



FISCAL YEAR 2010-11 FINANCIAL REPORT

PRESENTED TO COMMITTEE ON EMPLOYEE
HOSPITAL AND MEDICAL BENEFITS

October 5, 2011

Fiscal Year 2010-11

Financial Performance Highlights

2

- Plan Expenses (i.e. claims expenditures + administrative costs) were
 1. 3.9% less than projected for the 2010-11 Fiscal Year in terms of total dollars
 2. 4.2% less than projected on a per member basis.

- The Plan's \$269.8 million FY 2011 ending cash balance:
 1. \$43 million more than SB 323/HB 578 forecast
 - Sufficient to cover delayed implementation of benefit changes & offer the Basic 70/30 Plan to active employees on a premium-free basis in FY 2011-12
 2. \$154 million more than Authorized Budget established Aug 2010
 3. \$77.6 million more than Certified Budget established in Mar 2009
 4. Equates to approximately 5 weeks of operating expenses

Financial Results FY 2010-11

Actual vs. Budgeted

3

	Actual Thru June 2011	Authorized Budget (per Aon 8-13-10)	Variance Over/(Under) Budget
Beginning Cash Balance	\$121.5 m	\$121.5 m	\$0.0 m
Plan Revenue	\$2.798 b	\$2.750 b	\$47.5 m
Net Claims Payments	\$2.484 b	\$2.565 b	(\$80.8 m)
Net Admin. Expenses	\$165.9 m	\$191.7 m	(\$25.8 m)
Total Plan Expense	\$2.650 b	\$2.756 b	(\$106.6 m)
Net Income/(Loss)	\$148.3 m	(\$5.8 m)	\$154.1 m
Ending Cash Balance	\$269.8 m	\$115.7 m	\$154.1 m

Financial Results FY 2010-11

Per Member Per Month (PMPM) Analysis

4

	Actual Thru June 2011	Authorized Budget (per Aon 8-13-10)	Variance Over/(Under) Budget
Plan Revenue	\$351.36	\$347.03	\$4.33
Net Claims Payments	\$312.01	\$323.32	(\$11.31)
Net Admin. Expenses	\$20.84	\$24.17	(\$3.33)
Total Plan Expense	\$332.85	\$347.49	(\$14.64)
Net Income/(Loss)	\$18.51	(\$0.46)	\$18.97

Comparing actual results to the budget projection on a PMPM basis helps adjust for changes in membership that occurred during the year.

Adjusted Variance Report FY 2010-11

Per Member Per Month (PMPM) Analysis

5

	Actual thru June, as Adjusted	Authorized Budget (per Aon 8-13-10)	Adjusted Variance Over/(Under) Budget
Plan Revenue * ^	\$348.22	\$347.03	\$1.19
Claims Payment +	\$314.47	\$323.32	(\$8.85)
Net Admin. Expenses	\$20.84	\$24.17	(\$3.33)
Total Plan Expense	\$335.31	\$347.49	(\$12.18)
Net Income/(Loss)	\$12.90	(\$0.46)	\$13.37

* Removed impact of \$2.6 m in prepaid July premiums.

^ Removed impact of \$22.4 m in unbudgeted ERRP subsidy receipts

+ Removed impact of \$19.6 m in unbudgeted "rebate guarantee" receipts for FY 2009-10.

North Carolina State Health Plan for Teachers and State Employees
 Summary of Operations (Cash Basis)
 Consolidated Report, Actual vs. Authorized Budget
 For the Month Ended June 2011
 Fiscal Year 2010-2011

	A	B	C	D	E	F	G	H
	Actual June 2011	Authorized Budget June 2011	Monthly Variance Over/(Under) Authorized Budget	Actual Year to Date FY 2010-11	Authorized Budget Year to Date FY 2010-11	Year to Date Variance Over/(Under) Authorized Budget	Authorized Annual Budget FY 2010-11	Year to Date Variance Over/(Under) Annual Authorized Budget
1 Plan Revenue:								
2								
3 Member Premiums	\$ 220,442,353	\$ 221,915,623	\$ (1,473,270)	\$ 2,684,814,172	\$ 2,668,696,507	\$ 16,117,665	\$ 2,668,696,507	\$ 16,117,665
4 Premium Refunds/Retroactive Disenrollments	(71,053)	(213,888)	142,835	(1,281,584)	(2,572,160)	1,290,576	(2,572,160)	1,290,576
5 Medicare Part D Subsidy	6,888,218	4,593,230	2,294,988	66,276,535	59,056,902	7,219,633	59,056,902	7,219,633
6 Federal Early Retiree Reinsurance Program (ERRP)		4,821,055	(4,821,055)	45,298,812	22,756,878	22,541,934	22,756,878	22,541,934
7 Net Premium & Other Contributions	227,259,518	231,116,020	(3,856,502)	2,795,107,935	2,747,938,127	47,169,808	2,747,938,127	47,169,808
8								
9 Other Revenue	332,827	181,185	151,642	2,861,090	2,542,331	318,759	2,542,331	318,759
10								
11 Total Plan Revenue (excludes internal transfers)	227,592,345	231,297,205	(3,704,860)	2,797,969,025	2,750,480,458	47,488,567	2,750,480,458	47,488,567
12								
13 Plan Expenses:								
14								
15 Net Medical Claims	154,447,919	153,179,210	1,268,709	1,827,826,009	1,892,776,875	(64,950,866)	1,892,776,875	(64,950,866)
16 Net Pharmacy Claims	58,285,612	57,591,646	693,966	655,868,735	671,760,424	(15,891,689)	671,760,424	(15,891,689)
17								
18 Net Claim Payments	212,733,531	210,770,856	1,962,675	2,483,694,744	2,564,537,299	(80,842,555)	2,564,537,299	(80,842,555)
19								
20 Net Administrative Expenses	13,685,863	15,943,647	(2,257,784)	165,902,094	191,733,935	(25,831,841)	191,733,935	(25,831,841)
21								
22 Total Plan Expenses (excludes internal transfers)	226,419,394	226,714,503	(295,109)	2,649,596,838	2,756,271,234	(106,674,396)	2,756,271,234	(106,674,396)
23								
24 Plan Income/(Loss)	1,172,951	4,582,702	(3,409,751)	148,372,187	(5,790,776)	154,162,963	(5,790,776)	154,162,963
25								
26 Cash Availability:								
27								
28 Beginning Cash Balance/(Deficit)	268,683,266	111,110,552	157,572,714	121,484,030	121,484,030	-	121,484,030	-
29 Ending Cash Balance/(Deficit)	269,856,217	115,693,254	154,162,963	269,856,217	115,693,254	154,162,963	115,693,254	154,162,963
30								
31 Target Stabilization Reserve @ 6/30/11	192,340,297	192,340,297	-	192,340,297	192,340,297	-	192,340,297	-
32								
33 Cash Balance Over/(Under) Reserve Target	\$ 77,515,920	\$ (76,647,043)	\$ 154,162,963	\$ 77,515,920	\$ (76,647,043)	\$ 154,162,963	\$ (76,647,043)	\$ 154,162,963

Comments:

- Delinquent receivables totaled \$18,843.35 as of June 30, 2011.
- The average weekly medical claims cost net of claims refunds was \$38,611,979.75 for the four weekly claim disbursements.
- Total pharmacy claims included two bi-weekly invoice cycles averaging \$29,142,806.00 per cycle.
- The total year to date pharmacy claims have been offset by the receipt of a \$19.6 million rebate true up payment for the prior year.
- The target stabilization reserve is 7.5% of the projected net claims for Fiscal Year 2010-11.
- Minor differences compared to other reports due to rounding.

