
**Post Legislative Session Impact Outlook on the
State Health Insurance Program
of the Patient Protection and Affordable Care Act**

**Adopted August 8, 2013 by the
Self-Insurance Estimating Conference**

**POST SESSION IMPACT ON THE STATE HEALTH INSURANCE PROGRAM
OF THE PATIENT PROTECTION AND AFFORDABLE CARE ACT**

EXECUTIVE SUMMARY

The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. PPACA has many components, including new reporting mandates, taxes and fees, and major structural changes such as insurance reforms, employer and individual mandates, and insurance exchanges phasing in over many years. Every employer-sponsored health plan, including the State Group Insurance Program, will be affected.

The Division of State Group Insurance (DSGI) contracted with a consultant (Mercer) in 2010 to estimate the annual financial impact of PPACA. The results of the consultant's analysis, published on September 1, 2010, were included as an appendix to subsequent State Employee's Group Health Insurance Trust Fund estimating conference documents, adjusted as necessary, and rolled up into single lines in the revenues and expense categories for reporting purposes. The original estimates have been revised over time by subsequent conferences based on revised assumptions and information. In the August 2012 conference, at the request of the Principals, the impacts of PPACA began being reported separately from the Report on the Financial Outlook of the State Employees' Group Health Self-Insurance Trust Fund. In February 2013, DSGI contracted with Milliman Consultants to use more recent data to determine estimates of pass-through fees related to the pharmaceutical industry, 2.3% excise tax on medical devices, and reinsurance program fees.

The major health care reform provisions with potential employer impact that have been implemented, or are in the process of being implemented, for the Program, include:

- Elimination of overall lifetime plan maximums;
- Removal of annual limits for essential health benefits;
- Elimination of pre-existing condition exclusions for children under age 19;
- Patient-centered outcome research institute fees (phased in at \$1 to \$2 per participant); and
- Extended coverage for employees' adult children to age 26 without regard to dependency.

Major changes, effective January 1, 2014, include:

- Imposition of pass-through fees relating to the pharmaceutical industry; 2.3% excise tax on medical devices; and reinsurance, risk corridors, and risk adjustment;
- Elimination of all pre-existing condition limitations;
- "Shared responsibility" provisions requiring employers to offer affordable coverage meeting minimum standards to full-time workers (30 or more hours per week) or face potential penalties; and
- Individual mandate to maintain health coverage or face a penalty.

The February 2013 Impact Report recognized the fiscal impact of the following activities:

1. Changes in OPS and Opt-Out enrollment assumptions based on January 2013 data.
2. Revised estimates of pass-through fees based on February 2013 updated Milliman analysis.

Senate Bill 1802 was adopted by the Florida Legislature during the 2013 legislative session, which allows certain eligible employees paid from Other Personal Services (OPS) funds to participate in the State Group Insurance Program.

This Post Legislative Session Impact Report recognizes fiscal impact of the following to previously reported OPS and Opt Out premiums:

1. State health insurance premium increases established in the 2013 General Appropriations Act (GAA) (Section 8).
2. Removal of Fiscal year 2012-13 and additional of Fiscal Year 2016-17 revenue and expense projections.
3. Removal of previously forecast projections of 2.3% excise tax on medical devices.

The 2013 GAA established premium increases for active participants enrolled in the self-funded plans effective March 1, 2014. This report reflects changes to revenue projections impacted by the premium increases set forth in the 2013 GAA. Enrollment assumptions and expense projections reflect estimates as reported in the February 2013 Impact Report.

The impact of the increased premium rates to revenues forecasted in the February 2013 Report for OPS and Opt Out assumptions are:

	<u>February 2013</u>	<u>August 2013</u>	<u>Increase</u>
2013-14	\$42.74 million	\$44.91 million	\$2.17 million
2014-15	\$82.54 million	\$89.84 million	\$7.30 million
2015-16	\$89.14 million	\$97.04 million	\$7.90 million

**SUMMARY OF PPACA REFORMS WITH A FISCAL IMPACT ON THE
STATE EMPLOYEES' HEALTH INSURANCE PROGRAM (PROGRAM)**

1. Early Retiree Reinsurance Program (ERRP) – Interim Final Regulations Effective on June 1, 2010

- **Effective June 2010**
 - No estimated fiscal impact to Trust Fund (Estimated fiscal impact modified by Division of State Group Insurance to reflect that federal money provided for this purpose has been depleted prior to the state receiving any requested reimbursements.)
-

Provides reimbursement to participating employment-based plans for a portion of the cost of health benefits for early retirees and their spouses, surviving spouses and dependents.

