



**CBIZ Retirement Plan Services**  
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November 3, 2016

Amy J. Deford  
Retirement Administrator, County of Saginaw  
111 S. Michigan  
Saginaw, Michigan 48602

**Re: Actuarial Equivalence for Proposed Medicare Advantage Plans**

Dear Amy:

The following is a summary of our testing to determine the Actuarial Equivalence of the proposed *Medicare PLUS Blue Group PPO* Advantage Plans (MAPD) compared to the current self-insured Medicare supplemental plans sponsored by the County.

For each division, we compared the proposed MAPD with its corresponding self-insured supplemental plan. We used a normative distribution of claims and utilization to determine the relative value of the plans for a sample group of Medicare-aged retirees with an average age of 75. The testing incorporated the cost sharing of the Plan and Retiree, such as deductibles, coinsurance, and co-pays, for all covered services.

The exhibit below illustrates the relative values of the MAPD and supplemental plan for each division. The grid's **diagonal** (bold items) reflects the relative values assuming that each division's retirees are transferred to its corresponding MAPD. Each **column** within the grid illustrates the relative value assuming retirees from the division on the vertical-axis are moved to a MAPD from a division along the horizontal-axis. That is, all retirees would then be in the same plan, rather than multiple.

A relative value of 1 means that the MAPD and Supplemental plans are actuarially equivalent. A relative value *greater than* 1 means that the MAPD is more valuable than the supplemental plan on an actuarial basis, and vice versa. We consider any value within +/- 0.01 of 1 to be actuarially equivalent.

Based on our testing and assumptions, it appears that the MAPD for each division is at least actuarially equivalent to its preceding supplemental plan. Furthermore, if participants from each division were to be enrolled into *one* plan, it appears that either the MAPD for division 0021 or 0024 would allow the participants to receive benefits that are at least actuarially equivalent to what they receive under their current supplemental plan.



		Fully-Insured Medicare Advantage Plan plus Drugs (MAPD)					
		Division	0013	0016	0021	0024	0026
Self-Insured Medicare Supplemental Plan	0013	0.999	1.039	1.063	1.053	1.021	
	0016	0.985	1.025	1.048	1.038	1.006	
	0021	0.948	0.987	1.009	1.000	0.969	
	0024	0.953	0.992	1.015	1.005	0.975	
	0026	1.011	1.052	1.076	1.066	1.033	

Please review the exhibit. We would be happy to set up a call to discuss the results of the testing and address any questions or concerns you may have. If you have further questions, feel free to contact Alex Johnson at 216-525-4683.

Respectfully,

Frank T. Vedegys, FSA, EA, MAAA  
Senior Consulting Actuary

FTV/ajj