

The State of Delaware

Long Term GHIP Plan Management

January 14, 2019



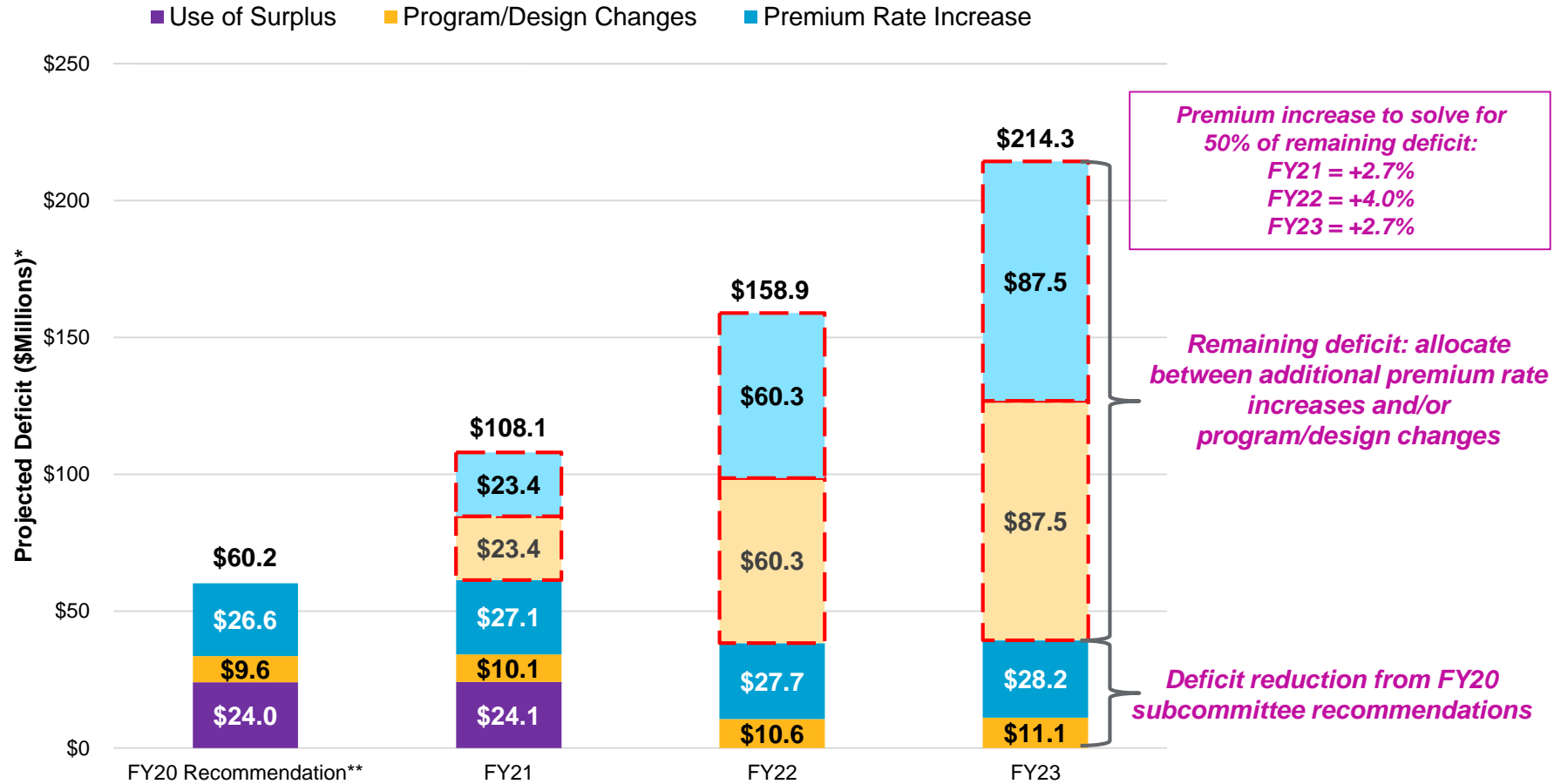
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GHIP multi-year financial framework

- Subcommittee recommendations solve for the projected FY20 deficit through use of surplus, program changes, and premium rate increases
- Managing the fund over a longer period will require the SEBC to establish a multi-year approach consisting of a balance of **premium rate increases and/or program changes** to offset the projected deficits in FY21 and beyond
- Projected deficit levels will change over time as financial projections are updated with emerging claims data – intent is to establish a framework to address future deficits more broadly
- The exhibit on the following page depicts FY21 through FY23 projected deficits based on current FY19 premium rate levels and forecasted GHIP expenses assuming no program changes (adjusted for assumed annual membership growth)
 - FY20 recommended changes reduce the projected deficit in each subsequent year
 - *Note: savings associated with FY20 program changes may increase in future years based on member participation and other factors; for modeling purposes, savings are assumed to increase with trend*
 - As a starting point, illustration assumes a 50/50 split of premium increases and program changes to solve for the remaining deficit in each fiscal year

GHIP multi-year financial framework

Illustrative split: 50/50



* Projected deficit based on FY19 premium rate levels and projected expenses assuming no program changes, 2% annual membership growth, and assumptions as outlined in 1/14/2019 FY20 Planning document

** Reflects recommended program changes and 3.2% premium rate increase for FY20