

State of Delaware - FY19 Budget

July 2018

WillisTowersWatson 

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State of Delaware
 FY19 Budget¹
 July 2018

Estimated FY 2019 as of July 2018 ¹		
Balance Forward²	\$ 151,837,806	
Operating Revenues		
Premium Contributions		
Highmark	\$ 620,600,323	68.83%
Aetna	\$ 195,784,909	21.72%
Total Premium Contributions	\$ 816,385,231	
Other Revenues		
Medicare Retiree Prescription Subsidy Program (EGWP) ³	\$ 3,962,408	0.44%
Federal Reinsurance	\$ 12,668,567	1.41%
Prescription Drug Rebates - Commercial	\$ 29,830,075	3.31%
Prescription Drug Rebates - EGWP	\$ 22,035,902	2.44%
Prescription True Up/Yr End Recon Pymts	\$ -	0.00%
Medicare Part D - Coverage Gap Discount	\$ 14,565,899	1.62%
Medicare Part D Subsidy	\$ -	0.00%
Early Retiree Reinsurance Program	\$ -	0.00%
RDS Subsidy Transfer to OPEB Trust	\$ -	0.00%
Participating Group Fees ⁴	\$ 2,143,764	0.24%
Other Revenues	\$ -	0.00%
Total Other Revenues	\$ 85,206,615	
Total Operating Revenues	\$ 901,591,846	
Operating Expenses		
Claims		
Highmark	\$ 467,197,020	50.55%
Aetna	\$ 142,664,362	15.44%
Express Scripts (non-Plan D)	\$ 149,899,873	16.22%
Express Scripts (Plan D)	\$ 125,919,439	13.62%
Total Claims	\$ 885,680,695	
Other Expenses		
Program Fees and Costs (Vendor ASO Fees)	\$ 33,882,887	3.67%
Office Expenses	\$ 2,564,800	0.28%
Employee Assistance	\$ 365,394	0.04%
Data Warehouse	\$ 552,601	0.06%
Consultant Fees	\$ 828,000	0.09%
COBRA Fees	\$ 53,085	0.01%
ACA Fees	\$ 287,319	0.03%
Total Other Expenses	\$ 38,534,085	
Total Operating Expenses	\$ 924,214,780	
Net Income	\$ (22,622,934)	
Fund Equity Balance	\$ 129,214,872	
Claim Liability	\$ 58,900,000	\$ <i>Target</i> 58,900,000
Minimum Reserve	\$ 24,000,000	\$ 24,000,000
WTW Budget⁵	\$ 841,151,929	
Average Members	127,132	

¹ Based on claims experience for the period 4/1/2016 - 3/31/2018 (weighted 35% earlier / 65% later); headcounts reflect FY18 open enrollment results as of July 2018; 6.5% med / 10% Rx trend for Active/Pre65 and 3% med / 10% Rx trend for Medicare retirees; EGWP revenues and prescription drug rebates based on the period revenues are attributable.

² FY19 Balance Forward reflects FY18 year-end balance as of July 2018.

³ Based on actual payments in 2018; assumes 2019 direct subsidy payments at the same PMPM level as 2018.

⁴ Participating Group Fees shown for FY19 are estimated; fees are excluded from WTW's FY19 budget projection and premium contributions.

⁵ WTW Budget represents the FY19 projected expenses based on assumptions approved by the SEBC, updated with claims data through March 2018 and Annual Enrollment elections. WTW Budget equals Total Operating Expenses less Other Revenues that WTW values as claim offsets (including EGWP and Rx rebate revenues).

State of Delaware
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 July 2018

