

Self-Insurance Estimating Conference
State Employees' Group Health Self-Insurance Trust Fund
Executive Summary
March 3, 2023

The Outlook for the State Employees' Group Health Self-Insurance Trust Fund has been revised to reflect actual enrollment and cash flows through January 2023; revised Investment Earnings rates; revised claims trends for Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) pharmacy claims; new fully insured Insurance Premium rates, effective December 2022 for January 2023; new Medicare Advantage Prescription Drug (MA-PD) Plan rates, effective December 2022 for January 2023; revised growth factors for PPO and HMO medical claims for FY 2022-23; and revised projections for the Shared Savings Program. The fund is expected to remain solvent only through the current year.

For FY 2022-23, the ending cash balance increased from \$427.7 million to \$500.0 million after having \$200 million added to that year's beginning balance (Ch. 2022-156 (HB 5001) - Section 199). The forecast for subsequent years shows that expenses are expected to exceed revenues by amounts that generate negative cash balances of \$4.1 million in FY 2023-24, \$742.4 million in FY 2024-25, \$986.7 million in FY 2025-26, \$1,234.9 million in FY 2026-27, and \$1,559.2 million in FY 2027-28. The escalating negatives occur even though the Conference assumes that each year's deficit is cleared prior to the beginning of the next year. A major contributing factor to the changes in ending cash balances is lowered expectations regarding enrollment in the short term with enrollee expenses slightly lower for those that remain. In this regard, enrollment in FY 2022-23 is 360 lower than expected in August. Similarly, the expected enrollment is 2,310 lower in FY 2023-24 when compared to the prior forecast, with total projected expenses for those that remain slightly lower than previous projections.

Even though enrollment projections were decreased for all years in the forecast compared to the August 2022 forecast, the growth in enrollment beginning in FY 2023-24 reflects the Conference's expectation that the atypically large number of current vacancies will slowly begin to reverse.

A complete Executive Summary outlining all of the changes since the August 2022 Conference can be found at the beginning of the *Report on Financial Outlook* used as the conference packet. The following table shows the **major** net changes between the March 2023 and August 2022 forecasts. Note that lower than expected expenses benefit the bottom line.

Financial Outlook for FY2022-23 and FY 2023-24
Changes to Conference Forecast – August 2022 Compared to March 2023
(In Millions)

	FY 2022-23			FY 2023-24		
	10-Aug	3-Mar	Difference	10-Aug	3-Mar	Difference
Beginning Cash Balance	\$806.60	\$806.60	\$0.00	\$427.70	\$500.00	\$72.30
Total Revenues	\$2,789.60	\$2,787.40	(\$2.20)	\$2,846.60	\$2,800.50	(\$46.10)
Total Expenses	\$3,168.50	\$3,094.00	(\$74.50)	\$3,443.30	\$3,304.60	(\$138.70)
Ending Cash Balance	\$427.70	\$500.00	\$72.30	(\$169.00)	(\$4.10)	\$164.90

Slight differences in results due to rounding.