

**Self-Insurance Estimating Conference
State Employees' Group Health Self-Insurance Trust Fund
Executive Summary**

March 2 and 9, 2015

The outlook for the State Employees' Health Insurance Trust Fund has been revised to reflect enrollment activity through January 2015, revenue activity through December 2014, adjusted enrollment forecasts due to an updated model using CY 2014 actual activity, and the inclusion of projections for FY 2019-20. The fund is expected to remain solvent through FY 2017-18, with improvements in ending cash balances for all years of the forecast period except FY 2014-15, when compared to the January outlook.

For FY 2014-15, the ending cash balance decreased from \$542.7 million to \$528.7 million; for FY 2015-16, the ending cash balance increased from \$544.3 million to \$554.3 million; for FY 2016-17, the ending cash balance increased from \$370.6 million to \$404.0 million; and for FY 2017-18 the ending cash balance increased from -\$15.3 million to \$45.7 million. The outlook for subsequent years shows that expenses will exceed revenues by an amount that generates a negative cash flow of -\$568.4 million in FY 2018-19 (better than the negative cash flow of -\$642.2 million projected in the previous forecast) and -\$917.5 million in 2019-20.

Enrollment projections were updated to reflect actual monthly enrollment activity occurring through January 2015. Enrollment patterns for FY 2014-15 through FY 2018-19 continue to reflect increasing enrollment trends in the 'Active' coverage category with growth of 1.4%. The 'Early Retiree' coverage category is projected to decrease an average of 0.5% annually, and enrollment in the 'Medicare' coverage categories is expected to remain fairly flat through all years of the forecast. Total enrollment is projected to increase an average of 1.1% year over year throughout the forecast period. Subscriber migration patterns indicate continuing change in the enrollment distribution between the PPO plans and the HMO plans. Overall enrollment projections across all years of the forecast reflect an average decrease of 0.8% in PPO plans and an average increase of 2.7% in HMO plans. As of January 2015, approximately 2,438 members, or 1.4% of total enrollment, are currently enrolled in a High Deductible Health Plan. Active employees account for 96.0% of these subscribers, of which 59.7% are participating in the integrated state-sponsored Health Savings Account offering.

On the revenue side, the outlook reflects minor reductions in net premium revenues totaling \$17.3 million across all years of the forecast period due to updated enrollment activity. Medical claim refunds increased \$3.0 million compared to the prior forecast due to updated actual collections of refunds. Pharmacy rebates decreased \$0.6 million across all years due to enrollment adjustments. Minor increases in investment interest reflected in this outlook are due to increased ending cash balances. This forecast reflects a net decrease of \$12.4 million in total revenues.

Overall plan expenses are lower than previous projections for all years of the forecast period except FY 2014-15. Forecasted expenses for FY 2014-15 increased because the previous outlook did not include projections for pharmacy claims expenses beyond the December 31, 2014 termination date of the contract for the former Pharmacy Benefits Manager, but actual experience resulted in payment of pharmacy claims expenses incurred during December 2014 but paid in January 2015. The impact of pharmacy claims expenses paid during the contract run-out period is reflected in this

outlook; these expenses outweigh lower actual than projected medical claims expenses for FY 2014-15 that would otherwise have resulted in a net decrease to the expense forecast for the fiscal year.

Declining employee membership trends continue to impact utilization patterns and costs for the state. The most notable expense change affecting all forecast years is the reduction of medical claims due to updated enrollment activity. Changes to projected pharmacy expenses and fully-insured premium payments are also reflected in this outlook. The growth rates applied to medical claims for the out years of the forecast reflect no change from the previous forecast, while PPO and HMO pharmacy growth rates reflect changes in the out years. Health Savings Account expense forecasts have increased due to the inclusion of trended High Deductible Health Plan coverage enrollment and assumed increased participation in integrated Health Savings Accounts.

Special Notes

The format of the report was changed for this Conference. Exhibit I now contains additional detail, Exhibit II was created and contains enrollment figures, and the individual fiscal year tables (previously Exhibits III-VIII) were deleted.

Two additional Conference handouts, "Projected Excise Tax Liability: State Employees' Health Insurance Program" and "March 2015 Revenue Estimating Conference Pharmacy Expense Reconciliation," were presented at the March 9 conference and accompany this posting.

Reports on the Financial Outlook prepared from December 2010 through June 2012 included estimates of the impact of the Patient Protection and Affordable Care Act (PPACA) on the Trust Fund. Beginning with the August 2012 report, the impact of PPACA was addressed separately to mirror the treatment used by the Social Services Estimating Conference for Medicaid and KidCare, and were described in a separate report titled *Impact on the State Health Insurance Program of the Patient Protection and Affordable Care Act*. Beginning with the December 2013 forecast, the impacts of the provisions of PPACA have been incorporated into this single report rather than a separate report. For this reason, the reader is urged to note that direct comparisons of conference reports over the time frame referenced in this paragraph will need to be approached with this in mind.

State Employees' Group Health Self-Insurance Trust Fund

Report on the Financial Outlook

For the Fiscal Years Ending June 30, 2015 through June 30, 2020

**Presented March 2, 2015, and Adopted March 9, 2015,
by the Self-Insurance Estimating Conference**

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

EXECUTIVE SUMMARY

The Florida Division of State Group Insurance (the Division) prepared a financial Outlook for the State Employees' Group Health Self-Insurance Trust Fund (Trust Fund) for the fiscal years ending June 30, 2015, through June 30, 2020. The outlook is prepared to assist in the State's planning and budgeting in accordance with Section 216.136(9), *Florida Statutes*. The outlook is prepared using cash basis methods and modeling based on the healthcare benefit and funding design currently in place.

The outlook builds on the financial and enrollment data presented in the January 2015 Report on the Financial Outlook with adjustments for the following:

1. Actual enrollment activity through January 2015.
2. Revenue activity through December 2014.
3. Adjusted enrollment due to updated model using CY 2014 actual activity.
4. Inclusion of projections for FY 2019-20.

The current outlook reflects improvements in ending cash balances for all years of the forecast period compared to the January outlook except Fiscal Year (FY) 2014-15 which reflects a decrease of \$14.0 million. The Trust Fund is expected to remain solvent through FY 2017-18. The forecasted ending cash balance for FY 2014-15 is adjusted from \$542.7 million to \$528.7 million, and the estimated operating gain from \$100.9 million to \$86.9 million. The forecasted ending cash balance for FY 2015-16 is adjusted from \$544.3 million to \$554.3 million, and the operating gain from \$1.6 million to \$25.6 million. For FY 2016-17 the forecasted ending cash balance is adjusted from \$370.6 million to \$404.0 million, and the estimated operating loss is decreased from \$173.7 million to \$150.3 million. For FY 2017-18 the forecasted ending cash balance is adjusted from a deficit of \$15.3 million to a surplus of \$45.7 million, and the operating loss from \$385.9 to \$358.3. Ending cash balance deficits and operating losses are projected for FY 2018-19 and FY 2019-20.

Below is a summary of the outlook for the Trust Fund through FY 2019-2020.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Beginning Cash Balance	\$ 441.8	\$ 528.7	\$ 554.3	\$ 404.0	\$ 45.7	\$ 0.0
Total Revenues	\$ 2,202.3	\$ 2,234.9	\$ 2,260.7	\$ 2,282.9	\$ 2,303.7	\$ 2,329.7
Total Expenses	\$ 2,115.4	\$ 2,209.3	\$ 2,411.0	\$ 2,641.2	\$ 2,917.8	\$ 3,247.2
Operating Gain/(Loss)	\$ 86.9	\$ 25.6	\$ (150.3)	\$ (358.3)	\$ (614.1)	\$ (917.5)
Ending Cash Balance	\$ 528.7	\$ 554.3	\$ 404.0	\$ 45.7	\$ (568.4)	\$ (917.5)

Note: Assumes no carry forward of negative cash balance from FY 2018-19 to FY 2019-2020.

Favorable improvements in the cash position are attributable primarily to the adjusted enrollment model and lower than forecasted actual medical claims expense in FY 2014-15.

Enrollment

Impacting all areas of the projections are changes to the enrollment forecast, due to updated enrollment activity through January 2015. Enrollment patterns for FY 2014-15 through FY 2018-19 continue to reflect increasing enrollment trends in the Active coverage category with growth of 1.4%. The Early Retiree coverage categories are projected to decrease an average of 0.5% annually, and enrollment in the Medicare coverage categories are expected to remain fairly flat through all years of the forecast. Total enrollment is projected to increase an average of 1.1% year over year throughout the forecast period.

Subscriber migration patterns indicate continuing change in the enrollment distribution between the PPO plans and the HMO plans. Overall enrollment projections across all years of the forecast reflect an average decrease of 0.8% in PPO plans and an average increase of 2.7% in HMO plans.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

As of January 2015, approximately 2,438 members, or 1.4% of total enrollment, are currently enrolled in a High Deductible Health Plan (HDHP). Active employees account for 96.0% of these subscribers, of which 59.7% are participating in the integrated state-sponsored Health Savings Account (HSA) offering.

REVENUE

This outlook reflects minor reductions in net premium revenues totaling \$17.3 million across all years of the forecast period due to updated enrollment activity. Medical claim refunds increased \$3.0 million compared to the prior forecast due to updated actual collections of refunds. Pharmacy rebates decreased \$0.6 million across all years due to enrollment adjustments. Minor increases in investment interest reflected in this outlook are due to increased ending cash balances. This forecast reflects a net decrease of \$12.4 million in total revenues.

SPEND

The declining employee membership trends continue to impact utilization patterns and costs for the state. The most notable expense change in this forecast is the reduction of medical claims due to updated enrollment activity and lower actual than projected claims expense in FY 2014-15.

In addition, due to the transition of the Pharmacy Benefits Management (PBM) contract effective January 1, 2015, the previous outlook did not include projections for claims expense beyond the termination date of the contract for the former PBM. However, actual experience resulted in payment of pharmacy claims expense incurred during December 2014 but paid in January 2015. The impact of claims expense paid during the contract run-out period is reflected in this outlook.

Changes to projected pharmacy expenses and fully-insured premium payments are also reflected in this outlook. Health Saving Account (HSA) expenses have increased due to the inclusion of trended health investor health plan coverage enrollment and assumed increased participation in integrated health savings accounts.

The year-to-date and projected medical and pharmacy claim growth rates for FY 2014-15 have been reduced from the previous forecast due to actual expense activity. The growth rates applied to medical claims for the out years of the forecast reflect no change from the previous forecast, while PPO and HMO pharmacy growth rates reflect marginal changes in the out years.

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STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Growth factors used to develop PPO medical claims costs in this outlook are reflected below:

PPO MEDICAL							
Industry Range for CYs 2014-15: 3.0% - 9.7%							
	FY 14-15		FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Applied	Actual YTD + Projected	Applied	Applied	Applied	Applied	Applied
January 2015 Conference	6.0%*	5.2%	6.0%	6.5%	7.0%	7.5%	N/A
March 2015 Conference	6.0%*	4.4%	6.0%	6.5%	7.0%	7.5%	8.0%

*Applied rate used for February 2015 - June 2015 projections only.

