

**Self-Insurance Estimating Conference  
State Employees' Health Insurance Trust Fund  
Last conference held: October 31, 2006**

**Executive Summary**

The outlook for the State Employees' Health Insurance Trust Fund has improved significantly from the post-session forecast. The projected 2006-07 ending balance of the fund gained from \$147.8 million to \$193.0 million, and the 2007-08 ending balance changed from \$38.2 million to \$153.9 million.

The overall enrollment projections were not changed significantly, but there are some shifts between categories of enrollment, with projected HMO enrollment being slightly higher and PPO enrollment slightly lower. These projections do not include the results of open enrollment, which will be incorporated into the spring estimates.

Changes in the projections for revenues resulted from changes in several categories. Premiums are expected to be somewhat higher, due to projected enrollment and category fluctuations, and some changes in reporting due to the transition from the COPES system to Convergys. Interest earnings are expected to be higher due to higher projected cash balances and higher expected interest rates. Rebates are also expected to be higher, partially due to more favorable contract terms.

There are significant adjustments to the expense forecasts. The decrease in medical claims is due partially to the reduced forecast for enrollment in the PPO plan, and partially due to the reduction in the growth rate assumption from 11.0% to 10.0%. For the prescription drug program, the decrease is due partially to lower projected enrollment, but also due to improved contract terms and changing generic dispensing patterns and cost and utilization trends. There is a significant reduction in projected TPA contract fees due to the new contract. HMO premium payments are projected to be higher than in the old forecast, with higher projected enrollment more than offsetting the lower than projected statewide weighted-average premium increase for Plan Year 2007.

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# **State Employees' Group Health Self-Insurance Trust Fund**

**Report on the Financial Outlook**  
**For the Fiscal Years Ending June 30, 2007 and 2008**

**Presented October 31, 2006**

Prepared by: Florida Department of Management Services  
Division of State Group Insurance

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**EXECUTIVE SUMMARY**

The Florida Division of State Group Insurance has prepared a financial outlook for the State Employees' Group Health Self-Insurance Trust Fund for the Fiscal Years Ending June 30, 2007 and 2008 to aid in state planning and budgeting in accordance with sec. 216.136(11), *Florida Statutes*. The outlook has been prepared using cash basis methods and modeling, and is based on the healthcare benefit and funding designs currently in place. Actual enrollment and cash flow experience through September 30, 2006 have been taken into consideration.

The cash position forecast has improved significantly when compared to the Post-Session Outlook, and it is expected that the Trust Fund will remain solvent through the forecast period. The Post-Session Outlook reported the fiscal impact of the legislatively required premium increase that is effective April 1, 2007, which impact is also recognized in the current forecast.

The projected ending cash balance for Fiscal Year 2006-07 increased from \$147.8 million to \$193.0 million, up \$45.2 million. An operating gain of \$17.2 million is estimated, an improvement of \$29.1 million. The projected ending cash balance for Fiscal Year 2007-08 increased from \$38.2 million to \$153.9 million, up \$115.7 million. An operating loss of \$39.1 million is estimated, down \$70.5 million from \$109.6 million.

Following is a summary of the outlook by fiscal year.

**Financial Outlook**

	FY 2005-06 Actual	FY 2006-07 Estimate	FY 2007-08 Estimate
BEGINNING CASH BALANCE	118.9	175.8	193.0
REVENUES	1,324.4	1,407.4	1,495.9
EXPENSES	(1,267.5)	(1,390.2)	(1,535.0)
OPERATING GAIN/(LOSS)	<u>56.9</u>	<u>17.2</u>	<u>(39.1)</u>
ENDING CASH BALANCE	<u>175.8</u>	<u>193.0</u>	<u>153.9</u>

Dollars in Millions

Increase in projected premium and non-premium revenue coupled with a substantial reduction in expenses is contributing to a healthier cash balance through the forecast period. Favorable improvement in cash position is attributable to a combination of factors supporting the reduction in the expense forecast.

