

State of Delaware - Quarterly Financial Reporting

FY17 Q2 Cost Analysis

February 2017

WillisTowersWatson 

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State of Delaware

Health Plan Quarterly Financial Reporting

FY17 Q2 Executive Summary

Overall medical and prescription drug results

- Total active and retiree medical and prescription drug cost for the period of July 1, 2016 through December 30, 2016 is \$367.6M which is approximately 92% of the \$400.2M budget (or 8.1% below budget), resulting in a surplus of \$32.6M
 - Active total medical/Rx cost: \$260M (12% below budget)
 - Non-Medicare eligible retiree total medical/Rx cost: \$54.9M (37% above budget)
 - Medicare eligible retiree total medical/Rx cost: \$52.6M (18% below budget)
- Overall medical and prescription drug costs per employee increased 6.6% over first two quarters of FY2016, and are projected to increase 4.5% over the full fiscal year

Summary plan information

- Summary Plan Information through December 2016

FY2017	Aetna	Highmark	Active	Non-Medicare Retiree	Medicare Retiree	Total
Summary (total)						
Total cost (\$M)	\$21.0	\$346.6	\$260.0	\$54.9	\$52.6	\$367.6
Budgeted cost (\$M)	\$25.5	\$374.7	\$296.1	\$40.1	\$64.0	\$400.2
Loss ratio	82%	93%	88%	137%	82%	92%
PEPY	\$11,898	\$10,602	\$13,807	\$17,429	\$4,221	\$10,668
# of enrolled employees	3,524	65,381	37,664	6,299	24,942	68,905

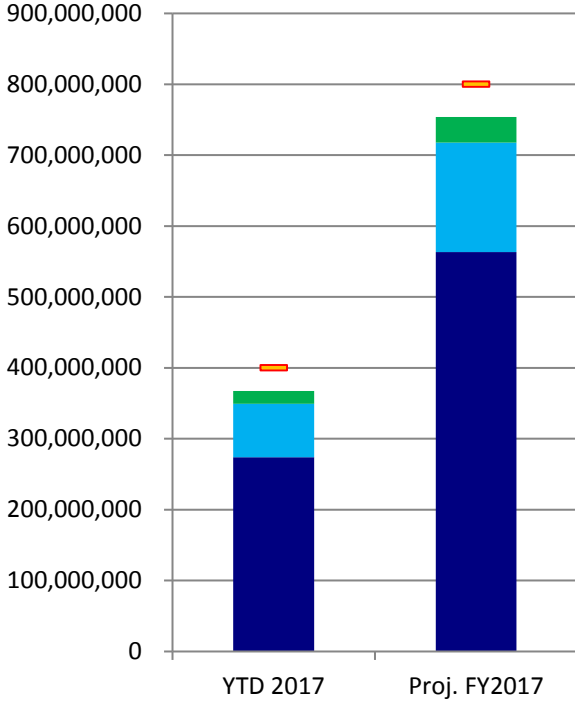
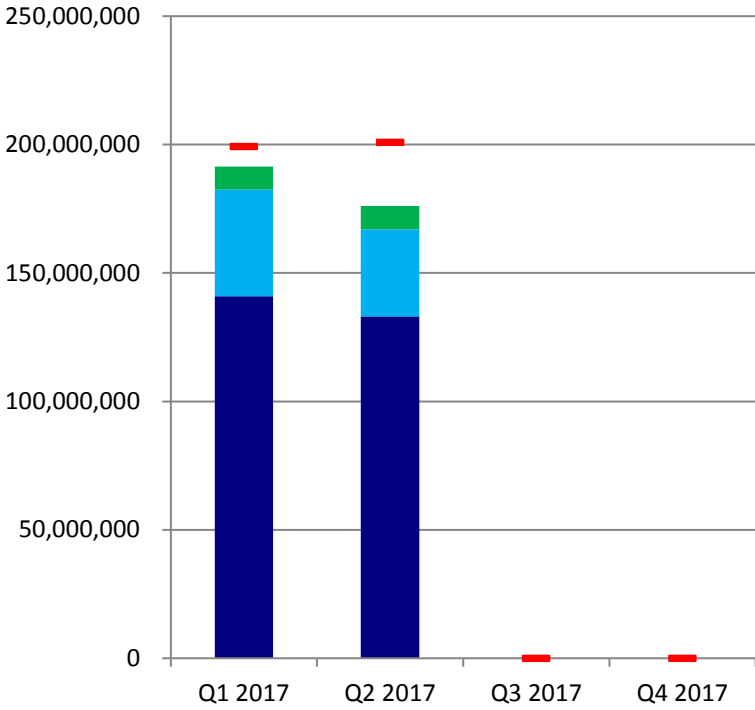
Additional notes

- Claims and other expenses are reported on a paid basis
- Medical/Rx budget is based on FY17 budget rates developed by Segal Consulting.
- Paid claims and enrollment data based on reports from Aetna, Highmark, and ESI. Costs include operating expenses.
- Expenses are broken down into two categories:
 - ASO Fees: includes fees for vendor administration, COBRA administration, ACA-related (TRF & PCORI), Truven data analytics, EAP and Segal and WTW consulting
 - Office Operational Expenses: includes expenses for items such as staff salaries, supplies, etc.
- Rx rebates and EGWP payments are shown based on the period to which the offsets are attributable, rather than the actual payment received in a given period.
- No adjustments made to cost tracking for large claims as the State does not have stop loss insurance
- HRA dollars are assumed to be included in the reported claims
- Participating groups (such as University of DE) are included in the cost tracking, but are assumed to be 100% employee paid. As a result, reported net cost and cost share percentages may be skewed.

	Drop-Down Choices
Status	Total
Vendor	Total
Plan	Total

Legend

- Medical/Rx Budget
- Fees and Op. Expenses
- Rx (incl. Rebates and EGWP)
- Medical (incl. capitation)



