

Quarterly Report

1st Quarter FY 2009-10

(July 2009 to September 2009)

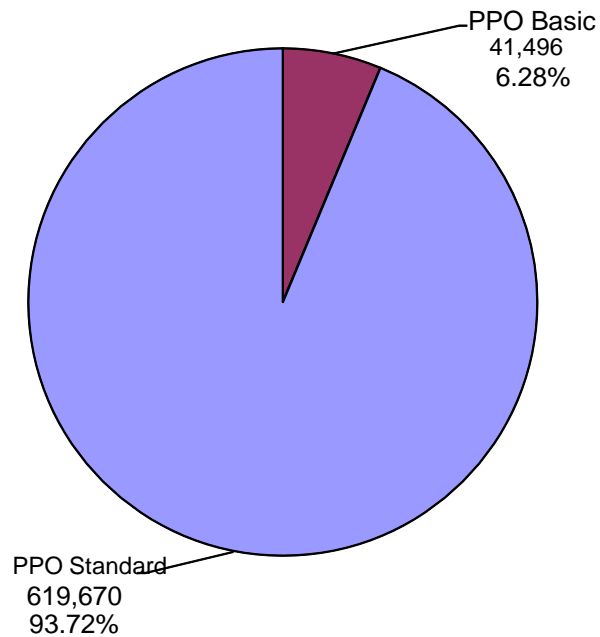
Presentation to Committee on Employee
Hospital and Medical Benefits

November 12, 2009

Membership by Plan

1st Quarter FY 2009-10

**Average Membership by Plan
(July thru September 2009)**



	July 2009			% of SHP Mbrshp	Average Contract Size
	Employees	Dependents	Total		
PPO Basic	15,551	25,735	41,286	6.24%	2.65
PPO Standard	463,999	156,721	620,720	93.76%	1.34
Totals	479,550	182,456	662,006	100%	1.38

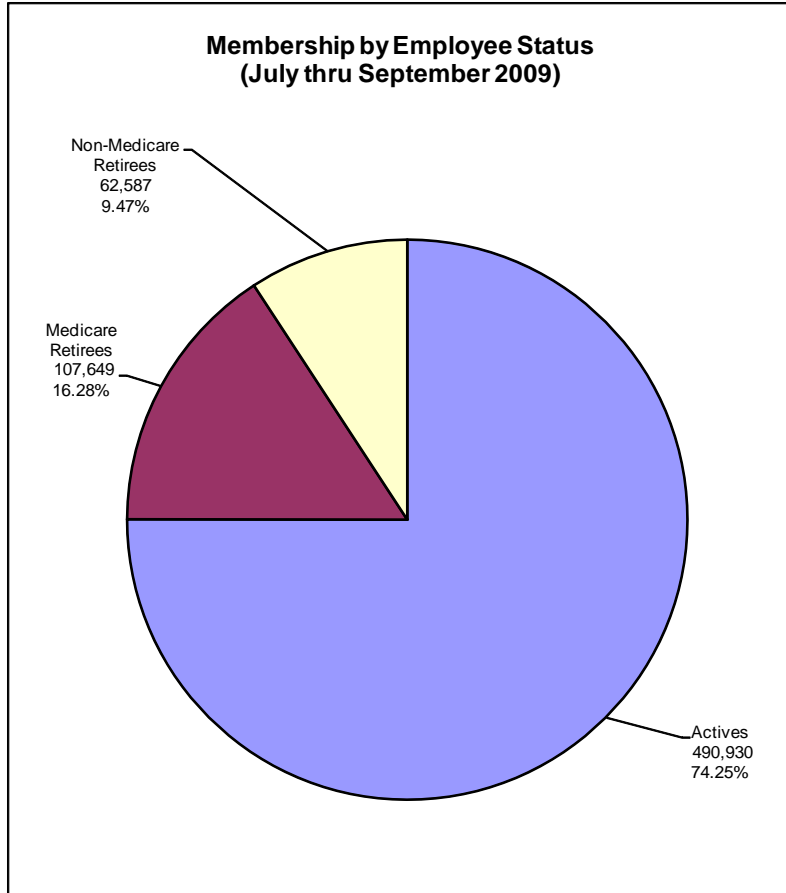
	August 2009			% of SHP Mbrshp	Average Contract Size
	Employees	Dependents	Total		
PPO Basic	15,589	25,720	41,309	6.26%	2.65
PPO Standard	462,810	156,119	618,929	93.74%	1.34
Totals	478,399	181,839	660,238	100%	1.38

