

**Self-Insurance Estimating Conference  
State Employees' Health Insurance Trust Fund  
Last conference held: August 9, 2010**

**Executive Summary**

The outlook for the State Employees' Health Insurance Trust Fund has been revised to take into account the fund experience in 2009-10 and the impact of actions taken by the Legislature during the 2010 regular session. The outlook for the trust fund has improved significantly as a result of these changes: For 2010-11 the projected ending balance has improved by \$203.0 million from \$23.0 million to \$226.0 million. For 2011-12, the ending balance is expected to be \$59.0 million, whereas in the previous forecast the fund was expected to be in deficit by \$357.1 million at the end of the 2011-12 fiscal year. The outlook for subsequent years, although improved significantly, still shows that expenses will exceed revenues by an amount that generates a negative cash flow of \$334.5 million in 2012-13 and \$583.1 million in 2013-14.

For 2009-10, there was only a minor difference between projected and actual enrollment with the average total enrollment for the fiscal year differing from forecast by only 30 contracts or .017%. As a result, the enrollment forecast for 2010-11 and subsequent fiscal years was not changed.

Overall revenues to the fund in 2009-10 were \$25.9 million (1.5%) above estimate, due mainly to higher than expected premiums, with more minor differences in other revenue categories. On the expense side for 2009-10, overall expenses were \$27.9 million (1.5%) below forecast, mainly due to lower than expected claims experience both for medical claims and prescription drug claims. The lower claims base combined with no changes in the assumptions concerning trend growth rates, results in lower projections for medical claims and prescription drug claims throughout the forecast period.

Numerous changes were made to the plan by the Legislature during the 2010 regular session. Among the changes with the largest impacts, premium rates were increased for all enrollees. For the PPO plan, there were increases in copayments for medical services. For both the PPO and HMO plans, there were increases in copayments for brand name prescription drugs, while the copayments for generic drugs were reduced. HMO premium rate increases were limited to no more than 3% for the 2011 Plan Year. In general these plan changes improved the financial outlook for the fund. More details concerning the changes made by the Legislature and the impact of those changes on the trust fund are shown on Appendix 1 of the Financial Outlook for the Trust Fund.

**Please note that the financial outlook for the Trust Fund was prepared based on current law and current administration, and it does not include the impact, if any, of the Federal Patient Protection and Affordable Care Act.**

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

## **Report on the Financial Outlook**

**For the Fiscal Years Ending June 30, 2010 through June 30, 2014**

**Presented August 9, 2010**

# STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

## EXECUTIVE SUMMARY

The Florida Division of State Group Insurance has updated the financial outlook for the State Employees' Group Health Self-Insurance Trust Fund presented on February 22, 2010. This outlook includes the estimated financial impact to forecast resulting from the developments listed below. Enrollment projections have been kept at the same level as in the previous outlook.

1. Impact of actual FY 09-10 enrollment and cash flow.
2. Impact of 2010 Legislative Actions – See Appendix 1 for itemized list of changes and estimated fiscal impact.

Following is a summary of the outlook for fiscal years 2009-10 through 2013-14.

<b>Financial Outlook</b> (Dollars in Millions)	Actual	----- Projected -----			
	2009-10	2010-11	2011-12	2012-13	2013-14*
Beginning Cash Balance	206.2	224.6	226.0	59.0	0.0
Revenues	1,792.0	1,918.1	1,924.7	1,989.7	2,008.6
Expenses	<u>1,773.6</u>	<u>1,916.7</u>	<u>2,091.7</u>	<u>2,324.2</u>	<u>2,591.7</u>
Operating Gain/ (Loss)	<u>18.4</u>	<u>1.4</u>	<u>(167.0)</u>	<u>(334.5)</u>	<u>(583.1)</u>
Ending Cash Balance	<u>224.6</u>	<u>226.0</u>	<u>59.0</u>	<u>(275.5)</u>	<u>(583.1)</u>

\* Assumes no carry forward of negative cash balances from prior year.

It is noteworthy that the contractual agreements of the Pharmacy Benefits Manager (PBM) and Health Maintenance Organization (HMO) vendors are due to expire during the forecast period. Assumptions and projected growth rates used for the forecast could be directly impacted by the procurement results of these contracts.

*The outlook was prepared based on current law and current administration and it does not include the impact, if any, of the Federal 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.

### **Appendix**

Appendix 1 provides detail information on the fiscal impact to forecast of FY 10-11 General Appropriations Act

