M E M O R A N D U M

TO: Senator Eli Bebout, Co-Chairman, Joint Appropriations Committee
Representative Bob Nicholas, Co-Chairman, Joint Appropriations Committee

FROM: Patricia L. Bach, Director, Department of Administration and Information
Erin Williams, Administrator, Human Resource Division
Ralph Hayes, Manager, Employee's Group Insurance

DATE: October 10, 2019

SUBJECT: State Employee's and Officials' Group Insurance Plan – Background Inquiries

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Per your request of September 18, 2019, please find A&I's response to your list of questions relating to the notice and "announced rate increases" that was sent to affected employees on September 3, 2019 and formally retracted on September 5, 2019. It is my sincere hope that our answers to your questions will assist in our testimony at the Joint Appropriations Committee on October 30, 2019. Erin Williams, HRD Administrator, Ralph Hayes, EGI Program Manager and I will be in attendance to answer any additional questions or concerns.

1. *An explanation of the timing of the announcement including: advance discussions with affected employers, e.g., higher education institutions, K-12 school districts, agency fiscal officers, or political subdivisions regarding the increase before September 3, 2019.*

As Interim Director for A&I, appointed in April 2019, one of my first meetings with Governor Gordon's administration was to get the team up to speed on concerns regarding the Employees' Group Insurance (EGI). On July 15, 2019, I recommended a balanced option for an EGI rate increase that addressed our significant budget concerns, the program manager's fiduciary duty for plan solvency, and the actuarial report. I recommended an early increase starting in September 2019 of 18.4 percent and continuing through 2020 as the first step to address significant program problems. This would afford the new administration some time to evaluate the program and determine a long-term plan necessary to stabilize the program. (The EGI program manager had calculated 26.9 percent increase for January 2020 but recommended a rate increase of 20.8 percent for September 2019. Governor Gordon's office was concerned that this would be too much of a burden for employers and employees, and thus the recommended increase was reduced to 18.4 percent but the increase was to commence four months earlier.) Notifications were made

to the Advisory Panel of the EGI 18.4 percent recommended rate increase at the July 23, 2019 meeting. Representatives from state agencies, the University of Wyoming, the community colleges, the Natrona County School District and the retiree representatives were present at this advisory meeting. Retirees were mailed notices on Friday, August 30, 2019. Human Resources and Benefit Specialists were notified just prior to employee notifications. Employees were notified on Tuesday, September 3, 2019.

2. An explanation of the urgency of the premium increases initially planned to commence with the September 2019 payroll.

The unusual and extraordinary measure of an early increase was needed to mitigate the severity of the situation. As of the end of August, EGI had a cash balance, prior to the September payroll deposit, of $4,906,972. At this point, the concern was that by the second or third week of October, the EGI cash balance would be in the negative. Over the course of the last few years, EGI has had more claims than income and the reserve account has been steadily diminished. Without a significant increase in premiums, this situation would only get worse. Implementing a midyear rate increase effective September 1, 2019 would halt the hemorrhaging of plan assets and delay the potential need to invoke the borrowing authority in October. Without sufficient income for payment of the loan, the borrowing authority does not provide a sustainable option.

3. An explanation of the data that resulted in the need for the announced rate increases including:

Due to the fact that there has been inconsistent rate increases and compounded by the fact that there were no rate increases for 2019…

- The program has been deficit spending and has no surplus cash balances
- 2019 losses are projected to be approximately $24 million
- Income/Expense modeling indicated that the program would not have sufficient cash to pay invoices as of the third week of October 2019
- December 31, 2019 cash balance was expected to be between negative $4.5 and negative $6.5 million
- January 1, 2020 rate increase to bring cash balance back to $18 - $19 million and begin rebuilding reserves was calculated to be 26.9 percent
- Waiting for January to implement the option above was impractical as EGI cash was expected to be in the negative and the 26.9% projected increase could be significantly reduced for both the participating employers and the employees as well
- It is important to note that when end of month cash balances fall below $19 million, the program (EGI) effectively has zero reserves and operates entirely on cash float, e.g., paying bills in September with October cash

As a result of the above, the plan has been running in the red. EGI's urgency stems from an understanding that extraordinary measures must be taken to get the plan back on track.

(a) Any recommendations from actuaries, consultants, or otherwise indicating an increase was warranted, including copies of relevant internal or external information relied upon for the rate increases;

A&I contracts with Segal Consulting to provide actuarial paid claims projections for 2019, 2020, 2021, and 2022. We received Segal's Claims Experience Projection CY2019-CY2022 dated May 28, 2019. Segal's actuaries provided a range of claims projections utilizing the claims and enrollment information through April 2019. While Segal Consulting provided three projections for each year (base, 95% confidence level, and 99% confidence level), A&I uses the base medical claims projections which are:

- 2019 - $309,930,242
  2020 - $331,355,575

EGI has utilized the lowest claims projections provided (base) to arrive at the projected program funding requirements for the 2020 estimated projected rates. During Legislative Budget years, EGI receives two reports so that the early report can be utilized for the budget process in April of each year.

(b) An explanation for the timing of the receipt, or availability of the data relied upon, for the announced increase;

(c) A discussion of the urgency for such an announcement in September to be effective with September payroll rather than December 2019 payroll;

The proposed rate increase and its timing was based on watching weekly cash balances. The rate increase timing was due to the systemic and continued underfunding of the program, and its immediate implantation was deemed a necessary response to the situation, and would allow us to commence correcting the program.

(d) Consideration, if any, of the impact of timing on the participating employers, especially those operating under a fiscal year commencing on dates other than September; and

A&I and EGI always take into consideration the impact of any rate increases or rate holidays on the employers and the participants of the plan. Unfortunately, EGI is in a particularly difficult situation where the program has been underfunded, which required unusual measures be taken.

(e) Any relevant information that would not support a rate increase in terms of timing or magnitude, recognizing these rate decisions are imprecise

No. We do not have any information that would support zero increase.

4. A comparison of the announced rate increases to other comparator plans, including surrounding states or other large health insurance plans within Wyoming.

Comparisons of increases with other plans would not be appropriate because other plans may have had consistent steady increases while EGI has not. We did however take a look at other state reserve policies and levels. We found that Wyoming had the second to the lowest reserve percentage policy.

5. The number of current enrollees, trends in enrollment levels, and demographic characteristics, if any, that materially influenced the announced rate increases.

Current enrollment is 37,047 members. No significant change in participant demographics or shifts in enrollment impacted projections or the announced rate increase.

6. An explanation of the relationship between the most recent rate holiday, the low, or no, premium increases and the announced rate increases

EGI has consistently recommended smaller more frequent rate increases over the last four years.

- 2015 - EGI recommended a 6.6% rate increase and an alternate proposal of changing the deductibles plus a 4.4% increase for implementation in 2016. Budget recommendation was a rate holiday and no rate increase. The prior administration did not adopt EGI's recommendation and instead decided not to increase premiums and also provided a one month rate holiday.
- 2016 - EGI recommended an 8.5% increase, or an alternative of change deductibles plus a 6.6% increase for the 2017 calendar year. The budget recommendation was no rate increase. The prior administration decided not to adopt a rate increase but did increase deductibles.
- 2017 - Since no rate increases had occurred in the prior two years, EGI came in with a recommended 22.0% increase for the 2018 calendar year. It also reviewed employer contribution alternatives. The A&I Director at that time recommended a 14% increase while the budget division recommended a 6% increase. The Governor's final decision was an 11.1% increase based on the Segal report (see below).

- 2018 - EGI recommended a 13.9% increase and, as an alternative, recommended an 11.6% increase along with the elimination of the lowest deductible and the addition of copays. A&I's Budget Division recommended no increase, and the Governor's final decision was no increase for the 2019 calendar year.

Adding significantly to the underfunding was the 2016 "Budget" Rate Holiday. At the direction of the Governor Mead per his memo of 2018, a rate holiday was implemented to achieve one-time general fund budget capture. EGI income reduction was approximately $23.7 million resulting in roughly $6.4 million one-time general fund budget recapture (state employees, LSO, Judicial). This rate holiday made a bad situation much worse.

At the request of the Governor's office, in 2017, A&I contracted with Segal to do a "stress test" on the EGI plan that included proposed rates. In the report, Segal recommended a steady increase of 11.1 percent for each of the next four years to re-establish fiscal soundness to the program. Per Segal Revised Rate Illustration, "Segal highly recommends increases above the levels shown above to mitigate the potential need to borrow funds in the future."

The planned 18.4 percent September 2019 increase was an extraordinary measure that was taken to prevent the program from going into the negative, prevent the program from invoking borrowing authority, and mitigate the recommended 26.8 percent increase if EGI were to wait until January 2020.

7. An estimate of the impact of the September 3rd announced rate increases by major fund or employer group, e.g., participating school districts, General Fund, Federal Funds, non-state entities, etc.

It was taken into consideration that state agencies budgets would be affected by this September increase as well as non-state entities that did not have time to request budget increases for insurance. State employees comprise (44%) and other entities (56%). A&I's decisions with the plan have to be made with all members in mind and must address all entities' concerns in addition to the concerns of balancing the General Fund.

However, state agencies have 12.9 percent built into their budgets and the SAO's account has approximately 11.6 million to make up the difference for agencies that would fall short.

8. A discussion of any anticipated future increases, in recognition of the retraction

With my break-even recommendation, it was noted that in order to effectuate a long-term fix, the program would need additional increases in the following years to alleviate its accumulated deficit. Without any changes in plans and based on previous projections, additional increases of 12.3% for 2021 and 8.6% for 2022 would be needed in order to

climb out of deficit spending and begin to build our reserves to the level recommended by our contracted actuary and insurance best practice. Note that these are the percentages had the 18.4% increase been implemented. Now that the increase is 12 percent, future increases will have to be monitored and recalculated, which is a normal process as claims are not always predictable. These increases will not get us to our reserve policy but it will be a good start.

9. Recent cash balances and balance trends for the funds in question, e.g., fund 524, Employee Health Insurance, fund 525, Insurance Contribution, and fund 564, Employee Group Insurance – Dental

When viewing the cash assets for funds 524, 525, and 564 (see provided balance sheets) compared to the Plan's liabilities, the program is 39% funded as of April 30, 2019. Based upon expected income and claims experience through December, the funds cash assets are expected to drop to $(4,520,591.44) with a negative (9) percent funded position and a negative $(57,460.509.84) fund equity by the end of year 2019.

On behalf of the participating entities per W.S. 9-3-210 (c) "Each state agency, department or institution, including University of Wyoming and the community colleges in the state shall estimate the amount required for its participation in the group insurance plan for the next biennium and shall submit the estimate to the state budget officer at the time the state budget officer makes the request." EGI provided the budget officer with long term rate and employer contribution projections (2020, 21, &22) on April 26, 2019 (calculated rates and employer contribution based upon the early Segal Consulting actuary numbers)

10. Interaction of the announcement, if any, with respect to:

(a) 2018 Wyoming Session Laws, Chapter 134, Section 303(g) [carryover of funds from the 2017-18 biennium];

As of September 11, 2019, there was $11,606,188.26 in the EGI fund at the State Auditor's office that is to be utilized by EGI for rate increases only for state agencies without an obligation to pay back. This footnote sunsets at the end of the biennium. Our rate increase recommendations takes into consideration not only the 12.9 percent build into the agency budgets (4%,4%,4%, and .9%), but also the EGI carry over fund at the SAO above mentioned above which is the 11.6 million. The regular borrowing authority was not considered.

(b) (b) Section 309(b) [$26.2 million loan authorization]; and

Whether the borrowing authority that is outlined in the 2018 budget footnote would be needed during 2020 is a more difficult discussion. The account may run in the

negative but not for the long haul and there must be a limit. We are not entertaining borrowing authority at this time. The borrowing authority was put in place to be used if there is a pandemic outbreak since the State does not carry "Stop Loss" coverage. In addition, since we currently pay out more than we collect in premiums, there would not be sufficient funds to pay back the amount borrowed without an extreme increase in the premium rates which we do not believe either employees or employers would be able to withstand or absorb.

(c) level of appropriations to state agencies from all funds to cover employer-paid premiums in 2018 Wyoming Session Laws, Chapter 134 and 2019 Wyoming Session Laws, Chapter 80

The A&I Budget division built 12.9% over four years (4%, 4%, 4%, and 0.9%) into existing agency budgets for ETI premium increases.

11. Other options the Department of Administration and Information (DA&I) considered in addition to, or instead of, premium increases, e.g., revisions to deductibles, changes in coverage, changes in employer contributions, etc.

EGI included recommendations for an alternate benefit design which reduces the employer contributions paid by the State and participating entities. Changes recommended include:

-Eliminate the $500 deductible option;

-Increase the HSA plan deductible from $1,500 to $1,600;

-Add limited office visit copayments for the $900 and $2,000 plans:

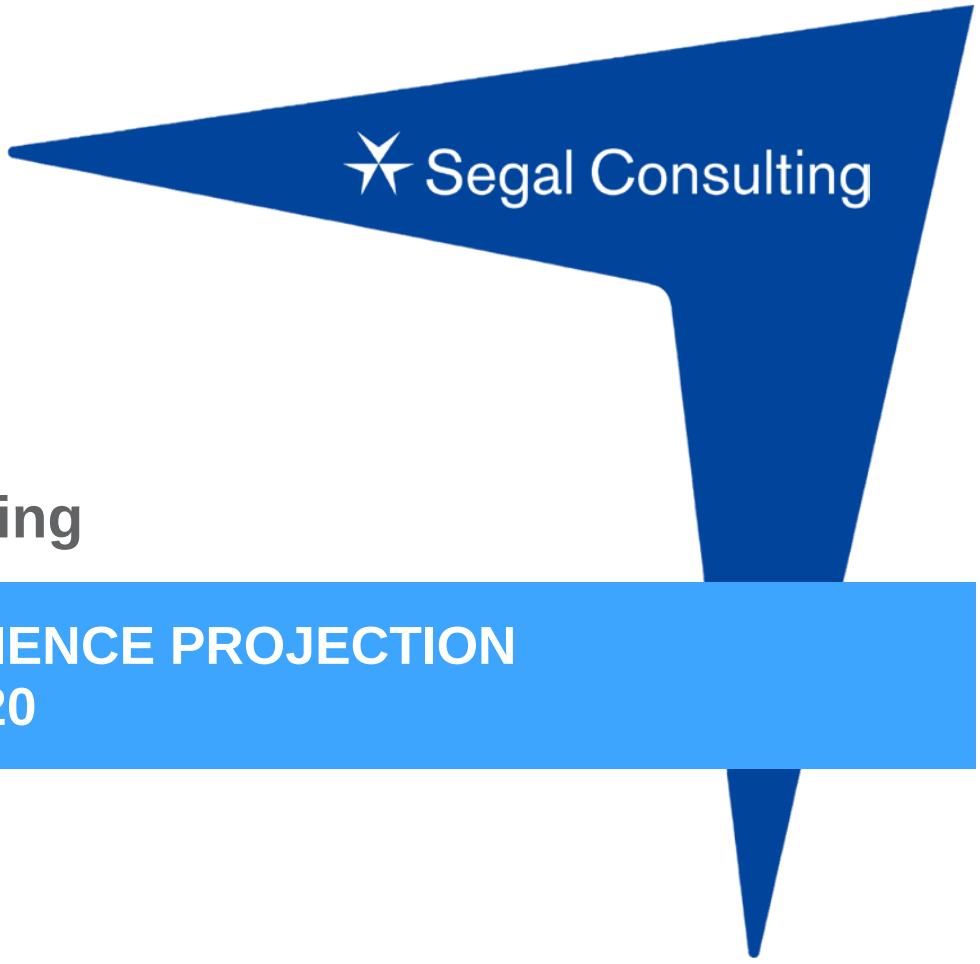
- $35 – Primary care participating physician visits
- $55 – Specialist participating physician visits

These options would shift costs away from the state and would place such costs on the employees.

