
State Employees' Group Health Self-Insurance Trust Fund

Report on the Financial Outlook

For the Fiscal Years Ending June 30, 2003 & 2004

November 18, 2002

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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, 2003 & 2004. Also provided is a comparison of the cash position estimate to actual experience for fiscal year 2001-02. 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 (Actual)*	FY 2002-03 (Estimate)	FY 2003-04 (Estimate)
BEGINNING CASH BALANCE	104.7	59.8	19.2
REVENUES	820.5	937.0	987.3
EXPENSES	863.2	983.3	1,147.1
OPERATING GAIN/(LOSS)	<u>(42.7)</u>	<u>(46.3)</u>	<u>(159.8)</u>
NONOPERATING ADJUSTMENTS	(2.2)	5.7	0
ENDING CASH BALANCE	59.8	19.2	(140.6)

Dollars in Millions

* Reference Exhibit I to see a detailed comparison of the cash position estimate resulting from the February '02 conference to the actual ending cash position. The exhibit also provides information about actions impacting the operating loss and ending cash position.

Outlook for Fiscal Year 2002-03

Our outlook indicates an ending cash balance of \$19.2 million, up \$.3 million from the previous outlook of \$18.9 million resulting from the "Post-Session" outlook. An operating loss of \$46.3 million is expected, down \$8.5 million from the previous outlook of \$54.8 million. The payment of certain Program obligations (i.e., HMO premium payments, pharmacy claim reimbursements, and scheduled bank deposits to cover PPO Plan claim payments) may be delayed beginning the month of June due to insufficient cash on hand combined with timing differences between the collection of biweekly and monthly premium contributions and payment deadlines. Exhibit II provides a detailed comparison of the current outlook to the "Post-Session" outlook.

Outlook for Fiscal Year 2003-04

Our outlook indicates an ending cash deficit of \$140.6 million, down \$23.8 million from the previous outlook of \$116.8 million also resulting from the "Post-Session" outlook. More importantly, an operating loss of \$159.8 million is expected, down \$24.1 million from the previous outlook of \$135.7 million. This operating loss represents an average cash shortfall in excess of \$13 million per month. Although the Trust Fund is projected to have a beginning cash balance of \$19.2 million, the Trust Fund will be insolvent by the end of July or early part of August. Exhibits III and IV provide a detailed comparison of the current outlook to the "Post-Session" outlook.

Variations in Projected Cash Positions

Variations in the projected cash positions for the two fiscal years, as compared to the "Post-Session" outlook, are primarily driven by changes in enrollment in the PPO and HMO plans, including increased retirement enrollment effective July '03 resulting from the 5-year mandatory retirement of the "DROP" employees, an increase in medical costs and utilization in the PPO Plan, and an increase in the HMO premium rates. These issues are addressed in more detail throughout the report.

Total Program costs are projected to increase by approximately 15% during the forecasted period (Program costs are projected to exceed \$1.1 billion for fiscal year 2003-04). Under the current benefit design, Program costs will double in five years if the Trust Fund sustains year-over-year cost increases at this rate. Under the current funding structure, the State, as the employer, is responsible for contributing approximately 84% of the total required annual employee premium (currently \$721.6 million of \$854.7 million for fiscal year 2003-04). The State's premium contribution has historically been comprised of approximately 70% general revenue and 30% trusts.

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 health care issues impacting employer-sponsored health insurance plans is beyond the scope of this report, we have provided those factors that are most prevalent to the Program.

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. Consistent with industry norms, retiree medical and pharmaceutical costs are significantly outpacing the cost for active employees. Retiree enrollment currently represents 16.8% of total enrollment as compared to 14.0% five years ago, an increase in retiree enrollment of 24.8%. Retiree enrollment is currently projected to represent 18.8% of total enrollment by June '04. Approximately 85% of all retirees participate in the State's self-insured PPO Plan. In addition, approximately 72% of all participating retirees are Medicare eligible.

PPO Plan

- Health care costs continue to rise at double-digit rates. According to the results of recent surveys of large employer-sponsored health care programs, PPO Plan medical costs are expected to increase by 14%-16% during calendar year 2003. Directional cost indicators associated with State's PPO Plan indicate a marginally lower trend of 13.5%, up 1.0% from previous forecasts. These same surveys also indicate increasing prescription drug costs of 16%-20%. Directional cost indicators associated with State's PPO Plan indicate a continued growth rate of 15.0%. However, the Trust Fund cost share is increasing at a rate above 15.0% due to fixed employee copayments without adjusting for inflation trend.
- 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, inflation, and provider contract restructuring.
- Pharmaceutical costs continue to significantly outpace overall medical inflation. Following are factors significantly affecting the cost of prescriptions.
 - Increased utilization of prescription drugs.
 - Direct to consumer marketing campaigns, which create significant demand for high-cost branded medications.
 - The introduction of breakthrough medications that provide better outcomes.
 - 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.)

