

Memorandum

To: Office of the State Comptroller

From: Mark Noonan
Emily Peters
Terry DeMattie

Date: January 20, 2022

Re: Preliminary Partnership 2.0 Rate Development for July 1, 2022

Segal has developed preliminary Partnership 2.0 rates effective July 1, 2022 to be used by groups enrolled in the plan for early budgeting purposes. The preliminary premium rate change for the medical/prescription drug plan for actives and non-Medicare retirees under and over 65 for each region is projected to be approximately **8.0%**. **The rate change should be viewed as a preliminary projection and is subject to change once rates are finalized.**

Assumptions

The preliminary rate development was based on the following assumptions:

- Partnership 2.0 enrollment by tier as of November 2021 from the SHAPE database
- Projected expenses are based on experience through November 2021 for Anthem and CVS Health, and annual trend assumptions of 5.5% for medical and 5.0% for prescription drug
- Additional rate components include:
 - Anthem Clinical Coordination and Shared Savings Payments
 - Rx rebates
 - Anthem ASO fees
 - Signify fees
 - Administrative expenses (PCORI fee, OSC Administration/Communication fees, consulting fees, Care Management Solution fees)
 - Reserve adjustment

The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, health trend rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases. Unless otherwise noted, these

projections do not include any cost or savings impact resulting from the new health care reform legislation or other recently passed state or federal regulations.

Projections of retiree costs take into account only the dollar value of providing benefits for retirees during the period referred to in the projection. It does not reflect the present value of any future retiree benefits for active, disabled or terminated employees during a period other than that which is referred to in the projection.