
State of Montana Employee Group Benefits Plan

Financial Report for Quarter Ending
June 30, 2011



Prepared by Actuaries Northwest, LLC

August 10, 2011

Employee Group Benefits Advisory Council
Health Care and Benefits Division
100 North Park, Suite 320
Helena, MT 59620



Re: Financial Report - July 2010 through June 2011

Dear Council Members,

The attached report provides a review of claims experience and financial operation of the Medical, Prescription Drug and Dental programs. Data presented includes data for Plan Year 2011 as well as historical data from Plan Year 2010. The first few pages contain claim and enrollment charts and tables.

Exhibit I outlines plan participation.

Exhibit II and Exhibit III compare income and expense on an aggregate and per capita basis, for the medical plans (combined and separately) and the dental plan.

Exhibit IV illustrates income and claims expense for participants under the combined medical plans, by Actives and Retirees.

Projection A and Projection B illustrate actual PY2009-PY2010 revenue and expenses, followed by annual projected PY2011-PY2014 revenue, expenses, and annual operating surplus/deficit on a per participant basis and in total. Projection A uses 8% medical trend and 10% Rx trend assumptions. Projection B uses 11% medical trend and 13% Rx trend assumptions.

Annualized benefit cost changes for claims paid are as follows:

Comparison of Medical, Rx and Dental Monthly Per-Capita Claims Costs			
Benefit	Jul 10 - Jun 11	Jul 09 - Jun 10	Percentage Change
Medical	\$ 486.05	\$ 462.02	5.2%
Rx	\$ 112.22	\$ 117.57	-4.6%
Combined	\$ 598.27	\$ 579.59	3.2%
Dental	\$ 35.88	\$ 36.50	-1.7%

Please call if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads 'Kelly Grebinsky'.

Kelly Grebinsky, FSA, MAAA, FCA
Principal

Enclosure

Financial Status Summary - Second Quarter 2011

Update of State of Montana revenues and expenses:

- Revenues exceeded expenses for the medical plans by 23.4% for the first half of the year, including Medicare Part D reimbursements. Medical expenses per eligible are up 3.3% from January through June 2010.
- The dental plan claims experience shows revenue exceeding expenses by 9.8%. For 2011, the loss ratio was targeted to be near 100%.
- For the first half of the year, the CHO Medical Plans had low claims experience with a 76.8% loss ratio. The Traditional Plan had an 86.7% loss ratio. These loss ratios reflect the minor shift in enrollment towards managed care, as well as expected risk selection between plans.
- Actives are running a medical loss ratio of 76.9%, compared to 78.6% a year ago. Retirees are running an 81.7% loss ratio compared to 118.2% a year ago.
- The loss ratio for Early Retirees is 135.3% compared to 163.1% a year ago while Medicare experienced a loss ratio of 43.7% compared to 85.8% a year ago.

Reserves and fund balance status:

- Fund balance continues to exceed estimated incurred but not reported (IBNR) claim reserves, and currently fall roughly \$13.4 million above recommended reserves.

Report Date	Projected Year End IBNR*	Projected Year End General Reserves	Projected Year End Fund Balance	Recommended Reserves**	Difference
6/30/2010	\$ 13,010,000	\$ 38,146,057	\$ 51,156,057	\$ 52,890,000	\$ (1,733,943)
9/30/2010	\$ 13,110,000	\$ 40,861,421	\$ 53,971,421	\$ 52,690,000	\$ 1,281,421
12/31/2010	\$ 13,110,000	\$ 37,317,766	\$ 50,427,766	\$ 52,890,000	\$ (2,462,234)
3/31/2011	\$ 14,100,000	\$ 51,358,795	\$ 65,458,795	\$ 54,890,000	\$ 10,568,795
6/30/2011	\$ 14,300,000	\$ 54,758,379	\$ 69,058,379	\$ 55,690,000	\$ 13,368,379

* IBNR is the IBNR reserve plus the grandfathered benefit reserve.

** Based on actuarial recommendation as of June 30, 2011

Exhibit I: Eligible Participants

Month	Medical				Total	Dental
	Active	Cobra	Retired <65	Retired 65+		
January 2011	12,871	43	815	2,476	16,204	15,655
February 2011	12,789	42	853	2,466	16,148	15,615
March 2011	12,821	41	835	2,476	16,173	15,639
April 2011	12,861	40	828	2,474	16,203	15,690
May 2011	12,875	36	810	2,483	16,202	15,677
June 2011	12,793	37	803	2,488	16,120	15,599
July 2011	-	-	-	-	-	-
August 2011	-	-	-	-	-	-
September 2011	-	-	-	-	-	-
October 2011	-	-	-	-	-	-
November 2011	-	-	-	-	-	-
December 2011	-	-	-	-	-	-
Total	77,008	237	4,943	14,861	97,049	93,874
Average	12,835	40	824	2,477	16,175	15,646
January 1, 2010 to June 30, 2010	12,905	43	846	2,487	16,281	15,712
Percent Change	-0.5%	-7.0%	-2.6%	-0.4%	-0.7%	-0.4%
Average by Plan YTD PY2011						
Traditional	4,660	17	504	2,271	7,452	
Indemnity Total	4,660	17	504	2,271	7,452	
BCBSMT HMO	5,748	12	211	113	6,084	
PEAK HMO	-	-	-	-	-	
NWHP HMO	2,426	11	109	93	2,639	
CHO Total	8,174	23	320	206	8,723	
January 1, 2010 to June 30, 2010						
Traditional	4,802	14	502	2,304	7,622	
Indemnity Total	4,802	14	502	2,304	7,622	
BCBSMT HMO	5,698	13	212	94	6,016	
PEAK HMO	91	1	4	1	97	
NWHP HMO	2,314	15	129	88	2,546	
CHO Total	8,103	29	344	183	8,659	
Percent Change						
Traditional	-2.9%	21.4%	0.3%	-1.4%	-2.2%	
CHO	0.9%	-20.7%	-7.0%	12.6%	0.7%	

Notes:

Percentage change calculated on YTD average enrollment.
Some figures may not add due to rounding.