Growth factors used to develop HMO medical claims costs in this outlook are reflected below:

HMO MEDICAL							
Industry Range for CYs 2014-15: 3.0% - 9.7%							
	FY 14-15		FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Applied	Actual YTD + Projected	Applied	Applied	Applied	Applied	Applied
January 2015 Conference	6.5%*	6.4%	6.5%	7.0%	7.5%	8.0%	N/A
March 2015 Conference	6.5%*	4.2%	6.5%	7.0%	7.5%	8.0%	8.5%

*Applied rate used for February 2015 - June 2015 projections only.

Growth factors used to develop pharmacy claims costs in this outlook are reflected below:

PPO PHARMACY							
Industry Range for CYs 2014-15: 6.3% - 10.1%							
	FY 14-15		FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Applied	Actual YTD + Projected	Applied	Applied	Applied	Applied	Applied
January 2015 Conference	1.8%	4.8%	3.9%	13.2%	14.7%	14.7%	N/A
March 2015 Conference	2.0%	10.1%	-1.3%	13.3%	14.8%	14.8%	14.8%

HMO PHARMACY							
Industry Range for CYs 2014-15: 6.3% - 10.1%							
	FY 14-15		FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Applied	Actual YTD + Projected	Applied	Applied	Applied	Applied	Applied
January 2015 Conference	5.6%	12.4%	0.8%	9.7%	14.5%	14.4%	N/A
March 2015 Conference	6.4%	24.9%	-9.1%	9.6%	14.3%	14.2%	13.4%

*Applied rate used for February 2015 - June 2015 projections only.

Growth factors used to develop HMO fully-insured premiums in this outlook are reflected below:

FULLY INSURED HMO PREMIUM PAYMENTS						
Industry Range for CYs 2014-15: 5.8% - 9.3%						
	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
January 2015 Conference	4.2%*	3.6%*	6.0%	6.5%	7.0%	N/A
March 2015 Conference	4.2%*	3.6%*	6.0%	6.5%	7.0%	7.5%

*Actual trend rates

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit I

Financial Outlook by Fiscal Year ⁽¹⁾

Changes to Conference Forecast - March 2015 Compared to January 2015

(In Millions)

	FY 2014-15			FY 2015-16			FY 2016-17			FY 2017-18			FY 2018-19			FY 2019-20		
	Jan '15	Mar '15	Diff.	Jan '15	Mar '15	Diff.	Jan '15	Mar '15	Diff.	Jan '15	Mar '15	Diff.	Jan '15	Mar '15	Diff.	Jan '15	Mar '15	Diff.
BEGINNING CASH BALANCE	\$ 441.8	\$ 441.8	\$ 0.0	\$ 542.7	\$ 528.7	\$ (14.0)	\$ 544.3	\$ 554.3	\$ 10.0	\$ 370.6	\$ 404.0	\$ 33.4	\$ 0.0 ⁽²⁾	\$ 45.7	\$ 45.7	N/A	\$ 0.0 ⁽²⁾	N/A
REVENUES:																		
Insurance Premiums ⁽³⁾	\$ 2,071.3	\$ 2,069.5	\$ (1.8)	\$ 2,098.5	\$ 2,094.9	\$ (3.6)	\$ 2,127.3	\$ 2,123.4	\$ (3.9)	\$ 2,149.0	\$ 2,145.1	\$ (3.9)	\$ 2,171.6	\$ 2,167.5	\$ (4.1)	N/A	\$ 2,189.3	N/A
Investment Earnings	4.9	4.8	(0.1)	5.4	5.4	-	4.6	4.8	0.2	-	2.2	2.2	-	-	-	N/A	-	N/A
TPA & Self-Insured HMO Refunds	14.7	17.7	3.0	15.6	15.6	-	15.6	15.6	-	15.6	15.6	-	15.6	15.6	-	N/A	15.6	N/A
PBM Rebates	63.5	66.4	2.9	76.1	79.2	3.1	76.7	77.0	0.3	79.8	80.1	0.3	80.7	80.7	-	N/A	84.9	N/A
Pretax Trust Fund Transfer	19.0	19.0	-	19.0	19.0	-	19.0	19.0	-	19.0	19.0	-	19.0	19.0	-	N/A	19.0	N/A
Medicare Part D Subsidy	21.9	21.9	-	21.1	20.8	(0.3)	21.2	20.9	(0.3)	21.2	20.9	(0.3)	21.2	20.9	(0.3)	N/A	20.9	N/A
Other Revenues	2.9	3.0	0.1	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	N/A
TOTAL REVENUES	\$ 2,198.2	\$ 2,202.3	\$ 4.1	\$ 2,235.7	\$ 2,234.9	\$ (0.8)	\$ 2,264.4	\$ 2,260.7	\$ (3.7)	\$ 2,284.6	\$ 2,282.9	\$ (1.7)	\$ 2,308.1	\$ 2,303.7	\$ (4.4)	N/A	\$ 2,329.7	N/A
TOTAL CASH AVAILABLE	\$ 2,640.0	\$ 2,644.1	\$ 4.1	\$ 2,778.4	\$ 2,763.6	\$ (14.8)	\$ 2,808.7	\$ 2,815.0	\$ 6.3	\$ 2,655.2	\$ 2,686.9	\$ 31.7	\$ 2,308.1	\$ 2,349.4	\$ 41.3	N/A	\$ 2,329.7	N/A
EXPENSES:																		
PPO Plan	\$ 940.8	\$ 949.8	\$ 9.0	\$ 989.6	\$ 980.5	\$ (9.1)	\$ 1,070.7	\$ 1,058.4	\$ (12.3)	\$ 1,164.9	\$ 1,149.5	\$ (15.4)	\$ 1,272.8	\$ 1,253.7	\$ (19.1)	N/A	\$ 1,372.8	N/A
Medical Claims	627.3	621.6	(5.7)	663.2	655.7	(7.5)	704.6	694.8	(9.8)	749.9	737.9	(12.0)	802.1	787.5	(14.6)	N/A	844.3	N/A
ASO Fee	17.8	17.8	-	17.8	17.7	(0.1)	17.7	17.6	(0.1)	17.6	17.5	(0.1)	17.5	17.4	(0.1)	N/A	17.2	N/A
Prescription Drug Claims	295.6	310.3	14.7	306.4	304.9	(1.5)	346.2	343.8	(2.4)	395.2	392.0	(3.2)	451.0	446.7	(4.3)	N/A	509.2	N/A
PBM Claims Administration	0.1	0.1	-	2.2	2.2	-	2.2	2.2	-	2.2	2.1	(0.1)	2.2	2.1	(0.1)	N/A	2.1	N/A
HMO Plan	\$ 1,131.4	\$ 1,140.4	\$ 9.0	\$ 1,221.6	\$ 1,205.5	\$ (16.1)	\$ 1,346.0	\$ 1,330.8	\$ (15.2)	\$ 1,494.2	\$ 1,479.8	\$ (14.4)	\$ 1,666.1	\$ 1,652.2	\$ (13.9)	N/A	\$ 1,847.9	N/A
Premium Payments	284.3	283.9	(0.4)	302.6	301.7	(0.9)	327.8	327.3	(0.5)	354.2	354.0	(0.2)	384.9	384.7	(0.2)	N/A	418.8	N/A
Medical Claims	610.0	596.5	(13.5)	671.0	656.1	(14.9)	741.0	726.3	(14.7)	819.5	805.1	(14.4)	910.2	896.3	(13.9)	N/A	1,001.8	N/A
ASO Fee	28.3	28.3	-	29.2	29.2	-	30.2	30.2	-	31.0	31.1	0.1	31.9	32.1	0.2	N/A	33.0	N/A
Prescription Drug Claims	208.8	231.7	22.9	216.7	216.6	(0.1)	244.8	245.0	0.2	287.3	287.5	0.2	336.9	337.0	0.1	N/A	392.1	N/A
PBM Claims Administration	-	-	-	2.1	1.9	(0.2)	2.2	2.0	(0.2)	2.2	2.1	(0.1)	2.2	2.1	(0.1)	N/A	2.2	N/A
HSA Deposits ⁽³⁾	2.8	2.9	0.1	2.8	3.3	0.5	2.8	3.3	0.5	2.8	3.3	0.5	2.8	3.3	0.5	N/A	3.3	N/A
Operating Costs & Admin Assessment	3.9	3.9	-	3.9	3.9	-	3.9	3.9	-	3.9	3.9	-	3.9	3.9	-	N/A	3.9	N/A
Premium Refunds	4.0	4.0	-	4.0	4.0	-	4.0	4.0	-	4.0	4.0	-	4.0	4.0	-	N/A	4.0	N/A
Other Expenses ⁽⁴⁾	14.4	14.4	-	12.2	12.1	(0.1)	10.7	10.6	(0.1)	0.7	0.7	-	0.7	0.7	-	N/A	15.3	N/A
TOTAL EXPENSES	\$ 2,097.3	\$ 2,115.4	\$ 18.1	\$ 2,234.1	\$ 2,209.3	\$ (24.8)	\$ 2,438.1	\$ 2,411.0	\$ (27.1)	\$ 2,670.5	\$ 2,641.2	\$ (29.3)	\$ 2,950.3	\$ 2,917.8	\$ (32.5)	N/A	\$ 3,247.2	N/A
EXCESS OF REV. OVER EXP.	\$ 100.9	\$ 86.9	\$ (14.0)	\$ 1.6	\$ 25.6	\$ 24.0	\$ (173.7)	\$ (150.3)	\$ 23.4	\$ (385.9)	\$ (358.3)	\$ 27.6	\$ (642.2)	\$ (614.1)	\$ 28.1	N/A	\$ (917.5)	N/A
ENDING CASH BALANCE ⁽⁵⁾	\$ 542.7	\$ 528.7	\$ (14.0)	\$ 544.3	\$ 554.3	\$ 10.0	\$ 370.6	\$ 404.0	\$ 33.4	\$ (15.3)	\$ 45.7	\$ 61.0	\$ (642.2)	\$ (568.4)	\$ 73.8	N/A	\$ (917.5)	N/A
ADDITIONAL INFORMATION																		
Unreported PPO Plan Claims Liability ⁽⁶⁾	\$ 50.2	\$ 56.2	\$ 6.0	\$ 59.7	\$ 59.3	\$ (0.4)	\$ 63.4	\$ 62.8	\$ (0.6)	\$ 67.5	\$ 66.7	\$ (0.8)	\$ 72.2	\$ 71.2	\$ (1.0)	N/A	\$ 76.3	N/A
Unreported HMO Plan Claims Liability ⁽⁷⁾	70.1	69.1	(1.0)	77.2	76.0	(1.2)	85.2	84.0	(1.2)	94.2	93.1	(1.1)	104.7	103.6	(1.1)	N/A	105.7	N/A
Unreported PBM Claims Liability ⁽⁸⁾	10.1	10.8	0.8	10.5	10.4	(0.0)	11.8	11.8	(0.0)	13.7	13.6	(0.1)	15.8	15.7	(0.1)	N/A	18.0	N/A
Total Unreported Claims Liability	\$ 130.4	\$ 136.1	\$ 5.8	\$ 147.4	\$ 145.7	\$ (1.6)	\$ 160.4	\$ 158.6	\$ (1.8)	\$ 175.4	\$ 173.4	\$ (2.0)	\$ 192.7	\$ 190.5	\$ (2.2)	N/A	\$ 200.0	N/A

