

New Jersey
State Health Benefits Program

Plan Year 2014
Rate Renewal Recommendation Report

Local Government Employer Group

January 1, 2014 – December 31, 2014

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***State Health Benefits Program
Local Government Employer Group
Rate Renewal Recommendation Report
For Plan Year 2014***

Executive Summary

The purpose of this report is to recommend premium levels for the Local Government Employer Group of the State Health Benefits Program (SHBP) for January 1, 2014 through December 31, 2014.

Benefit Plans Maintained by the SHBP

The State of New Jersey operates the SHBP as a multiple-option program for participating Local Government Employer Employees and Retirees, with the following medical plan options for Plan Year 2014:

- Two self-insured Preferred Provider Organization (PPO) plans – NJ DIRECT, administered by Horizon, and the Freedom PPO, administered by Aetna. In Plan Year 2014, both Horizon and Aetna will offer four options under their respective PPO plans. The details of these options are summarized in Exhibit 7. These plans are available to all employees and retirees.
- HMO plans are administered by Aetna and Horizon. There are three HMO benefit options, summarized in Exhibit 7, which are available to all employees and retirees.
- Two High Deductible plans are administered by Aetna and Horizon. The plans are summarized in Exhibit 7. Employees may select either high



deductible option. Early retirees are only offered the \$4000 high deductible option and neither option is available to Medicare-eligible retirees.

- Active Employees may also be enrolled in a Prescription Drug Card Plan available under the SHBP, which is administered by Express Scripts. SHBP employers may select this plan, sign up for prescription drug coverage under the medical plan (which is also administered by Express Scripts), or purchase prescription drug coverage from an outside vendor. If an employer selects SHBP prescription drug coverage, the prescription drug benefit option is linked to the medical plan selection. The prescription drug benefit options are summarized in Exhibit 7.

- SHBP Retirees also have Prescription Drug Plans options which are linked to the medical plan selection and are summarized in Exhibit 7. The Retiree Prescription Drug Plans are administered by Express Scripts.

Recommended Renewal Increases

Aon Hewitt is recommending an overall increase of 7.8% for Active Employees, 5.4% increase for Early Retirees, and 1.6% for Medicare Retirees. For all groups combined, the recommended increase is 6.5%. Note that the Active increase reflects the impact of a 5.3% increase in Single and Married rates, 9.1% increase in the Family rates, and 11.6% increase in Parent rates (See the next section for changes to the Child(ren) load).



The recommended renewal increases for Plan Year 2014 by benefit plan are listed below. Renewal increases were calculated separately for the PPO (which includes the high deductible plans), the HMO, and the Prescription Drug Plans.

	Total	Single	Ee + Spouse	Family	Ee + Child(ren)
Actives					
PPO Medical	8.4%	6.0%	6.0%	9.8%	12.4%
HMO Medical	9.0%	6.0%	6.0%	9.8%	12.4%
PPO Rx	3.8%	1.5%	1.5%	5.2%	7.6%
HMO Rx	3.8%	1.5%	1.5%	5.2%	7.6%
Total	7.8%	5.3%	5.3%	9.1%	11.6%
Early Retirees					
PPO Medical	5.0%	5.0%	5.0%	5.0%	5.0%
HMO Medical	7.0%	7.0%	7.0%	7.0%	7.0%
PPO Rx	5.0%	5.0%	5.0%	5.0%	5.0%
HMO Rx	7.0%	7.0%	7.0%	7.0%	7.0%
Total	5.5%	5.5%	5.5%	5.5%	5.5%
Medicare Retirees					
PPO Medical	3.0%	3.0%	3.0%	3.0%	3.0%
HMO Medical	5.0%	5.0%	5.0%	5.0%	5.0%
PPO Rx	0.0%	0.0%	0.0%	0.0%	0.0%
HMO Rx	0.0%	0.0%	0.0%	0.0%	0.0%
Total	1.6%	1.6%	1.6%	1.6%	1.6%
Grand Total	6.6%	4.9%	4.9%	7.5%	9.2%

These premium increases for Plan Year 2014 are projected to produce a gain of \$10 million for the Local Government Group which will be added to the Claim Stabilization Reserve for Local Government. The table below shows the projected claim stabilization reserves at the end of Plan Years 2012-2014. The target Claim Stabilization Reserve is equivalent to 2.0 months of plan costs. The Plan Year 2014 renewal premium increases include a 1% margin so that the



projected reserve will reach the recommended level of 2.0 months of plan costs as of 12/31/14.

SHBP Projected Claim Stabilization Reserve
(in \$millions)

	Total
12/31/2012	\$174
12/31/2013	\$225
12/31/2014	\$234
Months of Plan Costs at 12/31/2014	2.0

Employee+ Child(ren) Premium Increases

SHBP premiums are developed using fixed relative values for the difference in premiums among coverage tiers (Single, Employee+ Child(ren), Employee+ Spouse, and Employee+ Family). The increase in the number of covered dependent children as a result of Federal Health Care Reform resulted in an 11% increase in the relative cost of a child coverage unit from 72% of employee cost in Plan Year 2010 to 80% of employee cost in Plan Year 2011. The Plan Year 2012 dependent children value increased slightly to 81% of employee cost. The Plan Year 2013 premiums rated child(ren) coverage at 50% of employee costs. The Plan Year 2014 premiums increase the cost of child(ren) coverage to 59% of single coverage. This is a continuation of the gradual increase in child(ren) premiums to bring their premiums closer to their actual experience. There is no change in the child(ren) load for retirees.



The table below compares the Active coverage tier factors for Plan Year 2014 with Plan Year 2013:

Coverage Tier	PY2013	PY2014	Increase
Single	1.00	1.00	0%
Ee+Child(ren)	1.50	1.59	6%
Ee+Spouse	2.00	2.00	0%
Ee+Family	2.50	2.59	4%

Employee/ Retiree Contribution Changes

Prior to Chapter 78, PL 2011, Active employees who were covered by the SHBP were required to contribute 1.5% of their salary for health care coverage. Chapter 78, which was effective June 28, 2011, replaced this contribution formula with a percentage of premium contribution formula. The percentage of premium varies by salary/pension tier and by coverage tier (Single, Employee+ Child(ren), Employee+ Spouse/Partner, or Family). The new contribution table is being phased in over 4 years. Local Governmental employers have the option to adopt this contribution schedule in full or make adjustments to their contribution schedules and benefit plans that produce savings that are at least as much as the Chapter 78 changes.

It is anticipated that these contribution increases will motivate a small number of employees to migrate to the lower-cost benefit plans, and Plan Year 2014 enrollment projections assume that active enrollment in the new benefit options will increase from 1.1% of employees to 1.7% and that Retiree enrollment will increase from 2.6% of retirees to 3.9%.



Benefit Design Changes

Mental Health Parity: We are assuming that the SHBP will file for the Mental Health Parity waiver. If they do not apply for the waiver, projected medical costs for Actives and Early Retirees will increase 0.2% (\$2 million annually).

Retiree Prescription Drugs: The renewal projections assume that retiree prescription drug copays and out-of-pocket maximums will increase based on the indexing formula as detailed in the table below, which reduces projected prescription drug costs by 2% (\$4 million annually):

SHBP Retirees

	PPO 10+15		HMO 10		1525		2030	
	2013	2014	2013	2014	2013	2014	2013	2014
Retail Generic Copay	\$11	\$12	\$6	\$7	\$7	\$7	\$3	\$3
Retail Preferred Brand Copay	\$23	\$25	\$13	\$14	\$16	\$17	\$18	\$19
Retail Non-Preferred Brand Copay	\$46	\$50	\$25	\$27	\$35	\$37	\$46	\$49
Mail Generic Copay	\$11	\$12	\$6	\$7	\$5	\$5	\$5	\$5
Mail Preferred Brand Copay	\$34	\$37	\$19	\$21	\$40	\$43	\$36	\$38
Mail Non-Preferred Brand Copay	\$57	\$62	\$31	\$34	\$88	\$94	\$92	\$98
Out-of-Pocket Maximum	\$1,355	\$1,446	\$1,355	\$1,446	none	none	none	none

Federal Health Care Reform

Women’s Preventive Services: Effective 1/1/2013, certain additional women’s preventive services must be covered. The Plan Year 2013 claim projections include an additional 0.4% for Actives and 0.3% for Retirees to reflect the impact of this change. There is no impact on the Medicare Retirees.

In-Network Out-of-Pocket Maximum: Effective 1/1/2014, federal health care reform requires that in-network medical benefits have an out-of-pocket maximum no greater than \$6,500. The SHBP Plan Design Committee approved



a change which sets an overall in-network, out-of-pocket limit of \$6,500 for Plan Year 2014. This change is not expected to have a significant impact on projected costs.

Transitional Reinsurance Fee: This is a three-year fee program, starting in 2014, to stabilize the cost of individual and small group insurance offered through health insurance exchanges. Employer group health plans will be assessed fees to help mitigate anticipated large losses due to adverse selection in the exchanges. The fee for Plan Year 2014 is \$63 per non-Medicare member (i.e., employees/retirees/dependents).

Comparative Effectiveness Fee: The Comparative Effectiveness Research Fee will increase with inflation in 2014. The Plan Year 2013 cost of \$2 per member per year is assumed to be increased at a 3% inflation rate for Plan Year 2014.

Health Insurance Exchanges: The exchanges that are mandated by federal healthcare reform beginning in 2014 are assumed to have minimal impact on enrollment or cost levels within the SHBP.

Full-Time Employee Definition: The Affordable Care Act defines full-time employees as those who work 30 or more hours per week. The effective date of this change has been postponed to 1/1/2015, and it may require the State to change their definition of part-time versus full-time for the Plan Year 2015 renewal.

Minimum Value: The Affordable Care Act requires employers to offer plans that have a minimum value that is at least 60% (i.e., the plan's share of total allowed costs of benefits provided under the plan is at least 60% of such costs). All of the SHBP plan options were tested and have a minimum value in excess of 60% (More details in the Minimum Value section of this report). The requirement that employer group plans provide a minimum value benefit has been deferred from 1/1/2014 to 1/1/2015.

New Jersey State Mandates

Oral Anti-Cancer: Effective July 2012, requires that orally-administered anti-cancer medications are covered without copays. Projected Plan Year 2013 prescription drug costs were increased 0.3% to reflect the increase in cost due to this mandate.

Other Possible Benefit Changes

Chapter 78, PL 2011 established a State Health Benefits Plan Design Committee which has the responsibility to modify and create plans from which eligible public employees can choose coverage.

The suggested rate increases in this Plan Year 2014 renewal report could be reduced through the benefit design changes suggested in Exhibit 8. These proposed benefit design changes would reduce projected costs for Plan Year 2014 and also decrease future trends.



Vendor Changes

Medical Vendors: We are assuming that Horizon and Aetna will be the only medical vendors in Plan Year 2014 and that both vendors will offer all benefit options. Note that the Horizon HMO options will only offer a New Jersey provider platform.

Horizon Out-of-Network Provider Discounts: Horizon has a new agreement with MultiPlan that will provide discounts for certain Out-of-Network providers. The savings projection for the 2013 Horizon claim costs is approximately 0.8% of Horizon's projected PPO claims.

Horizon Out-of-Network Reasonable and Customary: On 1/1/2013, Horizon changed to the FAIR Health fee schedule, which will increase total Horizon PPO claims 0.8%.

Aetna Discounts: We are assuming no changes in Aetna provider discounts from Plan Year 2013 through Plan Year 2014.

Prescription Drug Vendor: We are assuming no change in prescription drug vendor and no change in guaranteed prescription drug discounts which were revised in Plan Year 2012 as a result of a market check.

Financial Results

The Plan Year 2012 loss ratio decreased 1.3% since the Plan Year 2013 renewal analysis, due to lower trends than previously projected combined with lower claim utilization in the 4th quarter as a result of Hurricane Sandy. This increased the Plan Year 2012 projected gain from \$35 million to \$48 million.



The Plan Year 2013 loss ratio decreased 2% which changed the Plan Year 2013 projection from a gain of \$26 million to a gain of \$50 million.

Plan Year 2014 results in a projected gain of \$10 million which will be added to the Claim Stabilization Reserve to bring the reserve the recommended level.

The Plan Year 2014 aggregate projected costs are \$1,381 million: \$949 million for Actives and \$432 million for Retirees.

Historical Overview

Vendor Changes

Effective 4/1/2008, the number of HMO vendors was reduced from five to two (Aetna and Cigna). Effective 1/1/2013, Cigna HMO was replaced by Horizon HMO.

Also effective 4/1/2008, the Traditional Plan and NJ PLUS were replaced by NJ DIRECT, a PPO plan administered by Horizon. Effective 1/1/2013, Aetna also offers PPO plans.

Effective 1/1/2010, Prescription Drug claims are administered by Express Scripts (which acquired Medco in 2012). Previously, Horizon -- in partnership with Caremark -- administered the bulk of the prescription drug coverage, with Aetna and Cigna administering prescription drug coverage for HMO retirees and some Local HMO actives.

Benefit Changes

Exhibit 7A has a summary of the current benefit options for Actives and Exhibit 7B has a summary for Retirees.

Medical Plans

The following additional plan options were added 1/1/2012:

- 1525 HMO and PPO benefit options, which have a \$15 copay for general practitioners and a \$25 copay for specialists. In addition the PPO 1525



covers out-of-network benefits with an out-of-pocket maximum of \$2,000.

- 2030 HMO and PPO benefit options, which have a \$20 copay for general practitioners and a \$30 copay for specialists (copay for children is always \$20). In addition the PPO 2030 covers out-of-network benefits with an out-of-pocket maximum of \$5,000.
- \$1,500 High Deductible plan with a \$300 employer-funded Health Savings Account. This plan is not available to Retirees.
- \$4,000 High Deductible plan with no employer funding for the Health Savings Account. This plan is not available to Medicare Retirees.

Prescription Drug Plans

The benefit plans which were in effect prior to 1/1/2012 (the Legacy Plans) have different prescription drug card plans for Actives and Retirees:

- For Active Employees, SHBP employers can select the State prescription drug card plan, prescription drug coverage under the medical plan, or purchase prescription drug coverage from an outside vendor.
- All Retirees in the Legacy Plans have prescription drug card plans which have copays and an out-of-pocket maximum that usually increase each year based on plan experience. For Plan Year 2012, Retiree prescription drug copays were frozen at Plan Year 2011 levels, with the exception of the Mail Generic copay which was reduced to \$5. In Plan Years 2013 and

2014, the Retiree prescription drug card copays and out-of-pocket maximum increase based on the indexing formula (Exhibit 7 details the plan cost-sharing components).

The new benefit plans have prescription drug plans which are linked to the medical plan selection and are detailed in Exhibit 7.

- The Aetna Active PPO \$10 and \$15 copay plans will have the same prescription drug copays as the Legacy HMO Aetna plan if the employer selects prescription drug coverage under the medical plan.
- The Aetna Retiree PPO \$10 and \$15 copay plans will have the same prescription drug copays as the Horizon NJ DIRECT10 and NJ DIRECT15.
- The 1525 and 2030 plans copays and coinsurance differ from the Legacy Plan copays and are listed in Exhibit 7.
- Prescription drugs under the high-deductible plans are subject to the same deductible and coinsurance as the medical benefits.

Aetna Medicare Advantage

Effective 1/1/2009, Aetna Medicare Retiree HMO medical coverage changed from a self-insured Medicare Supplement plan to a fully-insured Medicare Advantage plan. Retiree copays did not change and the prescription drug plan did not change.



In Plan Years 2013 and 2014, Aetna PPO and HMO plans cover Aetna Medicare-eligible members under a Medicare Advantage Plan. Horizon NJ DIRECT and HMO plans cover Horizon Medicare-eligible members with a self-insured plan that supplements Medicare.

Federal Health Care Reform

Health Care Reform (the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act) includes an array of changes that phase in over a number of years.

