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LET MILLIMAN DEMONSTRATE HOW THIS
UNDERWRITING TOOL ACCURATELY
AND FAIRLY SETS RATES AND IMPROVES
PROFITABILITY IN THE COMPETITIVE
SMALL GROUP MARKET.



**A Leader in Medical
Risk Analysis Tools**

Milliman | RenewalMUGs

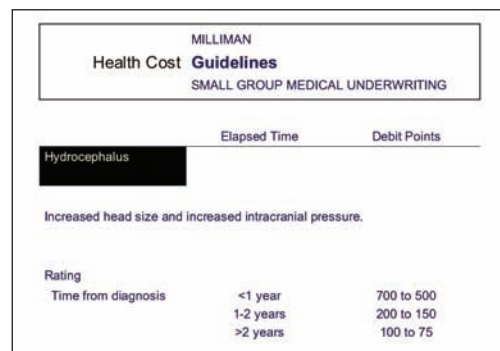
RENEWALMUGS

Health plans are clamoring for fair and accurate medical underwriting tools to assess the health status of their underlying population. Accurate medical underwriting has a tremendous impact on the competitiveness of rates and profitability of small group business.

The Milliman Small Group Medical Underwriting Guidelines (MUGs) have been used since 1990 to estimate the relative health status of new members based on underwriting questionnaires.

RenewalMUGs is based on the MUGs and assesses health status using administrative data, rather than a questionnaire.

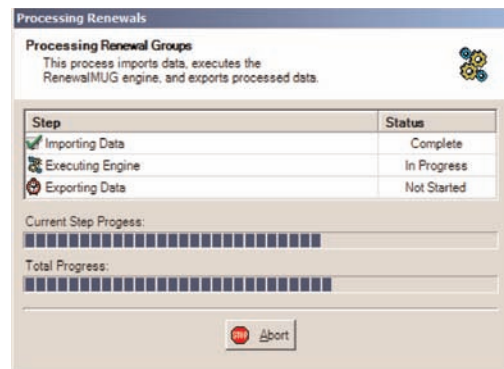
RenewalMUGs uses all available administrative data (claims, cap, pharmacy, premium, and enrollment) to identify the conditions and relative health status of members.



	Elapsed Time	Debit Points
Hydrocephalus		
Increased head size and increased intracranial pressure.		
Rating		
Time from diagnosis	<1 year	700 to 500
	1-2 years	200 to 150
	>2 years	100 to 75

EASY-TO-USE SOFTWARE

The RenewalMUGs software package is designed to provide maximum flexibility and convenience. Data source files can be in any one of three formats (text, Access, or SQL). The data input structures are well defined and make it easy to map source data to standard structures. Standard reports are produced in Excel for maximum flexibility, and a datamart of output files can be easily increased for detailed reporting. Web-based demonstrations are available.



GET A COMPETITIVE EDGE

The RenewalMUGs risk adjuster is unique in the marketplace in that it was developed by clinical and financial underwriting experts specifically for use in small group medical underwriting. Extensive real-world use has demonstrated that our risk adjuster is transparent, intuitive, and provides a competitive edge in small group and individual medical underwriting. Advantages include:

- **Comprehensive and proven:**

- The Milliman MUGs were developed specifically for medical underwriting and contain rating information for approximately 700 conditions and more than 3,000 rating levels. The MUGs are used by approximately 100 clients and have a consistent track record of success.

- RenewalMUGs is based on the MUGs new business rating and identifies member conditions via claims data, rather than a questionnaire. The RenewalMUGs process was first developed in 2000.

- **Consistency between new business and renewal medical underwriting**—The RenewalMUGs software allows the underwriter to track member-specific conditions from the time of application to renewal. This allows for better first-year renewal rating.
- **Transparency**—RenewalMUGs makes it easy for the underwriter to review member-specific conditions and debits.
- **Consistency with manual rating variables**—RenewalMUGs is calibrated for each client to ensure that the health status load factors are complementary with the manual rating variables, such as age/gender factors and family size categories.
- **Consistency with state regulations**—RenewalMUGs is calibrated for each client to ensure that the results are compliant with state regulatory limits on health status factors.
- **Coverage duration adjustment**—RenewalMUGs uses three years of data, calculates each member's months of coverage, and adjusts the member's debit score if the claims data is not complete.

"The RenewalMUGs software allows the underwriter to track member-specific conditions from the time of application to renewal."