

**Self-Insurance Estimating Conference
State Employees' Health Insurance Trust Fund
Last conference held: March 2, 2006**

Post-Session outlook

Executive Summary

The outlook for the State Employees' Health Insurance Trust Fund was changed due to legislative action with regard to premiums and administrative costs. Overall, premiums were increased by 8%, effective April 1, 2007, with the State picking up all of the increase for active employees. As a result, the projected revenues for 2006-07 were increased by \$26.4 million. For 2007-08, projected revenues were increased by \$106.8 million. For both fiscal years, administrative costs for the Division of State Group Insurance were reduced by \$.1 million. The net result of the changes is an increase in the projected ending balance for the trust fund for 2007-08 from -\$95.1 million to \$38.2 million.

State Employees' Group Health Self-Insurance Trust Fund

Post-Session Outlook

For the Fiscal Years Ending June 30, 2006, 2007 & 2008

JUNE 2006

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

**Exhibit I
Financial Outlook
By Fiscal Year
(In Millions)**

	<u>FY 05-06</u> Estimate	<u>FY 06-07</u> Estimate	<u>FY 07-08</u> Estimate
BEGINNING CASH BALANCE	\$ 115.9	\$ 159.7	\$ 147.8
REVENUES:			
Insurance Premiums: ⁽¹⁾			
Employer - Plan	\$ 961.8	\$ 1,018.5	\$ 1,088.8
Employer - HSA	0.3	0.6	0.6
Employee	155.1	157.1	156.7
COBRA	8.3	8.6	9.1
Early Retiree	48.3	53.2	58.4
Medicare	87.1	96.2	105.9
Tricare Premium Surplus	5.3	4.7	5.0
Interest on Investments	3.8	4.4	3.0
TPA Refunds/PBM Rebates	20.0	20.0	20.0
Pretax Trust Fund Transfer	18.0	17.0	17.0
Medicare Part D Subsidy ⁽²⁾	0.0	17.3	13.0
TOTAL REVENUES	\$ 1,308.0	\$ 1,397.6	\$ 1,477.5
TOTAL CASH AVAILABLE	\$ 1,423.9	\$ 1,557.3	\$ 1,625.3
EXPENSES:			
PPO Plan - Medical Claims	\$ 504.8	\$ 551.8	\$ 610.8
PPO Plan - Prescription Drug Claims	202.3	223.2	254.7
HMO Premiums	513.4	594.7	681.9
Employer HSA Contributions	0.3	0.6	0.6
ASO Fee - TPA	35.6	32.5	32.4
DSGI Administrative Costs	4.7	3.6	3.6
Premium Refunds	3.0	3.0	3.0
Other Expenses	0.1	0.1	0.1
TOTAL EXPENSES	\$ 1,264.2	\$ 1,409.5	\$ 1,587.1
EXCESS OF REVENUES OVER EXPENSES	\$ 43.8	\$ (11.9)	\$ (109.6)
ENDING CASH BALANCE	\$ 159.7	\$ 147.8	\$ 38.2
Average Enrollment by Plan			
PPO Standard	106,312	104,699	104,394
PPO HIHP	599	599	599
HMO Standard	62,776	66,088	67,778
HMO HIHP	248	248	248
Total	169,935	171,634	173,019
Average Enrollment by Coverage Type			
Active Standard	134,937	135,431	135,513
Active HIHP	780	780	780
Cobra	1,274	1,249	1,249
Early Retiree	8,454	8,685	8,965
Medicare	24,490	25,489	26,512
Total	169,935	171,634	173,019
Average TRICARE Enrollment			
Active	593	708	708
Retiree	118	151	151
Total	711	859	859

⁽¹⁾ Per Conference Report on HB 5001, Sec. 8, para. 2 - Revised premium revenue to include an eight-percent increase in rates effective April 1, 2007 for all enrollment categories. Percent increase in employer contribution rates differ by health plan by coverage tier due to no change in the employee contribution rate.

⁽²⁾ Actuarial estimate per participation in the Prescription Drug Subsidy program resulting from the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), effective January 1, 2006. The subsidy estimation is \$550 to \$600 per eligible member not enrolled in Medicare Part D, or \$13M per year, \$1.08M per month. Subsidy amounts accrued in FY 2005-06 are assumed to be collected in FY 2006-07.

