



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



CY 2015 1st Quarter Actuarial Forecast Update

Board of Trustees Meeting

May 22, 2015

Forecast prepared by The Segal Company
Final version dated 5-14-15

A Division of the Department of State Treasurer

Presentation Overview

- Forecast Update Schedule
- Updated Assumptions: Authorized CY 2015 Budget vs. CY 2015 1st Quarter Projection
- Authorized Budget vs. Forecast for CY 2015
- Summary Graphs
- Future Outlook

Actuarial Forecast Update Schedule

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

Forecast Assumptions **Maintained** in the Update

Authorized CY15 Budget vs. CY 2015 1st Quarter Update

- Membership trends
 - 1% annual decrease in actives
 - 1% annual increase in retirees
- Trend assumptions
 - 7% medical trend
 - 8.5% pharmacy trend
- New benefit design effective January 1, 2016
 - Increased cost-sharing in Traditional 70/30 Plan
 - Enhancements to Consumer-Directed Health Plan (CDHP)
- Increased administrative budget for 2015-17 Fiscal Biennium
 - 3% annual increases in administrative costs after Fiscal Year 2016-17
- Target Stabilization Reserve (TSR) equals 9% of projected claims costs in each year
- Cash balance set to equal TSR as of December 31, 2017, and every two years thereafter

Forecast Assumptions **Changed/Revised** in the Update Authorized CY15 Budget vs. CY 2015 1st Quarter Update

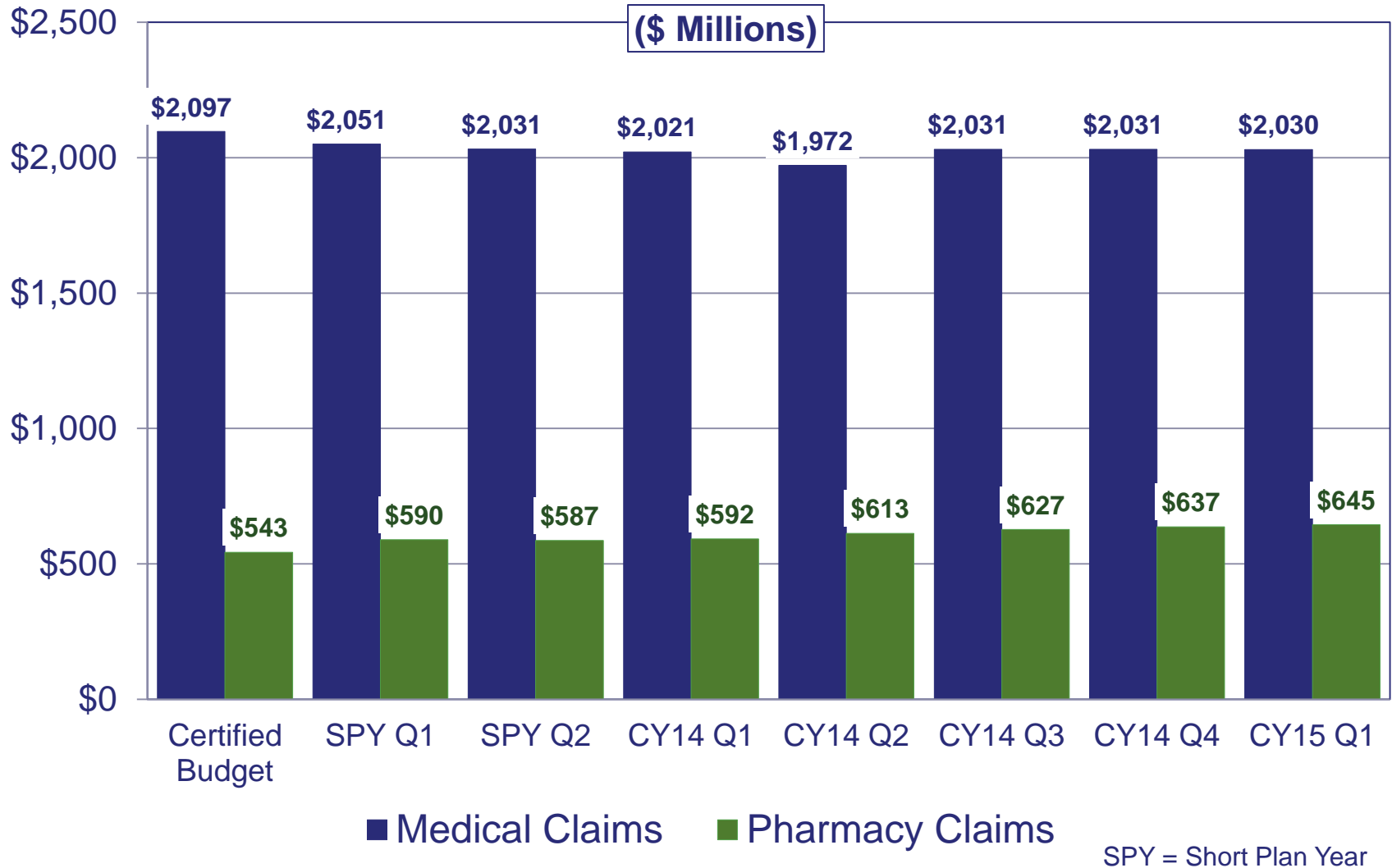
- Membership based on actual March 2015 counts (instead of December 2014)
- Anticipated claims expenditures based on actual experience through March 2015 (instead of through December 2014)
- Cash balance begins from actual total as of March 31, 2015 (rather than December 31, 2014)
- The impact of member migration in future years was adjusted to reflect more recent cost differentials among plan options

