

**HEALTH OPTIONS PROGRAM**  
**Proposed 2014 HOP Program Budget**  
**Compared to 2013 Budget and Projected 2013 Experience**

	(A)	(B)	(C)
	BUDGETED 2013	Projected Experience 2013	Proposed BUDGET 2014
	(in thousands)	(in thousands)	(in thousands)
1 <b>Beginning Balance at January 1</b>	\$ 143,748	\$ 158,366	\$ 171,679
2 <b>Receipts:</b>			
3     Retiree Contributions			
4         Medical Benefits Plans (self-funded)	122,691	125,650	140,627
5         Medicare Prescription Drug Plans (self-funded)	36,667	37,409	38,484
6         Managed Care Plans (insured)	72,822	79,921	80,983
7         CMS Payments for Medicare Prescription Drug Plan	35,000	36,227	34,690
8         Investment earnings	300	220	300
9 <b>Total Receipts</b>	267,480	279,427	295,085
10 <b>Program Expenses:</b>			
11     Medical Benefits Plans (self-funded)			
12         Incurred Claims	98,099	97,618	113,975
13         Fitness Program	3,500	3,866	4,000
14         Claims Adjudication Expense	9,350	10,650	11,000
15         Pre-65 Rx Benefits (HOP Pre-65 Medical Plan)	225	205	225
16         Medicare Prescription Drug Plans (self-funded)	79,000	84,900	87,500
17         Advance Payments for Manufacturer's Discounts	6,000	12,700	12,700
18         Drug Manufacturer's Discounts	(6,000)	(12,700)	(12,700)
19         Pharmacy Benefit Manager Administrative Fees	3,800	4,362	4,400
20         PDP Administrative Expenses	3,220	3,392	3,650
21         Drug Benefit Rebates	(12,000)	(16,088)	(16,088)
22         Managed Care Plans (insured)	70,065	70,234	79,151
23         Enrollment Expenses	3,500	3,554	3,800
24         HOP Administrative Expenses	3,456	3,421	3,752
25 <b>Total Program Expense</b>	262,215	266,114	295,365
26 <b>Receipts Over (Under) Expenses</b>	5,265	13,313	(280)
27 <b>Ending Balance</b>	\$ 149,013	\$ 171,679	\$ 171,399

<sup>1</sup> PDP Administrative Expenses detailed on page 3

<sup>2</sup> Administrative Expenses detailed on page 2

**HEALTH OPTIONS PROGRAM**  
**Proposed 2014 HOP Administrative Expenses Budget**  
**Compared to 2013 Budget and Projected 2013 Experience**

	(A)	(B)	(C)
	BUDGETED 2013	Projected Experience 2013	Proposed BUDGET 2014
	(in thousands)	(in thousands)	(in thousands)
1 <b>Sponsor Expenses Guideline</b>			
(2% of Retiree Contributions excluding Medicare Part D)	\$ 3,910	\$ 4,111	\$ 4,432
2 <b>Administrative Expenses:</b>			
3     Auditing	75	75	75
4     Banking	100	60	80
5     Benefit Consulting	500	500	550
6     Communications Consulting & Project Management	610	610	610
7     Equipment	50	50	50
8     Fiduciary Insurance	56	56	56
9     HMO Management	178	178	175
10    Legal	100	100	100
11    Meeting Expense	175	175	175
12    Miscellaneous	50	50	50
13    Personnel	447	427	635
14    Postage	325	325	325
15    Printing	500	500	500
16    Rent	90	90	121
17    Web Services and Development	200	224	250
18 <b>Total Administrative Expenses</b>	3,456	3,421	3,752
19 <b>Excess (deficiency) of Sponsor Expenses Guideline over (under) Budgeted Administrative Expenses</b>	\$ 455	\$ 690	\$ 680

**HEALTH OPTIONS PROGRAM**  
**Proposed 2014 Medicare Prescription Drug Plan (PDP) Administrative Expenses Budget**  
**Compared to 2013 Budget and Projected 2013 Experience**

	(A)	(B)	(C)
	BUDGETED	Projected	Proposed
	2013	Experience	BUDGET
	(in thousands)	2013	2014
	(in thousands)	(in thousands)	(in thousands)
1 <b>Administrative Expenses:</b>			
2 Benefit Consultant	\$ 310	\$ 374	\$ 380
3 Claims Auditing	65	65	65
4 CMS Compliance	300	300	300
5 Communications Consulting	190	190	200
6 Miscellaneous	25	25	25
7 Pharmacy Consultant	180	57	180
8 Postage	200	249	200
9 Printing	250	65	250
10 Third Party Administrator	1,650	2,089	2,000
11 Web Services and Development	50	50	50
12 <b>Total PDP Administrative Expenses</b>	<b>\$ 3,220</b>	<b>\$ 3,465</b>	<b>\$ 3,650</b>