

CURRENT FUNDING STATUS

Plan Balance Sheet

As of 12/31/22, the Plan had an estimated funding surplus of \$101.7 million.

BALANCE SHEET	
AS OF DATE:	12/31/2022
ASSETS	
Cash and Invested Assets	\$ 192,830,400
Accrued Interest	215,659
Total Cash, Invested Assets, and Accrued Interest	<u>\$ 193,046,059</u>
LIABILITIES	
Estimated Medical Claims IBNR (Incurred But Not Reported)	\$ 82,349,583
less Estimated Due Rebates on Medical Claim Drugs	(1,676,493)
less Estimated Accrued Rebates on Medical Claim Drugs	(2,000,000)
Estimated Accrued Hospital Provider Incentive Payments	2,000,000
Medical Claims Due on Out-of-State Blue Card Claims	6,697,938
Provision for Claims Settlement Expenses	8,000,000
Estimated Drug Claims IBNR (Net of Adjustments)	(581,236)
Drug Claims Paid by CVS Caremark But Not Yet Paid by the Plan	14,995,950
less Estimated Accrued Drug Pricing Penalty	(4,916,869)
less Estimated Rebates Receivable on Drug Card Claims	(33,194,693)
Accrued PCORI Fees for CY19 thru CY22	1,997,026
Premium Payable to Minnesota Life for Billed Life Claims & Expense Charges	1,561,787
Estimated Future Premium for Life Claims Pending, Incurred prior to CY20	231,733
Premium Contributions Received in Advance (less Arrears)	13,078,257
Due & Accrued Prior Period Expenses	
BCBS (Plan Administration)	1,543,530
Active Health	534,268
CVS Caremark	306,030
HDMS Decision Support System	20,153
KEPRO (Utilization Management)	379,325
Miscellaneous Expenses	12,262
Total Claim Liabilities and Due & Accrued Expenses	<u>\$ 91,338,550</u>
PLAN SURPLUS ⁽¹⁾	<u><u>\$ 101,707,509</u></u>
<p><i>(1) Plan Surplus, as shown above, does not take into account the liabilities of the State, as an employer, for other postemployment benefits ("OPEB"). According to the most recent valuation prepared by Cavanaugh Macdonald, the State's Total OPEB Liability associated with retiree benefits provided through the State and School Employees' Life and Health Insurance Plan was about \$494 million as of 6/30/22.</i></p>	

CURRENT FUNDING STATUS (Continued)

Claims Liability for Incurred but Not Reported Medical Claims

The evaluation of the claims liability for claims paid by Blue Cross/Blue Shield of Mississippi ("BCBS" or "BCBS of MS") was completed following an extensive review of claims lag reports that BCBS provided for claims paid through January 2023. In general, claims liability estimates for the current period were determined by applying historical claims lag statistics to incomplete claims. These lag statistics were developed using system reports that summarize claims paid each month by the month in which the claim was incurred. Based on that analysis, I have evaluated the regular health insurance claims liability as of 12/31/22 to be about \$82.3 million. About \$40.8 million of this was paid in January 2023, leaving an estimated \$41.5 million left to be paid after January 2023. The \$82.3 million liability represents about 1.54 months of estimated average medical claims (excluding drug claims) incurred in the last 6 months.

Rebates on Certain Drug Claims Paid by BCBS under the Medical Benefit

Through its own pharmacy benefit manager, BCBS receives rebates on certain drugs filed as medical claims by hospitals, physicians, and other outpatient providers. The rebates received by BCBS related to the claims on Plan members are paid by BCBS to the Plan. In January 2023, the Plan received \$1,676,493 in rebates related to medical drug claims incurred in CY21 and CY22. Including an estimate of about \$2.0 million for additional future rebates related to claims incurred in the 3rd and 4th quarter of CY22, the Plan held a receivable of \$3.7 million as of 12/31/22 for rebates related to medical drug claims.

Hospital Provider Quality Incentive Payment

The Plan participates in a program administered by the BCBS AHS network whereby participating hospital providers are eligible to receive additional payments if they meet certain quality measure benchmarks set by AHS. In May of 2022, the Plan paid \$1,995,546 in hospital incentive payments related to CY21 claims. AHS provided to the Plan a cost estimate for the program in CY22 of \$2.0 million related to CY22 incurred hospital claims, and this amount was accrued as of 12/31/2022.

Liability for Claims Paid by BCBS in December 2022 but Not Reimbursed until January 2023

In general, medical claims paid by BCBS of MS to in-state providers are immediately reflected by the Plan as paid claims because those claims are paid by BCBS of MS from the Plan's bank account. However, medical claims paid by BCBS of MS to out-of-state providers are administered in conjunction with other states' Blue Cross plans in order to obtain network pricing under the Blue Card program, and BCBS of MS bills the Plan after the fact for those claims' payments. In January 2023, the Plan was billed \$6.7 million by BCBS of MS for medical claims paid to out-of-state providers thru December 31, 2022. This amount has been handled as a separate claims liability.

Provision for Claims Settlement Expenses

A provision of \$8.0 million was held as a liability as of 12/31/2022 for future administrative and claims settlement expenses related to claims incurred prior to 12/31/2022.

Claims Liability for Incurred but Not Reported Drug Claims

In general – for most valuation periods – the vast majority of incurred drug claims have been paid by the pharmacy benefit manager within the month in which the drug claim was incurred, and future negative adjustments have been more likely than additional future claims payments. As of 12/31/22, the drug claims liability, net of negative adjustments in January, was estimated to be negative \$581,000.

CURRENT FUNDING STATUS (Continued)

Liability for Claims Paid by CVS Caremark in December 2022 but Not Reimbursed until January 2023

Claims paid by CVS Caremark during December 2022 that were not reimbursed by the Plan until January 2023 totaled \$15.0 million. This amount has been handled as a separate claims liability.

Estimated Accrued Drug Pricing Performance Guarantee Payment

The contract between the Plan and CVS Caremark includes an annual performance guarantee related to drug pricing. Based on a preliminary analysis provided by CVS Caremark for CY22, the Plan expects to receive a payment of about \$4.9 million from CVS Caremark sometime in the next several weeks.

