

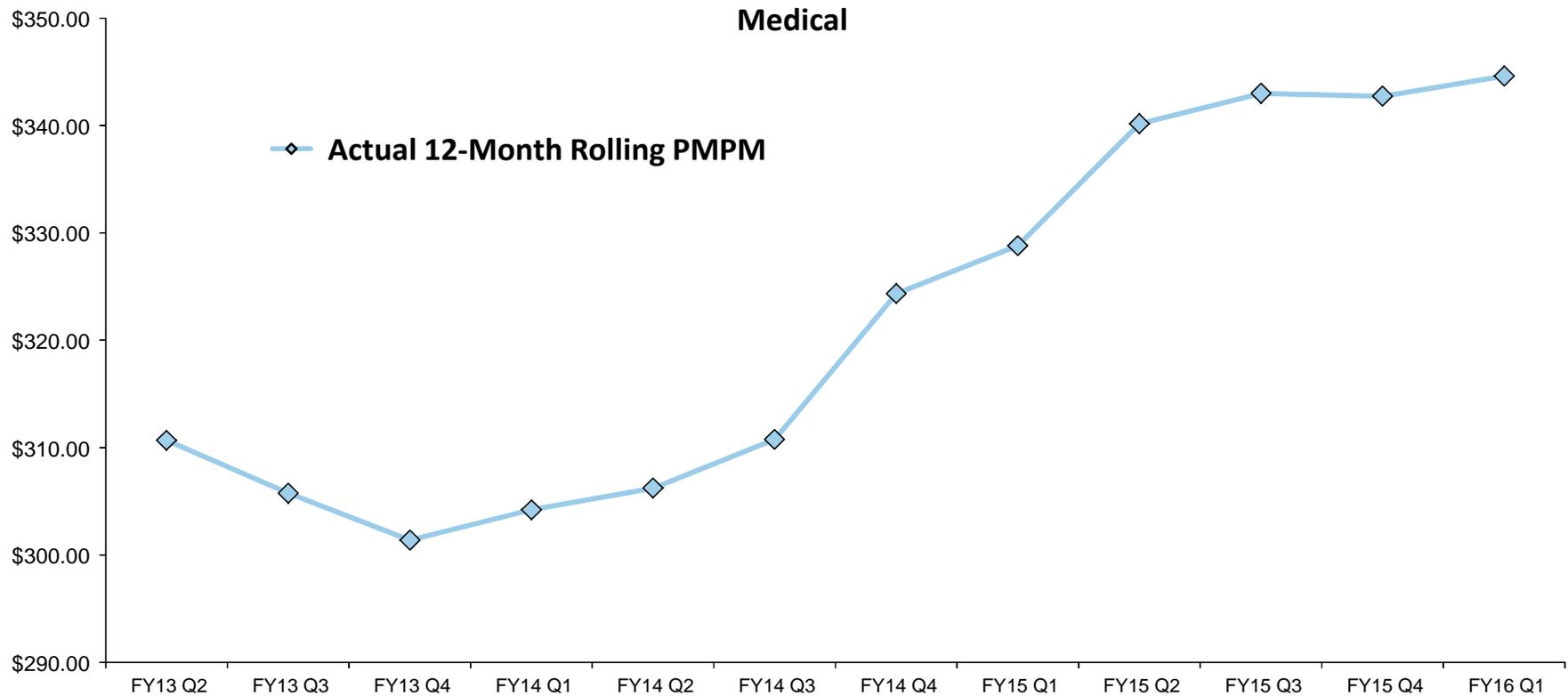


**Group Health Program FY17 Planning
February 5, 2016**

- Trend Analysis – Medical, Prescription, Combined
- Revenue and Expenses – FY12 – FY17
- FY17 Group Health Budget Projections
- Governor’s Recommended Budget for Group Health
- FY17 Premiums Based on Governor’s Recommended Allocation
- New Health Savings Account Information
- Rebuilding Claim Liability
- Next Steps

