

Health Care Committee

December 5, 2012

Tab 3: Update - School District of Philadelphia Post-65 Health Plan Termination

Tab 4: Proposed 2013 HOP Budget

Tab 3: Update - School District of Philadelphia Post-65 Health Plan

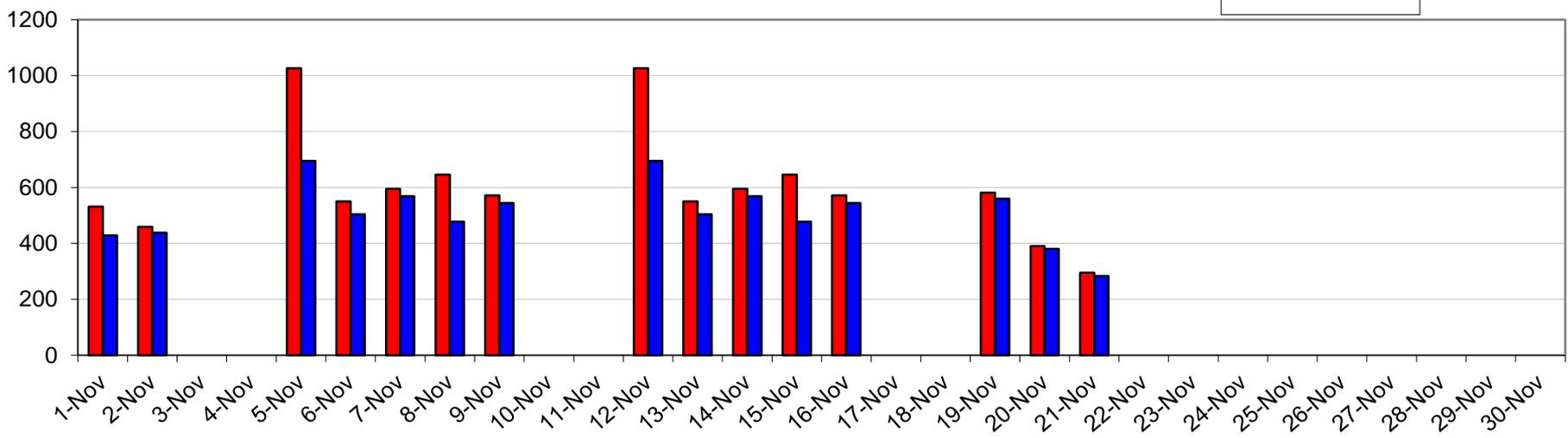
HOP Administration Unit - Eligibility Team

■ Calls Offered
■ Calls Handled



HOP Administration Unit - Eligibility Team

■ Calls Offered
■ Calls Handled



Nov 2, 2012

Postcard reminder mailed to District health plan participants.

Tab 3: Update - School District of Philadelphia Post-65 Health Plan Termination

Category	School District of Philadelphia	HOP	Outreach
Losing coverage as of 12/31/2012	1,821	1,552	269 (15%)
Losing coverage as of 1/14/2013	617	455	162 (26%)
Total	2,438	2,007	431 (18%)

Questions?



Tab 4: Proposed 2013 HOP Budget

HEALTH OPTIONS PROGRAM

2013 Proposed Program Budget

Compared to 2012 Program Budget and Projected 2012 Experience

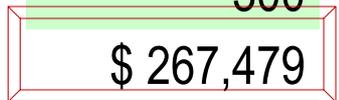
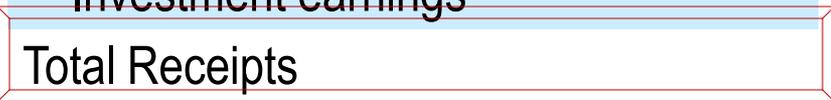
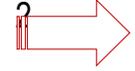
	(A)	(B)	(C)
	BUDGETED 2012	Projected Experience 2012	Proposed BUDGET 2013
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Beginning Balance at January 1, 2012	\$ 141,081	\$ 141,081	\$ 143,748

<i>Treasury</i>	\$ 88,262
<i>M&T - Investment Account</i>	39,271
<i>M&T - Operational Account</i>	32,519
<i>BALANCE at September 30, 2012</i>	<u>\$ 160,053</u>

Slide 6

	(A)	(B)	(C)
	BUDGETED 2012	Projected Experience 2012	Proposed BUDGET 2013
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Beginning Balance at January 1, 2012	\$ 141,081	\$ 141,081	\$ 143,748
Receipts: <i>Assumed 2,000 post-65 members from School district of Philadelphia</i>			
2 Retiree Contributions			
3 Self-funded Medical	113,864	119,864	122,691
4 Medicare Rx Options	35,848	35,095	36,667
5 Managed Care Plans	68,390	65,309	72,822
6 CMS for Medicare Rx Options	34,087	34,102	35,000
7 HHS for Early Retiree Reimbursement Program (ERRP)	350	(526)	0
8 Investment earnings	500	278	300
9 Total Receipts	\$ 253,039	\$ 254,122	\$ 267,479
10 Total Available for HOP Expenses	\$ 394,120	\$ 395,204	\$ 411,228

No payment expected from HHS.



