

GHIP long term health care cost projections

Based on final FY19 budget¹ with experience through FY18 Q4 (5% trend assumption FY20)

GHIP Costs (\$ millions)	FY17 Actual	FY18 Actual	FY19 Projected	FY20 Projected ⁶	FY21 Projected ⁶	FY22 Projected ⁶	FY23 Projected ⁶
Average Enrolled Members	123,132	125,488	127,350	127,350	127,350	127,350	127,350
GHIP Revenue							
Premium Contributions (No Change) ²	\$799.0	\$810.9	\$817.1	\$817.1	\$817.1	\$817.1	\$817.1
Other Revenues ³	\$81.6	\$92.1	\$91.8	\$94.5	\$99.2	\$104.2	\$109.4
Total Operating Revenues	\$880.6	\$903.0	\$908.8	\$911.6	\$916.3	\$921.3	\$926.5
GHIP Expenses (Claims/Fees)							
Operating Expenses (No Change)	\$816.8	\$853.9	\$936.0	\$984.2	\$1,033.4	\$1,085.1	\$1,139.4
<i>% Change Per Member</i>		2.6%	8.0%	5.0%	5.0%	5.0%	5.0%
Excise Tax Liability ⁴						\$9.1	\$16.3
Adjusted Net Income (Revenue less Expense)	\$63.8	\$49.1	(\$27.2)	(\$72.6)	(\$117.1)	(\$172.9)	(\$229.2)
Balance Forward	\$38.9	\$102.7	\$151.8	\$124.7	\$52.1	(\$65.0)	(\$237.9)
Ending Balance	\$102.7	\$151.8	\$124.7	\$52.1	(\$65.0)	(\$237.9)	(\$467.1)
- Less Claims Liability ⁵	\$54.0	\$58.9	\$61.3	\$64.5	\$67.7	\$71.1	\$74.7
- Less Minimum Reserve ⁵	\$24.0	\$24.0	\$24.3	\$25.6	\$26.9	\$28.2	\$29.6
GHIP Surplus (After Reserves/Deposits)	\$24.7	\$68.9	\$39.1	(\$38.0)	(\$159.6)	(\$337.2)	(\$571.4)

Note: FY17 Actual based on final June 2017 Fund Equity report; FY18 Actual based on final June 2018 Fund Equity report; FY19 Projected based on updated claims experience through June 2018, FY19 enrollment as of July 2018.; numbers in table may not add up due to rounding

¹ Includes approved design changes for site-of-care steerage for imaging/outpatient lab and COE services and proposed design changes for \$0 statin coverage and preventive 3D mammography effective 7/1/2018; includes financial impact of legislative bills impacting GHIP (\$1.2m increase to FY19 budget and \$2.4m increase to FY20 projection); assumes no additional program changes in FY20 and beyond

² Includes State and employee/pensioner premium contributions; assumes no increase to premiums 7/1/2018 and beyond; **FY17 and FY18 actual premiums include 5% risk fee surcharge for participating non-State groups but not reflected in FY19 through FY23 premium totals**

³ Includes Rx rebates, EGWP payments, other revenues; FY17/FY18 Actuals and FY19 Projected include participating group fees

⁴ 40% excise tax on the value of employer sponsored health care coverage over specified thresholds starting CY 2022. Threshold assumed to increase at 2% annually

⁵ FY19 Claims Liability and FY19 Minimum Reserve levels updated with data through June 2018; future years assumed to increase with overall GHIP expense growth.

⁶ FY20-FY23 projections based on 5% composite trend (assumes 6% underlying trend less 1% for future GHIP cost reduction initiatives); operating expenses reduced by approx. \$2m in participating group fees