

Kansas Health Policy Authority  
 Projected Reserve Calculation - 95/55 Rates Starting 2012  
 Medical, Pharmacy, Dental and Vision  
 Date of Projection: 4/19/2011

Plan Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Factors and Assumptions</b>	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%
<b>Policy Choices</b>	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%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Employee Contr. % incr. (eff. Jan 1)	7.5%	8.0%	44.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Dependent Contr. % incr. (eff. Jan 1)	7.5%	8.0%	-7.4%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Direct Bill Contr. % incr. (eff Jan 1)	12.4%	14.7%	9.3%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Plan design changes % impact on expenses	-1.1%	-1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>											
Beginning reserve earning interest	11,880,073	11,991,989	12,363,741	12,747,017	13,142,174	80,930,507	82,081,835	84,840,384	89,454,400	96,200,305	105,385,591
Beginning reserve not earning interest	78,295,832	74,866,652	73,745,265	72,960,900	70,130,194	0	0	0	0	0	0
<b>Beginning Total Reserve Balance</b>	<b>90,175,905</b>	<b>86,858,641</b>	<b>86,109,006</b>	<b>85,707,917</b>	<b>83,272,368</b>	<b>80,930,507</b>	<b>82,081,835</b>	<b>84,840,384</b>	<b>89,454,400</b>	<b>96,200,305</b>	<b>105,385,591</b>
<b>Projected Cash Flow</b>											
Total Employer Contributions	293,900,171	335,446,964	370,242,339	401,907,742	438,926,378	480,658,428	526,358,259	576,403,118	631,206,121	691,219,660	756,939,139
Total Participant Contributions	127,392,488	127,412,785	131,159,248	143,184,549	156,276,208	170,662,865	186,404,462	203,629,458	222,478,515	243,105,656	265,679,537
Total Contributions	421,292,659	462,859,749	501,401,588	545,092,291	595,202,586	651,321,293	712,762,721	780,032,576	853,684,636	934,325,316	1,022,618,676
Total Plan Expenses (Claims, ASO fees & contracted expenses)	424,721,839	463,981,136	502,185,952	547,922,997	597,951,855	652,678,810	712,548,708	778,048,612	849,711,817	928,122,239	1,013,919,221
Interest on Reserves	111,916	371,752	383,276	395,158	407,407	2,508,846	2,544,537	2,630,052	2,773,086	2,982,209	3,266,953
<b>Net Cash flow</b>	<b>(3,317,264)</b>	<b>(749,635)</b>	<b>(401,088)</b>	<b>(2,435,549)</b>	<b>(2,341,861)</b>	<b>1,151,328</b>	<b>2,758,549</b>	<b>4,614,016</b>	<b>6,745,905</b>	<b>9,185,286</b>	<b>11,966,409</b>
<b>Projected Reserve Balance</b>											
Reserve Ending Balance	<b>86,858,641</b>	<b>86,109,006</b>	<b>85,707,917</b>	<b>83,272,368</b>	<b>80,930,507</b>	<b>82,081,835</b>	<b>84,840,384</b>	<b>89,454,400</b>	<b>96,200,305</b>	<b>105,385,591</b>	<b>117,352,000</b>
Target Reserve	48,651,000	53,444,000	57,875,000	63,187,000	68,999,000	75,357,000	82,315,000	89,927,000	98,259,000	107,375,000	117,352,000
Difference between the Reserve Ending Balance and Target Reserve	38,207,641	32,665,006	27,832,917	20,085,368	11,931,507	6,724,835	2,525,384	(472,600)	(2,058,695)	(1,989,409)	(0)
Reserve Ending Balance as a Percent of Claims	20.5%	18.6%	17.1%	15.2%	13.5%	12.6%	11.9%	11.5%	11.3%	11.4%	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.

