
State Employees' Group Health Self-Insurance Trust Fund

Report on the Financial Outlook
For the Fiscal Years Ending June 30, 2004 & 2005

November 13, 2003

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

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FINANCIAL OVERVIEW

The purpose of the financial overview is to provide pertinent information about the outlook for the State Employees' Group Health Self-Insurance Trust Fund for the fiscal years ending June 30, 2004 & 2005. The exhibits that follow provide more in-depth information about projected enrollment and cash positions. Also provided is a comparison of the actual cash position to a previous estimate for fiscal year 2002-03. In accordance with Sec. 216.136(11), *Florida Statutes*, this outlook has been prepared for presentation to the principals and participants associated with the Self-Insurance Estimating Conference.

Table 1. Financial Outlook

	FY 2002-03 (Actual)*	FY 2003-04 (Estimate)	FY 2004-05 (Estimate)
BEGINNING CASH BALANCE	59.8	39.1	39.5
REVENUES	945.7	1,077.8	1,146.8
EXPENSES	(972.1)	(1,107.4)	(1,204.8)
OPERATING GAIN/(LOSS)	<u>(26.4)</u>	<u>(29.6)</u>	<u>(58.0)</u>
NONOPERATING ADJUSTMENTS	5.7	30.0	0
ENDING CASH BALANCE	39.1	39.5	(18.5)

Dollars in Millions

* Reference Exhibit I to see a detailed comparison of the cash position estimate resulting from the February '03 conference to the actual ending cash position.

Outlook for Fiscal Year 2003-04

The outlook indicates an ending cash balance of \$39.5 million, up \$25.5 million from the previous outlook of \$14.0 million resulting from the "Post-Session" outlook. An operating loss of \$29.6 million is expected, down \$10.9 million from the previous outlook of \$40.5 million.

Cash flow deficiencies are expected until additional revenue is collected from the 16% across-the-board premium increase (effective December 1st) and the cost savings are experienced due to the benefit design changes (effective January 1st) resulting from the 2003 legislative session.

Exhibits II and III provide a detailed comparison of the current outlook to the "Post-Session" outlook.

Outlook for Fiscal Year 2004-05

The outlook indicates an ending cash deficit of \$18.5 million, down \$25.4 million from the previous deficit projection of \$43.9 million resulting from the "Post-Session" outlook. An

operating loss of \$58.0 million is expected, only up \$.1 million from the previous outlook of \$57.9 million.

It is expected that the Trust Fund will be insolvent by the fourth quarter of the fiscal year. Cash flow deficiencies are expected to delay payments for certain Program obligations as early as the second quarter.

Exhibits IV and V provide a detailed comparison of the current outlook to the "Post-Session" outlook.

Variances in Projected Cash Positions

Variances in the projected cash positions are primarily driven by a decrease in projected PPO Plan enrollment, an increase in projected HMO enrollment, a decrease in the PPO medical plan spend, and an increase in HMO premiums. The decrease in projected overall enrollment includes a smaller than projected increase in retirement enrollment resulting from actual enrollment (approx. 1,800) varying from estimated enrollment (2,045) for the 5-year mandatory retirement of the "DROP" employees effective July 2003.

Total Program costs are projected to increase by approximately 15% during the forecasted period (Program costs are projected to exceed \$1 billion during fiscal year 2003-04). Program costs will double every five years if the Trust Fund sustains year-over-year cost increases at this rate. Under the current funding structure, the State, as the employer, is responsible for contributing approximately 84% of the total required annual employee premium (\$839.6 million of \$995.2 million for fiscal year 2004-05). The State's contribution has historically been comprised of approximately 70% general revenue and 30% trusts.

