

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, 2017



PEBB Health Benefit Plan

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of Alternative Consumer-Directed Health Plan

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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 RCW 41.05.065(6)(b). This report evaluates the impact of offering a consumer-directed health plan (CDHP) and per RCW 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.

Please note this report lists plans as being offered by Kaiser Permanente of WA (KPWA). These are the PEBB plans offered by Group Health prior to Kaiser Permanente's acquisition of Group Health in plan year 2017.

In this report, for the first time, the results include the new accountable care program (ACP) plans, UMP Plus and KPWA Sound Choice. These plans began in 2016. With only a single year of data, it is difficult to draw general conclusions about the impact of the ACP plans on the other plans.

Key findings for CY2013–CY2016 include the following:

- CDHP and ACP plans are driving a lower claims trend; per member per month (PMPM) allowed claims¹ costs and services utilization are lower for CDHPs and ACPs than Classic and Value plans.
- Membership in CDHPs continued to grow through 2016 while the total Classic, Value, and ACP enrollment remained relatively constant.
- CDHP and ACP members are generally younger than Classic and Value members.
- There do not appear to be significant differences in the gender or member type of the CDHP or ACP members compared to Classic and Value members.
- The demographic profiles of CDHP, Classic, and Value members are relatively stable.
- For the total PEBB portfolio of medical benefits, the ratio of paid to allowed claims has increased over the three years of study, indicating that the impact of introducing a leaner

¹ Allowed claims equals the amount that was allowed by the health plan.



benefit CDHP was not enough to offset the increasing value of the benefits in the rest of the PEBB portfolio.

- The general trend continues to show that CDHP members pay a higher monthly premium than what is actuarially supported by a hindsight review of their claims and risk profile. This impact has lowered the employee contribution for Classic and Value plan members. The analysis shows the impact is stabilizing as claims and membership mature for the CDHPs.

This report focuses on measuring the impact on employee premiums that CDHP enrollment has had on the employee premiums for subscribers in every non-CDHP plan, rather than the impact on just the most comprehensive plan.

Due to the very low enrollment in the Kaiser Permanente of the Northwest (KPNW) CDHP, the results for the plan were not credible, and we excluded all KPNW plans from this analysis. Also, in keeping with statutory language, this report does not speculate on or address additional possible impacts, such as differences in plan richness, administrative costs, or provider unit costs.



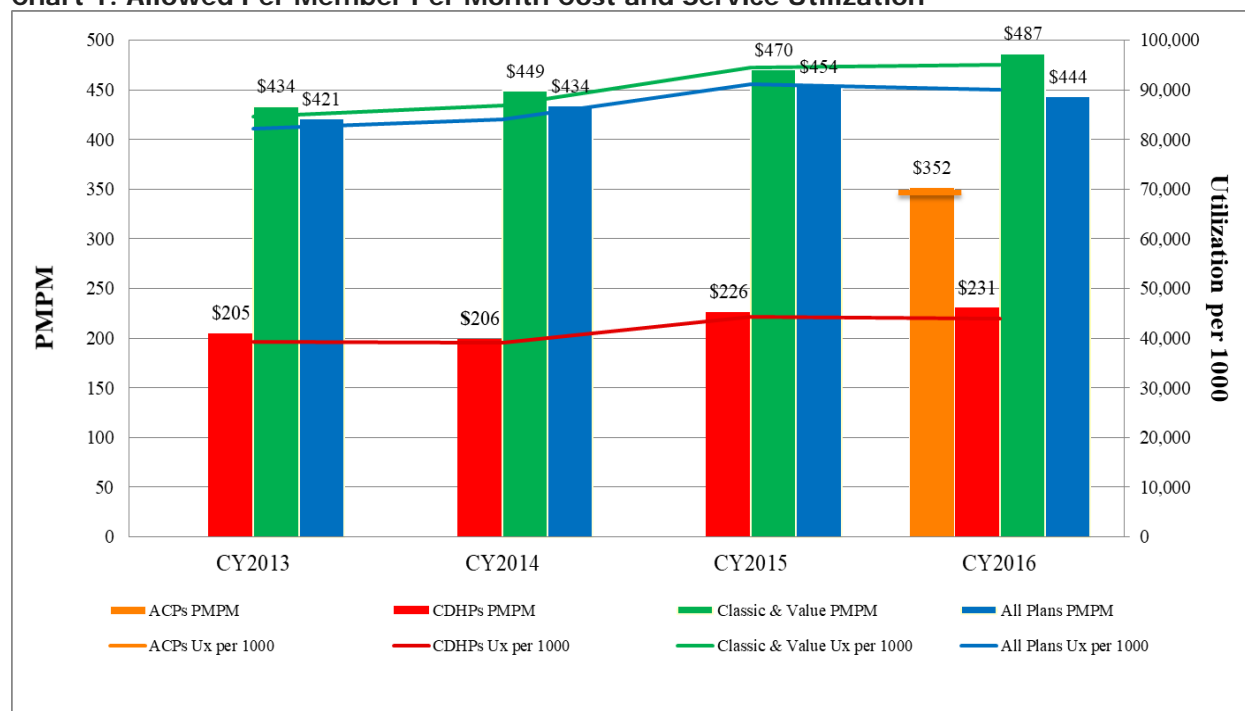
PEBB Health Benefit Plan Analysis

Health Plan Cost and Service Utilization

The appendix is a report by the actuarial firm, Milliman, Inc., detailing health plan cost and service utilization. Milliman calculated cost trends based on allowed and paid claims² PMPM (per member per month) for non-Medicare PEBB enrollees.

For CY2013 through CY2016, the allowed claims PMPM for composite CDHPs ranged from \$205 in CY2013 to \$231 in CY2016, which was 52 to 56 percent lower than the Classic and Value plan average. The allowed claims PMPM for composite Classic and Value plans ranged from \$434 in CY2013 to \$487 in CY2016 (see Chart 1). Service utilization (per 1,000 members³) shows a similar relationship. Service utilization in CDHPs for CY2013 to CY2016 was about 53 to 55 percent lower than Classic and Value plans.

Chart 1: Allowed Per Member Per Month Cost and Service Utilization



² Paid claims equals the amount paid by the health plan after adjusting the allowed amount for coordination of benefits, copayments, deductibles, and other patient payment amounts.

³ 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.



Health Plan Cost Trends

Charts 2, 3, and 4 show cost trends for CDHPs, Classic and Value plans, and the ACP plans. These trends are calculated as allowed and paid claims PMPM for CY2013 through CY2016, which are based on the entire PEBB non-Medicare risk pool enrollment. The allowed claims are the benefit costs allowed by the health plans. The paid claims are the amounts paid by the plans after adjusting for member copayments, deductibles, and payments by other plans or responsible third parties.

CDHP allowed claims PMPM were 52 to 56 percent lower than Classic and Value plans, and paid claims PMPM were 61 to 64 percent lower than Classic and Value plans.