Actual vs Authorized Budget (i.e. **Revised Budget** per Aon 8-13-10 projection)
 June 2011

North Carolina State Health Plan for Teachers and State Employees
 Summary of Operations (Cash Basis)
 Consolidated Report, Actual vs. Certified Budget
 For the Month Ended June 2011
 Fiscal Year 2010- 2011

	A	B	C	D	E	F	G	H
	Actual June 2011	Certified Budget June 2011	Monthly Variance Over/(Under) Certified Budget	Actual Year to Date FY 2010-11	Certified Budget Year to Date FY 2010-11	Year to Date Variance Over/(Under) Certified Budget	Annual Certified Budget FY 2010-11	Year to Date Variance Over/(Under) Annual Certified Budget
1 Plan Revenue:								
2								
3 Member Premiums	\$ 220,442,353	\$ 221,878,498	\$ (1,436,145)	\$ 2,684,814,172	\$ 2,662,541,970	\$ 22,272,202	\$ 2,662,541,970	\$ 22,272,202
4 Premium Refunds/Retroactive Disenrollments	(71,053)	(759,751)	688,698	(1,281,584)	(9,117,015)	7,835,431	(9,117,015)	7,835,431
5 Medicare Part D Subsidy	6,888,218	4,190,074	2,698,144	66,276,535	50,349,199	15,927,336	50,349,199	15,927,336
6 Federal Early Retiree Reinsurance Program (ERRP)				45,298,812		45,298,812		45,298,812
7 Net Premium & Other Contributions	227,259,518	225,308,821	1,950,697	2,795,107,935	2,703,774,154	91,333,781	2,703,774,154	91,333,781
8								
9 Other Revenue	332,827	710,312	(377,485)	2,861,090	8,761,811	(5,900,721)	8,761,811	(5,900,721)
10								
11 Total Plan Revenue (excludes internal transfers)	227,592,345	226,019,133	1,573,212	2,797,969,025	2,712,535,965	85,433,060	2,712,535,965	85,433,060
12								
13 Plan Expenses:								
14								
15 Net Medical Claims	154,447,919	151,046,834	3,401,085	1,827,826,009	1,855,636,500	(27,810,491)	1,855,636,500	(27,810,491)
16 Net Pharmacy Claims	58,285,612	55,166,939	3,118,673	655,868,735	634,548,220	21,320,515	634,548,220	21,320,515
17								
18 Net Claim Payments	212,733,531	206,213,773	6,519,758	2,483,694,744	2,490,184,720	(6,489,976)	2,490,184,720	(6,489,976)
19								
20 Net Administrative Expenses	13,685,863	15,977,828	(2,291,965)	165,902,094	191,733,935	(25,831,841)	191,733,935	(25,831,841)
21								
22 Total Plan Expenses (excludes internal transfers)	226,419,394	222,191,601	4,227,793	2,649,596,838	2,681,918,655	(32,321,817)	2,681,918,655	(32,321,817)
23								
24 Plan Income/(Loss)	1,172,951	3,827,532	(2,654,581)	148,372,187	30,617,310	117,754,877	30,617,310	117,754,877
25								
26 Cash Availability:								
27								
28 Beginning Cash Balance/(Deficit)	268,683,266	188,389,871	80,293,395	121,484,030	161,600,093	(40,116,063)	161,600,093	(40,116,063)
29 Ending Cash Balance/(Deficit)	269,856,217	192,217,403	77,638,814	269,856,217	192,217,403	77,638,814	192,217,403	77,638,814
30								
31 Target Stabilization Reserve @ 6/30/11	192,340,297	186,763,854	5,576,443	192,340,297	186,763,854	5,576,443	186,763,854	5,576,443
32								
33 Cash Balance Over/(Under) Reserve Target	\$ 77,515,920	\$ 5,453,549	\$ 72,062,371	\$ 77,515,920	\$ 5,453,549	\$ 72,062,371	\$ 5,453,549	\$ 72,062,371

Comments:

- Delinquent receivables totaled \$18,843.35 as of June 30, 2011.
- The average weekly medical claims cost net of claims refunds was \$38,611,979.75 for the four weekly claim disbursements.
- Total pharmacy claims included two bi-weekly invoice cycles averaging \$29,142,806.00 per cycle.
- The total year to date pharmacy claims have been offset by the receipt of a \$19.6 million rebate true up payment for the prior year.
- The target stabilization reserve is 7.5% of the projected net claims for Fiscal Year 2010-11.
- Minor differences compared to other reports due to rounding.

Actual vs Certified Budget (i.e. **Original Budget** per SL 2009-16)
 June 2011

North Carolina State Health Plan for Teachers and State Employees
 Summary of Operations (Cash Basis)
 Current Year Actual vs. Prior Year Actual
 For the Month Ended June 2011
 Fiscal Year 2010-2011

	A	B	C	D	E	F	G
	Current Year Actual June 2011	Prior Year Actual June 2010	Current Year to Date Actual FY 2010-11 thru June	Prior Year to Date Actual FY 2009-10 thru June	Current Year Authorized Annual Budget FY 2010-11	Prior Year Annual Budget FY 2009-10	Prior Year Actual Results FY 2009-10
1 Plan Revenue:							
2							
3 Member Premiums	\$ 220,442,353	\$ 205,121,829	\$ 2,684,814,172	\$ 2,413,877,944	\$ 2,668,696,507	\$ 2,445,229,263	\$ 2,413,877,944
4 Premium Refunds/Retroactive Disenrollments	(71,053)	(71,816)	(1,281,584)	(1,310,146)	(2,572,160)	(8,372,898)	(1,310,146)
5 Medicare Part D Subsidy	6,888,218	4,303,035	66,276,535	74,357,704	59,056,902	56,262,519	74,357,704
6 Federal Early Retiree Reinsurance Program (ERRP)			45,298,812	-	22,756,878		
7 Net Premium & Other Contributions	227,259,518	209,353,048	2,795,107,935	2,486,925,502	2,747,938,127	2,493,118,884	2,486,925,502
8							
9 Other Revenue	332,827	255,361	2,861,090	3,532,448	2,542,331	7,945,058	3,532,448
10							
11 Total Plan Revenue (excludes internal transfers)	227,592,345	209,608,409	2,797,969,025	2,490,457,950	2,750,480,458	2,501,063,942	2,490,457,950
12							
13 Plan Expenses:							
14							
15 Net Medical Claims	154,447,919	181,106,931	1,827,826,009	1,797,515,414	1,892,776,875	1,719,379,474	1,797,515,414
16 Net Pharmacy Claims	58,285,612	56,533,089	655,868,735	596,709,775	671,760,424	581,325,349	596,709,775
17							
18 Net Claim Payments	212,733,531	237,640,020	2,483,694,744	2,394,225,189	2,564,537,299	2,300,704,823	2,394,225,189
19							
20 Net Administrative Expenses	13,685,863	13,905,111	165,902,094	164,649,780	191,733,935	185,605,422	164,649,780
21							
22 Total Plan Expenses (excludes internal transfers)	226,419,394	251,545,131	2,649,596,838	2,558,874,969	2,756,271,234	2,486,310,245	2,558,874,969
23							
24 Plan Income/(Loss)	1,172,951	(41,936,722)	148,372,187	(68,417,019)	(5,790,776)	14,753,697	(68,417,019)
25							
26 Cash Availability:							
27							
28 Beginning Cash Balance/(Deficit)	268,683,266	163,420,752	121,484,030	189,901,049	121,484,030	146,846,396	189,901,049
29 Ending Cash Balance/(Deficit)	269,856,217	121,484,030	269,856,217	121,484,030	115,693,254	161,600,093	121,484,030
30							
31 Target Stabilization Reserve @ 6/30/11	192,340,297	172,552,862	192,340,297	172,552,862	192,340,297	172,552,862	172,552,862
32							
33 Cash Balance Over/(Under) Reserve Target	\$ 77,515,920	\$ (51,068,832)	\$ 77,515,920	\$ (51,068,832)	\$ (76,647,043)	\$ (10,952,769)	\$ (51,068,832)

Comments:

a. Minor differences compared to other reports due to rounding

Consolidated Current Year v Prior Year
 June 2011

BOT

North Carolina State Health Plan for Teachers and State Employees
Summary of Operations (Cash Basis, as adjusted)

Consolidated Report, Actual vs. Budgeted
For the Month Ended June 2011
Fiscal Year 2010-2011

