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## CY 2017 1<sup>st</sup> Quarter Actuarial Forecast Update

*Board of Trustees Meeting*

June 2, 2017

Forecast prepared by The Segal Company  
Initial version dated 5-18-17

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*A Division of the Department of State Treasurer*

# Presentation Overview

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- Updated Assumptions: CY 2017 1<sup>st</sup> Quarter Forecast Update and Authorized CY 2017 Budget
- CY 2017 Forecast: CY 2017 1<sup>st</sup> Quarter Forecast Update vs. Authorized CY 2017 Budget
  - Premium increases for CY 2018 through CY 2021
- Forecast Comparisons: Ending Cash Balance
- Future Outlook

# Forecast Assumptions

## CY 2017 1<sup>st</sup> Quarter Update and Authorized CY17 Budget

- Membership Trends (*new membership assumptions used with CY 2016 Q4 update*)
  - Stable active employee membership (previously 1% annual decreases)
  - 1% annual decrease in non-Medicare retirees (previously 1% annual increases)
  - 3% annual increase in Medicare retirees (previously 1% annual increases)
- Claims costs trend assumptions
  - 7% medical trend
  - 8.5% pharmacy trend
- Projected administrative budget for 2017-2019 Fiscal Biennium (*less than prior forecasts*)
- Board-approved benefit design for CY 2018
  - Elimination of Consumer-Directed Health Plan
  - \$25/month employee premium on 70/30 Plan
  - \$50/month employee/retiree premium on 80/20 Plan
  - \$60/month tobacco surcharge or attestation credit; other wellness premiums eliminated
  - No increases to employee/retiree + child(ren) and employee/retiree + family tiers
- No increases in employee or dependent premiums from CY 2019 through CY 2021
- Projected CY 2017 year-end reserve amount is maintained through four equal premium increases in January of each year from 2018 through 2021

# Forecast Assumptions Revised/Changed

## CY 2017 1<sup>st</sup> Quarter Update vs. Authorized CY17 Budget

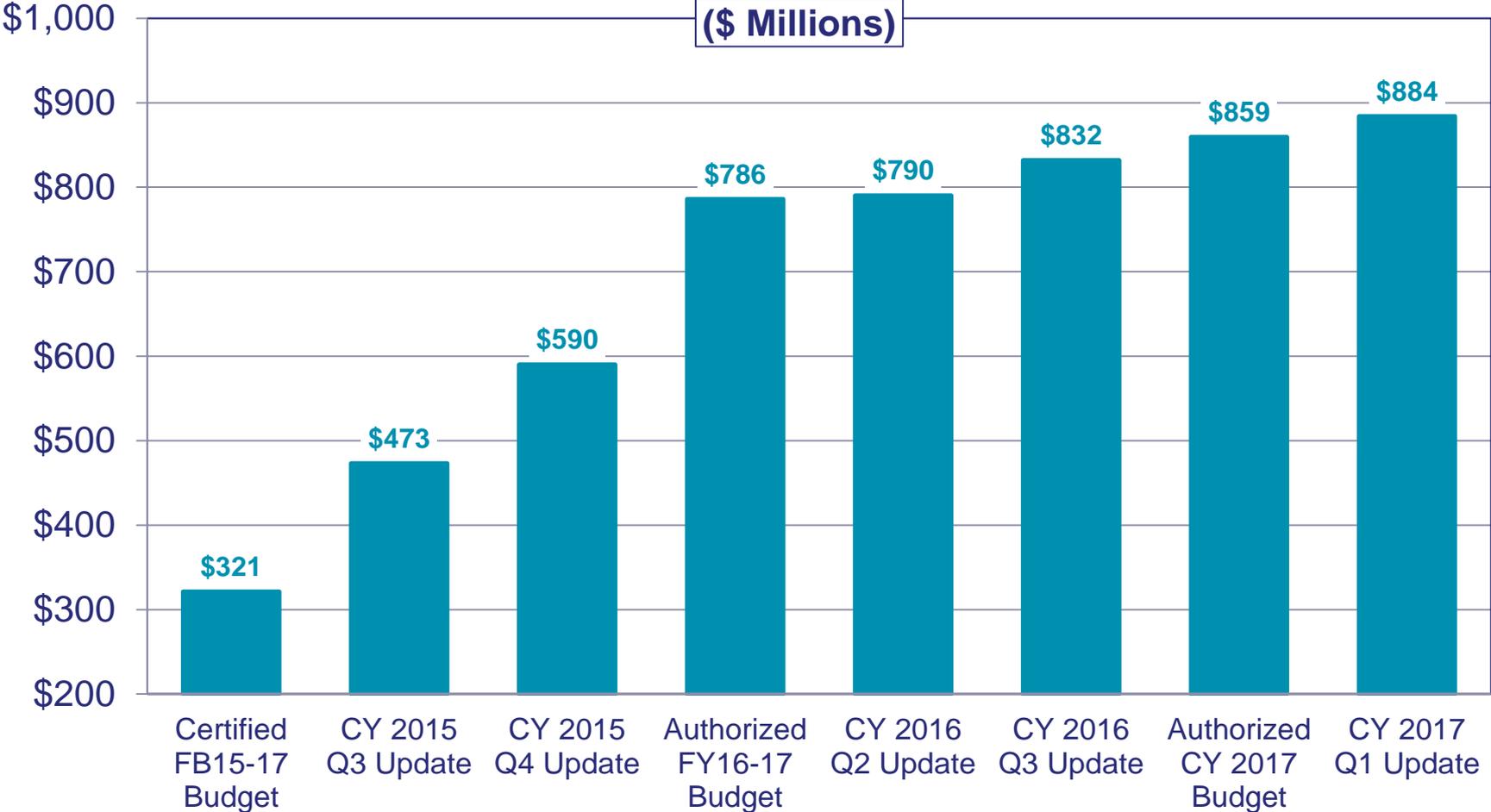
- Membership data based on actual March 2017 enrollment data (rather than December 2016)
- Anticipated claims expenses based on actual experience through March 2017 (rather than December 2016)
- Cash balance begins from actual total as of March 31, 2017 (instead of December 31, 2016)
- Actual claims and rebates from first quarter under the new PBM contract are used in rebasing the pharmacy forecast
- Final rebate true-up payment from ExpressScripts moved from June (FY2016-17) to July (FY2017-18)

# Comparison of Models

## CY 2017 1<sup>st</sup> Quarter Update vs. Authorized CY17 Budget

Calendar Year 2017	CY 2017 1 <sup>st</sup> Quarter Update (per Segal 5-18-17)	Authorized CY 2017 Budget (per Segal 4-26-17)	Difference: Increase/ (Decrease) From Budget
<b>Beginning Cash Balance</b>	<b>\$962.5 m</b>	<b>\$962.5 m</b>	<b>\$0.0 m</b>
Plan Revenue	\$3.342 b	\$3.303 b	\$38.4 m
Net Claims Payments	\$3.017 b	\$2.998 b	\$18.8 m
Medicare Advantage Premiums	\$194.6 m	\$194.2 m	\$0.4 m
Net Administrative Expenses	\$208.4 m	\$213.8 m	(\$5.4 m)
<b>Total Plan Expenses</b>	<b>\$3.420 b</b>	<b>\$3.406 b</b>	<b>\$13.8 m</b>
Net Income/(Loss)	(\$78.5 m)	(\$103.1 m)	\$24.6 m
<b>Ending Cash Balance</b>	<b>\$884.0 m</b>	<b>\$859.4 m</b>	<b>\$24.6 m</b>
2018 - 2021 Premium Increases	7.02%	7.16%	(0.14%)

# Forecast Comparisons: Ending Cash Balance December 31, 2017



# Summary/Future Outlook

## Based on CY 2017 1<sup>st</sup> Quarter Update

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- Relative to the Authorized CY 2017 Budget, the CY 2017 1<sup>st</sup> Quarter Update projects:
  - **higher** cash balance at the end of 2017,
  - **higher** medical claims costs mostly due to higher membership numbers, and
  - **lower** pharmacy claims costs due to higher rebate projections.
- The **\$879.1 million** cash balance projected for the start of the 2017-2019 Fiscal Biennium (July 1, 2017):
  - Is \$35.2 million **lower** than the Authorized CY 2017 Budget projection due to movement of a projected \$55 million rebate payment from June 2017 (FY 2016-17) to July 2017 (FY 2017-18)
  - **Exceeds** the 9.0% target stabilization reserve amount by \$611.4 million
  - Equates to **13 weeks** of projected FY 2017-18 operating expenses
- The CY 2017 1<sup>st</sup> Quarter Update projects the need for **7.02%** premium increases for 2018 through 2021 in order to maintain cash reserves. This is slightly **lower** than the Authorized CY 2017 Budget (7.16%)

# Appendices

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- Appendix 1: Forecast Update Schedule
- Appendix 2: Calendar Year 2016 Forecast Comparisons
- Appendix 3: Fiscal Year 2017 and Calendar Year 2017 Forecast Comparisons
- Appendix 4: Segal Forecast Summary Pages

# Appendix 1

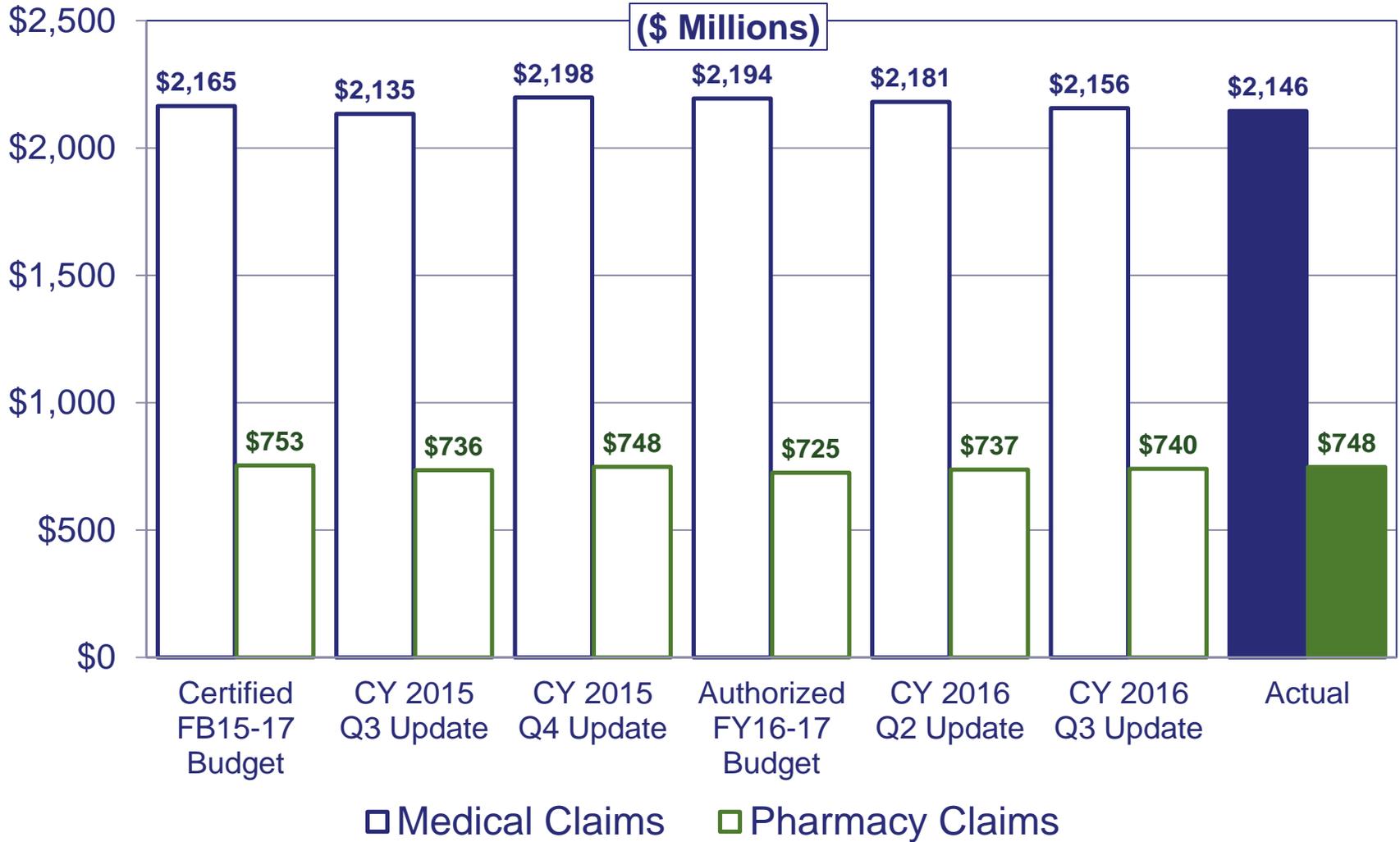
## Actuarial Forecast Update Schedule

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- 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

