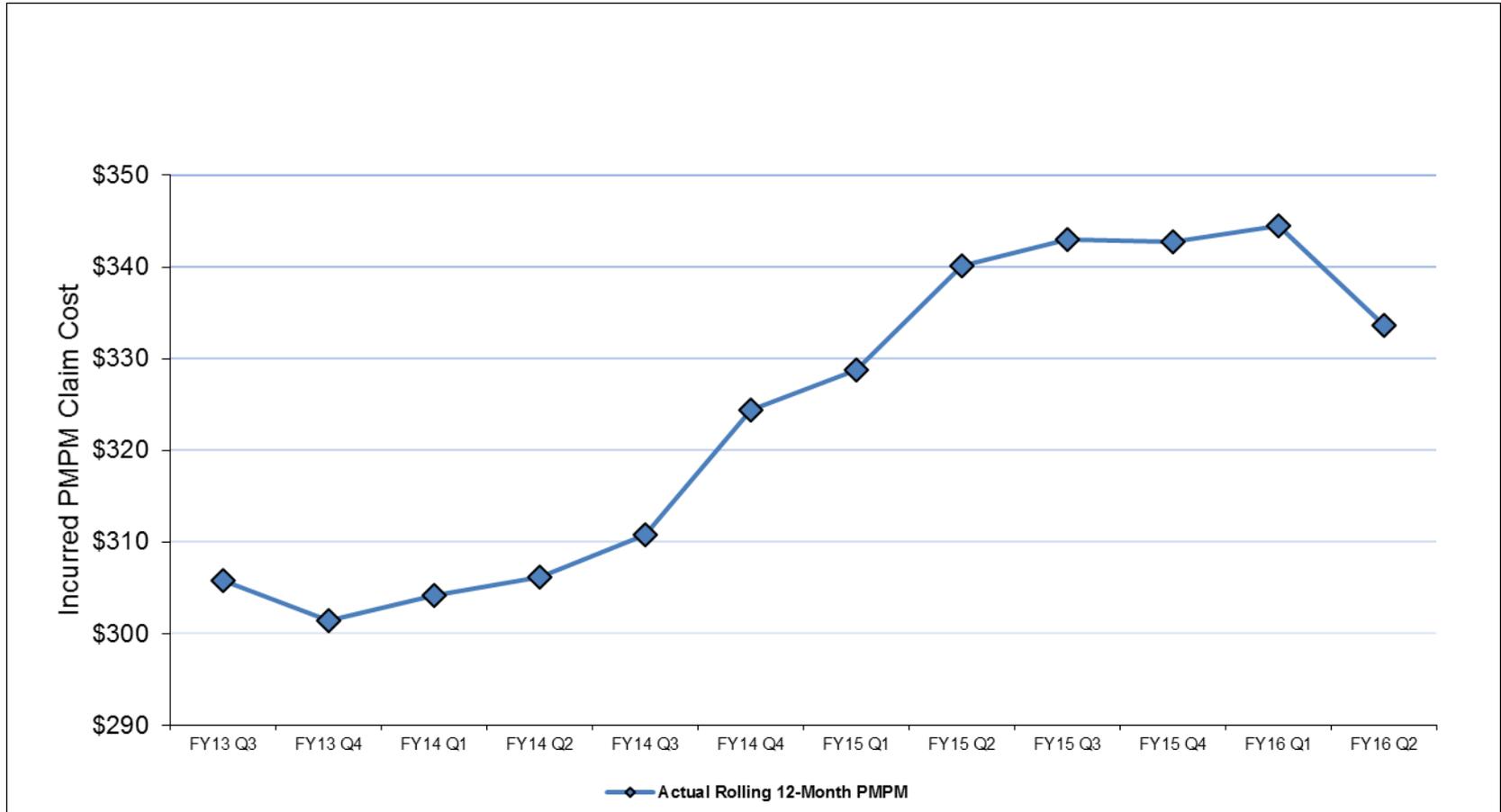




**Group Health Program FY17 Planning
February 19, 2016**

- Trend Analysis through FY16 Q2– Medical, Prescription, Combined
- Revenue and Expenses – FY12 – FY17
- FY17 Group Health Projections
- Claim Liability Discussion
- Claim Liability and Reserve Funding
- FY17 Rate Illustration
- Next Steps

