

**Santa Clara Family Health Plan**  
**Small Group Insurance Program**  
**Expected Cost Analysis**

**August 7, 2006**

## Executive Summary

The objective of this analysis was to determine the expected monthly cost of providing medical coverage in currently uninsured individuals who work for small employers – defined as employers with less than 50 employees who do not currently provide health insurance. The insurance would only be available to the employee; dependent coverage would not be offered. Buck also modeled the impact of the baseline claim costs running 5% lower and 5% higher than projected. These variations provide additional information on the likely volatility of the actual experience under the program.

While there are approximately 48,000 individuals that could be covered under the plan, based on the survey conducted by the Santa Clara Family Health Plan, not all of the members would participate. We used the results of the survey and the contribution rates that were developed in our analysis to determine the expected participation rates. Based on the survey, we expect approximately 65% of the eligible employees to enroll.

The expected cost of the program on a per enrolled participant basis increases as the participation percentage decreases. As enrollment decreases, the underlying risk characteristics of the enrolled population increases. This means that typically, the healthier portion of a population is the first to elect not to participate, which increases the expected cost for the remaining population. Because of this risk, we recommend that the initial premium rates be set assuming that only 60% of the eligible employees enroll. This assumption will produce premium rates that provide additional margin to cover adverse experience.

Table 1 shows the recommended premium rates and participant contributions by age band assuming that the participant contributes 1/3 of the cost (and the remaining 2/3 is split between the health plans and the employer).

Table 1  
Small Group Insurance Program  
Rates Effective January 1, 2007

	Recommended <u>Premium</u>	Participant Contribution <u>33.33%</u>
Under 25	\$190.23	\$63.41
25-39	\$204.60	\$68.20
40-64	\$393.89	\$131.30
Composite	\$262.60	\$87.53

The table shows that the monthly contribution for the eligible employees ranges from \$63.41 to \$131.30 assuming the 1/3 contribution for both employees and employers. If the health plans elect to go with composite rates instead of age banded rates, the contributions are \$87.53 for both the employee and the employer.

The remainder of this report provides more detail on the methods and assumptions used to develop the final cost estimates.

## Development of Cost Estimates

This section describes the methodology used to develop the recommended premium rates, the expected total cost, participant contributions, and net health plan costs for the new benefit plans for eligible employees. This program is intended to provide coverage to eligible small group employers and their employees who do not have coverage and have income of less than 300% of the federal poverty level.

The first step was the development of the expected cost and utilization experience of the expansion population. We used Medi-Cal experience for the four county area and our proprietary cost and utilization databases to develop the expected cost patterns for this population. Our proprietary model is built from Medi-Cal data for the State of California, supplemented by Medicaid experience in other western U.S. states, OSHPD hospital data for the State of California, and other employer based data sources for the Western U.S.

This model allows us to develop the expected per member per month (PMPM) claim costs for the eligible population. Since this is primarily an uninsured or under-insured population, we developed adjustment to reflect the estimated impact of pent-up demand. Exhibit VII provides the detailed expected cost and utilization experience used in the analysis. The exhibit shows the expected utilization rates per 1,000 covered members and the expected cost per service for each detailed benefit category. We based the projections on the assumption that the fee schedule used to pay providers would be consistent with Medicare reimbursement rates.

It then shows the impact of any per service copayment amount and the net expected cost on a PMPM basis. The resulting claim costs were then loaded by 10% to account for the expected administrative cost of the program. Table 2 below summarizes the general benefit provisions that were used to develop the expected plan costs. This is based on the IHSS program offered in San Mateo County and the VSP vision plan provided by Santa Clara Family Health Plan.

Table 2  
Small Group Insurance Program

<u>Category</u>	<u>Benefit</u>
Hospitalization	Covered.
Outpatient	Covered. \$5 co-payment
Emergency	Covered. \$25 co-payment – waived if admitted.
Maternity	Covered.
Prescription Drugs	Covered. Limited formulary. \$5 co-payment. \$25 co-payment for name brands with generic equivalents. 30 day supply.

The second step was to develop the expected eligible and participating population for the program. The Santa Clara Family Health Plan provided this data. Based on this data, there are approximately 14,000 eligible employees who could be covered under this plan. In addition, the survey provided information on the likelihood the eligible employers would offer coverage and the likelihood that employees would enroll in coverage based on the required member premium contribution. We were requested to develop participant contribution rates of 1/3 of the premium rates for the eligible employees. An additional 1/3 would be paid by the employer and the health plans would subsidize the remaining 1/3. In addition, we assumed that if the employee lost their employment they could continue the coverage if they paid both the employer and employee portion, or 2/3 of the cost.

Based on the data provided, we estimate that approximately 71% of the 14,000 employees would participate. In addition, we assumed that 10% of the participating employees would lose coverage and of those, 50% would elect to continue coverage. This means that in total about 75% of the eligible population would participate in the program. The total expected enrollment under the composite rating method and under the age based rating method is shown in Exhibit IV for the two groups of eligible employees.

The third step in the analysis was to develop the expected premium costs based on participation level. Exhibit IV shows the expected premium costs for the two contribution scenarios. It then shows the expected cost as the participation level falls. As enrollment decreases, the underlying risk characteristics of the enrolled population increases. This means that typically, the healthier portion of a population is the first to elect not to participate, which increases the expected cost on a PMPM basis for the remaining population.

Since the expected participation rate for the employees is approximately 71% of the eligible employees, we recommend that the health plan set the rates at the 60% participation rate level to provide some additional conservatism in the initial rates for the plan.

Exhibit VI shows the monthly cost share for the eligible employees for the various participation levels and the recommended 60% participation rates. It shows the contribution rates by age range and on a composite basis for the two contribution rate scenarios. The contribution rates for the higher participation scenarios will never apply because it is unlikely that a high percentage of the eligible employees will enroll. To help control the risk and provide a higher likelihood that the premium rates will cover the cost of the plan, we recommend that the 60% participation level be used to develop the premiums and contributions for the plan.

The final step was to develop the expected total premium income, total plan cost, and net health plan costs as well as the costs if the baseline claim costs run 5% lower and 5% higher than projected for the two premium contribution scenarios. These variations provide the health plans additional information on the likely volatility of the actual experience under the program. Exhibit I-A through I-C provide the detailed results for the composite and age based rate options separately for the first five years of the program. It combines the results for the employees who are paying 1/3 of the cost and those who are paying 2/3 of the cost. Exhibit I-A provides the expected results and Exhibits I-B and I-C provides the results for the two sensitivity analysis scenarios.

The exhibits first show the estimated number of eligible employees who will elect coverage. It then shows the total premium rate collection, the total expected plan cost, the participant contributions, the employer contribution, and the net health plan cost for each year. The premium rates are based on the 60% participation level, while the costs are based on the expected cost for each health plan individually. Since we expect almost 71% of the eligible employees to enroll under this scenario, the underlying risk is improved and the cost is expected to be less than the premium cost.