	A	B	C	D	E	F
	Actual Year to Date FY 2010-11 thru June	Adjustments for Timing, Unusual & Onetime Events	Adjusted Actual Year to Date	Authorized Budget Year to Date FY 2010-11 thru June	Year to Date Adjusted Variance Over/(Under) Budget	Adjusted Variance as Percentage of Budget
1 Plan Revenue:						
2						
3 Member Premiums (Note 1)	\$ 2,684,814,172	\$ (2,630,300)	\$ 2,682,183,872	\$ 2,668,696,507	\$ 13,487,365	0.51%
4 Premium Refunds/Retroactive Disenrollments	(1,281,584)		(1,281,584)	(2,572,160)	1,290,576	-50.17%
5 Medicare Part D Subsidy	66,276,535		66,276,535	59,056,902	7,219,633	12.22%
6 Federal Early Retiree Reinsurance Program (ERRP) (Note 2)	45,298,812	(22,434,674)	22,864,138	22,756,878	107,260	0.47%
7 Net Premium & Other Contributions	2,795,107,935	(25,064,974)	2,770,042,961	2,747,938,127	22,104,834	0.80%
8						
9 Other Revenue	2,861,090		2,861,090	2,542,331	318,759	12.54%
10						
11 Total Plan Revenue (excludes internal transfers)	2,797,969,025	(25,064,974)	2,772,904,051	2,750,480,458	22,423,593	0.82%
12						
13 Plan Expenses:						
14						
15 Net Medical Claims	1,827,826,009		1,827,826,009	1,892,776,875	(64,950,866)	-3.43%
16 Net Pharmacy Claims (Note 3)	655,868,735	19,619,431	675,488,166	671,760,424	3,727,742	0.55%
17 Net Claim Payments *	2,483,694,744	19,619,431	2,503,314,175	2,564,537,299	(61,223,124)	-2.39%
18						
19 Net Administrative Expenses	165,902,094		165,902,094	191,733,935	(25,831,841)	-13.47%
20						
21 Total Plan Expenses (excludes internal transfers)	2,649,596,838	19,619,431	2,669,216,269	2,756,271,234	(87,054,965)	-3.16%
22						
23 Plan Income/(Loss)	148,372,187	(44,684,404)	103,687,783	(5,790,776)	109,478,559	-1890.57%
24						
25 Cash Availability:						
26						
27 Beginning Cash Balance/(Deficit)	121,484,030		121,484,030	121,484,030	-	0.00%
28 Ending Cash Balance/(Deficit)	269,856,217	(44,684,404)	225,171,813	115,693,254	109,478,559	94.63%
29						
30 Target Stabilization Reserve @ 6/30/11	192,340,297		192,340,297	192,340,297	-	
31						
32 Cash Balance Over/(Under) Reserve Target	\$ 77,515,920	\$ (44,684,404)	\$ 32,831,516	\$ (76,647,043)	\$ 109,478,559	

Adjustment Notes:

1. Member premiums decreased by \$2.6 million in prepaid premiums (i.e. premiums budgeted for receipt in July 2011, but received in June 2011).
2. Reduced revenues to remove impact of \$22.4 million in unbudgeted ERRP subsidy payments.
3. Pharmacy claims increased to remove impact of unbudgeted portion of \$19.6 million in "rebate guarantees" for FY 2009-10.

Adjusted Variance Report Based on Authorized (Revised) Budget
Year to Date Through June 2011

State Health Plan

August 2011 Financial Report

Financial Results Actual v. Budgeted

Year to Date August 2011

2

Fiscal Year 2011-2012	Actual thru Aug 2011	Certified Budget (per Aon 7-20-11)	Variance Over/(Under) Budget
Beginning Cash Balance	\$269.8 m	\$226.8 m	\$43.0 m
Plan Revenue	\$451.7 m	\$481.5 m	(\$29.8 m)
Net Claims Payments	\$471.5 m	\$477.3 m	(\$5.8 m)
Net Admin. Expenses	\$30.3 m	\$30.1 m	\$0.2 m
Total Plan Expense	\$501.8 m	\$507.4 m	(\$5.6 m)
Net Income/(Loss)	(\$50.1 m)	(\$25.9 m)	(\$24.2 m)
Ending Cash Balance	\$219.7 m	\$200.9 m	\$18.8 m

Adjusted Variance Report

Year to Date August 2011

3

Fiscal Year 2011-2012	Actual thru Aug 2011, as Adjusted	Certified Budget (per Aon 7-20-11)	Variance Over/(Under) Budget
Beginning Cash Balance	\$269.8 m	\$226.8 m	\$43.0 m
Plan Revenue *	\$446.5 m	\$481.5 m	(\$35.0 m)
Net Claims Payments	\$471.5 m	\$477.3 m	(\$5.8 m)
Net Admin. Expenses	\$30.3 m	\$30.1 m	\$0.2 m
Total Plan Expense	\$501.8 m	\$507.4 m	(\$5.6 m)
Net Income/(Loss)	(\$55.3 m)	(\$25.9 m)	(\$29.4 m)
Ending Cash Balance	\$214.5 m	\$200.9 m	\$13.6 m

* Removed impact of \$5.2 million in September premiums prepaid in month of August.

Financial Results Actual v. Budgeted

Per Member Per Month (PMPM) Analysis

Year to Date August 2011

4

Fiscal Year 2011-2012	Actual Thru Aug 2011	Certified Budget (per Aon 7-20-11)	Variance Over/(Under) Budget
Plan Revenue	\$341.17	\$364.06	(\$22.89)
Net Claims Payments	\$355.26	\$360.60	(\$5.34)
Net Admin. Expenses	\$22.82	\$22.77	\$0.05
Total Plan Expense	\$378.08	\$383.37	(\$5.29)
Net Income/(Loss)	(\$36.91)	(\$19.31)	(\$17.60)

Comparing actual results to the budget projection on a PMPM basis helps correct for changes in membership that occurred during the year.

Adjusted Variance Report

Per Member Per Month (PMPM) Analysis

Year to Date August 2011

5

Fiscal Year 2011-2012	Actual thru Aug 2011, as Adjusted	Certified Budget (per Aon 7-20-11)	Adjusted Variance Over/(Under) Budget
Plan Revenue *	\$337.23	\$364.06	(\$26.83)
Claims Payment	\$355.26	\$360.60	(\$5.34)
Net Admin. Expenses	\$22.82	\$22.77	\$0.05
Total Plan Expense	\$378.08	\$383.37	(\$5.29)
Net Income/(Loss)	(\$40.85)	(\$19.31)	(\$21.54)

* Removed impact of \$5.2 million in September premiums prepaid in month of August.

North Carolina State Health Plan for Teachers and State Employees
 Summary of Operations (Cash Basis)
 Consolidated Report, Actual vs. Certified Budget
 For the Month Ended August 2011
 Fiscal Year 2011- 2012