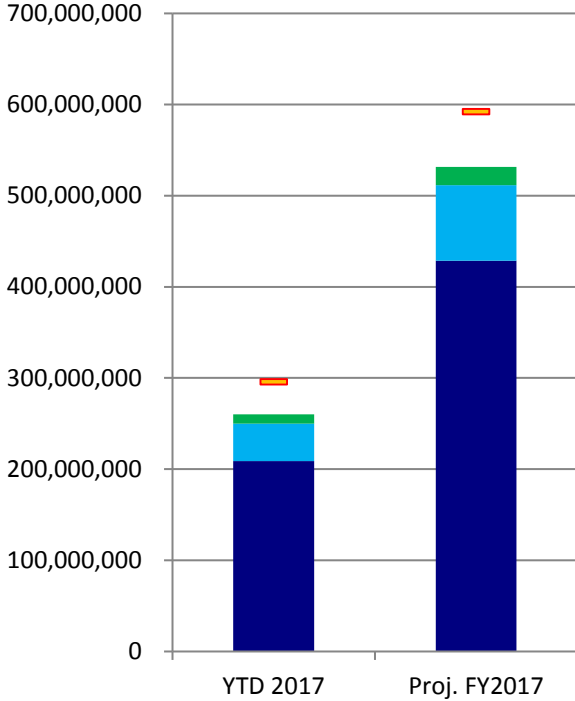
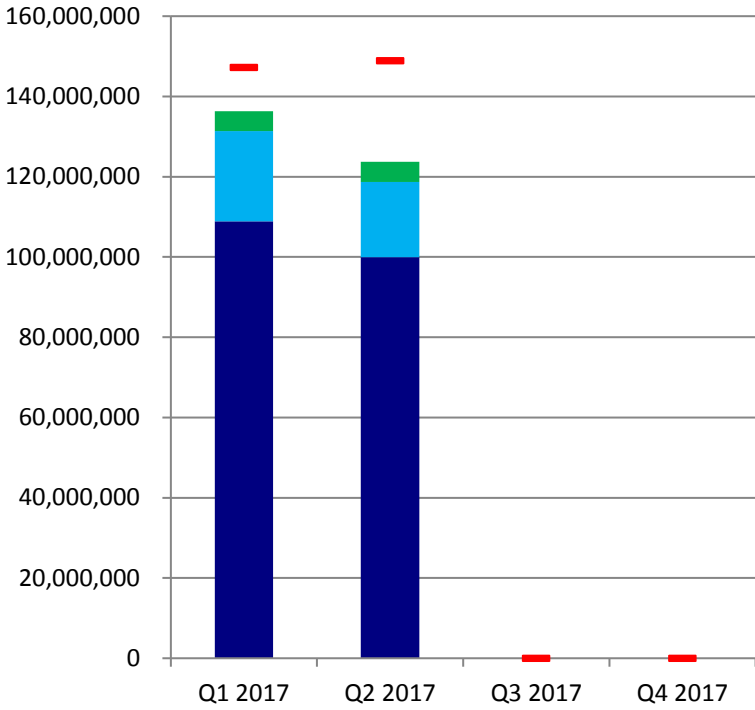
	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Total Program Cost	\$191,461,348	\$176,089,354	N/A	N/A
- Paid Claims	182,405,670	166,979,982	N/A	N/A
- Medical (includes capitation¹)	140,935,442	133,083,745	N/A	N/A
- <i>Capitation</i>	616,436	623,060	N/A	N/A
- Rx (Including Rebates and EGWP)	41,470,228	33,896,237	N/A	N/A
- <i>Rx Paid Claims</i>	61,533,669	53,364,776	N/A	N/A
- <i>EGWP</i>	(9,362,674)	(10,186,051)	N/A	N/A
- <i>Direct Subsidy</i>	(1,995,813)	(1,739,931)	N/A	N/A
- <i>CGDP</i>	(4,546,089)	(5,592,701)	N/A	N/A
- <i>Catastrophic Reinsurance</i>	(2,820,773)	(2,853,419)	N/A	N/A
- <i>Rx Rebates²</i>	(10,700,767)	(9,282,488)	N/A	N/A
- ASO Fees	8,373,087	8,455,968	N/A	N/A
- Operational Expenses	682,591	653,404	N/A	N/A
Medical/Rx Budget	\$199,286,480	\$200,945,500	N/A	N/A
- Surplus/(Deficit)	7,825,131	24,856,146	N/A	N/A
- Total Cost as % of Budget	96%	88%	N/A	N/A
Current Year Per Capita				
- Medical per employee per year	8,663	8,129	N/A	N/A
- Rx per employee per year	2,467	2,006	N/A	N/A
- Total per employee per year ³	11,170	10,173	N/A	N/A
- Medical per member per year	4,816	4,524	N/A	N/A
- Rx per member per year	1,372	1,117	N/A	N/A
- Total per member per year ³	6,210	5,662	N/A	N/A
Prior Year Results	Q1 2016	Q2 2016	Q3 2016	Q4 2016
- Total Program Cost ³	181,013,303	158,044,120	N/A	N/A
- \$ change	10,448,045	18,045,234	N/A	N/A
- Total per employee per year ³	10,726	9,295	N/A	N/A
- % change	4.1%	9.4%	N/A	N/A
- Medical per employee per year	8,022	7,206	N/A	N/A
- % change	8.0%	12.8%	N/A	N/A
- Rx per employee per year	2,668	2,052	N/A	N/A
- % change	-7.5%	-2.2%	N/A	N/A
EE Contributions	\$40,187,984	\$41,045,534	N/A	N/A
- Net SoD ⁴	151,273,365	135,043,820	N/A	N/A
- SoD Subsidy %	79%	77%	N/A	N/A
Headcount				
- Enrolled Ees	68,563	69,241	N/A	N/A
- Enrolled Members	123,320	124,403	N/A	N/A
- Member/EE Ratio	1.8	1.8	N/A	N/A

YTD 2017	Proj. FY2017 ⁴
\$367,550,702	\$754,093,515
349,385,652	717,610,462
274,019,187	563,468,183
1,239,496	2,565,391
75,366,465	154,142,278
114,898,445	232,701,941
(19,548,725)	(35,073,279)
(3,735,744)	(6,843,223)
(10,138,790)	(16,284,615)
(5,674,191)	(11,945,441)
(19,983,255)	(43,486,384)
16,829,055	33,740,992
1,335,995	2,742,061
\$400,231,980	\$800,463,959
32,681,277	46,370,444
92%	94%
8,394	8,429
2,235	2,270
10,669	10,944
4,669	4,689
1,244	1,263
5,935	6,088
339,057,424	712,764,329
28,493,279	41,329,186
10,010	10,475
6.6%	4.5%
7,614	8,003
10.2%	5.3%
2,360	2,434
-5.3%	-6.8%
\$81,233,518	\$162,467,036
286,317,184	591,626,479
78%	78%
68,902	68,902
123,862	123,862
1.8	1.8

¹ Capitation payments apply to HMO and POS plans only
² Additional ESI contract savings independently projected by WTW
³ Includes Medical, Rx, and Operational Expenses
⁴ Participating groups are assumed to be 100% EE funded, and Medicare retirees are assumed to be fully subsidized
⁵ Projections based on most recent 12 months of claims experience (1/1/2016 through 12/31/2016)

	Drop-Down Choices
Status	Active
Vendor	Total
Plan	Total

Legend
- Medical/Rx Budget
■ Fees and Op. Expenses
■ Rx (incl. Rebates and EGWP)
■ Medical (incl. capitation)



