
State Employees' Group Health Self-Insurance Trust Fund

Report on the Financial Outlook

For the Fiscal Years Ending June 30, 2010 through June 30, 2014

Presented December 6, 2010

(Updated December 9, 2010)

EXECUTIVE SUMMARY

The Florida Division of State Group Insurance has prepared a financial outlook for the State Employees' Group Health Self-Insurance Trust Fund (the Trust Fund) for the fiscal years ending June 30, 2010 through June 30, 2014 to aid in state planning and budgeting in accordance with Section 216.136(9), *Florida Statutes*. The outlook has been prepared using cash basis methods and modeling and is based on the healthcare benefit and funding designs currently in place. It considers the Open Enrollment results for plan year 2011, actual enrollment through November 2010 and actual cash flow experience through October 2010.

The Post-Session Outlook presented on August 2010 reported and recognized the fiscal impact resulting from the 2010 legislative actions and from FY 2009-10 enrollment and cash flow experience. The outlook was prepared based on laws and administration existing at the time of the report and it did not include the impact, if any, of the Federal Patient Protection and Affordable Care Act.

This financial outlook uses the Post-Session Outlook as the base and reports, recognizes and estimates the fiscal impact of the activities and developments listed below:

1. Monthly enrollment activity through November 2010.
2. Open Enrollment results for plan year 2011.
3. Revenue and claims experience through October 2010.
4. Amendment of Pharmacy Benefits Manager (PBM) contract effective January 2011.
5. Federal Patient Protection and Affordable Care Act (PPACA).

The cash position has changed for the forecast period due to the activities mentioned above. The Trust Fund is expected to remain solvent through FY 2010-11. The projected ending cash balance for Fiscal Year 2010-11 increased from \$226.0 million to \$243.1 million, up \$17.1 million; the estimated operating gain increased from \$1.4 million to \$18.5 million. The projected ending cash balance for Fiscal Year 2011-12 increased from \$59.0 million to \$99.6 million, up \$40.6 million; the estimated operating loss decreased from \$167.0 million to \$143.5 million, down \$23.5 million.

With no changes to benefit attributes, covered services, premium rates, or other plan factors, the Trust Fund is projected to go from a cash surplus of \$243.1 million in FY 2010-11 to a projected ending cash deficit of \$228.7 million in Fiscal Year 2012-13. Projected revenue will fall short in meeting health plan cost growth by \$328.3 million.

Following is a summary of the outlook through Fiscal Year 2013-14.

Financial Outlook

(Dollars in Millions)	Actual	Actual & Projected	----- Projected -----		
	2009-10	2010-11	2011-12	2012-13	2013-14*
Beginning Cash Balance	206.2	224.6	243.1	99.6	0.0
Revenues	1,792.0	1,901.8	1,901.6	1,959.1	2,081.4
Expenses	<u>1,773.6</u>	<u>1,883.3</u>	<u>2,045.1</u>	<u>2,287.4</u>	<u>2,686.5</u>
Operating Gain/ (Loss)	<u>18.4</u>	<u>18.5</u>	<u>(143.5)</u>	<u>(328.3)</u>	<u>(605.1)</u>
Ending Cash Balance	<u><u>224.6</u></u>	<u><u>243.1</u></u>	<u><u>99.6</u></u>	<u><u>(228.7)</u></u>	<u><u>(605.1)</u></u>

* Assumes no carry forward of negative cash balances from prior year.

Growth Trends

The cash position of the Trust Fund improved from the previous outlook through the forecast period, except for FY 2013-14. Changes are primarily from refinements to the forecast to recognize the fiscal impact of the activities and developments listed above.

Enrollment patterns suggest decreases in Insurance Premiums, PPO Medical Costs, ASO Fee, Prescription Drugs, and HMO Premium Payments due primarily to a decline in enrollment and category distribution changes as compared with previous projections. Projected non-premium revenue remains stable through the forecast period with minor changes in investment interest due to an increase in expected rate of return from 1.5% to 2.0% and increased ending balances coupled with decreases in Medicare Part D Subsidy resulting from new actuarial projections.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Recurring growth in expenses (10.7%) through the forecast period with relatively stable revenues upon implementation of the rate increase in December 2010 for January 2011 coverage will cause significant deterioration of the cash position in Fiscal Year 2011-12. Attention to the cash position will be required in order to maintain sufficient cash balances for operations.

The declining employee membership trend coupled with increasing retiree membership trend in the Self-Insured Preferred Provider Organization (PPO) Plans and the matured benefit attribute structure continues to impact utilization patterns and costs for the state. The medical growth rate for the forecast period is consistent with the previous assumption of 9.5%. The assumed growth rate falls within the expected industry range of 5.9% to 11.7%.

Improved financial terms in the self-insured PPO health plans resulting from the amendment of the current contract with the Pharmacy Benefits Manager (Caremark, L.L.C.) through December 31, 2011 will result in lower overall rebates and higher price discounts for mail order prescribed drugs. Net savings in the amount of approximately \$2.0 million per year will result from this initiative. However, increased utilization along with cost increases are adversely impacting the cost of the program.

Prescription drugs are vital to preventing and treating illness and in helping to avoid more costly medical problems. The main factors driving changes in prescription drug spending are: (1) utilization, (2) price changes, and (3) changes in the types of drugs used. The prescription drug market continues to provide opportunities for the dispensing of generic drugs. The offering of new and more expensive biotech/specialty drugs counterbalances the trend towards the utilization of less expensive generic drugs.

The overall cost trend, excluding FY 13-14, has been increased from 8.5% to 8.8% for the forecast period due primarily to the trending of higher actual than expected costs. The assumed growth rate is lower than the expected industry range of 9.2% – 11.3%.

The weighted-average increase in premium rates for the Fully-Insured State-contracted Health Maintenance Organization (HMO) Plans for plan years 2012, 2013, and 2014 was decreased from 10.5% to 10.0% to align with survey and actual negotiated increases in the last years. The assumed growth rate falls within the expected industry range of 8.8% – 10.6%.

For plan year 2010, all but one county in Florida will have at least one HMO plan offering. The PPO standard and high deductible health plans remain available statewide.

Following is a summary of the trends used in the previous projections and those used for the development of this outlook.

	<u>Conference August 2010 ⁽³⁾</u>			<u>Conference December 2010 ⁽⁴⁾</u>		
	Trend	Industry Range		Trend	Industry Range	
PPO Medical Claims	9.5%	5.9%	- 11.2%	9.5%	5.9%	- 11.7%
PPO Prescription Drug Claims ⁽¹⁾	8.5%	6.1%	- 10.5%	8.8%	9.2%	- 11.3%
HMO Premium Payments ⁽²⁾	10.5%	10.0%	- 14.0%	10.0%	8.8%	- 10.6%

Notes:

(1) Excludes FY 13-14.

(2) Actual weighted average HMO Premium increase for Calendar Year 2011 was negotiated at 3.0%, in compliance with HB 5001.

(3) Survey data for CY 2010.

(4) Survey data for CY 2011.

It is noteworthy that the contractual agreements with the PPO-Pharmacy Benefits Manager and the HMO vendors are due to expire on December 31, 2011. Assumptions and projected growth rates used for the forecast could be directly impacted by the results of the procurement of these contracts.

Enrollment

Open Enrollment results for 2011 reflect a continuing migration trend from the PPO plans to the HMO plans resulting in an annual decrease in the PPO enrollment of approximately 2,200 contracts, or 2.4%, and an annual increase in the HMO enrollment of approximately 2,700 contracts, or 3.2%.

Enrollment patterns for calendar years 2008, 2009, and 2010 reflect a decreasing trend of -0.9%, 0.0% and 0.9%, respectively. The PPO plans continue having a disproportionate higher share of post-employment subscribers as compared to the HMO plans.

Growth in total subscriber enrollment is projected at an annual average of 0.3% through the forecast period. Lower than expected employee enrollment resulting from monthly activity through November 2010, migration trend from the PPO plans to the HMO plans, and category shifts are contributing to adjustments to the enrollment projections. The affected revenue and expense components of the outlook have been adjusted accordingly to consider the decrease in enrollment beyond previous projections.

Subscriber migration and new hire election patterns indicate continuing change in the enrollment distribution between the PPO plans and the HMO plans. Fiscal Year 2010-11 total enrollment distribution is projected at 52.4% in the PPO plans and 47.6% in the HMO plans. However, employee enrollment is projected at 45.4% in the PPO plans and 54.6% in the HMO plans, during the same period.

Approximately 1,439 subscribers (1,367 active employees) are currently enrolled in a High Deductible Health Plan (0.8% of total enrollment). Approximately 878 of those active employees, or 64.2%, are participating in the integrated state-sponsored Health Savings Account offering.

Federal Patient Protection and Affordable Care Act (PPACA)

The recently enacted Patient Protection and Affordable Care Act (PPACA), as amended by the Health Care and Education Reconciliation Act (HCERA), creates a broad array of issues for employers' health benefit programs and the US health care system. New mandates and changes imposed by the law affect the design, cost, tax treatment, administration, reporting and disclosure of health benefit programs. Some new provisions go into effect this year, but many will not take effect for several years.

PPACA imposes new mandates or standards for individual and group health coverage. With a few exceptions, all insured and self-insured group health plans will face a first round of coverage and cost-sharing mandates for plan years beginning on or after six months after March 23, 2010.

The state retained a consultant to estimate the fiscal impact to the trust fund as a result of PPACA. Estimates are being presented in the outlook as a single line in the Revenue and Expense categories with supporting detail in appendixes 1 and 2 of the Financial Outlook. Assumptions and methodologies used by consultant in the development of the estimates are provided in the consultant's report dated September 15, 2010. Some of the key assumptions are listed below:

1. Non-grandfathered status for the State Employees' Group Health Insurance Program (the Program).
2. Premium contributions are based on the premium rates effective December 2010 for January 2011 coverage and are used through the forecast period.
3. Annual increases in costs for medical and prescription drug claims and HMO premium payments are based on Mercer's assumptions, proprietary models and employer marketplace trends.
4. Approximately 770 enrollees will drop participation in the Program and enroll in Medicaid on January 1, 2014 as a result of the implementation of the "Medicaid Expansion and Migration into Exchange" reform.
5. Approximately 21,470 (12,882 permanent employees and 8,588 OPS employees) will elect to participate in the Program on January 1, 2014 as a result of the implementation of the "Individual Mandate with Federal Subsidies" reform.
 - a. Increase in Employer Insurance Premium contributions estimated at \$110.78 million.
 - b. Increase in Employee Insurance Premium contributions estimated at \$5.11 million.
 - c. Total estimated increase of \$115.89 million (Net total revenues (R) for FY 13-14, page 21, item #12).

It will be necessary to continually monitor and review the PPACA over the next several years, particularly as some provisions are still very fluid and further regulations are still pending. This will ensure that the fiscal impact on the Trust Fund is fully understood and the state can make decisions accordingly.

Exhibits

The exhibits that follow provide more in-depth information about projected enrollment, expected health care cost growth, cash positions and comparisons to the previous outlook.

Appendixes

Appendix 1 provides detailed information on the estimated fiscal impact to the forecast from the PPACA.

Appendix 2 provides summary information about PPACA reforms and their estimated fiscal impact on the forecast.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit I

Financial Outlook by Fiscal Year ^{(1) (2)}

Highlights of Changes to Forecast - Conference December 2010 Compared to August 2010

(In Millions)

	FY 10-11			FY 11-12			FY 12-13			FY 13-14		
	<u>Aug '10</u>	<u>Dec '10</u>	<u>Diff.</u>	<u>Aug '10</u>	<u>Dec '10</u>	<u>Diff.</u>	<u>Aug '10</u>	<u>Dec '10</u>	<u>Diff.</u>	<u>Aug '10</u>	<u>Dec '10</u>	<u>Diff.</u>
Beginning Balance	\$ 224.6	\$ 224.6	\$ 0.0	\$ 226.0	\$ 243.1	\$ 17.1	\$ 59.0	\$ 99.6	\$ 40.6	\$ 0.0	\$ 0.0	\$ 0.0
Revenues:												
Insurance Premiums	\$ 1,845.4	\$ 1,827.8	\$ (17.6)	\$ 1,850.9	\$ 1,829.0	\$ (21.9)	\$ 1,916.3	\$ 1,888.8	\$ (27.5)	\$ 1,934.0	\$ 1,900.0	\$ (34.0)
Investment Interest	3.4	4.6	1.2	2.1	3.3	1.2	0.0	0.0	0.0	0.0	0.0	0.0
PBM Rebates	22.8	21.8	(1.0)	23.7	22.3	(1.4)	24.5	23.1	(1.4)	24.9	23.6	(1.3)
Medicare Part D	21.2	21.4	0.2	22.8	21.8	(1.0)	23.7	22.0	(1.7)	24.5	22.6	(1.9)
Other Revenues	25.3	26.2	0.9	25.2	25.2	0.0	25.2	25.2	0.0	25.2	25.2	0.0
PPACA	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>110.0</u>	<u>110.0</u>
Total Revenues	\$ 1,918.1	\$ 1,901.8	\$ (16.3)	\$ 1,924.7	\$ 1,901.6	\$ (23.1)	\$ 1,989.7	\$ 1,959.1	\$ (30.6)	\$ 2,008.6	\$ 2,081.4	\$ 72.8
Total Available	<u>\$ 2,142.7</u>	<u>\$ 2,126.4</u>	<u>\$ (16.3)</u>	<u>\$ 2,150.7</u>	<u>\$ 2,144.7</u>	<u>\$ (6.0)</u>	<u>\$ 2,048.7</u>	<u>\$ 2,058.7</u>	<u>\$ 10.0</u>	<u>\$ 2,008.6</u>	<u>\$ 2,081.4</u>	<u>\$ 72.8</u>
Expenses:												
PPO Expenses:												
Medical Claims	\$ 629.8	\$ 613.6	\$ (16.2)	\$ 674.7	\$ 658.1	\$ (16.6)	\$ 722.1	\$ 704.9	\$ (17.2)	\$ 772.5	\$ 755.2	\$ (17.3)
ASO Fee	19.9	19.8	(0.1)	19.8	19.7	(0.1)	19.4	19.3	(0.1)	18.9	18.9	0.0
Prescription Drug	261.8	261.5	(0.3)	279.6	278.6	(1.0)	300.9	302.3	1.4	332.2	334.3	2.1
HMO Premiums	997.2	987.4	(9.8)	1,109.6	1,089.1	(20.5)	1,273.8	1,236.9	(36.9)	1,460.1	1,400.8	(59.3)
HSA Deposits	1.4	1.5	0.1	1.4	1.5	0.1	1.4	1.5	0.1	1.4	1.5	0.1
Oper Costs / Assess	2.7	2.6	(0.1)	2.7	2.6	(0.1)	2.7	2.6	(0.1)	2.7	2.6	(0.1)
Other Expenses	3.9	3.9	0.0	3.9	3.9	0.0	3.9	3.9	0.0	3.9	3.9	0.0
PPACA	<u>0.0</u>	<u>(7.0)</u>	<u>(7.0)</u>	<u>0.0</u>	<u>(8.4)</u>	<u>(8.4)</u>	<u>0.0</u>	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>	<u>169.3</u>	<u>169.3</u>
Total Expenses	\$ 1,916.7	\$ 1,883.3	\$ (33.4)	\$ 2,091.7	\$ 2,045.1	\$ (46.6)	\$ 2,324.2	\$ 2,287.4	\$ (36.8)	\$ 2,591.7	\$ 2,686.5	\$ 94.8
Excess of Revenues over Expenses	<u>\$ 1.4</u>	<u>\$ 18.5</u>	<u>\$ 17.1</u>	<u>\$ (167.0)</u>	<u>\$ (143.5)</u>	<u>\$ 23.5</u>	<u>\$ (334.5)</u>	<u>\$ (328.3)</u>	<u>\$ 6.2</u>	<u>\$ (583.1)</u>	<u>\$ (605.1)</u>	<u>\$ (22.0)</u>
Ending Cash Balance	<u>\$ 226.0</u>	<u>\$ 243.1</u>	<u>\$ 17.1</u>	<u>\$ 59.0</u>	<u>\$ 99.6</u>	<u>\$ 40.6</u>	<u>\$ (275.5)</u>	<u>\$ (228.7)</u>	<u>\$ 46.8</u>	<u>\$ (583.1)</u>	<u>\$ (605.1)</u>	<u>\$ (22.0)</u>

⁽¹⁾ Revenue and Expense categories have been collapsed to present the highlights of changes to forecast.

⁽²⁾ Exhibits II to X present detail forecast information, per fiscal year.