Rebates on Drug Claims Paid by CVS Caremark

The Plan receives rebate payments as a result of contracts in place between its pharmacy benefit manager, CVS Caremark, and various drug manufacturers. Under the Plan's contract with CVS Caremark, the Plan receives 100% of all rebates that are related to the Plan's claims. The Plan's contract with CVS Caremark also includes certain minimum rebate guarantees. After the end of each quarter, CVS Caremark bills the various manufacturers for applicable rebates, and by the end of the next quarter, the Plan receives a preliminary rebate payment. Final rebate payments for a given quarter could take quite some time, perhaps as long as year or longer after the completion of a given quarter, to obtain the total amount of rebates applicable.

As of 12/31/22, the Plan held an estimated receivable of \$33.2 million for incurred rebates that have not yet been received by the Plan. Most of this is for rebates related to claims incurred in the 4th quarter of 2022, and the Plan expects to receive a rebate payment close to this amount in early March 2023.

Patient Centered Outcomes Research Institute

The Affordable Care Act (ACA) created the Patient-Centered Outcomes Research Institute (PCORI), which according to the PCORI website, "is authorized by Congress to conduct research to provide information about the best available evidence to help patients and their health care providers make more informed decisions. PCORI's research is intended to give patients a better understanding of the prevention, treatment and care options available, and the science that supports those options."

Provisions of ACA specified that PCORI is to be funded, in part, by fees payable by all insured and self-insured plans, including governmental plans. Those fees are to be based on total Plan enrollment and were payable – under the ACA – only for Plan years 2012-2018 (payable the following July). However, the fees required for PCORI were extended for an additional 10 years for 2019 thru 2028 by the "Further Consolidated Appropriations Act, 2020" that was passed by Congress in December 2019. Total fees payable for 2019 thru 2021 of \$1,459.069 were not paid when due, and the fee for 2022 of \$537,956 is payable in July of 2023. A total liability of \$1,997.026 was established as of 12/31/2022 for due and accrued PCORI fees.

CURRENT FUNDING STATUS (Continued)

Liability for Life Insurance Premiums to Minnesota Life

The life insurance policy with Minnesota Life limits the annual amount (determined on a calendar year basis) of life insurance premiums payable by the Plan to the amount of claims actually incurred and paid, plus contractual administration charges, up to a stated maximum annual premium. Incurred benefits are estimated to have exceeded the maximum annual premium by about \$1.9 million in CY20, about \$4.9 million in CY21, and about \$1.4 million in CY22.

In addition to premium to Minnesota Life for December of \$1,561,787 (i.e., the administration charge of \$82,982 and the claims charge of \$1,478,805) billed to the Plan in January 2023, the Plan's estimated incurred liability for claims incurred would have been about \$8.4 million – prior to the application of the maximum premium provision – and was about \$232,000, after application of the maximum premium provision.

	Incurred Years				Plan Liability
	Pre CY20	CY20	CY21	CY22	
Maximum Premium Available for Claims		16,966,854	16,871,568	17,123,429	
Claims Incurred and Paid as of 12/31/2022		18,752,208	21,083,994	13,346,444	
Claims Paid in January 2023		0	103,117	1,737,025	1,840,142
Pending Claims as of 1/31/2023	231,733	133,222	540,930	3,212,985	4,118,870
Estimated IBNR			0	200,000	200,000
Claims Incurred and Paid as of 12/31/22		18,885,430	21,728,041	18,496,454	
Annual Surplus (Deficit), Incurred Basis		(1,918,576)	(4,856,473)	(1,373,025)	
Claims Paid by ML & Not Yet Billed to the Plan (in Excess of Maximum Premium)			2,220,795		<u>2,220,795</u>
Plan Liability, Prior to Maximum Premium					8,379,807
Cumulative Deficit, Incurred Basis					<u>(8,148,074)</u>
Plan Liability, After Maximum Premium Provision					231,733

LIFE INSURANCE

Increase in Life Insurance Claims Due to COVID-19

Based on current estimates of outstanding claims, Life insurance claims incurred were about \$18.9 million in CY20, \$21.7 million in CY21, and \$18.3 million in CY22. Compared to the \$14.0 million annual average for CY17 thru CY19, life insurance claims were up about 35% in CY20, 55% in CY21, and 31% in CY22. Much of this excess mortality is believed to be due to COVID-19.

Minnesota Life Insurance Company

Life insurance provided by the Plan has been insured with Minnesota Life Insurance Company since January 1, 2009. Under the Minnesota Life policy, the amount of premiums payable by the Plan to Minnesota Life for each calendar year are limited to the amount of claims actually incurred and paid, plus contractual administration charges, up to a stated maximum annual premium, with annual calendar year deficits carried forward to the next year, but not back to the prior year.

Prior to CY20 and CY21, the maximum premium provision did not have a significant impact on the Plan's annual funding, and in recent calendar years prior to CY20, the Plan's annual costs were significantly less than the maximum annual premium. However, the dramatic increase in mortality associated with COVID-19 resulted in the premiums paid to Minnesota Life in CY20, CY21, and CY22 to be limited to the maximum premium, and on an incurred basis, resulted in annual deficits absorbed by Minnesota Life estimated to be about \$1.9 million in CY20; \$4.9 million in CY21; and \$1.4 million in CY22.

Prior to its recent renewal, the current Minnesota Life policy was set to expire on 12/31/2022. At its June 22, 2022, meeting, the Board voted to renew the Minnesota Life policy as of January 1, 2023, with a 10% increase in the maximum premium and a 10% reduction in the administrative fee.

Life Insurance Benefits for Active Employees – The amount of life insurance and accidental death benefit insurance currently available to active employees is equal to 2 times the employee's annual wage rounded to the next highest \$1,000, subject to a minimum of \$30,000 and a maximum of \$100,000. The current benefit level has been in effect since April 10, 1995.

Life Insurance Benefits for Disabled Employees – Employees who participate in the life insurance plan are covered by a waiver of contribution provision in the event of a covered disability. The life insurance benefit provided to disabled employees is equal to the amount of life insurance in effect at disability. The 50% contribution previously payable by the disabled employee is waived after a 9-month waiting period.

Life Insurance Benefits for Retired Employees – Employees who retire under the State's Public Employees Retirement System are allowed to continue to participate in the life insurance plan after retirement. Since July 1, 1999, retirees have been allowed to select a benefit at retirement of \$5,000; \$10,000; or \$20,000. Retirees who retired between May 1, 1987, and June 30, 1999, were allowed to select a benefit at retirement of \$2,000; \$4,000; or \$10,000. Prior to May 1, 1987, retirees were limited to a \$2,000 benefit.

