

Instructions for FEHB Rate Proposal

This file, combined with your documented cost of benefit changes, will constitute your FEHB rate proposal for 2023.

You must fully document all estimates with respect to assumptions and actuarial methodology.

Your submission is due on May 31.

Your submission should include the following:

If your plan has more than one option, rate each option as a separate plan and submit separate documentation for each option.

After reading the Instructions below, please start with Questions 1-6 on the 'Proposal Questions' sheet.

1. Data Request: Please answer all questions on the 'Data Request' sheet. If a question does not apply to your plan, please explain why.
2. Proposal Questions: Answer Questions 7-21 based on your completed Rate Proposal. Please answer every question. If a question does not apply to your plan, please explain why.
3. Rate Proposal: You should set your proposed rates so the sum of the ending special reserve balance plus the ending contingency reserve balance moves toward the reserve goal of three months of total outgo. If you project that your rates will not achieve this reserve goal as of December 31, 2023, please explain why your proposed rates are more reasonable than rates which would achieve the goal of three months in Question 21 in the 'Proposal Questions' sheet.

The Help worksheet describes most calculations and gives background on various terms used in the Rate Proposal. Click on any cell in the Rate Proposal to see the formula used.

4. HMO's must complete and submit months January through April of Table 3 - Health Benefit Charges Paid (Orange tab of this workbook). Health benefit charges paid should include all services, including capitation if applicable.
5. All plans must submit their 2nd Quarter Triangle Report by July 15th.

Proposal Submission

Your submission should be uploaded in the Excel format it is currently in. The worksheets are formatted so a readable printout can be obtained if you would require a hard copy for your records.

Your submission should be uploaded to us using the [FEHB Rate Submission Tool](#). For assistance uploading your rates, contact actuary@opm.gov.

If you have any questions, please contact Brenna Scheideman or Rebecca Kander at actuary@opm.gov.

FEHB Experience Rated Carrier Data Request

1. Enter your FEHBP plan option's Actuarial Value (AV) for In-Network Benefits for a Non-Medicare Enrollee** based on the Center for Medicare and Medicaid Services (CMS) 2022 Actuarial Value Calculator*** :

	2022	Expected 2023
In Network Non-Medicare Actuarial Value		

If you were unable to use CMS' 2022 Actuarial Value Calculator, briefly describe why you were unable to use the calculator and how you developed the AV value provided:

** A Non-Medicare enrollee is defined as one who has no Medicare coverage of any kind. A Medicare enrollee is defined as one who has Part A only, Part B only or both Part A and B of Medicare coverage.

*** CMS Actuarial Value Calculator can be found here: <http://www.cms.gov/ccio/resources/regulations-and-guidance/index.html>

2. Please complete the following chart based on your March 2022 enrollment.

# of Self contracts	# of Self Plus One contracts	# of Self Plus Family contracts	# of contracts with 1 member	# of contracts with 2 members	# of contracts with 3+ members

3. For each category below, please break out the number of contracts that are held by Active employees, Annuitants without Medicare, and Annuitants with Medicare. Status should be determined by the status of the contract holder. Annuitants with Medicare include annuitants who have Part A only, Part B only, or Part A and B.

	Actives	Annuitants without Medicare	Annuitants with Medicare
Self Only			
Self Plus One			
Self Plus Family			

	Actives	Annuitants without Medicare	Annuitants with Medicare
Contracts with 1 member			
Contracts with 2 members			
Contracts with 3+ members			

4. Enter your 2020, 2021, and estimated 2022 member months:

	2020	2021	2022
Member Months			

5. List the top three contributors to your increase in the 2023 rates proposed. Please be specific, for example we would want to see 'Increased utilization of specialty drugs and high tech imaging' versus 'Increased utilization'. If you listed increased medical trend as a contributing factor, please indicate what types of services are primarily responsible for the increase. Also provide any significant savings that are offsetting increases to 2023 rates.

6a. What were the total claims incurred in 2021 and paid through March 31, 2022?

6b. What are the total claims incurred in 2021 and paid through March 31, 2022 attributable to COVID-19?

6c. Please provide the breakdown of COVID costs and utilization data for the period stated above in the following categories:

OTC Testing	<input style="width: 80px; height: 20px;" type="text"/>	Unique Members tested	<input style="width: 80px; height: 20px;" type="text"/>	Number of tests	<input style="width: 80px; height: 20px;" type="text"/>
All Other Testing	<input style="width: 80px; height: 20px;" type="text"/>	Unique Members tested	<input style="width: 80px; height: 20px;" type="text"/>	Number of tests	<input style="width: 80px; height: 20px;" type="text"/>
Treatment**	<input style="width: 80px; height: 20px;" type="text"/>	Unique Members treated	<input style="width: 80px; height: 20px;" type="text"/>		
Other**	<input style="width: 80px; height: 20px;" type="text"/>				

** Please define what costs are included in the Treatment and Other categories:

e.g. Other costs include costs associated with long term effects.

7. Describe how you are adjusting claims experience due to the impact of COVID-19 and where these adjustments are included in the 'Rate Proposal - 5 year' sheet. Please be specific.

FEHB Experience Rated Proposal Questions

PROPOSAL FOR 2023

Complete Questions 1-6, basic information about your plan. If your plan has more than one option, please fill out separate workbooks for each plan option.

1. Plan and Option Name	<input type="text"/>		
2. Plan Enrollment Code (2-digit code)	<input type="text"/>		
3. Plan Option Code	<input type="text" value="1, 3, 2"/>	First Year in the FEHB <input type="text" value="Prior to 2019"/>	FFS/HMO <input type="text" value="FFS"/>
4. Rating Contact's Name	<input type="text"/>		
5. Rating Contact's Phone Number	<input type="text"/>		
6. Rating Contact's Email	<input type="text"/>		

Please complete the 'Rate Proposal - 5 year' sheet by filling in all shaded boxes.

Once you have completed the 'Rate Proposal - 5 year' sheet, please complete Questions 7 - 21. Please answer every question. If a question does not apply to your plan, please explain why. If you need more space for any of your responses, feel free to upload additional documentation with this proposal.

7a. Please provide your claims paid as of 4/30/2022 that were incurred in the following years. The Total should equal the the sum of Question 4(a) and 4(b) of the 'Rate Proposal' sheet:

	2019	2020	2021
Medical Claims	<input type="text"/>	<input type="text"/>	<input type="text"/>
Rx Claims	<input type="text"/>	<input type="text"/>	<input type="text"/>
Rx Rebates	<input type="text"/>	<input type="text"/>	<input type="text"/>

FEHB Experience Rated Proposal Questions

PROPOSAL FOR 2023

	2019	2020	2021
Capitation Payments			
HSA/HRA Amounts			
Medicare Advantage Premiums			
Medicare Part B Premium Reimbursement			
Reinsurance Recoveries			
All Other Claims			
Total	-	-	-

7b. If the claims listed in 7a. include 'All Other Claims', please describe what these claims are below.

7c. If any of the claims categories (Medical, Rx, Rx rebates, capitation payments, etc.) in 7a. have been left blank, please explain why below.

