

## Capital and Risk Management – Large Claim Component

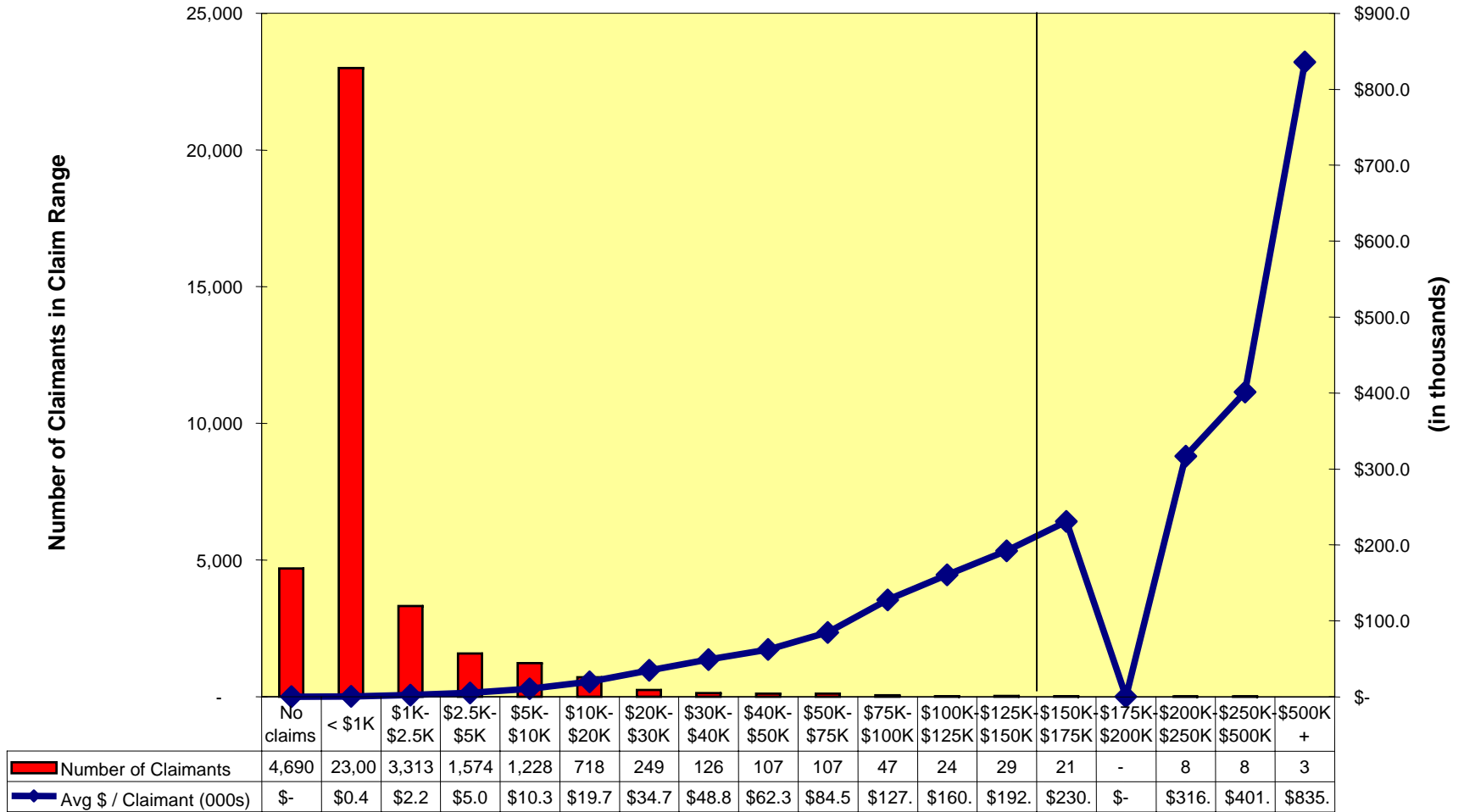
### 2002-05 Medical Paid Claim Subset Projected to 2006-07 Statewide K-12 Medical and Rx Paid Claims

- 1% of Members Generate 40% of Claims
- 10% of Members Generate 80% of Claims
- 0.1% of Members [claims exceed \$150,000 in a year] Generate 10.4% of Claims
- 369 Members Generate \$42,897,000 in Claims
- 3,455 Members Generate \$87,378,000 in Claims
- 33 Members [claims exceed \$150,000 in a year] Generate \$11,271,000 in Claims

