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# State of Montana Employee Group Benefits Plan

Financial Report for Quarter Ending  
March 31, 2011



Prepared by Actuaries Northwest, LLC

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May 9, 2011

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



**Re: Financial Report - April 2010 through March 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 PY2008-PY2010 revenue and expenses, followed by annual projected PY2011-PY2013 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	Apr 10 - Mar 11	Apr 09 - Mar 10	Percentage Change
Medical	\$ 478.20	\$ 452.49	5.7%
Rx	\$ 108.76	\$ 124.55	-12.7%
Combined	\$ 586.96	\$ 577.04	1.7%
Dental	\$ 35.28	\$ 37.37	-5.6%

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 - First Quarter 2011

### Update of State of Montana revenues and expenses:

- Revenues exceeded expenses for the medical plans by 22.2% for the first quarter of the year, including Medicare Part D reimbursements. Medical expenses per eligible are up 10.3% from January through March 2010.
- The dental plan claims experience shows revenue exceeding expenses by 11.0%. For 2011, the loss ratio was targeted to be near 100%.
- For the first quarter of the year, the CHO Medical Plans had low claims experience with an 73.9% loss ratio. The Traditional Plan had a 92.6% 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 74.1%, compared to 75.9% a year ago. Retirees are running a 108.2% loss ratio compared to 109.2% a year ago.
- The loss ratio for Early Retirees is 133.0% compared to 146.1% a year ago while Medicare experienced a loss ratio of 90.3% compared to 82.3% 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 \$10.6 million above recommended reserves.

Report Date	Projected Year End IBNR*	Projected Year End General Reserves	Projected Year End Fund Balance	Recommended Reserves**	Difference
3/31/2010	\$ 13,010,000	\$ 37,513,874	\$ 50,523,874	\$ 53,550,000	\$ (3,026,126)
6/30/2010	\$ 13,010,000	\$ 38,146,057	\$ 51,156,057	\$ 52,890,000	\$ (1,733,943)
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

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

\*\* Based on actuarial recommendation as of March 31, 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	-	-	-	-	-	-
May 2011	-	-	-	-	-	-
June 2011	-	-	-	-	-	-
July 2011	-	-	-	-	-	-
August 2011	-	-	-	-	-	-
September 2011	-	-	-	-	-	-
October 2011	-	-	-	-	-	-
November 2011	-	-	-	-	-	-
December 2011	-	-	-	-	-	-
<b>Total</b>	38,480	125	2,502	7,417	48,524	46,909
<b>Average</b>	12,827	42	834	2,472	16,175	15,636
January 1, 2010 to March 31, 2010	12,894	45	851	2,487	16,277	15,705
Percent Change	-0.5%	-6.7%	-2.0%	-0.6%	-0.6%	-0.4%
<b>Average by Plan YTD PY2011</b>						
Traditional	4,670	15	508	2,271	7,463	
<b>Indemnity Total</b>	<b>4,670</b>	<b>15</b>	<b>508</b>	<b>2,271</b>	<b>7,463</b>	
BCBSMT HMO	5,728	15	215	109	6,067	
PEAK HMO	-	-	-	-	-	
NWHP HMO	2,429	12	112	92	2,645	
<b>CHO Total</b>	<b>8,157</b>	<b>27</b>	<b>326</b>	<b>202</b>	<b>8,711</b>	
<b>January 1, 2010 to March 31, 2010</b>						
Traditional	4,799	16	507	2,309	7,631	
<b>Indemnity Total</b>	<b>4,799</b>	<b>16</b>	<b>507</b>	<b>2,309</b>	<b>7,631</b>	
BCBSMT HMO	5,672	14	210	92	5,988	
PEAK HMO	92	1	4	1	98	
NWHP HMO	2,330	15	131	86	2,561	
<b>CHO Total</b>	<b>8,094</b>	<b>29</b>	<b>345</b>	<b>179</b>	<b>8,647</b>	
<b>Percent Change</b>						
Traditional	-2.7%	-6.3%	0.1%	-1.7%	-2.2%	
CHO	0.8%	-6.9%	-5.5%	12.8%	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	Not Applicable		January 1, 2011 through March 31, 2011		January 1, 2011 through March 31, 2011		January 1, 2010 through March 31, 2010		January 1, 2009 through March 31, 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
<b>Medical Plan</b>										
Average Eligible		-		16,175		16,175		16,277		16,189
Contributions	\$ -	\$ -	\$ 36,607,197	\$ 754.41	\$ 36,607,197	\$ 754.41	\$ 32,153,622	\$ 658.46	\$ 28,789,552	\$ 592.79
Interest Income	\$ -	\$ -	\$ 317,419	\$ 6.54	\$ 317,419	\$ 6.54	\$ 301,413	\$ 6.17	\$ 356,855	\$ 7.35
<b>Total Revenue</b>	\$ -	\$ -	\$ 36,924,616	\$ 760.96	\$ 36,924,616	\$ 760.96	\$ 32,455,035	\$ 664.63	\$ 29,146,407	\$ 600.13
Expenses:										
Medical Claims	\$ -	\$ -	\$ 23,739,635	\$ 489.23	\$ 23,739,635	\$ 489.23	\$ 21,487,779	\$ 440.04	\$ 20,321,997	\$ 418.44
Rx Claims	\$ -	\$ -	\$ 5,161,999	\$ 106.38	\$ 5,161,999	\$ 106.38	\$ 4,475,661	\$ 91.66	\$ 5,652,791	\$ 116.39
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,624,681)	\$ (33.45)
Managed Care	\$ -	\$ -	\$ 28,013	\$ 0.58	\$ 28,013	\$ 0.58	\$ 128,323	\$ 2.63	\$ 84,633	\$ 1.74
Wellness/DM	\$ -	\$ -	\$ 56,408	\$ 1.16	\$ 56,408	\$ 1.16	\$ 226,950	\$ 4.65	\$ 183,005	\$ 3.77
Payroll Services	\$ -	\$ -	\$ 1,764	\$ 0.04	\$ 1,764	\$ 0.04	\$ 218,152	\$ 4.47	\$ 84,923	\$ 1.75
Admin / Operating	\$ -	\$ -	\$ 1,234,739	\$ 25.45	\$ 1,234,739	\$ 25.45	\$ 1,047,095	\$ 21.44	\$ 1,798,329	\$ 37.03
<b>Total Expenses</b>	\$ -	\$ -	\$ 30,222,558	\$ 622.84	\$ 30,222,558	\$ 622.84	\$ 27,583,960	\$ 564.88	\$ 26,500,997	\$ 545.66
Estimated Operating Addition/(Deficit)	\$ -	\$ -	\$ 6,702,058	\$ 138.12	\$ 6,702,058	\$ 138.12	\$ 4,871,075	\$ 99.75	\$ 2,645,409	\$ 54.47
<b>Dental Plan</b>										
Average Eligible		-		15,636		15,636		15,705		15,601
Contributions	\$ -	\$ -	\$ 2,152,081	\$ 45.88	\$ 2,152,081	\$ 45.88	\$ 2,108,632	\$ 44.75	\$ 2,099,289	\$ 44.85
Interest Income	\$ -	\$ -	\$ 17,342	\$ 0.37	\$ 17,342	\$ 0.37	\$ 19,449	\$ 0.41	\$ 26,021	\$ 0.56
<b>Total Revenue</b>	\$ -	\$ -	\$ 2,169,423	\$ 46.25	\$ 2,169,423	\$ 46.25	\$ 2,128,081	\$ 45.17	\$ 2,125,310	\$ 45.41
Expenses:										
Dental Claims	\$ -	\$ -	\$ 1,787,636	\$ 38.11	\$ 1,787,636	\$ 38.11	\$ 1,868,888	\$ 39.67	\$ 1,782,304	\$ 38.08
Payroll Services	\$ -	\$ -	\$ 196	\$ 0.00	\$ 196	\$ 0.00	\$ 24,239	\$ 0.51	\$ 9,436	\$ 0.20
Admin / Operating	\$ -	\$ -	\$ 167,290	\$ 3.57	\$ 167,290	\$ 3.57	\$ 162,331	\$ 3.45	\$ 175,727	\$ 3.75
<b>Total Expenses</b>	\$ -	\$ -	\$ 1,955,122	\$ 41.68	\$ 1,955,122	\$ 41.68	\$ 2,055,458	\$ 43.63	\$ 1,967,467	\$ 42.04
Estimated Operating Addition/(Deficit)	\$ -	\$ -	\$ 214,301	\$ 4.57	\$ 214,301	\$ 4.57	\$ 72,623	\$ 1.54	\$ 157,843	\$ 3.37
<b>Total</b>										
Contributions	\$ -	\$ -	\$ 38,759,278	\$ 800.29	\$ 38,759,278	\$ 800.29	\$ 34,262,254	\$ 703.21	\$ 30,888,841	\$ 637.64
Interest Income	\$ -	\$ -	\$ 334,761	\$ 6.91	\$ 334,761	\$ 6.91	\$ 320,862	\$ 6.59	\$ 382,876	\$ 7.90
<b>Total Revenue</b>	\$ -	\$ -	\$ 39,094,039	\$ 807.20	\$ 39,094,039	\$ 807.20	\$ 34,583,116	\$ 709.80	\$ 31,271,717	\$ 645.54
Expenses:										
Claims	\$ -	\$ -	\$ 30,689,270	\$ 633.72	\$ 30,689,270	\$ 633.72	\$ 27,832,328	\$ 571.36	\$ 27,757,092	\$ 572.91
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,624,681)	\$ (33.45)
Payroll Services	\$ -	\$ -	\$ 1,960	\$ 0.04	\$ 1,960	\$ 0.04	\$ 242,391	\$ 4.98	\$ 94,359	\$ 1.95
Other Costs	\$ -	\$ -	\$ 1,486,450	\$ 30.75	\$ 1,486,450	\$ 30.75	\$ 1,564,699	\$ 32.16	\$ 2,241,694	\$ 46.29
<b>Total Expenses</b>	\$ -	\$ -	\$ 32,177,680	\$ 664.52	\$ 32,177,680	\$ 664.52	\$ 29,639,418	\$ 608.51	\$ 28,468,464	\$ 587.70
Estimated Operating Addition/(Deficit)	\$ -	\$ -	\$ 6,916,359	\$ 142.69	\$ 6,916,359	\$ 142.69	\$ 4,943,698	\$ 101.29	\$ 2,803,253	\$ 57.84