Comparison of Models

Authorized CY15 Budget vs. CY 2015 1st Quarter Update

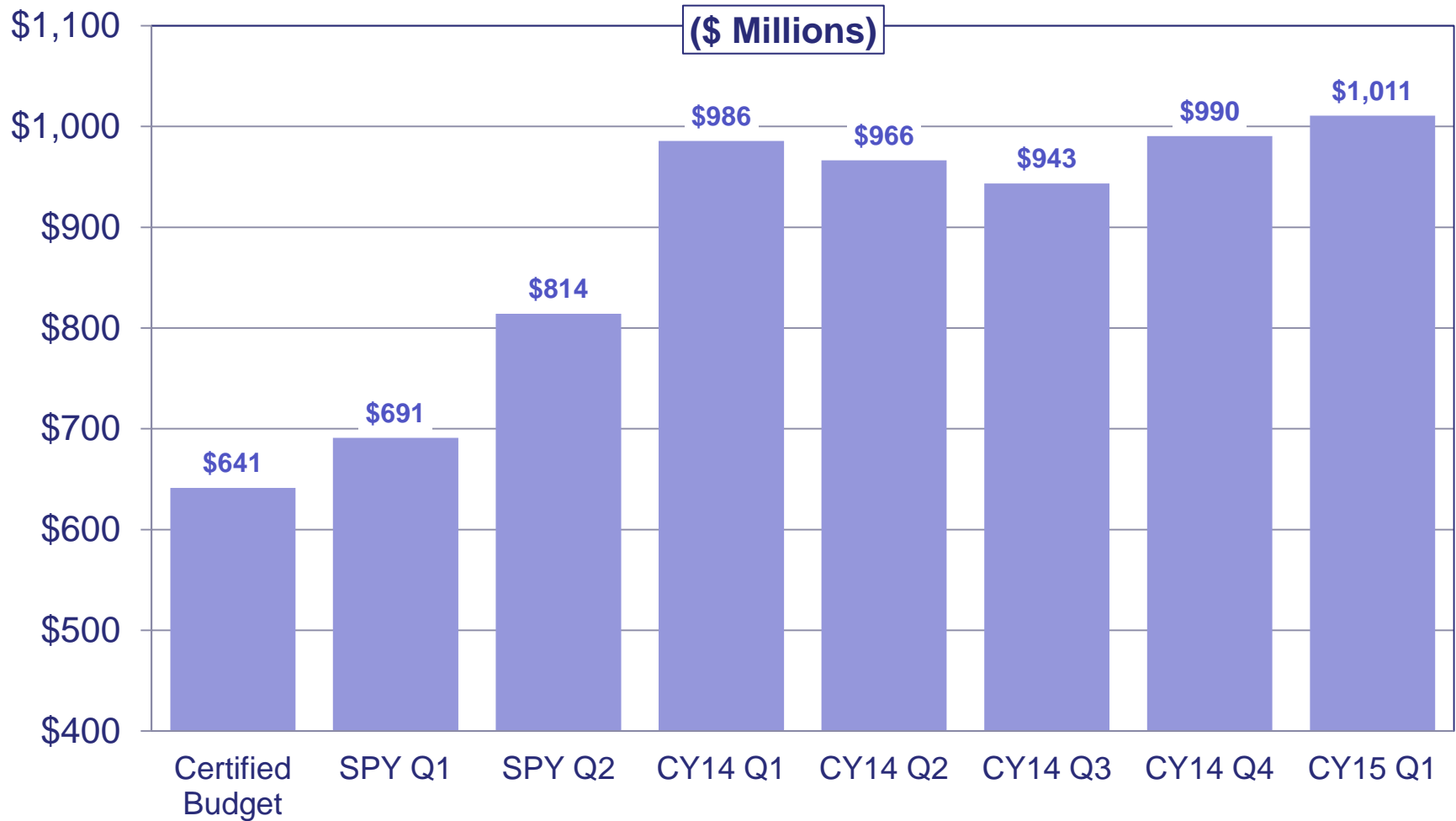
Calendar Year 2015	CY 2015 1 st Quarter Update (per Segal 5-13-15)	Authorized CY 2015 Budget (per Segal 4-28-15)	Difference: Increase/ (Decrease) From Budget
Beginning Cash Balance	\$1.015 b	\$1.015 b	\$0.0 m
Plan Revenue	\$3.043 b	\$3.030 b	\$13.1 m
Net Claims Payments	\$2.792 b	\$2.766 b	\$26.0 m
Medicare Advantage Premiums	\$173.5 m	\$174.1 m	(\$0.6 m)
Net Admin. Expenses	\$226.4 m	\$239.8 m	(\$13.4 m)
Total Plan Expenses	\$3.191 b	\$3.179 b	\$12.0 m
Net Income/(Loss)	(\$148.1 m)	(\$149.2 m)	\$1.1 m
Ending Cash Balance	\$866.7 m	\$865.6 m	\$1.1 m
2016 & 2017 Premium Increases	3.93%	3.43%	0.50%
2018 & 2019 Premium Increases	14.67%	15.21%	(0.54%)
2020 & 2021 Premium Increases	4.72%	4.34%	0.38%