- 80% Reimbursement for certain claims between \$15,000 and \$90,000 (with those amounts being indexed for plan years starting on or after October 1, 2011).
- Claims must be for participants ages 55-64 who are not Medicare eligible.
- Payments must be used to lower plan costs (i.e., offsetting future premium increases for all members).

2. No lifetime dollar maximum

- **Effective January 1, 2011**
 - Actual costs are embedded in medical and pharmacy claims reported in FY 2011-12 and subsequent years. As a result, specific costs cannot be separately identified for this estimate and are not included.
-

Plans cannot impose any lifetime dollar limits on benefits.

- Plans may place lifetime limits per beneficiary on specific covered benefits other than “essential health benefits,” if the limits are otherwise permitted by federal or state law.
- **Essential health benefits** include items and services in the below listed categories:
 - ambulatory patient services; emergency services; hospital, maternity and newborn care; mental health and substance use disorders, including behavioral health treatment; prescription drugs; rehabilitative services and devices; laboratory services; preventive and wellness services; chronic disease management; and pediatric services, including oral and vision care.

3. Restricted annual dollar limits

- **Effective January 1, 2011**
 - No estimated fiscal impact as minimum requirements are already met by the Program.
-

All insured and self-insured group health plans will face new rules on annual dollar limits. For plan years subsequent to 2011, “restricted” or no annual dollar limits may apply to “essential health benefits” (discussed below).

- The maximum annual dollar limit that may be imposed on essential health benefits are:
 - \$750,000 for the plan year beginning on or after September 23, 2010 but before September 23, 2011.

- \$1,250,000 for the plan year beginning on or after September 23, 2011 but before September 23, 2012.
- \$2,000,000 for the plan year beginning on or after September 23, 2012 but before January 1, 2014.
- No annual dollar limits permitted for plan years on or after January 1, 2014.
- Plans may impose annual per-beneficiary limits on non-essential benefits.

4. Elimination of preexisting condition for subscribers or dependents under 19 – Interim Final Regulations Issued on June 28, 2010

▪ **Effective January 1, 2011**

- Actual costs were incurred as part of medical and pharmacy claims in FY 2011-12 and are indeterminable as pertains to PPACA. Costs for FY 2012-13 through FY 2014-15 are based on the FY 2011-12 actual and are also indeterminable.

Before 2014, insured and self-insured plans cannot impose preexisting condition exclusions for subscribers and dependents under age 19.

- Until 2014, employers may continue to adopt or retain preexisting condition exclusions for participants ages 19 and older.
- A general ban is effective for all members for plan years starting in 2014. See #8 below.

5. Patient-centered outcome research institute fees

▪ **Effective October 1, 2012 for the next plan year.**

- Annual estimated fiscal impact for the Program – **\$750,000** .

- State of Florida Employees’ Group Health Insurance Program - Beginning January 1, 2012, \$1 per participant in 1st year.
- \$2 in subsequent years, from 2013 thru 2019 (sunset after 2019).

6. Other pass-through fees include pharmaceutical industry fees; 2.3% excise tax on medical devices and reinsurance.

▪ **Effective January 1, 2014**

- Annual estimated fiscal impact for the Program – **FY 13-14 \$15.63 million; FY 14-15 \$22.45 million; and FY 15-16 \$16.89 million**
-

7. Extension of coverage for all adult children until age 26 – Interim Final Regulations Issued on July 12, 2010

▪ **Effective January 1, 2011**

- Actual costs were embedded in medical and pharmacy claims in FY 2011-12 and subsequent years. As a result, specific costs cannot be separately identified for this estimate and are not included.
-

Applies to fully-insured and self-insured group health plans providing dependent coverage.

- Coverage available until the child’s 26th birthday.
- The mandate applies regardless of the typical criteria for dependent status under the tax

law, such as whether the adult child resides with the covered employee or is the employee's tax dependent, a full or part-time student, or married or unmarried.

- Plans may extend coverage beyond the child's 26th birthday – for example, until the end of the plan year in which the child turns 26. However, plans will not have to extend coverage to an adult child's dependents.
- No special-enrollment period required; eligible dependents need not be enrolled until the plan's next open enrollment.

8. Eliminate all preexisting condition limitations – Interim Final Regulations Issued on July 30, 2010

- **Effective January 1, 2014**
 - Annual estimated fiscal impact for the Program –**\$4.3 million.**
-

Preexisting condition limitation exclusion applies to all plan participants regardless of age as of January 1, 2014. See #4 above.

