

**Self-Insurance Estimating Conference**  
**State Employees' Health Insurance Trust Fund**  
**Last conference held: February 28, 2011**  
**Updated March 17, 2011**

**Executive Summary**

The outlook for the State Employees' Health Insurance Trust Fund has been revised to take into account recent fund experience and a revised trust fund impact of the Federal Patient Protection and Affordable Health Care Act (PPACA). The outlook has worsened slightly overall as a result of these changes: For 2010-11 the projected ending balance has been reduced by \$12.9 million from \$243.1 million to \$230.2 million, while for 2011-12 the projected ending balance has been reduced by \$5.5 million from \$99.6 million to \$94.1 million. The outlook for subsequent years shows that expenses will exceed revenues by an amount that generates a negative cash flow of \$333.9 million in 2012-13, \$617.5 million in 2013-14, and \$935.4 million in 2014-15.

Impacting all areas of the forecast are changes to the enrollment forecast, due to recent trends. Overall projected enrollment has been impacted only minimally in 2010-11 and 2011-12, but significant shifts have occurred among coverage classes. There has been a larger than expected shift from PPO enrollment to HMO enrollment, and COBRA, early retiree, and Medicare enrollment has been reduced. Overall premiums are slightly higher, with higher active employee premiums, and lower premiums from COBRA enrollees, early retirees, and Medicare enrollees. Overall enrollment is projected to increase by .04% in 2010-11, .4% in 2011-12, .3% in 2012-13, .2% in 2013-14, and .2% in 2014-15.

On the revenue side, the forecast of premiums is very slightly higher in 2010-11 through 2012-13, and slightly lower in 2013-14, as a result of the enrollment changes. Additionally, the forecast for PBM rebates has been increased by \$3.8 million in 2010-11 due to higher than expected rebate activity but very slightly lower in future years due to lower projected prescription drug claims. Overall the forecast revenues from Medicare Part D subsidies have also been reduced. There has been a slight decrease in the projection for investment interest in 2010-11 and 2011-12 due to slightly lower balances. There has also been a downward adjustment to the expected transfer to the Pretax Trust Fund for 2010-11 only, due to higher Medical Reimbursement Account claims activity resulting mainly from the introduction of account payment cards. The net impact of these changes is to increase projected revenues by \$2.7 million in 2010-11, \$1.0 million in 2011-12, \$.1 million in 2012-13, and reduce projected revenues by \$8.2 million in 2013-14.

For expenses, PPO medical claims are higher than in the previous estimate for 2010-11 through 2012-13 due to higher actual than projected claims through January 2011, but by 2013-14 lower projected enrollment offsets the higher base costs and PPO medical claims are lower than the previous forecast in that year. For PPO prescription drug claims, lower than projected claims through December 2010 and lower enrollment, combined with higher cost trends, result in some years having lower claims than in the previous estimate and some years higher. HMO premium payments are projected to be higher than the previous forecast throughout the forecast period, due to higher expected enrollment than previously projected.

The conference updated the impact of the provisions of PPACA. Over the forecast period, the expected impacts of the PPACA provisions have the following expected effect on the trust fund: 2010-11 -\$7.1 million, 2011-12 \$22.1 million, 2012-13 -\$16.4 million, 2013-14 -\$67.2 million, and 2014-15 -\$127.6 million. The most significant change from the previous forecast was the modification to the assumed collection timing of Early Retiree Reinsurance Program subsidies from 2010-11 to 2011-12. There were also some revisions in the actuarial estimates of the impact of PPACA. Relative to the December forecast, the changes in the projected impacts of the provisions of PPACA are expected to reduce the net cash position of the trust fund by \$8.8 million by the end of 2013-14.

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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, 2015**

**Presented February 28, 2011**

**(Updated March 15, 2011)**

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

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**EXECUTIVE SUMMARY**

The Florida Division of State Group Insurance (the Division) has prepared a financial Outlook for the State Employees' Group Health Self-Insurance Trust Fund (the Trust Fund) for the fiscal years ending June 30, 2011 through June 30, 2015 to aid in State's planning and budgeting in accordance with Section 216.136(9), *Florida Statutes*. The Division prepared the Outlook using cash basis methods and modeling and it is based on the healthcare benefit and funding design currently in place. It considers actual cash flow and enrollment experience through January and February 2011, respectively.

The December 2010 Outlook reported and recognized the fiscal impact of the activities and developments listed below:

1. Monthly enrollment activity through November 2010
2. Open Enrollment results for plan year 2011
3. Revenue and claims experience through October 2010
4. Amendment of Pharmacy Benefits Manager (PBM) contract effective January 2011
5. Federal Patient Protection and Affordable Care Act (PPACA)

This Outlook uses the December 2010 Outlook as the base and reports and recognizes the fiscal impact of these activities:

1. Monthly enrollment activity through February 2011
2. Revenue and expenditure activity through January 2011
3. Inclusion of projections for FY 2014-15

The cash position has changed for the forecast period due primarily to the recognition of actual enrollment and claims experience through the periods indicated above. In addition, there was consensus between the Principals of the Estimating Conference to modify the assumed collection timing of Early Retiree Reinsurance Program (ERRP) subsidies from FY 2010-11 to FY 2011-12. Although this change does not impact total projected ERRP collections, it slightly decreases projected Investment Interest.

The Trust Fund is expected to remain solvent through FY 2010-11. The projected ending cash balance for FY 2010-11 decreased from \$243.1 million to \$230.2 million; the estimated operating gain decreased from \$18.5 million to \$5.6 million. The projected ending cash balance for FY 2011-12 decreased from \$99.6 million to \$94.1 million, down \$5.5 million; the estimated operating loss decreased from \$143.5 million to \$136.1 million, down \$7.4 million.

With no changes to benefit attributes, covered services, premium rates, or other plan factors, the Trust Fund is projected to go from a cash surplus of \$230.2 million in FY 2010-11 to a projected ending cash deficit of \$239.8 million in FY 2012-13. Projected revenue will fall short in meeting health plan cost growth by \$333.9 million.

Following is a summary of the Outlook through FY 2014-15.

**Financial Outlook**

(Dollars in Millions)	Actual	Actual &	----- Projected -----			
	2009-10	Projected 2010-11	2011-12	2012-13	2013-14*	2014-15*
Beginning Cash Balance	206.2	224.6	230.2	94.1	0.0	0.0
Revenues	1,792.0	1,904.5	1,902.6	1,959.2	2,073.2	2,191.5
Expenses	<u>1,773.6</u>	<u>1,898.9</u>	<u>2,038.7</u>	<u>2,293.1</u>	<u>2,690.7</u>	<u>3,126.9</u>
Operating Gain/ (Loss)	<u>18.4</u>	<u>5.6</u>	<u>(136.1)</u>	<u>(333.9)</u>	<u>(617.5)</u>	<u>(935.4)</u>
Ending Cash Balance	<u><u>224.6</u></u>	<u><u>230.2</u></u>	<u><u>94.1</u></u>	<u><u>(239.8)</u></u>	<u><u>(617.5)</u></u>	<u><u>(935.4)</u></u>

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

**Growth Trends**

The cash position of the Trust Fund slightly worsened from the previous Outlook for the forecast period. Changes are primarily from refinements to the forecast to recognize actual claims experience through January 2011 and enrollment through February 2011.

Enrollment patterns suggest stable insurance premiums collections and further migration between the Self-Insured Preferred Provider Organization (PPO) and Fully-Insured Health Maintenance Organization (HMO) Plans, as compared with previous projections.

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

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Projected non-premium revenue decreases are primarily attributed to a decrease in the estimated Pretax Trust Fund Transfer and lower than projected Medicare Part D subsidy collections. The successful introduction of the payment card, effective January 2011, to access the Medical and Limited Purpose Reimbursement Accounts has accelerated the use of eligible funds and is expected to eliminate or decrease the forfeitures to a nominal amount. The impact to cash flow resulting from the acceleration of payments is expected to reduce the transfers to the Trust Fund during FY 2010-11 and to stabilize thereafter.

Recurring growth in expenses (10.8%) through the forecast period with relatively stable revenues upon implementation of the rate increase in December 2010 for January 2011 coverage will cause significant deterioration of the cash position in FY 2011-12. Attention to the cash position is required to maintain sufficient cash balances for operations.

The declining employee membership trend, coupled with the increasing retiree membership trend continues to impact utilization patterns and costs for the State, as medical costs generally increase with age. PPO Plans demographics are expected to drive medical cost and utilization trends upwards. Although in the last years the medical growth rates have been lower than projected, actual experience suggests a trend of 9.5% for the forecast period, consistent with previous assumptions. The assumed growth rate falls within the expected industry range of 5.9% to 11.7%.

