



*FY14 (as of May 2014) Enrollment and Demographics*

Ages:	#	% of Total
1-20	6	2.7%
21-30	17	7.6%
31-40	16	7.1%
41-50	32	14.3%
51-60	84	37.5%
61-63	45	20.1%
64+	24	10.7%

Gender	#	% of Total
Male	130	58.0%
Female	94	42.0%

Number of People in Each Program	% of Total
Asthma Care	8 5.4%
Heartline	64 43.5%
Diabetes Care	75 51.0%

Group Name	Members	% of Total
\$1,000 - 50% Coinsurance	1	0.4%
\$1,000 - 75% Coinsurance	37	16.5%
\$2,000 - 50% Coinsurance	0	0.0%
\$2,000 - 75% Coinsurance	8	3.6%
\$3,000 - 50% Coinsurance	2	0.9%
\$3,000 - 75% Coinsurance	44	19.6%
\$3,000 H.S.A. - 50% Coinsurance	0	0.0%
\$3,000 H.S.A. - 75% Coinsurance	30	13.4%
\$5,000 - 50% Coinsurance	1	0.4%
\$5,000 - 75% Coinsurance	32	14.3%
\$7,500 - 50% Coinsurance	0	0.0%
\$7,500 - 75% Coinsurance	17	7.6%
\$10,000 - 50% Coinsurance	1	0.4%
\$10,000 - 75% Coinsurance	35	15.6%
SB200 \$1,000 - 50% Coinsurance	0	0.0%
SB200 \$1,000 - 75% Coinsurance	6	2.7%
SB200 \$3,000 - 50% Coinsurance	0	0.0%
SB200 \$3,000 - 75% Coinsurance	5	2.2%
SB200 \$3,000 H.S.A - 50% Coinsurance	2	0.9%
SB200 \$3,000 H.S.A - 75% Coinsurance	0	0.0%
SB200 \$5,000 - 50% Coinsurance	0	0.0%
SB200 \$5,000 - 75% Coinsurance	1	0.4%
SB200 \$10,000 - 50% Coinsurance	0	0.0%
SB200 \$10,000 - 75% Coinsurance	2	0.9%
<b>Total</b>	<b>224</b>	<b>100.0%</b>



*FY14 3rd Quarter Enrollment and Demographics*

Ages:	#	% of Total
1-20	6	2.0%
21-30	20	6.8%
31-40	23	7.8%
41-50	39	13.3%
51-60	114	38.9%
61-63	58	19.8%
64+	33	11.3%

Gender	#	% of Total
Male	169	57.7%
Female	124	42.3%

Number of People in Each Program	% of Total
Asthma Care	10 5.0%
Heartline	90 44.8%
Diabetes Care	101 50.2%

Group Name	Members	% of Total
\$1,000 - 50% Coinsurance	1	0.3%
\$1,000 - 75% Coinsurance	46	15.7%
\$2,000 - 50% Coinsurance	0	0.0%
\$2,000 - 75% Coinsurance	12	4.1%
\$3,000 - 50% Coinsurance	2	0.7%
\$3,000 - 75% Coinsurance	56	19.1%
\$3,000 H.S.A. - 50% Coinsurance	0	0.0%
\$3,000 H.S.A. - 75% Coinsurance	37	12.6%
\$5,000 - 50% Coinsurance	1	0.3%
\$5,000 - 75% Coinsurance	46	15.7%
\$7,500 - 50% Coinsurance	0	0.0%
\$7,500 - 75% Coinsurance	21	7.2%
\$10,000 - 50% Coinsurance	1	0.3%
\$10,000 - 75% Coinsurance	47	16.0%
SB200 \$1,000 - 50% Coinsurance	0	0.0%
SB200 \$1,000 - 75% Coinsurance	9	3.1%
SB200 \$3,000 - 50% Coinsurance	0	0.0%
SB200 \$3,000 - 75% Coinsurance	8	2.7%
SB200 \$3,000 H.S.A - 50% Coinsurance	2	0.7%
SB200 \$3,000 H.S.A - 75% Coinsurance	0	0.0%
SB200 \$5,000 - 50% Coinsurance	0	0.0%
SB200 \$5,000 - 75% Coinsurance	2	0.7%
SB200 \$10,000 - 50% Coinsurance	0	0.0%
SB200 \$10,000 - 75% Coinsurance	2	0.7%
<b>Total</b>	<b>293</b>	<b>100.0%</b>



**General Claim Results for FY14 3rd Quarter**

Medical Claims	
Claimants	594
Claim Count	7,225
Billed	\$6,238,573
Paid	\$2,486,097
Cost per Claim	\$344
Cost per Claimant	\$4,185
Hospital Confinements	66

Pharmacy Claims	
Claimants	576
Claim Count	17,786
Billed	\$2,098,829
Paid	\$2,091,511

	Claims	Claimants	Paid	Cost per Claim	Cost per Claimant
Generic	12,749	548	\$339,321	\$26.62	\$619.20
Brand	5,037	422	\$1,752,190	\$347.86	\$4,152.11

Pharmacy Utilization			
# of Prescriptions	Filled	Members	% of Members
	0	65	10%
	1-4	50	8%
	5-9	61	10%
	10-14	71	11%
	15-19	54	8%
	20-24	61	10%
	25+	279	44%

