



# Actuarial Valuation Report

Montgomery County Government

Post-Employment Benefits (Other Than Pensions)

July 1, 2018 Actuarial Valuation

February 21, 2019

Montgomery County  
101 Monroe St  
Rockville, MD 20850

This report presents the July 1, 2018 Actuarial Valuation results for the **Montgomery County Government and its Participating Agencies (the County)** Post-Employment Benefit (Other Than Pensions) Plan. The purposes of this report are to:

1. Determine the Plan's July 1, 2018 obligations;
2. Determine the County's recommended funding for the Fiscal Years Ending 2020 and 2021;
3. Provide information that may be helpful in future planning for the Post-Employment Benefit Plan.

A summary of the major results is shown in the Executive Summary, while the Principal Valuation Results Section provides more detail.

This report's costs and liabilities are based upon the data and plan provisions provided by the County, as summarized in the Demographic Information and Plan Provisions Sections, respectively, and the funding method and actuarial assumptions outlined in the Methods and Assumptions Section of this report.

This report presents our best estimate of the costs of the Post-Employment Benefit Plan in accordance with accepted actuarial principles.



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February 21, 2019

## Actuarial Certification

Aon, a firm of independent actuarial consultants, was retained by Montgomery County Government (the County) to prepare this information. Tom Vicente is the principal author of this report and is responsible for its content. I am a Member of the American Academy of Actuaries, and meet the Academy's education and experience requirements for preparing this report.

The valuation is based on participant data and plan provisions as of July 1, 2018, provided by the County, and on claims and enrollment information received from the County's health plan vendors. We have accepted the data without audit and have relied upon the sources for the accuracy of the data; however, we did review the information for reasonableness. On the basis of our review of the data, we believe that the information is sufficiently complete and reliable, and that it is appropriate for the purposes intended.

To the best of our knowledge, this report is complete and accurate and conforms to generally accepted actuarial principles and methodology.

This report is intended for the sole use of the addressee. It is intended only to supply sufficient information for the County to comply with the stated purposes of the report, and may not be appropriate for other business purposes. Reliance on information contained in the report by anyone for other than the intended purposes puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions.

Respectfully submitted,



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Thomas G. Vicente, FSA, EA, MAAA



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Brian Blalock, ASA, MAAA, FCA

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## Executive Summary

Montgomery County Government (the County) provides healthcare, prescription drug and life insurance benefits to retirees and their dependents. The County pays a portion of the cost for retirees, disabled retirees, spouses and dependents. All full time active employees who retire under a normal, early, disability or discontinued service retirement are eligible for benefits.

Information on Plan Provisions and participation was obtained from the County. Where information provided was incomplete, we have made assumptions. Please see the Methods and Assumptions Section for a full list of the assumptions used.

The discount rate used for the July 1, 2018 Valuation is 7.5%. The discount rate selection is based on the current investment policy and the County's contribution policy of contributing the actuarial recommended contribution (ARC).

The County determines the ARC as the sum of the annual Normal Cost plus the amortization of any unfunded actuarial liability. The amortization period is 30 years and the payment is determined as a level percentage of payroll (assuming payroll grows at a rate of 3% per year). The impact of recognizing improved longevity is being phased in over a five-year period.

The following tables summarize the valuation results. These results have been calculated based upon assumptions as to current claim cost, projected increases in health care costs, morbidity, mortality, disability, turnover, and interest discount.

Key factors that impacted these results include:

- Underlying medical claims increased by less than projected in the last valuation (July 1, 2016)
- Asset returns exceeded the 7.50% benchmark

This table identifies the value of benefits at July 1, 2018 and accrual and budgeted additional contributions for funding purposes:

**Results as of July 1, 2018**

	<b>Total (\$ thousands)</b>
Present Value of all Projected Benefits (PVPB)	\$ 1,852,571
Actuarial Accrued Liability (AAL)	\$ 1,392,367
Assets	<u>492,079</u>
Unfunded AAL	\$ 900,288
 FY2019 Expected Pay-Go Benefit Payments	 \$ 41,731
FY2019 Expected Implicit Subsidy	\$ 17,884
FY2019 Total Budgeted Additional Contributions <sup>1</sup>	\$ 50,627

The following is a reconciliation of this year's results with expected results based on the last Valuation:

**Reconciliation of Assets  
(\$ thousands)**

	<b>Expected</b>	<b>Actual</b>
Assets as of 07/01/2017	\$ 410,865	\$ 438,883
Contributions	\$ 50,412	\$ 13,406
Investment Earnings	\$ 32,841	\$ 40,067
Administrative Expenses	\$ (170)	\$ (277)
Assets as of 07/01/2018	\$ 493,948	\$ 492,079
Return	7.50%	8.95% <sup>2</sup>

<sup>1</sup> Total Budgeted Additional Contributions, per the County's FY2019 budget.

<sup>2</sup> Actual Return percentage shown was determined based on a simplified determination of returns and could differ from the actual time-weighted or money-weighted calculation due to the incidence of inflows and outflows from the Trust.

**Reconciliation of Unfunded Accrued Liability  
(\$ thousands)**

	<b>Expected</b>	<b>Actual</b>
Assets as of 07/01/2018	\$ 493,948	\$ 492,079
Actuarial Accrued Liability as of 07/01/2018	\$ 1,576,221	\$ 1,392,367
Unfunded Accrued Liability as of 07/01/2018	\$ 1,082,271	\$ 900,288

**Results as of July 1, 2018  
(\$ thousands)**

	<b>UAL</b>	<b>ARC<sup>1</sup></b>
Expected July 1, 2018 Results <sup>2</sup>	\$ 1,082,271	\$ 116,737
Actual July 1, 2018 Results <sup>3</sup>	\$ 900,288	\$ 100,385
Difference	\$ (181,983)	\$ (16,352)
Factors Contributing to Difference:		
New Demographics and Experience	\$ (47,613)	\$ (5,581)
Asset (Gain)/Loss	1,869	234
New Claims and Trends <sup>4</sup>	(92,717)	(6,816)
New Mortality Table	<u>(43,522)</u>	<u>(4,189)</u>
	\$ (181,983)	\$ (16,352)

AAL: Actuarial Accrued Liability.

ARC: Annual Required Contribution.

<sup>1</sup> Includes impact of the phase-in of the impact of the new mortality assumption from the FYE 2017 valuation over a five-year period.

<sup>2</sup> Expected 2018 results based on the July 1, 2016 Valuation actuarially projected to July 1, 2018. i.e., results (a) assume no change in the population or assumptions from the 2016 Valuation, (b) reflect the expected increase in GASB OPEB costs due to employees accruing two additional years of service and (c) also reflect the expected increase in costs because future benefits are now two years closer to being paid. Assets at July 1, 2018 assume a return equal to 7.5%.

<sup>3</sup> Valuation census data as of July 1, 2018, assets, claims, retiree contributions and assumptions as of July 1, 2018.

<sup>4</sup> Claims and retiree contributions were updated to reflect more recent experience (including EGWP experience).

