

Actuarial Work-Products, Inc.

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Carlton Harker, FSA, MAAA
Principal
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TO: Addressee No. 1
Administrators, Inc.
414 Main Street
Portland, OR 97114
601-414-8888
601-516-1414

Addressee No. 2
Self-Funding Actuarial Service
8025 North Point Blvd Ste 207W
Winston-Salem, NC 27106
336-759-2035
336-896-0392

Addressee No. 3
ABC Manufacturing Co.
1841 Bypass Road
Tupelo, MS 37116
614-160-1425
614-280-8416

RE: Medicare Part D

Opinion of Attestation and Subsidy Feasibility Analysis

Plan Sponsor is: ABC Manufacturing Vompany

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 Park 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,

09/12/2009

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

Such tests are not both met X

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	\$-23,055
Wraparound Option	\$88,797

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

09/12/2009

Date

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

Part B - Submitted Data and Documentation

Addressee No. 1
 Administrators, Inc.
 414 Main Street
 Portland, OR 97114
 601-414-8888
 601-516-1414 fax
 jsmith@admin.com

Addressee No. 2
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 614-280-8416 fax
 bowner@abcco.com

General Information

Plan Sponsor: ABC Manufacturing Vompany
 Plan Name: ABC health Care Plan
 Plan Year under review: 01/01/2009 to 12/31/2009

Data-Specific Information

Medicare Part D

Test Year	Benchmark Premium	----- Benefit Groupings -----		
		Group	From	To
2009	\$34	A	\$0	\$295
		B	\$295	\$2,700
		C	\$2,700	\$6,154
		D	\$6,154	\$0

Claims Experience (Retirees Only) Paid Basis

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

Benefit Group	Number of Claimants	Total Submitted	Claims Paid
A	6	\$682	\$500
B	39	\$47,109	\$4,310
C	22	\$74,373	\$3,570
D	6	\$45,822	\$3,810
Total	73	\$167,986	\$12,190

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	\$89,247	\$54,986	\$201,583
3. Plan-Paid Rx	\$600	\$5,172	\$4,284	\$4,572	\$14,628
4. Part-Paid Rx	\$218	\$51,358	\$84,963	\$50,414	\$186,955
5. Part D-Paid Rx	\$0	\$33,769	\$69,530	\$30,510	\$133,809
6. Part D Contrib.	\$2,448	\$15,912	\$8,976	\$2,448	\$29,784
7. Plan Contrib.	\$720	\$4,680	\$2,640	\$720	\$8,760
8. Allowable Sub	\$0	\$9,455	\$19,468	\$0	\$28,923

9. Subsidy Feasibility Analysis

	<u>Subsidy Elected</u>	<u>Wraparound Elected</u>
a. Submitted Rx Expenses	\$201,583	\$201,583
b. Medicare Benefits		\$133,809
c. Plan Benefits	\$14,628	\$67,773
d. Plan Contributions	\$8,760	\$8,760
e. Medicare Contributions		\$29,784
f. Participant Paid Benefits	\$186,955	
g. Allowable Subsidy	\$28,923	
h. Plan Sponsor Net Cost	\$-23,055	\$88,797

10. Actuarial Equivalence Test

	<u>Plan Benefits</u>	<u>Medicare Benefits</u>
a. Submitted Claims	\$201,583	\$201,583
b. Paid Claims	\$14,628	\$133,809
c. Participant Contributions	\$8,760	\$29,784
d. Net Claims	\$5,868	\$104,025

Plan Name: ABC health Care Plan

Valuation Date: 12/31/2009

Produced by: Actuarial-Work Products, Inc.

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ABC health Care Plan 12/31/2009 VAL DATE: 12/31/2009 PROJECTED RANGE: 01/01/2009 TO 12/31/2009