

Total Department Of Administration Funding by Source of Authority
2015 Biennium Budget

Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$12,600,112	\$0	\$75,058,880	\$87,658,992	10.8%
State Special Total	\$12,118,072	\$0	\$50,329,752	\$62,447,824	7.7%
02030 Arch & Engin Construction	3,700,954	-	-	3,700,954	0.5%
02077 Financial Institutions Div	7,526,996	-	-	7,526,996	0.9%
02098 Insurance Proceeds - State Bld	-	-	900,000	900,000	0.1%
02105 Basic 9-1-1 Emrgncy Phone Prog	-	-	6,572,348	6,572,348	0.8%
02211 Procurement Special Revenue	123,803	-	-	123,803	0.0%
02397 Enhanced 9-1-1 Emerg Tel Pgm	-	-	6,559,230	6,559,230	0.8%
02594 Basic 911 Emerg Phone Program	766,319	-	-	766,319	0.1%
02858 Mineral Impact	-	-	21,978,022	21,978,022	2.7%
02993 Wireless 911	-	-	6,582,980	6,582,980	0.8%
02994 Wireless 911 Providers	-	-	7,737,172	7,737,172	1.0%
Federal Special Total	\$35,030	\$0	\$41,214,186	\$41,249,216	5.1%
03095 Taylor Grazing Act Dist.	-	-	240,712	240,712	0.0%
03320 Cmia Funds	2,132	-	-	2,132	0.0%
03369 Flood Control Payments	32,898	-	-	32,898	0.0%
03425 Forest Reserve Shared Revenue	-	-	40,973,474	40,973,474	5.1%
Proprietary Total	\$15,924,839	\$537,880,538	\$63,522,458	\$617,327,835	76.3%
06001 State Lottery Fund	15,814,711	-	63,522,458	79,337,169	9.8%
06027 Flexible Spending Funds	-	14,523,400	-	14,523,400	1.8%
06042 Single Audit Review - Hb328	-	821,972	-	821,972	0.1%
06066 Surplus Property	-	1,099,621	-	1,099,621	0.1%
06511 Sabhrs Services Bureau	-	7,756,021	-	7,756,021	1.0%
06522 Isd Proprietary	-	75,905,664	-	75,905,664	9.4%
06525 Intergovernmental Training	-	1,002,928	-	1,002,928	0.1%
06527 Investment Division	110,128	-	-	110,128	0.0%
06528 Rent And Maintenance	-	18,195,162	-	18,195,162	2.2%
06530 Print & Mail Services	-	21,786,748	-	21,786,748	2.7%
06531 Central Stores	-	143,244	-	143,244	0.0%
06532 Agency Insurance Int. Svc.	-	25,711,794	-	25,711,794	3.2%
06534 Management Services	-	3,353,667	-	3,353,667	0.4%
06559 Group Benefits Claims A/c	-	358,996,567	-	358,996,567	44.3%
06563 Payroll Fund	-	6,531,143	-	6,531,143	0.8%
06564 Warrant Writing	-	1,506,849	-	1,506,849	0.2%
06575 Workers' Comp Management Progra	-	545,758	-	545,758	0.1%
Other Total	\$0	\$0	\$779,052	\$779,052	0.1%
05008 Capitol Building Sr	-	-	779,052	779,052	0.1%
Total All Funds	\$40,678,053	\$537,880,538	\$230,904,328	\$809,462,919	100.0%

5% Base Budget Reduction Form

[17-7-111-3\(f\)](#)

AGENCY CODE & NAME: 61010 Administration

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 262,562	\$ 189,567
SERVICE(S) TO BE ELIMINATED OR REDUCED		General Fund Annual Savings	State Special Revenue Annual Savings
1	06 GSD	\$ 97,497	
2	03 SAD	\$ 67,428	
3	07 ITSD		\$ 23,312
4	07 ITSD	\$ 24,933	
5	23 SHRD	\$ 72,704	
6	14 BFID		\$ 166,255
7			
8			
9			
10			
TOTAL SAVINGS		\$ 262,562	\$ 189,567
DIFFERENCE			0 0

5% Base Budget Reduction Form

**AGENCY CODE & NAME: 6101 Department of Administration
Program 6 - General Services Division**

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

The Facilities Management Bureau receives a general fund appropriation in lieu of rent for common space in the Capitol, the Executive Residence, the display portion of the Montana Historical Society and the Old Governor's Mansion. The bureau uses general fund to supplement rent charge to agencies to fund our major maintenance projects in the capitol complex.

