
State of Montana Employee Group Benefits Plan

Financial Report for Quarter Ending
September 30, 2011



Prepared by Actuaries Northwest, LLC

November 28, 2011

Employee Group Benefits Advisory Council
Health Care and Benefits Division
100 North Park, Suite 320
Helena, MT 59620



Re: Financial Report - October 2010 through September 2011

Dear Council Members,

The attached report provides a review of claims experience and financial operation of the Medical, Prescription Drug and Dental programs. Data presented includes data for Plan Year 2011 as well as historical data from Plan Year 2010. The first few pages contain claim and enrollment charts and tables.

Exhibit I outlines plan participation.

Exhibit II and Exhibit III compare income and expense on an aggregate and per capita basis, for the medical plans (combined and separately) and the dental plan.

Exhibit IV illustrates income and claims expense for participants under the combined medical plans, by Actives and Retirees.

Projection A and Projection B illustrate actual PY2009-PY2010 revenue and expenses, followed by annual projected PY2011-PY2014 revenue, expenses, and annual operating surplus/deficit on a per participant basis and in total. Projection A uses 8% medical trend and 10% Rx trend assumptions. Projection B uses 11% medical trend and 13% Rx trend assumptions.

Annualized benefit cost changes for claims paid are as follows:

Comparison of Medical, Rx and Dental Monthly Per-Capita Claims Costs				
Benefit	Oct 10 - Sep 11	Oct 09 - Sep 10	Percentage Change	
Medical	\$ 508.43	\$ 460.67	10.4%	
Rx	\$ 120.89	\$ 112.23	7.7%	
Combined	\$ 629.31	\$ 572.90	9.8%	
Dental	\$ 35.63	\$ 35.52	0.3%	

Please call if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads 'Kelly Grebinsky'.

Kelly Grebinsky, FSA, MAAA, FCA
Principal

Enclosure

Financial Status Summary - Third Quarter 2011

Update of State of Montana revenues and expenses:

- Revenues exceeded expenses for the medical plans by 15.3% for the first three quarters of the year, including Medicare Part D reimbursements. Medical expenses per eligible are up 8.9% from January through September 2010.
- The dental plan claims experience shows revenue exceeding expenses by 14.4%. For 2011, the loss ratio was targeted to be near 100%.
- For the first three quarters of the year, the CHO Medical Plans had low claims experience with a 78.9% loss ratio. The Traditional Plan had an 97.4% loss ratio. These loss ratios reflect the minor shift in enrollment towards managed care, as well as expected risk selection between plans.
- Actives are running a medical loss ratio of 81.0%, compared to 78.4% a year ago. Retirees are running an 93.5% loss ratio compared to 119.8% a year ago.
- The loss ratio for Early Retirees is 138.8% compared to 163.8% a year ago while Medicare experienced a loss ratio of 61.8% compared to 88.2% a year ago.

Reserves and fund balance status:

- Fund balance continues to exceed estimated incurred but not reported (IBNR) claim reserves, and currently fall roughly \$9.7 million above recommended reserves.

Report Date	Projected Year End IBNR*	Projected Year End General Reserves	Projected Year End Fund Balance	Recommended Reserves**	Difference
9/30/2010	\$ 13,110,000	\$ 40,861,421	\$ 53,971,421	\$ 52,690,000	\$ 1,281,421
12/31/2010	\$ 13,110,000	\$ 37,317,766	\$ 50,427,766	\$ 52,890,000	\$ (2,462,234)
3/31/2011	\$ 14,100,000	\$ 51,358,795	\$ 65,458,795	\$ 54,890,000	\$ 10,568,795
6/30/2011	\$ 14,300,000	\$ 54,758,379	\$ 69,058,379	\$ 55,690,000	\$ 13,368,379
9/30/2011	\$ 14,100,000	\$ 52,219,014	\$ 66,319,014	\$ 56,590,000	\$ 9,729,014

* IBNR is the IBNR reserve plus the grandfathered benefit reserve.

** Based on actuarial recommendation as of September 30, 2011

Exhibit I: Eligible Participants

Month	Medical				Total	Dental
	Active	Cobra	Retired <65	Retired 65+		
January 2011	12,871	43	815	2,476	16,204	15,655
February 2011	12,789	42	853	2,466	16,148	15,615
March 2011	12,821	41	835	2,476	16,173	15,639
April 2011	12,861	40	828	2,474	16,203	15,690
May 2011	12,875	36	810	2,483	16,202	15,677
June 2011	12,793	37	803	2,488	16,120	15,599
July 2011	12,776	39	802	2,494	16,109	15,593
August 2011	12,711	43	809	2,500	16,063	15,552
September 2011	12,681	42	806	2,499	16,028	15,521
October 2011	-	-	-	-	-	-
November 2011	-	-	-	-	-	-
December 2011	-	-	-	-	-	-
Total	115,175	361	7,359	22,354	145,248	140,539
Average	12,797	40	818	2,484	16,139	15,615
January 1, 2010 to September 30, 2010	12,887	43	843	2,491	16,264	15,699
Percent Change	-0.7%	-7.0%	-3.0%	-0.3%	-0.8%	-0.5%
Average by Plan YTD PY2011						
Traditional	4,633	18	502	2,271	7,423	
Indemnity Total	4,633	18	502	2,271	7,423	
BCBSMT HMO	5,748	12	208	119	6,087	
PEAK HMO	-	-	-	-	-	
NWHP HMO	2,417	10	108	94	2,629	
CHO Total	8,165	22	316	213	8,715	
January 1, 2010 to September 30, 2010						
Traditional	4,785	14	501	2,304	7,604	
Indemnity Total	4,785	14	501	2,304	7,604	
BCBSMT HMO	5,715	13	211	96	6,035	
PEAK HMO	91	1	4	1	97	
NWHP HMO	2,296	15	127	90	2,528	
CHO Total	8,102	28	342	187	8,659	
Percent Change						
Traditional	-3.2%	28.6%	0.2%	-1.4%	-2.4%	
CHO	0.8%	-21.4%	-7.6%	13.9%	0.7%	

Notes:

Percentage change calculated on YTD average enrollment.
Some figures may not add due to rounding.