Exhibit II: Income & Expense by Combined Medical Plans & Dental Plan

Category	January 1, 2011 through March 31, 2011		April 1, 2011 through June 30, 2011		January 1, 2011 through June 30, 2011		January 1, 2010 through June 30, 2010		January 1, 2009 through June 30, 2009	
	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible
Medical Plan										
Average Eligible		16,175		16,175		16,175		16,281		16,226
Contributions	\$ 36,607,197	\$ 754.41	\$ 35,085,948	\$ 723.06	\$ 71,693,145	\$ 738.74	\$ 64,096,303	\$ 656.15	\$ 57,715,271	\$ 592.83
Interest Income	\$ 317,419	\$ 6.54	\$ 448,029	\$ 9.23	\$ 765,448	\$ 7.89	\$ 665,745	\$ 6.82	\$ 780,350	\$ 8.02
Total Revenue	\$ 36,924,616	\$ 760.96	\$ 35,533,977	\$ 732.29	\$ 72,458,593	\$ 746.62	\$ 64,762,048	\$ 662.96	\$ 58,495,621	\$ 600.85
Expenses:										
Medical Claims	\$ 23,739,635	\$ 489.23	\$ 24,484,358	\$ 504.58	\$ 48,223,993	\$ 496.91	\$ 44,602,669	\$ 456.59	\$ 41,545,301	\$ 426.74
Rx Claims	\$ 5,161,999	\$ 106.38	\$ 5,568,665	\$ 114.76	\$ 10,730,664	\$ 110.57	\$ 9,408,572	\$ 96.31	\$ 11,940,750	\$ 122.65
Medicare Part D	\$ -	\$ -	\$ (3,333,671)	\$ (68.70)	\$ (3,333,671)	\$ (34.35)	\$ -	\$ -	\$ (1,624,681)	\$ (16.69)
Managed Care	\$ 28,013	\$ 0.58	\$ 28,997	\$ 0.60	\$ 57,010	\$ 0.59	\$ 273,450	\$ 2.80	\$ 362,258	\$ 3.72
Wellness / DM	\$ 56,408	\$ 1.16	\$ 227,841	\$ 4.70	\$ 284,249	\$ 2.93	\$ 474,648	\$ 4.86	\$ 414,084	\$ 4.25
Payroll Services	\$ 1,764	\$ 0.04	\$ 85,280	\$ 1.76	\$ 87,044	\$ 0.90	\$ (94,592)	\$ (0.97)	\$ 169,676	\$ 1.74
Admin / Operating	\$ 1,234,739	\$ 25.45	\$ 1,411,846	\$ 29.10	\$ 2,646,585	\$ 27.27	\$ 2,532,471	\$ 25.92	\$ 3,495,767	\$ 35.91
Total Expenses	\$ 30,222,558	\$ 622.84	\$ 28,473,316	\$ 586.78	\$ 58,695,874	\$ 604.81	\$ 57,197,218	\$ 585.52	\$ 56,303,155	\$ 578.33
Estimated Operating Addition / (Deficit)	\$ 6,702,058	\$ 138.12	\$ 7,060,661	\$ 145.51	\$ 13,762,719	\$ 141.81	\$ 7,564,830	\$ 77.44	\$ 2,192,466	\$ 22.52
Dental Plan										
Average Eligible		15,636		15,655		15,646		15,712		15,647
Contributions	\$ 2,152,081	\$ 45.88	\$ 2,151,524	\$ 45.81	\$ 4,303,605	\$ 45.84	\$ 4,216,416	\$ 44.73	\$ 4,209,408	\$ 44.84
Interest Income	\$ 17,342	\$ 0.37	\$ 28,060	\$ 0.60	\$ 45,402	\$ 0.48	\$ 43,586	\$ 0.46	\$ 56,914	\$ 0.61
Total Revenue	\$ 2,169,423	\$ 46.25	\$ 2,179,584	\$ 46.41	\$ 4,349,007	\$ 46.33	\$ 4,260,002	\$ 45.19	\$ 4,266,322	\$ 45.44
Expenses:										
Dental Claims	\$ 1,787,636	\$ 38.11	\$ 1,803,106	\$ 38.39	\$ 3,590,742	\$ 38.25	\$ 3,565,909	\$ 37.83	\$ 3,640,555	\$ 38.78
Payroll Services	\$ 196	\$ 0.00	\$ 9,476	\$ 0.20	\$ 9,672	\$ 0.10	\$ (10,510)	\$ (0.11)	\$ 18,853	\$ 0.20
Admin / Operating	\$ 167,290	\$ 3.57	\$ 191,553	\$ 4.08	\$ 358,843	\$ 3.82	\$ 393,728	\$ 4.18	\$ 365,717	\$ 3.90
Total Expenses	\$ 1,955,122	\$ 41.68	\$ 2,004,135	\$ 42.67	\$ 3,959,257	\$ 42.18	\$ 3,949,127	\$ 41.89	\$ 4,025,125	\$ 42.87
Estimated Operating Addition / (Deficit)	\$ 214,301	\$ 4.57	\$ 175,449	\$ 3.74	\$ 389,750	\$ 4.15	\$ 310,875	\$ 3.30	\$ 241,197	\$ 2.57
Total										
Contributions	\$ 38,759,278	\$ 800.29	\$ 37,237,472	\$ 768.87	\$ 75,996,750	\$ 784.58	\$ 68,312,719	\$ 700.88	\$ 61,924,679	\$ 637.67
Interest Income	\$ 334,761	\$ 6.91	\$ 476,089	\$ 9.83	\$ 810,850	\$ 8.37	\$ 709,331	\$ 7.28	\$ 837,264	\$ 8.62
Total Revenue	\$ 39,094,039	\$ 807.20	\$ 37,713,561	\$ 778.70	\$ 76,807,600	\$ 792.95	\$ 69,022,050	\$ 708.15	\$ 62,761,943	\$ 646.29
Expenses:										
Claims	\$ 30,689,270	\$ 633.72	\$ 31,856,129	\$ 657.73	\$ 62,545,399	\$ 645.73	\$ 57,577,150	\$ 590.74	\$ 57,126,606	\$ 588.17
Medicare Part D	\$ -	\$ -	\$ (3,333,671)	\$ (68.70)	\$ (3,333,671)	\$ (34.35)	\$ -	\$ -	\$ (1,624,681)	\$ (16.69)
Payroll Services	\$ 1,960	\$ 0.04	\$ 94,756	\$ 1.96	\$ 96,716	\$ 1.00	\$ (105,102)	\$ (1.08)	\$ 188,528	\$ 1.94
Other Costs	\$ 1,486,450	\$ 30.75	\$ 1,860,237	\$ 38.47	\$ 3,346,687	\$ 34.61	\$ 3,674,297	\$ 37.76	\$ 4,637,826	\$ 47.78
Total Expenses	\$ 32,177,680	\$ 664.52	\$ 30,477,451	\$ 629.45	\$ 62,655,131	\$ 646.99	\$ 61,146,345	\$ 627.42	\$ 60,328,280	\$ 621.20
Estimated Operating Addition / (Deficit)	\$ 6,916,359	\$ 142.69	\$ 7,236,110	\$ 149.24	\$ 14,152,469	\$ 145.96	\$ 7,875,705	\$ 80.74	\$ 2,433,664	\$ 25.09

Notes:

Some figures may not add due to rounding.

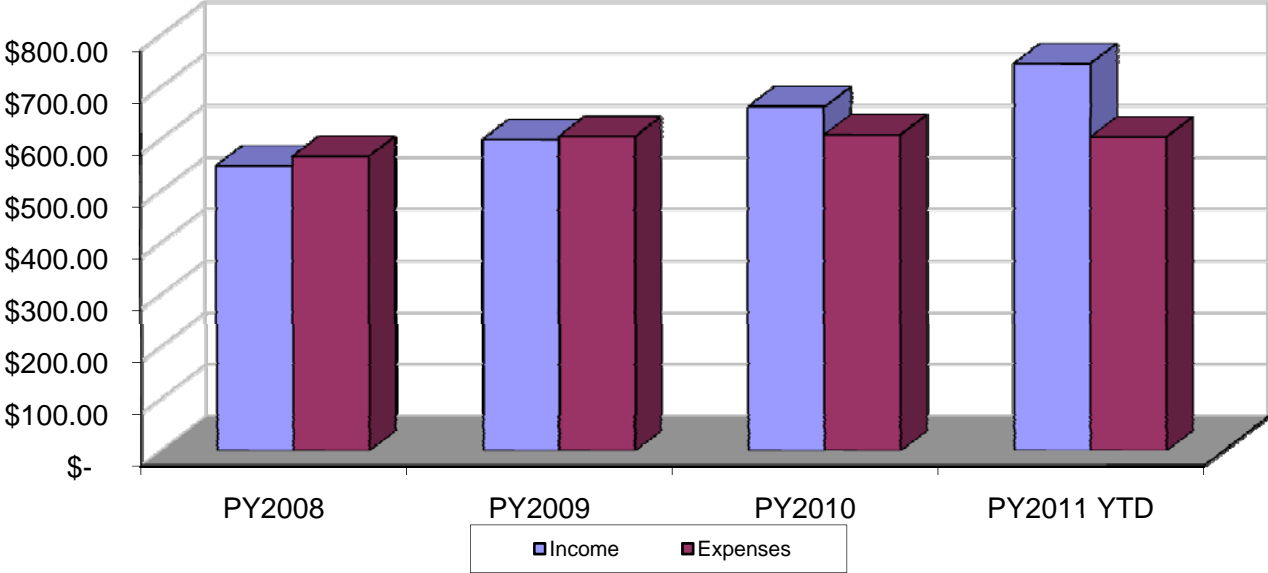
Rx Claims are net of rebates.

"Managed Care" includes BCBS managed care, certification review and individual managed care.

