

Self-Insurance Estimating Conference
State Employees' Group Health Self-Insurance Trust Fund
Executive Summary

August 12, 2015

The outlook for the State Employees' Health Insurance Trust Fund has been revised to reflect actual FY 2014-15 enrollment, revenue, and expense activity, finalized 2016 fully insured premium rates, and finalized 2016 self-insured Health Maintenance Organization (HMO) Administrative Service Only (ASO) fees. The fund is expected to remain solvent through FY 2016-17, with decreases in ending cash balances for all years of the forecast period when compared to the March outlook.

For FY 2014-15, the ending cash balance decreased from \$528.7 million to \$522.6 million; for FY 2015-16, the ending cash balance decreased from \$554.3 million to \$513.4 million; for FY 2016-17, the ending cash balance decreased from \$404.0 million to \$328.9 million; and for FY2017-18 the ending cash balance decreased from \$45.7 million to -\$76.1 million. The outlook for subsequent years shows that expenses will exceed revenues by an amount that generates a negative cash flow of -\$664.7 million in FY 2018-19 and -\$973.4million in 2019-20.

Enrollment projections were updated to reflect actual monthly enrollment activity occurring through July 2015. Actual enrollment for FY 2014-15 reflected final average enrollment of 171,784 contracts, with 360,821 total average covered lives. Enrollment patterns for FY 2015-16 through FY 2018-19 continue to reflect increasing enrollment trends in the 'Active' coverage category with growth of 1.4%. The Early Retiree coverage categories are projected to remain fairly flat through all years of the forecast. Total enrollment is projected to increase an average of 1.1% year over year throughout the forecast period. Subscriber migration patterns indicate continuing change in the enrollment distribution between the PPO plans and the HMO plans. Overall enrollment projections across all years of the forecast reflect an average decrease of 0.6% in PPO plans and an average increase of 2.7% in HMO plans. As of July 2015, approximately 2,594 members, or 1.5% of total enrollment, are currently enrolled in a High Deductible Health Plan. Active employees account for 96.4% of these subscribers, of which 52.8% are participating in the integrated state-sponsored Health Savings Account offering.

On the revenue side, the final revenue received during FY 2014-15 was \$2.2 billion (\$10.2 million more than projected in the March forecast). The outlook reflects combined increases in net premium revenues totaling \$21.7 million across all years of the forecast period due to enrollment updates and shifts from single to family coverage. Combined investment earnings are projected at \$0.8 million less than the March outlook due to decreased ending cash balances. The most significant revenue reductions are reflected in the pharmacy rebates, totaling \$52.0 million less than previously forecasted due primarily to lower utilization.

Overall plan expenses paid in FY 2014-15 for self-insured PPO and HMO medical claims totaled \$1.2 billion, which was \$1.8 million higher than the March forecast. ASO fee expenses paid during the fiscal year were \$46.3 million, reflecting a \$0.2 million increase over the previous forecast due to enrollment shifts. Total pharmacy claim expenses were \$556.2 million, up \$14.2 million from the prior forecast.

For FY 2015-16 through FY 2019-20, the outlook reflects a combined decrease of \$51.9 million in PPO medical claims and an increase of \$94.5 million in self-insured HMO claims. The net increase in medical claims across all years of the forecast, compared to the March outlook, is \$42.6 million due to resetting the base and enrollment shifts from the PPO to HMO plans. A decrease of \$45.5 million in fully-insured premium payments and \$14.3 million in ASO fees is reflected across the out-years of the forecast compared to the prior projections, due to reduced negotiated renewal rates.

Changes to the pharmacy claims costs comprise the most significant changes to the expense projections. When compared to the March estimates, these costs produce a combined increase of \$216.9 million for the period beginning FY 2015-16 and running through the end of the forecast. These changes are largely the result of higher than projected claims experience in recent months. This revision explains 55.6% of the overall forecast increase of \$354 million for the same period.

Special Notes

Three additional Conference handouts, "CVS Health Forecast of Drug Trends," "Month-by-Month Pharmacy Spend Data," and "State of Florida Specialty Gross Cost Trend," were presented at the August 12 conference and accompany this posting.

Reports on the Financial Outlook prepared from December 2010 through June 2012 included estimates of the impact of the Patient Protection and Affordable Care Act (PPACA) on the Trust Fund. Beginning with the August 2012 report, the impact of PPACA was addressed separately to mirror the treatment used by the Social Services Estimating Conference for Medicaid and KidCare, and were described in a separate report titled *Impact on the State Health Insurance Program of the Patient Protection and Affordable Care Act*. Beginning with the December 2013 forecast, the impacts of the provisions of PPACA have been incorporated into this single report rather than a separate report. For this reason, the reader is urged to note that direct comparisons of conference reports over the time frame referenced in this paragraph will need to be approached with this in mind.

State Employees' Group Health Self-Insurance Trust Fund

Report on the Financial Outlook

For the Fiscal Years Ending June 30, 2015 through June 30, 2020

**Adopted August 12, 2015, by the
Self-Insurance Estimating Conference**

Prepared by: Florida Department of Management Services
Division of State Group Insurance

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

EXECUTIVE SUMMARY

The Florida Division of State Group Insurance (the Division) prepared a financial Outlook for the State Employees' Group Health Self-Insurance Trust Fund (Trust Fund) for the fiscal years (FY) ending June 30, 2015, through June 30, 2020. The outlook is prepared to assist in the State's planning and budgeting in accordance with Section 216.136(9), *Florida Statutes*. The outlook is prepared using cash basis methods and modeling based on the healthcare benefit and funding design currently in place.

The outlook builds on the financial and enrollment data presented in the March 2015 Report on the Financial Outlook with adjustments for the following:

1. Actual FY 2014-15 enrollment, revenue and expense.
2. Finalized 2016 fully insured premium rates.
3. Finalized 2016 self-insured Health Maintenance Organization (HMO) Administrative Service Only (ASO) fees.

The current outlook reflects increases in expenses and decreases in ending cash balances for all years of the forecast period compared to the March outlook. In the prior outlook the Trust Fund was expected to remain solvent through FY 2017-18, however solvency is now expected only through FY 2016-17 due to increased expense forecasts. The actual ending cash balance for FY 2014-15 was \$522.6 million compared to \$528.7, and the estimated operating gain was \$80.8 million, previously forecasted at \$86.9 million. The forecasted ending cash balance for FY 2015-16 is adjusted from \$554.3 million to \$513.4 million, and the operating gain of \$25.6 million reduced to an operating deficit of \$9.2 million. For FY 2016-17 the forecasted ending cash balance is adjusted from \$404.0 million to \$328.9 million and the estimated operating loss is increased from \$150.3 million to \$184.5 million. For FY 2017-18 the forecasted ending cash balance is adjusted from a surplus of \$45.7 million to a deficit of \$76.1, and the operating loss from \$358.3 to \$405.0 million. Ending cash balance deficits and operating losses are projected for FY 2018-19 and FY 2019-20.

Below is a summary of the outlook for the Trust Fund through FY 2019-2020.

	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
Beginning Cash Balance	\$ 441.8	\$ 522.6	\$ 513.4	\$ 328.9	\$ 0.0	\$ 0.0
Total Revenues	\$ 2,212.5	\$ 2,231.1	\$ 2,259.4	\$ 2,275.0	\$ 2,297.6	\$ 2,318.8
Total Expenses	\$ 2,131.7	\$ 2,240.3	\$ 2,443.9	\$ 2,680.0	\$ 2,962.3	\$ 3,292.2
Operating Gain/(Loss)	\$ 80.8	\$ (9.2)	\$ (184.5)	\$ (405.0)	\$ (664.7)	\$ (973.4)
Ending Cash Balance	\$ 522.6	\$ 513.4	\$ 328.9	\$ (76.1)	\$ (664.7)	\$ (973.4)

Note: Assumes no carry forward of negative cash balance from FY 2018-19 to FY 2019-2020.

Declines in the cash position are attributable primarily to higher than expected specialty drug pharmacy claims expenses incurred during the first five months of 2015 resulting in revised assumptions in the out-years, and higher than expected medical claims due to enrollment and category shifts.

Enrollment

Impacting all areas of the projections are changes to the enrollment forecast, due to updated enrollment activity through July 2015. Actual enrollment for FY 2014-15 reflected final average enrollment of 171,784 contracts, compared to 171,863 projected in the prior outlook. The total average covered lives in FY 2014-15 was 360,821. Enrollment for FY 2015-16 through FY 2018-19 continues to reflect increasing enrollment trends in the Active coverage category with growth of 1.4%. The Early Retiree coverage categories are projected to increase an average of 0.8% annually, and enrollment in the Medicare coverage categories are expected to remain fairly flat through all years of the forecast. Total enrollment is projected to increase an average of 1.1% year over year throughout the forecast period.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Subscriber migration patterns indicate continuing change in the enrollment distribution between the PPO plans and the HMO plans. Overall enrollment projections across all years of the forecast reflect an average decrease of 0.6% in PPO plans and an average increase of 2.7% in HMO plans.

