



COMMONWEALTH of VIRGINIA

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DIRECTOR

Department of Human Resource Management

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December 19, 2012

The Honorable Robert F. McDonnell
Office of the Governor
Patrick Henry Building, 3rd Floor
1111 East Broad Street
Richmond, VA 23219

Dear Governor McDonnell:

As required in Item 83.G. of the 2012 Appropriations Act, attached is a report on the renewal cost of the state employee health insurance program premiums that will go into effect on July 1, 2012.

Please contact me at (804)371-7932 (email gene.raney@dhrm.virginia.gov) if you have any questions about this report.

Sincerely,

A handwritten signature in cursive script that reads "Gene Raney".

Gene Raney
Director, Office of Health Benefits Program
(804)371-7932

cc: The Honorable Lisa M. Hicks-Thomas
Secretary of Administration

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee

The Honorable Walter A. Stosch
Chairman, Senate Finance Committee

Enclosures

FISCAL YEAR 2013 ANNUAL REPORT ON RENEWAL COSTS

This report addresses Item 83(G) of the 2012 Appropriations Act, which requires the Department of Human Resource Management to report to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees. This report includes analysis to date of the impact of the renewal cost on employee and employer premiums and a valuation of liabilities as required by Other Post Employment Benefit (OPEB) reporting standards.

The State Employee Health Plan's premiums have been offset by subsidies from plan reserves each year since Fiscal Year (FY) 2009. As a result, the plan's Incurred But Not Reported (IBNR) and reserve funds are projected to be largely or completely depleted by the end of FY 2013. The health plan expects to rebuild full IBNR funding over a five (5) year period, and to use its line of credit for plan reserves. As a result of rebuilding IBNR funding and other factors, including trend and additional plan expenses resulting from the Affordable Care Act (ACA), total premium rates for the current covered population are projected to increase to \$1,152,128,938 in FY 2014 from \$965,226,574, an increase of approximately \$186.9 million, or 19.4%. A detailed spreadsheet of these rate projections is attached.

The health plan's actuary's report on OPEB liability is also attached. As presented in this report, the liability is as follows:

(\$ millions)	FY 2012	FY 2010
Present Value of Benefits	\$2,086.8	\$1,961.5
Actuarial Accrued Liability	\$1,268.8	\$1,218.3
Annual Required Contribution	\$ 158.8	\$ 153.6
Annual OPEB Cost	\$ 151.8	\$ 150.7

FY2013

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network				
Enrollment	1,225	807	982	3,014
Employee Portion				
Base Actuarial Rate	\$64	\$136	\$193	\$4,528,205
ERRP Funds Pay - Employee	-\$2	-\$4	-\$5	-\$123,125
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$62	\$132	\$188	\$4,405,080
State Portion				
Base Actuarial Rate	\$449	\$808	\$1,185	\$28,388,499
ERRP Funds Pay - State	-\$8	-\$15	-\$21	-\$509,444
Program Reserves Pay	-\$10	-\$19	-\$27	-\$652,063
Funding Gap	-\$2	-\$8	-\$10	-\$233,964
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$429	\$766	\$1,126	\$26,993,028
Total				
Base Actuarial Rate	\$513	\$943	\$1,378	\$32,916,705
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$632,569
Program Reserves Pay	-\$10	-\$19	-\$27	-\$652,063
Funding Gap	-\$2	-\$8	-\$10	-\$233,964
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$491	\$898	\$1,314	\$31,398,108
COVA Care/COVA Connect Plus Expanded Dental				
Enrollment	4,714	3,022	4,468	12,204
Employee Portion				
Base Actuarial Rate	\$67	\$150	\$215	\$20,743,755
ERRP Funds Pay - Employee	-\$2	-\$4	-\$5	-\$512,931
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$65	\$146	\$210	\$20,230,824
State Portion				
Base Actuarial Rate	\$449	\$808	\$1,185	\$118,234,692
ERRP Funds Pay - State	-\$8	-\$15	-\$21	-\$2,122,304
Program Reserves Pay	-\$10	-\$19	-\$27	-\$2,716,445
Funding Gap	-\$2	-\$8	-\$10	-\$978,431
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$429	\$766	\$1,126	\$112,417,512
Total				
Base Actuarial Rate	\$516	\$957	\$1,400	\$138,978,447
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$2,635,235
Program Reserves Pay	-\$10	-\$19	-\$27	-\$2,716,445
Funding Gap	-\$2	-\$8	-\$10	-\$978,431
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$494	\$912	\$1,336	\$132,648,336

PROVISIONAL FY2014

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network				
Enrollment	1,225	807	982	3,014
Employee Portion				
Base Actuarial Rate	\$69	\$150	\$215	\$5,007,239
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$1</u>	<u>\$2</u>	<u>\$3</u>	<u>\$70,868</u>
Employee Pays	\$70	\$152	\$218	\$5,078,107
State Portion				
Base Actuarial Rate	\$510	\$914	\$1,340	\$32,131,957
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$8</u>	<u>\$15</u>	<u>\$22</u>	<u>\$527,061</u>
State Pays	\$518	\$929	\$1,362	\$32,659,019
Total				
Base Actuarial Rate	\$579	\$1,064	\$1,555	\$37,139,196
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$597,930</u>
Total	\$588	\$1,081	\$1,580	\$37,737,126
COVA Care/COVA Connect Plus Expanded Dental				
Enrollment	4,714	3,022	4,468	12,204
Employee Portion				
Base Actuarial Rate	\$72	\$166	\$240	\$22,985,209
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$1</u>	<u>\$2</u>	<u>\$3</u>	<u>\$296,131</u>
Employee Pays	\$73	\$168	\$243	\$23,281,340
State Portion				
Base Actuarial Rate	\$510	\$914	\$1,340	\$133,815,767
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$8</u>	<u>\$15</u>	<u>\$22</u>	<u>\$2,194,799</u>
State Pays	\$518	\$929	\$1,362	\$136,010,566
Total				
Base Actuarial Rate	\$582	\$1,080	\$1,580	\$156,800,976
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$2,490,930</u>
Total	\$591	\$1,097	\$1,605	\$159,291,906

FY2014 / FY2013

\$ DIFFERENCE	%
\$479,033	10.6%
\$673,027	15.3%
\$3,743,458	13.2%
\$5,665,991	21.0%
\$4,222,491	12.8%
\$6,339,018	20.2%
\$2,241,454	10.8%
\$3,050,516	15.1%
\$15,581,075	13.2%
\$23,593,054	21.0%
\$17,822,529	12.8%
\$26,643,570	20.1%

FY2013

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network & Expanded Dental				
Enrollment	1,394	1,158	1,298	3,850
Employee Portion				
Base Actuarial Rate	\$79	\$166	\$237	\$7,314,296
ERRP Funds Pay - Employee	-\$2	-\$4	-\$5	-\$161,456
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$77	\$162	\$232	\$7,152,840
State Portion				
Base Actuarial Rate	\$449	\$808	\$1,185	\$37,195,476
ERRP Funds Pay - State	-\$8	-\$15	-\$21	-\$668,041
Program Reserves Pay	-\$10	-\$19	-\$27	-\$855,059
Funding Gap	-\$2	-\$8	-\$10	-\$313,152
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$429	\$766	\$1,126	\$35,359,224
Total				
Base Actuarial Rate	\$528	\$973	\$1,422	\$44,509,772
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$829,497
Program Reserves Pay	-\$10	-\$19	-\$27	-\$855,059
Funding Gap	-\$2	-\$8	-\$10	-\$313,152
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$506	\$928	\$1,358	\$42,512,064
COVA Care/COVA Connect Plus Expanded Dental Plus Vision & Hearing				
Enrollment	9,606	6,394	7,810	23,810
Employee Portion				
Base Actuarial Rate	\$80	\$172	\$244	\$45,255,677
ERRP Funds Pay - Employee	-\$2	-\$4	-\$5	-\$975,077
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$78	\$168	\$239	\$44,280,600
State Portion				
Base Actuarial Rate	\$449	\$808	\$1,185	\$224,807,537
ERRP Funds Pay - State	-\$8	-\$15	-\$21	-\$4,034,478
Program Reserves Pay	-\$10	-\$19	-\$27	-\$5,163,932
Funding Gap	-\$2	-\$8	-\$10	-\$1,855,071
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$429	\$766	\$1,126	\$213,754,056
Total				
Base Actuarial Rate	\$529	\$979	\$1,429	\$270,063,214
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$5,009,555
Program Reserves Pay	-\$10	-\$19	-\$27	-\$5,163,932
Funding Gap	-\$2	-\$8	-\$10	-\$1,855,071
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$507	\$934	\$1,365	\$258,034,656