"Wellness/DM" includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

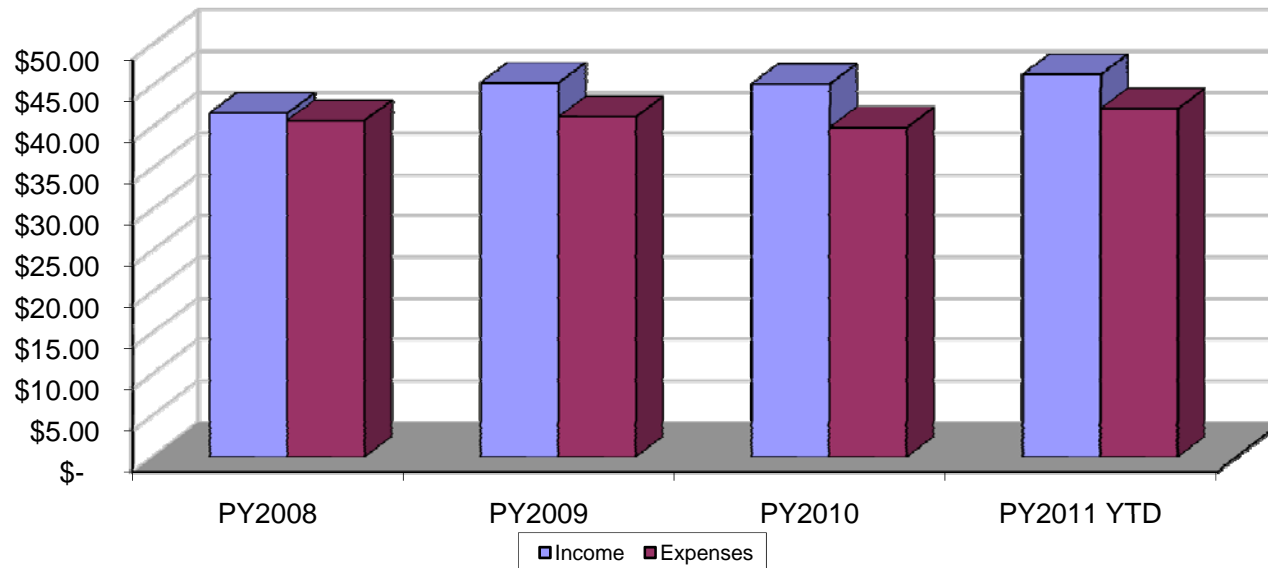
"Admin / Operating" includes claims administration & state operating expenses.

**Per Capita Income vs. Expenses
Medical Plan**



	PY2008	PY2009	PY2010	PY2011 YTD
Income	\$ 549.71	\$ 599.64	\$ 663.04	\$ 746.62
Expenses	\$ 567.53	\$ 605.84	\$ 609.17	\$ 604.81

Per Capita Income vs. Expenses Dental Plan



	PY2008	PY2009	PY2010	PY2011 YTD
Income	\$ 41.62	\$ 45.31	\$ 45.17	\$ 46.33
Expenses	\$ 40.74	\$ 41.20	\$ 39.92	\$ 42.18

Exhibit III: Income & Expense by Indemnity Medical Plans

Category	January 1, 2011 through March 31, 2011		April 1, 2011 through June 30, 2011		January 1, 2011 through June 30, 2011		January 1, 2010 through June 30, 2010	
	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible
Basic								
Average Eligible		-		-		-		-
Revenues:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:								
Medical Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rx Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wellness / DM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Admin / Operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated Operating Addition / (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss Ratio		0.0%		0.0%		0.0%		0.0%
Traditional								
Average Eligible		7,463		7,440		7,452		7,622
Revenues:								
Contributions	\$ 15,592,345	\$ 696.40	\$ 14,893,503	\$ 667.29	\$ 30,485,848	\$ 681.87	\$ 27,743,150	\$ 606.66
Interest Income	\$ 135,200	\$ 6.04	\$ 190,182	\$ 8.52	\$ 325,382	\$ 7.28	\$ 288,117	\$ 6.30
Total Revenue	\$ 15,727,545	\$ 702.44	\$ 15,083,685	\$ 675.81	\$ 30,811,230	\$ 689.14	\$ 28,031,267	\$ 612.96
Expenses:								
Medical Claims	\$ 10,987,391	\$ 490.73	\$ 11,096,685	\$ 497.17	\$ 22,084,076	\$ 493.95	\$ 19,942,537	\$ 436.08
Rx Claims	\$ 2,952,160	\$ 131.85	\$ 3,249,282	\$ 145.58	\$ 6,201,442	\$ 138.71	\$ 5,548,470	\$ 121.33
Medicare Part D	\$ -	\$ -	\$ (3,025,295)	\$ (135.54)	\$ (3,025,295)	\$ (67.67)	\$ -	\$ -
Managed Care	\$ 36,079	\$ 1.61	\$ 37,094	\$ 1.66	\$ 73,173	\$ 1.64	\$ 142,234	\$ 3.11
Wellness / DM	\$ 26,004	\$ 1.16	\$ 104,803	\$ 4.70	\$ 130,807	\$ 2.93	\$ 222,207	\$ 4.86
Payroll Services	\$ 814	\$ 0.04	\$ 39,178	\$ 1.76	\$ 39,991	\$ 0.89	\$ (43,894)	\$ (0.96)
Admin / Operating	\$ 559,471	\$ 24.99	\$ 640,583	\$ 28.70	\$ 1,200,054	\$ 26.84	\$ 663,560	\$ 14.51
Total Expenses	\$ 14,561,919	\$ 650.38	\$ 12,142,329	\$ 544.02	\$ 26,704,249	\$ 597.28	\$ 26,475,114	\$ 578.93
Estimated Operating Addition / (Deficit)	\$ 1,165,626	\$ 52.06	\$ 2,941,355	\$ 131.78	\$ 4,106,981	\$ 91.86	\$ 1,556,153	\$ 34.03
Loss Ratio		92.6%		80.5%		86.7%		94.4%
Total								
Average Eligible		7,463		7,440		7,452		7,622
Total Revenue	\$ 15,727,545	\$ 702.44	\$ 15,083,685	\$ 675.81	\$ 30,811,230	\$ 689.14	\$ 28,031,267	\$ 612.96
Expenses:								
Claims	\$ 13,939,551	\$ 622.58	\$ 14,345,967	\$ 642.75	\$ 28,285,518	\$ 632.65	\$ 25,491,007	\$ 557.41
Medicare Part D	\$ -	\$ -	\$ (3,025,295)	\$ (135.54)	\$ (3,025,295)	\$ (67.67)	\$ -	\$ -
Payroll Services	\$ 814	\$ 0.04	\$ 39,178	\$ 1.76	\$ 39,991	\$ 0.89	\$ (43,894)	\$ (0.96)
Other Costs	\$ 621,555	\$ 27.76	\$ 782,480	\$ 35.06	\$ 1,404,035	\$ 31.40	\$ 1,028,001	\$ 22.48
Total Expenses	\$ 14,561,919	\$ 650.38	\$ 12,142,329	\$ 544.02	\$ 26,704,249	\$ 597.28	\$ 26,475,114	\$ 578.93
Estimated Operating Addition / (Deficit)	\$ 1,165,626	\$ 52.06	\$ 2,941,355	\$ 131.78	\$ 4,106,981	\$ 91.86	\$ 1,556,153	\$ 34.03
Loss Ratio		92.6%		80.5%		86.7%		94.4%

Notes:

Some figures may not add due to rounding.

Basic Plan not offered after 2003. Claims reported are runout from prior periods.

Rx claims are net of rebates.

Medical claims include capitation costs.

*"Managed Care" includes BCBS managed care, certification review and individual managed care.

*"Wellness/DM" includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

*"Admin / Operating" includes claims administration & state operating expenses.