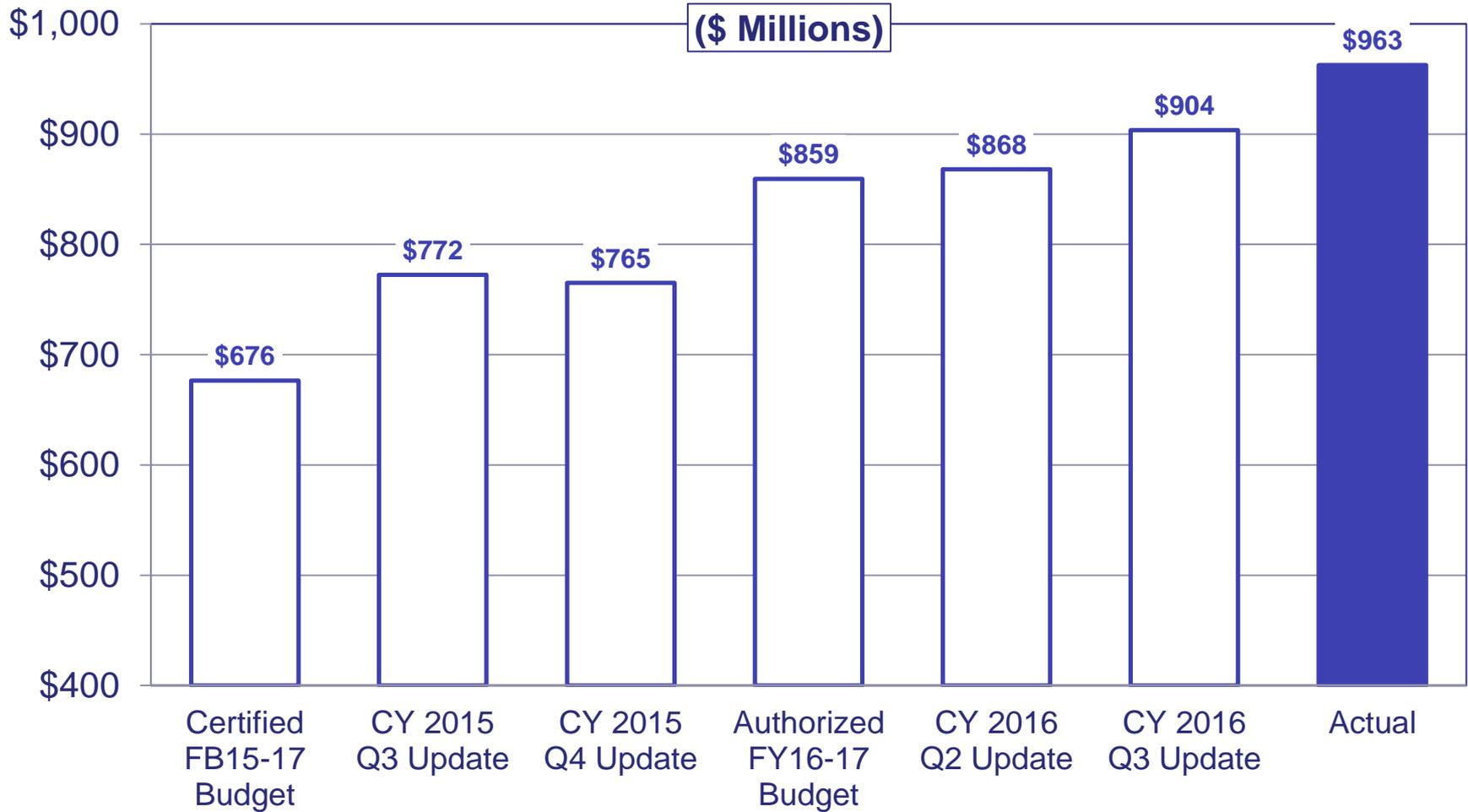
# Appendix 2

## Forecast Comparisons: Calendar Year 2016 Claims



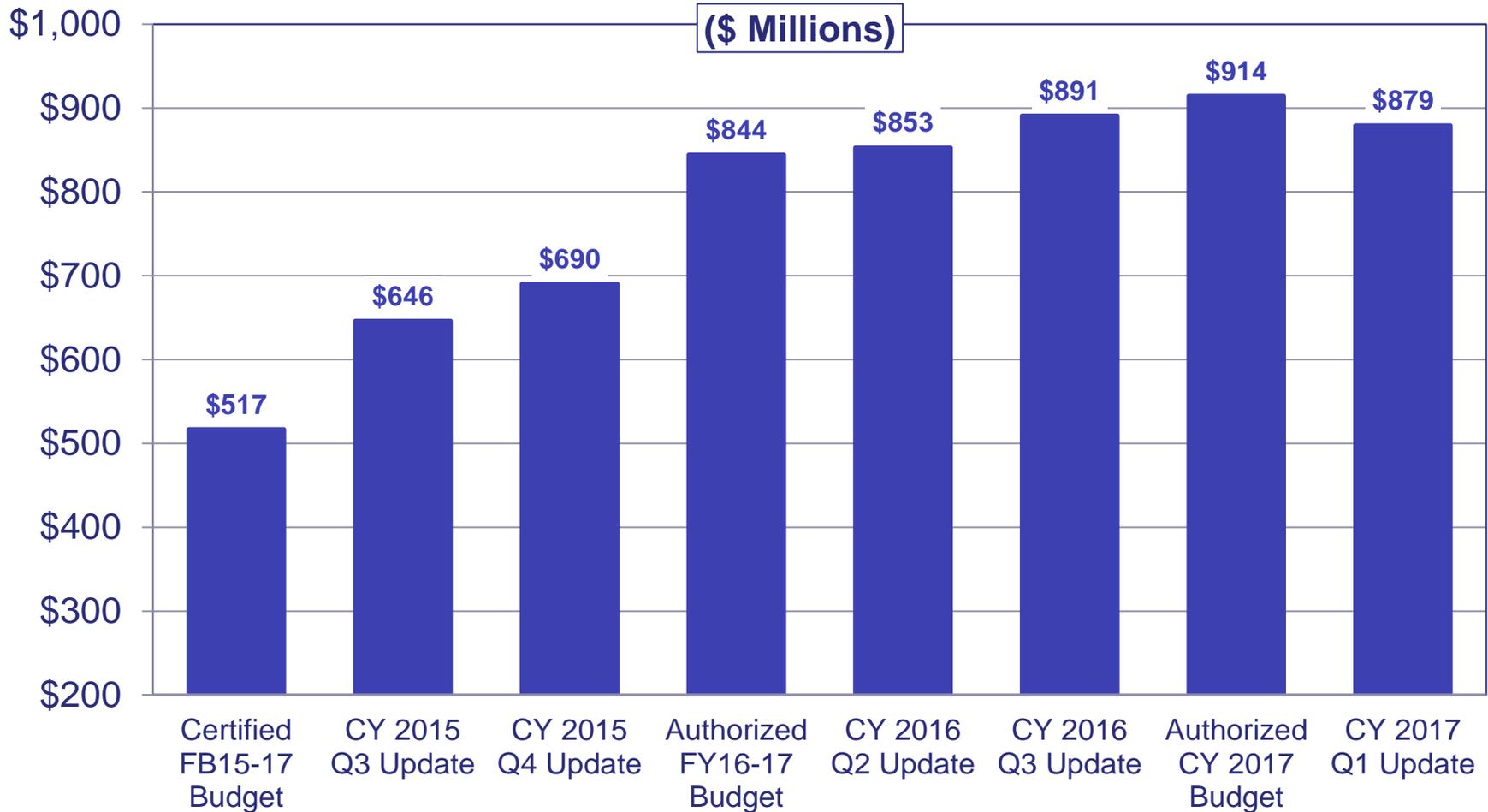
# Appendix 2

## Forecast Comparisons: Ending Cash Balance December 31, 2016



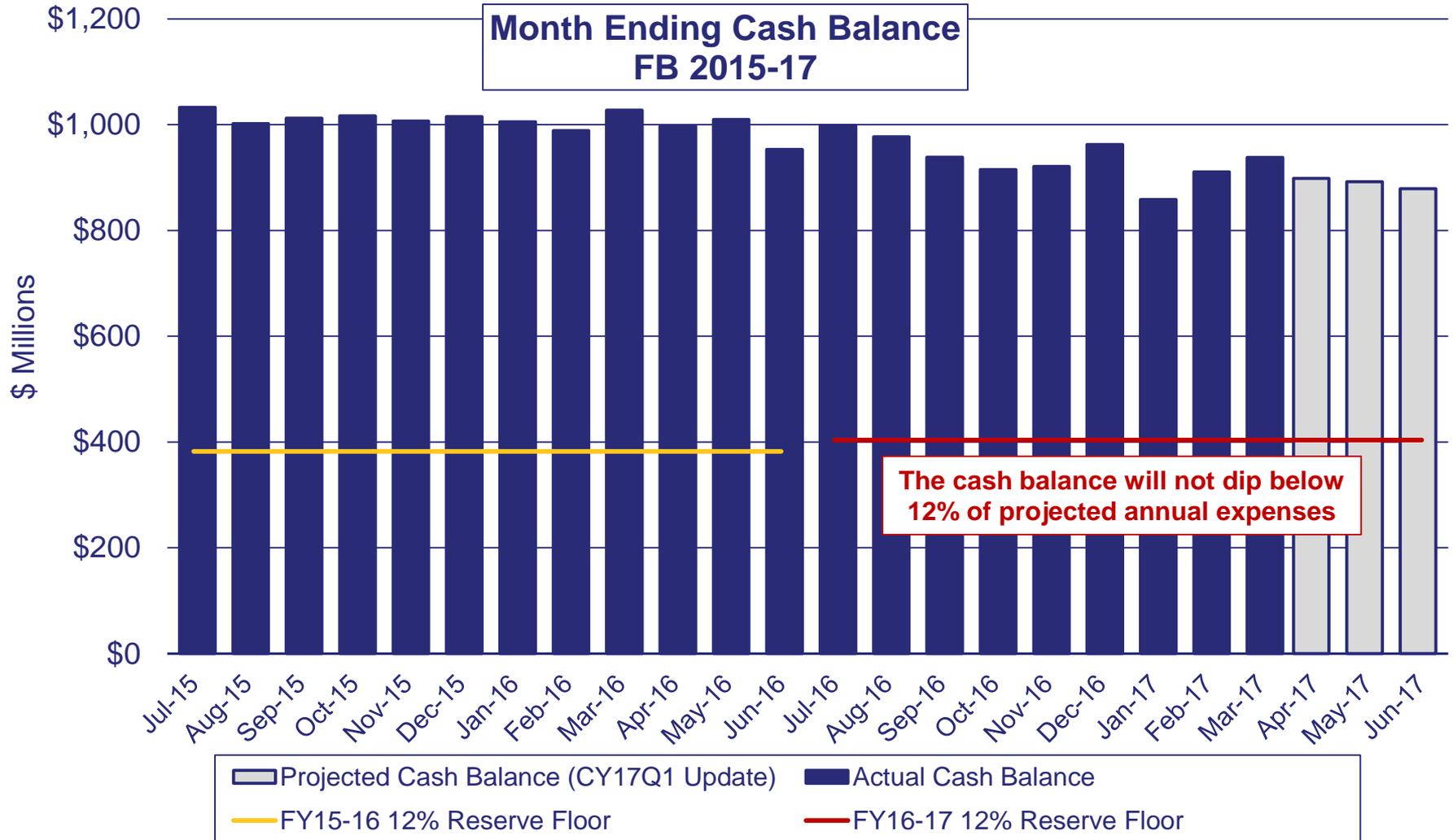
# Appendix 3

## Forecast Comparisons: Ending Cash Balance June 30, 2017



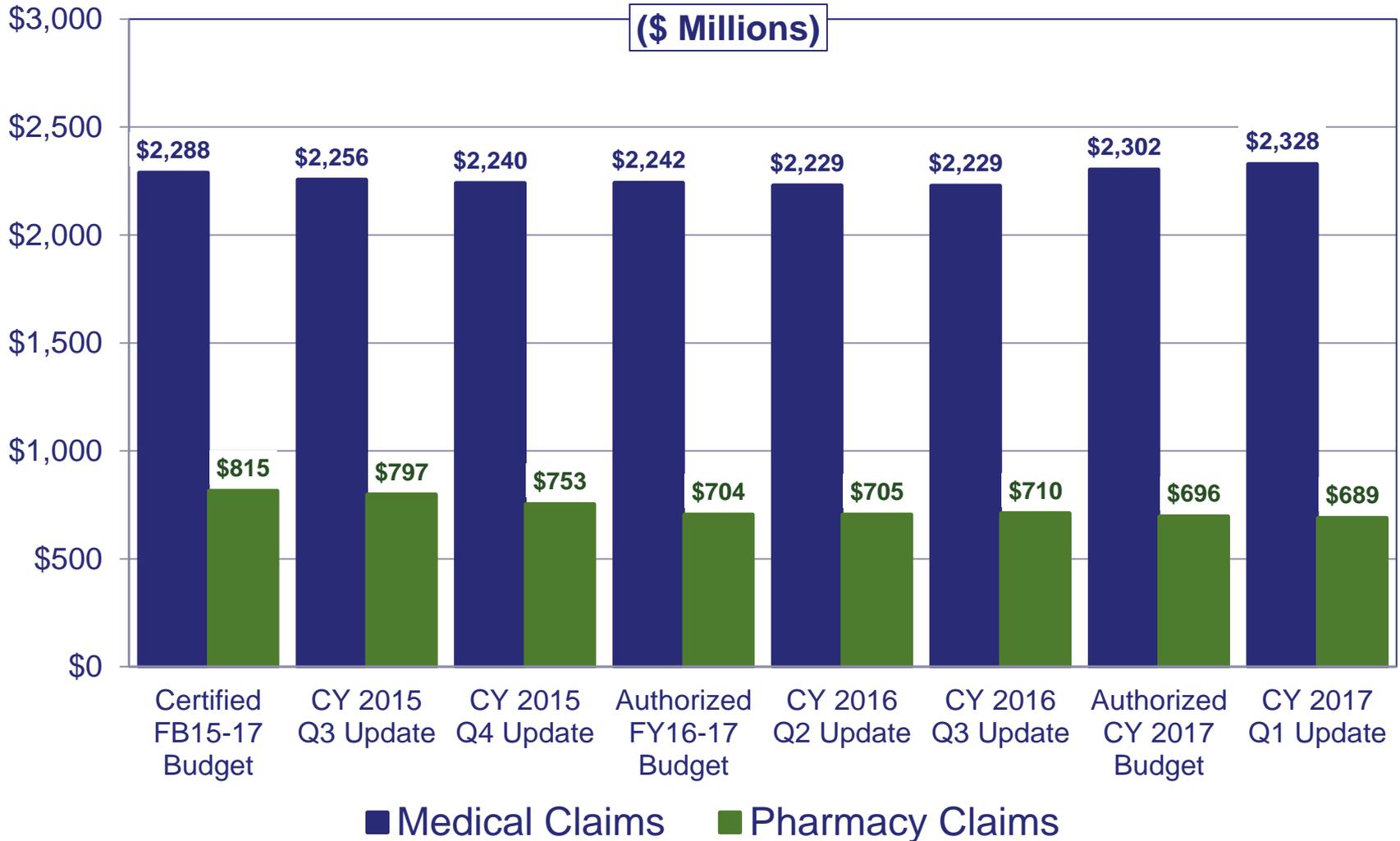
# Appendix 3

## Projected Cash Balance/12% Legislative Reserve Floor



# Appendix 3

## Forecast Comparisons: Calendar Year 2017 Claims



# Appendix 4: Segal Forecast Summary Pages

North Carolina State Health Plan  
Financial Projections - Jun 2015

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Increased Cost Sharing, Smoker Surcharge (\$40 for 2017 and \$60 for 2018 and 2019) and \$20 Premium for Active (Starting 2018) on 70/30 Plan  
With March 2015 Enrollment

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

3.47% Increase for Actives and NMRs and 3.45% Increase for MRs in ER Contribution and 2.83% Increase for EE Contribution in 2016, 3.43% Increase for ER and EE in 2017

	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	Actual									
	FY 2012	FY 2013									
<b>PLAN INCOME:</b>											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,592,141	2,969,222,633	3,101,082,665	3,196,980,423	3,670,811,220	4,194,038,986	4,387,013,794	4,591,067,046
Wellness Surcharge/(Credit)	-	-	-	-	(5,579,400)	(12,235,376)	(244,681)	14,428,650	14,997,168	16,015,020	16,574,924
Medicare Advantage Subsidy	-	-	-	721,773	946,437	866,821	883,058	918,683	935,591	972,280	989,879
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(28,401)	(753,239)	(1,550,541)	(1,598,490)	(1,835,406)	(2,097,019)	(2,193,507)	(2,295,534)
Premium Change due to Movement	-	-	-	-	1,290,050	(11,584,401)	(8,449,897)	3,216,901	6,609,643	10,731,179	12,578,500
Medicare Part D	57,583,602	38,056,016	(1,323,888)	21,584,404	18,259,815	14,177,803	14,476,584	13,968,257	14,199,870	13,526,773	13,672,026
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,202,822	216,170	441	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,162,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,435,483	37,082,587	28,378,402	48,603,406	-	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,417,142	4,699,673	3,269,599	2,005,537	1,069,547	1,152,773	1,529,812	1,573,273
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>1,539,900,247</b>	<b>3,007,663,512</b>	<b>3,036,689,374</b>	<b>3,094,026,568</b>	<b>3,204,052,534</b>	<b>3,702,577,852</b>	<b>4,229,837,012</b>	<b>4,427,595,351</b>	<b>4,634,160,114</b>
<b>PLAN EXPENSE:</b>											
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,949,838,964	2,091,695,828	2,248,177,501	2,391,472,401	2,601,158,619	2,718,666,411	2,899,821,730	3,082,959,373
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(22,731,740)	(26,552,076)	(26,876,079)	(28,428,782)	(30,324,486)	(32,480,285)	(34,421,873)	(36,866,910)
Adjustment for Changes	-	-	-	-	1,687,469	(63,902,366)	(83,097,380)	(80,281,035)	(68,989,932)	(83,381,471)	(77,619,822)
Cost of Add Locals	-	-	-	-	-	7,482,840	7,976,416	8,503,282	8,482,861	8,442,872	8,424,051
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,066,831,221	2,164,881,896	2,287,922,654	2,499,056,381	2,625,679,055	2,790,461,258	2,976,896,692
Medicare Advantage Premiums	-	-	-	155,497,950	171,292,151	190,926,383	207,663,919	231,607,844	251,851,659	280,568,061	305,023,745
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	747,682,663	802,051,996	864,669,485	932,231,424	1,005,133,318	1,084,389,407	1,169,389,293
Rebates	(93,130,160)	(69,641,941)	(32,188,641)	(98,763,203)	(89,462,256)	(50,098,631)	(51,122,325)	(51,830,700)	(52,881,526)	(53,579,327)	(54,647,657)
Claims Adjustment for Changes	-	-	-	-	-	-	-	-	-	-	-
Additional ACA Preventive Medicine	-	-	-	-	345,776	1,276,000	1,366,000	1,462,000	1,522,931	1,637,763	1,749,194
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	658,566,182	753,229,366	814,913,160	881,862,724	953,774,723	1,032,447,843	1,116,490,830
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,657,393	2,896,689,554	3,109,037,645	3,310,499,733	3,612,526,948	3,831,305,437	4,103,477,163	4,398,411,268
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	207,934,251	226,154,235	234,469,159	240,612,354	246,937,966	253,452,064	260,160,933
ACA Reinsurance Fee	-	-	-	-	5,642,732	23,664,475	14,405,357	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>1,484,941,057</b>	<b>2,831,263,302</b>	<b>3,110,266,537</b>	<b>3,358,856,354</b>	<b>3,559,374,250</b>	<b>3,853,139,302</b>	<b>4,078,243,404</b>	<b>4,356,929,227</b>	<b>4,658,572,201</b>
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,400,210	(73,577,163)	(264,829,786)	(355,321,715)	(150,561,450)	151,593,608	70,666,124	(24,412,087)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,847,346	941,270,183	676,440,397	321,118,681	170,557,232	322,150,840	392,816,964
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,847,346	941,270,183	676,440,397	321,118,681	170,557,232	322,150,840	392,816,964	368,404,877
Target Stabilization Reserve - CY (9%)	184,110,626	201,392,496	113,231,386	214,723,553	245,285,766	262,630,014	279,255,223	304,282,719	322,150,840	344,061,819	368,404,877
Legislative Target Reserve - CY (20%)	-	-	-	-	622,053,307	671,771,271	-	-	-	-	-
Cash Balance Over CY TSR	318,136,845	582,095,450	725,215,751	800,123,793	695,984,417	413,810,383	41,863,458	(133,725,488)	0	48,755,145	0
Cash Balance Over CY LTR	-	-	-	-	319,216,876	4,669,126	-	-	-	-	-
Target Stabilization Reserve %	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve						20.1%	9.0%	4.4%	7.9%	9.0%	7.9%
ER Premium Increase:	7/1 Increase 5.3%	7/1 Increase 5.3%		1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase	1/1 Increase
EE Premium Increase:	5.3%	5.3%		0.00%	0.00%	3.47%	3.43%	14.88%	14.88%	5.03%	5.03%
				0.00%	0.00%	2.83%	3.43%	14.88%	14.88%	5.03%	5.03%

