





### **3rd Quarter Actuarial Forecast Update**

**Board of Trustees Meeting** 

Forecasts prepared by The Segal Company Final versions dated 5-30-13

July 26, 2013

A Division of the Department of State Treasurer

### **Presentation Overview**

- Forecast update schedule
- Review of assumptions and revisions
- Updated forecast for FY 2012-13
- Comparison of approved benefit design projections
  - Initial projection: February 1st (Shared with Board on February 4th)
  - New projection based on 3<sup>rd</sup> Quarter Update: May 30<sup>th</sup>
- Comparison of Board approved design to baseline forecast
- Summary



## Actuarial Forecast Update Schedule

- The Plan's actuary updates the forecast at the end of each fiscal year and at least quarterly
- Updates take into account more recent information:
  - Actual financial results and cash balance
  - Membership data, including impact of enrollment changes
  - Claims experience
  - Changes in anticipated costs or revenues

## Forecast Assumptions

- Overall trend assumption of 8.5%
- Membership trends
  - 1% annual decrease in actives
  - 1% annual increase in retirees
- Board approved scenarios assume the features of the Board's plan design effective January 1, 2014
- The authorized budget and the baseline forecast scenarios basically assume a status quo plan design (no additional plan options beyond 70/30 and 80/20 plans, no premium surcharges/credits, continuation of EGWP + wrap, etc.)
- A more detailed list of adjustments to the forecasts is shown on the following page



## Forecast Assumptions Changed/Revised in the Updates Authorized Budget vs. 3<sup>rd</sup> Quarter Update

Assumptions Changed/Revised	Initial Board Design (Segal 2-1-13)	Update	Board Design Update (Segal 5-30-13)
Financials and membership updated thru March 2013		X	Χ
Reduced investment earnings assumption		X	X
7/1/13 enhancements: behavioral and dental health	X	X	Χ
7/1/13 enhancement: blood glucose test strips		X	Χ
Updated administrative cost estimates		X	Χ
Updated timing and amounts of pharmacy claims/rebates		X	X
Updated medical claims refunds		X	X
Federal ACA reinsurance fee	X	X	Χ
Board approved plan design* to be implemented 1/1/14	X		Χ
Final 2014 pricing on MA-PDP products			X
EGWP + wrap eliminated 1/1/14	X		Χ

<sup>\*</sup>See following page for details.



## Board Approved Plan Design

- Effective January 2014:
  - Convert to calendar year
    - Short plan year (July-December 2013)
    - Premium increases will move to January 1
  - Offer Medicare Advantage with an integrated prescription drug program (MA-PDP) to Medicare retirees
  - Offer a Consumer-Directed Health Plan (CDHP) to active employees and non-Medicare retirees
  - Implement Board's Wellness Design for the Enhanced 80/20 Plan and CDHP (free preventive care, wellness surcharges and credits, incentives, etc.)
  - Maintain premium free Traditional 70/30 Plan option for active employees and retirees
- Increase target stabilization reserve (TSR) from 7.5% to 9.0% of claims by December 2015
- Since the initial forecast of the Board approved benefit design in February, the Plan's actuary has continued to refine the assumptions surrounding the design with input from Plan staff

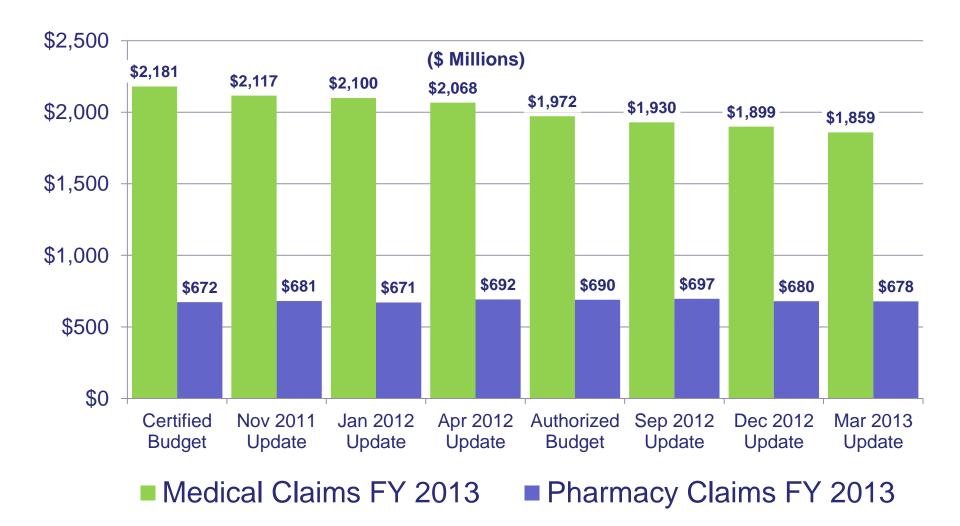


# Comparison of Models for FY 2012-13 Authorized Budget and 3<sup>rd</sup> Quarter Update

FY 2012-13	Authorized Budget (per Segal 9-18-12)	3 <sup>rd</sup> Quarter Update (per Segal 5-30-13)	Difference Increase/ (Decrease)
Beginning Cash Balance	\$502.2 m	\$502.2 m	\$0.0 m
Plan Revenue	\$2.936 b	\$2.958 b	\$21.9 m
Net Claims Payments	\$2.663 b	\$2.537 b	(\$125.9 m)
Net Administrative Expenses	\$189.4 m	\$167.5 m	(\$21.9 m)
Total Plan Expenses	\$2.852 b	\$2.704 b	(\$147.8 m)
Net Income/(Loss)	\$83.9 m	\$253.6 m	\$169.7 m
Ending Cash Balance	\$586.1 m	\$755.8 m	\$169.7 m

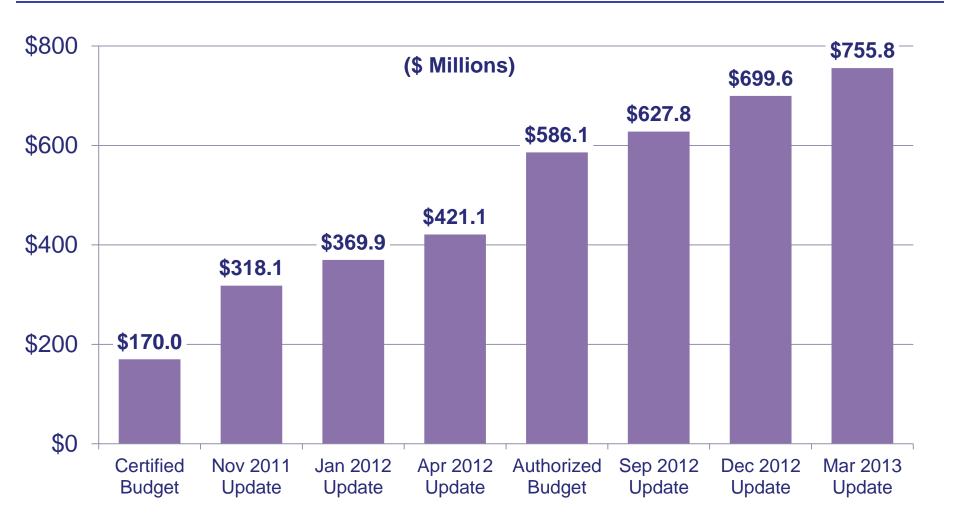


## Forecast Comparisons: FY 2012-13 Claims





## Forecast Comparisons: FY 2012-13 Ending Cash





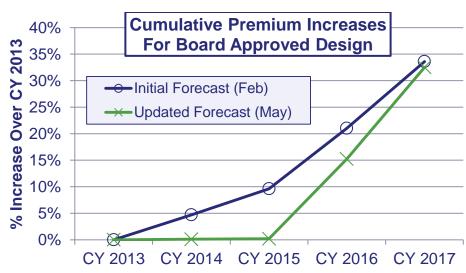
# Comparison of Board Approved Plan Design Projections Initial Projection vs. 3<sup>rd</sup> Quarter Updated Projection

	Initial Projection (Segal 2-1-13)	3 <sup>rd</sup> Quarter Update (Segal 5-30-13)	Difference						
Premium Increases									
FB 2013-15	4.7%	0.1%	(4.6%)						
FB 2015-17	10.4%	15.0%	4.6%						
<b>Employer Contribution Increases</b>	Employer Contribution Increases								
FY 2013-14	\$56.1 m	\$0.8 m	(\$55.3 m)						
FY 2014-15	\$170.2 m	\$2.2 m	(\$168.0 m)						
Total	\$226.3 m	\$3.0 m	(\$223.3 m)						
<b>General Fund Increases</b>									
FY 2013-14	\$44.8 m	\$0.6 m	(\$44.2 m)						
FY 2014-15	\$136.2 m	\$1.8 m	(\$134.4 m)						
Total	\$181.0 m	\$2.4 m	(\$178.6 m)						



# Premium Increases for the 2015-17 Fiscal Biennium Why Do They Keep Growing?

- The growing premium increase for the 2015-17 Fiscal Biennium is attributable to the availability of a large cash balance and the Plan's traditional forecasting methodology
- Because the forecast balances cash to the TSR for a given point in time (December 2015), all cash above the TSR (almost \$500 million) is budgeted for use over the next 2½ years
- Since cash will be used extensively during FB 2013-15, there is a reduced need to increase premium revenue in 2014 and 2015
- Lower premium increases for 2014 and 2015 require greater premium increases for 2016 and 2017 to recover lost ground
- Claims experience below the projected trend lowers the starting point for projections of future claims costs, but it does not necessarily alter the projected future rate of growth
- As shown in the chart, the premium increases in the updated forecast result in lower premiums than the initial forecast in all four years