12. Any other information that may be relevant to the recent proposal and subsequent retraction

The 18.4% initial rate increase recommendation was pulled back based on the fact that implementing those increases early would cause the October and November rates to fall above the cap. Once the budget session law was brought to A&I's attention, we realized that we had not checked those caps for January 2020 and had not accounted that the premium increases may be over if we implemented earlier.

cc: Don Richards



State of Wyoming

CLAIMS EXPERIENCE PROJECTION CY2017 – CY2020

June 13, 2017

Gary L. Petersen, FCA, ASA, MAAA
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June 13, 2017

Ms. Rory L. Horsley
State of Wyoming
Department of Administration and Information
2001 Capitol Avenue, Room 106
Cheyenne, WY 82002

Dear Rory:

Enclosed please find a reporting package consisting of the following items:

- Historical trends for the State program
- Claims projections for current and subsequent three years
- Plan incurred but not paid claims liability

The historical trends and claims projections reflect claims and enrollment through April 30, 2017. The claims projections reflect the Medical plan changes that were effective January 1, 2017.

This reporting package should be transmitted and considered only in its entirety. Our analysis is intended to support the rate setting and reserving process for the State of Wyoming group health and welfare programs and should not be relied upon for any other purpose.

To prepare our analysis we relied upon data from several sources, which are detailed in the following description of our methodology. We did not audit this data and our review was limited to determining that it appears to be reasonable and acceptable for estimating claim liabilities and projecting claims expenditures of the State of Wyoming's benefits program. This report contains claim components only and excludes any non-claim expenditures of the State's benefits program. We certify to the best of our knowledge, the data, methods, and assumptions used to develop our projections are reasonable and are calculated in accordance with generally accepted and consistently applied actuarial principles.

The projections in this report are estimates of future costs and are based on information available to Segal Consulting at the time the projections were made. Segal Consulting has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates, and claims volatility,

and this difference may be material. Projection of retiree costs takes into account only the dollar value of providing benefits for current retirees during the period referred to in the projection. It does not reflect the present value of any future retiree benefits for active, disabled, or terminated employees during a period other than that which is referred to in the projection, nor does it reflect any anticipated increase in the number of those eligible for retiree benefits, or any changes that may occur in the nature of benefits over time. The accuracy and reliability of health projections decrease as the projection period increases. Our analysis does not include any projection of changes in the relative size of the State's membership or the health status of future members.

I meet the *Qualification Standards for Actuaries Issuing Statements of Opinion in the United States* promulgated by the American Academy of Actuaries and am qualified to render an opinion with regard to health plan projections, valuations, and related items.

If you should have any questions regarding the information contained herein, please feel free to contact me via the telephone number and/or e-mail address provided below.

Sincerely,

Gary Petersen, FCA, ASA, MAAA
Vice President and Consulting Actuary
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State of Wyoming Actuarial Services

June 13, 2017

Projection Methodology and Definitions

Membership/Enrollment

Members refers to covered lives (bellybuttons) including spouses and children. Subscribers refers to covered employees (doorbells). *For the CY2017-CY2020 Medical/Rx and Dental projections for the State of Wyoming:*

- *Medical membership and enrollment is based on data provided by Cigna Health Insurance through April 2017,*
- *Rx membership is based on data provided by MedImpact through April 2017, and*
- *Dental membership and enrollment is based on data provided by Delta Dental of Wyoming through April 2017.*

Projected Claim Expenses

a) PMPM Incurred Claims (Most recent 12 mos)

This item represents our best estimate of the incurred claim cost per member per month during the most recent 12-month experience period. In order to obtain this estimate, we begin by considering the aggregate paid claims during this period, adjusting for the value of any historical plan changes. This number is then adjusted by the estimated change in reserves for claims incurred but not paid to arrive at our estimate of aggregate incurred claims during the period. To provide this on a per member per month basis, we divide by the member months during the incurral period. *For the CY2017-CY2020 Medical/Rx and Dental projections for the State of Wyoming, we have incorporated the impact of the medical plan changes, which were effective January 1, 2017.*

b) PMPM Incurred Claims (Prior 12 mos benefit adj & trended to current)

This item represents our best estimate of the incurred claim cost per member per month during the prior 12 month experience period, trended forward so that the two incurred claim cost estimates may be compared. Following the methodology outlined above, we estimate the incurred claim cost per member per month and then add a trend factor.

c) Credibility Factor (Weight to current period)

In order to estimate incurred claim costs during the two year experience period, we need to calculate a weighted average of the two items above. The weighting is based on the enrollment: a high employee count increases the weight on the most recent period. *For the CY2017-CY2020 Medical/Rx projections for the State of Wyoming, the credibility factors were based on total Medical enrollment. For the CY2017-CY2020 Dental projections, we developed separate credibility factors based on enrollment in each Dental plan. The credibility factors used are summarized in the table on the following page:*

Plan/Coverage Type	*Weight to most recent 12-months*	*Weight to prior 12-months*
Medical	*97.2%*	*2.8%*
Prescription Drug	*97.2%*	*2.8%*
Preventive Dental	*98.6%*	*1.4%*
Optional Dental	*96.1%*	*3.9%*

d) Weighted Average Incurred Claim Cost PMPM

This is a weighted average of items a) and b) above using the weighting determined as item c). Mathematically, this is obtained using the formula: $d = a * c + b * (1 - c)$.

e) Annual Trend

This item represents the expected increase in claims per member per month over a twelve month period. *For the CY2017-CY2020 Medical/Rx and Dental projections for the State of Wyoming, we have assumed a 6.5 percent annual Medical trend rate, a 6.0 percent annual Medical trend rate for the Medicare Supplement plan, an 9.0 percent annual Rx trend rate, and a 3.5 percent annual Dental trend rate.*

f) Midpoint Months

This item represents the number of months between the midpoint of the most recent 12 months of the experience period and the midpoint of the projection period. *For the CY2017-CY2020 Medical/Rx and Dental projections for the State of Wyoming, the most recent 12 months of the experience period were May 2016 through April 2017. The midpoint of this period is November 1, 2016. The projection periods are January 1 through December 31 of 2017, 2018, 2019, and 2020. The midpoint of each of these periods is July 1. There are 8 months between November 1, 2016 and July 1, 2017; 20 months between November 1, 2016 and July 1, 2018; 32 months between November 1, 2016 and July 1, 2019; and 44 months between November 1, 2016 and July 1, 2020.*

g) Midpoint Trend Factor

This item represents the factor used to trend claims forward to the projection period. Mathematically, this is obtained using the formula: $g = (1 + e)^{f/12}$

h) Projected Incurred Claims PMPM

This item represents the incurred claims cost per member per month (based on experience) trended forward to the projection period. Mathematically, this is obtained using the formula: $h = d * g$

i) Projected Membership/Enrollment

This item is the membership or enrollment during the most recent experience month. *For the CY2017-CY2020 Medical/Rx and Dental projections for the State of Wyoming, we have used membership and enrollment as of April 2017.*

j) Projection Period # of Months

This item is the duration of the projection period and is typically 12 months. *For the CY2017-CY2020 Medical/Rx and Dental projections for the State of Wyoming, the projection period is 12 months.*

k) Projected Incurred Claims Based on Experience (Current Plan)

This item represents the estimated incurred claims during the projection period under the current plan design. Mathematically, this is obtained using the formula: $k = h * i * j$

l) Proposed Plan Design Changes

This item represents the impact of any plan design changes during the projection period and is used to scale the experience projected claims cost (item k) to the proposed new plan design. *For the CY2017-CY2020 Medical and CY2017-CY2020 Rx and Dental projections for the State of Wyoming, there are no proposed plan design changes.*

m) Total Projected Claim Expenses

This item represents our best estimate of claims that will be incurred during the projection period. This amount incorporates the value of any proposed plan design changes and is provided as an annualized amount. Mathematically, this is obtained using the formula: $m = l + k$. *Our claim projections exclude explicit margin and any fees for capitated services.*

n) Total Projected Claim Expenses – 95% Confidence Level

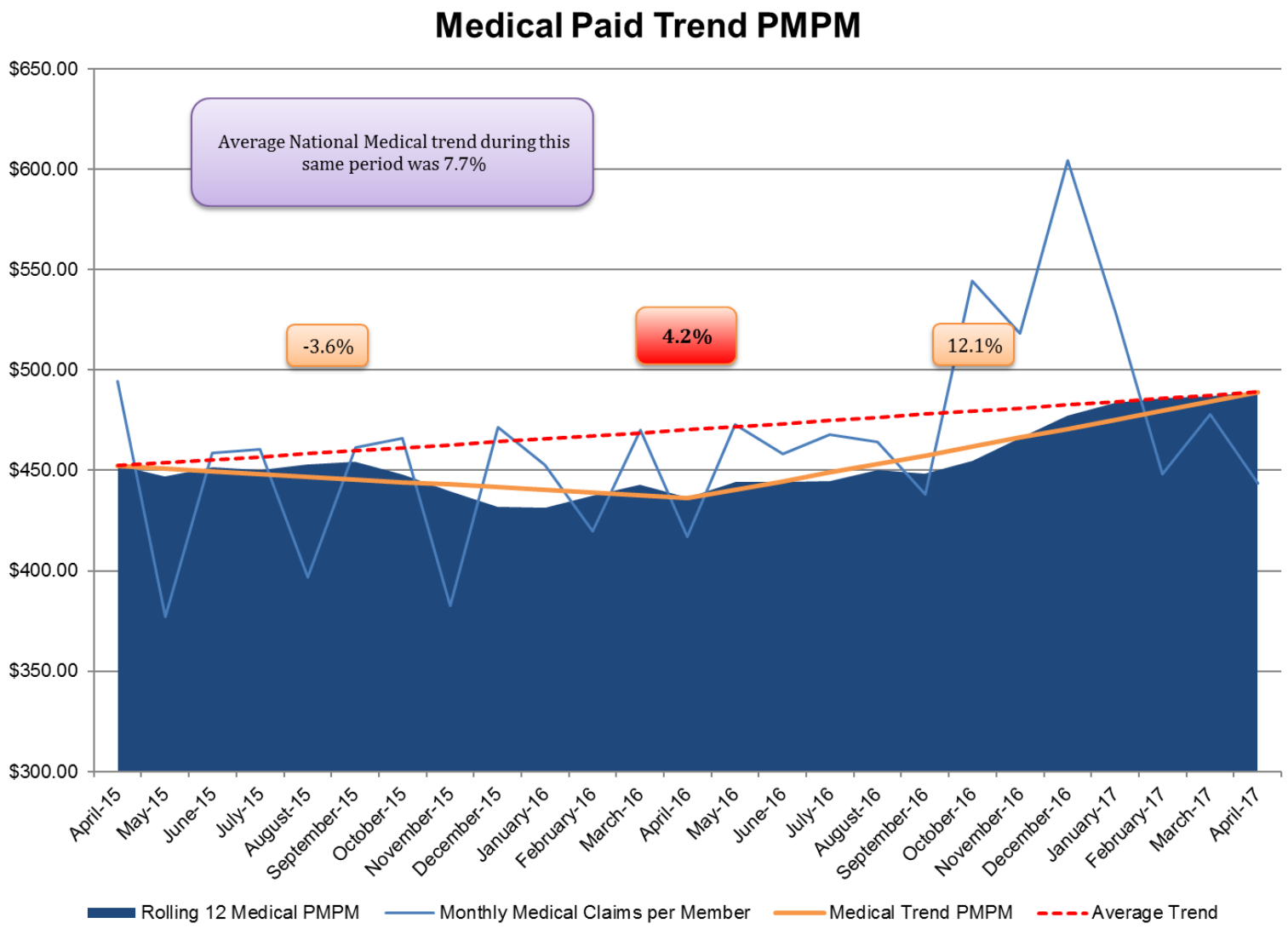
This item provides a cushion in the case of any atypically large claims in the future that would have been impossible to predict given the claims experience. The confidence level is based on the total number of adult participants in the group as well as the individual stop-loss level, if applicable. The 95% confidence level indicates a statistical probability of 95% that the claims will be less than or equal to the amount shown. *For the CY2017-CY2020 Medical projections for the State of Wyoming, there is no stop loss coverage so the confidence level is based only on the total number of adult participants.*