**Notes:**

Some figures may not add due to rounding.

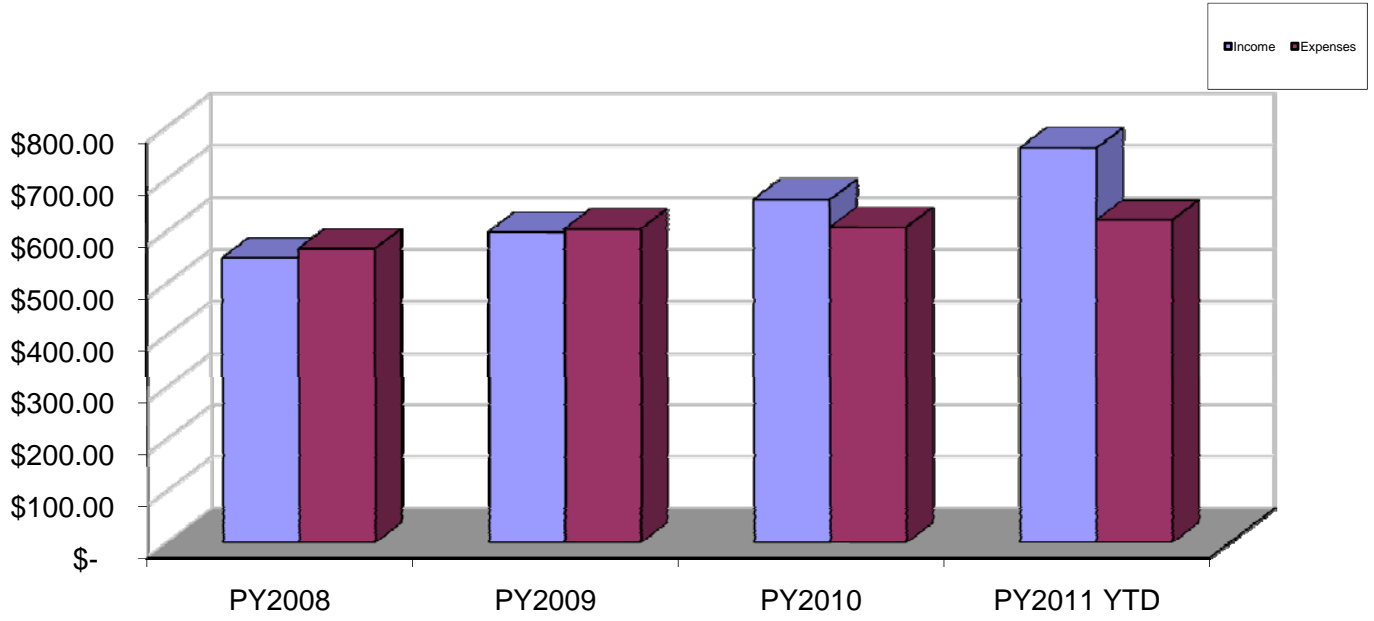
Rx Claims are net of rebates

"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.

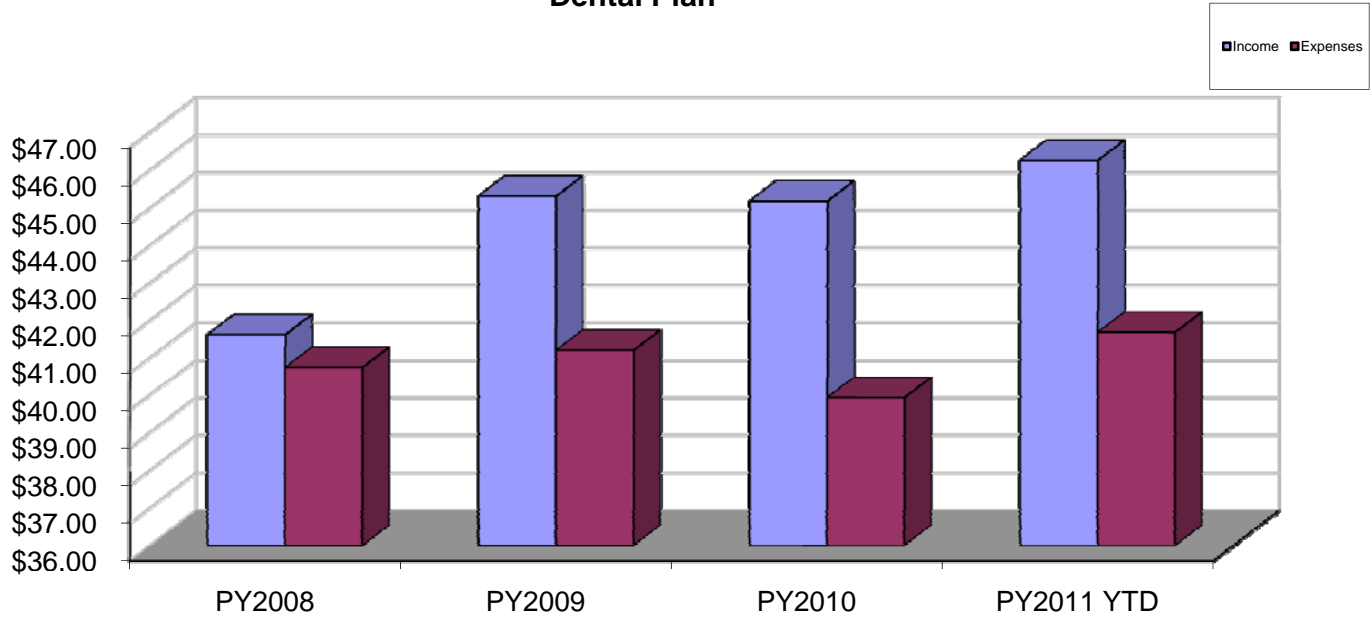
"Admin / Operating" includes claims administration & state operating expenses.