This table identifies the projected value of benefits and projected accrual and budgeted additional contributions for funding purposes for the Fiscal Year Ending 2020, and 2021 reflecting the Unfunded Liability (UAAL) amortized as a level percentage of pay over an open 30-year period:

<b>Projected Results Fiscal Year Ending</b>	<b>2020</b>	<b>2021</b>
Actuarial Accrued Liability (AAL) at beginning of period	\$ 1,392,367	\$ 1,484,621
Normal Cost	46,173	49,636
Expected Benefit Payouts	(59,615)	(65,876)
Interest at 7.50%	<u>105,695</u>	<u>112,644</u>
Projected Actuarial Accrued Liability at end of period	\$ 1,484,621	\$ 1,581,025
Assets at beginning of period	\$ 492,079	\$ 581,476
Expected Trust Contributions <sup>1</sup>	50,627	40,290
Expected Investment Income at Assumed 7.50% Annual Return	<u>38,770</u>	<u>45,094</u>
Projected Assets at end of period	\$ 581,476	\$ 666,860
Projected Actuarial Accrued Liability (AAL)	\$ 1,484,621	\$ 1,581,025
Projected Assets	<u>581,476</u>	<u>666,860</u>
Projected Unfunded AAL	\$ 903,145	\$ 914,165
Annual Required Contribution (ARC)		
Administrative Expenses <sup>2</sup>	\$ 294	\$ 303
Amortization of Unfunded AAL	52,308	52,946
Normal Cost <sup>3</sup>	49,636	53,359
Interest on above to End of Year	<u>7,668</u>	<u>7,996</u>
Total ARC	\$ 109,906	\$ 114,604
Adjustment to ARC due to mortality phase-in	\$ (3,740)	\$ (1,870)
Adjusted Total ARC	\$ 106,166	\$ 112,734
Expected Pay-Go Benefit Payments	\$ 46,113	\$ 50,840
Expected Implicit Subsidy	\$ 19,763	\$ 21,789
Total Additional Contributions	\$ 40,290	\$ 40,105

<sup>1</sup> Total Budgeted Additional Contributions, per the County's FY2019 budget.

<sup>2</sup> Administrative Expenses assumed to grow 3% annually

<sup>3</sup> Normal Cost assumed to grow by 7.5% annually



## Principal Valuation Results

This section presents detailed valuation results for the County's retiree Post-Employment Benefits Programs.

- The Present Value of all Projected Benefits (PVPB) is the total present value of all expected future benefits, based on certain actuarial assumptions. The PVPB is a measure of total liability or obligation. Essentially, the PVPB is the value (on the Valuation Date) of the benefits promised to current and future retirees. The Plan's PVPB at July 1, 2018 is \$1,852,571,000. The majority of this liability (59%) is for current active employees (future retirees).
- The Actuarial Accrued Liability (AAL) is the liability or obligation for benefits earned through the Valuation Date, based on certain actuarial methods and assumptions. The Plan's AAL at July 1, 2018 is \$1,392,367,000. Approximately 46% of this liability is for future retirees. The AAL represents 75% of the PVPB.
- Normal Cost is the value of benefits expected to be earned during the year, again based on certain actuarial methods and assumptions. The Normal Cost at July 1, 2018 is \$46,173,000.

This report develops the AAL and Normal Cost using the Projected Unit Credit Actuarial Cost Method.

The following highlights the County's recognition of key items:

- The July 1, 2018 assets are \$492,079,000 (the asset value was provided to Aon by the County).
- The County's intention is to fully fund the Annual Required Contributions (ARC).
- Budgeted contributions to the OPEB Trust are \$50,627,000 for the Fiscal Year Ending 2019, which is based on the Actuarial Valuation Report as of July 1, 2016.

The tables on the following pages show results by future retirees (actives) and current retirees as of July 1, 2018.

(\$ thousands)	July 1, 2018	
<b>Present Value of Projected Benefits (PVPB)</b>		
Future Retirees (Actives)	\$	1,100,866
Current Retirees	\$	751,705
<b>Total PVPB</b>	<b>\$</b>	<b>1,852,571</b>
<b>Actuarial Accrued Liability (AAL)</b>		
Future Retirees (Actives)	\$	640,662
Current Retirees	\$	751,705
<b>Total AAL</b>	<b>\$</b>	<b>1,392,367</b>
<b>Assets<sup>1</sup></b>	\$	492,079
<b>Unfunded AAL</b>	\$	900,288
<b>Normal Cost (Beginning of Year)</b>	\$	46,173

<sup>1</sup> Only funds set aside exclusively to pay Plan benefits are considered Plan assets.

Below is the Historical Schedule of Funding Progress:

(\$ thousands)

Fiscal Year Ending June 30,	Discount Rate	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)—(a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)—(a)] / (c)
2009	8.0%	\$13,710	\$1,076,582	\$1,062,872	1.3%	\$667,400	159.3%
2010 <sup>1</sup>	8.0%	\$35,279	\$1,161,222	\$1,125,943	3.0%	\$681,544	165.2%
2011	6.0%	\$38,168	\$1,737,436	\$1,699,268	2.2%	\$665,746 <sup>2</sup>	255.2%
2012	6.0%	\$47,962	\$1,859,450	\$1,811,488	2.6%	\$694,040 <sup>2</sup>	261.0%
2013	7.5%	\$92,610	\$1,403,693	\$1,311,083	6.6%	\$618,227 <sup>3</sup>	212.1%
2014	7.5%	\$153,327	\$1,093,214	\$939,887	14.0%	\$636,774 <sup>3</sup>	147.6%
2015	7.5%	\$239,399	\$1,241,304	\$1,001,905	19.3%	\$649,659 <sup>4</sup>	154.2%
2016	7.5%	\$286,572	\$1,320,879	\$1,034,307	21.7%	\$669,149 <sup>4</sup>	154.6%
2017	7.5%	\$334,889	\$1,380,894	\$1,046,005	24.3%	\$716,878 <sup>5</sup>	145.9%
2018	7.5%	\$438,883	\$1,476,319	\$1,037,436	29.7%	\$738,384 <sup>5</sup>	140.5%
2019	7.5%	\$492,079	\$1,392,367	\$900,288	35.3%	\$766,112 <sup>6</sup>	117.5%

<sup>1</sup> Based on a projection of results from the July 1, 2008 Valuation.

<sup>2</sup> Based on employee census provided for the July 1, 2010 Valuation. Payroll to FYE 06/30/2012 based on FY2011 payroll projected at 4.25%.

<sup>3</sup> Based on employee census provided for the July 1, 2012 Valuation. Payroll to FYE 06/30/2014 based on FY2013 payroll projected at 3.00%.

<sup>4</sup> Based on employee census provided for the July 1, 2014 Valuation. Payroll to FYE 06/30/2016 based on FY2015 payroll projected at 3.00%.

<sup>5</sup> Based on employee census provided for the July 1, 2016 Valuation. Payroll to FYE 06/30/2018 based on FY2017 payroll projected at 3.00%.

<sup>6</sup> Based on employee census provided for the July 1, 2018 Valuation.

## Payout Projection

Future annual payouts are based on the assumptions and contributions detailed in the Methods and Assumptions Section, including the trend rates, the claims costs, and the mortality, retirement and disability rates. The payouts below include expected payments to current retirees, current employees who retire by the dates shown, and their dependents.

That is, for current retirees and dependents, we start with the baseline costs and adjust them for future years based on the trend assumptions in the Method and Assumptions Section of this report. Then we multiply the costs by the number of retirees and dependents expected to be receiving benefits each year, based on the mortality rates. We then subtract retiree contributions per the Method and Assumptions Section, adjusted for future years based on the trend assumptions.

For future retirees (current actives), we apply retirement and disability rates to determine when we expect they will retire, and then multiply the number of retirees by the baseline costs, adjusted for retiree contributions, and trended to future years using the trend rates, all per the Method and Assumptions Section of the report. The number of future retirees and dependents expected to continue receiving benefits each year will be determined by retiree mortality rates.

<b>Year Ending</b>	<b>Total</b>
	<b>(\$ thousands)</b>
06/30/2019	\$ 59,615
06/30/2020	\$ 65,876
06/30/2021	\$ 72,629
06/30/2022	\$ 79,721
06/30/2023	\$ 87,748
06/30/2024	\$ 94,930
06/30/2025	\$ 102,170
06/30/2026	\$ 109,205
06/30/2027	\$ 115,920
06/30/2028	\$ 122,805

## Demographic Information

The following table summarizes active and retiree Demographic Information.

