

**Self-Insurance Estimating Conference
State Employees' Health Insurance Trust Fund
Last conference held: July 29, 2009**

Executive Summary

The outlook for the State Employees' Health Insurance Trust Fund has improved since the last conference held in February 2009. The ending balance in the trust fund for 2008-09 was \$206.2 million, \$28.5 million higher than projected. For 2009-10, the projected ending balance has increased by \$35.4 million from \$127.1 million to \$162.5 million. For 2010-11 the projected ending balance has improved by \$123.4 million from -\$118.8 million to \$4.6 million. The outlook for subsequent years, although improved, shows that expenses will exceed revenues by an amount that generates a negative balance for the fund of \$390.3 million at the end of 2011-12. Further negative cash flow of \$606.7 million 2012-13 is projected, assuming no carry forward of a negative balance from the prior year.

There have been no changes in the enrollment forecast.

In terms of revenues, the most significant changes have to do with the 5% increase in premiums effective May 2010, which is expected to generate \$13.9 million in 2009-10, \$84.3 million in 2010-11, \$84.5 million in 2011-12, and \$84.7 million in 2012-13. This increase is offset to some extent (-\$5.8 million per year) by a technical adjustment in the way that premiums are calculated from our enrollment projections. The forecast has also been adjusted for timing of the receipt of the first biweekly payroll of each fiscal year, which has a significant negative impact (-\$33.8 million) relative to the current forecast in 2011-12.

On the PPO expense side, several factors have resulted in a higher overall forecast for PPO medical claims. Although the cost trend factors have remained the same, there was a higher claims base in 2008-09. Additionally, SB1122 requires the mandatory assignment of claims for all providers effective July 1, 2009, resulting in estimated higher claims costs. Finally, the forecast reflects the impact of the application of additional requirements of mental health parity to autism benefits effective January 1, 2010. For the PPO prescription drug claims, the forecast was adjusted upward for the higher claims base for 2008-09.

On the HMO side, costs were reduced due to the lower than expected negotiated weighted-average premium increases for Plan Year 2010 (8.1% compared to the projected 10.5%). The projected increases for future plan years remain unchanged at 10.5%.

There additionally is a reduction in projected operating costs due to a decrease in the operating budget per the 2009-10 General Appropriations Act.

State Employees' Group Health Self-Insurance Trust Fund

Post-Session Outlook

For the Fiscal Years Ending June 30, 2009 through June 30, 2013

July 29, 2009

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

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit I

Financial Outlook by Fiscal Year

**Highlights of Changes to Forecast - Conference July 2009 Compared to February 2009
(In Millions)**

	FY 09-10			FY 10-11			FY 11-12			FY 12-13		
	Feb '09	Jul '09	Diff.	Feb '09	Jul '09	Diff.	Feb '09	Jul '09	Diff.	Feb '09	Jul '09	Diff.
Beginning Balance	\$ 177.7	\$ 206.2	\$ 28.5	\$ 127.1	\$ 162.5	\$ 35.4	\$ 0.0	\$ 4.6	\$ 4.6	\$ 0.0	\$ 0.0	\$ 0.0
Revenues:												
Insurance Premiums	\$ 1,699.1	\$ 1,708.8	\$ 9.7	\$ 1,703.0	\$ 1,781.5	\$ 78.5	\$ 1,711.8	\$ 1,756.7	\$ 44.9	\$ 1,722.6	\$ 1,801.5	\$ 78.9
Investment Interest	1.4	1.4	0.0	0.7	1.3	0.6	0.0	0.0	0.0	0.0	0.0	0.0
PBM Rebates	18.3	18.4	0.1	19.0	19.3	0.3	19.9	20.2	0.3	19.9	20.2	0.3
Other Revenues	45.3	45.3	0.0	46.5	46.5	0.0	46.7	46.7	0.0	46.7	46.7	0.0
Total Revenues	\$ 1,764.1	\$ 1,773.9	\$ 9.8	\$ 1,769.2	\$ 1,848.6	\$ 79.4	\$ 1,778.4	\$ 1,823.6	\$ 45.2	\$ 1,789.2	\$ 1,868.4	\$ 79.2
Total Available	\$ 1,941.8	\$ 1,980.1	\$ 38.3	\$ 1,896.3	\$ 2,011.1	\$ 114.8	\$ 1,778.4	\$ 1,828.2	\$ 49.8	\$ 1,789.2	\$ 1,868.4	\$ 79.2
Expenses:												
PPO Expenses:												
Medical Claims	\$ 614.2	\$ 629.9	\$ 15.7	\$ 663.3	\$ 682.5	\$ 19.2	\$ 715.8	\$ 737.3	\$ 21.5	\$ 772.5	\$ 796.6	\$ 24.1
Bank Services	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.1
Prescription Drug	264.3	267.9	3.6	291.0	295.2	4.2	313.3	318.0	4.7	357.8	363.1	5.3
PBM Claims Admin	0.0	0.3	0.3	0.0	0.3	0.3	0.0	0.3	0.3	0.0	0.3	0.3
HMO Premiums	907.3	891.3	(16.0)	1,032.0	1,000.4	(31.6)	1,170.0	1,134.7	(35.3)	1,326.6	1,287.1	(39.5)
Oper Costs / Assess	3.7	2.9	(0.8)	3.7	2.9	(0.8)	3.7	2.9	(0.8)	3.7	2.9	(0.8)
Other Expenses	25.2	25.2	0.0	25.1	25.1	0.0	25.2	25.2	0.0	25.0	25.0	0.0
Total Expenses	\$ 1,814.7	\$ 1,817.6	\$ 2.9	\$ 2,015.1	\$ 2,006.5	\$ (8.6)	\$ 2,228.0	\$ 2,218.5	\$ (9.5)	\$ 2,485.6	\$ 2,475.1	\$ (10.5)
Excess of Revenues over Expenses	\$ (50.6)	\$ (43.7)	\$ 6.9	\$ (245.9)	\$ (157.9)	\$ 88.0	\$ (449.6)	\$ (394.9)	\$ 54.7	\$ (696.4)	\$ (606.7)	\$ 89.7
Ending Balance	\$ 127.1	\$ 162.5	\$ 35.4	\$ (118.8)	\$ 4.6	\$ 123.4	\$ (449.6)	\$ (390.3)	\$ 59.3	\$ (696.4)	\$ (606.7)	\$ 89.7