The exhibits show that using the 60% participation rate as the basis for developing the premium rates protects the program if costs are equal to expected or are less than expected. If costs are 5% higher than expected then the program runs a deficit. The recommended premium rates will provide protection if actual costs are up to 2.2% higher than expected.

Exhibits II-A through II-C provide the detailed results for the first five years of the program for the employees who are contributing 33.3% of the premium cost (and the employer and health plan evenly split the other 2/3 of the premium cost). Exhibit II-A provides the expected results and Exhibits II-B and II-C provides the results for the two sensitivity analysis scenarios.

The exhibits first show the estimated number of eligible employees who will elect coverage for each participating health plan. It then shows the total premium rate collection, the total expected plan cost, the participant contributions, the employer contribution, and the net health plan cost for each year. The premium rates are based on the 60% participation level, while the costs are based on the expected cost for each contribution scenario. Since we expect almost 71% of the eligible employees to enroll under this scenario, the underlying risk is slightly improved, so the cost is expected to be less than the premium cost.

The exhibits show that using the 60% participation rate as the basis for developing the premium rates protects the program if costs are equal to expected or are less than expected. If costs are 5% higher than expected then the program runs a deficit. The recommended premium rates will provide protection if actual costs are up to 2.5% higher than expected.

Exhibits III-A through III-C provide the detailed results for the first five years of the program for the employees who are contributing 66.7% of the premium cost. Exhibit III-A provides the expected results and Exhibits III-B and III-C provides the results for the two sensitivity analysis scenarios.

The exhibits first show the estimated number of eligible employees who will elect coverage for each participating health plan. It then shows the total premium rate collection, the total expected plan cost, the participant contributions, the employer contribution, and the net health plan cost for each year. The premium rates are based on the 60% participation level, while the costs are based on the expected cost for each contribution scenario. These individuals are likely to be higher risk, so the exhibit shows that the premiums are not likely to cover the expected costs under any of the three sensitivity scenarios.

The exhibits show that these individuals will create a loss of approximately 5.5% to 6.5% of the premium rates depending on whether the age based or composite rates are used. If their experience is 5% better than expected these losses fall to 0.2% to 1.2%. If costs are 5% higher than expected then the deficit increases to 10.8% to 11.8%. The expected high utilization of this population is one of the key reasons to set the premium rates conservatively yet not so conservative as to discourage enrollment in the program.

For Exhibit I, Exhibit II, and Exhibit III the premium rates, plan costs, and participant contributions are assumed to increase 8% per year.

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost Equals Expected Cost

Exhibit I-A

***Combined 33.3% and 66.67% Employee Contribution***

	<u>Composite</u>	<u>Age Based</u> <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Number of Participants					
Workers	35,805	12,948	14,390	8,656	35,994
Total Premium Rates					
Year 1	\$112,828,716	\$29,557,176	\$35,330,328	\$40,914,143	\$105,801,647
Year 2	\$121,855,872	\$31,921,999	\$38,155,373	\$44,186,111	\$114,263,483
Year 3	\$131,604,858	\$34,476,381	\$41,208,355	\$47,720,875	\$123,405,611
Year 4	\$142,135,825	\$37,232,751	\$44,504,816	\$51,539,209	\$133,276,776
Year 5	\$153,504,629	\$40,211,309	\$48,065,478	\$55,661,888	\$143,938,675
Total Plan Cost					
Year 1	\$110,476,666	\$29,002,551	\$34,677,664	\$39,967,472	\$103,647,687
Year 2	\$119,320,812	\$31,323,149	\$37,452,026	\$43,164,632	\$111,939,807
Year 3	\$128,864,092	\$33,828,204	\$40,447,153	\$46,617,625	\$120,892,982
Year 4	\$139,170,569	\$36,534,900	\$43,683,669	\$50,347,276	\$130,565,845
Year 5	\$150,304,887	\$39,457,221	\$47,179,038	\$54,375,426	\$141,011,685
Employee Contributions					
Year 1	\$39,296,068	\$10,440,583	\$12,441,317	\$13,975,572	\$36,857,472
Year 2	\$42,443,166	\$11,275,369	\$13,435,527	\$15,093,192	\$39,804,088
Year 3	\$45,837,183	\$12,177,662	\$14,511,829	\$16,300,222	\$42,989,713
Year 4	\$49,505,055	\$13,152,402	\$15,672,046	\$17,604,112	\$46,428,560
Year 5	\$53,464,741	\$14,204,528	\$16,925,299	\$19,012,312	\$50,142,139
Employer Contribution					
Year 1	\$35,920,211	\$9,264,201	\$11,112,235	\$13,301,215	\$33,677,651
Year 2	\$38,796,947	\$10,004,928	\$12,000,236	\$14,364,907	\$36,370,071
Year 3	\$41,899,390	\$10,805,556	\$12,961,559	\$15,513,695	\$39,280,810
Year 4	\$45,252,162	\$11,670,468	\$13,997,832	\$16,754,669	\$42,422,969
Year 5	\$48,871,678	\$12,604,047	\$15,117,202	\$18,094,920	\$45,816,169



Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost Equals Expected Cost

Exhibit I-A

***Combined 33.3% and 66.67% Employee Contribution***

	<u>Composite</u>	Age Based <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Health Plan Contribution					
Year 1	\$35,260,387	\$9,297,767	\$11,124,112	\$12,690,685	\$33,112,564
Year 2	\$38,080,699	\$10,042,852	\$12,016,263	\$13,706,533	\$35,765,648
Year 3	\$41,127,519	\$10,844,986	\$12,973,765	\$14,803,708	\$38,622,459
Year 4	\$44,413,352	\$11,712,030	\$14,013,791	\$15,988,495	\$41,714,316
Year 5	\$47,968,468	\$12,648,646	\$15,136,537	\$17,268,194	\$45,053,377
Est Gain/(Loss) to Health Plan					
Year 1	\$2,352,050	\$554,625	\$652,664	\$946,671	\$2,153,960
Year 2	\$2,535,060	\$598,850	\$703,347	\$1,021,479	\$2,323,676
Year 3	\$2,740,766	\$648,177	\$761,202	\$1,103,250	\$2,512,629
Year 4	\$2,965,256	\$697,851	\$821,147	\$1,191,933	\$2,710,931
Year 5	\$3,199,742	\$754,088	\$886,440	\$1,286,462	\$2,926,990