PROVISIONAL FY2014

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network & Expanded Dental				
Enrollment	1,394	1,158	1,298	3,850
Employee Portion				
Base Actuarial Rate	\$86	\$184	\$266	\$8,146,982
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$1</u>	<u>\$2</u>	<u>\$3</u>	<u>\$93,595</u>
Employee Pays	\$87	\$186	\$269	\$8,240,578
State Portion				
Base Actuarial Rate	\$510	\$914	\$1,340	\$42,095,770
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$8</u>	<u>\$15</u>	<u>\$22</u>	<u>\$690,478</u>
State Pays	\$518	\$929	\$1,362	\$42,786,248
Total				
Base Actuarial Rate	\$596	\$1,098	\$1,606	\$50,242,752
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$784,073</u>
Total	\$605	\$1,115	\$1,631	\$51,026,825
COVA Care/COVA Connect Plus Expanded Dental Plus Vision & Hearing				
Enrollment	9,606	6,394	7,810	23,810
Employee Portion				
Base Actuarial Rate	\$87	\$191	\$273	\$50,322,490
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$1</u>	<u>\$2</u>	<u>\$3</u>	<u>\$561,506</u>
Employee Pays	\$88	\$193	\$276	\$50,883,996
State Portion				
Base Actuarial Rate	\$510	\$914	\$1,340	\$254,449,694
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$8</u>	<u>\$15</u>	<u>\$22</u>	<u>\$4,173,725</u>
State Pays	\$518	\$929	\$1,362	\$258,623,419
Total				
Base Actuarial Rate	\$597	\$1,105	\$1,613	\$304,772,184
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$4,735,231</u>
Total	\$606	\$1,122	\$1,638	\$309,507,415

FY2014 / FY2013

\$ DIFFERENCE	%
\$832,686	11.4%
\$1,087,738	15.2%
\$4,900,294	13.2%
\$7,427,024	21.0%
\$5,732,980	12.9%
\$8,514,761	20.0%
\$5,066,814	11.2%
\$6,603,396	14.9%
\$29,642,157	13.2%
\$44,869,363	21.0%
\$34,708,970	12.9%
\$51,472,759	19.9%

FY2013

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network Plus Expanded Dental Plus Vision & Hearing				
Enrollment	5,705	5,288	5,964	16,957
Employee Portion				
Base Actuarial Rate	\$92	\$188	\$266	\$37,240,961
ERRP Funds Pay - Employee	-\$2	-\$4	-\$5	-\$724,409
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$90	\$184	\$261	\$36,516,552
State Portion				
Base Actuarial Rate	\$449	\$808	\$1,185	\$166,814,900
ERRP Funds Pay - State	-\$8	-\$15	-\$21	-\$2,997,316
Program Reserves Pay	-\$10	-\$19	-\$27	-\$3,836,417
Funding Gap	-\$2	-\$8	-\$10	-\$1,418,963
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$429	\$766	\$1,126	\$158,562,204
Total				
Base Actuarial Rate	\$541	\$995	\$1,451	\$204,055,861
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$3,721,725
Program Reserves Pay	-\$10	-\$19	-\$27	-\$3,836,417
Funding Gap	-\$2	-\$8	-\$10	-\$1,418,963
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$519	\$950	\$1,387	\$195,078,756
Kaiser Permanente HMO - available in Fredericksburg area and Northern Virginia				
Enrollment	870	438	822	2,130
Employee Portion				
Base Actuarial Rate	\$89	\$189	\$265	\$4,534,705
ERRP Funds Pay - Employee	-\$2	-\$4	-\$5	-\$89,425
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$87	\$185	\$260	\$4,445,280
State Portion				
Base Actuarial Rate	\$437	\$781	\$1,147	\$19,981,724
ERRP Funds Pay - State	-\$8	-\$15	-\$21	-\$370,004
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$429	\$766	\$1,126	\$19,611,720
Total				
Base Actuarial Rate	\$526	\$969	\$1,413	\$24,516,428
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$459,428
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$516	\$951	\$1,386	\$24,057,000

PROVISIONAL FY2014

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network Plus Expanded Dental Plus Vision & Hearing				
Enrollment	5,705	5,288	5,964	16,957
Employee Portion				
Base Actuarial Rate	\$101	\$209	\$299	\$41,610,479
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$1</u>	<u>\$2</u>	<u>\$3</u>	<u>\$421,554</u>
Employee Pays	\$102	\$211	\$302	\$42,032,033
State Portion				
Base Actuarial Rate	\$510	\$914	\$1,340	\$188,779,621
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$8</u>	<u>\$15</u>	<u>\$22</u>	<u>\$3,096,370</u>
State Pays	\$518	\$929	\$1,362	\$191,875,991
Total				
Base Actuarial Rate	\$611	\$1,123	\$1,639	\$230,390,100
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$3,517,924</u>
Total	\$620	\$1,140	\$1,664	\$233,908,024
Kaiser Permanente HMO - available in Fredericksburg area and Northern Virginia				
Enrollment	870	438	822	2,130
Employee Portion				
Base Actuarial Rate	\$12	\$47	\$61	\$978,131
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$12	\$47	\$61	\$978,131
State Portion				
Base Actuarial Rate	\$510	\$914	\$1,340	\$23,342,029
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$510	\$914	\$1,340	\$23,342,029
Total				
Base Actuarial Rate	\$522	\$961	\$1,401	\$24,320,160
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$522	\$961	\$1,401	\$24,320,160

FY2014 / FY2013

\$ DIFFERENCE	%
\$4,369,518	11.7%
\$5,515,481	15.1%
\$21,964,721	13.2%
\$33,313,787	21.0%
\$26,334,239	12.9%
\$38,829,268	19.9%
-\$3,556,573	-78.4%
-\$3,467,149	-78.0%
\$3,360,305	16.8%
\$3,730,309	19.0%
-\$196,268	-0.8%
\$263,160	1.1%

FY2013

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
Summary Active Total				
Enrollment	33,522	21,998	28,468	83,988
Employee Portion				
Base Actuarial Rate				\$146,784,276
ERRP Funds Pay - Employee				-\$3,444,588
<u>Employee Pays - IBNR Funding</u>				\$0
Employee Pays				\$143,339,688
State Portion				
Base Actuarial Rate				\$797,674,718
ERRP Funds Pay - State				-\$14,252,328
Program Reserves Pay				-\$17,873,322
Funding Gap				-\$6,389,372
<u>State Pays - IBNR Funding</u>				\$0
State Pays				\$759,159,696
Total				
Base Actuarial Rate				\$944,425,491
ERRP Funds Pay - Total				-\$17,696,916
Program Reserves Pay				-\$17,873,322
Funding Gap				-\$6,389,372
<u>IBNR Funding</u>				\$0
Total				\$902,465,881

PROVISIONAL FY2014

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
Summary Active Total				
Enrollment	33,522	21,998	28,468	83,988
Employee Portion				
Base Actuarial Rate				\$158,918,077
ERRP Funds Pay - Employee				\$0
<u>Employee Pays - IBNR Funding</u>				\$1,933,539
Employee Pays				\$160,851,617
State Portion				
Base Actuarial Rate				\$903,548,507
ERRP Funds Pay - State				\$0
Program Reserves Pay				\$0
Funding Gap				\$0
<u>State Pays - IBNR Funding</u>				\$14,456,644
State Pays				\$918,005,150
Total				
Base Actuarial Rate				\$1,062,466,584
ERRP Funds Pay - Total				\$0
Program Reserves Pay				\$0
Funding Gap				\$0
<u>IBNR Funding</u>				\$16,390,183
Total				\$1,078,856,767

