



*North Carolina*  
**State Health Plan**  
FOR TEACHERS AND STATE EMPLOYEES

# January 2013 Financial Report

*Board of Trustees Meeting*

March 22, 2013

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*A Division of the Department of State Treasurer*

# Financial Results: Actual v. Budgeted

## Year to Date January 2013

<b>Fiscal Year 2012-2013</b>	<b>Actual thru Jan 2013</b>	<b>Authorized Budget (per Segal 9-18-12)</b>	<b>Variance Over/(Under) Budget</b>
Beginning Cash Balance	\$502.2 m	\$502.2 m	\$0.0 m
Plan Revenue	\$1.718 b	\$1.712 b	\$5.9 m
Net Claims Payments	\$1.447 b	\$1.522 b	(\$75.4 m)
Net Administrative Expenses	\$91.4 m	\$108.2 m	(\$16.8 m)
Total Plan Expenses	\$1.538 b	\$1.630 b	(\$92.1 m)
Net Income/(Loss)	\$179.7 m	\$81.7 m	\$98.0 m
Ending Cash Balance	\$681.9 m	\$583.9 m	\$98.0 m

# Adjusted Variance Report

## Year to Date January 2013

Fiscal Year 2012-2013	Actual thru Jan 2013, As Adjusted	Authorized Budget (per Segal 9-18-12)	Variance Over/(Under) Budget
Beginning Cash Balance	\$502.2 m	\$502.2 m	\$0.0 m
Plan Revenue *^	\$1.719 b	\$1.712 b	\$7.3 m
Net Claims Payments	\$1.447 b	\$1.522 b	(\$75.4 m)
Net Administrative Expenses	\$91.4 m	\$108.2 m	(\$16.8 m)
Total Plan Expenses	\$1.538 b	\$1.630 b	(\$92.1 m)
Net Income/(Loss)	\$181.1 m	\$81.7 m	\$99.4 m
Ending Cash Balance	\$683.3 m	\$583.9 m	\$99.4 m

\* Adjusted member premiums for prepayments and other timing issues.

^ Adjusted federal revenues to remove impact of unbudgeted revenues and timing issues.

# Financial Results Actual v. Budgeted

## Year to Date January 2013

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Per Member Per Month (PMPM) Analysis

<b>Fiscal Year 2012-2013</b>	<b>Actual thru Jan 2013</b>	<b>Authorized Budget (per Segal 9-18-12)</b>	<b>Variance Over/(Under) Budget</b>
Plan Revenue	\$368.47	\$369.05	(\$0.58)
Net Claims Payments	\$310.98	\$328.60	(\$17.62)
Net Administrative Expenses	\$19.64	\$23.35	(\$3.71)
Total Plan Expenses	\$330.62	\$351.95	(\$21.33)
Net Income/(Loss)	\$37.85	\$17.10	\$20.75

