



## Minnesota Advantage Health Plan

Prepared by the  
Minnesota Department of Employee Relations

State Government Finance  
March 9, 2005



## Overview

- Background and history
- Factors leading to new benefits plan – Advantage
- Advantage develops
- Summary of Advantage
- Outcomes
- The future of Advantage



## State Employee Group Insurance Program (SEGIP) summary

- Covers members of all 3 branches of state government, retirees, and family members, as well as quasi-state agencies
  - Covers approximately 48,000 employees statewide – over 120,000 covered lives
  - Calendar 04 state share of costs – \$365 million
- Self-insured
- Department of Employee Relations (DOER) administers
- Three third party health plan administrators (claim payment, provider networks)

## State Employee Group Insurance Program (SEGIP) summary (cont.)

- Approximately 90% of employees represented by bargaining units
  - Coalition bargaining format for health benefits
- Single purchaser – single benefit plan, single design
  - Consistency, uniformity as purchaser
  - Bargaining outcome affects benefits for all SEGIP members
- Legislative scrutiny
  - Self-insured, but must comply with all benefit mandates, consumer protections, etc.

## Late 1990's – gathering storm clouds on the horizon

- Growing costs of nearly first dollar coverage
- Loss of competition
- Premium disparities among health plan offerings
- Loss of providers anticipated



## Major issues – skyrocketing health care costs

- State's costs per employee for health insurance more than doubled in six years:
  - \$3,260 per employee per year
  - \$7,485 per employee per year
- Double-digit annual rates of increase (often 15% or more) had been the norm



## Health care cost drivers

- Upward spikes in claims costs
  - Increase in hospital services
  - Higher use of specialists (Cardiology, Gastro, Derm)
- Demographics, aging population
  - Average age of employees: approx. 46 years old
  - Chronic conditions associated with aging
  - "80/20" rule

## Health care cost drivers (cont.)

- Providers/Vendors
  - Consolidation
  - Diminished role of managed care
- Technology
- Pharmacy increasing at 20%
- Consumer cost insulation

## Focusing on costs

- Health plans – made up of clinic groups
- Many clinic groups are themselves like small health plans
  - Some are highly integrated systems, provide all levels of care (whether owned or through contracts)
- Health plan price is an average of individual clinic group costs
  - Can't tell which clinics are more expensive
  - But use of expensive clinics drives up costs

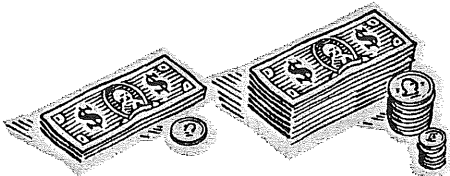
## Initial steps

- Become fully self-insured
- Determine risk adjusted costs of clinic groups



## 2003 range of risk adjusted provider costs

- Range of 75% from lowest to highest for the same service
  - Low of \$258.22
  - High of \$451.36



## New concept – link out of pocket cost sharing levels to provider cost

- Out of pocket costs at point of service based on the cost of the primary care clinic used
  - Allows consumers to choose, but be accountable for choice
  - Greater use of lower cost clinics saves money, increases competition
- Provide incentives to use less costly providers
  - Differentiate by copays, deductibles, coinsurance
  - Reinforces message every time provider used
  - Potential for more lasting reform

## New plan – Advantage

- Four provider “cost levels”
  - Based on true costs and as negotiated in collective bargaining for access
  - Differentiated by copay, deductible, coinsurance levels
- Three health plan administrators retained
- Same premium rates and contributions regardless of administrator or cost level chosen



