
**State Employees' Group
Health Self-Insurance
Trust Fund**

**Report on the Financial Outlook
For the Fiscal Years Ending June 30, 2003, 2004 & 2005**

February 25, 2003

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

Index

Financial Overview.....	1
Exhibit I - Financial Outlook - Fiscal Year 2002-03.....	5
Exhibit II - Financial Outlook - Fiscal Year 2003-04.....	6
Exhibit III - Financial Outlook - Fiscal Year 2004-05.....	7
Exhibit IV - Comparison of Financial Outlooks - Fiscal Year 2003-04.....	8
Exhibit V - Comparison of Annual Cash Disbursements By Plan Type.....	9
Exhibit VI - State Employees' PPO Plan Annual Component Cash Disbursements & Trends.....	10
Exhibit VII - Comparison of Annual Plan Cash Disbursements to Premium Collections.....	11
Exhibit VIII - Premium Rate Table.....	12
Exhibit IX - Abbreviations.....	13

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 & 2005. 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 estimated component costs of the Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) plans.

Table 1. Financial Outlook ¹

	FY 2002-03 (Estimate)	FY 2003-04 (Estimate) ²	FY 2004-05 (Estimate)
BEGINNING CASH BALANCE	59.8	24.5	0
REVENUES ³	941.4	991.1	994.2
EXPENSES ⁴	982.4	1,149.6	1,318.3
OPERATING GAIN/(LOSS)	<u>(41.0)</u>	<u>(158.5)</u>	<u>(324.1)</u>
NONOPERATING ADJUSTMENTS	5.7	0	0
ENDING CASH BALANCE	24.5	(134.0)	(324.1)

Dollars in

Millions

¹ Reported on a cash basis.

² Reference Exhibit IV to see a comparison of financial outlooks (current to previous) for fiscal year 2003-04.

³ Includes a 13% across-the-board premium increase effective January 1, 2003.

⁴ Excludes participants out-of-pocket payments, such as deductibles, co-payments, coinsurance, etc.

Under the current health care plan offerings and benefit designs, total annual health care costs are estimated to increase (on average) by approximately 15% per year during the forecasted period. At this rate of growth, program costs will double in five years. There are many factors impacting medical and prescription drug cost trend, all of which are not unique to this program. In addition to the historical causes, some new forces are now impacting health care costs.

Fiscal pressures are not new to the program. This program has often faced near-term and mid-term estimated cash deficiencies. A combination of cash infusions, temporary loans, double-digit premium increases, and minor benefit changes have been the historical short-term solutions to maintain solvency. However, due to the extent and causes of the operating losses estimated for Fiscal Year 2003-04 and 2004-05, new strategies and tactics may be required to ensure future solvency and actuarial soundness.

Outlook for Fiscal Year 2002-03

Our outlook indicates an ending cash balance of \$24.5 million, up \$5.3 million from the previous outlook of \$19.2 million resulting from the Self-Insurance Estimating Conference held in November '02. An operating loss of \$41.0 million is expected, down from the previous outlook of \$46.3 million. Although current estimates indicate a cash surplus at fiscal year end, transacting the HMO premium payments, prescription drug claim reimbursements, and scheduled bank deposits to cover PPO Plan claim payments will be challenging by year end due to administrative timing differences relating to premium collections and payment processes. Exhibit I provides a detailed comparison between the current and previous outlooks.

Outlook for Fiscal Year 2003-04

Our outlook indicates an ending cash deficit of \$134.0 million, down \$6.6 million from the previous outlook of \$140.6 million also resulting from the Self-Insurance Estimating Conference held in November '02. More importantly, an operating loss of \$158.5 million is expected (16% of premium revenue), down \$1.3 million from the previous outlook of \$159.8 million. The operating loss represents an average cash shortfall of approximately \$13 million per month. Although a beginning cash balance of \$24.5 million is estimated, the program will face serious cash flow challenges in the month of July due to administrative timing differences relating to premium collections and payment processes similar to the previous month. Absent fiscal action, the outlook indicates the Trust Fund will be insolvent in August. Exhibits II and IV provide detailed comparisons between the current and previous outlooks.