### Number of Active Employees<sup>1</sup>

	07/01/2018	07/01/2016
Count	10,206	10,156
Average Age	46.80	46.96
Average Service	12.18	12.21

### Number of Inactive Employees as of July 1, 2018

	Retirees and Survivors	Retiree Spouses <sup>2</sup>	Total (Including Active)
Medical	5,307	2,900	18,413
Prescription	4,879	2,673	17,758
Dental	5,871	3,308	19,385
Life	6,093	N/A	16,299

### Number of Inactive Employees as of July 1, 2016

	Retirees and Survivors	Retiree Spouses <sup>3</sup>	Total (Including Active)
Medical	5,059	2,795	18,010
Prescription	4,706	2,570	17,432
Dental	5,583	3,156	18,895
Life	5,810	N/A	15,966

<sup>1</sup> We assumed that 87% of these active employees will have medical, prescription and dental coverage at retirement and that 100% will have life insurance coverage at retirement.

<sup>2</sup> Industry ratios of spouses and children per tier in a 3-tier structure were used to estimate the number of dependents (reflected implicitly in the claims costs).

<sup>3</sup> Industry ratios of spouses and children per tier in a 3-tier structure were used to estimate the number of dependents (reflected implicitly in the claims costs).

## Methods and Assumptions

Actuarial Method

Projected Unit Credit Cost Method.

Normal Cost

Determined for each active employee as the Actuarial Present Value of benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the Plan's benefit formula. This allocation is based on each individual's service between date of hire and date of exit.

Actuarial Accrued Liability (AAL)

The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year. The attribution period is from the date of hire to the date of exit.

Discount Rate

The discount rate used for the July 1, 2018 (Fiscal Year Ending 2019) Valuation was 7.5%.

Payroll Growth

3.00% for amortization of the Unfunded Liability.

Salary Scale

See Table 1

Trend Rates

See Table 2

## Methods and Assumptions

The following demographic assumptions are based on a recent experience study performed by the actuary for the Retirement Plan. These rates were not reviewed by Aon; we relied upon the rates provided by the other actuary in preparing this Valuation.

General Inflation	3.00% (Used to in development of base assumptions).
Mortality	
Preretirement	Healthy Retirees and Beneficiaries: RP 2014 Fully Generational Scale MP 2017 with separate tables for males and females
Disabled Retirees	RP-2014 Healthy Annuitant Scale MP-2017, (disabled post retirement) Set forward 6 years for Males and 8 years for Females, with separate tables for males and females.
Turnover	See Table 3
Retirement	See Table 4
Disability	See Table 5
Age Difference/Percentage Married	Males are assumed to be three years older than females; 60% of active members are assumed to cover a spouse at retirement.
Coverage	We assumed that 87% (100% for life insurance) of current active employees will be covered at retirement, and that they will elect the benefit plans in the same proportion as current retirees. For current retirees, we valued only those who have current coverage elections, with the assumption that retirees without coverage will not elect coverage in the future.

## Methods and Assumptions

### Valuation Methodology and Terminology

The post-retirement healthcare benefit obligations were developed within the parameters of actuarial standards.

### Amortization of UAAL

The UAAL amortization is calculated over an open period of 30 years, as a level percentage of pay.

### Reflection of Changes Required Under HealthCare Form

The results in this report reflect changes required under HealthCare Reform Legislation enacted in 2010, namely extending dependent coverage to age 26, and removal of lifetime maximums where applicable.

### Life Insurance Coverage

All participants are assumed to have life insurance coverage upon retirement.

### Trend Development

Aon developed separate trend curves for the pre-Medicare and Medicare-eligible participants, and developed separate trend curves for medical and pharmacy benefits. The initial trends were selected to be consistent with the trends used in Montgomery County's financial projections. The trends reflect the leveraging associated with the County's plan designs.

Our analysis of internal and external data sources indicates that, although initial trends may be lower than five years ago, the trend curve has not shortened. Trends grade from initial to ultimate rates over a period not less than eight years. The ultimate trend rates are consistent with our assumption that medical trends in the future will exceed general price inflation by about 2%.

These trends include the impact of indirect costs associated with health care reform, such as

- Fees on medical device makers and pharmaceutical companies
- Cost-shifting among the newly insured, remaining uninsured, Medicaid, and Medicare populations
- Administrative simplification



## Methods and Assumptions

### EGWP Savings

Montgomery County contracted with Caremark to provide pharmacy benefits to Medicare-eligible participants under an Employer Group Waiver Plan (EGWP) effective January 1, 2015. Savings to the County will come from several sources:

- Direct federal capitation payments (received on a monthly basis)
- Federal reinsurance payments for catastrophic coverage (received after year-end reconciliation)
- 50% pharmacy manufacturer discount for drug spend within the donut hole, (received quarterly)

### Excise Tax on High-Cost Health Plans

For the excise tax, the overall value of the benefit was compared to the projected excise tax thresholds in each future year. The key assumptions for determining the excise tax are:

- Plan costs were developed on a two-tier basis (individual and individual plus spouse) for all retirees and assumed to increase with the valuation trend
- The 2018 cost thresholds are assumed to be \$10,200 for individual and \$27,500 for family coverage (\$11,850 and \$30,950 for non-Medicare retirees).
- 2022 thresholds are adjusted accordingly by the amount that the accumulated 2010-2022 cost increases, observed for the BCBS "standard" plan option under the FEHBP program, exceeds 55% x chained CPI<sup>4</sup>.
- After 2022, the cost thresholds are indexed by chained CPI (chained CPI+1% in 2023 only). Chained CPI is assumed to be 2.25% in all future years.

Our excise tax model determined the additional trend loads to be applied to the existing valuation trend table in order to reflect the present value of expected tax amounts (40%) of the excess over the thresholds.

On a blended basis, the excise tax threshold is estimated to be reached in fiscal year 2022, which means the first trend load is applied to the valuation trend from 2021 to 2022. The effect of the excise tax is estimated to result in a 3.7% increase in the liability.

## Methods and Assumptions

### Initial Baseline Cost (Fiscal Year Ending 2019)

Age	United Healthcare HMO	Kaiser	CareFirst Indemnity	CareFirst POS	Future Retirees' Medical <sup>1</sup>	Dental	Prescription Drug Standard Option	Prescription Drug High Option	Prescription Drug Indemnity	Prescription Drug Future Retirees'
40	\$4,930	\$3,998	\$4,799	\$5,045	\$5,449	\$496	\$1,524	\$2,704	\$1,408	\$1,294
45	\$5,716	\$4,634	\$5,563	\$5,848	\$6,316	\$496	\$1,927	\$3,418	\$1,779	\$1,636
50	\$6,854	\$5,557	\$6,671	\$7,013	\$7,575	\$496	\$2,425	\$4,300	\$2,239	\$2,059
55	\$8,420	\$6,827	\$8,195	\$8,615	\$9,305	\$496	\$3,051	\$5,410	\$2,817	\$2,590
60	\$10,443	\$8,467	\$10,164	\$10,684	\$11,540	\$496	\$3,820	\$6,774	\$3,527	\$3,243
65	\$1,887	\$3,536	\$2,814	\$2,874	\$2,981	\$496	\$2,260	\$3,730	\$1,539	\$2,288
70	\$2,156	\$4,040	\$3,216	\$3,284	\$3,406	\$496	\$2,723	\$4,495	\$1,855	\$2,757
75	\$2,357	\$4,416	\$3,516	\$3,590	\$3,724	\$496	\$3,081	\$5,086	\$2,098	\$3,119

**Note:** Prescription drugs are included in the claims shown for the Kaiser and Indemnity plans. Members in these plans cannot make a separate prescription drug election.

