MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Bordan Darm
Principal

2520 Venture Oaks Way, Suite 250
Sacramento, CA 95833-4228
+1 916 286 5403
Fax +1 916 286 5401
bordan.darm@mercer.com
www.mercer.com

April 8, 2010

Ms. Sue Goodrick
Benefits Manager
County of Mendocino
579 Low Gap Road
Ukiah, CA 95482

Subject: Anthem Blue Cross Individual Rate Overview

Dear Sue:

The County has asked Mercer to survey medical costs for non-Medicare eligible retirees with different risk profiles by ages 55, 60, and 64. We conducted a rate search through Anthem's website for individual plans with benefit attributes that were closest in comparison with the County's Active II plan. Unfortunately the closest plan with to the current $500 plan is an Anthem Blue Cross plan with a $1,000 deductible.

Mercer went to Anthem Blue Cross' website to price individual coverage based on the following criterion:

- Age 55, 60, 64
- Gender Male, Female
- Health profile: Good, Moderate, Poor
- Smoker, Non-Smoker

Mercer was able to secure rates for criterion related to age, gender, good health risk profile, and smoker/non-smoker. When we indicated moderate health (some health issues) and poor health (multiple health issues) we were declined coverage. Subsequently, went to the Blue Shield of California website and tried the same risk profile and were not given a quote and advised that the quote is under review. This would lead us to the conclusion, that non-Medicare eligible retirees with moderate to poor health would have difficulty securing health coverage in the individual market. If coverage were secured it would most likely either contain a premium surcharge over the healthy population or elimination/restriction of coverage for certain conditions.

The following table provides the rates for ages 55, 60 and 64 living in Ukiah zip code 95418, male/female, good health, smoker/non-smoker.

Male	**Non-Smoker**			**Smoker**		
Copay; Coins; Ded; OOPM; Drug Cvg	**Age 55**	**Age 60**	**Age 64**	**Age 55**	**Age 60**	**Age 64**
$30; 25%; $1,000; $4,500*; Yes	$440.00	$707.00	$797.00	$528.00	$848.40	$956.40
$30; 25%; $1,500; $4,500*; Yes	$363.00	$632.00	$721.00	$435.60	$758.40	$865.20
$30; 25%; $5,000; $4,500*; Yes	$284.00	$508.00	$584.00	$340.80	$609.60	$700.80
* = OOPM in addition to deductible						
Female	**Non-Smoker**			**Smoker**		
Copay; Coins; Ded; OOPM; Drug Cvg	**Age 55**	**Age 60**	**Age 64**	**Age 55**	**Age 60**	**Age 64**
$30; 25%; $1,000; $4,500*; Yes	$477.00	$589.00	$681.00	$572.40	$706.80	$817.20
$30; 25%; $1,500; $4,500*; Yes	$402.00	$514.00	$605.00	$482.40	$616.80	$726.00
$30; 25%; $5,000; $4,500*; Yes	$314.00	$406.00	$484.00	$376.80	$487.20	$580.80
* = OOPM in addition to deductible						

Please note, the rates provided are illustrative only and are subject to change dependent on health status and completion of the application for coverage. Smoker rates are shown with 20% surcharge. Smoker refers to an individual using any form of tobacco.

Please see the attached document for an outline of coverage. Should you have any questions regarding the material provided in this letter, please contact me at (916) 286-5403.

Sincerely,

Bordan Darm
Principal

attachments