

State of Delaware - FY22 Budget

It is probable that the COVID-19 pandemic will have an impact on health care costs. In performing this analysis to develop health care cost estimates for GHIP, we have not explicitly reflected adjustments due to the impact of COVID-19. Due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.

August 2021

WillisTowersWatson 

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State of Delaware

FY22 Budget¹
August 2021

	Estimated FY 2022 as of August 2021 ¹	
Balance Forward²	\$ 152,332,231	
Operating Revenues		
Premium Contributions		
Highmark	\$ 657,861,819	64.85%
Aetna	\$ 183,917,283	18.13%
Total Premium Contributions	\$ 841,779,102	
Other Revenues		
Medicare Retiree Prescription Subsidy Program (EGWP) ³	\$ 226,733	0.02%
Federal Reinsurance ⁴	\$ 17,509,886	1.73%
Prescription Drug Rebates - Commercial ⁵	\$ 58,686,197	5.78%
Prescription Drug Rebates - EGWP ⁷	\$ 37,096,135	3.66%
Prescription True Up/Yr End Recon Pymts ⁸	\$ 8,378,267	0.83%
Medicare Part D - Coverage Gap Discount ¹	\$ 24,707,285	2.44%
Participating Group Fees ⁴	\$ 6,116,759	0.60%
Other Revenues ⁹	\$ 20,000,000	1.97%
Total Other Revenues	\$ 172,721,262	
Total Operating Revenues	\$ 1,014,500,364	
Operating Expenses		
Claims ⁵		
Highmark	\$ 541,622,655	49.71%
Aetna	\$ 172,711,174	15.85%
CVS (non-Plan D)	\$ 178,505,123	16.38%
Express Scripts/CVS (Plan D)	\$ 152,131,306	13.96%
Total Claims	\$ 1,044,970,259	
Other Expenses		
Program Fees and Costs (Vendor ASO Fees)	\$ 38,525,171	3.54%
Office Expenses	\$ 3,104,039	0.28%
Employee Assistance	\$ 403,179	0.04%
Data Warehouse	\$ 651,987	0.06%
Consultant Fees	\$ 1,500,000	0.14%
COBRA Fees	\$ 79,439	0.01%
ACA Fees	\$ 326,469	0.03%
Total Other Expenses	\$ 44,590,284	
Total Operating Expenses	\$ 1,089,560,543	
Net Income	\$ (75,060,179)	
Fund Equity Balance	\$ 77,272,052	
Claim Liability	\$ 61,000,000	\$ <i>Target</i> 61,000,000
Minimum Reserve	\$ 24,300,000	\$ 24,300,000
GHIP Surplus (After Reserves)	\$ (8,027,948)	
WTW Budget (\$M)⁶	\$ 915.0	
Average Members	130,427	

1 Based on claims experience for the period 7/1/2019 - 6/30/2021 (weighted 35% earlier / 65% later); FY20 Q4 and FY21 Q1 claims excluded as claim levels not indicative of future experience due to volume of COVID-19 care deferral; headcounts reflect FY22 OE results with 1% assumed annual growth during FY22; 5% medical and 8% Rx trend; EGWP revenues and prescription drug rebates based on the period revenues will be paid

2 Balance Forward reflects actual balance as of June 2021 Fund Equity Report

3 EGWP revenue reflects actual revenues received through June 2021; remaining revenues through CY22 based on projected PMPM payments provided by ESI

4 Participating Group Fees shown for FY22 are estimated based on FY21 fees and assumed FY22 headcounts

5 FY22 projected claims reflect pharmacy contract savings as a result of PBM award to CVS Health

6 WTW Budget represents the FY22 projected expenses based on assumptions approved by the SEBC, updated with claims and enrollment data through June 2021; WTW Budget equals total operating expenses, less ACA and consultant fees, less total other revenues

7 FY22 rebates based on when rebates will be received by GHIP; reflects current ESI contractual rebates expected to be paid through December 2021; new CVS Health contractual rebates assumed to be received with 6-month payment lag, beginning in FY22 Q3; due to payment lag, no rebates for EGWP plan under CVS Health contract expected to be received in FY22

8 Reflects CY20 federal reinsurance true-up payment expected to be received in January 2022

9 Reflects \$20m supplemental bill funding; assumes payment received in July 2021

Note: It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.