Operating Revenues	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Premium Contributions													
Highmark	\$ 51,716,694	\$ 51,716,694	\$ 51,716,694	\$ 51,716,694	\$ 51,716,694	\$ 51,716,694	\$ 51,716,694	\$ 51,716,694	\$ 51,716,694	\$ 51,716,694	\$ 51,716,694	\$ 51,716,694	\$ 620,600,323
Aetna	\$ 16,315,409	\$ 16,315,409	\$ 16,315,409	\$ 16,315,409	\$ 16,315,409	\$ 16,315,409	\$ 16,315,409	\$ 16,315,409	\$ 16,315,409	\$ 16,315,409	\$ 16,315,409	\$ 16,315,409	\$ 195,784,909
Total Premium Contributions	\$ 68,032,103	\$ 68,032,103	\$ 68,032,103	\$ 68,032,103	\$ 68,032,103	\$ 68,032,103	\$ 68,032,103	\$ 68,032,103	\$ 68,032,103	\$ 68,032,103	\$ 68,032,103	\$ 68,032,103	\$ 816,385,231
Other Revenues													
Medicare Retiree Prescription Subsidy Program (EGWP) ²	\$ 316,993	\$ 475,489	\$ 316,993	\$ 316,993	\$ 316,993	\$ 316,993	\$ 316,993	\$ 316,993	\$ 316,993	\$ 316,993	\$ 316,993	\$ 316,993	\$ 3,962,408
Federal Reinsurance	\$ 945,566	\$ 945,566	\$ 945,566	\$ 945,566	\$ 945,566	\$ 945,566	\$ 945,566	\$ 1,165,862	\$ 1,165,862	\$ 1,165,862	\$ 1,165,862	\$ 1,165,862	\$ 12,668,567
Prescription Drug Rebates - Commercial	\$ -	\$ 6,718,680	\$ -	\$ -	\$ 8,060,783	\$ -	\$ -	\$ 7,485,196	\$ -	\$ -	\$ 7,543,688	\$ -	\$ 29,808,347
Prescription Drug Rebates - EGWP	\$ -	\$ 4,966,802	\$ -	\$ -	\$ 5,958,956	\$ -	\$ -	\$ 5,533,452	\$ -	\$ -	\$ 5,576,692	\$ -	\$ 22,035,902
Prescription True Up / Yr End Recon Pymts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medicare Part D - Coverage Gap Discount	\$ 4,090,848	\$ -	\$ -	\$ -	\$ 4,772,656	\$ -	\$ 2,443,883	\$ -	\$ -	\$ 3,258,511	\$ -	\$ -	\$ 14,565,899
Participating Group Fees ³	\$ 178,647	\$ 178,647	\$ 178,647	\$ 178,647	\$ 178,647	\$ 178,647	\$ 178,647	\$ 178,647	\$ 178,647	\$ 178,647	\$ 178,647	\$ 178,647	\$ 2,143,764
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Revenues	\$ 6,752,814	\$ 6,752,814	\$ 6,752,814	\$ 7,705,337	\$ 7,705,337	\$ 7,705,337	\$ 6,815,679	\$ 6,815,679	\$ 6,815,679	\$ 7,121,132	\$ 7,121,132	\$ 7,121,132	\$ 85,184,887
Total Operating Revenues	\$ 74,784,917	\$ 74,784,917	\$ 74,784,917	\$ 75,737,439	\$ 75,737,439	\$ 75,737,439	\$ 74,847,782	\$ 74,847,782	\$ 74,847,782	\$ 75,153,235	\$ 75,153,235	\$ 75,153,235	\$ 901,570,118
Operating Expenses													
Claims⁴													
Highmark	\$ 35,364,655	\$ 44,205,818	\$ 35,364,655	\$ 42,590,643	\$ 34,072,514	\$ 34,072,514	\$ 44,895,765	\$ 35,916,612	\$ 35,916,612	\$ 38,399,148	\$ 47,998,935	\$ 38,399,148	\$ 467,197,020
Aetna	\$ 13,116,465	\$ 13,116,465	\$ 10,930,387	\$ 10,531,017	\$ 10,531,017	\$ 10,531,017	\$ 11,100,985	\$ 11,100,985	\$ 13,321,181	\$ 11,868,278	\$ 14,241,934	\$ 11,868,278	\$ 142,258,010
Express Scripts (non-Plan D)	\$ 11,254,070	\$ 11,254,070	\$ 11,254,070	\$ 11,573,270	\$ 11,573,270	\$ 17,359,905	\$ 12,538,017	\$ 12,538,017	\$ 12,635,994	\$ 12,635,994	\$ 12,635,994	\$ 12,635,994	\$ 149,790,888
Express Scripts (Plan D)	\$ 9,460,576	\$ 9,460,576	\$ 9,460,576	\$ 9,728,907	\$ 9,728,907	\$ 14,593,361	\$ 10,539,908	\$ 10,539,908	\$ 10,539,908	\$ 10,622,271	\$ 10,622,271	\$ 10,622,271	\$ 125,919,439