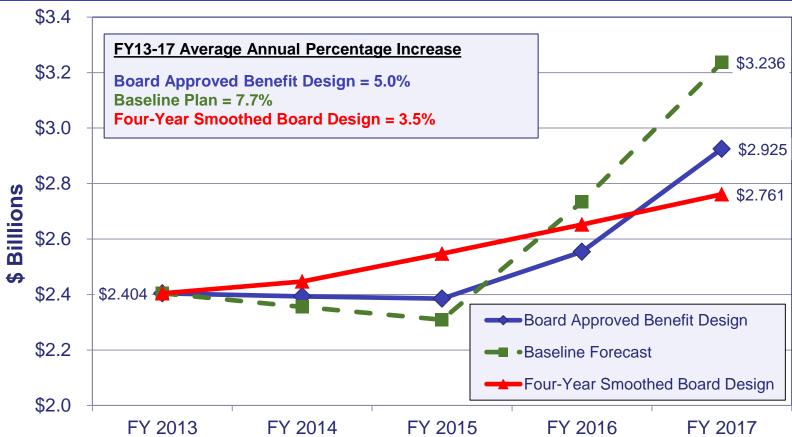


# Comparison of 3<sup>rd</sup> Quarter Updates: <u>Baseline Forecast vs. Board Approved Plan Design</u>

	Baseline Projection (Segal 5-30-13)	Board Design Projection (Segal 5-30-13)	Difference
Premium Increases			
FB 2013-15	(1.5%) July 1	0.1% January 1	1.6%
FB 2015-17	18.9% July 1	15.0% January 1	(3.9%)
<b>Employer Contribution Increases</b>	5		
FY 2013-14	(\$37.0 m)	\$0.8 m	\$37.8 m
FY 2014-15	(\$73.2 m)	\$2.2 m	\$75.4 m
Total	(\$110.2 m)	\$3.0 m	\$113.2 m
General Fund Increases			
FY 2013-14	(\$29.6 m)	\$0.6 m	\$30.2 m
FY 2014-15	(\$58.5 m)	\$1.8 m	\$60.3 m
Total	(\$88.1 m)	\$2.4 m	\$90.5 m



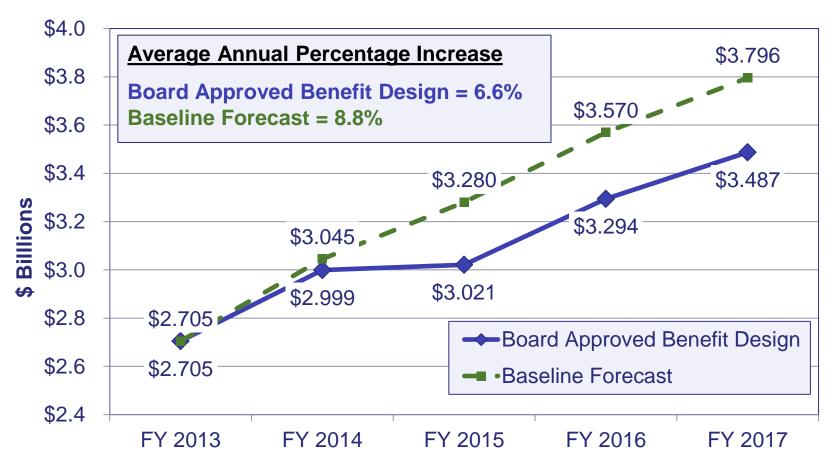
## Projected Total State Contributions for Health Benefits



- Although slightly more expensive in the next two years, the Board approved benefit design (blue line) could save the state \$377 million over the next four years relative to the baseline forecast (green line), including \$300 million in General Fund spending. Employees and retirees could save \$241 million in premium contributions, including the dependent premium savings available through the MA-PDP and CDHP options.
- The actuaries also produced a model that holds the premium increases steady for the next four calendar years (**red line**). The annual premium increase necessary to achieve the 9% TSR by December 31, 2017 is 4.5%.



## Projected State Health Plan Expenses



 Relative to the baseline benefit design, the Board approved design is expected to reduce expenses by \$889 million over the next four fiscal years. The expenditure reduction will be partially offset by a decrease of \$322 million in EGWP revenues, resulting in a net savings to the Plan of \$567 million



## Summary

- Factoring in recent experience reduced the January 1, 2014 premium increase initially projected for the Board approved benefit design
- Required premium increases for the 2013-15 Fiscal Biennium under the approved design are lower than previously forecasted
- Required premium increases for the 2015-17 Fiscal Biennium under the approved design are higher than previously forecasted
- Relative to the baseline forecast, the Board's approved benefit design:
  - Requires a higher premium increase for 2013-15 Fiscal Biennium
  - Requires a lower premium increase for 2015-17 Fiscal Biennium
  - Could save the state \$377 million in employer contributions over the next four years
  - Reduces Plan expenses by \$889 million over the next four years



## Authorized Budget (Segal 9-18-12)

North Carolina State Health Plan Financial Projections - June 2012 Trends: Medical 8.5% Drugs 8.5%

With EGWP+Wrap and Spouse Rate Reduction

	2009 - 2011	Biennium	2011 - 2013	Biennium	2013 - 2015	Biennium	2015 - 2017	Biennium
	Actual FY 2010	Actual FY 2011	Actual FY 2012	Projection FY 2013	Projection FY 2014	Projection FY 2015	Projection FY 2016	Projection FY 2017
PLAN INCOME: Net Contribution Income EGWP Spouse Premium Reduction	2,413,877,944	2,684,814,172	2,750,368,851	2,874,486,516 (1,677,672)	2,916,676,038 (3,380,488)	2,959,728,308 (3,414,293)	3,393,464,293 (3,448,436)	3,891,087,902 (3,482,920)
Health care Reform ERRP Retro Disenrollments	- (1,310,146)	45,298,812 (1,281,584)	42,163,391 (451,496)	- (1,437,243)	(1,458,338)	- (1,479,864)	(1,696,732)	(1,945,544)
Medicare Part D	74,357,704	66,276,535	57,583,602	39,519,892	6,118,945	6,394,298	6,682,041	6,982,733
EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total	- - - -	- - - -	- - -	19,759,856 - - 19,759,856	49,128,383 23,881,638 - 73,010,020	53,467,015 25,579,742 12,367,808 91,414,565	57,652,316 26,752,699 13,247,221 97,652,235	60,557,992 27,822,807 13,914,881 102,295,680
Appropriations from State Reserve Investment Earnings	3,532,448	2,861,085	3,015,819	5,658,262	5,634,496	3,897,996	2,188,479	2,330,393
Total Plan Income	2,490,457,950	2,797,969,020	2,852,680,167	2,936,309,611	2,996,600,673	3,056,541,009	3,494,841,881	3,997,268,243
PLAN EXPENSE: Medical Claims Payment Claim Refunds Net Medical Claims	1,829,432,245 (31,916,831) 1,797,515,414	1,852,549,690 (24,723,681) 1,827,826,009	1,849,410,105 (22,634,615) 1,826,775,490	2,003,583,417 (31,216,928) 1,972,366,489	2,164,584,776 (34,171,210) 2,130,413,566	2,338,776,406 (36,920,558) 2,301,855,848	2,533,991,483 (40,003,154) 2,493,988,330	2,731,021,739 (43,111,401) 2,687,910,338
Pharmacy Claims Payment Rebates	N/A N/A	N/A N/A	721,163,013 (93,130,160)	743,436,376 (53,940,467)	803,206,762 (55,826,830)	867,853,936 (57,785,556)	937,782,114 (59,831,034)	1,013,429,567 (61,915,172)
Net Pharmacy Claims	596,709,775	655,868,735	628,032,853	689,495,909	747,379,932	810,068,380	877,951,079	951,514,395
EGWP+Wrap Reduction in Rebates EGWP+Wrap Claim Increase				766,594 417,042	3,124,038 899,806	3,218,384 995,141	3,315,579 1,100,576	3,415,709 1,217,182
Total Pharmacy Claims	596,709,775	655,868,735	628,032,853	690,679,545	751,403,776	814,281,904	882,367,234	956,147,286
Total Claims Administrative Costs Extra EGWP+Wrap Administration	2,394,225,189 164,649,780 -	2,483,694,744 165,902,094 -	2,454,808,343 165,480,561 0	2,663,046,034 183,604,143 5,783,249	2,881,817,342 189,112,267 11,616,926	3,116,137,752 194,785,635 12,085,088	3,376,355,564 200,629,204 12,572,117	3,644,057,624 205,822,850 13,078,773
Total Plan Expense	2,558,874,969	2,649,596,838	2,620,288,904	2,852,433,426	3,082,546,535	3,323,008,476	3,589,556,885	3,862,959,248
Plan Income (Loss)	(68,417,019)	148,372,182	232,391,263	83,876,185	(85,945,862)	(266,467,466)	(94,715,005)	134,308,995
Beginning Cash Balance (Deficit) Ending Cash Balance (Deficit)	189,901,049 121,484,030	121,484,030 269,856,212	269,856,212 502,247,475	502,247,475 586,123,660	586,123,660 500,177,798	500,177,798 233,710,331	233,710,331 138,995,327	138,995,327 273,304,322
Target Stabilzation Reserve at 7.5%	179,566,889	186,277,106	184,110,626	199,728,453	216,136,301	233,710,331	253,226,667	273,304,322
	//1 Increase	1/1 Increase	//1 Increase	//1 Increase				
Premium Increase:	8.9%	8.9%	5.3%	5.3%	1.9%	1.9%	15.1%	15.1%

#### North Carolina State Health Plan Financial Projections - Sept 2012

#### Trends - 8.5% Medical & Pharmacy

Board Design Initial Projection

Scenario 12d - Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged With MA & PDP

Incentives start at \$15/\$15/\$20 and increase to \$25/\$25/\$40 in Calendar 2016, \$10 Standard Premium Credit