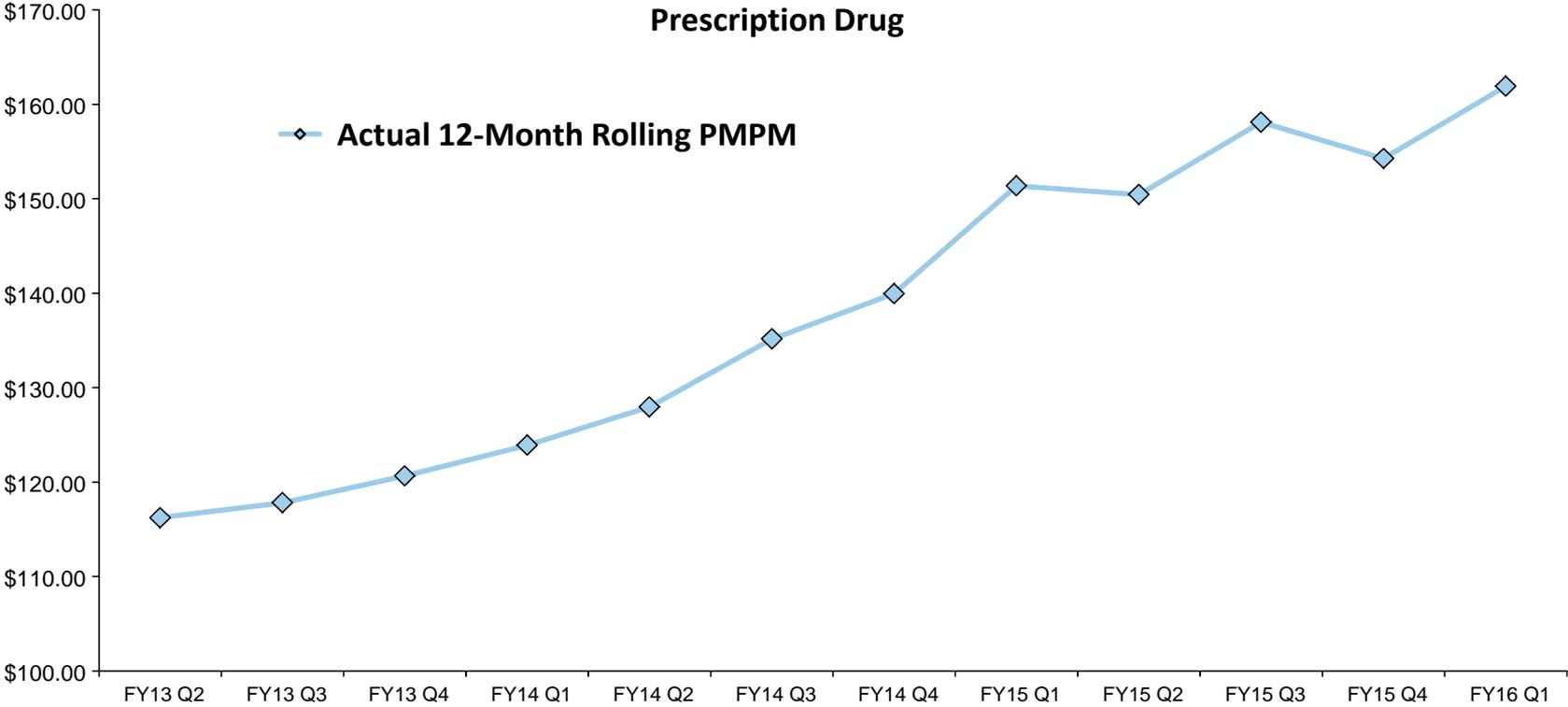
GHIP Medical Costs Per Member Per Month

*State of Delaware
Trend Analysis