The prescription drug market continues to provide opportunities for the dispensing of generic drugs. However, the offering of new and more expensive biotech/specialty drugs counterbalances the trend towards the utilization of less expensive generic drugs. The main factors driving changes in prescription drug spending are: (1) membership demographics, (2) utilization, (3) price changes, and (4) changes in the types of drugs used.

With a projected higher retiree enrollment ratio and the State's current position as the primary payer of prescription drugs for Medicare retirees, prescription drug growth rate is expected to continue trending upwards. The overall cost trend, excluding Fiscal Years 2013-14 and 2014-15, has increased from 8.8% to 9.2% for the forecast period due primarily to higher expected costs. The assumed growth rate falls within the expected industry range of 9.2% – 11.3%.

The weighted-average increase in premium rates for the Fully-Insured State-contracted Health Maintenance Organization (HMO) Plans for plan years 2012 through 2015 is consistent with the previous assumption of 10.0%. The assumed growth rate falls within the expected industry range of 9.4% – 10.6%.

As of plan year 2011 all but one county in Florida has at least one HMO plan offering. The PPO standard and high deductible health plans remain available worldwide.

Following is a summary of the trends used in the previous projections and those used for the development of this Outlook.

	<u>December 2010</u> <sup>(1)</sup>			<u>February 2011</u> <sup>(1)</sup>		
	Trend	Industry Range		Trend	Industry Range	
PPO Medical Claims	9.5%	5.9%	- 11.7%	9.5%	5.9%	- 11.7%
PPO Prescription Drug Claims <sup>(2)</sup>	8.8% <sup>(3)</sup>	9.2%	- 11.3%	9.2%	9.2%	- 11.3%
HMO Premium Payments <sup>(4)</sup>	10.0%	8.8%	- 10.6%	10.0%	9.4%	- 10.6%

**Notes:**

- (1) Survey data for CY 2011, updated for February 2011 conference.
- (2) Excludes FY 13-14 and FY 14-15.
- (3) Includes typo correction to previous report.
- (4) Actual weighted average HMO Premium increase for Calendar Year 2011 was negotiated at 3.0%, in compliance with HB 5001.

The Division is currently procuring contractual agreements for Pharmacy Benefits Manager services and for HMO vendors to be effective January 1, 2012. Assumptions and projected growth rates used for the forecast could be directly impacted by the ensuing contracts.

**Enrollment**

Growth in total enrollment is projected at an annual average of 0.3% through the forecast period. Monthly activity through February 2011 shows higher actual than previously projected enrollment in the active employee population

and lower than previously projected enrollment in the retiree population. Furthermore, actual enrollment activity suggests an accelerated migration trend from the PPO Plans to the HMO Plans. These trends, along with category shifts, are contributing to minor adjustments to the enrollment projections and corresponding revenue and expense components.

Subscriber migration and new hire election patterns indicate continuing change in the enrollment distribution between the PPO plans and the HMO plans. FY 2010-11 total enrollment distribution is projected at 52.4% in the PPO plans and 47.6% in the HMO plans. However, employee enrollment is projected at 45.4% in the PPO plans and 54.6% in the HMO plans, during the same period. The PPO plans have a disproportionate higher share of retiree subscribers (79.5%) as compared to the HMO plans (20.5%).

Approximately 1,431 subscribers (1,350 active employees) are currently enrolled in a High Deductible Health Plan (0.8% of total enrollment). Approximately 969 of these active employees, or 71.8%, participate the integrated State-sponsored Health Savings Account offering.

### **Federal Patient Protection and Affordable Care Act (PPACA)**

The Patient Protection and Affordable Care Act (PPACA), enacted on March 23, 2010, as amended by the Health Care and Education Reconciliation Act (HCERA), creates a broad array of issues for employers' health benefit programs and the US health care system. New mandates and changes imposed by the law affect the design, cost, tax treatment, administration, reporting and disclosure of health benefit programs. Some new provisions went into effect in 2010, but many will not take effect for several years.

PPACA imposes new mandates or standards for individual and group health coverage. With a few exceptions, all insured and self-insured group health plans faced a first round of coverage and cost-sharing mandates for plan years beginning on or after March 23, 2010.

The Division retained a consultant to estimate the fiscal impact of PPACA to the trust fund. Estimates are being presented in the Outlook as a single line in the Revenue and Expense categories with supporting detail in appendixes 1 and 2 of the Financial Outlook. Assumptions and methodologies the consultant used to develop the estimates are provided in the consultant's report dated February 25, 2011. Some key assumptions are listed below:

1. Non-grandfathered status for the State Employees' Group Health Insurance Program (the Program).
2. Baseline dollar figures from the Outlook dated December 9, 2010.
3. Annual increases in costs for medical and prescription drug claims and HMO premium payments are based on Mercer's assumptions, proprietary models and employer marketplace trends.
4. Approximately 770 enrollees will drop participation in the Program and enroll in Medicaid on January 1, 2014 as a result of the implementation of the "Medicaid Expansion and Migration into Exchange" reform.
5. Approximately 21,580 (12,948 permanent employees and 8,632 OPS employees (University OPS employees not included due to unavailability of data at the time of the report was produced) will elect to participate in the Program on January 1, 2014 as a result of the implementation of the "Individual Mandate with Federal Subsidies" reform.
6. Increase in Insurance Premium contributions effective December 2013 for January 2014 coverage:
  - i. Additional employer contributions estimated at \$104.3 million and \$211.72 million for Fiscal Years 2013-14 and 2014-15, respectively.
  - ii. Additional employee contributions estimated at \$5.31 million and \$10.79 million for Fiscal Years 2013-14 and 2014-15, respectively.
  - iii. Total estimated increase in insurance premium contributions of \$109.61 million and \$222.51 million for fiscal years 2013-14 and 2014-15, respectively.

The State must continually monitor and review the PPACA over the next several years, particularly as some regulations are pending. This will ensure that the State fully understands the fiscal impact on the Trust Fund and can make decisions accordingly.

### **Exhibits**

The exhibits that follow provide more in-depth information about projected enrollment, expected health care cost growth, cash positions and comparisons to the previous Outlook.

### **Appendixes**

Appendix 1 provides detailed information on the estimated fiscal impact to the forecast from the PPACA.

Appendix 2 provides summary information about PPACA reforms and their estimated fiscal impact on the forecast.

**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 February 2011 Compared to December 2010**

(In Millions)

	FY 10-11			FY 11-12			FY 12-13			FY 13-14		
	Dec '10	Feb '11	Diff.	Dec '10	Feb '11	Diff.	Dec '10	Feb '11	Diff.	Dec '10	Feb '11	Diff.
<b>Beginning Balance</b>	\$ 224.6	\$ 224.6	\$ 0.0	\$ 243.1	\$ 230.2	\$ (12.9)	\$ 99.6	\$ 94.1	\$ (5.5)	\$ 0.0	\$ 0.0	\$ 0.0
<b>Revenues:</b>												
Insurance Premiums	\$ 1,827.8	\$ 1,829.9	\$ 2.1	\$ 1,829.0	\$ 1,831.7	\$ 2.7	\$ 1,888.8	\$ 1,889.1	\$ 0.3	\$ 1,900.0	\$ 1,898.1	\$ (1.9)
PBM Rebates	21.8	25.6	3.8	22.3	22.1	(0.2)	23.1	22.9	(0.2)	23.6	23.3	(0.3)
Pretax TF Transfer	18.1	15.9	(2.2)	18.0	18.0	0.0	18.0	18.0	0.0	18.0	18.0	0.0
Medicare Part D	21.4	20.5	(0.9)	21.8	20.4	(1.4)	22.0	22.0	0.0	22.6	22.6	0.0
Other Revenues	12.7	12.6	(0.1)	10.5	10.4	(0.1)	7.2	7.2	0.0	7.2	7.2	0.0
PPACA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	110.0	104.0	(6.0)
<b>Total Revenues</b>	\$ 1,901.8	\$ 1,904.5	\$ 2.7	\$ 1,901.6	\$ 1,902.6	\$ 1.0	\$ 1,959.1	\$ 1,959.2	\$ 0.1	\$ 2,081.4	\$ 2,073.2	\$ (8.2)
<b>Total Available</b>	\$ 2,126.4	\$ 2,129.1	\$ 2.7	\$ 2,144.7	\$ 2,132.8	\$ (11.9)	\$ 2,058.7	\$ 2,053.3	\$ (5.4)	\$ 2,081.4	\$ 2,073.2	\$ (8.2)
<b>Expenses:</b>												
PPO Expenses:												
Medical Claims	\$ 613.6	\$ 618.0	\$ 4.4	\$ 658.1	\$ 661.0	\$ 2.9	\$ 704.9	\$ 705.4	\$ 0.5	\$ 755.2	\$ 753.0	\$ (2.2)
Prescription Drug	261.5	257.6	(3.9)	278.6	279.4	0.8	302.3	302.5	0.2	334.3	333.3	(1.0)
HMO Premiums	987.4	988.4	1.0	1,089.1	1,092.7	3.6	1,236.9	1,241.6	4.7	1,400.8	1,406.5	5.7
Other Expenses	27.8	27.8	0.0	27.7	27.7	0.0	27.3	27.2	(0.1)	26.9	26.7	(0.2)
PPACA	(7.0)	7.1	14.1	(8.4)	(22.1)	(13.7)	16.0	16.4	0.4	169.3	171.2	1.9
<b>Total Expenses</b>	\$ 1,883.3	\$ 1,898.9	\$ 15.6	\$ 2,045.1	\$ 2,038.7	\$ (6.4)	\$ 2,287.4	\$ 2,293.1	\$ 5.7	\$ 2,686.5	\$ 2,690.7	\$ 4.2
<b>Excess of Revenues over Expenses</b>	\$ 18.5	\$ 5.6	\$ (12.9)	\$ (143.5)	\$ (136.1)	\$ 7.4	\$ (328.3)	\$ (333.9)	\$ (5.6)	\$ (605.1)	\$ (617.5)	\$ (12.4)
<b>Ending Cash Balance</b>	\$ 243.1	\$ 230.2	\$ (12.9)	\$ 99.6	\$ 94.1	\$ (5.5)	\$ (228.7)	\$ (239.8)	\$ (11.1)	\$ (605.1)	\$ (617.5)	\$ (12.4)