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

**Exhibit I**

**Financial Outlook by Fiscal Year <sup>(1) (2)</sup>**

**Highlights of Changes to Forecast - Conference August 2010 Compared to February 2010  
(In Millions)**

KEEP	FY 10-11			FY 11-12			FY 12-13			FY 13-14		
	Feb '10	Aug '10	Diff.	Feb '10	Aug '10	Diff.	Feb '10	Aug '10	Diff.	Feb '10	Aug '10	Diff.
<b>Beginning Balance</b>	\$ 170.8	\$ 224.6	\$ 53.8	\$ 23.0	\$ 226.0	\$ 203.0	\$ 0.0	\$ 59.0	\$ 59.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>Revenues:</b>												
Insurance Premiums	\$ 1,777.1	\$ 1,845.4	\$ 68.30	\$ 1,759.0	\$ 1,850.9	\$ 91.9	\$ 1,809.3	\$ 1,916.3	\$ 107.0	\$ 1,826.4	\$ 1,934.0	\$ 107.6
Investment Interest	1.5	3.4	\$ 1.90	0.0	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.0
TPA Refunds	8.8	7.2	\$ (1.60)	8.8	7.2	(1.6)	8.8	7.2	(1.6)	8.8	7.2	(1.6)
Other Revenues	<u>62.0</u>	<u>62.1</u>	<u>\$ 0.10</u>	<u>64.5</u>	<u>64.5</u>	<u>0.0</u>	<u>66.2</u>	<u>66.2</u>	<u>0.0</u>	<u>67.0</u>	<u>67.4</u>	<u>0.4</u>
<b>Total Revenues</b>	\$ 1,849.4	\$ 1,918.1	\$ 68.7	\$ 1,832.3	\$ 1,924.7	\$ 92.4	\$ 1,884.3	\$ 1,989.7	\$ 105.4	\$ 1,902.2	\$ 2,008.6	\$ 106.4
<b>Total Available</b>	<u>\$ 2,020.2</u>	<u>\$ 2,142.7</u>	<u>\$ 122.5</u>	<u>\$ 1,855.3</u>	<u>\$ 2,150.7</u>	<u>\$ 295.4</u>	<u>\$ 1,884.3</u>	<u>\$ 2,048.7</u>	<u>\$ 164.4</u>	<u>\$ 1,902.2</u>	<u>\$ 2,008.6</u>	<u>\$ 106.4</u>
<b>Expenses:</b>												
PPO Expenses:												
Medical Claims	\$ 661.6	\$ 629.8	\$ (31.8)	\$ 708.1	\$ 674.7	\$ (33.4)	\$ 757.8	\$ 722.1	\$ (35.7)	\$ 809.0	\$ 772.5	\$ (36.5)
ASO Fee	19.9	19.9	0.0	19.8	19.8	0.0	19.4	19.4	0.0	18.9	18.9	0.0
Prescription Drug	273.6	261.8	(11.8)	287.3	279.6	(7.7)	317.3	300.9	(16.4)	350.3	332.2	(18.1)
HMO Premiums	1,034.3	997.2	(37.1)	1,189.4	1,109.6	(79.8)	1,365.4	1,273.8	(91.6)	1,565.0	1,460.1	(104.9)
Other Expenses	<u>7.8</u>	<u>8.0</u>	<u>0.2</u>	<u>7.8</u>	<u>8.0</u>	<u>0.2</u>	<u>7.8</u>	<u>8.0</u>	<u>0.2</u>	<u>7.8</u>	<u>8.0</u>	<u>0.2</u>
<b>Total Expenses</b>	\$ 1,997.2	\$ 1,916.7	\$ (80.5)	\$ 2,212.4	\$ 2,091.7	\$ (120.7)	\$ 2,467.7	\$ 2,324.2	\$(143.5)	\$ 2,751.0	\$ 2,591.7	\$(159.3)
<b>Excess of Revenues over Expenses</b>	<u>\$ (147.8)</u>	<u>\$ 1.4</u>	<u>\$ 149.2</u>	<u>\$ (380.1)</u>	<u>\$ (167.0)</u>	<u>\$ 213.1</u>	<u>\$ (583.4)</u>	<u>\$ (334.5)</u>	<u>\$ 248.9</u>	<u>\$ (848.8)</u>	<u>\$ (583.1)</u>	<u>\$ 265.7</u>
<b>Ending Cash Balance</b>	<u>\$ 23.0</u>	<u>\$ 226.0</u>	<u>\$ 203.0</u>	<u>\$ (357.1)</u>	<u>\$ 59.0</u>	<u>\$ 416.1</u>	<u>\$ (583.4)</u>	<u>\$ (275.5)</u>	<u>\$ 307.9</u>	<u>\$ (848.8)</u>	<u>\$ (583.1)</u>	<u>\$ 265.7</u>

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

<sup>(2)</sup> Exhibits III to X 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 2009-10
  - Enrollment - Minor difference between actual and projected enrollment of 30 contracts or .017%
  - Insurance Premiums - Actual higher than projected by \$21.4M or 1.3%
  - PPO Claims Costs - Actual claims costs lower than projected by \$36.6M or 3.1%
  - Impact of actual FY 09-10 to applicable revenue and expense categories for the forecast period
- Estimated fiscal impact of 2010 Legislative Actions
  - Insurance Premiums - Changes effective July 2010 and increases effective December 2010 and May 2011 (for COBRA only)
  - Benefit changes effective January 2011
  - Limit on increases to HMO premium payments for Plan Year 2011

