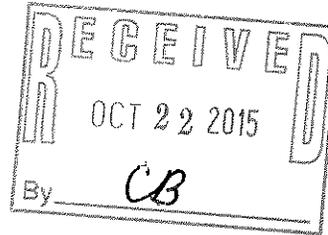




October 21, 2015

Mr. Jeffrey Gryval  
Chairman, Board of Selectmen  
Town of Allentown  
16 School Street  
Allentown, NH 03275



Dear Mr. Tardiff:

Enclosed are your group's renewal rates for medical coverage for the period of January 1, 2016 through December 31, 2016. Also included are the renewal rates for dental, life, short-term and long-term disability coverage, if applicable.

The renewal rates were set by the HealthTrust Board of Directors (HealthTrust Board) on October 16, 2015 as the last step in our comprehensive rate setting process. HealthTrust's consulting actuaries, with staff assistance, first establish proposed rates which are presented for review to the Finance Committee of the HealthTrust Board. The Finance Committee determines the recommended renewal rates, which are then the subject of two Member public hearings. Finally, the HealthTrust Board adopts the renewal rates based on Member feedback from the two public hearings in addition to the input of the consulting actuaries and HealthTrust staff.

**Medical Rates:**

The overall average rate change for all Member Groups renewing medical coverage for January 2016 is 8.15%. Your Group's rate change will vary from this overall increase based in part on your Group's own claims experience. If you are a Group in the "50 and Under Pool," or part of a combined rating unit, your rate reflects the claims experience of that combined group.

In this rating, approximately 92.0% of the rates charged are for expected claims (net of investment income), 3.4% for claims administration, 1.1% for wellness, and only 1.8% for HealthTrust's operational costs. The remainder of the rate is for required state and federal charges (0.6%) and risk charges recommended by the actuary (1.4%).

**Medical Plan Relativities:**

HealthTrust works with its actuary to determine the relative cost of the different plan types it offers. As in past renewals, the various plan types (for example, HMO plans as compared to Point of Service (POS) plans) perform differently at the overall pool level. This is based, in part, on the different plan components and network access as well as the differing demographics of each plan type. Therefore, the attached rates have adjustments that vary among plan options. HealthTrust encourages you to review your current plan designs to determine if your current plan options are best meeting your needs.

### **Medical Rate Exhibit:**

On the enclosed rate exhibit, we have included monthly rates for your current medical and prescription plan options. We have highlighted any plans that will no longer be available to your Group effective **January 1, 2017**. We have also included some plan options that you may be interested in considering as replacements or alternatives.

Although you are eligible to renew the plans that are being discontinued for calendar year 2017, we encourage you to consider making changes for this renewal period. More information about the upcoming plan changes can be found in the September 2015 letter sent to Members. Of course, your Benefits Advisor is available to review these changes, as well as to discuss options and provide cost-sharing schedules for any alternative plans that you may be considering. Please know that your Benefits Advisor is here to assist you in this process.

### **Coverage Changes:**

Your Benefits Advisor, Candace Schaefer, will be contacting you to discuss the renewal and work with you to review available options and assist with any changes you may be considering. Please note that requests for any coverage changes for January 1, 2016 must be communicated to us and completed prior to November 30, 2015. Changes in coverage completed after this date but prior to December 31, 2015 will have an effective date of March 1, 2016, because of the need to distribute Summary of Benefits and Coverage (SBC) documents within the new sixty (60) day advance notice requirement under the Patient Protection and Affordable Care Act (PPACA).

### **Network Enhancement for Matthew Thornton Blue HMO Coverages Effective January 1, 2016:**

Healthcare is a dynamic, ever changing system and New England as a whole has some of the most skilled and respected medical resources. Access to only a single state network may no longer meet the needs and/or expectations of enrollees. Having access to a New England-wide network will provide greater value to our Members and their enrollees. With the Access Blue New England network, HMO enrollees can choose and use any Blue Cross and Blue Shield network doctor or hospital in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island or Vermont. This will allow HMO enrollees access to in-network primary care, specialist care, and urgent care anywhere in New England **without a referral**. While this network enhancement will result in the Matthew Thornton Blue HMO (MTB) medical plan name changing to Access Blue New England HMO (AB), the AB plans are otherwise identical to the comparable MTB plans. No action is required on your part to implement this network enhancement or name change.