Most notable are improved financial terms and cost-saving initiatives in the self-insured PPO health plans for both third-party administration and pharmacy benefits management resulting from the completion of a competitive procurement. Financial terms for third-party administration are effective January 1, 2007, and the financial terms for pharmacy benefits management were effective October 1, 2006. The incumbent Third-Party Administrator (Blue Cross Blue Shield of Florida, Inc.) and Pharmacy Benefits Manager (Caremark Inc.) will remain as the state-contracted vendors for the respective services.

Estimated contract savings from items such as deeper price discounts for prescription drugs and lower administrative charges for both state-contracted vendors will be realized shortly after the contract effective dates and throughout the four-year contract period. Unlike historical practices, rebates will be earned on generic drug dispensing in the retail and mail order environments. All rebates will be realized in a phased-in manner over the contract period due to timing differences as to when rebates are earned versus received. Enhanced cost-saving initiatives also will be realized in a phased-in manner.

Also supporting a reduction in the expense forecast is the slowing in healthcare cost growth. In addition to the realization of lower than projected increases in the fully insured state-contracted HMO premiums, growth in the medical and prescription drug spend in the self-insured PPO health plans is slowing in close relationship with independently reported industry experience and trends.

Market pressures, cost-saving initiatives, provider contract renegotiations, administrative and clinical outcome performance incentives and care management programs are among the factors favorably contributing to the slowdown in medical cost and utilization growth. Competing forces such as enrollment demographics, member health risks and conditions, types and frequency of services rendered, price inflation and technological advancements continue to prevent downward bending in trend.

Similar dynamics exist in the pharmaceutical environment mixed with separate opportunities and challenges. For instance, a handful of heavily utilized brand name drugs will face generic competition for the first time during, and subsequent to, the forecast period. These occurrences increase the opportunity for generic dispensing. In contrast, new biotech/specialty pharmaceuticals, which are typically higher cost therapies, continue to enter the market at a rapid pace. Specialty pharmaceuticals offer advances in the treatment of complex conditions that are otherwise poorly controlled. Utilization and spend for these therapies are growing rapidly and will continue to be a component cost requiring close attention.

The changes driving projected non-premium revenue growth are 1) increasing recovery activity and prescription drug rebates in the self-insured PPO health plans, 2) higher short-term investment earnings due to higher cash balances and rates of return, 3) higher transfers from the Pretax Benefits Trust, and 4) higher collections by the self-insured PPO health plans due to participation in the Medicare Part D subsidy arrangement. Increasing prescription drug rebate revenue is primarily the result of improved terms in the pharmacy benefits contract to receive a predetermined rebate for all generic, brand, and biotech/specialty drugs dispensed in either the retail or mail order environments.

For Plan Year 2006, a state-contracted HMO plan was offered in seventeen counties where one did not previously exist, and an additional twenty-five counties have more than one state-contracted HMO plan option – fifty-six counties currently have at least one state-contracted HMO plan offering. For Plan Year 2007, there will be a state-contracted HMO offering of the High Deductible Health Plan in all fifty-six counties. The self-insured PPO standard and high deductible health plans remain available statewide.

Enrollment patterns continue to suggest a rather stabilized employee enrollment base, but increased growth continues to occur in both the Pre-Medicare and Medicare-eligible retiree populations (3.3% during the forecast period). As a result, an average increase of .8% is projected to occur in total subscriber enrollment. Total average enrollment is projected to be 171,263 for Fiscal Year 2006-07 and 172,631 by Fiscal Year 2007-08 – inclusive of subscriber enrollment in a High Deductible Health Plan.

Growth in annual subscriber enrollment has continued to be below one-percent since Fiscal Year 2000-01, and is being driven by a sustaining increase in Pre-Medicare and Medicare-eligible enrollment. Enrollment patterns also suggest that plan distribution by subscriber will approximate 60% enrollment in a self-insured PPO health plan and 40% in a state-contracted HMO plan resulting from subscriber migration and new hire elections during the forecast period.

Of the enrolled population, approximately 950 subscribers (881 employees) are enrolled in a High Deductible Health Plan (.6% of covered population). Approximately 675 subscribers, or 71%, are participating in the integrated state-sponsored Health Savings Account offering.

It is noteworthy that subscriber elections resulting from the 2006 Open Enrollment process were not available at the time of forecast preparation.