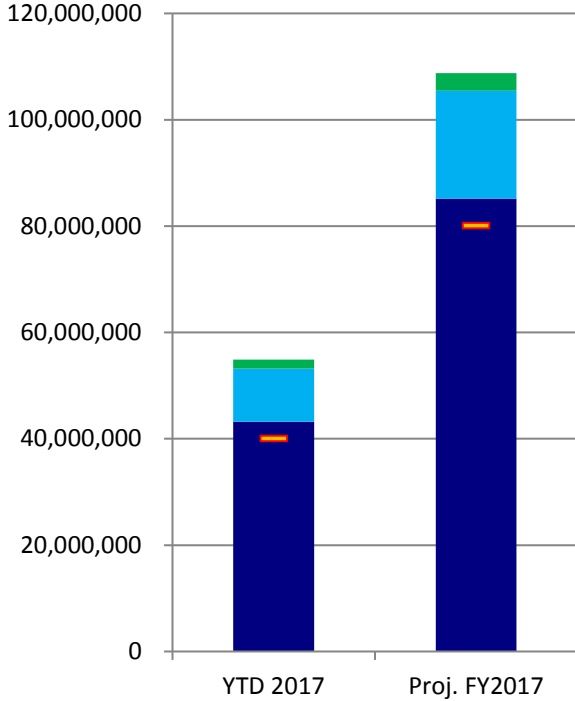
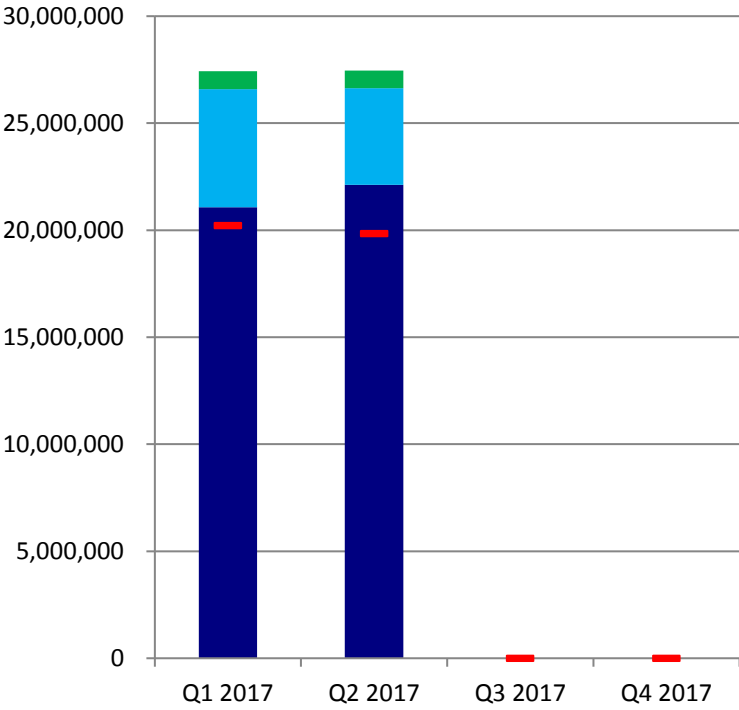
	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Total Program Cost	\$136,306,651	\$123,705,842	N/A	N/A
- Paid Claims	131,366,878	118,716,414	N/A	N/A
- Medical (includes capitation¹)	108,918,507	99,945,276	N/A	N/A
- <i>Capitation</i>	548,178	555,774	N/A	N/A
- Rx (Including Rebates and EGWP)	22,448,371	18,771,138	N/A	N/A
- <i>Rx Paid Claims</i>	27,144,342	22,697,870	N/A	N/A
- <i>EGWP</i>	0	0	N/A	N/A
- <i>Direct Subsidy</i>	0	0	N/A	N/A
- <i>CGDP</i>	0	0	N/A	N/A
- <i>Catastrophic Reinsurance</i>	0	0	N/A	N/A
- <i>Rx Rebates²</i>	(4,695,971)	(3,926,731)	N/A	N/A
- ASO Fees	4,567,427	4,631,542	N/A	N/A
- Operational Expenses	372,346	357,885	N/A	N/A
Medical/Rx Budget	\$147,227,156	\$148,896,730	N/A	N/A
- Surplus/(Deficit)	10,920,505	25,190,889	N/A	N/A
- Total Cost as % of Budget	93%	83%	N/A	N/A
Current Year Per Capita				
- Medical per employee per year	12,090	10,982	N/A	N/A
- Rx per employee per year	2,449	2,028	N/A	N/A
- Total per employee per year ³	14,578	13,047	N/A	N/A
- Medical per member per year	5,094	4,643	N/A	N/A
- Rx per member per year	1,032	857	N/A	N/A
- Total per member per year ³	6,143	5,516	N/A	N/A
Prior Year Results	Q1 2016	Q2 2016	Q3 2016	Q4 2016
- Total Program Cost ³	125,840,731	110,501,984	N/A	N/A
- \$ change	10,465,920	13,203,857	N/A	N/A
- Total per employee per year ³	13,580	11,775	N/A	N/A
- % change	7.4%	10.8%	N/A	N/A
- Medical per employee per year	10,983	9,746	N/A	N/A
- % change	10.1%	12.7%	N/A	N/A
- Rx per employee per year	2,561	1,993	N/A	N/A
- % change	-4.4%	1.8%	N/A	N/A
EE Contributions	\$34,912,613	\$35,748,926	N/A	N/A
- Net SoD ⁴	101,394,038	87,956,915	N/A	N/A
- SoD Subsidy %	74%	71%	N/A	N/A
Headcount				
- Enrolled Ees	37,400	37,925	N/A	N/A
- Enrolled Members	88,753	89,712	N/A	N/A
- Member/EE Ratio	2.4	2.4	N/A	N/A

YTD 2017	Proj. FY2017 ⁴
\$260,012,493	\$531,454,656
250,083,292	511,488,197
208,863,783	428,814,986
1,103,952	2,278,253
41,219,509	82,673,210
49,842,212	102,087,579
0	0
0	0
0	0
0	0
(8,622,703)	(19,414,369)
9,198,969	18,462,053
730,231	1,504,406
\$296,123,886	\$592,247,773
36,111,394	60,793,117
88%	90%
11,531	11,639
2,237	2,228
13,808	14,111
4,867	4,912
944	940
5,828	5,956
236,342,715	497,031,552
23,669,778	34,423,104
12,677	13,267
8.9%	6.4%
10,364	10,906
11.3%	6.7%
2,277	2,324
-1.8%	-4.1%
\$70,661,539	\$141,323,079
189,350,953	390,131,577
73%	73%
37,663	37,663
89,233	89,233
2.4	2.4

¹ Capitation payments apply to HMO and POS plans only
² Additional ESI contract savings independently projected by WTW
³ Includes Medical, Rx, and Operational Expenses
⁴ Participating groups are assumed to be 100% EE funded, and Medicare retirees are assumed to be fully subsidized
⁵ Projections based on most recent 12 months of claims experience (1/1/2016 through 12/31/2016)

	Drop-Down Choices
Status	Non-Medicare Retiree
Vendor	Total
Plan	Total

Legend
- Medical/Rx Budget
■ Fees and Op. Expenses
■ Rx (incl. Rebates and EGWP)
■ Medical (incl. capitation)