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

<sup>(2)</sup> Exhibits II to X present detail forecast information, per fiscal year.

**Highlights of Changes to Forecast**

- Overall, net results of outlook slightly worsened for the forecast period, as compared with previous outlook
- Inclusion of actual enrollment through February 2011
  - \* Decrease in PPO enrollment through the forecast period
  - \* Increase in HMO enrollment through the forecast period
  - \* Adjustments to affected revenue and expense components
- Inclusion of actual claims experience through January 2011
  - \* Increase in PPO medical claim costs through the forecast period
  - \* Increase in PPO prescription drug claim costs through the forecast period, except for FY 10-11
- Inclusion of actual revenue and expense activity through January 2011
  - \* Adjustments to affected revenue and expense components
- Impact of implementation of Medical Reimbursement Account payment card to Pretax TF Transfer

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

	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>	<u>FY 14-15</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>	<u>Estimate <sup>(1)</sup></u>
<b>BEGINNING CASH BALANCE</b>	\$ 224.6	\$ 230.2	\$ 94.1	\$ 0.0 <sup>(2)</sup>	\$ 0.0 <sup>(2)</sup>
<b>REVENUES:</b>					
Insurance Premiums:					
Employer	\$ 1,453.8 <sup>(3)</sup>	\$ 1,451.5 <sup>(3)</sup>	\$ 1,500.3	\$ 1,504.9	\$ 1,509.7
Employee	169.7 <sup>(3)</sup>	166.7 <sup>(3)</sup>	172.9	174.0	175.0
HSA Contributions <sup>(4)</sup>	1.5	1.5	1.5	1.5	1.5
COBRA	6.3	6.0	6.0	6.0	6.0
Early Retiree	62.0	61.4	58.9	56.8	54.9
Medicare	136.6	144.6	149.5	154.9	160.9
Investment Interest	4.5	3.2	0.0	0.0	0.0
TPA Refunds	8.1	7.2	7.2	7.2	7.2
PBM Rebates	25.6	22.1	22.9	23.3	23.9
Pretax Trust Fund Transfer	15.9	18.0	18.0	18.0	18.0
Medicare Part D Subsidy	20.5	20.4	22.0	22.6	23.3
PPACA <sup>(5)</sup>	0.0	0.0	0.0	104.0	211.1
<b>TOTAL REVENUES</b>	\$ 1,904.5	\$ 1,902.6	\$ 1,959.2	\$ 2,073.2	\$ 2,191.5
<b>TOTAL CASH AVAILABLE</b>	\$ 2,129.1	\$ 2,132.8	\$ 2,053.3	\$ 2,073.2	\$ 2,191.5
<b>EXPENSES:</b>					
State PPO Plan: <sup>(6)</sup>					
Medical Claims	\$ 618.0	\$ 661.0	\$ 705.4	\$ 753.0	\$ 804.0
ASO Fee	19.8	19.7	19.2	18.7	18.2
Prescription Drug Claims	257.6	279.4	302.5	333.3 <sup>(7)</sup>	367.3 <sup>(7)</sup>
PBM Claims Administration	0.3	0.3	0.3	0.3	0.3
HMO Premium Payments	988.4	1,092.7	1,241.6	1,406.5	1,590.7
HSA Deposits <sup>(4)</sup>	1.5	1.5	1.5	1.5	1.5
Operating Costs & Admin Assessment	2.6	2.6	2.6	2.6	2.6
Premium Refunds	3.5	3.5	3.5	3.5	3.5
Other Expenses	0.1	0.1	0.1	0.1	0.1
PPACA <sup>(5)</sup>	7.1	(22.1)	16.4	171.2	338.7
<b>TOTAL EXPENSES</b>	\$ 1,898.9	\$ 2,038.7	\$ 2,293.1	\$ 2,690.7	\$ 3,126.9
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 5.6	\$ (136.1)	\$ (333.9)	\$ (617.5)	\$ (935.4)
<b>ENDING CASH BALANCE</b>	\$ 230.2	\$ 94.1	\$ (239.8)	\$ (617.5)	\$ (935.4)

<b>Average Enrollment by Plan</b>	PPO Standard	91,851	89,573	87,266	85,060 <sup>(8)</sup>	82,912 <sup>(8)</sup>
	PPO HIHP	973	1,006	1,006	1,006 <sup>(8)</sup>	1,006 <sup>(8)</sup>
	HMO Standard	83,971	86,969	89,732	92,324 <sup>(8)</sup>	94,836 <sup>(8)</sup>
	HMO HIHP	466	460	460	460 <sup>(8)</sup>	460 <sup>(8)</sup>
	<u>Total</u>	<u>177,261</u>	<u>178,008</u>	<u>178,464</u>	<u>178,850</u>	<u>179,214</u>
<b>Average Enrollment by Coverage Type</b>	Active Standard	139,336	139,807	139,878	139,854 <sup>(8)</sup>	139,780 <sup>(8)</sup>
	Active HIHP	1,360	1,385	1,385	1,385 <sup>(8)</sup>	1,385 <sup>(8)</sup>
	COBRA	756	678	678	678 <sup>(8)</sup>	678 <sup>(8)</sup>
	Early Retiree	7,639	7,486	7,257	7,053 <sup>(8)</sup>	6,877 <sup>(8)</sup>
	Medicare	28,170	28,652	29,266	29,880 <sup>(8)</sup>	30,494 <sup>(8)</sup>
	<u>Total</u>	<u>177,261</u>	<u>178,008</u>	<u>178,464</u>	<u>178,850</u>	<u>179,214</u>

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

<sup>(2)</sup> Assumes no carry forward of negative ending cash balance from prior year.

<sup>(3)</sup> Includes estimated timing impact of the receipt of 1<sup>st</sup> fiscal year biweekly payroll.

<sup>(4)</sup> Contributions approximate a split between employer and employee of 41% and 59%, respectively.

<sup>(5)</sup> Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

<sup>(6)</sup> Bank Services are estimated at approximately \$35,000/per year for the projected period, which rounds to \$0.0M.

<sup>(7)</sup> Includes growth trend for prescription drug claims of 13.0%, consistent with previous outlook.

<sup>(8)</sup> Does not include estimated impact to enrollment of certain PPACA reforms.

