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## MEMO

August 14, 2022

To: Dave Cook, IPBC Executive Director  
From: Barb Dewey, FSA, MAAA  
Tanya Hayward, FIA, MAAA  
Re: **Quote for Village of Orland Park**

The Village of Orland Park has expressed interest in joining the IPBC effective January 1, 2023. IPBC asked Milliman to prepare a quote for the Village of Orland Park to join IPBC's pool for medical, dental, and vision benefits.

This is an update to a rate proposal provided on July 21, 2022 using more recent claims experience. The results are similar, but slightly more favorable, than the quote provided in late July due to a continued reduction in high cost claims.

The proposed rate changes by product are shown in the following table.

Product	Proposed Rate Changes
PPO	-14.9%
HMO	-18.1%
Combined PPO and HMO	-15.9%
Dental	13.9%
Vision	40.4%
Total	-13.9%

The Village of Orland Park currently has 259 employees enrolled across two PPOs and one HMO offered through Blue Cross Blue Shield Illinois (BCBS). This quote is for the Village of Orland Park to offer the same plan designs through BCBS effective January 1, 2023. The Village of Orland Park would be pooled as a Tier 3 member for the PPO and a Tier 2 member for the HMO.

The proposed rate change for the medical plan is favorable for the Village of Orland Park, particularly for the PPO, for two reasons. First, they had a high cost claimant in 2020 and in recent prior years that would impact their stoploss premium rates. Second, the Village of Orland Park will likely benefit from the pooling of claims experience across Tier 3 for the PPO. As discussed with you, we have widened the Tier 3 Factor 2 factor cap to 50% rather than the 10% that is used for existing IPBC members to reduce the impact that adding the Village of Orland Park has on the existing IPBC PPO Tier 3 membership.

The Village of Orland Park currently has 318 employees enrolled in the dental benefit administered by BCBS and 313 employees enrolled in the vision benefit administered by BCBS (EyeMed). IPBC offers dental and vision at fully insured rates for a suite of standard plan designs. We mapped the existing dental and vision designs into IPBC's dental option D (IPBC \$1,500 ORTHO Option D) and vision Plan D (\$10 exam and \$160 retail frame allowance every year) and provided the four tier dental and vision rates in this quote.

The proposed rate increase for the dental and vision plans are less favorable (i.e., higher) for the Village of Orland Park. The most comparable plan designs offered by IPBC are modestly richer than the plan designs currently offered by the Village of Orland Park for dental and vision.

The figures presented in this quote are subject to change, based on updated claims data provided by Village of Orland Park.

## EXHIBITS

The following exhibits are included as attachments to this memo.

- Exhibit 1 – Current Premiums and Proposed IPBC Funding Rates
- Exhibit 2a – Detailed Calculation Underlying Proposed IPBC Funding Rates for PPO
- Exhibit 2b – Detailed Calculation Underlying Proposed IPBC Funding Rates for HMO
- Exhibit 3a – IPBC Banded Layer Analysis – PPO; Impact of Adding New Member to IPBC
- Exhibit 3b – IPBC Banded Layer Analysis – HMO; Impact of Adding New Member to IPBC

The remainder of this memo discusses the data sources and methodologies that were applied in preparing this quote.

## DATA SOURCES AND METHODOLOGY

Type of Data	Filename
Current premiums or funding rates	2022.01 FINAL CE (Med) Orland Park (11.9.21).xlsx 2022.01 FINAL Plans and Rates Spreadsheet (Dental Life STD Vision) Orland Park.xlsx
Detailed census	2022.05 Census Report (EEN)(2).xlsx
Current plan designs	2022.01 SBC Gold PPO P40366 (Medical - BCBS) FINAL.pdf 2022.01 SBC HSA PA1934 (Medical - BCBS) FINAL.pdf 2022.01 SBC BA HMO B01623 (Medical - BCBS) FINAL.pdf 2022.01 FINAL Plans and Rates Spreadsheet (Dental Life STD Vision) Orland Park.xlsx
Experience data	Village of Orland Park PPO HMO HCC 7.20-6.22.xlsx Village of Orland Park - Enrollment by Coverage Tier 7.20-6.22 (1).xlsx

Exhibit 1 shows a summary of the current premiums or funding rates by plan design and dependent tier. We also show the proposed IPBC funding rates by plan design and dependent tier separately for the two PPOs, HMO, dental, and vision benefits.