Chart 2: Allowed Claims vs. Paid Claims Per Member Per Month

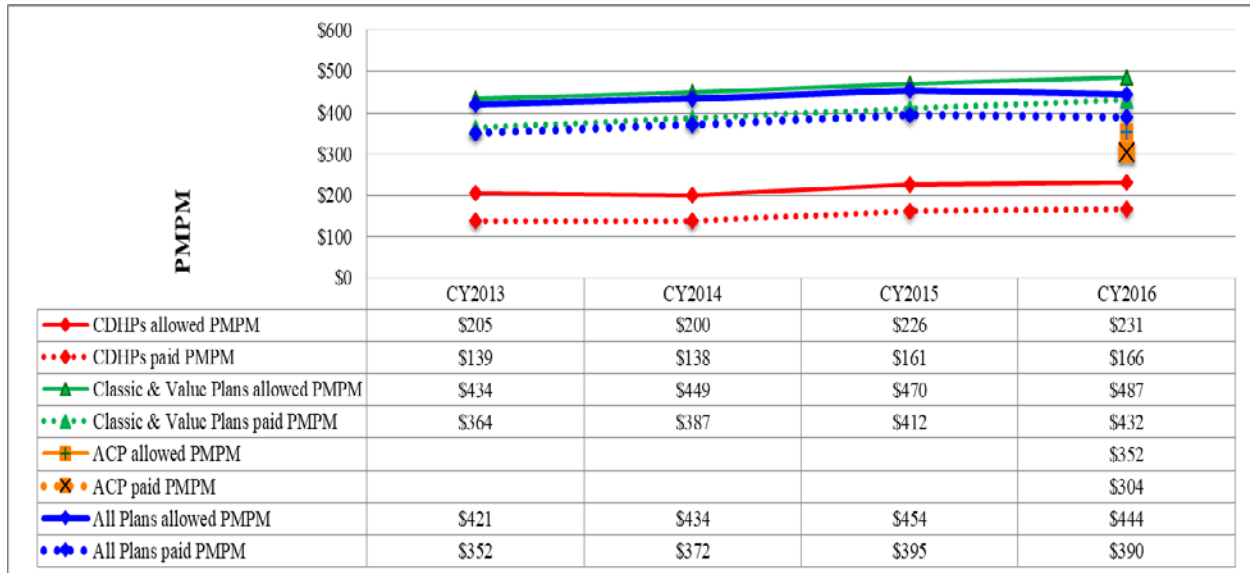


Chart 3: Allowed Claims Per Member Per Month by Plan

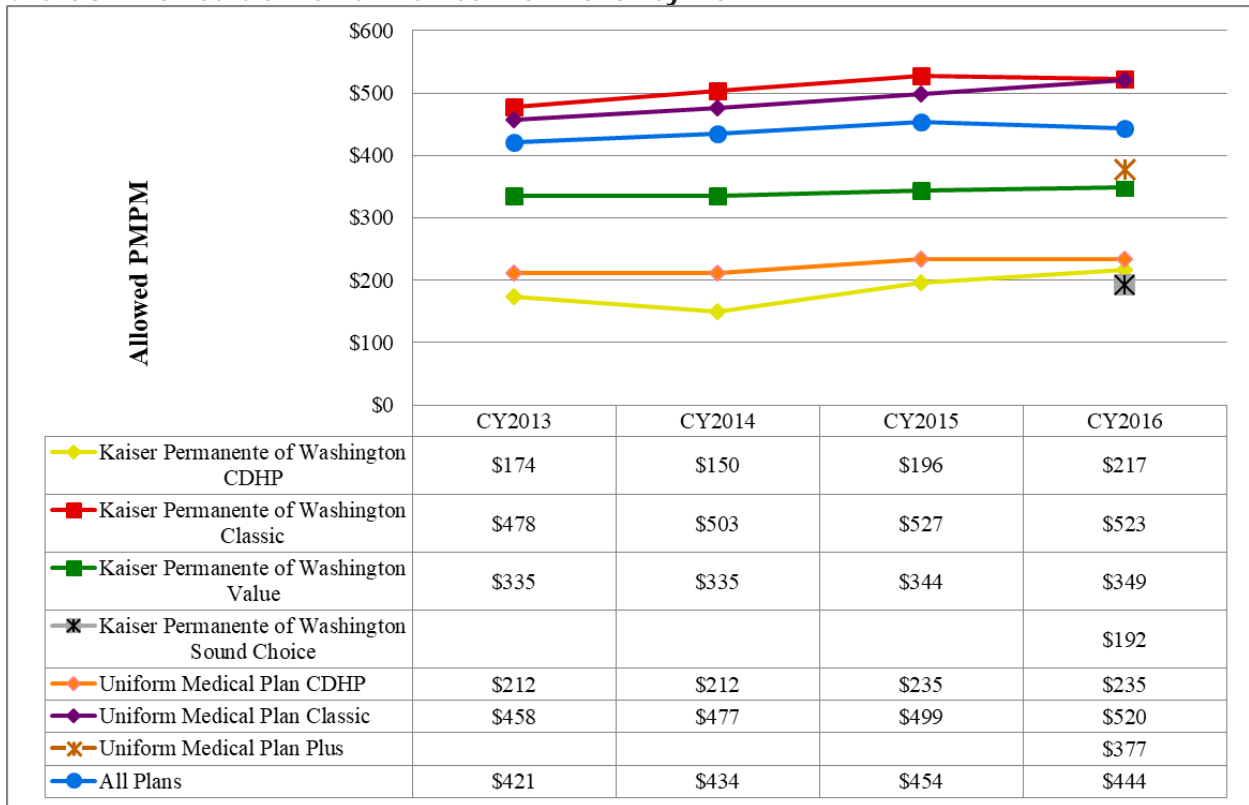
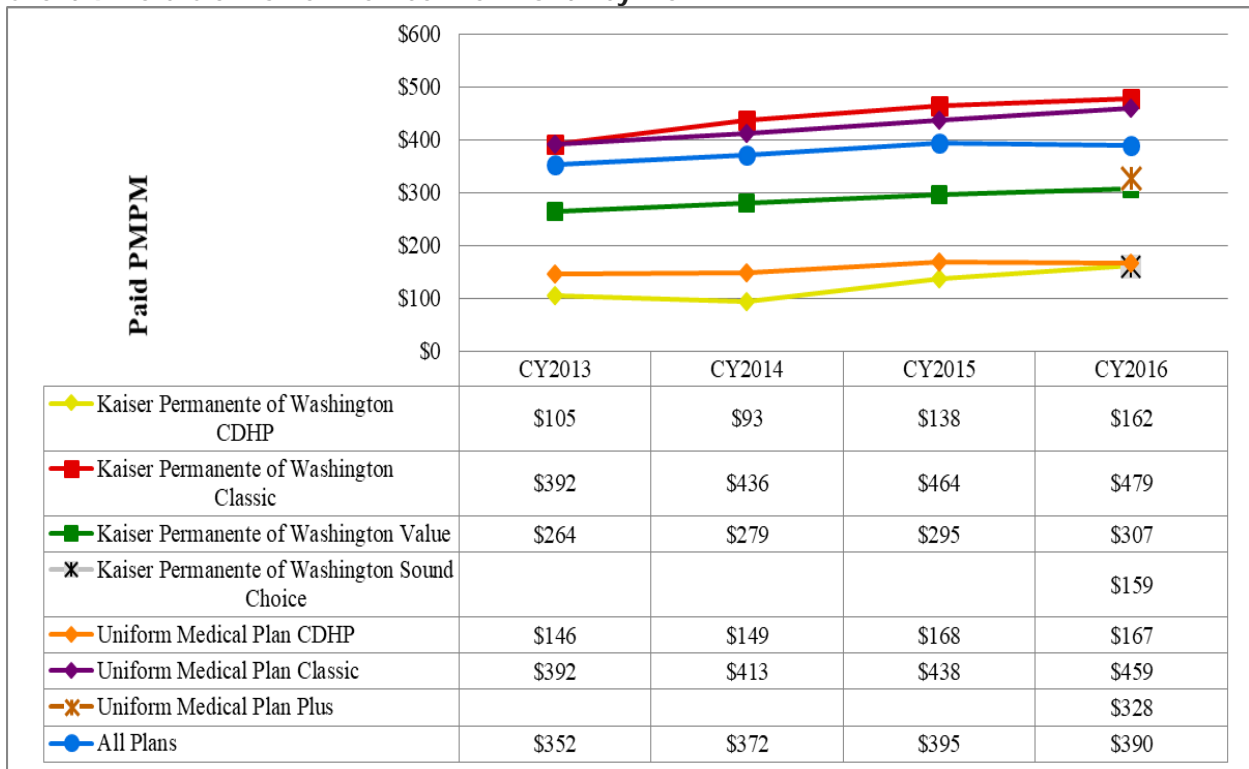
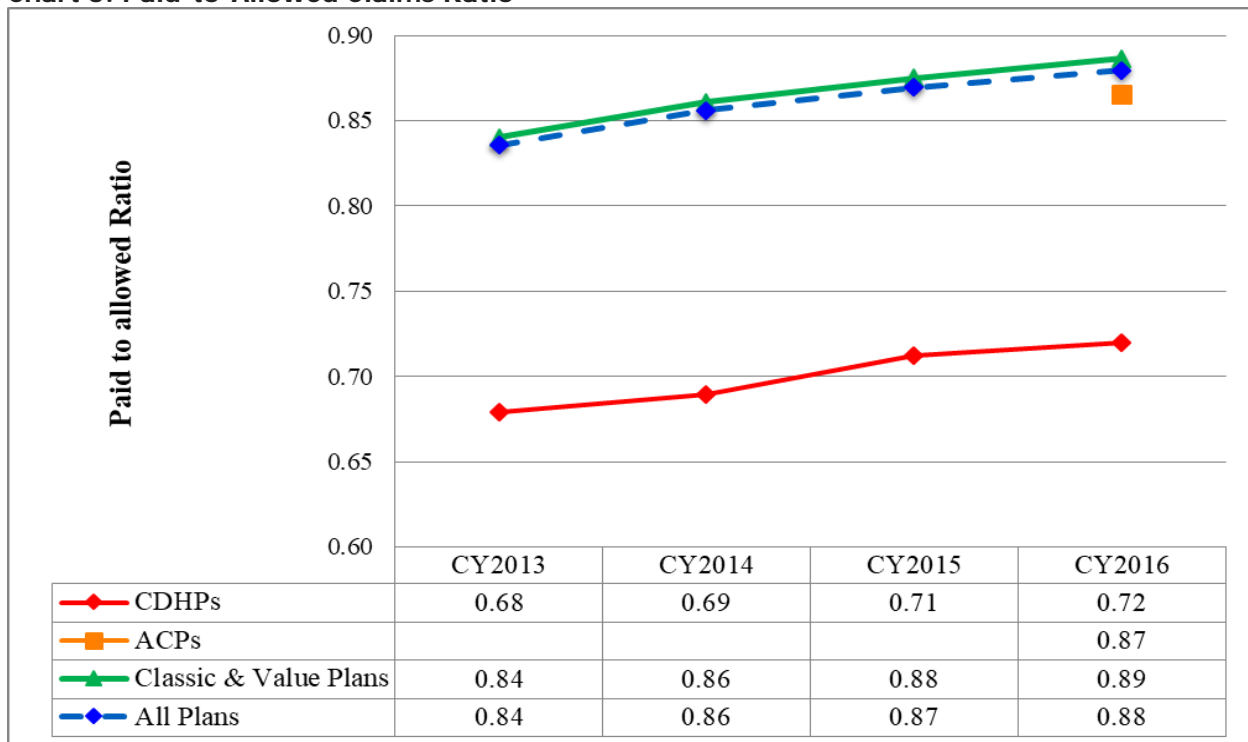


Chart 4: Paid Claims Per Member Per Month by Plan



The paid-to-allowed ratio reflects the level of benefit richness (i.e., how much of an employee’s total medical cost is paid for by the benefit plan) to the PEBB portfolio, without consideration of the health savings account (HSA) contribution. The paid-to-allowed ratio has increased over the last three years due to an increase in the allowed costs over time without a corresponding increase in the cost sharing structure, which is relatively fixed. As deductibles, copayments, and maximum out-of-pocket amounts hold relatively stable over time, they result in decreased cost sharing as a percentage of the total allowed spend. For example, a \$500 deductible becomes a smaller and smaller percentage of the total health care cost as these costs grow year after year. To maintain a flat paid-to-allowed ratio over time, the cost sharing structure would need to increase relative to the increase in allowed costs. The CDHP introduction alleviated some of the benefit richness upward pressure, but the CDHP enrollment has not been enough to reduce the overall average level of benefit richness of the PEBB portfolio. (See Chart 5, below, and Exhibit 3a in the Appendix.)

Chart 5: Paid-to-Allowed Claims Ratio



Service Utilization Trends

Utilization per 1,000 members for CDHPs from CY2013 through CY2016 was approximately 53 to 55 percent lower than for Classic and Value plans (See Exhibit 1 in the Appendix). The utilization, however, is not adjusted for the different service categories and, therefore, does not measure the intensity of high- and low-cost services provided across the various categories of services.

Two major factors driving lower utilization in the CDHPs are the lower risk scores (indicating a healthier population) for younger members and the impact of a higher deductible on member

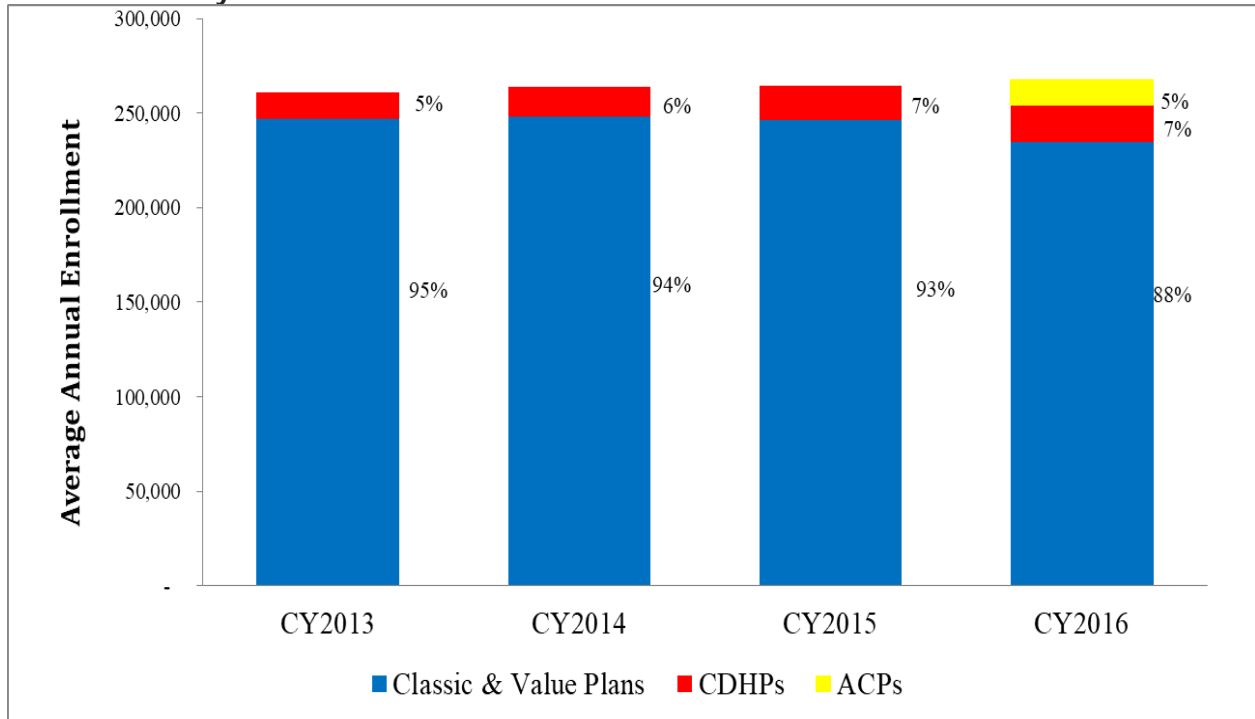


utilization of services. Classic and Value plans experienced moderate increases in utilization year over year at a rate slightly higher than the average for all plans.

Enrollment and Demographics

As shown in Chart 6, CDHP average annual enrollment has grown slightly each year, from 14,113 (5 percent of total enrollment) in 2013 to 19,713 (7 percent of total enrollment) in 2016.

Chart 6: Monthly Member Enrollment Trend



On average, CDHP and ACP members are younger than Classic and Value members. In CDHPs and ACPs, 77 to 79 percent of members were under age 50 compared to 65 to 66 percent of members in Classic and Value plans (see Chart 7). Table 1 shows a detailed breakdown of enrollment by plan and age group for 2013 through 2016.