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

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

	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>
	<u>Actual</u>	<u>Estimate <sup>(1)</sup></u>	<u>Estimate <sup>(1)</sup></u>	<u>Estimate <sup>(1)</sup></u>	<u>Estimate <sup>(1)</sup></u>
<b>BEGINNING CASH BALANCE</b>	\$ 206.2	\$ 224.6	\$ 226.0	\$ 59.0	\$ 0.0 <sup>(2)</sup>
<b>REVENUES:</b>					
Insurance Premiums:					
Employer	\$ 1,365.0 <sup>(3)</sup>	\$ 1,466.2 <sup>(3)(4)</sup>	\$ 1,464.3 <sup>(3)(4)</sup>	\$ 1,517.8 <sup>(4)</sup>	\$ 1,527.9 <sup>(4)</sup>
Employee	160.9 <sup>(3)</sup>	170.6 <sup>(3)(4)</sup>	167.6 <sup>(3)(4)</sup>	174.5 <sup>(4)</sup>	176.6 <sup>(4)</sup>
HSA Contributions <sup>(5)</sup>	1.4	1.4	1.4	1.4	1.4
COBRA	7.2	7.6 <sup>(4)</sup>	7.9 <sup>(4)</sup>	7.9 <sup>(4)</sup>	7.9 <sup>(4)</sup>
Early Retiree	58.5	62.3 <sup>(4)</sup>	63.6 <sup>(4)</sup>	63.6 <sup>(4)</sup>	63.6 <sup>(4)</sup>
Medicare	123.4	137.3 <sup>(4)</sup>	146.1 <sup>(4)</sup>	151.1 <sup>(4)</sup>	156.6 <sup>(4)</sup>
Investment Interest	3.6	3.4	2.1	0.0	0.0
TPA Refunds	8.8	7.2	7.2	7.2	7.2
PBM Rebates	24.0	22.8	23.7	24.5	24.9
Pretax Trust Fund Transfer	18.2	18.1	18.0	18.0	18.0
Medicare Part D Subsidy	20.1	21.2	22.8	23.7	24.5
Other Revenues	0.9	0.0	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	\$ 1,792.0	\$ 1,918.1	\$ 1,924.7	\$ 1,989.7	\$ 2,008.6
<b>TOTAL CASH AVAILABLE</b>	\$ 1,998.2	\$ 2,142.7	\$ 2,150.7	\$ 2,048.7	\$ 2,008.6
<b>EXPENSES:</b>					
State PPO Plan:					
Medical Claims	\$ 589.6	\$ 629.8 <sup>(6)</sup>	\$ 674.7 <sup>(6)</sup>	\$ 722.1 <sup>(6)</sup>	\$ 772.5 <sup>(6)</sup>
ASO Fee	20.1	19.9	19.8	19.4	18.9
Bank Services <sup>(7)</sup>	0.1	0.0	0.0	0.0	0.0
Prescription Drug Claims	252.8	261.8 <sup>(6)</sup>	279.6 <sup>(6)</sup>	300.9 <sup>(6)</sup>	332.2 <sup>(6)(8)</sup>
PBM Claims Administration	0.3	0.3	0.3	0.3	0.3
HMO Premium Payments	903.6	997.2 <sup>(6)</sup>	1,109.6 <sup>(6)</sup>	1,273.8 <sup>(6)</sup>	1,460.1 <sup>(6)</sup>
HSA Deposits <sup>(5)</sup>	1.4	1.4	1.4	1.4	1.4
Operating Costs & Admin Assessment	2.3	2.7	2.7	2.7	2.7
Premium Refunds	3.3	3.5	3.5	3.5	3.5
Other Expenses	0.1	0.1	0.1	0.1	0.1
<b>TOTAL EXPENSES</b>	\$ 1,773.6	\$ 1,916.7	\$ 2,091.7	\$ 2,324.2	\$ 2,591.7
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 18.4	\$ 1.4	\$ (167.0)	\$ (334.5)	\$ (583.1)
<b>ENDING CASH BALANCE</b>	\$ 224.6	\$ 226.0	\$ 59.0	\$ (275.5)	\$ (583.1)

<b>Average Enrollment by Plan</b>	PPO Standard	94,950	92,511	90,400	88,349	86,298
	PPO HIHP	893	892	892	892	892
	HMO Standard	80,911	84,507	87,803	91,076	94,349
	HMO HIHP	441	429	429	429	429
	<b>Total</b>	<b>177,195</b>	<b>178,339</b>	<b>179,524</b>	<b>180,746</b>	<b>181,968</b>
<b>Average Enrollment by Coverage Type</b>	Active Standard	139,479	140,219	140,736	141,291	141,846
	Active HIHP	1,255	1,243	1,243	1,243	1,243
	COBRA	876	874	874	874	874
	Early Retiree	7,912	7,694	7,694	7,694	7,694
	Medicare	27,673	28,309	28,977	29,644	30,311
<b>Total</b>	<b>177,195</b>	<b>178,339</b>	<b>179,524</b>	<b>180,746</b>	<b>181,968</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) Includes estimated timing impact of the receipt of 1<sup>st</sup> fiscal year biweekly payroll.

(4) Includes fiscal impact of insurance premium rate changes effective July 2010, December 2010, and May 2011.

(5) Contributions approximate a split between employer and employee of 40% and 60%, respectively.

(6) Includes fiscal impact of 2010 legislative actions.

(7) Bank Services are estimated at approximately \$35,000/per year for the projected period, which rounds to \$0.0M.

(8) Includes adjustment to growth trend for prescription drug claims to 13.0%, consistent with previous outlook.

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

**Exhibit III**

**Financial Outlook**

**Fiscal Year 2009-10 (In Millions)**

	<u>(A)</u>	<u>(B)</u>	<u>(B) - (A)</u>
	<u>Feb '10</u>	<u>Actual</u>	<u>Difference</u>
<b>BEGINNING CASH BALANCE</b>	\$ 206.2	\$ 206.2	\$ 0.0
<b>REVENUES:</b>			
Insurance Premiums: <sup>(1)</sup>			
Employer	\$ 1,346.9	\$ 1,365.0	\$ 18.1
Employee	158.3	160.9	2.6
HSA Contributions <sup>(2)</sup>	1.2	1.4	0.2
COBRA	7.2	7.2	0.0
Early Retiree	58.3	58.5	0.2
Medicare	122.6	123.4	0.8
Investment Interest	2.8	3.6	0.8
TPA Refunds	8.8	8.8	0.0
PBM Rebates	23.2	24.0	0.8
Pretax Trust Fund Transfer	18.0	18.2	0.2
Medicare Part D Subsidy	18.8	20.1	1.3
Other Revenue	0.0	0.9	0.9
<b>TOTAL REVENUES</b>	\$ 1,766.1	\$ 1,792.0	\$ 25.9
<b>TOTAL CASH AVAILABLE</b>	\$ 1,972.3	\$ 1,998.2	\$ 25.9
<b>EXPENSES:</b>			
State PPO Plan:			
Medical Claims	\$ 609.4	\$ 589.6	\$ (19.8)
ASO Fee	20.3	20.1	(0.2)
Bank Services	0.1	0.1	0.0
Prescription Drug Claims	259.6	252.8	(6.8)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	904.3	903.6	(0.7)
HSA Deposits <sup>(2)</sup>	1.2	1.4	0.2
Operating Costs & Admin Assessment	2.7	2.3	(0.4)
Premium Refunds	3.5	3.3	(0.2)
Other Expenses	0.1	0.1	0.0
<b>TOTAL EXPENSES</b>	\$ 1,801.5	\$ 1,773.6	\$ (27.9)
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (35.4)	\$ 18.4	\$ 53.8
<b>ENDING CASH BALANCE</b>	\$ 170.8	\$ 224.6	\$ 53.8
<b>Average Enrollment by Plan</b>			
PPO Standard	95,051	94,950	(101)
PPO HIHP	887	893	6
HMO Standard	80,850	80,911	61
HMO HIHP	437	441	4
Total	177,225	177,195	(30)
<b>Average Enrollment by Coverage Type</b>			
Active Standard	139,466	139,479	13
Active HIHP	1,244	1,255	11
COBRA	888	876	(12)
Early Retiree	7,950	7,912	(38)
Medicare	27,677	27,673	(4)
Total	177,225	177,195	(30)