Life Insurance Premium Contributions

The premium contribution for active employees is paid 50% each by the employee and the State. Effective 1/1/2014, the premium contribution rate was reduced by 25% from \$0.24 to \$0.18 per \$1,000 benefit. Consistent with the 10% increase in the maximum premium under the Minnesota Life policy effective 1/1/23, the contribution rate for active employees was also increased on 1/1/23 from \$0.18 to \$0.20 per \$1,000 benefit.

Retired employees pay for 100% of the cost of life insurance and are charged rates per \$1,000 that vary by attained age until age 70. (See the schedule of rates in the Appendix of this Report.)

LIFE INSURANCE (Continued)

Life Insurance Experience – Last 5 Calendar Years

The life insurance experience under the Plan for the last 5 calendar years is shown in the tables below and on the following page.

The following table shows the experience of the Plan, prior to the application of the maximum premium provision.

Comparison of "Premium" Contributions to Incurred Death Benefits and Admin Charges Prior to the Application of the Maximum Premium Provision					
	CY18	CY19	CY20	CY21	CY22
Active Employees					
Actual "Premium" Contributions	11,909,847	12,073,290	12,300,175	12,216,744	12,273,223
less Claims & Admin Charges					
Death Benefits on Active Employees	9,352,187	8,346,710	12,341,696	15,931,993	13,020,752
Death Benefits on Disabled Employees	797,875	694,710	288,514	328,712	151,793
Administrative Charges	538,081	656,316	632,006	620,917	640,125
Total Claims & Admin Charges	<u>10,688,143</u>	<u>9,697,736</u>	<u>13,262,217</u>	<u>16,881,622</u>	<u>13,812,671</u>
Net Gain (Loss)	<u>1,221,703</u>	<u>2,375,554</u>	<u>(962,042)</u>	<u>(4,664,877)</u>	<u>(1,539,448)</u>
Gain (Loss) Percent	10.3%	19.7%	-7.8%	-38.2%	-12.5%
Retired Employees					
"Premium" Contributions	5,719,087	6,001,769	6,256,346	6,472,816	6,713,211
less Claims & Admin Charges					
Death Benefits	4,320,421	4,808,429	6,416,299	5,462,335	5,312,637
Administration Charges	258,386	326,262	321,463	328,981	350,136
Total Claims & Admin Charges	<u>4,578,806</u>	<u>5,134,691</u>	<u>6,737,762</u>	<u>5,791,317</u>	<u>5,662,773</u>
Net Gain (Loss)	<u>1,140,281</u>	<u>867,078</u>	<u>(481,417)</u>	<u>681,500</u>	<u>1,050,438</u>
Gain (Loss) Percent	19.9%	14.4%	-7.7%	10.5%	15.6%
Total Active & Retired					
"Premium" Contributions	17,628,934	18,075,059	18,556,520	18,689,561	18,986,434
less Claims & Admin Charges					
Death Benefits	14,470,483	13,849,849	19,046,509	21,723,040	18,485,182
Administration Charges	796,467	982,578	953,469	949,899	990,261
Total Claims & Admin Charges	<u>15,266,950</u>	<u>14,832,427</u>	<u>19,999,979</u>	<u>22,672,938</u>	<u>19,475,444</u>
Net Gain (Loss)	<u>2,361,984</u>	<u>3,242,632</u>	<u>(1,443,458)</u>	<u>(3,983,378)</u>	<u>(489,010)</u>
Gain (Loss) Percent	13.4%	17.9%	-7.8%	-21.3%	-2.6%

LIFE INSURANCE (Continued)

Life Insurance Experience – Last 5 Calendar Years (Continued)

The following two tables show the financial effect of the maximum premium provision; the 1st table shows the effect on Minnesota Life, and the 2nd table below shows the effect on the Plan.

Effect on Minnesota Life of the Maximum Premium Provision under the Minnesota Life Contract					
	CY18	CY19	CY20	CY21	CY22
Minnesota Life Maximum Premium	16,384,275	17,662,557	17,920,324	17,819,610	18,085,601
Incurred Claims & Admin Charges	15,246,134	14,955,647	19,838,900	22,676,083	19,458,626
Minnesota Life Incurred Premiums	15,246,134	14,955,647	17,920,324	17,819,610	18,085,601
Annual Incurred Deficit at Minn Life			(1,918,576)	(4,856,473)	(1,373,025)
Cumulative Incurred Deficit at Minn Life			(1,918,576)	(6,775,049)	(8,148,074)

Effect on the Plan of the Maximum Premium Provision under the Minnesota Life Contract					
	CY18	CY19	CY20	CY21	CY22
Life Insurance Contributions	17,628,934	18,075,059	18,556,520	18,689,561	18,986,434
Incurred Premiums to Minn Life	15,246,134	14,955,647	17,920,324	17,819,610	18,085,601
Net Plan Gain (Loss)	2,382,800	3,119,412	636,196	869,951	900,833

