

County Of El Paso

Stop Loss Financials

Effective Date: January 01, 2024

Control #866233

Policy Period: January 01, 2024 through December 31, 2024

Status: Final/Firm

Valid until: 12/01/2023

- Please refer to the Stop Loss Assumptions and Caveats for additional information.
- Stop Loss rates and factors will be billed on a Composite PEPM basis.

Quote Specifications	Current	Renewal	Option 1	Option 2
Contract Situs	Texas	Texas	Texas	Texas
Policy Period Length (months)	12	12	12	12
Total Enrollment	2,478	2,510	2,510	2,510
Producer Commission	None	None	None	None
Terminal Liability Option	No	No	No	No

Individual Stop Loss (ISL) Coverage	Current	Renewal	Option 1	Option 2
Covered Benefits	Medical/Rx	Medical/Rx	Medical/Rx	Medical/Rx
Individual Stop Loss Amount	\$300,000	\$300,000	\$325,000	\$350,000
Lasering (High Risk Claimants)	No	No	No	No
Aggregating Specific Amount	None	None	None	None
Contract Type	Paid	Paid	Paid	Paid
ISL Coinsurance %	100%	100%	100%	100%
Maximum Annual ISL Payment Amount	Unlimited	Unlimited	Unlimited	Unlimited
ISL Composite PEPM Rate	\$103.62	\$112.21	\$101.58	\$91.95
Estimated ISL Policy Period Premium	\$3,081,245	\$3,379,765	\$3,059,590	\$2,769,534
% Change in Individual Stop Loss Premium		8.3%	-2.0%	-11.3%

This quotation is issued or underwritten by Aetna Life Insurance Company.

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Stop Loss Assumptions & Caveats

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For the purposes of this document, Aetna may be referred to using "we", "our", or "us" and County Of El Paso may be referred to using "you" or "your".

We are pleased to provide you with our renewal for Stop Loss insurance. These Assumptions and Caveats, in conjunction with the Stop Loss Financials exhibit, combine to form the entirety of this renewal. Please review them carefully and notify us immediately if any of the features do not meet your expectations or if any of our assumptions are incorrect. Changes in the features or assumptions may affect premium rates or claim factors.

Additional state-specific notices should be reviewed at this link:

<https://www.aetna.com/content/dam/aetna/pdfs/aetna.com/legal-notices/documents/stop-loss-underwriting-disclosures-06-06-2023.pdf>

If you renew Aetna's Stop Loss coverage, you will receive your application for insurance electronically. You will access it via a link delivered by email and endorse it using electronic signature capabilities. You will also receive your policy electronically. This process requires a web browser which supports the HTTPS protocol, HTML, and cookies. You will also need to view PDF documents using software such as Adobe Reader or similar.

You have the right to request that these transactions occur by regular mail using paper copies, which would require you to physically sign your application and mail it back to us. Please contact your broker and/or your Aetna Account Manager to make this request.

Stop Loss policies and applications/schedules of insurance are updated annually upon renewal. Please contact your broker and/or your Aetna Account Manager for a copy of the Stop Loss policy.

This proposal assumes you have notified us of any known applicants for gene replacement therapy.

Renewal Status

This is a final, firm offer. You must accept the rates by 12/01/2023.

If you fail to accept the rates by 12/01/2023, we reserve the right to request updated underwriting data, which may alter the rates and terms of the offer.

Assumptions

- The policy period is indicated on the Stop Loss Financials. The Stop Loss policy period must agree with the self-funded plan's contract period, both of which must end on the next renewal date.
- Eligible medical claim expenses are funded on an issued basis.
- It is assumed Aetna is also the claim fiduciary for the self-funded plan(s) covered by Stop Loss. Claims approved by fiduciary override/exception are not covered by Stop Loss.
- Eligibility for Stop Loss coverage will apply as described in the self-funded benefit plan(s) and in accordance with the Stop Loss policy provisions.
- In at least one quoted option, Pre-65 and post-65 retirees, and their dependents, have been included in Stop Loss coverage.
- There must be common ownership among all participating divisions or subsidiaries for this quote to remain valid.
- Your business and/or Standard Industrial Code is 9111.

What Is Covered

- Self-funded benefit plans covered by Stop Loss are identified on the Stop Loss Financials. All other benefit plans are excluded.
- NEW! Aetna will not apply High Risk Individual Stop Loss Amounts (lasers) for FDA-approved or pipeline gene replacement therapy drugs dispensed for specific conditions. Gene replacement therapy drug claims will also not be included in the ISL claim experience used for rating purposes at the Stop Loss renewal.
Gene replacement therapies use genetic engineering to replace or repair mutated genes, effectively treating a patient's medical condition. This new feature specifically applies to the gene replacement therapy drugs approved to treat specific disease, age, and gene expressions via one-time gene replacement treatments – or curative treatments – for previously

10/10/2023

Proprietary



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untreatable, often fatal, conditions. As of June 29, 2023, there are seven FDA-approved gene replacement therapy drugs: Zolgensma, Luxturna, Zynteglo, Skysona, Hemgenix, Elevidys, and Roctavian.