As of July 2015, approximately 2,594 members, or 1.5% of total enrollment, are currently enrolled in a High Deductible Health Plan (HDHP). Active employees account for 96.4% of these subscribers, of which 52.8% are participating in the integrated state-sponsored Health Savings Account (HSA) offering.

As of July 2015, 24,754, or 18% of eligible employees opted out of enrollment in the Program; 36.2% of those were employees in Other Personal Services positions.

REVENUE

Final revenue received during FY 2014-15 was \$2.2 billion, \$10.2 million more than projected in the March 2015 forecast. Actual insurance premiums were \$2.1 billion, \$3.6 million more than forecasted for the period due to enrollment updates and actual premium receipts. Investment earnings received during FY 2014-15 were \$6.6 million, \$1.8 million more than previously projected, based on higher actual investment earnings. Refunds received for medical claims overpayments was \$3.3 million less than the previous forecast, based on actual receipts of \$14.4 million. Pharmacy rebates received during the period totaled \$75 million, \$8.6 million higher than previously forecasted based on actual rebates received. Medical subsidy payments received during FY 2014-15 were \$20.8 million, down \$1.1 compared to the previous outlook report. Other revenues received during the period were \$3.7 million, reflecting an increase of \$0.7 million more than the March forecast based on a settlement received from a drug manufacturer in June.

FY 2015-16 through FY 2019-20 reflect combined increases in net premium revenues totaling \$21.7 million due to enrollment updates and shifts from single to family coverage. Combined investment earnings are projected at \$0.8 million less than the March outlook, due to decreased ending cash balances. The most significant revenue reductions are reflected in pharmacy rebates, totaling \$52.0 less than previously forecasted primarily due to decreased projections of pharmacy rebates related to lower utilization.

SPEND

Total expenses paid in FY 2014-15 for self-insured PPO and HMO medical claims was \$1.2 billion, which was \$1.8 million higher than the March forecast due to higher than expected claims. ASO fee expenses paid during the fiscal year were \$46.3 million reflecting a \$0.2 million increase over the previous forecast due to enrollment shifts. Total pharmacy claim expenses were \$556.2 million, up \$14.2 million from the prior forecast due to higher than expected pharmacy claims. FY 2014-15 fully-insured premium expenses were \$283.6, reflecting a decrease of \$0.3 million lower than the prior forecast. Health savings account expenses were \$2.5 million; \$0.4 million lower than forecasted due to lower than projected HSA enrollment. Operating costs were \$3.2 million; \$0.7 million lower than the prior outlook due to lower actual costs. Actual premium refunds for the period were \$5.1 million, reflecting an increase of \$1.1 million higher than the previous forecast. This increase is attributed to an aggressive underpayment cleanup process occurring during the second quarter of 2015. Other expenses attributed to Patient Center Outcome and Research Institute and annual reinsurance fees were \$14.8 million.

For FY 2015-16 through 2019-20 this forecast reflects a combined decrease of \$51.9 million in PPO medical claims and an increase of \$94.5 million in self-insured HMO medical claims. The net increase in medical claims across all years of the forecast, compared to the March outlook, is \$42.6 million due to resetting the base and enrollment shifts from the PPO to HMO plans. A decrease of \$45.5 million in fully-insured premium payments and \$14.3 million in ASO fees is reflected across the out-years of the forecast compared to the prior projections, due to reduced negotiated renewal rates. Pharmacy claims costs are projected at a combined increase of \$216.9 million in the out-years compared to the March forecast due to higher than projected claims experience.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Growth factors used to develop PPO medical claims costs in this outlook are reflected below:

PPO MEDICAL							
Industry Range for CYs 2015-16: 3.0% - 9.7%							
	FY 14-15		FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Applied	Actual YTD + Projected	Applied	Applied	Applied	Applied	Applied
March 2015 Conference	6.0%*	4.4%	6.0%	6.5%	7.0%	7.5%	8.0%
August 2015 Conference	n/a	2.6%	6.0%	6.5%	7.0%	7.5%	8.0%

Growth factors used to develop HMO medical claims costs in this outlook are reflected below:

HMO MEDICAL							
Industry Range for CYs 2015-16: 3.0% - 9.7%							
	FY 14-15		FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Applied	Actual YTD + Projected	Applied	Applied	Applied	Applied	Applied
March 2015 Conference	6.5%*	4.2%	6.5%	7.0%	7.5%	8.0%	8.5%
August 2015 Conference	n/a	7.1%	6.5%	7.0%	7.5%	8.0%	8.5%

Growth factors used to develop the PPO and HMO pharmacy claims costs for FY 2015-16 were provided by CVS Caremark. Due to pricing volatility of specialty drugs and limited pharmaceutical pipeline information beyond 2017, the growth factors adopted in the March 2015 State Employees' Group Health Self-Insurance Trust Fund Report on the Financial Outlook were used to forecast these expenses in FY 2016-17 through 2019-20, and are reflected below.

PPO PHARMACY							
Industry Range for CYs 2015-16: 4.7% - 15%							
	FY 14-15		FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Applied	Actual YTD + Projected	Applied	Applied	Applied	Applied	Applied
March 2015 Conference	2.0%	10.1%	-1.3%	13.3%	14.8%	14.8%	14.8%
August 2015 Conference	n/a	11.5%	0.5%	13.3%	14.8%	14.8%	14.8%

HMO PHARMACY							
Industry Range for CYs 2015-16: 4.7% - 15%							
	FY 14-15		FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
	Applied	Actual YTD + Projected	Applied	Applied	Applied	Applied	Applied
March 2015 Conference	6.4%	24.9%	-9.1%	9.6%	14.3%	14.2%	13.4%
August 2015 Conference	n/a	30.6%	-3.8%	9.6%	14.3%	14.2%	13.4%

Growth factors used to develop HMO fully-insured premiums in this outlook are reflected below:

FULLY INSURED HMO PREMIUM PAYMENTS					
Industry Range for CYs 2015-16: 5.8% - 9.3%					
	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
March 2015 Conference	3.6%*	6.0%	6.5%	7.0%	7.5%
August 2015 Conference	3.6%*	6.0%	6.5%	7.0%	7.5%

*Actual trend rates

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit I

Financial Outlook by Fiscal Year ⁽¹⁾

Changes to Conference Forecast - August 2015 Compared to March 2015

(In Millions)