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

## Year to Date January 2013

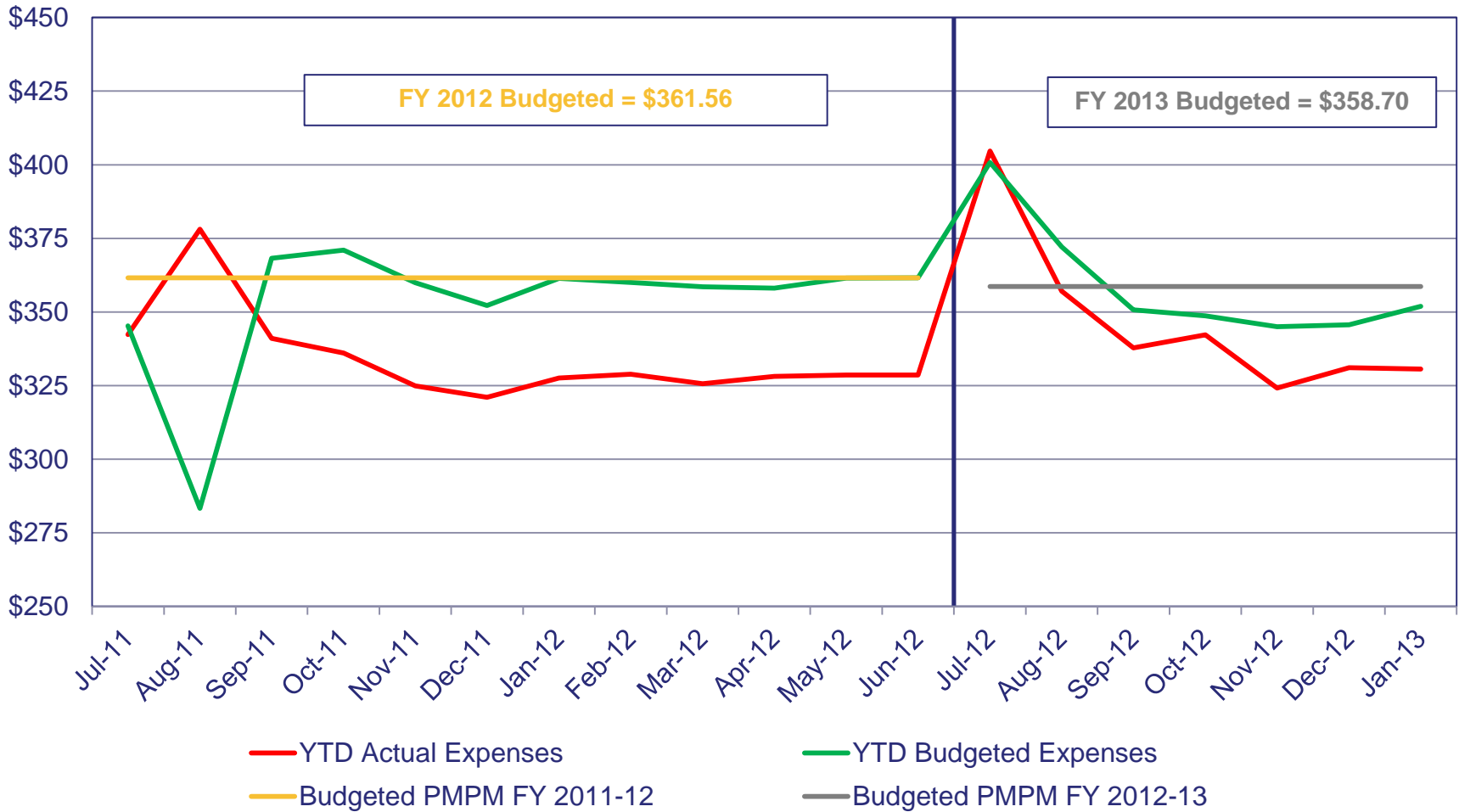
### Per Member Per Month (PMPM) Analysis

Fiscal Year 2012-2013	Actual thru Jan 2013, as Adjusted	Authorized Budget (per Segal 9-18-12)	Variance Over/(Under) Budget
Plan Revenue *^	\$368.76	\$369.05	(\$0.29)
Net Claims Payments	\$310.98	\$328.60	(\$17.62)
Net Administrative Expenses	\$19.64	\$23.35	(\$3.71)
Total Plan Expenses	\$330.62	\$351.95	(\$21.33)
Net Income/(Loss)	\$38.14	\$17.10	\$21.04

\* Adjusted member premiums for prepayments and other timing issues.