Highlights of Changes to Forecast

- 1) Inclusion of actual enrollment through January 2015
- 2) Inclusion of Final 2015 Open Enrollment results and updates to enrollment model
- 3) Adjustments to the Affordable Care Act Reinsurance Fees for calendar years 2014 and 2015

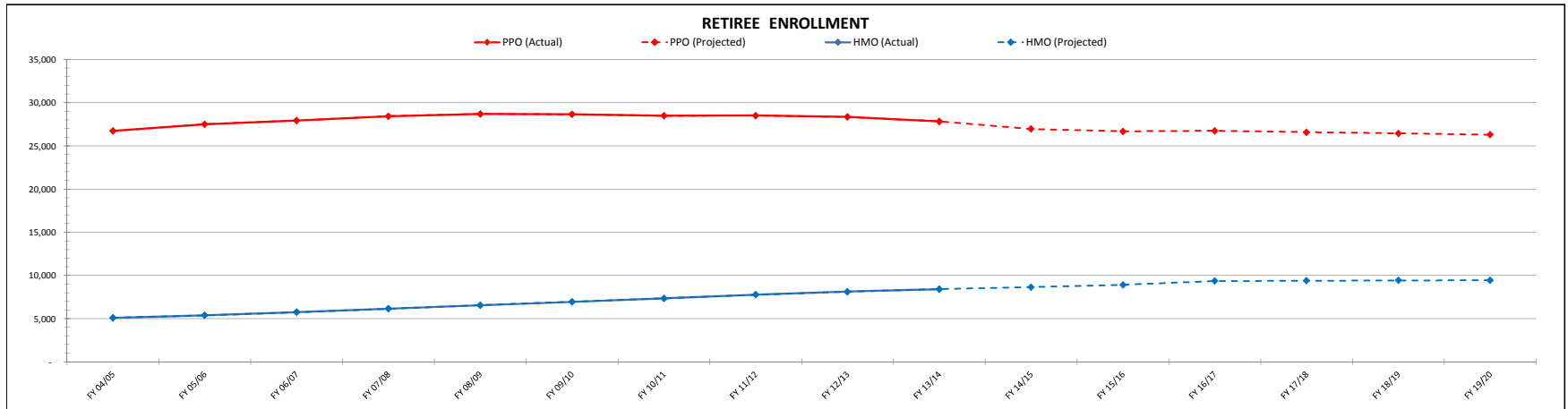
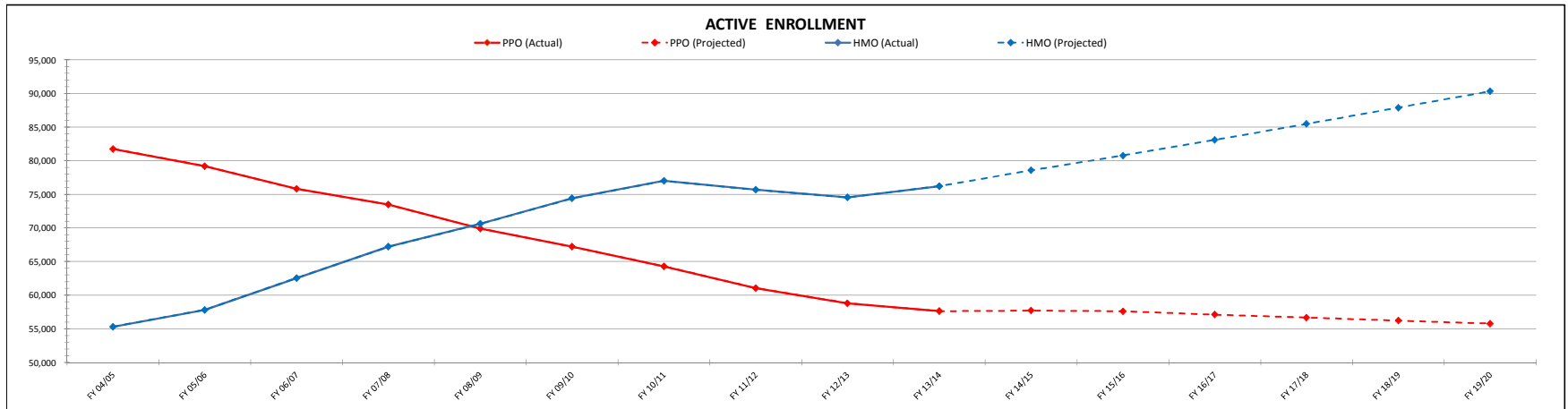
STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit II

Enrollment Outlook by Fiscal Year

Changes to Conference Forecast - March 2015 Compared to January 2015

	FY 2014-15			FY 2015-16			FY 2016-17			FY 2017-18			FY 2018-19			FY 2019-20			
	Jan '15	Mar '15	Diff.	Jan '15	Mar '15	Diff.	Jan '15	Mar '15	Diff.	Jan '15	Mar '15	Diff.	Jan '15	Mar '15	Diff.	Jan '15	Mar '15	Diff.	
Average Enrollment by Plan	PPO Standard	83,009	82,934	(75)	82,784	82,492	(292)	82,606	82,101	(505)	82,170	81,501	(669)	81,760	80,918	(842)	N/A	80,341	N/A
	PPO HIHP	1,704	1,720	16	1,728	1,764	36	1,728	1,761	33	1,728	1,752	24	1,728	1,741	13	N/A	1,732	N/A
	HMO Standard	86,675	86,534	(141)	89,182	88,983	(199)	91,759	91,749	(10)	93,981	94,153	172	96,229	96,583	354	N/A	99,033	N/A
	HMO HIHP	670	675	5	690	703	13	690	706	16	690	716	26	690	732	42	N/A	751	N/A
	Total	172,058	171,863	(195)	174,384	173,942	(442)	176,783	176,317	(466)	178,569	178,122	(447)	180,407	179,974	(433)	N/A	181,857	N/A
Average Enrollment by Coverage Type	Active (Non-OPS) Standard	129,806	129,899	93	131,514	131,526	12	133,333	133,063	(270)	135,249	134,683	(566)	137,227	136,348	(879)	N/A	138,032	N/A
	Active (Non-OPS) HIHP	2,033	2,058	25	2,059	2,117	58	2,059	2,107	48	2,059	2,098	39	2,059	2,092	33	N/A	2,088	N/A
	OPS Standard	3,789	3,665	(124)	4,137	4,058	(79)	4,137	4,373	236	4,137	4,681	544	4,137	4,985	848	N/A	5,293	N/A
	OPS HIHP	241	237	(4)	258	252	(6)	258	263	5	258	274	16	258	285	27	N/A	297	N/A
	COBRA	435	419	(16)	439	411	(28)	439	411	(28)	439	411	(28)	439	411	(28)	N/A	411	N/A
	Early Retiree	6,239	6,183	(56)	6,380	6,193	(187)	6,887	6,645	(242)	6,773	6,528	(245)	6,664	6,424	(240)	N/A	6,336	N/A
	Medicare	29,515	29,402	(113)	29,597	29,385	(212)	29,670	29,455	(215)	29,654	29,447	(207)	29,623	29,429	(194)	N/A	29,400	N/A
	Total	172,058	171,863	(195)	174,384	173,942	(442)	176,783	176,317	(466)	178,569	178,122	(447)	180,407	179,974	(433)	N/A	181,857	N/A



STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit III
Financial Outlook by Fiscal Year ⁽¹⁾
(In Millions)

	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>
	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
BEGINNING CASH BALANCE	\$ 441.8	\$ 528.7	\$ 554.3	\$ 404.0	\$ 45.7	\$ 0.0 ⁽²⁾
REVENUES:						
Insurance Premiums:						
Employer	\$ 1,673.5	\$ 1,693.1	\$ 1,711.0	\$ 1,729.8	\$ 1,749.1	\$ 1,768.7
Employee	164.1	166.4	168.5	170.7	172.9	175.2
HSA Contributions ⁽³⁾	2.9	3.3	3.3	3.3	3.3	3.3
COBRA	4.3	4.2	4.2	4.2	4.2	4.2
Early Retiree	58.5	60.6	67.1	66.3	65.6	65.0
Medicare	166.2	167.3	169.3	170.8	172.4	172.9
Investment Earnings	4.8	5.4	4.8	2.2	0.0	0.0
PPO - TPA Refunds	12.9	10.8	10.8	10.8	10.8	10.8
PPO - PBM Rebates	40.0	46.3	44.5	45.3	45.1	48.2
HMO - Self-Insured Refunds	4.8	4.8	4.8	4.8	4.8	4.8
HMO - PBM Rebates	26.4	32.9	32.5	34.8	35.6	36.7
Pretax Trust Fund Transfer	19.0	19.0	19.0	19.0	19.0	19.0
PPO - Medicare Part D Subsidy	20.7	19.7	19.8	19.8	19.8	19.8
HMO - Medicare Part D Subsidy	1.2	1.1	1.1	1.1	1.1	1.1
Other Revenues	3.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	\$ 2,202.3	\$ 2,234.9	\$ 2,260.7	\$ 2,282.9	\$ 2,303.7	\$ 2,329.7
TOTAL CASH AVAILABLE	\$ 2,644.1	\$ 2,763.6	\$ 2,815.0	\$ 2,686.9	\$ 2,349.4	\$ 2,329.7
EXPENSES:						
State PPO Plan:						
Medical Claims	\$ 621.6	\$ 655.7	\$ 694.8	\$ 737.9	\$ 787.5	\$ 844.3
ASO Fee	17.8	17.7	17.6	17.5	17.4	17.2
Prescription Drug Claims	310.3	304.9	343.8	392.0	446.7	509.2
PBM Claims Administration	0.1	2.2	2.2	2.1	2.1	2.1
HMO Plan:						
Premium Payments	283.9	301.7	327.3	354.0	384.7	418.8
Medical Claims	596.5	656.1	726.3	805.1	896.3	1,001.8
ASO Fee	28.3	29.2	30.2	31.1	32.1	33.0
Prescription Drug Claims	231.7	216.6	245.0	287.5	337.0	392.1
PBM Claims Administration	0.0	1.9	2.0	2.1	2.1	2.2
HSA Deposits ⁽³⁾	2.9	3.3	3.3	3.3	3.3	3.3
Operating Costs & Admin Assessment	3.9	3.9	3.9	3.9	3.9	3.9
Premium Refunds	4.0	4.0	4.0	4.0	4.0	4.0
Other Expenses ⁽⁴⁾	14.4	12.1	10.6	0.7	0.7	15.3
TOTAL EXPENSES	\$ 2,115.4	\$ 2,209.3	\$ 2,411.0	\$ 2,641.2	\$ 2,917.8	\$ 3,247.2
EXCESS OF REVENUES OVER EXPENSES	\$ 86.9	\$ 25.6	\$ (150.3)	\$ (358.3)	\$ (614.1)	\$ (917.5)
ENDING CASH BALANCE ⁽⁵⁾	\$ 528.7	\$ 554.3	\$ 404.0	\$ 45.7	\$ (568.4)	\$ (917.5)