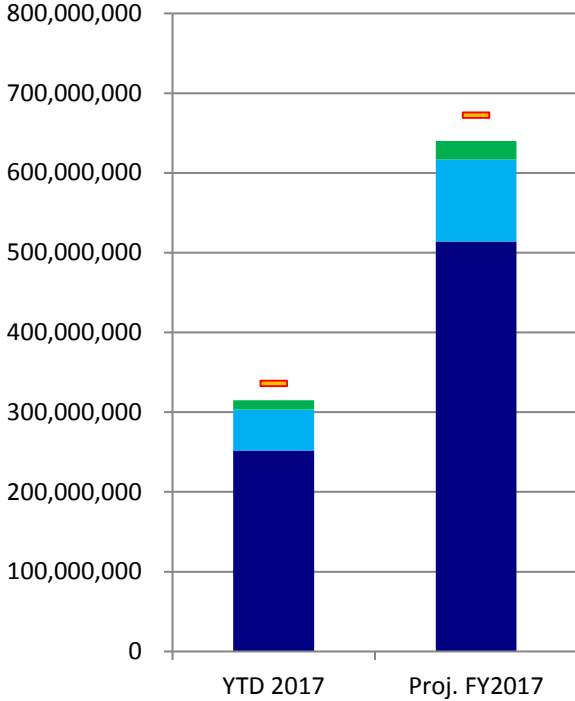
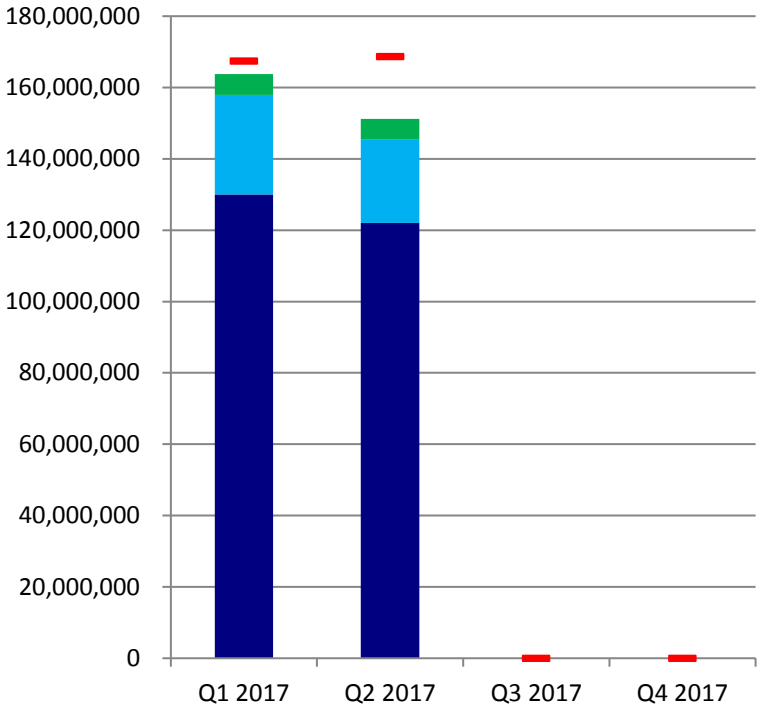
	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Total Program Cost	\$27,430,113	\$27,462,020	N/A	N/A
- Paid Claims	26,589,516	26,642,267	N/A	N/A
- Medical (includes capitation¹)	21,074,879	22,113,637	N/A	N/A
- Capitation	68,258	67,286	N/A	N/A
- Rx (Including Rebates and EGWP)	5,514,637	4,528,630	N/A	N/A
- Rx Paid Claims	6,668,242	5,475,973	N/A	N/A
- EGWP	0	0	N/A	N/A
- Direct Subsidy	0	0	N/A	N/A
- CGDP	0	0	N/A	N/A
- Catastrophic Reinsurance	0	0	N/A	N/A
- Rx Rebates ²	(1,153,606)	(947,343)	N/A	N/A
- ASO Fees	777,236	760,953	N/A	N/A
- Operational Expenses	63,362	58,800	N/A	N/A
Medical/Rx Budget	\$20,219,435	\$19,840,649	N/A	N/A
- Surplus/(Deficit)	(7,210,678)	(7,621,370)	N/A	N/A
- Total Cost as % of Budget	136%	138%	N/A	N/A
Current Year Per Capita				
- Medical per employee per year	13,685	14,636	N/A	N/A
- Rx per employee per year	3,514	2,955	N/A	N/A
- Total per employee per year ³	17,239	17,629	N/A	N/A
- Medical per member per year	8,916	9,494	N/A	N/A
- Rx per member per year	2,289	1,917	N/A	N/A
- Total per member per year ³	11,231	11,435	N/A	N/A
Prior Year Results	Q1 2016	Q2 2016	Q3 2016	Q4 2016
- Total Program Cost ³	26,575,217	23,457,265	N/A	N/A
\$ change	854,897	4,004,754	N/A	N/A
- Total per employee per year ³	16,648	14,828	N/A	N/A
% change	3.6%	18.9%	N/A	N/A
- Medical per employee per year	12,861	11,776	N/A	N/A
% change	6.4%	24.3%	N/A	N/A
- Rx per employee per year	3,751	3,016	N/A	N/A
% change	-6.3%	-2.0%	N/A	N/A
EE Contributions	\$3,103,806	\$3,105,525	N/A	N/A
- Net SoD ⁴	24,326,308	24,356,495	N/A	N/A
- SoD Subsidy %	89%	89%	N/A	N/A
Headcount				
- Enrolled Ees	6,365	6,231	N/A	N/A
- Enrolled Members	9,769	9,606	N/A	N/A
- Member/EE Ratio	1.5	1.5	N/A	N/A

YTD 2017	Proj. FY2017 ⁴
\$54,892,133	\$108,771,314
53,231,782	105,460,718
43,188,516	85,186,454
135,544	278,467
10,043,266	20,274,264
12,144,216	25,038,655
0	0
0	0
0	0
0	0
(2,100,949)	(4,764,391)
1,538,189	3,060,095
122,162	250,502
\$40,060,085	\$80,120,169
(14,832,049)	(28,651,145)
137%	136%
14,153	13,777
3,237	3,252
17,432	17,271
9,201	8,957
2,104	2,114
11,332	11,228
50,032,482	101,595,053
4,859,651	7,176,261
15,738	16,126
10.8%	7.1%
12,318	12,661
14.9%	8.8%
3,383	3,428
-4.3%	-5.1%
\$6,209,331	\$12,418,661
48,682,802	96,352,653
89%	89%
6,298	6,298
9,688	9,688
1.5	1.5

¹ Capitation payments apply to HMO and POS plans only
² Additional ESI contract savings independently projected by WTW
³ Includes Medical, Rx, and Operational Expenses
⁴ Participating groups are assumed to be 100% EE funded, and Medicare retirees are assumed to be fully subsidized
⁵ Projections based on most recent 12 months of claims experience (1/1/2016 through 12/31/2016)

	Drop-Down Choices
Status	Active & Non-Medicare Retiree
Vendor	Total
Plan	Total

Legend
- Medical/Rx Budget
■ Fees and Op. Expenses
■ Rx (incl. Rebates and EGWP)
■ Medical (incl. capitation)



	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Total Program Cost	\$163,736,764	\$151,167,861	N/A	N/A
- Paid Claims	157,956,393	145,358,681	N/A	N/A
- Medical (includes capitation¹)	129,993,386	122,058,913	N/A	N/A
- <i>Capitation</i>	616,436	623,060	N/A	N/A
- Rx (Including Rebates and EGWP)	27,963,007	23,299,768	N/A	N/A
- <i>Rx Paid Claims</i>	33,812,584	28,173,843	N/A	N/A
- <i>EGWP</i>	0	0	N/A	N/A
- <i>Direct Subsidy</i>	0	0	N/A	N/A
- <i>CGDP</i>	0	0	N/A	N/A
- <i>Catastrophic Reinsurance</i>	0	0	N/A	N/A
- <i>Rx Rebates²</i>	(5,849,577)	(4,874,075)	N/A	N/A
- ASO Fees	5,344,663	5,392,495	N/A	N/A
- Operational Expenses	435,708	416,685	N/A	N/A
Medical/Rx Budget	\$167,446,591	\$168,737,380	N/A	N/A
- Surplus/(Deficit)	3,709,827	17,569,518	N/A	N/A
- Total Cost as % of Budget	98%	90%	N/A	N/A
Current Year Per Capita				
- Medical per employee per year	12,322	11,498	N/A	N/A
- Rx per employee per year	2,604	2,159	N/A	N/A
- Total per employee per year ³	14,965	13,694	N/A	N/A
- Medical per member per year	5,473	5,112	N/A	N/A
- Rx per member per year	1,157	960	N/A	N/A
- Total per member per year ³	6,648	6,088	N/A	N/A
Prior Year Results	Q1 2016	Q2 2016	Q3 2016	Q4 2016
- Total Program Cost ³	152,415,947	133,959,249	N/A	N/A
- \$ change	11,320,817	17,208,612	N/A	N/A
- Total per employee per year ³	14,031	12,215	N/A	N/A
- % change	6.7%	12.1%	N/A	N/A
- Medical per employee per year	11,259	10,039	N/A	N/A
- % change	9.4%	14.5%	N/A	N/A
- Rx per employee per year	2,736	2,140	N/A	N/A
- % change	-4.8%	0.9%	N/A	N/A
EE Contributions	\$38,016,419	\$38,854,451	N/A	N/A
- Net SoD ⁴	125,720,346	112,313,410	N/A	N/A
- SoD Subsidy %	77%	74%	N/A	N/A
Headcount				
- Enrolled Ees	43,765	44,156	N/A	N/A
- Enrolled Members	98,522	99,318	N/A	N/A
- Member/EE Ratio	2.3	2.2	N/A	N/A