8. If your plan includes an HSA/HRA, list the proposed 2023 amount per enrollee:

	Self	Self Plus One	Self and Family

9a. If you offer a Medicare Advantage product, list the enrollment or projected enrollment:

	2021	2022	Projected 2023

9b. If you offer premium reimbursement for Medicare Part B premiums, list the annual amount reimbursed per enrollee:

	2021	2022	Proposed 2023

10a. If you purchased a Medicare Advantage product for your FEHB offering in 2023, please provide analysis illustrating the premiums paid for the MA product are less than expected costs for the enrollees if they had not enrolled in the MA product. This should be attached to your Proposal as an additional Excel file or as additional tab(s) within this workbook.

FEHB Experience Rated Proposal Questions

PROPOSAL FOR 2023

10b. Please provide the rate development for the Medicare Advantage product offered in 2023. This should be attached to your Proposal as an additional Excel file or as additional tab(s) within this workbook.

11. Does your enrollment factor in Question 5 of the 'Rate Proposal - 5 year' include an adjustment factor? If yes, please explain below.

12. Please describe the 2022 to 2023 benefit changes and their impact on the rates. If the 2020 to 2021 benefit change factor or 2021 to 2022 benefit change factor has changed from last year's rate proposal, please explain why.

13. How do your trend factors compare with trend estimates used in last year's rate proposal? Please explain any discrepancies.

2020 to 2021:

2021 to 2022:

14. Did you experience any selection in 2021? Do you expect to experience any selection in 2022 and 2023? If yes, please explain below.

2020 to 2021:

2021 to 2022:

FEHB Experience Rated Proposal Questions

PROPOSAL FOR 2023

2022 to 2023:

15. Are there any other factors, such as network, PBM, or demographic changes, that will affect incurred claims? List any factors below. If any of the 2020 to 2021 other factors or 2021 to 2022 other factors have changed from last year's rate proposal, please explain why.

Other Factor #1:

Other Factor #2:

Other Factor #3:

16. Explain any discrepancies between Question 10 of the 'Rate Proposal - 5 year' sheet and the claims estimates in the previous year's proposal.

2020:

2021:

2022:

FEHB Experience Rated Proposal Questions

PROPOSAL FOR 2023

17. Describe any taxes and fees included in your expenses.

18. Describe any Reinsurance Arrangements and/or Additional Reserves held to pay claims.

19. List any CR payments you have received to date for 2022.

20. In addition to any payments listed in Question 19, list any CR payments you expect to receive in 2022. If you expect to receive the formula driven payment in September 2022, please also list this amount here.

21. Explain your proposed reserve goal.

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1. Income and Interest Amounts from Year End Accounting Statements

	2020 Accounting Statement	2021 Accounting Statement
a. Program Income		
1. L.O.C Authorizations		
(a) S-M Premiums	[]	[]
(b) LOC Interest	[]	[]
2. Accrued Income - 12/31 of Previous Year		
(a) S-M Premiums	[]	[]
(b) LOC Interest	[]	[]
3. Accrued Income - 12/31 of Current Year		
(a) S-M Premiums	[]	[]
(b) LOC Interest	[]	[]
4. Carrier Interest Income		
	[]	[]
b. Contingency Reserve Payments		
		[]
c. Return of Excess Reserves		
		[]

2. Reconcile your 2020 and 2021 Premium Income

		Biweekly Net to Carrier Rates	Estimated Enrollment	Pay Periods	Premium Income		Adj. Average Enrollment
					Calculated	Actual	
2020:	Self	[]	[]	x 26 =			
	Self Plus One	[]	[]	x 26 =			
	Family	[]	[]	x 26 =			
	Total						
2021:	Self	[]	[]	x 26 =			
	Self Plus One	[]	[]	x 26 =			
	Family	[]	[]	x 26 =			
	Total						
2022:	Self	[]	[]	x 26 =			
	Self Plus One	[]	[]	x 26 =			
	Family	[]	[]	x 26 =			
	Total						
Projected 2023:	Self	[]	[]	x 26 =			
	Self Plus One	[]	[]	x 26 =			
	Family	[]	[]	x 26 =			
	Total						

3. The table below can be used to estimate the 2023 Enrollee Contribution. Please see the 'Help' sheet for more details.

Display the premium contributions in the table below as: []

For 2022, the Government Contribution is the lesser of:

75%	of the plan's premium, or
72%	of the weighted average of FEHBP premiums

For 2023, the Government Contribution is the lesser of:

75%	of the plan's premium, or
72%	of the weighted average of FEHBP premiums

	Est. Inc. to Max. Gov't Contrib.**	Est. 2023 Max. Gov't Contrib.	Est. 2023 Gov't Contribution	2022 Enrollee Contribution	Est. 2023 Enrollee Contribution	Est. Increase to Enrollee
Self	[]	[]	[]	[]	[]	[]
Self Plus One	[]	[]	[]	[]	[]	[]
Family	[]	[]	[]	[]	[]	[]

** The estimated increase to the maximum Government Contribution should be based on the assumption of the Government Contribution formula remaining the same year over year. The impact of any change in the Government Contribution formula (cells B51-B52 and F51-F52) is already reflected in our calculations.

NOTE: The non-Postal and annuitant Government Contribution formula of 75% and 72% has been input in cells B51-B52 and F51-F52, but can be changed to make estimations for different contribution formulas.

4. Claims Experience

(a) As of 12/31/2021 what were the total claims paid to date for services incurred in each of the following years?

2019 []	2020 []	2021 []
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(b) As of 4/30/2022 what were the total claims paid in 2022 for services incurred in each of the following years?

2019 []	2020 []	2021 []	2022 []
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(c) What is your estimate of the ultimate claims for each of the following years?

2019 []	2020 []	2021 []
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(d) Claims Incurred but Unpaid for years prior to 2019?

The portion of these claims that have been paid as of 12/31/2021:

2019 2020 2021

The portion of these claims that have been paid as of 4/30/2022:

2019 2020 2021

*****Factors Affecting Incurred Claims Development*****

Claims in item 10 for 2021-2023 are equal to the product of the prior year's claims and the factors in items 5 through 9.
For 2021, the claims in item 10 must agree with the ultimate claims stated in item 4.

5. Place an X in the appropriate box to select which weighted average method you wish to use (PLACE AN X IN ONLY ONE BOX):

Your Claims Proxy Claims Premiums (default)

What was the change in enrollment factor for:

2020 to 2021 2021 to 2022 Est. 2022 to 2023

Calculated Factor

Adjustment Fact.
(if necessary)

Final Factor

*****Note*****

For item 6, you should weight the aggregate benefit factor for self, self plus one, and family contracts by premiums and enrollment. You should base all benefit changes on premium rate changes that were agreed upon during prior rating unless better data is available. Checking the "Manually Set Aggregate Factor" box allows the input of a factor which is different than the one that is automatically calculated by the program based on changes in premium rates. This is useful if premiums are not representative of claims experience. Premium values in the projected year will still be displayed in Table 2.