#2 THE SAVINGS THAT ARE EXPECTED:

The 5% reduction amounts to \$97,497.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Either we reduce major maintenance projects or state agencies will see their rental rate charge increase by approximately \$0.083 per square foot.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

If the bureau doesn't charge the additional \$0.083 per square foot in the rental rate, this will reduce funds available to do major maintenance projects. Any reduction in funding will result in projects being eliminated or delayed.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes. 2-17-811, MCA

5% Base Budget Reduction Form

**AGENCY CODE & NAME: 6101 Department of Administration
Program 3 - State Accounting Division**

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Move one of the Local Government Systems supervisory positions to the Local Government Services Proprietary Fund

#2 THE SAVINGS THAT ARE EXPECTED:

Personal services of \$67,428, FY 2014 and \$67,327, FY 2015

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

This will increase costs to the Enterprise Fund and eventually could lead to an increase in the local government report filing fees providing the funding.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Eventually passing the increased proprietary fund costs on to the local governments as increased filing fees.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

A service would not be discontinued as a result of this funding change.

5% Base Budget Reduction Form

**AGENCY CODE & NAME: 6101 Department of Administration
Program 7 - ITSD**

- #1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**
The 911 program was charged \$29,552 for Web Development from SITSD. Since the application is up and running now, the projected spend on this service will be significantly reduced in the 2015 biennium.
- #2 THE SAVINGS THAT ARE EXPECTED:**
Expected savings is estimated to be \$23,312.
- #3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**
There would be no consequences or impacts of the proposed reduction.
- #4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**
Not applicable.
- #5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

5% Base Budget Reduction Form

**AGENCY CODE & NAME: 6101 Department of Administration
Program 7 - ITSD**

- #1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**
The Public Safety Services Office would have to at a minimum reduce their permanent FTE by 0.44 FTE that is assigned to the Frequency Coordination.
- #2 THE SAVINGS THAT ARE EXPECTED:**
If the PSSO were to reduce by 0.44 FTE, the expected savings would be estimated at \$24,933
- #3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**
The Public Safety Services Bureau (PSSB) is responsible for managing radio and mutual aid frequencies, including state-held frequency licenses and the application and permitting of public safety radio mutual aid frequencies. PSSB serves as a liaison with the Federal Communications Commission (FCC), the Association of Public-Safety Communications Officials (APCO), and tribal, state and local users of public safety radio. Consequences of the budget reduction and subsequent FTE reduction would reduce the amount and timeliness of the radio frequency services that the PSSB provides.
- #4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**
Cuurently the PSSB has not identified any other alternatives than what is proposed.
- #5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

Radio frequency coordination is required by statute and the Department of Administration is the designated agency in statute (MCA 2-17-541 et. seq.)

5% Base Budget Reduction Form

**AGENCY CODE & NAME: 6101 Department of Administration
Program 23 - State Human Resources Division**

- #1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**
Permanently remove 1.00 FTE, Sr. HR Generalist position
- #2 THE SAVINGS THAT ARE EXPECTED:**
A savings of \$72,704 in general fund (\$72,704 - Personal Services savings)
- #3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**
Division will continue to prioritize work assignments, manage increased workloads, and complete tasks behind optimal deadlines. In addition, some work in support of agencies will be turned away such as classifications, assistance with recruitments, training, and program development.
- #4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**
It cannot be mitigated.
- #5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**

5% Base Budget Reduction Form

**AGENCY CODE & NAME: 6101 Department of Administration
Program 14 - Division of Banking & Financial Institutions**

- #1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**
Reduce Personal Services by \$84,583 and eliminate \$81,672 from the operating budget.
- #2 THE SAVINGS THAT ARE EXPECTED:**
\$166,255
- #3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**

Loss of personal services funding would create an extreme hardship on the Division which is already struggling to maintain an acceptable number of trained examination staff. Failure to have enough trained and qualified examiners could result in loss of accreditation and an inability to examine all state-chartered banks and financial institutions on the statutorily required basis. Trained bank examiners are commonly lured away by higher paying federal regulatory agencies and private lending institutions. Bank examinations are critical to maintaining the safety and soundness of Montana's financial institutions. Without adequate supervision, constituents could experience increased risk at local lending institutions and changes in local bank services. The loss of this funding would also create a greater strain on remaining examination staff resulting in increased overtime and travel which would result in higher fees charged to licensees and leads to greater turnover due to burnout in experienced examiners.