Exhibits 2a and 2b show the development of the IPBC funding rates for the Village of Orland Park. The following table explains what considerations are applied to the calculations at each pooling layer:

Layer	Pooling Approach	Data Used to Calculate Expected Claims in Layer
Claims costs under \$50,000	Claims in this layer are based on member's own experience for members with more than 50 employees	Experience data
Claims costs between \$50,000 and \$150,000	PPO: Claims in this layer are constrained to be within +/- 10.0% of claims across other members with 151-300 employees for existing members; as discussed with you, we have widened the Tier 3 Factor 2 factor cap to 50% to reduce the impact that adding the Village of	Experience data

	Orland Park has on the existing IPBC PPO Tier 3 membership HMO: Claims in this layer are constrained to be within +/- 5.0% of claims across other members with 51-150 employees	
Claims costs between \$150,00 and individual stop loss (ISL)	PPO: Claims in this layer are constrained to be within +/- 10.0% across all IPBC members HMO: Claims in this layer are constrained to be within +/- 5.0% of across all IPBC members	Experience data
Claims over ISL	Pooled across all IPBC members without adjustment	N/A

We added a discretionary underwriting adjustment to the medical portion of the HMO projection in Exhibit 2b. This 10% increase in medical costs adjusts for differences in data sources between the initial and final quotes. The high cost claimant data provided for the initial analysis was grouped at the account/group/section level, whereas the high cost claimant data for the final analysis was grouped at the individual level. The implication of this is there was a higher volume of cost in the Factor 1 layer (which is the full responsibility of the Village of Orland Park) in the initial analysis compared to the final analysis. Given that the rate increase for the Village of Orland Park was favorable in the initial quote and the total claims volume was similar across the two data sources, we thought it would be appropriate and slightly conservative to dampen the impact of the revised data source on the overall rate change.

Exhibits 3a and 3b show the potential exposure to existing IPBC members associated with adding the Village of Orland Park to the IPBC. Exhibit 3a shows the potential exposure for the PPO and Exhibit 3b shows the potential exposure for the HMO. We show the exposure under three different scenarios for the Village of Orland Park's claims costs per employee per month (PEPM) at each layer: best estimate using a blend of two years of claims experience, the scenario where their claims are twice the average IPBC claims for the members pooled at that layer, and the scenario where their claims are half the average IPBC claims for the members pooled at that layer.

For the PPO, Exhibit 3a identifies the exposure to Tier 3 members for the layer between \$50,000 and \$150,000 and the exposure to all IPBC members for the layer from \$150,000 to the ISL after accounting for the factor cap. Adding the Village of Orland Park to the IPBC would be expected to result in an increase of about \$1.67 PEPM for Tier 3 members for the layer between \$50,000 and \$150,000 because of the factor cap. The Village of Orland Park has higher historical claims in the pooled layer than the current mix of IPBC members, but the impact on existing members is offset by the expanded factor cap.

For the HMO, Exhibit 3b identifies the exposure to Tier 2 members for the layer between \$50,000 and \$150,000 and the exposure to all IPBC members for the layer from \$150,000 to the ISL after accounting for the factor cap. Adding the Village of Orland Park to the IPBC is expected to have a favorable impact of about \$1.55 PEPM for Tier 2 members for the layer between \$50,000 and \$150,000 after accounting for the factor cap.