FY2014 / FY2013

\$	%
DIFFERENCE	
\$12,133,802	8.3%
\$17,511,929	12.2%
\$105,873,788	13.3%
\$158,845,454	20.9%
\$118,041,093	12.5%
\$176,390,886	19.5%

FY2013

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
Early Retirees/COBRA				
HDHP				
Enrollment	95	8	1	104
Employee Portion				
Base Actuarial Rate	\$402	\$745	\$1,089	\$542,868
ERRP Funds Pay - Employee	-\$10	-\$18	-\$27	-\$13,452
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$392	\$727	\$1,062	\$529,416
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$402	\$745	\$1,089	\$542,868
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$13,452
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$392	\$727	\$1,062	\$529,416
COVA Care/COVA Connect (with basic dental)				
Enrollment	2,180	513	62	2,755
Employee Portion				
Base Actuarial Rate	\$501	\$927	\$1,355	\$19,820,892
ERRP Funds Pay - Employee	-\$10	-\$18	-\$27	-\$392,496
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$491	\$909	\$1,328	\$19,428,396
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$501	\$927	\$1,355	\$19,820,892
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$392,496
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$491	\$909	\$1,328	\$19,428,396

PROVISIONAL FY2014

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
Early Retirees/COBRA				
HDHP				
Enrollment	95	8	1	104
Employee Portion				
Base Actuarial Rate	\$454	\$841	\$1,229	\$613,044
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$12,528</u>
Employee Pays	\$463	\$858	\$1,254	\$625,572
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$454	\$841	\$1,229	\$613,044
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$12,528</u>
Total	\$463	\$858	\$1,254	\$625,572
COVA Care/COVA Connect (with basic dental)				
Enrollment	2,180	513	62	2,755
Employee Portion				
Base Actuarial Rate	\$565	\$1,046	\$1,529	\$22,357,152
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$367,092</u>
Employee Pays	\$574	\$1,063	\$1,554	\$22,724,244
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$565	\$1,046	\$1,529	\$22,357,152
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$367,092</u>
Total	\$574	\$1,063	\$1,554	\$22,724,244

FY2014 / FY2013

\$	%
DIFFERENCE	
\$70,176	12.9%
\$96,156	18.2%
\$70,176	12.9%
\$96,156	18.2%
\$2,536,260	12.8%
\$3,295,848	17.0%
\$2,536,260	12.8%
\$3,295,848	17.0%

FY2013

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network				
Enrollment	348	95	13	456
Employee Portion				
Base Actuarial Rate	\$513	\$943	\$1,378	\$3,432,312
ERRP Funds Pay - Employee	-\$10	-\$18	-\$27	-\$66,492
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$503	\$925	\$1,351	\$3,365,820
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$513	\$943	\$1,378	\$3,432,312
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$66,492
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$503	\$925	\$1,351	\$3,365,820
COVA Care/COVA Connect Plus Expanded Dental				
Enrollment	730	217	26	973
Employee Portion				
Base Actuarial Rate	\$516	\$957	\$1,400	\$7,449,125
ERRP Funds Pay - Employee	-\$10	-\$18	-\$27	-\$142,896
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$506	\$939	\$1,373	\$7,306,229
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$516	\$957	\$1,400	\$7,449,125
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$142,896
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$506	\$939	\$1,373	\$7,306,229

PROVISIONAL FY2014

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network				
Enrollment	348	95	13	456
Employee Portion				
Base Actuarial Rate	\$579	\$1,064	\$1,555	\$3,873,444
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$62,233</u>
Employee Pays	\$588	\$1,081	\$1,580	\$3,935,677
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$579	\$1,064	\$1,555	\$3,873,444
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$62,233</u>
Total	\$588	\$1,081	\$1,580	\$3,935,677
COVA Care/COVA Connect Plus Expanded Dental				
Enrollment	730	217	26	973
Employee Portion				
Base Actuarial Rate	\$582	\$1,080	\$1,580	\$8,403,600
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$133,816</u>
Employee Pays	\$591	\$1,097	\$1,605	\$8,537,416
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$582	\$1,080	\$1,580	\$8,403,600
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$133,816</u>
Total	\$591	\$1,097	\$1,605	\$8,537,416

FY2014 / FY2013

\$	%
DIFFERENCE	
\$441,132	12.9%
\$569,858	16.9%
\$441,132	12.9%
\$569,858	16.9%
\$954,475	12.8%
\$1,231,186	16.9%
\$954,475	12.8%
\$1,231,186	16.9%

FY2013

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network & Expanded Dental				
Enrollment	295	92	12	399
Employee Portion				
Base Actuarial Rate	\$528	\$973	\$1,422	\$3,148,157
ERRP Funds Pay - Employee	-\$10	-\$18	-\$27	-\$59,160
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$518	\$955	\$1,395	\$3,088,997
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$528	\$973	\$1,422	\$3,148,157
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$59,160
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$518	\$955	\$1,395	\$3,088,997
COVA Care/COVA Connect Plus Expanded Dental Plus Vision & Hearing				
Enrollment	1,513	337	62	1,912
Employee Portion				
Base Actuarial Rate	\$529	\$979	\$1,429	\$14,626,666
ERRP Funds Pay - Employee	-\$10	-\$18	-\$27	-\$274,440
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$519	\$961	\$1,402	\$14,352,226
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$529	\$979	\$1,429	\$14,626,666
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$274,440
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$519	\$961	\$1,402	\$14,352,226

PROVISIONAL FY2014

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network & Expanded Dental				
Enrollment	295	92	12	399
Employee Portion				
Base Actuarial Rate	\$596	\$1,098	\$1,606	\$3,553,296
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$55,413</u>
Employee Pays	\$605	\$1,115	\$1,631	\$3,608,709
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$596	\$1,098	\$1,606	\$3,553,296
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$55,413</u>
Total	\$605	\$1,115	\$1,631	\$3,608,709
COVA Care/COVA Connect Plus Expanded Dental Plus Vision & Hearing				
Enrollment	1,513	337	62	1,912
Employee Portion				
Base Actuarial Rate	\$597	\$1,105	\$1,613	\$16,507,824
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$256,556</u>
Employee Pays	\$606	\$1,122	\$1,638	\$16,764,380
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$597	\$1,105	\$1,613	\$16,507,824
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$256,556</u>
Total	\$606	\$1,122	\$1,638	\$16,764,380

FY2014 / FY2013

\$ DIFFERENCE	%
\$405,139	12.9%
\$519,712	16.8%
\$405,139	12.9%
\$519,712	16.8%
\$1,881,158	12.9%
\$2,412,154	16.8%
\$1,881,158	12.9%
\$2,412,154	16.8%

FY2013

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network Plus Expanded Dental Plus Vision & Hearing				
Enrollment	1,354	356	81	1,791
Employee Portion				
Base Actuarial Rate	\$541	\$995	\$1,451	\$14,451,377
ERRP Funds Pay - Employee	-\$10	-\$18	-\$27	-\$265,620
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$531	\$977	\$1,424	\$14,185,757
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$541	\$995	\$1,451	\$14,451,377
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$265,620
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$531	\$977	\$1,424	\$14,185,757
Kaiser Permanente HMO - available in Fredericksburg area and Northern Virginia				
Enrollment	45	11	6	62
Employee Portion				
Base Actuarial Rate	\$526	\$969	\$1,413	\$513,572
ERRP Funds Pay - Employee	-\$10	-\$18	-\$27	-\$9,720
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$516	\$951	\$1,386	\$503,852
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$526	\$969	\$1,413	\$513,572
ERRP Funds Pay - Total	-\$10	-\$18	-\$27	-\$9,720
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$516	\$951	\$1,386	\$503,852