October 1, 2012 – September 30, 2015*



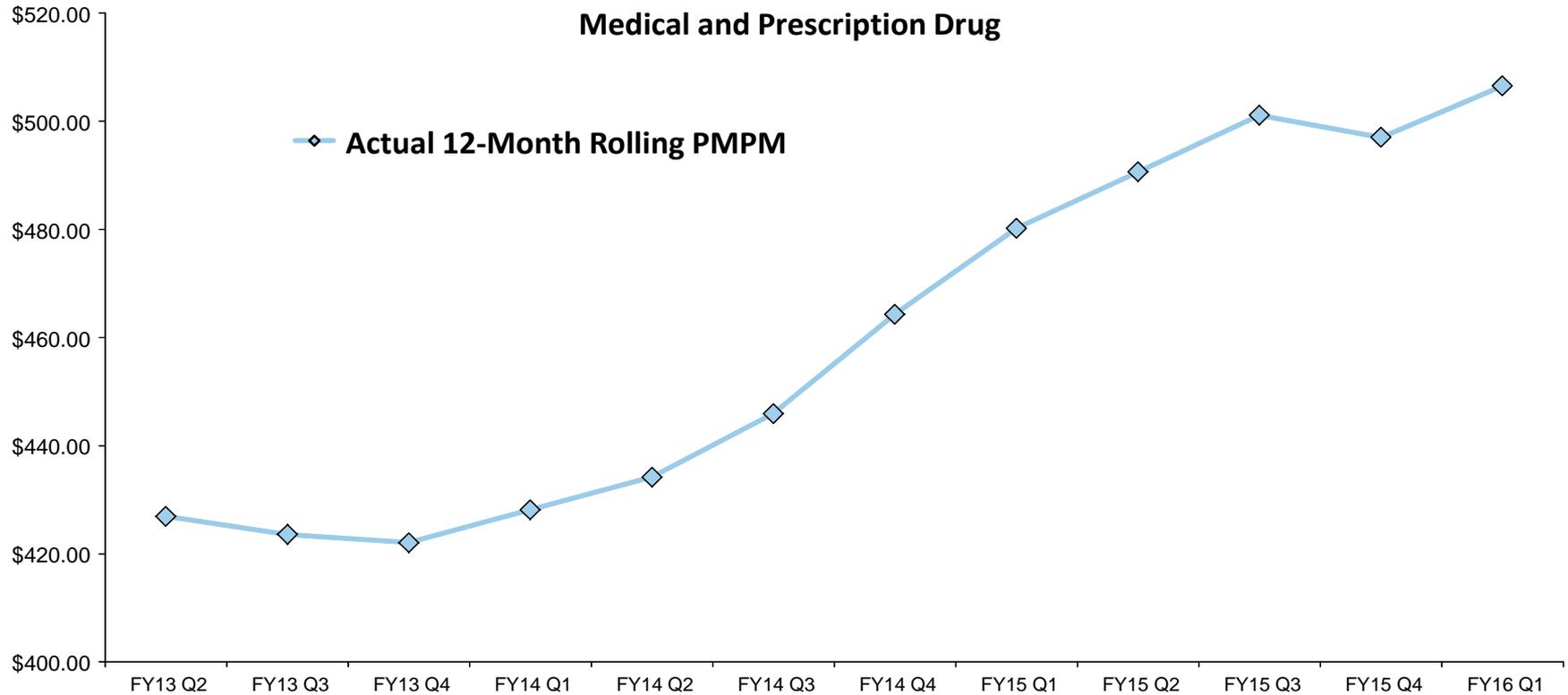
GHIP Prescription Drug Costs Per Member Per Month

