

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

**Report on the Financial Outlook**

**For the Fiscal Years Ending June 30, 2001, 2002 & 2003**

**February 27, 2001**

**Prepared by: Department of Management Services  
Division of State Group Insurance  
Bureau of Accounting & Financial Management**

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**FINANCIAL OVERVIEW**

The purpose of the financial overview is to provide pertinent information about the outlook for the State Employees' Group Health Self-Insurance Trust Fund for the fiscal years ending June 30, 2001, 2002 & 2003. In accordance with Sec. 216.136(11), *Florida Statutes*, this outlook has been prepared for presentation to the principals and participants associated with the Self-Insurance Estimating Conference. The exhibits that follow provide further information about projected enrollment, the projected financial position of the Trust Fund, and actual and projected component costs of the Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) Plans.

**Table 1. Financial Outlook**

	FY 2000-01	FY 2001-02	FY 2002-03
BEGINNING CASH BALANCE	115.2	86.4	00.0
REVENUES	761.1	759.5	764.2
EXPENSES	789.9	880.8	989.3
OPERATING GAIN/(LOSS)	<u>(28.8)</u>	<u>(121.3)</u>	<u>(225.1)</u>
<b>ENDING CASH BALANCE</b>	<b>86.4</b>	<b>(34.9)</b>	<b>(225.1)</b>

**Outlook for Fiscal Year 2000-01**

Our current projection for fiscal year 2000-01 indicates an ending cash balance of \$86.4 million, down \$6.8 million from our previous projection of \$93.2 million resulting from the Self-Insurance Estimating Conference held on October 23, 2000. Premium collections and other revenues are projected to fall short of program expenses by \$28.8 million, or 3.9% of premiums. However, the outlook indicates that the Trust Fund will remain solvent through the fiscal year.

**Outlook for Fiscal Year 2001-02**

Our current projection for fiscal year 2001-02 indicates an ending cash deficit of (\$34.9) million, down \$20.0 million from our previous deficit projection of (\$14.9) million also resulting from the Self-Insurance Estimating Conference held on October 23, 2000. More importantly, our projection indicates an operating loss of \$121.3 million for the year. This operating loss (16.5% of premiums) represents an average cash shortfall of approximately \$10 million, per month. Because the Trust Fund is projected to have a beginning cash balance of \$86.4 million for the year, this sizable surplus will help sustain solvency through February 2002. However, due to timing differences between premium collections resulting from the biweekly and monthly payrolls and scheduled bank deposits to cover PPO Plan claim payments and HMO premium

payments, a higher deficit of (\$51.3) million is projected prior to fiscal year end. Variances in the projected cash positions for fiscal year 2000-01 and 2001-02, as compared to previous projections, are primarily driven by changes in enrollment assumptions between the PPO and HMO Plans, and increases in the PPO Plan's medical cost and utilization assumption.

### **Outlook for Fiscal Year 2002-03**

As required for this conference, we have included our first outlook for fiscal year 2002-03. Our current projection indicates an unprecedented ending cash deficit of (\$225.1) million, or a cumulative deficit of (\$260.0) million for fiscal years 2001-02 and 2002-03. Recognizing that the Trust Fund cannot begin the year in a deficit situation, the ending cash deficit represents a substantial operating loss of \$225.1 million for the year. This operating loss (30.4% of premiums) represents an average cash shortfall of approximately \$18.8 million, per month.

### **Factors Significantly Impacting Program Costs**

There are factors that are significantly impacting Program costs. These factors are not unique to the State Group Health Insurance Program. While a detailed discussion of the national healthcare issues impacting employer-sponsored health insurance plans is beyond the scope of this report, we have provided those factors that are most prevalent for explanatory purposes.

We will address the PPO and HMO Plans separately. However, common to both plans is an aging enrollment population. Enrollment patterns continue to indicate that the retiree risk pool is increasing in count representing a higher percentage of total enrollment. Retiree enrollment currently represents 15.4% of total enrollment as compared to 13.1% five years ago, an increase of 17.5%. Retiree enrollment is projected to represent 16.4% of total enrollment by fiscal year 2002-03. Consistent with industry norms, retiree medical and pharmaceutical costs are significantly outpacing the cost for active employees.

### **PPO Plan**

- The medical care component of the Consumer Price Index (CPI) showed marginal increases in medical care prices throughout the 1990's. However, health insurance costs have been rising at double the inflation rate for the past three years. According to the results of recent surveys of large employer-sponsored healthcare programs, total PPO Plan costs are expected to increase by approximately 12.5%–13.0% during 2001. Directional cost indicators associated with State's PPO Plan experience is indicating a marginally lower trend of 11.7% during the forecasted period. Total PPO Plan costs are comprised of both medical costs (10.9% trend) and pharmaceutical costs (19.0% trend). A variance of one-percent between actual costs and trended costs will affect the Trust Fund by approximately \$5.5 million, annually.
- PPO Plan medical costs continue to rise primarily as a result of increasing utilization of inpatient and outpatient medical services, types and mixes of services rendered, price inflation, and provider contract restructuring.

