

State of Montana SEGBAC Committee Meeting

February 28, 2012

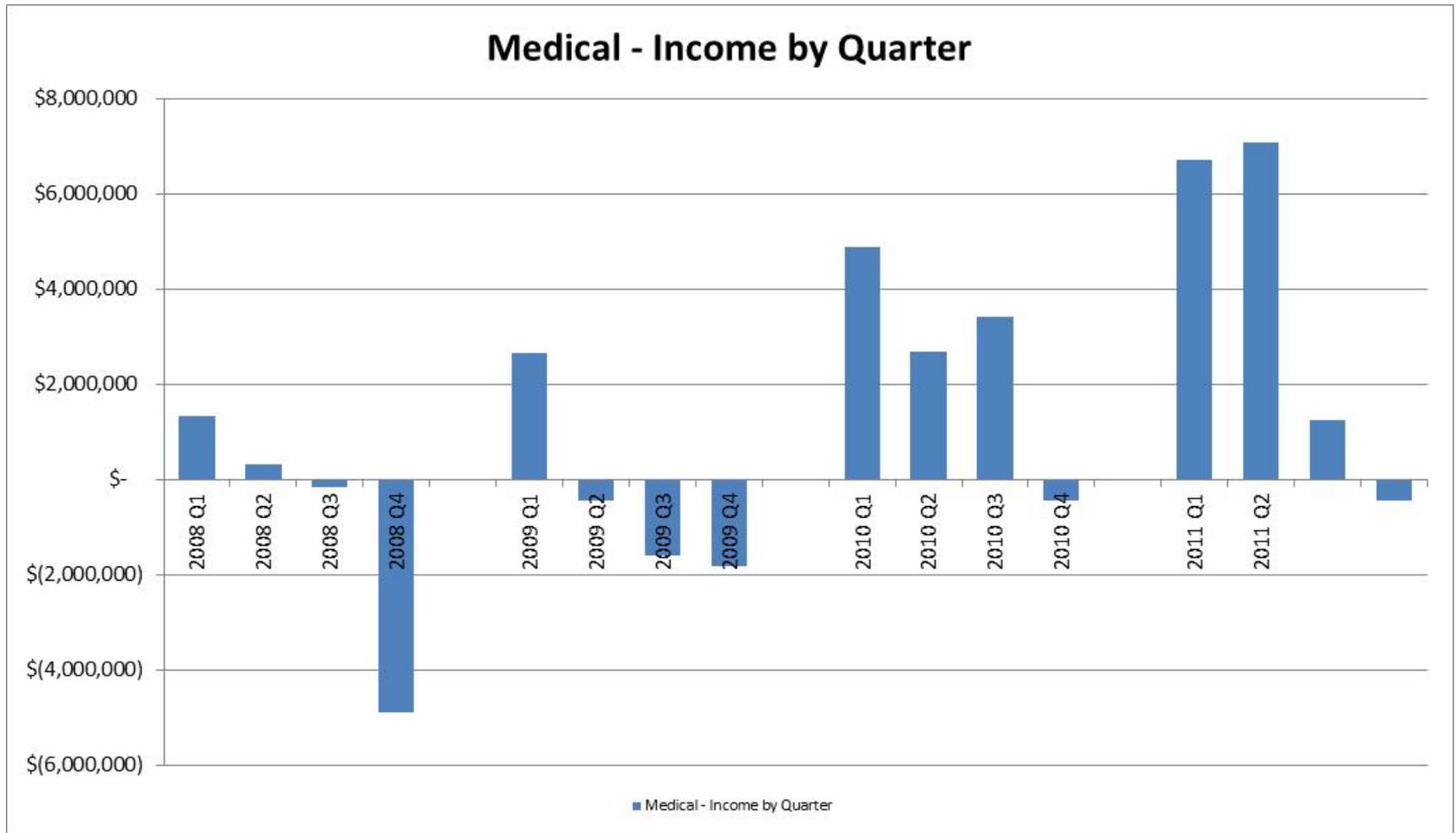
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Q4 2011 Financial Report

Financial Results

(Amounts in \$000's)	Jan – Dec 2011
Revenue	\$151,166
Claims	\$129,496
<u>Administration</u>	<u>\$ 8,145</u>
Total Expenses	\$137,641
Contribution to Reserves	\$ 13,525
Assets as % of ACL	391%