The above claims were developed using paid claims and membership data for the period July 1, 2017 to June 30, 2018, received from the County's Health Plan vendors. Claims were trended from the mid-point of the payment period to the mid-point of the Valuation year, and were then age adjusted based on the morbidity factors shown in this section.

### Average Annual Baseline Retiree Contributions (Fiscal Year Ending 2019)—Current Retirees

For current retirees, we applied individual cost-sharing percentages to the following total premium rates:<sup>2</sup>

	UnitedHealthcare HMO	Kaiser	CareFirst Indemnity	CareFirst POS	Prescription Drugs <sup>3</sup>	Dental
Pre-65	\$6,164	\$7,182	\$14,300	\$7,189	\$2,876	\$496
Post-65	\$3,322	\$4,367	\$7,383	\$3,925	\$3,467	\$496

<sup>1</sup> Weighted average reflecting Health Plan elections of current retirees.

<sup>2</sup> These are a blend of 2018 and 2019 premium equivalent rates. Premium rates used for spouses are lower than the above rates.

<sup>3</sup> For drugs, retirees in the High Option pay a percentage of the Standard Option premium, plus the full difference between the High Option and Standard Option premiums.

## Methods and Assumptions

### Health Care Claims Development

The sample per capita claims cost assumptions shown below by age, benefit, and plan represent the true underlying baseline experience estimated for Montgomery County Government's sponsored postretirement benefits and costs. These rates are used in the expense calculation for the period 7/1/2018–06/30/2019 and disclosures as of 06/30/2018.

<b>Medical</b>					
<b>Age</b>	<b>HMO</b>	<b>Kaiser</b>	<b>CF Indemnity</b>	<b>CF POS</b>	<b>Actives</b>
55	\$8,420	\$6,827	\$8,195	\$8,615	\$9,305
60	\$10,443	\$8,467	\$10,164	\$10,684	\$11,540
65	\$1,887	\$3,536	\$2,814	\$2,874	\$2,981
70	\$2,156	\$4,040	\$3,216	\$3,284	\$3,406
75	\$2,357	\$4,416	\$3,516	\$3,590	\$3,724
80	\$2,628	\$4,924	\$3,920	\$4,003	\$4,152
85	\$3,017	\$5,653	\$4,500	\$4,596	\$4,766
90	\$3,234	\$6,060	\$4,824	\$4,927	\$5,110

<b>Rx</b>				
<b>Age</b>	<b>Standard</b>	<b>High</b>	<b>Indemnity</b>	<b>Actives</b>
55	\$3,051	\$5,410	\$2,817	\$2,590
60	\$3,820	\$6,774	\$3,527	\$3,243
65	\$3,538	\$6,056	\$2,157	\$4,061
70	\$4,264	\$7,298	\$2,599	\$4,894
75	\$4,824	\$8,257	\$2,940	\$5,537
80	\$5,020	\$8,593	\$3,060	\$5,762
85	\$5,071	\$8,679	\$3,090	\$5,819
90	\$5,096	\$8,722	\$3,106	\$5,849

## Methods and Assumptions

### Health Care Claims Development (cont.)

<b>EGWP</b>				
<b>Age</b>	<b>Standard</b>	<b>High</b>	<b>Indemnity</b>	<b>Actives</b>
55	N/A	N/A	N/A	N/A
60	N/A	N/A	N/A	N/A
65	(\$1,279)	(\$2,326)	(\$617)	(\$1,773)
70	(\$1,541)	(\$2,803)	(\$744)	(\$2,136)
75	(\$1,743)	(\$3,171)	(\$842)	(\$2,417)
80	(\$1,814)	(\$3,300)	(\$876)	(\$2,515)
85	(\$1,832)	(\$3,333)	(\$885)	(\$2,541)
90	(\$1,841)	(\$3,350)	(\$889)	(\$2,553)

Initial health care costs were developed with the same experience used for non-subsidized retiree rate development. The experience used is for the 24-month period from June 1, 2016 to May 31, 2018. In prior years, only a 12-month period was used. This year, to reduce volatility, 80% of the most recent 12 months and 20% of the prior 12 months were blended together, and statistical adjustments were made to claimants above the County's stop-loss level. Adjustments were made to historical costs for changes in benefits and enrollment, as well as for the implementation of the EGWP program for Medicare-eligible retirees.

Costs were developed separately for medical and pharmacy benefits, and separately for pre-Medicare and Medicare-eligible retirees. The average medical and Rx per capita claims costs were trended to be centered at the mid-point of the annual period following the valuation date. Costs were distributed by age using enrollment by age, applying separate aging curves for medical and pharmacy benefits.

Montgomery County contracted with Caremark to provide pharmacy benefits to Medicare-eligible participants under an Employer Group Waiver Plan (EGWP) effective January 1, 2017. CareFirst is implementing EGWP for the Medicare-eligible members enrolled in the Indemnity plan. Savings to the County will come from several sources:

- Direct federal capitation payments (received on a monthly basis)
- Federal reinsurance payments for catastrophic coverage (received after year-end reconciliation)
- 50% pharmacy manufacturer discount for drug spend within the donut hole, (received quarterly)

Prior to the EGWP arrangement, the County received subsidies for Medicare-eligible Rx claims through the Retiree Drug Subsidy program. GASB accounting standards did not permit the Retiree Drug Subsidy to be reflected in the County's liability for future health care costs. The standards do permit the cost savings from EGWP to offset future health care costs, which reduces the OPEB liability.

## Methods and Assumptions

### Health Care Aging (Morbidity) Factors:

Since health care costs increase with age, and an OPEB valuation is by its nature an analysis of a closed group that will age throughout the measurement, the effect that this aging of the population will have on claims costs must be reflected in the valuation. The claim costs for medical and prescription drugs and Rx revenue offsets RDS or EGWP were assumed to increase with age according to the table below.

Age Band	Medical	Rx
40-44	3.00%	4.80%
45-49	3.70%	4.70%
50-54	4.20%	4.70%
55-59	4.40%	4.60%
60-64	3.70%	4.60%
65-69	2.70%	3.80%
70-74	1.80%	2.50%
75-79	2.20%	0.80%
80-84	2.80%	0.20%
85-89	1.40%	0.10%
90+	0.00%	0.00%

The aging factor assumptions shown above were based on normative data analyses, along with consideration of the results from the 2013 Society of Actuaries sponsored study “Health Care Costs—From Birth to Death” prepared by Dale H. Yamamoto, reporting on the effect of age on claims costs. In addition to age, this study shows the effect of service type (medical vs. pharmacy) and gender on claims costs.

## Methods and Assumptions

### Average Annual Baseline Retiree Contributions (Fiscal Year Ending 2019)—Future Retirees

Future retirees will pay the following service-based cost-sharing percentages of the rates below (see note below for retirees hired before January 1, 1987):

<b>Service at Retirement</b>	<b>Retiree Contribution</b>		
5 Years	50%		
6 Years	48%		
7 Years	46%		
8 Years	44%		
9 Years	42%		
10 Years	40%		
11 Years	38%		
12 Years	36%		
13 Years	34%		
14 Years	32%		
15 Years and Over	30%		
Or if Hired Prior to 01/01/1987	20%		

  

	<b>Medical</b>	<b>Prescription Drugs</b>	<b>Dental</b>
Pre-65	\$6,956	\$2,876	\$496
65 +	\$3,879	\$3,467	\$496

Rates for medical represent a weighted average of the rates for UHC HMO, Kaiser HMO and CareFirst POS, based on the enrollment of current retirees.

