
State Employees' Group Health Self-Insurance Trust Fund

**Report on the Financial Outlook
For the Fiscal Years Ending June 30, 2002 & 2003**

September 20, 2001

**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, 2002 & 2003. Also provided is a comparison of cash position estimates to actual experience for fiscal year 2000-01. 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. The exhibits that follow provide further information about projected enrollment, cash positions, and actual and projected component costs of the Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) Plans.

Table 1. Financial Outlook

	FY 2001-02	FY 2002-03
BEGINNING CASH BALANCE	108.0	76.0
REVENUES	838.4	881.3
EXPENSES	873.9	974.9
OPERATING GAIN/(LOSS)	(35.5)	(93.6)
PLUS: ZERO INTEREST CD	3.5	0
ENDING CASH BALANCE	76.0	(17.6)

Dollars in Millions

Outcome of Fiscal Year 2000-01

Trust Fund expenditures amounted to \$779.9 million during fiscal year 2000-01 for the State Employees' Preferred Provider Organization (PPO) Plan's medical and prescription drug claim payments, Health Maintenance Organization (HMO) premium payments, and administrative costs. Premium collections and other revenues fell short of Program expenses by \$10.7 million, or 1.4%. The ending cash balance was \$104.5 million, up \$11.3 million than projected for the conference held in October 2000. Variance in total PPO and HMO plan enrollment projections to actual experience was less than .02% (.0002).

Outlook for Fiscal Year 2001-02

Our current projection for fiscal year 2001-02 indicates an ending cash balance of \$76.0 million, up \$32.9 million from \$43.1 million resulting from a "Post-Session" outlook. Premium collections and other revenues are projected to fall short of Program expenses by \$35.5 million, or 4.1%. As a result of an Invitation to Bid process to continue banking services associated with administration of the PPO Plan, a different compensation arrangement will be used and the Zero Interest Certificate of Deposit in the amount of \$3.5 million will be closed and the funds

transferred to the Trust Fund. In consideration of all financial activity, the outlook indicates that the Trust Fund will remain solvent through the fiscal year.

Outlook for Fiscal Year 2002-03

Our current projection for fiscal year 2002-03 indicates an ending cash deficit of (\$17.6) million, a change of \$53.4 million from (\$71.0) million resulting from a "Post-Session" outlook. In light of the 15% premium increase effective November 2001 that will substantially increase premium revenue, our projection still indicates an operating loss of \$93.6 million (10.6% of total revenues) for the year. This operating loss represents an average monthly cash shortfall of \$7.8 million. A projected beginning cash balance of \$76.0 million will help sustain solvency through April 2003.

The variances in projected cash positions for fiscal year 2001-02 and 2002-03, as compared to previous projections, are driven by several contributing factors. Primarily, increases in actual beginning cash balances; the across-the-board 15% premium increase; changes in enrollment assumptions between the PPO and HMO plans due to certain HMO plans dropping service areas, or from the Program entirely, effective January 2002; and decreases in the PPO Plan's medical/pharmaceutical utilization and price assumptions.

Although an outlook to fiscal year 2003-04 will not be addressed until the "Pre-Session" conference, attention must be given to the continued structural imbalance between Program revenues and expenses. Because the Trust Fund is projected to have a beginning cash balance of \$76.0 million for fiscal year 2002-03, this surplus will help sustain solvency for a period of time during the fiscal year. However, recognizing that PPO Plan costs and HMO premiums will most likely continue increasing at current rates during fiscal year 2003-04, Program expenses (10.8% trend) could exceed premium collections and other revenues by a staggering amount. Consequently, assuming that the beginning cash balance for fiscal year 2003-04 is significantly lower than the beginning cash balance for fiscal year 2002-03, and there is no change in premium rates or benefit design features, the Trust Fund will clearly experience serious solvency challenges.

Factors Significantly Impacting Program Costs

There are factors that are significantly impacting Program costs. These factors are not unique to the State Group Health Insurance Program. While a detailed discussion of the national healthcare issues impacting employer-sponsored health insurance plans is beyond the scope of this overview, we have provided those factors that are most prevalent for explanatory purposes.

We will address the PPO and HMO Plans separately. However, common to both plans is an aging enrollment population. Enrollment patterns continue to indicate that the retiree risk pool is increasing in count representing a higher percentage of total enrollment. Retiree enrollment currently represents 15.9% of total enrollment as compared to 13.1% six years ago, an increase of 21.4%. Retiree enrollment is projected to represent 16.0% of total enrollment by fiscal year 2002-03. Consistent with industry norms, retiree medical and pharmaceutical costs are significantly outpacing the cost for active employees.

