

**Self-Insurance Estimating Conference
State Employees' Health Insurance Trust Fund
Last conference held: July 31, 2008**

Executive Summary

The outlook for the State Employees' Health Insurance Trust Fund has improved materially since the last conference held in February, 2008. The projected ending balance for 2008-09 has improved from \$77.1 million to \$169.2 million, while for 2009-10 the projected ending balance has improved from -\$223.2 million to \$112.4 million.

There were no changes in projected enrollment or in the underlying cost trends for PPO medical claims or PPO prescription drug claims. The fund ended 2007-08 with a higher than projected balance. There was an early bi-weekly payroll receipt of \$28.4 million (which will be made up in 2008-09) and medical claims were lower than expected. The net result of these and other less significant differences from the forecast is that the fund ended the fiscal year at \$237.7 million, \$46.7 million higher than expected.

For the forecast period, on the income side there is an 11% premium increase (for active employees, all paid by the State) effective May 1, 2009. In 2008-09, the increase is almost exactly offset by the loss of the bi-weekly payroll payment made in 2007-08. Beginning in 2009-10, the premium increase produces increased annual revenues of approximately \$170 million.

On the PPO expense side, reductions result from the lower base for PPO medical claims in 2007-08, partially offset by a higher base for PPO prescription drug claims. There were also two coverage changes due to legislation passed during the 2008 Legislative session (which will also affect HMO costs). SB2534 requires the extension of coverage to certain dependents through age 30, effective January 1, 2009. The projected annual PPO cost is approximately \$1.5- \$2.0 million. SB 2654 requires the coverage of eligible individuals with autism spectrum disorder, effective January 1, 2010. The projected annual PPO cost is approximately \$3.0-\$3.5 million.

For HMO costs, the most recent negotiations with the HMO's resulted in much lower than expected contract rates beginning January 1, 2009. This results in a significant cost savings beginning in 2009-10. There was no change in the projected 10.5% increase for the contracts effective January 1, 2010, January 1, 2011, and January 1, 2012. The improved costs were offset to some extent by the increased costs of offering the coverage extensions mentioned above. For the extension of coverage to certain dependents through age 30, the annual HMO cost is expected to be approximately \$2.0 million, while for autism coverage, the annual HMO cost is expected to be approximately \$4.0-\$4.5 million.

State Employees' Group Health Self-Insurance Trust Fund

Report on the Financial Outlook

For the Fiscal Years Ending June 30, 2008 through June 30, 2012

Presented July 31, 2008

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

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

**Exhibit I
Financial Outlook by Fiscal Year
Highlights of Changes to Forecast - July 2008 vs. February 2008
(In Millions)**

