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Room 576, Claude Pepper Building  
111 W. Madison Street  
Tallahassee, Florida 32399-1400  
Telephone (904) 487-1402

MEMORANDUM

**TO:** Interested Parties

**FROM:** Pam Johnson *PJ*  
Economic and Demographic Research

**DATE:** March 31, 1998

**SUBJECT:** State Employees' Health Insurance Trust Fund outlook

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Attached for your information are tables detailing the results of the conference on the State Employees' Health Insurance Trust Fund, held on March 31. The outlook adjusts the projected cash deficit of \$54.8 million for the current 1997-98 fiscal year, adopted in November, to a deficit of \$20.2 million. The deficit is based on the assumption that the department must repay a loan of \$54.8 million from trust funds in the State Treasury, prior to the end of the current fiscal year.

For the 1998-99 fiscal year, the conference is projecting an excess of expenditures over revenue of \$138.7 million, as compared to the \$134.5 million from the November conference. This results in an accumulated cash deficit of \$158.9 million by the end of the 1998-99 fiscal year.

**Exhibit I**  
**Summary of Financial Outlooks**

**Fiscal Year 1997-98**

(In Millions)

\$ (54.8)	<b>Previously Forecasted Ending Cash Balance</b>
+ 14.5	Increase to Forecasted Revenues
	* \$12.5 - Adjustments to contribution collections due to changes in enrollment and collection timing
	* \$ 2.0 - Increase to Interest Earnings, TPA Refunds, and Rebates
+ 20.0	Decrease to Forecasted Expenses
	* \$15.9 - Adjustments to medical, prescription drug and HMO costs due to enrollment, utilization, and price changes
	* \$ 4.1 - Adjustments for TPA Administrative Fee payments due to payment arrangements
+ 54.8	Temporary Transfer from Trust Funds in the State Treasury
+ <u>(54.8)</u>	Repayment of Temporary Transfer to the State Treasury
<u>\$ (20.3)</u>	<b>Current Forecasted Ending Cash Balance</b>

**Fiscal Year 1998-99**

(In Millions)

\$ (134.5)	<b>Previously Forecasted Additional Cash Shortage</b>
+ (2.5)	Decrease to Forecasted Revenues
	* \$ (3.8) - Adjustments to contribution collections due to changes in enrollment and collection timing
	* \$ 1.3 - Increased TPA Refunds and Rebates
+ (1.8)	Increase to Forecasted Expenses
	* \$ 1.2 - Minor adjustments to medical, prescription drug and HMO costs due to enrollment, utilization, and price changes
	* \$ (3.0) - Adjustments for TPA Administrative Fee payments due to payment arrangements
<u>\$ (138.8)</u>	<b>Current Forecasted Additional Cash Shortage</b>
<u>\$ (159.1)</u>	<b>Accumulated Cash Deficiency</b>

State Employees' Health Insurance Trust Fund  
 Analysis of Income and Expenses  
 1997-98

	Nov 97 Estimate	March 98 Estimate	Diff.
BEGINNING BALANCE	\$40.0	\$40.0	\$0.0
Less required compensating balance	\$8.0	\$8.0	\$0.0
BEGINNING CASH FUNDS AVAILABLE	\$32.0	\$32.0	\$0.0
<b>INCOME</b>			
Premiums--State *	\$364.0	\$373.5	\$9.5
Premiums--Employees *	\$94.1	\$96.6	\$2.5
Premiums--Medicare Patients	\$24.5	\$24.9	\$0.4
Premiums--Early Retirees	\$13.6	\$13.7	\$0.1
Premiums--COBRA	\$3.6	\$3.6	\$0.0
Interest	\$1.3	\$2.3	\$1.0
TPA Refunds/Rebates	\$6.5	\$7.5	\$1.0
Pre-Tax Trust Fund Transfer	\$11.0	\$11.0	\$0.0
Other Revenues	\$0.8	\$0.8	\$0.0
<b>TOTAL INCOME</b>	<b>\$519.4</b>	<b>\$533.9</b>	<b>\$14.5</b>
<b>EXPENDITURES</b>			
Medical Claims--BCBSF	\$120.6	\$107.9	(\$12.7)
Medical Claims--Unisys	\$229.0	\$224.3	(\$4.7)
Prescription Drug Program Claims	\$66.4	\$66.9	\$0.5
HMO Contract Fees	\$225.7	\$226.5	\$0.8
ASO Fee--BCBSF	\$12.7	\$10.5	(\$2.2)
ASO Fee--Unisys	\$11.2	\$9.3	(\$1.9)
ASO Fee--EHS	\$0.1	\$0.1	\$0.0
DSGI Administrative Costs	\$5.0	\$5.0	\$0.0
Premium Refunds	\$1.2	\$1.3	\$0.1
Other Expenses	\$1.9	\$1.9	\$0.0
<b>TOTAL EXPENDITURES</b>	<b>\$673.8</b>	<b>\$653.7</b>	<b>(\$20.1)</b>
<b>NET INCOME (INCOME LESS EXPENDITURES)</b>	<b>(\$154.4)</b>	<b>(\$119.8)</b>	<b>\$34.6</b>
Plus Special Appropriations	\$67.6	\$67.6	\$0.0
Plus Cash Transfer	\$0.0	\$54.8	\$54.8
Less Repayment of Cash Transfer	\$0.0	(\$54.8)	(\$54.8)
<b>ENDING BALANCE</b>	<b>(\$54.8)</b>	<b>(\$20.2)</b>	<b>\$34.6</b>
Enrollment Projections:			
Self-Insured Plan	91,387	91,174	(213)
HMO's	66,842	67,568	726
Total	158,229	158,743	514

