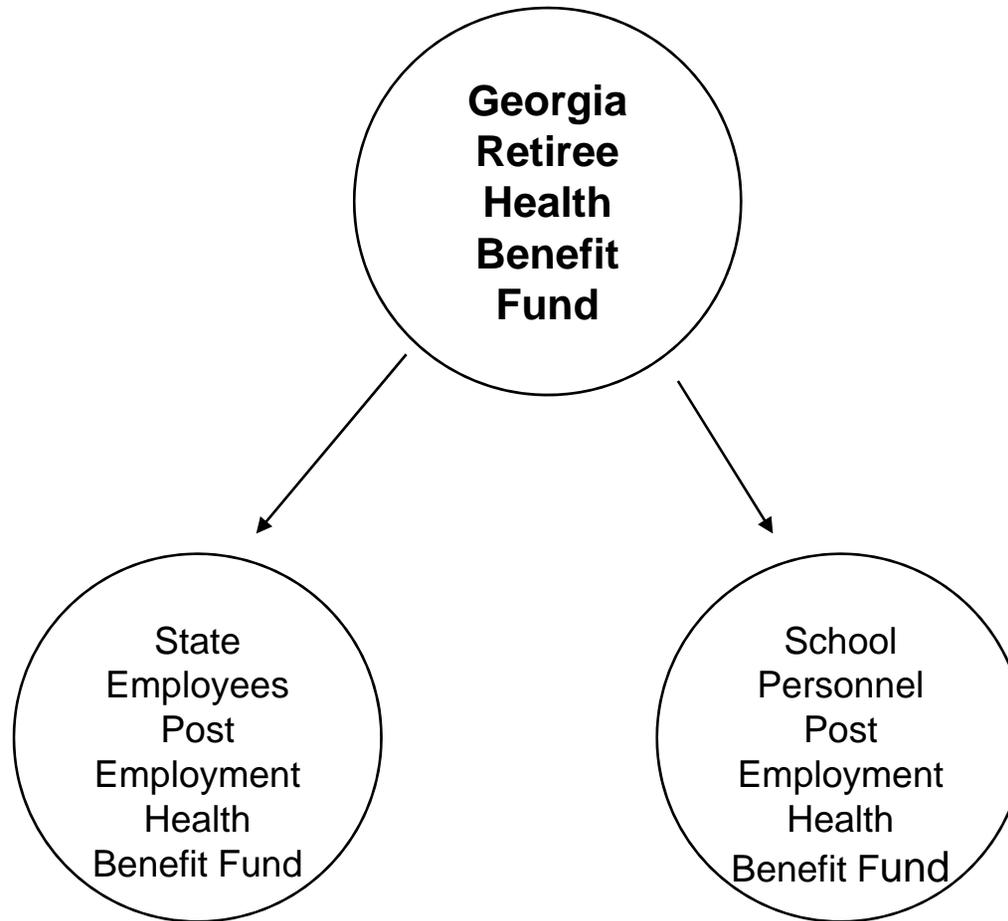


State Health Benefit Plan Other Post Employment Benefit Fund Changes

Presentation to the
Board of Community Health
