



J. Scott Day, Commissioner
Steve Dechant, Commissioner
Sandy Praeger, Commissioner
Nancy Ruoff, Commissioner
Dennis R. Taylor, Chair

Kansas State Employees Health Care Commission

Sam Brownback, Governor

**Kansas State Employees Health Care Commission
April 16, 2012 Minutes
LSOB, Room 106, 900 SW Jackson, Topeka, Kansas**

CALL TO ORDER

The Kansas State Employees Health Care Commission (HCC) meeting was called to order on April 16, 2012 at 1:30 p.m. in the Landon State Office Building, Room 106, 900 SW Jackson, Topeka, Kansas. The following persons were present in person: Commissioners Dennis R. Taylor (Chairman), Sandy Praeger, Nancy Ruoff, J. Scott Day and Steve Dechant. Shelley H. King from the Department of Administration, Office of Chief Counsel, Mike Michael from the Division of Health Care Finance (HCF) within the Kansas Department of Health and Environment (KDHE), and Michael Morrow from AON were also in attendance.

AGENDA:

1. Approval of Minutes

Chairman Taylor asked for approval of the February 21, 2012 minutes.

IT WAS MOVED BY COMMISSIONER DAY AND SECONDED BY COMMISSIONER DECHANT TO APPROVE THE MINUTES OF February 21, 2012. MOTION PASSED 5-0.

2. Appointment of Employee Advisory Committee Member

The Employee Advisory Committee (EAC) is composed of 21 members – 18 are active employees and 3 are Direct Bill members. The State Employee Health Plan (SEHP) staff has been advised of the resignation of current EAC member Tracy Clarke who is terminating her employment. SEHP staff recommended that the following nominee be selected to fill the unexpired term of Ms. Clarke on the EAC:

<u>Nominee</u>	<u>Agency</u>	<u>City</u>	<u>Term</u>
Karen Gutzwiller	Social & Rehabilitation Services	Topeka	12/31/2014

IT WAS MOVED BY COMMISSIONER RUOFF AND SECONDED BY COMMISSIONER PRAEGER TO APPROVE KAREN GUTZWILLER FILLING THE VACANT EAC POSITION. MOTION PASSED 5-0.



3. Voluntary Insurance Plans

The SEHP offers a comprehensive benefit package. Periodically, the SEHP is contacted by agents and brokers of various voluntary insurance plans. At the September 16, 2011 HCC meeting, commissioners requested that staff do a survey to determine the level of interest in these plans and to discuss these offerings with the EAC.

The voluntary insurance plan survey was posted for 30 days on the SEHP home page on the Kansas Department of Health and Environment website. The survey asked respondents to provide feedback on their level of interest in voluntary insurance offerings, including cancer, critical illness, accidental injury and hospital indemnity insurance. The survey was completed by 2,796 respondents. Respondents rated their level of interest in each of the plans as:

	<u>1st Choice</u>	<u>2nd Choice</u>
Cancer:	35.6%	20.1%
Accident:	27.1%	17.8%
Critical Illness:	18.0%	29.9%
Hospital Indemnity:	13.2%	17.3%

The number one reason employees gave for wanting the State to offer these plans was the convenience and potential tax savings of payroll deduction. Also, 65% of those responding were interested in the availability to cover family members.

Then we asked the members to rank the affordability of each plan:

	<u>Estimated Cost</u>	<u>Affordable</u>	<u>Not Affordable</u>
Accident:	\$7.50	43.5%	9.9%
Cancer:	\$20.25	35.7%	45.2%
Critical Illness:	\$27.50	25.4%	57.3%
Hospital Indemnity:	\$42.95	7.8%	72.8%

Overall, the most common response to the survey was that the respondents felt that the coverage was too expensive. Information on the plans, survey results and cost estimates to implement the programs were presented to the EAC. After a thorough review and discussion, the EAC came to a consensus that they did not recommend that the State pursue offering these plans. SEHP staff worked with the Office of General Services to get a cost on what it would take to implement a payroll deduction code for state agencies and also for the seven Regents. To implement one deduction with one company – if we elected to offer Cancer insurance with just Company A – that cost for initial implementation would be just under \$28,000 and then we would have an annual reoccurring cost of about \$4,500. As an example, if we added the Cancer insurance but we offered it through two different vendors, then both of those numbers would be times two so about \$55,000 per additional implementation and around \$9,000 for annual ongoing costs. Going through those numbers, we estimated a savings back to the State of about \$74,000 based on approximately a 5% participation rate.



