



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES

March 2013 Financial Report

Board of Trustees Meeting

May 24, 2013

A Division of the Department of State Treasurer

Financial Results: Actual v. Budgeted

Year to Date March 2013

Fiscal Year 2012-2013	Actual thru Mar 2013	Authorized Budget (per Segal 9-18-12)	Variance Over/(Under) Budget
Beginning Cash Balance	\$502.2 m	\$502.2 m	\$0.0 m
Plan Revenue	\$2.221 b	\$2.205 b	\$15.8 m
Net Claims Payments	\$1.874 b	\$1.962 b	(\$88.5 m)
Net Administrative Expenses	\$112.4 m	\$140.7 m	(\$28.3 m)
Total Plan Expenses	\$1.986 b	\$2.103 b	(\$116.8 m)
Net Income/(Loss)	\$234.7 m	\$102.1 m	\$132.6 m
Ending Cash Balance	\$736.9 m	\$604.3 m	\$132.6 m

Adjusted Variance Report

Year to Date March 2013

Fiscal Year 2012-2013	Actual thru Mar 2013, As Adjusted	Authorized Budget (per Segal 9-18-12)	Variance Over/(Under) Budget
Beginning Cash Balance	\$502.2 m	\$502.2 m	\$0.0 m
Plan Revenue *	\$2.219 b	\$2.205 b	\$13.6 m
Net Claims Payments ^	\$1.871 b	\$1.962 b	(\$91.6 m)
Net Administrative Expenses ^	\$121.9 m	\$140.7 m	(\$18.8 m)
Total Plan Expenses	\$1.993 b	\$2.103 b	(\$110.4 m)
Net Income/(Loss)	\$226.1 m	\$102.1 m	\$124.0 m
Ending Cash Balance	\$728.3 m	\$604.3 m	\$124.0 m

* Adjusted for timing issues and to remove the impact of unbudgeted revenues.

^ Adjusted to for end-of-month timing issues.

Financial Results Actual v. Budgeted

Year to Date March 2013

Per Member Per Month (PMPM) Analysis

Fiscal Year 2012-2013	Actual thru Mar 2013	Authorized Budget (per Segal 9-18-12)	Variance Over/(Under) Budget
Plan Revenue	\$370.06	\$369.81	\$0.25
Net Claims Payments	\$312.80	\$329.42	(\$16.62)
Net Administrative Expenses	\$18.76	\$23.61	(\$4.85)
Total Plan Expenses	\$331.56	\$353.03	(\$21.47)
Net Income/(Loss)	\$38.50	\$16.78	\$21.72

Comparing actual results to the budget projection on a PMPM basis helps correct for changes in membership that occurred during the year.