### North Carolina State Health Plan Financial Projections - Jun 2015

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Increased Cost Sharing, Smoker Surcharge (\$40 for 2017 and \$60 for 2018 and 2019) and \$20 Premium for Active (Starting 2018) on 70/30 Plan  
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		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium		2020 - 2021 Biennium	
	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019	Projection FY2020	Projection FY2021
<b>PLAN INCOME:</b>										
Net Contribution Income	2,750,368,851	2,895,366,140	2,941,097,678	2,987,502,673	3,047,816,558	3,149,043,042	3,434,089,830	3,932,617,147	4,290,561,921	4,489,077,217
Wellness Surcharge/(Credit)	-	-	-	-	(11,707,747)	(6,225,252)	7,106,868	14,713,117	15,506,617	16,295,135
Medicare Advantae Subsidy	-	-	417,565	833,262	848,545	875,853	899,869	928,068	952,914	982,029
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(299,923)	(11,359)	(1,523,908)	(1,574,522)	(1,717,045)	(1,966,309)	(2,145,281)	(2,244,539)
Premium Change due to Movement Medicare Part D	57,583,602	38,056,016	11,583,652	19,590,771	(4,477,966)	(10,011,806)	(2,601,073)	4,918,367	8,676,356	11,658,104
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,216,663	202,770	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	38,563,909	1,478,088	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,435,483	63,780,571	50,283,823	-	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	3,916,235	5,065,735	3,760,447	2,689,246	1,414,677	989,855	1,367,484	1,628,574
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>3,020,495,778</b>	<b>3,063,262,956</b>	<b>3,049,173,135</b>	<b>3,149,027,412</b>	<b>3,453,526,948</b>	<b>3,966,177,680</b>	<b>4,328,908,163</b>	<b>4,530,877,910</b>
<b>PLAN EXPENSE:</b>										
Medical Claims Payment	1,849,410,105	1,858,096,405	1,989,574,333	2,021,369,178	2,178,449,449	2,319,076,194	2,471,229,778	2,631,415,335	2,862,799,493	2,989,707,862
Claim Refunds	(22,634,615)	(23,467,914)	(22,450,766)	(24,839,428)	(25,761,279)	(27,538,585)	(29,524,691)	(31,258,850)	(33,527,532)	(35,492,222)
Adjustment for Changes	-	-	-	-	(29,808,787)	(73,348,668)	(81,108,183)	(74,743,236)	(76,313,860)	(80,445,833)
Cost of Add Locals	-	-	-	-	3,681,718	7,725,604	8,235,548	8,779,912	8,176,325	8,718,301
Net Medical Claims	1,826,775,490	1,834,628,491	1,967,123,567	1,996,529,750	2,126,561,101	2,225,914,544	2,368,832,452	2,534,193,161	2,761,134,427	2,882,488,107
Medicare Advantage Premiums	-	-	78,538,847	162,400,394	181,076,579	199,274,333	219,606,100	241,704,572	266,174,143	292,765,485
Pharmacy Claims Payment	721,163,013	752,419,650	743,281,462	721,469,293	801,972,479	832,959,448	898,016,897	968,213,916	1,044,840,766	1,126,360,411
Rebates	(93,130,160)	(69,641,941)	(91,653,105)	(51,114,709)	(104,118,977)	(50,534,232)	(51,558,326)	(52,269,924)	(53,319,911)	(54,019,906)
Claims Adjustment for Changes	-	-	-	-	-	-	-	-	-	-
Additional ACA Preventive Medicine	-	-	-	-	984,386	1,321,028	1,414,029	1,476,948	1,580,652	1,693,972
Net Pharmacy Claims	628,032,853	682,777,709	651,628,357	670,354,584	698,837,888	783,746,244	847,872,600	917,420,940	993,101,508	1,074,034,477
Total Claims	2,454,808,343	2,517,406,200	2,697,290,771	2,829,284,728	3,006,475,568	3,208,935,121	3,436,311,152	3,693,318,674	4,020,410,077	4,249,288,070
Administrative Costs	165,480,561	161,401,639	148,134,913	168,416,645	220,861,106	231,442,088	237,495,630	243,728,615	250,147,001	256,756,966
ACA Reinsurance Fee	-	-	-	-	23,391,088	14,452,627	5,868,849	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>2,845,425,684</b>	<b>2,997,701,373</b>	<b>3,250,727,762</b>	<b>3,454,829,836</b>	<b>3,679,675,631</b>	<b>3,937,047,289</b>	<b>4,270,557,079</b>	<b>4,506,045,035</b>
Plan Income (Loss)	232,391,259	281,240,475	175,070,094	65,561,583	(201,554,627)	(305,802,424)	(226,148,683)	29,130,391	58,351,084	24,832,874
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	958,558,040	1,024,119,623	822,564,996	516,762,572	290,613,889	319,744,280	378,095,364
Ending Cash Balance (Deficit)	502,247,471	783,487,946	958,558,040	1,024,119,623	822,564,996	516,762,572	290,613,889	319,744,280	378,095,364	402,928,238
Target Stabilization Reserve - FY (9%)	184,110,626	201,392,496	222,593,914	240,019,590	254,285,909	270,869,471	289,503,455	310,645,269	337,881,234	356,087,033
Legislative Target Reserve - FY (20%)	-	-	-	599,540,275	650,145,552	690,965,967	-	-	-	-
Cash Balance Over FY TSR	-	-	-	784,100,033	568,279,087	245,893,101	1,110,434	9,099,011	40,214,130	46,841,205
Cash Balance Over FY LTR	-	-	-	424,579,348	172,419,443	(174,203,395)	-	-	-	-
Target Stabilization Reserve %	7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve				34.2%	25.3%	15.0%	7.9%	8.1%	8.9%	8.9%
	<b>7/1 Increase</b>	<b>7/1 Increase</b>	<b>1/1 Increase</b>							
ER Premium Increase:	5.3%	5.3%	0.00%	0.00%	3.47%	3.43%	14.88%	14.88%	5.03%	5.03%
EE Premium Increase:	5.3%	5.3%	0.00%	0.00%	2.83%	3.43%	14.88%	14.88%	5.03%	5.03%

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

No Wellness, No 100% Preventive, Increased Cost Sharing, Smoker Surchager (\$40 for 2017 and \$60 for 2018 and 2019) and \$20 Premium for Active (Starting 2018) on 70/30 Plan  
With March 2015 Enrollment

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

3.47% Increase for Actives and NMRs and 3.45% Increase for MRs in ER Contribution and 2.83% Increase for EE Contribtuon in 2016, 3.43% Increase for ER and EE in 2017, Adjust Rebates

	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									
<b>PLAN INCOME:</b>											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,592,141	2,969,434,829	3,105,054,097	3,200,983,050	3,589,776,085	4,005,529,283	4,280,379,874	4,576,444,686
Wellness Surcharge/(Credit)	-	-	-	-	(2,793,778)	(12,263,431)	(233,288)	14,480,802	15,049,768	16,069,016	16,629,275
Medicare Advantae Subsidy	-	-	-	721,773	929,560	863,951	880,134	915,641	932,493	969,061	986,601
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(28,401)	(379,595)	(1,552,527)	(1,600,492)	(1,794,888)	(2,002,765)	(2,140,190)	(2,288,222)
Premium Change due to Movement	-	-	-	-	646,082	(11,519,972)	(8,371,203)	2,848,087	5,561,674	10,110,963	12,592,164
Medicare Part D	57,583,602	38,056,016	(1,323,888)	21,584,404	18,952,795	14,774,755	15,094,295	14,555,087	14,805,491	14,093,417	14,254,775
<b>EGWP+Wrap</b>											
Direct Subsidy	-	24,435,483	25,202,822	216,170	441	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,162,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,602,965	-	-	-	-	-	-
<b>Total</b>	-	24,435,483	37,082,587	28,378,402	48,603,406	-	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,417,142	5,357,305	3,550,234	2,503,805	1,627,638	1,394,313	1,411,535	1,454,367
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>1,539,900,247</b>	<b>3,007,663,512</b>	<b>3,040,750,604</b>	<b>3,098,907,106</b>	<b>3,209,256,302</b>	<b>3,622,408,453</b>	<b>4,041,270,257</b>	<b>4,320,893,677</b>	<b>4,620,073,646</b>
<b>PLAN EXPENSE:</b>											
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,949,838,964	2,074,977,584	2,217,519,782	2,358,765,720	2,564,269,898	2,679,997,515	2,858,455,874	3,038,929,464
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(22,731,740)	(24,435,428)	(26,551,684)	(28,040,151)	(29,896,725)	(32,018,530)	(33,931,080)	(36,340,488)
Adjustment for Changes	-	-	-	-	834,617	(63,887,812)	(83,101,633)	(80,074,499)	(68,734,818)	(83,040,724)	(77,253,339)
Cost of Add Locals	-	-	-	-	-	7,482,839	7,976,186	8,502,793	8,482,130	8,441,894	8,422,830
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,051,376,773	2,134,563,125	2,255,600,123	2,462,801,467	2,587,726,298	2,749,925,964	2,933,758,468
Medicare Advantage Premiums	-	-	-	155,497,950	171,639,724	190,294,172	206,976,285	230,840,925	251,017,707	279,639,021	304,013,725
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	750,616,119	805,146,066	867,967,940	935,790,419	1,008,950,160	1,088,485,072	1,173,781,666
Rebates	(93,130,160)	(69,641,941)	(32,188,641)	(98,763,203)	(96,193,453)	(70,921,564)	(72,136,106)	(72,978,258)	(74,225,117)	(75,055,004)	(76,322,760)
Claims Adjustment for Changes	-	-	-	-	-	-	-	-	-	-	-
Additional ACA Preventive Medicine	-	-	-	-	172,925	1,276,000	1,366,000	1,462,000	1,522,886	1,637,595	1,748,784
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	654,595,591	735,500,501	797,217,834	864,274,160	936,247,929	1,015,067,663	1,099,207,689
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,657,393	2,877,612,088	3,060,357,798	3,259,794,242	3,557,916,552	3,774,991,934	4,044,632,648	4,336,979,883
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	188,653,615	226,154,671	234,465,773	240,601,941	246,920,108	253,426,322	260,126,849
ACA Reinsurance Fee	-	-	-	-	5,642,732	23,681,377	14,442,352	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>1,484,941,057</b>	<b>2,831,263,302</b>	<b>3,071,908,435</b>	<b>3,310,193,846</b>	<b>3,508,702,366</b>	<b>3,798,518,492</b>	<b>4,021,912,042</b>	<b>4,298,058,969</b>	<b>4,597,106,731</b>
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,400,210	(31,157,831)	(211,286,740)	(299,446,064)	(176,110,040)	19,358,215	22,834,708	22,966,915
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,847,346	983,689,515	772,402,775	472,956,711	296,846,672	316,204,887	339,039,594
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,847,346	983,689,515	772,402,775	472,956,711	296,846,672	316,204,887	339,039,594	362,006,509
Target Stabilization Reserve - CY (9%)	184,110,626	201,392,496	113,231,386	214,723,553	243,537,513	258,305,726	274,753,616	299,436,806	317,157,680	338,849,426	362,966,954
Legislative Target Reserve - CY (20%)	-	-	-	-	614,381,687	662,038,769	514,097,049	(2,590,135)	(952,794)	190,168	(960,445)
Cash Balance Over CY TSR	318,136,845	582,095,450	725,215,751	800,123,793	740,152,002	369,307,828	110,364,006	-	-	-	-
Cash Balance Over CY LTR	-	-	-	-	-	-	-	-	-	-	-
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	214,723,553	243,537,513	258,305,726	274,753,616	299,436,806	317,157,680	338,849,426	362,966,954
Target Stabilization Reserve %	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve						23.3%	13.5%	7.8%	7.9%	7.9%	7.9%
	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
ER Premium Increase:	5.3%	5.3%		0.00%	0.00%	3.47%	3.43%	12.16%	12.16%	7.35%	7.35%
EE Premium Increase:	5.3%	5.3%		0.00%	0.00%	2.83%	3.43%	12.16%	12.16%	7.35%	7.35%

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

**No Wellness, No 100% Preventive, Increased Cost Sharing, Smoker Surcharge (\$40 for 2017 and \$60 for 2018 and 2019) and \$20 Premium for Active (Starting 2018) on 70/30 Plan  
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		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium		2020 - 2021 Biennium	
	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019	Projection FY2020	Projection FY2021
<b>PLAN INCOME:</b>										
Net Contribution Income	2,750,368,851	2,895,366,140	2,941,097,678	2,987,502,673	3,050,027,435	3,153,030,472	3,395,536,181	3,797,799,321	4,143,028,885	4,428,490,439
Wellness Surcharge/(Credit)	-	-	-	-	(8,936,204)	(6,233,533)	7,138,703	14,765,496	15,559,919	16,349,311
Medicare Advantae Subsidy	-	-	417,565	833,262	830,241	872,953	896,890	924,995	949,758	978,777
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(299,923)	(11,359)	(1,151,263)	(1,576,515)	(1,697,768)	(1,898,900)	(2,071,514)	(2,214,245)
Premium Change due to Movement Medicare Part D	57,583,602	38,056,016	11,583,652	19,590,771	(5,089,766)	(9,940,232)	(2,746,640)	4,209,277	7,842,710	11,355,528
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,216,663	202,770	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	38,563,909	1,478,088	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	48,602,965	-	-	-	-	-	-
<b>Total</b>	-	24,435,483	63,780,571	50,283,823	-	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	3,916,235	5,065,735	4,525,824	3,077,455	1,983,952	1,442,568	1,387,023	1,462,081
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>3,020,495,778</b>	<b>3,063,262,956</b>	<b>3,055,351,577</b>	<b>3,154,058,232</b>	<b>3,416,063,103</b>	<b>3,831,806,868</b>	<b>4,181,290,872</b>	<b>4,470,469,793</b>
<b>PLAN EXPENSE:</b>										
Medical Claims Payment	1,849,410,105	1,858,096,405	1,989,574,333	2,021,369,178	2,146,535,686	2,287,405,014	2,436,793,675	2,594,043,546	2,822,021,392	2,947,034,629
Claim Refunds	(22,634,615)	(23,467,914)	(22,450,766)	(24,839,428)	(23,510,393)	(27,162,683)	(29,115,766)	(30,815,122)	(33,050,199)	(34,985,734)
Adjustment for Changes	-	-	-	-	(30,647,624)	(73,343,374)	(81,010,253)	(74,516,786)	(76,009,315)	(80,099,221)
Cost of Add Locals	-	-	-	-	3,681,744	7,725,493	8,235,192	8,779,279	8,175,497	8,717,162
Net Medical Claims	1,826,775,490	1,834,628,491	1,967,123,567	1,996,529,750	2,096,059,412	2,194,624,449	2,334,902,848	2,497,490,917	2,721,137,376	2,840,666,835
Medicare Advantage Premiums	-	-	78,538,847	162,400,394	181,108,833	198,614,479	218,878,922	240,904,220	265,292,765	291,796,056
Pharmacy Claims Payment	721,163,013	752,419,650	743,281,462	721,469,293	806,435,407	836,164,450	901,454,272	971,900,389	1,048,797,720	1,130,602,793
Rebates	(93,130,160)	(69,641,941)	(91,653,105)	(51,114,709)	(127,247,043)	(71,438,765)	(72,653,831)	(73,499,843)	(74,745,767)	(75,578,303)
Claims Adjustment for Changes	-	-	-	-	811,540	1,321,029	1,414,029	1,476,927	1,580,559	1,693,699
Additional ACA Preventive Medicine	-	-	-	-	679,999,903	766,046,713	830,214,471	899,877,472	975,632,512	1,056,718,189
Net Pharmacy Claims	628,032,853	682,777,709	651,628,357	670,354,584	679,999,903	766,046,713	830,214,471	899,877,472	975,632,512	1,056,718,189
Total Claims	2,454,808,343	2,517,406,200	2,697,290,771	2,829,284,728	2,957,168,149	3,159,285,642	3,383,996,240	3,638,272,610	3,962,062,653	4,189,181,080
Administrative Costs	165,480,561	161,401,639	148,134,913	168,416,645	201,580,078	231,442,088	237,488,807	243,714,560	250,125,286	256,727,142
ACA Reinsurance Fee	-	-	-	-	23,403,765	14,478,775	5,883,921	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>2,845,425,684</b>	<b>2,997,701,373</b>	<b>3,182,151,991</b>	<b>3,405,206,505</b>	<b>3,627,368,969</b>	<b>3,881,987,169</b>	<b>4,212,187,939</b>	<b>4,445,908,222</b>
Plan Income (Loss)	232,391,259	281,240,475	175,070,094	65,561,583	(126,800,414)	(251,148,272)	(211,305,866)	(50,180,301)	(30,897,068)	24,561,571
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	958,558,040	1,024,119,623	897,319,209	646,170,936	434,865,071	384,684,769	353,787,702
Ending Cash Balance (Deficit)	502,247,471	783,487,946	958,558,040	1,024,119,623	897,319,209	646,170,936	434,865,071	384,684,769	353,787,702	378,349,273
Target Stabilization Reserve - FY (9%)	184,110,626	201,392,496	222,593,914	240,019,590	249,845,338	266,460,405	284,860,559	305,763,155	332,709,290	350,764,652
Legislative Target Reserve - FY (20%)	-	-	-	599,540,275	636,430,398	681,041,301	-	-	-	-
Cash Balance Over FY TSR	-	-	-	784,100,033	647,473,870	379,710,532	150,004,512	78,921,614	21,078,412	27,584,621
Cash Balance Over FY LTR	-	-	-	424,579,348	260,888,810	(34,870,365)	-	-	-	-
Target Stabilization Reserve %	7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve				34.2%	28.2%	19.0%	12.0%	9.9%	8.4%	8.5%
	<b>7/1 Increase</b>	<b>7/1 Increase</b>	<b>1/1 Increase</b>							
ER Premium Increase:	5.3%	5.3%	0.00%	0.00%	3.47%	3.43%	12.16%	12.16%	7.35%	7.35%
EE Premium Increase:	5.3%	5.3%	0.00%	0.00%	2.83%	3.43%	12.16%	12.16%	7.35%	7.35%