**General Claim Results for FY13 3rd Quarter**

Medical Claims	
Claimants	648
Claim Count	8,631
Billed	\$7,722,570
Paid	\$3,266,444
Cost per Claim	\$378
Cost per Claimant	\$5,041
Hospital Confinements	73

Pharmacy Claims	
Claimants	639
Claim Count	16,954
Billed	\$2,062,729
Paid	\$1,713,695

	Claims	Claimants	Paid	Cost per Claim	Cost per Claimant
Generic	12,947	621	\$269,716	\$20.83	\$434.33
Brand	4,007	414	\$1,443,979	\$360.36	\$3,487.87

Pharmacy Utilization			
# of Prescriptions	Filled	Members	% of Members
	0	76	11%
	1-4	97	14%
	5-9	83	12%
	10-14	64	9%
	15-19	71	10%
	20-24	59	8%
	25+	265	37%



*FY14 2nd Quarter Enrollment and Demographics*

Ages:	#	% of Total
1-20	9	1.6%
21-30	27	4.7%
31-40	46	8.0%
41-50	77	13.5%
51-60	227	39.7%
61-63	123	21.5%
64+	63	11.0%

Gender	#	% of Total
Male	314	54.9%
Female	258	45.1%

Number of People in Each Program	% of Total
Asthma Care	24 6.3%
Heartline	167 43.8%
Diabetes Care	190 49.9%

Group Name	Members	% of Total
\$1,000 - 50% Coinsurance	4	0.7%
\$1,000 - 75% Coinsurance	87	15.2%
\$2,000 - 50% Coinsurance	2	0.3%
\$2,000 - 75% Coinsurance	22	3.8%
\$3,000 - 50% Coinsurance	3	0.5%
\$3,000 - 75% Coinsurance	118	20.6%
\$3,000 H.S.A. - 50% Coinsurance	1	0.2%
\$3,000 H.S.A. - 75% Coinsurance	78	13.6%
\$5,000 - 50% Coinsurance	1	0.2%
\$5,000 - 75% Coinsurance	92	16.1%
\$7,500 - 50% Coinsurance	0	0.0%
\$7,500 - 75% Coinsurance	37	6.5%
\$10,000 - 50% Coinsurance	1	0.2%
\$10,000 - 75% Coinsurance	87	15.2%
SB200 \$1,000 - 50% Coinsurance	0	0.0%
SB200 \$1,000 - 75% Coinsurance	13	2.3%
SB200 \$3,000 - 50% Coinsurance	0	0.0%
SB200 \$3,000 - 75% Coinsurance	16	2.8%
SB200 \$3,000 H.S.A - 50% Coinsurance	2	0.3%
SB200 \$3,000 H.S.A - 75% Coinsurance	2	0.3%
SB200 \$5,000 - 50% Coinsurance	0	0.0%
SB200 \$5,000 - 75% Coinsurance	3	0.5%
SB200 \$10,000 - 50% Coinsurance	0	0.0%
SB200 \$10,000 - 75% Coinsurance	3	0.5%
<b>Total</b>	<b>572</b>	<b>100.0%</b>



**General Claim Results for FY14 2nd Quarter**

Medical Claims	
Claimants	573
Claim Count	5,704
Billed	\$4,841,245
Paid	\$1,885,509
Cost per Claim	\$331
Cost per Claimant	\$3,291
Hospital Confinements	42

Pharmacy Claims	
Claimants	567
Claim Count	13,104
Billed	\$1,425,954
Paid	\$1,420,219

	Claims	Claimants	Paid	Cost per Claim	Cost per Claimant
Generic	9,375	540	\$255,710	\$27.28	\$473.54
Brand	3,729	404	\$1,164,509	\$312.28	\$2,882.45

Pharmacy Utilization			
# of Prescriptions	Filled	Members	% of Members
	0	73	11%
	1-4	64	10%
	5-9	96	15%
	10-14	75	12%
	15-19	65	10%
	20-24	66	10%
	25+	201	31%

**General Claim Results for FY13 2nd Quarter**

Medical Claims	
Claimants	584
Claim Count	5,860
Billed	\$5,242,592
Paid	\$2,224,397
Cost per Claim	\$380
Cost per Claimant	\$3,809
Hospital Confinements	45

Pharmacy Claims	
Claimants	581
Claim Count	11,388
Billed	\$1,431,766
Paid	\$1,194,587

	Claims	Claimants	Paid	Cost per Claim	Cost per Claimant
Generic	8,662	560	\$178,211	\$20.57	\$318.23
Brand	2,726	383	\$1,016,376	\$372.85	\$2,653.72

Pharmacy Utilization			
# of Prescriptions	Filled	Members	% of Members
	0	77	12%
	1-4	95	14%
	5-9	96	15%
	10-14	89	14%
	15-19	74	11%
	20-24	53	8%
	25+	174	26%