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Pack No.   Projection   Projection   Projection   Projection   Projection   Calendar 2015	egal 2-1-13)	2011 - 2013	Biennium	·	2013 - 2015	Biennium		1	2015 - 2017	Biennium		l
## EVAN EXPENSION From Control Control From From Control Control From From Control Control From From From Control Control From Control	,		-	Short Plan Year	Calendar 2014	Calendar 2014	Calendar 2015	Calendar 2015	Calendar 2016	Calendar 2016	Calendar 2017	Projection Calendar 2017
MacContribution	PLAN INCOME:	F1 2012	F1 2013	3ul-Dec 2013	Jan-June	July-Dec	Jan-Jun	Jul-Dec	Jan-June	July-Dec	Jan-Jun	Sui-Dec
CAMPA   CAMP		2 750 369 951	2 991 179 128	1 430 044 980	1 503 978 570	1 500 900 234	1 589 499 010	1 585 355 311	1 724 025 245	1 721 551 721	1 907 124 419	1,893,494,607
MA Spouse Premium Reduction REPP (421,469) (1,250,260) (655,210) (655,210) (655,210) (655,210) (655,210) (718,025) (655,210) (718,025) (												(11,612,958)
Heath Case Reform EREP   42,103,981 (1056,2179   176,052) (750,0		i	(2,500,577)	(2,562,401)								(6,154,532)
Redo Discontinentes (451.448) (1.20.469) (71.05.22) (751.038) (750.458) (762.478) (802.778) (802.778) (804.752) (94.7524) (1.60.278) (1.60.278) (1.60.278) (1.60.278) (1.60.278) (1.70.278)		42 182 201	(559 210)		(5,845,003)	(5,875,526)	(0,003,322)	(0,033,204)	(0,003,333)	(0,083,580)	(0,123,866)	(0,154,552)
Pennlum Incentive  CDMP Premium Reduction  57.583.602  38.484.030  2.600.120  3.25.000				(710 522)	(751.020)	(750.405)	(704 244)	(702.870)	(082.482)	(080 778)	(040 582)	(946,747)
Colif-Pipermium Reduction		(084,104)	(1,228,408)	(718,522)								
Medicare Part D 67,683,002 30,484,930 2,000,120 3,323,000 2,800,087 3,472,004 2,947,614 3,088,871 3,000,102 3,702,170 3,21    EOVERNAMINA OF TAXABLE STREET		i		-								16,545,936
Direct Dissisty   1,176,9866   22,820,221   3,881,71		57,583,602	39,484,930	2,699,126								(7,116,047) 3,218,758
Direct Disablety	EGWP+Wrap											ł
Coverage Cap Subsidy		_	19.759.856	23.820.221	3.981.571	_	_	_	_	_	_	-
Catal Stophic Outside		_	-			_	_		_	_	_	-
Appropriations from State Reserve movesthered Earnings		_	_	-	-	12.367.808	_	_	_	_	_	-
Appropriations from State Reserve Investment Earnings		_	19 759 856	30 640 925	21 042 505		_		_			
Investment Earnings 3,016,819 6,276,364 2,023,805 2,006,407 2,40,814 2,006,447 1,580,380 1,288,780 1,138,705 1,146,401 1,34,601 1			10,700,000	00,040,020	-	12,557,555						
Total Plan Income  2.852.080.167												
PLAN EXPENSE:  Medical Claims Payment  (1,849,410,105 1,959,418,900 (22,034,615) (20,405,322) (10,572,229) (17,280,885) (17,700,079) (18,882,749) (19,735,515) (20,323,418) (20,97,675) (21,920,013) (22,616) (19,672,118) (19,672		-11	-1	-11	-11		-11	.,,,		1111001100	11111111	1,342,917
Medical Claims Payment   1,840-410.105   1,060-418,090   1,445,218,724   1,085,018,090   1,445,218,721   1,465,118,090   1,445,218,721   1,465,118,090   1,445,218,721   1,465,318,090   1,445,218,721   1,445,218,004   1,246,514   1,2	Total Plan Income	2,852,680,167	2,941,531,021	1,472,196,752	1,492,687,811	1,480,199,955	1,535,521,941	1,531,280,391	1,722,242,049	1,718,113,041	1,892,882,139	1,888,771,934
Claims Refunds Claims Refunds Claims Refunds Claims Refunds Claims Advantage Savings Claims Reduction Claim Refunds Claims Reduction Line Claims Reduction Line Claims Reduction Line Claims Reduction Claims Redu	PLAN EXPENSE:	i										l
Claim Refunds   C2.634.015   C2.465.322   (16.572.226)   (17.286.655)   (17.700.076)   (18.682.748)   (19.735.516)   (20.232.418)   (20.067.575)   (21.020.013)   (22.061.014)   (20.067.075)   (20.067	Medical Claims Payment	1.849.410.105	1,959,418,996	1.027.931.900	1,145,513,781	1.068.651.244	1.237.827.014	1,165,319,959	1,338,058,438	1,254,974,328	1,443,285,304	1,353,181,708
Dental MHSA Enhancement   1,965,711   3,370,391   3,144,242   3,642,000   3,428,606   3,093,000   3,002,462   4,246,510   3,000   3,000,400   2,000   3,000,400   2,000   3,000,400   2,000   3,000,400   2,000   3,000,400   2,000   3,000,400   2,000   3,000,400   2,000   3,000,400   2,000   3,000,400   2,000   3,000,400   2,000   3,000,400   2,000   3,000,400   2,000   3,000,400   3,000,			(29.465.322)				(18.682.748)		(20.323.418)		(21.626.013)	(22,610,340
Medicare Advantage Savings Calendar Year Adjustments (20,44,753,88) (4,753,88	Dental & MHSA Enhancement	(,,	(									3,981,403
Calendar Year Adjustments Preventative at 100% in Standard Plan Preven		i		.,,								(29,443,868
Preventative at 100% in Standard Plan Premium Incentive (Permium Incen		i	_	44 753 680								22,035,437
Permit Incentive CDHP Claims Reduction (CDHP Claims (CDHP Claims Reduction (CDHP Claims (CDHP CLAIM)) (CDHP Claims (CDHP CLAIM)) (CDHP CLAIM)		i										18,578,160
CDHP Claims Reduction Limited Network Savings (R83,234) (1,322,596) (8,81,764) (9,04,139) (9,50,199) (14,493,038) (14,910,314) (21,281,009) (21,776 Limited Network Savings (R83,234) (1,322,594) (1,322,594) (1,321,594) (1,321,594) (1,321,594) (1,596,697) (1,598,631) (1,598,631) (1,745,074) (1,776,774) (1,776,776) (1,776,774) (1,776,777) (1,776,775) (1,776,777) (1,776,775) (1,776,777) (1,776,778) (1,776,777) (1,776,778) (1,776,777) (1,776,778) (1,776,788) (1,776,778) (1,776,778) (1,776,788) (1,776,778) (1,776,778) (1,776,788) (1,776,788) (1,776,778) (1,776,778) (1,776,788) (1,776,788) (1,776,788) (1,776,788) (1,776,778) (1,776,788) (1,7		i										(20,752,957)
Limited Network Savings PCP Copay Waiver (PCP Copay Waiver 1,826,775,490 1,929,953,674 1,058,079,063 1,108,569,883 1,039,891,461 1,171,871,648 1,130,632,369 1,254,717,369 1,208,224,213 1,336,709,125 1,286,069 Pharmacy Claims Payment 721,163,013 749,381,103 (93,140,471) (28,119,169) (29,707,875) (27,075,362) (30,071,169) (29,287,852) (33,015,449) (29,287,852) (33,015,449) (29,287,852) (33,015,449) (29,287,852) (34,045,049) (29,287,852) (34,045,049) (29,287,852) (34,045,049) (34,045,		i										(21,786,187
PCP Copay Waiver Net Medical Claims 1,826,775,490 1,929,953,674 1,058,079,083 1,108,609,883 1,038,609,883 1,038,609,461 1,171,871,648 1,130,332,369 1,254,717,309 1,224,24213 1,336,709,125 1,286,076,763 1,286,076,083 1,108,509,883 1,108,609,883 1,108,609,883 1,108,609,883 1,108,609,883 1,108,609,883 1,108,609,883 1,108,609,883 1,109,609,809 1,109,809,		i										(1,741,723
Net Medical Claims  1,826,775,400 1,929,953,674 1,058,079,083 1,108,509,883 1,039,891,461 1,171,871,048 1,130,632,360 1,254,717,360 1,208,224,213 1,336,709,125 1,286,067 Pharmacy Claims Payment 721,163,013 749,381,163 383,842,333 417,881,887 425,568,201 451,573,973 459,888,151 488,011,760 497,017,676 627,343,413 537,158 628,032,853 695,440,92 373,333,500 379,292,010 408,195,231 1,088,078,248 1410,907,001 442,118,891 445,371,327 479,011,452 482,850,049 11,331,629 11,431,629 11,431,629 11,431,629 11,431,629 11,431,629 11,431,629 11,431,629 11,431,629 11,431		i										(15,378,545
Rebates (93,130,160) (53,940,471) (26,119,159) (29,707,875) (27,075,362) (30,710,109) (28,256,258) (31,945,049) (20,287,852) (33,015,949) (30,345,041) (30,345,04		1,826,775,490	1,929,953,674	1,058,079,063								1,286,063,088
Rebates (93,130,160) (53,940,471) (26,119,159) (29,707,875) (27,075,362) (30,710,109) (28,256,258) (31,945,049) (20,287,852) (33,015,949) (30,345,041) (30,345,04	Pharmacy Claims Payment	721 183 013	740 381 183	303 842 333	417 801 887	425 588 201	451 573 073	450 888 151	488 011 760	497 017 878	527 434 313	537,190,469