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

**Exhibit III**

**Financial Outlook**

Fiscal Year 2010-11 (In Millions)

	(A) <u>Dec '10</u>	(B) <u>Feb '11</u>	(B) - (A) <u>Difference</u>
<b>BEGINNING CASH BALANCE</b>	\$ 224.6	\$ 224.6	\$ 0.0
<b>REVENUES:</b>			
Insurance Premiums: <sup>(1)</sup>			
Employer	\$ 1,450.1	\$ 1,453.8	\$ 3.7
Employee	168.9	169.7	0.8
HSA Contributions <sup>(2)</sup>	1.5	1.5	0.0
COBRA	6.9	6.3	(0.6)
Early Retiree	62.7	62.0	(0.7)
Medicare	137.7	136.6	(1.1)
Investment Interest	4.6	4.5	(0.1)
TPA Refunds	8.1	8.1	0.0
PBM Rebates	21.8	25.6	3.8
Pretax Trust Fund Transfer	18.1	15.9	(2.2)
Medicare Part D Subsidy	21.4	20.5	(0.9)
PPACA <sup>(3)</sup>	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	\$ 1,901.8	\$ 1,904.5	\$ 2.7
<b>TOTAL CASH AVAILABLE</b>	\$ 2,126.4	\$ 2,129.1	\$ 2.7
<b>EXPENSES:</b>			
State PPO Plan: <sup>(4)</sup>			
Medical Claims	\$ 613.6	\$ 618.0	\$ 4.4
ASO Fee	19.8	19.8	0.0
Prescription Drug Claims	261.5	257.6	(3.9)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	987.4	988.4	1.0
HSA Deposits <sup>(2)</sup>	1.5	1.5	0.0
Operating Costs & Admin Assessment	2.6	2.6	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA <sup>(3)</sup>	(7.0)	7.1	14.1
<b>TOTAL EXPENSES</b>	\$ 1,883.3	\$ 1,898.9	\$ 15.6
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 18.5	\$ 5.6	\$ (12.9)
<b>ENDING CASH BALANCE</b>	\$ 243.1	\$ 230.2	\$ (12.9)
<b>Average Enrollment by Plan</b>			
PPO Standard	91,951	91,851	(100)
PPO HIHP	959	973	14
HMO Standard	83,886	83,971	85
HMO HIHP	457	466	9
Total	177,253	177,261	8
<b>Average Enrollment by Coverage Type</b>			
Active Standard	139,051	139,336	285
Active HIHP	1,337	1,360	23
COBRA	821	756	(65)
Early Retiree	7,692	7,639	(53)
Medicare	28,352	28,170	(182)
Total	177,253	177,261	8

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

(2) Contributions approximate a split between employer and employee of 41% and 59%, respectively.

(3) Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

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



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

**Exhibit IV**

**Financial Outlook**

Fiscal Year 2011-12 (In Millions)

	<u>(A)</u>	<u>(B)</u>	<u>(B) - (A)</u>
	<u>Dec '10</u>	<u>Feb '11</u>	<u>Difference</u>
<b>BEGINNING CASH BALANCE</b>	\$ 243.1	\$ 230.2	\$ (12.9)
<b>REVENUES:</b>			
Insurance Premiums: <sup>(1)</sup>			
Employer	\$ 1,444.6	\$ 1,451.5	\$ 6.9
Employee	165.3	166.7	1.4
HSA Contributions <sup>(2)</sup>	1.5	1.5	0.0
COBRA	7.0	6.0	(1.0)
Early Retiree	64.0	61.4	(2.6)
Medicare	146.6	144.6	(2.0)
Investment Interest	3.3	3.2	(0.1)
TPA Refunds	7.2	7.2	0.0
PBM Rebates	22.3	22.1	(0.2)
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	21.8	20.4	(1.4)
PPACA <sup>(3)</sup>	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	\$ 1,901.6	\$ 1,902.6	\$ 1.0
<b>TOTAL CASH AVAILABLE</b>	\$ 2,144.7	\$ 2,132.8	\$ (11.9)
<b>EXPENSES:</b>			
State PPO Plan: <sup>(4)</sup>			
Medical Claims	\$ 658.1	\$ 661.0	\$ 2.9
ASO Fee	19.7	19.7	0.0
Prescription Drug Claims	278.6	279.4	0.8
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,089.1	1,092.7	3.6
HSA Deposits <sup>(2)</sup>	1.5	1.5	0.0
Operating Costs & Admin Assessment	2.6	2.6	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA <sup>(3)</sup>	(8.4)	(22.1)	(13.7)
<b>TOTAL EXPENSES</b>	\$ 2,045.1	\$ 2,038.7	\$ (6.4)
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (143.5)	\$ (136.1)	\$ 7.4
<b>ENDING CASH BALANCE</b>	\$ 99.6	\$ 94.1	\$ (5.5)
<b>Average Enrollment by Plan</b>			
PPO Standard	89,929	89,573	(356)
PPO HIHP	977	1,006	29
HMO Standard	86,666	86,969	303
HMO HIHP	443	460	17
Total	178,015	178,008	(7)
<b>Average Enrollment by Coverage Type</b>			
Active Standard	139,173	139,807	634
Active HIHP	1,338	1,385	47
COBRA	801	678	(123)
Early Retiree	7,700	7,486	(214)
Medicare	29,003	28,652	(351)
Total	178,015	178,008	(7)

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

(2) Contributions approximate a split between employer and employee of 41% and 59%, respectively.

(3) Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

(4) 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 2012-13 (In Millions)

	<u>(A)</u>	<u>(B)</u>	<u>(B) - (A)</u>
	<u>Dec '10</u>	<u>Feb '11</u>	<u>Difference</u>
<b>BEGINNING CASH BALANCE</b>	\$ 99.6	\$ 94.1	\$ (5.5)
<b>REVENUES:</b>			
Insurance Premiums:			
Employer	\$ 1,493.5	\$ 1,500.3	\$ 6.8
Employee	171.4	172.9	1.5
HSA Contributions <sup>(1)</sup>	1.5	1.5	0.0
COBRA	7.0	6.0	(1.0)
Early Retiree	64.0	58.9	(5.1)
Medicare	151.4	149.5	(1.9)
Investment Interest	0.0	0.0	0.0
TPA Refunds	7.2	7.2	0.0
PBM Rebates	23.1	22.9	(0.2)
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	22.0	22.0	0.0
PPACA <sup>(2)</sup>	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	\$ 1,959.1	\$ 1,959.2	\$ 0.1
<b>TOTAL CASH AVAILABLE</b>	\$ 2,058.7	\$ 2,053.3	\$ (5.4)
<b>EXPENSES:</b>			
State PPO Plan: <sup>(3)</sup>			
Medical Claims	\$ 704.9	\$ 705.4	\$ 0.5
ASO Fee	19.3	19.2	(0.1)
Prescription Drug Claims	302.3	302.5	0.2
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,236.9	1,241.6	4.7
HSA Deposits <sup>(1)</sup>	1.5	1.5	0.0
Operating Costs & Admin Assessment	2.6	2.6	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA <sup>(2)</sup>	16.0	16.4	0.4
<b>TOTAL EXPENSES</b>	\$ 2,287.4	\$ 2,293.1	\$ 5.7
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (328.3)	\$ (333.9)	\$ (5.6)
<b>ENDING CASH BALANCE</b>	\$ (228.7)	\$ (239.8)	\$ (11.1)
<b>Average Enrollment by Plan</b>			
PPO Standard	87,947	87,266	(681)
PPO HIHP	977	1,006	29
HMO Standard	89,333	89,732	399
HMO HIHP	443	460	17
<b>Total</b>	<b>178,700</b>	<b>178,464</b>	<b>(236)</b>
<b>Average Enrollment by Coverage Type</b>			
Active Standard	139,244	139,878	634
Active HIHP	1,338	1,385	47
COBRA	801	678	(123)
Early Retiree	7,700	7,257	(443)
Medicare	29,617	29,266	(351)
<b>Total</b>	<b>178,700</b>	<b>178,464</b>	<b>(236)</b>

<sup>(1)</sup> Contributions approximate a split between employer and employee of 41% and 59%, respectively.