6. What was the change in benefit factor for 2020 to 2021, 2021 to 2022, and your estimate for 2022 to 2023?

Biweekly Benefit Change

2020 to 2021 2021 to 2022 2022 to 2023**

	2020 to 2021	2021 to 2022	2022 to 2023**
Self	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>
Self Plus One	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>
Family	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>
Manual Aggregate*	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>
Calc. Aggregate	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>

If you have manually set the aggregate factor, place an "X" in the box below:

* Manual benefit factors should have a value of zero if you are using the calculated aggregate factor

** These changes should be supported through your benefit change documentation submitted with your rate proposal

7. What was the trend factor for:

	Trend Factor	Equals	Inflation Factor	Multiply	Utilization Factor
2020 to 2021	0.00000	=	<input style="width: 100%; height: 15px;" type="text"/>	x	<input style="width: 100%; height: 15px;" type="text"/>
Projected 2021 to 2022	0.00000	=	<input style="width: 100%; height: 15px;" type="text"/>	x	<input style="width: 100%; height: 15px;" type="text"/>
Projected 2022 to 2023	0.00000	=	<input style="width: 100%; height: 15px;" type="text"/>	x	<input style="width: 100%; height: 15px;" type="text"/>

*****Note*****

Selection as a result of movement between plans in the FEHBP is common. You can quantify this factor for a given year using the table in item 8. If you include selection factors, please review the Methodology of Question 8 in the 'Help' sheet and the 'Rate Proposal - Example' for explanation on how to correctly input selection factors.

8. Enter the selection factors for a given year using the following:

	Selection	Aggregate	Enr. Inc	Enr. Dec	Rel. Util Inc	Rel. Util Dec
2020 to 2021	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>
Projected 2021 to 2022	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>
Projected 2022 to 2023	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>	<input style="width: 100%; height: 15px;" type="text"/>

9. Enter any other factors, such as the institution or expansion of a PPO, that will effect incurred claims:

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Total Other
 2020 to 2021
 Projected 2021 to 2022
 Projected 2022 to 2023

10. Summary of Incurred Claims Development:

	Factors					
	Enrollment	Benefit	Trend	Selection	Other	Claims
2020						
2021 x						
2022 x						
2023 x						

Note: If you claims are zero, you must go back to Question 7 to adjust your trend factor.

11. December 31, 2021 Special Reserve

- (a) 2019, 2020 and 2021 Claims Paid Through 12/31/2021
- (b) 2019, 2020 and 2021 Estimated Incurred Claims
- (c) Revised Accrued Claims Res (+ prior year run-out)
- (d) 12/31/2021 Accounting Stmt Accrued Claims Reserve
- (e) 12/31/2021 Accounting Stmt Accrued Expense Reserve
- (f) 12/31/2021 Accounting Stmt Special Reserve
- (g) Revised Special Reserve {(d) + (e) + (f) - (c) - (e)}

12. Accrued Claims Reserves

- (a) 12/31/2021 Accrued Claims Reserve
- (b) 12/31/2022 Est. Accrued Claims Reserve (20 - 22 Ultimate Claims Against Run Out)
- (c) 12/31/2023 Est. Accrued Claims Reserve (21 - 23 Ultimate Claims Against Run Out)

13. Expenses **

(a)

Year	Administrative Paid Expenses	Total Other Expenses
2021		
2022		
2023		

(b)

Year	Administrative Incurred Expense	Administrative Accrued Expense
2021		
2022		
2023		

- (c) 2023 Estimate of Service Charge (to be negotiated with Office of Insurance Operations)
- (d) 2023 Estimated Cost of Facility Capital

**Total Other Expenses should include Service Charge, Clearinghouse and ACA taxes and fees (including associated income tax)
 Administrative Paid Expenses should include reinsurance, statutory reserve, managed care, and all other outgos other than claims negotiated with the Office of Insurance Operations

14. 2022 Contingency Reserve Payment, Interest, Investment Income and Reserve Calculations

- (a) Contingency Reserve
- (1) Contingency Reserve Balance as of 12/31/2021

If your plan has or will receive CR payments different than the formula driven payments, answer questions 'a' through 'l'.
 These payments are in lieu of the regular formula driven payments.
 If your plan has or will receive the all or part of the formula driven payment, as well as additional CR payments, you must also list the formula driven payment as a special CR payment.

- (a) 1st Expected Non-Standard CR Payment made in 2022
- (b) Month of 1st Non-Standard CR Payment in 2022
- (c) 2nd Expected Non-Standard CR Payment made in 2022
- (d) Month of 2nd Non-Standard CR Payment in 2022
- (e) 3rd Expected Non-Standard CR Payment made in 2022
- (f) Month of 3rd Non-Standard CR Payment in 2022
- (g) 1st Expected Non-Standard CR Payment made in 2023
- (h) Month of 1st Non-Standard CR Payment in 2023
- (i) 2nd Expected Non-Standard CR Payment made in 2023
- (j) Month of 2nd Non-Standard CR Payment in 2023

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- (k) 3rd Expected Non-Standard CR Payment made in 2023
- (l) Month of 3rd Non-Standard CR Payment in 2023

- (2) Claims Paid During the Last 6 Months of 2021

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15. 2022 Contingency Payment, Int. & Inv. Income, and Reserve Calculation

(a) Contingency Reserve

- (1) Contingency Reserve Balance on 12/31/2021
- (2) Claims Paid During the Last 6 Months of 2021
- (3) Paid Expenses for 2021
- (4) Three and One-Half Months of Paid Outgo
- (5) Preferred Minimum Balance
- (6) Accrued Claims Reserve + Accrued Exp Reserve + Special Reserve 12/31/2021
- (7) 2022 Contingency Reserve Payment to LOCA/(LOCA Payment to CR)
- (8) 2022 Payments to Contingency Reserve Fund
- (9) 2022 Interest on Contingency Reserve Fund
- (10) 12/31/2022 Contingency Reserve Balance

(b) Estimated Interest Plus Investment Income

- (1) Accrued Claims Reserve + Accrued Exp Reserve + Special Reserve 12/31/2021
- (2) Premium Income Accrued but Unpaid 12/31/2021
- (3) 2022 Contingency Reserve Payment to LOCA/(LOCA Payment to CR)
- (4) 2022 Total Premium Income
- (5) 2022 Estimated Paid Claims
- (6) 2022 Paid Expenses
- (7) 2022 Average Investment Balance
- (8) 2022 Estimated Interest Plus Investment Income

(c) Special Reserve - 2022

- (1) Income
 - (a) Premium Income
 - (b) Contingency Reserve Payment to LOCA/(LOCA Payment to CR)
 - (c) Estimated Interest Plus Investment Income
 - (d) Total
- (2) Outgo
 - (a) Incurred Claims
 - (b) Incurred Expenses
 - (c) Total
- (3) Gain(Loss)
- (4) Reserves
 - (a) Beginning Special
 - (b) Ending Special

16. 2023 Contingency Payment, Int. & Inv. Income, and Reserve Calculation

(a) Contingency Reserve

- (1) Contingency Reserve Balance on 12/31/2022
- (2) Claims Paid During the Last 6 Months of 2022
- (3) Paid Expenses for 2022
- (4) Three and One-Half Months of Paid Outgo
- (5) Preferred Minimum Balance
- (6) Accrued Claims Reserve + Accrued Exp Reserve + Special Reserve 12/31/2022
- (7) 2023 Contingency Reserve Payment to LOCA/(LOCA Payment to CR)
- (8) 2023 Payments to Contingency Reserve Fund
- (9) 2023 Interest on Contingency Reserve Fund
- (10) 12/31/2023 Contingency Reserve Balance

(b) Estimated Interest Plus Investment Income

- (1) Accrued Claims Reserve + Accrued Exp Reserve + Special Reserve 12/31/2022
- (2) Premium Income Accrued but Unpaid 12/31/2022
- (3) 2023 Contingency Reserve Payment to LOCA/(LOCA Payment to CR)
- (4) 2023 Total Premium Income
- (5) 2023 Estimated Paid Claims
- (6) 2023 Paid Expenses
- (7) 2023 Average Investment Balance
- (8) 2023 Estimated Interest Plus Investment Income