Highlights of Changes to Forecast

- Net results of outlook changes are favorable for the forecast period, except for FY 13-14.
- Inclusion of actual lower than previously projected enrollment activity through November 2010.
 - * Impact to revenue and expense components.
- Inclusion of actual lower than previously projected results of Open Enrollment for 2011.
 - * Lower decrease in PPO Plans enrollment.
 - * Lower increase in HMO Plans enrollment.
 - * Impact to revenue and expense components.
- Inclusion of actual revenue and expense experience through October 2010.
 - * Impact to revenue and expense components.
 - * Increase in prescription drug cost trend for fiscal years 2010-11 through 2012-13 from 8.5% to 8.8%.
 - * Decrease in weighted-average increase trend for plan years 2012 through 2014 from 10.5% to 10.0%.
- Inclusion of estimated fiscal impact of amendment to the Pharmacy Benefits Manager contract effective January 1, 2011.
- Inclusion of estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

Exhibit II
Financial Outlook
By Fiscal Year (In Millions)

	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>
	<u>Actual</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>
BEGINNING CASH BALANCE	\$ 206.2	\$ 224.6	\$ 243.1	\$ 99.6	\$ 0.0 ⁽²⁾
REVENUES:					
Insurance Premiums:					
Employer	\$ 1,365.0 ⁽³⁾	\$ 1,450.1 ⁽³⁾⁽⁴⁾	\$ 1,444.6 ⁽³⁾⁽⁴⁾	\$ 1,493.5 ⁽⁴⁾	\$ 1,498.0 ⁽⁴⁾
Employee	160.9 ⁽³⁾	168.9 ⁽³⁾⁽⁴⁾	165.3 ⁽³⁾⁽⁴⁾	171.4 ⁽⁴⁾	172.5 ⁽⁴⁾
HSA Contributions ⁽⁵⁾	1.4	1.5	1.5	1.5	1.5
COBRA	7.2	6.9 ⁽⁴⁾	7.0 ⁽⁴⁾	7.0 ⁽⁴⁾	7.0 ⁽⁴⁾
Early Retiree	58.5	62.7 ⁽⁴⁾	64.0 ⁽⁴⁾	64.0 ⁽⁴⁾	64.0 ⁽⁴⁾
Medicare	123.4	137.7 ⁽⁴⁾	146.6 ⁽⁴⁾	151.4 ⁽⁴⁾	157.0 ⁽⁴⁾
Investment Interest	3.6	4.6	3.3	0.0	0.0
TPA Refunds	8.8	8.1	7.2	7.2	7.2
PBM Rebates	24.0	21.8	22.3	23.1	23.6
Pretax Trust Fund Transfer	18.2	18.1	18.0	18.0	18.0
Medicare Part D Subsidy	20.1	21.4	21.8	22.0	22.6
Other Revenues	0.9	0.0	0.0	0.0	0.0
PPACA ⁽⁶⁾	0.0	0.0	0.0	0.0	110.0
TOTAL REVENUES	\$ 1,792.0	\$ 1,901.8	\$ 1,901.6	\$ 1,959.1	\$ 2,081.4
TOTAL CASH AVAILABLE	\$ 1,998.2	\$ 2,126.4	\$ 2,144.7	\$ 2,058.7	\$ 2,081.4
EXPENSES:					
State PPO Plan:					
Medical Claims	\$ 589.6	\$ 613.6	\$ 658.1	\$ 704.9	\$ 755.2
ASO Fee	20.1	19.8	19.7	19.3	18.9
Bank Services ⁽⁷⁾	0.1	0.0	0.0	0.0	0.0
Prescription Drug Claims	252.8	261.5 ⁽⁸⁾	278.6 ⁽⁸⁾	302.3 ⁽⁸⁾	334.3 ⁽⁸⁾⁽⁹⁾
PBM Claims Administration	0.3	0.3	0.3	0.3	0.3
HMO Premium Payments	903.6	987.4	1,089.1	1,236.9	1,400.8
HSA Deposits ⁽⁵⁾	1.4	1.5	1.5	1.5	1.5
Operating Costs & Admin Assessment	2.3	2.6	2.6	2.6	2.6
Premium Refunds	3.3	3.5	3.5	3.5	3.5
Other Expenses	0.1	0.1	0.1	0.1	0.1
PPACA ⁽⁶⁾	0.0	(7.0)	(8.4)	16.0	169.3
TOTAL EXPENSES	\$ 1,773.6	\$ 1,883.3	\$ 2,045.1	\$ 2,287.4	\$ 2,686.5
EXCESS OF REVENUES OVER EXPENSES	\$ 18.4	\$ 18.5	\$ (143.5)	\$ (328.3)	\$ (605.1)
ENDING CASH BALANCE	\$ 224.6	\$ 243.1	\$ 99.6	\$ (228.7)	\$ (605.1)

Average Enrollment by Plan	PPO Standard	94,950	91,951	89,929	87,947	86,041 ⁽¹⁰⁾
	PPO HIHP	893	959	977	977	977 ⁽¹⁰⁾
	HMO Standard	80,911	83,886	86,666	89,333	91,829 ⁽¹⁰⁾
	HMO HIHP	441	457	443	443	443 ⁽¹⁰⁾
	Total	177,195	177,253	178,015	178,700	179,290
Average Enrollment by Coverage Type	Active Standard	139,479	139,051	139,173	139,244	139,220 ⁽¹⁰⁾
	Active HIHP	1,255	1,337	1,338	1,338	1,338 ⁽¹⁰⁾
	COBRA	876	821	801	801	801 ⁽¹⁰⁾
	Early Retiree	7,912	7,692	7,700	7,700	7,700 ⁽¹⁰⁾
	Medicare	27,673	28,352	29,003	29,617	30,231 ⁽¹⁰⁾
	Total	177,195	177,253	178,015	178,700	179,290

⁽¹⁾ Actual results may differ from projected values with increasing likelihood of variance in future periods.

⁽²⁾ Assumes no carry forward of negative ending cash balance from prior year.

⁽³⁾ Includes estimated timing impact of the receipt of 1st fiscal year biweekly payroll.

⁽⁴⁾ Includes fiscal impact of insurance premium rate changes effective December 2010 and May 2011.

⁽⁵⁾ Contributions approximate a split between employer and employee of 41% and 59%, respectively.

⁽⁶⁾ Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

⁽⁷⁾ Bank Services are estimated at approximately \$35,000/per year for the projected period, which rounds to \$0.0M.

⁽⁸⁾ Includes estimated fiscal impact of PBM contract amendment effective January 1, 2011.

⁽⁹⁾ Includes growth trend for prescription drug claims of 13.0%, consistent with previous outlook.

⁽¹⁰⁾ Does not include estimated impact to enrollment of certain PPACA reforms.

Exhibit III

Financial Outlook

Fiscal Year 2010-11 (In Millions)

	(A) Aug '10	(B) Dec '10	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 224.6	\$ 224.6	\$ 0.0
REVENUES:			
Insurance Premiums: ⁽¹⁾			
Employer ⁽²⁾	\$ 1,466.2	\$ 1,450.1	\$ (16.1)
Employee ⁽²⁾	170.6	168.9	(1.7)
HSA Contributions ⁽³⁾	1.4	1.5	0.1
COBRA ⁽²⁾	7.6	6.9	(0.7)
Early Retiree ⁽²⁾	62.3	62.7	0.4
Medicare ⁽²⁾	137.3	137.7	0.4
Investment Interest	3.4	4.6	1.2
TPA Refunds	7.2	8.1	0.9
PBM Rebates	22.8	21.8	(1.0)
Pretax Trust Fund Transfer	18.1	18.1	0.0
Medicare Part D Subsidy	21.2	21.4	0.2
PPACA ⁽⁴⁾	0.0	0.0	0.0
TOTAL REVENUES	\$ 1,918.1	\$ 1,901.8	\$ (16.3)
TOTAL CASH AVAILABLE	\$ 2,142.7	\$ 2,126.4	\$ (16.3)
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 629.8	\$ 613.6	\$ (16.2)
ASO Fee	19.9	19.8	(0.1)
Bank Services ⁽⁵⁾	0.0	0.0	0.0
Prescription Drug Claims	261.8	261.5 ⁽⁶⁾	(0.3)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	997.2	987.4	(9.8)
HSA Deposits ⁽³⁾	1.4	1.5	0.1
Operating Costs & Admin Assessment	2.7	2.6	(0.1)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA ⁽⁴⁾	0.0	(7.0)	(7.0)
TOTAL EXPENSES	\$ 1,916.7	\$ 1,883.3	\$ (33.4)
EXCESS OF REVENUES OVER EXPENSES	\$ 1.4	\$ 18.5	\$ 17.1
ENDING CASH BALANCE	\$ 226.0	\$ 243.1	\$ 17.1
Average Enrollment by Plan			
PPO Standard	92,511	91,951	(560)
PPO HIHP	892	959	67
HMO Standard	84,507	83,886	(621)
HMO HIHP	429	457	28
Total	178,339	177,253	(1,086)
Average Enrollment by Coverage Type			
Active Standard	140,219	139,051	(1,168)
Active HIHP	1,243	1,337	94
COBRA	874	821	(53)
Early Retiree	7,694	7,692	(2)
Medicare	28,309	28,352	43
Total	178,339	177,253	(1,086)

⁽¹⁾ Includes estimated timing impact of the receipt of 1st fiscal year biweekly payroll.⁽²⁾ Includes fiscal impact of insurance premium rate changes effective December 2010 and May 2011.⁽³⁾ Contributions approximate a split between employer and employee of 41% and 59%, respectively.⁽⁴⁾ Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).⁽⁵⁾ Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.⁽⁶⁾ Includes estimated fiscal impact of PBM contract amendment effective January 1, 2011.

Exhibit IV

Financial Outlook

Fiscal Year 2011-12 (In Millions)

	(A) Aug '10	(B) Dec '10	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 226.0	\$ 243.1	\$ 17.1
REVENUES:			
Insurance Premiums: ⁽¹⁾			
Employer ⁽²⁾	\$ 1,464.3	\$ 1,444.6	\$ (19.7)
Employee ⁽²⁾	167.6	165.3	(2.3)
HSA Contributions ⁽³⁾	1.4	1.5	0.1
COBRA ⁽²⁾	7.9	7.0	(0.9)
Early Retiree ⁽²⁾	63.6	64.0	0.4
Medicare ⁽²⁾	146.1	146.6	0.5
Investment Interest	2.1	3.3	1.2
TPA Refunds	7.2	7.2	0.0
PBM Rebates	23.7	22.3	(1.4)
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	22.8	21.8	(1.0)
PPACA ⁽⁴⁾	0.0	0.0	0.0
TOTAL REVENUES	\$ 1,924.7	\$ 1,901.6	\$ (23.1)
TOTAL CASH AVAILABLE	\$ 2,150.7	\$ 2,144.7	\$ (6.0)
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 674.7	\$ 658.1	\$ (16.6)
ASO Fee	19.8	19.7	(0.1)
Bank Services ⁽⁵⁾	0.0	0.0	0.0
Prescription Drug Claims	279.6	278.6 ⁽⁶⁾	(1.0)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,109.6	1,089.1	(20.5)
HSA Deposits ⁽³⁾	1.4	1.5	0.1
Operating Costs & Admin Assessment	2.7	2.6	(0.1)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA ⁽⁴⁾	0.0	(8.4)	(8.4)
TOTAL EXPENSES	\$ 2,091.7	\$ 2,045.1	\$ (46.6)
EXCESS OF REVENUES OVER EXPENSES	\$ (167.0)	\$ (143.5)	\$ 23.5
ENDING CASH BALANCE	\$ 59.0	\$ 99.6	\$ 40.6
Average Enrollment by Plan			
PPO Standard	90,400	89,929	(471)
PPO HIHP	892	977	85
HMO Standard	87,803	86,666	(1,137)
HMO HIHP	429	443	14
Total	179,524	178,015	(1,509)
Average Enrollment by Coverage Type			
Active Standard	140,736	139,173	(1,563)
Active HIHP	1,243	1,338	95
COBRA	874	801	(73)
Early Retiree	7,694	7,700	6
Medicare	28,977	29,003	26
Total	179,524	178,015	(1,509)

(1) Includes estimated timing impact of the receipt of 1st fiscal year biweekly payroll.

(2) Includes fiscal impact of insurance premium rate changes effective December 2010 and May 2011.

(3) Contributions approximate a split between employer and employee of 41% and 59%, respectively.

(4) Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

(5) Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.

(6) Includes estimated fiscal impact of PBM contract amendment effective January 1, 2011.

Exhibit V Financial Outlook

Fiscal Year 2012-13 (In Millions)

	(A) Aug '10	(B) Dec '10	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 59.0	\$ 99.6	\$ 40.6
REVENUES:			
Insurance Premiums:			
Employer ⁽¹⁾	\$ 1,517.8	\$ 1,493.5	\$ (24.3)
Employee ⁽¹⁾	174.5	171.4	(3.1)
HSA Contributions ⁽²⁾	1.4	1.5	0.1
COBRA ⁽¹⁾	7.9	7.0	(0.9)
Early Retiree ⁽¹⁾	63.6	64.0	0.4
Medicare ⁽¹⁾	151.1	151.4	0.3
Investment Interest	0.0	0.0	0.0
TPA Refunds	7.2	7.2	0.0
PBM Rebates	24.5	23.1	(1.4)
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	23.7	22.0	(1.7)
PPACA ⁽³⁾	0.0	0.0	0.0
TOTAL REVENUES	\$ 1,989.7	\$ 1,959.1	\$ (30.6)
TOTAL CASH AVAILABLE	\$ 2,048.7	\$ 2,058.7	\$ 10.0
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 722.1	\$ 704.9	\$ (17.2)
ASO Fee	19.4	19.3	(0.1)
Bank Services ⁽⁴⁾	0.0	0.0	0.0
Prescription Drug Claims	300.9	302.3 ⁽⁵⁾	1.4
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,273.8	1,236.9	(36.9)
HSA Deposits ⁽²⁾	1.4	1.5	0.1
Operating Costs & Admin Assessment	2.7	2.6	(0.1)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA ⁽³⁾	0.0	16.0	16.0
TOTAL EXPENSES	\$ 2,324.2	\$ 2,287.4	\$ (36.8)
EXCESS OF REVENUES OVER EXPENSES	\$ (334.5)	\$ (328.3)	\$ 6.2
ENDING CASH BALANCE	\$ (275.5)	\$ (228.7)	\$ 46.8
Average Enrollment by Plan			
PPO Standard	88,349	87,947	(402)
PPO HIHP	892	977	85
HMO Standard	91,076	89,333	(1,743)
HMO HIHP	429	443	14
Total	180,746	178,700	(2,046)
Average Enrollment by Coverage Type			
Active Standard	141,291	139,244	(2,047)
Active HIHP	1,243	1,338	95
COBRA	874	801	(73)
Early Retiree	7,694	7,700	6
Medicare	29,644	29,617	(27)
Total	180,746	178,700	(2,046)

⁽¹⁾ Includes fiscal impact of insurance premium rate changes effective December 2010 and May 2010.

⁽²⁾ Contributions approximate a split between employer and employee of 41% and 59%, respectively.

⁽³⁾ Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

⁽⁴⁾ Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.

⁽⁵⁾ Includes estimated fiscal impact of PBM contract amendment effective January 1, 2011.

Exhibit VI

Financial Outlook

Fiscal Year 2013-14 (In Millions)

	(A) Aug '10	(B) Dec '10	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 0.0 ⁽¹⁾	\$ 0.0 ⁽¹⁾	\$ 0.0
REVENUES:			
Insurance Premiums:			
Employer ⁽²⁾	\$ 1,527.9	\$ 1,498.0	\$ (29.9)
Employee ⁽²⁾	176.6	172.5	(4.1)
HSA Contributions ⁽³⁾	1.4	1.5	0.1
COBRA ⁽²⁾	7.9	7.0	(0.9)
Early Retiree ⁽²⁾	63.6	64.0	0.4
Medicare ⁽²⁾	156.6	157.0	0.4
Investment Interest	0.0	0.0	0.0
TPA Refunds	7.2	7.2	0.0
PBM Rebates	24.9	23.6	(1.3)
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	24.5	22.6	(1.9)
PPACA ⁽⁴⁾	0.0	110.0	110.0
TOTAL REVENUES	\$ 2,008.6	\$ 2,081.4	\$ 72.8
TOTAL CASH AVAILABLE	\$ 2,008.6	\$ 2,081.4	\$ 72.8
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 772.5	\$ 755.2	\$ (17.3)
ASO Fee	18.9	18.9	0.0
Bank Services ⁽⁵⁾	0.0	0.0	0.0
Prescription Drug Claims ⁽⁶⁾	332.2	334.3 ⁽⁷⁾	2.1
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,460.1	1,400.8	(59.3)
HSA Deposits ⁽³⁾	1.4	1.5	0.1
Operating Costs & Admin Assessment	2.7	2.6	(0.1)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA ⁽⁴⁾	0.0	169.3	169.3
TOTAL EXPENSES	\$ 2,591.7	\$ 2,686.5	\$ 94.8
EXCESS OF REVENUES OVER EXPENSES	\$ (583.1)	\$ (605.1)	\$ (22.0)
ENDING CASH BALANCE	\$ (583.1)	\$ (605.1)	\$ (22.0)
Average Enrollment by Plan			
PPO Standard	86,298	86,041 ⁽⁸⁾	(257)
PPO HIHP	892	977 ⁽⁸⁾	85
HMO Standard	94,349	91,829 ⁽⁸⁾	(2,520)
HMO HIHP	429	443 ⁽⁸⁾	14
Total	181,968	179,290	(2,678)
Average Enrollment by Coverage Type			
Active Standard	141,846	139,220 ⁽⁸⁾	(2,626)
Active HIHP	1,243	1,338 ⁽⁸⁾	95
COBRA	874	801 ⁽⁸⁾	(73)
Early Retiree	7,694	7,700 ⁽⁸⁾	6
Medicare	30,311	30,231 ⁽⁸⁾	(80)
Total	181,968	179,290	(2,678)

⁽¹⁾ Assumes no carry forward of negative ending cash balance from prior year.⁽²⁾ Includes fiscal impact of insurance premium rate changes effective December 2010 and May 2011.⁽³⁾ Contributions approximate a split between employer and employee of 41% and 59%, respectively.⁽⁴⁾ Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).⁽⁵⁾ Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.⁽⁶⁾ Includes growth trend for prescription drug claims of 13.0%, consistent with previous outlook.⁽⁷⁾ Includes estimated fiscal impact of PBM contract amendment effective January 1, 2011.⁽⁸⁾ Does not include estimated impact to enrollment of certain PPACA reforms.

