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

## **Post-Session Impact Outlook**

**For the Fiscal Years Ending June 30, 2010 through June 30, 2015**

**July 29, 2011**

**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

**Exhibit I**

**Financial Outlook by Fiscal Year <sup>(1) (2)</sup>**

**Highlights of Changes to Forecast - Post-Session Impact July 2011 Compared to Estimating Conference February 2011  
(In Millions)**

|   | FY 10-11   |            |        | FY 11-12   |            |          | FY 12-13   |            |          | FY 13-14 <sup>(3)</sup> |            |          | FY 14-15 <sup>(3)</sup> |            |          |
|---|------------|------------|--------|------------|------------|----------|------------|------------|----------|-------------------------|------------|----------|-------------------------|------------|----------|
|   | Feb '11    | Jul '11    | Diff.  | Feb '11    | Jul '11    | Diff.    | Feb '11    | Jul '11    | Diff.    | Feb '11                 | Jul '11    | Diff.    | Feb '11                 | Jul '11    | Diff.    |
| <b>Beginning Balance</b>                | \$ 224.6   | \$ 224.6   | \$ 0.0 | \$ 230.2   | \$ 230.2   | \$ 0.0   | \$ 154.6   | \$ 152.2   | \$ (2.4) | \$ 0.0                  | \$ 0.0     | \$ 0.0   | \$ 0.0                  | \$ 0.0     | \$ 0.0   |
| <b>Revenues:</b>                        |            |            |        |            |            |          |            |            |          |                         |            |          |                         |            |          |
| Insurance Premiums                      | \$ 1,829.9 | \$ 1,829.9 | \$ 0.0 | \$ 1,831.7 | \$ 1,829.3 | \$ (2.4) | \$ 1,889.1 | \$ 1,886.7 | \$ (2.4) | \$ 1,898.1              | \$ 1,895.7 | \$ (2.4) | \$ 1,908.0              | \$ 1,905.6 | \$ (2.4) |
| Other Revenues                          | 12.6       | 12.6       | 0.0    | 70.9       | 70.9       | 0.0      | 70.1       | 70.1       | 0.0      | 71.1                    | 71.1       | 0.0      | 72.4                    | 72.4       | 0.0      |
| <b>Total Revenues</b>                   | \$ 1,904.5 | \$ 1,904.5 | \$ 0.0 | \$ 1,963.1 | \$ 1,960.7 | \$ (2.4) | \$ 2,022.1 | \$ 2,019.7 | \$ (2.4) | \$ 2,137.1              | \$ 2,134.7 | \$ (2.4) | \$ 2,256.7              | \$ 2,254.3 | \$ (2.4) |
| <b>Total Available</b>                  | \$ 2,129.1 | \$ 2,129.1 | \$ 0.0 | \$ 2,193.3 | \$ 2,190.9 | \$ (2.4) | \$ 2,176.7 | \$ 2,171.9 | \$ (4.8) | \$ 2,137.1              | \$ 2,134.7 | \$ (2.4) | \$ 2,256.7              | \$ 2,254.3 | \$ (2.4) |
| <b>Total Expenses</b>                   | \$ 1,898.9 | \$ 1,898.9 | \$ 0.0 | \$ 2,038.7 | \$ 2,038.7 | \$ 0.0   | \$ 2,293.1 | \$ 2,293.1 | \$ 0.0   | \$ 2,690.7              | \$ 2,690.7 | \$ 0.0   | \$ 3,126.9              | \$ 3,126.9 | \$ 0.0   |
| <b>Excess of Revenues over Expenses</b> | \$ 5.6     | \$ 5.6     | \$ 0.0 | \$ (75.6)  | \$ (78.0)  | \$ (2.4) | \$ (271.0) | \$ (273.4) | \$ (2.4) | \$ (553.6)              | \$ (556.0) | \$ (2.4) | \$ (870.2)              | \$ (872.6) | \$ (2.4) |
| <b>Ending Cash Balance</b>              | \$ 230.2   | \$ 230.2   | \$ 0.0 | \$ 154.6   | \$ 152.2   | \$ (2.4) | \$ (116.4) | \$ (121.2) | \$ (4.8) | \$ (553.6)              | \$ (556.0) | \$ (2.4) | \$ (870.2)              | \$ (872.6) | \$ (2.4) |

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

<sup>(2)</sup> Exhibits II to VII present detail forecast information, per fiscal year.

<sup>(3)</sup> Assumes no carry forward of negative balance from prior year.

**Highlights of Changes to Forecast**

- Overall, net results of outlook changes are nominal as well as the impact to forecast.
- Impact of 2011 legislative actions.
  - \* Effective July 1, 2011, for the coverage period beginning August 1, 2011, the monthly state share of the State Group Health Insurance Premiums for each employee participating in the Spouse Program decreased from \$621.66 to \$606.68, resulting in a minor adjustment to insurance premium projections.