Variances in estimated cash positions for Fiscal Years 2002-03 and 2003-04, as compared to the previous outlook, are primarily caused by changes in enrollment. Previous enrollment projections have been adjusted to reflect the results of Open Enrollment 2002, in total, and by PPO/HMO plans. We continue to include an increased retirement enrollment effective July '03 resulting from the 5-year mandatory retirement of the "DROP" employees. We have made no change to the medical/prescription drug costs and utilization assumptions in the PPO Plan, or to assumptions surrounding increases in the HMO premium rates. These assumptions are addressed in more detail later in the report.

Outlook for Fiscal Year 2004-05

As required for this conference, we have included our first outlook for Fiscal Year 2004-05. Our outlook indicates an operating loss and ending cash deficit of \$324.1 million. The operating loss represents an average cash shortfall of approx. \$27 million per month. Recognizing that the estimated ending cash deficit for Fiscal Year 2003-04 must be resolved in some manner by year end, it is assumed that the beginning cash balance for Fiscal Year 2004-05 will be zero.

Relevant Forecast Assumptions

There are many factors impacting program medical and prescription drug costs. In addition to the historical causes, some new forces are now impacting medical and prescription drug cost trend. These factors are not unique to the program, and are considered in the development of forecasting

assumptions. Although a detailed discussion of the regional and national health care issues impacting employer-sponsored health insurance plans is beyond the scope of this report, relevant forecast assumptions used in the development of our outlook have been provided.

State Self-Insurance 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 the State's Self-Insurance PPO Plan continue to indicate a lower trend of 13.5%. These same surveys also indicate increasing prescription drug costs of 16%-20%. Directional cost indicators associated with State's Self-Insurance 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.

HMO Plans

State contracted HMOs experienced an overall increase in premiums of 17.1% for Calendar Year 2003. The overall increase in premiums requested by the six HMO plans was 24.5%. 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 State Self-Insurance PPO Plan remains available statewide.

Our outlook includes an increase in overall HMO premium payments of 14.5% effective January 1, 2004 and again in 2005. Results of recent surveys of large employer-sponsored health care programs are indicating HMO premium increases of 13%-16% during Calendar Year 2003. The outcome of the HMO contract negotiations held each year determines the actual increase for the following year. 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 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 estimated to remain at approximately 65% enrollment in the State's Self-Insurance PPO Plan and 35% in the HMO plans. Globally, the loss differential between the estimated average annual premium per enrollee and cost per enrollee in the PPO Plan (\$1,039) is estimated to be greater than the HMO plans (\$808) during Fiscal Year 2003-04. Due to the assumption of level premium rates with increasing program costs, the loss differentials become greater during Fiscal Year 2004-05.

Note that the estimated 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 .9% annually to an average enrollment of 165,457 for Fiscal Year 2002-03, 168,950 by Fiscal Year 2003-04, and to 170,114 by Fiscal Year 2004-05. Enrollment patterns are suggesting a reduced and stabilizing employee enrollment base, but increased growth continues to occur in both the pre-Medicare retiree and Medicare 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 65% enrollment in the PPO Plan and 35% in the HMO plans.

Common to both the State Self-Insurance PPO and HMO plans is an aging employee population. In addition, enrollment patterns continue to indicate that the retiree risk pool is increasing in count representing a higher percentage of total enrollment. Retiree enrollment has increased 26.0% in five years and currently represents 16.7% of total program enrollment. Retiree enrollment is projected to represent 19.4% of total enrollment by June '05. Approximately 86% of all retirees are enrolled in the State's Self-Insurance PPO Plan. In addition, approximately 75% of all participating retirees are Medicare eligible. Consistent with industry norms, retiree medical and prescription drug costs are significantly outpacing the cost for active employees.

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.