	A	B	C	D	E	F	G	H
	Actual August 2011	Certified Budget August 2011	Monthly Variance Over/(Under) Certified Budget	Actual Year to Date FY 2011-12	Certified Budget Year to Date FY 2011-12	Year to Date Variance Over/(Under) Certified Budget	Annual Certified Budget FY 2011-12	Year to Date Variance Over/(Under) Annual Certified Budget
1 Plan Revenue:								
2								
3 Member Premiums	\$ 223,860,026	\$ 223,692,590	\$ 167,436	\$ 443,434,043	\$ 447,470,313	\$ (4,036,270)	\$ 2,772,587,259	\$ (2,329,153,216)
4 Premium Refunds/Retroactive Disenrollments	(57,064)	(215,601)	158,537	(81,256)	(431,284)	350,028	(2,672,292)	2,591,036
5 Medicare Part D Subsidy	3,803,905	4,064,211	(260,306)	7,712,922	8,540,925	(828,003)	60,058,789	(52,345,867)
6 Federal Early Retiree Reinsurance Program (ERRP)	-	-	-	-	25,583,136	(25,583,136)	25,583,136	(25,583,136)
7 Net Premium & Other Contributions	227,606,867	227,541,200	65,667	451,065,709	481,163,090	(30,097,381)	2,855,556,892	(2,404,491,183)
8								
9 Investment Earnings	333,952	187,079	146,873	634,140	374,124	260,016	2,245,712	(1,611,572)
10 Miscellaneous Revenue	-	-	-	-	-	-	-	-
11 Other Revenue	333,952	187,079	146,873	634,140	374,124	260,016	2,245,712	(1,611,572)
12								
13 Total Plan Revenue (excludes internal transfers)	227,940,819	227,728,279	212,540	451,699,849	481,537,214	(29,837,365)	2,857,802,604	(2,406,102,755)
14								
15 Plan Expenses:								
16								
17 Medical Claim Payments	183,871,737	190,330,068	(6,458,331)	342,078,010	348,504,991	(6,426,981)	2,078,924,788	(1,736,846,778)
18 Medical Claim Refunds/Recoveries	(2,479,483)	(2,747,884)	268,401	(4,595,329)	(5,507,036)	911,707	(33,175,196)	28,579,867
19 Net Medical Claims	181,392,254	187,582,184	(6,189,930)	337,482,681	342,997,955	(5,515,274)	2,045,749,592	(1,708,266,911)
20								
21 Pharmacy Claim Payments	75,786,238	76,258,960	(472,722)	134,068,083	134,319,051	(250,968)	639,876,935	(505,808,852)
22 Pharmacy Claim Refunds/Recoveries	(9,807)	-	(9,807)	(10,057)	-	(10,057)	-	(10,057)
23 Net Pharmacy Claims	75,776,431	76,258,960	(482,529)	134,058,026	134,319,051	(261,025)	639,876,935	(505,818,909)
24								
25 Net Claim Payments	257,168,685	263,841,144	(6,672,459)	471,540,707	477,317,006	(5,776,299)	2,685,626,527	(2,214,085,820)
26								
27 Net Administrative Expenses	17,279,051	15,064,287	2,214,764	30,293,479	30,134,307	159,172	180,464,149	(150,170,670)
28								
29 Total Plan Expenses (excludes internal transfers)	274,447,736	278,905,431	(4,457,695)	501,834,186	507,451,313	(5,617,127)	2,866,090,676	(2,364,256,490)
30								
31 Plan Income/(Loss)	(46,506,917)	(51,177,152)	4,670,235	(50,134,337)	(25,914,099)	(24,220,238)	(8,288,072)	(41,846,265)
32								
33 Cash Availability:								
34								
35 Beginning Cash Balance/(Deficit)	266,228,792	252,101,405	14,127,387	269,856,212	226,838,352	43,017,860	226,838,352	43,017,860
36 Ending Cash Balance/(Deficit)	219,721,875	200,924,253	18,797,622	219,721,875	200,924,253	18,797,622	218,550,280	1,171,595
37								
38 Target Stabilization Reserve @ 6/30/12	201,421,989	201,421,989	-	201,421,989	201,421,989	-	201,421,989	-
39								
40 Cash Balance Over/(Under) Reserve Target	\$ 18,299,886	\$ (497,736)	\$ 18,797,622	\$ 18,299,886	\$ (497,736)	\$ 18,797,622	\$ 17,128,291	\$ 1,171,595

Comments:

- Delinquent receivables totaled \$558,400.08 as of August 30, 2011.
- The average weekly medical claims cost net of claims refunds was \$36,278,450.80 for the five weekly claim disbursements.
- Total pharmacy claims included three bi-weekly invoice cycles averaging \$25,258,810.33 per cycle.
- The target stabilization reserve is 7.5% of the projected net claims for Fiscal Year 2011-12.
- Minor differences compared to other reports are due to rounding.

Actual vs Certified Budget (i.e. **Original Budget** per 2011 Session Laws, Chapters 85, 96, 145, and 345)
 August 2011

North Carolina State Health Plan for Teachers and State Employees
Summary of Operations (Cash Basis)
Current Year Actual vs. Prior Year Actual
For the Month Ended August 2011
Fiscal Year 2011-2012

	A	B	C	D	E	F	G
	Current Year Actual August 2011	Prior Year Actual August 2010	Current Year to Date Actual FY 2011-12 thru August	Prior Year to Date Actual FY 2010-11 thru August	Current Year Certified Annual Budget FY 2011-12	Prior Year Annual Budget FY 2010-11	Prior Year Actual Results FY 2010-11
1 Plan Revenue:							
2							
3 Member Premiums	\$ 223,860,026	\$ 221,048,246	\$ 443,434,043	\$ 443,464,982	\$ 2,772,587,259	\$ 2,668,696,507	\$ 2,684,814,172
4 Premium Refunds/Retroactive Disenrollments	(57,064)	(660,001)	(81,256)	(712,453)	(2,672,292)	(2,572,160)	(1,281,584)
5 Medicare Part D Subsidy	3,803,905	3,970,930	7,712,922	10,288,772	60,058,789	59,056,902	66,276,535
6 Federal Early Retiree Reinsurance Program (ERRP)	-	-	-	-	25,583,136	22,756,878	45,298,812
7 Net Premium & Other Contributions	227,606,867	224,359,175	451,065,709	453,041,301	2,855,556,892	2,747,938,127	2,795,107,935
8							
9 Investment Earnings	333,952	163,253	634,140	396,213	2,245,712	2,542,331	2,860,810
10 Miscellaneous Revenue	-	2	-	280	-	-	280
11 Other Revenue	333,952	163,255	634,140	396,493	2,245,712	2,542,331	2,861,090
12							
13 Total Plan Revenue (excludes internal transfers)	227,940,819	224,522,430	451,699,849	453,437,794	2,857,802,604	2,750,480,458	2,797,969,025
14							
15 Plan Expenses:							
16							
17 Medical Claim Payments	183,871,737	176,974,548	342,078,010	318,420,659	2,078,924,788	1,923,636,648	1,852,549,690
18 Medical Claim Refunds/Recoveries	(2,479,483)	(2,252,018)	(4,595,329)	(4,138,038)	(33,175,196)	(30,859,773)	(24,723,681)
19 Net Medical Claims	181,392,254	174,722,530	337,482,681	314,282,621	2,045,749,592	1,892,776,875	1,827,826,009
20							
21 Pharmacy Claim Payments	75,786,238	40,534,339	134,068,083	93,446,237	639,876,935	671,760,424	655,868,735
22 Pharmacy Claim Refunds/Recoveries	(9,807)	-	(10,057)	-	-	-	-
23 Net Pharmacy Claims	75,776,431	40,534,339	134,058,026	93,446,237	639,876,935	671,760,424	655,868,735
24							
25 Net Claim Payments	257,168,685	215,256,869	471,540,707	407,728,858	2,685,626,527	2,564,537,299	2,483,694,744
26							
27 Net Administrative Expenses	17,279,051	14,126,099	30,293,479	27,710,745	180,464,149	191,733,935	165,902,094
28							
29 Total Plan Expenses (excludes internal transfers)	274,447,736	229,382,968	501,834,186	435,439,603	2,866,090,676	2,756,271,234	2,649,596,838
30							
31 Plan Income/(Loss)	(46,506,917)	(4,860,538)	(50,134,337)	17,998,191	(8,288,072)	(5,790,776)	148,372,187
32							
33 Cash Availability:							
34							
35 Beginning Cash Balance/(Deficit)	266,228,792	144,342,759	269,856,212	121,484,030	226,838,352	121,484,030	121,484,030
36 Ending Cash Balance/(Deficit)	219,721,875	139,482,221	219,721,875	139,482,221	218,550,280	115,693,254	269,856,217
37							
38 Target Stabilization Reserve @ 6/30/12	201,421,989	192,340,297	201,421,989	192,340,297	201,421,989	192,340,297	192,340,297
39							
40 Cash Balance Over/(Under) Reserve Target	\$ 18,299,886	\$ (52,858,076)	\$ 18,299,886	\$ (52,858,076)	\$ 17,128,291	\$ (76,647,043)	\$ 77,515,920

Comments:

a. Minor differences compared to other reports are due to rounding

Consolidated Current Year v Prior Year
August 2011

North Carolina State Health Plan for Teachers and State Employees
Summary of Operations (Cash Basis, as adjusted)

Consolidated Report, Actual vs. Budgeted
For the Month Ended August 2011
Fiscal Year 2011-12