RISK POOL FUND CONDITION STATEMENT 12/31/13

	GENERAL	FEDERAL	OTHER	TOTAL		FY 2013 TOTAL	FY 14/FY 13 %
<b>Appropriation</b>	0.00	823,053.42	0.00	\$823,053.42		\$1,380,604	59.6%
<b>Premiums</b>			2,300,096.47	\$2,300,096.47		\$4,611,874	49.9%
<b>Carrier Assessments</b>			0.00	\$0.00		\$1,232,923	0.0%
<b>Interest</b>			71,155.08	\$71,155.08		\$121,669	58.5%
<b>Refund of Prior Years Expense</b>			72,882.05	\$72,882.05		\$193,340	37.7%
<b>Total Revenues</b>	<b>\$0.00</b>	<b>\$823,053.42</b>	<b>\$2,444,133.60</b>	<b>\$3,267,187.02</b>		<b>\$7,540,410</b>	<b>43.3%</b>
<b>Expenditures</b>							
Personal Services							
Risk Pool			\$48,231.24	\$48,231.24		\$95,594	50.5%
Board				\$0.00		\$0	0.0%
<b>Total Personal Services</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$48,231.24</b>	<b>\$48,231.24</b>	PS	<b>\$95,594</b>	<b>50.5%</b>
<b>Operating Expenses</b>							
Travel	0.00		0.00	\$0.00	\$0.00	Travel	\$0 #DIV/0!
Contractual							
Operating Expenses	0.00	0.00	4,946.00	\$4,946.00	\$412,398	Contractual	\$577,727 71.4%
Case Management	0.00		7,846.72	\$7,846.72			
Management Consultant	0.00		12,798.35	\$12,798.35	\$412,398		\$577,727 71.4%
Claims Processing	0.00	7,608.54	24,110.41	\$31,718.95			
Condition Management	0.00	0.00	27,424.00	\$27,424.00			
Expanded Consumer Benefit	0.00	263,509.34	0.00	\$263,509.34			
Pharmacy Administration	0.00	0.00	14,539.15	\$14,539.15			
Commissions	0.00		49,615.45	\$49,615.45			
Claims Medical*	0.00	421,225.00	1,693,564.81	\$2,114,789.81	Total Claims	Total Claims	12/31/12 \$4,238,417 49.9%
Claims - Pharmacy	0.00	130,710.54	1,311,336.22	\$1,442,046.76	\$3,556,837	\$3,415,233	\$2,348,901 61.4%
<b>Total Operating Expenses</b>	<b>\$0.00</b>	<b>\$823,053.42</b>	<b>\$3,146,181.11</b>	<b>\$3,969,234.53</b>			\$7,165,045 55.4%
<b>Total Expenditures</b>	<b>\$0.00</b>	<b>\$823,053.42</b>	<b>\$3,194,412.35</b>	<b>\$4,017,465.77</b>		<b>\$7,260,639</b>	<b>55.3%</b>
<b>Other Fund Cash Balance 06/30/13</b>			\$5,045,395.08	\$5,045,395.08		<b>\$4,765,624</b>	<b>105.9%</b>
<b>Risk Pool Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,295,116.33</b>	<b>\$4,295,116.33</b>		<b>\$5,045,395</b>	<b>85.1%</b>
<b>Risk Pool Reserve Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,092,193.94</b>	<b>\$2,092,193.94</b>		<b>\$2,061,630</b>	<b>101.5%</b>
<b>Total Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,387,310.27</b>	<b>\$6,387,310.27</b>		<b>\$7,107,025</b>	<b>89.9%</b>

IBNR Per Financial Statements-Estimated \$ 1,186,296

\* Medical claims are paid at 135% of Medicaid. Therefore total paid claims to medical providers reflect a reduction in payment for providing treatment to enrollees. The difference between 85% of billed charges and 135% of Medicaid is determined to be the provider contribution.

<b>Grant Available from prior years</b>	<b>687,827.43</b> (can be used for preventive & expanded benefits)
Grant awarded 9/2013 for Operational Losses	421,225.00
Grant awarded 9/2013 for Expanded Consumer Benefits	239,772.00
Amount used as of 12/31/13	(823,053.42)
<b>Total Grant Available thru 12/31/2014</b>	<b>525,771.01</b>