Exhibit VII
Comparison of Financial Outlooks
Fiscal Year 2010-11
(In Millions)

\$ 226.0 Previous Ending Cash Balance Forecast ⁽¹⁾

(16.3) Decrease in Revenue Forecast

- (17.6) - Decrease in employer and enrollee Insurance Premiums
 - (12.7) - Decrease due to a decrease in projected enrollment from 178,339 to 177,253
 - (5.0) - Decrease due to changes in enrollment distribution between single and family contracts
 - 0.1 - Increase in HSA deposits due to higher projected deposit activity
- 1.2 - Increase in Investment Interest
 - 1.1 - Increase due to an increase in expected rate of return from 1.5% to 2.0%
 - 0.1 - Increase due to projected increase in cash balance
- 0.9 - Increase in TPA refunds due to higher actual than projected activity
- (1.0) - Decrease in PBM rebates
 - (0.3) - Decrease due to amendment effective January 2011
 - (0.7) - Decrease due to a decrease in projected PPO Plans enrollment from 93,403 to 92,910
- 0.2 - Increase in Medicare Part D Subsidy due to higher actual than projected receipts for Plan Year 2010

(33.4) Decrease in Expense Forecast

- (16.2) - Decrease in PPO Plan Medical Claims
 - (12.9) - Decrease due to lower actual than projected paid claims through October 2010
 - (3.3) - Decrease due to a decrease in projected enrollment from 93,403 to 92,910
- (0.1) - Decrease in ASO fee due to a decrease in projected enrollment from 93,403 to 92,910
- (0.3) - Decrease in PPO Plan Prescription Drug Claims
 - 2.0 - Increase due to higher actual than projected paid claims through October 2010 and an increase in cost projections
 - (1.4) - Decrease due to a decrease in projected enrollment from 93,403 to 92,910
 - (0.9) - Decrease due to amendment effective January 2011
- (9.8) - Decrease in HMO Premium Payments
 - (7.0) - Decrease due to a decrease in projected enrollment from 84,936 to 84,343
 - (2.8) - Decrease due to changes in enrollment distribution between single and family contracts
- 0.1 - Increase in HSA deposits due to higher projected deposit activity
- (0.1) - Decrease in Operating Costs due to lower than projected Administrative Assessment
- (7.0) - Decrease due to estimated fiscal impact of PPACA

\$ 243.1 Ending Cash Balance

⁽¹⁾ August 2010

Exhibit VIII
Comparison of Financial Outlooks
Fiscal Year 2011-12
(In Millions)

\$ 59.0	Previous Ending Cash Balance Forecast ⁽¹⁾
17.1	Increase in Beginning Cash Balance Forecast
(23.1)	Decrease in Revenue Forecast
	(21.9) - Decrease in employer and enrollee Insurance Premiums
	(17.4) - Decrease due to a decrease in projected enrollment from 179,524 to 178,015
	(4.6) - Decrease due to changes in enrollment distribution between single and family contracts
	0.1 - Increase in HSA deposits due to higher projected deposit activity
1.2	Increase in Investment Interest
	1.1 - Increase due to an increase in expected rate of return from 1.5% to 2.0%
	0.1 - Increase due to projected increase in cash balance
(1.4)	Decrease in PBM rebates
	(0.7) - Decrease due to amendment effective January 2011
	(0.7) - Decrease due to a decrease in projected PPO Plans enrollment from 91,292 to 90,906
(1.0)	Decrease in Medicare Part D Subsidy due to a decrease in the actuarial projections
(46.6)	Decrease in Expense Forecast
	(16.6) - Decrease in PPO Plan Medical Claims
	(13.8) - Decrease due to lower base for FY 10-11
	(2.8) - Decrease due to a decrease in projected enrollment from 91,292 to 90,906
(0.1)	Decrease in ASO fee due to a decrease in projected enrollment from 91,292 to 92,906
(1.0)	Decrease in PPO Plan Prescription Drug Claims
	2.6 - Increase due to increase in cost projections
	(1.2) - Decrease due to a decrease in projected enrollment from 91,292 to 90,906
	(2.4) - Decrease due to amendment effective January 2011
(20.5)	Decrease in HMO Premium Payments
	(14.1) - Decrease due to a decrease in projected enrollment from 88,232 to 87,109
	(3.9) - Decrease due to changes in enrollment distribution between single and family contracts
	(2.5) - Decrease due to decrease in the weighted-average increase in premium rates for Plan Year 2012 from 10.5% to 10.0%
0.1	Increase in HSA deposits due to higher projected deposit activity
(0.1)	Decrease in Operating Costs due to lower than projected Administrative Assessment
(8.4)	Decrease due to estimated fiscal impact of PPACA
\$ 99.6	Ending Cash Balance

⁽¹⁾ August 2010

Exhibit IX
Comparison of Financial Outlooks
Fiscal Year 2012-13
(In Millions)

\$ (275.5) Previous Ending Cash Balance Forecast ⁽¹⁾

- 40.6 Increase in Beginning Cash Balance Forecast
- (30.6) Decrease in Revenue Forecast
 - (27.5) - Decrease in employer and enrollee Insurance Premiums
 - (24.0) - Decrease due to a decrease in projected enrollment from 180,746 to 178,700
 - (3.6) - Decrease due to changes in enrollment distribution between single and family contracts
 - 0.1 - Increase in HSA deposits due to higher projected deposit activity
 - (1.4) - Decrease in PBM rebates
 - (0.7) - Decrease due to amendment effective January 2011
 - (0.7) - Decrease due to a decrease in projected PPO Plans enrollment from 89,241 to 88,294
 - (1.7) - Decrease in Medicare Part D Subsidy due to a decrease in the actuarial projections
- (36.8) Decrease in Expense Forecast
 - (17.2) - Decrease in PPO Plan Medical Claims
 - (14.7) - Decrease due to lower base for FY 10-11
 - (2.5) - Decrease due to a decrease in projected enrollment from 89,241 to 88,924
 - (0.1) - Decrease in ASO fee due to a decrease in projected enrollment from 89,241 to 88,924
 - 1.4 - Increase in PPO Plan Prescription Drug Claims
 - 5.0 - Increase due to increase in cost projections
 - (1.0) - Decrease due to a decrease in projected enrollment from 89,241 to 88,924
 - (2.6) - Decrease due to amendment effective January 2011
 - (36.9) - Decrease in HMO Premium Payments
 - (24.1) - Decrease due to a decrease in projected enrollment from 91,505 to 89,776
 - (4.3) - Decrease due to changes in enrollment distribution between single and family contracts
 - (8.5) - Decrease due to decrease in the weighted-average increase in premium rates for Plan Year 2013 from 10.5% to 10.0%
 - 0.1 - Increase in HSA deposits due to higher projected deposit activity
 - (0.1) Decrease in Operating Costs due to lower than projected Administrative Assessment
 - 16.0 - Increase due to estimated fiscal impact of PPACA

\$ (228.7) Ending Cash Balance

⁽¹⁾ August 2010

Exhibit X
Comparison of Financial Outlooks
Fiscal Year 2013-14
(In Millions)

\$ (583.1) Previous Ending Cash Balance Forecast ⁽¹⁾

72.8 Increase in Revenue Forecast

- (34.0) - Decrease in employer and enrollee Insurance Premiums
 - (31.2) - Decrease due to a decrease in projected enrollment from 181,968 to 179,290
 - (2.9) - Decrease due to changes in enrollment distribution between single and family contracts
 - 0.1 - Increase in HSA deposits due to higher projected deposit activity
- (1.3) - Decrease in PBM rebates
 - (0.7) - Decrease due to amendment effective January 2011
 - (0.6) - Decrease due to a decrease in projected PPO Plans enrollment from 87,190 to 87,018
- (1.9) - Decrease in Medicare Part D Subsidy due to a decrease in the actuarial projections
- 110.0 - Increase in revenues due to estimated fiscal impact of PPACA

94.8 Increase in Expense Forecast

- (17.3) - Decrease in PPO Plan Medical Claims
 - (15.7) - Increase due to increase in cost projections
 - (1.6) - Decrease due to a decrease in projected enrollment from 87,190 to 87,018
- 2.1 - Increase in PPO Plan Prescription Drug Claims
 - 5.7 - Increase due to increase in cost projections for FY 10-11 through FY 12-13
 - (0.8) - Decrease due to a decrease in projected enrollment from 87,190 to 87,018
 - (2.8) - Decrease due to amendment effective January 2011
- (59.3) - Decrease in HMO Premium Payments
 - (39.2) - Decrease due to a decrease in projected enrollment from 94,778 to 92,272
 - (4.3) - Decrease due to changes in enrollment distribution between single and family contracts
 - (15.8) - Decrease due to decrease in the weighted-average increase in premium rates for Plan Year 2014 from 10.5% to 10.0%
- 0.1 - Increase in HSA Deposits due to higher projected deposit activity
- (0.1) - Decrease in Operating Costs due to lower than projected Administrative Assessment
- 169.3 - Increase in expenses due to estimated fiscal impact of PPACA

(605.1) Ending Cash Balance

⁽¹⁾ August 2010

Exhibit XI
Premium Rate Table
Effective July 2010 for August 2010 Coverage

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer ⁽⁸⁾	Enrollee	Total
Career Service	Monthly Full -Time Employees ⁽¹⁾	Single	473.62	50.00	523.62	473.62	15.00	488.62
		Family	1,004.14	180.00	1,184.14	1,004.14	64.30	1,068.44
		Spouse	1,154.16	30.00	1,184.16	1,038.44	30.00	1,068.44
	Bi-Weekly Full -Time Employees ⁽¹⁾	Single	236.81	25.00	261.81	236.81	7.50	244.31
		Family	502.07	90.00	592.07	502.07	32.15	534.22
		Spouse	577.08	15.00	592.08	519.22	15.00	534.22
"Payalls"	Monthly Full -Time Employees ^(1,2)	Single	515.30	8.34	523.64	480.28	8.34	488.62
		Family	1,154.14	30.00	1,184.14	1,038.44	30.00	1,068.44
	Bi-Weekly Full -Time Employees ^(1,2)	Single	257.65	4.17	261.82	240.14	4.17	244.31
		Family	577.07	15.00	592.07	519.22	15.00	534.22
COBRA	Monthly ⁽³⁾	Single	0.00	534.09	534.09	0.00	455.90	455.90
		Family	0.00	1,207.82	1,207.82	0.00	1,004.81	1,004.81
Early Retirees	Monthly	Single	0.00	523.62	523.62	0.00	446.96	446.96
		Family	0.00	1,184.14	1,184.14	0.00	985.11	985.11
Medicare	Monthly ⁽⁴⁾	(I) One Eligible ⁽⁵⁾	0.00	278.02	278.02	0.00	209.56	209.56
		(II) One Under/Over ⁽⁶⁾	0.00	801.64	801.64	0.00	656.52	656.52
		(III) Both Eligible ⁽⁷⁾	0.00	556.04	556.04	0.00	419.12	419.12
Overage Dependents		Single	0.00	523.62	523.62	0.00	446.96	446.96

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 actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(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) 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.

Exhibit XII
Premium Rate Table
Effective December 2010 for January 2011 Coverage

(COBRA premium rates remain unchanged from May 2010)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer ⁽⁸⁾	Enrollee	Total
Career Service	Monthly Full -Time Employees ⁽¹⁾	Single	499.80	50.00	549.80	499.80	15.00	514.80
		Family	1,063.34	180.00	1,243.34	1,063.34	64.30	1,127.64
		Spouse	1,243.32	30.00	1,273.32	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees ⁽¹⁾	Single	249.90	25.00	274.90	249.90	7.50	257.40
		Family	531.67	90.00	621.67	531.67	32.15	563.82
		Spouse	621.66	15.00	636.66	548.82	15.00	563.82
"Payalls"	Monthly Full -Time Employees ^(1,2)	Single	541.46	8.34	549.80	506.46	8.34	514.80
		Family	1,213.34	30.00	1,243.34	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees ^(1,2)	Single	270.73	4.17	274.90	253.23	4.17	257.40
		Family	606.67	15.00	621.67	548.82	15.00	563.82
COBRA	Monthly ⁽³⁾	Single	0.00	534.09	534.09	0.00	455.90	455.90
		Family	0.00	1,207.82	1,207.82	0.00	1,004.81	1,004.81
Early Retirees	Monthly	Single	0.00	549.80	549.80	0.00	473.12	473.12
		Family	0.00	1,243.34	1,243.34	0.00	1,044.32	1,044.32
Medicare	Monthly ⁽⁴⁾	(I) One Eligible ⁽⁵⁾	0.00	305.82	305.82	0.00	230.52	230.52
		(II) One Under/Over ⁽⁶⁾	0.00	881.80	881.80	0.00	722.16	722.16
		(III) Both Eligible ⁽⁷⁾	0.00	611.64	611.64	0.00	461.04	461.04
Overage Dependents		Single	0.00	549.80	549.80	0.00	473.14	473.14

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 actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(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) 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.

Exhibit XIII
Premium Rate Table
Effective May 2011 for June 2011 Coverage

(Premium rate change ONLY for COBRA Participants)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer ⁽⁸⁾	Enrollee	Total
Career Service	Monthly Full -Time Employees ⁽¹⁾	Single	499.80	50.00	549.80	499.80	15.00	514.80
		Family	1,063.34	180.00	1,243.34	1,063.34	64.30	1,127.64
		Spouse	1,243.32	30.00	1,273.32	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees ⁽¹⁾	Single	249.90	25.00	274.90	249.90	7.50	257.40
		Family	531.67	90.00	621.67	531.67	32.15	563.82
		Spouse	621.66	15.00	636.66	548.82	15.00	563.82
"Payalls"	Monthly Full -Time Employees ^(1,2)	Single	541.46	8.34	549.80	506.46	8.34	514.80
		Family	1,213.34	30.00	1,243.34	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees ^(1,2)	Single	270.73	4.17	274.90	253.23	4.17	257.40
		Family	606.67	15.00	621.67	548.82	15.00	563.82
COBRA	Monthly ⁽³⁾	Single	0.00	560.80	560.80	0.00	482.60	482.60
		Family	0.00	1,268.21	1,268.21	0.00	1,065.20	1,065.20
Early Retirees	Monthly	Single	0.00	549.80	549.80	0.00	473.12	473.12
		Family	0.00	1,243.34	1,243.34	0.00	1,044.32	1,044.32
Medicare	Monthly ⁽⁴⁾	(I) One Eligible ⁽⁵⁾	0.00	305.82	305.82	0.00	230.52	230.52
		(II) One Under/Over ⁽⁶⁾	0.00	881.80	881.80	0.00	722.16	722.16
		(III) Both Eligible ⁽⁷⁾	0.00	611.64	611.64	0.00	461.04	461.04
Overage Dependents		Single	0.00	549.80	549.80	0.00	473.14	473.14

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 actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(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) 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.