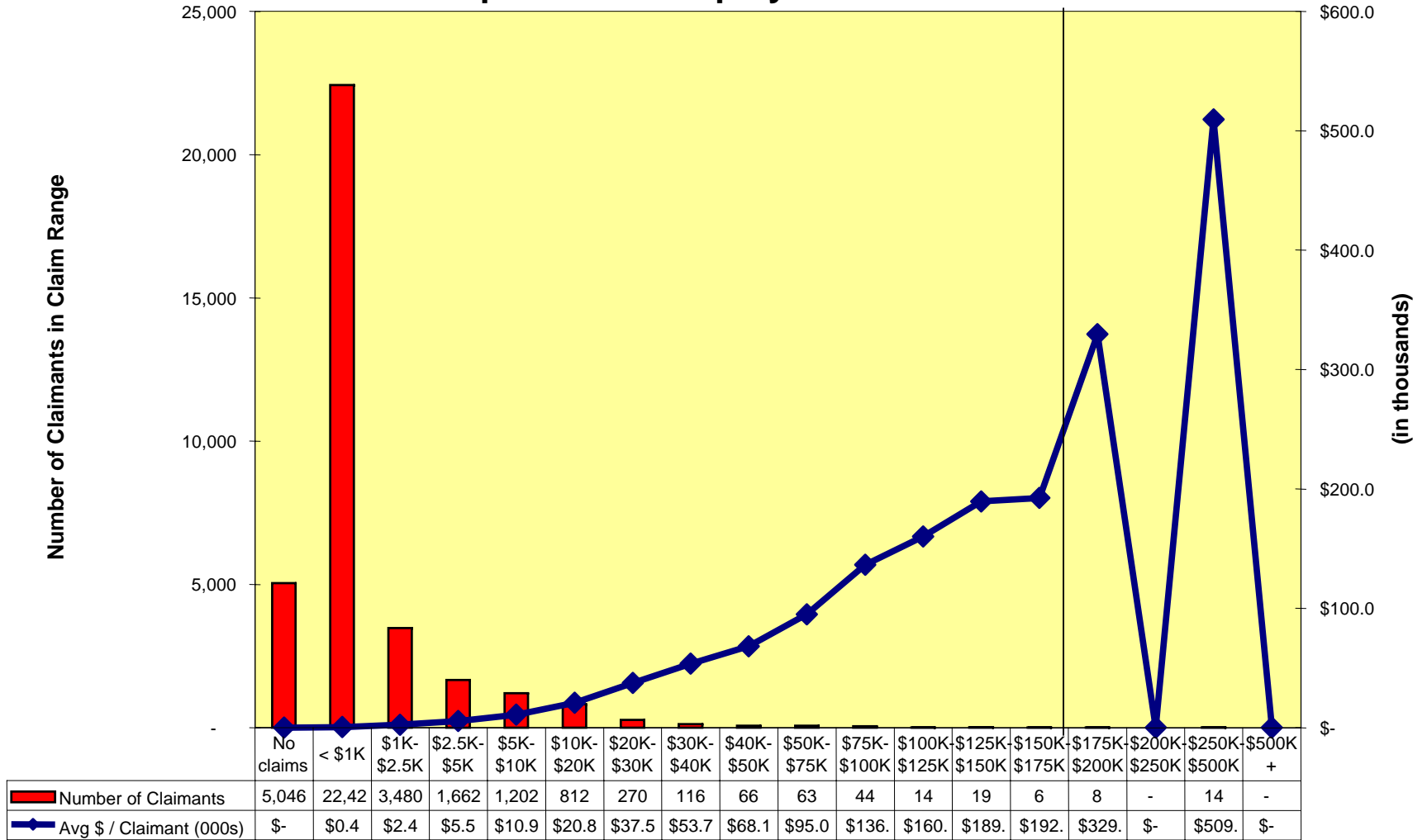
Note on District size notation:

- Small = less than 50 lives enrolled
- Medium = 300-400 lives enrolled
- Large = 750+ lives enrolled