PPO Plan

- According to the results of independent surveys of large employer-sponsored healthcare programs, total PPO costs are expected to increase by approximately 12.5%–14.0% during 2002. Directional cost indicators associated with State's PPO Plan is indicating a lower trend of 11.7% during the forecasted period. Total PPO Plan costs are comprised of both medical costs (10.0% trend – industry trend is between 8%-12%) and pharmaceutical costs (16.0% trend – industry trend is between 16%-18%).
- PPO Plan medical costs continue to rise primarily as a result of increasing utilization of inpatient and outpatient medical services, types of services rendered, technology, price inflation, and provider contract restructuring.
- Pharmaceutical costs continue to significantly outpace overall medical inflation. The spiraling cost of pharmaceutical benefits continues to represent a serious underwriting challenge that is essentially national in nature. Following are factors significantly affecting the cost of prescriptions.
 - Increases in utilization as a result of the overall aging of the workforce and retiree community.
 - Direct to consumer marketing campaigns, which create significant demand for high-cost branded medications.
 - The high cost of pharmaceutical research and development. (The Pharmaceutical Manufacturers of America estimate that it costs \$500 million to research and develop one new drug.)
- Prescription drug utilization and price have begun to decrease in the PPO Plan due to increased generic dispensing as a result of key patent expirations (Glucophage, Prozac, Prilosec in 2001, and Axid, Augmentin, Xanax, and Accupril in 2002), clinical management programs, and utilization of a three-tier copayment structure.

HMO Plans

- HMO costs are rising faster than in past years. This phenomenon is partly caused by rising pharmaceutical costs, increasing government mandated benefits, increasing consumer protection laws, provider contract restructuring, and other issues similar to the PPO Plan. The results of recent negotiations with the participating HMO vendors ended with an overall increase in premiums for the HMO plans of 10.9% for calendar year 2002. The requested overall increase in premiums by the HMO plans was 21.6%. This difference represents savings in excess of \$30 million. Beginning with calendar year 1999, increases in overall premium payments to participating HMO vendors have been 14.8% (1999), 13.1% (2000), and 13.3% (2001) after relatively stable premiums for a period of time preceding 1999.

One HMO plan dropped out of participation entirely affecting approximately 16,000 employees/retirees. Another plan dropped a specific service area affecting approximately 1,000 employees/retirees. Although all service areas continue to have at least one HMO plan

available, there are four counties (approximately 2,400 employees/retirees are currently enrolled) that will no longer have an HMO option – Brevard, Lake, Lafayette, and Polk. Consequently, there will be 38 counties with at least one HMO offering in 2002, down from 42 counties currently. The PPO Plan remains available statewide.

- Our projection includes an increase in overall HMO premium payments of 10.9%, effective January 1, 2003. This assumption is consistent with the outcome of the recent negotiations for 2002. However, the outcome of the HMO contract negotiations to be conducted in spring of 2002 will determine the actual increase. A variance of one-percent between the actual and assumed increase will affect the Trust Fund by \$3.2 million, annually. It is 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 will continue to withdraw from coverage in various service areas, or from the Program entirely.

PPO/HMO Plan Cost Comparison

- A comparison of the projected average annual cost per enrollee between the PPO Plan (\$5,125) and the HMO plans (\$5,199) for fiscal year 2001-02, shows that the PPO Plan is projected to cost the Trust Fund approximately \$74, or 1.4%, less per enrollee than the HMO plans. A further comparison of the projected average annual cost per enrollee between the PPO Plan (\$5,676) and the HMO plans (\$5,757) for fiscal year 2002-03, also shows that the PPO Plan is projected to cost the Trust Fund approximately \$81, or 1.4%, less per enrollee than the HMO plans. However, due to enrollment mix and composition differences between the two plans, the loss differential between the projected average annual premium and cost per enrollee in the PPO Plan is estimated to be significantly greater than the HMO plans during the forecasted period. Note that the projected average annual costs and premium collections per enrollee between the PPO and HMO Plans are highly sensitive to the assumptions used.

Enrollment

- Total Program enrollment is projected to continue increasing (.8% annually) to an average enrollment of 166,005 by fiscal year 2001-02 and to 167,207 by fiscal year 2002-03. As previously mentioned, enrollment patterns continue to indicate that the retiree risk pool is increasing in count at a faster rate than the employee risk pool, thus increasing the ratio of retiree enrollment to total enrollment. PPO Plan enrollment is projected to continue to gain a larger portion of total Program enrollment. The enrollment distribution is projected to be approximately 67% in the PPO Plan and 33% in the HMO plans – a net change of 6%. Enrollment patterns continue to suggest that new enrollees entering the Program during the year will select the PPO Plan and HMO plans at a ratio of 1:2. Conversely, increased net enrollment resulting from Open Enrollment will distribute solely to the PPO Plan, as experienced over the last three years.