Net Income by Quarter



Claim Trends

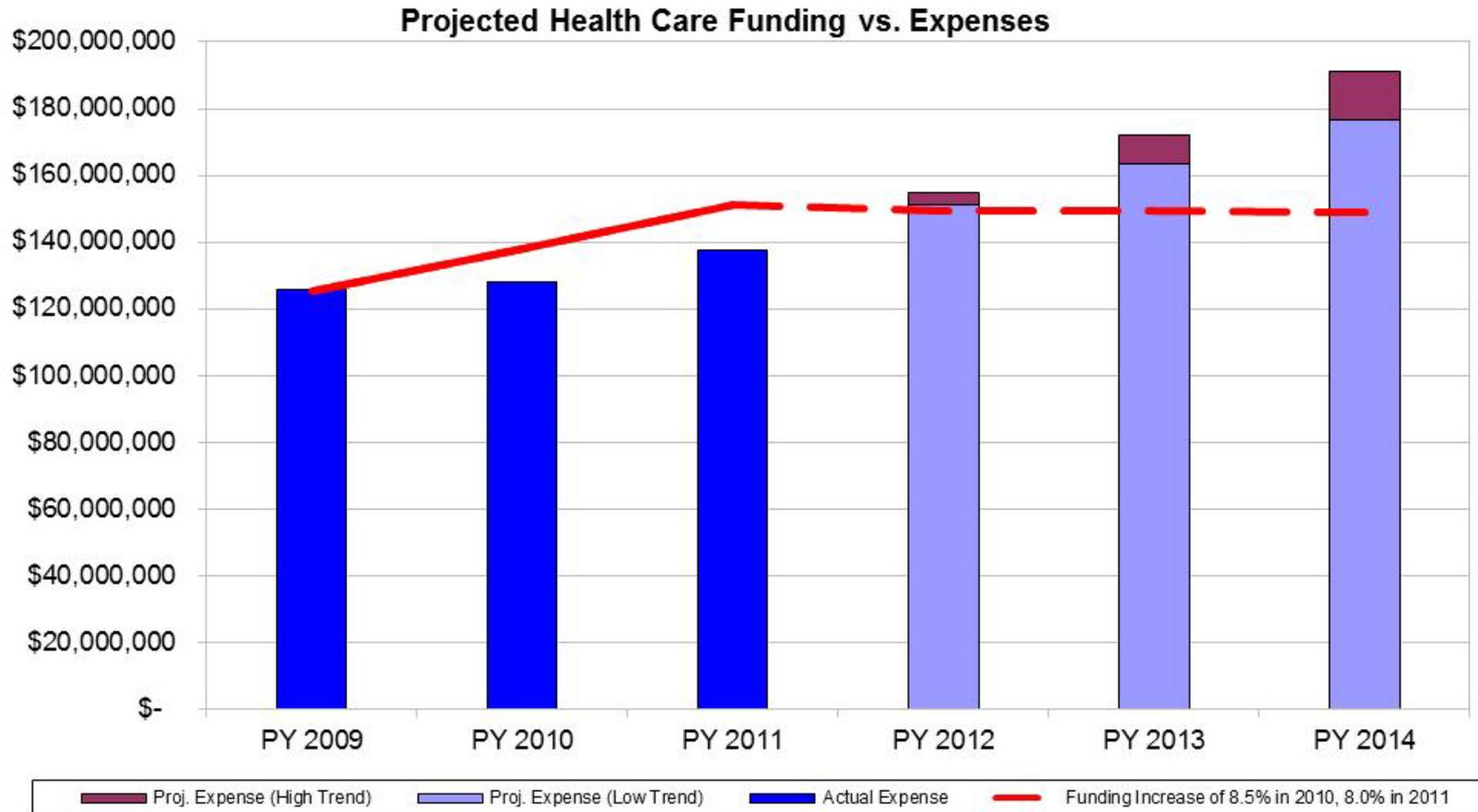
Comparison of Medical, Rx and Dental Monthly Per-Capita Claims Costs

Benefit	Jan 11 - Dec 11	Jan 10 - Dec 10	% Change
Medical	\$ 524.40	\$ 471.35	11.3%
Rx	\$ 126.41	\$ 106.34	18.9%
Combined	\$ 650.81	\$ 577.70	12.7%
Dental	\$ 37.18	\$ 36.83	0.9%