Exhibit III: Income & Expense by CHO Medical Plans

Category	January 1, 2011 through March 31, 2011		April 1, 2011 through June 30, 2011		January 1, 2011 through June 30, 2011		January 1, 2010 through June 30, 2010	
	Monthly Amount		Monthly Amount		Monthly Amount		Monthly Amount	
	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible
Blue Choice								
Average Eligible		6,067		6,101		6,084		6,016
Revenues:								
Contributions	\$ 14,731,349	\$ 809.39	\$ 14,184,786	\$ 774.98	\$ 28,916,135	\$ 792.14	\$ 25,102,359	\$ 695.43
Interest Income	\$ 127,735	\$ 7.02	\$ 181,132	\$ 9.90	\$ 308,867	\$ 8.46	\$ 260,840	\$ 7.23
Total Revenue	\$ 14,859,084	\$ 816.41	\$ 14,365,918	\$ 784.87	\$ 29,225,002	\$ 800.60	\$ 25,363,199	\$ 702.66
Expenses:								
Medical Claims	\$ 8,456,492	\$ 464.63	\$ 8,796,379	\$ 480.58	\$ 17,252,871	\$ 472.63	\$ 14,162,052	\$ 392.34
Rx Claims	\$ 1,482,389	\$ 81.45	\$ 1,566,345	\$ 85.58	\$ 3,048,734	\$ 83.52	\$ 2,544,625	\$ 70.50
Medicare Part D	\$ -	\$ -	\$ (175,233)	\$ (9.57)	\$ (175,233)	\$ (4.80)	\$ -	\$ -
Managed Care	\$ (5,614)	\$ (0.31)	\$ (5,651)	\$ (0.31)	\$ (11,265)	\$ (0.31)	\$ 91,086	\$ 2.52
Wellness / DM	\$ 21,169	\$ 1.16	\$ 85,924	\$ 4.69	\$ 107,093	\$ 2.93	\$ 175,458	\$ 4.86
Payroll Services	\$ 662	\$ 0.04	\$ 32,231	\$ 1.76	\$ 32,894	\$ 0.90	\$ (35,928)	\$ (1.00)
Admin / Operating	\$ 412,704	\$ 22.68	\$ 483,744	\$ 26.43	\$ 896,448	\$ 24.56	\$ 1,199,556	\$ 33.23
Total Expenses	\$ 10,367,803	\$ 569.64	\$ 10,783,738	\$ 589.16	\$ 21,151,541	\$ 579.43	\$ 18,136,847	\$ 502.46
Estimated Operating								
Addition / (Deficit)	\$ 4,491,281	\$ 246.77	\$ 3,582,180	\$ 195.71	\$ 8,073,460	\$ 221.17	\$ 7,226,351	\$ 200.20
Loss Ratio		69.8%		75.1%		72.4%		71.5%
Peak								
Average Eligible		-		-		-		97
Revenues:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,826	\$ 684.68
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,140	\$ 7.11
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 402,966	\$ 691.79
Expenses:								
Medical Claims	\$ 143,696	\$ -	\$ 9,121	\$ -	\$ 152,816	\$ -	\$ 381,480	\$ 654.90
Rx Claims	\$ (65)	\$ -	\$ -	\$ -	\$ (65)	\$ -	\$ 23,068	\$ 39.60
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,465	\$ 2.52
Wellness / DM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,833	\$ 4.86
SABHRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (548)	\$ (0.94)
Admin / Operating	\$ 4,819	\$ -	\$ 1,230	\$ -	\$ 6,049	\$ -	\$ 23,500	\$ 40.34
Total Expenses	\$ 148,451	\$ -	\$ 10,351	\$ -	\$ 158,802	\$ -	\$ 431,800	\$ 741.29
Estimated Operating								
Addition / (Deficit)	\$ (148,451)	\$ -	\$ (10,351)	\$ -	\$ (158,802)	\$ -	\$ (28,834)	\$ (49.50)
Loss Ratio		0.0%		0.0%		0.0%		107.2%
New West								
Average Eligible		2,645		2,634		2,639		2,546
Revenues:								
Contributions	\$ 6,283,503	\$ 792.02	\$ 6,007,659	\$ 760.32	\$ 12,291,162	\$ 776.20	\$ 10,851,968	\$ 710.39
Interest Income	\$ 54,484	\$ 6.87	\$ 76,715	\$ 9.71	\$ 131,199	\$ 8.29	\$ 112,649	\$ 7.37
Total Revenue	\$ 6,337,987	\$ 798.89	\$ 6,084,374	\$ 770.03	\$ 12,422,361	\$ 784.49	\$ 10,964,617	\$ 717.77
Expenses:								
Medical Claims	\$ 4,152,056	\$ 523.36	\$ 4,582,173	\$ 579.91	\$ 8,734,229	\$ 551.58	\$ 10,116,600	\$ 662.25
Rx Claims	\$ 727,515	\$ 91.70	\$ 753,039	\$ 95.30	\$ 1,480,553	\$ 93.50	\$ 1,292,409	\$ 84.60
Medicare Part D	\$ -	\$ -	\$ (133,142)	\$ (16.85)	\$ (133,142)	\$ (8.41)	\$ -	\$ -
Managed Care	\$ (2,453)	\$ (0.31)	\$ (2,446)	\$ (0.31)	\$ (4,899)	\$ (0.31)	\$ 38,665	\$ 2.53
Wellness / DM	\$ 9,235	\$ 1.16	\$ 37,114	\$ 4.70	\$ 46,349	\$ 2.93	\$ 74,150	\$ 4.85
Payroll Services	\$ 288	\$ 0.04	\$ 13,871	\$ 1.76	\$ 14,159	\$ 0.89	\$ (14,222)	\$ (0.93)
Admin / Operating	\$ 257,745	\$ 32.49	\$ 286,289	\$ 36.23	\$ 544,034	\$ 34.36	\$ 645,855	\$ 42.28
Total Expenses	\$ 5,144,385	\$ 648.44	\$ 5,536,896	\$ 700.74	\$ 10,681,282	\$ 674.54	\$ 12,153,456	\$ 795.59
Estimated Operating								
Addition / (Deficit)	\$ 1,193,602	\$ 150.45	\$ 547,478	\$ 69.29	\$ 1,741,080	\$ 109.95	\$ (1,188,839)	\$ (77.82)
Loss Ratio		81.2%		91.0%		86.0%		110.8%
Total CHO								
Average Eligible		8,711		8,735		8,723		8,659
Total Revenue	\$ 21,197,071	\$ 811.09	\$ 20,450,292	\$ 780.40	\$ 41,647,363	\$ 795.72	\$ 36,730,782	\$ 706.98
Expenses:								
Claims	\$ 14,962,083	\$ 572.51	\$ 15,707,056	\$ 599.39	\$ 30,669,139	\$ 585.97	\$ 28,520,234	\$ 548.95
Medicare Part D	\$ -	\$ -	\$ (308,376)	\$ (11.77)	\$ (308,376)	\$ (8.89)	\$ -	\$ -
Payroll Services	\$ 950	\$ 0.04	\$ 46,103	\$ 1.76	\$ 47,053	\$ 0.90	\$ (50,698)	\$ (0.98)
Other Costs	\$ 697,605	\$ 26.69	\$ 886,204	\$ 33.82	\$ 1,583,809	\$ 30.26	\$ 2,252,568	\$ 43.36
Total Expenses	\$ 15,660,639	\$ 599.24	\$ 16,330,986	\$ 623.20	\$ 31,991,625	\$ 611.24	\$ 30,722,104	\$ 591.33
Estimated Operating								
Addition / (Deficit)	\$ 5,536,432	\$ 211.85	\$ 4,119,306	\$ 157.20	\$ 9,655,738	\$ 184.48	\$ 6,008,679	\$ 115.65
Loss Ratio		73.9%		79.9%		76.8%		83.6%

Notes:

Some figures may not add due to rounding.

Basic Plan not offered after 2003. Claims reported are runout from prior periods.

Rx claims are net of rebates.

Medical claims include capitation costs.

Managed Care includes BCBS managed care, certification review and individual managed care.

Wellness/DM includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

Admin / Operating includes claims administration & state operating expenses.