Forecast Comparisons: Fiscal Year 2014-15 Claims



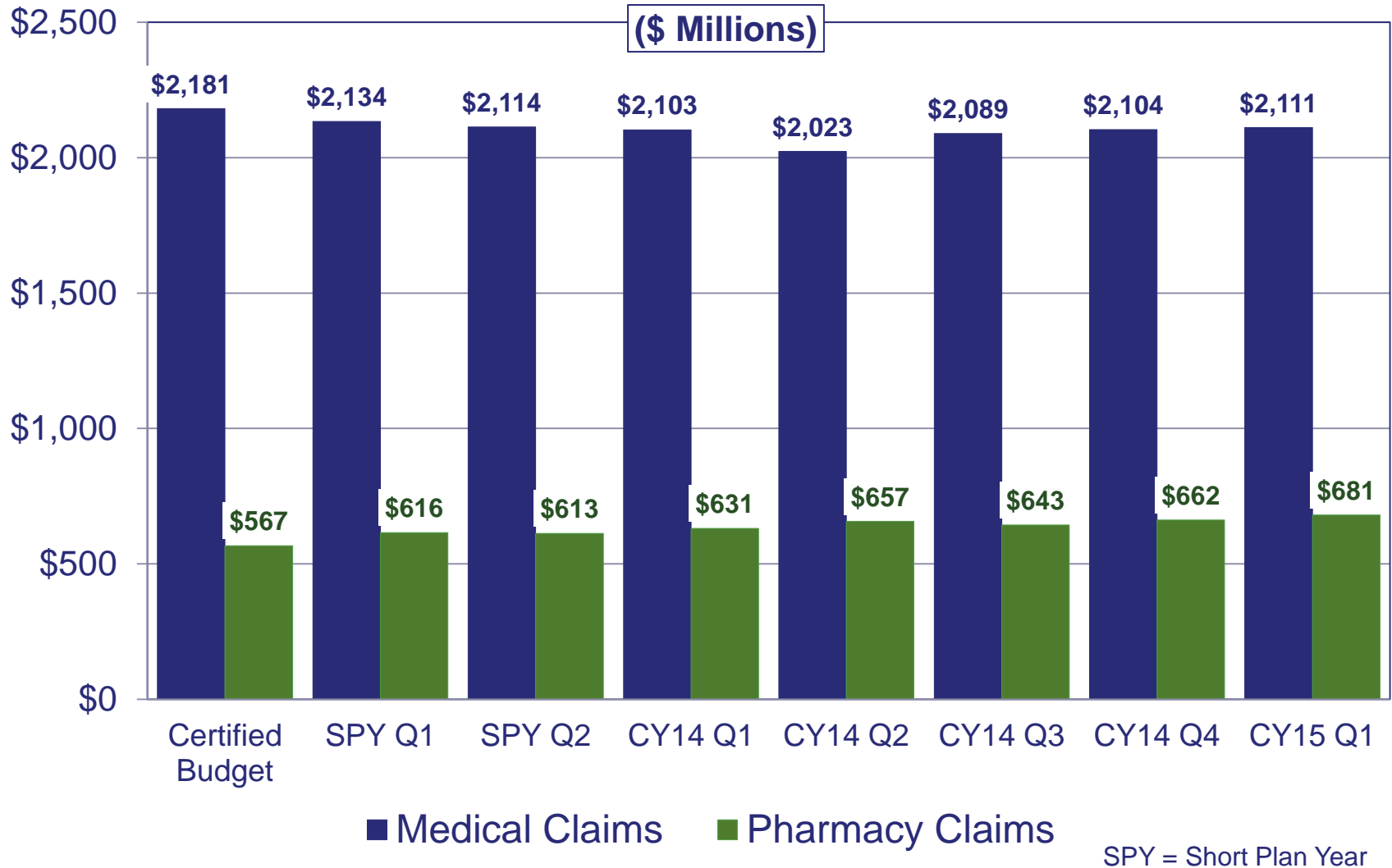
Forecast Comparisons: Ending Cash Balance

June 30, 2015

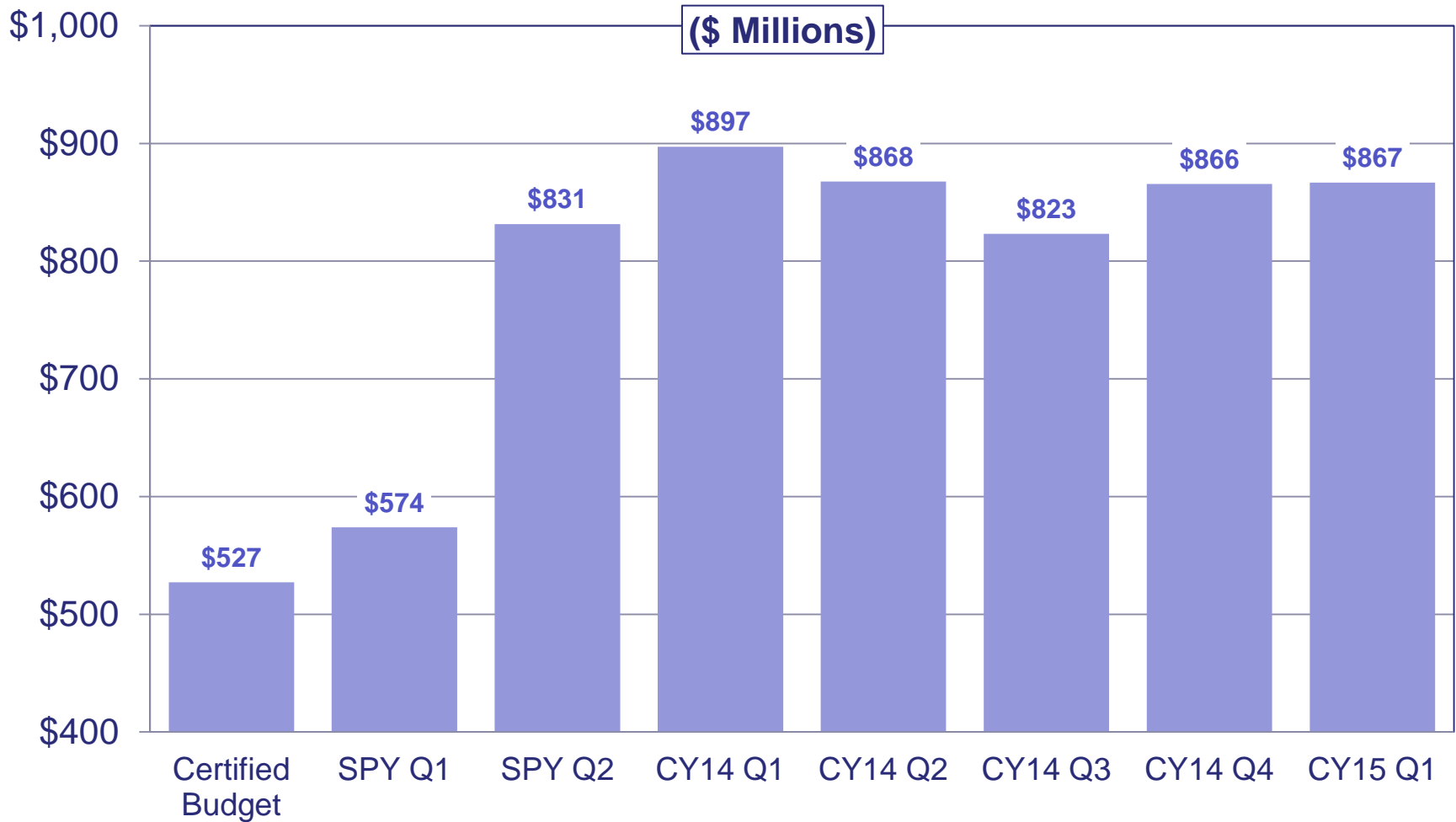


SPY = Short Plan Year

Forecast Comparisons: Calendar Year 2015 Claims



Forecast Comparisons: Ending Cash Balance December 31, 2015



SPY = Short Plan Year

Summary/Future Outlook

- Relative to the Authorized Budget, the CY 2015 1st Quarter Update projects roughly **equivalent** medical claims costs and **higher** pharmacy claims costs
- The \$1.011 billion cash balance projected for June 30, 2015:
 - Is \$20.3 million **higher** than the Authorized Budget projection
 - **Exceeds** the 9.0% target stabilization reserve amount by \$770 million
 - Equates to nearly **16 weeks** of projected FY 2015-16 operating expenses
- The CY 2015 1st Quarter Update projects **3.93%** premium increases for January 2016 and 2017. This is **higher** than the Authorized Budget (3.43%).