- Pharmaceutical costs continue to significantly outpace overall medical inflation. The spiraling cost of pharmaceutical benefits (18%-22% increases annually) continues to represent a serious underwriting challenge that is essentially national in nature. Following are factors significantly affecting the cost of prescriptions.
  - Increases in utilization as a result of the overall aging of the workforce and retiree community.
  - Direct to consumer marketing campaigns, which create significant demand for high-cost branded medications.
  - The introduction of breakthrough medications that provide better outcomes.
  - The high cost of pharmaceutical research and development. (The Pharmaceutical Manufacturers of America estimate that it costs \$500 million to research and develop one new drug.)

Healthcare economists predict prescription drug costs will continue to increase over the next five years. However, the rate of growth is expected to be lower due to speculation of political pressure on the pharmaceutical manufacturers.

#### HMO Plans

- HMO costs are rising faster than in past years. This phenomenon is partly caused by rising pharmaceutical costs, increasing government mandated benefits, increasing consumer protection laws, provider contract restructuring, and other price affecting issues similar to the PPO Plan. Beginning with calendar year 1999, the State has increased the overall premium payments to participating HMO vendors by 14.5% (1999), 13.3% (2000), and 15.0% (2001) after relatively stable premiums for a period of time preceding 1999. Preliminary information from the participating HMO vendors, including informal discussions with principals of the HMO Plans, suggests that an overall rate increase greater than any of the three previous increases is necessary for calendar year 2002.
- Our projections include an increase in HMO premium payments of 10%, effective January 1, 2002, and again on January 1, 2003. This assumption is consistent with projections resulting from national surveys, and is also consistent with our previous outlook. However, the outcome of the HMO contract negotiations to be conducted in spring of 2001 will determine the actual increase. A variance of one-percent between the actual and assumed increase will affect the Trust Fund by approximately \$3.5 million, annually. It is important to note that if HMO vendors incur sustained underwriting losses inconsistent with business strategies, it is likely that certain, if not all, HMO Plans will withdraw from coverage in various service areas, or from the Program entirely.

#### PPO/HMO Plan Cost Comparison

- A comparison of the projected average annual cost per enrollee between the PPO Plan (\$5,227) and the HMO Plan (\$5,210) for fiscal year 2001-02, shows that the PPO Plan is projected to cost the Trust Fund approximately \$17, or .3%, more per enrollee than the HMO

Plan. A comparison of the projected average annual cost per enrollee between the PPO Plan (\$5,875) and the HMO Plan (\$5,723) for fiscal year 2002-03, shows that the PPO Plan is projected to cost the Trust Fund approximately \$152, or 2.7%, more per enrollee than the HMO Plan. Note, however, that the projected average annual costs per enrollee between the PPO and HMO Plans are highly sensitive to the assumptions used. For example, if actual PPO Plan experience does not vary from that which has been projected, and HMO premiums increase at a rate equal to, or greater than, 13.0% (higher increases have been suggested), than the projected average annual cost per enrollee in the PPO Plan will be less than that of the HMO Plan.

### **Enrollment**

- Total Program enrollment is projected to continue increasing (.73% annually) to an average enrollment of 166,572 by fiscal year 2002-03. PPO Plan enrollment is projected to continue to gain a larger portion of total Program enrollment. The enrollment distribution is projected to be 61% in the PPO Plan and 39% in the HMO Plan. Enrollment patterns are suggesting that new enrollees entering the Program during the year will select the PPO Plan and HMO Plans at a ratio of 4:6. Conversely, increased net enrollment resulting from Open Enrollment will distribute solely to the PPO Plan, as experienced over the last three years.

In summary, our projections indicate that the Trust Fund is facing serious solvency challenges. Trust Fund payments are projected to increase on average by 12.2% annually during the forecasted period while premium collections and other revenues remain relatively level. In order for the Trust Fund to sustain a structural balance, revenues and expenses must annually coincide with one another. Because the annual increases in costs are trend driven as opposed to an isolated event, attention should be given to the current plan and benefit design, as well as the system for financing premiums.

Please be advised that the results of our projections to arrive at the ending cash positions are highly sensitive to the assumptions and methodologies used. Cash positions could differ from the results presented to the extent that actual experience varies from that which was assumed. Although we are aware that actual utilization and cost experience will vary by risk pool, we have applied assumptions and trended appropriate experience in the aggregate for the PPO and HMO Plan without risk pool adjustment. In addition, we have made no adjustment to cost data to account for geographic price differences. Nevertheless, we believe that the results of our projections reasonably present the Trust Fund's financial outlook through the forecasted period.

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Exhibit I  
Comparison of Financial Outlooks

**Fiscal Year 2000-01**

(In Millions)

\$	<b>93.2</b>	<b>Previously Forecasted Ending Cash Balance (Outlook 10-00)</b>
	(2.1)	Estimated Decrease in Forecasted Revenues
		\$ (2.4) - Decrease in premium collections due to decreased enrollment and changes in enrollment distribution by coverage type.
		\$ 0.3 - Increase in actual interest earnings above previous estimates.
	(4.7)	Estimated Increase in Forecasted Expenses
		\$ (9.6) - Increase in PPO Plan medical claims expense due to increased utilization and cost (\$8.5 million) and increased enrollment (\$1.1 million).
		\$ 1.4 - Decrease in PPO Plan prescription drug costs due to a cash flow adjustment to account for actual PBM transition activity. Cash flow adjustment more than offsets increased cost due to increased enrollment.
		\$ 3.2 - Decrease in HMO premiums due to decreased enrollment.
		\$ (0.1) - Increase in TPA ASO Fee due to increased enrollment.
		\$ 0.4 - Decrease in Other Expenses.
\$	<b><u>86.4</u></b>	<b>Current Forecasted Ending Cash Balance</b>