RISK POOL FUND CONDITION STATEMENT 03/31/14

	GENERAL	FEDERAL	OTHER	TOTAL		FY 2013 TOTAL	FY 14/FY 13 %
<b>Appropriation</b>	0.00	1,036,827.75	0.00	\$1,036,827.75		\$1,380,604	75.1%
<b>Premiums</b>			2,806,415.97	\$2,806,415.97		\$4,611,874	60.9%
<b>Carrier Assessments</b>			0.00	\$0.00		\$1,232,923	0.0%
<b>Interest</b>			71,155.08	\$71,155.08		\$121,669	58.5%
<b>Refund of Prior Years Expense</b>			77,724.47	\$77,724.47		\$193,340	40.2%
<b>Total Revenues</b>	<b>\$0.00</b>	<b>\$1,036,827.75</b>	<b>\$2,955,295.52</b>	<b>\$3,992,123.27</b>		<b>\$7,540,410</b>	<b>52.9%</b>
<b>Expenditures</b>							
Personal Services							
Risk Pool			\$58,198.03	\$58,198.03		\$95,594	60.9%
Board				\$0.00		\$0	0.0%
<b>Total Personal Services</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$58,198.03</b>	<b>\$58,198.03</b>	PS	<b>\$95,594</b>	<b>60.9%</b>
<b>Operating Expenses</b>							
Travel	0.00		0.00	\$0.00	\$0.00	Travel	\$0 #DIV/0!
Contractual						Contractual	
Operating Expenses	0.00	0.00	7,997.20	\$7,997.20	\$509,113	\$577,727	88.1%
Case Management	0.00		10,158.40	\$10,158.40			
Management Consultant	0.00		18,466.05	\$18,466.05	\$509,113	\$577,727	88.1%
Claims Processing	0.00	10,408.51	29,068.83	\$39,477.34			
Condition Management	0.00	0.00	33,120.00	\$33,120.00			
Expanded Consumer Benefit	0.00	305,915.73	0.00	\$305,915.73			
Pharmacy Administration	0.00	0.00	19,523.25	\$19,523.25			
Commissions	0.00		74,455.06	\$74,455.06			
Claims Medical*	0.00	421,225.00	2,372,172.50	\$2,793,397.50	Total Claims	Total Claims 03/31/13	\$4,238,417 65.9%
Claims - Pharmacy	0.00	299,278.51	1,830,636.04	\$2,129,914.55	\$4,923,312	\$5,073,619	\$2,348,901 90.7%
<b>Total Operating Expenses</b>	<b>\$0.00</b>	<b>\$1,036,827.75</b>	<b>\$4,395,597.33</b>	<b>\$5,432,425.08</b>		<b>\$7,165,045</b>	<b>75.8%</b>
<b>Total Expenditures</b>	<b>\$0.00</b>	<b>\$1,036,827.75</b>	<b>\$4,453,795.36</b>	<b>\$5,490,623.11</b>		<b>\$7,260,639</b>	<b>75.6%</b>
<b>Other Fund Cash Balance 06/30/13</b>			\$5,045,395.08	\$5,045,395.08		\$4,765,624	105.9%
<b>Risk Pool Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,546,895.24</b>	<b>\$3,546,895.24</b>		<b>\$5,045,395</b>	<b>70.3%</b>
<b>Risk Pool Reserve Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,092,193.94</b>	<b>\$2,092,193.94</b>		<b>\$2,061,630</b>	<b>101.5%</b>
<b>Total Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,639,089.18</b>	<b>\$5,639,089.18</b>		<b>\$7,107,025</b>	<b>79.3%</b>

IBNR Per Financial Statements-Estimated

\$ 837,096

\* Medical claims are paid at 135% of Medicaid. Therefore total paid claims to medical providers reflect a reduction in payment for providing treatment to enrollees. The difference between 85% of billed charges and 135% of Medicaid is determined to be the provider contribution.

<b>Grant Available from prior years</b>	<b>687,827.43</b>	(can be used for preventive & expanded benefits)
Grant awarded 9/2013 for Operational Losses	421,225.00	
Grant awarded 9/2013 for Expanded Consumer Benefits	239,772.00	
Amount used as of 03/31/2014	(1,036,827.75)	
<b>Total Grant Available thru 12/31/2014</b>	<b>311,996.68</b>	

**SD Risk Pool  
July 2014 Rate Change Percentages**

Multiplier = 1.500      Percent QHP = 50%      Cap = 100.0%      Floor = -100.0%      Adj = 0.0%

**Non-Tobacco**

AGE	\$1000 Deductible		\$2000 Deductible		\$3000 Deductible		\$3000 HSA Deduct		\$5000 Deductible		\$7500 Deductible		\$10000 Deductible		
	Male	Female	Male	Female											
0 - 19	-2%	-2%	2%	1%	8%	8%	28%	27%	14%	13%	20%	19%	21%	21%	
20 - 24	9%	0%	13%	-1%	19%	2%	41%	17%	30%	7%	37%	13%	40%	19%	
25 - 29	13%	-5%	17%	-2%	24%	2%	46%	16%	36%	7%	43%	12%	45%	18%	
30 - 34	14%	-5%	19%	-1%	25%	3%	47%	17%	36%	8%	45%	14%	47%	18%	
35 - 39	8%	-7%	12%	-6%	18%	-2%	38%	13%	28%	3%	35%	8%	38%	11%	
40 - 44	0%	-9%	3%	-8%	7%	-5%	27%	11%	16%	0%	23%	4%	25%	7%	
45 - 49	0%	-9%	3%	-9%	7%	-6%	27%	11%	15%	0%	21%	5%	24%	7%	
50 - 54	1%	-7%	4%	-4%	8%	-1%	30%	18%	17%	6%	23%	11%	26%	13%	
55 - 59	1%	-2%	4%	1%	9%	4%	31%	25%	18%	12%	24%	18%	27%	20%	
60 - 64	1%	2%	4%	6%	9%	9%	29%	31%	17%	18%	23%	24%	26%	26%	
65+	3%	4%	6%	8%	11%	11%	32%	35%	20%	21%	26%	27%	29%	29%	
Avg	3%	-2%	7%	-7%	9%	3%	31%	27%	18%	13%	24%	22%	26%	23%	
												All Plans Combined		15%	11%
												All Plans & Gender Combined			13%