Financial Outlook Prepared by:
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Financial Outlook Supervised by:
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STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	(A) Financial Outlook <u>November '02</u>	(B) Financial Outlook <u>February '03</u>	(B) - (A) <u>Difference</u>
BEGINNING CASH BALANCE	\$ 59.8	\$ 59.8	\$ 0.0
REVENUES:			
Insurance Premiums:			
State Contributions	\$ 681.4	\$ 684.9	\$ 3.5
Employee Contributions	125.5	126.2	0.7
Medicare Contributions	56.5	56.8	0.3
Early Retiree Contributions	32.8	32.5	(0.3)
COBRA Contributions	6.2	6.4	0.2
Interest on Investments	1.7	1.7	0.0
TPA Refunds/PBM Rebates	11.5	11.5	0.0
Pre-Tax Trust Fund Transfer	21.4	21.4	0.0
Other Revenues	0.0	0.0	0.0
TOTAL REVENUES	\$ 937.0	\$ 941.4	\$ 4.4
TOTAL CASH AVAILABLE	\$ 996.8	\$ 1,001.2	\$ 4.4
EXPENSES:			
PPO Plan - Medical Claims	\$ 445.2	\$ 438.5	\$ (6.7)
PPO Plan - Prescription Drug Claims	158.0	157.4	(0.6)
HMO Premiums	334.1	340.5	6.4
ASO Fee - TPA	37.5	37.5	0.0
DSGI Administrative Costs	6.4	6.4	0.0
Premium Refunds	2.0	2.0	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 983.3	\$ 982.4	\$ (0.9)
EXCESS OF REVENUES OVER EXPENSES	\$ (46.3)	\$ (41.0)	\$ 5.3
Plus: Transfers In	\$ 5.7	\$ 5.7	\$ 0.0
ENDING CASH BALANCE	\$ 19.2	\$ 24.5	\$ 5.3
<u>Average Enrollment by Plan</u>			
PPO Plan	109,034	108,621	(413)
HMO Plans	55,909	56,836	927
Total	164,943	165,457	514
<u>Average Enrollment by Coverage Type</u>			
Individual & Family	144,308	144,769	461
Medicare Coverage	20,635	20,688	53
Total	164,943	165,457	514

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

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

	(A) Financial Outlook November '02	(B) Financial Outlook February '03	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 19.2	\$ 24.5	\$ 5.3
REVENUES:			
Insurance Premiums:			
State Contributions	\$ 721.6	\$ 724.9	\$ 3.3
Employee Contributions	133.1	133.7	0.6
Medicare Contributions	61.4	61.6	0.2
Early Retiree Contributions	41.0	40.4	(0.6)
COBRA Contributions	6.6	6.9	0.3
Interest on Investments	0.1	0.1	0.0
TPA Refunds/PBM Rebates	11.5	11.5	0.0
Pre-Tax Trust Fund Transfer	12.0	12.0	0.0
Other Revenues	0.0	0.0	0.0
TOTAL REVENUES	\$ 987.3	\$ 991.1	\$ 3.8
TOTAL CASH AVAILABLE	\$ 1,006.5	\$ 1,015.6	\$ 9.1
EXPENSES:			
PPO Plan - Medical Claims	\$ 518.5	\$ 508.2	\$ (10.3)
PPO Plan - Prescription Drug Claims	192.1	190.3	(1.8)
HMO Premiums	389.6	404.6	15.0
ASO Fee - TPA	38.4	38.0	(0.4)
DSGI Administrative Costs	6.4	6.4	0.0
Premium Refunds	2.0	2.0	0.0
Other Expenses	0.1	0.1	0.0
TOTAL EXPENSES	\$ 1,147.1	\$ 1,149.6	\$ 2.5
EXCESS OF REVENUES OVER EXPENSES	\$ (159.8)	\$ (158.5)	\$ 1.3
ENDING CASH BALANCE	\$ (140.6)	\$ (134.0)	\$ 6.6
Average Enrollment by Plan			
PPO Plan	111,529	110,416	(1,113)
HMO Plans	56,685	58,534	1,849
Total	168,214	168,950	736
Average Enrollment by Coverage Type			
Individual & Family	145,707	146,362	655
Medicare Coverage	22,507	22,588	81
Total	168,214	168,950	736