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



	PY2008	PY2009	PY2010	PY2011 YTD
<b>Income</b>	<b>\$ 549.71</b>	<b>\$ 599.64</b>	<b>\$ 663.04</b>	<b>\$ 760.96</b>
<b>Expenses</b>	<b>\$ 567.53</b>	<b>\$ 605.84</b>	<b>\$ 609.17</b>	<b>\$ 622.84</b>

### Per Capita Income vs. Expenses Dental Plan



	PY2008	PY2009	PY2010	PY2011 YTD
Income	\$ 41.62	\$ 45.31	\$ 45.17	\$ 46.25
Expenses	\$ 40.74	\$ 41.20	\$ 39.92	\$ 41.68

**Exhibit III: Income & Expense by Indemnity Medical Plans**

Category	Not Applicable		January 1, 2011 through March 31, 2011		January 1, 2011 through March 31, 2011		January 1, 2010 through March 31, 2010	
	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible
<b>Basic</b>								
Average Eligible		-		-		-		-
Revenues:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:								
Medical Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rx Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wellness/DM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Admin / Operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated Operating Addition/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss Ratio		0.0%		0.0%		0.0%		0.0%
<b>Traditional</b>								
Average Eligible				7,463		7,463		7,630
Revenues:								
Contributions	\$ -	\$ -	\$ 15,592,345	\$ 696.40	\$ 15,592,345	\$ 696.40	\$ 13,937,441	\$ 608.89
Interest Income	\$ -	\$ -	\$ 135,200	\$ 6.04	\$ 135,200	\$ 6.04	\$ 130,652	\$ 5.71
<b>Total Revenue</b>	\$ -	\$ -	\$ 15,727,545	\$ 702.44	\$ 15,727,545	\$ 702.44	\$ 14,068,093	\$ 614.60
Expenses:								
Medical Claims	\$ -	\$ -	\$ 10,987,391	\$ 490.73	\$ 10,987,391	\$ 490.73	\$ 9,745,790	\$ 425.77
Rx Claims	\$ -	\$ -	\$ 2,952,160	\$ 131.85	\$ 2,952,160	\$ 131.85	\$ 2,647,370	\$ 115.66
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ 36,079	\$ 1.61	\$ 36,079	\$ 1.61	\$ 83,110	\$ 3.63
Wellness/DM	\$ -	\$ -	\$ 26,004	\$ 1.16	\$ 26,004	\$ 1.16	\$ 106,387	\$ 4.65
Payroll Services	\$ -	\$ -	\$ 814	\$ 0.04	\$ 814	\$ 0.04	\$ 102,173	\$ 4.46
Admin / Operating	\$ -	\$ -	\$ 559,471	\$ 24.99	\$ 559,471	\$ 24.99	\$ 304,538	\$ 13.30
<b>Total Expenses</b>	\$ -	\$ -	\$ 14,561,919	\$ 650.38	\$ 14,561,919	\$ 650.38	\$ 12,989,368	\$ 567.47
Estimated Operating Addition/(Deficit)	\$ -	\$ -	\$ 1,165,626	\$ 52.06	\$ 1,165,626	\$ 52.06	\$ 1,078,725	\$ 47.13
Loss Ratio		0.0%		92.6%		92.6%		92.3%
<b>Total</b>								
Average Eligible				7,463		7,463		7,630
<b>Total Revenue</b>	\$ -	\$ -	\$ 15,727,545	\$ 702.44	\$ 15,727,545	\$ 702.44	\$ 14,068,093	\$ 614.60
Expenses:								
Claims	\$ -	\$ -	\$ 13,939,551	\$ 622.58	\$ 13,939,551	\$ 622.58	\$ 12,393,160	\$ 541.42
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Services	\$ -	\$ -	\$ 814	\$ 0.04	\$ 814	\$ 0.04	\$ 102,173	\$ 4.46
Other Costs	\$ -	\$ -	\$ 621,555	\$ 27.76	\$ 621,555	\$ 27.76	\$ 494,035	\$ 21.58
<b>Total Expenses</b>	\$ -	\$ -	\$ 14,561,919	\$ 650.38	\$ 14,561,919	\$ 650.38	\$ 12,989,368	\$ 567.47
Estimated Operating Addition/(Deficit)	\$ -	\$ -	\$ 1,165,626	\$ 52.06	\$ 1,165,626	\$ 52.06	\$ 1,078,725	\$ 47.13
Loss Ratio		0.0%		92.6%		92.6%		92.3%

