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June 29, 2018

Board of Trustees
UFCW Unions and Participating Employers Health and Welfare Fund
Landover, Maryland

Re: **Reserve Determination through May 31, 2018**

Dear Trustees:

Attached is a report which provides the calculation of the Fund's reserve position based on PNC statements representing the period June 1, 2017 through May 31, 2018.

At this time, the Fund's reserve position is at **4.04** months, which exceeds the four-month reserve ceiling. The amount of reserves above four-months results in an amortized adjustment of **$13,942**. Associated Administrator's LLC will need to work with the employers to determine how this additional amount will be paid to the Fund by the employers.

We look forward to reviewing this information with you further. Please let us know if you have questions.

Sincerely,

Mitch Bramstaedt
Senior Vice President
Midwest Regional Leader

Christopher Heppner, ASA, MAAA
Senior Vice President and Consulting Actuary

mwb/tsw:rm

cc: Mr. Josh Timm

Attachment (5751572)

5751571v1/13783.005

United Food and Commercial Workers (UFCW) Unions and Participating Employers Health and Welfare Fund

Reserve Determination Report

PNC Statements Through May 31, 2018
Administrative Manager’s Reports Through March 31, 2018

June 2018

5751572.1

Report Contents

- The following information is included in this report:
  - Monthly reserve position beginning on June 1, 2017
  - Memorandum of Agreement (MOA) Reserve Determination
    - **May 2018 reserves have resulted in a 6-month amortized adjustment of $13,942**
  - Summarized experience since April 1, 2012
  - Shoppers MOB rates since April 1, 2010
  - August 25, 2017 MOA language that pertains to rates and reserves

Most Recent Reserve Position Based on PNC Statements

- Based on the August 25, 2017 MOA language, May 2018 reserves have resulted in an adjustment due to reserves exceeding 4.0 months.
- In May 2018, income (PNC Receipts and Earnings) of $2,741,601 exceeded expenses (PNC Disbursements) of $1,929,643 by $811,958. This one-month gain increased the Fund's continuation value from 3.66 months to 4.04 months, resulting in the need for a reserve adjustment. The calculation of the reserve adjustment in shown on the following page.

Historical Reserve Position based on PNC Statements

	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017	12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018
A) PNC Statement (Beginning of Month)	$6,393,797	$5,397,806	$5,612,963	$5,671,043	$6,282,247	$6,281,330	$6,311,466	$6,432,670	$6,944,961	$7,422,444	$7,688,789	$7,866,309
B) PNC Receipts and Earnings	$3,180,143	$3,292,857	N/A	N/A	$3,806,463	$4,023,665	$3,475,091	$3,303,463	$2,451,058	$2,533,022	$2,609,186	$2,741,601
C) PNC Disbursements	($4,176,134)	($3,077,700)	N/A	N/A	($3,807,380)	($3,993,529)	($3,353,887)	($2,791,172)	($1,973,575)	($2,266,677)	($2,431,666)	($1,929,643)
D) Monthly Surplus/(Deficit) (B)+(C)	($995,991)	$215,156	$58,080	$611,204	($917)	$30,136	$121,204	$512,291	$477,483	$266,345	$177,520	$811,958
1) PNC Statement (End of Month) (A)+(D)	**$5,397,806**	**$5,612,963**	**$5,671,043**	**$6,282,247**	**$6,281,330**	**$6,311,466**	**$6,432,670**	**$6,944,961**	**$7,422,444**	**$7,688,789**	**$7,866,309**	**$8,678,267**
A) Kroger Roanoke Retirees Adjustment [1]	$77,716	$27,587	($25,395)	($44,706)	($96,917)	($120,312)	($137,604)	($148,880)	($148,880)	($148,880)	($148,880)	($148,880)
B) Unrealized Amortized Reserve Adjustments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2) Total Adjustments (A)+(B)	**$77,716**	**$27,587**	**($25,395)**	**($44,706)**	**($96,917)**	**($120,312)**	**($137,604)**	**($148,880)**	**($148,880)**	**($148,880)**	**($148,880)**	**($148,880)**
3) Total MOB Assets After Adjustments (1)+(2)	**$5,475,522**	**$5,640,550**	**$5,645,648**	**$6,237,541**	**$6,184,413**	**$6,191,154**	**$6,295,066**	**$6,796,081**	**$7,273,564**	**$7,539,909**	**$7,717,429**	**$8,529,387**
4) MOB Expenses[2]	**$25,554,322**	**$25,554,322**	**$25,554,322**	**$24,952,679**	**$24,952,679**	**$24,952,679**	**$25,518,174**	**$25,518,174**	**$25,518,174**	**$25,337,203**	**$25,337,203**	**$25,337,203**
5) Number of Reserve Months (3) / (4) * 12	**2.57**	**2.65**	**2.65**	**3.00**	**2.97**	**2.98**	**2.96**	**3.20**	**3.42**	**3.57**	**3.66**	**4.04**