Reduction in operating expenses will have the greatest impact on examiner travel in mortgage supervision. Reduction in this area would severely impact the Division's ability to conduct examinations of Montana's licensed institutions that are located out-of-state, preventing Montana borrowers from having the protection of state regulatory examiners reviewing Montana loans for compliance with Montana's laws.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

There are no mitigation options that can compensate for the loss of a trained bank examiner. The Division is currently working on an electronic examination format that will reduce the number of examiners that are required to be onsite during an examination. This process will be implemented during FY2013 and will hopefully result in increased savings. However, due to the transition period, the associated savings will not be instantaneous.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes - 32-1-211 MCA

5% Base Budget Reduction Form

AGENCY CODE & NAME:

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

#2 THE SAVINGS THAT ARE EXPECTED:

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

5% Base Budget Reduction Form

AGENCY CODE & NAME: 6101 Department of Administration

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR *ELIMINATION* **OR** *REDUCTION*:

#2 THE SAVINGS THAT ARE EXPECTED:

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED *ELIMINATION* **OR** *REDUCTION*:

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

5% Base Budget Reduction Form

AGENCY CODE & NAME: 6101 Department of Administration

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR *ELIMINATION* **OR** *REDUCTION*:

#2 THE SAVINGS THAT ARE EXPECTED:

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED *ELIMINATION* **OR** *REDUCTION*:

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

5% Base Budget Reduction Form

AGENCY CODE & NAME:

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR *ELIMINATION* OR *REDUCTION*:

#2 THE SAVINGS THAT ARE EXPECTED:

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED *ELIMINATION* OR *REDUCTION*:

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Department of Administration Goals and Objectives

2015 Biennium

Department Goals:

Goal 1: Advance the department's mission, vision, and values by providing excellent, timely, and cost-effective customer service.

Objectives:

- Challenge the status quo by embracing and initiating beneficial changes that result in continuous improvement in service delivery and customer satisfaction.
- Improve communication and collaboration with customers and among DOA divisions to build and support relationships.
- Provide transparency and information security in program operations.
- Promote a culture of openness, trust, diversity, and equality.
- Promote efficient use of department resources by expanding energy conservation measures and use of existing technology.

Goal 2: Create and maintain a highly qualified, professional, diverse, and responsive workforce that accurately reflects the labor force in Montana and supports the department's mission, vision, and values.

Objectives:

- Provide employees with a work environment where teamwork is paramount, ideas are rewarded, creativity and risk-taking are encouraged, and successes are celebrated.
- Encourage managers to be mentors and leadership role models to their staff.
- Promote professional growth and development opportunities through an improved employee recruitment, selection, retention and training process as outlined in the department's Workforce Development Plan.
- Assess job performance based on meaningful standards and measures.
- Create an atmosphere of openness, trust, and support so employees can readily admit mistakes, assume responsibility, and apply resources to fix problems.
- Promote work life balance.

Goal 3: Promote a safe and healthy work environment for employees to experience job satisfaction in their achievements and contributions to the agency's mission and vision.

Objectives:

- Provide ongoing safety training.
- Report accidents/incidents in an accurate and timely manner.
- Increase employees' awareness and understanding of their individual safety responsibilities.
- Reduce costs associated with accidents by maintaining an active safety program that promotes a safe and healthy work environment, and is committed to bringing injured employees back to work as quickly as possible following an injury or occupational disease.

Specific goals and objectives of the DOA divisions:

- Architecture and Engineering
- Banking and Financial Services
- Director's Office
- General Services
- Health Care and Benefits
- Risk Management and Tort Defense
- State Accounting
- State Human Resources
- State Information Technology Services

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06042	Single Audit Review	61010	Administration	State Accounting Division

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Audit Review Roster Fees	5,500	5,300	5,200	1,000	22,500	22,500
Revenue from Annual Report Filing Fees	350,815	357,760	364,340	355,800	370,600	370,600
Net Fee Revenue	356,315	363,060	369,540	356,800	393,100	393,100
Other Operating Revenues	6	-	15,374	-	-	-
Total Operating Revenue	356,321	363,060	384,914	356,800	393,100	393,100
Operating Expenses:						
Personal Services	219,274	307,584	295,709	291,286	315,981	315,780
Other Operating Expenses	83,836	78,094	86,762	89,310	95,280	94,931
Total Operating Expenses	303,110	385,678	382,471	380,596	411,261	410,711
Operating Income (Loss)	53,211	(22,618)	2,443	(23,796)	(18,161)	(17,611)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	53,211	(22,618)	2,443	(23,796)	(18,161)	(17,611)
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	53,211	(22,618)	2,443	(23,796)	(18,161)	(17,611)
Total Net Assets- July 1 - As Restated	306,246	359,457	336,839	339,282	315,486	297,325
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	306,246	359,457	336,839	339,282	315,486	297,325
Net Assets- June 30	359,457	336,839	339,282	315,486	297,325	279,714
60 days of expenses (Total Operating Expenses divided by 6)	50,518	64,280	63,745	63,433	68,544	68,452