HMO Plans

- HMO costs continue to rise faster than in past years. This phenomenon is partly caused by rising pharmaceutical costs, increasing governmental mandates, increasing consumer protection laws, provider contract restructuring, and other issues similar to the PPO Plan.

State contracted HMOs will experience an overall increase in premiums of 17.1% for calendar year 2003. The overall increase in premiums requested by the six HMO plans was 24.5%. There are no service area disruptions for 2003. The HMO benefit offering for calendar year 2003, by vendor, by service area, is virtually identical to the HMO benefit offering for 2002. As a result, 38 counties continue to have at least one HMO benefit offering for 2003. The PPO Plan remains available statewide.

- Our outlook includes an increase in overall HMO premium payments of 14.5% effective January 1, 2004. Results of recent surveys of large employer-sponsored health care programs are indicating HMO premium increases of 13%-16% during calendar year 2003. However, it is important to note that the outcome of the HMO contract negotiations held each year determine the actual increase. It is also important to note that if HMO vendors incur sustained underwriting losses inconsistent with business strategies, it is likely that certain, if not all, HMO plans will withdraw coverage in various service areas, or from the Program entirely.

Comparison of PPO/HMO Plan Costs to Premium Collections

- The distribution of enrollment between the two plans is projected to remain at approximately 66% enrollment in the PPO Plan and 34% in the HMO plans. Globally, the loss differential between the projected average annual premium per enrollee and cost per enrollee in the PPO Plan (\$475) is estimated to be significantly greater than the HMO plans (\$164) during fiscal year 2002-03. Due to level premium rates with increasing Program costs, the loss differential becomes greater during fiscal year 2003-04.

Note that the projected average annual costs and premium collections per enrollee between the two plans are highly sensitive to the assumptions and methodology used. Differences in plan enrollment demographics and family compositions combined with employee/retiree mix, and the service areas offered, are significant factors contributing to the calculated results. The loss differential, by plan, may be more appropriate to calculate on an individual by individual service area basis depending on user intent.

Enrollment Patterns

- Total Program enrollment is projected to continue increasing approximately .8% annually to an average enrollment of 164,943 for fiscal year 2002-03, and to 168,214 by fiscal year 2003-04. Enrollment patterns are suggesting a reduced and stabilizing employee enrollment base, but increased growth continues to occur in both the pre-Medicare retiree and Medicare eligible retiree populations. Contributing to the retiree enrollment growth during fiscal year 2003-04 are the employees who will reach the 5-year mandatory retirement requirement under the "DROP" program effective July 1, 2003. Enrollment patterns continue to suggest that enrollment distribution will remain at approximately 66% enrollment in the PPO Plan and 34% in the HMO plans.

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

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.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit I
Comparison of Cash Position Estimate to Actual
Fiscal Year 2001-02
(In Millions)