Exhibit XIV
Abbreviations

ASO	.....	Administrative Services Only
COBRA	.....	Consolidated Omnibus Budget Reconciliation Act
DSGI	.....	Division of State Group Insurance
FTE	.....	Full Time Equivalency
FY	.....	Fiscal Year (July 1 through June 30)
HIHP	.....	Health Investor Health Plan (i.e., High Deductible Health Plan)
HMO	.....	Health Maintenance Organization
HSA	.....	Health Savings Account
PBM	.....	Pharmacy Benefits Manager
PPACA	.....	Patient Protection and Affordable Care Act signed into law on March 23, 2010, known as the Federal Health Care Reform
PPO	.....	Preferred Provider Organization
TPA	.....	Third Party Administrator

State Employees' Group Health Self-Insurance Trust Fund							State of Florida DSGI				
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)											
			Estimated Annual Fiscal Impact								
			FY 2010-11								
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2010-11 Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance ⁽¹⁾ <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	(8.38)	(2.25)	(3.36)	(13.99)	(13.99)
		Net	-	-	-	-	8.38	2.25	3.36	13.99	13.99
2. No lifetime dollar maximum	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	1.29	0.11	-	1.40	1.40
		Net	-	-	-	-	(1.29)	(0.11)	-	(1.40)	(1.40)
3. Restricted annual dollar limits	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	0.27	0.08	0.44	0.79	0.79
		Net	-	-	-	-	(0.27)	(0.08)	(0.44)	(0.79)	(0.79)
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011	R	-	-	-	-	-	-	-	-	-
	Jan 2013	E	-	-	-	-	-	-	-	-	-
	Jan 2014	Net	-	-	-	-	-	-	-	-	-
	Jan 2014										
7. Extension of coverage for all adult children until age 26	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	1.69	0.44	2.64	4.77	4.77
		Net	-	-	-	-	(1.69)	(0.44)	(2.64)	(4.77)	(4.77)
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
9. Free choice vouchers	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
10. Shared responsibility "free rider surcharge"	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
11. Medicaid expansion and migration into Exchange	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
12. Individual mandate with federal subsidies	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
TOTAL		R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	(5.13)	(1.62)	(0.28)	(7.03)	(7.03)
		Net	-	-	-	-	5.13	1.62	0.28	7.03	7.03

Notes:

- (1) Exhibit assumes non-grandfathered status of plans.
- (2) Exhibit based on available information and legislative guidance available as of June 30, 2010.
- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated August 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) The expense of \$137.02 million associated with item #12, the individual mandate, from January 2014 to June 2014 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$110.78 million in employer contributions plus \$5.11 million in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$21.13 million due to medical and pharmacy inflation.

Report Prepared by Mercer Consultants on September 15, 2010

PPACA Guidelines as of July 14, 2010

* Modified by Division of State Group Insurance (DSGI) to reflect actual FY 10-11 experience through November 2010 and limited expected availability of funds through 2011.

State Employees' Group Health Self-Insurance Trust Fund						State of Florida DSGI					
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)											
			Estimated Annual Fiscal Impact								
			FY 2011-12								
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2011-12 Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance ⁽¹⁾ <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R E Net	- (6.92) 6.92	- (1.87) 1.87	- (2.78) 2.78	- (11.57) 11.57	- (6.92) 6.92	- (1.87) 1.87	- (2.78) 2.78	- (11.57) 11.57	- (23.14) 23.14
2. No lifetime dollar maximum	Jan 2011	R E Net	- 1.33 (1.33)	- 0.12 (0.12)	- - -	- 1.45 (1.45)	- 1.38 (1.38)	- 0.13 (0.13)	- - -	- 1.51 (1.51)	- 2.96 (2.96)
3. Restricted annual dollar limits	Jan 2011	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R E Net	- 0.28 (0.28)	- 0.09 (0.09)	- 0.44 (0.44)	- 0.81 (0.81)	- 0.29 (0.29)	- 0.10 (0.10)	- 0.47 (0.47)	- 0.86 (0.86)	- 1.67 (1.67)
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R E Net	- - -	- - -	- - -	- - -	- 0.03 (0.03)	- - -	- 0.04 (0.04)	- 0.07 (0.07)	- 0.07 (0.07)
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011 Jan 2013 Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
7. Extension of coverage for all adult children until age 26	Jan 2011	R E Net	- 1.76 (1.76)	- 0.45 (0.45)	- 2.64 (2.64)	- 4.85 (4.85)	- 1.83 (1.83)	- 0.47 (0.47)	- 2.85 (2.85)	- 5.15 (5.15)	- 10.00 (10.00)
8. Eliminate all preexisting condition limitations	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
9. Free choice vouchers	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
10. Shared responsibility "free rider surcharge"	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
11. Medicaid expansion and migration into Exchange	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
12. Individual mandate with federal subsidies	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
TOTAL		R E Net	- (3.55) 3.55	- (1.21) 1.21	- 0.30 (0.30)	- (4.46) 4.46	- (3.39) 3.39	- (1.17) 1.17	- 0.58 (0.58)	- (3.98) 3.98	- (8.44) 8.44

Notes:

- (1) Exhibit assumes non-grandfathered status of plans.
- (2) Exhibit based on available information and legislative guidance available as of June 30, 2010.
- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated August 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) The expense of \$137.02 million associated with item #12, the individual mandate, from January 2014 to June 2014 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$110.78 million in employer contributions plus \$5.11 million in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$21.13 million due to medical and pharmacy inflation.

Report Prepared by Mercer Consultants on September 15, 2010

PPACA Guidelines as of July 14, 2010

* Modified by Division of State Group Insurance (DSGI) to reflect actual FY 10-11 experience through November 2010 and limited expected availability of funds through 2011.

State Employees' Group Health Self-Insurance Trust Fund			State of Florida DSGI								
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)											
			Estimated Annual Fiscal Impact								
			FY 2012-13								
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2012-13 Total
1. Early retiree medical reinsurance ⁽¹⁾ <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
2. No lifetime dollar maximum	Jan 2011	R E Net	- 1.44 (1.44)	- 0.13 (0.13)	- - -	- 1.57 (1.57)	- 1.49 (1.49)	- 0.14 (0.14)	- - -	- 1.63 (1.63)	
3. Restricted annual dollar limits	Jan 2011	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R E Net	- 0.30 (0.30)	- 0.11 (0.11)	- 0.47 (0.47)	- 0.88 (0.88)	- 0.31 (0.31)	- 0.10 (0.10)	- 0.51 (0.51)	- 0.92 (0.92)	
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R E Net	- 0.03 (0.03)	- - -	- 0.04 (0.04)	- 0.07 (0.07)	- 0.06 (0.06)	- - -	- 0.08 (0.08)	- 0.14 (0.14)	
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011 Jan 2013 Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
7. Extension of coverage for all adult children until age 26	Jan 2011	R E Net	- 1.90 (1.90)	- 0.49 (0.49)	- 2.85 (2.85)	- 5.24 (5.24)	- 1.97 (1.97)	- 0.51 (0.51)	- 3.09 (3.09)	- 5.57 (5.57)	
8. Eliminate all preexisting condition limitations	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
9. Free choice vouchers	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
10. Shared responsibility "free rider surcharge"	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
11. Medicaid expansion and migration into Exchange	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
12. Individual mandate with federal subsidies	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	
TOTAL		R E Net	- 3.67 (3.67)	- 0.73 (0.73)	- 3.36 (3.36)	- 7.76 (7.76)	- 3.83 (3.83)	- 0.75 (0.75)	- 3.68 (3.68)	- 8.26 (8.26)	

Notes:

- (1) Exhibit assumes non-grandfathered status of plans.
- (2) Exhibit based on available information and legislative guidance available as of June 30, 2010.
- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated August 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) The expense of \$137.02 million associated with item #12, the individual mandate, from January 2014 to June 2014 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$110.78 million in employer contributions plus \$5.11 million in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$21.13 million due to medical and pharmacy inflation.

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State Employees' Group Health Self-Insurance Trust Fund							State of Florida DSGI						
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)													
			Estimated Annual Fiscal Impact										
			FY 2013-14										
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2013-14 Total	FY 2010-11 through FY 2013-14 Grand Total	
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total			
1. Early retiree medical reinsurance ⁽¹⁾ <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R	-	-	-	-	-	-	-	-	-	-	
		E	-	-	-	-	-	-	-	-	-	(37.13)	
		Net	-	-	-	-	-	-	-	-	-	37.13	
2. No lifetime dollar maximum	Jan 2011	R	-	-	-	-	-	-	-	-	-	-	
		E	1.55	0.14	-	1.69	1.62	0.14	-	1.76	3.45	11.01	
		Net	(1.55)	(0.14)	-	(1.69)	(1.62)	(0.14)	-	(1.76)	(3.45)	(11.01)	
3. Restricted annual dollar limits	Jan 2011	R	-	-	-	-	-	-	-	-	-	-	
		E	-	-	-	-	-	-	-	-	-	-	
		Net	-	-	-	-	-	-	-	-	-	-	
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R	-	-	-	-	-	-	-	-	-	-	
		E	0.32	0.11	0.51	0.94	0.33	0.11	0.56	1.00	1.94	6.20	
		Net	(0.32)	(0.11)	(0.51)	(0.94)	(0.33)	(0.11)	(0.56)	(1.00)	(1.94)	(6.20)	
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R	-	-	-	-	-	-	-	-	-	-	
		E	0.06	-	0.08	0.14	0.06	-	0.08	0.14	0.28	0.56	
		Net	(0.06)	-	(0.08)	(0.14)	(0.06)	-	(0.08)	(0.14)	(0.28)	(0.56)	
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011	R	-	-	-	-	-	-	-	-	-	-	
	Jan 2013	E	-	-	-	-	7.12	1.84	11.09	20.05	20.05	20.05	
	Jan 2014	Net	-	-	-	-	(7.12)	(1.84)	(11.09)	(20.05)	(20.05)	(20.05)	
7. Extension of coverage for all adult children until age 26	Jan 2011	R	-	-	-	-	-	-	-	-	-	-	
		E	2.05	0.53	3.09	5.67	2.05	0.63	3.33	6.01	11.68	37.26	
		Net	(2.05)	(0.53)	(3.09)	(5.67)	(2.05)	(0.63)	(3.33)	(6.01)	(11.68)	(37.26)	
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-	-	
		E	-	-	-	-	0.68	0.21	1.11	2.00	2.00	2.00	
		Net	-	-	-	-	(0.68)	(0.21)	(1.11)	(2.00)	(2.00)	(2.00)	
9. Free choice vouchers	Jan 2014	R	-	-	-	-	-	-	-	-	-	-	
		E	-	-	-	-	-	-	-	-	-	-	
		Net	-	-	-	-	-	-	-	-	-	-	
10. Shared responsibility "free rider surcharge"	Jan 2014	R	-	-	-	-	-	-	-	-	-	-	
		E	-	-	-	-	-	-	-	-	-	-	
		Net	-	-	-	-	-	-	-	-	-	-	
11. Medicaid expansion and migration into Exchange	Jan 2014	R	-	-	-	-	(2.07)	(0.62)	(3.16)	(5.85)	(5.85)	(5.85)	
		E	-	-	-	-	(2.51)	(0.75)	(3.84)	(7.10)	(7.10)	(7.10)	
		Net	-	-	-	-	0.44	0.13	0.68	1.25	1.25	1.25	
12. Individual mandate with federal subsidies	Jan 2014	R	-	-	-	-	40.83	12.20	62.87	115.89	115.89	115.89	
		E	-	-	-	-	48.28	14.42	74.33	137.02	137.02	137.02	
		Net	-	-	-	-	(7.45)	(2.22)	(11.46)	(21.13)	(21.13)	(21.13)	
TOTAL		R	-	-	-	-	38.76	11.58	59.71	110.04	110.04	110.04	
		E	3.98	0.78	3.68	8.44	57.63	16.60	86.66	160.88	169.32	169.87	
		Net	(3.98)	(0.78)	(3.68)	(8.44)	(18.87)	(5.02)	(26.95)	(50.84)	(59.28)	(59.83)	

Notes:

- (1) Exhibit assumes non-grandfathered status of plans.
- (2) Exhibit based on available information and legislative guidance available as of June 30, 2010.
- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated August 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) The expense of \$137.02 million associated with item #12, the individual mandate, from January 2014 to June 2014 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$110.78 million in employer contributions plus \$5.11 million in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$21.13 million due to medical and pharmacy inflation.

Report Prepared by Mercer Consultants on September 15, 2010

PPACA Guidelines as of July 14, 2010

* Modified by Division of State Group Insurance (DSGI) to reflect actual FY 10-11 experience through November 2010 and limited expected availability of funds through 2011.

State Employees' Group Health Self-Insurance Trust Fund

Report on the Financial Outlook

For the Fiscal Years Ending June 30, 2010 through June 30, 2014

Presented December 6, 2010

(Updated December 9, 2010)

EXECUTIVE SUMMARY

The Florida Division of State Group Insurance has prepared a financial outlook for the State Employees' Group Health Self-Insurance Trust Fund (the Trust Fund) for the fiscal years ending June 30, 2010 through June 30, 2014 to aid in state planning and budgeting in accordance with Section 216.136(9), *Florida Statutes*. The outlook has been prepared using cash basis methods and modeling and is based on the healthcare benefit and funding designs currently in place. It considers the Open Enrollment results for plan year 2011, actual enrollment through November 2010 and actual cash flow experience through October 2010.

The Post-Session Outlook presented on August 2010 reported and recognized the fiscal impact resulting from the 2010 legislative actions and from FY 2009-10 enrollment and cash flow experience. The outlook was prepared based on laws and administration existing at the time of the report and it did not include the impact, if any, of the Federal Patient Protection and Affordable Care Act.

This financial outlook uses the Post-Session Outlook as the base and reports, recognizes and estimates the fiscal impact of the activities and developments listed below:

1. Monthly enrollment activity through November 2010.
2. Open Enrollment results for plan year 2011.
3. Revenue and claims experience through October 2010.
4. Amendment of Pharmacy Benefits Manager (PBM) contract effective January 2011.
5. Federal Patient Protection and Affordable Care Act (PPACA).

The cash position has changed for the forecast period due to the activities mentioned above. The Trust Fund is expected to remain solvent through FY 2010-11. The projected ending cash balance for Fiscal Year 2010-11 increased from \$226.0 million to \$243.1 million, up \$17.1 million; the estimated operating gain increased from \$1.4 million to \$18.5 million. The projected ending cash balance for Fiscal Year 2011-12 increased from \$59.0 million to \$99.6 million, up \$40.6 million; the estimated operating loss decreased from \$167.0 million to \$143.5 million, down \$23.5 million.

With no changes to benefit attributes, covered services, premium rates, or other plan factors, the Trust Fund is projected to go from a cash surplus of \$243.1 million in FY 2010-11 to a projected ending cash deficit of \$228.7 million in Fiscal Year 2012-13. Projected revenue will fall short in meeting health plan cost growth by \$328.3 million.

Following is a summary of the outlook through Fiscal Year 2013-14.

Financial Outlook

(Dollars in Millions)	Actual	Actual & Projected	----- Projected -----		
	2009-10	2010-11	2011-12	2012-13	2013-14*
Beginning Cash Balance	206.2	224.6	243.1	99.6	0.0
Revenues	1,792.0	1,901.8	1,901.6	1,959.1	2,081.4
Expenses	<u>1,773.6</u>	<u>1,883.3</u>	<u>2,045.1</u>	<u>2,287.4</u>	<u>2,686.5</u>
Operating Gain/ (Loss)	<u>18.4</u>	<u>18.5</u>	<u>(143.5)</u>	<u>(328.3)</u>	<u>(605.1)</u>
Ending Cash Balance	<u><u>224.6</u></u>	<u><u>243.1</u></u>	<u><u>99.6</u></u>	<u><u>(228.7)</u></u>	<u><u>(605.1)</u></u>

* Assumes no carry forward of negative cash balances from prior year.

Growth Trends

The cash position of the Trust Fund improved from the previous outlook through the forecast period, except for FY 2013-14. Changes are primarily from refinements to the forecast to recognize the fiscal impact of the activities and developments listed above.

Enrollment patterns suggest decreases in Insurance Premiums, PPO Medical Costs, ASO Fee, Prescription Drugs, and HMO Premium Payments due primarily to a decline in enrollment and category distribution changes as compared with previous projections. Projected non-premium revenue remains stable through the forecast period with minor changes in investment interest due to an increase in expected rate of return from 1.5% to 2.0% and increased ending balances coupled with decreases in Medicare Part D Subsidy resulting from new actuarial projections.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Recurring growth in expenses (10.7%) through the forecast period with relatively stable revenues upon implementation of the rate increase in December 2010 for January 2011 coverage will cause significant deterioration of the cash position in Fiscal Year 2011-12. Attention to the cash position will be required in order to maintain sufficient cash balances for operations.

The declining employee membership trend coupled with increasing retiree membership trend in the Self-Insured Preferred Provider Organization (PPO) Plans and the matured benefit attribute structure continues to impact utilization patterns and costs for the state. The medical growth rate for the forecast period is consistent with the previous assumption of 9.5%. The assumed growth rate falls within the expected industry range of 5.9% to 11.7%.

Improved financial terms in the self-insured PPO health plans resulting from the amendment of the current contract with the Pharmacy Benefits Manager (Caremark, L.L.C.) through December 31, 2011 will result in lower overall rebates and higher price discounts for mail order prescribed drugs. Net savings in the amount of approximately \$2.0 million per year will result from this initiative. However, increased utilization along with cost increases are adversely impacting the cost of the program.