## Advantage for 2004, 2005

2004-2005 Benefit Provision	Cost Level 1 – You Pay	Cost Level 2 – You Pay	Cost Level 3 – You Pay	Cost Level 4 – You Pay
A. Preventive Care Services • Routine medical exams, cancer screening • Child health/preventive services, routine immunizations • Prenatal and postnatal care and exams • A&E immunizations • Post-natal and hearing exams	Nothing	Nothing	Nothing	Nothing
B. Annual First Dollar Deductible (family only)	\$0/00	2004: \$0/100 2005: \$1,000/00	\$0/00/00	\$0/0/000
C. Office Visit for Illness/Injury • Outpatient visits in physician's office • Diagnostic services • Outpatient mental health and chemical dependency	\$15 copay per visit annual deductible applies	\$10 copay per visit annual deductible applies	\$0 copay per visit annual deductible applies	20% coinsurance annual deductible applies
D. Outpatient Physical, Occupational or Speech Therapy	\$15 copay per visit annual deductible applies	\$20 copay per visit annual deductible applies	\$20 copay per visit annual deductible applies	20% coinsurance annual deductible applies
E. Emergency/urgent care (in service area) • Urgent care facility • Emergency care received in a hospital emergency room	\$15 copay \$0 copay annual deductible applies	\$20 copay \$20 copay annual deductible applies	\$20 copay \$20 copay annual deductible applies	20% coinsurance annual deductible applies
F. Inpatient Hospital Copay	\$50 copay annual deductible applies	\$100 copay annual deductible applies	\$40 copay annual deductible applies	20% coinsurance annual deductible applies
G. Outpatient Surgery Copay	\$50 copay annual deductible applies	\$100 copay annual deductible applies	\$100 copay annual deductible applies	20% coinsurance annual deductible applies
H. Hospice and Skilled Nursing Facility	Nothing	Nothing	Nothing	Nothing
I. Prescription Drugs (Medical Expense and Diabetic Supplies)	20% coinsurance	20% coinsurance	20% coinsurance	20% coinsurance annual deductible applies
J. Lab (including pregnancy), Pathology, and X-ray (not included as part of preventive care and not subject to office visit or facility co-insurance)	0% coinsurance annual deductible applies	0% coinsurance annual deductible applies	0% coinsurance annual deductible applies	20% coinsurance annual deductible applies

## Ability to change health plans and clinics in Advantage

- Can change health plans at annual open enrollment
- Can change clinics within a cost level, within a health plan, monthly
- Can move between cost levels, within a health plan, twice a year (in addition to annual open enrollment)



## Enrollee Movement

Tier	December 2003	January 2004	Change
1	17,358	18,575	7.01%
2	77,470	79,729	2.92%
3	18,801	16,882	-10.21%
4	7,784	5,976	-23.23%

## Outcomes of Advantage

- Advantage reduced annual health care premiums
  - \$33 million—FY02 – 03 biennium
  - Projected \$23.9 million—FY04 – 05 biennium



## Outcomes of Advantage (cont.)

- Greater employee cost sharing at the point of service
- Providers negotiated lower reimbursement to be available at lower cost levels
  - Significant savings to state and employees
- Continued access to all providers that were previously available
- Increased cost information, cost awareness



**Advantage monthly rates and contributions for CY 2004, 2005**

Employee Contribution	2004	2005
Single	\$0.00	\$0.00
Family	\$93.20	\$107.32
Employer Contribution		
Single	\$320.20	\$368.68
Family	\$528.20	\$608.16
Total Rate		
Single	\$320.20	\$368.68
Family	\$941.60	\$1084.16

**Health Risk Management**

- Integrated behavioral/medical case management care delivery
- Variety of health improvement programs available to members by health plan, at no or low cost
  - 10,000 Steps
  - Do> Campaign
- Other initiatives
  - Flu Shot Campaign

**Health Risk Management (cont.)**

- Implemented 2004
  - Cardiac
  - Asthma
  - Diabetes
  - End Stage Renal Disease
  - Chronic Obstructive Pulmonary Disease
  - 14 Rare, Complex, Chronic Conditions
  - Prenatal Health

**Health Risk Management (cont.)**

- Implemented 2005
  - Acid Reflux Disorders
  - Atrial Fibrillation
  - Depression
  - Fibromyalgia
  - Hepatitis C
  - Inflammatory Bowel Disease
  - Irritable Bowel Syndrome
  - Low Back Pain
  - Osteoarthritis
  - Osteoporosis
  - Ulcer
  - Urinary Incontinence



