

**Self-Insurance Estimating Conference**  
**State Employees' Group Health Self-Insurance Trust Fund**  
**February 28, 2013**  
**Executive Summary**

The outlook for the State Employees' Health Insurance Trust Fund has been revised to reflect recent fund experience and updated forecasts for price and utilization trends. The outlook in the short run is more positive: for FY 2012-13 the projected ending balance has been increased by \$9.7 million from \$256.7 million to \$266.4 million, and for FY 2013-14 the projected ending balance has been increased by \$18.1 million from \$171.9 million to \$190.0 million. The outlook for subsequent years shows that expenses will exceed revenues by an amount that generates a projected negative cash flow of \$249.1 million in FY 2014-15, \$449.8 million in FY 2015-16, \$663.8 million in FY 2016-17, and \$894.1 million in FY 2017-18.

Enrollment projections have changed only minimally due to lower than previously projected new open enrollment subscribers and monthly enrollment results updated through January of 2013. Enrollment for active employees has been increased very slightly, while enrollment among early retirees and Medicare recipients has been slightly reduced. COBRA enrollment remains unchanged from the previous forecast. Overall enrollment is projected to decline by 1.7% in FY 2012-13 over 2011-12, decline minimally in FY 2013-14, and increase slightly in the remaining years of the forecast period. There is also a continuing shift in enrollment from the PPO plans to the HMO plans. Enrollment projections for FY 2016-17 and FY 2017-18 are affected by higher than usual movement from active to retiree status, which results from higher than usual entrants into the Florida Retirement System Deferred Retirement Option Program (DROP) during 2010 and 2011.

On the revenue side, the forecast for premiums is lower due to lower projected enrollment. Additionally, receipts from the PPO Medicare Part D Subsidy are reduced mainly due to lower projected claims experience.

On the expense side, PPO expenses are generally lower than in the previous forecast, due to lower projected claims experience and trend factors as well as lower projected enrollment. Additionally, the FY 2012-13 PPO prescription drug base was reduced from the previous forecast which, along with lower enrollment results in lower projected PPO prescription drug costs. For HMO expenses, premiums are lower than previously projected due to lower enrollment. For self-insured HMOs, medical claims are higher than in the previous forecast due to higher projected enrollment and in the early years, higher claims experience. Lower projected trend factors in the later years of the forecast offset the higher enrollment to some extent, but projected claims remain higher than in the previous forecast throughout. Self-Insured HMO prescription drug claims are higher than previously forecast (after FY 2012-13) as a result of higher projected enrollment and higher than previously projected trend factors. There is no change from the previous forecast for other expenses.

Reports on the Financial Outlook prepared from December 2010 through June 2012 all included estimates of the impact of the Patient Protection and Affordable Care Act (PPACA) on the Trust Fund. Beginning with the August 2012 report, the impact of PPACA is being treated separately to mirror the treatment used by the Social Services Estimating Conference for Medicaid and KidCare. In this forecast as well as the August and November 2012 forecasts, the impacts of the provisions of PPACA that have already been implemented by the Program are included in the affected revenue and expense line items of each year's outlook. The impacts to the Program of the provisions of PPACA that will occur in the future have been removed from the outlook and are now described in a separate report titled *Impact on the State Health Insurance Program of the Patient Protection and Affordable Care Act*.

With this forecast, the estimated number of OPS employees has been increased based on new survey data, while the number of individuals opting out of State-offered coverage has been reduced. Also, the forecasted expenses due to pharmaceutical industry fees have been removed from the table, as those expenses are now embedded in the baseline forecast for the Trust Fund.

The forecasts for excise taxes on medical devices and reinsurance fees have been increased for FY 2012-13 and reduced for the remaining years of the forecast. The additional costs to the State Health Insurance Program from PPACA are reflected in the line titled "Total Expenses" on page 7 of the referenced report. They are:

	<b>December 2012 Forecast</b>	<b>February 2013 Forecast</b>	<b>Difference</b>
<b>FY 2012-13</b>	\$0.38 million	\$.32 million	(\$.06 million)
<b>FY 2013-14</b>	\$59.79 million	\$56.32 million	(\$3.47 million)
<b>FY 2014-15</b>	\$137.27 million	\$124.94 million	(\$12.33 million)
<b>FY 2015-16</b>	\$155.09 million	\$137.82 million	(\$17.27 million)

These additional costs would be borne by a combination of the participating employers and the members covered by the Plans.

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

## **Report on the Financial Outlook**

**For the Fiscal Years Ending June 30, 2013 through June 30, 2018**

**Adopted February 28, 2013 by the  
Self-Insurance Estimating Conference**

# STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

## EXECUTIVE SUMMARY

The Florida Division of State Group Insurance (the Division) prepared a financial Outlook for the State Employees' Group Health Self-Insurance Trust Fund (the Trust Fund) for the fiscal years ending June 30, 2013, through June 30, 2018 to assist in the State's planning and budgeting in accordance with Section 216.136(9), *Florida Statutes*. The Division prepared the Outlook using cash basis methods and modeling based on the healthcare benefit and funding design currently in place.

The December 2012 Outlook reported and recognized the fiscal impact of the activities listed below:

1. Actual enrollment through November 2012.
2. Actual cash flow through September 2012.
3. Preliminary Open Enrollment results for Plan Year 2013.
4. Enrollment model revisions.

This Outlook used the December 2012 report as its base and recognizes the fiscal impact of the following activities to the Trust Fund:

1. Actual enrollment through January 2013.
2. Revenue and expenditure activity through December 2012.
3. Final Open Enrollment results for Plan Year 2013.
4. Adjustments to FY 2015-16 retirement enrollment due to increased Deferred Retirement Option Program (DROP) participation.
5. Inclusion of projections for FY 2016-17 and 2017-18.

This Outlook is improved from the prior Outlook presented in December 2012, with increases in ending cash balances for FY 2012-13 and FY 2013-14, as well as reductions in previously projected deficits for FY 2014-15 and FY 2015-16. The increases are due to recognition of monthly enrollment activity through January 2013 and Open Enrollment results for plan year 2013; updated revenue and expenditure activity through December 2012; and allocation of the net increase of HMO medical and pharmacy expenses to the Risk Reserve. The Trust Fund is expected to remain solvent through FY 2013-14. The projected ending cash balance for FY 2012-13 increased from \$256.7 million to \$266.4 million; the estimated operating loss decreased from \$57.2 million to \$47.5 million. For FY 2013-14 the ending cash balance increased from \$171.9 million to \$190.0 million; the estimated operating loss decreased from \$84.8 million to \$76.4 million. The projected ending cash balance for FY 2014-15 increased from a projected deficit of \$90.8 million to a deficit of \$59.1 million.

If there are no changes to benefit attributes, covered services, premium rates, or other plan factors, the Trust Fund is projected to have a cash surplus of \$266.4 million in FY 2012-13, and a projected ending cash deficit of \$59.1 million in FY 2014-15. Projected revenue will fall short in meeting growth in health plan expenses by \$249.1 million in FY 2014-15. The projections for FY 2015-16 through FY 2017-18 are very soft due to various industry factors impacting costs. Following is a summary of the Outlook from FY 2012-13 through FY 2017-18.

Financial Outlook	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>
(Dollars in Millions)	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
Beginning Cash Balance	313.9	266.4	190.0	0.0	0.0	0.0
Total Revenues	1,880.1	1,966.2	1,961.5	1,968.5	1,982.6	1,989.8
Total Expenses	1,927.6	2,042.6	2,210.6	2,418.3	2,646.4	2,883.9
Operating Gain/(Loss)	(47.5)	(76.4)	(249.1)	(449.8)	(663.8)	(894.1)
Ending Cash Balance	266.4	190.0	(59.1)	(449.8)	(663.8)	(894.1)

Note: Assumes no carry forward of negative cash balance from prior year beginning FY 2015-16.

**Enrollment**

Final Open Enrollment (OE) results for 2013 show a decreased trend in movement from the PPO plans to the HMO plans. Enrollment in PPO plans decreased by an annual average over the past six years of 1,150 contracts. Enrollment in HMO plans increased by an annual average of 2,391 contracts over the same period. For 2013, OE reflects a decrease of enrollment in the PPO plan of 954 and an increase of 2,134 HMO plan contracts. The change in new active contracts decreased from a six year annual average of 1,460 to 1,443 in 2013.

Lower than previously projected new OE subscribers and updated monthly enrollment results through January 2013 had relatively no impact to enrollment projections for the forecast period. Total subscriber enrollment is projected to continue to decrease at an annual average of 0.3 percent through the forecast period. The affected revenue and expense components of the Outlook have been adjusted accordingly to consider the decrease in enrollment provided in previous projections.

Fiscal Year 2012-13 total enrollment distribution is projected at 51.3 percent in the PPO plans and 48.7 percent in the HMO plans, reflecting minor changes from the last conference. However, active employee enrollment projected at 44 percent in the PPO plans and 56 percent in the HMO plans during the same period remain unchanged from the prior reporting period.

Proposed legislation in 2010, as well as legislation enacted in 2011, resulted in higher than usual entrants into the Florida Retirement System Deferred Retirement Option Program (DROP). DROP end dates for these new entrants will occur in the FY 2016-17 and FY 2017-18 which have been added to this outlook, and will impact Trust Fund revenues and expenses accordingly. Enrollment projections were adjusted to account for the increase between the average movement from active to retiree benefits plans and the spike in movement expected to occur in June 2015 and June 2016. Age and dependent analyses were performed to determine enrollment in Early Retiree versus Medicare plans, as well as individual versus family coverage.

As of January 2013, approximately 1,700 subscribers (1,610 active employees) were currently enrolled in a High Deductible Health Plan (0.998 percent of total enrollment). Approximately 1,064 of those active employees, or 66.1 percent, were participating in the integrated state-sponsored Health Savings Account offering.

**Growth Trends**

This forecast reflects continued decreases in PPO medical expenses with a reduction of \$81.3 million over the forecasted period, and a relatively small increase of \$5.1 in HMO medical expenses. PPO medical claims projections have decreased by \$55.8 million, and PPO Pharmacy expense projections have decreased by \$25.2 million from the prior forecast. HMO medical claims projections increased by \$18.6 million and HMO pharmacy estimates increased by \$7.1 million from the last forecast. These changes are primarily due to updated claims experience through December 2012, as well as changes to updated enrollment projections and enrollment category shifts from the PPO to HMO plans.