Prescription drugs are vital to preventing and treating illness and in helping to avoid more costly medical problems. The main factors driving changes in prescription drug spending are: (1) utilization, (2) price changes, and (3) changes in the types of drugs used. The prescription drug market continues to provide opportunities for the dispensing of generic drugs. The offering of new and more expensive biotech/specialty drugs counterbalances the trend towards the utilization of less expensive generic drugs.

The overall cost trend, excluding FY 13-14, has been increased from 8.5% to 9.2% for the forecast period due primarily to the trending of higher actual than expected costs. The assumed growth rate falls within the expected industry range of 9.2% – 11.3%.

The weighted-average increase in premium rates for the Fully-Insured State-contracted Health Maintenance Organization (HMO) Plans for plan years 2012, 2013, and 2014 was decreased from 10.5% to 10.0% to align with survey and actual negotiated increases in the last years. The assumed growth rate falls within the expected industry range of 8.8% – 10.6%.

For plan year 2010, all but one county in Florida will have at least one HMO plan offering. The PPO standard and high deductible health plans remain available statewide.

Following is a summary of the trends used in the previous projections and those used for the development of this outlook.

	<u>Conference August 2010 ⁽³⁾</u>			<u>Conference December 2010 ⁽⁴⁾</u>		
	Trend	Industry Range		Trend	Industry Range	
PPO Medical Claims	9.5%	5.9%	- 11.2%	9.5%	5.9%	- 11.7%
PPO Prescription Drug Claims ⁽¹⁾	8.5%	6.1%	- 10.5%	9.2%	9.2%	- 11.3%
HMO Premium Payments ⁽²⁾	10.5%	10.0%	- 14.0%	10.0%	8.8%	- 10.6%

Notes:

(1) Excludes FY 13-14.

(2) Actual weighted average HMO Premium increase for Calendar Year 2011 was negotiated at 3.0%, in compliance with HB 5001.

(3) Survey data for CY 2010.

(4) Survey data for CY 2011.

It is noteworthy that the contractual agreements with the PPO-Pharmacy Benefits Manager and the HMO vendors are due to expire on December 31, 2011. Assumptions and projected growth rates used for the forecast could be directly impacted by the results of the procurement of these contracts.

Enrollment

Open Enrollment results for 2011 reflect a continuing migration trend from the PPO plans to the HMO plans resulting in an annual decrease in the PPO enrollment of approximately 2,200 contracts, or 2.4%, and an annual increase in the HMO enrollment of approximately 2,700 contracts, or 3.2%.

Enrollment patterns for calendar years 2008, 2009, and 2010 reflect a decreasing trend of -0.9%, 0.0% and 0.9%, respectively. The PPO plans continue having a disproportionate higher share of post-employment subscribers as compared to the HMO plans.

Growth in total subscriber enrollment is projected at an annual average of 0.3% through the forecast period. Lower than expected employee enrollment resulting from monthly activity through November 2010, migration trend from the PPO plans to the HMO plans, and category shifts are contributing to adjustments to the enrollment projections. The affected revenue and expense components of the outlook have been adjusted accordingly to consider the decrease in enrollment beyond previous projections.

Subscriber migration and new hire election patterns indicate continuing change in the enrollment distribution between the PPO plans and the HMO plans. Fiscal Year 2010-11 total enrollment distribution is projected at 52.4% in the PPO plans and 47.6% in the HMO plans. However, employee enrollment is projected at 45.4% in the PPO plans and 54.6% in the HMO plans, during the same period.

Approximately 1,439 subscribers (1,367 active employees) are currently enrolled in a High Deductible Health Plan (0.8% of total enrollment). Approximately 878 of those active employees, or 64.2%, are participating in the integrated state-sponsored Health Savings Account offering.

Federal Patient Protection and Affordable Care Act (PPACA)

The recently enacted Patient Protection and Affordable Care Act (PPACA), as amended by the Health Care and Education Reconciliation Act (HCERA), creates a broad array of issues for employers' health benefit programs and the US health care system. New mandates and changes imposed by the law affect the design, cost, tax treatment, administration, reporting and disclosure of health benefit programs. Some new provisions go into effect this year, but many will not take effect for several years.

PPACA imposes new mandates or standards for individual and group health coverage. With a few exceptions, all insured and self-insured group health plans will face a first round of coverage and cost-sharing mandates for plan years beginning on or after six months after March 23, 2010.

The state retained a consultant to estimate the fiscal impact to the trust fund as a result of PPACA. Estimates are being presented in the outlook as a single line in the Revenue and Expense categories with supporting detail in appendixes 1 and 2 of the Financial Outlook. Assumptions and methodologies used by consultant in the development of the estimates are provided in the consultant's report dated September 15, 2010. Some of the key assumptions are listed below:

1. Non-grandfathered status for the State Employees' Group Health Insurance Program (the Program).
2. Premium contributions are based on the premium rates effective December 2010 for January 2011 coverage and are used through the forecast period.
3. Annual increases in costs for medical and prescription drug claims and HMO premium payments are based on Mercer's assumptions, proprietary models and employer marketplace trends.
4. Approximately 770 enrollees will drop participation in the Program and enroll in Medicaid on January 1, 2014 as a result of the implementation of the "Medicaid Expansion and Migration into Exchange" reform.
5. Approximately 21,470 (12,882 permanent employees and 8,588 OPS employees) will elect to participate in the Program on January 1, 2014 as a result of the implementation of the "Individual Mandate with Federal Subsidies" reform.
 - a. Increase in Employer Insurance Premium contributions estimated at \$110.78 million.
 - b. Increase in Employee Insurance Premium contributions estimated at \$5.11 million.
 - c. Total estimated increase of \$115.89 million (Net total revenues (R) for FY 13-14, page 21, item #12).

It will be necessary to continually monitor and review the PPACA over the next several years, particularly as some provisions are still very fluid and further regulations are still pending. This will ensure that the fiscal impact on the Trust Fund is fully understood and the state can make decisions accordingly.

Exhibits

The exhibits that follow provide more in-depth information about projected enrollment, expected health care cost growth, cash positions and comparisons to the previous outlook.

Appendixes

Appendix 1 provides detailed information on the estimated fiscal impact to the forecast from the PPACA.

Appendix 2 provides summary information about PPACA reforms and their estimated fiscal impact on the forecast.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit I

Financial Outlook by Fiscal Year ^{(1) (2)}

Highlights of Changes to Forecast - Conference December 2010 Compared to August 2010

(In Millions)

	FY 10-11			FY 11-12			FY 12-13			FY 13-14		
	<u>Aug '10</u>	<u>Dec '10</u>	<u>Diff.</u>	<u>Aug '10</u>	<u>Dec '10</u>	<u>Diff.</u>	<u>Aug '10</u>	<u>Dec '10</u>	<u>Diff.</u>	<u>Aug '10</u>	<u>Dec '10</u>	<u>Diff.</u>
Beginning Balance	\$ 224.6	\$ 224.6	\$ 0.0	\$ 226.0	\$ 243.1	\$ 17.1	\$ 59.0	\$ 99.6	\$ 40.6	\$ 0.0	\$ 0.0	\$ 0.0
Revenues:												
Insurance Premiums	\$ 1,845.4	\$ 1,827.8	\$ (17.6)	\$ 1,850.9	\$ 1,829.0	\$ (21.9)	\$ 1,916.3	\$ 1,888.8	\$ (27.5)	\$ 1,934.0	\$ 1,900.0	\$ (34.0)
Investment Interest	3.4	4.6	1.2	2.1	3.3	1.2	0.0	0.0	0.0	0.0	0.0	0.0
PBM Rebates	22.8	21.8	(1.0)	23.7	22.3	(1.4)	24.5	23.1	(1.4)	24.9	23.6	(1.3)
Medicare Part D	21.2	21.4	0.2	22.8	21.8	(1.0)	23.7	22.0	(1.7)	24.5	22.6	(1.9)
Other Revenues	25.3	26.2	0.9	25.2	25.2	0.0	25.2	25.2	0.0	25.2	25.2	0.0
PPACA	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>110.0</u>	<u>110.0</u>
Total Revenues	\$ 1,918.1	\$ 1,901.8	\$ (16.3)	\$ 1,924.7	\$ 1,901.6	\$ (23.1)	\$ 1,989.7	\$ 1,959.1	\$ (30.6)	\$ 2,008.6	\$ 2,081.4	\$ 72.8
Total Available	<u>\$ 2,142.7</u>	<u>\$ 2,126.4</u>	<u>\$ (16.3)</u>	<u>\$ 2,150.7</u>	<u>\$ 2,144.7</u>	<u>\$ (6.0)</u>	<u>\$ 2,048.7</u>	<u>\$ 2,058.7</u>	<u>\$ 10.0</u>	<u>\$ 2,008.6</u>	<u>\$ 2,081.4</u>	<u>\$ 72.8</u>
Expenses:												
PPO Expenses:												
Medical Claims	\$ 629.8	\$ 613.6	\$ (16.2)	\$ 674.7	\$ 658.1	\$ (16.6)	\$ 722.1	\$ 704.9	\$ (17.2)	\$ 772.5	\$ 755.2	\$ (17.3)
ASO Fee	19.9	19.8	(0.1)	19.8	19.7	(0.1)	19.4	19.3	(0.1)	18.9	18.9	0.0
Prescription Drug	261.8	261.5	(0.3)	279.6	278.6	(1.0)	300.9	302.3	1.4	332.2	334.3	2.1
HMO Premiums	997.2	987.4	(9.8)	1,109.6	1,089.1	(20.5)	1,273.8	1,236.9	(36.9)	1,460.1	1,400.8	(59.3)
HSA Deposits	1.4	1.5	0.1	1.4	1.5	0.1	1.4	1.5	0.1	1.4	1.5	0.1
Oper Costs / Assess	2.7	2.6	(0.1)	2.7	2.6	(0.1)	2.7	2.6	(0.1)	2.7	2.6	(0.1)
Other Expenses	3.9	3.9	0.0	3.9	3.9	0.0	3.9	3.9	0.0	3.9	3.9	0.0
PPACA	<u>0.0</u>	<u>(7.0)</u>	<u>(7.0)</u>	<u>0.0</u>	<u>(8.4)</u>	<u>(8.4)</u>	<u>0.0</u>	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>	<u>169.3</u>	<u>169.3</u>
Total Expenses	\$ 1,916.7	\$ 1,883.3	\$ (33.4)	\$ 2,091.7	\$ 2,045.1	\$ (46.6)	\$ 2,324.2	\$ 2,287.4	\$ (36.8)	\$ 2,591.7	\$ 2,686.5	\$ 94.8
Excess of Revenues over Expenses	<u>\$ 1.4</u>	<u>\$ 18.5</u>	<u>\$ 17.1</u>	<u>\$ (167.0)</u>	<u>\$ (143.5)</u>	<u>\$ 23.5</u>	<u>\$ (334.5)</u>	<u>\$ (328.3)</u>	<u>\$ 6.2</u>	<u>\$ (583.1)</u>	<u>\$ (605.1)</u>	<u>\$ (22.0)</u>
Ending Cash Balance	<u>\$ 226.0</u>	<u>\$ 243.1</u>	<u>\$ 17.1</u>	<u>\$ 59.0</u>	<u>\$ 99.6</u>	<u>\$ 40.6</u>	<u>\$ (275.5)</u>	<u>\$ (228.7)</u>	<u>\$ 46.8</u>	<u>\$ (583.1)</u>	<u>\$ (605.1)</u>	<u>\$ (22.0)</u>

⁽¹⁾ Revenue and Expense categories have been collapsed to present the highlights of changes to forecast.

⁽²⁾ Exhibits II to X present detail forecast information, per fiscal year.

Highlights of Changes to Forecast

- Net results of outlook changes are favorable for the forecast period, except for FY 13-14.
- Inclusion of actual lower than previously projected enrollment activity through November 2010.
 - * Impact to revenue and expense components.
- Inclusion of actual lower than previously projected results of Open Enrollment for 2011.
 - * Lower decrease in PPO Plans enrollment.
 - * Lower increase in HMO Plans enrollment.
 - * Impact to revenue and expense components.
- Inclusion of actual revenue and expense experience through October 2010.
 - * Impact to revenue and expense components.
 - * Increase in prescription drug cost trend for fiscal years 2010-11 through 2012-13 from 8.5% to 9.2%.
 - * Decrease in weighted-average increase trend for plan years 2012 through 2014 from 10.5% to 10.0%.
- Inclusion of estimated fiscal impact of amendment to the Pharmacy Benefits Manager contract effective January 1, 2011.
- Inclusion of estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

Exhibit II
Financial Outlook
By Fiscal Year (In Millions)

	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>	<u>FY 13-14</u>
	<u>Actual</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>	<u>Estimate ⁽¹⁾</u>
BEGINNING CASH BALANCE	\$ 206.2	\$ 224.6	\$ 243.1	\$ 99.6	\$ 0.0 ⁽²⁾
REVENUES:					
Insurance Premiums:					
Employer	\$ 1,365.0 ⁽³⁾	\$ 1,450.1 ⁽³⁾⁽⁴⁾	\$ 1,444.6 ⁽³⁾⁽⁴⁾	\$ 1,493.5 ⁽⁴⁾	\$ 1,498.0 ⁽⁴⁾
Employee	160.9 ⁽³⁾	168.9 ⁽³⁾⁽⁴⁾	165.3 ⁽³⁾⁽⁴⁾	171.4 ⁽⁴⁾	172.5 ⁽⁴⁾
HSA Contributions ⁽⁵⁾	1.4	1.5	1.5	1.5	1.5
COBRA	7.2	6.9 ⁽⁴⁾	7.0 ⁽⁴⁾	7.0 ⁽⁴⁾	7.0 ⁽⁴⁾
Early Retiree	58.5	62.7 ⁽⁴⁾	64.0 ⁽⁴⁾	64.0 ⁽⁴⁾	64.0 ⁽⁴⁾
Medicare	123.4	137.7 ⁽⁴⁾	146.6 ⁽⁴⁾	151.4 ⁽⁴⁾	157.0 ⁽⁴⁾
Investment Interest	3.6	4.6	3.3	0.0	0.0
TPA Refunds	8.8	8.1	7.2	7.2	7.2
PBM Rebates	24.0	21.8	22.3	23.1	23.6
Pretax Trust Fund Transfer	18.2	18.1	18.0	18.0	18.0
Medicare Part D Subsidy	20.1	21.4	21.8	22.0	22.6
Other Revenues	0.9	0.0	0.0	0.0	0.0
PPACA ⁽⁶⁾	0.0	0.0	0.0	0.0	110.0
TOTAL REVENUES	\$ 1,792.0	\$ 1,901.8	\$ 1,901.6	\$ 1,959.1	\$ 2,081.4
TOTAL CASH AVAILABLE	\$ 1,998.2	\$ 2,126.4	\$ 2,144.7	\$ 2,058.7	\$ 2,081.4
EXPENSES:					
State PPO Plan:					
Medical Claims	\$ 589.6	\$ 613.6	\$ 658.1	\$ 704.9	\$ 755.2
ASO Fee	20.1	19.8	19.7	19.3	18.9
Bank Services ⁽⁷⁾	0.1	0.0	0.0	0.0	0.0
Prescription Drug Claims	252.8	261.5 ⁽⁸⁾	278.6 ⁽⁸⁾	302.3 ⁽⁸⁾	334.3 ⁽⁸⁾⁽⁹⁾
PBM Claims Administration	0.3	0.3	0.3	0.3	0.3
HMO Premium Payments	903.6	987.4	1,089.1	1,236.9	1,400.8
HSA Deposits ⁽⁵⁾	1.4	1.5	1.5	1.5	1.5
Operating Costs & Admin Assessment	2.3	2.6	2.6	2.6	2.6
Premium Refunds	3.3	3.5	3.5	3.5	3.5
Other Expenses	0.1	0.1	0.1	0.1	0.1
PPACA ⁽⁶⁾	0.0	(7.0)	(8.4)	16.0	169.3
TOTAL EXPENSES	\$ 1,773.6	\$ 1,883.3	\$ 2,045.1	\$ 2,287.4	\$ 2,686.5
EXCESS OF REVENUES OVER EXPENSES	\$ 18.4	\$ 18.5	\$ (143.5)	\$ (328.3)	\$ (605.1)
ENDING CASH BALANCE	\$ 224.6	\$ 243.1	\$ 99.6	\$ (228.7)	\$ (605.1)

Average Enrollment by Plan	PPO Standard	94,950	91,951	89,929	87,947	86,041 ⁽¹⁰⁾
	PPO HIHP	893	959	977	977	977 ⁽¹⁰⁾
	HMO Standard	80,911	83,886	86,666	89,333	91,829 ⁽¹⁰⁾
	HMO HIHP	441	457	443	443	443 ⁽¹⁰⁾
	Total	177,195	177,253	178,015	178,700	179,290
Average Enrollment by Coverage Type	Active Standard	139,479	139,051	139,173	139,244	139,220 ⁽¹⁰⁾
	Active HIHP	1,255	1,337	1,338	1,338	1,338 ⁽¹⁰⁾
	COBRA	876	821	801	801	801 ⁽¹⁰⁾
	Early Retiree	7,912	7,692	7,700	7,700	7,700 ⁽¹⁰⁾
	Medicare	27,673	28,352	29,003	29,617	30,231 ⁽¹⁰⁾
	Total	177,195	177,253	178,015	178,700	179,290

⁽¹⁾ Actual results may differ from projected values with increasing likelihood of variance in future periods.