Adjusted Variance Report

Year to Date March 2013

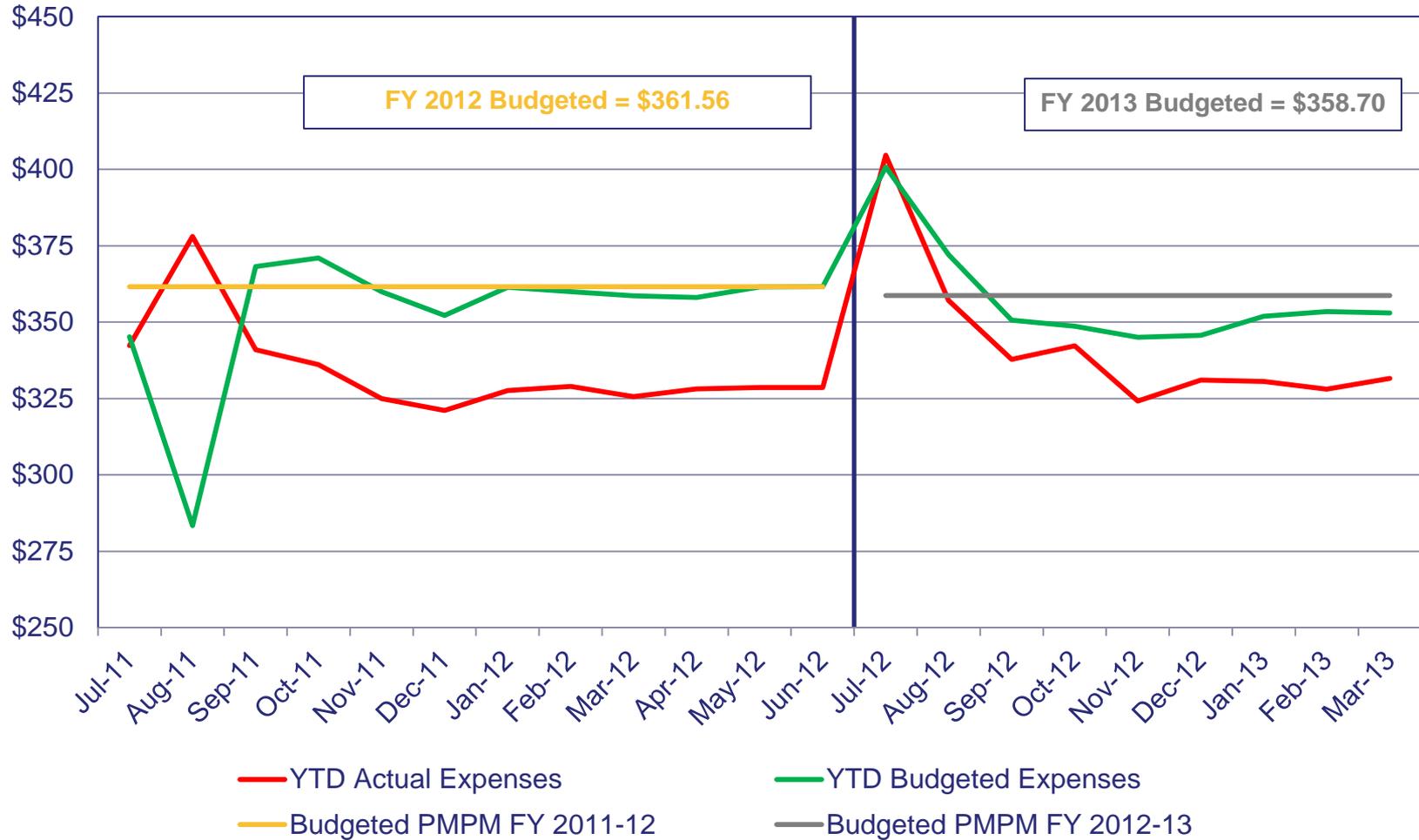
Per Member Per Month (PMPM) Analysis

Fiscal Year 2012-2013	Actual thru Mar 2013, as Adjusted	Authorized Budget (per Segal 9-18-12)	Variance Over/(Under) Budget
Plan Revenue *	\$369.69	\$369.81	(\$0.12)
Net Claims Payments ^	\$312.29	\$329.42	(\$17.13)
Net Administrative Expenses ^	\$20.34	\$23.61	(\$3.27)
Total Plan Expenses	\$332.63	\$353.03	(\$20.40)
Net Income/(Loss)	\$37.06	\$16.78	\$20.28

* Adjusted for timing issues and to remove the impact of unbudgeted revenues.