	FY 08-09			FY 09-10			FY 10-11			FY 11-12		
	Feb '08	Jul '08	Diff.	Feb '08	Jul '08	Diff.	Feb '08	Jul '08	Diff.	Feb '08	Jul '08	Diff.
Beginning Cash Balance	\$ 191.0	\$ 237.7	\$ 46.7	\$ 77.1	\$ 169.2	\$ 92.1	\$ 0.0	\$ 112.4	\$ 112.4	\$ 0.0	\$ 0.0	\$ 0.0
Revenues:												
Insurance Premiums	\$ 1,536.0	\$ 1,535.1	\$ (0.9)	\$ 1,546.4	\$ 1,713.3	\$ 166.9	\$ 1,559.4	\$ 1,727.3	\$ 167.9	\$ 1,574.9	\$ 1,743.5	\$ 168.6
Investment Interest	5.4	6.1	0.7	0.3	4.2	3.9	0.0	0.9	0.9	0.0	0.0	0.0
Other Revenue	<u>66.7</u>	<u>66.7</u>	<u>0.0</u>	<u>68.6</u>	<u>68.6</u>	<u>0.0</u>	<u>70.3</u>	<u>70.3</u>	<u>0.0</u>	<u>71.7</u>	<u>71.7</u>	<u>0.0</u>
Total Revenues	\$ 1,608.1	\$ 1,607.9	\$ (0.2)	\$ 1,615.3	\$ 1,786.1	\$ 170.8	\$ 1,629.7	\$ 1,798.5	\$ 168.8	\$ 1,646.6	\$ 1,815.2	\$ 168.6
Total Cash	<u>\$ 1,799.1</u>	<u>\$ 1,845.6</u>	<u>\$ 46.5</u>	<u>\$ 1,692.4</u>	<u>\$ 1,955.3</u>	<u>\$ 262.9</u>	<u>\$ 1,629.7</u>	<u>\$ 1,910.9</u>	<u>\$ 281.2</u>	<u>\$ 1,646.6</u>	<u>\$ 1,815.2</u>	<u>\$ 168.6</u>
Expenses:												
PPO Claim Expenses:												
Medical	\$ 611.5	\$ 584.9	\$ (26.6)	\$ 656.7	\$ 630.3	\$ (26.4)	\$ 705.7	\$ 679.2	\$ (26.5)	\$ 760.1	\$ 731.6	\$ (28.5)
Prescription Drug	238.2	245.4	7.2	258.8	266.9	8.1	267.8	276.1	8.3	288.5	297.5	9.0
HMO Premiums	841.8	815.6	(26.2)	968.6	914.2	(54.4)	1,114.5	1,053.8	(60.7)	1,279.4	1,209.3	(70.1)
Other Expenses	<u>30.5</u>	<u>30.5</u>	<u>0.0</u>	<u>31.5</u>	<u>31.5</u>	<u>0.0</u>	<u>31.1</u>	<u>31.1</u>	<u>0.0</u>	<u>30.7</u>	<u>30.7</u>	<u>0.0</u>
Total Expenses	\$ 1,722.0	\$ 1,676.4	\$ (45.6)	\$ 1,915.6	\$ 1,842.9	\$ (72.7)	\$ 2,119.1	\$ 2,040.2	\$ (78.9)	\$ 2,358.7	\$ 2,269.1	\$ (89.6)
Excess of Revenues over Expenses	<u>\$ (113.9)</u>	<u>\$ (68.5)</u>	<u>\$ 45.4</u>	<u>\$ (300.3)</u>	<u>\$ (56.8)</u>	<u>\$ 243.5</u>	<u>\$ (489.4)</u>	<u>\$ (241.7)</u>	<u>\$ 247.7</u>	<u>\$ (712.1)</u>	<u>\$ (453.9)</u>	<u>\$ 258.2</u>
Ending Cash Balance	<u>\$ 77.1</u>	<u>\$ 169.2</u>	<u>\$ 92.1</u>	<u>\$ (223.2)</u>	<u>\$ 112.4</u>	<u>\$ 335.6</u>	<u>\$ (489.4)</u>	<u>\$ (129.3)</u>	<u>\$ 360.1</u>	<u>\$ (712.1)</u>	<u>\$ (453.9)</u>	<u>\$ 258.2</u>

(1) Revenue and Expense categories have been collapsed to present the highlights of changes to forecast.

(2) Exhibits IV to XI present detail forecast information, per fiscal year.

Highlights of Changes to Forecast

- Overall, net results of outlook changes are favorable for the forecast period
- Actual Fiscal Year 2007-08 results were more favorable than projected
- Inclusion of 11% premium rate increase effective May 2009 – Employee harmless
- Inclusion of preliminary estimate of the extension of coverage to certain dependents through age 30, effective January 1, 2009 – Pursuant to Section 9 of SB 2534
- Inclusion of estimated impact of coverage of eligible individuals with autism spectrum disorder, effective January 1, 2010 – Pursuant to SB 2654
- Inclusion of actual 2009 HMO premium rate negotiations