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

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

Highlights of Changes to Forecast

- Overall, net results of outlook changes are favorable for the forecast period.
- Actual Fiscal Year 2008-09 results were more favorable than projected.
 - Impact of actual FY 2008-09 results to forecast period.
- Impact of 2009 legislative actions.
 - Increase of 5% in premium rates effective May 2010 – Employee harmless.
 - Decrease in DSGI operating budget.
 - Two new expense categories: Bank Services and PBM Claims Administration.
 - Estimated impact of mandatory assignment to medical claims effective July 1, 2009 – Pursuant to SB1122.
- Estimated impact of application of additional requirements of mental health parity to autism benefits effective January 1, 2010.
- Estimated impact of 2010 HMO negotiated rates.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	<u>FY 08-09</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>
	<u>Actual</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>
BEGINNING CASH BALANCE	\$ 237.7	\$ 206.2	\$ 162.5	\$ 4.6	\$ 0.0 ⁽⁴⁾
REVENUES:					
Insurance Premiums:					
Employer ⁽²⁾	\$ 1,211.2	\$ 1,353.3	\$ 1,414.0	\$ 1,386.4	\$ 1,419.6
Employee	156.7	158.5	158.4	154.8	159.1
HSA Contributions ⁽³⁾	1.0	1.0	1.0	1.0	1.0
COBRA ⁽²⁾	6.0	7.6	6.8	6.8	6.8
Early Retiree ⁽²⁾	56.7	62.8	65.8	66.2	66.7
Medicare ⁽²⁾	111.0	125.6	135.5	141.5	148.3
Investment Interest	4.2	1.4	1.3	0.0	0.0
TPA Refunds	10.7	9.6	9.6	9.6	9.6
PBM Rebates	18.5	18.4	19.3	20.2	20.2
Pretax Trust Fund Transfer	21.0	18.0	18.0	18.0	18.0
Medicare Part D Subsidy	18.4	17.7	18.9	19.1	19.1
Other Revenues	0.2	0.0	0.0	0.0	0.0
TOTAL REVENUES	\$ 1,615.6	\$ 1,773.9	\$ 1,848.6	\$ 1,823.6	\$ 1,868.4
TOTAL CASH AVAILABLE	\$ 1,853.3	\$ 1,980.1	\$ 2,011.1	\$ 1,828.2	\$ 1,868.4
EXPENSES:					
State PPO Plan:					
Medical Claims ^{(5) (6)}	\$ 567.0	\$ 629.9	\$ 682.5	\$ 737.3	\$ 796.6
ASO Fee	20.9	20.6	20.5	20.6	20.4
Bank Services	0.0	0.1	0.1	0.1	0.1
Prescription Drug Claims	243.3	267.9	295.2	318.0	363.1
PBM Claims Administration	0.0	0.3	0.3	0.3	0.3
HMO Premium Payments ⁽⁷⁾	808.2	891.3	1,000.4	1,134.7	1,287.1
HSA Deposits ⁽³⁾	1.1	1.0	1.0	1.0	1.0
Operating Costs & Admin Assessment	3.1	2.9	2.9	2.9	2.9
Premium Refunds	3.4	3.5	3.5	3.5	3.5
Other Expenses	0.1	0.1	0.1	0.1	0.1
TOTAL EXPENSES	\$ 1,647.1	\$ 1,817.6	\$ 2,006.5	\$ 2,218.5	\$ 2,475.1
EXCESS OF REVENUES OVER EXPENSES	\$ (31.5)	\$ (43.7)	\$ (157.9)	\$ (394.9)	\$ (606.7)
ENDING CASH BALANCE	\$ 206.2	\$ 162.5	\$ 4.6	\$ (390.3)	\$ (606.7)