The declining employee membership trend and other economic influences continue to impact utilization patterns and costs for the state. The medical growth rate for the forecast period has been reduced from the previous forecast of 9.0 percent to 8.5 percent for both the PPO and HMO plans. The assumed growth rate falls within the expected industry range of 4.0 percent to 11.0 percent.

The forecasted trend rate for prescription drug costs has decreased from 8.1 to 7.5 percent for the PPO plan and remained consistent with the December 2012 reported trend of 10.0 percent for the HMO plans. The assumed growth rates are within the industry range of 5.3 percent to 10.5 percent. The primary drivers impacting the differences in the forecasted trend rates are (1) member demographics, (2) utilization, and (3) drug mix. Generic dispensing rates are higher among the PPO population, whereas

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

more costly specialty drugs account for a higher percentage of overall drug spend in the HMO population.

The increase in premium rates for the two fully-insured HMO vendors continues at 9.0 percent. The assumed growth rate is slightly lower than the expected industry range of 3.5 to 9.2 percent for traditional HMO offerings. For plan year 2013, all counties in Florida have at least one HMO plan offering. The PPO standard and high deductible health plans remain available worldwide.

Decreases in forecasted Medicare Part D subsidies reflected in this Outlook are due primarily to the decreased Medicare enrollments and lower projected claims experience for this group.

Following is a summary of the trends used in the previous projections and those used for the development of this Outlook.

	December 2012 <sup>(1)</sup>		February 2013 <sup>(1)</sup>	
	Trend	Industry Range	Trend	Industry Range
PPO Medical Claims	9.0%	4.0% - 11.0%	8.5%	4.0% - 11.0%
HMO Medical Claims	9.0%		8.5%	
PPO Prescription Drug Claims <sup>(2)</sup>	8.1%	5.3% - 10.5%	7.5%	5.3% - 10.5%
HMO Prescription Drug Claims <sup>(3)</sup>	10.0%		10.0%	
HMO Premium Payments	9.0%	3.5% - 9.2%	9.0%	3.5% - 9.2%

1) Survey data for Calendar Years 2012 and 2013

2) PPO trend rates provided by Pharmacy Benefits Manager for this conference are: FY 2012-13 5.6%; FY 2013-14 7.2%; FY 2014-15 5.6%; 2015-16 9.7%; 2016-17 7.7%; and FY 2017-18 8%.

3) HMO trend rates provided by Pharmacy Benefit Manager for this conference are: FY 2012-13 10.5%; FY 2013-14 7.9%; FY 2014-15 8.0%; 2015-16 10.9%; 2016-17 8.7%; and FY 17/18 9.3%.

**Federal Patient Protection and Affordable Care Act (PPACA)**

Reports on the Financial Outlook prepared from December 2010 through June 2012 included estimates of the impact of PPACA on the Program. In the August 2012 Financial Outlook, the impact of PPACA was treated differently with the new approach conforming the treatment of the impacts of PPACA on the Program to the treatment used by the Social Services Estimating Conference for Medicaid and KidCare.

The impacts that have already been implemented by the Program are included in the affected revenue and expense line items of each year's outlook. The impacts to the Program that will occur in the future were removed from the Outlook and are now described in a separate report titled the Impact on the State Health Insurance Program of the Patient Protection and Affordable Care Act.

**Exhibits**

The exhibits that follow provide more in-depth information about the projections, estimated cash positions and comparisons to the previous Outlook.

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

## Exhibit I

## Financial Outlook by Fiscal Year

## Highlights of Changes to Forecast - Conference February 2013 Compared to December 2012

(In Millions)

	FY 2012-13			FY 2013-14			FY 2014-15			FY 2015-16		
	Dec '12	Feb '13	Diff.									
<b>BEGINNING CASH BALANCE</b>	\$ 313.9	\$ 313.9	\$ -	\$ 256.7	\$ 266.4	\$ 9.7	\$ 171.9	\$ 190.0	\$ 18.1	\$ 0.0	\$ 0.0	\$ -
<b>REVENUES:</b>												
Insurance Premiums	\$ 1,791.7	\$ 1,790.0	\$ (1.7)	\$ 1,887.7	\$ 1,883.8	\$ (3.9)	\$ 1,891.6	\$ 1,885.9	\$ (5.7)	\$ 1,898.7	\$ 1,895.1	\$ (3.6)
Investment Interest	5.6	5.7	0.1	4.2	4.5	0.3	-	-	-	-	-	-
PPO - TPA Refunds	10.9	10.7	(0.2)	9.3	9.3	-	9.3	9.3	-	9.3	9.3	-
HMO - TPA Refunds	2.9	3.2	0.3	2.9	3.2	0.3	2.9	3.2	0.3	2.9	3.2	0.3
PPO - Medicare Part D Subsidy	20.9	17.3	(3.6)	21.8	18.7	(3.1)	22.7	20.1	(2.6)	23.6	20.1	(3.5)
<b>TOTAL REVENUES</b>	\$ 1,885.2	\$ 1,880.1	\$ (5.1)	\$ 1,972.6	\$ 1,966.2	\$ (6.4)	\$ 1,969.5	\$ 1,961.5	\$ (8.0)	\$ 1,975.3	\$ 1,968.5	\$ (6.8)
<b>TOTAL CASH AVAILABLE</b>	\$ 2,199.1	\$ 2,194.0	\$ (5.1)	\$ 2,229.3	\$ 2,232.6	\$ 3.3	\$ 2,141.4	\$ 2,151.5	\$ 10.1	\$ 1,975.3	\$ 1,968.5	\$ (6.8)
<b>EXPENSES:</b>												
PPO Plan	\$ 927.3	\$ 912.0	\$ (15.3)	\$ 984.3	\$ 965.5	\$ (18.8)	\$ 1,044.8	\$ 1,022.3	\$ (22.5)	\$ 1,122.3	\$ 1,097.6	\$ (24.7)
HMO Plan	1,005.4	1,005.9	0.5	1,064.0	1,068.0	4.0	1,178.3	1,179.2	0.9	1,311.9	1,311.6	(0.3)
<b>TOTAL EXPENSES</b>	\$ 1,942.4	\$ 1,927.6	\$ (14.8)	\$ 2,057.4	\$ 2,042.6	\$ (14.8)	\$ 2,232.2	\$ 2,210.6	\$ (21.6)	\$ 2,443.3	\$ 2,418.3	\$ (25.0)
<b>EXCESS OF REV. OVER EXP.</b>	\$ (57.2)	\$ (47.5)	\$ 9.7	\$ (84.8)	\$ (76.4)	\$ 8.4	\$ (262.7)	\$ (249.1)	\$ 13.6	\$ (468.0)	\$ (449.8)	\$ 18.2
<b>ENDING CASH BALANCE</b>	\$ 256.7	\$ 266.4	\$ 9.7	\$ 171.9	\$ 190.0	\$ 18.1	\$ (90.8)	\$ (59.1)	\$ 31.7	\$ (468.0)	\$ (449.8)	\$ 18.2
<b>ADDITIONAL INFORMATION</b>												
<b>Total Unreported Claims Liability</b>	\$ 131.0	\$ 137.4	\$ 6.5	\$ 133.3	\$ 142.6	\$ 9.3	\$ 141.2	\$ 154.8	\$ 13.5	\$ 156.4	\$ 174.9	\$ 18.5

Revenue and Expense categories have been collapsed to present the highlights of changes to forecast.  
Exhibits II through XII present detail forecast information per fiscal year.

**Highlights of Changes to Forecast**

- 1) Inclusion of actual enrollment through January 2013
- 2) Inclusion of final Open Enrollment results for Plan Year 2013
- 3) Inclusion of actual cash flow activity through December 2012
- 4) Inclusion of projections for Fiscal Years 2016-17 and 2017-18
- 5) Reduced PPO and HMO Medical trend rates from 9.0% to 8.5%
- 6) Decreased PPO Rx trend from 8.1% to 7.5%

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit II

Financial Outlook by Fiscal Year <sup>(1)</sup> (In Millions)

	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>
	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
<b>BEGINNING CASH BALANCE</b>	\$ 313.9	\$ 266.4	\$ 190.0	\$ 0.0 <sup>(2)</sup>	\$ 0.0 <sup>(2)</sup>	\$ 0.0 <sup>(2)</sup>
<b>REVENUES:</b>						
Insurance Premiums:						
Employer	\$ 1,414.1	\$ 1,497.1	\$ 1,496.3	\$ 1,497.8	\$ 1,500.5	\$ 1,504.1
Employee	161.3	160.6	160.7	161.0	161.4	161.9
HSA Contributions <sup>(3)</sup>	1.6	1.6	1.6	1.6	1.6	1.6
COBRA	6.2	6.6	6.6	6.6	6.6	6.6
Early Retiree	61.0	62.9	62.4	65.8	73.6	72.6
Medicare	145.8	155.0	158.3	162.3	166.8	171.3
Investment Interest	5.7	4.5	0.0	0.0	0.0	0.0
PPO-TPA Refunds	10.7	9.3	9.3	9.3	9.3	9.3
PPO-PBM Rebates	23.4	17.5	14.7	13.1	12.1	11.7
HMO-TPA Refunds	3.2	3.2	3.2	3.2	3.2	3.2
HMO-PBM Rebates	9.8	9.2	8.3	7.7	7.4	7.4
Pretax Trust Fund Transfer	19.0	19.0	19.0	19.0	19.0	19.0
PPO-Medicare Part D Subsidy	17.3	18.7	20.1	20.1	20.1	20.1
HMO-Medicare Part D Subsidy	1.0	1.0	1.0	1.0	1.0	1.0
Other Revenues	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	\$ 1,880.1	\$ 1,966.2	\$ 1,961.5	\$ 1,968.5	\$ 1,982.6	\$ 1,989.8
<b>TOTAL CASH AVAILABLE</b>	\$ 2,194.0	\$ 2,232.6	\$ 2,151.5	\$ 1,968.5	\$ 1,982.6	\$ 1,989.8
<b>EXPENSES:</b>						
State PPO Plan: <sup>(4)</sup>						
Medical Claims	\$ 624.6	\$ 664.7	\$ 710.4	\$ 761.3	\$ 818.0	\$ 875.7
ASO Fee	19.0	18.7	18.4	18.2	18.0	17.8
Prescription Drug Claims	268.2	281.9	293.3	317.9	339.2	361.3
PBM Claims Administration	0.2	0.2	0.2	0.2	0.2	0.2
HMO Plan: <sup>(5)</sup>						
Premium Payments	259.5	279.4	309.0	342.8	381.5	422.1
Medical Claims	531.6	588.2	650.6	721.7	803.1	888.8
Risk Reserve <sup>(6)</sup>	32.0	N/A	N/A	N/A	N/A	N/A
ASO Fee	29.4	32.0	34.3	36.9	43.1	47.7
Prescription Drug Claims	153.4	168.4	185.3	210.2	234.2	261.2
HSA Deposits <sup>(3)</sup>	1.6	1.6	1.6	1.6	1.6	1.6
Operating Costs & Admin Assessment	3.6	3.0	3.0	3.0	3.0	3.0
Premium Refunds	4.4	4.4	4.4	4.4	4.4	4.4
Other Expenses	0.1	0.1	0.1	0.1	0.1	0.1
<b>TOTAL EXPENSES</b>	\$ 1,927.6	\$ 2,042.6	\$ 2,210.6	\$ 2,418.3	\$ 2,646.4	\$ 2,883.9
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (47.5)	\$ (76.4)	\$ (249.1)	\$ (449.8)	\$ (663.8)	\$ (894.1)
<b>ENDING CASH BALANCE <sup>(7)</sup></b>	\$ 266.4	\$ 190.0	\$ (59.1)	\$ (449.8)	\$ (663.8)	\$ (894.1)