**Tobacco**

AGE	\$1000 Deductible		\$2000 Deductible		\$3000 Deductible		\$3000 HSA Deduct		\$5000 Deductible		\$7500 Deductible		\$10000 Deductible		
	Male	Female	Male	Female											
0 - 19	-4%	-5%	-2%	-2%	5%	4%	25%	24%	11%	10%	17%	16%	18%	17%	
20 - 24	5%	-7%	9%	-4%	14%	0%	37%	15%	26%	5%	33%	10%	35%	16%	
25 - 29	8%	-8%	11%	-6%	18%	-2%	40%	13%	29%	3%	37%	9%	39%	14%	
30 - 34	6%	-10%	10%	-7%	15%	-3%	38%	12%	27%	2%	34%	7%	37%	11%	
35 - 39	-1%	-15%	2%	-13%	7%	-9%	29%	7%	18%	-4%	24%	0%	27%	3%	
40 - 44	-8%	-18%	-6%	-16%	-3%	-13%	18%	4%	7%	-8%	12%	-5%	15%	-2%	
45 - 49	-9%	-18%	-6%	-16%	-3%	-14%	18%	4%	5%	-8%	10%	-4%	12%	-2%	
50 - 54	-10%	-16%	-7%	-14%	-4%	-12%	19%	8%	4%	-5%	9%	-2%	12%	0%	
55 - 59	-12%	-14%	-9%	-12%	-7%	-10%	17%	12%	2%	-2%	6%	1%	9%	3%	
60 - 64	-12%	-11%	-9%	-9%	-6%	-7%	16%	17%	2%	2%	6%	6%	9%	8%	
65+	-10%	-9%	-7%	-7%	-4%	-4%	19%	20%	4%	4%	9%	8%	12%	11%	
Avg	-6%	-13%	0%	-13%	-2%	-10%	16%	0%	7%	0%	9%	0%	9%	3%	
												All Plans Combined		0%	-11%
												All Plans & Gender Combined			-4%

**Combined**

Avg	1%	-3%	7%	-9%	7%	2%	30%	27%	16%	13%	22%	22%	25%	22%	
												All Plans Combined		13%	9%
												All Plans & Gender Combined			11%

Total Estimated Monthly Premium Revenue    \$192,602

**SD Risk Pool  
July 2014 Rate Change Percentages**

Multiplier = 1.500      Percent QHP = 50%      Cap = 15.0%      Floor = 0.0%      Adj = 0.0%

**Non-Tobacco**

AGE	\$1000 Deductible		\$2000 Deductible		\$3000 Deductible		\$3000 HSA Deduct		\$5000 Deductible		\$7500 Deductible		\$10000 Deductible	
	Male	Female	Male	Female										
0 - 19	0%	0%	2%	1%	8%	8%	15%	15%	14%	13%	15%	15%	15%	15%
20 - 24	9%	0%	13%	0%	15%	2%	15%	15%	15%	7%	15%	13%	15%	15%
25 - 29	13%	0%	15%	0%	15%	2%	15%	15%	15%	7%	15%	12%	15%	15%
30 - 34	14%	0%	15%	0%	15%	3%	15%	15%	15%	8%	15%	14%	15%	15%
35 - 39	8%	0%	12%	0%	15%	0%	15%	13%	15%	3%	15%	8%	15%	11%
40 - 44	0%	0%	3%	0%	7%	0%	15%	11%	15%	0%	15%	4%	15%	7%
45 - 49	0%	0%	3%	0%	7%	0%	15%	11%	15%	0%	15%	5%	15%	7%
50 - 54	1%	0%	4%	0%	8%	0%	15%	15%	15%	6%	15%	11%	15%	13%
55 - 59	1%	0%	4%	1%	9%	4%	15%	15%	15%	12%	15%	15%	15%	15%
60 - 64	1%	2%	4%	6%	9%	9%	15%	15%	15%	15%	15%	15%	15%	15%
65+	3%	4%	6%	8%	11%	11%	15%	15%	15%	15%	15%	15%	15%	15%
Avg	3%	1%	6%	0%	8%	5%	15%	15%	15%	12%	15%	14%	15%	15%
All Plans Combined												10%	8%	
All Plans & Gender Combined													9%	

**Tobacco**

AGE	\$1000 Deductible		\$2000 Deductible		\$3000 Deductible		\$3000 HSA Deduct		\$5000 Deductible		\$7500 Deductible		\$10000 Deductible	
	Male	Female	Male	Female										
0 - 19	0%	0%	0%	0%	5%	4%	15%	15%	11%	10%	15%	15%	15%	15%
20 - 24	5%	0%	9%	0%	14%	0%	15%	15%	15%	5%	15%	10%	15%	15%
25 - 29	8%	0%	11%	0%	15%	0%	15%	13%	15%	3%	15%	9%	15%	14%
30 - 34	6%	0%	10%	0%	15%	0%	15%	12%	15%	2%	15%	7%	15%	11%
35 - 39	0%	0%	2%	0%	7%	0%	15%	7%	15%	0%	15%	0%	15%	3%
40 - 44	0%	0%	0%	0%	0%	0%	15%	4%	7%	0%	12%	0%	15%	0%
45 - 49	0%	0%	0%	0%	0%	0%	15%	4%	5%	0%	10%	0%	12%	0%
50 - 54	0%	0%	0%	0%	0%	0%	15%	8%	4%	0%	9%	0%	12%	0%
55 - 59	0%	0%	0%	0%	0%	0%	15%	12%	2%	0%	6%	1%	9%	3%
60 - 64	0%	0%	0%	0%	0%	0%	15%	15%	2%	2%	6%	6%	9%	8%
65+	0%	0%	0%	0%	0%	0%	15%	15%	4%	4%	9%	8%	12%	11%
Avg	1%	0%	0%	0%	2%	0%	15%	0%	5%	0%	9%	0%	9%	3%
All Plans Combined												4%	0%	
All Plans & Gender Combined													3%	

**Combined**

Avg	3%	1%	6%	0%	7%	4%	15%	15%	14%	12%	14%	14%	14%	14%
All Plans Combined												9%	8%	
All Plans & Gender Combined													9%	

Total Estimated Monthly Premium Revenue    \$188,242

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# **South Dakota Risk Pool**

## **Development of July 2014 Rates**

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Prepared by

Nicholas A Ramey, ASA, MAAA

May 7, 2014



LEIF ASSOCIATES, INC.

