Medical & Pharmacy Underwriting

		Aug24-Jul25	Aug25-Jul26	Commentary
1	Paid Medical Claims	$170,742,007	$173,120,868	All medical claims paid by Eversource in the respective periods
2	IBNR Adjustment	1.00	1.00	No adjustment needed in 2027
3	Mature Paid Claims	$170,742,007	$173,120,868	Product of line 1 & 2
4	Claims > $1M (Medical)	$1,116,543	$1,626,762	When a specific member's claim exceeded $1M (the individual stop loss deductible), all claims over threshold are removed from projection to account for stop loss coverage and reimbursement
5	BCBS OON Error - Claims Credit	$2,134,276	$0	Credit from BCBSMA due to error in OON claims payment
6	Net Paid Claims	$167,491,187	$0	Line 3 minus lines 4 & 5
7	Average Employees (Lagged 1 Month)	9,179	9,299	Incurred date to paid date for claims is about 1 month. We lag the enrollment by 1 month to align the claims with the enrollment that incurred them
8	PEPM	$1,521	$1,537	Per Employee Per Month: Line 6 divided by line 7, divided by 12
9	PEPY	$18,248	$18,442	Per Employee per Year: Line 8 multiplied by 12
10	Annual Medical Trend	1.099	1.099	Medical trend factor applied to account for the increase in cost for similar services in 2027 (compared to 2026). Trend based on available industry benchmarking and Eversource's carrier partner calculations.
11	Midpoint Months (Lagged 1 Month)	30.0	18.0	The number of months the trend must be applied to convert the prior claims to the projected period.
12	Compounded Trend	1.265	1.151	Application of trend (on a compound basis) to the claim base. Each claim month builds upon the last *inclusive* of a trend adjustment, moving claim projections forward to the projection period (2027).
13	Trended Medical PEPY	$23,082	$21,234	Product of lines 9 & 12
14	Claims Fluctuation/Margin	1.005	1.005	Margin applied to adjust for changes in utilization, headcount, plan distribution or any other unexpected shifts in Eversource's experience.
15	2026 Preventive Care Changes	1.002	1.001	Incremental factor to account for additional cost related to preventative care enhancements made for 1/1/2026. Factor applied to all claims prior to 1/1/2026.
16	1/1/27 Medical Plan Design Changes	0.992	0.992	Incremental factor to account for plan design changes made for a portion of the population for 1/1/2027. Factor is weighted based on the population moving to the new plans and applied on a forward looking basis.
17	Adjusted PEPY	$23,056	$21,186	Product of line 13 through 16
18	Period Weighting	10%	90%	Weighting considers the more recent claims period to have higher credibility as a predictor of 2027 claims.
19	**Medical PEPY**	**$21,373**		Weighted average of lines 17 & 18
20	**Rx PEPY**	**$9,139**		Provided by Eversource's Rx consultant
21	Combined Med/Rx PEPY	$30,511		Sum of lines 19 & 20
22	Stop Loss Premium	$342		Estimated premium for stop loss coverage in 2027.
23	ASO Admin Expenses	$453		Fees to BCBSMA for medical administrative services in 2027.
24	Total Fixed Expenses	$795		Sum of lines 22 & 23
25	Total 2027 Premium Equivalent Cost	$31,307		Sum of lines 21 & 24
26	2026 Premium Equivalent Cost	$29,618		Average PEPY of 2026 working rates and July 2026 enrollment by plan/tier
27	**% Increase**	**5.7%**		**Aggregate adjustment needed to 2026 working rates to support 2027 projected costs**

Rx Underwriting

PY 2027 Pharmacy Cost Projection

	Prescription Drugs			
I. Claims Experience (Incurred Basis)	7/24-12/24	1/25-12/25	1/26-6/26	
Months of Experience	6	12	6	
Total Incurred Claims	$ 31,281,618	$ 70,711,422	$ 34,399,745	
IBNP Completion Factor	1.0000	0.9996	0.9160	
Estimated Completed Claims	$ 31,281,618	$ 70,737,228	$ 37,554,331	
Net Claims	**$ 31,281,618**	**$ 70,737,228**	**$ 37,554,331**	
Member Months	132,710	270,000	136,054	
Employee Months	54,650	111,075	56,175	
Average Employee Counts	9,108	9,256	9,363	
Incurred Claim Cost Per Employee Per Month (PEPM)	**$ 572.40**	**$ 636.84**	**$ 668.52**	
II. Adjustments to Claim Cost				
Trend (Historical=11.1% | Projected: Rx=11.2%)	1.337	1.235	1.142	
Historical Plan Design Adjustments	1.000	1.000	1.000	
Renewal Plan Design Adjustments	1.000	1.000	1.000	
Demographic Shift Factor	1.000	1.000	1.000	
Seasonality	1.000	1.000	1.030	
Plan Migration Factor	0.996	0.998	1.000	
Tier Shift Factor	0.995	0.997	1.000	
Rx Pricing Improvements	0.967	0.967	0.967	
GLP-1 Change	0.996	0.996	0.996	
Final Adjustment Factor	**1.276**	**1.185**	**1.132**	
III. Projected Claim Cost (Non-Pooled Claims)	**$ 730.41**	**$ 754.42**	**$ 756.72**	
IV. Static Adjustments				
Pooled Claim Cost below Deductible*	$ -	$ -	$ -	
V. Projected Incurred Claim Cost per Employee	**$ 730.41**	**$ 754.42**	**$ 756.72**	
VI. Credibility (Blending) Factor	15%	60%	25%	
VII. Policy Year 2027 Experience Rated Claims Cost (PEPM)				**$ 751.40**
VIII. Expenses				
Base Administrative Fees				$ 6.65
Advanced Utilization Management (AUM)				$ 3.56
RationalMed				$ 0.73
Advanced Opioid Management				$ 0.94
Pharmacy Benefit Eligibility Verification				$ 0.10
Consumer Connect / CDH Plan (HDHP coordination)				$ 1.16
Pharmacy Management Fund				$ (2.97)
Total Expenses				**$ 10.17**
IX. Policy Year 2027 Projected Pharmacy Cost Per Employee				**$ 761.56**