YTD 2017	Proj. FY2017 ⁴
\$314,904,626	\$640,174,906
303,315,075	616,897,850
252,052,299	513,970,426
1,239,496	2,557,099
51,262,776	102,927,425
61,986,428	127,100,965
0	0
0	0
0	0
0	0
(10,723,652)	(24,173,540)
10,737,158	21,522,148
852,393	1,754,908
\$336,183,971	\$672,367,942
21,279,345	32,193,036
94%	95%
11,907	11,944
2,380	2,374
14,327	14,563
5,292	5,308
1,058	1,055
6,367	6,472
286,375,197	598,626,605
28,529,429	41,548,301
13,123	13,679
9.2%	6.5%
10,649	11,159
11.8%	7.0%
2,438	2,483
-2.4%	-4.4%
\$76,870,870	\$153,741,740
238,033,756	486,433,166
76%	76%
43,960	43,960
98,920	98,920
2.3	2.3

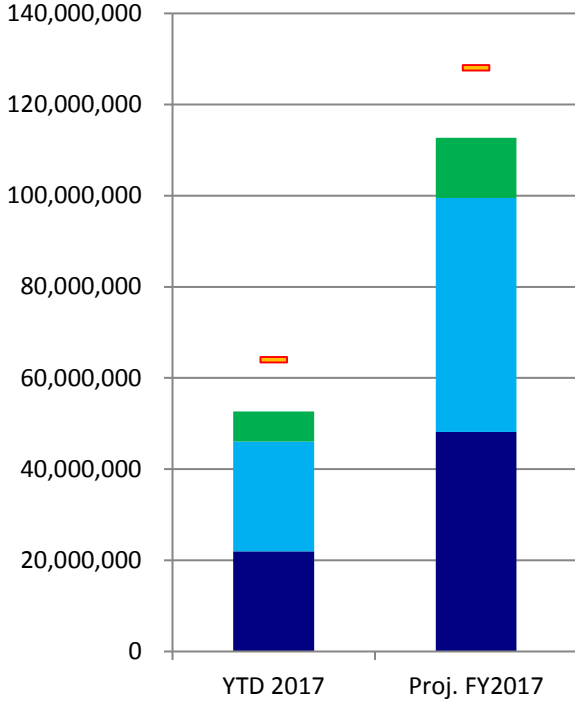
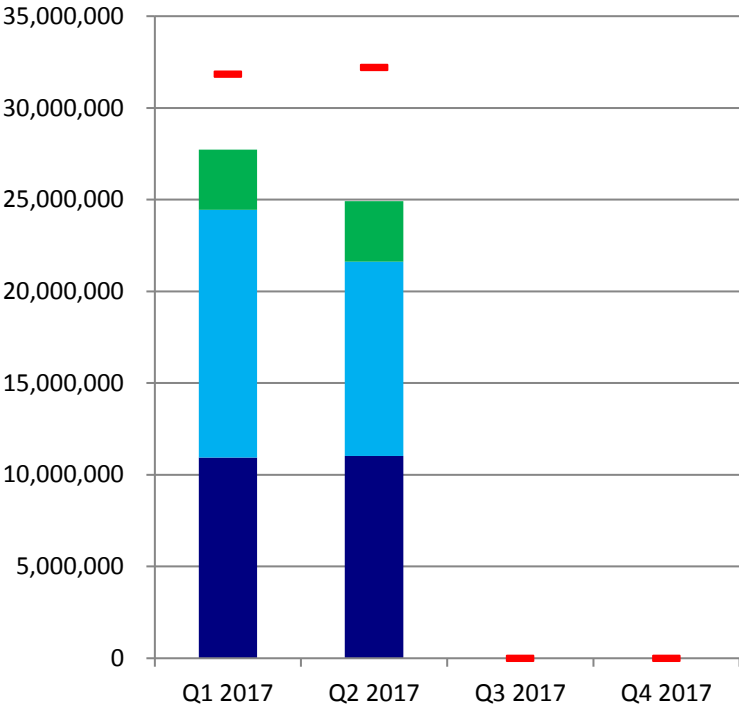
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State of Delaware
Health Plan Quarterly Financial Reporting
FY17 Q2 Plan Cost Analysis

	Drop-Down Choices
Status	Medicare Retiree
Vendor	Total
Plan	Total

Legend

- Medical/Rx Budget
- Fees and Op. Expenses
- Rx (incl. Rebates and EGWP)
- Medical (incl. capitation)



	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Total Program Cost	\$27,724,584	\$24,921,493	N/A	N/A
- Paid Claims	24,449,276	21,621,301	N/A	N/A
- Medical (includes capitation¹)	10,942,056	11,024,832	N/A	N/A
- <i>Capitation</i>	0	0	N/A	N/A
- Rx (Including Rebates and EGWP)	13,507,220	10,596,469	N/A	N/A
- <i>Rx Paid Claims</i>	27,721,084	25,190,933	N/A	N/A
- <i>EGWP</i>	(9,362,674)	(10,186,051)	N/A	N/A
- <i>Direct Subsidy</i>	(1,995,813)	(1,739,931)	N/A	N/A
- <i>CGDP</i>	(4,546,089)	(5,592,701)	N/A	N/A
- <i>Catastrophic Reinsurance</i>	(2,820,773)	(2,853,419)	N/A	N/A
- <i>Rx Rebates²</i>	(4,851,190)	(4,408,413)	N/A	N/A
- ASO Fees	3,028,424	3,063,473	N/A	N/A
- Operational Expenses	246,883	236,719	N/A	N/A
Medical/Rx Budget	\$31,839,888	\$32,208,120	N/A	N/A
- Surplus/(Deficit)	4,115,305	7,286,627	N/A	N/A
- Total Cost as % of Budget	87%	77%	N/A	N/A
Current Year Per Capita				
- Medical per employee per year	2,206	2,199	N/A	N/A
- Rx per employee per year	2,227	1,738	N/A	N/A
- Total per employee per year ³	4,472	3,974	N/A	N/A
- Medical per member per year	2,206	2,199	N/A	N/A
- Rx per member per year	2,227	1,738	N/A	N/A
- Total per member per year ³	4,472	3,974	N/A	N/A
Prior Year Results	Q1 2016	Q2 2016	Q3 2016	Q4 2016
- Total Program Cost ³	28,597,356	24,084,871	N/A	N/A
- \$ change	(872,772)	836,622	N/A	N/A
- Total per employee per year ³	4,756	3,989	N/A	N/A
- % change	-6.0%	-0.4%	N/A	N/A
- Medical per employee per year	2,174	2,062	N/A	N/A
- % change	1.4%	6.6%	N/A	N/A
- Rx per employee per year	2,546	1,891	N/A	N/A
- % change	-12.5%	-8.1%	N/A	N/A
EE Contributions	\$2,171,565	\$2,191,083	N/A	N/A
- Net SoD ⁴	25,553,019	22,730,410	N/A	N/A
- SoD Subsidy %	92%	91%	N/A	N/A
Headcount				
- Enrolled Ees	24,798	25,085	N/A	N/A
- Enrolled Members	24,798	25,085	N/A	N/A
- Member/EE Ratio	1.0	1.0	N/A	N/A