Exhibit II: Income & Expense by Combined Medical Plans & Dental Plan

Category	January 1, 2011 through June 30, 2011		July 1, 2011 through September 30, 2011		January 1, 2011 through September 30, 2011		January 1, 2010 through September 30, 2010		January 1, 2009 through September 30, 2009	
	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible
Medical Plan										
Average Eligible		16,175		16,066		16,139		16,264		16,248
Contributions	\$ 71,693,145	\$ 738.74	\$ 34,775,003	\$ 721.49	\$ 106,468,148	\$ 733.01	\$ 96,180,654	\$ 657.07	\$ 86,667,017	\$ 592.67
Interest Income	\$ 765,448	\$ 7.89	\$ 221,495	\$ 4.60	\$ 986,943	\$ 6.79	\$ 865,419	\$ 5.91	\$ 980,207	\$ 6.70
Total Revenue	\$ 72,458,593	\$ 746.62	\$ 34,996,498	\$ 726.08	\$ 107,455,091	\$ 739.81	\$ 97,046,073	\$ 662.98	\$ 87,647,224	\$ 599.38
Expenses:										
Medical Claims	\$ 48,223,993	\$ 496.91	\$ 25,495,159	\$ 528.96	\$ 73,719,152	\$ 507.54	\$ 65,999,141	\$ 450.88	\$ 63,289,298	\$ 432.81
Rx Claims	\$ 11,497,769	\$ 118.47	\$ 6,255,203	\$ 129.78	\$ 17,752,972	\$ 122.23	\$ 15,103,227	\$ 103.18	\$ 18,700,162	\$ 127.88
Medicare Part D	\$ (3,333,671)	\$ (34.35)	\$ -	\$ -	\$ (3,333,671)	\$ (22.95)	\$ -	\$ -	\$ (1,624,681)	\$ (11.11)
Managed Care	\$ 57,010	\$ 0.59	\$ 23,321	\$ 0.48	\$ 80,331	\$ 0.55	\$ 311,704	\$ 2.13	\$ 455,046	\$ 3.11
Wellness / DM	\$ 284,249	\$ 2.93	\$ 168,565	\$ 3.50	\$ 452,814	\$ 3.12	\$ 830,033	\$ 5.67	\$ 745,904	\$ 5.10
Payroll Services	\$ 87,044	\$ 0.90	\$ 168,602	\$ 3.50	\$ 255,646	\$ 1.76	\$ 128,580	\$ 0.88	\$ 387,828	\$ 2.65
Admin / Operating	\$ 2,646,585	\$ 27.27	\$ 1,648,474	\$ 34.20	\$ 4,295,059	\$ 29.57	\$ 3,918,760	\$ 26.77	\$ 5,087,812	\$ 34.79
Total Expenses	\$ 59,462,979	\$ 612.71	\$ 33,759,324	\$ 700.42	\$ 93,222,303	\$ 641.82	\$ 86,291,446	\$ 589.51	\$ 87,041,369	\$ 595.23
Estimated Operating Addition / (Deficit)	\$ 12,995,614	\$ 133.91	\$ 1,237,174	\$ 25.67	\$ 14,232,788	\$ 97.99	\$ 10,754,627	\$ 73.47	\$ 605,855	\$ 4.14
Dental Plan										
Average Eligible		15,646		15,555		15,615		15,699		15,675
Contributions	\$ 4,303,605	\$ 45.84	\$ 2,137,208	\$ 45.80	\$ 6,440,813	\$ 45.83	\$ 6,322,153	\$ 44.74	\$ 6,323,064	\$ 44.82
Interest Income	\$ 45,402	\$ 0.48	\$ 12,939	\$ 0.28	\$ 58,341	\$ 0.42	\$ 56,886	\$ 0.40	\$ 71,514	\$ 0.51
Total Revenue	\$ 4,349,007	\$ 46.33	\$ 2,150,147	\$ 46.08	\$ 6,499,154	\$ 46.24	\$ 6,379,039	\$ 45.15	\$ 6,394,578	\$ 45.33
Expenses:										
Dental Claims	\$ 3,590,742	\$ 38.25	\$ 1,490,917	\$ 31.95	\$ 5,081,659	\$ 36.16	\$ 5,116,103	\$ 36.21	\$ 5,381,768	\$ 38.15
Payroll Services	\$ 9,672	\$ 0.10	\$ 18,734	\$ 0.40	\$ 28,406	\$ 0.20	\$ 14,287	\$ 0.10	\$ 43,092	\$ 0.31
Admin / Operating	\$ 358,843	\$ 3.82	\$ 213,439	\$ 4.57	\$ 572,282	\$ 4.07	\$ 563,757	\$ 3.99	\$ 546,425	\$ 3.87
Total Expenses	\$ 3,959,257	\$ 42.18	\$ 1,723,090	\$ 36.93	\$ 5,682,347	\$ 40.43	\$ 5,694,147	\$ 40.30	\$ 5,971,285	\$ 42.33
Estimated Operating Addition / (Deficit)	\$ 389,750	\$ 4.15	\$ 427,057	\$ 9.15	\$ 816,807	\$ 5.81	\$ 684,892	\$ 4.85	\$ 423,293	\$ 3.00
Total										
Contributions	\$ 75,996,750	\$ 784.58	\$ 36,912,211	\$ 767.29	\$ 112,908,961	\$ 778.84	\$ 102,502,807	\$ 701.82	\$ 92,990,081	\$ 637.50
Interest Income	\$ 810,850	\$ 8.37	\$ 234,434	\$ 4.87	\$ 1,045,284	\$ 7.21	\$ 922,305	\$ 6.31	\$ 1,051,721	\$ 7.21
Total Revenue	\$ 76,807,600	\$ 792.95	\$ 37,146,645	\$ 772.16	\$ 113,954,245	\$ 786.05	\$ 103,425,112	\$ 708.13	\$ 94,041,802	\$ 644.71
Expenses:										
Claims	\$ 63,312,504	\$ 653.63	\$ 33,241,279	\$ 690.68	\$ 96,553,783	\$ 665.93	\$ 86,218,471	\$ 590.27	\$ 87,371,229	\$ 598.84
Medicare Part D	\$ (3,333,671)	\$ (34.35)	\$ -	\$ -	\$ (3,333,671)	\$ (22.95)	\$ -	\$ -	\$ (1,624,681)	\$ (11.11)
Payroll Services	\$ 96,716	\$ 1.00	\$ 187,336	\$ 3.90	\$ 284,052	\$ 1.96	\$ 142,867	\$ 0.98	\$ 430,920	\$ 2.96
Other Costs	\$ 3,346,687	\$ 34.61	\$ 2,053,799	\$ 42.76	\$ 5,400,486	\$ 37.31	\$ 5,624,254	\$ 38.56	\$ 6,835,187	\$ 46.88
Total Expenses	\$ 63,422,236	\$ 654.89	\$ 35,482,414	\$ 737.34	\$ 98,904,650	\$ 682.25	\$ 91,985,592	\$ 629.81	\$ 93,012,653	\$ 637.56
Estimated Operating Addition / (Deficit)	\$ 13,385,364	\$ 138.06	\$ 1,664,231	\$ 34.82	\$ 15,049,595	\$ 103.80	\$ 11,439,519	\$ 78.32	\$ 1,029,149	\$ 7.14

Notes:

Some figures may not add due to rounding.

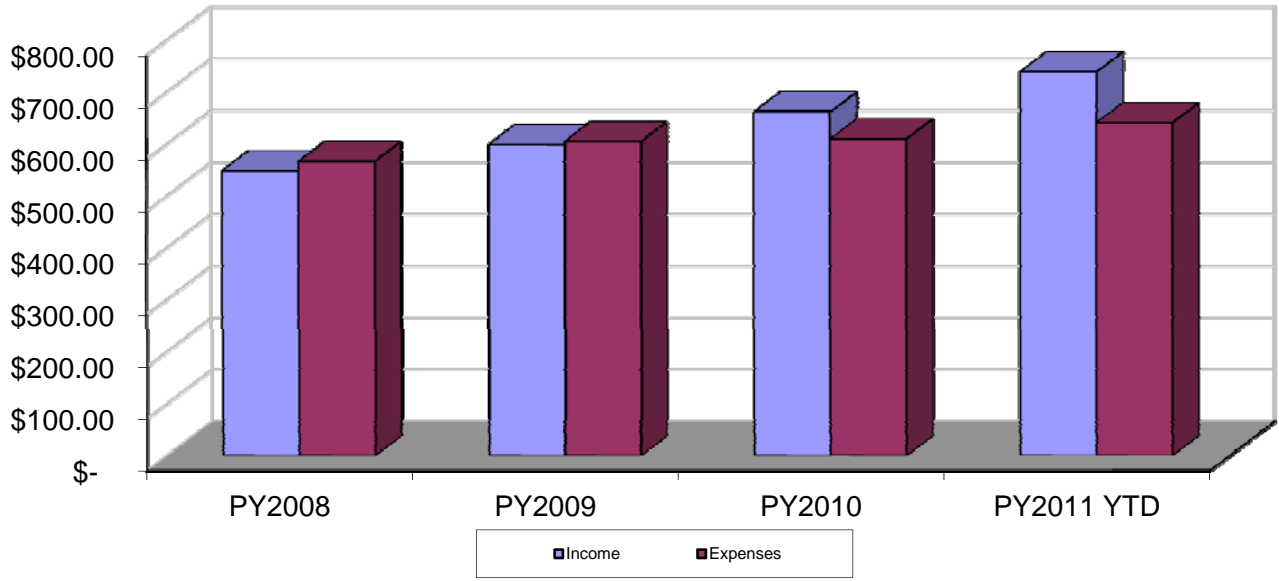
Rx Claims are net of rebates.

"Managed Care" includes BCBS managed care, certification review and individual managed care.