### **Dental Coverage:**

For those Member Groups currently participating in HealthTrust's dental plan, there is no change in the dental rates for calendar year 2016. Beginning January 1, 2016, your employees, retirees and covered dependents will have access to Northeast Delta Dental's innovative Health through Oral Wellness (HOW) program that works with your Group's existing dental benefits to help covered individuals achieve and maintain better oral wellness. Look for more detailed information regarding this new program in the upcoming months.

### **Flexible Spending Accounts (FSA):**

For those Member Groups currently participating in HealthTrust's FSA administration, there is no change in the FSA administration fee for calendar year 2016. The FSA administration fee will remain at \$4.75 per employee per month (or \$6.25 per employee per month if you have elected the debit card option).

### **Capital Adequacy Reserve:**

Annually the HealthTrust Board determines the amount needed for HealthTrust's capital adequacy reserve. The purpose of a capital adequacy reserve is to ensure that all future obligations for the payment of claims and expenses are fully paid even if HealthTrust's actual experience differs from the rating assumptions used to set the contribution rates.

HealthTrust locks-in the rates it charges for future coverage based on the actuaries' best information known at this time. However, actual future claims costs may be significantly higher than predicted for numerous reasons. The capital adequacy reserve exists to make sure HealthTrust can pay claims and expenses even if these unexpected future events occur. This is different than the IBNR (incurred but not reported) reserves that cover claims that happened in the past, but have not yet been reported for payment.

Since 2014 the HealthTrust Board policy, in accordance with the New Hampshire Supreme Court's decision on the appeal issued on January 10, 2014, states that the HealthTrust Board shall rely on the opinion of a qualified actuary using a sound actuarial methodology to determine the required capital adequacy reserve level for HealthTrust to meet all obligations for the payment of claims and expenses even if the rating assumptions end up being too low.

HealthTrust retained the Milliman firm, one of the preeminent actuarial firms in the country, to determine, using an actuarially sound methodology, how much capital adequacy reserve HealthTrust needs as of the start of this fiscal year. Milliman recommended that HealthTrust needs to have a capital adequacy reserve of at least \$85 million. This amount provides HealthTrust with a 95% confidence level that it can meet all its obligations over a 5-year period, provided it has pricing flexibility to respond to adverse situations as they develop. Milliman recommends that HealthTrust use that confidence level as it provides only a 5% chance of insolvency over the next five years.

HealthTrust then hired a second qualified actuary to independently review the Milliman recommendation. The second actuary confirmed that Milliman's recommendation was both reasonable and based on a sound actuarial methodology and also recommended that a 95% confidence level over five years is most appropriate for an entity like HealthTrust.

Based on these two actuarial recommendations, the HealthTrust Board established a Capital Adequacy Reserve level of \$85 million as of June 30, 2015.

### **Return of Surplus (Medical and Dental):**

After the Board sets the capital adequacy reserve level, it determines whether there is any surplus to return to members. Since the ending Net Position in HealthTrust's 2015 Fiscal Year audited financial statement is about \$700,000 below the \$85 million capital adequacy reserve target, there will not be a Return of Surplus to Members for this fiscal period.

**Renewal Deadlines:**

Signed renewal transmittal forms must be returned to HealthTrust by December 16, 2015 to renew coverage for January 1, 2016.

Thank you for your continued participation with HealthTrust. If you have any questions or concerns, please do not hesitate to contact Candace at 800.527.5001.

Sincerely,

A handwritten signature in cursive script, appearing to read "David Frydman".