Chart 7: Member Distribution by Age (Under 50 and Over 50)

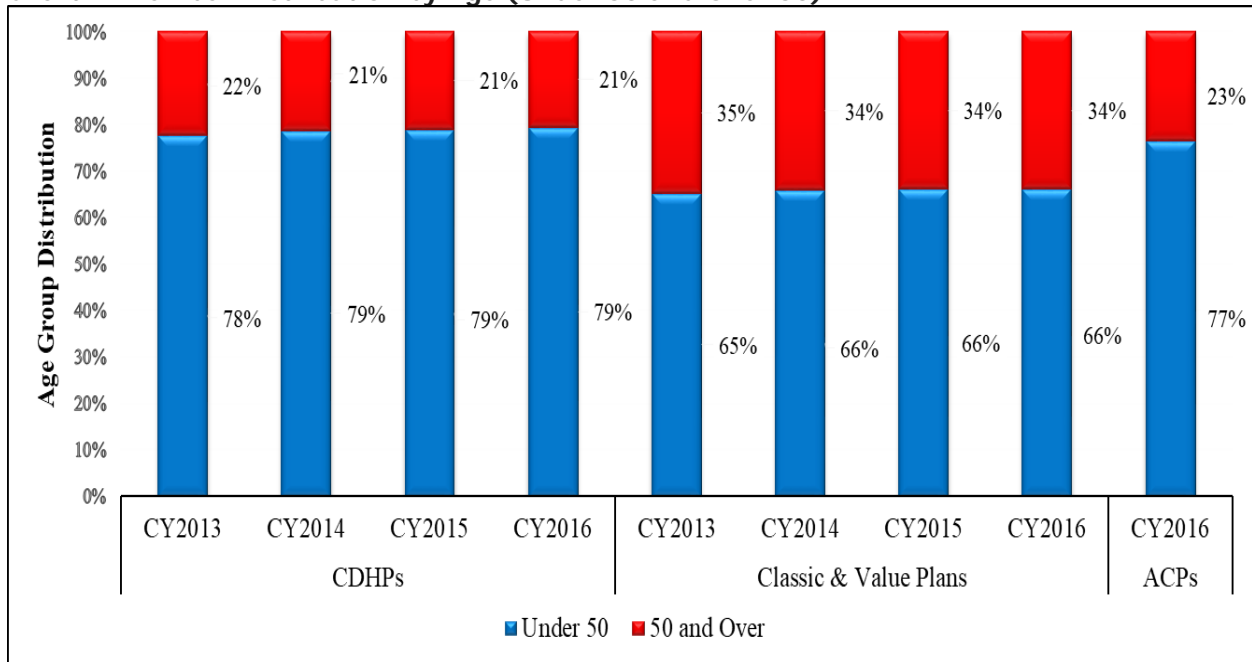


Table 1: Member Distribution by Age Band

	CDHPs				All Classic & Value Plans				ACP
	CY2013	CY2014	CY2015	CY2016	CY2013	CY2014	CY2015	CY2016	CY2016
Under 25	5,216	5,843	6,452	6,963	78,604	79,479	79,072	74,984	4,381
25 to 34	2,101	2,716	3,259	3,649	27,456	28,290	28,524	27,174	2,369
35 to 44	2,493	2,778	3,119	3,427	35,409	35,535	35,566	33,719	2,406
45 to 54	2,331	2,559	2,851	3,095	42,738	42,297	41,805	39,707	2,053
55 to 64	1,878	2,055	2,256	2,399	53,016	51,797	50,748	48,365	1,859
Over 65	94	112	141	180	9,870	10,422	10,770	10,782	377
Total	14,113	16,062	18,077	19,713	247,094	247,820	246,485	234,730	13,445
Under 50	10,979	12,630	14,286	15,662	161,138	163,039	163,064	155,216	10,293
50 and over	3,134	3,431	3,792	4,051	85,955	84,782	83,420	79,514	3,153
Total	14,113	16,062	18,077	19,713	247,094	247,820	246,485	234,730	13,445
Under 50 (%)	78%	79%	79%	79%	65%	66%	66%	66%	77%
50 and over (%)	22%	21%	21%	21%	35%	34%	34%	34%	23%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%



Chart 8 and Table 2 show the distribution of members by gender for each year from 2013 through 2016. Classic and Value plans and CDHPs show approximately the same distribution ratio over the last three year period. They are all similar to each other and to the PEBB population in general.

Chart 8: Member Distribution by Gender

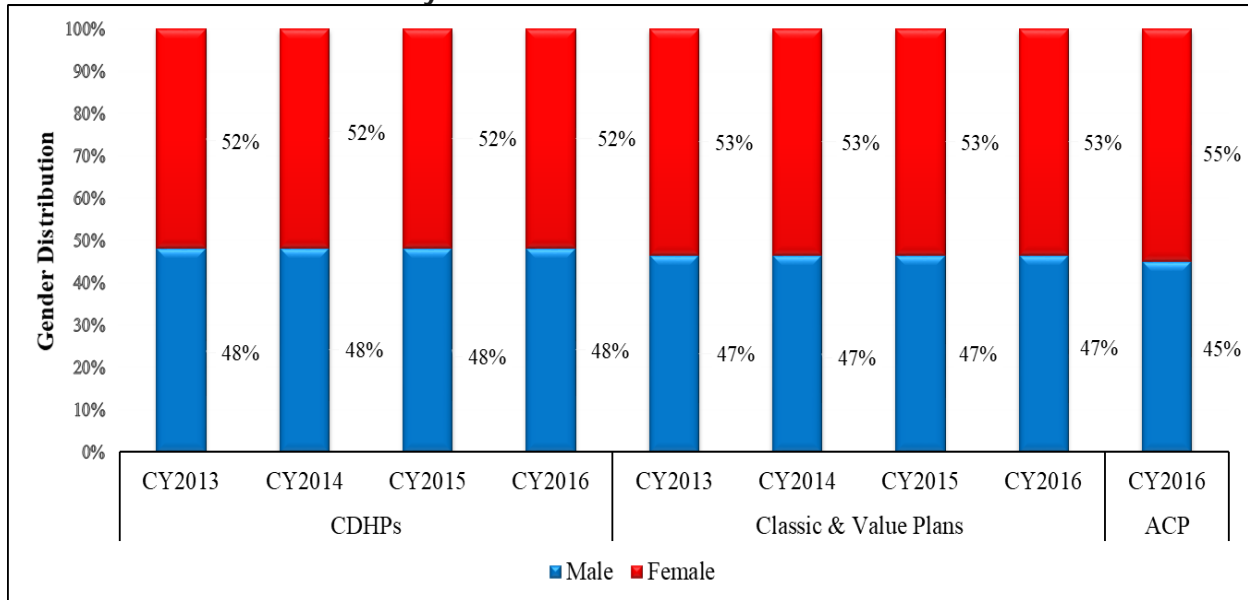


Table 2: Member Enrollment and Distribution by Gender

	CDHPs				All Classic & Value Plans				ACP
	CY2013	CY2014	CY2015	CY2016	CY2013	CY2014	CY2015	CY2016	CY2016
Male	6,779	7,750	8,714	9,493	115,093	115,356	114,776	109,284	6,058
Female	7,333	8,311	9,364	10,220	132,000	132,465	131,708	125,447	7,387
Total	14,113	16,062	18,077	19,713	247,094	247,820	246,485	234,730	13,445
Male (%)	48%	48%	48%	48%	47%	47%	47%	47%	45%
Female (%)	52%	52%	52%	52%	53%	53%	53%	53%	55%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%



Chart 9 and Table 3 display enrollment and distribution by member type (employees vs. dependents). The CDHPs show slightly higher dependent enrollment than Classic and Value plans. Overall, the demographic profiles of both CDHPs and Classic and Value plans have been relatively stable from year to year.

Chart 9: Distribution by Member Type

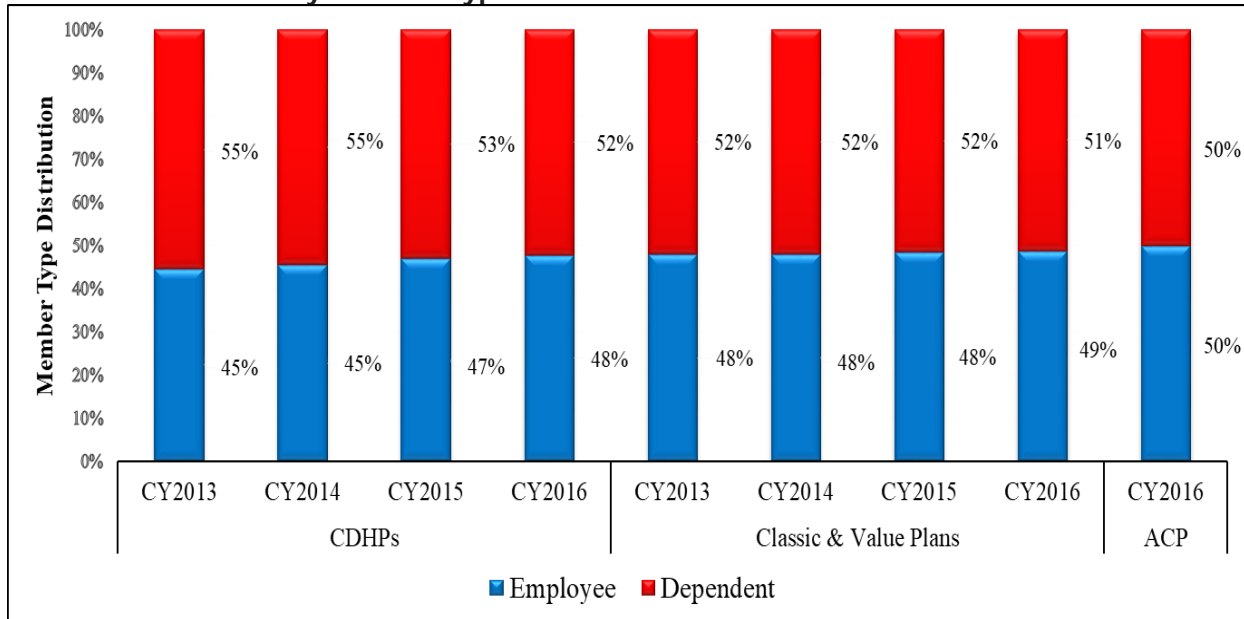


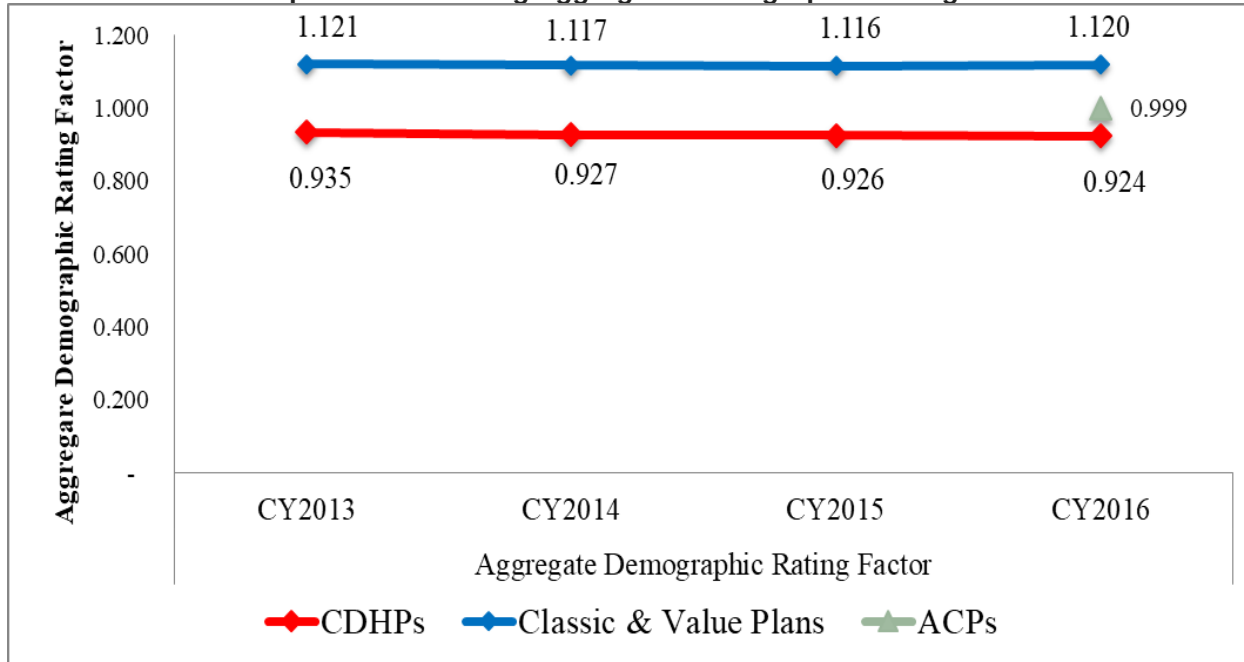
Table 3: Enrollment and Distribution by Member Type

	CDHPs				All Classic & Value Plans				ACP
	CY2013	CY2014	CY2015	CY2016	CY2013	CY2014	CY2015	CY2016	CY2016
Employee	6,290	7,303	8,478	9,386	118,409	118,933	119,256	114,279	6,694
Dependent	7,822	8,759	9,599	10,327	128,685	128,887	127,229	120,451	6,751
Total	14,113	16,062	18,077	19,713	247,094	247,820	246,485	234,730	13,445
Employee (%)	45%	45%	47%	48%	48%	48%	48%	49%	50%
Dependent(%)	55%	55%	53%	52%	52%	52%	52%	51%	50%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%



As shown in Chart 10, the aggregate demographic rating factor⁴ for CDHPs is lower than Classic and Value plans and the ACPs. This means that the CDHPs would be expected to have relatively lower costs. The rating factors for both CDHPs and Classic and Value plans show a stable trend during the last three years.

Chart 10: Relative Expected Cost Using Aggregate Demographic Rating Factor



Impact of CDHP Enrollment on Cost of Other Plans

Background

The impact of CDHP enrollment on the cost of other plans within the portfolio moves the claims cost, risk scores, and premium rates for each plan. The monthly employee premium contributions are the net effect of a complex set of process interactions within the PEBB program. Where some of the plans are self-insured, the claims costs are paid by the state and the premium rates are only used for setting the monthly employee premium contributions. The analysis for this report aims to model the impact on monthly employee premium contributions under a scenario where the premium rate relativities are based upon a hindsight review of actual historical experience for the carrier. A comparison of the modeled employee premium contributions to the actual premium

⁴ The aggregate demographic rating factor is based on Milliman Health Cost Guidelines and represents the relative claims cost expected from a large employer group based on their age and gender distribution, all other factors being equal.



contributions for each calendar year quantifies how the pricing decisions made in setting the premium contributions compares to the actual experience for the carriers.