Certified Budget

(Segal 8-19-13)

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
Certified Budget

	2011 - 2013 Biennium		2013 - 2015 Biennium				2015 - 2017 Biennium				Projection Calendar 2017 Jul-Dec
	Actual FY 2012	Projection FY 2013	Projection Short Plan Year Jul-Dec 2013	Projection Calendar 2014 Jan-June	Projection Calendar 2014 July-Dec	Projection Calendar 2015 Jan-Jun	Projection Calendar 2015 Jul-Dec	Projection Calendar 2016 Jan-June	Projection Calendar 2016 July-Dec	Projection Calendar 2017 Jan-Jun	
PLAN INCOME:											
Net Contribution Income	2,750,368,851	2,895,761,803	1,442,578,008	1,490,952,575	1,487,864,429	1,516,588,534	1,513,510,299	1,634,808,643	1,631,357,328	1,761,956,879	1,758,528,795
EGWP/PDP Spouse Premium Reduction	(1,244,865)	(1,244,865)	(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)	(5,988,730)	(6,018,589)	(6,048,598)	(6,078,755)	(6,107,083)
MA Buy-up Premium				10,940,679	10,995,548	15,140,644	15,216,158	19,774,355	19,872,981	24,884,033	25,008,144
Health care Reform ERRP	42,163,391	(558,219)	-	-	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(714,727)	(721,289)	(745,476)	(743,932)	(758,294)	(758,755)	(817,303)	(815,079)	(880,978)	(879,264)
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)	(7,125,180)
Medicare Part D	57,583,802	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	-	-	-	-	-	-
Appropriations from State Reserve											
Investment Earnings	3,015,815	3,063,553	1,448,002	1,420,130	1,471,875	1,364,138	1,187,237	977,122	864,507	734,935	644,071
Total Plan Income	2,852,680,163	2,958,251,928	1,475,938,129	1,484,595,416	1,476,076,792	1,496,153,788	1,492,341,023	1,649,755,238	1,645,792,386	1,780,504,456	1,776,386,545
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	1,130,886,863	1,298,249,706	1,217,598,950	1,400,256,154	1,312,797,082
Claim Refunds	(22,634,615)	(23,855,443)	(12,080,684)	(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			1,695,794	3,370,442	3,144,191	3,641,824	3,428,393	3,936,466	3,861,922	4,245,763	3,980,576
Medicare Advantage Claims Reduction				(51,495,701)	(60,190,041)	(65,631,913)	(65,959,257)	(71,922,732)	(72,281,451)	(78,816,526)	(79,209,628)
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			9,805,123	13,733,526	15,553,431	15,012,324	16,765,870	16,153,784	16,153,784	18,067,218	17,400,893
Premium Incentive			(7,995,527)	(11,972,541)	(11,462,987)	(11,446,086)	(12,527,363)	(12,502,373)	(12,502,373)	(19,984,282)	(19,945,259)
CDHP Claims Reduction			(2,705,932)	(4,051,876)	(5,771,199)	(5,782,600)	(8,941,127)	(8,923,291)	(8,923,291)	(12,953,021)	(12,927,728)
Limited Network Savings			310,434	464,845	390,200	389,624	602,750	601,547	601,547	576,589	575,463
PCP Copay Waiver			4,407,787	6,800,242	(367,417)	(366,875)	(4,086,355)	(4,078,203)	(4,078,203)	(17,078,970)	(17,045,620)
Mental Health Enhancements			451,938	608,120	704,185	662,915	765,427	717,877	830,633	830,633	778,752
Net Medical Claims	1,826,775,490	1,859,093,698	1,031,938,612	1,050,910,619	986,446,678	1,110,116,847	1,070,905,478	1,190,261,283	1,145,926,587	1,280,102,988	1,211,875,383
Medicare Advantage Premiums			-	86,864,745	87,297,988	108,861,089	109,404,040	133,102,486	133,766,343	159,805,493	160,602,532
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)	(32,807,518)	(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	1,406,548	(10,470,311)	(10,470,311)	12,325,781	(12,201,284)	12,627,650	(13,188,116)	13,647,580
Net Pharmacy Claims	628,032,853	677,065,471	410,785,408	346,676,963	449,625,637	383,531,630	486,765,106	453,405,403	487,761,402	491,321,968	528,250,635
MA-PDP Claims Reduction			-	(114,577,245)	(139,255,710)	(151,846,028)	(152,603,370)	(166,400,470)	(167,230,403)	(182,349,955)	(183,256,437)
EGWP+Wrap Reduction in Rebates		808,689	1,635,695	827,018	-	-	-	-	-	-	-
EGWP+Wrap Claim Increase		222,762	462,707	-	-	-	-	-	-	-	-
Expand Coverage of Diabetic Test Strips		-	591,768	686,454	813,546	741,737	879,099	869,568	881,865	939,755	953,084
HB 675 - Pharmacy Audit Changes			100,000	104,617	95,383	95,383	113,047	111,821	113,403	120,847	122,581
Specialty Pharmacy Tier			(188,553)	(265,758)	(258,101)	(258,101)	(305,899)	(321,725)	(326,275)	(370,373)	(375,627)
Total Pharmacy Claims	628,032,853	678,096,922	413,475,579	233,624,638	310,922,331	232,264,620	334,847,983	287,664,597	321,199,692	309,662,242	345,691,217
Total Claims	2,454,808,343	2,537,190,620	1,445,414,191	1,371,600,002	1,384,666,997	1,451,242,555	1,515,157,501	1,611,028,367	1,600,892,923	1,729,570,723	1,718,169,132
Administrative Costs	165,480,561	164,605,404	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			-	-	-	34,632,846	-	21,039,454	-	14,201,632	-
Extra EGWP+Wrap Administration		2,893,881	5,794,014	-	-	-	-	-	-	-	-
Total Plan Expense	2,620,288,904	2,704,749,905	1,536,712,490	1,462,748,331	1,473,333,678	1,574,360,269	1,606,482,275	1,723,209,141	1,694,581,874	1,837,277,042	1,814,291,579
Plan Income (Loss)	232,391,259	253,502,023	(60,774,360)	21,847,084	2,743,114	(78,208,481)	(114,141,252)	(73,453,903)	(48,789,488)	(56,772,586)	(37,905,034)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	755,749,494	694,975,134	716,822,218	719,565,332	641,358,851	527,217,599	453,763,696	404,974,207	348,201,621
Ending Cash Balance (Deficit)	502,247,471	755,749,494	694,975,134	716,822,218	719,565,332	641,358,851	527,217,599	453,763,696	404,974,207	348,201,621	310,296,587
Target Stabilization Reserve	184,110,626	202,975,250	219,485,780	239,446,206	234,282,695	255,231,860	266,976,005	281,356,728	289,072,916	299,741,728	310,296,587
	7.5%	8.0%	8.0%	8.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Premium Increase:	7/1 Increase	7/1 Increase		1/1 Increase		1/1 Increase		1/1 Increase		1/1 Increase	
	5.3%	5.3%		3.57%		2.14%		8.22%		8.22%	