**Exhibit II**  
**Financial Outlook**  
**By Fiscal Year (In Millions)**

|   | <u>FY 10-11</u>                | <u>FY 11-12</u>                | <u>FY 12-13</u>                | <u>FY 13-14</u>                | <u>FY 14-15</u>                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | <u>Estimate <sup>(1)</sup></u> | <u>Estimate <sup>(1)</sup></u> | <u>Estimate <sup>(1)</sup></u> | <u>Estimate <sup>(1)</sup></u> | <u>Estimate <sup>(1)</sup></u> |
| <b>BEGINNING CASH BALANCE</b>           | \$ 224.6                       | \$ 230.2                       | \$ 91.7                        | \$ 0.0 <sup>(2)</sup>          | \$ 0.0 <sup>(2)</sup>          |
| <b>REVENUES:</b>                        |                                |                                |                                |                                |                                |
| Insurance Premiums:                     |                                |                                |                                |                                |                                |
| Employer                                | \$ 1,453.8 <sup>(3)</sup>      | \$ 1,449.1 <sup>(3)</sup>      | \$ 1,497.9                     | \$ 1,502.5                     | \$ 1,507.3                     |
| Employee                                | 169.7 <sup>(3)</sup>           | 166.7 <sup>(3)</sup>           | 172.9                          | 174.0                          | 175.0                          |
| HSA Contributions <sup>(4)</sup>        | 1.5                            | 1.5                            | 1.5                            | 1.5                            | 1.5                            |
| COBRA                                   | 6.3                            | 6.0                            | 6.0                            | 6.0                            | 6.0                            |
| Early Retiree                           | 62.0                           | 61.4                           | 58.9                           | 56.8                           | 54.9                           |
| Medicare                                | 136.6                          | 144.6                          | 149.5                          | 154.9                          | 160.9                          |
| Investment Interest                     | 4.5                            | 3.2                            | 0.0                            | 0.0                            | 0.0                            |
| TPA Refunds                             | 8.1                            | 7.2                            | 7.2                            | 7.2                            | 7.2                            |
| PBM Rebates                             | 25.6                           | 22.1                           | 22.9                           | 23.3                           | 23.9                           |
| Pretax Trust Fund Transfer              | 15.9                           | 18.0                           | 18.0                           | 18.0                           | 18.0                           |
| Medicare Part D Subsidy                 | 20.5                           | 20.4                           | 22.0                           | 22.6                           | 23.3                           |
| PPACA <sup>(5)</sup>                    | 0.0                            | 0.0                            | 0.0                            | 104.0                          | 211.1                          |
| <b>TOTAL REVENUES</b>                   | \$ 1,904.5                     | \$ 1,900.2                     | \$ 1,956.8                     | \$ 2,070.8                     | \$ 2,189.1                     |
| <b>TOTAL CASH AVAILABLE</b>             | \$ 2,129.1                     | \$ 2,130.4                     | \$ 2,048.5                     | \$ 2,070.8                     | \$ 2,189.1                     |
| <b>EXPENSES:</b>                        |                                |                                |                                |                                |                                |
| State PPO Plan: <sup>(6)</sup>          |                                |                                |                                |                                |                                |
| Medical Claims                          | \$ 618.0                       | \$ 661.0                       | \$ 705.4                       | \$ 753.0                       | \$ 804.0                       |
| ASO Fee                                 | 19.8                           | 19.7                           | 19.2                           | 18.7                           | 18.2                           |
| Prescription Drug Claims                | 257.6                          | 279.4                          | 302.5                          | 333.3 <sup>(7)</sup>           | 367.3 <sup>(7)</sup>           |
| PBM Claims Administration               | 0.3                            | 0.3                            | 0.3                            | 0.3                            | 0.3                            |
| HMO Premium Payments                    | 988.4                          | 1,092.7                        | 1,241.6                        | 1,406.5                        | 1,590.7                        |
| HSA Deposits <sup>(4)</sup>             | 1.5                            | 1.5                            | 1.5                            | 1.5                            | 1.5                            |
| Operating Costs & Admin Assessment      | 2.6                            | 2.6                            | 2.6                            | 2.6                            | 2.6                            |
| Premium Refunds                         | 3.5                            | 3.5                            | 3.5                            | 3.5                            | 3.5                            |
| Other Expenses                          | 0.1                            | 0.1                            | 0.1                            | 0.1                            | 0.1                            |
| PPACA <sup>(5)</sup>                    | 7.1                            | (22.1)                         | 16.4                           | 171.2                          | 338.7                          |
| <b>TOTAL EXPENSES</b>                   | \$ 1,898.9                     | \$ 2,038.7                     | \$ 2,293.1                     | \$ 2,690.7                     | \$ 3,126.9                     |
| <b>EXCESS OF REVENUES OVER EXPENSES</b> | \$ 5.6                         | \$ (138.5)                     | \$ (336.3)                     | \$ (619.9)                     | \$ (937.8)                     |
| <b>ENDING CASH BALANCE</b>              | \$ 230.2                       | \$ 91.7                        | \$ (244.6)                     | \$ (619.9)                     | \$ (937.8)                     |

|  |                 |                |                |                |                        |                        |
|--|-----------------|----------------|----------------|----------------|------------------------|------------------------|
| <b>Average Enrollment by Plan</b>          | PPO Standard    | 91,851         | 89,573         | 87,266         | 85,060 <sup>(8)</sup>  | 82,912 <sup>(8)</sup>  |
|  | PPO HIHP        | 973            | 1,006          | 1,006          | 1,006 <sup>(8)</sup>   | 1,006 <sup>(8)</sup>   |
|  | HMO Standard    | 83,971         | 86,969         | 89,732         | 92,324 <sup>(8)</sup>  | 94,836 <sup>(8)</sup>  |
|  | HMO HIHP        | 466            | 460            | 460            | 460 <sup>(8)</sup>     | 460 <sup>(8)</sup>     |
|  | <b>Total</b>    | <b>177,261</b> | <b>178,008</b> | <b>178,464</b> | <b>178,850</b>         | <b>179,214</b>         |
| <b>Average Enrollment by Coverage Type</b> | Active Standard | 139,336        | 139,807        | 139,878        | 139,854 <sup>(8)</sup> | 139,780 <sup>(8)</sup> |
|  | Active HIHP     | 1,360          | 1,385          | 1,385          | 1,385 <sup>(8)</sup>   | 1,385 <sup>(8)</sup>   |
|  | COBRA           | 756            | 678            | 678            | 678 <sup>(8)</sup>     | 678 <sup>(8)</sup>     |
|  | Early Retiree   | 7,639          | 7,486          | 7,257          | 7,053 <sup>(8)</sup>   | 6,877 <sup>(8)</sup>   |
|  | Medicare        | 28,170         | 28,652         | 29,266         | 29,880 <sup>(8)</sup>  | 30,494 <sup>(8)</sup>  |
|  | <b>Total</b>    | <b>177,261</b> | <b>178,008</b> | <b>178,464</b> | <b>178,850</b>         | <b>179,214</b>         |

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

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

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

<sup>(4)</sup> Contributions approximate a split between employer and employee of 41% and 59%, respectively.

<sup>(5)</sup> Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

<sup>(6)</sup> Bank Services are estimated at approximately \$35,000/per year for the projected period, which rounds to \$0.0M.

<sup>(7)</sup> Includes growth trend for prescription drug claims of 13.0%, consistent with previous outlook.

<sup>(8)</sup> Does not include estimated impact to enrollment of certain PPACA reforms.

**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

**Exhibit III**

**Financial Outlook**

Fiscal Year 2010-11 (In Millions)

|  | <u>(A)</u>     | <u>(B)</u>     | <u>(B) - (A)</u>  |
|--|----------------|----------------|-------------------|
|  | <u>Feb '11</u> | <u>Jul '11</u> | <u>Difference</u> |
| <b>BEGINNING CASH BALANCE</b>              | \$ 224.6       | \$ 224.6       | \$ 0.0            |
| <b>REVENUES:</b>                           |                |                |                   |
| Insurance Premiums: <sup>(1)</sup>         |                |                |                   |
| Employer                                   | \$ 1,453.8     | \$ 1,453.8     | \$ 0.0            |
| Employee                                   | 169.7          | 169.7          | 0.0               |
| HSA Contributions <sup>(2)</sup>           | 1.5            | 1.5            | 0.0               |
| COBRA                                      | 6.3            | 6.3            | 0.0               |
| Early Retiree                              | 62.0           | 62.0           | 0.0               |
| Medicare                                   | 136.6          | 136.6          | 0.0               |
| Investment Interest                        | 4.5            | 4.5            | 0.0               |
| TPA Refunds                                | 8.1            | 8.1            | 0.0               |
| PBM Rebates                                | 25.6           | 25.6           | 0.0               |
| Pretax Trust Fund Transfer                 | 15.9           | 15.9           | 0.0               |
| Medicare Part D Subsidy                    | 20.5           | 20.5           | 0.0               |
| PPACA <sup>(3)</sup>                       | 0.0            | 0.0            | 0.0               |
| <b>TOTAL REVENUES</b>                      | \$ 1,904.5     | \$ 1,904.5     | \$ 0.0            |
| <b>TOTAL CASH AVAILABLE</b>                | \$ 2,129.1     | \$ 2,129.1     | \$ 0.0            |
| <b>EXPENSES:</b>                           |                |                |                   |
| State PPO Plan: <sup>(4)</sup>             |                |                |                   |
| Medical Claims                             | \$ 618.0       | \$ 618.0       | \$ 0.0            |
| ASO Fee                                    | 19.8           | 19.8           | 0.0               |
| Prescription Drug Claims                   | 257.6          | 257.6          | 0.0               |
| PBM Claims Administration                  | 0.3            | 0.3            | 0.0               |
| HMO Premium Payments                       | 988.4          | 988.4          | 0.0               |
| HSA Deposits <sup>(2)</sup>                | 1.5            | 1.5            | 0.0               |
| Operating Costs & Admin Assessment         | 2.6            | 2.6            | 0.0               |
| Premium Refunds                            | 3.5            | 3.5            | 0.0               |
| Other Expenses                             | 0.1            | 0.1            | 0.0               |
| PPACA <sup>(3)</sup>                       | 7.1            | 7.1            | 0.0               |
| <b>TOTAL EXPENSES</b>                      | \$ 1,898.9     | \$ 1,898.9     | \$ 0.0            |
| <b>EXCESS OF REVENUES OVER EXPENSES</b>    | \$ 5.6         | \$ 5.6         | \$ 0.0            |
| <b>ENDING CASH BALANCE</b>                 | \$ 230.2       | \$ 230.2       | \$ 0.0            |
| <b>Average Enrollment by Plan</b>          |                |                |                   |
| PPO Standard                               | 91,851         | 91,851         | 0                 |
| PPO HIHP                                   | 973            | 973            | 0                 |
| HMO Standard                               | 83,971         | 83,971         | 0                 |
| HMO HIHP                                   | 466            | 466            | 0                 |
| Total                                      | 177,261        | 177,261        | 0                 |
| <b>Average Enrollment by Coverage Type</b> |                |                |                   |
| Active Standard                            | 139,336        | 139,336        | 0                 |
| Active HIHP                                | 1,360          | 1,360          | 0                 |
| COBRA                                      | 756            | 756            | 0                 |
| Early Retiree                              | 7,639          | 7,639          | 0                 |
| Medicare                                   | 28,170         | 28,170         | 0                 |
| Total                                      | 177,261        | 177,261        | 0                 |