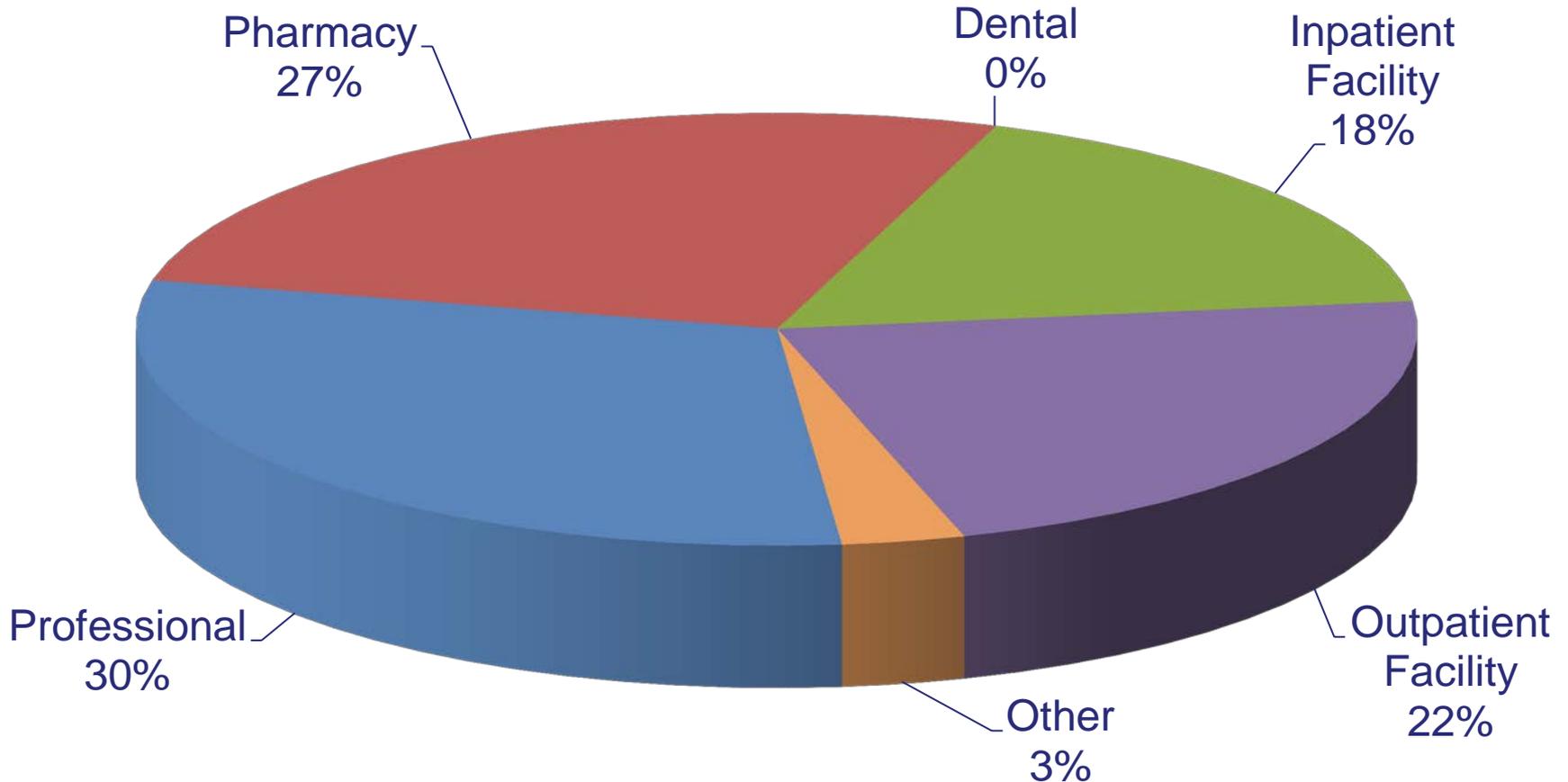
^ Adjusted to for end-of-month timing issues.

Year to Date Expenditure Trend Per Member Per Month



Allocation of Claims Expenditures

Includes Medical, Blue Card & Pharmacy Payments



Source: BCBSNC Summary of Billed Charges, year to date through March 2013

North Carolina State Health Plan for Teachers and State Employees

Summary of Operations (Cash Basis)
 Consolidated Report, Actual vs. Authorized Budget
 For the Month Ended March 2013
 Fiscal Year 2012- 2013

