
State of Montana Employee Group Benefits Plan

Financial Report for Plan Year Ending
December 31, 2010



Prepared by Actuaries Northwest, LLC

February 15, 2011

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



Re: Financial Report - January 2010 through December 2010

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 2010 as well as historical data from Plan Year 2009. 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	Jan 10 - Dec 10	Jan 09 - Dec 09	Percentage Change
Medical	\$ 465.90	\$ 447.13	4.2%
Rx	\$ 105.07	\$ 130.75	-19.6%
Combined	\$ 570.97	\$ 577.88	-1.2%
Dental	\$ 35.67	\$ 36.97	-3.5%

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 - Fourth Quarter 2010

Update of State of Montana revenues and expenses:

- Revenues exceeded expenses for the medical plans by 8.8% for the calendar year, including Medicare Part D reimbursements. Medical expenses per eligible are up 0.5% from January through December 2009.
- The dental plan claims experience shows revenue exceeding expenses by 13.1%. For 2010, the loss ratio was targeted to be near 100%.
- For the calendar year, the CHO Medical Plans had low claims experience with an 84.3% loss ratio. The Traditional Plan had a 101.8% 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 80.4%, compared to 88.9% a year ago. Retirees are running a 125.5% loss ratio compared to 128.9% a year ago.
- The loss ratio for Early Retirees is 174.6% compared to 174.9% a year ago while Medicare experienced a loss ratio of 90.4% compared to 92.1% a year ago.

Reserves and fund balance status:

- Fund balance continues to exceed estimated incurred but not reported (IBNR) claim reserves, and now falls just below recommended reserve levels.

Report Date	Projected Year End IBNR*	Projected Year End General Reserves	Projected Year End Fund Balance	Recommended Reserves**	Difference
12/31/2009	\$ 13,110,000	\$ 26,136,990	\$ 39,246,990	\$ 53,550,000	\$ (14,303,010)
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)

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

** Based on actuarial recommendation as of December 31, 2010

Exhibit I: Eligible Participants

Month	Medical					Dental
	Active	Cobra	Retired <65	Retired 65+	Total	
January 2010	12,948	53	839	2,485	16,324	15,750
February 2010	12,858	41	858	2,493	16,249	15,673
March 2010	12,876	42	858	2,485	16,259	15,693
April 2010	12,903	39	859	2,488	16,287	15,708
May 2010	12,924	42	834	2,485	16,285	15,723
June 2010	12,922	44	828	2,489	16,282	15,724
July 2010	12,891	38	824	2,498	16,250	15,693
August 2010	12,856	42	842	2,499	16,238	15,684
September 2010	12,810	46	847	2,503	16,205	15,648
October 2010	12,840	46	834	2,504	16,223	15,660
November 2010	12,840	45	831	2,500	16,215	15,664
December 2010	12,858	43	832	2,489	16,222	15,687
Total	154,523	518	10,083	29,914	195,038	188,305
Average	12,877	43	840	2,493	16,253	15,692
January 1, 2009 to December 31, 2009	12,824	47	886	2,500	16,257	15,688
Percent Change	0.4%	-8.5%	-5.2%	-0.3%	0.0%	0.0%
Average by Plan PY2010						
Traditional	4,775	15	499	2,304	7,593	
Indemnity Total	4,775	15	499	2,304	7,593	
BCBSMT HMO	5,730	13	212	97	6,052	
PEAK HMO	91	1	4	1	96	
NWHP HMO	2,281	15	125	91	2,513	
CHO Total	8,102	29	341	189	8,661	
January 1, 2009 to December 31, 2009						
Traditional	4,708	23	513	2,320	7,564	
Indemnity Total	4,708	23	513	2,320	7,564	
BCBSMT HMO	3,034	12	108	64	3,219	
PEAK HMO	60	0	1	2	63	
NWHP HMO	5,022	11	264	114	5,411	
CHO Total	8,116	24	373	180	8,693	
Percent Change						
Traditional	1.4%	-34.8%	-2.7%	-0.7%	0.4%	
CHO	-0.2%	20.8%	-8.6%	5.0%	-0.4%	

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, 2010 through September 30, 2010		October 1, 2010 through December 31, 2010		January 1, 2010 through December 31, 2010		January 1, 2009 through December 31, 2009		January 1, 2008 through December 31, 2008	
	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		16,264		16,220		16,253		16,257		16,014
Contributions	\$ 96,180,654	\$ 657.07	\$ 31,970,015	\$ 657.01	\$ 128,150,669	\$ 657.06	\$ 115,695,204	\$ 593.06	\$ 104,208,347	\$ 542.29
Interest Income	\$ 865,419	\$ 5.91	\$ 301,424	\$ 6.19	\$ 1,166,843	\$ 5.98	\$ 1,283,649	\$ 6.58	\$ 1,425,464	\$ 7.42
Total Revenue	\$ 97,046,073	\$ 662.98	\$ 32,271,439	\$ 663.20	\$ 129,317,512	\$ 663.04	\$ 116,978,853	\$ 599.64	\$ 105,633,811	\$ 549.71
Expenses:										
Medical Claims	\$ 65,999,141	\$ 450.88	\$ 24,868,371	\$ 511.06	\$ 90,867,512	\$ 465.90	\$ 87,226,725	\$ 447.13	\$ 78,805,237	\$ 410.09
Rx Claims	\$ 14,893,996	\$ 101.75	\$ 5,599,207	\$ 115.07	\$ 20,493,203	\$ 105.07	\$ 25,507,544	\$ 130.75	\$ 24,081,469	\$ 125.32
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,399,592)	\$ (17.43)	\$ (1,541,390)	\$ (8.02)
Managed Care	\$ 311,704	\$ 2.13	\$ 28,927	\$ 0.59	\$ 340,631	\$ 1.75	\$ 531,143	\$ 2.72	\$ 322,662	\$ 1.68
Wellness/DM	\$ 830,033	\$ 5.67	\$ 291,429	\$ 5.99	\$ 1,121,462	\$ 5.75	\$ 1,089,656	\$ 5.59	\$ 722,602	\$ 3.76
Payroll Services	\$ 128,580	\$ 0.88	\$ 30,904	\$ 0.64	\$ 159,484	\$ 0.82	\$ 605,980	\$ 3.11	\$ 339,886	\$ 1.77
Admin / Operating	\$ 3,918,760	\$ 26.77	\$ 1,909,898	\$ 39.25	\$ 5,828,658	\$ 29.88	\$ 6,627,307	\$ 33.97	\$ 6,327,526	\$ 32.93
Total Expenses	\$ 86,082,214	\$ 588.08	\$ 32,728,736	\$ 672.60	\$ 118,810,950	\$ 609.17	\$ 118,188,763	\$ 605.84	\$ 109,057,992	\$ 567.53
Estimated Operating Addition/(Deficit)	\$ 10,963,859	\$ 74.90	\$ (457,297)	\$ (9.40)	\$ 10,506,562	\$ 53.87	\$ (1,209,910)	\$ (6.20)	\$ (3,424,181)	\$ (17.82)
Dental Plan										
Average Eligible		15,699		15,670		15,692		15,688		15,431
Contributions	\$ 6,322,153	\$ 44.74	\$ 2,106,164	\$ 44.80	\$ 8,428,317	\$ 44.76	\$ 8,435,179	\$ 44.81	\$ 7,602,767	\$ 41.06
Interest Income	\$ 56,886	\$ 0.40	\$ 19,856	\$ 0.42	\$ 76,742	\$ 0.41	\$ 93,589	\$ 0.50	\$ 103,998	\$ 0.56
Total Revenue	\$ 6,379,039	\$ 45.15	\$ 2,126,020	\$ 45.22	\$ 8,505,059	\$ 45.17	\$ 8,528,768	\$ 45.31	\$ 7,706,765	\$ 41.62
Expenses:										
Dental Claims	\$ 5,116,103	\$ 36.21	\$ 1,601,077	\$ 34.06	\$ 6,717,180	\$ 35.67	\$ 6,959,981	\$ 36.97	\$ 6,794,975	\$ 36.70
Payroll Services	\$ 14,287	\$ 0.10	\$ 3,434	\$ 0.07	\$ 17,721	\$ 0.09	\$ 67,331	\$ 0.36	\$ 37,765	\$ 0.20
Admin / Operating	\$ 563,757	\$ 3.99	\$ 219,173	\$ 4.66	\$ 782,930	\$ 4.16	\$ 728,358	\$ 3.87	\$ 711,859	\$ 3.84
Total Expenses	\$ 5,694,147	\$ 40.30	\$ 1,823,684	\$ 38.79	\$ 7,517,831	\$ 39.92	\$ 7,755,670	\$ 41.20	\$ 7,544,599	\$ 40.74
Estimated Operating Addition/(Deficit)	\$ 684,892	\$ 4.85	\$ 302,336	\$ 6.43	\$ 987,228	\$ 5.24	\$ 773,098	\$ 4.11	\$ 162,166	\$ 0.88
Total										
Contributions	\$ 102,502,807	\$ 701.82	\$ 34,076,179	\$ 701.81	\$ 136,578,986	\$ 701.82	\$ 124,130,383	\$ 637.87	\$ 111,811,114	\$ 583.35
Interest Income	\$ 922,305	\$ 6.31	\$ 321,280	\$ 6.62	\$ 1,243,585	\$ 6.39	\$ 1,377,238	\$ 7.08	\$ 1,529,462	\$ 7.98
Total Revenue	\$ 103,425,112	\$ 708.13	\$ 34,397,459	\$ 708.43	\$ 137,822,571	\$ 708.21	\$ 125,507,621	\$ 644.94	\$ 113,340,576	\$ 591.33
Expenses:										
Claims	\$ 86,009,240	\$ 588.84	\$ 32,068,655	\$ 660.19	\$ 118,077,895	\$ 606.64	\$ 119,694,250	\$ 614.85	\$ 109,681,681	\$ 572.11
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,399,592)	\$ (17.43)	\$ (1,541,390)	\$ (8.02)
Payroll Services	\$ 142,867	\$ 0.98	\$ 34,338	\$ 0.71	\$ 177,205	\$ 0.91	\$ 673,311	\$ 3.46	\$ 377,651	\$ 1.97
Other Costs	\$ 5,624,254	\$ 38.56	\$ 2,449,427	\$ 50.50	\$ 8,073,681	\$ 41.54	\$ 8,976,464	\$ 46.15	\$ 8,084,649	\$ 42.21
Total Expenses	\$ 91,776,361	\$ 628.38	\$ 34,552,420	\$ 711.39	\$ 126,328,781	\$ 649.09	\$ 125,944,433	\$ 647.04	\$ 116,602,591	\$ 608.27
Estimated Operating Addition/(Deficit)	\$ 11,648,751	\$ 79.75	\$ (154,961)	\$ (2.97)	\$ 11,493,790	\$ 59.11	\$ (436,812)	\$ (2.10)	\$ (3,262,015)	\$ (16.94)