ADDITIONAL INFORMATION

Total Unreported Claims Liability ⁽⁹⁾	\$ 136.1	\$ 145.7	\$ 158.6	\$ 173.4	\$ 190.5	\$ 200.0
Average Enrollment by Plan						
PPO Standard	82,934	82,492	82,101	81,501	80,918	80,341
PPO HIHP	1,720	1,764	1,761	1,752	1,741	1,732
HMO Standard	86,534	88,983	91,749	94,153	96,583	99,033
HMO HIHP	675	703	706	716	732	751
Total	171,863	173,942	176,317	178,122	179,974	181,857
Average Enrollment by Coverage Type						
Active (Non-OPS) Standard	129,899	131,526	133,063	134,683	136,348	138,032
Active (Non-OPS) HIHP	2,058	2,117	2,107	2,098	2,092	2,088
OPS Standard	3,665	4,058	4,373	4,681	4,985	5,293
OPS HIHP	237	252	263	274	285	297
COBRA	419	411	411	411	411	411
Early Retiree	6,183	6,193	6,645	6,528	6,424	6,336
Medicare	29,402	29,385	29,455	29,447	29,429	29,400
Total	171,863	173,942	176,317	178,122	179,974	181,857

Exhibit IV
Notes to the Financial Outlook

- 1) Actual results may differ from projected values with increasing likelihood of variance in future periods.
- 2) Assumes no carry forward of a negative ending cash balance from prior year.
- 3) Includes HSA contributions which approximate a split between employer and employee of 46% and 54%, respectively.
- 4) Other Expenses for FY 2019-20 include the estimated impact of \$0.7 million for the payment of Patient-Centered Outcomes Research Institute (PCORI) fees and \$14.6 million for payment of federal excise taxes, totaling \$15.3 million. The federal excise tax amount reflects the best projection available at this time by independent actuaries, due in part, to the fact that federal regulations have not yet been released.
- 5) Includes funds held in accounts outside of the Trust Fund at the Department of Financial Services, Division of Treasury, for the purpose of paying medical claims.
- 6) Includes estimated PPO Incurred but not Reported (IBNR) medical claims and outstanding drafts.
- 7) Includes estimated HMO IBNR medical claims and outstanding drafts.
- 8) Includes estimated PPO and HMO IBNR Rx claims.
- 9) Includes estimated PPO Plan and Self-Insured HMO Plans Incurred but not Reported (IBNR) claims and outstanding drafts.

Exhibit V
Comparison of Financial Outlooks
Fiscal Year 2014-15
(In Millions)

\$ 542.7	Previous Ending Cash Balance Forecast ⁽ⁱ⁾
0.0	Increase in Beginning Cash Balance
4.1	Increase in Revenue Forecast
	(1.8) - Net Decrease in Insurance Premiums
	(1.4) - Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 172,058 to 171,863
	0.1 - Increase in projected employer and enrollee HSA contributions
	(0.5) - Decrease in Insurance Premiums due to shifts in enrollment categories
	(0.1) - Decrease in Investment Earnings due to a decrease in projected cash balance
	3.0 - Increase in PPO - TPA Refunds due to higher actual and projected refunds
	1.2 - Increase in PPO - PBM Rebates due to higher projected rebates
	1.7 - Increase in HMO - PBM Rebates due to higher projected rebates
	0.1 - Increase in Other Revenues due to nonrecurring activity
18.1	Increase in Expense Forecast
9.0	Increase in State PPO Plan
	(5.7) - Decrease in Medical Claims
	(0.5) - Decrease due to a decrease in projected enrollment from 84,713 to 84,654
	(5.2) - Decrease due to lower actual than projected claims experience
	14.7 - Increase in Prescription Drug Claims
	(0.2) - Decrease due to a decrease in projected enrollment
	14.9 - Increase due to higher actual and projected claims experience
9.0	Increase in HMO Plan
	(0.4) - Decrease in Premium Payments
	(0.5) - Decrease due to a decrease in projected enrollment from 31,450 to 31,391
	0.1 - Increase due to shifts in enrollment categories
	(13.5) - Decrease in Medical Claims
	(0.8) - Decrease due to a decrease in projected enrollment from 55,892 to 55,818
	(12.7) - Decrease due to lower actual than projected claims experience
	22.9 - Increase in HMO Plan Prescription Drug Claims
	(0.4) - Decrease due to a decrease in projected enrollment from 82,848 to 82,708
	23.3 - Increase due to higher actual and projected claims experience
0.1	Increase in Other Expense Categories
	0.1 - Increase in projected employer and enrollee HSA Deposits
528.7	Ending Cash Balance⁽¹⁾

⁽ⁱ⁾ Self Insurance Estimating Conference held in January 2015.

Exhibit VI
Comparison of Financial Outlooks
Fiscal Year 2015-16
(In Millions)

\$ 544.3	Previous Ending Cash Balance Forecast ⁽ⁱ⁾
(14.0)	Decrease in Beginning Cash Balance Forecast
(0.8)	Decrease in Revenue Forecast
(3.6)	- Net decrease in Insurance Premiums
(3.5)	- Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 174,384 to 173,942
0.5	- Increase in projected employer and enrollee HSA contributions
(0.6)	- Decrease in Insurance Premiums due to shifts in enrollment categories
1.2	- Increase in PPO - PBM Rebates
(0.1)	- Decrease due to a decrease in projected enrollment from 84,512 to 84,256
1.3	- Increase due to higher projected rebates
1.9	- Increase in HMO - PBM Rebates
(0.1)	- Decrease due to a decrease in projected enrollment from 85,294 to 85,067
2.0	- Increase due to higher projected rebates
(0.3)	- Decrease in PPO - Medicare Part D Subsidy
(0.2)	- Decrease due to a decrease in projected Medicare enrollment from 23,499 to 23,246
(0.1)	- Decrease due to lower projected claims experience
(24.8)	Decrease in Expense Forecast
(9.1)	Decrease in State PPO Plan
(7.5)	- Decrease in Medical Claims
(2.0)	- Decrease due to a decrease in projected enrollment from 84,512 to 84,256
(5.5)	- Decrease due to lower projected claims experience
(0.1)	- Decrease in ASO Fee Expense due to a decrease in projected enrollment
(1.5)	- Decrease in Prescription Drug Claims
(0.9)	- Decrease due to a decrease in projected enrollment
(0.6)	- Decrease due to lower projected claims experience
(16.1)	Decrease in HMO Plan
(0.9)	- Decrease in Premium Payments
(1.1)	- Decrease due to a decrease in projected enrollment from 32,132 to 32,017
0.2	- Increase due to shifts in enrollment categories
(14.9)	- Decrease in Medical Claims
(0.9)	- Decrease due to a decrease in projected enrollment from 57,742 to 57,667
(14.0)	- Decrease due to lower projected claims experience
(0.1)	- Decrease in Prescription Drug Claims
(0.6)	- Decrease due to a decrease in projected enrollment from 85,294 to 85,067
0.5	- Increase due to higher projected claims experience
(0.2)	- Decrease in PBM Claims Administration due to correction in calculation formula
0.4	Increase in Other Expense Categories
0.5	- Increase in projected employer and enrollee HSA Deposits
(0.1)	- Decrease in Other Expenses due to lower projected Reinsurance Fees due to lower projected number of covered lives
554.3	Ending Cash Balance⁽¹⁾

⁽ⁱ⁾ Self Insurance Estimating Conference held in January 2015.

Exhibit VII
Comparison of Financial Outlooks
Fiscal Year 2016-17
(In Millions)

\$ 370.6 Previous Ending Cash Balance Forecast ⁽ⁱ⁾

- 10.0 Increase in Beginning Cash Balance Forecast
- (3.7) Decrease in Revenue Forecast
 - (3.9) - Net decrease in Insurance Premiums
 - (3.7) - Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 176,783 to 176,317
 - 0.5 - Increase in projected employer and enrollee HSA contributions
 - (0.7) - Decrease in Insurance Premiums due to shifts in enrollment categories
 - 0.2 - Increase in Investment Earnings due to an increase in projected cash balance
 - 0.3 - Increase in HMO - PBM Rebates due to higher projected rebates
 - (0.3) - Increase in PPO - Medicare Part D Subsidy
 - (0.2) - Decrease due to a decrease in projected Medicare enrollment from 23,506 to 23,223
 - (0.1) - Decrease due to lower projected claims experience
- (27.1) Decrease in Expense Forecast
 - (12.3) Decrease in State PPO Plan
 - (9.8) - Decrease in Medical Claims
 - (3.9) - Decrease due to a decrease in projected enrollment from 84,334 to 83,860
 - (5.9) - Decrease due to lower projected claims experience
 - (0.1) - Decrease in ASO Fee Expense due to a decrease in projected enrollment
 - (2.4) - Decrease in Prescription Drug Claims
 - (1.9) - Decrease due to a decrease in projected enrollment
 - (0.5) - Decrease due to lower projected claims experience
 - (15.2) Decrease in HMO Plan
 - (0.5) - Decrease in Premium Payments
 - (0.6) - Decrease due to a decrease in projected enrollment from 32,839 to 32,784
 - 0.1 - Increase due to shifts in enrollment categories
 - (14.7) - Decrease in Medical Claims
 - 0.7 - Increase due to an increase in projected enrollment from 59,607 to 59,666
 - (15.4) - Decrease due to lower projected claims experience
 - 0.2 - Increase in Prescription Drug Claims
 - (0.2) - Decrease due to a decrease in projected enrollment from 87,813 to 87,753
 - 0.4 - Increase due to higher projected claims experience
 - (0.2) - Decrease in PBM Claims Administration due to correction in calculation formula
 - 0.4 Increase in Other Expense Categories
 - 0.5 - Increase in projected employer and enrollee HSA Deposits
 - (0.1) - Decrease in Other Expenses due to lower projected Reinsurance Fees due to lower projected number of covered lives

404.0 Ending Cash Balance⁽¹⁾

⁽ⁱ⁾ Self Insurance Estimating Conference held in January 2015.