Rates for prescription drugs are weighted 79% towards the Standard Option and 21% towards the High Option.

## Methods and Assumptions

Table 1

### Salary Scale Rates

<b>Service</b>	<b>Group A, H, and GRIP</b>	<b>Group E</b>	<b>Group F</b>	<b>Group G</b>
0	6.00%	9.50%	8.00%	9.50%
1	5.50%	9.00%	8.00%	9.00%
2	5.00%	7.00%	8.00%	7.00%
3	4.50%	6.50%	6.50%	6.50%
4	4.00%	6.00%	6.00%	6.00%
5	4.00%	5.50%	5.50%	6.00%
6	4.00%	5.00%	5.00%	6.00%
7	4.00%	4.50%	4.50%	6.00%
8-9	4.00%	4.00%	4.00%	6.00%
10-14	3.25%	4.00%	4.00%	4.50%
15-19	3.25%	4.00%	4.00%	4.00%
20+	3.25%	3.25%	3.25%	3.25%

## Methods and Assumptions

The health care cost trend assumptions shown below were based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data, plan renewal data, and vendor Rx reports, with adjustments based on the provisions of the benefits sponsored by the County.

Table 2 – Page 1 of 2

### Medical, Prescription Drug and Dental Trends

Fiscal Year		Active Medical and Rx		POS Medical Without Rx		POS Medical With Standard Plan		POS Medical With High Plan		Indemnity Medical With Rx	
Beginning in	Dental	Pre-65	65+	Pre-65	65+	Pre-65	65+	Pre-65	65+	Pre-65	65+
2018	4.50%	7.89%	8.15%	6.95%	5.27%	7.76%	7.68%	8.20%	8.30%	8.27%	7.39%
2019	4.50%	7.42%	7.68%	6.60%	5.14%	7.31%	7.27%	7.70%	7.80%	7.77%	7.02%
2020	4.50%	6.96%	7.18%	6.25%	5.01%	6.86%	6.84%	7.19%	7.29%	7.26%	6.63%
2021	4.50%	6.48%	6.67%	5.90%	4.88%	6.40%	6.39%	6.67%	6.76%	6.74%	6.22%
2022	4.50%	6.00%	6.14%	5.55%	4.75%	5.94%	5.93%	6.14%	6.21%	6.22%	5.80%
2023	4.50%	5.51%	5.61%	5.20%	4.62%	5.47%	5.46%	5.61%	5.65%	5.69%	5.37%
2024	4.50%	5.02%	5.07%	4.85%	4.50%	5.00%	4.98%	5.08%	5.09%	5.15%	4.93%
2025	4.50%	4.53%	4.56%	4.50%	4.50%	4.53%	4.55%	4.54%	4.57%	4.61%	4.55%
2026 and Future years	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%



Methods and Assumptions

Table 2 – Page 2 of 2

**Medical, Prescription Drug and Dental Trends**

Fiscal Year Beginning in	UHC Medical Without Rx		UHC Medical With Standard Plan		UHC Medical With High Plan		Kaiser Medical		EGWP
	Pre-65	65+	Pre-65	65+	Pre-65	65+	Pre-65	65+	65+
2018	6.95%	5.27%	7.82%	8.10%	8.28%	8.68%	6.95%	5.27%	10.20%
2019	6.60%	5.14%	7.37%	7.63%	7.77%	8.13%	6.60%	5.14%	9.40%
2020	6.25%	5.01%	6.91%	7.14%	7.25%	7.56%	6.25%	5.01%	8.60%
2021	5.90%	4.88%	6.44%	6.64%	6.72%	6.97%	5.90%	4.88%	7.80%
2022	5.55%	4.75%	5.97%	6.12%	6.18%	6.38%	5.55%	4.75%	7.00%
2023	5.20%	4.62%	5.49%	5.59%	5.64%	5.77%	5.20%	4.62%	6.20%
2024	4.85%	4.50%	5.01%	5.06%	5.09%	5.16%	4.85%	4.50%	5.40%
2025	4.50%	4.50%	4.53%	4.56%	4.54%	4.57%	4.50%	4.50%	4.60%
2026 and Future years	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

## Methods and Assumptions

Table 3

### Termination Rates

Service	<u>Group A, H, and GRIP</u>		<u>Group E</u>		<u>Group F &amp; G</u>	
	Male	Female	Male	Female	Male	Female
0	11.50%	12.50%	12.00%	15.00%	6.00%	9.00%
1	9.50%	10.50%	10.00%	12.00%	5.00%	7.00%
2	8.00%	9.50%	6.00%	7.00%	4.00%	5.00%
3	6.00%	6.50%	5.00%	6.50%	3.00%	4.50%
4	4.50%	4.50%	4.00%	4.00%	2.50%	3.50%
5	4.00%	4.25%	3.90%	3.90%	2.25%	3.00%
6	4.00%	4.25%	3.80%	3.80%	2.00%	2.75%
7	4.00%	4.25%	3.70%	3.70%	1.75%	2.50%
8	4.00%	4.25%	3.60%	3.60%	1.50%	2.00%
9	4.00%	4.25%	3.50%	3.50%	1.25%	1.75%
10	3.25%	2.75%	2.00%	2.00%	1.00%	1.50%
11	3.25%	2.75%	1.50%	1.50%	0.75%	1.25%
12	3.25%	2.75%	1.00%	1.00%	0.50%	1.00%
13	3.25%	2.75%	1.00%	1.00%	0.50%	0.75%
14	3.25%	2.75%	1.00%	1.00%	0.50%	0.50%
15	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
16	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
17	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
18	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
19	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%
20+	2.00%	2.50%	1.00%	1.00%	0.50%	0.50%

# Methods and Assumptions

Table 4 – Page 1 of 2

## Retirement Rates

Age	Groups A & H (Non-PS)		Group E			Group F		
	< 30 YoS	30+ YoS	< 25 YoS	25 YoS	> 25 YoS	< 25 YoS	25 YoS	> 25 YoS
<42	0.00%	0.00%	3.50%	3.50%	3.50%	2.50%	20.00%	2.50%
42	0.00%	0.00%	3.50%	3.50%	3.50%	2.50%	20.00%	2.50%
43	0.00%	0.00%	3.50%	3.50%	3.50%	2.50%	20.00%	2.50%
44	0.00%	0.00%	3.50%	3.50%	3.50%	2.50%	20.00%	2.50%
45	2.00%	2.00%	3.50%	8.00%	8.00%	2.50%	20.00%	2.50%
46	2.00%	2.00%	3.50%	8.00%	8.00%	3.50%	20.00%	3.50%
47	2.00%	2.00%	3.50%	8.00%	8.00%	4.50%	20.00%	4.50%
48	2.00%	2.00%	3.50%	8.00%	8.00%	5.50%	20.00%	5.50%
49	2.00%	2.00%	3.50%	8.00%	8.00%	6.50%	20.00%	6.50%
50	3.00%	15.00%	10.00%	10.00%	10.00%	10.00%	20.00%	20.00%
51	3.00%	15.00%	10.00%	10.00%	10.00%	10.00%	20.00%	20.00%
52	3.00%	15.00%	10.00%	12.00%	12.00%	10.00%	20.00%	20.00%
53	3.00%	15.00%	10.00%	12.00%	12.00%	15.00%	25.00%	25.00%
54	3.00%	15.00%	10.00%	12.00%	12.00%	15.00%	25.00%	25.00%
55	6.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%
56	6.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%
57	6.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%
58	8.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%
59	8.00%	15.00%	15.00%	30.00%	30.00%	15.00%	40.00%	40.00%
60	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%
61	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%
62	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%
63	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%
64	13.00%	18.00%	25.00%	50.00%	50.00%	25.00%	70.00%	70.00%
65	20.00%	25.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
66	20.00%	25.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
67	20.00%	25.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
68	20.00%	25.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
69	20.00%	25.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
70	40.00%	40.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
71	40.00%	40.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
72	40.00%	40.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
73	40.00%	40.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
74	40.00%	40.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

