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July 28, 2023

*Via Electronic Mail*

Mr. George Tsiopras  
Chief Financial Officer  
HealthTrust, Inc.  
25 Triangle Park Drive  
Concord, NH 03302

**Re: HealthTrust Incurred but Not Paid Claim Reserves as of June 30, 2023 and Fiscal  
Year 2024 Monthly Factors**

Dear George:

As requested, we have developed the incurred but not paid (IBNP) claim reserves for HealthTrust as of June 30, 2023. These reserves are for claims incurred prior to June 30, 2023 that are not yet paid as of that date. We have also developed the IBNP claim reserve factors for HealthTrust for fiscal year 2024 based on the reserve estimate as of June 30, 2023. These reserve factors shown in Exhibit III are to be used to calculate a claim reserve estimate as of the end of each month from July 2023 through June 2024.

***Results***

Our estimates of the June 30, 2023 claim reserves for medical (excluding prescription drugs), dental, and short-term disability are summarized below. We believe that these amounts make a good and sufficient provision, in the aggregate, for all unpaid claims.

### June 30, 2023 IBNP Claim Reserves

<b>1. Reserve for claims</b>	
a. Medical (excl. prescription drugs)	\$34,565,000
b. Dental	\$926,700
c. Short-term disability	<u>\$264,783</u>
d. Total reserve for claims	<u>\$35,756,483</u>
<b>2. Reserve for administration</b>	
a. Medical (excl. prescription drugs)	\$2,459,483
b. Dental	<u>\$320,688</u>
c. Total reserve for administration	<u>\$2,780,171</u>
<b>3. Total reserve</b>	
a. Medical (excl. prescription drugs)	\$37,024,483
b. Dental	\$1,247,388
c. Short-term disability	<u>\$264,783</u>
d. Total reserve for claims/admin	<u>\$38,536,654</u>

Details of the reserve development for medical and dental claim reserves are shown in the following attached exhibits:

- Exhibit I: Claim runout method for medical IBNP claims reserve
- Exhibit II: Claim runout method for dental IBNP claims reserve

The June 30, 2023 medical and dental IBNP claim reserves are based on analyses of paid claims through June 30, 2023 broken down by incurred date and paid date as furnished by HealthTrust. A 5% explicit margin is included in the medical and dental claim reserves.

#### ***Restated 2022 Medical Claim Reserve***

The restated June 30, 2022 medical IBNP claim reserve is \$35,099,000. The June 30, 2022 IBNP reserve (including margin) was \$32,636,000. The restated estimate is 7.5% above the original reserve with margin and 12.9% above the original reserve without margin (\$31,082,000).

#### ***Methodology***

The IBNP reserves were calculated using the “claim runout” method which examines past claims payment patterns and determines the portion of claims incurred during a month that are paid within specific time periods. For recent months, when paid claims data is too sparse to develop estimated incurred claims, we use trend assumptions and average claims per member projections to develop incurred claims. The claim reserves were calculated as estimated incurred claims through June 30, 2023, minus claims paid through June 30, 2023. We then added a 5% explicit margin to the reserve.

We estimate the reserve for STD to be the amount of premium received for May and June 2023, as reported by HealthTrust.

The reserve for administration covers the cost of administering unreported claims. The termination provisions in HealthTrust's contracts with Anthem and Delta Dental require payment of two months of administrative fees upon contract termination. Therefore, the reserve is equal to two months of medical and dental administrative fees based on the respective June 2023 contracts.

### ***Monthly Factor Application***

The medical claim reserve as of the end of a given month is based on the headcount for that month and the preceding three months. The reserve is equal to the summation of the product of the headcount for each month in the series and the factors in the table below. For example, the reserve as of the end of August 2023 is based on the headcounts in each of the months May 2023 through August 2023, multiplied by the factors in the "Aug-23" column below. The dental claim reserve as of the end of a given month is based on headcount for that month only.

### ***Data Reliance***

We relied upon the membership, claims data, and premiums provided in the following files:

- *Anthem HealthTrust Claims and Member Matrix 2023-06 Exhibit.xlsx* - Medical claim triangles and monthly membership
- *Delta 000003116 - HEALTHTRUST INC 2023-06-30.xlsx* - Dental claim triangle
- *Healthtrust Capital Analysis as of 6.30.23 for Milliman.xlsx* - STD premiums
- *HT Reserve Balances 6.30.2023 Prelim.xlsx* - medical and dental administrative fees

HealthTrust staff estimate the claim reserve for prescription drugs paid through CVS.