Slide 7

	(A)	(B)	(C)
	BUDGETED 2012	Projected Experience 2012	Proposed BUDGET 2013
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Beginning Balance at January 1, 2012	\$ 141,081	\$ 141,081	\$ 143,748
9 Total Receipts	\$ 253,039	\$ 254,122	\$ 267,479
10 Total Available for HOP Expenses	\$ 394,120	\$ 395,204	\$ 411,228
Program Expenses:			
11 Hospital, Medical & Major Medical:			
12 Incurred Claims	97,150	90,289	98,099
13 Fitness Program	3,000	3,420	3,500
14 Claims Adjudication Expense	8,500	9,257	9,350
15 Prescription Drug Benefits (Pre-65)	200	222	225

	(A)	(B)	(C)
	BUDGETED 2012	Projected Experience 2012	Proposed BUDGET 2013

(in thousands \$) (in thousands \$) (in thousands \$)

1	Beginning Balance at January 1, 2012	\$ 141,081	\$ 141,081	\$ 143,748
9	Total Receipts	\$ 253,039	\$ 254,122	\$ 267,479
10	Total Available for HOP Expenses	\$ 394,120	\$ 395,204	\$ 411,228

Program Expenses:

Fronting of discounts

16	Medicare Prescription Drug Benefits	80,106	85,759	79,000
17	Payment for Manufacturer's Disc.	9,000	3,459	6,000
18	Drug Manufacturer's Discounts	(9,000)	(3,459)	(6,000)
19	Benefit Manager Fees	4,500	3,594	3,800
20	Administrative Expenses	3,470 ³	3,340	3,220
21	Drug Benefit Rebates	(14,000)	(14,769)	(12,000)



	(A)	(B)	(C)
	BUDGETED 2012	Projected Experience 2012	Proposed BUDGET 2013

(in thousands \$) (in thousands \$) (in thousands \$)

1	Beginning Balance at January 1, 2012	\$ 141,081	\$ 141,081	\$ 143,748
9	Total Receipts	\$ 253,039	\$ 254,122	\$ 267,479
10	Total Available for HOP Expenses	\$ 394,120	\$ 395,204	\$ 411,228

Program Expenses:

22	Managed Care Options	66,176	65,309	70,065
23	Enrollment Expenses	3,500	3,132	3,500
24	HOP Administrative Expenses	3,472 ⁴	3,306	3,456
25	Total Program Expense	\$ 256,074	\$ 251,455	\$ 261,995
26	Ending Balance	\$ 138,046	\$ 143,748	\$ 149,233

Expected Operating Gain \$5,485

HEALTH OPTIONS PROGRAM

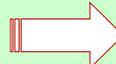
2013 Proposed Administrative Budget

Compared to 2012 Administrative Budget and Projected 2012 Experience

Each year we establish a Sponsor Expenses Guideline equal to 2% of retiree contributions.

	(A)	(B)	(C)
	BUDGETED 2012	Projected Experience 2012	Proposed BUDGET 2013
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Sponsor Guideline ¹	\$ 3,645	\$ 3,703	\$ 3,910
Administrative Expenses:			
	<i>School District of Philadelphia</i>		
2 Auditing	75	75	75
3 Benefit Consulting	500	502	500
4 HMO Management	200	155	178
5 ERRP	81	3	0
6 Communications	570	650	610
7 Equipment	50	0	50
8 Legal	100	0	100



	(A)	(B)	(C)
	BUDGETED 2012	Projected Experience 2012	Proposed BUDGET 2013
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Sponsor Guideline ¹	\$ 3,645	\$ 3,703	 \$ 3,910
Administrative Expenses:	<i>Within our 2% Guideline</i>		
9 Meeting Expense	175	250	175
10 Postage (General)	325	325	325
11 Printing (General)	500	500	500
12 Miscellaneous	50	50	50
13 Banking	100	100	100
14 Fiduciary Insurance	56	56	56
15 Personnel	400	400	447
16 Rent	90	90	90
17 Web Services	200	150	200
18 Total Expenses	\$ 3,472	\$ 3,306	 \$ 3,456
19 Excess (deficiency) ²	\$ 173	\$ 397	\$ 455

HEALTH OPTIONS PROGRAM

2013 Proposed PDP Budget

Compared to 2012 PDP Budget and Projected 2012 Experience

4.5% of the combined retiree and CMS income

(A)	(B)	(C)
BUDGETED 2012	Projected Experience 2012	Proposed BUDGET 2013

(in thousands \$) (in thousands \$) (in thousands \$)

	(A)	(B)	(C)
Administrative Expenses:			
1 Third Party Administrator	\$ 1,650	\$ 1,650	\$ 1,650
2 Pharmacy Consultant	300	250	180
3 CMS Compliance	260	250	300
4 Claims Auditing	65	65	65
5 Benefit Consultant	390	350	310
6 Communications	280	250	190
7 Printing	250	250	250
8 Postage	200	200	200
9 Miscellaneous	25	25	25
10 Web Services	50	50	50
11 Total PDP Expenses	\$ 3,470	\$ 3,340	 \$ 3,220

A photograph of a white Airstream trailer at dusk. The trailer is decorated with strings of colorful Christmas lights (red, yellow, green, blue) around its perimeter and on the door. A small, decorated Christmas tree stands in front of the trailer. The background shows a twilight sky and bare trees.

Tab 4: Proposed 2013 HOP Budget
Questions?
Resolution