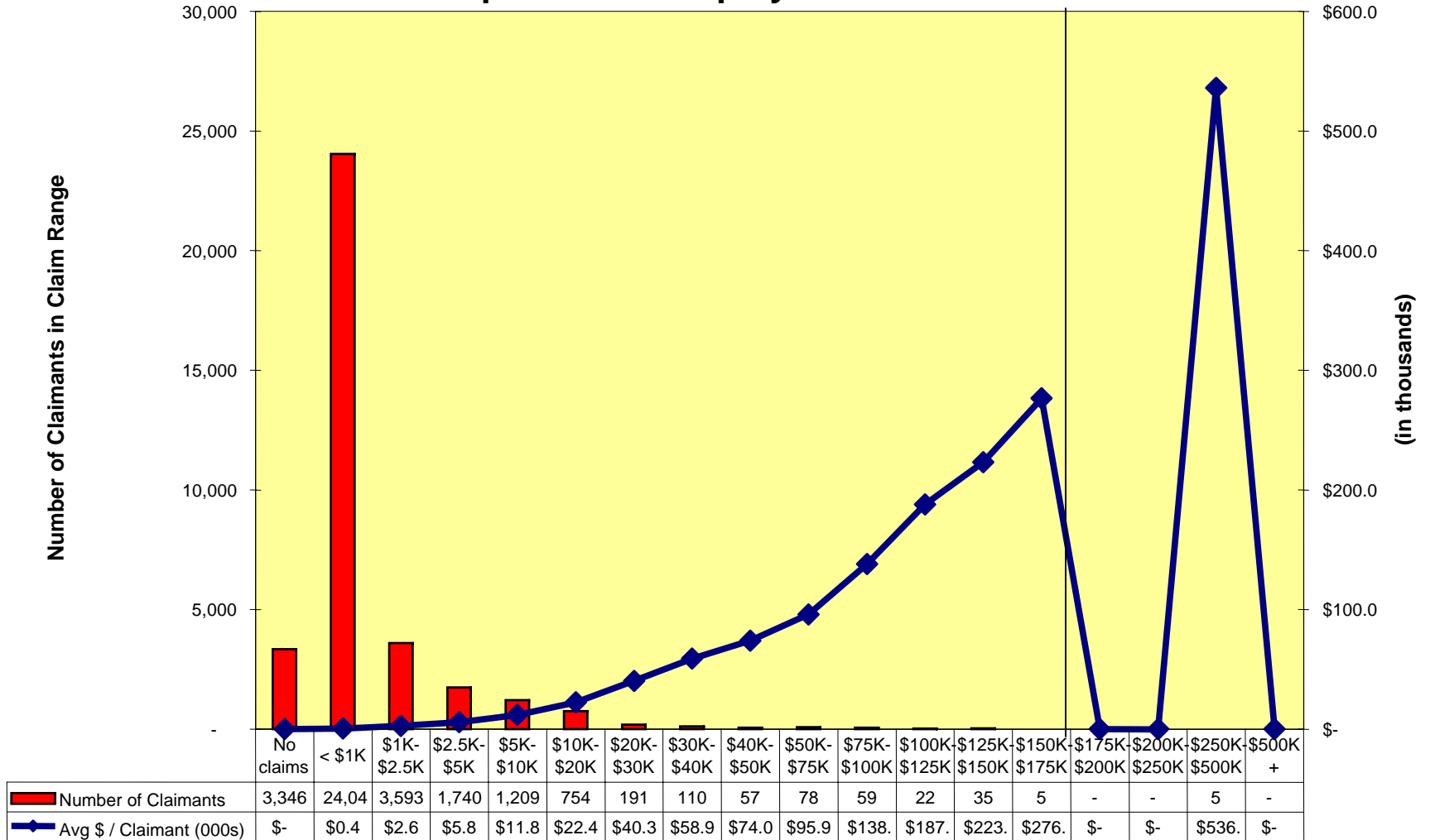
**Capital and Risk Management - Large Claim Component  
 2004-05 Montana K-12 Estimate [35,250 lives] Projected to 2006-07:  
 Claims Paid per Active Employee/COBRA Claimant**



