BlueCross BlueShield of Illinois

June 27, 2017

Mr. Kahlil Hogan
Vista National Insurance Group, Inc.
1301 W. 22nd Street, Suite 600
Oak Brook, IL 60523

Re: **Village of Oak Park**
PPO+ / HMO Illinois / Blue Advantage HMO
Group Numbers: H10156 / B10156 / PC1286 / PC1287
Renewal Period: 01/01/2018 through 12/31/2018

Dear Kahlil:

BlueCross BlueShield of Illinois (BCBSIL) is THE premier carrier in Illinois. Last year, BCBSIL had a 98% retention rate in our Large Group segment (employers with 250-2,000 subscribers). Thank you for contributing to this phenomenal success! One of our goals is for every customer and member to remain Blue throughout their lives. We can't achieve this goal without enhancing our product and service capabilities, while providing a variety of cost containment offerings to help control your health care spend. I have shared highlights of these new 2017 offerings in the second half of my letter.

I am pleased to present you with the 2018 renewal package for Village of Oak Park. Our package is fully compliant with the requirements of the Affordable Care Act (ACA).

Medical /RX Claims Projection
The renewal projection is based on two 12-month blocks of experience on a paid basis with a 1-month lag in enrollment (06/01/2015 thru 05/31/2016 and 06/01/2015 thru 05/31/2017). The medical experience periods are weighted using 81% of the most recent period and 19% credit of the prior period. The pharmacy projection uses only the current period because there were only 7 months of experience included in the prior period. The experience is then blended with the manual rate using 97% credibility for the medical and 86% credibility for the pharmacy.

The Individual Stop Loss level is $125,000. One individual exceeded this level in the prior period; six individuals exceeded this level in the current period.

The annual medical trend factors used are as follows:

	Prior	Current
PPO	4.7%	5.3%
HMO	5.1%	5.6%
Pharmacy	5.6%	7.7%

Adjustments have also been made to the claim experience to account for the change in the mix of employees enrolled in either single or family coverage, historical plan design changes (if applicable) as well as for changes for mandated benefits.

Commissions
This renewal projection is NET of commissions.

Medical / RX Financial Summary
A rate development exhibit has been included that will compare the current costs with the needed projected costs. Please be sure to reference the Conditions and Caveats section of the renewal exhibit that outlines the Affordable Care Act (ACA) Taxes and Fees. Please also be aware that the Reinsurance Fee and the PCORI fee are not included in the Cost Plus PPO, and BCBSIL does not assume any remittance or reporting responsibility for these fees. However, the Cost Plus HMO does include the Health Insurer Fee and the PCORI fee.

BCBSIL allocates expenses for certain customized services to those clients who use them, rather than amortizing these costs across our entire book of business. If you anticipate needing BCBSIL's support in 2016 with additional services not being

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provided today, please advise me as soon as possible, so we can advise you of any applicable pricing for requested customized services, and adjust your renewal proposal accordingly.

Some additional items to note:

- For clients with 4th quarter deductible carryover, any deductible amounts satisfied during the 4th quarter/3 months prior to the renewal will accumulate towards the new deductible, but will not accumulate to the OOPM.
- BCBSIL must have your final benefit decisions no later than **four** weeks prior to your open enrollment in order to have your SBC finalized in time.

Here are some of the exciting offerings that BCBSIL is making available to you:

As with other **pharmacy benefit management** companies, we are quoting traditional pricing as our standard offering. Customers will also have their choice of drug lists and network.

We are pleased to offer **Virtual Visits**, our telemedicine solution, across our entire book of business. All fully-insured clients will automatically have access to the services of our partner, MDLive for on-demand care for non-emergency medical and behavioral health services. Members may connect with a board-certified physician either by telephone, computer or smart phone. And, the cost of a virtual visit is only $44, compared to an in-person office visit which can cost up to $160; behavioral health visits are slightly higher and very based upon the type of service. So, Virtual Visits provide both convenience and cost savings. As a self-funded customer, you have the ability to decide whether you want to incorporate Virtual Visits into your benefits offering.

Many of our clients recognize the value that our **HMO** offerings bring to their population. Year over year, when adjusting for demographics and benefits, the BCBSIL HMOs provide a cost of care advantage over our PPO products. Our HMO products have more plan design flexibility with the option to include a **deductible and coinsurance** within the plan design.

You've most likely heard about **Benefits Value Advisor (BVA).** It is a member advocacy service that guides members calling BCBSIL to make the most informed decisions relative to their health needs and financial priorities. Telephonic support is provided from specially trained Customer Advocates that provide members real-time access to current cost and quality information, guidance to understand and maximize their benefits, pre-authorization coordination and appointment scheduling. When a BVA shows a member how an alternate choice of provider can save them money, you too will save in overall claim costs!

