors assigned by age band and gender to the plan's population. It is a measure of relative cost based on the age and gender distribution of members, all else being equal.

Demographic Group	Distribution Within Each Plan																			
	Group Health CDHP				Group Health Classic				Group Health Value				Uniform Medical Plan CDHP				Uniform Medical Plan Classic			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Gender																				
Male	na	48%	48%	49%	47%	48%	48%	48%	48%	47%	47%	47%	na	48%	48%	48%	46%	46%	46%	46%
Female	na	52%	52%	51%	53%	52%	52%	52%	52%	53%	53%	53%	na	52%	52%	52%	54%	54%	54%	54%
Age Band																				
Under 25	na	37%	37%	36%	30%	30%	30%	30%	35%	35%	35%	35%	na	38%	37%	36%	31%	31%	31%	32%
25 to 29	na	8%	10%	10%	4%	4%	4%	4%	7%	7%	7%	7%	na	5%	6%	8%	4%	4%	4%	5%
30 to 34	na	8%	9%	10%	5%	5%	5%	5%	8%	8%	8%	9%	na	7%	8%	8%	6%	6%	6%	6%
35 to 39	na	8%	9%	9%	6%	6%	6%	6%	8%	8%	8%	8%	na	8%	8%	9%	7%	6%	7%	7%
40 to 44	na	9%	9%	9%	7%	7%	7%	7%	8%	8%	8%	8%	na	10%	9%	9%	8%	8%	8%	7%
45 to 49	na	9%	8%	7%	8%	8%	8%	8%	8%	8%	8%	8%	na	9%	8%	8%	8%	8%	8%	8%
50 to 54	na	8%	7%	7%	11%	10%	10%	10%	9%	8%	8%	8%	na	9%	9%	8%	10%	10%	10%	9%
55 to 59	na	7%	7%	6%	13%	13%	12%	12%	8%	9%	8%	8%	na	9%	8%	8%	11%	11%	11%	11%
60 to 64	na	5%	5%	5%	12%	12%	12%	13%	7%	7%	8%	7%	na	6%	6%	6%	12%	12%	12%	11%
Over 65	na	1%	1%	1%	4%	5%	5%	6%	2%	2%	2%	2%	na	1%	1%	1%	4%	4%	4%	5%
Member Type																				
Employee	na	46%	47%	48%	50%	49%	49%	50%	45%	45%	46%	46%	na	42%	44%	45%	49%	49%	48%	48%
Dependent	na	54%	53%	52%	50%	51%	51%	50%	55%	55%	54%	54%	na	58%	56%	55%	51%	51%	52%	52%

**PEBB - Exhibit 2  
CDHP LEG Report  
Demographic Summary**

Demographic Group	Average Members*											
	All CDHP				All Non-CDHP				All Plans			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
<b>Gender</b>												
Male	-	5,478	6,779	7,751	123,219	115,534	115,098	115,356	123,219	121,012	121,877	123,107
Female	-	5,913	7,333	8,311	140,908	132,388	132,008	132,465	140,908	138,301	139,341	140,776
Total	-	11,391	14,113	16,062	264,127	247,922	247,105	247,821	264,127	259,313	261,218	263,883
<b>Age Band</b>												
Under 25	-	4,287	5,216	5,843	83,221	78,305	78,604	79,479	83,221	82,591	83,820	85,322
25 to 29	-	628	986	1,304	12,112	11,622	12,069	12,366	12,112	12,250	13,055	13,670
30 to 34	-	777	1,115	1,412	16,416	15,232	15,388	15,924	16,416	16,010	16,503	17,336
35 to 39	-	936	1,204	1,384	17,691	16,448	16,608	16,957	17,691	17,384	17,812	18,342
40 to 44	-	1,086	1,289	1,393	20,618	19,162	18,801	18,578	20,618	20,248	20,090	19,971
45 to 49	-	1,002	1,169	1,294	22,128	20,120	19,670	19,734	22,128	21,122	20,839	21,027
50 to 54	-	1,034	1,162	1,265	26,102	23,767	23,070	22,563	26,102	24,801	24,233	23,828
55 to 59	-	955	1,091	1,162	29,132	27,084	26,182	25,250	29,132	28,039	27,274	26,412
60 to 64	-	613	786	892	28,312	26,990	26,842	26,548	28,312	27,603	27,628	27,441
Over 65	-	74	94	112	8,397	9,192	9,871	10,422	8,397	9,266	9,965	10,533
Total	-	11,391	14,113	16,062	264,127	247,922	247,105	247,821	264,127	259,313	261,218	263,883
<b>Member Type</b>												
Employee	-	4,884	6,290	7,303	127,324	119,102	118,410	118,933	127,324	123,985	124,700	126,236
Dependent	-	6,508	7,822	8,759	136,804	128,820	128,696	128,888	136,804	135,328	136,518	137,647
Total	-	11,391	14,113	16,062	264,127	247,922	247,105	247,821	264,127	259,313	261,218	263,883
Avg Demographic Factor**	na	0.966	0.955	0.947	1.140	1.148	1.148	1.144	1.140	1.140	1.137	1.132

