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EDWARD MONTANARO, DIRECTOR  
Room 576, Claude Pepper Building  
111 W. Madison Street  
Tallahassee, FL 32399-1400  
Telephone (904) 487-1402

MEMORANDUM

TO: Interested Parties

FROM: Pam Johnson *PJ*  
Economic and Demographic Research

DATE: November 17, 1995

SUBJECT: Consensus Estimating Conference--State Employees' Health Insurance

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Attached for your information are tables summarizing the results of the Consensus Estimating Conference on the State Employees' Health Insurance Trust Fund held on November 17, 1995. The conference projects that the Trust Fund balance will be \$93.7 million at the end of fiscal year 1995-96, and \$65.5 million at the end of fiscal year 1996-97. The forecasts imply a gross annual cost per enrollee for the State Self-Insured Plan of \$3,468 in 1995-96 and \$3,622 in 1996-97, and for HMO coverage of \$3,297 in 1995-96 and \$3,296 in 1996-97.

Some caution should be exercised in using the figures contained in these tables. Beginning January 1, 1996, administration of the State Self-Insured Plan will be provided through a contract with Unisys, which is replacing Blue Cross/Blue Shield of Florida. Currently there is no solid information concerning the size of the network being developed or the relative sizes of the discounts negotiated with providers which will be available through the new administrator. Therefore, the forecasts contained in this package for the third party administered claims assume that there will be no impact, either positive or negative, on claims level. Additionally, the contract for administering the Prescription Drug portion of the Self-Insured Plan expires on June 30, 1996, meaning that modifications in discounts may occur, affecting the projections for the costs of that portion of the Plan. Furthermore, the results of the latest open enrollment period are not known at this time. Migration levels between the Self-Insured Plan and HMO's significantly different from those assumed in this forecast will result in significant changes in the projected claims levels for the two options. As a result of these three factors, there is the possibility that these estimates will need significant revisions in the future. Revisions, if necessary, will be addressed at the next conference, which will probably be held in February or March of 1996.

State Employees' Health Insurance Trust Fund  
 Analysis of Income and Expenses  
 1994-95

	Feb 95 Estimate	Actual	Diff.
BEGINNING BALANCE	\$88.2	\$88.2	\$0.0
<u>INCOME</u>			
Retired Teachers Appropriation	\$3.9	\$3.9	\$0.0
Premiums--State	\$357.6	\$490.9	\$3.6
Premiums--Employees	\$92.5		
Premiums--Medicare Patients	\$21.6		
Premiums--Other Non-employees	\$15.6		
Interest	\$3.4	\$4.2	\$0.8
Transfer from Pretax Trust Fund	\$10.1	\$9.0	(\$1.1)
Other (COB's, audits and overpayment returns)	\$8.8	\$8.7	(\$0.1)
TOTAL INCOME	<u>\$513.5</u>	<u>\$516.7</u>	<u>\$3.2</u>
<u>EXPENDITURES</u>			
Blue Cross/Blue Shield Administered Claims	\$287.3	\$287.9	\$0.6
Prescription Drug Program Claims and Administration	\$48.2	\$50.6	\$2.4
HMO Payments	\$147.6	\$148.1	\$0.5
Third Party Administration	\$10.7	\$9.5	(\$1.2)
Division of State Employees' Insurance Administration	\$4.1	\$3.4	(\$0.7)
Transfer to Agency for Health Care Administration	\$0.7	\$0.7	\$0.0
Premium Refunds	\$0.0	\$1.0	\$1.0
TOTAL EXPENDITURES	<u>\$498.6</u>	<u>\$501.2</u>	<u>\$2.6</u>
NET INCOME (INCOME LESS EXPENDITURES)	\$14.9	\$15.5	\$0.6
ENDING BALANCE	<u>\$103.1</u>	<u>\$103.6</u>	<u>\$0.5</u>

State Employees' Health Insurance Trust Fund  
 Analysis of Income and Expenses  
 1995-96

	<u>Feb 95</u> <u>Estimate</u>	<u>Nov 95</u> <u>Estimate</u>	<u>Diff.</u>
BEGINNING BALANCE	\$103.1	\$103.6	\$0.5
<u>INCOME</u>			
Retired Teachers Appropriation	\$2.2	\$1.9	(\$0.3)
Premiums--State	\$369.7	\$363.3	(\$6.4)
Premiums--Employees	\$95.5	\$98.9	\$3.4
Premiums--Medicare Patients	\$23.1	\$24.4	\$1.3
Premiums--Other Non-employees	\$16.3	\$17.3	\$1.0
Interest	\$2.9	\$5.4	\$2.5
Transfer from Pretax Trust Fund	\$10.4	\$9.5	(\$0.9)
Other (COB's, audits and overpayment returns)	\$9.1	\$9.2	\$0.1
TOTAL INCOME	<u>\$529.2</u>	<u>\$529.9</u>	<u>\$0.7</u>
<u>EXPENDITURES</u>			
Third Party Administered Claims	\$304.5	\$304.5	\$0.0
Prescription Drug Program Claims and Administration	\$55.3	\$54.1	(\$1.2)
HMO Payments	\$164.1	\$160.6	(\$3.5)
Third-Party Administration	\$11.9	\$15.8	\$3.9
Division of State Employees' Insurance Administration	\$4.3	\$4.0	(\$0.3)
Transfer to Agency for Health Care Administration	\$0.8	\$0.8	\$0.0
TOTAL EXPENDITURES	<u>\$540.9</u>	<u>\$539.8</u>	<u>(\$1.1)</u>
NET INCOME (INCOME LESS EXPENDITURES)	(\$11.7)	(\$9.9)	\$1.8
ENDING BALANCE	<u>\$91.4</u>	<u>\$93.7</u>	<u>\$2.3</u>

State Employees' Health Insurance Trust Fund  
Analysis of Income and Expenses  
1996-97

Nov 95  
Estimate

BEGINNING BALANCE	<u>\$93.7</u>
<u>INCOME</u>	
Retired Teachers Appropriation	\$1.9
Premiums--State	\$373.0
Premiums--Employees	\$101.6
Premiums--Medicare Patients	\$25.1
Premiums--Other Non-employees	\$17.7
Interest	\$4.3
Transfer from Pretax Trust Fund	\$9.5
Other (COB's, audits and overpayment returns)	\$9.7
TOTAL INCOME	<u>\$542.8</u>
<u>EXPENDITURES</u>	
Third Party Administered Claims	\$318.6
Prescription Drug Program Claims and Administration	\$60.0
HMO Payments	\$173.2
Third-Party Administration	\$14.8
Division of State Employees' Insurance Administration	\$3.6
Transfer to Agency for Health Care Administration	\$0.8
TOTAL EXPENDITURES	<u>\$571.0</u>
NET INCOME (INCOME LESS EXPENDITURES)	(\$28.2)
ENDING BALANCE	<u><u>\$65.5</u></u>

DR PAM JOHNSON  
ECONOMIC AND DEMOGRAPHIC RESEARCH  
576 CLAUDE PEPPER BUILDING  
INTEROFFICE 00001