Please consider obtaining a quote from our partner **Dearborn National**. We have some great opportunities to provide you savings on your life, disability and Critical Illness offerings when you currently offer BCBSIL medical plans. And, we have also significantly increased our footprint of our Dental providers, and through these new relationships, can offer greater access and discounts. Whether you saw a quote last year, or it's been a few years, I highly encourage you to review a quote from Dearborn, as the cost of their offerings just might surprise you – in a good way!

Thank you very much for business, and for your continued partnership with BCBSIL. I hope we can schedule a meeting soon to review the renewal package and so we can discuss what product enhancements that you should consider offering to your employees in 2018.

To ensure timely processing of this renewal – the appropriate paperwork should be signed and returned for processing by October 1, 2017. I appreciate the opportunity to work with you on the Village of Oak Park renewal. Please contact me with any questions that you might have regarding this renewal.

Regards,

Judy Ott
Account Executive
(630) 824-5602
judy_ott@bcbsil.com

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Village of Oak Park

Cost Plus Projection
for the period
January 1, 2018 - December 31, 2018

Cost Plus Renewal

Presented by:

Judy Ott

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Affordable Care Act (ACA) Disclaimer

If your existing group health plan or group health insurance coverage (each "plan") was in effect on March 23, 2010, it may be a "grandfathered health plan" as that term is " defined in the Affordable Care Act and related regulations (currently 75 Fed. Reg. 34538). "

Federal regulations have been published regarding the maintenance and loss of grandfathered health plan status. We encourage you to confer with your own legal counsel to determine what benefit changes or other events may cause the loss of grandfathered health plan status and to evaluate the benefit options that are most suitable for you.

The following proposed benefit programs are not considered "grandfathered health plans".

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CLAIM EXPERIENCE SUMMARY

Please refer to the ACA Disclaimer regarding benefits and final pricing.

H10156 / B10156

Current

Month	Claims Medical	Claims Drug	Claims Total	Enrollment Medical
May-16				134
Jun-16	$87,040.93	$20,317.76	$107,358.69	134
Jul-16	$59,390.65	$44,109.97	$103,500.62	134
Aug-16	$162,822.81	$57,849.64	$220,672.45	134
Sep-16	$36,744.49	$33,908.98	$70,653.47	133
Oct-16	$171,819.57	$37,797.58	$209,617.15	134
Nov-16	$132,044.32	$34,799.95	$166,844.27	134
Dec-16	$50,342.67	$37,694.56	$88,037.23	134
Jan-17	$62,989.36	$32,554.09	$95,543.45	128
Feb-17	$44,818.92	$25,756.21	$70,575.13	127
Mar-17	$73,261.68	$41,039.85	$114,301.53	126
Apr-17	$263,891.95	$32,634.01	$296,525.96	128
May-17	$41,320.01	$31,173.48	$72,493.49	
Total	$1,186,487.36	$429,636.08	$1,616,123.44	1,580
Cost PCPM	$750.94	$271.92	$1,022.86	

Prior

Month	Claims Medical	Claims Drug	Claims Total	Enrollment Medical
May-15				141
Jun-15	$56,568.86	$0.00	$56,568.86	140
Jul-15	$59,969.53	$0.00	$59,969.53	139
Aug-15	$48,175.70	$0.00	$48,175.70	139
Sep-15	$32,795.23	$0.00	$32,795.23	136
Oct-15	$131,528.05	$0.00	$131,528.05	137
Nov-15	$63,229.85	$0.00	$63,229.85	139
Dec-15	$53,035.96	$0.00	$53,035.96	135
Jan-16	$15,541.26	$28,818.44	$44,359.70	136
Feb-16	$25,189.31	$32,902.20	$58,091.51	136
Mar-16	$35,041.92	$29,359.64	$64,401.56	134
Apr-16	$91,665.25	$47,618.32	$139,283.57	134
May-16	$72,114.31	$36,978.19	$109,092.50	
Total	$684,855.23	$175,676.79	$860,532.02	1,646
Cost PCPM	$416.07	$106.73	$522.80	