\*Calculated as member months divided by 12

\*\*The average demographic factor is based on the Milliman Health Cost Guidelines age/sex factors assigned by age band and gender to the plan's population. It is a measure of relative cost based on the age and gender distribution of members, all else being equal.

Demographic Group	Distribution Within Each Plan											
	All CDHP				All Non-CDHP				All Plans			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
<b>Gender</b>												
Male	na	48%	48%	48%	47%	47%	47%	47%	47%	47%	47%	47%
Female	na	52%	52%	52%	53%	53%	53%	53%	53%	53%	53%	53%
<b>Age Band</b>												
Under 25	na	38%	37%	36%	32%	32%	32%	32%	32%	32%	32%	32%
25 to 29	na	6%	7%	8%	5%	5%	5%	5%	5%	5%	5%	5%
30 to 34	na	7%	8%	9%	6%	6%	6%	6%	6%	6%	6%	7%
35 to 39	na	8%	9%	9%	7%	7%	7%	7%	7%	7%	7%	7%
40 to 44	na	10%	9%	9%	8%	8%	8%	7%	8%	8%	8%	8%
45 to 49	na	9%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
50 to 54	na	9%	8%	8%	10%	10%	9%	9%	10%	10%	9%	9%
55 to 59	na	8%	8%	7%	11%	11%	11%	10%	11%	11%	10%	10%
60 to 64	na	5%	6%	6%	11%	11%	11%	11%	11%	11%	11%	10%
Over 65	na	1%	1%	1%	3%	4%	4%	4%	3%	4%	4%	4%
<b>Member Type</b>												
Employee	na	43%	45%	45%	48%	48%	48%	48%	48%	48%	48%	48%
Dependent	na	57%	55%	55%	52%	52%	52%	52%	52%	52%	52%	52%

**PEBB - Exhibit 3a**  
**CDHP LEG Report**  
**CDHP Impact Summary - Payment Rate**

		Year 2012							
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
Carrier	Plan	Allowed PMPM	Concurrent Risk Score	Paid / Allowed	Modeled Paid PMPM	Target Medical Loss Ratio	Modeled Payment PMPM	Scaled Modeled Payment PAUPM	Original Payment PAUPM
UMP	Uniform Medical Plan CDHP	\$424.69	0.54	0.68	\$157.13	88.4%	\$177.66	\$279.23	\$414.67
UMP	Uniform Medical Plan Classic	\$424.69	1.03	0.85	\$371.22	95.3%	\$389.43	\$576.36	\$569.12
GH	Group Health CDHP	\$371.18	0.51	0.61	\$114.82	71.0%	\$161.78	\$220.13	\$302.71
GH	Group Health Value	\$371.18	0.85	0.79	\$250.56	86.1%	\$290.96	\$389.94	\$381.19
GH	Group Health Classic	\$371.18	1.27	0.82	\$385.42	88.2%	\$437.21	\$565.91	\$573.61
All	CDHP Totals			0.67	\$148.09		\$174.27	\$266.50	\$390.56
All	Non CDHP Totals			0.84	\$346.57		\$374.47	\$534.73	\$529.31
All	All Plans			0.83	\$337.85		\$365.68	\$523.51	\$523.51