	A	B	C	D	E	F
	Actual Year to Date FY 2011-12 thru August	Adjustments for Timing, Unusual & Onetime Events	Adjusted Actual Year to Date	Certified Budget Year to Date FY 2011-12 thru August	Year to Date Adjusted Variance Over/(Under) Budget	Adjusted Variance as Percentage of Budget
1 Plan Revenue:						
2						
3 Member Premiums (Note 1)	\$ 443,434,043	\$ (5,204,756)	\$ 438,229,287	\$ 447,470,313	\$ (9,241,026)	-2.07%
4 Premium Refunds/Retroactive Disenrollments	(81,256)		(81,256)	(431,284)	350,028	-81.16%
5 Medicare Part D Subsidy	7,712,922		7,712,922	8,540,925	(828,003)	-9.69%
6 Federal Early Retiree Reinsurance Program (ERRP)	-		-	25,583,136	(25,583,136)	-100.00%
7 Net Premium & Other Contributions	451,065,709	(5,204,756)	445,860,953	481,163,090	(35,302,137)	-7.34%
8						
9 Other Revenue	634,140		634,140	374,124	260,016	69.50%
10						
11 Total Plan Revenue (excludes internal transfers)	451,699,849	(5,204,756)	446,495,093	481,537,214	(35,042,121)	-7.28%
12						
13 Plan Expenses:						
14						
15 Net Medical Claims	337,482,681		337,482,681	342,997,955	(5,515,274)	-1.61%
16 Net Pharmacy Claims	134,058,026		134,058,026	134,319,051	(261,025)	-0.19%
17 Net Claim Payments *	471,540,707	-	471,540,707	477,317,006	(5,776,299)	-1.21%
18						
19 Net Administrative Expenses	30,293,479		30,293,479	30,134,307	159,172	0.53%
20						
21 Total Plan Expenses (excludes internal transfers)	501,834,186	-	501,834,186	507,451,313	(5,617,127)	-1.11%
22						
23 Plan Income/(Loss)	(50,134,337)	(5,204,756)	(55,339,093)	(25,914,099)	(29,424,994)	113.55%
24						
25 Cash Availability:						
26						
27 Beginning Cash Balance/(Deficit)	269,856,212		269,856,212	226,838,352	43,017,860	18.96%
28 Ending Cash Balance/(Deficit)	219,721,875	(5,204,756)	214,517,119	200,924,253	13,592,866	6.77%
29						
30 Target Stabilization Reserve @ 6/30/11	201,421,989		201,421,989	201,421,989	-	
31						
32 Cash Balance Over/(Under) Reserve Target	\$ 18,299,886	\$ (5,204,756)	\$ 13,095,130	\$ (497,736)	\$ 13,592,866	-2730.94%

Adjustment Notes:

1. Member premiums decreased by \$5.2 million in prepaid premiums (i.e. premiums budgeted for receipt in Sept 2011, but received in Aug 2011).

Adjusted Variance Report Based on Certified (Original) Budget
Year to Date Through August 2011



QUARTERLY MEMBERSHIP REPORT

4th Quarter FY 2010-2011
(April 2011 to June 2011)

PRESENTED TO COMMITTEE ON EMPLOYEE
HOSPITAL AND MEDICAL BENEFITS

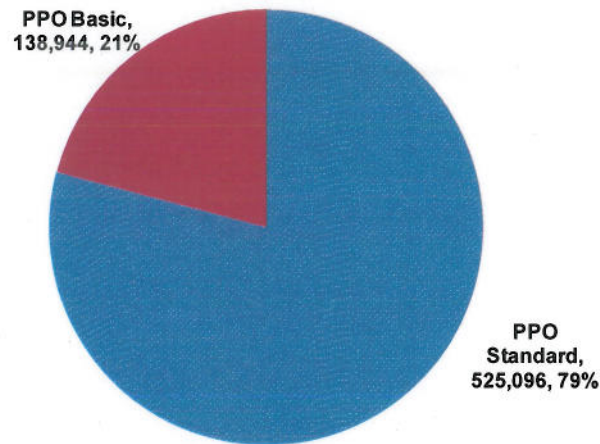
October 5, 2011

Membership by Plan

4th Quarter FY 2010-11

2

**Average Membership by Plan
(April thru June 2011)**



April 2011					
	Employees	Dependents	Total	% of SHP Mbrshp	Average Contract Size
PPO Basic	83,240	55,960	139,200	20.94%	1.67
PPO Standard	403,822	121,775	525,597	79.06%	1.30
Totals	487,062	177,735	664,797	100%	1.36

May 2011					
	Employees	Dependents	Total	% of SHP Mbrshp	Average Contract Size
PPO Basic	82,994	55,953	138,947	20.92%	1.67
PPO Standard	403,374	121,897	525,271	79.08%	1.30
Totals	486,368	177,850	664,218	100%	1.37

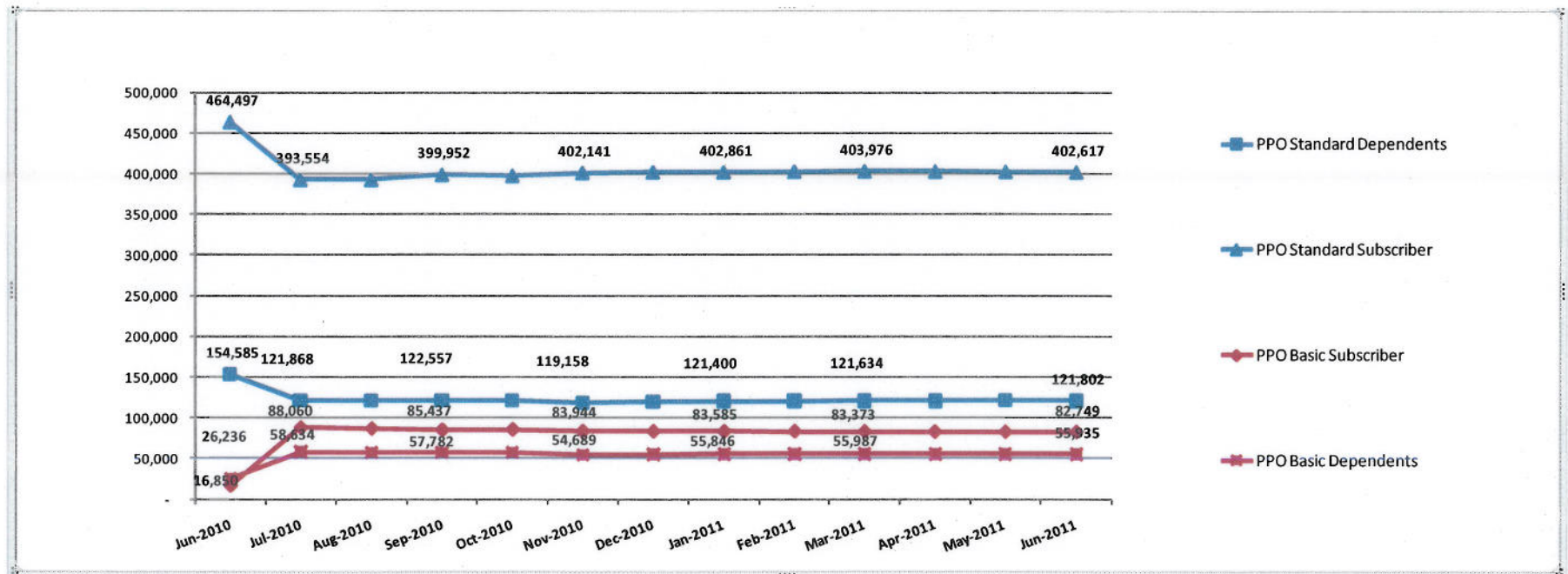
June 2011					
	Employees	Dependents	Total	% of SHP Mbrshp	Average Contract Size
PPO Basic	82,749	55,935	138,684	20.91%	1.68
PPO Standard	402,617	121,802	524,419	79.09%	1.30
Totals	485,366	177,737	663,103	100%	1.37

Average Membership (April thru June 2011)					
	Employees	Dependents	Total	% of SHP Mbrshp	Average Contract Size
PPO Basic	82,994	55,949	138,944	20.92%	1.67
PPO Standard	403,271	121,825	525,096	79.08%	1.30
Totals	486,265	177,774	664,039	100%	1.37