"Wellness/DM" includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

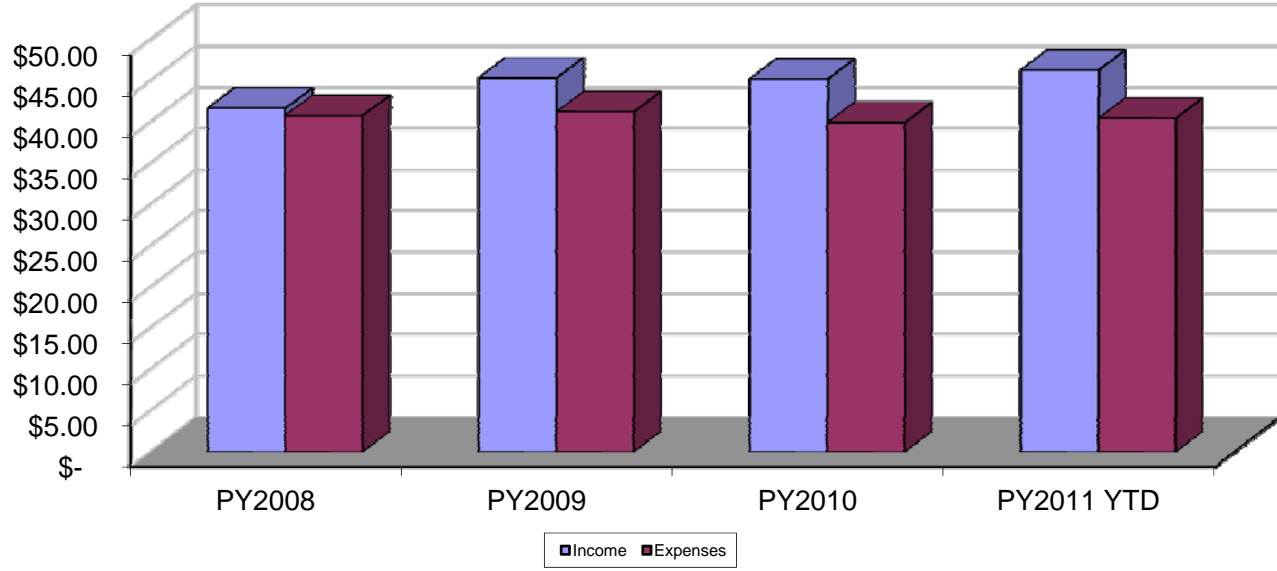
"Admin / Operating" includes claims administration & state operating expenses.

**Per Capita Income vs. Expenses
Medical Plan**



	PY2008	PY2009	PY2010	PY2011 YTD
Income	\$ 549.71	\$ 599.64	\$ 663.04	\$ 739.81
Expenses	\$ 567.53	\$ 605.84	\$ 610.70	\$ 641.82

**Per Capita Income vs. Expenses
Dental Plan**



	PY2008	PY2009	PY2010	PY2011 YTD
Income	\$ 41.62	\$ 45.31	\$ 45.17	\$ 46.24
Expenses	\$ 40.74	\$ 41.20	\$ 39.92	\$ 40.43

Exhibit III: Income & Expense by Indemnity Medical Plans

Category	January 1, 2011 through June 30, 2011		July 1, 2011 through September 30, 2011		January 1, 2011 through September 30, 2011		January 1, 2010 through September 30, 2010	
	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible
Basic								
Average Eligible		-		-		-		-
Revenues:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:								
Medical Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rx Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wellness / DM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Admin / Operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated Operating Addition / (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss Ratio		0.0%		0.0%		0.0%		0.0%
Traditional								
Average Eligible		7,452		7,366		7,423		7,605
Revenues:								
Contributions	\$ 30,485,848	\$ 681.87	\$ 14,703,984	\$ 665.37	\$ 45,189,832	\$ 676.41	\$ 41,570,662	\$ 607.34
Interest Income	\$ 325,382	\$ 7.28	\$ 93,655	\$ 4.24	\$ 419,037	\$ 6.27	\$ 374,171	\$ 5.47
Total Revenue	\$ 30,811,230	\$ 689.14	\$ 14,797,639	\$ 669.61	\$ 45,608,869	\$ 682.68	\$ 41,944,833	\$ 612.81
Expenses:								
Medical Claims	\$ 22,084,076	\$ 493.95	\$ 12,764,047	\$ 577.58	\$ 34,848,123	\$ 521.61	\$ 29,715,884	\$ 434.14
Rx Claims	\$ 6,647,612	\$ 148.68	\$ 3,585,390	\$ 162.24	\$ 10,233,003	\$ 153.17	\$ 8,929,932	\$ 130.46
Medicare Part D	\$ (3,025,295)	\$ (67.67)	\$ -	\$ -	\$ (3,025,295)	\$ (45.28)	\$ -	\$ -
Managed Care	\$ 73,173	\$ 1.64	\$ 34,113	\$ 1.54	\$ 107,287	\$ 1.61	\$ 183,488	\$ 2.68
Wellness / DM	\$ 130,807	\$ 2.93	\$ 77,335	\$ 3.50	\$ 208,142	\$ 3.12	\$ 388,022	\$ 5.67
Payroll Services	\$ 39,991	\$ 0.89	\$ 77,145	\$ 3.49	\$ 117,136	\$ 1.75	\$ 60,303	\$ 0.88
Admin / Operating	\$ 1,200,054	\$ 26.84	\$ 747,107	\$ 33.81	\$ 1,947,161	\$ 29.15	\$ 1,304,691	\$ 19.06
Total Expenses	\$ 27,150,419	\$ 607.26	\$ 17,285,137	\$ 782.17	\$ 44,435,556	\$ 665.12	\$ 40,582,320	\$ 592.90
Estimated Operating Addition / (Deficit)	\$ 3,660,810	\$ 81.88	\$ (2,487,497)	\$ (112.56)	\$ 1,173,313	\$ 17.56	\$ 1,362,513	\$ 19.91
Loss Ratio		88.1%		116.8%		97.4%		96.8%
Total								
Average Eligible		7,452		7,366		7,423		7,605
Total Revenue	\$ 30,811,230	\$ 689.14	\$ 14,797,639	\$ 669.61	\$ 45,608,869	\$ 682.68	\$ 41,944,833	\$ 612.81
Expenses:								
Claims	\$ 28,731,689	\$ 642.63	\$ 16,349,437	\$ 739.83	\$ 45,081,126	\$ 674.78	\$ 38,645,816	\$ 564.61
Medicare Part D	\$ (3,025,295)	\$ (67.67)	\$ -	\$ -	\$ (3,025,295)	\$ (45.28)	\$ -	\$ -
Payroll Services	\$ 39,991	\$ 0.89	\$ 77,145	\$ 3.49	\$ 117,136	\$ 1.75	\$ 60,303	\$ 0.88
Other Costs	\$ 1,404,035	\$ 31.40	\$ 858,555	\$ 38.85	\$ 2,262,589	\$ 33.87	\$ 1,876,200	\$ 27.41
Total Expenses	\$ 27,150,419	\$ 607.26	\$ 17,285,137	\$ 782.17	\$ 44,435,556	\$ 665.12	\$ 40,582,320	\$ 592.90
Estimated Operating Addition / (Deficit)	\$ 3,660,810	\$ 81.88	\$ (2,487,497)	\$ (112.56)	\$ 1,173,313	\$ 17.56	\$ 1,362,513	\$ 19.91
Loss Ratio		88.1%		116.8%		97.4%		96.8%

Notes:

Some figures may not add due to rounding.

Basic Plan not offered after 2003. Claims reported are runout from prior periods.

Rx claims are net of rebates.

Medical claims include capitation costs.

"Managed Care" includes BCBS managed care, certification review and individual managed care.

"Wellness/DM" includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

"Admin / Operating" includes claims administration & state operating expenses.