# Minnesota Advantage Health Plan 2004/2005

2004-2005 Benefit Provision	Cost Level 1 – You Pay	Cost Level 2 – You Pay	Cost Level 3 – You Pay	Cost Level 4 – You Pay
<b>A. Preventive Care Services</b> <ul style="list-style-type: none"> <li>● Routine medical exams, cancer screening</li> <li>● Child health preventive services, routine immunizations</li> <li>● Prenatal and postnatal care and exams</li> <li>● Adult immunizations</li> <li>● Routine eye and hearing exams</li> </ul>	Nothing	Nothing	Nothing	Nothing
<b>B. Annual First Dollar Deductible (single/family)</b>	\$30/60	2004: \$80/160 2005: \$100/200	\$280/560	\$500/1000
<b>C. Office visits for Illness/Injury</b> <ul style="list-style-type: none"> <li>● Outpatient visits in a physician's office</li> <li>● Chiropractic services</li> <li>● Outpatient mental health and chemical dependency</li> </ul>	\$15 copay per visit annual deductible applies	\$20 copay per visit annual deductible applies	\$20 copay per visit annual deductible applies	30% coinsurance annual deductible applies
<b>D. Outpatient Physical, Occupational or Speech Therapy</b>	\$15 copay per visit annual deductible applies	\$20 copay per visit annual deductible applies	\$20 copay per visit annual deductible applies	30% coinsurance annual deductible applies
<b>E. Emergency/Urgent Care (in service area)</b> <ul style="list-style-type: none"> <li>● Urgent care facility</li> <li>● Emergency care received in a hospital emergency room</li> </ul>	\$15 copay \$50 copay annual deductible applies	\$20 copay \$50 copay annual deductible applies	\$20 copay \$50 copay annual deductible applies	30% coinsurance annual deductible applies
<b>F. Inpatient Hospital Copay</b>	\$50 copay annual deductible applies	\$150 copay annual deductible applies	\$400 copay annual deductible applies	30% coinsurance annual deductible applies
<b>Outpatient Surgery Copay</b>	\$25 copay annual deductible applies	\$75 copay annual deductible applies	\$150 copay annual deductible applies	30% coinsurance annual deductible applies
<b>H. Hospice and Skilled Nursing Facility</b>	Nothing	Nothing	Nothing	Nothing
<b>I. Prosthetics, Durable Medical Equipment Diabetic Supplies</b>	20% coinsurance	20% coinsurance	20% coinsurance	30% coinsurance annual deductible applies
<b>J. Lab (including allergy shots), Pathology, and X-ray (not included as part of preventive care and not subject to office visit or facility copayments)</b>	0% coinsurance annual deductible applies	0% coinsurance annual deductible applies	10% coinsurance annual deductible applies	30% coinsurance annual deductible applies
<b>K. Other expenses not covered in A – J above, including but not limited to:</b> <ul style="list-style-type: none"> <li>● Ambulance</li> <li>● Home Health Care</li> <li>● Outpatient Hospital Services (non-surgical) <ul style="list-style-type: none"> <li>● Radiation/chemotherapy</li> <li>● Dialysis</li> <li>● Day treatment for mental health and chemical dependency</li> </ul> </li> <li>● Enhanced radiology services (including CT scans, MRIs)</li> <li>● Other diagnostic or treatment related outpatient services</li> </ul>	0% coinsurance annual deductible applies	0% coinsurance annual deductible applies	10% coinsurance annual deductible applies	30% coinsurance annual deductible applies
<b>L. Prescription Drugs</b> 34-day supply including insulin; 3-cycle supply of oral contraceptives. For brand name drugs, if a generic is available, you pay the copay and the cost difference.	\$15 formulary \$30 nonformulary	\$15 formulary \$30 nonformulary	\$15 formulary \$30 nonformulary	\$15 formulary \$30 nonformulary
<b>M. Maximum Out-of-Pocket Expense for Prescription Drugs (excludes PKU, Infertility, growth hormones) (single/family)</b>	2004: \$600/1200 2005: \$650/1300	2004: \$600/1200 2005: \$650/1300	2004: \$600/1200 2005: \$650/1300	2004: \$600/1200 2005: \$650/1300
<b>N. Maximum Out-of-Pocket Expense (excluding prescription drugs) (single/family)</b>	2004: \$800/1600 2005: \$1000/2000	2004: \$800/1600 2005: \$1000/2000	2004: \$800/1600 2005: \$1000/2000	2004: \$800/1600 2005: \$1000/2000

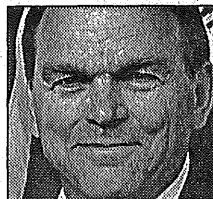
Emergency care or urgent care at a hospital emergency room or urgent care center out of the plan's service area or out of network: the plan covers 80% of the first \$2000 of eligible charges, then 100% per calendar year.