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit I-B

***Combined 33.3% and 66.67% Employee Contribution***

	<u>Composite</u>	Age Based <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Number of Participants					
Workers	35,805	12,948	14,390	8,656	35,994
Total Premium Rates					
Year 1	\$112,828,716	\$29,557,176	\$35,330,328	\$40,914,143	\$105,801,647
Year 2	\$121,855,872	\$31,921,999	\$38,155,373	\$44,186,111	\$114,263,483
Year 3	\$131,604,858	\$34,476,381	\$41,208,355	\$47,720,875	\$123,405,611
Year 4	\$142,135,825	\$37,232,751	\$44,504,816	\$51,539,209	\$133,276,776
Year 5	\$153,504,629	\$40,211,309	\$48,065,478	\$55,661,888	\$143,938,675
Total Plan Cost					
Year 1	\$104,952,833	\$27,552,423	\$32,943,781	\$37,969,098	\$98,465,302
Year 2	\$113,354,771	\$29,756,992	\$35,579,425	\$41,006,401	\$106,342,818
Year 3	\$122,420,887	\$32,136,794	\$38,424,795	\$44,286,744	\$114,848,333
Year 4	\$132,212,041	\$34,708,155	\$41,499,485	\$47,829,912	\$124,037,552
Year 5	\$142,789,642	\$37,484,360	\$44,820,087	\$51,656,655	\$133,961,102
Employee Contributions					
Year 1	\$39,296,068	\$10,440,583	\$12,441,317	\$13,975,572	\$36,857,472
Year 2	\$42,443,166	\$11,275,369	\$13,435,527	\$15,093,192	\$39,804,088
Year 3	\$45,837,183	\$12,177,662	\$14,511,829	\$16,300,222	\$42,989,713
Year 4	\$49,505,055	\$13,152,402	\$15,672,046	\$17,604,112	\$46,428,560
Year 5	\$53,464,741	\$14,204,528	\$16,925,299	\$19,012,312	\$50,142,139
Employer Contribution					
Year 1	\$35,920,211	\$9,264,201	\$11,112,235	\$13,301,215	\$33,677,651
Year 2	\$38,796,947	\$10,004,928	\$12,000,236	\$14,364,907	\$36,370,071
Year 3	\$41,899,390	\$10,805,556	\$12,961,559	\$15,513,695	\$39,280,810
Year 4	\$45,252,162	\$11,670,468	\$13,997,832	\$16,754,669	\$42,422,969
Year 5	\$48,871,678	\$12,604,047	\$15,117,202	\$18,094,920	\$45,816,169

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit I-B

***Combined 33.3% and 66.67% Employee Contribution***

	<u>Composite</u>	<u>Age Based</u> <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
<b>Health Plan Contribution</b>					
Year 1	\$29,736,554	\$7,847,639	\$9,390,229	\$10,692,311	\$27,930,179
Year 2	\$32,114,658	\$8,476,695	\$10,143,662	\$11,548,302	\$30,168,659
Year 3	\$34,684,314	\$9,153,576	\$10,951,407	\$12,472,827	\$32,577,810
Year 4	\$37,454,824	\$9,885,285	\$11,829,607	\$13,471,131	\$35,186,023
Year 5	\$40,453,223	\$10,675,785	\$12,777,586	\$14,549,423	\$38,002,794
<b>Est Gain/(Loss) to Health Plan</b>					
Year 1	\$7,875,883	\$2,004,753	\$2,386,547	\$2,945,045	\$7,336,345
Year 2	\$8,501,101	\$2,165,007	\$2,575,948	\$3,179,710	\$7,920,665
Year 3	\$9,183,971	\$2,339,587	\$2,783,560	\$3,434,131	\$8,557,278
Year 4	\$9,923,784	\$2,524,596	\$3,005,331	\$3,709,297	\$9,239,224
Year 5	\$10,714,987	\$2,726,949	\$3,245,391	\$4,005,233	\$9,977,573

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit I-C

***Combined 33.3% and 66.67% Employee Contribution***

	<u>Composite</u>	Age Based <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Number of Participants					
Workers	35,805	12,948	14,390	8,656	35,994
Total Premium Rates					
Year 1	\$112,828,716	\$29,557,176	\$35,330,328	\$40,914,143	\$105,801,647
Year 2	\$121,855,872	\$31,921,999	\$38,155,373	\$44,186,111	\$114,263,483
Year 3	\$131,604,858	\$34,476,381	\$41,208,355	\$47,720,875	\$123,405,611
Year 4	\$142,135,825	\$37,232,751	\$44,504,816	\$51,539,209	\$133,276,776
Year 5	\$153,504,629	\$40,211,309	\$48,065,478	\$55,661,888	\$143,938,675
Total Plan Cost					
Year 1	\$116,000,499	\$30,452,679	\$36,411,547	\$41,965,846	\$108,830,072
Year 2	\$125,286,853	\$32,889,306	\$39,324,627	\$45,322,863	\$117,536,796
Year 3	\$135,307,297	\$35,519,614	\$42,469,511	\$48,948,506	\$126,937,631
Year 4	\$146,129,097	\$38,361,645	\$45,867,853	\$52,864,640	\$137,094,138
Year 5	\$157,820,132	\$41,430,082	\$49,537,990	\$57,094,197	\$148,062,269
Employee Contributions					
Year 1	\$39,296,068	\$10,440,583	\$12,441,317	\$13,975,572	\$36,857,472
Year 2	\$42,443,166	\$11,275,369	\$13,435,527	\$15,093,192	\$39,804,088
Year 3	\$45,837,183	\$12,177,662	\$14,511,829	\$16,300,222	\$42,989,713
Year 4	\$49,505,055	\$13,152,402	\$15,672,046	\$17,604,112	\$46,428,560
Year 5	\$53,464,741	\$14,204,528	\$16,925,299	\$19,012,312	\$50,142,139
Employer Contribution					
Year 1	\$35,920,211	\$9,264,201	\$11,112,235	\$13,301,215	\$33,677,651
Year 2	\$38,796,947	\$10,004,928	\$12,000,236	\$14,364,907	\$36,370,071
Year 3	\$41,899,390	\$10,805,556	\$12,961,559	\$15,513,695	\$39,280,810
Year 4	\$45,252,162	\$11,670,468	\$13,997,832	\$16,754,669	\$42,422,969
Year 5	\$48,871,678	\$12,604,047	\$15,117,202	\$18,094,920	\$45,816,169

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit I-C

***Combined 33.3% and 66.67% Employee Contribution***

	<u>Composite</u>	Age Based <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Health Plan Contribution					
Year 1	\$40,784,220	\$10,747,895	\$12,857,995	\$14,689,059	\$38,294,949
Year 2	\$44,046,740	\$11,609,009	\$13,888,864	\$15,864,764	\$41,362,637
Year 3	\$47,570,724	\$12,536,396	\$14,996,123	\$17,134,589	\$44,667,108
Year 4	\$51,371,880	\$13,538,775	\$16,197,975	\$18,505,859	\$48,242,609
Year 5	\$55,483,713	\$14,621,507	\$17,495,489	\$19,986,965	\$52,103,961
Est Gain/(Loss) to Health Plan					
Year 1	(\$3,171,783)	(\$895,503)	(\$1,081,219)	(\$1,051,703)	(\$3,028,425)
Year 2	(\$3,430,981)	(\$967,307)	(\$1,169,254)	(\$1,136,752)	(\$3,273,313)
Year 3	(\$3,702,439)	(\$1,043,233)	(\$1,261,156)	(\$1,227,631)	(\$3,532,020)
Year 4	(\$3,993,272)	(\$1,128,894)	(\$1,363,037)	(\$1,325,431)	(\$3,817,362)
Year 5	(\$4,315,503)	(\$1,218,773)	(\$1,472,512)	(\$1,432,309)	(\$4,123,594)