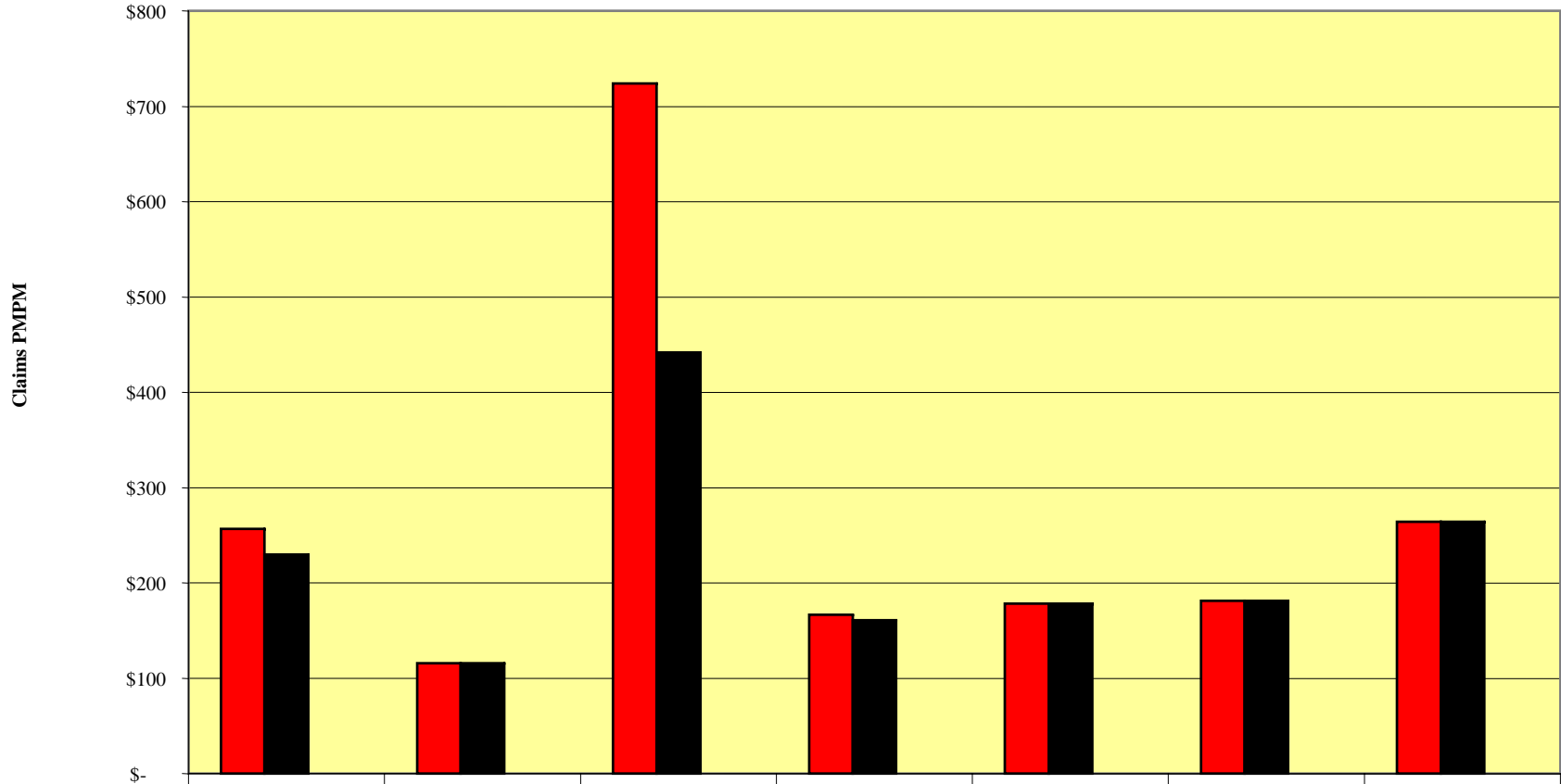
## Capital and Risk Management - Large Claim Component 2003-04 Montana K-12 Estimate [35,250 lives] Projected to 2006-07: Claims Paid per Active Employee/COBRA Claimant



**Capital and Risk Management - Large Claim Component**  
**2002-03 Montana K-12 Estimate [35,250 lives] Projected to 2006-07:**  
**Claims Paid per Active Employee/COBRA Claimant**