Methodology

Milliman measured the impact of the CDHP and ACP alternatives on all existing Classic and Value plans by creating a *modeled premium* and comparing it to the actual premiums from the procurement process. The analysis model simulates a scenario in which members in existing plans would not be impacted by the introduction of CDHPs or ACPs. It models the bid rate based on perfect knowledge of the actual claims and risk profile of the rate period, and not based on a projection of the historical experience that was available at the time the actual bid was developed.

The overall impact for all plans illustrates the impact of the bid projection compared to the actual experience that developed during the bid period, and can be thought of as an actual-to-expected comparison. The variation of the impact by plan illustrates the impact that enrollment in one plan had on the employee contribution of the other plans.

The modeled premium measures the impact enrollment in CDHPs and ACPs has had on every plan in the PEBB portfolio—rather than just the 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.

Cost Impact on Other Plans

The difference between the actual and modeled bid rates displayed in Table 4 represents the impact that CDHP enrollment has had on members who remained within Classic and Value plans. This impact could also stem from differences in plan richness, administrative costs, unit costs, differences in morbidity not accounted for in the procurement risk score model, or other factors such as actual-to-expected pricing variation. Note that in keeping with statutory language, we do not speculate on or address these possible additional impacts.



Table 4: CDHP Impact Based on Modeled/Actual Bid Rate

		CY2014					
Carrier	Plan	Modeled Bid Rate (With HSA**)	Actual Bid Rate (With HSA**)	Modeled Employee Contribution*	Actual Employee Contribution*	Impact (\$)*	% of Impact on Actual Bid Rate
UMP	Uniform Medical Plan CDHP	\$460.60	\$490.78	-\$5.40	\$25.00	\$30.40	6.2%
UMP	Uniform Medical Plan Classic	\$545.93	\$544.81	\$79.93	\$79.00	-\$0.93	-0.2%
KPWA	Kaiser Permanente of Washington CDHP	\$406.71	\$486.17	-\$59.29	\$20.00	\$79.29	16.3%
KPWA	Kaiser Permanente of Washington Value	\$533.63	\$530.82	\$67.63	\$65.00	-\$2.63	-0.5%
KPWA	Kaiser Permanente of Washington Classic	\$580.90	\$582.97	\$114.90	\$117.00	\$2.10	0.4%
All	All CDHP	\$449.79	\$489.85	-\$16.21	\$24.00	\$40.21	8.2%
All	Classic and Value Totals	\$547.77	\$546.69	\$81.77	\$81.00	-\$0.77	-0.1%
All	All Plans	\$541.98	\$543.34	\$75.98	\$77.00	\$1.02	0.2%

* Per Adult Unit Per Month (PAUPM), ** Monthly Health Savings Account (HSA) Employer Contributions

		CY2015					
Carrier	Plan	Modeled Bid Rate (With HSA**)	Actual Bid Rate (With HSA**)	Modeled Employee Contribution*	Actual Employee Contribution*	Impact (\$)*	% of Impact on Actual Bid Rate
UMP	Uniform Medical Plan CDHP	\$501.25	\$519.33	\$13.25	\$31.00	\$17.75	3.4%
UMP	Uniform Medical Plan Classic	\$571.22	\$572.26	\$83.22	\$84.00	\$0.78	0.1%
KPWA	Kaiser Permanente of Washington CDHP	\$478.49	\$513.00	-\$9.51	\$25.00	\$34.51	6.7%
KPWA	Kaiser Permanente of Washington Value	\$557.57	\$563.13	\$69.57	\$75.00	\$5.43	1.0%
KPWA	Kaiser Permanente of Washington Classic	\$591.67	\$594.55	\$103.67	\$107.00	\$3.33	0.6%
All	All CDHP	\$496.29	\$517.95	\$8.29	\$30.00	\$21.71	4.2%
All	Classic and Value Totals	\$571.09	\$573.29	\$83.09	\$85.00	\$1.91	0.3%
All	All Plans	\$566.14	\$569.60	\$78.14	\$82.00	\$3.86	0.7%

* Per Adult Unit Per Month (PAUPM), ** Monthly Health Savings Account (HSA) Employer Contributions

		CY2016					
Carrier	Plan	Modeled Bid Rate (With HSA**)	Actual Bid Rate (With HSA**)	Modeled Employee Contribution*	Actual Employee Contribution*	Impact (\$)*	% of Impact on Actual Bid Rate
UMP	Uniform Medical Plan CDHP	\$476.61	\$508.47	-\$10.39	\$21.00	\$31.39	6.2%
UMP	Uniform Medical Plan Plus	\$546.33	\$546.37	\$59.33	\$59.00	-\$0.33	-0.1%
UMP	Uniform Medical Plan Classic	\$568.12	\$570.75	\$81.12	\$84.00	\$2.88	0.5%
KPWA	Kaiser Permanente of Washington CDHP	\$510.83	\$508.80	\$23.83	\$22.00	-\$1.83	-0.4%
KPWA	Kaiser Permanente of Washington Sound Choice	\$439.25	\$532.06	-\$47.75	\$45.00	\$92.75	17.4%
KPWA	Kaiser Permanente of Washington Value	\$572.07	\$567.96	\$85.07	\$81.00	-\$4.07	-0.7%
KPWA	Kaiser Permanente of Washington Classic	\$610.24	\$604.75	\$123.24	\$118.00	-\$5.24	-0.9%
All	All CDHP	\$484.07	\$508.54	-\$2.93	\$22.00	\$24.93	4.9%
All	All Accountable Care	\$531.55	\$544.39	\$44.55	\$57.00	\$12.45	2.3%
All	Classic and Value Totals	\$574.43	\$574.69	\$87.43	\$88.00	\$0.57	0.1%
All	All Plans	\$565.77	\$568.39	\$78.77	\$81.00	\$2.23	0.4%

* Per Adult Unit Per Month (PAUPM), ** Monthly Health Savings Account (HSA) Employer Contributions



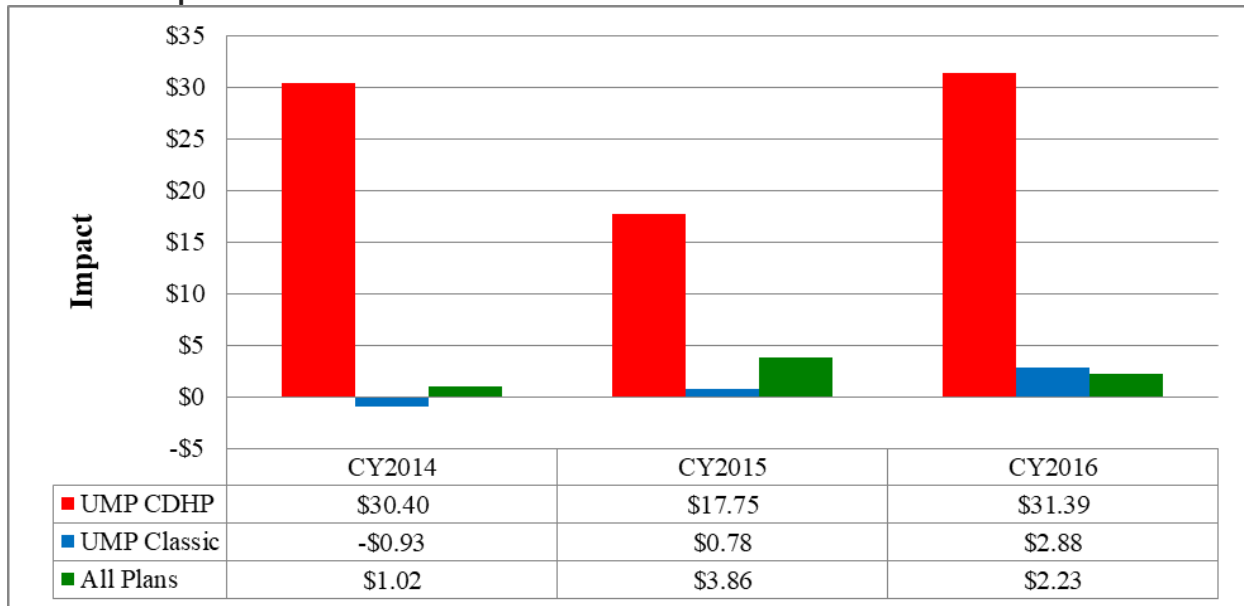
A negative impact implies that members in the plan are underpaying compared to what would be expected in the modeled scenario. A positive impact implies that members are paying more compared to what would be expected in the modeled scenario. Since the overall impact of all plans in each year is not \$0, a plan-specific impact should be compared to the all-plans impact for each year to determine whether a plan under- or over-paid relative to all of the other plans.

CY 2014 and CY 2015 results changed slightly from last year due to a Milliman risk model update and more updated claims and eligibility information.

Specifically, the UMP Classic modeled impact was favorable in CY 2014 and CY 2015. In CY 2014 members paid lower contributions (a \$0.93 per adult unit per month [PAUPM]⁵ underpayment compared to the \$1.02 PAUPM overpayment for All Plans, a difference of \$1.95 PAUPM) than they would have if the CDHPs had not been introduced using the modeled premium analysis. In CY 2015 the impact was positive (\$0.78 PAUPM), meaning members were paying a higher contribution, but it was still lower than the All Plans impact of \$3.86 PAUPM (meaning that the introduction of the CDHPs lowered the Classic contribution by \$3.08 based on the modeled premium analysis).

The CY2016 UMP Classic impact of \$2.88 PAUPM is positive and slightly larger than the impact calculated for all non-Medicare plans (positive \$2.23 PAUPM), indicating that the employees in this plan are paying more due to enrollment in alternative plans. Since the ACP plan was introduced in 2016, under this analysis it is not possible to determine if this slight overpayment in the Classic plan was due to the CDHP or ACP plan.

Chart 11: Impact on UMP Plans*



*Per Adult Unit Per Month (PAUPM)

⁵ Per adult per month (PAUPM) is the monthly cost for an adult unit, i.e., unit for a single subscriber, which is applied to different family tiers based on the pre-defined ratio.



The impact of the KPWA CDHP and KPWA Sound Choice plans on KPWA Classic and Value plans is complicated and difficult to isolate because KPWA is allowed to manage its margin within the bid rates between the Classic and Value plans in the procurement process. The KPWA CDHP had an impact in CY 2014 and CY 2015 that was much larger than the All Plans impact, which means KPWA Value and Classic plan members overall paid lower monthly contributions due to the KPWA CDHP. For 2016, the slight negative impact for the CDHP is offset by the very high Sound Choice impact. Value and Classic plan members paid lower contributions in 2016 because of the high impact from the Sound Choice plan.

The cost and utilization analysis shows that the presence of the CDHPs contributes to a lower claims trend. The migration of members into the low-cost CDHP plan option has driven lower trends across the non-Medicare pool. The all-plan allowed PMPM trend was lower than the non-CDHP trends over the last three years and also lower than the CDHP trends in CY 2014-15 and CY 2015-16. (See Exhibit 1, Total Allowed PMPM Trend, in the Appendix.)

The report shows that the impact to all non-Medicare plans is a positive \$1.02 PAUPM in CY 2014, \$3.86 PAUPM in CY 2015, and \$2.23 PAUPM in CY 2016. This general overpayment impact, not a net zero impact, results from the complex rate setting process in procurement, and the differences between the procurement projection and modeled estimates. The analysis model does not target a net zero impact, but instead shows the difference between the historical actuals and theoretical bid rate with the benefit of available historical actual claims and risk scores.