### North Carolina State Health Plan

#### Financial Projections - Dec 2015

#### Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Smoker Surcharger (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan

With January 2016 Enrollment

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

3.43% Increase for ER and EE in 2017, Proposed 70/30 and VBID 80/20 Plan Change (Deductible = \$ 1,250 and OOP = 4350/2500) in 2017 with PBM BAFO (Open) and MA at 5% in 2017

	2012 - 2013 Biennium		Actual Short Plan Year Jul-Dec 2013	Actual Calendar 2014	Actual 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									
<b>PLAN INCOME:</b>											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,592,141	2,993,891,773	3,114,805,943	3,241,544,109	3,439,499,261	3,649,868,274	3,996,236,806	4,375,863,214
Wellness Surcharge/(Credit)	-	-	-	-	-	4,619,717	17,527,696	37,659,176	37,934,769	38,208,827	35,793,793
Medicare Advantage Subsidy	-	-	-	721,773	959,319	1,179,078	1,217,248	1,246,454	1,275,438	1,304,877	1,334,778
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(28,401)	(5,343)	(1,587,453)	(1,620,772)	(1,719,750)	(1,824,934)	(1,998,118)	(2,187,932)
Premium Change due to Movement Medicare Part D	57,583,802	38,056,016	(1,323,888)	21,584,404	19,484,823	17,219,883	(1,617,419)	(880,639)	(60,793)	825,302	1,846,972
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,202,822	216,170	441	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,162,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,802,965	-	-	-	-	-	-
Total	-	24,435,483	37,082,587	28,378,402	48,803,406	-	-	-	-	-	-
Investment Earnings	3,015,815	3,238,713	1,841,087	4,417,142	6,037,729	3,553,483	2,681,850	2,109,633	1,594,749	1,198,032	1,251,759
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>1,539,900,247</b>	<b>3,007,663,512</b>	<b>3,068,971,707</b>	<b>3,139,920,651</b>	<b>3,275,661,666</b>	<b>3,494,023,440</b>	<b>3,705,071,006</b>	<b>4,052,199,315</b>	<b>4,430,439,959</b>
<b>PLAN EXPENSE:</b>											
Medical Claims Payment	1,849,410,105	1,858,098,405	1,033,157,400	1,949,838,964	2,067,095,284	2,222,292,105	2,372,345,243	2,571,516,515	2,688,148,338	2,858,542,068	3,039,676,413
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(22,731,740)	(23,709,307)	(26,539,017)	(28,200,231)	(29,984,128)	(32,114,735)	(34,176,485)	(36,117,559)
Adjustment for Changes	-	-	-	-	-	(4,814,232)	(112,582,658)	(159,982,906)	(185,425,253)	(202,805,700)	(221,533,821)
Cost of Add Locals	-	-	-	-	-	7,482,838	7,976,153	8,502,722	8,482,023	8,441,750	8,422,650
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,043,385,977	2,198,421,895	2,239,528,507	2,390,042,202	2,479,090,373	2,630,001,633	2,790,447,883
Medicare Advantage Premiums	-	-	-	155,497,950	172,517,202	193,197,295	209,032,244	228,645,021	250,061,981	273,446,590	298,976,949
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	761,471,324	817,607,251	884,566,010	956,612,181	1,035,015,618	1,119,659,417	1,211,225,300
Rebates	(93,130,180)	(69,641,941)	(32,188,641)	(98,763,203)	(96,193,453)	(70,753,056)	(72,053,761)	(73,237,143)	(74,472,763)	(75,743,037)	(77,040,167)
Baseline Rx Saving from PBM BAFO	-	-	-	-	-	(35,070,832)	(35,070,832)	(44,004,160)	(50,094,756)	(54,191,516)	(58,623,305)
Rebates Saving from PBM BAFO	-	-	-	-	-	(24,582,359)	(38,264,487)	(51,750,781)	(55,982,971)	(60,561,265)	(66,561,265)
Claims Adjustment for Changes	-	-	-	-	-	(1,109,261)	(3,333,986)	(5,860,470)	(8,022,210)	(9,652,887)	(11,300,000)
Additional ACA Preventive Medicine	-	-	-	-	-	1,276,000	1,366,000	1,462,000	1,522,880	1,637,570	1,748,722
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	665,277,871	748,130,195	753,115,798	799,234,404	854,359,728	927,357,253	1,007,096,399
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,657,393	2,881,181,050	3,139,749,185	3,201,676,549	3,417,921,628	3,583,512,082	3,830,805,476	4,096,521,031
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	187,419,975	226,750,429	234,465,284	240,600,426	246,917,492	253,422,524	260,121,785
ACA Reinsurance Fee	-	-	-	-	-	23,642,615	14,678,623	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>1,484,941,057</b>	<b>2,831,263,302</b>	<b>3,068,601,025</b>	<b>3,390,142,229</b>	<b>3,450,820,455</b>	<b>3,658,522,054</b>	<b>3,830,429,574</b>	<b>4,084,228,000</b>	<b>4,356,642,816</b>
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,400,210	370,682	(250,221,579)	(175,128,759)	(164,498,614)	(125,358,568)	(32,028,685)	73,797,144
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	764,996,449	589,867,691	425,369,077	300,010,509	267,981,824
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	764,996,449	589,867,691	425,369,077	300,010,509	267,981,824	341,778,967
Target Stabilization Reserve - CY (9%)	184,110,626	201,392,496	113,231,386	214,723,553	243,779,748	265,189,670	269,337,987	287,034,895	300,010,509	320,162,300	341,778,967
Legislative Target Reserve - CY (20%)	-	-	-	-	613,720,205	678,028,448	-	-	-	-	-
Cash Balance Over CY TSR	318,136,845	582,095,450	725,215,751	800,123,793	771,438,282	499,806,779	320,529,703	138,334,182	(0)	(52,180,476)	(0)
Cash Balance Over CY LTR	-	-	-	-	401,497,823	86,968,004	-	-	-	-	-
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	214,723,553	243,779,748	265,189,670	269,337,987	287,034,895	300,010,509	320,162,300	341,778,967
Target Stabilization Reserve %	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve											
	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
ER Premium Increase:	5.3%	5.3%		3.57%	0.00%	3.47%	3.43%	6.48%	6.48%	9.90%	9.90%
EE Premium Increase:	5.3%	5.3%		3.57%	0.00%	2.83%	3.43%	6.48%	6.48%	9.90%	9.90%

**North Carolina State Health Plan**  
**Financial Projections - Dec 2015**  
**Trends - 7.0% Medical & 8.5% Pharmacy**  
**No Wellness, No 100% Preventive, Smoker Surcharge (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan**  
**With January 2016 Enrollment**  
**Incentives start at \$15/\$15/\$20 and increase \$10/\$10/\$20 every 2-years, \$10 Standard Premium Credit**

	2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium		2020 - 2021 Biennium	
	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019	Projection FY2020	Projection FY2021
<b>PLAN INCOME:</b>										
Net Contribution Income	2,750,368,851	2,895,366,140	2,941,097,678	2,987,502,673	3,064,384,546	3,193,233,816	3,340,574,215	3,544,737,053	3,823,160,575	4,186,164,090
Wellness Surcharge/(Credit)	-	-	-	-	2,314,176	11,089,324	27,813,134	37,796,959	38,070,830	36,997,825
Medicare Advantae Subsidy	-	-	417,565	833,262	1,016,299	1,199,141	1,232,145	1,260,903	1,290,114	1,319,783
Health care Reform ERRP	42,163,391	(558,219)	-	(1,049)	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(299,923)	(11,359)	(771,961)	(1,596,617)	(1,670,287)	(1,772,369)	(1,911,580)	(2,093,082)
Premium Change due to Movement	-	-	-	-	-	(810,110)	(1,247,836)	(469,388)	383,876	1,338,061
Medicare Part D	57,583,602	38,056,016	11,583,652	19,590,771	17,260,239	16,005,623	16,004,520	16,193,183	16,353,561	16,481,935
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,216,663	202,770	-	-	-	-	-	-
Coverage Gap Subsidy	-	-	38,563,909	1,478,088	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,435,483	63,780,571	50,283,823	-	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	3,916,235	5,065,735	5,218,300	3,087,324	2,377,558	1,855,041	1,359,316	1,170,135
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>3,020,495,778</b>	<b>3,063,262,956</b>	<b>3,089,421,599</b>	<b>3,222,208,502</b>	<b>3,384,883,447</b>	<b>3,599,601,384</b>	<b>3,878,706,692</b>	<b>4,241,378,747</b>
<b>PLAN EXPENSE:</b>										
Medical Claims Payment	1,849,410,105	1,858,096,405	1,989,574,333	2,021,369,178	2,137,229,809	2,300,220,746	2,447,152,474	2,601,645,158	2,825,377,903	2,947,714,169
Claim Refunds	(22,634,615)	(23,467,914)	(22,450,766)	(24,839,428)	(22,696,239)	(27,313,435)	(29,253,849)	(30,904,355)	(33,110,299)	(35,237,462)
Adjustment for Changes	-	-	-	-	(2,368,289)	(50,156,254)	(142,622,533)	(171,099,110)	(196,674,752)	(211,991,619)
Cost of Add Locals	-	-	-	-	3,681,748	7,725,477	8,235,141	8,779,187	8,175,376	8,716,994
Net Medical Claims	1,826,775,490	1,834,628,491	1,967,123,567	1,996,529,750	2,115,847,028	2,230,476,533	2,283,511,234	2,408,420,879	2,603,768,229	2,709,202,082
Medicare Advantage Premiums	-	-	78,538,847	162,400,394	183,434,262	201,095,074	218,814,238	239,326,863	261,725,200	286,180,015
Pharmacy Claims Payment	721,163,013	752,419,650	743,281,462	721,469,293	822,927,171	850,838,169	920,096,463	995,477,804	1,077,156,702	1,164,839,937
Rebates	(93,130,160)	(69,641,941)	(91,653,105)	(51,114,709)	(128,967,489)	(71,560,310)	(72,614,630)	(73,856,510)	(75,101,484)	(76,389,201)
Baseline Rx Saving from PBM BAFO	-	-	-	-	-	(15,887,793)	(40,890,191)	(47,017,804)	(52,134,481)	(56,378,253)
Rebates Saving from PBM BAFO	-	-	-	-	-	(11,136,303)	(32,321,840)	(44,926,714)	(53,857,935)	(58,241,997)
Claims Adjustment for Changes	-	-	-	-	-	(483,824)	(2,146,685)	(4,570,518)	(6,940,859)	(8,838,849)
Additional ACA Preventive Medicine	-	-	-	-	638,615	1,321,029	1,414,029	1,476,924	1,580,546	1,693,658
Net Pharmacy Claims	628,032,853	682,777,709	651,628,357	670,354,584	696,598,297	753,090,968	773,537,146	826,583,181	890,704,488	966,685,296
Total Claims	2,454,808,343	2,517,406,200	2,697,290,771	2,829,284,728	2,995,879,587	3,184,662,575	3,275,862,618	3,474,330,824	3,756,197,917	3,962,067,393
Administrative Costs	165,480,581	161,401,839	148,134,913	168,416,645	200,942,077	231,442,088	237,487,818	243,712,508	250,122,094	256,722,726
ACA Reinsurance Fee	-	-	-	-	17,731,962	14,609,097	5,980,180	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>2,845,425,684</b>	<b>2,997,701,373</b>	<b>3,214,553,626</b>	<b>3,430,713,760</b>	<b>3,519,330,616</b>	<b>3,718,043,432</b>	<b>4,006,320,011</b>	<b>4,218,790,119</b>
Plan Income (Loss)	232,391,259	281,240,475	175,070,094	65,561,583	(125,132,027)	(208,505,258)	(134,447,169)	(118,442,048)	(127,613,320)	22,588,628
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	958,558,040	1,024,119,623	898,987,596	690,482,339	556,035,170	437,593,122	309,979,802
Ending Cash Balance (Deficit)	502,247,471	783,487,946	958,558,040	1,024,119,623	898,987,596	690,482,339	556,035,170	437,593,122	309,979,802	332,568,430
Target Stabilization Reserve - FY (9%)	184,110,626	201,392,496	222,593,914	240,019,590	253,120,079	268,521,075	275,134,354	291,150,365	314,502,545	330,829,864
Legislative Target Reserve - FY (20%)	-	-	-	-	642,910,725	686,142,752	-	-	-	-
Cash Balance Over FY TSR	-	-	-	-	645,867,517	421,961,263	280,900,816	146,442,757	(4,522,742)	1,738,566
Cash Balance Over FY LTR	-	-	-	-	256,076,871	4,339,587	-	-	-	-
Target Stabilization Reserve %	7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve				34.2%	28.0%	20.1%	15.8%	11.8%	7.7%	7.9%
	<b>7/1 Increase</b>	<b>7/1 Increase</b>	<b>1/1 Increase</b>							
ER Premium Increase:	5.3%	5.3%	3.57%	0.00%	3.47%	3.43%	6.48%	6.48%	9.90%	9.90%
EE Premium Increase:	5.3%	5.3%	3.57%	0.00%	2.83%	3.43%	6.48%	6.48%	9.90%	9.90%

# Authorized FY16-17 Budget

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## North Carolina State Health Plan

Financial Projections - Mar 2016

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Smoker Surcharger (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan

With April 2016 Enrollment

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

Board Approved (Periwinkle) - MA Renewal Rates in 2017, 7.0% Increase Plus ACA Fee For 2018+ MA Rates, Reduced 2017 Admin