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost Equals Expected Cost

Exhibit II-A

**33.3% Employee Contribution**

	<u>Composite</u>	Age Based <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Number of Participants					
Workers	34,198	12,175	13,578	8,442	34,195
Total Premium Rates					
Year 1	\$107,764,738	\$27,792,603	\$33,336,706	\$39,902,633	\$101,031,942
Year 2	\$116,386,737	\$30,016,245	\$36,002,339	\$43,093,709	\$109,112,293
Year 3	\$125,698,169	\$32,418,129	\$38,883,047	\$46,541,084	\$117,842,260
Year 4	\$135,756,485	\$35,009,943	\$41,993,495	\$50,265,019	\$127,268,457
Year 5	\$146,615,034	\$37,810,680	\$45,353,236	\$54,285,774	\$137,449,690
Total Plan Cost					
Year 1	\$105,134,227	\$27,114,699	\$32,523,655	\$38,929,101	\$98,567,455
Year 2	\$113,551,039	\$29,284,284	\$35,125,743	\$42,043,186	\$106,453,213
Year 3	\$122,632,660	\$31,626,267	\$37,934,760	\$45,406,479	\$114,967,506
Year 4	\$132,440,646	\$34,156,719	\$40,970,257	\$49,039,240	\$124,166,216
Year 5	\$143,036,555	\$36,888,789	\$44,248,530	\$52,962,744	\$134,100,063
Employee Contributions					
Year 1	\$35,920,211	\$9,264,201	\$11,112,235	\$13,301,215	\$33,677,651
Year 2	\$38,796,947	\$10,004,928	\$12,000,236	\$14,364,907	\$36,370,071
Year 3	\$41,899,390	\$10,805,556	\$12,961,559	\$15,513,695	\$39,280,810
Year 4	\$45,252,162	\$11,670,468	\$13,997,832	\$16,754,669	\$42,422,969
Year 5	\$48,871,678	\$12,604,047	\$15,117,202	\$18,094,920	\$45,816,169
Employer Contribution					
Year 1	\$35,920,211	\$9,264,201	\$11,112,235	\$13,301,215	\$33,677,651
Year 2	\$38,796,947	\$10,004,928	\$12,000,236	\$14,364,907	\$36,370,071
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Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost Equals Expected Cost

Exhibit II-A

***33.3% Employee Contribution***

	<u>Composite</u>	<u>Age Based</u> <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Health Plan Contribution					
Year 1	\$33,293,805	\$8,586,297	\$10,299,185	\$12,326,671	\$31,212,153
Year 2	\$35,957,145	\$9,274,428	\$11,125,271	\$13,313,372	\$33,713,071
Year 3	\$38,833,880	\$10,015,155	\$12,011,642	\$14,379,089	\$36,405,886
Year 4	\$41,936,322	\$10,815,783	\$12,974,593	\$15,529,902	\$39,320,278
Year 5	\$45,293,199	\$11,680,695	\$14,014,126	\$16,772,904	\$42,467,725
Est Gain/(Loss) to Health Plan					
Year 1	\$2,630,511	\$677,904	\$813,051	\$973,532	\$2,464,487
Year 2	\$2,835,698	\$731,961	\$876,596	\$1,050,523	\$2,659,080
Year 3	\$3,065,509	\$791,862	\$948,287	\$1,134,605	\$2,874,754
Year 4	\$3,315,839	\$853,224	\$1,023,238	\$1,225,779	\$3,102,241
Year 5	\$3,578,479	\$921,891	\$1,104,706	\$1,323,030	\$3,349,627

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit II-B

***33.3% Employee Contribution***

	<u>Composite</u>	<u>Age Based</u> <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Number of Participants					
Workers	34,198	12,175	13,578	8,442	34,195
Total Premium Rates					
Year 1	\$107,764,738	\$27,792,603	\$33,336,706	\$39,902,633	\$101,031,942
Year 2	\$116,386,737	\$30,016,245	\$36,002,339	\$43,093,709	\$109,112,293
Year 3	\$125,698,169	\$32,418,129	\$38,883,047	\$46,541,084	\$117,842,260
Year 4	\$135,756,485	\$35,009,943	\$41,993,495	\$50,265,019	\$127,268,457
Year 5	\$146,615,034	\$37,810,680	\$45,353,236	\$54,285,774	\$137,449,690
Total Plan Cost					
Year 1	\$105,134,227	\$27,114,699	\$32,523,655	\$38,929,101	\$98,567,455
Year 2	\$113,551,039	\$29,284,284	\$35,125,743	\$42,043,186	\$106,453,213
Year 3	\$122,632,660	\$31,626,267	\$37,934,760	\$45,406,479	\$114,967,506
Year 4	\$132,440,646	\$34,156,719	\$40,970,257	\$49,039,240	\$124,166,216
Year 5	\$143,036,555	\$36,888,789	\$44,248,530	\$52,962,744	\$134,100,063
Employee Contributions					
Year 1	\$35,920,211	\$9,264,201	\$11,112,235	\$13,301,215	\$33,677,651
Year 2	\$38,796,947	\$10,004,928	\$12,000,236	\$14,364,907	\$36,370,071
Year 3	\$41,899,390	\$10,805,556	\$12,961,559	\$15,513,695	\$39,280,810
Year 4	\$45,252,162	\$11,670,468	\$13,997,832	\$16,754,669	\$42,422,969
Year 5	\$48,871,678	\$12,604,047	\$15,117,202	\$18,094,920	\$45,816,169
Employer Contribution					
Year 1	\$35,920,211	\$9,264,201	\$11,112,235	\$13,301,215	\$33,677,651
Year 2	\$38,796,947	\$10,004,928	\$12,000,236	\$14,364,907	\$36,370,071
Year 3	\$41,899,390	\$10,805,556	\$12,961,559	\$15,513,695	\$39,280,810
Year 4	\$45,252,162	\$11,670,468	\$13,997,832	\$16,754,669	\$42,422,969
Year 5	\$48,871,678	\$12,604,047	\$15,117,202	\$18,094,920	\$45,816,169



Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit II-B

***33.3% Employee Contribution***

	<u>Composite</u>	Age Based <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Health Plan Contribution					
Year 1	\$28,037,094	\$7,230,562	\$8,673,002	\$10,380,216	\$26,283,780
Year 2	\$30,279,593	\$7,810,214	\$9,368,984	\$11,211,213	\$28,390,411
Year 3	\$32,702,247	\$8,433,842	\$10,114,904	\$12,108,765	\$30,657,511
Year 4	\$35,314,290	\$9,107,947	\$10,926,080	\$13,077,940	\$33,111,967
Year 5	\$38,141,371	\$9,836,256	\$11,801,700	\$14,124,767	\$35,762,723
Est Gain/(Loss) to Health Plan					
Year 1	\$7,887,222	\$2,033,639	\$2,439,234	\$2,919,987	\$7,392,860
Year 2	\$8,513,250	\$2,196,175	\$2,632,883	\$3,152,682	\$7,981,740
Year 3	\$9,197,142	\$2,373,175	\$2,845,025	\$3,404,929	\$8,623,129
Year 4	\$9,937,871	\$2,561,060	\$3,071,751	\$3,677,741	\$9,310,552
Year 5	\$10,730,307	\$2,766,330	\$3,317,132	\$3,971,167	\$10,054,629

