

## Sample Incurred Claim Liability

[Client Name Here]

### Medical Claims for Actives, COBRAs, and Retirees

*Estimated Incurred Claim Liability as of 11/30/2009 – Completion Method*

#### *Estimated Completed Medical Claims*

Mth-Yr	A Incurred Claims Paid through 11/30/2009	B Percent Complete	C = A ÷ B Proj. Completed Incurred Claims
Dec-07	\$1,561,165	100.0%	\$1,561,165
Jan-08	\$1,810,020	100.0%	\$1,810,020
Feb-08	\$1,813,578	100.0%	\$1,813,578
Mar-08	\$1,750,198	100.0%	\$1,750,198
Apr-08	\$1,857,411	100.0%	\$1,857,411
May-08	\$2,079,979	100.0%	\$2,079,979
Jun-08	\$2,146,094	100.0%	\$2,146,094
Jul-08	\$2,191,090	100.0%	\$2,191,090
Aug-08	\$1,735,457	100.0%	\$1,735,533
Sep-08	\$1,827,012	100.0%	\$1,827,227
Oct-08	\$1,969,964	100.0%	\$1,970,507
Nov-08	\$2,424,102	99.9%	\$2,425,985
Dec-08	\$2,766,822	99.9%	\$2,769,493
Jan-09	\$2,126,645	99.8%	\$2,130,654
Feb-09	\$1,844,096	99.7%	\$1,850,136
Mar-09	\$2,296,036	98.9%	\$2,321,829
Apr-09	\$2,250,431	97.8%	\$2,300,068
May-09	*\$2,774,247	96.1%	\$2,888,290
Jun-09	\$2,466,389	96.7%	\$2,550,160
Jul-09	**\$3,406,605	93.4%	\$3,648,858
Aug-09	\$2,283,920	95.3%	\$2,395,477
Sep-09	\$1,964,945	72.7%	\$2,703,773
Oct-09	\$1,344,692	46.6%	\$2,888,673
Nov-09	\$209,422	8.2%	\$2,541,591
<b>Total</b>	<b>\$48,900,321</b>	<b>n/a</b>	<b>\$54,157,786</b>

#### *Estimated Medical Incurred Claim Liability*

Projected completed claims for the period ending 11/30/2009	\$54,157,786
Incurred claims paid through 11/30/2009	- 48,900,321
Estimated future stop-loss recoveries	- 341,813
Estimated liability as of 11/30/2009	= \$4,915,653
Estimated administrative costs	+ \$0
<b>Estimated liability as of 11/30/2009 (including admin. costs)</b>	<b>= \$4,916,000</b>

\*Adjusted for large claim incurred May 2009, paid September 2009; reduced \$570,000

\*\*Adjusted for large claims incurred July 2009, paid September 2009; reduced \$400,000

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**Medical Claims for Actives, COBRAs, and Retirees**

*Estimated Incurred Claim Liability as of 11/30/2009 – Average Lag Method*

*Estimated Medical Incurred Claim Liability*

Estimated claim lag in months		1.90
Estimated monthly paid claims adjusted for stop-loss recoveries	×	<u>\$2,831,203</u>
Estimated liability as of 11/30/2009	=	\$5,369,794
Estimated administrative costs	+	<u>\$0</u>
<b>Estimated liability as of 11/30/2009 (including admin. costs)</b>	=	<b>\$5,370,000</b>

[Client Name Here]

**Behavioral Health Claims for Actives, COBRAs, and Retirees**  
*Estimated Incurred Claim Liability as of 11/30/2009 – Completion Method*