The individual stoploss layer for IPBC's BCBS PPO was raised from \$500,000 to \$1,000,000 effective with the 7/1/2022 renewal. The expected claims cost for the IPBC Factor 3 Banded Layer was based on claims from \$150,000 to \$500,000, with an adjustment for claims up to \$1,000,000 (estimated by assuming a stoploss premium retention of 30%, which translates into claims costs of 70% times the change in individual stoploss premiums).

Similarly, the individual stoploss layer for IPBC's BCBS HMO was raised from \$365,000 to \$500,000 effective with the 7/1/2022 renewal. The expected claims cost for the IPBC Factor 3 Banded Layer was based on claims from \$150,000 to \$365,000, with an adjustment for claims up to \$500,000 (estimated by assuming a stoploss premium retention of 30%, which translates into claims costs of 70% times the change in individual stoploss premiums).

## LIMITATIONS

Milliman's work is prepared solely for the internal business use of the IPBC. Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.

Milliman has developed certain models to estimate the values included in this memo. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP). The models rely on data and information as input to the models. We have relied upon certain data and information provided by IPBC and accepted it without audit. To the extent that the data and information provided is not accurate, or is not complete, the values provided in this report may likewise be inaccurate or incomplete. The models, including all input, calculations, and output may not be appropriate for any other purpose.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

The services provided for this project were performed under the signed Consulting Services Agreement between Milliman and the IPBC signed November 19, 2021.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors of this memo are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses in this memo.

**Proposed IPBC Rates**  
**January 1, 2023 to December 31, 2023**  
**Village of Orland Park**  
**Exhibit 1 -- Current Premiums and Proposed IPBC Funding Rates**

			Current 1/1/2022 to 12/31/2022		IPBC - Current Plan Designs 1/1/2023 to 12/31/2023	
PPO Plans	Rate Tier	Enrollment	Current Monthly Premium	Monthly Premium @ Current Rates	IPBC Monthly Funding Rates	Monthly Funding @ IPBC Rates
Current: Silver PPO	EE	27	\$925.12	\$24,978	\$787.35	\$21,258
Proposed: Silver PPO (no change)	ES	9	\$1,770.64	\$15,936	\$1,506.95	\$13,563
	EC	4	\$1,698.61	\$6,794	\$1,445.65	\$5,783
	FAM	23	\$2,574.78	\$59,220	\$2,191.34	\$50,401
Current: HSA \$3,500	EE	36	\$790.85	\$28,471	\$673.07	\$24,231
Proposed: HSA \$3,500 (no change)	ES	10	\$1,613.01	\$16,130	\$1,372.80	\$13,728
	EC	7	\$1,542.95	\$10,801	\$1,313.17	\$9,192
	FAM	45	\$2,394.86	\$107,769	\$2,038.21	\$91,719
HMO Plan	Rate Tier	Enrollment	Current Monthly Premium	Monthly Premium @ Current Rates	IPBC Monthly Funding Rates	Monthly Funding @ IPBC Rates
Current: BA HMO	EE	44	\$702.12	\$30,893	\$575.04	\$25,302
Proposed: BA HMO (no change)	ES	11	\$1,388.60	\$15,275	\$1,137.27	\$12,510
	EC	10	\$1,332.59	\$13,326	\$1,091.40	\$10,914
	FAM	33	\$2,061.76	\$68,038	\$1,688.59	\$55,724
Dental Plan	Rate Tier	Enrollment	Current Monthly Premium	Monthly Premium @ Current Rates	IPBC Monthly Funding Rates	Monthly Funding @ IPBC Rates
Dental	EE	112	\$29.19	\$3,269	\$34.05	\$3,813
Proposed: Plan D	ES	62	\$58.38	\$3,620	\$68.09	\$4,222
	EC	21	\$72.28	\$1,518	\$82.45	\$1,731
	FAM	123	\$101.47	\$12,481	\$113.98	\$14,019
Vision Plan	Rate Tier	Enrollment	Current Monthly Premium	Monthly Premium @ Current Rates	IPBC Monthly Funding Rates	Monthly Funding @ IPBC Rates
Vision	EE	112	\$6.47	\$725	\$8.20	\$919
Proposed: Plan D	ES	57	\$12.29	\$701	\$16.38	\$934
	EC	22	\$12.93	\$284	\$17.55	\$386
	FAM	122	\$19.02	\$2,320	\$28.02	\$3,419
Benefit	Enrollment	Current Monthly Premium	Current Annual Premium	IPBC Monthly Funding Rates	IPBC Annual Funding Rates	% Change from Current
PPO	161	\$270,098	\$3,241,181	\$229,875	\$2,758,495	-14.9%
HMO	98	\$127,532	\$1,530,382	\$104,449	\$1,253,393	-18.1%
<b>Combined PPO and HMO</b>	<b>259</b>	<b>\$397,630</b>	<b>\$4,771,563</b>	<b>\$334,324</b>	<b>\$4,011,888</b>	<b>-15.9%</b>
Dental	318	\$20,888	\$250,650	\$23,786	\$285,429	13.9%
Vision	313	\$4,030	\$48,361	\$5,657	\$67,887	40.4%
<b>Total</b>		<b>\$422,548</b>	<b>\$5,070,575</b>	<b>\$363,767</b>	<b>\$4,365,204</b>	<b>-13.9%</b>