Loss Ratios by Group

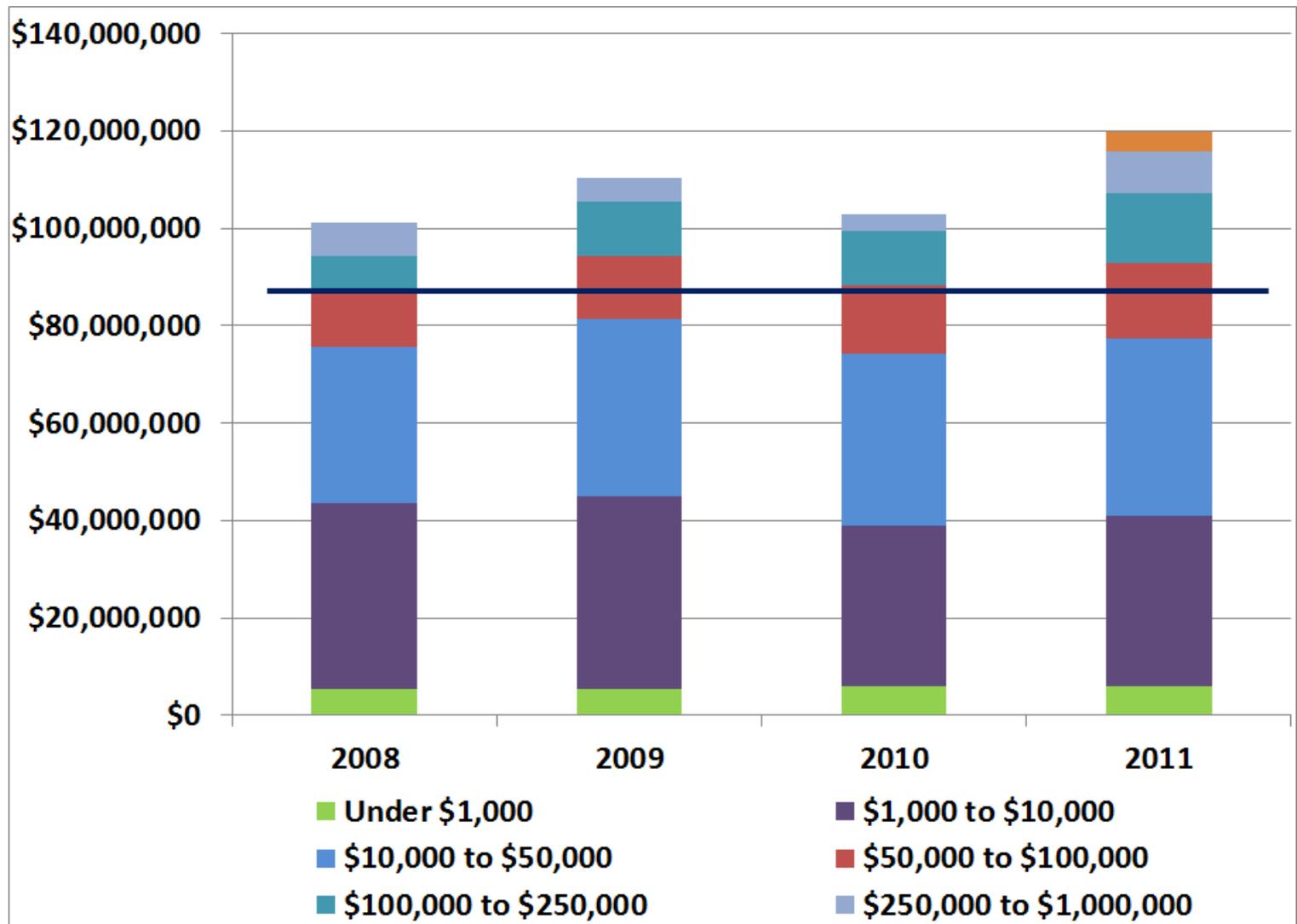
Group	Jan-Dec 2011 Loss Ratio	Jan-Dec 2010 Loss Ratio
Actives	84.0%	81.2%
Non-Medicare Retirees	147.6%	177.5%
<u>Medicare Retirees</u>	<u>72.6%</u>	<u>92.3%</u>
Combined	86.8%	87.9%
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Indemnity	102.1%	104.5%
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Managed Care	82.7%	84.1%
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Funding vs. Expenses (through 2011)



Claim Distributions

Claim Distributions – 2008 to 2011



Large Claims – 2010 vs. 2011

Group	Claimants		Average Paid Claims	
	2010	2011	2010	2011
All Large Claimants	83	125	\$174,000	\$215,000
Actives	67	103	\$174,000	\$220,000
Non-Med Retiree	16	17	\$175,000	\$180,000
Medicare Retiree	0	5	n/a	\$223,000
Policyholder	48	65	\$147,000	\$170,000
Spouse	28	44	\$182,000	\$218,000
Child	7	16	\$331,000	\$387,000
Indemnity	39	50	\$155,000	\$231,000
BCBS MC	20	31	\$196,000	\$176,000
NWHP MC	16	22	\$193,000	\$234,000
Peak MC	1	0	\$115,000	n/a