**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	Not Applicable		January 1, 2011 through March 31, 2011		January 1, 2011 through March 31, 2011		January 1, 2010 through March 31, 2010	
	Total \$	Monthly Amount	Total \$	Monthly Amount	Total \$	Monthly Amount	Total \$	Monthly Amount
		Per Eligible		Per Eligible		Per Eligible		Per Eligible
<b>Blue Choice</b>								
Average Eligible Revenues:		-		6,067		6,067		5,988
Contributions	\$ -	\$ -	\$ 14,731,349	\$ 809.39	\$ 14,731,349	\$ 809.39	\$ 12,538,083	\$ 697.99
Interest Income	\$ -	\$ -	\$ 127,735	\$ 7.02	\$ 127,735	\$ 7.02	\$ 117,534	\$ 6.54
<b>Total Revenue</b>	\$ -	\$ -	\$ 14,859,084	\$ 816.41	\$ 14,859,084	\$ 816.41	\$ 12,655,617	\$ 704.54
Expenses:								
Medical Claims	\$ -	\$ -	\$ 8,456,492	\$ 464.63	\$ 8,456,492	\$ 464.63	\$ 6,175,573	\$ 343.79
Rx Claims	\$ -	\$ -	\$ 1,482,389	\$ 81.45	\$ 1,482,389	\$ 81.45	\$ 1,198,723	\$ 66.73
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ (5,614)	\$ (0.31)	\$ (5,614)	\$ (0.31)	\$ 31,194	\$ 1.74
Wellness/DM	\$ -	\$ -	\$ 21,169	\$ 1.16	\$ 21,169	\$ 1.16	\$ 83,550	\$ 4.65
Payroll Services	\$ -	\$ -	\$ 662	\$ 0.04	\$ 662	\$ 0.04	\$ 80,511	\$ 4.48
Admin / Operating	\$ -	\$ -	\$ 412,704	\$ 22.68	\$ 412,704	\$ 22.68	\$ 464,072	\$ 25.83
<b>Total Expenses</b>	\$ -	\$ -	\$ 10,367,803	\$ 569.64	\$ 10,367,803	\$ 569.64	\$ 8,033,623	\$ 447.23
Estimated Operating Addition/(Deficit)	\$ -	\$ -	\$ 4,491,281	\$ 246.77	\$ 4,491,281	\$ 246.77	\$ 4,621,994	\$ 257.31
Loss Ratio		0.0%		69.8%		69.8%		63.5%
<b>Peak</b>								
Average Eligible Revenues:		-		-		-		98
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,269	\$ 685.75
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,887	\$ 6.43
<b>Total Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,156	\$ 692.18
Expenses:								
Medical Claims	\$ -	\$ -	\$ 143,696	\$ -	\$ 143,696	\$ -	\$ 109,213	\$ 372.11
Rx Claims	\$ -	\$ -	\$ (65)	\$ -	\$ (65)	\$ -	\$ 10,312	\$ 35.13
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506	\$ 1.72
Wellness/DM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,369	\$ 4.66
SABHRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,315	\$ 4.48
Admin / Operating	\$ -	\$ -	\$ 4,819	\$ -	\$ 4,819	\$ -	\$ 9,408	\$ 32.05
<b>Total Expenses</b>	\$ -	\$ -	\$ 148,450	\$ -	\$ 148,451	\$ -	\$ 132,123	\$ 450.16
Estimated Operating Addition/(Deficit)	\$ -	\$ -	\$ (148,450)	\$ -	\$ (148,451)	\$ -	\$ 71,033	\$ 242.02
Loss Ratio		0.0%		0.0%		0.0%		65.0%
<b>New West</b>								
Average Eligible Revenues:		-		2,645		2,645		2,562
Contributions	\$ -	\$ -	\$ 6,283,503	\$ 792.02	\$ 6,283,503	\$ 792.02	\$ 5,476,829	\$ 712.66
Interest Income	\$ -	\$ -	\$ 54,484	\$ 6.87	\$ 54,484	\$ 6.87	\$ 51,341	\$ 6.68
<b>Total Revenue</b>	\$ -	\$ -	\$ 6,337,987	\$ 798.89	\$ 6,337,987	\$ 798.89	\$ 5,528,170	\$ 719.35
Expenses:								
Medical Claims	\$ -	\$ -	\$ 4,152,056	\$ 523.36	\$ 4,152,056	\$ 523.36	\$ 5,457,203	\$ 710.11
Rx Claims	\$ -	\$ -	\$ 727,515	\$ 91.70	\$ 727,515	\$ 91.70	\$ 619,256	\$ 80.58
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ (2,453)	\$ (0.31)	\$ (2,453)	\$ (0.31)	\$ 13,513	\$ 1.76
Wellness/DM	\$ -	\$ -	\$ 9,235	\$ 1.16	\$ 9,235	\$ 1.16	\$ 35,644	\$ 4.64
Payroll Services	\$ -	\$ -	\$ 288	\$ 0.04	\$ 288	\$ 0.04	\$ 34,154	\$ 4.44
Admin / Operating	\$ -	\$ -	\$ 257,745	\$ 32.49	\$ 257,745	\$ 32.49	\$ 269,077	\$ 35.01
<b>Total Expenses</b>	\$ -	\$ -	\$ 5,144,385	\$ 648.44	\$ 5,144,385	\$ 648.44	\$ 6,428,847	\$ 836.54
Estimated Operating Addition/(Deficit)	\$ -	\$ -	\$ 1,193,602	\$ 150.45	\$ 1,193,602	\$ 150.45	\$ (900,677)	\$ (117.20)
Loss Ratio		0.0%		81.2%		81.2%		116.3%
<b>Total CHO</b>								
Average Eligible Revenues:		-		8,711		8,711		8,647
<b>Total Revenue</b>	\$ -	\$ -	\$ 21,197,071	\$ 811.09	\$ 21,197,071	\$ 811.09	\$ 18,386,943	\$ 708.78
Expenses:								
Claims	\$ -	\$ -	\$ 14,962,083	\$ 572.51	\$ 14,962,083	\$ 572.51	\$ 13,570,280	\$ 523.11
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Services	\$ -	\$ -	\$ 950	\$ 0.04	\$ 950	\$ 0.04	\$ 115,979	\$ 4.47
Other Costs	\$ -	\$ -	\$ 697,605	\$ 26.69	\$ 697,605	\$ 26.69	\$ 908,333	\$ 35.01
<b>Total Expenses</b>	\$ -	\$ -	\$ 15,660,639	\$ 599.24	\$ 15,660,639	\$ 599.24	\$ 14,594,592	\$ 562.60
Estimated Operating Addition/(Deficit)	\$ -	\$ -	\$ 5,536,432	\$ 211.85	\$ 5,536,432	\$ 211.85	\$ 3,792,351	\$ 146.19
Loss Ratio		0.0%		73.9%		73.9%		79.4%

**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	Not Applicable		January 1, 2011 through March 31, 2011		January 1, 2011 through March 31, 2011		January 1, 2010 through March 31, 2010	
	Monthly Amount		Monthly Amount		Monthly Amount		Monthly Amount	
	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible
<b>Actives &amp; COBRA</b>								
Average Eligible		-		12,868		12,868		12,939
Contributions	\$ -	\$ -	\$ 31,351,331	\$ 812.11	\$ 31,351,331	\$ 812.11	\$ 27,501,773	\$ 708.52
Medical Claims	\$ -	\$ -	\$ 19,961,912	\$ 517.08	\$ 19,961,912	\$ 517.08	\$ 18,077,748	\$ 465.73
Rx Claims	\$ -	\$ -	\$ 3,254,480	\$ 84.30	\$ 3,254,480	\$ 84.30	\$ 2,804,469	\$ 72.25
<b>Total Claims</b>	\$ -	\$ -	\$ 23,216,392	\$ 601.38	\$ 23,216,392	\$ 601.38	\$ 20,882,217	\$ 537.98
Loss Ratio		0.0%		74.1%		74.1%		75.9%
<b>Retirees under 65</b>								
Average Eligible		-		834		834		851
Contributions	\$ -	\$ -	\$ 2,199,005	\$ 878.90	\$ 2,199,005	\$ 878.90	\$ 1,961,747	\$ 768.11
Medical Claims	\$ -	\$ -	\$ 2,207,524	\$ 882.30	\$ 2,207,524	\$ 882.30	\$ 2,213,883	\$ 866.83
Rx Claims	\$ -	\$ -	\$ 716,785	\$ 286.48	\$ 716,785	\$ 286.48	\$ 652,607	\$ 255.52
<b>Total Claims</b>	\$ -	\$ -	\$ 2,924,308	\$ 1,168.79	\$ 2,924,307	\$ 1,168.79	\$ 2,866,489	\$ 1,122.35
Loss Ratio		0.0%		133.0%		133.0%		146.1%
<b>Retirees 65+</b>								
Average Eligible		-		2,472		2,472		2,487
Contributions	\$ -	\$ -	\$ 3,056,860	\$ 412.14	\$ 3,056,860	\$ 412.14	\$ 2,690,103	\$ 360.53
Medical Claims	\$ -	\$ -	\$ 1,570,199	\$ 211.70	\$ 1,570,199	\$ 211.70	\$ 1,196,148	\$ 160.31
Rx Claims	\$ -	\$ -	\$ 1,190,735	\$ 160.54	\$ 1,190,735	\$ 160.54	\$ 1,018,585	\$ 136.51
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Claims</b>	\$ -	\$ -	\$ 2,760,933	\$ 372.24	\$ 2,760,933	\$ 372.24	\$ 2,214,733	\$ 296.82
Loss Ratio		0.0%		90.3%		90.3%		82.3%
<b>Total Retirees</b>								
Average Eligible		-		3,306		3,306		3,339
Contributions	\$ -	\$ -	\$ 5,255,866	\$ 529.88	\$ 5,255,866	\$ 529.88	\$ 4,651,850	\$ 464.47
Medical Claims	\$ -	\$ -	\$ 3,777,723	\$ 380.86	\$ 3,777,723	\$ 380.86	\$ 3,410,031	\$ 340.48
Rx Claims	\$ -	\$ -	\$ 1,907,519	\$ 192.31	\$ 1,907,519	\$ 192.31	\$ 1,671,192	\$ 166.86
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Claims</b>	\$ -	\$ -	\$ 5,685,242	\$ 573.17	\$ 5,685,242	\$ 573.17	\$ 5,081,223	\$ 507.34
Loss Ratio		0.0%		108.2%		108.2%		109.2%