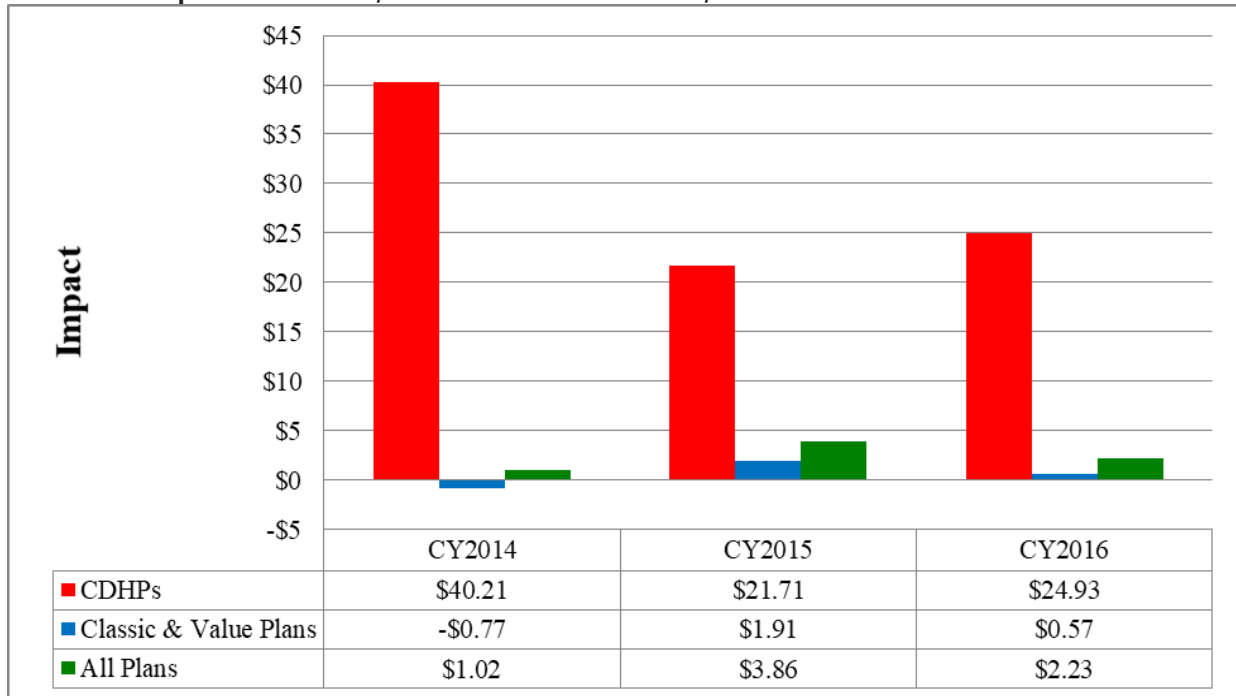
The difference between the actual and modeled bid rates displayed in Table 4 represents what member cost would have been if those members contributed toward bid rates which did not reflect the plan specific selection. The members who stayed in other plans were modeled to have bid rates generally higher than what they were actually charged, while the members who selected the CDHP were modeled to have bid rates generally much lower than what they were actually charged. These differences could be attributed to differences in plan richness, administrative costs, unit costs, differences in morbidity not accounted for in the procurement risk score model, or other factors such as actual to expected pricing variation (which are not included in the bid rate modeling).

Over the last three years, the general trend is that CDHP members pay a higher monthly premium than what is actuarially supported by a hindsight review of their claims and risk profile according to the Milliman modeled premium analysis.



In summary, our analysis shows that the CDHP impact is stabilizing as claims and membership better reflect the underlying influences of this plan design structure (See Chart 12). We expect future employee premium contribution projections will be more accurate and that under- and over-payment should further decrease.

Chart 12: Impact on CDHPs, Classic and Value Plans, and All Plans*



*Per Adult Unit Per Month (PAUPM)



October 13, 2017

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Chief Financial Officer
Washington State HCA

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Delivered via email

Re: Legislative Report Regarding Implementation of CDHPs and other alternative plans

Thuy, Kim, and Karin,

As requested in work order #PEBB-0372, we have prepared this report to comply with the three 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. The plans formerly reported as Group Health have changed names to the new carrier Kaiser Permanente of Washington (KPWA) to crosswalk the previously reported results.

Executive Summary

Overall our analysis continues to demonstrate the general pattern that subscribers in the Uniform Medical Plan (UMP) CDHP and KPWA CDHP plans pay a higher monthly premium contribution than what is actuarially supported by a hindsight review of their claims and risk profile. This in turn lowers the employee contribution for subscribers in the UMP Classic, KPWA Classic, and KPWA Value plans, which is lower than what is actuarially supported by the subscriber's claims and risk profile. This impact is due to the complex mechanics of the bid rate development and employee contribution methodology utilized by PEBB. These items are discussed in more detail later in this report.

In this report, for the first time, we are including the results from the new accountable care program (ACP) and related plans. These plans began in 2016. With only a single year of data it is difficult to draw general conclusions at this time for these plans. In 2016 the UMP Plus members payed slightly less than they would have under a hindsight review. This analysis does not consider the accountable care network (ACN) penalties that ultimately lower the premium contributions. The KPWA Sound Choice members paid significantly more than they would have under this hindsight review.

The under- and over-payments in the CDHP and non-CDHP plans had generally been stabilizing and decreasing as the claims and membership mature for the CDHPs, but the introduction of the ACP plans has brought back variation for the results in 2016. As the CDHPs and ACP plans continue to mature and grow, we expect the projections underlying the employee contributions will continue to increase in accuracy and stability, and thus the under- and over-payment caused by the introduction of the CDHPs and the ACP plans should further decrease.

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 the KPWA and UMP CDHP and ACP benefit plans into the PEBB portfolio starting in 2012 for CDHP and 2016 for ACP. 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.

Analysis

We have organized the following sections of our analysis to correspond with the three RCW requirements: Utilization and Cost Trends, Demographics, and Impact of CDHP on Other Plans.

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 allowed 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.

Synthesis of Results for Utilization and Cost Trends and Demographics:

Several important conclusions can be drawn from the data presented in Exhibits 1 and 2, and are listed below for your consideration.

- The presence of the CDHPs and ACP plans is driving a lower claims trend – Although the trend for the CDHPs has been relatively volatile over the past several years and there is currently not enough data to calculate a trend for the ACP plans, the migration of members into these low-cost plan options has driven lower trends across the entire PEBB non-Medicare pool. This is seen on Exhibit 1, where the trend shown for all plans is low. In fact, in 2014 to 2015 and again in 2015 to 2016, the all plans calculated average trend is lower than either the total average CDHP trend or the total average Classic and Value trend. This is likely due to program savings as members move into these lower average cost plan alternatives.

- Pharmacy claims have experienced volatile trends recently – Nearly all plans had a double digit pharmacy claim trend from 2014 to 2015, which is much higher than the average medical claim trend from the same time period. Pharmacy trends were lower from 2015 to 2016, and more in line with long term average trend rates.
- The CDHP and ACP members are generally younger than Classic and Value members – The demographic summaries by age band in Exhibit 2 show that CDHP and ACP members are significantly younger on average than Classic and Value members. There do not appear to be significant differences in the gender or member type makeup of the CDHP or ACP members compared to the Classic and Value members.
- Membership in CDHPs continues to grow – The member month totals by plan in Exhibit 1 show that the CDHP membership continues to grow through 2016, while the Classic and Value enrollment remains relatively constant, even with the addition of the ACP plans.
- The demographic profile of the CDHP, ACP, and Classic and Value members is relatively stable – The demographic distributions in Exhibit 2 vary significantly from plan to plan, but they do not vary significantly from year to year within each plan.

Impact of CDHP and ACP on Other Plans:

The impact that enrollment on the CDHPs and ACP plans has had for those members that have elected to remain enrolled within the other plan options, as measured by the differences between the actual and modeled bid rates, is displayed in Table 1 below as well as in column (L) of the attached Exhibit 3b. A negative impact implies that members in the plan are underpaying compared to what we have modeled within the analysis for this report. A positive impact implies that members are overpaying compared to what we have modeled in the analysis for this report. This impact could be based on material differences in plan richness, administrative costs, unit costs, or morbidity of the plan specific populations that are not accounted for within the procurement risk score model, or the other factors (such as actual to expected pricing variation) used in the calculation of modeled bid rates with the hindsight of plan experience.

Plan	2014	2015	2016
UMP CDHP	\$30.40	\$17.75	\$31.39
UMP Plus			(0.33)
UMP Classic	(0.93)	0.78	2.88
KPWA CDHP	79.29	34.51	(1.83)
KPWA Sound Choice			92.75
KPWA Value	(2.63)	5.43	(4.07)
KPWA Classic	2.10	3.33	(5.24)
CDHP Totals	40.21	21.71	24.93
Accountable Care Totals			12.45
Classic and Value Totals	(0.77)	1.91	0.57
All Plans	\$1.02	\$3.86	\$2.23

The way we model impacts to the bid rates for this analysis does not target a net zero impact, where each dollar of overpayment in one plan corresponds to a dollar of underpayment in another plan. This can be seen in the non-zero total in the All Plans row of Table 1. Instead, we are measuring how the actual

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payments determined in the historical process of procurement compare to a theoretical bid rate each plan would require under the benefit of hindsight though using the claims and risk score information available to us now.

In comparing the impact of each plan, it can be instructive to compare the plan specific impact to the All Plan impact for each year to assess whether a plan over- or under-paid compared to the average over- or under-payment of the entire program. For example, although the 2015 UMP Classic impact is positive, it is smaller than the impact calculated for all plans, indicating that employees in this plan are overpaying less than the average PEBB non-Medicare employee. The difference between the modeled and actual employee contribution for UMP Classic can most likely be attributed to differences between actual and projected experience as well as the morbidity factors that are not captured by the risk score models used in this analysis. The 2016 UMP Classic impact is larger than the impact for all plans, but this is likely due to the introduction of the ACP plan, UMP Plus, and will likely be reduced as the plan matures.

The impact of the KPWA CDHP and KPWA Sound Choice plans on the KPWA Classic and Value plans is complicated by the fact that there is significant selection bias between the Classic and Value plans and that during procurement KPWA is allowed to actively manage the relative margin within the bid rates of each plan in order to target certain contribution levels while maintaining budget neutrality for the risk adjustment process. The selection bias between these two plans makes it difficult to isolate the impact that any one plan has on any of the other plans. We would recommend focusing on the UMP results, which give a clearer picture of the CDHP, ACP, and Classic program impacts.

One interpretation of the KPWA process is to focus only on the KPWA CDHP and ACP related plan, KPWA Sound Choice, impacts. As with other plan specific impacts, a positive CDHP or Sound Choice impact, means the employees are paying a higher contribution than what was actually needed. The KPWA CDHP had a positive impact in 2014 and 2015 and a slight negative impact in 2016, which means that the Value and Classic plan members were paying lower contributions in 2014 and 2015 due to the KPWA CDHP. For 2016, the slight negative impact for the CDHP is offset by the very high SoundChoice impact and the Value and Classic plan members pay a lower contribution in 2016 because of this. It is the relative spread of the impacts across all four plans which creates complexity in interpretation of the results.

The results reported in this analysis for 2014 and 2015 have changed slightly from the report released in 2016 due to three reasons.

- 1) The underlying experience data is slightly different as we have continued to receive claims paid in recent months but incurred in 2014 and 2015. Additionally, some retroactive changes have been made to the claims and eligibility information.
- 2) The concurrent risk score model relied upon for this analysis is again the most recent version of the Verisk DxCG risk score model. This concurrent model is the same model used for the prospective risk scores in the bid rate development.
- 3) An updated medical loss ratio (MLR) was used to convert modeled allowed dollars to modeled paid dollars. The MLR is the projected MLR from the 2017 bids and varies by plan. The same MLR is used for all historical years, in order to not introduce additional variation in the measured impacts due to real or expected changes in the MLR over time.

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 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 for state employees 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; state active 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.

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 more narrow range of values. The CDHPs have been offered with rates that are significantly lower than the Classic and Value plans, which caused aggregate bid rate volume 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 for plans like CDHPs. 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 CDHP bid rates in 2012.

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. The timeline for the ACP plans is identical. In 2016, plan specific information was not available for claims costs or risk scores. As we move to future years of this report, for 2017 the ACP plans were able to be priced using plan specific risk scores and finally in 2018 the ACP plans will have been priced using plan specific risk scores and experience.

We expect claims costs to change as any health plan matures. In 2015 and 2016, the CDHPs were again able to be priced using plan specific risk scores and experience. Of all of the years included in this analysis, 2016 should give the best picture of what the impact on the existing plans will look like going forward; however, the magnitude or direction of the impact may change as the plans continue to mature and as the plan offerings change like they did in 2016 with the new ACP plans.

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 and ACPs on Members in Other Plans

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

Exhibits 3a and 3b show the development of the modeled employee contribution. In Exhibit 3a 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). 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. 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 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 2017 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 scaled to the original payment rate at the carrier level. The resulting scaled modeled payment rate per adult unit per month (PAUPM) is shown in (G), and is 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 (including the additional contribution for Wellness members in 2015 and on) in (D) are added to 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.