Trends and Assumptions

PPO Plan

- Medical - According to the results of recent surveys of large employer-sponsored health care programs, PPO Plan medical costs are expected to increase by 12.5%-14.5% per annum during the forecasted period. Directional cost indicators associated with the State's PPO Plan indicate a combined cost and utilization increase of 12.5% per annum during the forecasted period, down 1.0% from previous projections.
- Rx - Prescription drug costs are expected to increase 15%-18% per annum. Directional cost indicators associated with State's PPO Plan indicate a combined cost and utilization increase of 16.0% per annum during the forecasted period. However, it is important to note the Trust Fund cost share is increasing at a rate above 16.0% during periods when copayments remain fixed.

The overall PPO Plan trend, inclusive of medical, Rx, and TPA administrative costs, is 13%. The PPO Plan remains available statewide.

HMO Plans

- State-contracted HMOs experienced an overall increase in premiums of 17.1% for calendar year 2003. The overall increase in premiums requested by the six HMO plans was 24.5%. There were no service area disruptions for 2003. The HMO offerings for calendar year 2003, by vendor, by service area, are virtually identical to the offering for 2002. As a result, 38 counties had at least one State-contracted HMO for 2003.
- State-contracted HMOs will experience an overall increase in premiums of approximately 12.0% for calendar year 2004. The overall increase in premiums requested by the six HMO plans was 14.6% after adjusting for the benefit design changes resulting from the 2003 legislative session. Results of recent surveys of large employer-sponsored health care programs are indicating HMO premium increases of 13.5%-15.0% per annum during the forecasted period. There are no service area disruptions for 2004. HMO offerings for calendar year 2004, by vendor, by service area, will be slightly enhanced from 2003. As a result, 39 counties will have at least one State-contracted HMO for 2004.
- The outlook includes assumptions that the HMO offerings for calendar year 2005 will be consistent with the 2004 offerings with an increase in overall HMO premium payments of 12.0%. The latter assumption reflects the impact of the benefit design changes. However, it is important to note that the outcome of the HMO contract negotiations held each year determine the actual increase. It is also important to note that if HMO vendors incur sustained underwriting losses inconsistent with business strategies, it is likely that certain, if not all HMO plans may withdraw coverage in various service areas, or from the Program entirely.

Enrollment Patterns

- Total Program enrollment is projected to continue increasing approximately .9% annually to an average enrollment of 168,042 for fiscal year 2003-04, and to 169,331 by fiscal year 2004-05. Enrollment patterns are suggesting a reduced and stabilizing employee enrollment base, but increased growth continues to occur in both the pre-Medicare retiree and Medicare retiree populations. Contributing to the retiree enrollment growth during fiscal year 2003-04 are the employees (approx. 1,800 members) who reached the 5-year mandatory retirement requirement under the "DROP" program effective July 1, 2003. Enrollment patterns suggest that enrollment distribution will be approximately 65% enrollment in the PPO Plan and 35% in the HMO plans.
- It is important to highlight the Program's aging enrollment population. Enrollment patterns continue to indicate that the retiree risk pool is increasing in count representing a higher percentage of the total enrollment. Consistent with industry norms, retiree medical and pharmaceutical costs are significantly outpacing the cost for active employees. Retiree enrollment currently represents 18.1% of total enrollment as compared to 14.4% five years ago, an increase in retiree enrollment of 30.8%. Retiree enrollment is currently projected to represent 19.0% of total enrollment by June 2005. Approximately 84% of all retirees participate in the State's self-insured PPO Plan, and approximately 73% of all participating retirees are Medicare eligible.

Because enrollment projections were developed before the final results of Open Enrollment could be obtained, actual Open Enrollment results may differ from what has been assumed. Accordingly, the results of Open Enrollment will be analyzed during preparation of enrollment projections for the "Pre-Session" conference and appropriate adjustments will be made, if necessary.

Factors Significantly Impacting Program Costs

There are identifiable factors that are significantly impacting Program costs. These factors are not unique to the State Group Health Insurance Program. A detailed discussion of the national health care issues impacting employer-sponsored health insurance plans is beyond the scope of this report. However, in the recent past, there have been several public reports released which have addressed certain factors impacting the State Group Health Insurance Program, including reports by the Senate Committee on Governmental Oversight and Productivity, Office of Program Policy Analysis and Government Accountability, Mercer Human Resource Consulting, Buck Consultants, and previous financial outlook reports.