	2012 - 2013 Biennium		Actual Short Plan Year Jul-Dec 2013	Actual Calendar 2014	Actual 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									
<b>PLAN INCOME:</b>											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,592,141	2,993,891,773	3,142,116,569	3,256,676,807	3,367,027,518	3,481,479,983	3,916,869,487	4,407,158,960
Wellness Surcharge/(Credit)	-	-	-	-	-	3,505,085	17,751,492	39,035,138	38,311,229	38,583,818	36,141,093
Medicare Advantage Subsidy	-	-	-	721,773	959,319	1,099,418	1,224,311	1,253,115	1,281,580	1,310,489	1,339,847
Health care Reform ERRP Retro Disenrollments	42,163,391 (451,496)	(558,219) (487,819)	(277,538)	(1,949) (28,401)	(5,343)	(1,177,561)	(1,628,338)	(1,683,514)	(1,740,740)	(1,958,435)	(2,203,579)
Premium Change due to Movement Medicare Part D	57,583,802	38,056,016	(1,323,888)	21,584,404	19,484,823	16,632,084	(1,563,335) 14,477,598	(674,966) 14,604,207	268,894 14,765,989	1,309,868 14,900,809	2,581,185 15,005,180
EGWP+Wrap											
Direct Subsidy	-	24,436,483	25,202,822	216,170	441	453	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,182,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,436,483	37,082,587	28,378,402	48,603,406	453	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,417,142	6,037,729	4,754,086	3,251,070	2,784,165	1,872,391	1,081,859	1,138,599
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>1,539,900,247</b>	<b>3,007,663,612</b>	<b>3,068,971,707</b>	<b>3,166,930,132</b>	<b>3,290,189,605</b>	<b>3,421,345,664</b>	<b>3,536,239,306</b>	<b>3,972,097,891</b>	<b>4,461,161,285</b>
<b>PLAN EXPENSE:</b>											
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,949,838,964	2,067,095,284	2,217,906,598	2,378,615,403	2,577,853,466	2,694,646,774	2,865,318,877	3,046,738,439
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(22,731,740)	(23,709,307)	(25,893,708)	(28,278,362)	(30,068,267)	(32,192,624)	(34,257,767)	(36,201,745)
Adjustment for Changes	-	-	-	-	-	(3,573,378)	(116,668,727)	(165,027,559)	(190,198,728)	(207,251,857)	(225,589,474)
Cost of Add Locals	-	-	-	-	-	5,660,893	7,966,328	8,492,217	8,471,514	8,431,259	8,412,152
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,043,385,977	2,194,100,408	2,241,634,643	2,391,249,857	2,480,726,935	2,632,240,511	2,793,359,373
Medicare Advantage Premiums	-	-	-	155,497,950	172,517,202	193,782,605	189,266,485	250,816,836	274,221,923	299,771,150	327,658,154
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	761,471,324	834,423,968	906,005,333	980,089,445	1,060,380,190	1,147,058,347	1,240,821,325
Rebates	(93,130,180)	(69,641,941)	(32,188,641)	(98,763,203)	(96,193,453)	(110,594,630)	(151,148,961)	(116,407,182)	(118,897,595)	(121,456,466)	(124,077,316)
Baseline Savings from PBM Formularies	-	-	-	-	-	(35,932,744)	(51,322,401)	(45,084,114)	(51,322,401)	(55,517,624)	(60,056,752)
Rebates Savings from PBM Formularies	-	-	-	-	-	(13,402,057)	(34,747,231)	(60,837,016)	(87,897,526)	(124,077,316)	(173,230,773)
Claims Adjustment for Changes	-	-	-	-	-	(2,526,959)	(4,716,843)	(7,022,024)	(8,872,975)	(10,997,210)	(13,402,057)
Additional ACA Preventive Medicine	-	-	-	-	-	957,257	1,366,000	1,462,000	1,522,874	1,637,549	1,748,671
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	665,277,871	724,786,595	704,360,612	780,596,075	823,824,028	895,148,308	975,108,945
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,657,393	2,881,181,050	3,112,669,808	3,135,261,740	3,422,662,768	3,578,772,887	3,827,159,967	4,096,126,472
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	187,419,975	204,162,790	213,774,702	219,367,646	225,126,415	231,056,517	237,163,659
ACA Reinsurance Fee	-	-	-	-	-	5,918,242	14,796,351	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>1,484,941,057</b>	<b>2,831,263,302</b>	<b>3,068,601,025</b>	<b>3,322,750,640</b>	<b>3,363,832,793</b>	<b>3,642,030,414</b>	<b>3,803,899,301</b>	<b>4,058,216,483</b>	<b>4,333,290,131</b>
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,400,210	370,682	(155,820,508)	(73,643,189)	(220,684,749)	(267,659,996)	(86,118,592)	127,871,154
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	859,397,521	785,754,332	565,089,582	297,409,587	211,290,994
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	859,397,521	785,754,332	565,089,582	297,409,587	211,290,994	339,162,149
Target Stabilization Reserve - CY (9%)	184,110,626	201,392,496	113,231,386	214,723,553	243,779,748	262,699,830	265,139,573	285,466,134	297,409,587	317,464,994	339,162,149
Legislative Target Reserve - CY (20%)	-	-	-	-	-	368,232,123	398,730,077	-	-	-	-
Cash Balance Over CY TSR	318,136,845	582,095,450	725,215,751	800,123,793	771,438,282	596,697,690	520,614,759	279,603,448	0	(106,173,999)	0
Cash Balance Over CY LTR	-	-	-	-	-	646,985,905	460,667,444	-	-	-	-
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	214,723,553	243,779,748	262,699,830	265,139,573	285,466,134	297,409,587	317,464,994	339,162,149
Target Stabilization Reserve %	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve						25.9%	23.4%	15.5%	5.2%	7.8%	7.8%
ER Premium 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
EE Premium Increase:	5.3%	5.3%		0.00%	0.00%	3.47%	3.43%	3.74%	3.74%	12.96%	12.96%
	5.3%	5.3%		0.00%	0.00%	2.83%	3.43%	3.74%	3.74%	12.96%	12.96%

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(Segal 7-5-16)

## North Carolina State Health Plan Financial Projections - Mar 2016

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Smoker Surcharger (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan  
With April 2016 Enrollment

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

	2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium		2020 - 2021 Biennium	
	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019	Projection FY2020	Projection FY2021
<b>PLAN INCOME:</b>										
Net Contribution Income	2,750,368,851	2,895,366,140	2,941,097,678	2,987,502,673	3,081,237,060	3,211,179,998	3,311,884,763	3,424,265,285	3,690,325,619	4,162,178,724
Wellness Surcharger/(Credit)	-	-	-	-	1,170,559	11,230,470	27,913,248	38,173,173	38,447,508	37,359,882
Medicare Advantae Subsidy	-	-	417,565	833,262	933,457	1,205,817	1,239,081	1,267,306	1,295,992	1,325,125
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(299,923)	(11,359)	(396,890)	(1,605,500)	(1,655,932)	(1,712,133)	(1,849,663)	(2,081,089)
Premium Change due to Movement	-	-	-	-	-	(792,689)	(1,118,385)	(202,229)	789,557	1,945,892
Medicare Part D	57,583,602	38,056,016	11,583,652	19,590,771	16,967,300	14,562,212	14,501,552	14,677,012	14,827,342	14,949,217
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,216,663	202,770	453	-	-	-	-	-
Coverage Gap Subsidy	-	-	38,563,909	1,478,088	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,435,483	63,780,571	50,283,823	453	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	3,916,235	5,065,735	6,240,244	3,479,378	3,101,289	2,372,413	1,397,106	1,001,706
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>3,020,495,778</b>	<b>3,063,262,956</b>	<b>3,108,162,184</b>	<b>3,239,259,595</b>	<b>3,355,845,595</b>	<b>3,478,840,827</b>	<b>3,754,233,461</b>	<b>4,216,679,456</b>
<b>PLAN EXPENSE:</b>										
Medical Claims Payment	1,849,410,105	1,858,096,405	1,989,574,333	2,021,389,178	2,129,087,948	2,307,256,972	2,453,239,983	2,607,996,823	2,832,142,901	2,954,632,220
Claim Refunds	(22,634,615)	(23,467,914)	(22,450,766)	(24,839,428)	(22,003,564)	(27,402,044)	(29,326,844)	(30,980,041)	(33,189,842)	(35,320,450)
Adjustment for Changes	-	-	-	-	(1,194,890)	(51,686,092)	(147,590,856)	(175,988,328)	(201,372,073)	(216,247,910)
Cost of Add Locals	-	-	-	-	1,856,954	7,723,494	8,224,982	8,768,324	8,165,231	8,706,145
Net Medical Claims	1,826,775,490	1,834,628,491	1,967,123,567	1,996,529,750	2,107,746,448	2,235,892,330	2,284,547,264	2,409,796,778	2,605,746,217	2,711,770,005
Medicare Advantage Premiums	-	-	78,538,847	162,400,394	183,503,375	191,752,976	219,965,105	262,490,268	286,964,759	313,679,966
Pharmacy Claims Payment	721,163,013	752,419,650	743,281,462	721,469,293	831,454,915	869,554,587	942,693,829	1,019,891,142	1,103,536,723	1,193,323,313
Rebates	(93,130,160)	(89,641,941)	(91,853,105)	(51,114,709)	(163,192,697)	(125,655,564)	(115,153,223)	(117,655,276)	(120,165,406)	(122,763,299)
Baseline Savings from PBM Formularies	-	-	-	-	(16,278,397)	(41,894,432)	(48,170,869)	(48,170,869)	(53,411,177)	(57,756,848)
Rebates Savings from PBM Formularies	-	-	-	-	(4,198,646)	(4,198,646)	(25,736,868)	(47,354,657)	(65,129,510)	(70,428,014)
Claims Adjustment for Changes	-	-	-	-	-	(1,122,506)	(3,615,711)	(5,845,843)	(7,952,019)	(9,491,459)
Additional ACA Preventive Medicine	-	-	-	-	319,394	1,321,507	1,414,030	1,476,921	1,580,534	1,663,624
Net Pharmacy Claims	628,032,853	682,777,709	651,628,357	670,354,584	668,581,612	723,620,982	757,707,624	802,341,417	858,450,144	934,577,316
Total Claims	2,454,808,343	2,517,406,200	2,697,290,771	2,829,284,728	2,959,831,434	3,151,266,289	3,262,219,992	3,474,628,464	3,751,170,120	3,960,027,288
Administrative Costs	165,480,561	161,401,639	148,134,913	168,416,645	188,366,585	211,227,878	216,530,120	222,204,687	228,047,789	234,065,031
ACA Reinsurance Fee	-	-	-	-	-	-	14,686,450	6,028,143	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>2,845,425,684</b>	<b>2,997,701,373</b>	<b>3,148,198,019</b>	<b>3,377,180,617</b>	<b>3,484,778,256</b>	<b>3,696,833,151</b>	<b>3,979,217,909</b>	<b>4,194,092,319</b>
Plan Income (Loss)	232,391,259	281,240,475	175,070,094	65,661,583	(42,035,836)	(137,921,021)	(128,932,660)	(217,992,325)	(224,984,448)	22,587,137
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	958,558,040	1,024,119,623	982,083,787	844,162,766	715,230,105	497,237,781	272,253,333
Ending Cash Balance (Deficit)	502,247,471	783,487,946	958,558,040	1,024,119,623	982,083,787	844,162,766	715,230,105	497,237,781	272,253,333	204,840,470
Target Stabilization Reserve - FY (9%)	184,110,626	201,392,496	222,593,914	240,019,590	249,869,525	266,356,198	273,802,940	289,092,438	311,778,482	328,171,259
Legislative Target Reserve - FY (20%)	-	-	-	359,724,165	377,783,762	405,261,674	-	-	-	-
Cash Balance Over FY TSR	-	-	-	784,100,033	732,214,262	577,806,568	441,427,165	208,145,343	(39,525,150)	(33,330,789)
Cash Balance Over FY LTR	-	-	664,395,458	-	604,300,025	438,901,092	-	-	-	-
Target Stabilization Reserve %	7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve				34.2%	31.2%	25.0%	20.5%	13.5%	6.8%	7.0%
	<b>7/1 Increase</b>	<b>7/1 Increase</b>	<b>1/1 Increase</b>							
ER Premium Increase:	5.3%	5.3%	0.00%	0.00%	3.47%	3.43%	3.74%	3.74%	12.96%	12.96%
EE Premium Increase:	5.3%	5.3%	0.00%	0.00%	2.83%	3.43%	3.74%	3.74%	12.96%	12.96%

### North Carolina State Health Plan Financial Projections - Jun 2016

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Smoker Surcharger (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan

With July 2016 Enrollment

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

Baseline - MA Renewal Rates in 2017, 7.0% Increase Plus ACA Fee For 2018+ MA Rates, Reduced 2017 Admin and CVS Guarantee

	2012 - 2013 Biennium		Actual Short Plan Year Jul-Dec 2013	Actual Calendar 2014	Actual 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									
<b>PLAN INCOME:</b>											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,592,141	2,993,891,773	3,141,371,557	3,238,478,121	3,345,474,735	3,456,369,701	3,890,050,791	4,378,597,207
Wellness Surcharge/(Credit)	-	-	-	-	-	2,321,160	16,434,658	35,978,884	36,238,178	36,494,122	34,036,680
Medicare Advantage Subsidy	-	-	-	721,773	959,319	1,011,441	1,235,549	1,265,517	1,294,922	1,324,789	1,355,124
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(28,401)	(5,343)	(786,767)	(1,619,239)	(1,672,737)	(1,728,185)	(1,945,025)	(2,189,299)
Premium Change due to Movement Medicare Part D	57,583,802	38,056,016	(1,323,888)	21,584,404	19,484,823	17,192,199	2,862,122	3,705,708	4,598,608	5,894,259	7,396,130
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,202,822	216,170	441	453	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,162,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,435,483	37,082,587	28,378,402	48,603,406	453	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,417,142	6,037,729	5,920,236	3,274,870	2,793,318	1,868,381	1,070,789	1,126,796
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>1,539,900,247</b>	<b>3,007,663,512</b>	<b>3,068,971,707</b>	<b>3,167,030,280</b>	<b>3,276,119,397</b>	<b>3,403,124,241</b>	<b>3,514,392,932</b>	<b>3,948,784,796</b>	<b>4,436,328,963</b>
<b>PLAN EXPENSE:</b>											
Medical Claims Payment	1,849,410,105	1,858,098,405	1,033,157,400	1,949,838,964	2,067,095,284	2,206,591,065	2,365,257,959	2,563,330,636	2,679,308,797	2,848,842,494	3,029,038,294
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(22,731,740)	(23,709,307)	(25,774,721)	(28,118,789)	(29,899,151)	(32,009,700)	(34,061,100)	(35,991,774)
Adjustment for Changes	-	-	-	-	-	(2,440,827)	(112,893,454)	(165,611,960)	(191,998,542)	(210,371,619)	(230,228,225)
Cost of Add Locals	-	-	-	-	-	2,485,053	5,114,371	5,452,012	5,438,741	5,412,918	5,400,672
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,043,385,977	2,180,860,770	2,229,360,087	2,373,271,537	2,460,739,296	2,609,822,694	2,768,218,968
Medicare Advantage Premiums	-	-	-	155,497,950	172,517,202	194,715,180	191,020,969	253,271,015	277,036,291	302,987,857	331,323,811
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	761,471,324	843,205,453	915,349,180	990,158,137	1,071,340,745	1,158,987,513	1,253,804,925
Rebates	(93,130,180)	(69,641,941)	(32,188,641)	(98,763,203)	(96,193,453)	(106,794,371)	(155,073,317)	(116,642,887)	(119,102,355)	(121,630,190)	(124,210,627)
Baseline Savings from PBM Formularies	-	-	-	-	-	(36,299,709)	(51,852,892)	(45,547,274)	(51,852,892)	(56,094,996)	(60,684,158)
Rebates Savings from PBM Formularies	-	-	-	-	-	(17,400,458)	(42,316,594)	(71,873,077)	(79,872,591)	(86,406,428)	(92,400,000)
Claims Adjustment for Changes	-	-	-	-	-	(2,896,473)	(5,607,786)	(8,537,327)	(11,124,520)	(13,217,830)	(15,210,000)
Additional ACA Preventive Medicine	-	-	-	-	-	636,671	1,366,000	1,462,000	1,522,880	1,637,571	1,748,725
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	665,277,871	737,057,753	705,045,224	781,505,595	821,497,974	891,902,789	971,034,607
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,657,393	2,881,181,050	3,112,633,703	3,125,426,280	3,408,048,146	3,559,273,561	3,804,713,340	4,070,577,385
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	187,419,975	195,518,053	213,987,044	219,586,380	225,351,754	231,288,684	237,402,883
ACA Reinsurance Fee	-	-	-	-	-	5,918,242	14,740,359	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>1,484,941,057</b>	<b>2,831,263,302</b>	<b>3,068,601,025</b>	<b>3,314,069,999</b>	<b>3,354,153,663</b>	<b>3,627,634,526</b>	<b>3,784,625,315</b>	<b>4,036,002,023</b>	<b>4,307,960,268</b>
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,400,210	370,682	(147,039,719)	(78,034,266)	(224,510,286)	(270,232,383)	(87,217,228)	128,348,695
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	868,178,309	790,144,023	565,633,738	295,401,354	208,184,127
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	868,178,309	790,144,023	565,633,738	295,401,354	208,184,127	336,532,822
Target Stabilization Reserve - CY (9%)	184,110,626	201,392,496	113,231,386	214,723,553	243,779,748	262,612,667	264,096,478	283,929,942	295,401,354	315,155,293	336,532,822
Legislative Target Reserve - CY (20%)	-	-	-	-	-	368,232,123	397,688,400	-	-	-	-
Cash Balance Over CY TSR	318,136,845	582,095,450	725,215,751	800,123,793	771,438,282	605,565,642	526,047,545	281,703,796	0	(106,971,167)	(0)
Cash Balance Over CY LTR	-	-	-	-	-	646,985,905	470,489,909	-	-	-	-
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	214,723,553	243,779,748	262,612,667	264,096,478	283,929,942	295,401,354	315,155,293	336,532,822
Target Stabilization Reserve %	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve											
	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
ER Premium Increase:	5.3%	5.3%		0.00%	0.00%	3.47%	3.41%	3.65%	3.65%	13.00%	13.00%
EE Premium Increase:	5.3%	5.3%		0.00%	0.00%	2.83%	3.43%	3.65%	3.65%	13.00%	13.00%