CY 2014 Q2 Update

Authorized

FY14-15 Budget

(Segal 9-9-14)

North Carolina State Health Plan
Financial Projections - Jun 2014
Trends - 7.0% Medical & 8.5% Pharmacy
Board Approved Wellness Incentives - Active 70/30 Unchanged thru 2015 only, Retirees 70/30 Unchanged
With MA & PDP, With Essential Health Benefits & MH Parity
Incentives start at \$15/\$15/\$20 and increase \$10/\$10/\$20 every 2-years, \$10 Standard Premium Credit

	2010-2011 Biennium		2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium	
	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Projection FY 2014	Projection FY2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019
PLAN INCOME:										
Net Contribution Income	2,413,877,944	2,684,814,172	2,750,368,851	2,895,366,140	2,941,097,678	2,957,330,894	2,997,476,025	3,091,148,757	3,347,339,381	3,792,050,539
Additional Contribution/(Credit)				-	-	(18,389,215)	(5,299,800)	7,624,855	15,349,640	23,072,825
Medicare Advantage Subsidy	-	45,298,812	42,163,391	(558,219)	417,565	-	-	-	-	-
Health care Reform ERRP	-	-	-	-	-	-	-	-	-	-
Retro Disenrollments	(1,310,146)	(1,281,584)	(451,496)	(487,819)	(299,923)	(1,478,665)	(1,498,738)	(1,545,574)	(1,673,670)	(1,896,025)
Premium Change due to Movement						(1,034,938)				
Medicare Part D	74,357,704	66,276,535	57,583,602	38,056,016	11,583,652	6,276,386	6,487,102	6,779,021	7,084,077	7,402,861
EGWP+Wrap										
Direct Subsidy	-	-	-	24,435,483	25,216,663	202,329	-	-	-	-
Coverage Gap Subsidy	-	-	-	-	38,563,909	1,478,088	-	-	-	-
Catastrophic Subsidy	-	-	-	-	-	31,734,272	-	-	-	-
Total	-	-	-	24,435,483	63,780,571	33,414,689	-	-	-	-
Investment Earnings	3,532,448	2,861,085	3,015,815	3,236,713	3,916,235	3,933,340	3,456,019	2,406,449	1,221,707	870,198
Total Plan Income	2,490,457,950	2,797,969,020	2,852,680,163	2,960,048,314	3,020,495,778	2,980,052,493	3,001,366,829	3,108,573,423	3,370,243,983	3,822,741,471
PLAN EXPENSE:										
Medical Claims Payment	1,829,432,245	1,852,549,690	1,849,410,105	1,858,096,405	1,989,574,333	1,981,132,627	2,104,367,930	2,236,473,423	2,378,323,219	2,527,382,130
Claim Refunds	(31,916,831)	(24,723,681)	(22,634,615)	(23,467,914)	(22,450,766)	(23,520,519)	(25,159,105)	(26,558,401)	(28,433,075)	(30,024,340)
Claims Adjustment for Changes						12,149,156	26,519,120	35,022,403	617,098	(27,583,637)
Cost of Autism						2,001,993	4,500,445	5,100,042	5,350,084	5,639,177
Cost of Add Towns						432,449	924,000	989,000	1,022,182	1,089,662
Net Medical Claims	1,797,515,414	1,827,826,009	1,826,775,490	1,834,628,491	1,967,123,567	1,972,195,706	2,111,152,391	2,251,026,467	2,356,879,507	2,476,502,992
Medicare Advantage Premiums					78,538,847	163,281,043	175,164,083	188,218,563	202,231,947	217,364,453
Pharmacy Claims Payment	N/A	N/A	721,163,013	752,419,650	743,281,462	686,597,084	769,269,941	798,947,229	861,298,346	928,570,652
Rebates	N/A	N/A	(93,130,160)	(69,641,941)	(91,653,105)	(74,166,940)	(51,914,121)	(53,570,874)	(55,279,945)	(57,057,201)
Claims Adjustment for Changes						-	-	-	-	-
Additional ACA Preventive Medicine						346,345	984,278	1,321,029	1,414,030	1,473,850
Net Pharmacy Claims	596,709,775	655,868,735	628,032,853	682,777,709	651,628,357	612,776,489	718,340,098	746,697,384	807,432,432	872,987,301
Total Claims	2,394,225,189	2,483,694,744	2,454,808,343	2,517,406,200	2,697,290,771	2,748,253,238	3,004,656,572	3,185,942,415	3,366,543,886	3,566,854,745
Administrative Costs	164,649,780	165,902,094	165,480,561	161,401,639	148,134,913	189,951,548	195,650,094	200,734,833	205,969,298	211,358,434
ACA Reinsurance Fee						34,019,697	20,569,718	13,884,560	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,558,874,969	2,649,596,838	2,620,288,904	2,678,807,839	2,845,425,684	2,972,224,483	3,220,876,384	3,400,561,808	3,572,513,183	3,778,213,179
Plan Income (Loss)	(68,417,019)	148,372,182	232,391,259	281,240,475	175,070,094	7,828,010	(219,509,556)	(291,988,384)	(202,269,200)	44,528,292
Beginning Cash Balance (Deficit)	189,901,049	121,484,030	269,856,212	502,247,471	783,487,946	958,558,040	966,386,050	746,876,494	454,888,110	252,618,909
Ending Cash Balance (Deficit)	121,484,030	269,856,212	502,247,471	783,487,946	958,558,040	966,386,050	746,876,494	454,888,110	252,618,909	297,147,201
Target Stabilization Reserve	179,566,889	186,277,106	184,110,626	201,392,496	222,593,914	232,647,498	254,654,324	269,795,147	284,788,074	301,454,126
	7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Premium Increase:	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase
	8.9%	8.9%	5.3%	5.3%	3.57%	0.00%	3.53%	3.53%	13.71%	13.71%