Table One: Projected Financial Results

	2021	2022	2023
A. Income			
1. Incurred Premium Income			
2. Contingency Reserve Payment			
3. Interest + Investment Income			
4. Total			
B. Outgo			
1. Incurred Claims			
2. Incurred Expenses			
3. Total			
C. Comparisons of Income and Outgo			
1. Gain (Loss)			
2. Ratio of 1.04* Incurred Premium Income/Outgo			
D. Reserves			
1. Beginning Special Reserve			
2. Ending Special Reserve			
3. Ending Contingency Reserve			
4. Total Unobligated Reserve			
5. Accrued Claims Reserve			
6. Accrued Adm. Expense Reserve			
7. Total Reserves			
E. Unobligated Reserve (in # of months)			

Table Two: Information for Insurance Operations

	Self	Self Plus One	Family
A. 2022 Rates			
B. 2023 Rates			
1. Experience Change			
2. Benefit Change			
3. Other Changes			
4. Total (2023 Rates)			
C. Percent Change from 2022 to 2023			
1. Experience Change			
2. Benefit Change			
3. Other Changes			
4. Total Changes			

Projected Financial Results	2023
Incurring Claims	
Incurring Expenses	
Estimated Service Charge	
Estimated Cost of Facility Capital	

Projected Monthly Income and Outgo	2023
Incurring Premium Income	
Total Outgo	

Table Three: Monthly Claims Paid for 2022
 Health Benefit Charges Paid During Four Month Period Ending
 4/30/2022

Month	Amount Paid	=====Year Incurred=====		
		2022	2021	2020 & prior
January				
February				
March				
April				
Total	\$0.00	\$0.00	\$0.00	\$0.00

FEHBP General Explanations for 2023

Methodology of Question 1

Values come directly from the summary statement of your AAS. Remember to show values for 'Accrued Income of Previous Year' and 'Return of Excess Reserves' as positive values.

Methodology of Question 2

The 2020 and 2021 enrollments are adjusted by the Actual Premium Income. Before entering the 2022 enrollment, it is advisable to compare enrollment with the Actual Premium Income to date. Use the fact that: (1) most second monthly payments consist of one monthly annuitant premium and one biweekly premium and (2) most first monthly payments consist of one biweekly premium. A semi-monthly payment may contain two biweekly premiums.

Actual Premium Income = Semi-Monthly Premiums - Accrued Premium Income as of 12/31 of previous year + Accrued Premium Income as of 12/31 of current year

*Adjusted Enrollment = Initial Estimated Enrollment * Actual Premium Income / Calculated Income*

Methodology of Question 3

The enrollee and the government combined pay the gross rates (the net-to-carrier rate and a 4% load).

The biweekly gross rates are equal to the biweekly net-to-carrier rates multiplied by 1.04, and then rounded to the nearest cent.

The monthly gross rates are equal to the biweekly gross rates multiplied by 26, divided by 12, and then rounded to the nearest cent.

The amount the government contributes towards individual premiums is based on regulations. The current contribution formula, commonly referred to as the ' Fair Share Formula ', covers non-Postal employees and Annuitants. The regulation states that the maximum government contributions are determined by taking 72% of the weighted average FEHBP biweekly rates (Self, Self Plus One, and Family separately), where weights are the prior March's official OPM headcount of enrollees who received a government contribution (see Title 5 U.S.C _ 8906(a), (b), and OPM's 5 C.F.R. Part 890).

Question 3 helps estimate the enrollee contribution and the rate increase to the enrollee. The estimated government and enrollee contributions can be displayed as either biweekly or monthly. The non-Postal government contribution formula of 72% and 75% has already been input, but can be changed to make estimations for different contribution formulas. We do not know what the 2023 maximum government contribution will be, but you can estimate the 2023 maximum government contribution by estimating the increase to the 2022 maximum government contribution.

Assuming the non-Postal government contribution formula of 72% and 75%, the government contribution is the lesser of 75% of the plan's premium OR 72% of amounts OPM determines are the program-wide weighted average of premiums. The enrollee contribution is equal to the gross rate minus the government contribution.

The maximum Postal contribution formula may differ from the non-Postal and annuitant government contribution formula. The contribution formula used for Postal employees is determined by the Postal Service and their various union agreements.

Methodology of Question 4

This question asks for historical claims data. This data is used in Question 11 to adjust your accounting statement's Accrued Reserve and Special Reserve.

The ultimate claims for the two most recent years will be carried forward to Question 10 where a trend will be solved for and compared to your stated trend given in Question 7.

The computed portion of claims is used in Question 12 to estimate Accrued Reserves, in Question 13 to calculate Administrative Incurred and Accrued Expenses, and in Questions 15 and 16 to calculate Estimated Paid Claims.

Methodology of Question 5

Either claims or the biweekly net-to-carrier premium rates (self, self plus one, and family) of the starting year are used to weight the change in enrollment. Claims may be actual or relative. Enrollment sums for self, self plus one, and family must equal the adjusted enrollments in Question 2. The default calculation uses premiums as weights. An adjustment factor will only be applied if claims or proxy claims are used as weights.

Methodology of Question 6

The change in benefit factor is normally based on the biweekly net-to-carrier premium benefit changes used in prior rate submissions. The enrollments from the year of the benefit change are used as weights. Better estimates may be substituted, however even these values will not be exact if the biweekly net-to-carrier premium (used as the denominator) is not representative of actual expenses. The premium-based factors may be overridden by the manually set aggregate factor.

Methodology of Question 7

The first trend value will be used in Question 10 to check that it closely agrees with the trend value calculated using claims entered in Question 4. If the two values do not closely agree, the 2020 to 2021 trend factor will need to be changed. The second and third trend values are used to project claims.

Methodology of Question 8

The calculation of selection factors is described by the following formula:

$$SEL = \frac{1 + [(EI - 1) * RUI] + [(ED - 1) * RUD]}{1 + (EI - 1) + (ED - 1)}$$

Where:

SEL = Selection Factor

EI = Enrollment Increase Factor

ED = Enrollment Decrease Factor

RUI = Relative Utilization of Enrollment Increases

RUD = Relative Utilization of Enrollment Decreases

These factors represent expected population changes and the relative utilization of the people leaving and entering the plan compared to the existing population. For example, in the 'Rate Proposal - Example' from 2022 to 2023, the plan estimates a 10% decrease in enrollment from people who cost 15% less than the existing population, and estimates that the incoming enrollment costs 20% more than the existing population. To complete the selection table, the plan enters 0.9 as the Enrollment Decrease Factor (ED), 0.85 as the Relative Utilization of Enrollment Decreases (RUD), and 1.2 as the Relative Utilization of Enrollment Increases (RUI). The Enrollment Increase Factor (EI) will be calculated based on your overall enrollment increase (calculated in Question 5) and the Enrollment Decrease Factor (ED).

Methodology of Question 9

These values allow for other factors not already considered.

Methodology of Question 10

The factors of Questions 5 - 9 are summarized and used to calculate claims. See Methodology of Questions 4 and 7 regarding the first trend value.

