



Excess Product Suite

# Excess Pricing Tool (ExPrT)

Milliman's Excess Pricing Tool (ExPrT) provides a flexible but consistent basis for estimating the claim costs and calculating premium rates for a wide variety of reinsurance coverages. ExPrT can be used to anticipate future claim levels and establish interrelationships between different coverages.

## Flexibility in coverage design

ExPrT can be used to price everything from a simple full coverage medical excess reinsurance policy to a complex HMO reinsurance policy with:

- Benefit exclusions (such as outpatient lab/X-ray, professional charges, or home health)
- Internal limits (per day, annual, or length of stay)
- Coverage differences between in-network and out-of-network services
- Policy maximums (and deductibles) from \$25,000 to \$5,000,000 or more.

## Flexibility in methodology

ExPrT includes both a Manual Rating and an Experience Rating component, so the underwriter can generate a manual rate, an experience-based rate, or a credibility-blended rate. If generating a blended rate, ExPrT will calculate an appropriate credibility, or the underwriter can select his or her own credibility factor.

## Population detail

ExPrT allows for separate pricing of commercial and Medicare populations. In addition, ExPrT can modify the calculated rates based on additional information about the covered health plan, such as the following:

- Geographic area
- Age/sex demographics
- Provider reimbursement terms (discount to billed, percentage of Medicare, or per diems)
- Expected utilization (inpatient and skilled nursing only)
- CMS-HCC risk score (Medicare only)

## Step-by-step rate development

ExPrT's rate output pages show stages in the rate buildup. Starting from a "base" rate, ExPrT shows the individual effects of:

- Excluded benefits
- Trend and population adjustments
- Member cost sharing
- Internal reinsurance policy limits
- In-network/out-of-network utilization
- Health plan coinsurance

If you are interested in licensing any of these products, please contact your Milliman consultant. If you do not have a relationship with a Milliman consultant, contact Rob Bachler at [rob.bachler@milliman.com](mailto:rob.bachler@milliman.com) or David Olsho at [david.olsho@milliman.com](mailto:david.olsho@milliman.com).