**Fiscal Year 2001-02**

(In Millions)

\$	<b>(14.9)</b>	<b>Previously Forecasted Ending Cash Balance (Outlook 10-00)</b>
	(6.8)	Funding and expense activity as listed above.
	(3.4)	Estimated Decrease in Forecasted Revenues
		\$ (3.0) - Decrease in premium collections due to decreased enrollment and changes in enrollment distribution by coverage type.
		\$ (0.4) - Decrease in interest earnings due to lower monthly cash balances.
	(9.8)	Estimated Increase in Forecasted Expenses
		\$ (17.1) - Increase in PPO Plan medical claims expense due to increased utilization and cost (\$13.1 million) and increased enrollment (\$4.0 million).
		\$ (0.5) - Increase in PPO Plan prescription drug costs due to increased enrollment.
		\$ 8.4 - Decrease in HMO premiums due to decreased enrollment.
		\$ (1.0) - Increase in TPA ASO Fee due to increased enrollment and contract renewal assumption.
		\$ 0.4 - Decrease in Other Expenses.
\$	<b><u>(34.9)</u></b>	<b>Current Forecasted Ending Cash Balance</b>

- It should be noted that changes in enrollment projections inherently impact certain revenue and expense items.

**Exhibit II**  
**Financial Outlook**  
 Fiscal Year 2000-01  
 (In Millions)

	(A) Financial Outlook October '00	(B) Financial Outlook February '01	(B) - (A) Difference
<b>BEGINNING CASH BALANCE <sup>(1)</sup></b>	\$ 115.2	\$ 115.2	\$ 0.0
<b>REVENUES:</b>			
Insurance Premiums:			
State Contributions	551.6	549.1	(2.5)
Employee Contributions	117.7	117.6	(0.1)
Medicare Contributions	39.7	40.6	0.9
Early Retiree Contributions	22.1	21.2	(0.9)
COBRA Contributions	4.4	4.6	0.2
Interest on Investments	6.3	6.6	0.3
TPA Refunds/PBM Rebates	9.4	9.4	0.0
Pre-Tax Trust Fund Transfer	12.0	12.0	0.0
Other Revenues	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	<b>\$ 763.2</b>	<b>\$ 761.1</b>	<b>\$ (2.1)</b>
<b>TOTAL CASH AVAILABLE</b>	<b>878.4</b>	<b>876.3</b>	<b>(2.1)</b>
<b>EXPENSES:</b>			
PPO Plan - Medical Claims	\$ 319.7	\$ 329.3	\$ 9.6
PPO Plan - Prescription Drug Claims	124.1	122.7	(1.4)
HMO Premiums	302.4	299.2	(3.2)
ASO Fee - TPA	30.5	30.6	0.1
ASO Fee - PBM	0.1	0.1	0.0
DSGI Administrative Costs	6.4	6.4	0.0
Premium Refunds	1.2	1.2	0.0
Other Expenses	0.8	0.4	(0.4)
<b>TOTAL EXPENSES</b>	<b>\$ 785.2</b>	<b>\$ 789.9</b>	<b>\$ 4.7</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ (22.0)</b>	<b>\$ (28.8)</b>	<b>\$ (6.8)</b>
<b>ENDING CASH BALANCE <sup>(1)</sup></b>	<b>\$ 93.2</b>	<b>\$ 86.4</b>	<b>\$ (6.8)</b>
<u>Average Eligible Enrollment</u>			
PPO Plan	99,499	99,861	362
HMO Plans	64,948	64,390	(558)
Total	164,447	164,251	(196)

**Note:**

(1) Excludes Zero Interest Certificate of Deposit (\$3.5 million) and cash balances (\$3.5 million) maintained in bank accounts.



**Exhibit III**  
**Financial Outlook**  
**Fiscal Year 2001-02**  
(In Millions)

	(A) Financial Outlook <u>October '00</u>	(B) Financial Outlook <u>February '01</u>	(B) - (A) <u>Difference</u>
<b>BEGINNING CASH BALANCE <sup>(1)</sup></b>	\$ 93.2	\$ 86.4	\$ (6.8)
<b>REVENUES:</b>			
Insurance Premiums:			
State Contributions	550.7	549.0	(1.7)
Employee Contributions	118.1	117.5	(0.6)
Medicare Contributions	43.5	42.9	(0.6)
Early Retiree Contributions	22.2	22.1	(0.1)
COBRA Contributions	4.4	4.4	0.0
Interest on Investments	2.6	2.2	(0.4)
TPA Refunds/PBM Rebates	9.4	9.4	0.0
Pre-Tax Trust Fund Transfer	12.0	12.0	0.0
Other Revenues	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	\$ 762.9	\$ 759.5	\$ (3.4)
<b>TOTAL CASH AVAILABLE</b>	<u>856.1</u>	<u>845.9</u>	<u>(10.2)</u>
<b>EXPENSES:</b>			
PPO Plan - Medical Claims	\$ 348.4	\$ 365.5	\$ 17.1
PPO Plan - Prescription Drug Claims	144.0	144.5	0.5
HMO Premiums	338.4	330.0	(8.4)
ASO Fee - TPA	31.8	32.8	1.0
ASO Fee - PBM	0.0	0.0	0.0
DSGI Administrative Costs	6.4	6.4	0.0
Premium Refunds	1.2	1.2	0.0
Other Expenses	0.8	0.4	(0.4)
<b>TOTAL EXPENSES</b>	\$ 871.0	\$ <u>880.8</u>	\$ 9.8
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (108.1)	\$ (121.3)	\$ (13.2)
<b>ENDING CASH BALANCE <sup>(1)</sup></b>	\$ (14.9)	\$ (34.9)	\$ (20.0)
<u>Average Eligible Enrollment</u>			
PPO Plan	100,894	102,054	1,160
HMO Plans	64,858	63,341	(1,517)
Total	<u>165,752</u>	<u>165,395</u>	<u>(357)</u>