YTD 2017	Proj. FY2017 ⁴
\$52,646,077	\$112,734,847
46,070,577	99,528,850
21,966,888	48,190,930
0	0
24,103,689	51,337,920
52,912,017	105,782,677
(19,548,725)	(35,073,279)
(3,735,744)	(6,843,223)
(10,138,790)	(16,284,615)
(5,674,191)	(11,945,441)
(9,259,603)	(19,371,478)
6,091,897	12,218,844
483,602	987,153
\$64,048,009	\$128,096,017
11,401,932	15,361,170
82%	88%
2,202	2,180
1,981	2,090
4,222	4,520
2,202	2,180
1,981	2,090
4,222	4,520
52,682,227	114,137,724
(36,150)	(1,402,876)
4,372	4,701
-3.4%	-3.8%
2,118	2,316
4.0%	-5.9%
2,218	2,347
-10.7%	-10.9%
\$4,362,648	\$8,725,296
48,283,429	104,009,552
92%	92%
24,942	24,942
24,942	24,942
1.0	1.0

¹ Capitation payments apply to HMO and POS plans only

² Additional ESI contract savings independently projected by WTW

³ Includes Medical, Rx, and Operational Expenses

⁴ Participating groups are assumed to be 100% EE funded, and Medicare retirees are assumed to be fully subsidized

⁵ Projections based on most recent 12 months of claims experience (1/1/2016 through 12/31/2016)