	September 2009			% of SHP Mbrshp	Average Contract Size
	Employees	Dependents	Total		
PPO Basic	15,838	26,055	41,893	6.34%	2.65
PPO Standard	463,698	155,662	619,360	93.66%	1.34
Totals	479,536	181,717	661,253	100%	1.38

	Average Membership (July thru September 2009)			% of SHP Mbrshp	Average Contract Size
	Employees	Dependents	Total		
PPO Basic	15,659	25,837	41,496	6.28%	2.65
PPO Standard	463,502	156,167	619,670	93.72%	1.34
Totals	479,162	182,004	661,166	100%	1.38

Membership by Employee Status

1st Quarter FY 2009-10



	July 2009			Average Contract Size
	Employees	Dependents	Total	
Actives	330,719	163,502	494,221	1.49
Medicare Retirees	99,754	7,446	107,200	1.07
Non-Medicare Retirees	49,078	11,507	60,585	1.23
	479,551	182,455	662,006	1.38

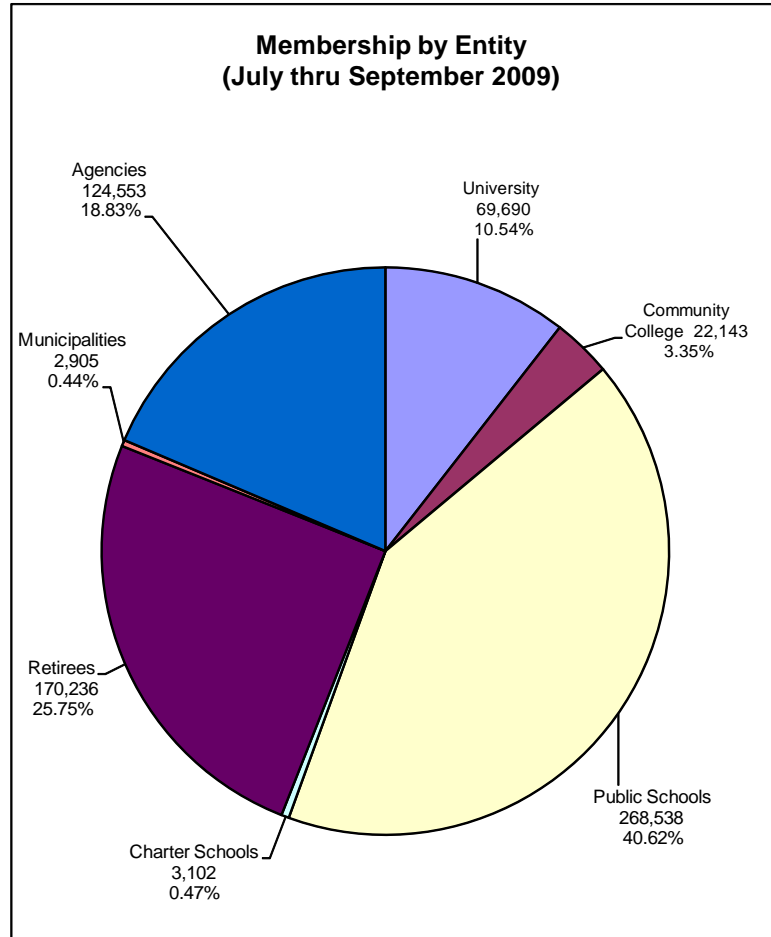
	August 2009			Average Contract Size
	Employees	Dependents	Total	
Actives	326,873	162,392	489,265	1.50
Medicare Retirees	100,159	7,478	107,637	1.07
Non-Medicare Retirees	51,368	11,968	63,336	1.23
	478,400	181,838	660,238	1.38

	September 2009			Average Contract Size
	Employees	Dependents	Total	
Actives	327,083	162,221	489,304	1.50
Medicare Retirees	100,614	7,495	108,109	1.07
Non-Medicare Retirees	51,840	12,000	63,840	1.23
	479,537	181,716	661,253	1.38

	Average Membership (July thru September 2009)			Average Contract Size
	Employees	Dependents	Total	
Actives	328,225	162,705	490,930	1.50
Medicare Retirees	100,176	7,473	107,649	1.07
Non-Medicare Retirees	50,762	11,825	62,587	1.23
	479,163	182,003	661,166	1.38