**Note:**

(1) Excludes Zero Interest Certificate of Deposit (\$3.5 million) and cash balances (\$3.5 million) maintained in bank accounts.

**Exhibit IV**  
**Financial Outlook**  
**Fiscal Year 2002-03**  
(In Millions)

	(A) Financial Outlook October '00	(B) Financial Outlook February '01	(B) - (A) Difference
<b>BEGINNING CASH BALANCE <sup>(1)</sup></b>	\$ 0.0	\$ 0.0	\$ 0.0
<b>REVENUES:</b>			
Insurance Premiums:			
State Contributions	0.0	549.7	549.7
Employee Contributions	0.0	117.8	117.8
Medicare Contributions	0.0	45.2	45.2
Early Retiree Contributions	0.0	23.2	23.2
COBRA Contributions	0.0	4.1	4.1
Interest on Investments	0.0	0.0	0.0
TPA Refunds/PBM Rebates	0.0	12.2	12.2
Pre-Tax Trust Fund Transfer	0.0	12.0	12.0
Other Revenues	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	\$ 0.0	\$ 764.2	\$ 764.2
<b>TOTAL CASH AVAILABLE</b>	0.0	764.2	764.2
<b>EXPENSES:</b>			
PPO Plan - Medical Claims	\$ 0.0	\$ 412.5	\$ 412.5
PPO Plan - Prescription Drug Claims	0.0	174.8	174.8
HMO Premiums	0.0	358.9	358.9
ASO Fee - TPA	0.0	35.1	35.1
ASO Fee - PBM	0.0	0.0	0.0
DSGI Administrative Costs	0.0	6.4	6.4
Premium Refunds	0.0	1.2	1.2
Other Expenses	0.0	0.4	0.4
<b>TOTAL EXPENSES</b>	\$ 0.0	\$ 989.3	\$ 989.3
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 0.0	\$ (225.1)	\$ (225.1)
<b>ENDING CASH BALANCE <sup>(1)</sup></b>	\$ 0.0	\$ (225.1)	\$ (225.1)
<b>Average Eligible Enrollment</b>			
PPO Plan	0	103,855	103,855
HMO Plans	0	62,717	62,717
Total	0	166,572	166,572

**Note:**

(1) Excludes Zero Interest Certificate of Deposit (\$3.5 million) and cash balances (\$3.5 million) maintained in bank accounts.

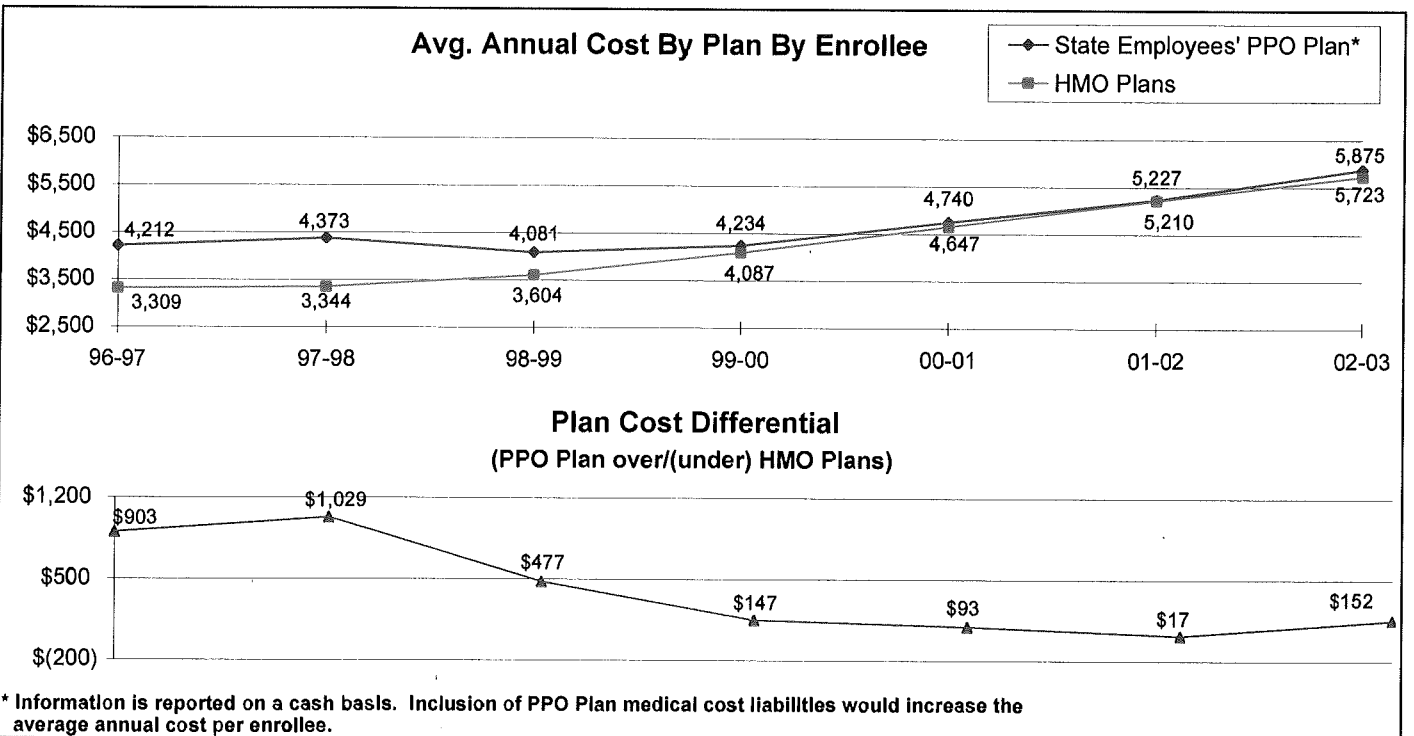
**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