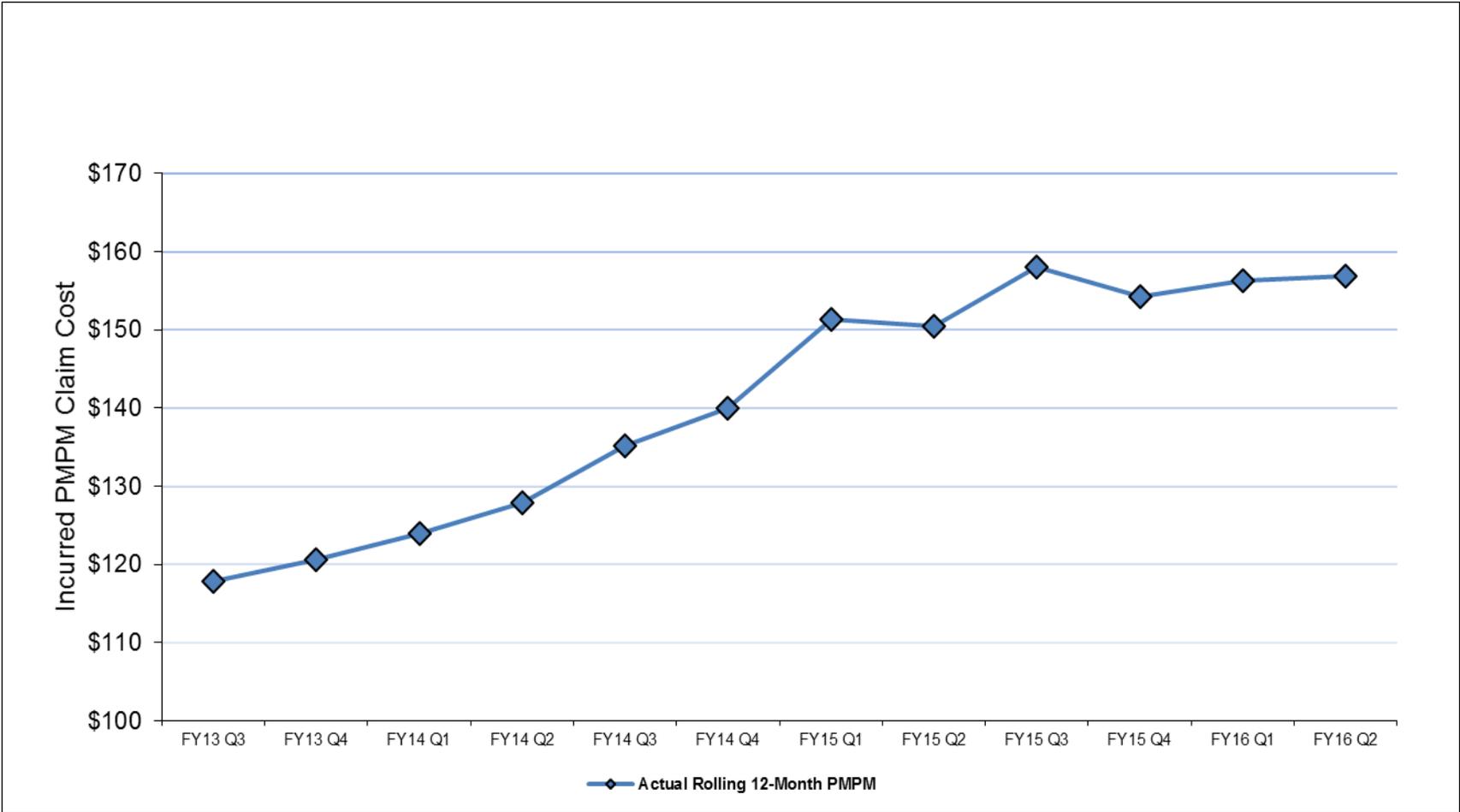
GHIP Medical Costs Per Member Per Month



*12-Month Rolling PMPM represents the average Per Member Per Month claims cost for the latest 12 months at that point in time