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	<u>FY 07-08</u>	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>
	<u>Actual</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>
BEGINNING CASH BALANCE	\$ 200.1	\$ 237.7	\$ 169.2	\$ 112.4	\$ 0.0 ⁽⁵⁾
REVENUES:					
Insurance Premiums: ⁽²⁾					
Employer	\$ 1,151.1	\$ 1,200.1	\$ 1,354.2	\$ 1,360.6	\$ 1,368.3
Employee	159.2	154.8	158.5	159.1	160.0
HSA Contributions ⁽³⁾	0.9	0.8	0.8	0.8	0.8
COBRA	6.7	7.7	8.3	8.3	8.3
Early Retiree	53.6	59.0	64.9	65.6	66.2
Medicare	102.4	112.7	126.6	132.9	139.9
TRICARE Surplus ⁽⁴⁾	2.6	0.0	0.0	0.0	0.0
Investment Interest	9.6	6.1	4.2	0.9	0.0
TPA Refunds	21.3	12.6	12.6	12.6	12.6
PBM Rebates	16.5	17.7	19.0	20.3	21.7
Pretax Trust Fund Transfer	22.0	20.0	20.0	20.0	20.0
Medicare Part D Subsidy	16.6	16.4	17.0	17.4	17.4
Other Revenues	0.3	0.0	0.0	0.0	0.0
TOTAL REVENUES	\$ 1,562.8	\$ 1,607.9	\$ 1,786.1	\$ 1,798.5	\$ 1,815.2
TOTAL CASH AVAILABLE	\$ 1,762.9	\$ 1,845.6	\$ 1,955.3	\$ 1,910.9	\$ 1,815.2
EXPENSES:					
State PPO Plan: ^{(6) (7)}					
Medical Claims	\$ 552.9	\$ 584.9	\$ 630.3	\$ 679.2	\$ 731.6
Prescription Drug Claims	226.6	245.4	266.9	276.1	297.5
ASO Fee	19.6	22.1	23.1	22.7	22.3
HMO Premium Payments ^{(6) (7) (8)}	718.9	815.6	914.2	1,053.8	1,209.3
HSA Deposits ⁽³⁾	0.9	0.8	0.8	0.8	0.8
Operating Costs & Admin Assessment	3.2	4.0	4.0	4.0	4.0
Premium Refunds	3.0	3.5	3.5	3.5	3.5
Other Expenses	0.1	0.1	0.1	0.1	0.1
TOTAL EXPENSES	\$ 1,525.2	\$ 1,676.4	\$ 1,842.9	\$ 2,040.2	\$ 2,269.1
EXCESS OF REVENUES OVER EXPENSES	\$ 37.6	\$ (68.5)	\$ (56.8)	\$ (241.7)	\$ (453.9)
ENDING CASH BALANCE	\$ 237.7	\$ 169.2	\$ 112.4	\$ (129.3)	\$ (453.9)
Average Enrollment by Plan					
PPO Standard	101,082	99,162	97,251	95,438	93,881
PPO HIHP	817	774	760	746	734
HMO Standard	72,943	77,369	80,668	84,113	87,520
HMO HIHP	389	394	404	415	425
Total	175,231	177,699	179,083	180,712	182,560
Average Enrollment by Coverage Type					
Active Standard	138,575	140,169	140,602	141,236	142,029
Active HIHP	1,130	1,114	1,110	1,107	1,105
COBRA	957	1,015	1,015	1,015	1,015
Early Retiree	8,446	8,442	8,509	8,583	8,665
Medicare	26,123	26,959	27,847	28,771	29,746
Total	175,231	177,699	179,083	180,712	182,560

⁽¹⁾ Actual results may differ from projected values with increasing likelihood of variance in future periods.

⁽²⁾ Per Conference Report on HB 5001, Sec. (8)(c) - Revised premium revenue to include a eleven-percent increase in rates effective May 1, 2009 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.

⁽³⁾ Contributions approximate an equal split between employer and employee.

⁽⁴⁾ Includes the estimated impact resulting from the federal prohibition to offer a TRICARE supplemental plan within an employer-sponsored salary reduction cafeteria plan, effective January 1, 2008.

⁽⁵⁾ Assumes no carry forward of negative ending cash balance from prior year.

⁽⁶⁾ Includes the preliminary estimated impact resulting from the extension of coverage to certain dependents through age 30, effective January 1, 2009, pursuant to Section 9 of SB 2534.

⁽⁷⁾ Includes the estimated impact resulting from covering eligible individuals with autism spectrum disorder effective January 1, 2010, pursuant to SB 2654.

⁽⁸⁾ Includes the estimated impact resulting from the 2009 actual HMO negotiated premium rates.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	<u>(A)</u> <u>Feb '08</u>	<u>(B)</u> <u>Actual</u>	<u>(B) - (A)</u> <u>Difference</u>
BEGINNING CASH BALANCE	\$ 200.1	\$ 200.1	\$ 0.0
REVENUES:			
Insurance Premiums:			
Employer	\$ 1,132.0	\$ 1,151.1 ⁽¹⁾	\$ 19.1
Employee	156.8	159.2 ⁽¹⁾	2.4
HSA Contributions	0.8	0.9	0.1
COBRA	7.1	6.7	(0.4)
Early Retiree	53.6	53.6	0.0
Medicare	102.6	102.4	(0.2)
TRICARE Surplus ⁽²⁾	2.6	2.6	0.0
Investment Interest	8.7	9.6	0.9
TPA Refunds	21.4	21.3	(0.1)
PBM Rebates	16.5	16.5	0.0
Pretax Trust Fund Transfer	22.0	22.0	0.0
Medicare Part D Subsidy	15.9	16.6	0.7
Other Revenues	0.0	0.3	0.3
TOTAL REVENUES	\$ 1,540.0	\$ 1,562.8	\$ 22.8
TOTAL CASH AVAILABLE	\$ 1,740.1	\$ 1,762.9	\$ 22.8
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 579.1	\$ 552.9	\$ (26.2)
Prescription Drug Claims	220.5	226.6	6.1
ASO Fee	20.1	19.6	(0.5)
HMO Premium Payments	721.0	718.9	(2.1)
HSA Deposits	0.8	0.9	0.1
Operating Costs & Admin Assessment	4.0	3.2	(0.8)
Premium Refunds	3.5	3.0	(0.5)
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 1,549.1	\$ 1,525.2	\$ (23.9)
EXCESS OF REVENUES OVER EXPENSES	\$ (9.1)	\$ 37.6	\$ 46.7
ENDING CASH BALANCE	\$ 191.0	\$ 237.7	\$ 46.7
Average Enrollment by Plan			
PPO Standard	101,268	101,082	(186)
PPO HIHP	785	817	32
HMO Standard	73,087	72,943	(144)
HMO HIHP	382	389	7
Total	175,522	175,231	(291)
Average Enrollment by Coverage Type			
Active Standard	138,889	138,575	(314)
Active HIHP	1,114	1,130	16
COBRA	1,004	957	(47)
Early Retiree	8,423	8,446	23
Medicare	26,092	26,123	31
Total	175,522	175,231	(291)
TRICARE Enrollment			
Active	474	478	4
Retiree	16	20	4
Total	490	498	8