PROVISIONAL FY2014

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
COVA Care/COVA Connect Plus Out-of-Network Plus Expanded Dental Plus Vision & Hearing				
Enrollment	1,354	356	81	1,791
Employee Portion				
Base Actuarial Rate	\$611	\$1,123	\$1,639	\$16,318,092
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$248,477</u>
Employee Pays	\$620	\$1,140	\$1,664	\$16,566,569
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$611	\$1,123	\$1,639	\$16,318,092
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$9</u>	<u>\$17</u>	<u>\$25</u>	<u>\$248,477</u>
Total	\$620	\$1,140	\$1,664	\$16,566,569
Kaiser Permanente HMO - available in Fredericksburg area and Northern Virginia				
Enrollment	45	11	6	62
Employee Portion				
Base Actuarial Rate	\$522	\$961	\$1,401	\$509,604
ERRP Funds Pay - Employee	\$0	\$0	\$0	\$0
<u>Employee Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Employee Pays	\$522	\$961	\$1,401	\$509,604
State Portion				
Base Actuarial Rate	\$0	\$0	\$0	\$0
ERRP Funds Pay - State	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>State Pays - IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Pays	\$0	\$0	\$0	\$0
Total				
Base Actuarial Rate	\$522	\$961	\$1,401	\$509,604
ERRP Funds Pay - Total	\$0	\$0	\$0	\$0
Program Reserves Pay	\$0	\$0	\$0	\$0
Funding Gap	\$0	\$0	\$0	\$0
<u>IBNR Funding</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$522	\$961	\$1,401	\$509,604

FY2014 / FY2013

\$ DIFFERENCE	%
\$1,866,715	12.9%
\$2,380,812	16.8%
\$1,866,715	12.9%
\$2,380,812	16.8%
-\$3,968	-0.8%
\$5,752	1.1%
-\$3,968	-0.8%
\$5,752	1.1%

FY2013

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
Summary Retiree/COBRA Total				
Enrollment	6,560	1,629	263	8,452
Employee Portion				
Base Actuarial Rate				\$63,984,969
ERRP Funds Pay - Employee				-\$1,224,276
<u>Employee Pays - IBNR Funding</u>				\$0
Employee Pays				\$62,760,693
State Portion				
Base Actuarial Rate				\$0
ERRP Funds Pay - State				\$0
Program Reserves Pay				\$0
Funding Gap				\$0
<u>State Pays - IBNR Funding</u>				\$0
State Pays				\$0
Total				
Base Actuarial Rate				\$63,984,969
ERRP Funds Pay - Total				-\$1,224,276
Program Reserves Pay				\$0
Funding Gap				\$0
<u>IBNR Funding</u>				\$0
Total				\$62,760,693
Grand Total				
Enrollment	40,082	23,627	28,731	92,440
Employee Portion				
Base Actuarial Rate				\$210,769,244
ERRP Funds Pay - Employee				-\$4,668,864
<u>Employee Pays - IBNR Funding</u>				\$0
Employee Pays				\$206,100,381
State Portion				
Base Actuarial Rate				\$797,674,718
ERRP Funds Pay - State				-\$14,252,328
Program Reserves Pay				-\$17,873,322
Funding Gap				-\$6,389,372
<u>State Pays - IBNR Funding</u>				\$0
State Pays				\$759,159,696
Total				
Base Actuarial Rate				\$1,008,410,459
ERRP Funds Pay - Total				-\$18,921,192
Program Reserves Pay				-\$17,873,322
Funding Gap				-\$6,389,372
<u>IBNR Funding</u>				\$0
Total				\$965,226,574

PROVISIONAL FY2014

Health Care Plans	You Only	You Plus One	You Plus Two or More	Total
Summary Retiree/COBRA Total				
Enrollment	6,560	1,629	263	8,452
Employee Portion				
Base Actuarial Rate				\$72,136,056
ERRP Funds Pay - Employee				\$0
<u>Employee Pays - IBNR Funding</u>				\$1,136,115
Employee Pays				\$73,272,171
State Portion				
Base Actuarial Rate				\$0
ERRP Funds Pay - State				\$0
Program Reserves Pay				\$0
Funding Gap				\$0
<u>State Pays - IBNR Funding</u>				\$0
State Pays				\$0
Total				
Base Actuarial Rate				\$72,136,056
ERRP Funds Pay - Total				\$0
Program Reserves Pay				\$0
Funding Gap				\$0
<u>IBNR Funding</u>				\$1,136,115
Total				\$73,272,171
Grand Total				
Enrollment	40,082	23,627	28,731	92,440
Employee Portion				
Base Actuarial Rate				\$231,054,133
ERRP Funds Pay - Employee				\$0
<u>Employee Pays - IBNR Funding</u>				\$3,069,655
Employee Pays				\$234,123,788
State Portion				
Base Actuarial Rate				\$903,548,507
ERRP Funds Pay - State				\$0
Program Reserves Pay				\$0
Funding Gap				\$0
<u>State Pays - IBNR Funding</u>				\$14,456,644
State Pays				\$918,005,150
Total				
Base Actuarial Rate				\$1,134,602,640
ERRP Funds Pay - Total				\$0
Program Reserves Pay				\$0
Funding Gap				\$0
<u>IBNR Funding</u>				\$17,526,298
Total				\$1,152,128,938

FY2014 / FY2013

\$ DIFFERENCE	%
\$8,151,087	12.7%
\$10,511,479	16.7%
\$8,151,087	12.7%
\$10,511,479	16.7%
\$20,284,889	9.6%
\$28,023,407	13.6%
\$105,873,788	13.3%
\$158,845,454	20.9%
\$126,192,181	12.5%
\$186,902,365	19.4%

Actuarial Report for GASB OPEB Valuation

*Commonwealth of Virginia State Health Benefits Program
for Pre-Medicare Retirees, Survivors and LTD Participants*

Valuation Date: July 1, 2011

Fiscal Year Ending: June 30, 2012

Date of Report: August 17, 2012



August 17, 2012

Mr. Dan Hinderliter
Director, Contracts and Finance
Department of Human Resource Management
The Commonwealth of Virginia
101 North Fourteenth Street, 12th Floor
Richmond, VA 23219

Dear Dan,

Subject: Commonwealth of Virginia State Health Benefits Program for Pre-Medicare Retirees, Survivors and LTD Participants—July 1, 2011 Actuarial Valuation Report

This report contains the results of the July 1, 2011 actuarial valuation of the Commonwealth of Virginia's State Health Benefits Program for Retirees, Survivors and LTD Participants (the Plan). It provides results regarding accounting requirements for the Plan.

The accounting results are prepared in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). The purposes of the accounting results are to:

- Develop the Annual Required Contribution (ARC) and the Annual OPEB Cost (AOC) for the fiscal year ending June 30, 2012.
- Provide information needed by the Commonwealth of Virginia's auditors for financial statement entries and footnote disclosures to conform to the disclosure requirements under GASB 45.

This report is prepared for the sole use of the Commonwealth of Virginia (the Commonwealth) and supplies information consistent with the stated purposes of the report. It may not be appropriate to use this report for other business applications. Accordingly, additional discussion may be helpful in understanding the assumptions, methodologies, and limitations applied in the report.

Aon Hewitt¹ is pleased to present this report, and we look forward to discussing it with you.

Respectfully submitted,

Aon Hewitt

Chian Magee, FSA, EA
Actuarial Consultant

Catherine Furr, FSA, MAAA
Senior Vice President

CM/CF:jsf
cc: Mr. George Gibbs, Commonwealth of Virginia

¹ Aon Consulting, Inc. and Hewitt Associates LLC are operating as Aon Hewitt.

Table of Contents

Section	Page
I Executive Summary	1
II Actuarial Certification	3
III Principal Valuation Results	5
IV Accounting Information	8
V Sensitivity Analysis	10
VI Demographic Information	11
VII Summary of Plan Provisions	12
VIII Valuation Methods and Assumptions	15

Section I—Executive Summary

GASB 45 requires government entities that sponsor Other Postemployment Benefits (OPEB) to account for these benefits on an accrual basis. The Commonwealth adopted GASB 45 for the fiscal year beginning July 1, 2007.

The Commonwealth provides health insurance benefits to participating retirees, spouses, and survivors. Also, participants on long-term disability and their spouses can qualify for retiree health insurance benefits. The benefits considered under this valuation were medical, prescription drug, and dental coverage.