9. Free-choice vouchers (FCVs) – Repealed by Congress

- **Effective January 1, 2014**
- **No** estimated fiscal impact to the Program.

10. Individual mandate “free rider surcharge”

- **Effective January 1, 2014**
 - **No** estimated direct fiscal impact to the Program.
-

Individuals who fail to maintain coverage will face a penalty (the lesser of the following amounts):

- National average premium for the year, or
- The greater of:
 - 1% Adjusted Gross Income (AGI) in 2014; 2% AGI in 2015; 2.5% AGI thereafter, or
 - \$95 in 2014; \$325 in 2015; \$695 thereafter.

11. Medicaid expansion and migration to Exchange

- **Effective January 1, 2014**
 - There will be no direct fiscal impact to the Program unless the state elects to expand the current Medicaid Program to include the optional enhancements. The optional enhancements would expand the current Medicaid Program to cover persons up to 138% of the Federal Poverty Level (FPL) beginning in 2014.
-

Medicaid can be expanded to up to 138% of Federal Poverty Level (FPL), effective 2014 when the State-exchanges come online.

12. Employer mandate with federal subsidies

- **Effective January 1, 2014**
 - Total estimated fiscal impact for the Program – See item #12 on the Summary of Fiscal Impacts to the State Group Insurance Program for details.
-

- Large employers (those employing 50 or more) are required to offer health coverage to all “full-time” employees (i.e., persons who annually work an average of 30 hours or more per week).
- Employer penalty for failing to offer health coverage for all such “full-time” employees = \$2,000 per year, per employee as to all employees, if one or more employees enroll in an exchange and receive a premium credit.
- Subsidies available to anyone on an exchange plan with household income 133-400% FPL (person cannot be Medicaid eligible).
- Income level must be verifiable for the two years prior to the current calendar year of coverage (example, eligibility for affordability assistance for 2016 is based on household income for 2014).
- Assistance in the form of premium credits will be provided for exchange-participants on a sliding scale based on household income. Premium credits will be paid directly to the insurer; individuals will be required to pay insurers any remaining premium amount.
- Employer penalties = \$3,000 per year for each employee enrolled in the exchange and receiving a subsidy, if employee is offered coverage which is unaffordable (i.e., cost exceeds 9.5% of the employee’s income as reported on his/her W-2) or if the offered coverage fails to cover a minimum of 60% of covered health care expenses. Capped at \$2,000 per FTE.
- Employers with more than 200 full-time employees must automatically enroll new full-time employees in a plan (and continue enrollment of current employees). (The implementation date is subject to the adoption of required federal regulations.)

In most instances, these impacts will be borne by the State Employee Health Insurance Trust Fund. In some instances, the fiscal impacts may be borne by other funding sources or participating employers, as determined by the Legislature.

