

Sample Funding Projection and Renewal Rate

[Client Name Here]

**Projected Costs for the Self-Insured Medical Plans
for the Period January 1, 2009 - December 31, 2009**

<u>Projected Costs for 8/1/2009 through 12/31/2009</u>	<u>Medical</u>	<u>Rx</u>	<u>Dental</u>	<u>Vision</u>
Net adjusted paid claims for the 12 months ending 7/31/2009	\$3,530,328	\$1,117,954	\$1,030,109	\$144,943
Covered employees for the 12 months ending 5/31/2009, 7/31/2009, 6/30/2009, and 6/30/2009, respectively	÷ 7,700	6,619	7,911	7,911
Claims cost per employee per month	= \$458.48	\$168.90	\$130.21	\$18.32
Impact of future plan design changes (if any)	× 1.0000	1.0000	1.0000	1.0000
Trend @ 12.0%, 11.0%, 7.0%, and 5.0% for 8.5 months	× 1.0836	1.0767	1.0491	1.0352
Margin for claims fluctuation at 3.0%, 1.5%, 0.0%, and 0.0%	× 1.0300	1.0150	1.0000	1.0000
Trended claims cost per employee per month with margin	= \$511.71	\$184.58	\$136.60	\$18.96
Administrative costs per employee per month	+ \$27.45	\$1.25	\$4.50	<i>Inc. w/med.</i>
Stop-loss premiums per employee per month	+ \$48.48	n/a	n/a	n/a
Projected composite funding per employee per month, participating	= \$587.64	\$185.83	\$141.10	\$18.96
Current number of employees	× 566	566	644	644
Number of months in rest of year	× 5	5	5	5
Projected total costs for 8/1/2009 through 12/31/2009	= \$1,663,021	\$525,899	\$454,342	\$61,051

<u>Health Management Costs</u>	<u>Participating</u>	<u>Non-Participating</u>
Health management costs per employee per month	\$5.00	\$1.60
Employees Affected	485	81
Number of months in rest of year when costs apply	5	2
Total Health Management Costs	\$12,125	\$259
Combined total costs for 8/1/2009 through 12/31/2009	= \$2,716,698	

Actual Costs Through 7/31/2009

Net paid claims for 2009 year-to-date through July, by plan	\$1,917,653	\$629,517	\$620,989	\$83,720
Actual administration costs	+ \$166,234			
Actual stop-loss premiums	+ \$195,337			
Total actual costs	= \$3,613,450			
Projected total costs for the current plan year	\$6,330,148			

Notes:

- Historical paid claims are net of claims in excess of the specific stop-loss deductible and rebates, and adjusted for historical plan design changes.
- Medical administrative costs include the following fees PEPM: medical/rx/vision ASO fees of \$16.50, UR fees of \$3.20, PPO access fees of \$5.50, COBRA/HIPAA fees of \$1.50, and conversion premium of \$0.75.
- Prescription drug administrative costs include fees of \$1.25 PEPM.
- Dental plan administrative costs include ASO fees of \$4.50 PEPM.
- Specific stop-loss premiums (PEPM) are \$24.49 for employees and \$39.18 for dependent units.

[Client Name Here]

Medical Self-Insurance Fund: Statement of Revenue & Expense

The basis for the following are self-insured carrier rate increases of 7.1% for 2010, 7.1% for 2011, and 7.1% for 2012. Fully insured carrier premiums for 2010 are actuals. The projected increases for fully insured carrier premiums are 10.0% in 2011 and 10.0% in 2012. Items highlighted in light green are calculated in this report. Items highlighted in light yellow are from the Finance Department. Items highlighted in light grey are estimated based on the percentage increases shown. All other items are calculated.