Exhibit IV: Medical Income & Expense by Actives and Retirees

Category	January 1, 2011 through March 31, 2011		April 1, 2011 through June 30, 2011		January 1, 2011 through June 30, 2011		January 1, 2010 through June 30, 2010	
	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible
Actives & COBRA								
Average Eligible		12,868		12,880		12,874		12,948
Contributions	\$ 31,351,331	\$ 812.11	\$ 30,095,506	\$ 778.87	\$ 61,446,837	\$ 795.48	\$ 54,866,503	\$ 706.24
Medical Claims	\$ 19,961,912	\$ 517.08	\$ 20,601,437	\$ 533.16	\$ 40,563,349	\$ 525.13	\$ 37,244,387	\$ 479.41
Rx Claims	\$ 3,254,480	\$ 84.30	\$ 3,435,145	\$ 88.90	\$ 6,689,625	\$ 86.60	\$ 5,855,449	\$ 75.37
Total Claims	\$ 23,216,392	\$ 601.38	\$ 24,036,582	\$ 622.06	\$ 47,252,974	\$ 611.73	\$ 43,099,836	\$ 554.78
Loss Ratio		74.1%		79.9%		76.9%		78.6%
Retirees under 65								
Average Eligible		834		814		824		846
Contributions	\$ 2,199,005	\$ 878.90	\$ 2,046,510	\$ 838.56	\$ 4,245,515	\$ 858.98	\$ 3,871,276	\$ 762.89
Medical Claims	\$ 2,207,524	\$ 882.30	\$ 2,030,823	\$ 832.13	\$ 4,238,347	\$ 857.53	\$ 4,906,275	\$ 966.85
Rx Claims	\$ 716,785	\$ 286.48	\$ 788,648	\$ 323.15	\$ 1,505,433	\$ 304.59	\$ 1,406,022	\$ 277.08
Total Claims	\$ 2,924,307	\$ 1,168.79	\$ 2,819,471	\$ 1,155.28	\$ 5,743,779	\$ 1,162.12	\$ 6,312,296	\$ 1,243.92
Loss Ratio		133.0%		137.8%		135.3%		163.1%
Retirees 65+								
Average Eligible		2,472		2,481		2,477		2,487
Contributions	\$ 3,056,860	\$ 412.14	\$ 2,943,932	\$ 395.48	\$ 6,000,792	\$ 403.79	\$ 5,358,524	\$ 359.08
Medical Claims	\$ 1,570,199	\$ 211.70	\$ 1,852,098	\$ 248.80	\$ 3,422,297	\$ 230.29	\$ 2,452,007	\$ 164.31
Rx Claims	\$ 1,190,735	\$ 160.54	\$ 1,344,872	\$ 180.67	\$ 2,535,606	\$ 170.62	\$ 2,147,100	\$ 143.88
Medicare Part D	\$ -	\$ -	\$ (3,333,671)	\$ (447.83)	\$ (3,333,671)	\$ (224.32)	\$ -	\$ -
Total Claims	\$ 2,760,933	\$ 372.24	\$ (136,701)	\$ (18.36)	\$ 2,624,232	\$ 176.59	\$ 4,599,107	\$ 308.19
Loss Ratio		90.3%		-4.6%		43.7%		85.8%
Total Retirees								
Average Eligible		3,306		3,295		3,301		3,333
Contributions	\$ 5,255,866	\$ 529.88	\$ 4,990,442	\$ 504.88	\$ 10,246,308	\$ 517.40	\$ 9,229,800	\$ 461.55
Medical Claims	\$ 3,777,723	\$ 380.86	\$ 3,882,921	\$ 392.83	\$ 7,660,644	\$ 386.83	\$ 7,358,282	\$ 367.96
Rx Claims	\$ 1,907,519	\$ 192.31	\$ 2,133,520	\$ 215.85	\$ 4,041,039	\$ 204.06	\$ 3,553,122	\$ 177.68
Medicare Part D	\$ -	\$ -	\$ (3,333,671)	\$ (337.26)	\$ (3,333,671)	\$ (168.34)	\$ -	\$ -
Total Claims	\$ 5,685,242	\$ 573.17	\$ 2,682,770	\$ 271.41	\$ 8,368,012	\$ 422.55	\$ 10,911,405	\$ 545.64
Loss Ratio		108.2%		53.8%		81.7%		118.2%

Notes:

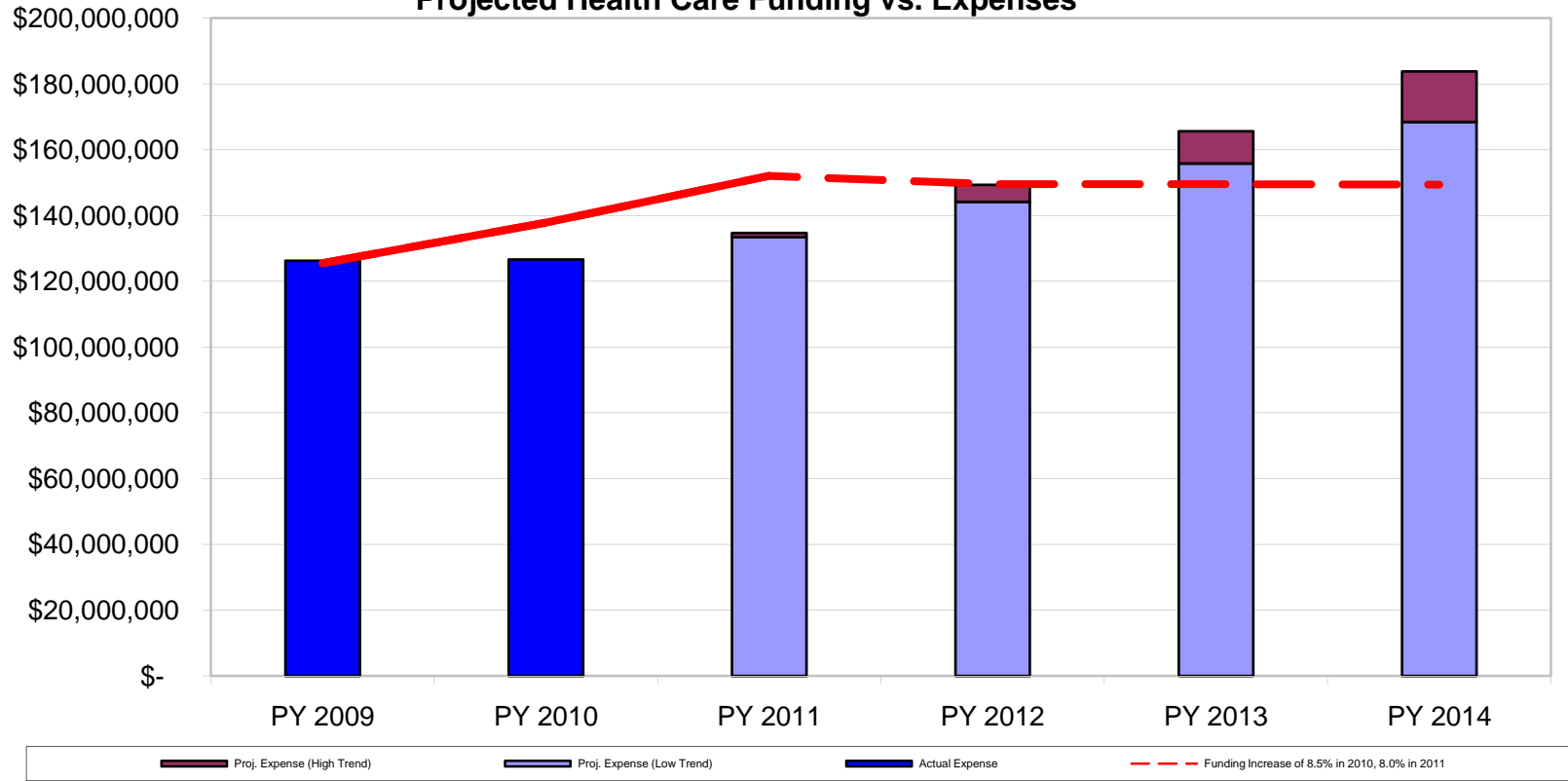
Some figures may not add due to rounding.

Rx claims are net of rebates.

Medical claims include capitation costs.

State of Montana

Projected Health Care Funding vs. Expenses



100.6% Loss

91.9% Loss

87.7% Loss

96.4% Loss

104.2% Loss

112.8% Loss

88.6% Loss

99.9% Loss

110.8% Loss

123.0% Loss

Low Trend = 8% Medical and 10% Rx; High Trend = 11% Medical and 13% Rx.