**Notes:**

The Village of Orland Park currently offers all medical, dental, and vision plans through BCBSIL. The vision plan is through EyeMed which is associated with BCBS. Documentation about sources files used for current plans and premiums can be found in the accompanying memo.

Dental and vision rates shown for IPBC are a blend of (1) current July 2022 to June 2023 rates and (2) projected rates for July 2023 to June 2024 using an estimated claims cost trend of 5% and an estimated non-benefit expense trend of 0%.

**Proposed IPBC Rates**  
**January 1, 2023 to December 31, 2023**  
**Village of Orland Park**

**Exhibit 2a -- Detailed Calculation Underlying Proposed IPBC Funding Rates (PPO)**

	Jun-20 to May-21	Jun-21 to May-22	Total	Notes
Total paid claims	\$2,042,949	\$2,383,634		
Claims over \$1,000,000 stoploss level	\$0	\$0		
Net paid claims	\$2,042,949	\$2,383,634		
Claims under \$50,000	\$1,232,432	\$1,573,207		
Claims \$50,000 to \$150,000	\$637,492	\$790,672		
Claims \$150,000 to \$1,000,000	\$173,025	\$19,754		
Under \$50,000 adjustment	\$15,250	\$0		Adjusted 2020 experience for COVID claims suppression
\$50,000 to \$150,000 adjustment	\$16,731	\$0		Adjusted 2020 experience for COVID claims suppression
\$150,000 to \$1,000,000 adjustment	\$0	\$0		
Adjusted claims under \$50,000	\$1,247,682	\$1,573,207		
Adjusted claims \$50,000 to \$150,000	\$654,222	\$790,672		
Adjusted claims \$150,000 to \$1,000,000	\$173,025	\$19,754		
Total adjusted claims	\$2,074,929	\$2,383,634		
Experience period lives	1,987	1,990		
PEPM claims under \$50,000	\$627.92	\$790.56		
PEPM claims \$50,000 to \$150,000	\$329.25	\$397.32		
PEPM claims \$150,000 to \$1,000,000	\$87.08	\$9.93		
Annual trend	5.0%	5.0%		Trend applied to claims before layering
Trend months	32.0	20.0		Using claims paid in CY, extra month of trend to approximate an incurred basis
Trend factor	1.1390	1.0847		Adjust membership and trend for consistency
Claim adjustment	0.0%	0.0%		
Dependent ratio adjustment	0.0%	0.0%		
Period weighting	25%	75%		Default weights
Trended PEPM claims under \$50,000	\$663.10	\$814.96	\$776.99	
Trended PEPM claims \$50,000 to \$150,000	\$383.55	\$467.17	\$446.26	
Trended PEPM claims \$150,000 to \$1,000,000	\$142.69	\$17.15	\$48.54	
Tier 3 IPBC average claims \$50,000 to \$150,000			\$267.31	
IPBC average claims \$150,000 to \$1,000,000			\$150.37	Based on IPBC claims up to \$500,000 with adjustment for estimated claims from \$500,000 to \$1M
Prospect claims \$50,000 to \$150,000, with Tier 3 factor cap			\$400.96	Wider factor cap used (50%) to account for higher expected costs in this layer
Prospect claims \$150,000 to \$1,000,000, with Tier 3 factor cap			\$135.34	
Total projected PEPM claims with factor caps			\$1,313.29	
BCBSIL PPO admin fee			\$45.47	Assume 5% increase on 7/1/2023
BCBSIL Health Advocacy Solutions fee			\$17.00	100% of fee charged to new entrants
Stop loss			\$21.68	Blend of BCBS and UHC stoploss premiums; assume 25% increase on 7/1/2023
Wellness			\$9.12	
IPBC			\$21.23	
Total non-benefit expenses			\$114.50	
Total PEPM monthly cost			\$1,427.79	
Total projected monthly cost			\$229,875	
Total projected annual cost			\$2,758,495	
Current monthly premiums for prospect			\$270,098	
Change over current for prospect			-14.9%	