State Health Insurance Program			State of Florida DSGI											
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) ⁽¹⁾														
(In Millions)														
Reform	Effective Date	Revenue(R) Expense (E) Net ⁽²⁾	FY 2013-14			FY 2014-15			FY 2015-16			FY 2016-17 ⁽²⁾		
			Feb '13	Aug '13	Diff	Feb '13	Aug '13	Diff	Feb '13	Aug '13	Diff	Feb '13	Aug '13	Diff
1. Early retiree medical reinsurance		Net	NO ESTIMATED IMPACT ON THE TRUST FUND											
2. No lifetime dollar maximum	Jan 2011	Net	ALREADY EMBEDDED											
3. Restricted annual dollar limits		Net	NO ESTIMATED IMPACT ON THE TRUST FUND											
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	Net	ALREADY EMBEDDED											
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year) ⁽³⁾	Jan 2012	R	-	-	-	-	-	-	-	-	-	-	-	-
		E	0.38	0.38	-	0.75	0.75	-	0.75	0.75	-	-	0.75	0.75
		Net	(0.38)	(0.38)	-	(0.75)	(0.75)	-	(0.75)	(0.75)	-	-	(0.75)	(0.75)
6. Other pass-through fees to include: Pharmaceutical industry fees 2.3% excise tax on medical devices Reinsurance (Expires 12/31/16)	Jan 2011	E	ALREADY EMBEDDED											
	Jan 2013	E	0.35	-	(0.35)	0.38	-	(0.38)	0.42	-	(0.42)	-	-	-
	Jan 2014	E	9.89	9.89	-	16.45	16.45	-	10.71	10.71	-	-	(4.12)	(4.12)
		Net	(10.24)	(9.89)	0.35	(16.83)	(16.45)	0.38	(11.13)	(10.71)	0.42	-	4.12	4.12
7. Extension of coverage for all adult children until age 26	Jan 2011	Net	ALREADY EMBEDDED											
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-	-	-	-
		E	2.03	2.03	-	4.30	4.30	-	4.30	4.30	-	-	4.30	4.30
		Net	(2.03)	(2.03)	-	(4.30)	(4.30)	-	(4.30)	(4.30)	-	-	(4.30)	(4.30)
9. Free choice vouchers		Net	REPEALED BY CONGRESS											
10. Individual Mandate "free rider surcharge"		Net	NO ESTIMATED IMPACT ON THE TRUST FUND											
11. Medicaid Expansion and migration into Exchange		Net	PENDING FUTURE ACTION BY THE LEGISLATURE AND GOVERNOR											
12. Employer Mandate with federal subsidies	Jan 2014	R	9.26	9.73	0.47	25.14	27.34	2.20	31.74	34.54	2.80	-	34.54	34.54
		R	11.56	12.14	0.58	19.82	21.58	1.76	19.82	21.58	1.76	-	21.58	21.58
		R	21.92	23.04	1.12	37.58	40.92	3.34	37.58	40.92	3.34	-	40.92	40.92
		E	8.07	8.07	-	26.16	26.16	-	37.94	37.94	-	-	41.20	41.20
		E	12.28	12.28	-	26.54	26.54	-	28.88	28.88	-	-	31.34	31.34
		E	23.32	23.32	-	50.36	50.36	-	54.82	54.82	-	-	59.46	59.46
		Net	(0.93)	1.24	2.17	(20.52)	(13.22)	7.30	(32.50)	(24.60)	7.90	-	(34.96)	(34.96)
TOTAL REVENUES ⁽⁸⁾			42.74	44.91	2.17	82.54	89.84	7.30	89.14	97.04	7.90	-	97.04	97.04
TOTAL EXPENSES			56.32	55.97	(0.35)	124.94	124.56	(0.38)	137.82	137.40	(0.42)	-	141.17	141.17
NET TOTAL ⁽⁹⁾			(13.58)	(11.06)	2.52	(42.40)	(34.72)	7.68	(48.68)	(40.36)	8.32	-	(44.13)	(44.13)
Estimated annual revenue shift from Employee to Employer premium contributions for 0.75 - 0.99 FTEs (in millions) ⁽¹⁰⁾ :														
Agency			0.20	0.27	0.07	0.40	0.48	0.08	0.40	0.48	0.08	-	0.48	0.48
Universities			0.22	0.30	0.08	0.44	0.53	0.09	0.44	0.53	0.09	-	0.53	0.53

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Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) ⁽¹⁾
(In Millions)

Reform	Effective Date	Revenue(R) Expense (E) Net ⁽²⁾	FY 2013-14 Total	FY 2014-15 Total	FY 2015-16 Total	FY 2016-17 Total ⁽²⁾
1. Early retiree medical reinsurance		Net	<i>NO ESTIMATED IMPACT ON THE TRUST FUND</i>			
2. No lifetime dollar maximum	Jan 2011	Net	<i>ALREADY EMBEDDED</i>			
3. Restricted annual dollar limits		Net	<i>NO ESTIMATED IMPACT ON THE TRUST FUND</i>			
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	Net	<i>ALREADY EMBEDDED</i>			
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes out years same as 2nd year) ⁽³⁾	Jan 2012	R E Net	 0.38 (0.38)	 - 0.75 (0.75)	 - 0.75 (0.75)	 - 0.75 (0.75)
6. Other pass-through fees to include: Pharmaceutical industry fees 2.3% excise tax on medical devices Reinsurance (Expires 12/31/16)	Jan 2011 Jan 2013 Jan 2014	E E E Net	 9.89 (9.89)	 16.45 (16.45)	 10.71 (10.71)	 4.12 (4.12)
7. Extension of coverage for all adult children until age 26	Jan 2011	Net	<i>ALREADY EMBEDDED</i>			
8. Eliminate all preexisting condition limitations	Jan 2014	R E Net	 2.03 (2.03)	 - 4.30 (4.30)	 - 4.30 (4.30)	 4.30 (4.30)
9. Free choice vouchers		Net	<i>REPEALED BY CONGRESS</i>			
10. Individual Mandate "free rider surcharge"		Net	<i>NO ESTIMATED IMPACT ON THE TRUST FUND</i>			
11. Medicaid Expansion and migration into Exchange		Net	<i>PENDING FUTURE ACTION BY THE LEGISLATURE AND GOVERNOR</i>			
12. Employer Mandate with federal subsidies	Jan 2014	R R R E E E Net	 9.73 12.14 23.04 8.07 12.28 23.32 (1.24)	 27.34 21.58 40.92 26.16 26.54 50.36 (13.22)	 34.54 21.58 40.92 37.94 28.88 54.82 (24.60)	 34.54 21.58 40.92 41.20 31.34 59.46 (34.96)
TOTAL REVENUES ⁽⁸⁾			44.91	89.84	97.04	97.04
TOTAL EXPENSES			55.97	124.56	137.40	141.17
NET TOTAL ⁽⁹⁾			(11.06)	(34.72)	(40.36)	(44.13)