### ***Caveats, Limitations, and Qualifications***

Milliman has developed certain models to estimate the values included in this report. The intent of the models was to estimate HealthTrust's IBNP claim reserve amount as of June 30, 2023 and to estimate the IBNP claim reserve factors for fiscal year 2024. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness for their intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOPs).

The models rely on data and information as input to the models. We have relied upon certain data and information provided by HealthTrust for this purpose and accepted it without audit.



Mr. George Tsiopras  
July 28, 2023  
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HealthTrust staff estimates the claim reserve for prescription drugs paid through CVS/Caremark. To the extent that the underlying data or information is inaccurate or incomplete, our assessment may likewise be inaccurate or incomplete.

It should be emphasized that the claim reserve estimates shown in this letter are estimates based upon certain assumptions. Actual experience may differ from these assumptions. To the extent that actual experience differs, the resulting claim reserves would be different from what is presented in this letter. The exact liability can only be determined after a significant passage of time permits the filing and payment of outstanding claims.

This letter is prepared solely for the internal business use of HealthTrust, Inc. for the preparation of US GAAP financial statements. The reserve estimates stated in this letter may not be appropriate for other purposes. Our work may not be provided to third parties without our prior written consent. Milliman does not intend to benefit any third-party recipient of its work product, even if we consent to the release of the work product to such third party.

Catherine Murphy-Barron and Eric Buzby are Consulting Actuaries with Milliman. They are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Catherine Murphy-Barron".

Catherine Murphy-Barron, MBA, FSA, MAAA  
Principal & Consulting Actuary

A handwritten signature in black ink that reads "Eric A. Buzby".

Eric A. Buzby, FSA, MAAA  
Consulting Actuary

CC: Wendy Parker, HealthTrust  
Kathleen Fox, HealthTrust  
Alexander Hart, Milliman

**Exhibit I**  
**HealthTrust**  
**Reserve for Medical (excl. Rx) Claims as of June 30, 2023**

	(A)	(B)	(C)	(D) = (B)/(C)	(E) = (C)/(A)	(F)	(G) = (C)-(B)
Incurred Month	Member Months	Cumulative Paid	Estimated Incurred	Completion Factor	Incurred Cost per Member Month	Rolling 3 Month Cost Per Member Month	Reserve (IBNP)
Jun-23	53,046	\$13,131,134	\$29,692,185	0.4422	\$559.74	\$575.17	\$16,561,051
May-23	53,063	27,715,731	34,018,240	0.8147	641.09	577.66	6,302,509
Apr-23	53,102	25,281,214	27,862,455	0.9074	524.70	529.62	2,581,241
Mar-23	53,099	28,316,529	30,120,061	0.9401	567.24	538.87	1,803,532
Feb-23	53,184	25,294,563	26,431,103	0.9570	496.97	513.85	1,136,540
Jan-23	53,253	28,524,203	29,418,726	0.9696	552.43	520.60	894,523
Dec-22	53,306	25,579,141	26,234,443	0.9750	492.15	491.73	655,302
Nov-22	53,302	27,005,917	27,570,275	0.9795	517.25	486.10	564,358
Oct-22	53,296	24,416,970	24,825,618	0.9835	465.81	482.18	408,648
Sep-22	53,297	24,972,868	25,329,491	0.9859	475.25	471.90	356,623
Aug-22	52,979	26,468,341	26,788,022	0.9881	505.63	493.01	319,681
Jul-22	53,052	22,841,016	23,070,034	0.9901	434.86	483.30	229,018
Jun-22	52,878	28,265,976	28,486,051	0.9923	538.71	506.35	220,075
May-22	52,933	25,045,486	25,222,062	0.9930	476.49	505.93	176,576
Apr-22	53,028	26,545,414	26,720,598	0.9934	503.90	496.25	175,184
Mar-22	53,124	28,409,074	28,542,727	0.9953	537.28	483.84	133,653
Feb-22	53,193	23,726,114	23,811,433	0.9964	447.64	461.44	85,319
Jan-22	53,265	24,780,584	24,857,767	0.9969	466.68	470.03	77,183
Dec-21	53,539	25,095,363	25,159,828	0.9974	469.93	467.00	64,465
Nov-21	53,470	25,267,027	25,316,324	0.9981	473.47	462.36	49,297
Oct-21	53,476	24,435,678	24,470,394	0.9986	457.60	458.82	34,716
Sep-21	53,472	24,356,921	24,384,672	0.9989	456.03	464.15	27,751
Aug-21	53,135	24,571,583	24,594,305	0.9991	462.86	479.73	22,722
Jul-21	53,172	25,170,426	25,181,884	0.9995	473.59	469.86	11,458
Jun-21	53,502	26,880,654	26,889,000	0.9997	502.58	477.17	8,346
May-21	53,688	23,272,319	23,277,296	0.9998	433.57	473.13	4,977
Apr-21	53,719	26,610,137	26,615,261	0.9998	495.45	473.70	5,124
Mar-21	53,795	26,374,316	26,376,996	0.9999	490.32	458.48	2,680
Feb-21	53,845	23,441,367	23,444,266	0.9999	435.40	445.47	2,899
Jan-21	53,936	24,255,964	24,257,823	0.9999	449.75	451.67	1,859
Dec-20	53,974	24,352,670	24,354,115	0.9999	451.22	461.75	1,445
Nov-20	54,002	24,518,589	24,518,905	1.0000	454.04	455.66	316
Oct-20	54,007	25,922,881	25,923,078	1.0000	479.99	444.97	197
Sep-20	53,921	23,342,405	23,342,657	1.0000	432.90	433.07	252
Aug-20	53,612	22,614,610	22,614,610	1.0000	421.82	423.11	0
Jul-20	53,634	23,839,220	23,839,220	1.0000	444.48	387.04	0
Jun-20	53,434	21,530,819	21,530,819	1.0000	402.94	317.66	0
May-20	53,465	16,763,309	16,763,309	1.0000	313.54	307.47	0
Apr-20	53,470	12,648,314	12,648,314	1.0000	236.55	349.18	0
Mar-20	53,445	19,900,212	19,900,212	1.0000	372.35	432.62	0
Feb-20	53,489	23,461,497	23,461,497	1.0000	438.62	462.74	0
Jan-20	53,431	26,014,963	26,014,963	1.0000	486.89	486.89	0
Total		\$1,020,961,519	\$1,053,881,039				\$32,919,520
					Provision for Adverse Deviation	5%	\$1,645,976
					Rounded Final Reserve		\$34,565,000
					CY 2020		\$2,000
					CY 2021		\$248,000
					CY 2022		\$3,572,000
					CY 2023		\$30,743,000