N/A = not available
[1] *Includes incurred but not reported claims less any payments already made by Kroger.*
[2] *Based on paid expenses as provided in Associated's AMRs for the prior twelve-month period.*

- The reserves and assets reflect the one-time lump sum payment of $315,000 in September 2017 by Shoppers per the MOA dated August 25, 2017.

MOA Reserve Determination

- The chart below illustrates the determination of the amortized required reserve adjustment for the month of May 2018 due to assets exceeding 4.0 months.
- Associated Administrator's LLC will need to work with the employers to determine how this additional credit will be applied to the employers by the Fund.
- The amount shown on line 10 ($83,652) represents the amount of credit due to the employers over 6 months. This amount becomes a liability to the Fund and reduces the assets to bring them to the required level (4 months). Each month, the liability will be reduced by $13,942, or 1/6 of the amount as the employer contributions are credited. The credit represent 0.6% of the current value of 1 month of contributions.

Actual MOA Reserve Determination for May 2018	
	Surplus
1) Total MOB Assets After Adjustments	**$8,529,387**
2) MOB Expenses	**$25,337,203**
3) Number of Reserve Months [(1)/(2)*12 months]	**4.04**
4) Reserve Floor (2-Months)[1]	**$4,222,867**
5) 3-Months of Reserves	**$6,334,301**
6) Reserve Ceiling (4-Months)	**$8,445,734**
7) Amount Below Reserve Floor (Deficit) (4) – (1)	**N/A**
8) Amount Above Reserve Ceiling (Excess) (1) – (6)	**$83,652**
9) Goal Reserve[2]	**$8,445,734**
10) Aggregate Required Reserve Adjustment (1) – (9)	**$83,652**
11) Amortized Required Reserve Adjustment (10) / 6	**$13,942**
12) Current Value of 1 Month of Employer Contributions	**$2,340,136**

N/A = Not Applicable
[1] On and after July 2018 the floor increases from two months to three months.
[2] If assets fall below the floor, the goal reserves are 3 months. If assets exceed the ceiling, the goal reserves are 4 months.

Summarized Most Recent Experience
MOB Plans (Plans JS, JSS-2, Y, Y20, Y30, Y40, S, Z)