Calendar Year Adjustments 628,032,853 695,440,892 5,610,338 (8,801,802) 9,702,441 (9,806,773) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,702) 14,000 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,695,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,805,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,805,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,805,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,805,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,805,844) 11,331,628 (11,550,415) 11,244 (10,801,703) 13,244,908 (10,805,844) 11,331,628 (11,550,415) 12,24 (10,801,703) 10,484,908 (10,805,844) 11,331,628 (11,805,844) 11,331,628 (11,805,844) 11,331,628 (11,804,844) 11,331,628 (11,804,844) 11,331,628 (11,804,844) 11,331,628 (11,804,844) 11,331,628 (11,804,844) 11,331,628 (11,804,844) 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,844 11,344,84												(30,359,683
Net Pharmacy Claims MA-PDF Savings EGWP+Wrap Reduction in Rebates EGWP+Wrap Claim Increase  Total Pharmacy Claims  628,032,853 695,440,692 783,892 708,594 417,042 438,579 783,892 701 Agriculture Costs Administrative Costs Administrative Costs EdWP+Wrap Administration  Total Plan Expense  2,620,288,094 2,815,096,293 1,533,849,210 1,550,400 1,433,401,551 1,455,342,215 1,890,844,291 1,890,844,291 1,502,000 1,402,104,111 1,502,310,698 1,502,400 1,503,400 1		(83,130,100)	(33,640,471)									12,247,660
MA-PDF Savings EGWP+Wrap Reduction in Rebates EGWP+Wrap Claim Increase  Total Plan Expense  2,454,808,343 2,626,578,001 1,558,040 1,558,04 1,558,040 1,558,040 1,558,040 1,558,040 1,558,040 1,558,040 1,558,040 1,558,040 1,558,040 1,558,040 1,558,040 1,558,040 1,558,0	-	800 000 050	80E 440 800									
EGWP+Wrap Reduction in Rebates EGWP+Wrap Claim Increase  768,594 417,042 438,579  704,17042 438,579  7054 Pharmacy Claims  628,032,853 696,624,327 375,322,488 346,772,332 350,952,830 353,439,050 384,302,015 387,268,096 420,668,428 424,174,786 460,100 460		028,032,803	095,440,092	373,333,509								
EGWP+Wrap Claim Increase		i	700 E04	4 550 400		(37,242,431)	(57,527,851)	(57,814,876)	(38,103,231)	(56,585,024)	(38,084,203)	(58,976,955
Total Pharmacy Claims 628,032,853 696,624,327 375,322,488 346,772,332 350,952,830 353,439,050 384,302,015 387,288,096 420,688,428 424,174,786 460,107 (2014) [Administrative Costs 165,480,561 183,604,143 94,653,645 94,458,622 97,491,224 97,294,411 97,213,026 97,213					783,892	-	-	-	-	-	-	
Total Claims  2,454,808,343 2,626,578,001 1,433,401,551 1,455,342,215 1,390,844,291 1,525,310,698 1,514,934,384 1,641,985,466 1,628,892,640 1,746,168,892,611 1,746,168,892,611 1,746,168,892,611 1,746,168,892,611 1,746,168,892,611 1,746,168,892,611 1,746,168,892,610 1,746,168,892,611 1,746,168,892,611 1,746,168,892,610 1,746,168,892,61	·	628 032 853	808 824 327		348 772 332	350 052 830	353 430 050	384 302 015	387 268 006	420 668 428	424 174 788	460,101,492
Administrative Costs   165,480,561   183,604,143   94,653,645   94,488,622   97,401,224   97,204,411   97,213,026   97,213						,						
ACA Reinsurance Fee Extra EGWP+Wrap Administration 5,783,249 5,794,014 5,822,912 10,739,438 10,000,185 9,988,959 6,621,322 6,596,836 - Extra EGWP+Wrap Administration 5,783,249 5,794,014 5,822,912 10,572,426,070 1,505,074,953 1,632,611,294 1,622,116,389 1,745,819,813 1,732,702,502 1,858,096,936 1,843,37												1,746,164,580
Extra EGWP+Wrap Administration	Administrative Costs	165,480,561	183,604,143	94,653,645	94,458,622	97,491,224	97,294,411	97,213,026	97,213,026	97,213,026	97,213,026	97,213,026
Total Plan Expense         2,620,288,904         2,815,965,393         1,533,849,210         1,572,426,070         1,505,074,953         1,632,611,294         1,622,116,369         1,745,819,813         1,732,702,502         1,858,096,936         1,843,37           Plan Income (Loss)         232,391,263         125,565,628         (81,652,458)         (79,738,259)         (24,874,998)         (97,089,353)         (90,835,978)         (23,577,764)         (14,589,461)         34,785,203         45,36           Beginning Cash Balance (Deficit)         269,858,212         502,247,475         627,813,103         566,160,645         486,422,386         461,547,388         364,458,035         273,622,057         250,044,293         235,454,833         270,240,035         315,63           Target Stabilization Reserve         184,110,626         210,126,240         221,519,699         245,543,220         241,925,853         262,453,949         273,622,057         284,122,786         294,379,029         305,079,890         315,63           Target Stabilization Reserve         184,110,626         210,126,240         221,519,699         245,543,220         241,925,853         262,453,949         273,622,057         284,122,786         294,379,029         305,079,890         315,63           Target Stabilization Reserve         184,110,626         210,126,240 </td <td>ACA Reinsurance Fee</td> <td>i</td> <td></td> <td></td> <td></td> <td>16,739,438</td> <td>10,006,185</td> <td>9,968,959</td> <td>6,621,322</td> <td>6,596,836</td> <td>-</td> <td>-</td>	ACA Reinsurance Fee	i				16,739,438	10,006,185	9,968,959	6,621,322	6,596,836	-	-
Plan Income (Loss) 232,391,263 125,565,628 (61,652,458) (79,738,259) (24,874,998) (97,089,353) (90,835,978) (23,577,764) (14,589,461) 34,785,203 45,362 (19,738,259) (24,874,998) (97,089,353) (90,835,978) (23,577,764) (14,589,461) 34,785,203 45,362 (19,738,259) (24,874,998) (97,089,353) (90,835,978) (23,577,764) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 45,362 (19,738,259) (14,589,461) 34,785,203 46,362 (19,738,259) (14,589,461) 34,785,203 46,458,035 46,4						-	-	-	-	-	-	-
Beginning Cash Balance (Deficit) 269,856,212 502,247,475 627,813,103 568,160,645 486,422,386 461,547,388 364,458,035 273,622,057 250,044,293 235,454,833 270,240,035 315,63	Total Plan Expense	2,620,288,904	2,815,965,393	1,533,849,210	1,572,426,070	1,505,074,953	1,632,611,294	1,622,116,369	1,745,819,813	1,732,702,502	1,858,096,936	1,843,377,606
Ending Cash Balance (Deficit) 502,247,475 627,813,103 568,160,645 486,422,386 461,547,388 364,458,035 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 273,622	Plan Income (Loss)	232,391,263	125,565,628	(61,652,458)	(79,738,259)	(24,874,998)	(97,089,353)	(90,835,978)	(23,577,764)	(14,589,461)	34,785,203	45,394,329
Ending Cash Balance (Deficit) 502,247,475 627,813,103 568,160,645 486,422,386 461,547,388 364,458,035 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 315,63 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 250,044,293 235,454,833 270,240,035 273,622,057 273,622	Reginning Cash Ralance (Deficit)	280 958 242	502 247 475	827 012 102	588 180 845	498 422 208	481 547 200	284 450 025	272 822 057	250 044 202	225 454 022	270,240,035
Target Stabilization Reserve 184,110,626 210,126,240 221,519,699 245,543,220 241,925,853 262,453,949 273,622,057 284,122,786 294,379,029 305,079,890 315,63 275,600 200,000 20												270,240,035 315,634,364
7.5% 8.0% 8.0% 8.5% 8.5% 9.0% 9.0% 9.0% 9.0% 9.0% 9.0% 9.0% 9.0	Ending Cash balance (Denoty	302,247,475	327,013,103	300,100,043	400,422,300	401,547,500	304,400,030	213,022,037	230,044,283	200,707,000	270,240,030	313,034,304
7/1 Increase 7/1 Increase 1/1 I	Target Stabilization Reserve											315,634,364
				8.0%		8.5%		9.0%		9.0%		9.0%
10.470 10.470 10.470	Premium Increase:	7/1 Increase 5.3%	7/1 Increase 5.3%		1/1 Increase 4.7%		1/1 Increase 4.7%	<b> </b>	1/1 Increase 10.4%	ŀ	1/1 Increase 10.4%	1