<sup>(2)</sup> Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

<sup>(3)</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 VI  
Financial Outlook**

Fiscal Year 2013-14 (In Millions)

	<u>(A)</u> <u>Dec '10</u>	<u>(B)</u> <u>Feb '11</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	\$ 1,498.0	\$ 1,504.9	\$ 6.9
Employee	172.5	174.0	1.5
HSA Contributions <sup>(2)</sup>	1.5	1.5	0.0
COBRA	7.0	6.0	(1.0)
Early Retiree	64.0	56.8	(7.2)
Medicare	157.0	154.9	(2.1)
Investment Interest	0.0	0.0	0.0
TPA Refunds	7.2	7.2	0.0
PBM Rebates	23.6	23.3	(0.3)
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	22.6	22.6	0.0
PPACA <sup>(3)</sup>	110.0	104.0	(6.0)
<b>TOTAL REVENUES</b>	\$ 2,081.4	\$ 2,073.2	\$ (8.2)
<b>TOTAL CASH AVAILABLE</b>	\$ 2,081.4	\$ 2,073.2	\$ (8.2)
<b>EXPENSES:</b>			
State PPO Plan: <sup>(4)</sup>			
Medical Claims	\$ 755.2	\$ 753.0	\$ (2.2)
ASO Fee	18.9	18.7	(0.2)
Prescription Drug Claims <sup>(5)</sup>	334.3	333.3	(1.0)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,400.8	1,406.5	5.7
HSA Deposits <sup>(2)</sup>	1.5	1.5	0.0
Operating Costs & Admin Assessment	2.6	2.6	0.0
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA <sup>(3)</sup>	169.3	171.2	1.9
<b>TOTAL EXPENSES</b>	\$ 2,686.5	\$ 2,690.7	\$ 4.2
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ (605.1)	\$ (617.5)	\$ (12.4)
<b>ENDING CASH BALANCE</b>	\$ (605.1)	\$ (617.5)	\$ (12.4)
<b>Average Enrollment by Plan</b> <sup>(6)</sup>			
PPO Standard	86,041	85,060	(981)
PPO HIHP	977	1,006	29
HMO Standard	91,829	92,324	495
HMO HIHP	443	460	17
Total	179,290	178,850	(440)
<b>Average Enrollment by Coverage Type</b> <sup>(6)</sup>			
Active Standard	139,220	139,854	634
Active HIHP	1,338	1,385	47
COBRA	801	678	(123)
Early Retiree	7,700	7,053	(647)
Medicare	30,231	29,880	(351)
Total	179,290	178,850	(440)

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

<sup>(2)</sup> Contributions approximate a split between employer and employee of 41% and 59%, respectively.

<sup>(3)</sup> Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

<sup>(4)</sup> Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.

<sup>(5)</sup> Includes growth trend for prescription drug claims of 13.0%, consistent with previous outlook.

<sup>(6)</sup> Does not include estimated impact to enrollment of certain PPACA reforms.

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

**\$ 243.1 Previous Ending Cash Balance Forecast <sup>(1)</sup>**

2.7 Increase in Revenue Forecast

- 2.1 - Net increase in employer and enrollee Insurance Premiums due to an increase in Active Employee population and a decrease in Retiree population along with category shifts
- (0.1) - Decrease in Investment Interest due to a decrease in projected cash balance
- 3.8 - Increase in PBM rebates due to higher actual than projected rebate activity
- (2.2) - Decrease in Pretax TF Transfer due to higher than projected Medical Reimbursement Account claims activity
- (0.9) - Decrease in Medicare Part D Subsidy due to lower actual than projected receipts for Plan Year 2010

15.6 Increase in Expense Forecast

- 4.4 - Increase in PPO Plan Medical Claims
  - 5.0 - Increase due to higher actual than projected paid claims through January 2011
  - (0.6) - Decrease due to a decrease in projected enrollment from 92,910 to 92,824
- (3.9) - Decrease in PPO Plan Prescription Drug Claims
  - (3.6) - Decrease due to lower actual than projected paid claims through December 2010
  - (0.3) - Decrease due to a decrease in projected enrollment from 92,910 to 92,824
- 1.0 - Increase in HMO Premium Payments due to an increase in projected enrollment from 84,343 to 84,437
- 14.1 - Increase in PPACA costs due primarily to a modification to the assumed collection timing of Early Retiree Reinsurance Program (ERRP) subsidies from FY 10-11 to FY 11-12 and a revision of actuarial estimates

**\$ 230.2 Ending Cash Balance**

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

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

<b>\$ 99.6</b>	<b>Previous Ending Cash Balance Forecast <sup>(1)</sup></b>
(12.9)	Decrease in Beginning Cash Balance Forecast
1.0	Increase in Revenue Forecast
2.7	- Net increase in employer and enrollee Insurance Premiums due to an increase in Active Employee population and a decrease in Retiree population along with category shifts
(0.1)	- Decrease in Investment Interest due to a decrease in projected cash balance
(0.2)	- Decrease in PBM rebates due to a decrease in projected PPO Plans enrollment from 90,906 to 90,579
(1.4)	- Decrease in Medicare Part D Subsidy due to a decrease in expected subsidy collections
(6.4)	Decrease in Expense Forecast
2.9	- Increase in PPO Plan Medical Claims
5.3	- Increase due to higher base for FY 10-11
(2.4)	- Decrease due to a decrease in projected enrollment from 90,906 to 90,579
0.8	- Increase in PPO Plan Prescription Drug Claims
1.8	- Increase due to an increase in cost projections
(1.0)	- Decrease due to a decrease in projected enrollment from 90,906 to 90,579
3.6	- Increase in HMO Premium Payments due to an increase in projected enrollment from 87,109 to 87,429
(13.7)	- Net decrease in PPACA costs due primarily to a modification to the assumed collection timing of Early Retiree Reinsurance Program (ERRP) subsidies from FY 10-11 to FY 11-12 and a revision of actuarial estimates
<b>\$ 94.1</b>	<b>Ending Cash Balance</b>

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

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

<b>\$ (228.7)</b>	<b>Previous Ending Cash Balance Forecast <sup>(1)</sup></b>
(5.5)	Decrease in Beginning Cash Balance Forecast
0.1	Increase in Revenue Forecast
0.3	- Net increase in employer and enrollee Insurance Premiums due to an increase in Active Employee population and a decrease in Retiree population along with category shifts
(0.2)	- Decrease in PBM rebates due to a decrease in projected PPO Plans enrollment from 88,924 to 88,272
5.7	Increase in Expense Forecast
0.5	- Increase in PPO Plan Medical Claims
5.7	- Increase due to higher base for FY 10-11
(5.2)	- Decrease due to a decrease in projected enrollment from 88,924 to 88,272
(0.1)	- Decrease in ASO Fee due to a decrease in projected enrollment from 88,924 to 88,272
0.2	- Increase in PPO Plan Prescription Drug Claims
2.4	- Increase due to an increase in cost projections
(2.2)	- Decrease due to a decrease in projected enrollment from 88,924 to 88,272
4.7	- Increase in HMO Premium Payments due to an increase in projected enrollment from 89,776 to 90,192
0.4	- Increase in PPACA due to a revision of actuarial estimates
<b>\$ (239.8)</b>	<b>Ending Cash Balance</b>

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

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

**\$ (605.1) Previous Ending Cash Balance Forecast <sup>(1)</sup>**

(8.2) Decrease in Revenue Forecast

- (1.9) - Net decrease in employer and enrollee Insurance Premiums due to an increase in Active Employee population and a greater decrease in Retiree population along with category shifts
- (0.3) - Decrease in PBM rebates due to a decrease in projected PPO Plans enrollment from 87,018 to 86,066
- (6.0) - Decrease in PPACA due to a revision of actuarial estimates

4.2 Increase in Expense Forecast

- (2.2) - Decrease in PPO Plan Medical Claims
  - 6.1 - Increase due to higher base for FY 10-11
  - (8.3) - Decrease due to a decrease in projected enrollment from 87,018 to 86,066
- (0.2) - Decrease in ASO Fee due to a decrease in projected enrollment from 87,018 to 86,066
- (1.0) - Decrease in PPO Plan Prescription Drug Claims
  - 2.7 - Increase due to an increase in cost projections
  - (3.7) - Decrease due to a decrease in projected enrollment from 87,108 to 86,066
- 5.7 - Increase in HMO Premium Payments due to an increase in projected enrollment from 92,272 to 92,784
- 1.9 - Increase in PPACA due to a revision of actuarial estimates

**(617.5) Ending Cash Balance**

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

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

**Exhibit XI  
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 <sup>(8)</sup>	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	1,004.81	1,004.81
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 <sup>(5)</sup>	0.00	305.82	305.82	0.00	230.52	230.52
		(II) One Under/Over <sup>(6)</sup>	0.00	881.80	881.80	0.00	722.16	722.16
		(III) Both Eligible <sup>(7)</sup>	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) Single coverage for participant eligible for Medicare Parts A and B.
- (6) Family coverage for two or more participants, if at least one participant is eligible for Medicare Parts A and B.
- (7) Family coverage for two participants and both are eligible for Medicare Parts A and B.
- (8) 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 XII  
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 <sup>(8)</sup>	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 <sup>(5)</sup>	0.00	305.82	305.82	0.00	230.52	230.52
		(II) One Under/Over <sup>(6)</sup>	0.00	881.80	881.80	0.00	722.16	722.16
		(III) Both Eligible <sup>(7)</sup>	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) Single coverage for participant eligible for Medicare Parts A and B.
- (6) Family coverage for two or more participants, if at least one participant is eligible for Medicare Parts A and B.
- (7) Family coverage for two participants and both are eligible for Medicare Parts A and B.
- (8) 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 XIII**  
**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 (July 1 through June 30)
<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>PPACA</b>	.....	Patient Protection and Affordable Care Act signed into law on March 23, 2010, known as the Federal Health Care Reform
<b>PPO</b>	.....	Preferred Provider Organization
<b>TPA</b>	.....	Third Party Administrator