Notes:

Some figures may not add due to rounding.

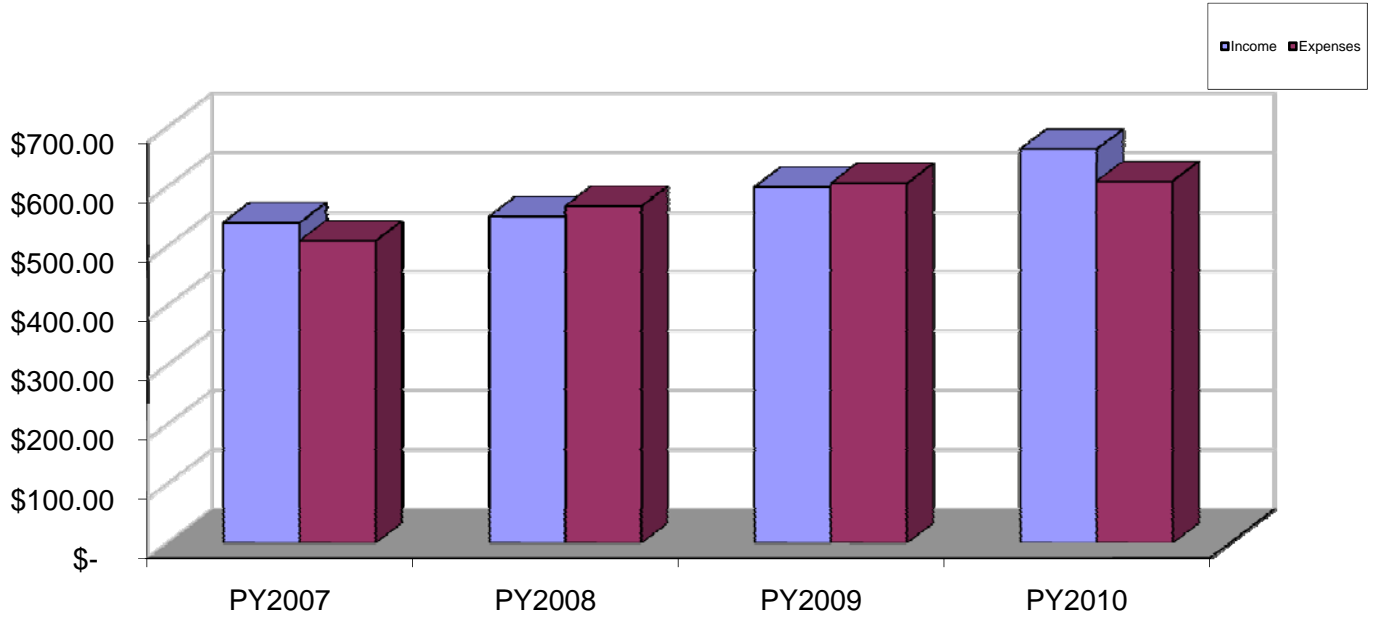
Rx Claims are net of rebates

"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.