PPO

Current

Month	Claims Medical	Claims Drug	Claims Total	Enrollment Medical
May-16				268
Jun-16	$311,596.49	$65,156.78	$376,753.27	267
Jul-16	$223,458.63	$101,936.25	$325,394.88	266
Aug-16	$205,646.06	$68,432.61	$274,078.67	265
Sep-16	$177,527.22	$82,773.93	$260,301.15	265
Oct-16	$237,604.79	$65,481.81	$303,086.60	264
Nov-16	$324,483.58	$71,569.87	$396,053.45	263
Dec-16	$285,929.62	$98,195.24	$384,124.86	263
Jan-17	$344,582.42	$72,177.44	$416,759.86	262
Feb-17	$275,282.33	$64,154.80	$339,437.13	262
Mar-17	$454,944.92	$94,861.73	$549,806.65	262
Apr-17	$396,999.23	$87,708.28	$484,707.51	262
May-17	$349,393.25	$62,102.58	$411,495.83	
Total	$3,587,448.54	$934,551.32	$4,521,999.86	3,169
Cost PCPM	$1,132.04	$294.90	$1,426.95	
Illinois Facility Network Savings			$3,111,344.95	
Other Network Savings			$2,184,670.60	

Prior

Month	Claims Medical	Claims Drug	Claims Total	Enrollment Medical
May-15				286
Jun-15	$605,905.25	$0.00	$605,905.25	281
Jul-15	$207,303.20	$0.00	$207,303.20	280
Aug-15	$232,747.91	$0.00	$232,747.91	278
Sep-15	$204,842.07	$0.00	$204,842.07	274
Oct-15	$200,430.31	$0.00	$200,430.31	274
Nov-15	$215,190.28	$0.00	$215,190.28	275
Dec-15	$277,220.49	$0.00	$277,220.49	274
Jan-16	$151,419.19	$37,458.09	$188,877.28	273
Feb-16	$291,040.75	$47,246.15	$338,286.90	274
Mar-16	$314,919.99	$79,912.20	$394,832.19	268
Apr-16	$289,999.15	$78,158.86	$368,158.01	268
May-16	$240,023.65	$56,064.36	$296,088.01	
Total	$3,231,042.24	$298,839.66	$3,529,881.90	3,305
Cost PCPM	$977.62	$90.42	$1,068.04	
Illinois Facility Network Savings			$2,235,266.94	
Other Network Savings			$2,043,990.77	

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CLAIM PROJECTION

Please refer to the ACA Disclaimer regarding benefits and final pricing.

H10156 / B10156	MEDICAL		DRUG		TOTAL	
	Prior	Current	Prior	Current	Prior	Current
	06/15-05/16	06/16-05/17	06/15-05/16	06/16-05/17	06/15-05/16	06/16-05/17
Net Paid Claims	$684,855	$1,186,487	$175,677	$429,636	$860,532	$1,616,123
Remove Large Claims	$0	($369,110)	$0	($99,634)	$0	($468,744)
Number of Large Claims	0	2			0	2
Adjusted Net Paid Claims	$684,855	$817,377	$175,677	$330,002	$860,532	$1,147,379
Exposures	1,646	1,580	540	1,580	1,646	1,580
Average Claim Value (ACV) Per Contract Per Month (PCPM)	$416.07	$517.33	$325.33	$208.86	$741.40	$726.19
Annual Trend Rate	5.1%	5.6%	5.6%	7.7%		
Trend Months (midpoint method)	31	19	31	19		
Trend Factor	13.7%	9.0%	15.1%	12.5%		
Trended ACV PCPM	$473.07	$563.89	$374.45	$234.97	$847.52	$798.86
Historical Plan Change Adjustment	0.0%	0.0%	0.0%	0.0%		
Enrollment Shift Adjustment	0.0%	0.0%	0.0%	0.0%		
Demographic Adjustment	4.1%	0.3%	9.78%	5.23%		
Adjusted ACV PCPM	$492.47	$565.58	$411.07	$247.26	$903.54	$812.84
Non-Pooled Large Claims PCPM	$0.00	$117.29		$40.94	$0.00	$158.23
Projected ACV PCPM by Period	$492.47	$682.87	$411.07	$288.20	$903.54	$971.07
Experience Period Weighting	19%	81%	0%	100%	19%	81%
Blended Experience ACV PCPM		$646.69		$288.20		$934.89
Manual ACV PCPM		$444.08		$291.64		$735.72
Credibility		97%		86%		97%
Total Projected ACV PCPM		$640.61		$288.68		$929.29
Projected Plan Change Adjustment		0.0%		0.0%		
Stop Loss Alternate Level Adjustment		0.0%		0.0%		
Total Projected ACV PCPM with Projected Plan Changes		$640.67		$288.71		$929.38
Projected Enrollment		129		129		129
Number of Months in Policy Period		12		12		12
Projected Net Paid Claims		$991,757		$446,923		$1,438,680