**Exhibit II**  
**HealthTrust**  
**Reserve for Dental Claims as of June 30, 2023**

	(A)	(B)	(C)	(D) = (B)/(C)	(E) = (C)/(A)	(F)	(G) = (C)-(B)		
Incurring Month	Member Months	Cumulative Paid	Estimated Incurred	Completion Factor	Incurred Cost per Member Month	Rolling 3 Month Cost Per Member Month	Reserve (IBNP)		
Jun-23	59,424	\$1,601,557	\$2,289,195	0.6996	\$38.52	\$35.86	\$687,638		
May-23	59,458	2,075,641	2,146,353	0.9671	36.10	35.90	70,712		
Apr-23	59,503	1,928,795	1,961,970	0.9831	32.97	35.51	33,175		
Mar-23	59,522	2,275,721	2,299,627	0.9896	38.63	37.32	23,906		
Feb-23	59,550	2,064,090	2,079,262	0.9927	34.92	35.37	15,172		
Jan-23	59,456	2,271,847	2,283,994	0.9947	38.41	36.02	12,147		
Dec-22	59,456	1,940,598	1,948,112	0.9961	32.77	34.86	7,514		
Nov-22	59,455	2,185,573	2,191,786	0.9972	36.86	35.32	6,213		
Oct-22	59,366	2,070,638	2,075,699	0.9976	34.96	39.57	5,061		
Sep-22	59,228	2,016,634	2,020,702	0.9980	34.12	42.41	4,068		
Aug-22	58,530	2,906,645	2,911,626	0.9983	49.75	44.06	4,981		
Jul-22	58,520	2,540,270	2,543,882	0.9986	43.47	38.02	3,612		
Jun-22	57,542	2,235,428	2,237,786	0.9989	38.89	34.68	2,358		
May-22	57,594	1,819,548	1,820,931	0.9992	31.62	35.09	1,383		
Apr-22	57,652	1,931,771	1,932,938	0.9994	33.53	35.92	1,167		
Mar-22	57,723	2,313,684	2,314,828	0.9995	40.10	35.67	1,144		
Feb-22	57,784	1,971,481	1,972,153	0.9997	34.13	34.11	672		
Jan-22	57,811	1,895,668	1,896,074	0.9998	32.80	34.50	406		
Dec-21	57,975	2,052,692	2,053,104	0.9998	35.41	34.80	412		
Nov-21	57,917	2,042,525	2,042,864	0.9998	35.27	34.45	339		
Oct-21	57,943	1,953,718	1,953,941	0.9999	33.72	37.93	223		
Sep-21	57,747	1,984,632	1,984,824	0.9999	34.37	40.94	192		
Aug-21	57,138	2,616,239	2,616,342	1.0000	45.79	44.41	103		
Jul-21	57,204	2,443,307	2,443,307	1.0000	42.71	41.07	0		
Jun-21	56,749	2,538,513	2,538,513	1.0000	44.73	39.88	0		
May-21	56,881	2,034,295	2,034,295	1.0000	35.76	39.10	0		
Apr-21	56,957	2,229,947	2,229,947	1.0000	39.15	40.15	0		
Mar-21	57,003	2,416,321	2,416,321	1.0000	42.39	39.72	0		
Feb-21	57,145	2,223,455	2,223,455	1.0000	38.91	37.47	0		
Jan-21	57,175	2,164,825	2,164,825	1.0000	37.86	36.19	0		
Dec-20	57,178	2,038,007	2,038,007	1.0000	35.64	36.43	0		
Nov-20	57,196	2,005,143	2,005,143	1.0000	35.06	37.26	0		
Oct-20	57,181	2,207,399	2,207,399	1.0000	38.60	40.90	0		
Sep-20	56,997	2,172,546	2,172,546	1.0000	38.12	44.59	0		
Aug-20	56,582	2,604,768	2,604,768	1.0000	46.04	44.08	0		
Jul-20	56,609	2,811,672	2,811,672	1.0000	49.67	32.45	0		
Jun-20	56,717	2,072,936	2,072,936	1.0000	36.55	16.41	0		
May-20	56,198	615,984	615,984	1.0000	10.96	10.92	0		
Apr-20	56,236	86,062	86,062	1.0000	1.53	19.08	0		
Mar-20	56,258	1,140,591	1,140,591	1.0000	20.27	31.83	0		
Feb-20	56,235	1,992,227	1,992,227	1.0000	35.43	37.60	0		
Jan-20	56,282	2,238,965	2,238,965	1.0000	39.78	39.78	0		
<b>Total</b>		<b>\$86,732,358</b>	<b>\$87,614,956</b>				<b>\$882,598</b>		
						Provision for Adverse Deviation	5%	\$44,130	
								Rounded Final Reserve	\$926,700
								CY 2020	\$0
								CY 2021	\$1,300
								CY 2022	\$40,500
								CY 2023	\$884,900