	(A) <u>Estimate</u> <u>February '02</u>	(B) <u>Actual</u> <u>Fiscal Year</u>	(B) - (A) <u>Difference</u> <u>Actual to Estimate</u>
BEGINNING CASH BALANCE	\$ 108.0	\$ 104.7	\$ (3.3) ⁽³⁾
REVENUES:			
Insurance Premiums:			
State Contributions	617.7	618.0	0.3
Employee Contributions	114.6	114.7	0.1
Medicare Contributions	46.8	43.4 ⁽¹⁾	(3.4) ⁽¹⁾
Early Retiree Contributions	25.3	23.4 ⁽¹⁾	(1.9) ⁽¹⁾
COBRA Contributions	5.5	5.5	0.0
Interest on Investments	3.7	4.0	0.3
TPA Refunds/PBM Rebates	10.1	11.5	1.4
Pre-Tax Trust Fund Transfer	9.0	0.0 ⁽²⁾	(9.0) ⁽²⁾
Other Revenues	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL REVENUES	\$ 832.7	\$ 820.5	\$ (12.2)
TOTAL CASH AVAILABLE	<u>940.7</u>	<u>925.2</u>	<u>(15.5)</u>
EXPENSES:			
PPO Plan - Medical Claims	\$ 384.6	\$ 376.7	\$ (7.9)
PPO Plan - Drug Claims	128.3	130.3	2.0
HMO Premiums	312.4	312.6	0.2
ASO Fee - TPA	36.4	36.2	(0.2)
DSGI Administrative Costs	6.4	5.3	(1.1)
Premium Refunds	2.0	2.1	0.1
Other Expenses	<u>0.4</u>	<u>0.0</u>	<u>(0.4)</u>
TOTAL EXPENSES	\$ <u>870.5</u>	\$ <u>863.2</u>	\$ <u>(7.3)</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>(37.8)</u>	\$ <u>(42.7)</u>	\$ <u>(4.9)</u>
Plus: Zero Interest Certificate of Deposit	\$ 3.5	\$ 3.5	\$ 0.0
Less: Transfers Out	0.0	(5.7)	(5.7)
ENDING CASH BALANCE	\$ <u>73.7</u>	\$ <u>59.8</u>	\$ <u>(13.9)</u>
<u>Average Eligible Enrollment</u>			
PPO Plan	105,379	105,120	(259)
HMO Plans	<u>59,862</u>	<u>59,876</u>	<u>14</u>
Total	<u>165,241</u>	<u>164,996</u>	<u>(245)</u>

Notes:

- ✓(1) Approximately \$6.0M of June 2002 revenue received and recorded July 2002.
- ✓(2) \$9.4M transferred in September 2002.
- ✓(3) Adjustment to correct FY 2001/02 reported beginning cash balance.

Wife would in 02-03 adjustment 15.4

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	<u>(A)</u> <u>Financial</u> <u>Outlook</u> <u>Post-Session</u>	<u>(B)</u> <u>Financial</u> <u>Outlook</u> <u>November '02</u>	<u>(B) - (A)</u> <u>Difference</u>
BEGINNING CASH BALANCE	\$ 73.7	\$ 59.8	\$ (13.9)
REVENUES:			
Insurance Premiums:			
State Contributions	688.2	681.4	(6.8)
Employee Contributions	127.7	125.5	(2.2)
Medicare Contributions	54.3	56.5 ⁽¹⁾	2.2 ⁽¹⁾
Early Retiree Contributions	29.5	32.8 ⁽¹⁾	3.3 ⁽¹⁾
COBRA Contributions	6.1	6.2	0.1
Interest on Investments	1.1	1.7	0.6
TPA Refunds/PBM Rebates	13.4	11.5	(1.9)
Pre-Tax Trust Fund Transfer	12.0	21.4 ⁽²⁾	9.4 ⁽²⁾
Other Revenues	0.0	0.0	0.0
TOTAL REVENUES	\$ 932.3	\$ 937.0	\$ 4.7
TOTAL CASH AVAILABLE	1,006.0	996.8	(9.2)
EXPENSES:			
PPO Plan - Medical Claims	\$ 450.1	\$ 445.2	\$ (4.9)
PPO Plan - Prescription Drug Claims	158.1	158.0	(0.1)
HMO Premiums	331.5	334.1	2.6
ASO Fee - TPA	38.6	37.5	(1.1)
DSGI Administrative Costs	6.4	6.4	0.0
Premium Refunds	2.0	2.0	0.0
Other Expenses	0.4	0.1	(0.3)
TOTAL EXPENSES	\$ 987.1	\$ 983.3	\$ (3.8)
EXCESS OF REVENUES OVER EXPENSES	\$ (54.8)	\$ (46.3)	\$ 8.5
Plus: Transfers In	\$ 0.0	\$ 5.7	\$ 5.7
ENDING CASH BALANCE	\$ 18.9	\$ 19.2	\$ 0.3
<u>Average Eligible Enrollment</u>			
PPO Plan	110,083	109,034	(1,049)
HMO Plans	56,447	55,909	(538)
Total	166,530	164,943	(1,587)

*Premium - 75% state
84% of employee
State loss
4.7*

Notes:

- (1) Approximately \$6.0M of June 2002 revenue received and recorded July 2002.
(2) Estimated transfer of \$12.0M plus \$9.4M for prior fiscal year amount collected in September 2002.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	(A)	(B)	(B) - (A)
	Financial Outlook	Financial Outlook	Difference
	Post-Session	November '02	
BEGINNING CASH BALANCE	\$ 18.9	\$ 19.2	\$ 0.3
REVENUES:			
Insurance Premiums:			
State Contributions	731.3	721.6	(9.7)
Employee Contributions	135.5	133.1	(2.4)
Medicare Contributions	60.9	61.4	0.5
Early Retiree Contributions	32.7	41.0	8.3
COBRA Contributions	6.4	6.6	0.2
Interest on Investments	0.0	0.1	0.1
TPA Refunds/PBM Rebates	13.4	11.5	(1.9)
Pre-Tax Trust Fund Transfer	12.0	12.0	0.0
Other Revenues	0.0	0.0	0.0
TOTAL REVENUES	\$ 992.2	\$ 987.3	\$ (4.9)
TOTAL CASH AVAILABLE	<u>1,011.1</u>	<u>1,006.5</u>	<u>(4.6)</u>
EXPENSES:			
PPO Plan - Medical Claims	\$ 513.6	\$ 518.5	\$ 4.9
PPO Plan - Prescription Drug Claims	185.6	192.1	6.5
HMO Premiums	379.0	389.6	10.6
ASO Fee - TPA	40.9	38.4	(2.5)
DSGI Administrative Costs	6.4	6.4	0.0
Premium Refunds	2.0	2.0	0.0
Other Expenses	0.4	0.1	(0.3)
TOTAL EXPENSES	\$ <u>1,127.9</u>	\$ <u>1,147.1</u>	\$ <u>19.2</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>(135.7)</u>	\$ <u>(159.8)</u>	\$ <u>(24.1)</u>
ENDING CASH BALANCE	\$ <u>(116.8)</u>	\$ <u>(140.6)</u>	\$ <u>(23.8)</u>
Average Eligible Enrollment			
PPO Plan	110,925	111,529	604
HMO Plans	57,146	56,685	(461)
Total	<u>168,071</u>	<u>168,214</u>	<u>143</u>
Average Eligible Enrollment By Category			
Active & Cobra	139,198	137,112	(2,086)
Medicare	21,694	22,507	813
Early Retirees	7,179	8,595	1,416
	<u>168,071</u>	<u>168,214</u>	<u>143</u>

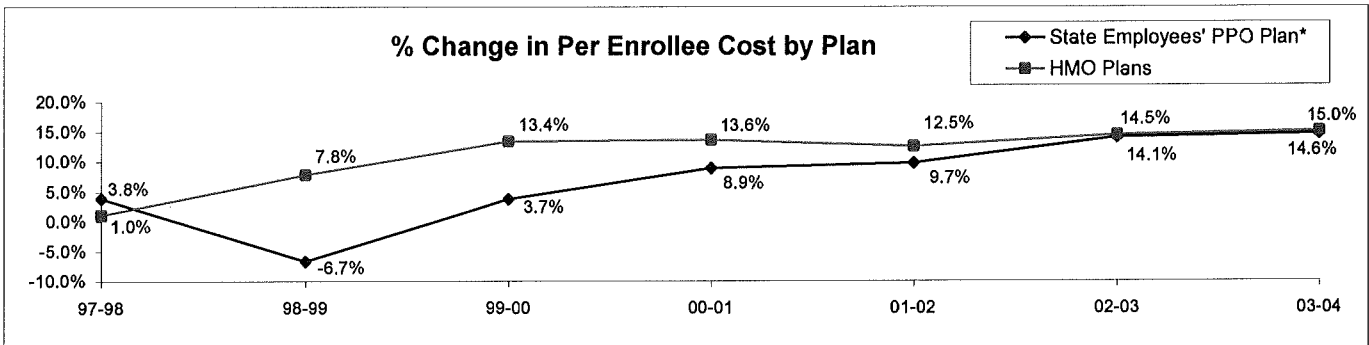
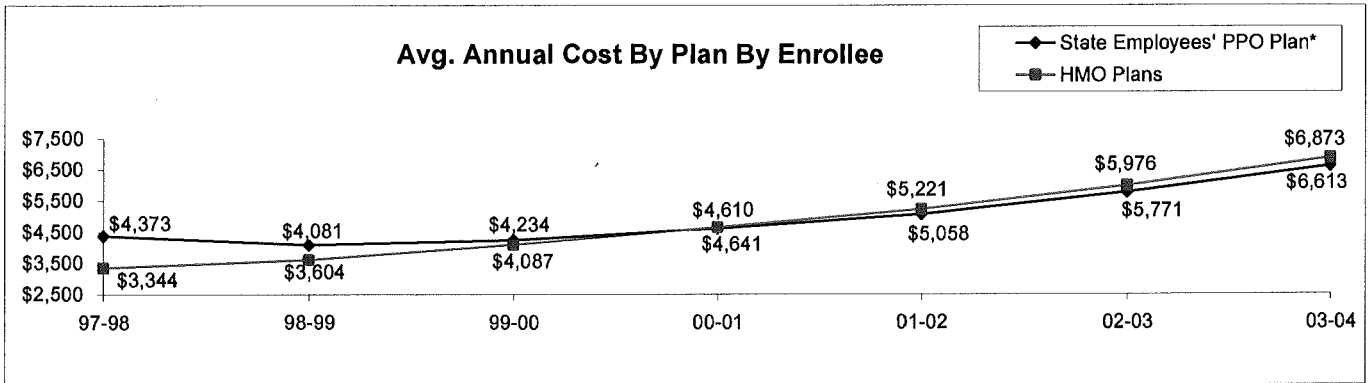
Exhibit IV
Comparison of Financial Outlooks
 Fiscal Year 2003-04
 (In Millions)