Exhibit III: Income & Expense by CHO Medical Plans

Category	January 1, 2011 through June 30, 2011		July 1, 2011 through September 30, 2011		January 1, 2011 through September 30, 2011		January 1, 2010 through September 30, 2010	
	Monthly Amount		Monthly Amount		Monthly Amount		Monthly Amount	
	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible
Blue Choice								
Average Eligible		6,084		6,092		6,087		6,035
Revenues:								
Contributions	\$ 28,916,135	\$ 792.14	\$ 14,128,105	\$ 773.00	\$ 43,044,240	\$ 785.75	\$ 37,834,712	\$ 696.58
Interest Income	\$ 308,867	\$ 8.46	\$ 89,987	\$ 4.92	\$ 398,854	\$ 7.28	\$ 340,079	\$ 6.26
Total Revenue	\$ 29,225,002	\$ 800.60	\$ 14,218,092	\$ 777.92	\$ 43,443,094	\$ 793.03	\$ 38,174,791	\$ 702.84
Expenses:								
Medical Claims	\$ 17,252,871	\$ 472.63	\$ 8,404,616	\$ 459.85	\$ 25,657,487	\$ 468.36	\$ 22,205,312	\$ 408.82
Rx Claims	\$ 3,265,233	\$ 89.45	\$ 1,774,011	\$ 97.06	\$ 5,039,244	\$ 91.99	\$ 4,076,429	\$ 75.05
Medicare Part D	\$ (175,233)	\$ (4.80)	\$ -	\$ -	\$ (175,233)	\$ (3.20)	\$ -	\$ -
Managed Care	\$ (11,265)	\$ (0.31)	\$ (7,557)	\$ (0.41)	\$ (18,822)	\$ (0.34)	\$ 88,990	\$ 1.64
Wellness / DM	\$ 107,093	\$ 2.93	\$ 63,863	\$ 3.49	\$ 170,956	\$ 3.12	\$ 308,420	\$ 5.68
Payroll Services	\$ 32,894	\$ 0.90	\$ 64,117	\$ 3.51	\$ 97,010	\$ 1.77	\$ 47,584	\$ 0.88
Admin / Operating	\$ 896,448	\$ 24.56	\$ 576,975	\$ 31.57	\$ 1,473,423	\$ 26.90	\$ 1,671,851	\$ 30.78
Total Expenses	\$ 21,368,041	\$ 585.36	\$ 10,876,024	\$ 595.07	\$ 32,244,065	\$ 588.60	\$ 28,398,586	\$ 522.85
Estimated Operating								
Addition / (Deficit)	\$ 7,856,961	\$ 215.24	\$ 3,342,068	\$ 182.86	\$ 11,199,029	\$ 204.43	\$ 9,776,205	\$ 179.99
Loss Ratio		73.1%		76.5%		74.2%		74.4%
Peak								
Average Eligible		-		-		-		97
Revenues:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 597,126	\$ 687.14
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,374	\$ 6.18
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602,500	\$ 693.33
Expenses:								
Medical Claims	\$ 152,816	\$ -	\$ 268	\$ -	\$ 153,085	\$ -	\$ 486,085	\$ 559.36
Rx Claims	\$ (66)	\$ -	\$ -	\$ -	\$ (66)	\$ -	\$ 39,202	\$ 45.11
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,432	\$ 1.65
Wellness / DM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,920	\$ 5.66
SABHRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 746	\$ 0.86
Admin / Operating	\$ 6,049	\$ -	\$ 90	\$ -	\$ 6,139	\$ -	\$ 32,871	\$ 37.83
Total Expenses	\$ 158,800	\$ -	\$ 358	\$ -	\$ 159,158	\$ -	\$ 565,256	\$ 650.47
Estimated Operating								
Addition / (Deficit)	\$ (158,800)	\$ -	\$ (358)	\$ -	\$ (159,158)	\$ -	\$ 37,244	\$ 42.86
Loss Ratio		0.0%		0.0%		0.0%		93.8%
New West								
Average Eligible		2,639		2,608		2,629		2,527
Revenues:								
Contributions	\$ 12,291,162	\$ 776.20	\$ 5,942,913	\$ 759.67	\$ 18,234,075	\$ 770.74	\$ 16,178,154	\$ 711.24
Interest Income	\$ 131,199	\$ 8.29	\$ 37,853	\$ 4.84	\$ 169,052	\$ 7.15	\$ 145,796	\$ 6.41
Total Revenue	\$ 12,422,361	\$ 784.49	\$ 5,980,766	\$ 764.51	\$ 18,403,127	\$ 777.88	\$ 16,323,950	\$ 717.65
Expenses:								
Medical Claims	\$ 8,734,229	\$ 551.58	\$ 4,326,228	\$ 553.01	\$ 13,060,457	\$ 552.05	\$ 13,591,860	\$ 597.54
Rx Claims	\$ 1,584,990	\$ 100.09	\$ 895,802	\$ 114.51	\$ 2,480,792	\$ 104.86	\$ 2,057,665	\$ 90.46
Medicare Part D	\$ (133,142)	\$ (8.41)	\$ -	\$ -	\$ (133,142)	\$ (5.63)	\$ -	\$ -
Managed Care	\$ (4,899)	\$ (0.31)	\$ (3,235)	\$ (0.41)	\$ (8,134)	\$ (0.34)	\$ 37,794	\$ 1.66
Wellness / DM	\$ 46,349	\$ 2.93	\$ 27,367	\$ 3.50	\$ 73,716	\$ 3.12	\$ 128,671	\$ 5.66
Payroll Services	\$ 14,159	\$ 0.89	\$ 27,340	\$ 3.49	\$ 41,499	\$ 1.75	\$ 19,946	\$ 0.88
Admin / Operating	\$ 544,034	\$ 34.36	\$ 324,301	\$ 41.45	\$ 868,335	\$ 36.70	\$ 909,348	\$ 39.98
Total Expenses	\$ 10,785,718	\$ 681.13	\$ 5,597,803	\$ 715.56	\$ 16,383,523	\$ 692.52	\$ 16,745,283	\$ 736.17
Estimated Operating								
Addition / (Deficit)	\$ 1,636,643	\$ 103.36	\$ 382,963	\$ 48.95	\$ 2,019,605	\$ 85.37	\$ (421,333)	\$ (18.52)
Loss Ratio		86.8%		93.6%		89.0%		102.6%
Total CHO								
Average Eligible		8,723		8,700		8,715		8,659
Total Revenue	\$ 41,647,363	\$ 795.72	\$ 20,198,859	\$ 773.90	\$ 61,846,222	\$ 788.46	\$ 55,101,241	\$ 707.06
Expenses:								
Claims	\$ 30,990,073	\$ 592.10	\$ 15,400,924	\$ 590.07	\$ 46,390,998	\$ 591.43	\$ 42,456,552	\$ 544.80
Medicare Part D	\$ (308,376)	\$ (5.89)	\$ -	\$ -	\$ (308,376)	\$ (3.93)	\$ -	\$ -
Payroll Services	\$ 47,053	\$ 0.90	\$ 91,457	\$ 3.50	\$ 138,510	\$ 1.77	\$ 68,277	\$ 0.88
Other Costs	\$ 1,583,809	\$ 30.26	\$ 981,805	\$ 37.62	\$ 2,565,614	\$ 32.71	\$ 3,184,296	\$ 40.86
Total Expenses	\$ 32,312,559	\$ 617.37	\$ 16,474,187	\$ 631.19	\$ 48,786,746	\$ 621.97	\$ 45,709,125	\$ 586.54
Estimated Operating								
Addition / (Deficit)	\$ 9,334,804	\$ 178.35	\$ 3,724,672	\$ 142.71	\$ 13,059,476	\$ 166.49	\$ 9,392,116	\$ 120.52
Loss Ratio		77.6%		81.6%		78.9%		83.0%

Notes:

Some figures may not add due to rounding.

Basic Plan not offered after 2003. Claims reported are runout from prior periods.

Rx claims are net of rebates.

Medical claims include capitation costs.

*"Managed Care" includes BCBS managed care, certification review and individual managed care.

"Wellness/DM" includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

*Admin / Operating" includes claims administration & state operating expenses.

