



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Proposed Premium Contribution Rates for 2016

Board of Trustees Meeting

August 28, 2015

A Division of the Department of State Treasurer

Presentation Overview

- Background:
 - State and National Premium Increases
 - 2014 and 2015 Rate Structure for Permanent Employees and Retirees
- Traditional Approach to Premium Increases
- Operational Implications and Member Communications
- Rates for Self-funded Plans (CDHP, Enhanced 80/20, and Traditional 70/30)
- Rates for Medicare Advantage-Prescription Drug Programs (MA)
- Rates for Member Groups Not Eligible for Full Employer Share (100% contributory, 50% contributory, etc.)
- Rates for Non-permanent Employees (HDHP)
- Staff Recommendations
- Impact of Proposal and State Budget Process
 - Potential Scenarios
- Board Discussion (**Requires a Board Vote**)

State and National Trends in Premium Increases

- North Carolina Employer Trends (data from CAI)
 - 2015 trends
 - Individual – 4.9% (higher for renewals)
 - Family – 4.4% (higher for renewals)
 - Trend from 2008 to 2015 = 37% (or about 5% annually)
- 2015 North Carolina Exchange
 - BCBSNC – over 30%
- National trends in projected 2015 and 2016 premium increases (data from The Segal Company):
 - 7.8% for medical PPOs
 - 8.5% to 11.5% in pharmacy

2014 and 2015 Premium Rate Structure

Permanent Employees and Retirees

Employee/Retiree Premiums

Active Employees and Non-Medicare Retirees

	Participation in Wellness Activities								
Wellness Activities	All Three	Two Activities Completed			One Activity Completed			None	
Smoking Attestation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
PCP Selection	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
HA Completion	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		
Health Plan	Employer Share	Employee/Retiree Share							
	\$448.12	\$13.56	\$28.56	\$28.56	\$33.56	\$43.56	\$48.56	\$48.56	\$63.56
	\$448.12	\$0.00	\$10.00	\$10.00	\$20.00	\$20.00	\$30.00	\$30.00	\$40.00

Alternate Plan

Traditional 70/30 Plan

Employer Share	Employee/Retiree Share
\$448.12	\$0.00

Medicare Retirees

Medicare Advantage Plans

MA-PDP Base Plan

MA-PDP Enhanced Plan

Alternate Plan

Traditional 70/30 Plan

\$348.24	\$0.00
\$348.24	\$33.00
\$348.24	\$0.00

Total Employee/Retiree Contribution =

**Employee/Retiree Share
of the Employee/Retiree Premium**

+

Dependent Premium

Red lettering indicates a new offering from the State Health Plan.

Dependent Premiums

Dependent Group

Employee/Retiree + Child(ren)

Employee/Retiree + Spouse

Employee/Retiree + Family

All Dependents are Non-Medicare		
Non-Medicare Plan		
Enhanced 80/20	CDHP	Traditional 70/30
\$272.80	\$184.60	\$205.12
\$628.54	\$475.68	\$528.52
\$666.38	\$506.64	\$562.94

One or More Medicare Dependents		
Medicare Plan		
MA-PDP Base	MA-PDP Enhanced	Traditional 70/30
\$114.50	\$147.50	\$145.94
\$114.50	\$147.50	\$383.72
\$229.00	\$295.00	\$418.10

Traditional Approach to Premium Increases

- The State budget bill sets the maximum total employer contribution for each fiscal year of the biennium
- Historically, percentage increases in the State's employer contribution and employee/retiree/dependent premiums have been the same and are typically based on the actuarial forecast
- Because the State budget for the 2015-17 fiscal biennium has not been finalized and the amount of the employer contribution is in controversy, the Plan needs to consider a departure from this approach

Operational Implications and Member Communication

- The Plan needs to finalize premium contribution rates for 2016 to allow time for:
 - Member communications
 - Printing/mailing materials
 - Updating the eligibility and enrollment, and billing systems
- Waiting any longer will jeopardize the Plan's ability to effectively administer and communicate the CY 2016 benefit design options and premiums and puts the Plan's financial stability at risk
- Staff proposes the Board approve increases to member premium rates without a commitment from the General Assembly to increase employer contributions