\$ (116.8)	Previously Forecasted Ending Cash Balance (Post-Session Outlook)
0.3	Estimated Increase in Beginning Cash Balance
(4.9)	Estimated Decrease in Forecasted Revenues
\$ (11.9)	- Decrease in collection of active employee premiums due to decreased enrollment.
\$ 8.8	- Increase in retiree premiums due to the 5-year mandatory "DROP" employees.
\$ 0.1	- Increase in interest earnings.
\$ (1.9)	- Decrease in TPA refunds/PBM rebates.
(19.2)	Estimated Increase in Forecasted Expenses
\$ (4.9)	- Increase in PPO Plan medical claims expense.
\$ (2.5)	- Increase due to increased enrollment. (Projected enrollment from 110,925 to 111,529.)
\$ (2.4)	- Increase due to adjusted cost trend assumption. (Projected trend from 12.5% to 13.5%.)
\$ (6.5)	- Increase in PPO Plan prescription drug costs.
\$ (6.5)	- Increase due to increased enrollment - "DROP" Program. (Projected enrollment from 110,925 to 111,529.)
\$ (10.6)	- Increase in HMO premiums.
\$ 5.7	- Decrease due to decreased enrollment. (Projected enrollment from 57,146 to 56,685.)
\$ (16.3)	- Increase due to increased rates. (Negotiated CY'03 rate increase is 17.1%, assumed 13%. (Projected CY '04 rate increase is 14.5%, up from 13% and off of a higher 2003 base.)
\$ 2.5	- Decrease in ASO Fee payment.
\$ 2.7	- Negotiated flat fees for CY'03 and CY'04, assumed 5% increase.
\$ (0.2)	- Increase due to increased enrollment - "DROP" Program. (Projected enrollment from 110,925 to 111,529.)
\$ 0.3	- Decrease in other expenses.
<u>\$ (140.6)</u>	Current Forecasted Ending Cash Balance

Exhibit V
Comparison of Annual Cash Disbursements By Plan Type ⁽¹⁾⁽²⁾
(In Millions)