- Early Retiree Reinsurance Program (ERRP): The ERRP program reimbursed Plan Sponsors for 80% of the claims costs of early retiree (i.e., between ages 55 and 64) claimants (and/or their eligible dependents) who have total claims costs between \$15,000 and \$90,000 during the Plan Year. The program was effective 6/1/2010 and was funded with \$5 billion in federal funds. The State has received approximately \$99 million in ERRP reimbursements which have been applied against Plan Year 2012 and 2013 premiums – Local Government Retiree Premiums were reduced \$16 million in Plan Year 2012 and \$5 million in Plan Year 2013, with the remainder of the ERRP funds applied to State and Local Education Early Retiree Premiums. Very little of the \$5 billion federal fund remains and the State does not anticipate receiving any further ERRP reimbursements.
- Coverage of Dependent Children to Age 26: Prior to 1/1/2011, the SHBP covered dependent children until the end of the calendar year in which they

turn 23. This provision extends coverage through the end of the calendar year in which they turn 26, without regard to financial dependency, residency, student status, marital status, or employment status. Many of these adult children were covered under Chapter 375, where they paid a separate “Adult Child” premium for their coverage. Under Health Care Reform, these children can be covered under a parent’s plan without a separate additional premium (although the parent/employee may have to change to Family or Parent+Child(ren) coverage). In Plan Year 2011, members per employee increased 4%. The impact of this change is reflected in the relative cost of Child(ren) coverage which increased from 72% of the average employee claim cost in Plan Year 2010 to 81% in Plan Year 2012.

- No Maximum Benefit: This regulation required that the NJ DIRECT out-of-network maximum benefit of \$1 million be removed effective 1/1/2011. In addition, it removed the mental health/substance abuse life-time maximums.
- EGWP Plus Wrap: Health Care Reform enacted changes in the manner in which employer group plan sponsors can more effectively provide Retiree prescription drug coverage for Medicare-eligible members. As a result, effective January 1, 2012, the SHBP implemented an Employer Group Waiver Program, known as EGWP Plus Wrap. This change is projected to reduce Plan Year 2014 Local Government Medicare Retiree drug claims by approximately \$13 million and those savings have been factored into the renewal increases and resultant premiums recommended in this report.

- Preventive Care: Under Health Care Reform, the SHBP must cover preventive care services without any cost sharing. Effective 1/1/2013, certain additional women's preventive services must be covered. Plan Year 2013 medical claims have been increased \$3.5 million (0.4% for Actives and 0.3% for Retirees) to reflect the impact of this change.
- Comparative Effectiveness Fee: Beginning in 2012, Health Care Reform imposed a fee to fund medical outcomes research. The fee is \$1 per member per year in 2012, increased to \$2 per member per year in 2013 and projected at \$2.06 per member per year in 2014, which increases Plan Year 2014 costs by \$0.4 million.
- Transitional Reinsurance Fee: A transitional, three-year fee program starting in 2014 to stabilize the cost of individual and small group insurance offered through health insurance exchanges. The fee for Plan Year 2014 is \$63 per member (i.e., employees/retirees/dependents) per year for Actives and Early Retirees, which increases Plan Year 2014 cost by \$10.0 million.

New Jersey State Mandates

Effective Plan Year 2013, the SHBP must cover orally-administered anti-cancer medications without copays. Plan Year 2013 prescription drug claim costs have been increased \$0.7 million or 0.3% to reflect the cost of this mandate.

Employee Contribution Changes

Effective 7/1/2012, most Active Employees were impacted by the new Chapter 78, PL 2011 premium contribution formula. Contributions are a percent of premium which varies by salary tier and by coverage tier (Single, Employee+ Child(ren), Employee+ Spouse/Partner, or Family). The percentages are being phased in over 4 years and the contributions are subject to a minimum of 1.5% of salary.

Retiree Contribution Changes

Chapter 78, PL 2011 requires certain retirees to pay a portion of their health care premium when they retire with 25 or more years of pension service credit. Active employees who retire with 25 or more years of service and had 20 or more years of service credit as of the effective date of Chapter 78 are grandfathered and are governed by the terms applicable prior to the effective date of Chapter 78.

Eligibility Changes

Coverage of Adult Children to Age 31

New Jersey currently mandates the coverage of adult children under age 31 at a premium level that is equivalent to the child rate included in the standard premium tables, loaded 2% for additional expenses. Under the recommended revision to premium relativities for Plan Year 2014, the adult child rate will be equivalent to 60% of the Single employee rate. Federal Health Care reform increased the maximum SEHBP age for dependent children from 23 to 26 and as



a result State enrollment for this coverage dropped from 655 in December 2010 to 210 in December 2011, and has increased since then to 299 as of May 2013.

Enrollment Changes

Exhibit 1A reflects historical enrollment patterns from January 2011 through May 2013 and includes Aon Hewitt's projection of enrollment from June 2013 through December 2014. This projection assumes that Local Government Actives will increase 5% in Plan Year 2014 and Retiree enrollment will increase 8% in Plan Year 2014.

Exhibit 1B reflects the projected distribution of enrollment among benefit options and assumes that 0.6% of employees and 1.3% of retirees will change to the new benefit options for Plan Year 2014.

Exhibit 1C shows enrollment by benefit option and coverage tier as of 5/1/2013.

Demographic Changes

The Active Employee average age remained relatively the same in Plan Years 2012 and 2013. The average HMO employee age is about the same as the average PPO employee age. The average age of employees enrolling in the new benefit options is about one year younger than the employees in the Legacy Plans.

Average Employee Age



	4/1/2012	4/1/2013	Change
Legacy PPO	46.5	46.5	0.0
Legacy HMO	45.9	46.4	0.5
Legacy Total	46.4	46.5	0.1
New Plans	43.4	45.8	2.4
Total	46.4	46.5	0.1



Trend Analysis

The claim trends that we are recommending for the Plan Year 2014 renewal are:

	Medical	Prescription Drugs
NJ DIRECT Employee	8.3%	8.0%
NJ DIRECT Early Retiree	8.3%	9.0%
NJ DIRECT Medicare Retiree	5.0%	9.0%
Aetna HMO	9.5%	8.0%

Exhibit 2A presents SHBP medical trend experience and Aon Hewitt’s trend assumptions for Plan Year 2014. Exhibit 2B presents prescription drug trend experience and assumptions. These experience trends are based on incurred claim trends from 4/1/2011-3/31/2013. The claim costs in these exhibits have been normalized for benefit and vendor changes.

Plan Year 2011 experienced higher medical trends than in prior years, partially due to the addition of adult dependent children. Plan Year 2012 decreased significantly, partially as a result of postponed/avoided care as a result of Hurricane Sandy. The Aon Hewitt trend survey indicates slowly decreasing trends. Exhibit 2 shows experience trend (normalized for plan and vendor changes) and the Aon Hewitt recommended trends for Plan Year 2014. Aon Hewitt recommended trends are based on SHBP experience adjusted for expected future changes.



Aon Hewitt recommended prescription drug trends reflect anticipated claim trend when there are no changes in prescription drug discounts. The Plan Year 2013 projected prescription drug costs include a 2% reduction to reflect the continuing impact of the unusually large number of prescription drugs that came off patent in Plan Year 2012.



Financial Projections

Aggregate Financial Projections

Using the assumptions detailed in Exhibit 6 and the methodology described in the Renewal Rate Development section, Aon Hewitt updated estimated costs for Plan Years 2012, 2013 and 2014. Plan Year 2014 renewal premiums were developed to produce a 1% gain for Employees and a 1% gain for Retirees in order to restore the Claim Stabilization Reserve to the target level of 2.0 months.

Projected Financial Results
(in \$ millions)

	PPO10	PPO15	HMOs	New Plans	Total
Plan Year 2012					
Premium Rates x Enrollment	\$642.9	\$187.2	\$192.9	\$10.5	\$1,033.5
Incurred Claims	\$594.3	\$173.6	\$181.8	\$7.3	\$957.0
Administrative Charges	\$16.7	\$5.0	\$6.7	\$0.3	\$28.7
Net Gain (Loss)	\$31.9	\$8.6	\$4.4	\$2.9	\$47.8
Plan Year 2013					
Premium Rates x Enrollment	\$801.2	\$214.4	\$188.1	\$22.4	\$1,226.1
Incurred Claims	\$746.9	\$199.7	\$178.4	\$21.9	\$1,146.9
Administrative Charges	\$17.8	\$5.0	\$5.4	\$0.6	\$28.8
Net Gain (Loss)	\$36.5	\$9.7	\$4.3	-\$0.1	\$50.4
Plan Year 2014					
Premium Rates x Enrollment	\$903.1	\$238.4	\$211.7	\$37.8	\$1,391.0
Incurred Claims	\$864.4	\$229.2	\$208.0	\$38.5	\$1,340.1
Administrative Charges	\$25.6	\$7.1	\$7.3	\$1.2	\$41.2
Net Gain (Loss)	\$13.1	\$2.1	-\$3.6	-\$1.9	\$9.7

More detailed aggregate projections are attached in Exhibit 4. The losses and gains displayed in this table and in Exhibit 4 assume that all premiums are fully funded.



Administrative Fees

The table below compares Plan Year 2014 administrative fees per subscriber per month with Plan Year 2013 fees:

	PY2013	PY2014	Increase
Aetna PPO	\$30.73	\$31.31	1.9%
Horizon NJ DIRECT	\$22.00	\$22.44	2.0%
Aetna HMO	\$42.03	\$42.82	1.9%
Horizon HMO	\$34.50	\$35.19	2.0%
Aetna HDHP	\$32.08	\$32.69	1.9%
Horizon HDHP	\$26.50	\$27.03	2.0%
Express Scripts Rx Card	\$5.29	\$5.29	0.0%
Express Scripts HDHP	\$5.79	\$5.79	0.0%

Minimum Value

Under the Affordable Care Act, beginning in 2014, eligible individuals who purchase coverage under a qualified health plan through a state health insurance exchange may receive a premium tax credit or cost-sharing subsidy unless they are eligible for other health care coverage, including coverage under an employer-sponsored health plan that is affordable to the employee and provides minimum value. A plan fails to provide minimum value if “the plan’s share of the total allowed costs of benefits provided under the plan is less than 60% of such costs.” All the SHBP plans have a minimum value greater than the 60% minimum requirement with values ranging from 66% for the \$4,000 High Deductible plan up to 93% for the Active NJ DIRECT10 plan. The requirement that employer group plans provide a minimum value benefit has been deferred from 1/1/2014 to 1/1/2015.

Renewal Rate Development

Rating Methodology

Exhibit 4 shows the aggregate projected costs for Plan Years 2012, 2013, and 2014, separately for each PPO, HMO, and HDHP plan. Costs were projected separately for each benefit plan for Actives, Early Retirees, and Medicare Retirees, and for medical claims, prescription drug claims, administrative costs, and aggregate premiums.

Plan Year 2014 premium increases were calculated separately for Actives, Early Retirees, and Medicare Retirees, and for each vendor: Aetna, Horizon, and Express Scripts. Aetna experience was used to develop the HMO premium increases, Horizon experience for the PPO premium increases, and Express Scripts experience for the prescription drug premium increases. Active and Retiree premium increases were set to achieve a 1% gain for each group in order to help rebuild the Claim Stabilization Reserve.

Medical and Prescription Drug Claim Projections

1. Using claim data and claim triangles supplied by Horizon, Aetna, and Express Scripts, Aon Hewitt estimated completed incurred claims for Plan Year 2012 and the first quarter of Plan Year 2013, separately for each benefit plan, for medical versus prescription drugs, and for Actives, Early Retirees, and Medicare Retirees.
2. Plan Year 2012 incurred claims were adjusted for the impact of individual large claims. Claim amounts in excess of \$50,000 (i.e., catastrophic or

shock claims) were subtracted from the aggregate claims and pooling charges were allocated across plans. By implementing a pooling charge, we ensure that one claim does not distort the claim projection for a specific plan, but that there will be sufficient dollars to cover all incurred claims. Large claim experience is detailed in Exhibit 3.

3. Capitation and other similar fixed claim charges were added to the incurred claims to arrive at projected incurred claims.
4. Incurred claims from 1/1/12 – 12/31/12 were divided by average covered members to get average claims per member per year. Covered members are based on historical billing enrollment data by coverage tier and assumptions for the number of members per coverage tier.
5. Claims per member were projected from the mid-point of the experience period to the mid-point of Plan Year 2014 using the annual trend rates listed in the Trend Analysis section of this document.
6. Projected medical claim costs were increased 0.4% for Actives and Early Retirees and 0.3% for Medicare Retirees to reflect the increased cost of preventive care required by Federal Health Care Reform for Plan Year 2013.
7. Plan Year 2013 prescription drug claims were reduced 2% to reflect anticipated savings as a result of the large number of drugs that came off patent during Plan Year 2012.

8. Retiree prescription drug costs were decreased 2% in Plan Years 2013 and 2014 to reflect the impact of the prescription drug copay and out-of-pocket increases.
9. Active and Retiree prescription drug costs were increased 0.3% in Plan Year 2013 to reflect the impact of the New Jersey oral cancer mandate.
10. Early Retiree costs were reduced \$16 million in Plan Year 2012 and \$5 million in Plan Year 2013 due to Early Retiree Reinsurance Program payments received by the plan.
11. Aggregate claims for Plan Year 2014 are the product of projected enrollment and the projected claims per member.
12. Plan Year 2014 projected Aetna Medicare Advantage premiums were increased 9.4% over Plan Year 2013, based on Aetna's renewal.
13. Prescription Drug manufacturers' rebates were projected based on guarantees from Express Scripts combined with the experience ratio of actual rebates to guaranteed rebates.

14. EGWP projections include monthly CMS payments per Medicare-eligible retiree for prescription drug coverage, an annual CMS payment for reinsurance on catastrophic claims, and prescription drug manufacturers' coverage gap reimbursement payments. These amounts were projected based on payments received through April 2013 combined with projections from Express Scripts. The credits are projected at \$31 million for Plan Year 2012, \$34 million for Plan Year 2013 and \$39 million for Plan Year 2014.

15. Total SHBP projected Plan Year 2014 claim costs are the sum of projected medical and prescription drug claims reduced for Early Retiree Reinsurance Plan payments, payments from CMS related to EGWP Plus Wrap, and prescription drug rebates.

Administrative Cost Projection

The administrative cost projection includes administrative charges, as well as some miscellaneous cost items:

1. Administrative fees are the ASO fees per employee per year multiplied by the average enrollment for that year.

2. Overhead charges, which are the State of New Jersey administrative costs charged against the plans, projected at \$2.2 million for Plan Year 2014.

3. \$1 per member per year for the Comparative Effectiveness Fee for Plan Year 2012, \$2 for Plan Year 2013 and \$2.06 for Plan Year 2014, as required by Federal Health Care Reform.
4. \$63 per non-Medicare member per year for the Transitional Reinsurance Fee for Plan Year 2014, as required by Federal Health Care Reform.
5. Projected investment income of \$0.5 million was used to reduce projected administrative costs for Plan Year 2014.

Margin

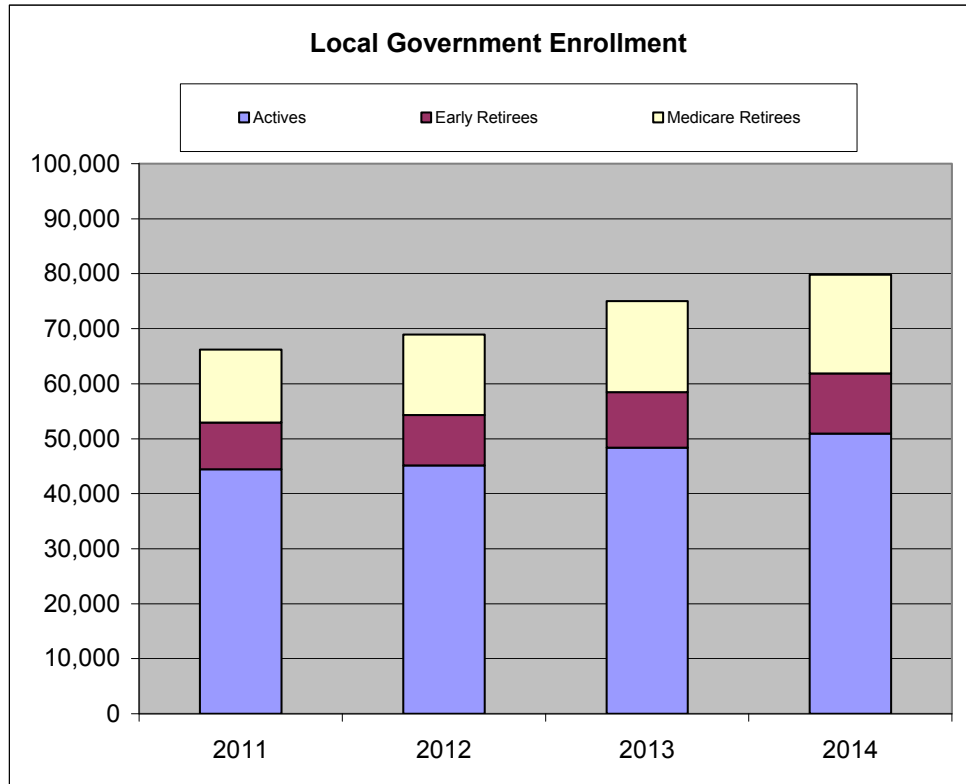
1. Active and Retiree premiums were increased 1.0% in order to maintain the target reserve of 2.0 months of Plan costs.