	FY 2014-15			FY 2015-16			FY 2016-17			FY 2017-18			FY 2018-19			FY 2019-20		
	Mar '15	Aug '15	Diff.	Mar '15	Aug '15	Diff.	Mar '15	Aug '15	Diff.	Mar '15	Aug '15	Diff.	Mar '15	Aug '15	Diff.	Mar '15	Aug '15	Diff.
BEGINNING CASH BALANCE	\$ 441.8	\$ 441.8	\$ -	\$ 528.7	\$ 522.6	\$ (6.1)	\$ 554.3	\$ 513.4	\$ (40.9)	\$ 404.0	\$ 328.9	\$ (75.1)	\$ 45.7	\$ 0.0 ⁽²⁾	\$ (45.7)	\$ 0.0 ⁽²⁾	\$ 0.0 ⁽²⁾	\$ -
REVENUES:																		
Insurance Premiums ⁽³⁾	\$ 2,069.5	\$ 2,073.1	\$ 3.6	\$ 2,094.9	\$ 2,098.0	\$ 3.1	\$ 2,123.4	\$ 2,128.1	\$ 4.7	\$ 2,145.1	\$ 2,149.7	\$ 4.6	\$ 2,167.5	\$ 2,172.2	\$ 4.7	\$ 2,189.3	\$ 2,193.9	\$ 4.6
Investment Earnings	4.8	6.6	1.8	5.4	6.4	1.0	4.8	5.2	0.4	2.2	-	(2.2)	-	-	-	-	-	-
TPA & Self-Insured HMO Refunds	17.7	14.4	(3.3)	15.6	15.6	-	15.6	15.6	-	15.6	15.6	-	15.6	15.6	-	15.6	15.6	-
PBM Rebates	66.4	75.0	8.6	79.2	71.6	(7.6)	77.0	69.4	(7.6)	80.1	69.7	(10.4)	80.7	69.8	(10.9)	84.9	69.4	(15.5)
Pretax Trust Fund Transfer	19.0	18.9	(0.1)	19.0	19.0	-	19.0	19.0	-	19.0	19.0	-	19.0	19.0	-	19.0	19.0	-
Medicare Part D Subsidy	21.9	20.8	(1.1)	20.8	20.5	(0.3)	20.9	22.1	1.2	20.9	21.0	0.1	20.9	21.0	0.1	20.9	20.9	-
Other Revenues	3.0	3.7	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	\$ 2,202.3	\$ 2,212.5	\$ 10.2	\$ 2,234.9	\$ 2,231.1	\$ (3.8)	\$ 2,260.7	\$ 2,259.4	\$ (1.3)	\$ 2,282.9	\$ 2,275.0	\$ (7.9)	\$ 2,303.7	\$ 2,297.6	\$ (6.1)	\$ 2,329.7	\$ 2,318.8	\$ (10.9)
TOTAL CASH AVAILABLE	\$ 2,644.1	\$ 2,654.3	\$ 10.2	\$ 2,763.6	\$ 2,753.7	\$ (9.9)	\$ 2,815.0	\$ 2,772.8	\$ (42.2)	\$ 2,686.9	\$ 2,603.9	\$ (83.0)	\$ 2,349.4	\$ 2,297.6	\$ (51.8)	\$ 2,329.7	\$ 2,318.8	\$ (10.9)
EXPENSES:																		
PPO Plan	\$ 949.8	\$ 941.5	\$ (8.3)	\$ 980.5	\$ 981.5	\$ 1.0	\$ 1,058.4	\$ 1,060.5	\$ 2.1	\$ 1,149.5	\$ 1,152.9	\$ 3.4	\$ 1,253.7	\$ 1,258.3	\$ 4.6	\$ 1,372.8	\$ 1,379.0	\$ 6.2
Medical Claims	621.6	609.2	(12.4)	655.7	646.3	(9.4)	694.8	685.0	(9.8)	737.9	727.7	(10.2)	787.5	776.6	(10.9)	844.3	832.7	(11.6)
ASO Fee	17.8	17.8	-	17.7	17.7	-	17.6	17.7	0.1	17.5	17.5	-	17.4	17.4	-	17.2	17.3	0.1
Prescription Drug Claims	310.3	314.4	4.1	304.9	315.3	10.4	343.8	355.6	11.8	392.0	405.6	13.6	446.7	462.2	15.5	509.2	526.9	17.7
PBM Claims Administration	0.1	0.1	-	2.2	2.2	-	2.2	2.2	-	2.1	2.1	-	2.1	2.1	-	2.1	2.1	-
HMO Plan	\$ 1,140.4	\$ 1,164.6	\$ 24.2	\$ 1,205.5	\$ 1,235.5	\$ 30.0	\$ 1,330.8	\$ 1,361.6	\$ 30.8	\$ 1,479.8	\$ 1,515.3	\$ 35.5	\$ 1,652.2	\$ 1,692.2	\$ 40.0	\$ 1,847.9	\$ 1,894.2	\$ 46.3
Premium Payments	283.9	283.6	(0.3)	301.7	297.7	(4.0)	327.3	320.1	(7.2)	354.0	344.9	(9.1)	384.7	373.0	(11.7)	418.8	405.3	(13.5)
Medical Claims	596.5	610.7	14.2	656.1	670.9	14.8	726.3	742.8	16.5	805.1	823.8	18.7	896.3	917.3	21.0	1,001.8	1,025.3	23.5
ASO Fee	28.3	28.5	0.2	29.2	26.9	(2.3)	30.2	27.3	(2.9)	31.1	28.2	(2.9)	32.1	29.0	(3.1)	33.0	29.9	(3.1)
Prescription Drug Claims	231.7	241.8	10.1	216.6	238.1	21.5	245.0	269.4	24.4	287.5	316.3	28.8	337.0	370.8	33.8	392.1	431.5	39.4
PBM Claims Administration	-	-	-	1.9	1.9	-	2.0	2.0	-	2.1	2.1	-	2.1	2.1	-	2.2	2.2	-
HSA Deposits ⁽³⁾	2.9	2.5	(0.4)	3.3	3.2	(0.1)	3.3	3.2	(0.1)	3.3	3.2	(0.1)	3.3	3.2	(0.1)	3.3	3.2	(0.1)
Operating Costs & Admin Assessment	3.9	3.2	(0.7)	3.9	3.9	-	3.9	3.9	-	3.9	3.9	-	3.9	3.9	-	3.9	3.9	-
Premium Refunds	4.0	5.1	1.1	4.0	4.0	-	4.0	4.0	-	4.0	4.0	-	4.0	4.0	-	4.0	4.0	-
Other Expenses ⁽⁴⁾	14.4	14.8	0.4	12.1	12.2	0.1	10.6	10.7	0.1	0.7	0.7	-	0.7	0.7	-	15.3	7.9	(7.4)
TOTAL EXPENSES	\$ 2,115.4	\$ 2,131.7	\$ 16.3	\$ 2,209.3	\$ 2,240.3	\$ 31.0	\$ 2,411.0	\$ 2,443.9	\$ 32.9	\$ 2,641.2	\$ 2,680.0	\$ 38.8	\$ 2,917.8	\$ 2,962.3	\$ 44.5	\$ 3,247.2	\$ 3,292.2	\$ 45.0
EXCESS OF REV. OVER EXP.	\$ 86.9	\$ 80.8	\$ (6.1)	\$ 25.6	\$ (9.2)	\$ (34.8)	\$ (150.3)	\$ (184.5)	\$ (34.2)	\$ (358.3)	\$ (405.0)	\$ (46.7)	\$ (614.1)	\$ (664.7)	\$ (50.6)	\$ (917.5)	\$ (973.4)	\$ (55.9)
ENDING CASH BALANCE ⁽⁵⁾	\$ 528.7	\$ 522.6	\$ (6.1)	\$ 554.3	\$ 513.4	\$ (40.9)	\$ 404.0	\$ 328.9	\$ (75.1)	\$ 45.7	\$ (76.1)	\$ (121.8)	\$ (568.4)	\$ (664.7)	\$ (96.3)	\$ (917.5)	\$ (973.4)	\$ (55.9)
ADDITIONAL INFORMATION																		
Unreported PPO Plan Claims Liability ⁽⁶⁾	\$ 56.2	\$ 55.5	\$ (0.7)	\$ 59.3	\$ 58.9	\$ (0.4)	\$ 62.8	\$ 62.4	\$ (0.4)	\$ 66.7	\$ 66.2	\$ (0.5)	\$ 71.2	\$ 70.6	\$ (0.6)	\$ 76.3	\$ 75.6	\$ (0.7)
Unreported HMO Plan Claims Liability ⁽⁷⁾	69.1	70.7	1.6	76.0	77.7	1.7	84.0	85.9	1.9	93.1	95.2	2.1	103.6	106.0	2.4	105.7	118.4	12.7
Unreported PBM Claims Liability ⁽⁸⁾	10.8	5.6	(5.3)	10.4	5.5	(4.9)	11.8	6.3	(5.5)	13.6	7.2	(6.4)	15.7	8.3	(7.3)	18.0	9.6	(8.4)
Total Unreported Claims Liability	\$ 136.1	\$ 131.8	\$ (4.4)	\$ 145.7	\$ 142.1	\$ (3.6)	\$ 158.6	\$ 154.6	\$ (4.0)	\$ 173.4	\$ 168.6	\$ (4.8)	\$ 190.5	\$ 184.9	\$ (5.5)	\$ 200.0	\$ 203.6	\$ 3.6

Highlights of Changes to Forecast

- 1) Inclusion of actual enrollment through July 2015
- 2) Inclusion of actual revenues and expenses through June 2015
- 3) Increased Investment Earning Rate from 1.0% to 1.25%
- 4) Inclusion of final Plan Year 2016 Fully-insured HMO premium rates
- 5) Inclusion of final Plan Year 2016 Self-insured HMO ASO fees

