Self-Insurance Estimating Conference
State Employees' Group Health Self-Insurance Trust Fund
Executive Summary

Last Conference: March 3, 2017
Updated: June 28, 2017 for Session Changes

Post-Session Changes

The Post-Session Impact Outlook uses the March 2017 Outlook as its base and holds all enrollment, revenues, and expenses constant, except for the following impact issues:

1. Inclusion of Occupational Therapy services starting January 1, 2018.
2. Increase in pharmacy claims in Fiscal Years 2017-18 and 2018-19 associated with the Obesity Pilot Program starting January 1, 2018.
3. Decrease in claims experience due to projected savings from the Dependent Eligibility Verification Audit (DEVA).
4. Changes in operating costs and administrative assessments associated with Independent Benefit Consultant (IBC), DEVA, and document intake and storage of Quality Assurance reviews.

The ending cash balance for FY 2016-17 remains $562.3 million. For FY 2017-18, the forecasted ending cash balance is adjusted from $458.6 million to $454.4 million. For FY 2018-19, the forecasted ending cash balance is adjusted from $128.3 million to $123.2 million. Ending cash balance deficits of $492.1 million, $945.6 million, and $1,360.1 million are projected for Fiscal Years 2019-20 through 2021-22, respectively.

Financial Outlook for FY 2017-18 and FY 2018-19
Changes to Conference Forecast – June 2017 Compared to March 2017
(In Millions)

	FY 2017-18			FY 2018-19		
	Mar-17	Jun-17	Difference	Mar-17	Jun-17	Difference
Beginning Cash Balance	$562.3	$562.3	$0.0	$458.6	$454.4	($4.2)
Total Revenues	*2,439.1*	*2,438.9*	*(0.2)*	*2,467.0*	*2,460.9*	*(6.1)*
Total Expenses	*2,542.9*	*2,546.8*	*4.0*	*2,797.3*	*2,792.1*	*(5.1)*
Operating Gain/(Loss)	(103.8)	(107.9)	(4.2)	(330.3)	(331.2)	(1.0)
Ending Cash Balance	**$458.6**	**$454.4**	**($4.2)**	**$128.3**	**$123.2**	**($5.1)**

Note: Numbers may not sum due to rounding.

March 3, 2017 Conference

The outlook for the State Employees' Health Insurance Trust Fund has been revised to reflect actual enrollment, revenues, and expenses through January 2017; adjusted enrollment due to an updated model using CY 2016 actual activity; and revised trends for PPO and HMO pharmacy claims. The fund is expected to remain solvent through FY 2018-19, with decreases in ending cash balances for FY 2016-17 and FY 2017-18 when compared to the December outlook and increases in ending cash balances for all subsequent years of the forecast period.

For FY 2016-17, the ending cash balance decreased from $571.6 million to $562.3 million; for FY 2017-18, the ending cash balance decreased from $465.8 million to $458.6 million; and for FY 2018-19, the ending cash balance increased from $124.3 million to $128.3 million. The outlook for subsequent years shows that expenses are expected to exceed revenues by an amount that generates a negative cash flow of -$489.7 million in FY 2019-20, -$949.5 million in FY 2020-21, and -$1,365.4 million in FY 2021-22.

A complete Executive Summary outlining all of the changes since the December 2016 Conference can be found in the Report on the Financial Outlook Conference packet. The following are the **major** net changes in the forecast for the current and out-years (dollar values shown are the FY 2016-17 changes between the December 2016 and March 2017 Conferences):

- Expenses for PPO Plan Medical Claims (+$4.4 million) – The increase in the forecast is due to an increase in projected enrollment and higher actual than projected claims activity.

- Expenses for PPO Plan Prescription Drug Claims (+$6.1 million) – The net increase in the forecast is due to an increase in the projected enrollment and higher actual than projected claims activity, which outweighed a decrease in the forecasted cost growth factor.

- Expenses for HMO Plan Medical Claims (-$3.5 million) – The decrease in the forecast is due to a decrease in projected enrollment and lower actual than projected claims activity.

- Expenses for HMO Plan Prescription Drug Claims (+$3.7 million) – The net increase in the forecast is due to higher actual than projected claims activity, which outweighed a decrease in projected enrollment and a decrease in the forecasted cost growth factor.

Special Notes

Reports on the Financial Outlook prepared from December 2010 through June 2012 included estimates of the impact of the Patient Protection and Affordable Care Act (PPACA) on the Trust Fund. Beginning with the August 2012 report, the impact of PPACA was addressed separately to mirror the treatment used by the Social Services Estimating Conference for Medicaid and KidCare, and were described in a separate report titled *Impact on the State Health Insurance Program of the Patient Protection and Affordable Care Act*. Beginning with the December 2013 forecast, the impacts of the provisions of PPACA have been incorporated into this single report rather than a separate report. For this reason, the reader is urged to note that direct comparisons of conference reports over the time frame referenced in this paragraph will need to be approached with this in mind.