Estimated annual revenue shift from Employee to Employer premium contributions for 0.75 - 0.99 FTEs (in millions) ⁽¹⁰⁾ :						
Agency			0.27	0.48	0.48	0.48
Universities			0.30	0.53	0.53	0.53

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Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) ⁽¹⁾
(In Millions)

Reform	Effective Date	Revenue(R) Expense (E) Net ⁽²⁾	Estimated Annual Fiscal Impact								FY 2013-14 Total
			July-December				January-June				
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
2. No lifetime dollar maximum	Jan 2011	Net	ALREADY EMBEDDED								
3. Restricted annual dollar limits		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	Net	ALREADY EMBEDDED								
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year) ⁽³⁾	Jan 2012	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	0.18	-	0.20	0.38	0.38
		Net	-	-	-	-	(0.18)	-	(0.20)	(0.38)	(0.38)
6. Other pass-through fees to include: Pharmaceutical industry fees	Jan 2011	R	NO REVENUES FOR THIS ITEM								
2.3% excise tax on medical devices	Jan 2013	E	ALREADY EMBEDDED								
Reinsurance (Expires 12/31/16)	Jan 2014	E	-	-	-	-	-	-	-	9.89	9.89
		Net	-	-	-	-	-	-	-	(9.89)	(9.89)
7. Extension of coverage for all adult children until age 26	Jan 2011	Net	ALREADY EMBEDDED								
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	0.69	0.21	1.13	2.03	2.03
		Net	-	-	-	-	(0.69)	(0.21)	(1.13)	(2.03)	(2.03)
9. Free choice vouchers		Net	REPEALED BY CONGRESS								
10. Individual Mandate "free rider surcharge"		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
11. Medicaid Expansion and migration into Exchange		Net	PENDING FUTURE ACTION BY THE LEGISLATURE AND GOVERNOR								
12. Employer Mandate with federal subsidies	Jan 2014	R	-	-	-	-	-	-	-	9.73	9.73
Opt-Outs ⁽⁴⁾		R	-	-	-	-	-	-	-	12.14	12.14
Agency OPS ⁽⁵⁾⁽⁶⁾		R	-	-	-	-	-	-	-	23.04	23.04
Universities OPS ⁽⁵⁾⁽⁷⁾		E	-	-	-	-	-	-	-	8.07	8.07
Opt-Outs ⁽⁴⁾		E	-	-	-	-	-	-	-	12.28	12.28
Agency OPS ⁽⁵⁾⁽⁶⁾		E	-	-	-	-	-	-	-	23.32	23.32
Universities OPS ⁽⁵⁾⁽⁷⁾		E	-	-	-	-	-	-	-	1.24	1.24
		Net	-	-	-	-	-	-	-	(1.24)	(1.24)
TOTAL REVENUES ⁽⁶⁾			-	-	-	-	-	-	-	44.91	44.91
TOTAL EXPENSES			-	-	-	-	0.87	0.21	1.33	55.97	55.97
NET TOTAL ⁽⁹⁾			-	-	-	-	(0.87)	(0.21)	(1.33)	(11.06)	(11.06)

Estimated annual revenue shift from Employee to Employer premium contributions for 0.75 - 0.99 FTEs (in millions) ⁽¹⁰⁾:

Agency	0.27
Universities	0.30

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Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) ⁽¹⁾
(In Millions)