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

(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.

**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

**Exhibit IV**

**Financial Outlook**

Fiscal Year 2011-12 (In Millions)

|  | <u>(A)</u>     | <u>(B)</u>     | <u>(B) - (A)</u>  |
|--|----------------|----------------|-------------------|
|  | <u>Feb '11</u> | <u>Jul '11</u> | <u>Difference</u> |
| <b>BEGINNING CASH BALANCE</b>              | \$ 230.2       | \$ 230.2       | \$ 0.0            |
| <b>REVENUES:</b>                           |                |                |                   |
| Insurance Premiums: <sup>(1)</sup>         |                |                |                   |
| Employer                                   | \$ 1,451.5     | \$ 1,449.1     | \$ (2.4)          |
| Employee                                   | 166.7          | 166.7          | 0.0               |
| HSA Contributions <sup>(2)</sup>           | 1.5            | 1.5            | 0.0               |
| COBRA                                      | 6.0            | 6.0            | 0.0               |
| Early Retiree                              | 61.4           | 61.4           | 0.0               |
| Medicare                                   | 144.6          | 144.6          | 0.0               |
| Investment Interest                        | 3.2            | 3.2            | 0.0               |
| TPA Refunds                                | 7.2            | 7.2            | 0.0               |
| PBM Rebates                                | 22.1           | 22.1           | 0.0               |
| Pretax Trust Fund Transfer                 | 18.0           | 18.0           | 0.0               |
| Medicare Part D Subsidy                    | 20.4           | 20.4           | 0.0               |
| PPACA <sup>(3)</sup>                       | 0.0            | 0.0            | 0.0               |
| <b>TOTAL REVENUES</b>                      | \$ 1,902.6     | \$ 1,900.2     | \$ (2.4)          |
| <b>TOTAL CASH AVAILABLE</b>                | \$ 2,132.8     | \$ 2,130.4     | \$ (2.4)          |
| <b>EXPENSES:</b>                           |                |                |                   |
| State PPO Plan: <sup>(4)</sup>             |                |                |                   |
| Medical Claims                             | \$ 661.0       | \$ 661.0       | \$ 0.0            |
| ASO Fee                                    | 19.7           | 19.7           | 0.0               |
| Prescription Drug Claims                   | 279.4          | 279.4          | 0.0               |
| PBM Claims Administration                  | 0.3            | 0.3            | 0.0               |
| HMO Premium Payments                       | 1,092.7        | 1,092.7        | 0.0               |
| HSA Deposits <sup>(2)</sup>                | 1.5            | 1.5            | 0.0               |
| Operating Costs & Admin Assessment         | 2.6            | 2.6            | 0.0               |
| Premium Refunds                            | 3.5            | 3.5            | 0.0               |
| Other Expenses                             | 0.1            | 0.1            | 0.0               |
| PPACA <sup>(3)</sup>                       | (22.1)         | (22.1)         | 0.0               |
| <b>TOTAL EXPENSES</b>                      | \$ 2,038.7     | \$ 2,038.7     | \$ 0.0            |
| <b>EXCESS OF REVENUES OVER EXPENSES</b>    | \$ (136.1)     | \$ (138.5)     | \$ (2.4)          |
| <b>ENDING CASH BALANCE</b>                 | \$ 91.7        | \$ 91.7        | \$ (2.4)          |
| <b>Average Enrollment by Plan</b>          |                |                |                   |
| PPO Standard                               | 89,573         | 89,573         | 0                 |
| PPO HIHP                                   | 1,006          | 1,006          | 0                 |
| HMO Standard                               | 86,969         | 86,969         | 0                 |
| HMO HIHP                                   | 460            | 460            | 0                 |
| Total                                      | 178,008        | 178,008        | 0                 |
| <b>Average Enrollment by Coverage Type</b> |                |                |                   |
| Active Standard                            | 139,807        | 139,807        | 0                 |
| Active HIHP                                | 1,385          | 1,385          | 0                 |
| COBRA                                      | 678            | 678            | 0                 |
| Early Retiree                              | 7,486          | 7,486          | 0                 |
| Medicare                                   | 28,652         | 28,652         | 0                 |
| Total                                      | 178,008        | 178,008        | 0                 |

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

(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.

**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

**Exhibit V**

**Financial Outlook**

Fiscal Year 2012-13 (In Millions)