*Estimated Completed Behavioral Health Claims*

Mth-Yr	A Incurred Claims Paid	B Percent Complete	C = A ÷ B Proj. Completed
Dec-07	\$114,989	100.0%	\$114,989
Jan-08	\$182,333	100.0%	\$182,333
Feb-08	\$164,462	100.0%	\$164,462
Mar-08	\$159,298	100.0%	\$159,298
Apr-08	\$135,494	100.0%	\$135,494
May-08	\$113,693	100.0%	\$113,693
Jun-08	\$126,090	100.0%	\$126,090
Jul-08	\$134,170	100.0%	\$134,170
Aug-08	\$126,914	100.0%	\$126,914
Sep-08	\$175,634	100.0%	\$175,634
Oct-08	\$177,292	100.0%	\$177,292
Nov-08	\$135,803	100.0%	\$135,803
Dec-08	\$98,703	100.0%	\$98,703
Jan-09	\$208,385	100.0%	\$208,385
Feb-09	\$169,642	99.9%	\$169,763
Mar-09	\$186,571	99.8%	\$186,945
Apr-09	\$201,389	99.7%	\$201,971
May-09	\$194,747	99.6%	\$195,450
Jun-09	\$189,391	98.3%	\$192,696
Jul-09	\$202,371	96.3%	\$210,131
Aug-09	\$130,936	64.1%	\$204,169
Sep-09	\$159,542	82.3%	\$193,964
Oct-09	\$127,645	62.5%	\$204,240
Nov-09	\$10,575	6.0%	\$177,011
<b>Total</b>	<b>\$3,626,071</b>	<b>n/a</b>	<b>\$3,989,604</b>

*Estimated Behavioral Health Incurred Claim Liability*

Projected completed claims for the period ending 11/30/2009		\$3,989,604
Incurred claims paid through 11/30/2009	-	<u>3,626,071</u>
Estimated liability as of 11/30/2009	=	\$363,533
Estimated administrative costs	+	\$0
<b>Estimated liability as of 11/30/2009 (including admin. costs)</b>	=	<b>\$364,000</b>

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**Behavioral Health Claims for Actives, COBRAs, and Retirees**

*Estimated Incurred Claim Liability as of 11/30/2009 – Average Lag Method*

*Estimated Behavioral Health Incurred Claim Liability*

Estimated claim lag in months		2.23
Estimated monthly paid claims	×	<u>\$202,576</u>
Estimated liability as of 11/30/2009	=	\$451,597
Estimated administrative costs	+	<u>\$0</u>
Estimated liability as of 11/30/2009 (including admin. costs)	=	<b>\$452,000</b>

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Outpatient Prescription Drug Claims for Actives, COBRAs, and Retirees