Projected Premiums

1. Plan Year 2014 premiums were developed by applying the premium increase percentages listed in the Executive Summary section of this document to the Plan Year 2013 premium rates.
2. Aggregate Plan Year 2014 premium is calculated by multiplying projected Plan Year 2014 enrollment by Plan Year 2014 premiums.

SHBP Plan Year 2014 Renewal Recommendation

Exhibit 1 A – Enrollment Projections



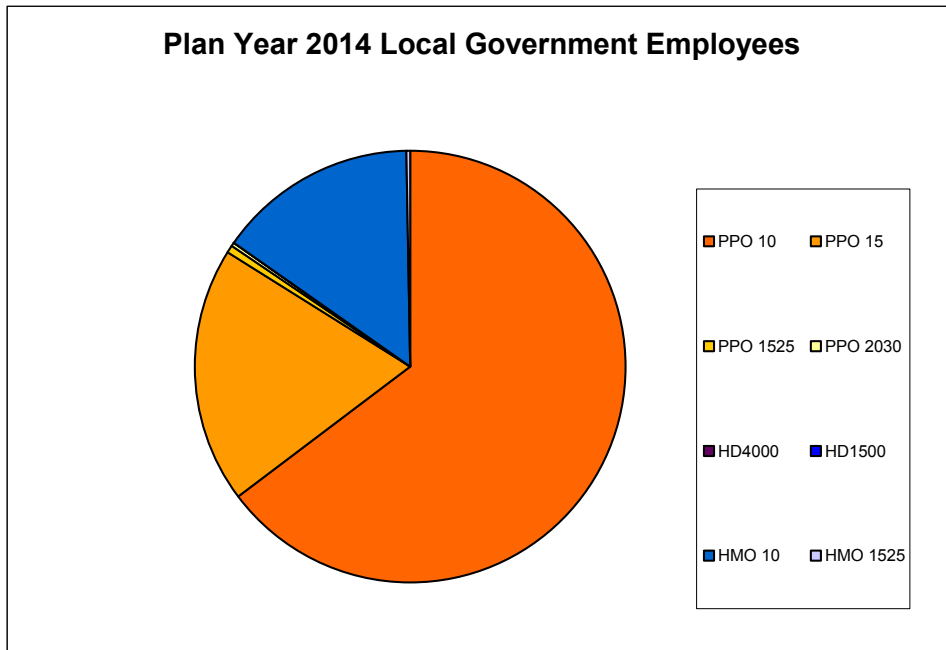
Actives

Assumes an increase of 7% in Plan Year 2013 and 5% in Plan Year 2014, reflecting a decrease in the number of new employers entering the SHBP.

Retirees

Assumes an increase of 12% in Plan Year 2013 and 8% in Plan Year 2014, reflecting a decrease in the number of new employers entering the SHBP.

SHBP Plan Year 2014 Renewal Recommendation
Exhibit 1 B Actives – Plan Year 2014 Plan Distribution



Assumes that 79% of employees will remain in \$10 copay plans.

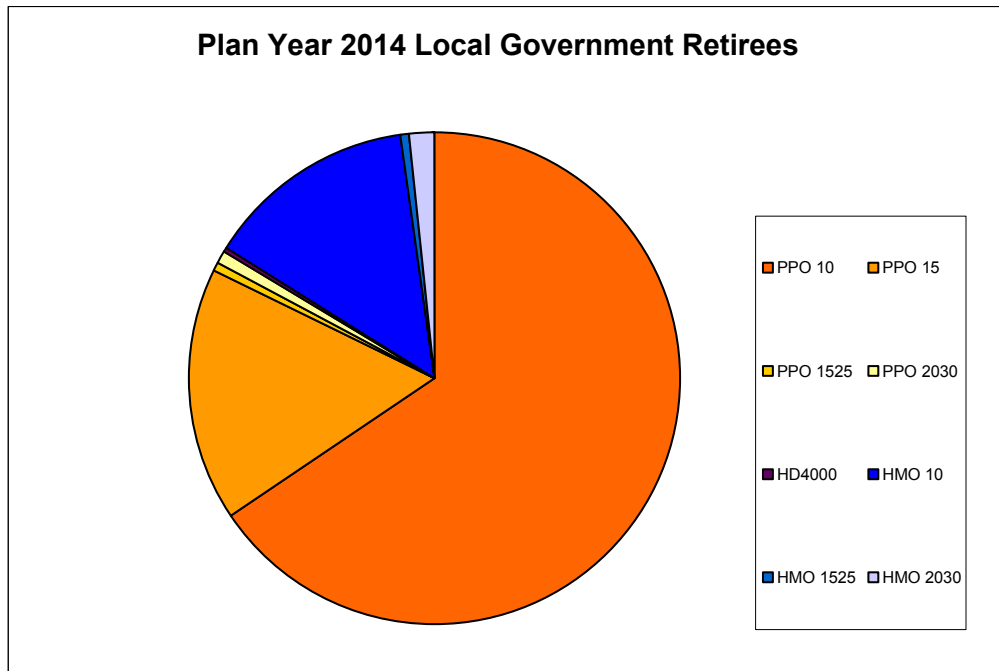
Assumes 84% of employees will enroll in the PPO plans, 16% in the HMO plans and less than 1% in the HDHP plan.

Assumes 98% of employees will remain in legacy plans with only 2% in the new benefit options.

Assumes enrollment will be split 81% to Horizon and 19% to Aetna.

Actives	Horizon	Aetna	Total
PPO 10	61.5%	3.0%	64.5%
PPO 15	18.7%	0.4%	19.1%
PPO 1525	0.3%	0.2%	0.5%
PPO 2030	0.2%	0.1%	0.3%
HD4000	0.0%	0.0%	0.0%
HD1500	0.0%	0.0%	0.0%
HMO 10	0.2%	14.7%	14.9%
HMO 1525	0.0%	0.4%	0.4%
HMO 2030	0.0%	0.3%	0.3%
Total	80.9%	19.1%	100.0%

SHBP Plan Year 2014 Renewal Recommendation
Exhibit 1B Retirees – Plan Year 2014 Plan Distribution



Assumes that 80% of retirees will remain in \$10 copay plans.

Assumes 84% of retirees will enroll in the PPO plans, 16% in the HMO plans and less than 1% in the HDHP plan.

Assumes 96% of retirees will remain in legacy plans with only 4% in the new benefit options.

Assumes enrollment will be split 81% to Horizon and 19% to Aetna.

Retirees	Horizon	Aetna	Total
PPO 10	63.0%	2.6%	65.6%
PPO 15	16.2%	0.4%	16.6%
PPO 1525	0.6%	0.1%	0.7%
PPO 2030	0.7%	0.1%	0.8%
HD4000	0.1%	0.0%	0.1%
HMO 10	0.2%	13.7%	13.9%
HMO 1525	0.1%	0.6%	0.7%
HMO 2030	0.3%	1.3%	1.6%
Total	81.2%	18.8%	100.0%



SHBP Plan Year 2014 Renewal Recommendation

Exhibit 1C Actives – May 2013 Enrollment

	Single	Member + Spouse /Partner	Family	Parent + Child(ren)	Total
GOVERNMENT ACTIVES					
Medical Plans					
Horizon 10 PPO	8,893	4,970	12,154	3,687	29,704
Horizon 15 PPO	2,868	1,468	3,420	1,169	8,925
Horizon 1525 PPO	42	11	23	11	87
Horizon 2030 PPO	33	6	24	8	71
Horizon HD4000	1	1	1	0	3
Horizon HD1500	4	0	0	0	4
Horizon Legacy HMO	15	11	60	13	99
Horizon 1525 HMO	4	3	4	5	16
Horizon 2030 HMO	9	3	2	2	16
Horizon Total	11,869	6,473	15,688	4,895	38,925
Aetna 10 PPO	366	193	652	224	1,435
Aetna 15 PPO	58	23	73	23	177
Aetna 1525 PPO	23	13	19	14	69
Aetna 2030 PPO	14	4	16	5	39
Aetna HD4000	1	0	0	0	1
Aetna HD1500	1	0	0	0	1
Aetna Legacy HMO	1,888	1,041	2,945	1,239	7,113
Aetna 1525 HMO	55	12	46	30	143
Aetna 2030 HMO	29	21	42	14	106
Aetna Total	2,435	1,307	3,793	1,549	9,084
Total	14,304	7,780	19,481	6,444	48,009



SHBP Plan Year 2014 Renewal Recommendation

Exhibit 1C Retirees – May 2013 Enrollment

	Number of Contracts as of 5/1/2013				Total
	Single	Member + Spouse /Partner	Family	Parent + Child(ren)	
GOVERNMENT RETIREES					
Medical Plans					
Horizon 10 PPO	7,726	6,547	2,088	571	16,932
Horizon 15 PPO	1,931	1,648	523	231	4,333
Horizon 1525 PPO	35	41	33	6	115
Horizon 2030 PPO	21	50	45	5	121
Horizon HD4000	4	3	3	0	10
Horizon HD1500	0	0	0	0	0
Horizon Legacy HMO	28	22	15	2	67
Horizon 1525 HMO	4	6	7	2	19
Horizon 2030 HMO	11	17	26	2	56
Horizon Total	9,760	8,334	2,740	819	21,653
Aetna 10 PPO	232	312	121	47	712
Aetna 15 PPO	30	50	20	5	105
Aetna 1525 PPO	7	3	5	2	17
Aetna 2030 PPO	1	10	7	1	19
Aetna HD4000	2	2	2	0	6
Aetna HD1500	0	0	0	0	0
Aetna Legacy HMO	1,498	1,271	689	231	3,689
Aetna 1525 HMO	28	46	35	4	113
Aetna 2030 HMO	23	67	124	17	231
Aetna Total	1,821	1,761	1,003	307	4,892
Total	11,581	10,095	3,743	1,126	26,545



SHBP Plan Year 2014 Renewal Recommendation

Exhibit 2A – Medical Trend

	Increase in Claims/Ee	Benefit + RFP Changes	Claim Trend
Horizon Active			
4/1/2011 - 3/31/2012	11.5%	2.9%	8.6%
4/1/2012 - 3/31/2013	6.3%	0.7%	5.6%
Average			7.1%
Aon Hewitt Trend Assumption			8.3%

Horizon Early Retiree			
4/1/2011 - 3/31/2012	5.1%	2.0%	3.1%
4/1/2012 - 3/31/2013	6.2%	1.0%	5.2%
Average			4.2%
Aon Hewitt Trend Assumption			8.3%

Horizon Medicare Retiree			
4/1/2011 - 3/31/2012	2.8%	0.4%	2.4%
4/1/2012 - 3/31/2013	2.8%	0.3%	2.5%
Average			2.5%
Aon Hewitt Trend Assumption			5.0%

Aetna			
4/1/2011 - 3/31/2012	10.7%	2.2%	8.5%
4/1/2012 - 3/31/2013	16.8%	1.2%	15.6%
Average			12.0%
Aon Hewitt Trend Assumption			9.5%

Benefit Changes:

No Lifetime Maximum 1/1/2011

Children covered to age 26 1/1/2011

NJ DIRECT15 claims adjusted to NJ DIRECT10 copays



SHBP Plan Year 2014 Renewal Recommendation

Exhibit 2B – Prescription Drug Trend

	Increase in Claims/Ee	Benefit Changes	Claim Trend
Active Rx			
4/1/2011 - 3/31/2012	9.8%	0.5%	9.3%
4/1/2012 - 3/31/2013	2.6%	-4.7%	7.3%
Average			8.3%
Aon Hewitt Trend Assumption			8.0%
Retiree Rx			
4/1/2011 - 3/31/2012	11.5%	-2.6%	14.1%
4/1/2012 - 3/31/2013	4.0%	-4.0%	8.0%
Average			11.0%
Aon Hewitt Trend Assumption			9.0%

Benefit Changes:

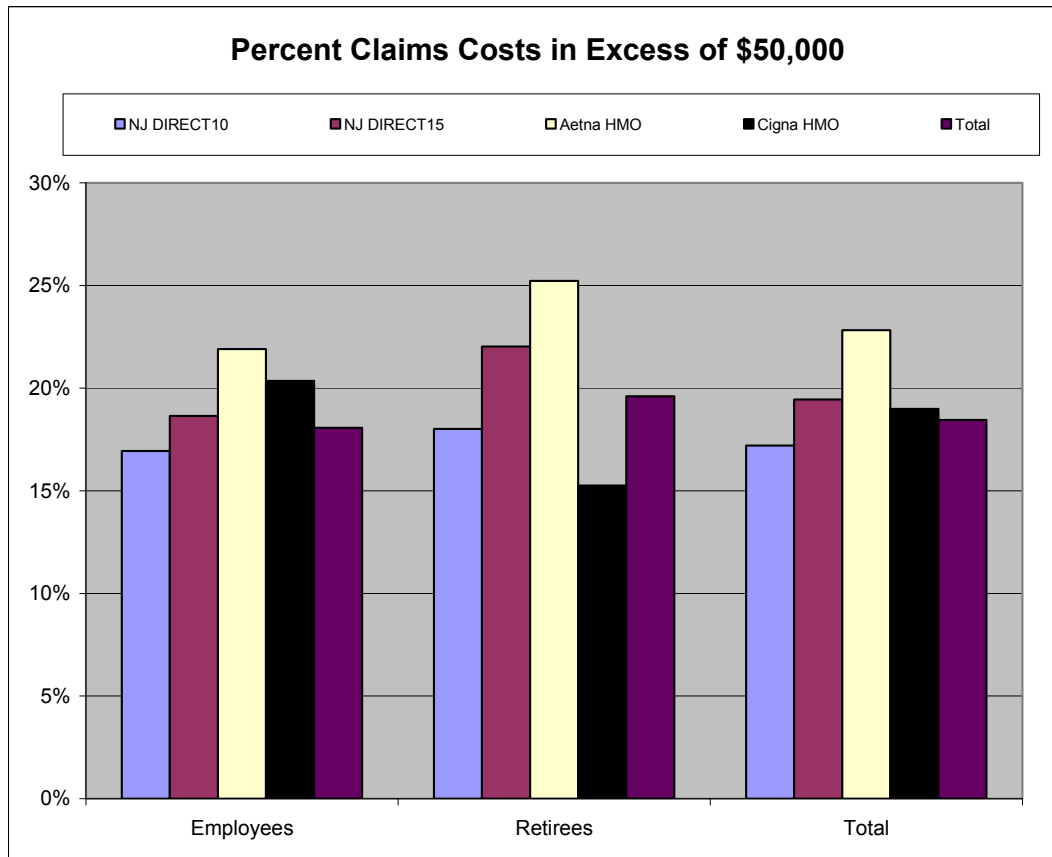
Retiree Rx Copays and OOP maximum increased on 1/1/2011.

Retiree Mail Rx Copay decreased on 1/1/2012.

Generic increase due to highly utilized drugs coming off patent in 2012.

Retiree Rx Copays and OOP maximum increased on 1/1/2013.