Large Claims – 2010 vs. 2011

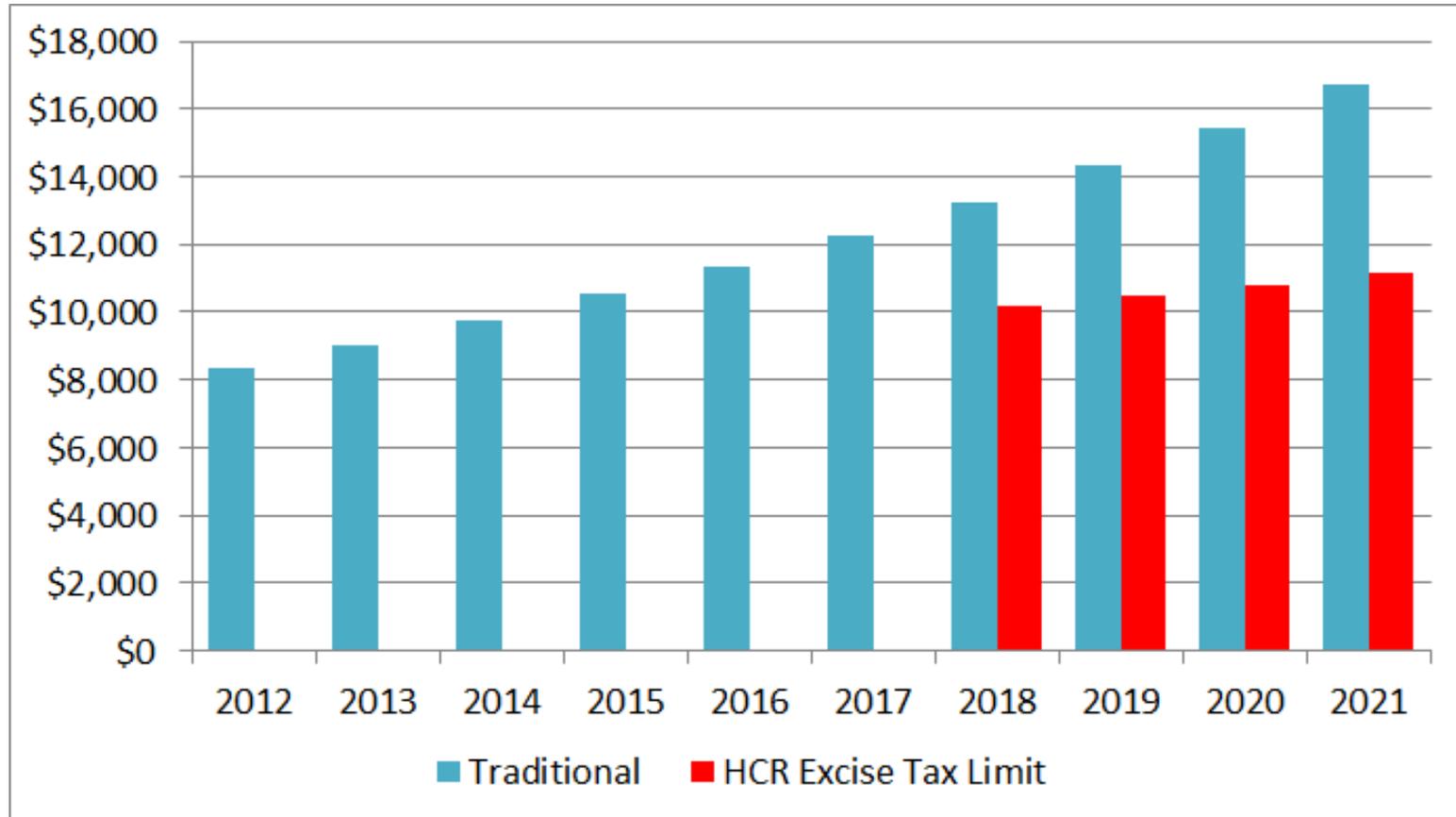
	Males		Females	
Age Band	2010	2011	2010	2011
<1	2	5	1	1
1 to 19	2	3	1	2
20 to 39	2	4	6	11
40 to 49	8	13	8	6
50 to 59	12	20	16	19
60 to 69	14	23	11	16
<u>70+</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
Total	40	69	43	56

Health Care Reform Excise Tax (Dependent Subsidy)