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit II-C

*33.3% Employee Contribution*

	<u>Composite</u>	Age Based <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Number of Participants					
Workers	34,198	12,175	13,578	8,442	34,195
Total Premium Rates					
Year 1	\$107,764,738	\$27,792,603	\$33,336,706	\$39,902,633	\$101,031,942
Year 2	\$116,386,737	\$30,016,245	\$36,002,339	\$43,093,709	\$109,112,293
Year 3	\$125,698,169	\$32,418,129	\$38,883,047	\$46,541,084	\$117,842,260
Year 4	\$135,756,485	\$35,009,943	\$41,993,495	\$50,265,019	\$127,268,457
Year 5	\$146,615,034	\$37,810,680	\$45,353,236	\$54,285,774	\$137,449,690
Total Plan Cost					
Year 1	\$105,134,227	\$27,114,699	\$32,523,655	\$38,929,101	\$98,567,455
Year 2	\$113,551,039	\$29,284,284	\$35,125,743	\$42,043,186	\$106,453,213
Year 3	\$122,632,660	\$31,626,267	\$37,934,760	\$45,406,479	\$114,967,506
Year 4	\$132,440,646	\$34,156,719	\$40,970,257	\$49,039,240	\$124,166,216
Year 5	\$143,036,555	\$36,888,789	\$44,248,530	\$52,962,744	\$134,100,063
Employee Contributions					
Year 1	\$35,920,211	\$9,264,201	\$11,112,235	\$13,301,215	\$33,677,651
Year 2	\$38,796,947	\$10,004,928	\$12,000,236	\$14,364,907	\$36,370,071
Year 3	\$41,899,390	\$10,805,556	\$12,961,559	\$15,513,695	\$39,280,810
Year 4	\$45,252,162	\$11,670,468	\$13,997,832	\$16,754,669	\$42,422,969
Year 5	\$48,871,678	\$12,604,047	\$15,117,202	\$18,094,920	\$45,816,169
Employer Contribution					
Year 1	\$35,920,211	\$9,264,201	\$11,112,235	\$13,301,215	\$33,677,651
Year 2	\$38,796,947	\$10,004,928	\$12,000,236	\$14,364,907	\$36,370,071
Year 3	\$41,899,390	\$10,805,556	\$12,961,559	\$15,513,695	\$39,280,810
Year 4	\$45,252,162	\$11,670,468	\$13,997,832	\$16,754,669	\$42,422,969
Year 5	\$48,871,678	\$12,604,047	\$15,117,202	\$18,094,920	\$45,816,169

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit II-C

***33.3% Employee Contribution***

	<u>Composite</u>	<u>Age Based</u> <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Health Plan Contribution					
Year 1	\$38,550,516	\$9,942,032	\$11,925,368	\$14,273,126	\$36,140,526
Year 2	\$41,634,697	\$10,738,642	\$12,881,558	\$15,415,531	\$39,035,731
Year 3	\$44,965,513	\$11,596,468	\$13,908,380	\$16,649,413	\$42,154,261
Year 4	\$48,558,354	\$12,523,619	\$15,023,106	\$17,981,864	\$45,528,589
Year 5	\$52,445,027	\$13,525,134	\$16,226,553	\$19,421,041	\$49,172,728
Est Gain/(Loss) to Health Plan					
Year 1	(\$2,626,200)	(\$677,831)	(\$813,132)	(\$972,923)	(\$2,463,886)
Year 2	(\$2,841,854)	(\$732,253)	(\$879,691)	(\$1,051,636)	(\$2,663,580)
Year 3	(\$3,066,124)	(\$789,451)	(\$948,451)	(\$1,135,719)	(\$2,873,621)
Year 4	(\$3,306,193)	(\$854,612)	(\$1,025,275)	(\$1,226,183)	(\$3,106,070)
Year 5	(\$3,573,349)	(\$922,548)	(\$1,107,721)	(\$1,325,107)	(\$3,355,376)

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost Equals Expected Cost

Exhibit III-A

*66.67% Employee Contribution*

	<u>Composite</u>	<u>Age Based</u> <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Number of Participants					
Workers	1,607	773	812	214	1,799
Total Premium Rates					
Year 1	\$5,063,978	\$1,764,573	\$1,993,622	\$1,011,510	\$4,769,705
Year 2	\$5,469,135	\$1,905,754	\$2,153,034	\$1,092,402	\$5,151,190
Year 3	\$5,906,689	\$2,058,252	\$2,325,308	\$1,179,791	\$5,563,351
Year 4	\$6,379,340	\$2,222,808	\$2,511,321	\$1,274,190	\$6,008,319
Year 5	\$6,889,595	\$2,400,629	\$2,712,242	\$1,376,114	\$6,488,985
Total Plan Cost					
Year 1	\$5,342,439	\$1,887,852	\$2,154,009	\$1,038,371	\$5,080,232
Year 2	\$5,769,773	\$2,038,865	\$2,326,283	\$1,121,446	\$5,486,594
Year 3	\$6,231,432	\$2,201,937	\$2,512,393	\$1,211,146	\$5,925,476
Year 4	\$6,729,923	\$2,378,181	\$2,713,412	\$1,308,036	\$6,399,629
Year 5	\$7,268,332	\$2,568,432	\$2,930,508	\$1,412,682	\$6,911,622
Employee Contributions					
Year 1	\$3,375,857	\$1,176,382	\$1,329,082	\$674,357	\$3,179,821
Year 2	\$3,646,219	\$1,270,441	\$1,435,291	\$728,285	\$3,434,017
Year 3	\$3,937,793	\$1,372,106	\$1,550,270	\$786,527	\$3,708,903
Year 4	\$4,252,893	\$1,481,934	\$1,674,214	\$849,443	\$4,005,591
Year 5	\$4,593,063	\$1,600,481	\$1,808,097	\$917,392	\$4,325,970
Employer Contribution					
Year 1	\$0	\$0	\$0	\$0	\$0
Year 2	\$0	\$0	\$0	\$0	\$0
Year 3	\$0	\$0	\$0	\$0	\$0
Year 4	\$0	\$0	\$0	\$0	\$0
Year 5	\$0	\$0	\$0	\$0	\$0