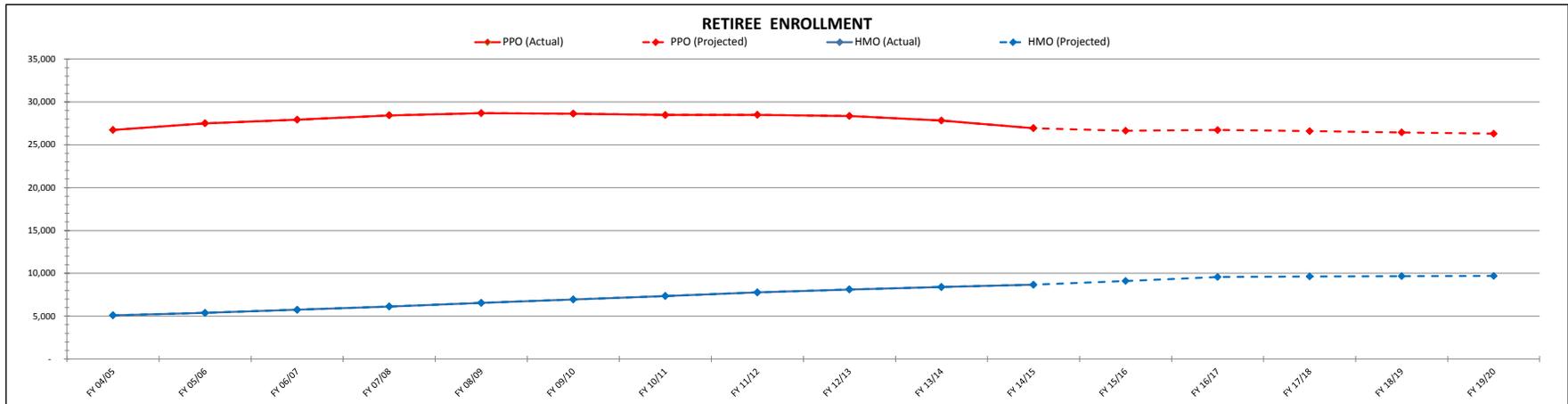
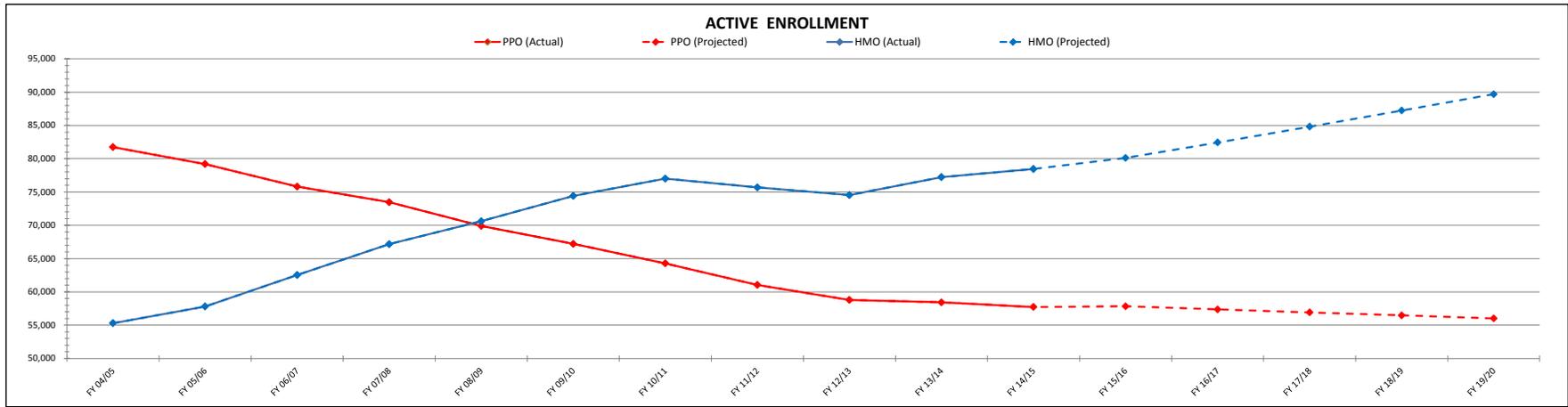
STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit II

Enrollment Outlook by Fiscal Year

Changes to Conference Forecast - August 2015 Compared to March 2015

	FY 2014-15			FY 2015-16			FY 2016-17			FY 2017-18			FY 2018-19			FY 2019-20		
	Mar '15	Aug '15	Diff.	Mar '15	Aug '15	Diff.	Mar '15	Aug '15	Diff.	Mar '15	Aug '15	Diff.	Mar '15	Aug '15	Diff.	Mar '15	Aug '15	Diff.
Average Enrollment by Plan																		
PPO Standard	82,934	82,936	2	82,492	82,626	134	82,101	82,243	142	81,501	81,668	167	80,918	81,085	167	80,341	80,508	167
PPO HIHP	1,720	1,734	14	1,764	1,849	85	1,761	1,846	85	1,752	1,837	85	1,741	1,828	87	1,732	1,821	89
HMO Standard	86,534	86,432	(102)	88,983	88,477	(506)	91,749	91,257	(492)	94,153	93,699	(454)	96,583	96,129	(454)	99,033	98,579	(454)
HMO HIHP	675	682	7	703	751	48	706	756	50	716	767	51	732	783	51	751	802	51
Total	171,863	171,784	(79)	173,942	173,703	(239)	176,317	176,102	(215)	178,122	177,971	(151)	179,974	179,825	(149)	181,857	181,710	(147)
Average Enrollment by Coverage Type																		
Active (Non-OPS) Standard	129,899	129,825	(74)	131,526	131,122	(404)	133,063	132,657	(406)	134,683	134,277	(406)	136,348	135,942	(406)	138,032	137,626	(406)
Active (Non-OPS) HIHP	2,058	2,086	28	2,117	2,261	144	2,107	2,253	146	2,098	2,245	147	2,092	2,239	147	2,088	2,237	149
OPS Standard	3,665	3,641	(24)	4,058	3,959	(99)	4,373	4,274	(99)	4,681	4,582	(99)	4,985	4,886	(99)	5,293	5,194	(99)
OPS HIHP	237	231	(6)	252	245	(7)	263	256	(7)	274	267	(7)	285	279	(6)	297	291	(6)
COBRA	419	408	(11)	411	367	(44)	411	367	(44)	411	367	(44)	411	367	(44)	411	367	(44)
Early Retiree	6,183	6,150	(33)	6,193	6,173	(20)	6,645	6,647	2	6,528	6,586	58	6,424	6,482	58	6,336	6,394	58
Medicare	29,402	29,443	41	29,385	29,576	191	29,455	29,648	193	29,447	29,647	200	29,429	29,630	201	29,400	29,601	201
Total	171,863	171,784	(79)	173,942	173,703	(239)	176,317	176,102	(215)	178,122	177,971	(151)	179,974	179,825	(149)	181,857	181,710	(147)



STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Exhibit III
Financial Outlook by Fiscal Year ⁽¹⁾
(In Millions)

	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
BEGINNING CASH BALANCE	\$ 441.8	\$ 522.6	\$ 513.4	\$ 328.9	\$ 0.0 ⁽²⁾	\$ 0.0 ⁽²⁾
REVENUES:						
Insurance Premiums:						
Employer	\$ 1,677.7	\$ 1,696.7	\$ 1,714.7	\$ 1,733.5	\$ 1,752.9	\$ 1,772.5
Employee	164.5	167.0	169.1	171.3	173.5	175.8
HSA Contributions ⁽³⁾	2.5	3.2	3.2	3.2	3.2	3.2
COBRA	4.3	3.9	3.9	3.9	3.9	3.9
Early Retiree	58.0	60.0	68.0	67.2	66.5	65.9
Medicare	166.1	167.2	169.2	170.6	172.2	172.6
Investment Earnings	6.6	6.4	5.2	0.0	0.0	0.0
PPO - TPA Refunds	9.2	10.8	10.8	10.8	10.8	10.8
PPO - PBM Rebates	53.2	41.2	39.8	39.7	39.3	38.7
HMO - Self-Insured Refunds	5.2	4.8	4.8	4.8	4.8	4.8
HMO - PBM Rebates	21.8	30.4	29.6	30.0	30.5	30.7
Pretax Trust Fund Transfer	18.9	19.0	19.0	19.0	19.0	19.0
PPO - Medicare Part D Subsidy	18.8	19.0	20.7	19.6	19.6	19.5
HMO - Medicare Part D Subsidy	2.0	1.5	1.4	1.4	1.4	1.4
Other Revenues	3.7	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	\$ 2,212.5	\$ 2,231.1	\$ 2,259.4	\$ 2,275.0	\$ 2,297.6	\$ 2,318.8
TOTAL CASH AVAILABLE	\$ 2,654.3	\$ 2,753.7	\$ 2,772.8	\$ 2,603.9	\$ 2,297.6	\$ 2,318.8
EXPENSES:						
State PPO Plan:						
Medical Claims	\$ 609.2	\$ 646.3	\$ 685.0	\$ 727.7	\$ 776.6	\$ 832.7
ASO Fee	17.8	17.7	17.7	17.5	17.4	17.3
Prescription Drug Claims	314.4	315.3	355.6	405.6	462.2	526.9
PBM Claims Administration	0.1	2.2	2.2	2.1	2.1	2.1
HMO Plan:						
Premium Payments	283.6	297.7	320.1	344.9	373.0	405.3
Medical Claims	610.7	670.9	742.8	823.8	917.3	1,025.3
ASO Fee	28.5	26.9	27.3	28.2	29.0	29.9
Prescription Drug Claims	241.8	238.1	269.4	316.3	370.8	431.5
PBM Claims Administration	0.0	1.9	2.0	2.1	2.1	2.2
HSA Deposits ⁽³⁾	2.5	3.2	3.2	3.2	3.2	3.2
Operating Costs & Admin Assessment	3.2	3.9	3.9	3.9	3.9	3.9
Premium Refunds	5.1	4.0	4.0	4.0	4.0	4.0
Other Expenses ⁽⁴⁾	14.8	12.2	10.7	0.7	0.7	7.9
TOTAL EXPENSES	\$ 2,131.7	\$ 2,240.3	\$ 2,443.9	\$ 2,680.0	\$ 2,962.3	\$ 3,292.2
EXCESS OF REVENUES OVER EXPENSES	\$ 80.8	\$ (9.2)	\$ (184.5)	\$ (405.0)	\$ (664.7)	\$ (973.4)
ENDING CASH BALANCE ⁽⁵⁾	\$ 522.6	\$ 513.4	\$ 328.9	\$ (76.1)	\$ (664.7)	\$ (973.4)