Average Enrollment by Plan	PPO Standard	97,744	96,625	94,981	93,702	92,504
	PPO HIHP	845	805	794	783	773
	HMO Standard	76,738	80,178	82,300	84,607	87,006
	HMO HIHP	420	399	405	411	417
	<u>Total</u>	<u>175,747</u>	<u>178,007</u>	<u>178,480</u>	<u>179,503</u>	<u>180,700</u>
Average Enrollment by Coverage Type	Active Standard	138,510	139,533	139,705	139,962	140,315
	Active HIHP	1,183	1,150	1,145	1,140	1,136
	COBRA	816	1,302	844	813	813
	Early Retiree	8,267	8,279	8,297	8,327	8,370
	Medicare	26,971	27,743	28,489	29,261	30,066
<u>Total</u>	<u>175,747</u>	<u>178,007</u>	<u>178,480</u>	<u>179,503</u>	<u>180,700</u>	

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

⁽²⁾ Includes the estimated impact resulting from the 5% premium increase effective May 2010.

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

⁽⁴⁾ Assumes no carry forward of negative ending cash balance from prior year.

⁽⁵⁾ Includes the estimated impact of mandatory assignment effective July 1, 2009, pursuant to SB1122.

⁽⁶⁾ Includes the estimated impact of additional requirements under the federal mandated mental health parity to autism benefit.

⁽⁷⁾ Includes the estimated impact of 2010 HMO negotiated rates.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	<u>(A)</u>	<u>(B)</u>	<u>(B) - (A)</u>
	<u>Feb '09</u>	<u>Actual</u>	<u>Difference</u>
BEGINNING CASH BALANCE	\$ 237.7	\$ 237.7	\$ 0.0
REVENUES:			
Insurance Premiums:			
Employer	\$ 1,187.4	\$ 1,211.2 ⁽¹⁾	\$ 23.8
Employee	153.9	156.7 ⁽¹⁾	2.8
HSA Contributions ⁽²⁾	1.0	1.0	0.0
COBRA	6.5	6.0	(0.5)
Early Retiree	57.2	56.7	(0.5)
Medicare	111.5	111.0	(0.5)
Investment Interest	4.0	4.2	0.2
TPA Refunds	9.6	10.7	1.1
PBM Rebates	17.4	18.5	1.1
Pretax Trust Fund Transfer	19.5	21.0	1.5
Medicare Part D Subsidy	17.2	18.4	1.2
Other Revenue	0.0	0.2	0.2
TOTAL REVENUES	\$ 1,585.2	\$ 1,615.6	\$ 30.4
TOTAL CASH AVAILABLE	\$ 1,822.9	\$ 1,853.3	\$ 30.4
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 566.6	\$ 567.0	\$ 0.4
ASO Fee	20.9	20.9	0.0
Prescription Drug Claims	240.2	243.3	3.1
HMO Premium Payments	809.2	808.2	(1.0)
HSA Deposits ⁽²⁾	1.0	1.1	0.1
Operating Costs & Admin Assessment	3.7	3.1	(0.6)
Premium Refunds	3.5	3.4	(0.1)
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 1,645.2	\$ 1,647.1	\$ 1.9
EXCESS OF REVENUES OVER EXPENSES	\$ (60.0)	\$ (31.5)	\$ 28.5
ENDING CASH BALANCE	\$ 177.7	\$ 206.2	\$ 28.5
Average Enrollment by Plan			
PPO Standard	98,030	97,744	(286)
PPO HIHP	810	845	35
HMO Standard	76,807	76,738	(69)
HMO HIHP	410	420	10
Total	176,057	175,747	(310)
Average Enrollment by Coverage Type			
Active Standard	138,605	138,510	(95)
Active HIHP	1,165	1,183	18
COBRA	1,021	816	(205)
Early Retiree	8,286	8,267	(19)
Medicare	26,980	26,971	(9)
Total	176,057	175,747	(310)

(1) Includes increase due to the receipt in FY 08-09 of 1st FY 09-10 biweekly payroll.