<sup>(1)</sup> Includes timing impact of the receipt of 1<sup>st</sup> biweekly payroll of each fiscal year.

<sup>(2)</sup> Contributions approximate a split between employer and employee of 40% and 60%, respectively.

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

**Exhibit IV**

**Financial Outlook**

Fiscal Year 2010-11 (In Millions)

	<u>(A)</u> <u>Feb '10</u>	<u>(B)</u> <u>Aug '10</u>	<u>(B) - (A)</u> <u>Difference</u>
<b>BEGINNING CASH BALANCE</b>	\$ 170.8	\$ 224.6	\$ 53.8
<b>REVENUES:</b>			
Insurance Premiums: <sup>(1)</sup>			
Employer	\$ 1,418.2	\$ 1,466.2 <sup>(2)</sup>	\$ 48.0
Employee	159.6	170.6 <sup>(2)</sup>	11.0
HSA Contributions <sup>(3)</sup>	1.2	1.4	0.2
COBRA	7.4	7.6 <sup>(2)</sup>	0.2
Early Retiree	60.2	62.3 <sup>(2)</sup>	2.1
Medicare	130.5	137.3 <sup>(2)</sup>	6.8
Investment Interest	1.5	3.4	1.9
TPA Refunds	8.8	7.2	(1.6)
PBM Rebates	22.8	22.8	0.0
Pretax Trust Fund Transfer	18.0	18.1	0.1
Medicare Part D Subsidy	21.2	21.2	0.0
<b>TOTAL REVENUES</b>	\$ 1,849.4	\$ 1,918.1	\$ 68.7
<b>TOTAL CASH AVAILABLE</b>	\$ 2,020.2	\$ 2,142.7	\$ 122.5
<b>EXPENSES:</b>			
State PPO Plan:			
Medical Claims	\$ 661.6	\$ 629.8 <sup>(4)</sup>	\$ (31.8)
ASO Fee	19.9	19.9	0.0
Bank Services <sup>(5)</sup>	0.0	0.0	0.0
Prescription Drug Claims	273.6	261.8 <sup>(4)</sup>	(11.8)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,034.3	997.2 <sup>(4)</sup>	(37.1)
HSA Deposits <sup>(3)</sup>	1.2	1.4	0.2
Operating Costs & Admin Assessment	2.7	2.7	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
<b>TOTAL EXPENSES</b>	\$ 1,997.2	\$ 1,916.7	\$ (80.5)
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (147.8)	\$ 1.4	\$ 149.2
<b>ENDING CASH BALANCE</b>	\$ 23.0	\$ 226.0	\$ 203.0
<b>Average Enrollment by Plan</b>			
PPO Standard	92,511	92,511	0
PPO HIHP	892	892	0
HMO Standard	84,507	84,507	0
HMO HIHP	429	429	0
Total	178,339	178,339	0
<b>Average Enrollment by Coverage Type</b>			
Active Standard	140,219	140,219	0
Active HIHP	1,243	1,243	0
COBRA	874	874	0
Early Retiree	7,694	7,694	0
Medicare	28,309	28,309	0
Total	178,339	178,339	0

(1) Includes estimated timing impact of the receipt of 1<sup>st</sup> fiscal year biweekly payroll.

(2) Includes fiscal impact of insurance premium rate changes effective July 2010, December 2010, and May 2011.

(3) Contributions approximate a split between employer and employee of 40% and 60%, respectively.

(4) Includes fiscal impact of 2010 legislative actions.

(5) Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.