⁽¹⁾ Includes the earlier receipt of active employee insurance premium contributions corresponding to the 1st biweekly payroll of July 2008.

⁽²⁾ Includes the estimated impact resulting from the federal prohibition to offer a TRICARE supplemental plan within an employer-sponsored salary reduction cafeteria plan, effective January 1, 2008.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

**Exhibit IV
Financial Outlook
Fiscal Year 2008-09
(In Millions)**

	<u>(A)</u> <u>Feb '08</u>	<u>(B)</u> <u>Jul '08</u>	<u>(B) - (A)</u> <u>Difference</u>
BEGINNING CASH BALANCE	\$ 191.0	\$ 237.7	\$ 46.7
REVENUES:			
Insurance Premiums:			
Employer	\$ 1,200.3	\$ 1,200.1 ^{(1) (2)}	\$ (0.2)
Employee	158.1	154.8 ^{(1) (2)}	(3.3)
HSA Contributions ⁽⁵⁾	0.8	0.8 ⁽¹⁾	0.0
COBRA	7.5	7.7 ⁽¹⁾	0.2
Early Retiree	57.9	59.0 ⁽¹⁾	1.1
Medicare	111.4	112.7 ⁽¹⁾	1.3
Investment Interest	5.4	6.1	0.7
TPA Refunds	12.6	12.6	0.0
PBM Rebates	17.7	17.7	0.0
Pretax Trust Fund Transfer	20.0	20.0	0.0
Medicare Part D Subsidy	16.4	16.4	0.0
TOTAL REVENUES	\$ 1,608.1	\$ 1,607.9	\$ (0.2)
TOTAL CASH AVAILABLE	\$ 1,799.1	\$ 1,845.6	\$ 46.5
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 611.5	\$ 584.9 ⁽³⁾	\$ (26.6)
Prescription Drug Claims	238.2	245.4 ⁽³⁾	7.2
ASO Fee	22.1	22.1	0.0
HMO Premium Payments	841.8	815.6 ^{(3) (4)}	(26.2)
HSA Deposits ⁽⁵⁾	0.8	0.8	0.0
Operating Costs & Admin Assessment	4.0	4.0	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 1,722.0	\$ 1,676.4	\$ (45.6)
EXCESS OF REVENUES OVER EXPENSES	\$ (113.9)	\$ (68.5)	\$ 45.4
ENDING CASH BALANCE	\$ 77.1	\$ 169.2	\$ 92.1
Average Enrollment by Plan			
PPO Standard	99,162	99,162	0
PPO HIHP	774	774	0
HMO Standard	77,369	77,369	0
HMO HIHP	394	394	0
Total	177,699	177,699	0
Average Enrollment by Coverage Type			
Active Standard	140,169	140,169	0
Active HIHP	1,114	1,114	0
COBRA	1,015	1,015	0
Early Retiree	8,442	8,442	0
Medicare	26,959	26,959	0
Total	177,699	177,699	0

⁽¹⁾ Includes the estimated impact resulting from the 11% premium increase effective May 2009.

⁽²⁾ Excludes the receipt of active employee insurance premium contributions corresponding to the 1st biweekly payroll of July 2008, recorded in FY 07-08.

⁽³⁾ Includes a preliminary estimate of the extension of post-tax coverage to certain dependents through age 30, effective January , 2009 - Pursuant to SB 2534.

⁽⁴⁾ Includes the estimated impact resulting from the 2009 actual HMO negotiated premium rates.