State of Delaware
 FY22 Budget - Monthly¹
 August 2021

Operating Revenues	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Premium Contributions													
Highmark	\$ 54,617,427	\$ 54,617,427	\$ 54,617,427	\$ 54,753,462	\$ 54,753,462	\$ 54,753,462	\$ 54,889,835	\$ 54,889,835	\$ 54,889,835	\$ 55,026,548	\$ 55,026,548	\$ 55,026,548	\$ 657,861,819
Aetna	\$ 15,269,299	\$ 15,269,299	\$ 15,269,299	\$ 15,307,330	\$ 15,307,330	\$ 15,307,330	\$ 15,345,456	\$ 15,345,456	\$ 15,345,456	\$ 15,383,676	\$ 15,383,676	\$ 15,383,676	\$ 183,917,283
Total Premium Contributions	\$ 69,886,727	\$ 69,886,727	\$ 69,886,727	\$ 70,060,792	\$ 70,060,792	\$ 70,060,792	\$ 70,235,291	\$ 70,235,291	\$ 70,235,291	\$ 70,410,225	\$ 70,410,225	\$ 70,410,225	\$ 841,779,102
Other Revenues													
Medicare Retiree Prescription Subsidy Program (EGWP) ²	\$ 37,695	\$ 37,695	\$ 37,695	\$ 37,883	\$ 37,883	\$ 37,883	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,733
Federal Reinsurance ²	\$ 1,328,077	\$ 1,328,077	\$ 1,328,077	\$ 1,334,701	\$ 1,334,701	\$ 1,334,701	\$ 1,582,978	\$ 1,582,978	\$ 1,582,978	\$ 1,590,873	\$ 1,590,873	\$ 1,590,873	\$ 17,509,886
Prescription Drug Rebates - Commercial ⁵	\$ -	\$ 10,920,566	\$ -	\$ -	\$ 16,773,941	\$ -	\$ -	\$ 15,204,132	\$ -	\$ -	\$ 15,787,559	\$ -	\$ 58,686,197
Prescription Drug Rebates - EGWP ⁵	\$ -	\$ 7,674,936	\$ -	\$ -	\$ 9,047,757	\$ -	\$ -	\$ 7,783,856	\$ -	\$ -	\$ 12,589,586	\$ -	\$ 37,096,135
Prescription True Up / Yr End Recon Pymts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,378,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,378,267
Medicare Part D - Coverage Gap Discount ⁷	\$ 4,211,723	\$ -	\$ -	\$ -	\$ 6,073,222	\$ -	\$ 6,408,073	\$ -	\$ -	\$ 8,014,267	\$ -	\$ -	\$ 24,707,285
Participating Group Fees ³	\$ 507,829	\$ 507,829	\$ 507,829	\$ 509,094	\$ 509,094	\$ 509,094	\$ 510,362	\$ 510,362	\$ 510,362	\$ 511,633	\$ 511,633	\$ 511,633	\$ 6,116,759
Other Revenues ⁴	\$ 20,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000,000
Total Other Revenues	\$ 26,085,324	\$ 20,469,103	\$ 1,873,601	\$ 1,881,678	\$ 33,776,598	\$ 1,881,678	\$ 16,879,681	\$ 25,081,328	\$ 2,093,340	\$ 10,116,774	\$ 30,479,651	\$ 2,102,507	\$ 172,721,262
Total Operating Revenues	\$ 95,972,050	\$ 90,355,830	\$ 71,760,328	\$ 71,942,470	\$ 103,837,390	\$ 71,942,470	\$ 87,114,972	\$ 95,316,619	\$ 72,328,631	\$ 80,526,998	\$ 100,889,876	\$ 72,512,731	\$ 1,014,500,364
Operating Expenses													
Claims⁴													
Highmark	\$ 41,222,227	\$ 51,527,784	\$ 41,222,227	\$ 39,575,475	\$ 49,469,344	\$ 39,575,475	\$ 41,569,734	\$ 41,569,734	\$ 51,962,167	\$ 44,285,688	\$ 55,357,110	\$ 44,285,688	\$ 541,622,655
Aetna	\$ 16,431,041	\$ 13,144,833	\$ 13,144,833	\$ 15,774,651	\$ 12,619,721	\$ 12,619,721	\$ 16,569,556	\$ 13,255,645	\$ 13,255,645	\$ 17,652,126	\$ 14,121,701	\$ 14,121,701	\$ 172,711,174