SHBP Plan Year 2014 Renewal Recommendation
Exhibit 3A – Medical Large Claim Analysis



Observations:

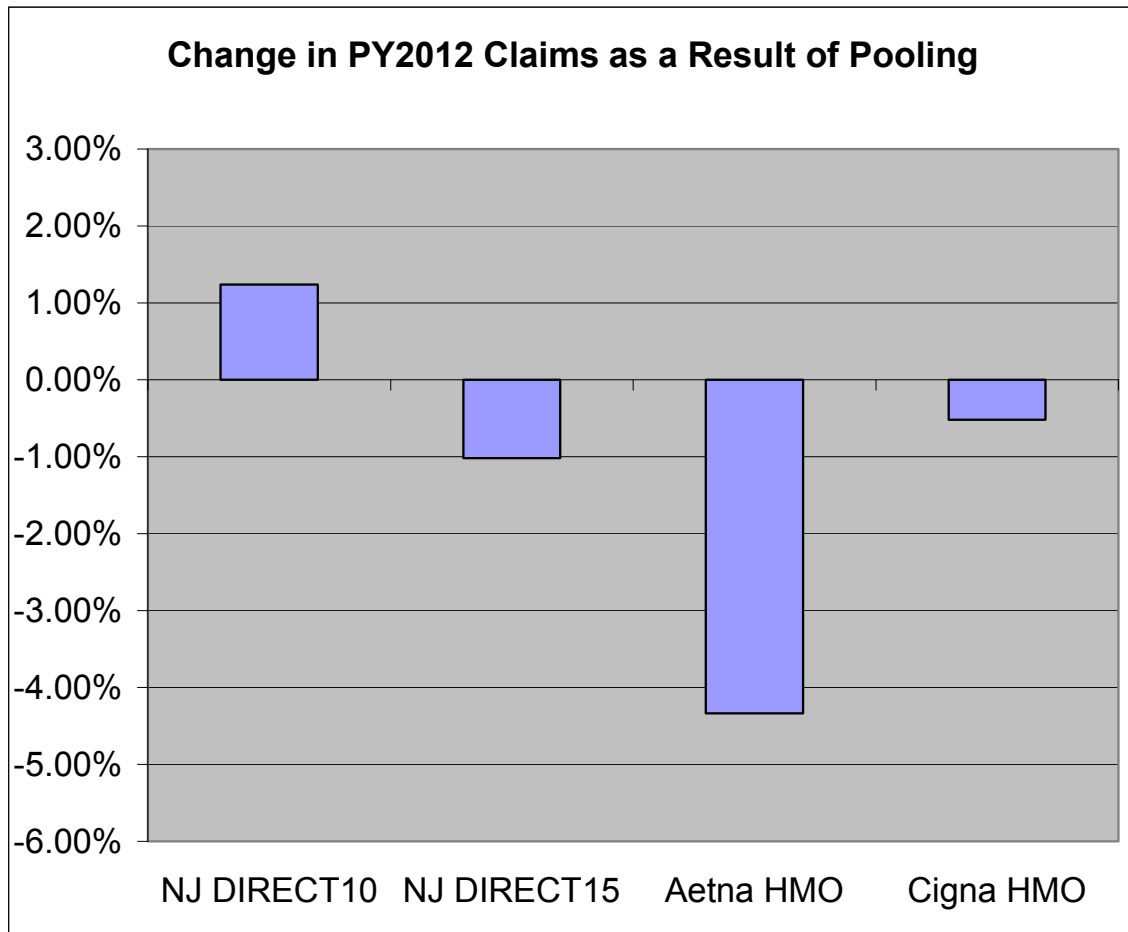
Aetna HMO has the highest percentage of shock claim costs at 23%.

18% of Active medical claims are for individual claimant amounts in excess of \$50,000.

20% of Retiree medical claims are for individual claimant amounts in excess of \$50,000.

SHBP Plan Year 2014 Renewal Recommendation

Exhibit 3B – Large Claim Analysis



Observations:

NJ DIRECT10 has claim costs which change about 1% as a result of pooling.
The Aetna HMO claim costs reduce by 4% due to the pooling.

NJ DIRECT15 and Cigna HMO claim costs reduce approximately 1% as a result of pooling.



SHBP Plan Year 2014 Renewal Recommendation
Exhibit 4A – Plan Year 2012 Aggregate Costs (1 of 2)

	Legacy Plans					1525		
	Total	NJ DIRECT10	NJ DIRECT15	Aetna	Cigna	Horizon	Aetna	Cigna
Employees and Retirees								
Average Medical Subscribers	68,932	42,973	13,068	9,990	2,281	98	160	20
Incurred Medical claims	\$768,319,000	\$482,986,000	\$142,049,000	\$110,174,000	\$27,051,000	\$1,032,000	\$1,612,000	\$127,000
Capitation	\$18,239,000	\$5,338,000	\$1,658,000	\$9,727,000	\$1,293,000	\$11,000	\$157,000	\$12,000
Incurred Prescription Drug Claims	\$250,512,000	\$157,186,000	\$44,034,000	\$37,815,000	\$9,286,000	\$324,000	\$607,000	\$56,000
Prescription Drug Rebates	(\$33,368,000)	(\$21,065,000)	(\$5,889,000)	(\$4,927,000)	(\$1,213,000)	(\$42,000)	(\$76,000)	(\$7,000)
EGWP Credits	(\$30,524,000)	(\$21,137,000)	(\$5,473,000)	(\$2,928,000)	(\$837,000)	(\$59,000)	(\$35,000)	(\$5,000)
ERRP Credits	(\$16,185,000)	(\$9,015,000)	(\$2,772,000)	(\$2,910,000)	(\$767,000)	(\$70,000)	(\$82,000)	(\$25,000)
Administrative Fees	\$28,738,000	\$16,663,000	\$5,037,000	\$5,366,000	\$1,325,000	\$37,000	\$91,000	\$12,000
Total Cost	\$985,731,000	\$610,956,000	\$178,644,000	\$152,317,000	\$36,138,000	\$1,233,000	\$2,274,000	\$170,000
Total Premium	\$1,033,520,000	\$642,905,000	\$187,159,000	\$155,395,000	\$37,515,000	\$1,469,000	\$2,550,000	\$348,000
Gain (Loss)	\$47,789,000	\$31,949,000	\$8,515,000	\$3,078,000	\$1,377,000	\$236,000	\$276,000	\$178,000
Employees								
Average Medical Subscribers	45,133	27,681	8,844	6,925	1,487	34	104	6
Incurred Medical claims	\$569,108,000	\$363,709,000	\$108,106,000	\$76,493,000	\$19,434,000	\$255,000	\$875,000	\$31,000
Capitation	\$15,167,000	\$4,376,000	\$1,364,000	\$8,274,000	\$1,023,000	\$5,000	\$118,000	\$4,000
Incurred Prescription Drug Claims	\$116,733,000	\$71,691,000	\$20,267,000	\$19,492,000	\$4,690,000	\$52,000	\$442,000	\$18,000
Prescription Drug Rebates	(\$14,328,000)	(\$8,800,000)	(\$2,488,000)	(\$2,393,000)	(\$576,000)	(\$6,000)	(\$54,000)	(\$2,000)
EGWP Credits	NA	NA	NA	NA	NA	NA	NA	NA
ERRP Credits	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Fees	\$18,349,000	\$9,918,000	\$3,194,000	\$4,301,000	\$829,000	\$12,000	\$66,000	\$3,000
Total Cost	\$705,029,000	\$440,894,000	\$130,443,000	\$106,167,000	\$25,400,000	\$318,000	\$1,447,000	\$54,000
Total Premium	\$723,376,000	\$449,779,000	\$134,636,000	\$110,722,000	\$25,464,000	\$479,000	\$1,575,000	\$82,000
Gain (Loss)	\$18,347,000	\$8,885,000	\$4,193,000	\$4,555,000	\$64,000	\$161,000	\$128,000	\$28,000
Retirees								
Average Medical Subscribers	23,801	15,292	4,224	3,065	794	64	56	14
Incurred Medical claims	\$199,210,000	\$119,277,000	\$33,943,000	\$33,681,000	\$7,617,000	\$777,000	\$737,000	\$96,000
Capitation	\$3,072,000	\$962,000	\$294,000	\$1,453,000	\$270,000	\$6,000	\$39,000	\$8,000
Incurred Prescription Drug Claims	\$133,779,000	\$85,495,000	\$23,767,000	\$18,323,000	\$4,596,000	\$272,000	\$165,000	\$38,000
Prescription Drug Rebates	(\$19,040,000)	(\$12,265,000)	(\$3,401,000)	(\$2,534,000)	(\$637,000)	(\$36,000)	(\$22,000)	(\$5,000)
EGWP Credits	(\$30,524,000)	(\$21,137,000)	(\$5,473,000)	(\$2,928,000)	(\$837,000)	(\$59,000)	(\$35,000)	(\$5,000)
ERRP Credits	(\$16,185,000)	(\$9,015,000)	(\$2,772,000)	(\$2,910,000)	(\$767,000)	(\$70,000)	(\$82,000)	(\$25,000)
Administrative Fees	\$10,389,000	\$6,745,000	\$1,843,000	\$1,065,000	\$496,000	\$25,000	\$25,000	\$9,000
Total Cost	\$280,701,000	\$170,062,000	\$48,201,000	\$46,150,000	\$10,738,000	\$915,000	\$827,000	\$116,000
Total Premium	\$310,144,000	\$193,126,000	\$52,523,000	\$44,673,000	\$12,051,000	\$990,000	\$975,000	\$266,000
Gain (Loss)	\$29,443,000	\$23,064,000	\$4,322,000	(\$1,477,000)	\$1,313,000	\$75,000	\$148,000	\$150,000



SHBP Plan Year 2014 Renewal Recommendation

Exhibit 4A – Plan Year 2012 Aggregate Costs (2 of 2)

	2030			HD 4000			HD 1500		
	Horizon	Aetna	Cigna	Horizon	Aetna	Cigna	Horizon	Aetna	Cigna
Employees and Retirees									
Average Medical Subscribers	81	196	55	8	3	0	2	0	0
Incurred Medical claims	\$862,000	\$1,472,000	\$952,000	\$0	\$0	\$0	\$2,000	\$0	\$0
Capitation	\$11,000	(\$2,000)	\$33,000	\$1,000	\$0	\$0	\$0	\$0	\$0
Incurred Prescription Drug Claims	\$280,000	\$726,000	\$185,000	\$8,000	\$3,000	\$0	\$2,000	\$0	\$0
Prescription Drug Rebates	(\$36,000)	(\$89,000)	(\$23,000)	(\$1,000)	\$0	\$0	\$0	\$0	\$0
EGWP Credits	(\$33,000)	(\$1,000)	(\$16,000)	\$0	\$0	\$0	\$0	\$0	\$0
ERRP Credits	(\$90,000)	(\$349,000)	(\$93,000)	(\$8,000)	(\$4,000)	\$0	\$0	\$0	\$0
Administrative Fees	\$33,000	\$133,000	\$35,000	\$3,000	\$2,000	\$0	\$1,000	\$0	\$0
Total Cost	\$1,027,000	\$1,890,000	\$1,073,000	\$3,000	\$1,000	\$0	\$5,000	\$0	\$0
Total Premium	\$1,314,000	\$3,725,000	\$1,004,000	\$81,000	\$33,000	\$0	\$21,000	\$1,000	\$0
Gain (Loss)	\$287,000	\$1,835,000	(\$69,000)	\$78,000	\$32,000	\$0	\$16,000	\$1,000	\$0
Employees									
Average Medical Subscribers	23	26	1	1	0	0	2	0	0
Incurred Medical claims	\$103,000	\$100,000	\$1,000	\$0	\$0	\$0	\$1,000	\$0	\$0
Capitation	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Incurred Prescription Drug Claims	\$28,000	\$50,000	\$0	\$1,000	\$0	\$0	\$2,000	\$0	\$0
Prescription Drug Rebates	(\$3,000)	(\$6,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EGWP Credits	NA	NA	NA	NA	NA	NA	NA	NA	NA
ERRP Credits	NA	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Fees	\$8,000	\$16,000	\$0	\$1,000	\$0	\$0	\$1,000	\$0	\$0
Total Cost	\$139,000	\$160,000	\$1,000	\$2,000	\$0	\$0	\$4,000	\$0	\$0
Total Premium	\$269,000	\$335,000	\$5,000	\$8,000	\$0	\$0	\$21,000	\$1,000	\$0
Gain (Loss)	\$130,000	\$175,000	\$4,000	\$6,000	\$0	\$0	\$17,000	\$1,000	\$0
Retirees									
Average Medical Subscribers	58	170	54	7	3	0	NA	NA	NA
Incurred Medical claims	\$759,000	\$1,372,000	\$951,000	\$0	\$0	\$0	NA	NA	NA
Capitation	\$8,000	(\$2,000)	\$33,000	\$1,000	\$0	\$0	NA	NA	NA
Incurred Prescription Drug Claims	\$252,000	\$676,000	\$185,000	\$7,000	\$3,000	\$0	NA	NA	NA
Prescription Drug Rebates	(\$33,000)	(\$83,000)	(\$23,000)	(\$1,000)	\$0	\$0	NA	NA	NA
EGWP Credits	(\$33,000)	(\$1,000)	(\$16,000)	\$0	\$0	\$0	NA	NA	NA
ERRP Credits	(\$90,000)	(\$349,000)	(\$93,000)	(\$8,000)	(\$4,000)	\$0	NA	NA	NA
Administrative Fees	\$25,000	\$117,000	\$35,000	\$2,000	\$2,000	\$0	NA	NA	NA
Total Cost	\$888,000	\$1,730,000	\$1,072,000	\$1,000	\$1,000	\$0	NA	NA	NA
Total Premium	\$1,045,000	\$3,390,000	\$999,000	\$73,000	\$33,000	\$0	NA	NA	NA
Gain (Loss)	\$157,000	\$1,660,000	(\$73,000)	\$72,000	\$32,000	\$0	NA	NA	NA



SHBP Plan Year 2014 Renewal Recommendation
Exhibit 4B – Plan Year 2013 Aggregate Costs (1 of 2)