Although cash balance deficiencies are not projected during the forecast period, continued attention should be given to rising Program costs (approximately 10.1% during the forecast period) and its impact to cash surpluses.

The exhibits that follow provide more in-depth information about projected enrollment, expected healthcare cost growth, cash positions and comparisons to the previous outlook.

**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

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

	<u>FY 05-06</u>	<u>FY 06-07</u>	<u>FY 07-08</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<b>BEGINNING CASH BALANCE</b>	\$ 118.9	\$ 175.8	\$ 193.0
<b>REVENUES:</b>			
Insurance Premiums:			
Employer - Plan	\$ 970.9	\$ 1,026.2	\$ 1,098.2
Employer - HSA	0.4	0.6	0.6
Employee	152.3	153.6	153.9
COBRA	8.0	8.1	8.6
Early Retiree	48.8	52.6	56.7
Medicare	87.3	95.8	105.3
TRICARE Surplus	5.9	5.1	5.6
Investment Interest	4.3	6.5	7.0
TPA Refunds/PBM Rebates	22.9	25.1	25.3
Pretax Trust Fund Transfer	20.4	18.4	19.0
Medicare Part D Subsidy	<u>3.2</u>	<u>15.4</u>	<u>15.7</u>
<b>TOTAL REVENUES</b>	\$ 1,324.4	\$ 1,407.4	\$ 1,495.9
<b>TOTAL CASH AVAILABLE</b>	\$ <u>1,443.3</u>	\$ <u>1,583.2</u>	\$ <u>1,688.9</u>
<b>EXPENSES:</b>			
State PPO Plan:			
Medical Claims	\$ 503.8	\$ 540.4	\$ 596.9
Prescription Drug Claims	204.5	215.2	227.0
ASO Fee	36.3	27.7	20.3
HMO Premium Payments	515.0	599.6	683.5
Employer HSA Contributions	0.4	0.6	0.6
DSGI Operating Costs	4.1	3.6	3.6
Premium Refunds	3.3	3.0	3.0
Other Expenses	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
<b>TOTAL EXPENSES</b>	\$ <u>1,267.5</u>	\$ <u>1,390.2</u>	\$ <u>1,535.0</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ <u>56.9</u>	\$ <u>17.2</u>	\$ <u>(39.1)</u>
<b>ENDING CASH BALANCE</b>	\$ <u><b>175.8</b></u>	\$ <u><b>193.0</b></u>	\$ <u><b>153.9</b></u>

<b>Average Enrollment by Plan</b>	PPO Standard	106,102	103,402	102,894
	PPO HIHP	612	657	657
	HMO Standard	62,928	66,907	68,783
	HMO HIHP	<u>264</u>	<u>297</u>	<u>297</u>
	Total	<u>169,906</u>	<u>171,263</u>	<u>172,631</u>
<b>Average Enrollment by Coverage Type</b>	Active Standard	134,970	135,162	135,438
	Active HIHP	802	881	881
	Cobra	1,251	1,220	1,232
	Early Retiree	8,490	8,685	8,869
	Medicare	<u>24,393</u>	<u>25,315</u>	<u>26,211</u>
	Total	<u>169,906</u>	<u>171,263</u>	<u>172,631</u>
<b>TRICARE Enrollment</b>	Active	697	805	805
	Retiree	<u>11</u>	<u>25</u>	<u>25</u>
	Total	<u>708</u>	<u>830</u>	<u>830</u>