Methodology of Question 11

The sum of Accrued Reserves and Special Reserves on the accounting statement is reallocated based on the more recent data of Question 4.

The Administrative Expense Reserve, Accrued Expense Reserve, and Special Reserve (entered in 11(d), 11(e), and 11(f)) come directly from the accounting statement and are not revised.

Claims incurred but unpaid for prior years are added to the revised accrued reserve.

Methodology of Question 12

Accrued Reserves

(a) 12/31/2021 Accrued Reserve [from 11(c)]

(b) 12/31/2022 Estimated Accrued Reserve

$$= 2020 \text{ Incurred Claims} * (1 - P1)$$

$$+ 2021 \text{ Incurred Claims} * (1 - P2)$$

$$+ 2022 \text{ Incurred Claims} * (1 - P3)$$

(c) 12/31/2023 Estimated Accrued Reserve

$$= 2021 \text{ Incurred Claims} * (1 - P1)$$

$$+ 2022 \text{ Incurred Claims} * (1 - P2)$$

$$+ 2023 \text{ Incurred Claims} * (1 - P3)$$

P1 = Portion of claims paid for 2019 as of 12/31/2021

P2 = Portion of claims paid for 2020 as of 12/31/2021

P3 = Portion of claims paid for 2021 as of 12/31/2021

**Claims are from Questions 4 and 10

**P1, P2, and P3 are from Question 4

**P1's numerator is reduced by claims incurred but unpaid for prior years

Methodology of Question 13

The values in 13(a), 13(c) and 13(d) are inputs. There is no check for reasonableness.

Administrative Incurred Expenses are calculated by solving for its value in the following equation:

$$\text{Administrative Paid Expense (Year)} = P3 * \text{Administrative Incurred Expense (Year)} + (1-P3) * \text{Administrative Incurred Expense (Year - 1)}$$

(P3 is defined in Question 12)

When calculating Administrative Incurred Expense for 2021 ONLY, the Administrative Incurred Expense for 2020 was assumed to equal the Administrative Incurred Expense for 2021 times the ratio of 2020 to 2021 Incurred Claims from Question 10.

$$\text{Administrative Accrued Expenses} = \text{Administrative Incurred Expenses} * (1 - P3)$$

In Questions 15 and 16, as well as Table 1, Paid Expenses refer to the sum of Administrative Paid Expenses and Total Other Expenses.

Incurred Expenses refer to the sum of Administrative Incurred Expenses and Total Other Expenses.

Methodology of Question 14

(a) Contingency Reserve Balance at 12/31/2021 is supplied by the Office of Personnel Management.

Methodology of Question 15 and 16

Explanation of Reserves:

The total funds available to pay claims that have been incurred (but not yet paid) = Carrier's Working Capital account + Letter of Credit Account (LOC) + Contingency Reserve Fund (CR) + Premium Income Accrued but Unpaid.

The total funds available *less the CR* are divided into the Accrued Claims Reserve, the Accrued Administrative Expense Reserve, and the Special Reserve.

The **Accrued Claims Reserve** is an estimate of the funds needed to pay claims that have been incurred but not yet paid.

The **Accrued Administrative Expense Reserve** is an estimate of the funds needed to administer the payment of those claims.

The **Special Reserve** (which may be negative) is the amount in excess of the accrued reserves (Working Capital + LOC + Premium Income Accrued but Unpaid - Accrued Claims Reserve - Accrued Administrative Expense Reserve).

The **Total Unobligated Reserves** = the Special Reserve + CR.

We attempt to set a premium rate that will allow the Total Unobligated Reserves to approach three months of Outgo, where Outgo is defined as the sum of Incurred Claims and Incurred Expenses.

Explanation of Premium Income:

Income consists of the net-to-carrier premium and a 4% load that results in the gross premium. The enrollee and the government combined pay the gross rate. The net-to-carrier premium (referred to as the semi-monthly premium income on the accounting statement) is deposited into the LOC and approximately 3.9% of the load is deposited into the CR. The remaining 0.1% load is used for OPM administration.

Most employees are paid on a biweekly basis, therefore the net-to-carrier rates negotiated and settled with plans are contractually done on a biweekly basis. Annuitants are paid monthly.

Automatic CR Payment Formula:

At the close of the contract year accounting is performed, and in the fall of the following year funds are transferred between the LOC and the CR. The

amount in the accrued plus special reserve is compared to 3.5 months of paid outgo. The outgo figure is based on paid claims during the last 6 months and paid expenses during the last year. If the accrued plus special reserve exceeds 3.5 months, the excess is transferred to the CR. If the accrued plus special reserve is less than 3.5 months, the lesser of the deficiency or the CR in excess of 1.5 months is transferred from the CR to the LOC. If circumstances warrant, special transfers are made which lower the CR balance below 1.5 months.

Calculation of the CR Balance:

The calculation of interest on the CR fund and the CR balance at the end of the year is explained in Methodology of Question 15 (a). In Question 16, claims paid in the last 6 months is the previous year's figure increased by the ratio of the present year's incurred claim to the previous year's incurred claim.

Explanation of Interest plus Investment Income:

This amount is based on the average investment balance and the LOC interest rate.

Average Investment Balance = Beginning Accrued Claims Reserve + Accrued Admin Expense Reserve + Special Reserve - Premium Income Accrued but Unpaid

Premium income at mid-year is then added and estimated paid claims, paid administrative expenses and total other expenses are subtracted at mid-year.

The contingency reserve payment (positive or negative) is added/subtracted at either September or multiple payments at mid-month.

Estimated paid claims = Present year's incurred claims x Most recent year's portion of claims as of 12/31/2021 + Previous Year's Incurred Claims

x (1- Most recent year's portion of claims as of 12/31/2021)

Methodology of Question 15 (a)

- (1) Entered at 14(a)(1)
- (2) Entered at 14(a)(2)
- (3) Entered at 13(a): sum of Administrative Paid Expense and Total Other Expense
- (4) Three and One-Half Months of Paid Outgo: $[(7/12) * (2)] + [(7/24) * (3)]$
- (5) Preferred Minimum Balance of 1-1/2 Months of Paid Outgo: $[(3/7) * (4)]$
- (6) Accrued Claims Reserve + Accrued Administrative Expense Reserve + Special Reserve 12/31/2021 : $[11(c) + 11(e) + 11(g)]$
- (7) 2022 Contingency Reserve Payment
 - (a.) $(4) - (6)$ [put 0 here if $(4) - (6)$ is negative]
 - (b.) $(1) - (5)$ [put 0 here if $(1) - (5)$ is negative]
 - (c.) Contingency Reserve Payment: Lesser of (a) and (b)
 - (d.) Return of Excess to the Contingency Reserve Fund: If $(4) - (6)$ is negative, that is if the accrued reserve plus special reserve exceeds 3-1/2 months of total outgo, the excess must be returned to the contingency reserve fund. It is $(6) - (4)$.

Note: If you choose to enter Special Contingency Reserve Payments in Question 14(a)(1)(a) through (f), then these payments are used.

- (8) Payments to Contingency Reserve Fund During 2022 :
Approximately 3.9% of premium income
- (9) Interest on Contingency Reserve Fund During 2022
 $= IR * [BCR + .5 * PCR - .25 * CRP]$
 $= IR * [(1) + 0.5 * (8) + 0.25 * [(7)(d) - (7)(c)]]$
IR = Interest Rate
BCR = Beginning Contingency Reserve Balance
PCR = 2022 Payments to Contingency Reserve
CRP = 2022 Contingency Reserve Payment to Plan

We have estimated the Contingency Reserve Interest Rate to be 2.50% for 2022.