o) Total Projected Claim Expenses – 99% Confidence Level

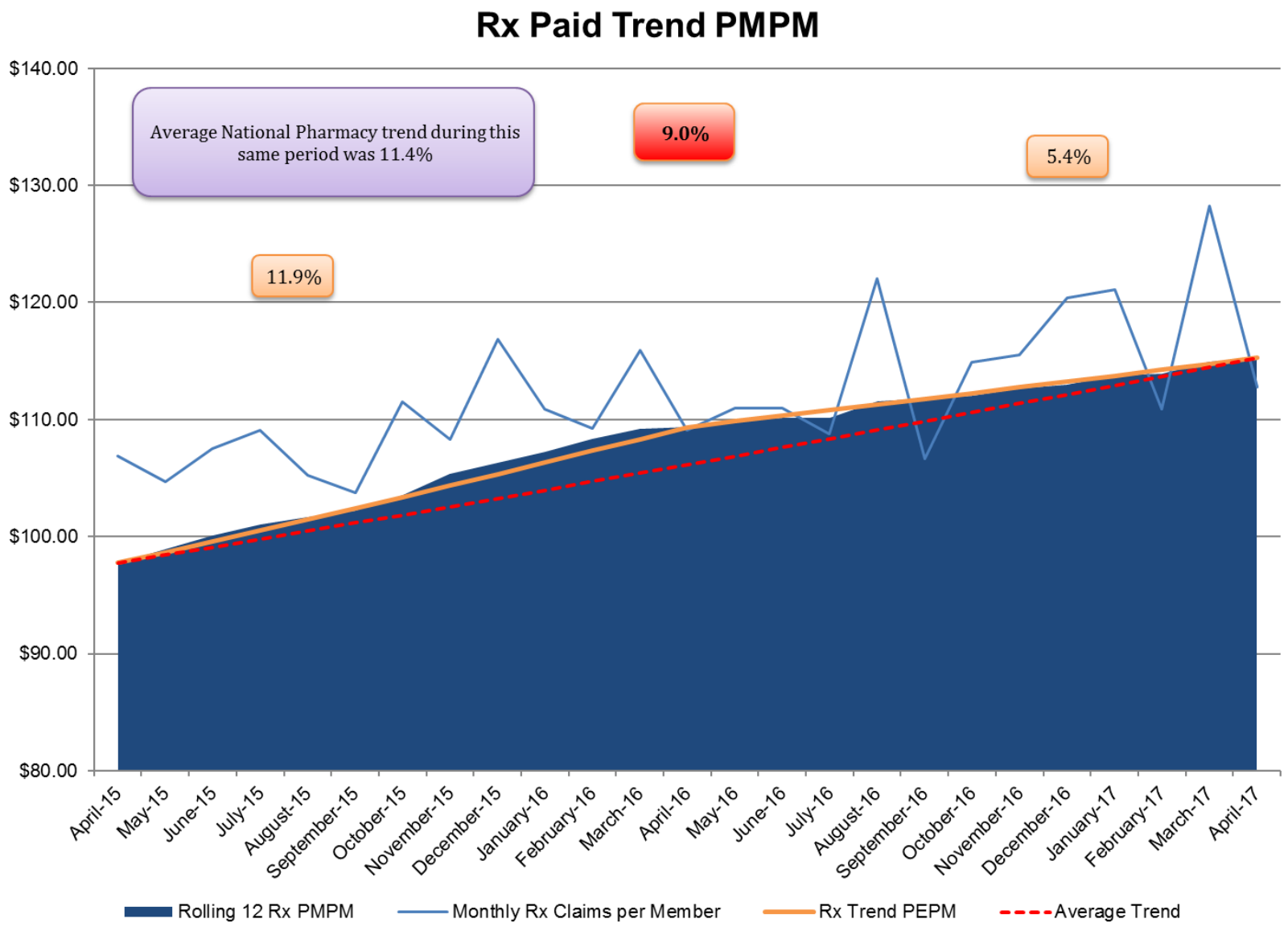
This item provides a cushion in the case of any atypically large claims in the future that would have been impossible to predict given the claims experience. The confidence level is based on the total number of adult participants in the group as well as the individual stop-loss level, if applicable. The 99% confidence level indicates a statistical probability of 99% that the claims will be less than or equal to the amount shown. *For the CY2017-CY2020 Medical projections for the State of Wyoming, there is no stop loss coverage so the confidence level is based only on the total number of adult participants.*

Historical Trend Calculations

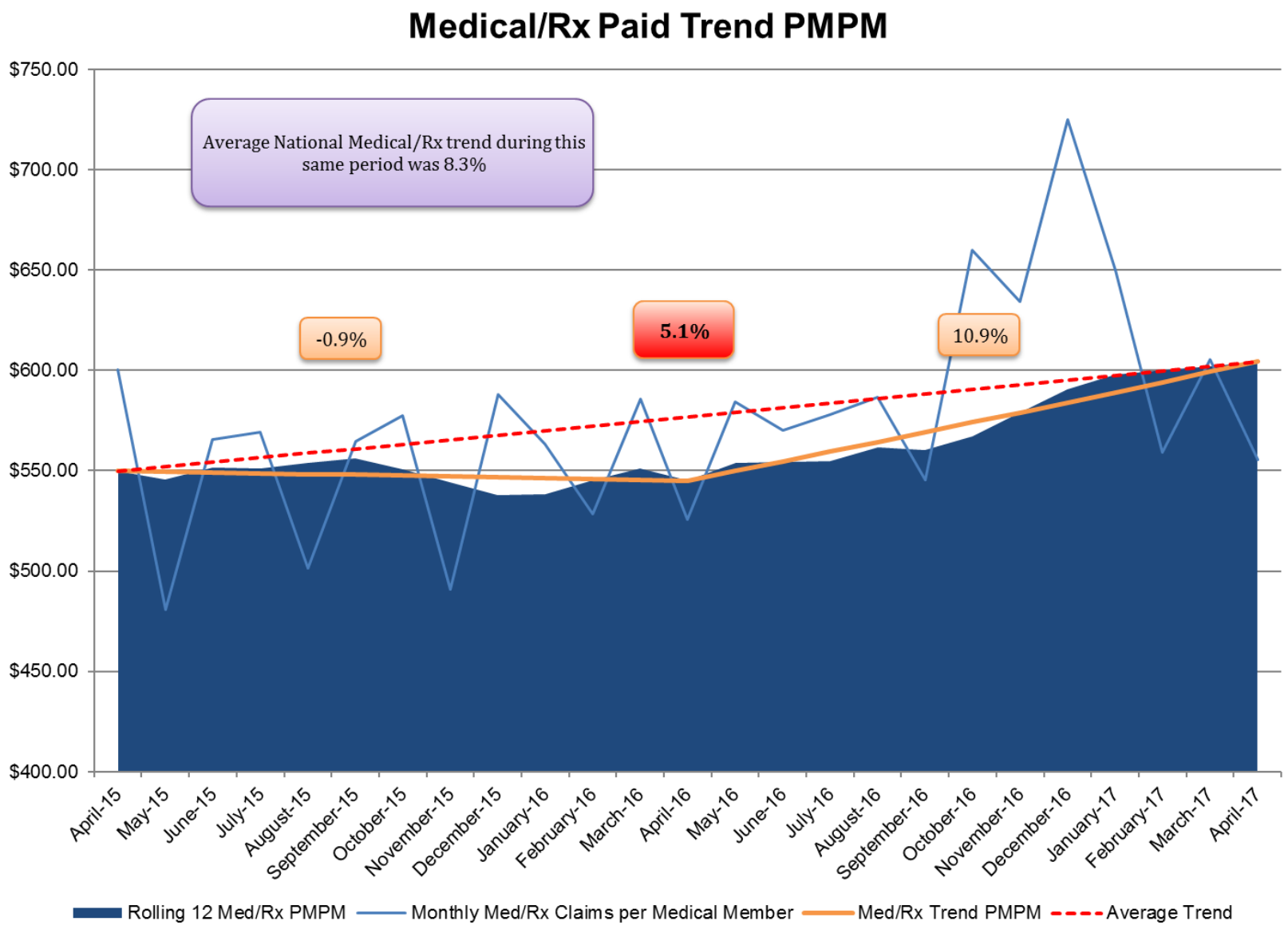
Medical Paid Trend PMPM



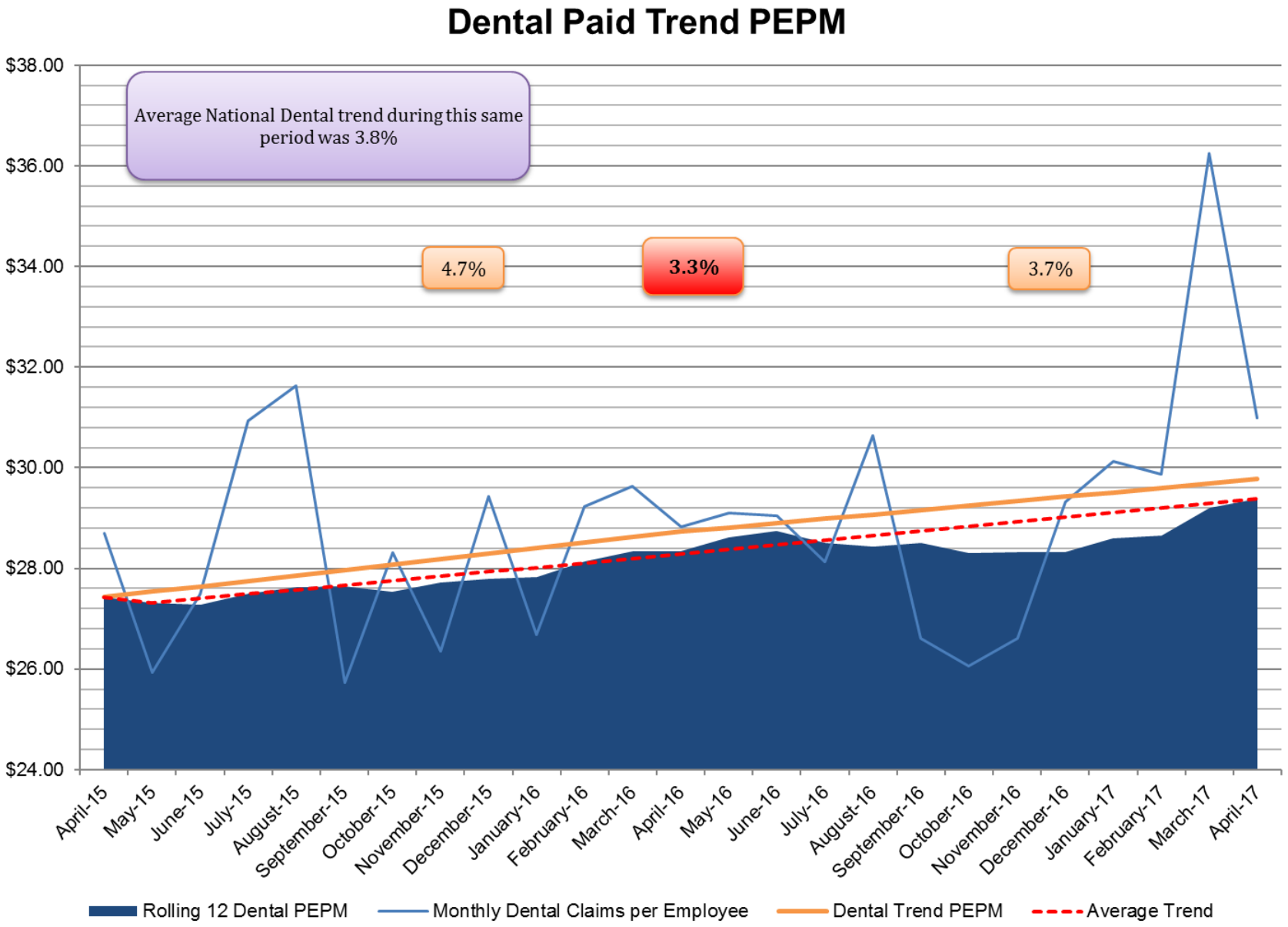
Rx Paid Trend PMPM



Combined Medical/Rx Paid Trend PMPM



Dental Paid Trend PMPM



Medical/Rx Assumptions

Experience Period

The Medical and Rx projections are based on the following two 12-month experience periods:

- May 1, 2016 through April 30, 2017
- May 1, 2015 through April 30, 2016

Trend Assumption

The Medical projections utilize a 6.5 percent annual Medical trend rate and a 6.0 percent annual Medical trend rate for the Medicare Supplement plan. The Rx projection utilizes a 9.0 percent annual trend assumption.

IBNR Reserve Factor (% of 12 month gross paid claims)

The IBNR reserve factors utilized in the Medical/Rx projection were based on Segal's calculation of IBNR claims as of December 31, 2016. For the experience period ending April 30, 2017, a Medical IBNR factor of 11.7 percent was used. For the experience period ending April 30, 2016, a Medical IBNR factor of 11.1 percent was used. This factor was calculated based on actual runout.

For both experience periods, an Rx IBNR factor of 1.9 percent was used. This reflects the assumption that at most one invoice (or 1/52nd of annual claims) would potentially be due and unpaid by the State as of the end of any month.

Period Credibility Weighting (to most recent 12 months)

Credibility factors for Medical and Rx were based on total Medical enrollment. The table below summarizes the credibility factors used:

Plan/Coverage Type	Weight to most recent 12-month period	Weight to prior 12-month period
Medical/Prescription Drug	97.2%	2.8%

Historical Plan Changes

The impact of the January 1, 2017 Medical plan changes was included in the projection.

Proposed Plan Changes

There are no proposed plan design changes.

Expected Membership Changes

There are no expected membership changes. Projected Rx membership is assumed to be consistent with Medical membership.