Membership by Plan by Month

June 2010 to June 2011

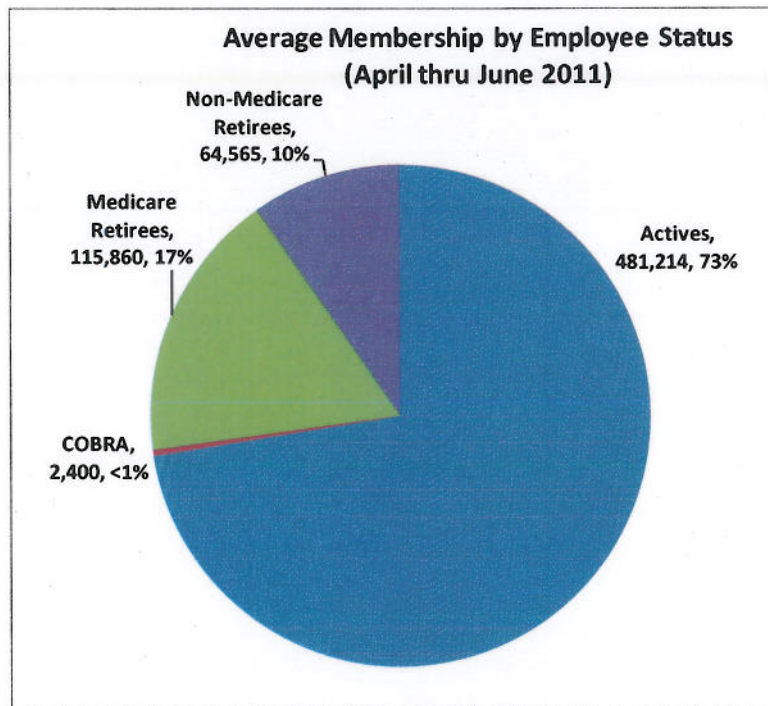
3



Membership by Employee Status

4th Quarter FY 2010-11

4



April 2011				
	Employees	Dependents	Total	Average Contract Size
Actives	323,293	158,598	481,891	1.49
COBRA	1,767	610	2,377	1.35
Medicare Retirees	108,558	7,126	115,684	1.07
Non-Medicare Retirees	53,444	11,401	64,845	1.21
	487,062	177,735	664,797	1.36

May 2011				
	Employees	Dependents	Total	Average Contract Size
Actives	322,544	158,713	481,257	1.49
COBRA	1,796	620	2,416	1.35
Medicare Retirees	108,773	7,120	115,893	1.07
Non-Medicare Retirees	53,255	11,397	64,652	1.21
	486,368	177,850	664,218	1.37

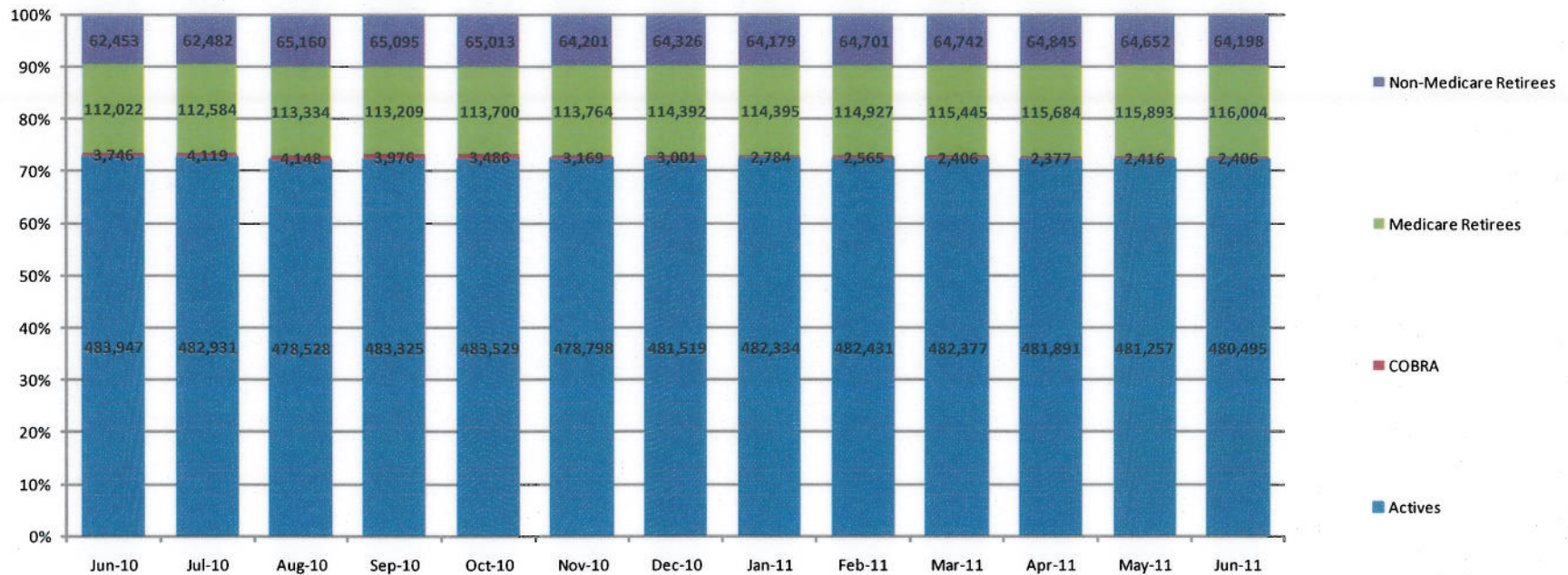
June 2011				
	Employees	Dependents	Total	Average Contract Size
Actives	321,836	158,659	480,495	1.49
COBRA	1,777	629	2,406	1.35
Medicare Retirees	108,897	7,107	116,004	1.07
Non-Medicare Retirees	52,856	11,342	64,198	1.21
	485,366	177,737	663,103	1.37

Average Membership (April thru June 2011)				
	Employees	Dependents	Total	Average Contract Size
Actives	322,558	158,657	481,214	1.49
COBRA	1,780	620	2,400	1.35
Medicare Retirees	108,743	7,118	115,860	1.07
Non-Medicare Retirees	53,185	11,380	64,565	1.21
	486,265	177,774	664,039	1.37

Membership by Employee Status by Month

June 2010 to June 2011

5

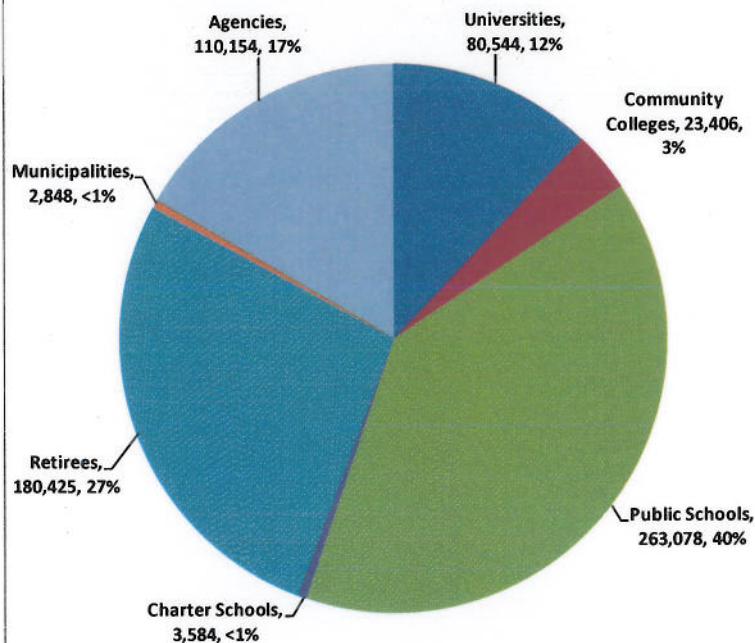


Membership by Entity

4th Quarter FY 2010-11

6

**Average Membership by Entity
(April thru June 2011)**



April 2011				
	Employees	Dependents	Total	Average Contract Size
University	50,673	29,880	80,553	1.59
Community College	15,546	7,865	23,411	1.51
Public Schools	178,275	85,276	263,551	1.48
Charter Schools	2,262	1,336	3,598	1.59
Retirees	162,002	18,527	180,529	1.11
Municipalities	1,908	942	2,850	1.49
Agencies	76,396	33,909	110,305	1.44
Total	487,062	177,735	664,797	1.36

May 2011				
	Employees	Dependents	Total	Average Contract Size
University	50,599	29,922	80,521	1.59
Community College	15,562	7,876	23,438	1.51
Public Schools	177,779	85,348	263,127	1.48
Charter Schools	2,253	1,329	3,582	1.59
Retirees	162,028	18,517	180,545	1.11
Municipalities	1,913	943	2,856	1.49
Agencies	76,234	33,915	110,149	1.44
Total	486,368	177,850	664,218	1.37