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## Background

Leif Associates was engaged to calculate rates for the South Dakota Risk Pool for the twelve-month period beginning July 1, 2014. This report summarizes our work and presents the recommended rate changes.

The Risk Pool's rate calculation methodology is specified in the South Dakota law, § 58-17-125. The law requires that the standard risk rate be determined as 150% of the average actively marketed premiums charged by the carriers with the largest number of individual health benefit plans in the state during the preceding calendar year, representing at least 90% of the market and not less than three carriers. The rates must comply with a 5:1 age ratio limitation.

## Summary of Proposed Rate Changes

The proposed change in rates for the state Pool for the period beginning July 2014 averages 8.6% and varies by age, gender, plan, and smoker status in a range of 0% to 15%. The proposed rates can be seen in the attached Exhibit I. A summary of the proposed rate changes can be seen in Exhibit II.

## Details of the Standard Risk Rate Calculation

Based on the guidance provided by statute, we followed these steps in calculating the standard risk rates for July 2014.

1. The South Dakota Insurance Department provided the names of the five largest carriers. There was one change from the five largest carriers used last year, Avera was added and Time was removed. The list of companies for this year is as follows:
  - Avera
  - Coventry
  - DakotaCare
  - Sanford Health Plan
  - Wellmark Blue Cross and Blue Shield
2. We utilized both QHP and NGF/Transitional rate filings provided by the South Dakota Division of Insurance to obtain the current rate tables for all individual major medical plans currently available in South Dakota, including all rating factors such as geographic factors, tobacco use factors, and so forth. Although NGF/Transitional plans do not technically meet the statutory requirement of being actively marketed, they are, however, anticipated to be more prevalent than the QHPs during the effective period of the Pool rates. As such, it was decided by the Pool to develop the rates using an approach that blends QHP and NGF/Transitional rates. We used information available in these filings (including Plan and Benefits templates) for detailed benefit descriptions of the plans. We also obtained the trend rate currently being used in individual product pricing from the filings.
3. We reviewed the benefits for each company as well as the Risk Pool benefits and identified benefit differences determined to have a meaningful impact on rates. For each company, we chose the plan designs that were the closest to the Pool's plan designs as the basis for rate development.
4. We evaluated the cost impact of the benefit differences. To put a value on the benefit differences, we used industry standard cost and utilization values and actuarial judgment.
5. Based on the rates and factors provided by the companies, we determined the base rates by age and gender for each of the companies for actively marketed plans similar to the seven Risk Pool plan designs.



6. We adjusted the rates for each company by the values calculated in Step 4 to develop actuarially equivalent rates for the Risk Pool benefits. We trended the NGF/Transitional rates forward to the midpoint of the rating period (January 2015) using carrier-specific trend factors. This adjustment was not needed for the QHP rates as they were effective for the same time period as the Pool rates. For the carriers using geographic rating factors, we blended the factors using population statistics to estimate a statewide average rate. For the companies that use rates by individual age rather than age bands, we blended the rates to create age-banded rates using an equal distribution by age. For the companies that did not have a comprehensive rate for individuals age 65 and over, we set the 65+ rate at the 60-64 rate.
7. The actuarially equivalent trended rates for the five companies were averaged using a simple average to arrive at the standard risk rates for each of the seven plan designs. This exercise was performed separately for QHP and NGF/Transitional plans. The two sets of standard risk rates were then blended, giving each a weight of 50%.
8. To produce the calculated July 2014 Risk Pool rates, we multiplied the standard risk rates by 1.50.
9. We tested the rates to ensure that they complied with the statutory requirement in §58-17-74 (8) that the maximum rating differential based solely on age does not exceed a factor of 5:1. All of the rates complied.
10. The market plan changes noted above resulted in substantial variance in the initial rates over the prior year Pool rates. To address this, it was decided to continue the 15% cap that has been used in prior years, and in addition, to introduce a floor of 0%. Roughly a third of the initial rates were impacted by each of these limits. The application of these two limits resulted in a 2.25% downward impact on revenue.
11. We used the April 2014 Pool enrollment by age, gender, plan, and tobacco use to determine the average rate change.

### Comments on the Standard Risk Rate Calculation

The following bullets summarize observations and issues regarding the rate development process.

- Rate Development Methodology: With the one exception noted above, the same carriers were included in the standard risk rate calculation as were used last year. This opens up the possibility that the rate increase calculation was influenced by a change in the mix of carriers. There were also substantive changes in products and rating factors, which also decreased the stability of the calculation. The impact of these latter changes was mitigated in part by blending in the NGF/Transitional rates as discussed above.
- Plan Relativities: We used the actual rates of the five carriers for similar plans, so the plan relativities reflect what is currently used in the market. The QHP rate changes varied by plan, with the higher deductibles getting higher increases than the lower deductibles. This is the result of a market-wide flattening of assumed utilization over plan richness, and was noted by a reduction in the utilization “discounts” previously inherent in the market rates for higher deductible plans. This impact was mitigated in part by blending in the NGF/Transitional rates as discussed above.
- Gender Relativities: Over the past few years, we had been working toward achieving a market-based relativity between the male and female rates. This had nearly been achieved with the 2013 rates. However, for 2014, the market could no longer rate for gender, creating sizable shifts in rates by gender for the QHP plans. Female rates uniformly decreased while male rates increased. This impact was mitigated in part by blending in the NGF/Transitional rates as discussed above.
- Age Relativities: With the introduction of the federally mandated age curve for the QHP plans there was substantial change in the average age slope in the past year. This impact was mitigated in part by blending in the NGF/Transitional rates as discussed above.