Exhibit VIII
Comparison of Financial Outlooks
Fiscal Year 2017-18
(In Millions)

\$ (15.3) Previous Ending Cash Balance Forecast ⁽ⁱ⁾

- 33.4 Increase in Beginning Cash Balance Forecast
- (1.7) Decrease in Revenue Forecast
 - (3.9) - Net decrease in Insurance Premiums
 - (3.6) - Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 178,569 to 178,122
 - 0.5 - Increase in projected employer and enrollee HSA contributions
 - (0.8) - Decrease in Insurance Premiums due to shifts in enrollment categories
 - 2.2 - Increase in Investment Earnings due to an increase in projected cash balance
 - (0.1) - Decrease in PPO - PBM Rebates
 - (0.3) - Decrease due to a decrease in projected enrollment from 83,898 to 83,251
 - 0.2 - Increase due to higher projected rebates
 - 0.4 - Increase in HMO - PBM Rebates due to higher projected rebates
 - (0.3) - Decrease in PPO - Medicare Part D Subsidy due to a decrease in projected enrollment from 23,466 to 23,167
- (29.3) Decrease in Expense Forecast
 - (15.4) Decrease in State PPO Plan
 - (12.0) - Decrease in Medical Claims
 - (5.8) - Decrease due to a decrease in projected enrollment from 83,898 to 83,251
 - (6.2) - Decrease due to lower projected claims experience
 - (0.1) - Decrease in ASO Fee Expense due to a decrease in projected enrollment
 - (3.2) - Decrease in Prescription Drug Claims
 - (3.0) - Decrease due to a decrease in projected enrollment
 - (0.2) - Decrease due to lower projected claims experience
 - (0.1) - Decrease in PBM Claims Administration due to a decrease in projected enrollment
 - (14.4) Decrease in HMO Plan
 - (0.2) - Decrease in Premium Payments
 - (0.1) - Decrease due to a decrease in projected enrollment from 33,338 to 33,328
 - (0.1) - Decrease due to shifts in enrollment categories
 - (14.4) - Decrease in Medical Claims
 - 2.7 - Increase due to an increase in projected enrollment from 61,330 to 61,535
 - (17.1) - Decrease due to lower projected claims experience
 - 0.1 - Increase in ASO Fee Expense due to higher projected enrollment
 - 0.2 - Decrease in Prescription Drug Claims
 - 0.4 - Increase due to an increase in projected enrollment from 90,008 to 90,118
 - (0.2) - Decrease due to lower projected claims experience
 - (0.1) - Decrease in PBM Claims Administration due to correction in calculation formula
 - 0.5 Increase in Other Expense Categories
 - 0.5 - Increase in projected employer and enrollee HSA Deposits

45.7 Ending Cash Balance⁽¹⁾

⁽ⁱ⁾ Self Insurance Estimating Conference held in January 2015.

Exhibit IX
Comparison of Financial Outlooks
Fiscal Year 2018-19
(In Millions)

\$ (642.2) Previous Ending Cash Balance Forecast ⁽ⁱ⁾

- 45.7 Increase in Beginning Cash Balance Forecast
- (4.4) Decrease in Revenue Forecast
 - (4.1) - Net decrease in Insurance Premiums
 - (3.5) - Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 180,407 to 179,974
 - 0.5 - Increase in projected employer and enrollee HSA contributions
 - (1.1) - Decrease in Insurance Premiums due to shifts in enrollment categories
 - (0.3) - Decrease in PPO - PBM Rebates
 - (0.4) - Decrease due to a decrease in projected enrollment from 83,488 to 82,657
 - 0.1 - Increase due to higher projected rebates
 - 0.3 - Increase in HMO - PBM Rebates
 - 0.1 - Increase due to an increase in projected enrollment from 92,237 to 92,530
 - 0.2 - Increase due to higher projected rebates
 - (0.3) - Decrease in PPO - Medicare Part D Subsidy due to a decrease in projected enrollment from 23,426 to 23,112
 - (32.5) Decrease in Expense Forecast
 - (19.1) Decrease in State PPO Plan
 - (14.6) - Decrease in Medical Claims
 - (8.0) - Decrease due to a decrease in projected enrollment from 83,488 to 82,657
 - (6.6) - Decrease due to lower projected claims experience
 - (0.1) - Decrease in ASO Fee Expense due to a decrease in projected enrollment
 - (4.3) - Decrease in Prescription Drug Claims
 - (4.5) - Decrease due to a decrease in projected enrollment
 - 0.2 - Increase due to higher projected claims experience
 - (0.1) - Decrease in PBM Claims Administration due to a decrease in projected enrollment
 - (13.9) Decrease in HMO Plan
 - (0.2) - Decrease in Premium Payments
 - 0.4 - Increase due to an increase in projected enrollment from 33,839 to 33,870
 - (0.6) - Decrease due to shifts in enrollment categories
 - (13.9) - Decrease in Medical Claims
 - 5.3 - Increase due to an increase in projected enrollment from 63,079 to 63,442
 - (19.2) - Decrease due to lower projected claims experience
 - 0.2 - Increase in ASO Fee Expense due to an increase in projected enrollment
 - 0.1 - Increase in Prescription Drug Claims
 - 1.1 - Increase due to an increase in projected enrollment from 92,237 to 92,530
 - (1.0) - Decrease due to lower projected claims experience
 - (0.1) - Decrease in PBM Claims Administration due to correction in calculation formula
 - 0.5 Increase in Other Expense Categories
 - 0.5 - Increase in projected employer and enrollee HSA Deposits

(568.4) Ending Cash Balance ⁽¹⁾

⁽ⁱ⁾ Self Insurance Estimating Conference held in January 2015.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Premium Rate Table

Effective December 2014 for January 2015 Coverage

(Premium rate change for CHP and FHCP Medicare participants ONLY)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer ⁽⁴⁾	Enrollee	Total
Career Service	Monthly Full -Time Employees ⁽¹⁾	Single	591.52	50.00	641.52	591.52	15.00	606.52
		Family	1,264.06	180.00	1,444.06	1,264.06	64.30	1,328.36
		Spouse	1,429.08	30.00	1,459.08	1,298.36	30.00	1,328.36
	Bi-Weekly Full -Time Employees ⁽¹⁾	Single	295.76	25.00	320.76	295.76	7.50	303.26
		Family	632.03	90.00	722.03	632.03	32.15	664.18
		Spouse	714.54	15.00	729.54	649.18	15.00	664.18
"Payalls"	Monthly Full -Time Employees ^(1,2)	Single	637.34	8.34	645.68	598.18	8.34	606.52
		Family	1,429.06	30.00	1,459.06	1,298.36	30.00	1,328.36
	Bi-Weekly Full -Time Employees ^(1,2)	Single	318.67	4.17	322.84	299.09	4.17	303.26
		Family	714.53	15.00	729.53	649.18	15.00	664.18
COBRA	Monthly ⁽³⁾	Single	0.00	654.35	654.35	0.00	576.16	576.16
		Family	0.00	1,472.94	1,472.94	0.00	1,269.93	1,269.93
Early Retirees	Monthly	Single	0.00	641.52	641.52	0.00	564.86	564.86
		Family	0.00	1,444.06	1,444.06	0.00	1,245.03	1,245.03
Overage Dependents		Single	0.00	641.52	641.52	0.00	564.86	564.86

Medicare Monthly Premium Rates				
Plan Name	Plan Type	Medicare I One Eligible ⁽⁵⁾	Medicare II One Under/Over ⁽⁶⁾	Medicare III Both Eligible ⁽⁷⁾
Self-Insured PPO / HMO	Standard	359.61	1,036.90	719.22
	HIHP	271.07	849.19	542.15
Capital Health Plan ⁽⁸⁾	Standard	276.00	866.13	552.00
	HIHP	241.11	770.92	482.22
Florida Health Care Plan ⁽⁸⁾	Standard	46.00	710.85	92.00
	HIHP	46.00	594.36	92.00

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

(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) Medicare eligible members who enroll with either CHP or FHCP must also enroll in a Medicare Advantage Prescription Drug ("MAPD") plan with CHP or FHCP.

PROJECTED EXCISE TAX LIABILITY
STATE EMPLOYEES' HEALTH INSURANCE PROGRAM

Prepared for the:

State of Florida Department of Management Services
Division of State Group Insurance



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

March 6, 2015

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BACKGROUND

The information in the following report is based on our interpretation of the legislation described herein as of the date the report was issued. As further guidance is issued regarding the calculation methodology and reporting, updated reporting should be presented.

All actuarial reporting in this document has been done in accordance with generally accepted actuarial principles.

Overview

Section 9001 of the Affordable Care Act is entitled *Excise Tax on High Cost Employer-Sponsored Health Coverage*, and is commonly referred to as the “Cadillac Tax.” This section of the ACA imposes a tax if an employee is covered under any applicable employer-sponsored coverage at any time during a taxable period, and if there is any “excess benefit” with respect to coverage.

Tax Amount

Beginning with coverage provided during Calendar Year 2018, the tax is equal to 40% of the amount considered to be an “excess benefit” during the taxable period. This “excess benefit” is defined as the difference between the cost of the health benefits and the applicable annual limitation threshold. The chart below summarizes the limitation thresholds for 2018 by coverage tier:

Calendar Year	Individual	Family
2018	\$10,200	\$27,500

Adjustments to these thresholds are legislated for a number of circumstances, including:

- Changes to the Consumer Price Index for all urban consumers (CPI-U)
- Health cost adjustments
- Plan membership dominated by individuals in “high-risk professions”
- Demographic considerations, such as age/gender mix or age/Medicare status of retirees

Additional information regarding these adjustments is provided under the following section of this report.

Cost of Health Benefits

The legislation allows for the cost of health coverage to be calculated similarly to how the cost of COBRA coverage is determined under 26 U.S. Code § 4980B.

U.S. Code § 4980B(f)(4) defined the “applicable premium” for COBRA purposes as the cost to the plan for such period of the coverage for similarly situated beneficiaries with respect to whom a qualifying event has not occurred, regardless of whether that cost is paid by the employer or the employee. Subsection B allows self-insured plans to reasonably estimate this cost on an actuarial basis.

It is noteworthy that the legislation does not explicitly allow for the use of the COBRA applicable premiums, but rather, allow for the use of the same calculation methodologies. In instances where the COBRA

rates charged by a plan do not fully reflect the actuarially-estimated cost of the benefits provided, use of the COBRA rates to estimate the tax liability can result in significant understatement of the liability.

Payment Responsibilities

According to the ACA, each “coverage provider” is responsible for paying the taxes imposed on its applicable share of the excess benefit with respect to an employee for any taxable period.

In this regard, a “coverage provider” is defined as follows:

- For coverage provided under an insured plan, the health insurance issuer
- For coverage under an arrangement under which the employer makes contributions to an HSA or MSA, the employer
- For coverage under any other applicable employer-sponsored benefit, the person that administers the plan of benefits.

The State currently offers both fully-insured and self-insured plans and makes contributions to health savings accounts (HSAs) for employees enrolled in the High Deductible Health Plan (HDHP). For self-insured benefits and for contributions made to an HSA, the State has the responsibility of calculating and paying the tax. For fully-insured plans, it is the State’s responsibility to calculate the tax, even though the insurer is responsible for paying it. However, it is reasonable to assume that although the insurers (Florida Health Care Plans and Capital Health Plan) are initially responsible for the payment of the tax, and will pass those cost increases back to the State in the form of increased premiums. These costs have been included in our projected excise tax amounts.