Participants pay the total subsidized contribution for benefit coverage. This amount may be reduced by the Virginia Retirement System's (VRS) health insurance credit (HIC) for those participants who are eligible. The Commonwealth's OPEB liability is the difference between the estimated true cost of coverage and the subsidized contribution for coverage (the implicit subsidy).

There are two tiers of participants for the Plan's purpose – primary retirees and spouses. The results of the valuation are presented on a combined basis.

It is assumed that approximately 70% of all of the active employees who retire directly from employment and meet the State Health Benefits Program's eligibility criteria will participate in the health insurance component of the Plan.

The table on the next page summarizes the valuation results. The results have been calculated based upon the actuarial assumptions as to current claim cost, projected increases in health insurance costs, mortality, turnover, retirement, disability and discount rate.

These results also assume there is no liability associated with those retirees eligible for Medicare, as costs for members aged 65 and older are not subsidized by the active nor early retiree population (no implicit subsidy), participants pay 100% of the costs, and the liability associated with the health insurance credit is measured and held by the Virginia Retirement System.

Additionally, the results do not consider the creation of a qualified OPEB funding vehicle. It is Aon Hewitt's understanding that the Commonwealth does not plan to segregate and restrict assets such that the Commonwealth's contributions to the Plan are irrevocable, dedicated to providing benefits to retirees and their beneficiaries, and legally protected from creditors of the Commonwealth, solely for the payment of benefits in accordance with the terms of the Plan. Furthermore, the Commonwealth has no current plan to contribute funds to a qualified OPEB funding vehicle for the fiscal years beyond 2012.

This summary identifies the value of benefits on July 1, 2011 and costs for the 2012 fiscal year. The value of benefits on July 1, 2009 (the prior valuation date) and cost for the 2010 fiscal year are shown for comparison.

(\$ millions)		
Fiscal Year	2012	2010
Present Value of Benefits (PVB)	\$2,086.8	\$1,961.5
Actuarial Accrued Liability (AAL)	\$1,268.8	\$1,218.3
Annual Required Contribution (ARC) ¹	\$ 158.8	\$ 153.6
Annual OPEB Cost (AOC)	\$ 151.8	\$ 150.7

The balance of this report provides greater detail for the above results.

The fiscal year 2012 valuation was performed using a 4% discount rate. The 4% rate is appropriate for the current funding arrangement for the Plan, reflecting that the Commonwealth has not placed assets in an irrevocable trust specifically segregated for future retiree benefits. The fiscal year 2010 valuation was performed using a 4.3% discount rate, which was appropriate at that time, reflecting the expected return on the general assets of the Commonwealth, from which future benefits are expected to be paid.

¹ The ARC reflects a 30-year open period, level dollar amortization of the Unfunded AAL. 30 years is the maximum period allowed under GASB 45.

Section II—Actuarial Certification

Aon Hewitt has prepared the July 1, 2011 actuarial valuation results of the Commonwealth of Virginia's State Health Benefits Program for Retirees, Survivors and LTD Participants. The purposes of this report are to:

- Present Aon Hewitt's actuarial estimates of the Plan's GASB 45 liabilities and Annual Required Contribution (ARC) as of July 1, 2011 for the Commonwealth to incorporate, as the Commonwealth deems appropriate, in its financial statements; and;
- Provide the Annual Required Contribution for the period beginning July 1, 2011.

This report is intended for the sole use of the Commonwealth, and is intended only to supply information to comply with the stated purposes of the report and may not be appropriate for other purposes. Reliance on information contained in this report by anyone for other than the intended purposes, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity should base any representations or warranties in any agreement on any statements or conclusions contained in this report, without the written consent of Aon Hewitt.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions.
- Changes in economic or demographic assumptions.
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period).
- Changes in plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have used personnel and plan design information provided by the Commonwealth as of the valuation date. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonability. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results. This information along with any adjustments or modifications is summarized in various sections of this report.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the requirements of GASB Statement No. 45. The information in this report is not intended to supersede or supplant the advice and interpretations of the Commonwealth's auditors.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions section of this report. Assumptions used are based on the last experience study, as adopted by the Retirement Plan Committee. The Retirement Plan Committee is responsible for selecting the Plan's funding policy, actuarial valuation methods, asset valuation methods and assumptions.

To the best of our knowledge, there is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise provided for in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

If the Commonwealth disagrees with anything contained in the report or is made aware of any relevant information that may affect the results of the report which has not been previously provided to Aon Hewitt, the Commonwealth should promptly notify Aon Hewitt. The report will be deemed final and acceptable to the Commonwealth unless the Commonwealth provides such notice to Aon Hewitt.

The undersigned are familiar with the near-term and long-term aspects of post-retirement benefits valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Aon Hewitt providing services to the Commonwealth has any material direct or indirect financial interest in the Commonwealth. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for the Commonwealth.

Chian Magee, FSA,EA
Actuarial Consultant
Retirement

Catherine Furr, FSA, MAAA
Senior Vice President
Health & Benefits

August 17, 2012

Section III—Principal Valuation Results

This section presents detailed valuation results as of July 1, 2011 for the Commonwealth's retiree health insurance benefits program.

- The Present Value of Benefits (PVB) is the total present value of all expected future benefits, based upon certain actuarial assumptions. Benefits are defined as estimated paid claims and expenses from the plan, net of total subsidized contributions for retirees. The PVB is a measure of total liability or obligation. Essentially, the PVB is the value (on the valuation date) of the benefits, as they exist today, for retirees, both currently retired and currently active. The plan's PVB is \$2,086.8 million. A good portion of this liability (88%) is for the currently active employees (future retirees).
- The actuarial method selected by the Commonwealth is the Unit Credit method. The Actuarial Accrued Liability (AAL) is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The plan's AAL is \$1,268.8 million.
- Normal Cost is the value of benefits expected to be earned during the year beginning on the valuation date, again based on certain actuarial methods and assumptions. The fiscal year 2012 Normal Cost at the beginning of the year is \$82.1 million.
- The Annual Required Contribution (ARC) is a combination of the Normal Cost and an amortization payment of the Unfunded AAL (UAAL). As there are no segregated assets as of July 1, 2011 to fund the retiree health insurance benefits, the Unfunded AAL (UAAL) is equal to the AAL. Using a 30-year open period level dollar amortization, the ARC for the Commonwealth is \$158.8 million, including interest to the end of the year. In addition, the amortization of the unfunded accrued liability can be determined as a level percentage of compensation rather than a level dollar amount. Aon Hewitt has not performed any computations to determine the effect of utilizing different amortization periods or methods, although they could have a material impact on the amount of Net OPEB Obligation and the ARC.

The table on the following page shows results by participant status (active and retired), including results projected to the 2013 fiscal year, which could be used for reporting costs in the Commonwealth's fiscal year 2013 financial statements.



This page also shows projected results to July 1, 2012 (FY 2013).

(\$ millions)	FY 2012	Projected FY 2013
Present Value of Benefits		
Current Retirees	\$ 259.8	\$ 228.1
Actives	<u>1,827.0</u>	<u>1,888.1</u>
Total	\$ 2,086.8	\$ 2,116.2
Actuarial Accrued Liability		
Retirees	\$ 259.8	\$ 228.1
Actives	<u>1,009.0</u>	<u>1,122.7</u>
Total	\$ 1,268.8	\$ 1,350.8
Assets	\$ 0	\$ 0
Unfunded AAL	\$ 1,268.8	\$ 1,350.8
Annual Required Contribution		
Normal Cost	\$ 82.1	\$ 86.2
Amortization of Unfunded AAL ¹	\$ 70.6	\$ 75.1
Interest to End of Year	\$ 6.1	\$ 6.5
Total ARC	\$ 158.8	\$ 167.8
Expected Benefit Payments (pay-as-you-go) ²	\$ 53.0	\$ 62.1
Covered Payroll ³	\$ 3,566.0	\$ 3,708.7
ARC as % of pay-as-you-go	299.6%	270.2%
ARC as % of Covered Payroll	4.5%	4.5%

¹ At the beginning of the year.

² Net of total subsidized contributions for retirees.