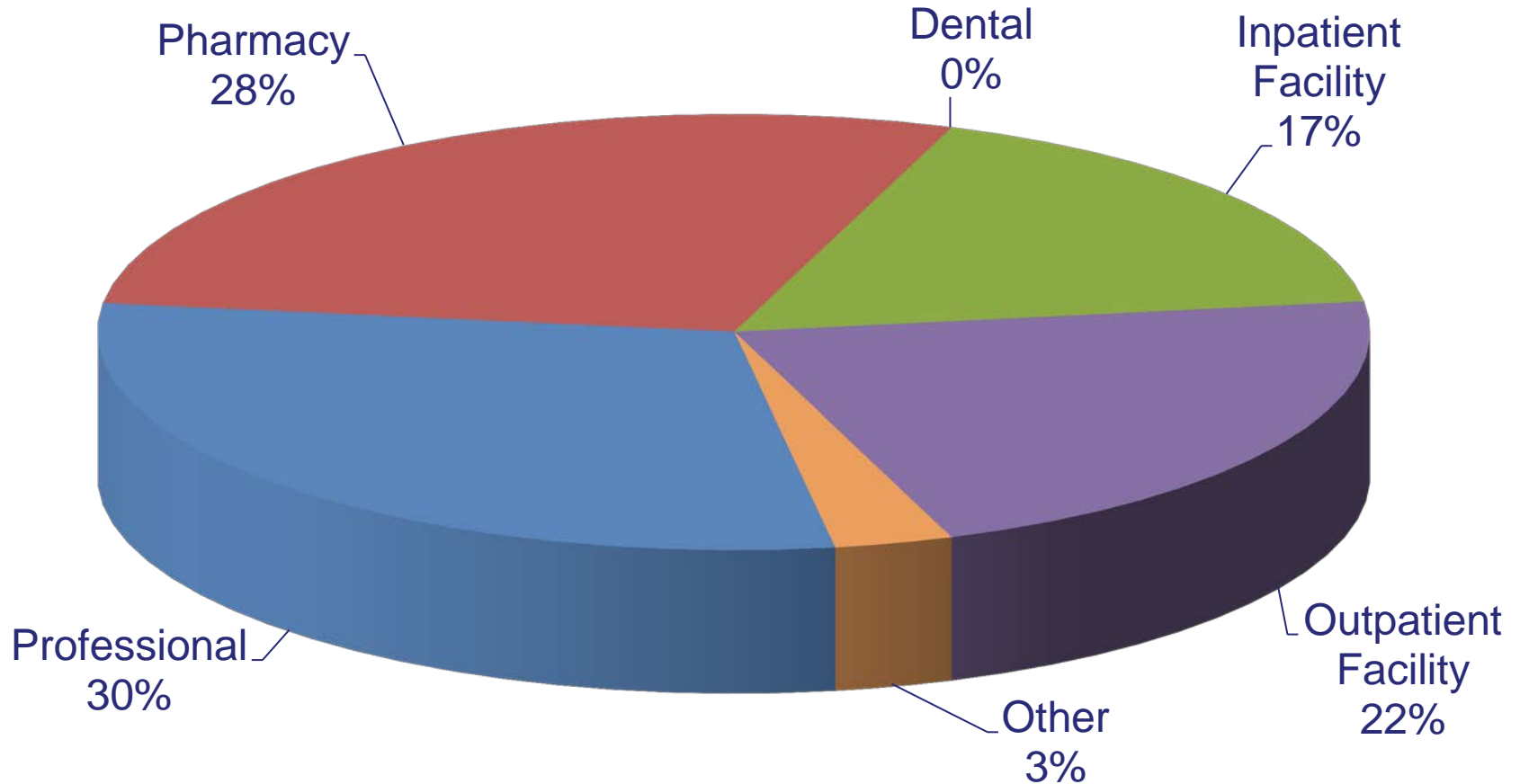
^ Adjusted federal revenues to remove impact of unbudgeted revenues and timing issues.