⁽²⁾ Assumes no carry forward of negative ending cash balance from prior year.

⁽³⁾ Includes estimated timing impact of the receipt of 1st fiscal year biweekly payroll.

⁽⁴⁾ Includes fiscal impact of insurance premium rate changes effective December 2010 and May 2011.

⁽⁵⁾ Contributions approximate a split between employer and employee of 41% and 59%, respectively.

⁽⁶⁾ Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

⁽⁷⁾ Bank Services are estimated at approximately \$35,000/per year for the projected period, which rounds to \$0.0M.

⁽⁸⁾ Includes estimated fiscal impact of PBM contract amendment effective January 1, 2011.

⁽⁹⁾ Includes growth trend for prescription drug claims of 13.0%, consistent with previous outlook.

⁽¹⁰⁾ Does not include estimated impact to enrollment of certain PPACA reforms.

Exhibit III

Financial Outlook

Fiscal Year 2010-11 (In Millions)

	(A) Aug '10	(B) Dec '10	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 224.6	\$ 224.6	\$ 0.0
REVENUES:			
Insurance Premiums: ⁽¹⁾			
Employer ⁽²⁾	\$ 1,466.2	\$ 1,450.1	\$ (16.1)
Employee ⁽²⁾	170.6	168.9	(1.7)
HSA Contributions ⁽³⁾	1.4	1.5	0.1
COBRA ⁽²⁾	7.6	6.9	(0.7)
Early Retiree ⁽²⁾	62.3	62.7	0.4
Medicare ⁽²⁾	137.3	137.7	0.4
Investment Interest	3.4	4.6	1.2
TPA Refunds	7.2	8.1	0.9
PBM Rebates	22.8	21.8	(1.0)
Pretax Trust Fund Transfer	18.1	18.1	0.0
Medicare Part D Subsidy	21.2	21.4	0.2
PPACA ⁽⁴⁾	0.0	0.0	0.0
TOTAL REVENUES	\$ 1,918.1	\$ 1,901.8	\$ (16.3)
TOTAL CASH AVAILABLE	\$ 2,142.7	\$ 2,126.4	\$ (16.3)
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 629.8	\$ 613.6	\$ (16.2)
ASO Fee	19.9	19.8	(0.1)
Bank Services ⁽⁵⁾	0.0	0.0	0.0
Prescription Drug Claims	261.8	261.5 ⁽⁶⁾	(0.3)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	997.2	987.4	(9.8)
HSA Deposits ⁽³⁾	1.4	1.5	0.1
Operating Costs & Admin Assessment	2.7	2.6	(0.1)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA ⁽⁴⁾	0.0	(7.0)	(7.0)
TOTAL EXPENSES	\$ 1,916.7	\$ 1,883.3	\$ (33.4)
EXCESS OF REVENUES OVER EXPENSES	\$ 1.4	\$ 18.5	\$ 17.1
ENDING CASH BALANCE	\$ 226.0	\$ 243.1	\$ 17.1
Average Enrollment by Plan			
PPO Standard	92,511	91,951	(560)
PPO HIHP	892	959	67
HMO Standard	84,507	83,886	(621)
HMO HIHP	429	457	28
Total	178,339	177,253	(1,086)
Average Enrollment by Coverage Type			
Active Standard	140,219	139,051	(1,168)
Active HIHP	1,243	1,337	94
COBRA	874	821	(53)
Early Retiree	7,694	7,692	(2)
Medicare	28,309	28,352	43
Total	178,339	177,253	(1,086)

⁽¹⁾ Includes estimated timing impact of the receipt of 1st fiscal year biweekly payroll.⁽²⁾ Includes fiscal impact of insurance premium rate changes effective December 2010 and May 2011.⁽³⁾ Contributions approximate a split between employer and employee of 41% and 59%, respectively.⁽⁴⁾ Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).⁽⁵⁾ Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.⁽⁶⁾ Includes estimated fiscal impact of PBM contract amendment effective January 1, 2011.

Exhibit IV

Financial Outlook

Fiscal Year 2011-12 (In Millions)

	(A) Aug '10	(B) Dec '10	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 226.0	\$ 243.1	\$ 17.1
REVENUES:			
Insurance Premiums: ⁽¹⁾			
Employer ⁽²⁾	\$ 1,464.3	\$ 1,444.6	\$ (19.7)
Employee ⁽²⁾	167.6	165.3	(2.3)
HSA Contributions ⁽³⁾	1.4	1.5	0.1
COBRA ⁽²⁾	7.9	7.0	(0.9)
Early Retiree ⁽²⁾	63.6	64.0	0.4
Medicare ⁽²⁾	146.1	146.6	0.5
Investment Interest	2.1	3.3	1.2
TPA Refunds	7.2	7.2	0.0
PBM Rebates	23.7	22.3	(1.4)
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	22.8	21.8	(1.0)
PPACA ⁽⁴⁾	0.0	0.0	0.0
TOTAL REVENUES	\$ 1,924.7	\$ 1,901.6	\$ (23.1)
TOTAL CASH AVAILABLE	\$ 2,150.7	\$ 2,144.7	\$ (6.0)
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 674.7	\$ 658.1	\$ (16.6)
ASO Fee	19.8	19.7	(0.1)
Bank Services ⁽⁵⁾	0.0	0.0	0.0
Prescription Drug Claims	279.6	278.6 ⁽⁶⁾	(1.0)
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,109.6	1,089.1	(20.5)
HSA Deposits ⁽³⁾	1.4	1.5	0.1
Operating Costs & Admin Assessment	2.7	2.6	(0.1)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA ⁽⁴⁾	0.0	(8.4)	(8.4)
TOTAL EXPENSES	\$ 2,091.7	\$ 2,045.1	\$ (46.6)
EXCESS OF REVENUES OVER EXPENSES	\$ (167.0)	\$ (143.5)	\$ 23.5
ENDING CASH BALANCE	\$ 59.0	\$ 99.6	\$ 40.6
Average Enrollment by Plan			
PPO Standard	90,400	89,929	(471)
PPO HIHP	892	977	85
HMO Standard	87,803	86,666	(1,137)
HMO HIHP	429	443	14
Total	179,524	178,015	(1,509)
Average Enrollment by Coverage Type			
Active Standard	140,736	139,173	(1,563)
Active HIHP	1,243	1,338	95
COBRA	874	801	(73)
Early Retiree	7,694	7,700	6
Medicare	28,977	29,003	26
Total	179,524	178,015	(1,509)

(1) Includes estimated timing impact of the receipt of 1st fiscal year biweekly payroll.

(2) Includes fiscal impact of insurance premium rate changes effective December 2010 and May 2011.

(3) Contributions approximate a split between employer and employee of 41% and 59%, respectively.

(4) Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

(5) Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.

(6) Includes estimated fiscal impact of PBM contract amendment effective January 1, 2011.

Exhibit V

Financial Outlook

Fiscal Year 2012-13 (In Millions)

	(A) Aug '10	(B) Dec '10	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 59.0	\$ 99.6	\$ 40.6
REVENUES:			
Insurance Premiums:			
Employer ⁽¹⁾	\$ 1,517.8	\$ 1,493.5	\$ (24.3)
Employee ⁽¹⁾	174.5	171.4	(3.1)
HSA Contributions ⁽²⁾	1.4	1.5	0.1
COBRA ⁽¹⁾	7.9	7.0	(0.9)
Early Retiree ⁽¹⁾	63.6	64.0	0.4
Medicare ⁽¹⁾	151.1	151.4	0.3
Investment Interest	0.0	0.0	0.0
TPA Refunds	7.2	7.2	0.0
PBM Rebates	24.5	23.1	(1.4)
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	23.7	22.0	(1.7)
PPACA ⁽³⁾	0.0	0.0	0.0
TOTAL REVENUES	\$ 1,989.7	\$ 1,959.1	\$ (30.6)
TOTAL CASH AVAILABLE	\$ 2,048.7	\$ 2,058.7	\$ 10.0
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 722.1	\$ 704.9	\$ (17.2)
ASO Fee	19.4	19.3	(0.1)
Bank Services ⁽⁴⁾	0.0	0.0	0.0
Prescription Drug Claims	300.9	302.3 ⁽⁵⁾	1.4
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,273.8	1,236.9	(36.9)
HSA Deposits ⁽²⁾	1.4	1.5	0.1
Operating Costs & Admin Assessment	2.7	2.6	(0.1)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA ⁽³⁾	0.0	16.0	16.0
TOTAL EXPENSES	\$ 2,324.2	\$ 2,287.4	\$ (36.8)
EXCESS OF REVENUES OVER EXPENSES	\$ (334.5)	\$ (328.3)	\$ 6.2
ENDING CASH BALANCE	\$ (275.5)	\$ (228.7)	\$ 46.8
Average Enrollment by Plan			
PPO Standard	88,349	87,947	(402)
PPO HIHP	892	977	85
HMO Standard	91,076	89,333	(1,743)
HMO HIHP	429	443	14
Total	180,746	178,700	(2,046)
Average Enrollment by Coverage Type			
Active Standard	141,291	139,244	(2,047)
Active HIHP	1,243	1,338	95
COBRA	874	801	(73)
Early Retiree	7,694	7,700	6
Medicare	29,644	29,617	(27)
Total	180,746	178,700	(2,046)

(1) Includes fiscal impact of insurance premium rate changes effective December 2010 and May 2010.

(2) Contributions approximate a split between employer and employee of 41% and 59%, respectively.

(3) Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

(4) Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.

(5) Includes estimated fiscal impact of PBM contract amendment effective January 1, 2011.

Exhibit VI

Financial Outlook

Fiscal Year 2013-14 (In Millions)

	(A) Aug '10	(B) Dec '10	(B) - (A) Difference
BEGINNING CASH BALANCE	\$ 0.0 ⁽¹⁾	\$ 0.0 ⁽¹⁾	\$ 0.0
REVENUES:			
Insurance Premiums:			
Employer ⁽²⁾	\$ 1,527.9	\$ 1,498.0	\$ (29.9)
Employee ⁽²⁾	176.6	172.5	(4.1)
HSA Contributions ⁽³⁾	1.4	1.5	0.1
COBRA ⁽²⁾	7.9	7.0	(0.9)
Early Retiree ⁽²⁾	63.6	64.0	0.4
Medicare ⁽²⁾	156.6	157.0	0.4
Investment Interest	0.0	0.0	0.0
TPA Refunds	7.2	7.2	0.0
PBM Rebates	24.9	23.6	(1.3)
Pretax Trust Fund Transfer	18.0	18.0	0.0
Medicare Part D Subsidy	24.5	22.6	(1.9)
PPACA ⁽⁴⁾	0.0	110.0	110.0
TOTAL REVENUES	\$ 2,008.6	\$ 2,081.4	\$ 72.8
TOTAL CASH AVAILABLE	\$ 2,008.6	\$ 2,081.4	\$ 72.8
EXPENSES:			
State PPO Plan:			
Medical Claims	\$ 772.5	\$ 755.2	\$ (17.3)
ASO Fee	18.9	18.9	0.0
Bank Services ⁽⁵⁾	0.0	0.0	0.0
Prescription Drug Claims ⁽⁶⁾	332.2	334.3 ⁽⁷⁾	2.1
PBM Claims Administration	0.3	0.3	0.0
HMO Premium Payments	1,460.1	1,400.8	(59.3)
HSA Deposits ⁽³⁾	1.4	1.5	0.1
Operating Costs & Admin Assessment	2.7	2.6	(0.1)
Premium Refunds	3.5	3.5	0.0
Other Expenses	0.1	0.1	0.0
PPACA ⁽⁴⁾	0.0	169.3	169.3
TOTAL EXPENSES	\$ 2,591.7	\$ 2,686.5	\$ 94.8
EXCESS OF REVENUES OVER EXPENSES	\$ (583.1)	\$ (605.1)	\$ (22.0)
ENDING CASH BALANCE	\$ (583.1)	\$ (605.1)	\$ (22.0)
Average Enrollment by Plan			
PPO Standard	86,298	86,041 ⁽⁸⁾	(257)
PPO HIHP	892	977 ⁽⁸⁾	85
HMO Standard	94,349	91,829 ⁽⁸⁾	(2,520)
HMO HIHP	429	443 ⁽⁸⁾	14
Total	181,968	179,290	(2,678)
Average Enrollment by Coverage Type			
Active Standard	141,846	139,220 ⁽⁸⁾	(2,626)
Active HIHP	1,243	1,338 ⁽⁸⁾	95
COBRA	874	801 ⁽⁸⁾	(73)
Early Retiree	7,694	7,700 ⁽⁸⁾	6
Medicare	30,311	30,231 ⁽⁸⁾	(80)
Total	181,968	179,290	(2,678)

⁽¹⁾ Assumes no carry forward of negative ending cash balance from prior year.⁽²⁾ Includes fiscal impact of insurance premium rate changes effective December 2010 and May 2011.⁽³⁾ Contributions approximate a split between employer and employee of 41% and 59%, respectively.⁽⁴⁾ Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).⁽⁵⁾ Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.⁽⁶⁾ Includes growth trend for prescription drug claims of 13.0%, consistent with previous outlook.⁽⁷⁾ Includes estimated fiscal impact of PBM contract amendment effective January 1, 2011.⁽⁸⁾ Does not include estimated impact to enrollment of certain PPACA reforms.

Exhibit VII
Comparison of Financial Outlooks
Fiscal Year 2010-11
(In Millions)

\$ 226.0 Previous Ending Cash Balance Forecast ⁽¹⁾

(16.3) Decrease in Revenue Forecast

- (17.6) - Decrease in employer and enrollee Insurance Premiums
 - (12.7) - Decrease due to a decrease in projected enrollment from 178,339 to 177,253
 - (5.0) - Decrease due to changes in enrollment distribution between single and family contracts
 - 0.1 - Increase in HSA deposits due to higher projected deposit activity
- 1.2 - Increase in Investment Interest
 - 1.1 - Increase due to an increase in expected rate of return from 1.5% to 2.0%
 - 0.1 - Increase due to projected increase in cash balance
- 0.9 - Increase in TPA refunds due to higher actual than projected activity
- (1.0) - Decrease in PBM rebates
 - (0.3) - Decrease due to amendment effective January 2011
 - (0.7) - Decrease due to a decrease in projected PPO Plans enrollment from 93,403 to 92,910
- 0.2 - Increase in Medicare Part D Subsidy due to higher actual than projected receipts for Plan Year 2010

(33.4) Decrease in Expense Forecast

- (16.2) - Decrease in PPO Plan Medical Claims
 - (12.9) - Decrease due to lower actual than projected paid claims through October 2010
 - (3.3) - Decrease due to a decrease in projected enrollment from 93,403 to 92,910
- (0.1) - Decrease in ASO fee due to a decrease in projected enrollment from 93,403 to 92,910
- (0.3) - Decrease in PPO Plan Prescription Drug Claims
 - 2.0 - Increase due to higher actual than projected paid claims through October 2010 and an increase in cost projections
 - (1.4) - Decrease due to a decrease in projected enrollment from 93,403 to 92,910
 - (0.9) - Decrease due to amendment effective January 2011
- (9.8) - Decrease in HMO Premium Payments
 - (7.0) - Decrease due to a decrease in projected enrollment from 84,936 to 84,343
 - (2.8) - Decrease due to changes in enrollment distribution between single and family contracts
- 0.1 - Increase in HSA deposits due to higher projected deposit activity
- (0.1) - Decrease in Operating Costs due to lower than projected Administrative Assessment
- (7.0) - Decrease due to estimated fiscal impact of PPACA

\$ 243.1 Ending Cash Balance

⁽¹⁾ August 2010

Exhibit VIII
Comparison of Financial Outlooks
Fiscal Year 2011-12
(In Millions)