	Legacy Plans							1525			
	Total	Aetna PPO10	Aetna PPO15	NJ DIRECT10	NJ DIRECT15	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO
Employees and Retirees											
Average Medical Subscribers	75,056	2,043	264	46,930	13,460	10,937	166	81	200	259	35
Incurred Medical claims	\$909,593,000	\$27,980,000	\$3,334,000	\$572,807,000	\$157,731,000	\$129,131,000	\$2,127,000	\$1,044,000	\$2,385,000	\$2,918,000	\$444,000
Capitation	\$20,722,000	\$315,000	\$37,000	\$6,446,000	\$1,807,000	\$11,043,000	\$187,000	\$13,000	\$25,000	\$256,000	\$38,000
Incurred Prescription Drug Claims	\$291,274,000	\$8,472,000	\$1,175,000	\$181,109,000	\$48,329,000	\$45,564,000	\$803,000	\$271,000	\$912,000	\$1,132,000	\$159,000
Prescription Drug Rebates	(\$35,305,000)	(\$1,019,000)	(\$141,000)	(\$22,039,000)	(\$5,869,000)	(\$5,452,000)	(\$96,000)	(\$31,000)	(\$111,000)	(\$135,000)	(\$19,000)
EGWP Credits	(\$34,323,000)	(\$903,000)	(\$114,000)	(\$23,299,000)	(\$5,758,000)	(\$3,901,000)	(\$60,000)	\$0	(\$100,000)	(\$91,000)	(\$6,000)
ERRP Credits	(\$5,016,000)	(\$147,000)	(\$25,000)	(\$2,836,000)	(\$777,000)	(\$903,000)	(\$18,000)	(\$7,000)	(\$36,000)	(\$39,000)	(\$8,000)
Administrative Fees	\$28,785,000	\$730,000	\$96,000	\$17,110,000	\$4,884,000	\$5,281,000	\$85,000	\$37,000	\$74,000	\$127,000	\$18,000
Total Cost	\$1,175,730,000	\$35,428,000	\$4,362,000	\$729,298,000	\$200,347,000	\$180,763,000	\$3,028,000	\$1,327,000	\$3,149,000	\$4,168,000	\$626,000
Total Premium	\$1,226,113,000	\$35,951,000	\$4,584,000	\$765,253,000	\$209,801,000	\$184,988,000	\$3,084,000	\$1,354,000	\$3,263,000	\$4,218,000	\$621,000
Gain (Loss)	\$50,383,000	\$523,000	\$222,000	\$35,955,000	\$9,454,000	\$4,225,000	\$56,000	\$27,000	\$114,000	\$50,000	(\$5,000)
Employees											
Average Medical Subscribers	48,356	1,361	165	29,904	9,072	7,203	99	64	85	145	16
Incurred Medical claims	\$667,217,000	\$21,004,000	\$2,270,000	\$427,870,000	\$120,338,000	\$88,556,000	\$1,376,000	\$786,000	\$933,000	\$1,444,000	\$166,000
Capitation	\$16,663,000	\$262,000	\$29,000	\$5,427,000	\$1,539,000	\$8,899,000	\$144,000	\$10,000	\$12,000	\$162,000	\$19,000
Incurred Prescription Drug Claims	\$131,779,000	\$4,136,000	\$558,000	\$80,541,000	\$22,249,000	\$22,310,000	\$399,000	\$189,000	\$213,000	\$438,000	\$56,000
Prescription Drug Rebates	(\$14,691,000)	(\$461,000)	(\$62,000)	(\$8,980,000)	(\$2,481,000)	(\$2,487,000)	(\$44,000)	(\$21,000)	(\$24,000)	(\$49,000)	(\$6,000)
EGWP Credits	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ERRP Credits	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Fees	\$18,214,000	\$596,000	\$74,000	\$9,997,000	\$3,061,000	\$4,170,000	\$49,000	\$29,000	\$29,000	\$85,000	\$8,000
Total Cost	\$819,182,000	\$25,537,000	\$2,869,000	\$514,855,000	\$144,706,000	\$121,448,000	\$1,924,000	\$993,000	\$1,163,000	\$2,080,000	\$243,000
Total Premium	\$838,632,000	\$24,920,000	\$2,902,000	\$524,656,000	\$149,807,000	\$126,146,000	\$1,980,000	\$1,007,000	\$1,228,000	\$2,188,000	\$258,000
Gain (Loss)	\$19,450,000	(\$617,000)	\$33,000	\$9,801,000	\$5,101,000	\$4,698,000	\$56,000	\$14,000	\$65,000	\$108,000	\$15,000
Retirees											
Average Medical Subscribers	26,703	682	99	17,026	4,388	3,734	67	17	115	114	19
Incurred Medical claims	\$242,376,000	\$6,976,000	\$1,064,000	\$144,937,000	\$37,393,000	\$40,575,000	\$751,000	\$258,000	\$1,452,000	\$1,474,000	\$278,000
Capitation	\$4,059,000	\$53,000	\$8,000	\$1,019,000	\$268,000	\$2,144,000	\$43,000	\$3,000	\$13,000	\$94,000	\$19,000
Incurred Prescription Drug Claims	\$159,495,000	\$4,336,000	\$617,000	\$100,568,000	\$26,080,000	\$23,254,000	\$404,000	\$82,000	\$699,000	\$694,000	\$103,000
Prescription Drug Rebates	(\$20,614,000)	(\$558,000)	(\$79,000)	(\$13,059,000)	(\$3,388,000)	(\$2,965,000)	(\$52,000)	(\$10,000)	(\$87,000)	(\$86,000)	(\$13,000)
EGWP Credits	(\$34,323,000)	(\$903,000)	(\$114,000)	(\$23,299,000)	(\$5,758,000)	(\$3,901,000)	(\$60,000)	\$0	(\$100,000)	(\$91,000)	(\$6,000)
ERRP Credits	(\$5,016,000)	(\$147,000)	(\$25,000)	(\$2,836,000)	(\$777,000)	(\$903,000)	(\$18,000)	(\$7,000)	(\$36,000)	(\$39,000)	(\$8,000)
Administrative Fees	\$10,571,000	\$134,000	\$22,000	\$7,113,000	\$1,823,000	\$1,111,000	\$36,000	\$8,000	\$45,000	\$42,000	\$10,000
Total Cost	\$356,548,000	\$9,891,000	\$1,493,000	\$214,443,000	\$55,641,000	\$59,315,000	\$1,104,000	\$334,000	\$1,986,000	\$2,088,000	\$383,000
Total Premium	\$387,481,000	\$11,031,000	\$1,682,000	\$240,597,000	\$59,994,000	\$58,842,000	\$1,104,000	\$347,000	\$2,035,000	\$2,030,000	\$363,000
Gain (Loss)	\$30,933,000	\$1,140,000	\$189,000	\$26,154,000	\$4,353,000	(\$473,000)	\$0	\$13,000	\$49,000	(\$58,000)	(\$20,000)



SHBP Plan Year 2014 Renewal Recommendation
Exhibit 4B – Plan Year 2013 Aggregate Costs (2 of 2)

	2030				HD 4000		HD 1500	
	Aetna PPO	NJ DIRECT	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna PPO	Horizon PPO
Employees and Retirees								
Average Medical Subscribers	55	193	339	70	7	13	1	4
Incurred Medical claims	\$772,000	\$2,550,000	\$5,243,000	\$950,000	\$54,000	\$103,000	\$4,000	\$16,000
Capitation	\$10,000	\$28,000	\$441,000	\$76,000	\$0	\$0	\$0	\$0
Incurred Prescription Drug Claims	\$218,000	\$961,000	\$1,752,000	\$367,000	\$17,000	\$30,000	\$1,000	\$2,000
Prescription Drug Rebates	(\$25,000)	(\$115,000)	(\$203,000)	(\$44,000)	(\$2,000)	(\$4,000)	\$0	\$0
EGWP Credits	\$0	(\$74,000)	\$0	(\$17,000)	\$0	\$0	\$0	\$0
ERRP Credits	(\$9,000)	(\$49,000)	(\$129,000)	(\$26,000)	(\$3,000)	(\$4,000)	\$0	\$0
Administrative Fees	\$25,000	\$71,000	\$200,000	\$36,000	\$3,000	\$6,000	\$1,000	\$1,000
Total Cost	\$991,000	\$3,372,000	\$7,304,000	\$1,342,000	\$69,000	\$131,000	\$6,000	\$19,000
Total Premium	\$1,028,000	\$3,475,000	\$6,943,000	\$1,296,000	\$73,000	\$149,000	\$8,000	\$24,000
Gain (Loss)	\$37,000	\$103,000	(\$361,000)	(\$46,000)	\$4,000	\$18,000	\$2,000	\$5,000
Employees								
Average Medical Subscribers	37	72	107	15	1	3	1	4
Incurred Medical claims	\$459,000	\$791,000	\$1,080,000	\$102,000	\$2,000	\$20,000	\$4,000	\$16,000
Capitation	\$6,000	\$11,000	\$130,000	\$13,000	\$0	\$0	\$0	\$0
Incurred Prescription Drug Claims	\$112,000	\$182,000	\$353,000	\$33,000	\$1,000	\$6,000	\$1,000	\$2,000
Prescription Drug Rebates	(\$12,000)	(\$20,000)	(\$39,000)	(\$4,000)	\$0	(\$1,000)	\$0	\$0
EGWP Credits	NA	NA	NA	NA	NA	NA	NA	NA
ERRP Credits	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Fees	\$17,000	\$25,000	\$63,000	\$7,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Cost	\$582,000	\$989,000	\$1,587,000	\$151,000	\$4,000	\$26,000	\$6,000	\$19,000
Total Premium	\$570,000	\$1,007,000	\$1,714,000	\$184,000	\$4,000	\$29,000	\$8,000	\$24,000
Gain (Loss)	(\$12,000)	\$18,000	\$127,000	\$33,000	\$0	\$3,000	\$2,000	\$5,000
Retirees								
Average Medical Subscribers	18	121	232	55	6	10	NA	NA
Incurred Medical claims	\$313,000	\$1,759,000	\$4,163,000	\$848,000	\$52,000	\$83,000	NA	NA
Capitation	\$4,000	\$17,000	\$311,000	\$63,000	\$0	\$0	NA	NA
Incurred Prescription Drug Claims	\$106,000	\$779,000	\$1,399,000	\$334,000	\$16,000	\$24,000	NA	NA
Prescription Drug Rebates	(\$13,000)	(\$95,000)	(\$164,000)	(\$40,000)	(\$2,000)	(\$3,000)	NA	NA
EGWP Credits	\$0	(\$74,000)	\$0	(\$17,000)	\$0	\$0	NA	NA
ERRP Credits	(\$9,000)	(\$49,000)	(\$129,000)	(\$26,000)	(\$3,000)	(\$4,000)	NA	NA
Administrative Fees	\$8,000	\$46,000	\$137,000	\$29,000	\$2,000	\$5,000	NA	NA
Total Cost	\$409,000	\$2,383,000	\$5,717,000	\$1,191,000	\$65,000	\$105,000	NA	NA
Total Premium	\$458,000	\$2,468,000	\$5,229,000	\$1,112,000	\$69,000	\$120,000	\$0	\$0
Gain (Loss)	\$49,000	\$85,000	(\$488,000)	(\$79,000)	\$4,000	\$15,000	NA	NA



SHBP Plan Year 2014 Renewal Recommendation
Exhibit 4C– Plan Year 2014 Aggregate Costs (Page 1 of 2)

	Legacy Plans						1525				
	Total	Aetna PPO10	Aetna PPO15	NJ DIRECT10	NJ DIRECT15	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO
Employees and Retirees											
Average Medical Subscribers	79,816	2,278	299	49,528	14,068	11,457	176	136	322	408	56
Incurred Medical claims	\$1,047,410,000	\$34,086,000	\$4,150,000	\$650,945,000	\$178,394,000	\$148,570,000	\$2,434,000	\$1,891,000	\$4,182,000	\$5,071,000	\$789,000
Capitation	\$24,153,000	\$382,000	\$46,000	\$7,376,000	\$2,046,000	\$12,557,000	\$214,000	\$23,000	\$43,000	\$438,000	\$67,000
Incurred Prescription Drug Claims	\$335,223,000	\$10,801,000	\$1,368,000	\$206,126,000	\$54,442,000	\$52,146,000	\$848,000	\$434,000	\$1,468,000	\$1,818,000	\$249,000
Prescription Drug Rebates	(\$27,844,000)	(\$886,000)	(\$113,000)	(\$17,180,000)	(\$4,529,000)	(\$4,281,000)	(\$70,000)	(\$34,000)	(\$125,000)	(\$151,000)	(\$21,000)
EGWP Credits	(\$38,806,000)	(\$1,060,000)	(\$134,000)	(\$26,223,000)	(\$6,452,000)	(\$4,373,000)	(\$70,000)	\$0	(\$168,000)	(\$158,000)	(\$10,000)
ERRP Credits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Fees	\$41,248,000	\$1,150,000	\$149,000	\$24,471,000	\$6,930,000	\$7,175,000	\$118,000	\$82,000	\$158,000	\$253,000	\$37,000
Total Cost	\$1,381,384,000	\$44,473,000	\$5,466,000	\$845,515,000	\$230,831,000	\$211,794,000	\$3,474,000	\$2,396,000	\$5,558,000	\$7,271,000	\$1,111,000
Total Premium	\$1,391,031,000	\$43,396,000	\$5,475,000	\$859,687,000	\$232,973,000	\$208,315,000	\$3,433,000	\$2,371,000	\$5,482,000	\$6,975,000	\$1,047,000
Gain (Loss)	\$9,647,000	(\$1,077,000)	\$9,000	\$14,172,000	\$2,142,000	(\$3,479,000)	(\$41,000)	(\$25,000)	(\$76,000)	(\$296,000)	(\$64,000)
Employees											
Average Medical Subscribers	50,935	1,514	187	31,333	9,414	7,504	104	109	138	226	25
Incurred Medical claims	\$762,506,000	\$25,391,000	\$2,788,000	\$485,386,000	\$136,110,000	\$101,052,000	\$1,575,000	\$1,445,000	\$1,652,000	\$2,496,000	\$280,000
Capitation	\$19,187,000	\$317,000	\$35,000	\$6,200,000	\$1,741,000	\$10,104,000	\$165,000	\$19,000	\$21,000	\$277,000	\$32,000
Incurred Prescription Drug Claims	\$150,699,000	\$5,610,000	\$616,000	\$91,188,000	\$24,839,000	\$25,783,000	\$381,000	\$297,000	\$278,000	\$627,000	\$65,000
Prescription Drug Rebates	(\$11,461,000)	(\$427,000)	(\$47,000)	(\$6,934,000)	(\$1,889,000)	(\$1,961,000)	(\$29,000)	(\$23,000)	(\$21,000)	(\$48,000)	(\$5,000)
EGWP Credits	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ERRP Credits	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Fees	\$27,866,000	\$945,000	\$115,000	\$15,785,000	\$4,705,000	\$5,688,000	\$72,000	\$65,000	\$65,000	\$168,000	\$16,000
Total Cost	\$948,797,000	\$31,836,000	\$3,507,000	\$591,625,000	\$165,506,000	\$140,666,000	\$2,164,000	\$1,803,000	\$1,995,000	\$3,520,000	\$388,000
Total Premium	\$954,730,000	\$30,597,000	\$3,462,000	\$594,484,000	\$167,447,000	\$142,805,000	\$2,187,000	\$1,792,000	\$2,062,000	\$3,576,000	\$402,000
Gain (Loss)	\$5,933,000	(\$1,239,000)	(\$45,000)	\$2,859,000	\$1,941,000	\$2,139,000	\$23,000	(\$11,000)	\$67,000	\$56,000	\$14,000
Retirees											
Average Medical Subscribers	28,880	764	112	18,195	4,654	3,953	72	27	184	182	31
Incurred Medical claims	\$284,904,000	\$8,695,000	\$1,362,000	\$165,559,000	\$42,284,000	\$47,518,000	\$859,000	\$446,000	\$2,530,000	\$2,575,000	\$509,000
Capitation	\$4,966,000	\$65,000	\$11,000	\$1,176,000	\$305,000	\$2,453,000	\$49,000	\$4,000	\$22,000	\$161,000	\$35,000
Incurred Prescription Drug Claims	\$184,524,000	\$5,191,000	\$752,000	\$114,938,000	\$29,603,000	\$26,363,000	\$467,000	\$137,000	\$1,190,000	\$1,191,000	\$184,000
Prescription Drug Rebates	(\$16,383,000)	(\$459,000)	(\$66,000)	(\$10,246,000)	(\$2,640,000)	(\$2,320,000)	(\$41,000)	(\$11,000)	(\$104,000)	(\$103,000)	(\$16,000)
EGWP Credits	(\$38,806,000)	(\$1,060,000)	(\$134,000)	(\$26,223,000)	(\$6,452,000)	(\$4,373,000)	(\$70,000)	\$0	(\$168,000)	(\$158,000)	(\$10,000)
ERRP Credits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Fees	\$13,382,000	\$205,000	\$34,000	\$8,686,000	\$2,225,000	\$1,487,000	\$46,000	\$17,000	\$93,000	\$85,000	\$21,000
Total Cost	\$432,587,000	\$12,637,000	\$1,959,000	\$253,890,000	\$65,325,000	\$71,128,000	\$1,310,000	\$593,000	\$3,563,000	\$3,751,000	\$723,000
Total Premium	\$436,301,000	\$12,799,000	\$2,013,000	\$265,203,000	\$65,526,000	\$65,510,000	\$1,246,000	\$579,000	\$3,420,000	\$3,399,000	\$645,000
Gain (Loss)	\$3,714,000	\$162,000	\$54,000	\$11,313,000	\$201,000	(\$5,618,000)	(\$64,000)	(\$14,000)	(\$143,000)	(\$352,000)	(\$78,000)



SHBP Plan Year 2014 Renewal Recommendation
Exhibit 4C– Plan Year 2014 Aggregate Costs (Page 2 of 2)