- Tobacco Rate Load Factor: For the QHP plans, one company applies no tobacco load, one uses 7.5%, two companies use 15%, and one uses 20%. For the NGF/Transitional plans, two of the five companies use a 10% load for tobacco use, two use 15%, and one uses 20%. We used the actual rates rather than a factor to calculate the tobacco user rates. Since all carrier rates utilize a level tobacco load, there is little variance by age. The average tobacco load in the Pool rates is 12.2%, Approximately 9% of the members are categorized as tobacco users.
- Geographic Factors: The Pool rates do not vary by geographic area. One company uses geographic factors in both QHP and NGF/Transitional rating. One company uses geographic factors in QHP rating only, and one in NGF/Transitional rating only. For those companies, we blended the rates for the geographic areas based on the population distribution between the areas.
- Trend Factors: We used carrier-specific trend rates for trending to the mid-point of the rating period. The trend factors ranged from 7.4% to 12%, and averaged 9.5%.

If you have any questions, please do not hesitate to contact us.

**Proposed  
South Dakota Risk Pool  
Monthly Premium Rates Effective July 1, 2014 through June 30, 2015**

**Exhibit I**

<b>Non-Tobacco User Rates</b>														
<b>Age</b>	<b>\$1,000 Deductible</b>		<b>\$2,000 Deductible</b>		<b>\$3,000 Deductible</b>		<b>\$3,000 Deductible HSA</b>		<b>\$5,000 Deductible</b>		<b>\$7,500 Deductible</b>		<b>\$10,000 Deductible</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
<20	\$319.00	\$326.00	\$281.00	\$285.00	\$240.00	\$244.00	\$207.00	\$212.00	\$211.00	\$214.00	\$173.00	\$177.00	\$159.00	\$161.00
20-24	\$391.00	\$508.00	\$352.00	\$458.00	\$296.00	\$389.00	\$239.00	\$366.00	\$238.00	\$341.00	\$194.00	\$290.00	\$177.00	\$254.00
25-29	\$443.00	\$629.00	\$391.00	\$544.00	\$319.00	\$455.00	\$261.00	\$430.00	\$258.00	\$398.00	\$210.00	\$339.00	\$192.00	\$298.00
30-34	\$496.00	\$677.00	\$432.00	\$584.00	\$353.00	\$492.00	\$291.00	\$461.00	\$288.00	\$431.00	\$233.00	\$367.00	\$213.00	\$325.00
35-39	\$544.00	\$746.00	\$489.00	\$652.00	\$411.00	\$532.00	\$337.00	\$501.00	\$335.00	\$458.00	\$273.00	\$391.00	\$247.00	\$357.00
40-44	\$629.00	\$823.00	\$565.00	\$727.00	\$484.00	\$598.00	\$421.00	\$543.00	\$421.00	\$497.00	\$343.00	\$423.00	\$311.00	\$389.00
45-49	\$734.00	\$957.00	\$657.00	\$850.00	\$565.00	\$703.00	\$490.00	\$628.00	\$495.00	\$574.00	\$405.00	\$491.00	\$366.00	\$453.00
50-54	\$883.00	\$1,066.00	\$792.00	\$927.00	\$684.00	\$772.00	\$578.00	\$706.00	\$587.00	\$660.00	\$478.00	\$566.00	\$432.00	\$524.00
55-59	\$1,101.00	\$1,169.00	\$988.00	\$1,027.00	\$853.00	\$886.00	\$715.00	\$776.00	\$723.00	\$769.00	\$592.00	\$646.00	\$537.00	\$589.00
60-64	\$1,348.00	\$1,298.00	\$1,206.00	\$1,163.00	\$1,040.00	\$1,007.00	\$889.00	\$843.00	\$892.00	\$852.00	\$729.00	\$700.00	\$660.00	\$636.00
65+	\$1,377.00	\$1,327.00	\$1,232.00	\$1,190.00	\$1,064.00	\$1,032.00	\$889.00	\$843.00	\$892.00	\$852.00	\$729.00	\$700.00	\$660.00	\$636.00