Please be advised that the projected cash positions are highly sensitive to the assumptions used. Cash positions could differ from the results presented to the extent that actual experience varies from that which was assumed. Actual health care utilization and cost experience varies by enrollment and plan risk pool. We have applied our assumptions to aggregate PPO and HMO plan costs without enrollment or risk pool adjustment. In addition, we have made no adjustment to cost data to account for geographic price differences. Nevertheless, we believe our projections reasonably present the Trust Fund's financial outlook through the forecasted period.

Financial Outlook Prepared by:
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Exhibit I
Comparison of Actual Cash Position to Estimate
Fiscal Year 2002-03
(In Millions)

	(A) <u>Estimate</u> <u>February '03</u>	(B) <u>Actual</u> <u>Fiscal Year</u>	(B) - (A) <u>Difference</u>	
BEGINNING CASH BALANCE	\$ 59.8	\$ 59.8	\$ 0.0	
REVENUES:				
Insurance Premiums:				
State Contributions	684.9	686.9	2.0	
Employee Contributions	126.2	127.3	1.1	
Medicare Contributions	56.8	57.0	0.2	
Early Retiree Contributions	32.5	32.6	0.1	
COBRA Contributions	6.4	6.0	(0.4)	
Interest on Investments	1.7	2.1	0.4	
TPA Refunds/PBM Rebates	11.5	12.4	0.9	
Pretax Trust Fund Transfer	21.4	21.4	0.0	
Other Revenues	0.0	0.0	0.0	
TOTAL REVENUES	\$ 941.4	\$ 945.7	\$ 4.3	
TOTAL CASH AVAILABLE	<u>1,001.2</u>	<u>1,005.5</u>	<u>4.3</u>	
EXPENSES:				
PPO Plan - Medical Claims	\$ 438.5	\$ 431.5	\$ (7.0)	
PPO Plan - Drug Claims	157.4	156.0	(1.4)	
HMO Premiums	340.5	340.7	0.2	
ASO Fee - TPA	37.5	37.4	(0.1)	
DSGI Administrative Costs	6.4	4.7	(1.7)	
Premium Refunds	2.0	1.8	(0.2)	
Other Expenses	0.1	0.0	(0.1)	
TOTAL EXPENSES	\$ 982.4	\$ 972.1	\$ (10.3)	
REVENUES OVER (UNDR) EXPENSES	\$ (41.0)	\$ (26.4)	\$ 14.6	
Plus: Transfers In	\$ 5.7	\$ 5.7	\$ 0.0	
ENDING CASH BALANCE	\$ <u>24.5</u>	\$ <u>39.1</u>	\$ <u>14.6</u>	
<hr/>				
Average Enrollment by Plan	PPO Plan	108,621	108,658	37
	HMO Plans	<u>56,836</u>	<u>56,976</u>	<u>140</u>
	Total	<u>165,457</u>	<u>165,634</u>	<u>177</u>
	Active	136,248	136,487	239
Average Enrollment by Coverage Type	Medicare	20,688	20,709	21
	Early Retirees	7,128	7,120	(8)
	Cobra	<u>1,393</u>	<u>1,318</u>	<u>(75)</u>
	Total	<u>165,457</u>	<u>165,634</u>	<u>177</u>

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit II
Financial Outlook
Fiscal Year 2003-04
(In Millions)

