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JACK ROBB
Board Chair

AGENDA ITEM

[X] Action Item
[ ] Information Only

Date: March 28, 2024

Item Number: 4.2.1

Title: Chief Financial Officer Budget Report

Summary

This report addresses the Operational Budget as of December 31, 2023 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 December 31, 2023, with comparisons to the same period in Fiscal Year 2023. 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 $198.2 million as of December 31, 2023, compared to $167.6 million as of December 31, 2022, or an increase of 18.2%. Total expenses for the period have increased by $10.7 million or 5.5% for the same period.

The budget status report shows Realized Funding Available (cash) at $7.4 million. This compares to $13.5million for last year. The table below reflects the actual revenue and expenditure for the period.

Operational Budget 1338						
	FISCAL YEAR 2024			FISCAL YEAR 2023		
	Actual as of 12/31/2023	Work Program	Percent	Actual as of 12/31/2022	Fiscal Year 2023 Close	Percent
Beginning Cash	130,528,262	130,528,262	100%	154,864,235	154,864,235	100%
Premium Income	184,311,940	419,156,515	44%	152,267,289	353,380,971	43%
All Other Income	13,860,604	23,770,377	58%	15,344,269	29,506,976	52%
Total Income	198,172,544	442,926,892	45%	167,611,559	382,887,947	44%
Personnel Services	1,094,964	2,938,164	37%	1,005,160	2,320,130	43%
Operating - Other than Personnel	1,153,666	2,926,863	39%	1,554,378	3,355,710	46%
Insurance Program Expenses	205,100,557	465,476,160	44%	194,012,408	406,744,756	48%
All Other Expenses	97,529	187,157	52%	150,173	395,599	38%
Total Expenses	207,446,716	471,528,344	44%	196,722,119	412,816,195	48%
Change in Cash	(9,274,171)	(28,601,452)		(29,110,561)	(29,928,248)	
REALIZED FUNDING AVAILABLE	121,254,091	101,926,810	119%	125,753,674	124,935,987	101%
Incurred But Not Reported Liability	(52,874,000)	(52,874,000)		(51,030,000)	(51,030,000)	
Catastrophic Reserve	(41,762,000)	(41,762,000)		(38,426,000)	(38,426,000)	
HRA Reserve	(19,242,892)	(19,242,892)		(22,800,889)	(22,800,889)	
NET REALIZED FUNDING AVAILABLE	7,375,199	(11,952,082)		13,496,785	12,679,098	

Current Budget Projections

The following table represents projections for FY 2024. The projection reflects total income to be less than budgeted by 7.9% ($538.5.1 million vs $573.5 million), total expenditures are projected to be less than budgeted by 4.2% ($442.4 million vs $461.7 million); total reserves are projected to be less than budgeted by 19.4% ($91.8 million vs $113.9 million).

State Subsidies are projected to be less than the budgeted amount by $24.6 million (7.7%), Non-State Subsidies are projected to be more than budgeted by $.6 million (2.9%), and Premium Income is projected to be less than budgeted by $14.0 million (17.7%). This overall decrease in budgeted revenue is due in large part to a reduction in State Subsidies and participant premiums 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:

- .9% fewer state actives,
- 3.5% fewer state non-Medicare retirees,
- 11.1% more non-state actives,
- 3.66% fewer non-state, non-Medicare retirees
- 1.9% fewer state Medicare retirees, and
- 3.5% fewer non-state Medicare retirees

Budgeted and Projected Income (Budget Account 1338)						
Code	**Description**	**Budget**	**Actual 12/31/23**	**Projected**	**Difference**	
3817	Medicare Part D Subsidy	271,854	446,191	446,191	174,337	64.1%
4218	PPO Rx Rebates	22,401,637	11,166,125	20,883,455	(1,518,182)	-6.8%
4254	Miscellaneous Revenue	21,183	842	11,683	(9,500)	-44.8%
4319	Non-State Premium	4,584,990	1,323,533	2,687,545	(1,897,445)	-41.4%
4321	Non-State Subsidy	20,164,091	10,221,514	20,755,648	591,557	2.9%
4323	State Premium	74,425,047	31,286,228	62,312,804	(12,112,243)	-16.3%
4325	State Subsidies	319,982,387	141,480,665	295,409,883	(24,572,504)	-7.7%
4326	Treasurers Interest Distrib	1,075,703	2,247,447	5,437,719	4,362,016	405.5%
	Total	442,926,892	198,172,544	407,944,928	(34,981,964)	-7.9%
	Appropriations	9,813,825	9,813,825	9,813,825	0	0.0%
47	Beginning Cash	120,714,437	120,714,437	120,714,437	0	0.0%
	Total	573,455,154	328,700,806	538,473,190	(34,981,964)	-7.9%
Budgeted and Projected Expenses (Budget Account 1338)						
Category	**Description**	**Budget**	**Actual 12/31/23**	**Projected**	**Difference**	
01	Personnel Services	2,938,164	1,094,964	2,642,932	295,232	-10.0%
02	Out of State Travel	1,670	0	1,670	0	0.0%
03	In State Travel	12,044	284	12,044	0	0.0%
04	Operating	2,926,863	1,153,666	3,161,390	**(234,527)**	8.0%
26	Information Services	88,510	56,788	88,510	0	0.0%
30	Training	4,021	0	4,021	0	0.0%
40	State Insurance Costs	396,437,575	183,909,388	388,747,846	7,689,729	-1.9%
42	Non-State Insurance Costs	9,813,825	2,996,321	7,567,233	2,246,592	-22.9%
44	Medicare Retiree Insurance Costs	49,429,501	18,194,849	40,052,600	9,376,901	-19.0%
80	DHRM Cost Allocation	9,897	4,949	9,897	0	0.0%
87	Purchasing Assessment	5,892	2,946	5,892	0	0.0%
88	St Cost Plan Recovery	62,230	31,115	62,230	0	0.0%
89	AG Cost Allocation	2,893	1,447	2,893	0	0.0%
93	Reserve for Reversion	0	0	0	0	0.0%
	Total	461,733,085	207,446,716	442,359,159	19,373,926	-4.2%
82	HRA Reserve	19,242,892	19,242,892	19,242,892	0	0.0%
84	IBNR Reserve	52,874,000	52,874,000	52,874,000	0	0.0%
85	Reserve Rate Stabilization	41,762,000	41,762,000	41,762,000	0	0.0%
86	Reserve	0	7,375,199	(17,764,860)	17,764,860	
	Total	575,611,977	328,700,806	538,473,190	37,138,787	-6.5%

Expenses for Fiscal Year 2024 are projected to be $19.4 million (4.2%) less than budgeted when changes to reserves are excluded. Operating expenses are projected to be more than budgeted by $0.2 million (8.0%). Employee and Retiree insurances costs are projected to be less than budgeted by $19.3 million (4.2%) when taken in total (see table above for specific information).

Recommendations

None.