			Estimated Annual Fiscal Impact								
			FY 2014-15								
Reform	Effective Date	Revenue(R) Expense (E) Net ⁽²⁾	July-December				January-June				FY 2014-15 Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
2. No lifetime dollar maximum	Jan 2011	Net	ALREADY EMBEDDED								
3. Restricted annual dollar limits		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	Net	ALREADY EMBEDDED								
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year) ⁽³⁾	Jan 2012	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	0.33	-	0.42	0.75	0.75
		Net	-	-	-	-	(0.33)	-	(0.42)	(0.75)	(0.75)
6. Other pass-through fees to include: Pharmaceutical industry fees 2.3% excise tax on medical devices Reinsurance (Expires 12/31/16)	Jan 2011 Jan 2013 Jan 2014	R	NO REVENUES FOR THIS ITEM								
		E	ALREADY EMBEDDED								
		E	ALREADY EMBEDDED								
		Net	-	-	-	9.89	-	-	-	6.56	16.45
7. Extension of coverage for all adult children until age 26	Jan 2011	Net	ALREADY EMBEDDED								
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	
		E	0.71	0.22	1.16	2.09	0.75	0.23	1.23	2.21	4.30
		Net	(0.71)	(0.22)	(1.16)	(2.09)	(0.75)	(0.23)	(1.23)	(2.21)	(4.30)
9. Free choice vouchers		Net	REPEALED BY CONGRESS								
10. Individual Mandate "free rider surcharge"		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
11. Medicaid Expansion and migration into Exchange		Net	PENDING FUTURE ACTION BY THE LEGISLATURE AND GOVERNOR								
12. Employer Mandate with federal subsidies	Jan 2014	R	-	-	-	13.67	-	-	-	13.67	27.34
		R	-	-	-	10.79	-	-	-	10.79	21.58
		R	-	-	-	20.46	-	-	-	20.46	40.92
		E	-	-	-	13.08	-	-	-	13.08	26.16
		E	-	-	-	13.27	-	-	-	13.27	26.54
		E	-	-	-	25.18	-	-	-	25.18	50.36
		Net	-	-	-	(6.61)	-	-	-	(6.61)	(13.22)
TOTAL REVENUES ⁽⁸⁾			-	-	-	44.92	-	-	-	44.92	89.84
TOTAL EXPENSES			0.71	0.22	1.16	63.51	1.08	0.23	1.65	61.05	124.56
NET TOTAL ⁽⁹⁾			(0.71)	(0.22)	(1.16)	(18.59)	(1.08)	(0.23)	(1.65)	(16.13)	(34.72)

Estimated annual revenue shift from Employee to Employer premium contributions for 0.75 - 0.99 FTEs (in millions) ⁽¹⁰⁾:

Agency	0.48
Universities	0.53

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Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) ⁽¹⁾
(In Millions)

Reform	Effective Date	Revenue(R) Expense (E) Net ⁽²⁾	Estimated Annual Fiscal Impact								FY 2015-16 Total
			July-December				January-June				
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
2. No lifetime dollar maximum	Jan 2011	Net	ALREADY EMBEDDED								
3. Restricted annual dollar limits		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	Net	ALREADY EMBEDDED								
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes out years same as 2nd year) ⁽³⁾	Jan 2012	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	0.33	-	0.42	0.75	0.75
		Net	-	-	-	-	(0.33)	-	(0.42)	(0.75)	(0.75)
6. Other pass-through fees to include: Pharmaceutical industry fees 2.3% excise tax on medical devices Reinsurance (Expires 12/31/16)	Jan 2011 Jan 2013 Jan 2014	R E E E Net	NO REVENUES FOR THIS ITEM								
		E	ALREADY EMBEDDED								
		E	ALREADY EMBEDDED								
		E	-	-	-	6.59	-	-	-	4.12	10.71
		Net	-	-	-	(6.59)	-	-	-	(4.12)	(10.71)
7. Extension of coverage for all adult children until age 26	Jan 2011	Net	ALREADY EMBEDDED								
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	0.71	0.22	1.16	2.09	0.75	0.23	1.23	2.21	4.30
		Net	(0.71)	(0.22)	(1.16)	(2.09)	(0.75)	(0.23)	(1.23)	(2.21)	(4.30)
9. Free choice vouchers		Net	REPEALED BY CONGRESS								
10. Individual Mandate "free rider surcharge"		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
11. Medicaid Expansion and migration into Exchange		Net	PENDING FUTURE ACTION BY THE LEGISLATURE AND GOVERNOR								
12. Employer Mandate with federal subsidies	Jan 2014	R	-	-	-	17.27	-	-	-	17.27	34.54
Opt-Outs ⁽⁴⁾		R	-	-	-	10.79	-	-	-	10.79	21.58
Agency OPS ⁽⁵⁾⁽⁶⁾		R	-	-	-	20.46	-	-	-	20.46	40.92
Universities OPS ⁽⁵⁾⁽⁷⁾		E	-	-	-	18.97	-	-	-	18.97	37.94
Opt-Outs ⁽⁴⁾		E	-	-	-	14.44	-	-	-	14.44	28.88
Agency OPS ⁽⁵⁾⁽⁶⁾		E	-	-	-	27.41	-	-	-	27.41	54.82
Universities OPS ⁽⁵⁾⁽⁷⁾		E	-	-	-	12.30	-	-	-	12.30	24.60
		Net	-	-	-	(12.30)	-	-	-	(12.30)	(24.60)
TOTAL REVENUES ⁽⁶⁾			-	-	-	48.52	-	-	-	48.52	97.04
TOTAL EXPENSES			0.71	0.22	1.16	69.50	1.08	0.23	1.65	67.90	137.40
NET TOTAL ⁽⁹⁾			(0.71)	(0.22)	(1.16)	(20.98)	(1.08)	(0.23)	(1.65)	(19.38)	(40.36)