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost Equals Expected Cost

Exhibit III-A

***66.67% Employee Contribution***

	<u>Composite</u>	Age Based <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Health Plan Contribution					
Year 1	\$1,966,582	\$711,470	\$824,927	\$364,014	\$1,900,411
Year 2	\$2,123,554	\$768,424	\$890,992	\$393,161	\$2,052,577
Year 3	\$2,293,639	\$829,831	\$962,123	\$424,619	\$2,216,573
Year 4	\$2,477,030	\$896,247	\$1,039,198	\$458,593	\$2,394,038
Year 5	\$2,675,269	\$967,951	\$1,122,411	\$495,290	\$2,585,652
Est Gain/(Loss) to Health Plan					
Year 1	(\$278,461)	(\$123,279)	(\$160,387)	(\$26,861)	(\$310,527)
Year 2	(\$300,638)	(\$133,111)	(\$173,249)	(\$29,044)	(\$335,404)
Year 3	(\$324,743)	(\$143,685)	(\$187,085)	(\$31,355)	(\$362,125)
Year 4	(\$350,583)	(\$155,373)	(\$202,091)	(\$33,846)	(\$391,310)
Year 5	(\$378,737)	(\$167,803)	(\$218,266)	(\$36,568)	(\$422,637)

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit III-B

**66.67% Employee Contribution**

	<u>Composite</u>	<u>Age Based</u> <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Number of Participants					
Workers	1,607	773	812	214	1,799
Total Premium Rates					
Year 1	\$5,063,978	\$1,764,573	\$1,993,622	\$1,011,510	\$4,769,705
Year 2	\$5,469,135	\$1,905,754	\$2,153,034	\$1,092,402	\$5,151,190
Year 3	\$5,906,689	\$2,058,252	\$2,325,308	\$1,179,791	\$5,563,351
Year 4	\$6,379,340	\$2,222,808	\$2,511,321	\$1,274,190	\$6,008,319
Year 5	\$6,889,595	\$2,400,629	\$2,712,242	\$1,376,114	\$6,488,985
Total Plan Cost					
Year 1	\$5,342,439	\$1,887,852	\$2,154,009	\$1,038,371	\$5,080,232
Year 2	\$5,769,773	\$2,038,865	\$2,326,283	\$1,121,446	\$5,486,594
Year 3	\$6,231,432	\$2,201,937	\$2,512,393	\$1,211,146	\$5,925,476
Year 4	\$6,729,923	\$2,378,181	\$2,713,412	\$1,308,036	\$6,399,629
Year 5	\$7,268,332	\$2,568,432	\$2,930,508	\$1,412,682	\$6,911,622
Employee Contributions					
Year 1	\$3,375,857	\$1,176,382	\$1,329,082	\$674,357	\$3,179,821
Year 2	\$3,646,219	\$1,270,441	\$1,435,291	\$728,285	\$3,434,017
Year 3	\$3,937,793	\$1,372,106	\$1,550,270	\$786,527	\$3,708,903
Year 4	\$4,252,893	\$1,481,934	\$1,674,214	\$849,443	\$4,005,591
Year 5	\$4,593,063	\$1,600,481	\$1,808,097	\$917,392	\$4,325,970
Employer Contribution					
Year 1	\$0	\$0	\$0	\$0	\$0
Year 2	\$0	\$0	\$0	\$0	\$0
Year 3	\$0	\$0	\$0	\$0	\$0
Year 4	\$0	\$0	\$0	\$0	\$0
Year 5	\$0	\$0	\$0	\$0	\$0

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit III-B

***66.67% Employee Contribution***

	<u>Composite</u>	<u>Age Based</u> <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Health Plan Contribution					
Year 1	\$1,699,460	\$617,077	\$717,227	\$312,095	\$1,646,399
Year 2	\$1,835,065	\$666,481	\$774,678	\$337,089	\$1,778,248
Year 3	\$1,982,067	\$719,734	\$836,503	\$364,062	\$1,920,299
Year 4	\$2,140,534	\$777,338	\$903,527	\$393,191	\$2,074,056
Year 5	\$2,311,852	\$839,529	\$975,886	\$424,656	\$2,240,071
Est Gain/(Loss) to Health Plan					
Year 1	(\$11,339)	(\$28,886)	(\$52,687)	\$25,058	(\$56,515)
Year 2	(\$12,149)	(\$31,168)	(\$56,935)	\$27,028	(\$61,075)
Year 3	(\$13,171)	(\$33,588)	(\$61,465)	\$29,202	(\$65,851)
Year 4	(\$14,087)	(\$36,464)	(\$66,420)	\$31,556	(\$71,328)
Year 5	(\$15,320)	(\$39,381)	(\$71,741)	\$34,066	(\$77,056)

Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit III-C

**66.67% Employee Contribution**

	<u>Composite</u>	Age Based <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Number of Participants					
Workers	1,607	773	812	214	1,799
Total Premium Rates					
Year 1	\$5,063,978	\$1,764,573	\$1,993,622	\$1,011,510	\$4,769,705
Year 2	\$5,469,135	\$1,905,754	\$2,153,034	\$1,092,402	\$5,151,190
Year 3	\$5,906,689	\$2,058,252	\$2,325,308	\$1,179,791	\$5,563,351
Year 4	\$6,379,340	\$2,222,808	\$2,511,321	\$1,274,190	\$6,008,319
Year 5	\$6,889,595	\$2,400,629	\$2,712,242	\$1,376,114	\$6,488,985
Total Plan Cost					
Year 1	\$5,342,439	\$1,887,852	\$2,154,009	\$1,038,371	\$5,080,232
Year 2	\$5,769,773	\$2,038,865	\$2,326,283	\$1,121,446	\$5,486,594
Year 3	\$6,231,432	\$2,201,937	\$2,512,393	\$1,211,146	\$5,925,476
Year 4	\$6,729,923	\$2,378,181	\$2,713,412	\$1,308,036	\$6,399,629
Year 5	\$7,268,332	\$2,568,432	\$2,930,508	\$1,412,682	\$6,911,622
Employee Contributions					
Year 1	\$3,375,857	\$1,176,382	\$1,329,082	\$674,357	\$3,179,821
Year 2	\$3,646,219	\$1,270,441	\$1,435,291	\$728,285	\$3,434,017
Year 3	\$3,937,793	\$1,372,106	\$1,550,270	\$786,527	\$3,708,903
Year 4	\$4,252,893	\$1,481,934	\$1,674,214	\$849,443	\$4,005,591
Year 5	\$4,593,063	\$1,600,481	\$1,808,097	\$917,392	\$4,325,970
Employer Contribution					
Year 1	\$0	\$0	\$0	\$0	\$0
Year 2	\$0	\$0	\$0	\$0	\$0
Year 3	\$0	\$0	\$0	\$0	\$0
Year 4	\$0	\$0	\$0	\$0	\$0
Year 5	\$0	\$0	\$0	\$0	\$0



Santa Clara Family Health Plan  
Small Group Insurance Program  
Cost Using Developed Premium Rates  
Actual Cost 5% Lower than Expected