After the review, the EAC had a lengthy discussion on the topic and at this point in time they came to a consensus not to proceed with these plan offerings for the SEHP membership.

Discussion followed. No action required.

4. 2012 RFP Report

Request for Proposal (RFP) EVT0001204 to provide a fully insured Plan C Medicare Supplemental product was released on February 8, 2012, and closed on March 15, 2012. Staff is currently reviewing the proposals submitted. The RFP for fully insured Medicare Part C Advantage plan(s) was released on April 12th and will close on May 31st and we do continue to have negotiations with our current wellness vendor to try to extend that contract. If that is not successful then we will release an RFP.

Discussion followed. No action required.

5. Non-State Entities Report

The following shows the current enrollment in the Non-State portion of the State Employee Health Plan. Effective April 1, 2012, there will be 171 Non-State entities enrolled in the SEHP with 8,218 employees enrolled. We have about 16,000 total membership in the Non-State group. We have one additional group joining July 1st and they will be bringing on two new members. Staff still continues to receive a lot of interest from these groups to join the plan.

Summary	Number of Groups	Covered Employees
Public Schools/Community Colleges	32	3,426
Cities	51	594
Counties	29	2,755
Townships	2	19
Public Hospitals & Community Mental Health Centers	17	1,254
Misc. Local Governmental Entities	40	170
Total	171	8,218

Contracts have been issued or signed by the following new groups joining the SEHP:

New Group Name	Covered Employees	Effective Date
Holton Housing Authority	2	7-1-12
Total	2	



6. **Employee Advisory Committee Report**

Cheryl Buxton reported that the Employee Advisory Committee (EAC) has nothing more to report other than what Mike has already reported on.

7. **Projection Spreadsheets**

SEPH staff went over the following projection spreadsheets with the Commissioners:

Attachment A

Plan Year 2011 Actual vs. Projected

Attachment B

Projected Reserve Calculation – Current Plans A, B and C Design with 3 years of no increase.

Attachment C

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

Attachment D

Projected Reserve Calculation – Current Plans A, B and New Plan C Design with \$2,500/\$5,000 deductible, 100% coinsurance and current HSA Contribution no increase for 3 years.

Attachment E

Projected Reserve Calculation – Current Plans A, B and New Plan C Design with \$2,500/\$5,000 deductible, 100% coinsurance and current HSA contribution no increase for 2 years.

Attachment F

Projected Reserve Calculation – Current Plan C Design with 50% Employer HSA Contribution in January All Years and no increase for 2 years.

Attachment G

Projected Reserve Calculation – New Plan C Design with \$2,500/\$5000 deductible, 100% coinsurance and current HAS Contribution with 50% Employer HSA Contribution in January All Years.

Discussion followed. No action required.

8. **HealthQuest Rewards Program Update**

SEPH staff updated the Commission on the number of those who have completed the HealthQuest Rewards Program. As of April 13th there were 12,401 who had completed the program (27%), and 29,199 have opened up an account (64%). Communications are going out about the deadline; we are now sending out e-mails to the HR offices to let them know



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who has not yet registered an account to try to reach out to their employees. We also have a quarterly newsletter that is going out. We also have a Wellness Champion Summit on May 18th that pushes information out to the social media for those who are signed up there.

No action needed.

Next HCC Meeting

Next meeting is scheduled for June 11, 2012 at 1:30 p.m. in the Landon State Office Building, Room 106.

Adjournment – 2:27 p.m.

IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY COMMISSIONER DAY TO ADJOURN THE MEETING. MOTION PASSED 5-0.