State Employees' Group Health Self-Insurance Trust Fund			State of Florida DSGI								
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA)											
(In Millions)											
Reform	Effective Date	Revenue(R) Expense (E) Net	Estimated Annual Fiscal Impact								
			July-December				January-June				FY 2010-11 Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
2. No lifetime dollar maximum	Jan 2011	R E Net	- - -	- - -	- - -	- - -	1.33 - (1.33)	0.11 - (0.11)	- - -	1.44 - (1.44)	
3. Restricted annual dollar limits	Jan 2011	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R E Net	- - -	- - -	- - -	- - -	0.28 - (0.28)	0.08 - (0.08)	0.45 - (0.45)	0.81 - (0.81)	
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011 Jan 2013 Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
7. Extension of coverage for all adult children until age 26	Jan 2011	R E Net	- - -	- - -	- - -	- - -	1.72 - (1.72)	0.45 - (0.45)	2.69 - (2.69)	4.86 - (4.86)	
8. Eliminate all preexisting condition limitations	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
9. Free choice vouchers	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
10. Shared responsibility "free rider surcharge"	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
11. Medicaid Expansion and migration into Exchange	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
12. Individual Mandate with federal subsidies	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
TOTAL		R E Net	- - -	- - -	- - -	- - -	3.33 - (3.33)	0.64 - (0.64)	3.14 - (3.14)	7.11 - (7.11)	

## Notes:

- (1) Exhibit assumes non-grandfathered status of plans.
- (2) Exhibit based on available information and legislative guidance available as of February 1, 2011.
- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated December 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) FY 13-14 - The negative expense of \$7.08M associated with Item #11, Medicaid Expansion, from January 2014 to June 2014 uses the assumption that there will be a \$5.62M loss of revenue due to employees exiting the plan (\$4.81M in employer contributions plus \$0.81M in employee contributions) for the illustrated level of decreased enrollment in the plan, resulting in savings of \$1.46M due to medical and pharmacy inflation.  
FY 14-15 - The negative expense of \$14.73M associated with Item #11 for Fiscal Year 2014-15 uses the assumption that there will be a \$11.41M loss of revenue due to employees exiting the plan (\$9.75M in employer contributions plus \$1.66M in employee contributions), resulting in savings of \$3.32M.
- (6) FY 13-14 - The expense of \$138.08M associated with Item #12, the Individual Mandate, from January 2014 to June 2014 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$104.30M in employer contributions plus \$5.31M in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$28.47M due to medical and pharmacy inflation.  
FY 14-15 - The expense of \$287.21M associated with Item #12 for Fiscal Year 2014-15 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$211.72M in employer contributions plus \$10.79M in employee contributions), resulting in a deficit of \$64.70M.
- (7) The total estimated impact of ERRP from July 2010 through December 2013 is from the DSGI December 2010 Fiscal Outlook. Although the application was approved, funds may be exhausted prior to the December 2013 estimated program end date.
- (8) Report prepared by Mercer Consultants on February 25, 2011, modified by the Division to reflect a change in the assumed collection timing of ERRP subsidies from FY 10-11 to FY 11-12.

State Employees' Group Health Self-Insurance Trust Fund			State of Florida DSGI								
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)											
Estimated Annual Fiscal Impact											
FY 2011-12											
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2011-12 Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R	-	-	-	-	-	-	-	-	-
		E	(15.30)	(4.12)	(6.14)	(25.56)	(6.92)	(1.87)	(2.78)	(11.57)	(37.13)
		Net	15.30	4.12	6.14	25.56	6.92	1.87	2.78	11.57	37.13
2. No lifetime dollar maximum	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	1.38	0.12	-	1.50	1.43	0.13	-	1.56	3.06
		Net	(1.38)	(0.12)	-	(1.50)	(1.43)	(0.13)	-	(1.56)	(3.06)
3. Restricted annual dollar limits	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	0.28	0.09	0.45	0.82	0.30	0.10	0.48	0.88	1.70
		Net	(0.28)	(0.09)	(0.45)	(0.82)	(0.30)	(0.10)	(0.48)	(0.88)	(1.70)
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	0.03	-	0.04	0.07	0.07
		Net	-	-	-	-	(0.03)	-	(0.04)	(0.07)	(0.07)
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011	R	-	-	-	-	-	-	-	-	-
	Jan 2013	E	-	-	-	-	-	-	-	-	-
	Jan 2014	Net	-	-	-	-	-	-	-	-	-
7. Extension of coverage for all adult children until age 26	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	1.80	0.46	2.69	4.95	1.87	0.48	2.91	5.26	10.21
		Net	(1.80)	(0.46)	(2.69)	(4.95)	(1.87)	(0.48)	(2.91)	(5.26)	(10.21)
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
9. Free choice vouchers	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
10. Shared responsibility "free rider surcharge"	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
11. Medicaid Expansion and migration into Exchange	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
12. Individual Mandate with federal subsidies	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
TOTAL		R	-	-	-	-	-	-	-	-	-
		E	(11.84)	(3.45)	(3.00)	(18.29)	(3.29)	(1.16)	0.65	(3.80)	(22.09)
		Net	11.84	3.45	3.00	18.29	3.29	1.16	(0.65)	3.80	22.09

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State Employees' Group Health Self-Insurance Trust Fund			State of Florida DSGI								
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)											
			Estimated Annual Fiscal Impact								
			FY 2012-13								
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2012-13 Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
2. No lifetime dollar maximum	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	1.49	0.13	-	1.62	1.54	0.15	-	1.69	3.31
		Net	(1.49)	(0.13)	-	(1.62)	(1.54)	(0.15)	-	(1.69)	(3.31)
3. Restricted annual dollar limits	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	0.30	0.11	0.48	0.89	0.32	0.10	0.53	0.95	1.84
		Net	(0.30)	(0.11)	(0.48)	(0.89)	(0.32)	(0.10)	(0.53)	(0.95)	(1.84)
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R	-	-	-	-	-	-	-	-	-
		E	0.03	-	0.04	0.07	0.06	-	0.08	0.14	0.21
		Net	(0.03)	-	(0.04)	(0.07)	(0.06)	-	(0.08)	(0.14)	(0.21)
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011	R	-	-	-	-	-	-	-	-	-
	Jan 2013	E	-	-	-	-	-	-	-	-	-
	Jan 2014	Net	-	-	-	-	-	-	-	-	-
7. Extension of coverage for all adult children until age 26	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	1.94	0.50	2.90	5.34	2.01	0.52	3.15	5.68	11.02
		Net	(1.94)	(0.50)	(2.90)	(5.34)	(2.01)	(0.52)	(3.15)	(5.68)	(11.02)
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
9. Free choice vouchers	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
10. Shared responsibility "free rider surcharge"	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
11. Medicaid Expansion and migration into Exchange	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
12. Individual Mandate with federal subsidies	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
TOTAL		R	-	-	-	-	-	-	-	-	-
	E	3.76	0.74	3.42	7.92	3.93	0.77	3.76	8.46	16.38	
	Net	(3.76)	(0.74)	(3.42)	(7.92)	(3.93)	(0.77)	(3.76)	(8.46)	(16.38)	

**Notes:**

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FY 14-15 - The negative expense of \$14.73M associated with Item #11 for Fiscal Year 2014-15 uses the assumption that there will be a \$11.41M loss of revenue due to employees exiting the plan (\$9.75M in employer contributions plus \$1.66M in employee contributions), resulting in savings of \$3.32M.
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- (7) The total estimated impact of ERRP from July 2010 through December 2013 is from the DSGI December 2010 Fiscal Outlook. Although the application was approved, funds may be exhausted prior to the December 2013 estimated program end date.
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## State Employees' Group Health Self-Insurance Trust Fund