State Employees' Health Insurance Trust Fund  
 Analysis of Income and Expenses  
 1998-99

	Nov 97 Estimate	March 98 Estimate	Diff.
<b>BEGINNING BALANCE</b>	(\$54.8)	(\$20.2)	\$34.6
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Premiums--State *	\$376.6	\$374.9	(\$1.7)
Premiums--Employees *	\$97.3	\$97.0	(\$0.3)
Premiums--Medicare Patients	\$26.0	\$25.5	(\$0.5)
Premiums--Early Retirees	\$14.7	\$14.0	(\$0.7)
Premiums--COBRA	\$4.3	\$3.7	(\$0.6)
Interest	\$1.2	\$1.2	\$0.0
TPA Refunds/Rebates	\$6.5	\$7.8	\$1.3
Pre-Tax Trust Fund Transfer	\$11.0	\$11.0	\$0.0
Other Revenues	\$0.0	\$0.0	\$0.0
<b>TOTAL INCOME</b>	<u>\$537.6</u>	<u>\$535.1</u>	<u>(\$2.5)</u>
<b>EXPENDITURES</b>			
Medical Claims--BCBSF	\$324.8	\$322.4	(\$2.4)
Medical Claims--Unisys	\$6.9	\$4.0	(\$2.9)
Prescription Drug Program Claims	\$79.0	\$80.3	\$1.3
HMO Contract Fees	\$227.4	\$230.1	\$2.7
ASO Fee--BCBSF	\$25.8	\$26.0	\$0.2
ASO Fee--Unisys	\$0.0	\$2.8	\$2.8
ASO Fee--EHS	\$0.1	\$0.1	\$0.0
DSGI Administrative Costs	\$5.0	\$5.0	\$0.0
Premium Refunds	\$1.2	\$1.2	\$0.0
Other Expenses	\$1.9	\$1.9	\$0.0
<b>TOTAL EXPENDITURES</b>	<u>\$672.1</u>	<u>\$673.8</u>	<u>\$1.7</u>
<b>NET INCOME (INCOME LESS EXPENDITURES)</b>	<u>(\$134.5)</u>	<u>(\$138.7)</u>	<u>(\$4.2)</u>
<b>ENDING BALANCE</b>	<u>(\$189.3)</u>	<u>(\$158.9)</u>	<u>\$30.4</u>
Enrollment Projections:			
Self-Insured Plan	92,352	93,033	681
HMO's	67,548	68,050	502
Total	159,900	161,083	1,183

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State Employees' Health Insurance Trust Fund  
 Analysis of Income and Expenses  
 1999-2000

	<u>Nov 97 Estimate</u>	<u>March 98 Estimate</u>	<u>Diff.</u>
<b>BEGINNING BALANCE</b>		(\$158.9)	(\$158.9)
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Premiums--State *		\$369.5	\$369.5
Premiums--Employees *		\$95.6	\$95.6
Premiums--Medicare Patients		\$25.1	\$25.1
Premiums--Early Retirees		\$13.8	\$13.8
Premiums--COBRA		\$3.7	\$3.7
Interest		\$1.2	\$1.2
TPA Refunds/Rebates		\$7.9	\$7.9
Pre-Tax Trust Fund Transfer		\$11.0	\$11.0
Other Revenues		\$0.0	\$0.0
<b>TOTAL INCOME</b>		<u>\$527.8</u>	<u>\$527.8</u>
<hr/>			
<b>EXPENDITURES</b>			
Medical Claims--BCBSF		\$328.5	\$328.5
Medical Claims--Unisys		\$0.0	\$0.0
Prescription Drug Program Claims		\$90.5	\$90.5
HMO Contract Fees		\$235.8	\$235.8
ASO Fee--BCBSF		\$27.6	\$27.6
ASO Fee--Unisys		\$0.0	\$0.0
ASO Fee--EHS		\$0.1	\$0.1
DSGI Administrative Costs		\$5.0	\$5.0
Premium Refunds		\$1.2	\$1.2
Other Expenses		\$1.9	\$1.9
<b>TOTAL EXPENDITURES</b>		<u>\$690.6</u>	<u>\$690.6</u>
<hr/>			
<b>NET INCOME (INCOME LESS EXPENDITURES)</b>		(\$162.8)	(\$162.8)
<hr/>			
<b>ENDING BALANCE</b>		<u>(\$321.7)</u>	<u>(\$321.7)</u>
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Enrollment Projections:		93,860	
Self-Insured Plan		69,755	
HMO's		163,616	
Total			