Plan Year 2011 Actual vs. Projected		
Date: 3/26/2012		
Plan Year	2011	2011
Factors and Assumptions	Projected Factors and Assumptions	Actual Factors
Interest Rate on Reserves	3.1%	0.2%
Admin/Contract Fee Trend	2.7%	-4.9%
Healthcare cost trend rate	8.5%	1.9%
Policy Choices	HCC Policy Choices in June 2010	HCC Policy Choices in June 2010
Employer Contr. % incr. (eff. July 1)	15.0%	15.0%
Employee Contr. % incr. (eff. Jan 1)	8.0%	8.0%
Dependent Contr. % incr. (eff. Jan 1)	8.0%	8.0%
Direct Bill Contr. % incr. (eff Jan 1)	14.7%	14.7%
Reserves		
Beginning reserve earning interest	\$11,991,989	\$11,991,989
Beginning reserve not earning interest	\$74,866,652	\$74,866,652
Beginning Total Reserve Balance	\$86,858,641	\$86,858,641
Projected Cash Flow		
Total Employer Contributions	\$335,446,964	\$324,743,377
Total Participant Contributions	\$127,412,785	\$129,927,400
Total Contributions	\$465,917,889	\$454,670,777
Total Plan Expenses (Claims, ASO fees & contracted expenses)	\$463,981,136	\$426,608,381
Interest on Reserves	\$371,752	\$25,373
Net Cash flow	\$2,308,504	\$28,087,769
Projected Reserve Balance		
Reserve Ending Balance	\$89,167,145	\$114,946,410
Target Reserve	\$53,444,000	\$51,193,006
Difference between the Reserve Ending Balance and Target Reserve	\$35,723,145	\$63,753,404
Reserve Ending Balance as a Percent of Claims	19.2%	26.9%

Attachment B

Division of Healthcare Finance
 Projected Reserve Calculation - Current Plans A, B and C Design with 3 years of no increase
 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
Actual Factors	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%
Interest Rate on Reserves	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%
Admin/Contract Fee Trend	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%
Healthcare cost trend rate													
Projected Factors and Assumptions													
Interest Rate on Reserves			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			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			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	12.5%	15.0%	7.5%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
HCC Policy Choices in May 2010	7.5%	8.0%	44.0%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
HCC Policy Choices in May 2011	7.5%	8.0%	-7.4%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
HCC Policy Choices in May 2012	12.4%	14.7%	8.2%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Reserves													
Beginning reserve earning interest	11,890,073	11,991,989	12,017,362	12,167,579	12,319,674	12,473,670	127,976,140	146,102,041	119,051,399	98,052,992	84,523,961	80,094,591	86,636,134
Beginning reserve not earning interest	78,295,832	74,866,552	102,979,048	143,157,399	179,002,354	188,654,853	0	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,541	114,946,410	155,324,978	191,322,028	201,128,523	177,976,140	146,102,041	119,051,399	98,052,992	84,523,961	80,094,591	86,636,134
Projected Cash Flow													
Total Employer Contributions	293,900,171	324,743,377	354,771,632	367,594,703	367,594,703	367,594,703	386,465,069	426,143,210	469,895,082	518,138,934	574,335,953	629,984,679	694,675,862
Total Participant Contributions	127,592,488	129,827,400	131,238,853	134,159,022	135,949,492	138,254,954	151,384,997	165,968,623	181,997,222	199,615,358	218,982,121	240,272,589	263,679,441
Total Contributions	421,292,659	454,570,777	486,010,485	501,753,725	503,543,195	505,849,657	537,850,066	592,111,833	651,892,304	717,754,292	790,318,074	870,257,268	958,355,303
Total Plan Expenses (Claims, ASO fees & contracted expenses)	424,721,839	426,608,381	446,794,634	467,056,270	493,885,695	529,157,960	571,948,867	620,988,750	674,378,854	732,508,986	795,803,993	864,726,908	939,782,369
Interest on Reserves	111,916	25,973	150,217	152,095	153,996	155,921	2,224,702	1,826,276	1,488,142	1,225,662	1,056,550	1,001,182	1,082,952
Net Cash flow	(3,317,264)	23,087,769	40,378,568	35,997,049	9,806,495	(23,152,383)	(31,874,099)	(27,050,642)	(20,998,407)	(13,529,032)	(4,429,369)	6,541,543	19,655,866
Projected Reserve Balance													
Reserve Ending Balance	86,858,641	114,946,410	155,324,979	191,322,027	201,128,523	177,976,140	146,102,041	119,051,399	98,052,992	84,523,961	80,094,591	86,636,134	106,292,000
Target Reserve	48,651,000	51,193,006	50,274,000	52,570,000	55,613,000	59,617,000	64,477,000	70,050,000	76,118,000	82,725,000	89,921,000	97,758,000	106,292,000
Difference between the Reserve Ending Balance and Target Reserve	38,207,641	63,753,404	105,050,979	138,752,027	145,515,523	118,359,140	81,625,041	49,001,399	21,934,992	1,798,961	(9,826,409)	(11,111,866)	0
Ending Balance as a Percent of Claims	20.5%	26.9%	34.8%	41.0%	40.7%	33.6%	25.5%	19.2%	14.5%	11.5%	10.1%	10.0%	11.3%