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

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	<u>(A)</u> <u>Feb '09</u>	<u>(B)</u> <u>Jul '09</u>	<u>(B) - (A)</u> <u>Difference</u>
BEGINNING CASH BALANCE	\$ 177.7	\$ 206.2	\$ 28.5
REVENUES:			
Insurance Premiums:			
Employer	\$ 1,345.5	\$ 1,353.3 ⁽¹⁾⁽²⁾	\$ 7.8
Employee	158.3	158.5 ⁽²⁾	0.2
HSA Contributions ⁽³⁾	1.0	1.0	0.0
COBRA	7.5	7.6 ⁽¹⁾	0.1
Early Retiree	62.2	62.8 ⁽¹⁾	0.6
Medicare	124.6	125.6 ⁽¹⁾	1.0
Investment Interest	1.4	1.4	0.0
TPA Refunds	9.6	9.6	0.0
PBM Rebates	18.3	18.4	0.1
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	17.7	17.7	0.0
TOTAL REVENUES	\$ 1,764.1	\$ 1,773.9	\$ 9.8
TOTAL CASH AVAILABLE	\$ 1,941.8	\$ 1,980.1	\$ 38.3
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 614.2	\$ 629.9 ⁽⁴⁾⁽⁵⁾	\$ 15.7
ASO Fee	20.6	20.6	0.0
Bank Services	0.0	0.1	0.1
Prescription Drug Claims	264.3	267.9	3.6
PBM Claims Administration	0.0	0.3	0.3
HMO Premium Payments	907.3	891.3 ⁽⁶⁾	(16.0)
HSA Deposits ⁽³⁾	1.0	1.0	0.0
Operating Costs & Admin Assessment	3.7	2.9	(0.8)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 1,814.7	\$ 1,817.6	\$ 2.9
EXCESS OF REVENUES OVER EXPENSES	\$ (50.6)	\$ (43.7)	\$ 6.9
ENDING CASH BALANCE	\$ 127.1	\$ 162.5	\$ 35.4
Average Enrollment by Plan			
PPO Standard	96,625	96,625	0
PPO HIHP	805	805	0
HMO Standard	80,178	80,178	0
HMO HIHP	399	399	0
Total	178,007	178,007	0
Average Enrollment by Coverage Type			
Active Standard	139,533	139,533	0
COBRA	1,302	1,302	0
Early Retiree	8,279	8,279	0
Medicare	27,743	27,743	0
Total	178,007	178,007	0

(1) Includes the estimated impact resulting from the 5% premium increase effective May 2010.

(2) Includes: (a) reduction due to the receipt in FY 08-09 of 1st FY 09-10 biweekly payroll, and (b) increase due to projected receipt in FY 09-10 of 1st FY 10-11 biweekly payroll.

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

(4) Includes the estimated impact of mandatory assignment effective July 1, 2009, pursuant to SB1122.

(5) Includes the estimated impact of additional requirements under the federal mandated mental health parity to autism benefit.

(6) Includes the estimated impact of 2010 HMO negotiated rates.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	<u>(A)</u> <u>Feb '09</u>	<u>(B)</u> <u>Jul '09</u>	<u>(B) - (A)</u> <u>Difference</u>
BEGINNING CASH BALANCE	\$ 127.1	\$ 162.5	\$ 35.4
REVENUES:			
Insurance Premiums:			
Employer	\$ 1,344.6	\$ 1,414.0 ⁽¹⁾⁽²⁾	\$ 69.4
Employee	158.4	158.4 ⁽²⁾	0.0
HSA Contributions ⁽³⁾	1.0	1.0	0.0
COBRA	6.6	6.8 ⁽¹⁾	0.2
Early Retiree	62.4	65.8 ⁽¹⁾	3.4
Medicare	130.0	135.5 ⁽¹⁾	5.5
Investment Interest	0.7	1.3	0.6
TPA Refunds	9.6	9.6	0.0
PBM Rebates	19.0	19.3	0.3
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	18.9	18.9	0.0
TOTAL REVENUES	\$ 1,769.2	\$ 1,848.6	\$ 79.4
TOTAL CASH AVAILABLE	\$ 1,896.3	\$ 2,011.1	\$ 114.8
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 663.3	\$ 682.5 ⁽⁴⁾⁽⁵⁾	\$ 19.2
ASO Fee	20.5	20.5	0.0
Bank Services	0.0	0.1	0.1
Prescription Drug Claims	291.0	295.2	4.2
PBM Claims Administration	0.0	0.3	0.3
HMO Premium Payments	1,032.0	1,000.4 ⁽⁶⁾	(31.6)
HSA Deposits ⁽³⁾	1.0	1.0	0.0
Operating Costs & Admin Assessment	3.7	2.9	(0.8)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 2,015.1	\$ 2,006.5	\$ (8.6)
EXCESS OF REVENUES OVER EXPENSES	\$ (245.9)	\$ (157.9)	\$ 88.0
ENDING CASH BALANCE	\$ (118.8)	\$ 4.6	\$ 123.4
Average Enrollment by Plan			
PPO Standard	94,981	94,981	0
PPO HIHP	794	794	0
HMO Standard	82,300	82,300	0
HMO HIHP	405	405	0
Total	178,480	178,480	0
Average Enrollment by Coverage Type			
Active Standard	139,705	139,705	0
Active HIHP	1,145	1,145	0
COBRA	844	844	0
Early Retiree	8,297	8,297	0
Medicare	28,489	28,489	0
Total	178,480	178,480	0