## Methods and Assumptions

Table 4 – Page 2 of 2

### Retirement Rates

Age	Group G			GRIP	
	<20 or 21-24 YoS	20 YoS	25+ YoS	< 15 YoS	15+ YoS
<42	2.50%	10.00%	5.00%	0.00%	0.00%
42	5.00%	10.00%	5.00%	0.00%	0.00%
43	5.00%	10.00%	5.00%	0.00%	0.00%
44	5.00%	10.00%	5.00%	0.00%	0.00%
45	7.50%	10.00%	10.00%	0.00%	0.00%
46	7.50%	10.00%	10.00%	0.00%	0.00%
47	7.50%	10.00%	10.00%	0.00%	0.00%
48	7.50%	10.00%	10.00%	0.00%	0.00%
49	7.50%	10.00%	10.00%	0.00%	0.00%
50	10.00%	15.00%	17.50%	0.00%	0.00%
51	10.00%	15.00%	17.50%	0.00%	0.00%
52	12.50%	20.00%	25.00%	0.00%	0.00%
53	12.50%	20.00%	25.00%	0.00%	0.00%
54	12.50%	20.00%	25.00%	0.00%	0.00%
55	20.00%	40.00%	35.00%	3.00%	3.00%
56	20.00%	40.00%	35.00%	3.00%	3.00%
57	20.00%	40.00%	35.00%	6.00%	6.00%
58	20.00%	40.00%	35.00%	6.00%	6.00%
59	20.00%	40.00%	35.00%	6.00%	6.00%
60	40.00%	40.00%	40.00%	6.00%	10.00%
61	40.00%	40.00%	40.00%	6.00%	10.00%
62	40.00%	40.00%	40.00%	8.00%	25.00%
63	40.00%	40.00%	40.00%	8.00%	25.00%
64	40.00%	40.00%	40.00%	8.00%	25.00%
65	100.00%	100.00%	100.00%	20.00%	30.00%
66	100.00%	100.00%	100.00%	20.00%	30.00%
67	100.00%	100.00%	100.00%	20.00%	30.00%
68	100.00%	100.00%	100.00%	20.00%	30.00%
69	100.00%	100.00%	100.00%	20.00%	30.00%
70	100.00%	100.00%	100.00%	50.00%	50.00%
71	100.00%	100.00%	100.00%	50.00%	50.00%
72	100.00%	100.00%	100.00%	50.00%	50.00%
73	100.00%	100.00%	100.00%	50.00%	50.00%
74	100.00%	100.00%	100.00%	50.00%	50.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%

## Methods and Assumptions

Table 5

### Disability Rates

Age	Non-PS		Group E		Group F		Group G	
	Male	Female	Male	Female	Male	Female	Male	Female
20	0.0257%	0.0068%	0.0515%	0.0315%	0.1029%	0.1125%	0.1029%	0.1125%
25	0.0527%	0.0180%	0.1054%	0.0840%	0.2107%	0.3000%	0.2107%	0.3000%
30	0.1078%	0.0480%	0.2156%	0.2240%	0.4312%	0.8000%	0.4312%	0.8000%
35	0.1323%	0.0705%	0.2646%	0.3290%	0.5292%	1.1750%	0.5292%	1.1750%
40	0.1752%	0.0983%	0.3504%	0.4585%	0.7007%	1.6375%	0.9109%	1.6375%
45	0.3332%	0.2631%	0.6664%	1.2278%	1.3328%	4.3850%	1.5994%	4.3850%
50	0.5537%	0.3537%	1.1074%	1.6506%	2.2148%	5.8950%	2.5692%	5.8950%
55	0.6762%	0.3717%	1.3524%	1.7346%	2.7048%	6.1950%	3.5162%	6.1950%
60	0.7987%	0.3789%	1.3524%	1.7346%	2.7048%	6.1950%	3.5162%	6.1950%
65	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

## Summary of Plan Provisions

### Plan

CareFirst Blue Cross–Blue Shield POS, CareFirst Blue Cross-Blue Shield Indemnity (closed to new members), Kaiser HMO, United Healthcare HMO, Caremark Prescription Drug, UCCI Dental PPO, and NVA Vision Plans (see the following pages for plan designs).

### Eligibility

Certain groups (Arts & Humanities, Bethesda Urban Partnership, Chevy Chase View, Volunteer Fire Rescue Association, Television, Parole & Probation, and Town of Somerset) participate while employed, but are not eligible upon retirement. The remaining county employees and internal agencies (County Public Safety, County Non-Public Safety, Circuit Court Judges, District Court, States Attorney's Office, Assessment and Taxation, Credit Union, Housing Opportunities Commission, Revenue Authority, Strathmore Hall, Village Of Friendship Heights, and Washington Suburban Transit Commission) are eligible to continue each group insurance coverage after retirement provided that:

- (a) Employees in the Montgomery County Employees' Retirement System retire directly from County service.
- (b) Employees in the Montgomery County Retirement Savings Plan meet certain age and service requirements.

### Early Retirement Normal Retirement

Group	Credited Service (Years)	Age	Credited Service (Years)	Age
A, H	15	50	5 <sup>1</sup> , 10 <sup>2</sup>	60
	20	45		55 <sup>3</sup>
E	15	45	15	55
	20	41	25	46
F	15	45	15	55
	20	41	25	Any Age
G	Not Eligible	Not Eligible	15	55
			20	Any Age

<sup>1</sup> RSP & GRIP employees hired before July 1, 2011.

<sup>2</sup> RSP & GRIP employees hired after June 30, 2011.

<sup>3</sup> Must be Group H and member of SLT Bargaining Unit or in Group A or H and assigned to a supervisory or non-supervisory position in the Police Telecommunicator occupational class series.

Coverage of Spouse and Dependent  
After Death of Retiree

The surviving spouses and dependent children who are covered under any of the County sponsored health plans have the right to continue coverage upon the death of the County employee/retiree.

Life Insurance Benefits

Prior to age 65, when an employee retires, the basic life insurance amount will equal the annual base pay before retirement limited to \$200,000. Five years after retirement, the life insurance will be reduced 10% on each anniversary of retirement. However, the insurance amount will never be less than 25% of annual base pay immediately prior to retirement.

At age 65, the amount of insurance is 25% of the annual base pay immediately prior to retirement.

Health Plan	Kaiser Permanente	United Healthcare Select	CareFirst Blue Cross Blue Shield		
			POS High and Standard Option Plans In Service Area	POS High and Standard Option Plans Out of Area	Indemnity Plan (closed to new members)
Allergy Testing	\$5 copay.	\$5 copay Primary Care Physician; \$10 copay Specialist.	<b>High Option</b> —In network: covered in full; Out-of-network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	<b>High Option</b> —In network: covered in full; Out-of-network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	80% after deductible.
Deductible	Copay where applicable.	No annual deductible.	<b>High Option</b> —In network: none; Out-of-network: \$300 individual; \$600 family. <b>Standard Option</b> —Same as High Option	<b>High Option</b> —In network: none; Out-of-network: \$250 individual; \$500 family. <b>Standard Option</b> —Same as High Option	\$200 individual deductible; \$400 family deductible.
Diagnostic/Lab/X-Ray	Covered in full.	Covered in full. No Copayment.	<b>High Option</b> —In network: covered in full; Out-of-network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	<b>High Option</b> —In network: covered in full; Out-of-network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	100% up to \$500 for services related to an illness in a calendar year (there is a separate limit of \$500 for services related to an accident in a calendar year); 80% for services in excess of the \$500 limit for either an illness or an accident in a calendar year.
Dr. Office Visits	\$5 copay.	\$5 copay Primary Care Physician; \$10 copay Specialist.	<b>High Option</b> —In network: \$10 copay; Out-of-network: 80% after deductible. <b>Standard Option</b> —In network: \$15 copay; Out-of-network: Same as High Option.	<b>High Option</b> —In network: \$10 copay; Out-of-network: 80% after deductible. <b>Standard Option</b> —In network: \$15 copay; Out-of-network: Same as High Option.	80% after deductible.