Proposed Rates for Self-Funded Plans: CDHP, Enhanced 80/20, and Traditional 70/30

- **Proposed rates reflect a 2.83% increase to:**
 - Base employee premiums:
 - Enhanced 80/20 Plan (\$23.56 in CY 2015)
 - All dependent tiers:
 - CDHP
 - Enhanced 80/20 Plan
 - Traditional 70/30 Plan (Medicare and non-Medicare dependent rates)
- **Proposed percentage increase:**
 - Maintains the existing coverage tiers and rate structure
 - Will be combined with the Board approved wellness premium/credit structure for the CDHP and Enhanced 80/20 Plan
 - Is consistent with the CY 2015 Q2 forecast update and the traditional approach for determining member premium increases

Proposed Rates for Medicare Advantage Plans: Base and Enhanced

- Proposed rates will:
 - Maintain the \$0 retiree premium for MA Base plans
 - Increase the buy-up cost for MA Enhanced plans to reflect rates negotiated with carriers
 - Increase dependent premiums to cover the full cost of MA coverage
 - Increase the per member per month administrative fee for dependent coverage from \$2.50 to \$4.00

Proposed 2016 Medicare Advantage Rates

Coverage Tier	Base Plans			Enhanced Plans		
	2015	2016	% Chg	2015	2016	% Chg
Retiree Only	\$0	\$0	--	\$33.00	\$66.00	100.0%
Retiree + Spouse	\$114.50	\$132.00	15.3%	\$180.50	\$264.00	46.3%
Retiree + Children	\$114.50	\$132.00	15.3%	\$180.50	\$264.00	46.3%
Retiree + Family	\$229.00	\$264.00	15.3%	\$328.00	\$462.00	40.9%

- The proposed rates result in large increases for dependent coverage and coverage in the MA Enhanced plans
 - However, the increases are necessary to provide financial stability for our MA partners, and the premium strategy furthers the sustainability of MA as a long-term option
- Even with the increases, Medicare retirees maintain a high-quality, premium-free option for individual coverage and high-quality, less expensive options for spousal coverage

Proposed 2016 Premium Rates: Permanent Employees and Retirees

Employee/Retiree Premiums										
Active Employees and Non-Medicare Retirees										
	Participation in Wellness Activities									
	Wellness Activities	All Three	Two Activities Completed			One Activity Completed			None	
	Tobacco Attestation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
	PCP + Learning Module	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
	HA Completion	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		
Wellness Plans		Employer Share*	Employee/Retiree Share							
Enhanced 80/20 Plan		\$448.12	\$14.20	\$39.20	\$39.20	\$54.20	\$64.20	\$79.20	\$79.20	\$104.20
Consumer-Directed Health Plan		\$448.12	\$0.00	\$20.00	\$20.00	\$40.00	\$40.00	\$60.00	\$60.00	\$80.00
Alternate Plan		Employer Share*	Employee/Retiree							
Traditional 70/30 Plan		\$448.12	\$0.00							
Medicare Retirees		Employer Share*	Retiree Share							
Medicare Advantage Plans										
MA-PDP Base Plan		\$348.24	\$0.00							
MA-PDP Enhanced Plan		\$348.24	\$66.00							
Traditional 70/30 Plan		\$348.24	\$0.00							
<div><div>Total Employee/Retiree Contribution = Employee/Retiree Share of the Employee/Retiree Premium + Dependent Premium</div></div>										

Dependent Premiums						
Dependent Group	All Dependents are Non-Medicare			One or More Medicare Dependents		
	Non-Medicare Plan			Medicare Plan		
	Enhanced 80/20	CDHP	Traditional 70/30	MA-PDP Base	MA-PDP Enhanced	Traditional 70/30
	Employee/Retiree + Child(ren)	\$280.52	\$189.82	\$210.92	\$132.00	\$198.00
Employee/Retiree + Spouse	\$646.32	\$489.14	\$543.46	\$132.00	\$198.00	\$394.56
Employee/Retiree + Family	\$685.22	\$520.96	\$578.86	\$264.00	\$396.00	\$429.92

*The 2014 and 2015 Employer Contribution is shown. An increase in the employer share could be approved at a later date if the final State Budget provides for an increase in the 2016 contribution.