HEALTH PLAN ENROLLMENT

Total Plan Enrollment

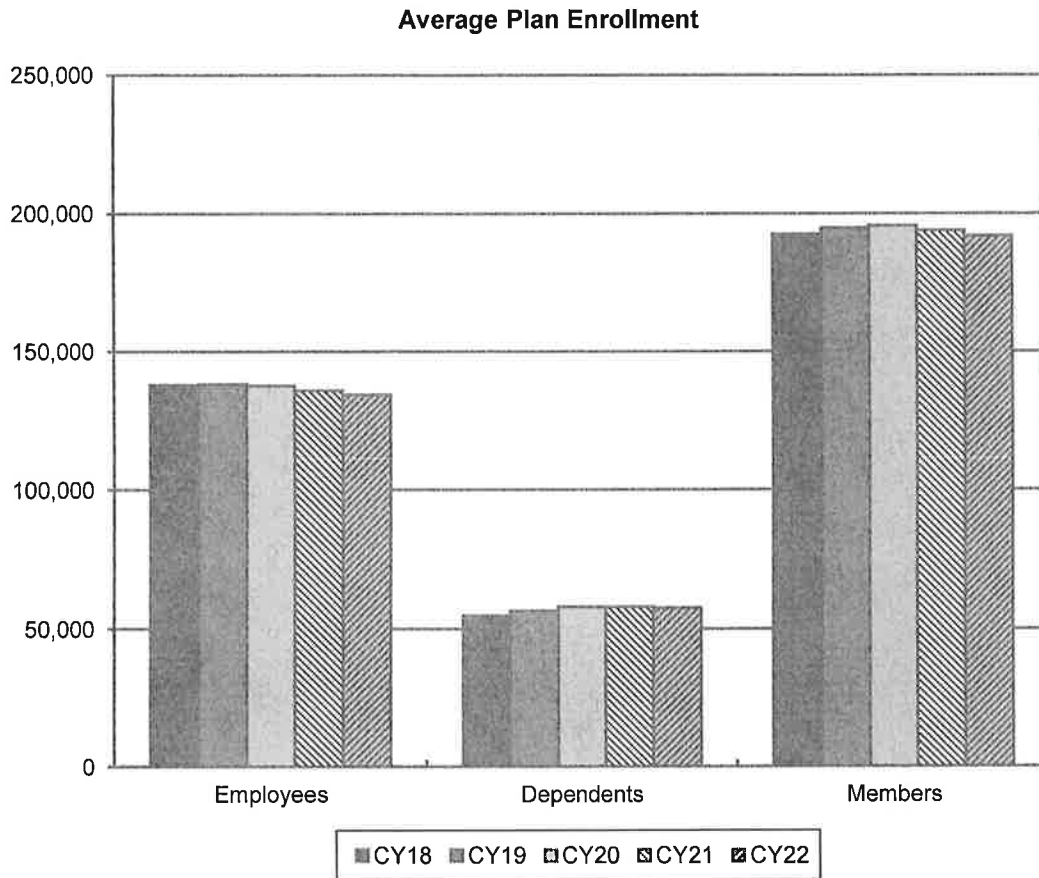
The average number of participating employees, dependents, and total members, by employee subgroup, were derived using the enrollment reports supplied by BCBS.

Average Calendar Year Enrollment

Participant	CY20		CY21		CY22	
	Count	%	Count	%	Count	%
Employees						
Active	111,277	80.8%	109,382	80.5%	107,864	80.2%
COBRA	727	0.5%	729	0.5%	641	0.5%
Early Retirees	7,905	5.7%	7,782	5.7%	7,615	5.7%
Disabled Retiree (Non-Medicare)	129	0.1%	106	0.1%	96	0.1%
Disabled Retiree (Medicare)	827	0.6%	765	0.6%	724	0.5%
Medicare Retirees	16,819	12.2%	17,141	12.6%	17,470	13.0%
Total	137,685	100.0%	135,906	100.0%	134,410	100.0%
Total Retirees	25,680	18.7%	25,795	19.0%	25,906	19.3%
Dependents						
Active	52,199	90.3%	52,323	90.3%	51,870	90.2%
COBRA	351	0.6%	347	0.6%	342	0.6%
Early Retirees	1,956	3.4%	2,004	3.5%	2,019	3.5%
Disabled Retiree (Non-Medicare)	28	0.0%	21	0.0%	18	0.0%
Disabled Retiree (Medicare)	129	0.2%	114	0.2%	107	0.2%
Medicare Retirees	3,157	5.5%	3,134	5.4%	3,145	5.5%
Total	57,821	100.0%	57,944	100.0%	57,500	100.0%
Total Retirees	5,271	9.1%	5,274	9.1%	5,288	9.2%
Members						
Active	163,476	83.6%	161,705	83.4%	159,734	83.2%
COBRA	1,078	0.6%	1,076	0.6%	982	0.5%
Early Retirees	9,862	5.0%	9,786	5.0%	9,634	5.0%
Disabled Retiree (Non-Medicare)	157	0.1%	128	0.1%	114	0.1%
Disabled Retiree (Medicare)	956	0.5%	880	0.5%	830	0.4%
Medicare Retirees	19,977	10.2%	20,275	10.5%	20,615	10.7%
Total	195,506	100.0%	193,849	100.0%	191,910	100.0%
Total Retirees	30,951	15.8%	31,069	16.0%	31,194	16.3%

HEALTH PLAN ENROLLMENT (Continued)

Total Plan Enrollment Growth



Annual Enrollment Growth Rates in CY22			
	Active	Retirees	Total
Employees	-1.4%	0.4%	-1.1%
Dependents			
Spouse	-2.1%	-1.0%	-1.8%
Children	-0.6%	5.0%	-0.4%
Total Dependents	-0.9%	0.3%	-0.8%
Employees & Dependents	-1.2%	0.4%	-1.0%

HEALTH PLAN ENROLLMENT (Continued)

Active Employee Enrollment – Legacy & Horizon Employees – Base & Select Coverage

House Bill 26, as enacted by the Legislature during 2005, included several provisions that affected the Plan beginning in CY06. "Horizon" refers to an employee or retiree who was initially hired on or after January 1, 2006. "Legacy" refers to an employee or retiree who was initially hired prior to January 1, 2006.

The Plan has two coverage options that are available to all employees:

1. "Base" coverage is a High Deductible Health Plan designed to meet the federal requirements for use with Health Savings Accounts.
2. "Select" coverage is a traditional health insurance plan that has a separate deductible applicable to prescription drug benefits.

The State pays 100% of the premium for Base coverage. The State makes the same contribution for all employees for either Base or Select coverage. The monthly contribution paid for by the State was \$356 in 2011 thru 2018, \$367 in 2019, \$378 in 2020, \$389 in 2021, and \$412 in 2022, and is \$437 in 2023.

Prior to January 1, 2011, the State also paid 100% of the premium for a Legacy employee who chose Select coverage. Beginning January 1, 2011, Legacy employees have had to pay a monthly premium of \$20 for Select coverage.

Horizon employees have always had to pay a portion of the premium for Select coverage. The portion of the monthly Select coverage premium paid by active Horizon employees was \$18 for 2006 thru 2010, \$38 for 2011 thru 2018, \$39 in 2019, \$40 in 2020, \$41 in 2021, and \$43 in 2022, and is \$46 in 2023.

Analysis of Active Employee Enrollment – Legacy & Horizon Employees – Base & Select Coverage

Historically, very few Legacy employees have chosen Base coverage (High Deductible Health Plan). However, Base coverage is selected by a significantly higher proportion of Horizon employees. Overall, about 1 out of every 6 active employees now have Base coverage.