- (1) Includes the estimated impact resulting from the 5% premium increase effective May 2010.
- (2) Includes: (a) reduction due to projected receipt in FY 09-10 of 1st FY 10-11 biweekly payroll, and (b) increase due to projected receipt in FY 10-11 of 1st FY 11-12 biweekly payroll.
- (3) Contributions approximate an equal split between employer and employee.
- (4) Includes the estimated impact of mandatory assignment effective July 1, 2009, pursuant to SB1122.
- (5) Includes the estimated impact of additional requirements under the federal mandated mental health parity to autism benefit.
- (6) Includes the estimated impact of 2010 HMO negotiated rates.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	<u>(A)</u> <u>Feb '09</u>	<u>(B)</u> <u>Jul '09</u>	<u>(B) - (A)</u> <u>Difference</u>
BEGINNING CASH BALANCE	\$ 0.0 ⁽¹⁾	\$ 4.6	\$ 4.6
REVENUES:			
Insurance Premiums:			
Employer	\$ 1,347.0	\$ 1,386.4 ⁽²⁾⁽³⁾	\$ 39.4
Employee	158.7	154.8 ⁽³⁾	(3.9)
HSA Contributions ⁽⁴⁾	1.0	1.0	0.0
COBRA	6.5	6.8 ⁽²⁾	0.3
Early Retiree	62.6	66.2 ⁽²⁾	3.6
Medicare	136.0	141.5 ⁽²⁾	5.5
Investment Interest	0.0	0.0	0.0
TPA Refunds	9.6	9.6	0.0
PBM Rebates	19.9	20.2	0.3
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	19.1	19.1	0.0
TOTAL REVENUES	\$ 1,778.4	\$ 1,823.6	\$ 45.2
TOTAL CASH AVAILABLE	\$ 1,778.4	\$ 1,828.2	\$ 49.8
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 715.8	\$ 737.3 ⁽⁵⁾⁽⁶⁾	\$ 21.5
ASO Fee	20.6	20.6	0.0
Bank Services	0.0	0.1	0.1
Prescription Drug Claims	313.3	318.0	4.7
PBM Claims Administration	0.0	0.3	0.3
HMO Premium Payments	1,170.0	1,134.7 ⁽⁷⁾	(35.3)
HSA Deposits ⁽⁴⁾	1.0	1.0	0.0
Operating Costs & Admin Assessment	3.7	2.9	(0.8)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 2,228.0	\$ 2,218.5	\$ (9.5)
EXCESS OF REVENUES OVER EXPENSES	\$ (449.6)	\$ (394.9)	\$ 54.7
ENDING CASH BALANCE	\$ (449.6)	\$ (390.3)	\$ 59.3
Average Enrollment by Plan			
PPO Standard	93,702	93,702	0
PPO HIHP	783	783	0
HMO Standard	84,607	84,607	0
HMO HIHP	411	411	0
Total	179,503	179,503	0
Average Enrollment by Coverage Type			
Active Standard	139,962	139,962	0
Active HIHP	1,140	1,140	0
COBRA	813	813	0
Early Retiree	8,327	8,327	0
Medicare	29,261	29,261	0
Total	179,503	179,503	0

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

(2) Includes the estimated impact resulting from the 5% premium increase effective May 2010.

(3) Includes reduction due to projected receipt in FY 10-11 of 1st FY 11-12 biweekly payroll.

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

(5) Includes the estimated impact of mandatory assignment effective July 1, 2009, pursuant to SB1122.

(6) Includes the estimated impact of additional requirements under the federal mandated mental health parity to autism benefit.