|  | <u>(A)</u>     | <u>(B)</u>     | <u>(B) - (A)</u>  |
|--|----------------|----------------|-------------------|
|  | <u>Feb '11</u> | <u>Jul '11</u> | <u>Difference</u> |
| <b>BEGINNING CASH BALANCE</b>              | \$ 94.1        | \$ 91.7        | \$ (2.4)          |
| <b>REVENUES:</b>                           |                |                |                   |
| Insurance Premiums:                        |                |                |                   |
| Employer                                   | \$ 1,500.3     | \$ 1,497.9     | \$ (2.4)          |
| Employee                                   | 172.9          | 172.9          | 0.0               |
| HSA Contributions <sup>(1)</sup>           | 1.5            | 1.5            | 0.0               |
| COBRA                                      | 6.0            | 6.0            | 0.0               |
| Early Retiree                              | 58.9           | 58.9           | 0.0               |
| Medicare                                   | 149.5          | 149.5          | 0.0               |
| Investment Interest                        | 0.0            | 0.0            | 0.0               |
| TPA Refunds                                | 7.2            | 7.2            | 0.0               |
| PBM Rebates                                | 22.9           | 22.9           | 0.0               |
| Pretax Trust Fund Transfer                 | 18.0           | 18.0           | 0.0               |
| Medicare Part D Subsidy                    | 22.0           | 22.0           | 0.0               |
| PPACA <sup>(2)</sup>                       | <u>0.0</u>     | <u>0.0</u>     | <u>0.0</u>        |
| <b>TOTAL REVENUES</b>                      | \$ 1,959.2     | \$ 1,956.8     | \$ (2.4)          |
| <b>TOTAL CASH AVAILABLE</b>                | \$ 2,053.3     | \$ 2,048.5     | \$ (4.8)          |
| <b>EXPENSES:</b>                           |                |                |                   |
| State PPO Plan: <sup>(3)</sup>             |                |                |                   |
| Medical Claims                             | \$ 705.4       | \$ 705.4       | \$ 0.0            |
| ASO Fee                                    | 19.2           | 19.2           | 0.0               |
| Prescription Drug Claims                   | 302.5          | 302.5          | 0.0               |
| PBM Claims Administration                  | 0.3            | 0.3            | 0.0               |
| HMO Premium Payments                       | 1,241.6        | 1,241.6        | 0.0               |
| HSA Deposits <sup>(1)</sup>                | 1.5            | 1.5            | 0.0               |
| Operating Costs & Admin Assessment         | 2.6            | 2.6            | 0.0               |
| Premium Refunds                            | 3.5            | 3.5            | 0.0               |
| Other Expenses                             | 0.1            | 0.1            | 0.0               |
| PPACA <sup>(2)</sup>                       | <u>16.4</u>    | <u>16.4</u>    | <u>0.0</u>        |
| <b>TOTAL EXPENSES</b>                      | \$ 2,293.1     | \$ 2,293.1     | \$ 0.0            |
| <b>EXCESS OF REVENUES OVER EXPENSES</b>    | \$ (333.9)     | \$ (336.3)     | \$ (2.4)          |
| <b>ENDING CASH BALANCE</b>                 | \$ (239.8)     | \$ (244.6)     | \$ (4.8)          |
| <b>Average Enrollment by Plan</b>          |                |                |                   |
| PPO Standard                               | 87,266         | 87,266         | 0                 |
| PPO HIHP                                   | 1,006          | 1,006          | 0                 |
| HMO Standard                               | 89,732         | 89,732         | 0                 |
| HMO HIHP                                   | 460            | 460            | 0                 |
| <u>Total</u>                               | <u>178,464</u> | <u>178,464</u> | <u>0</u>          |
| <b>Average Enrollment by Coverage Type</b> |                |                |                   |
| Active Standard                            | 139,878        | 139,878        | 0                 |
| Active HIHP                                | 1,385          | 1,385          | 0                 |
| COBRA                                      | 678            | 678            | 0                 |
| Early Retiree                              | 7,257          | 7,257          | 0                 |
| Medicare                                   | 29,266         | 29,266         | 0                 |
| <u>Total</u>                               | <u>178,464</u> | <u>178,464</u> | <u>0</u>          |

<sup>(1)</sup> Contributions approximate a split between employer and employee of 41% and 59%, respectively.

<sup>(2)</sup> Includes estimated fiscal impact of the Federal Patient Protection and Affordable Care Act (PPACA).

<sup>(3)</sup> Bank Services are estimated at approximately \$35,000/per year, which rounds to \$0.0M.

**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

**Exhibit VI  
Financial Outlook**

Fiscal Year 2013-14 (In Millions)

|   | <u>(A)</u><br><u>Feb '11</u> | <u>(B)</u><br><u>Jul '11</u> | <u>(B) - (A)</u><br><u>Difference</u> |
|---|------------------------------|------------------------------|---------------------------------------|
| <b>BEGINNING CASH BALANCE</b>                             | \$ 0.0 <sup>(1)</sup>        | \$ 0.0 <sup>(1)</sup>        | \$ 0.0                                |
| <b>REVENUES:</b>  |                              |                              |                                       |
| Insurance Premiums:                                       |                              |                              |                                       |
| Employer  | \$ 1,504.9                   | \$ 1,502.5                   | \$ (2.4)                              |
| Employee  | 174.0                        | 174.0                        | 0.0                                   |
| HSA Contributions <sup>(2)</sup>                          | 1.5                          | 1.5                          | 0.0                                   |
| COBRA   | 6.0                          | 6.0                          | 0.0                                   |
| Early Retiree   | 56.8                         | 56.8                         | 0.0                                   |
| Medicare  | 154.9                        | 154.9                        | 0.0                                   |
| Investment Interest                                       | 0.0                          | 0.0                          | 0.0                                   |
| TPA Refunds   | 7.2                          | 7.2                          | 0.0                                   |
| PBM Rebates   | 23.3                         | 23.3                         | 0.0                                   |
| Pretax Trust Fund Transfer                                | 18.0                         | 18.0                         | 0.0                                   |
| Medicare Part D Subsidy                                   | 22.6                         | 22.6                         | 0.0                                   |
| PPACA <sup>(3)</sup>                                      | 104.0                        | 104.0                        | 0.0                                   |
| <b>TOTAL REVENUES</b>                                     | \$ 2,073.2                   | \$ 2,070.8                   | \$ (2.4)                              |
| <b>TOTAL CASH AVAILABLE</b>                               | \$ 2,073.2                   | \$ 2,070.8                   | \$ (2.4)                              |
| <b>EXPENSES:</b>  |                              |                              |                                       |
| State PPO Plan: <sup>(4)</sup>                            |                              |                              |                                       |
| Medical Claims  | \$ 753.0                     | \$ 753.0                     | \$ 0.0                                |
| ASO Fee   | 18.7                         | 18.7                         | 0.0                                   |
| Prescription Drug Claims <sup>(5)</sup>                   | 333.3                        | 333.3                        | 0.0                                   |
| PBM Claims Administration                                 | 0.3                          | 0.3                          | 0.0                                   |
| HMO Premium Payments                                      | 1,406.5                      | 1,406.5                      | 0.0                                   |
| HSA Deposits <sup>(2)</sup>                               | 1.5                          | 1.5                          | 0.0                                   |
| Operating Costs & Admin Assessment                        | 2.6                          | 2.6                          | 0.0                                   |
| Premium Refunds   | 3.5                          | 3.5                          | 0.0                                   |
| Other Expenses  | 0.1                          | 0.1                          | 0.0                                   |
| PPACA <sup>(3)</sup>                                      | 171.2                        | 171.2                        | 0.0                                   |
| <b>TOTAL EXPENSES</b>                                     | \$ 2,690.7                   | \$ 2,690.7                   | \$ 0.0                                |
| <b>EXCESS OF REVENUES OVER EXPENSES</b>                   | \$ (617.5)                   | \$ (619.9)                   | \$ (2.4)                              |
| <b>ENDING CASH BALANCE</b>                                | \$ (617.5)                   | \$ (619.9)                   | \$ (2.4)                              |
| <b>Average Enrollment <sup>(6)</sup> by Plan</b>          |                              |                              |                                       |
| PPO Standard  | 85,060                       | 85,060                       | 0                                     |
| PPO HIHP  | 1,006                        | 1,006                        | 0                                     |
| HMO Standard  | 92,324                       | 92,324                       | 0                                     |
| HMO HIHP  | 460                          | 460                          | 0                                     |
| Total   | 178,850                      | 178,850                      | 0                                     |
| <b>Average Enrollment <sup>(6)</sup> by Coverage Type</b> |                              |                              |                                       |
| Active Standard   | 139,854                      | 139,854                      | 0                                     |
| Active HIHP   | 1,385                        | 1,385                        | 0                                     |
| COBRA   | 678                          | 678                          | 0                                     |
| Early Retiree   | 7,053                        | 7,053                        | 0                                     |
| Medicare  | 29,880                       | 29,880                       | 0                                     |
| Total   | 178,850                      | 178,850                      | 0                                     |

<sup>(1)</sup> Assumes no carry forward of negative ending cash balance from prior year.