**ADDITIONAL INFORMATION**

<b>Total Unreported Claims Liability <sup>(8)</sup></b>	\$ 137.4	\$ 142.6	\$ 154.8	\$ 174.9	\$ 192.1	\$ 209.5
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		<b>Average Enrollment by Plan</b>					
		FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
<b>Average Enrollment by Plan</b>	PPO Standard	86,069	84,381	83,096	82,061	81,252	80,154
	PPO HIHP	1,211	1,227	1,227	1,227	1,227	1,227
	HMO Standard	82,285	83,679	85,316	87,223	89,466	91,260
	HMO HIHP	465	473	473	473	473	473
	<b>Total</b>	<b>170,030</b>	<b>169,760</b>	<b>170,112</b>	<b>170,984</b>	<b>172,418</b>	<b>173,114</b>
<b>Average Enrollment by Coverage Type</b>	Active Standard	131,279	130,972	131,258	131,760	132,379	133,072
	Active HIHP	1,586	1,610	1,610	1,610	1,610	1,610
	COBRA	695	695	695	695	695	695
	Early Retiree	7,388	7,216	7,104	7,289	7,887	7,769
	Medicare	29,082	29,267	29,445	29,630	29,847	29,968
	<b>Total</b>	<b>170,030</b>	<b>169,760</b>	<b>170,112</b>	<b>170,984</b>	<b>172,418</b>	<b>173,114</b>

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

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

3) Contributions approximate a split between employer and employee of 42% and 58%, respectively.

4) PPO bank services are estimated at approximately \$35,000 per year for the projected period, which rounds to \$0.00M.

5) Estimated annual HMO PBM claim administration costs are approximately \$20,000 and therefore round to \$0.00M.

6) Established by Principals of the Revenue Estimating Conference for HMO medical and prescription drug claims. Calculated for Fiscal Year 2012-13 at 6.5% of total estimated HMO claim costs. Per approval of Principals for December 12, 2012 Conference, the calculated amount of the Risk Reserve from the previous Estimating Conference is reduced by the net increase in HMO Medical and Rx claims.

7) Includes \$36.5M held in accounts outside of the Trust Fund at the Dept. of Financial Services, Division of Treasury, for the purpose of paying medical claims.

8) Includes estimated PPO Plan and Self-Insured HMO Plans Incurred but not Reported (IBNR) claims and outstanding drafts.

Exhibit IV  
Financial Outlook - Fiscal Year 2012-13 (In Millions)

	(A) Dec '12	(B) Feb '13	(B) - (A) Difference
<b>BEGINNING CASH BALANCE</b>	\$ 313.9	\$ 313.9	\$ 0.0
<b>REVENUES:</b>			
Insurance Premiums:			
Employer	\$ 1,414.0	\$ 1,414.1	\$ 0.1
Employee	161.6	161.3	(0.3)
HSA Contributions <sup>(1)</sup>	1.6	1.6	0.0
COBRA	6.3	6.2	(0.1)
Early Retiree	61.3	61.0	(0.3)
Medicare	146.9	145.8	(1.1)
Investment Interest	5.6	5.7	0.1
PPO-TPA Refunds	10.9	10.7	(0.2)
PPO-PBM Rebates	23.4	23.4	0.0
HMO-TPA Refunds	2.9	3.2	0.3
HMO-PBM Rebates	9.8	9.8	0.0
Pretax Trust Fund Transfer	19.0	19.0	0.0
PPO Medicare Part D Subsidy	20.9	17.3	(3.6)
HMO Medicare Part D Subsidy	1.0	1.0	0.0
Other Revenues	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	\$ 1,885.2	\$ 1,880.1	\$ (5.1)
<b>TOTAL CASH AVAILABLE</b>	\$ 2,199.1	\$ 2,194.0	\$ (5.1)
<b>EXPENSES:</b>			
State PPO Plan: <sup>(2)</sup>			
Medical Claims	\$ 631.7	\$ 624.6	\$ (7.1)
ASO Fee	19.1	19.0	(0.1)
Prescription Drug Claims	276.3	268.2	(8.1)
PBM Claims Administration	0.2	0.2	0.0
HMO Plan: <sup>(3)</sup>			
Premium Payments	260.9	259.5	(1.4)
Medical Claims	525.3	531.6	6.3
Risk Reserve <sup>(4)</sup>	35.9	32.0	(3.9)
ASO Fee	29.4	29.4	0.0
Prescription Drug Claims	153.9	153.4	(0.5)
HSA Deposits <sup>(1)</sup>	1.6	1.6	0.0
Operating Costs & Admin Assessment	3.6	3.6	0.0
Premium Refunds	4.4	4.4	0.0
Other Expenses	0.1	0.1	0.0
<b>TOTAL EXPENSES</b>	\$ 1,942.4	\$ 1,927.6	\$ (14.8)
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (57.2)	\$ (47.5)	\$ 9.7
<b>ENDING CASH BALANCE <sup>(5)</sup></b>	\$ 256.7	\$ 266.4	\$ 9.7
<b>ADDITIONAL INFORMATION</b>			
Total Unreported PPO Plan Claims Liability <sup>(6)</sup>	\$ 57.3	\$ 62.0	\$ 4.7
Total Unreported HMO Plan Claims Liability <sup>(7)</sup>	65.1	67.0	1.9
Total Unreported PBM Claims Liability <sup>(8)</sup>	8.6	8.4	(0.2)
<b>Total Unreported Claims Liability</b>	\$ 131.0	\$ 137.4	\$ 6.5
<b>Average Enrollment by Plan</b>			
PPO Standard	86,200	86,069	(131)
PPO HIHP	1,200	1,211	11
HMO Standard	82,241	82,285	44
HMO HIHP	459	465	6
<b>Total</b>	<b>170,100</b>	<b>170,030</b>	<b>(70)</b>
<b>Average Enrollment by Coverage Type</b>			
Active Standard	131,248	131,279	31
Active HIHP	1,570	1,586	16
COBRA	695	695	0
Early Retiree	7,404	7,388	(16)
Medicare	29,183	29,082	(101)
<b>Total</b>	<b>170,100</b>	<b>170,030</b>	<b>(70)</b>

- 1) Contributions approximate a split between employer and employee of 42% and 58%, respectively.
- 2) PPO bank services are estimated at approximately \$35,000 per year for the projected period, which rounds to \$0.0M.
- 3) Estimated annual HMO PBM claim administration costs are approximately \$20,000 and therefore round to \$0.0M.
- 4) Established by Principals of the Revenue Estimating Conference for Fiscal Years 2011-12 and 2012-13 for HMO medical and prescription drug claims. Calculated at 6.5% of total estimated HMO claim costs. Per approval of Principals for December 12, 2012 Conference, the calculated amount of the Risk Reserve from the previous Estimating Conference is reduced by the net increase of \$3.9M in HMO Medical and Rx claims. See Page 10 for details on the increase in HMO Medical and Rx claims.
- 5) Includes \$36.5M held in accounts outside of the Trust Fund at the Dept. of Financial Services, Division of Treasury, for the purpose of paying medical claims.
- 6) Includes estimated PPO Incurred but not Reported (IBNR) medical claims and outstanding drafts.
- 7) Includes estimated HMO IBNR medical claims and outstanding drafts.
- 8) Includes estimated PPO and HMO IBNR Rx claims.