Requested Rates for Enterprise Funds

Fee/Rate Information

	Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15	Authority
Variable fee, as follows:							
Major Fee: Local Government Report Filing Fee:							Variable fee,
Annual revenues less than \$200,000	\$0	\$0	\$0	\$0	\$0	\$0	2-7-514, MCA & ARMI 2.4.402
Annual revenues equal to or greater than \$200,000, but less than \$500,000	\$0	\$0	\$0	\$0	\$0	\$0	
Annual revenues equal to or greater than \$500,000, but less than \$1,000,000	\$435	\$435	\$435	\$435	\$435	\$435	
Annual revenues equal to or greater than \$1,000,000, but less than \$1,500,000	\$635	\$635	\$635	\$635	\$635	\$635	
Annual revenues equal to or greater than \$1,500,000, but less than \$2,500,000	\$760	\$760	\$760	\$760	\$760	\$760	
Annual revenues equal to or greater than \$2,500,000, but less than \$5,000,000	\$845	\$845	\$845	\$845	\$845	\$845	
Annual revenues equal to or greater than \$5,000,000, but less than \$10,000,000	\$890	\$890	\$890	\$890	\$890	\$890	
Annual revenues are equal to or greater than \$10,000,000, but less than \$50,000,000	\$965	\$965	\$965	\$965	\$965	\$965	
Annual revenues are equal to or greater than \$50,000,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
Minor Fee: Auditor Roster Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	2-7-506, MCA & ARMI
Annual Fee	\$100	\$100	\$100	\$100	\$100	\$100	

	Actual FY10	Actual FY11	Actual FY12	Estimated FY13	Estimated FY14	Estimated FY15
Working Capital (November)	227,356	351,516	366,738	342,942	324,781	307,170

Note: Because of the timing of revenue collections, the low point on working capital for this fund is in November of each year.

*Note: This analysis does not include OPEB expenses.

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06066	Fund Name Surplus Property	Agency # 6101	Agency Name Department of Administration	Program Name General Services
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
State Surplus Property Handling Fee	647,935	463,504	365,079	451,050	402,225	414,043
Federal Surplus Property Handling Fee	14,452	12,522	11,004	13,950	12,350	12,970
Misc. Revenue	-	-	-	-	-	-
Net Fee Revenue	662,387	476,026	376,083	465,000	414,575	427,013
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	662,387	476,026	376,083	465,000	414,575	427,013
Operating Expenses:						
Personal Services	246,548	245,856	245,875	245,143	407,344	407,504
Other Operating Expenses	344,728	690,349	360,541	125,343	142,424	142,349
Total Operating Expenses	591,276	936,205	606,416	370,486	549,768	549,853
Operating Income (Loss)	71,111	(460,179)	(230,333)	94,514	(135,193)	(122,840)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	(3,757)	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(3,757)	-	-	-	-	-
Income (Loss) Before Operating Transfers	67,354	(460,179)	(230,333)	94,514	(135,193)	(122,840)
Contributed Capital*	408,464	281,468	390,777	465,000	465,000	465,000
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	475,818	(178,711)	160,443	559,514	329,807	342,160
Total Net Assets- July 1 - As Restated	6,735	482,553	303,842	464,285	1,023,799	1,353,606
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	6,735	482,553	303,842	464,285	1,023,799	1,353,606
Net Assets- June 30	482,553	303,842	464,285	1,023,799	1,353,606	1,695,766
60 days of expenses (Total Operating Expenses divided by 6)	98,546	156,034	101,069	61,748	91,628	91,642

The State Surplus handling fees are: If property is sold for less than \$500, the program retains the proceeds. The program retains \$500 plus 3% and unusual expenses for property sold for more than \$500. The Federal Surplus Property program fees are an allocation of freight expense and 14% of acquisition cost. This is included in the Federal Plan of Operation, which has been approved by the Federal General Services Administration.

*Inventory adjustment is a non-budgeted, non-cash expenditure. Contributed Capital is a non-budgeted, non-cash revenue.