*Estimated Incurred Claim Liability as of 11/30/2009 – Average Lag Method*

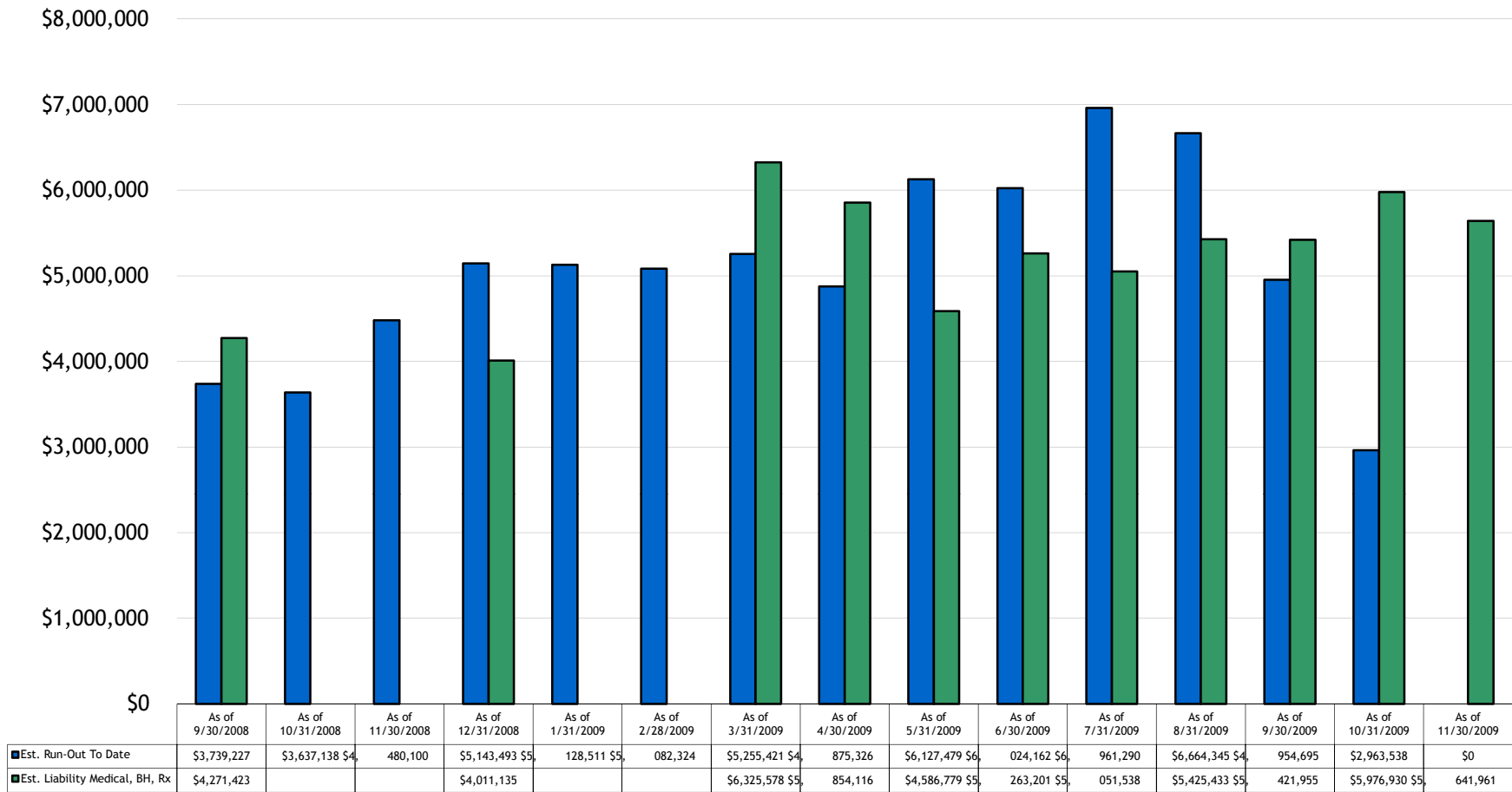
*Estimated Outpatient Prescription Drug IBNR*

Estimated claim lag in months		0.363
Estimated monthly paid claims	×	\$1,000,380
Estimated liability as of 11/30/2009	=	\$362,775
Estimated administrative costs	+	\$0
<b>Estimated liability as of 11/30/2009 (including admin. costs)</b>	<b>=</b>	<b>\$363,000</b>

**Notes:**

*Assumes administrative costs for run-out claims are built into the administrative fees, similar to Aetna.*

**[Client Name Here]**  
**Actual & Estimated Incurred Claim Liability (Claims Portion Only)**  
**Self-funded Medical/Behavioral Health/Rx Plans**



The above data includes claims only; administrative costs and margin are not included. In addition, claims are not adjusted for stop-loss recoveries. Does not include Rx run-out beginning January 2009.

**[Client Name Here]**

**Self-funded Medical, Behavioral Health, and Outpatient Prescription Drug Plans  
for Actives, COBRAs, and Retirees**

*Estimated Incurred Claim Liability as of 11/30/2009 by Entity*

<b>For the period 9/2009 through 11/2009</b>	
<u>Entity</u>	<u>Covered Employees</u>
Group 1	98.9%
Group 2	1.1%
<b>Total</b>	<b>100.0%</b>

<u>Entity</u>	<u>Liability as of November 30, 2009: Allocated by Covered Employees</u>			
	<u>Medical</u>	<u>Behavioral Health</u>	<u>Rx</u>	<u>Total</u>
Group 1	\$4,862,000	\$360,000	\$359,000	\$5,581,000
Group 2	\$54,000	\$4,000	\$4,000	\$62,000
<b>Total</b>	<b>\$4,916,000</b>	<b>\$364,000</b>	<b>\$363,000</b>	<b>\$5,643,000</b>
	<i>(from Exhibit A)</i>	<i>(from Exhibit C)</i>	<i>(from Exhibit E)</i>	