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

**Exhibit V  
Financial Outlook - Fiscal Year 2013-14 (In Millions)**

	<u>(A)</u>	<u>(B)</u>	<u>(B) - (A)</u>	
	<u>Dec '12</u>	<u>Feb '13</u>	<u>Difference</u>	
<b>BEGINNING CASH BALANCE</b>	\$ 256.7	\$ 266.4	\$ 9.7	
<b>REVENUES:</b>				
Insurance Premiums:				
Employer	\$ 1,496.5	\$ 1,497.1	\$ 0.6	
Employee	161.5	160.6	(0.9)	
HSA Contributions <sup>(1)</sup>	1.6	1.6	0.0	
COBRA	6.7	6.6	(0.1)	
Early Retiree	64.3	62.9	(1.4)	
Medicare	157.1	155.0	(2.1)	
Investment Interest	4.2	4.5	0.3	
PPO-TPA Refunds	9.3	9.3	0.0	
PPO-PBM Rebates	17.5	17.5	0.0	
HMO-TPA Refunds	2.9	3.2	0.3	
HMO-PBM Rebates	9.2	9.2	0.0	
Pretax Trust Fund Transfer	19.0	19.0	0.0	
PPO Medicare Part D Subsidy	21.8	18.7	(3.1)	
HMO Medicare Part D Subsidy	1.0	1.0	0.0	
Other Revenues	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
<b>TOTAL REVENUES</b>	\$ 1,972.6	\$ 1,966.2	\$ (6.4)	
<b>TOTAL CASH AVAILABLE</b>	\$ 2,229.3	\$ 2,232.6	\$ 3.3	
<b>EXPENSES:</b>				
State PPO Plan: <sup>(2)</sup>				
Medical Claims	\$ 676.3	\$ 664.7	\$ (11.6)	
ASO Fee	18.8	18.7	(0.1)	
Prescription Drug Claims	289.0	281.9	(7.1)	
PBM Claims Administration	0.2	0.2	0.0	
HMO Plan: <sup>(3)</sup>				
Premium Payments	282.9	279.4	(3.5)	
Medical Claims	581.8	588.2	6.4	
ASO Fee	31.8	32.0	0.2	
Prescription Drug Claims	167.5	168.4	0.9	
HSA Deposits <sup>(1)</sup>	1.6	1.6	0.0	
Operating Costs & Admin Assessment	3.0	3.0	0.0	
Premium Refunds	4.4	4.4	0.0	
Other Expenses	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	
<b>TOTAL EXPENSES</b>	\$ 2,057.4	\$ 2,042.6	\$ (14.8)	
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (84.8)	\$ (76.4)	\$ 8.4	
<b>ENDING CASH BALANCE <sup>(4)</sup></b>	\$ <u>171.9</u>	\$ <u>190.0</u>	\$ <u>18.1</u>	
<b>ADDITIONAL INFORMATION</b>				
Total Unreported PPO Plan Claims Liability <sup>(5)</sup>	\$ 57.3	\$ 64.2	\$ 6.9	
Total Unreported HMO Plan Claims Liability <sup>(6)</sup>	66.9	69.4	2.5	
Total Unreported PBM Claims Liability <sup>(7)</sup>	<u>9.1</u>	<u>9.0</u>	<u>(0.1)</u>	
<b>Total Unreported Claims Liability</b>	\$ <u>133.3</u>	\$ <u>142.6</u>	\$ <u>9.3</u>	
<b>Average Enrollment by Plan</b>				
	PPO Standard	84,642	84,381	(261)
	PPO HIHP	1,207	1,227	20
	HMO Standard	83,556	83,679	123
	HMO HIHP	<u>464</u>	<u>473</u>	<u>9</u>
	<b>Total</b>	<u>169,869</u>	<u>169,760</u>	<u>(109)</u>
<b>Average Enrollment by Coverage Type</b>				
	Active Standard	130,771	130,972	201
	Active HIHP	1,582	1,610	28
	COBRA	695	695	0
	Early Retiree	7,345	7,216	(129)
	Medicare	<u>29,476</u>	<u>29,267</u>	<u>(209)</u>
	<b>Total</b>	<u>169,869</u>	<u>169,760</u>	<u>(109)</u>

1) Contributions approximate a split between employer and employee of 42% and 58%, respectively.

2) PPO bank services are estimated at approximately \$35,000 per year for the projected period, which rounds to \$0.0M.

3) Estimated annual HMO PBM claim administration costs are approximately \$20,000 and therefore round to \$0.0M.

4) Includes \$36.5M held in accounts outside of the Trust Fund at the Dept. of Financial Services, Division of Treasury, for the purpose of paying medical claims.

5) Includes estimated PPO Incurred but not Reported (IBNR) medical claims and outstanding drafts.

6) Includes estimated HMO IBNR medical claims and outstanding drafts.

7) Includes estimated PPO and HMO IBNR Rx claims.

**Exhibit VI**  
**Financial Outlook - Fiscal Year 2014-15 (In Millions)**

	(A) Dec '12	(B) Feb '13	(B) - (A) Difference
<b>BEGINNING CASH BALANCE</b>	\$ 171.9	\$ 190.0	\$ 18.1
<b>REVENUES:</b>			
Insurance Premiums:			
Employer	\$ 1,497.0	\$ 1,496.3	\$ (0.7)
Employee	161.9	160.7	(1.2)
HSA Contributions <sup>(1)</sup>	1.6	1.6	0.0
COBRA	6.7	6.6	(0.1)
Early Retiree	63.6	62.4	(1.2)
Medicare	160.8	158.3	(2.5)
Investment Interest	0.0	0.0	0.0
PPO-TPA Refunds	9.3	9.3	0.0
PPO-PBM Rebates	14.7	14.7	0.0
HMO-TPA Refunds	2.9	3.2	0.3
HMO-PBM Rebates	8.3	8.3	0.0
Pretax Trust Fund Transfer	19.0	19.0	0.0
PPO Medicare Part D Subsidy	22.7	20.1	(2.6)
HMO Medicare Part D Subsidy	1.0	1.0	0.0
Other Revenues	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	<b>\$ 1,969.5</b>	<b>\$ 1,961.5</b>	<b>\$ (8.0)</b>
<b>TOTAL CASH AVAILABLE</b>	<b>\$ 2,141.4</b>	<b>\$ 2,151.5</b>	<b>\$ 10.1</b>
<b>EXPENSES:</b>			
State PPO Plan: <sup>(2)</sup>			
Medical Claims	\$ 726.8	\$ 710.4	\$ (16.4)
ASO Fee	18.5	18.4	(0.1)
Prescription Drug Claims	299.3	293.3	(6.0)
PBM Claims Administration	0.2	0.2	0.0
HMO Plan: <sup>(3)</sup>			
Premium Payments	314.4	309.0	(5.4)
Medical Claims	646.7	650.6	3.9
ASO Fee	34.1	34.3	0.2
Prescription Drug Claims	183.1	185.3	2.2
HSA Deposits <sup>(1)</sup>	1.6	1.6	0.0
Operating Costs & Admin Assessment	3.0	3.0	0.0
Premium Refunds	4.4	4.4	0.0
Other Expenses	0.1	0.1	0.0
<b>TOTAL EXPENSES</b>	<b>\$ 2,232.2</b>	<b>\$ 2,210.6</b>	<b>\$ (21.6)</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ (262.7)</b>	<b>\$ (249.1)</b>	<b>\$ 13.6</b>
<b>ENDING CASH BALANCE <sup>(4)</sup></b>	<b>\$ (90.8)</b>	<b>\$ (59.1)</b>	<b>\$ 31.7</b>
<b>ADDITIONAL INFORMATION</b>			
Total Unreported PPO Plan Claims Liability <sup>(5)</sup>	\$ 57.3	\$ 68.4	\$ 11.1
Total Unreported HMO Plan Claims Liability <sup>(6)</sup>	74.3	76.8	2.5
Total Unreported PBM Claims Liability <sup>(7)</sup>	9.6	9.6	(0.1)
<b>Total Unreported Claims Liability</b>	<b>\$ 141.2</b>	<b>\$ 154.8</b>	<b>\$ 13.5</b>
<b>Average Enrollment by Plan</b>			
	PPO Standard	83,435	83,096
	PPO HIHP	1,207	1,227
	HMO Standard	85,219	85,316
	HMO HIHP	464	473
	<b>Total</b>	<b>170,325</b>	<b>170,112</b>
	Active Standard	131,110	131,258
	Active HIHP	1,582	1,610
<b>Average Enrollment by Coverage Type</b>			
	COBRA	695	695
	Early Retiree	7,278	7,104
	Medicare	29,660	29,445
	<b>Total</b>	<b>170,325</b>	<b>170,112</b>

- 1) Contributions approximate a split between employer and employee of 42% and 58%, respectively.
- 2) PPO bank services are estimated at approximately \$35,000 per year for the projected period, which rounds to \$0.0M.
- 3) Estimated annual HMO PBM claim administration costs are approximately \$20,000 and therefore round to \$0.0M.
- 4) Includes \$36.5M held in accounts outside of the Trust Fund at the Dept. of Financial Services, Division of Treasury, for the purpose of paying medical claims.
- 5) Includes estimated PPO Incurred but not Reported (IBNR) medical claims and outstanding drafts.
- 6) Includes estimated HMO IBNR medical claims and outstanding drafts.
- 7) Includes estimated PPO and HMO IBNR Rx claims.