State of Montana Projection Assumptions

Contribution Data and Assumptions	Plan Year 2009		Plan Year 2010		Plan Year 2011		Plan Year 2012		Plan Year 2013		Plan Year 2014	
	Increase	Contribution	Increase	Contribution	Increase	Contribution	Increase	Contribution	Increase	Contribution	Increase	Contribution
State Contribution	\$ 36.00	\$ 626.00	\$ 53.00	\$ 679.00	\$ 54.00	\$ 733.00	\$ -	\$ 733.00	\$ -	\$ 733.00	\$ -	\$ 733.00
Stabilization Savings	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Actives												
Change in Contribution to Core Benefits	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Change in Dependent Contribution	\$ -		\$ 11.00		\$ -		\$ -		\$ -		\$ -	
Percentage of EE's with Dependents	60%		60%		60%		60%		60%		60%	
Retirees <65												
Change in Medical Contribution	\$ 36.00		\$ 53.00		\$ 54.00		\$ -		\$ -		\$ -	
Change in Dependent Contribution	\$ -		\$ 65.00		\$ -		\$ -		\$ -		\$ -	
Percentage of Early Retirees with Dependents	50%		50%		50%		50%		50%		50%	
Change in Dental Contribution												
Retirees 65+												
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Medical Contribution	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Change in Dependent Contribution	\$ -		\$ 54.00		\$ -		\$ -		\$ -		\$ -	
Percentage of Medicare Retirees with Dependents	40%		40%		40%		40%		40%		40%	
Change in Dental Contribution	\$ -											
COBRA												
Change in Medical Contribution	\$ 36.72		\$ 54.06		\$ 55.08		\$ -		\$ -		\$ -	
Change in Dependent Contribution	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Percentage of COBRAs with Dependents	50%		50%		50%		50%		50%		50%	
Change in Dental Contribution	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Trend Assumptions Scenario A	Plan Year 2009		Plan Year 2010		Plan Year 2011		Plan Year 2012		Plan Year 2013		Plan Year 2014	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Trend Assumptions												
Medical	8.0%	9.0%	8.0%	4.2%	8.0%	8.4%	8.0%		8.0%		8.0%	
Rx	10.0%	-3.4%	10.0%	-20.6%	10.0%	12.0%	10.0%		10.0%		10.0%	
Dental	8.0%	0.9%	8.0%	-3.5%	8.0%	6.9%	8.0%		8.0%		8.0%	
EAP	5.0%	3.3%	5.0%	3.4%	5.0%	-100.0%	5.0%		5.0%		5.0%	
Health Screenings	5.0%	130.7%	5.0%	5.7%	5.0%	5.0%	5.0%		5.0%		5.0%	
Managed Care	5.0%	62.2%	5.0%	-35.9%	5.0%	-66.4%	5.0%		5.0%		5.0%	
Claims Administration	5.0%	6.4%	5.0%	-24.5%	5.0%	2.4%	5.0%		5.0%		5.0%	
SABHRS Administration	-	75.6%	-	-73.7%	5.0%	115.7%	5.0%		5.0%		5.0%	
Other Operating Expense	5.0%	-5.4%	5.0%	28.8%	5.0%	-3.4%	5.0%		5.0%		5.0%	
Wellness Claims	5.0%	-16.6%	5.0%	-19.9%	5.0%	-50.8%	5.0%		5.0%		5.0%	
Core Life	0.0%	0.1%	0.0%	0.9%	0.0%	7.9%	0.0%		0.0%		0.0%	
Operating Reserve Assumptions												
Medical IBNR %	14.0%	14.1%	14.0%		14.0%		14.0%		14.0%		14.0%	
Rx IBNR %	0.3%	0.2%	0.3%		0.3%		0.3%		0.3%		0.3%	
Dental IBNR %	4.5%	4.2%	4.5%		4.5%		4.5%		4.5%		4.5%	
Grandfathered Benefit Reserve Attrition	7.5%		7.5%		7.5%		7.5%		7.5%		7.5%	
Investment returns	3.0%		3.0%		1.0%		1.0%		1.0%		1.0%	
Population Change Assumptions												
Active Employees	188	236	138	52	193		0		0		0	
Retirees <65	0	-6	5	-46	0		0		0		0	
Retirees 65+	50	28	24	-7	50		0		0		0	
COBRA	0	-15	18	-4	0		0		0		0	
Plan Change Assumptions												
Plan Change Assumptions	0		(7,184,675)		882,000		0		0		0	
Trend Assumptions Scenario B	2009		2010		2011		2012		2013		2014	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Alternate Medical, Rx & Dental Trend												
Medical	11.0%		11.0%		11.0%		11.0%		11.0%		11.0%	
Rx	13.0%		13.0%		13.0%		14.0%		14.0%		14.0%	
Dental	8.0%		8.0%		8.0%		8.0%		8.0%		8.0%	
Med Claim Lag issue	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Dental Claim Lag issue	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Health Screenings Benefit increase	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Why Weight Benefit increase	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Unallocated Revenue for Exhibit II	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	

State of Montana: Scenario A Medical Trend = 8.0% and Rx Trend = 10.0% with Estimated Impact of Medicare Part D