Health Plan	Kaiser Permanente	United Healthcare Select	CareFirst Blue Cross Blue Shield		
			POS High and Standard Option Plans In Service Area	POS High and Standard Option Plans Out of Area	Indemnity Plan (closed to new members)
Emergency Room	\$50 copay— Waived if admitted to hospital.	\$25 copay (plan definition of emergency must be met)—Waived if admitted to hospital; \$15 copay for Urgent Care Centers.	<b>High Option</b> —In network: \$25 copay waived if admitted to hospital; Out-of-network: 80% after deductible. <b>Standard Option</b> —In network: \$35 copay waived if admitted to hospital; Out-of-network: Same as High Option.	<b>High Option</b> —In network: \$50 copay, waived if admitted; Out-of-network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	Covered in full if life-threatening or accidental injury; 80% after deductible for illness.
Hearing Aids	For minor children. One hearing aid for each hearing impaired ear once every 36 months.	For minor children. One hearing aid for each hearing impaired ear once every 36 months.	<b>High Option</b> — In network for minor children. One hearing aid for each hearing impaired ear once every 36 months. <b>Standard Option</b> —Same as High Option.	<b>High Option</b> — In network for minor children. One hearing aid for each hearing impaired ear once every 36 months. <b>Standard Option</b> —Same as High Option.	Not covered.
Hearing Screening	\$5 copay for hearing exam (hearing aids are excluded).	\$5 copay Primary Care Physician; \$10 copay Specialist.	<b>High Option</b> —In network: childhood hearing screening covered in full; Out-of-network: Childhood hearing screening, 80% not subject to deductible. <b>Standard Option</b> —Same as High Option.	<b>High Option</b> —In network: childhood hearing screening covered in full; Out-of-network: Childhood hearing screening, 80% not subject to deductible. <b>Standard Option</b> —Same as High Option.	Not covered.
Home Health Care Services	Covered in full if medically necessary.	Covered in full. No copayment; 60 visit maximum for skilled care services per calendar year.	<b>High Option</b> —In network: covered in full (90 visits max/calendar year); Out-of-network: 80% after deductible (90 visits max/calendar year). <b>Standard Option</b> —Same as High Option.	<b>High Option</b> —In network: covered in full (40 visits per calendar year); Out-of-network: 80% after deductible (40 visits per calendar year). <b>Standard Option</b> —Same as High Option.	Covered in full; 40 visits maximum/calendar year.

Health Plan (Assumes Primary Coverage)	Kaiser Permanente	United Healthcare Select	CareFirst Blue Cross Blue Shield		
			POS High and Standard Option Plans In Service Area	POS High and Standard Option Plans Out of Area	Indemnity Plan (closed to new members)
Hospice	Covered in full.	Covered in full. (See coverage booklet for eligibility information.)	<b>High Option</b> —In network: covered in full; Out-of- network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	<b>High Option</b> —In network: covered in full; Out-of- network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	Covered in full; \$5,000 maximum.
Hospital	Covered in full.	Covered in full.	<b>High Option</b> —In network: covered in full; Out-of- network: 80% after deductible. <b>Standard Option</b> —In network: covered in full after \$150 copay per admission; Out-of-network: Same as High Option.	<b>High Option</b> —In network: covered in full; Out-of- network: 80% after deductible. <b>Standard Option</b> —In network: covered in full after \$150 copay per admission; Out-of-network: Same as High Option.	Covered in full; 180 day maximum per confinement.
Immunizations	Included in well child care visits up to age 5 at no charge.	\$5 copay Primary Care Physician.	<b>High Option</b> —In network: covered in full; Out-of- network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	<b>High Option</b> —In network: covered in full when billed with office visit; Out-of-network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	Maximum \$15 per immunization (\$45 per calendar year maximum per member); balance paid at 80% after deductible.
In vitro Fertilization	Limited to 3 attempts per live birth. Lifetime maximum of \$100,000.	Limited to 3 attempts per live birth. Lifetime maximum of \$100,000.	Limited to 3 attempts per live birth. Lifetime maximum of \$100,000.	Limited to 3 attempts per live birth. Lifetime maximum of \$100,000.	

Health Plan (Assumes Primary Coverage)	Kaiser Permanente	United Healthcare Select	CareFirst Blue Cross Blue Shield		
			POS High and Standard Option Plans In Service Area	POS High and Standard Option Plans Out of Area	Indemnity Plan (closed to new members)
Mammography Preventive Screening Schedule	Schedule consistent with the current recommendations of the American College of Physicians.	Covered in full. Age 35–39: one baseline mammogram; Age 40–49; One mammogram every two calendar years; Age 50+ One mammogram per calendar year.	<b>High Option</b> —Covered in full. Age 35–39: one baseline mammogram; Age 40–49; One mammogram every two calendar years; Age 50+ One mammogram per calendar year. <b>Standard Option</b> —Same as High Option	<b>High Option</b> —Covered in full. Age 35–39: one baseline mammogram; Age 40–49; One mammogram every two calendar years; Age 50+ One mammogram per calendar year. <b>Standard Option</b> —Same as High Option	Age 35–39: one baseline mammogram; Age 40– 49; One mammogram every two calendar years; Age 50+ One mammogram per calendar year.
Maternity	Covered in full once pregnancy is diagnosed.	No copayment applies after the first visit.	<b>High Option</b> —In network: first visit 100% after \$10 copay; other visits 100%; Out-of- network: 80% after deductible. <b>Standard Option</b> —In network: first visit 100% after \$30 copay; other visits 100%; Out-of-network: Same as High Option.	<b>High Option</b> —In network: covered in full; Out-of- network: 80% after deductible. <b>Standard Option</b> —In network: first visit 100% after \$30 copay; other visits 100%; Out-of-network—Same as High Option.	100% up to amount allowed by plan.
Maximum Lifetime Benefit	Unlimited Maximum.	Unlimited Maximum.	<b>High Option</b> —Unlimited Maximum. <b>Standard Option</b> —Same as High Option	<b>High Option</b> —Unlimited Maximum. <b>Standard Option</b> —Same as High Option	Unlimited Maximum.