ADDITIONAL INFORMATION

Total Unreported Claims Liability ⁽⁹⁾	\$ 131.8	\$ 142.1	\$ 154.6	\$ 168.6	\$ 184.9	\$ 203.6
Average Enrollment by Plan						
PPO Standard	82,936	82,626	82,243	81,668	81,085	80,508
PPO HIHP	1,734	1,849	1,846	1,837	1,828	1,821
HMO Standard	86,432	88,477	91,257	93,699	96,129	98,579
HMO HIHP	682	751	756	767	783	802
Total	171,784	173,703	176,102	177,971	179,825	181,710
Average Enrollment by Coverage Type						
Active (Non-OPS) Standard	129,825	131,122	132,657	134,277	135,942	137,626
Active (Non-OPS) HIHP	2,086	2,261	2,253	2,245	2,239	2,237
OPS Standard	3,641	3,959	4,274	4,582	4,886	5,194
OPS HIHP	231	245	256	267	279	291
COBRA	408	367	367	367	367	367
Early Retiree	6,150	6,173	6,647	6,586	6,482	6,394
Medicare	29,443	29,576	29,648	29,647	29,630	29,601
Total	171,784	173,703	176,102	177,971	179,825	181,710

Exhibit IV
Notes to the Financial Outlook

- 1) Actual results may differ from projected values with increasing likelihood of variance in future periods.
- 2) Assumes no carry forward of a negative ending cash balance from prior year.
- 3) Includes HSA contributions which approximate a split between employer and employee of 46% and 54%, respectively.
- 4) Other Expenses for FY 2019-20 include the estimated impact of \$0.7 million for the payment of Patient-Centered Outcomes Research Institute (PCORI) fees and \$7.2 million for payment of federal excise taxes, totaling \$7.9 million. The federal excise tax amount reflects the best projection available at this time by independent actuaries, due in part, to the fact that federal regulations have not yet been released.
- 5) Includes funds held in accounts outside of the Trust Fund at the Department of Financial Services, Division of Treasury, for the purpose of paying medical claims.
- 6) Includes estimated PPO Incurred but not Reported (IBNR) medical claims and outstanding drafts.
- 7) Includes estimated HMO IBNR medical claims and outstanding drafts.
- 8) Includes estimated PPO and HMO IBNR Rx claims.
- 9) Includes estimated PPO Plan and Self-Insured HMO Plans Incurred but not Reported (IBNR) claims and outstanding drafts.

Exhibit V

Comparison of Financial Outlooks

Fiscal Year 2014-15

(In Millions)

\$ 528.7 Previous Ending Cash Balance Forecast ⁽ⁱ⁾

-	Increase in Beginning Cash Balance	
10.2	Increase in Revenue Forecast	
3.6	- Net increase in Insurance Premiums	
(1.2)	- Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 171,863 to 171,784	
5.2	- Increase in Insurance Premiums due to shifts in enrollment categories	
1.8	- Increase in Investment Earnings due to increased interest rates	
(3.7)	- Decrease in PPO - TPA Refunds due to lower actual than projected refunds	
13.2	- Increase in PPO - PBM Rebates due to higher actual than projected rebates	
0.4	- Increase in HMO - Self-Insured Refunds due to higher actual than projected refunds	
(4.6)	- Decrease in HMO - PBM Rebates due to lower actual than projected rebates	
(0.1)	- Decrease in Pretax Trust Fund Transfer due to lower actual FY 14-15 transfer	
(1.9)	- Decrease in PPO - Medicare Part D Subsidy due to lower actual than projected subsidies	
0.8	- Increase in HMO - Medicare Part D Subsidy due to higher actual than projected subsidies	
0.7	- Increase in Other Revenues due to nonrecurring activity	
16.3	Increase in Expense Forecast	
(8.3)	Decrease in State PPO Plan	
(12.4)	- Decrease in Medical Claims	
0.1	- Increase due to an increase in projected enrollment from 84,654 to 84,670	
(12.5)	- Decrease due to lower actual than projected claims experience	
4.1	- Increase in Prescription Drug Claims	
0.1	- Increase due to an increase in projected enrollment	
4.0	- Increase due to higher actual than projected claims experience	
24.2	Increase in HMO Plan	
(0.3)	- Decrease in Premium Payments due to a decrease in projected enrollment from 31,391 to 31,367	
14.2	- Increase in Medical Claims	
(0.8)	- Decrease due to a decrease in projected enrollment from 55,818 to 55,746	
15.0	- Increase due to higher actual than projected claims experience	
0.2	- Increase in ASO Fee Expense due to shifts in enrollment categories and between HMOs	
10.1	- Increase in HMO Plan Prescription Drug Claims	
(0.3)	- Decrease due to a decrease in projected enrollment from 82,708 to 82,587	
10.4	- Increase due to higher actual than projected claims experience	
0.4	Increase in Other Expense Categories	
(0.4)	- Decrease in actual employer and enrollee HSA Deposits	
(0.7)	- Decrease in Operating Costs and Administrative Assessments due to lower actual costs	
1.1	- Increase in Premium Refunds due to higher actual than projected activity	
0.4	- Increase in Other Expenses due to nonrecurring activity	

522.6 Ending Cash Balance⁽¹⁾⁽ⁱ⁾ Self Insurance Estimating Conference held in March 2015.

Exhibit VI
Comparison of Financial Outlooks
Fiscal Year 2015-16
(In Millions)

\$ 554.3 Previous Ending Cash Balance Forecast ⁽ⁱ⁾

- (6.1) Decrease in Beginning Cash Balance Forecast
- (3.8) Decrease in Revenue Forecast
 - 3.1 - Net decrease in Insurance Premiums
 - (4.4) - Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 173,942 to 173,703
 - 7.6 - Increase in Insurance Premiums due to shifts in enrollment categories
 - 1.0 - Increase in Investment Earnings due to increased interest rates
 - (5.1) - Decrease in PPO - PBM Rebates
 - 0.1 - Increase due to an increase in projected enrollment from 84,256 to 84,475
 - (5.2) - Decrease due to lower projected rebates
 - (2.5) - Decrease in HMO - PBM Rebates
 - (0.2) - Decrease due to a decrease in projected enrollment from 85,067 to 84,503
 - (2.3) - Decrease due to lower projected rebates
 - (0.7) - Decrease in PPO - Medicare Part D Subsidy due to lower projected subsidies
 - 0.4 - Increase in HMO - Medicare Part D Subsidy due to higher projected subsidies
- 31.0 Increase in Expense Forecast
 - 1.0 Increase in State PPO Plan
 - (9.4) - Decrease in Medical Claims
 - 1.7 - Increase due to an increase in projected enrollment from 84,256 to 84,475
 - (11.1) - Decrease due to lower projected claims experience
 - 10.4 - Increase in Prescription Drug Claims
 - 0.8 - Increase due to an increase in projected enrollment
 - 9.6 - Increase due to higher projected claims experience
 - 30.0 Increase in HMO Plan
 - (4.0) - Decrease in Premium Payments
 - (1.7) - Decrease due to a decrease in projected enrollment from 32,017 to 31,838
 - 0.1 - Increase due to shifts in enrollment categories
 - (2.4) - Decrease due to new contract rates effective January 2016
 - 14.8 - Increase in Medical Claims
 - (3.2) - Decrease due to a decrease in projected enrollment from 57,667 to 57,386
 - 18.0 - Increase due to higher projected claims experience
 - (2.3) - Decrease in ASO Fee Expense
 - (0.1) - Decrease due to a decrease in projected enrollment
 - (0.1) - Decrease due to shifts in enrollment between HMOs
 - (2.1) - Decrease due to new contract rates effective January 2016
 - 21.5 - Increase in Prescription Drug Claims
 - (1.4) - Decrease due to a decrease in projected enrollment from 85,067 to 84,503
 - 22.9 - Increase due to higher projected claims experience
 - Increase in Other Expense Categories
 - (0.1) - Decrease in projected employer and enrollee HSA Deposits
 - 0.1 - Increase in Other Expenses due to higher projected Reinsurance Fees due to higher projected number of covered lives

513.4 Ending Cash Balance ⁽¹⁾

⁽ⁱ⁾ Self Insurance Estimating Conference held in March 2015.