Please note the terms under which this applies:

- Existing High Risk Individual Stop Loss Amounts established for gene replacement therapy drugs are not impacted and will be maintained for the duration of the policy period.
- Existing High Risk Individual Stop Loss Amounts set up due to the member's underlying condition or other reasons will apply, but will not be increased any further specifically for gene replacement therapy drugs.
- High Risk Individual Stop Loss Amounts may apply for all other diseases or drugs, including medical costs associated with the underlying condition or medical services associated with the gene replacement therapy treatment.
- Coverage of gene replacement therapy drugs will apply as follows:
 - When a gene replacement therapy drug is administered for the indicated disease, age, and gene expression by one of Aetna's "Gene-based, Cellular, and other Innovative Therapies" (GCIT) network providers, we will consider the eligible claim expense for the gene replacement therapy drug less the ISL amount shown on the Stop Loss Financials exhibit.
 - When the gene replacement therapy drug is not administered for the indicated disease, age, and gene expression by one of Aetna's "Gene-based, Cellular, and other Innovative Therapies" (GCIT) network providers, Aetna will consider the eligible claim expense for the gene replacement therapy drug up to 100 percent of the Wholesale Acquisition Cost (WAC) and reimburse you for that amount less the ISL amount shown on the Stop Loss Financials exhibit. You are responsible for any amount exceeding the WAC.
- Contract Type - As indicated on the Stop Loss Financials, eligible claim expenses will be covered for incurred and paid dates based on:
 - A Paid contract type - Claims paid during the policy period, regardless of the incurral date, are included under Stop Loss. However, if the prior policy period was covered by any Stop Loss policy with a run-out contract type or provision, claims paid during the prior policy's run-out period are not covered by this Stop Loss proposal.

What Is Not Covered

Coverage exclusions include but are not limited to the following:

- Expenses that are not payable under the plan or in accordance with Aetna's clinical policy and established claim practices. This includes expenses that are experimental or investigational, not medically necessary, in excess of the reasonable and customary charge, or any claim exception;
- Eligible claim expenses covered by another valid Stop Loss policy, including another Aetna policy, during the same time period, or run-in claims also covered by a prior policy carrier's run-out provision;
- Plan administration expenses including, but not limited to cost containment administrative fees, care management fees, and network access fees, with the exception of shared savings fees associated with our National Advantage Program (NAP);
- Assessments or surcharges applied to claims by any government body, with the exception of the MA Uncompensated Care Pool, Minnesota Care Provider Tax, or New York Health Care Reform Act surcharges;
- Incentive or risk share payments, care coordination payments, and other non-fee-for-service payments associated with any agreement with an accountable care or similar provider organization;
- Expenses for non-emergency services, treatment, or related complications provided outside the United States. This includes prescription drugs or medical supplies provided by non-U.S. based companies;
- Capitation payments excluded from Individual Stop Loss but included under Aggregate Stop Loss.

Stop Loss Reimbursement

- When Aetna is also the plan's administrator and the Stop Loss policy is in-force, eligible claims are funded by Stop Loss immediately, as they are approved for payment under the plan. This "Immediate Reimbursement" means that your cash flow is not impacted by waiting for reimbursement of claims exceeding the Stop Loss amount and claim reports are not required. Additional reconciliation is necessary when run-in or run-out is covered, or when other than a 12/12 or Paid contract type is utilized.
When Aetna is not the claims administrator, reconciliation for reimbursable amounts is performed at the end of the policy period once you provide appropriate claim details and other necessary information.

Underwriting Requirements

- We reserve the right to amend or withdraw our offer to reflect the underwriting impact of any additional information
- 10/10/2023
Proprietary



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we obtain or in the event you are unable to provide us any of the information we need to fully underwrite the risk.

- If you fail to meet the our underwriting requirements, including but not limited to a minimum of 51 eligible subscribers, our Stop Loss offer will be withdrawn. If failure to meet this requirement occurs after a Stop Loss policy has been issued, the policy will terminate as of the first day of the first month following the month in which the underwriting requirement was not met.
- We reserve the right to adjust the premium rate or any aggregate Stop Loss factor as of the date of any change to the underlying assumptions that impacts the risk assumed. Changes include, but are not limited to:
 - Any change of +/- 15 percent in enrollment
 - Any change to the plan document(s) that will change the risk assumed under the policy
 - Any change to this policy
 - Any addition or deletion of a unit, division, subsidiary, affiliated or associated company exceeding 10 percent of existing enrollment
 - Any change in federal or state law or regulation that impacts the policy or the coverage provided
 - Any change impacting the risk we have assumed, including but not limited to: age, gender, geography, occupation, incorrect or incomplete information provided in Disclosure statements, etc., that impacts the nature of the risk by more than 10 percent
 - Any change in claims administrator, provider network or cost containment vendor, provided we have consented to the change in writing
 - Any change in the claims administrator's claim payment system or payment practices that causes a variation of +/- 5 percent versus the most recent 12 month average claim processing time.