August 13, 2009

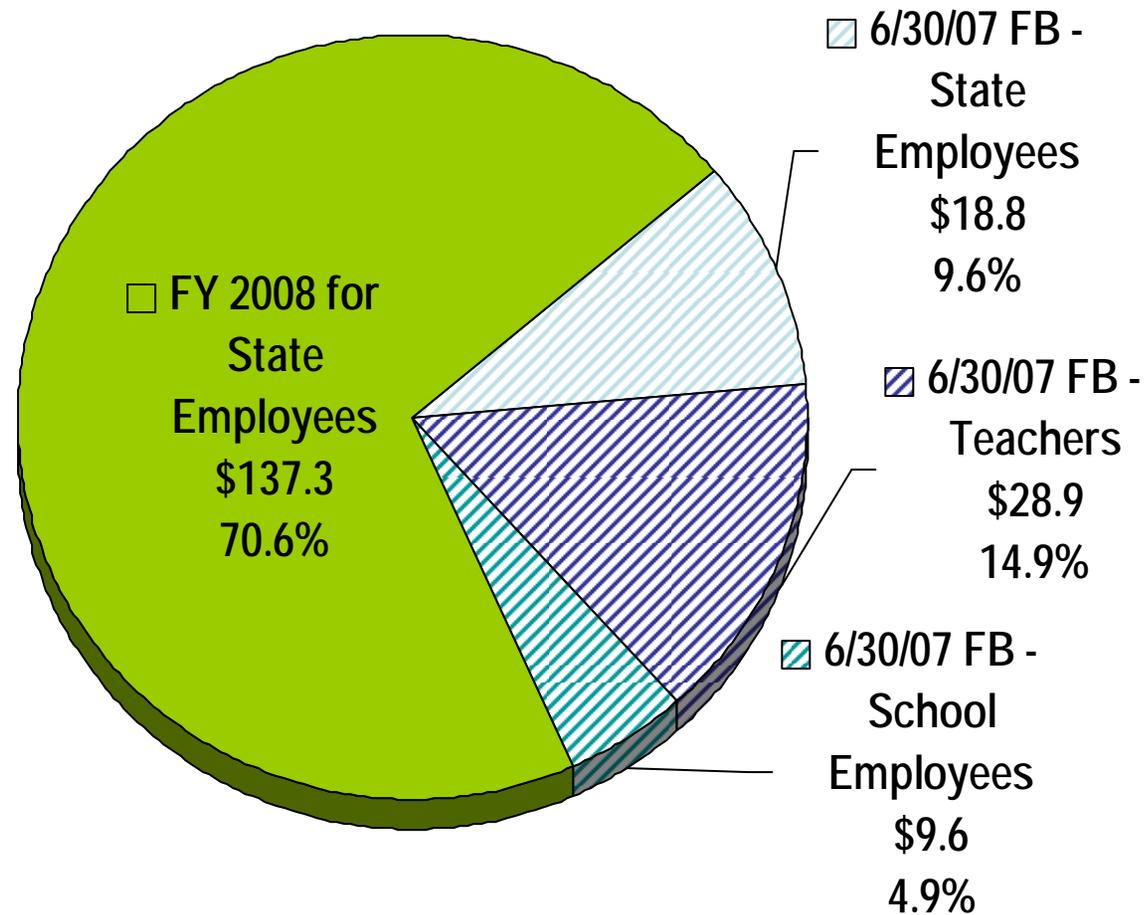


SB 122 – New OPEB Trust Funds



OPEB LTI Contributions

Total
Contributions =
\$194,624,418