Exhibit III-C

***66.67% Employee Contribution***

	<u>Composite</u>	<u>Age Based</u> <u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Health Plan Contribution					
Year 1	\$2,233,704	\$805,863	\$932,627	\$415,933	\$2,154,423
Year 2	\$2,412,043	\$870,367	\$1,007,306	\$449,233	\$2,326,906
Year 3	\$2,605,211	\$939,928	\$1,087,743	\$485,176	\$2,512,847
Year 4	\$2,813,526	\$1,015,156	\$1,174,869	\$523,995	\$2,714,020
Year 5	\$3,038,686	\$1,096,373	\$1,268,936	\$565,924	\$2,931,233
Est Gain/(Loss) to Health Plan					
Year 1	(\$545,583)	(\$217,672)	(\$268,087)	(\$78,780)	(\$564,539)
Year 2	(\$589,127)	(\$235,054)	(\$289,563)	(\$85,116)	(\$609,733)
Year 3	(\$636,315)	(\$253,782)	(\$312,705)	(\$91,912)	(\$658,399)
Year 4	(\$687,079)	(\$274,282)	(\$337,762)	(\$99,248)	(\$711,292)
Year 5	(\$742,154)	(\$296,225)	(\$364,791)	(\$107,202)	(\$768,218)

Santa Clara Family Health Plan  
 Small Group Insurance Program  
 Census Assumptions Used in Analysis

**PARTICIPATION ASSUMPTIONS**

	<u>Composite</u>	<u>Under 25</u>	<u>25-39</u>	<u>40-64</u>	<u>Total</u>
Total Eligible	48,000	15,000	17,000	16,000	48,000
33.3% Contribution	34,198	12,175	13,578	8,442	34,195
66.7% Contribution	1,607	773	812	214	1,799
Total Participating	35,805	12,948	14,390	8,656	35,994

Santa Clara Family Health Plan  
Small Group Insurance Program  
Participation Based Premiums Per Month

Premium Rate	Participation Level							Recom'd Rates
	<u>100%</u>	<u>90%</u>	<u>80%</u>	<u>70%</u>	<u>60%</u>	<u>50%</u>	<u>40%</u>	
Composite	\$229.12	\$235.99	\$242.87	\$257.68	\$268.97	\$274.53	\$287.11	\$262.60
Under 25	\$175.58	\$180.85	\$186.11	\$197.46	\$206.11	\$210.38	\$220.02	\$190.23
25-39	\$188.31	\$193.96	\$199.61	\$211.78	\$221.06	\$225.63	\$235.97	\$204.60
40-64	\$322.68	\$332.36	\$342.04	\$362.90	\$378.80	\$386.63	\$404.35	\$393.89

## Exhibit VI

Santa Clara Family Health Plan  
 Small Group Insurance Program  
 Monthly Contributions at Various Participation Levels

<u>Cont %</u>	<u>Category</u>	<b>Participation Level</b>							<b>Recom'd</b>
		<u>100%</u>	<u>90%</u>	<u>80%</u>	<u>70%</u>	<u>60%</u>	<u>50%</u>	<u>40%</u>	<u>Rates</u>
33.3% Contribution									
	Under 25	\$58.53	\$60.28	\$62.04	\$65.82	\$68.70	\$70.13	\$73.34	\$63.41
	25-39	\$62.77	\$64.65	\$66.54	\$70.59	\$73.69	\$75.21	\$78.66	\$68.20
	40-64	\$107.56	\$110.79	\$114.01	\$120.97	\$126.27	\$128.88	\$134.78	\$131.30
	Composite	\$76.37	\$78.66	\$80.96	\$85.89	\$89.66	\$91.51	\$95.70	\$87.53
66.7% Contribution									
	Under 25	\$117.06	\$120.56	\$124.08	\$131.64	\$137.40	\$140.26	\$146.68	\$126.82
	25-39	\$125.54	\$129.30	\$133.08	\$141.18	\$147.38	\$150.42	\$157.32	\$136.40
	40-64	\$215.12	\$221.58	\$228.02	\$241.94	\$252.54	\$257.76	\$269.56	\$262.60
	Composite	\$152.74	\$157.32	\$161.92	\$171.78	\$179.32	\$183.02	\$191.40	\$175.06

## Exhibit VII

Santa Clara Family Health Plan  
Small Group Insurance Program  
Base Cost Assumptions

	<u>Frequency per 1000 Members</u>	<u>Average Charge</u>	<u>Per Capita Monthly Claims Cost</u>	<u>Frequency of per Service Copay</u>	<u>Amount of per Service Copay</u>	<u>Per Capita Monthly Cost Sharing Value</u>	<u>Per Capita Monthly Claims Cost After Copay</u>
<b>Hospital Inpatient</b>							
Non-Maternity							
Medical	135	\$1,279.63	\$14.40	0.0	\$0.00	\$0.00	\$14.40
Surgical	142	\$2,329.16	\$27.46	0.0	\$0.00	\$0.00	\$27.46
Neonatal	21	\$4,658.33	\$8.32	0.0	\$0.00	\$0.00	\$8.32
Psychiatric	76	\$1,215.65	\$7.71	0.0	\$0.00	\$0.00	\$7.71
Alcohol & Drug Abuse	41	\$972.52	\$3.30	0.0	\$0.00	\$0.00	\$3.30
Maternity							
Normal Deliveries	20	\$1,192.15	\$2.02	0.0	\$0.00	\$0.00	\$2.02
Cesarean Deliveries	19	\$1,943.91	\$3.13	0.0	\$0.00	\$0.00	\$3.13
Non-Deliveries	11	\$1,324.19	\$1.26	0.0	\$0.00	\$0.00	\$1.26
Abortions	5	\$883.39	\$0.39	0.0	\$0.00	\$0.00	\$0.39
Boarder Babies	19	\$395.06	\$0.64	0.0	\$0.00	\$0.00	\$0.64
Skilled Nursing Facility	12	\$214.90	\$0.21	0.0	\$0.00	\$0.00	\$0.21
Total Hospital Inpatient	502	\$1,644.61	\$68.85			\$0.00	\$68.85
<b>Hospital Outpatient</b>							
Emergency Room	364	\$182.25	\$5.53	364.4	\$25.00	\$0.76	\$4.77
Medical	139	\$108.77	\$1.26	0.0	\$0.00	\$0.00	\$1.26
Surgery	103	\$718.00	\$6.18	0.0	\$0.00	\$0.00	\$6.18
Radiology	170	\$240.15	\$3.40	0.0	\$0.00	\$0.00	\$3.40
Pathology	184	\$72.36	\$1.11	0.0	\$0.00	\$0.00	\$1.11
Other Services	253	\$145.43	\$3.07	0.0	\$0.00	\$0.00	\$3.07
Maternity Non-Deliveries	7	\$210.90	\$0.13	0.0	\$0.00	\$0.00	\$0.13
Total Hospital Outpatient	1,221	\$203.26	\$20.68			\$0.76	\$19.92
<b>Physician</b>							
Inpatient Surgery							
Primary Surgeon	106	\$624.82	\$5.53	0.0	\$0.00	\$0.00	\$5.53
Assistant Surgeon	14	\$124.96	\$0.15	0.0	\$0.00	\$0.00	\$0.15
Anesthesia	68	\$109.90	\$0.63	0.0	\$0.00	\$0.00	\$0.63
Outpatient Surgery							
OP Hospital	86	\$282.99	\$2.02	0.0	\$0.00	\$0.00	\$2.02
Surgical Center	116	\$239.72	\$2.31	0.0	\$0.00	\$0.00	\$2.31
Office	253	\$125.01	\$2.64	0.0	\$0.00	\$0.00	\$2.64
Anesthesia	53	\$88.71	\$0.39	0.0	\$0.00	\$0.00	\$0.39
Maternity							
Normal Deliveries	6	\$484.84	\$0.26	0.0	\$0.00	\$0.00	\$0.26
Cesarean Deliveries	3	\$1,126.14	\$0.25	0.0	\$0.00	\$0.00	\$0.25
Non-Deliveries	5	\$196.33	\$0.09	0.0	\$0.00	\$0.00	\$0.09
Inpatient Visits							
Hospital Visits	409	\$154.71	\$5.27	0.0	\$0.00	\$0.00	\$5.27
Extended Care Visits	6	\$105.52	\$0.05	0.0	\$0.00	\$0.00	\$0.05
Critical Care Visits	18	\$200.28	\$0.31	0.0	\$0.00	\$0.00	\$0.31