Because enrollment projections were developed before the 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 for the "Pre-Session" conference and appropriate adjustments will be made.

In summary, our projections indicate that the Trust Fund will remain solvent through the current fiscal year, but will face solvency challenges in the upcoming fiscal year. In order for the Trust Fund to sustain a structural balance, revenues and expenses must annually coincide with one another.

Please be advised that the results of our projections to arrive at the ending 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. Although we are aware that actual utilization and cost experience will vary 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 that the results of our projections reasonably present the Trust Fund's financial outlook through the forecasted period.

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STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit I
Comparison of Cash Position Estimates to Actual
Fiscal Year 2000-01
(In Millions)

	Estimate		Actual		Difference
	October '00		Fiscal Year		Actual to Estimate
BEGINNING CASH BALANCE ⁽¹⁾	\$	115.2	\$	115.2	\$ 0.0
REVENUES:					
Insurance Premiums:					
State Contributions		551.6		551.1	(0.5)
Employee Contributions		117.7		118.1	0.4
Medicare Contributions		39.7		40.7	1.0
Early Retiree Contributions		22.1		21.3	(0.8)
COBRA Contributions		4.4		4.7	0.3
Interest on Investments		6.3		7.3	1.0
TPA Refunds/PBM Rebates		9.4		11.3	1.9
Pre-Tax Trust Fund Transfer		12.0		14.7	2.7
Other Revenues		0.0		0.0	0.0
TOTAL REVENUES	\$	763.2	\$	769.2	\$ 6.0
TOTAL CASH AVAILABLE		878.4		884.4	6.0
EXPENSES:					
PPO Plan - Medical Claims	\$	319.7	\$	326.3	\$ 6.6
PPO Plan - Prescription Drug Claims		124.1		117.3	(6.8)
HMO Premiums		302.4		299.6	(2.8)
ASO Fee - TPA		30.5		28.3	(2.2)
ASO Fee - PBM		0.1		0.1	0.0
DSGI Administrative Costs		6.4		6.1	(0.3)
Premium Refunds		1.2		1.8	0.6
Other Expenses		0.8		0.4	(0.4)
TOTAL EXPENSES	\$	785.2	\$	779.9	\$ (5.3)
EXCESS OF REVENUES OVER EXPENSES	\$	(22.0)	\$	(10.7)	\$ 11.3
ENDING CASH BALANCE ⁽¹⁾	\$	93.2	\$	104.5	\$ 11.3
<u>Projected Average Enrollment</u>					
PPO Plan		99,499		99,935	436
HMO Plans		64,948		64,553	(395)
Total		164,447		164,488	41

Note:

(1) Excludes Zero Interest Certificate of Deposit (\$3.5 million) and cash balances (\$3.5 million) maintained in bank accounts.

**Exhibit II
Comparison of Financial Outlooks**

Fiscal Year 2001-02	
(In Millions)	
\$ 43.1	Previously Forecasted Ending Cash Balance (Post-Session Outlook)
18.1	Increase in Actual Ending Cash Balance
4.4	Estimated Increase in Forecasted Revenues
	<ul style="list-style-type: none"> \$ 3.2 - Increase in premium collections due to increased and shifting enrollment. \$ 2.9 - Increase in interest earnings due to increased balances. \$ 1.3 - Increase in refunds and rebates due to improved TPA collections system and PBM contract. \$ (3.0) - Decrease in transfer to account for a transfer of excess amounts during FY 2000-01.
6.9	Estimated Decrease in Forecasted Expenses
	<ul style="list-style-type: none"> \$ (19.8) - Increase in PPO Plan medical claims expense due primarily to increased enrollment. \$ 7.4 - Decrease in PPO Plan prescription drug costs due to reduced utilization and price. Savings more than offset increased costs due to increased enrollment. \$ 22.8 - Decrease in HMO premiums due primarily to decreased enrollment. \$ (3.5) - Increase in ASO Fee due to increased enrollment and treatment of a previous year payment.
3.5	Zero Interest Certificate Transfer
\$ 76.0	Current Forecasted Ending Cash Balance

Fiscal Year 2002-03	
(In Millions)	
\$ (71.0)	Previously Forecasted Ending Cash Balance (Post-Session Outlook)
32.9	Increase in Actual Ending Cash Balance as Stated Above
6.1	Estimated Increase in Forecasted Revenues
	<ul style="list-style-type: none"> \$ 2.5 - Increase in premium collections due to increased and shifting enrollment. \$ 2.4 - Increase in interest earnings due to increased balances. \$ 1.2 - Increase in refunds and rebates due to improved TPA collections system and PBM contract.
14.4	Estimated Decrease in Forecasted Expenses
	<ul style="list-style-type: none"> \$ (33.8) - Increase in PPO Plan medical claims expense due primarily to increased enrollment. \$ 5.3 - Decrease in PPO Plan prescription drug costs due to reduced utilization and price. Savings more than offset increased costs due to increased enrollment. \$ 46.0 - Decrease in HMO premiums due primarily to decreased enrollment. \$ (3.1) - Increase in ASO Fee due to increased enrollment.
\$ (17.6)	Current Forecasted Ending Cash Balance