(7) Includes the estimated impact of 2010 HMO negotiated rates.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	<u>(A)</u> <u>Feb '09</u>	<u>(B)</u> <u>Jul '09</u>	<u>(B) - (A)</u> <u>Difference</u>
BEGINNING CASH BALANCE	\$ 0.0 ⁽¹⁾	\$ 0.0 ⁽¹⁾	\$ 0.0
REVENUES:			
Insurance Premiums:			
Employer	\$ 1,350.5	1,419.6 ⁽²⁾	\$ 69.1
Employee	159.1	159.1	0.0
HSA Contributions ⁽³⁾	1.0	1.0	0.0
COBRA	6.5	6.8 ⁽²⁾	0.3
Early Retiree	62.9	66.7 ⁽²⁾	3.8
Medicare	142.6	148.3 ⁽²⁾	5.7
Investment Interest	0.0	0.0	0.0
TPA Refunds	9.6	9.6	0.0
PBM Rebates	19.9	20.2	0.3
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	19.1	19.1	0.0
TOTAL REVENUES	\$ 1,789.2	\$ 1,868.4	\$ 79.2
TOTAL CASH AVAILABLE	\$ 1,789.2	\$ 1,868.4	\$ 79.2
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 772.5	\$ 796.6 ⁽⁴⁾⁽⁵⁾	\$ 24.1
ASO Fee	20.4	20.4	0.0
Bank Services	0.0	0.1	0.1
Prescription Drug Claims	357.8	363.1	5.3
PBM Claims Administration	0.0	0.3	0.3
HMO Premium Payments	1,326.6	1,287.1 ⁽⁶⁾	(39.5)
HSA Deposits ⁽³⁾	1.0	1.0	0.0
Operating Costs & Admin Assessment	3.7	2.9	(0.8)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 2,485.6	\$ 2,475.1	\$ (10.5)
EXCESS OF REVENUES OVER EXPENSES	\$ (696.4)	\$ (606.7)	\$ 89.7
ENDING CASH BALANCE	\$ (696.4)	\$ (606.7)	\$ 89.7
Average Enrollment by Plan			
PPO Standard	92,504	92,504	0
PPO HIHP	773	773	0
HMO Standard	87,006	87,006	0
HMO HIHP	417	417	0
Total	180,700	180,700	0
Average Enrollment by Coverage Type			
Active Standard	140,315	140,315	0
Active HIHP	1,136	1,136	0
COBRA	813	813	0
Early Retiree	8,370	8,370	0
Medicare	30,066	30,066	0
Total	180,700	180,700	0

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

⁽²⁾ Includes the estimated impact resulting from the 5% premium increase effective May 2010.

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

⁽⁴⁾ Includes the estimated impact of mandatory assignment effective July 1, 2009, pursuant to SB1122.

⁽⁵⁾ Includes the estimated impact of additional requirements under the federal mandated mental health parity to autism benefit.

⁽⁶⁾ Includes the estimated impact of 2010 HMO negotiated rates.

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

\$ 177.7 Previous Ending Cash Balance Forecast ⁽¹⁾

30.4 Increase in Revenue Forecast

25.1 - Net increase in Insurance Premiums

32.2 - Increase due to the receipt in FY 08-09 of 1st FY 09-10 biweekly payroll

(2.7) - Decrease due to lower actual than projected enrollment

(5.3) - Decrease due to lower actual than projected premium calculation/collection factor

0.9 - Increase due to enrollment category shifts

0.2 - Increase in Investment Interest due to higher actual than projected fund balances

1.1 - Increase in TPA Refunds due to higher actual than projected refund activity

1.1 - Increase in PBM Rebates due to higher actual than projected rebate activity

1.5 - Increase in PreTax Transfer due to higher actual than projected savings and forfeitures

1.2 - Increase in Medicare Part D Subsidy due to higher actual than projected activity

0.2 - Increase in Other Revenue due primarily to penalties and OE refunds

1.9 Increase in Expense Forecast

0.4 - Increase in PPO Plan Medical Claims

1.1 - Increase due to higher actual than projected claims experience

(0.7) - Decrease due to lower actual than projected enrollment

3.1 - Increase in PPO Plan Prescription Drug Claims

3.4 - Increase due to higher actual than projected claims experience

(0.3) - Decrease due to lower actual than projected enrollment

(1.0) - Decrease in HMO Premium Payments due to lower actual than projected enrollment

0.1 - Increase in HSA Deposits due to higher actual than projected deposit activity

(0.6) - Decrease in Operating Costs due to lower actual than projected activity

(0.1) - Decrease in Premium Refunds due to lower actual than projected activity

\$ 206.2 Current Ending Cash Balance Forecast

⁽¹⁾ February 2009

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

\$ 127.1 Previous Ending Cash Balance Forecast ⁽¹⁾

28.5 Increase in Beginning Cash Balance Forecast

9.8 Increase in Revenue Forecast

13.9 - Increase in employer and enrollee insurance premiums due to a 5% premium increase effective May 2010 - Employee harmless

(32.2) - Decrease due to the receipt in FY 08-09 of 1st FY 09-10 biweekly payroll

33.8 - Increase due to projected receipt in FY 09-10 of 1st FY 10-11 biweekly payroll

(5.8) - Decrease in insurance premiums due to an adjustment to the premium calculation/collection factor from 1.120 to 1.085

0.1 - Increase in PBM Rebates due to the elimination of the netting process of administrative costs