**Exhibit V**  
**Estimated Monthly Cash Flow Statement \***  
 Fiscal Year 1997-98  
 (In Millions)

	Jul	Aug	Sept	Oct	Nov	Dec
BEGINNING CASH BALANCE	\$ 40.0	\$ 18.5	\$ 13.4	\$ 21.1	\$ 44.3	\$ 42.4
Adjustment to Decrease Beginning Cash Balance <sup>(1)</sup>	(8.0)	0.0	0.0	0.0	0.0	0.0
ADJUSTED BEGINNING CASH BALANCE	\$ 32.0	\$ 18.5	\$ 13.4	\$ 21.1	\$ 44.3	\$ 42.4
<b>REVENUES:</b>						
Premium Contributions	38.0	27.3	42.8	42.7	42.7	57.8
Interest on Investments	0.2	0.1	0.1	0.1	0.2	0.2
TPA Refunds/Rebates	0.6	0.8	0.0	0.7	1.0	0.2
Pre-Tax Trust Fund Transfer	0.0	5.0	0.0	0.0	0.0	0.0
Other Revenues	0.8	0.0	0.0	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	<b>\$ 39.5</b>	<b>\$ 33.3</b>	<b>\$ 42.9</b>	<b>\$ 43.5</b>	<b>\$ 43.9</b>	<b>\$ 58.3</b>
<b>TOTAL CASH AVAILABLE</b>	<b>71.5</b>	<b>51.8</b>	<b>56.3</b>	<b>64.6</b>	<b>88.2</b>	<b>100.7</b>
<b>EXPENSES:</b>						
Medical Claims - BCBSF	\$ 0.1	\$ 0.0	\$ 0.1	\$ 0.0	\$ 0.0	\$ 0.0
Medical Claims - Unisys	28.1	24.4	27.1	24.6	24.6	27.5
Prescription Drug Claims	4.7	4.9	4.7	7.5	2.4	7.6
HMO Contract Fees	18.7	18.8	18.8	18.9	18.9	19.0
ASO Fee - BCBSF	0.0	0.0	0.0	0.0	0.0	0.0
ASO Fee - Unisys	1.0	0.9	1.0	0.9	0.9	0.9
ASO Fee - EHS <sup>(2)</sup>	0.0	0.0	0.0	0.0	0.0	0.0
DSGI Administrative Costs	0.3	0.3	0.3	0.5	0.2	0.3
Premium Refunds	0.1	0.1	0.1	0.1	0.1	0.2
Other Expenses	0.1	0.3	0.1	0.0	0.1	0.2
<b>TOTAL EXPENSES</b>	<b>\$ 53.0</b>	<b>\$ 49.8</b>	<b>\$ 52.3</b>	<b>\$ 52.6</b>	<b>\$ 47.3</b>	<b>\$ 55.7</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (13.5)</b>	<b>\$ (16.5)</b>	<b>\$ (9.4)</b>	<b>\$ (9.1)</b>	<b>\$ (3.4)</b>	<b>\$ 2.6</b>
Plus Special Appropriations <sup>(3)</sup>	\$ 0.0	\$ 11.4	\$ 17.0	\$ 32.3	\$ 1.6	\$ 0.9
Plus Cash Transfer <sup>(4)</sup>	0.0	0.0	0.0	0.0	0.0	0.0
Less Repayment of Cash Transfer <sup>(4)</sup>	0.0	0.0	0.0	0.0	0.0	0.0
<b>ENDING CASH BALANCE</b>	<b>\$ 18.5</b>	<b>\$ 13.4</b>	<b>\$ 21.1</b>	<b>\$ 44.3</b>	<b>\$ 42.4</b>	<b>\$ 46.0</b>

(1) To account for compensating cash balances maintained in bank accounts not previously reported.

(2) The monthly administrative fee is currently less than \$12,000.

(3) Combined general revenue and trust fund appropriations provided by the 1997 Legislature.

(4) Temporary transfer from trust funds in the State Treasury, pursuant to Section 215.18, F.S.

\* Manually calculated summation differences are due to rounding in formulas.

**Exhibit V**  
**Estimated Monthly Cash Flow Statement \***  
**Fiscal Year 1997-98**  
(In Millions)

	Jan	Feb	Mar	Apr	May	Jun	FY 97-98
BEGINNING CASH BALANCE	\$ 46.0	\$ 73.7	\$ 69.3	\$ 54.7	\$ 44.4	\$ 30.9	\$ 40.0
Adjustment to Decrease Beginning Cash Balance <sup>(1)</sup>	0.0	0.0	0.0	0.0	0.0	0.0	(8.0)
ADJUSTED BEGINNING CASH BALANCE	\$ 46.0	\$ 73.7	\$ 69.3	\$ 54.7	\$ 44.4	\$ 30.9	\$ 32.0
<b>REVENUES:</b>							
Premium Contributions	28.8	44.9	44.6	44.6	43.0	55.2	512.4
Interest on Investments	0.3	0.3	0.3	0.2	0.2	0.1	2.3
TPA Refunds/Rebates	1.4	0.3	0.5	0.9	0.5	0.5	7.5
Pre-Tax Trust Fund Transfer	0.0	0.0	0.0	0.0	0.0	6.0	11.0
Other Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.8
TOTAL REVENUES	\$ 30.4	\$ 45.6	\$ 45.4	\$ 45.7	\$ 43.7	\$ 61.9	\$ 534.0
TOTAL CASH AVAILABLE	76.4	119.2	114.7	100.4	88.1	92.8	566.0
<b>EXPENSES:</b>							
Medical Claims - BCBSF	\$ 0.8	\$ 8.0	\$ 22.6	\$ 24.4	\$ 25.5	\$ 26.4	\$ 107.9
Medical Claims - Unisys	31.8	18.6	7.0	3.5	3.5	3.5	224.3
Prescription Drug Claims	4.9	5.6	6.2	6.2	6.2	6.2	66.9
HMO Contract Fees	18.7	18.9	19.0	18.9	19.0	19.0	226.5
ASO Fee - BCBSF	0.0	0.0	4.2	2.1	2.1	2.1	10.5
ASO Fee - Unisys	0.8	0.6	0.6	0.6	0.6	0.6	9.3
ASO Fee - EHS <sup>(2)</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.1
DSGI Administrative Costs	0.3	0.2	0.6	0.6	0.6	0.6	5.0
Premium Refunds	0.1	0.1	0.1	0.1	0.1	0.1	1.3
Other Expenses	0.1	0.3	0.2	0.2	0.2	0.2	1.9
TOTAL EXPENSES	\$ 57.5	\$ 52.4	\$ 60.4	\$ 56.6	\$ 57.7	\$ 58.6	\$ 653.8
EXCESS OF REVENUE OVER EXPENSES	\$ (27.1)	\$ (6.8)	\$ (15.0)	\$ (10.9)	\$ (14.0)	\$ 3.3	\$ (119.8)
Plus Special Appropriations <sup>(3)</sup>	\$ 0.0	\$ 2.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.4	\$ 67.6
Plus Cash Transfer <sup>(4)</sup>	54.8	0.0	0.0	0.0	0.0	0.0	54.8
Less Repayment of Cash Transfer <sup>(4)</sup>	0.0	0.0	0.0	0.0	0.0	(54.8)	(54.8)
ENDING CASH BALANCE	\$ 73.7	\$ 69.3	\$ 54.7	\$ 44.4	\$ 30.9	\$ (20.2)	\$ (20.2)