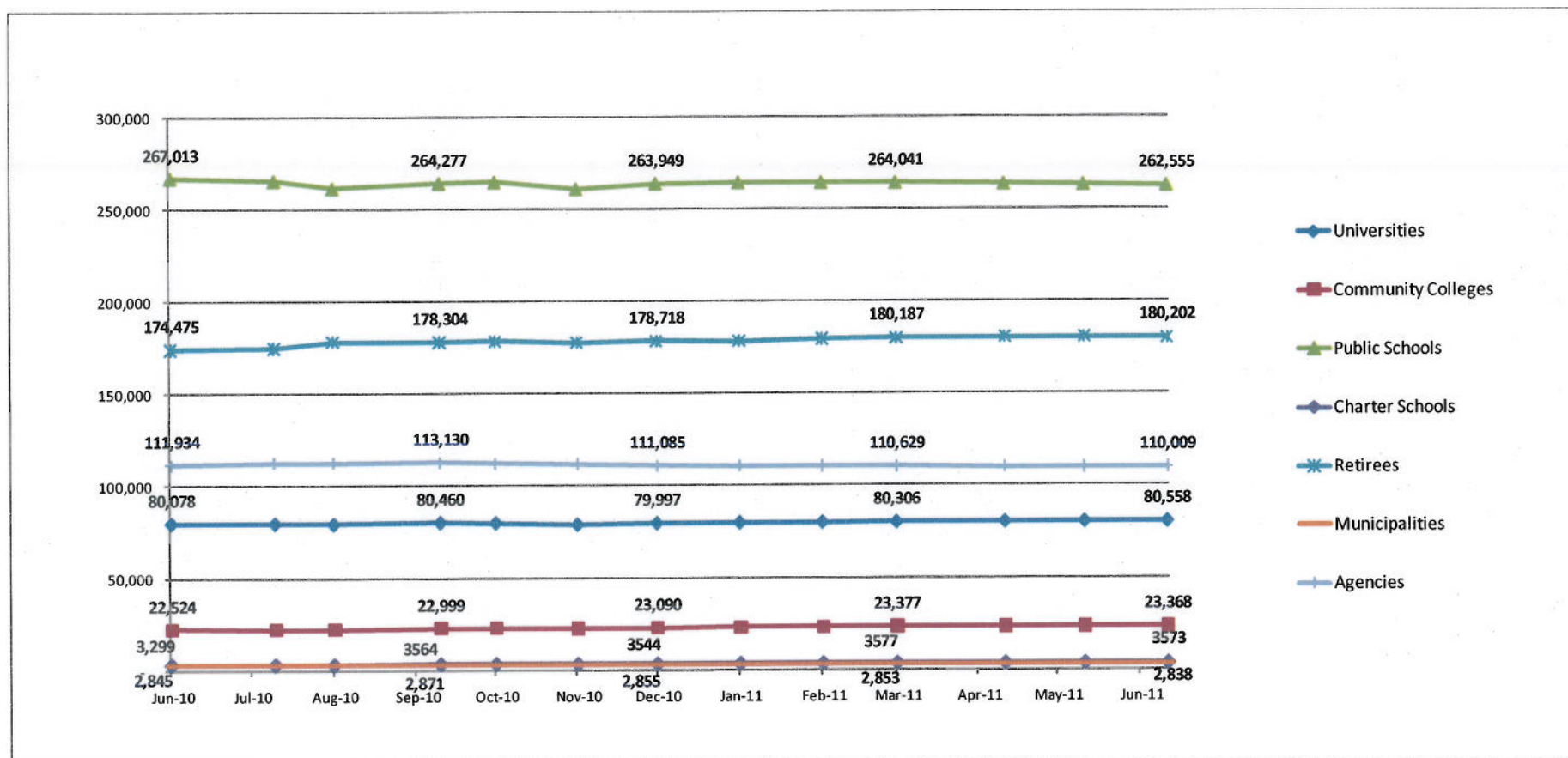
June 2011				
	Employees	Dependents	Total	Average Contract Size
University	50,550	30,008	80,558	1.59
Community College	15,505	7,863	23,368	1.51
Public Schools	177,288	85,267	262,555	1.48
Charter Schools	2,245	1,328	3,573	1.59
Retirees	161,753	18,449	180,202	1.11
Municipalities	1,905	933	2,838	1.49
Agencies	76,120	33,889	110,009	1.45
Total	485,366	177,737	663,103	1.37

Average Membership (April thru June 2011)				
	Employees	Dependents	Total	Average Contract Size
University	50,607	29,937	80,544	1.59
Community College	15,538	7,868	23,406	1.51
Public Schools	177,781	85,297	263,078	1.48
Charter Schools	2,253	1,331	3,584	1.59
Retirees	161,928	18,498	180,425	1.11
Municipalities	1,909	939	2,848	1.49
Agencies	76,250	33,904	110,154	1.44
Total	486,265	177,774	664,039	1.37

Membership by Entity by Month

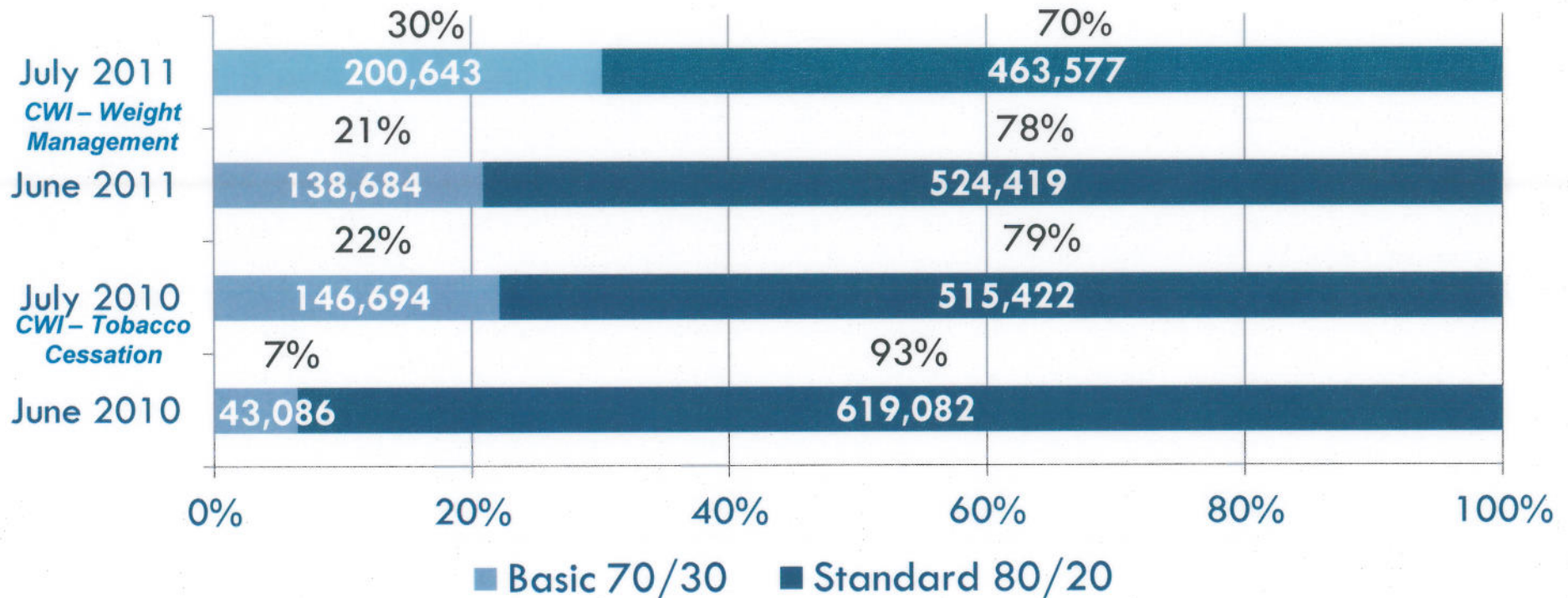
June 2010 to June 2011

7



Changes in Membership by Plan

8



Membership in the Basic 70/30 Plan option increased from 7% in June 2010 to 22% in July 2010 when the Tobacco Cessation component of the Comprehensive Wellness Initiative (CWI) became effective. Membership in the 70/30 Plan increased from 21% in June 2011 to 30% in July 2011 when the Weight Management component of CWI became effective. CWI was repealed effective Sept 1, 2011 and members had an opportunity to switch plans, but based on preliminary enrollment data, the Plan anticipates the percentage of members in the 70/30 as of Sept 2011 to be at least 30%.