Estimated annual revenue shift from Employee to Employer premium contributions for 0.75 - 0.99 FTEs (in millions) ⁽¹⁰⁾:

Agency	0.48
Universities	0.53

See Notes on Page 13

Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) ⁽¹⁾
(In Millions)

			Estimated Annual Fiscal Impact								
			FY 2016-17								
Reform	Effective Date	Revenue(R) Expense (E) Net ⁽²⁾	July-December				January-June				FY 2016-17 Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
2. No lifetime dollar maximum	Jan 2011	Net	ALREADY EMBEDDED								
3. Restricted annual dollar limits		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	Net	ALREADY EMBEDDED								
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year) ⁽³⁾	Jan 2012	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	0.33	-	0.42	0.75	0.75
		Net	-	-	-	-	(0.33)	-	(0.42)	(0.75)	(0.75)
6. Other pass-through fees to include: Pharmaceutical industry fees 2.3% excise tax on medical devices Reinsurance (Expires 12/31/16)	Jan 2011 Jan 2013 Jan 2014		NO REVENUES FOR THIS ITEM								
		E	ALREADY EMBEDDED								
		E	ALREADY EMBEDDED								
		Net	-	-	-	4.12	-	-	-	-	4.12
7. Extension of coverage for all adult children until age 26	Jan 2011	Net	ALREADY EMBEDDED								
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	0.71	0.22	1.16	2.09	0.75	0.23	1.23	2.21	4.30
		Net	(0.71)	(0.22)	(1.16)	(2.09)	(0.75)	(0.23)	(1.23)	(2.21)	(4.30)
9. Free choice vouchers		Net	REPEALED BY CONGRESS								
10. Individual Mandate "free rider surcharge"		Net	NO ESTIMATED IMPACT ON THE TRUST FUND								
11. Medicaid Expansion and migration into Exchange		Net	PENDING FUTURE ACTION BY THE LEGISLATURE AND GOVERNOR								
12. Employer Mandate with federal subsidies	Jan 2014	R	-	-	-	17.27	-	-	-	17.27	34.54
		R	-	-	-	10.79	-	-	-	10.79	21.58
		R	-	-	-	20.46	-	-	-	20.46	40.92
		E	-	-	-	20.60	-	-	-	20.60	41.20
		E	-	-	-	15.67	-	-	-	15.67	31.34
		E	-	-	-	29.73	-	-	-	29.73	59.46
		Net	-	-	-	(17.48)	-	-	-	(17.48)	(34.96)
TOTAL REVENUES ⁽⁸⁾			-	-	-	48.52	-	-	-	48.52	97.04
TOTAL EXPENSES			0.71	0.22	1.16	72.21	1.08	0.23	1.65	68.96	141.17
NET TOTAL ⁽⁹⁾			(0.71)	(0.22)	(1.16)	(23.69)	(1.08)	(0.23)	(1.65)	(20.44)	(44.13)

Estimated annual revenue shift from Employee to Employer premium contributions for 0.75 - 0.99 FTEs (in millions) ⁽¹⁰⁾:

Agency	0.48
Universities	0.53

See Notes on Page 13

Notes to the Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA)

(1) Projected revenues and expenses for Items 1 - 11 provided by Milliman Consulting. Revenues and expenses for Item 12 are projected using the analyses described in Notes 4 and 6.

(2) "Net" is defined as Revenue less Expense.

(3) Patient-centered outcomes research institute fees reflect the fiscal year in which payment of the fees will actually occur, in July for the previous fiscal year.