³ Assumed payroll for the 2012 fiscal year; based on the 2010 fiscal year payroll (per the CAFR) increased at 4% per year for two years; payroll for FY 2013 increases this number by 4%.

The table below compares the results of the actual July 1, 2011 (2012 fiscal year) valuation with the expected results based on a “roll-forward” of the July 1, 2009 (2010 fiscal year) valuation:

(\$ millions)	AAL	ARC
Fiscal Year 2012 Based on a ‘Roll Forward’ from Fiscal Year 2010’s Valuation ¹	\$ 1,374.3	\$ 171.2
Fiscal Year 2012 Based on Valuation as of July 1, 2011 ²	<u>1,268.8</u>	<u>158.8</u>
Difference	\$ (105.5)	\$ (12.4)
Difference is due to:		
Actuarial (Gains)/Losses ³	\$ (71.8)	\$ (6.4)
Updated Baseline Claims and Premiums ⁴	(285.2)	(35.8)
Updated Trend Assumption	215.4	30.4
Change in Discount Rate ⁵	39.1	2.8
Other Valuation Assumption and Plan Changes ⁶	<u>(3.0)</u>	<u>(3.4)</u>
	\$ (105.5)	\$ (12.4)

The balance of this report provides greater detail for the above results.

¹ These are the expected valuation results from FY2010 actuarially projected to FY2012. That is, these results (a) assume no change in the population or assumptions from the FY2010 valuation, (b) reflect the expected increase in GASB OPEB costs due to employees accruing two additional years of service and (c) also reflect the expected increase in costs because future benefits are now two years closer to being paid.

² That is, a valuation based on census, claims and total subsidized contributions for retirees as of July 1, 2011.

³ Actuarial gains reflect the reduction in GASB OPEB costs from FY2010 to FY2012 due to (a) differences between the populations valued (including changes in the number of participants valued, and changes in accrued service, average ages, etc), and (b) actual demographic experience from FY2010 to FY2012 being different from the demographic assumptions in the FY2010 valuation. Demographic assumptions include rates of mortality, termination, disability and retirement.

⁴ Baseline claims used in the FY2012 valuation were lower than expected, based on the claims from the FY2010 valuation trended to FY2012, and compared to the baseline claims used in the actual FY2012 valuation. Retiree premiums used in the FY2012 valuation were lower than expected, based on the premiums from the FY2010 valuation trended to FY2012, and compared to the premiums reflected in the actual FY2012 valuation. The lower claims and premiums combined to cause a decrease in GASB OPEB costs.

⁵ The discount rate was reduced from 4.3% for the FY2010 valuation to 4.0% for the FY2012 valuation. The rates reflect the expected returns on the assets from which future benefits are expected to be paid (i.e., on the general funds of the Commonwealth).

⁶ The Commonwealth pension plan implemented a new plan with different retirement eligibility requirements for participants hired on or after 7/1/2010. The plan changes have also been adopted for the OPEB valuation and are shown in the Methods and Assumptions Section of the report.

Section IV—Account Information

The GASB OPEB accounting standards were first adopted by the Commonwealth for the fiscal year ending June 30, 2008. The following shows the Annual OPEB Cost (AOC), estimated Net OPEB Obligation (NOO), funding status, and required supplementary information for the Commonwealth for the fiscal year ending June 30, 2012.

Annual OPEB Cost (AOC)

The *Annual OPEB Cost (AOC)* is the accounting expense, and is made up of the ARC, plus an adjustment to the ARC, consisting of interest on the *Net OPEB Obligation (NOO)* at the beginning of the period, less an amortization of the *Net OPEB Obligation (NOO)*.

The amounts shown below are for the fiscal year ending June 30, 2012.

<i>(\$ millions)</i> Annual OPEB Cost (AOC)	Fiscal Year Ending June 30, 2012
ARC	\$ 158.8
Interest on Net OPEB Obligation (NOO)	17.8
Adjustment to ARC	<u>(24.8)</u>
Total	\$ 151.8

Net OPEB Obligation (NOO)

The NOO is the cumulative difference between the AOC and the Commonwealth's total contributions. Because the Commonwealth is not pre-funding the cost of future benefit payments, the Commonwealth's contributions will consist of the difference between total retiree health benefits, administration and other fixed fees paid during a year and retiree premiums received (including any subsidies from VRS paid on behalf of retirees for the health coverage).

The contributions shown below are estimates for the fiscal year ending June 30, 2012, and should be replaced by actual Commonwealth contributions before determining the NOO to be disclosed in the Commonwealth's FY2012 financial statements.

<i>(\$ millions)</i> Net OPEB Obligation (NOO)	Fiscal Year Ending June 30, 2012
AOC	\$ 151.8
Contributions Made (Expected Benefit Payments)	<u>(53.0)</u>
Increase In NOO	\$ 98.8
NOO-Beginning of Year	<u>446.4</u>
NOO-End of Year	\$ 545.2

The following is a three-year history of the calculation of the Net OPEB Obligation. Before reporting information for the 2012 fiscal year, the Percentage of AOC Contributed and the Net OPEB Obligation for Fiscal Year Ended June 30, 2012 must first be updated to reflect actual Commonwealth contributions for the year. We also show the calculation of the estimated NOO for the fiscal year ending June 30, 2013.

Amounts shown are in millions.

Fiscal Year Ended	Annual OPEB Cost	Percentage of AOC Contributed	Net OPEB Obligation
06/30/2010	\$136.9	17.4%	\$309.4
06/30/2011	\$166.6	17.8%	\$446.4
06/30/2012 estimated	\$151.8	34.9%	\$545.2
06/30/2013 projected	\$159.3	39.0%	\$642.4

Required Supplementary Information

Below is the Schedule of Funding Progress. The Covered Payroll for the July 1, 2011 Valuation Date should be updated to reflect actual payroll for the year beginning July 1, 2011.

Amounts shown are in millions.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a)/(c)
7/1/2009	\$0	\$1,298.2	\$1,298.2	0.0%	\$3,297.1	39.4%
7/1/2011	\$0	\$1,268.8	\$1,268.6	0.0%	\$3,566.0	35.6%
7/1/2012 projection	\$0	\$1,350.8	\$1,350.8	0.0%	\$3,708.7	36.4%

Covered payrolls are estimates.

It is important to note that without any additional contributions towards the AOC besides current pay-as-you-go cost, the NOO will continue to increase, which will further increase the ARC and AOC for the following year (as the UAAL increases and interest on the NOO is accrued).

Section V—Sensitivity Analysis

Below, we show the results using our assumed trend assumptions (as detailed in Section VIII) along with a 1% increase in trend rates for each projected year and a 1% decrease in trend rates, to illustrate the sensitivity of results to the trend rates.

July 1, 2011

4.00%

(\$ millions)	Valuation Trend
PVB	\$ 2,086.8
AAL	\$ 1,268.8
ARC	
Normal Cost	\$ 82.1
Amortization of UAL	70.6
Interest to EOY	<u>6.1</u>
Total ARC	\$ 158.8
	Trend +1%
PVB	\$ 2,391.4
AAL	\$ 1,402.2
ARC	
Normal Cost	\$ 94.2
Amortization of UAL	78.0
Interest to EOY	<u>6.9</u>
Total ARC	\$ 179.1
	Trend -1%
PVB	\$ 1,832.8
AAL	\$ 1,152.9
ARC	
Normal Cost	\$ 71.9
Amortization of UAL	64.1
Interest to EOY	<u>5.4</u>
Total ARC	\$ 141.4

Section VI—Demographic Information

In the following pages we summarize the demographic information for the current and future retirees in the State Health Benefits Program.

The table below shows a distribution of age and service for all active employees who currently participate in the State Health Benefits Program. All groups in total are shown.