Exhibit VII
Comparison of Financial Outlooks
Fiscal Year 2016-17
(In Millions)

\$ 404.0	Previous Ending Cash Balance Forecast ⁽ⁱ⁾
(40.9)	Decrease in Beginning Cash Balance Forecast
(1.3)	Decrease in Revenue Forecast
4.7	- Net increase in Insurance Premiums
(4.2)	- Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 176,317 to 176,102
9.0	- Increase in Insurance Premiums due to shifts in enrollment categories
0.4	- Increase in Investment Earnings due to an increase in projected cash balance
(4.7)	- Decrease in PPO - PBM Rebates
0.1	- Increase due to an increase in projected enrollment from 83,862 to 84,089
(4.8)	- Decrease due to lower projected rebates
(2.9)	- Decrease in HMO - PBM Rebates
(0.2)	- Decrease due to a decrease in projected enrollment from 87,753 to 87,204
(2.7)	- Decrease due to lower projected rebates
0.9	- Increase in PPO - Medicare Part D Subsidy due to higher projected subsidies
0.3	- Increase in HMO-Medicare Part D Subsidy due to higher projected subsidies
32.9	Increase in Expense Forecast
2.1	Increase in State PPO Plan
(9.8)	- Decrease in Medical Claims
1.9	- Increase due to an increase in projected enrollment from 83,862 to 84,089
(11.7)	- Decrease due to lower projected claims experience
0.1	- Increase in ASO Fee Expense due to an increase in projected enrollment
11.8	- Increase in Prescription Drug Claims
0.9	- Increase due to an increase in projected enrollment
10.9	- Increase due to higher projected claims experience
30.8	Increase in HMO Plan
(7.2)	- Decrease in Premium Payments
(1.6)	- Decrease due to a decrease in projected enrollment from 32,784 to 32,616
(0.7)	- Decrease due to reduced growth factor from 6.5% to 6.0%
(4.9)	- Decrease due to new contract rates effective January 2016
16.5	- Increase in Medical Claims
(3.3)	- Decrease due to a decrease in projected enrollment from 59,666 to 59,393
19.8	- Increase due to higher projected claims experience
(2.9)	- Decrease in ASO Fees
(0.1)	- Decrease due to a decrease in projected enrollment
(0.1)	- Decrease due to shifts in enrollment between HMOs
(2.7)	- Decrease due to new contract rates effective January 2016
24.4	- Increase in Prescription Drug Claims
(1.5)	- Decrease due to a decrease in projected enrollment from 87,753 to 87,204
25.9	- Increase due to higher projected claims experience
-	- Increase in Other Expense Categories
(0.1)	- Decrease in projected employer and enrollee HSA Deposits
0.1	- Increase in Other Expenses due to higher projected Reinsurance Fees due to higher projected number of covered lives
328.9	Ending Cash Balance ⁽¹⁾

⁽ⁱ⁾ Self Insurance Estimating Conference held in March 2015.

Exhibit VIII

Comparison of Financial Outlooks

Fiscal Year 2017-18

(In Millions)

\$ 45.7	Previous Ending Cash Balance Forecast ⁽ⁱ⁾
(75.1)	Decrease in Beginning Cash Balance Forecast
(7.9)	Decrease in Revenue Forecast
4.6	- Net increase in Insurance Premiums
(3.4)	- Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 178,122 to 177,971
8.1	- Increase in Insurance Premiums due to shifts in enrollment categories
(2.2)	- Decrease in Investment Earnings due to a decrease in projected cash balance
(5.6)	- Decrease in PPO - PBM Rebates
0.1	- Increase due to an increase in projected enrollment from 83,253 to 83,505
(5.7)	- Decrease due to lower projected rebates
(4.8)	- Decrease in HMO - PBM Rebates
(0.2)	- Decrease due to a decrease in projected enrollment from 90,118 to 89,607
(4.6)	- Decrease due to lower projected rebates
(0.2)	- Decrease in PPO - Medicare Part D Subsidy due to lower projected subsidies
0.3	- Increase in HMO - Medicare Part D Subsidy due to higher projected subsidies
38.8	Increase in Expense Forecast
3.4	Increase in State PPO Plan
(10.2)	- Decrease in Medical Claims
2.2	- Increase due to an increase in projected enrollment from 83,253 to 83,505
(12.4)	- Decrease due to lower projected claims experience
13.6	- Increase in Prescription Drug Claims
1.2	- Increase due to an increase in projected enrollment
12.4	- Increase due to higher projected claims experience
35.5	Increase in HMO Plan
(9.1)	- Decrease in Premium Payments
(1.5)	- Decrease due to a decrease in projected enrollment from 33,328 to 33,182
(2.4)	- Decrease due to reduced growth factor from 7.0% to 6.5%
(5.2)	- Decrease due to new contract rates effective January 2016
18.7	- Increase in Medical Claims
(3.4)	- Decrease due to a decrease in projected enrollment from 61,535 to 61,279
22.1	- Increase due to higher projected claims experience
(2.9)	- Decrease in ASO Fee Expense
(0.1)	- Decrease due to a decrease in projected enrollment
(2.8)	- Decrease due to new contract rates effective January 2016
28.8	- Increase in Prescription Drug Claims
(1.6)	- Decrease due to a decrease in projected enrollment from 90,118 to 89,607
30.4	- Increase due to higher projected claims experience
(0.1)	Decrease in Other Expense Categories
(0.1)	- Decrease in projected employer and enrollee HSA Deposits
(76.1)	Ending Cash Balance ⁽¹⁾

⁽ⁱ⁾ Self Insurance Estimating Conference held in March 2015.

Exhibit IX
Comparison of Financial Outlooks
Fiscal Year 2018-19
(In Millions)

\$ (568.4)	Previous Ending Cash Balance Forecast ⁽ⁱ⁾
(45.7)	Decrease in Beginning Cash Balance Forecast
(6.1)	Decrease in Revenue Forecast
4.7	- Net increase in Insurance Premiums
(3.4)	- Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 179,974 to 179,825
8.2	- Increase in Insurance Premiums due to shifts in enrollment categories
(5.8)	- Decrease in PPO - PBM Rebates
0.1	- Increase due to an increase in projected enrollment from 82,659 to 82,913
(5.9)	- Decrease due to lower projected rebates
(5.1)	- Decrease in HMO - PBM Rebates
(0.2)	- Decrease due to a decrease in projected enrollment from 92,530 to 92,018
(4.9)	- Decrease due to lower projected rebates
(0.2)	- Decrease in PPO - Medicare Part D Subsidy due to lower projected subsidies
0.3	- Increase in HMO - Medicare Part D Subsidy due to higher projected subsidies
44.5	Increase in Expense Forecast
4.6	Increase in State PPO Plan
(10.9)	- Decrease in Medical Claims
2.4	- Increase due to an increase in projected enrollment from 82,659 to 82,913
(13.3)	- Decrease due to lower projected claims experience
15.5	- Increase in Prescription Drug Claims
1.4	- Increase due to an increase in projected enrollment
14.1	- Increase due to higher projected claims experience
40.0	Increase in HMO Plan
(11.7)	- Decrease in Premium Payments
(1.6)	- Decrease due to a decrease in projected enrollment from 33,870 to 33,724
(4.5)	- Decrease due to reduced growth factors from 7.5% to 7.0%
(5.6)	- Decrease due to new contract rates effective January 2016
21.0	- Increase in Medical Claims
(3.6)	- Decrease due to a decrease in projected enrollment from 63,442 to 63,186
24.6	- Increase due to higher projected claims experience
(3.1)	- Decrease in ASO Fee Expense
(0.1)	- Decrease due to a decrease in projected enrollment
(0.1)	- Decrease due to shifts in enrollment between HMOs
(2.9)	- Decrease due to new contract rates effective January 2016
33.8	- Increase in Prescription Drug Claims
(1.9)	- Decrease due to a decrease in projected enrollment from 92,530 to 92,018
35.7	- Increase due to higher projected claims experience
(0.1)	Decrease in Other Expense Categories
(0.1)	- Decrease in projected employer and enrollee HSA Deposits
(664.7)	Ending Cash Balance ⁽¹⁾

⁽ⁱ⁾ Self Insurance Estimating Conference held in March 2015.