CY 2014 Q4 Update

Authorized

CY 2015 Budget

(Segal 9-9-14)

North Carolina State Health Plan

Financial Projections - Dec 2014

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Increased Cost Sharing, Smoker Surcharge (\$40 for 2016 and 2017 and \$60 for 2018 and 2019) and \$20 Premium for Active on 70/30 Plan Starting 2018

With January 2015 Enrollment Updated

Incentives start at \$15/\$15/\$20 and increase \$10/\$10/\$20 every 2-years, \$10 Standard Premium Credit

	2012 - 2013 Biennium		Actual Short Plan Year Jul-Dec 2013	Actual Calendar 2014	Projection Calendar 2015	Projection Calendar 2016	Projection Calendar 2017	Projection Calendar 2018	Projection Calendar 2019	Projection Calendar 2020	Projection Calendar 2021
	Actual FY 2012	Actual FY 2013									
PLAN INCOME:											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,562,141	2,973,313,265	3,084,373,299	3,178,159,722	3,847,867,428	4,187,357,312	4,353,552,988	4,526,742,933
Additional Contribution/(Credit)	-	-	-	-	(11,254,466)	(1,037,235)	(813,056)	29,068,878	28,051,841	26,091,252	25,140,208
Medicare Advantage Subsidy	-	-	-	721,773	828,983	883,581	879,710	915,037	931,831	968,212	985,692
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(28,401)	(1,486,657)	(1,542,187)	(1,589,089)	(1,823,934)	(2,093,679)	(2,176,778)	(2,263,371)
Premium Change due to Movement	-	-	-	-	1,879,031	4,736,903	8,772,839	14,038,650	14,790,652	16,833,806	17,727,090
Medicare Part D	57,583,802	38,056,016	(1,323,888)	21,584,404	14,587,080	14,298,634	14,514,516	14,063,476	14,200,558	13,588,971	13,626,486
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,202,822	216,170	-	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,162,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,602,498	-	-	-	-	-	-
Total	-	24,435,483	37,082,587	28,378,402	48,602,498	-	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,417,142	3,871,780	3,014,101	1,815,911	890,582	1,054,034	1,559,559	1,603,266
Total Plan Income	2,852,880,163	2,960,048,314	1,539,900,247	3,007,663,512	3,030,341,513	3,104,707,096	3,199,740,563	3,705,018,118	4,244,292,849	4,410,417,812	4,583,562,303
PLAN EXPENSE:											
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,949,838,964	2,111,340,121	2,238,782,943	2,382,053,957	2,589,959,390	2,707,819,875	2,887,321,150	3,074,284,772
Claim Refunds	(22,634,815)	(23,487,914)	(10,834,378)	(22,731,740)	(25,072,201)	(26,782,489)	(28,316,855)	(30,183,794)	(32,350,749)	(34,273,593)	(36,755,927)
Claims Adjustment for Changes	-	-	-	-	12,563,278	(34,775,189)	(48,204,121)	(20,881,815)	(41,590,816)	(53,892,088)	(44,591,981)
Cost of Autism	-	-	-	-	4,000,000	5,000,000	5,200,000	5,500,000	5,800,000	5,500,000	5,800,000
Cost of Add Towns	-	-	-	-	896,100	956,521	996,977	1,055,452	1,052,889	1,047,896	1,045,532
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,103,727,297	2,183,201,786	2,311,729,958	2,546,639,233	2,640,731,199	2,805,703,368	2,999,782,415
Medicare Advantage Premiums	-	-	-	155,497,950	174,072,089	193,223,905	208,833,714	231,478,810	250,300,181	277,319,722	299,998,296
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	718,263,283	767,803,395	827,727,508	892,381,574	962,143,775	1,037,984,755	1,119,319,325
Rebates	(93,130,160)	(69,641,941)	(32,188,641)	(98,763,203)	(57,020,841)	(50,441,480)	(51,470,131)	(52,183,288)	(53,239,165)	(53,941,763)	(55,015,158)
Claims Adjustment for Changes	-	-	-	-	-	-	-	-	-	-	-
Additional ACA Preventive Medicine	-	-	-	-	692,000	1,276,000	1,366,000	1,462,000	1,511,325	1,462,000	1,511,591
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	661,934,443	718,637,915	777,623,376	841,660,288	910,415,935	985,504,992	1,065,815,759
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,857,393	2,939,733,829	3,095,063,806	3,298,187,049	3,818,778,329	3,801,447,315	4,068,528,081	4,365,594,471
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	206,008,311	226,154,277	234,465,996	240,602,620	246,921,261	253,427,967	260,129,003
ACA Reinsurance Fee	-	-	-	-	33,856,390	23,606,015	14,429,245	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,620,288,904	2,678,807,839	1,484,941,057	2,831,263,302	3,179,598,530	3,344,913,898	3,547,082,290	3,859,380,949	4,048,368,576	4,321,956,048	4,625,723,474
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,400,210	(149,257,017)	(240,206,802)	(347,341,727)	(154,362,831)	195,924,273	88,461,764	(42,161,171)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,847,346	865,590,329	625,383,527	278,041,800	123,678,969	319,603,242	408,065,006
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,847,346	865,590,329	625,383,527	278,041,800	123,678,969	319,603,242	408,065,006	365,903,836
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	214,723,553	248,909,557	261,165,573	278,041,800	304,856,957	319,603,242	341,208,752	365,903,836
7.5%	8.0%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	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:	5.3%	5.3%		3.57%	0.00%	3.43%	3.43%	15.21%	15.21%	4.34%	4.34%