Age	Completed Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-25	2,281	31	0	0	0	0	0	0	0	2,312
25-29	5,272	1,160	14	0	0	0	0	0	0	6,446
30-34	4,832	2,456	719	14	0	0	0	0	0	8,021
35-39	4,312	2,546	1,836	480	18	0	0	0	0	9,193
40-44	3,982	2,824	2,262	1,480	730	28	0	0	0	11,307
45-49	3,526	2,558	2,398	1,711	2,182	794	68	0	0	13,237
50-54	3,112	2,305	2,285	1,657	2,288	1,565	1,310	72	0	14,595
55-59	2,316	1,922	1,945	1,583	2,060	1,361	1,758	829	49	13,825
60-64	1,252	1,249	1,363	1,136	1,521	912	958	776	279	9,448
65-69	274	362	370	290	387	234	246	258	165	2,587
70+	<u>62</u>	<u>95</u>	<u>120</u>	<u>87</u>	<u>164</u>	<u>71</u>	<u>63</u>	<u>82</u>	<u>76</u>	<u>820</u>
Total	31,221	17,508	13,312	8,438	9,350	4,965	4,403	2,017	569	91,791

Average Age: 47.2

Average Service:12.3

The next table shows headcounts and average age by group. Note in this table, the counts do not include spouses.

Group	Number of Lives	Average Age
Active	91,791	47.2
Inactive (under age 65) ¹	8,790	60.2

¹ Retirees, survivors, LTDs.

Section VII—Summary of Plan Provisions

Plan	Plan provisions in effect as of July 1, 2011 are shown.
Eligibility	<p>For a retiree to participate in the Plan, the participant must be eligible for a monthly annuity from the Virginia Retirement System (VRS) or a periodic benefit from one of the qualified Optional Retirement Plan (ORP) vendors, and:</p> <ul style="list-style-type: none">▪ be receiving (not deferring) the annuity or periodic benefit immediately upon retirement*, and▪ have his or her last employer before retirement be the state, and▪ be eligible for coverage as an active employee in the State Health Benefits Program until his or her retirement date (not including Extended Coverage), and▪ Have submitted within 31 days of his or her retirement date an Enrollment Form to his or her Benefits Administrator to enroll.

*For VRS retirees, this means that the employing agency reported a retirement contribution in the month immediately prior to an employee's retirement date.

Surviving spouses of a participating retiree may continue coverage after the death of the retiree.

For this valuation, employees were considered eligible to retire and receive medical, prescription drug and dental benefits if they are (a) age 50 with at least ten years of service for Plan 1 participants, (b) age 55 with 5 years of service for Plan 1 participants, (c) age 60 with 5 years of service for Plan 2 participants or (d) disabled and are eligible for a VRS or ORP benefit. Employees must retire directly from VRS or ORP sponsored employment and they must apply for coverage within 31 days of retirement. If a retiree fails to enroll initially or cancels their coverage subsequent to retirement, then they are not eligible to enroll at a later date.



**Plan Benefit
Summary**

**Health Benefits Effective July 1, 2011
Retiree Group Not Eligible for Medicare**

Benefits	Plan		
	COVA Care/ COVA Connect	COVA HDHP	Kaiser Permanente
	Participant Pays		
Deductible - per plan year			
- One person	\$225	\$1,750	None
- Two or more persons	\$450	\$3,500	None
Out-of-pocket expense limit - per plan year			
- One person	\$1,500	\$5,000	\$3,500
- Two or more persons	\$3,000	\$10,000	\$9,400
Doctor's visits			
- Primary Care Physician	\$25	20% after deductible	\$10
- Specialist	\$40	20% after deductible	\$20
Hospital Services			
- Inpatient	\$300 per stay	20% after deductible	\$100 per admission
- Outpatient	\$125 per visit	20% after deductible	\$50 per visit
Emergency Room Visits	\$125 per visit (waived if admitted)	20% after deductible	\$75 per visit (waived if admitted)
Outpatient diagnostic laboratory, test, shots and x-rays	20% after deductible	20% after deductible	\$75 specialty lab and imaging \$0 copayment lab, pathology, radiology, diagnostic testing
Prescription drugs - mandatory generic			
Retail Pharmacy	Up to 34-day supply: \$15/\$25/\$40/\$50	Up to 34-day supply: 20% after deductible	<i>Up to 60-day supply</i> - Medical Center Pharmacy \$10/\$20/\$35 - Community Pharmacy \$20/\$40/\$55
Home Delivery Pharmacy	Up to 90-day supply: \$30/\$50/\$80/\$100	Up to 90-day supply: 20% after deductible	<i>Up to 90-day supply</i> Mail Service \$8/\$18/\$33



Plan Benefit Summary (continued)

Health Benefits Effective July 1, 2011

Retiree Group Not Eligible for Medicare

Benefits	Plan		
	COVA Care	COVA HDHP	Kaiser Permanente
	Participant Pays		
Wellness & Preventive Services			
Through age 6 <i>(Office visits at specified intervals, immunizations, lab and x-rays)</i>	\$0	\$0	\$0
Age 7 and older <i>(Annual checkup visit- Primary Care Physician or Specialist)</i>	\$0	\$0	\$0
<i>Immunizations, lab and x-rays</i>	\$0	\$0	\$0
Specified ages <i>(Routine gynecological exam, Pap test, mammography screening, prostate exam (digital rectal exam), prostate specific antigen test (PSA), and other colorectal cancer screening)</i>	\$0	\$0	\$0
Dental -per plan year	Basic	Expanded	Expanded
	-\$50/\$100 /\$150 Deductible -Plan pays up to \$2,000 per member	- \$50 /\$100/\$150 deductible - Plan pays up to \$2,000 per member	In-plan:\$25 deductible per member; plan pays up to \$1,000 per member
Out - of -Network	Buy-up available	Not available	Not available
Expanded Dental	Buy-up available	Included	Included
Vision & Hearing	Buy-up available	Not available	Routine vision only

Section VIII—Valuation Methods and Assumptions

Actuarial Cost Method	Unit Credit
Valuation Date	July 1, 2011
Discount Rate	4.0% (changed from 4.3% as of July 1, 2009)

Assumed Trends on Retiree Costs

Year Beginning	Medical*	Pharmacy*	Dental*
7/1/2011	9.00%	9.00%	4.00%
7/1/2012	8.75%	8.75%	4.00%
7/1/2013	8.50%	8.50%	4.00%
7/1/2014	8.25%	8.25%	4.00%
7/1/2015	8.00%	8.00%	4.00%
7/1/2016	7.75%	7.75%	4.00%
7/1/2017	7.50%	7.50%	4.00%
7/1/2018	7.25%	7.25%	4.00%
7/1/2019	7.00%	7.00%	4.00%
7/1/2020	6.75%	6.75%	4.00%
7/1/2021	6.50%	6.50%	4.00%
7/1/2022	6.25%	6.25%	4.00%
7/1/2023	6.00%	6.00%	4.00%
7/1/2024	5.75%	5.75%	4.00%
7/1/2025	5.50%	5.50%	4.00%
7/1/2026	5.25%	5.25%	4.00%
7/1/2027+	5.00%	5.00%	4.00%

* For purposes of this valuation we have assumed that the current level of retiree cost sharing will continue in the future. This may be accomplished by increasing retiree contributions, co-payments, or out-of-pocket limits so that the level of retiree cost sharing increases at least at the rate of assumed medical trend.

Mortality Mortality rates vary by participant status.

Pre-Retirement

RP-2000 Combined Healthy Table with a fully generational projection.

Post-Retirement

RP-2000 Combined Healthy Table with a fully generational projection.

Post-Disablement

70% of PBGC Disabled Mortality Table 5a for males. 90% of PBGC Disabled Mortality Table 6a for females.



Retirement Rates
Plan 1 Members
Hired Before
July 1, 2010

Retirement rates vary by retirement benefit and gender and are shown below. The rates are for State Employees used in the July 1, 2011 valuation of the Virginia Retirement System.