(1) To account for compensating cash balances maintained in bank accounts not previously reported.

(2) The monthly administrative fee is currently less than \$12,000.

(3) Combined general revenue and trust fund appropriations provided by the 1997 Legislature.

(4) Temporary transfer from trust funds in the State Treasury, pursuant to Section 215.18, F.S.

\* Manually calculated summation differences are due to rounding in formulas.

**Exhibit VI**  
**Estimated Monthly Cash Flow Statement \***

Fiscal Year 1998-99

(In Millions)

	Jul	Aug	Sept	Oct	Nov	Dec
BEGINNING CASH BALANCE <sup>(1)</sup>	\$ 0.0	\$ (28.2)	\$ (42.8)	\$ (55.6)	\$ (68.2)	\$ (80.2)
<b>OPERATING REVENUES:</b>						
Premium Contributions	26.2	40.8	42.7	42.8	42.8	42.8
Interest on Investments	0.1	0.1	0.1	0.1	0.1	0.1
TPA Refunds/Rebates	0.9	0.5	0.5	0.9	0.5	0.5
Pre-Tax Trust Fund Transfer	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenues	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 27.2</b>	<b>\$ 41.4</b>	<b>\$ 43.3</b>	<b>\$ 43.8</b>	<b>\$ 43.4</b>	<b>\$ 43.4</b>
<b>TOTAL CASH AVAILABLE</b>	<b>27.2</b>	<b>13.2</b>	<b>0.6</b>	<b>(11.8)</b>	<b>(24.8)</b>	<b>(36.8)</b>
<b>OPERATING EXPENSES:</b>						
Medical Claims - BCBSF	\$ 25.9	\$ 26.4	\$ 26.6	\$ 26.8	\$ 26.8	\$ 26.9
Medical Claims - Unisys	1.0	1.0	1.0	1.0	0.0	0.0
Prescription Drug Claims	6.2	6.2	6.2	6.2	6.2	6.2
HMO Contract Fees	19.0	19.0	19.0	19.0	19.1	19.1
ASO Fee - BCBSF	2.1	2.1	2.1	2.1	2.1	2.1
ASO Fee - Unisys	0.6	0.6	0.6	0.6	0.6	0.0
ASO Fee - EHS <sup>(2)</sup>	0.0	0.0	0.0	0.0	0.0	0.0
DSGI Administrative Costs	0.4	0.4	0.4	0.4	0.4	0.4
Premium Refunds	0.1	0.1	0.1	0.1	0.1	0.1
Other Expenses	0.2	0.2	0.2	0.2	0.2	0.2
<b>TOTAL EXPENSES</b>	<b>\$ 55.4</b>	<b>\$ 55.9</b>	<b>\$ 56.1</b>	<b>\$ 56.4</b>	<b>\$ 55.4</b>	<b>\$ 55.0</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (28.2)</b>	<b>\$ (14.6)</b>	<b>\$ (12.8)</b>	<b>\$ (12.7)</b>	<b>\$ (12.0)</b>	<b>\$ (11.6)</b>
<b>ENDING CASH BALANCE</b>	<b>\$ (28.2)</b>	<b>\$ (42.8)</b>	<b>\$ (55.6)</b>	<b>\$ (68.2)</b>	<b>\$ (80.2)</b>	<b>\$ (91.8)</b>
<b>ACCUMULATED ENDING CASH BALANCE <sup>(3)</sup></b>	<b>\$ (48.4)</b>	<b>\$ (63.0)</b>	<b>\$ (75.8)</b>	<b>\$ (88.5)</b>	<b>\$ (100.4)</b>	<b>\$ (112.0)</b>

(1) For budgeting purposes, the beginning cash balance cannot be reflected as a deficit.

(2) The monthly administrative fee is currently less than \$12,000.

(3) Includes prior year ending cash balance.

\* Manually calculated summation differences are due to rounding in formulas.