**This analysis does not include OPEB expenses.

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name				
06511	SABHRS	6101	Administration	State Accounting Division				
			Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:								
Fee revenue								
SABHRS Services								
	Net Fee Revenue		4,157,446	4,158,942	2,961,333	3,554,526	3,388,062	3,731,090
Premiums								
	Other Operating Revenues		24	1,837	-	-	-	-
Total Operating Revenue			4,157,470	4,160,779	2,961,333	3,554,526	3,388,062	3,731,090
Operating Expenses:								
Personal Services								
	Other Operating Expenses*		3,013,017	2,687,397	2,111,626	2,473,100	2,546,291	2,471,451
Total Operating Expenses			4,421,895	3,441,025	3,102,536	3,839,574	3,915,087	3,840,934
Operating Income (Loss)			(264,425)	719,754	(141,203)	(285,048)	(527,025)	(109,844)
Nonoperating Revenues (Expenses):								
Gain (Loss) Sale of Fixed Assets								
	Federal Indirect Cost Recoveries		-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)								
	Net Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Operating Transfers			(264,425)	719,754	(141,203)	(285,048)	(527,025)	(109,844)
Contributed Capital								
	Operating Transfers In (Note 13)		-	-	-	-	-	-
	Operating Transfers Out (Note 13)		-	-	-	-	-	-
Change in net assets			(264,425)	719,754	(141,203)	(285,048)	(527,025)	(109,844)
Total Net Assets - July 1 - As Restated			1,161,748	897,324	1,617,078	1,475,875	1,190,827	663,802
Prior Period Adjustments								
Cumulative effect of account change			-	-	-	-	-	-
Total Net Assets - July 1 - As Restated			1,161,748	897,324	1,617,078	1,475,875	1,190,827	663,802
Net Assets - June 30			897,324	1,617,078	1,475,875	1,190,827	663,802	553,958
60 days of expenses (Total Operating Expenses divided by 6)			736,982	573,504	517,089	639,929	652,515	640,156
Requested Rates for Internal Service Funds								
Fee/Rate Information								
			Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
SABHRS Services Fee			4,157,446	4,158,942	2,961,333	3,554,526	3,388,062	3,731,090
Working Capital			688,090	1,125,460	505,849	505,849	505,849	505,849

839,074 1,521,311 1,335,662
 (58,250.20) (95,766.45) (140,213.04) Nonbudgeted

*Note: This analysis does not include OBEP expenses.

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06522	Fund Name SITSD Proprietary	Agency # 6101	Agency Name Department of Administration	Program Name State Information Technology Services
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue	41,430,278	40,289,866	36,988,678	39,000,000	39,600,000	39,600,000
Other Charges For Services	-	-	-	-	-	-
Net Fee Revenue	41,430,278	40,289,866	36,988,678	39,000,000	39,600,000	39,600,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	240	320	100	500	-	-
Other Operating Revenues	21,885	45,259	34,368	-	35,000	35,000
Total Operating Revenue	41,452,403	40,335,445	37,023,146	39,000,500	39,635,000	39,635,000
Operating Expenses:						
Personal Services	14,929,431	14,899,348	14,702,186	13,739,300	14,870,207	14,870,207
Other Operating Expenses	20,522,677	24,635,112	23,759,617	25,853,456	24,710,074	24,710,074
Total Operating Expenses	35,452,108	39,534,460	38,461,803	39,592,756	39,580,281	39,580,281
Operating Income (Loss)	6,000,295	800,985	(1,438,657)	(592,256)	54,719	54,719
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	696,638	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	696,638	-	-	-
Income (Loss) Before Operating Transfers	6,000,295	800,985	(742,019)	(592,256)	54,719	54,719
Contributed Capital	-	-	872,349	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	6,000,295	800,985	130,330	(592,256)	54,719	54,719
Total Net Assets- July 1 - As Restated	2,144,201	8,144,496	8,697,527	8,827,827	8,235,571	8,290,290
Prior Period Adjustments	-	(247,954)	(30)	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	2,144,201	7,896,542	8,697,497	8,827,827	8,235,571	8,290,290
Net Assets- June 30	8,144,496	8,697,527	8,827,827	8,235,571	8,290,290	8,345,009
60 days of expenses (Total Operating Expenses divided by 6)	5,908,685	6,589,077	6,410,301	6,598,793	6,596,714	6,596,714
45 days of expenses (Total Operating Expenses divided by 8)	4,431,514	4,941,808	4,807,725	4,949,095	4,947,535	4,947,535

**Requested Rates for Internal Service Funds
Fee/Rate Information**

	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
State Information Technology Services Division						
Charge For Services	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve

Authority
MCA 2-17
MCA 2-17

The State Information Technology Services Division seeks the ability to continue to charge various rates in order to maintain a 30-day working capital.
Note: This analysis does not include OPEB expenses.