As we noted previously, the concurrent risk scores used to create the modeled amounts for this report are completely independent from the prospective risk scores used in the bid development process. The concurrent risk score for a given year predicts claim cost for that year using diagnosis data from that year. The prospective risk score used in the bid development process predicts claim costs for the bid year using 12 months of diagnosis data from 15 months prior to the bid year. For example, the 2016 bid year prospective risk score is based on diagnosis information from October 2014 through September 2015, while the 2016 concurrent risk score is based on diagnosis information from CY2016. Further complicating the discussion is that the prospective risk score model is calibrated to estimate the cost for the 12 months immediately following the diagnosis information. The way they are currently being used in the bid development process introduces a fifteen month gap between the diagnosis period and the projected period. Because there can be meaningful differences between the prospective risk scores used during development of the actual bid rate and the concurrent risk scores used to create the modeled bid rate for this report, we attempted to separately quantify the difference between the actual and modeled amounts due solely to this risk score change. This impact is shown in column (J). The remaining impact from all other sources is found in column (K). The total impact is the sum of these two items, shown in column (L).

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

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 and assumptions is provided below.

Exclusions of Kaiser Permanente of the Northwest:

Due to the low enrollment in the Kaiser Permanente of the Northwest (KPNW) CDHP, the results for this plan were not deemed credible and are not displayed in this report.

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.

Claims Information:

Quarterly medical claim information is provided to Milliman by each of the major carriers (KPWA, KPNW, and Regence for UMP plans). MODA provides monthly pharmacy files. This data is compiled, grouped, and summarized by Milliman. We rely upon this information without audit and review only for reasonableness relative to other experience reports. The claims data used for this analysis include claims paid through March 2017, with an adjustment for IBNP made to account for runoff.

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 Verisk DxCG risk adjustment model 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 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 us a call if you have any questions regarding the material presented in this report.

Sincerely,



Ben Diederich, FSA, MAAA
Consulting Actuary



David Koenig, FSA, MAAA
Actuary

PEBB - Exhibit 1
CDHP LEG Report
PEBB Health Plan Cost and Service Utilization Trends for 2013 Through 2016
Non-Medicare Risk Pool

Allowed Claims PMPM				2013			2014			2015			2016		
Plan	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
Uniform Medical Plan CDHP	\$189.71	\$22.04	\$211.75	\$188.65	\$23.36	\$212.02	\$207.13	\$27.62	\$234.75	\$204.70	\$29.81	\$234.51	\$204.70	\$29.81	\$234.51
Uniform Medical Plan Classic	\$382.07	\$75.96	\$458.03	\$397.03	\$79.76	\$476.79	\$408.90	\$90.11	\$499.00	\$421.54	\$98.91	\$520.46	\$421.54	\$98.91	\$520.46
Uniform Medical Plan Plus										\$319.40	\$57.72	\$377.12	\$319.40	\$57.72	\$377.12
Kaiser Permanente of Washington CDHP	\$156.66	\$17.18	\$173.83	\$136.64	\$13.02	\$149.66	\$181.84	\$14.26	\$196.10	\$202.81	\$13.96	\$216.77	\$202.81	\$13.96	\$216.77
Kaiser Permanente of Washington Sound Choice										\$169.08	\$23.05	\$192.13	\$169.08	\$23.05	\$192.13
Kaiser Permanente of Washington Value	\$298.12	\$36.50	\$334.62	\$294.31	\$41.17	\$335.49	\$296.45	\$47.29	\$343.74	\$297.43	\$51.58	\$349.01	\$297.43	\$51.58	\$349.01
Kaiser Permanente of Washington Classic	\$414.03	\$63.61	\$477.64	\$430.08	\$73.14	\$503.23	\$447.00	\$80.46	\$527.46	\$438.18	\$85.07	\$523.25	\$438.18	\$85.07	\$523.25
All CDHP	\$184.02	\$21.21	\$205.23	\$178.29	\$21.30	\$199.59	\$201.70	\$24.75	\$226.45	\$204.29	\$26.39	\$230.69	\$204.29	\$26.39	\$230.69
All Accountable Care										\$298.61	\$52.92	\$351.53	\$298.61	\$52.92	\$351.53
All Classic and Value	\$367.99	\$65.68	\$433.67	\$378.77	\$70.50	\$449.26	\$390.48	\$80.00	\$470.48	\$399.16	\$87.76	\$486.92	\$399.16	\$87.76	\$486.92
All Plans	\$358.05	\$63.27	\$421.33	\$366.56	\$67.50	\$434.07	\$377.58	\$76.23	\$453.80	\$364.79	\$78.84	\$443.63	\$364.79	\$78.84	\$443.63

Paid Claims PMPM				2013			2014			2015			2016		
Plan	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
Uniform Medical Plan CDHP	\$133.04	\$13.33	\$146.37	\$133.87	\$14.72	\$148.58	\$149.37	\$18.48	\$167.85	\$146.42	\$20.72	\$167.14	\$146.42	\$20.72	\$167.14
Uniform Medical Plan Classic	\$327.92	\$64.55	\$392.46	\$344.12	\$68.94	\$413.06	\$358.17	\$79.79	\$437.96	\$370.46	\$88.57	\$459.03	\$370.46	\$88.57	\$459.03
Uniform Medical Plan Plus										\$275.21	\$52.42	\$327.62	\$275.21	\$52.42	\$327.62
Kaiser Permanente of Washington CDHP	\$93.81	\$10.88	\$104.69	\$86.14	\$7.15	\$93.29	\$129.11	\$8.47	\$137.57	\$153.58	\$8.54	\$162.12	\$153.58	\$8.54	\$162.12
Kaiser Permanente of Washington Sound Choice				\$141.06	\$18.33	\$159.40									
Kaiser Permanente of Washington Value	\$236.49	\$27.44	\$263.92	\$246.32	\$32.92	\$279.23	\$256.04	\$39.19	\$295.23	\$263.05	\$44.00	\$307.04	\$263.05	\$44.00	\$307.04
Kaiser Permanente of Washington Classic	\$343.75	\$48.41	\$392.16	\$376.98	\$59.44	\$436.42	\$396.33	\$67.35	\$463.69	\$406.20	\$73.10	\$479.31	\$406.20	\$73.10	\$479.31
All CDHP	\$126.29	\$12.91	\$139.20	\$124.35	\$13.21	\$137.56	\$145.02	\$16.33	\$161.35	\$147.96	\$18.09	\$166.06	\$147.96	\$18.09	\$166.06
All Accountable Care			\$256.65	\$47.70	\$304.36										
All Classic and Value	\$310.04	\$54.27	\$364.31	\$326.90	\$59.87	\$386.78	\$341.89	\$69.79	\$411.68	\$353.86	\$77.75	\$431.61	\$353.86	\$77.75	\$431.61
All Plans	\$300.11	\$52.04	\$352.15	\$314.57	\$57.03	\$371.61	\$328.44	\$66.14	\$394.58	\$320.95	\$69.46	\$390.41	\$320.95	\$69.46	\$390.41

Member Months				
Plan	2013	2014	2015	2016
Uniform Medical Plan CDHP	140,226	154,330	170,358	185,600
Uniform Medical Plan Classic	1,919,615	1,949,598	1,967,117	1,894,098
Uniform Medical Plan Plus				139,027
Kaiser Permanente of Washington CDHP	29,124	38,412	46,570	50,956
Kaiser Permanente of Washington Sound Choice				22,314
Kaiser Permanente of Washington Value	648,430	649,459	612,661	556,988
Kaiser Permanente of Washington Classic	397,078	374,787	378,036	365,675
All CDHP	169,350	192,742	216,928	236,556
All Accountable Care				161,341
All Classic and Value	2,965,123	2,973,844	2,957,814	2,816,761
All Plans	3,134,473	3,166,586	3,174,742	3,214,658

Utilization Per 1,000				2013			2014			2015			2016		
Plan	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
Uniform Medical Plan CDHP	35,906	5,266	41,172	36,990	5,294	42,284	42,090	5,405	47,496	40,850	5,508	46,358	40,850	5,508	46,358
Uniform Medical Plan Classic	79,931	13,026	92,957	83,657	12,834	96,491	91,246	12,811	104,057	91,079	13,204	104,284	91,079	13,204	104,284
Uniform Medical Plan Plus										67,557	8,090	75,648	67,557	8,090	75,648
Kaiser Permanente of Washington CDHP	25,360	4,546	29,906	22,181	3,974	26,155	29,141	3,858	32,999	31,217	3,919	35,136	31,217	3,919	35,136
Kaiser Permanente of Washington Sound Choice										29,211	5,550	34,761	29,211	5,550	34,761
Kaiser Permanente of Washington Value	49,874	8,802	58,675	49,901	8,703	58,604	53,446	8,509	61,955	55,130	8,877	64,007	55,130	8,877	64,007
Kaiser Permanente of Washington Classic	71,689	14,597	86,286	71,349	14,524	85,873	84,363	13,699	98,062	80,570	13,620	94,191	80,570	13,620	94,191
All CDHP	34,093	5,142	39,234	34,038	5,031	39,070	39,311	5,073	44,383	38,775	5,166	43,940	38,775	5,166	43,940
All Accountable Care										62,254	7,739	69,993	62,254	7,739	69,993
All Classic and Value	72,254	12,313	84,567	74,734	12,145	86,878	82,537	12,033	94,570	82,606	12,403	95,009	82,606	12,403	95,009
All Plans	70,192	11,925	82,117	72,257	11,712	83,968	79,583	11,558	91,141	78,359	11,636	89,996	78,359	11,636	89,996

PEBB - Exhibit 1
CDHP LEG Report
PEBB Health Plan Cost and Service Utilization Trends for 2013 Through 2016
Non-Medicare Risk Pool

Utilization Trend									
Plan	2013 to 2014			2014 to 2015			2015 to 2016		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
Uniform Medical Plan CDHP	3.0%	0.5%	2.7%	13.8%	2.1%	12.3%	-2.9%	1.9%	-2.4%
Uniform Medical Plan Classic	4.7%	-1.5%	3.8%	9.1%	-0.2%	7.8%	-0.2%	3.1%	0.2%
Uniform Medical Plan Plus									
Kaiser Permanente of Washington CDHP	-12.5%	-12.6%	-12.5%	31.4%	-2.9%	26.2%	7.1%	1.6%	6.5%
Kaiser Permanente of Washington Sound Choice									
Kaiser Permanente of Washington Value	0.1%	-1.1%	-0.1%	7.1%	-2.2%	5.7%	3.2%	4.3%	3.3%
Kaiser Permanente of Washington Classic	-0.5%	-0.5%	-0.5%	18.2%	-5.7%	14.2%	-4.5%	-0.6%	-3.9%
All CDHP	-0.2%	-2.2%	-0.4%	15.5%	0.8%	13.6%	-1.4%	1.8%	-1.0%
All Accountable Care									
All Classic and Value	3.4%	-1.4%	2.7%	10.4%	-0.9%	8.9%	0.1%	3.1%	0.5%
All Plans	2.9%	-1.8%	2.3%	10.1%	-1.3%	8.5%	-1.5%	0.7%	-1.3%

Unit Cost and Mix Trend									
Plan	2013 to 2014			2014 to 2015			2015 to 2016		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
Uniform Medical Plan CDHP	-3.5%	5.4%	-2.5%	-3.5%	15.8%	-1.4%	1.8%	5.9%	2.4%
Uniform Medical Plan Classic	-0.7%	6.6%	0.3%	-5.6%	13.2%	-3.0%	3.3%	6.5%	4.1%
Uniform Medical Plan Plus									
Kaiser Permanente of Washington CDHP	-0.3%	-13.3%	-1.6%	1.3%	12.9%	3.9%	4.1%	-3.6%	3.8%
Kaiser Permanente of Washington Sound Choice									
Kaiser Permanente of Washington Value	-1.3%	14.1%	0.4%	-6.0%	17.5%	-3.1%	-2.7%	4.5%	-1.7%
Kaiser Permanente of Washington Classic	4.4%	15.6%	5.9%	-12.1%	16.6%	-8.2%	2.6%	6.4%	3.3%
All CDHP	-3.0%	2.7%	-2.3%	-2.0%	15.2%	-0.1%	2.7%	4.7%	2.9%
All Accountable Care									
All Classic and Value	-0.5%	8.8%	0.8%	-6.7%	14.5%	-3.8%	2.1%	6.4%	3.0%
All Plans	-0.5%	8.6%	0.8%	-6.5%	14.4%	-3.7%	-1.9%	2.7%	-1.0%