**Exhibit VI**  
**Estimated Monthly Cash Flow Statement \***  
 Fiscal Year 1998-99  
 (In Millions)

	Jan	Feb	Mar	Apr	May	Jun	FY 98-99
BEGINNING CASH BALANCE <sup>(1)</sup>	\$ (91.8)	\$ (104.0)	\$ (114.9)	\$ (125.7)	\$ (136.4)	\$ (149.3)	\$ 0.0
<b>REVENUES:</b>							
Premium Contributions	43.0	45.0	45.0	45.1	43.2	55.7	515.1
Interest on Investments	0.1	0.1	0.1	0.1	0.1	0.1	1.2
TPA Refunds/Rebates	0.9	0.5	0.5	0.9	0.5	0.5	7.8
Pre-Tax Trust Fund Transfer	0.0	0.0	0.0	0.0	0.0	11.0	11.0
Other Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	<b>\$ 44.0</b>	<b>\$ 45.7</b>	<b>\$ 45.7</b>	<b>\$ 46.1</b>	<b>\$ 43.8</b>	<b>\$ 67.4</b>	<b>\$ 535.1</b>
<b>TOTAL CASH AVAILABLE</b>	<b>(47.8)</b>	<b>(58.4)</b>	<b>(69.2)</b>	<b>(79.7)</b>	<b>(92.6)</b>	<b>(81.9)</b>	<b>535.1</b>
<b>EXPENSES:</b>							
Medical Claims - BCBSF	\$ 26.9	\$ 27.1	\$ 27.1	\$ 27.2	\$ 27.3	\$ 27.4	\$ 322.4
Medical Claims - Unisys	0.0	0.0	0.0	0.0	0.0	0.0	4.0
Prescription Drug Claims	7.2	7.2	7.2	7.2	7.2	7.2	80.3
HMO Contract Fees	19.3	19.3	19.3	19.3	19.4	19.4	230.1
ASO Fee - BCBSF	2.2	2.2	2.2	2.2	2.2	2.2	26.0
ASO Fee - Unisys	0.0	0.0	0.0	0.0	0.0	0.0	2.8
ASO Fee - EHS <sup>(2)</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.1
DSGI Administrative Costs	0.4	0.4	0.4	0.4	0.4	0.4	5.0
Premium Refunds	0.1	0.1	0.1	0.1	0.1	0.1	1.2
Other Expenses	0.2	0.2	0.2	0.2	0.2	0.2	1.9
<b>TOTAL EXPENSES</b>	<b>\$ 56.3</b>	<b>\$ 56.5</b>	<b>\$ 56.6</b>	<b>\$ 56.7</b>	<b>\$ 56.8</b>	<b>\$ 56.9</b>	<b>\$ 673.9</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (12.2)</b>	<b>\$ (10.8)</b>	<b>\$ (10.9)</b>	<b>\$ (10.6)</b>	<b>\$ (12.9)</b>	<b>\$ 10.5</b>	<b>\$ (138.8)</b>
<b>ENDING CASH BALANCE</b>	<b>\$ (104.0)</b>	<b>\$ (114.9)</b>	<b>\$ (125.7)</b>	<b>\$ (136.4)</b>	<b>\$ (149.3)</b>	<b>\$ (138.8)</b>	<b>\$ (138.8)</b>
<b>ACCUMULATED ENDING CASH BALANCE <sup>(3)</sup></b>	<b>\$ (124.3)</b>	<b>\$ (135.1)</b>	<b>\$ (146.0)</b>	<b>\$ (156.6)</b>	<b>\$ (169.6)</b>	<b>\$ (159.1)</b>	<b>\$ (159.1)</b>

(1) For budgeting purposes, the beginning cash balance cannot be reflected as a deficit.

(2) The monthly administrative fee is currently less than \$12,000.

(3) Includes prior year ending cash balance.

\* Manually calculated summation differences are due to rounding in formulas.

**Exhibit VII**  
**Estimated Monthly Cash Flow Statement \***

Fiscal Year 1999-00

(In Millions)