Period Start:	**4/1/2015**	**7/1/2015**	**10/1/2015**	**1/1/2016**	**4/1/2016**	**7/1/2016**	**10/1/2016**	**1/1/2017**	**4/1/2017**	**7/1/2017**	**10/1/2017**	**1/1/2018**
Period End:	**6/30/2015**	**9/30/2015**	**12/31/2015**	**3/31/2016**	**6/30/2016**	**9/30/2016**	**12/31/2016**	**3/31/2017**	**6/30/2017**	**9/30/2017**	**12/31/2017**	**3/31/2018**
Months in Period	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Participants	3,031	2,973	2,878	2,864	2,843	2,834	2,784	2,753	2,754	2,748	2,716	2,879
Income												
Active Contributions	$6,357,289	$6,280,668	$6,126,830	$5,838,383	$6,659,494	$6,573,904	$6,529,727	$6,453,088	$6,402,999	$6,645,315	$6,695,443	$7,020,409
Retiree Contributions	32,842	32,772	31,055	53,362	58,162	57,074	57,068	57,499	52,434	55,229	53,222	51,727
Total	**$6,390,131**	**$6,313,440**	**$6,157,885**	**$5,891,745**	**$6,717,656**	**$6,630,978**	**$6,586,795**	**$6,510,587**	**$6,455,433**	**$6,700,544**	**$6,748,665**	**$7,072,136**
Paid Expenses												
Medical	$3,967,482	$3,667,397	$2,878,731	$3,655,085	$4,750,671	$3,973,535	$2,905,819	$3,457,790	$3,995,228	$3,062,146	$3,431,667	$3,028,068
HMO	52,959	26,110	38,990	38,988	32,685	41,738	26,819	44,024	35,792	42,097	45,441	38,442
Life/AD&D	21,076	26,837	22,662	22,361	22,047	22,012	22,468	22,565	22,719	22,421	22,299	22,126
Disability	258,246	290,716	358,016	228,000	287,105	325,849	247,119	273,061	241,943	247,873	226,445	262,405
Dental	277,071	276,003	272,097	260,402	257,441	256,793	252,823	243,995	238,393	236,496	234,028	231,945
Optical	32,330	31,830	31,525	24,230	23,887	23,957	23,531	23,296	23,071	22,839	22,575	22,420
Drug	1,303,835	1,183,450	1,333,799	1,065,654	1,326,103	959,718	1,096,492	1,165,690	1,195,118	1,341,294	1,122,862	1,389,731
Retirees	668,077	658,068	632,726	592,878	719,224	662,364	644,746	641,028	593,038	588,317	490,156	695,640
Medical Adm.	90,663	90,137	89,445	88,280	88,910	89,822	88,095	87,633	86,896	87,879	86,536	86,020
Mental Health Manager	90,247	65,897	95,105	106,873	77,215	47,583	48,735	43,808	33,348	93,504	78,741	50,038
PPO	81,738	54,108	51,721	51,258	49,190	48,635	48,234	46,549	46,618	45,120	44,013	43,870
EAP	2,969	2,955	2,918	2,753	2,693	2,691	2,631	2,641	2,615	2,584	2,571	2,556
UM/DM	72,300	76,678	76,716	74,197	60,542	70,082	64,609	64,714	61,589	69,369	70,486	84,614
Operating Expenses	250,074	248,731	222,008	312,338	201,821	217,951	198,422	269,626	178,261	279,148	358,218	247,574
Total	**$7,169,067**	**$6,698,917**	**$6,106,459**	**$6,523,297**	**$7,899,534**	**$6,742,730**	**$5,670,543**	**$6,386,420**	**$6,754,629**	**$6,141,087**	**$6,236,038**	**$6,205,449**
Operating Surplus/(Deficit)	($778,936)	($385,477)	$51,426	($631,552)	($1,181,878)	($111,752)	$916,252	$124,167	($299,196)	$559,457	$512,627	$866,687
Other Operating Surplus/(Deficit) [1]	($492,202)	($223,324)	$185,001	($244,058)	($120,025)	($290,898)	$181,340	$537,992	($187,429)	($274,483)	$275,949	$545,209
Total Fund Operating Surplus/(Deficit)	**($1,271,138)**	**($608,801)**	**$236,427**	**($875,610)**	**($1,301,903)**	**($402,650)**	**$1,097,592**	**$662,159**	**($486,625)**	**$284,974**	**$788,576**	**$1,411,896**
Quarterly Per Capita Expenses	$788.42	$751.08	$707.26	$759.23	$926.20	$793.08	$678.94	$773.27	$817.55	$744.92	$765.35	$718.47
Current 12-Month Per Capita Expenses	$741.20	$731.60	$736.74	$751.96	$785.26	$796.10	$789.88	$793.63	$765.67	$753.47	$775.32	$761.08
Prior 12-Month Per Capita Expenses	$639.94	$665.78	$674.17	$704.47	$741.20	$731.60	$736.74	$751.96	$785.26	$796.10	$789.88	$793.63
Year Over Year Change	15.8%	9.9%	9.3%	6.7%	5.9%	8.8%	7.2%	5.5%	-2.5%	-5.4%	-1.8%	-4.1%

Based on income and expenses as reported on the Administrative Manager's Reports (AMR)

[1] *Includes Kroger experience, interest and dividends, and miscellaneous income.*

- Current 12-month per capita expenses have decreased 4.1%, from $793.63 during the 12-month period April 1, 2016 through March 31, 2017 to $761.08 during the 12-month period April 1, 2017 through March 31, 2018.