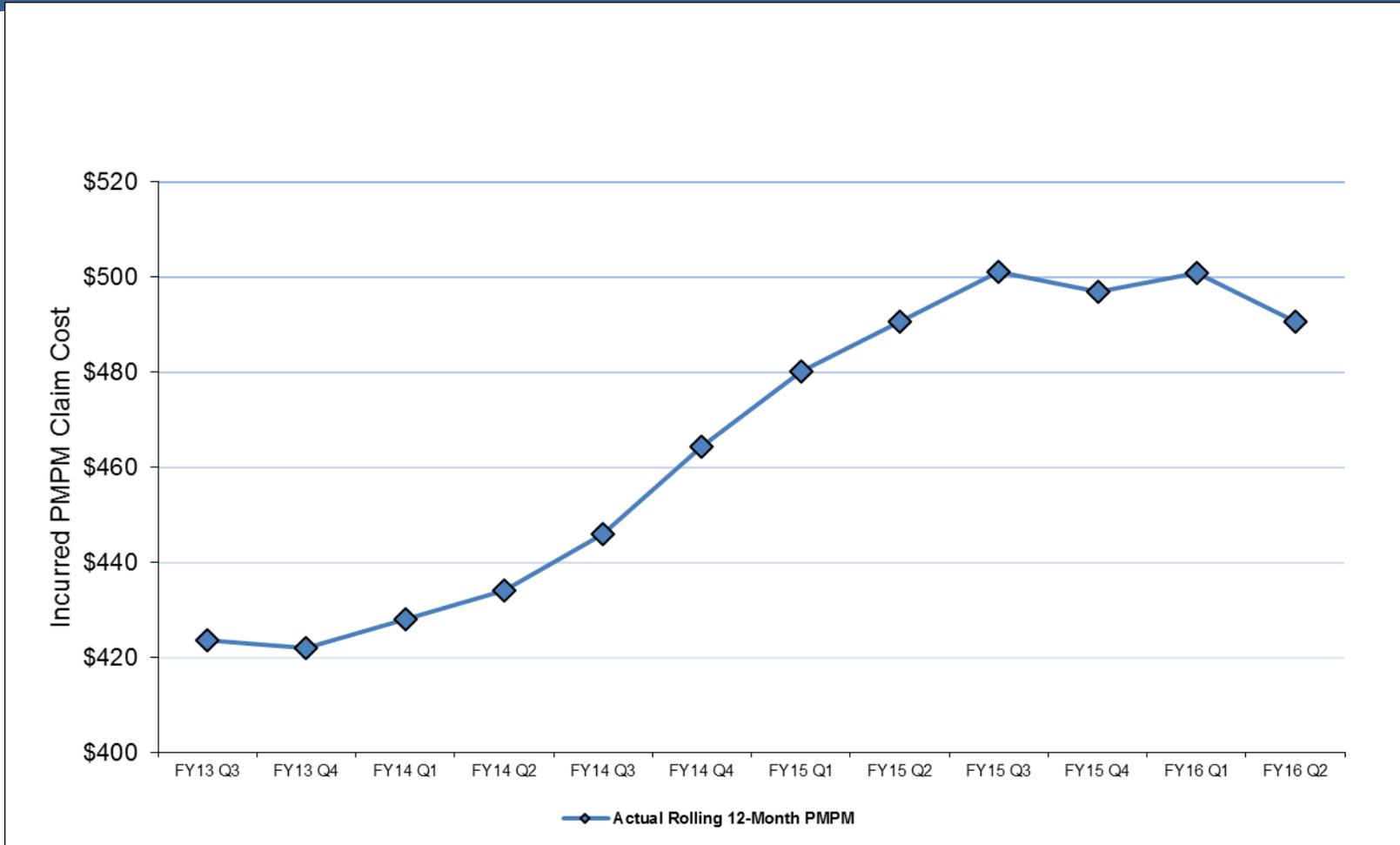
GHIP Prescription Drug Costs Per Member Per Month



*12-Month Rolling PMPM represents the average Per Member Per Month claims cost for the latest 12 months at that point in time



GHIP Medical and Prescription Drug Costs Per Member Per Month



*12-Month Rolling PMPM represents the average Per Member Per Month claims cost for the latest 12 months at that point in time