Financial Projections - Dec 2012 Trends - 8.5% Medical & Pharmacy

Q2 Board Design Update

 $Board\ Approved\ Wellness\ Incentives\ -\ Active\ 70/30\ Unchanged\ thru\ 2015\ only,\ Retirees\ 70/30\ Unchanged\ Approved\ Wellness\ Incentives\ -\ Active\ 70/30\ Unchanged\ Approved\ Wellness\ Incentives\ -\ Active\ 70/30\ Unchanged\ Inc$ 

With MA & PDP

Incentives start at \$15/\$15/\$20 and increase to \$25/\$25/\$40 in Calendar 2016, \$10 Standard Premium Credit

EGWP/PDP Spouse Premium Reduction MA Spouse Premium Reduction Health care Reform ERRP Retro Disenrollments Premium Incentive CDHP Premium Reduction Medicare Part D  EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings Total Plan Income  2  PLAN EXPENSE:	Actual FY 2012 2,750,368,851 42,163,391 (451,496) 57,583,602 3,015,815 2,852,680,163	Projection FY 2013  2,888,055,367 (2,474,820) (558,219) (953,256)  39,186,799  20,745,749	Projection Short Plan Year Jul-Dec 2013 1,443,553,347 (2,487,164) 	Projection Calendar 2014 Jan-June 1,479,677,932 (11,717,125) (6,185,425) (739,839) (15,484,291) (3,534,625) 3,434,018	Projection Calendar 2014 July-Dec 1,476,635,707 (11,775,565) (6,216,275) - (738,318) (15,432,497) (3,527,358) 2,910,058	Projection Calendar 2015 Jan-Jun 1,513,651,108 (11,834,296) (6,247,280) (756,826) (14,398,019) (4,759,937) 3,588,549	Projection Calendar 2015 Jul-Dec 1,510,602,099 (11,893,320) (6,278,438) (755,301) (14,385,876) (4,755,923)	Projection Calendar 2016 Jan-June 1,698,683,098 (11,952,639) (6,309,752) (849,342) 18,173,427 (5,968,448)	Projection Calendar 2016 July-Dec 1,695,332,715 (12,012,254) (6,341,223) - (847,686) 18,137,583 (5,956,676)	Projection Calendar 2017 Jan-Jun 1,908,494,568 (12,072,185) (8,372,850) (953,247) 17,992,146	(951,408
Net Contribution Income EGWP/PDP Spouse Premium Reduction MA Spouse Premium Reduction Health care Reform ERRP Retro Disenrollments Premium Incentive COHP Premium Reduction Medicare Part D  EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total Appropriations from State Reserve Investment Earnings Total Plan Income  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	2,750,368,851 42,163,391 (451,496) 57,583,602 - - - - - - - - - - - - -	2,888,055,367 (2,474,820) (658,219) (953,256) 39,186,799 20,745,749	1,443,553,347 (2,487,164) - (721,777) - 2,784,744 25,008,700 7,161,014	1,479,677,932 (11,717,125) (8,185,425) - (739,839) (15,484,291) (3,534,625) 3,434,018 4,180,227	1,476,635,707 (11,775,565) (6,216,275) (738,318) (15,432,497) (3,527,358)	1,513,651,108 (11,834,296) (6,247,280) - (756,826) (14,398,019) (4,759,937)	1,510,602,099 (11,893,320) (6,278,438) (755,301) (14,385,876)	1,698,683,098 (11,952,639) (6,309,752) - (849,342) 18,173,427	1,695,332,715 (12,012,254) (6,341,223) - (847,666) 18,137,583	1,906,494,568 (12,072,165) (6,372,850) - (953,247) 17,992,146	Jul-Dec 1,902,815,008 (12,132,376 (6,404,638 - (951,408
Net Contribution Income EGWP/PDP Spouse Premium Reduction MA Spouse Premium Reduction Health care Reform ERRP Retro Disenrollments Premium Incentive COHP Premium Reduction Medicare Part D  EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total Appropriations from State Reserve Investment Earnings Total Plan Income  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	2,750,368,851 42,163,391 (451,496) 57,583,602 - - - - - - - - - - - - -	2,888,055,367 (2,474,820) (658,219) (953,256) 39,186,799 20,745,749	(2,487,164) - (721,777) - 2,784,744 25,008,700 7,161,014	(11,717,125) (8,185,425) (739,839) (15,464,291) (3,534,625) 3,434,018	(11,775,565) (6,216,275) - (738,318) (15,432,497) (3,527,358)	(11,834,296) (6,247,280) - (756,826) (14,398,019) (4,759,937)	(11,893,320) (6,278,438) - (755,301) (14,385,876)	(11,952,639) (6,309,752) - (849,342) 18,173,427	(12,012,254) (6,341,223) - (847,666) 18,137,583	(12,072,165) (6,372,850) - (953,247) 17,992,146	(12,132,376 (6,404,636 - (951,408
EGWP/PDP Spouse Premium Reduction MA Spouse Premium Reduction Health care Reform ERRP Retro Disenrollments Premium Incentive CDHP Premium Reduction Medicare Part D  EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total Appropriations from State Reserve Investment Earnings Total Plan Income  2 PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	42,163,391 (451,496) 57,583,602 - - - - - 3,015,815	(2,474,820) (558,219) (953,256) 39,186,799 20,745,749	(2,487,164) - (721,777) - 2,784,744 25,008,700 7,161,014	(11,717,125) (8,185,425) (739,839) (15,464,291) (3,534,625) 3,434,018	(11,775,565) (6,216,275) - (738,318) (15,432,497) (3,527,358)	(11,834,296) (6,247,280) - (756,826) (14,398,019) (4,759,937)	(11,893,320) (6,278,438) - (755,301) (14,385,876)	(11,952,639) (6,309,752) - (849,342) 18,173,427	(12,012,254) (6,341,223) - (847,666) 18,137,583	(12,072,165) (6,372,850) - (953,247) 17,992,146	(12,132,376 (6,404,636 - (951,408
MA Spouse Premium Reduction Health care Reform ERRP Retro Disenrollments Premium Incentive CDHP Premium Reduction Medicare Part D  EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings Total Plan Income  2  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	(451,496) 57,583,602 - - - - - 3,015,815	(558,219) (953,256) 39,186,799 20,745,749	(721,777) - - 2,784,744 25,008,700 7,161,014	(6.185,425) (739,839) (15,464,291) (3,534,625) 3,434,018 4,180,227	(6,216,275) (738,318) (15,432,497) (3,527,358)	(6,247,280) - (756,826) (14,398,019) (4,759,937)	(6,278,438) - (755,301) (14,385,876)	(6,309,752) - (849,342) 18,173,427	(6,341,223) - (847,666) 18,137,583	(8,372,850) - (953,247) 17,992,148	(6,404,635 - (951,408
MA Spouse Premium Reduction Health care Reform ERRP Retro Disenrollments Premium Incentive CDHP Premium Reduction Medicare Part D  EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings Total Plan Income  2  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	(451,496) 57,583,602 - - - - - 3,015,815	(953,256) 39,186,799 20,745,749	2,784,744 25,008,700 7,161,014	(739,839) (15,464,291) (3,534,625) 3,434,018 4,180,227	(738,318) (15,432,497) (3,527,358)	(756,826) (14,398,019) (4,759,937)	(755,301) (14,385,876)	(849,342) 18,173,427	(847,666) 18,137,583	(953,247) 17,992,146	(6,404,635 - (951,408 17,957,421
Health care Reform ERRP Retro Disenrollments Premium Incentive CDHP Premium Reduction Medicare Part D  EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings Total Plan Income  2  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	(451,496) 57,583,602 - - - - - 3,015,815	(953,256) 39,186,799 20,745,749	2,784,744 25,008,700 7,161,014	(739,839) (15,464,291) (3,534,625) 3,434,018 4,180,227	(738,318) (15,432,497) (3,527,358)	(756,826) (14,398,019) (4,759,937)	(755,301) (14,385,876)	(849,342) 18,173,427	(847,666) 18,137,583	(953,247) 17,992,146	(951,408
Premium Incentive CDHP Premium Reduction Medicare Part D  EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings Total Plan Income  2  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	57,583,602 - - - - - - - - 3,015,815	39,186,799 20,745,749 -	2,784,744 25,008,700 7,161,014	(15,484,291) (3,534,625) 3,434,018 4,180,227	(15,432,497) (3,527,358)	(14,398,019) (4,759,937)	(14,385,876)	18,173,427	18,137,583	17,992,146	
CDHP Premium Reduction Medicare Part D  EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings  Total Plan Income  2  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Premium Incentive CDHP Claims Reduction	- - - - 3,015,815	20,745,749 - -	25,008,700 7,161,014	(3,534,625) 3,434,018 4,180,227	(3,527,358)	(4,759,937)					17.957.421
Medicare Part D  EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings Total Plan Income  2  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	- - - - 3,015,815	20,745,749 - -	25,008,700 7,161,014	3,434,018 4,180,227			(4,755,923)	(5,968,448)	(5.058.878\		
EGWP+Wrap Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings Total Plan Income  2  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	- - - - 3,015,815	20,745,749 - -	25,008,700 7,161,014	4,180,227	2,910,058	3,588,549			(0,800,070)	(7,152,162)	(7,138,359
Direct Subsidy Coverage Gap Subsidy Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings Total Plan Income  2  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction		-	7,161,014				3,041,010	3,750,033	3,177,856	3,918,785	3,320,859
Coverage Gap Subsidy Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings Total Plan Income  2  PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction		-	7,161,014								
Catastrophic Subsidy Total  Appropriations from State Reserve Investment Earnings Total Plan Income  2  PLAN EXPENSE:  Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction		- - 20,745,749	-	17 040 407	-	-	-	-	-	-	-
Total  Appropriations from State Reserve Investment Earnings  Total Plan Income  2  PLAN EXPENSE:  Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction		- 20,745,749	22 480 744	17,912,167	-	-	-	-	-	-	-
Total  Appropriations from State Reserve Investment Earnings  Total Plan Income  2  PLAN EXPENSE:  Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction		20,745,749	22 480 744	_	12,984,884	-		_		-	_
Investment Earnings Total Plan Income  2 PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction			32,169,714	22,092,394	12,984,884	-	-	-	-	-	-
Investment Earnings Total Plan Income  2 PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction				-							
PLAN EXPENSE: Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	2,852,680,163	2,763,944	1,329,814	1,249,579	1,196,189	990,056	722,699	492,305	427,906	426,363	547,610
Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	_	2,946,765,563	1,476,628,679	1,468,812,618	1,456,036,824	1,480,233,356	1,476,296,950	1,696,018,683	1,691,918,241	1,902,281,436	1,898,014,122
Medical Claims Payment Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction											
Claim Refunds Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction											
Dental & MHSA Enhancement Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	1,849,410,105	1,927,218,996	1,015,169,814	1,131,272,914	1,055,348,776	1,222,398,357	1,150,776,472	1,321,337,075	1,239,270,979	1,425,201,676	1,336,205,056
Medicare Advantage Savings Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction	(22,634,615)	(27,984,755)	(16,366,569)	(17,074,834)	(17,485,776)	(18,449,981)	(19,489,508)	(20,069,547)	(20,705,322)	(21,355,161)	(22,326,798
Calendar Year Adjustments Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction			1,965,754	3,370,417	3,144,216	3,641,909	3,428,525	3,936,678	3,692,178	4,246,124	3,980,975
Preventative at 100% in Standard Plan Premium Incentive CDHP Claims Reduction				(19,524,830)	(28,579,624)	(28,722,167)	(28,865,420)	(29,009,388)	(29,154,074)	(29,299,482)	(29,445,615
Premium Incentive CDHP Claims Reduction		-	44,524,878	(4,229,258)	14,039,329	(14,419,571)	18,622,423	(17,792,129)	20,205,328	(19,304,460)	21,922,781
CDHP Claims Reduction				10,247,668	14,369,098	16,300,647	15,741,038	17,615,873	16,984,626	19,030,936	18,342,873
				(8,183,249)	(12,253,793)	(11,704,835)	(11,687,707)	(12,753,417)	(12,728,173)	(20,258,236)	(20,218,993
Limited Network Savings				(3,513,582)	(5,261,322)	(7,151,167)	(7,140,703)	(10,762,846)	(10,741,543)	(15,273,727)	(15,244,140
				265,475	397,529	324,800	324,324	482,294	481,339	441,970	441,114
PCP Copay Waiver				4,440,211	6,648,878	(352,563)	(352,047)	(4,133,249)	(4,125,068)	(17,107,065)	(17,073,927
Net Medical Claims	1,826,775,490	1,899,234,241	1,045,293,877	1,097,070,933	1,030,367,310	1,161,865,430	1,121,357,397	1,248,851,344	1,203,180,271	1,326,322,575	1,276,583,324
Pharmacy Claims Payment	721,163,013	747,552,157	427,143,493	389,430,657	461,537,416	420,805,476	498,742,324	493,343,070	500,327,069	533,179,679	540,750,179
Rebates	(93,130,160)	(69,039,330)	(28,211,239)	(38,718,472)	(29,235,432)	(32,762,317)	(30,299,331)	(33,846,682)	(31,409,736)	(34,968,080)	(32,552,926
Calendar Year Adjustments			6,216,800	(9,519,242)	11,416,587	(10,479,654)	12,337,009	(12,212,551)	12,639,535	(13,198,703)	13,660,832
Net Pharmacy Claims	628,032,853	678,512,828	405,149,054	341,192,943	443,718,572	377,563,505	480,780,001	447,283,837	481,556,868	485,012,896	521,858,085
MA-PDP Savings			-	(32,826,648)	(57,016,358)	(57,300,730)	(57,586,521)	(57,873,738)	(58,162,386)	(58,452,475)	(58,744,010
EGWP+Wrap Reduction in Rebates		804,842	1,627,756	823,004	-	-	-	-	-	-	-
EGWP+Wrap Claim Increase		437,850	460,461	-	-	-	-	-	-	-	-
Total Pharmacy Claims	628,032,853	679,755,520	407,237,271	309,189,299	386,702,215	320,262,775	423,193,480	389,410,100	423,394,482	426,560,421	463,114,075
Total Claims	2,454,808,343	2,578,989,761	1,452,531,148	1,406,260,232	1,417,069,525	1,482,128,205	1,544,550,877	1,638,261,444	1,626,574,752	1,752,882,996	1,739,697,399
Administrative Costs	165,480,561	164,665,404	85,503,634	91,148,980	88,666,001	88,485,547	88,410,922	88,410,922	88,410,922	88,410,922	88,410,922
ACA Reinsurance Fee				-	-	34,632,846	-	21,039,454	-	14,201,632	-
Extra EGWP+Wrap Administration	-	5,783,249	5,794,014	-	-	-	-	-	-	-	-
Total Plan Expense 2	2,620,288,904	2,749,438,414	1,543,828,796	1,497,409,212	1,505,735,526	1,605,246,598	1,632,961,798	1,747,711,820	1,714,985,674	1,855,495,550	1,828,108,321
Plan Income (Loss)	232,391,259	197,327,150	(67,200,117)	(28,596,594)	(49,698,702)	(125,013,243)	(156,664,848)	(51,693,136)	(23,087,433)	46,785,887	69,905,801
` '						, , , , ,	,				
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	699,574,621	632,374,504	603,777,910	554,079,208	429,065,966	272,401,117	220,707,981	197,640,548	244,426,435
Ending Cash Balance (Deficit)	502,247,471	699,574,621	632,374,504	603,777,910	554,079,208	429,065,966	272,401,117	220,707,981	197,640,548	244,426,435	314,332,236
Target Stabilization Reserve	184,110,626	206,319,181	223,399,068	242,997,267	239,983,029	260,927,796	272,401,117	286,453,109	293,835,258	304,151,197	314,332,236
	184,110,020	8.0%	8.0%	8.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	7.5%	7/1 Increase		1/1 Increase		1/1 Increase		1/1 Increase		4.14 1	
Premium Increase:		moreuse						ii i iiici ease		1/1 Increase	