	A	B	C	D	E	F	G	H
	Actual March 2013	Authorized Budget March 2013	Monthly Variance Over/(Under) Authorized Budget	Actual Year to Date FY 2012-13	Authorized Budget Year to Date FY 2012-13	Year to Date Variance Over/(Under) Authorized Budget	Authorized Annual Budget FY 2012-13	Year to Date Variance Over/(Under) Annual Authorized Budget
1 Plan Revenue:								
2								
3 Member Premiums	\$ 244,770,880	\$ 239,046,428	\$ 5,724,452	\$ 2,173,329,667	\$ 2,156,181,250	\$ 17,148,417	\$ 2,872,808,844	\$ (699,479,177)
4 Premium Refunds/Retroactive Disenrollments	(54,563)	(119,663)	65,100	(353,511)	(1,078,509)	724,998	(1,437,243)	1,083,732
5 Medicare Part D (RDS) Subsidy	4,789,476	563,496	4,225,980	33,730,286	37,981,597	(4,251,311)	39,519,892	(5,789,606)
6 Medicare PDP (EGWP + Wrap) Subsidy	3,952,331	3,948,693	3,638	12,479,240	7,894,113	4,585,127	19,759,856	(7,280,616)
7 Federal Early Retiree Reinsurance Program (ERRP)	-	-	-	(558,219)	-	(558,219)	-	(558,219)
8 Net Premium & Other Contributions	253,458,124	243,438,954	10,019,170	2,218,627,463	2,200,978,451	17,649,012	2,930,651,349	(712,023,886)
9								
10 Investment Earnings	254,811	496,471	(241,660)	2,209,143	4,165,893	(1,956,750)	5,658,262	(3,449,119)
11 Miscellaneous Revenue	110,888	-	110,888	119,047	-	119,047	-	119,047
12 Other Revenue	365,699	496,471	(130,772)	2,328,190	4,165,893	(1,837,703)	5,658,262	(3,330,072)
13								
14 Total Plan Revenue (excludes internal transfers)	253,823,823	243,935,425	9,888,398	2,220,955,653	2,205,144,344	15,811,309	2,936,309,611	(715,353,958)
15								
16 Plan Expenses:								
17								
18 Medical Claim Payments	173,909,720	162,025,257	11,884,463	1,363,295,214	1,463,364,529	(100,069,315)	2,003,583,417	(640,288,203)
19 Medical Claim Refunds/Recoveries	(1,582,718)	(2,684,541)	1,101,823	(17,902,078)	(22,857,523)	4,955,445	(31,216,928)	13,314,850
20 Net Medical Claims	172,327,002	159,340,716	12,986,286	1,345,393,136	1,440,507,006	(95,113,870)	1,972,366,489	(626,973,353)
21								
22 Pharmacy Claim Payments	63,103,130	58,955,773	4,147,357	566,053,110	562,968,046	3,085,064	743,853,418	(177,800,308)
23 Pharmacy Claim Rebates	-	(3,082,747)	3,082,747	(37,046,327)	(41,053,952)	4,007,625	(53,173,873)	16,127,546
24 Pharmacy Claim Refunds/Recoveries	(14,189)	-	(14,189)	(484,867)	-	(484,867)	-	(484,867)
25 Net Pharmacy Claims	63,088,941	55,873,026	7,215,915	528,521,916	521,914,094	6,607,822	690,679,545	(162,157,629)
26								
27 Net Claim Payments	235,415,943	215,213,742	20,202,201	1,873,915,052	1,962,421,100	(88,506,048)	2,663,046,034	(789,130,982)
28								
29 Net Administrative Expenses	4,831,784	16,250,111	(11,418,327)	112,382,785	140,664,857	(28,282,072)	189,387,392	(77,004,607)
30								
31 Total Plan Expenses (excludes internal transfers)	240,247,727	231,463,853	8,783,874	1,986,297,837	2,103,085,957	(116,788,120)	2,852,433,426	(866,135,589)
32								
33 Plan Income/(Loss)	13,576,096	12,471,572	1,104,524	234,657,816	102,058,387	132,599,429	83,876,185	150,781,631
34								
35 Cash Availability:								
36								
37 Beginning Cash Balance/(Deficit)	723,329,191	591,834,290	131,494,901	502,247,471	502,247,475	(4)	502,247,475	(4)
38 Ending Cash Balance/(Deficit)	736,905,287	604,305,862	132,599,425	736,905,287	604,305,862	132,599,425	586,123,660	150,781,627
39								
40 Target Stabilization Reserve @ 6/30/13	199,728,453	199,728,453	-	199,728,453	199,728,453	-	199,728,453	-
41								
42 Cash Balance Over/(Under) Reserve Target	\$ 537,176,834	\$ 404,577,409	\$ 132,599,425	\$ 537,176,834	\$ 404,577,409	\$ 132,599,425	\$ 386,395,207	\$ 150,781,627

Comments:

- Premium receivables totaled \$ 228,837.33 as of March 31, 2013.
- The average weekly medical claims cost net of claims refunds was \$43,081,750.50 for the four scheduled weekly claim cycles
- Total pharmacy claims, before rebates and refunds, included two bi-weekly invoice cycles averaging \$31,551,565.00 per cycle.
- The target stabilization reserve is 7.5% of the projected net claims for Fiscal Year 2012-13.
- Minor differences compared to other reports are due to rounding.

