

Division of Healthcare Finance

Projected Reserve Calculation - Current Plans A, B and C Design with 5.3% increase all years

Medical, Pharmacy, Dental and Vision

Date of Projection: 3/29/2012

Plan Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Factors and Assumptions	Actual Factors	Actual Factors	Projected Factors and Assumptions.....										
Interest Rate on Reserves	0.9%	0.2%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Admin/Contract Fee Trend	3.2%	-4.9%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Healthcare cost trend rate	2.8%	1.9%	5.0%	5.0%	6.0%	7.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Policy Choices	HCC Policy Choices in May 2009	HCC Policy Choices in May 2010	HCC Policy Choices in May 2011	HCC Policy Choices by May 2012	Future Policy Choices.....								
Employer Contr. % incr. (eff. July 1)	12.5%	15.0%	7.5%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Employee Contr. % incr. (eff. Jan 1)	7.5%	8.0%	44.0%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Dependent Contr. % incr. (eff. Jan 1)	7.5%	8.0%	-7.4%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Direct Bill Contr. % incr. (eff Jan 1)	12.4%	14.7%	8.2%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Reserves													
Beginning reserve earning interest	11,880,073	11,991,989	12,017,362	12,167,579	12,319,674	12,473,670	296,498,739	331,202,534	350,320,105	351,162,974	330,727,509	285,662,573	212,234,058
Beginning reserve not earning interest	78,295,832	74,866,652	102,929,048	143,157,399	192,497,890	241,205,890	0	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	114,946,410	155,324,978	204,817,564	253,679,560	296,498,739	331,202,534	350,320,105	351,162,974	330,727,509	285,662,573	212,234,058
Projected Cash Flow													
Total Employer Contributions	293,900,171	324,743,377	354,771,632	377,343,159	397,357,122	418,432,608	440,625,921	463,996,348	488,606,322	514,521,589	541,811,380	570,548,599	600,810,015
Total Participant Contributions	127,392,488	129,927,400	131,238,853	137,895,880	145,224,771	153,374,725	162,304,096	171,950,635	182,213,939	193,136,500	204,763,949	217,145,306	230,333,248
Total Contributions	421,292,659	454,670,777	486,010,485	515,239,039	542,581,893	571,807,333	602,930,017	635,946,983	670,820,261	707,658,089	746,575,329	787,693,905	831,143,263
Total Plan Expenses (Claims, ASO fees & contracted expenses)	424,721,839	426,608,381	446,794,634	467,046,049	493,873,892	529,144,076	571,932,456	620,969,444	674,356,394	732,483,092	795,774,359	864,693,201	939,744,247
Interest on Reserves	111,916	25,373	150,217	152,095	153,996	155,921	3,706,234	4,140,032	4,379,001	4,389,537	4,134,094	3,570,782	2,652,926
Net Cash flow	(3,317,264)	28,087,769	40,378,568	49,492,585	48,861,997	42,819,179	34,703,795	19,117,570	842,869	(20,435,465)	(45,064,936)	(73,428,514)	(105,948,058)
Projected Reserve Balance													
Reserve Ending Balance	86,858,641	114,946,410	155,324,979	204,817,563	253,679,560	296,498,739	331,202,534	350,320,105	351,162,974	330,727,509	285,662,573	212,234,058	106,286,000
Target Reserve	48,651,000	51,193,006	50,274,000	52,566,000	55,609,000	59,613,000	64,474,000	70,046,000	76,113,000	82,720,000	89,916,000	97,751,000	106,286,000
Difference between the Reserve Ending Balance and Target Reserve	38,207,641	63,753,404	105,050,979	152,251,563	198,070,560	236,885,739	266,728,534	280,274,105	275,049,974	248,007,509	195,746,573	114,483,058	(0)
Ending Balance as a Percent of Claims	20.5%	26.9%	34.8%	43.9%	51.4%	56.0%	57.9%	56.4%	52.1%	45.2%	35.9%	24.5%	11.3%

Total Contributions for 2011 include \$2,870,534 from the ERRP, 2012 includes \$1,012,500 and 2013 includes \$1,147,500 from SB572

Total Contributions for 2011 includes \$187,606 for settlement of pharmaceutical class action lawsuit