### North Carolina State Health Plan Financial Projections - Jun 2016

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Smoker Surcharge (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan  
With July 2016 Enrollment

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

	2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium		2020 - 2021 Biennium	
	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019	Projection FY2020	Projection FY2021
<b>PLAN INCOME:</b>										
Net Contribution Income	2,750,368,851	2,895,366,140	2,941,097,678	2,987,502,673	3,088,300,089	3,194,256,495	3,291,987,371	3,400,932,075	3,673,359,601	4,134,486,847
Wellness Surcharge/(Credit)	-	-	-	-	-	10,557,358	26,226,009	36,108,523	36,366,138	35,262,823
Medicare Advantae Subsidy	-	-	417,565	833,262	841,858	1,214,892	1,250,999	1,280,176	1,309,812	1,339,912
Health care Reform ERRP	42,163,391	(558,219)	(1,049)	(1,049)	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(299,923)	(11,359)	-	(1,597,128)	(1,645,994)	(1,700,466)	(1,836,680)	(2,067,243)
Premium Change due to Movement	-	-	-	-	-	1,423,894	3,284,986	4,153,280	5,247,452	6,646,570
Medicare Part D	57,583,602	38,056,016	11,583,652	19,590,771	17,379,783	15,374,755	15,472,246	15,658,957	15,818,801	15,948,226
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,216,663	202,770	453	-	-	-	-	-
Coverage Gap Subsidy	-	-	38,563,909	1,478,088	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,435,483	63,780,571	50,283,823	453	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	3,916,235	5,065,735	7,393,185	3,504,847	3,118,775	2,373,979	1,388,772	989,321
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>3,020,495,778</b>	<b>3,063,262,956</b>	<b>3,113,915,368</b>	<b>3,224,735,113</b>	<b>3,339,694,392</b>	<b>3,458,806,524</b>	<b>3,731,653,895</b>	<b>4,192,606,455</b>
<b>PLAN EXPENSE:</b>										
Medical Claims Payment	1,849,410,105	1,858,096,405	1,989,574,333	2,021,369,178	2,121,371,419	2,297,004,579	2,439,490,275	2,593,229,905	2,815,940,842	2,937,554,448
Claim Refunds	(22,634,615)	(23,467,914)	(22,450,766)	(24,839,428)	(22,075,924)	(27,133,450)	(29,162,755)	(30,804,921)	(33,000,302)	(35,116,658)
Adjustment for Changes	-	-	-	-	-	(50,628,663)	(145,157,149)	(177,161,987)	(203,806,902)	(220,108,097)
Cost of Add Locals	-	-	-	-	-	5,001,400	5,280,437	5,629,284	5,242,117	5,589,408
Net Medical Claims	1,826,775,490	1,834,628,491	1,967,123,567	1,996,529,750	2,099,295,495	2,224,243,866	2,270,450,808	2,390,892,281	2,584,375,755	2,687,919,100
Medicare Advantage Premiums	-	-	78,538,847	162,400,394	183,856,887	193,207,099	222,068,566	265,124,094	289,979,796	317,120,590
Pharmacy Claims Payment	721,163,013	752,419,650	743,281,462	721,469,293	835,472,280	878,966,860	952,348,784	1,030,401,015	1,114,978,505	1,205,772,115
Rebates	(93,130,160)	(69,641,941)	(91,653,105)	(51,114,709)	(113,894,276)	(174,939,566)	(115,403,190)	(117,875,922)	(120,353,535)	(122,915,762)
Baseline Savings from PBM Formularies	-	-	-	-	-	(16,444,386)	(42,323,534)	(48,667,284)	(53,984,980)	(58,359,370)
Rebates Savings from PBM Formularies	-	-	-	-	-	(5,451,170)	(32,147,904)	(56,596,294)	(76,840,335)	(83,096,795)
Claims Adjustment for Changes	-	-	-	-	-	(1,287,786)	(4,238,144)	(7,042,038)	(9,828,109)	(12,168,269)
Additional ACA Preventive Medicine	-	-	-	-	-	1,320,315	1,414,029	1,476,924	1,580,546	1,693,660
Net Pharmacy Claims	628,032,853	682,777,709	651,628,357	670,354,584	721,578,002	682,164,268	759,650,041	801,696,401	855,572,112	930,925,578
Total Claims	2,454,808,343	2,517,406,200	2,697,290,771	2,829,284,728	3,004,730,384	3,099,615,232	3,252,169,415	3,457,712,776	3,729,927,663	3,935,965,269
Administrative Costs	165,480,581	161,401,839	148,134,913	168,416,645	179,826,450	211,227,878	216,745,609	222,426,673	228,276,489	234,300,671
ACA Reinsurance Fee	-	-	-	-	-	-	6,005,331	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>2,845,425,684</b>	<b>2,997,701,373</b>	<b>3,184,556,834</b>	<b>3,325,496,379</b>	<b>3,474,920,355</b>	<b>3,680,139,449</b>	<b>3,958,204,152</b>	<b>4,170,265,940</b>
Plan Income (Loss)	232,391,259	281,240,475	175,070,094	65,561,583	(70,641,466)	(100,761,266)	(135,225,963)	(221,332,925)	(226,550,256)	22,340,515
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	958,558,040	1,024,119,623	953,478,157	852,716,891	717,490,928	496,158,003	269,607,746
Ending Cash Balance (Deficit)	502,247,471	783,487,946	958,558,040	1,024,119,623	953,478,157	852,716,891	717,490,928	496,158,003	269,607,746	291,948,261
Target Stabilization Reserve - FY (9%)	184,110,626	201,392,496	222,593,914	240,019,590	253,878,615	261,576,732	272,709,076	287,332,981	309,595,308	325,696,021
Legislative Target Reserve - FY (20%)	-	-	-	-	359,724,165	382,146,820	399,059,566	-	-	-
Cash Balance Over FY TSR	-	-	-	-	784,100,033	699,599,542	591,140,159	444,781,851	208,825,021	(39,987,562)
Cash Balance Over FY LTR	-	-	-	-	664,395,458	571,331,337	453,657,325	-	-	(33,747,760)
Target Stabilization Reserve %	7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve				34.2%	29.9%	25.6%	20.6%	13.5%	6.8%	7.0%
	7/1 Increase	7/1 Increase	1/1 Increase							
ER Premium Increase:	5.3%	5.3%	0.00%	0.00%	3.47%	3.41%	3.65%	3.65%	13.00%	13.00%
EE Premium Increase:	5.3%	5.3%	0.00%	0.00%	2.83%	3.43%	3.65%	3.65%	13.00%	13.00%

**North Carolina State Health Plan  
Financial Projections - Sep 2016  
Trends - 7.0% Medical & 8.5% Pharmacy**

**No Wellness, No 100% Preventive, Smoker Surcharge (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan  
With July 2016 Enrollment**

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

**Baseline - MA Renewal Rates in 2017, 7.0% Increase Plus ACA Fee For 2018+ MA Rates, Reduced 2017 Admin and CVS Guarantee**

	2012 - 2013 Biennium		Actual Short Plan Year Jul-Dec 2013	Actual Calendar 2014	Actual 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									
<b>PLAN INCOME:</b>											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,592,141	2,993,891,773	3,141,235,282	3,245,694,831	3,336,990,670	3,431,233,435	3,884,028,753	4,397,053,429
Wellness Surcharge(Credit)	-	-	-	-	-	1,165,580	15,888,883	35,193,829	35,464,324	35,726,916	33,308,239
Medicare Advantage Subsidy	-	-	-	721,773	959,319	888,872	1,246,086	1,276,407	1,306,090	1,336,239	1,366,861
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(28,401)	(5,343)	(393,773)	(1,622,847)	(1,668,495)	(1,715,617)	(1,942,014)	(2,198,527)
Premium Change due to Movement	-	-	-	-	-	-	4,871,048	5,901,267	6,985,315	8,778,994	10,876,853
Medicare Part D	57,583,602	38,056,016	(1,323,888)	21,584,404	19,484,823	19,898,916	15,245,923	15,368,966	15,544,450	15,692,141	15,808,415
<b>EGWP+Wrap</b>											
Direct Subsidy	-	24,435,483	25,202,822	216,170	441	453	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,162,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,435,483	37,082,587	28,378,402	48,603,406	453	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	1,841,087	4,417,142	6,037,729	8,535,319	7,207,644	6,166,685	4,051,988	2,203,553	2,321,292
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,950,048,314</b>	<b>1,539,900,247</b>	<b>3,007,663,512</b>	<b>3,068,971,707</b>	<b>3,171,330,649</b>	<b>3,288,531,568</b>	<b>3,399,231,330</b>	<b>3,492,869,988</b>	<b>3,945,824,582</b>	<b>4,458,536,562</b>
<b>PLAN EXPENSE:</b>											
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,949,838,964	2,067,095,284	2,177,131,274	2,343,092,679	2,539,950,591	2,655,035,956	2,824,457,889	3,003,502,716
Claim Refunds	(22,634,615)	(23,467,914)	(10,834,378)	(22,731,740)	(23,709,307)	(20,894,959)	(13,926,461)	(14,811,996)	(15,858,765)	(16,883,342)	(17,843,373)
Adjustment for Changes	-	-	-	-	-	(1,119,291)	(105,773,748)	(182,901,574)	(182,901,574)	(200,956,361)	(220,504,096)
Cost of Add Locals	-	-	-	-	-	1,239,344	5,141,308	5,481,144	5,468,313	5,442,680	5,430,877
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,043,385,977	2,156,356,368	2,228,533,778	2,373,957,929	2,461,743,929	2,612,060,866	2,770,586,124
Medicare Advantage Premiums	-	-	-	155,497,950	172,517,202	194,939,839	192,595,946	255,379,887	279,348,894	305,523,340	334,103,085
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	761,471,324	846,550,062	918,195,976	993,106,611	1,074,636,037	1,162,305,215	1,257,416,280
Rebates	(93,130,160)	(69,641,941)	(32,188,641)	(98,763,203)	(96,193,453)	(106,972,555)	(154,919,036)	(117,082,135)	(120,643,159)	(123,590,790)	(126,232,961)
Baseline Savings from PBM Formulates	-	-	-	-	-	(36,405,101)	(45,682,904)	(52,012,384)	(56,255,572)	(60,858,948)	(60,858,948)
Rebates Savings from PBM Formulates	-	-	-	-	-	(17,452,671)	(42,441,887)	(72,092,991)	(80,100,310)	(86,654,258)	(86,654,258)
Claims Adjustment for Changes	-	-	-	-	-	(390,124)	(2,688,785)	(5,388,435)	(7,735,096)	(9,565,971)	(9,565,971)
Additional ACA Preventive Medicine	-	-	-	-	-	318,588	1,366,000	1,462,000	1,522,973	1,638,013	1,749,883
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	665,277,871	739,896,095	710,395,043	786,672,900	826,022,041	896,261,461	975,854,026
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,657,393	2,881,181,050	3,091,192,302	3,131,524,767	3,416,010,716	3,567,114,865	3,813,845,667	4,080,543,235
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	187,419,975	185,853,772	213,987,044	219,586,380	225,351,754	231,288,684	237,402,883
ACA Reinsurance Fee	-	-	-	-	-	5,918,242	14,742,780	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>1,484,941,057</b>	<b>2,831,263,302</b>	<b>3,068,601,025</b>	<b>3,282,964,316</b>	<b>3,360,254,592</b>	<b>3,635,597,096</b>	<b>3,792,466,619</b>	<b>4,045,134,350</b>	<b>4,317,946,118</b>
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,400,210	370,682	(111,633,667)	(71,723,023)	(236,365,767)	(299,596,633)	(99,309,768)	140,590,445
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	903,584,361	831,861,337	595,495,570	295,898,937	196,589,169
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	903,584,361	<b>831,861,337</b>	595,495,570	<b>295,898,937</b>	196,589,169	<b>337,179,614</b>
Target Stabilization Reserve - CY (9%)	184,110,626	201,392,496	113,231,386	214,723,553	243,779,746	260,662,722	264,503,594	284,456,775	295,898,937	315,749,009	337,179,614
Legislative Target Reserve - CY (20%)	-	-	-	-	368,232,123	393,955,718	-	-	-	-	-
Cash Balance Over CY TSR	318,136,845	582,095,450	725,215,751	800,123,793	771,438,282	642,921,639	567,357,743	311,038,796	0	(119,159,840)	-
Cash Balance Over CY LTR	-	-	-	-	646,985,905	509,628,643	-	-	-	-	-
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	214,723,553	243,779,746	260,662,722	264,503,594	284,456,775	295,898,937	315,749,009	337,179,614
Target Stabilization Reserve %	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve						27.5%	24.8%	16.4%	7.8%	4.9%	7.8%
ER Premium 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
EE Premium Increase:	5.3%	5.3%		0.0%	0.0%	3.47%	3.41%	3.14%	3.14%	13.64%	13.64%
	5.3%	5.3%		0.0%	0.0%	2.83%	3.43%	3.14%	3.14%	13.64%	13.64%

**North Carolina State Health Plan**  
**Financial Projections - Sep 2016**  
**Trends - 7.0% Medical & 8.5% Pharmacy**  
**No Wellness, No 100% Preventive, Smoker Surcharge (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan**  
**With July 2016 Enrollment**  
**Incentives start at \$15/\$15/\$20 and increase \$10/\$10/\$20 every 2-years, \$10 Standard Premium Credit**