	Actual Plan Year 2009			Actual Plan Year 2010			Projected Plan Year 2011			Projected Plan Year 2012			Projected Plan Year 2013			Projected Plan Year 2014		
	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total
Revenue																		
Active Employees	12,824			12,877			12,835			12,835			12,835			12,835		
State Contribution (M/D/CL)	\$ 626.00	\$ 96,337,331	\$ 679.00	\$ 104,921,117	\$ 733.00	\$ 112,893,728	\$ 733.00	\$ 112,893,728	\$ 733.00	\$ 112,893,728	\$ 733.00	\$ 112,893,728	\$ 733.00	\$ 112,893,728	\$ 733.00	\$ 112,893,728	\$ 733.00	\$ 112,893,728
Employee Contribution (M/D)	\$ 61.98	\$ 9,538,689	\$ 75.13	\$ 11,609,401	\$ 90.93	\$ 14,005,087	\$ 90.93	\$ 14,005,087	\$ 90.93	\$ 14,005,087	\$ 90.93	\$ 14,005,087	\$ 90.93	\$ 14,005,087	\$ 90.93	\$ 14,005,087	\$ 90.93	\$ 14,005,087
Special State Contribution (2004), PDA & Adjustment (2005)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Early Retirees																		
Medical/CL	886	\$ 680.64	\$ 7,234,514	840	\$ 765.52	\$ 7,718,309	824	\$ 839.65	\$ 8,299,906	824	\$ 839.65	\$ 8,299,906	824	\$ 839.65	\$ 8,299,906	824	\$ 839.65	\$ 8,299,906
Dental	884	\$ 45.95	\$ 487,473	838	\$ 45.40	\$ 456,473	829	\$ 46.26	\$ 459,966	829	\$ 46.26	\$ 459,966	829	\$ 46.26	\$ 459,966	829	\$ 46.26	\$ 459,966
Medicare Retirees																		
Medical/CL	2,500	\$ 302.07	\$ 9,061,626	2,493	\$ 359.96	\$ 10,767,717	2,477	\$ 394.84	\$ 11,735,333	2,477	\$ 394.84	\$ 11,735,333	2,477	\$ 394.84	\$ 11,735,333	2,477	\$ 394.84	\$ 11,735,333
Dental	1,944	\$ 42.81	\$ 998,549	1,946	\$ 42.79	\$ 999,442	1,952	\$ 44.03	\$ 1,031,480	1,952	\$ 44.03	\$ 1,031,480	1,952	\$ 44.03	\$ 1,031,480	1,952	\$ 44.03	\$ 1,031,480
COBRA																		
Medical/CL	47	\$ 638.53	\$ 358,536	43	\$ 697.35	\$ 361,227	40	\$ 780.61	\$ 370,007	40	\$ 780.61	\$ 370,007	40	\$ 780.61	\$ 370,007	40	\$ 780.61	\$ 370,007
Dental	33	\$ 42.97	\$ 17,146	30	\$ 42.17	\$ 15,012	26	\$ 46.14	\$ 14,628	26	\$ 46.14	\$ 14,628	26	\$ 46.14	\$ 14,628	26	\$ 46.14	\$ 14,628
Interest Income		\$ 1,377,238		\$ 1,243,586		\$ 1,621,698		\$ 1,621,698		\$ 1,621,698		\$ 1,621,698		\$ 1,621,698		\$ 1,621,698		\$ 1,621,698
Other Income		\$ 96,520		\$ (269,712)		\$ 1,591,683		\$ 1,591,683		\$ 1,591,683		\$ 1,591,683		\$ 1,591,683		\$ 1,591,683		\$ 1,591,683
Total Revenue	16,257	\$ 643.36	\$ 125,507,620	16,253	\$ 706.65	\$ 137,822,571	16,175	\$ 783.23	\$ 152,023,516	16,175	\$ 770.36	\$ 149,523,920	16,175	\$ 770.33	\$ 149,519,092	16,175	\$ 769.68	\$ 149,392,649
Expenses																		
Medical Claims	\$ 447.13	\$ 87,226,725	4.2%	\$ 465.90	\$ 90,867,512	trend PEPM 8.4%	\$ 505.05	\$ 98,028,337	trend PEPM 8.0%	\$ 545.45	\$ 105,870,604	trend PEPM 8.0%	\$ 589.09	\$ 114,340,252	trend PEPM 8.0%	\$ 636.22	\$ 123,487,473	
Rx Claims	\$ 138.59	\$ 27,036,613	-20.6%	\$ 110.03	\$ 21,459,104	12.0%	\$ 123.20	\$ 23,913,194	10.0%	\$ 135.52	\$ 26,304,514	10.0%	\$ 149.07	\$ 28,934,965	10.0%	\$ 163.98	\$ 31,828,462	
Rx Rebates & Part D Subsidies	\$ (25.26)	\$ (4,928,661)		\$ (4.95)	\$ (965,901)		\$ (22.13)	\$ (4,294,915)		\$ (24.34)	\$ (4,724,406)		\$ (26.77)	\$ (5,196,847)		\$ (28.45)	\$ (5,716,531)	
Dental Claims	\$ 35.68	\$ 6,959,981	-3.5%	\$ 34.44	\$ 6,717,180	6.9%	\$ 36.83	\$ 7,148,357	8.0%	\$ 39.78	\$ 7,720,226	8.0%	\$ 42.96	\$ 8,337,844	8.0%	\$ 46.39	\$ 9,004,871	
Projected Savings from Benefit Changes							\$ 2.27	\$ 441,000		\$ 2.45	\$ 476,280		\$ 2.65	\$ 514,382		\$ 2.86	\$ 555,533	
Total Claims Expense	\$ 596.13	\$ 116,294,658	1.6%	\$ 605.41	\$ 118,077,895	6.6%	\$ 645.22	\$ 125,235,974	8.3%	\$ 698.86	\$ 135,647,218	8.3%	\$ 757.00	\$ 146,930,597	8.3%	\$ 820.00	\$ 159,159,807	
EAP	\$ 1.90	\$ 370,437	3.4%	\$ 1.96	\$ 382,804	-100.0%	\$ -	\$ -	n/a	\$ -	\$ -	n/a	\$ -	\$ -	n/a	\$ -	\$ -	
Health Screenings	\$ 3.26	\$ 636,760	5.7%	\$ 3.45	\$ 672,632	5.0%	\$ 3.62	\$ 703,174	5.0%	\$ 3.80	\$ 738,332	5.0%	\$ 3.99	\$ 775,249	5.0%	\$ 4.19	\$ 814,011	
Managed Care	\$ 2.72	\$ 531,143	-35.9%	\$ 1.75	\$ 340,630	-66.4%	\$ 0.59	\$ 114,021	5.0%	\$ 0.62	\$ 119,722	5.0%	\$ 0.65	\$ 125,708	5.0%	\$ 0.68	\$ 131,993	
Claims Administration	\$ 27.53	\$ 5,370,655	2.4%	\$ 20.80	\$ 4,056,286	2.4%	\$ 21.30	\$ 4,135,144	5.0%	\$ 22.37	\$ 4,341,901	5.0%	\$ 23.49	\$ 4,558,996	5.0%	\$ 24.66	\$ 4,796,946	
Payroll Services Fees Fixed Cost	\$ 3.45	\$ 673,311	-73.7%	\$ 0.91	\$ 177,205	115.7%	\$ 1.96	\$ 380,431	-1.7%	\$ 1.93	\$ 374,000	0.0%	\$ 1.93	\$ 374,000	0.0%	\$ 1.93	\$ 374,000	
Other Operating Expense	\$ 10.18	\$ 1,985,008	28.8%	\$ 13.10	\$ 2,555,303	-3.4%	\$ 12.65	\$ 2,455,712	5.0%	\$ 13.28	\$ 2,578,497	5.0%	\$ 13.95	\$ 2,707,422	5.0%	\$ 14.65	\$ 2,842,793	
Wellness Claims	\$ 0.42	\$ 82,460	-19.9%	\$ 0.34	\$ 66,026	-50.8%	\$ 0.17	\$ 32,353	5.0%	\$ 0.18	\$ 33,971	5.0%	\$ 0.18	\$ 35,670	5.0%	\$ 0.19	\$ 37,453	
Core Life Insurance Premiums	\$ 1.59	\$ 310,413	0.9%	\$ 1.60	\$ 313,015	7.9%	\$ 1.73	\$ 336,095	0.0%	\$ 1.73	\$ 336,095	0.0%	\$ 1.73	\$ 336,095	0.0%	\$ 1.73	\$ 336,095	
Total Expenses	\$ 647.19	\$ 126,254,845	\$ 649.32	\$ 126,641,795	\$ 687.25	\$ 133,392,903	\$ 742.77	\$ 144,169,736	\$ 802.92	\$ 155,843,736	\$ 868.04	\$ 168,483,099						
Operating Surplus / (Deficit)	\$ (3.83)	\$ (747,225)	\$ 57.33	\$ 11,180,776	\$ 95.99	\$ 18,630,613	\$ 27.59	\$ 5,354,185	\$ (32.58)	\$ (6,324,644)	\$ (98.36)	\$ (19,090,450)						
Fund Balance																		
Beginning Balance		\$ 39,994,215		\$ 39,246,990		\$ 50,427,766		\$ 69,058,379		\$ 74,412,564		\$ 68,087,920		\$ 48,997,470		\$ 29,526,260		\$ 1,699,408
Operating Surplus / (Deficit)		\$ (747,225)		\$ 11,180,776		\$ 18,630,613		\$ 5,354,185		\$ (6,324,644)		\$ (19,090,450)		\$ 68,087,920		\$ 48,997,470		\$ 29,526,260
Ending Balance		\$ 39,246,990		\$ 50,427,766		\$ 69,058,379		\$ 74,412,564		\$ 68,087,920		\$ 48,997,470		\$ 29,526,260		\$ 1,699,408		\$ 1,699,408
IBNR Reserve*		\$ 11,600,000		\$ 11,500,000		\$ 12,600,000		\$ 15,234,035		\$ 16,454,053		\$ 17,771,801		\$ 17,771,801		\$ 17,771,801		\$ 17,771,801
Claims Fluctuation Reserve		\$ 26,136,990		\$ 37,317,766		\$ 54,758,379		\$ 57,478,986		\$ 49,934,493		\$ 29,526,260		\$ 49,934,493		\$ 29,526,260		\$ 49,934,493
Grandfathered Benefit Reserve		\$ 1,510,000		\$ 1,610,000		\$ 1,700,000		\$ 1,699,543		\$ 1,699,374		\$ 1,699,374		\$ 1,699,374		\$ 1,699,374		\$ 1,699,374

IBNR Reserves beginning 12/31/06 were calculated by Mercer and beginning 9/30/07 were calculated by Actuaries Northwest.

State of Montana: Scenario B Medical Trend = 11.0% and Rx Trend = 13.0% with Estimated Impact of Medicare Part D