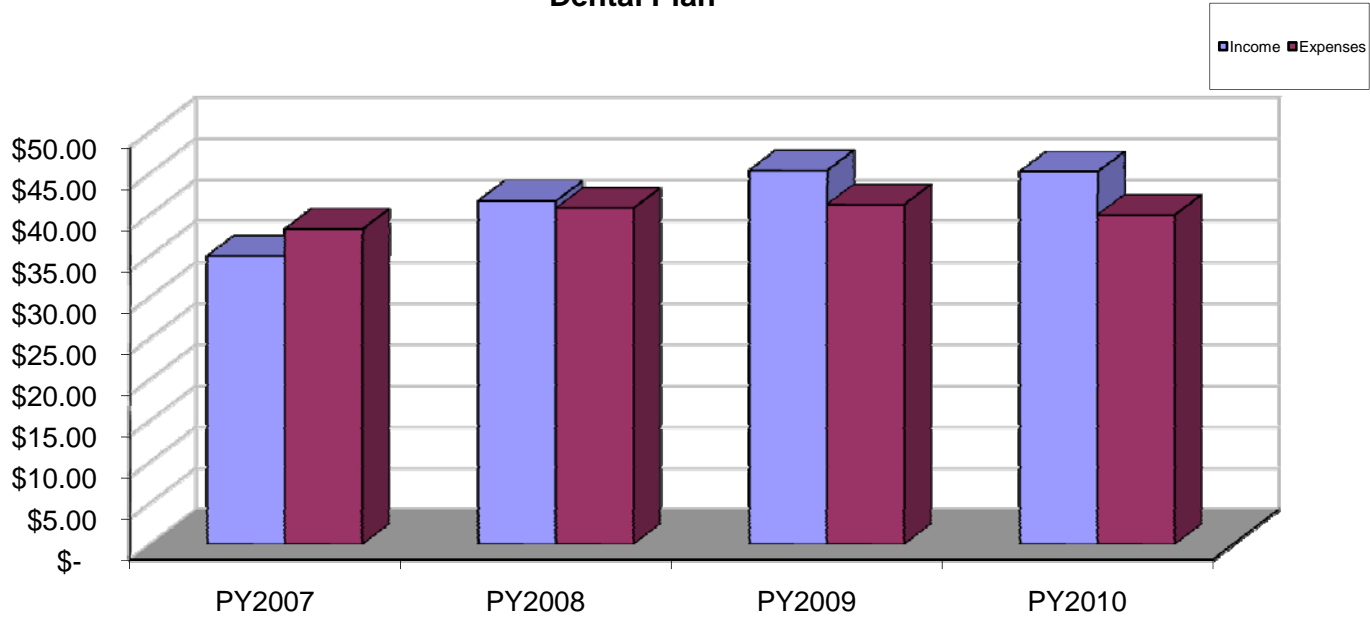
"Admin / Operating" includes claims administration & state operating expenses.

Per Capita Income vs. Expenses Medical Plan



	PY2007	PY2008	PY2009	PY2010
Income	\$ 539.71	\$ 549.71	\$ 599.64	\$ 663.04
Expenses	\$ 508.98	\$ 567.53	\$ 605.84	\$ 609.17

Per Capita Income vs. Expenses Dental Plan



	PY2007	PY2008	PY2009	PY2010
Income	\$ 34.96	\$ 41.62	\$ 45.31	\$ 45.17
Expenses	\$ 38.22	\$ 40.74	\$ 41.20	\$ 39.92

Exhibit III: Income & Expense by Indemnity Medical Plans

Category	January 1, 2010 through September 30, 2010		October 1, 2010 through December 31, 2010		January 1, 2010 through December 31, 2010		January 1, 2009 through December 31, 2009	
	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		7,605		7,555		7,593		7,563
Revenues:								
Contributions	\$ 41,570,662	\$ 607.34	\$ 13,745,623	\$ 606.51	\$ 55,316,285	\$ 607.13	\$ 52,103,900	\$ 574.08
Interest Income	\$ 374,171	\$ 5.47	\$ 129,598	\$ 5.72	\$ 503,769	\$ 5.53	\$ 578,655	\$ 6.38
Total Revenue	\$ 41,944,833	\$ 612.81	\$ 13,875,221	\$ 612.23	\$ 55,820,054	\$ 612.66	\$ 52,682,555	\$ 580.46
Expenses:								
Medical Claims	\$ 29,715,884	\$ 434.14	\$ 11,985,830	\$ 528.86	\$ 41,701,714	\$ 457.70	\$ 41,270,825	\$ 454.72
Rx Claims	\$ 8,806,189	\$ 128.66	\$ 3,324,115	\$ 146.67	\$ 12,130,304	\$ 133.14	\$ 15,385,686	\$ 169.52
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,146,030)	\$ (34.66)
Managed Care	\$ 183,488	\$ 2.68	\$ 36,938	\$ 1.63	\$ 220,426	\$ 2.42	\$ 321,629	\$ 3.54
Wellness/DM	\$ 388,022	\$ 5.67	\$ 135,724	\$ 5.99	\$ 523,746	\$ 5.75	\$ 506,441	\$ 5.58
Payroll Services	\$ 60,303	\$ 0.88	\$ 14,400	\$ 0.64	\$ 74,703	\$ 0.82	\$ 280,794	\$ 3.09
Admin / Operating	\$ 1,304,691	\$ 19.06	\$ 887,869	\$ 39.18	\$ 2,192,560	\$ 24.06	\$ 3,166,681	\$ 34.89
Total Expenses	\$ 40,458,577	\$ 591.09	\$ 16,384,875	\$ 722.96	\$ 56,843,452	\$ 623.90	\$ 57,786,028	\$ 636.69
Estimated Operating Addition/(Deficit)	\$ 1,486,256	\$ 21.71	\$ (2,509,654)	\$ (110.74)	\$ (1,023,398)	\$ (11.23)	\$ (5,103,473)	\$ (56.23)
Loss Ratio		96.5%		118.1%		101.8%		109.7%
Total								
Average Eligible		7,605		7,555		7,593		7,563
Total Revenue	\$ 41,944,833	\$ 612.81	\$ 13,875,221	\$ 612.23	\$ 55,820,054	\$ 612.66	\$ 52,682,555	\$ 580.46
Expenses:								
Claims	\$ 38,522,073	\$ 562.80	\$ 15,309,945	\$ 675.53	\$ 53,832,018	\$ 590.84	\$ 56,656,511	\$ 624.24
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,146,030)	\$ (34.66)
Payroll Services	\$ 60,303	\$ 0.88	\$ 14,400	\$ 0.64	\$ 74,703	\$ 0.82	\$ 280,794	\$ 3.09
Other Costs	\$ 1,876,200	\$ 27.41	\$ 1,060,531	\$ 46.79	\$ 2,936,731	\$ 32.23	\$ 3,994,751	\$ 44.01
Total Expenses	\$ 40,458,577	\$ 591.09	\$ 16,384,875	\$ 722.96	\$ 56,843,452	\$ 623.90	\$ 57,786,027	\$ 636.69
Estimated Operating Addition/(Deficit)	\$ 1,486,256	\$ 21.71	\$ (2,509,654)	\$ (110.74)	\$ (1,023,398)	\$ (11.23)	\$ (5,103,472)	\$ (56.23)
Loss Ratio		96.5%		118.1%		101.8%		109.7%