Exhibit IX
Comparison of Financial Outlooks
Fiscal Year 2019-20
(In Millions)

\$ (917.5)	Previous Ending Cash Balance Forecast ⁽ⁱ⁾
0.0	Increase in Beginning Cash Balance Forecast
(10.9)	Decrease in Revenue Forecast
4.6	- Net increase in Insurance Premiums
(3.4)	- Decrease in employer and enrollee Insurance Premiums due to lower projected enrollment from 181,857 to 181,710
8.1	- Increase in Insurance Premiums due to shifts in enrollment categories
(9.5)	- Decrease in PPO - PBM Rebates
0.1	- Increase due to an increase in projected enrollment from 82,073 to 82,329
(9.6)	- Decrease due to lower projected rebates
(6.0)	- Decrease in HMO - PBM Rebates
(0.2)	- Decrease due to a decrease in projected enrollment from 94,969 to 94,457
(5.8)	- Decrease due to lower projected rebates
(0.3)	- Decrease in PPO - Medicare Part D Subsidy due to lower projected subsidies
0.3	- Increase in HMO - Medicare Part D Subsidy due to higher projected subsidies
45.0	Increase in Expense Forecast
6.2	Increase in State PPO Plan
(11.6)	- Decrease in Medical Claims
2.6	- Increase due to an increase in projected enrollment from 82,073 to 82,329
(14.2)	- Decrease due to lower projected claims experience
0.1	- Increase in ASO Fee Expense due to an increase in projected enrollment
17.7	- Increase in Prescription Drug Claims
1.6	- Increase due to an increase in projected enrollment
16.1	- Increase due to higher projected claims experience
46.3	Increase in HMO Plan
(13.5)	- Decrease in Premium Payments
(1.7)	- Decrease due to a decrease in projected enrollment from 34,413 to 34,267
(5.8)	- Decrease due to reduced growth factors from 8.0% to 7.5%
(6.0)	- Decrease due to new contract rates effective January 2016
23.5	- Increase in Medical Claims
(3.9)	- Decrease due to a decrease in projected enrollment from 65,366 to 65,109
27.4	- Increase due to higher projected claims experience
(3.1)	- Decrease in ASO Fee Expense
(0.1)	- Decrease due to a decrease in projected enrollment
(3.0)	- Decrease due to new contract rates effective January 2016
39.4	- Increase in Prescription Drug Claims
(2.1)	- Decrease due to a decrease in projected enrollment from 94,969 to 94,457
41.5	- Increase due to higher projected claims experience
(7.5)	Decrease in Other Expense Categories
(0.1)	- Decrease in projected employer and enrollee HSA Deposits
-	- Increase in Operating Costs and Administrative Assessments due to reporting of total appropriation
-	- Increase in Premium Refunds due to higher base for FY 2013-14
(7.4)	- Decrease in Other Expenses due to reduction in Excise Taxes
(973.4)	Ending Cash Balance ⁽¹⁾

⁽ⁱ⁾ Self Insurance Estimating Conference held in March 2015.

STATE EMPLOYEES' GROUP HEALTH SELF-INSURANCE TRUST FUND

Premium Rate Table

Effective December 2014 for January 2015 Coverage

(Premium rate change for CHP and FHCP Medicare participants ONLY)

Subscriber Category / Contribution Cycle		Coverage Type	PPO/HMO Standard			PPO/HMO HIHP		
			Employer	Enrollee	Total	Employer ⁽⁴⁾	Enrollee	Total
Career Service	Monthly Full -Time Employees ⁽¹⁾	Single	591.52	50.00	641.52	591.52	15.00	606.52
		Family	1,264.06	180.00	1,444.06	1,264.06	64.30	1,328.36
		Spouse	1,429.08	30.00	1,459.08	1,298.36	30.00	1,328.36
	Bi-Weekly Full -Time Employees ⁽¹⁾	Single	295.76	25.00	320.76	295.76	7.50	303.26
		Family	632.03	90.00	722.03	632.03	32.15	664.18
		Spouse	714.54	15.00	729.54	649.18	15.00	664.18
"Payalls"	Monthly Full -Time Employees ^(1,2)	Single	637.34	8.34	645.68	598.18	8.34	606.52
		Family	1,429.06	30.00	1,459.06	1,298.36	30.00	1,328.36
	Bi-Weekly Full -Time Employees ^(1,2)	Single	318.67	4.17	322.84	299.09	4.17	303.26
		Family	714.53	15.00	729.53	649.18	15.00	664.18
COBRA	Monthly ⁽³⁾	Single	0.00	654.35	654.35	0.00	576.16	576.16
		Family	0.00	1,472.94	1,472.94	0.00	1,269.93	1,269.93
Early Retirees	Monthly	Single	0.00	641.52	641.52	0.00	564.86	564.86
		Family	0.00	1,444.06	1,444.06	0.00	1,245.03	1,245.03
Overage Dependents		Single	0.00	641.52	641.52	0.00	564.86	564.86

Medicare Monthly Premium Rates

Plan Name	Plan Type	Medicare I	Medicare II	Medicare III
		One Eligible ⁽⁵⁾	One Under/Over ⁽⁶⁾	Both Eligible ⁽⁷⁾
Self-Insured PPO / HMO	Standard	359.61	1,036.90	719.22
	HIHP	271.07	849.19	542.15
Capital Health Plan ⁽⁸⁾	Standard	276.00	866.13	552.00
	HIHP	241.11	770.92	482.22
Florida Health Care Plan ⁽⁸⁾	Standard	46.00	710.85	92.00
	HIHP	46.00	594.36	92.00

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 employer monthly HSA contribution of \$41.66/single (\$500 annually) and \$83.33/family (\$1,000 annually) is included in the listed employer rates.

(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) Medicare eligible members who enroll with either CHP or FHCP must also enroll in a Medicare Advantage Prescription Drug ("MAPD") plan with CHP or FHCP.

Forecast of Selected Key Metrics*

(Released 6/5/2015)

Non-Specialty Drug Trend

Our current estimates of the future **non-specialty drug underlying secular gross trend** (i.e., the PMPY gross cost increase that would prevail if no plan design or demographic changes occur) are as follows:

Metric	2015		2016		2017		2018	
	Low	High	Low	High	Low	High	Low	High
Utilization Rate	0.5%	2.5%	1.0%	3.0%	1.0%	3.0%	1.0%	3.0%
Price/Drug Mix Rate	4.9%	8.0%	7.6%	11.1%	7.3%	9.4%	9.0%	11.0%
Total	5.4%	10.5%	8.6%	14.1%	8.3%	12.4%	10.0%	14.0%
Total w/o Compounds	3.1%	8.1%	7.3%	12.1%	6.3%	11.2%	9.0%	13.0%

Specialty Drug Trend

Our current estimates of the future **specialty drug underlying secular gross trend** (i.e., the PMPY gross cost increase that would prevail if no plan design or demographic changes occur) are as follows:

Metric	2015		2016		2017		2018	
	Low	High	Low	High	Low	High	Low	High
Utilization Rate	5.0%	8.0%	6.0%	8.0%	4.0%	7.0%	4.0%	7.0%
Price/Drug Mix Rate	16.8%	25.9%	14.8%	20.5%	12.3%	17.1%	12.3%	17.1%
Total	21.8%	33.9%	20.8%	28.5%	16.3%	24.1%	16.3%	24.1%
Total w/o Hep C & PCSK9	16.6%	19.9%	17.7%	19.9%	15.4%	18.8%	15.4%	18.8%

Overall Drug Trend

Our current estimates of the future **overall drug underlying secular gross trend** (i.e., the PMPY gross cost increase that would prevail if no plan design or demographic changes occur) are as follows:

Metric	2015		2016		2017		2018	
	Low	High	Low	High	Low	High	Low	High
Utilization Rate	0.5%	2.5%	1.0%	3.0%	1.0%	3.0%	1.0%	3.0%
Price/Drug Mix Rate	9.3%	14.3%	11.4%	15.5%	10.0%	13.3%	11.2%	14.4%
Total	9.8%	16.8%	12.4%	18.5%	11.0%	16.3%	12.2%	17.4%
Total w/o Compounds	8.2%	15.1%	11.5%	17.1%	9.7%	15.5%	11.6%	16.8%
Total w/o Hep C & PCSK9	8.3%	12.7%	11.4%	15.7%	10.7%	14.5%	11.9%	15.5%
Total w/o Comp, Hep C & NMEs	6.5%	11.1%	10.2%	14.3%	9.0%	13.4%	11.0%	13.7%

*These forecasts are not an actuarial work product. We strongly encourage the user to seek the appropriate level of independent professional advice in connection with the suitability of using these forecasts.