	(A) Post Session Outlook <u>June ' 03</u>	(B) Financial Outlook <u>November '03</u>	(B) - (A) <u>Difference</u>	
BEGINNING CASH BALANCE	\$ 24.5	\$ 39.1	\$ 14.6	
REVENUES:				
Insurance Premiums:				
State Contributions	\$ 792.5	\$ 791.3	\$ (1.2)	
Employee Contributions	146.2	146.6	0.4	
Medicare Contributions	67.4	66.0	(1.4)	
Early Retiree Contributions	44.2	40.8	(3.4)	
COBRA Contributions	7.5	6.7	(0.8)	
Interest on Investments	0.1	1.0	0.9	
TPA Refunds/PBM Rebates	11.5	12.4	0.9	
Pretax Trust Fund Transfer	12.0	13.0	1.0	
Other Revenues	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
TOTAL REVENUES	\$ 1,081.4	\$ 1,077.8	\$ (3.6)	
TOTAL CASH AVAILABLE	\$ <u>1,105.9</u>	\$ <u>1,116.9</u>	\$ <u>11.0</u>	
EXPENSES:				
PPO Plan - Medical Claims	\$ 497.0	\$ 477.2	\$ (19.8)	
PPO Plan - Prescription Drug Claims	184.7	185.1	0.4	
HMO Premiums	396.4	401.7	5.3	
ASO Fee - TPA	38.0	37.6	(0.4)	
DSGI Administrative Costs	3.7	3.7	0.0	
Premium Refunds	2.0	2.0	0.0	
Other Expenses	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	
TOTAL EXPENSES	\$ <u>1,121.9</u>	\$ <u>1,107.4</u>	\$ <u>(14.5)</u>	
EXCESS OF REVENUES OVER EXPENSES	\$ <u>(40.5)</u>	\$ <u>(29.6)</u>	\$ <u>10.9</u>	
Plus: Transfer from Disability Trust Fund ⁽¹⁾	\$ 30.0	\$ 30.0	\$ 0.0	
ENDING CASH BALANCE	\$ <u>14.0</u>	\$ <u>39.5</u>	\$ <u>25.5</u>	
Average Enrollment by Plan	PPO Plan	110,416	109,225	(1,191)
	HMO Plans	<u>58,534</u>	<u>58,817</u>	<u>283</u>
	Total	<u>168,950</u>	<u>168,042</u>	<u>(908)</u>
Average Enrollment by Coverage Type	Active	136,417	136,327	(90)
	Medicare	22,588	22,235	(353)
	Early Retirees	8,513	8,203	(310)
	Cobra	<u>1,432</u>	<u>1,277</u>	<u>(155)</u>
	Total	<u>168,950</u>	<u>168,042</u>	<u>(908)</u>

⁽¹⁾ Authorized per Section 61 - Conference Report on Senate Bill 2-A.

Exhibit III
Comparison of Financial Outlooks
Fiscal Year 2003-04
(In Millions)

\$ 14.0 Previously Forecasted Ending Cash Balance ⁽¹⁾

14.6 Increase in Beginning Cash Balance

(3.6) Estimated Decrease in Forecasted Revenues

- \$ (6.4) - Decrease in contributions due to reduction in projected enrollment.
- \$ 0.9 - Increase in interest income due to higher projected monthly ending cash balances.
- \$ 0.9 - Increase in TPA refunds/PBM rebates due to increase in PPO Plan Medical/Pharmacy costs and utilization.
- \$ 1.0 - Increase in Pretax Trust Fund transfer due to increasing employer FICA savings.

14.5 Estimated Decrease in Forecasted Expenses

- \$ 19.8 - Decrease in PPO Plan Medical Claims Expense
 - \$ 6.5 - Decrease due to reduction in projected enrollment.
(Projected average enrollment from 110,416 to 109,225)
 - \$ 13.3 - Decrease due to a lower claims paid base for FYE 2003 and reduction of the trend rate by 1%.
- \$ (0.4) - Increase in PPO Plan Prescription Drug Costs
 - \$ (3.7) - Increase due to timing of an invoice payment.
 - \$ 3.3 - Decrease due to reduction in projected enrollment.
(Projected average enrollment from 110,416 to 109,225)
- \$ (5.3) - Increase in HMO Premiums
 - \$ (1.7) - Increase due to increase in projected enrollment.
(Projected average enrollment from 58,534 to 58,817.)
 - \$ (3.6) - Increase due to actual CY '04 aggregate rate increase at 12.0%, 1.8% above the previously assumed rate increase of 10.2% (adjusted down from 14.5% due to benefit design changes).
- \$ 0.4 - Decrease in ASO Fee Payment
 - \$ 0.4 - Decrease due to reduction in projected enrollment.
(Projected average enrollment from 110,416 to 109,225)

\$ 39.5 Current Forecasted Ending Cash Balance

⁽¹⁾ Post-Session Outlook.