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

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

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

<sup>(5)</sup> Includes growth trend for prescription drug claims of 13.0%, consistent with previous outlook.

<sup>(6)</sup> Does not include estimated impact to enrollment of certain PPACA reforms.

**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

**Exhibit VII  
Financial Outlook**

**Fiscal Year 2014-15 (In Millions)**

|   | <u>(A)</u><br><u>Feb '11</u> | <u>(B)</u><br><u>Jul '11</u> | <u>(B) - (A)</u><br><u>Difference</u> |
|---|------------------------------|------------------------------|---------------------------------------|
| <b>BEGINNING CASH BALANCE</b>                             | \$ 0.0 <sup>(1)</sup>        | \$ 0.0 <sup>(1)</sup>        | \$ 0.0                                |
| <b>REVENUES:</b>  |                              |                              |                                       |
| Insurance Premiums:                                       |                              |                              |                                       |
| Employer  | \$ 1,509.7                   | \$ 1,507.3                   | \$ (2.4)                              |
| Employee  | 175.0                        | 175.0                        | 0.0                                   |
| HSA Contributions <sup>(2)</sup>                          | 1.5                          | 1.5                          | 0.0                                   |
| COBRA   | 6.0                          | 6.0                          | 0.0                                   |
| Early Retiree   | 54.9                         | 54.9                         | 0.0                                   |
| Medicare  | 160.9                        | 160.9                        | 0.0                                   |
| Investment Interest                                       | 0.0                          | 0.0                          | 0.0                                   |
| TPA Refunds   | 7.2                          | 7.2                          | 0.0                                   |
| PBM Rebates   | 23.9                         | 23.9                         | 0.0                                   |
| Pretax Trust Fund Transfer                                | 18.0                         | 18.0                         | 0.0                                   |
| Medicare Part D Subsidy                                   | 23.3                         | 23.3                         | 0.0                                   |
| PPACA <sup>(3)</sup>                                      | 211.1                        | 211.1                        | 0.0                                   |
| <b>TOTAL REVENUES</b>                                     | \$ 2,191.5                   | \$ 2,189.1                   | \$ (2.4)                              |
| <b>TOTAL CASH AVAILABLE</b>                               | \$ 2,191.5                   | \$ 2,189.1                   | \$ (2.4)                              |
| <b>EXPENSES:</b>  |                              |                              |                                       |
| State PPO Plan: <sup>(4)</sup>                            |                              |                              |                                       |
| Medical Claims  | \$ 804.0                     | \$ 804.0                     | \$ 0.0                                |
| ASO Fee   | 18.2                         | 18.2                         | 0.0                                   |
| Prescription Drug Claims <sup>(5)</sup>                   | 367.3                        | 367.3                        | 0.0                                   |
| PBM Claims Administration                                 | 0.3                          | 0.3                          | 0.0                                   |
| HMO Premium Payments                                      | 1,590.7                      | 1,590.7                      | 0.0                                   |
| HSA Deposits <sup>(2)</sup>                               | 1.5                          | 1.5                          | 0.0                                   |
| Operating Costs & Admin Assessment                        | 2.6                          | 2.6                          | 0.0                                   |
| Premium Refunds   | 3.5                          | 3.5                          | 0.0                                   |
| Other Expenses  | 0.1                          | 0.1                          | 0.0                                   |
| PPACA <sup>(3)</sup>                                      | 338.7                        | 338.7                        | 0.0                                   |
| <b>TOTAL EXPENSES</b>                                     | \$ 3,126.9                   | \$ 3,126.9                   | \$ 0.0                                |
| <b>EXCESS OF REVENUES OVER EXPENSES</b>                   | \$ (935.4)                   | \$ (937.8)                   | \$ (2.4)                              |
| <b>ENDING CASH BALANCE</b>                                | \$ (935.4)                   | \$ (937.8)                   | \$ (2.4)                              |
| <b>Average Enrollment <sup>(6)</sup> by Plan</b>          |                              |                              |                                       |
| PPO Standard  | 82,912                       | 82,912                       | 0                                     |
| PPO HIHP  | 1,006                        | 1,006                        | 0                                     |
| HMO Standard  | 94,836                       | 94,836                       | 0                                     |
| HMO HIHP  | 460                          | 460                          | 0                                     |
| Total   | 179,214                      | 179,214                      | 0                                     |
| <b>Average Enrollment <sup>(6)</sup> by Coverage Type</b> |                              |                              |                                       |
| Active Standard   | 139,780                      | 139,780                      | 0                                     |
| Active HIHP   | 1,385                        | 1,385                        | 0                                     |
| COBRA   | 678                          | 678                          | 0                                     |
| Early Retiree   | 6,877                        | 6,877                        | 0                                     |
| Medicare  | 30,494                       | 30,494                       | 0                                     |
| Total   | 179,214                      | 179,214                      | 0                                     |

<sup>(1)</sup> Assumes no carry forward of negative ending cash balance from prior year.

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

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

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

<sup>(5)</sup> Includes growth trend for prescription drug claims of 13.0%, consistent with previous outlook.

<sup>(6)</sup> Does not include estimated impact to enrollment of certain PPACA reforms.



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

|                |  |
|----------------|--|
| <b>\$ 94.1</b> | <b>Previous Ending Cash Balance Forecast</b> <sup>(1)</sup>  |
| (2.4)          | Decrease in Revenue Forecast   |
|                | (2.4) - Decrease in Insurance Premiums due to 2011 legislative action decreasing employer contribution for each employee participating in the Spouse Program |
| <b>\$ 91.7</b> | <b>Ending Cash Balance</b>   |

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<sup>(1)</sup> February 2011

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

|                   |  |
|-------------------|--|
| <b>\$ (239.8)</b> | <b>Previous Ending Cash Balance Forecast</b> <sup>(1)</sup>  |
| (2.4)             | Decrease in Beginning Cash Balance Forecast  |
| (2.4)             | Decrease in Revenue Forecast   |
|                   | (2.4) - Decrease in Insurance Premiums due to 2011 legislative action decreasing employer contribution for each employee participating in the Spouse Program |
| <b>\$ (244.6)</b> | <b>Ending Cash Balance</b>   |

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<sup>(1)</sup> February 2011

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

**\$ (617.5) Previous Ending Cash Balance Forecast <sup>(1)(2)</sup>**

(2.4) Decrease in Revenue Forecast

(2.4) - Decrease in Insurance Premiums due to 2011 legislative action decreasing employer contribution for each employee participating in the Spouse Program

**(619.9) Ending Cash Balance**

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<sup>(1)</sup> February 2011

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

Exhibit XI  
**Comparison of Financial Outlooks**  
Fiscal Year 2014-15  
(In Millions)

**\$ (935.4) Previous Ending Cash Balance Forecast <sup>(1)(2)</sup>**

(2.4) Decrease in Revenue Forecast

(2.4) - Decrease in Insurance Premiums due to 2011 legislative action decreasing employer contribution for each employee participating in the Spouse Program

**(937.8) Ending Cash Balance**

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<sup>(1)</sup> February 2011