**Notes:**

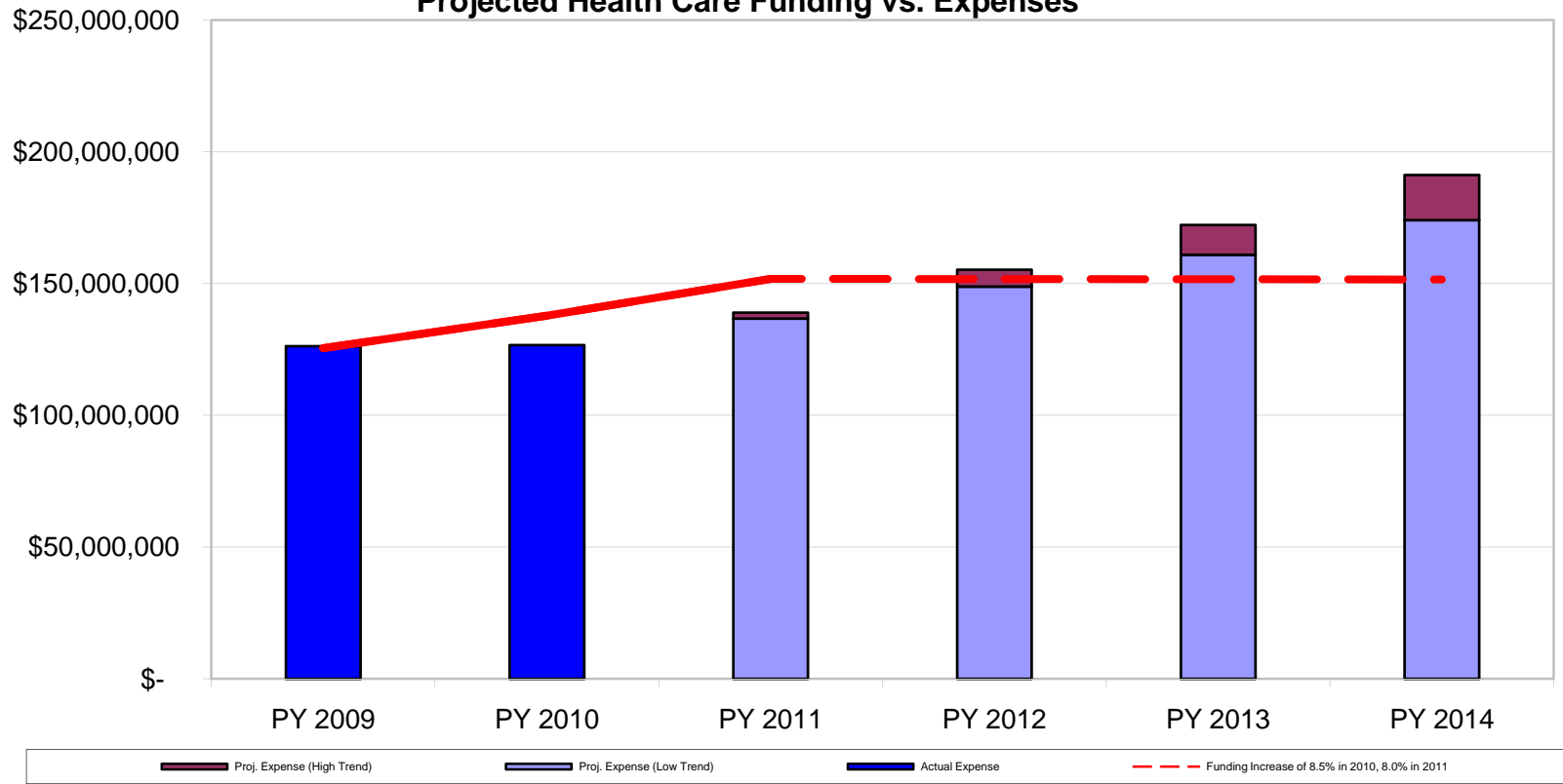
Some figures may not add due to rounding.

Rx claims are net of rebates.

Medical claims include capitation costs.

## State of Montana

### Projected Health Care Funding vs. Expenses



<b>100.6% Loss</b>	<b>91.9% Loss</b>	<b>90.1% Loss</b>	<b>98.1% Loss</b>	<b>106.1% Loss</b>	<b>114.9% Loss</b>
		<b>91.6% Loss</b>	<b>102.3% Loss</b>	<b>113.6% Loss</b>	<b>126.2% Loss</b>