*State of Delaware
Trend Analysis
October 1, 2012 – September 30, 2015*



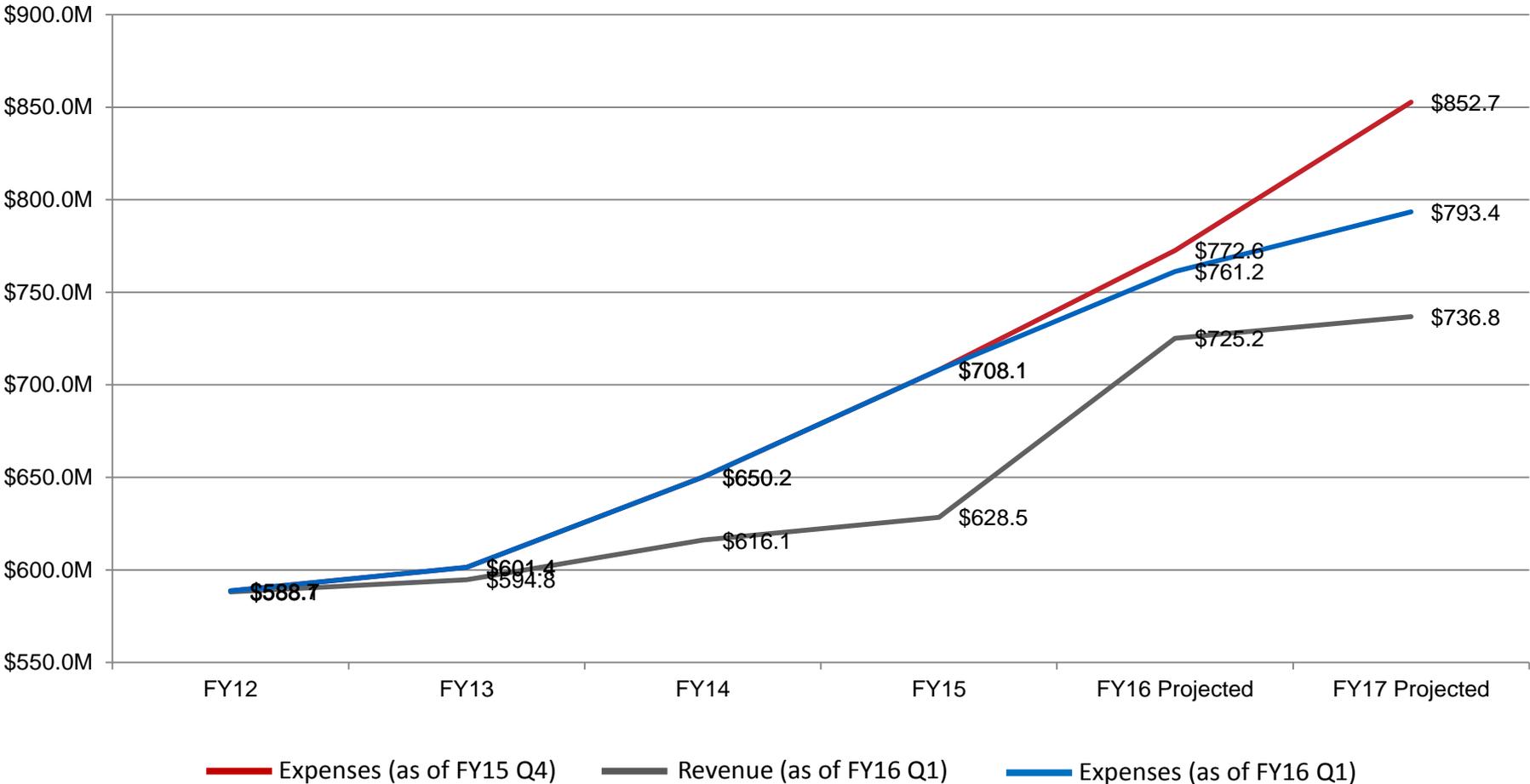
GHIP Medical and Prescription Drug Costs Per Member Per Month