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

	<u>(A)</u>	<u>(B)</u>	<u>(B) - (A)</u>
	<u>June '06</u>	<u>October '06</u>	<u>Difference</u>
<b>BEGINNING CASH BALANCE</b>	\$ 159.7	\$ 175.8	\$ 16.1
<b>REVENUES:</b>			
Insurance Premiums:			
Employer - Plan	\$ 1,018.5	\$ 1,026.2	\$ 7.7
Employer - HSA	0.6	0.6	0.0
Employee	157.1	153.6	(3.5)
COBRA	8.6	8.1	(0.5)
Early Retiree	53.2	52.6	(0.6)
Medicare	96.2	95.8	(0.4)
TRICARE Surplus	4.7	5.1	0.4
Investment Interest	4.4	6.5	2.1
TPA Refunds/PBM Rebates	20.0	25.1	5.1
Pretax Trust Fund Transfer	17.0	18.4	1.4
Medicare Part D Subsidy	17.3	15.4	(1.9)
<b>TOTAL REVENUES</b>	<b>\$ 1,397.6</b>	<b>\$ 1,407.4</b>	<b>\$ 9.8</b>
<b>TOTAL CASH AVAILABLE</b>	<b>\$ 1,557.3</b>	<b>\$ 1,583.2</b>	<b>\$ 25.9</b>
<b>EXPENSES:</b>			
State PPO Plan:			
Medical Claims	\$ 551.8	\$ 540.4	\$ (11.4)
Prescription Drug Claims	223.2	215.2	(8.0)
ASO Fee	32.5	27.7	(4.8)
HMO Premium Payments	594.7	599.6	4.9
Employer HSA Contributions	0.6	0.6	0.0
DSGI Operating Costs	3.6	3.6	0.0
Premium Refunds	3.0	3.0	0.0
Other Expenses	0.1	0.1	0.0
<b>TOTAL EXPENSES</b>	<b>\$ 1,409.5</b>	<b>\$ 1,390.2</b>	<b>\$ (19.3)</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ (11.9)</b>	<b>\$ 17.2</b>	<b>\$ 29.1</b>
<b>ENDING CASH BALANCE</b>	<b>\$ 147.8</b>	<b>\$ 193.0</b>	<b>\$ 45.2</b>
<b>Average Enrollment by Plan</b>			
PPO Standard	104,699	103,402	(1,297)
PPO HIHP	599	657	58
HMO Standard	66,088	66,907	819
HMO HIHP	248	297	49
Total	171,634	171,263	(371)
<b>Average Enrollment by Coverage Type</b>			
Active Standard	135,431	135,162	(269)
Active HIHP	780	881	101
Cobra	1,249	1,220	(29)
Early Retiree	8,685	8,685	0
Medicare	25,489	25,315	(174)
Total	171,634	171,263	(371)
<b>TRICARE Enrollment</b>			
Active	833	805	(28)
Retiree	26	25	(1)
Total	859	830	(29)

Exhibit III  
**Comparison of Financial Outlooks**  
**Fiscal Year 2006-07**  
(In Millions)

**\$ 147.8 Previous Ending Cash Balance Forecast <sup>(1)</sup>**

16.1 Increase in Beginning Cash Balance Forecast

9.8 Increase in Revenue Forecast

2.7 - Net increase in Insurance Premiums due to projected enrollment and category fluctuation, adjustment to the premium calculation/collection factor, and improved administrator reporting

0.4 - Increase in the TRICARE Surplus to include balances maintained in Cash Account #668004

2.1 - Increase in Investment Interest due to higher projected cash balances and an increase in the interest rate from 3.0% to 3.5%

5.1 - Increase in PBM Rebates of \$2.2M due to experience and changes in PBM contract terms effective October 2006, and an increase of \$2.9M in TPA refunds due to increased recovery activity

1.4 - Increase in the Pretax Trust Fund Transfer due to higher pretax premium activity and higher estimates for flexible spending account forfeitures

(1.9) - Net decrease in Medicare Part D Subsidy collections due to the receipt of \$3.2M in FY 2005-06 combined with an increase in the actuarially estimated Medicare Part D Subsidy of \$1.3M for Plan Year 2007

(19.3) Decrease in Expense Forecast

(11.4) - Decrease in PPO Plan Medical Claims

(6.6) - Decrease due to a decrease in projected enrollment  
(Projected enrollment from 105,298 to 104,059)

(4.8) - Decrease due to a reduction in the growth rate assumption  
(From 11% to 10%)

(8.0) - Decrease in PPO Plan Prescription Drug Claims

(2.6) - Decrease due to a decrease in projected enrollment  
(Projected enrollment from 105,298 to 104,059)

(5.4) - Net decrease due to changes in PBM contract terms, and other factors such as changing generic dispensing patterns and cost and utilization trends

(4.8) - Decrease in ASO Fee

(0.5) - Decrease due to a decrease in projected enrollment  
(Projected enrollment from 105,298 to 104,059)

