**9.4% in 2015 with Plan Design Changes in 2013 and 2014**

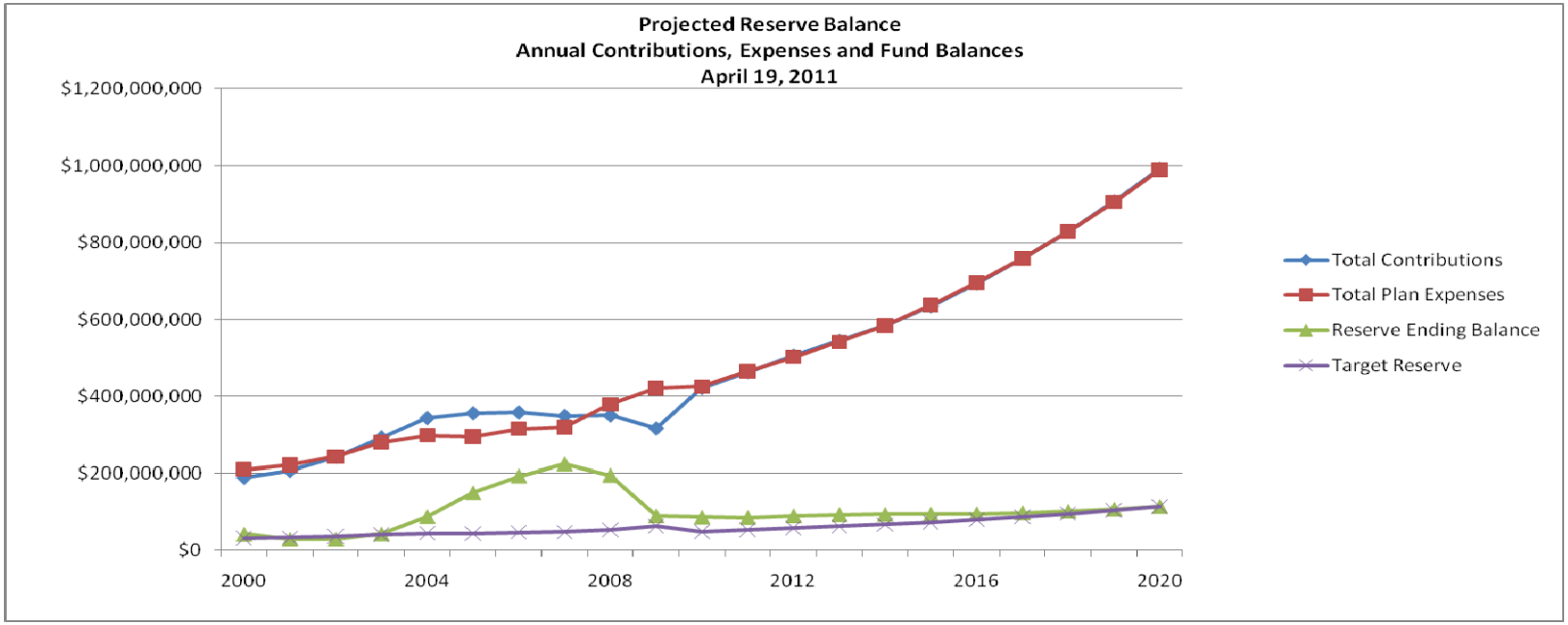
**Plan Design Changes**

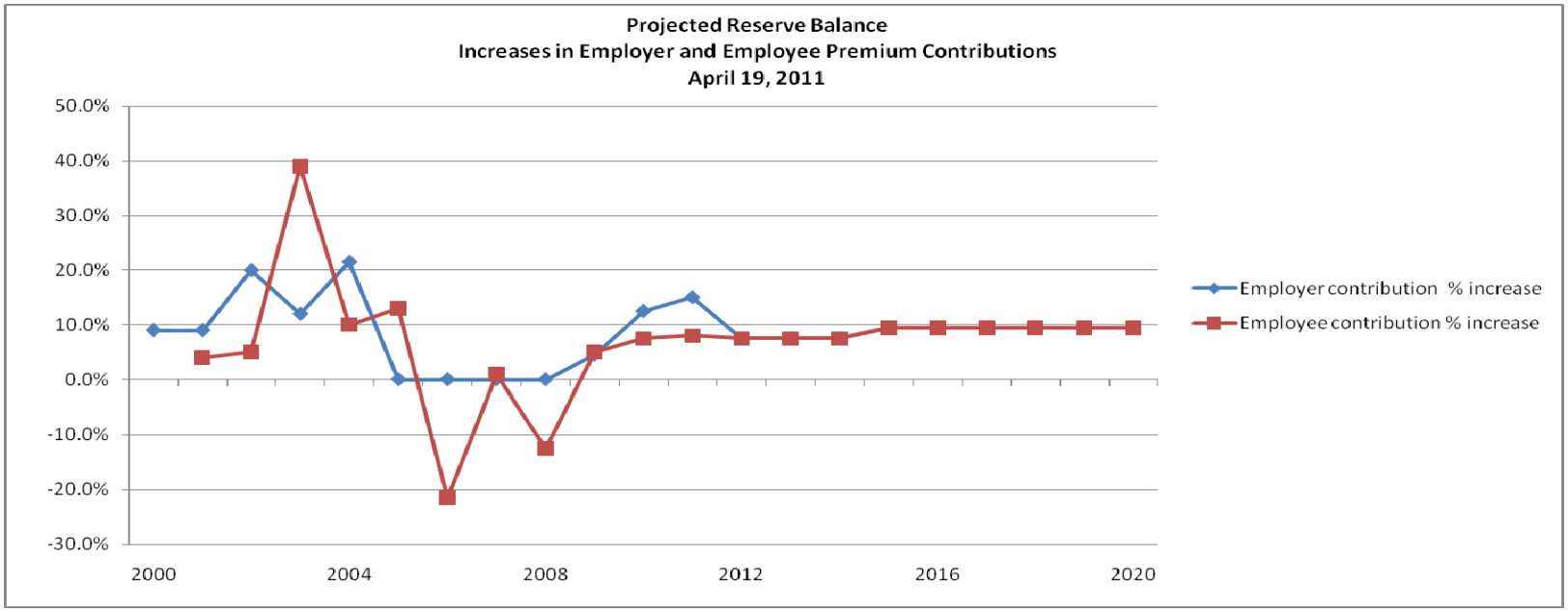
| **Plan A** | **2012** | **2013** | **2014** |
|---|---|---|---|
| Deductible | No Change | $400/$800 | $500,$1,000 |
| PCP/Specialist Copay | No Change | No Change | No Change |
| Coinsurance Maximum | No Change | $1,500/$3,000 | $1,600/$3,200 |
| Employee Coinsurance | No Change | No Change | No Change |
| | | | |
| **Plan B** | | | |
| Deductible | No Change | $200/$400 | $250/$500 |
| PCP/Specialist Copay | No Change | No Change | No Change |
| Coinsurance Maximum | No Change | No Change | No Change |
| Employee Coinsurance | No Change | No Change | No Change |

**Kansas Health Policy Authority**
**Projected Reserve Calculation - 9.4% in 2015 with Plan Design Changes in 2013 and 2014**
**Medical, Pharmacy, Dental and Vision**
**Date of Projection: 4/19/2011**