		Forecast 2009	Forecasted 2010-12		2010	2011	2012
			Forecast 2010	Forecast 2011	Est. @	Est. @	Est. @
Revenue							
1141.361110	Investment Interest	\$20,000	\$20,000	\$21,000	\$22,000		5.0% 5.0%
1141.363100	COBRA Premiums	\$124,688	\$133,517	\$113,535	\$120,390		
1141.366500	Interfund Insurance Premiums ¹	\$7,175,979	\$7,551,300	\$8,087,718	\$8,526,404		
1141.369720	Employee Contributions – Self-Insured ²	\$596,247	\$630,678	\$675,207	\$710,533		
1141.369721	Employee Contributions – Fully Insured ³	\$125,253	\$134,004	\$173,068	\$217,329		
	Total Fund Revenue	\$8,042,167	\$8,469,499	\$9,070,528	\$9,596,656		
Administrative Costs							
1141.555000.971210	Interfund Subsidies ⁴	\$0	(\$60,000)	\$40,000	\$40,000		
1142.551000.173100	Intergovernmental Professional Services	\$1,772	\$1,861	\$1,917	\$1,975		3.0% 3.0%
1142.541000.173100	Professional Services ⁵	\$21,855	\$22,511	\$23,186	\$23,882		3.0% 3.0%
1142.541000.173110	Employee Communications	\$11,818	\$12,409	\$12,781	\$13,164		3.0% 3.0%
1142.541000.173630	Employee Assistance Program	\$17,727	\$18,613	\$19,171	\$19,746		3.0% 3.0%
1142.541300.173700	Broker Fee – Professional Services	\$26,000	\$27,300	\$28,100	\$28,943		3.0% 3.0%
1142.515200.173920	Waiver Premiums – Health Insurance	\$3,900	\$3,900	\$3,900	\$3,900		
	Subtotal Admin Fees	\$83,072	\$26,594	\$129,055	\$131,610		
Fully Insured Carrier							
1142.521000.173610	Medical Employer – Health Insurance	\$881,603	\$946,378	\$1,015,351	\$1,089,932		
1142.521000.173620	Medical Employee – Health Insurance	\$125,253	\$134,004	\$173,068	\$217,329		
	Subtotal Fully Insured Premium Payments	\$1,006,856	\$1,080,382	\$1,188,419	\$1,307,261		
Medical Claim Payments							
1142.521000.173800	Medical – Claims Payments	\$5,723,283	\$6,375,206	\$7,076,479	\$7,854,892		11.0% 11.0%
1142.521000.173640	Excess Medical – Health Insurance	\$332,535	\$378,654	\$435,452	\$500,770		15.0% 15.0%
1142.541000.173700	Professional Services – Health Insurance	\$261,945	\$272,936	\$289,312	\$306,671		6.0% 6.0%
	Subtotal Medical/Insurance	\$6,317,763	\$7,026,796	\$7,801,243	\$8,662,333		
Wellness Program							
1142.549000.173910	Wellness – Other Expenses	\$20,866	\$21,492	\$22,137	\$22,801		3.0% 3.0%
Various	Subtotal – Wellness	\$20,866	\$21,492	\$22,137	\$22,801		3.0% 3.0%
	Total Fund Expense	\$7,428,557	\$8,155,264	\$9,140,854	\$10,124,005		
	Fund Net Income	\$613,610	\$314,235	(\$70,326)	(\$527,349)		
Fund Balance (Including IBNR Reserve)							
1141.305000	Beginning Fund Balance	\$2,868,711	\$3,482,321	\$3,796,556	\$3,726,230		
1142.500000.080000	Ending Fund Balance	\$3,482,321	\$3,796,556	\$3,726,230	\$3,198,881		
IBNR Reserve							
1141.305010	Beginning IBNR Reserve ⁶	\$912,500	\$956,100	\$1,039,200	\$1,154,000		
1142.500000.080100	Ending IBNR Reserve ⁶	\$956,100	\$1,039,200	\$1,154,000	\$1,281,900		
	Ending Fund Balance ÷ IBNR Reserve	3.64	3.65	3.23	2.50		
	<i>(Target ending fund balance = 2.5 × IBNR)</i>						

¹ Includes "L1 Interfund Insurance Premium"

² Employee contributions assume all employees pay 20% of dependent costs

³ Fully insured carrier employee contributions assume employees pay 20% of dependent costs plus an amount to cover EAP and wellness cost per employee per month

⁴ Includes "L1 Oper Trans Out-Oper Reserv"

⁵ Includes "L1 Prof Svcs-Medical Actuary"

⁶ Includes "L1 IBNR Reserve"

[Client Name Here]

2009 & 2010 Monthly Rates and Employee Contributions (Full-Time 20% Dependent)

