

# Semi-Annual Health Plan Financial Report

Finance and Administration Committee

April 18, 2022

## Background

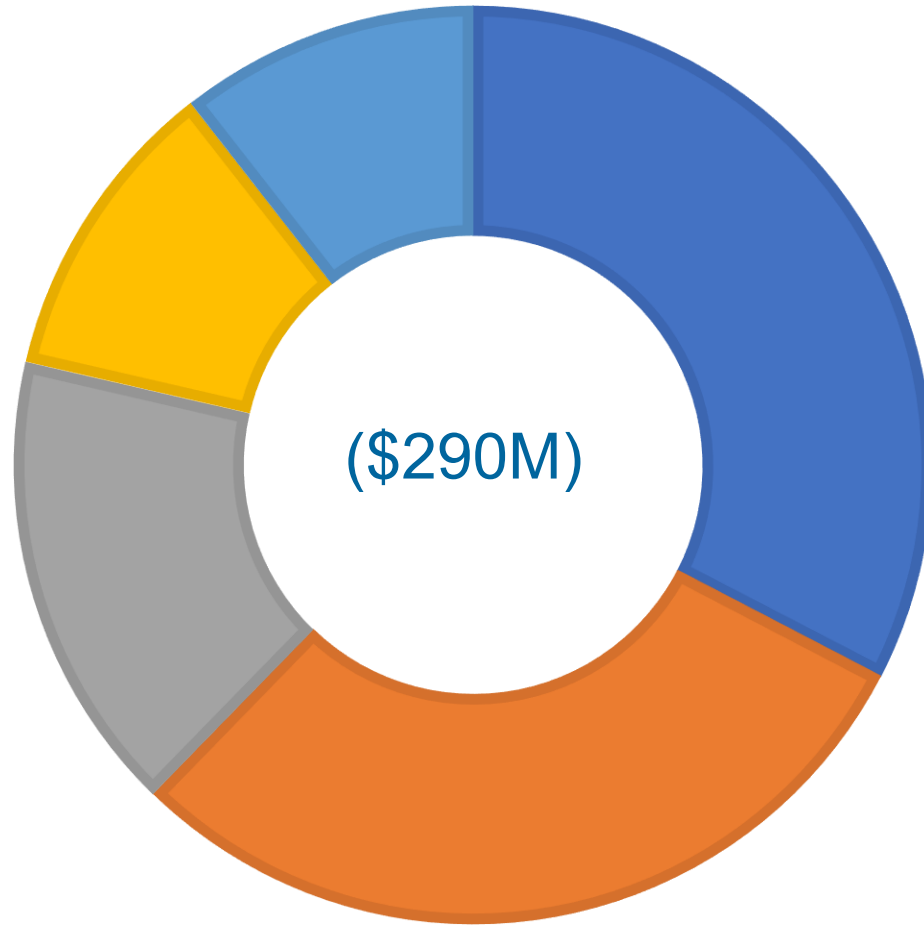
- Reports health plan financial performance as of Dec 31, 2021
- Covers 6 self-funded PPO plans and 9 flex-funded HMO plans
- Applies Health Care Fund Reserve Policy adopted fall 2018
- Factors into rate development process

# Overview

(in millions)	Estimated Surplus (Deficit) 12/31/20	Estimated Surplus (Deficit) 6/30/21	Estimated Health Care Fund Balance 12/31/21	Estimated Claims Liability (HMO) and Actuarial Reserves (PPO) 12/31/21	Estimated Surplus (Deficit) 12/31/21
HMO	\$75	\$43	\$170	(\$160)	\$10
PPO Medicare	\$18	\$3	\$154	(\$110)	\$44
PPO Basic	\$23	(\$45)	\$284	(\$574)	(\$290)
Total PPO	\$41	(\$42)	\$438	(\$684)*	(\$246)

\* \$362 is estimated claims liability; \$322 is required reserves.

# 2021 PPO Basic Plan HCF Reserve Deficit



- Higher than expected medical cost due to Delta and return to services faster than expected
- Higher than expected pharmacy cost due to higher drug prices and underperformance of PBM contract
- 2021 premium buy down
- Investment loss
- Necessary increase in reserve

# Plans to Address



New PBM contract  
and Rx purchasing  
strategies



Restore the fund  
to a surplus  
condition



Improve predictive  
model for medical  
utilization



Future innovations  
to mitigate PPO  
costs

Questions?