State of Delaware FY2017 Financial Analysis of Health/Rx Plans - Paid Basis Year to Date July 1, 2016 - December 30, 2016																	
Vendor	Highmark											Aetna					Total
Plan	Basic Active	Basic Non Medicare Retirees	PPO Active	PPO Non Medicare Retirees	CDH Active	CDH Non Medicare Retirees	Medicare Primary Retirees	Blue Care HMO Active	Blue Care HMO Non Medicare Retirees	POS	Total Highmark	Aetna HMO Active	Aetna HMO Non Medicare Retirees	Aetna CDH Active	Aetna CDH Non Medicare Retirees	Total Aetna	Total
Medical																	
Paid Claims	\$2,756,045	\$1,859,651	\$120,764,686	\$24,445,322	\$5,150,998	\$634,075	\$21,966,888	\$64,729,536	\$13,542,006	\$2,156,314	\$258,005,521	\$10,427,326	\$2,427,434	\$1,774,926	\$144,484	\$14,774,170	\$272,779,691
Capitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,103,952	\$135,544	\$0	\$0	\$1,239,496	\$1,239,496
Administration	\$235,630	\$23,534	\$4,315,021	\$792,212	\$325,909	\$21,478	\$5,494,198	\$2,694,249	\$442,329	\$57,347	\$14,401,907	\$561,943	\$101,220	\$106,323	\$6,498	\$775,985	\$15,177,892
Total Medical Program Cost	\$2,991,675	\$1,883,185	\$125,079,707	\$25,237,534	\$5,476,907	\$655,553	\$27,461,086	\$67,423,785	\$13,984,335	\$2,213,661	\$272,407,428	\$12,093,221	\$2,664,198	\$1,881,249	\$150,982	\$16,789,651	\$289,197,079
Average Number of Employees	1,070	107	19,589	3,596	1,480	98	24,942	12,231	2,008	260	65,381	2,551	460	483	30	3,524	68,905
Program Cost/Employee/Yr.	\$5,592	\$35,200	\$12,770	\$14,036	\$7,401	\$13,379	\$2,202	\$11,025	\$13,929	\$17,028	\$8,333	\$9,481	\$11,583	\$7,790	\$10,065	\$9,529	\$8,394
Change from prior period (pepy)	-13.2%	164.3%	5.6%	14.6%	14.5%	-9.7%	-4.9%	8.0%	8.0%	25.9%	5.4%	-0.2%	-20.2%	13.1%	22.7%	-3.3%	4.9%
Average Number of Members	1,928	140	46,433	5,384	3,132	165	24,942	30,148	3,194	504	115,970	6,147	763	943	43	7,896	123,866
Program Cost/Member/Yr.	\$3,103	\$26,903	\$5,388	\$9,375	\$3,497	\$7,946	\$2,202	\$4,473	\$8,757	\$8,784	\$4,698	\$3,935	\$6,983	\$3,990	\$7,022	\$4,253	\$4,670
Change from prior period (pmpy)	-13.6%	182.0%	4.8%	15.0%	13.5%	-15.0%	-4.9%	7.9%	7.2%	27.0%	5.6%	-0.4%	-19.9%	15.7%	16.2%	-3.0%	5.0%
Express Scripts, Inc.																	
Paid Claims	\$456,963	\$83,914	\$29,285,622	\$7,098,048	\$1,121,830	\$137,196	\$52,912,017	\$15,107,071	\$3,511,691	\$321,688	\$110,036,039	\$3,023,200	\$1,295,921	\$525,838	\$17,447	\$4,862,405	\$114,898,445
Administration	\$25,634	\$2,560	\$469,420	\$86,183	\$35,455	\$2,336	\$597,699	\$293,100	\$48,120	\$6,239	\$1,566,746	\$61,132	\$11,011	\$11,567	\$707	\$84,417	\$1,651,163
Estimated EGWP Savings	\$0	\$0	\$0	\$0	\$0	\$0	(\$19,548,725)	\$0	\$0	\$0	(\$19,548,725)	\$0	\$0	\$0	\$0	\$0	(\$19,548,725)
Estimated Rebates ¹	(\$79,055)	(\$14,517)	(\$5,066,413)	(\$1,227,962)	(\$194,077)	(\$23,735)	(\$9,259,603)	(\$2,613,523)	(\$607,523)	(\$55,652)	(\$19,142,059)	(\$523,014)	(\$224,194)	(\$90,970)	(\$3,018)	(\$841,196)	(\$19,983,255)
Total Rx Program Cost	\$403,542	\$71,957	\$24,688,629	\$5,956,268	\$963,208	\$115,797	\$24,701,389	\$12,786,648	\$2,952,288	\$272,274	\$72,912,001	\$2,561,318	\$1,082,738	\$446,435	\$15,135	\$4,105,627	\$77,017,628
Average Number of Employees	1,070	107	19,589	3,596	1,480	98	24,942	12,231	2,008	260	65,381	2,551	460	483	30	3,524	68,905
Program Cost/Employee/Yr.	\$754	\$1,345	\$2,521	\$3,313	\$1,302	\$2,363	\$1,981	\$2,091	\$2,941	\$2,094	\$2,230	\$2,008	\$4,708	\$1,849	\$1,009	\$2,330	\$2,235
Change from prior period (pepy)	-12.0%	-19.1%	-3.0%	-9.8%	-4.9%	15.2%	-15.6%	-3.4%	-4.4%	15.9%	-8.6%	-7.9%	23.8%	6.0%	-14.2%	-0.4%	-8.2%
Average Number of Members	1,928	140	46,433	5,384	3,132	165	24,942	30,148	3,194	504	115,970	6,147	763	943	43	7,896	123,866
Program Cost/Member/Yr.	\$419	\$1,028	\$1,063	\$2,213	\$615	\$1,404	\$1,981	\$848	\$1,849	\$1,080	\$1,257	\$833	\$2,838	\$947	\$704	\$1,040	\$1,244
Change from prior period (pmpy)	-12.3%	-13.7%	-3.7%	-9.5%	-5.8%	8.5%	-15.6%	-3.5%	-5.1%	16.9%	-8.4%	-8.0%	24.3%	8.5%	-18.8%	-0.1%	-8.0%
Total Medical and Rx																	
Premium	\$6,344,464	\$536,970	\$161,466,218	\$23,464,037	\$10,224,209	\$638,439	\$64,048,009	\$94,096,926	\$12,358,270	\$1,505,607	\$374,683,149	\$19,319,964	\$2,892,992	\$3,166,498	\$169,377	\$25,548,831	\$400,231,980
Program Cost (prior to operational)	\$3,395,216	\$1,955,141	\$149,768,337	\$31,193,803	\$6,440,116	\$771,350	\$52,162,475	\$80,210,434	\$16,936,623	\$2,485,935	\$345,319,430	\$14,654,539	\$3,746,936	\$2,327,684	\$166,118	\$20,895,278	\$366,214,707
Operational Expenses	\$20,714	\$2,073	\$379,798	\$69,772	\$28,680	\$1,889	\$483,602	\$237,179	\$38,944	\$5,050	\$1,267,700	\$49,459	\$8,912	\$9,353	\$572	\$68,295	\$1,335,995
Total Program Cost	\$3,415,930	\$1,957,214	\$150,148,134	\$31,263,575	\$6,468,796	\$773,239	\$52,646,077	\$80,447,612	\$16,975,567	\$2,490,985	\$346,587,130	\$14,703,998	\$3,755,848	\$2,337,037	\$166,690	\$20,963,572	\$367,550,702
Surplus / (Deficit)	\$2,928,534	(\$1,420,244)	\$11,318,083	(\$7,799,538)	\$3,755,414	(\$134,801)	\$11,401,932	\$13,649,313	(\$4,617,297)	(\$985,378)	\$28,096,019	\$4,615,966	(\$862,856)	\$829,461	\$2,687	\$4,585,258	\$32,681,277
Total Cost as % of Budget	53.8%	364.5%	93.0%	133.2%	63.3%	121.1%	82.2%	85.5%	137.4%	165.4%	92.5%	76.1%	129.8%	73.8%	98.4%	82.1%	91.8%
Average Number of Employees	1,070	107	19,589	3,596	1,480	98	24,942	12,231	2,008	260	65,381	2,551	460	483	30	3,524	68,905
Program Cost/Employee/Yr.	\$6,385	\$36,583	\$15,330	\$17,388	\$8,742	\$15,780	\$4,221	\$13,155	\$16,908	\$19,161	\$10,602	\$11,528	\$16,330	\$9,677	\$11,113	\$11,898	\$10,668
Change from prior period (pepy)	-13.0%	143.6%	4.0%	9.0%	11.1%	-6.7%	-10.2%	6.0%	5.6%	24.7%	2.1%	-1.6%	-11.0%	11.6%	18.0%	-2.7%	1.8%
Average Number of Members	1,928	140	46,433	5,384	3,132	165	24,942	30,148	3,194	504	115,970	6,147	763	943	43	7,896	123,866
Program Cost/Member/Yr.	\$3,543	\$27,960	\$6,467	\$11,614	\$4,131	\$9,373	\$4,221	\$5,337	\$10,630	\$9,885	\$5,977	\$4,784	\$9,845	\$4,957	\$7,753	\$5,310	\$5,935
Change from prior period (pmpy)	-13.3%	159.9%	3.3%	9.3%	10.1%	-12.1%	-10.2%	5.9%	4.8%	25.8%	2.3%	-1.8%	-10.7%	14.2%	11.7%	-2.4%	2.0%
Prior Period Program Cost (FY16)																	
Per Employee Per Year																	
Medical	\$6,442	\$13,318	\$12,098	\$12,248	\$6,463	\$14,821	\$2,316	\$10,210	\$12,903	\$13,522	\$7,903	\$9,502	\$14,518	\$6,888	\$8,205	\$9,857	\$8,003
Rx	\$857	\$1,663	\$2,598	\$3,673	\$1,369	\$2,052	\$2,347	\$2,164	\$3,077	\$1,807	\$2,439	\$2,180	\$3,803	\$1,743	\$1,177	\$2,339	\$2,434
Total ²	\$7,337	\$15,019	\$14,734	\$15,959	\$7,869	\$16,910	\$4,701	\$12,411	\$16,018	\$15,366	\$10,380	\$11,719	\$18,358	\$8,669	\$9,419	\$12,234	\$10,475
Per Member Per Year																	
Medical	\$3,590	\$9,540	\$5,140	\$8,154	\$3,081	\$9,343	\$2,316	\$4,147	\$8,170	\$6,917	\$4,449	\$3,950	\$8,718	\$3,448	\$6,046	\$4,385	\$4,445
Rx	\$477	\$1,191	\$1,104	\$2,445	\$653	\$1,293	\$2,347	\$879	\$1,948	\$924	\$1,373	\$906	\$2,284	\$873	\$867	\$1,041	\$1,352
Total ²	\$4,088	\$10,759	\$6,260	\$10,624	\$3,752	\$10,661	\$4,701	\$5,041	\$10,142	\$7,861	\$5,844	\$4,871	\$11,024	\$4,340	\$6,941	\$5,442	\$5,818

¹ Additional ESI contract savings independently projected by WTW

² Includes Medical, Rx, and Operational Expenses

State of Delaware
Health Plan Quarterly Financial Reporting
Assumptions and Caveats

Claim basis and timing

- 1 All reporting provided on a paid basis within this document.
- 2 FY2017 represents the time period July 1, 2016 through June 30, 2017 for all statuses; note Medicfill plan for Medicare eligible retirees runs from January 1, 2017 through December 31, 2017. Therefore, FY2017 financial results span two plan years for the Medicare eligible population.

Enrollment

- 3 Medical and Rx enrollment based on quarterly tiered enrollment data from Highmark and Aetna.
- 4 Highmark quarterly reports do not provide enrollment data split by State and Participating. For FY2017 Q2: we assumed State / Participating split follows the same ratio as the monthly December Highmark enrollment report. The ratio is calculated by status (Active, non-Medicare eligible retiree, and Medicare eligible retiree), by plan and by contracts/members. This assumption will be updated quarterly.
- 5 All Medicare eligible retirees are assumed to be enrolled in medical and Rx coverage.