Consumer-Directed Health Plan Subscribers

Proposed 2016 Employee/Retiree Premium Rates

Wellness Activities	Participation in Wellness Activities							
	All 3	Two Activities Completed			One Activity Completed			None
Tobacco Attestation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
PCP + Learning Module	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
HA Completion	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	

Non-Medicare for Employee/Retiree and Dependent(s)

Employee/Retiree Only	\$0.00	\$20.00	\$20.00	\$40.00	\$40.00	\$60.00	\$60.00	\$80.00
Employee/Retiree + Child(ren)	\$189.82	\$209.82	\$209.82	\$229.82	\$229.82	\$249.82	\$249.82	\$269.82
Employee/Retiree + Spouse	\$489.14	\$509.14	\$509.14	\$529.14	\$529.14	\$549.14	\$549.14	\$569.14
Employee/Retiree + Family	\$520.96	\$540.96	\$540.96	\$560.96	\$560.96	\$580.96	\$580.96	\$600.96

Medicare Primary for One or More Dependent(s)

Medicare Advantage Base Plan for Medicare Primary Dependents

Employee/Retiree + Child(ren)	\$132.00	\$152.00	\$152.00	\$172.00	\$172.00	\$192.00	\$192.00	\$212.00
Employee/Retiree + Spouse	\$132.00	\$152.00	\$152.00	\$172.00	\$172.00	\$192.00	\$192.00	\$212.00
Employee/Retiree + Family	\$264.00	\$284.00	\$284.00	\$304.00	\$304.00	\$324.00	\$324.00	\$344.00

Medicare Advantage Enhanced Plan for Medicare Primary Dependents

Employee/Retiree + Child(ren)	\$198.00	\$218.00	\$218.00	\$238.00	\$238.00	\$258.00	\$258.00	\$278.00
Employee/Retiree + Spouse	\$198.00	\$218.00	\$218.00	\$238.00	\$238.00	\$258.00	\$258.00	\$278.00
Employee/Retiree + Family	\$396.00	\$416.00	\$416.00	\$436.00	\$436.00	\$456.00	\$456.00	\$476.00

Traditional 70/30 Plan for Medicare Primary Dependents

Employee/Retiree + Child(ren)	\$150.06	\$170.06	\$170.06	\$190.06	\$190.06	\$210.06	\$210.06	\$230.06
Employee/Retiree + Spouse	\$394.56	\$414.56	\$414.56	\$434.56	\$434.56	\$454.56	\$454.56	\$474.56
Employee/Retiree + Family	\$429.92	\$449.92	\$449.92	\$469.92	\$469.92	\$489.92	\$489.92	\$509.92

Enhanced 80/20 Plan Subscribers

Proposed 2016 Employee/Retiree Premium Rates

Wellness Activities	Participation in Wellness Activities							
	All 3	Two Activities Completed			One Activity Completed			None
Tobacco Attestation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			
PCP + Learning Module	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
HA Completion	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	

Non-Medicare for Employee/Retiree and Dependent(s)

Employee/Retiree Only	\$14.20	\$39.20	\$39.20	\$54.20	\$64.20	\$79.20	\$79.20	\$104.20
Employee/Retiree + Child(ren)	\$294.72	\$319.72	\$319.72	\$334.72	\$344.72	\$359.72	\$359.72	\$384.72
Employee/Retiree + Spouse	\$660.52	\$685.52	\$685.52	\$700.52	\$710.52	\$725.52	\$725.52	\$750.52
Employee/Retiree + Family	\$699.42	\$724.42	\$724.42	\$739.42	\$749.42	\$764.42	\$764.42	\$789.42

Medicare Primary for One or More Dependent(s)