- It should be noted that changes in enrollment projections inherently impact certain revenue and expense items.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

**Exhibit III
Financial Outlook
Fiscal Year 2001-02
(In Millions)**

	(A) Financial Outlook Post-Session	(B) Financial Outlook September '01	(B) - (A) Difference
BEGINNING CASH BALANCE ⁽¹⁾	\$ 89.9	\$ 108.0	\$ 18.1
REVENUES:			
Insurance Premiums: (4)			
State Contributions	618.4	620.8	2.4
Employee Contributions	114.7	115.2	0.5
Medicare Contributions	46.8	47.0	0.2
Early Retiree Contributions	25.3	25.4	0.1
COBRA Contributions	5.2	5.2	0.0
Interest on Investments	2.2	5.1	2.9
TPA Refunds/PBM Rebates	9.4	10.7	1.3
Pre-Tax Trust Fund Transfer	12.0	9.0 ⁽²⁾	(3.0)
Other Revenues	0.0	0.0	0.0
TOTAL REVENUES	\$ 834.0	\$ 838.4	\$ 4.4
TOTAL CASH AVAILABLE	923.9	946.4	22.5
EXPENSES:			
PPO Plan - Medical Claims	\$ 365.5	\$ 385.3	\$ 19.8
PPO Plan - Prescription Drug Claims	144.5	137.1	(7.4)
HMO Premiums	330.0	307.2	(22.8)
ASO Fee - TPA	32.8	36.3 ⁽³⁾	3.5
DSGI Administrative Costs	6.4	6.4	0.0
Premium Refunds	1.2	1.2	0.0
Other Expenses	0.4	0.4	0.0
TOTAL EXPENSES	\$ 880.8	\$ 873.9	\$ (6.9)
EXCESS OF REVENUES OVER EXPENSES	\$ (46.8)	\$ (35.5)	\$ 11.3
Plus: Zero Interest Certificate of Deposit	\$ 0.0	\$ 3.5	\$ 3.5
ENDING CASH BALANCE	\$ 43.1	\$ 76.0	\$ 32.9
<u>Average Eligible Enrollment</u>			
PPO Plan	102,054	106,920	4,866
HMO Plans	63,341	59,085	(4,256)
Total	165,395	166,005	610

Notes:

- (1) Adjusted to include \$3.5 million of cash balances maintained in bank accounts that have been excluded from previous presentations.
- (2) Includes adjustment of \$3.0 million to account for a transfer of excess amounts during FY 2000-01.
- (3) Includes a payment in the amount of \$2.3 million to cover a prior year obligation.
- (4) Forecast includes premium adjustments to account for premium increases effective November 1, 2001 and employee migration to agency payroll status.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