Penalties

If the actual excise tax is greater than what was reported to the Internal Revenue Service (IRS), the penalty is the difference from the actual amount owed and what was reported, plus interest from the date the tax was due.

Recent Developments

The IRS recently released Notice 2015-16. The notice intended “to initiate and inform the process of developing regulatory guidance regarding” the Excise Tax. The issues addressed by the notice included:

- The definition of applicable coverage subject to the tax;
- The determination of the cost of applicable coverage; and
- The application of the annual statutory limit to the cost of coverage.

We have incorporated our interpretation of this notice into this report.

ASSUMPTIONS

Cost of Health Benefits

For purposes of this report, historical claims were reviewed, trended forward to projection periods, and blended to reflect the actuarially estimated cost of the benefits provided. Separate costs were developed for single and family coverage, as well as for active employees, pre-Medicare retirees, and post-Medicare retirees. Additionally, administrative expenses for each of the self-insured benefits were included in the estimated cost of the benefits provided. For fully-insured benefits, it was assumed that the insurer was charging a 5% retention and administrative fee in 2015.

The baseline projections of the estimated benefit costs were based on two sets of trend assumptions, which are intended to demonstrate a range of projected excise tax amounts.

The first set of trend assumptions are based on a blend of actual trend experience for the plan during calendar years 2012, 2013, and 2014, contract negotiations with the fully-insured HMO plans for 2015, expectations for negotiations with the fully-insured HMO plans for 2016, and industry outlook on cost increases. This set of trend assumptions should be considered one end of a range of potential trend scenarios.

These combined trend rates are summarized below:

Cost Trend Assumptions for Calendar Years 2018-2023 (Utilizing Historically Based Assumptions)

	Calendar Year								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
PPO Medical	5.20%	5.56%	5.72%	5.68%	5.44%	5.50%	5.50%	5.50%	5.50%
HMO Medical	5.00%	5.40%	5.60%	5.60%	5.40%	5.50%	5.50%	5.50%	5.50%
PPO Pharmacy	2.85%	8.44%	11.37%	10.08%	8.14%	6.00%	5.50%	5.50%	5.50%
HMO Pharmacy	3.20%	5.80%	10.26%	9.98%	8.08%	6.00%	5.50%	5.50%	5.50%
Fully Insured HMO Premium Payments	3.60%	5.00%	5.60%	5.60%	5.40%	5.50%	5.50%	5.50%	5.50%
Administrative Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Additionally, for the self-insured benefit offerings, we have assumed that medical benefits approximate 70% of the total cost of the benefits (medical and pharmacy benefits combined). Based on that assumption, we derived the following “blended” trend rates:

PPO (with Pharmacy) Blended Trend	4.50%	6.42%	7.42%	7.00%	6.25%	5.65%	5.50%	5.50%	5.50%
HMO (with Pharmacy) Blended Trend	4.46%	5.52%	7.00%	6.91%	6.20%	5.65%	5.50%	5.50%	5.50%

Alternatively, the set of trend assumptions outlined in the January 2015 Self-Insurance Estimating Conference develop the other end of the range of projected excise tax amounts.

Cost Trend Assumptions for Calendar Years 2018-2023
 (Utilizing Self-Estimating Conference Assumptions)

	Calendar Year								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
PPO Medical	6.00%	6.25%	6.75%	7.25%	7.50%	7.50%	7.50%	7.50%	7.50%
HMO Medical	6.50%	6.75%	7.25%	7.75%	8.00%	8.00%	8.00%	8.00%	8.00%
PPO Pharmacy	2.85%	8.55%	13.95%	14.70%	14.70%	14.70%	14.70%	14.70%	14.70%
HMO Pharmacy	3.20%	5.25%	12.10%	14.45%	14.40%	14.40%	14.40%	14.40%	14.40%
Fully Insured HMO Premium Payments	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Administrative Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PPO (with Pharmacy) Blended Trend	5.06%	6.94%	8.91%	9.49%	9.66%	9.66%	9.66%	9.66%	9.66%
HMO (with Pharmacy) Blended Trend	5.51%	6.30%	8.71%	9.76%	9.92%	9.92%	9.92%	9.92%	9.92%

For comparability purposes, tax projections have been developed under both sets of assumptions later in this report. Additionally, the following alternative trend assumptions were examined:

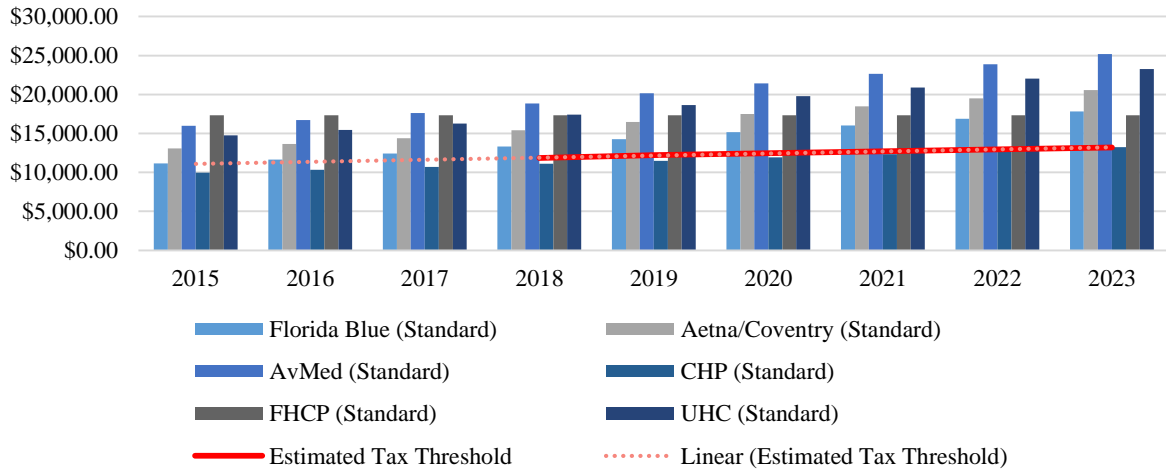
- Baseline trend assumptions increased by 1% for all years
- Baseline trend assumptions decreased by 1% for all years
- 0% trend for the first year; baseline trend for the following years

Contributions to the HSA for active employees in a HDHP have been included in the cost of coverage for these plans. At present, these contributions are \$500 per year for single coverage employees and \$1,000 per year for family coverage employees. Additionally, medical flexible spending accounts (MRAs) have been incorporated into the calculations. These per-employee contributions are assumed to remain fixed for the projection period.

With regard to the pre-Medicare eligible retirees, the development of the limitation threshold for the tax calculation attempts to reflect that this group traditionally has the highest per-employee costs of the three major groups (active, pre-Medicare retiree, post-Medicare retiree). However, the adjustment to the threshold that is allowed (an increase of \$1,650 for single retirees and \$3,450 for retirees with family coverage) does not adequately account for the increased cost associated with this group for the State.

The graph on the following page illustrates the estimated cost of coverage for the various single, pre-Medicare eligible retiree populations projected to be covered by the State under Standard plans for calendar years 2015 through 2023. Additionally, the graph provides the anticipated threshold liability beginning in 2018. As the graph demonstrates, several of these groups are expected to exceed the 2018 threshold as early as 2015.

Pre-Medicare Retiree Cost Projections - Single Enrollees Calendar Years 2015 - 2023



For purposes of the graph, “Estimated Tax Threshold” represents the anticipated thresholds in 2018-2023 based on current legislation and guidance. “Linear (Estimated Tax Threshold)” is an estimation of those thresholds in 2015-2017, based on developed threshold amounts in 2018-2023. This information was developed for cost comparison purposes only.

Enrollment

The baseline enrollment for eligibility is based on the enrollment projections provided in the January 2015 Estimating Conference. Additionally, for time periods beyond the scope of the Conference, we assumed that growth/decline rates in place as of the end of the projection period from the Conference remain in place in perpetuity. The chart below and on the following page summarizes the enrollment by plan and employment status for each projection year.

Projected Monthly Enrollment (Calendar Years 2015 – 2023)

Network	Plan	Coverage Type	Status	2015	2016	2017	2018	2019	2020	2021	2022	2023
Aetna/Coventry	Standard	Single	Active	1,954	1,954	1,955	1,956	1,957	1,958	1,959	1,961	1,963
Aetna/Coventry	Standard	Family	Active	2,887	2,840	2,793	2,749	2,713	2,677	2,645	2,616	2,592
Aetna/Coventry	Standard	Single	65+	152	150	148	146	144	142	140	138	137
Aetna/Coventry	Standard	Family	65+	27	26	25	24	23	22	21	20	19
Aetna/Coventry	Standard	Single	Early Ret	115	118	119	118	117	116	115	114	113
Aetna/Coventry	Standard	Family	Early Ret	30	37	41	43	45	47	49	51	54
Aetna/Coventry	HDHP	Single	Active	24	24	24	24	24	24	24	25	26
Aetna/Coventry	HDHP	Family	Active	16	11	6	3	3	3	3	3	3
Aetna/Coventry	HDHP	Single	65+	-	-	-	-	-	-	-	-	-
Aetna/Coventry	HDHP	Family	65+	-	-	-	-	-	-	-	-	-
Aetna/Coventry	HDHP	Single	Early Ret	1	1	1	1	1	1	1	1	1
Aetna/Coventry	HDHP	Family	Early Ret	-	-	-	-	-	-	-	-	-
AvMed	Standard	Single	Active	20,007	20,908	21,839	22,790	23,757	24,735	25,754	26,815	27,920
AvMed	Standard	Family	Active	26,818	27,575	28,353	29,150	29,953	30,756	31,581	32,428	33,298
AvMed	Standard	Single	65+	1,062	1,077	1,083	1,084	1,083	1,075	1,067	1,061	1,054
AvMed	Standard	Family	65+	219	223	226	229	232	235	238	241	244
AvMed	Standard	Single	Early Ret	831	874	900	901	902	903	904	905	906
AvMed	Standard	Family	Early Ret	172	247	293	300	307	314	321	329	336
AvMed	HDHP	Single	Active	250	240	231	224	218	212	206	201	195
AvMed	HDHP	Family	Active	167	173	181	191	201	211	222	233	244
AvMed	HDHP	Single	65+	1	1	1	1	1	1	1	1	1
AvMed	HDHP	Family	65+	1	1	1	1	1	1	1	1	1
AvMed	HDHP	Single	Early Ret	-	-	-	-	-	-	-	-	-
AvMed	HDHP	Family	Early Ret	1	2	3	4	5	6	7	9	10
CHP	Standard	Single	Active	10,911	11,281	11,671	12,069	12,469	12,875	13,294	13,727	14,175
CHP	Standard	Family	Active	14,988	15,074	15,180	15,286	15,392	15,502	15,613	15,724	15,837
CHP	Standard	Single	65+	3,551	3,623	3,671	3,704	3,733	3,756	3,778	3,801	3,823
CHP	Standard	Family	65+	859	874	887	895	897	899	901	903	905
CHP	Standard	Single	Early Ret	1,141	1,147	1,156	1,130	1,109	1,094	1,079	1,065	1,050
CHP	Standard	Family	Early Ret	222	335	398	403	408	413	418	423	429
CHP	HDHP	Single	Active	89	83	78	75	72	69	66	63	61
CHP	HDHP	Family	Active	65	66	69	74	79	84	89	95	101
CHP	HDHP	Single	65+	-	-	-	-	-	-	-	-	-
CHP	HDHP	Family	65+	-	-	-	-	-	-	-	-	-
CHP	HDHP	Single	Early Ret	1	1	1	1	1	1	1	1	1
CHP	HDHP	Family	Early Ret	-	-	-	-	-	-	-	-	-