Medicare Advantage Base Plan for Medicare Primary Dependents

Employee/Retiree + Child(ren)	\$146.20	\$171.20	\$171.20	\$186.20	\$196.20	\$211.20	\$211.20	\$236.20
Employee/Retiree + Spouse	\$146.20	\$171.20	\$171.20	\$186.20	\$196.20	\$211.20	\$211.20	\$236.20
Employee/Retiree + Family	\$278.20	\$303.20	\$303.20	\$318.20	\$328.20	\$343.20	\$343.20	\$368.20

Medicare Advantage Enhanced Plan for Medicare Primary Dependents

Employee/Retiree + Child(ren)	\$212.20	\$237.20	\$237.20	\$252.20	\$262.20	\$277.20	\$277.20	\$302.20
Employee/Retiree + Spouse	\$212.20	\$237.20	\$237.20	\$252.20	\$262.20	\$277.20	\$277.20	\$302.20
Employee/Retiree + Family	\$410.20	\$435.20	\$435.20	\$450.20	\$460.20	\$475.20	\$475.20	\$500.20

Traditional 70/30 Plan for Medicare Primary Dependents

Employee/Retiree + Child(ren)	\$164.26	\$189.26	\$189.26	\$204.26	\$214.26	\$229.26	\$229.26	\$254.26
Employee/Retiree + Spouse	\$408.76	\$433.76	\$433.76	\$448.76	\$458.76	\$473.76	\$473.76	\$498.76
Employee/Retiree + Family	\$444.12	\$469.12	\$469.12	\$484.12	\$494.12	\$509.12	\$509.12	\$534.12

Traditional 70/30 Plan Subscribers (*Non-Medicare*)

Proposed 2016 Employee/Retiree Premium Rates

Non-Medicare for Employee/Retiree and Dependent(s)

Employee/Retiree Only	\$0.00
Employee/Retiree + Child(ren)	\$210.92
Employee/Retiree + Spouse	\$543.46
Employee/Retiree + Family	\$578.86

Medicare Primary for One or More Dependent(s)

Medicare Advantage Base Plan for Medicare Primary Dependents

Employee/Retiree + Child(ren)	\$132.00
Employee/Retiree + Spouse	\$132.00
Employee/Retiree + Family	\$264.00

Medicare Advantage Enhanced Plan for Medicare Primary Dependents

Employee/Retiree + Child(ren)	\$198.00
Employee/Retiree + Spouse	\$198.00
Employee/Retiree + Family	\$396.00

Traditional 70/30 Plan for Medicare Primary Dependents

Employee/Retiree + Child(ren)	\$150.06
Employee/Retiree + Spouse	\$394.56
Employee/Retiree + Family	\$429.92

Medicare Primary Subscribers

Proposed 2016 Premium Rates

	Medicare Plan		
	MA-PDP Base	MA-PDP Enhanced	Traditional 70/30
Medicare Primary for Retiree and One or More Dependent(s)			
Retiree Only	\$0.00	\$66.00	\$0.00
Retiree + Child(ren)	\$132.00	\$264.00	\$150.06
Retiree + Spouse	\$132.00	\$264.00	\$394.56
Retiree + Family	\$264.00	\$462.00	\$429.92
Dependent(s) are Non-Medicare			
<i>Enhanced 80/20 Plan for Dependents</i>			
Retiree + Child(ren)	\$280.52	\$346.52	\$280.52
Retiree + Spouse	\$646.32	\$712.32	\$646.32
Retiree + Family	\$685.22	\$751.22	\$685.22
<i>Consumer-Directed Health Plan for Dependents</i>			
Retiree + Child(ren)	\$189.82	\$255.82	\$189.82
Retiree + Spouse	\$489.14	\$555.14	\$489.14
Retiree + Family	\$520.96	\$586.96	\$520.96
<i>Traditional 70/30 Plan for Dependents</i>			
Retiree + Child(ren)	\$210.92	\$276.92	\$210.92
Retiree + Spouse	\$543.46	\$609.46	\$543.46
Retiree + Family	\$578.86	\$644.86	\$578.86

Calculation of Rates for Other Member Groups

- Traditionally, rates for other member groups are determined after there is a commitment for a specific employer contribution. With the State budget still in progress, staff proposes using the CY 2015 employer contribution to build rates for these groups.