		Year 2013							
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
Carrier	Plan	Allowed PMPM	Concurrent Risk Score	Paid / Allowed	Modeled Paid PMPM	Target Medical Loss Ratio	Modeled Payment PMPM	Scaled Modeled Payment PAUPM	Original Payment PAUPM
UMP	Uniform Medical Plan CDHP	\$444.06	0.57	0.69	\$175.78	88.4%	\$198.76	\$294.07	\$318.27
UMP	Uniform Medical Plan Classic	\$444.06	1.03	0.86	\$392.96	95.3%	\$412.24	\$582.45	\$580.76
GH	Group Health CDHP	\$383.08	0.54	0.60	\$123.70	71.0%	\$174.29	\$248.06	\$310.42
GH	Group Health Value	\$383.08	0.87	0.79	\$261.55	86.1%	\$303.73	\$427.12	\$410.11
GH	Group Health Classic	\$383.08	1.25	0.82	\$394.65	88.2%	\$447.67	\$608.99	\$631.49
All	CDHP Totals			0.68	\$166.83		\$194.55	\$286.13	\$316.91
All	Non CDHP Totals			0.84	\$364.45		\$393.26	\$552.86	\$551.17
All	All Plans			0.84	\$353.77		\$382.52	\$538.98	\$538.98

		Year 2014							
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
Carrier	Plan	Allowed PMPM	Concurrent Risk Score	Paid / Allowed	Modeled Paid PMPM	Target Medical Loss Ratio	Modeled Payment PMPM	Scaled Modeled Payment PAUPM	Original Payment PAUPM
UMP	Uniform Medical Plan CDHP	\$457.29	0.62	0.70	\$199.13	88.4%	\$225.16	\$314.24	\$231.20
UMP	Uniform Medical Plan Classic	\$457.29	1.03	0.87	\$408.99	95.3%	\$429.06	\$575.59	\$581.91
GH	Group Health CDHP	\$385.31	0.59	0.63	\$142.15	71.0%	\$200.28	\$271.41	\$216.59
GH	Group Health Value	\$385.31	0.88	0.83	\$283.52	86.1%	\$329.25	\$444.92	\$435.91
GH	Group Health Classic	\$385.31	1.25	0.87	\$419.84	88.2%	\$476.25	\$621.36	\$641.85
All	CDHP Totals			0.69	\$187.78		\$220.20	\$305.64	\$228.27
All	Non CDHP Totals			0.86	\$382.96		\$413.21	\$553.54	\$558.39
All	All Plans			0.86	\$371.08		\$401.46	\$538.91	\$538.91

**PEBB - Exhibit 3b  
CDHP LEG Report  
CDHP Impact Summary - Bid Rate**

		Year 2012										
Carrier	Plan	(A) Scaled Modeled Payment PAUPM	(B) Prospective Risk Score	(C) Modeled Bid Rate PAUPM	(D) HSA Contribution PAUPM	(E) Modeled Bid Rate With HSA PAUPM	(F) Actual Bid Rate With HSA PAUPM	(G) Index Rate PAUPM	(H) Modeled Employee Contribution PAUPM	(I) Actual Employee Contribution PAUPM	(J) Impact	
UMP	Uniform Medical Plan CDHP	\$279.23	0.747	\$373.88	\$51.33	\$425.21	\$473.56	\$444.00	-\$18.79	\$30.00	\$48.79	
UMP	Uniform Medical Plan Classic	\$576.36	1.080	\$533.78	\$0.00	\$533.78	\$529.91	\$444.00	\$89.78	\$86.00	-\$3.78	
GH	Group Health CDHP	\$220.13	0.714	\$308.50	\$52.27	\$360.78	\$472.70	\$444.00	-\$83.22	\$29.00	\$112.22	
GH	Group Health Value	\$389.94	0.763	\$510.78	\$0.00	\$510.78	\$500.38	\$444.00	\$66.78	\$56.00	-\$10.78	
GH	Group Health Classic	\$565.91	1.036	\$546.49	\$0.00	\$546.49	\$549.28	\$444.00	\$102.49	\$105.00	\$2.51	
All	CDHP Totals	\$266.50		\$359.80	\$51.53	\$411.33	\$473.37	\$444.00	-\$32.67	\$29.00	\$61.67	
All	Non CDHP Totals	\$534.73		\$530.66	\$0.00	\$530.66	\$526.34	\$444.00	\$86.66	\$82.00	-\$4.66	
All	All Plans	\$523.51		\$523.51	\$2.16	\$525.66	\$524.12	\$444.00	\$81.66	\$80.00	-\$1.66	