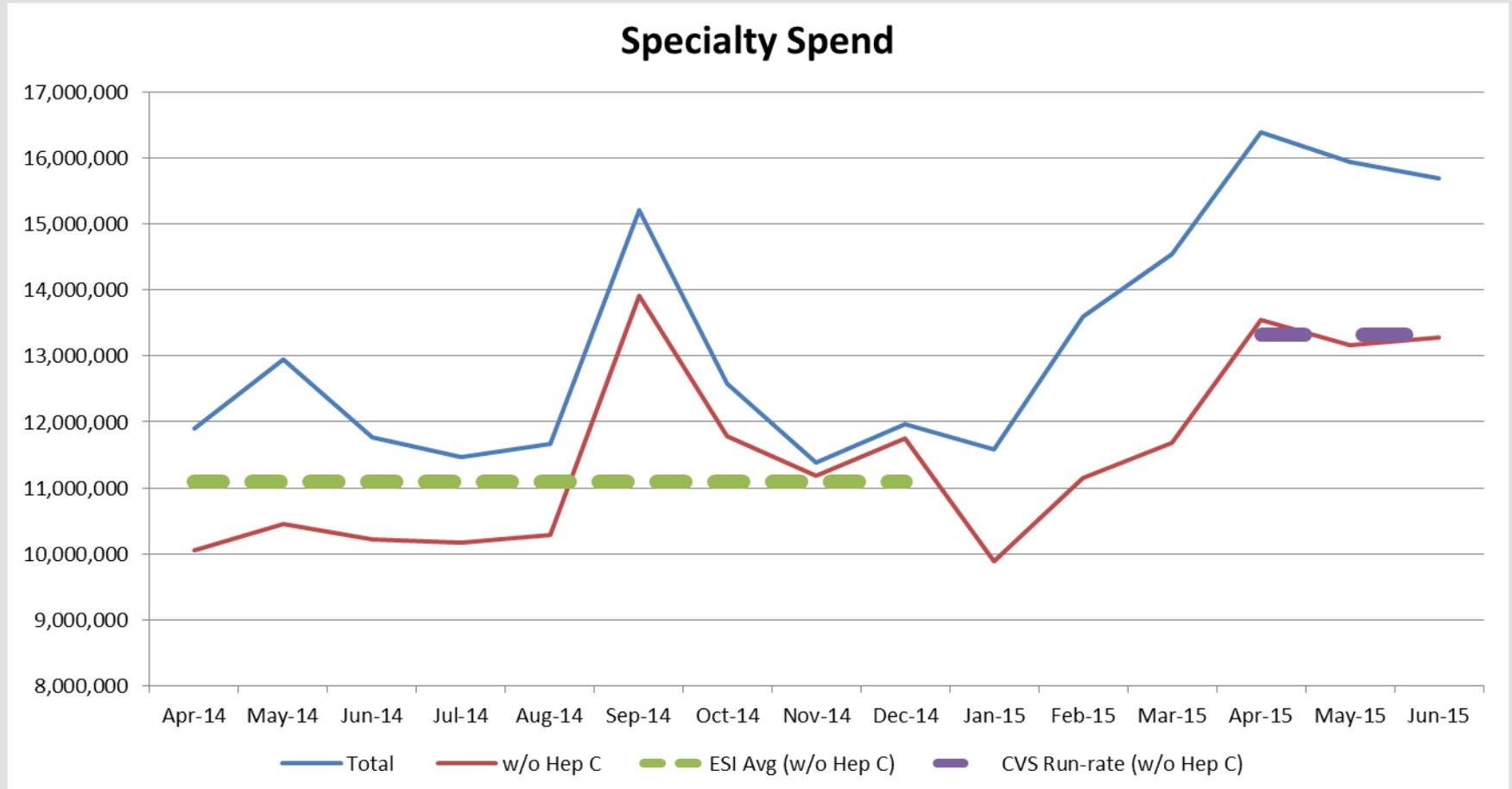
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SoF Specialty Gross Cost Spend Over Time



Apr 14 – Dec 14 Gross Costs Based off of ESI Utilization Data and CVS Health Pricing from BAFO
Jan 15 – Jun 15 Actual Gross Costs From CVS Health Warehouse

3. Month by month RX counts of scripts and aggregated spend categorized by Generic, Brand and Specialty Drugs

	Drug Type	HMO			Type w/o	Total		PPO			Type w/o	Total
		Rxs	Gross	Compounds	Compounds	w/o Compounds		Rxs	Gross	Compounds	Compounds	w/o Compounds
Jan-15	Generic	156,157	\$4,853,522		\$4,853,522		Jan-15	117,259	\$5,581,623		\$5,581,623	
	Brand	29,395	\$13,433,875	\$5,446,240	\$7,987,634			25,237	\$13,618,753	\$2,679,995	\$10,938,758	
	Specialty	1,105	\$5,106,519		\$5,106,519	\$17,947,674		1,082	\$6,472,728		\$6,472,728	
											\$22,993,108	
Feb-15	Generic	152,228	\$4,729,372		\$4,729,372		Feb-15	122,545	\$6,211,753		\$6,211,753	
	Brand	28,039	\$9,101,868	\$85,761	\$9,016,106			25,338	\$12,392,031	\$43,984	\$12,348,047	
	Specialty	1,253	\$5,788,343		\$5,788,343	\$19,533,821		1,278	\$7,816,692		\$7,816,692	
											\$26,376,492	
Mar-15	Generic	164,539	\$4,067,982		\$4,067,982		Mar-15	134,226	\$5,286,535		\$5,286,535	
	Brand	29,288	\$9,274,698	\$148,089	\$9,126,610			26,834	\$12,974,163	\$72,281	\$12,901,881	
	Specialty	1,312	\$6,506,975		\$6,506,975	\$19,701,566		1,369	\$8,045,099		\$8,045,099	
											\$26,233,516	
Apr-15	Generic	159,131	\$3,659,569		\$3,659,569		Apr-15	132,794	\$4,585,572		\$4,585,572	
	Brand	28,680	\$9,512,279	\$104,888	\$9,407,391			27,401	\$13,693,067	\$54,274	\$13,638,793	
	Specialty	1,421	\$7,938,174		\$7,938,174	\$21,005,135		1,463	\$8,223,370		\$8,223,370	
											\$26,447,735	
May-15	Generic	155,467	\$3,684,235		\$3,684,235		May-15	131,308	\$4,777,369		\$4,777,369	
	Brand	28,029	\$9,299,126	\$114,915	\$9,184,211			26,870	\$13,606,904	\$162,423	\$13,444,481	
	Specialty	1,304	\$7,492,150		\$7,492,150	\$20,360,596		1,364	\$8,196,444		\$8,196,444	
											\$26,418,294	
Jun-15	Generic	154,272	\$3,843,699		\$3,843,699		Jun-15	133,684	\$5,029,461		\$5,029,461	
	Brand	27,559	\$9,562,016	\$128,793	\$9,433,223			27,385	\$14,356,602	\$213,936	\$14,142,666	
	Specialty	1,337	\$7,241,647		\$7,241,647	\$20,518,569		1,476	\$8,453,600		\$8,453,600	
											\$27,625,728	

\$6,028,687

Without Compounds

\$3,226,893

Without Compounds

	Total	Annualized		Total	Annualized
June/January	1.14	1.38		1.20	1.55
June/February	1.05	1.16		1.05	1.15
	Generic	Annualized		Generic	Annualized
June/January	0.79	0.57		0.90	0.78
June/February	0.81	0.54		0.81	0.53
	Brand	Annualized		Brand	Annualized
June/January	1.18	1.49		1.29	1.85
June/February	1.05	1.15		1.15	1.50
	Specialty	Annualized		Specialty	Annualized
June/January	1.42	2.31		1.31	1.90
June/February	1.25	1.96		1.08	1.26

	Drug Type	Total		Monthly		Type w/o Compounds	Total w/o Compounds
		Rxs	Gross	All Type	Compounds		
Jan-15	Generic	273,416	\$10,435,144			\$10,435,144	
	Brand	54,632	\$27,052,627		\$8,126,235	\$18,926,392	
	Specialty	2,187	\$11,579,246	\$49,067,017		\$11,579,246	\$40,940,782
Feb-15	Generic	274,773	\$10,941,124			\$10,941,124	
	Brand	53,377	\$21,493,899		\$129,745	\$21,364,154	
	Specialty	2,531	\$13,605,034	\$46,040,057		\$13,605,034	\$45,910,312
Mar-15	Generic	298,765	\$9,354,517			\$9,354,517	
	Brand	56,122	\$22,248,861		\$220,370	\$22,028,491	
	Specialty	2,681	\$14,552,074	\$46,155,452		\$14,552,074	\$45,935,082
Apr-15	Generic	291,925	\$8,245,141			\$8,245,141	
	Brand	56,081	\$23,205,346		\$159,162	\$23,046,184	
	Specialty	2,884	\$16,161,544	\$47,612,032		\$16,161,544	\$47,452,870
May-15	Generic	286,775	\$8,461,604			\$8,461,604	
	Brand	54,899	\$22,906,030		\$277,338	\$22,628,692	
	Specialty	2,668	\$15,688,595	\$47,056,229		\$15,688,595	\$46,778,890
Jun-15	Generic	287,956	\$8,873,160			\$8,873,160	
	Brand	54,944	\$23,918,618		\$342,730	\$23,575,889	
	Specialty	2,813	\$15,695,247	\$48,487,026		\$15,695,247	\$48,144,297

\$9,255,580

Without Compounds

	Total	Annualized
June/January	1.18	1.48
June/February	1.05	1.15
	Generic	Annualized
June/January	0.85	0.68
June/February	0.81	0.53
	Brand	Annualized
June/January	1.25	1.69
June/February	1.10	1.34
	Specialty	Annualized
June/January	1.36	2.07
June/February	1.15	1.54