(4.3) - Decrease due to a change in the TPA contract per subscriber per month rate (From \$25.70 to \$15.50, effective January 2007)

4.9 - Increase in HMO Premium Payments

7.8 - Increase due to an increase in projected enrollment  
(Projected enrollment from 66,336 to 67,204)

(2.9) - Decrease due to the negotiated weighted-average premium increase for Plan Year 2007 (10.7%) being lower than assumed (12%)

**\$ 193.0 Current Ending Cash Balance Forecast**

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<sup>(1)</sup> Post Session - June 2006

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

	<u>(A)</u> <u>June '06</u>	<u>(B)</u> <u>October '06</u>	<u>(B) - (A)</u> <u>Difference</u>
<b>BEGINNING CASH BALANCE</b>	\$ 147.8	\$ 193.0	\$ 45.2
<b>REVENUES:</b>			
Insurance Premiums:			
Employer - Plan	\$ 1,088.8	\$ 1,098.2	\$ 9.4
Employer - HSA	0.6	0.6	0.0
Employee	156.7	153.9	(2.8)
COBRA	9.1	8.6	(0.5)
Early Retiree	58.4	56.7	(1.7)
Medicare	105.9	105.3	(0.6)
TRICARE Surplus	5.0	5.6	0.6
Investment Interest	3.0	7.0	4.0
TPA Refunds/PBM Rebates	20.0	25.3	5.3
Pretax Trust Fund Transfer	17.0	19.0	2.0
Medicare Part D Subsidy	<u>13.0</u>	<u>15.7</u>	<u>2.7</u>
<b>TOTAL REVENUES</b>	\$ 1,477.5	\$ 1,495.9	\$ 18.4
<b>TOTAL CASH AVAILABLE</b>	\$ <u>1,625.3</u>	\$ <u>1,688.9</u>	\$ <u>63.6</u>
<b>EXPENSES:</b>			
State PPO Plan:			
Medical Claims	\$ 610.8	\$ 596.9	\$ (13.9)
Prescription Drug Claims	254.7	227.0	(27.7)
ASO Fee	32.4	20.3	(12.1)
HMO Premium Payments	681.9	683.5	1.6
Employer HSA Contributions	0.6	0.6	0.0
DSGI Operating Costs	3.6	3.6	0.0
Premium Refunds	3.0	3.0	0.0
Other Expenses	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>
<b>TOTAL EXPENSES</b>	\$ <u>1,587.1</u>	\$ <u>1,535.0</u>	\$ <u>(52.1)</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ <u>(109.6)</u>	\$ <u>(39.1)</u>	\$ <u>70.5</u>
<b>ENDING CASH BALANCE</b>	\$ <u><b>38.2</b></u>	\$ <u><b>153.9</b></u>	\$ <u><b>115.7</b></u>
<b>Average Enrollment by Plan</b>			
	PPO Standard	104,394	102,894
	PPO HIHP	599	657
	HMO Standard	67,778	68,783
	HMO HIHP	248	297
	<u>Total</u>	<u>173,019</u>	<u>172,631</u>
<b>Average Enrollment by Coverage Type</b>			
	Active Standard	135,513	135,438
	Active HIHP	780	881
	Cobra	1,249	1,232
	Early Retiree	8,965	8,869
	Medicare	26,512	26,211
	<u>Total</u>	<u>173,019</u>	<u>172,631</u>
<b>TRICARE Enrollment</b>			
	Active	833	805
	Retiree	26	25
	<u>Total</u>	<u>859</u>	<u>830</u>