Total Contributions for 2011 include \$2,870,534 from the ERPP, 2012 includes \$1,012,500 and 2013 includes \$1,147,500 from S8572
 Total Contributions for 2011 includes \$187,606 for settlement of pharmaceutical class action lawsuit

Attachment C

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	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%	7.5%	5.0%	6.0%	7.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Policy Choices	Future Policy Choices												
Employee 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%	4.0%	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	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	243,679,560	296,498,739	331,202,534	350,320,105	351,162,974	330,727,509	285,662,573	212,234,058
Projected Cash Flow	Projected Cash Flow												
Total Employer Contributions	293,900,171	324,743,377	354,771,632	377,343,159	418,432,608	440,625,921	463,996,348	488,606,322	514,521,569	541,811,380	570,548,599	600,810,015	630,333,248
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	182,213,989	193,136,500	204,769,949	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	670,830,261	707,658,089	746,573,329	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	938,744,247
Interest on Reserves	111,916	25,273	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)	23,087,769	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	Projected Reserve Balance												
Reserve Ending Balance	86,358,641	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	36,207,641	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 ERBP, 2012 includes \$1,012,500 and 2013 includes \$1,147,500 from SB572	Total Contributions for 2011 include \$2,870,534 from the ERBP, 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	Total Contributions for 2011 includes \$187,606 for settlement of pharmaceutical class action lawsuit												

Attachment D

Division of Healthcare Finance
 Projected Reserve Calculation - Current Plans A, B and New Plan C Design with \$2,500/\$5,000 deductible, 100% coinsurance and current HSA contribution no increase for 3 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	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	Future Policy Choices												
Employer Contr. % Incr. (eff. July 1)	12.5%	15.0%	7.5%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Employee Contr. % Incr. (eff. Jan 1)	7.5%	8.0%	44.0%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Dependent Contr. % Incr. (eff. Jan 1)	7.5%	8.0%	-7.4%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Direct Bill Contr. % Incr. (eff. Jan 1)	12.4%	14.7%	8.2%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Reserves													
Beginning reserve earning interest	11,880,073	11,991,989	12,017,362	12,167,579	12,319,674	12,473,670	12,627,666	12,781,662	12,935,658	13,089,654	13,243,650	13,397,646	13,551,642
Beginning reserve not earning interest	78,295,832	74,866,652	102,929,048	143,157,657	179,002,354	188,654,636	0	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	114,946,410	155,325,236	191,322,028	201,128,306	177,975,761	146,101,508	119,050,759	98,052,302	84,523,293	80,094,033	86,635,791
Projected Cash Flow													
Total Employer Contributions	293,900,171	324,743,377	354,771,632	367,594,703	367,594,703	367,594,703	386,465,094	426,143,292	469,895,233	518,139,166	571,336,281	629,995,121	694,676,437
Total Participant Contributions	127,392,488	129,927,400	131,238,853	134,156,116	135,942,585	136,254,047	151,284,011	165,967,551	181,996,057	199,614,092	218,980,745	240,271,094	263,677,817
Total Contributions	421,292,659	454,670,777	486,010,485	501,752,819	503,537,288	503,848,750	537,749,105	592,110,843	651,891,290	717,753,258	790,317,026	870,266,215	958,354,254
Total Plan Expenses (Claims, ASO fees & contracted expenses)	424,721,859	436,608,381	446,794,377	467,055,622	493,885,006	529,157,216	571,943,055	620,987,861	674,377,860	732,507,921	795,802,827	864,725,632	939,780,993
Interest on Reserves	111,916	25,373	150,217	152,095	153,996	155,921	157,874	159,847	161,839	163,854	165,888	167,941	169,914
Net Cash flow	(3,317,264)	28,087,769	40,378,826	35,996,791	9,806,278	(23,152,545)	(31,874,253)	(27,050,749)	(20,998,456)	(13,529,010)	(4,429,260)	6,541,758	19,656,209
Projected Reserve Balance													
Reserve Ending Balance	86,858,641	114,946,410	155,325,236	191,322,027	201,128,306	177,975,761	146,101,508	119,050,759	98,052,302	84,523,293	80,094,033	86,635,791	106,292,000
Target Reserve	48,551,000	51,193,006	50,274,000	52,570,000	55,613,000	59,617,000	64,477,000	70,050,000	76,118,000	82,725,000	89,921,000	97,758,000	106,292,000
Difference between the Reserve Ending Balance and Target Reserve	38,307,641	63,753,404	105,051,236	138,752,027	145,515,306	118,358,761	81,624,508	49,000,759	21,934,302	1,798,293	(9,826,967)	(11,122,209)	(0)
Ending Balance as a Percent of Claims	20.5%	26.9%	34.8%	41.0%	40.7%	33.6%	25.5%	19.2%	14.5%	11.5%	10.1%	10.0%	11.3%

