

# Actuarial Work-Products, Inc.

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**TO: Addressee No. 1**

ABC Brokers, Inc.  
PO Box 123  
Winston-Salem, NC 27103  
(336)777-7777  
(336)77-7777

**Addressee No. 2**

Self-Funding Actuarial Svcs  
8025 North Point, Ste 207W  
Winston-Salem, NC 27116  
336-759-2035  
336-896-0392

**Addressee No. 3**

Test Health Plan  
123 South Main Street  
Baltimore, MD 21211  
(410)777-7777  
(410)777-7777

**RE: Medicare Part D**

**Opinion of Attestation and Subsidy Feasibility Analysis**

**Plan Sponsor is: ABC Manufacturing Co**

**Projected Attestation Year is: 01/01/2009 to 12/31/2009**

**Engager is Addressee Number 1**

**Eligible User is Addressee Number 2**

This Actuarial Work-Product provides (a) an opinion attesting that the Rx benefits provided by the Plan Sponsor to its retirees with Medicare eligibility are or are not actuarially equivalent to those of Medicare Part D and (b) a feasibility analysis which quantifies the amount of economic advantage (or disadvantage) to the Plan Sponsor of electing the subsidy or the "wraparound" option.

This Certification is in three parts:

- Part A - Actuarial Opinion of Attestation and Subsidy Feasibility Analysis
- Part B - Submitted Data and Computations
- Part C - Computations.

Carlton Harker and the firm of Actuarial Work-Products, Inc. are completely independent of the subject Health Care Plan, the Eligible User, the Engager, and all plan vendors.

Sincerely,

04/27/2009

Carlton Harker, FSA, MAAA  
Actuarial Work-Products, Inc.

# Part A - Actuarial Opinion of Attestation and Feasibility Analysis

Based upon the data and documentation set forth in this Work-Product the Actuary attests that the plan-provided Rx benefits to retirees are or are not actuarially equivalent to those Rx benefits provided by Medicare Part D or that both the Gross and Net tests are or are not met:

Such tests are both met X

Such tests are not both met

Based upon the data and documentation set forth in this Work-Product it is the opinion of the Actuary that the economic advantage (or disadvantage) to the Plan Sponsor in electing either the (a) retiree subsidy or the (b) so-called wraparound option is summarized as follows:

**Rx costs of the plan sponsor for the projected plan year:**

Subsidy Option	\$102,643
Wraparound Option	\$98,595

# Conditions and Terms of Opinion

With respect to this opinion, the actuary asserts:

1. That this Work-Product is an actuarial opinion as contemplated by the American Academy of Actuaries.
2. That the Actuary is qualified to offer such opinion by reason of his meeting the requisite examination, experience and continuing education requirements of the American Academy of Actuaries.
3. That this Actuarial Work-Product is the result of a mathematical computer program processing imputed data and documentation as summarized herein.
4. That such Actuary is independent and has no conflicted interest with any party with respects to this Work-Product.
5. That the Work-Product was prepared at the request of the Eligible User who is identified herein and may or may not be the End-User of such Work-Product.
6. That the Actuary has been engaged, as contemplated by the American Academy of Actuaries, by the Eligible User who is identified herein.
7. The actuary intends to be a fiduciary with respect to this Work-Product and will act accordingly, striving to meet any and all standards of conduct necessary to meet this end.
8. The professional liability for this Work-Product is assumed by Self-Funding Actuarial Services, Inc. which has in place an appropriate professional liability insurance policy. A PDF of the summary page of this policy is available at:  
[www.awpse.com/eando.pdf](http://www.awpse.com/eando.pdf)

04/27/2009

Date

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Carlton Harker, FSA, MAAA  
Actuarial Work-Products, Inc.  
AAA Number 5293

# Part B - Submitted Data and Documentation

**Addressee No. 1**  
 ABC Brokers, Inc.  
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 (336)777-7777  
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**Addressee No. 3**  
 Test Health Plan  
 123 South Main Street  
 Baltimore, MD 21211  
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 (410)777-7777 fax  
 abc@xyz.com

## General Information

Plan Sponsor: ABC Manufacturing Co  
 Plan Name: Health Care Plan of ABC MFG Co  
 Plan Year under review: 01/01/2009 to 12/31/2009

## Data-Specific Information

### Medicare Part D

<u>Test Year</u>	<u>Benchmark Premium</u>	----- Benefit Groupings -----		
		<u>Group</u>	<u>From</u>	<u>To</u>
2009	\$45	A	\$0	\$275
		B	\$275	\$2,510
		C	\$2,510	\$5,726
		D	\$5,726	999,999,999

### Claims Experience (Retirees Only) Paid Basis

Experience Period from 02/01/2008 to 11/30/2008 ( 10 Months)

<u>Benefit Group</u>	<u>Number of Claimants</u>	<u>Total Submitted</u>	<u>Claims Paid</u>
A	6	\$682	\$500
B	39	\$47,109	\$43,100
C	22	\$74,383	\$35,700
D	6	\$45,822	\$38,100
Total	73	\$167,996	\$117,400

Plan-Required per Retiree Monthly contribution: \$10

# Part C-Contributions

## Benefit Group

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>Total</u>
1. No. Claimants	6	39	22	6	73
2. Submitted Rx	\$818	\$56,530	\$89,259	\$54,986	\$201,595
3. Plan-Paid Rx	\$600	\$51,720	\$42,840	\$45,720	\$140,880
4. Part-Paid Rx	\$218	\$4,810	\$46,419	\$9,266	\$60,715
5. Part D-Paid Rx	\$0	\$34,354	\$70,917	\$28,388	\$133,660
6. Part D Contrib.	\$3,240	\$21,060	\$11,880	\$3,240	\$39,420
7. Plan Contrib.	\$720	\$4,680	\$2,640	\$720	\$8,760
8. Allowable Sub	\$0	\$9,619	\$19,856	\$0	\$29,476

### 9. Subsidy Feasibility Analysis

	<u>Subsidy Elected</u>	<u>Wraparound Elected</u>
a. Submitted Rx Expenses	\$201,595	\$201,595
b. Medicare Benefits		\$133,660
c. Plan Benefits	\$140,880	\$67,935
d. Plan Contributions	\$8,760	\$8,760
e. Medicare Contributions		\$39,420
f. Participant Paid Benefits	\$60,715	
g. Allowable Subsidy	\$29,476	
h. Plan Sponsor Net Cost	\$102,643	\$98,595

### 10. Actuarial Equivalence Test

	<u>Plan Benefits</u>	<u>Medicare Benefits</u>
a. Submitted Claims	\$201,595	\$201,595
b. Paid Claims	\$140,880	\$133,660
c. Participant Contributions	\$8,760	\$39,420
d. Net Claims	\$132,120	\$94,240

Plan Name: Health Care Plan of ABC MFG Co

Valuation Date: 12/31/2009

Produced by: Actuarial-Work Products, Inc.

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USER CODE: 002            USER NAME: pcastevens            COMPUTER: 648I SERV            VERSION: v20090319  
STATUS: TRANSFER COMPLE;QUESTED: 04/27/2009 REQUEST: REQUESTZZ    BROWSER: Mozilla/4.0 (compatiPM    IP ADDRESS: 64.129.139.90  
ADDRESSEE 1 ID: B0001            ADDRESSEE 2 ID: E0001            ADDRESSEE 3 ID: P0001            PLAN ID: 001    VAL NUMBER: 01  
Health Care Plan of ABC MFG Co 12/31/2009    VAL DATE: 12/31/2009            PROJECTED RANGE: 01/01/2009 TO 12/31/2009