

**Division of Health Care Finance**  
**Projected Reserve Calculation**  
**Medical, Pharmacy, Dental and Vision**  
**Projection as of May 2016**

Plan Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Factors and Assumptions</b>	Actuals										
Interest Rate on Reserves	0.2%	0.3%	0.5%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Admin/Contract Fee Trend	0.8%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Medical cost trend rate	7.5%	5.0%	5.5%	5.5%	6.0%	6.0%	6.5%	6.5%	6.5%	6.5%	6.5%
Rx cost trend rate		10.0%	9.0%	8.0%	7.5%	7.0%	6.5%	6.5%	6.5%	6.5%	6.5%
<b>Policy Choices</b>	<i>HCC Policy Choices by Aug 2014</i>	<i>HCC Policy Choices by July 2015</i>	<i>Future Policy Choices.....</i>								
State Employer Contr. % incr. (eff. July 1)	-8.5%	0.0%	7.0%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Non-State Employer Contr. % incr. (eff. July 1)	0.0%	6.0%	7.0%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Effective Contribution % Increase											
Active & COBRA Non-Spouse Tier	0.0%	36.7%	7.8%	2.7%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Active & COBRA Spouse Tier	0.0%	36.7%	28.2%	25.2%	27.2%	13.0%	4.6%	8.8%	8.7%	8.7%	8.6%
Retiree Rate Increase		21.30%	50.7%	2.2%	7.3%	8.1%	4.5%	6.4%	6.4%	6.4%	6.4%
<b>Beginning Total Reserve Balance</b>	194,666,302	124,938,539	47,096,200	41,075,046	47,317,207	62,395,370	72,438,637	82,456,594	89,907,314	93,650,653	93,134,675
<b>Projected Cash Flow</b>											
Total Employer Contributions	344,369,078	331,845,808	342,636,292	357,743,589	371,580,846	385,955,522	400,888,598	416,401,879	432,518,029	449,260,601	466,654,075
Total Participant Contributions	107,742,610	121,018,569	161,560,786	175,345,886	203,366,352	222,908,566	233,454,166	250,301,724	268,338,544	287,676,884	308,309,728
<b>Total Contributions</b>	<b>452,111,688</b>	<b>452,864,377</b>	<b>504,197,078</b>	<b>533,089,475</b>	<b>574,947,198</b>	<b>608,864,088</b>	<b>634,342,763</b>	<b>666,703,603</b>	<b>700,856,573</b>	<b>736,937,485</b>	<b>774,963,803</b>
Total Plan Expenses (Claims, ASO fees & contracted expenses)	522,197,896	531,019,062	510,453,712	527,155,378	560,223,914	599,288,787	624,868,096	659,871,308	697,787,539	738,155,843	780,942,735
Interest on Reserves	358,445	312,346	235,481	308,063	354,879	467,965	543,290	618,424	674,305	702,380	698,510
<b>Net Cash Flow</b>	<b>(69,727,763)</b>	<b>(77,842,339)</b>	<b>(6,021,153)</b>	<b>6,242,160</b>	<b>15,078,163</b>	<b>10,043,267</b>	<b>10,017,957</b>	<b>7,450,720</b>	<b>3,743,340</b>	<b>(515,978)</b>	<b>(5,280,422)</b>
<b>Projected Reserve Balance</b>											
Reserve Ending Balance	<b>124,938,539</b>	<b>47,096,200</b>	<b>41,075,046</b>	<b>47,317,207</b>	<b>62,395,370</b>	<b>72,438,637</b>	<b>82,456,594</b>	<b>89,907,314</b>	<b>93,650,653</b>	<b>93,134,675</b>	<b>87,854,253</b>
Target Reserve	57,993,089	58,174,543	55,651,675	57,624,962	61,132,005	65,920,735	68,855,229	73,173,020	77,766,734	82,662,248	87,854,253
IBNR Claim Reserve	33,477,922	33,562,236	32,106,735	33,245,170	35,268,465	38,031,193	39,724,171	42,215,204	44,865,423	47,689,758	50,685,146
Claim Fluctuation Reserve	24,515,167	24,612,307	23,544,939	24,379,792	25,863,541	27,889,542	29,131,058	30,957,816	32,901,311	34,972,489	37,169,107