⁽⁵⁾ Contributions approximate an equal split between employer and employee.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

**Exhibit V
Financial Outlook
Fiscal Year 2009-10
(In Millions)**

	<u>(A)</u> <u>Feb '08</u>	<u>(B)</u> <u>Jul '08</u>	<u>(B) - (A)</u> <u>Difference</u>
BEGINNING CASH BALANCE	\$ 77.1	\$ 169.2	\$ 92.1
REVENUES:			
Insurance Premiums:			
Employer	\$ 1,204.1	\$ 1,354.2 ⁽¹⁾	\$ 150.1
Employee	158.5	158.5 ⁽¹⁾	0.0
HSA Contributions ⁽⁵⁾	0.8	0.8 ⁽¹⁾	0.0
COBRA	7.5	8.3 ⁽¹⁾	0.8
Early Retiree	58.5	64.9 ⁽¹⁾	6.4
Medicare	117.0	126.6 ⁽¹⁾	9.6
Investment Interest	0.3	4.2	3.9
TPA Refunds	12.6	12.6	0.0
PBM Rebates	19.0	19.0	0.0
Pretax Trust Fund Transfer	20.0	20.0	0.0
Medicare Part D Subsidy	17.0	17.0	0.0
TOTAL REVENUES	\$ 1,615.3	\$ 1,786.1	\$ 170.8
TOTAL CASH AVAILABLE	\$ 1,692.4	\$ 1,955.3	\$ 262.9
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 656.7	\$ 630.3 ^{(2) (3)}	\$ (26.4)
Prescription Drug Claims	258.8	266.9 ^{(2) (3)}	8.1
ASO Fee	23.1	23.1	0.0
HMO Premium Payments	968.6	914.2 ^{(2) (3) (4)}	(54.4)
HSA Deposits ⁽⁵⁾	0.8	0.8	0.0
Operating Costs & Admin Assessment	4.0	4.0	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 1,915.6	\$ 1,842.9	\$ (72.7)
EXCESS OF REVENUES OVER EXPENSES	\$ (300.3)	\$ (56.8)	\$ 243.5
ENDING CASH BALANCE	\$ (223.2)	\$ 112.4	\$ 335.6
Average Enrollment by Plan			
PPO Standard	97,251	97,251	0
PPO HIHP	760	760	0
HMO Standard	80,668	80,668	0
HMO HIHP	404	404	0
Total	179,083	179,083	0
Average Enrollment by Coverage Type			
Active Standard	140,602	140,602	0
Active HIHP	1,110	1,110	0
COBRA	1,015	1,015	0
Early Retiree	8,509	8,509	0
Medicare	27,847	27,847	0
Total	179,083	179,083	0

- ⁽¹⁾ Includes the estimated impact resulting from the 11% premium increase effective May 2009.
- ⁽²⁾ Includes a preliminary estimate of the extension of post-tax coverage to certain dependents through age 30, effective January , 2009 - Pursuant to SB 2534.
- ⁽³⁾ Includes the estimated impact resulting from covering eligible individuals with autism spectrum disorder, effective January 1, 2010 - Pursuant to Section 9 of SB 2654.
- ⁽⁴⁾ Includes the estimated impact resulting from the 2009 actual HMO negotiated premium rates.
- ⁽⁵⁾ Contributions approximate an equal split between employer and employee.

Exhibit VI
Financial Outlook
Fiscal Year 2010-11
(In Millions)

	(A) <u>Feb '08</u>	(B) <u>Jul '08</u>	(B) - (A) <u>Difference</u>
BEGINNING CASH BALANCE	\$ 0.0 ⁽⁵⁾	\$ 112.4	\$ 112.4
REVENUES:			
Insurance Premiums:			
Employer	\$ 1,209.8	\$ 1,360.6 ⁽¹⁾	\$ 150.8
Employee	159.1	159.1 ⁽¹⁾	0.0
HSA Contributions ⁽⁶⁾	0.8	0.8 ⁽¹⁾	0.0
COBRA	7.5	8.3 ⁽¹⁾	0.8
Early Retiree	59.0	65.6 ⁽¹⁾	6.6
Medicare	123.2	132.9 ⁽¹⁾	9.7
Investment Interest	0.0	0.9	0.9
TPA Refunds	12.6	12.6	0.0
PBM Rebates	20.3	20.3	0.0
Pretax Trust Fund Transfer	20.0	20.0	0.0
Medicare Part D Subsidy	17.4	17.4	0.0
TOTAL REVENUES	<u>\$ 1,629.7</u>	<u>\$ 1,798.5</u>	<u>\$ 168.8</u>
TOTAL CASH AVAILABLE	<u>\$ 1,629.7</u>	<u>\$ 1,910.9</u>	<u>\$ 281.2</u>
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 705.7	\$ 679.2 ^{(2) (3)}	\$ (26.5)
Prescription Drug Claims	267.8	276.1 ^{(2) (3)}	8.3
ASO Fee	22.7	22.7	0.0
HMO Premium Payments	1,114.5	1,053.8 ^{(2) (3) (4)}	(60.7)
HSA Deposits ⁽⁶⁾	0.8	0.8	0.0
Operating Costs & Admin Assessment	4.0	4.0	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	<u>\$ 2,119.1</u>	<u>\$ 2,040.2</u>	<u>\$ (78.9)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ (489.4)</u>	<u>\$ (241.7)</u>	<u>\$ 247.7</u>
ENDING CASH BALANCE	<u>\$ (489.4)</u>	<u>\$ (129.3)</u>	<u>\$ 360.1</u>
Average Enrollment by Plan			
PPO Standard	95,438	95,438	0
PPO HIHP	746	746	0
HMO Standard	84,113	84,113	0
HMO HIHP	415	415	0
Total	<u>180,712</u>	<u>180,712</u>	<u>0</u>
Average Enrollment by Coverage Type			
Active Standard	141,236	141,236	0
Active HIHP	1,107	1,107	0
COBRA	1,015	1,015	0
Early Retiree	8,583	8,583	0
Medicare	28,771	28,771	0
Total	<u>180,712</u>	<u>180,712</u>	<u>0</u>