	Actual Plan Year 2009			Actual Plan Year 2010			Projected Plan Year 2011			Projected Plan Year 2012			Projected Plan Year 2013			Projected Plan Year 2014						
	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total	Participants	Per EE	Total				
Revenue																						
Active Employees	12,824			12,877			12,835			12,835			12,835			12,835						
State Contribution (M/D/CL)		\$ 626.00	\$ 96,337,331		\$ 679.00	\$ 104,921,117		\$ 733.00	\$ 112,893,728		\$ 733.00	\$ 112,893,728		\$ 733.00	\$ 112,893,728		\$ 733.00	\$ 112,893,728				
Employee Contribution (M/D)		\$ 61.98	\$ 9,538,689		\$ 75.13	\$ 11,609,401		\$ 90.93	\$ 14,005,087		\$ 90.93	\$ 14,005,087		\$ 90.93	\$ 14,005,087		\$ 90.93	\$ 14,005,087				
Special State Contribution (2004), PDA & Adjustment (2005)		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -				
Early Retirees																						
Medical/CL	886	\$ 680.64	\$ 7,234,514	840	\$ 765.52	\$ 7,718,309	824	\$ 839.65	\$ 8,299,906	824	\$ 839.65	\$ 8,299,906	824	\$ 839.65	\$ 8,299,906	824	\$ 839.65	\$ 8,299,906				
Dental	884	\$ 45.95	\$ 487,473	838	\$ 45.40	\$ 456,473	829	\$ 46.26	\$ 459,966	829	\$ 46.26	\$ 459,966	829	\$ 46.26	\$ 459,966	829	\$ 46.26	\$ 459,966				
Medicare Retirees																						
Medical/CL	2,500	\$ 302.07	\$ 9,061,626	2,493	\$ 359.96	\$ 10,767,717	2,477	\$ 394.84	\$ 11,735,333	2,477	\$ 394.84	\$ 11,735,333	2,477	\$ 394.84	\$ 11,735,333	2,477	\$ 394.84	\$ 11,735,333				
Dental	1,944	\$ 42.81	\$ 998,549	1,946	\$ 42.79	\$ 999,442	1,952	\$ 44.03	\$ 1,031,480	1,952	\$ 44.03	\$ 1,031,480	1,952	\$ 44.03	\$ 1,031,480	1,952	\$ 44.03	\$ 1,031,480				
COBRA																						
Medical/CL	47	\$ 638.53	\$ 358,536	43	\$ 697.35	\$ 361,227	40	\$ 780.61	\$ 370,007	40	\$ 780.61	\$ 370,007	40	\$ 780.61	\$ 370,007	40	\$ 780.61	\$ 370,007				
Dental	33	\$ 42.97	\$ 17,146	30	\$ 42.17	\$ 15,012	26	\$ 46.14	\$ 14,628	26	\$ 46.14	\$ 14,628	26	\$ 46.14	\$ 14,628	26	\$ 46.14	\$ 14,628				
Interest Income			\$ 1,377,238			\$ 1,243,586			\$ 1,621,698			\$ 1,621,698			\$ 1,621,698			\$ 1,621,698				
Other Income			\$ 96,520			\$ (269,712)			\$ 1,591,683			\$ 1,591,683			\$ 1,591,683			\$ 1,591,683				
Total Revenue	16,257	\$ 643.36	\$ 125,507,620	16,253	\$ 706.65	\$ 137,822,571	16,175	\$ 783.23	\$ 152,023,516	16,175	\$ 770.16	\$ 149,485,286	16,175	\$ 769.75	\$ 149,405,292	16,175	\$ 768.44	\$ 149,152,137				
Expenses																						
Medical Claims		\$ 447.13	\$ 87,226,725	-4.2%	\$ 465.90	\$ 90,867,512	trend PEPM	9.5%	\$ 510.38	\$ 99,062,366	trend PEPM	11.0%	\$ 566.52	\$ 109,959,226	trend PEPM	11.0%	\$ 628.83	\$ 122,054,741	trend PEPM	11.0%	\$ 698.01	\$ 135,480,763
Rx Claims		\$ 138.59	\$ 27,036,613	-20.6%	\$ 110.03	\$ 21,459,104	13.1%	\$ 124.49	\$ 24,163,338	14.0%	\$ 141.92	\$ 27,546,206	14.0%	\$ 161.79	\$ 31,402,674	14.0%	\$ 184.44	\$ 35,799,049				
Rx Rebates & Part D Subsidies		\$ (25.26)	\$ (4,928,661)		\$ (4.95)	\$ (965,901)		\$ (22.13)	\$ (4,294,915)		\$ (25.23)	\$ (4,896,203)		\$ (28.76)	\$ (5,581,671)		\$ (32.78)	\$ (6,363,105)				
Dental Claims		\$ 35.68	\$ 6,959,981	-3.5%	\$ 34.44	\$ 6,717,180	6.9%	\$ 36.83	\$ 7,148,357	8.0%	\$ 39.78	\$ 7,720,226	8.0%	\$ 42.96	\$ 8,337,844	8.0%	\$ 46.39	\$ 9,004,871				
Projected Savings from Benefit Changes								\$ 2.27	\$ 441,000		\$ 2.45	\$ 476,280		\$ 2.65	\$ 514,382		\$ 2.86	\$ 555,533				
Total Claims Expense	\$ 596.13	\$ 116,294,658	1.6%	\$ 605.41	\$ 118,077,895	7.7%	\$ 651.84	\$ 126,520,147	11.3%	\$ 725.44	\$ 140,805,735	11.3%	\$ 807.47	\$ 156,727,971	11.3%	\$ 898.92	\$ 174,477,111					
EAP		\$ 1.90	\$ 370,437	3.4%	\$ 1.96	\$ 382,804	-100.0%	\$ -	\$ -	n/a	\$ -	\$ -	n/a	\$ -	\$ -	n/a	\$ -	\$ -				
Health Screenings		\$ 3.26	\$ 636,760	5.7%	\$ 3.45	\$ 672,632	5.0%	\$ 3.62	\$ 703,174	5.0%	\$ 3.80	\$ 738,332	5.0%	\$ 3.99	\$ 775,249	5.0%	\$ 4.19	\$ 814,011				
Managed Care		\$ 2.72	\$ 531,143	-35.9%	\$ 1.75	\$ 340,630	-66.4%	\$ 0.59	\$ 114,021	5.0%	\$ 0.62	\$ 119,722	5.0%	\$ 0.65	\$ 125,708	5.0%	\$ 0.68	\$ 131,993				
Claims Administration		\$ 27.53	\$ 5,370,655	-24.5%	\$ 20.80	\$ 4,056,286	2.4%	\$ 21.30	\$ 4,135,144	5.0%	\$ 22.37	\$ 4,341,901	5.0%	\$ 23.49	\$ 4,558,996	5.0%	\$ 24.66	\$ 4,766,946				
Payroll Services Fees Fixed Cost		\$ 3.45	\$ 673,311	-73.7%	\$ 0.91	\$ 177,205	115.7%	\$ 1.96	\$ 380,431	-1.7%	\$ 1.93	\$ 374,000	0.0%	\$ 1.93	\$ 374,000	0.0%	\$ 1.93	\$ 374,000				
Other Operating Expense		\$ 10.18	\$ 1,985,008	28.8%	\$ 13.10	\$ 2,555,303	-3.4%	\$ 12.65	\$ 2,455,712	5.0%	\$ 13.28	\$ 2,578,497	5.0%	\$ 13.95	\$ 2,707,422	5.0%	\$ 14.65	\$ 2,842,793				
Wellness Claims		\$ 0.42	\$ 82,460	-19.9%	\$ 0.34	\$ 66,026	-50.8%	\$ 0.17	\$ 32,353	5.0%	\$ 0.18	\$ 33,971	5.0%	\$ 0.18	\$ 35,670	5.0%	\$ 0.19	\$ 37,453				
Core Life Insurance Premiums		\$ 1.59	\$ 310,413	0.9%	\$ 1.60	\$ 313,015	7.9%	\$ 1.73	\$ 336,095	0.0%	\$ 1.73	\$ 336,095	0.0%	\$ 1.73	\$ 336,095	0.0%	\$ 1.73	\$ 336,095				
Total Expenses	\$ 647.19	\$ 126,254,845	\$ 649.32	\$ 126,641,795	\$ 693.86	\$ 134,677,076	\$ 769.35	\$ 149,328,253	\$ 853.39	\$ 165,641,110	\$ 946.95	\$ 183,800,402										
Operating Surplus / (Deficit)	\$ (3.83)	\$ (747,225)	\$ 57.33	\$ 11,180,776	\$ 89.37	\$ 17,346,440	\$ 0.81	\$ 157,033	\$ (83.65)	\$ (16,235,818)	\$ (178.51)	\$ (34,648,265)										
Fund Balance																						
Beginning Balance		\$ 39,994,215		\$ 39,246,990		\$ 50,427,766		\$ 67,774,207		\$ 67,931,239		\$ 67,931,239		\$ 51,695,421		\$ 51,695,421						
Operating Surplus / (Deficit)		\$ (747,225)		\$ 11,180,776		\$ 17,346,440		\$ 157,033		\$ (16,235,818)		\$ (34,648,265)										
Ending Balance		\$ 39,246,990		\$ 50,427,766		\$ 67,774,207		\$ 67,931,239		\$ 51,695,421		\$ 17,047,157										
IBNR Reserve*		\$ 11,600,000		\$ 11,500,000		\$ 12,600,000		\$ 15,809,652		\$ 17,540,330		\$ 19,460,834										
Claims Fluctuation Reserve		\$ 26,136,990		\$ 37,317,766		\$ 53,474,207		\$ 50,378,019		\$ 32,366,106		\$ (4,249,906)										
Grandfathered Benefit Reserve		\$ 1,510,000		\$ 1,610,000		\$ 1,700,000		\$ 1,743,568		\$ 1,788,986		\$ 1,836,229										

IBNR Reserves beginning 12/31/06 were calculated by Mercer and beginning 9/30/07 were calculated by Actuaries Northwest.