Total Claims	\$ 69,195,765	\$ 78,036,928	\$ 67,009,687	\$ 74,423,837	\$ 65,905,709	\$ 76,556,797	\$ 79,074,675	\$ 70,095,522	\$ 72,315,719	\$ 73,525,692	\$ 85,499,135	\$ 73,525,692	\$ 885,165,157
Other Expenses													
Program Fees and Costs (Vendor ASO Fees)	\$ 2,823,574	\$ 2,823,574	\$ 2,823,574	\$ 2,823,574	\$ 2,823,574	\$ 2,823,574	\$ 2,823,574	\$ 2,823,574	\$ 2,823,574	\$ 2,823,574	\$ 2,823,574	\$ 2,823,574	\$ 33,882,887
Office Expenses	\$ 213,733	\$ 213,733	\$ 213,733	\$ 213,733	\$ 213,733	\$ 213,733	\$ 213,733	\$ 213,733	\$ 213,733	\$ 213,733	\$ 213,733	\$ 213,733	\$ 2,564,800
Employee Assistance	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 30,450	\$ 365,394
Data Warehouse	\$ 46,050	\$ 46,050	\$ 46,050	\$ 46,050	\$ 46,050	\$ 46,050	\$ 46,050	\$ 46,050	\$ 46,050	\$ 46,050	\$ 46,050	\$ 46,050	\$ 552,601
Consultant Fees	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 69,000	\$ 828,000
COBRA Fees	\$ 4,424	\$ 4,424	\$ 4,424	\$ 4,424	\$ 4,424	\$ 4,424	\$ 4,424	\$ 4,424	\$ 4,424	\$ 4,424	\$ 4,424	\$ 4,424	\$ 53,085
ACA Fees	\$ 287,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,319
Total Other Expenses	\$ 3,283,003	\$ 3,283,003	\$ 3,283,003	\$ 3,187,231	\$ 3,187,231	\$ 3,187,231	\$ 3,187,231	\$ 3,187,231	\$ 3,187,231	\$ 3,187,231	\$ 3,187,231	\$ 3,187,231	\$ 38,534,085
Total Operating Expenses	\$ 72,478,768	\$ 81,319,932	\$ 70,292,691	\$ 77,611,068	\$ 69,092,939	\$ 79,744,028	\$ 82,261,906	\$ 73,282,753	\$ 75,502,949	\$ 76,712,922	\$ 88,686,365	\$ 76,712,922	\$ 923,699,242
Net Income	\$ 2,306,149	\$ (6,535,015)	\$ 4,492,226	\$ (1,873,628)	\$ 6,644,500	\$ (4,006,588)	\$ (7,414,124)	\$ 1,565,029	\$ (655,168)	\$ (1,559,687)	\$ (13,533,130)	\$ (1,559,687)	\$ (22,129,124)
Amount Carried Forward ⁵	\$ 151,837,806	\$ 154,143,955	\$ 147,608,939	\$ 152,101,165	\$ 150,227,537	\$ 156,872,037	\$ 152,865,449	\$ 145,451,325	\$ 147,016,354	\$ 146,361,186	\$ 144,801,499	\$ 131,268,369	\$ 151,837,806
Fund Equity Balance	\$ 154,143,955	\$ 147,608,939	\$ 152,101,165	\$ 150,227,537	\$ 156,872,037	\$ 152,865,449	\$ 145,451,325	\$ 147,016,354	\$ 146,361,186	\$ 144,801,499	\$ 131,268,369	\$ 129,708,682	\$ 129,708,682

¹ Based on claims experience for the period 4/1/2016 - 3/31/2018 (weighted 35% earlier / 65% later); headcounts reflect FY19 open enrollment results as of July 2017; 6.5% med / 10% Rx trend for Active/Pre65 and 3% med / 10% Rx trend for Medicare retirees; final negotiated FY19 ASO fees and Office Operations expenses provided by OMB; EGWP revenues and prescription drug rebates based on the period revenues are attributable.

² Based on actual payments in 2018; assumes 2019 direct subsidy payments at the same PMPM level as 2018.

³ Participating Group Fees shown for FY19 are estimated; fees are excluded from TW's FY19 budget projection and premium contributions.

⁴ Projected claims distributed by month based on expected FY 2019 vendor claims invoice schedules and historical quarterly claim patterns.

⁵ FY18 Balance Forward reflects FY18 year-end balance as of July 2018.