<b>Tobacco User Rates</b>														
<b>Age</b>	<b>\$1,000 Deductible</b>		<b>\$2,000 Deductible</b>		<b>\$3,000 Deductible</b>		<b>\$3,000 Deductible HSA</b>		<b>\$5,000 Deductible</b>		<b>\$7,500 Deductible</b>		<b>\$10,000 Deductible</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
<20	\$370.00	\$378.00	\$321.00	\$327.00	\$269.00	\$274.00	\$237.00	\$243.00	\$237.00	\$241.00	\$200.00	\$205.00	\$183.00	\$186.00
20-24	\$439.00	\$614.00	\$395.00	\$531.00	\$342.00	\$438.00	\$275.00	\$416.00	\$276.00	\$383.00	\$225.00	\$326.00	\$205.00	\$292.00
25-29	\$497.00	\$731.00	\$447.00	\$633.00	\$376.00	\$520.00	\$304.00	\$485.00	\$302.00	\$446.00	\$247.00	\$380.00	\$225.00	\$344.00
30-34	\$557.00	\$807.00	\$501.00	\$698.00	\$430.00	\$572.00	\$346.00	\$527.00	\$346.00	\$484.00	\$282.00	\$412.00	\$255.00	\$375.00
35-39	\$615.00	\$913.00	\$549.00	\$792.00	\$471.00	\$647.00	\$404.00	\$562.00	\$407.00	\$537.00	\$332.00	\$439.00	\$300.00	\$400.00
40-44	\$769.00	\$1,023.00	\$672.00	\$889.00	\$558.00	\$733.00	\$506.00	\$609.00	\$477.00	\$606.00	\$410.00	\$497.00	\$380.00	\$445.00
45-49	\$902.00	\$1,195.00	\$787.00	\$1,044.00	\$656.00	\$865.00	\$590.00	\$705.00	\$555.00	\$700.00	\$477.00	\$576.00	\$442.00	\$521.00
50-54	\$1,098.00	\$1,332.00	\$959.00	\$1,165.00	\$803.00	\$975.00	\$711.00	\$811.00	\$669.00	\$783.00	\$575.00	\$647.00	\$533.00	\$589.00
55-59	\$1,402.00	\$1,499.00	\$1,227.00	\$1,311.00	\$1,024.00	\$1,106.00	\$897.00	\$947.00	\$831.00	\$885.00	\$716.00	\$742.00	\$663.00	\$687.00
60-64	\$1,714.00	\$1,638.00	\$1,493.00	\$1,430.00	\$1,240.00	\$1,210.00	\$1,106.00	\$1,059.00	\$1,016.00	\$980.00	\$873.00	\$843.00	\$808.00	\$781.00
65+	\$1,714.00	\$1,638.00	\$1,493.00	\$1,430.00	\$1,240.00	\$1,210.00	\$1,106.00	\$1,059.00	\$1,041.00	\$1,005.00	\$895.00	\$865.00	\$829.00	\$802.00

**Proposed  
South Dakota Risk Pool  
Monthly Premium Rate Increases Effective July 1, 2014 through June 30, 2015**

**Exhibit II**

<b>Non-Tobacco User Rates</b>														
<b>Age</b>	<b>\$1,000 Deductible</b>		<b>\$2,000 Deductible</b>		<b>\$3,000 Deductible</b>		<b>\$3,000 Deductible HSA</b>		<b>\$5,000 Deductible</b>		<b>\$7,500 Deductible</b>		<b>\$10,000 Deductible</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
<20	0%	0%	2%	1%	9%	8%	15%	15%	14%	13%	15%	15%	15%	15%
20-24	9%	0%	13%	0%	15%	2%	15%	15%	15%	7%	15%	13%	15%	15%
25-29	13%	0%	15%	0%	15%	2%	15%	15%	15%	7%	15%	13%	15%	15%
30-34	14%	0%	15%	0%	15%	3%	15%	15%	15%	8%	15%	14%	15%	15%
35-39	8%	0%	12%	0%	15%	0%	15%	13%	15%	3%	15%	8%	15%	12%
40-44	0%	0%	3%	0%	7%	0%	15%	11%	15%	0%	15%	4%	15%	7%
45-49	0%	0%	3%	0%	7%	0%	15%	11%	15%	0%	15%	5%	15%	7%
50-54	1%	0%	4%	0%	8%	0%	15%	15%	15%	6%	15%	11%	15%	13%
55-59	1%	0%	4%	1%	9%	4%	15%	15%	15%	12%	15%	15%	15%	15%
60-64	1%	2%	4%	6%	9%	9%	15%	15%	15%	15%	15%	15%	15%	15%
65+	3%	4%	6%	8%	11%	11%	15%	15%	15%	15%	15%	15%	15%	15%

<b>Tobacco User Rates</b>														
<b>Age</b>	<b>\$1,000 Deductible</b>		<b>\$2,000 Deductible</b>		<b>\$3,000 Deductible</b>		<b>\$3,000 Deductible HSA</b>		<b>\$5,000 Deductible</b>		<b>\$7,500 Deductible</b>		<b>\$10,000 Deductible</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
<20	0%	0%	0%	0%	5%	4%	15%	15%	11%	10%	15%	15%	15%	15%
20-24	5%	0%	9%	0%	14%	0%	15%	15%	15%	5%	15%	11%	15%	15%
25-29	8%	0%	11%	0%	15%	0%	15%	13%	15%	3%	15%	9%	15%	14%
30-34	6%	0%	10%	0%	15%	0%	15%	12%	15%	2%	15%	7%	15%	11%
35-39	0%	0%	2%	0%	7%	0%	15%	7%	15%	0%	15%	0%	15%	3%
40-44	0%	0%	0%	0%	0%	0%	15%	4%	7%	0%	12%	0%	15%	0%
45-49	0%	0%	0%	0%	0%	0%	15%	4%	5%	0%	10%	0%	12%	0%
50-54	0%	0%	0%	0%	0%	0%	15%	8%	4%	0%	9%	0%	12%	1%
55-59	0%	0%	0%	0%	0%	0%	15%	12%	2%	0%	6%	1%	9%	3%
60-64	0%	0%	0%	0%	0%	0%	15%	15%	2%	2%	6%	6%	9%	8%
65+	0%	0%	0%	0%	0%	0%	15%	15%	4%	4%	9%	8%	12%	11%