Exhibit IV
Financial Outlook
Fiscal Year 2004-05
(In Millions)

	(A) Post Session Outlook <u>June '03</u>	(B) Financial Outlook <u>November '03</u>	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 14.0	\$ 39.5	\$ 25.5
REVENUES:			
Insurance Premiums:			
State Contributions	\$ 839.3	\$ 839.6	\$ 0.3
Employee Contributions	154.8	155.6	0.8
Medicare Contributions	74.4	72.3	(2.1)
Early Retiree Contributions	49.6	46.1	(3.5)
COBRA Contributions	8.0	7.2	(0.8)
Interest on Investments	0.0	0.6	0.6
TPA Refunds/PBM Rebates	11.5	12.4	0.9
Pretax Trust Fund Transfer	12.0	13.0	1.0
Other Revenues	0.0	0.0	0.0
TOTAL REVENUES	\$ 1,149.6	\$ 1,146.8	\$ (2.8)
TOTAL CASH AVAILABLE	\$ 1,163.6	\$ 1,186.3	\$ 22.7
EXPENSES:			
PPO Plan - Medical Claims	\$ 528.9	\$ 501.7	\$ (27.2)
PPO Plan - Prescription Drug Claims	201.5	202.0	0.5
HMO Premiums	432.6	457.2	24.6
ASO Fee - TPA	38.7	38.1	(0.6)
DSGI Administrative Costs	3.7	3.7	0.0
Premium Refunds	2.0	2.0	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 1,207.5	\$ 1,204.8	\$ (2.7)
EXCESS OF REVENUES OVER EXPENSES	\$ (57.9)	\$ (58.0)	\$ (0.1)
ENDING CASH BALANCE	\$ (43.9)	\$ (18.5)	\$ 25.4

Average Enrollment by Plan	PPO Plan	110,964	109,198	(1,766)
	HMO Plans	59,150	60,133	983
	Total	170,114	169,331	(783)
Average Enrollment by Coverage Type	Active	136,165	136,333	168
	Medicare	23,495	22,973	(522)
	Early Retirees	9,022	8,738	(284)
	Cobra	1,432	1,287	(145)
	Total	170,114	169,331	(783)

Exhibit V
Comparison of Financial Outlooks
Fiscal Year 2004-05
(In Millions)

\$ (43.9) Previously Forecasted Ending Cash Balance ⁽¹⁾

25.5 Increase in Beginning Cash Balance

(2.8) Estimated Decrease in Forecasted Revenues

- \$ (5.3) - Decrease in contributions due to reduction in projected enrollment.
- \$ 0.6 - Increase in interest income due to higher projected monthly ending cash balances.
- \$ 0.9 - Increase in TPA refunds/PBM rebates due to increase in PPO Plan Medical/Pharmacy costs and utilization.
- \$ 1.0 - Increase in Pretax Trust Fund transfer due to increasing employer FICA savings.

(2.7) Estimated Decrease in Forecasted Expenses

- \$ (27.2) - Decrease in PPO Plan Medical Claims Expense
 - \$ 9.2 - Decrease due to reduction in projected enrollment.
(Projected average enrollment from 110,964 to 109,198)
 - \$ 18.0 - Decrease due to a lower claims paid base for FYE 2004 and reduction of the trend rate by 1%.
- \$ 0.5 - Increase in PPO Plan Prescription Drug Costs
 - \$ 3.2 - Decrease due to reduction in projected enrollment.
(Projected average enrollment from 110,964 to 109,198)
 - \$ (3.7) - Increase due to adjustment in estimated copayment redesign savings.
- \$ 24.6 - Increase in HMO Premiums
 - \$ (7.0) - Increase due to increase in projected enrollment.
(Projected average enrollment from 59,150 to 60,133)
 - \$ (13.0) - Increase due to a higher base premium for CY '04 combined with a higher rate increase assumption for CY '05.
 - \$ (4.6) - Increase due to adjustment in estimated benefit redesign savings.
- \$ (0.6) - Decrease in ASO Fee Payment
 - \$ 0.6 - Decrease due to reduction in projected enrollment.
(Projected average enrollment from 110,964 to 109,198)