Exhibit IV: Medical Income & Expense by Actives and Retirees

Category	January 1, 2011 through June 30, 2011		July 1, 2011 through September 30, 2011		January 1, 2011 through September 30, 2011		January 1, 2010 through September 30, 2010	
	Monthly Amount		Monthly Amount		Monthly Amount		Monthly Amount	
	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible
Actives & COBRA								
Average Eligible		12,874		12,764		12,837		12,930
Contributions	\$ 61,446,837	\$ 795.48	\$ 29,784,577	\$ 777.86	\$ 91,231,415	\$ 789.64	\$ 82,330,664	\$ 707.49
Medical Claims	\$ 40,563,349	\$ 525.13	\$ 22,153,264	\$ 578.56	\$ 62,716,613	\$ 542.83	\$ 55,112,984	\$ 473.60
Rx Claims	\$ 7,164,393	\$ 92.75	\$ 4,011,877	\$ 104.77	\$ 11,176,269	\$ 96.73	\$ 9,394,289	\$ 80.73
Total Claims	\$ 47,727,742	\$ 617.87	\$ 26,165,140	\$ 683.33	\$ 73,892,882	\$ 639.57	\$ 64,507,272	\$ 554.33
Loss Ratio		77.7%		87.8%		81.0%		78.4%
Retirees under 65								
Average Eligible		824		805		818		843
Contributions	\$ 4,245,515	\$ 858.98	\$ 2,024,522	\$ 837.96	\$ 6,270,037	\$ 852.08	\$ 5,792,865	\$ 763.63
Medical Claims	\$ 4,238,347	\$ 857.53	\$ 2,015,747	\$ 834.33	\$ 6,254,094	\$ 849.91	\$ 7,191,934	\$ 948.05
Rx Claims	\$ 1,613,792	\$ 326.51	\$ 833,427	\$ 344.96	\$ 2,447,219	\$ 332.57	\$ 2,294,053	\$ 302.41
Total Claims	\$ 5,852,138	\$ 1,184.04	\$ 2,849,174	\$ 1,179.29	\$ 8,701,312	\$ 1,182.48	\$ 9,485,986	\$ 1,250.46
Loss Ratio		137.8%		140.7%		138.8%		163.8%
Retirees 65+								
Average Eligible		2,477		2,498		2,484		2,491
Contributions	\$ 6,000,792	\$ 403.79	\$ 2,965,904	\$ 395.85	\$ 8,966,696	\$ 401.13	\$ 8,057,125	\$ 359.34
Medical Claims	\$ 3,422,297	\$ 230.29	\$ 1,326,148	\$ 177.00	\$ 4,748,445	\$ 212.43	\$ 3,694,223	\$ 164.76
Rx Claims	\$ 2,719,584	\$ 183.00	\$ 1,409,899	\$ 188.17	\$ 4,129,483	\$ 184.74	\$ 3,414,886	\$ 152.30
Medicare Part D	\$ (3,333,671)	\$ (224.32)	\$ -	\$ -	\$ (3,333,671)	\$ (149.13)	\$ -	\$ -
Total Claims	\$ 2,808,210	\$ 188.97	\$ 2,736,047	\$ 365.17	\$ 5,544,257	\$ 248.03	\$ 7,109,109	\$ 317.06
Loss Ratio		46.8%		92.3%		61.8%		88.2%
Total Retirees								
Average Eligible		3,301		3,303		3,301		3,334
Contributions	\$ 10,246,308	\$ 517.40	\$ 4,990,426	\$ 503.65	\$ 15,236,733	\$ 512.81	\$ 13,849,990	\$ 461.54
Medical Claims	\$ 7,660,644	\$ 386.83	\$ 3,341,895	\$ 337.28	\$ 11,002,539	\$ 370.31	\$ 10,886,157	\$ 362.78
Rx Claims	\$ 4,333,377	\$ 218.82	\$ 2,243,326	\$ 226.40	\$ 6,576,703	\$ 221.35	\$ 5,708,939	\$ 190.25
Medicare Part D	\$ (3,333,671)	\$ (168.34)	\$ -	\$ -	\$ (3,333,671)	\$ (112.20)	\$ -	\$ -
Total Claims	\$ 8,660,349	\$ 437.31	\$ 5,585,221	\$ 563.68	\$ 14,245,570	\$ 479.46	\$ 16,595,096	\$ 553.02
Loss Ratio		84.5%		111.9%		93.5%		119.8%

Notes:

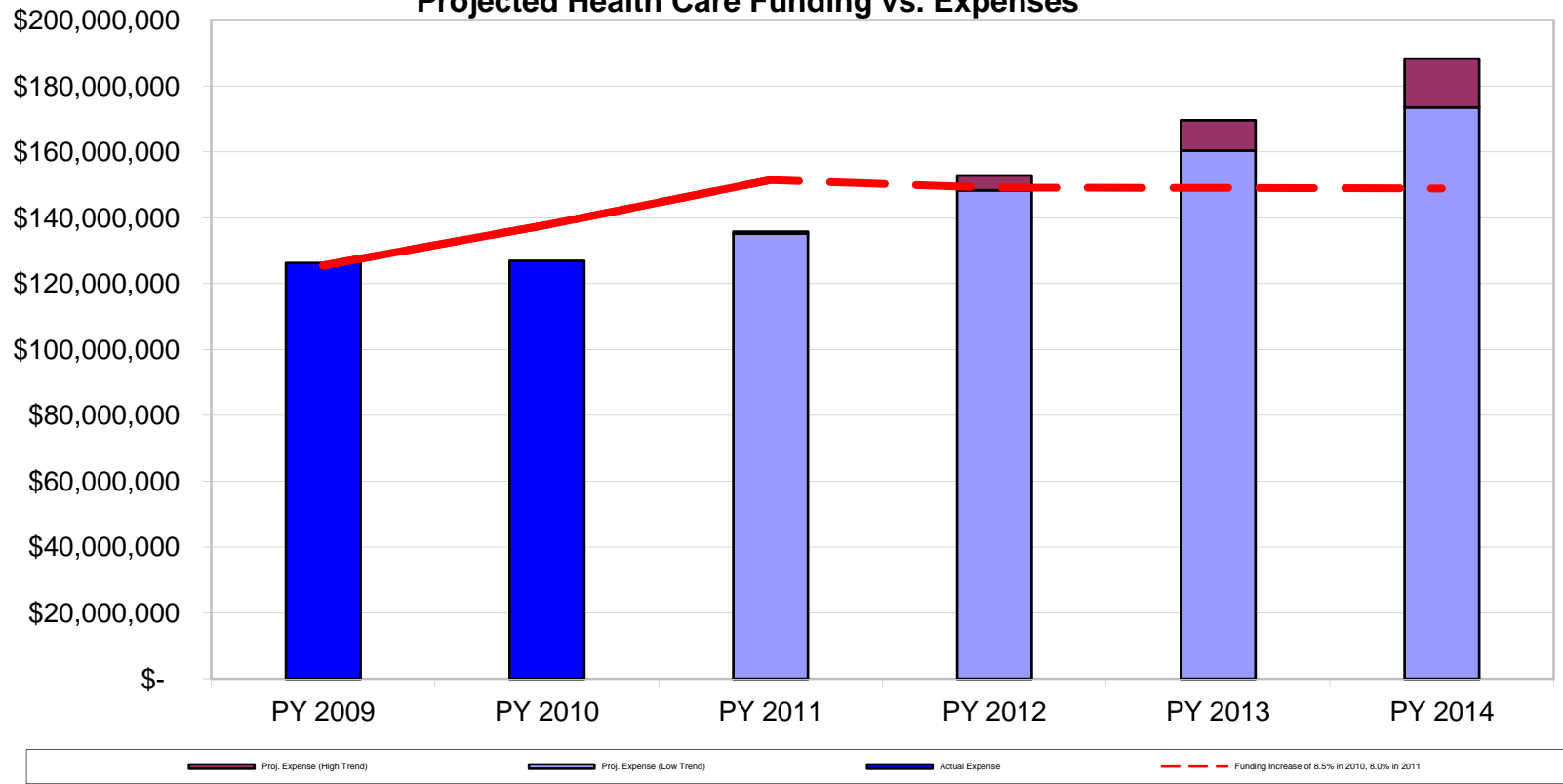
Some figures may not add due to rounding.

Rx claims are net of rebates.

Medical claims include capitation costs.

State of Montana

Projected Health Care Funding vs. Expenses



100.6% Loss

92.1% Loss

89.3% Loss

99.5% Loss

107.6% Loss

116.5% Loss

89.7% Loss

102.5% Loss

113.8% Loss

126.5% Loss

Low Trend = 8% Medical and 10% Rx; High Trend = 11% Medical and 13% Rx.