Operating Expenses for "Actual FY12" included the following in error:

	<u>Operating Exp</u>	<u>Personal Serv</u>
Was:	\$27,433,836	\$14,708,049
61404A State Fund Dividend-NONBUDG		5,494.30
61905 Compensated Absences-Nonbudget		(11,339.00)
62111 Capitalizable Other Serv - NB	(322,974.77)	
622A6 Capitalizable Sup & Mater - NB	(832,185.11)	
62475 Capitalizable Travel - NB	(2,996.86)	
62503 Capitalizable Rent - NB	(450,102.44)	
62763 Capitalizable Rep & Maint - NB	(249,904.00)	
62816 Bad Debt Write-Off-Nonbudgeted	(33.98)	
62887 Capitalizable Other Opr Exp NB	(53,472.61)	
63103 Autos & Trucks	(23,990.00)	
63106 Multi-User Computers & Terminals	(2,224,132.44)	
63198 NB Full Accrual Equip Offset	1,371,744.21	
Prior Year Expenses	(886,171.00)	

Should be: \$23,759,617 \$14,702,204
Ties to MBARS less equip plus depr.

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2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06522	Fund Name SITSD Proprietary	Agency # 6101	Agency Name Department of Administration	Program Name State Information Technology Services
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue	41,430,278	40,289,866	36,988,678	41,313,916	39,600,000	39,600,000
Other Charges For Services	-	-	-	-	-	-
Net Fee Revenue	41,430,278	40,289,866	36,988,678	41,313,916	39,600,000	39,600,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	240	320	100	500	-	-
Other Operating Revenues	21,885	45,259	34,368	-	35,000	35,000
Total Operating Revenue	41,452,403	40,335,445	37,023,146	41,314,416	39,635,000	39,635,000
Operating Expenses:						
Personal Services	14,929,431	14,899,348	14,708,049	13,739,300	14,515,237	14,523,128
Other Operating Expenses	20,522,677	24,635,112	27,433,836	25,853,456	24,962,313	24,904,986
Total Operating Expenses	35,452,108	39,534,460	42,141,885	39,592,756	39,477,550	39,428,114
Operating Income (Loss)	6,000,295	800,985	(5,118,739)	1,721,660	157,450	206,886
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	696,638	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	696,638	-	-	-
Income (Loss) Before Operating Transfers	6,000,295	800,985	(4,422,101)	1,721,660	157,450	206,886
Contributed Capital	-	-	872,349	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	6,000,295	800,985	(3,549,752)	1,721,660	157,450	206,886
Total Net Assets- July 1 - As Restated	2,144,201	8,144,496	8,697,527	5,147,745	6,869,405	7,026,855
Prior Period Adjustments	-	(247,954)	(30)	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	2,144,201	7,896,542	8,697,497	5,147,745	6,869,405	7,026,855
Net Assets- June 30	8,144,496	8,697,527	5,147,745	6,869,405	7,026,855	7,233,741
60 days of expenses (Total Operating Expenses divided by 6)	5,908,685	6,589,077	7,023,648	6,598,793	6,579,592	6,571,352
45 days of expenses (Total Operating Expenses divided by 8)	4,431,514	4,941,808	5,267,736	4,949,095	4,934,694	4,928,514

**Requested Rates for Internal Service Funds
Fee/Rate Information**

	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
State Information Technology Services Division	-	-	-	-	-	-
Charge For Services	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve

Authority
MCA 2-17
MCA 2-17

The State Information Technology Services Division seeks the ability to continue to charge various rates in order to maintain a 30-day working capital.
Note: This analysis does not include OPEB expenses.