**Exhibit III  
HealthTrust**

**Reserve for Medical (excl. Rx) and Dental Claims as of June 30, 2023 and at Monthly Intervals Thereafter**

**Notes:** Excludes prescription drugs for which the recorded payable incorporates the full obligation. The June 2023 medical and dental claims reserves are the given amount. For July 2023 and later months, the medical claim reserve as of the end of a given month is based on the headcount for that month and the preceding three months. The reserve is equal to the summation of the product of the headcount for each month in the series and the factor shown below. For example, the reserve as of the end of August 2023, is based on the headcounts in each of the months May 2023 through August 2023, multiplied by the factors in the "Aug-23" column below. The dental claim reserve as of the end of a given month is based on headcount for that month. Reserve for administration is determined separately. *Medical factors should be reviewed each month.*

Headcount Month	Claim Reserve Month													
	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	
	<b>Medical Reserve Factors</b>													
Mar-23														
Apr-23		\$331.43												
May-23		\$333.33	\$332.80											
Jun-23		\$335.24	\$334.71	\$334.49										
Jul-23	6/30/2023 medical and dental IBNR are not computed by factors. Use values:	\$337.16	\$336.63	\$336.41	\$336.26									
Aug-23			\$338.56	\$338.34	\$338.19	\$338.19								
Sep-23				\$340.28	\$340.13	\$340.13	\$340.13	\$340.13						
Oct-23					\$342.08	\$342.08	\$342.08	\$342.08	\$342.08					
Nov-23						\$344.04	\$344.04	\$344.04	\$344.04	\$344.04				
Dec-23							\$346.01	\$346.01	\$346.01	\$346.01	\$346.01			
Jan-24								\$347.99	\$347.99	\$347.99	\$347.99	\$347.99		
Feb-24	\$ 34,566,000 for medical							\$349.98	\$349.98	\$349.98	\$349.98	\$349.98	\$349.98	
Mar-24									\$351.98	\$351.98	\$351.98	\$351.98	\$351.98	
Apr-24	\$ 926,700 for dental									\$353.99	\$353.99	\$353.99	\$353.99	
May-24											\$356.02	\$356.02	\$356.02	
Jun-24												\$358.06	\$358.06	
<b>Dental</b>		\$34.78	\$34.86	\$34.95	\$35.03	\$35.12	\$35.21	\$35.29	\$35.38	\$35.47	\$35.56	\$35.64	\$35.73	