2.9 Increase in Expense Forecast

15.7 - Increase in PPO Plan Medical Claims

2.4 - Increase due to higher claims base for FY 08-09

12.3 - Increase due to estimated impact of mandatory assignment

1.0 - Increase due to estimated impact of additional requirements under the federal mandated mental health parity to autism benefits

0.1 - Increase due to addition of Bank Charge expense line item

3.6 - Increase in PPO Plan Prescription Drug Claims due to higher claims base for FY 08-09

0.3 - Increase due to addition of PBM Claims Administration expense line item

(16.0) - Decrease in HMO Premium Payments due to negotiated weighted-average premium increase for Plan Year 2010 (8.1%) being lower than projected (10.5%)

(0.8) - Decrease in Operating Costs due to a decrease in operating budget, as per FY 09-10 GAA

\$ 162.5 Current Ending Cash Balance Forecast

⁽¹⁾ February 2009

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

\$ (118.8) Previous Ending Cash Balance Forecast ⁽¹⁾

- 35.4 Increase in Beginning Cash Balance Forecast
- 79.4 Increase in Revenue Forecast
 - 84.3 - Increase in employer and enrollee insurance premiums due to a 5% premium increase effective May 2010 - Employee harmless
 - (33.8) - Decrease due to projected receipt in FY 09-10 of 1st FY 10-11 biweekly payroll
 - 33.8 - Increase due to projected receipt in FY 10-11 of 1st FY 11-12 biweekly payroll
 - (5.8) - Decrease in insurance premiums due to an adjustment to the premium calculation/collection factor from 1.120 to 1.085
 - 0.6 - Increase in Investment Interest due to higher fund balances
 - 0.3 - Increase in PBM Rebates due to the elimination of the netting process of administrative costs
- (8.6) Decrease in Expense Forecast
 - 19.2 - Increase in PPO Plan Medical Claims
 - 3.8 - Increase due to higher claims base for FY 08-09
 - 13.2 - Increase due to estimated impact of mandatory assignment
 - 2.2 - Increase due to estimated impact of additional requirements under the federal mandated mental health parity to autism benefits
 - 0.1 - Increase due to addition of Bank Charge expense line item
 - 4.2 - Increase in PPO Plan Prescription Drug Claims due to higher claims base for FY 08-09
 - 0.3 - Increase due to addition of PBM Claims Administration expense line item
 - (31.6) - Decrease in HMO Premium Payments due to negotiated weighted-average premium increase for Plan Year 2010 (8.1%) being lower than projected (10.5%)
 - (0.8) - Decrease in Operating Costs due to a decrease in operating budget, as per FY 09-10 GAA

\$ 4.6 Current Ending Cash Balance Forecast

⁽¹⁾ February 2009

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

\$ (449.6) Previous Ending Cash Balance Forecast ⁽¹⁾

4.6 Increase in Beginning Cash Balance Forecast

45.2 Increase in Revenue Forecast

84.5 - Increase in employer and enrollee insurance premiums due to a 5% premium increase effective May 2010 - Employee harmless

(33.8) - Decrease due to projected receipt in FY 10-11 of 1st FY 11-12 biweekly payroll

(5.8) - Decrease in insurance premiums due to an adjustment to the premium calculation/collection factor from 1.120 to 1.085

0.3 - Increase in PBM Rebates due to the elimination of the netting process of administrative costs

(9.5) Decrease in Expense Forecast

21.5 - Increase in PPO Plan Medical Claims

4.8 - Increase due to higher claims base for FY 08-09

14.3 - Increase due to estimated impact of mandatory assignment

2.4 - Increase due to estimated impact of additional requirements under the federal mandated mental health parity to autism benefits

0.1 - Increase due to addition of Bank Charge expense line item

4.7 - Increase in PPO Plan Prescription Drug Claims due to higher claims base for FY 08-09

0.3 - Increase due to addition of PBM Claims Administration expense line item

(35.3) - Decrease in HMO Premium Payments due to negotiated weighted-average premium increase for Plan Year 2010 (8.1%) being lower than projected (10.5%)

(0.8) - Decrease in Operating Costs due to a decrease in operating budget, as per FY 09-10 GAA

\$ (390.3) Current Ending Cash Balance Forecast

⁽¹⁾ February 2009

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

\$ (696.4) Previous Ending Cash Balance Forecast ⁽¹⁾

79.2 Increase in Revenue Forecast

- 84.7 - Increase in employer and enrollee insurance premiums due to a 5% premium increase effective May 2010 - Employee harmless
- (5.8) - Decrease in insurance premiums due to an adjustment to the premium calculation/collection factor from 1.120 to 1.085
- 0.3 - Increase in PBM Rebates due to the elimination of the netting process of administrative costs