Exhibit II
Financial Outlook
Fiscal Year 2006-07
(In Millions)

	(A) March '06	(B) June '06	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 159.7	\$ 159.7	\$ 0.0
REVENUES:			
Insurance Premiums: ⁽¹⁾			
Employer - Plan	\$ 995.5	\$ 1,018.5	\$ 23.0
Employer - HSA	0.6	0.6	0.0
Employee	157.1	157.1	0.0
COBRA	8.4	8.6	0.2
Early Retiree	52.2	53.2	1.0
Medicare	94.3	96.2	1.9
Tricare Premium Surplus	4.6	4.7	0.1
Interest on Investments	4.3	4.4	0.1
TPA Refunds/PBM Rebates	20.0	20.0	0.0
Pretax Trust Fund Transfer	17.0	17.0	0.0
Medicare Part D Subsidy ⁽²⁾	17.3	17.3	0.0
TOTAL REVENUES	\$ 1,371.3	\$ 1,397.6	\$ 26.3
TOTAL CASH AVAILABLE	\$ 1,531.0	\$ 1,557.3	\$ 26.3
EXPENSES:			
PPO Plan - Medical Claims	\$ 551.8	\$ 551.8	\$ 0.0
PPO Plan - Prescription Drug Claims	223.2	223.2	0.0
HMO Premiums	594.7	594.7	0.0
Employer HSA Contributions	0.6	0.6	0.0
ASO Fee - TPA	32.5	32.5	0.0
DSGI Administrative Costs	3.7	3.6	(0.1)
Premium Refunds	3.0	3.0	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 1,409.6	\$ 1,409.5	\$ (0.1)
EXCESS OF REVENUES OVER EXPENSES	\$ (38.3)	\$ (11.9)	\$ 26.4
ENDING CASH BALANCE	\$ 121.4	\$ 147.8	\$ 26.4
Average Enrollment by Plan			
PPO Standard	104,699	104,699	
PPO HIHP	599	599	
HMO Standard	66,088	66,088	
HMO HIHP	248	248	
Total	171,634	171,634	
Average Enrollment by Coverage Type			
Active Standard	135,431	135,431	
Active HIHP	780	780	
Cobra	1,249	1,249	
Early Retiree	8,685	8,685	
Medicare	25,489	25,489	
Total	171,634	171,634	
Average TRICARE Enrollment			
Active	708	708	
Retiree	151	151	
Total	859	859	

⁽¹⁾ Per Conference Report on HB 5001, Sec. 8, para. 2 - Revised premium revenue to include an eight-percent increase in rates effective April 1, 2007 for all enrollment categories. Percent increase in employer contribution rates differ by health plan by coverage tier due to no change in the employee contribution rate.

⁽²⁾ Actuarial estimate per participation in the Prescription Drug Subsidy program resulting from the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), effective January 1, 2006. The subsidy estimation is \$550 to \$600 per eligible member not enrolled in Medicare Part D, or \$13M per year, \$1.08M per month. Subsidy amounts accrued in FY 2005-06 are assumed to be collected in FY 2006-07.

Exhibit III
Financial Outlook
Fiscal Year 2007-08
(In Millions)