HCR Excise Tax

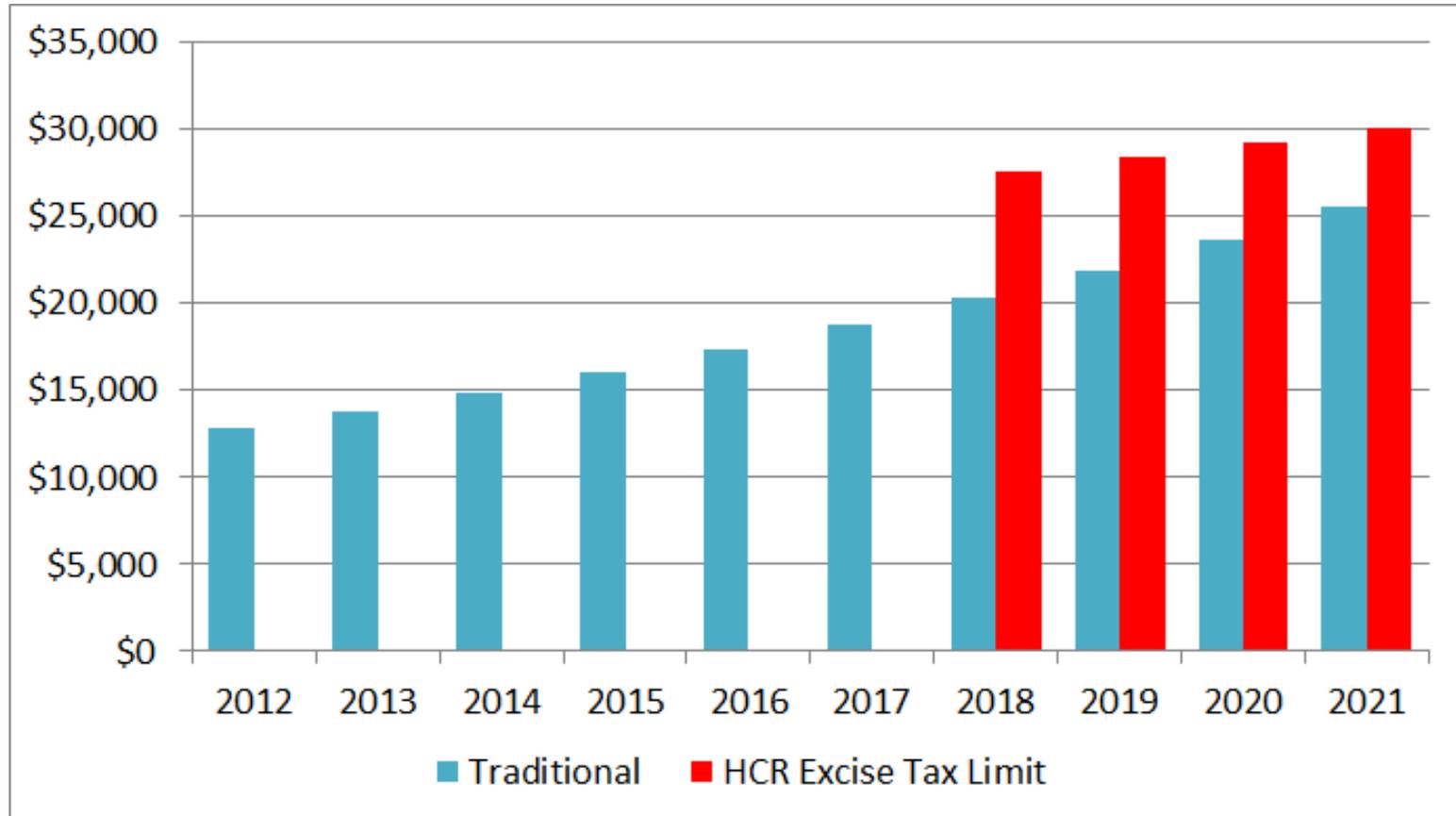
- Excise tax on “Cadillac plans” beginning in 2018
- Tax equals 40% of excess amounts over thresholds for each year:
 - \$10,200 for single employee
 - \$27,500 for employee plus dependents
 - Indexed to medical CPI (around 3%)
- Projected SOM rates for singles and families assuming 8% annual medical trend

Excise Tax – Single Employees



- Single rate exceeds limit in 2018 and beyond

Excise Tax – Families



- Family rate doesn't exceed limit until 2025

HCR Excise Tax

- SOM will have “Cadillac plans” for single employees in 2018
- Tax estimated at \$6 million for 2018, growing to \$12 million by 2021
- Avoid tax by staying under limits:
 - Smaller rate increase for single employees (average of 3.4% per year)
 - Make up difference in dependent rates