*7/1
Premiums
only would
be 160%*

*836.2
26 Trst
if 160%
across board
700/300*

*2200 DHP are leaving,
100% replaced*

Exhibit III
Financial Outlook

Fiscal Year 2004-05

(In Millions)

	(A) Financial Outlook <u>November '02</u>	(B) Financial Outlook <u>February '03</u>	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 0.0	\$ 0.0	\$ 0.0
REVENUES:			
Insurance Premiums:			
State Contributions	\$ 0.0	\$ 723.5	\$ 723.5
Employee Contributions	0.0	133.4	133.4
Medicare Contributions	0.0	64.1	64.1
Early Retiree Contributions	0.0	42.8	42.8
COBRA Contributions	0.0	6.9	6.9
Interest on Investments	0.0	0.0	0.0
TPA Refunds/PBM Rebates	0.0	11.5	11.5
Pre-Tax Trust Fund Transfer	0.0	12.0	12.0
Other Revenues	0.0	0.0	0.0
TOTAL REVENUES	\$ 0.0	\$ 994.2	\$ 994.2
TOTAL CASH AVAILABLE	\$ 0.0	\$ 994.2	\$ 994.2
EXPENSES:			
PPO Plan - Medical Claims	\$ 0.0	\$ 578.8	\$ 578.8
PPO Plan - Prescription Drug Claims	0.0	225.6	225.6
HMO Premiums	0.0	466.7	466.7
ASO Fee - TPA	0.0	38.7	38.7
DSGI Administrative Costs	0.0	6.4	6.4
Premium Refunds	0.0	2.0	2.0
Other Expenses	0.0	0.1	0.1
TOTAL EXPENSES	\$ 0.0	\$ 1,318.3	\$ 1,318.3
EXCESS OF REVENUES OVER EXPENSES	\$ 0.0	\$ (324.1)	\$ (324.1)
ENDING CASH BALANCE	\$ 0.0	\$ (324.1)	\$ (324.1)
<hr/>			
<u>Average Enrollment by Plan</u>			
PPO Plan	0	110,964	110,964
HMO Plans	0	59,150	59,150
Total	0	170,114	170,114
<hr/>			
<u>Average Enrollment by Coverage Type</u>			
Individual & Family	0	146,619	146,619
Medicare Coverage	0	23,495	23,495
Total	0	170,114	170,114