Out-of-Network coverage for members whose permanent residence is outside the State of Minnesota and outside the service areas of the health plans participating in Advantage (this category includes employees temporarily residing outside Minnesota on temporary assignment or paid leave [including sabbatical leaves] and all dependent children, including college students, and spouses living out of area). The members pay a \$350 single or \$700 family deductible and 30% coinsurance to the out-of-pocket maximums described in sections M and N above.

A standard set of benefits is offered in all SEGIP Advantage Plans. There are still some differences from plan to plan in the way that benefits are administered, and in the referral and diagnosis coding patterns of primary care clinics.

# Buying smart is the first step to better Minnesota health care

The health care reform debate has raged in our country for more than a decade. In that time, health care costs have grown dramatically, pricing more and more Americans out of the health care marketplace. For Minnesota, rising health care costs pose a daunting challenge to our quality of life.



**CAL  
LUDEMAN**



**CAROLYN  
PARE**

This challenge is why Gov. Tim Pawlenty and a large group of private sector and public employers joined together to form the Smart Buy Alliance. We cannot afford to sit back and wait for Congress or others to fix the system. We have to take action now.

When people hear the term "purchasing alliance," they likely think our goal is simply to buy things cheaper and save money. The goal of this initiative is not to cut a nickel of cost here and a dime of cost there. It is not about rationing health care. Neither does it have anything to do with government taking over your health care. The Pawlenty administration and alliance members will use the health care purchasing power of nearly 3.5 million Minnesotans to demand common sense change and a major movement towards the efficient, consumer-driven, quality-focused health care system we need.

We will aggressively use massive purchasing power to benefit Minnesota consumers by pursuing four principles:

**1. Rewarding "best in class" health care providers.** There is a misperception that the best quality care costs too much. The opposite is true. A misdiagnosed condition or medical error is always more costly in the long run. It makes a big difference where you go or whom you see to get the best results.

The alliance will be working to help patients identify and choose doctors, hospitals and clinics that have a proven track record for quality

results. The Smart Buy Alliance will build on the experience of several of our members to develop and use programs to identify "best in class" health care providers and to encourage patients to use them.

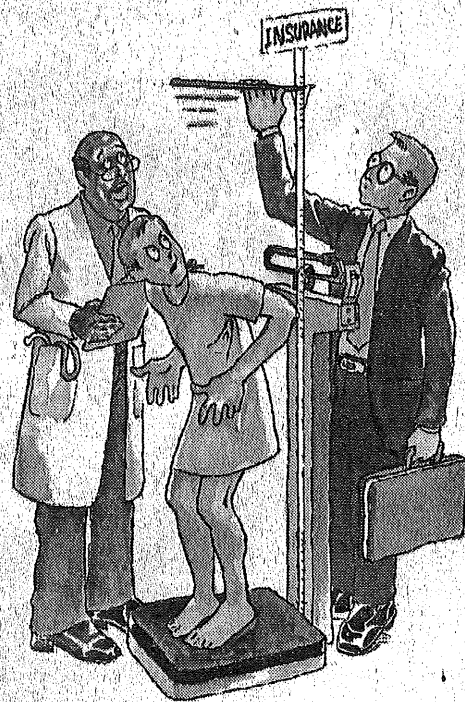
**2. Use of modern information technology.** The U.S. Health and Human Services Department has estimated that we could cut 10 percent of the cost in health care by updating the medical information technology. Insurance cards should enable hospitals and clinics to instantly gain access to a person's insurance coverage and eligibility.

Prescriptions should be entered electronically to reduce errors. And the use of electronic medical records that are secure, owned by the patient and instantly transferable among doctors, clinics and hospitals needs to be expanded. For Minnesota, better technology could save our health care system more than \$2.5 billion a year. The alliance will focus on these issues to get results.

**3. Empowering consumers with easy access to information.** If consumers are going to be able to make wise health care choices, they need easy-to-understand information on provider performance. The alliance will seek more and better information for consumers and health care purchasers. These include programs like the Minnesota Community Measurement Project that reports on how well doctors are doing to provide proven tests and treatments.