SEC



Q3 Board Design Update (Segal 5-30-13)

#### North Carolina State Health Plan Financial Projections - Mar 2013 Trends - 8.5% Medical & Pharmacy

Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged With MA & PDP

Incentives start at \$15/\$15/\$20 and increase to \$25/\$25/\$40 in Calendar 2016, \$10 Standard Premium Credit

	2011 - 2013	Biennium		2013 - 2015	Biennium		2015 - 2017 Biennium				
	Actual	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
			Short Plan Year	Calendar 2014	Calendar 2014	Calendar 2015	Calendar 2015	Calendar 2016	Calendar 2016	Calendar 2017	Calendar 2017
	FY 2012	FY 2013	Jul-Dec 2013	Jan-June	July-Dec	Jan-Jun	Jul-Dec	Jan-June	July-Dec	Jan-Jun	Jul-Dec
PLAN INCOME:											
Net Contribution Income	2,750,368,851	2,895,761,603	1,442,578,008	1,440,460,256	1,437,476,692	1,435,425,946	1,432,512,448	1,643,850,040	1,640,582,351	1,882,695,678	1,879,032,683
EGWP/PDP Spouse Premium Reduction	2,730,300,031	(1,244,665)	(2,498,637)	(14.615.034)	(14.687.927)	(14,761,184)	(14.834.807)	(14,908,796)	(14.983.155)	(15,057,884)	(15,132,986)
MA Spouse Premium Reduction		(1,244,005)	(2,480,037)	(5,898,039)	(5,927,456)	(5,957,019)	(5,986,730)	(6,016,589)	(8,048,598)	(8,076,755)	(6,107,063)
Health care Reform ERRP	42,163,391	(558,219)	_	(860,080,0)	(5,827,450)	(5,857,018)	(0,860,730)	(880,010,0)	(0,040,086)	(0,070,755)	(0,107,003)
Retro Disenrollments						(717.710)	(710.050)		(000.004)	(044.040)	(000 E48)
	(451,498)	(714,727)	(721,289)	(720,230)	(718,738)	(717,713)	(716,256)	(821,925)	(820,291)	(941,348)	(939,516)
Premium Incentive			-	(15,363,911)	(15,332,089)	(14,299,813)	(14,287,662)	18,347,595	18,311,123	18,164,492	18,129,151
CDHP Premium Reduction				(3,528,927)	(3,521,618)	(4,751,766)	(4,747,728)	(5,957,822)	(5,945,979)	(7,139,050)	(7,125,160)
Medicare Part D	57,583,602	36,936,224	2,784,744	3,434,018	2,910,058	3,588,549	3,041,010	3,750,033	3,177,856	3,918,785	3,320,859
EGWP+Wrap											
Direct Subsidy	-	25,008,159	25,151,533		-	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	7,195,769	17,999,102	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	13,047,904	-	-	-	-	-	-
Total	-	25,008,159	32,347,302	17,999,102	13,047,904	-	-	-	-	-	-
				-							l
Appropriations from State Reserve											
Investment Earnings	3,015,815	3,063,553	1,448,002	1,371,580	1,322,810	1,084,306	744,589	462,446	367,589	368,087	517,995
Total Plan Income	2,852,680,163	2,958,251,928	1,475,938,129	1,423,138,814	1,414,569,636	1,399,611,306	1,395,724,865	1,638,704,982	1,634,642,897	1,875,932,005	1,871,695,962
PLAN EXPENSE:											
Medical Claims Payment	1,849,410,105	1,882,949,142	997,508,625	1,111,574,513	1,036,956,734	1,201,076,486	1,130,686,863	1,298,249,706	1,217,598,950	1,400,256,154	1,312,797,082
Claim Refunds	(22,634,615)	(23,855,443)	(12,060,684)	(12,583,200)	(12,885,851)	(13,596,192)	(14,362,157)	(14,789,230)	(15,257,502)	(15,736,111)	(16,451,838)
Dental & MHSA Enhancement			1,965,794	3,370,442	3,144,191	3,641,824	3,428,393	3,936,466	3,691,922	4,245,763	3,980,576
Medicare Advantage Savings				(34,918,460)	(43,530,120)	(43,747,229)	(43,965,421)	(44,184,701)	(44,405,075)	(44,626,548)	(44,849,126)
Calendar Year Adjustments		-	44,524,878	(4,229,258)	14,039,329	(14,419,571)	18,622,423	(17,792,129)	20,205,328	(19,304,460)	21,922,781
Preventative at 100% in Standard Plan				9,959,957	13,966,741	15,859,786	15,320,207	17,154,164	16,544,014	18,545,830	17,881,802
Premium Incentive				(7,995,527)	(11,972,541)	(11,462,987)	(11,446,086)	(12,527,363)	(12,502,373)	(19,984,282)	(19,945,259)
CDHP Claims Reduction				(2,705,932)	(4,051,876)	(5,771,199)	(5,762,690)	(8,941,127)	(8,923,291)	(12,953,021)	(12,927,728)
Limited Network Savings				310,434	464,845	390,200	389,624	602,750	601,547	576,589	575,463
PCP Copay Waiver				4.407.787	6,600,242	(367,417)	(366,875)	(4,086,355)	(4,078,203)	(17,078,970)	(17,045,620)
Net Medical Claims	1.826.775.490	1.859.093.698	1.031.938.612	1,067,190,757	1,002,731,695	1,131,603,701	1,092,544,281	1,217,622,180	1,173,475,317	1.293.940.945	1,245,938,133
	.,									-,,,	
Pharmacy Claims Payment	721,163,013	749,090,373	426,782,431	389,095,527	461,133,212	420,430,469	498,290,216	492,888,065	499,857,994	532,671,371	540,226,350
Rebates	(93,130,160)	(72,024,902)	(22,208,556)	(32.607.518)	(23,014,123)	(26,428,528)	(23,850,891)	(27,281,378)	(24,724,242)	(28,163,286)	(25,623,274)
Calendar Year Adjustments	(00,100,100)	(, 2,02 ,,002)	6,211,534	(9.511,046)	11,406,548	(10,470,311)	12,325,781	(12,201,284)	12,627,650	(13,186,116)	13,647,560
Net Pharmacy Claims	628,032,853	677,065,471	410,785,408	346,976,963	449,525,637	383,531,630	486,765,106	453,405,403	487,761,402	491,321,968	528,250,635
MA-PDP Savings	020,002,000	077,000,177	410,700,400	(55,230,721)	(79,613,191)	(80,010,267)	(80,409,323)	(80,810,370)	(81,213,417)	(81,618,474)	(82,025,551)
EGWP+Wrap Reduction in Rebates		808.689	1.635.695	827.018	(10,010,101)	(00,010,207)	(00,400,020)	(00,010,570)	(01,213,417)	(01,010,414)	(02,020,001)
EGWP+Wrap Claim Increase		222,762	462,707	027,010		-		-		-	•
Expand Coverage of Diabetic Test Strips		222,702	591,768	686,454	813,546	741,737	879,099	869,568	881,865	939,755	953,084
Total Pharmacy Claims	628.032.853	678.096.922	413,475,579	293,259,715	370,725,991	304.263.099	407.234.881	373,464,602	407.429.850	410.643.250	447,178,169
Total Frialmacy Claims	020,032,033	070,080,822	413,473,378	283,238,713	370,723,881	304,203,088	407,234,001	373,404,002	407,428,000	410,043,230	447,170,108
Total Claims	2,454,808,343	2,537,190,620	1,445,414,191	1,360,450,472	1,373,457,686	1,435,866,800	1,499,779,162	1,591,086,782	1,580,905,167	1,704,584,195	1,693,116,301
Administrative Costs	165,480,561	164,665,404	85,504,284	91,148,330	88,666,681	88,484,867	91,324,774	91,141,320	93,688,951	93,504,688	96,122,447
ACA Reinsurance Fee	100,460,001	104,000,404	00,004,284	81,140,330	00,000,081	34.632.846	81,324,774	21.039.454	83,000,891	14.201.632	80,122,447
Extra EGWP+Wrap Administration		2.893.881	5.794.014		-	34,032,840	-	21,039,434	•	14,201,032	-
	2 820 200 004	-11			1 482 124 288	1 550 004 514	1 501 102 028	1 700 007 550	1 874 504 110	1.010.000.514	4 700 220 740
Total Plan Expense	2,620,288,904	2,704,749,905	1,536,712,490	1,451,598,801	1,462,124,366	1,558,984,514	1,591,103,936	1,703,267,556	1,674,594,119	1,812,290,514	1,789,238,748
<b>5</b>	000 004 050	050 500 000	(00 774 000)	(00 450 007)	47.554.700	(450.070.000)	(405.070.070)	(04 500 575)	(00.054.000)		00.457.044
Plan Income (Loss)	232,391,259	253,502,023	(60,774,360)	(28,459,987)	(47,554,730)	(159,373,208)	(195,379,072)	(64,562,575)	(39,951,222)	63,641,490	82,457,214
Decision Cook But (D. 5.11)	000 050 045	E00 047 45	755 740 45	204 075 40	000 515 115	040.000.445	450 507 057	004 000 40-	400 045 555	450 004 0 :-	000 000 00
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	755,749,494	694,975,134	666,515,147	618,960,417	459,587,208	264,208,137	199,645,562	159,694,340	223,335,831
Ending Cash Balance (Deficit)	502,247,471	755,749,494	694,975,134	666,515,147	618,960,417	459,587,208	264,208,137	199,645,562	159,694,340	223,335,831	305,793,045
Target Stabilization Reserve	184,110,626	202,975,250	219,485,780	238,498,496	232,382,193	252,839,204	264,208,137	278,177,935	285,479,275	295,694,043	305,793,045
	7.5%	8.0%	8.0%	8.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase	ļ l	1/1 Increase	Į.	1/1 Increase		1/1 Increase	L	1/1 Increase	
Premium Increase:	5.3%	5.3%	[	0.1%	[	0.1%		15.0%		15.0%	
·					_		_		_		