	(A) March '06	(B) June '06	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 121.4	\$ 147.8	\$ 26.4
REVENUES:			
Insurance Premiums: ⁽¹⁾			
Employer - Plan	\$ 996.4	\$ 1,088.8	\$ 92.4
Employer - HSA	0.6	0.6	0.0
Employee	156.7	156.7	0.0
COBRA	8.4	9.1	0.7
Early Retiree	54.1	58.4	4.3
Medicare	98.1	105.9	7.8
Tricare Premium Surplus	4.6	5.0	0.4
Interest on Investments	1.8	3.0	1.2
TPA Refunds/PBM Rebates	20.0	20.0	0.0
Pretax Trust Fund Transfer	17.0	17.0	0.0
Medicare Part D Subsidy ⁽²⁾	13.0	13.0	0.0
TOTAL REVENUES	\$ 1,370.7	\$ 1,477.5	\$ 106.8
TOTAL CASH AVAILABLE	\$ 1,492.1	\$ 1,625.3	\$ 133.2
EXPENSES:			
PPO Plan - Medical Claims	\$ 610.8	\$ 610.8	\$ 0.0
PPO Plan - Prescription Drug Claims	254.7	254.7	0.0
HMO Premiums	681.9	681.9	0.0
Employer HSA Contributions	0.6	0.6	0.0
ASO Fee - TPA	32.4	32.4	0.0
DSGI Administrative Costs	3.7	3.6	(0.1)
Premium Refunds	3.0	3.0	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 1,587.2	\$ 1,587.1	\$ (0.1)
EXCESS OF REVENUES OVER EXPENSES	\$ (216.5)	\$ (109.6)	\$ 106.9
ENDING CASH BALANCE	\$ (95.1)	\$ 38.2	\$ 133.3
Average Enrollment by Plan			
PPO Standard	104,394	104,394	
PPO HIHP	599	599	
HMO Standard	67,778	67,778	
HMO HIHP	248	248	
Total	173,019	173,019	
Average Enrollment by Coverage Type			
Active Standard	135,513	135,513	
Active HIHP	780	780	
Cobra	1,249	1,249	
Early Retiree	8,965	8,965	
Medicare	26,512	26,512	
Total	173,019	173,019	
Average TRICARE Enrollment			
Active	708	708	
Retiree	151	151	
Total	859	859	

⁽¹⁾ Per Conference Report on HB 5001, Sec. 8, para. 2 - Revised premium revenue to include an eight-percent increase in rates effective April 1, 2007 for all enrollment categories. Percent increase in employer contribution rates differ by health plan by coverage tier due to no change in the employee contribution rate.

⁽²⁾ Actuarial estimate per participation in the Prescription Drug Subsidy program resulting from the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), effective January 1, 2006. The subsidy estimation is \$550 to \$600 per eligible member not enrolled in Medicare Part D, or \$13M per year, \$1.08M per month. Subsidy amounts accrued in FY 2005-06 are assumed to be collected in FY 2006-07.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

**Exhibit IV
Premium Rate Table**

ALL ENROLLEES (Excluding TRICARE Supplemental Plan)							
Category	Coverage Type	PPO/HMO Standard			PPO/HMO HIHP ⁽⁴⁾		
		Employer	Enrollee	Total	Employer	Enrollee	Total
Full -Time Employees ⁽¹⁾ (Monthly)	Single	346.16	50.00	396.16	346.16	15.00	361.16
	Family	715.92	180.00	895.92	715.92	64.30	780.22
	Spouse	895.92	0.00	895.92	780.22	0.00	780.22
Full -Time Employees ⁽¹⁾ (Bi-Weekly)	Single	173.08	25.00	198.08	173.08	7.50	180.58
	Family	357.96	90.00	447.96	357.96	32.15	390.11
	Spouse	447.96	0.00	447.96	390.11	0.00	390.11
COBRA Participants ⁽²⁾ (Monthly)	Single	0.00	404.08	404.08	0.00	325.88	325.88
	Family	0.00	913.84	913.84	0.00	710.82	710.82
Early Retirees (Monthly)	Single	0.00	396.16	396.16	0.00	319.48	319.48
	Family	0.00	895.92	895.92	0.00	696.88	696.88
Medicare Participants ⁽³⁾ (Monthly)	(I) One Eligible	0.00	210.34	210.34	0.00	154.16	154.16
	(II) One Under/Over	0.00	606.50	606.50	0.00	515.32	515.32
	(III) Both Eligible	0.00	420.69	420.69	0.00	308.32	308.32

Notes:

(1) Premium contribution for Part-Time Employees is to be calculated as follows:

Step 1. State Contribution x FTE% = Calculated State Contribution

Step 2. Total Contribution - Calculated State Contribution = Employee Contribution

(2) Includes an additional 2% for administrative costs as permitted by federal regulations.

(3) The actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(4) The employer monthly HSA contribution of \$41.66/single (\$500 annually) and \$83.33/family (\$1,000 annually) is included in the listed employer rates.