% of Active Employees Choosing Base Coverage (HDHP)

Year	Months	Legacy Employees	Horizon Employees	All Employees
CY05	1-12	0.1%	N/A	0.1%
CY06	1-12	0.3%	20.0%	1.1%
CY07	1-12	0.5%	18.4%	2.7%
CY08	1-12	0.6%	15.4%	3.3%
CY09	1-12	0.6%	13.2%	3.5%
CY10	1-12	0.6%	11.8%	3.6%
CY11	1-12	1.9%	14.7%	5.7%
CY12	1-12	2.5%	16.9%	7.3%
CY13	1-12	3.2%	18.8%	9.0%
CY14	1-12	3.8%	20.5%	10.7%
CY15	1-12	4.4%	22.0%	12.3%
CY16	1-12	4.4%	20.7%	12.3%
CY17	1-12	4.5%	19.8%	12.3%
CY18	1-12	4.7%	19.5%	12.7%
CY19	1-12	5.0%	19.6%	13.3%
CY20	1-12	5.3%	19.6%	13.8%
CY21	1-12	5.7%	20.4%	14.9%
CY22	1-06	6.3%	21.8%	16.3%

HEALTH PLAN ENROLLMENT (Continued)

Analysis of Average Active Employee Enrollment

Year	Months	Legacy Employees			Horizon Employees			Percent of Total	
		Select	Base	Total	Select	Base	Total	Legacy	Horizon
CY06	1-12	112,298 99.7%	365 0.3%	112,663 100.0%	3,927 80.0%	981 20.0%	4,908 100.0%	95.8%	4.2%
CY07	1-12	104,627 99.5%	561 0.5%	105,188 100.0%	11,730 81.6%	2,646 18.4%	14,376 100.0%	88.0%	12.0%
CY08	1-12	98,928 99.4%	627 0.6%	99,555 100.0%	18,849 84.6%	3,423 15.4%	22,272 100.0%	81.7%	18.3%
CY09	1-12	94,170 99.4%	600 0.6%	94,770 100.0%	24,740 86.8%	3,762 13.2%	28,501 100.0%	76.9%	23.1%
CY10	1-12	88,510 99.4%	570 0.6%	89,080 100.0%	28,531 88.2%	3,821 11.8%	32,352 100.0%	73.4%	26.6%
CY11	1-12	81,000 98.1%	1,544 1.9%	82,544 100.0%	30,182 85.3%	5,208 14.7%	35,390 100.0%	70.0%	30.0%
CY12	1-12	75,430 97.5%	1,900 2.5%	77,329 100.0%	32,938 83.1%	6,676 16.9%	39,613 100.0%	66.1%	33.9%
CY13	1-12	70,029 96.8%	2,289 3.2%	72,318 100.0%	35,373 81.2%	8,183 18.8%	43,556 100.0%	62.4%	37.6%
CY14	1-12	64,940 96.2%	2,530 3.8%	67,471 100.0%	37,887 79.5%	9,799 20.5%	47,686 100.0%	58.6%	41.4%
CY15	1-12	60,401 95.6%	2,755 4.4%	63,156 100.0%	40,348 78.0%	11,375 22.0%	51,722 100.0%	55.0%	45.0%
CY16	1-12	56,629 95.6%	2,588 4.4%	59,217 100.0%	44,023 79.3%	11,527 20.7%	55,550 100.0%	51.6%	48.4%
CY17	1-12	52,784 95.5%	2,474 4.5%	55,259 100.0%	46,559 80.2%	11,501 19.8%	58,060 100.0%	48.8%	51.2%
CY18	1-12	49,014 95.3%	2,419 4.7%	51,433 100.0%	48,711 80.5%	11,806 19.5%	60,516 100.0%	45.9%	54.1%
CY19	1-12	45,781 95.0%	2,415 5.0%	48,196 100.0%	51,345 80.4%	12,515 19.6%	63,860 100.0%	43.0%	57.0%
CY20	1-12	42,628 94.7%	2,366 5.3%	44,994 100.0%	53,287 80.4%	12,996 19.6%	66,283 100.0%	40.4%	59.6%
CY21	1-12	39,092 94.3%	2,383 5.7%	41,474 100.0%	54,027 79.6%	13,880 20.4%	67,908 100.0%	37.9%	62.1%
CY22	1-12	35,855 93.7%	2,412 6.3%	38,266 100.0%	54,431 78.2%	15,167 21.8%	69,598 100.0%	35.5%	64.5%

HEALTH PLAN ENROLLMENT (Continued)

Expected Growth in Horizon Employees as a % of Total Employees

As older employees retire or otherwise leave employment, and they are replaced by employees who were first hired by the State on or after January 1, 2006, the proportion of employees who are Horizon employees grows. Over the last 12 months, the percentage of employees who were Horizon employees grew from 63.2% on 12/31/21 to 65.6% on 12/31/22, which is an average monthly increase of about 0.20%.

If the percentage of employees who are Horizon employees were to continue to grow by an average of 0.20% per month, the Horizon proportion would grow to about 67.9% on 12/31/23, to 70.3% on 12/31/24, and to 72.7% on 12/31/25. Under that assumption, the average annual Horizon enrollment proportion would grow from 64.5% in CY22 to 66.9% in CY23, to 69.2% in CY24, and to 71.6% in CY25.

Historical Enrollment Growth by Premium Class

Following is a summary of the average enrollment, by premium class, for CY22 together with the enrollment growth rates within each class for the last 5 years.

Employee Enrollment Growth by Premium Class						
	Enrollment Growth Rates					Average Employee Enrollment *
	CY18	CY19	CY20	CY21	CY22	CY22
Employee (Active & COBRA)	-1.1%	0.0%	-0.7%	-1.7%	-1.4%	108,591
Spouse Only (Active & COBRA)	0.9%	-1.2%	-0.9%	-2.2%	-3.5%	3,788
Full Family (Active & COBRA)	6.4%	2.8%	1.5%	0.4%	-1.3%	5,581
Children Only (All Classes)	5.5%	6.4%	4.9%	1.9%	0.4%	8,701
Child Only (All classes)	3.8%	1.3%	1.5%	-1.2%	-1.3%	10,822
Disabled Retiree - Non Medicare	-5.8%	-3.2%	-20.1%	-16.1%	-9.9%	96
Retired Employee - Non Medicare	-2.2%	-2.6%	-2.7%	-1.5%	-2.1%	7,611
Retiree Spouse Only - Non Medicare	-5.1%	-3.6%	-4.7%	-4.7%	-3.1%	961
Retiree Family - Non Medicare	0.3%	0.8%	5.6%	4.1%	4.8%	236
Retiree Family - 1 on Medicare	2.3%	7.2%	-2.1%	8.2%	-6.5%	62
Retiree Spouse Only - Medicare	1.2%	1.7%	0.3%	-0.5%	-0.8%	2,830
Retired Employee - Medicare **	3.6%	3.4%	2.7%	1.3%	1.7%	18,194
<p>* Refers to employee counts only, i.e., does not include dependents. ** Includes disabled retirees eligible for Medicare.</p>						

HEALTH INSURANCE EXPERIENCE

Premiums versus Claims

Health insurance premiums are estimated to have exceeded health insurance claims (prior to administrative expenses but after drug rebates) by about \$9.15 million during CY22. Following is a summary comparison for the last several years. Note that the amounts shown for incurred claims for prior years are based upon a retroactive review of health insurance claims liabilities based on actual incurred claims.