**Exhibit V**  
**Comparison of Financial Outlooks**  
**Fiscal Year 2007-08**  
(In Millions)

<b>\$ 38.2</b>	<b>Previous Ending Cash Balance Forecast <sup>(1)</sup></b>
45.2	Increase in Beginning Cash Balance Forecast
18.4	Increase in Revenue Forecast
3.8	- Net increase in Insurance Premiums due to projected enrollment and category fluctuation, adjustment to the premium calculation/collection factor, and improved administrator reporting
0.6	- Increase in the TRICARE Surplus to include balances maintained in Cash Account #668004
4.0	- Increase in Investment Interest due to higher projected cash balances and an increase in the interest rate from 3.0% to 3.5%
5.3	- Increase in PBM Rebates of \$2.4M due to changes in PBM contract terms and an increase of \$2.9M in TPA refunds due to increased recovery activity
2.0	- Increase in the Pretax Trust Fund Transfer due to higher pretax premium activity and higher estimates for flexible spending account forfeitures
2.7	- Increase in the actuarial estimate for Medicare Part D Subsidy collections for Plan Years 2007 and 2008
(52.1)	Decrease in Expense Forecast
(13.9)	- Decrease in PPO Plan Medical Claims
(8.3)	- Decrease due to a decrease in projected enrollment (Projected enrollment from 104,993 to 103,551)
(4.6)	- Decrease due to a reduction in the growth rate assumption (From 11% to 10%)
(1.0)	- Decrease due to a lower claims base for FY 2006-07
(27.7)	- Decrease in PPO Plan Prescription Drug Claims
(3.5)	- Decrease due to a decrease in projected enrollment (Projected enrollment from 104,993 to 103,551)
(24.2)	- Net decrease due to changes in PBM contract terms, and other factors such as changing generic dispensing patterns and cost and utilization trends
(12.1)	- Decrease in ASO Fee
(0.4)	- Decrease due to a decrease in projected enrollment (Projected enrollment from 104,993 to 103,551)
(11.7)	- Decrease due to a change in the TPA contract per subscriber per month rate (From \$25.70 to \$15.50, effective January 2007, increasing to \$17.50, effective January 2008)
1.6	- Increase in HMO Premium Payments
10.6	- Increase due to an increase in projected enrollment (Projected enrollment from 68,026 to 69,080)
(7.4)	- Decrease due to a lower premium paid base than projected for FY 2006-07
(1.6)	- Decrease due to a reduction in the growth rate assumption (From 12% to 11.5%)
<b>\$ 153.9</b>	<b>Current Ending Cash Balance Forecast</b>

<sup>(1)</sup> Post Session - June 2006

**Exhibit VI**  
**Comparison of Actual Cash Position to Estimate**

**Fiscal Year 2005-06**

(In Millions)

	(A)	(B)	(B) - (A)
	March '06	Actual	Difference
<b>BEGINNING CASH BALANCE</b>	\$ 115.9	\$ 118.9 <sup>(1)</sup>	\$ 3.0
<b>REVENUES:</b>			
Insurance Premiums:			
Employer - Plan	\$ 961.8	\$ 970.9	\$ 9.1
Employer - HSA	0.3	0.4	0.1
Employee	155.1	152.3	(2.8)
COBRA	8.3	8.0	(0.3)
Early Retiree	48.3	48.8	0.5
Medicare	87.1	87.3	0.2
TRICARE Surplus	5.3	5.9	0.6
Investment Interest	3.8	4.3	0.5
TPA Refunds/PBM Rebates	20.0	22.9	2.9
Pretax Trust Fund Transfer	18.0	20.4	2.4
Medicare Part D Subsidy	0.0	3.2	3.2
<b>TOTAL REVENUES</b>	\$ 1,308.0	\$ 1,324.4	\$ 16.4
<b>TOTAL CASH AVAILABLE</b>	\$ 1,423.9	\$ 1,443.3	\$ 19.4
<b>EXPENSES:</b>			
State PPO Plan:			
Medical Claims	\$ 504.8	\$ 503.8	\$ (1.0)
Prescription Drug Claims	202.3	204.5	2.2
ASO Fee	35.6	36.3	0.7
HMO Premium Payments	513.4	515.0	1.6
Employer HSA Contributions	0.3	0.4	0.1
DSGI Operating Costs	4.7	4.1	(0.6)
Premium Refunds	3.0	3.3	0.3
Other Expenses	0.1	0.1	0.0
<b>TOTAL EXPENSES</b>	\$ 1,264.2	\$ 1,267.5	\$ 3.3
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 43.8	\$ 56.9	\$ 13.1
<b>ENDING CASH BALANCE</b>	\$ 159.7	\$ 175.8	\$ 16.1
<b>Average Enrollment by Plan</b>			
PPO Standard	106,312	106,102	(210)
PPO HIHP	599	612	13
HMO Standard	62,776	62,928	152
HMO HIHP	248	264	16
<b>Total</b>	169,935	169,906	(29)
<b>Average Enrollment by Coverage Type</b>			
Active Standard	134,937	134,970	33
Active HIHP	780	802	22
Cobra	1,274	1,251	(23)
Early Retiree	8,454	8,490	36
Medicare	24,490	24,393	(97)
<b>Total</b>	169,935	169,906	(29)
<b>TRICARE Enrollment</b>			
Active	700	697	(3)
Retiree	11	11	0
<b>Total</b>	711	708	(3)