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CLAIM PROJECTION

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PPO	MEDICAL		DRUG		TOTAL	
	Prior	Current	Prior	Current	Prior	Current
	06/15-05/16	06/16-05/17	06/15-05/16	06/16-05/17	06/15-05/16	06/16-05/17
Net Paid Claims	$3,231,042	$3,587,449	$298,840	$934,551	$3,529,882	$4,522,000
Remove Large Claims	($292,895)	($694,794)		($19,809)	($292,895)	($714,603)
Number of Large Claims	1	4			1	4
Adjusted Net Paid Claims	$2,938,147	$2,892,655	$298,840	$914,742	$3,236,987	$3,807,397
Exposures	3,305	3,169	1,083	3,169	3,305	3,169
Average Claim Value (ACV) Per Contract Per Month (PCPM)	$889.00	$912.80	$275.94	$288.65	$1,164.94	$1,201.45
Annual Trend Rate	4.7%	5.3%	5.6%	7.7%		
Trend Months (midpoint method)	31	19	31	19		
Trend Factor	12.6%	8.5%	15.1%	12.5%		
Trended ACV PCPM	$1,001.01	$990.39	$317.61	$324.73	$1,318.62	$1,315.12
Historical Plan Change Adjustment	0.0%	0.0%	0.0%	0.0%		
Enrollment Shift Adjustment	0.0%	0.0%	0.0%	0.0%		
Demographic Adjustment	0.1%	0.4%	7.6%	4.4%		
Adjusted ACV PCPM	$1,002.41	$994.35	$341.75	$338.92	$1,344.16	$1,333.27
Non-Pooled Large Claims PCPM	$37.82	$153.76		$4.02	$37.82	$157.78
Projected ACV PCPM by Period	$1,040.23	$1,148.11	$341.75	$342.94	$1,381.98	$1,491.05
Experience Period Weighting	19%	81%	0%	100%	19%	81%
Blended Experience ACV PCPM		$1,127.61		$342.94		$1,470.55
Manual ACV PCPM		$932.03		$281.83		$1,213.86
Credibility		97%		86%		97%
Total Projected ACV PCPM		$1,121.74		$334.38		$1,456.12
Projected Plan Change Adjustment		0.0%		0.0%		
Stop Loss Alternate Level Adjustment		0.0%		0.0%		
Total Projected ACV PCPM with Projected Plan Changes		$1,121.85		$334.41		$1,456.26
Projected Enrollment		260		260		260
Number of Months in Policy Period		12		12		12
Projected Net Paid Claims		$3,500,172		$1,043,359		$4,543,531
Projected Illinois Facility Network Savings		($2,834,286)				($2,834,286)
Projected Illinois Physician Savings		($1,989,122)				($1,989,122)
Total Projected Illinois Savings		($4,823,408)				($4,823,408)
Projected Other Network Savings		($213,425)				($213,425)
Total Projected Network Savings		($5,036,833)				($5,036,833)
Projected Network Savings % of Total Gross Medical Clms		-59.0%				-52.6%
Projected Gross Medical & Rx Claims		$7,689,657				$9,580,364

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TOTAL PROJECTED COST BY PRODUCT

Please refer to the ACA Disclaimer regarding benefits and final pricing.

RENEWAL

	PPO		HMOI		BA HMO		TOTAL	
	Fee	Total Cost	Fee	Total Cost	Fee	Total Cost	Fee	Total Cost
Projected Net Paid Claims		$4,543,531		$613,391		$825,289		$5,982,211
Illinois Facility Access Fee(% of ADPs)	2.51%	$71,141						$71,141
Physician Service Fees - Single			$159.13	$239,784	$144.56	$273,149		$512,933
Physician Service Fees - Family			$462.64		$385.86			
Individual Stop Loss ($125,000 Level)	$116.65	$363,948	$74.46	$49,144	$74.46	$66,120		$479,212
Aggregate Stop Loss 135% Attachment Point		$3,692		$491		$660		$4,843
Administration Fee	$60.42	$188,510	$60.42	$39,877	$60.42	$53,653		$282,040
Prescription Drug Rebate Credit	($27.79)	($86,705)	($27.79)	($18,341)	($27.79)	($24,678)		($105,046)
HMO Managed Care Fee			$13.35	$8,811	$13.35	$11,855		$20,666
Allocated Taxes/Fees*			$7.46	$4,924	$7.46	$6,624		$11,548
Total Projected Cost		$5,084,117		$938,081		$1,212,672		$7,234,870
Change in Reserves		$59,737		$16,793		$17,664		$94,194
Recommended Equivalent Premium		$5,143,854		$954,874		$1,230,336		$7,329,064
Current Premium Equivalents		$5,205,600		$908,472		$1,104,664		$7,218,736
Required Equivalent Premium/Current Premium Equivalents		-1.2%		5.1%		11.4%		1.5%

** Total premium due includes the effects of Health Insurer Fees and Reinsurance Fees (including but not limited to successor or alternate programs), if any, plus any federal and state taxes applicable to the fees for (BCBSIL) products/services.*

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CONVENTIONAL EQUIVALENT RATE DEVELOPMENT

Please refer to the ACA Disclaimer regarding benefits and final pricing.