**Proposed IPBC Rates**  
**January 1, 2023 to December 31, 2023**  
**Village of Orland Park**

**Exhibit 2b -- Detailed Calculation Underlying Proposed IPBC Funding Rates (HMO)**

	Jun-20 to May-21	Jun-21 to May-22	Total	Notes
Total paid claims	\$579,460	\$464,385		
Claims over \$500,000 stoploss level	\$0	\$0		
Net paid claims	\$579,460	\$464,385		
Claims under \$50,000	\$362,827	\$340,446		
Claims \$50,000 to \$150,000	\$137,733	\$100,000		
Claims \$150,000 to \$500,000	\$78,900	\$23,939		
Under \$50,000 adjustment	\$4,100	\$0		Adjusted 2020 experience for COVID claims suppression
\$50,000 to \$150,000 adjustment	\$4,728	\$0		Adjusted 2020 experience for COVID claims suppression
\$150,000 to \$500,000 adjustment	\$0	\$0		
Adjusted claims under \$50,000	\$366,927	\$340,446		
Adjusted claims \$50,000 to \$150,000	\$142,460	\$100,000		
Adjusted claims \$150,000 to \$500,000	\$78,900	\$23,939		
Total adjusted claims	\$588,288	\$464,385		
Experience period lives	1,384	1,255		
PEPM claims under \$50,000	\$265.12	\$271.27		
PEPM claims \$50,000 to \$150,000	\$102.93	\$79.68		
PEPM claims \$150,000 to \$500,000	\$57.01	\$19.08		
Annual trend	5.0%	5.0%		Trend applied to claims before layering
Trend months	32.0	20.0		Using claims paid in CY, extra month of trend to approximate an incurred basis
Trend factor	1.1390	1.0847		Adjust membership and trend for consistency
Claim adjustment	0.0%	0.0%		Applies only to claims under \$50,000
Dependent ratio adjustment	0.0%	0.0%		
Period weighting	25%	75%		Default weights
Trended PEPM claims under \$50,000	\$279.45	\$288.09	\$285.93	
Trended PEPM claims \$50,000 to \$150,000	\$119.46	\$79.68	\$89.63	
Trended PEPM claims \$150,000 to \$500,000	\$76.66	\$29.15	\$41.03	
Tier 2 IPBC average claims \$50,000 to \$150,000			\$136.29	
IPBC average claims \$150,000 to \$500,000			\$41.53	Based on IPBC claims up to \$365,000 with adjustment for estimated claims from \$365,000 to \$500,000
Prospect claims \$50,000 to \$150,000, with Tier 2 factor cap			\$129.47	
Prospect claims \$150,000 to \$500,000, with Tier 2 factor cap			\$41.03	
Total projected PEPM claims with factor caps			\$456.43	
BCBSIL HMO physician service fee			\$411.30	Based on \$0 BAHMO physician service fees; assume 10% increase on 7/1/2023
Discretionary adjustment			10%	Discretionary underwriting adjustment (see memo for description of adjustment)
BCBSIL HMO admin fee			\$46.96	Assume 5% increase on 7/1/2023
BCBSIL HMO managed care fee			\$10.14	Assume 5% increase on 7/1/2023
Stop loss			\$23.86	Assume 25% increase on 7/1/2023
Wellness			\$9.12	
IPBC			\$21.23	
Total non-benefit expenses			\$111.30	
Total PEPM monthly cost			\$1,065.81	
Total projected monthly cost			\$104,449	
Total projected annual cost			\$1,253,393	
Current monthly premiums for prospect			\$127,532	
Change over current for prospect			-18.1%	

