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July 25, 2022

Via Electronic Mail

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

Re: Premium Deficiency Reserve Estimate as of June 30, 2022

Dear George:

As requested, we have performed an analysis to determine the need for HealthTrust to hold a premium deficiency reserve as of June 30, 2022.

Results

Based on our projection of revenue and expenses for the period July 1, 2022 through June 30, 2022, HealthTrust requires a premium deficiency reserve of \$8,700,000 as of June 30, 2022.

The premium deficiency reserve is estimated based on the following information:

1. Membership information through June 2022.
2. Medical claims incurred May 1, 2021 through April 30, 2022, paid through May 31, 2022.
3. Prescription drug claims incurred and paid May 1, 2021 through April 30, 2022.
4. Dental and short-term disability claims paid July 1, 2021 through June 30, 2022.
5. Prescription drug rebates owed to HealthTrust for claims incurred January 1, 2019 through June 30, 2022.
6. Projected carrier, state and federal fees for July 1, 2022 through June 30, 2023.
7. Projected HealthTrust operating budget for July 1, 2022 through June 30, 2023.
8. Investment income projection for July 1, 2022 through June 30, 2023.
9. Current premium rates.

Methodology and Assumptions

We made the following assumptions in our calculations:

Deficiency Period: 6-month period ending December 31, 2022 for the January Renewal medical, dental, and short-term disability (STD) coverages.

12-month period ending June 30, 2023 for the July Renewal medical, dental, and short-term disability (STD) coverages.

Membership: Enrollment will remain the same as on July 1, 2022.

Claims Trend: Annual claims trends:

- HMO & POS 6.0%
- Medicomp 5.5%
- CDHP 7.5%
- Prescription Drug
 - January Renewal 6.5%
 - July Renewal 6.5%
- Dental 4.0%

New Benefits: We adjusted dental claims to remove the impact of the increase in benefit maximums effective January 1, 2021 for the January renewals, which is reflected in the underlying claims experience but will not continue into the future.

Our analysis and result are shown in the attached exhibit.

Data Reliance

We relied upon the membership, claims, expenses, investment income and premium information provided in the following files:

- *Global Data-723 GMR.xlsx* - July renewal membership, paid claims and income at current rates
- *Global Data-123.xlsx* - January renewal membership, paid claims and income at current rates
- *Dental-2023_rtgcalc_draft1.xlsx* - dental paid claims and income at current rates
- *STD Ratecalc 2023 Draft_1.xlsx* - STD paid claims and contributions

- *HEALTH TRUST Rebates as of 20220430 JE v.1.xlsx* - prescription drug rebates owed to HealthTrust
- *RateCalc723GMR Fixed Fees Final To Milliman.xlsx* - HealthTrust administrative expenses and investment income
- *723 GMR RateCalc D1.xlsx* - July renewal number of children under age 19
- *123 RateCalc D1.xlsx* - January renewal number of children under age 19
- *Anthem HealthTrust Claims and Member Matrix 2022-06 Exhibit (002).xlsx* - current vs. average membership for July and January renewals
- *Delta Triangle - HEALTHTRUST INC 2022-06-30.xlsx* - current vs. average membership for dental
- *Healthtrust Capital Analysis as of 6.30.22 for Milliman.xlsx* - current vs. average membership for STD

We evaluated this information for reasonableness and consistency to the extent practicable. As is our practice, we did not audit or verify the underlying data and information but relied on it as provided to us. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

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 premium deficiency reserve amount as of June 30, 2022. 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. 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 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 reserve would be different from what is presented in this letter.

This letter is prepared solely for the internal business use of HealthTrust, Inc. for the preparation of US GAAP financial statements. The reserve amount 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.



Mr. George Tsiopras
July 25, 2022
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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

HealthTrust, Inc.
Premium Deficiency Reserve (PDR) at June 30, 2022

	July Renewal Medical	January Renewal Medical	Dental	STD	Total
1. Experience Period (EP)	5/1/21 - 4/30/22	5/1/21 - 4/30/22	7/1/21 - 6/30/22	7/1/21 - 6/30/22	
2. Average number of enrollees	21,483	4,436	25,862	3,949	
3. a. Average number of members	44,135	9,066			
b. Average number of non-Medicomp members	38,191	8,189			
4. Claims					
a. Paid claims	\$305,011,818	\$69,577,977	\$25,306,525	\$1,330,373	
b. Completed claims	\$315,711,262	\$72,055,798	\$25,433,058	\$1,330,373	
c. Plan changes (infertility/1.5x dental maximum)	\$0	\$0	(\$165,902)	\$0	
d. Prescription drug rebates	(\$1,519,216)	(\$286,504)	\$0	\$0	
e. Completed claims adjusted for new benefits/rebates	\$314,192,046	\$71,769,294	\$25,267,155	\$1,330,373	
5. Guarantee period claims	7/1/22 - 6/30/23	7/1/22- 12/31/22	July: 7/1/22 - 6/30/23 Jan: 7/1/22 - 12/31/22	July: 7/1/22 - 6/30/23 Jan: 7/1/22 - 12/31/22	
a. Claims trended to guarantee period	\$334,330,531	\$75,862,490	\$26,245,613	\$1,330,373	
b. Total claims, adjusted for length of guarantee period	\$334,330,531	\$37,931,245	\$24,610,200	\$1,078,270	
6. Carrier fees (contract rates applied to enrollees or members)					
a. Administrative fee	\$12,119,646	\$1,324,031	\$1,745,036	\$0	
b. Anthem EPHC provider payments	\$2,421,520	\$259,609	\$0	\$0	
c. Total	\$14,541,166	\$1,583,640	\$1,745,036	\$0	
7. HealthTrust administrative expense (projected budget, allocated by number of contracts)	\$14,891,375	\$1,537,585	\$547,260	\$81,135	
8. Investment income credit	(\$1,443,040)	(\$148,999)	(\$94,652)	\$0	
9. State & federal fees					
a. New Hampshire Vaccine Fee	\$731,169	\$72,213			
b. ACA PCORI fee	\$126,225	\$12,964			
c. ACA Reinsurance fee	\$0	\$0			
d. Total	\$857,394	\$85,177			
10. Total projected cost on average enrollment in experience period [(5.b.)+(6.c.)+(7.)+(8.)+(9.d.)]	\$363,177,426	\$40,988,647	\$26,807,844	\$1,159,404	
11. Income at current rates on average enrollment in experience period	\$354,292,252	\$40,298,686	\$27,818,199	\$1,079,056	
12. Cost and income scaled to current enrollment					
a. Cost	\$361,352,425	\$40,042,149	\$26,749,995	\$1,175,380	\$429,319,948
b. Income at current rates on current enrollment	\$352,443,439	\$39,335,490	\$27,757,138	\$1,095,043	\$420,631,111
13. Premium Deficiency Reserve [(12.a) - (12.b), "Total" column, but not less than zero]					\$8,700,000