Projected Monthly Enrollment (Calendar Years 2015 – 2023) (Continued)

Network	Plan	Coverage Type	Status	2015	2016	2017	2018	2019	2020	2021	2022	2023
FloridaBlue	Standard	Single	Active	25,712	25,574	25,447	25,329	25,212	25,095	24,979	24,863	24,748
FloridaBlue	Standard	Family	Active	30,447	30,097	29,769	29,449	29,129	28,808	28,491	28,177	27,866
FloridaBlue	Standard	Single	65+	17,433	17,401	17,367	17,317	17,267	17,217	17,169	17,121	17,075
FloridaBlue	Standard	Family	65+	5,794	5,789	5,789	5,785	5,781	5,782	5,784	5,785	5,787
FloridaBlue	Standard	Single	Early Ret	2,700	2,536	2,395	2,303	2,217	2,139	2,064	1,991	1,920
FloridaBlue	Standard	Family	Early Ret	704	820	885	880	875	870	865	860	855
FloridaBlue	HDHP	Single	Active	904	936	964	992	1,020	1,042	1,064	1,087	1,110
FloridaBlue	HDHP	Family	Active	771	743	712	673	634	603	574	545	519
FloridaBlue	HDHP	Single	65+	40	38	36	34	35	36	37	38	39
FloridaBlue	HDHP	Family	65+	8	8	8	8	8	8	8	8	8
FloridaBlue	HDHP	Single	Early Ret	30	30	30	30	30	30	30	30	30
FloridaBlue	HDHP	Family	Early Ret	7	7	7	7	7	7	7	7	7
FHCP	Standard	Single	Active	528	565	606	647	688	729	772	818	867
FHCP	Standard	Family	Active	724	726	728	730	732	734	736	738	740
FHCP	Standard	Single	65+	135	136	137	138	139	140	141	142	143
FHCP	Standard	Family	65+	22	22	22	22	22	22	22	22	22
FHCP	Standard	Single	Early Ret	37	36	35	34	33	32	31	30	29
FHCP	Standard	Family	Early Ret	7	9	9	8	7	6	5	4	4
FHCP	HDHP	Single	Active	12	18	24	30	36	42	49	57	67
FHCP	HDHP	Family	Active	5	6	7	8	9	10	11	12	14
FHCP	HDHP	Single	65+	-	-	-	-	-	-	-	-	-
FHCP	HDHP	Family	65+	-	-	-	-	-	-	-	-	-
FHCP	HDHP	Single	Early Ret	-	-	-	-	-	-	-	-	-
FHCP	HDHP	Family	Early Ret	-	-	-	-	-	-	-	-	-
UHC	Standard	Single	Active	1,579	1,696	1,813	1,930	2,047	2,164	2,288	2,419	2,557
UHC	Standard	Family	Active	2,240	2,387	2,532	2,670	2,805	2,940	3,082	3,230	3,385
UHC	Standard	Single	65+	36	35	34	33	32	31	30	29	28
UHC	Standard	Family	65+	8	8	8	8	8	8	8	8	8
UHC	Standard	Single	Early Ret	79	80	81	82	83	84	85	86	87
UHC	Standard	Family	Early Ret	12	17	21	21	21	21	21	21	21
UHC	HDHP	Single	Active	37	40	43	46	49	52	55	59	62
UHC	HDHP	Family	Active	33	35	37	39	41	43	45	47	50
UHC	HDHP	Single	65+	-	-	-	-	-	-	-	-	-
UHC	HDHP	Family	65+	1	1	1	1	1	1	1	1	1
UHC	HDHP	Single	Early Ret	-	-	-	-	-	-	-	-	-
UHC	HDHP	Family	Early Ret	-	-	-	-	-	-	-	-	-

Threshold Amounts

The threshold amount is the key metric used to determine if a health plan will be subject to an excise tax. As discussed earlier, adjustments to the threshold can occur under the following scenarios:

- CPI-U for all urban consumers
- Health cost adjustment
- High risk professions
- Demographics

CPI-U for All Urban Consumers

The threshold amounts are tied to the CPI-U for all urban consumers. Over the prior ten years, the CPI-U has averaged a 2.4% increase per year. For this analysis, we have assumed a 2% annual increase in the threshold. It is important to note that for Calendar Year 2019, an additional 1% is allowed. Therefore, a 3% assumption was used for 2019.

Health Cost Adjustment

The ACA states that the 2018 threshold can be adjusted to account for the actual growth in the cost of healthcare. If the percent change in the cost between the 2018 and 2010 standard Federal Employees Health Benefits Plan (FEHBP) offered by Blue Cross/Blue Shield exceeds 155% (or 5.63% per year), then the threshold adjustment is equal to the difference between the change in the rates and 155%.

As of 2015, the FEHBP cost has increased an average of 3.45% per year since 2010. Since this rate is below the rate necessary to trigger a threshold adjustment, for purposes of this report, no adjustment has been made to the 2018 threshold.

High Risk Professions

The ACA states that if the majority of employees in an employer-sponsored plan are in high risk professions, then the threshold can be increased by \$1,650 for individual coverages and \$3,450 for family coverages.

These professions include the following:

- Law enforcement officers
- Fire protection
- EMT, paramedics and first responders
- Construction
- Mining
- Agriculture
- Longshoreman
- Electrical line installers

Since our understanding is that the majority of the State employees are not employed in one of these high-risk professions, this adjustment has not been included in the projections.

Demographics

The ACA allows for an adjustment to the threshold if there is a significant difference between the demographics of the State employees and the national workforce.

The chart below compares the average age of active State employees to the average age of civilian government employees, as well as the gender percentage for each group. The information for the State employees was based on the October 2014 census. The information for the civilian government employees was based on data obtained from the *Profile of Federal Civilian Non-Postal Employees as of September 30, 2013* that was produced by the U.S. Office of Personnel Management.

Plan	State Employees	Civilian Government Employees
Average Age	46.4	47.3
Percent Male	42.5%	56.5%
Percent Female	57.5%	43.5%

Based on the information above, we have not adjusted the threshold for any significant differences in the demographics.

The ACA also provides for increases to the threshold for non-Medicare eligible retirees between the ages of 55 and 64. The annual thresholds will be increased by \$1,650 for individual coverage and \$3,450 for family coverage for these retirees.

The chart below summarizes the thresholds used in our analysis, which have been rounded to the nearest \$50.

	Coverage Tier	2018	2019	2020	2021	2022	2023
Active & 65+	Individual	\$10,200	\$10,500	\$10,700	\$10,900	\$11,100	\$11,300
	Family	\$27,500	\$28,350	\$28,900	\$29,500	\$30,100	\$30,700
Pre-65	Individual	\$11,850	\$12,200	\$12,450	\$12,700	\$12,950	\$13,200
	Family	\$30,950	\$31,900	\$32,550	\$33,200	\$33,850	\$34,550

PROJECTIONS FOR CALENDAR YEARS 2018-2023

Based on our interpretation of the Affordable Care Act, as well as the assumptions defined in this report, we developed the following projection of the excise tax amounts due by the State (for the various self-insured benefit programs) and by the two providers of fully insured products. This projection focuses only on Calendar Years 2018 through 2023; it should be noted that although the projection stops, the excise tax amounts would continue beyond 2023.

Excise Tax Projections for Calendar Years 2018-2023

(Utilizing Historically Based Assumptions)

Calendar Year	Coverage Tier	Aggregate Excess Benefit	Projected Excise Tax Amount			
			State	CHP	FHCP	Total
2018	Single	\$22,642,000	\$7,533,000	\$1,449,000	\$74,000	\$9,056,000
	Family	\$14,000	\$5,000	\$1,000	\$0	\$6,000
	Total	\$22,656,000	\$7,538,000	\$1,450,000	\$74,000	\$9,062,000
2019	Single	\$36,295,000	\$12,097,000	\$2,302,000	\$119,000	\$14,518,000
	Family	\$332,000	\$111,000	\$21,000	\$1,000	\$133,000
	Total	\$36,627,000	\$12,208,000	\$2,323,000	\$120,000	\$14,651,000
2020	Single	\$53,829,000	\$17,959,000	\$3,397,000	\$176,000	\$21,532,000
	Family	\$768,000	\$256,000	\$48,000	\$2,000	\$306,000
	Total	\$54,597,000	\$18,215,000	\$3,445,000	\$178,000	\$21,838,000
2021	Single	\$72,212,000	\$24,093,000	\$4,555,000	\$237,000	\$28,885,000
	Family	\$1,218,000	\$406,000	\$77,000	\$4,000	\$487,000
	Total	\$73,430,000	\$24,499,000	\$4,632,000	\$241,000	\$29,372,000
2022	Single	\$96,175,000	\$32,082,000	\$6,070,000	\$318,000	\$38,470,000
	Family	\$1,713,000	\$572,000	\$108,000	\$5,000	\$685,000
	Total	\$97,888,000	\$32,654,000	\$6,178,000	\$323,000	\$39,155,000
2023	Single	\$135,942,000	\$45,342,000	\$8,583,000	\$452,000	\$54,377,000
	Family	\$2,249,000	\$750,000	\$142,000	\$8,000	\$900,000
	Total	\$138,191,000	\$46,092,000	\$8,725,000	\$460,000	\$55,277,000
Total	Single	\$417,095,000	\$139,106,000	\$26,356,000	\$1,376,000	\$166,838,000
	Family	\$6,294,000	\$2,100,000	\$397,000	\$20,000	\$2,517,000
	Total	\$423,389,000	\$141,206,000	\$26,753,000	\$1,396,000	\$169,355,000

The projected excise tax amounts shown are a result of applicable share percentages for each category of coverage that varied as follows:

- Applicable Share for the State ranged from 83.2% to 83.4%
 - *Applicable Share for Aetna/Coventry ranged from 2.8% to 3.1%*
 - *Applicable Share for AvMed ranged from 34.7% to 38.1%*
 - *Applicable Share for Florida Blue ranged from 37.9% to 41.3%*
 - *Applicable Share for UHC ranged from 3.2% to 3.9%*
 - *Applicable Share for HSAs/MRAs ranged from 0.7% to 0.9%*
- Applicable Share for CHP ranged from 15.8% to 16.0%
- Applicable Share for FHCP remained consistent at 0.8%.