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

**Exhibit V  
Financial Outlook**

**Fiscal Year 2011-12 (In Millions)**

	<u>(A)</u> <u>Feb '10</u>	<u>(B)</u> <u>Aug '10</u>	<u>(B) - (A)</u> <u>Difference</u>
<b>BEGINNING CASH BALANCE</b>	\$ 23.0	\$ 226.0	\$ 203.0
<b>REVENUES:</b>			
Insurance Premiums: <sup>(1)</sup>			
Employer	\$ 1,397.1	\$ 1,464.3 <sup>(2)</sup>	\$ 67.2
Employee	158.1	167.6 <sup>(2)</sup>	9.5
HSA Contributions <sup>(3)</sup>	1.2	1.4	0.2
COBRA	7.4	7.9 <sup>(2)</sup>	0.5
Early Retiree	60.2	63.6 <sup>(2)</sup>	3.4
Medicare	135.0	146.1 <sup>(2)</sup>	11.1
Investment Interest	0.0	2.1	2.1
TPA Refunds	8.8	7.2	(1.6)
PBM Rebates	23.7	23.7	0.0
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	22.8	22.8	0.0
<b>TOTAL REVENUES</b>	\$ 1,832.3	\$ 1,924.7	\$ 92.4
<b>TOTAL CASH AVAILABLE</b>	\$ 1,855.3	\$ 2,150.7	\$ 295.4
<b>EXPENSES:</b>			
State PPO Plan:			
Medical Claims	\$ 708.1	\$ 674.7 <sup>(4)</sup>	\$ (33.4)
ASO Fee	19.8	19.8	0.0
Bank Services <sup>(5)</sup>	0.0	0.0	0.0
Prescription Drug Claims	287.3	279.6 <sup>(4)</sup>	(7.7)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,189.4	1,109.6 <sup>(4)</sup>	(79.8)
HSA Deposits <sup>(3)</sup>	1.2	1.4	0.2
Operating Costs & Admin Assessment	2.7	2.7	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
<b>TOTAL EXPENSES</b>	\$ 2,212.4	\$ 2,091.7	\$ (120.7)
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (380.1)	\$ (167.0)	\$ 213.1
<b>ENDING CASH BALANCE</b>	\$ (357.1)	\$ 59.0	\$ 416.1
<b>Average Enrollment by Plan</b>			
PPO Standard	90,400	90,400	0
PPO HIHP	892	892	0
HMO Standard	87,803	87,803	0
HMO HIHP	429	429	0
Total	179,524	179,524	0
<b>Average Enrollment by Coverage Type</b>			
Active Standard	140,736	140,736	0
Active HIHP	1,243	1,243	0
COBRA	874	874	0
Early Retiree	7,694	7,694	0
Medicare	28,977	28,977	0
Total	179,524	179,524	0

(1) Includes estimated timing impact of the receipt of 1<sup>st</sup> fiscal year biweekly payroll.

(2) Includes fiscal impact of insurance premium rate changes effective July 2010, December 2010, and May 2011.

(3) Contributions approximate a split between employer and employee of 40% and 60%, respectively.

(4) Includes fiscal impact of 2010 legislative actions.

(5) Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.



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

**Exhibit VI**

**Financial Outlook**

**Fiscal Year 2012-13 (In Millions)**

	<u>(A)</u>	<u>(B)</u>	<u>(B) - (A)</u>
	<u>Feb '10</u>	<u>Aug '10</u>	<u>Difference</u>
<b>BEGINNING CASH BALANCE</b>	\$ 0.0 <sup>(1)</sup>	\$ 59.0	\$ 59.0
<b>REVENUES:</b>			
Insurance Premiums:			
Employer	\$ 1,437.0	\$ 1,517.8 <sup>(2)</sup>	\$ 80.8
Employee	163.5	174.5 <sup>(2)</sup>	11.0
HSA Contributions <sup>(3)</sup>	1.2	1.4	0.2
COBRA	7.4	7.9 <sup>(2)</sup>	0.5
Early Retiree	60.2	63.6 <sup>(2)</sup>	3.4
Medicare	140.0	151.1 <sup>(2)</sup>	11.1
Investment Interest	0.0	0.0	0.0
TPA Refunds	8.8	7.2	(1.6)
PBM Rebates	24.5	24.5	0.0
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	23.7	23.7	0.0
<b>TOTAL REVENUES</b>	\$ 1,884.3	\$ 1,989.7	\$ 105.4
<b>TOTAL CASH AVAILABLE</b>	\$ 1,884.3	\$ 2,048.7	\$ 164.4
<b>EXPENSES:</b>			
State PPO Plan:			
Medical Claims	\$ 757.8	\$ 722.1 <sup>(4)</sup>	\$ (35.7)
ASO Fee	19.4	19.4	0.0
Bank Services <sup>(5)</sup>	0.0	0.0	0.0
Prescription Drug Claims	317.3	300.9 <sup>(4)</sup>	(16.4)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,365.4	1,273.8 <sup>(4)</sup>	(91.6)
HSA Deposits <sup>(3)</sup>	1.2	1.4	0.2
Operating Costs & Admin Assessment	2.7	2.7	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
<b>TOTAL EXPENSES</b>	\$ 2,467.7	\$ 2,324.2	\$ (143.5)
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (583.4)	\$ (334.5)	\$ 248.9
<b>ENDING CASH BALANCE</b>	\$ (583.4)	\$ (275.5)	\$ 307.9
<b>Average Enrollment by Plan</b>			
PPO Standard	88,349	88,349	0
PPO HIHP	892	892	0
HMO Standard	91,076	91,076	0
HMO HIHP	429	429	0
Total	180,746	180,746	0
<b>Average Enrollment by Coverage Type</b>			
Active Standard	141,291	141,291	0
Active HIHP	1,243	1,243	0
COBRA	874	874	0
Early Retiree	7,694	7,694	0
Medicare	29,644	29,644	0
Total	180,746	180,746	0

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

<sup>(2)</sup> Includes fiscal impact of insurance premium rate changes effective July 2010, December 2010, and May 2011.

<sup>(3)</sup> Contributions approximate a split between employer and employee of 40% and 60%, respectively.

<sup>(4)</sup> Includes fiscal impact of 2010 legislative actions.

<sup>(5)</sup> Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.