### Q3 Baseline Update

North Carolina State Health Plan Financial Projections - Mar 2013 Trends - 8.5% Medical & Pharmacy With Dental, MHSA and ACA Reinsurance Fee

(Segal 5-30-13)

	2009 - 2011	Biennium	2011 - 2013	Biennium	2013 - 2015	Biennium	2015 - 2017	Biennium
	Actual FY 2010	Actual FY 2011	Actual FY 2012	Projection FY 2013	Projection FY 2014	Projection FY2015	Projection FY2016	Projection FY2017
PLAN INCOME:								
Net Contribution Income	2,413,877,944	2,684,814,172	2,750,368,851	2,895,761,603	2,837,538,826	2,782,068,914	3,293,145,136	3,898,435,129
EGWP Spouse Premium Reduction				(1,244,665)	(5,009,736)	(5,059,834)	(5,110,432)	(5,161,537
Health care Reform ERRP	-	45,298,812	42,163,391	(558,219)	-	-	-	-
Retro Disenrollments	(1,310,146)	(1,281,584)	(451,496)	(714,727)	(1,418,769)	(1,391,034)	(1,646,573)	(1,949,218
Medicare Part D	74,357,704	66,276,535	57,583,602	36,936,224	6,218,762	6,498,606	6,791,044	7,096,641
EGWP+Wrap								
Direct Subsidy	-	-	-	25,008,159	52,162,580	56,859,950	61,074,163	64,152,301
Coverage Gap Subsidy	-	-	-	-	25,194,870	26,987,007	28,224,493	29,353,473
Catastrophic Subsidy	-	-	-	-	-	13,047,904	13,976,014	14,680,406
Total	-	-	-	25,008,159	77,357,450	96,894,861	103,274,671	108,186,180
Appropriations from State Reserve								
Investment Earnings	3.532.448	2.861.085	3,015,815	3.063.553	2,854,661	1,890,879	745.918	850.850
Total Plan Income	2,490,457,950	2,797,969,020	2,852,680,163	2,958,251,928	2,917,541,193	2,880,902,392	3,397,199,765	4,007,458,045
PLAN EXPENSE:								
Medical Claims Payment	, , , , , , , , , , , , , , , , , , , ,		1,849,410,105	1,882,949,142	2,109,083,138	2,238,033,220	2,428,936,569	2,617,855,104
Claim Refunds	(31,916,831)	(24,723,681)	(22,634,615)	(23,855,443)	(24,643,884)	(26,482,043)	(29,151,387)	(30,993,613
Dental & MHSA Enhancement					5,336,236	6,786,015	7,364,859	7,937,685
Net Medical Claims	1,797,515,414	1,827,826,009	1,826,775,490	1,859,093,698	2,089,775,489	2,218,337,192	2,407,150,041	2,594,799,177
Pharmacy Claims Payment	N/A	N/A	721.163.013	749.090.373	815.877.958	881.563.680	991.178.281	1.032.529.365
Rebates	N/A	N/A	(93,130,160)	(72,024,902)	(54,816,074)	(49,442,651)	(51,132,269)	(52,887,528
Calendar Year Adjustments			,	, , , , ,	- '	- '	- '	-
Net Pharmacy Claims	596,709,775	655,868,735	628,032,853	677,065,471	761,061,883	832,121,030	940,046,012	979,641,837
EGWP+Wrap Reduction in Rebates				808,689	3,295,906	3,395,442	3.497.985	3.603.624
EGWP+Wrap Claim Increase				222,762	949.309	1.049.888	1.161.124	1.284.145
Expand Coverage of Diabetic Test Strips				-	1,278,223	1,555,282	1,748,668	1,821,620
Total Pharmacy Claims	596,709,775	655,868,735	628,032,853	678,096,922	766,585,321	838,121,642	946,453,788	986,351,226
Total Claims	2.394.225.189	2.483.694.744	2.454.808.343	2.537.190.620	2.856.360.810	3.056.458.834	3.353.603.829	3.581.150.403
Administrative Costs	164,649,780	165,902,094	165,480,561	164,665,404	176,652,614	177,151,548	182,466,094	187,193,639
ACA Reinsurance Fee	104,043,700	103,302,034	103,400,301	104,005,404	170,032,014	34,632,846	21,039,454	14,201,632
Extra EGWP+Wrap Administration	_	_	_	2.893.881	11.616.926	12.085.088	12.572.117	13,078,773
Total Plan Expense	2,558,874,969	2,649,596,838	2,620,288,904	2,704,749,905	3,044,630,350	3,280,328,317	3,569,681,495	3,795,624,447
Dies lesses (Less)	(00.447.040)	440 272 402	222 204 250	252 502 622	(427,000,457)	(200 425 625)	(472 404 720)	244 022 500
Plan Income (Loss)	(68,417,019)	148,372,182	232,391,259	253,502,023	(127,089,157)	(399,425,925)	(172,481,730)	211,833,598
Beginning Cash Balance (Deficit)	189,901,049	121,484,030	269,856,212	502,247,471	755,749,494	628,660,337	229,234,413	56,752,682
Ending Cash Balance (Deficit)	121,484,030	269,856,212	502,247,471	755,749,494	628,660,337	229,234,413	56,752,682	268,586,280
Target Stabilization Reserve	179,566,889	186,277,106	184,110,626	190,289,297	214,227,061	229,234,413	251,520,287.19	268,586,280
. a.g.s. otabilization (1000)10	110,000,000	100,211,100	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase
Premium Increase:	8.9%	8.9%	5.3%	5.3%	-1.5%	-1.5%	18.9%	18.9%