Membership by Entity

1st Quarter FY 2009-10



	July 2009			Average Contract Size
	Employees	Dependents	Total	
University	44,046	25,812	69,858	1.59
Community College	14,721	7,508	22,229	1.51
Public Schools	183,316	88,568	271,884	1.48
Charter Schools	1,856	1,148	3,004	1.62
Retirees	148,832	18,953	167,785	1.13
Municipalities	1,955	962	2,917	1.49
Agencies	84,825	39,504	124,329	1.47
Total	479,551	182,455	662,006	1.38

	August 2009			Average Contract Size
	Employees	Dependents	Total	
University	43,752	25,781	69,533	1.59
Community College	14,558	7,464	22,022	1.51
Public Schools	179,749	87,574	267,323	1.49
Charter Schools	1,866	1,159	3,025	1.62
Retirees	151,527	19,446	170,973	1.13
Municipalities	1,947	953	2,900	1.49
Agencies	85,001	39,461	124,462	1.46
Total	478,400	181,838	660,238	1.38

	September 2009			Average Contract Size
	Employees	Dependents	Total	
University	43,801	25,877	69,678	1.59
Community College	14,646	7,532	22,178	1.51
Public Schools	179,273	87,133	266,406	1.49
Charter Schools	2,045	1,232	3,277	1.60
Retirees	152,454	19,495	171,949	1.13
Municipalities	1,943	954	2,897	1.49
Agencies	85,375	39,493	124,868	1.46
Total	479,537	181,716	661,253	1.38

	Average Membership (July thru September 2009)			Average Contract Size
	Employees	Dependents	Total	
University	43,866	25,823	69,690	1.59
Community College	14,642	7,501	22,143	1.51
Public Schools	180,779	87,758	268,538	1.49
Charter Schools	1,922	1,180	3,102	1.61
Retirees	150,938	19,298	170,236	1.13
Municipalities	1,948	956	2,905	1.49
Agencies	85,067	39,486	124,553	1.46
Total	479,163	182,003	661,166	1.38

Financial Report

September 2009

Actual vs. Budgeted

	Actual September 2009	Certified Budget (per SL 2009-16)	Variance Over/(Under) Budget
Beginning Cash Balance	\$126.3 m	\$150.7 m	(\$24.4 m)
Plan Revenue	\$203.7 m	\$206.2 m	(\$2.5 m)
Net Claims Payment	\$180.6 m	\$188.1 m	(\$7.5 m)
Net Admin. Expenses	<u>\$15.0 m</u>	<u>\$15.5 m</u>	<u>(\$0.5 m)</u>
Total Plan Expense	\$195.6 m	\$203.6 m	(\$8.0 m)
Net Income/(Loss)	\$8.1 m	\$2.6 m	\$5.5 m
Ending Cash Balance	\$134.4 m	\$153.3 m	(\$18.9 m)

Financial Report

Year to Date thru September 2009

Actual vs. Budgeted

	Actual thru September 2009	Certified Budget (per SL 2009-16)	Variance Over/(Under) Budget
Beginning Cash Balance *	\$189.9 m	\$146.8 m	\$43.1 m
Plan Revenue *	\$586.7 m	\$628.3 m	(\$41.6 m)
Net Claims Payment	\$599.9 m	\$575.4 m	\$24.5 m
Net Admin. Expenses	<u>\$42.3 m</u>	<u>\$46.4 m</u>	<u>(\$4.1 m)</u>
Total Plan Expense	\$642.2 m	\$621.8 m	\$20.4 m
Net Income/(Loss) *	(\$55.5 m)	\$6.5 m	(\$62.0 m)
Ending Cash Balance	\$134.4 m	\$153.3 m	(\$18.9 m)

* Approximately \$52 million in premiums budgeted for receipt in July were paid by the Retirement System in June. The prepayment contributes to the variances in beginning cash, revenue and net income/(loss).