# Year to Date Expenditure Trend Per Member Per Month



# Allocation of Claims Expenditures

## Includes Medical, Blue Card & Pharmacy Payments



Source: BCBSNC Summary of Billed Charges, year to date through January 2013

**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 January 2013  
 Fiscal Year 2012- 2013

	A	B	C	D	E	F	G	H
	Actual January 2013	Authorized Budget January 2013	Monthly Variance Over/(Under) Authorized Budget	Actual Year to Date FY 2012-13	Authorized Budget Year to Date FY 2012-13	Year to Date Variance Over/(Under) Authorized Budget	Authorized Annual Budget FY 2012-13	Year to Date Variance Over/(Under) Annual Authorized Budget
<b>Plan Revenue:</b>								
Member Premiums	\$ 217,336,501	\$ 239,217,710	\$ (21,881,209)	\$ 1,687,804,549	\$ 1,678,002,836	\$ 9,801,713	\$ 2,872,808,844	\$ (1,185,004,295)
Premium Refunds/Retroactive Disenrollments	(33,965)	(119,748)	85,783	(278,427)	(839,140)	560,713	(1,437,243)	1,158,816
Medicare Part D (RDS) Subsidy	-	5,694,954	(5,694,954)	25,570,898	31,820,401	(6,249,503)	39,519,892	(13,948,994)
Medicare PDP (EGWP + Wrap) Subsidy	3,879,515	-	3,879,515	3,879,515	-	3,879,515	19,759,856	(15,880,341)
Federal Early Retiree Reinsurance Program (ERRP)	-	-	-	(558,219)	-	(558,219)	-	(558,219)
<b>Net Premium &amp; Other Contributions</b>	<b>221,182,051</b>	<b>244,792,916</b>	<b>(23,610,865)</b>	<b>1,716,418,316</b>	<b>1,708,984,097</b>	<b>7,434,219</b>	<b>2,930,651,349</b>	<b>(1,214,233,033)</b>
Investment Earnings	266,690	489,507	(222,817)	1,669,770	3,183,537	(1,513,767)	5,658,262	(3,988,492)
Miscellaneous Revenue	-	-	-	8,159	-	8,159	-	8,159
<b>Other Revenue</b>	<b>266,690</b>	<b>489,507</b>	<b>(222,817)</b>	<b>1,677,929</b>	<b>3,183,537</b>	<b>(1,505,608)</b>	<b>5,658,262</b>	<b>(3,980,333)</b>
<b>Total Plan Revenue (excludes internal transfers)</b>	<b>221,448,741</b>	<b>245,282,423</b>	<b>(23,833,682)</b>	<b>1,718,096,245</b>	<b>1,712,167,634</b>	<b>5,928,611</b>	<b>2,936,309,611</b>	<b>(1,218,213,366)</b>
<b>Plan Expenses:</b>								
Medical Claim Payments	137,118,189	200,491,498	(63,373,309)	1,056,190,175	1,132,501,213	(76,311,038)	2,003,583,417	(947,393,242)
Medical Claim Refunds/Recoveries	(2,361,986)	(2,428,774)	66,788	(14,655,055)	(17,588,319)	2,933,264	(31,216,928)	16,561,873
<b>Net Medical Claims</b>	<b>134,756,203</b>	<b>198,062,724</b>	<b>(63,306,521)</b>	<b>1,041,535,120</b>	<b>1,114,912,894</b>	<b>(73,377,774)</b>	<b>1,972,366,489</b>	<b>(930,831,369)</b>
Pharmacy Claim Payments	84,034,775	56,495,203	27,539,572	442,935,930	445,393,323	(2,457,393)	743,853,418	(300,917,488)
Pharmacy Claim Rebates	(10,854,294)	(12,772,587)	1,918,293	(37,046,327)	(37,971,205)	924,878	(53,173,873)	16,127,546
Pharmacy Claim Refunds/Recoveries	(651)	-	(651)	(456,133)	-	(456,133)	-	(456,133)
<b>Net Pharmacy Claims</b>	<b>73,179,830</b>	<b>43,722,616</b>	<b>29,457,214</b>	<b>405,433,470</b>	<b>407,422,118</b>	<b>(1,988,648)</b>	<b>690,679,545</b>	<b>(285,246,075)</b>
<b>Net Claim Payments</b>	<b>207,936,033</b>	<b>241,785,340</b>	<b>(33,849,307)</b>	<b>1,446,968,590</b>	<b>1,522,335,012</b>	<b>(75,366,422)</b>	<b>2,663,046,034</b>	<b>(1,216,077,444)</b>
<b>Net Administrative Expenses</b>	<b>11,491,663</b>	<b>16,259,426</b>	<b>(4,767,763)</b>	<b>91,386,482</b>	<b>108,159,983</b>	<b>(16,773,501)</b>	<b>189,387,392</b>	<b>(98,000,910)</b>
<b>Total Plan Expenses (excludes internal transfers)</b>	<b>219,427,696</b>	<b>258,044,766</b>	<b>(38,617,070)</b>	<b>1,538,355,072</b>	<b>1,630,494,995</b>	<b>(92,139,923)</b>	<b>2,852,433,426</b>	<b>(1,314,078,354)</b>
<b>Plan Income/(Loss)</b>	<b>2,021,045</b>	<b>(12,762,343)</b>	<b>14,783,388</b>	<b>179,741,173</b>	<b>81,672,639</b>	<b>98,068,534</b>	<b>83,876,185</b>	<b>95,864,988</b>
<b>Cash Availability:</b>								
Beginning Cash Balance/(Deficit)	679,967,599	596,682,457	83,285,142	502,247,471	502,247,475	(4)	502,247,475	(4)
Ending Cash Balance/(Deficit)	681,988,644	583,920,114	98,068,530	681,988,644	583,920,114	98,068,530	586,123,660	95,864,984
Target Stabilization Reserve @ 6/30/13	199,728,453	199,728,453	-	199,728,453	199,728,453	-	199,728,453	-
<b>Cash Balance Over/(Under) Reserve Target</b>	<b>\$ 482,260,191</b>	<b>\$ 384,191,661</b>	<b>\$ 98,068,530</b>	<b>\$ 482,260,191</b>	<b>\$ 384,191,661</b>	<b>\$ 98,068,530</b>	<b>\$ 386,395,207</b>	<b>\$ 95,864,984</b>