Benefit costs/fees

- 6 Medical quarterly paid claims from Highmark and Aetna; Rx quarterly paid claims from ESI; EGWP subsidies and Rx rebates (Active, non-Medicare eligible retiree, and Medicare eligible retiree) from OMB; Rx rebates include assumed formulary true-ups; additional ESI contract savings independently projected by WTW.
- 7 Administration fees and operational expenses from OMB-provided December FY2017 monthly fund equity report, as PEPM values were not provided; total quarterly fees are assigned to each plan on a contract count basis.
 - a. ASO Fees: includes fees for vendor administration, COBRA administration, ACA-related (TRF & PCORI), Truven data analytics, EAP and Segal and WTW consulting fees.
 - b. Operational Expenses: includes expenses for items such as staff salaries, supplies, etc.
- 8 Pharmacy drug rebates are shown based on the period to which rebates are attributable and reflect estimated payments based on prior quarters as a percentage of paid claims; active/non-Medicare eligible retiree rebates assigned to each plan on a contract count basis. May differ from actual payments received during FY2017 due to payment timing lag; these rebates do not reflect updated ESI contract effective 7/1/2016, pending WTW independent contract analysis
- 9 EGWP payments based on actual and expected payments attributable to the period July 1, 2016 through June 30, 2017; reflects actual direct subsidy reimbursements received, estimated coverage gap discount payments, projected Calendar Year 2016 catastrophic reinsurance payments from ESI, and estimated Calendar Year 2017 catastrophic reinsurance payment (calculated by WTW). May differ from actual payments received during FY2017 due to payment timing lag.
- 10 Prior year costs calculated from WTW's FY16 Q4 Financial Reporting.
- 11 FY17 costs projected based on the most recent 12 months of data (1/1/2016 – 12/31/2016) using trend assumptions of 10.0% prescription drug, 6.5% medical for active/non-Medicare eligible retiree, 3.0% medical for Medicare eligible retiree

Budget/contributions

- 12 Active and non-Medicare eligible retiree budget rates and contributions reflect rates effective July 1, 2016. Medicare eligible retiree budget rates reflect rates effective January 1, 2016 for FY17 Q1 and Q2, and rates effective January 1, 2017 for FY17 Q3 and Q4. Budget rates include FY17 risk fees for Participating groups (excludes \$2.70 PEPM charge). All rates developed by Segal.
- 13 Premiums and employee contributions are the product of monthly budget rate/contribution and quarterly average tiered contract counts provided by the medical vendors.
- 14 Highmark quarterly reports do not provide enrollment data split by retirement date. All Medicare eligible retirees are assumed to have retired prior to July 1, 2012, and therefore do not contribute towards the cost of premiums. As a result of this conservative assumption, the healthcare program's net cost to the State may be overstated.
- 15 Participating groups are assumed to be 100% employee paid in order to estimate the healthcare program's net cost to the State; actual employee contributions vary and are difficult to capture since each group pays premiums at different times.
- 16 While COBRA enrollment and claims are reflected in the expenses, all medical/Rx participants are assumed to pay active contributions since COBRA participants make up less than 0.1% of the total population.
- 17 HRA funding for CDH plans are included in the paid claims reported in this document.

State of Delaware

Health Plan Quarterly Financial Reporting

Glossary of Important Health Care Terms

Terminology	Acronym	Definition
Administrative Services Only	ASO	When an organization funds its own employee benefit plan, such as a health insurance program, and it hires an outside firm to perform specific administrative services. Also referred to as "self-funded". Currently, the GHIP has ASO contracts with Aetna, Highmark and Express Scripts.
Capitation	n/a	Fixed payment amount (per member) to a physician or group of physicians for a defined set of services for a defined set of members. Fixed or "capitated" payment per member provides physician with an incentive for meeting quality and cost efficiency outcomes, since the physician is responsible for any costs incurred above the capitated amount. May be risk adjusted based on the demographics of the member population or changes in the member population. Often used for <i>bundled payments</i> or other <i>value-based payments</i> .
Consumer Driven Health Plan	CDHP	Allows members to use health savings accounts (HSA), health reimbursement accounts (HRA), or other similar medical payment products to pay routine health care expenses directly. GHIP currently offers a CDHP with HRA.
Coverage Gap Discount Program	CGDP	One of the funding components of an EGWP. Manufacturers provide discounts on covered Part D brand prescription drugs to Medicare beneficiaries while in the coverage gap.
Employee	EE	A person employed for wages or salary.
Employer Group Waiver Plans	EGWP	A Center for Medicare Service (CMS) approved program for both employers and unions. An employer may contract directly with CMS or go through an approved TPA, such as ESI, to establish the plan. They are usually Self Funded, are integrated with Medicare Part D, and sometimes include a fully insured "wrapper" around the plan to cover non-Medicare Part D prescription drugs. GHIP currently contracts with ESI as the TPA and includes a "wrapper," which is referred to as an enhanced benefit.
Fiscal Year	FY	A year as reckoned for taxing or accounting purposes. GHIP fiscal year runs from July 1st through June 30th.
Health Maintenance Organization	HMO	A form of health insurance combining a range of coverages in a group basis. A group of doctors and other medical professionals offer care through the HMO for a flat monthly rate. However, only visits to professionals within the HMO network are covered by the policy. All visits, prescriptions and other care must be cleared by the HMO in order to be covered. A primary physician within the HMO handles referrals.
Health Reimbursement Account	HRA	Employer-funded account that reimburses employees for out-of-pocket medical expenses. Employees can choose how to use their HRA funds to pay for medical expenses, but the employer can determine what expenses are reimbursable by the HRA (e.g., employers often designate prescription drug expenses as ineligible for reimbursement by an HRA). Funds are owned by the employer and are tax-deductible to the employee. GHIP only offers HRA to employees and non-Medicare eligible retirees who enroll in the CDH Gold plan.
High Cost Claimant	HCC	An insured who incurs claims over a catastrophic claim limit during the plan year. For purposes of cost tracking, this threshold is \$100K.
Per Employee Per Month	PEPM	A monthly cost basis measured on an employee/contract/subscriber level
Per Employee Per Year	PEPY	A yearly cost basis measured on an employee/contract/subscriber level
Per Member Per Month	PMPM	A monthly cost basis measured on a member level
Per Member Per Year	PMPY	A yearly cost basis measured on a member level
Patient-Centered Outcomes Research Trust Fund Fee	PCORI	The Patient-Centered Outcomes Research Trust Fund fee is a fee on plan sponsors of self-insured health plans that helps to fund the Patient-Centered Outcomes Research Institute (PCORI). The institute will assist, through research, patients, clinicians, purchasers and policy-makers, in making informed health decisions by advancing the quality and relevance of evidence-based medicine. The institute will compile and distribute comparative clinical effectiveness research findings. This fee is part of the Affordable Care Act legislation.

State of Delaware

Health Plan Quarterly Financial Reporting

Glossary of Important Health Care Terms

Point-of-Service	POS	A type of managed care plan that is a hybrid of HMO and PPO plans. Like an HMO, participants designate an in-network physician to be their primary care provider. But like a PPO, patients may go outside of the provider network for health care services. GHIP only offers this type of plan to Port of Wilmington employees.
Preferred Provider Organization	PPO	A health care organization composed of physicians, hospitals, or other providers which provides health care services at a reduced fee. A PPO is similar to an HMO, but care is paid for as it is received instead of in advance in the form of a scheduled fee. PPOs may also offer more flexibility by allowing for visits to out-of-network professionals at a greater expense to the policy holder. Visits within the network require only the payment of a small fee. There is often a deductible for out-of-network expenses and a higher co-payment.
Transitional Reinsurance Fee	TRF	Fee collected by the transitional reinsurance program to fund reinsurance payments to issuers of non-grandfathered reinsurance-eligible individual market plans, the administrative costs of operating the reinsurance program, and the General Fund of the U.S. Treasury for the 2014, 2015, and 2016 benefit years. This fee is part of the Affordable Care Act legislation, and ends after the 2016 benefit year.
Year to Date	YTD	A period, starting from the beginning of the current year (either the calendar year or fiscal year) and continuing up to the present day. For this financial reporting document, YTD refers to the time period of July 1, 2016 to December 31, 2016