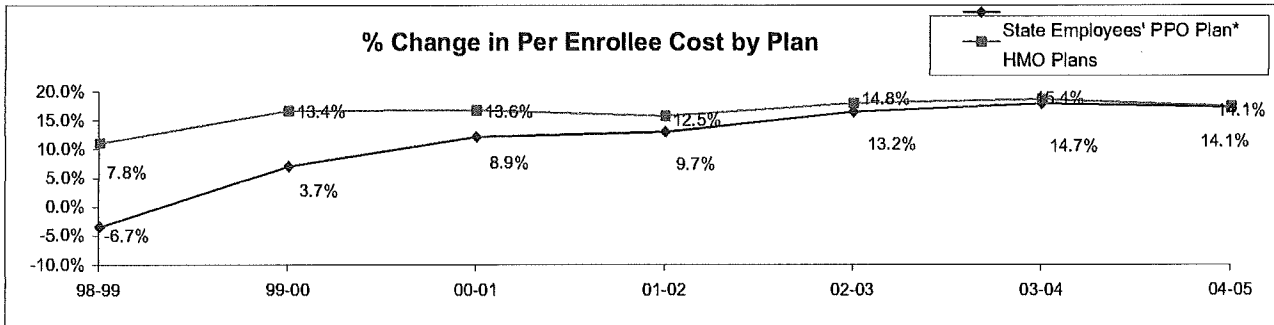
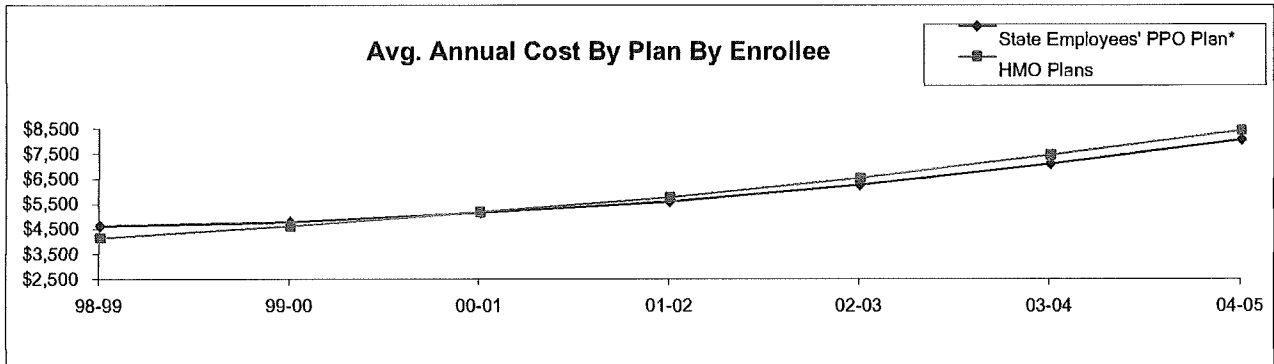
Exhibit IV
Comparison of Financial Outlooks
Current to Previous
Fiscal Year 2003-04
(In Millions)

\$ (140.6)	Previous Forecasted Ending Cash Balance
\$ 5.3	Estimated Increase in Beginning Cash Balance
\$ 3.8	Estimated Increase in Forecasted Revenues
\$ 3.9	- Increase in active employee premiums due to increased enrollment. (Projected enrollment from 135,733 to 136,417)
\$ (0.4)	- Decrease in retiree premiums due to slight change in coverage mix.
\$ 0.3	- Increase in COBRA premiums due to slight change in enrollment.
\$ (2.5)	Estimated Increase in Forecasted Expenses
\$ 10.3	- Decrease in PPO Plan medical claims expense.
\$ 5.2	- Decrease due to decreased enrollment. (Projected enrollment from 111,529 to 110,416)
\$ 5.1	- Decrease due to adjusted cost base for FY 02/03.
\$ 1.8	- Decrease in PPO Plan prescription drug costs due to decreased enrollment. (Projected enrollment from 111,529 to 110,416)
\$ (15.0)	- Increase in HMO premiums due to increased enrollment. (Projected enrollment from 56,685 to 58,534)
\$ 0.4	- Decrease in ASO Fee payment due to decreased enrollment. (Projected enrollment from 111,529 to 110,416)
<u>\$ (134.0)</u>	Current Forecasted Ending Cash Balance