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2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06525	Intergovernmental Training	61010	Department of Administration	State Human Resources Division

	Actual FY10	Actual FY11	Actual FY12	Projected FY13	Projected FY14	Projected FY15
Operating Revenues:						
Fee revenue						
Revenue from Training Fees	281,820	274,524	293,959	304,775	454,307	454,307
Net Fee Revenue	281,820	274,524	293,959	304,775	454,307	454,307
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	191	232	-	-	-	-
Total Operating Revenue	282,011	274,756	293,959	304,775	454,307	454,307
Operating Expenses:						
Personal Services	104,428	128,122	246,036	237,651	285,859	285,995
Other Operating Expenses	135,982	113,374	123,302	112,969	241,904	197,770
Total Operating Expenses	240,410	241,496	369,338	350,620	527,763	483,765
Operating Income (Loss)	41,601	33,260	(75,379)	(45,845)	(73,456)	(29,458)
Nonoperating Revenues (Expenses):						
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	41,601	33,260	(75,379)	(45,845)	(73,456)	(29,458)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	24,002	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	41,601	33,260	(51,377)	(45,845)	(73,456)	(29,458)
Total Net Assets- July 1 - As Restated	(72,492)	(30,891)	2,369	(49,008)	(94,853)	(168,309)
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	(72,492)	(30,891)	2,369	(49,008)	(94,853)	(168,309)
Net Assets- June 30	(30,891)	2,369	(49,008)	(94,853)	(168,309)	(197,767)
60 days of expenses (Total Operating Expenses divided by 6)	40,068	40,249	61,556	58,437	87,961	80,628

**Requested Rates for Internal Service Funds
Fee/Rate Information for Legislative Action**

	Actual FY 10	Actual FY 11	Actual FY 12	Projected FY 13	Projected FY 14	Projected FY 15
PDC Fee per FTE	N/A	N/A	N/A	N/A	34.59	34.59
Fee Group A						
Training Services per hour						
Open Enrollment Courses						
Two-Day Course (per participant)	\$182.00	\$187.00	\$187.00	\$190.00	N/A	N/A
One-Day Course (per participant)	\$115.00	\$120.00	\$120.00	\$123.00	N/A	N/A
Half-Day Course (per participant)	\$90.00	\$93.00	\$93.00	\$95.00	N/A	N/A
Eight-Day Management Series (per participant)	\$560.00	\$565.00	\$565.00	\$570.00	N/A	N/A
Six-Day Management Series (per participant)	\$430.00	\$465.00	\$465.00	\$440.00	N/A	N/A
Four-Day Administrative Assistant Series (per participant)	\$325.00	\$330.00	\$330.00	\$333.00	N/A	N/A
Contract Courses						
Full Day Training (flat fee)	\$820.00	\$825.00	\$825.00	\$830.00	N/A	N/A
Half Day Training (flat fee)	\$560.00	\$565.00	\$565.00	\$570.00	N/A	N/A

The Training Program determines rates by analyzing its billable staff hours, overhead costs, and variable costs which are directly associated with providing a specific training service. Service fees include an allocation of total overhead costs based on an estimate of total billable hours during the year. Rates are established to build up to a 60-day working capital.

Note: This analysis does not include OPEB expenses.

Authority:

MCA 2-18-102

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06528	Fund Name Rent & Maintenance	Agency # 6101	Agency Name Department of Administration	Program Name General Services
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	Actuals FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Office Rental Rate	9,528,412	8,083,543	6,757,577	8,127,453	8,070,316	7,862,673
Revenue from Warehouse Rental Rate	406,937	417,062	335,820	403,747	384,777	385,775
Revenue from Recycling Revenue	19,699	24,435	16,793	19,060	21,200	21,200
Revenue from Handyman Charges	96,231	50,867	67,659	15,426	80,000	80,000
Revenue from Project Work	128,090	227,475	114,298	25,041	210,000	210,000
Revenue from Grounds Maintenance	500,422	482,508	397,546	478,573	473,795	475,725
Net Fee Revenue	10,679,791	9,285,889	7,689,694	9,069,300	9,240,088	9,035,373
Other Operating Revenues	49	-	20,159	-	-	-
Total Operating Revenue	10,679,840	9,285,889	7,709,853	9,069,300	9,240,088	9,035,373
Operating Expenses:						
Personal Services	1,652,198	1,780,900	1,894,403	1,878,856	1,963,224	1,965,705
Other Operating Expenses	7,902,801	7,486,549	8,605,686	7,555,010	8,236,033	8,031,156
Total Operating Expenses	9,554,999	9,267,449	10,500,089	9,433,866	10,199,257	9,996,861
Operating Income (Loss)	1,124,841	18,440	(2,790,236)	(364,566)	(959,169)	(961,488)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	(24,975)	4,296	269	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(24,975)	4,296	269	-	-	-
Income (Loss) Before Operating Transfers	1,099,866	22,736	(2,789,967)	(364,566)	(959,169)	(961,488)
Contributed Capital	-	-	-	-	-	-
LRBP Transfers Out	470,104	(1,555,032)	(787,845)	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	(289,000)	(289,000)
Change in net assets	1,569,970	(1,532,296)	(3,577,813)	(364,566)	(1,248,169)	(1,250,488)
Total Net Assets- July 1 - As Restated	4,268,061	5,838,031	4,305,735	727,923	363,357	(884,812)
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	4,268,061	5,838,031	4,305,735	727,923	363,357	(884,812)
Net Assets- June 30	5,838,031	4,305,735	727,923	363,357	(884,812)	(2,135,300)
60 days of expenses (Total Operating Expenses divided by 6)	1,592,500	1,544,575	1,750,015	1,572,311	1,699,876	1,666,144

