

**City of Milwaukee**  
***2010 Rate Projection***

WillisHRH

Prepared by:

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## City of Milwaukee

### 2010 Rate Projection

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Willis was engaged to prepare a 2010 rate recommendation for the City of Milwaukee's Basic Plan, the self-insured medical and prescription drug plan. This plan is split into two components: Base and Major Medical. The plan year is 1/1/2010-12/31/2010.

Enrollment in the Basic Plan continues to decline. Overall enrollment decreased by 9.6% from 3,853 to 3,483 from 5/31/2008 to 5/31/2009.

Administration of the medical plan was moved from CMS to Anthem effective 1/1/2009.

Administrative costs are included in the 2010 rates. The expense per contract for medical claims administration for 2010 is \$30.95 for actives and under 65 retirees and \$22.37 for over 65 retirees. The expense per member for prescription drug claims administration is \$2.35 for actives and under 65 retirees. The administrative charge for the Wrap plan for Medicare eligible retirees is \$5.00 per participant per month. Overall, this results in an expense component in the rates of 2.6% for medical and .6% for prescription drug.

The projected 2010 monthly cost per participant is \$56.95 for the Medicare Part D Prescription Drug Plan (PDP) through DeanRx. This assumes a 0% increase over 2009 monthly cost per participant.

The details of the 2010 rate calculation are shown in Attachment 1. Because of the low enrollment in some of the retiree plans and the lack of credible experience data, it is not recommended to experience rate each plan.

Trend used to project 4/1/2008-3/31/2009 experience to 2010 were 10% for medical and 12% for prescription drug for an overall trend of 10.4%.

The rate calculation has resulted in a 6.6% overall increase in 2010 rates compared to 2009 rates for actives and retirees combined. The 6.6% increase was applied to both active and retiree rates.

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		<b>2009 Rates</b>			5/31/09	
		Base	Major Medical	Total	Enrollment	
Active	Single	\$615.19	\$176.82	\$792.01	339	
	Family	\$1,386.47	\$398.48	\$1,784.95	540	
Active-Tier 1	Single			\$633.34		
	Family			\$1,691.83		
	Plan					
Retired	1	\$881.59	\$250.19	\$1,131.78	248	
	3	\$1,565.12	\$444.16	\$2,009.28	470	
	4	\$156.28	\$145.77	\$302.05	1,149	
	5	\$300.36	\$271.36	\$571.72	615	
	6	\$535.17	\$774.14	\$1,309.31	85	
	7	\$619.91	\$914.68	\$1,534.59	3	
	8	\$386.30	\$413.89	\$800.19	1	
	9	\$1,284.79	\$364.60	\$1,649.39	31	
	10	\$321.68	\$420.10	\$741.78	3	
		<b>Recommended 2010 Rates</b>			Change	Increase
		Base	Major Medical	Total		
Active	Single	\$656.01	\$188.55	\$844.56	\$52.55	6.6%
	Family	\$1,478.46	\$424.92	\$1,903.37	\$118.42	6.6%
Active-Tier 1	Single			\$675.36	\$42.02	6.6%
	Family			\$1,804.08	\$112.25	6.6%
	Plan					
Retired	1	\$940.08	\$266.79	\$1,206.87	\$75.09	6.6%
Non-Medicare	3	\$1,668.96	\$473.63	\$2,142.59	\$133.31	6.6%
	9	\$1,370.03	\$388.79	\$1,758.82	\$109.43	6.6%
Retired	4	\$166.65	\$155.44	\$322.09	\$20.04	6.6%
Medicare	5	\$320.29	\$289.36	\$609.65	\$37.93	6.6%
	6	\$570.68	\$825.50	\$1,396.18	\$86.87	6.6%
	7	\$661.04	\$975.37	\$1,636.40	\$101.81	6.6%
	8	\$411.93	\$441.35	\$853.28	\$53.09	6.6%
	10	\$343.02	\$447.97	\$790.99	\$49.21	6.6%