**Exhibit V  
Comparison of Annual Cash Disbursements By Plan Type <sup>(1)</sup>**

(In Millions)

<b>State Employees' PPO Plan Costs</b>							
	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>
Medical Claims	\$ 331.8	\$ 319.7	\$ 275.6	\$ 289.5	\$ 329.3	\$ 365.5	\$ 412.5
Prescription Drug Claims	56.5	68.1	85.1	100.9	122.7	144.5	174.8
ASO Fee - TPA	9.1	19.6	30.1	28.3	30.6	32.8	35.1
ASO Fee - PBM	0.4	0.1	0.1	0.1	0.1	0.0	0.0
<b>Total Claims Paid and ASO Fees</b>	<b>\$ 397.8</b>	<b>\$ 407.5</b>	<b>\$ 390.9</b>	<b>\$ 418.8</b>	<b>\$ 482.7</b>	<b>\$ 542.8</b>	<b>\$ 622.4</b>
Avg. Number of Enrollees	<u>92,838</u>	<u>91,263</u>	<u>93,350</u>	<u>96,262</u>	<u>99,861</u>	<u>102,054</u>	<u>103,855</u>
<b>Avg. Annual Gross Cost Per Enrollee</b>	<b>\$ 4,285</b>	<b>\$ 4,465</b>	<b>\$ 4,187</b>	<b>\$ 4,351</b>	<b>\$ 4,834</b>	<b>\$ 5,319</b>	<b>\$ 5,993</b>
Total Claims Paid and ASO Fees	\$ 397.8	\$ 407.5	\$ 390.9	\$ 418.8	\$ 482.7	\$ 542.8	\$ 622.4
Less: Refunds & Rebates	(6.8)	(8.4)	(9.9)	(11.2)	(9.4)	(9.4)	(12.2)
<b>Total Net Cost</b>	<b>\$ 391.0</b>	<b>\$ 399.1</b>	<b>\$ 381.0</b>	<b>\$ 407.6</b>	<b>\$ 473.3</b>	<b>\$ 533.4</b>	<b>\$ 610.2</b>
Avg. Number of Enrollees	<u>92,838</u>	<u>91,263</u>	<u>93,350</u>	<u>96,262</u>	<u>99,861</u>	<u>102,054</u>	<u>103,855</u>
<b>Avg. Annual Net Cost Per Enrollee</b>	<b>\$ 4,212</b>	<b>\$ 4,373</b>	<b>\$ 4,081</b>	<b>\$ 4,234</b>	<b>\$ 4,740</b>	<b>\$ 5,227</b>	<b>\$ 5,875</b>