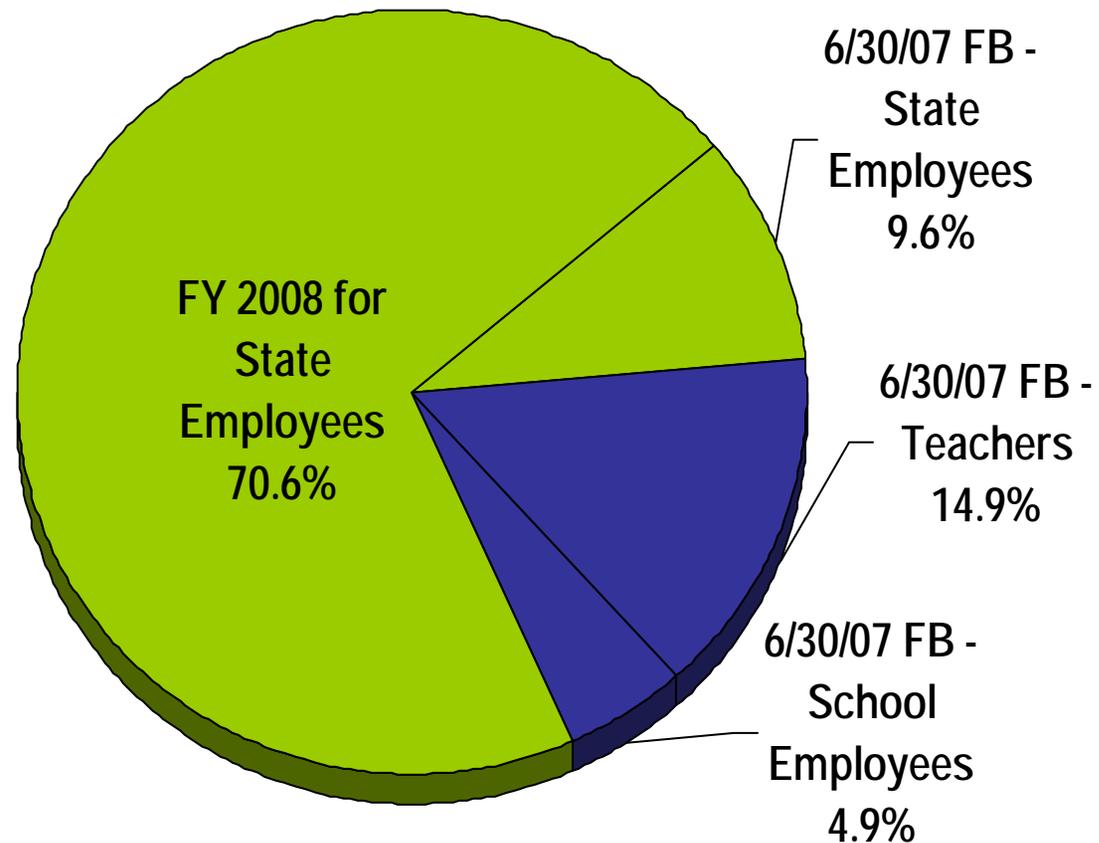


* Pie Chart Figures in Millions

OPEB LTI Distribution

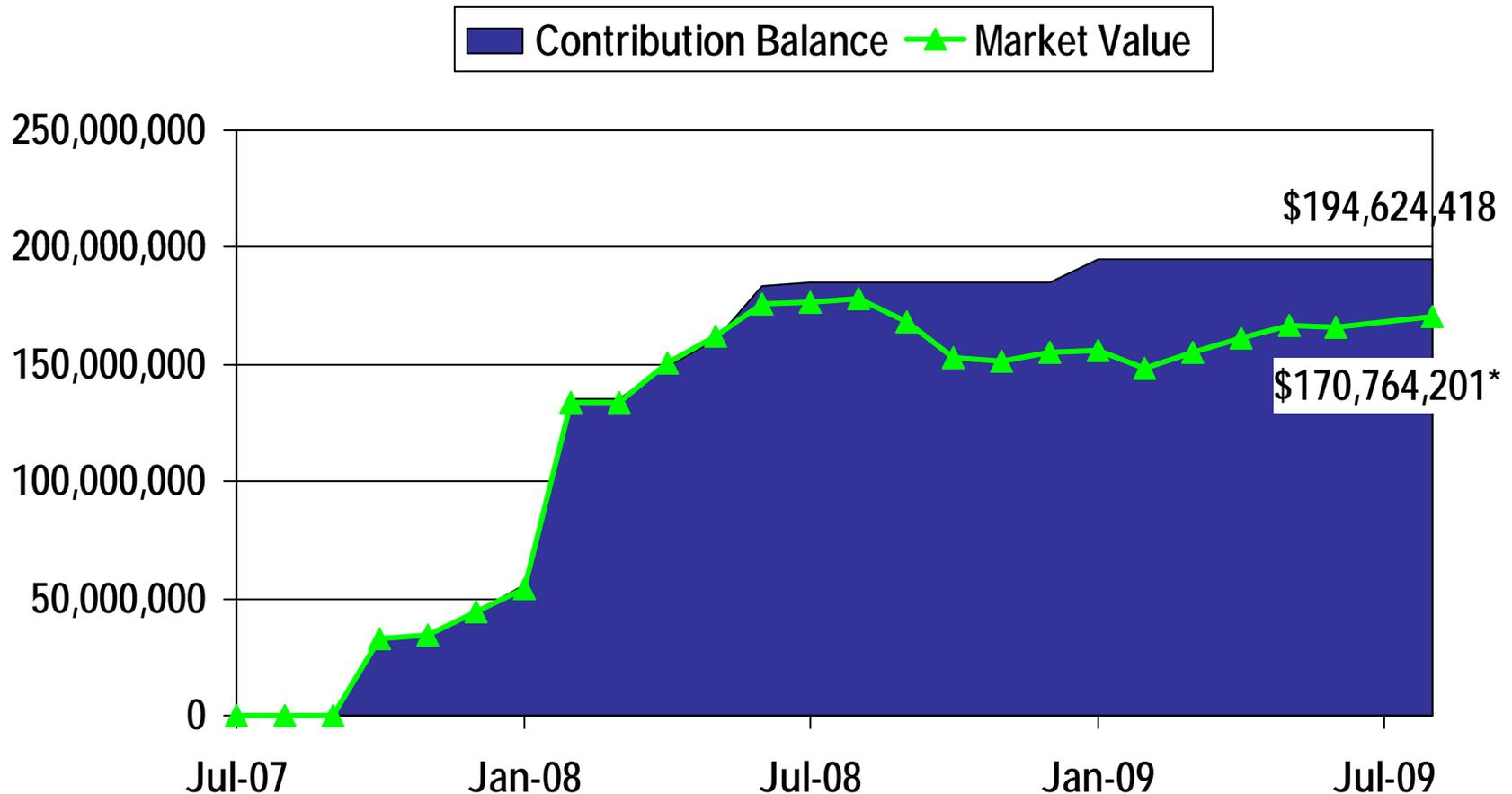
Green: State
Employee OPEB
Fund (80.2%)