<sup>(1)</sup> Revised to agree with beginning cash balance in FLAIR, Treasury and bank statement reporting.

**Exhibit VII  
Premium Rate Table**

<b>ALL ENROLLEES (Excluding TRICARE Supplemental Plan)</b>							
<b>Category</b>	<b>Coverage Type</b>	<b>PPO/HMO Standard</b>			<b>PPO/HMO HIHP</b>		
		<b>Employer</b>	<b>Enrollee</b>	<b>Total</b>	<b>Employer</b>	<b>Enrollee</b>	<b>Total</b>
Full -Time Employees <sup>(1)</sup> (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 <sup>(1)</sup> (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 <sup>(2)</sup> (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 <sup>(3)</sup> (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.

<b>TRICARE Supplemental Health Insurance Plan</b>							
<b>Category</b>	<b>Coverage Type</b>	<b>Biweekly Contribution</b>			<b>Monthly Contribution</b>		
		<b>Employer</b>	<b>Enrollee</b>	<b>Total</b>	<b>Employer</b>	<b>Enrollee</b>	<b>Total</b>
Active Full-Time Employees <sup>(1)</sup>	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 <sup>(3)</sup>	357.96	0.00	357.96	715.92	0.00	715.92
COBRA Participants	Single <sup>(2)</sup>	N/A	N/A	N/A	0.00	61.20	61.20
	Family <sup>(2)</sup>	N/A	N/A	N/A	0.00	163.20	163.20
Early Retirees	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.

**Exhibit VIII  
Premium Rate Table (Effective April 2007)**

<b>ALL ENROLLEES (Excluding TRICARE Supplemental Plan)</b>							
<b>Category</b>	<b>Coverage Type</b>	<b>PPO/HMO Standard</b>			<b>PPO/HMO HIHP</b>		
		<b>Employer</b>	<b>Enrollee</b>	<b>Total</b>	<b>Employer</b>	<b>Enrollee</b>	<b>Total</b>
Full -Time Employees <sup>(1)</sup> (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 <sup>(1)</sup> (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 <sup>(2)</sup> (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 <sup>(3)</sup> (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.

<b>TRICARE Supplemental Health Insurance Plan</b>							
<b>Category</b>	<b>Coverage Type</b>	<b>Biweekly Contribution</b>			<b>Monthly Contribution</b>		
		<b>Employer</b>	<b>Enrollee</b>	<b>Total</b>	<b>Employer</b>	<b>Enrollee</b>	<b>Total</b>
Active Full-Time Employees <sup>(1)</sup>	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 <sup>(3)</sup>	393.80	0.00	393.80	787.60	0.00	787.60
COBRA Participants	Single <sup>(2)</sup>	N/A	N/A	N/A	0.00	61.20	61.20
	Family <sup>(2)</sup>	N/A	N/A	N/A	0.00	163.20	163.20
Early Retirees	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.

**Exhibit IX  
Abbreviations**

<b>ASO</b>	.....	Administrative Services Only
<b>COBRA</b>	.....	Consolidated Omnibus Budget Reconciliation Act
<b>DSGI</b>	.....	Division of State Group Insurance
<b>FTE</b>	.....	Full Time Equivalency
<b>FY</b>	.....	Fiscal Year
<b>HIHP</b>	.....	Health Investor Health Plan (i.e., High Deductible Health Plan)
<b>HMO</b>	.....	Health Maintenance Organization
<b>HSA</b>	.....	Health Savings Account
<b>PBM</b>	.....	Pharmacy Benefits Manager
<b>PPO</b>	.....	Preferred Provider Organization
<b>TPA</b>	.....	Third Party Administrator