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

**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

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

(COBRA premium rates remain unchanged from May 2010)

| Subscriber Category /<br>Contribution Cycle |  | Coverage<br>Type                   | PPO/HMO Standard |          |          | PPO/HMO HIHP            |          |          |
|---|--|------------------------------------|------------------|----------|----------|-------------------------|----------|----------|
|   |  |                                    | Employer         | Enrollee | Total    | Employer <sup>(8)</sup> | Enrollee | Total    |
| Career<br>Service                           | Monthly Full -Time<br>Employees <sup>(1)</sup>     | 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<br>Employees <sup>(1)</sup>   | 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<br>Employees <sup>(1,2)</sup>   | 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<br>Employees <sup>(1,2)</sup> | 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 <sup>(3)</sup>                             | 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<br>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 <sup>(4)</sup>                             | (I) One Eligible <sup>(5)</sup>    | 0.00             | 305.82   | 305.82   | 0.00                    | 230.52   | 230.52   |
|   |  | (II) One Under/Over <sup>(6)</sup> | 0.00             | 881.80   | 881.80   | 0.00                    | 722.16   | 722.16   |
|   |  | (III) Both Eligible <sup>(7)</sup> | 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.

**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

**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 <sup>(8)</sup> | Enrollee | Total    |
| Career Service                           | Monthly Full -Time Employees <sup>(1)</sup>     | 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 <sup>(1)</sup>   | 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 <sup>(1,2)</sup>   | 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 <sup>(1,2)</sup> | 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 <sup>(3)</sup>                          | 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 <sup>(4)</sup>                          | (I) One Eligible <sup>(5)</sup>    | 0.00             | 305.82   | 305.82   | 0.00                    | 230.52   | 230.52   |
|  |   | (II) One Under/Over <sup>(6)</sup> | 0.00             | 881.80   | 881.80   | 0.00                    | 722.16   | 722.16   |
|  |   | (III) Both Eligible <sup>(7)</sup> | 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.

**STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND**

**Exhibit XIV  
Premium Rate Table  
Effective July 2011 for August 2011 Coverage**

(Premium rate change ONLY for "Spouse Program" Participants)

| Subscriber Category /<br>Contribution Cycle |  | Coverage<br>Type                   | PPO/HMO Standard |          |          | PPO/HMO HIHP            |          |          |
|---|--|------------------------------------|------------------|----------|----------|-------------------------|----------|----------|
|   |  |                                    | Employer         | Enrollee | Total    | Employer <sup>(8)</sup> | Enrollee | Total    |
| Career<br>Service                           | Monthly Full -Time<br>Employees <sup>(1)</sup>     | 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                             | 1,213.36         | 30.00    | 1,243.36 | 1,097.64                | 30.00    | 1,127.64 |
|   | Bi-Weekly Full -Time<br>Employees <sup>(1)</sup>   | 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                             | 606.68           | 15.00    | 621.68   | 548.82                  | 15.00    | 563.82   |
| "Payalls"                                   | Monthly Full -Time<br>Employees <sup>(1,2)</sup>   | 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<br>Employees <sup>(1,2)</sup> | 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 <sup>(3)</sup>                             | 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<br>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 <sup>(4)</sup>                             | (I) One Eligible <sup>(5)</sup>    | 0.00             | 305.82   | 305.82   | 0.00                    | 230.52   | 230.52   |
|   |  | (II) One Under/Over <sup>(6)</sup> | 0.00             | 881.80   | 881.80   | 0.00                    | 722.16   | 722.16   |
|   |  | (III) Both Eligible <sup>(7)</sup> | 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 XV**  
**Abbreviations**

|              |       |  |
|--------------|-------|--|
| <b>ASO</b>   | ..... | Administrative Services Only   |
| <b>COBRA</b> | ..... | Consolidated Omnibus Budget Reconciliation Act   |
| <b>DSGI</b>  | ..... | Division of State Group Insurance  |
| <b>FTE</b>   | ..... | Full Time Equivalency  |
| <b>FY</b>    | ..... | Fiscal Year (July 1 through June 30)   |
| <b>HIHP</b>  | ..... | Health Investor Health Plan (i.e., High Deductible Health Plan)  |
| <b>HMO</b>   | ..... | Health Maintenance Organization  |
| <b>HSA</b>   | ..... | Health Savings Account   |
| <b>PBM</b>   | ..... | Pharmacy Benefits Manager  |
| <b>PPACA</b> | ..... | Patient Protection and Affordable Care Act signed into law on March 23,<br>2010, known as the Federal Health Care Reform |
| <b>PPO</b>   | ..... | Preferred Provider Organization  |
| <b>TPA</b>   | ..... | 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)<br>(In Millions)  |                                  |                                  |                                |             |             |             |                |                |                |                     |                     |
| Reform   | Effective Date                   | Revenue(R)<br>Expense (E)<br>Net | Estimated Annual Fiscal Impact |             |             |             |                |                |                |                     |                     |
|  |                                  |                                  | July-December                  |             |             |             | January-June   |                |                |                     | FY 2010-11<br>Total |
|  |                                  |                                  | Medical                        | Drugs       | HMO         | Total       | Medical        | Drugs          | HMO            | Total               |                     |
| 1. Early retiree medical reinsurance<br><i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>                                    | Jun 2010                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-         |                     |
| 2. No lifetime dollar maximum  | Jan 2011                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | 1.33<br>(1.33) | 0.11<br>(0.11) | -<br>-         | -<br>1.44<br>(1.44) |                     |
| 3. Restricted annual dollar limits   | Jan 2011                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-         |                     |
| 4. Eliminate preexisting condition limitations for dependent children under 19   | Jan 2011                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | 0.28<br>(0.28) | 0.08<br>(0.08) | 0.45<br>(0.45) | 0.81<br>(0.81)      |                     |
| 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<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-         |                     |
| 6. Other pass-through fees include (Illustration assumes cumulative increase to 2014):<br>Pharmaceutical industry fees<br>2.3% excise tax on medical devices<br>Health Insurance Industry fees | Jan 2011<br>Jan 2013<br>Jan 2014 | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-         |                     |
| 7. Extension of coverage for all adult children until age 26   | Jan 2011                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | 1.72<br>(1.72) | 0.45<br>(0.45) | 2.69<br>(2.69) | 4.86<br>(4.86)      |                     |
| 8. Eliminate all preexisting condition limitations   | Jan 2014                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-         |                     |
| 9. Free choice vouchers  | Jan 2014                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-         |                     |
| 10. Shared responsibility "free rider surcharge"   | Jan 2014                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-         |                     |
| 11. Medicaid Expansion and migration into Exchange   | Jan 2014                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-         |                     |
| 12. Individual Mandate with federal subsidies  | Jan 2014                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-    | -<br>-<br>-         |                     |
| TOTAL  |                                  | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | 3.33<br>(3.33) | 0.64<br>(0.64) | 3.14<br>(3.14) | 7.11<br>(7.11)      |                     |