**Proposed IPBC Rates**  
**January 1, 2023 to December 31, 2023**  
**Village of Orland Park**  
**Exhibit 3a -- IPBC Banded Layer Analysis - PPO**  
**Impact of Adding New Member to IPBC**

**Tier 3 Factor 1 Analysis**

Claims under \$50,000 are based on member specific experience (Tier 3).

Category	Expected	High (2x IPBC Average)	Low (1/2 of IPBC Average)
Not applicable. Claims under \$50,000 are based on member specific experience for Tier 3.			

**Tier 3 Factor 2 Analysis**

Claims between \$50,000 and \$150,000 are shared on a PEPM basis across all members in Tier 3.

Category	Expected	High (2x IPBC Average)	Low (1/2 of IPBC Average)
Projected Tier 3 Factor 2 Banded Layer without the Village of Orland Park	\$267.31	\$267.31	\$267.31
Projected Village of Orland Park Banded Layer	\$446.26	\$534.62	\$133.65
Projected Tier 3 Factor 2 Banded Layer with the Village of Orland Park	\$273.91	\$277.16	\$262.38
Estimated Impact to Current Tier 3 Members' Banded Layer (PEPM) with 0% factor cap	\$6.60	\$9.85	-\$4.93
Estimated Impact to Current Tier 3 Members' Banded Layer (PEPM) with 50% factor cap	\$1.67		

**IPBC Factor 3 Analysis**

Claims between \$150,000 and \$1,000,000 are shared on a PEPM basis across all IPBC members.

Category	Expected	High (2x IPBC Average)	Low (1/2 of IPBC Average)
Projected IPBC Factor 3 Banded Layer without the Village of Orland Park	\$150.37	\$150.37	\$150.37
Projected Village of Orland Park Banded Layer	\$48.54	\$300.75	\$75.19
Projected IPBC Factor 3 Banded Layer with the Village of Orland Park	\$149.08	\$152.28	\$149.42
Estimated Impact to Current IPBC Members' Banded Layer (PEPM) with 0% factor cap	-\$1.29	\$1.91	-\$0.96
Estimated Impact to Current IPBC Members' Banded Layer (PEPM) with 10% factor cap	-\$1.10		

**Notes:**

The Village of Orland Park has 161 employees in their PPO plan so would be categorized as a Tier 3 IPBC member.

Layer for Underwriting Factor Development	Factor Relativity
Claim Bucket 1 (< \$50k)	Member Specific
Claim Bucket 2 (\$50-150k)	Relative to Tier 3
Claim Bucket 3 (\$150k-ISL)	Relative to All IPBC

The expected banded layer claims for the entity were calculated from claims data and projected using the same trends as in Gallagher's final renewal memo for IPBC, dated March 3, 2022.