Financial Report

Year to Date thru September 2009

Per Member Per Month (PMPM) Analysis

	Actual YTD	Certified Budget (per SL 2009-16)	Variance Over/(Under) Budget
Plan Revenue *	\$321.98	\$320.78	\$1.20
Claims Payment	\$300.63	\$293.81	\$6.82
Net Admin. Expenses	<u>\$21.19</u>	<u>\$23.68</u>	<u>(\$2.49)</u>
Total Plan Expense	\$321.82	\$317.49	\$4.33
Net Income/(Loss)	\$0.16	\$3.29	(\$3.13)

* Adjusted for \$52 million in premiums for July coverage received in June (i.e. receipt of the \$52 million is budgeted in FY 2009-10 and for the purposes of this analysis the prepaid premiums are reflected in the actual Plan Revenue PMPM amount)

North Carolina State Health Plan for Teachers and State Employees
 Summary of Operations (Cash Basis)
 Consolidated Report, Actual vs. Budgeted
 For the Month Ended September 2009
 Fiscal Year 2009- 2010

	A	B	C	D	E	F	G	H
	Actual September 2009	Budget September 2009	Monthly Variance Over/(Under) Budget	Actual Year to Date FY 2009-10	Budget Year to Date FY 2009-10	Year to Date Variance Over/(Under) Budget	Annual Budget FY 2009-10	Year to Date Variance Over/(Under) Annual Budget
Plan Revenue:								
Member Premiums	\$ 202,045,078	\$ 203,769,105	\$ (1,724,027)	\$ 566,384,237	\$ 611,307,315	\$ (44,923,078)	\$ 2,445,229,263	\$ (1,878,845,026)
Premium Refunds/Retroactive Disenrollments	(66,221)	(697,742)	631,521	(211,801)	(2,093,226)	1,881,425	(8,372,898)	8,161,097
Medicare Part D Subsidy	1,437,147	2,520,590	(1,083,443)	19,582,570	17,290,022	2,292,548	56,262,519	(36,679,949)
Net Premium & Other Contributions	203,416,004	205,591,953	(2,175,949)	585,755,006	626,504,111	(40,749,105)	2,493,118,884	(1,907,363,878)
Investment Earnings	288,128	619,785	(331,657)	894,602	1,774,494	(879,892)	7,945,058	(7,050,456)
Miscellaneous Revenue	2,376		2,376	3,640	-	3,640	-	3,640
Other Revenue	290,504	619,785	(329,281)	898,242	1,774,494	(876,252)	7,945,058	(7,046,816)
Total Plan Revenue (excludes internal transfers)	203,706,508	206,211,738	(2,505,230)	586,653,248	628,278,605	(41,625,357)	2,501,063,942	(1,914,410,694)
Plan Expenses:								
Net Medical Claims	130,428,443	118,673,768	11,754,675	460,050,806	422,560,609	37,490,197	1,719,379,474	(1,259,328,668)
Net Pharmacy Claims	50,216,941	69,447,193	(19,230,252)	139,813,065	152,887,101	(13,074,036)	581,325,349	(441,512,284)
Net Claim Payments	180,645,384	188,120,961	(7,475,577)	599,863,871	575,447,710	24,416,161	2,300,704,823	(1,700,840,952)
Net Administrative Expenses	14,968,541	15,470,235	(501,694)	42,272,671	46,373,311	(4,100,640)	185,605,422	(143,332,751)
Total Plan Expenses (excludes internal transfers)	195,613,925	203,591,196	(7,977,271)	642,136,542	621,821,021	20,315,521	2,486,310,245	(1,844,173,703)
Plan Income/(Loss)	8,092,583	2,620,542	5,472,041	(55,483,294)	6,457,584	(61,940,878)	14,753,697	(70,236,991)
Cash Availability:								
Beginning Cash Balance/(Deficit)	126,325,172	150,683,438	(24,358,266)	189,901,049	146,846,396	43,054,653	146,846,396	43,054,653
Ending Cash Balance/(Deficit)	134,417,755	153,303,980	(18,886,225)	134,417,755	153,303,980	(18,886,225)	161,600,093	(27,182,338)
Target Stabilization Reserve @ 6/30/10	172,552,862	172,552,862	-	172,552,862	172,552,862	-	172,552,862	-
Cash Balance Over/(Under) Reserve Target	\$ (38,135,107)	\$ (19,248,882)	\$ (18,886,225)	\$ (38,135,107)	\$ (19,248,882)	\$ (18,886,225)	\$ (10,952,769)	\$ (27,182,338)

Comments:

- The delinquent receivables totaled \$1,014,297.50 as of September 30, 2009.
- The average weekly medical claims cost net of claims refunds was \$32,607,110.75 for the four weekly claim disbursements.
- Pharmacy claims include three bi-weekly invoice cycles and averaged \$16,738,980.34 per cycle.
- Stabilization reserve is 7.5% of the funding projection of net claims for Fiscal Year 2009-2010 or \$172,552,862.
- Approximately \$52 million in member premiums for the month of July were paid by the Retirement System in June 2009.
 Because these receipts are budgeted in FY 2009-10, the \$52 million prepayment will contribute to both the revenue and net income/(loss) variances throughout the fiscal year.