	2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium		2020 - 2021 Biennium	
	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015	Projection FY2016	Projection FY2017	Projection FY2018	Projection FY2019	Projection FY2020	Projection FY2021
<b>PLAN INCOME:</b>										
Net Contribution Income	2,750,368,851	2,895,366,140	2,941,097,678	2,987,502,673	3,088,300,089	3,198,157,045	3,291,354,650	3,384,122,933	3,657,843,697	4,140,775,800
Wellness Surcharge/(Credit)	-	-	-	-	-	9,131,679	25,563,960	35,329,102	35,595,633	34,514,578
Medicare Advantage Subsidy	-	-	417,565	833,262	841,858	1,097,532	1,261,753	1,291,205	1,321,120	1,351,505
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(299,923)	(11,359)	-	(1,206,153)	(1,645,677)	(1,692,061)	(1,828,922)	(2,070,388)
Premium Change due to Movement	-	-	-	-	-	2,442,649	5,387,917	6,445,106	7,885,523	9,832,010
Medicare Part D	57,583,602	38,056,016	11,583,652	19,590,771	17,379,783	18,212,753	15,264,120	15,452,953	15,615,795	15,749,183
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,216,663	202,770	453	-	-	-	-	-
Coverage Gap Subsidy	-	-	38,563,909	1,478,088	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,435,483	63,780,571	50,283,823	453	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	3,916,235	5,065,735	7,393,185	8,111,621	6,883,919	5,218,283	2,940,438	2,007,669
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>3,020,495,778</b>	<b>3,063,262,956</b>	<b>3,113,915,368</b>	<b>3,235,947,126</b>	<b>3,344,070,641</b>	<b>3,446,167,521</b>	<b>3,719,373,284</b>	<b>4,202,160,358</b>
<b>PLAN EXPENSE:</b>										
Medical Claims Payment	1,849,410,105	1,858,096,405	1,989,574,333	2,021,369,178	2,121,371,419	2,258,266,327	2,417,091,624	2,569,824,331	2,791,360,291	2,912,732,002
Claim Refunds	(22,634,615)	(23,467,914)	(22,450,766)	(24,839,428)	(22,075,924)	(15,482,057)	(14,447,188)	(15,263,218)	(16,356,065)	(17,409,669)
Adjustment for Changes	-	-	-	-	-	(46,433,973)	(136,571,065)	(168,244,004)	(194,360,396)	(210,536,215)
Cost of Add Locals	-	-	-	-	-	3,769,584	5,308,491	5,659,624	5,270,775	5,620,400
Net Medical Claims	1,826,775,490	1,834,628,491	1,967,123,567	1,996,529,750	2,099,295,495	2,200,119,880	2,271,361,861	2,391,976,733	2,585,914,604	2,690,406,518
Medicare Advantage Premiums	-	-	78,538,847	162,400,394	183,856,887	194,217,288	223,909,827	267,334,578	292,403,562	319,777,665
Pharmacy Claims Payment	721,163,013	752,419,650	743,281,462	721,469,293	835,472,280	884,100,915	955,156,554	1,033,539,226	1,118,496,165	1,209,329,500
Rebates	(93,130,160)	(69,641,941)	(91,653,105)	(51,114,709)	(113,894,278)	(175,034,989)	(115,834,363)	(118,690,825)	(122,289,647)	(124,912,854)
Baseline Savings from PBM Formularies	-	-	-	-	-	(16,504,524)	(42,449,308)	(48,816,298)	(54,135,214)	(58,531,548)
Rebates Savings from PBM Formularies	-	-	-	-	-	(5,480,249)	(32,251,057)	(56,780,765)	(77,082,936)	(83,341,980)
Claims Adjustment for Changes	-	-	-	-	-	(152,716)	(1,420,980)	(4,006,519)	(6,551,405)	(8,639,655)
Additional ACA Preventive Medicine	-	-	-	-	-	1,002,420	1,414,041	1,476,953	1,580,781	1,694,418
Net Pharmacy Claims	628,032,853	682,777,709	651,628,357	670,354,584	721,578,002	687,930,857	764,614,886	806,721,771	860,017,745	935,597,880
Total Claims	2,454,808,343	2,517,406,200	2,697,290,771	2,829,284,728	3,004,730,384	3,082,268,024	3,259,906,574	3,466,033,082	3,738,335,910	3,945,782,064
Administrative Costs	165,480,561	161,401,639	148,134,913	168,416,645	179,826,450	201,563,597	216,745,609	222,426,673	228,276,489	234,300,671
ACA Reinsurance Fee	-	-	-	-	-	14,654,704	6,006,318	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>2,845,425,684</b>	<b>2,997,701,373</b>	<b>3,184,556,834</b>	<b>3,298,486,325</b>	<b>3,482,658,500</b>	<b>3,698,459,755</b>	<b>3,966,612,399</b>	<b>4,180,082,735</b>
Plan Income (Loss)	232,391,259	281,240,475	175,070,094	65,561,583	(70,641,466)	(62,539,199)	(138,587,859)	(242,292,234)	(247,239,115)	22,077,623
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	958,558,040	1,024,119,623	953,478,157	890,938,958	752,351,100	510,058,865	262,819,750
Ending Cash Balance (Deficit)	502,247,471	783,487,946	958,558,040	1,024,119,623	953,478,157	890,938,958	752,351,100	510,058,865	262,819,750	284,897,373
Target Stabilization Reserve - FY (9%)	184,110,626	201,392,496	222,593,914	240,019,590	253,878,615	259,924,566	273,239,707	287,882,865	310,133,911	326,340,396
Legislative Target Reserve - FY (20%)	-	-	-	359,724,165	382,146,820	395,818,359	-	-	-	-
Cash Balance Over FY TSR	-	-	-	784,100,033	699,599,542	631,014,392	479,111,392	222,176,000	(47,314,161)	(41,443,023)
Cash Balance Over FY LTR	-	-	-	664,395,458	571,331,337	495,120,599	-	-	-	-
Target Stabilization Reserve %	7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses In Cash Reserve				34.2%	29.9%	27.0%	21.6%	13.8%	6.6%	6.8%
	<b>7/1 Increase</b>	<b>7/1 Increase</b>	<b>1/1 Increase</b>							
ER Premium Increase:	5.3%	5.3%	0.00%	0.00%	3.47%	3.41%	3.14%	3.14%	13.64%	13.64%
EE Premium Increase:	5.3%	5.3%	0.00%	0.00%	2.83%	3.43%	3.14%	3.14%	13.64%	13.64%

# Authorized CY 2017 Budget

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With Board's 2018

Benefit Design

(Segal 4-26-17)

North Carolina State Health Plan

Financial Projections - Dec 2016

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Smoker Surcharger (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan

With July 2016 Enrollment

Incentives start at \$25/\$25/\$30 and increase \$10/\$10/\$20 every 2-years, \$10 Standard Premium Credit

Baseline - MA Renewal Rates in 2017, 7.0% Increase Plus ACA Fee For 2018+ MA Rates, Reduced 2017 Admin and CVS Guarantee

	2012 - 2013 Biennium		Actual Short Plan Year Jul-Dec 2013	Actual Calendar 2014	Actual Calendar 2015	Actual Calendar 2016	Projection Calendar 2017	Projection Calendar 2018	Projection Calendar 2019	Projection Calendar 2020	Projection Calendar 2021
	Actual FY 2012	Actual FY 2013									
<b>PLAN INCOME:</b>											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,592,141	2,993,891,773	3,179,907,882	3,265,064,617	3,598,844,024	3,835,377,523	4,091,307,431	4,368,280,187
Wellness Surcharge/(Credit)	-	-	-	-	-	-	16,317,503	45,571,285	45,581,005	45,589,857	45,346,051
Medicare Advantage Subsidy	-	-	-	721,773	959,319	797,488	844,344	881,835	920,359	960,400	1,002,018
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(277,538)	(28,401)	(5,343)	(2,561)	(1,632,532)	(1,799,422)	(1,917,689)	(2,045,654)	(2,184,140)
Premium Change due to Movement Medicare Part D	57,583,802	38,056,016	(1,323,888)	21,584,404	19,484,823	19,920,242	15,532,346	10,874,202	13,218,065	15,596,009	18,015,264
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,202,822	216,170	441	453	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,182,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,802,965	-	-	-	-	-	-
Total	-	24,435,483	37,082,587	28,378,402	48,803,406	453	-	-	-	-	-
Investment Earnings	3,015,815	3,238,713	1,841,087	4,417,142	6,037,729	8,712,384	7,361,074	7,328,086	7,596,758	7,628,885	7,509,973
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>1,539,900,247</b>	<b>3,007,663,612</b>	<b>3,068,971,707</b>	<b>3,209,335,886</b>	<b>3,303,487,352</b>	<b>3,677,760,524</b>	<b>3,917,358,164</b>	<b>4,176,124,735</b>	<b>4,455,547,676</b>
<b>PLAN EXPENSE:</b>											
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,949,838,964	2,067,095,284	2,168,596,151	2,345,588,818	2,514,794,767	2,640,955,087	2,822,287,000	3,014,817,983
Claim Refunds	(22,634,815)	(23,467,914)	(10,834,378)	(22,731,740)	(23,709,307)	(22,906,282)	(13,890,115)	(14,654,250)	(15,762,353)	(16,857,822)	(17,897,600)
Adjustment for Changes	-	-	-	-	-	-	(31,931,226)	(47,809,675)	(54,431,524)	(57,499,316)	(59,899,489)
Cost of Add Locals	-	-	-	-	-	-	2,588,447	2,786,705	2,807,330	2,822,663	2,844,565
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,043,385,977	2,145,689,869	2,302,355,924	2,455,117,547	2,573,568,540	2,750,752,425	2,939,865,460
Medicare Advantage Premiums	-	-	-	155,497,950	172,517,202	195,205,001	194,235,260	262,927,142	293,357,538	327,260,961	365,029,384
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	761,471,324	853,753,655	906,675,147	988,699,400	1,078,003,501	1,174,246,118	1,274,989,392
Rebates	(93,130,180)	(69,641,941)	(32,188,641)	(98,763,203)	(96,193,453)	(106,013,894)	(156,698,373)	(119,946,779)	(125,740,766)	(130,980,129)	(135,992,913)
Baseline Savings from PBM Formularies	-	-	-	-	-	-	(37,225,278)	(45,480,172)	(52,078,569)	(56,833,512)	(61,709,487)
Rebates Savings from PBM Formularies	-	-	-	-	-	-	(17,861,370)	(42,070,609)	(71,902,581)	(80,831,911)	(87,764,040)
Claims Adjustment for Changes	-	-	-	-	-	-	(238,202)	(4,438,470)	(10,955,056)	(19,103,062)	(28,962,066)
Additional ACA Preventive Medicine	-	-	-	-	-	-	1,366,000	1,462,000	1,538,206	1,696,276	1,895,803
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	665,277,871	747,739,761	696,217,923	778,225,369	816,864,735	898,193,780	962,456,690
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,657,393	2,881,181,050	3,088,634,831	3,192,809,107	3,496,270,558	3,683,790,813	3,966,207,166	4,267,351,534
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	187,419,975	187,504,478	199,053,115	191,759,846	199,702,055	207,034,452	214,675,173
ACA Reinsurance Fee	-	-	-	-	-	5,911,880	14,747,598	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>1,484,941,057</b>	<b>2,831,263,302</b>	<b>3,068,601,025</b>	<b>3,262,050,989</b>	<b>3,406,609,819</b>	<b>3,688,029,904</b>	<b>3,883,492,868</b>	<b>4,173,241,618</b>	<b>4,482,026,708</b>
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,400,210	370,682	(52,715,103)	(103,122,467)	(10,269,381)	33,865,296	2,883,116	(26,479,032)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	982,502,925	859,380,458	849,111,077	882,976,373	885,859,490
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	982,502,925	859,380,458	849,111,077	882,976,373	885,859,490	859,380,458
Target Stabilization Reserve - CY (9%)	184,110,826	201,392,496	113,231,386	214,723,553	243,779,748	260,408,667	269,871,646	291,000,862	305,138,995	327,505,158	351,208,994
Legislative Target Reserve - CY (20%)	-	-	-	-	368,232,123	391,446,119	-	-	-	-	-
Cash Balance Over CY TSR	318,136,845	582,095,450	725,215,751	800,123,793	771,438,282	702,094,258	589,508,812	558,110,214	577,837,379	558,354,331	508,171,464
Cash Balance Over CY LTR	-	-	-	-	646,985,905	571,056,806	-	-	-	-	-
Target Stabilization Reserve	184,110,826	201,392,496	113,231,386	214,723,553	243,779,748	260,408,667	269,871,646	291,000,862	305,138,995	327,505,158	351,208,994
Target Stabilization Reserve %	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve							29.5%	25.2%	23.0%	21.2%	19.2%
	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
ER Premium Increase:	5.3%	5.3%		3.57%	0.00%	3.47%	3.41%	7.16%	7.16%	7.16%	7.16%
EE Premium Increase:	5.3%	5.3%		3.57%	0.00%	2.83%	3.43%	7.16%	0.00%	0.00%	0.00%

# Authorized CY 2017 Budget

Page 2 (FY)

## With Board's 2018 Benefit Design

(Segal 4-26-17)

North Carolina State Health Plan

Financial Projections - Dec 2016

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Smoker Surcharger (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan

With July 2016 Enrollment

Incentives start at \$25/\$25/\$30 and increase \$10/\$10/\$20 every 2-years, \$10 Standard Premium Credit

	2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium		2020 - 2021 Biennium	
	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY2015	Actual FY2016	Projection FY2017	Projection FY2018	Projection FY2019	Projection FY2020	Projection FY2021
<b>PLAN INCOME:</b>										
Net Contribution Income	2,750,368,851	2,895,366,140	2,941,097,678	2,987,502,673	3,088,300,089	3,234,496,548	3,440,125,751	3,716,862,166	3,963,066,328	4,229,487,136
Wellness Surcharger/(Credit)	-	-	-	-	-	8,162,809	30,953,720	45,576,162	45,585,447	45,467,897
Medicare Advantage Subsidy	-	-	417,565	833,262	841,858	804,258	863,154	900,940	940,217	981,039
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(299,923)	(11,359)	-	(813,775)	(1,720,063)	(1,858,431)	(1,981,533)	(2,114,744)
Premium Change due to Movement	-	-	-	-	-	-	5,439,553	12,046,738	14,407,500	16,805,933
Medicare Part D	57,583,602	38,056,016	11,583,652	19,590,771	17,379,783	18,419,387	15,781,473	16,308,436	16,823,872	17,322,948
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,216,663	202,770	453	-	-	-	-	-
Coverage Gap Subsidy	-	-	38,563,909	1,478,088	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,435,483	63,780,571	50,283,823	453	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	3,916,235	5,065,735	7,393,185	8,351,147	7,303,802	7,472,868	7,866,905	7,583,245
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>3,020,495,778</b>	<b>3,063,262,956</b>	<b>3,113,915,368</b>	<b>3,269,420,173</b>	<b>3,498,747,490</b>	<b>3,797,308,879</b>	<b>4,046,508,736</b>	<b>4,315,533,454</b>
<b>PLAN EXPENSE:</b>										
Medical Claims Payment	1,849,410,105	1,858,096,405	1,989,574,333	2,021,389,178	2,121,371,419	2,268,052,804	2,387,580,420	2,550,189,850	2,782,855,057	2,917,171,783
Claim Refunds	(22,634,615)	(23,487,914)	(22,450,766)	(24,839,428)	(22,075,924)	(17,559,680)	(14,259,781)	(15,135,155)	(16,293,549)	(17,422,622)
Adjustment for Changes	-	-	-	-	-	(16,215,848)	(38,202,583)	(51,551,929)	(58,520,454)	(58,715,958)
Cost of Add Locals	-	-	-	-	-	1,270,719	2,685,712	2,891,876	2,719,880	2,929,516
Net Medical Claims	1,826,775,490	1,834,628,491	1,967,123,567	1,996,529,750	2,099,295,495	2,235,548,014	2,337,803,788	2,486,304,441	2,712,760,933	2,843,962,699
Medicare Advantage Premiums	-	-	78,538,847	162,400,394	183,856,887	194,823,998	228,327,399	278,029,906	310,183,984	346,005,626
Pharmacy Claims Payment	721,163,013	752,419,650	743,281,462	721,469,293	835,472,280	874,557,019	947,235,661	1,030,801,873	1,124,961,010	1,221,242,354
Rebates	(93,130,160)	(89,641,941)	(91,853,105)	(51,114,709)	(113,894,278)	(175,192,353)	(117,690,182)	(122,641,887)	(128,543,688)	(133,479,327)
Baseline Savings from PBM Formularies	-	-	-	-	-	(17,100,999)	(42,068,221)	(48,662,833)	(54,448,113)	(59,108,130)
Rebates Savings from PBM Formularies	-	-	-	-	-	(5,552,488)	(31,627,701)	(56,088,567)	(77,436,796)	(84,061,603)
Claims Adjustment for Changes	-	-	-	-	-	(103,599)	(2,046,736)	(7,503,191)	(14,845,440)	(23,755,049)
Additional ACA Preventive Medicine	-	-	-	-	-	682,165	1,413,908	1,484,312	1,612,721	1,790,323
Net Pharmacy Claims	628,032,853	682,777,709	651,628,357	670,354,584	721,578,002	677,289,745	755,216,729	797,389,707	851,299,694	922,628,568
Total Claims	2,454,808,343	2,517,406,200	2,697,290,771	2,829,284,728	3,004,730,384	3,107,661,757	3,321,347,917	3,561,814,054	3,874,244,611	4,112,596,894
Administrative Costs	165,480,561	161,401,639	148,134,913	168,416,645	179,826,450	183,214,302	187,422,005	196,121,905	203,304,381	210,788,029
ACA Reinsurance Fee	-	-	-	-	-	17,709,959	2,949,520	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>2,845,425,684</b>	<b>2,997,701,373</b>	<b>3,184,556,834</b>	<b>3,308,566,018</b>	<b>3,511,719,442</b>	<b>3,757,935,959</b>	<b>4,077,548,992</b>	<b>4,323,384,923</b>
Plan Income (Loss)	232,391,259	281,240,475	175,070,094	65,661,583	(70,641,466)	(39,185,845)	(12,971,951)	39,372,920	(31,040,257)	(7,851,469)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	958,558,040	1,024,119,623	953,478,157	914,312,312	901,340,361	940,713,281	909,673,024
Ending Cash Balance (Deficit)	502,247,471	783,487,946	958,558,040	1,024,119,623	953,478,157	914,312,312	901,340,361	940,713,281	909,673,024	901,821,555
Target Stabilization Reserve - FY (9%)	184,110,626	201,392,496	222,593,914	240,019,590	253,878,615	262,155,398	278,371,847	295,540,573	320,765,456	338,993,214
Legislative Target Reserve - FY (20%)	-	-	-	359,724,165	382,146,820	397,030,322	-	-	-	-
Cash Balance Over FY TSR	-	-	-	784,100,033	699,599,542	652,156,914	622,968,514	645,172,707	588,907,567	562,828,341
Cash Balance Over FY LTR	-	-	-	664,395,458	571,331,337	517,281,990	-	-	-	-
Target Stabilization Reserve %	7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve				34.2%	29.9%	27.6%	25.7%	25.0%	22.3%	20.9%
	<b>7/1 Increase</b>	<b>7/1 Increase</b>	<b>1/1 Increase</b>							
ER Premium Increase:	5.3%	5.3%	3.57%	0.00%	3.47%	3.41%	7.16%	7.16%	7.16%	7.16%
EE Premium Increase:	5.3%	5.3%	3.57%	0.00%	2.83%	3.43%	7.16%	0.00%	0.00%	0.00%