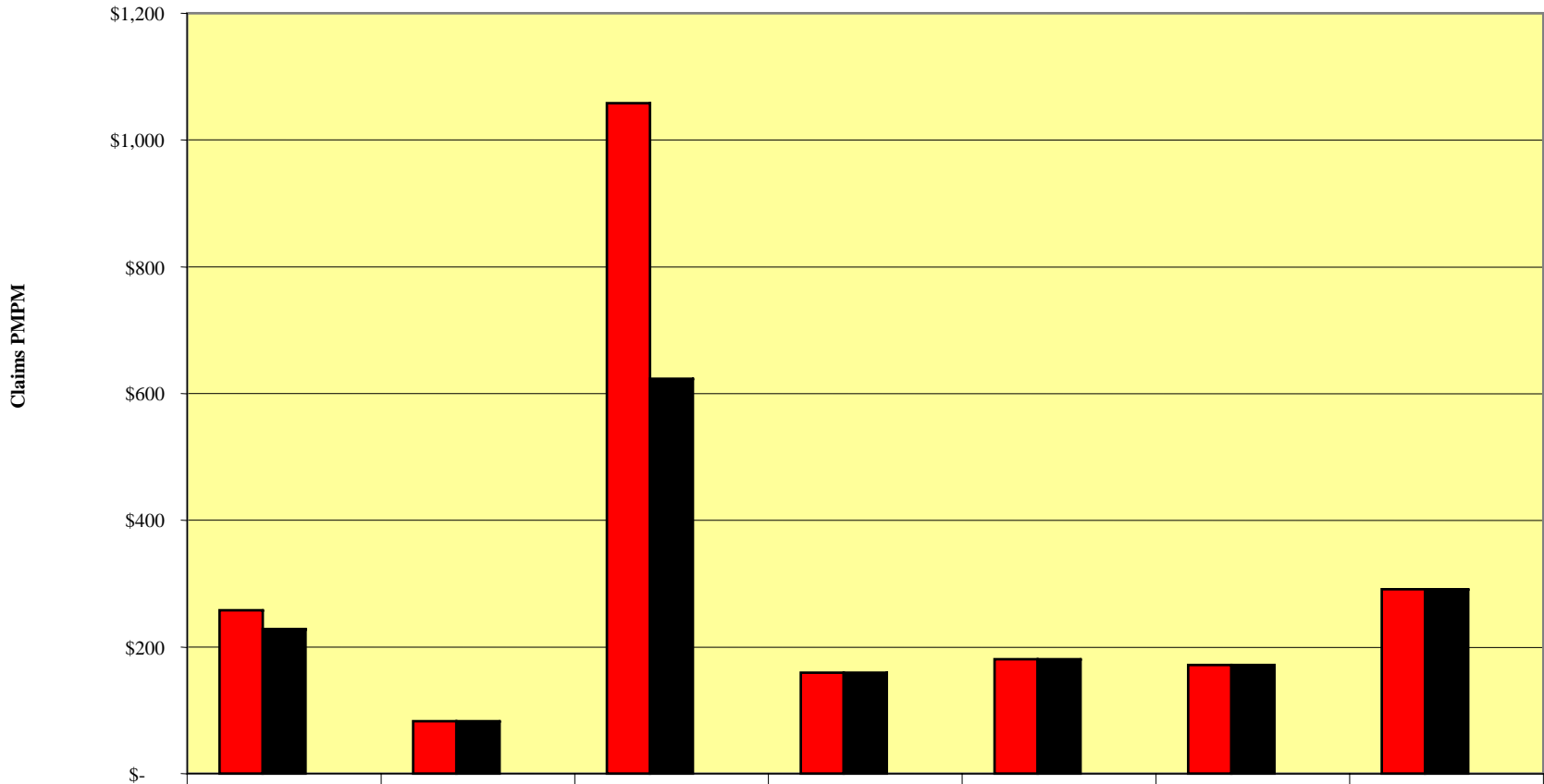


**Capital and Risk Management - Large Claim Component**  
**2006-07 MT K-12 Claims per Active/COBRA Member per Month**  
**Base = Weighted Average Projection fom 2002-05**  
**Adjusted = Claims <\$150K / Claimant**



	MT K-12 [35,250 lives]	District A [small]	District B [small]	District C [large]	District D [medium]	District E [medium]	District F [medium]
■ 2006-07 Base	\$257	\$116	\$724	\$167	\$178	\$181	\$264
■ 2006-2007 Adj.	\$230	\$116	\$442	\$161	\$178	\$181	\$264
□ Claim Cost Reduction	-10.4%	0.0%	-39.0%	-3.5%	0.0%	0.0%	0.0%