Another effort of interest is the Leapfrog Group that rates hospitals on patient safety measures and efforts to reduce medical errors. This type of information is being collected and made available to all Minnesotans through a Web site, [www.minnesotahealthinfo.com](http://www.minnesotahealthinfo.com).

**4. Adopting uniform measures of quality and results.** The process of buying health care coverage for a group of people is an exceptionally difficult task. To make comparing plans easier, the alliance will buy health care by using a common "purchase order" that spells out the type of infor-



JIM ATHERTON, KNIGHT RIDDER TRIBUNE

mation being sought about health plans' outcomes and performance in a number of key areas.

Consumers will benefit from a tool that gathers information from health plans on hundreds of benchmarks so employers and employees can use the information to choose health care that best suit their needs.

Cost and quality are the driving forces behind this transformational effort. Health expenditures have doubled in the last five years and a 2003 report by the Midwest Business Group on Health estimates that more than 30 percent of health care is wasted on misuse, overuse or underuse of services. The Smart Buy Alliance agenda will help ensure that more health care value is received for every health care dollar spent.

The state is the largest purchaser of health care in Minnesota. Combining that purchasing power with the private sector makes the Smart Buy Alliance an important tool. Change won't happen overnight, but it is happening - for the better.

*Ludeman is Minnesota commissioner of employee relations and chairs the Governor's Health Cabinet. Pare is chief executive officer of the Buyers Health Care Action Group.*

**Department of  
Employee Relations (DOER)  
Contingency Reserves**



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**Reserves pay deficits**

1980's deficit in excess of reserves

\$ 6.45 M - GF

+ 8.55 M - NGF

\$ 15 M Total

- In today's dollars this deficit would be much higher!

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**Purpose of the reserve**

1. Covers the cost of claims when revenues fall short
2. Helps hold premiums low and level by moderating premium fluctuations

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**Reserves control premiums**

Without reserves premiums would

- Rise significantly - to cover highest projected claim level
- Fluctuate 5% - 10% annually

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**Reserves pay deficits**

- Premiums are based on a forecast
- 10 Year Experience
  - 7 out of 10 years costs exceeded revenues
  - Reserves were used to cover the losses

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**Effect of the reserve**

- Eliminates the need for premiums to cover unexpected catastrophic claims
- Moderates the yearly highs and lows
- Prevents agencies from large unexpected premium payments

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DOER Department of Employee Relations	<b>Source of the reserves</b>
<ul style="list-style-type: none"> <li>• Interest on premiums</li> <li>• Had General Fund appropriations – but that \$11 M has been paid back</li> </ul>	
7	

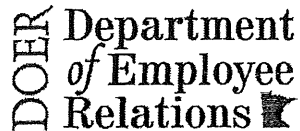
DOER Department of Employee Relations	<b>Current reserve level</b>
<p style="text-align: center;">\$62 M end of FY04 (15.6%)          - 23 M transfer in June 05          + 2 M projected interest income          \$41 M end of FY05 (9.2%)</p>	
10	

DOER Department of Employee Relations	<b>Setting the reserve level</b>
<ul style="list-style-type: none"> <li>• HMO's 8.3% - 25% (at that time)</li> <li>• Other similarly situated state – 16.7% - 33%</li> <li>• Actuaries – 25% -29% of SEGIP's annual expenses</li> <li>• SEGIP's history of expenses versus revenues</li> </ul>	
8	

DOER Department of Employee Relations	<b>Setting the reserve level</b>
<p>Findings</p> <ul style="list-style-type: none"> <li>• 12.5% to 16% of annual costs held in reserve             <ul style="list-style-type: none"> <li>- If program costs are \$445 M</li> <li>- Then \$55.6 M - \$74.3 M in reserve</li> </ul> </li> </ul>	
9	



**Department of  
Employee Relations (DOER)  
Budget Presentation  
for FY06 – 07**



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**Core functions of DOER**

Eliminates need for duplication of services  
in state agencies

- State benefit administrators
- Labor relation services
- Executive branch human resource management

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**State's benefit administrators**

- Provide employee insurance benefits
- Workers' compensation insurance
- Award winning!