Medical/Rx Projection

For the period January 1, 2017 through December 31, 2017

	Medical 500	Medical 900	Medical 2000	Medical HDHP	Medical Med Supp	Total Medical	Rx	Total Medical/Rx
PMPM Incurred Claims (Most recent 12 mos)	$567.79	$442.79	$312.06	$337.79	$146.84	**$486.83**	$115.34	**$602.17**
PMPM Incurred Claims (Prior 12 mos benefit adj & trended to current)	$534.16	$418.51	$289.26	$206.28	$116.66	**$453.84**	$119.49	**$573.33**
Credibility Factor (Weight to current period)	97%	97%	97%	97%	97%	**97%**	97%	**97%**
Weighted Avg. Incurred Claim Cost PMPM	$566.86	$442.12	$311.43	$334.15	$146.01	**$485.92**	$115.45	**$601.37**
Annual Trend	6.5%	6.5%	6.5%	6.5%	6.0%	**6.5%**	9.0%	**7.0%**
Midpoint Months	8	8	8	8	8	**8**	8	**8**
Midpoint Trend Factor	1.043	1.043	1.043	1.043	1.040	**1.043**	1.059	**1.046**
Projected Incurred Claims PMPM	$591.17	$461.08	$324.78	$348.48	$151.79	**$506.74**	$122.28	**$629.02**
Projected Membership	20,712	11,474	3,894	1,308	871	**38,259**	38,259	**38,259**
Projection Period # of Months	12	12	12	12	12	**12**	12	**12**
Projected Incurred Claims Based on Experience (Current plan)	$146,931,756	$63,485,183	$15,176,320	$5,469,742	$1,586,509	**$232,649,511**	$56,139,726	**$288,789,237**
Proposed Plan Design Changes	$0	$0	$0	$0	$0	**$0**	$0	**$0**
Total Projected Claim Expenses	$146,931,756	$63,485,183	$15,176,320	$5,469,742	$1,586,509	**$232,649,511**	$56,139,726	**$288,789,237**
Total Projected Claim Expenses - 95% Confidence Level						**$254,342,585**	$56,139,726	**$310,482,311**
Total Projected Claim Expenses - 99% Confidence Level						**$263,998,873**	$56,139,726	**$320,138,600**

For the period January 1, 2018 through December 31, 2018

	Medical 500	Medical 900	Medical 2000	Medical HDHP	Medical Med Supp	Total Medical	Rx	Total Medical/Rx
PMPM Incurred Claims (Most recent 12 mos)	$567.79	$442.79	$312.06	$337.79	$146.84	**$486.83**	$115.34	**$602.17**
PMPM Incurred Claims (Prior 12 mos benefit adj & trended to current)	$534.29	$418.50	$288.91	$206.24	$116.74	**$453.87**	$119.49	**$573.36**
Credibility Factor (Weight to current period)	97%	97%	97%	97%	97%	**97%**	97%	**97%**
Weighted Avg. Incurred Claim Cost PMPM	$566.87	$442.12	$311.42	$334.15	$146.01	**$485.92**	$115.45	**$601.37**
Annual Trend	6.5%	6.5%	6.5%	6.5%	6.0%	**6.5%**	9.0%	**7.0%**
Midpoint Months	20	20	20	20	20	**20**	20	**20**
Midpoint Trend Factor	1.111	1.111	1.111	1.111	1.102	**1.111**	1.154	**1.119**
Projected Incurred Claims PMPM	$629.60	$491.05	$345.88	$371.13	$160.90	**$539.66**	$133.28	**$672.94**
Projected Membership	20,712	11,474	3,894	1,308	871	**38,259**	38,259	**38,259**
Projection Period # of Months	12	12	12	12	12	**12**	12	**12**
Projected Incurred Claims Based on Experience (Current plan)	$156,483,302	$67,611,692	$16,162,281	$5,825,256	$1,681,727	**$247,764,259**	$61,189,914	**$308,954,173**
Proposed Plan Design Changes	$0	$0	$0	$0	$0	**$0**	$0	**$0**
Total Projected Claim Expenses	$156,483,302	$67,611,692	$16,162,281	$5,825,256	$1,681,727	**$247,764,259**	$61,189,914	**$308,954,173**
Total Projected Claim Expenses - 95% Confidence Level						**$270,866,686**	$61,189,914	**$332,056,601**
Total Projected Claim Expenses - 99% Confidence Level						**$281,150,324**	$61,189,914	**$342,340,238**

For the period January 1, 2019 through December 31, 2019

	Medical 500	Medical 900	Medical 2000	Medical HDHP	Medical Med Supp	Total Medical	Rx	Total Medical/Rx
PMPM Incurred Claims (Most recent 12 mos)	$567.79	$442.79	$312.06	$337.79	$146.84	**$486.83**	$115.34	**$602.17**
PMPM Incurred Claims (Prior 12 mos benefit adj & trended to current)	$534.17	$418.56	$289.15	$206.14	$116.62	**$453.84**	$119.49	**$573.33**
Credibility Factor (Weight to current period)	97%	97%	97%	97%	97%	**97%**	97%	**97%**
Weighted Avg. Incurred Claim Cost PMPM	$566.86	$442.12	$311.42	$334.15	$146.01	**$485.92**	$115.45	**$601.37**
Annual Trend	6.5%	6.5%	6.5%	6.5%	6.0%	**6.5%**	9.0%	**7.0%**
Midpoint Months	32	32	32	32	32	**32**	32	**32**
Midpoint Trend Factor	1.183	1.183	1.183	1.183	1.168	**1.183**	1.258	**1.197**
Projected Incurred Claims PMPM	$670.52	$522.97	$368.37	$395.25	$170.55	**$574.72**	$145.28	**$720.00**
Projected Membership	20,712	11,474	3,894	1,308	871	**38,259**	38,259	**38,259**
Projection Period # of Months	12	12	12	12	12	**12**	12	**12**
Projected Incurred Claims Based on Experience (Current plan)	$166,653,723	$72,006,693	$17,213,193	$6,203,844	$1,782,589	**$263,860,042**	$66,699,210	**$330,559,252**
Proposed Plan Design Changes	$0	$0	$0	$0	$0	**$0**	$0	**$0**
Total Projected Claim Expenses	$166,653,723	$72,006,693	$17,213,193	$6,203,844	$1,782,589	**$263,860,042**	$66,699,210	**$330,559,252**
Total Projected Claim Expenses - 95% Confidence Level						**$288,463,298**	$66,699,210	**$355,162,509**
Total Projected Claim Expenses - 99% Confidence Level						**$299,415,003**	$66,699,210	**$366,114,213**

For the period January 1, 2020 through December 31, 2020

	Medical 500	Medical 900	Medical 2000	Medical HDHP	Medical Med Supp	Total Medical	Rx	Total Medical/Rx
PMPM Incurred Claims (Most recent 12 mos)	$567.79	$442.79	$312.06	$337.79	$146.84	**$486.83**	$115.34	**$602.17**
PMPM Incurred Claims (Prior 12 mos benefit adj & trended to current)	$534.06	$418.47	$289.03	$206.39	$116.53	**$453.75**	$119.49	**$573.24**
Credibility Factor (Weight to current period)	97%	97%	97%	97%	97%	**97%**	97%	**97%**
Weighted Avg. Incurred Claim Cost PMPM	$566.86	$442.12	$311.42	$334.16	$146.00	**$485.92**	$115.46	**$601.37**
Annual Trend	6.5%	6.5%	6.5%	6.5%	6.0%	**6.5%**	9.0%	**7.0%**
Midpoint Months	44	44	44	44	44	**44**	44	**44**
Midpoint Trend Factor	1.260	1.260	1.260	1.260	1.238	**1.260**	1.372	**1.281**
Projected Incurred Claims PMPM	$714.10	$556.96	$392.31	$420.95	$180.78	**$612.06**	$158.36	**$770.42**
Projected Membership	20,712	11,474	3,894	1,308	871	**38,259**	38,259	**38,259**
Projection Period # of Months	12	12	12	12	12	**12**	12	**12**
Projected Incurred Claims Based on Experience (Current plan)	$177,485,270	$76,686,708	$18,331,862	$6,607,231	$1,889,513	**$281,000,584**	$72,704,343	**$353,704,927**
Proposed Plan Design Changes	$0	$0	$0	$0	$0	**$0**	$0	**$0**
Total Projected Claim Expenses	$177,485,270	$76,686,708	$18,331,862	$6,607,231	$1,889,513	**$281,000,584**	$72,704,343	**$353,704,927**
Total Projected Claim Expenses - 95% Confidence Level						**$307,202,086**	$72,704,343	**$379,906,429**
Total Projected Claim Expenses - 99% Confidence Level						**$318,865,221**	$72,704,343	**$391,569,564**

The above projection is an estimate of future cost and is based on information available to The Segal Company at the time the projection was made. The Segal Company has not audited the information provided. A projection is not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, change in demographics, overall inflation rates and claims volatility. Projection of retiree costs takes into account only the dollar value of providing benefits for current retirees during the period referred to in the projection. It does not reflect the present value of any future retiree benefits for active, disabled, or terminated employees during a period other than that which is referred to in the projection, nor does it reflect any anticipated increase in the number of those eligible for retiree benefits, or any changes that may occur in the nature of benefits over time.

Dental Assumptions

Experience Period

The Dental projections are based on the following two 12-month experience periods:

- May 1, 2016 through April 30, 2017
- May 1, 2015 through April 30, 2016

Trend Assumption

The Dental projections utilize a 3.5 percent annual trend assumption.

IBNR Reserve Factor (% of 12 month gross paid claims)

The IBNR reserve factors utilized in the Dental projection were based on Segal's calculation of IBNR claims as of December 31, 2016. For the experience period ending April 30, 2017, a factor of 3.8 percent was used. For the experience period ending April 30, 2016, a factor of 3.6 percent was used. This factor was calculated based on actual runout.

Period Credibility Weighting (to most recent 12 months)

Credibility factors were developed separately for each Dental plan. These factors were based on enrollment in each plan. The table below summarizes the credibility factors used:

Plan/Coverage Type	Weight to most recent 12-month period	Weight to prior 12-month period
Preventive Dental	98.6%	1.4%
Optional Dental	96.1%	3.9%

Historical Plan Changes

Based on information from the State of Wyoming, there have been no significant plan changes during the experience period.

Proposed Plan Changes

There are no proposed plan changes.

Expected Membership Changes

There are no expected membership changes.

Dental Projection

For the period January 1, 2017 through December 31, 2017

	Dental Preventive	Dental Optional	Total Dental
PEPM Incurred Claims (Most recent 12 mos)	$34.16	$24.16	**$29.52**
PEPM Incurred Claims (Prior 12 mos benefit adj & trended to current)	$34.92	$23.11	**$29.43**
Credibility Factor (Weight to current period)	99%	96%	
Weighted Avg. Incurred Claim Cost PEPM	$34.17	$24.12	**$29.50**
Annual Trend	3.5%	3.5%	**3.5%**
Midpoint Months	8	8	**8**
Midpoint Trend Factor	1.023	1.023	**1.023**
Projected Incurred Claims PEPM	$34.96	$24.68	**$30.19**
Projected Enrollment	18,639	16,148	**34,787**
Projection Period # of Months	12	12	**12**
Projected Incurred Claims Based on Experience (Current plan)	$7,819,433	$4,782,392	**$12,601,825**
Proposed Plan Design Changes	$0	$0	**$0**
Total Projected Claim Expenses	$7,819,433	$4,782,392	**$12,601,825**

For the period January 1, 2018 through December 31, 2018

	Dental Preventive	Dental Optional	Total Dental
PEPM Incurred Claims (Most recent 12 mos)	$34.16	$24.16	**$29.52**
PEPM Incurred Claims (Prior 12 mos benefit adj & trended to current)	$34.67	$23.26	**$29.37**
Credibility Factor (Weight to current period)	99%	96%	
Weighted Avg. Incurred Claim Cost PEPM	$34.16	$24.13	**$29.50**
Annual Trend	3.5%	3.5%	**3.5%**
Midpoint Months	20	20	**20**
Midpoint Trend Factor	1.059	1.059	**1.059**
Projected Incurred Claims PEPM	$36.18	$25.55	**$31.25**
Projected Enrollment	18,639	16,148	**34,787**
Projection Period # of Months	12	12	**12**
Projected Incurred Claims Based on Experience (Current plan)	$8,092,308	$4,950,977	**$13,043,285**
Proposed Plan Design Changes	$0	$0	**$0**
Total Projected Claim Expenses	$8,092,308	$4,950,977	**$13,043,285**

For the period January 1, 2019 through December 31, 2019

	Dental Preventive	Dental Optional	**Total Dental**
PEPM Incurred Claims (Most recent 12 mos)	$34.16	$24.16	**$29.52**
PEPM Incurred Claims (Prior 12 mos benefit adj & trended to current)	$34.91	$23.16	**$29.46**
Credibility Factor (Weight to current period)	99%	96%	
Weighted Avg. Incurred Claim Cost PEPM	$34.17	$24.12	**$29.50**
Annual Trend	3.5%	3.5%	**3.5%**
Midpoint Months	32	32	**32**
Midpoint Trend Factor	1.096	1.096	**1.096**
Projected Incurred Claims PEPM	$37.45	$26.44	**$32.34**
Projected Enrollment	18,639	16,148	**34,787**
Projection Period # of Months	12	12	**12**
Projected Incurred Claims Based on Experience (Current plan)	$8,376,367	$5,123,437	**$13,499,804**
Proposed Plan Design Changes	$0	$0	**$0**
Total Projected Claim Expenses	$8,376,367	$5,123,437	**$13,499,804**

For the period January 1, 2020 through December 31, 2020

	Dental Preventive	Dental Optional	**Total Dental**
PEPM Incurred Claims (Most recent 12 mos)	$34.16	$24.16	**$29.52**
PEPM Incurred Claims (Prior 12 mos benefit adj & trended to current)	$34.87	$23.03	**$29.37**
Credibility Factor (Weight to current period)	99%	96%	
Weighted Avg. Incurred Claim Cost PEPM	$34.17	$24.12	**$29.50**
Annual Trend	3.5%	3.5%	**3.5%**
Midpoint Months	44	44	**44**
Midpoint Trend Factor	1.134	1.134	**1.134**
Projected Incurred Claims PEPM	$38.76	$27.36	**$33.47**
Projected Enrollment	18,639	16,148	**34,787**
Projection Period # of Months	12	12	**12**
Projected Incurred Claims Based on Experience (Current plan)	$8,669,372	$5,301,711	**$13,971,083**
Proposed Plan Design Changes	$0	$0	**$0**
Total Projected Claim Expenses	$8,669,372	$5,301,711	**$13,971,083**

The above projection is an estimate of future cost and is based on information available to The Segal Company at the time the projection was made. The Segal Company has not audited the information provided. A projection is not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, change in demographics, overall inflation rates and claims volatility. Projection of retiree costs takes into account only the dollar value of providing benefits for current retirees during the period referred to in the projection. It does not reflect the present value of any future retiree benefits for active, disabled, or terminated employees during a period other than that which is referred to in the projection, nor does it reflect any anticipated increase in the number of those eligible for retiree benefits, or any changes that may occur in the nature of benefits over time.