Total Allowed PMPM Trend									
Plan	2013 to 2014			2014 to 2015			2015 to 2016		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
Uniform Medical Plan CDHP	-0.6%	6.0%	0.1%	9.8%	18.2%	10.7%	-1.2%	7.9%	-0.1%
Uniform Medical Plan Classic	3.9%	5.0%	4.1%	3.0%	13.0%	4.7%	3.1%	9.8%	4.3%
Uniform Medical Plan Plus									
Kaiser Permanente of Washington CDHP	-12.8%	-24.2%	-13.9%	33.1%	9.5%	31.0%	11.5%	-2.1%	10.5%
Kaiser Permanente of Washington Sound Choice									
Kaiser Permanente of Washington Value	-1.3%	12.8%	0.3%	0.7%	14.9%	2.5%	0.3%	9.1%	1.5%
Kaiser Permanente of Washington Classic	3.9%	15.0%	5.4%	3.9%	10.0%	4.8%	-2.0%	5.7%	-0.8%
All CDHP	-3.1%	0.4%	-2.7%	13.1%	16.2%	13.5%	1.3%	6.6%	1.9%
All Accountable Care									
All Classic and Value	2.9%	7.3%	3.6%	3.1%	13.5%	4.7%	2.2%	9.7%	3.5%
All Plans	2.4%	6.7%	3.0%	3.0%	12.9%	4.5%	-3.4%	3.4%	-2.2%

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

Demographic Group	Average Members*											
	Uniform Medical Plan CDHP				Uniform Medical Plan Classic				Uniform Medical Plan Plus			
	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Gender												
Male	5,612	6,188	6,807	7,397	73,647	74,845	75,579	72,868	-	-	-	5,196
Female	6,073	6,673	7,390	8,069	86,321	87,621	88,347	84,973	-	-	-	6,389
Total	11,686	12,861	14,197	15,467	159,968	162,467	163,926	157,842	-	-	-	11,586
Age Band												
Under 25	4,314	4,683	5,111	5,514	49,827	51,212	51,905	49,972	-	-	-	3,762
25 to 29	755	981	1,093	1,243	7,032	7,436	7,787	7,766	-	-	-	852
30 to 34	901	1,086	1,271	1,418	9,240	9,671	9,795	9,260	-	-	-	1,144
35 to 39	992	1,096	1,229	1,422	10,492	10,785	11,231	10,969	-	-	-	1,107
40 to 44	1,076	1,107	1,217	1,294	12,016	12,026	11,983	11,293	-	-	-	967
45 to 49	974	1,057	1,183	1,312	12,928	13,203	13,438	13,150	-	-	-	973
50 to 54	1,000	1,047	1,123	1,155	15,215	15,027	14,762	13,862	-	-	-	803
55 to 59	926	970	1,035	1,109	17,577	17,072	16,767	15,966	-	-	-	867
60 to 64	667	744	824	856	18,675	18,603	18,456	17,779	-	-	-	777
Over 65	81	91	112	143	6,965	7,432	7,804	7,825	-	-	-	334
Total	11,686	12,861	14,197	15,467	159,968	162,467	163,926	157,842	-	-	-	11,586
Member Type												
Employee	5,146	5,774	6,537	7,220	77,309	78,451	79,577	76,991	-	-	-	5,765
Dependent	6,540	7,087	7,660	8,247	82,659	84,016	84,349	80,851	-	-	-	5,820
Total	11,686	12,861	14,197	15,467	159,968	162,467	163,926	157,842	-	-	-	11,586
Avg Demographic Factor**	0.943	0.937	0.937	0.933	1.147	1.142	1.138	1.139	-	-	-	1.007

*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											
	Uniform Medical Plan CDHP				Uniform Medical Plan Classic				Uniform Medical Plan Plus			
	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Gender												
Male	48%	48%	48%	48%	46%	46%	46%	46%	na	na	na	45%
Female	52%	52%	52%	52%	54%	54%	54%	54%	na	na	na	55%
Age Band												
Under 25	37%	36%	36%	36%	31%	32%	32%	32%	na	na	na	32%
25 to 29	6%	8%	8%	8%	4%	5%	5%	5%	na	na	na	7%
30 to 34	8%	8%	9%	9%	6%	6%	6%	6%	na	na	na	10%
35 to 39	8%	9%	9%	9%	7%	7%	7%	7%	na	na	na	10%
40 to 44	9%	9%	9%	8%	8%	7%	7%	7%	na	na	na	8%
45 to 49	8%	8%	8%	8%	8%	8%	8%	8%	na	na	na	8%
50 to 54	9%	8%	8%	7%	10%	9%	9%	9%	na	na	na	7%
55 to 59	8%	8%	7%	7%	11%	11%	10%	10%	na	na	na	7%
60 to 64	6%	6%	6%	6%	12%	11%	11%	11%	na	na	na	7%
Over 65	1%	1%	1%	1%	4%	5%	5%	5%	na	na	na	3%
Member Type												
Employee	44%	45%	46%	47%	48%	48%	49%	49%	na	na	na	50%
Dependent	56%	55%	54%	53%	52%	52%	51%	51%	na	na	na	50%

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

		Average Members*															
		Kaiser Permanente of Washington CDHP				Kaiser Permanente of Washington Sound Choice				Kaiser Permanente of Washington Value				Kaiser Permanente of Washington Classic			
Demographic Group		2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Gender																	
	Male	1,167	1,563	1,907	2,096	-	-	-	862	25,634	25,618	24,197	21,953	15,812	14,892	15,000	14,463
	Female	1,260	1,638	1,974	2,151	-	-	-	997	28,402	28,504	26,858	24,463	17,278	16,340	16,503	16,010
	Total	2,427	3,201	3,881	4,246	-	-	-	1,860	54,036	54,122	51,055	46,416	33,090	31,232	31,503	30,473
Age Band																	
	Under 25	903	1,161	1,341	1,449	-	-	-	619	18,797	18,883	17,621	15,879	9,980	9,384	9,547	9,132
	25 to 29	231	323	455	481	-	-	-	166	3,676	3,624	3,309	2,908	1,360	1,307	1,427	1,541
	30 to 34	213	327	440	507	-	-	-	209	4,471	4,608	4,432	3,883	1,676	1,646	1,774	1,817
	35 to 39	212	289	330	372	-	-	-	168	4,229	4,363	4,231	3,861	1,887	1,809	1,950	1,957
	40 to 44	213	286	343	339	-	-	-	164	4,478	4,408	4,063	3,630	2,308	2,144	2,109	2,010
	45 to 49	195	236	273	311	-	-	-	162	4,182	4,125	4,044	3,796	2,559	2,406	2,420	2,394
	50 to 54	162	218	272	316	-	-	-	115	4,457	4,415	4,119	3,702	3,397	3,121	3,022	2,804
	55 to 59	165	192	223	238	-	-	-	109	4,512	4,415	4,180	3,927	4,091	3,762	3,647	3,388
	60 to 64	120	149	176	196	-	-	-	106	4,064	4,033	3,829	3,563	4,098	3,912	3,869	3,742
	Over 65	13	21	29	37	-	-	-	43	1,171	1,248	1,228	1,269	1,734	1,742	1,739	1,688
	Total	2,427	3,201	3,881	4,246	-	-	-	1,860	54,036	54,122	51,055	46,416	33,090	31,232	31,503	30,473
Member Type																	
	Employee	1,144	1,528	1,942	2,166	-	-	-	929	24,751	24,943	23,892	21,809	16,348	15,539	15,787	15,480
	Dependent	1,283	1,673	1,939	2,080	-	-	-	931	29,284	29,178	27,164	24,607	16,742	15,693	15,716	14,993
	Total	2,427	3,201	3,881	4,246	-	-	-	1,860	54,036	54,122	51,055	46,416	33,090	31,232	31,503	30,473
Avg Demographic Factor**		0.898	0.888	0.887	0.893	-	-	-	0.952	1.002	1.001	1.005	1.018	1.188	1.192	1.180	1.176

*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.

		Distribution Within Each Plan															
		Kaiser Permanente of Washington CDHP				Kaiser Permanente of Washington Sound Choice				Kaiser Permanente of Washington Value				Kaiser Permanente of Washington Classic			
Demographic Group		2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Gender																	
	Male	48%	49%	49%	49%	na	na	na	46%	47%	47%	47%	47%	48%	48%	48%	47%
	Female	52%	51%	51%	51%	na	na	na	54%	53%	53%	53%	53%	52%	52%	52%	53%
Age Band																	
	Under 25	37%	36%	35%	34%	na	na	na	33%	35%	35%	35%	34%	30%	30%	30%	30%
	25 to 29	10%	10%	12%	11%	na	na	na	9%	7%	7%	6%	6%	4%	4%	5%	5%
	30 to 34	9%	10%	11%	12%	na	na	na	11%	8%	9%	9%	8%	5%	5%	6%	6%
	35 to 39	9%	9%	9%	9%	na	na	na	9%	8%	8%	8%	8%	6%	6%	6%	6%
	40 to 44	9%	9%	9%	8%	na	na	na	9%	8%	8%	8%	8%	7%	7%	7%	7%
	45 to 49	8%	7%	7%	7%	na	na	na	9%	8%	8%	8%	8%	8%	8%	8%	8%
	50 to 54	7%	7%	7%	7%	na	na	na	6%	8%	8%	8%	8%	10%	10%	10%	9%
	55 to 59	7%	6%	6%	6%	na	na	na	6%	8%	8%	8%	8%	12%	12%	12%	11%
	60 to 64	5%	5%	5%	5%	na	na	na	6%	8%	7%	8%	8%	12%	13%	12%	12%
	Over 65	1%	1%	1%	1%	na	na	na	2%	2%	2%	2%	3%	5%	6%	6%	6%
Member Type																	
	Employee	47%	48%	50%	51%	na	na	na	50%	46%	46%	47%	47%	49%	50%	50%	51%
	Dependent	53%	52%	50%	49%	na	na	na	50%	54%	54%	53%	53%	51%	50%	50%	49%

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

Demographic Group	Average Members*															
	All CDHP				All Accountable Care				All Classic and Value				All Plans			
	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Gender																
Male	6,779	7,750	8,714	9,493	-	-	-	6,058	115,093	115,356	114,776	109,284	121,872	123,106	123,490	124,835
Female	7,333	8,311	9,364	10,220	-	-	-	7,387	132,000	132,465	131,708	125,447	139,334	140,776	141,072	143,053
Total	14,113	16,062	18,077	19,713	-	-	-	13,445	247,094	247,820	246,485	234,730	261,206	263,882	264,562	267,888
Age Band																
Under 25	5,216	5,843	6,452	6,963	-	-	-	4,381	78,604	79,479	79,072	74,984	83,820	85,322	85,524	86,328
25 to 29	986	1,304	1,547	1,725	-	-	-	1,017	12,069	12,366	12,523	12,215	13,055	13,670	14,070	14,957
30 to 34	1,115	1,412	1,711	1,924	-	-	-	1,352	15,388	15,924	16,002	14,959	16,503	17,336	17,713	18,235
35 to 39	1,204	1,384	1,559	1,794	-	-	-	1,275	16,608	16,957	17,412	16,787	17,812	18,342	18,971	19,857
40 to 44	1,289	1,393	1,560	1,633	-	-	-	1,132	18,801	18,578	18,154	16,932	20,090	19,971	19,713	19,696
45 to 49	1,169	1,294	1,456	1,623	-	-	-	1,136	19,669	19,734	19,902	19,340	20,838	21,027	21,358	22,098
50 to 54	1,162	1,265	1,394	1,472	-	-	-	917	23,070	22,563	21,903	20,368	24,232	23,828	23,297	22,756
55 to 59	1,091	1,162	1,257	1,347	-	-	-	976	26,179	25,249	24,594	23,281	27,270	26,412	25,851	25,604
60 to 64	786	892	999	1,052	-	-	-	883	26,837	26,548	26,154	25,084	27,623	27,440	27,154	27,019
Over 65	94	112	141	180	-	-	-	377	9,870	10,422	10,770	10,782	9,963	10,533	10,911	11,339
Total	14,113	16,062	18,077	19,713	-	-	-	13,445	247,094	247,820	246,485	234,730	261,206	263,882	264,562	267,888
Member Type																
Employee	6,290	7,303	8,478	9,386	-	-	-	6,694	118,409	118,933	119,256	114,279	124,699	126,236	127,734	130,359
Dependent	7,822	8,759	9,599	10,327	-	-	-	6,751	128,685	128,887	127,229	120,451	136,507	137,646	136,828	137,529
Total	14,113	16,062	18,077	19,713	-	-	-	13,445	247,094	247,820	246,485	234,730	261,206	263,882	264,562	267,888
Avg Demographic Factor**	0.935	0.927	0.926	0.924	-	-	-	0.999	1.121	1.117	1.116	1.120	1.111	1.106	1.103	1.099