FY17 Group Health Operating Budget Projections

<p>FY2017 Projected Expenditures (includes ACA fees, estimated rebates, adjustments for EGWP subsidies/reinsurance and Prescription contract savings)</p>	<p>(\$852.7M) -\$30.9M -\$28.4M (\$793.4M) -\$37.2M (\$756.2M)</p>	<p>through FY15 Q4 Prescription Savings Impact of Improved Claim Experience through FY16 Q1 Impact of Improved Claim Experience through FY16 Q2</p>
<p>FY2017 Revenue Projections (based on the rates effective September 1, 2015 for active and non-Medicare retirees/January 1, 2016 for Medicare retirees)</p>		<p>\$736.8M</p>
<p>FY2017 Projected Group Health Fund Deficit</p>		<p>(\$19.4M)</p>



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

FY2017 Projected Group Health Fund Deficit to Balance Expenditures and Revenue	(\$19.4M)
FY2017 State Share Contribution – All Funds (General Fund contribution \$33.3M)	\$56.6M
FY2017 Projected Group Health Fund Deficit	\$37.2M

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

	Recommended Target	Current Balance	Difference	Projected FY16 Yr End	Projected Difference
Claim Liability	\$ 45,000,000.00	\$45,000,000.00	\$ 0.00	\$ 22,146,553.04	\$ (22,853,446.96)
Minimum Reserve	\$ 79,000,000.00	\$ 341,660.77	\$ (78,658,339.23)	\$ 0.00	\$ (79,000,000.00)



FY16 Group Health Claim Liability Deficit

FY2016 Recommended Target	\$45M
FY2016 Year End Projected Balance	\$22.1M
FY2016 Claim Liability Deficit	(\$22.9M)

Claim Liability

- As estimate of
 - Claims that have been submitted but not yet paid
 - Claims that have not yet been submitted
- Calculated using
 - Historical claim payment patterns to develop completion factors
 - Claims incurred in a given month and paid by the end of the experience period are divided by the completion factor
 - The claim liability for that month is the difference between the calculated incurred claims and the actual claims paid

FY17 Group Health Claim Liability Target

State of Delaware			
Claim Reserve as of Dec 31, 2015			
Vendor	Claim Reserve	Paid Claims*	% of Paid Claims
Aetna	\$ 2,531,574	\$ 29,473,487	8.6%
Highmark	\$ 45,169,010	\$ 464,996,906	9.7%
Combined	\$ 47,700,584	\$ 494,470,393	9.6%
Rounded	\$ 48,000,000		
* Vendor's lag report as of Dec 31, 2015			

FY17 Group Health Claim Liability

FY2017 Recommended Claim Liability Target	\$48M
FY2016 Year End Projected Claim Liability Funded	\$22.1M
FY17 Claim Liability Deficit	(\$25.9M)

FY17 Group Health Claim Liability

FY17 Projected Funding available after Revenue/Expenditures met	\$37.2M
FY17 Claim Liability Deficit	(\$25.9M)
FY17 Projected Funding for Reserve Build (Currently \$79M) after claim liability target restored to \$48M	\$11.3M

FY16 Group Health Fund Reserve Deficit

FY2016 Recommended Target	\$79M
FY2016 Year End Projected Balance	\$0M
FY2016 Reserve Deficit	(\$79M)

FY17 Group Health Fund Reserve Deficit

FY2017 Recommended Target	\$79M
FY2016 Year End Projected Balance	\$0M
FY2017 Funds Remaining for Reserve	\$11.3M
FY2017 Reserve Balance (Reserve balance estimate will be updated in July 2016)	\$67.7M

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	Employee/Pensioner Share 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	Pensioner Share 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

- March 5 meeting
 - Continue discussion on plan design changes
 - Prescription Drug Plan Changes
 - Medicare Part B & D Coordination of Benefits for EGWP/Medicare D population
 - Exclusion of Over the Counter Equivalents from Active & non-Medicare Formulary
 - Step Therapy for Contraceptives
 - High Tech Radiology Site of Service
 - Scheduling assistance
 - Copay tiering
 - Emergency Room vs Urgent Care
 - Copay tiering
 - DelaWell Program discussion
- March 18 meeting
 - Finalize FY17 budget & plan design changes