		H10156			B10156			PC1286			PC1287	
Premium at Current Rates		$908,472			$1,104,664			$5,073,784			$131,816	
Rate Action		1.5 %			1.5 %			1.5 %			1.5 %	
Requested Premium at Renewal Rates *		$922,100			$1,121,233			$5,149,879			$133,794	
	Lives	Current	Renewal	Lives	Current	Renewal	Lives	Current	Renewal	Lives	Current	Renewal
HCSC Primary												
Single	12	$713.06	$723.76	19	$650.52	$660.28	78	$850.96	$863.72	1	$745.83	$757.02
Single + 1	10	$1,391.72	$1,412.60	18	$1,263.51	$1,282.46	41	$1,650.95	$1,675.71	3	$1,437.36	$1,458.92
Family	22	$2,004.77	$2,034.84	27	$1,820.21	$1,847.51	112	$2,377.55	$2,413.21	2	$2,068.44	$2,099.47
Medicare Primary												
Single	6	$570.45	$579.01	5	$520.44	$528.25	7	$680.78	$690.99	3	$596.63	$605.58
Family	5	$1,140.89	$1,158.00	5	$1,040.88	$1,056.49	13	$1,361.57	$1,381.99	0	$1,193.27	$1,211.17
HCSC & Medicare Total	55			74			251			9		

** Total premium due includes the effects of Health Insurer Fees and Reinsurance Fees (including but not limited to successor or alternate programs), if any, plus any federal and state taxes applicable to the fees for (BCBSIL) products/services.*

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STOP LOSS

Mature	H10156 / B10156		PPO		Customer Total	
	PCPM	TOTAL	PCPM	TOTAL	PCPM	TOTAL
Projected Enrollment	129	1,548	260	3,120	389	4,668
Projected Paid Claims		$1,438,680		$4,543,531		$5,982,211
Projected Illinois Access Fee		$0		$71,141		$71,141
Projected Average Claim Value	$929.38	$1,438,680	$1,479.06	$4,614,672	$1,296.78	$6,053,352
Aggregate Stop Loss Attachment Point	135%	135%	135%	135%	135%	135%
Aggregate Stop Loss Limit	$1,254.66	$1,942,218	$1,996.73	$6,229,807	$1,750.65	$8,172,025
Aggregate Stop Loss Premium		$1,151		$3,692		$4,843
Individual Stop Loss Attachment Point	$125,000	$125,000	$125,000	$125,000	$125,000	$125,000
Individual Stop Loss Premium	$74.46	$115,264	$116.65	$363,948	$102.66	$479,212
Minimum Aggregate Attachment Point						$7,354,823

Subject to and contingent upon conditions and caveats outlined in attached addendum.

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FEE COMPARISON (BY PRODUCT)

Please refer to the ACA Disclaimer regarding benefits and final pricing.

Mature	PPO			HMO Illinois			Blue Advantage HMO		
	Current	Renewal	Change	Current	Renewal	Change	Current	Renewal	Change
Projected Enrollment	274	260	-5.1%	58	55	-5.2%	76	74	-2.6%
Single		89			18			24	
Family		171			37			50	
Illinois Access Fee	2.51%	2.51%	0.0%						
Administration Fee	$60.42	$60.42	0.0%	$60.42	$60.42	0.0%	$60.42	$60.42	0.0%
Prescription Drug Rebate Credit	($22.82)	($27.79)	21.8%	($22.82)	($27.79)	21.8%	($22.82)	($27.79)	21.8%
Net Administration Fee PCPM	$37.60	$32.63	-13.2%	$37.60	$32.63	-13.2%	$37.60	$32.63	-13.2%
Individual Stop Loss $125,000 Level	$103.78	$116.65	12.4%	$65.01	$74.46	14.5%	$65.01	$74.46	14.5%
Aggregate Stop Loss 135% Att. Pt.	$3,457	$3,692	6.8%	$452	$491	8.6%	$591	$660	11.7%
Total Fixed Costs PCPM	$142.43	$150.46	5.6%	$103.26	$107.83	4.4%	$103.26	$107.83	4.4%
Projected Average Claim Value PCPM	$1,346.43	$1,479.06	9.9%	$711.83	$929.38	30.6%	$711.83	$929.38	30.6%
Projected Aggregate Limit PCPM	$1,817.68	$1,996.73	9.9%	$960.97	$1,254.66	30.6%	$960.97	$1,254.66	30.6%
Physician Service Fees - Single				$165.33	$159.13	-3.8%	$151.75	$144.56	-4.7%
Physician Service Fees - Family				$474.87	$462.64	-2.6%	$404.60	$385.86	-4.6%
HMO Managed Care Fee				$11.14	$13.35	19.8%	$11.14	$13.35	19.8%
Allocated Taxes & Fees					$7.46	n/a		$7.46	n/a