#### Q3 Board Design Update 4-Year Smoothed

North Carolina State Health Plan Financial Projections - Mar 2013 Trends - 8.5% Medical & Pharmacy

Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged With MA & PDP

Incentives start at \$15/\$15/\$20 and increase to \$25/\$25/\$40 in Calendar 2016, \$10 Standard Premium Credit

(Seg

(a) F 20 42\	2011 - 2013	Biennium		2013 - 2015	Biennium			2015 - 2017	Biennium			
al 5-30-13)	Actual	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	
		•	Short Plan Year	Calendar 2014	Calendar 2014		Calendar 2015	Calendar 2016	Calendar 2016	Calendar 2017	Calendar 2017	
	FY 2012	FY 2013	Jul-Dec 2013	Jan-June	July-Dec	Jan-Jun	Jul-Dec	Jan-June	July-Dec	Jan-Jun	Jul-Dec	
PLAN INCOME:												
Net Contribution Income	2,750,368,851	2,895,761,603	1,442,578,008	1,504,832,624	1,501,715,729	1,566,587,396	1,563,407,678	1,631,012,512	1,627,770,342	1,698,229,895	1,694,925,799	
EGWP/PDP Spouse Premium Reduction		(1,244,665)	(2,498,637)	(14,615,034)	(14,687,927)	(14,761,184)	(14,834,807)	(14,908,796)	(14,983,155)	(15,057,884)	(15,132,986)	
MA Spouse Premium Reduction				(5,898,039)	(5,927,456)	(5,957,019)	(5,986,730)	(6,016,589)	(6,046,598)	(6,076,755)	(6,107,063)	
Health care Reform ERRP	42,163,391	(558,219)	-	-	-	-	-	-	-	-	-	
Retro Disenrollments	(451,496)	(714,727)	(721,289)	(752,416)	(750,858)	(783,294)	(781,704)	(815,506)	(813,885)	(849,115)	(847,463	
Premium Incentive				(15,383,911)	(15,332,089)	(14,299,813)	(14,287,662)	18,347,595	18,311,123	18,164,492	18,129,151	
CDHP Premium Reduction	1		_	(3,528,927)	(3,521,618)	(4,751,766)	(4,747,728)	(5,957,822)	(5,945,979)	(7,139,050)	(7,125,160)	
Medicare Part D	57,583,602	36,936,224	2,784,744	3,434,018	2,910,058	3,588,549	3,041,010	3,750,033	3,177,856	3,918,785	3,320,859	
EGWP+Wrap												
Direct Subsidy	_	25,008,159	25,151,533	_	_	_	_	_		_	_	
Coverage Gap Subsidy		20,000,100	7,195,769	17,999,102								
Catastrophic Subsidy		-	7,185,708	17,000,102	13,047,904	-		-		-	-	
Total	_	25.008.159	32.347.302	17.999.102	13,047,904	•		•	•	-	•	
Total	· ·	20,000,109	32,347,302	17,999,102	13,047,804	-	-	-	-	-	-	
Appropriations from State Reserve			4 440 000	4 405 000	4 545 000	4 470 047	4 000 550	4 000 700	4 4 4 4 0 0 0	242 422	704 700	
Investment Earnings	3,015,815	3,063,553	1,448,002	1,435,980	1,515,993	1,473,347	1,398,552	1,233,799	1,114,828	919,466	701,782	
Total Plan Income	2,852,680,163	2,958,251,928	1,475,938,129	1,487,543,396	1,478,969,736	1,531,096,215	1,527,206,610	1,626,645,225	1,622,584,533	1,692,109,833	1,687,864,918	
PLAN EXPENSE:												
Medical Claims Payment	1.849.410.105	1.882.949.142	997.508.625	1,111,574,513	1.036.956.734	1.201.076.486	1.130.686.863	1,298,249,706	1.217.598.950	1,400,256,154	1.312.797.082	
Claim Refunds	(22,634,615)	(23.855.443)	(12.060.684)	(12,583,200)	(12.885.851)	(13.596.192)	(14,362,157)	(14,789,230)	(15,257,502)	(15,738,111)	(16,451,838	
Dental & MHSA Enhancement	(22,034,013)	(23,033,443)	1,985,794	3,370,442	3,144,191	3.641.824	3,428,393	3,936,466	3,691,922	4,245,763	3,980,576	
			1,805,784		(43,530,120)	(43,747,229)	(43,965,421)		(44,405,075)	(44,626,548)		
Medicare Advantage Savings			44.504.070	(34,918,460)				(44,184,701)			(44,849,126	
Calendar Year Adjustments		-	44,524,878	(4,229,258)	14,039,329	(14,419,571)	18,622,423	(17,792,129)	20,205,328	(19,304,460)	21,922,781	
Preventative at 100% in Standard Plan	1			9,959,957	13,966,741	15,859,786	15,320,207	17,154,164	16,544,014	18,545,830	17,881,802	
Premium Incentive				(7,995,527)	(11,972,541)		(11,446,086)	(12,527,363)	(12,502,373)	(19,984,282)	(19,945,259)	
CDHP Claims Reduction				(2,705,932)	(4,051,876)	(5,771,199)	(5,762,690)	(8,941,127)	(8,923,291)	(12,953,021)	(12,927,728	
Limited Network Savings	1			310,434	464,845	390,200	389,624	602,750	601,547	576,589	575,463	
PCP Copay Waiver				4,407,787	6,600,242	(367,417)	(366,875)	(4,086,355)	(4,078,203)	(17,078,970)	(17,045,620	
Net Medical Claims	1,826,775,490	1,859,093,698	1,031,938,612	1,067,190,757	1,002,731,695	1,131,603,701	1,092,544,281	1,217,622,180	1,173,475,317	1,293,940,945	1,245,938,133	
Pharmacy Claims Payment	721,163,013	749,090,373	426,782,431	389,095,527	461,133,212	420,430,469	498,290,216	492,888,065	499,857,994	532,671,371	540,226,350	
Rebates	(93,130,160)	(72,024,902)	(22,208,556)	(32,607,518)	(23,014,123)	(26.428.528)	(23,850,891)	(27,281,378)	(24,724,242)	(28,163,286)	(25,623,274	
Calendar Year Adjustments	(	(,,	6.211.534	(9,511,046)	11.406.548	(10.470.311)	12,325,781	(12,201,284)	12,627,650	(13,186,116)	13,647,560	
Net Pharmacy Claims	628,032,853	677,065,471	410,785,408	346,976,963	449,525,637	383,531,630	486,765,106	453,405,403	487,761,402	491,321,968	528,250,635	
MA-PDP Savings		,	-	(55,230,721)	(79,613,191)		(80,409,323)	(80,810,370)	(81,213,417)	(81,618,474)	(82,025,551	
EGWP+Wrap Reduction in Rebates		808,689	1,635,695	827,018	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(00,010,201)	(55,155,525)	(00,010,010)	(01,210,111)	(0.,0.0,)	(02,020,001	
EGWP+Wrap Claim Increase		222,762	462,707	027,010	_	_	_	_		_	_	
Expand Coverage of Diabetic Test Strips		222,702	591.768	686.454	813.546	741.737	879.099	869.568	881.865	939.755	953.084	
Total Pharmacy Claims	628,032,853	678,096,922	413,475,579	293,259,715	370,725,991	304,263,099	407,234,881	373,464,602	407,429,850	410,643,250	447,178,169	
Total Claims	2.454.808.343	2.537.190.620	1 445 414 101	1.360.450.472	1 272 457 200	1.435.866.800	1 400 770 460	1.591.086.782	1.580.905.167	1.704.584.195	1.693.116.301	
			1,445,414,191	.,	1,373,457,686		1,499,779,162		.,		.,	
Administrative Costs	165,480,561	164,665,404	85,504,284	91,148,330	88,666,681	88,484,867	91,324,774	91,141,320	93,688,951	93,504,688	96,122,447	
ACA Reinsurance Fee	1	0.000.004	E 704 044	-	-	34,632,846	-	21,039,454	-	14,201,632	-	
Extra EGWP+Wrap Administration		2,893,881	5,794,014	4 454 500 004	4 400 404 000	4 550 004 544	4 504 400 000	4 700 007 550	4 074 504 440		4 700 000 740	
Total Plan Expense	2,620,288,904	2,704,749,905	1,536,712,490	1,451,598,801	1,462,124,366	1,558,984,514	1,591,103,936	1,703,267,556	1,674,594,119	1,812,290,514	1,789,238,748	
Plan Income (Loss)	232,391,259	253,502,023	(60,774,360)	35,944,595	16,845,370	(27,888,299)	(63,897,326)	(76,622,331)	(52,009,586)	(120,180,681)	(101,373,830)	
Beginning Cash Balance (Deficit)	269,856,212	502.247.471	755,749,494	694,975,134	730,919,729	747,765,099	719,876,800	655,979,474	579,357,142	527,347,556	407,166,875	
Ending Cash Balance (Deficit)	502,247,471	755,749,494	694,975,134	730,919,729	747,765,099	719,876,800	655,979,474	579,357,142	527,347,556	407,166,875	305,793,045	
Town Challing Control	404 440 600	202 275 252	040 405 700	200 400 400	202 202 422	050 000 001	204 200 427	070 477 665	205 470 575	205 204 242	005 700 015	
Target Stabilization Reserve	184,110,626	202,975,250 8.0%	219,485,780 8.0%	238,498,496	232,382,193	252,839,204	264,208,137	278,177,935 9.0%	285,479,275	295,694,043 9.0%	305,793,045	
	7.5% 7/1 Increase	7/1 Increase	8.0%	8.5%	8.5%	9.0%	9.0%		9.0%		9.0%	
Description Income				1/1 Increase		1/1 Increase		1/1 Increase	Ļ	1/1 Increase		
Premium Increase:	5.3%	5.3%	l l	4.5%		4.5%	l L	4.5%	L	4.5%		