**Comments:**

- a. Premium receivables totaled \$ 37,874.27 as of January 31, 2013.
- b. The average weekly medical claims cost net of claims refunds was \$33,689,050.75 for the four scheduled weekly claim cycles
- c. Total pharmacy claims, before rebates and refunds, included three bi-weekly invoice cycles averaging \$28,011,591.66 per cycle.
- d. The target stabilization reserve is 7.5% of the projected net claims for Fiscal Year 2012-13.
- e. Minor differences compared to other reports are due to rounding.

Actual vs Authorized Budget (i.e. **Revised Budget** per Segal 09-18-12 projection)

January 2013



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 January 2013

Fiscal Year 2012-2013

	A	B	C	D	E	F	G
	Current Year Actual January 2013	Prior Year Actual January 2012	Current Year to Date FY 2012-13 thru January	Prior Year to Date Actual FY 2011-12 thru January	Current Year Authorized Annual Budget FY 2012-13	Prior Year Annual Budget FY 2011-12	Prior Year Actual Results FY 2011-12
1 <b>Plan Revenue:</b>							
2							
3 Member Premiums	\$ 217,336,501	\$ 215,727,243	\$ 1,687,804,549	\$ 1,595,877,575	\$ 2,872,808,844	\$ 2,772,587,259	\$ 2,750,368,851
4 Premium Refunds/Retroactive Disenrollments	(33,965)	(66,745)	(278,427)	(277,202)	(1,437,243)	(2,672,292)	(451,496)
5 Medicare Part D (RDS) Subsidy	-	4,990,245	25,570,898	27,442,660	39,519,892	60,058,789	57,583,602
6 Medicare PDP (EGWP + Wrap) Subsidy	3,879,515	-	3,879,515	-	19,759,856	-	-
7 Federal Early Retiree Reinsurance Program (ERRP)	-	-	(558,219)	42,163,391	-	25,583,136	42,163,391
8 <b>Net Premium &amp; Other Contributions</b>	<b>221,182,051</b>	<b>220,650,743</b>	<b>1,716,418,316</b>	<b>1,665,206,424</b>	<b>2,930,651,349</b>	<b>2,855,556,892</b>	<b>2,849,664,348</b>
9							
10 Investment Earnings	266,690	243,168	1,669,770	1,846,073	5,658,262	2,245,712	3,015,819
11 Miscellaneous Revenue	-	-	8,159	-	-	-	-
12 <b>Other Revenue</b>	<b>266,690</b>	<b>243,168</b>	<b>1,677,929</b>	<b>1,846,073</b>	<b>5,658,262</b>	<b>2,245,712</b>	<b>3,015,819</b>
13							
14 <b>Total Plan Revenue (excludes internal transfers)</b>	<b>221,448,741</b>	<b>220,893,911</b>	<b>1,718,096,245</b>	<b>1,667,052,497</b>	<b>2,936,309,611</b>	<b>2,857,802,604</b>	<b>2,852,680,167</b>
15							
16 <b>Plan Expenses:</b>							
17							
18 Medical Claim Payments	137,118,189	167,723,857	1,056,190,175	1,064,661,582	2,003,583,417	2,078,924,788	1,849,410,105