**Exhibit IV
Financial Outlook
Fiscal Year 2002-03
(In Millions)**

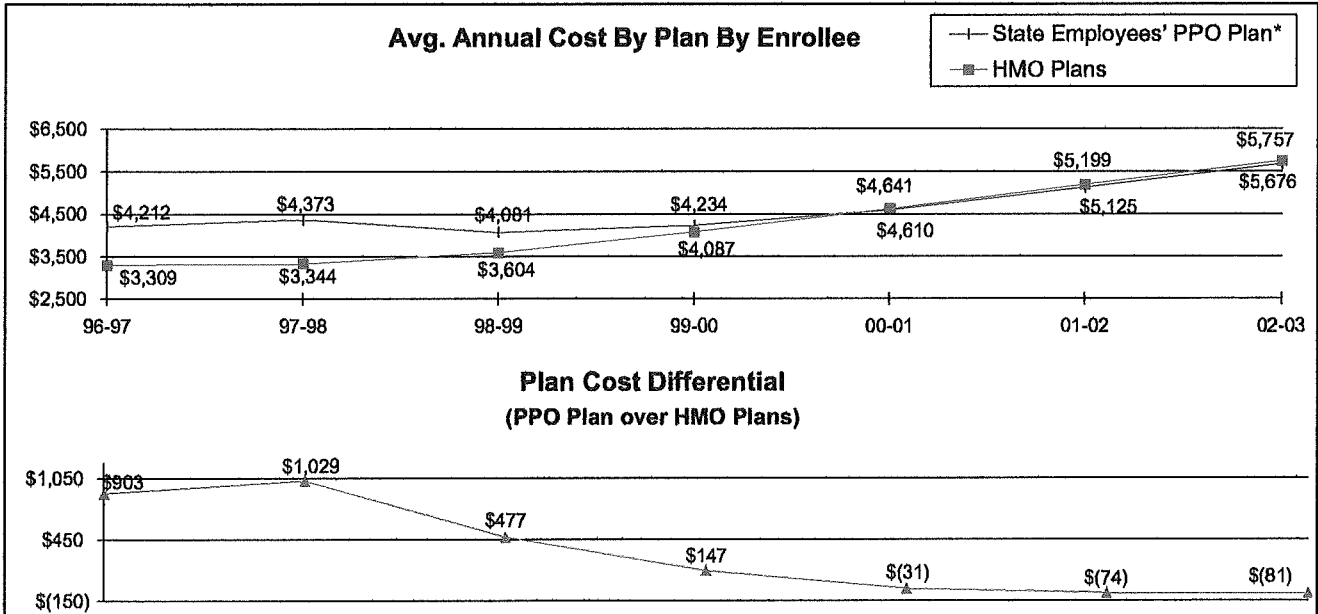
	(A) Financial Outlook Post-Session	(B) Financial Outlook September '01	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 43.1	\$ 76.0	\$ 32.9
REVENUES:			
Insurance Premiums:			
State Contributions	646.3	648.2	1.9
Employee Contributions	120.3	120.6	0.3
Medicare Contributions	51.0	51.1	0.1
Early Retiree Contributions	28.0	28.1	0.1
COBRA Contributions	5.4	5.5	0.1
Interest on Investments	0.0	2.4	2.4
TPA Refunds/PBM Rebates	12.2	13.4	1.2
Pre-Tax Trust Fund Transfer	12.0	12.0	0.0
Other Revenues	0.0	0.0	0.0
TOTAL REVENUES	\$ 875.2	\$ 881.3	\$ 6.1
TOTAL CASH AVAILABLE	918.3	957.3	39.0
EXPENSES:			
PPO Plan - Medical Claims	\$ 412.5	\$ 446.3	\$ 33.8
PPO Plan - Prescription Drug Claims	174.8	169.5	(5.3)
HMO Premiums	358.9	312.9	(46.0)
ASO Fee - TPA	35.1	38.2	3.1
DSGI Administrative Costs	6.4	6.4	0.0
Premium Refunds	1.2	1.2	0.0
Other Expenses	0.4	0.4	0.0
TOTAL EXPENSES	\$ 989.3	\$ 974.9	\$ (14.4)
EXCESS OF REVENUES OVER EXPENSES	\$ (114.1)	\$ (93.6)	\$ 20.5
ENDING CASH BALANCE	\$ (71.0)	\$ (17.6)	\$ 53.4
<u>Average Eligible Enrollment</u>			
PPO Plan	103,855	112,857	9,002
HMO Plans	62,717	54,350	(8,367)
Total	166,572	167,207	635

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

**Exhibit V
Comparison of Annual Cash Disbursements By Plan Type ⁽¹⁾
(In Millions)**

State Employees' PPO Plan Costs							
	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>
Medical Claims	\$ 331.8	\$ 319.7	\$ 275.6	\$ 289.5	\$ 326.3	\$ 385.3	\$ 446.3
Prescription Drug Claims	56.5	68.1	85.1	100.9	117.3	137.1	169.5
ASO Fee - TPA	9.1	19.6	30.1	28.3	28.3	36.3	38.2
ASO Fee - PBM	0.4	0.1	0.1	0.1	0.1	0.0	0.0
Total Claims Paid and ASO Fees	\$ 397.8	\$ 407.5	\$ 390.9	\$ 416.8	\$ 472.0	\$ 558.7	\$ 654.0
Avg. Number of Enrollees	<u>92,838</u>	<u>91,263</u>	<u>93,350</u>	<u>96,262</u>	<u>99,935</u>	<u>106,920</u>	<u>112,857</u>
Avg. Annual Gross Cost Per Enrollee	\$ 4,285	\$ 4,465	\$ 4,187	\$ 4,351	\$ 4,723	\$ 5,225	\$ 5,795
Total Claims Paid and ASO Fees	\$ 397.8	\$ 407.5	\$ 390.9	\$ 416.8	\$ 472.0	\$ 558.7	\$ 654.0
Less: Refunds & Rebates	(6.8)	(8.4)	(9.9)	(11.2)	(11.3)	(10.7)	(13.4)
Total Net Cost	\$ 391.0	\$ 399.1	\$ 381.0	\$ 407.6	\$ 460.7	\$ 548.0	\$ 640.6
Avg. Number of Enrollees	<u>92,838</u>	<u>91,263</u>	<u>93,350</u>	<u>96,262</u>	<u>99,935</u>	<u>106,920</u>	<u>112,857</u>
Avg. Annual Net Cost Per Enrollee	\$ 4,212	\$ 4,373	\$ 4,081	\$ 4,234	\$ 4,610	\$ 5,125	\$ 5,676