*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
<b>State Contribution</b>	\$ 36.00	\$ 626.00	\$ 53.00	\$ 679.00	\$ 54.00	\$ 733.00	\$ -	\$ 733.00	\$ -	\$ 733.00	\$ -	\$ 733.00
Stabilization Savings	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
<b>Actives</b>												
Change in Contribution to Core Benefits	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Change in Dependent Contribution	\$ -		\$ 11.00		\$ -		\$ 14.00		\$ -		\$ -	
Percentage of EE's with Dependents	60%		60%		60%		60%		60%		60%	
<b>Retirees &lt;65</b>												
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												
<b>Retirees 65+</b>												
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	\$ -											
<b>COBRA</b>												
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	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
<b>Trend Assumptions Scenario A</b>	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
<b>Trend Assumptions</b>												
Medical	8.0%	9.0%	8.0%	4.2%	8.0%	8.6%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Rx	10.0%	-3.4%	10.0%	-20.6%	10.0%	10.8%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Dental	8.0%	0.9%	8.0%	-3.5%	8.0%	6.2%	8.0%	8.0%	8.0%	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%	5.0%	5.0%	5.0%
Health Screenings	5.0%	130.7%	5.0%	5.7%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Managed Care	5.0%	62.2%	5.0%	-35.9%	5.0%	-66.9%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Claims Administration	5.0%	6.4%	5.0%	-24.5%	5.0%	4.9%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
SABHRS Administration	-	75.6%	-	-73.7%	5.0%	116.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other Operating Expense	5.0%	-5.4%	5.0%	28.8%	5.0%	-10.2%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Wellness Claims	5.0%	-16.6%	5.0%	-19.9%	5.0%	-49.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Core Life	0.0%	0.1%	0.0%	0.9%	0.0%	6.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Operating Reserve Assumptions</b>												
Medical IBNR %	14.0%	14.1%	14.0%		14.0%		14.0%	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%	0.3%	0.3%	0.3%
Dental IBNR %	4.5%	4.2%	4.5%		4.5%		4.5%	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%	7.5%	7.5%	7.5%
Investment returns	3.0%		3.0%		1.0%		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Population Change Assumptions</b>												
Active Employees	188	236	138	52	193		0	0	0	0	0	0
Retirees <65	0	-6	5	-46	0		0	0	0	0	0	0
Retirees 65+	50	28	24	-7	50		0	0	0	0	0	0
COBRA	0	-15	18	-4	0		0	0	0	0	0	0
<b>Plan Change Assumptions</b>												
Plan Change Assumptions	0		(7,184,675)		882,000		0	0	0	0	0	0
<b>Trend Assumptions Scenario B</b>	2009		2010		2011		2012		2013		2014	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
<b>Alternate Medical, Rx &amp; Dental Trend</b>												
Medical	11.0%		11.0%		11.0%		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%	14.0%	14.0%	14.0%
Dental	8.0%		8.0%		8.0%		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
<b>Revenue</b>																		
Active Employees	12,824			12,877			12,827			12,827			12,827			12,827		
State Contribution (M/D/CL)	\$ 626.00	\$ 96,337,331	\$ 679.00	\$ 104,921,117	\$ 733.00	\$ 112,823,360	\$ 733.00	\$ 112,823,360	\$ 733.00	\$ 112,823,360	\$ 733.00	\$ 112,823,360	\$ 733.00	\$ 112,823,360	\$ 733.00	\$ 112,823,360	\$ 733.00	\$ 112,823,360
Employee Contribution (M/D)	\$ 61.98	\$ 9,538,689	\$ 75.13	\$ 11,609,401	\$ 91.15	\$ 14,029,320.04	\$ 105.15	\$ 16,184,200	\$ 105.15	\$ 16,184,200	\$ 105.15	\$ 16,184,200	\$ 105.15	\$ 16,184,200	\$ 105.15	\$ 16,184,200	\$ 105.15	\$ 16,184,200
Special State Contribution (2004), PDA & Adjustment (2005)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Early Retirees</b>																		
Medical/CL	886	\$ 680.64	\$ 7,234,514	840	\$ 765.52	\$ 7,718,309	834	\$ 841.94	\$ 8,426,146	834	\$ 841.94	\$ 8,426,146	834	\$ 841.94	\$ 8,426,146	834	\$ 841.94	\$ 8,426,146
Dental	884	\$ 45.95	\$ 487,473	838	\$ 45.40	\$ 456,473	838	\$ 46.43	\$ 466,860	838	\$ 46.43	\$ 466,860	838	\$ 46.43	\$ 466,860	838	\$ 46.43	\$ 466,860
<b>Medicare Retirees</b>																		
Medical/CL	2,500	\$ 302.07	\$ 9,061,626	2,493	\$ 359.96	\$ 10,767,717	2,472	\$ 394.80	\$ 11,713,060	2,472	\$ 394.80	\$ 11,713,060	2,472	\$ 394.80	\$ 11,713,060	2,472	\$ 394.80	\$ 11,713,060
Dental	1,944	\$ 42.81	\$ 998,549	1,946	\$ 42.79	\$ 999,442	1,940	\$ 43.99	\$ 1,024,246	1,940	\$ 43.99	\$ 1,024,246	1,940	\$ 43.99	\$ 1,024,246	1,940	\$ 43.99	\$ 1,024,246
COBRA																		