19 Medical Claim Refunds/Recoveries	(2,361,986)	(1,873,593)	(14,655,055)	(16,501,861)	(31,216,928)	(33,175,196)	(22,634,615)
20 <b>Net Medical Claims</b>	<b>134,756,203</b>	<b>165,850,264</b>	<b>1,041,535,120</b>	<b>1,048,159,721</b>	<b>1,972,366,489</b>	<b>2,045,749,592</b>	<b>1,826,775,490</b>
21							
22 Pharmacy Claim Payments	84,034,775	79,276,911	442,935,930	437,243,869	743,853,418	706,459,465	721,644,990
23 Pharmacy Claim Rebates	(10,854,294)	(14,798,093)	(37,046,327)	(60,862,774)	(53,173,873)	(66,582,530)	(93,130,160)
24 Pharmacy Claim Refunds/Recoveries	(651)	(6,942)	(456,133)	(59,493)	-	-	(481,977)
25 <b>Net Pharmacy Claims</b>	<b>73,179,830</b>	<b>64,471,876</b>	<b>405,433,470</b>	<b>376,321,602</b>	<b>690,679,545</b>	<b>639,876,935</b>	<b>628,032,853</b>
26							
27 <b>Net Claim Payments</b>	<b>207,936,033</b>	<b>230,322,140</b>	<b>1,446,968,590</b>	<b>1,424,481,323</b>	<b>2,663,046,034</b>	<b>2,685,626,527</b>	<b>2,454,808,343</b>
28							
29 <b>Net Administrative Expenses</b>	<b>11,491,663</b>	<b>13,923,078</b>	<b>91,386,482</b>	<b>98,123,784</b>	<b>189,387,392</b>	<b>180,464,149</b>	<b>165,480,561</b>
30							
31 <b>Total Plan Expenses (excludes internal transfers)</b>	<b>219,427,696</b>	<b>244,245,218</b>	<b>1,538,355,072</b>	<b>1,522,605,107</b>	<b>2,852,433,426</b>	<b>2,866,090,676</b>	<b>2,620,288,904</b>
32							
33 <b>Plan Income/(Loss)</b>	<b>2,021,045</b>	<b>(23,351,307)</b>	<b>179,741,173</b>	<b>144,447,390</b>	<b>83,876,185</b>	<b>(8,288,072)</b>	<b>232,391,263</b>
34							
35 <b>Cash Availability:</b>							
36							
37 Beginning Cash Balance/(Deficit)	679,967,599	437,654,909	502,247,471	269,856,212	502,247,475	226,838,352	269,856,212
38 Ending Cash Balance/(Deficit)	681,988,644	414,303,602	681,988,644	414,303,602	586,123,660	218,550,280	502,247,475
39							
40 Target Stabilization Reserve @ 6/30/13	199,728,453	201,421,989	199,728,453	201,421,989	199,728,453	201,421,989	201,421,989
41							
42 <b>Cash Balance Over/(Under) Reserve Target</b>	<b>\$ 482,260,191</b>	<b>\$ 212,881,613</b>	<b>\$ 482,260,191</b>	<b>\$ 212,881,613</b>	<b>\$ 386,395,207</b>	<b>\$ 17,128,291</b>	<b>\$ 300,825,486</b>

Comments:

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

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 January 2013  
Fiscal Year 2012-13