*State of Delaware
Trend Analysis
October 1, 2012 – September 30, 2015*



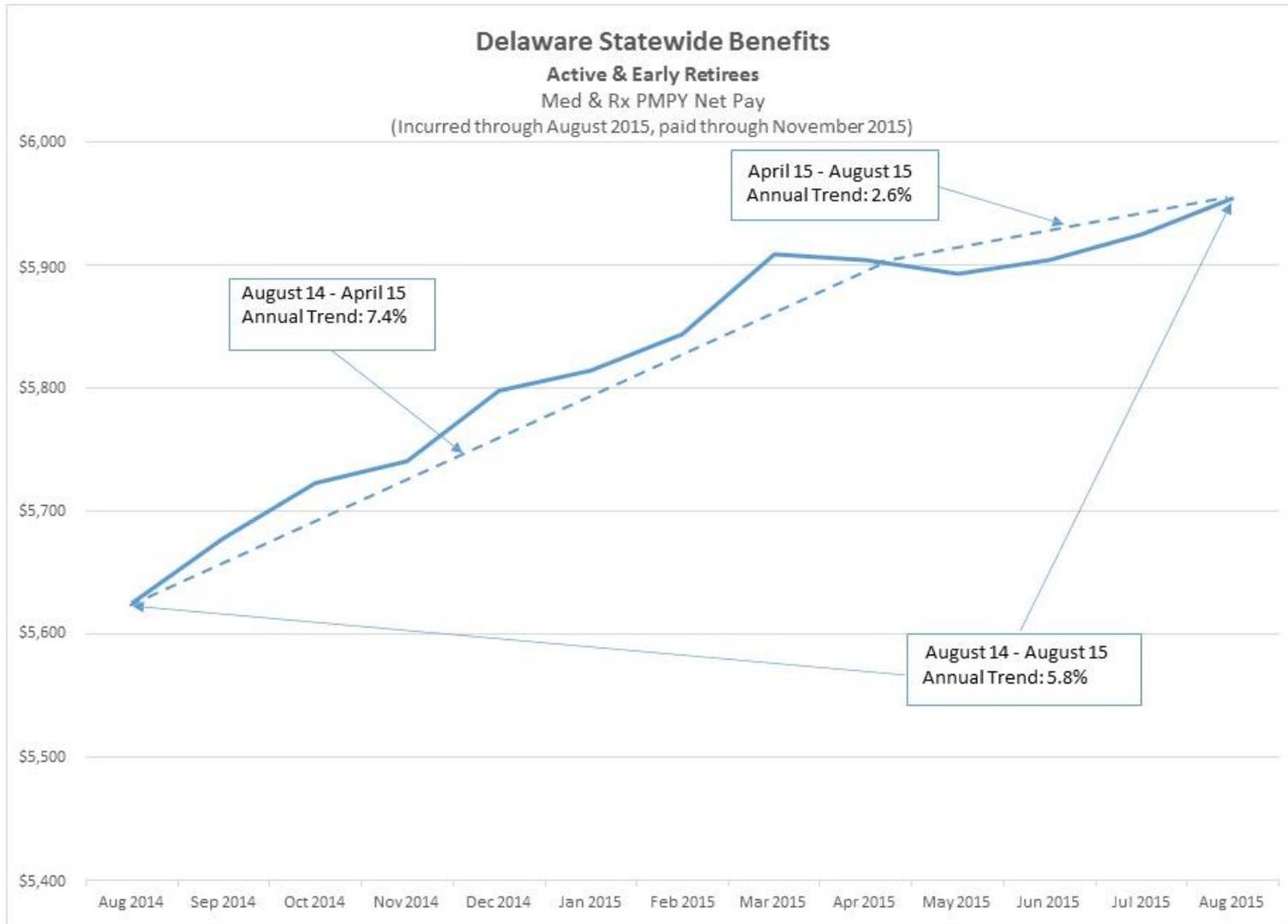
Group Health Plan Financials

Revenue and Expenses (in \$ millions)