(4) As of January 1, 2013, 13,414 eligible individuals have opted-out ("Opt-Outs") of the Health Insurance Plan. Using the January 2013 Single and Family ratios of 46.3% and 53.7%, respectively, it is projected that 6,211 will qualify for single coverage and 7,203 will qualify for family coverage if they elect to enter the Plan. It is projected that 20% of the Opt-Outs will elect to enter the Plan with 10% entering on January 1, 2014, and the remaining 10% on January 1, 2015. Revenues for FY 2013-14 are determined by multiplying Single enrollment by \$4,329.30 (7-months premium) and Family enrollment by \$9,763.66 (7-months premium). For FY 2014-15, revenues are determined by multiplying 50% of Single enrollment by \$4,490.64.18 (7-months premium), 50% of Single enrollment by \$7,698.24 (12-months premium), 50% of Family enrollment by \$10,108.42 (7-months premium), and 50% of Family enrollment by \$17,328.72 (12-months premium). Expenses for FY 2013-14 are determined by multiplying the Opt-Out enrollment by \$6,016.14 (6-months claims expense). For FY 2014-15, expenses are determined by multiplying 50% of Opt-Out enrollment by \$12,994.97 (12-months claims expense) and 50% of Opt-Out enrollment by \$6,497.48 (6-months claims expense). These amounts are the Program Cost per Contract for the respective fiscal year computed for the February 2013 Conference.

(5) Senate Bill 1802 was adopted by the Florida Legislature during the 2013 legislative session, which allows certain eligible employees paid from Other Personal Services (OPS) funds to participate in the State Group Insurance Program effective January 1, 2014. Revenue and expenses are projected using the analyses described in Notes 6 and 7.

(6) There are an estimated 3,015 State Agency OPS employees not covered under the State's Health Insurance Plan who work an annual average of 30 hours or more per week. 59.72% are Single (24.31% are under 30 years old) and 40.28% are Married. It is projected that 50% of the Married OPS will elect to enter the Plan on January 1, 2014, 50% of the Single OPS Under 30 Years Old will elect to enter the Plan on January 1, 2014, and all of the Single OPS Over 30 Years Old will elect to enter the Plan on January 1, 2014. Revenues for FY 2013-14 are determined by multiplying Single enrollment by \$4,329.30 (7-months premium) and Family enrollment by \$9,763.66 (7-months premium). For FY 2014-15 through FY 2016-17, revenues are determined by multiplying Single enrollment by \$7,698.24 (12-months premium) and Family enrollment by \$17,328.72 (12-months premium). Expenses are determined by multiplying the OPS enrollment by \$6,016.14 (6-months claims expense) for FY 2013-14 and \$12,994.97 (12-months claims expense) for FY 2014-15; and \$14,143.43 and \$15,348.75 respectively for FY 2015-16 and 2016-17. These amounts are the Program Cost per Contract for the respective fiscal year computed for the February 2013 Conference.

(7) The State University System of Florida Board of Governors reported that as of January 1, 2012, there were an estimated 5,722 State University System OPS employees who worked an annual average of 30 hours or more per week. Assumptions pertaining to Single and Married percentages, as well as calculations for Revenues and Expenses, are the same as for State Agency OPS, as noted in (6) above.

(8) Revenues are derived largely from state-paid premiums. The funding methodology determined by the Legislature will establish the cost to the participating employers.

(9) The "net total" simply shows the shortfalls resulting from projected revenues being less than projected expenses.

(10) As of January 1, 2013, there were approximately 425 State Agency and University System employees who worked 30-39 hours per week. These employees are currently required to pay the full employee health insurance premium plus a prorated portion of the employer premium. Under PPACA, employees working more than 30 hours per week meet the definition of "full-time employee". This is the estimated annual portion of the employer premium revenue these employees are paying that will be shifted back to the employer.

University: State University System

Included special units:
 1. _____
 2. _____
 3. _____

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
1. Number of OPS Employees, EXCLUDING ADJUNCT FACULTY	5,201	7,389	6,851	7,089	6,922	8,242	7,293	7,255	7,051	7,394	7,219	7,064
2. Number of adjunct faculty	521	673	683	675	376	370	330	549	660	714	738	564
3. Total number of the above with insurance provided/ paid by or required by the university	2,002	2,179	2,089	2,095	2,052	2,204	1,810	2,096	2,121	2,211	2,151	2,085
1 + 2 - 3	3,720	5,883	5,445	5,669	5,246	6,408	5,813	5,708	5,590	5,897	5,806	5,543
4. Percent of those OPS/ adjunct faculty salaries funded from E&G funds												
5. Percent of those OPS/ adjunct faculty salaries funded from grants, faculty practice or other non-E&G funds												
6. Total of #4 and #5 (should equal 100%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

¹ Include graduate assistants, research assistants, postdoctoral assistants, clinical post-doctoral assistants, medical residencies/interns/housestaff, and all other OPS positions.