	2030				HD 4000		HD 1500	
	Aetna PPO	NJ DIRECT	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna PPO	Horizon PPO
Employees and Retirees								
Average Medical Subscribers	92	306	535	115	11	21	2	6
Incurred Medical claims	\$1,397,000	\$4,381,000	\$9,117,000	\$1,683,000	\$99,000	\$183,000	\$8,000	\$30,000
Capitation	\$17,000	\$48,000	\$762,000	\$134,000	\$0	\$0	\$0	\$0
Incurred Prescription Drug Claims	\$373,000	\$1,549,000	\$2,891,000	\$623,000	\$29,000	\$50,000	\$2,000	\$6,000
Prescription Drug Rebates	(\$30,000)	(\$130,000)	(\$236,000)	(\$52,000)	(\$2,000)	(\$4,000)	\$0	\$0
EGWP Credits	\$0	(\$130,000)	\$0	(\$28,000)	\$0	\$0	\$0	\$0
ERRP Credits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Fees	\$57,000	\$155,000	\$414,000	\$76,000	\$7,000	\$12,000	\$1,000	\$3,000
Total Cost	\$1,814,000	\$5,873,000	\$12,948,000	\$2,436,000	\$133,000	\$241,000	\$11,000	\$39,000
Total Premium	\$1,809,000	\$5,752,000	\$11,658,000	\$2,224,000	\$126,000	\$248,000	\$12,000	\$48,000
Gain (Loss)	(\$5,000)	(\$121,000)	(\$1,290,000)	(\$212,000)	(\$7,000)	\$7,000	\$1,000	\$9,000
Employees								
Average Medical Subscribers	62	112	168	25	2	5	2	6
Incurred Medical claims	\$829,000	\$1,358,000	\$1,876,000	\$189,000	\$5,000	\$36,000	\$8,000	\$30,000
Capitation	\$11,000	\$19,000	\$223,000	\$23,000	\$0	\$0	\$0	\$0
Incurred Prescription Drug Claims	\$185,000	\$247,000	\$519,000	\$48,000	\$1,000	\$7,000	\$2,000	\$6,000
Prescription Drug Rebates	(\$14,000)	(\$19,000)	(\$39,000)	(\$4,000)	\$0	(\$1,000)	\$0	\$0
EGWP Credits	NA	NA	NA	NA	NA	NA	NA	NA
ERRP Credits	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Fees	\$38,000	\$54,000	\$127,000	\$15,000	\$1,000	\$3,000	\$1,000	\$3,000
Total Cost	\$1,049,000	\$1,659,000	\$2,706,000	\$271,000	\$7,000	\$45,000	\$11,000	\$39,000
Total Premium	\$1,010,000	\$1,665,000	\$2,811,000	\$317,000	\$8,000	\$45,000	\$12,000	\$48,000
Gain (Loss)	(\$39,000)	\$6,000	\$105,000	\$46,000	\$1,000	\$0	\$1,000	\$9,000
Retirees								
Average Medical Subscribers	30	194	367	90	9	16	NA	NA
Incurred Medical claims	\$568,000	\$3,023,000	\$7,241,000	\$1,494,000	\$94,000	\$147,000	NA	NA
Capitation	\$6,000	\$29,000	\$539,000	\$111,000	\$0	\$0	NA	NA
Incurred Prescription Drug Claims	\$188,000	\$1,302,000	\$2,372,000	\$575,000	\$28,000	\$43,000	NA	NA
Prescription Drug Rebates	(\$16,000)	(\$111,000)	(\$197,000)	(\$48,000)	(\$2,000)	(\$3,000)	NA	NA
EGWP Credits	\$0	(\$130,000)	\$0	(\$28,000)	\$0	\$0	NA	NA
ERRP Credits	\$0	\$0	\$0	\$0	\$0	\$0	NA	NA
Administrative Fees	\$19,000	\$101,000	\$287,000	\$61,000	\$6,000	\$9,000	NA	NA
Total Cost	\$765,000	\$4,214,000	\$10,242,000	\$2,165,000	\$126,000	\$196,000	NA	NA
Total Premium	\$799,000	\$4,087,000	\$8,847,000	\$1,907,000	\$118,000	\$203,000	NA	NA
Gain (Loss)	\$34,000	(\$127,000)	(\$1,395,000)	(\$258,000)	(\$8,000)	\$7,000	NA	NA



SHBP Plan Year 2014 Renewal Recommendation

Exhibit 5A – Monthly Active Premiums (1 of 2)

	Legacy Plans						1525			
	Aetna PPO10	Aetna PPO15	Horizon DIR10	Horizon DIR15	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO
Medical Coverage Only										
Single	\$721.20	\$686.76	\$714.06	\$679.97	\$688.53	\$681.64	\$666.19	\$659.60	\$635.14	\$628.79
Member+Spouse	\$1,442.38	\$1,373.54	\$1,428.11	\$1,359.94	\$1,377.07	\$1,363.30	\$1,332.40	\$1,319.20	\$1,270.27	\$1,257.57
Family	\$1,867.91	\$1,778.71	\$1,849.42	\$1,761.12	\$1,783.29	\$1,765.45	\$1,725.43	\$1,708.36	\$1,645.01	\$1,628.57
Parent+Child(ren)	\$1,146.71	\$1,091.95	\$1,135.36	\$1,081.15	\$1,094.76	\$1,083.81	\$1,059.24	\$1,048.76	\$1,009.87	\$999.78
Adult Child Rate	\$434.02	\$413.29	\$429.73	\$409.20	\$414.35	\$410.21	\$400.91	\$396.94	\$382.22	\$378.41
	Legacy Plans						1525			
	Aetna PPO10	Aetna PPO15	Horizon DIR10	Horizon DIR15	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO
Rx Card										
Single	\$185.84	\$185.84	\$185.84	\$185.84	\$185.84	\$185.84	\$168.55	\$168.55	\$168.55	\$168.55
Member+Spouse	\$371.68	\$371.68	\$371.68	\$371.68	\$371.68	\$371.68	\$337.12	\$337.12	\$337.12	\$337.12
Family	\$481.33	\$481.33	\$481.33	\$481.33	\$481.33	\$481.33	\$436.54	\$436.54	\$436.54	\$436.54
Parent+Child(ren)	\$295.49	\$295.49	\$295.49	\$295.49	\$295.49	\$295.49	\$267.99	\$267.99	\$267.99	\$267.99
Adult Child Rate	\$111.84	\$111.84	\$111.84	\$111.84	\$111.84	\$111.84	\$101.43	\$101.43	\$101.43	\$101.43
	Legacy Plans						1525			
	Aetna PPO10	Aetna PPO15	Horizon DIR10	Horizon DIR15	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO
Rx with Medical Coverage										
Single	\$897.58	\$863.14	\$849.57	\$808.99	\$864.91	\$858.02	\$787.09	\$780.50	\$803.69	\$797.34
Member+Spouse	\$1,795.13	\$1,726.29	\$1,699.13	\$1,617.98	\$1,729.82	\$1,716.05	\$1,574.19	\$1,560.99	\$1,607.39	\$1,594.69
Family	\$2,324.73	\$2,235.53	\$2,200.39	\$2,095.28	\$2,240.11	\$2,222.27	\$2,038.56	\$2,021.49	\$2,081.55	\$2,065.11
Parent+Child(ren)	\$1,427.15	\$1,372.39	\$1,350.82	\$1,286.29	\$1,375.20	\$1,364.25	\$1,251.47	\$1,240.99	\$1,277.86	\$1,267.77
Adult Child Rate	\$540.16	\$519.44	\$511.28	\$486.85	\$520.50	\$516.35	\$473.67	\$469.70	\$483.65	\$479.84



SHBP Plan Year 2014 Renewal Recommendation

Exhibit 5A – Monthly Active Premiums (2 of 2)

	2030				HD 4000		HD 1500	
	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna PPO	Horizon PPO
<u>Medical Coverage Only</u>								
Single	\$626.21	\$620.00	\$597.86	\$591.88	\$345.36	\$345.97	\$512.20	\$513.11
Member+Spouse	\$1,252.43	\$1,240.03	\$1,195.71	\$1,183.76	\$690.72	\$691.95	\$1,024.42	\$1,026.24
Family	\$1,621.88	\$1,605.80	\$1,548.46	\$1,532.97	\$894.48	\$896.06	\$1,326.60	\$1,328.95
Parent+Child(ren)	\$995.67	\$985.80	\$950.60	\$941.09	\$549.12	\$550.09	\$814.40	\$815.84
Adult Child Rate	\$376.85	\$373.12	\$359.79	\$356.19	\$207.84	\$208.20	\$308.24	\$308.78
	2030				HD 4000		HD 1500	
	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna PPO	Horizon PPO
<u>Rx Card</u>								
Single	\$171.54	\$171.54	\$171.54	\$171.54	\$110.43	\$110.43	\$163.78	\$163.78
Member+Spouse	\$343.06	\$343.06	\$343.06	\$343.06	\$220.85	\$220.85	\$327.56	\$327.56
Family	\$444.29	\$444.29	\$444.29	\$444.29	\$286.01	\$286.01	\$424.19	\$424.19
Parent+Child(ren)	\$272.75	\$272.75	\$272.75	\$272.75	\$175.58	\$175.58	\$260.41	\$260.41
Adult Child Rate	\$103.23	\$103.23	\$103.23	\$103.23	\$66.45	\$66.45	\$98.56	\$98.56
	2030				HD 4000		HD 1500	
	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna PPO	Horizon PPO
<u>Rx with Medical Coverage</u>								
Single	\$747.11	\$740.90	\$769.40	\$763.42	\$455.79	\$456.40	\$675.98	\$676.89
Member+Spouse	\$1,494.22	\$1,481.82	\$1,538.77	\$1,526.82	\$911.57	\$912.80	\$1,351.98	\$1,353.80
Family	\$1,935.01	\$1,918.93	\$1,992.75	\$1,977.26	\$1,180.49	\$1,182.07	\$1,750.79	\$1,753.14
Parent+Child(ren)	\$1,187.90	\$1,178.03	\$1,223.35	\$1,213.84	\$724.70	\$725.67	\$1,074.81	\$1,076.25
Adult Child Rate	\$449.61	\$445.87	\$463.03	\$459.43	\$274.29	\$274.66	\$406.81	\$407.35



SHBP Plan Year 2014 Renewal Recommendation

Exhibit 5B – Annual Active Premiums (1 of 2)

	Legacy Plans						1525			
	Aetna PPO10	Aetna PPO15	Horizon DIR10	Horizon DIR15	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO
Medical Coverage Only										
Single	\$8,654	\$8,241	\$8,569	\$8,160	\$8,262	\$8,180	\$7,994	\$7,915	\$7,622	\$7,545
Member+Spouse	\$17,309	\$16,482	\$17,137	\$16,319	\$16,525	\$16,360	\$15,989	\$15,830	\$15,243	\$15,091
Family	\$22,415	\$21,345	\$22,193	\$21,133	\$21,399	\$21,185	\$20,705	\$20,500	\$19,740	\$19,543
Parent+Child(ren)	\$13,761	\$13,103	\$13,624	\$12,974	\$13,137	\$13,006	\$12,711	\$12,585	\$12,118	\$11,997
Adult Child Rate	\$5,208	\$4,959	\$5,157	\$4,910	\$4,972	\$4,923	\$4,811	\$4,763	\$4,587	\$4,541
	Legacy Plans						1525			
	Aetna PPO10	Aetna PPO15	Horizon DIR10	Horizon DIR15	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO
Rx Card										
Single	\$2,230	\$2,230	\$2,230	\$2,230	\$2,230	\$2,230	\$2,023	\$2,023	\$2,023	\$2,023
Member+Spouse	\$4,460	\$4,460	\$4,460	\$4,460	\$4,460	\$4,460	\$4,045	\$4,045	\$4,045	\$4,045
Family	\$5,776	\$5,776	\$5,776	\$5,776	\$5,776	\$5,776	\$5,238	\$5,238	\$5,238	\$5,238
Parent+Child(ren)	\$3,546	\$3,546	\$3,546	\$3,546	\$3,546	\$3,546	\$3,216	\$3,216	\$3,216	\$3,216
Adult Child Rate	\$1,342	\$1,342	\$1,342	\$1,342	\$1,342	\$1,342	\$1,217	\$1,217	\$1,217	\$1,217
	Legacy Plans						1525			
	Aetna PPO10	Aetna PPO15	Horizon DIR10	Horizon DIR15	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO
Rx with Medical Coverage										
Single	\$10,771	\$10,358	\$10,195	\$9,708	\$10,379	\$10,296	\$9,445	\$9,366	\$9,644	\$9,568
Member+Spouse	\$21,542	\$20,715	\$20,390	\$19,416	\$20,758	\$20,593	\$18,890	\$18,732	\$19,289	\$19,136
Family	\$27,897	\$26,826	\$26,405	\$25,143	\$26,881	\$26,667	\$24,463	\$24,258	\$24,979	\$24,781
Parent+Child(ren)	\$17,126	\$16,469	\$16,210	\$15,435	\$16,502	\$16,371	\$15,018	\$14,892	\$15,334	\$15,213
Adult Child Rate	\$6,482	\$6,233	\$6,135	\$5,842	\$6,246	\$6,196	\$5,684	\$5,636	\$5,804	\$5,758



SHBP Plan Year 2014 Renewal Recommendation

Exhibit 5B – Annual Active Premiums (2 of 2)

	2030				HD 4000		HD 1500	
	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna PPO	Horizon PPO
Medical Coverage Only								
Single	\$7,515	\$7,440	\$7,174	\$7,103	\$4,144	\$4,152	\$6,146	\$6,157
Member+Spouse	\$15,029	\$14,880	\$14,349	\$14,205	\$8,289	\$8,303	\$12,293	\$12,315
Family	\$19,463	\$19,270	\$18,582	\$18,396	\$10,734	\$10,753	\$15,919	\$15,947
Parent+Child(ren)	\$11,948	\$11,830	\$11,407	\$11,293	\$6,589	\$6,601	\$9,773	\$9,790
Adult Child Rate	\$4,522	\$4,477	\$4,317	\$4,274	\$2,494	\$2,498	\$3,699	\$3,705
	2030				HD 4000		HD 1500	
	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna PPO	Horizon PPO
Rx Card								
Single	\$2,058	\$2,058	\$2,058	\$2,058	\$1,325	\$1,325	\$1,965	\$1,965
Member+Spouse	\$4,117	\$4,117	\$4,117	\$4,117	\$2,650	\$2,650	\$3,931	\$3,931
Family	\$5,331	\$5,331	\$5,331	\$5,331	\$3,432	\$3,432	\$5,090	\$5,090
Parent+Child(ren)	\$3,273	\$3,273	\$3,273	\$3,273	\$2,107	\$2,107	\$3,125	\$3,125
Adult Child Rate	\$1,239	\$1,239	\$1,239	\$1,239	\$797	\$797	\$1,183	\$1,183
	2030				HD 4000		HD 1500	
	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna PPO	Horizon PPO
Rx with Medical Coverage								
Single	\$8,965	\$8,891	\$9,233	\$9,161	\$5,469	\$5,477	\$8,112	\$8,123
Member+Spouse	\$17,931	\$17,782	\$18,465	\$18,322	\$10,939	\$10,954	\$16,224	\$16,246
Family	\$23,220	\$23,027	\$23,913	\$23,727	\$14,166	\$14,185	\$21,009	\$21,038
Parent+Child(ren)	\$14,255	\$14,136	\$14,680	\$14,566	\$8,696	\$8,708	\$12,898	\$12,915
Adult Child Rate	\$5,395	\$5,350	\$5,556	\$5,513	\$3,291	\$3,296	\$4,882	\$4,888



SHBP Plan Year 2014 Renewal Recommendation
Exhibit 5C – Monthly Retiree Premiums (Page 1 of 2)