CY2017 – CY2020 Projection Summary

Medical/Rx Projection Summary

	Projected Employees	2017 PEPM	2017 Annual	2018 PEPM	2018 Annual	2019 PEPM	2019 Annual	2020 PEPM	2020 Annual
Medical 500	8,323	$1,471.14	$146,931,756	$1,566.78	$156,483,302	$1,668.61	$166,653,723	$1,777.06	$177,485,270
Medical 900	5,693	$929.29	$63,485,183	$989.69	$67,611,692	$1,054.02	$72,006,693	$1,122.53	$76,686,708
Medical 2000	1,878	$673.43	$15,176,320	$717.18	$16,162,281	$763.81	$17,213,193	$813.45	$18,331,862
Medical HDHP	638	$714.44	$5,469,742	$760.87	$5,825,256	$810.32	$6,203,844	$863.01	$6,607,231
Medical Med Supp	704	$187.80	$1,586,509	$199.07	$1,681,727	$211.01	$1,782,589	$223.66	$1,889,513
Total Medical	**17,236**	**$1,124.82**	**$232,649,511**	**$1,197.90**	**$247,764,259**	**$1,275.72**	**$263,860,042**	**$1,358.59**	**$281,000,584**
Total Rx	17,236	$271.43	$56,139,726	$295.84	$61,189,914	$322.48	$66,699,210	$351.51	$72,704,343
Total Medical/Rx	**17,236**	**$1,396.25**	**$288,789,237**	**$1,493.74**	**$308,954,173**	**$1,598.20**	**$330,559,252**	**$1,710.11**	**$353,704,927**
95% Confidence Level		$1,501.13	$310,482,311	$1,605.44	$332,056,601	$1,717.15	$355,162,509	$1,836.79	$379,906,429
99% Confidence Level		$1,547.82	$320,138,600	$1,655.16	$342,340,238	$1,770.10	$366,114,213	$1,893.18	$391,569,564

Dental Projection Summary

	Projected Employees	2017 PEPM	2017 Annual	2018 PEPM	2018 Annual	2019 PEPM	2019 Annual	2020 PEPM	2020 Annual
Preventive Dental	18,639	$34.96	$7,819,433	$36.18	$8,092,308	$37.45	$8,376,367	$38.76	$8,669,372
Optional Dental	16,148	$24.68	$4,782,392	$25.55	$4,950,977	$26.44	$5,123,437	$27.36	$5,301,711
Total Dental	**34,787**	**$30.19**	**$12,601,825**	**$31.25**	**$13,043,285**	**$32.34**	**$13,499,804**	**$33.47**	**$13,971,083**

Segal Consulting

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June 13, 2017

Mr. Ralph Hayes
Program Manager
Wyoming Department of Administration and Information
2001 Capitol Avenue
Cheyenne, WY 82002

Re: **Estimate of Health IBNR as of December 31, 2016**

Dear Ralph:

Segal Consulting has completed its evaluation of Health Reserves for the State of Wyoming's self-funded program. The reserve is calculated to estimate the outstanding liability for covered services received prior to January 1, 2017 and paid after December 31, 2016. Our estimate of incurred but not reported (IBNR) claims includes unreported claims, reported but unprocessed claims, and claims processed but unpaid by your administrator.

Our estimate does not include any amounts for accounts payable due to claims paid by the administrator prior to January 1, 2017 that had been recorded as paid on or before December 31, 2016 on the lag report produced by the claims administrator. Furthermore, if your financial statements split out actual amounts known to be paid after December 31, 2016 for services that were incurred prior to January 1, 2017 (that are not otherwise recorded as an account payable) from the unknown amounts, those known amounts should be subtracted from the estimated liability we have provided so that the total amount of known and unknown liability remains equal to our estimate. The total liability is shown numerically in the enclosed Exhibit I and graphically in Exhibits II and III. A description of our standard calculation methodology, which was employed for our Medical and Dental estimates, is also enclosed. Our Pharmacy estimate is based on the assumption that at most one invoice (or 1/52nd of annual claims) would potentially be due and unpaid by the State as of December 31, 2016.

Our Medical estimates rely upon claims paid through April 30, 2017, as furnished by Cigna Insurance. Our Dental estimates rely upon claims paid through April 30, 2017, as furnished by Delta Dental of Wyoming. Our Pharmacy estimate relies upon claims paid through December 31, 2016, as furnished by MedImpact. We did not audit this data and our review was limited to determining that it appears to be reasonable and acceptable for the projection of outstanding liabilities under the plan. We certify to the best of our knowledge, the data, methods, and assumptions used to develop the estimated liability for IBNR claims are reasonable and are calculated in accordance with generally accepted and consistently applied actuarial principles. Although our conclusions are based on assumptions and methods that are

reasonable for this purpose, actual experience can vary from our estimate, and this difference may be material. This estimate is intended to measure the State of Wyoming's liability for unpaid claims as of December 31, 2016 and it should not be relied upon for any other purpose.

I am a Fellow of the Conference of Consulting Actuaries, an Associate of the Society of Actuaries, and a Member of the American Academy of Actuaries. I meet the *Qualification Standards for Actuaries Issuing Statements of Opinion in the United States* promulgated by the American Academy of Actuaries and am qualified to render an opinion with regard to loss reserves, actuarial liabilities, and related items.

Sincerely,

Gary Petersen, FCA, ASA, MAAA
Vice President and Consulting Actuary

Enclosure

5481438v3/02252.001

EXHIBIT I

STATE OF WYOMING

Coverage	% of Prior 12 Months Paid Claims*	IBNR Reserve as of December 31, 2016	95% Confidence Level	99% Confidence Level	Change from December 31, 2015
Medical	13.0%	$28,415,000	$30,044,000	$30,556,000	0.7%
Dental	3.6%	$429,000	$436,000	$439,000	5.8%
Pharmacy	1.9%	$999,000	$999,000	$999,000	8.3%
Total IBNR	10.6%	$29,842,000	$31,479,000	$31,994,000	1.1%

* Percentages displayed reflect unrounded IBNR estimate as a percentage of claims paid during the twelve months ending December 31, 2016, as provided in claim lag reports.

Additional components that may be desired:

	IBNR Reserve as of December 31, 2016	95% Confidence Level	99% Confidence Level
Administration*	N/A	N/A	N/A
Margin on IBNR**	$746,000	$787,000	$800,000
Total IBNR with Administration and Margin	$30,588,000	$32,266,000	$32,794,000
Health Average Members (Subscribers, Spouses, and Children)	38,366	38,366	38,366
Average Total per Member	$797	$841	$855

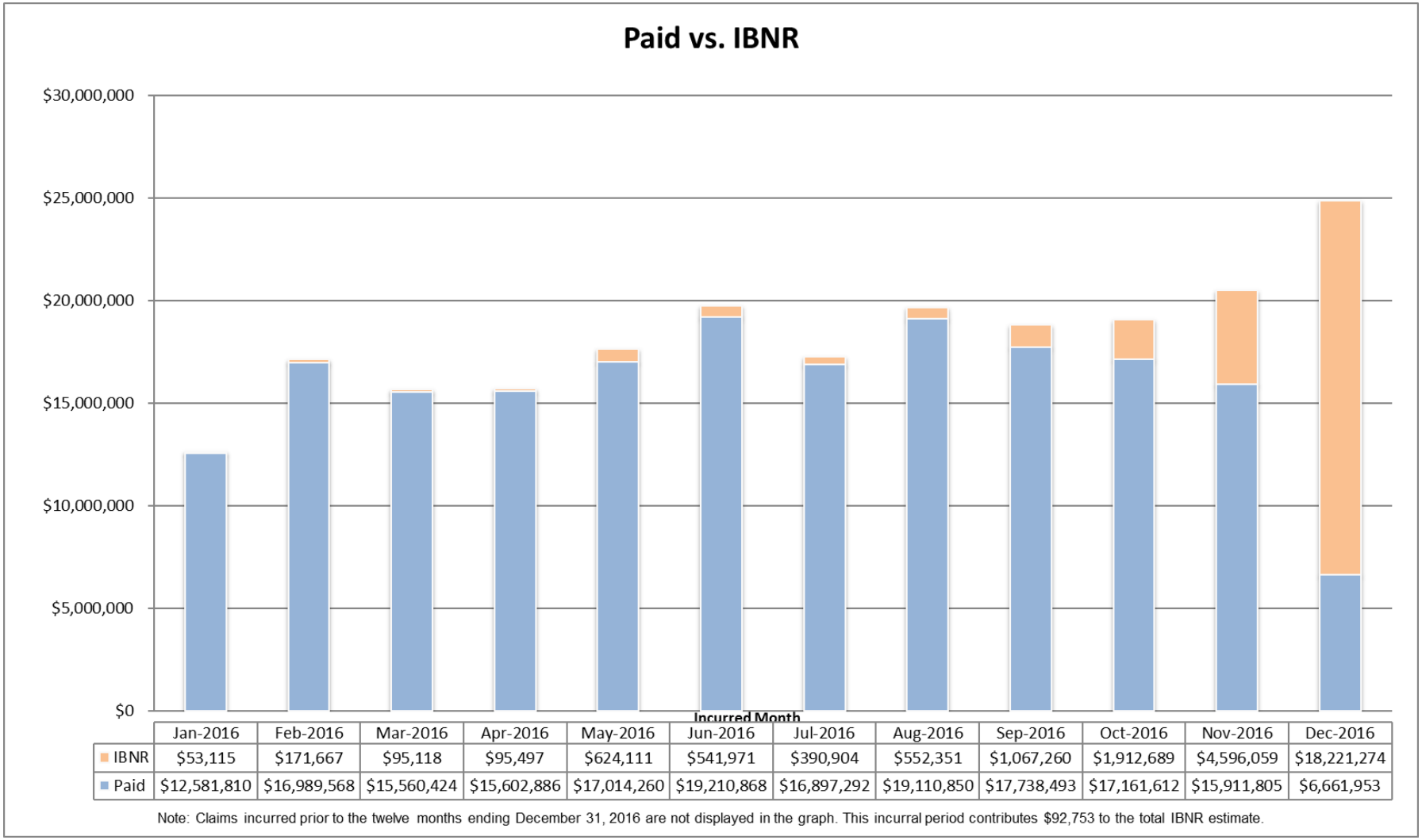
Coverage	Projected IBNR Reserve as of December 31, 2017***	Projected IBNR Reserve as of December 31, 2018***	Projected IBNR Reserve as of December 31, 2019***
Medical	$30,261,000	$32,227,000	$34,321,000
Dental	$444,000	$459,000	$475,000
Pharmacy	$1,089,000	$1,187,000	$1,293,000
Total IBNR	$31,794,000	$33,873,000	$36,089,000
Administration*	N/A	N/A	N/A
Margin**	$795,000	$847,000	$902,000
Total IBNR with Administration and Margin	$32,589,000	$34,720,000	$36,991,000

* Segal recommends an additional Administration reserve to allow for claims adjustment expenses associated with paying IBNR claims in the event of plan termination.

** 2.5% margin applied to Medical, Prescription Drug, and Dental IBNR.

***Assumes no significant change in membership.

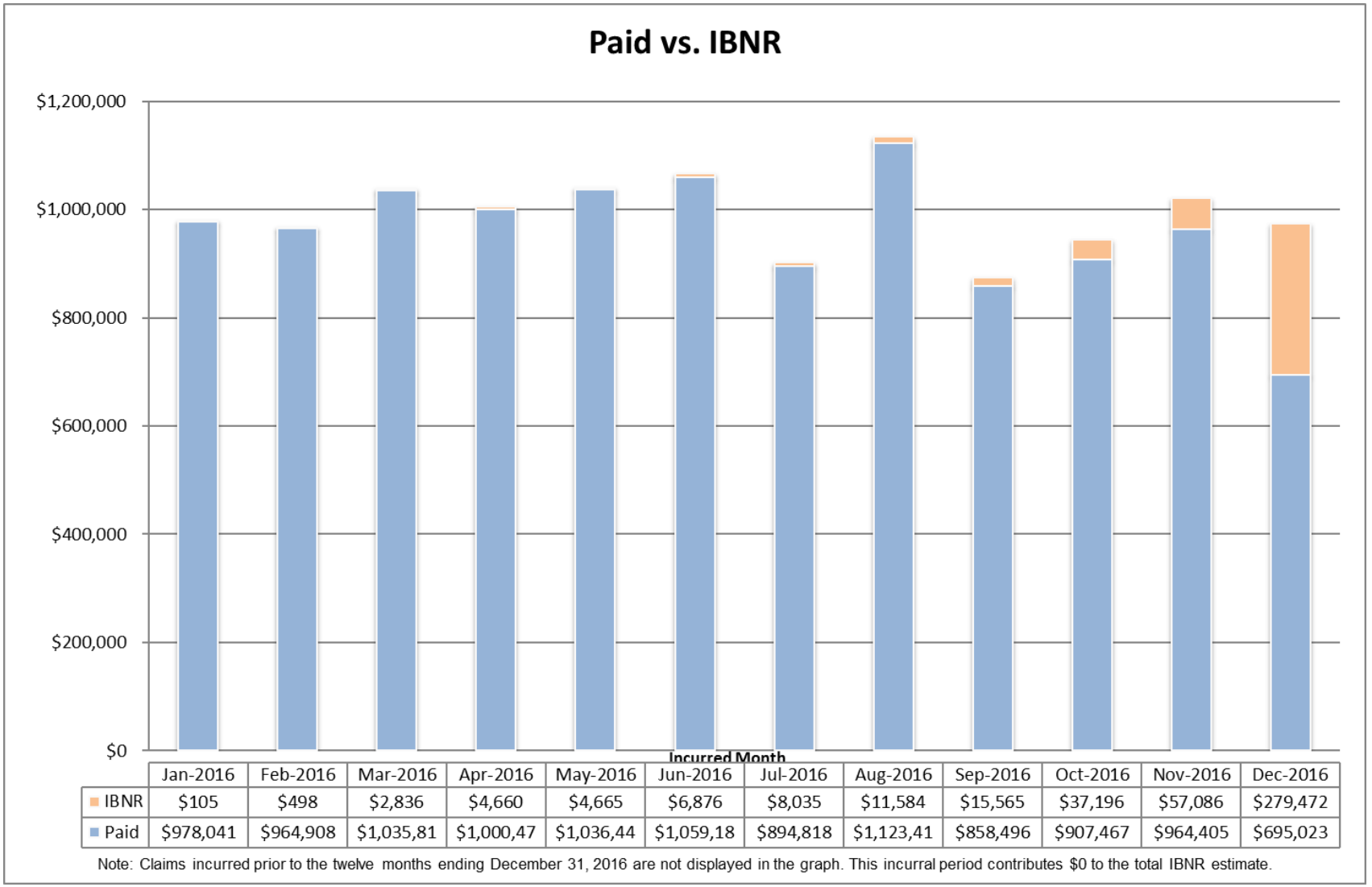
EXHIBIT II
STATE OF WYOMING MEDICAL



	Jan-2016	Feb-2016	Mar-2016	Apr-2016	May-2016	Jun-2016	Jul-2016	Aug-2016	Sep-2016	Oct-2016	Nov-2016	Dec-2016
IBNR	$53,115	$171,667	$95,118	$95,497	$624,111	$541,971	$390,904	$552,351	$1,067,260	$1,912,689	$4,596,059	$18,221,274
Paid	$12,581,810	$16,989,568	$15,560,424	$15,602,886	$17,014,260	$19,210,868	$16,897,292	$19,110,850	$17,738,493	$17,161,612	$15,911,805	$6,661,953

Note: Claims incurred prior to the twelve months ending December 31, 2016 are not displayed in the graph. This incurral period contributes $92,753 to the total IBNR estimate.