CVS (non-Plan D)	\$ 14,025,067	\$ 14,025,067	\$ 14,025,067	\$ 14,356,852	\$ 14,356,852	\$ 14,356,852	\$ 15,482,452	\$ 15,482,452	\$ 15,482,452	\$ 15,637,337	\$ 15,637,337	\$ 15,637,337	\$ 178,505,123
Express Scripts/ CVS (Plan D)	\$ 11,490,796	\$ 11,490,796	\$ 11,490,796	\$ 11,762,628	\$ 17,643,943	\$ 11,762,628	\$ 12,684,838	\$ 12,684,838	\$ 12,684,838	\$ 12,811,735	\$ 12,811,735	\$ 12,811,735	\$ 152,131,306
Total Claims	\$ 83,169,132	\$ 90,188,480	\$ 79,882,923	\$ 81,469,606	\$ 94,089,859	\$ 78,314,676	\$ 86,306,580	\$ 82,992,669	\$ 93,385,102	\$ 90,386,887	\$ 97,927,883	\$ 86,856,461	\$ 1,044,970,259
Other Expenses													
Program Fees and Costs (Vendor ASO Fees)	\$ 3,198,462	\$ 3,198,462	\$ 3,198,462	\$ 3,206,428	\$ 3,206,428	\$ 3,206,428	\$ 3,214,414	\$ 3,214,414	\$ 3,214,414	\$ 3,222,420	\$ 3,222,420	\$ 3,222,420	\$ 38,525,171
Office Expenses	\$ 258,670	\$ 258,670	\$ 258,670	\$ 258,670	\$ 258,670	\$ 258,670	\$ 258,670	\$ 258,670	\$ 258,670	\$ 258,670	\$ 258,670	\$ 258,670	\$ 3,104,039
Employee Assistance	\$ 33,598	\$ 33,598	\$ 33,598	\$ 33,598	\$ 33,598	\$ 33,598	\$ 33,598	\$ 33,598	\$ 33,598	\$ 33,598	\$ 33,598	\$ 33,598	\$ 403,179
Data Warehouse	\$ 54,332	\$ 54,332	\$ 54,332	\$ 54,332	\$ 54,332	\$ 54,332	\$ 54,332	\$ 54,332	\$ 54,332	\$ 54,332	\$ 54,332	\$ 54,332	\$ 651,987
Consultant Fees	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 1,500,000
COBRA Fees	\$ 6,620	\$ 6,620	\$ 6,620	\$ 6,620	\$ 6,620	\$ 6,620	\$ 6,620	\$ 6,620	\$ 6,620	\$ 6,620	\$ 6,620	\$ 6,620	\$ 79,439
ACA Fees	\$ 326,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,469
Total Other Expenses	\$ 4,003,151	\$ 3,676,682	\$ 3,676,682	\$ 3,684,648	\$ 3,684,648	\$ 3,684,648	\$ 3,692,634	\$ 3,692,634	\$ 3,692,634	\$ 3,700,640	\$ 3,700,640	\$ 3,700,640	\$ 44,590,284
Total Operating Expenses	\$ 87,172,283	\$ 93,865,162	\$ 83,559,605	\$ 85,154,255	\$ 97,774,507	\$ 81,999,324	\$ 89,999,214	\$ 86,685,303	\$ 97,077,736	\$ 94,087,527	\$ 101,628,524	\$ 90,557,102	\$ 1,089,560,543
Net Income	\$ 8,799,767	\$ (3,509,332)	\$ (11,799,278)	\$ (13,211,785)	\$ 6,062,882	\$ (10,056,855)	\$ (2,884,243)	\$ 8,631,316	\$ (24,749,105)	\$ (13,560,529)	\$ (738,648)	\$ (18,044,371)	\$ (75,060,179)
Amount Carried Forward ⁶	\$ 152,332,231	\$ 161,131,999	\$ 157,622,667	\$ 145,823,389	\$ 132,611,604	\$ 138,674,487	\$ 128,617,632	\$ 125,733,389	\$ 134,364,705	\$ 109,615,600	\$ 96,055,071	\$ 95,316,423	\$ 152,332,231
Fund Equity Balance	\$ 161,131,999	\$ 157,622,667	\$ 145,823,389	\$ 132,611,604	\$ 138,674,487	\$ 128,617,632	\$ 125,733,389	\$ 134,364,705	\$ 109,615,600	\$ 96,055,071	\$ 95,316,423	\$ 77,272,052	\$ 77,272,052
GHIP Surplus (After Reserves)	\$ 75,831,999	\$ 72,322,667	\$ 60,523,389	\$ 47,311,604	\$ 53,374,487	\$ 43,317,632	\$ 40,433,389	\$ 49,064,705	\$ 24,315,600	\$ 10,755,071	\$ 10,016,423	\$ (8,027,948)	\$ (8,027,948)

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⁷ Reflects \$20m supplemental bill funding; assumes payment received in July 2021

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