The individual stoploss layer for IPBC's BCBS PPO was raised from \$500,000 to \$1,000,000 effective with the 7/1/2022 renewal. The expected claims costs for the IPBC Factor 3 Banded Layer was based on claims from \$150,000 to \$500,000, with an adjustment for claims up to \$1,000,000. The expected claims costs for the prospect was based on claims from \$150,000 to \$1,000,000.

This exhibit was modified to show the impact to each group of IPBC members above and beyond the amount retained by the Village of Orland Park due to the factor cap. A wider factor cap of 50% was used for the Village of Orland Park to account for higher expected costs in the Tier 3 Factor 2 layer. This higher factor cap reduces the impact of adding this prospect to the pool.



**Proposed IPBC Rates**  
**January 1, 2023 to December 31, 2023**  
**Village of Orland Park**  
**Exhibit 3b -- IPBC Banded Layer Analysis - HMO**  
**Impact of Adding New Member to IPBC**

**Tier 2 Factor 1 Analysis**

Claims under \$50,000 are based on member specific experience (Tier 2).

Category	Expected	High (2x IPBC Average)	Low (1/2 of IPBC Average)
Not applicable. Claims under \$50,000 are based on member specific experience for Tier 2.			

**Tier 2 Factor 2 Analysis**

Claims between \$50,000 and \$150,000 are shared on a PEPM basis across all members in Tier 2.

Category	Expected	High (2x IPBC Average)	Low (1/2 of IPBC Average)
Projected Tier 2 Factor 2 Banded Layer without the Village of Orland Park	\$136.29	\$136.29	\$136.29
Projected Village of Orland Park Banded Layer	\$89.63	\$272.58	\$68.14
Projected Tier 2 Factor 2 Banded Layer with the Village of Orland Park	\$134.47	\$141.60	\$133.63
Estimated Impact to Current Tier 2 Members' Banded Layer (PEPM) with 0% factor cap	-\$1.82	\$5.31	-\$2.65
Estimated Impact to Current Tier 2 Members' Banded Layer (PEPM) with 5% factor cap	-\$1.55		

**IPBC Factor 3 Analysis**

Claims between \$150,000 and \$500,000 are shared on a PEPM basis across all IPBC members.

Category	Expected	High (2x IPBC Average)	Low (1/2 of IPBC Average)
Projected IPBC Factor 3 Banded Layer without the Village of Orland Park	\$41.53	\$41.53	\$41.53
Projected Village of Orland Park Banded Layer	\$41.03	\$83.07	\$20.77
Projected IPBC Factor 3 Banded Layer with the Village of Orland Park	\$41.52	\$42.38	\$41.11
Estimated Impact to Current IPBC Members' Banded Layer (PEPM) with 0% factor cap	-\$0.01	\$0.85	-\$0.42
Estimated Impact to Current IPBC Members' Banded Layer (PEPM) with 5% factor cap	\$0.00		

**Notes:**

The Village of Orland Park has 98 employees in their HMO plan so would be categorized as a Tier 2 IPBC member.

Layer for Underwriting Factor Development	Factor Relativity
Claim Bucket 1 (< \$50k)	Member Specific
Claim Bucket 2 (\$50-150k)	Relative to Tier 2
Claim Bucket 3 (\$150k-ISL)	Relative to All IPBC

The expected banded layer claims for the entity were calculated from claims data and projected using the same trends as in Gallagher's final renewal memo for IPBC, dated March 3, 2022.

The individual stoploss layer for IPBC's BCBS HMO was raised from \$365,000 to \$500,000 effective with the 7/1/2022 renewal. The expected claims costs for the IPBC Factor 3 Banded Layer was based on claims from \$150,000 to \$365,000, with an adjustment for claims up to \$500,000. The expected claims costs for the prospect was based on claims from \$150,000 to \$500,000.