

HEALTH OPTIONS PROGRAM
Proposed Program Budget for Calendar Year 2007
Compared with 2006 Program Budget and
Projected 2006 Receipts and Expenditures Based Upon Experience through September 2006

	(1) BUDGETED 2006 (in thousands \$)	(2) Projected for 2006 (in thousands \$)	(3) Proposed 2007 BUDGET (in thousands \$)
Beginning Balance	\$ 84,855	\$ 84,855	\$ 89,313
Receipts:			
Retiree Contributions			
Retiree Contributions for Self-funded Medical	72,907	73,240	80,238
Retiree Contributions for Medicare Rx Options	19,271	19,911	22,187
Payments from CMS for Medicare Rx Options	24,721	28,927	23,505
Retiree Contributions for Managed Care Plans	48,405	46,522	51,452
Investment earnings	2,500	5,253	5,250
Total Receipts	167,804	173,853	182,632
Total Available for HOP Expenses	\$ 252,659	\$ 258,708	\$ 271,945
Program Expenses			
Hospital, Medical & Major Medical Benefits			
Incurred Claims	61,890	63,539	70,417
Claims Adjudication Expense	5,143	5,138	7,990
Prescription Drug Benefits (Traditional Program)	37		40
Medicare Prescription Drug Benefits	41,209	50,505	44,079
Managed Care Options	48,405	46,522	51,452
Enrollment Expenses	1,777	1,843	1,889
HOP Administrative Expenses	2,065	1,835	2,265
Total Benefit Expense	160,526	169,382	178,132
Ending Balance	\$ 92,133	\$ 89,326	\$ 93,813

HEALTH OPTIONS PROGRAM
Proposed Administrative Budget for Calendar Year 2007
Compared with 2006 Administrative Budget and
Projected 2006 Receipts and Expenditures Based Upon Experience through September 2006

	(1) BUDGETED 2006 (in thousands \$)	(2) Projected for 2006 (in thousands \$)	(3) Proposed 2007 BUDGET (in thousands \$)
Sponsor Expenses Guideline (2% of Premium Income excluding Medicare Part D)	\$ 2,391	\$ 2,426	\$ 2,634
Administrative Expenses: (including Payables)			
Auditing	75	1	75
Benefit Consulting (General)	479	414	500
Communications (General)	171	214	200
Equipment	50		50
Legal	100		100
Meeting Expense	0	15	5
Postage (General)	200	141	200
Printing (General)	320	284	320
Miscellaneous	100	193	220
Contractual (EDP) Services	100	147	85
Fiduciary Insurance	35	35	35
Personnel	320	280	350
Rent	70	62	70
Treasury Services	45	49	55
Total Administrative Expenses	\$ 2,065	\$ 1,835	\$ 2,265
Excess (deficiency) of Administrative Expenses Guideline over (under) Budgeted Expenses	\$ 326	\$ 591	\$ 369

HEALTH OPTIONS PROGRAM
Proposed PDP Administrative Budget for Calendar Year 2007
Compared with 2006 PDP Administrative Budget and
Projected 2006 Receipts and Expenditures Based Upon Experience through September 2006

	(1) BUDGETED 2006 (in thousands \$)	(2) Projected for 2006 (in thousands \$)	(3) Proposed 2007 BUDGET (in thousands \$)
Administrative Expenses:			
Benecard	\$ 800	\$ 912	
CoreSource	1,021	1,010	\$ 1,021
IPC	500	381	500
Segal	525	643	525
Printing	300	321	300
Postage	300	89	300
Miscellaneous	50	2	50
Total Administrative Expenses	\$ 3,496	\$ 3,358	\$ 2,696