Report on State Health Plan's Next Generation HealthSmart Ten-Year Plan and Strategy
(Synopsis and Plan Comments)

The State Health Plan engaged The Segal Company (Segal) through a request for proposal (RFP) process to study the Plan's Ten Year Strategy, including programs and benefits. The purpose of the study was to assess the State Health Plan's proposed ten year plan and strategy, to recommend programs and benefits to support the strategy, and to recommend approaches to monitor and measure the success of the program over time. The study commenced in October 2010, and Segal presented the recommendations to the Plan's Executive Team on May 23, 2011. (See attached summary of the proposed Ten Year Plan provided to The Segal Company for assessment.) The Segal Study:

- ✓ Acknowledged the Plan's proactive approach to wellness and disease and case management programs, as well as its evolution to Patient Centered Medical Home (PCMH).
 - Described the Plan as "a very sophisticated plan sponsor with an aggressive plan design", and as an early adopter of emerging concepts such as patient centered medical home.
 - Segal was commenting on the plan design and programs in effect until August 31, 2011.
- ✓ Recommended that Plan Design should promote the use of patient centered medical home (PCMH)
- ✓ Recommended that the Plan Design should support steerage to highly effective hospitals (high quality, low cost, best outcomes) for the following conditions:
 - Cancer treatment
 - Hip and knee replacement
 - Heart surgery
 - And, any other procedures that show wide quality variances
 - Note that the Plan already offers a quality network and benefit structure to steer members to Centers of Excellence for Bariatric procedures.

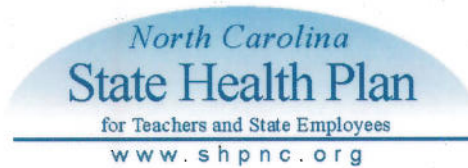
- ✓ Designed and recommended several specific potential “healthy activity” programs that were coupled with either incentives for completing the healthy activities, or penalties for not completing the healthy activities. Segal acknowledged that to bend the medical trend, the Plan needed to take an integrated ‘carrot and stick’ approach.
 - The Plan is currently testing several of the recommended strategies in various Plan pilots.
- ✓ Made several recommendations around establishing specific metrics for wellness, disease and case management programs, and measuring those metrics against vendor performance.
- ✓ Segal did not include projected SHPNC cost savings, reductions in medical trend that would result as the percentage of the population completing recommended healthy activities increases. However, Segal stated in the study that the Plan should expect to see steady reductions, of one percentage point annually, in the medical trend for every 15% increase of the population completing the healthy activities program presented in this report.
- ✓ Copies of the Segal Report are available upon request.

COMPREHENSIVE WELLNESS INITIATIVE – 10 YEAR PLAN

ABR 8/26/10

MEMBER BENEFITS + LEADERSHIP SUPPORT + WORKSITE WELLNESS RESOURCES

SFY 2011	SFY 2012	SFY 2013	SFY 2014	SFY 2015	SFY 2016-2020
	Health Assessment (HA)/ Healthy Action Plan; Complete One Action Step – Incentive \$100 plus \$10 Admin Cost	Mandate Health Assessment (HA) Healthy Action Plan			
		Exercise/Cessation/Weight Management/Health Coaching Incentive \$100 plus \$10 Admin Cost	Premium Reduction for Exercise/Weight Management/ Cessation/Health Coaching	Increase Premium Reduction for Exercise/ Weight Management/Cessation/Health Coaching /Medication Adherence - DM Participation/Outcome Incentive	
Wellness Leadership Summit - Spring 2011	DM Participation/Outcome Incentive \$50 plus \$5 Admin Cost			Wellness Leadership Summit – Spring 2015	
	CM Participation/Graduation Incentive \$100/\$100 plus \$10 Admin Cost				
	Maternity CM Incentives \$250 Co-pay Waiver per Delivery				
	Value Based Pharmacy Program through PBM/Co-pay Waivers for Medication Adherence				
Biometrics for Active Employees					
Worksite Wellness Committee Funding Support – Physical Activity \$2 pepy					
Communication and Marketing					
Clinic Services					
CWI Tobacco	CWI Tobacco/ Weight Management (BMI 40+)	CWI Tobacco/Weight Management (BMI 35+)			
CWI Tobacco/Weight Management Supports Quitline/NRT; Nutrition Visits @ Primary Care Co-Pay; Co-Pay Reductions for Cessation and Weight Management Meds; ESMM-WL Roll Out; ESMM-WL Expansion					



Medication Adherence Pilot Program (MAPP) for Retirees Results through August 2011

Background information:

- The MAPP was started in 12/09 to increase the rate of medication adherence and close clinical gaps in care for retirees suffering from diabetes and cardiovascular conditions by using Medco specialized pharmacists.
- NC Walgreens stores were added to the program in 8/10 and Boone Drug and Affiliates were added in 11/10.
- The program includes extra counseling on the importance of adherence to chronic medications, as well as refill reminders.
- All generic and brand diabetes and cardiovascular medications are eligible for 2.5 times copay for a 90 day supply at Medco by Mail, North Carolina Walgreens stores and Boone Drug & Affiliates.
- All retirees using diabetes or cardiovascular medications (approximately 121,000) are eligible for the voluntary program.

Results:

- Through 8/11, MAPP has saved members \$930,000 in copays, and saved the State of NC \$2,020,000 in pharmacy Plan cost.
- Approximately 26,000 retirees are currently participating in the program at the Medco Pharmacy, Walgreens and Boone Drug.
- Adherence results for the medication classes targeted by the program increased from 14-19% during the first year.



**Legislative Committee on Employee Hospital and Medical Benefits
Integrated Health Management Report – Anne B. Rogers, RN, BSN, MPH
October 5, 2011**

Murdoch and DHHS Expansion pilots:

- 1,174 participants in 2 year project; reduction in primary care co-pay with biometric screenings/HRA participation
- 6 month data shows positive trends: an increase in PCP visits (+9%), a decrease in inpatient admissions (-6%), and a decrease in ER visits (-4%)
- Pending data for year one analysis for Murdoch
- 3 additional DHHS worksites with ~ 2,000 employees to begin biometrics in November

Charlotte-Mecklenburg Schools pilot:

- 2 year project; reduction in primary care co-pay
- Beginning biometrics in Dec/Jan; potential of 17,000 participants
- Biometrics at worksite and through PCP/HRA/Action Step/Worksite Challenges re: exercise/weight management/nutrition

Stork Rewards Incentive pilot:

- 2 year project that began October 1, 2011 for all adult SHP pregnant women;
- To identify and address high risk pregnancies early;
- Co-pay waiver of delivery admission with participation throughout program

DOC pilot results:

- 145 employees completed all biometric screenings/1:1 coaching sessions
- Outcomes included a reduction in the number of participants with hypertension by 34%; BMI reduction from an average of 34.5 to 33.8; decrease in the number of predicted cases of stroke by 12%; 96% reported improved health status
- 78% of employees who followed up with their PCP shared their biometric screening results; 20% had a medication change
- Leadership support is a key component to program success in this environment

QuitlineNC results:

- 3,112 members enrolled in multi-call program with 3,544 NRT prescriptions distributed
- Participant survey data results of twice the quit rates for SHP members as compared to non-SHP (7-day = 56.6%/28.8%; 30-day = 50.6%/23.1%)

ESMM-Weigh Less Results:

- 3,999 members enrolled in 222 onsite classes through 06/30/11
- 148 member enrolled in the online classes with a 57% completion rate and a 9.7% average weight loss; percentage of members with BMI >40 decreased by 5.8%; percentage of members with normal blood pressure increased by 21.6%; percentage of members with at risk waist circumference decreased by 15.7%
- Online class offerings expanded as of September 2011
- Analysis of the program projects a \$2.16 of avoided medical costs and lost productivity costs for every \$1 spend on ESMM-WL