| **Plan Year** | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | |
| **Factors and Assumptions** | Actual Factors and Assumptions in PY2010 | *Projected Factors and Assumptions.....* | | | | | | | | | |
| Interest Rate on Reserves | 0.9% | *3.1%* | *3.1%* | *3.1%* | *3.1%* | *3.1%* | *3.1%* | *3.1%* | *3.1%* | *3.1%* | *3.1%* |
| Admin/Contract Fee Trend | 3.2% | *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% | *8.5%* | *9.0%* | *9.5%* | *9.5%* | *9.5%* | *9.5%* | *9.5%* | *9.5%* | *9.5%* | *9.5%* |
| | | | | | | | | | | | |
| **Policy Choices** | HCC Policy Choices in May 2009 | HCC Policy Choices in May 2010 | *HCC Policy Choices by May 2011* | *Future Policy Choices.....* | | | | | | | |
| Employer Contr. % incr. (eff. July 1) | 12.5% | 15.0% | *7.5%* | *7.5%* | *7.5%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* |
| Employee Contr. % incr. (eff. Jan 1) | 7.5% | 8.0% | *7.5%* | *7.5%* | *7.5%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* |
| Dependent Contr. % incr. (eff. Jan 1) | 7.5% | 8.0% | *7.5%* | *7.5%* | *7.5%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* |
| Direct Bill Contr. % incr. (eff Jan 1) | 12.4% | 14.7% | *7.5%* | *7.5%* | *7.5%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* | *9.4%* |
| Plan design changes % impact on expenses | -1.1% | -1.1% | *0.0%* | *-1.2%* | *-1.2%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* |
| | | | | | | | | | | | |
| **Reserves** | | | | | | | | | | | |
| Beginning reserve earning interest | 11,880,073 | 11,991,989 | 12,363,741 | 12,747,017 | 13,142,174 | 93,940,588 | 94,322,657 | 95,721,755 | 98,273,824 | 102,126,848 | 107,441,696 |
| Beginning reserve not earning interest | 78,295,832 | 74,866,652 | 73,745,265 | 77,552,407 | 80,187,151 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Beginning Total Reserve Balance** | **90,175,905** | **86,858,641** | **86,109,006** | **90,299,424** | **93,329,325** | **93,940,588** | **94,322,657** | **95,721,755** | **98,273,824** | **102,126,848** | **107,441,696** |
| | | | | | | | | | | | |
| **Projected Cash Flow** | | | | | | | | | | | |
| Total Employer Contributions | 293,900,171 | 335,446,964 | 370,242,339 | 398,066,624 | 426,749,736 | 463,040,741 | 506,742,745 | 554,569,364 | 606,909,883 | 664,190,324 | 726,876,921 |
| Total Participant Contributions | 127,392,488 | 127,412,785 | 135,750,646 | 146,166,888 | 157,343,082 | 171,749,099 | 187,504,151 | 204,735,403 | 223,582,034 | 244,196,365 | 266,745,107 |
| Total Contributions | 421,292,659 | 462,859,749 | 505,992,985 | 544,233,511 | 584,092,818 | 634,789,841 | 694,246,896 | 759,304,768 | 830,491,917 | 908,386,689 | 993,622,027 |
| | | | | | | | | | | | |
| Total Plan Expenses (Claims, ASO fees & contracted expenses) | 424,721,839 | 463,981,136 | 502,185,843 | 541,598,768 | 583,888,962 | 637,319,930 | 695,771,800 | 759,720,073 | 829,685,381 | 906,237,774 | 990,001,416 |
| | | | | | | | | | | | |
| Interest on Reserves | 111,916 | 371,752 | 383,276 | 395,158 | 407,407 | 2,912,158 | 2,924,002 | 2,967,374 | 3,046,489 | 3,165,932 | 3,330,693 |
| **Net Cash flow** | **(3,317,264)** | **(749,635)** | **4,190,418** | **3,029,901** | **611,263** | **382,069** | **1,399,098** | **2,552,069** | **3,853,025** | **5,314,848** | **6,951,304** |
| | | | | | | | | | | | |
| **Projected Reserve Balance** | | | | | | | | | | | |
| Reserve Ending Balance | **86,858,641** | **86,109,006** | **90,299,424** | **93,329,325** | **93,940,588** | **94,322,657** | **95,721,755** | **98,273,824** | **102,126,848** | **107,441,696** | **114,393,000** |
| Target Reserve | 48,651,000 | 53,444,000 | 57,875,000 | 62,405,000 | 67,260,000 | 73,458,000 | 80,241,000 | 87,662,000 | 95,782,000 | 104,669,000 | 114,393,000 |
| Difference between the Reserve Ending Balance and Target Reserve | 38,207,641 | 32,665,006 | 32,424,424 | 30,924,325 | 26,680,588 | 20,864,657 | 15,480,755 | 10,611,824 | 6,344,848 | 2,772,696 | (0) |
| | | | | | | | | | | | |
| Reserve Ending Balance as a Percent of Claims | 20.5% | 18.6% | 18.0% | 17.2% | 16.1% | 14.8% | 13.8% | 12.9% | 12.3% | 11.9% | 11.6% |

Total Contributions for Plan Year 2010 include a one time SMART conversion contribution to the fund of $20.050 million and a reduction to the fund of $9.675 million for SB572
Total Contributions for 2011 include $2,870,534 from the ERRP, 2012 includes $1,012,500 and 2013 includes $1,147,500 from SB572 Claims Audit.


Projected Reserve Balance
Annual Contributions, Expenses and Fund Balances
April 19, 2011
$1,200,000,000
$1,000,000,000
$800,000,000
$600,000,000
$400,000,000
$200,000,000
$0
2000
2004
2008
2012
2016
2020
Total Contributions
Total Plan Expenses
Reserve Ending Balance
Target Reserve


Projected Reserve Balance
Increases in Employer and Employee Premium Contributions
April 19, 2011
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
-10.0%
-20.0%
-30.0%
2000
2004
2008
2012
2016
2020
Employer contribution % increase
Employee contribution % increase