	Jul	Aug	Sept	Oct	Nov	Dec
BEGINNING CASH BALANCE <sup>(1)</sup>	\$ 0.0	\$ (29.1)	\$ (44.1)	\$ (57.0)	\$ (69.7)	\$ (82.6)
<b>REVENUES:</b>						
Premium Contributions	26.8	41.3	43.3	43.3	43.4	43.4
Interest on Investments	0.1	0.1	0.1	0.1	0.1	0.1
TPA Refunds/Rebates	0.9	0.5	0.5	0.9	0.5	0.5
Pre-Tax Trust Fund Transfer	0.0	0.0	0.0	0.0	0.0	0.0
Other Revenues	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	<b>\$ 27.8</b>	<b>\$ 42.0</b>	<b>\$ 43.9</b>	<b>\$ 44.3</b>	<b>\$ 44.0</b>	<b>\$ 44.0</b>
<b>TOTAL CASH AVAILABLE</b>	<b>27.8</b>	<b>12.9</b>	<b>(0.2)</b>	<b>(12.7)</b>	<b>(25.7)</b>	<b>(38.6)</b>
<b>EXPENSES:</b>						
Medical Claims - BCBSF	\$ 27.3	\$ 27.4	\$ 27.2	\$ 27.3	\$ 27.3	\$ 27.4
Medical Claims - Unisys	0.0	0.0	0.0	0.0	0.0	0.0
Prescription Drug Claims	7.2	7.2	7.2	7.2	7.2	7.2
HMO Contract Fees	19.4	19.4	19.5	19.5	19.5	19.6
ASO Fee - BCBSF	2.2	2.2	2.2	2.2	2.2	2.2
ASO Fee - Unisys	0.0	0.0	0.0	0.0	0.0	0.0
ASO Fee - EHS <sup>(2)</sup>	0.0	0.0	0.0	0.0	0.0	0.0
DSGI Administrative Costs	0.4	0.4	0.4	0.4	0.4	0.4
Premium Refunds	0.1	0.1	0.1	0.1	0.1	0.1
Other Expenses	0.2	0.2	0.2	0.2	0.2	0.2
<b>TOTAL EXPENSES</b>	<b>\$ 56.8</b>	<b>\$ 57.0</b>	<b>\$ 56.8</b>	<b>\$ 57.0</b>	<b>\$ 56.9</b>	<b>\$ 57.1</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (29.1)</b>	<b>\$ (15.1)</b>	<b>\$ (12.9)</b>	<b>\$ (12.7)</b>	<b>\$ (12.9)</b>	<b>\$ (13.0)</b>
<b>ENDING CASH BALANCE</b>	<b>\$ (29.1)</b>	<b>\$ (44.1)</b>	<b>\$ (57.0)</b>	<b>\$ (69.7)</b>	<b>\$ (82.6)</b>	<b>\$ (95.7)</b>
<b>ACCUMULATED ENDING CASH BALANCE <sup>(3)</sup></b>	<b>\$ (188.1)</b>	<b>\$ (203.2)</b>	<b>\$ (216.1)</b>	<b>\$ (228.8)</b>	<b>\$ (241.7)</b>	<b>\$ (254.7)</b>

(1) For budgeting purposes, the beginning cash balance cannot be reflected as a deficit.

(2) The monthly administrative fee is currently less than \$12,000.

(3) Includes prior year ending cash balance.

\* Manually calculated summation differences are due to rounding in formulas.

**Exhibit VII**  
**Estimated Monthly Cash Flow Statement \***  
**Fiscal Year 1999-00**  
(In Millions)

	Jan	Feb	Mar	Apr	May	Jun	FY 99-00
BEGINNING CASH BALANCE <sup>(1)</sup>	\$ (95.7)	\$ (109.0)	\$ (120.8)	\$ (132.6)	\$ (144.1)	\$ (143.4)	\$ 0.0
<b>REVENUES:</b>							
Premium Contributions	43.6	45.6	45.7	45.7	58.3	27.4	507.7
Interest on Investments	0.1	0.1	0.1	0.1	0.1	0.1	1.2
TPA Refunds/Rebates	0.9	0.5	0.5	0.9	0.5	0.5	7.9
Pre-Tax Trust Fund Transfer	0.0	0.0	0.0	0.0	0.0	11.0	11.0
Other Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL REVENUES</b>	<b>\$ 44.6</b>	<b>\$ 46.3</b>	<b>\$ 46.3</b>	<b>\$ 46.7</b>	<b>\$ 58.9</b>	<b>\$ 39.0</b>	<b>\$ 527.9</b>
<b>TOTAL CASH AVAILABLE</b>	<b>(51.0)</b>	<b>(62.7)</b>	<b>(74.5)</b>	<b>(85.9)</b>	<b>(85.2)</b>	<b>(104.4)</b>	<b>527.9</b>
<b>EXPENSES:</b>							
Medical Claims - BCBSF	\$ 27.3	\$ 27.5	\$ 27.4	\$ 27.5	\$ 27.4	\$ 27.5	\$ 328.5
Medical Claims - Unisys	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prescription Drug Claims	7.8	7.8	7.9	7.9	7.9	7.9	90.5
HMO Contract Fees	19.7	19.8	19.8	19.8	19.8	19.9	235.8
ASO Fee - BCBSF	2.4	2.4	2.4	2.4	2.4	2.4	27.6
ASO Fee - Unisys	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ASO Fee - EHS <sup>(2)</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.1
DSGI Administrative Costs	0.4	0.4	0.4	0.4	0.4	0.4	5.0
Premium Refunds	0.1	0.1	0.1	0.1	0.1	0.1	1.2
Other Expenses	0.2	0.2	0.2	0.2	0.2	0.2	1.9
<b>TOTAL EXPENSES</b>	<b>\$ 57.9</b>	<b>\$ 58.1</b>	<b>\$ 58.1</b>	<b>\$ 58.2</b>	<b>\$ 58.2</b>	<b>\$ 58.3</b>	<b>\$ 690.6</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (13.3)</b>	<b>\$ (11.8)</b>	<b>\$ (11.8)</b>	<b>\$ (11.5)</b>	<b>\$ 0.7</b>	<b>\$ (19.3)</b>	<b>\$ (162.7)</b>
<b>ENDING CASH BALANCE</b>	<b>\$ (109.0)</b>	<b>\$ (120.8)</b>	<b>\$ (132.6)</b>	<b>\$ (144.1)</b>	<b>\$ (143.4)</b>	<b>\$ (162.7)</b>	<b>\$ (162.7)</b>
<b>ACCUMULATED ENDING CASH BALANCE <sup>(3)</sup></b>	<b>\$ (268.0)</b>	<b>\$ (279.9)</b>	<b>\$ (291.7)</b>	<b>\$ (303.2)</b>	<b>\$ (302.4)</b>	<b>\$ (321.8)</b>	<b>\$ (321.8)</b>

(1) For budgeting purposes, the beginning cash balance cannot be reflected as a deficit.