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**Labor Relations**

- Negotiate and administer labor contracts and plans
- Guide agency management in relations with labor unions and employees
- Set statewide policy for labor relations and contract interpretation

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**State's human resource system**

- Set personnel policies and procedures for state agencies
- Provide the HR information infrastructure
- Administer state hiring and classification systems

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**Meeting budget challenges**

- Through the creation of new
- Technological innovations
  - Administrative efficiencies

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### Technological innovations

Using technology to improve productivity

- Online pay equity report
- State Employee Express (SEE)
- Onboarding

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### Transformation of EAP

Better use of resources

- Improved delivery of services to Greater Minnesota
- EAP staff provide targeted services

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### Governor's Recommendations

GF base and change items:  
 \$12.376 million  
 - 1.153 million = 9.3%  
**\$11.223 million**

GF open: \$1.027 million

Non GF Statutory: \$1.38 billion

Total Rec: \$1.397 billion

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### Budget change items

- Staff restructuring (\$774,000)
- Online affirmative action and pay equity (\$171,000)
- Health and safety information access – RTK (\$126,000)
- Shared funding for technology (\$82,000)

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### Changes accomplished

By truly doing more with less we are able to:

- Eliminate positions
- Reorganize internal services to meet department needs
- Increase productivity through technology

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### DOER's Budget

Divided into two programs

- Human Resource Management
- Employee Insurance Division

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### Human Resource Management Program

Provides

- Centralized personnel services for the executive branch
- Administrative services internal to DOER

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### Human Resource Management Program

Budget activities

- Administration
- Labor Relations
- Agency and Applicant Services
- Human Resource Technology and Analytics

61.5 FTE (FY06)

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### Human Resource Management Program

- General fund appropriation of \$11.223 million
- Reduction of \$1.027 million
- Special revenue funds of \$2.179 million

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### Administration Activity

- Technical support for statewide systems
- Internal support activities
- Administration of Combined Charities and Vacation Donation

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### Administration Activity

Dollars in Thousands	Governor's Recomm.		Biennium 2006-07
	FY2006	FY2007	
<i>Expenditures by Fund</i>			
Direct Appropriations			
General	2,934	2,728	5,662
Statutory Appropriations			
Special Revenue	931	931	1,862
<b>Total</b>	<b>3,865</b>	<b>3,659</b>	<b>7,524</b>

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\* Includes a biennial general fund reduction of 596,000

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### Labor Relations Activity

- Negotiates and administers 8 labor agreements
- Oversees and administers 2 plans
- Training and arbitration services
- Administers the pay equity program
- Reviews local compensation waivers

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### Labor Relations Activity

Dollars in Thousands	Governor's Recomm.		Biennium 2006-07
	FY2006	FY2007	
<b>Expenditures by Fund</b>			
Direct Appropriations			
General	908	943	1,851
Statutory Appropriations			
Special Revenue	156	161	317
<b>Total</b>	<b>1,064</b>	<b>1,104</b>	<b>2,168</b>

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### Agency and Applicant Services Activity

- Sets personnel policies and procedures
- Provides services to applicants for employment
- Supports state diversity, equal employment opportunity and affirmative action

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### Agency and Applicant Services Activity

Dollars in Thousands	Governor's Recomm.		Biennium 2006-07
	FY2006	FY2007	
<b>Expenditures by Fund</b>			
Direct Appropriations			
General	1,288	1,331	2,619
Statutory Appropriations			
Special Revenue	0	0	0
<b>Total</b>	<b>1,288</b>	<b>1,331</b>	<b>2,619</b>

• Includes a biennial general fund reduction of 431,000

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### HR Technology and Analytics Activity

- Identify and develop new and enhance existing HR technology
  - SEMA4
  - Resumix
  - Onboarding
- Maintain and analyze workforce data

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### HR Technology and Analytics Activity

Dollars in Thousands	Governor's Recomm.		Biennium 2006-07
	FY2006	FY2007	
<b>Expenditures by Fund</b>			
Direct Appropriations			
General	537	554	1,091
Statutory Appropriations			
Special Revenue	0	0	0
<b>Total</b>	<b>537</b>	<b>554</b>	<b>1,091</b>

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### Employee Insurance Division Program