Proposed Rates:

- **100% contributory subscribers pay:** the rates shown in the charts + \$448.12 for non-Medicare members or \$348.24 for Medicare primary members (the CY 2015 employer contributions)
- **50% contributory subscribers pay:** the rates shown in the charts + \$224.06 for non-Medicare members or \$174.12 for Medicare primary members (50% of the CY 2015 employer contributions)
- **COBRA subscribers pay:** the 100% contributory rates
Exceptions: COBRA, 100% contributory, and 50% contributory members in an MA plan may not pay more than the premiums associated with the MA plans (plus the additional Plan administrative fee)
- **National Guard, firefighters, and emergency medical personnel pay:**
 - The base premium rates
 - \$24.20 employee premium on the Enhanced 80/20 Plan
 - Dependent rates as shown on page 9
 - + \$448.12 (the CY 2015 employer contribution for active employees)
 - + an additional 20% rate factor to protect against adverse selection (See §135-48.58 NC General Statutes)
 - The wellness premium structure would then overlay these rates

2015 Premium Rate Structure

Non-Permanent Employees/High Deductible Health Plan



HIGH DEDUCTIBLE HEALTH PLAN* MONTHLY PREMIUM RATES January 1, 2015 - December 31, 2015

Coverage Type	Employer Share	Employee Monthly Premium	Dependent Monthly Premium	Total Monthly Employee Premium
Employee-only	\$117.62	\$92.38	N/A	\$92.38
Employee + Child(ren)	\$117.62	\$92.38	\$169.78	\$262.16
Employee + Spouse	\$117.62	\$92.38	\$376.56	\$468.94
Employee + Family	\$117.62	\$92.38	\$470.56	\$562.94

*The HDHP benefit option will be available only to employees eligible for coverage under G.S. §135 48.40(e)

Proposed Rates for High Deductible Health Plan

- Proposed rates reflect a 2.83% increase in the *total premiums* for the HDHP
- To stay within the ACA affordability safe harbor, the employee share of the employee only premium may not exceed \$93.16 per month (9.5% of the federal poverty level); this is a 0.84% increase over the 2015 employee premium of \$92.38
- This requires an increase to the employer contribution from \$117.62 to \$122.78 (a 4.4% increase)
- Proposed approach:
 - Uses the same percentage increase as other self-funded plans (2.83%)
 - Maintains the existing coverage tiers and rate structure
 - Acknowledges the limited experience with the HDHP and does not adjust the rate structure to reflect the experience to date
 - Continues to meet the objective to limit the employer contribution for non-permanent employees

High Deductible Health Plan Subscribers

Proposed 2016 Rates

Coverage Tier	Total Monthly Premium	Employer Contrib.	Employee Monthly Premium	Dependent Monthly Premium	Employee Monthly Amount
Employee Only	\$215.94	\$122.78	\$93.16	N/A	\$93.16
Employee + Child(ren)	\$390.52	\$122.78	\$93.16	\$174.58	\$267.74
Employee + Spouse	\$603.16	\$122.78	\$93.16	\$387.22	\$480.38
Employee + Family	\$699.82	\$122.78	\$93.16	\$483.88	\$577.04

Increases from 2015 rates

Coverage Tier	Total Monthly Premium	Employer Contrib.	Employee Monthly Premium	Dependent Monthly Premium	Employee Monthly Amount
Employee Only	2.8%	4.4%	0.8%	--	0.8%
Employee + Child(ren)	2.8%	4.4%	0.8%	2.8%	2.1%
Employee + Spouse	2.8%	4.4%	0.8%	2.8%	2.4%
Employee + Family	2.8%	4.4%	0.8%	2.8%	2.5%

2016 Premium Contribution Rate Recommendations

Staff Recommendations:

1. Approve 2.83% member premium rate increases on the self-funded benefit options administered by BCBSNC for January 1, 2016, as shown on pages 9-13 of the presentation.
2. Approve increases in member Medicare Advantage rates to reflect 2016 MA renewal rates, as shown on pages 8, 9, and 13 of the presentation.
3. Approve increases in the “other member groups,” as described on page 14 of the presentation.
4. Approve a 2.83% increase in the total monthly premium rate for HDHP, with increases for employers and employees as shown on page 17 of the presentation.
5. Authorize the Executive Administrator to alter group billing rates effective January 1, 2016 to reflect any increase in the maximum employer contribution enacted by the General Assembly for fiscal year 2015-16 when it becomes law, except rates for “other member groups” will remain the same as described on page 14 of the presentation.

Impact of Proposal and State Budget Process

- House and the Senate budgets include provisions that address the Plan's financial future, but take different approaches
 - Based on actuarial projections, to alter the current financial course (i.e. reduce projected premium increases for the 2017-19 fiscal biennium), the Plan would need to begin to reduce costs and/or increase premiums paid by members in the current biennium
 - 2016 benefits have been set by the Board
 - Provider payment strategies are attractive long-term solutions, but major changes (and results) are still several years off
 - Member premiums offer the best short-term opportunity, under the Plan's control, to impact CY 2016 finances
- The proposed contribution rates move forward on premiums for CY 2016 and help address operational implications associated with a continued delay while the General Assembly deliberates the employer contribution and budget special provisions

Impact of Proposal and State Budget Process

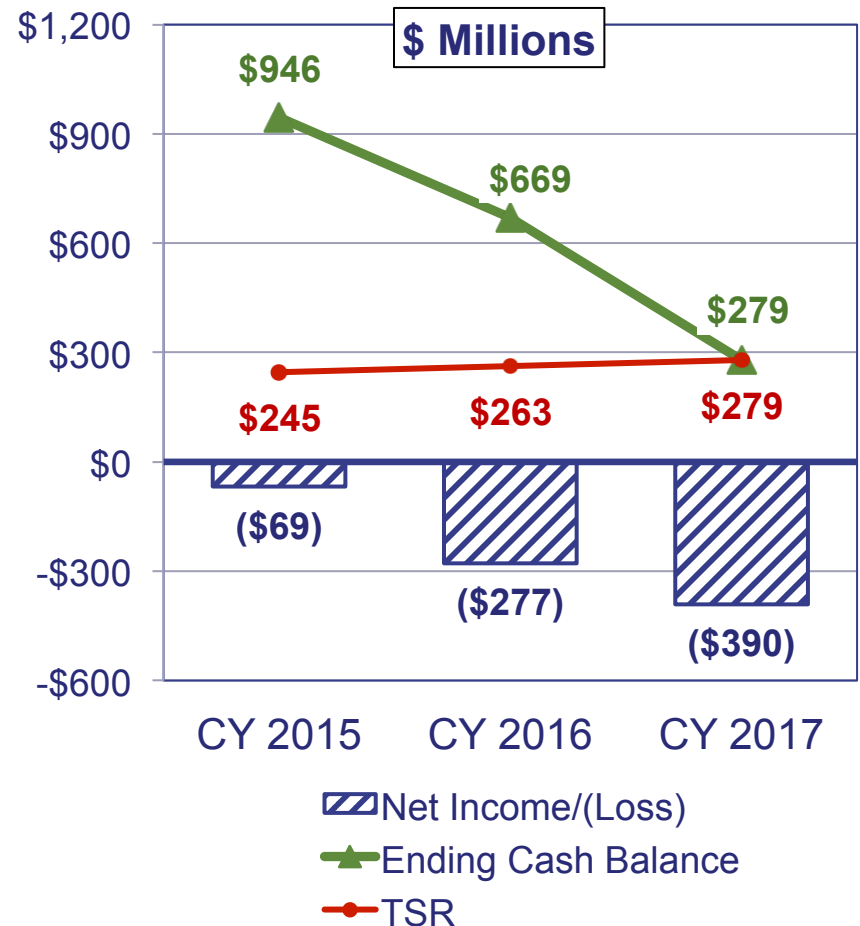
- While the proposed increases in member premium rates are consistent with the actuarial forecast, the revenue impact will be minimal compared to the required increase associated with the State's employer share
- If the General Assembly does not fully fund required increases in employer contributions for CYs 2016 and 2017, the Plan will need to evaluate options for CY 2017
- Degree and extent of benefit changes and/or premium increases required for CY 2017 to ensure financial stability (i.e. meet the Target Stabilization Reserve, TSR) will depend on the amount of any increase in the employer contribution approved by the General Assembly