North Carolina State Health Plan for Teachers and State Employees

Summary of Operations (Cash Basis)

Current Year Actual vs. Prior Year Actual

For the Month Ended March 2013

Fiscal Year 2012-2013

	A	B	C	D	E	F	G
	Current Year Actual March 2013	Prior Year Actual March 2012	Current Year to Date Actual FY 2012-13 thru March	Prior Year to Date Actual FY 2011-12 thru March	Current Year Authorized Annual Budget FY 2012-13	Prior Year Annual Budget FY 2011-12	Prior Year Actual Results FY 2011-12
Plan Revenue:							
Member Premiums	\$ 244,770,880	\$ 228,651,269	\$ 2,173,329,667	\$ 2,054,788,166	\$ 2,872,808,844	\$ 2,772,587,259	\$ 2,750,368,851
Premium Refunds/Retroactive Disenrollments	(54,563)	(34,242)	(353,511)	(364,526)	(1,437,243)	(2,672,292)	(451,496)
Medicare Part D (RDS) Subsidy	4,789,476	5,106,550	33,730,286	37,108,709	39,519,892	60,058,789	57,583,602
Medicare PDP (EGWP + Wrap) Subsidy	3,952,331	-	12,479,240	-	19,759,856	-	-
Federal Early Retiree Reinsurance Program (ERRP)	-	-	(558,219)	42,163,391	-	25,583,136	42,163,391
Net Premium & Other Contributions	253,458,124	233,723,577	2,218,627,463	2,133,695,740	2,930,651,349	2,855,556,892	2,849,664,348
Investment Earnings	254,811	247,172	2,209,143	2,348,242	5,658,262	2,245,712	3,015,819
Miscellaneous Revenue	110,888	-	119,047	-	-	-	-
Other Revenue	365,699	247,172	2,328,190	2,348,242	5,658,262	2,245,712	3,015,819
Total Plan Revenue (excludes internal transfers)	253,823,823	233,970,749	2,220,955,653	2,136,043,982	2,936,309,611	2,857,802,604	2,852,680,167
Plan Expenses:							
Medical Claim Payments	173,909,720	147,796,790	1,363,295,214	1,370,241,037	2,003,583,417	2,078,924,788	1,849,410,105
Medical Claim Refunds/Recoveries	(1,582,718)	(3,027,501)	(17,902,078)	(21,517,985)	(31,216,928)	(33,175,196)	(22,634,615)
Net Medical Claims	172,327,002	144,769,289	1,345,393,136	1,348,723,052	1,972,366,489	2,045,749,592	1,826,775,490
Pharmacy Claim Payments	63,103,130	57,049,844	566,053,110	550,456,534	743,853,418	706,459,465	721,644,990
Pharmacy Claim Rebates	-	(16,812,290)	(37,046,327)	(77,675,064)	(53,173,873)	(66,582,530)	(93,130,160)
Pharmacy Claim Refunds/Recoveries	(14,189)	(5,804)	(484,867)	(69,113)	-	-	(481,977)
Net Pharmacy Claims	63,088,941	40,231,750	528,521,916	472,712,357	690,679,545	639,876,935	628,032,853
Net Claim Payments	235,415,943	185,001,039	1,873,915,052	1,821,435,409	2,663,046,034	2,685,626,527	2,454,808,343
Net Administrative Expenses	4,831,784	14,038,844	112,382,785	125,184,890	189,387,392	180,464,149	165,480,561
Total Plan Expenses (excludes internal transfers)	240,247,727	199,039,883	1,986,297,837	1,946,620,299	2,852,433,426	2,866,090,676	2,620,288,904
Plan Income/(Loss)	13,576,096	34,930,866	234,657,816	189,423,683	83,876,185	(8,288,072)	232,391,263
Cash Availability:							
Beginning Cash Balance/(Deficit)	723,329,191	424,349,029	502,247,471	269,856,212	502,247,475	226,838,352	269,856,212
Ending Cash Balance/(Deficit)	736,905,287	459,279,895	736,905,287	459,279,895	586,123,660	218,550,280	502,247,475
Target Stabilization Reserve @ 6/30/13	199,728,453	201,421,989	199,728,453	201,421,989	199,728,453	201,421,989	201,421,989
Cash Balance Over/(Under) Reserve Target	\$ 537,176,834	\$ 257,857,906	\$ 537,176,834	\$ 257,857,906	\$ 386,395,207	\$ 17,128,291	\$ 300,825,486

