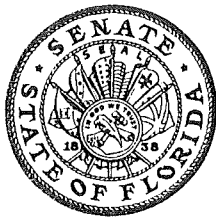


ANDER CRENSHAW
President

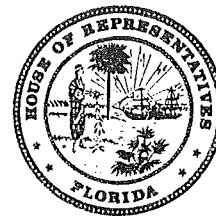
BO JOHNSON
Speaker



THE FLORIDA LEGISLATURE
JOINT LEGISLATIVE MANAGEMENT COMMITTEE

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MEMORANDUM

TO: Interested Parties

FROM: Pam Johnson *PJ*

SUBJECT: Outlook for the State Employees' Health Insurance Trust Fund

DATE: July 30, 1993

Attached for your information is the latest set of tables concerning the outlook for the State Employees' Health Insurance Trust Fund. The outlook has been modified from the January estimate only by including the final figures from 1992-93, which showed the Trust Fund ending balance at \$56.5 million, \$14.7 million higher than previously projected. The improved situation is due primarily to lower than expected claims for the State Plan, combined with higher than expected premium income. The higher beginning balance for 1993-94 results in an expected ending balance for 1993-94 of \$39.9 million, while the fund faces a deficit of \$36.8 million for 1994-95, absent any changes in benefits or premiums.

DR. PAM JOHNSON
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576 CLAUDE PEPPER BUILDING
C/O HOUSE MAIL ROOM
HAND DELIVER

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State Employees' Health Insurance Trust Fund
 Analysis of Income and Expenses
 1992-93

	Jan 1993 Estimate	Actual	Diff.
BEGINNING BALANCE	\$20.8	\$20.8	\$0.0
INCOME			
Retired Teachers Appropriation	\$3.9	\$3.9	\$0.0
Premiums--State	\$337.4	\$463.1	\$4.8
Premiums--Employees	\$87.2		
Premiums--Medicare Patients	\$19.0		
Premiums--Other Non-employees	\$14.7		
Interest	\$1.5	\$1.8	\$0.3
Transfer from Pretax Trust Fund	\$9.0	\$9.0	\$0.0
Other (COB's, audits and overpayment returns)	\$8.5	\$8.7	\$0.2
TOTAL INCOME	\$481.2	\$486.5	\$5.3
EXPENDITURES			
Blue Cross/Blue Shield Administered Claims	\$303.8	\$294.3	(\$9.5)
Prescription Drug Program Claims and Administration *	\$38.6	\$39.2	\$0.6
HMO Payments	\$105.3	\$106.0	\$0.7
Blue Cross/Blue Shield Administration	\$9.0	\$8.7	(\$0.3)
Division of State Employees' Insurance Administration	\$3.5	\$2.6	(\$0.9)
TOTAL EXPENDITURES	\$460.2	\$450.8	(\$9.4)
NET INCOME (INCOME LESS EXPENDITURES)	\$21.0	\$35.7	\$14.7
ENDING BALANCE	\$41.8	\$56.5	\$14.7

* The Prescription Drug program figures assume that the current contract discount of 18% for brand name drugs remains in place. Should the courts rule that a 12% discount must be observed, costs will increase by about \$250,000 per month

State Employees' Health Insurance Trust Fund
 Analysis of Income and Expenses
 1993-94

	<u>Jan 1993</u> <u>Estimate</u>	<u>July 1993</u> <u>Estimate</u>	<u>Diff.</u>
BEGINNING BALANCE	\$41.8	\$56.5	\$14.7
<u>INCOME</u>			
Retired Teachers Appropriation	\$3.9	\$3.9	\$0.0
Premiums--State	\$344.1	\$344.1	\$0.0
Premiums--Employees	\$88.9	\$88.9	\$0.0
Premiums--Medicare Patients	\$20.9	\$20.9	\$0.0
Premiums--Other Non-employees	\$15.3	\$15.3	\$0.0
Interest	\$1.5	\$1.5	\$0.0
Transfer from Pretax Trust Fund	\$9.5	\$9.5	\$0.0
Other (COB's, audits and overpayment returns)	\$9.0	\$9.0	\$0.0
TOTAL INCOME	<u>\$493.1</u>	<u>\$493.1</u>	<u>\$0.0</u>
<u>EXPENDITURES</u>			
Blue Cross/Blue Shield Administered Claims	\$331.2	\$331.2	\$0.0
Prescription Drug Program Claims and Administration *	\$44.7	\$44.7	\$0.0
HMO Payments	\$120.7	\$120.7	\$0.0
Blue Cross/Blue Shield Administration	\$9.6	\$9.6	\$0.0
Division of State Employees' Insurance Administration	\$3.5	\$3.5	\$0.0
TOTAL EXPENDITURES	<u>\$509.7</u>	<u>\$509.7</u>	<u>\$0.0</u>
NET INCOME (INCOME LESS EXPENDITURES)	(\$16.6)	(\$16.6)	\$0.0
ENDING BALANCE	<u>\$25.2</u>	<u>\$39.9</u>	<u>\$14.7</u>

* The Prescription Drug program figures assume that the current contract discount of 18% for brand name drugs remains in place. Should the courts rule that a 12% discount must be observed, costs will increase by about \$250,000 per month

State Employees' Health Insurance Trust Fund
 Analysis of Income and Expenses
 1994-95

	Jan 1993 Estimate	July 1993 Estimate	Diff.
BEGINNING BALANCE	\$25.2	\$39.9	\$14.7
INCOME			
Retired Teachers Appropriation	3.9	\$3.9	\$0.0
Premiums--State	357.9	\$357.9	\$0.0
Premiums--Employees	92.5	\$92.5	\$0.0
Premiums--Medicare Patients	23	\$23.0	\$0.0
Premiums--Other Non-employees	15.7	\$15.7	\$0.0
Interest	1.5	\$1.5	\$0.0
Transfer from Pretax Trust Fund	10	\$10.0	\$0.0
Other (COB's, audits and overpayment returns)	9.5	\$9.5	\$0.0
TOTAL INCOME	\$514.0	\$514.0	\$0.0
EXPENDITURES			
Blue Cross/Blue Shield Administered Claims	385.9	\$385.9	\$0.0
Prescription Drug Program Claims and Administration *	52.6	\$52.6	\$0.0
HMO Payments	137.8	\$137.8	\$0.0
Blue Cross/Blue Shield Administration	10.9	\$10.9	\$0.0
Division of State Employees' Insurance Administration	3.5	\$3.5	\$0.0
TOTAL EXPENDITURES	\$590.7	\$590.7	\$0.0
NET INCOME (INCOME LESS EXPENDITURES)	(\$76.7)	(\$76.7)	\$0.0
ENDING BALANCE	(\$51.5)	(\$36.8)	\$14.7

* The Prescription Drug program figures assume that the current contract discount of 18% for brand name drugs remains in place. Should the courts rule that a 12% discount must be observed, costs will increase by about \$250,000 per month