Summarized Historical Experience (Continued)
MOB Plans (Plans JS, JSS-2, Y, Y20, Y30, Y40, S, Z)

Period Start:	**4/1/2012**	**7/1/2012**	**10/1/2012**	**1/1/2013**	**4/1/2013**	**7/1/2013**	**10/1/2013**	**1/1/2014**	**4/1/2014**	**7/1/2014**	**10/1/2014**	**1/1/2015**
Period End:	**6/30/2012**	**9/30/2012**	**12/31/2012**	**3/31/2013**	**6/30/2013**	**9/30/2013**	**12/31/2013**	**3/31/2014**	**6/30/2014**	**9/30/2014**	**12/31/2014**	**3/31/2015**
Months in Period	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Participants	3,187	3,219	3,159	3,042	2,985	2,982	2,970	2,993	3,065	3,073	3,040	3,022
Income												
Active Contributions	$6,307,534	$6,298,548	$6,261,984	$6,044,267	$5,968,256	$5,948,646	$5,959,073	$5,958,900	$5,991,114	$5,977,553	$4,012,461	$6,071,581
Retiree Contributions	38,544	37,736	36,459	37,556	35,566	35,386	35,754	33,543	30,788	28,731	28,915	29,987
Total	**$6,346,078**	**$6,336,284**	**$6,298,443**	**$6,081,823**	**$6,003,822**	**$5,984,032**	**$5,994,827**	**$5,992,443**	**$6,021,902**	**$6,006,284**	**$4,041,376**	**$6,101,568**
Paid Expenses												
Medical	$3,427,036	$3,195,575	$3,193,674	$3,013,997	$3,347,001	$2,772,332	$2,561,203	$2,179,161	$2,423,678	$3,892,383	$3,287,131	$2,892,717
HMO	113,376	119,759	87,343	106,324	107,980	90,366	98,401	79,557	74,284	62,155	63,987	66,112
Life/AD&D	19,753	19,220	19,003	18,909	18,587	18,370	18,248	18,109	17,957	21,276	21,225	21,181
Disability	271,965	220,816	284,633	263,036	300,280	291,168	271,703	277,687	265,567	275,104	253,693	207,084
Dental	265,202	262,594	289,778	287,211	283,154	282,140	281,516	279,996	279,485	280,540	281,132	278,725
Optical	37,056	37,286	36,376	35,790	35,119	34,567	34,349	34,665	33,332	33,352	33,045	33,234
Drug	1,246,453	1,120,535	1,164,790	1,079,779	1,276,240	1,233,215	1,203,245	1,207,635	1,637,748	1,403,539	1,281,009	1,356,813
Retirees	904,347	999,478	817,705	636,963	604,863	824,950	798,265	625,869	651,227	715,234	569,497	730,675
Medical Adm.	92,933	94,795	93,618	91,348	90,598	91,734	91,261	90,677	90,938	91,775	91,469	90,984
Mental Health Manager	51,900	75,807	97,921	42,767	25,474	87,676	66,378	48,942	81,668	69,099	91,963	61,303
PPO	62,228	52,926	54,423	52,798	80,996	76,944	69,260	68,446	77,647	89,827	79,233	82,664
EAP	2,420	2,454	2,424	2,410	2,452	2,490	2,508	2,527	2,561	2,848	2,992	2,968
UM/DM	81,281	81,899	80,010	81,229	74,314	73,099	80,615	75,251	92,941	73,562	71,545	74,962
Operating Expenses	154,597	168,481	181,684	151,198	152,942	277,038	255,464	180,000	171,155	258,077	150,514	436,708
Total	**$6,730,547**	**$6,451,625**	**$6,403,382**	**$5,863,759**	**$6,400,000**	**$6,156,089**	**$5,832,416**	**$5,168,522**	**$5,900,188**	**$7,268,771**	**$6,278,435**	**$6,336,130**
Operating Surplus/(Deficit)	($384,469)	($115,341)	($104,939)	$218,064	($396,178)	($172,057)	$162,411	$823,921	$121,714	($1,262,487)	($2,237,059)	($234,562)
Other Operating Surplus/(Deficit)[1]	$91,810	($290,830)	($61,783)	($162,935)	$247,010	($735,293)	($3,307,999)	$143,372	($785,969)	($563,837)	($457,491)	($508,461)
Total Fund Operating Surplus/(Deficit)	**($292,659)**	**($406,171)**	**($166,722)**	**$55,129**	**($149,168)**	**($907,350)**	**($3,145,588)**	**$967,293**	**($664,255)**	**($1,826,324)**	**($2,694,550)**	**($743,023)**
Quarterly Per Capita Expenses	$703.96	$668.08	$675.68	$642.53	$714.68	$688.14	$654.59	$575.62	$641.67	$788.46	$688.42	$698.89
Current 12-Month Per Capita Expenses	$698.92	$652.49	$656.06	$672.89	$674.96	$680.01	$674.85	$658.20	$639.94	$665.78	$674.17	$704.47
Prior 12-Month Per Capita Expenses			$688.04	$687.86	$698.92	$652.49	$656.06	$672.89	$674.96	$680.01	$674.85	$658.20
Year Over Year Change			-4.6%	-2.2%	-3.4%	4.2%	2.9%	-2.2%	-5.2%	-2.1%	-0.1%	7.0%