⁽¹⁾ Includes the estimated impact resulting from the 11% premium increase effective May 2009.

⁽²⁾ Includes a preliminary estimate of the extension of post-tax coverage to certain dependents through age 30, effective January , 2009 - Pursuant to SB 2534.

⁽³⁾ Includes the estimated impact resulting from covering eligible individuals with autism spectrum disorder, effective January 1, 2010 - Pursuant to Section 9 of SB 2654.

⁽⁴⁾ Includes the estimated impact resulting from the 2009 actual HMO negotiated premium rates.

⁽⁵⁾ Assumes no carry forward of negative ending cash balance from prior year.

⁽⁶⁾ Contributions approximate an equal split between employer and employee.

Exhibit VII
Financial Outlook
Fiscal Year 2011-12
(In Millions)

	(A) Feb '08	(B) Jul '08	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 0.0 ⁽⁵⁾	\$ 0.0 ⁽⁵⁾	\$ 0.0
REVENUES:			
Insurance Premiums:			
Employer	\$ 1,216.8	\$ 1,368.3 ⁽¹⁾	\$ 151.5
Employee	160.0	160.0 ⁽¹⁾	0.0
HSA Contributions ⁽⁶⁾	0.8	0.8 ⁽¹⁾	0.0
COBRA	7.5	8.3 ⁽¹⁾	0.8
Early Retiree	59.6	66.2 ⁽¹⁾	6.6
Medicare	130.2	139.9 ⁽¹⁾	9.7
Investment Interest	0.0	0.0	0.0
TPA Refunds	12.6	12.6	0.0
PBM Rebates	21.7	21.7	0.0
Pretax Trust Fund Transfer	20.0	20.0	0.0
Medicare Part D Subsidy	17.4	17.4	0.0
TOTAL REVENUES	\$ 1,646.6	\$ 1,815.2	\$ 168.6
TOTAL CASH AVAILABLE	\$ 1,646.6	\$ 1,815.2	\$ 168.6
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 760.1	\$ 731.6 ^{(2) (3)}	\$ (28.5)
Prescription Drug Claims	288.5	297.5 ^{(2) (3)}	9.0
ASO Fee	22.3	22.3	0.0
HMO Premium Payments	1,279.4	1,209.3 ^{(2) (3) (4)}	(70.1)
HSA Deposits ⁽⁶⁾	0.8	0.8	0.0
Operating Costs & Admin Assessment	4.0	4.0	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 2,358.7	\$ 2,269.1	\$ (89.6)
EXCESS OF REVENUES OVER EXPENSES	\$ (712.1)	\$ (453.9)	\$ 258.2
ENDING CASH BALANCE	\$ (712.1)	\$ (453.9)	\$ 258.2
Average Enrollment by Plan			
PPO Standard	93,881	93,881	0
PPO HIHP	734	734	0
HMO Standard	87,520	87,520	0
HMO HIHP	425	425	0
Total	182,560	182,560	0
Average Enrollment by Coverage Type			
Active Standard	142,029	142,029	0
Active HIHP	1,105	1,105	0
COBRA	1,015	1,015	0
Early Retiree	8,665	8,665	0
Medicare	29,746	29,746	0
Total	182,560	182,560	0

⁽¹⁾ Includes the estimated impact resulting from the 11% premium increase effective May 2009.

⁽²⁾ Includes a preliminary estimate of the extension of post-tax coverage to certain dependents through age 30, effective January, 2009 - Pursuant to SB 2534.

⁽³⁾ Includes the estimated impact resulting from covering eligible individuals with autism spectrum disorder, effective January 1, 2010 - Pursuant to Section 9 of SB 2654.

⁽⁴⁾ Includes the estimated impact resulting from the 2009 actual HMO negotiated premium rates.