	2009								2010: Based on an 7.1% Overall RedMed Rate Increase								
	Med/Rx Enrollment	Den/Vis Enrollment	Med / Rx	Dental	Vision	Total	Employee	Employer	Med/Rx Enrollment*	Den/Vis Enrollment*	Med / Rx	EAP / Wellness	Dental	Vision	Total	Employee	Employer
WAIVING COVERAGE	13	n/a	\$25.00	\$0.00	\$0.00	\$25.00	\$0.00	\$25.00	13	n/a	\$25.00	n/a	n/a	n/a	\$25.00	\$0.00	\$25.00
SELF-INSURED ACTIVELY																	
Employee-only	183	183	\$407.37	\$100.52	\$21.16	\$529.05	\$0.00	\$529.05	177	177	\$436.21	\$2.81	\$107.64	\$22.66	\$569.32	\$0.00	\$569.32
Employee + Child	28	28	\$578.45	\$180.93	\$30.68	\$790.06	\$52.20	\$737.86	27	27	\$619.40	\$4.00	\$193.74	\$32.85	\$849.99	\$56.13	\$793.86
Employee + Children	23	23	\$809.42	\$289.49	\$43.53	\$1,142.44	\$122.68	\$1,019.76	23	23	\$866.73	\$5.60	\$309.99	\$46.61	\$1,228.93	\$131.92	\$1,097.01
Employee + Spouse	116	116	\$802.48	\$178.92	\$38.09	\$1,019.49	\$98.09	\$921.40	114	114	\$859.30	\$5.55	\$191.59	\$40.79	\$1,097.23	\$105.58	\$991.65
Employee + Spouse + Child	56	56	\$973.57	\$259.33	\$47.61	\$1,280.51	\$150.29	\$1,130.22	55	55	\$1,042.50	\$6.73	\$277.69	\$50.98	\$1,377.90	\$161.72	\$1,216.18
Employee + Spouse + Children	116	116	\$1,204.56	\$367.90	\$60.46	\$1,632.92	\$220.77	\$1,412.15	114	114	\$1,289.84	\$8.33	\$393.95	\$64.74	\$1,756.86	\$237.51	\$1,519.35
FULLY INSURED ACTIVELY																	
Employee-only	44	44	\$397.26	\$100.52	\$21.16	\$518.94	\$0.00	\$518.94	43	43	\$434.43	\$2.81	\$107.64	\$22.66	\$567.54	\$0.00	\$567.54
Employee + Child	6	6	\$565.85	\$180.93	\$30.68	\$777.46	\$51.70	\$725.76	6	6	\$618.80	\$4.00	\$193.74	\$32.85	\$849.39	\$56.37	\$793.02
Employee + Children	7	7	\$792.41	\$289.49	\$43.53	\$1,125.43	\$121.30	\$1,004.13	7	7	\$866.55	\$5.60	\$309.99	\$46.61	\$1,228.75	\$132.24	\$1,096.51
Employee + Spouse	19	19	\$783.98	\$178.92	\$38.09	\$1,000.99	\$96.41	\$904.58	19	19	\$857.34	\$5.55	\$191.59	\$40.79	\$1,095.27	\$105.54	\$989.72
Employee + Spouse + Child	15	15	\$952.57	\$259.33	\$47.61	\$1,259.51	\$148.11	\$1,111.40	15	15	\$1,041.71	\$6.73	\$277.69	\$50.98	\$1,377.11	\$161.91	\$1,215.20
Employee + Spouse + Children	24	24	\$1,179.13	\$367.90	\$60.46	\$1,607.49	\$217.71	\$1,389.78	23	23	\$1,289.46	\$8.33	\$393.95	\$64.74	\$1,756.48	\$237.79	\$1,518.69
LEOFF I RETIREES																	
Retiree-only Medicare Ineligible	22	n/a	\$789.96	n/a	n/a	\$789.96	\$0.00	\$789.96	22	n/a	\$845.89	n/a	n/a	n/a	\$845.89	\$0.00	\$845.89
Retiree-only Medicare Eligible	5	n/a	\$789.96	n/a	n/a	\$789.96	\$0.00	\$789.96	5	n/a	\$845.89	n/a	n/a	n/a	\$845.89	\$0.00	\$845.89
TOTAL ANNUAL AMOUNT						Total	Employee	Employer						Total	Employee	Employer	
• Self-Insured Medical/Rx						\$5,020,229	\$596,247	\$4,423,982						\$5,272,455	\$630,678	\$4,641,777	
• Dental						\$1,580,724	\$0	\$1,580,724						\$1,659,178	\$0	\$1,659,178	
• Vision						\$289,670	\$0	\$289,670						\$303,967	\$0	\$303,967	
• Carrier 2						\$1,006,856	\$125,253	\$881,603						\$1,080,382	\$134,004	\$946,378	
Total						\$7,897,479	\$721,500	\$7,175,979						\$8,315,982	\$764,682	\$7,551,300	

*Based on a projected decrease in headcount of 14 employees

**Included in Employee Health rate for Self-Insured Plans