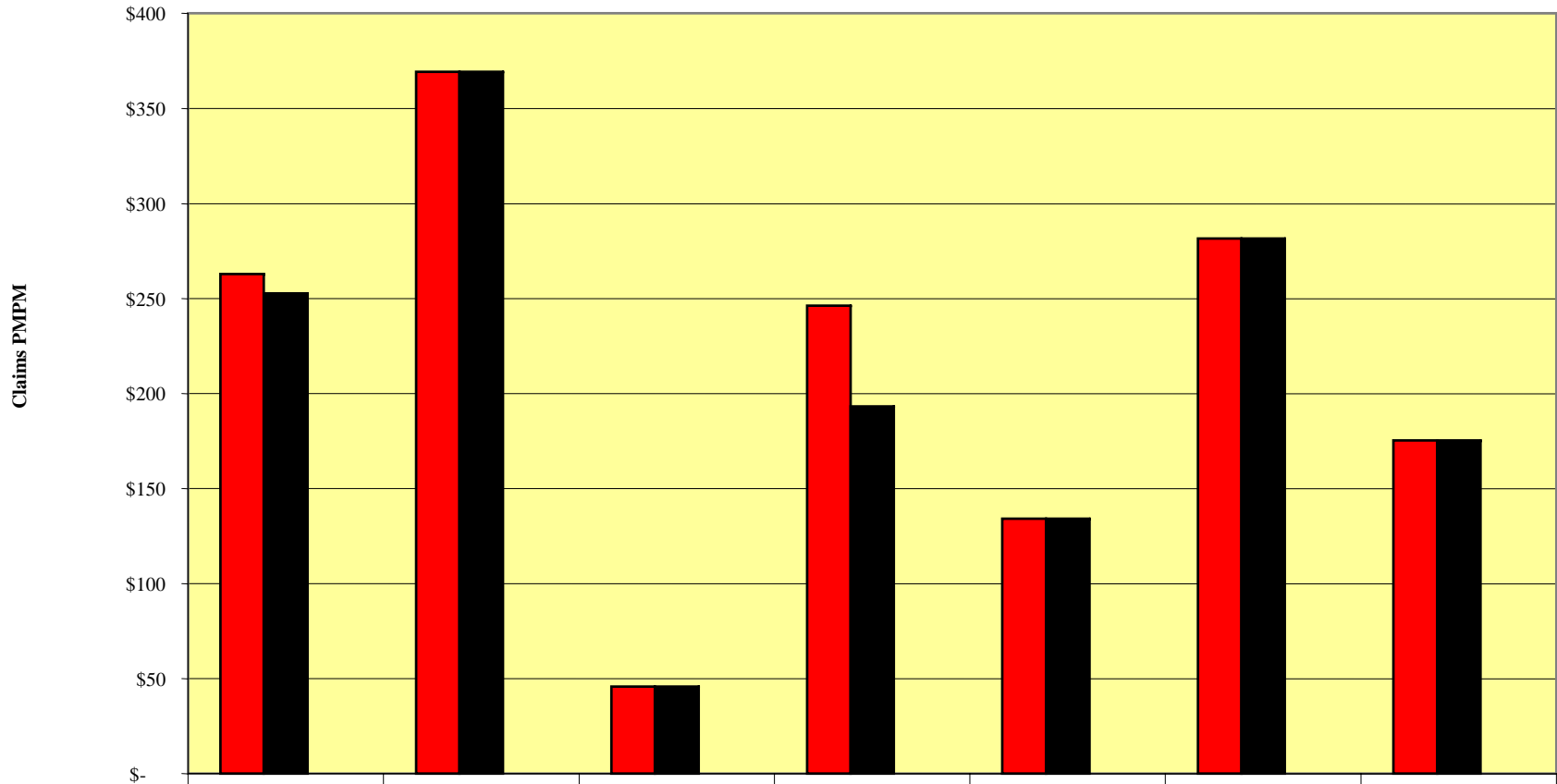
**Capital and Risk Management - Large Claim Component**  
**2006-07 MT K-12 Claims per Active/COBRA Member per Month**  
 Base = Projection fom 2004-05  
 Adjusted = Claims <\$150K / Claimant



■ 2004-05 Base	\$258	\$83	\$1,058	\$159	\$181	\$172	\$291
■ 2004-2005 Adj.	\$228	\$83	\$623	\$159	\$181	\$172	\$291
□ Claim Cost Reduction	-11.6%	0.0%	-41.1%	0.0%	0.0%	0.0%	0.0%



**Capital and Risk Management - Large Claim Component**  
**2006-07 MT K-12 Claims per Active/COBRA Member per Month**  
 Base = Projection fom 2002-03  
 Adjusted = Claims <\$150K / Claimant



	MT K-12 [35,250 lives]	District A [small]	District B [small]	District C [large]	District D [medium]	District E [medium]	District F [medium]
■ 2002-03 Base	\$263	\$369	\$46	\$246	\$134	\$282	\$175
■ 2002-2003 Adj.	\$253	\$369	\$46	\$193	\$134	\$282	\$175
□ Claim Cost Reduction	-3.9%	0.0%	0.0%	-21.5%	0.0%	0.0%	0.0%