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, 2010 through September 30, 2010		October 1, 2010 through December 31, 2010		January 1, 2010 through December 31, 2010		January 1, 2009 through December 31, 2009	
	Monthly Amount		Monthly Amount		Monthly Amount		Monthly Amount	
	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible
Blue Choice								
Average Eligible		6,035		6,103		6,052		3,219
Revenues:								
Contributions	\$ 37,834,712	\$ 696.58	\$ 12,767,924	\$ 697.38	\$ 50,602,636	\$ 696.78	\$ 24,053,916	\$ 622.78
Interest Income	\$ 340,079	\$ 6.26	\$ 120,380	\$ 6.58	\$ 460,459	\$ 6.34	\$ 266,444	\$ 6.90
Total Revenue	\$ 38,174,791	\$ 702.84	\$ 12,888,304	\$ 703.95	\$ 51,063,095	\$ 703.12	\$ 24,320,360	\$ 629.68
Expenses:								
Medical Claims	\$ 22,205,312	\$ 408.82	\$ 8,585,727	\$ 468.95	\$ 30,791,039	\$ 423.98	\$ 17,704,700	\$ 458.39
Rx Claims	\$ 4,019,945	\$ 74.01	\$ 1,533,310	\$ 83.75	\$ 5,553,254	\$ 76.47	\$ 4,087,947	\$ 105.84
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (92,298)	\$ (2.39)
Managed Care	\$ 88,990	\$ 1.64	\$ (5,638)	\$ (0.31)	\$ 83,352	\$ 1.15	\$ 77,357	\$ 2.00
Wellness/DM	\$ 308,420	\$ 5.68	\$ 109,630	\$ 5.99	\$ 418,050	\$ 5.76	\$ 216,031	\$ 5.59
Payroll Services	\$ 47,584	\$ 0.88	\$ 11,632	\$ 0.64	\$ 59,216	\$ 0.82	\$ 121,010	\$ 3.13
Admin / Operating	\$ 1,671,851	\$ 30.78	\$ 668,578	\$ 36.52	\$ 2,340,429	\$ 32.23	\$ 1,194,808	\$ 30.93
Total Expenses	\$ 28,342,102	\$ 521.81	\$ 10,903,238	\$ 595.53	\$ 39,245,340	\$ 540.39	\$ 23,309,556	\$ 603.51
Estimated Operating								
Addition/(Deficit)	\$ 9,832,689	\$ 181.03	\$ 1,985,066	\$ 108.42	\$ 11,817,755	\$ 162.73	\$ 1,010,804	\$ 26.17
Loss Ratio		74.2%		84.6%		76.9%		95.8%
Peak								
Average Eligible		97		94		96		63
Revenues:								
Contributions	\$ 597,126	\$ 687.14	\$ 194,342	\$ 692.84	\$ 791,468	\$ 688.53	\$ 533,614	\$ 703.51
Interest Income	\$ 5,374	\$ 6.18	\$ 1,832	\$ 6.53	\$ 7,206	\$ 6.27	\$ 5,927	\$ 7.81
Total Revenue	\$ 602,500	\$ 693.33	\$ 196,174	\$ 699.37	\$ 798,674	\$ 694.80	\$ 539,541	\$ 711.33
Expenses:								
Medical Claims	\$ 486,085	\$ 559.36	\$ 192,834	\$ 687.46	\$ 678,919	\$ 590.62	\$ 863,432	\$ 1,138.34
Rx Claims	\$ 38,665	\$ 44.49	\$ 18,254	\$ 65.08	\$ 56,919	\$ 49.52	\$ 75,683	\$ 99.78
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,305)	\$ (3.04)
Managed Care	\$ 1,432	\$ 1.65	\$ (86)	\$ (0.30)	\$ 1,346	\$ 1.17	\$ 1,537	\$ 2.03
Wellness/DM	\$ 4,920	\$ 5.66	\$ 1,674	\$ 5.97	\$ 6,594	\$ 5.74	\$ 4,237	\$ 5.59
SABHRS	\$ 746	\$ 0.86	\$ 180	\$ 0.64	\$ 926	\$ 0.81	\$ 2,345	\$ 3.09
Admin / Operating	\$ 32,871	\$ 37.83	\$ 12,410	\$ 44.24	\$ 45,281	\$ 39.39	\$ 23,773	\$ 31.34
Total Expenses	\$ 564,720	\$ 649.85	\$ 225,266	\$ 803.09	\$ 789,985	\$ 687.24	\$ 968,701	\$ 1,277.13
Estimated Operating								
Addition/(Deficit)	\$ 37,780	\$ 43.48	\$ (29,092)	\$ (103.71)	\$ 8,689	\$ 7.56	\$ (429,161)	\$ (565.80)
Loss Ratio		93.7%		114.8%		98.9%		179.5%
New West								
Average Eligible		2,527		2,469		2,513		5,412
Revenues:								
Contributions	\$ 16,178,154	\$ 711.24	\$ 5,262,126	\$ 710.38	\$ 21,440,280	\$ 711.03	\$ 39,003,774	\$ 600.62
Interest Income	\$ 145,796	\$ 6.41	\$ 49,613	\$ 6.70	\$ 195,409	\$ 6.48	\$ 432,626	\$ 6.66
Total Revenue	\$ 16,323,950	\$ 717.65	\$ 5,311,739	\$ 717.08	\$ 21,635,689	\$ 717.51	\$ 39,436,400	\$ 607.28
Expenses:								
Medical Claims	\$ 13,591,860	\$ 597.54	\$ 4,103,981	\$ 554.03	\$ 17,695,841	\$ 586.85	\$ 27,387,768	\$ 421.74
Rx Claims	\$ 2,029,197	\$ 89.21	\$ 723,529	\$ 97.68	\$ 2,752,725	\$ 91.29	\$ 5,958,229	\$ 91.75
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (158,960)	\$ (2.45)
Managed Care	\$ 37,794	\$ 1.66	\$ (2,287)	\$ (0.31)	\$ 35,507	\$ 1.18	\$ 130,621	\$ 2.01
Wellness/DM	\$ 128,671	\$ 5.66	\$ 44,402	\$ 5.99	\$ 173,072	\$ 5.74	\$ 362,946	\$ 5.59
Payroll Services	\$ 19,946	\$ 0.88	\$ 4,692	\$ 0.63	\$ 24,639	\$ 0.82	\$ 201,830	\$ 3.11
Admin / Operating	\$ 909,348	\$ 39.98	\$ 341,041	\$ 46.04	\$ 1,250,388	\$ 41.47	\$ 2,242,045	\$ 34.53
Total Expenses	\$ 16,716,815	\$ 734.92	\$ 5,215,355	\$ 704.06	\$ 21,932,171	\$ 727.34	\$ 36,124,479	\$ 556.28
Estimated Operating								
Addition/(Deficit)	\$ (392,864)	\$ (17.27)	\$ 96,383	\$ 13.01	\$ (296,482)	\$ (9.83)	\$ 3,311,921	\$ 51.00
Loss Ratio		102.4%		98.2%		101.4%		91.6%
Total CHO								
Average Eligible		8,659		8,666		8,661		8,693
Total Revenue	\$ 55,101,241	\$ 707.06	\$ 18,396,217	\$ 707.64	\$ 73,497,458	\$ 707.20	\$ 64,296,300	\$ 616.33
Expenses:								
Claims	\$ 42,371,063	\$ 543.70	\$ 15,157,633	\$ 583.06	\$ 57,528,696	\$ 553.55	\$ 56,077,759	\$ 537.55
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (253,562)	\$ (2.43)
Payroll Services	\$ 68,277	\$ 0.88	\$ 16,505	\$ 0.63	\$ 84,781	\$ 0.82	\$ 325,185	\$ 3.12
Other Costs	\$ 3,184,296	\$ 40.86	\$ 1,169,723	\$ 45.00	\$ 4,354,019	\$ 41.89	\$ 4,253,354	\$ 40.77
Total Expenses	\$ 45,623,636	\$ 585.44	\$ 16,343,860	\$ 628.69	\$ 61,967,496	\$ 596.26	\$ 60,402,736	\$ 579.01
Estimated Operating								
Addition/(Deficit)	\$ 9,477,605	\$ 121.62	\$ 2,052,356	\$ 78.95	\$ 11,529,961	\$ 110.94	\$ 3,893,564	\$ 37.32
Loss Ratio		82.8%		88.8%		84.3%		93.9%