Total Contributions for 2011 include \$2,870,534 from the ERFP, 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

Attachment F

Division of Healthcare Finance
Projected Reserve Calculation - Current Plan C Design with 50% Employer HSA Contribution in January All Years and no increase for 2 years
 Medical, Pharmacy, Dental and Vision
 Date of Projection: 3/28/2012

Plan Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Factors and Assumptions	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	Future Policy Choices												
Employee Contr. % Incr. (eff. July 1)	12.5%	15.0%	7.5%	0.0%	0.0%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Dependent Contr. % Incr. (eff. Jan 1)	7.5%	8.0%	44.0%	0.0%	0.0%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Direct Bill Contr. % Incr. (eff. Jan 1)	12.4%	14.7%	8.2%	0.0%	0.0%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Reserves													
Beginning reserve earning interest	11,880,073	11,991,989	12,017,362	12,167,579	12,319,674	12,473,670	151,272,513	141,767,228	132,973,488	124,680,192	116,627,390	108,499,297	99,916,462
Beginning reserve not earning interest	78,295,832	74,866,652	102,929,048	143,163,799	159,232,880	152,849,071	0	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	114,946,410	155,331,378	171,552,554	165,322,741	151,272,513	141,767,228	132,973,488	124,680,192	116,627,390	108,499,297	99,916,462
Projected Cash Flow													
Total Employer Contributions	293,900,171	324,743,377	354,771,632	367,594,703	367,594,703	362,574,790	413,755,891	447,478,353	483,949,307	523,392,763	566,050,991	612,186,004	662,081,172
Total Participant Contributions	127,392,488	129,927,400	131,238,833	97,501,621	99,385,761	106,932,484	115,375,543	126,671,043	134,739,957	145,644,234	157,457,314	170,254,591	184,118,923
Total Contributions	421,292,659	454,670,777	486,010,465	465,196,324	466,980,464	469,507,274	529,131,434	574,149,396	618,689,264	669,036,997	723,508,305	782,440,595	846,200,095
Total Plan Expenses (Claims, ASO fees & contracted expenses)	424,721,339	428,608,381	446,788,235	450,274,743	473,364,273	503,713,432	540,527,625	582,715,226	628,643,729	678,648,302	733,094,240	792,379,671	856,938,512
Interest on Reserves	111,916	25,373	150,217	152,095	153,996	155,921	1,890,906	1,775,090	1,662,169	1,558,502	1,457,842	1,356,241	1,248,956
Net Cash flow	(3,317,264)	28,087,769	40,384,967	16,221,176	(6,229,813)	(14,050,227)	(9,505,285)	(8,793,740)	(8,293,296)	(8,052,802)	(8,128,093)	(8,582,835)	(9,489,462)
Projected Reserve Balance													
Reserve Ending Balance	86,858,641	114,946,410	155,331,378	171,552,554	165,322,740	151,272,513	141,767,228	132,973,488	124,680,192	116,627,390	108,499,297	99,916,462	90,427,000
Target Reserve	48,651,000	51,193,006	50,273,000	44,729,000	47,317,000	50,724,000	54,839,000	59,599,000	64,761,000	70,381,000	76,501,000	83,167,000	90,427,000
Difference between the Reserve Ending Balance and Target Reserve	38,207,641	63,753,404	105,058,378	126,823,554	118,005,740	100,548,513	86,908,228	73,374,488	59,919,192	46,246,390	31,998,297	16,749,462	(0)
Ending Balance as a Percent of Claims	20.5%	26.9%	34.8%	38.1%	34.9%	30.0%	26.2%	22.8%	19.8%	17.2%	14.8%	12.6%	10.6%
Total Contributions for 2011 include \$2,870,536 from the ERBP, 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													