Medical/CL	47	\$ 638.53	\$ 358,536	43	\$ 697.35	\$ 361,227	42	\$ 775.07	\$ 387,536	42	\$ 775.07	\$ 387,536	42	\$ 775.07	\$ 387,536	42	\$ 775.07	\$ 387,536
Dental	33	\$ 42.97	\$ 17,146	30	\$ 42.17	\$ 15,012	27	\$ 45.43	\$ 14,718	27	\$ 45.43	\$ 14,718	27	\$ 45.43	\$ 14,718	27	\$ 45.43	\$ 14,718
Interest Income		\$ 1,377,238		\$ 1,243,586		\$ 1,339,042		\$ 665,299		\$ 632,918		\$ 474,282		\$ -		\$ -		\$ -
Other Income		\$ 96,520		\$ (269,712)		\$ 1,537,967		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
<b>Total Revenue</b>	<b>16,257</b>	<b>\$ 643.36</b>	<b>\$ 125,507,620</b>	<b>16,253</b>	<b>\$ 706.65</b>	<b>\$ 137,822,571</b>	<b>16,175</b>	<b>\$ 781.89</b>	<b>\$ 151,762,254</b>	<b>16,175</b>	<b>\$ 781.60</b>	<b>\$ 151,705,424</b>	<b>16,175</b>	<b>\$ 781.43</b>	<b>\$ 151,673,043</b>	<b>16,175</b>	<b>\$ 780.62</b>	<b>\$ 151,514,408</b>
<b>Expenses</b>																		
Medical Claims	\$ 447.13	\$ 87,226,725	4.2%	\$ 465.90	\$ 90,867,512	8.6%	\$ 505.89	\$ 98,190,991	8.0%	\$ 546.36	\$ 106,046,270	8.0%	\$ 590.07	\$ 114,529,972	8.0%	\$ 637.27	\$ 123,692,369	
Rx Claims	\$ 138.59	\$ 27,036,613	-20.6%	\$ 110.03	\$ 21,459,104	10.8%	\$ 121.91	\$ 23,661,938	10.0%	\$ 134.10	\$ 26,028,132	10.0%	\$ 147.51	\$ 28,630,945	10.0%	\$ 162.26	\$ 31,494,040	
Rx Rebates & Part D Subsidies	\$ (25.26)	\$ (4,928,661)		\$ (4.95)	\$ (965,901)		\$ (4.95)	\$ (961,239)		\$ (5.45)	\$ (1,057,362)		\$ (5.99)	\$ (1,163,099)		\$ (6.59)	\$ (1,279,409)	
Dental Claims	\$ 35.68	\$ 6,959,981	-3.5%	\$ 34.44	\$ 6,717,180	6.2%	\$ 36.58	\$ 7,099,134	8.0%	\$ 39.50	\$ 7,667,065	8.0%	\$ 42.66	\$ 8,280,430	8.0%	\$ 46.07	\$ 8,942,865	
Projected Savings from Benefit Changes							\$ 3.41	\$ 661,500		\$ 3.68	\$ 714,420		\$ 3.98	\$ 771,574		\$ 4.29	\$ 833,299	
<b>Total Claims Expense</b>	<b>\$ 596.13</b>	<b>\$ 116,294,658</b>	<b>1.6%</b>	<b>\$ 605.41</b>	<b>\$ 118,077,895</b>	<b>9.5%</b>	<b>\$ 662.83</b>	<b>\$ 128,652,325</b>	<b>8.4%</b>	<b>\$ 718.19</b>	<b>\$ 139,398,525</b>	<b>8.4%</b>	<b>\$ 778.22</b>	<b>\$ 151,049,822</b>	<b>8.4%</b>	<b>\$ 843.31</b>	<b>\$ 163,683,165</b>	
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	5.0%	\$ 3.62	\$ 703,174	5.0%	\$ 3.80	\$ 738,332	5.0%	\$ 3.99	\$ 775,249	5.0%	\$ 4.19	\$ 814,011	
Managed Care	\$ 2.72	\$ 531,143	-35.9%	\$ 1.75	\$ 340,630	-66.9%	\$ 0.58	\$ 112,052	61.0%	\$ 0.93	\$ 180,438	5.0%	\$ 0.98	\$ 189,460	5.0%	\$ 1.02	\$ 198,933	
Claims Administration	\$ 27.53	\$ 5,370,655	-24.5%	\$ 20.80	\$ 4,056,286	4.9%	\$ 21.81	\$ 4,233,183	28.6%	\$ 28.04	\$ 5,442,163	5.0%	\$ 29.44	\$ 5,714,271	5.0%	\$ 30.91	\$ 5,999,984	
Payroll Services Fees Fixed Cost	\$ 3.45	\$ 673,311	-73.7%	\$ 0.91	\$ 177,205	116.5%	\$ 1.97	\$ 381,640	-2.1%	\$ 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	-10.2%	\$ 11.77	\$ 2,284,326	5.0%	\$ 12.36	\$ 2,398,543	5.0%	\$ 12.98	\$ 2,518,470	5.0%	\$ 13.62	\$ 2,644,393	
Wellness Claims	\$ 0.42	\$ 82,460	-19.9%	\$ 0.34	\$ 66,026	-49.0%	\$ 0.17	\$ 33,537	5.0%	\$ 0.18	\$ 35,213	5.0%	\$ 0.19	\$ 36,974	5.0%	\$ 0.20	\$ 38,823	
Core Life Insurance Premiums	\$ 1.59	\$ 310,413	0.9%	\$ 1.60	\$ 313,015	6.2%	\$ 1.70	\$ 330,789	0.0%	\$ 1.70	\$ 330,789	0.0%	\$ 1.70	\$ 330,789	0.0%	\$ 1.70	\$ 330,789	
<b>Total Expenses</b>	<b>\$ 647.19</b>	<b>\$ 126,254,845</b>		<b>\$ 649.32</b>	<b>\$ 126,641,795</b>		<b>\$ 704.45</b>	<b>\$ 136,731,226</b>		<b>\$ 767.14</b>	<b>\$ 148,898,004</b>		<b>\$ 829.43</b>	<b>\$ 160,969,035</b>		<b>\$ 896.90</b>	<b>\$ 174,084,099</b>	
<b>Operating Surplus / (Deficit)</b>	<b>\$ (3.83)</b>	<b>\$ (747,225)</b>		<b>\$ 57.33</b>	<b>\$ 11,180,776</b>		<b>\$ 77.44</b>	<b>\$ 15,031,029</b>		<b>\$ 14.46</b>	<b>\$ 2,807,420</b>		<b>\$ (48.00)</b>	<b>\$ (9,315,992)</b>		<b>\$ (116.28)</b>	<b>\$ (22,569,692)</b>	
<b>Fund Balance</b>																		
Beginning Balance		\$ 39,994,215		\$ 39,246,990		\$ 50,427,766		\$ 65,458,795		\$ 68,266,216		\$ 68,266,216		\$ 58,950,223		\$ 58,950,223		\$ 58,950,223
Operating Surplus / (Deficit)		\$ (747,225)		\$ 11,180,776		\$ 15,031,029		\$ 2,807,420		\$ (9,315,992)		\$ (9,315,992)		\$ (22,569,692)		\$ (22,569,692)		\$ (22,569,692)
Ending Balance		\$ 39,246,990		\$ 50,427,766		\$ 65,458,795		\$ 68,266,216		\$ 58,950,223		\$ 58,950,223		\$ 36,380,532		\$ 36,380,532		\$ 36,380,532
IBNR Reserve*		\$ 11,600,000		\$ 11,500,000		\$ 12,400,000		\$ 15,266,408		\$ 16,498,219		\$ 16,498,219		\$ 17,810,005		\$ 17,810,005		\$ 17,810,005
Claims Fluctuation Reserve		\$ 26,136,990		\$ 37,317,766		\$ 51,358,795		\$ 51,287,382		\$ 40,748,384		\$ 40,748,384		\$ 16,857,495		\$ 16,857,495		\$ 16,857,495
Grandfathered Benefit Reserve		\$ 1,510,000		\$ 1,610,000		\$ 1,700,000		\$ 1,712,426		\$ 1,712,620		\$ 1,712,620		\$ 1,713,032		\$ 1,713,032		\$ 1,713,032