Dental Underwriting

		Jun24-May25	Jun25-May26	Commentary
1	Total Paid Claims	$9,734,444	$9,739,889	All dental claims paid by Eversource in the respective periods. Claims run through May due to June 2026 DDMA system claims reporting error
2	IBNR	1.00	1.00	No adjustment needed in 2027
3	Total Mature Paid Claims	$9,734,444	$9,739,889	Product of lines 1 & 2
4	Average Employees (lagged 1 months)	9,487	9,617	Incurred date to paid date for claims is about 1 month. We lag the enrollment by 1 month to align the claims with the enrollment that incurred them
5	Claims PEPM	$85.50	$84.40	Line 3 divided by line 4 divided by 12
6	Claims PEPY	$1,026	$1,013	Line 5 multiplied by 12
7	Midpoint Months	31	19	The number of months the trend must be applied to convert the prior claims to the projected period.
8	Lag Months	1	1	1 month added to account for incurred/paid lag
9	Total Months	32	20	Total trend months
10	Annual Trend	1.045	1.045	Dental trend factor applied to account for the increase in cost for similar services in 2027 (compared to 2026). Trend based on available industry benchmarking and Eversource's carrier partner calculations.
11	Compounded Trend	1.125	1.076	Application of trend (on a compound basis) to the claim base. Each claim month builds upon the last inclusive of a trend adjustment, moving claim projections forward to the projection period (2027).
12	Trended PEPY	$1,154	$1,090	Product of lines 6 & 11
13	1/1/27 Plan Changes	1.071	1.071	Incremental factor to account for plan design changes made for a portion of the population for 1/1/2027. Factor is weighted based on the population moving to the new plans and applied on a forward looking basis.
14	Claims Fluctuation Margin	1.005	1.005	Margin applied to adjust for changes in utilization, headcount, plan distribution or any other unexpected shifts in Eversource's experience.
15	Final Trended PEPY	$1,242	$1,173	Product of lines 12 through 14
16	Period Weighting	10%	90%	Weighting considers the more recent claims period to have higher credibility as a predictor of 2027 claims.
17	Weighted PEPY Claims	$1,180		Weighted average of line 15 & 16
18	Admin Charge PEPY	$47		Fees to DDMA for dental administration services in 2027.
19	Total PEPY Cost - Projected 2027	$1,226		Sum of lines 18 & 18
20	Total PEPY Cost - Current 2026	$1,138		Average PEPY of 2026 working rates and May 2026 enrollment by plan/tier
21	**Rate of Change**	**7.8%**		**Aggregate adjustment needed to 2026 working rates to support 2027 projected costs**

Vision Underwriting

		Aug24-Jul25	Aug25-Jul26	Commentary
1	Total Paid Claims	$852,840	$875,134	All vision claims paid by Eversource in the respective periods
2	Average Employees (lagged 1 months)	8,857	8,948	Incurred date to paid date for claims is about 1 month. We lag the enrollment by 1 month to align the claims with the enrollment that incurred them
3	Claims PEPM	$8.02	$8.15	Line 1 divided by line 2 divided by 12
4	Claims PEPY	$96	$98	Line 3 multiplied by 12
5	Mid-point months	29	17	The number of months the trend must be applied to convert the prior claims to the projected period.
6	Lag months	1	1	1 month added to account for incurred/paid lag
7	Total Months	30	18	Total trend months
8	Annual Trend	1.040	1.040	Vision trend factor applied to account for the increase in cost for similar services in 2027 (compared to 2026). Trend based on available industry benchmarking and Eversource's carrier partner calculations.
9	Compound Trend	1.103	1.061	Application of trend (on a compound basis) to the claim base. Each claim month builds upon the last inclusive of a trend adjustment, moving claim projections forward to the projection period (2027).
10	Trended PEPY	$106	$104	Product of lines 4 & 9
11	Claims Fluctuation Margin	1.005	1.005	Margin applied to adjust for changes in utilization, headcount, plan distribution or any other unexpected shifts in Eversource's experience.
12	1/1/27 Plan Enhancements	1.217	1.217	Incremental factor to account for plan design changes made for a portion of the population for 1/1/2027. Factor is weighted based on the population moving to the new plans and applied on a forward looking basis.
13	Final Trended PEPY	$129.86	$126.82	Product of lines 10 through 12
14	Period Weighting	15%	85%	Weighting considers the more recent claims period to have higher credibility as a predictor of 2027 claims.
15	Weighted PEPY Claims	$127.27		Weighted average of lines 13 & 14
16	Admin Charge PEPY	$7.55		Fees to VSP ofr vision administration services in 2027.
17	Total PEPY Cost - 2027	$134.83		Sum of lines 15 & 16
18	Total Projected Cost - 2027	$1,207,924		Product of line 17 and July 2027 enrollment
19	2026 Premium Equivalent Cost	$959,232		2026 working rates an July 2027 enrollment multiplied by 12
20	**Rate of Change**	**25.9%**		**Aggregate adjustment needed to 2026 working rates to support 2027 projected costs**