Age	Retirements Per 100 Members			
	Less than 30		30 or more	
	Male	Female	Male	Female
50	3.0	3.22	10.0	10.0
51	3.0	3.07	10.0	10.0
52	3.0	3.0	10.0	10.0
53	3.0	3.0	10.0	10.0
54	3.0	3.5	10.0	10.0
55	5.0	5.0	10.0	10.0
56	5.0	5.0	10.0	10.0
57	4.5	4.5	10.0	10.0
58	4.0	5.5	10.0	10.0
59	5.0	5.5	10.0	10.0
60	5.0	5.5	10.0	15.0
61	10.0	10.0	15.0	20.0
62	15.0	15.0	25.0	30.0
63	15.0	15.0	20.0	20.0
64	15.0	15.0	20.0	20.0
65	40.0	40.0	30.0	40.0
66	40.0	40.0	25.0	30.0
67	40.0	40.0	25.0	25.0
68	40.0	40.0	20.0	25.0
69	40.0	40.0	20.0	20.0
70	100.0	100.0	100.0	100.0

Retirement Rates
Plan 2 Members
Hired After
July 1, 2010

Retirement rates vary by retirement benefit and gender and are shown below. The rates are for State Employees used in the July 1, 2011 valuation of the Virginia Retirement System.

Age	Retirements Per 100 Members			
	Reduced Retirement		Unreduced Retirement	
	Male	Female	Male	Female
50	0.0	0.0	10.0	10.0
51	0.0	0.0	10.0	10.0
52	0.0	0.0	10.0	10.0
53	0.0	0.0	10.0	10.0
54	0.0	0.0	10.0	10.0
55	0.0	0.0	10.0	10.0
56	0.0	0.0	10.0	10.0
57	0.0	0.0	10.0	10.0
58	0.0	0.0	10.0	10.0
59	0.0	0.0	10.0	10.0
60	5.0	5.5	10.0	15.0
61	10.0	10.0	15.0	20.0
62	15.0	15.0	25.0	30.0
63	15.0	15.0	20.0	20.0
64	15.0	15.0	20.0	20.0
65	40.0	40.0	30.0	40.0
66	40.0	40.0	25.0	30.0
67	40.0	40.0	25.0	25.0
68	40.0	40.0	20.0	25.0
69	40.0	40.0	20.0	20.0
70	100.0	100.0	100.0	100.0

Disability Rates

As shown below for selected ages. 14% of disability cases are assumed to be service related. The rates are for State Employees used in the July 1, 2011 valuation of the Virginia Retirement System.

Age	Disabilities Per 100 Members	
	Male	Female
20	0.1	0.01
25	0.1	0.1
30	0.2	0.15
35	0.2	0.25
40	0.2	0.29
45	0.4	0.34
50	0.5	0.55
55	0.6	0.81
60	0.8	1.0
65	0.7	0.9



**Withdrawal Rates
Plan 1 Members**
Hired Before
July 1, 2010

The following withdrawal rates are used based on age and years of service (for causes other than death, disability, or retirement). The rates are for State Employees used in the July 1, 2011 valuation of the Virginia Retirement System.

Age	Male Members – Years of Service (%)											
	0	1	2	3	4	5	6	7	8	9	10+	
20	26.0	26.0	26.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	0.0
25	22.0	22.0	22.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	0.0
30	20.0	20.0	20.0	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	5.0
35	17.0	17.0	17.0	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	4.5
40	15.0	15.0	15.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	3.4
45	14.0	14.0	14.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	2.3
50	12.0	12.0	12.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	2.0
55	10.0	10.0	10.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	0.0
60	12.0	12.0	12.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	0.0
65	12.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	0.0

Age	Female Members – Years of Service (%)											
	0	1	2	3	4	5	6	7	8	9	10+	
20	30.0	30.0	30.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	0.0
25	25.5	25.5	25.5	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	0.0
30	22.5	22.5	22.5	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	6.0
35	19.0	19.0	19.0	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	5.0
40	16.5	16.5	16.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	3.6
45	14.0	14.0	14.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	2.5
50	13.5	13.5	13.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	2.0
55	12.0	12.0	12.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	0.0
60	12.5	12.5	12.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	0.0
65	13.0	13.0	13.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	0.0

Withdrawal Rates
Plan 2 Members
Hired After
July 1, 2010

The following withdrawal rates are used based on age and years of service (for causes other than death, disability, or retirement). The rates are for State Employees used in the July 1, 2011 valuation of the Virginia Retirement System.

Male Members – Years of Service (%)

Age	0	1	2	3	4	5	6	7	8	9	10+
20	26.0	26.0	26.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	0.0
25	22.0	22.0	22.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	0.0
30	20.0	20.0	20.0	11.5	11.5	11.5	11.5	11.5	11.5	11.5	5.0
35	17.0	17.0	17.0	9.5	9.5	9.5	9.5	9.5	9.5	9.5	4.5
40	15.0	15.0	15.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	3.4
45	14.0	14.0	14.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	2.3
50	12.0	12.0	12.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	2.0
55	10.0	10.0	10.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	0.4
60	12.0	12.0	12.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	0.0
65	12.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	0.0

Female Members – Years of Service (%)

Age	0	1	2	3	4	5	6	7	8	9	10+
20	30.0	30.0	30.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	0.0
25	25.5	25.5	25.5	16.0	16.0	16.0	16.0	16.0	16.0	16.0	0.0
30	22.5	22.5	22.5	14.0	14.0	14.0	14.0	14.0	14.0	14.0	6.0
35	19.0	19.0	19.0	11.5	11.5	11.5	11.5	11.5	11.5	11.5	5.0
40	16.5	16.5	16.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0	3.6
45	14.0	14.0	14.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	2.5
50	13.5	13.5	13.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	2.0
55	12.0	12.0	12.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	0.4
60	12.5	12.5	12.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0	0.0
65	13.0	13.0	13.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	0.0

Participation Rate It was assumed that 70% of future eligible retirees will elect the plan coverage.

Spouse Coverage Seventy percent (70%) of actives are assumed to be married at retirement. It was assumed that males are three years older than females. Actual spousal data was used for current retirees. It was assumed that all surviving spouses retained coverage until their death.

New Entrants The valuation is performed on a closed group of current participants. Future entrants to the plan were not included.

Administrative Expenses No liability for administrative expenses is included in the valuation as both the baseline claims and the retiree premiums valued include expenses, and these expenses are assumed to cancel each other out.



**Health Care Claims
Cost**

The actual claims experience for the retiree group and the premium rates of the program were collected. This data was used to calculate age-specific claim costs using factors developed by Aon Hewitt. Representative 2011-2012 annual per capita medical, prescription drug, and dental plan costs at specific ages are shown below. The costs represent claims based on the plan design in effect on July 1, 2011. They are blended for healthy and disabled lives.

Age	Cost		
	Medical	Pharmacy	Dental
30	\$3,506	\$970	\$384
31	\$3,524	\$975	\$384
32	\$3,543	\$981	\$384
33	\$3,562	\$986	\$384
34	\$3,580	\$991	\$384
35	\$3,599	\$996	\$384
36	\$3,634	\$1,006	\$384
37	\$3,669	\$1,016	\$384
38	\$3,705	\$1,025	\$384
39	\$3,740	\$1,035	\$384
40	\$3,777	\$1,045	\$384
41	\$3,878	\$1,073	\$384
42	\$3,982	\$1,102	\$384
43	\$4,088	\$1,132	\$384
44	\$4,198	\$1,162	\$384
45	\$4,310	\$1,193	\$384
46	\$4,476	\$1,239	\$384
47	\$4,648	\$1,287	\$384
48	\$4,827	\$1,336	\$384
49	\$5,013	\$1,387	\$384
50	\$5,206	\$1,441	\$384
51	\$5,377	\$1,488	\$384
52	\$5,555	\$1,538	\$384
53	\$5,738	\$1,588	\$384
54	\$5,928	\$1,641	\$384
55	\$6,123	\$1,695	\$384
56	\$6,344	\$1,756	\$384
57	\$6,572	\$1,819	\$384
58	\$6,809	\$1,885	\$384
59	\$7,054	\$1,952	\$384
60	\$7,308	\$2,023	\$384
61	\$7,615	\$2,108	\$384
62	\$7,934	\$2,196	\$384
63	\$8,268	\$2,288	\$384
64	\$8,615	\$2,385	\$384
65 and over	\$0	\$0	\$0



**Baseline Retiree
Contributions (2012
Fiscal Year)**

Group	Medical	Pharmacy	Dental
Retiree Contributions	\$4,430	\$1,062	\$236
Spouse Contributions	\$3,759	\$900	\$195