State of Montana Projection Assumptions

Contribution Data and Assumptions	Plan Year 2009		Plan Year 2010		Plan Year 2011		Plan Year 2012		Plan Year 2013		Plan Year 2014	
	Increase	Contribution	Increase	Contribution	Increase	Contribution	Increase	Contribution	Increase	Contribution	Increase	Contribution
State Contribution	\$ 36.00	\$ 626.00	\$ 53.00	\$ 679.00	\$ 54.00	\$ 733.00	\$ -	\$ 733.00	\$ -	\$ 733.00	\$ -	\$ 733.00
Stabilization Savings	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Actives												
Change in Contribution to Core Benefits	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Change in Dependent Contribution	\$ -		\$ 11.00		\$ -		\$ -		\$ -		\$ -	
Percentage of EE's with Dependents	60%		60%		60%		60%		60%		60%	
Retirees <65												
Change in Medical Contribution	\$ 36.00		\$ 53.00		\$ 54.00		\$ -		\$ -		\$ -	
Change in Dependent Contribution	\$ -		\$ 65.00		\$ -		\$ -		\$ -		\$ -	
Percentage of Early Retirees with Dependents	50%		50%		50%		50%		50%		50%	
Change in Dental Contribution												
Retirees 65+												
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Medical Contribution	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Change in Dependent Contribution	\$ -		\$ 54.00		\$ -		\$ -		\$ -		\$ -	
Percentage of Medicare Retirees with Dependents	40%		40%		40%		40%		40%		40%	
Change in Dental Contribution	\$ -											
COBRA												
Change in Medical Contribution	\$ 36.72		\$ 54.06		\$ 55.08		\$ -		\$ -		\$ -	
Change in Dependent Contribution	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Percentage of COBRAs with Dependents	50%		50%		50%		50%		50%		50%	
Change in Dental Contribution	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Trend Assumptions Scenario A	Plan Year 2009		Plan Year 2010		Plan Year 2011		Plan Year 2012		Plan Year 2013		Plan Year 2014	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Trend Assumptions												
Medical	8.0%	9.0%	8.0%	4.2%	8.0%	10.1%	8.0%		8.0%		8.0%	
Rx	10.0%	-3.4%	10.0%	-20.6%	10.0%	14.3%	10.0%		10.0%		10.0%	
Dental	8.0%	0.9%	8.0%	-3.5%	8.0%	2.3%	8.0%		8.0%		8.0%	
EAP	5.0%	3.3%	5.0%	3.4%	5.0%	-100.0%	5.0%		5.0%		5.0%	
Health Screenings	5.0%	130.7%	5.0%	5.7%	5.0%	59.7%	5.0%		5.0%		5.0%	
Managed Care	5.0%	62.2%	5.0%	-35.9%	5.0%	-68.3%	5.0%		5.0%		5.0%	
Claims Administration	5.0%	6.4%	5.0%	-24.5%	5.0%	3.6%	5.0%		5.0%		5.0%	
SABHRS Administration	-	75.6%	-	-73.7%	5.0%	115.2%	5.0%		5.0%		5.0%	
Other Operating Expense	5.0%	-5.4%	5.0%	28.8%	5.0%	-8.6%	5.0%		5.0%		5.0%	
Wellness Claims	5.0%	-16.6%	5.0%	-19.9%	5.0%	-6.0%	5.0%		5.0%		5.0%	
Core Life	0.0%	0.1%	0.0%	0.9%	0.0%	8.3%	0.0%		0.0%		0.0%	
Operating Reserve Assumptions												
Medical IBNR %	14.0%	14.1%	14.0%		14.0%		14.0%		14.0%		14.0%	
Rx IBNR %	0.3%	0.2%	0.3%		0.3%		0.3%		0.3%		0.3%	
Dental IBNR %	4.5%	4.2%	4.5%		4.5%		4.5%		4.5%		4.5%	
Grandfathered Benefit Reserve Attrition	7.5%		7.5%		7.5%		7.5%		7.5%		7.5%	
Investment returns	3.0%		3.0%		1.0%		1.0%		1.0%		1.0%	
Population Change Assumptions												
Active Employees	188	236	138	52	193		0		0		0	
Retirees <65	0	-6	5	-46	0		0		0		0	
Retirees 65+	50	28	24	-7	50		0		0		0	
COBRA	0	-15	18	-4	0		0		0		0	
Plan Change Assumptions												
Plan Change Assumptions	0		(7,184,675)		882,000		0		0		0	
Trend Assumptions Scenario B	2009		2010		2011		2012		2013		2014	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Alternate Medical, Rx & Dental Trend												
Medical	11.0%		11.0%		11.0%		11.0%		11.0%		11.0%	
Rx	13.0%		13.0%		13.0%		14.0%		14.0%		14.0%	
Dental	8.0%		8.0%		8.0%		8.0%		8.0%		8.0%	
Med Claim Lag issue	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Dental Claim Lag issue	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Health Screenings Benefit increase	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Why Weight Benefit increase	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Unallocated Revenue for Exhibit II	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	

State of Montana: Scenario A Medical Trend = 8.0% and Rx Trend = 10.0% with Estimated Impact of Medicare Part D