\$ (23.9) Current Forecasted Ending Cash Balance

⁽¹⁾ Post-Session Outlook.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

**Exhibit VI
Premium Rate Table**

Effective through November 30, 2003								
Category	Coverage		Biweekly Contribution			Monthly Contribution		
	Type	Code	State	Enrollee	Total	State	Enrollee	Total
Active Full-Time Employees ⁽¹⁾	Single	01	\$ 124.43	\$ 20.98	\$ 145.41	\$ 248.86	\$ 41.96	\$ 290.82
	Family	02	\$ 254.44	\$ 75.49	\$ 329.93	\$ 508.88	\$ 150.98	\$ 659.86
	Spouse	22/89	\$ 329.93	\$ 0.00	\$ 329.93	\$ 659.86	\$ 0.00	\$ 659.86
COBRA Participants	Single ⁽²⁾	9	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 296.64	\$ 296.64
	Family ⁽²⁾	10	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 673.06	\$ 673.06
	Single ⁽³⁾	11	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 436.23	\$ 436.23
	Family ⁽³⁾	12	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 989.79	\$ 989.79
Early Retirees	Single	61	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 290.82	\$ 290.82
	Family	62	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 659.86	\$ 659.86
Medicare Participants ⁽⁴⁾	(I) One Eligible	63	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 154.67	\$ 154.67
	(II) One Under/Over	64	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 445.55	\$ 445.55
	(III) Both Eligible	65	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 309.35	\$ 309.35

Effective December 1, 2003								
Category	Coverage		Biweekly Contribution			Monthly Contribution		
	Type	Code	State	Enrollee	Total	State	Enrollee	Total
Active Full-Time Employees ⁽¹⁾	Single	01	\$ 144.34	\$ 24.34	\$ 168.68	\$ 288.68	\$ 48.68	\$ 337.36
	Family	02	\$ 295.15	\$ 87.57	\$ 382.72	\$ 590.30	\$ 175.14	\$ 765.44
	Spouse	22/89	\$ 382.72	\$ 0.00	\$ 382.72	\$ 765.44	\$ 0.00	\$ 765.44
COBRA Participants	Single ⁽²⁾	9	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 344.11	\$ 344.11
	Family ⁽²⁾	10	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 780.75	\$ 780.75
	Single ⁽³⁾	11	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 506.04	\$ 506.04
	Family ⁽³⁾	12	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,148.16	\$ 1,148.16
Early Retirees	Single	61	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 337.36	\$ 337.36
	Family	62	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 765.44	\$ 765.44
Medicare Participants ⁽⁴⁾	(I) One Eligible	63	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 179.42	\$ 179.42
	(II) One Under/Over	64	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 516.78	\$ 516.78
	(III) Both Eligible	65	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 358.84	\$ 358.84

Notes:

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

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

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

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

(3) Includes an additional 50% as permitted by federal regulations.

(4) The actual premium rate for some retirees participating in an HMO plan may differ from what is presented.

Exhibit VII
Abbreviations

Avg.	.....	Average
ASO	.....	Administrative Services Only
COBRA	.....	Consolidated Omnibus Budget Reconciliation Act
DSGI	.....	Division of State Group Insurance
FTE	.....	Full Time Equivalency
FY	.....	Fiscal Year
HMO	.....	Health Maintenance Organization
PBM	.....	Pharmacy Benefits Manager
PPO	.....	Preferred Provider Organization
TPA	.....	Third Party Administrator