EXHIBIT III
STATE OF WYOMING DENTAL



	Jan-2016	Feb-2016	Mar-2016	Apr-2016	May-2016	Jun-2016	Jul-2016	Aug-2016	Sep-2016	Oct-2016	Nov-2016	Dec-2016
IBNR	$105	$498	$2,836	$4,660	$4,665	$6,876	$8,035	$11,584	$15,565	$37,196	$57,086	$279,472
Paid	$978,041	$964,908	$1,035,81	$1,000,47	$1,036,44	$1,059,18	$894,818	$1,123,41	$858,496	$907,467	$964,405	$695,023

Note: Claims incurred prior to the twelve months ending December 31, 2016 are not displayed in the graph. This incurral period contributes $0 to the total IBNR estimate.

The Segal IBNR Reserve Model

Segal calculates IBNR reserves from prior histories of claim payments by blending completion factors from the Reserve Factor Development Method, with incurred claims developed by the Projection Method.

The Reserve Factor Development Method assumes that the historical runoff patterns remain stable over time. To the extent Segal possesses knowledge of administrative and other issues that may affect the accuracy of this assumption; the Model allows modification of the Completion Factors in accordance with actuarial judgment of the impact of such environmental factors on future runoff patterns. Such environmental factors include changes in claims payment cycles or electronic claim submission rates, plan design, changes in insurance carriers, large dollar shock claims, emerging claim trends and other factors.

The Segal IBNR model utilizes detailed monthly claims data that shows the amount of monthly claim dollars paid in each month of the reserve determination period relative to the month services were incurred. We project total Incurred Claims by month and then subtract known Paid Claim runoff by incurred month to calculate the completion factors for the estimated IBNR reserves. This method results in highly accurate estimates of IBNR reserves in large stable environments.

Calculation Scheme

Segal blends two very different calculation methods to project monthly incurred claims:

1. *Claims Lag Estimate* - The first method estimates incurred claims by projecting the monthly payments for each future paid month for each incurred month. The method used is to estimate, from the claims data, the ratio of claims paid through each duration to claims paid through the prior duration. For example, for the duration 5 ratio, the result would be the assumed ratio of claims paid through duration 5 divided by claims paid through duration 4. We multiply the relevant average of these durational ratios by the actual claims paid to date in each incurred month to forecast the claims paid in the next month. We accumulate the claims estimated in this manner as the basis to estimate the next successive month's paid claims, etc.

2. *Claims Projection Estimate* - The Claim Lag Estimate method is not very accurate for the most recent incurred months, when very little or no actual claims have been paid to date. Therefore, we use a projection method instead. In this calculation, the incurred claims estimates for prior months that result from the Claims Lag Estimate for the designated period are projected based on trend calculated from the midpoint of the designated period to each incurred month to be estimated using the Claims Projection method. We perform this calculation on a per enrollment basis. We typically recommend the use of the claim projection method for 3 months on medical claims. The number of months used in the projection may be increased or decreased depending on the availability of actual runoff data, the typical lag pattern of the type of benefit being projected (e.g. medical, dental, vision, etc.), and an analysis of the statistical deviation of the underlying lag patterns.

Self-Funded Reserve Comparison
State Employee Benefit Plans

State	Reserves %	Reserve Months
Massachusetts - Group Insurance Commission - Andrew Stern *	0%	0.0
State of Wyoming	**1%**	**0.1**
Nebraska (May 2019 Fiscal Report) R J Borer	13%	1.5
South Carolina (2018 Audited Financial Statements SCPEBA)	13%	1.5
Colorado (Segal)	13%	1.5
South Dakota - Scott Bollinger	13%	1.5
Missouri (2018 MCHCP Annual Report)	14%	1.6
Maryland (2017 Annual Personnel Report)	17%	1.6
Utah - Human Resource Management - Debra Valentine	17%	2.0
Indiana - Personnel Department - Chrity Tittle	17%	2.0
Arizona (2017 Health Trust Fund Summary Report)	20%	2.5
Florida - State Group Insurance - Ryan Stokes Director	22%	2.6
Alaska (2018 Fund Financial Statement) - Emily Ricci	22%	2.7
Vermont - Clarke Collins	23%	2.8
Pennsylvania - Michael Newsome - Governor's Office of Admin.	25%	3.0
Delaware (2018 Health Fund Statement) Leighann N. Hinkle	36%	4.4
Oklahoma (2017 Comprehensive Annual Financial Report)	37%	4.5
Nevada (2018 Chief Financial Officer Report)	40%	4.8
Alabama (2018 Annual Report) Sally Coreley	42%	5.0
Texas (GBP Health Plan Financial Status Report 2018)	45%	5.4
Tennessee (2017 State Group Annual Report)	48%	5.7
Virginia - Human Resource Management - Rue Collins White	50%	6.0

* General fund at risk if funding is insufficient - Employees & other participating entities held harmless in case of shortfall during plan year

MATTHEW H. MEAD
GOVERNOR

THE STATE OF WYOMING

2323 Carey Avenue
CHEYENNE, WY 82002

Office of the Governor

September 27, 2018

The Honorable Eli Bebout
President
Wyoming State Senate
P.O. Box 112
Riverton, WY 82501

The Honorable Steve Harshman
Speaker of the House
Wyoming House of Representatives
4286 Moonbeam Road
Casper, WY 82604

The Honorable Bruce Burns
Joint Appropriations Committee Chairman
Wyoming State Senate
P.O. Box 6027
Sheridan, WY 82801

The Honorable Bob Nicholas
Joint Appropriations Committee Chairman
Wyoming House of Representatives
6225 Mountainview Drive
Cheyenne, WY 82009

Dear President Bebout, Speaker Harshman, Chairman Burns, Chairman Nicholas,

Every year, the Executive Branch and the Legislature are challenged to determine appropriate insurance rates and reserve balances. If rates are too high, employees and the state pay more than necessary to the detriment of personal and state budgets. Rate holidays are implemented to avoid federal penalties. If rates are too low, Employee Group Insurance (EGI) may not be able to meet obligations of the state. Health care costs and insurance are hard to predict and rates are by necessity always based on projections. EGI does a remarkable job, but given the nature of projections, the estimates are not exact. The nature of projections are important to reflect on as you move into the session.

Employees' Group Insurance rates increased 11.1% in December, 2017. As we reach the second year of the biennium, concern has been raised that the current rates, including that 11.1% prior year increase, will not be sufficient to cover realized claims in the 2019 calendar year. A significant rate increase that in part rebuilds agency reserve account seems premature, given the contingency provisions and the burden on employees who have had stagnant wages along with increasing retirement and insurance costs.

While I understand the concern, I believe you provided flexibility through the insurance reserve balance which currently sits at approximately $31 million. Additionally, there is $12 million available in S.L. 2018 Ch. 134, Section 303(g). If realized monthly claims exceed premium revenue, these accounts provide a safety net. There is also the $26.2 million emergency loan provision established by S.L. 2018 Ch. 134, Section 309 (b) to cover unanticipated spikes in

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claims during the 2019/2020 biennium. This further backstops against potential funding shortfalls.

Given the lack of extensive claims experience since the increase that took place just nine months ago, I recommend against a further increase at this time. The language in Sections 303 and 309 could easily be modified in the supplemental budget bill to ensure continuity of funding, while avoiding burdening our employees with additional premium increases. In the event that realized claims exceed the levels provided by the three provisions for cashflow continuity, an open enrollment period can be noticed and provided with a month or two of lead time, and rates adjusted accordingly.

I believe this is a situation that can be better evaluated when last year's increase has been in place for longer than nine months. If the situation changes and an increase is needed in the interim, the Legislature has put appropriate safeguards in place.

Sincerely,

Matthew H. Mead
Governor

MHM:dp

cc: Dean Fausset, Director, Department of Administration and Information
Don Richards, Budget/Fiscal Administrator, Wyoming Legislative Service Office
Ralph Hayes, Program Manager, Department of Administration and Information

State of Wyoming Discussion Outline: Health Care Benefit Funding Strategy

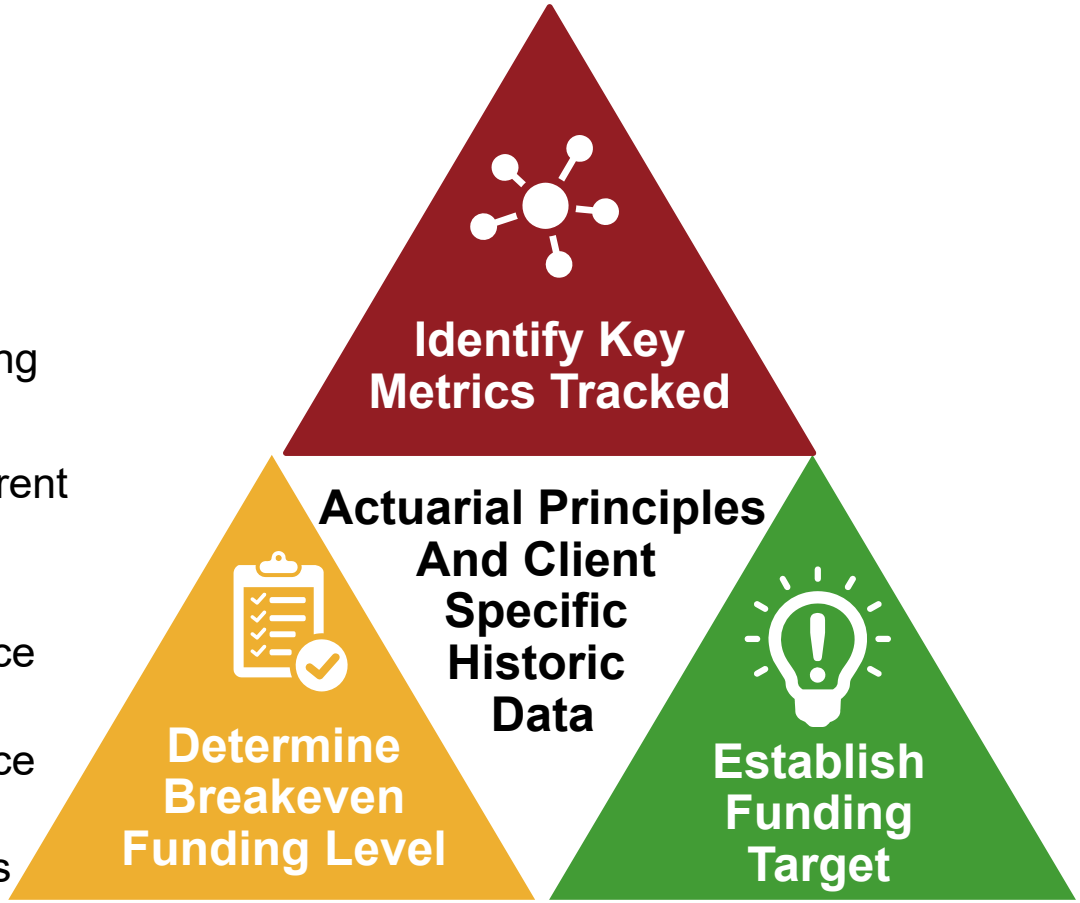
July 26, 2017

Prepared by: Gary Petersen, FCA, ASA, MAAA

Segal Consulting

Establishing Guiding Principles for Self-Funded Employer Health Plan Funding Strategy

- Review Actuarial Principles and Client Specific Historic Data
- Identify Best Practices: Key Metrics Tracked
  - Cash versus Accrual Fund Balances?
  - Projected FYE IBNR
  - Contingency Reserves
  - Borrowing Authority
  - Stop Loss Coverage
- Actuarial Projection of Breakeven Funding Level
- Balancing Fiscal Responsibility with Current and Future Economic Climate
  - State Funding Survey
  - Is There an Agreed Upon Fund Balance Floor?
  - Is There an Agreed Upon Fund Balance Ceiling?
  - Premium vs Cost Sharing Adjustments



Data Based Decision Making is Critical to a Stable Funding Strategy

Actuarial Principles and Definitions

Health Care Trend

- Assumed rate of increase in per member per month health care claims (excluding impact of plan design changes)

Explicit Margin

- Cushion added to projected health care costs to cover unexpected claim variations

Implicit Margin

- Cushion included in Health Care Trend Rates or Underwriting Methodology to mitigate risk of actual experience exceeding projections of expected costs

Projected FYE IBNR

- A reserve estimate of Claims Incurred But Not Paid at Fiscal Year End (e.g. 12/31/18)

Contingency Reserves

- Typically these are specifically identifiable reserve assets available to:
  - fund unexpected high claims volume(Claims Fluctuation Reserve), or
  - to mitigate a rate increase in the year following a claim spike in order to buy time to determine if the underlying claim curve has moved significantly higher on a per member per month basis (Premium Stabilization Reserve)

Segal's Final Calendar Year 2018 Projections for WY

	Medical	Rx	Dental
Health Care Trend	6.5% Actives; 6.0% Medicare Supplement	9.0%	3.5%
Explicit Margin	None	None	None
Typical Implicit Margin	0% to 2%	0% to 2%	0% to 1%
Projected FYE IBNR	11.7% of Projected Incurred Claims	1.9% of Projected Incurred Claims	3.8% of Projected Incurred Claims
Contingency Reserves	Not Used for Claim Projection Purposes		

Note: Segal Projected Combined Incurred Claims for 2018 of $322 million
Note: 2% of expected incurred claims (typical maximum Implicit Margin) for 2018 is $6.4 million

IBNR History

Medical	Known Runout Thru April 2017	Estimated Outstanding IBNR	Total IBNR Estimate	Prior 12 Months Paid Claims	IBNR % of Prior 12 Months Claims
Dec-2012	$ 21,456,382	$ -	$ 21,456,382	$ 174,736,130	12.3%
Dec-2013	$ 29,175,650	$ -	$ 29,175,650	$ 181,968,542	16.0%
Dec-2014	$ 21,666,327	$ 3,023	$ 21,669,350	$ 204,904,189	10.6%
Dec-2015	$ 28,458,928	$ 85,436	$ 28,544,364	$ 196,154,565	14.6%
Dec-2016	$ 25,448,263	$ 2,966,737	$ 28,415,000	$ 218,888,433	13.0%
5 Year Average			$ 25,852,149		13.3%