(2) The monthly administrative fee is currently less than \$12,000.

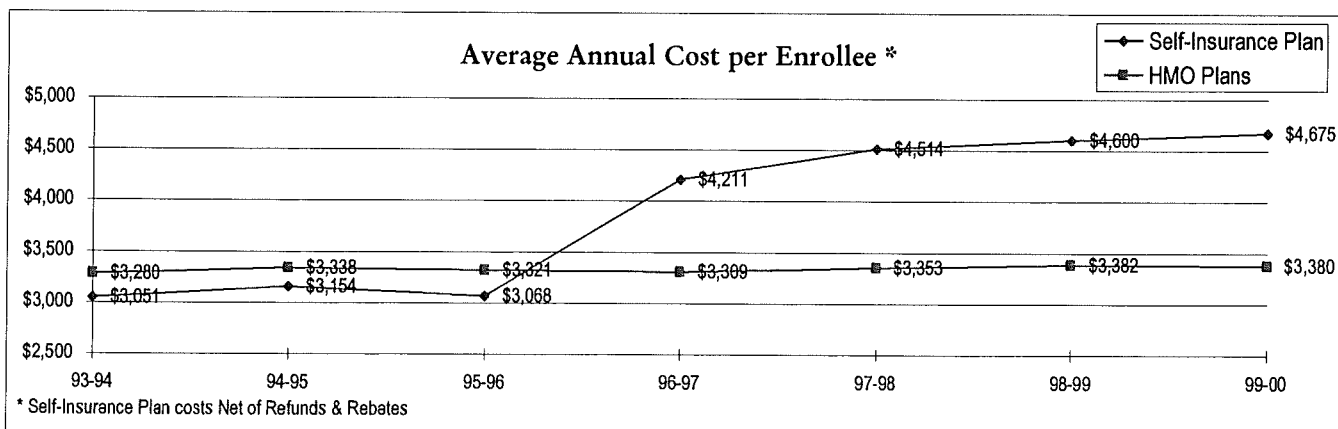
(3) Includes prior year ending cash balance.

\* Manually calculated summation differences are due to rounding in formulas.

**Exhibit VIII**  
**Comparison of Annual Cost Per Enrollee Between Plans**  
(In Millions)

Estimated Total Self-Insurance Plan Cost per Enrollee							
Self-Insurance Plan Claims Paid and Third-Party Administrative Fees							
	93-94	94-95	95-96	96-97	97-98	98-99	99-00
Paid Medical Claims	\$ 282.7	\$ 288.0	\$ 270.4	\$ 331.8	\$ 332.2	\$ 326.4	\$ 328.5
Paid Prescription Drug Claims	42.6	49.7	53.3	56.5	66.9	80.3	90.5
Medical Admin Fees	9.5	10.7	15.3	9.1	19.8	28.9	27.6
Prescription Drug Admin Fees	1.1	0.9	0.9	0.4	0.1	0.1	0.1
<b>Total Claims Paid and Admin Fees</b>	<b>\$ 335.9</b>	<b>\$ 349.3</b>	<b>\$ 339.9</b>	<b>\$ 397.7</b>	<b>\$ 419.1</b>	<b>\$ 435.7</b>	<b>\$ 446.7</b>
<b>Gross Average Annual Cost Per Enrollee</b>	<b>\$ 3,129</b>	<b>\$ 3,234</b>	<b>\$ 3,136</b>	<b>\$ 4,284</b>	<b>\$ 4,596</b>	<b>\$ 4,683</b>	<b>\$ 4,759</b>
Total Self-Insurance Plan Cost							
Total Claims Paid and Admin Fees	\$ 335.9	\$ 349.3	\$ 339.9	\$ 397.7	\$ 419.1	\$ 435.7	\$ 446.7
Less: Refunds & Rebates	(8.4)	(8.6)	(7.4)	(6.8)	(7.5)	(7.8)	(7.9)
<b>Total Net Cost</b>	<b>\$ 327.5</b>	<b>\$ 340.7</b>	<b>\$ 332.5</b>	<b>\$ 390.9</b>	<b>\$ 411.5</b>	<b>\$ 427.9</b>	<b>\$ 438.8</b>
Average Number of Enrollees	107,335	108,008	108,363	92,838	91,174	93,033	93,860
<b>Net Average Annual Cost Per Enrollee</b>	<b>\$ 3,051</b>	<b>\$ 3,154</b>	<b>\$ 3,068</b>	<b>\$ 4,211</b>	<b>\$ 4,514</b>	<b>\$ 4,600</b>	<b>\$ 4,675</b>

Estimated Total HMO Plans Cost per Enrollee							
Total HMO Plans Cost							
	93-94	94-95	95-96	96-97	97-98	98-99	99-00
HMO Total Cost (Contract Fees)	\$ 129.5	\$ 148.0	\$ 178.0	\$ 211.9	\$ 226.5	\$ 230.1	\$ 235.8
Average Number of Enrollees	39,478	44,340	53,592	64,042	67,568	68,050	69,755
<b>Annual Average Cost Per Enrollee</b>	<b>\$ 3,280</b>	<b>\$ 3,338</b>	<b>\$ 3,321</b>	<b>\$ 3,309</b>	<b>\$ 3,353</b>	<b>\$ 3,382</b>	<b>\$ 3,380</b>