\$ 59.0	Previous Ending Cash Balance Forecast ⁽¹⁾
17.1	Increase in Beginning Cash Balance Forecast
(23.1)	Decrease in Revenue Forecast
	(21.9) - Decrease in employer and enrollee Insurance Premiums (17.4) - Decrease due to a decrease in projected enrollment from 179,524 to 178,015 (4.6) - Decrease due to changes in enrollment distribution between single and family contracts 0.1 - Increase in HSA deposits due to higher projected deposit activity 1.2 - Increase in Investment Interest 1.1 - Increase due to an increase in expected rate of return from 1.5% to 2.0% 0.1 - Increase due to projected increase in cash balance (1.4) - Decrease in PBM rebates (0.7) - Decrease due to amendment effective January 2011 (0.7) - Decrease due to a decrease in projected PPO Plans enrollment from 91,292 to 90,906 (1.0) - Decrease in Medicare Part D Subsidy due to a decrease in the actuarial projections
(46.6)	Decrease in Expense Forecast
	(16.6) - Decrease in PPO Plan Medical Claims (13.8) - Decrease due to lower base for FY 10-11 (2.8) - Decrease due to a decrease in projected enrollment from 91,292 to 90,906 (0.1) - Decrease in ASO fee due to a decrease in projected enrollment from 91,292 to 92,906 (1.0) - Decrease in PPO Plan Prescription Drug Claims 2.6 - Increase due to increase in cost projections (1.2) - Decrease due to a decrease in projected enrollment from 91,292 to 90,906 (2.4) - Decrease due to amendment effective January 2011 (20.5) - Decrease in HMO Premium Payments (14.1) - Decrease due to a decrease in projected enrollment from 88,232 to 87,109 (3.9) - Decrease due to changes in enrollment distribution between single and family contracts (2.5) - Decrease due to decrease in the weighted-average increase in premium rates for Plan Year 2012 from 10.5% to 10.0% 0.1 - Increase in HSA deposits due to higher projected deposit activity (0.1) - Decrease in Operating Costs due to lower than projected Administrative Assessment (8.4) - Decrease due to estimated fiscal impact of PPACA
\$ 99.6	Ending Cash Balance

⁽¹⁾ August 2010

Exhibit IX
Comparison of Financial Outlooks
Fiscal Year 2012-13
(In Millions)

\$ (275.5) Previous Ending Cash Balance Forecast ⁽¹⁾

- 40.6 Increase in Beginning Cash Balance Forecast
- (30.6) Decrease in Revenue Forecast
 - (27.5) - Decrease in employer and enrollee Insurance Premiums
 - (24.0) - Decrease due to a decrease in projected enrollment from 180,746 to 178,700
 - (3.6) - Decrease due to changes in enrollment distribution between single and family contracts
 - 0.1 - Increase in HSA deposits due to higher projected deposit activity
 - (1.4) - Decrease in PBM rebates
 - (0.7) - Decrease due to amendment effective January 2011
 - (0.7) - Decrease due to a decrease in projected PPO Plans enrollment from 89,241 to 88,294
 - (1.7) - Decrease in Medicare Part D Subsidy due to a decrease in the actuarial projections
- (36.8) Decrease in Expense Forecast
 - (17.2) - Decrease in PPO Plan Medical Claims
 - (14.7) - Decrease due to lower base for FY 10-11
 - (2.5) - Decrease due to a decrease in projected enrollment from 89,241 to 88,924
 - (0.1) - Decrease in ASO fee due to a decrease in projected enrollment from 89,241 to 88,924
 - 1.4 - Increase in PPO Plan Prescription Drug Claims
 - 5.0 - Increase due to increase in cost projections
 - (1.0) - Decrease due to a decrease in projected enrollment from 89,241 to 88,924
 - (2.6) - Decrease due to amendment effective January 2011
 - (36.9) - Decrease in HMO Premium Payments
 - (24.1) - Decrease due to a decrease in projected enrollment from 91,505 to 89,776
 - (4.3) - Decrease due to changes in enrollment distribution between single and family contracts
 - (8.5) - Decrease due to decrease in the weighted-average increase in premium rates for Plan Year 2013 from 10.5% to 10.0%
 - 0.1 - Increase in HSA deposits due to higher projected deposit activity
 - (0.1) Decrease in Operating Costs due to lower than projected Administrative Assessment
 - 16.0 - Increase due to estimated fiscal impact of PPACA

\$ (228.7) Ending Cash Balance

⁽¹⁾ August 2010

Exhibit X
Comparison of Financial Outlooks
Fiscal Year 2013-14
(In Millions)

\$ (583.1) Previous Ending Cash Balance Forecast ⁽¹⁾

72.8 Increase in Revenue Forecast

- (34.0) - Decrease in employer and enrollee Insurance Premiums
 - (31.2) - Decrease due to a decrease in projected enrollment from 181,968 to 179,290
 - (2.9) - Decrease due to changes in enrollment distribution between single and family contracts
 - 0.1 - Increase in HSA deposits due to higher projected deposit activity
- (1.3) - Decrease in PBM rebates
 - (0.7) - Decrease due to amendment effective January 2011
 - (0.6) - Decrease due to a decrease in projected PPO Plans enrollment from 87,190 to 87,018
- (1.9) - Decrease in Medicare Part D Subsidy due to a decrease in the actuarial projections
- 110.0 - Increase in revenues due to estimated fiscal impact of PPACA

94.8 Increase in Expense Forecast

- (17.3) - Decrease in PPO Plan Medical Claims
 - (15.7) - Increase due to increase in cost projections
 - (1.6) - Decrease due to a decrease in projected enrollment from 87,190 to 87,018
- 2.1 - Increase in PPO Plan Prescription Drug Claims
 - 5.7 - Increase due to increase in cost projections for FY 10-11 through FY 12-13
 - (0.8) - Decrease due to a decrease in projected enrollment from 87,190 to 87,018
 - (2.8) - Decrease due to amendment effective January 2011
- (59.3) - Decrease in HMO Premium Payments
 - (39.2) - Decrease due to a decrease in projected enrollment from 94,778 to 92,272
 - (4.3) - Decrease due to changes in enrollment distribution between single and family contracts
 - (15.8) - Decrease due to decrease in the weighted-average increase in premium rates for Plan Year 2014 from 10.5% to 10.0%
- 0.1 - Increase in HSA Deposits due to higher projected deposit activity
- (0.1) - Decrease in Operating Costs due to lower than projected Administrative Assessment
- 169.3 - Increase in expenses due to estimated fiscal impact of PPACA

(605.1) Ending Cash Balance

⁽¹⁾ August 2010

Exhibit XI
Premium Rate Table
Effective July 2010 for August 2010 Coverage

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer ⁽⁸⁾	Enrollee	Total
Career Service	Monthly Full -Time Employees ⁽¹⁾	Single	473.62	50.00	523.62	473.62	15.00	488.62
		Family	1,004.14	180.00	1,184.14	1,004.14	64.30	1,068.44
		Spouse	1,154.16	30.00	1,184.16	1,038.44	30.00	1,068.44
	Bi-Weekly Full -Time Employees ⁽¹⁾	Single	236.81	25.00	261.81	236.81	7.50	244.31
		Family	502.07	90.00	592.07	502.07	32.15	534.22
		Spouse	577.08	15.00	592.08	519.22	15.00	534.22
"Payalls"	Monthly Full -Time Employees ^(1,2)	Single	515.30	8.34	523.64	480.28	8.34	488.62
		Family	1,154.14	30.00	1,184.14	1,038.44	30.00	1,068.44
	Bi-Weekly Full -Time Employees ^(1,2)	Single	257.65	4.17	261.82	240.14	4.17	244.31
		Family	577.07	15.00	592.07	519.22	15.00	534.22
COBRA	Monthly ⁽³⁾	Single	0.00	534.09	534.09	0.00	455.90	455.90
		Family	0.00	1,207.82	1,207.82	0.00	1,004.81	1,004.81
Early Retirees	Monthly	Single	0.00	523.62	523.62	0.00	446.96	446.96
		Family	0.00	1,184.14	1,184.14	0.00	985.11	985.11
Medicare	Monthly ⁽⁴⁾	(I) One Eligible ⁽⁵⁾	0.00	278.02	278.02	0.00	209.56	209.56
		(II) One Under/Over ⁽⁶⁾	0.00	801.64	801.64	0.00	656.52	656.52
		(III) Both Eligible ⁽⁷⁾	0.00	556.04	556.04	0.00	419.12	419.12
Overage Dependents		Single	0.00	523.62	523.62	0.00	446.96	446.96

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 actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(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) 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.

Exhibit XII
Premium Rate Table
Effective December 2010 for January 2011 Coverage

(COBRA premium rates remain unchanged from May 2010)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer ⁽⁸⁾	Enrollee	Total
Career Service	Monthly Full -Time Employees ⁽¹⁾	Single	499.80	50.00	549.80	499.80	15.00	514.80
		Family	1,063.34	180.00	1,243.34	1,063.34	64.30	1,127.64
		Spouse	1,243.32	30.00	1,273.32	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees ⁽¹⁾	Single	249.90	25.00	274.90	249.90	7.50	257.40
		Family	531.67	90.00	621.67	531.67	32.15	563.82
		Spouse	621.66	15.00	636.66	548.82	15.00	563.82
"Payalls"	Monthly Full -Time Employees ^(1,2)	Single	541.46	8.34	549.80	506.46	8.34	514.80
		Family	1,213.34	30.00	1,243.34	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees ^(1,2)	Single	270.73	4.17	274.90	253.23	4.17	257.40
		Family	606.67	15.00	621.67	548.82	15.00	563.82
COBRA	Monthly ⁽³⁾	Single	0.00	534.09	534.09	0.00	455.90	455.90
		Family	0.00	1,207.82	1,207.82	0.00	1,004.81	1,004.81
Early Retirees	Monthly	Single	0.00	549.80	549.80	0.00	473.12	473.12
		Family	0.00	1,243.34	1,243.34	0.00	1,044.32	1,044.32
Medicare	Monthly ⁽⁴⁾	(I) One Eligible ⁽⁵⁾	0.00	305.82	305.82	0.00	230.52	230.52
		(II) One Under/Over ⁽⁶⁾	0.00	881.80	881.80	0.00	722.16	722.16
		(III) Both Eligible ⁽⁷⁾	0.00	611.64	611.64	0.00	461.04	461.04
Overage Dependents		Single	0.00	549.80	549.80	0.00	473.14	473.14

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 actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(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) 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.

Exhibit XIII
Premium Rate Table
Effective May 2011 for June 2011 Coverage

(Premium rate change ONLY for COBRA Participants)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer ⁽⁸⁾	Enrollee	Total
Career Service	Monthly Full -Time Employees ⁽¹⁾	Single	499.80	50.00	549.80	499.80	15.00	514.80
		Family	1,063.34	180.00	1,243.34	1,063.34	64.30	1,127.64
		Spouse	1,243.32	30.00	1,273.32	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees ⁽¹⁾	Single	249.90	25.00	274.90	249.90	7.50	257.40
		Family	531.67	90.00	621.67	531.67	32.15	563.82
		Spouse	621.66	15.00	636.66	548.82	15.00	563.82
"Payalls"	Monthly Full -Time Employees ^(1,2)	Single	541.46	8.34	549.80	506.46	8.34	514.80
		Family	1,213.34	30.00	1,243.34	1,097.64	30.00	1,127.64
	Bi-Weekly Full -Time Employees ^(1,2)	Single	270.73	4.17	274.90	253.23	4.17	257.40
		Family	606.67	15.00	621.67	548.82	15.00	563.82
COBRA	Monthly ⁽³⁾	Single	0.00	560.80	560.80	0.00	482.60	482.60
		Family	0.00	1,268.21	1,268.21	0.00	1,065.20	1,065.20
Early Retirees	Monthly	Single	0.00	549.80	549.80	0.00	473.12	473.12
		Family	0.00	1,243.34	1,243.34	0.00	1,044.32	1,044.32
Medicare	Monthly ⁽⁴⁾	(I) One Eligible ⁽⁵⁾	0.00	305.82	305.82	0.00	230.52	230.52
		(II) One Under/Over ⁽⁶⁾	0.00	881.80	881.80	0.00	722.16	722.16
		(III) Both Eligible ⁽⁷⁾	0.00	611.64	611.64	0.00	461.04	461.04
Overage Dependents		Single	0.00	549.80	549.80	0.00	473.14	473.14

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 actual premium rate for Medicare participants enrolled in an HMO plan may differ from what is presented.

(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) 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.

Exhibit XIV
Abbreviations

ASO	.....	Administrative Services Only
COBRA	.....	Consolidated Omnibus Budget Reconciliation Act
DSGI	.....	Division of State Group Insurance
FTE	.....	Full Time Equivalency
FY	.....	Fiscal Year (July 1 through June 30)
HIHP	.....	Health Investor Health Plan (i.e., High Deductible Health Plan)
HMO	.....	Health Maintenance Organization
HSA	.....	Health Savings Account
PBM	.....	Pharmacy Benefits Manager
PPACA	.....	Patient Protection and Affordable Care Act signed into law on March 23, 2010, known as the Federal Health Care Reform
PPO	.....	Preferred Provider Organization
TPA	.....	Third Party Administrator

State Employees' Group Health Self-Insurance Trust Fund						State of Florida DSGI					
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)											
			Estimated Annual Fiscal Impact								
			FY 2010-11								
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2010-11 Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance ^(*) <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	(8.38)	(2.25)	(3.36)	(13.99)	(13.99)
		Net	-	-	-	-	8.38	2.25	3.36	13.99	13.99
2. No lifetime dollar maximum	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	1.29	0.11	-	1.40	1.40
		Net	-	-	-	-	(1.29)	(0.11)	-	(1.40)	(1.40)
3. Restricted annual dollar limits	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	0.27	0.08	0.44	0.79	0.79
		Net	-	-	-	-	(0.27)	(0.08)	(0.44)	(0.79)	(0.79)
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees		R	-	-	-	-	-	-	-	-	-
	Jan 2011	E	-	-	-	-	-	-	-	-	-
	Jan 2013	Net	-	-	-	-	-	-	-	-	-
	Jan 2014										
7. Extension of coverage for all adult children until age 26	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	1.69	0.44	2.64	4.77	4.77
		Net	-	-	-	-	(1.69)	(0.44)	(2.64)	(4.77)	(4.77)
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
9. Free choice vouchers	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
10. Shared responsibility "free rider surcharge"	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
11. Medicaid expansion and migration into Exchange	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
12. Individual mandate with federal subsidies	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
TOTAL		R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	(5.13)	(1.62)	(0.28)	(7.03)	(7.03)
		Net	-	-	-	-	5.13	1.62	0.28	7.03	7.03

Notes:

- (1) Exhibit assumes non-grandfathered status of plans.
- (2) Exhibit based on available information and legislative guidance available as of June 30, 2010.
- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated August 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) The expense of \$137.02 million associated with item #12, the individual mandate, from January 2014 to June 2014 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$110.78 million in employer contributions plus \$5.11 million in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$21.13 million due to medical and pharmacy inflation.

Report Prepared by Mercer Consultants on September 15, 2010

PPACA Guidelines as of July 14, 2010

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State Employees' Group Health Self-Insurance Trust Fund						State of Florida DSGI					
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)											
			Estimated Annual Fiscal Impact								
			FY 2011-12								
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2011-12 Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance ⁽¹⁾ <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R	-	-	-	-	-	-	-	-	-
		E	(6.92)	(1.87)	(2.78)	(11.57)	(6.92)	(1.87)	(2.78)	(11.57)	(23.14)
		Net	6.92	1.87	2.78	11.57	6.92	1.87	2.78	11.57	23.14
2. No lifetime dollar maximum	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	1.33	0.12	-	1.45	1.38	0.13	-	1.51	2.96
		Net	(1.33)	(0.12)	-	(1.45)	(1.38)	(0.13)	-	(1.51)	(2.96)
3. Restricted annual dollar limits	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	0.28	0.09	0.44	0.81	0.29	0.10	0.47	0.86	1.67
		Net	(0.28)	(0.09)	(0.44)	(0.81)	(0.29)	(0.10)	(0.47)	(0.86)	(1.67)
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	0.03	-	0.04	0.07	0.07
		Net	-	-	-	-	(0.03)	-	(0.04)	(0.07)	(0.07)
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011	R	-	-	-	-	-	-	-	-	-
	Jan 2013	E	-	-	-	-	-	-	-	-	-
	Jan 2014	Net	-	-	-	-	-	-	-	-	-
7. Extension of coverage for all adult children until age 26	Jan 2011	R	-	-	-	-	-	-	-	-	-
		E	1.76	0.45	2.64	4.85	1.83	0.47	2.85	5.15	10.00
		Net	(1.76)	(0.45)	(2.64)	(4.85)	(1.83)	(0.47)	(2.85)	(5.15)	(10.00)
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
9. Free choice vouchers	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
10. Shared responsibility "free rider surcharge"	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
11. Medicaid expansion and migration into Exchange	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
12. Individual mandate with federal subsidies	Jan 2014	R	-	-	-	-	-	-	-	-	-
		E	-	-	-	-	-	-	-	-	-
		Net	-	-	-	-	-	-	-	-	-
TOTAL		R	-	-	-	-	-	-	-	-	-
		E	(3.55)	(1.21)	0.30	(4.46)	(3.39)	(1.17)	0.58	(3.98)	(8.44)
		Net	3.55	1.21	(0.30)	4.46	3.39	1.17	(0.58)	3.98	8.44

Notes:

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- (2) Exhibit based on available information and legislative guidance available as of June 30, 2010.
- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated August 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) The expense of \$137.02 million associated with item #12, the individual mandate, from January 2014 to June 2014 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$110.78 million in employer contributions plus \$5.11 million in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$21.13 million due to medical and pharmacy inflation.