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

**Exhibit VII**

**Financial Outlook**

Fiscal Year 2013-14 (In Millions)

	<u>(A)</u> <u>Feb '10</u>	<u>(B)</u> <u>Aug '10</u>	<u>(B) - (A)</u> <u>Difference</u>
<b>BEGINNING CASH BALANCE</b>	\$ 0.0 <sup>(1)</sup>	\$ 0.0 <sup>(1)</sup>	\$ 0.0
<b>REVENUES:</b>			
Insurance Premiums:			
Employer	\$ 1,446.5	\$ 1,527.9 <sup>(2)</sup>	\$ 81.4
Employee	165.6	176.6 <sup>(2)</sup>	11.0
HSA Contributions <sup>(3)</sup>	1.2	1.4	0.2
COBRA	7.4	7.9 <sup>(2)</sup>	0.5
Early Retiree	60.2	63.6 <sup>(2)</sup>	3.4
Medicare	145.5	156.6 <sup>(2)</sup>	11.1
Investment Interest	0.0	0.0	0.0
TPA Refunds	8.8	7.2	(1.6)
PBM Rebates	24.5	24.9	0.4
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	24.5	24.5	0.0
<b>TOTAL REVENUES</b>	\$ 1,902.2	\$ 2,008.6	\$ 106.4
<b>TOTAL CASH AVAILABLE</b>	\$ 1,902.2	\$ 2,008.6	\$ 106.4
<b>EXPENSES:</b>			
State PPO Plan:			
Medical Claims	\$ 809.0	\$ 772.5 <sup>(4)</sup>	\$ (36.5)
ASO Fee	18.9	18.9	0.0
Bank Services <sup>(5)</sup>	0.0	0.0	0.0
Prescription Drug Claims <sup>(6)</sup>	350.3	332.2 <sup>(4)</sup>	(18.1)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,565.0	1,460.1 <sup>(4)</sup>	(104.9)
HSA Deposits <sup>(3)</sup>	1.2	1.4	0.2
Operating Costs & Admin Assessment	2.7	2.7	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
<b>TOTAL EXPENSES</b>	\$ 2,751.0	\$ 2,591.7	\$ (159.3)
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (848.8)	\$ (583.1)	\$ 265.7
<b>ENDING CASH BALANCE</b>	\$ (848.8)	\$ (583.1)	\$ 265.7
<b>Average Enrollment by Plan</b>			
PPO Standard	86,298	86,298	0
PPO HIHP	892	892	0
HMO Standard	94,349	94,349	0
HMO HIHP	429	429	0
Total	181,968	181,968	0
<b>Average Enrollment by Coverage Type</b>			
Active Standard	141,846	141,846	0
Active HIHP	1,243	1,243	0
COBRA	874	874	0
Early Retiree	7,694	7,694	0
Medicare	30,311	30,311	0
Total	181,968	181,968	0

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

<sup>(2)</sup> Includes fiscal impact of insurance premium rate changes effective July 2010, December 2010, and May 2011.

<sup>(3)</sup> Contributions approximate a split between employer and employee of 40% and 60%, respectively.

<sup>(4)</sup> Includes fiscal impact of 2010 legislative actions.

<sup>(5)</sup> Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.

<sup>(6)</sup> Includes adjustment to growth trend for prescription drug claims to 13.0%, consistent with previous outlook.

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

**\$ 170.8 Previous Ending Cash Balance Forecast <sup>(1)</sup>**

25.9 Increase in Revenue Forecast

21.9 - Increase in employer and enrollee Insurance Premiums:

12.1 - Increase due to higher actual than projected collections of 1st  
FY 10-11 biweekly payroll

7.8 - Increase due to higher actual than projected collections

1.8 - Increase due to special underpayment project for FY 09-10  
between DMS, NGA, and agencies/universities

0.2 - Increase due to higher than projected HSA Contributions

0.8 - Increase in Investment Interest due to higher than expected cash balance

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

0.2 - Increase in Pretax Transfer due to higher actual than projected activity

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

0.9 - Increase in Other Revenue due primarily to penalties

(27.9) Decrease in Expense Forecast

(19.8) - Decrease in PPO Plan Medical Claims

(0.6) - Decrease due to a decrease in projected enrollment

(19.2) - Decrease due to lower actual than projected claims experience

(10.2) - Due to lower claims costs

(9.0) - Due to the inclusion of projected costs of mandates in actual  
claims experience

(0.2) - Decrease in ASO fees

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

(0.1) - Decrease due to the netting of penalties to ASO invoice per contract terms

(6.8) - Decrease in PPO Plan Prescription Drug Claims

(0.3) - Decrease due to a decrease in projected enrollment

(6.5) - Decrease due to lower actual than projected claims experience

(0.7) - Decrease in HMO Premium Payments due to lower actual than projected payments

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

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

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

**\$ 224.6 Current Ending Cash Balance Forecast**

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<sup>(1)</sup> February 2010

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

<b>\$ 23.0</b>	<b>Previous Ending Cash Balance Forecast <sup>(1)</sup></b>
53.8	Increase in Beginning Cash Balance Forecast
68.7	Increase in Revenue Forecast
68.3	- Increase in employer and enrollee Insurance Premiums
(11.0)	- Decrease in employer contributions due to premium changes effective July 2010
11.0	- Increase in employee contributions due to premium changes effective July 2010
56.7	- Increase in employer contributions due to premium increases effective December 2010 and adjustment of collection factor
2.3	- Net Increase in employer contributions due to biweekly timing difference
9.1	- Increase in non-employee contributions due to premium increases effective December 2010 and May 2011
0.2	- Increase in HSA Contributions due to higher projected deposit activity
1.9	- Increase in Investment Interest due to an increase in cash balance
(1.6)	- Decrease in TPA Refunds due to process improvement implemented by TPA during FY 09-10
0.1	- Net increase in Pretax Transfer due to projected savings
(80.5)	Decrease in Expense Forecast
(31.8)	- Decrease in PPO Plan Medical Claims
0.6	- Net increase due to estimated impact of benefit changes effective January 2011
(32.4)	- Decrease due to lower FY 09-10 base
(10.9)	- Due to lower FY 09-10 claims cost
(21.5)	- Due to the inclusion of projected costs of mandates in actual FY 09-10 claims experience
(11.8)	- Decrease in PPO Plan Prescription Drug Claims
(10.8)	- Decrease due to estimated impact of benefit changes effective January 2011
(1.0)	- Decrease due to an increase in projected mail generic dispensing rate
(37.1)	- Decrease in HMO Premium Payments due to lower than projected negotiated rates for Plan Year 2011
0.2	- Increase in HSA deposits due to higher projected deposit activity
<b>\$ 226.0</b>	<b>Ending Cash Balance</b>