State of Florida DSGI

**Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA)**  
(In Millions)

Reform	Effective Date	Revenue(R) Expense (E) Net	Estimated Annual Fiscal Impact								FY 2013-14 Total
			July-December				January-June				
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
2. No lifetime dollar maximum	Jan 2011	R E Net	- 1.61 (1.61)	- 0.14 (0.14)	- - -	- 1.75 (1.75)	- 1.68 (1.68)	- 0.14 (0.14)	- - -	- 1.82 (1.82)	- 3.57 (3.57)
3. Restricted annual dollar limits	Jan 2011	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R E Net	- 0.33 (0.33)	- 0.11 (0.11)	- 0.52 (0.52)	- 0.96 (0.96)	- 0.34 (0.34)	- 0.11 (0.11)	- 0.57 (0.57)	- 1.02 (1.02)	- 1.98 (1.98)
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R E Net	- 0.06 (0.06)	- - -	- 0.08 (0.08)	- 0.14 (0.14)	- 0.06 (0.06)	- - -	- 0.08 (0.08)	- 0.14 (0.14)	- 0.28 (0.28)
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011 Jan 2013 Jan 2014	R E Net	- - -	- - -	- - -	- - -	- 7.25 (7.25)	- 1.87 (1.87)	- 11.29 (11.29)	- 20.41 (20.41)	- 20.41 (20.41)
7. Extension of coverage for all adult children until age 26	Jan 2011	R E Net	- 2.09 (2.09)	- 0.54 (0.54)	- 3.14 (3.14)	- 5.77 (5.77)	- 2.09 (2.09)	- 0.64 (0.64)	- 3.40 (3.40)	- 6.13 (6.13)	- 11.90 (11.90)
8. Eliminate all preexisting condition limitations	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- 0.69 (0.69)	- 0.21 (0.21)	- 1.13 (1.13)	- 2.03 (2.03)	- 2.03 (2.03)
9. Free choice vouchers	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
10. Shared responsibility "free rider surcharge"	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
11. Medicaid Expansion and migration into Exchange	Jan 2014	R E Net	- - -	- - -	- - -	- - -	(1.98) (2.50) 0.52	(0.60) (0.75) 0.15	(3.04) (3.83) 0.79	(5.62) (7.08) 1.46	(5.62) (7.08) 1.46
12. Individual Mandate with federal subsidies	Jan 2014	R E Net	- - -	- - -	- - -	- - -	38.61 48.64 (10.03)	11.54 14.53 (2.99)	59.46 74.91 (15.45)	109.61 138.08 (28.47)	109.61 138.08 (28.47)
<b>TOTAL</b>		R E Net	- 4.09 (4.09)	- 0.79 (0.79)	- 3.74 (3.74)	- 8.62 (8.62)	36.63 58.25 (21.62)	10.94 16.75 (5.81)	56.42 87.55 (31.13)	103.99 162.55 (58.56)	103.99 171.17 (67.18)

## Notes:

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Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)												
			Estimated Annual Fiscal Impact									
			FY 2014-15									
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2014-15 Total	FY 2010-11 through FY 2014-15 Grand Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total		
1. Early retiree medical reinsurance <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - - <b>(37.13)</b> <b>37.13</b>
2. No lifetime dollar maximum	Jan 2011	R E Net	- 1.74 (1.74)	- 0.15 (0.15)	- - -	- 1.89 (1.89)	- 1.81 (1.81)	- 0.16 (0.16)	- - -	- 1.97 (1.97)	- 3.86 (3.86)	- - - <b>15.24</b> <b>(15.24)</b>
3. Restricted annual dollar limits	Jan 2011	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R E Net	- 0.35 (0.35)	- 0.12 (0.12)	- 0.57 (0.57)	- 1.04 (1.04)	- 0.37 (0.37)	- 0.12 (0.12)	- 0.60 (0.60)	- 1.09 (1.09)	- 2.13 (2.13)	- - - <b>8.46</b> <b>(8.46)</b>
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R E Net	- 0.06 (0.06)	- - -	- 0.08 (0.08)	- 0.14 (0.14)	- 0.06 (0.06)	- - -	- 0.08 (0.08)	- 0.14 (0.14)	- 0.28 (0.28)	- - - <b>0.84</b> <b>(0.84)</b>
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011 Jan 2013 Jan 2014	R E Net	- 7.38 (7.38)	- 1.90 (1.90)	- 11.49 (11.49)	- 20.77 (20.77)	- 7.83 (7.83)	- 2.02 (2.02)	- 12.20 (12.20)	- 22.05 (22.05)	- 42.82 (42.82)	- - - <b>63.23</b> <b>(63.23)</b>
7. Extension of coverage for all adult children until age 26	Jan 2011	R E Net	- 2.22 (2.22)	- 0.59 (0.59)	- 3.42 (3.42)	- 6.23 (6.23)	- 2.36 (2.36)	- 0.63 (0.63)	- 3.64 (3.64)	- 6.63 (6.63)	- 12.86 (12.86)	- - - <b>50.85</b> <b>(50.85)</b>
8. Eliminate all preexisting condition limitations	Jan 2014	R E Net	- 0.71 (0.71)	- 0.22 (0.22)	- 1.16 (1.16)	- 2.09 (2.09)	- 0.75 (0.75)	- 0.23 (0.23)	- 1.23 (1.23)	- 2.21 (2.21)	- 4.30 (4.30)	- - - <b>6.33</b> <b>(6.33)</b>
9. Free choice vouchers	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
10. Shared responsibility "free rider surcharge"	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
11. Medicaid Expansion and migration into Exchange	Jan 2014	R E Net	(1.98) (2.50) 0.52	(0.60) (0.75) 0.15	(3.04) (3.83) 0.79	(5.62) (7.08) 1.46	(2.04) (2.70) 0.66	(0.62) (0.81) 0.19	(3.13) (4.14) 1.01	(5.79) (7.65) 1.86	(11.41) (14.73) 3.32	(17.03) (21.81) 4.78
12. Individual Mandate with federal subsidies	Jan 2014	R E Net	38.61 48.64 (10.03)	11.54 14.53 (2.99)	59.46 74.91 (15.45)	109.61 138.08 (28.47)	39.77 52.54 (12.77)	11.89 15.69 (3.80)	61.24 80.90 (19.66)	112.90 149.13 (36.23)	222.51 287.21 (64.70)	332.12 425.29 (93.17)
TOTAL		R E Net	36.63 58.60 (21.97)	10.94 16.76 (5.82)	56.42 87.80 (31.38)	103.99 163.16 (59.17)	37.73 63.02 (25.29)	11.27 18.04 (6.77)	58.11 94.51 (36.40)	107.11 175.57 (68.46)	211.10 338.73 (127.63)	315.09 511.30 (196.21)

## Notes:

- (1) Exhibit assumes non-grandfathered status of plans.
- (2) Exhibit based on available information and legislative guidance available as of February 1, 2011.
- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated December 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) FY 13-14 - The negative expense of \$7.08M associated with Item #11, Medicaid Expansion, from January 2014 to June 2014 uses the assumption that there will be a \$5.62M loss of revenue due to employees exiting the plan (\$4.81M in employer contributions plus \$0.81M in employee contributions) for the illustrated level of decreased enrollment in the plan, resulting in savings of \$1.46M due to medical and pharmacy inflation.  
FY 14-15 - The negative expense of \$14.73M associated with Item #11 for Fiscal Year 2014-15 uses the assumption that there will be a \$11.41M loss of revenue due to employees exiting the plan (\$9.75M in employer contributions plus \$1.66M in employee contributions), resulting in savings of \$3.32M.
- (6) FY 13-14 - The expense of \$138.08M associated with Item #12, the Individual Mandate, from January 2014 to June 2014 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$104.30M in employer contributions plus \$5.31M in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$28.47M due to medical and pharmacy inflation.  
FY 14-15 - The expense of \$287.21M associated with Item #12 for Fiscal Year 2014-15 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$211.72M in employer contributions plus \$10.79M in employee contributions), resulting in a deficit of \$64.70M.
- (7) The total estimated impact of ERRP from July 2010 through December 2013 is from the DSGI December 2010 Fiscal Outlook. Although the application was approved, funds may be exhausted prior to the December 2013 estimated program end date.
- (8) Report prepared by Mercer Consultants on February 25, 2011, modified by the Division to reflect a change in the assumed collection timing of ERRP subsidies from FY 10-11 to FY 11-12.

**State Employees' Group Health Self-Insurance Trust Fund  
Patient Protection and Affordable Care Act (PPACA)  
Summary of Reforms and Estimated Fiscal Impact to the Trust Fund  
(Mercer Report Dated February 25, 2011 Used as Base for Fiscal Impact)**

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**OVERVIEW**

The recently enacted Patient Protection and Affordable Care Act (PPACA), as amended by the Health Care and Education Reconciliation Act (HCERA), creates a broad array of issues for employers' health benefit programs and the US health care system. New mandates and changes imposed by the law affect the design, cost, tax treatment, administration, reporting and disclosure of health benefit programs. Some new provisions go into effect this year; many will not take effect for several years.