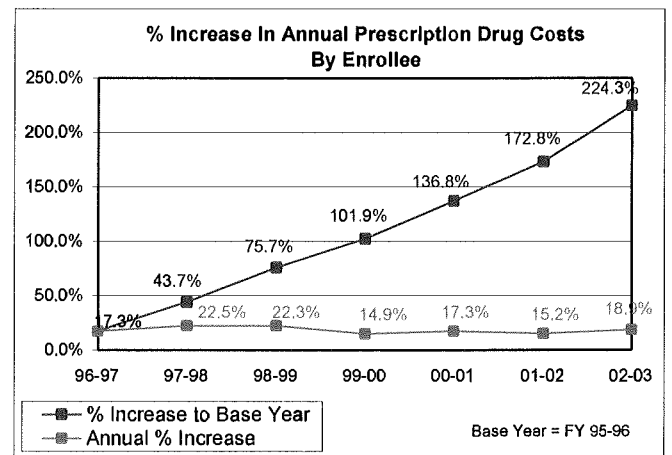
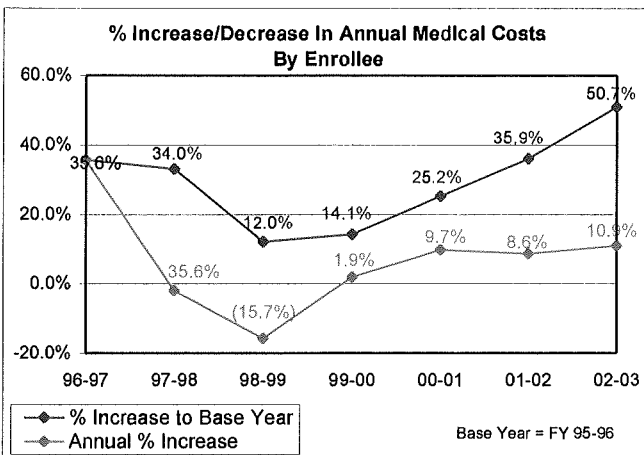
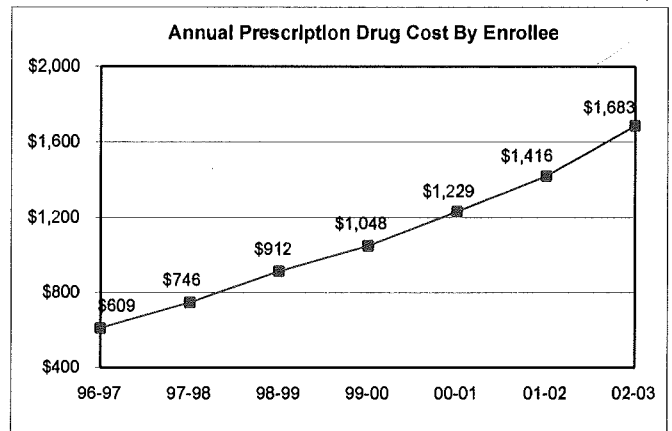
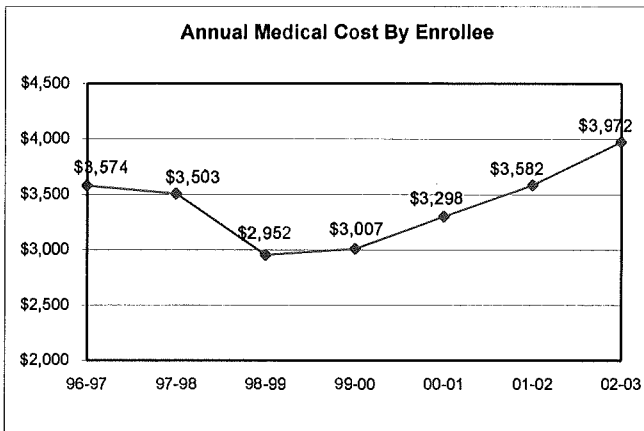
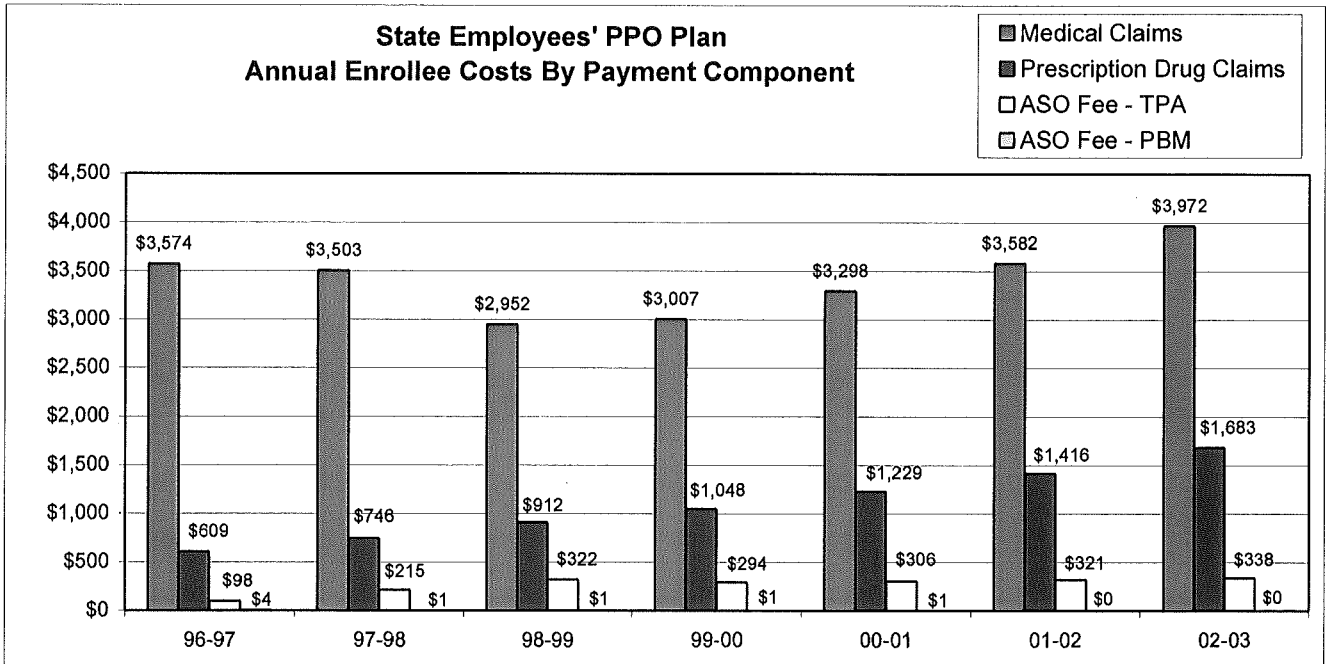
<b>HMO Plan Cost</b>							
	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>
HMO Premiums	\$ 211.9	\$ 226.4	\$ 244.3	\$ 272.6	\$ 299.2	\$ 330.0	\$ 358.9
Avg. Number of Enrollees	<u>64,042</u>	<u>67,710</u>	<u>67,777</u>	<u>66,702</u>	<u>64,390</u>	<u>63,341</u>	<u>62,717</u>
<b>Avg. Annual Cost Per Enrollee</b>	<b>\$ 3,309</b>	<b>\$ 3,344</b>	<b>\$ 3,604</b>	<b>\$ 4,087</b>	<b>\$ 4,647</b>	<b>\$ 5,210</b>	<b>\$ 5,723</b>