HMO Plan Cost							
	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>
HMO Premiums	\$ 211.9	\$ 226.4	\$ 244.3	\$ 272.6	\$ 299.6	\$ 307.2	\$ 312.9
Avg. Number of Enrollees	<u>64,042</u>	<u>67,710</u>	<u>67,777</u>	<u>66,702</u>	<u>64,553</u>	<u>59,085</u>	<u>54,350</u>
Avg. Annual Cost Per Enrollee	\$ 3,309	\$ 3,344	\$ 3,604	\$ 4,087	\$ 4,641	\$ 5,199	\$ 5,757

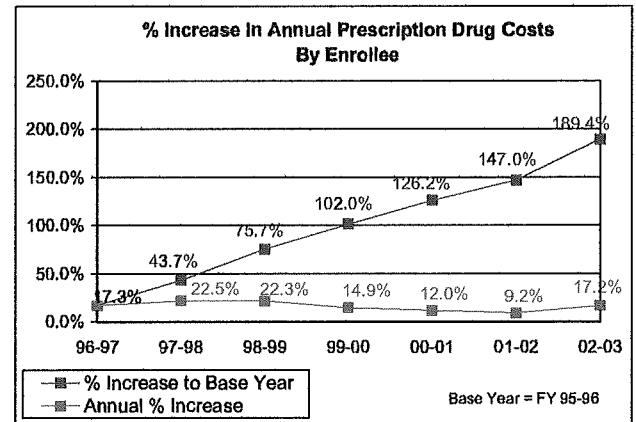
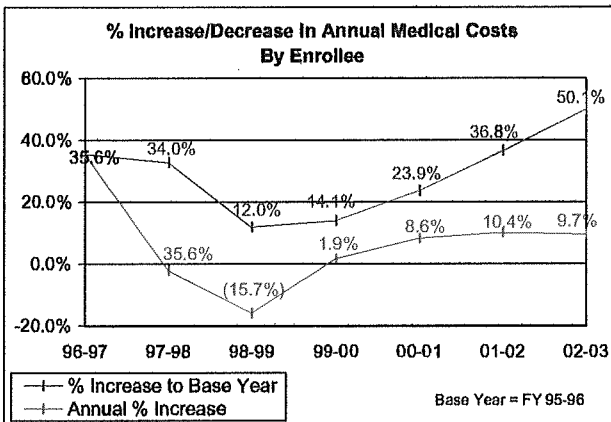
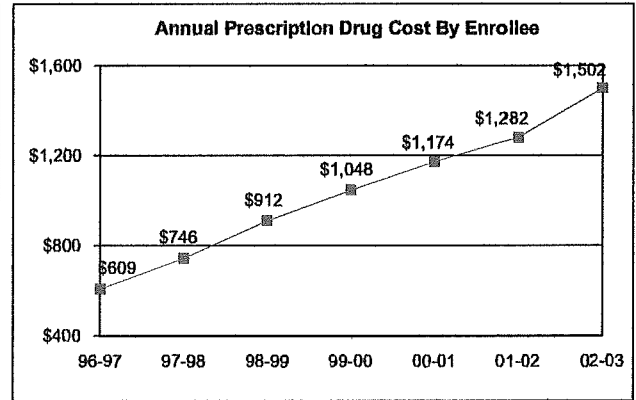
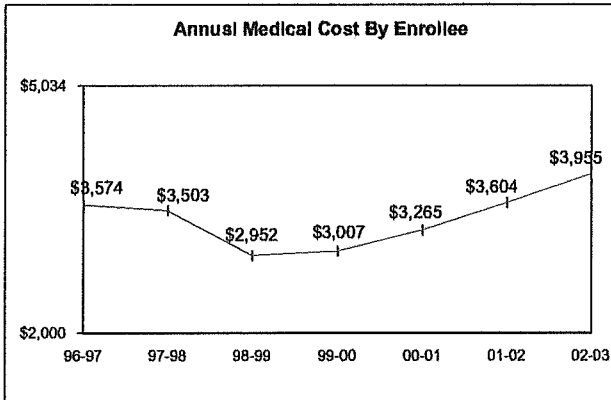
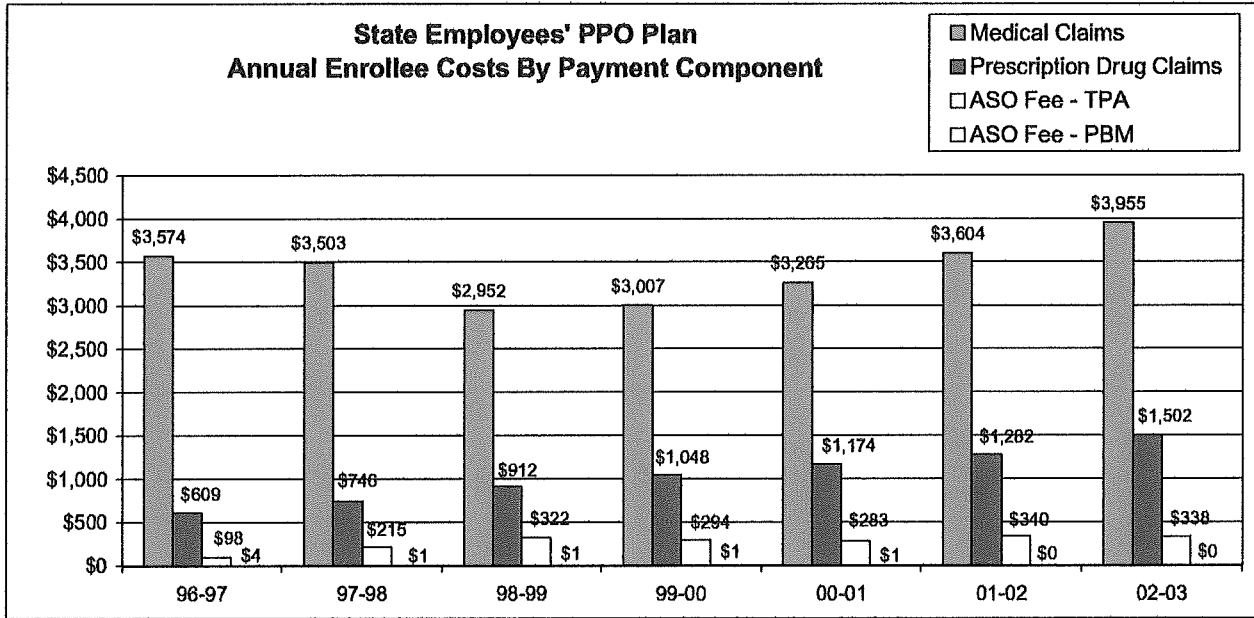