(10.5) Decrease in Expense Forecast

- 24.1 - Increase in PPO Plan Medical Claims
 - 6.0 - Increase due to higher claims base for FY 08-09
 - 15.4 - Increase due to estimated impact of mandatory assignment
 - 2.7 - Increase due to estimated impact of additional requirements under the federal mandated mental health parity to autism benefits
- 0.1 - Increase due to addition of Bank Charge expense line item
- 5.3 - Increase in PPO Plan Prescription Drug Claims due to higher claims base for FY 08-09
- 0.3 - Increase due to addition of PBM Claims Administration expense line item
- (39.5) - Decrease in HMO Premium Payments due to negotiated weighted-average premium increase for Plan Year 2010 (8.1%) being lower than projected (10.5%)
- (0.8) - Decrease in Operating Costs due to a decrease in operating budget, as per FY 09-10 GAA

\$ (606.7) Current Ending Cash Balance Forecast

⁽¹⁾ February 2009

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

**Exhibit XIII
Premium Rate Table
Effective May 2009**

Category	Coverage Type	PPO/HMO Standard			PPO/HMO HIHP ⁽⁴⁾		
		Employer	Enrollee	Total	Employer	Enrollee	Total
Full -Time Employees ⁽¹⁾ (Monthly)	Single	448.68	50.00	498.68	448.68	15.00	463.68
	Family	947.74	180.00	1,127.74	947.74	64.30	1,012.04
	Spouse	1,127.74	0.00	1,127.74	1,012.04	0.00	1,012.04
Full -Time Employees ⁽¹⁾ (Bi-Weekly)	Single	224.34	25.00	249.34	224.34	7.50	231.84
	Family	473.87	90.00	563.87	473.87	32.15	506.02
	Spouse	563.87	0.00	563.87	506.02	0.00	506.02
COBRA Participants ⁽²⁾ (Monthly)	Single	0.00	508.65	508.65	0.00	430.45	430.45
	Family	0.00	1,150.29	1,150.29	0.00	947.28	947.28
Early Retirees (Monthly)	Single	0.00	498.68	498.68	0.00	422.02	422.02
	Family	0.00	1,127.74	1,127.74	0.00	928.72	928.72
Medicare Participants ⁽³⁾ (Monthly)	(I) One Eligible	0.00	264.78	264.78	0.00	199.58	199.58
	(II) One Under/Over	0.00	763.46	763.46	0.00	659.40	659.40
	(III) Both Eligible	0.00	529.56	529.56	0.00	399.16	399.16
Overage Dependents	Single	0.00	498.68	498.68	0.00	422.02	422.02

Notes:

(1) Premium contribution for Part-Time Employees is to be calculated as follows:

Step 1. State Contribution x FTE% = Calculated State Contribution

Step 2. Total Contribution - Calculated State Contribution = Employee Contribution

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

(3) The actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(4) The employer monthly HSA contribution of \$41.66/single (\$500 annually) and \$83.33/family (\$1,000 annually) is included in the listed employer rates.

**Exhibit XIV
Premium Rate Table
Effective May 2010**

Category	Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
		Employer	Enrollee	Total	Employer	Enrollee	Total
Full -Time Employees ⁽¹⁾ (Monthly)	Single	473.62	50.00	523.62	473.62	15.00	488.62
	Family	1,004.14	180.00	1,184.14	1,004.14	64.30	1,068.44
	Spouse	1,184.14	0.00	1,184.14	1,068.44	0.00	1,068.44
Full -Time Employees ⁽¹⁾ (Bi-Weekly)	Single	236.81	25.00	261.81	236.81	7.50	244.31
	Family	502.07	90.00	592.07	502.07	32.15	534.22
	Spouse	592.07	0.00	592.07	534.22	0.00	534.22
COBRA Participants ⁽²⁾ (Monthly)	Single	0.00	534.09	534.09	0.00	455.90	455.90
	Family	0.00	1,207.82	1,207.82	0.00	1,004.81	1,004.81
Early Retirees (Monthly)	Single	0.00	523.62	523.62	0.00	446.96	446.96
	Family	0.00	1,184.14	1,184.14	0.00	985.11	985.11
Medicare Participants ⁽³⁾ (Monthly)	(I) One Eligible	0.00	278.02	278.02	0.00	209.56	209.56
	(II) One Under/Over	0.00	801.64	801.64	0.00	656.52	656.52
	(III) Both Eligible	0.00	556.04	556.04	0.00	419.12	419.12
Overage Dependents	Single	0.00	523.62	523.62	0.00	446.96	446.96

Notes:

(1) Premium contribution for Part-Time Employees is to be calculated as follows:

Step 1. State Contribution x FTE% = Calculated State Contribution

Step 2. Total Contribution - Calculated State Contribution = Employee Contribution

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

(3) The actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(4) The employer monthly HSA contribution of \$41.66/single (\$500 annually) and \$83.33/family (\$1,000 annually) is included in the listed employer rates.

Exhibit XV
Abbreviations

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