Final Q4 Update

CY 2015

Q1 Update

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North Carolina State Health Plan

Financial Projections - Mar 2015

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Increased Cost Sharing, Smoker Surcharge (\$40 for 2016 and 2017 and \$60 for 2018 and 2019) and \$20 Premium for Active on 70/30 Plan Starting 2018

With March 2015 Enrollment

Incentives start at \$15/\$15/\$20 and increase \$10/\$10/\$20 every 2-years, \$10 Standard Premium Credit

	2012 - 2013 Biennium		Actual Short Plan Year Jul- Dec 2013	Actual Calendar 2014	Projection Calendar 2015	Projection Calendar 2016	Projection Calendar 2017	Projection Calendar 2018	Projection Calendar 2019	Projection Calendar 2020	Projection Calendar 2021
	Actual FY 2012	Actual FY 2013									
PLAN INCOME:											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,592,141	2,983,580,339	3,099,319,091	3,208,868,439	3,666,157,555	4,188,978,109	4,371,109,270	4,561,561,364
Additional Contribution/(Credit)	-	-	-	-	(8,408,617)	(1,009,207)	(788,530)	29,069,329	28,053,975	26,066,405	25,147,101
Medicare Advantage Subsidy	-	-	-	721,773	958,017	865,285	881,481	916,966	933,860	970,437	987,960
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(28,401)	(1,122,113)	(1,549,680)	(1,604,434)	(1,833,079)	(2,094,489)	(2,185,555)	(2,280,781)
Premium Change due to Movement	-	-	-	-	1,351,700	6,078,505	8,881,746	22,062,895	27,043,263	32,739,747	38,367,818
Medicare Part D	57,583,602	38,056,016	(1,323,888)	21,584,404	14,329,561	12,825,874	13,075,320	12,630,645	12,816,638	12,224,303	12,329,139
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,202,822	216,170	56	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,162,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,802,865	-	-	-	-	-	-
Total	-	24,435,483	37,082,587	28,378,402	48,802,865	-	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,417,142	4,188,398	2,986,638	1,790,108	942,150	1,111,450	1,543,419	1,588,162
Total Plan Income	2,852,880,163	2,960,048,314	1,539,900,247	3,007,863,512	3,043,482,305	3,119,516,527	3,231,106,129	3,729,946,491	4,256,842,807	4,442,466,026	4,635,700,791
PLAN EXPENSE:											
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,949,838,964	2,130,042,184	2,285,239,688	2,409,660,789	2,620,955,586	2,739,402,020	2,921,951,842	3,106,548,653
Claim Refunds	(22,834,615)	(23,487,914)	(10,834,378)	(22,731,740)	(25,643,812)	(27,079,502)	(28,644,927)	(30,555,252)	(32,727,927)	(34,684,538)	(37,148,878)
Claims Adjustment for Changes	-	-	-	-	2,961,798	(53,706,028)	(82,533,403)	(78,179,662)	(63,581,060)	(75,701,260)	(67,674,141)
Cost of Autism	-	-	-	-	2,999,456	5,000,000	5,200,000	5,500,000	5,800,000	5,500,000	5,800,000
Cost of Add Towns	-	-	-	-	679,300	956,521	996,993	1,055,503	1,052,974	1,048,016	1,045,685
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,111,038,926	2,190,410,678	2,304,679,452	2,518,776,175	2,649,945,977	2,818,114,059	3,008,571,319
Medicare Advantage Premiums	-	-	-	155,497,950	173,520,859	193,613,916	209,280,923	231,983,719	250,852,480	277,966,597	300,703,143
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	740,074,079	789,085,505	850,678,570	917,157,800	988,891,892	1,066,879,388	1,150,519,966
Rebates	(93,130,160)	(69,641,941)	(32,188,641)	(98,763,203)	(59,969,191)	(50,102,183)	(51,127,149)	(51,837,739)	(52,890,061)	(53,590,371)	(54,660,441)
Claims Adjustment for Changes	-	-	-	-	-	-	-	-	-	-	-
Additional ACA Preventive Medicine	-	-	-	-	518,906	1,278,000	1,366,000	1,462,000	1,522,939	1,637,794	1,749,271
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	680,623,794	740,239,341	800,917,422	866,781,861	937,524,770	1,014,926,811	1,097,608,796
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,857,393	2,965,183,579	3,124,263,935	3,314,857,796	3,617,541,755	3,838,323,227	4,111,007,467	4,408,883,258
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	220,789,282	220,154,228	234,469,803	240,614,327	246,941,340	253,456,913	260,167,335
ACA Reinsurance Fee	-	-	-	-	5,642,732	23,672,083	14,415,152	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,620,288,904	2,678,807,839	1,484,941,057	2,831,263,302	3,191,615,593	3,374,090,245	3,563,742,751	3,858,156,082	4,085,264,567	4,364,464,380	4,667,050,564
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,400,210	(148,133,288)	(254,573,718)	(332,636,622)	(128,209,591)	171,578,240	78,033,645	(31,349,802)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,847,346	866,714,059	612,140,340	279,503,719	151,294,128	322,872,367	400,906,013
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,847,346	866,714,059	612,140,340	279,503,719	151,294,128	322,872,367	400,906,013	369,556,210
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	214,723,553	251,249,645	293,758,502	279,503,719	304,700,223	322,872,367	344,973,678	369,556,210
	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	7/1 Increase	7/1 Increase		1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
Premium Increase:	5.3%	5.3%		3.57%	0.00%	3.93%	3.93%	14.67%	14.67%	4.72%	4.72%

North Carolina State Health Plan
Financial Projections - Mar 2015
Trends - 7.0% Medical & 8.5% Pharmacy

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With March 2015 Enrollment

Incentives start at \$15/\$15/\$20 and increase \$10/\$10/\$20 every 2-years, \$10 Standard Premium Credit