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

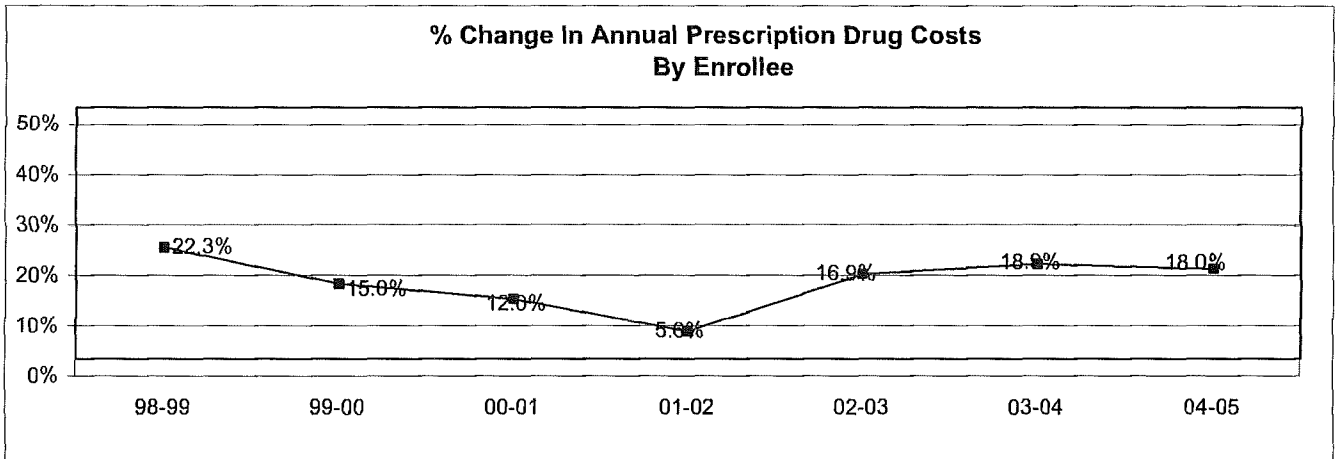
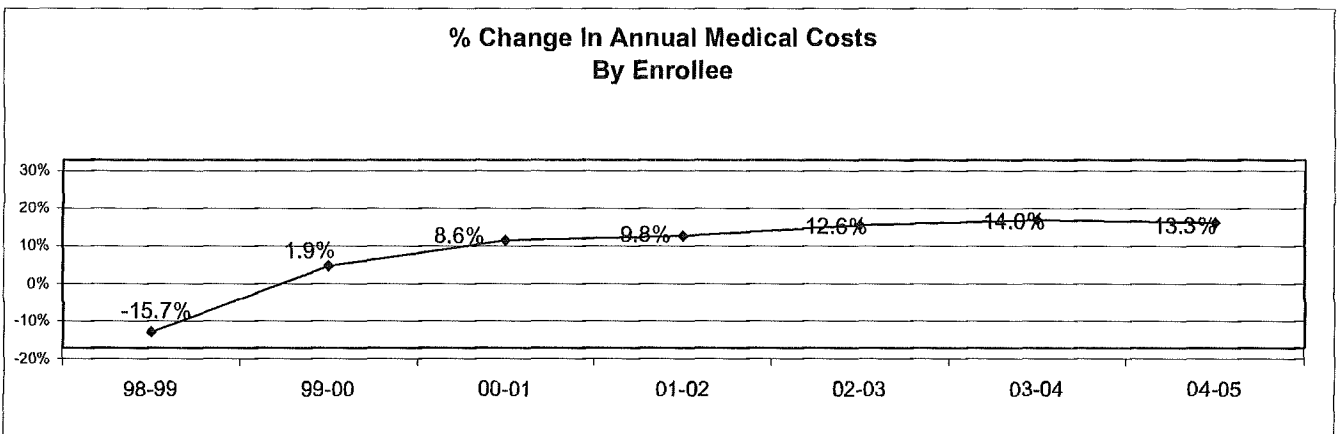
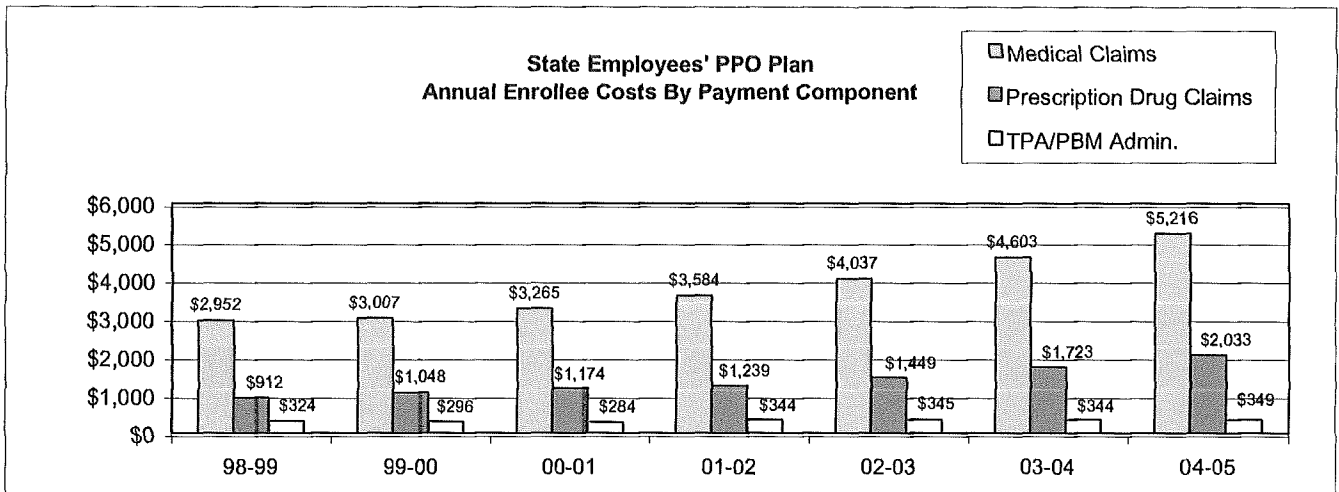
State Employees' PPO Plan Costs							
	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>	<u>03-04</u>	<u>04-05</u>
Medical Claims	\$ 275.6	\$ 289.5	\$ 326.3	\$ 376.7	\$ 438.5	\$ 508.2	\$ 578.8
Prescription Drug Claims	85.1	100.9	117.3	130.3	157.4	190.3	225.6
TPA/PBM ASO Fees	30.2	28.4	28.4	36.2	37.5	38.0	38.7
Total Claims Paid and ASO Fees	\$ 390.9	\$ 418.8	\$ 472.0	\$ 543.2	\$ 633.4	\$ 736.5	\$ 843.1
Avg. Number of Enrollees	93,350	96,262	99,935	105,120	108,621	110,416	110,964
Avg. Annual Gross Cost Per Enrollee	\$ 4,187	\$ 4,351	\$ 4,723	\$ 5,167	\$ 5,831	\$ 6,670	\$ 7,598
Total Claims Paid and ASO Fees	\$ 390.9	\$ 418.8	\$ 472.0	\$ 543.2	\$ 633.4	\$ 736.5	\$ 843.1
Less: TPA Refunds & PBM Rebates	(9.9)	(11.2)	(11.3)	(11.5)	(11.5)	(11.5)	(11.5)
Total Net Cost	\$ 381.0	\$ 407.6	\$ 460.7	\$ 531.7	\$ 621.9	\$ 725.0	\$ 831.6
Avg. Annual Net Cost Per Enrollee	\$ 4,081	\$ 4,234	\$ 4,610	\$ 5,058	\$ 5,725	\$ 6,566	\$ 7,494