Premium versus Claims Incurred (in Millions)					
	CY18	CY19	CY20	CY21	CY22
Health Premiums	\$722.4	\$747.4	\$767.8	\$777.5	\$810.8
Health Claims Incurred	\$733.5	\$765.7	\$767.6	\$801.9	\$801.7
Loss Ratio (Claims/Premium)	101.5%	102.4%	100.0%	103.1%	98.9%

Based on current claim liability estimates, incurred claims (net of subrogation receipts, claim refunds, and pharmacy rebates) remained relatively unchanged in CY22, down slightly from \$801.9 million in CY21 to \$801.7 million in CY22.

Premiums versus Claims by Premium Class (Select & Base Coverage Combined)

CY22 paid loss ratios for the Plan as a whole appear in the Table on the following page and are summarized for the major premium classes in the table below:

CY22 PAID LOSS RATIOS
SELECT AND BASE COVERAGE COMBINED: LEGACY AND HORIZON EMPLOYEES
Prior to Plan Expenses, but Includes Allocated Drug Rebates

	Monthly Average Premium	Monthly Paid Losses	Paid Loss Ratio
Active (& COBRA) Employees	\$440	\$400	91%
Active (& COBRA) Dependents			
Spouse Only	\$504	\$703	140%
Full Family	\$740	\$861	116%
Child Only *	\$170	\$226	133%
Children Only *	\$353	\$428	121%
Early Retiree (Disabled)	\$507	\$2,709	535%
Early Retiree (Non-Disabled)	\$498	\$670	134%
Spouse Only	\$594	\$712	120%
Full Family	\$862	\$695	81%
Medicare Retirees & Spouse Only (Medicare)**	\$201	\$199	99%

* The children and child only premium classes are available to all employees.

** Includes disabled retirees eligible for Medicare.

HEALTH INSURANCE EXPERIENCE (Continued)

ACTUAL CY22 PAID LOSS RATIOS BY PREMIUM CLASS (INCLUDES DRUG CARD REBATES)						
SELECT AND BASE COVERAGE COMBINED: LEGACY AND HORIZON EMPLOYEES						
	Active Employee	COBRA Employee	Early Retiree	Early Retiree Disabled	Medicare Retiree	Total*
AVERAGE COUNT						
Employee	107,962	629	7,611	96	18,194	134,493
Spouse (Regular)	3,753	34	637	4	320	4,749
Spouse (Medicare)	0	0	218	3	2,610	2,830
Family (Regular)	5,528	53	200	2	34	5,817
Child Only	10,324	48	321	6	124	10,822
Children Only	8,545	39	101	1	15	8,701
Family (1 on Medicare)	0	0	24	0	37	62
PREMIUM (in millions)						
Employee	570.5	3.4	45.5	0.6	43.9	663.9
Spouse (Regular)	22.7	0.2	4.5	0.0	2.3	29.8
Spouse (Medicare)	0.0	0.0	0.5	0.0	6.3	6.8
Family (Regular)	49.1	0.5	2.1	0.0	0.4	52.0
Child Only	21.0	0.1	0.7	0.0	0.3	22.1
Children Only	36.2	0.2	0.4	0.0	0.1	36.9
Family (1 on Medicare)	0.0	0.0	0.1	0.0	0.2	0.3
Total	699.5	4.4	53.9	0.7	53.3	811.7
CLAIMS (in millions)						
Employee	509.3	11.9	61.2	3.1	43.9	629.4
Spouse (Regular)	31.8	0.2	5.2	0.0	3.0	40.2
Spouse (Medicare)	0.0	0.0	0.6	0.0	5.8	6.3
Family (Regular)	57.0	0.6	1.7	0.0	0.2	59.6
Child Only	26.9	0.4	1.4	0.0	0.6	29.4
Children Only	43.2	0.2	0.9	0.0	0.4	44.7
Family (1 on Medicare)	0.0	0.0	0.2	0.0	0.4	0.6
Total	668.3	13.3	71.1	3.2	54.3	810.2
AVERAGE PREMIUM RATE, CY22						
Employee	440.35	454.42	498.48	506.55	201.00	
Spouse (Regular)	503.93	514.46	591.73	590.00	599.70	
Spouse (Medicare)	N/A	N/A	201.00	201.00	201.00	
Family (Regular)	739.84	752.48	860.79	862.00	868.56	
Child Only	169.40	170.66	179.05	180.00	180.00	
Children Only	353.09	356.22	360.20	361.00	361.00	
Family (1 on Medicare)	N/A	N/A	381.00	N/A	381.00	
LOSS RATIO						
Employee	89%	346%	134%	535%	100%	95%
Spouse (Regular)	140%	97%	114%	33%	132%	135%
Spouse (Medicare)	N/A	N/A	107%	21%	91%	93%
Family (Regular)	116%	129%	83%	22%	68%	115%
Child Only	128%	377%	210%	187%	233%	133%
Children Only	119%	138%	198%	9%	553%	121%
Family (1 on Medicare)	N/A	N/A	177%	N/A	214%	199%
Total	96%	303%	132%	484%	102%	100%
* Totals may not agree due to rounding. Does not include administrative expenses.						