## Notes:

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- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated December 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) FY 13-14 - The negative expense of \$7.08M associated with Item #11, Medicaid Expansion, from January 2014 to June 2014 uses the assumption that there will be a \$5.62M loss of revenue due to employees exiting the plan (\$4.81M in employer contributions plus \$0.81M in employee contributions) for the illustrated level of decreased enrollment in the plan, resulting in savings of \$1.46M due to medical and pharmacy inflation.  
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FY 14-15 - The expense of \$287.21M associated with Item #12 for Fiscal Year 2014-15 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$211.72M in employer contributions plus \$10.79M in employee contributions), resulting in a deficit of \$64.70M.
- (7) The total estimated impact of ERRP from July 2010 through December 2013 is from the DSGI December 2010 Fiscal Outlook. Although the application was approved, funds may be exhausted prior to the December 2013 estimated program end date.
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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)<br>(In Millions)  |                                  |                                  |                       |        |        |         |              |        |        |         |                     |
| Estimated Annual Fiscal Impact   |                                  |                                  |                       |        |        |         |              |        |        |         |                     |
| FY 2011-12   |                                  |                                  |                       |        |        |         |              |        |        |         |                     |
| Reform   | Effective Date                   | Revenue(R)<br>Expense (E)<br>Net | July-December         |        |        |         | January-June |        |        |         | FY 2011-12<br>Total |
|  |                                  |                                  | Medical               | Drugs  | HMO    | Total   | Medical      | Drugs  | HMO    | Total   |                     |
| 1. Early retiree medical reinsurance<br><i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>                                    | Jun 2010                         | R                                | -                     | -      | -      | -       | -            | -      | -      | -       | -                   |
|  |                                  | E                                | (15.30)               | (4.12) | (6.14) | (25.56) | (6.92)       | (1.87) | (2.78) | (11.57) | (37.13)             |
|  |                                  | Net                              | 15.30                 | 4.12   | 6.14   | 25.56   | 6.92         | 1.87   | 2.78   | 11.57   | 37.13               |
| 2. No lifetime dollar maximum  | Jan 2011                         | R                                | -                     | -      | -      | -       | -            | -      | -      | -       | -                   |
|  |                                  | E                                | 1.38                  | 0.12   | -      | 1.50    | 1.43         | 0.13   | -      | 1.56    | 3.06                |
|  |                                  | Net                              | (1.38)                | (0.12) | -      | (1.50)  | (1.43)       | (0.13) | -      | (1.56)  | (3.06)              |
| 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   | 0.45   | 0.82    | 0.30         | 0.10   | 0.48   | 0.88    | 1.70                |
|  |                                  | Net                              | (0.28)                | (0.09) | (0.45) | (0.82)  | (0.30)       | (0.10) | (0.48) | (0.88)  | (1.70)              |
| 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):<br>Pharmaceutical industry fees<br>2.3% excise tax on medical devices<br>Health Insurance Industry fees | Jan 2011<br>Jan 2013<br>Jan 2014 | R                                | -                     | -      | -      | -       | -            | -      | -      | -       | -                   |
|  |                                  | E                                | -                     | -      | -      | -       | -            | -      | -      | -       | -                   |
|  |                                  | Net                              | -                     | -      | -      | -       | -            | -      | -      | -       | -                   |
| 7. Extension of coverage for all adult children until age 26   | Jan 2011                         | R                                | -                     | -      | -      | -       | -            | -      | -      | -       | -                   |
|  |                                  | E                                | 1.80                  | 0.46   | 2.69   | 4.95    | 1.87         | 0.48   | 2.91   | 5.26    | 10.21               |
|  |                                  | Net                              | (1.80)                | (0.46) | (2.69) | (4.95)  | (1.87)       | (0.48) | (2.91) | (5.26)  | (10.21)             |
| 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                                | (11.84)               | (3.45) | (3.00) | (18.29) | (3.29)       | (1.16) | 0.65   | (3.80)  | (22.09)             |
|  |                                  | Net                              | 11.84                 | 3.45   | 3.00   | 18.29   | 3.29         | 1.16   | (0.65) | 3.80    | 22.09               |

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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)<br>(In Millions)  |                |                                  |                                |        |        |        |              |        |        |         |                     |
|  |                |                                  | Estimated Annual Fiscal Impact |        |        |        |              |        |        |         |                     |
|  |                |                                  | FY 2012-13                     |        |        |        |              |        |        |         |                     |
| Reform   | Effective Date | Revenue(R)<br>Expense (E)<br>Net | July-December                  |        |        |        | January-June |        |        |         | FY 2012-13<br>Total |
|  |                |                                  | Medical                        | Drugs  | HMO    | Total  | Medical      | Drugs  | HMO    | Total   |                     |
| 1. Early retiree medical reinsurance<br><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                                | 1.49                           | 0.13   | -      | 1.62   | 1.54         | 0.15   | -      | 1.69    | 3.31                |
|  |                | Net                              | (1.49)                         | (0.13) | -      | (1.62) | (1.54)       | (0.15) | -      | (1.69)  | (3.31)              |
| 3. Restricted annual dollar limits   | Jan 2011       | R                                | -                              | -      | -      | -      | -            | -      | -      | -       | -                   |
|  |                | E                                | -                              | -      | -      | -      | -            | -      | -      | -       | -                   |
|  |                | Net                              | -                              | -      | -      | -      | -            | -      | -      | -       | -                   |
| 4. Eliminate preexisting condition limitations for dependent children under 19   | Jan 2011       | R                                | -                              | -      | -      | -      | -            | -      | -      | -       | -                   |
|  |                | E                                | 0.30                           | 0.11   | 0.48   | 0.89   | 0.32         | 0.10   | 0.53   | 0.95    | 1.84                |
|  |                | Net                              | (0.30)                         | (0.11) | (0.48) | (0.89) | (0.32)       | (0.10) | (0.53) | (0.95)  | (1.84)              |
| 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   | 0.06         | -      | 0.08   | 0.14    | 0.21                |
|  |                | Net                              | (0.03)                         | -      | (0.04) | (0.07) | (0.06)       | -      | (0.08) | (0.14)  | (0.21)              |
| 6. Other pass-through fees include (Illustration assumes cumulative increase to 2014):<br>Pharmaceutical industry fees<br>2.3% excise tax on medical devices<br>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                                | 1.94                           | 0.50   | 2.90   | 5.34   | 2.01         | 0.52   | 3.15   | 5.68    | 11.02               |
|  |                | Net                              | (1.94)                         | (0.50) | (2.90) | (5.34) | (2.01)       | (0.52) | (3.15) | (5.68)  | (11.02)             |
| 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              | 3.76                             | 0.74                           | 3.42   | 7.92   | 3.93   | 0.77         | 3.76   | 8.46   | 16.38   |                     |
|  | Net            | (3.76)                           | (0.74)                         | (3.42) | (7.92) | (3.93) | (0.77)       | (3.76) | (8.46) | (16.38) |                     |