HMO Plan Cost							
	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>	<u>03-04</u>	<u>04-05</u>
HMO Premiums	\$ 244.3	\$ 272.6	\$ 299.6	\$ 312.6	\$ 340.5	\$ 404.6	\$ 466.7
Avg. Number of Enrollees	67,777	66,702	64,553	59,876	56,836	58,534	59,150
Avg. Annual Cost Per Enrollee	\$ 3,604	\$ 4,087	\$ 4,641	\$ 5,221	\$ 5,991	\$ 6,912	\$ 7,890



(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.

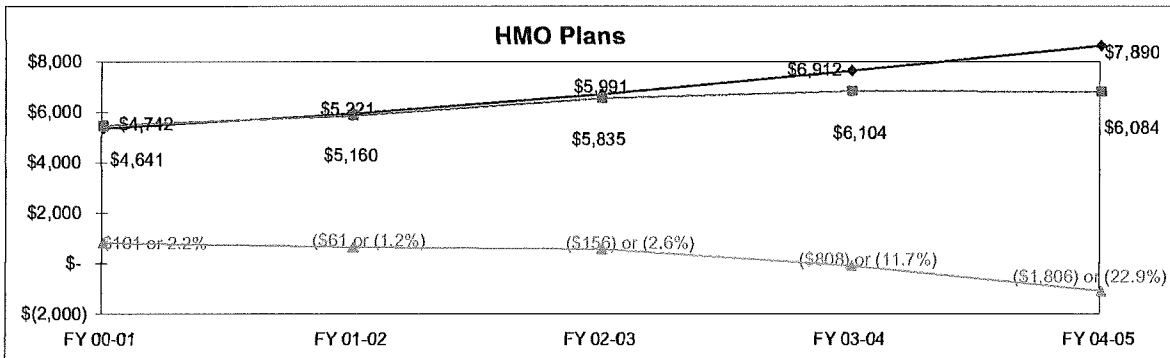
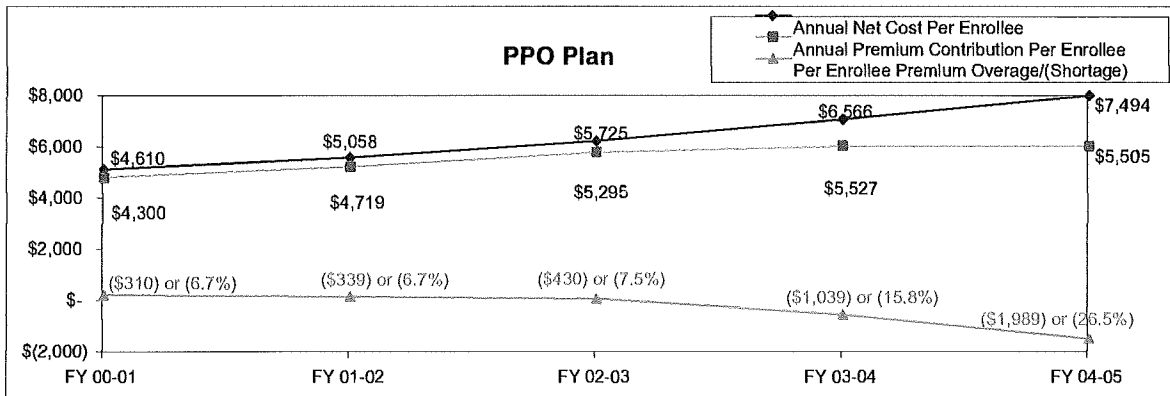
Exhibit VII

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

(In Millions)

Annual Costs				
PPO Plan	01-02	02-03	03-04	04-05
Total Net Cost	\$ 531.7	\$ 621.9	\$ 725.0	\$ 831.6
Avg. Number of Enrollees	105,120	108,621	110,416	110,964
Avg. Annual Net Cost Per Enrollee ⁽¹⁾	\$ 5,058	\$ 5,725	\$ 6,566	\$ 7,494
HMO Plans				
Total Premium Payments	\$ 312.6	\$ 340.5	\$ 404.6	\$ 466.7
Avg. Number of Enrollees	59,876	56,836	58,534	59,150
Avg. Annual Cost Per Enrollee	\$ 5,221	\$ 5,991	\$ 6,912	\$ 7,890

Annual Premium Contributions				
PPO Plan	01-02	02-03	03-04	04-05
Total Premium Contributions	\$ 496.1	\$ 575.1	\$ 610.2	\$ 610.9
Avg. Number of Enrollees	105,120	108,621	110,416	110,964
Avg. Annual Premium Contributions Per Enrollee	\$ 4,719	\$ 5,295	\$ 5,527	\$ 5,505
HMO Plans				
Total Premium Contributions	\$ 308.9	\$ 331.7	\$ 357.3	\$ 359.8
Avg. Number of Enrollees	59,876	56,836	58,534	59,150
Avg. Annual Premium Contributions Per Enrollee	\$ 5,160	\$ 5,835	\$ 6,104	\$ 6,084



(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