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				
<b>Revenue</b>																						
Active Employees	12,824			12,877			12,827			12,827			12,827			12,827						
State Contribution (M/D/CL)		\$ 626.00	\$ 96,337,331		\$ 679.00	\$ 104,921,117		\$ 733.00	\$ 112,823,360		\$ 733.00	\$ 112,823,360		\$ 733.00	\$ 112,823,360		\$ 733.00	\$ 112,823,360				
Employee Contribution (M/D)		\$ 61.98	\$ 9,538,689		\$ 75.13	\$ 11,609,401		\$ 91.15	\$ 14,029,320		\$ 105.15	\$ 16,184,200		\$ 105.15	\$ 16,184,200		\$ 105.15	\$ 16,184,200				
Special State Contribution (2004), PDA & Adjustment (2005)		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -				
Early Retirees																						
Medical/CL	886	\$ 680.64	\$ 7,234,514	840	\$ 765.52	\$ 7,718,309	834	\$ 841.94	\$ 8,426,146	834	\$ 841.94	\$ 8,426,146	834	\$ 841.94	\$ 8,426,146	834	\$ 841.94	\$ 8,426,146				
Dental	884	\$ 45.95	\$ 487,473	838	\$ 45.40	\$ 456,473	838	\$ 46.43	\$ 466,860	838	\$ 46.43	\$ 466,860	838	\$ 46.43	\$ 466,860	838	\$ 46.43	\$ 466,860				
Medicare Retirees																						
Medical/CL	2,500	\$ 302.07	\$ 9,061,626	2,493	\$ 359.96	\$ 10,767,717	2,472	\$ 394.80	\$ 11,713,060	2,472	\$ 394.80	\$ 11,713,060	2,472	\$ 394.80	\$ 11,713,060	2,472	\$ 394.80	\$ 11,713,060				
Dental	1,944	\$ 42.81	\$ 998,549	1,946	\$ 42.79	\$ 999,442	1,940	\$ 43.99	\$ 1,024,246	1,940	\$ 43.99	\$ 1,024,246	1,940	\$ 43.99	\$ 1,024,246	1,940	\$ 43.99	\$ 1,024,246				
COBRA																						
Medical/CL	47	\$ 638.53	\$ 358,536	43	\$ 697.35	\$ 361,227	42	\$ 775.07	\$ 387,536	42	\$ 775.07	\$ 387,536	42	\$ 775.07	\$ 387,536	42	\$ 775.07	\$ 387,536				
Dental	33	\$ 42.97	\$ 17,146	30	\$ 42.17	\$ 15,012	27	\$ 45.43	\$ 14,718	27	\$ 45.43	\$ 14,718	27	\$ 45.43	\$ 14,718	27	\$ 45.43	\$ 14,718				
Interest Income			\$ 1,377,238			\$ 1,243,586			\$ 1,339,042			\$ 611,184			\$ 490,164			\$ 188,140				
Other Income			\$ 96,520			\$ (269,712)			\$ 1,537,967			\$ -			\$ -			\$ -				
<b>Total Revenue</b>	<b>16,257</b>	<b>\$ 643.36</b>	<b>\$ 125,507,620</b>	<b>16,253</b>	<b>\$ 706.65</b>	<b>\$ 137,822,571</b>	<b>16,175</b>	<b>\$ 781.89</b>	<b>\$ 151,762,254</b>	<b>16,175</b>	<b>\$ 781.32</b>	<b>\$ 151,651,309</b>	<b>16,175</b>	<b>\$ 780.70</b>	<b>\$ 151,530,289</b>	<b>16,175</b>	<b>\$ 779.14</b>	<b>\$ 151,228,265</b>				
<b>Expenses</b>																						
Medical Claims		\$ 447.13	\$ 87,226,725	4.2%	\$ 465.90	\$ 90,867,512	trend PEPM	10.6%	\$ 515.20	\$ 99,997,463	trend PEPM	11.0%	\$ 571.87	\$ 110,997,184	trend PEPM	11.0%	\$ 634.77	\$ 123,206,874	trend PEPM	11.0%	\$ 704.60	\$ 136,759,630
Rx Claims		\$ 138.59	\$ 27,036,613	-20.6%	\$ 110.03	\$ 21,459,104	12.8%	\$ 124.13	\$ 24,092,219	14.0%	\$ 141.50	\$ 27,465,129	14.0%	\$ 161.31	\$ 31,310,247	14.0%	\$ 183.90	\$ 35,693,682				
Rx Rebates & Part D Subsidies		\$ (25.26)	\$ (4,928,661)		\$ (4.95)	\$ (965,901)		\$ (4.95)	\$ (961,239)		\$ (5.65)	\$ (1,095,812)		\$ (6.44)	\$ (1,249,226)		\$ (7.34)	\$ (1,424,117)				
Dental Claims		\$ 35.68	\$ 6,959,981	-3.5%	\$ 34.44	\$ 6,717,180	6.2%	\$ 36.58	\$ 7,099,134	8.0%	\$ 39.50	\$ 7,667,065	8.0%	\$ 42.66	\$ 8,280,430	8.0%	\$ 46.07	\$ 8,942,865				
Projected Savings from Benefit Changes								\$ 3.41	\$ 661,500		\$ 3.68	\$ 714,420		\$ 3.98	\$ 771,574		\$ 4.29	\$ 833,299				
<b>Total Claims Expense</b>	<b>\$ 596.13</b>	<b>\$ 116,294,658</b>	<b>1.6%</b>	<b>\$ 605.41</b>	<b>\$ 118,077,895</b>	<b>11.4%</b>	<b>\$ 674.35</b>	<b>\$ 130,889,077</b>	<b>11.4%</b>	<b>\$ 750.91</b>	<b>\$ 145,747,986</b>	<b>11.4%</b>	<b>\$ 836.29</b>	<b>\$ 162,319,900</b>	<b>11.4%</b>	<b>\$ 931.53</b>	<b>\$ 180,805,359</b>					
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	5.0%	\$ 3.62	\$ 703,174	5.0%	\$ 3.80	\$ 738,332	5.0%	\$ 3.99	\$ 775,249	5.0%	\$ 4.19	\$ 814,011				
Managed Care		\$ 2.72	\$ 531,143	-35.9%	\$ 1.75	\$ 340,630	-66.9%	\$ 0.58	\$ 112,052	61.0%	\$ 0.93	\$ 180,438	5.0%	\$ 0.98	\$ 189,460	5.0%	\$ 1.02	\$ 198,933				
Claims Administration		\$ 27.53	\$ 5,370,655	-24.5%	\$ 20.80	\$ 4,056,286	4.9%	\$ 21.81	\$ 4,233,183	28.6%	\$ 28.04	\$ 5,442,163	5.0%	\$ 29.44	\$ 5,714,271	5.0%	\$ 30.91	\$ 5,999,984				
Payroll Services Fees Fixed Cost		\$ 3.45	\$ 673,311	-73.7%	\$ 0.91	\$ 177,205	116.5%	\$ 1.97	\$ 381,840	-2.1%	\$ 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	-10.2%	\$ 11.77	\$ 2,284,326	5.0%	\$ 12.36	\$ 2,398,543	5.0%	\$ 12.98	\$ 2,518,470	5.0%	\$ 13.62	\$ 2,644,393				
Wellness Claims		\$ 0.42	\$ 82,460	-19.9%	\$ 0.34	\$ 66,026	-49.0%	\$ 0.17	\$ 33,537	5.0%	\$ 0.18	\$ 35,213	5.0%	\$ 0.19	\$ 36,974	5.0%	\$ 0.20	\$ 38,823				
Core Life Insurance Premiums		\$ 1.59	\$ 310,413	0.9%	\$ 1.60	\$ 313,015	6.2%	\$ 1.70	\$ 330,789	0.0%	\$ 1.70	\$ 330,789	0.0%	\$ 1.70	\$ 330,789	0.0%	\$ 1.70	\$ 330,789				
<b>Total Expenses</b>	<b>\$ 647.19</b>	<b>\$ 126,254,845</b>	<b>\$ 649.32</b>	<b>\$ 126,641,795</b>	<b>\$ 715.98</b>	<b>\$ 138,967,978</b>	<b>\$ 799.85</b>	<b>\$ 155,247,465</b>	<b>\$ 887.49</b>	<b>\$ 172,259,113</b>	<b>\$ 985.11</b>	<b>\$ 191,206,293</b>										
<b>Operating Surplus / (Deficit)</b>	<b>\$ (3.83)</b>	<b>\$ (747,225)</b>	<b>\$ 57.33</b>	<b>\$ 11,180,776</b>	<b>\$ 65.92</b>	<b>\$ 12,794,277</b>	<b>\$ (18.53)</b>	<b>\$ (3,596,156)</b>	<b>\$ (106.80)</b>	<b>\$ (20,728,823)</b>	<b>\$ (205.97)</b>	<b>\$ (39,978,028)</b>										
<b>Fund Balance</b>																						
Beginning Balance		\$ 39,994,215	\$ 39,246,990		\$ 39,246,990		\$ 50,427,766		\$ 63,222,043		\$ 59,625,887		\$ 38,897,064		\$ 1,080,964		\$ 19,651,586		\$ 22,583,785			
Operating Surplus / (Deficit)		\$ (747,225)	\$ 11,180,776		\$ 11,180,776		\$ 12,794,277		\$ (3,596,156)		\$ (20,728,823)		\$ (39,978,028)		\$ (39,978,028)		\$ (39,978,028)		\$ (39,978,028)			
Ending Balance		\$ 39,246,990	\$ 50,427,766		\$ 50,427,766		\$ 63,222,043		\$ 59,625,887		\$ 38,897,064		\$ 1,080,964		\$ 19,651,586		\$ 22,583,785		\$ 22,583,785			
IBNR Reserve*		\$ 11,600,000	\$ 11,500,000		\$ 11,500,000		\$ 12,400,000		\$ 15,963,732		\$ 17,711,765		\$ 19,382,282		\$ 19,382,282		\$ 19,382,282		\$ 19,382,282			
Claims Fluctuation Reserve		\$ 26,136,990	\$ 37,317,766		\$ 37,317,766		\$ 49,122,043		\$ 41,905,444		\$ 41,905,444		\$ 41,905,444		\$ 41,905,444		\$ 41,905,444		\$ 41,905,444			
Grandfathered Benefit Reserve		\$ 1,510,000	\$ 1,510,000		\$ 1,510,000		\$ 1,700,000		\$ 1,756,711		\$ 1,756,711		\$ 1,803,017		\$ 1,851,235		\$ 1,851,235		\$ 1,851,235			

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