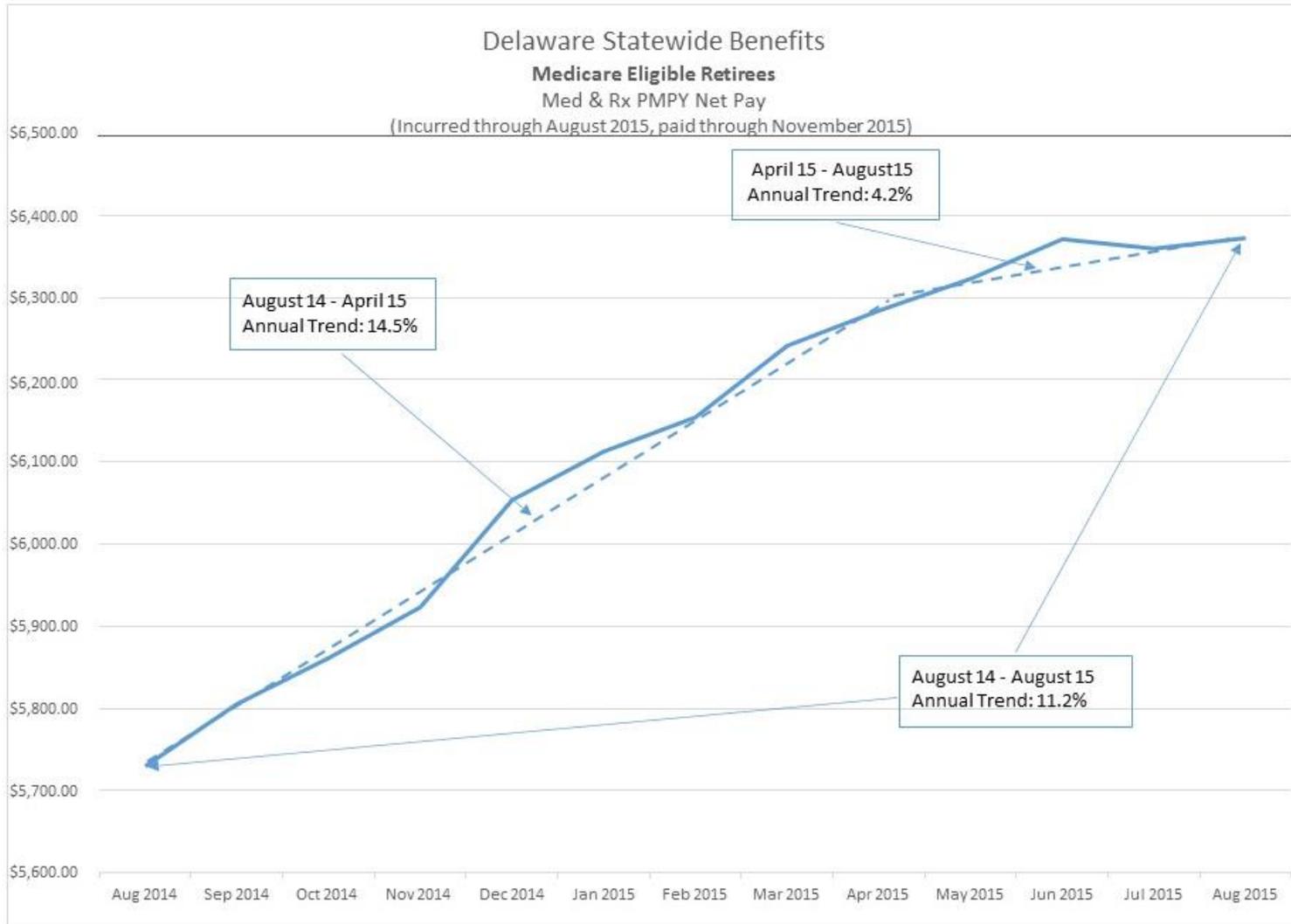
Group Health Plan Trend Information

Active and Early Retirees



Group Health Plan Trend Information

Medicare Retirees



FY17 Group Health Operating Budget Projections

FY2017 Projected Expenditures (includes ACA fees, estimated rebates, adjustments for EGWP subsidies/reinsurance and Prescription contract savings)	(\$852.7M)	through FY15 Q4
	-\$30.9M	Prescription Savings
	-\$28.4M	Impact of Improved Claim Experience
	(\$793.4M)	through FY16 Q1
FY2017 Revenue Projections (based on the rates effective September 1, 2015 for active and non-Medicare retirees/January 1, 2016 for Medicare retirees)		\$736.8M
FY2017 Projected Group Health Fund Deficit		(\$56.6M)