⁽⁵⁾ Assumes no carry forward of negative ending cash balance from prior year.

⁽⁶⁾ Contributions approximate an equal split between employer and employee.

Exhibit VIII
Comparison of Financial Outlooks
Fiscal Year 2008-09
(In Millions)

\$ 77.1 Previous Ending Cash Balance Forecast ⁽¹⁾

46.7 Increase in Beginning Cash Balance Forecast

(0.2) Decrease in Revenue Forecast

27.5 - Increase in employer and enrollee insurance premiums due to a 11% premium increase effective May 2009 - Employee harmless

(28.4) - Decrease due to the receipt in FY 07-08 of active employee insurance premium contributions corresponding to the 1st biweekly payroll of July 2008

0.7 - Net increase in Investment interest from an increase of \$2.8 due to higher than expected cash balances and a decrease of \$2.1 due to a lower projected interest rate (4% to 3%)

(45.6) Decrease in Expense Forecast

(26.6) - Decrease in PPO Plan Medical Claims

(27.1) - Decrease in PPO Plan Medical Claims due to a lower claims base for FY 07-08

0.5 - Increase in PPO Plan Medical Claims due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30

7.2 - Increase in PPO Plan Prescription Drug Claims

7.0 - Increase in PPO Plan Prescription Drug Claims due to a higher claims base for FY 07-08

0.2 - Increase in PPO Plan Prescription Drug Claims due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30

(26.2) - Decrease in HMO Premium Payments

(27.1) - Decrease in HMO Premium Payments due to lower actual negotiated weighted-average premium increases for Plan Year 2009 (3.7%) being lower than projected (10.5%)

0.9 - Increase in HMO Premium Payments due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30

\$ 169.2 Current Ending Cash Balance Forecast

⁽¹⁾ February 2008

Exhibit IX
Comparison of Financial Outlooks
Fiscal Year 2009-10
(In Millions)

\$ (223.2) Previous Ending Cash Balance Forecast ⁽¹⁾

- 92.1 Increase in Beginning Cash Balance Forecast
- 170.8 Increase in Revenue Forecast
 - 166.9 - Increase in employer and enrollee insurance premiums due to a 11% premium increase effective May 2009 - Employee harmless
 - 3.9 - Net increase in Investment interest from an increase of \$5.4 due to higher than expected cash balances and a decrease of \$1.5 due to a lower projected interest rate (4% to 3%)

- (72.7) Decrease in Expense Forecast
 - (26.4) - Decrease in PPO Plan Medical Claims
 - (29.2) - Decrease in PPO Plan Medical Claims due to a lower claims base for FY 07-08
 - 1.2 - Increase in PPO Plan Medical Claims due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30
 - 1.6 - Increase in PPO Plan Medical Claims due to offering of autism spectrum disorder benefits to eligible individuals
 - 8.1 - Increase in PPO Plan Prescription Drug Claims
 - 7.6 - Increase in PPO Plan Prescription Drug Claims due to a higher claims base for FY 07-08
 - 0.5 - Increase in PPO Plan Prescription Drug Claims due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30
 - (54.4) - Decrease in HMO Premium Payments
 - (27.3) - Decrease in HMO Premium Payments due to lower actual negotiated weighted-average premium increase for Plan Year 2009 (3.7%) being lower than projected (105%)
 - (31.2) - Decrease in HMO Premium Payments due to lower CY 2009 base
 - 2.0 - Increase in HMO Premium Payments due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30
 - 2.1 - Increase in HMO premiums due to offering of autism spectrum disorder benefits to eligible individuals

\$ 112.4 Current Ending Cash Balance Forecast

⁽¹⁾ February 2008

Exhibit X
Comparison of Financial Outlooks
Fiscal Year 2010-11
(In Millions)

\$ (489.4) Previous Ending Cash Balance Forecast ⁽¹⁾

112.4 Increase in Beginning Cash Balance Forecast

168.8 Increase in Revenue Forecast

167.9 - Increase in employer and enrollee insurance premiums due to a 11% premium increase effective May 2009 - Employee harmless

0.9 - Increase in Investment interest due to higher than expected cash balances

(78.9) Decrease in Expense Forecast

(26.5) - Decrease in PPO Plan Medical Claims

(31.3) - Decrease in PPO Plan Medical Claims due to a lower claims base for FY 07-08

1.3 - Increase in PPO Plan Medical Claims due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30

3.5 - Increase in PPO Plan Medical Claims due to offering of autism spectrum disorder benefits to eligible individuals

8.3 - Increase in PPO Plan Prescription Drug Claims

7.8 - Increase in PPO Plan Prescription Drug Claims due to a higher claims base for FY 07-08

0.5 - Increase in PPO Plan Prescription Drug Claims due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30