HEALTH INSURANCE EXPERIENCE (Continued)

Premiums versus Claims by Premium Class (Select versus Base Coverage)

Paid loss ratios are summarized in the table below for active employees only and appear in detail for all premium classes in the Tables on the next 4 pages for the following subsets:

- Legacy Employees – Select Coverage
- Legacy Employees – Base Coverage
- Horizon Employees – Select Coverage
- Horizon Employees – Base Coverage

CY22 PAID LOSS RATIOS					
ACTIVE EMPLOYEES ONLY					
Prior to Plan Expenses, but includes Allocated Drug Rebates					
	Average Number of Employees	Monthly Average Premium	Monthly Paid Losses	Paid Loss Ratio	CY22 Average Age
Legacy Employees					
Select	35,864	\$432	\$500	116%	52.2
Base (HDHP)	2,413	\$412	\$319	77%	50.4
Horizon Employees					
Select	54,500	\$455	\$380	84%	40.8
Base (HDHP)	15,185	\$412	\$200	49%	37.8
All Employees					
Base & Select	107,962	\$440	\$393	89%	44.5

HEALTH INSURANCE EXPERIENCE (Continued)

ACTUAL CY22 PAID LOSS RATIOS BY PREMIUM CLASS (INCLUDES DRUG CARD REBATES)						
SELECT COVERAGE: LEGACY EMPLOYEES						
	Active Employee	COBRA Employee	Early Retiree	Early Retiree Disabled	Medicare Retiree	Total*
AVERAGE COUNT						
Employee	35,864	152	7,414	91	17,897	61,418
Spouse (Regular)	1,633	10	615	4	307	2,569
Spouse (Medicare)	0	0	214	3	2,574	2,791
Family (Regular)	1,979	12	193	2	33	2,218
Child Only	3,402	12	313	5	119	3,851
Children Only	3,048	9	96	1	15	3,169
Family (1 on Medicare)	0	0	23	0	37	61
PREMIUM (in millions)						
Employee	185.9	0.8	44.1	0.5	43.2	274.6
Spouse (Regular)	10.1	0.1	4.4	0.0	2.2	16.7
Spouse (Medicare)	0.0	0.0	0.5	0.0	6.2	6.7
Family (Regular)	17.8	0.1	2.0	0.0	0.3	20.2
Child Only	7.3	0.0	0.7	0.0	0.3	8.3
Children Only	13.2	0.0	0.4	0.0	0.1	13.7
Family (1 on Medicare)	0.0	0.0	0.1	0.0	0.2	0.3
Total	234.3	1.0	52.2	0.6	52.4	340.5
CLAIMS (in millions)						
Employee	215.1	3.1	59.3	3.0	43.2	323.6
Spouse (Regular)	16.8	0.0	5.1	0.0	2.7	24.7
Spouse (Medicare)	0.0	0.0	0.5	0.0	5.7	6.3
Family (Regular)	27.0	0.1	1.7	0.0	0.2	29.0
Child Only	8.5	0.0	1.4	0.0	0.6	10.6
Children Only	17.3	0.0	0.8	0.0	0.4	18.6
Family (1 on Medicare)	0.0	0.0	0.2	0.0	0.4	0.5
Total	284.7	3.2	69.0	3.0	53.2	413.2
AVERAGE PREMIUM RATE, CY22						
Employee	432.00	441.83	496.00	496.00	201.00	
Spouse (Regular)	513.00	523.00	590.00	590.00	590.00	
Spouse (Medicare)	N/A	N/A	201.00	201.00	201.00	
Family (Regular)	749.00	764.00	862.00	862.00	862.00	
Child Only	180.00	184.00	180.00	180.00	180.00	
Children Only	361.00	368.00	361.00	361.00	361.00	
Family (1 on Medicare)	N/A	N/A	381.00	N/A	381.00	
LOSS RATIO						
Employee	116%	385%	134%	551%	100%	118%
Spouse (Regular)	167%	47%	118%	33%	125%	148%
Spouse (Medicare)	N/A	N/A	107%	21%	92%	93%
Family (Regular)	152%	60%	83%	22%	71%	143%
Child Only	116%	38%	212%	98%	237%	127%
Children Only	131%	101%	203%	9%	553%	135%
Family (1 on Medicare)	N/A	N/A	171%	N/A	214%	197%
Total	122%	311%	132%	495%	102%	121%
* Totals may not agree due to rounding. Does not include plan expenses.						

HEALTH INSURANCE EXPERIENCE (Continued)

ACTUAL CY22 PAID LOSS RATIOS BY PREMIUM CLASS (INCLUDES DRUG CARD REBATES)						
BASE COVERAGE: LEGACY EMPLOYEES						
	Active Employee	COBRA Employee	Early Retiree	Early Retiree Disabled	Medicare Retiree	Total*
AVERAGE COUNT						
Employee	2,413	11	121	2	0	2,546
Spouse (Regular)	110	0	14	0	0	124
Spouse (Medicare)	0	0	0	0	0	0
Family (Regular)	161	0	5	0	0	167
Child Only	301	3	7	0	0	311
Children Only	215	0	5	0	0	219
Family (1 on Medicare)	0	0	0	0	0	0
PREMIUM (in millions)						
Employee	11.9	0.1	0.7	0.0	0.0	12.7
Spouse (Regular)	0.6	0.0	0.1	0.0	0.0	0.7
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Family (Regular)	1.3	0.0	0.1	0.0	0.0	1.4
Child Only	0.4	0.0	0.0	0.0	0.0	0.4
Children Only	0.8	0.0	0.0	0.0	0.0	0.8
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	15.0	0.1	0.9	0.0	0.0	16.0
CLAIMS (in millions)						
Employee	9.2	0.0	1.3	0.1	0.0	10.6
Spouse (Regular)	0.8	0.0	0.0	0.0	0.0	0.8
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Family (Regular)	0.7	0.0	0.1	0.0	0.0	0.8
Child Only	0.4	0.0	0.0	0.0	0.0	0.4
Children Only	0.6	0.0	0.0	0.0	0.0	0.6
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	11.8	0.0	1.4	0.1	0.0	13.3
AVERAGE PREMIUM RATE, CY22						
Employee	412.00	420.00	473.00	473.00	N/A	
Spouse (Regular)	451.00	460.00	519.00	N/A	N/A	
Spouse (Medicare)	N/A	N/A	N/A	N/A	N/A	
Family (Regular)	687.00	N/A	790.00	N/A	N/A	
Child Only	117.00	119.00	135.00	N/A	N/A	
Children Only	299.00	N/A	343.00	N/A	N/A	
Family (1 on Medicare)	N/A	N/A	N/A	N/A	N/A	
LOSS RATIO						
Employee	77%	28%	191%	538%	N/A	84%
Spouse (Regular)	135%	318%	11%	N/A	N/A	119%
Spouse (Medicare)	N/A	N/A	N/A	N/A	N/A	N/A
Family (Regular)	55%	N/A	105%	N/A	N/A	57%
Child Only	94%	329%	56%	N/A	N/A	95%
Children Only	79%	N/A	134%	N/A	N/A	82%
Family (1 on Medicare)	N/A	N/A	N/A	N/A	N/A	N/A
Total	78%	78%	165%	538%	N/A	83%
* Totals may not agree due to rounding. Does not include administrative expenses.						

