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12/03/2018

Ok Public Emp Health & Welfare

ASO Projection
for the period
July 1, 2019 - June 30, 2020

7/1/2019 Dental ASO Renewal

Presented by:

Fazila Kapadia



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CLAIM EXPERIENCE SUMMARY

Dental

Current

	Claims	Enrollment
Month	Dental	Dental
Oct-17		5,096
Nov-17	\$150,248.11	5,103
Dec-17	\$125,511.59	5,105
Jan-18	\$139,298.41	4,961
Feb-18	\$145,632.83	4,972
Mar-18	\$130,964.16	4,928
Apr-18	\$165,620.08	4,922
May-18	\$159,735.67	4,927
Jun-18	\$170,254.22	4,914
Jul-18	\$159,424.60	4,671
Aug-18	\$180,565.56	4,656
Sep-18	\$149,854.23	4,662
Oct-18	\$155,650.33	
Total	\$1,832,759.79	58,917
Cost PCPM	\$31.11	



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CLAIM PROJECTION

Dental	DENTAL
	Current
	11/17-10/18
Net Paid Claims	\$1,832,760
Adjusted Net Paid Claims	\$1,832,760
Exposures	58,917
Average Claim Value (ACV) Per Contract Per Month (PCPM)	\$31.11
Annual Trend Rate	5.00%
Trend Months (midpoint method)	20
Trend Factor	8.50%
Trended ACV PCPM	\$33.75
Demographic Adjustment	-0.97%
Projected ACV PCPM by Period	\$33.42
Experience Period Weighting	100%
Blended Experience ACV PCPM	\$33.42
Credibility	100%
Total Projected ACV PCPM	\$33.42
Projected Plan Change Adjustment	0.00%
Total Projected ACV PCPM with Projected Plan Changes	\$33.42
Projected Enrollment	4,750
Number of Months in Policy Period	12
Projected Net Paid Claims	\$1,904,940



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TOTAL PROJECTED COST BY ASSOCIATION

Dental	Fee	Total Cost
Projected Net Paid Claims		\$1,904,940
Administration Fee	\$2.75	\$156,750
Total Projected Cost		\$2,061,690
Change in Reserves		\$6,270
Run-Off Administration	\$0.56	\$0
Run-Off Claim Liability	\$8.88	\$0
Recommended Equivalent Premium		\$2,067,960



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FEE COMPARISON (BY ASSOCIATION)

Mature	Dental		
	Current	Renewal	Change
Projected Enrollment	5,107	4,750	-7.00%
Single		3,202	
Family		1,548	
Administration Fee	\$2.68	\$2.75	2.60%
Net Administration Fee PCPM	\$2.68	\$2.75	2.60%
Total Fixed Costs PCPM	\$2.68	\$2.75	2.60%
Projected Average Claim Value PCPM	\$31.92	\$33.42	4.70%
Total Projected Costs PCPM	\$34.60	\$36.17	4.50%




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Dental Administration Guarantee

Mature	Dental				
	Current	Renewal	Change	7/1/2020	7/1/2021
Projected Enrollment	5,107	4,750	-7.00%	TBD	TBD
Single		3,202			
Family		1,548			
Administration Fee	\$2.68	\$2.75	2.60%	\$2.83	\$2.92


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Demographic Adjustment

		<u>Dental</u>			
DENTAL	Relative Cost Factors	Current Period		Projected	
		Contracts	Relative Cost	Contracts	Relative Cost
Non-Medicare					
Single Contracts	1	3,262	3,262	3,202	3,202
Family Contracts	2.5	1,648	4,120	1,548	3,870
Medicare					
Single Contracts					
Family Contracts					
Total		4,910	7,382	4,750	7,072
A. Projected Contracts vs. Experience Period		-3.26%			
B. Projected Cost vs. Experience Period			-4.20%		
C. Dependent Ratio Adjustment			-0.97%		
C = ((1+B)/(1+A)) - 1					
D. Aging/Leveraging Adjustment			0.00%		
E. Demographic Adjustment			-0.97%		

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CONDITIONS AND CAVEATS

Please refer to the ACA Disclaimer regarding benefits and final pricing.