Note: If you choose to enter Special Contingency Reserve Payments in Question 14(a)(1)(a) through (f), then these payments are used.

The formula assumes these payments are made in the middle of the month it was entered. Instead of using half of the CRP, each payment is calculated individually.

(10) Contingency Reserve Balance 12/31/2022: (1) + (8) + (9) - (7)

Methodology of Question 15 (b)

(1) From 15(a)(6)

(2) From 1(a)(3)(a)

(3) From 15(a)(7)

(4) From 2

(5) *Estimated Paid Claims = Incurred claims of present year * P3 + Incurred claims of prior year * (1 - P3)*

Incurred claims are from Question 10. See definition of P3 in Methodology of Question 12

(6) From 13(a) : Sum of Administrative Paid Expense and Total Other Expense.

(7) 2022 Average Investment Balance: (1) - (2) + .25 * (3) + { 0.5 * [(4) - (5) - (6)] }

If there are multiple CR payments 0.25 is not applied to (3), instead payments are treated individually and assumed to occur mid-month.

(8) 2022 Interest Plus Investment Income: LOC Interest Rate * (7)

We have estimated the LOC Interest Rate to be 0.05% for 2022.

Methodology of Question 15 (c)

(1)(a) From 15(b)(4)

(1)(b) From 15(a)(7)

(1)(c) From 15(b)(8)

(1)(d) Total of (a) + (b) + (c)

(2)(a) From 10

(2)(b) Incurred Administrative Expense from 13(b) plus Total Other Expense from 13(a)

(2)(c) Total of (a) + (b)

(3) Equals 15(c)(1)(d) - 15(c)(2)(c)

(4)(a) From 11(f)

(4)(b) Equals 15(c)(3) + 15(c)(4)(a)

Methodology of Question 16

Same methods as in Question 15

except in 16(a):

(2) Estimated Claims Paid during the Last 6 Months of 2022: Use the product of 2021 Claims from 15(a)(2) and the Percentage Change from 2021 Incurred Claims to 2022 Incurred Claims (item 10).

(6) Accrued Claims Reserve + Accrued Administrative Expense Reserve + Special Reserve 12/31/2022 : [12(b) + 13(b) + 15(c)(4)(b)]

(9) Interest on Contingency Reserve Fund During 2023

We have estimated the Contingency Reserve Interest Rate to be 2.50% for 2023.

and except in 16(b):

(8) 2023 Interest Plus Investment Income: LOC Interest Rate * (7)

We have estimated the LOC Interest Rate to be 0.05% for 2023.

FEHB Experience Rated Proposal

Our Health Plan High Option - ZZ1, ZZ3, ZZ2

1. Income and Interest Amounts from Year End Accounting Statements

	2020 Accounting Statement	2021 Accounting Statement
a. Program Income		
1. L.O.C Authorizations		
(a) S-M Premiums	\$465,000,000	\$500,000,000
(b) LOC Interest	\$1,000,000	\$1,000,500
2. Accrued Income - 12/31 of Previous Year		
(a) S-M Premiums	\$38,000,000	\$38,500,000
(b) LOC Interest	\$100,000	\$70,000
3. Accrued Income - 12/31 of Current Year		
(a) S-M Premiums	\$38,500,000	\$41,000,000
(b) LOC Interest	\$70,000	\$60,000
4. Carrier Interest Income	\$500,000	\$300,000
b. Contingency Reserve Payments		
		\$20,000,000
c. Return of Excess Reserves		
		\$0

2. Reconcile your 2020 and 2021 Premium Income

		Biweekly Net to Carrier Rates	Estimated Enrollment	Pay Periods	Premium Income		Adj. Average Enrollment
					Calculated	Actual	
2020:	Self	\$120.00	44,500	x 26 =	\$138,840,000		44,659
	Self Plus One	\$250.00	24,000	x 26 =	\$156,000,000		24,086
	Family	\$260.00	25,000	x 26 =	\$169,000,000		25,089
	Total		93,500		\$463,840,000	\$465,500,000	93,834
2021:	Self	\$130.00	45,000	x 26 =	\$152,100,000		44,900
	Self Plus One	\$260.00	25,000	x 26 =	\$169,000,000		24,944
	Family	\$270.00	26,000	x 26 =	\$182,520,000		25,942
	Total		96,000		\$503,620,000	\$502,500,000	95,786
2022:	Self	\$150.00	46,000	x 26 =	\$179,400,000		46,000
	Self Plus One	\$300.00	25,500	x 26 =	\$198,900,000		25,500
	Family	\$320.00	26,500	x 26 =	\$220,480,000		26,500
	Total		98,000		\$598,780,000	\$598,780,000	98,000
Projected 2023:	Self	\$160.00	47,000	x 26 =	\$195,520,000		
	Self Plus One	\$320.00	26,000	x 26 =	\$216,320,000		
	Family	\$340.00	27,000	x 26 =	\$238,680,000		
	Total		100,000		\$650,520,000		

FEHB Experience Rated Proposal

Our Health Plan High Option - ZZ1, ZZ3, ZZ2

3. The table below can be used to estimate the 2023 Enrollee Contribution. Please see the 'Help' sheet for more details.

Display the premium contributions in the table below as: Bi-Weekly

For 2022, the Government Contribution is the lesser of:

75% of the plan's premium, or
72% of the weighted average of FEHBP premiums

For 2023, the Government Contribution is the lesser of:

75% of the plan's premium, or
72% of the weighted average of FEHBP premiums

	Est. Inc. to Max. Gov't Contrib.**	Est. 2023 Max. Gov't Contrib.	Est. 2023 Gov't Contribution	2022 Enrollee Contribution	Est. 2023 Enrollee Contribution	Est. Increase to Enrollee
Self	0.00%	\$244.86	\$124.80	\$39.00	\$41.60	6.67%
Self Plus One	0.00%	\$524.63	\$249.60	\$78.00	\$83.20	6.67%
Family	0.00%	\$574.13	\$265.20	\$83.20	\$88.40	6.25%

** The estimated increase to the maximum Government Contribution should be based on the assumption of the Government Contribution formula remaining the same year over year. The impact of any change in the Government Contribution formula (cells B51-B52 and F51-F52) is already reflected in our calculations.

NOTE: The non-Postal and annuitant Government Contribution formula of 75% and 72% has been input in cells B51-B52 and F51-F52, but can be changed to make estimations for different contribution formulas.

4. Claims Experience

(a) As of 12/31/2021 what were the total claims paid to date for services incurred in each of the following years?

2019 \$440,000,000 2020 \$450,000,000 2021 \$400,000,000

(b) As of 4/30/2022 what were the total claims paid in 2022 for services incurred in each of the following years?

2019 \$0 2020 \$1,200,000 2021 \$70,000,000 2022 \$110,000,000

(c) What is your estimate of the ultimate claims for each of the following years?