Comments:

a. Minor differences compared to other reports are due to rounding

**North Carolina State Health Plan for Teachers and State Employees
Summary of Operations (Cash Basis, as adjusted)**

Consolidated Report, Actual vs. Budgeted
For the Month Ended March 2013
Fiscal Year 2012-13

	A	B	C	D	E	F
	Actual Year to Date FY 2012-13 thru March	Adjustments for Timing, Unusual & Onetime Events	Adjusted Actual Year to Date	Authorized Budget Year to Date FY 2012-13 thru March	Year to Date Adjusted Variance Over/(Under) Budget	Adjusted Variance as Percentage of Budget
1 Plan Revenue:						
2						
3 Member Premiums (Note 1)	\$ 2,173,329,667	\$ (74,137)	\$ 2,173,255,530	\$ 2,156,181,250	\$ 17,074,280	0.79%
4 Premium Refunds/Retroactive Disenrollments	(353,511)		(353,511)	(1,078,509)	724,998	-67.22%
5 Medicare Part D (RDS) Subsidy (Notes 2 and 3)	33,730,286	1,165,935	34,896,221	37,981,597	(3,085,376)	-8.12%
6 Medicare PDP (EGWP + Wrap) Subsidy (Note 4)	12,479,240	(3,879,515)	8,599,725	7,894,113	705,612	8.94%
7 Federal Early Retiree Reinsurance Program (ERRP) (Note 5)	(558,219)	558,219	-	-	-	
8 Net Premium & Other Contributions	2,218,627,463	(2,229,498)	2,216,397,965	2,200,978,451	15,419,514	0.70%
9						
10 Other Revenue	2,328,190		2,328,190	4,165,893	(1,837,703)	-44.11%
11						
12 Total Plan Revenue (excludes internal transfers)	2,220,955,653	(2,229,498)	2,218,726,155	2,205,144,344	13,581,811	0.62%
13						
14 Plan Expenses:						
15						
16 Net Medical Claims	1,345,393,136		1,345,393,136	1,440,507,006	(95,113,870)	-6.60%
17 Net Pharmacy Claims (Note 6)	528,521,916	(3,082,747)	525,439,169	521,914,094	3,525,075	0.68%
18 Net Claim Payments	1,873,915,052	(3,082,747)	1,870,832,305	1,962,421,100	(91,588,795)	-4.67%
19						
20 Net Administrative Expenses (Note 7)	112,382,785	9,457,721	121,840,506	140,664,857	(18,824,351)	-13.38%
21						
22 Total Plan Expenses (excludes internal transfers)	1,986,297,837	6,374,974	1,992,672,811	2,103,085,957	(110,413,146)	-5.25%
23						
24 Plan Income/(Loss)	234,657,816	(8,604,472)	226,053,344	102,058,387	123,994,957	121.49%
25						
26 Cash Availability:						
27						
28 Beginning Cash Balance/(Deficit)	502,247,471		502,247,471	502,247,475	(4)	0.00%
29 Ending Cash Balance/(Deficit)	736,905,287	(8,604,472)	728,300,815	604,305,862	123,994,953	20.52%
30						
31 Target Stabilization Reserve @ 6/30/13	199,728,453		199,728,453	199,728,453	-	
32						
33 Cash Balance Over/(Under) Reserve Target	\$ 537,176,834	\$ (8,604,472)	\$ 528,572,362	\$ 404,577,409	\$ 123,994,953	30.65%

Adjustment Notes:

1. Member premiums adjusted for timing issues.
2. Medicare RDS subsidy revenues decreased to remove impact of unbudgeted prior year reconciliation receipt (\$482,857).
3. Medicare RDS subsidy revenues increased to adjust for RDS subsidy budgeted in March but received in April (\$1.6 million).
4. Medicare EGWP subsidy revenues decreased to remove impact of an unbudgeted January subsidy payment (\$3.9 million).
5. Revenues adjusted to remove impact of unbudgeted reimbursement to CMS for FY 2012 ERRP overpayment (\$558,219).
6. Net pharmacy claims decreased to account for the annual rebate true-up amount that was budgeted for March but had not been received by the end of the month.
7. Administrative expenses increased to include the March administrative payment to Blue Cross Blue Shield that was not disbursed until April (\$9.5 million).