	A	B	C	D	E	F
	Actual Year to Date FY 2012-13 thru January	Adjustments for Timing, Unusual & Onetime Events	Adjusted Actual Year to Date	Authorized Budget Year to Date FY 2012-13 thru January	Year to Date Adjusted Variance Over/(Under) Budget	Adjusted Variance as Percentage of Budget
<b>Plan Revenue:</b>						
Member Premiums (Note 1)	\$ 1,687,804,549	\$ 1,805,248	\$ 1,689,609,797	\$ 1,678,002,836	\$ 11,606,961	0.69%
Premium Refunds/Retroactive Disenrollments	(278,427)		(278,427)	(839,140)	560,713	-66.82%
Medicare Part D (RDS) Subsidy (Notes 2 and 3)	25,570,898	2,887,056	28,457,954	31,820,401	(3,362,447)	-10.57%
Medicare PDP (EGWP + Wrap) Subsidy (Note 4)	3,879,515	(3,879,515)	-	-	-	
Federal Early Retiree Reinsurance Program (ERRP) (Note 5)	(558,219)	558,219	-	-	-	
<b>Net Premium &amp; Other Contributions</b>	<b>1,716,418,316</b>	<b>1,371,007</b>	<b>1,717,789,323</b>	<b>1,708,984,097</b>	<b>8,805,226</b>	<b>0.52%</b>
Other Revenue	1,677,929		1,677,929	3,183,537	(1,505,608)	-47.29%
<b>Total Plan Revenue (excludes internal transfers)</b>	<b>1,718,096,245</b>	<b>1,371,007</b>	<b>1,719,467,252</b>	<b>1,712,167,634</b>	<b>7,299,618</b>	<b>0.43%</b>
<b>Plan Expenses:</b>						
Net Medical Claims	1,041,535,120		1,041,535,120	1,114,912,894	(73,377,774)	-6.58%
Net Pharmacy Claims	405,433,470		405,433,470	407,422,118	(1,988,648)	-0.49%
<b>Net Claim Payments</b>	<b>1,446,968,590</b>	<b>-</b>	<b>1,446,968,590</b>	<b>1,522,335,012</b>	<b>(75,366,422)</b>	<b>-4.95%</b>
Net Administrative Expenses	91,386,482		91,386,482	108,159,983	(16,773,501)	-15.51%
<b>Total Plan Expenses (excludes internal transfers)</b>	<b>1,538,355,072</b>	<b>-</b>	<b>1,538,355,072</b>	<b>1,630,494,995</b>	<b>(92,139,923)</b>	<b>-5.65%</b>
<b>Plan Income/(Loss)</b>	<b>179,741,173</b>	<b>1,371,007</b>	<b>181,112,180</b>	<b>81,672,639</b>	<b>99,439,541</b>	<b>121.75%</b>
<b>Cash Availability:</b>						
Beginning Cash Balance/(Deficit)	502,247,471		502,247,471	502,247,475	(4)	0.00%
Ending Cash Balance/(Deficit)	681,988,644	1,371,007	683,359,651	583,920,114	99,439,537	17.03%
Target Stabilization Reserve @ 6/30/13	199,728,453		199,728,453	199,728,453	-	
<b>Cash Balance Over/(Under) Reserve Target</b>	<b>\$ 482,260,191</b>	<b>\$ 1,371,007</b>	<b>\$ 483,631,198</b>	<b>\$ 384,191,661</b>	<b>\$ 99,439,537</b>	<b>25.88%</b>

**Adjustment Notes:**

1. Member premiums adjusted for timing issues.
2. Medicare RDS subsidy revenues decreased to remove impact of unbudgeted prior year reconciliation receipt (\$482,857).
3. Medicare RDS subsidy revenues increased to adjust for RDS subsidy budgeted in January but received in February (\$3.4 million).
4. Medicare EGWP subsidy revenues decreased to remove impact of an unbudgeted January subsidy payment (\$3.9 million).
5. Revenues adjusted to remove impact of unbudgeted reimbursement to CMS for FY 2012 ERRP overpayment (\$558,219).