## Exhibit VII

## Financial Outlook - Fiscal Year 2015-16 (In Millions)

	(A) Dec '12	(B) Feb '13	(B) - (A) Difference
<b>BEGINNING CASH BALANCE</b>	\$ 0.0 <sup>(1)</sup>	\$ 0.0 <sup>(1)</sup>	\$ 0.0
<b>REVENUES:</b>			
Insurance Premiums:			
Employer	\$ 1,500.3	\$ 1,497.8	\$ (2.5)
Employee	162.6	161.0	(1.6)
HSA Contributions <sup>(2)</sup>	1.6	1.6	0.0
COBRA	6.7	6.6	(0.1)
Early Retiree	62.8	65.8	3.0
Medicare	164.7	162.3	(2.4)
Investment Interest	0.0	0.0	0.0
PPO-TPA Refunds	9.3	9.3	0.0
PPO-PBM Rebates	13.1	13.1	0.0
HMO-TPA Refunds	2.9	3.2	0.3
HMO-PBM Rebates	7.7	7.7	0.0
Pretax Trust Fund Transfer	19.0	19.0	0.0
PPO Medicare Part D Subsidy	23.6	20.1	(3.5)
HMO Medicare Part D Subsidy	1.0	1.0	0.0
Other Revenues	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	<b>\$ 1,975.3</b>	<b>\$ 1,968.5</b>	<b>\$ (6.8)</b>
<b>TOTAL CASH AVAILABLE</b>	<b>\$ 1,975.3</b>	<b>\$ 1,968.5</b>	<b>\$ (6.8)</b>
<b>EXPENSES:</b>			
State PPO Plan: <sup>(3)</sup>			
Medical Claims	\$ 782.0	\$ 761.3	\$ (20.7)
ASO Fee	18.2	18.2	0.0
Prescription Drug Claims	321.9	317.9	(4.0)
PBM Claims Administration	0.2	0.2	0.0
HMO Plan: <sup>(4)</sup>			
Premium Payments	349.8	342.8	(7.0)
Medical Claims	719.7	721.7	2.0
ASO Fee	36.7	36.9	0.2
Prescription Drug Claims	205.7	210.2	4.5
HSA Deposits <sup>(2)</sup>	1.6	1.6	0.0
Operating Costs & Admin Assessment	3.0	3.0	0.0
Premium Refunds	4.4	4.4	0.0
Other Expenses	0.1	0.1	0.0
<b>TOTAL EXPENSES</b>	<b>\$ 2,443.3</b>	<b>\$ 2,418.3</b>	<b>\$ (25.0)</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ (468.0)</b>	<b>\$ (449.8)</b>	<b>\$ 18.2</b>
<b>ENDING CASH BALANCE <sup>(5)</sup></b>	<b>\$ (468.0)</b>	<b>\$ (449.8)</b>	<b>\$ 18.2</b>
<b>ADDITIONAL INFORMATION</b>			
Total Unreported PPO Plan Claims Liability <sup>(6)</sup>	\$ 57.3	\$ 73.4	\$ 16.1
Total Unreported HMO Plan Claims Liability <sup>(7)</sup>	88.5	90.9	2.4
Total Unreported PBM Claims Liability <sup>(8)</sup>	10.6	10.6	0.0
<b>Total Unreported Claims Liability</b>	<b>\$ 156.4</b>	<b>\$ 174.9</b>	<b>\$ 18.5</b>
<b>Average Enrollment by Plan</b>			
	PPO Standard	82,347	82,061
	PPO HIHP	1,207	1,227
	HMO Standard	87,000	87,223
	HMO HIHP	464	473
	<b>Total</b>	<b>171,018</b>	<b>170,984</b>
	Active Standard	131,736	131,760
	Active HIHP	1,582	1,610
<b>Average Enrollment by Coverage Type</b>			
	COBRA	695	695
	Early Retiree	7,189	7,289
	Medicare	29,816	29,630
	<b>Total</b>	<b>171,018</b>	<b>170,984</b>

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

2) Contributions approximate a split between employer and employee of 42% and 58%, respectively.

3) PPO bank services are estimated at approximately \$35,000 per year for the projected period, which rounds to \$0.0M.

4) Estimated annual HMO PBM claim administration costs are approximately \$20,000 and therefore round to \$0.0M.

5) Includes \$36.5M held in accounts outside of the Trust Fund at the Dept. of Financial Services, Division of Treasury, for the purpose of paying medical claims.

6) Includes estimated PPO Incurred but not Reported (IBNR) medical claims and outstanding drafts.

7) Includes estimated HMO IBNR medical claims and outstanding drafts.

8) Includes estimated PPO and HMO IBNR Rx claims.

**Exhibit IX**  
**Comparison of Financial Outlooks**  
**Fiscal Year 2012-13**  
**(In Millions)**

**\$ 256.7 Previous Ending Cash Balance Forecast <sup>(1)</sup>**

(5.1) Decrease in Revenue Forecast

(1.7) - Net decrease in Insurance Premiums due to category shifts

0.1 - Increase in Investment Interest due to an increase in projected cash balance

(0.2) - Decrease in PPO - TPA Refunds due to lower projected activity

0.3 - Increase in HMO - TPA Refunds due to higher projected activity

(3.6) - Decrease in PPO - Medicare Part D Subsidy

(0.1) - Decrease due to a decrease in projected Medicare enrollment from 23,941 to 23,858

(3.5) - Decrease due to lower projected claims experience

(14.8) Decrease in Expense Forecast

(15.3) Decrease in State PPO Plan

(7.1) - Decrease in Medical Claims

(0.9) - Decrease due to a decrease in projected enrollment from 87,400 to 87,280

(6.2) - Decrease due to lower projected claims experience

(0.1) - Decrease in ASO Fee due to a decrease in projected enrollment

(8.1) - Decrease in Prescription Drug Claims

(0.4) - Decrease due to lower projected enrollment and category shifts

(7.7) - Decrease due to lower projected claims experience and trend

0.5 Increase in HMO Plan

(1.4) - Decrease in Premium Payments due to a decrease in projected enrollment from 30,299 to 30,171 and category shifts

6.3 - Increase in Medical Claims

1.8 - Increase due to an increase in projected enrollment from 52,400 to 52,580

4.5 - Increase due to higher projected claims experience

(3.9) - Decrease in Risk Reserve due to an increase in projected Medical and Rx claims

(0.5) - Decrease in Prescription Drug Claims

0.1 - Increase due to an increase in projected enrollment from 78,773 to 78,866

(0.6) - Decrease due to lower projected claims experience and trend

**\$ 266.4 Ending Cash Balance**

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<sup>(1)</sup> Self Insurance Estimating Conference held in December 2012.

**Exhibit X**  
**Comparison of Financial Outlooks**  
**Fiscal Year 2013-14**  
**(In Millions)**

<b>\$ 171.9</b>	<b>Previous Ending Cash Balance Forecast <sup>(1)</sup></b>
9.7	Increase in Beginning Cash Balance Forecast
(6.4)	Decrease in Revenue Forecast
(3.9)	- Net decrease in Insurance Premiums due to lower projected enrollment from 169,869 to 169,760 and category shifts
0.3	- Increase in Investment Interest due to an increase in projected cash balance
0.3	- Increase in HMO - TPA Refunds due to higher projected activity
(3.1)	- Decrease in PPO - Medicare Part D Subsidy
(0.2)	- Decrease due to a decrease in projected Medicare enrollment from 24,119 to 23,933
(2.9)	- Decrease due to lower projected claims experience
(14.8)	Decrease in Expense Forecast
(18.8)	Decrease in State PPO Plan
(11.6)	- Decrease in Medical Claims
(1.9)	- Decrease due to a decrease in projected enrollment from 85,849 to 85,608
(9.7)	- Decrease due to lower projected claims experience and trend
(0.1)	- Decrease in ASO Fee due to a decrease in projected enrollment
(7.1)	- Decrease in Prescription Drug Claims
(0.8)	- Decrease due to lower projected enrollment and category shifts
(6.3)	- Decrease due to lower projected base for FY 12-13
4.0	Increase in HMO Plan
(3.5)	- Decrease in Premium Payments due to a decrease in projected enrollment from 30,784 to 30,531 and category shifts
6.4	- Increase in Medical Claims
4.2	- Increase due to an increase in projected enrollment from 53,239 to 53,623
2.2	- Increase due to higher projected claims experience
0.2	- Increase in ASO Fees due to an increase in projected enrollment from 53,239 to 53,623
0.9	- Increase in Prescription Drug Claims
0.3	- Increase due to an increase in projected enrollment from 80,004 to 80,218
0.6	- Increase due to higher projected claims experience and trend
<b>190.0</b>	<b>Ending Cash Balance</b>

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<sup>(1)</sup> Self Insurance Estimating Conference held in December 2012.

**Exhibit XI**  
**Comparison of Financial Outlooks**  
**Fiscal Year 2014-15**  
**(In Millions)**

<b>\$ (90.8)</b>	<b>Previous Ending Cash Balance Forecast <sup>(1)</sup></b>
18.1	Increase in Beginning Cash Balance Forecast
(8.0)	Decrease in Revenue Forecast
	(5.7) - Net decrease in Insurance Premiums due to lower projected enrollment from 170,325 to 170,112 and category shifts
	0.3 - Increase in HMO - TPA Refunds due to higher projected activity
	(2.6) - Decrease in PPO - Medicare Part D Subsidy
	(0.2) - Decrease due to a decrease in projected Medicare enrollment from 84,642 to 84,323
	(2.4) - Decrease due to lower projected claims experience
(21.6)	Decrease in Expense Forecast
	(22.5) Decrease in State PPO Plan
	(16.4) - Decrease in Medical Claims
	(2.7) - Decrease due to a decrease in projected enrollment from 84,642 to 84,323
	(13.7) - Decrease due to lower projected claims experience and trend
	(0.1) - Decrease in ASO Fee due to a decrease in projected enrollment
	(6.0) - Decrease in Prescription Drug Claims
	(1.1) - Decrease due to lower projected enrollment
	(4.9) - Decrease due to lower projected base for FY 12-13
	0.9 Increase in HMO Plan
	(5.4) - Decrease in Premium Payments due to a decrease in projected enrollment from 31,393 to 31,122 and category shifts
	3.9 - Increase in Medical Claims due to higher projected claims experience
	4.5 - Increase due to an increase in projected enrollment from 54,293 to 54,668
	(0.6) - Decrease due to lower projected trend
	0.2 - Increase in ASO Fees due to an increase in projected enrollment from 54,293 to 54,668
	2.2 - Increase in HMO Plan Prescription Drug Claims
	0.2 - Increase due to an increase in projected enrollment from 81,582 to 81,774
	2.0 - Increase due to higher projected claims experience and trend
<b>(59.1)</b>	<b>Ending Cash Balance</b>

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<sup>(1)</sup> Self Insurance Estimating Conference held in December 2012.

Exhibit XII  
**Comparison of Financial Outlooks**  
**Fiscal Year 2015-16**  
(In Millions)

**\$ (468.0) Previous Ending Cash Balance Forecast <sup>(1)</sup>**

(6.8) Decrease in Revenue Forecast

(3.6) - Net decrease in Insurance Premiums due to lower projected enrollment from 171,018 to 170,984 and category shifts

0.3 - Increase in HMO - TPA Refunds due to higher projected activity

(3.5) - Decrease in PPO - Medicare Part D Subsidy

(0.2) - Decrease due to a decrease in projected enrollment from 83,554 to 83,288

(3.3) - Decrease due to lower projected claims experience

(25.0) Decrease in Expense Forecast

(24.7) Decrease in State PPO Plan

(20.7) - Decrease in Medical Claims

(2.5) - Decrease due to a decrease in projected enrollment from 83,554 to 83,288

(18.2) - Decrease due to lower projected claims experience

(4.0) - Decrease in Prescription Drug Claims

(1.0) - Decrease due to lower projected enrollment

(3.0) - Decrease due to lower projected base for FY 12-13

(0.3) Decrease in HMO Plan

(7.0) - Decrease in Premium Payments due to a decrease in projected enrollment from 32,038 to 31,813 and category shifts

2.0 - Increase in Medical Claims

5.9 - Increase due to an increase in projected enrollment from 55,429 to 55,887

(3.9) - Decrease due to lower projected trend

0.2 - Increase in ASO Fee due to an increase in projected enrollment from 55,429 to 55,887

4.5 - Increase in Prescription Drug Claims

0.5 - Increase in Prescription Drug Claims due to an increase in projected enrollment from 83,276 to 83,596

4.0 - Increase due to higher projected claims experience and trend

**(449.8) Ending Cash Balance**

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<sup>(1)</sup> Self Insurance Estimating Conference held in December 2012.