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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)

| Reform   | Effective Date                   | Revenue(R)<br>Expense (E)<br>Net | Estimated Annual Fiscal Impact |                     |                     |                     |                           |                          |                           |                             | FY 2013-14<br>Total         |
|--|----------------------------------|----------------------------------|--------------------------------|---------------------|---------------------|---------------------|---------------------------|--------------------------|---------------------------|-----------------------------|-----------------------------|
|  |                                  |                                  | July-December                  |                     |                     |                     | January-June              |                          |                           |                             |                             |
|  |                                  |                                  | Medical                        | Drugs               | HMO                 | Total               | Medical                   | Drugs                    | HMO                       | Total                       |                             |
| 1. Early retiree medical reinsurance<br><i>(Illustrative, assumes application is approved and receipts are available through 2013. See Mercer Analysis)</i>                                    | Jun 2010                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-               | -<br>-<br>-              | -<br>-<br>-               | -<br>-<br>-                 |                             |
| 2. No lifetime dollar maximum  | Jan 2011                         | R<br>E<br>Net                    | -<br>1.61<br>(1.61)            | -<br>0.14<br>(0.14) | -<br>-<br>-         | -<br>1.75<br>(1.75) | -<br>1.68<br>(1.68)       | -<br>0.14<br>(0.14)      | -<br>-<br>-               | -<br>1.82<br>(1.82)         | -<br>3.57<br>(3.57)         |
| 3. Restricted annual dollar limits   | Jan 2011                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-               | -<br>-<br>-              | -<br>-<br>-               | -<br>-<br>-                 |                             |
| 4. Eliminate preexisting condition limitations for dependent children under 19   | Jan 2011                         | R<br>E<br>Net                    | -<br>0.33<br>(0.33)            | -<br>0.11<br>(0.11) | -<br>0.52<br>(0.52) | -<br>0.96<br>(0.96) | -<br>0.34<br>(0.34)       | -<br>0.11<br>(0.11)      | -<br>0.57<br>(0.57)       | -<br>1.02<br>(1.02)         | -<br>1.98<br>(1.98)         |
| 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<br>E<br>Net                    | -<br>0.06<br>(0.06)            | -<br>-<br>-         | -<br>0.08<br>(0.08) | -<br>0.14<br>(0.14) | -<br>0.06<br>(0.06)       | -<br>-<br>-              | -<br>0.08<br>(0.08)       | -<br>0.14<br>(0.14)         | -<br>0.28<br>(0.28)         |
| 6. Other pass-through fees include (Illustration assumes cumulative increase to 2014):<br>Pharmaceutical industry fees<br>2.3% excise tax on medical devices<br>Health Insurance Industry fees | Jan 2011<br>Jan 2013<br>Jan 2014 | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-         | -<br>7.25<br>(7.25)       | -<br>1.87<br>(1.87)      | -<br>11.29<br>(11.29)     | -<br>20.41<br>(20.41)       | -<br>20.41<br>(20.41)       |
| 7. Extension of coverage for all adult children until age 26   | Jan 2011                         | R<br>E<br>Net                    | -<br>2.09<br>(2.09)            | -<br>0.54<br>(0.54) | -<br>3.14<br>(3.14) | -<br>5.77<br>(5.77) | -<br>2.09<br>(2.09)       | -<br>0.64<br>(0.64)      | -<br>3.40<br>(3.40)       | -<br>6.13<br>(6.13)         | -<br>11.90<br>(11.90)       |
| 8. Eliminate all preexisting condition limitations   | Jan 2014                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-         | -<br>0.69<br>(0.69)       | -<br>0.21<br>(0.21)      | -<br>1.13<br>(1.13)       | -<br>2.03<br>(2.03)         | -<br>2.03<br>(2.03)         |
| 9. Free choice vouchers  | Jan 2014                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-               | -<br>-<br>-              | -<br>-<br>-               | -<br>-<br>-                 |                             |
| 10. Shared responsibility "free rider surcharge"   | Jan 2014                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-               | -<br>-<br>-              | -<br>-<br>-               | -<br>-<br>-                 |                             |
| 11. Medicaid Expansion and migration into Exchange   | Jan 2014                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-         | -<br>(1.98)<br>(2.50)     | -<br>(0.60)<br>(0.75)    | -<br>(3.04)<br>(3.83)     | -<br>(5.62)<br>(7.08)       | -<br>(5.62)<br>(7.08)       |
| 12. Individual Mandate with federal subsidies  | Jan 2014                         | R<br>E<br>Net                    | -<br>-<br>-                    | -<br>-<br>-         | -<br>-<br>-         | -<br>-<br>-         | 38.61<br>48.64<br>(10.03) | 11.54<br>14.53<br>(2.99) | 59.46<br>74.91<br>(15.45) | 109.61<br>138.08<br>(28.47) | 109.61<br>138.08<br>(28.47) |
| <b>TOTAL</b>   |                                  | R<br>E<br>Net                    | -<br>4.09<br>(4.09)            | -<br>0.79<br>(0.79) | -<br>3.74<br>(3.74) | -<br>8.62<br>(8.62) | 36.63<br>58.25<br>(21.62) | 10.94<br>16.75<br>(5.81) | 56.42<br>87.55<br>(31.13) | 103.99<br>162.55<br>(58.56) | 103.99<br>171.17<br>(67.18) |

## Notes:

- (1) Exhibit assumes non-grandfathered status of plans.
- (2) Exhibit based on available information and legislative guidance available as of February 1, 2011.
- (3) Exhibit applies to the State Employees' Group Health Self-Insurance Trust Fund Estimating Conference Package updated December 2010.
- (4) "Net" is defined as Revenue less Expense.
- (5) FY 13-14 - The negative expense of \$7.08M associated with Item #11, Medicaid Expansion, from January 2014 to June 2014 uses the assumption that there will be a \$5.62M loss of revenue due to employees exiting the plan (\$4.81M in employer contributions plus \$0.81M in employee contributions) for the illustrated level of decreased enrollment in the plan, resulting in savings of \$1.46M due to medical and pharmacy inflation.
- FY 14-15 - The negative expense of \$14.73M associated with Item #11 for Fiscal Year 2014-15 uses the assumption that there will be a \$11.41M loss of revenue due to employees exiting the plan (\$9.75M in employer contributions plus \$1.66M in employee contributions), resulting in savings of \$3.32M.
- (6) FY 13-14 - The expense of \$138.08M 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 (\$104.30M in employer contributions plus \$5.31M in employee contributions) for the illustrated level of increased enrollment in the plan, with the deficit of \$28.47M due to medical and pharmacy inflation.
- FY 14-15 - The expense of \$287.21M associated with Item #12 for Fiscal Year 2014-15 uses the assumption that increased trust fund revenues will be available to offset the current level of costs (\$211.72M in employer contributions plus \$10.79M in employee contributions), resulting in a deficit of \$64.70M.
- (7) The total estimated impact of ERRP from July 2010 through December 2013 is from the DSGI December 2010 Fiscal Outlook. Although the application was approved, funds may be exhausted prior to the December 2013 estimated program end date.
- (8) Report prepared by Mercer Consultants on February 25, 2011, modified by the Division to reflect a change in the assumed collection timing of ERRP subsidies from FY 10-11 to FY 11-12.



**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 February 25, 2011 Used as Base for Fiscal Impact)**

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**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 14-15**

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

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- **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**

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- **Effective January 1, 2011**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$15.24 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.

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## PPACA Summary of Reforms and Estimated Fiscal Impact

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- **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

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- **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

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- **Effective January 1, 2011**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$8.46 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

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- **Effective October 1, 2012 (Federal Fiscal Year)**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$0.84 million**.
-

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## PPACA Summary of Reforms and Estimated Fiscal Impact

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

### 6. Other pass-through fees included

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- **Effective January 1, 2014**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$62.23 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

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- **Effective January 1, 2011**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$50.85 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

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- **Effective January 1, 2014**
  - Total estimated fiscal impact for the Program – Increase in expenses in the amount of **\$6.33 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)

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- **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

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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 **\$4.78 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

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- **Effective January 1, 2014**
  - Total estimated fiscal impact for the Program – Net cost in the amount of **\$93.17 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.

## PPACA Summary of Reforms and Estimated Fiscal Impact

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- Career Service employer premium contribution calculations:
  - **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.