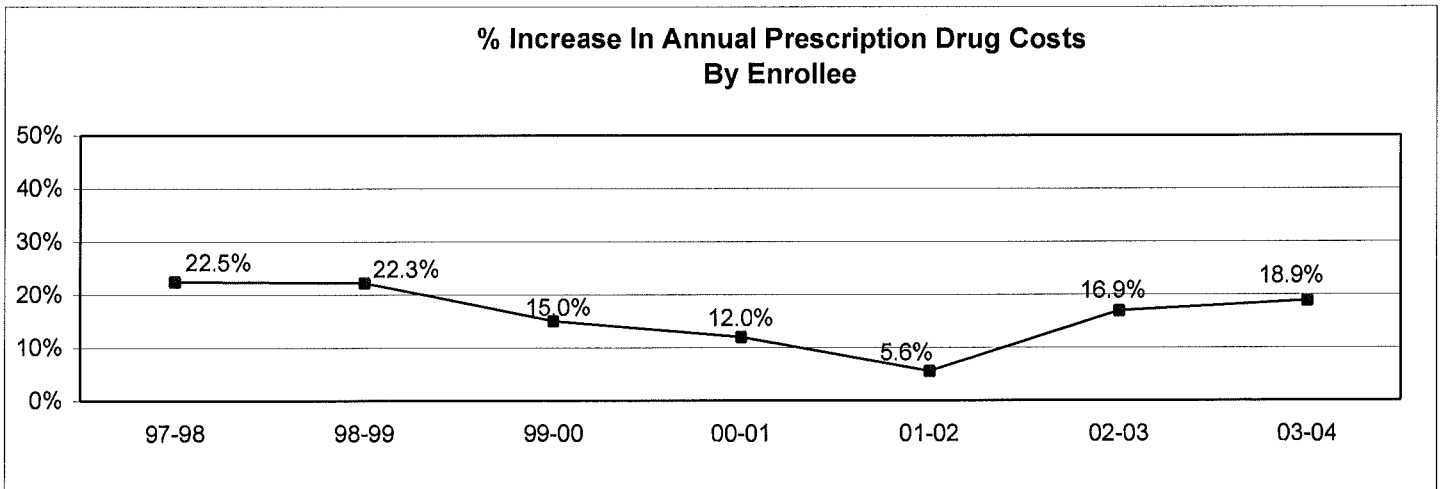
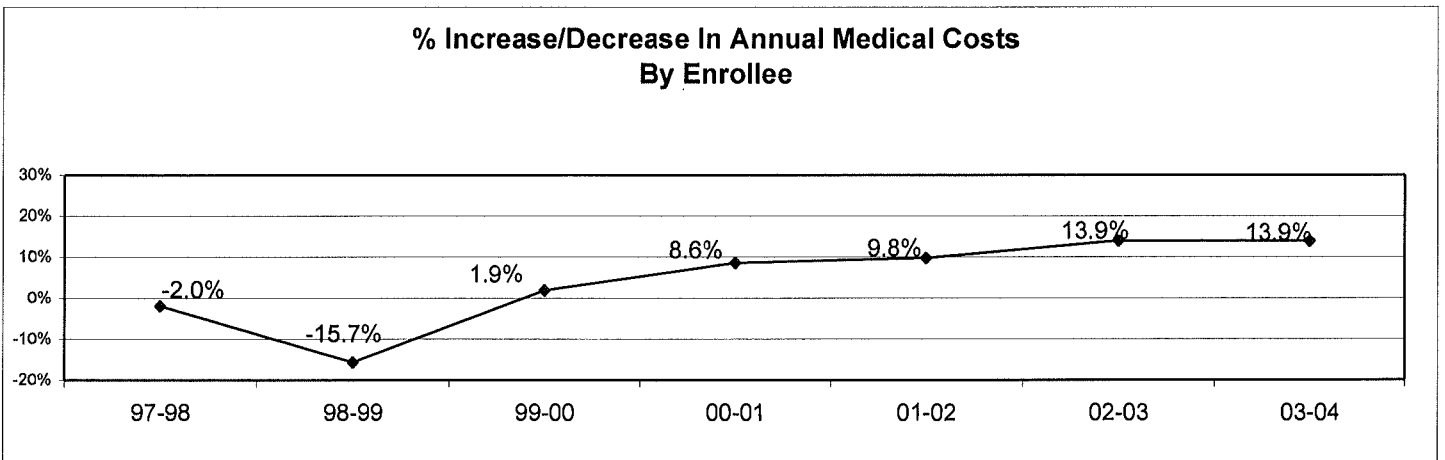
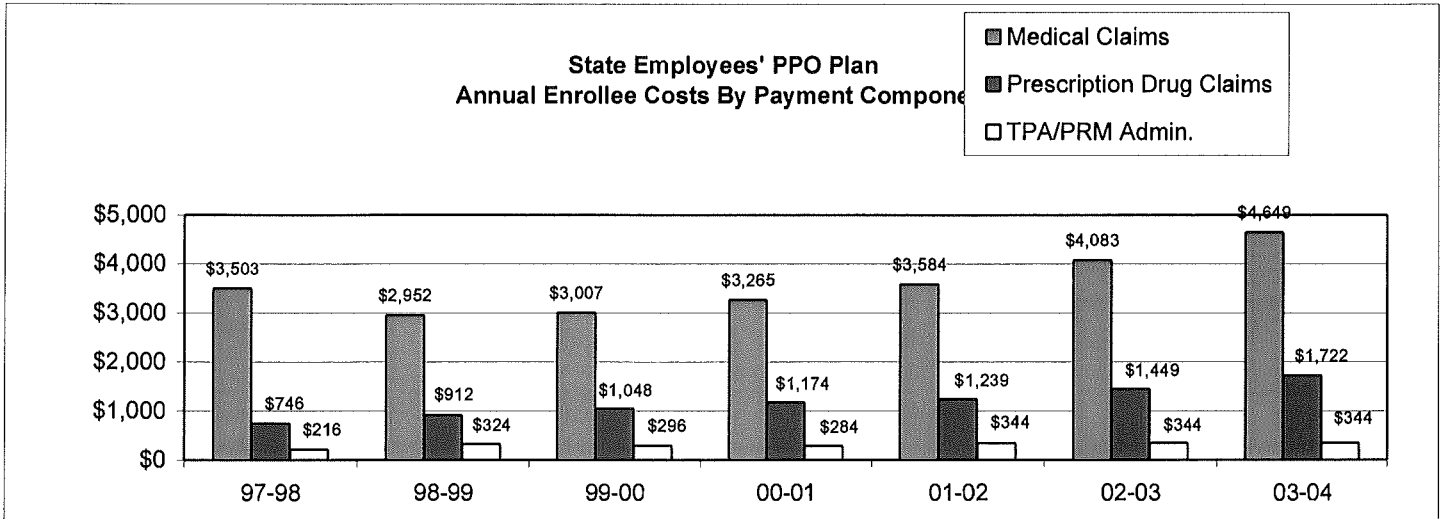
State Employees' PPO Plan Costs							
	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>	<u>03-04</u>
Medical Claims	\$ 319.7	\$ 275.6	\$ 289.5	\$ 326.3	\$ 376.7	\$ 445.2	\$ 518.5
Prescription Drug Claims	68.1	85.1	100.9	117.3	130.3	158.0	192.1
TPA/PBM ASO Fees	19.7	30.2	28.4	28.4	36.2	37.5	38.4
Total Claims Paid and ASO Fees	\$ 407.5	\$ 390.9	\$ 418.8	\$ 472.0	\$ 543.2	\$ 640.7	\$ 749.0
Avg. Number of Enrollees	91,263	93,350	96,262	99,935	105,120	109,034	111,529
Avg. Annual Gross Cost Per Enrollee	\$ 4,465	\$ 4,187	\$ 4,351	\$ 4,723	\$ 5,167	\$ 5,876	\$ 6,716
Total Claims Paid and ASO Fees	\$ 407.5	\$ 390.9	\$ 418.8	\$ 472.0	\$ 543.2	\$ 640.7	\$ 749.0
Less: TPA Refunds & PBM Rebates	(8.4)	(9.9)	(11.2)	(11.3)	(11.5)	(11.5)	(11.5)
Total Net Cost	\$ 399.1	\$ 381.0	\$ 407.6	\$ 460.7	\$ 531.7	\$ 629.2	\$ 737.5
Avg. Annual Net Cost Per Enrollee	\$ 4,373	\$ 4,081	\$ 4,234	\$ 4,610	\$ 5,058	\$ 5,771	\$ 6,613