Based on income and expenses as reported on the Administrative Manager's Reports (AMR)

[1] *Includes Kroger experience, interest and dividends, and miscellaneous income.*

Shoppers MOB Rates Since April 1, 2010

Shoppers' MOB Contribution Rates Since April 1, 2010						
Effective Period (From – To)	**4/1/2010 to 8/31/2011**	**9/1/2011 to 12/31/2014**	**1/1/2015 to 3/31/2016**	**4/1/2016 to 7/31/2017**	**8/1/17 to 1/31/2018[1]**	**2/1/18 to 7/31/2018[1]**
Plan JS	$920.73	$920.73	$920.73	$920.73	$994.39	$1,073.94
Plan JSS-2	$1,103.00	$1,208.68	$1,488.72	$1,588.28	$1,715.34	$1,852.57
Plan Y Full Time	$800.00	$810.69	$839.88	$885.48	$956.32	$1,032.83
Plan Y Part Time Individual	$509.00	$431.22	$347.41	$446.63	$482.36	$520.95
Plan Y Part Time Family	$1,152.00	$983.97	$966.52	$1,266.29	$1,367.59	$1,477.00
Plan Y20 Full Time	$489.00	$452.32	$505.91	$505.91	$546.38	$590.09
Plan Y20 Part Time	$205.00	$144.22	$240.86	$240.86	$260.13	$280.94
Plan Y30 Full Time	N/A	N/A	$467.95	$467.95	$505.39	$545.82
Plan Y30 Part Time	N/A	N/A	$225.93	$225.93	$244.00	$263.52
Plan Y40 Part Time	N/A	N/A	$31.26	$31.26	$33.76	$36.46
Composite[2]	$703.03	$664.10	$696.38	$778.22	$823.66	$833.48
Change	12.0%	-5.5%	4.9%	11.8%	5.8%	1.2%

N/A - Not Applicable

[1] Based on the memorandum of agreement dated August 25, 2017.

[2] Based on average participants over the period the rates were in effect.

MOA - 8/25/2017 Rate and Reserve Language

4. Local 400-Article 15-Health and Welfare:

Local 27- Article 18-Health and Welfare

Amend Section 1510 (Local 400) and Section 18.22 (Local 27) of the Agreements and replace with the following:

Section 15.10 (18.22 for Local 27) The Employer shall make monthly contributions in an amount determined by the Board of Trustees of the above Fund, so as to maintain current and existing health and welfare benefits and further to provide a three (3) month reserve. Notwithstanding the prior sentence, the three (3) month reserve requirement is modified from July 2017 - July 2018 pursuant to this paragraph and the following paragraph. With respect to the Maintenance of Benefits (MOB) rates, the Employer MOB rates for the time period beginning with hours worked in August 2017 through hours worked in January 2018 shall be the MOB rates in existence for hours worked in July 2017 multiplied by 1.08 (8% increase in contribution rates). For hours worked beginning in February 2018 (payable in March 2018), the Employer MOB contribution rates will increase by an additional eight percent (8%).

Further, the Employer will make an additional one-time lump sum payment of $315,000 payable in September 2017.