Group Health Fund Claim Liability & Minimum Reserve Balances as of December 2016

	Recommended Target	Current Balance	Difference	Projected FY16 Yr End	Projected Difference
Claim Liability	\$ 45,000,000.00	\$39,698,154.54	\$ (5,301,845.46)	\$ 20,910,058.25	\$ (24,089,941.75)
Minimum Reserve	\$ 79,000,000.00	\$ -	\$ (79,000,000.00)	\$ -	\$ (79,000,000.00)

Additional Proposed Changes to Health Plan from Governor's Recommended Budget

- \$33.3 million for employer share premium increases based on current employee and employer cost share
 - *Employer monthly contributions will increase from \$47.64 - \$127.48*
 - *Employee monthly contributions will increase from \$1.98 - \$19.48*
- Additional changes include:
 - Introduce Health Savings Account
 - *Effective for all new employees hired on or after January 1, 2017, and optional for current employees beginning July 1, 2017*
 - *Eliminate health insurance premium preference for two state employees who are married (Double State Share)
 - *Eliminate contribution inequity for pensioners on Special Medicfill Plan

*Health fund is not impacted by these changes as the general fund is currently paying these premiums for DSS and Medicare pensioners retired before July 1, 2012

FY17 Group Health Operating Budget Projections with Governor's Recommended Budget Increase

FY2017 Projected Group Health Fund Deficit to Balance Expenditures and Revenue	(\$56.6M)
FY2017 State Share Contribution – All Funds (General Fund contribution \$33.3M)	\$56.6M
FY2017 Projected Group Health Fund Deficit	(\$-----)

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FY2017 Group Health Premiums - Actives and Non-Medicare Retirees Based on \$56.6M All Funds State Share Increase

	Total Monthly Rate	Funded State Share Rate	Rates Effective July 1, 2016	Rate Increase Over FY16
First State Basic Plan				
Employee	\$695.36	\$667.52	\$27.84	\$1.98
Employee & Spouse	\$1,438.68	\$1,381.16	\$57.52	\$4.10
Employee & Child(ren)	\$1,057.02	\$1,014.76	\$42.26	\$3.00
Family	\$1,798.42	\$1,726.50	\$71.92	\$5.14
CDH Gold				
Employee	\$719.68	\$683.70	\$35.98	\$2.58
Employee & Spouse	\$1,492.22	\$1,417.64	\$74.58	\$5.32
Employee & Child(ren)	\$1,099.56	\$1,044.60	\$54.96	\$3.92
Family	\$1,895.74	\$1,800.96	\$94.78	\$6.76
Aetna HMO				
Employee	\$725.94	\$678.78	\$47.16	\$3.36
Employee & Spouse	\$1,530.58	\$1,431.08	\$99.50	\$7.10
Employee & Child(ren)	\$1,110.52	\$1,038.34	\$72.18	\$5.14
Family	\$1,909.82	\$1,785.70	\$124.12	\$8.86
BlueCARE® HMO				
Employee	\$726.52	\$679.34	\$47.18	\$3.36
Employee & Spouse	\$1,535.42	\$1,435.62	\$99.80	\$7.12
Employee & Child(ren)	\$1,111.64	\$1,039.38	\$72.26	\$5.16
Family	\$1,915.68	\$1,791.16	\$124.52	\$8.88
Comprehensive PPO Plan				
Employee	\$793.86	\$688.68	\$105.18	\$7.50
Employee & Spouse	\$1,647.34	\$1,429.08	\$218.26	\$15.58
Employee & Child(ren)	\$1,223.46	\$1,061.38	\$162.08	\$11.56
Family	\$2,059.40	\$1,786.54	\$272.86	\$19.48