	2010-2011 Biennium		2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium		2020 - 2021 Biennium	
	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Projection FY2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019	Projection FY2020	Projection FY2021
PLAN INCOME:												
Net Contribution Income	2,413,877,944	2,684,814,172	2,750,368,851	2,895,368,140	2,941,097,678	3,002,231,118	3,048,561,080	3,154,111,585	3,437,886,734	3,927,780,506	4,280,076,735	4,486,367,538
Additional Contribution/(Credit)	-	-	-	-	-	(2,807,109)	(6,100,497)	(897,833)	14,175,318	28,556,870	27,071,968	25,620,018
Medicare Advantage Subsidy	-	-	-	-	417,565	845,560	847,066	874,293	898,241	926,356	951,130	980,159
Health care Reform ERRP	-	45,298,812	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-
Retro Disenrollments	(1,310,146)	(1,281,584)	(451,496)	(487,819)	(299,923)	(380,418)	(1,523,281)	(1,577,056)	(1,718,843)	(1,963,880)	(2,140,038)	(2,233,184)
Premium Change due to Movement	-	-	-	-	-	450,567	3,940,172	7,480,058	15,472,348	24,553,317	29,891,637	34,553,871
Medicare Part D	74,357,704	66,276,535	57,583,602	38,056,016	11,583,652	16,194,879	13,062,622	12,848,448	12,973,055	12,811,677	12,856,157	12,154,031
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	-	-	24,435,483	25,216,863	202,385	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	-	-	38,563,909	1,478,088	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	-	48,802,965	-	-	-	-	-	-
Total	-	-	-	24,435,483	63,780,571	50,283,438	-	-	-	-	-	-
Investment Earnings	3,532,448	2,861,085	3,015,815	3,236,713	3,916,235	4,662,914	3,506,077	2,433,771	1,243,188	906,971	1,359,942	1,650,124
Total Plan Income	2,490,457,950	2,797,969,020	2,852,680,163	2,960,048,314	3,020,495,778	3,071,478,998	3,060,323,240	3,175,273,266	3,480,730,040	3,993,354,817	4,349,867,531	4,539,092,557
PLAN EXPENSE:												
Medical Claims Payment	1,829,432,245	1,852,549,690	1,849,410,105	1,858,096,405	1,989,574,333	2,051,779,925	2,194,841,843	2,336,895,411	2,490,031,077	2,651,463,586	2,884,640,457	3,012,554,240
Claim Refunds	(31,916,831)	(24,723,681)	(22,634,815)	(23,467,914)	(22,450,766)	(23,567,017)	(26,223,020)	(27,747,734)	(29,749,291)	(31,496,922)	(33,783,296)	(35,763,316)
Claims Adjustment for Changes	-	-	-	-	-	1,021,073	(24,523,964)	(67,941,193)	(79,900,167)	(71,147,803)	(69,702,105)	(71,666,192)
Cost of Autism	-	-	-	-	-	1,000,793	4,501,050	5,100,040	5,350,080	5,650,074	5,849,806	5,650,066
Cost of Add Towns	-	-	-	-	-	216,853	924,000	989,000	1,022,267	1,089,844	1,014,927	1,082,208
Net Medical Claims	1,797,515,414	1,827,826,009	1,826,775,490	1,834,628,491	1,967,123,567	2,030,451,628	2,149,519,910	2,247,095,524	2,386,753,966	2,555,558,779	2,787,819,789	2,911,857,005
Medicare Advantage Premiums	-	-	-	-	78,538,847	163,064,076	183,982,030	201,417,957	220,594,059	241,394,631	264,375,814	289,308,591
Pharmacy Claims Payment	N/A	N/A	721,163,013	752,419,650	743,281,462	720,437,921	788,982,854	819,477,088	883,491,374	952,563,682	1,027,963,548	1,108,179,089
Rebates	N/A	N/A	(93,130,160)	(69,641,941)	(91,653,105)	(75,981,693)	(49,760,405)	(50,538,588)	(51,564,036)	(52,277,908)	(53,329,462)	(54,032,033)
Claims Adjustment for Changes	-	-	-	-	-	173,137	984,378	1,321,028	1,414,029	1,476,952	1,580,669	1,694,023
Additional ACA Preventive Medicine	-	-	-	-	-	-	-	-	-	-	-	-
Net Pharmacy Claims	596,709,775	655,868,735	628,032,853	682,777,709	651,628,357	644,629,365	740,206,827	770,259,528	833,341,367	901,762,726	976,214,755	1,055,841,079
Total Claims	2,394,225,189	2,483,694,744	2,454,808,343	2,517,406,200	2,697,290,771	2,838,145,089	3,073,708,766	3,218,773,009	3,440,689,392	3,698,716,136	4,028,410,358	4,257,004,675
Administrative Costs	164,649,780	165,902,004	165,480,561	161,401,639	148,134,913	181,271,826	220,861,106	231,442,088	237,496,925	243,731,274	250,151,098	256,762,576
ACA Reinsurance Fee	-	-	-	-	-	-	23,396,794	14,460,333	5,872,840	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-	-
Total Plan Expense	2,558,874,969	2,649,596,838	2,620,288,904	2,678,807,839	2,845,425,684	3,019,416,895	3,317,966,866	3,484,675,430	3,684,059,156	3,942,447,410	4,278,561,456	4,513,767,251
Plan Income (Loss)	(68,417,019)	148,372,182	232,391,259	281,240,475	175,070,094	52,062,104	(257,643,426)	(289,402,165)	(203,329,116)	50,907,407	71,306,075	25,325,306
Beginning Cash Balance (Deficit)	189,901,049	121,484,030	269,856,212	502,247,471	783,487,946	958,558,040	1,010,620,144	752,976,718	463,574,553	260,245,437	311,152,844	382,458,918
Ending Cash Balance (Deficit)	121,484,030	269,856,212	502,247,471	783,487,946	958,558,040	1,010,620,144	752,976,718	463,574,553	260,245,437	311,152,844	382,458,918	407,784,224
Target Stabilization Reserve	179,566,889	186,277,106	184,110,626	201,392,496	222,593,914	240,757,289	260,075,406	271,561,955	289,808,580	311,158,935	338,763,109	357,092,828
	7.5%	8.0%	8.5%	9.0%	9.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Premium Increase:	7/1 Increase	7/1 Increase	7/1 Increase	7/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
	8.9%	8.9%	5.3%	5.3%	3.57%	0.00%	3.93%	3.93%	14.67%	14.67%	4.72%	4.72%