HMO Plan Cost							
	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>	<u>03-04</u>
HMO Premiums	\$ 226.4	\$ 244.3	\$ 272.6	\$ 299.6	\$ 312.6	\$ 334.1	\$ 389.6
Avg. Number of Enrollees	67,710	67,777	66,702	64,553	59,876	55,909	56,685
Avg. Annual Cost Per Enrollee	\$ 3,344	\$ 3,604	\$ 4,087	\$ 4,641	\$ 5,221	\$ 6,976	\$ 6,873



(1) Information is reported on a cash basis. Inclusion of PPO Plan medical cost liabilities would increase the average annual cost per enrollee.
(2) Differences in plan enrollment demographics and family compositions combined with employee/retiree mix, and the service areas offered, are significant factors contributing to the calculated results. The per enrollee cost, by plan, may be more appropriate to calculate on an individual by individual service area basis depending on user intent.

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 co-payments.

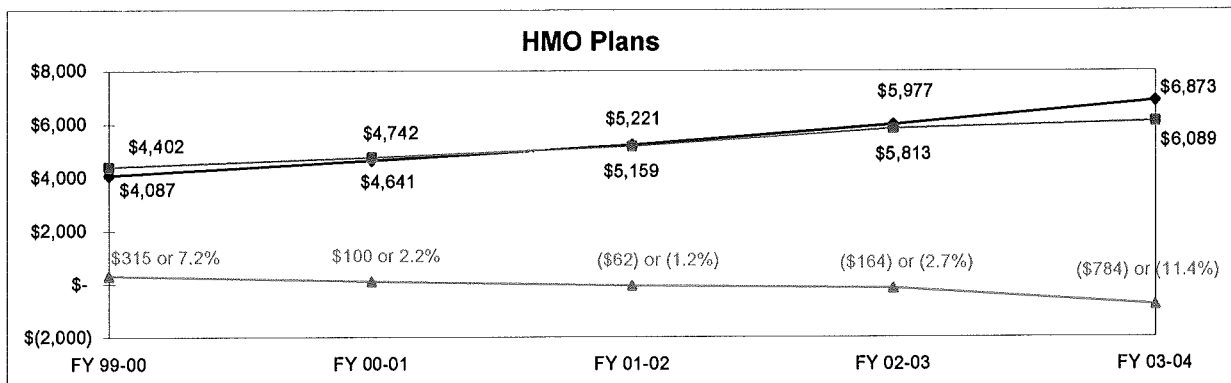
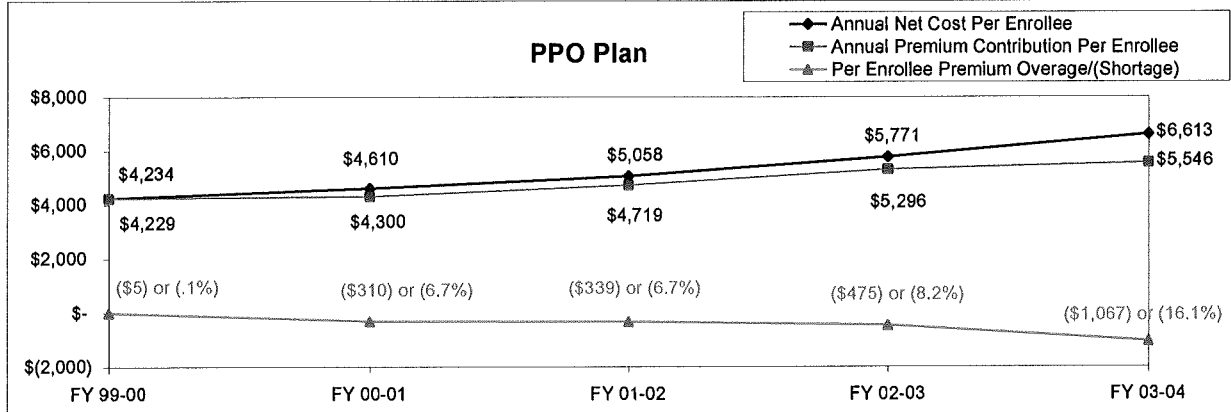
Exhibit VII

Comparison of Annual Plan Cash Disbursements to Premium Collections ⁽¹⁾⁽²⁾

(In Millions)

Annual Costs				
PPO Plan	00-01	01-02	02-03	03-04
Total Net Cost	\$ 460.7	\$ 531.7	\$ 629.2	\$ 737.5
Avg. Number of Enrollees	99,935	105,120	109,034	111,529
Avg. Annual Net Cost Per Enrollee ⁽¹⁾	\$ 4,610	\$ 5,058	\$ 5,771	\$ 6,613
HMO Plans				
Total Premium Payments	\$ 299.6	\$ 312.6	\$ 334.1	\$ 389.6
Avg. Number of Enrollees	64,553	59,876	55,909	56,685
Avg. Annual Cost Per Enrollee	\$ 4,641	\$ 5,221	\$ 5,977	\$ 6,873

Annual Premium Contributions				
PPO Plan	00-01	01-02	02-03	03-04
Total Premium Contributions	\$ 429.7	\$ 496.1	\$ 577.4	\$ 618.5
Avg. Number of Enrollees	99,935	105,120	109,034	111,529
Avg. Annual Premium Contributions Per Enrollee	\$ 4,300	\$ 4,719	\$ 5,296	\$ 5,546
HMO Plans				
Total Premium Contributions	\$ 306.1	\$ 308.9	\$ 325.0	\$ 345.2
Avg. Number of Enrollees	64,553	59,876	55,909	56,685
Avg. Annual Premium Contributions Per Enrollee	\$ 4,742	\$ 5,159	\$ 5,813	\$ 6,089



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

(2) Differences in plan enrollment demographics and family compositions combined with employee/retiree mix, and the service areas offered, are significant factors contributing to the calculated results. The loss differential, by plan, may be more appropriate to calculate on an individual by individual service area basis depending on user intent.

Exhibit VIII
Premium Rate Table

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

Notes:

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

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

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

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

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

(4) 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