Implications of Proposal and State Budget Process

With Traditional Funding Approach *(House Budget)*

The traditional funding model based on actuarial forecast (2.83% increase in employer contribution), absent any reductions in the coming biennium, would have the following impacts on the Plan:

- **Grandfather Status**
Maintained for Enhanced 80/20 and Traditional 70/30 Plans
- **CY 2017 Required Employee and Employer Premium Increase**
2.83%
- **Additional revenue/savings needed to meet December 31, 2017 TSR**
\$0

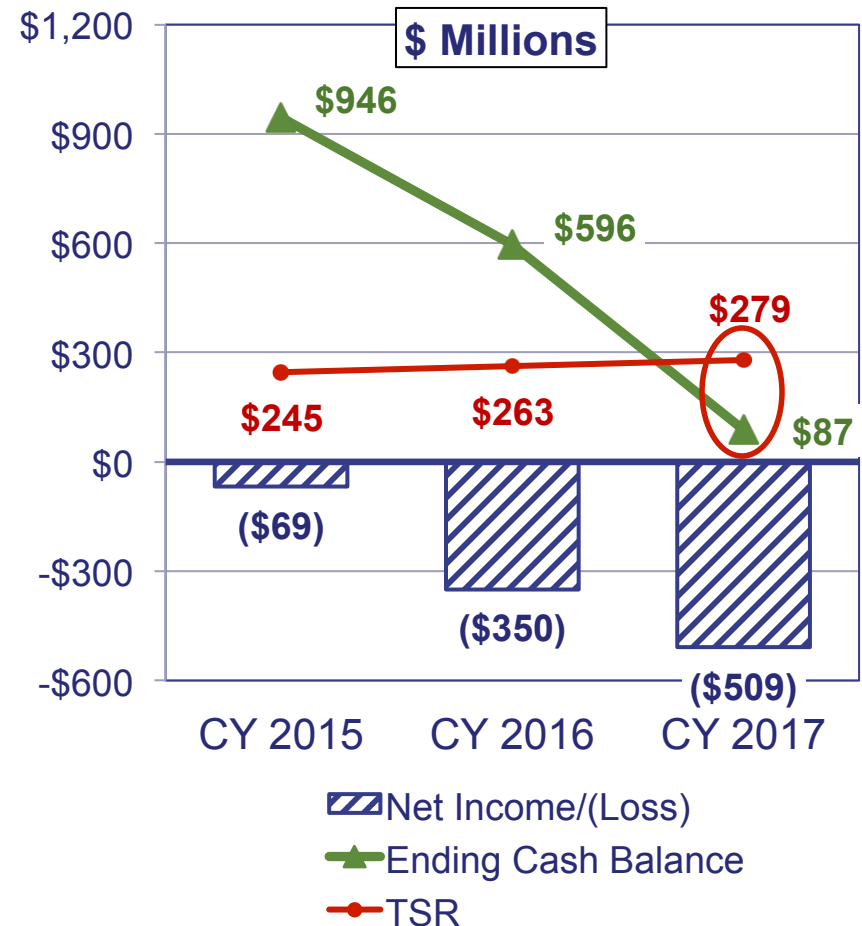


Implications of Proposal and State Budget Process

With No Increases in Employer Contribution *(Senate Budget)*

A 0% increase to the employer contribution would have the following impacts on the Plan:

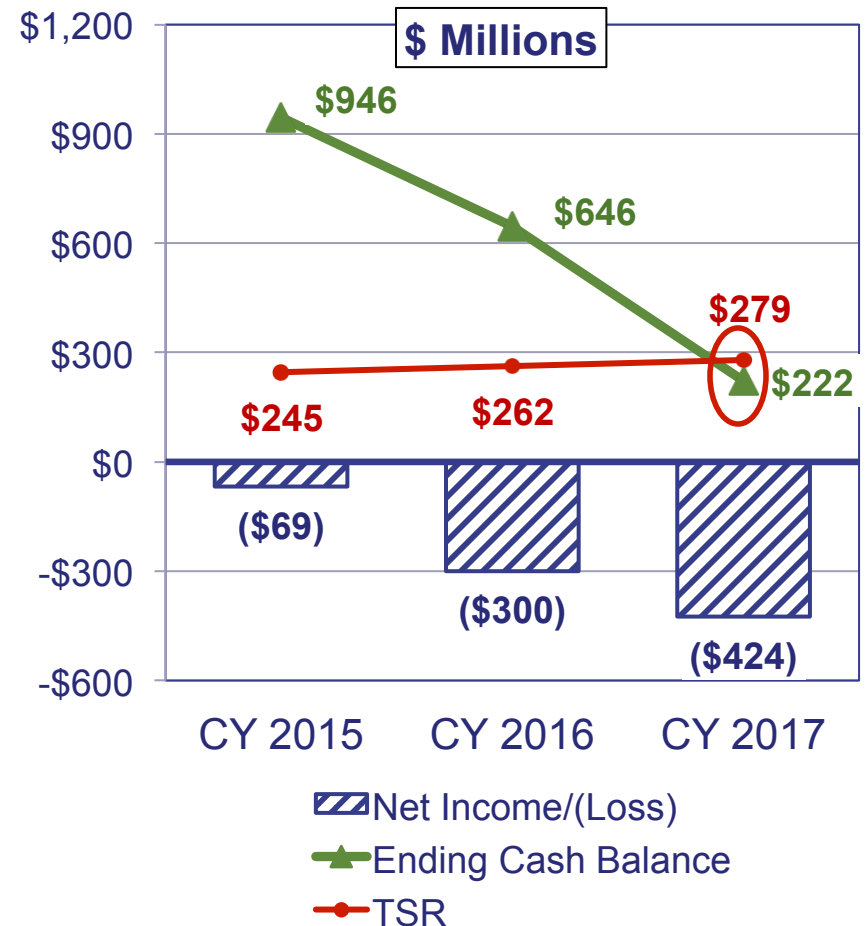
- **Grandfather status**
Loss of status for the Enhanced 80/20 in 2016 (minimum financial impact)
- **CY 2017 Required Employee and Employer Premium Increase**
7.68%
- **Additional revenue/savings needed to meet December 31, 2017 TSR**
\$192 million
(assumes employee premiums increase 7.68% in 2017)



Implications of Proposal and State Budget Process With 2% Annual Increases in Employer Contribution

A 2% annual increase to the employer contribution would have the following impacts on the Plan

- **Grandfather status**
Loss of status for the Enhanced 80/20 in 2016 (minimum financial impact)
- **CY 2017 Required Employee and Employer Premium Increase**
4.22%
- **Additional revenue/savings needed to meet December 31, 2017 TSR**
\$57 million
(assumes employee premiums increase 4.22% in 2017)



Implications of Proposal and State Budget Process

Comparison of Potential Scenarios

If the General Assembly follows the traditional funding model or provides for some increase in the employer contribution for CY 2016, required premium increases will be smaller in CY 2017 than without an increase in the employer contribution

	Employer Contributions		
	Traditional Funding Approach	2% Annual Increases	No Increases
CY 2016			
Increase in Employer Contribution	2.83%	2%	0%
CY 2017			
Required Premium Increases	2.83%	4.22%	7.68%
Assumed Increase in Employer Contribution	2.83%	2%	0%
Assumed Employee and Dependent Increase	2.83%	4.22%	7.68%%
Benefit Reductions Needed to Meet 12/31/17 TSR	\$0	\$56.7M	\$192.1M

Board Discussion and Vote