FY2017 Group Health Premiums – Medicare Retirees Based on \$56.6M All Funds State Share Increase

	Total Monthly Rate	Funded State Share Rate	Employee Rates Effective January 1, 2017	Rate Increase Over CY16
Special Medicfill Rates for Retirees retired before July 1, 2012				
Subscriber with RX	\$459.38	\$459.38	\$0	\$0
Subscriber – no RX	\$260.44	\$260.44	\$0	\$0
Special Medicfill Rates for Retirees retired on or after July 1, 2012				
Subscriber with RX	\$459.38	\$436.42	\$22.96	\$1.64
Subscriber – no RX	\$260.44	\$247.44	\$13.00	\$0.92

New CDH plan with Health Savings Account for New Employees effective January 1, 2017

- Add Consumer Directed Health Plan with Health Savings Account Option
 - Only plan available to employees hired on or after January 1, 2017
 - Current plan offerings would continue to be available to existing employees along with new CDHP plan
 - Estimated savings for FY17 with 5% employee contribution and start date of January 1, 2017 = \$650,000

Deductible	\$2000 EE/\$4000 Family
Health Savings Account	\$1000 EE/\$2000 Family
In Network Coinsurance After Deductible:	20% EE/80% Plan
In Network Out of Pocket Plan Year Maximum:	\$4500 EE/\$9000 Family

	Total	State Share	Employee Share
Employee Only	\$ 631.36	\$ 599.79	\$31.57
Employee and Spouse	\$1,309.10	\$1,243.64	\$65.45
Employee and Children	\$ 964.63	\$ 916.39	\$48.23
Family	\$1,663.09	\$1,579.94	\$83.15

Health Savings Account contribution shown above is funded by the State.
 Rates above subject to change for FY17 based on Group Health Program budgeting.

Health Savings Account Advantages

- An HSA works in conjunction with a high deductible health insurance plan
- With the exception of Preventive Care, all expenses apply to the deductible, including prescription
- HSA dollars can be used to help pay the health insurance deductible and qualified medical expenses, including those not covered by the health insurance, like dental and vision care
- Once the plan year deductible is met, the State pays 80% of allowable charges and the member pays 20% of the charges
- Once the out of pocket maximum is reached the plan pays 100% of covered expenses

Health Savings Account Maximums

- Funds can be contributed to the HSA by the employer and the employee
- Funds can be contributed by employee with pre-tax dollars to help pay out of pocket health expenses not covered by the plan
- Funds can be invested and earn interest which is not taxable
- Funds rollover from year to year
- Funds belong to the employee regardless of whether they are actively employed, terminate employment or retire

Health Savings Account Information

- Individual Coverage
 - 2016 maximum contribution is \$3,350 – employer and employee contributions combined
- Family Coverage
 - 2016 maximum contribution is \$6,750 – employer and employee combined
- Maximum amounts are indexed annually

FY17 Group Health Fund Claim Liability Deficit

FY2017 Recommended Target	\$45M
FY2016 Year End Projected Balance	\$20.9M
FY2017 Claim Liability Deficit	(\$24.1M)

FY17 Group Health Fund Reserve Deficit

FY2017 Recommended Target	\$79M
FY2016 Year End Projected Balance	\$0M
FY2017 Claim Liability Deficit	(\$79M)

Options to Rebuild Claim Liability Account

- Continue to pursue changes to reimbursement methods to providers to reduce costs
- Continue to explore the following initiatives:
 - Centers of Excellence
 - On-site clinics
 - Reference Based Pricing
- Medical Plan Design options based on
 - Consumerism
 - Quality of care/outcomes
- Express Scripts options

- February 19 meeting
 - Review FY16 Q2 – experience through December 31, 2015
 - Review FY16 and FY17 projected expenses versus revenue
 - Continue discussion on options for increasing revenue sources
 - Present FY17 DelaWELL Program
- March 5 meeting
 - Continue discussion on options for increasing revenue sources
- March 18 meeting
 - Finalize FY17 budget