New units, subsidiaries, etc., will be underwritten. Claim reports may be requested. If this information is not provided, we reserve the right to require a completed and signed Disclosure and may apply AAW/DNC rules on the acquired group.

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Stop Loss Leveraged Trend Illustration

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What is Leveraged Trend?

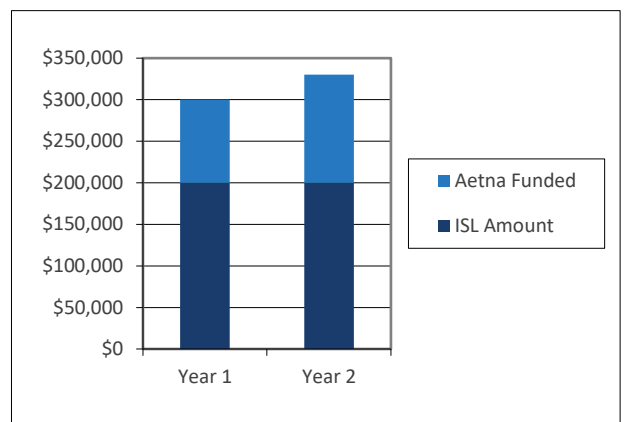
Leveraged trend is the single largest component of annual Stop Loss premium increases. Trend becomes 'leveraged' when the groups responsible for funding health care claims do not maintain the same share of potential claim liability year over year. With Stop Loss, this happens when a plan sponsor does not increase the Individual Stop Loss amount annually, resulting in a decreasing level of risk for the health plan's claim costs. Conversely, as leveraged trend causes the risk to shift to the Stop Loss carrier, premium charged to the plan sponsor is increased correspondingly.

To eliminate the leveraging impact on premium, a plan sponsor should increase its Individual Stop Loss amount by trend each year. This maintains the same proportion of risk between the plan sponsor and the carrier over time, as shown below.

Scenario 1

	Year 1	Year 2	Trend
Individual's Claim	\$300,000	\$330,000	10%
ISL Amount	\$200,000	\$200,000	0%
Aetna Funded Portion	\$100,000	\$130,000	30%

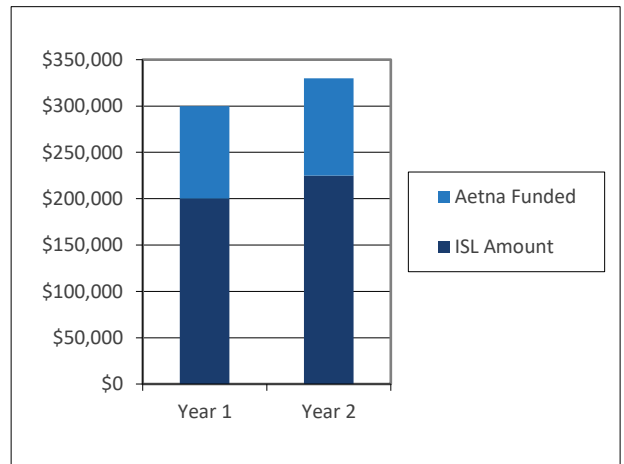
- The plan sponsor's Individual Stop Loss (ISL) amount is \$200,000 in both Year 1 and Year 2.
- At 10 percent annual health care trend, a \$300,000 claim in Year 1 increases in Year 2 to \$330,000.
- Aetna's portion, however, increases from \$100,000 in Year 1 to \$130,000 in Year 2.
- While annual claim trend is only 10 percent, leveraged trend is 30 percent. This results in a sizeable rate increase for Year 2.



Scenario 2

	Year 1	Year 2	Change
Individual's Claim	\$300,000	\$330,000	10%
ISL Amount	\$200,000	\$225,000	13%
Aetna Funded Portion	\$100,000	\$105,000	5%

- The plan sponsor's Individual Stop Loss (ISL) amount is \$200,000 in Year 1 and \$225,000 in Year 2.
- At 10 percent annual health care trend, a \$300,000 claim in Year 1 increases in Year 2 to \$330,000.
- Aetna's portion increases from \$100,000 in Year 1 to \$105,000 in Year 2.
- Because the ISL Amount increases in Year 2, leveraged trend is only 5 percent, which reduces the Year 2 rate increase.



The scenarios above are illustrative; they do not reflect actual plan sponsor experience.

Stop loss policies are insured or underwritten by Aetna Life Insurance Company.