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

**Premium Rate Table**

**Effective December 2011 for January 2012 Coverage**

(Premium rate change ONLY for CHP and FHCP Medicare Participants)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer <sup>(7)</sup>	Enrollee	Total
Career Service	Monthly Full -Time Employees <sup>(1)</sup>	Single	499.80	50.00	549.80	499.80	15.00	514.80
		Family	1,063.34	180.00	1,243.34	1,063.34	64.30	1,127.64
		Spouse	1,213.36	30.00	1,243.36	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees <sup>(1)</sup>	Single	249.90	25.00	274.90	249.90	7.50	257.40
		Family	531.67	90.00	621.67	531.67	32.15	563.82
		Spouse	606.68	15.00	621.68	548.82	15.00	563.82
"Payalls"	Monthly Full -Time Employees <sup>(1,2)</sup>	Single	541.46	8.34	549.80	506.46	8.34	514.80
		Family	1,213.34	30.00	1,243.34	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees <sup>(1,2)</sup>	Single	270.73	4.17	274.90	253.23	4.17	257.40
		Family	606.67	15.00	621.67	548.82	15.00	563.82
COBRA	Monthly <sup>(3)</sup>	Single	0.00	560.80	560.80	0.00	482.60	482.60
		Family	0.00	1,268.21	1,268.21	0.00	1,065.20	1,065.20
Early Retirees	Monthly	Single	0.00	549.80	549.80	0.00	473.14	473.14
		Family	0.00	1,243.34	1,243.34	0.00	1,044.31	1,044.31
Overage Dependents		Single	0.00	549.80	549.80	0.00	473.14	473.14

**Medicare Monthly Premium Rates (Effective January 1, 2012)**

Plan Name	Plan Type	Medicare I	Medicare II	Medicare III
		One Eligible <sup>(4)</sup>	One Under/Over <sup>(5)</sup>	Both Eligible <sup>(6)</sup>
Self-Insured PPO/HMO Plans	Standard	305.82	881.80	611.64
	HIHP	230.52	722.16	461.04
Capital Health Plan <sup>(8)</sup>	Standard	266.00	895.49	532.00
	HIHP	244.69	810.36	489.38
Florida Health Care Plan <sup>(8)</sup>	Standard	45.50	644.84	91.00
	HIHP	45.50	534.54	91.00

**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) "Payalls" - Includes executive, legislative and judicial branch agencies for employees with enhanced benefits, excluding Spouse Program participants.

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

(4) Single coverage for participant eligible for Medicare Parts A and B.

(5) Family coverage for two or more participants, if at least one participant is eligible for Medicare Parts A and B.

(6) Family coverage for two participants and both are eligible for Medicare Parts A and B.

(7) 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.

(8) Medicare eligible members who enroll with either CHP or FHCP must also enroll in a Medicare Advantage Prescription Drug ("MAPD") plan with CHP or FHCP for an additional premium.

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

**Premium Rate Table**

**Effective December 2012 for January 2013 Coverage**

(Premium rate change ONLY for CHP and FHCP Medicare Participants)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer <sup>(4)</sup>	Enrollee	Total
Career Service	Monthly Full -Time Employees <sup>(1)</sup>	Single	499.80	50.00	549.80	499.80	15.00	514.80
		Family	1,063.34	180.00	1,243.34	1,063.34	64.30	1,127.64
		Spouse	1,213.36	30.00	1,243.36	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees <sup>(1)</sup>	Single	249.90	25.00	274.90	249.90	7.50	257.40
		Family	531.67	90.00	621.67	531.67	32.15	563.82
		Spouse	606.68	15.00	621.68	548.82	15.00	563.82
"Payalls"	Monthly Full -Time Employees <sup>(1,2)</sup>	Single	541.46	8.34	549.80	506.46	8.34	514.80
		Family	1,213.34	30.00	1,243.34	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees <sup>(1,2)</sup>	Single	270.73	4.17	274.90	253.23	4.17	257.40
		Family	606.67	15.00	621.67	548.82	15.00	563.82
COBRA	Monthly <sup>(3)</sup>	Single	0.00	560.80	560.80	0.00	482.60	482.60
		Family	0.00	1,268.21	1,268.21	0.00	1,065.20	1,065.20
Early Retirees	Monthly	Single	0.00	549.80	549.80	0.00	473.12	473.12
		Family	0.00	1,243.34	1,243.34	0.00	1,044.32	1,044.32
Overage Dependents		Single	0.00	549.80	549.80	0.00	473.14	473.14

Medicare Monthly Premium Rates (Premium rate change effective December 1, 2012 for CHP and FHCP only)				
Plan Name	Plan Type	Medicare I	Medicare II	Medicare III
		One Eligible <sup>(5)</sup>	One Under/Over <sup>(6)</sup>	Both Eligible <sup>(7)</sup>
Self-Insured PPO / HMO <sup>(8)</sup>	Standard	305.82	881.80	611.64
	HIHP	230.52	722.16	461.04
Capital Health Plan <sup>(9)</sup>	Standard	268.00	921.83	536.00
	HIHP	259.98	853.57	519.96
Florida Health Care Plan <sup>(9)</sup>	Standard	48.00	698.89	96.00
	HIHP	48.00	579.10	96.00

**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) "Payalls" - Includes executive, legislative and judicial branch agencies for employees with enhanced benefits, excluding Spouse Program participants.

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

(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.

(5) Single coverage for participant eligible for Medicare Parts A and B.

(6) Family coverage for two or more participants, if at least one participant is eligible for Medicare Parts A and B.

(7) Family coverage for two participants and both are eligible for Medicare Parts A and B.

(8) Premium rates for Medicare participants enrolled in a Self-Insured HMO plan may differ from what is presented.

(9) Medicare eligible members who enroll with either CHP or FHCP must also enroll in a Medicare Advantage Prescription Drug ("MAPD") plan with CHP or FHCP.

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

**Premium Rate Table**

**Effective May 2013 for June 2013 Coverage**

(Premium rate change for all participants EXCEPT CHP and FHCP Medicare)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer <sup>(4)</sup>	Enrollee	Total
Career Service	Monthly Full -Time Employees <sup>(1)</sup>	Single	537.74	50.00	587.74	537.74	15.00	552.74
		Family	1,149.14	180.00	1,329.14	1,149.14	64.30	1,213.44
		Spouse	1,299.16	30.00	1,329.16	1,183.44	30.00	1,213.44
	Bi-Weekly Full -Time Employees <sup>(1)</sup>	Single	268.87	25.00	293.87	268.87	7.50	276.37
		Family	574.57	90.00	664.57	574.57	32.15	606.72
		Spouse	649.58	15.00	664.58	591.72	15.00	606.72
"Payalls"	Monthly Full -Time Employees <sup>(1,2)</sup>	Single	579.40	8.34	587.74	544.40	8.34	552.74
		Family	1,299.14	30.00	1,329.14	1,183.44	30.00	1,213.44
	Bi-Weekly Full -Time Employees <sup>(1,2)</sup>	Single	289.70	4.17	293.87	272.20	4.17	276.37
		Family	649.58	15.00	664.58	591.72	15.00	606.72
COBRA	Monthly <sup>(3)</sup>	Single	0.00	599.49	599.49	0.00	521.30	521.30
		Family	0.00	1,355.72	1,355.72	0.00	1,152.71	1,152.71
Early Retirees	Monthly	Single	0.00	587.74	587.74	0.00	511.08	511.08
		Family	0.00	1,329.14	1,329.14	0.00	1,130.11	1,130.11
Overage Dependents		Single	0.00	587.74	587.74	0.00	511.08	511.08

**Medicare Monthly Premium Rates (Premium rate change effective May 1, 2013 for PPO only)**

Plan Name	Plan Type	Medicare I	Medicare II	Medicare III
		One Eligible <sup>(5)</sup>	One Under/Over <sup>(6)</sup>	Both Eligible <sup>(7)</sup>
Self-Insured PPO / HMO	Standard	326.92	942.64	653.84
	HIHP	246.43	771.99	492.85
Capital Health Plan <sup>(8)</sup>	Standard	268.00	921.83	536.00
	HIHP	259.98	853.57	519.96
Florida Health Care Plan <sup>(8)</sup>	Standard	48.00	698.89	96.00
	HIHP	48.00	579.10	96.00

**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) "Payalls" - Includes executive, legislative and judicial branch agencies for employees with enhanced benefits, excluding Spouse Program participants.

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

(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.

(5) Single coverage for participant eligible for Medicare Parts A and B.

(6) Family coverage for two or more participants, if at least one participant is eligible for Medicare Parts A and B.

(7) Family coverage for two participants and both are eligible for Medicare Parts A and B.

(8) Medicare eligible members who enroll with either CHP or FHCP must also enroll in a Medicare Advantage Prescription Drug ("MAPD") plan with CHP or FHCP.