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<sup>(1)</sup> February 2010

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

<b>\$ (357.1)</b>	<b>Previous Ending Cash Balance Forecast <sup>(1)</sup></b>
203.0	Increase in Beginning Cash Balance Forecast
92.4	Increase in Revenue Forecast
91.9	- Increase in employer and enrollee Insurance Premiums
106.1	- Increase in employer and enrollee Insurance Premiums due to premium increases effective during FY 10-11 and adjustment of collection factor
(14.2)	- Decrease in employer and enrollee Insurance Premiums due to biweekly timing difference
2.1	- Increase in Investment Interest due to an increase in cash balance
(1.6)	- Decrease in TPA Refunds due to process improvement implemented by TPA during FY 09-10
(120.7)	Decrease in Expense Forecast
(33.4)	- Decrease in PPO Plan Medical Claims
1.3	- Net increase due to estimated impact of benefit changes effective January 2011
(34.7)	- Decrease due to lower FY 09-10 base
(11.6)	- Due to lower FY 09-10 claims cost
(23.1)	- Due to the inclusion of projected costs of mandates in actual FY 09-10 claims experience
(7.7)	- Decrease in PPO Plan Prescription Drug Claims
(15.0)	- Decrease due to estimated impact of benefit changes effective January 2011
7.3	- Increase due to a decrease in projected generic dispensing rates
(79.8)	- Decrease in HMO Premium Payments due to lower than projected negotiated rates for Plan Year 2011
0.2	- Increase in HSA deposits due to higher projected deposit activity
<b>\$ 59.0</b>	<b>Ending Cash Balance</b>

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<sup>(1)</sup> February 2010

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

<b>\$ (583.4)</b>	<b>Previous Ending Cash Balance Forecast <sup>(1)</sup></b>
59.0	Increase in Beginning Cash Balance Forecast
105.4	Increase in Revenue Forecast
107.0	- Increase in employer and enrollee Insurance Premiums due to premium increases effective during FY 10-11 and adjustment of collection factor
(1.6)	- Decrease in TPA Refunds due to process improvement implemented by TPA during FY 09-10
(143.5)	Decrease in Expense Forecast
(35.7)	- Decrease in PPO Plan Medical Claims
1.3	- Net increase due to estimated impact of benefit changes effective January 2011
(37.0)	- Decrease due to lower FY 09-10 base
(12.5)	- Due to lower FY 09-10 claims cost
(24.5)	- Due to the inclusion of projected costs of mandates in actual FY 09-10 claims experience
(16.4)	- Decrease in PPO Plan Prescription Drug Claims
(20.2)	- Decrease due to estimated impact of benefit changes effective January 2011
3.8	- Net increase due to adjustment from previous projections along with an increase in projected generic dispensing rates
(91.6)	- Decrease in HMO Premium Payments due to lower base for Plan Year 2011
0.2	- Increase in HSA deposits due to higher projected deposit activity
<b>\$ (275.5)</b>	<b>Ending Cash Balance</b>

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<sup>(1)</sup> February 2010

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

**\$ (848.8) Previous Ending Cash Balance Forecast <sup>(1)</sup>**

106.4	Increase in Revenue Forecast
107.6	- Increase in employer and enrollee Insurance Premiums due to premium increases effective during FY 10-11 and adjustment of collection factor
(1.6)	- Decrease in TPA Refunds due to process improvement implemented by TPA during FY 09-10
0.4	- Increase in PBM Rebates due to higher projected rebate activity
(159.3)	Decrease in Expense Forecast
(36.5)	- Decrease in PPO Plan Medical Claims
1.3	- Net increase due to estimated impact of benefit changes effective January 2011
(37.8)	- Decrease due to lower FY 09-10 base
(13.3)	- Due to lower FY 09-10 claims cost
(24.5)	- Due to the inclusion of projected costs of mandates in actual FY 09-10 claims experience
(18.1)	- Decrease in PPO Plan Prescription Drug Claims
(20.9)	- Decrease due to estimated impact of benefit changes effective January 2011
2.8	- Net increase due to adjustment from previous projections along with an increase in projected generic dispensing rates
(104.9)	- Decrease in HMO Premium Payments due to lower base for Plan Year 2011
0.2	- Increase in HSA Deposits due to higher projected deposit activity

**\$ (583.1) Ending Cash Balance**

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<sup>(1)</sup> February 2010

**Exhibit XIII**  
**Premium Rate Table**  
**Effective May 2010 for June 2010 Coverage**

Category	Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
		Employer	Enrollee	Total	Employer	Enrollee	Total
Full -Time Employees <sup>(1)</sup> (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 <sup>(1)</sup> (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 <sup>(2)</sup> (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 <sup>(3)</sup> (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.



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

**Exhibit XIV  
Premium Rate Table  
Effective July 2010 for August 2010 Coverage**

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer	Enrollee	Total
Career Service	Monthly Full -Time Employees <sup>(1)</sup>	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	1,154.16	30.00	1,184.16	1,038.44	30.00	1,068.44
	Bi-Weekly Full -Time Employees <sup>(1)</sup>	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	577.08	15.00	592.08	519.22	15.00	534.22
"Payalls"	Monthly Full -Time Employees <sup>(1,2)</sup>	Single	515.30	8.34	523.64	480.28	8.34	488.62
		Family	1,154.14	30.00	1,184.14	1,038.44	30.00	1,068.44
	Bi-Weekly Full -Time Employees <sup>(1,2)</sup>	Single	257.65	4.17	261.82	240.14	4.17	244.31
		Family	577.07	15.00	592.07	519.22	15.00	534.22
COBRA	Monthly <sup>(3)</sup>	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	Monthly <sup>(4)</sup>	(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) "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 actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(5) 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.