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, 2010 through September 30, 2010		October 1, 2010 through December 31, 2010		January 1, 2010 through December 31, 2010		January 1, 2009 through December 31, 2009	
	Monthly Amount		Monthly Amount		Monthly Amount		Monthly Amount	
	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible
Actives & COBRA								
Average Eligible		12,930		12,891		12,920		12,871
Contributions	\$ 82,330,664	\$ 707.49	\$ 27,372,578	\$ 707.82	\$ 109,703,241	\$ 707.58	\$ 99,385,672	\$ 643.46
Medical Claims	\$ 55,112,984	\$ 473.60	\$ 20,417,692	\$ 527.98	\$ 75,530,676	\$ 487.17	\$ 72,692,003	\$ 470.64
Rx Claims	\$ 9,264,110	\$ 79.61	\$ 3,408,623	\$ 88.14	\$ 12,672,734	\$ 81.74	\$ 15,625,811	\$ 101.17
Total Claims	\$ 64,377,094	\$ 553.21	\$ 23,826,315	\$ 616.12	\$ 88,203,410	\$ 568.90	\$ 88,317,814	\$ 571.80
Loss Ratio		78.2%		87.0%		80.4%		88.9%
Retirees under 65								
Average Eligible		843		832		840		886
Contributions	\$ 5,792,865	\$ 763.63	\$ 1,909,409	\$ 764.83	\$ 7,702,274	\$ 763.93	\$ 7,240,324	\$ 681.19
Medical Claims	\$ 7,191,934	\$ 948.05	\$ 3,083,720	\$ 1,235.22	\$ 10,275,655	\$ 1,019.16	\$ 9,265,747	\$ 871.74
Rx Claims	\$ 2,262,259	\$ 298.21	\$ 908,929	\$ 364.08	\$ 3,171,187	\$ 314.52	\$ 3,395,030	\$ 319.41
Total Claims	\$ 9,454,192	\$ 1,246.27	\$ 3,992,649	\$ 1,599.30	\$ 13,446,841	\$ 1,333.68	\$ 12,660,777	\$ 1,191.15
Loss Ratio		163.2%		209.1%		174.6%		174.9%
Retirees 65+								
Average Eligible		2,491		2,497		2,493		2,500
Contributions	\$ 8,057,125	\$ 359.34	\$ 2,688,028	\$ 358.79	\$ 10,745,153	\$ 359.20	\$ 9,069,209	\$ 302.33
Medical Claims	\$ 3,694,223	\$ 164.76	\$ 1,366,959	\$ 182.46	\$ 5,061,181	\$ 169.19	\$ 5,268,975	\$ 175.64
Rx Claims	\$ 3,367,626	\$ 150.19	\$ 1,281,655	\$ 171.07	\$ 4,649,281	\$ 155.42	\$ 6,486,704	\$ 216.24
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,399,592)	\$ (113.33)
Total Claims	\$ 7,061,849	\$ 314.95	\$ 2,648,614	\$ 353.53	\$ 9,710,463	\$ 324.61	\$ 8,356,086	\$ 278.55
Loss Ratio		87.6%		98.5%		90.4%		92.1%
Total Retirees								
Average Eligible		3,334		3,330		3,333		3,386
Contributions	\$ 13,849,990	\$ 461.54	\$ 4,597,437	\$ 460.27	\$ 18,447,428	\$ 461.23	\$ 16,309,533	\$ 401.45
Medical Claims	\$ 10,886,157	\$ 362.78	\$ 4,450,679	\$ 445.58	\$ 15,336,836	\$ 383.45	\$ 14,534,722	\$ 357.76
Rx Claims	\$ 5,629,885	\$ 187.61	\$ 2,190,584	\$ 219.31	\$ 7,820,469	\$ 195.53	\$ 9,881,734	\$ 243.23
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,399,592)	\$ (83.68)
Total Claims	\$ 16,516,042	\$ 550.39	\$ 6,641,262	\$ 664.89	\$ 23,157,305	\$ 578.98	\$ 21,016,863	\$ 517.31
Loss Ratio		119.2%		144.5%		125.5%		128.9%

Notes:

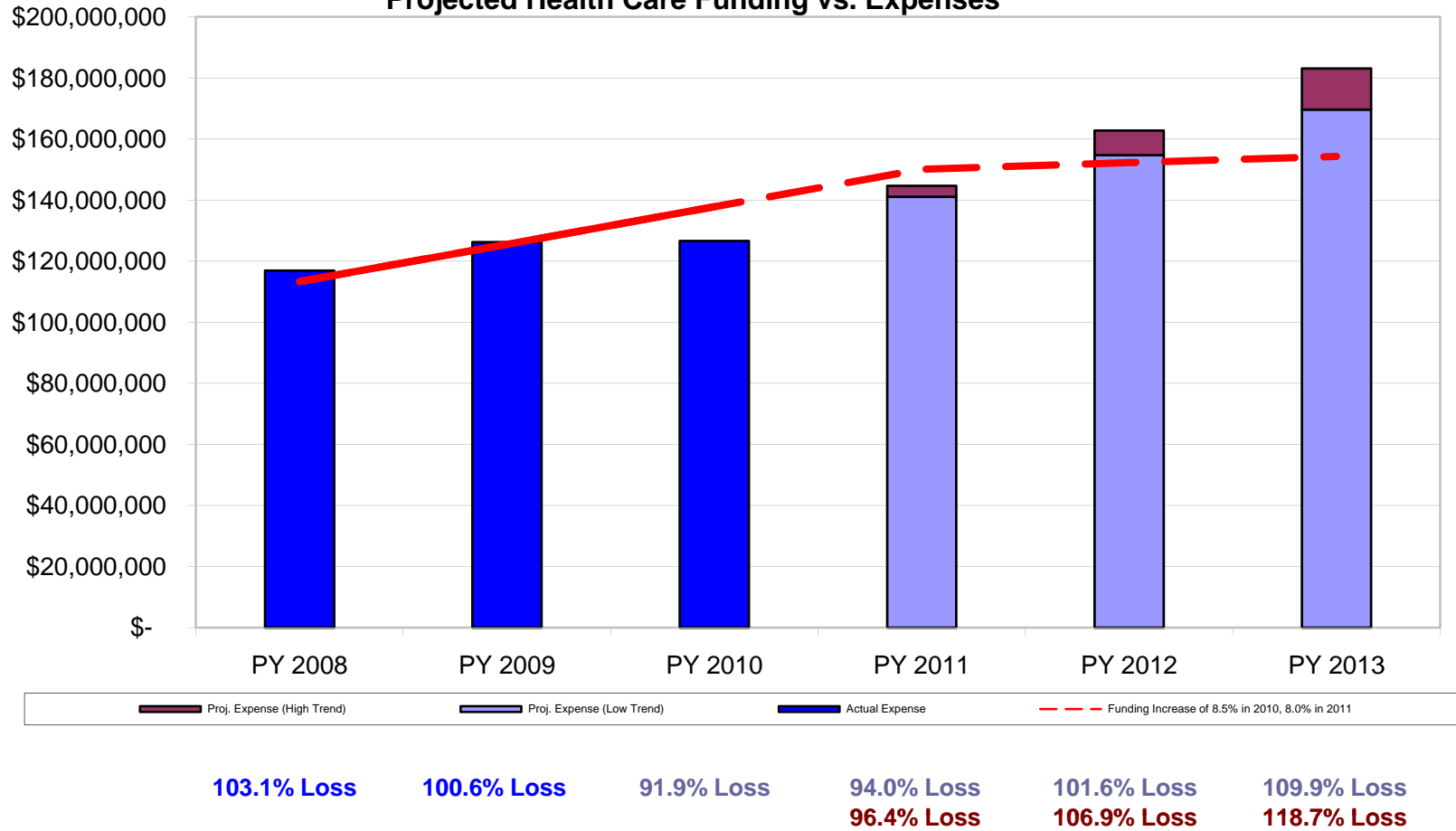
Some figures may not add due to rounding.

Rx claims are net of rebates.

Medical claims include capitation costs.

