

Division of Healthcare Finance

Projected Reserve Calculation - Current Plans A, B and **New Plan C (\$2,500/\$5,000 deductible) with 100% \$1,500/\$2,250 HSA Contribution in January** no increase for 2 years

Medical, Pharmacy, Dental and Vision

Date of Projection: 5/21/2012

**Projection D**

Plan Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Actual Factors and Assumptions in PY2011		Projected Factors and Assumptions.....									
<b>Factors and Assumptions</b>												
Interest Rate on Reserves	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	-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	1.9%	5.0%	5.0%	6.0%	7.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	HCC Policy Choices in May 2010	HCC Policy Choices in May 2011	HCC Policy Choices by May 2012	Future Policy Choices.....								
<b>Policy Choices</b>												
Employer Contr. % incr. (eff. July 1)	15.0%	7.5%	0.0%	0.0%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Employee Contr. % incr. (eff. Jan 1)	8.0%	44.0%	0.0%	0.0%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Dependent Contr. % incr. (eff. Jan 1)	8.0%	-7.4%	0.0%	0.0%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Direct Bill Contr. % incr. (eff Jan 1)	14.7%	8.2%	0.0%	0.0%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
<b>Reserves</b>												
Beginning reserve earning interest	11,991,989	12,017,362	12,167,579	12,319,674	12,473,670	178,431,659	174,239,657	168,648,789	161,326,926	151,890,118	139,895,941	124,836,070
Beginning reserve not earning interest	74,866,652	102,929,048	143,157,400	171,283,055	173,261,390	0	0	0	0	0	0	0
<b>Beginning Total Reserve Balance</b>	<b>86,858,641</b>	<b>114,946,410</b>	<b>155,324,979</b>	<b>183,602,729</b>	<b>185,735,060</b>	<b>178,431,659</b>	<b>174,239,657</b>	<b>168,648,789</b>	<b>161,326,926</b>	<b>151,890,118</b>	<b>139,895,941</b>	<b>124,836,070</b>
<b>Projected Cash Flow</b>												
Total Employer Contributions	321,685,237	354,771,632	367,594,703	367,594,703	383,119,259	415,479,663	450,573,409	488,631,369	529,903,918	574,662,579	623,201,807	675,840,931
Total Participant Contributions	129,927,400	131,238,853	127,289,835	129,072,873	139,315,813	150,697,907	163,197,212	176,757,608	191,469,902	207,432,695	224,753,055	243,547,243
Total Contributions	454,670,777	486,010,485	496,032,037	496,667,576	522,435,072	566,177,570	613,770,621	665,388,977	721,373,820	782,095,273	847,954,862	919,388,174
Total Plan Expenses (Claims, ASO fees & contracted expenses)	426,608,381	446,794,634	467,906,382	494,689,241	529,894,394	572,599,968	621,539,485	674,818,950	732,827,214	795,988,077	864,763,432	939,656,695
Interest on Reserves	25,373	150,217	152,095	153,996	155,921	2,230,396	2,177,996	2,108,110	2,016,587	1,898,626	1,748,699	1,560,451
<b>Net Cash flow</b>	<b>28,087,769</b>	<b>40,378,568</b>	<b>28,277,750</b>	<b>2,132,331</b>	<b>(7,303,401)</b>	<b>(4,192,002)</b>	<b>(5,590,868)</b>	<b>(7,321,863)</b>	<b>(9,436,808)</b>	<b>(11,994,177)</b>	<b>(15,059,871)</b>	<b>(18,708,070)</b>
<b>Projected Reserve Balance</b>												
Reserve Ending Balance	<b>114,946,410</b>	<b>155,324,979</b>	<b>183,602,729</b>	<b>185,735,060</b>	<b>178,431,659</b>	<b>174,239,657</b>	<b>168,648,789</b>	<b>161,326,926</b>	<b>151,890,118</b>	<b>139,895,941</b>	<b>124,836,070</b>	<b>106,128,000</b>
Target Reserve	51,193,006	50,274,000	52,521,000	55,558,000	59,554,000	64,405,000	69,966,000	76,021,000	82,614,000	89,794,000	97,612,000	106,128,000
Difference between the Reserve Ending Balance and Target Reserve	63,118,410	105,050,979	131,081,729	130,177,060	118,877,659	109,834,657	98,682,789	85,305,926	69,276,118	50,101,941	27,224,070	0