		Year 2013										
Carrier	Plan	(A) Scaled Modeled Payment PAUPM	(B) Prospective Risk Score	(C) Modeled Bid Rate PAUPM	(D) HSA Contribution PAUPM	(E) Modeled Bid Rate With HSA PAUPM	(F) Actual Bid Rate With HSA PAUPM	(G) Index Rate PAUPM	(H) Modeled Employee Contribution PAUPM	(I) Actual Employee Contribution PAUPM	(J) Impact	
UMP	Uniform Medical Plan CDHP	\$294.07	0.742	\$396.53	\$51.74	\$448.28	\$484.06	\$463.00	-\$14.72	\$21.00	\$35.72	
UMP	Uniform Medical Plan Classic	\$582.45	1.069	\$544.99	\$0.00	\$544.99	\$539.99	\$463.00	\$81.99	\$77.00	-\$4.99	
GH	Group Health CDHP	\$248.06	0.709	\$350.09	\$53.12	\$403.21	\$499.76	\$463.00	-\$59.79	\$37.00	\$96.79	
GH	Group Health Value	\$427.12	0.779	\$548.63	\$0.00	\$548.63	\$529.38	\$463.00	\$85.63	\$66.00	-\$19.63	
GH	Group Health Classic	\$608.99	1.096	\$555.88	\$0.00	\$555.88	\$578.82	\$463.00	\$92.88	\$116.00	\$23.12	
All	CDHP Totals	\$286.13		\$388.52	\$51.98	\$440.50	\$486.77	\$463.00	-\$22.50	\$24.00	\$46.50	
All	Non CDHP Totals	\$552.86		\$547.24	\$0.00	\$547.24	\$542.97	\$463.00	\$84.24	\$80.00	-\$4.24	
All	All Plans	\$538.98		\$538.98	\$2.71	\$541.68	\$540.05	\$463.00	\$78.68	\$77.00	-\$1.68	

		Year 2014										
Carrier	Plan	(A) Scaled Modeled Payment PAUPM	(B) Prospective Risk Score	(C) Modeled Bid Rate PAUPM	(D) HSA Contribution PAUPM	(E) Modeled Bid Rate With HSA PAUPM	(F) Actual Bid Rate With HSA PAUPM	(G) Index Rate PAUPM	(H) Modeled Employee Contribution PAUPM	(I) Actual Employee Contribution PAUPM	(J) Impact	
UMP	Uniform Medical Plan CDHP	\$314.24	0.634	\$495.42	\$51.97	\$547.39	\$489.02	\$466.00	\$81.39	\$23.00	-\$58.39	
UMP	Uniform Medical Plan Classic	\$575.59	1.069	\$538.26	\$0.00	\$538.26	\$544.81	\$466.00	\$72.26	\$79.00	\$6.74	
GH	Group Health CDHP	\$271.41	0.525	\$516.59	\$52.99	\$569.58	\$486.17	\$466.00	\$103.58	\$20.00	-\$83.58	
GH	Group Health Value	\$444.92	0.816	\$545.03	\$0.00	\$545.03	\$530.82	\$466.00	\$79.03	\$65.00	-\$14.03	
GH	Group Health Classic	\$621.36	1.127	\$551.31	\$0.00	\$551.31	\$582.97	\$466.00	\$85.31	\$117.00	\$31.69	
All	CDHP Totals	\$305.64		\$499.67	\$52.17	\$551.85	\$488.45	\$466.00	\$85.85	\$22.00	-\$63.85	
All	Non CDHP Totals	\$553.54		\$541.37	\$0.00	\$541.37	\$546.69	\$466.00	\$75.37	\$81.00	\$5.63	
All	All Plans	\$538.91		\$538.91	\$3.08	\$541.98	\$543.25	\$466.00	\$75.98	\$77.00	\$1.02	