Note:

(1) Costs exclude enrollees out-of-pocket expenses, such as deductibles, coinsurance and copayments.

Exhibit VI  
 State Employees' PPO Plan  
 Annual Component Cash Disbursements & Trends <sup>(1)(2)</sup>  
 (Actual/Estimate)



**Notes:**

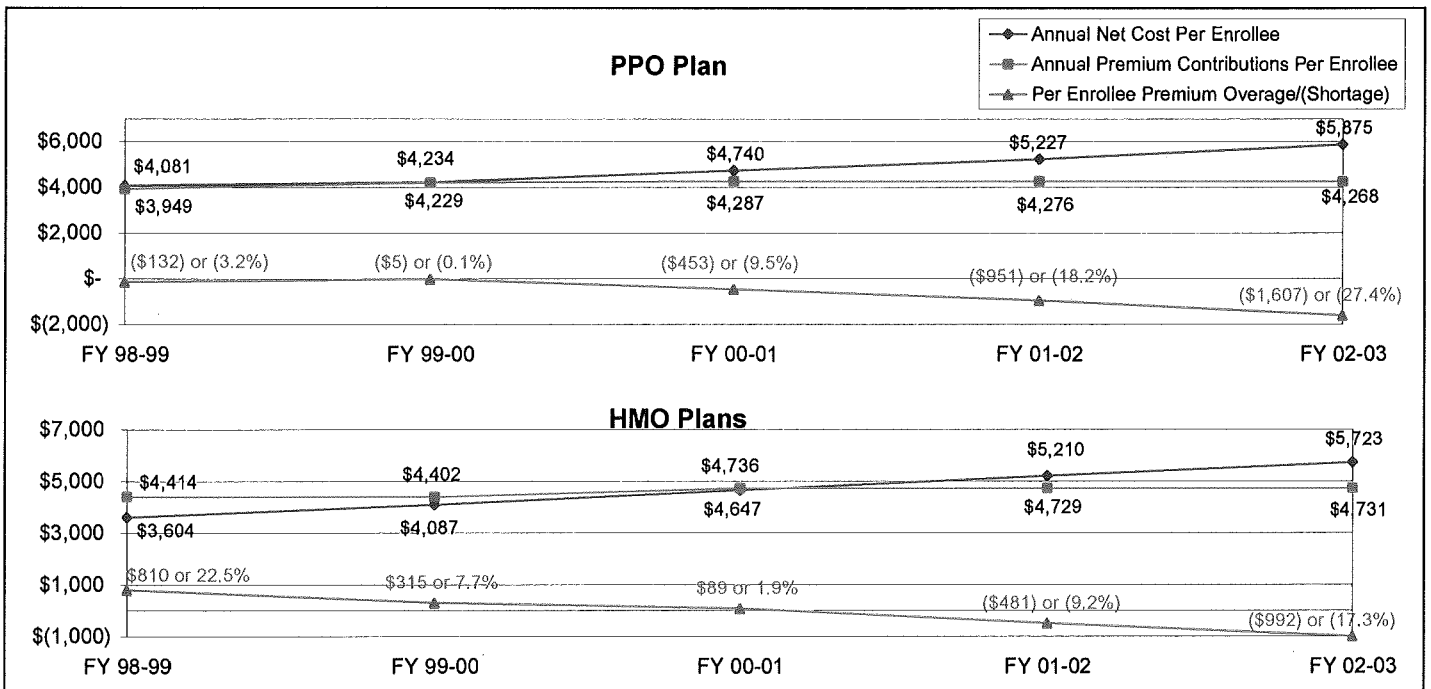
- (1) Information is reported on a cash basis. Inclusion of PPO Plan medical cost liabilities would increase the average annual cost per enrollee.
- (2) Costs exclude enrollees out-of-pocket expenses, such as deductibles, coinsurance and copayments.

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**Exhibit VII**  
**Comparison of Annual Plan Cash Disbursements to Premium Collections <sup>(1)</sup>**  
(In Millions)

<b>Annual Costs</b>					
	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>
<b>PPO Plan</b>					
Total Net Cost	\$ 381.0	\$ 407.6	\$ 473.3	\$ 533.4	\$ 610.2
Avg. Number of Enrollees	93,350	96,262	99,861	102,054	103,855
Avg. Annual Net Cost Per Enrollee <sup>(1)</sup>	<b>\$ 4,081</b>	<b>\$ 4,234</b>	<b>\$ 4,740</b>	<b>\$ 5,227</b>	<b>\$ 5,875</b>
<b>HMO Plans</b>					
Total Premium Payments	\$ 244.3	\$ 272.6	\$ 299.2	\$ 330.0	\$ 358.9
Avg. Number of Enrollees	67,777	66,702	64,390	63,341	62,717
Avg. Annual Cost Per Enrollee	<b>\$ 3,604</b>	<b>\$ 4,087</b>	<b>\$ 4,647</b>	<b>\$ 5,210</b>	<b>\$ 5,723</b>