Blue: School
Personnel OPEB
Fund (19.8%)



* Pie Chart Figures in Millions

OPEB Long Term Investment Fund



*Last point is market value received from DIS on August 5, 2009

Use of LTI Funds for Retiree Expense

in millions

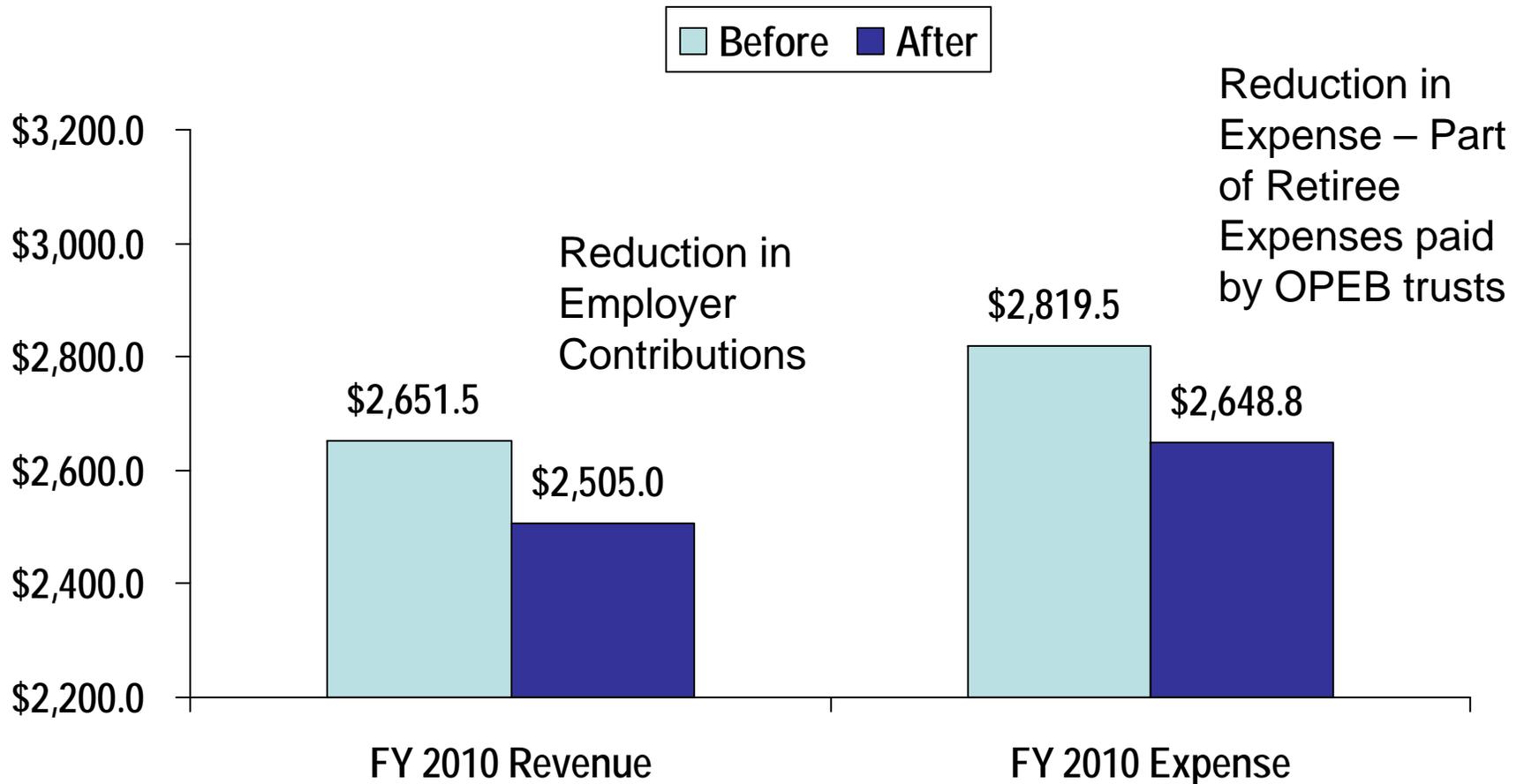
<u>Employee Type</u>	<u>Projected FY 2010 Annual Expense</u>	<u>Projected FY 2010 Monthly Expense</u>	<u>Estimated Liquidation Value</u>	<u># of Months to Spend</u>
State Employees	\$ 214.6	\$ 17.9	\$ 137.0	7.7
Teachers	\$ 298.3	\$ 24.9	\$ 25.4	1.0
School Employees	<u>\$ 100.8</u>	<u>\$ 8.4</u>	<u>\$ 8.4</u>	1.0
Total	\$ 613.6	\$ 51.1	\$ 170.8	