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

**Exhibit XV  
Premium Rate Table  
Effective December 2010 for January 2011 Coverage**

(COBRA premium rates remain unchanged from May 2010)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer	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	1,243.32	30.00	1,273.32	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	621.66	15.00	636.66	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	534.09	534.09	0.00	455.90	455.90
		Family	0.00	1,207.82	1,207.82	0.00	1,004.32	1,004.32
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
Medicare	Monthly <sup>(4)</sup>	(I) One Eligible	0.00	305.82	305.82	0.00	230.52	230.52
		(II) One Under/Over	0.00	881.80	881.80	0.00	722.16	722.16
		(III) Both Eligible	0.00	611.64	611.64	0.00	461.04	461.04
Overage Dependents		Single	0.00	549.80	549.80	0.00	473.14	473.14

**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 actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(5) 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.

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

**Exhibit XVI  
Premium Rate Table  
Effective May 2011 for June 2011 Coverage**

(Premium rate change ONLY for COBRA Participants)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer	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	1,243.32	30.00	1,273.32	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	621.66	15.00	636.66	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
Medicare	Monthly <sup>(4)</sup>	(I) One Eligible	0.00	305.82	305.82	0.00	230.52	230.52
		(II) One Under/Over	0.00	881.80	881.80	0.00	722.16	722.16
		(III) Both Eligible	0.00	611.64	611.64	0.00	461.04	461.04
Overage Dependents		Single	0.00	549.80	549.80	0.00	473.14	473.14

**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 actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(5) 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 XVII**  
**Abbreviations**

<b>ASO</b>	.....	Administrative Services Only
<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
<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>PBM</b>	.....	Pharmacy Benefits Manager
<b>PPO</b>	.....	Preferred Provider Organization
<b>TPA</b>	.....	Third Party Administrator

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

**Appendix 1  
Summary of Estimated Fiscal Impact to Forecast of 2010 Legislative Actions  
(In Millions)**

Premium Rate Changes	Estimated Annual Fiscal Impact			
	FY 10-11	FY 11-12	FY 12-13	FY 13-14
<b>Effective July for August 2010 coverage</b>				
Increase in "agency payroll" and Spouse employees toward premium contribution	11.0	11.0	11.0	11.0
Adjusted to reflect 1st biweekly collections	No Impact	9.5	No Impact	No Impact
Decrease in employer share for "agency payroll" and Spouse premium contribution	(11.0)	(11.0)	(11.0)	(11.0)
<b>Effective December 2010 for January 2011 coverage – Excludes COBRA</b>				
5% increase in employer contributions	45.8	80.3	80.8	81.4
Adjusted to reflect 1st biweekly collections	48.0	67.2	No Impact	No Impact
5% increase in Early Retirees contributions	2.1	3.4	3.4	3.4
10% increase in Medicare contributions	6.8	11.1	11.1	11.1
<b>Effective May for June 2011 coverage – COBRA only</b>				
Increase in premium rates for COBRA Participants	0.2	0.5	0.5	0.5

Benefit Changes	Estimated Annual Fiscal Impact			
	FY 10-11	FY 11-12	FY 12-13	FY 13-14
<b>PPO Plans - Medical</b>				
Increase in copayment for an urgent care physician from \$15 to \$25, per visit	(0.1)	(0.1)	(0.1)	(0.2)
Increase in emergency room visit from \$50 to \$100	(0.6)	(1.3)	(1.1)	(0.8)
Mammograms become part of preventive benefits (no-coinsurance)	1.3	2.7	2.5	2.3
<b>PPO Standard Plan - Prescription Drugs</b>				
Decreased Generic Co-Pay from \$10 to \$7	(\$6.7)	(\$4.5)	(\$6.0)	(\$6.1)
Increased Preferred Brand Co-Pay from \$25 to \$30				
Increased Non-Preferred Brand Co-Pay from \$40 to \$50				
Decreased Generic Mail Order Co-Pay from \$20 to \$14				
Increased Preferred Brand Mail Order Co-Pay from \$50 to \$60				
Increased Non-Preferred Brand Co-Pay from \$80 to \$100				
Coverage for smoking cessation of up to 6 month supply within any plan year and a maximum life benefit of no more than 9 months supplied				
Waiver of Co-Pay for members who switch from brand drugs to generics of a generic statin or a generic proton pump inhibitor				
Mandatory Mail Order applicable to certain maintenance drugs after 3 retail fills	(\$4.1)	(\$10.5)	(\$14.2)	(\$14.8)
<b>HMO Plans – Medical and Prescription Drugs (See Detail of Changes Above)</b>				
Increase in urgent care physicians visit from \$15 to \$25, per visit				
Increase in emergency room visit from \$50 to \$100				
Increase in copayment for primary care physician from \$15 to \$20, per visit				
Increase in copayment for specialist physician from \$25 to \$40, per visit				
Included in Calendar Year 2011 Negotiated Rates				
<b>HMO Renewal for Calendar Year 2011</b>				
Premium rate increases limited to no more than 3% for Plan Year 2011	(37.1)	(79.8)	(91.6)	(104.9)

Other	Estimated Annual Fiscal Impact			
	FY 10-11	FY 11-12	FY 12-13	FY 13-14
<b>Post Payment Claims Audit</b>	To be determined during procurement process			
<b>Dependent Eligibility Audit</b>	To be determined during procurement process			
<b>Life Insurance Benefit Changes</b>				
Impact to Pretax Trust Fund Transfer effective January 2011 resulting from a fully employer paid benefit of \$25,000 for all filled established positions.	(0.1)	(0.2)	(0.2)	(0.2)