** Total premium due includes the effects of Health Insurer Fees and Reinsurance Fees (including but not limited to successor or alternate programs), if any, plus any federal and state taxes applicable to the fees for (BCBSIL) products/services.*

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Cost Plus Projection
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DEPENDENT RATIO ADJUSTMENT

H10156 / B10156

MEDICAL	Relative Cost Factors	Prior Period Contracts	Prior Period Relative Cost	Current Period Contracts	Current Period Relative Cost	Projected Contracts	Projected Relative Cost
Non-Medicare							
Single Contracts	1	37	37	32	32	31	31
Family Contracts	2.58	76	196	79	203	77	198
Medicare							
Single Contracts	0.6	14	8	12	7	11	7
Family Contracts	1.2	10	12	9	11	10	12
Total		137	253	132	253	129	248
A. Projected Contracts vs. Experience Period		-5.8%		-2.3%			
B. Projected Cost vs. Experience Period			-2.0%		-2.0%		
C. Dependent Ratio Adjustment			4.1%		0.3%		
C = ((1+B)/(1+A)) - 1							
D. Aging/Leveraging Adjustment			0.0%		0.0%		
E. Demographic Adjustment			4.1%		0.3%		

H10156 / B10156

DRUG	Relative Cost Factors	Prior Period Contracts	Prior Period Relative Cost	Current Period Contracts	Current Period Relative Cost	Projected Contracts	Projected Relative Cost
Non-Medicare							
Single Contracts	1	12	12	32	32	31	31
Family Contracts	2.08	26	54	79	164	77	160
Medicare							
Single Contracts	0.6	4	2	12	7	11	7
Family Contracts	1.2	3	4	9	11	10	12
Total		45	72	132	214	129	210
A. Projected Contracts vs. Experience Period		186.7%		-2.3%			
B. Projected Cost vs. Experience Period			191.7%		-1.9%		
C. Dependent Ratio Adjustment			1.7%		0.4%		
C = ((1+B)/(1+A)) - 1							
D. Aging/Leveraging Adjustment			8.2%		4.8%		
E. Demographic Adjustment			9.8%		5.2%		

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DEPENDENT RATIO ADJUSTMENT

PPO

MEDICAL	Relative Cost Factors	Prior Period Contracts	Prior Period Relative Cost	Current Period Contracts	Current Period Relative Cost	Projected Contracts	Projected Relative Cost
Non-Medicare							
Single Contracts	1	85	85	79	79	79	79
Family Contracts	2.89	171	494	162	468	158	456
Medicare							
Single Contracts	0.6	9	5	11	7	10	6
Family Contracts	1.2	10	12	13	16	13	16
Total		275	596	265	570	260	557
A. Projected Contracts vs. Experience Period		-5.5%		-1.9%			
B. Projected Cost vs. Experience Period			-6.5%		-2.3%		
C. Dependent Ratio Adjustment			-1.2%		-0.4%		
C = ((1+B)/(1+A)) - 1							
D. Aging/Leveraging Adjustment			1.3%		0.8%		
E. Demographic Adjustment			0.1%		0.4%		

PPO

DRUG	Relative Cost Factors	Prior Period Contracts	Prior Period Relative Cost	Current Period Contracts	Current Period Relative Cost	Projected Contracts	Projected Relative Cost
Non-Medicare							
Single Contracts	1	28	28	79	79	79	79
Family Contracts	2.61	57	149	162	423	158	412
Medicare							
Single Contracts	0.6	4	2	11	7	10	6
Family Contracts	1.2	4	5	13	16	13	16
Total		93	184	265	525	260	513
A. Projected Contracts vs. Experience Period		179.6%		-1.9%			
B. Projected Cost vs. Experience Period			178.8%		-2.3%		
C. Dependent Ratio Adjustment			-0.3%		-0.4%		
C = ((1+B)/(1+A)) - 1							
D. Aging/Leveraging Adjustment			7.9%		4.8%		
E. Demographic Adjustment			7.6%		4.4%		

