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AGENDA ITEM

Action Item

Information Only

Date: July 29, 2021

Item Number: IV.II.I

Title: Chief Financial Officer Budget Report

Summary

This report addresses the Operational Budget as of March 31, 2021 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 March 31, 2021 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 \$309.3 million as of March 31, 2021 compared to \$270.4 million as of March 31, 2020 or an increase of 14.4%. Total expenses for the period have decreased by \$11.1 million or 3.7% for the same period.

The budget status report shows Realized Funding Available (cash) at \$176.2 million. This compares to \$122.0 million for last year. The table below reflects the actual revenue and expenditures for the period.

Operational Budget 1338

	FISCAL YEAR 2021			FISCAL YEAR 2020		
	Actual as of 3/31/2021	Work Program	Percent	Actual as of 3/31/2020	Fiscal Year 2020 Close	Percent
Beginning Cash	154,541,329	154,541,329	100%	150,276,433	150,276,433	100%
Premium Income	293,157,908	375,455,443	78%	258,232,490	378,746,198	68%
All Other Income	16,127,096	20,863,995	77%	12,213,121	17,070,199	72%
Total Income	309,285,004	396,319,438	78%	270,445,611	395,816,398	68%
Personnel Services	1,674,531	2,896,914	58%	1,852,664	2,603,314	71%
Operating - Other than Personnel	1,661,928	2,383,918	70%	1,441,925	2,073,172	70%
Insurance Program Expenses	283,914,993	418,644,286	68%	294,976,801	386,256,172	76%
All Other Expenses	384,945	647,864	59%	444,061	618,845	72%
Total Expenses	287,636,397	424,572,982	68%	298,715,452	391,551,503	76%
Change in Cash	21,648,607	(28,253,544)		(28,269,841)	4,264,895	
REALIZED FUNDING AVAILABLE	176,189,936	126,287,785	140%	122,006,592	154,541,328	79%
Incurring 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	59,290,285	9,388,134		2,810,848	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 1.1% (\$544.9 million vs \$550.9 million), total expenditures are projected to be less than budgeted by 6.3% (\$398.0 million vs \$424.7 million); total reserves are projected to be more than budgeted by 16.5% (\$147.0 million vs \$126.1 million).

State Subsidies are projected to be less than the budgeted amount by \$8.2 million (3.0%), Non-State Subsidies are projected to be less than budgeted by \$4.7 million (16.3%), and Premium Income is projected to be more than budgeted by \$4.0 million (5.8%). 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:

- 3.47% fewer state actives,
- 0.76% fewer state non-Medicare retirees,
- 4.17% fewer non-state actives,
- 3.59% fewer non-state, non-Medicare retirees
- 4.72% fewer state Medicare retirees, and
- 6.79% fewer non-state Medicare retirees

Budgeted and Projected Income (Budget Account 1338)					
Description	Budget	Actual 3/31/21	Projected	Difference	
Carryforward	154,541,329	154,541,329	154,541,329	0	0.0%
State Subsidies	278,042,182	220,400,954	269,832,747	(8,209,435)	-3.0%
Non-State Subsidies	29,075,407	18,387,543	24,343,234	(4,732,173)	-16.3%
Premium	68,337,854	54,369,411	72,316,032	3,978,178	5.8%
All Other	20,863,995	16,127,096	23,858,249	2,994,254	14.4%
Total	550,860,767	463,826,333	544,891,591	(5,969,176)	-1.1%
	0				
Budgeted and Projected Expenses (Budget Account 1338)					
Description	Budget	Actual 3/31/21	Projected	Difference	
Operating	6,191,653	3,721,405	5,674,158	517,495	8.4%
State Employee Ins Cost	303,197,159	209,066,755	280,889,357	22,307,802	7.4%
State Retirees Ins Cost	58,349,658	38,224,152	58,349,658	0	0.0%
Non-State Employees Ins Cost	150,234	110,757	150,234	0	0.0%
Non-State Retirees Ins Cost	13,453,450	8,185,545	13,227,447	226,003	1.7%
State Medicare Ret Ins Cost	25,382,152	17,132,729	22,440,387	2,941,765	11.6%
Non-State Medicare Ret Ins Cost	17,991,547	11,195,055	17,210,146	781,401	4.3%
Total Insurance Costs	418,524,200	283,914,993	392,267,230	26,256,970	6.3%
Total Expenses	424,715,853	287,636,397	397,941,387	26,774,465	6.3%
Restricted Reserves	116,899,651	116,899,651	110,646,917	6,252,734	5.3%
Differential Cash Available	9,245,263	59,290,285	36,303,286	(27,058,023)	-292.7%
Total Reserves	126,144,914	176,189,936	146,950,203	(20,805,289)	-16.5%
Total of Expenses and Reserves	550,860,767	463,826,333	544,891,591	5,969,176	1.1%

Expenses for Fiscal Year 2021 are projected to be \$26.8 million (6.3%) less than budgeted when changes to reserves are excluded. Operating expenses are projected to be less than budgeted by \$0.5 million (8.4%). Employee and Retiree insurances costs are projected to be less than budgeted by \$26.3 million (6.3%) 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 December during the COVID-19 shutdown.

Recommendations

None.