

Self-Insurance Estimating Conference
State Employees' Group Health Self-Insurance Trust Fund
Executive Summary
January 13, 2022

The Outlook for the State Employees' Group Health Self-Insurance Trust Fund has been revised to reflect actual enrollment and cash flows through November 2021; revised investment earnings rates; revised claims trends for Preferred Provider Organization (PPO) and Health Maintenance organization (HMO) pharmacy claims; new fully insured Insurance Premium rates, effective December 2021 for January 2022; revised growth factors for fully insured HMO premium rates; new Medicare Advantage Prescription Drug (MAPD) Plan rates, effective December 2021 for January 2022; revised growth factors for PPO medical claims for FY 2021-22; and revised projections for the Shared Savings Program. The fund is now expected to remain solvent only through FY 2022-23, a loss of one year of solvency (FY 2023-24) relative to the August 2021 Outlook.

For FY 2021-22, the ending cash balance decreased from \$724.0 million to \$670.2 million. For FY 2022-23, the ending cash balance decreased from \$515.1 million to \$408.1 million. The forecast for subsequent years shows that expenses are expected to exceed revenues by amounts that generate negative cash balances of \$61.8 million in FY 2023-24, \$724.2 million in FY 2024-25, \$986.6 million in FY 2025-26, and \$1,282.5 million in FY 2026-27. The escalating negatives occur even though the Conference assumes that each year's deficit is cleared prior to the beginning of the next year. A major contributing factor to the changes in ending cash balances is lowered expectations regarding enrollment in the short term with higher per enrollee expenses for those that remain. In this regard, expected enrollment is -3,312 lower in FY 2021-22 when compared to the August forecast, yet total projected expenses are essentially equivalent to the prior forecast.

Even though enrollment projections were also decreased for FY 2022-23 compared to the August 2021 forecast, the lessening amount of the downward adjustment reflects the Conference's expectation that the atypically large number of current vacancies will slowly begin to reverse. For the remainder of the forecast period, the enrollment projections match the totals adopted at the August 2021 conference.

A complete Executive Summary outlining all of the changes since the August 2021 Conference can be found at the beginning of the *Report on Financial Outlook* used as the conference packet. The following table shows the **major** net changes between the August 2021 and January 2022 forecasts.

Financial Outlook for FY 2021-22 and FY 2022-23
Changes to Conference Forecast – August 2021 Compared to January 2022
(In Millions)

	FY 2021-22			FY 2022-23		
	9-Aug	13-Jan	Difference	9-Aug	13-Jan	Difference
Beginning Cash Balance	\$720.8	\$720.8	\$0.0	\$724.0	\$670.2	(\$53.8)
Total Revenues	\$2,901.3	\$2,846.1	(\$55.2)	\$2,891.2	\$2,862.1	(\$29.1)
Total Expenses	\$2,898.1	\$2,896.7	(\$1.4)	\$3,100.0	\$3,124.2	\$24.2
Ending Cash Balance	\$724.0	\$670.2	(\$53.8)	\$515.1	\$408.1	(\$107.0)

Slight differences in results due to rounding.