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January 1, 2018 - December 31, 2018
*****Numbers for Illustrative Purposes Only*****
Rx Claims Only
Claims Paid 01/01/2018 Through 12/31/2018

Rx Discount Standard Offer Projected Rx Contracts: 389 Traditional Pricing			
	Traditional Select (Existing)	Network Advantage (no CVS)	Preferred (Tiered)
Retail		Discount	
Brand AWP minus	17.50%	18.25%	18.75%
Generic AWP minus	78.50%	78.50%	78.50%
		Dispensing Fee	
Brand	$1.15	$0.90	$0.90
Generic	$1.15	$0.90	$0.90
Mail		Discount	
Brand AWP minus	20.50%	20.50%	20.50%
Generic AWP minus	82.50%	82.50%	82.50%
		Dispensing Fee	
Brand	$0.00	$0.00	$0.00
Generic	$0.00	$0.00	$0.00
ESN (optional 90 day retail)		Discount	
Brand AWP minus	19.75%	19.75%	19.75%
Generic AWP minus	79.00%	79.00%	79.00%
		Dispensing Fee	
Brand	$0.00	$0.00	$0.00
Generic	$0.00	$0.00	$0.00
Speciality		Discount	
AWP minus	16.00%	16.00%	16.00%

Rebate Credits Per Script		
Drug List	Per Retail Brand Rx	Per Mail Brand Rx
Basic	$69.00	$174.00
Enhanced	$49.00	$123.00
Performance	$78.00	$182.00
Performance Select	$105.00	$223.00

Caveats

- *Per Script Rebates above are for Illustrative purposes only. The per script rebates will be converted into a monthly PEPM credit to be applied to the monthly billing statement.*
- *Members will pay the lower of the contracted rate, U&C, or their applicable copayment. Zero balance logic is not employed.*
- *Discounts are based on the actual NDC-11 dispensed.*
- *Discounts provided do not include savings from DUR or other clinical programs.*
- *Assumes client does not have 340B pricing.*
- *Rebates will be paid on all eligible claims incurred during the life of the contract.*
- *Rebates are earned on all eligible claims, regardless of days supply and member contribution percentages.*
- *Compound claims and OTC claims are excluded from rebates.*
- *Discount rates exclude compounds, foreign claims and specialty (as defined by the Prime Specialty Fee Schedule).*
- *If changes occur within the PBM marketplace which lead to a significant deviation from the current economic environment, both parties agree to proactively amend the contract to make all parties commercially reasonably economically neutral.*
- *For purposes of AWP discount calculations a brand name product is defined as an original patented product from a pharmaceutical company and bioequivalent successor product that is available from a limited number of manufacturers.*
- *For purposes of AWP discount calculations generic products are all products not defined as brand name products.*
- *Assumes Exclusive Specialty through Prime Specialty Pharmacy.*
- *Dispensing fee will be $0.00 for those drugs dispensed through Prime Specialty Pharmacy.*
- *The above AWP's, Dispensing fees and per script Rebates reflects HCSC's Enhanced RX standard product for the 3 Networks and 4 Drug Lists offered. Group's estimated pricing will be based on the Network and Drug List selected.*
- *For IL HMO Products, only the Traditional Select Network and Performance Drug List apply.*

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CONDITIONS AND CAVEATS

Please refer to the ACA Disclaimer regarding benefits and final pricing.

Notwithstanding anything in the renewal or proposal to the contrary, BCBSIL reserves the right to revise or withdraw our offer or to change our charge for the cost of coverage (premium or other amounts) at any time before or during the contract period if any local, state or federal legislation, regulation, rule or guidance (or amendment or clarification thereto) is enacted or becomes effective/implemented, which would require BCBSIL to pay, submit or forward, on its own behalf or on the Employer Group's behalf, any additional tax, surcharge, fee, or other amount (all of which may be estimated, allocated or pro-rated amounts).

NOTICE: AFFORDABLE CARE ACT (ACA) FEES

ACA established a number of taxes and fees that will affect our customers and their benefit plans. Two of those fees are: (1) the Annual Fee on Health Insurers or "Health Insurer Fee"; and (2) the Transitional Reinsurance Program Contribution Fee or "Reinsurance Fee." Both the Reinsurance Fee and Health Insurer Fee began in 2014.

Section 9010(a) of ACA requires that "covered entities" providing health insurance ("health insurers") pay an annual fee to the federal government, commonly referred to as the Health Insurer Fee. The amount of this fee for a given calendar year is determined by the federal government and involves a formula based in part on a health insurer's net premiums written with respect to health insurance on certain health risk during the preceding calendar year. This fee helps fund premium tax credits and cost-sharing subsidies offered to certain individuals who purchase coverage on health insurance exchanges.