## Exhibit XIII

## Abbreviations / Description of Terms

<b>Accrual Basis</b>	..... Accounting method in which transactions are recorded when the order is made, the item is delivered, or the services occur, regardless of when the money is actually received or paid. Income is recorded when the sale occurs, and expenses are recorded when goods or services are received.
<b>ASO</b>	..... Administrative Services Only
<b>Cash Basis</b>	..... Accounting method in which income is not recorded until cash, check or electronic payment is actually received, and expenses are not recorded until they are actually paid.
<b>Carve-Out</b>	..... Health insurance benefits that are separated from a contract and paid and administered under a different vendor/arrangement.
<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 (July 1 through June 30)
<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>IBNR</b>	..... Incurred but not Reported Claims – The IBNR claims liability reflect the estimated total amount owed by the trust fund for valid medical claims incurred by self-insured plan members but not yet reported/submitted by providers to the state's TPA.
<b>Fully-Insured Plan</b>	..... A plan where the employer contracts with another organization to assume financial responsibility for the enrollees' medical claims and for all incurred administrative costs.
<b>Medicare Advantage Prescription Drug (MAPD) Plan</b>	..... A type of Medicare health plan offered by a private company that contracts with Medicare to provide beneficiaries with all Medicare Part A (hospital coverage), Part B (doctors' services, outpatient care, home health services, some preventive services, and other medical services) and Part D (prescription drugs) benefits. MAPDs include Health Maintenance Organizations, Preferred Provider Organizations, Private Fee-for-Service Plans, Special Needs Plans, and Medicare Medical Savings Account Plans.
<b>Medicare Part D Subsidy</b>	..... A federal program passed as part of the Medicare Modernization Act (MMA) in 2003 to subsidize the costs of prescription drugs for Medicare beneficiaries in the United States. By being the primary payer for Medicare eligible subscribers drug claims, the state receives 28 percent of covered charges (net of rebates) between \$310 and \$6,300 for each Medicare-eligible participant.
<b>Outstanding Drafts</b>	..... Represent drafts (checks) that have been issued by the PPO plan TPA but have not been presented to the bank account for payment.
<b>N/A</b>	..... Not applicable.
<b>PBM</b>	..... Pharmacy Benefits Manager
<b>PPACA</b>	..... Patient Protection and Affordable Care Act signed into law on March 23, 2010, known as the Federal Health Care Reform
<b>PPO</b>	..... Preferred Provider Organization
<b>Self-Insured Plan</b>	..... A plan offered by employers who directly assume the major cost of health insurance for their employees. Some self-insured employers contract with insurance carriers or third party administrators for claims processing and other administrative services; other self-insured plans are self-administered. All types of plans (Conventional Indemnity, Preferred Provider Organizations, Exclusive Provider Organizations, Health Maintenance Organizations, Point of Service, and Physician Hospital Organizations) can be financed on a self-insured basis. Employers may offer both self-insured and fully insured plans to their employees.
<b>TPA</b>	..... Third Party Administrator

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**Impact on the  
State Health Insurance Program  
of the Patient Protection and Affordable Care Act**

**Adopted February 28, 2013 by the  
Self-Insurance Estimating Conference**

## **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.

It is important to note that federal regulations implementing PPACA have not been finalized. In some instances, implementation of reforms may require changes to state law for compliance or to avoid significant penalties. For example, current law prohibits employees in the Other Personal Services (OPS) category from being covered by the State Group Insurance Program. However, this prohibition subjects the State to significant penalties (potentially exceeding \$321.8 million (m) annually, assuming the maximum penalty for all employees with State University System Employees included). This analysis assumes that such employees, meeting hours of work requirements, would be covered.

Continued efforts have been made since the December 2012 conference to refine data and more accurately determine the number of OPS workers assumed eligible for coverage under the federal mandate. Additionally,

approximately 425 part-time State Agency and University System employees currently work 30-39 hours per week and meet the definition of “full-time” employee under PPACA. These employees are required to pay the full employee health insurance premium plus a prorated portion of the employer premium. For this analysis, it is assumed these employees will be eligible for the full employer premium and the estimated annual cost of shifting the employee premium revenues to the employer revenues is reflected in the summary tables.

This report reflects changes in OPS and Opt-Out (eligible members who have elected not to purchase health coverage through the State Group Insurance Program) enrollment and projected costs, as well as revised estimates of pass-through fees relating to the pharmaceutical industry, 2.3% excise tax on medical devices, and reinsurance program fees.

There is an increase in reported OPS enrollment, up from 6,921 OPS workers reported in December to 8,737 reported in this analysis. The number of Opt-Outs has decreased from 13,723 to 13,414.

These enrollment changes have had the following impacts to previously forecasted revenues: Fiscal Year 2013-14 revenues increased from \$37.02m to \$42.74m; FY 2014-15 revenues increased from \$73.46m to \$82.54m; and FY 2015-16 revenues increased from \$80.6m to \$89.14m. Total revenues increased \$23.34m for the FY 2013-14 through FY 2015-16 periods.

The additional costs to the State Health Insurance Program from PPACA are reflected in the line titled "Total Expenses" on page 7 of the referenced report. They are:

	<u>December 2012 Forecast</u>	<u>February 2013 Forecast</u>	<u>Difference</u>
2012-13	\$0.38 million	\$0.32 million	(\$.06 million)
2013-14	\$59.79 million	\$56.32 million	(\$3.47 million)
2014-15	\$137.27 million	\$124.94 million	(\$12.33 million)
2015-16	\$155.09 million	\$137.82 million	(\$17.27 million)

These additional costs would be borne by a combination of the participating employers and the members covered by the Plans.

**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 thousand.**
- 

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

**6. Other pass-through fees included**

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- **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**
- 

Fees include pharmaceutical industry fees; 2.3% excise tax on medical devices and reinsurance.

**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 receives 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 household income) 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) <sup>(1)</sup> (In Millions)														
Reform	Effective Date	Revenue(R) Expense (E) Net <sup>(2)</sup>	FY 2012-13			FY 2013-14			FY 2014-15			FY 2015-16 <sup>(2)</sup>		
			Dec '12	Feb '13	Diff	Dec '12	Feb '13	Diff	Dec '12	Feb '13	Diff	Dec '12	Feb '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) <sup>(3)</sup>	Jan 2012	R	-	-	-	-	-	-	-	-	-	-	-	-
		E	0.38	-	(0.38)	0.75	0.38	(0.37)	0.75	0.75	-	0.75	0.75	-
		Net	(0.38)	-	0.38	(0.75)	(0.38)	0.37	(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	Jan 2011 Jan 2013 Jan 2014	E E E Net	NO REVENUES FOR THIS ITEM ALREADY EMBEDDED											
			-	0.32	0.32	unknown	0.35	-	unknown	0.38	-	unknown	0.42	-
			-	-	-	unknown	9.89	-	unknown	16.45	-	unknown	10.71	-
		Net	-	(0.32)	(0.32)	(20.41)	(10.24)	10.17	(42.82)	(16.83)	25.99	(42.82)	(11.13)	31.69
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	-
		Net	-	-	-	(2.03)	(2.03)	-	(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	-	-	-	10.01	9.26	(0.75)	27.16	25.14	(2.02)	34.30	31.74	(2.56)
Opt-Outs <sup>(4)</sup>		R	-	-	-	8.58	11.56	2.98	14.71	19.82	5.11	14.71	19.82	5.11
Agency OPS <sup>(5)(6)</sup>		R	-	-	-	18.43	21.92	3.49	31.59	37.58	5.99	31.59	37.58	5.99
Universities OPS <sup>(5)(7)</sup>		E	-	-	-	8.31	8.07	(0.24)	26.98	26.16	(0.82)	39.22	37.94	(1.28)
Opt-Outs <sup>(4)</sup>		E	-	-	-	9.10	12.28	3.18	19.70	26.54	6.84	21.47	28.88	7.41
Agency OPS <sup>(5)(6)</sup>		E	-	-	-	19.57	23.32	3.75	42.34	50.36	8.02	46.15	54.82	8.67
Universities OPS <sup>(5)(7)</sup>		Net	-	-	-	0.04	(0.93)	(0.97)	(15.56)	(20.52)	(4.96)	(26.24)	(32.50)	(6.26)
<b>TOTAL REVENUES <sup>(8)</sup></b>			-	-	-	37.02	42.74	5.72	73.46	82.54	9.08	80.60	89.14	8.54
<b>TOTAL EXPENSES</b>			0.38	0.32	(0.06)	59.79	56.32	(3.47)	137.27	124.94	(12.33)	155.09	137.82	(17.27)
<b>NET TOTAL <sup>(9)</sup></b>			(0.38)	(0.32)	0.06	(22.77)	(13.58)	9.19	(63.81)	(42.40)	21.41	(74.49)	(48.68)	25.81

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State Health Insurance Program		State of Florida DSGI				
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) <sup>(1)</sup> (In Millions)						
Reform	Effective Date	Revenue(R) Expense (E) Net <sup>(2)</sup>	FY 2012-13 Total	FY 2013-14 Total	FY 2014-15 Total	FY 2015-16 Total <sup>(2)</sup>
1. Early retiree medical reinsurance		<b>Net</b>	NO ESTIMATED IMPACT ON THE TRUST FUND			
2. No lifetime dollar maximum	Jan 2011	<b>Net</b>	ALREADY EMBEDDED			
3. Restricted annual dollar limits		<b>Net</b>	NO ESTIMATED IMPACT ON THE TRUST FUND			
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	<b>Net</b>	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) <sup>(3)</sup>	Jan 2012	R E <b>Net</b>	- - -	- 0.38 <b>(0.38)</b>	- 0.75 <b>(0.75)</b>	- 0.75 <b>(0.75)</b>
6. Other pass-through fees to include: Pharmaceutical industry fees 2.3% excise tax on medical devices Reinsurance	Jan 2011 Jan 2013 Jan 2014	E E E <b>Net</b>	0.32 - <b>(0.32)</b>	0.35 9.89 <b>(10.24)</b>	0.38 16.45 <b>(16.83)</b>	0.42 10.71 <b>(11.13)</b>
7. Extension of coverage for all adult children until age 26	Jan 2011	<b>Net</b>	ALREADY EMBEDDED			
8. Eliminate all preexisting condition limitations	Jan 2014	R E <b>Net</b>	- - -	- 2.03 <b>(2.03)</b>	- 4.30 <b>(4.30)</b>	- 4.30 <b>(4.30)</b>
9. Free choice vouchers		<b>Net</b>	REPEALED BY CONGRESS			
10. Individual Mandate "free rider surcharge"		<b>Net</b>	NO ESTIMATED IMPACT ON THE TRUST FUND			
11. Medicaid Expansion and migration into Exchange		<b>Net</b>	PENDING FUTURE ACTION BY THE LEGISLATURE AND GOVERNOR			
12. Employer Mandate with federal subsidies	Jan 2014	R R R E E E <b>Net</b>	- - - - - -	9.26 11.56 21.92 8.07 12.28 23.32 <b>0.93</b>	25.14 19.82 37.58 26.16 26.54 50.36 <b>(20.52)</b>	31.74 19.82 37.58 37.94 28.88 54.82 <b>(32.50)</b>
<b>TOTAL REVENUES <sup>(8)</sup></b>			-	42.74	82.54	89.14
<b>TOTAL EXPENSES</b>			0.32	56.32	124.94	137.82
<b>NET TOTAL <sup>(9)</sup></b>			<b>(0.32)</b>	<b>(13.58)</b>	<b>(42.40)</b>	<b>(48.68)</b>