2019 \$440,000,000 2020 \$452,000,000 2021 \$480,000,000

(d) Claims Incurred but Unpaid for years prior to 2019? \$0

The portion of these claims that have been paid as of 12/31/2021:

2019 100.000% 2020 99.558% 2021 83.333%

The portion of these claims that have been paid as of 4/30/2022:

2019 100.000% 2020 99.823% 2021 97.917%

Factors Affecting Incurred Claims Development

FEHB Experience Rated Proposal

Our Health Plan High Option - ZZ1, ZZ3, ZZ2

Claims in item 10 for 2021-2023 are equal to the product of the prior year's claims and the factors in items 5 through 9.
For 2021, the claims in item 10 must agree with the ultimate claims stated in item 4.

5. Place an X in the appropriate box to select which weighted average method you wish to use **(PLACE AN X IN ONLY ONE BOX)** :

Your Claims Proxy Claims Premiums (Default)

What was the change in enrollment factor for:

	2020 to 2021	2021 to 2022	Est. 2022 to 2023
Calculated Factor	1.02598	1.02267	1.01997
Adjustment Fact. <i>(if necessary)</i>	<input type="text" value="1.00000"/>	<input type="text" value="1.00000"/>	<input type="text" value="1.00000"/>
Final Factor	1.02598	1.02267	1.01997

Note

For item 6, you should weight the aggregate benefit factor for self, self plus one, and family contracts by premiums and enrollment. You should base all benefit changes on premium rate changes that were agreed upon during prior rating unless better data is available. Checking the "Manually Set Aggregate Factor" box allows the input of a factor which is different than the one that is automatically calculated by the program based on changes in premium rates. This is useful if premiums are not representative of claims experience. Premium values in the projected year will still be displayed in Table 2.

6. What was the change in benefit factor for 2020 to 2021, 2021 to 2022, and your estimate for 2022 to 2023?

	<u>Biweekly Benefit Change</u>		
	<u>2020 to 2021</u>	<u>2021 to 2022</u>	<u>2022 to 2023**</u>
Self	(\$2.00)	(\$1.00)	\$0.50
Self Plus One	(\$3.00)	(\$1.50)	\$1.00
Family	(\$4.00)	(\$2.00)	\$1.50
Manual Aggregate*	0.00000	0.00000	0.00000
Calc. Aggregate	0.98539	0.99306	1.00383

If you have manually set the aggregate factor, place an "X" in the box below:

* Manual benefit factors should have a value of zero if you are using the calculated aggregate factor

** These changes should be supported through your benefit change documentation submitted with your rate proposal

7. What was the trend factor for:

Trend Factor	Equals	Inflation Factor	Multiply	Utilization Factor
2020 to 2021	=	<input type="text" value="1.03000"/>	x	<input type="text" value="1.02000"/>
1.05060				

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	Trend Factor	Equals	Inflation Factor	Multiply	Utilization Factor
Projected 2021 to 2022	1.06605	=	1.03500	x	1.03000
Projected 2022 to 2023	1.08160	=	1.04000	x	1.04000

Note

Selection as a result of movement between plans in the FEHBP is common. You can quantify this factor for a given year using the table in item 8. If you include selection factors, please review the Methodology of Question 8 in the 'Help' sheet and the 'Rate Proposal - Example' for explanation on how to correctly input selection factors.

8. Enter the selection factors for a given year using the following:

	Selection	Aggregate	Enr. Inc	Enr. Dec	Rel. Util Inc	Rel. Util Dec
2020 to 2021	1.00696	1.02598	1.03154	0.99444	1.20000	0.85000
Projected 2021 to 2022	1.00443	1.02267	1.02267	1.00000	1.20000	1.00000
Projected 2022 to 2023	1.03823	1.01997	1.11997	0.90000	1.20000	0.85000

9. Enter any other factors, such as the institution or expansion of a PPO, that will effect incurred claims:

	Total Other			
2020 to 2021	1.00000	1.00000	1.00000	1.00000
Projected 2021 to 2022	1.00000	1.00000	1.00000	1.00000
Projected 2022 to 2023	1.00000	1.00000	1.00000	1.00000

10. Summary of Incurred Claims Development:

	Factors					Claims
	Enrollment	Benefit	Trend	Selection	Other	
2020						\$452,000,000
2021 x	1.02598	0.98539	1.04314	1.00696	1.00000	\$480,000,000
2022 x	1.02267	0.99306	1.06605	1.00443	1.00000	\$521,976,995
2023 x	1.01997	1.00383	1.08160	1.03823	1.00000	\$600,152,976

NOTE: IF YOUR CLAIMS ARE ZERO, YOU MUST GO BACK TO QUESTION 7 TO ADJUST YOUR TREND FACTOR

11. December 31, 2021 Special Reserve

(a) 2019, 2020 and 2021 Claims Paid Through 12/31/2021	\$1,290,000,000
(b) 2019, 2020 and 2021 Estimated Incurred Claims	\$1,372,000,000
(c) Revised Accrued Claims Res (+ prior year run-out)	\$82,000,000
(d) 12/31/2021 Accounting Stmt Accrued Claims Reserve	\$119,500,000
(e) 12/31/2021 Accounting Stmt Accrued Expense Reserve	\$8,000,000
(f) 12/31/2021 Accounting Stmt Special Reserve	\$9,500,000
(g) Revised Special Reserve {(d) + (e) + (f) - (c) - (e)}	\$47,000,000

FEHB Experience Rated Proposal

Our Health Plan High Option - ZZ1, ZZ3, ZZ2

12. Accrued Claims Reserves

(a) 12/31/2021 Accrued Claims Reserve	\$82,000,000
(b) 12/31/2022 Est. Accrued Claims Reserve (20 - 22 Ultimate Claims Against Run Out)	\$89,120,060
(c) 12/31/2023 Est. Accrued Claims Reserve (21 - 23 Ultimate Claims Against Run Out)	\$102,335,129

13. Expenses **

(a)	Year	Administrative Paid Expenses	Total Other Expenses
	2021	\$48,000,000	\$3,500,000
	2022	\$49,000,000	\$3,600,000
	2023	\$50,000,000	\$3,700,000

(b)	Year	Administrative Incurred Expense	Administrative Accrued Expense
	2021	\$48,471,248	\$8,000,000
	2022	\$49,105,750	\$8,184,292
	2023	\$50,178,850	\$8,363,142

(c) 2023 Estimate of Service Charge (to be negotiated with Office of Insurance Operations)	\$3,000,000
(d) 2023 Estimated Cost of Facility Capital	\$500,000

**Total Other Expenses should include Service Charge, Clearinghouse and ACA taxes and fees (including associated income tax)
 Administrative Paid Expenses should include reinsurance, statutory reserve, managed care, and all other outgos other than claims negotiated with the Office of Insurance Operations

14. 2022 Contingency Reserve Payment, Interest, Investment Income and Reserve Calculations

(a) Contingency Reserve	
(1) Contingency Reserve Balance as of 12/31/2021	\$70,000,000

If your plan has or will receive CR payments different than the formula driven payments, answer questions 'a' through 'l'.

These payments are in lieu of the regular formula driven payments.

If your plan has or will receive the all or part of the formula driven payment, as well as additional CR payments, you must also list the formula driven payment as a special CR payment.