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PPACA Guidelines as of July 14, 2010

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State Employees' Group Health Self-Insurance Trust Fund						State of Florida DSGI					
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)											
			Estimated Annual Fiscal Impact								
			FY 2012-13								
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2012-13 Total
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total	
1. Early retiree medical reinsurance ⁽¹⁾ <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
2. No lifetime dollar maximum	Jan 2011	R E Net	- 1.44 (1.44)	- 0.13 (0.13)	- - -	- 1.57 (1.57)	- 1.49 (1.49)	- 0.14 (0.14)	- - -	- 1.63 (1.63)	- 3.20 (3.20)
3. Restricted annual dollar limits	Jan 2011	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R E Net	- 0.30 (0.30)	- 0.11 (0.11)	- 0.47 (0.47)	- 0.88 (0.88)	- 0.31 (0.31)	- 0.10 (0.10)	- 0.51 (0.51)	- 0.92 (0.92)	- 1.80 (1.80)
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R E Net	- 0.03 (0.03)	- - -	- 0.04 (0.04)	- 0.07 (0.07)	- 0.06 (0.06)	- - -	- 0.08 (0.08)	- 0.14 (0.14)	- 0.21 (0.21)
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011 Jan 2013 Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
7. Extension of coverage for all adult children until age 26	Jan 2011	R E Net	- 1.90 (1.90)	- 0.49 (0.49)	- 2.85 (2.85)	- 5.24 (5.24)	- 1.97 (1.97)	- 0.51 (0.51)	- 3.09 (3.09)	- 5.57 (5.57)	- 10.81 (10.81)
8. Eliminate all preexisting condition limitations	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
9. Free choice vouchers	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
10. Shared responsibility "free rider surcharge"	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
11. Medicaid expansion and migration into Exchange	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
12. Individual mandate with federal subsidies	Jan 2014	R E Net	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
TOTAL		R E Net	- 3.67 (3.67)	- 0.73 (0.73)	- 3.36 (3.36)	- 7.76 (7.76)	- 3.83 (3.83)	- 0.75 (0.75)	- 3.68 (3.68)	- 8.26 (8.26)	- 16.02 (16.02)

Notes:

- (1) Exhibit assumes non-grandfathered status of plans.
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- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated August 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) The expense of \$137.02 million associated with item #12, the individual mandate, from January 2014 to June 2014 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$110.78 million in employer contributions plus \$5.11 million in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$21.13 million due to medical and pharmacy inflation.

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PPACA Guidelines as of July 14, 2010

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State Employees' Group Health Self-Insurance Trust Fund							State of Florida DSGI						
Summary of Fiscal Impact to Forecast of Federal Patient Protection Affordable Care Act (PPACA) (In Millions)													
			Estimated Annual Fiscal Impact										FY 2010-11 through FY 2013-14 Grand Total
			FY 2013-14										
Reform	Effective Date	Revenue(R) Expense (E) Net	July-December				January-June				FY 2013-14 Total		
			Medical	Drugs	HMO	Total	Medical	Drugs	HMO	Total			
1. Early retiree medical reinsurance ⁽¹⁾ <i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>	Jun 2010	R	-	-	-	-	-	-	-	-	-	-	
		E	-	-	-	-	-	-	-	-	-	(37.13)	
		Net	-	-	-	-	-	-	-	-	-	37.13	
2. No lifetime dollar maximum	Jan 2011	R	-	-	-	-	-	-	-	-	-	-	
		E	1.55	0.14	-	1.69	1.62	0.14	-	1.76	3.45	11.01	
		Net	(1.55)	(0.14)	-	(1.69)	(1.62)	(0.14)	-	(1.76)	(3.45)	(11.01)	
3. Restricted annual dollar limits	Jan 2011	R	-	-	-	-	-	-	-	-	-	-	
		E	-	-	-	-	-	-	-	-	-	-	
		Net	-	-	-	-	-	-	-	-	-	-	
4. Eliminate preexisting condition limitations for dependent children under 19	Jan 2011	R	-	-	-	-	-	-	-	-	-	-	
		E	0.32	0.11	0.51	0.94	0.33	0.11	0.56	1.00	1.94	6.20	
		Net	(0.32)	(0.11)	(0.51)	(0.94)	(0.33)	(0.11)	(0.56)	(1.00)	(1.94)	(6.20)	
5. Patient-centered outcomes research institute fees (\$1 per participant in first year, \$2 in 2nd year, assumes 3rd year is same as 2nd year)	Jan 2012	R	-	-	-	-	-	-	-	-	-	-	
		E	0.06	-	0.08	0.14	0.06	-	0.08	0.14	0.28	0.56	
		Net	(0.06)	-	(0.08)	(0.14)	(0.06)	-	(0.08)	(0.14)	(0.28)	(0.56)	
6. Other pass-through fees include (Illustration assumes cumulative increase to 2014): Pharmaceutical industry fees 2.3% excise tax on medical devices Health Insurance Industry fees	Jan 2011	R	-	-	-	-	-	-	-	-	-	-	
	Jan 2013	E	-	-	-	-	7.12	1.84	11.09	20.05	20.05	20.05	
	Jan 2014	Net	-	-	-	-	(7.12)	(1.84)	(11.09)	(20.05)	(20.05)	(20.05)	
7. Extension of coverage for all adult children until age 26	Jan 2011	R	-	-	-	-	-	-	-	-	-	-	
		E	2.05	0.53	3.09	5.67	2.05	0.63	3.33	6.01	11.68	37.26	
		Net	(2.05)	(0.53)	(3.09)	(5.67)	(2.05)	(0.63)	(3.33)	(6.01)	(11.68)	(37.26)	
8. Eliminate all preexisting condition limitations	Jan 2014	R	-	-	-	-	-	-	-	-	-	-	
		E	-	-	-	-	0.68	0.21	1.11	2.00	2.00	2.00	
		Net	-	-	-	-	(0.68)	(0.21)	(1.11)	(2.00)	(2.00)	(2.00)	
9. Free choice vouchers	Jan 2014	R	-	-	-	-	-	-	-	-	-	-	
		E	-	-	-	-	-	-	-	-	-	-	
		Net	-	-	-	-	-	-	-	-	-	-	
10. Shared responsibility "free rider surcharge"	Jan 2014	R	-	-	-	-	-	-	-	-	-	-	
		E	-	-	-	-	-	-	-	-	-	-	
		Net	-	-	-	-	-	-	-	-	-	-	
11. Medicaid expansion and migration into Exchange	Jan 2014	R	-	-	-	-	(2.07)	(0.62)	(3.16)	(5.85)	(5.85)	(5.85)	
		E	-	-	-	-	(2.51)	(0.75)	(3.84)	(7.10)	(7.10)	(7.10)	
		Net	-	-	-	-	0.44	0.13	0.68	1.25	1.25	1.25	
12. Individual mandate with federal subsidies	Jan 2014	R	-	-	-	-	40.83	12.20	62.87	115.89	115.89	115.89	
		E	-	-	-	-	48.28	14.42	74.33	137.02	137.02	137.02	
		Net	-	-	-	-	(7.45)	(2.22)	(11.46)	(21.13)	(21.13)	(21.13)	
TOTAL		R	-	-	-	-	38.76	11.58	59.71	110.04	110.04	110.04	
		E	3.98	0.78	3.68	8.44	57.63	16.60	86.66	160.88	169.32	169.87	
		Net	(3.98)	(0.78)	(3.68)	(8.44)	(18.87)	(5.02)	(26.95)	(50.84)	(59.28)	(59.83)	

Notes:

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- (2) Exhibit based on available information and legislative guidance available as of June 30, 2010.
- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated August 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) The expense of \$137.02 million associated with item #12, the individual mandate, from January 2014 to June 2014 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$110.78 million in employer contributions plus \$5.11 million in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$21.13 million due to medical and pharmacy inflation.

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State Employees' Group Health Self-Insurance Trust Fund
Patient Protection and Affordable Care Act (PPACA)
Summary of Reforms and Estimated Fiscal Impact to the Trust Fund
(Mercer Report Dated September 15, 2010 Used as Base for Fiscal Impact)

OVERVIEW

The recently enacted Patient Protection and Affordable Care Act (PPACA), as amended by the Health Care and Education Reconciliation Act (HCERA), creates a broad array of issues for employers' health benefit programs and the US health care system. New mandates and changes imposed by the law affect the design, cost, tax treatment, administration, reporting and disclosure of health benefit programs. Some new provisions go into effect this year; many will not take effect for several years.

PPACA imposes new mandates or standards for individual and group health coverage. With a few exceptions, all insured and self-insured group health plans will face a first round of coverage and cost-sharing mandates for plan years beginning on or after six months after March 23, 2010.

SUMMARY OF REFORMS WITH TOTAL FISCAL IMPACT FOR THE STATE EMPLOYEES' HEALTH INSURANCE PROGRAM (PROGRAM), FY 10-11 THROUGH FY 13-14

1. Early Retiree Reinsurance Program (ERRP) – Interim Final Regulations Effective on June 1, 2010

- **Effective June 2010**
 - Total estimated fiscal impact for the Program – Reduction of expenses in the amount of **\$37.13 million**. (Estimated fiscal impact modified by Division of State Group Insurance to reflect actual FY 10-11 experience through November 2010 and limited expected availability of funds through 2011.)
-

Provides reimbursement to participating employment-based plans for a portion of the cost of health benefits for early retirees and their spouses, surviving spouses and dependents.

- 80% Reimbursement for certain claims between \$15,000 and \$90,000 (with those amounts being indexed for plan years starting on or after October 1, 2011).
- Claims must be for participants ages 55-64 who are not Medicare eligible.
- Payments must be used to lower plan costs (i.e. offsetting future premium increases for all members).

2. No lifetime dollar maximum

- **Effective January 1, 2011**
 - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$11.01 million**.
-

Plans cannot impose any lifetime dollar limits on benefits.

- Plans may place lifetime limits per beneficiary on specific covered benefits other than "essential health benefits," if the limits are otherwise permitted by federal or state law.

PPACA Summary of Reforms and Estimated Fiscal Impact

- **Essential health benefits** include items and services in the below listed categories:
 - ambulatory patient services; emergency services; hospital, maternity and newborn care; mental health and substance use disorders, including behavioral health treatment; prescription drugs; rehabilitative services and devices; laboratory services; preventive and wellness services; chronic disease management; and pediatric services, including oral and vision care.

3. Restricted annual dollar limits

- **Effective January 1, 2011**
 - **No** estimated fiscal impact to Trust Fund
-

All insured and self-insured group health plans will face new rules on annual dollar limits. For plan years until 2014, “restricted” annual dollar limits may apply to “essential health benefits” (discussed above).

- The maximum annual dollar limit that may be imposed on essential health benefits until 2014 are:
 - \$750,000 for the plan year beginning on or after September 23, 2010 but before September 23, 2011.
 - \$1,250,000 for the plan year beginning on or after September 23, 2011 but before September 23, 2012.
 - \$2,000,000 for the plan year beginning on or after September 23, 2012 but before January 1, 2014. (No annual dollar limits permitted for plan years on or after January 1, 2014.)
- Plans may impose annual per-beneficiary limits on non-essential benefits.

4. Elimination of preexisting condition for subscribers or dependents under 19 – Interim Final Regulations Issued on June 28, 2010

- **Effective January 1, 2011**
 - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$6.2 million.**
-

Before 2014, insured and self-insured plans cannot impose preexisting condition exclusions for subscribers and dependents under age 19.

- Until 2014, employers may continue to adopt or retain preexisting condition exclusions for participants ages 19 and older.
- A general ban is effective for all members for plan years starting in 2014. See #8 below.

5. Patient-centered outcome research institute fees

- **Effective October 1, 2012 (Federal Fiscal Year)**
 - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$0.56 million.**
-

PPACA Summary of Reforms and Estimated Fiscal Impact

- State of Florida Employees' Group Health Insurance Program - Beginning December 2012, \$1 per participant in 1st year.
- \$2 in subsequent years, from 2013 thru 2019 (sunset after 2019).

6. Other pass-through fees included

- **Effective January 1, 2014**
 - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$20.05 million.**
-

Fees include pharmaceutical industry fees; 2.3% excise tax on medical devices and health insurance industry fees.

7. Extension of coverage for all adult children until age 26 – Interim Final Regulations Issued on July 12, 2010

- **Effective January 1, 2011**
 - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$37.28 million.**
-

Applies to fully-insured and self-insured group health plans providing dependent coverage.

- Coverage available until the child's 26th birthday.
- The mandate applies regardless of the typical criteria for dependent status under the tax law, such as whether the adult child resides with the covered employee or is the employee's tax dependent, a full- or part-time student, or married or unmarried.
- Plans may extend coverage beyond the child's 26th birthday – for example, until the end of the plan year in which the child turns 26. However, plans will not have to extend coverage to an adult child's dependents.
- No special-enrollment period required; eligible dependents need not be enrolled until the plan's next open enrollment.

8. Eliminate all preexisting condition limitations – Interim Final Regulations Issued on July 30, 2010

- **Effective January 1, 2014**
 - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$2.0 million.**
-

Preexisting condition limitation exclusion applies to all plan participants regardless of age as of January 1, 2014. See #4 above.

9. Free-choice vouchers (FCVs)

- **Effective January 1, 2014**
 - **No** estimated fiscal impact to Trust Fund.
-

Employers must offer vouchers to employees with household incomes at or below 400% of the Federal Poverty Level (FPL) if their contribution for employer-sponsored coverage would be 8% to 9.8% of household income. (Note: The highest EE premium share is

PPACA Summary of Reforms and Estimated Fiscal Impact

standard family, \$180/month; SOF would not give an FCV unless the person's household income is below \$27,000).

- Voucher amount is equal to highest (percentage) employer contribution to any of its own plans (HIHP ER premium; coverage level depends on the level the member is enrolling in single/family).
- Vouchers provided for purchasing exchange-based coverage; employees can keep any excess amounts.
- Who receives vouchers? Employees who opt out of employer-sponsored coverage, have household income below 400% FPL, and would need to spend 8% or more of household income to participate in the employer plan.
- FCVs are designed to help employees buy coverage on the exchange and to shield employers from mandated penalties (\$3,000 per person if no FCV).

10. Shared responsibility "free rider surcharge"

- **Effective January 1, 2014**
 - **No** estimated fiscal impact to Trust Fund.
-

Individuals who fail to maintain coverage will face a penalty (lesser of these amounts):

- National average premium for the year, or the greater of
- 1% AGI or \$95 in 2014; 2% AGI or \$325 in 2015; 2.5% AGI or \$695 in 2016; indexed thereafter.

11. Medicaid expansion and migration to Exchange

- **Effective January 1, 2014**
 - Total estimated fiscal impact for the Program – Net savings in the amount of **\$1.25 million**.
-

Medicaid expanded to up to 133% of Federal Poverty Level (FPL), effective 2014 when the State-exchanges come online.

12. Individual mandate with federal subsidies

- **Effective January 1, 2014**
 - Total estimated fiscal impact for the Program – Net cost in the amount of **\$21.13 million**.
-

- Subsidies available to anyone on an exchange plan with household income 133-400% FPL (person cannot be Medicaid eligible).
- Income level must be verifiable for the two years prior to the current calendar year of coverage (example, eligibility for affordability assistance for 2016 is based on household income for 2014).
- Assistance in the form of premium credits will be provided for exchange-participants on a sliding scale based on household income. Premium credits will be paid directly to the insurer; individuals will be required to pay insurers any remaining premium amount.
- Employer penalties = \$3,000 per year for each employee enrolled in the exchange and receiving subsidy.

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- Career Service employer premium contribution calculations:
 - **Individual** Coverage – Effective July 2010 for August 2010 coverage

Total annual	$\$473.62 * 12 = \$5,683.84$
Penalty	$= \$3,000.00$
Difference	$= \$2,683.44$
 - **Individual** Coverage – Effective December 2010 for January 2011 coverage

Total annual	$\$499.80 * 12 = \$5,997.60$
Penalty	$= \$3,000.00$
Difference	$= \$2,997.60$
 - **Family** Coverage – Effective July 2010 for August 2010 coverage

Total annual	$\$1,004.14 * 12 = \$12,049.68$
Penalty	$= \$3,000.00$
Difference	$= \$9,049.68$
 - **Family** Coverage – Effective December 2010 for January 2011 coverage

Total annual	$\$1,243.32 * 12 = \$14,919.84$
Penalty	$= \$3,000.00$
Difference	$= \$11,919.84$

OTHER REFORM ITEM

- **Minimum medical loss ratios**
Effective January 1, 2011 for insured plans.