Attachment G

Division of Healthcare Finance
Projected Reserve Calculation - New Plan C Design with \$2,500/\$5,000 deductible, 100% coinsurance and current HSA contribution with .50% Employer HSA Contribution in January 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	Projected Factors and Assumptions:												
Interest Rate on Reserves	0.9%	0.9%	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%	-4.5%	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%
	Future Policy Choices:												
Policy Choices	HCC Policy Choices by May 2012												
Employer Contr. % Incr. (eff. July 1)	12.5%	15.0%	7.5%	0.0%	0.0%	0.0%	5.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
Employee Contr. % Incr. (eff. Jan 1)	7.5%	8.0%	4.0%	0.0%	0.0%	0.0%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
Dependent Contr. % Incr. (eff. Jan 1)	7.5%	8.0%	-7.4%	0.0%	0.0%	0.0%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
Direct Bill Contr. % Incr. (eff. Jan 1)	12.4%	14.7%	8.2%	0.0%	0.0%	0.0%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
Reserves	Reserve Ending Balance												
Beginning reserve earning interest	11,890,073	11,991,989	12,017,362	12,167,579	12,319,574	12,473,570	129,979,591	167,495,038	147,318,224	129,653,217	114,714,749	102,728,342	93,930,362
Beginning reserve not earning interest	78,295,832	78,866,652	102,929,048	143,164,060	178,389,854	191,600,800	0	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	114,946,410	155,331,639	190,709,528	204,074,470	189,979,591	167,495,038	147,318,224	129,653,217	114,714,749	102,728,342	93,930,362
Projected Cash Flow	Total Employer Contributions												
Total Employer Contributions	293,900,171	324,743,377	354,771,632	367,594,703	367,594,703	367,594,703	383,682,830	417,267,309	453,791,499	493,512,721	536,710,816	583,690,122	634,781,614
Total Participant Contributions	127,392,488	129,927,400	131,238,853	109,188,641	110,972,780	113,283,723	122,701,549	133,091,288	144,386,141	156,665,682	170,016,499	184,532,817	200,317,171
Total Contributions	421,292,659	454,670,777	486,010,485	476,783,344	478,567,483	480,878,426	506,384,379	550,358,597	598,177,640	650,178,403	706,727,315	768,222,939	835,098,785
Total Plan Expenses (Claims, ASO fees & contracted expenses)	424,721,839	426,608,981	446,787,974	442,705,050	465,356,537	495,129,225	531,248,678	572,629,099	617,684,126	666,737,556	720,147,657	778,305,023	841,635,276
Interest on Reserves	111,916	25,373	150,217	152,095	153,986	155,921	2,374,745	2,093,588	1,841,478	1,620,665	1,433,934	1,284,104	1,174,130
Net Cash flow	(3,317,264)	23,087,769	40,385,228	35,577,889	13,364,942	(14,094,878)	(22,484,553)	(20,176,814)	(17,665,007)	(14,938,468)	(11,986,407)	(8,797,980)	(5,362,362)
Projected Reserve Balance	Reserve Ending Balance												
Reserve Ending Balance	86,858,641	114,946,410	155,331,639	190,709,527	204,074,469	189,979,591	167,495,038	147,318,224	129,653,217	114,714,749	102,728,342	93,930,362	88,568,000
Target Reserve	48,651,000	51,193,006	50,273,000	43,810,000	46,845,000	49,682,000	53,732,000	58,374,000	63,429,000	68,934,000	74,928,000	81,457,000	88,568,000
Difference between the Reserve Ending Balance and Target Reserve	38,207,641	63,753,404	105,058,639	146,899,527	157,229,469	140,297,591	113,763,038	88,944,224	66,224,217	45,780,749	27,800,342	12,473,362	0
Ending Balance as a Percent of Claims	20.5%	26.9%	34.8%	43.1%	43.9%	38.4%	31.5%	25.7%	21.0%	17.2%	14.3%	12.1%	10.5%
Total Contributions for 2011 include \$2,870,534 from the ERFP. 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													