**City of Milwaukee**  
*2010 Rate Projection*

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Retiree Plan	Definition
1	One person w/o Medicare
3	Two persons w/o Medicare & Dependent Child(ren)
4	One person with Medicare
5	Two persons with Medicare
6	One person with Medicare, One person w/o Medicare
7	One person with Medicare, One person w/o Medicare & Dependent Child(ren)
8	Two persons with Medicare & Dependent Child(ren)
9	One w/o Medicare & Dependent Child(ren)
10	One with Medicare & Dependent Child(ren)

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	Actives	Retirees		Total
		Non-Medicare	Medicare	
<b>2009 Projected Cost per Enrollee</b>				
Paid Claims-Medical 4/1/08-3/31/09	\$10,407,763	\$4,964,189	\$11,474,682	\$26,846,635
Paid Claims-Rx 4/1/08-3/31/09	\$2,881,857	\$2,403,312	\$3,571,429	\$8,656,598
<b>Total Medical &amp; Rx Paid Claims 4/1/08-3/31/09</b>	<b>\$13,089,620</b>	<b>\$7,367,502</b>	<b>\$15,046,110</b>	<b>\$35,503,232</b>
Average Enrollment 4/1/08-3/31/09	998	404	2,334	3,736
Current Enrollment 5/31/09	879	808	1,796	3,483
Trend-Medical	10.0%			
Trend-Rx	12.0%			
Weighted Trend	10.4%			
Trend Months at	21			
Trend Factor	1.189			
Medical/Rx Cost Trend to 2010				\$42,221,243
Adjust for Enrollment				0.932
Adjusted Medical/Rx Cost Trend to 2010				\$39,365,555
DeanRx (\$56.95 est per participant)	\$0.00	\$0.00	\$83.80	\$1,806,138
Administrative Expense				
Basic Plan (per contract)	\$30.95	\$30.95	\$22.37	\$1,108,670
Navitus (\$2.35 pmpm)	\$5.75	\$4.52	\$7.36	\$262,999
Wrap Plan (\$5.00 pmpm)				
<b>Total Administrative Cost 2010 per Enrollee</b>	<b>\$36.70</b>	<b>\$35.47</b>	<b>\$29.73</b>	<b>\$1,371,670</b>
<b>2010 Projected Cost</b>	<b>\$387,083</b>	<b>\$343,896</b>	<b>\$640,690</b>	<b>\$42,543,362</b>

**Income at Current Rates**

		2009 Rates			5/31/09	
		Base	Major Medical	Total	Enrollment	
Active	Single	\$815.19	\$176.82	\$792.01	339	\$3,221,897
	Family	\$1,386.47	\$398.48	\$1,784.95	540	\$11,566,476
Active-Tier 1	Single			\$633.34		
	Family			\$1,691.83		
						\$14,788,373
Retired	Plan					
	1	\$881.59	\$250.19	\$1,131.78	248	\$3,364,172
	3	\$1,565.12	\$444.16	\$2,009.28	470	\$11,322,878
	4	\$156.28	\$145.77	\$302.05	1,149	\$4,163,696
	5	\$300.36	\$271.36	\$571.72	615	\$4,220,215
	6	\$535.17	\$774.14	\$1,309.31	85	\$1,329,723
	7	\$619.91	\$914.68	\$1,534.59	3	\$57,019
	8	\$386.30	\$413.89	\$800.19	1	\$9,911
	9	\$1,284.79	\$364.60	\$1,649.39	31	\$612,844
	10	\$321.68	\$420.10	\$741.78	3	\$27,561
						\$25,108,019
<b>2010 Income at Current Rates and Enrollment</b>						<b>\$39,896,392</b>

Increase Needed-Overall	6.6%
Increase Needed-Actives	6.6%
Increase Needed-Non-Medicare Retirees	6.6%
Increase Needed-Medicare Retirees	6.6%