TRICARE Supplemental Health Insurance Plan							
Category	Coverage Type	Biweekly Contribution			Monthly Contribution		
		Employer	Enrollee	Total	Employer	Enrollee	Total
Active Full-Time Employees ⁽¹⁾	Single	173.08	0.00	173.08	346.16	0.00	346.16
	Family	357.96	0.00	357.96	715.92	0.00	715.92
	Spouse ⁽³⁾	357.96	0.00	357.96	715.92	0.00	715.92
COBRA Participants	Single ⁽²⁾	N/A	N/A	N/A	0.00	61.20	61.20
	Family ⁽²⁾	N/A	N/A	N/A	0.00	163.20	163.20
Early Retirees ⁽⁴⁾	Single	N/A	N/A	N/A	0.00	60.00	60.00
	Family	N/A	N/A	N/A	0.00	160.00	160.00

Notes:

(1) Premium contribution for a Part-Time Employee is to be calculated as follows:

Employer Contribution x FTE% = Calculated Employer Contribution

(2) Includes an additional 2% for administrative costs as permitted by federal regulations.

(3) Premium is shared equally between respective agencies.

(4) Medicare participants are ineligible for participation.

Exhibit V
Premium Rate Table

— — **Effective April 1, 2007** — —

ALL ENROLLEES (Excluding TRICARE Supplemental Plan)							
Category	Coverage Type	PPO/HMO Standard			PPO/HMO HIHP ⁽⁴⁾		
		Employer	Enrollee	Total	Employer	Enrollee	Total
Full -Time Employees ⁽¹⁾ (Monthly)	Single	377.86	50.00	427.86	377.86	15.00	392.86
	Family	787.60	180.00	967.60	787.60	64.30	851.90
	Spouse	967.60	0.00	967.60	851.90	0.00	851.90
Full -Time Employees ⁽¹⁾ (Bi-Weekly)	Single	188.93	25.00	213.93	188.93	7.50	196.43
	Family	393.80	90.00	483.80	393.80	32.15	425.95
	Spouse	483.80	0.00	483.80	425.95	0.00	425.95
COBRA Participants ⁽²⁾ (Monthly)	Single	0.00	436.42	436.42	0.00	358.22	358.22
	Family	0.00	986.96	986.96	0.00	783.94	783.94
Early Retirees (Monthly)	Single	0.00	427.86	427.86	0.00	351.20	351.20
	Family	0.00	967.60	967.60	0.00	768.56	768.56
Medicare Participants ⁽³⁾ (Monthly)	(I) One Eligible	0.00	227.18	227.18	0.00	169.46	169.46
	(II) One Under/Over	0.00	655.04	655.04	0.00	562.34	562.34
	(III) Both Eligible	0.00	454.36	454.36	0.00	338.92	338.92

Notes:

(1) Premium contribution for Part-Time Employees is to be calculated as follows:

Step 1. State Contribution x FTE% = Calculated State Contribution

Step 2. Total Contribution - Calculated State Contribution = Employee Contribution

(2) Includes an additional 2% for administrative costs as permitted by federal regulations.

(3) The actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(4) The employer monthly HSA contribution of \$41.66/single (\$500 annually) and \$83.33/family (\$1,000 annually) is included in the listed employer rates.

TRICARE Supplemental Health Insurance Plan							
Category	Coverage Type	Biweekly Contribution			Monthly Contribution		
		Employer	Enrollee	Total	Employer	Enrollee	Total
Active Full-Time Employees ⁽¹⁾	Single	188.93	0.00	188.93	377.86	0.00	377.86
	Family	393.80	0.00	393.80	787.60	0.00	787.60
	Spouse ⁽³⁾	393.80	0.00	393.80	787.60	0.00	787.60
COBRA Participants	Single ⁽²⁾	N/A	N/A	N/A	0.00	61.20	61.20
	Family ⁽²⁾	N/A	N/A	N/A	0.00	163.20	163.20
Early Retirees ⁽⁴⁾	Single	N/A	N/A	N/A	0.00	60.00	60.00
	Family	N/A	N/A	N/A	0.00	160.00	160.00

Notes:

(1) Premium contribution for a Part-Time Employee is to be calculated as follows:

Employer Contribution x FTE% = Calculated Employer Contribution

(2) Includes an additional 2% for administrative costs as permitted by federal regulations.

(3) Premium is shared equally between respective agencies.

(4) Medicare participants are ineligible for participation.