

City of Rochelle
Illustrative IPBC Rates
1/1/2018 - 6/30/2019

Rate Tier	Enrollment	Current		Renewal		IPBC - Current Plan Design		IPBC - Alternate Plan Design ¹	
		Monthly Premium Rates 1/1/17 - 12/31/17	Monthly Premium @ Current Rates	Monthly Premium Rates 1/1/18 - 12/31/18	Monthly Premium @ Renewal Rates	IPBC Funding Rates 1/1/18 - 6/30/19	Monthly Funding @ IPBC Rates	IPBC Funding Rates 1/1/18 - 6/30/19	Monthly Funding @ IPBC Rates
BCBS PPO						BCBS PPO			
Single	35	\$746.84	\$26,139	\$803.60	\$28,126	\$770.79	\$26,978	\$757.08	\$26,498
Family	73	\$1,915.27	\$139,815	\$2,060.83	\$150,441	\$1,976.68	\$144,298	\$1,941.52	\$141,731
Total PPO									
Total Monthly	108		\$165,954		\$178,567		\$171,275		\$168,229
Total Annual			\$1,991,449		\$2,142,799		\$2,055,303		\$2,018,745
% Change from Current					7.6%		3.2%		1.4%

1) The alternate plan design reflects an in-network deductible of \$600 single/\$1,800 family, in-network OOP max of \$1,800 single/\$5,400 family, office visit copays of \$20 PCP/\$40 Spec., and rx copays of \$5/\$50/\$100 (2x mail). All other attributes were assumed to remain the same.

This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

City of Rochelle
IPBC Quote Assumptions/Conditions

- < Annual PPO medical/rx trend assumption: 6.8%
- < The IPBC rates are not a guarantee of actual cost. The actual cost is determined by each member's claim experience and the IPBC average experience.
- < The IPBC PPO medical vendor is BCBSIL; the PPO prescription drug vendor is Express Scripts.
- < The IPBC rates are subject to change based on updated rates and census data
- < No claims experience was used to develop the IPBC rates
- < Due to lack of large claims data for the entity, we have assumed that the entity's banded layer claims will run at the IPBC average banded layer claim cost.
- < City of Rochelle will join the QCHIP subpool where expenses and renewal rating will be pooled among the subpool members
- < The IPBC rates assume the same plan design and medical network as current. Any changes from current could result in a change to the rates.
- < The IPBC rates for the alternate plan design reflect an in-network deductible of \$600 single/\$1,800 family, in-network OOP max of \$1,800 single/\$5,400 family, office visit copays of \$20 PCP/\$40 Spec., and rx copays of \$5/\$50/\$100 (2x mail). All other attributes were assumed to remain the same.

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City of Rochelle
PPO BANDED LAYER ANALYSIS
 Effective Period: 1/1/2018 - 6/30/2019

Category	Expected**	High (2x IPBC Average)	Low (1/2 of IPBC Average)
Projected IPBC Banded Layer Without City of Rochelle	\$254.44	\$254.44	\$254.44
Projected City of Rochelle Banded Layer	\$254.44	\$508.88	\$127.22
Projected IPBC Banded Layer With City of Rochelle	\$254.44	\$257.18	\$253.07
Estimated Impact to Current IPBC Members' Banded Layer (PEPM)	\$0.00	\$2.74	-\$1.37

> PEPM = Per Employee Per Month

*The banded layer consists of claims between \$35,000 and \$125,000. Claims in this layer are shared on a per employee per month (PEPM) basis across all members.

**Due to lack of large claims data for the entity, we have assumed that the entity's banded layer claims will run at the IPBC average banded layer claim cost.

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**City of Rochelle
IPBC PPO Accounting Illustration**

12-Month IPBC PPO Funding	\$2,055,303
Estimated IPBC Claims and Fixed Costs	(\$1,870,326)
Estimated Funding Variance Before IBNR Charge	\$184,977
Estimated IBNR Liability*	(\$184,977)
Total Estimated Funds Available	\$0

> The above illustration assumes all costs run at the expected level. Actual costs could vary.

*The IBNR liability is charged as an expense at the end of each fiscal year. Pursuant to the IPBC bylaws, the IBNR liability is held by the pool to cover run-out expenses should the member terminate. The member does not have access to these funds. For this illustration we have assumed the IBNR liability to be 9% of the annual funding. The actual liability is calculated at the end of the audit cycle.

IPBC PPO Structure

-Each member pays a level monthly payment determined at the beginning of the plan year based on the PPO rates and current employee counts.

-While the member pays in a level monthly payment, the actual member liability is determined by the member's actual claims experience for all individual claimants under \$35,000 and the IPBC average claims experience for all claimants between \$35,000 and \$125,000. Individual claimants over \$125,000 are covered under the IPBC stop loss program.

-At the end of each plan year, an audit is performed and the funding paid in is compared to the actual costs for each member. The member's year end liability is based on a combination of individual experience and the IPBC average experience as explained above. Please note that the funding paid in during the plan year is an attempt to cover the expected costs for each member. If the costs differ from the funding, the member is responsible for the difference.

Example:

Category	Amount	Notes
12-Month Funding	\$1,000,000	Paid in 12 level monthly payments
Actual Member Claims < \$35,000	\$800,000	
IPBC Average Claims \$35,000 - \$125,000	\$150,000	
IPBC Average Claims >\$125,000	\$50,000	
Fixed Costs	\$150,000	Administration, stop loss, GBS fees, etc.
Total 12-Month Costs	\$1,150,000	Actual member liability
Funding Variance	(\$150,000)	Reconciled at the end of the plan year