David Frydman  
Interim Executive Director

Enclosures



**Medical Rate Exhibit**

*Town of Allenstown  
Combination of Entities*

Current Benefit Option(s)	Contract Type	Employee Counts	1/15 Rates	1/16 Rates	% Change
BC2T10+(01)-R10/25/40M10/40/70	Single	1	\$700.72	\$819.80	17.0%
	2-Person	0	\$1,401.44	\$1,639.61	17.0%
	Family	1	\$1,891.94	\$2,213.47	17.0%
AB20(01)-R10/25/40M10/40/70	Single	5	\$624.77	\$733.60	17.4%
	2-Person	7	\$1,249.54	\$1,467.19	17.4%
	Family	9	\$1,686.88	\$1,980.71	17.4%
AB15IPDED(01)-R10/25/40M10/40/70	Single	1	\$613.69	\$720.93	17.5%
	2-Person	0	\$1,227.37	\$1,441.85	17.5%
	Family	0	\$1,656.95	\$1,946.50	17.5%
MC3(01)-R10/25/40M10/40/70	Single	5	\$441.12	\$491.18	11.3%
MCNRX(01)		0	\$182.35	\$203.05	11.4%
<b>Monthly Total</b>		29	\$32,464.50	\$37,974.82	17.0%

**Alternative Benefit Option(s):** As you consider your benefit offerings for January 1, 2016, please refer to the sampling of benefit option(s) provided below. It is important to note that not all of the sample plans listed below can be offered along with your current benefit option(s). Your Benefits Advisor is available to help you select the plans that best meet your group's needs and work within HealthTrust's underwriting guidelines.

Alternative Benefit Option(s)	Contract Type	1/16 Rates
BC2T10(01)-R10/25/40M10/40/70	Single	\$828.94
	2-Person	\$1,657.89
	Family	\$2,238.15
ABSOS20/40/1KDED(01)-R10/25/40M10/40/70	Single	\$591.34
	2-Person	\$1,182.67
	Family	\$1,596.61

# Town of Allenstown ("Member")

Member hereby elects the following HealthTrust, Inc. ("HealthTrust") coverage(s):

## Medical Coverage and Rates

January 2016 Medical Renewal

The following rates shall apply from January 1, 2016 to December 31, 2016

Anniversary Month	January	Rating Type	Individual
Probationary Period	0M		

Benefit Option(s)	Single	2-Person	Family
BC2T10+(01)-R10/25/40M10/40/70	\$819.80	\$1,639.61	\$2,213.47
AB20(01)-R10/25/40M10/40/70	\$733.60	\$1,467.19	\$1,980.71
AB15IPDED(01)-R10/25/40M10/40/70	\$720.93	\$1,441.85	\$1,946.50
MC3(01)-R10/25/40M10/40/70	\$491.18		
MCNRX(01)	\$203.05		

*Monthly rates and continued Member group coverage are subject to applicable HealthTrust minimum participation requirements including, without limitation:*

- 1) at least 75% participation of eligible employees who do not otherwise have group medical coverage; and*
- 2) employees who elect to cover dependents must enroll all of their eligible dependents (other than dependent children age 19 and over) who do not otherwise have group medical coverage.*

*HealthTrust reserves the right to change these rates at any time if there is a 10% or more increase or decrease in enrollment.*

### \*PROBATIONARY PERIOD EXCEPTIONS

None

### SPECIAL NOTES

Member participates in a *Combination of Entities* agreement for medical coverage rating purposes. The *Combination of Entities* is comprised of: BCEP Solid Waste, Town of Allenstown, Town of Barnstead, Town of Chichester, Town of Epsom, Town of Pembroke, Town of Pittsfield, Town of Strafford.

# Dental Coverage and Rates

## January 2016 Dental Renewal

The following rates shall apply from January 1, 2016 to December 31, 2016

Anniversary Month    January  
 Probationary Period    0M

Benefit Option(s)	Single	2-Person	Family
OPTION 1	\$40.37	\$78.14	\$142.16

Monthly rates and continued Member group coverage are subject to applicable HealthTrust minimum participation requirements including, without limitation:  
 1) at least 75% participation of eligible employees who do not otherwise have dental coverage; and  
 2) employees who elect to cover dependents must enroll all of their eligible dependents (other than dependent children age 19 and over) who do not otherwise have dental coverage.

### BENEFIT SCHEDULE

Benefit Option(s)	Coverage A	Coverage B	Coverage C	Plan Year	Coverage D		Deductible
				Maximum	Coverage D	Maximum	
OPTION 1	100%	80%	50%	\$1,000	50%	\$1,000	\$25/\$75

### \*PROBATIONARY PERIOD EXCEPTIONS

None

### SPECIAL NOTES

None