With respect to the goal to maintain a financial reserve targeted at three (3) months which shall be measured on the last day of each month, the Employer contribution increases set forth above will be the MOB increases for twelve (12) months from August 2017 through July 2018 unless additional increases are required per the following formula in this paragraph. If, as of the last day of any month during the year, the Plan's reserves fall below two (2) months, the Employer contribution rates will be adjusted effective for hours worked in the month following the last day of the month in which the reserves fell below two (2) months, based on the reasonable determination of the Fund's actuarial benefits consultant, with the goal of returning the reserve levels to three (3) months of reserves within the following six (6) months. If the Plan's reserves exceed four (4) months of reserves, the Employer will receive a credit on its contributions effective for hours worked in the month in which the reserves exceeded four (4) months and amortized over the following six (6) months to reduce the reserve levels to four (4) months.

On and after July 2018, the Employer will make monthly contributions in amounts determined by the Board of Trustees, based on the reasonable determination of the Fund's actuarial benefits consultant, the goal of which is to maintain the health care plan of benefits and to further provide a financial reserve targeted at three (3) months measure on the last day of each month. If as of the last day of any month during the year, the Plan's reserves fall below three (3) months measured as of the last day of each month, the Employer contribution rates will be adjusted effective for hours worked in the month following the last day of the month in which the reserves fell below three (3) months, with the goal of returning the reserve levels to three (3) months reserves within the following six (6) months. If the Plan's reserves exceed four (4) months of reserves, the Employer will receive a credit on its contributions effective for hours worked in the month following the last day of the month in which the reserves exceeded four (4) months and amortized over the following six (6) months, to reduce the reserve levels to four (4) months

MOA - 8/25/2017 Rate and Reserve Language
Rate Adjustments for the Period August 2017 – July 2018

- The starting point of the rate adjustment is to determine the dollar level of asset adjustment required to reach the upper or lower bound asset target level.
  - If assets fall below 2 months, assets will need to be built back up to the lower bound asset target level of 3 months.
  - If assets rise above 4 months, they need to be brought back down to the upper bound asset target level of 4 months.
  - No action is required if assets are between 2 and 4 months.
- Once the level of asset adjustment is determined, that amount effectively becomes an asset or a liability since future contribution rates will be adjusted by this amount. In subsequent months, the remaining asset adjustment that has not been realized will be included as an offset for calculating reserves.
  - For example if assets rose above 4 months by and $600,000, this would create a reduction in the assets of $600,000, restoring the assets to 4 months. The rates for each of the next six months would be reduced by $100,000. After four months, the employer contribution would have been adjusted downward by a total of $400,000, and the reserves would reflect a negative $200,000 to represent that the following two months would still have an adjustment of $100,000 each.
- Process Steps:
  - Step 1: Evaluate reserve compared to triggers (upper trigger is 4 months, lower trigger 2 months).
    - If no triggers are hit, no adjustments are required.
    - If a trigger is hit, then proceed to step 2.
  - Step 2: Determine the aggregate reserve adjustment required to restore assets to the upper or lower bound asset target:
    - Lower Trigger Aggregate Reserve Adjustment: ((3) Months - Actual Months)*(12 months of MOB Expense / 12)
    - Upper Trigger Aggregate Reserve Adjustment: ((4) Months - Actual Months)*(12 months of MOB Expense / 12)
  - Step 3: Amortize Aggregate Reserve Adjustment over six months: (Aggregate Reserve Adjustment from Step 2 / 6)
  - Step 4: Determine amount of amortization to apply to each employers' subsequent rates (work with Associated and employers to determine process).
  - Step 5 : Establish asset adjustment to be utilized on following months reserve determination to incorporate unrealized adjustments. Sum across all months [Amortized Reserve Adjustment (from month j) * Months of Amortization remaining (from month j)].
  - Step 6: Return to step 1 for following months calculation once the next monthly PNC statement becomes available.

MOA - 8/25/2017 Rate and Reserve Language
Rate Adjustments On or After July 2018

- On or after July 2018 new rates are to be set by the Board of Trustees.
- Based on the language in the MOA, the MOB rates are to be based upon a reasonable determination of the Fund's actuarial consultant. A reasonable methodology would be to set the rates for using a similar methodology as used in the past to establish MOB Rates. In effect, these rates are the most recent 12-month experience projected to the rating period. The rates, if all assumptions are realized, would be expected to cover the cost of benefits and maintain the dollar level of reserves and the underlying rates will be unaffected by reserves adjustments, if any, that exist.
- The rating adjustment methodology outlined on the prior page would continue. The only change is that the lower bound trigger value changes from 2 months to 3 months.