



Health Care Committee

December 7, 2017

2018 HOP Budget

2018 HOP Budget

Cash Reserves (9/30/17):
 \$ 89,918,249 - Mellon Bank,
 \$ 79,921,066 &
 \$ 45,825,918 - M&T Bank

	(A)	(B)	(C)
	BUDGETED 2017	Projected Experience 2017	Proposed BUDGET 2018
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Beginning Balance at January 1	\$207,281	\$233,112	\$230,702
2 Receipts:			
3 Retiree Contributions			
4 Medical Benefits Plans (self-funded)	175,165	184,622	197,502
5 Medicare Rx Plans (self-funded)	76,061	78,248	78,903
6 Dental Plan (insured)	3,495	5,247	6,051
7 Managed Care Plans (insured)	77,936	77,308	73,538
8 CMS Payments for Medicare Rx Plan	59,625	58,622	55,992
9 Investment earnings	400	700	700
10 Total Receipts	\$ 392,682	\$ 404,783	\$ 412,686



2018 HOP Budget

	(A)	(B)	(C)
	BUDGETED 2017	Projected Experience 2017	Proposed BUDGET 2018
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Beginning Balance at January 1	\$207,281	\$233,112	\$230,702
10 Total Receipts	\$392,682	\$404,783	\$412,686
11 Program Expenses:			
12 Medical Benefits Plans (self-funded)			
13 Incurred Claims	143,325	144,485	150,817
14 Fitness Program	6,390	6,950	7,269
15 Claims Adjudication Expense	15,725	17,386	17,928
16 Pre-65 Rx Benefits	85	83	88
17 ACA Tax Expense	245	245	220



2018 HOP Budget

	(A)	(B)	(C)
	BUDGETED 2017	Projected Experience 2017	Proposed BUDGET 2018
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Beginning Balance at January 1	\$207,281	\$233,112	\$230,702
10 Total Receipts	\$392,682	\$404,783	\$412,686
11 Program Expenses:			
18 Medicare Rx Plans (self-funded)	167,940	181,046	187,110
19 Payments for Manufacturer's Discounts	12,352	17,111	19,308
20 Drug Manufacturer's Discounts	(12,352)	(17,111)	(19,308)
21 PBM Administrative Fees	7,208	6,991	6,556
22 PDP Administrative Expenses	5,332	5,354	6,544
23 Drug Benefit Rebates	(43,242)	(40,707)	(49,638)



2018 HOP Budget

	(A)	(B)	(C)
	BUDGETED 2017	Projected Experience 2017	Proposed BUDGET 2018
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Beginning Balance at January 1	\$207,281	\$233,112	\$230,702
10 Total Receipts	\$392,682	\$404,783	\$412,686
11 Program Expenses:			
23 Dental Plan (insured)	3,425	5,142	5,930
24 Managed Care Plans (insured)	75,598	71,719	71,951
25 Enrollment Expenses	4,893	5,360	5,749
26 HOP Administrative Expenses	3,470	3,088	3,207
27 HOP Investment Expenses	50	51	50
28 Total Program Expense	\$390,443	\$407,193	\$413,781



2018 HOP Budget

	(A)	(B)	(C)
	BUDGETED 2017	Projected Experience 2017	Proposed BUDGET 2018
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Beginning Balance at January 1	\$207,281	\$233,112	\$230,702
10 Total Receipts	\$392,682	\$404,783	\$412,686
28 Total Program Expense	\$390,443	\$407,193	\$413,781
29 Receipts Over (Under) Expenses	2,239	(2,410)	(1,095)
30 Ending Balance	\$212,675	\$230,702	\$229,606

2018 HOP Administrative Budget

	(A)	(B)	(C)
	BUDGETED 2017	Projected Experience 2017	Proposed BUDGET 2018
	(in thousands \$)	(in thousands \$)	(in thousands \$)
Sponsor Expenses Guideline			
1 (2% of Retiree Contributions excluding Medicare PDP)	\$5,132	\$5,384	\$5,558
2 Administrative Expenses:			
3 Auditing (Claims)	75	75	59
4 Banking	85	82	85
5 Benefit Consulting	448	842 ¹	435
6 Communications & Projects	499	418	363
7 Equipment	50	-	50
8 Fiduciary Insurance	56	56	56
9 Contract (MCO + Dental) Management	254	139	244
10 Legal	100	-	100
11 Meeting Expense	244	227	256

2018 HOP Administrative Budget

	(A)	(B)	(C)
	BUDGETED 2017	Projected Experience 2017	Proposed BUDGET 2018
	(in thousands \$)	(in thousands \$)	(in thousands \$)
Sponsor Expenses Guideline			
1 (2% of Retiree Contributions excluding Medicare PDP)	\$ 5,132	\$ 5,384	\$ 5,558
2 Administrative Expenses:			
12 Miscellaneous	50	-	50
13 Personnel (payment to PSERS)	673	491	673
14 Postage	300	200	300
15 Printing	300	300	300
16 Rent (payment to PSERS)	100	69	100
17 Web Services and Development	236	188	136
18 Total Administrative Expenses	\$ 3,470	\$ 3,087	\$ 3,207

2018 HOP Administrative Budget

	(A)	(B)	(C)
	BUDGETED 2017	Projected Experience 2017	Proposed BUDGET 2018
	(in thousands \$)	(in thousands \$)	(in thousands \$)
Sponsor Expenses Guideline			
<i>1</i> (2% of Retiree Contributions excluding Medicare PDP)	\$ 5,132	\$ 5,384	\$ 5,558
<i>18</i> Total Administrative Expenses	\$ 3,470	\$ 3,087	\$ 3,207
Excess (deficiency) of Sponsor Expenses Guideline			
<i>19</i> over (under) Budgeted Administrative Expenses	\$ 1,662	\$ 2,296	\$ 2,352

2017 Medicare Rx (PDP) Budget

	(A)	(B)*	(C)
	BUDGETED	Projected	Proposed
	2017	Experience	BUDGET
	(in thousands \$)	(in thousands \$)	(in thousands \$)
1 Administrative Expenses:			
2 Benefit Consultant	\$ 522	\$ 467	\$ 557
3 Claims Auditing	72	60	65
4 CMS Compliance	349	129	671 ¹
5 Communications Consulting	379	440	484
6 Miscellaneous	25	1	25
7 Operational Audit, Survey & Validation			303 ¹
8 Pharmacy Consultant	216 ²	298 ²	56
9 Postage	200	200	300
10 Printing	300	300	300
11 Third Party Administrator	3,190	3,380	3,680 ³
12 Web Services and Development	80	80	103
13 Total PDP Administrative Expenses	\$ 5,332	\$ 5,354	\$ 6,544

PDP Administrative Expenses + HOP Administrative Expenses = 2%



Questions Resolution

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