Dental	Known Runout Thru April 2017	Estimated Outstanding IBNR	Total IBNR Estimate	Prior 12 Months Paid Claims	IBNR % of Prior 12 Months Claims
Dec-2012	$ 301,993	$ -	$ 301,993	Unkown	Unkown
Dec-2013	$ 304,260	$ -	$ 304,260	$ 10,754,279	2.8%
Dec-2014	$ 331,520	$ -	$ 331,520	$ 11,228,220	3.0%
Dec-2015	$ 409,401	$ -	$ 409,401	$ 11,464,809	3.6%
Dec-2016	$ 402,341	$ 26,236	$ 428,577	$ 11,927,893	3.6%
5 Year Average			$ 355,150		3.2%

Rx	Total IBNR Estimate	Prior 12 Months Paid Claims	IBNR % of Prior 12 Months Claims
Dec-2012	$ 649,343	$ 33,765,828	1.9%
Dec-2013	$ 728,972	$ 37,906,525	1.9%
Dec-2014	$ 817,195	$ 42,494,160	1.9%
Dec-2015	$ 922,466	$ 47,968,209	1.9%
Dec-2016	$ 998,760	$ 51,935,544	1.9%

Note: Rx is estimated as 1 week of prior 12 months paid claims

High Water Mark - 2013 Combined: $30,210,000 (13.1% of Prior 12 months Paid Claims)

Actual vs Projected Trend

Medical	Paid Claims March thru February	Members January thru December	Est. Incurred PMPM	Unadjusted Trend	4 year average trend
2012	$ 178,031,895	436,226	$ 408.12		
2013	$ 187,185,652	442,409	$ 423.11	3.7%	
2014	$ 200,016,853	446,843	$ 447.62	5.8%	
2015	$ 199,174,182	454,037	$ 438.67	-2.0%	
2016	$ 222,946,999	458,677	$ 486.07	10.8%	4.5%
Mar/Apr 2017	$ 35,310,607	76,702	$ 460.36	-5.3%	Not Credible
Note: Most recent projection assumed 6.5% Medical Trend for actives, 6.0% for Medicare Supplement					
Rx	Paid Claims January thru December	Members January thru December	Est. Incurred PMPM	Unadjusted Trend	4 year average trend
2012	$ 33,765,828	435,317	$ 77.57		
2013	$ 37,906,525	441,508	$ 85.86	10.7%	
2014	$ 42,494,160	448,259	$ 94.80	10.4%	
2015	$ 47,968,209	451,356	$ 106.28	12.1%	
2016	$ 51,935,544	459,870	$ 112.94	6.3%	9.8%
Jan/Apr 2017	$ 18,059,745	152,737	$ 118.24	4.7%	Not Credible
Note: Most recent projection assumed 9.0% Rx Trend					
Note: Retirees were moved to an EGWP January 1, 2014					
Combined Medical/Rx			Est. Incurred PMPM	Unadjusted Trend	4 year average trend
2012			$ 485.68		
2013			$ 508.96	4.8%	
2014			$ 542.42	6.6%	
2015			$ 544.95	0.5%	
2016			$ 599.00	9.9%	5.4%
2017 YTD thru Apr			$ 578.60	-3.4%	Not Credible
Note: Weighted Average trend in most recent projection was 6.4%					
Note: 3.5% of paid claims for 2016 = $9,478,839					
Note: 12.5% of paid claims for 2016 = $33,852,997.12					

Actual Combined Trend For 2016 Exceeded Assumptions by 3.5%

3.5% of Projected Incurred Claims for 2018 is $10.8 million

Best Practices

Cash versus Accrual Fund Balance?

- Reasonable differences of opinion between auditors and other professionals often occur on the best approach
- Based on discussions between the author of this report and Segal's chief health care actuary, and the rationale documented below, we recommend measuring funding status based on the accrual accounting adjustments for known events noted below as the preferred approach
  - subtracting known claim invoices not yet paid from cash fund balances (actuarial estimates of IBNR do not include accounting for these amounts as the carrier reports typically treat them as paid prior to the end of the month at which the estimate is performed)
  - subtracting prepaid premium from cash fund balances (as the fund balance calculation does not include projected claims incurred for the month for which the premium is collected)
  - Measurement against funding targets is more transparent under an accrual accounting basis which recognizes known events, resulting in better alignment of disclosed revenues with expenses in the year in which they are related, and fewer potential misunderstandings of the underlying funding position of the program
  - We would not recommend adjusting fund balance for unknown events (i.e. the change in our IBNR estimate year over year)
  - Funding Targets can be reasonably established at a lower level if the metric used for comparison is on an accrual basis as outlined above

Establishing Target Funding Balance

- Reasonable differences of opinion between auditors and other professionals often occur on the best approach
  - Segal believes that the State's auditors and Financial Rating advisors should have a seat at the table in any discussion of Target Fund Balance considerations
    - Are there differences in how they view funded vs unfunded IBNR estimates?
    - Do they have other concerns to consider?
  - Segal's preferred approach in response to the State of Wyoming based on discussions between the author of this report and Segal's chief health care actuary is documented on the pages that follow

Best Practices Continued

- Funding Projected FYE IBNR is typically used as a preferred standard
  - Reduces likelihood that funds from a subsequent fiscal year will be needed to pay claims incurred in the current fiscal year, better matching revenue with expense patterns
  - Mitigates potential audit concern
  - Of 19 States surveyed, only Illinois has a Fund Balance significantly less than IBNR at Fiscal Year End (Illinois is approximately 1 year behind in paying health care provider invoices)
- Contingency Reserve Targets vary widely from employer to employer due to case specific considerations
  - Availability of Borrowing Authority for emergency funding
  - Ability and willingness to seek emergency spending authority and other sources of funds from the Legislature and Governor to cover severe claim fluctuations (to avoid situation where health care provider bills are not payable on a timely basis)
  - Level of Stop Loss coverage maintained, if any
  - State statutory requirements, if any

Best Practices Continued

Borrowing Authority

- The State of Wyoming EGI is in an enviable position of having pre-approved borrowing authority of approximately $24.9 million to use for emergency funding. However, using such authority to cover reasonably expected expenses would result in a reduction in the fund from which it comes and in discussions with Russel Noel, Joyce Hefenieder and Rory Horsley was considered undesirable. It was stated the desired purpose of this authority is to make funds available to cover truly unexpected claims expenses so that it was not necessary to build and hold significant Contingency Reserves or purchase Stop Loss coverage.
- Segal is not privy to any repayment considerations at the time of this study

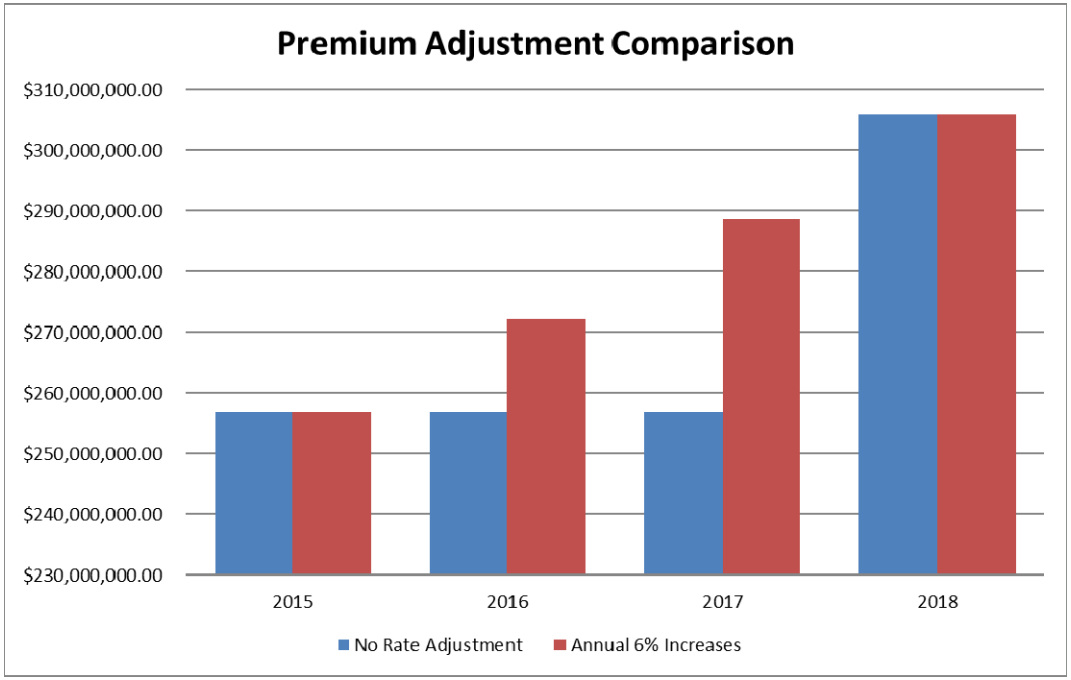
Stop Loss Coverage

- The State does not currently maintain Stop Loss Coverage to smooth out the impact of large claims
- Typical target loss ratio's for Stop Loss Coverage range from 60% to 70%, resulting in an expected profit to the Stop Loss carrier in the majority of coverage years.
- $1 million+ claims have become rather routine for large clients and $2 million claims are not uncommon, on the far end of the spectrum $6 million claims have been recorded
- Due to the availability of the unique Borrowing Authority noted above, we believe the decision to go without stop loss coverage is a sound economic decision in the long run

Compounded Value of Rate Increase

- Rate Actions over last several years have significantly decreased the funding cushion for the State of Wyoming resulting in a need to play catch up on rate increases in order to achieve breakeven going forward with trend based increases in years subsequent to 2018 (assumed 6.4% blended trend for Medical/Rx in most recent projection)

  - 2016 0.0%
  - 2017 0.0%
  - 2018 breakeven 19.0%
  - Blended Average: 6.0%



Actuarial Projection of Breakeven Medical/Rx Funding Level

- Breakeven is defined as balancing the expected incurred revenue to the expected incurred expenses, so that no reduction in projected year end fund balance occurs
- Breakeven projections may include recognition of Interest and Investment Income and Pharmacy Rebates as a source of revenue (technique currently used by Ralph Hayes) in order to reduce otherwise needed rate increases
- Based on Ralph Hayes projection of Non-Claim Expenses, Interest Income, Pharmacy Rebates, and Segal's final projection of Claim Expenses, we calculate a 19.0% rate increase necessary to achieve breakeven funding for 2018 (with no expected contribution to existing reserves)
  - Note: Current fund balance on an accrual basis as of 6/30/2017 is $13,462,000 which is well below our estimates of IBNR as of 12/31/2017 of $32,589,000 and 12/31/2018 of $34,720,000
- The opportunity for a 6% increase for 2018 was raised in our meeting with State staff. The end result based on reasonable actuarial assumptions would be a $33,506,000 loss for 2018 and would put the state at risk of requiring emergency borrowing or supplemental funding to meet current invoices in late 2018 or early 2019

Consider a Balanced Increase Option

- In lieu of implementing an increase in accordance with the Base Breakeven projection for 2018, consider building up to the Breakeven over a period of 4 years
  - Does not include any margin to regenerate positive cash flows into fund balance
  - Fund Balance will decline significantly over initial years of Balanced Increase Option and will regenerate to approximate level of current balance by end of 4th year (ignores loss of investment income)

	Alternative #1		Alternative #2	
	Annual Medical/Rx Premium	Annual Increase	Annual Medical/Rx Premium	Annual Increase
2017	$ 256,814,000		$ 256,814,000	
2018	$ 305,609,000	19.0%	$ 285,320,000	11.1%
2019	$ 325,168,000	6.4%	$ 316,991,000	11.1%
2020	$ 345,979,000	6.4%	$ 352,177,000	11.1%
2021	$ 368,122,000	6.4%	$ 391,269,000	11.1%
Cumulative Premium	$ 1,601,692,000		$ 1,602,571,000	

Survey Says…

- Segal surveyed 19 states on their current policy/funding levels plus a proposed policy under review for 1 additional state. The state by state results are included in a separate study table available as a supplement to this presentation

- The Survey Data (20 States) can be summarized as follows:
  - 14 States whose policy is expected to result in a fund balance (IBNR and/or Contingency Reserves) of 12.5% of projected claims or greater (the 2015 policy established by the State of Wyoming)
    - Alaska, Alabama, Arizona, Colorado, Delaware, Hawaii, Kansas, Mississippi, Nebraska, New Hampshire, Virginia, West Virginia, Wisconsin, Wyoming
  - 5 States whose policy (or actual fund balance if no policy is in place) is expected to result in a target fund balance (IBNR and/or Contingency Reserves) of between 9% and 12.5% of projected claims
    - Connecticut, Kentucky, Maryland, North Carolina, Tennessee
  - Illinois is in arrears on payment of invoices

Establishing a Fund Balance Floor for IBNR and Contingency Reserves (and Medical/Rx Rate Increase Recommendations)

- Assuming Supplemental Funding continues to be available in time of emergency, our preferred approach is for the State of Wyoming establish a target floor for Fund Balance on an Accrual Accounting Basis as a key parameter in the biennial budgeting and plan management process

- Segal recommends consideration of a Year End Target Fund Balance Floor of 9% of expected Medical/Rx claims (currently $27,806,000 for 2018, $29,750,000 for 2019)
  - Projected Fiscal Year Target Fund Balances can be achieved over a period of years by a combination of rate increases and/or benefit changes necessary to achieve Breakeven Funding (X%) plus a Contribution towards IBNR and/or Contingency Reserves (Y%), i.e. Adopted Rate Increase equals X%+Y%
    - Absent significant plan design changes, for 2018 we recommend X% be set as close to the projected 19% Breakeven point as feasibly possible (or 11.1% if the Alternative #2 four year level funding option is selected)
      - *Y% could be set to 0% for 2018 in recognition of the States' Borrowing Authority and significant catch up contributions necessary to reset premiums to a breakeven basis*
    - Absent plan design changes, for 2019 we recommend X% be set as close to a projected trend increase of 6.4% plus any compounded shortfall in contribution increases for 2018 (i.e. 19% less actual increase adopted), and Y% be at least 1% to 3.5% to regenerate positive cash flows into fund balance
      - *3.5% Contribution towards IBNR and/or Contingency Reserves was chosen based on recognition that actual trend in 2016 was 9.9% versus our current assumptions of 6.4% moving forward*