State of Montana

Projected Health Care Funding vs. Expenses



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 2008		Plan Year 2009		Plan Year 2010		Plan Year 2011		Plan Year 2012		Plan Year 2013	
	Increase	Contribution	Increase	Contribution	Increase	Contribution	Increase	Contribution	Increase	Contribution	Increase	Contribution
State Contribution	\$ 33.00	\$ 590.00	\$ 36.00	\$ 626.00	\$ 53.00	\$ 679.00	\$ 54.00	\$ 733.00	\$ -	\$ 733.00	\$ -	\$ 733.00
Stabilization Savings	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Actives												
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%	
Retirees <65												
Change in Medical Contribution	\$ 33.00		\$ 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	\$ 33.66		\$ 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 2008		Plan Year 2009		Plan Year 2010		Plan Year 2011		Plan Year 2012		Plan Year 2013	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Trend Assumptions												
Medical	8.0%	16.2%	8.0%	9.0%	8.0%	4.2%	8.0%		8.0%		8.0%	
Rx	14.0%	-3.0%	10.0%	8.1%	10.0%	-20.6%	10.0%		10.0%		10.0%	
Dental	8.0%	6.2%	8.0%	0.9%	8.0%	-3.5%	8.0%		8.0%		8.0%	
EAP	5.0%	0.0%	5.0%	3.3%	5.0%	3.4%	5.0%		5.0%		5.0%	
Health Screenings	5.0%	21.0%	5.0%	130.7%	5.0%	5.7%	5.0%		5.0%		5.0%	
Managed Care	5.0%	27.2%	5.0%	62.2%	5.0%	-35.9%	5.0%		5.0%		5.0%	
Claims Administration	5.0%	4.1%	5.0%	6.4%	5.0%	-24.5%	5.0%		5.0%		5.0%	
SABHRS Administration	-	96.4%	-	75.6%	5.0%	-73.7%	5.0%		5.0%		5.0%	
Other Operating Expense	5.0%	34.8%	5.0%	-5.4%	5.0%	28.8%	5.0%		5.0%		5.0%	
Wellness Claims	5.0%	5.2%	5.0%	-16.6%	5.0%	-19.9%	5.0%		5.0%		5.0%	
Core Life	0.0%	8.1%	0.0%	0.1%	0.0%	0.9%	0.0%		0.0%		0.0%	
Operating Reserve Assumptions												
Medical IBNR %	13.0%	14.8%	14.0%	14.1%	14.0%		14.0%		14.0%		14.0%	
Rx IBNR %	0.5%	0.2%	0.3%	0.2%	0.3%		0.3%		0.3%		0.3%	
Dental IBNR %	5.8%	3.9%	4.5%	4.2%	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%		3.0%		1.0%		1.0%		1.0%	
Population Change Assumptions												
Active Employees	175	252	188	236	138		193		0		0	
Retirees <65	10	-2	0	-6	5		0		0		0	
Retirees 65+	56	46	50	28	24		50		0		0	
COBRA	0	0	0	-15	18		0		0		0	
Plan Change Assumptions												
Plan Change Assumptions	0		0		(7,184,675)		882,000		0		0	
Trend Assumptions Scenario B	2008		2009		2010		2011		2012		2013	
	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	17.0%		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 2008			Actual Plan Year 2009			Actual Plan Year 2010			Projected Plan Year 2011			Projected Plan Year 2012			Projected Plan Year 2013		
	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	12,588			12,824			12,877			13,070			13,263			13,456		
State Contribution (M/D/CL)	\$ 590.00	\$ 89,123,335	\$ 626.00	\$ 96,337,331	\$ 679.00	\$ 104,921,117	\$ 733.00	\$ 114,962,987	\$ 733.00	\$ 114,962,987	\$ 733.00	\$ 114,962,987	\$ 733.00	\$ 114,962,987	\$ 733.00	\$ 114,962,987	\$ 733.00	\$ 114,962,987
Employee Contribution (M/D)	\$ 36.89	\$ 5,572,171	\$ 61.98	\$ 9,538,689	\$ 75.13	\$ 11,609,401	\$ 89.13	\$ 13,979,149	\$ 89.13	\$ 13,979,149	\$ 89.13	\$ 13,979,149	\$ 89.13	\$ 13,979,149	\$ 89.13	\$ 13,979,149	\$ 89.13	\$ 13,979,149
Special State Contribution (2004), PDA & Adjustment (2005)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Early Retirees																		
Medical/CL	892	\$ 628.93	\$ 6,729,277	896	\$ 690.64	\$ 7,234,514	840	\$ 765.52	\$ 7,718,309	840	\$ 765.52	\$ 7,718,309	840	\$ 765.52	\$ 7,718,309	840	\$ 765.52	\$ 7,718,309
Dental	898	\$ 42.15	\$ 454,284	884	\$ 45.95	\$ 487,473	838	\$ 45.40	\$ 456,473	838	\$ 45.40	\$ 456,473	838	\$ 45.40	\$ 456,473	838	\$ 45.40	\$ 456,473
Medicare Retirees																		
Medical/CL	2,472	\$ 269.53	\$ 7,994,938	2,500	\$ 302.07	\$ 9,061,626	2,493	\$ 359.96	\$ 10,767,717	2,543	\$ 359.96	\$ 10,983,690	2,593	\$ 359.96	\$ 11,199,664	2,643	\$ 359.96	\$ 11,415,637
Dental	1,900	\$ 39.09	\$ 891,122	1,944	\$ 42.81	\$ 998,549	1,946	\$ 42.79	\$ 999,442	1,996	\$ 42.79	\$ 1,025,117	2,046	\$ 42.79	\$ 1,050,791	2,096	\$ 42.79	\$ 1,076,466
COBRA																		
Medical/CL	62	\$ 599.98	\$ 446,987	47	\$ 638.53	\$ 358,536	43	\$ 697.35	\$ 361,227	43	\$ 752.43	\$ 389,758	43	\$ 752.43	\$ 389,758	43	\$ 752.43	\$ 389,758
Dental	43	\$ 42.94	\$ 22,350	33	\$ 42.97	\$ 17,146	30	\$ 42.17	\$ 15,012	30	\$ 42.17	\$ 15,012	30	\$ 42.17	\$ 15,012	30	\$ 42.17	\$ 15,012