North Carolina State Health Plan for Teachers and State Employees
 Summary of Operations (Cash Basis)
 Current Year Actual vs. Prior Year Actual
 For the Month Ended September 2009
 Fiscal Year 2009- 2010

	A	B	C	D	E	F	G
	Current Year Actual September 2009	Prior Year Actual September 2008	Current Year to Date Actual FY 2009-10 thru September	Prior Year to Date Actual FY 2008-09 thru September	Current Year Annual Budget FY 2009-10	Prior Year Annual Budget FY 2008-09	Prior Year Annual Actual FY 2008-09
Plan Revenue:							
Member Premiums	\$ 202,045,078	\$ 192,477,811	\$ 566,384,237	\$ 569,673,964	\$ 2,445,229,263	\$ 2,281,595,143	\$ 2,373,596,994
Premium Refunds/Retroactive Disenrollments	(66,221)	(316,316)	(211,801)	(1,146,972)	(8,372,898)	(7,812,586)	(2,287,735)
Medicare Part D Subsidy	1,437,147	1,046,708	19,582,570	18,535,327	56,262,519	53,886,565	49,361,396
Appropriation from Savings Reserve Account				-			250,000,000
Net Premium & Other Contributions	203,416,004	193,208,203	585,755,006	587,062,319	2,493,118,884	2,327,669,122	2,670,670,655
Investment Earnings	288,128	522,069	894,602	1,653,090	7,945,058	2,711,451	4,902,987
Miscellaneous Revenue	2,376		3,640	7	-	-	2,068
Other Revenue	290,504	522,069	898,242	1,653,097	7,945,058	2,711,451	4,905,055
Total Plan Revenue (excludes internal transfers)	203,706,508	193,730,272	586,653,248	588,715,416	2,501,063,942	2,330,380,573	2,675,575,710
Plan Expenses:							
Net Medical Claims	130,428,443	157,941,270	460,050,806	466,818,347	1,719,379,474	1,806,608,733	1,843,667,288
Net Pharmacy Claims	50,216,941	70,461,628	139,813,065	175,932,744	581,325,349	619,498,743	615,912,029
Net Claim Payments	180,645,384	228,402,898	599,863,871	642,751,091	2,300,704,823	2,426,107,476	2,459,579,317
Net Administrative Expenses	14,968,541	11,408,090	42,272,671	35,786,897	185,605,422	168,696,644	165,839,843
Total Plan Expenses (excludes internal transfers)	195,613,925	239,810,988	642,136,542	678,537,988	2,486,310,245	2,594,804,120	2,625,419,160
Plan Income/(Loss)	8,092,583	(46,080,716)	(55,483,294)	(89,822,572)	14,753,697	(264,423,547)	50,156,550
Cash Availability:							
Beginning Cash Balance/(Deficit)	126,325,172	96,002,643	189,901,049	139,744,498	146,846,396	139,744,497	139,744,498
Ending Cash Balance/(Deficit)	134,417,755	49,921,927	134,417,755	49,921,926	161,600,093	(124,679,050)	189,901,048
Target Stabilization Reserve @ 6/30/10	172,552,862	181,958,061	172,552,862	181,958,061	172,552,862	181,958,061	181,958,061
Cash Balance Over/(Under) Reserve Target	\$ (38,135,107)	\$ (132,036,134)	\$ (38,135,107)	\$ (132,036,135)	\$ (10,952,769)	\$ (306,637,111)	\$ 7,942,987

a. Minor differences compared to other reports due to rounding

b. Approximately \$52 million in member premiums for the month of July were paid by the Retirement System in June 2009.

Because these receipts are budgeted in FY 2009-10, the \$52 million prepayment will contribute to both the revenue and net income/(loss) variances throughout the fiscal year.