Notwithstanding anything in the renewal or Proposal to the contrary, BCBSOK reserves the right to revise or withdraw our offer, or to change our administrative fees (and/or pass-through amounts) at any time before or during the contract period (all of which may be estimates, allocated or pro-rated amounts) if any local, state or federal legislation, regulation, rule or guidance (or amendments or clarifications thereto) is enacted or becomes effective/implemented, which would increase projected claim costs or BCBSOK's expenses or cost of plan administration, or would otherwise require BCBSOK to pay, submit or forward, on its own behalf or on the Employer Group's behalf, any additional tax, surcharge, fee, or other amount.

NOTICE: ACA provided for the establishment of a temporary reinsurance program(s) for a three (3) year period (2014-2016), which is funded by reinsurance contributions ("Reinsurance Fees") collected from health insurance issuers and self-funded group health plans, beginning in 2014. Information as to how these fees are calculated is provided by federal and state governments. Federal regulations establish a flat, per member, per month fee.

ACA also provides that self-funded plan sponsors are responsible for the Reinsurance Fee. BCBSOK will not assist in the remittance of those fees to the federal government; however, upon request, we can make available to our self-funded/ASO customers, existing data and information that may be helpful in determining, reporting on, and remitting their Reinsurance Fee amounts.

Rates/fees are projected to be effective for the 12-month period beginning on the effective date indicated.

Offer assumes the contract situs will be Oklahoma.

Unless otherwise indicated, proposal offers assume standard HCSC administration practices/contract provisions/reports/materials and renewal offers assume existing administration practices/contract provisions/reports/materials.

We reserve the right to revise or withdraw our offer if, at any time during the projected coverage period:

- The actual number of enrolled contracts (in total, by product, or by benefit plan), the Single/Family mix, or the Medicare/Non-Medicare mix varies by +/- 10% from our projections.
- The information upon which our projections were based (benefit levels, census/demographics, commissions, etc.) becomes outdated or inaccurate.

Commissions are excluded from the quoted rates/fees. Upon inquiry from employer groups, HCSC will provide information to the employer group regarding commissions and other compensation paid to the employer's agent by HCSC in connection with the employer's policy or contract with HCSC.

Employer will contribute a minimum of 25% toward the cost of coverage.

A minimum of 75% of eligible employees excluding waivers, or a minimum of 50% of eligible employees including waivers, enroll for coverage.

Offer is contingent upon Underwriting approval of any changes to the plan's eligibility definitions.

Recommended funding amounts should fund expected paid claims (EPC), administration, stop loss charges, and estimated reserves. If actual claims exceed the EPC, the Employer will be required to fund all claims up to the Maximum Claim Liability. If offer does not include Aggregate Stop Loss, the Employer has no Maximum Claim Liability and will be required to continually fund claims.

This offer expires as of the effective date indicated above.

The employer is responsible for any administrative services taxes due for benefits paid under this agreement.

Costs associated with special services or custom materials provided by BCBSOK are not included in the quoted administration fee(s).

Unless otherwise indicated, offer assumes BCBSOK will be the exclusive carrier for Administration and Stop Loss.

Recommended funding amounts should fund expected paid claims (EPC), administration, stop loss charges, and estimated reserves. If the financial arrangement does not include Aggregate Stop Loss coverage, the Employer will be required to continually make funds available for payment of claims.

Upon Termination, the run-off administration fee will be multiplied times the total of all certificates actually exposed during each of the three months immediately preceding contract termination and the result will be the obligation of the Employer. If the financial arrangement does not include Aggregate Stop Loss coverage, the Run-Off claims amount is for informational purposes only and the employer will be required to continually make funds available for payment of claims through the run-off period. (The Run-Off Administration amount is due and payable whether or not BCBSOK processes the run-off claims.)

If a non-preferred vendor is selected for automated eligibility processing, an additional charge will apply.

If a third party stop loss carrier is selected, an annual coordination fee will apply.

If a third party pharmacy benefit manager is selected, additional charges will apply.

BCBSOK retains the right to recoup monetary credits provided, any remaining implementation costs, shared savings or PG incentive fees from the plan sponsor in the event of early termination of the proposed coverage or contract, either in its entirety or with respect to certain custom services or programs included in this offer.