Interest Income		\$ 1,529,462		\$ 1,377,238		\$ 1,243,586		\$ 546,428		\$ 546,428		\$ 546,428		\$ 546,428		\$ 546,428		\$ 546,428
Other Income		\$ 576,648		\$ 96,520		\$ (269,712)		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Total Revenue	16,014	\$ 589.81	\$ 113,340,574	16,257	\$ 643.36	\$ 125,507,620	16,253	\$ 706.65	\$ 137,822,571	16,496	\$ 758.14	\$ 150,076,923	16,739	\$ 757.98	\$ 152,254,984	16,982	\$ 757.23	\$ 154,312,035
Expenses																		
Medical Claims	\$ 410.09	\$ 78,805,237	9.0%	\$ 447.13	\$ 87,226,725	trend PEPM 4.2%	\$ 465.90	\$ 90,867,512	trend PEPM 8.0%	\$ 503.17	\$ 99,604,155	trend PEPM 8.0%	\$ 543.42	\$ 109,157,109	trend PEPM 8.0%	\$ 586.90	\$ 119,601,069	
Rx Claims	\$ 128.18	\$ 24,632,090	8.1%	\$ 138.59	\$ 27,036,613	-20.6%	\$ 110.03	\$ 21,459,104	10.0%	\$ 121.03	\$ 23,957,932	10.0%	\$ 133.13	\$ 26,741,935	10.0%	\$ 146.44	\$ 29,843,159	
Rx Rebates & Part D Subsidies	\$ (10.89)	\$ (2,092,011)		\$ (25.26)	\$ (4,928,661)		\$ (4.95)	\$ (965,901)		\$ (5.45)	\$ (1,078,377)		\$ (5.99)	\$ (1,203,688)		\$ (6.59)	\$ (1,343,278)	
Dental Claims	\$ 35.36	\$ 6,794,975	0.9%	\$ 35.68	\$ 6,959,981	-3.5%	\$ 34.44	\$ 6,717,180	8.0%	\$ 37.20	\$ 7,363,017	8.0%	\$ 40.17	\$ 8,069,198	8.0%	\$ 43.39	\$ 8,841,245	
Projected Savings from Benefit Changes										\$ 4.46	\$ 882,000		\$ 4.74	\$ 952,560		\$ 5.05	\$ 1,028,765	
Total Claims Expense	\$ 562.75	\$ 108,140,291	5.9%	\$ 596.13	\$ 116,294,658	1.6%	\$ 605.41	\$ 118,077,895	9.1%	\$ 660.40	\$ 130,728,728	8.3%	\$ 715.48	\$ 143,717,114	8.3%	\$ 775.18	\$ 157,970,960	
EAP	\$ 1.84	\$ 353,247	3.3%	\$ 1.90	\$ 370,437	3.4%	\$ 1.96	\$ 382,904	5.0%	\$ 2.06	\$ 407,953	5.0%	\$ 2.16	\$ 434,661	5.0%	\$ 2.27	\$ 463,019	
Health Screenings	\$ 1.42	\$ 271,930	130.7%	\$ 3.26	\$ 636,760	5.7%	\$ 3.45	\$ 672,632	5.0%	\$ 3.62	\$ 716,823	5.0%	\$ 3.80	\$ 763,752	5.0%	\$ 3.99	\$ 813,581	
Managed Care	\$ 1.68	\$ 322,662	62.2%	\$ 2.72	\$ 531,143	-35.9%	\$ 1.75	\$ 340,630	23.4%	\$ 2.16	\$ 426,731	5.0%	\$ 2.26	\$ 454,668	5.0%	\$ 2.38	\$ 484,332	
Claims Administration	\$ 25.87	\$ 4,971,633	6.4%	\$ 27.53	\$ 5,370,655	-24.5%	\$ 20.80	\$ 4,056,286	29.6%	\$ 26.95	\$ 5,335,009	5.0%	\$ 28.30	\$ 5,684,278	5.0%	\$ 29.71	\$ 6,055,136	
Payroll Services Fees Fixed Cost	\$ 1.97	\$ 377,651	75.6%	\$ 3.45	\$ 673,311	-73.7%	\$ 0.91	\$ 177,205	107.9%	\$ 1.89	\$ 374,000	-1.5%	\$ 1.86	\$ 374,000	-1.4%	\$ 1.84	\$ 374,000	
Other Operating Expense	\$ 10.76	\$ 2,067,751	-5.4%	\$ 10.18	\$ 1,985,008	28.8%	\$ 13.10	\$ 2,555,303	5.0%	\$ 13.76	\$ 2,723,183	5.0%	\$ 14.44	\$ 2,901,462	5.0%	\$ 15.17	\$ 3,090,761	
Wellness Claims	\$ 0.51	\$ 97,425	-16.6%	\$ 0.42	\$ 82,460	-19.9%	\$ 0.34	\$ 66,026	5.0%	\$ 0.36	\$ 70,364	5.0%	\$ 0.37	\$ 74,971	5.0%	\$ 0.39	\$ 79,862	
Core Life Insurance Premiums	\$ 1.59	\$ 305,475	0.1%	\$ 1.59	\$ 310,413	0.9%	\$ 1.60	\$ 313,015	0.0%	\$ 1.60	\$ 317,694	0.0%	\$ 1.60	\$ 322,374	0.0%	\$ 1.60	\$ 327,054	
Total Expenses	\$ 608.38	\$ 116,908,065		\$ 647.19	\$ 126,254,845		\$ 649.32	\$ 126,641,795		\$ 712.80	\$ 141,100,486		\$ 770.29	\$ 154,727,280		\$ 832.54	\$ 169,658,705	
Operating Surplus / (Deficit)	\$ (18.56)	\$ (3,567,490)		\$ (3.83)	\$ (747,225)		\$ 57.33	\$ 11,180,776		\$ 45.35	\$ 8,976,437		\$ (12.31)	\$ (2,472,295)		\$ (75.31)	\$ (15,346,670)	
Fund Balance																		
Beginning Balance		\$ 43,561,705		\$ 39,994,215		\$ 39,246,990		\$ 39,246,990		\$ 50,427,766		\$ 50,427,766		\$ 59,404,203		\$ 59,404,203		\$ 56,931,908
Operating Surplus / (Deficit)		\$ (3,567,490)		\$ (747,225)		\$ 11,180,776		\$ 11,180,776		\$ 8,976,437		\$ 8,976,437		\$ (2,472,295)		\$ (2,472,295)		\$ (15,346,670)
Ending Balance		\$ 39,994,215		\$ 39,246,990		\$ 50,427,766		\$ 50,427,766		\$ 59,404,203		\$ 59,404,203		\$ 56,931,908		\$ 56,931,908		\$ 41,585,238
IBNR Reserve*		\$ 11,600,000		\$ 11,600,000		\$ 11,500,000		\$ 11,500,000		\$ 14,344,556		\$ 14,344,556		\$ 15,721,724		\$ 15,721,724		\$ 17,227,505
Claims Fluctuation Reserve		\$ 26,694,215		\$ 26,136,990		\$ 37,317,766		\$ 37,317,766		\$ 43,424,812		\$ 43,424,812		\$ 39,575,991		\$ 39,575,991		\$ 22,723,947
Grandfathered Benefit Reserve		\$ 1,700,000		\$ 1,510,000		\$ 1,610,000		\$ 1,610,000		\$ 1,634,835		\$ 1,634,835		\$ 1,634,193		\$ 1,634,193		\$ 1,633,785