## Exhibit VII

Santa Clara Family Health Plan  
Small Group Insurance Program  
Base Cost Assumptions

	<u>Frequency per 1000 Members</u>	<u>Average Charge</u>	<u>Per Capita Monthly Claims Cost</u>	<u>Frequency of per Service Copay</u>	<u>Amount of per Service Copay</u>	<u>Per Capita Monthly Cost Sharing Value</u>	<u>Per Capita Monthly Claims Cost After Copay</u>
Physician (Continued)							
Office Visits & Misc. Services							
Office Visits	5,251	\$57.04	\$24.96	5,250.6	\$5.00	\$2.19	\$22.77
Home Visits	2	\$89.13	\$0.01	1.6	\$5.00	\$0.00	\$0.01
Therapeutic Injections	129	\$70.34	\$0.75	128.8	\$5.00	\$0.05	\$0.70
Allergy Testing	26	\$39.93	\$0.09	25.9	\$5.00	\$0.01	\$0.08
Allergy Immunotherapy	239	\$10.51	\$0.21	239.4	\$5.00	\$0.10	\$0.11
Diagnostic Testing	79	\$74.07	\$0.49	0.0	\$0.00	\$0.00	\$0.49
Emergency Room Visits	316	\$140.44	\$3.70	0.0	\$0.00	\$0.00	\$3.70
Consultations	106	\$142.01	\$1.26	106.1	\$5.00	\$0.04	\$1.21
Physical Medicine	334	\$30.51	\$0.85	333.9	\$5.00	\$0.14	\$0.71
Occupational Therapy	276	\$47.93	\$1.10	275.9	\$5.00	\$0.11	\$0.99
Speech Therapy	10	\$93.03	\$0.07	9.6	\$5.00	\$0.00	\$0.07
Chiropractor	0	\$26.61	\$0.00	0.0	\$5.00	\$0.00	\$0.00
Urgent Care	1,155	\$98.31	\$9.46	1,155.0	\$5.00	\$0.48	\$8.98
Total Physician	9,066	\$81.29	\$62.84			\$3.14	\$59.71
Radiology							
IP (Professional)	137	\$67.53	\$0.77	0.0	\$0.00	\$0.00	\$0.77
OP (Professional)	337	\$89.27	\$2.51	0.0	\$0.00	\$0.00	\$2.51
Office (Combined)	494	\$98.86	\$4.07	0.0	\$0.00	\$0.00	\$4.07
MRI	3	\$796.84	\$0.20	0.0	\$0.00	\$0.00	\$0.20
CT-Scan	2	\$479.85	\$0.08	0.0	\$0.00	\$0.00	\$0.08
Total Radiology	972	\$93.99	\$7.61			\$0.00	\$7.61
Pathology							
IP (Professional)	66	\$21.19	\$0.12	0.0	\$0.00	\$0.00	\$0.12
OP (Professional)	125	\$32.95	\$0.34	0.0	\$0.00	\$0.00	\$0.34
Office (Combined)	3,059	\$35.77	\$9.12	0.0	\$0.00	\$0.00	\$9.12
Total Pathology	3,250	\$35.36	\$9.58			\$0.00	\$9.58
Other Services							
Prescription Drugs	9,170	\$42.83	\$32.73	9,170.1	\$5.00	\$3.82	\$28.91
PDN/Home Health Care	32	\$50.18	\$0.13	0.0	\$0.00	\$0.00	\$0.13
Ambulance	15	\$71.37	\$0.09	0.0	\$0.00	\$0.00	\$0.09
Durable Medical Equipment	29	\$103.13	\$0.25	0.0	\$0.00	\$0.00	\$0.25
Prosthetics	3	\$318.54	\$0.09	0.0	\$0.00	\$0.00	\$0.09
Total Other Services	9,249	\$43.18	\$33.29			\$3.82	\$29.47

## Santa Clara Family Health Plan Small Group Insurance Program Base Cost Assumptions

	Frequency per 1000 <u>Members</u>	Average <u>Charge</u>	Per Capita Monthly <u>Claims Cost</u>	Frequency of per Service <u>Copay</u>	Amount of per Service <u>Copay</u>	Per Capita Monthly Cost Sharing <u>Value</u>	Per Capita Monthly Claims Cost <u>After Copay</u>
<b>Additional Services</b>							
Immunizations	401	\$35.79	\$1.20	0.0	\$0.00	\$0.00	\$1.20
Physical Exams	94	\$59.26	\$0.46	0.0	\$0.00	\$0.00	\$0.46
Well Woman Exams	195	\$59.26	\$0.96	0.0	\$0.00	\$0.00	\$0.96
Vision Exams	262	\$53.49	\$1.17	0.0	\$0.00	\$0.00	\$1.17
Speech Exams	210	\$90.21	\$1.58	0.0	\$0.00	\$0.00	\$1.58
Hearing Exams	4	\$62.31	\$0.02	0.0	\$0.00	\$0.00	\$0.02
Hearing Aids	105	\$264.81	\$2.32	0.0	\$0.00	\$0.00	\$2.32
Family Planning	4	\$45.89	\$0.02	0.0	\$0.00	\$0.00	\$0.02
Abortions	4	\$83.67	\$0.03	4.3	\$5.00	\$0.00	\$0.03
Podiatrist	60	\$78.29	\$0.39	60.1	\$5.00	\$0.03	\$0.37
OP Psychiatric	203	\$162.49	\$2.75	203.0	\$5.00	\$0.08	\$2.66
OP Alcohol & Drug Abuse	30	\$117.50	\$0.30	30.2	\$5.00	\$0.01	\$0.28
Total Additional Services	1,574	\$85.35	\$11.19			\$0.12	\$11.07
Total All Services	25,834	\$99.47	\$214.05			\$7.84	\$206.21
Cost with Administrative Loading							\$229.12