Proposed Changes to Employer Contributions

Contribution Source	Current	Proposed for August – November 2009	Reduction in Contributions (in millions)
State Agencies	22.165% percent of payroll	17.977% percent of payroll	\$42.6
Local Boards of Education on behalf of Teachers; Libraries on behalf of Librarians	18.534% percent of payroll (state-based only for teachers)	15.503% percent of payroll (state-based only for teachers)	67.2
Department of Education	\$82,216,077	\$45,672,623*	36.6
Total			\$146.5
* This is for the entire year of FY 2010.			

Impact to FY 2010 SHBP*



*Aggregated for illustrative purposes; revenue and expenses maintained by trusts; Does not reflect use of June 30, 2009 fund balance to subsidize FY 2010 revenue

Revised Plan Status

	TRUST:				Cumulative SHBP FUND BALANCE
	State Employees ¹	Teachers	School Employees ²	TOTAL	
1 Fund Balance as of 6/30/08					\$ 472,873,439
2 FY 2009 Projected Revenue ³	\$ 649,459,031	\$ 1,236,610,593	\$ 468,567,182	\$ 2,354,636,806	
3 FY 2009 Projected Expense ³	\$ 736,558,224	\$ 1,175,478,112	\$ 760,984,489	\$ 2,673,020,825	
4 Projected Surplus/(Deficit) FY 2009	\$ (87,099,193)	\$ 61,132,481	\$ (292,417,307)	\$ (318,384,019)	
5 Use 6/30/08 Fund Balance to cover deficits	\$ (87,099,193)	N/A	\$ (292,417,307)		\$ (379,516,500)
6 Add to Fund Balance	N/A	\$ 61,132,481	N/A		\$ 61,132,481
7 Total Change to Fund Balance					\$ (318,384,019)
8 Projected Fund Balance as of 6/30/09					\$ 154,489,420
9 FY 2010 Projected Revenue ^{3,4}	\$ 762,218,990	\$ 1,380,205,867	\$ 362,579,475	\$ 2,505,004,332	
10 FY 2010 Projected Expense ^{3,5}	\$ 630,195,578	\$ 1,221,246,848	\$ 797,321,524	\$ 2,648,763,950	
11 Projected Surplus/(Deficit) FY 2010	\$ 132,023,412	\$ 158,959,019	\$ (434,742,049)	\$ (143,759,618)	
12 Utilize Annual Trust Fund Surpluses to cover Trust Fund deficits	\$ (132,023,412)	\$ (158,959,019)	\$ 290,982,431		\$ -
13 Use Projected 6/30/09 Fund Balance to cover deficits	N/A	N/A	\$ 143,759,618		\$ (143,759,618)
14 Total Change to Fund Balance					\$ (143,759,618)
15 Projected Fund Balance as of 6/30/10					\$ 10,729,802

Notes:

1. Includes contract groups (except Boards of Education).

2. Includes Boards of Education contract groups.

3. Projections based on:

- claims data through December 2008

- enrollment as of January 2009

- enrollment trend data through March 2009

- Aon Quarterly Projection Update May 12, 2009 (rev. 7/10/09)

- revenue received through May 2009

- consideration of the following policy initiatives:

* mandatory CDHP enrollment beginning January 2009

* higher premiums for members over age 65 not in Part B

* mandatory MAP enrollment beginning January 2010 for state subsidy

- member premium increases 0/5% for CDHP/non-CDHP in 2010; no increase in 2011

4. Reflects changes in employer contributions for FY 2010:

- reduction in percent of payroll for state employees from 22.165% to 17.977% between August and November 2009

- reduction in percent of payroll for teachers from 18.534% to 15.503% between August and November 2009

-\$36,543,454 reduction in annual DOE contributions

5. Expenditures have been reduced by \$170,764,201 to reflect retiree expenditures

covered by revenues from the projected liquidation of the long term investments in the OPEB trust funds.

- \$136,952,745 from the State Employees Retiree Health Fund for retired state employee expenditures

- \$33,811,456 from the School Employees Retiree Health Fund for retired teacher and non-certificated school employee expenditures

