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MEMORANDUM

TO: Interested Parties

FROM: Pam Johnson *fy*  
Economic and Demographic Research

DATE: February 26, 1996

SUBJECT: Consensus Estimating Conference--State Employees' Health Insurance

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Attached for your information are tables summarizing the results of the Consensus Estimating Conference on the State Employees' Health Insurance Trust Fund held on February 26, 1996. The conference projects that the Trust Fund balance will be \$92.5 million at the end of fiscal year 1995-96, \$63.1 million at the end of fiscal year 1996-97, and \$5.9 million at the end of fiscal year 1997-98. The forecasts imply a gross annual cost per enrollee for the State Self-Insured Plan of \$3,474 in 1995-96, \$3,642 in 1996-97, and \$3,845 in 1997-98, and for HMO coverage of \$3,289 in 1995-96, \$3,300 in 1996-97, and \$3,354 in 1997-98.

Some caution should be exercised in using the figures contained in these tables. On January 1, 1996, administration of the State Self-Insured Plan began being provided through a contract with Unisys, which is replacing Blue Cross/Blue Shield of Florida. Currently there is no solid information concerning the size of the network being developed or the relative sizes of the discounts negotiated with providers which will be available through the new administrator. Therefore, the forecasts contained in this package for the third party administered claims assume that there will be no impact, either positive or negative, on claims level. Also, these forecasts assume that recent problems concerning claims administration will be cleared up by the end of the current fiscal year.

Additionally, the contract for administering the Prescription Drug portion of the Self-Insured Plan expires on June 30, 1996, meaning that modifications in discounts may occur, affecting the projections for the costs of that portion of the Plan. As a result of these three factors, there is the possibility that these estimates will need significant revisions in the future. Revisions, if necessary, will be addressed at the next conference, which will probably be held in November of 1996, or sooner if necessary.

State Employees' Health Insurance Trust Fund  
 Analysis of Income and Expenses  
 1995-96

	<u>Nov 95</u> <u>Estimate</u>	<u>Feb 96</u> <u>Estimate</u>	<u>Diff.</u>
BEGINNING BALANCE	\$103.6	\$103.6	\$0.0
<u>INCOME</u>			
Retired Teachers Appropriation	\$1.9	\$1.9	\$0.0
Premiums--State	\$363.3	\$361.8	(\$1.5)
Premiums--Employees	\$98.9	\$98.4	(\$0.5)
Premiums--Medicare Patients	\$24.4	\$25.2	\$0.8
Premiums--Other Non-employees	\$17.3	\$17.4	\$0.1
Interest	\$5.4	\$5.6	\$0.2
Transfer from Pretax Trust Fund	\$9.5	\$9.5	\$0.0
Other (COB's, audits and overpayment returns)	\$9.2	\$8.9	(\$0.3)
TOTAL INCOME	<u>\$529.9</u>	<u>\$528.7</u>	<u>(\$1.2)</u>
<u>EXPENDITURES</u>			
Third Party Administered Claims	\$304.5	\$290.2	(\$14.3)
Prescription Drug Program Claims and Administration	\$54.1	\$52.1	(\$2.0)
HMO Payments	\$160.6	\$175.6	\$15.0
Third-Party Administration	\$15.8	\$15.1	(\$0.7)
Division of State Employees' Insurance Administration	\$4.0	\$4.0	\$0.0
Transfer to Agency for Health Care Administration	\$0.8	\$0.8	\$0.0
Other Expenses		\$2.0	\$2.0
TOTAL EXPENDITURES	<u>\$539.8</u>	<u>\$539.8</u>	<u>\$0.0</u>
NET INCOME (INCOME LESS EXPENDITURES)	(\$9.9)	(\$11.1)	(\$1.2)
ENDING BALANCE	<u><u>\$93.7</u></u>	<u><u>\$92.5</u></u>	<u><u>(\$1.2)</u></u>

State Employees' Health Insurance Trust Fund  
 Analysis of Income and Expenses  
 1996-97

	Nov 95 Estimate	Feb 96 Estimate	Diff.
BEGINNING BALANCE	<u>\$93.7</u>	<u>\$92.5</u>	<u>(\$1.2)</u>
<u>INCOME</u>			
Retired Teachers Appropriation	\$1.9	\$1.9	\$0.0
Premiums--State	\$373.0	\$366.2	(\$6.8)
Premiums--Employees	\$101.6	\$99.6	(\$2.0)
Premiums--Medicare Patients	\$25.1	\$25.5	\$0.4
Premiums--Other Non-employees	\$17.7	\$17.6	(\$0.1)
Interest	\$4.3	\$3.9	(\$0.4)
Transfer from Pretax Trust Fund	\$9.5	\$9.5	\$0.0
Other (COB's, audits and overpayment returns)	\$9.7	\$8.4	(\$1.3)
TOTAL INCOME	<u>\$542.8</u>	<u>\$532.6</u>	<u>(\$10.2)</u>
<u>EXPENDITURES</u>			
Third Party Administered Claims	\$318.6	\$283.4	(\$35.2)
Prescription Drug Program Claims and Administration	\$60.0	\$55.2	(\$4.8)
HMO Payments	\$173.2	\$204.7	\$31.5
Third-Party Administration	\$14.8	\$13.3	(\$1.5)
Division of State Employees' Insurance Administration	\$3.6	\$3.6	\$0.0
Transfer to Agency for Health Care Administration	\$0.8	\$0.8	\$0.0
Other Expenses		\$1.0	\$1.0
TOTAL EXPENDITURES	<u>\$571.0</u>	<u>\$562.0</u>	<u>(\$9.0)</u>
NET INCOME (INCOME LESS EXPENDITURES)	(\$28.2)	(\$29.4)	(\$1.2)
ENDING BALANCE	<u><u>\$65.5</u></u>	<u><u>\$63.1</u></u>	<u><u>(\$2.4)</u></u>

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

	<u>Feb 96 Estimate</u>
BEGINNING BALANCE	<u>\$63.1</u>
<u>INCOME</u>	
Retired Teachers Appropriation	\$1.9
Premiums--State	\$371.1
Premiums--Employees	\$100.9
Premiums--Medicare Patients	\$25.8
Premiums--Other Non-employees	\$17.8
Interest	\$0.6
Transfer from Pretax Trust Fund	\$9.5
Other (COB's, audits and overpayment returns)	\$8.2
TOTAL INCOME	<u>\$535.8</u>
<u>EXPENDITURES</u>	
Third Party Administered Claims	\$293.7
Prescription Drug Program Claims and Administration	\$61.0
HMO Payments	\$221.0
Third-Party Administration	\$11.9
Division of State Employees' Insurance Administration	\$3.6
Transfer to Agency for Health Care Administration	\$0.8
Other Expenses	\$1.0
TOTAL EXPENDITURES	<u>\$593.0</u>
NET INCOME (INCOME LESS EXPENDITURES)	(\$57.2)
ENDING BALANCE	<u><u>\$5.9</u></u>