	Legacy Plans						1525			
	Aetna PPO10	Aetna PPO15	Horizon DIR10	Horizon DIR15	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO
Total Premium										
Single - 0 Medicare	\$1,156.06	\$1,100.84	\$1,146.90	\$1,092.23	\$1,059.33	\$1,050.88	\$1,054.67	\$1,046.44	\$969.62	\$962.16
Single - 1 Medicare	\$488.69	\$464.71	\$486.32	\$462.58	\$535.67	\$533.18	\$435.72	\$433.79	\$491.81	\$489.32
Mem+Spouse - 0 Medicare	\$2,520.31	\$2,399.83	\$2,500.34	\$2,381.06	\$2,309.76	\$2,291.35	\$2,299.17	\$2,281.23	\$2,113.75	\$2,097.49
Mem+Spouse - 1 Medicare	\$1,622.95	\$1,544.80	\$1,611.65	\$1,534.28	\$1,578.13	\$1,567.42	\$1,470.14	\$1,460.21	\$1,444.54	\$1,434.77
Mem+Spouse - 2 Medicare	\$977.40	\$929.42	\$972.65	\$925.15	\$1,071.34	\$1,066.36	\$871.43	\$867.58	\$983.65	\$978.64
Family - 0 Medicare	\$2,867.12	\$2,730.08	\$2,844.40	\$2,708.72	\$2,627.91	\$2,606.96	\$2,615.55	\$2,595.15	\$2,404.64	\$2,386.14
Family - 1 Medicare	\$1,956.49	\$1,862.36	\$1,942.55	\$1,849.34	\$1,882.55	\$1,869.41	\$1,774.37	\$1,762.06	\$1,723.29	\$1,711.37
Family - 2 Medicare	\$1,267.32	\$1,205.11	\$1,261.17	\$1,199.58	\$1,333.13	\$1,326.94	\$1,129.91	\$1,124.92	\$1,222.09	\$1,216.13
Parent+Ch - 0 Medicare	\$1,618.51	\$1,541.18	\$1,605.69	\$1,529.12	\$1,483.53	\$1,471.70	\$1,476.55	\$1,465.03	\$1,357.47	\$1,347.03
Parent+Ch - 1 Medicare	\$773.76	\$735.78	\$770.00	\$732.40	\$785.37	\$781.72	\$689.88	\$686.83	\$719.21	\$715.84
Medical Premium										
Single - 0 Medicare	\$925.20	\$869.98	\$916.04	\$861.37	\$844.62	\$836.17	\$830.95	\$822.72	\$745.90	\$738.44
Single - 1 Medicare	\$239.58	\$215.60	\$237.21	\$213.47	\$248.85	\$246.36	\$194.31	\$192.38	\$250.40	\$247.91
Mem+Spouse - 0 Medicare	\$2,016.99	\$1,896.51	\$1,997.02	\$1,877.74	\$1,841.23	\$1,822.82	\$1,811.41	\$1,793.47	\$1,625.99	\$1,609.73
Mem+Spouse - 1 Medicare	\$1,141.05	\$1,062.90	\$1,129.75	\$1,052.38	\$1,070.76	\$1,060.05	\$1,003.14	\$993.21	\$977.54	\$967.77
Mem+Spouse - 2 Medicare	\$479.17	\$431.19	\$474.42	\$426.92	\$497.72	\$492.74	\$388.61	\$384.76	\$500.83	\$495.82
Family - 0 Medicare	\$2,294.54	\$2,157.50	\$2,271.82	\$2,136.14	\$2,094.62	\$2,073.67	\$2,060.69	\$2,040.29	\$1,849.78	\$1,831.28
Family - 1 Medicare	\$1,408.79	\$1,314.66	\$1,394.85	\$1,301.64	\$1,314.21	\$1,301.07	\$1,243.61	\$1,231.30	\$1,192.53	\$1,180.61
Family - 2 Medicare	\$621.30	\$559.09	\$615.15	\$553.56	\$619.32	\$613.13	\$503.87	\$498.88	\$596.05	\$590.09
Parent+Ch - 0 Medicare	\$1,295.28	\$1,217.95	\$1,282.46	\$1,205.89	\$1,182.47	\$1,170.64	\$1,163.31	\$1,151.79	\$1,044.23	\$1,033.79
Parent+Ch - 1 Medicare	\$379.34	\$341.36	\$375.58	\$337.98	\$364.99	\$361.34	\$307.66	\$304.61	\$336.99	\$333.62
Rx Premium										
Single - 0 Medicare	\$230.86	\$230.86	\$230.86	\$230.86	\$214.71	\$214.71	\$223.72	\$223.72	\$223.72	\$223.72
Single - 1 Medicare	\$249.11	\$249.11	\$249.11	\$249.11	\$286.82	\$286.82	\$241.41	\$241.41	\$241.41	\$241.41
Mem+Spouse - 0 Medicare	\$503.32	\$503.32	\$503.32	\$503.32	\$468.53	\$468.53	\$487.76	\$487.76	\$487.76	\$487.76
Mem+Spouse - 1 Medicare	\$481.90	\$481.90	\$481.90	\$481.90	\$507.37	\$507.37	\$467.00	\$467.00	\$467.00	\$467.00
Mem+Spouse - 2 Medicare	\$498.23	\$498.23	\$498.23	\$498.23	\$573.62	\$573.62	\$482.82	\$482.82	\$482.82	\$482.82
Family - 0 Medicare	\$572.58	\$572.58	\$572.58	\$572.58	\$533.29	\$533.29	\$554.86	\$554.86	\$554.86	\$554.86
Family - 1 Medicare	\$547.70	\$547.70	\$547.70	\$547.70	\$568.34	\$568.34	\$530.76	\$530.76	\$530.76	\$530.76
Family - 2 Medicare	\$646.02	\$646.02	\$646.02	\$646.02	\$713.81	\$713.81	\$626.04	\$626.04	\$626.04	\$626.04
Parent+Ch - 0 Medicare	\$323.23	\$323.23	\$323.23	\$323.23	\$301.06	\$301.06	\$313.24	\$313.24	\$313.24	\$313.24
Parent+Ch - 1 Medicare	\$394.42	\$394.42	\$394.42	\$394.42	\$420.38	\$420.38	\$382.22	\$382.22	\$382.22	\$382.22



SHBP Plan Year 2014 Renewal Recommendation
Exhibit 5C – Monthly Retiree Premiums (Page 2 of 2)

	2030				HD 4000	
	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO
<u>Total Premium</u>						
Single - 0 Medicare	\$1,007.81	\$1,000.07	\$926.17	\$919.16	\$546.30	\$590.95
Single - 1 Medicare	\$425.92	\$424.11	\$480.30	\$477.93	n/a	n/a
Mem+Spouse - 0 Medicare	\$2,197.00	\$2,180.13	\$2,019.01	\$2,003.74	\$1,190.92	\$1,288.26
Mem+Spouse - 1 Medicare	\$1,414.78	\$1,405.44	\$1,390.79	\$1,381.60	n/a	n/a
Mem+Spouse - 2 Medicare	\$851.82	\$848.22	\$960.60	\$955.87	n/a	n/a
Family - 0 Medicare	\$2,499.34	\$2,480.14	\$2,296.87	\$2,279.50	\$1,354.82	\$1,465.54
Family - 1 Medicare	\$1,705.46	\$1,693.87	\$1,657.03	\$1,645.81	n/a	n/a
Family - 2 Medicare	\$1,104.49	\$1,099.82	\$1,193.39	\$1,187.78	n/a	n/a
Parent+Ch - 0 Medicare	\$1,410.93	\$1,400.09	\$1,296.63	\$1,286.83	\$764.82	\$827.32
Parent+Ch - 1 Medicare	\$674.36	\$671.51	\$702.28	\$699.12	n/a	n/a
<u>Medical Premium</u>						
Single - 0 Medicare	\$781.97	\$774.23	\$700.33	\$693.32	\$398.56	\$443.21
Single - 1 Medicare	\$182.21	\$180.40	\$236.59	\$234.22	n/a	n/a
Mem+Spouse - 0 Medicare	\$1,704.61	\$1,687.74	\$1,526.62	\$1,511.35	\$868.85	\$966.19
Mem+Spouse - 1 Medicare	\$943.34	\$934.00	\$919.35	\$910.16	n/a	n/a
Mem+Spouse - 2 Medicare	\$364.41	\$360.81	\$473.19	\$468.46	n/a	n/a
Family - 0 Medicare	\$1,939.21	\$1,920.01	\$1,736.74	\$1,719.37	\$988.43	\$1,099.15
Family - 1 Medicare	\$1,169.65	\$1,158.06	\$1,121.22	\$1,110.00	n/a	n/a
Family - 2 Medicare	\$472.50	\$467.83	\$561.40	\$555.79	n/a	n/a
Parent+Ch - 0 Medicare	\$1,094.72	\$1,083.88	\$980.42	\$970.62	\$557.99	\$620.49
Parent+Ch - 1 Medicare	\$288.50	\$285.65	\$316.42	\$313.26	n/a	n/a
<u>Rx Premium</u>						
Single - 0 Medicare	\$225.84	\$225.84	\$225.84	\$225.84	\$147.74	\$147.74
Single - 1 Medicare	\$243.71	\$243.71	\$243.71	\$243.71	n/a	n/a
Mem+Spouse - 0 Medicare	\$492.39	\$492.39	\$492.39	\$492.39	\$322.07	\$322.07
Mem+Spouse - 1 Medicare	\$471.44	\$471.44	\$471.44	\$471.44	n/a	n/a
Mem+Spouse - 2 Medicare	\$487.41	\$487.41	\$487.41	\$487.41	n/a	n/a
Family - 0 Medicare	\$560.13	\$560.13	\$560.13	\$560.13	\$366.39	\$366.39
Family - 1 Medicare	\$535.81	\$535.81	\$535.81	\$535.81	n/a	n/a
Family - 2 Medicare	\$631.99	\$631.99	\$631.99	\$631.99	n/a	n/a
Parent+Ch - 0 Medicare	\$316.21	\$316.21	\$316.21	\$316.21	\$206.83	\$206.83
Parent+Ch - 1 Medicare	\$385.86	\$385.86	\$385.86	\$385.86	n/a	n/a



SHBP Plan Year 2014 Renewal Recommendation
Exhibit 5D – Annual Retiree Premiums (Page 1 of 2)

	Legacy Plans						1525			
	Aetna PPO10	Aetna PPO15	Horizon DIR10	Horizon DIR15	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO
Total Premium										
Single - 0 Medicare	\$13,873	\$13,210	\$13,763	\$13,107	\$12,712	\$12,611	\$12,656	\$12,557	\$11,635	\$11,546
Single - 1 Medicare	\$5,864	\$5,577	\$5,836	\$5,551	\$6,428	\$6,398	\$5,229	\$5,205	\$5,902	\$5,872
Mem+Spouse - 0 Medicare	\$30,244	\$28,798	\$30,004	\$28,573	\$27,717	\$27,496	\$27,590	\$27,375	\$25,365	\$25,170
Mem+Spouse - 1 Medicare	\$19,475	\$18,538	\$19,340	\$18,411	\$18,938	\$18,809	\$17,642	\$17,523	\$17,334	\$17,217
Mem+Spouse - 2 Medicare	\$11,729	\$11,153	\$11,672	\$11,102	\$12,856	\$12,796	\$10,457	\$10,411	\$11,804	\$11,744
Family - 0 Medicare	\$34,405	\$32,761	\$34,133	\$32,505	\$31,535	\$31,284	\$31,387	\$31,142	\$28,856	\$28,634
Family - 1 Medicare	\$23,478	\$22,348	\$23,311	\$22,192	\$22,591	\$22,433	\$21,292	\$21,145	\$20,679	\$20,536
Family - 2 Medicare	\$15,208	\$14,461	\$15,134	\$14,395	\$15,998	\$15,923	\$13,559	\$13,499	\$14,665	\$14,594
Parent+Ch - 0 Medicare	\$19,422	\$18,494	\$19,268	\$18,349	\$17,802	\$17,660	\$17,719	\$17,580	\$16,290	\$16,164
Parent+Ch - 1 Medicare	\$9,285	\$8,829	\$9,240	\$8,789	\$9,424	\$9,381	\$8,279	\$8,242	\$8,631	\$8,590
Medical Premium										
Single - 0 Medicare	\$11,102	\$10,440	\$10,992	\$10,336	\$10,135	\$10,034	\$9,971	\$9,873	\$8,951	\$8,861
Single - 1 Medicare	\$2,875	\$2,587	\$2,847	\$2,562	\$2,986	\$2,956	\$2,332	\$2,309	\$3,005	\$2,975
Mem+Spouse - 0 Medicare	\$24,204	\$22,758	\$23,964	\$22,533	\$22,095	\$21,874	\$21,737	\$21,522	\$19,512	\$19,317
Mem+Spouse - 1 Medicare	\$13,693	\$12,755	\$13,557	\$12,629	\$12,849	\$12,721	\$12,038	\$11,919	\$11,730	\$11,613
Mem+Spouse - 2 Medicare	\$5,750	\$5,174	\$5,693	\$5,123	\$5,973	\$5,913	\$4,663	\$4,617	\$6,010	\$5,950
Family - 0 Medicare	\$27,534	\$25,890	\$27,262	\$25,634	\$25,135	\$24,884	\$24,728	\$24,483	\$22,197	\$21,975
Family - 1 Medicare	\$16,905	\$15,776	\$16,738	\$15,620	\$15,771	\$15,613	\$14,923	\$14,776	\$14,310	\$14,167
Family - 2 Medicare	\$7,456	\$6,709	\$7,382	\$6,643	\$7,432	\$7,358	\$6,046	\$5,987	\$7,153	\$7,081
Parent+Ch - 0 Medicare	\$15,543	\$14,615	\$15,390	\$14,471	\$14,190	\$14,048	\$13,960	\$13,821	\$12,531	\$12,405
Parent+Ch - 1 Medicare	\$4,552	\$4,096	\$4,507	\$4,056	\$4,380	\$4,336	\$3,692	\$3,655	\$4,044	\$4,003
Rx Premium										
Single - 0 Medicare	\$2,770	\$2,770	\$2,770	\$2,770	\$2,577	\$2,577	\$2,685	\$2,685	\$2,685	\$2,685
Single - 1 Medicare	\$2,989	\$2,989	\$2,989	\$2,989	\$3,442	\$3,442	\$2,897	\$2,897	\$2,897	\$2,897
Mem+Spouse - 0 Medicare	\$6,040	\$6,040	\$6,040	\$6,040	\$5,622	\$5,622	\$5,853	\$5,853	\$5,853	\$5,853
Mem+Spouse - 1 Medicare	\$5,783	\$5,783	\$5,783	\$5,783	\$6,088	\$6,088	\$5,604	\$5,604	\$5,604	\$5,604
Mem+Spouse - 2 Medicare	\$5,979	\$5,979	\$5,979	\$5,979	\$6,883	\$6,883	\$5,794	\$5,794	\$5,794	\$5,794
Family - 0 Medicare	\$6,871	\$6,871	\$6,871	\$6,871	\$6,399	\$6,399	\$6,658	\$6,658	\$6,658	\$6,658
Family - 1 Medicare	\$6,572	\$6,572	\$6,572	\$6,572	\$6,820	\$6,820	\$6,369	\$6,369	\$6,369	\$6,369
Family - 2 Medicare	\$7,752	\$7,752	\$7,752	\$7,752	\$8,566	\$8,566	\$7,512	\$7,512	\$7,512	\$7,512
Parent+Ch - 0 Medicare	\$3,879	\$3,879	\$3,879	\$3,879	\$3,613	\$3,613	\$3,759	\$3,759	\$3,759	\$3,759
Parent+Ch - 1 Medicare	\$4,733	\$4,733	\$4,733	\$4,733	\$5,045	\$5,045	\$4,587	\$4,587	\$4,587	\$4,587



SHBP Plan Year 2014 Renewal Recommendation
Exhibit 5D – Annual Retiree Premiums (Page 2 of 2)

	2030				HD 4000	
	Aetna PPO	Horizon PPO	Aetna HMO	Horizon HMO	Aetna PPO	Horizon PPO
Total Premium						
Single - 0 Medicare	\$12,094	\$12,001	\$11,114	\$11,030	\$6,556	\$7,091
Single - 1 Medicare	\$5,111	\$5,089	\$5,764	\$5,735	n/a	n/a
Mem+Spouse - 0 Medicare	\$26,364	\$26,162	\$24,228	\$24,045	\$14,291	\$15,459
Mem+Spouse - 1 Medicare	\$16,977	\$16,865	\$16,689	\$16,579	n/a	n/a
Mem+Spouse - 2 Medicare	\$10,222	\$10,179	\$11,527	\$11,470	n/a	n/a
Family - 0 Medicare	\$29,992	\$29,762	\$27,562	\$27,354	\$16,258	\$17,586
Family - 1 Medicare	\$20,466	\$20,326	\$19,884	\$19,750	n/a	n/a
Family - 2 Medicare	\$13,254	\$13,198	\$14,321	\$14,253	n/a	n/a
Parent+Ch - 0 Medicare	\$16,931	\$16,801	\$15,560	\$15,442	\$9,178	\$9,928
Parent+Ch - 1 Medicare	\$8,092	\$8,058	\$8,427	\$8,389	n/a	n/a
Medical Premium						
Single - 0 Medicare	\$9,384	\$9,291	\$8,404	\$8,320	\$4,783	\$5,319
Single - 1 Medicare	\$2,187	\$2,165	\$2,839	\$2,811	n/a	n/a
Mem+Spouse - 0 Medicare	\$20,455	\$20,253	\$18,319	\$18,136	\$10,426	\$11,594
Mem+Spouse - 1 Medicare	\$11,320	\$11,208	\$11,032	\$10,922	n/a	n/a
Mem+Spouse - 2 Medicare	\$4,373	\$4,330	\$5,678	\$5,622	n/a	n/a
Family - 0 Medicare	\$23,271	\$23,040	\$20,841	\$20,632	\$11,861	\$13,190
Family - 1 Medicare	\$14,036	\$13,897	\$13,455	\$13,320	n/a	n/a
Family - 2 Medicare	\$5,670	\$5,614	\$6,737	\$6,669	n/a	n/a
Parent+Ch - 0 Medicare	\$13,137	\$13,007	\$11,765	\$11,647	\$6,696	\$7,446
Parent+Ch - 1 Medicare	\$3,462	\$3,428	\$3,797	\$3,759	n/a	n/a
Rx Premium						
Single - 0 Medicare	\$2,710	\$2,710	\$2,710	\$2,710	\$1,773	\$1,773
Single - 1 Medicare	\$2,925	\$2,925	\$2,925	\$2,925	n/a	n/a
Mem+Spouse - 0 Medicare	\$5,909	\$5,909	\$5,909	\$5,909	\$3,865	\$3,865
Mem+Spouse - 1 Medicare	\$5,657	\$5,657	\$5,657	\$5,657	n/a	n/a
Mem+Spouse - 2 Medicare	\$5,849	\$5,849	\$5,849	\$5,849	n/a	n/a
Family - 0 Medicare	\$6,722	\$6,722	\$6,722	\$6,722	\$4,397	\$4,397
Family - 1 Medicare	\$6,430	\$6,430	\$6,430	\$6,430	n/a	n/a
Family - 2 Medicare	\$7,584	\$7,584	\$7,584	\$7,584	n/a	n/a
Parent+Ch - 0 Medicare	\$3,795	\$3,795	\$3,795	\$3,795	\$2,482	\$2,482
Parent+Ch - 1 Medicare	\$4,630	\$4,630	\$4,630	\$4,630	n/a	n/a



SHBP Plan Year 2014 Renewal Recommendation

Exhibit 6 – Projection Assumptions

Benefit Design Changes

Medical Plans: The following benefit plans will be offered in Plan Year 2014: NJ DIRECT10, Aetna Freedom10, NJ DIRECT15, Aetna Freedom15, NJ DIRECT1525, Aetna Freedom1525, NJ DIRECT2030, Aetna Freedom2030, Legacy HMO plan, HMO1525, HMO2030, HD4000, and HD1500. Plan summaries are included in Exhibit 7.