<b>Annual Premium Contributions</b>					
	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>
<b>PPO Plan</b>					
Total Premium Contributions	\$ 368.7	\$ 407.1	\$ 428.1	\$ 436.4	\$ 443.3
Avg. Number of Enrollees	93,350	96,262	99,861	102,054	103,855
Avg. Annual Premium Contributions Per Enrollee	<b>\$ 3,949</b>	<b>\$ 4,229</b>	<b>\$ 4,287</b>	<b>\$ 4,276</b>	<b>\$ 4,268</b>
<b>HMO Plans</b>					
Total Premium Contributions	\$ 299.2	\$ 293.6	\$ 305.0	\$ 299.5	\$ 296.7
Avg. Number of Enrollees	67,777	66,702	64,390	63,341	62,717
Avg. Annual Premium Contributions Per Enrollee	<b>\$ 4,414</b>	<b>\$ 4,402</b>	<b>\$ 4,736</b>	<b>\$ 4,729</b>	<b>\$ 4,731</b>



**Note:**

(1) Information is reported on a cash basis. Inclusion of PPO Plan medical cost liabilities would increase the average annual net cost per enrollee.

Exhibit VIII  
Open Enrollment Results  
By Plan Type

	Dec-00	Jan-01	Change	
			Net	%
<b>PPO Plan</b>	<b>98,793</b>	<b>101,063</b>	<b>2,270</b>	<b>2.3%</b>
<b>HMO Plan</b>	<b>65,078</b>	<b>63,522</b>	<b>(1,556)</b>	<b>(2.4%)</b>
Avmed	15,967	15,730	(237)	(1.5%)
Capital Health	19,461	19,603	142	0.7%
Florida Health	1,268	1,215	(53)	(4.2%)
Health Plan SE	10,517	9,133	(1,384)	(13.2%)
HIP	1,471	1,334	(137)	(9.3%)
JMH	251	258	7	2.8%
Prudential	16,143	16,249	106	0.7%
<b>Total</b>	<b>163,871</b>	<b>164,585</b>	<b>714</b>	<b>0.4%</b>

Exhibit IX  
Premium Rate Table

Effective October 1, 1999								
Category	Coverage		Biweekly Contribution			Monthly Contribution		
	Type	Code	State	Enrollee	Total	State	Enrollee	Total
Active Full-Time Employees <sup>(1)</sup>	Single	01	\$95.76	\$16.15	\$111.91	\$191.52	\$32.30	\$223.82
	Family	02	\$195.80	\$58.10	\$253.90	\$391.60	\$116.20	\$507.80
	Spouse	22	\$126.95	\$0.00	\$126.95	\$253.90	\$0.00	\$253.90
	Spouse	89	\$126.95	\$0.00	\$126.95	\$253.90	\$0.00	\$253.90

Effective January 1, 2000								
Category	Coverage		Biweekly Contribution			Monthly Contribution		
	Type	Code	State	Enrollee	Total	State	Enrollee	Total
COBRA Participants	Single	9	\$0.00	\$0.00	\$0.00	\$0.00	\$228.30	\$228.30
	Family	10	\$0.00	\$0.00	\$0.00	\$0.00	\$517.96	\$517.96
Early Retirees <sup>(2)</sup>	Single	61	\$0.00	\$0.00	\$0.00	\$0.00	\$223.82	\$223.82
	Family	62	\$0.00	\$0.00	\$0.00	\$0.00	\$507.80	\$507.80
Medicare Participants <sup>(2)</sup>	(I) One Eligible	63	\$0.00	\$0.00	\$0.00	\$0.00	\$119.03	\$119.03
	(II) One Under/Over	64	\$0.00	\$0.00	\$0.00	\$0.00	\$342.86	\$342.86
	(III) Both Eligible	65	\$0.00	\$0.00	\$0.00	\$0.00	\$238.05	\$238.05

**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) The actual premium rate for some retirees participating in an HMO plan may differ than what is presented.

Exhibit X  
Abbreviations

<b>Adj.</b>	.....	Adjusted
<b>Avg.</b>	.....	Average
<b>ASO</b>	.....	Administrative Services Only
<b>BCBSF</b>	.....	Blue Cross Blue Shield of Florida, Inc.
<b>COBRA</b>	.....	Consolidated Omnibus Budget Reconciliation Act of 1985
<b>CY</b>	.....	Calendar Year
<b>DSGI</b>	.....	Division of State Group Insurance
<b>EHS</b>	.....	Eckerd Health Services, Inc.
<b>Est.</b>	.....	Estimate
<b>F.S.</b>	.....	Florida Statutes
<b>FTE</b>	.....	Full Time Equivalent
<b>FY</b>	.....	Fiscal Year
<b>GR</b>	.....	General Revenue
<b>HMO</b>	.....	Health Maintenance Organization
<b>PBM</b>	.....	Pharmacy Benefits Manager
<b>PPO</b>	.....	Preferred Provider Organization
<b>Sec.</b>	.....	Section
<b>TPA</b>	.....	Third Party Administrator