In addition, ACA Section 1341 provides for the establishment of a temporary reinsurance program(s) (for a three (3) year period (2014-2016)) which is funded by Reinsurance Fees collected from health insurance issuers and self-funded group health plans. Federal and state governments provide information as to how these fees are calculated. Federal regulations establish a flat, per member, per month fee. The temporary reinsurance programs, funded by these Reinsurance Fees, help to stabilize premiums in the individual market.

Your premium, which already accounts for current applicable federal and state taxes, includes the effects of the Health Insurer Fee. These rates may be adjusted on an annual basis for any incremental changes in Health Insurer Fees.

The Affordable Care Act establishes a minimum value standard of benefits of a health plan. The minimum value standard is 60% (actuarial value). This health coverage does meet the minimum value standard for the benefits it provides.

After the initial benefit plan design(s) is quoted, HCSC will not be providing a Minimum Value determination for any requested alternative benefit plan design(s). After you have notified HCSC of your final benefit plan design selection(s) for the upcoming policy year or renewal period, a statement indicating whether each selected benefit plan design meets/does not meet Minimum Value standards will be included in the corresponding Summary of Benefits and Coverage document(s) provided by HCSC.

This renewal is being provided for the period indicated above.

This renewal offer expires as of the effective date indicated above.

This renewal offer assumes HCSC will remain the exclusive carrier for Medical and Rx coverage.

Upon inquiry from employer groups, BCBS will provide information to the employer group regarding commissions and other compensation paid to the employer's agent by BCBS in connection with the employer's policy or contract with BCBS.

The renewal is being offered on a paid basis.

Health Paid Claims subject to Stop Loss are claims paid during the policy period indicated above.

Health Paid Claims subject to Individual Stop Loss are paid claims from the following line(s) of coverage: Medical, Drug, Illinois Access Fee

Health Paid Claims subject to Aggregate Stop Loss are paid claims from the following line(s) of coverage: Medical, Drug, Illinois Access Fee

The total annual Health Stop Loss premiums are based upon the total current enrollment.

HCSC reserves the right to adjust the Average Claim Value if one or more of the following occurs within the coverage period:

- the Account's composition changes (i.e. demographics)
- the Account's number of covered employees increases or decreases by more than 10%
- the Account's benefit program changes

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The minimum Aggregate Attachment Point was calculated as 90% of the ASL Limit per contract per month multiplied by the projected cumulative contracts for the period.

Aggregate Health Stop Loss premium is payable annually and is due by the first day of the policy period.

Individual Health Stop Loss premiums are payable on the first day of each month.

Any amount in excess of the Individual Health Stop Loss limit will not be included in the Aggregate Health Stop Loss Settlement.

HCSC's pharmacy benefit manager, PRIME Therapeutics (PBM), holds rebate contracts with pharmaceutical manufacturers. HCSC may, in some circumstances, provide the Employer a Rebate Credit, but such Rebate Credit may not equal the entire amount of the rebates provided to HCSC by the PBM.

Employers that do not use Prime Therapeutics as their pharmacy benefit manager are NOT eligible for a Rebate Credit.

HCSC's current estimate of the rebates it will receive from the PBM, for drugs covered under the pharmacy benefit, for the employer's covered members, is approximately $17.15 per script.

HCSC current estimate of the rebates it will receive from the PBM, for drugs covered under the medical benefit on an aggregate basis for the calendar year 2018, is approximately $0.60 employee per month.

Certain feature(s) of this quote may be contingent upon the approval of the Illinois Department of Insurance (IDOI). If the IDOI objects to such feature(s) or HCSC is no longer seeking IDOI approval, then HCSC may withdraw and/or revise the quote.

Pharmacy Rebate Credit includes estimate of rebates for all categories of drugs, including specialty drugs, based on our book of business.

We reserve the right to revise or withdraw our offer if, at any time during the projected coverage period:
- The actual number of enrolled contracts (in total, by product, or by benefit plan), the Single/Family mix, or the Medicare/Non-Medicare mix varies by +/- 10% from our projections.
- The information upon which our projections were based (benefit levels, census/demographics, commissions, etc.) becomes outdated or inaccurate.

Projected Net Paid Claims for non-HMO Medical coverages on these exhibits include Estimated Value Based Care Payments and Savings.

Value Based Care payments apply to Stop Loss Coverage.

BCBSIL retains the right to recoup monetary credits provided, any remaining implementation costs or shared savings from the plan sponsor in the event of early termination of the or contract, either in its entirety or with respect to certain custom services or programs included in this offer.