Health Plan (Assumes Primary Coverage)	Kaiser Permanente	United Healthcare Select	CareFirst Blue Cross Blue Shield		
			POS High and Standard Option Plans In Service Area	POS High and Standard Option Plans Out of Area	Indemnity Plan (closed to new members)
Out-of-Pocket Annual Maximum	N/A	\$1,100 per individual up to a cap of \$3,600 for a family.	<b>High Option</b> —In network: Individual: \$1,000 plus the annual deductible; Family: \$2,000 plus the annual deductible; Out-of-network: Individual: \$2,000 plus the annual deductible; Family: \$4,000 plus the annual deductible. <b>Standard Option</b> —Same as High Option	<b>High Option</b> —In network: Individual: \$1,000 plus the annual deductible; Family: \$2,000 plus the annual deductible; Out-of-network: Individual: \$2,000 plus the annual deductible; Family: \$4,000 plus the annual deductible. <b>Standard Option</b> —Same as High Option	Individual: \$1,000 plus the annual deductible; Family: \$2,000 plus the annual deductible.
Physical	Covered with no copay.	\$5 copay Primary Care Physician. Specialist.	<b>High Option</b> —In network: \$10 copay; Out-of-network: 80% after deductible (limit 1/calendar year). <b>Standard Option</b> —In network: \$15 copay Primary Care Physician; \$30 copay Specialist; Out-of-network: Same as High Option.	<b>High Option</b> —In network: \$10 copay; Out-of-network: 80% after deductible (limit 1/calendar year). <b>Standard Option</b> —In network: \$15 copay Primary Care Physician; \$30 copay Specialist; Out-of-network: Same as High Option.	Up to \$75/exam every 2 years—employee and spouse only; balance is paid at 80% after deductible.
Prescriptions	Kaiser Rx Plan (included with Kaiser HMO Medical Plan): \$5 at on-site pharmacies and for mail order; \$15 at participating community pharmacies.	No Rx Plan included; diabetic supplies covered under a pharmacy rider.	<b>High and Standard Option</b> —No Rx Plan included; diabetic supplies covered under a pharmacy rider.	<b>High and Standard Option</b> —No Rx Plan included; diabetic supplies covered under a pharmacy rider.	80% after deductible. Rx discount program included with mail order feature.

Health Plan (Assumes Primary Coverage)	Kaiser Permanente	United Healthcare Select	CareFirst Blue Cross Blue Shield		
			POS High and Standard Option Plans In Service Area	POS High and Standard Option Plans Out of Area	Indemnity Plan (closed to new members)
Rehabilitation Services	Inpatient: Covered in full (Unlimited). Outpatient: \$5 copay; outpatient services for physical therapy are limited to up to 30 visits; occupational and speech therapy per injury, incident or condition are covered for a period not to exceed 90 days.	\$10 copay/visit. 60 combined visits per year (short-term non- chronic conditions only).	<b>High Option</b> —In network: 100%; Out-of-network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	<b>High Option</b> —In network: covered in full; Out-of- network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	80% after deductible.
Skilled Nursing Facility	Covered in full; 100 days maximum.	Covered in full 60 days maximum.	<b>High Option</b> —In network: covered in full (100 days max/calendar year); Out-of- network: 80% after deductible (100 days max/calendar year). <b>Standard Option</b> —Same as High Option.	<b>High Option</b> —In network: covered in full (60 days max/calendar year); Out-of- network: 80% after deductible (60 days max/calendar year). <b>Standard Option</b> —Same as High Option.	\$30/day, up to 360 days per calendar year; \$10,800 calendar year maximum.
Specialists	\$5 copay.	\$10 copay.	<b>High Option</b> —In network: \$10 copay; Out-of-network: 80% after deductible. <b>Standard Option</b> —In network: \$30 copay; Out-of- network: Same as High Option.	<b>High Option</b> —In network: \$10 copay; Out-of-network: 80% after deductible. <b>Standard Option</b> —In network: \$30 copay; Out-of- network: Same as High Option.	80% after deductible.

Health Plan (Assumes Primary Coverage)	Kaiser Permanente	United Healthcare Select	CareFirst Blue Cross Blue Shield		
			POS High and Standard Option Plans In Service Area	POS High and Standard Option Plans Out of Area	Indemnity Plan (closed to new members)
Substance Abuse/ Mental Health	Inpatient: Covered in full; Outpatient \$5 copay.	Inpatient: Covered in full; Outpatient \$5 copay.	<b>High Option</b> —In network: Inpatient: Covered in full; Outpatient \$10 copay Out-of-network: Inpatient: 80% after deductible; Outpatient: 80% after deductible. <b>Standard Option</b> —Same as High Option.	<b>High Option</b> —In network: Inpatient: Covered in full; Outpatient \$10 copay Out-of-network: Inpatient: 80% after deductible; Outpatient: 80% after deductible. <b>Standard Option</b> —Same as High Option.	Inpatient—100% to 180 days (lifetime maximum does not apply); Outpatient—80% after deductible.
Surgery	Covered in full.	Inpatient: Covered in full; Outpatient: \$25 copay.	<b>High Option</b> —In network: covered in full; Out-of-network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	<b>High Option</b> —In network: covered in full; Out-of-network: 80% after deductible. <b>Standard Option</b> —Same as High Option.	100% up to amount allowed by plan.
Vision (Routine)	\$5 copay for exams; 25% discount on lenses/frames at Kaiser centers; 15% discount off the cost of contact lenses.	\$25 copay/exam; 15%–20% discount through participating optical centers.	<b>High Option</b> —In network: refraction not covered; (pediatric visual screening—covered in full under well child care). Out-of-network: Refraction not covered (pediatric visual screening—80% not subject to deductible under well child care). <b>Standard Option</b> —Same as High Option	<b>High Option</b> —In network: refraction not covered (pediatric visual screening—covered in full under well child care); Out-of-network: Refraction not covered (pediatric visual screening—80% not subject to deductible under well child care). <b>Standard Option</b> —Same as High Option	None.
Well Child Care	Well baby/well child covered in full up to age 5.	\$5 copay Primary Care Physician.	<b>High Option</b> —In network: \$10 copay; Out-of-network: 80% not subject to deductible (up to age 18). <b>Standard Option</b> —In network: \$15 copay; Out-of-network: Same as High Option.	<b>High Option</b> —In network: \$10 copay; Out-of-network: 80% not subject to deductible (up to age 18). <b>Standard Option</b> —In network: \$15 copay; Out-of-network: Same as High Option.	100% for child wellness (including related lab tests and X-rays) up to age 18.

## Prescription Drugs

There are two Caremark prescription drug plan options for retirees who are not in the CareFirst Indemnity plan or the Kaiser HMO Plans.

## High Option Prescription Plan

For prescriptions purchased through the retail program at a participating pharmacy for up to a 30 day supply, or through the mail service program for up to a 90 day supply, the following copayments apply: \$5 for generic and \$10 for brand name prescriptions. Retirees who elect the High Option plan will receive a County subsidy based on the cost of the Standard Option plan, and will pay 100% of the difference between the cost of the Standard Option and High Option plans.

## Standard Option Prescription Plan

For prescriptions purchased through the retail program at a participating pharmacy for up to a 30 day supply, or through the mail service program for up to a 90 day supply, there is a \$10 copayment for generic prescriptions, a \$20 copayment for preferred brand or "formulary" prescriptions and a \$35 copayment for brand name prescriptions not on the "formulary". There is a \$50 annual deductible which must be satisfied before benefits are received under the Standard Option plan.

## Dental

The Traditional Dental Plan (Dental PPO) provides payment for the following covered services, subject to the plan maximums and limitations:

- Class I Services—Diagnostic and Preventive; Payable at 100% of reasonable and customary charges (no more than two in any calendar year).
- Class II Services—Basic Restorative, Endodontics, Periodontics, Maintenance of Prosthodontics and Oral Surgery; Payable at 80% of reasonable and customary charges.
- Class III Services—Major Restorative, Installation of Prosthodontics; Payable at 60% of reasonable and customary charges.
- Class IV Services—Orthodontics; Payable at 60% of reasonable and customary charges.

The maximum benefit, excluding Class IV Services, is \$2,000 per person each year. The lifetime maximum for Class IV Services (orthodontics) is \$1,000 per person.

The annual deductible is \$50 per person, or \$150 for family. The deductible does not apply to Class I Services.