For comparative purposes, we have also developed a version of the excise tax projections based on the trend assumptions outlined in the January 2015 Self-Estimating Conference report.

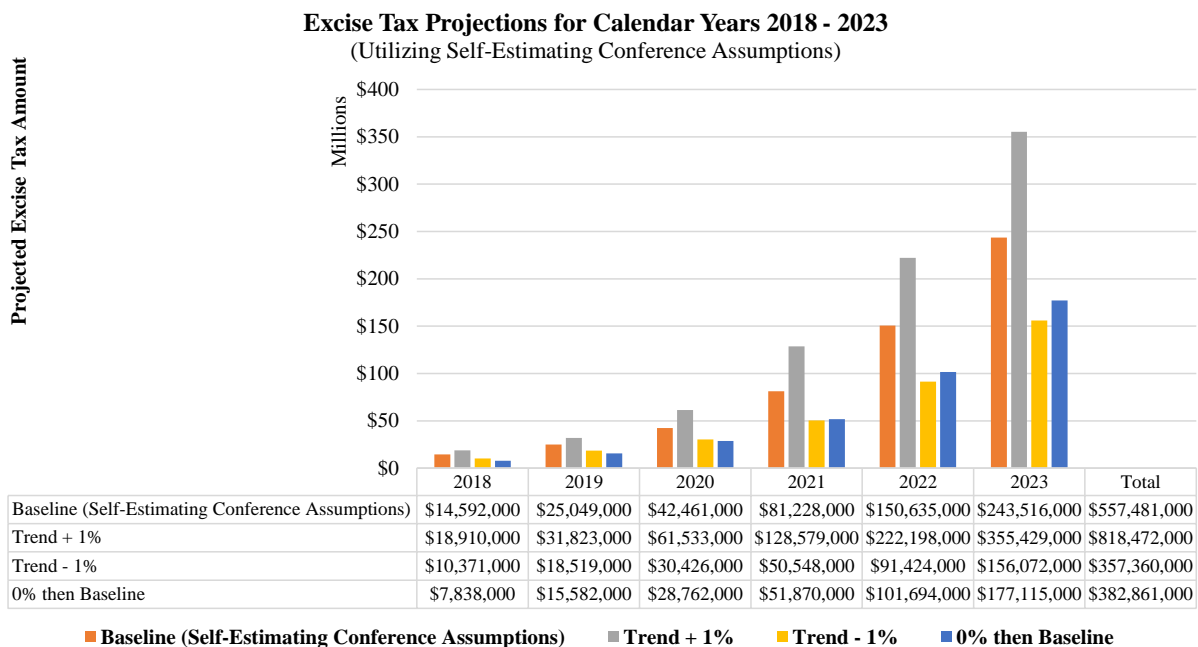
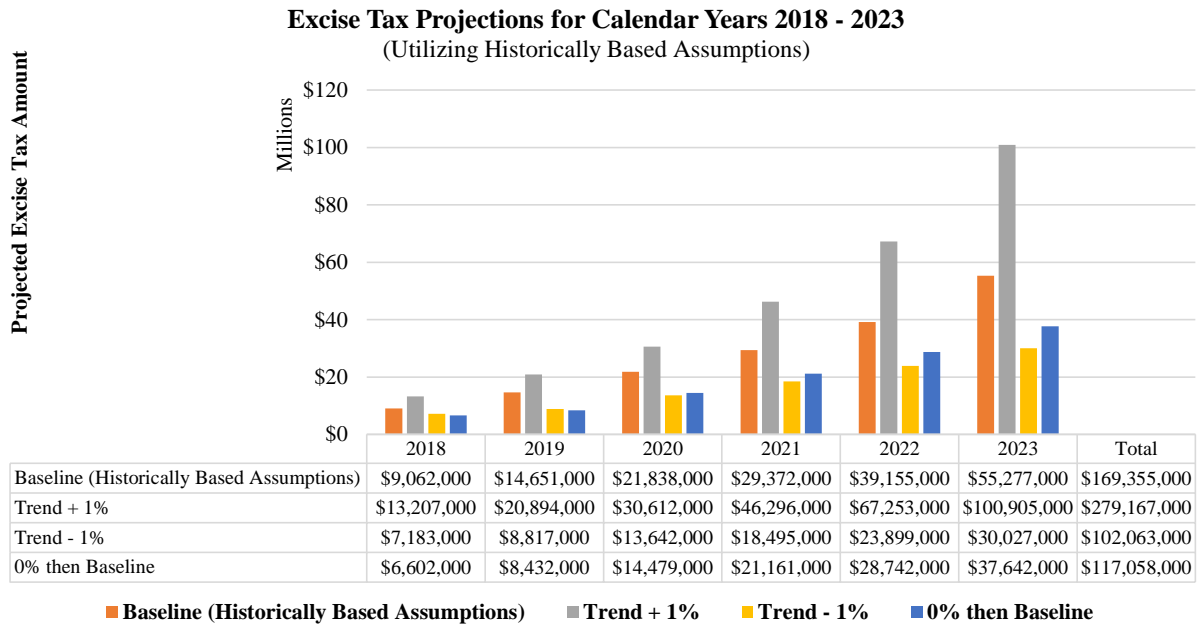
Excise Tax Projections for Calendar Years 2018-2023
 (Utilizing Self-Estimating Conference Assumptions)

Calendar Year	Coverage Tier	Aggregate Excess Benefit	Projected Excise Tax Amount			
			State	CHP	FHCP	Total
2018	Single	\$36,178,000	\$11,966,000	\$2,383,000	\$122,000	\$14,471,000
	Family	\$302,000	\$100,000	\$20,000	\$1,000	\$121,000
	Total	\$36,480,000	\$12,066,000	\$2,403,000	\$123,000	\$14,592,000
2019	Single	\$61,657,000	\$20,470,000	\$3,987,000	\$205,000	\$24,662,000
	Family	\$964,000	\$320,000	\$63,000	\$4,000	\$387,000
	Total	\$62,621,000	\$20,790,000	\$4,050,000	\$209,000	\$25,049,000
2020	Single	\$104,249,000	\$34,747,000	\$6,611,000	\$342,000	\$41,700,000
	Family	\$1,906,000	\$635,000	\$120,000	\$6,000	\$761,000
	Total	\$106,155,000	\$35,382,000	\$6,731,000	\$348,000	\$42,461,000
2021	Single	\$180,522,000	\$60,407,000	\$11,219,000	\$583,000	\$72,209,000
	Family	\$22,549,000	\$7,545,000	\$1,401,000	\$73,000	\$9,019,000
	Total	\$203,071,000	\$67,952,000	\$12,620,000	\$656,000	\$81,228,000
2022	Single	\$267,679,000	\$89,924,000	\$16,295,000	\$852,000	\$107,071,000
	Family	\$108,909,000	\$36,587,000	\$6,630,000	\$347,000	\$43,564,000
	Total	\$376,588,000	\$126,511,000	\$22,925,000	\$1,199,000	\$150,635,000
2023	Single	\$367,124,000	\$123,816,000	\$21,882,000	\$1,152,000	\$146,850,000
	Family	\$241,668,000	\$81,504,000	\$14,404,000	\$758,000	\$96,666,000
	Total	\$608,792,000	\$205,320,000	\$36,286,000	\$1,910,000	\$243,516,000
Total	Single	\$1,017,409,000	\$341,330,000	\$62,377,000	\$3,256,000	\$406,963,000
	Family	\$376,298,000	\$126,691,000	\$22,638,000	\$1,189,000	\$150,518,000
	Total	\$1,393,707,000	\$468,021,000	\$85,015,000	\$4,445,000	\$557,481,000

The projected excise tax amounts shown are a result of applicable share percentages for each category of coverage that varied as follows:

- Applicable Share for the State ranged from 82.7% to 84.3%
 - *Applicable Share for Aetna/Coventry ranged from 2.9% to 3.1%*
 - *Applicable Share for AvMed ranged from 34.6% to 38.9%*
 - *Applicable Share for Florida Blue ranged from 38.0% to 40.9%*
 - *Applicable Share for UHC ranged from 3.2% to 4.0%*
 - *Applicable Share for HSAs/MRAs ranged from 0.6% to 0.9%*
- Applicable Share for CHP ranged from 14.9% to 16.5%
- Applicable Share for FHCP remained consistent at 0.8%.

In addition to these detailed projections, we also reviewed the impact that various trend sensitivities would have on the anticipated excise tax payments due:



Division of State Group Insurance
 March 2015 Revenue Estimating Conference Pharmacy Expense Reconciliation

REVENUE ESTIMATING CONFERENCE

	January 15 REC		March 15 REC		Difference	
	Jan-15		Mar-15			
July - Nov (Actual)	\$	218.3	July - Nov (Actual)	\$	218.3	\$ -
Dec - Jan (Est)	\$	84.0	Dec - Jan (Actual)	\$	120.6	\$ 36.6
Feb - June (Est)	\$	202.1	Feb - June (Est)	\$	203.1	\$ 1.0
	\$	504.4		\$	542.0	\$ 37.6

PAYMENTS COMPARED TO JANUARY REC ESTIMATES

ESI	EST	PAID	OFFSET	PAID + OFFSET	Difference
Dec	\$ 43.6	\$ 33.6	\$ -	\$ 33.6	\$ (10.0) ⁽¹⁾
Jan	\$ -	\$ 21.5	\$ 30.8	\$ 52.3	\$ 52.3
					\$ 42.3
Caremark					
Dec	\$ -	\$ -	\$ -	\$ -	\$ -
Jan	\$ 40.5	\$ 34.8			\$ (5.7)
Feb - Jun increase	\$ 1.0	\$ -	\$ -	\$ -	\$ 1.0 ⁽²⁾
					\$ (4.7)
Combined REC Impact					\$ 37.6

ESI Payments - Dec 2015

11/15/14 - 11/21/14	\$	10.5
11/22/14 - 11/28/14	\$	10.3
11/29/14 - 11/30/14	\$	4.6
12/01/14 - 12/05/14	\$	8.2
	\$	33.6

ESI Payments - Jan 2015

12/06/14 - 12/12/14	\$	9.9
	\$	2.2
12/13/14 - 12/19/14	\$	14.8
12/20/14 - 12/26/14	\$	11.8
12/27/14 - 12/31/14	\$	11.2
Various	\$	2.4
	\$	52.3

Caremark Payments - Jan 2015

01/01/15 - 01/07/15	\$	7.50
01/08/15 - 01/15/15	\$	13.30
01/16/15 - 01/23/15	\$	14.00
	\$	34.80

Notes:

- 1) Payments were held in December due to offsetting finalization. If payments were made in Dec 2014, this would have had a smoothing effect between the differences noted in December and January.
- 2) Reflects the change in Caremark's forecast from the January to March conference.