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LAURA RICH
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AGENDA ITEM

Action Item

Information Only

Date: January 28, 2021

Item Number: IV.II.I

Title: Chief Financial Officer Budget Report

Summary

This report addresses the Operational Budget as of September 30, 2020 to include:

1. Budget Status
2. Budget Totals
3. Claims Summary

Budget Account 1338 – Operational Budget – Shown below is a summary of the operational budget account status as of September 30, 2020 with comparisons to the same period in Fiscal Year 2020. The budget status is reported on a cash basis and does not include incurred expenses and income owed to the fund.

The budget status report reflects actual income of \$77.6 million as of September 30, 2020 compared to \$71.1 million as of September 30, 2019 or an increase of 9.2%. Total expenses for the period have decreased by \$5.8 million or 5.5% for the same period.

The budget status report shows Realized Funding Available (cash) at \$133.3 million. This compares to \$116.8 million for last year. After subtracting \$51.5 million for reserves for Incurred but not Reported (IBNR) claims, \$34.8 million for the Catastrophic Reserve and \$30.6 million for the HRA Reserve, the remaining balance is \$16.4 million in Differential Cash Available. The table below reflects the actual revenue and expenditures for the period.

Operational Budget 1338

	FISCAL YEAR 2021			FISCAL YEAR 2020		
	Actual as of 9/30/2020	Work Program	Percent	Actual as of 9/30/2019	Fiscal Year 2020 Close	Percent
Beginning Cash	154,541,329	154,541,329	100%	150,276,433	150,276,433	100%
Premium Income	74,097,153	375,455,443	20%	67,953,334	378,746,198	18%
All Other Income	3,466,083	20,863,995	17%	3,099,925	17,070,199	18%
Total Income	77,563,235	396,319,438	20%	71,053,260	395,816,398	18%
Personnel Services	456,897	2,896,914	16%	537,963	2,603,314	21%
Operating - Other than Personnel	437,631	2,383,918	18%	375,244	2,073,172	18%
Insurance Program Expenses	97,772,799	418,787,157	23%	103,516,786	386,256,172	27%
All Other Expenses	115,304	647,864	18%	115,682	618,845	19%
Total Expenses	98,782,631	424,715,853	23%	104,545,675	391,551,503	27%
Change in Cash	(21,219,396)	(28,396,415)		(33,492,416)	4,264,895	
REALIZED FUNDING AVAILABLE	133,321,933	126,144,914	106%	116,784,017	154,541,328	76%
Incurred But Not Reported Liability	(51,514,000)	(51,514,000)		(58,790,000)	(58,790,000)	
Catastrophic Reserve	(34,835,000)	(34,835,000)		(24,201,541)	(24,201,541)	
HRA Reserve	(30,550,651)	(30,550,651)		(36,204,203)	(36,204,203)	
NET REALIZED FUNDING AVAILABLE	16,422,282	9,245,263		(2,411,727)	35,345,584	

Current Budget Projections

The following table represents projections for FY 2021. The projection reflects total income to be less than budgeted by 1.9% (\$543.4 million vs \$550.9 million), total expenditures are projected to be less than budgeted by 4.1% (\$407.3 million vs \$424.7 million); total reserves are projected to be more than budgeted by 7.9% (\$136.1 million vs \$126.1 million).

Budgeted and Projected Income (Budget Account 1338)					
Description	Budget	Actual 9/30/20	Projected	Difference	
Carryforward	154,541,329	154,541,329	154,541,329	0	0.0%
State Subsidies	278,042,182	49,760,639	271,105,042	(6,937,140)	-2.5%
Non-State Subsidies	29,075,407	6,097,896	24,241,152	(4,834,255)	-16.6%
Premium	68,337,854	18,238,617	72,526,584	4,188,730	6.1%
All Other	20,863,995	3,466,083	21,000,496	136,501	0.7%
Total	550,860,767	232,104,564	543,414,603	(7,446,164)	-1.4%
Budgeted and Projected Expenses (Budget Account 1338)					
Description	Budget	Actual 9/30/20	Projected	Difference	
Operating	5,928,696	1,009,832	5,421,379	507,317	8.6%
State Employee Ins Cost	308,157,770	76,145,633	287,679,221	20,478,549	6.6%
State Retirees Ins Cost	53,659,367	10,328,667	62,414,135	(8,754,768)	-16.3%
Non-State Employees Ins Cost	142,871	22,479	155,574	(12,703)	-8.9%
Non-State Retirees Ins Cost	13,453,450	2,134,208	11,723,573	1,729,877	12.9%
State Medicare Ret Ins Cost	25,382,152	6,170,046	21,818,953	3,563,199	14.0%
Non-State Medicare Ret Ins Cost	17,991,547	2,971,767	18,124,006	(132,459)	-0.7%
Total Insurance Costs	418,787,157	97,772,799	401,915,462	16,871,695	4.0%
Total Expenses	424,715,853	98,782,631	407,336,841	17,379,012	4.1%
Restricted Reserves	116,899,651	116,899,651	112,277,348	4,622,303	4.0%
Differential Cash Available	9,245,263	16,422,282	23,800,414	(14,555,151)	-157.4%
Total Reserves	126,144,914	133,321,933	136,077,762	(9,932,848)	-7.9%
Total of Expenses and Reserves	550,860,767	232,104,564	543,414,603	7,446,164	1.4%

State Subsidies are projected to be less than the budgeted amount by \$7.0 million (2.5%), Non-State Subsidies are projected to be less than budgeted by \$5.0 million (16.6%), and Premium Income is projected to be more than budgeted by \$4.2 million (6.1%). This overall decrease in budgeted revenue is due in part to a reduction in State Subsidies as a result of average enrollment as compared to budgeted enrollment and a change in the mix of plan tiers. The mix of participants is as follows:

- 2.92% fewer state actives,
- 0.51% fewer state non-Medicare retirees,
- 8.33% fewer non-state actives,
- 0.25% more non-state, non-Medicare retirees
- 5.89% fewer state Medicare retirees, and
- 6.66% fewer non-state Medicare retirees

Expenses for Fiscal Year 2021 are projected to be \$17.4 million (4.1%) less than budgeted when changes to reserves are excluded. Operating expenses are projected to be less than budgeted by \$0.5 million (8.6%). Employee and Retiree insurances costs are projected to be less than budgeted by \$17.0 million (4%) when taken in total (see table above for specific information). The significant reduction in projected expenditures compared to the budget is substantially due to the claims suppression experienced between July and September during the COVID-19 shutdown.

Recommendations

None.