- Administers employee insurance benefits for eligible state employees, retirees and dependents
- Administers a benefit program for local units of government
- 81.1 FTE (FY06)

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### Employee Insurance Division Program

Budget activities

- Employees Insurance Administration
- Public Employees Insurance Program (PEIP)
- Workers' Compensation
- Insurance Division Non-operating

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### Employee Insurance Division Program

GF open appropriation of \$1.027 million

- Pays the premium to the Workers' Compensation Reinsurance Association (WCRA)
- Legislatively required
- Funding covers all three branches of state government

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### Employee Insurance Division Program

Statutory appropriations

- State Employee Insurance - \$1.3 B
- Miscellaneous Agency - \$36.9 M
- Special Revenue - \$49.4 M

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### Employee Insurance Administration Activity

Administers insurance benefits

- 120,000 covered lives
- All three branches of state government
- Benefits include
  - Health
  - Short and long term disability
  - Dental
  - Long Term Care
  - Life
  - Pre-tax benefits

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### Employee Insurance Administration Activity

Dollars in Thousands	Governor's Recomm.		Biennium 2006-07
	FY2006	FY2007	
<b>Expenditures by Fund</b>			
Statutory Appropriations			
Special Revenue	1,348	1,626	2,974
State Employees Insurance	7,751	8,393	16,144
<b>Total</b>	<b>9,099</b>	<b>10,019</b>	<b>19,118</b>
<b>Expenditures by Category</b>			
Total Compensation	3,071	3,185	6,256
Other Operating Expenses	6,028	6,834	12,862
<b>Total</b>	<b>9,099</b>	<b>10,019</b>	<b>19,118</b>

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**DOER Department of Employee Relations**

### Public Employee Insurance Program (PEIP) Activity

Manages benefits program for local units of government

- Benefits include health, dental and life insurance
- Serves 123 public employers
- Covers 7,800 lives

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### Public Employee Insurance Program (PEIP) Activity

<i>Dollars in Thousands</i>	Governor's Recomm.		Biennium 2006-07
	FY2006	FY2007	
<b>Expenditures by Fund</b>			
Statutory Appropriations			
State Employees Insurance	23,525	23,535	47,060
<b>Total</b>	<b>23,525</b>	<b>23,535</b>	<b>47,060</b>
<b>Expenditures by Category</b>			
Total Compensation	260	270	530
Other Operating Expenses	23,265	23,265	46,530
<b>Total</b>	<b>23,525</b>	<b>23,535</b>	<b>47,060</b>

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**DOER Department of Employee Relations**

### Workers' Compensation Activity

- Serves 56,000 employees in all three branches
- Four areas of service
  - Claims management
  - Legal services
  - Disability management
  - Safety and industrial hygiene

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**DOER Department of Employee Relations**

### Workers' Compensation Activity

<i>Dollars in Thousands</i>	Governor's Recomm.		Biennium 2006-07
	FY2006	FY2007	
<b>Expenditures by Fund</b>			
Direct Appropriations			
General	0	0	0
Statutory Appropriations			
Special Revenue	3,348	3,451	6,799
<b>Total</b>	<b>3,348</b>	<b>3,451</b>	<b>6,799</b>
<b>Expenditures by Category</b>			
Total Compensation	2,360	2,449	4,819
Other Operating Expenses	988	982	1,980
<b>Total</b>	<b>3,348</b>	<b>3,451</b>	<b>6,799</b>

• Includes a biennial general fund reduction of 126,000

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**DOER Department of Employee Relations**

### Insurance Division Non-operating Activity

Pass through dollars includes

- Premiums paid by agencies and employees
- WCRA premium

Ongoing activities with dollars carried over from year to year

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**DOER Department of Employee Relations**

### Insurance Division Non-operating Activity

<i>Dollars in Thousands</i>	Governor's Recomm.		Biennium 2006-07
	FY2006	FY2007	
<b>Expenditures by Fund</b>			
Direct Appropriations			
General	506	521	1,027
Statutory Appropriations			
Special Revenue	19,344	20,306	39,650
State Employees Insurance	575,641	657,638	1,233,179
Miscellaneous Agency	18,044	18,947	36,991
<b>Total</b>	<b>613,435</b>	<b>697,412</b>	<b>1,310,847</b>

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