Employee Prescription Drug Plan: Active employees will continue with the Employee Prescription Drug Plan. The drug copays will vary based on the medical benefit election. Plan summaries are included in Exhibit 7.

Retiree Prescription Drug Plans: Retiree copays and out-of-pocket maximums will increase based on experience trends (Plan details are listed in Exhibit 7B). The method for integrating with Medicare Part D will continue as EGWP Plus Wrap.

Mandated Benefits: Plan Year 2013 projected medical claim costs were increased 0.4% for Actives and Early Retirees and 0.3% for Medicare Retiree to reflect the expanded coverage of preventive care. Plan Year 2013 projected prescription drug claim costs were increased 0.3% to reflect the impact of the NJ oral cancer mandate.

Vendor Changes

No change in vendors for Plan 2014.

Incurred Basis

Plan Year 2014 aggregate projected costs reflect incurred costs for claims and expenses.

Margin

Active and Retiree premiums include a 1.0% margin since the projected claim stabilization reserve for the Local Government Group falls below the target claim stabilization reserve equivalent of 2.0 months of Plan costs at the end of Plan Year 2014.

Administrative Expenses

Plan Year 2014 premiums will include projected costs for the following administrative expenses:

- ASO fees for each vendor,
- Overhead charges, which are the State of New Jersey administrative costs charged against the plans, projected at \$2.2 million for Plan Year 2014,
- \$2.06 per member per year for the Comparative Effectiveness Fee required by Federal Health Care Reform,
- Investment income credits of \$0.5 million, and
- \$63 per non-Medicare member per year for the Transitional Reinsurance Fee required by Federal Health Care Reform.



Claim Costs

Plan Year 2014 claim costs will include projected charges/credits for the following claim expenses:

- Medical and prescription drug claims,
- Capitation charges,
- \$28 million for prescription drug rebates, and
- \$39 million in CMS and PBM payments under the Retiree prescription drug EGWP Plus Wrap.

Enrollment Projections

Exhibit 1A reflects historical enrollment patterns among the benefit offerings from January 2011 through May 2013 and includes Aon Hewitt's projection of enrollment from June 2013 through December 2014. Aon Hewitt's Plan Year 2014 enrollment projections assume that Local Government Active will increase 5% and Retiree enrollment will increase 8%.

Health Status Change

We are assuming no significant changes in average health status.

Large Claims

Plan Year 2012 medical large claim experience is detailed in Exhibit 3. Individual claims over \$50,000 were pooled over the entire Local Government Group. The impact of this adjustment was an 1% increase for NJ DIRECT10 medical claims, a



1% decrease for NJ DIRECT15, a 4% decrease for Aetna and a 1% decrease for Cigna.

Trend Rates

Exhibit 2A presents SHBP medical trend experience and Aon Hewitt's trend assumptions for Plan Year 2014. Exhibit 2B presents prescription drug trend experience and assumptions. These experience trends are based on claim trends in Plan Years 2012 and 2013, normalized for benefit and vendor changes. Exhibits 2A and 2B include the following columns:

Increase in Claims/Ee – This is the actual increase in claims per subscriber from the prior period.

Benefit + RFP Changes – This shows the impact of benefit changes and adjusts for savings that resulted from vendor changes.

Claim Trend – This is the increase in claim cost that would have occurred if there had been no change in benefits or vendors. It is the basis for determining future SHBP claims increases, since we make separate adjustments to trend for benefit and vendor changes. Claim trend is calculated by subtracting the value of benefit changes from the actual increase in claims per subscriber.

The claim trends that we are recommending for the Plan Year 2014 renewal are:



	Medical	Prescription Drugs
NJ DIRECT Employee	8.3%	8.0%
NJ DIRECT Early Retiree	8.3%	9.0%
NJ DIRECT Medicare Retiree	5.0%	9.0%
Aetna HMO	9.5%	8.0%

These recommended claim trends are included in Exhibits 2A and 2B, labeled “Aon Hewitt Trend Assumption”.

In addition, the Plan Year 2013 projected prescription drug costs include a 2% reduction to reflect the continuing impact of the unusually large number of prescription drugs that came off patent in Plan Year 2012.

Data Assumptions

Claims: For medical and prescription drug claims, we are using claim files from each of the vendors which have claims paid through March 2013.

Enrollment: We receive monthly census files from the Division of Pensions and Benefits and we are using this information to match against the claims tapes to determine enrollments for Active versus Retiree and State versus Local Employers. We have billing counts from the Division of Pensions and Benefits through May 2013, which we use for the exposure units in our cost analysis.



**SHBP PLAN YEAR 2014 RENEWAL RECOMMENDATIONS
EXHIBIT 7A – EMPLOYEE PLAN OPTION SUMMARY**

	\$10 copay	\$15 copay	1525	2030	HD1500	HD4000
Medical Cost Sharing						
Primary Care Copays	\$10	\$15	\$15	\$20	NA	NA
Specialist Care Copays	\$10	\$15	\$25	\$30 for adults/ \$20 children	NA	NA
Emergency Room Copay	\$25 PPO, \$35 HMO	\$50	\$75	\$125	NA	NA
In-Network Deductible**	NA	NA	NA	NA	\$1,500	\$4,000
In-Network Coinsurance	10% on ambulance, prosthetic devices, outpatient MHSA, DME	10% on ambulance, prosthetic devices, outpatient MHSA, DME	10% on ambulance, prosthetic devices, outpatient MHSA, DME	10% on ambulance, prosthetic devices, outpatient MHSA, DME	20% on all in-network charges	20% on all in-network charges
In-Network PPO coinsurance OOP Max	\$400	\$400	\$400	\$800	N/A	N/A
In-Network Total OOP Maximum	\$6,500	\$6,500	\$6,500	\$6,500	\$1,000	\$1,000
OON* Deductible **	\$100	\$100	\$100	\$200	combined with in-net	combined with in-net
OON* Coinsurance**	20%	30%	30%	30%	40%	40%
OON* OOP maximum**	\$2,000	\$2,000	\$2,000	\$5,000	\$2,000	\$2,000
OON* Inpatient Hospital Deductible	\$200 per stay	\$200 per stay	\$200 per stay	\$500 per stay	NA	NA
Employer HSA Funding	NA	NA	NA	NA	\$300	\$0

Prescription Drug Copays***		NJ			NJ			NJ		NJ			
		Rx Card	DIRECT MM Rx	Aetna PPO and all HMO	Rx Card	DIRECT MM Rx	Aetna PPO	All Other Plans	DIRECT MM Rx	All Other Plans	DIRECT MM Rx		
Retail Copayments	Tier 1	\$3	10%	\$5	\$3	10%	\$5	\$7	15%	\$3	15%	subject to deductible and coinsurance	subject to deductible and coinsurance
Retail Copayments	Tier 2	\$10	10%	\$10	\$10	10%	\$10	\$16	15%	\$18	15%		
Retail Copayments	Tier 3	\$10	10%	\$20	\$10	10%	\$20	\$35	15%	\$46	15%		
Mail Copayments	Tier 1	\$5	10%	\$5	\$5	10%	\$5	\$18	15%	\$5	15%		
Mail Copayments	Tier 2	\$15	10%	\$15	\$15	10%	\$15	\$40	15%	\$36	15%		
Mail Copayments	Tier 3	\$15	10%	\$25	\$15	10%	\$25	\$88	15%	\$92	15%		
OOP Maximum		none			none			none		none			

*HMO plans do not have OON network benefits

**Maximum Family amounts are 2.5 x per member amounts listed in table.

***These copays apply to the State Prescription Drug Card and MM Rx. Local Employers can select one of these options or purchase their own drug coverage.



SHBP PLAN YEAR 2014 RENEWAL RECOMMENDATIONS

EXHIBIT 7B – RETIREE PLAN OPTION SUMMARY

	\$10 copay	\$15 copay	1525	2030	HD4000***
Medical Cost Sharing					
Primary Care Copays	\$10	\$15	\$15	\$20	NA
Specialist Care Copays	\$10	\$15	\$25	\$30 for adults/ \$20 children	NA
Emergency Room Copay	\$25 PPO, \$35 HMO	\$50	\$75	\$125	NA
In-Network Deductible**	NA	NA	NA	NA	\$4,000
In-Network Coinsurance	10% on ambulance, prosthetic devices, outpatient MHSA, DME	10% on ambulance, prosthetic devices, outpatient MHSA, DME	10% on ambulance, prosthetic devices, outpatient MHSA, DME	10% on ambulance, prosthetic devices, outpatient MHSA, DME	20% on all in- network charges
In-Network PPO coinsurance OOP Max	\$400	\$400	\$400	\$800	N/A
In-Network Total OOP Maximum	\$6,500	\$6,500	\$6,500	\$6,500	\$1,000
OOO* Deductible **	\$100	\$100	\$100	\$200	combined with in-net
OOO* Coinsurance**	20%	30%	30%	30%	40%
OOO* OOP maximum**	\$2,000	\$2,000	\$2,000	\$5,000	\$2,000
OOO* Inpatient Hospital Deductible	\$200 per stay	\$200 per stay	\$200 per stay	\$500 per stay	NA
Employer HSA Funding	NA	NA	NA	NA	\$0

Prescription Drug Copays		PPO	HMOs	PPO	PPO and HMOs	PPO and HMOs	
Retail Copayments	Tier 1	\$12	\$7	\$12	\$7	\$3	subject to deductible and coinsurance
Retail Copayments	Tier 2	\$25	\$14	\$25	\$17	\$19	
Retail Copayments	Tier 3	\$50	\$27	\$50	\$37	\$49	
Mail Copayments	Tier 1	\$12	\$7	\$12	\$5	\$5	
Mail Copayments	Tier 2	\$37	\$21	\$37	\$43	\$38	
Mail Copayments	Tier 3	\$62	\$34	\$62	\$94	\$98	
OOP Maximum		\$1,446	\$1,446	\$1,446	none	none	

*HMO plans do not have OON network benefits

**Maximum Family amounts are 2.5 x per member amounts listed in table.

***HD4000 plan is only available to non-Medicare retirees.

Exhibit 8 – Other Possible Benefit Changes for Consideration by the Plan Design Committee for Plan Year 2015

Even with increased employee contributions under Chapter 78, SHBP enrollment in Plan Year 2014 will still be highly concentrated in the Legacy Plans, with plan designs that are richer than those typical of employer group health benefit plans.

Therefore, the Plan Design Committee should consider the following changes for plan year 2015:

- Increase Emergency Room Copays to a minimum of \$125 for all plans – The current ER copays for the Legacy Plans of \$25 to \$50 are ineffective as disincentives for inappropriate use of hospital emergency rooms, thereby unnecessarily increasing Plan costs. Both Horizon and Aetna experience confirms very high emergency room utilization and trends. Most employer health benefit plans have Emergency Room copays of \$125 or more.
- Increase the physician office-visit copays for all plans by at least \$5. SHBP physician office-visit copays for the Legacy Plans have not changed in several years, remain low by industry standards , and should be increased to a more reasonable and competitive level.
- Implement a two-tier physician copay structure, for primary-care physicians and specialists for all plans. The specialist copay should be \$10 to \$15 greater than the primary-care physician copay. A common approach, this

would more accurately reflect consistent cost-sharing between primary and specialist care.

- Increase the PPO in-network Out-Of-Pocket (OOP) coinsurance maximums by \$400 or more and Out-Of-Network by \$1,000 or more. When SHBP members reach their OOP maximum, their demand for services increases significantly. Additionally, the higher Out-Of-Network, OOP maximum would encourage greater In-Network utilization, which reduces total plan costs (since In-Network discounts reduce total costs by more than 50%).

- Increase the Employee Prescription Drug copays to match Retiree copays – Employee copays are much lower than Retiree copays (\$3/\$10/\$10 for Retail compared to \$12/\$25/\$50 for Retiree retail). The low copays do not incent employees to utilize generic drugs, which are generally significantly lower in cost than brand drugs. Additionally:
 - Increase mail-service copays to a level 2.5 times that of retail,
 - Consider adopting a coinsurance rather than a copay structure, and
 - Institute Mandatory Generic Prescription Drug coverage, whereby the employee is required to pay the difference in cost between a Brand and Generic prescription, unless the physician requires the Brand drug. The average Generic prescription is approximately 20% of the cost of a Brand prescription.

- Institute Mandatory Mail service for Prescription Drugs in combination with an increase in the Mail service copays to a level of 250% of retail copays.
- Increase the Out-Of-Network, In-Patient Hospital Deductible by \$200 or more. Similar to the suggestion above for the NJ DIRECT Out-of-Network OOP maximum, this encourages greater use of In-Network hospitals, which reduces plan costs.
- Index, on an annual basis, all copays and OOP maximums to the increase in year-over-year plan costs, similar to the process generally in effect for Retiree Rx copays and OOP maximums. This will maintain a proper balance in the employees'/retirees' share of the plan costs over the years.
- Impose a limit of 30 visits annually for Physical Therapy, Occupational Therapy, and Speech Therapy. There currently is no limit on the frequency of these types of services.
- Implement a comprehensive Wellness Program for the Active Employee population, with related Health Risk Assessments, weight/exercise/nutrition programs, smoking cessation, stress management, and other programs, with financial incentives for employee participation. Research has demonstrated that typically two-thirds of a health benefits plan's costs are produced by one-third of the population who have either lifestyle risks (e.g., smoking, obesity, and lack of exercise) or chronic health conditions (e.g., diabetes, heart disease, and back pain). These same chronic conditions are among the top ten conditions driving costs related to absenteeism and disability. A wellness

program that provides financial incentives for employees to modify behaviors would improve the underlying risk driving the health care costs of the SHBP.

- Consider adding a PPO with a deductible, coinsurance and OOP that applies to all medical services, giving members greater differentiation in plan cost and more choice.
- Carve Out Mental Health/Substance Abuse (MH/SA) – Similar to the carve out of prescription drugs to Medco in 2010 – which reduced Plan Year 2010 Rx costs by approximately 8% -- Aon Hewitt believes that consolidating the behavioral care component of the SHBP would reduce plan costs and provide for more uniform treatment of behavioral care conditions throughout the program.

As more employees (and, eventually, retirees as well) migrate to lower-cost plan options, the SHBP will become more cost effective -- and more responsive to the State's budgetary constraints and the health care security needs/budgets of plan participants. The "Cadillac Tax" which will be effective in 2018 under federal health care reform will require that the SHBP pay an excise tax of 40% on the annual aggregate value of individual coverage in excess of \$10,200 and family coverage in excess of \$27,500. Both of these numbers are for active employee coverage (retiree amounts are somewhat higher) and are indexed for inflation. Again, the tax is levied on amounts above these thresholds, and is projected to increase Plan Year 2018 costs for Local Government actives and retirees by 7%.