(60.7) - Decrease in HMO Premium Payments

(67.3) - Decrease in HMO Premium Payments due to lower CY 2009 base

2.1 - Increase in HMO Premium Payments due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30

4.5 - Increase in HMO premiums due to offering of autism spectrum disorder benefits to eligible individuals

\$ (129.3) Current Ending Cash Balance Forecast

⁽¹⁾ February 2008

Exhibit XI
Comparison of Financial Outlooks
Fiscal Year 2011-12
(In Millions)

\$ (712.1) Previous Ending Cash Balance Forecast ⁽¹⁾

168.6 Increase in Revenue Forecast

168.6 - Increase in employer and enrollee insurance premiums due to a 11% premium increase effective May 2009 - Employee harmless

(89.6) Decrease in Expense Forecast

(28.5) - Decrease in PPO Plan Medical Claims

(33.7) - Decrease in PPO Plan Medical Claims due to a lower claims base for FY 07-08

1.4 - Increase in PPO Plan Medical Claims due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30

3.8 - Increase in PPO Plan Medical Claims due to offering of autism spectrum disorder benefits to eligible individuals

9.0 - Increase in PPO Plan Prescription Drug Claims

8.4 - Increase in PPO Plan Prescription Drug Claims due to a higher claims base for FY 07-08

0.6 - Increase in PPO Plan Prescription Drug Claims due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30

(70.1) - Decrease in HMO Premium Payments

(77.3) - Decrease in HMO Premium Payments due to lower CY 2009 base

2.3 - Increase in HMO Premium Payments due to preliminary estimate of extension of post-tax coverage to certain dependents through age 30

4.9 - Increase in HMO premiums due to offering of autism spectrum disorder benefits to eligible individuals

\$ (453.9) Current Ending Cash Balance Forecast

⁽¹⁾ February 2008

**Exhibit XII
Premium Rate Table
Effective June 2008**

Category	Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
		Employer	Enrollee	Total	Employer	Enrollee	Total
Full -Time Employees ⁽¹⁾ (Monthly)	Single	399.26	50.00	449.26	399.26	15.00	414.26
	Family	835.98	180.00	1,015.98	835.98	64.30	900.28
	Spouse	1,015.98	0.00	1,015.98	900.28	0.00	900.28
Full -Time Employees ⁽¹⁾ (Bi-Weekly)	Single	199.63	25.00	224.63	199.63	7.50	207.13
	Family	417.99	90.00	507.99	417.99	32.15	450.14
	Spouse	507.99	0.00	507.99	450.14	0.00	450.14
COBRA Participants ⁽²⁾ (Monthly)	Single	0.00	458.25	458.25	0.00	380.05	380.05
	Family	0.00	1,036.30	1,036.30	0.00	833.29	833.29
Early Retirees (Monthly)	Single	0.00	449.26	449.26	0.00	372.60	372.60
	Family	0.00	1,015.98	1,015.98	0.00	816.95	816.95
Medicare Participants ⁽³⁾ (Monthly)	(I) One Eligible	0.00	238.54	238.54	0.00	179.80	179.80
	(II) One Under/Over	0.00	687.80	687.80	0.00	594.06	594.06
	(III) Both Eligible	0.00	477.08	477.08	0.00	359.60	359.60

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.

Exhibit XIII
Premium Rate Table
Effective May 2009

Category	Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
		Employer	Enrollee	Total	Employer	Enrollee	Total
Full -Time Employees ⁽¹⁾ (Monthly)	Single	448.68	50.00	498.68	448.68	15.00	463.68
	Family	947.74	180.00	1,127.74	947.74	64.30	1,012.04
	Spouse	1,127.74	0.00	1,127.74	1,012.04	0.00	1,012.04
Full -Time Employees ⁽¹⁾ (Bi-Weekly)	Single	224.34	25.00	249.34	224.34	7.50	231.84
	Family	473.87	90.00	563.87	473.87	32.15	506.02
	Spouse	563.87	0.00	563.87	506.02	0.00	506.02
COBRA Participants ⁽²⁾ (Monthly)	Single	0.00	508.65	508.65	0.00	430.45	430.45
	Family	0.00	1,150.29	1,150.29	0.00	947.28	947.28
Early Retirees (Monthly)	Single	0.00	498.68	498.68	0.00	422.02	422.02
	Family	0.00	1,127.74	1,127.74	0.00	928.72	928.72
Medicare Participants ⁽³⁾ (Monthly)	(I) One Eligible	0.00	264.78	264.78	0.00	199.58	199.58
	(II) One Under/Over	0.00	763.46	763.46	0.00	659.40	659.40
	(III) Both Eligible	0.00	529.56	529.56	0.00	399.16	399.16

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.

Exhibit XIV
Abbreviations

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