HEALTH INSURANCE EXPERIENCE (Continued)

ACTUAL CY22 PAID LOSS RATIOS BY PREMIUM CLASS (INCLUDES DRUG CARD REBATES)						
SELECT COVERAGE: HORIZON EMPLOYEES						
	Active Employee	COBRA Employee	Early Retiree	Early Retiree Disabled	Medicare Retiree	Total*
AVERAGE COUNT						
Employee	54,500	393	73	4	297	55,266
Spouse (Regular)	1,571	20	9	0	13	1,613
Spouse (Medicare)	0	0	4	0	35	39
Family (Regular)	2,733	31	1	0	2	2,766
Child Only	5,185	27	1	1	5	5,219
Children Only	4,406	22	1	0	0	4,429
Family (1 on Medicare)	0	0	1	0	0	1
PREMIUM (in millions)						
Employee	297.6	2.2	0.7	0.0	0.7	301.2
Spouse (Regular)	9.7	0.1	0.1	0.0	0.1	10.0
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.1	0.1
Family (Regular)	24.6	0.3	0.0	0.0	0.0	24.9
Child Only	11.2	0.1	0.0	0.0	0.0	11.3
Children Only	19.1	0.1	0.0	0.0	0.0	19.2
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	362.1	2.8	0.8	0.0	1.0	366.7
CLAIMS (in millions)						
Employee	248.5	7.9	0.6	0.1	0.7	257.8
Spouse (Regular)	12.5	0.1	0.0	0.0	0.3	13.0
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.1	0.1
Family (Regular)	25.0	0.3	0.0	0.0	0.0	25.3
Child Only	14.5	0.3	0.0	0.0	0.0	14.9
Children Only	21.7	0.1	0.0	0.0	0.0	21.8
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	322.2	8.8	0.6	0.1	1.1	332.9
AVERAGE PREMIUM RATE, CY22						
Employee	455.00	466.36	783.00	783.00	201.00	
Spouse (Regular)	513.00	523.00	832.00	N/A	832.00	
Spouse (Medicare)	N/A	N/A	201.00	N/A	201.00	
Family (Regular)	749.00	764.00	1011.00	N/A	1011.00	
Child Only	180.00	183.00	180.00	180.00	180.00	
Children Only	361.00	369.98	361.00	N/A	N/A	
Family (1 on Medicare)	N/A	N/A	381.00	N/A	N/A	
LOSS RATIO						
Employee	84%	360%	84%	267%	99%	86%
Spouse (Regular)	129%	114%	38%	N/A	260%	130%
Spouse (Medicare)	N/A	N/A	107%	N/A	66%	70%
Family (Regular)	102%	111%	34%	N/A	27%	102%
Child Only	130%	553%	180%	603%	134%	132%
Children Only	114%	128%	0%	N/A	N/A	114%
Family (1 on Medicare)	N/A	N/A	305%	N/A	N/A	305%
Total	89%	319%	80%	287%	117%	91%
* Totals may not agree due to rounding. Does not include plan expenses.						

HEALTH INSURANCE EXPERIENCE (Continued)

ACTUAL CY22 PAID LOSS RATIOS BY PREMIUM CLASS (INCLUDES DRUG CARD REBATES)						
BASE COVERAGE: HORIZON EMPLOYEES						
	Active Employee	COBRA Employee	Early Retiree	Early Retiree Disabled	Medicare Retiree	Total*
AVERAGE COUNT						
Employee	15,185	74	3	0	0	15,262
Spouse (Regular)	439	4	0	0	0	443
Spouse (Medicare)	0	0	0	0	0	0
Family (Regular)	656	9	0	0	0	665
Child Only	1,435	6	0	0	0	1,442
Children Only	876	8	0	0	0	884
Family (1 on Medicare)	0	0	0	0	0	0
PREMIUM (in millions)						
Employee	75.1	0.4	0.0	0.0	0.0	75.5
Spouse (Regular)	2.4	0.0	0.0	0.0	0.0	2.4
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Family (Regular)	5.4	0.1	0.0	0.0	0.0	5.5
Child Only	2.0	0.0	0.0	0.0	0.0	2.0
Children Only	3.1	0.0	0.0	0.0	0.0	3.2
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	88.0	0.5	0.0	0.0	0.0	88.6
CLAIMS (in millions)						
Employee	36.5	0.8	0.0	0.0	0.0	37.3
Spouse (Regular)	1.7	0.0	0.0	0.0	0.0	1.7
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Family (Regular)	4.3	0.2	0.0	0.0	0.0	4.5
Child Only	3.5	0.0	0.0	0.0	0.0	3.5
Children Only	3.6	0.1	0.0	0.0	0.0	3.7
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	49.6	1.2	0.0	0.0	0.0	50.7
AVERAGE PREMIUM RATE, CY22						
Employee	412.00	421.78	757.00	N/A	N/A	
Spouse (Regular)	451.00	460.00	N/A	N/A	N/A	
Spouse (Medicare)	N/A	N/A	N/A	N/A	N/A	
Family (Regular)	687.00	700.00	N/A	N/A	N/A	
Child Only	117.00	119.00	N/A	N/A	N/A	
Children Only	299.00	305.00	N/A	N/A	N/A	
Family (1 on Medicare)	N/A	N/A	N/A	N/A	N/A	
LOSS RATIO						
Employee	49%	226%	32%	N/A	N/A	49%
Spouse (Regular)	71%	114%	N/A	N/A	N/A	71%
Spouse (Medicare)	N/A	N/A	N/A	N/A	N/A	N/A
Family (Regular)	79%	289%	N/A	N/A	N/A	82%
Child Only	174%	227%	N/A	N/A	N/A	175%
Children Only	115%	183%	N/A	N/A	N/A	116%
Family (1 on Medicare)	N/A	N/A	N/A	N/A	N/A	N/A
Total	56%	228%	31%	N/A	N/A	57%
* Totals may not agree due to rounding. Does not include plan expenses.						