#### North Carolina State Health Plan

#### Financial Projections - March 2017

#### Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Smoker Surcharger (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan

Incentives start at \$25/\$25/\$30 and increase \$10/\$10/\$20 every 2-years, \$10 Standard Premium Credit

Remove HA/PCP Starting 2018

No Premium Increase for EE and DEP Starting 2019. Premium for FAM/CHD Tier Are Reduced in 2018. New Premium Structure for EE in 2018. New Admin Cost

	2012 - 2013 Biennium		Actual Short Plan Year Jul-Dec 2013	Actual Calendar 2014	Actual Calendar 2015	Actual Calendar 2016	Projection Calendar 2017	Projection Calendar 2018	Projection Calendar 2019	Projection Calendar 2020	Projection Calendar 2021
	Actual FY 2012	Actual FY 2013									
<b>PLAN INCOME:</b>											
Net Contribution Income	2,750,368,851	2,895,366,140	1,502,578,000	2,952,592,141	2,993,891,773	3,179,907,882	3,308,325,307	3,637,268,922	3,871,499,451	4,124,596,881	4,398,135,528
Wellness Surcharge/(Credit)	-	-	-	-	-	-	9,773,406	51,222,464	51,341,989	51,458,408	51,337,640
Medicare Advantage Subsidy	-	-	-	721,773	959,319	797,488	905,874	883,522	921,511	961,000	1,002,028
Health care Reform ERRP Retro Disenrollments	42,163,391 (451,496)	(558,219) (487,819)	(277,538)	(1,949) (28,401)	(5,343)	(2,561)	(1,244,937)	(1,818,634)	(1,935,750)	(2,062,298)	(2,199,088)
Premium Change due to Movement Medicare Part D	57,583,802	38,056,016	(1,323,888)	21,584,404	19,484,823	19,920,242	16,319,731	15,562,391	16,069,858	16,564,354	17,040,684
EGWP+Wrap											
Direct Subsidy	-	24,436,483	25,202,822	216,170	441	453	-	-	-	-	-
Coverage Gap Subsidy	-	-	11,879,765	28,182,232	-	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	-	48,802,965	-	-	-	-	-	-
Total	-	24,436,483	37,082,587	28,378,402	48,803,406	453	-	-	-	-	-
Investment Earnings	3,015,815	3,238,713	1,841,087	4,417,142	6,037,729	8,712,384	7,833,799	7,545,473	7,880,219	7,923,985	7,739,537
<b>Total Plan Income</b>	<b>2,852,880,163</b>	<b>2,960,048,314</b>	<b>1,539,900,247</b>	<b>3,007,663,512</b>	<b>3,068,971,707</b>	<b>3,209,335,886</b>	<b>3,341,913,181</b>	<b>3,714,968,020</b>	<b>3,952,444,604</b>	<b>4,208,480,822</b>	<b>4,484,466,084</b>
<b>PLAN EXPENSE:</b>											
Medical Claims Payment	1,849,410,105	1,858,096,405	1,033,157,400	1,949,838,964	2,067,095,284	2,168,596,151	2,361,312,833	2,544,319,684	2,671,803,477	2,855,083,561	3,049,665,373
Claim Refunds	(22,634,815)	(23,467,914)	(10,834,378)	(22,731,740)	(23,709,307)	(22,906,282)	(16,228,911)	(14,826,437)	(15,946,629)	(17,053,888)	(18,104,651)
Adjustment for Changes	-	-	-	-	-	-	(18,843,132)	(43,174,500)	(49,142,252)	(49,311,063)	(49,143,866)
Cost of Add Locals	-	-	-	-	-	-	1,982,448	2,811,398	2,831,766	2,846,771	2,868,407
Net Medical Claims	1,826,775,490	1,834,628,491	1,022,323,022	1,927,107,224	2,043,385,977	2,145,689,869	2,328,223,037	2,489,130,145	2,609,546,362	2,791,565,284	2,985,285,263
Medicare Advantage Premiums	-	-	-	155,497,950	172,517,202	195,205,001	194,618,401	263,286,110	293,583,660	327,323,367	364,892,286
Pharmacy Claims Payment	721,163,013	752,419,650	425,257,939	697,815,422	761,471,324	853,753,655	885,950,127	969,502,339	1,054,809,150	1,150,780,982	1,249,139,312
Rebates	(93,130,180)	(69,641,941)	(32,188,641)	(98,763,203)	(96,193,453)	(106,013,894)	(197,612,030)	(176,395,717)	(183,033,780)	(190,073,817)	(197,340,618)
Guarantee Improvement on Rx Cost	-	-	-	-	-	-	-	(3,102,407)	(5,906,931)	(6,444,373)	(6,995,180)
Guarantee Improvement on Rebates	-	-	-	-	-	-	-	(16,089,144)	(42,654,959)	(53,416,807)	(57,977,014)
Claims Adjustment for Changes	-	-	-	-	-	-	(209,031)	(6,187,677)	(12,550,570)	(20,243,510)	(29,514,233)
Additional ACA Preventive Medicine	-	-	-	-	-	-	1,025,460	1,462,000	1,537,962	1,695,329	1,893,376
Net Pharmacy Claims	628,032,853	682,777,709	393,069,298	599,052,219	665,277,871	747,739,761	689,154,525	769,189,395	812,200,892	892,297,803	959,205,643
Total Claims	2,454,808,343	2,517,406,200	1,415,392,320	2,681,657,393	2,881,181,050	3,088,634,831	3,211,995,963	3,521,605,650	3,715,330,914	4,001,186,454	4,309,383,192
Administrative Costs	165,480,561	161,401,639	69,548,737	149,605,909	187,419,975	187,504,478	193,681,004	191,582,642	199,686,145	206,984,979	214,589,356
ACA Reinsurance Fee	-	-	-	-	-	5,911,880	14,747,598	-	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>1,484,941,057</b>	<b>2,831,263,302</b>	<b>3,068,601,025</b>	<b>3,262,050,989</b>	<b>3,420,424,568</b>	<b>3,713,188,292</b>	<b>3,915,017,059</b>	<b>4,208,171,433</b>	<b>4,523,972,548</b>
Plan Income (Loss)	232,391,259	281,240,475	54,959,190	176,400,210	370,682	(52,715,103)	(78,511,385)	1,769,729	37,427,546	309,189	(39,506,464)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	982,502,925	883,991,540	885,761,269	923,188,815	923,498,004
Ending Cash Balance (Deficit)	502,247,471	783,487,946	838,447,136	1,014,847,346	1,015,218,028	982,502,925	883,991,540	885,761,269	923,188,815	923,498,004	883,991,540
Target Stabilization Reserve - CY (9%)	184,110,626	201,392,496	113,231,386	214,723,553	243,779,748	260,408,667	271,563,981	293,248,759	307,957,253	330,647,678	355,004,182
Legislative Target Reserve - CY (20%)	-	-	-	-	368,232,123	391,446,119	-	-	-	-	-
Cash Balance Over CY TSR	318,136,845	582,095,450	725,215,751	800,123,793	771,438,282	702,094,258	612,427,560	592,512,510	615,231,562	592,850,328	528,987,359
Cash Balance Over CY LTR	-	-	-	-	646,985,905	571,056,806	-	-	-	-	-
Target Stabilization Reserve	184,110,626	201,392,496	113,231,386	214,723,553	243,779,748	260,408,667	271,563,981	293,248,759	307,957,253	330,647,678	355,004,182
Target Stabilization Reserve %	7.5%	8.0%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve											
	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
ER Premium Increase:	5.3%	5.3%		3.57%	0.00%	3.47%	3.41%	7.02%	7.02%	7.02%	7.02%
EE Premium Increase:	5.3%	5.3%		3.57%	0.00%	2.83%	3.43%	7.02%	0.00%	0.00%	0.00%

North Carolina State Health Plan  
Financial Projections - March 2017

Trends - 7.0% Medical & 8.5% Pharmacy

No Wellness, No 100% Preventive, Smoker Surcharger (\$40 for 2017 and \$60 for 2018 and 2019) on Traditional Plan  
Incentives start at \$25/\$25/\$30 and increase \$10/\$10/\$20 every 2-years, \$10 Standard Premium Credit

	2012 - 2013 Biennium		2014 - 2015 Biennium		2016 - 2017 Biennium		2018 - 2019 Biennium		2020 - 2021 Biennium	
	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY2015	Actual FY2016	Projection FY2017	Projection FY2018	Projection FY2019	Projection FY2020	Projection FY2021
<b>PLAN INCOME:</b>										
Net Contribution Income	2,750,368,851	2,895,366,140	2,941,097,678	2,987,502,673	3,088,300,089	3,258,298,796	3,478,800,548	3,754,138,388	3,997,775,395	4,261,063,691
Wellness Surcharger/(Credit)	-	-	-	-	-	3,248,919	32,147,665	51,282,422	51,400,389	51,398,139
Medicare Advantage Subsidy	-	-	417,565	833,262	841,858	864,638	865,169	902,356	941,096	981,348
Health care Reform ERRP	42,163,391	(558,219)	-	(1,949)	-	-	-	-	-	-
Retro Disenrollments	(451,496)	(487,819)	(299,923)	(11,359)	-	(416,450)	(1,739,400)	(1,877,069)	(1,998,888)	(2,130,532)
Premium Change due to Movement	-	-	-	-	-	-	2,148,304	5,482,064	7,854,345	10,225,517
Medicare Part D	57,583,602	38,056,016	11,583,652	19,590,771	17,379,783	19,596,174	15,296,306	15,808,093	16,309,841	16,796,056
EGWP+Wrap	-	-	-	-	-	-	-	-	-	-
Direct Subsidy	-	24,435,483	25,216,663	202,770	453	-	-	-	-	-
Coverage Gap Subsidy	-	-	38,563,909	1,478,088	-	-	-	-	-	-
Catastrophic Subsidy	-	-	-	48,602,965	-	-	-	-	-	-
Total	-	24,435,483	63,780,571	50,283,823	453	-	-	-	-	-
Investment Earnings	3,015,815	3,236,713	3,916,235	5,065,735	7,393,185	8,770,896	7,464,485	7,737,084	7,966,873	7,858,354
<b>Total Plan Income</b>	<b>2,852,680,163</b>	<b>2,960,048,314</b>	<b>3,020,495,778</b>	<b>3,063,262,956</b>	<b>3,113,915,368</b>	<b>3,290,362,964</b>	<b>3,534,983,078</b>	<b>3,833,473,339</b>	<b>4,080,249,051</b>	<b>4,346,192,574</b>
<b>PLAN EXPENSE:</b>										
Medical Claims Payment	1,849,410,105	1,858,096,405	1,989,574,333	2,021,389,178	2,121,371,419	2,270,059,747	2,415,682,108	2,580,056,144	2,815,278,426	2,950,980,675
Claim Refunds	(22,634,615)	(23,487,914)	(22,450,766)	(24,839,428)	(22,075,924)	(19,814,410)	(14,427,518)	(15,312,556)	(16,483,555)	(17,624,729)
Adjustment for Changes	-	-	-	-	-	(6,420,055)	(31,960,786)	(47,296,860)	(50,066,038)	(49,205,705)
Cost of Add Locals	-	-	-	-	-	647,844	2,714,765	2,917,069	2,743,329	2,954,300
Net Medical Claims	1,826,775,490	1,834,628,491	1,967,123,567	1,996,529,750	2,099,295,495	2,244,473,126	2,372,008,590	2,520,383,797	2,751,472,162	2,887,104,541
Medicare Advantage Premiums	-	-	78,538,847	162,400,394	183,856,887	195,005,308	228,707,388	278,322,942	310,328,853	345,969,018
Pharmacy Claims Payment	721,163,013	752,419,650	743,281,462	721,469,293	835,472,280	862,865,929	928,977,019	1,010,645,724	1,102,644,690	1,196,663,734
Rebates	(93,130,160)	(89,641,941)	(91,853,105)	(51,114,709)	(113,894,278)	(133,256,521)	(228,820,373)	(179,618,185)	(186,546,452)	(193,700,315)
Guarantee Improvement on Rx Cost	-	-	-	-	-	-	(1,497,018)	(4,455,572)	(6,174,810)	(6,701,317)
Guarantee Improvement on Rebates	-	-	-	-	-	-	(5,182,717)	(28,486,250)	(51,206,352)	(55,567,378)
Claims Adjustment for Changes	-	-	-	-	-	(73,955)	(2,811,520)	(9,284,713)	(16,228,180)	(24,616,314)
Additional ACA Preventive Medicine	-	-	-	-	-	340,874	1,414,688	1,484,194	1,612,205	1,788,746
Net Pharmacy Claims	628,032,853	682,777,709	651,628,357	670,354,584	721,578,002	729,876,327	692,080,081	790,285,198	844,101,122	917,867,157
Total Claims	2,454,808,343	2,517,406,200	2,697,290,771	2,829,284,728	3,004,730,384	3,169,354,761	3,292,796,059	3,588,971,937	3,905,902,137	4,150,940,715
Administrative Costs	165,480,561	161,401,639	148,134,913	168,416,645	179,826,450	177,661,194	187,422,005	196,121,905	203,272,152	210,720,879
ACA Reinsurance Fee	-	-	-	-	-	17,709,959	2,949,520	-	-	-
Extra EGWP+Wrap Administration	-	-	-	-	-	-	-	-	-	-
<b>Total Plan Expense</b>	<b>2,620,288,904</b>	<b>2,678,807,839</b>	<b>2,845,425,684</b>	<b>2,997,701,373</b>	<b>3,184,556,834</b>	<b>3,364,725,904</b>	<b>3,483,167,583</b>	<b>3,785,093,842</b>	<b>4,109,174,288</b>	<b>4,361,661,595</b>
Plan Income (Loss)	232,391,259	281,240,475	175,070,094	65,661,583	(70,641,466)	(74,362,939)	51,815,495	48,379,497	(28,925,238)	(15,469,021)
Beginning Cash Balance (Deficit)	269,856,212	502,247,471	783,487,946	958,558,040	1,024,119,623	953,478,157	879,115,218	930,930,712	979,310,209	950,384,971
Ending Cash Balance (Deficit)	502,247,471	783,487,946	958,558,040	1,024,119,623	953,478,157	879,115,218	930,930,712	979,310,209	950,384,971	934,915,951
Target Stabilization Reserve - FY (9%)	184,110,626	201,392,496	222,593,914	240,019,590	253,878,615	267,691,451	275,767,980	297,958,409	323,801,596	342,447,453
Legislative Target Reserve - FY (20%)	-	-	-	359,724,165	382,146,820	403,767,108	-	-	-	-
Cash Balance Over FY TSR	-	-	-	784,100,033	699,599,542	611,423,767	655,162,732	681,351,800	626,783,376	592,468,498
Cash Balance Over FY LTR	-	-	-	664,395,458	571,331,337	475,348,109	-	-	-	-
Target Stabilization Reserve %	7.5%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
% of Expenses in Cash Reserve				34.2%	29.9%	26.1%	26.7%	25.9%	23.1%	21.4%
	<b>7/1 Increase</b>	<b>7/1 Increase</b>	<b>1/1 Increase</b>							
ER Premium Increase:	5.3%	5.3%	3.57%	0.00%	3.47%	3.41%	7.02%	7.02%	7.02%	7.02%
EE Premium Increase:	5.3%	5.3%	3.57%	0.00%	2.83%	3.43%	7.02%	0.00%	0.00%	0.00%