	Actual Plan Year 2009			Actual Plan Year 2010			Projected Plan Year 2011			Projected Plan Year 2012			Projected Plan Year 2013			Projected Plan Year 2014					
	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total			
Revenue																					
Active Employees	12,824			12,877			12,797			12,797			12,797			12,797					
State Contribution (M/D/CL)	\$ 626.00	\$ 96,337,331	\$ 679.00	\$ 104,921,117	\$ 733.00	\$ 112,564,367	\$ 733.00	\$ 112,564,367	\$ 733.00	\$ 112,564,367	\$ 733.00	\$ 112,564,367	\$ 733.00	\$ 112,564,367	\$ 733.00	\$ 112,564,367	\$ 733.00	\$ 112,564,367			
Employee Contribution (M/D)	\$ 61.98	\$ 9,538,689	\$ 75.13	\$ 11,609,401	\$ 90.88	\$ 13,955,942	\$ 90.88	\$ 13,955,942	\$ 90.88	\$ 13,955,942	\$ 90.88	\$ 13,955,942	\$ 90.88	\$ 13,955,942	\$ 90.88	\$ 13,955,942	\$ 90.88	\$ 13,955,942			
Special State Contribution (2004), PDA & Adjustment (2005)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Early Retirees																					
Medical/CL	886	\$ 680.64	\$ 7,234,514	840	\$ 765.52	\$ 7,718,309	818	\$ 839.06	\$ 8,232,250	818	\$ 839.06	\$ 8,232,250	818	\$ 839.06	\$ 8,232,250	818	\$ 839.06	\$ 8,232,250			
Dental	884	\$ 45.95	\$ 487,473	838	\$ 45.40	\$ 456,473	822	\$ 46.26	\$ 456,084	822	\$ 46.26	\$ 456,084	822	\$ 46.26	\$ 456,084	822	\$ 46.26	\$ 456,084			
Medicare Retirees																					
Medical/CL	2,500	\$ 302.07	\$ 9,061,626	2,493	\$ 359.96	\$ 10,767,717	2,484	\$ 395.16	\$ 11,777,533	2,484	\$ 395.16	\$ 11,777,533	2,484	\$ 395.16	\$ 11,777,533	2,484	\$ 395.16	\$ 11,777,533			
Dental	1,944	\$ 42.81	\$ 998,549	1,946	\$ 42.79	\$ 999,442	1,967	\$ 44.05	\$ 1,039,419	1,967	\$ 44.05	\$ 1,039,419	1,967	\$ 44.05	\$ 1,039,419	1,967	\$ 44.05	\$ 1,039,419			
COBRA																					
Medical/CL	47	\$ 638.53	\$ 358,536	43	\$ 697.35	\$ 361,227	40	\$ 782.45	\$ 376,098	40	\$ 782.45	\$ 376,098	40	\$ 782.45	\$ 376,098	40	\$ 782.45	\$ 376,098			
Dental	33	\$ 42.97	\$ 17,146	30	\$ 42.17	\$ 15,012	27	\$ 46.31	\$ 14,787	27	\$ 46.31	\$ 14,787	27	\$ 46.31	\$ 14,787	27	\$ 46.31	\$ 14,787			
Interest Income		\$ 1,377,238		\$ 1,243,586		\$ 1,393,712		\$ 1,393,712		\$ 663,536		\$ 610,564		\$ 431,458		\$ 431,458		\$ 431,458			
Other Income		\$ 96,520		\$ (269,712)		\$ 1,596,603		\$ 1,596,603		\$ -		\$ -		\$ -		\$ -		\$ -			
Total Revenue	16,257	\$ 643.36	\$ 125,507,620	16,253	\$ 706.65	\$ 137,822,571	16,139	\$ 781.80	\$ 151,406,794	16,139	\$ 769.79	\$ 149,080,015	16,139	\$ 769.52	\$ 149,027,043	16,139	\$ 768.59	\$ 148,847,937			
Expenses																					
Medical Claims	\$ 447.13	\$ 87,226,725	4.2%	\$ 465.90	\$ 90,867,512	trend PEPM	10.1%	\$ 513.11	\$ 99,370,148	trend PEPM	8.0%	\$ 554.16	\$ 107,319,760	trend PEPM	8.0%	\$ 598.49	\$ 115,905,341	trend PEPM	8.0%	\$ 646.37	\$ 125,177,768
Rx Claims	\$ 138.59	\$ 27,036,613	-20.6%	\$ 110.03	\$ 21,459,104	14.3%	\$ 125.79	\$ 24,361,572	10.0%	\$ 138.37	\$ 26,797,729	10.0%	\$ 152.21	\$ 29,477,502	10.0%	\$ 167.43	\$ 32,425,252				
Rx Rebates & Part D Subsidies	\$ (25.26)	\$ (4,928,661)		\$ (3.43)	\$ (668,251)		\$ (20.64)	\$ (3,997,214)		\$ (11.35)	\$ (2,198,468)		\$ (12.49)	\$ (2,418,314)		\$ (13.74)	\$ (2,660,146)				
Dental Claims	\$ 35.68	\$ 6,959,981	-3.5%	\$ 34.44	\$ 6,717,180	2.3%	\$ 35.23	\$ 6,822,489	8.0%	\$ 38.05	\$ 7,368,288	8.0%	\$ 41.09	\$ 7,957,751	8.0%	\$ 44.38	\$ 8,594,371				
Projected Savings from Benefit Changes							\$ 1.14	\$ 220,500		\$ 1.23	\$ 238,140		\$ 1.33	\$ 257,191		\$ 1.43	\$ 277,766				
Total Claims Expense	\$ 596.13	\$ 116,294,658	1.8%	\$ 606.94	\$ 118,375,545	7.9%	\$ 654.63	\$ 126,777,495	10.1%	\$ 720.45	\$ 139,525,450	8.4%	\$ 780.63	\$ 151,179,471	8.4%	\$ 845.88	\$ 163,615,012				
EAP	\$ 1.90	\$ 370,437	3.4%	\$ 1.96	\$ 382,804	-100.0%	\$ -	\$ -	n/a	\$ -	\$ -	n/a	\$ -	\$ -	n/a	\$ -	\$ -				
Health Screenings	\$ 3.26	\$ 636,760	5.7%	\$ 3.45	\$ 672,632	59.7%	\$ 5.51	\$ 1,066,496	5.0%	\$ 5.78	\$ 1,119,820	5.0%	\$ 6.07	\$ 1,175,811	5.0%	\$ 6.37	\$ 1,234,602				
Managed Care	\$ 2.72	\$ 531,143	-35.9%	\$ 1.75	\$ 340,630	-68.3%	\$ 0.55	\$ 107,108	5.0%	\$ 0.58	\$ 112,463	5.0%	\$ 0.61	\$ 118,087	5.0%	\$ 0.64	\$ 123,991				
Claims Administration	\$ 27.53	\$ 5,370,655	-24.5%	\$ 20.80	\$ 4,056,286	3.6%	\$ 21.54	\$ 4,171,791	5.0%	\$ 22.62	\$ 4,380,381	5.0%	\$ 23.75	\$ 4,599,400	5.0%	\$ 24.94	\$ 4,829,370				
Payroll Services Fees Fixed Cost	\$ 3.45	\$ 673,311	-73.7%	\$ 0.91	\$ 177,205	115.2%	\$ 1.96	\$ 378,735	-1.3%	\$ 1.93	\$ 374,000	0.0%	\$ 1.93	\$ 374,000	0.0%	\$ 1.93	\$ 374,000				
Other Operating Expense	\$ 10.18	\$ 1,985,008	28.8%	\$ 13.10	\$ 2,555,303	-8.6%	\$ 11.97	\$ 2,317,996	5.0%	\$ 12.57	\$ 2,433,896	5.0%	\$ 13.20	\$ 2,555,591	5.0%	\$ 13.86	\$ 2,683,370				
Wellness Claims	\$ 0.42	\$ 82,460	-19.9%	\$ 0.34	\$ 66,026	-6.0%	\$ 0.32	\$ 61,643	5.0%	\$ 0.33	\$ 64,725	5.0%	\$ 0.35	\$ 67,961	5.0%	\$ 0.37	\$ 71,359				
Core Life Insurance Premiums	\$ 1.59	\$ 310,413	0.9%	\$ 1.60	\$ 313,015	8.3%	\$ 1.74	\$ 336,632	0.0%	\$ 1.74	\$ 336,632	0.0%	\$ 1.74	\$ 336,632	0.0%	\$ 1.74	\$ 336,632				
Total Expenses	\$ 647.19	\$ 126,254,845		\$ 650.85	\$ 126,939,445		\$ 698.21	\$ 135,217,896		\$ 766.01	\$ 148,347,367		\$ 828.28	\$ 160,406,952		\$ 895.72	\$ 173,468,336				
Operating Surplus / (Deficit)	\$ (3.83)	\$ (747,225)		\$ 55.80	\$ 10,883,126		\$ 83.59	\$ 16,188,898		\$ 3.78	\$ 732,648		\$ (58.76)	\$ (11,379,909)		\$ (127.13)	\$ (24,620,399)				
Fund Balance																					
Beginning Balance		\$ 39,994,215		\$ 39,246,990		\$ 50,130,116		\$ 66,319,014		\$ 66,319,014		\$ 67,051,662		\$ 67,051,662		\$ 67,783,314		\$ 68,514,969			
Operating Surplus / (Deficit)		\$ (747,225)		\$ 10,883,126		\$ 16,188,898		\$ 732,648		\$ (11,379,909)		\$ (11,379,909)		\$ (11,379,909)		\$ (11,379,909)		\$ (11,379,909)			
Ending Balance		\$ 39,246,990		\$ 50,130,116		\$ 66,319,014		\$ 67,051,662		\$ 55,671,753		\$ 55,671,753		\$ 46,291,853		\$ 31,051,354		\$ 18,000,930			
IBNR Reserve*		\$ 11,600,000		\$ 11,500,000		\$ 12,400,000		\$ 15,430,137		\$ 16,666,024		\$ 16,666,024		\$ 16,666,024		\$ 16,666,024		\$ 16,666,024			
Claims Fluctuation Reserve		\$ 26,136,990		\$ 37,020,116		\$ 52,219,014		\$ 49,896,337		\$ 49,896,337		\$ 49,896,337		\$ 49,896,337		\$ 49,896,337		\$ 49,896,337			
Grandfathered Benefit Reserve		\$ 1,510,000		\$ 1,610,000		\$ 1,700,000		\$ 1,725,188		\$ 1,725,188		\$ 1,725,188		\$ 1,725,188		\$ 1,725,188		\$ 1,725,188			

IBNR Reserves beginning 12/31/06 were calculated by Mercer and beginning 9/30/07 were calculated by Actuaries Northwest.

State of Montana: Scenario B Medical Trend = 11.0% and Rx Trend = 13.0% with Estimated Impact of Medicare Part D