(a) 1st Special CR Payment made in 2022	
(b) Month when Special CR Payment was made in 2022	None
(c) 2nd Expected Non-Standard CR Payment made in 2022	
(d) Month of 2nd Non-Standard CR Payment in 2022	None

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- (e) 3rd Expected Non-Standard CR Payment made in 2022
- (f) Month of 3rd Non-Standard CR Payment in 2022
- (g) 1st Expected Non-Standard CR Payment made in 2023
- (h) Month of 1st Non-Standard CR Payment in 2023
- (i) 2nd Expected Non-Standard CR Payment made in 2023
- (j) Month of 2nd Non-Standard CR Payment in 2023
- (k) 3rd Expected Non-Standard CR Payment made in 2023
- (l) Month of 3rd Non-Standard CR Payment in 2023

None
None
None
None

(2) Claims Paid During the Last 6 Months of 2021

\$240,000,000

15. 2022 Contingency Payment, Int. & Inv. Income, and Reserve Calculation

(a) Contingency Reserve

(1) Contingency Reserve Balance on 12/31/2021	\$70,000,000
(2) Claims Paid During the Last 6 Months of 2021	\$240,000,000
(3) Paid Expenses for 2021	\$51,500,000
(4) Three and One-Half Months of Paid Outgo	\$155,020,833
(5) Preferred Minimum Balance	\$66,437,500
(6) Accrued Claims Reserve + Accrued Exp Reserve + Special Reserve 12/31/2021	\$137,000,000
(7) 2022 Contingency Reserve Payment to LOCA/(LOCA Payment to CR)	\$3,562,500
(8) 2022 Payments to Contingency Reserve Fund	\$23,352,420
(9) 2022 Interest on Contingency Reserve Fund	\$1,413,748
(10) 12/31/2022 Contingency Reserve Balance	\$91,203,668

(b) Estimated Interest Plus Investment Income

(1) Accrued Claims Reserve + Accrued Exp Reserve + Special Reserve 12/31/2021	\$137,000,000
(2) Premium Income Accrued but Unpaid 12/31/2021	\$41,000,000
(3) 2022 Contingency Reserve Payment to LOCA/(LOCA Payment to CR)	\$3,562,500
(4) 2022 Total Premium Income	\$598,780,000
(5) 2022 Estimated Paid Claims	\$514,980,829
(6) 2022 Paid Expenses	\$52,600,000
(7) 2022 Average Investment Balance	\$112,490,210
(8) 2022 Estimated Interest Plus Investment Income	\$56,245

(c) Special Reserve - 2022

(1) Income	
(a) Premium Income	\$598,780,000
(b) Contingency Reserve Payment to LOCA/(LOCA Payment to CR)	\$3,562,500

FEHB Experience Rated Proposal

Our Health Plan High Option - ZZ1, ZZ3, ZZ2

(c) Estimated Interest + Investment Income	\$56,245
(d) Total	\$602,398,745
(2) Outgo	
(a) Incurred Claims	\$521,976,995
(b) Incurred Expenses	\$52,705,750
(c) Total	\$574,682,745
(3) Gain(Loss)	\$27,716,000
(4) Reserves	
(a) Beginning Special	\$47,000,000
(b) Ending Special	\$74,716,000

16. 2023 Contingency Payment, Int. & Inv. Income, and Reserve Calculation

(a) Contingency Reserve	
(1) Contingency Reserve Balance on 12/31/2022	\$91,203,668
(2) Claims Paid During the Last 6 Months of 2022	\$260,988,497
(3) Paid Expenses for 2022	\$52,600,000
(4) Three and One-Half Months of Paid Outgo	\$167,584,956.83
(5) Preferred Minimum Balance	\$71,822,124
(6) Accrued Claims Reserve + Accrued Exp Reserve + Special Reserve 12/31/2022	\$172,020,351
(7) 2023 Contingency Reserve Payment to LOCA/(LOCA Payment to CR)	(\$4,435,394)
(8) 2023 Payments to Contingency Reserve Fund	\$25,370,280
(9) 2023 Interest on Contingency Reserve Fund	\$2,099,953
(10) 12/31/2023 Contingency Reserve Balance	\$123,109,295
(b) Estimated Interest Plus Investment Income	
(1) Accrued Claims Reserve + Accrued Exp Reserve + Special Reserve 12/31/2022	\$172,020,351
(2) Premium Income Accrued but Unpaid 12/31/2022	\$48,855,682
(3) 2023 Contingency Reserve Payment to LOCA/(LOCA Payment to CR)	(\$4,435,394)
(4) 2023 Total Premium Income	\$650,520,000
(5) 2023 Estimated Paid Claims	\$587,123,646
(6) 2023 Paid Expenses	\$53,700,000
(7) 2023 Average Investment Balance	\$126,903,998
(8) 2023 Estimated Interest Plus Investment Income	\$63,452

Table One: Projected Financial Results

Our Health Plan High Option

ZZ1, ZZ3, ZZ2

	2021	2022	2023
A. Income			
1. Incurred Premium Income	\$502,500,000	\$598,780,000	\$650,520,000
2. Contingency Reserve Payment	\$20,000,000	\$3,562,500	(\$4,435,394)
3. Interest + Investment Income	\$1,290,500	\$56,245	\$63,452
4. Total	\$523,790,500	\$602,398,745	\$646,148,058
B. Outgo			
1. Incurred Claims	\$480,000,000	\$521,976,995	\$600,152,976
2. Incurred Expenses	\$51,971,248	\$52,705,750	\$53,878,850
3. Total	\$531,971,248	\$574,682,745	\$654,031,826
C. Comparisons of Income and Outgo			
1. Gain (Loss)	(\$8,180,748)	\$27,716,000	(\$7,883,768)
2. Ratio of 1.04* Incurred Premium Income/Outgo	0.982	1.084	1.034
D. Reserves			
1. Beginning Special Reserve	\$55,180,748	\$47,000,000	\$74,716,000
2. Ending Special Reserve	\$47,000,000	\$74,716,000	\$66,832,231
3. Ending Contingency Reserve	\$70,000,000	\$91,203,668	\$123,109,295
4. Total Unobligated Reserve	\$117,000,000	\$165,919,668	\$189,941,527
5. Accrued Claims Reserve	\$82,000,000	\$89,120,060	\$102,335,129
6. Accrued Adm. Expense Reserve	\$8,000,000	\$8,184,292	\$8,363,142
7. Total Reserves	\$207,000,000	\$263,224,019	\$300,639,797
E. Unobligated Reserve (in # of months)	2.639	3.465	3.485

Table Two: Information for Insurance Operations

Our Health Plan High Option

ZZ1, ZZ3, ZZ2

	Self	Self Plus One	Family
A. 2022 Rates	\$150.00	\$300.00	\$320.00
B. 2023 Rates			
1. Experience Change	\$9.43	\$18.85	\$18.77
2. Benefit Change	\$0.57	\$1.15	\$1.23
3. Other Changes	\$0.00	\$0.00	\$0.00
4. Total (2023 Rates)	\$160.00	\$320.00	\$340.00
C. Percent Change from 2022 to 2023			
1. Experience Change	6.284%	6.284%	5.867%
2. Benefit Change	0.383%	0.383%	0.383%
3. Other Changes	0.000%	0.000%	0.000%
4. Total Changes	6.667%	6.667%	6.250%

Projected Financial Results	2023
Incurring Claims	\$600,152,976
Incurring Expenses	\$53,878,850
Estimated Service Charge	\$3,000,000
Estimated Cost of Facility Capital	\$500,000

Projected Monthly Income and Outgo	2023
Incurring Premium Income	\$54,210,000
Total Outgo	\$54,502,652