PPACA imposes new mandates or standards for individual and group health coverage. With a few exceptions, all insured and self-insured group health plans will face a first round of coverage and cost-sharing mandates for plan years beginning on or after six months after March 23, 2010.

**SUMMARY OF REFORMS WITH TOTAL FISCAL IMPACT FOR THE STATE EMPLOYEES' HEALTH INSURANCE PROGRAM (PROGRAM), FY 10-11 THROUGH FY 14-15**

**1. Early Retiree Reinsurance Program (ERRP) – Interim Final Regulations Effective on June 1, 2010**

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- **Effective June 2010**
  - Total estimated fiscal impact for the Program – Reduction of expenses in the amount of **\$37.13 million**. (Estimated fiscal impact modified by Division of State Group Insurance to reflect actual FY 10-11 experience through November 2010 and limited expected availability of funds through 2011.)
- 

Provides reimbursement to participating employment-based plans for a portion of the cost of health benefits for early retirees and their spouses, surviving spouses and dependents.

- 80% Reimbursement for certain claims between \$15,000 and \$90,000 (with those amounts being indexed for plan years starting on or after October 1, 2011).
- Claims must be for participants ages 55-64 who are not Medicare eligible.
- Payments must be used to lower plan costs (i.e. offsetting future premium increases for all members).

**2. No lifetime dollar maximum**

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- **Effective January 1, 2011**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$15.24 million**.
- 

Plans cannot impose any lifetime dollar limits on benefits.

- Plans may place lifetime limits per beneficiary on specific covered benefits other than “essential health benefits,” if the limits are otherwise permitted by federal or state law.



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## PPACA Summary of Reforms and Estimated Fiscal Impact

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- **Essential health benefits** include items and services in the below listed categories:
  - ambulatory patient services; emergency services; hospital, maternity and newborn care; mental health and substance use disorders, including behavioral health treatment; prescription drugs; rehabilitative services and devices; laboratory services; preventive and wellness services; chronic disease management; and pediatric services, including oral and vision care.

### 3. Restricted annual dollar limits

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- **Effective January 1, 2011**
  - **No** estimated fiscal impact to Trust Fund
- 

All insured and self-insured group health plans will face new rules on annual dollar limits. For plan years until 2014, “restricted” annual dollar limits may apply to “essential health benefits” (discussed above).

- The maximum annual dollar limit that may be imposed on essential health benefits until 2014 are:
  - \$750,000 for the plan year beginning on or after September 23, 2010 but before September 23, 2011.
  - \$1,250,000 for the plan year beginning on or after September 23, 2011 but before September 23, 2012.
  - \$2,000,000 for the plan year beginning on or after September 23, 2012 but before January 1, 2014. (No annual dollar limits permitted for plan years on or after January 1, 2014.)
- Plans may impose annual per-beneficiary limits on non-essential benefits.

### 4. Elimination of preexisting condition for subscribers or dependents under 19 – Interim Final Regulations Issued on June 28, 2010

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- **Effective January 1, 2011**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$8.46 million**.
- 

Before 2014, insured and self-insured plans cannot impose preexisting condition exclusions for subscribers and dependents under age 19.

- Until 2014, employers may continue to adopt or retain preexisting condition exclusions for participants ages 19 and older.
- A general ban is effective for all members for plan years starting in 2014. See #8 below.

### 5. Patient-centered outcome research institute fees

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- **Effective October 1, 2012 (Federal Fiscal Year)**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$0.84 million**.
-

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## PPACA Summary of Reforms and Estimated Fiscal Impact

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- State of Florida Employees' Group Health Insurance Program - Beginning December 2012, \$1 per participant in 1<sup>st</sup> year.
- \$2 in subsequent years, from 2013 thru 2019 (sunset after 2019).

### 6. Other pass-through fees included

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- **Effective January 1, 2014**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$63.23 million.**
- 

Fees include pharmaceutical industry fees; 2.3% excise tax on medical devices and health insurance industry fees.

### 7. Extension of coverage for all adult children until age 26 – Interim Final Regulations Issued on July 12, 2010

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- **Effective January 1, 2011**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$50.85 million.**
- 

Applies to fully-insured and self-insured group health plans providing dependent coverage.

- Coverage available until the child's 26th birthday.
- The mandate applies regardless of the typical criteria for dependent status under the tax law, such as whether the adult child resides with the covered employee or is the employee's tax dependent, a full- or part-time student, or married or unmarried.
- Plans may extend coverage beyond the child's 26th birthday – for example, until the end of the plan year in which the child turns 26. However, plans will not have to extend coverage to an adult child's dependents.
- No special-enrollment period required; eligible dependents need not be enrolled until the plan's next open enrollment.

### 8. Eliminate all preexisting condition limitations – Interim Final Regulations Issued on July 30, 2010

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- **Effective January 1, 2014**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$6.33 million.**
- 

Preexisting condition limitation exclusion applies to all plan participants regardless of age as of January 1, 2014. See #4 above.

### 9. Free-choice vouchers (FCVs)

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- **Effective January 1, 2014**
  - **No** estimated fiscal impact to Trust Fund.
- 

Employers must offer vouchers to employees with household incomes at or below 400% of the Federal Poverty Level (FPL) if their contribution for employer-sponsored coverage would be 8% to 9.8% of household income. (Note: The highest EE premium share is

## PPACA Summary of Reforms and Estimated Fiscal Impact

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standard family, \$180/month; SOF would not give an FCV unless the person's household income is below \$27,000).

- Voucher amount is equal to highest (percentage) employer contribution to any of its own plans (HIHP ER premium; coverage level depends on the level the member is enrolling in single/family).
- Vouchers provided for purchasing exchange-based coverage; employees can keep any excess amounts.
- Who receives vouchers? Employees who opt out of employer-sponsored coverage, have household income below 400% FPL, and would need to spend 8% or more of household income to participate in the employer plan.
- FCVs are designed to help employees buy coverage on the exchange and to shield employers from mandated penalties (\$3,000 per person if no FCV).

### 10. Shared responsibility “free rider surcharge”

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- **Effective January 1, 2014**
  - **No** estimated fiscal impact to Trust Fund.
- 

Individuals who fail to maintain coverage will face a penalty (lesser of these amounts):

- National average premium for the year, or the greater of
- 1% AGI or \$95 in 2014; 2% AGI or \$325 in 2015; 2.5% AGI or \$695 in 2016; indexed thereafter.

### 11. Medicaid expansion and migration to Exchange

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- **Effective January 1, 2014**
  - Total estimated fiscal impact for the Program – Net savings in the amount of **\$4.78 million**.
- 

Medicaid expanded to up to 133% of Federal Poverty Level (FPL), effective 2014 when the State-exchanges come online.

### 12. Individual mandate with federal subsidies

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- **Effective January 1, 2014**
  - Total estimated fiscal impact for the Program – Net cost in the amount of **\$93.17 million**.
- 

- Subsidies available to anyone on an exchange plan with household income 133-400% FPL (person cannot be Medicaid eligible).
- Income level must be verifiable for the two years prior to the current calendar year of coverage (example, eligibility for affordability assistance for 2016 is based on household income for 2014).
- Assistance in the form of premium credits will be provided for exchange-participants on a sliding scale based on household income. Premium credits will be paid directly to the insurer; individuals will be required to pay insurers any remaining premium amount.
- Employer penalties = \$3,000 per year for each employee enrolled in the exchange and receiving subsidy.

## PPACA Summary of Reforms and Estimated Fiscal Impact

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- Career Service employer premium contribution calculations:
  - **Individual** Coverage – Effective December 2010 for January 2011 coverage
 

Total annual	$\$499.80 * 12 = \$5,997.60$
Penalty	$= \$3,000.00$
Difference	$= \$2,997.60$
  - **Family** Coverage – Effective July 2010 for August 2010 coverage
 

Total annual	$\$1,004.14 * 12 = \$12,049.68$
Penalty	$= \$ 3,000.00$
Difference	$= \$ 9,049.68$
  - **Family** Coverage – Effective December 2010 for January 2011 coverage
 

Total annual	$\$1,243.32 * 12 = \$14,919.84$
Penalty	$= \$ 3,000.00$
Difference	$= \$11,919.84$

### OTHER REFORM ITEM

- **Minimum medical loss ratios**  
Effective January 1, 2011 for insured plans.