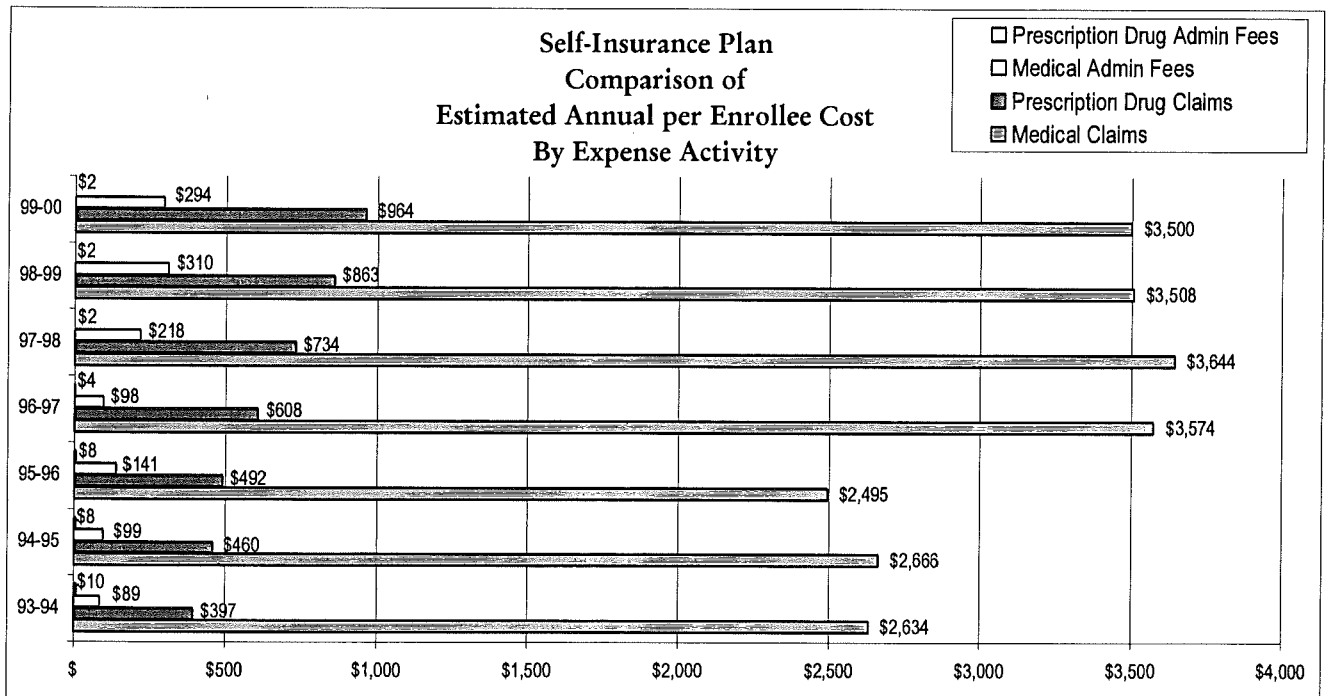
**Notes:**

- (1) Information is reported on a cash basis.
- (2) Costs excludes enrollees out-of-pocket expenses, such as deductibles and copayments.

**Exhibit IX**  
**Comparison of Annual Cost Per Enrollee By Expense Activity**  
 (Actual/Estimated)

Self-Insurance Plan							
Estimated Annual Cost per Enrollee							
	93-94	94-95	95-96	96-97	97-98	98-99	99-00
Medical Claims	\$ 2,634	\$ 2,666	\$ 2,495	\$ 3,574	\$ 3,644	\$ 3,508	\$ 3,500
Prescription Drug Claims	\$ 397	\$ 460	\$ 492	\$ 608	\$ 734	\$ 863	\$ 964
Medical Admin Fees	\$ 89	\$ 99	\$ 141	\$ 98	\$ 218	\$ 310	\$ 294
Prescription Drug Admin Fees	\$ 10	\$ 8	\$ 8	\$ 4	\$ 2	\$ 2	\$ 2
<b>Total Gross Cost Per Enrollee</b>	<b>\$ 3,129</b>	<b>\$ 3,234</b>	<b>\$ 3,136</b>	<b>\$ 4,284</b>	<b>\$ 4,596</b>	<b>\$ 4,683</b>	<b>\$ 4,759</b>
Less: Refunds & Rebates	(78)	(80)	(68)	(74)	(83)	(83)	(85)
<b>Total Net Cost Per Enrollee</b>	<b>\$ 3,051</b>	<b>\$ 3,154</b>	<b>\$ 3,068</b>	<b>\$ 4,211</b>	<b>\$ 4,514</b>	<b>\$ 4,600</b>	<b>\$ 4,675</b>

HMO Plans							
Estimated Annual Cost per Enrollee							
	93-94	94-95	95-96	96-97	97-98	98-99	99-00
<b>Total Cost Per Enrollee</b>	<b>\$ 3,280</b>	<b>\$ 3,338</b>	<b>\$ 3,321</b>	<b>\$ 3,309</b>	<b>\$ 3,353</b>	<b>\$ 3,382</b>	<b>\$ 3,380</b>



**Notes:**

- (1) Information is reported on a cash basis.
- (2) Costs excludes enrollees out-of-pocket expenses, such as deductibles and copayments.

DR PAM JOHNSON  
ECONOMIC AND DEMOGRAPHIC RESEARCH  
576 CLAUDE PEPPER BUILDING  
INTEROFFICE 00001