*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 Accountable Care				All Classic and Value				All Plans			
	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Gender																
Male	48%	48%	48%	48%	na	na	na	45%	47%	47%	47%	47%	47%	47%	47%	47%
Female	52%	52%	52%	52%	na	na	na	55%	53%	53%	53%	53%	53%	53%	53%	53%
Age Band																
Under 25	37%	36%	36%	35%	na	na	na	33%	32%	32%	32%	32%	32%	32%	32%	32%
25 to 29	7%	8%	9%	9%	na	na	na	8%	5%	5%	5%	5%	5%	5%	5%	6%
30 to 34	8%	9%	9%	10%	na	na	na	10%	6%	6%	6%	6%	6%	7%	7%	7%
35 to 39	9%	9%	9%	9%	na	na	na	9%	7%	7%	7%	7%	7%	7%	7%	7%
40 to 44	9%	9%	9%	8%	na	na	na	8%	8%	7%	7%	7%	8%	8%	7%	7%
45 to 49	8%	8%	8%	8%	na	na	na	8%	8%	8%	8%	8%	8%	8%	8%	8%
50 to 54	8%	8%	8%	7%	na	na	na	7%	9%	9%	9%	9%	9%	9%	9%	8%
55 to 59	8%	7%	7%	7%	na	na	na	7%	11%	10%	10%	10%	10%	10%	10%	10%
60 to 64	6%	6%	6%	5%	na	na	na	7%	11%	11%	11%	11%	11%	10%	10%	10%
Over 65	1%	1%	1%	1%	na	na	na	3%	4%	4%	4%	5%	4%	4%	4%	4%
Member Type																
Employee	45%	45%	47%	48%	na	na	na	50%	48%	48%	48%	49%	48%	48%	48%	49%
Dependent	55%	55%	53%	52%	na	na	na	50%	52%	52%	52%	51%	52%	52%	52%	51%

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

		Year 2014							
Carrier	Plan	(A) Carrier Allowed PMPM	(B) Concurrent Risk Score	(C) Paid / Allowed	(D) Modeled Paid PMPM	(E) Target Medical Loss Ratio	(F) Modeled Payment PMPM	(G) Scaled Modeled Payment PAUPM	(H) Original Payment PAUPM
UMP	Uniform Medical Plan CDHP	\$457.37	0.52	0.70	\$166.09	91.2%	\$182.20	\$257.46	\$231.20
UMP	Uniform Medical Plan Classic	\$457.37	1.04	0.87	\$411.67	96.4%	\$426.94	\$579.91	\$581.91
KPNWA	Kaiser Permanente of Washington CDHP	\$387.93	0.45	0.62	\$107.86	80.4%	\$134.23	\$184.60	\$216.59
KPNWA	Kaiser Permanente of Washington Value	\$387.93	0.86	0.83	\$276.68	87.7%	\$315.52	\$432.71	\$435.91
KPNWA	Kaiser Permanente of Washington Classic	\$387.93	1.31	0.87	\$439.35	89.5%	\$491.16	\$650.36	\$641.85
All	CDHP Totals			0.69	\$154.48		\$172.64	\$242.84	\$228.27
All	Classic and Value Totals			0.86	\$385.68		\$410.70	\$557.48	\$558.39
All	All Plans			0.86	\$371.61		\$396.21	\$538.91	\$538.91

		Year 2015							
Carrier	Plan	(A) Carrier Allowed PMPM	(B) Concurrent Risk Score	(C) Paid / Allowed	(D) Modeled Paid PMPM	(E) Target Medical Loss Ratio	(F) Modeled Payment PMPM	(G) Scaled Modeled Payment PAUPM	(H) Original Payment PAUPM
UMP	Uniform Medical Plan CDHP	\$477.94	0.55	0.72	\$186.55	91.2%	\$204.65	\$283.91	\$263.01
UMP	Uniform Medical Plan Classic	\$477.94	1.04	0.88	\$436.34	96.4%	\$452.52	\$606.57	\$608.32
KPNWA	Kaiser Permanente of Washington CDHP	\$404.07	0.47	0.70	\$132.00	80.4%	\$164.27	\$217.93	\$217.16
KPNWA	Kaiser Permanente of Washington Value	\$404.07	0.86	0.86	\$297.37	87.7%	\$339.10	\$453.20	\$453.38
KPNWA	Kaiser Permanente of Washington Classic	\$404.07	1.30	0.88	\$460.92	89.5%	\$515.27	\$667.70	\$667.51
All	CDHP Totals			0.71	\$174.84		\$195.98	\$269.53	\$253.02
All	Classic and Value Totals			0.88	\$410.69		\$437.05	\$583.31	\$584.49
All	All Plans			0.87	\$394.58		\$420.57	\$562.40	\$562.40

		Year 2016							
Carrier	Plan	(A) Carrier Allowed PMPM	(B) Concurrent Risk Score	(C) Paid / Allowed	(D) Modeled Paid PMPM	(E) Target Medical Loss Ratio	(F) Modeled Payment PMPM	(G) Scaled Modeled Payment PAUPM	(H) Original Payment PAUPM
UMP	Uniform Medical Plan CDHP	\$487.56	0.54	0.71	\$186.38	91.2%	\$204.46	\$272.29	\$247.13
UMP	Uniform Medical Plan Plus	\$487.56	0.83	0.87	\$350.43	94.9%	\$369.43	\$473.71	\$480.89
UMP	Uniform Medical Plan Classic	\$487.56	1.06	0.88	\$455.47	96.4%	\$472.36	\$610.70	\$612.56
KPNWA	Kaiser Permanente of Washington CDHP	\$402.71	0.50	0.75	\$149.26	80.4%	\$185.75	\$244.48	\$189.39
KPNWA	Kaiser Permanente of Washington Sound Choice	\$402.71	0.58	0.83	\$194.87	87.8%	\$221.94	\$286.43	\$445.44
KPNWA	Kaiser Permanente of Washington Value	\$402.71	0.87	0.88	\$309.32	87.7%	\$352.74	\$468.58	\$465.19
KPNWA	Kaiser Permanente of Washington Classic	\$402.71	1.29	0.92	\$475.47	89.5%	\$531.53	\$682.34	\$685.16
All	CDHP Totals			0.72	\$178.38		\$200.43	\$266.22	\$234.53
All	All Accountable Care			0.87	\$328.91		\$349.03	\$447.85	\$475.99
All	Classic and Value Totals			0.89	\$429.17		\$456.39	\$592.58	\$593.55
All	All Plans			0.88	\$405.68		\$432.16	\$561.74	\$561.74

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

		Year 2014											
Carrier	Plan	(A) Scaled Modeled Payment PAUPM	(B) Prospective Risk Score	(C) Modeled Bid Rate PAUPM	(D) HSA and Wellness 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) Risk Score Gap Impact	(K) Other Impact	(L) Total Impact
UMP	Uniform Medical Plan CDHP	\$257.46	0.630	\$408.63	\$51.97	\$460.60	\$490.78	\$466.00	-\$5.40	\$25.00	\$71.41	-\$41.01	\$30.40
UMP	Uniform Medical Plan Classic	\$579.91	1.062	\$545.93	\$0.00	\$545.93	\$544.81	\$466.00	\$79.93	\$79.00	-\$6.69	\$5.76	-\$0.93
KPWA	Kaiser Permanente of Washington CDHP	\$184.60	0.522	\$353.73	\$52.99	\$406.71	\$486.17	\$466.00	-\$59.29	\$20.00	\$99.44	-\$20.16	\$79.29
KPWA	Kaiser Permanente of Washington Value	\$432.71	0.811	\$533.63	\$0.00	\$533.63	\$530.82	\$466.00	\$67.63	\$65.00	\$19.30	-\$21.93	-\$2.63
KPWA	Kaiser Permanente of Washington Classic	\$650.36	1.120	\$580.90	\$0.00	\$580.90	\$582.97	\$466.00	\$114.90	\$117.00	-\$35.61	\$37.70	\$2.10
All	All CDHP	\$242.84		\$397.61	\$52.17	\$449.79	\$489.85	\$466.00	-\$16.21	\$24.00	\$77.03	-\$36.82	\$40.21
All	Classic and Value Totals	\$557.48		\$547.77	\$0.00	\$547.77	\$546.69	\$466.00	\$81.77	\$81.00	-\$4.83	\$4.06	-\$0.77
All	All Plans	\$538.91		\$538.91	\$3.08	\$541.98	\$543.34	\$466.00	\$75.98	\$77.00	\$0.00	\$1.02	\$1.02

		Year 2015											
Carrier	Plan	(A) Scaled Modeled Payment PAUPM	(B) Prospective Risk Score	(C) Modeled Bid Rate PAUPM	(D) HSA and Wellness 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) Risk Score Gap Impact	(K) Other Impact	(L) Total Impact
UMP	Uniform Medical Plan CDHP	\$283.91	0.637	\$445.97	\$55.28	\$501.25	\$519.33	\$488.00	\$13.25	\$31.00	\$58.01	-\$40.26	\$17.75
UMP	Uniform Medical Plan Classic	\$606.57	1.062	\$571.22	\$0.00	\$571.22	\$572.26	\$488.00	\$83.22	\$84.00	-\$6.16	\$6.94	\$0.78
KPWA	Kaiser Permanente of Washington CDHP	\$217.93	0.517	\$421.80	\$56.69	\$478.49	\$513.00	\$488.00	-\$9.51	\$25.00	\$87.38	-\$52.87	\$34.51
KPWA	Kaiser Permanente of Washington Value	\$453.20	0.813	\$557.57	\$0.00	\$557.57	\$563.13	\$488.00	\$69.57	\$75.00	\$17.86	-\$12.43	\$5.43
KPWA	Kaiser Permanente of Washington Classic	\$667.70	1.129	\$591.67	\$0.00	\$591.67	\$594.55	\$488.00	\$103.67	\$107.00	-\$31.84	\$35.17	\$3.33
All	All CDHP	\$269.53		\$440.70	\$55.58	\$496.29	\$517.95	\$488.00	\$8.29	\$30.00	\$64.41	-\$42.70	\$21.71
All	Classic and Value Totals	\$583.31		\$571.09	\$0.00	\$571.09	\$573.29	\$488.00	\$83.09	\$85.00	-\$4.60	\$6.51	\$1.91
All	All Plans	\$562.40		\$562.40	\$3.74	\$566.14	\$569.60	\$488.00	\$78.14	\$82.00	\$0.00	\$3.86	\$3.86

		Year 2016											
Carrier	Plan	(A) Scaled Modeled Payment PAUPM	(B) Prospective Risk Score	(C) Modeled Bid Rate PAUPM	(D) HSA and Wellness 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) Risk Score Gap Impact	(K) Other Impact	(L) Total Impact
UMP	Uniform Medical Plan CDHP	\$272.29	0.647	\$421.11	\$55.50	\$476.61	\$508.47	\$487.00	-\$10.39	\$21.00	\$62.83	-\$31.44	\$31.39
UMP	Uniform Medical Plan Plus	\$473.71	0.867	\$546.33	\$0.00	\$546.33	\$546.37	\$487.00	\$59.33	\$59.00	-\$0.51	\$0.18	-\$0.33
UMP	Uniform Medical Plan Classic	\$610.70	1.075	\$568.12	\$0.00	\$568.12	\$570.75	\$487.00	\$81.12	\$84.00	-\$18.50	\$21.38	\$2.88
KPWA	Kaiser Permanente of Washington CDHP	\$244.48	0.538	\$454.05	\$56.78	\$510.83	\$508.80	\$487.00	\$23.83	\$22.00	\$75.16	-\$76.99	-\$1.83
KPWA	Kaiser Permanente of Washington Sound Choice	\$286.43	0.652	\$439.25	\$0.00	\$439.25	\$532.06	\$487.00	-\$47.75	\$45.00	\$87.54	\$5.21	\$92.75
KPWA	Kaiser Permanente of Washington Value	\$468.58	0.819	\$572.07	\$0.00	\$572.07	\$567.96	\$487.00	\$85.07	\$81.00	\$3.65	-\$7.72	-\$4.07
KPWA	Kaiser Permanente of Washington Classic	\$682.34	1.118	\$610.24	\$0.00	\$610.24	\$604.75	\$487.00	\$123.24	\$118.00	-\$42.35	\$37.11	-\$5.24
All	All CDHP	\$266.22		\$428.30	\$55.78	\$484.07	\$508.54	\$487.00	-\$2.93	\$22.00	\$65.52	-\$40.59	\$24.93
All	All Accountable Care	\$447.85		\$531.55	\$0.00	\$531.55	\$544.39	\$487.00	\$44.55	\$57.00	-\$0.86	\$13.31	\$12.45
All	Classic and Value Totals	\$592.58		\$574.43	\$0.00	\$574.43	\$574.69	\$487.00	\$87.43	\$88.00	-\$17.34	\$17.91	\$0.57
All	All Plans	\$561.74		\$561.74	\$4.04	\$565.77	\$568.39	\$487.00	\$78.77	\$81.00	-\$13.42	\$15.65	\$2.23