* Information is reported on a cash basis. Inclusion of PPO Plan medical cost liabilities would increase the average annual cost per enrollee.

Note:

(1) Costs exclude enrollees out-of-pocket expenses, such as deductibles, coinsurance and copayments.

Exhibit VI
State Employees' PPO Plan
Annual Component Cash Disbursements & Trends ⁽¹⁾⁽²⁾
(Actual/Estimate)



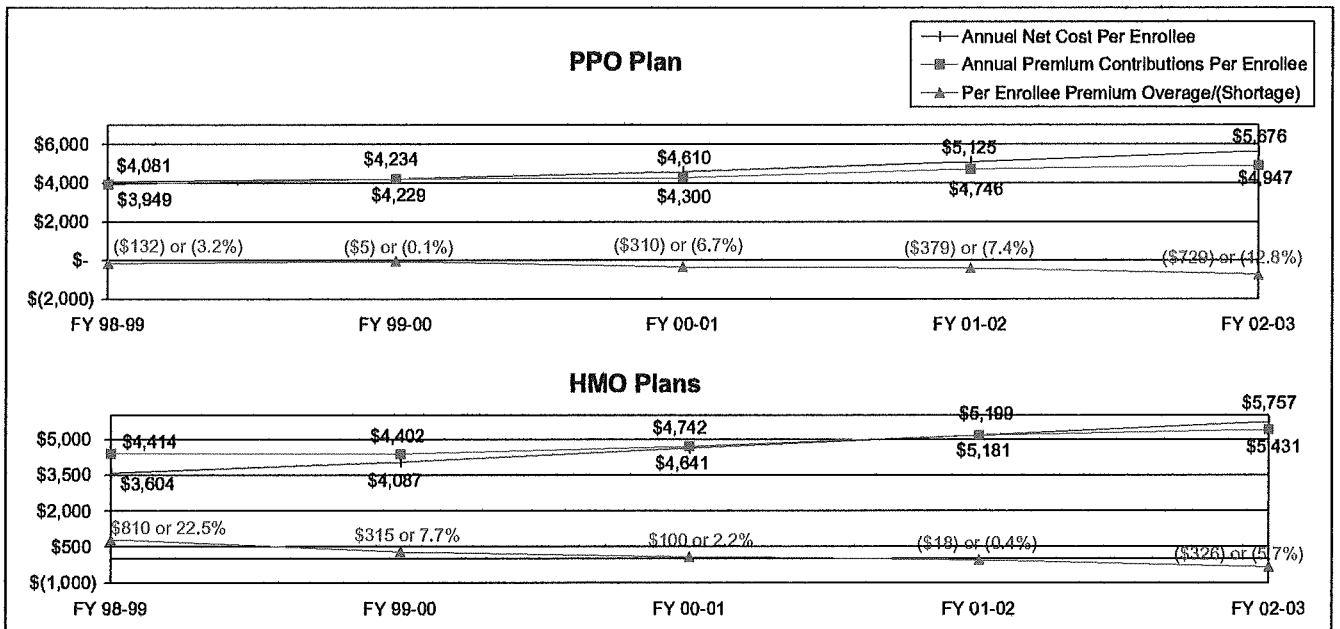
Notes:

- (1) Information is reported on a cash basis. Inclusion of PPO Plan medical cost liabilities would increase the average annual cost per enrollee.
- (2) Costs exclude enrollees out-of-pocket expenses, such as deductibles, coinsurance and copayments.

Exhibit VII
Comparison of Annual Plan Cash Disbursements to Premium Collections ⁽¹⁾
(In Millions)

Annual Costs					
	98-99	99-00	00-01	01-02	02-03
PPO Plan					
Total Net Cost	\$ 381.0	\$ 407.6	\$ 460.7	\$ 548.0	\$ 640.6
Avg. Number of Enrollees	93,350	96,262	99,935	106,920	112,857
Avg. Annual Net Cost Per Enrollee ⁽¹⁾	\$ 4,081	\$ 4,234	\$ 4,610	\$ 5,125	\$ 5,676
HMO Plans					
Total Premium Payments	\$ 244.3	\$ 272.6	\$ 299.6	\$ 307.2	\$ 312.9
Avg. Number of Enrollees	67,777	66,702	64,553	59,085	54,350
Avg. Annual Cost Per Enrollee	\$ 3,604	\$ 4,087	\$ 4,641	\$ 5,199	\$ 5,757

Annual Premium Contributions					
	98-99	99-00	00-01	01-02	02-03
PPO Plan					
Total Premium Contributions	\$ 368.7	\$ 407.1	\$ 429.7	\$ 507.5	\$ 558.3
Avg. Number of Enrollees	93,350	96,262	99,935	106,920	112,857
Avg. Annual Premium Contributions Per Enrollee	\$ 3,949	\$ 4,229	\$ 4,300	\$ 4,746	\$ 4,947
HMO Plans					
Total Premium Contributions	\$ 299.2	\$ 293.6	\$ 306.1	\$ 306.1	\$ 295.2
Avg. Number of Enrollees	67,777	66,702	64,553	59,085	54,350
Avg. Annual Premium Contributions Per Enrollee	\$ 4,414	\$ 4,402	\$ 4,742	\$ 5,181	\$ 5,431



Note:
(1) Information is reported on a cash basis. Inclusion of PPO Plan medical cost liabilities would increase the average annual net cost per enrollee.

**Exhibit VIII
Premium Rate Table**

Effective November 1, 2001								
Category	Coverage		Biweekly Contribution			Monthly Contribution		
	Type	Code	State	Enrollee	Total	State	Enrollee	Total
Active Full-Time Employees ⁽¹⁾	Single	01	\$110.12	\$18.57	\$128.69	\$220.24	\$37.14	\$257.38
	Family	02	\$225.17	\$66.81	\$291.98	\$450.34	\$133.62	\$583.96
	Spouse	22	\$145.99	\$0.00	\$145.99	\$291.98	\$0.00	\$291.98
	Spouse	89	\$145.99	\$0.00	\$145.99	\$291.98	\$0.00	\$291.98
COBRA Participants	Single	9	\$0.00	\$0.00	\$0.00	\$0.00	\$262.53	\$262.53
	Family	10	\$0.00	\$0.00	\$0.00	\$0.00	\$595.64	\$595.64
Early Retirees ⁽²⁾	Single	61	\$0.00	\$0.00	\$0.00	\$0.00	\$257.38	\$257.38
	Family	62	\$0.00	\$0.00	\$0.00	\$0.00	\$583.96	\$583.96
Medicare Participants ⁽²⁾	(I) One Eligible	63	\$0.00	\$0.00	\$0.00	\$0.00	\$136.88	\$136.88
	(II) One Under/Over	64	\$0.00	\$0.00	\$0.00	\$0.00	\$394.29	\$394.29
	(III) Both Eligible	65	\$0.00	\$0.00	\$0.00	\$0.00	\$273.76	\$273.76

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

**Exhibit IX
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