Estimated annual revenue shift from Employee to Employer premium contributions for 0.75 - 0.99 FTEs (in millions) <sup>(10)</sup> :					
Agency		<b>N/A</b>	<b>0.20</b>	<b>0.40</b>	<b>0.40</b>
Universities		<b>N/A</b>	<b>0.22</b>	<b>0.44</b>	<b>0.44</b>

See Notes on Page 13

State Health Insurance Program			State of Florida DSGI							
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) <sup>(1)</sup> (In Millions)										
Reform	Effective Date	Revenue(R) Expense (E) Net <sup>(2)</sup>	Estimated Annual Fiscal Impact FY 2012-13							FY 2012-13 Total
			July-December				January-June			
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	
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) <sup>(3)</sup>	Jan 2012	R	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-
6. Other pass-through fees to include: Pharmaceutical industry fees 2.3% excise tax on medical devices Reinsurance	Jan 2011	E	NO REVENUES FOR THIS ITEM							
	Jan 2013	E	ALREADY EMBEDDED							
	Jan 2014	E	-	-	-	-	-	-	0.32	0.32
	Net	-	-	-	-	-	-	-	(0.32)	(0.32)
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	IMPACT WILL NOT OCCUR UNTIL 2013-14							
		E								
		Net								
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 Opt-Outs <sup>(4)</sup> Agency OPS <sup>(5)(6)</sup> Universities OPS <sup>(5)(7)</sup> Opt-Outs <sup>(4)</sup> Agency OPS <sup>(5)(6)</sup> Universities OPS <sup>(5)(7)</sup>	Jan 2014	R	IMPACT WILL NOT OCCUR UNTIL 2013-14							
		R								
		R								
		E								
		E								
		E								
Net										
<b>TOTAL REVENUES <sup>(8)</sup></b>			-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>			-	-	-	-	-	-	0.32	0.32
<b>NET TOTAL <sup>(9)</sup></b>			-	-	-	-	-	-	(0.32)	(0.32)

See Notes on Page 13

State Health Insurance Program			State of Florida DSGI									
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) <sup>(1)</sup> (In Millions)												
			Estimated Annual Fiscal Impact									
			FY 2013-14									
Reform	Effective Date	Revenue(R) Expense (E) Net <sup>(2)</sup>	July-December				January-June				FY 2013-14 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) <sup>(3)</sup>	Jan 2012	R	-	-	-	-	-	-	-	-		
		E	-	-	-	-	0.18	-	0.20	0.38		
		Net	-	-	-	-	(0.18)	-	(0.20)	(0.38)	(0.38)	
6. Other pass-through fees to include: Pharmaceutical industry fees 2.3% excise tax on medical devices Reinsurance	Jan 2011 Jan 2013 Jan 2014	NO REVENUES FOR THIS ITEM										
		E	ALREADY EMBEDDED									
		E	-	-	-	0.18	-	-	-	0.18	0.35	
		Net	-	-	-	(0.18)	-	-	-	(10.07)	(10.24)	
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		
		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 Opt-Outs <sup>(4)</sup> Agency OPS <sup>(5)(6)</sup> Universities OPS <sup>(5)(7)</sup> Opt-Outs <sup>(4)</sup> Agency OPS <sup>(5)(6)</sup> Universities OPS <sup>(5)(7)</sup>	Jan 2014	R	-	-	-	-	-	-	-	9.26	9.26	
		R	-	-	-	-	-	-	-	-	11.56	11.56
		R	-	-	-	-	-	-	-	-	21.92	21.92
		E	-	-	-	-	-	-	-	-	8.07	8.07
		E	-	-	-	-	-	-	-	-	12.28	12.28
		E	-	-	-	-	-	-	-	-	23.32	23.32
		Net	-	-	-	-	-	-	-	-	0.93	0.93
<b>TOTAL REVENUES <sup>(6)</sup></b>			-	-	-	-	-	-	-	42.74	42.74	
<b>TOTAL EXPENSES</b>			-	-	-	0.18	0.87	0.21	1.33	56.15	56.32	
<b>NET TOTAL <sup>(9)</sup></b>			-	-	-	(0.18)	(0.87)	(0.21)	(1.33)	(13.41)	(13.58)	

Estimated annual revenue shift from Employee to Employer premium contributions for 0.75 - 0.99 FTEs (in millions) <sup>(10)</sup> :		
Agency		0.20
Universities		0.22

See Notes on Page 13

State Health Insurance Program			State of Florida DSGI								
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) <sup>(1)</sup> (In Millions)											
			Estimated Annual Fiscal Impact								
			FY 2014-15								
Reform	Effective Date	Revenue(R) Expense (E) Net <sup>(2)</sup>	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) <sup>(3)</sup>	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	Jan 2011 Jan 2013 Jan 2014	E	NO REVENUES FOR THIS ITEM								
		E	ALREADY EMBEDDED								
		E	-	-	-	0.19	-	-	-	0.19	0.38
		Net	-	-	-	8.22	-	-	-	8.22	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	-	-	-	12.57	-	-	-	12.57	25.14
		R	-	-	-	9.91	-	-	-	9.91	19.82
		R	-	-	-	18.79	-	-	-	18.79	37.58
		E	-	-	-	13.08	-	-	-	13.08	26.16
		E	-	-	-	13.27	-	-	-	13.27	26.54
		E	-	-	-	25.18	-	-	-	25.18	50.36
		Net	-	-	-	(10.26)	-	-	-	(10.26)	(20.52)
<b>TOTAL REVENUES <sup>(8)</sup></b>			-	-	-	41.27	-	-	-	41.27	82.54
<b>TOTAL EXPENSES</b>			0.71	0.22	1.16	62.04	1.08	0.23	1.65	62.91	124.94
<b>NET TOTAL <sup>(9)</sup></b>			(0.71)	(0.22)	(1.16)	(20.77)	(1.08)	(0.23)	(1.65)	(21.64)	(42.40)

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

Agency	0.40
Universities	0.44

See Notes on Page 13

State Health Insurance Program			State of Florida DSGI								
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) <sup>(1)</sup> (In Millions)											
			Estimated Annual Fiscal Impact								
			FY 2015-16								
Reform	Effective Date	Revenue(R) Expense (E) Net <sup>(2)</sup>	July-December				January-June				FY 2015-16 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) <sup>(3)</sup>	Jan 2012	R	-	-	-	-	-	-	-	-	
		E	-	-	-	-	0.33	-	0.42	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	Jan 2011	E	NO REVENUES FOR THIS ITEM								
	Jan 2013	E	ALREADY EMBEDDED								
	Jan 2014	E	-	-	-	0.21	-	-	-	0.21	0.42
	Net	-	-	-	5.36	-	-	-	5.36	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	-	-	-	15.87	-	-	-	15.87	31.74
		R	-	-	-	9.91	-	-	-	9.91	19.82
		R	-	-	-	18.79	-	-	-	18.79	37.58
		E	-	-	-	18.97	-	-	-	18.97	37.94
		E	-	-	-	14.44	-	-	-	14.44	28.88
		E	-	-	-	27.41	-	-	-	27.41	54.82
		Net	-	-	-	(16.25)	-	-	-	(16.25)	(32.50)
<b>TOTAL REVENUES <sup>(6)</sup></b>			-	-	-	<b>44.57</b>	-	-	-	<b>44.57</b>	<b>89.14</b>
<b>TOTAL EXPENSES</b>			<b>0.71</b>	<b>0.22</b>	<b>1.16</b>	<b>68.48</b>	<b>1.08</b>	<b>0.23</b>	<b>1.65</b>	<b>69.35</b>	<b>137.82</b>
<b>NET TOTAL <sup>(9)</sup></b>			<b>(0.71)</b>	<b>(0.22)</b>	<b>(1.16)</b>	<b>(23.91)</b>	<b>(1.08)</b>	<b>(0.23)</b>	<b>(1.65)</b>	<b>(24.78)</b>	<b>(48.68)</b>

Estimated annual revenue shift from Employee to Employer premium contributions for 0.75 - 0.99 FTEs (in millions) <sup>(10)</sup> :		
Agency		0.40
Universities		0.44

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**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 of FY 2015-16 are projected using the analysis described in Notes 4 and 6.

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

(3) Patient-centered outcomes research institute fees have been shifted out one fiscal year to reflect when 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 \$4,114.18 (7-months premium) and Family enrollment by \$9,303.98 (7-months premium). For FY 2014-15, revenues are determined by multiplying 50% of Single enrollment by \$4,114.18 (7-months premium), 50% of Single enrollment by \$7,052.88 (12-months premium), 50% of Family enrollment by \$9,303.98 (7-months premium), and 50% of Family enrollment by \$15,949.68 (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) Current law prohibits participation in the State Group Insurance Program. If law is not amended, the state and other participating employers could be subject to penalties exceeding \$321.8 million annually.

(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 \$4,114.18 (7-months premium) and Family enrollment by \$9,303.98 (7-months premium). For FY 2014-15, revenues are determined by multiplying Single enrollment by \$7,052.88 (12-months premium) and Family enrollment by \$15,949.68 (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. 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 has indicated that there are an estimated 5,722 State University System OPS employees who work 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 are approximately 425 State Agency and University System employees who work 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
<b>1 + 2 - 3</b>	<b>3,720</b>	<b>5,883</b>	<b>5,445</b>	<b>5,669</b>	<b>5,246</b>	<b>6,408</b>	<b>5,813</b>	<b>5,708</b>	<b>5,590</b>	<b>5,897</b>	<b>5,806</b>	<b>5,543</b>
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%

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