	Actual Plan Year 2009			Actual Plan Year 2010			Projected Plan Year 2011			Projected Plan Year 2012			Projected Plan Year 2013			Projected Plan Year 2014		
	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total
Revenue																		
Active Employees	12,824			12,877			12,797			12,797			12,797			12,797		
State Contribution (M/D/CL)		\$ 626.00	\$ 96,337,331		\$ 679.00	\$ 104,921,117		\$ 733.00	\$ 112,564,367		\$ 733.00	\$ 112,564,367		\$ 733.00	\$ 112,564,367		\$ 733.00	\$ 112,564,367
Employee Contribution (M/D)		\$ 61.98	\$ 9,538,689		\$ 75.13	\$ 11,609,401		\$ 90.88	\$ 13,955,942		\$ 90.88	\$ 13,955,942		\$ 90.88	\$ 13,955,942		\$ 90.88	\$ 13,955,942
Special State Contribution (2004), PDA & Adjustment (2005)		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Early Retirees																		
Medical/CL	886	\$ 680.64	\$ 7,234,514	840	\$ 765.52	\$ 7,718,309	818	\$ 839.06	\$ 8,232,250	818	\$ 839.06	\$ 8,232,250	818	\$ 839.06	\$ 8,232,250	818	\$ 839.06	\$ 8,232,250
Dental	884	\$ 45.95	\$ 487,473	838	\$ 45.40	\$ 456,473	822	\$ 46.26	\$ 456,084	822	\$ 46.26	\$ 456,084	822	\$ 46.26	\$ 456,084	822	\$ 46.26	\$ 456,084
Medicare Retirees																		
Medical/CL	2,500	\$ 302.07	\$ 9,061,626	2,493	\$ 359.96	\$ 10,767,717	2,484	\$ 395.16	\$ 11,777,533	2,484	\$ 395.16	\$ 11,777,533	2,484	\$ 395.16	\$ 11,777,533	2,484	\$ 395.16	\$ 11,777,533
Dental	1,944	\$ 42.81	\$ 998,549	1,946	\$ 42.79	\$ 999,442	1,967	\$ 44.05	\$ 1,039,419	1,967	\$ 44.05	\$ 1,039,419	1,967	\$ 44.05	\$ 1,039,419	1,967	\$ 44.05	\$ 1,039,419
COBRA																		
Medical/CL	47	\$ 638.53	\$ 358,536	43	\$ 697.35	\$ 361,227	40	\$ 782.45	\$ 376,098	40	\$ 782.45	\$ 376,098	40	\$ 782.45	\$ 376,098	40	\$ 782.45	\$ 376,098
Dental	33	\$ 42.97	\$ 17,146	30	\$ 42.17	\$ 15,012	27	\$ 46.31	\$ 14,787	27	\$ 46.31	\$ 14,787	27	\$ 46.31	\$ 14,787	27	\$ 46.31	\$ 14,787
Interest Income			\$ 1,377,238			\$ 1,243,586			\$ 1,393,712			\$ 635,593			\$ 513,813			\$ 213,382
Other Income			\$ 96,520			\$ (269,712)			\$ 1,596,603			\$ -			\$ -			\$ -
Total Revenue	16,257	\$ 643.36	\$ 125,507,620	16,253	\$ 706.65	\$ 137,822,571	16,139	\$ 781.80	\$ 151,406,794	16,139	\$ 769.65	\$ 149,052,072	16,139	\$ 769.02	\$ 148,930,292	16,139	\$ 767.47	\$ 148,629,861
Expenses																		
Medical Claims		\$ 447.13	\$ 87,226,725	-4.2%	\$ 465.90	\$ 90,867,512	trend PEPM 10.6%	\$ 515.40	\$ 99,813,188	trend PEPM 11.0%	\$ 572.09	\$ 110,792,638	trend PEPM 11.0%	\$ 635.02	\$ 122,979,828	trend PEPM 11.0%	\$ 704.87	\$ 136,507,610
Rx Claims		\$ 138.59	\$ 27,036,613	-20.6%	\$ 110.03	\$ 21,459,104	14.8%	\$ 126.34	\$ 24,468,267	14.0%	\$ 144.03	\$ 27,893,824	14.0%	\$ 164.20	\$ 31,798,960	14.0%	\$ 187.18	\$ 36,250,814
Rx Rebates & Part D Subsidies		\$ (25.26)	\$ (4,928,661)		\$ (3.43)	\$ (668,251)		\$ (20.64)	\$ (3,997,214)		\$ (11.76)	\$ (2,278,412)		\$ (13.41)	\$ (2,597,390)		\$ (15.29)	\$ (2,961,024)
Dental Claims		\$ 35.68	\$ 6,959,981	-3.5%	\$ 34.44	\$ 6,717,180	2.3%	\$ 35.23	\$ 6,822,489	8.0%	\$ 38.05	\$ 7,368,288	8.0%	\$ 41.09	\$ 7,957,751	8.0%	\$ 44.38	\$ 8,594,371
Projected Savings from Benefit Changes								\$ 1.14	\$ 220,500		\$ 1.23	\$ 238,140		\$ 1.33	\$ 257,191		\$ 1.43	\$ 277,766
Total Claims Expense		\$ 596.13	\$ 116,294,658	1.8%	\$ 606.94	\$ 118,375,545	8.3%	\$ 657.47	\$ 127,327,229	13.1%	\$ 743.63	\$ 144,014,479	11.4%	\$ 828.22	\$ 160,396,341	11.4%	\$ 922.58	\$ 178,669,537
EAP		\$ 1.90	\$ 370,437	3.4%	\$ 1.96	\$ 382,804	-100.0%	\$ -	\$ -	n/a	\$ -	\$ -	n/a	\$ -	\$ -	n/a	\$ -	\$ -
Health Screenings		\$ 3.26	\$ 636,760	5.7%	\$ 3.45	\$ 672,632	59.7%	\$ 5.51	\$ 1,066,496	5.0%	\$ 5.78	\$ 1,119,820	5.0%	\$ 6.07	\$ 1,175,811	5.0%	\$ 6.37	\$ 1,234,602
Managed Care		\$ 2.72	\$ 531,143	-35.9%	\$ 1.75	\$ 340,630	-68.3%	\$ 0.55	\$ 107,108	5.0%	\$ 0.58	\$ 112,463	5.0%	\$ 0.61	\$ 118,087	5.0%	\$ 0.64	\$ 123,991
Claims Administration		\$ 27.53	\$ 5,370,655	-24.5%	\$ 20.80	\$ 4,056,286	3.6%	\$ 21.54	\$ 4,171,791	5.0%	\$ 22.62	\$ 4,380,581	5.0%	\$ 23.75	\$ 4,599,400	5.0%	\$ 24.94	\$ 4,829,370
Payroll Services Fees Fixed Cost		\$ 3.45	\$ 673,311	-73.7%	\$ 0.91	\$ 177,205	115.2%	\$ 1.96	\$ 378,735	-1.3%	\$ 1.93	\$ 374,000	0.0%	\$ 1.93	\$ 374,000	0.0%	\$ 1.93	\$ 374,000
Other Operating Expense		\$ 10.18	\$ 1,985,008	28.8%	\$ 13.10	\$ 2,555,303	-8.6%	\$ 11.97	\$ 2,317,996	5.0%	\$ 12.57	\$ 2,433,896	5.0%	\$ 13.20	\$ 2,555,591	5.0%	\$ 13.86	\$ 2,683,370
Wellness Claims		\$ 0.42	\$ 82,460	-19.9%	\$ 0.34	\$ 66,026	-6.0%	\$ 0.32	\$ 61,643	5.0%	\$ 0.33	\$ 64,725	5.0%	\$ 0.35	\$ 67,961	5.0%	\$ 0.37	\$ 71,359
Core Life Insurance Premiums		\$ 1.59	\$ 310,413	0.9%	\$ 1.60	\$ 313,015	8.3%	\$ 1.74	\$ 336,632	0.0%	\$ 1.74	\$ 336,632	0.0%	\$ 1.74	\$ 336,632	0.0%	\$ 1.74	\$ 336,632
Total Expenses		\$ 647.19	\$ 126,254,845	\$ 650.85	\$ 126,939,445	\$ 701.05	\$ 135,767,630	\$ 789.19	\$ 152,836,396	\$ 875.87	\$ 169,623,822	\$ 875.87	\$ 169,623,822	\$ 972.42	\$ 188,322,861			
Operating Surplus / (Deficit)		\$ (3.83)	\$ (747,225)	\$ 55.80	\$ 10,883,126	\$ 80.75	\$ 15,639,163	\$ (19.54)	\$ (3,784,324)	\$ (106.85)	\$ (20,693,530)	\$ (106.85)	\$ (20,693,530)	\$ (204.96)	\$ (39,693,000)			
Fund Balance																		
Beginning Balance		\$ 39,994,215	\$ 39,246,990		\$ 39,246,990		\$ 50,130,116		\$ 65,769,280		\$ 61,984,956		\$ 61,984,956		\$ 41,291,426		\$ 41,291,426	
Operating Surplus / (Deficit)		\$ (747,225)	\$ 10,883,126		\$ 10,883,126		\$ 15,639,163		\$ (3,784,324)		\$ (20,693,530)		\$ (20,693,530)		\$ (39,693,000)		\$ (39,693,000)	
Ending Balance		\$ 39,246,990	\$ 50,130,116		\$ 50,130,116		\$ 65,769,280		\$ 61,984,956		\$ 41,291,426		\$ 41,291,426		\$ 1,598,426		\$ 1,598,426	
IBNR Reserve*		\$ 11,600,000	\$ 11,500,000		\$ 11,500,000		\$ 12,400,000		\$ 15,919,389		\$ 17,662,879		\$ 17,662,879		\$ 19,597,681		\$ 19,597,681	
Claims Fluctuation Reserve		\$ 26,136,990	\$ 37,020,116		\$ 37,020,116		\$ 51,669,280		\$ 44,295,372		\$ 21,811,261		\$ 21,811,261		\$ (19,865,553)		\$ (19,865,553)	
Grandfathered Benefit Reserve		\$ 1,510,000	\$ 1,610,000		\$ 1,610,000		\$ 1,700,000		\$ 1,770,195		\$ 1,817,285		\$ 1,817,285		\$ 1,866,298		\$ 1,866,298	

IBNR Reserves beginning 12/31/06 were calculated by Mercer and beginning 9/30/07 were calculated by Actuaries Northwest.