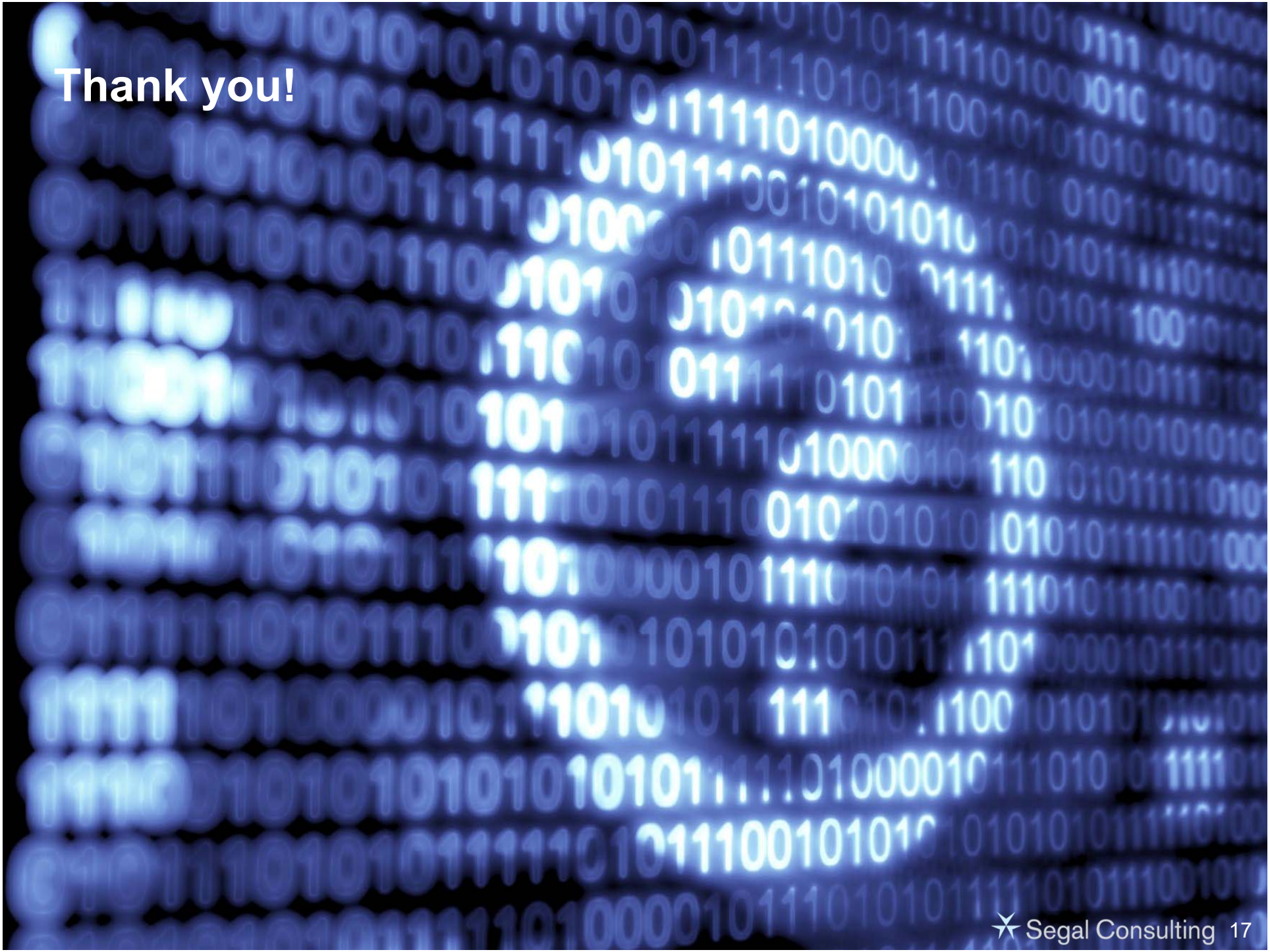
Establishing a Fund Balance Ceiling

- While recognizing that it may be many years before the Projected Year End Target Fund Balance Floor is achieved, Segal recommends consideration of a Maximum Target Fund Balance of 12.5% of projected claims in the future (correlates closely with average IBNR % estimates which vary year to year)
- This recommendation is based on the assumption that in an emergency situation, the State has access to funds that the EGI Fund could borrow against, or other sources of supplemental funding. While available it is assumed such funds would be reserved for truly unexpected emergencies
- Adopting a Fund Balance Ceiling and Floor facilitates a disciplined rate setting approach going forward
- Establishing a Fund Balance Ceiling will provide assurance that the State is not unnecessarily accumulating funds that it is not likely to need in the immediate future, and avoid significant concerns regarding federal funding
- Adjustments to Fund Balance to reduce Balances if necessary include: Benefit Enhancements and Rate Reductions (neither is recommended except in extreme circumstances) and Premium Holidays (while administratively challenging, premium holidays represent a “best practice” for reducing unnecessary fund balances)

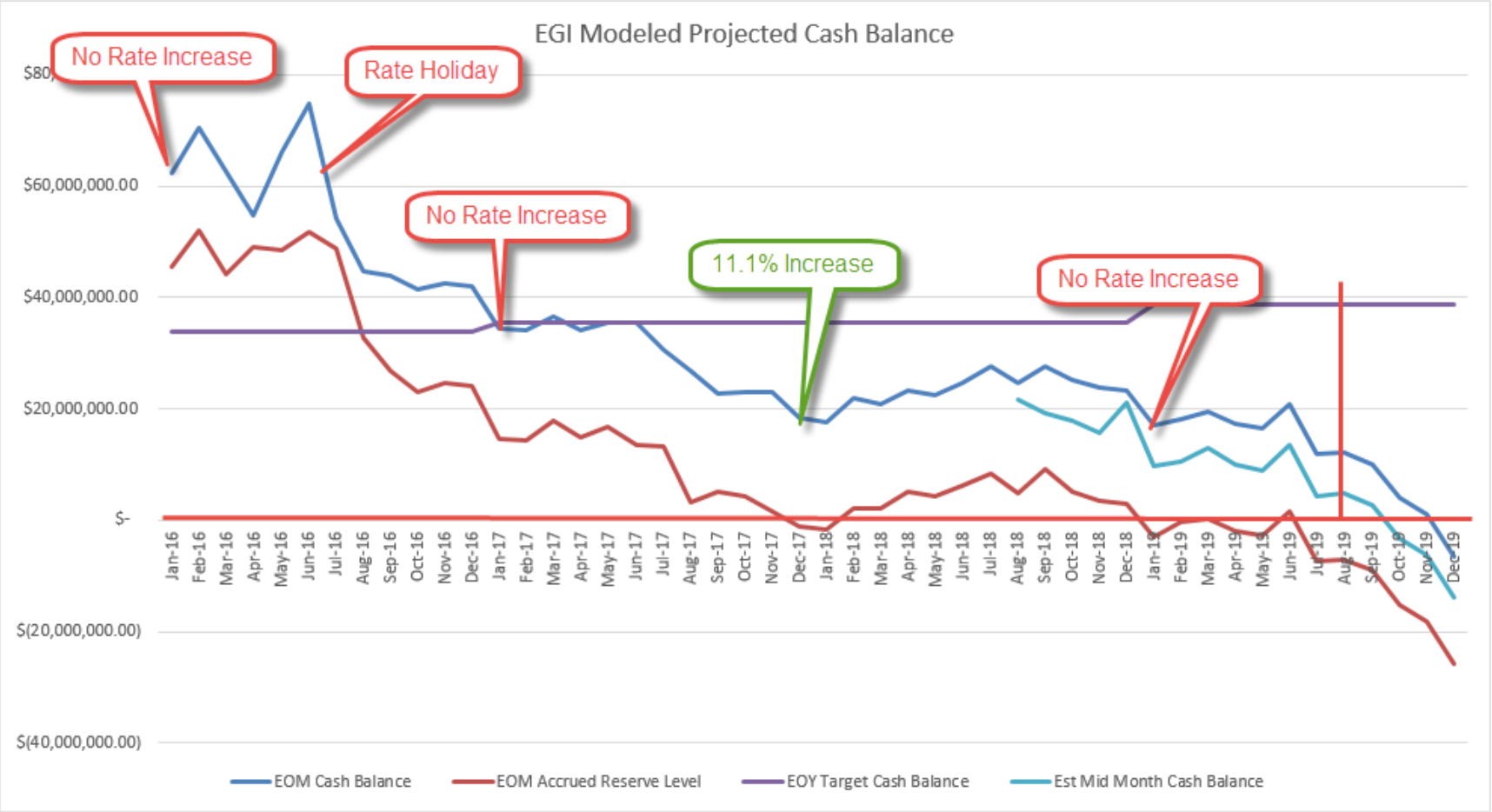
Premium vs Cost Sharing

- Our understanding from previous discussions with State staff is that increases to member cost sharing at the time of treatment are considered less desirable than premium increases in the current environment
- Given the size of catch up contributions necessary to meet the recommended Fund Balance corridor, we believe it is prudent to reconsider increases in patient cost sharing either now or in the future
- Other considerations to investigate include improvements in vendor contracts, medical network efficiency, medical delivery and prescription management initiatives, and data mining to determine where money may be wasted within the system
- Our most recent State Benefit study is available as a supplement to this report

Thank you!



EGI Cash Balance History



EGI End of Month Cash Levels 2019

Month 2019	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19
524 Health Insurance	($3,740,696.83)	$631,373.43	$2,301,137.38	$961,315.44	($3,308,333.88)	$2,235,969.76	$285,243.55	($188,169.71)
525 Administration/Reservce	*$19,711,689.12*	*$16,413,102.54*	*$17,010,245.62*	*$17,548,829.10*	*$18,203,305.49*	*$15,503,560.70*	*$15,816,757.61*	*$16,383,869.12*
564 Dental	$1,122,169.04	$1,019,854.66	$983,573.79	$959,537.14	$826,424.86	$720,362.67	$681,513.74	$668,682.46
Total Cash Balance	**$17,093,161.33**	**$18,064,330.63**	**$20,294,956.79**	**$19,469,681.68**	**$15,721,396.47**	**$18,459,893.13**	**$16,783,514.90**	**$16,864,381.87**
Deposit Adjustments for future month	($12,806,391.55)	($12,901,663.91)	($12,879,101.88)	($12,877,487.60)	($12,859,948.47)	($13,369,271.60)	($12,746,052.83)	($12,742,005.23)
Total Cash Balance without early premiums	**$4,286,769.78**	**$5,162,666.72**	**$7,415,854.91**	**$6,592,194.08**	**$2,861,448.00**	**$5,090,621.53**	**$4,037,462.07**	**$4,122,376.64**
Outstanding Health* (Previous Month)	($4,888,185.51)	($3,191,930.72)	($3,737,731.31)	($4,717,484.95)	($3,216,465.05)	($3,396,204.79)	($4,174,675.39)	($9,133,422.73)
Outstanding Pharmacy* (Previous Month)	($1,168,455.00)	($1,238,877.45)	($1,173,700.03)	($1,236,528.64)	($1,090,757.91)	($955,176.23)	($1,128,023.79)	($1,147,973.06)
Outstanding Dental** (Previous Month)	($1,173,951.18)	($1,119,334.08)	($1,099,700.13)	($1,205,826.13)	($1,208,205.38)	($1,084,101.96)	($1,071,325.43)	($1,250,144.40)
Total Adjustments	**($7,230,591.69)**	**($5,550,142.25)**	**($6,011,131.47)**	**($7,159,839.72)**	**($5,515,428.34)**	**($5,435,482.98)**	**($6,374,024.61)**	**($11,531,540.19)**
Net Reserves	**($2,943,821.91)**	**($387,475.53)**	**$1,404,723.44**	**($567,645.64)**	**($2,653,980.34)**	**($344,861.45)**	**($2,336,562.54)**	**($7,409,163.55)**

Balance Sheet

Employees' Group Insurance

Balance Sheet Funds 524, 525, & 564

		April 30, 2019		Estimated December 31, 2019
Assets				
Fund 524 - Health Insurance	$	961,315.44		
Fund 525 - Administration/Reserves	$	17,548,829.10		
Fund 564 - Dental	$	959,537.14		
Cash Balance	$	19,469,681.68	$	(4,520,591.44)
Liabilities				
Current Liabilities				
Outstanding Health (Previous Month)	$	4,717,484.95	$	3,943,394.85
Outstanding Pharmacy (Previous Month)	$	1,236,528.64	$	1,092,158.69
Outstanding Dental (Previous Month)	$	1,205,826.13	$	1,141,320.04
Unearned Premium (Deposit for future months)	$	12,877,487.60	$	13,437,044.82
Incurred but not reported claims	$	30,516,000.00		$33,326,000
Total Liabilities	$	50,553,327.32	$	52,939,918.41
Fund Equity	**$**	**(31,083,645.64)**	**$**	**(57,460,509.84)**

Reserve Projections Cash Basis

RESERVE PROJECTIONS CASH BASIS

Target - 1.5 Months of Paid Claims

JUNE 4, 2019

		2019		2020
Cash Balance A617 Dept 006 April 30, 2019				
Fund 524 - Health Insurance	$	961,315.44		
Fund 525 - Administration/Reserves	$	17,548,829.10		
Fund 564 - Dental	$	959,537.14		
Cash Balance	$	19,469,681.68	$	(4,520,591.44)
Months Left		8		
Estimated Additional Premium Income Health 2019	$	183,576,040.51		
Estimated Additional Premium Income Dental 2019	$	8,798,945.44		
Estimated Additional Other Income 2019	$	4,943,162.08		
Estimated Additional Interest Income 2019	$	384,799.01		
Estimated Additional Rebate Income 2019	$	3,092,884.90		
Total Estimated Additional Income	$	200,795,831.93		
Estimated Additional Admin Expenses	$	(1,183,131.67)		
Estimated Additional Admin Fees (Cigna/Delta)	$	(4,018,724.24)		
Estimated Additional Medical/Pharmacy Claims 2019	$	(213,078,347.24)		
Estimated Additional Dental Claims 2019	$	(9,094,893.48)		
Estimated Claims Adjustment (paid vs incurred (.8%))		$2,588,991.58		
Total Estimated Additional Expenses	$	(224,786,105.05)		
Expected gains/loss at current funding levels	***$***	***(23,990,273.12)***		***($64,415,340.16)***
Estimated cash balance level for January 1, 2020	**$**	**(4,520,591.44)**	**$**	**(68,935,931.60)**
Projected Monthly Medical Claims			$	27,612,964.58
Projected Monthly Dental Claims				$1,181,109.75
Total				$28,794,074.33
A&I Reserve Policy Level - 1 1/2 months of paid claims			**$**	**43,191,111.50**
Estimated Cash Balance to Target Variance January 1st 2020			**$**	**(47,711,702.94)**