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 2008			Actual Plan Year 2009			Actual Plan Year 2010			Projected Plan Year 2011			Projected Plan Year 2012			Projected Plan Year 2013		
	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	12,588			12,824			12,877			13,070			13,263			13,456		
State Contribution (M/D/CL)	\$ 590.00	\$ 89,123,335		\$ 626.00	\$ 96,337,331		\$ 679.00	\$ 104,921,117		\$ 733.00	\$ 114,962,987		\$ 733.00	\$ 116,660,615		\$ 733.00	\$ 118,358,243	
Employee Contribution (M/D)	\$ 36.89	\$ 5,572,171		\$ 61.98	\$ 9,538,689		\$ 75.13	\$ 11,609,401		\$ 89.13	\$ 13,979,149		\$ 89.13	\$ 14,185,576		\$ 89.13	\$ 14,392,002	
Special State Contribution (2004), PDA & Adjustment (2005)	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	
Early Retirees																		
Medical/CL	892	\$ 628.93	\$ 6,729,277	886	\$ 690.64	\$ 7,234,514	840	\$ 765.52	\$ 7,718,309	840	\$ 765.52	\$ 7,718,309	840	\$ 765.52	\$ 7,718,309	840	\$ 765.52	\$ 7,718,309
Dental	898	\$ 42.15	\$ 454,284	884	\$ 45.95	\$ 487,473	838	\$ 45.40	\$ 456,473	838	\$ 45.40	\$ 456,473	838	\$ 45.40	\$ 456,473	838	\$ 45.40	\$ 456,473
Medicare Retirees																		
Medical/CL	2,472	\$ 269.53	\$ 7,994,938	2,500	\$ 302.07	\$ 9,061,626	2,493	\$ 359.96	\$ 10,767,717	2,543	\$ 359.96	\$ 10,983,690	2,593	\$ 359.96	\$ 11,199,664	2,643	\$ 359.96	\$ 11,415,637
Dental	1,900	\$ 39.09	\$ 891,122	1,944	\$ 42.81	\$ 998,549	1,946	\$ 42.79	\$ 999,442	1,996	\$ 42.79	\$ 1,025,117	2,046	\$ 42.79	\$ 1,050,791	2,096	\$ 42.79	\$ 1,076,466
COBRA																		
Medical/CL	62	\$ 599.98	\$ 446,987	47	\$ 638.53	\$ 358,536	43	\$ 697.35	\$ 361,227	43	\$ 752.43	\$ 389,758	43	\$ 752.43	\$ 389,758	43	\$ 752.43	\$ 389,758
Dental	43	\$ 42.94	\$ 22,350	33	\$ 42.97	\$ 17,146	30	\$ 42.17	\$ 15,012	30	\$ 42.17	\$ 15,012	30	\$ 42.17	\$ 15,012	30	\$ 42.17	\$ 15,012
Interest Income		\$ 1,529,462			\$ 1,377,238			\$ 1,243,586			\$ 528,434			\$ 502,421			\$ 305,459	
Other Income		\$ 576,648			\$ 96,520			\$ (269,712)			\$ -			\$ -			\$ -	
Total Revenue	16,014	\$ 589.81	\$ 113,340,574	16,257	\$ 643.36	\$ 125,507,620	16,253	\$ 706.65	\$ 137,822,571	16,496	\$ 758.05	\$ 150,058,929	16,739	\$ 757.60	\$ 152,178,619	16,982	\$ 756.32	\$ 154,127,359
Expenses							trend PEPM			trend PEPM			trend PEPM			trend PEPM		
Medical Claims	\$ 410.09	\$ 78,805,237		9.0%	\$ 447.13	\$ 87,226,725	4.2%	\$ 465.90	\$ 90,867,512	11.0%	\$ 517.15	\$ 102,370,937	11.0%	\$ 574.03	\$ 115,305,619	11.0%	\$ 637.18	\$ 129,847,242
Rx Claims	\$ 128.18	\$ 24,632,090		8.1%	\$ 138.59	\$ 27,036,613	-20.6%	\$ 110.03	\$ 21,459,104	14.0%	\$ 125.43	\$ 24,829,130	14.0%	\$ 142.99	\$ 28,722,164	14.0%	\$ 163.01	\$ 33,218,598
Rx Rebates & Part D Subsidies	\$ (10.89)	\$ (2,092,011)		\$ (25.26)	\$ (4,928,661)		\$ (4.95)	\$ (965,901)		\$ (5.65)	\$ (1,117,590)		\$ (6.44)	\$ (1,292,821)		\$ (7.34)	\$ (1,495,211)	
Dental Claims	\$ 35.36	\$ 6,794,975		0.9%	\$ 35.68	\$ 6,959,981	-3.5%	\$ 34.44	\$ 6,717,180	8.0%	\$ 37.20	\$ 7,363,017	8.0%	\$ 40.17	\$ 8,069,198	8.0%	\$ 43.39	\$ 8,841,245
Projected Savings from Benefit Changes																		
Total Claims Expense	\$ 562.75	\$ 108,140,291		5.9%	\$ 596.13	\$ 116,294,658	1.6%	\$ 605.41	\$ 118,077,895	12.1%	\$ 678.58	\$ 134,327,494	11.3%	\$ 755.50	\$ 151,756,721	11.4%	\$ 841.28	\$ 171,440,639
EAP	\$ 1.84	\$ 353,247		3.3%	\$ 1.90	\$ 370,437	3.4%	\$ 1.96	\$ 382,804	5.0%	\$ 2.06	\$ 407,953	5.0%	\$ 2.16	\$ 434,661	5.0%	\$ 2.27	\$ 463,019
Health Screenings	\$ 1.42	\$ 271,930		130.7%	\$ 3.26	\$ 636,760	5.7%	\$ 3.45	\$ 672,632	5.0%	\$ 3.62	\$ 716,823	5.0%	\$ 3.80	\$ 763,752	5.0%	\$ 3.99	\$ 813,581
Managed Care	\$ 1.68	\$ 322,662		62.2%	\$ 2.72	\$ 531,143	-35.9%	\$ 1.75	\$ 340,630	23.4%	\$ 2.16	\$ 426,731	5.0%	\$ 2.26	\$ 454,668	5.0%	\$ 2.38	\$ 484,332
Claims Administration	\$ 25.87	\$ 4,971,633		6.4%	\$ 27.53	\$ 5,370,655	-24.5%	\$ 20.80	\$ 4,056,286	29.6%	\$ 26.95	\$ 5,335,009	5.0%	\$ 28.30	\$ 5,684,278	5.0%	\$ 29.71	\$ 6,055,136
Payroll Services Fees Fixed Cost	\$ 1.97	\$ 377,651		75.6%	\$ 3.45	\$ 673,311	-73.7%	\$ 0.91	\$ 177,205	107.9%	\$ 1.89	\$ 374,000	-1.5%	\$ 1.86	\$ 374,000	-1.4%	\$ 1.84	\$ 374,000
Other Operating Expense	\$ 10.76	\$ 2,067,751		-5.4%	\$ 10.18	\$ 1,985,008	28.8%	\$ 13.10	\$ 2,555,303	5.0%	\$ 13.76	\$ 2,723,183	5.0%	\$ 14.44	\$ 2,901,462	5.0%	\$ 15.17	\$ 3,090,761
Wellness Claims	\$ 0.51	\$ 97,425		-16.6%	\$ 0.42	\$ 82,460	-19.9%	\$ 0.34	\$ 66,026	5.0%	\$ 0.36	\$ 70,364	5.0%	\$ 0.37	\$ 74,971	5.0%	\$ 0.39	\$ 79,862
Core Life Insurance Premiums	\$ 1.59	\$ 305,475		0.1%	\$ 1.59	\$ 310,413	0.9%	\$ 1.60	\$ 313,015	0.0%	\$ 1.60	\$ 317,694	0.0%	\$ 1.60	\$ 322,374	0.0%	\$ 1.60	\$ 327,054
Total Expenses	\$ 608.38	\$ 116,908,065		\$ 647.19	\$ 126,254,845		\$ 649.32	\$ 126,641,795		\$ 730.98	\$ 144,699,252		\$ 810.31	\$ 162,766,886		\$ 898.63	\$ 183,128,384	
Operating Surplus / (Deficit)	\$ (18.56)	\$ (3,567,490)		\$ (3.83)	\$ (747,225)		\$ 57.33	\$ 11,180,776		\$ 27.08	\$ 5,359,677		\$ (52.71)	\$ (10,588,268)		\$ (142.31)	\$ (29,001,025)	
Fund Balance																		
Beginning Balance		\$ 43,561,705			\$ 39,994,215			\$ 39,246,990			\$ 50,427,766			\$ 55,787,444			\$ 45,199,176	
Operating Surplus / (Deficit)		\$ (3,567,490)			\$ (747,225)			\$ 11,180,776			\$ 5,359,677			\$ (10,588,268)			\$ (29,001,025)	
Ending Balance		\$ 39,994,215			\$ 39,246,990			\$ 50,427,766			\$ 55,787,444			\$ 45,199,176			\$ 16,198,151	
IBNR Reserve*		\$ 11,600,000			\$ 11,600,000			\$ 11,600,000			\$ 14,734,402			\$ 16,588,189			\$ 18,671,640	
Claims Fluctuation Reserve		\$ 26,694,215			\$ 26,136,990			\$ 37,317,766			\$ 39,376,510			\$ 26,891,882			\$ (4,236,985)	
Grandfathered Benefit Reserve		\$ 1,700,000			\$ 1,510,000			\$ 1,610,000			\$ 1,676,532			\$ 1,719,105			\$ 1,763,496	

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