Requested Rates for Internal Service Funds

Fee/Rate Information for Legislative Action

	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Agency Number : 61010						
Fund Number: 06528						
Office Rent (per sq. ft.)	8.869	8.793	8.412	8.460	8.434	8.217
Warehouse Rent (per sq. ft.)	4.804	5.010	4.844	4.876	4.625	4.637
Grounds Maintenance (per sq. ft.)	0.541	0.509	0.494	0.494	0.491	0.493
Project Mgmt (In-house)	15%	15%	15%	15%	15%	15%
Project Mgmt (Contracted)	5%	5%	5%	5%	5%	5%

Note: This analysis does not include OPEB expenses.

Authority:

MCA 2-17-101

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06530	Fund Name Print & Mail Services	Agency # 6101	Agency Name Department of Administration	Program Name General Services
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Internal Printing	1,752,421	1,807,679	1,687,721	1,902,115	1,774,649	1,989,043
External Printing	3,801,568	3,008,249	2,739,014	2,739,014	2,739,014	2,739,014
Photocopy Pool	899,923	522,725	506,503	541,003	506,503	541,003
Mail Preparation	666,577	538,831	676,433	676,433	732,958	732,958
Mail Operations	4,735,725	4,465,030	4,305,899	4,683,749	4,469,580	4,727,801
Inter-agency (Deadhead Mail)	281,917	281,917	297,657	297,657	314,750	314,750
Postal Contract Station	38,976	38,976	38,976	38,976	38,976	38,976
Net Fee Revenue	12,177,107	10,663,407	10,252,203	10,878,947	10,576,430	11,083,545
Other Operating Revenues	7		65	-	-	-
Total Operating Revenue	12,177,114	10,663,407	10,252,268	10,878,947	10,576,430	11,083,545
Operating Expenses:						
Personal Services	1,350,421	1,364,387	1,307,139	1,514,887	1,578,440	1,579,157
Other Operating Expenses	10,765,885	9,453,818	8,794,732	9,528,356	9,453,446	9,538,458
Total Operating Expenses	12,116,306	10,818,205	10,101,871	11,043,243	11,031,886	11,117,615
Operating Income (Loss)	60,808	(154,798)	150,397	(164,296)	(455,456)	(34,070)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	(78,147)	(28,395)	(28,650)	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(78,147)	(28,395)	(28,650)	-	-	-
Income (Loss) Before Operating Transfers	(17,339)	(183,193)	121,747	(164,296)	(455,456)	(34,070)
Contributed Capital	-	-	32,695	-	-	-
Change in net assets	(17,339)	(183,193)	154,442	(164,296)	(455,456)	(34,070)
Total Net Assets- July 1 - As Restated	1,916,575	1,899,236	1,716,043	1,953,007	1,788,711	1,333,255
Prior Period Adjustments	-	-	82,522	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	1,916,575	1,899,236	1,798,565	1,953,007	1,788,711	1,333,255
Net Assets- June 30	1,899,236	1,716,043	1,953,007	1,788,711	1,333,255	1,299,185
60 days of expenses						
(Total Operating Expenses divided by 6)	2,019,384	1,803,034	1,683,645	1,840,541	1,838,648	1,852,936

Requested Rates for Internal Service Funds

Print and Mail Services requests that the Legislature approve the requested rates for FY 2014 and FY 2015 as shown.

Note: This analysis does not include OPEB expenses.

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06531	Fund Name Central Stores	Agency # 6101	Agency Name Department of Administration	Program Name General Services Division
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Central Stores Supplies	4,854,919	4,740,007	4,751,609	5,000,000	95,645	95,645
Net Fee Revenue	4,854,919	4,740,007	4,751,609	5,000,000	95,645	95,645
Other Operating Revenues	7	-	25	-	-	-
Total Operating Revenue	4,854,926	4,740,007	4,751,634	5,000,000	95,645	95,645
Operating Expenses:						
Personal Services	388,508	392,889	354,633	523,025	52,458	52,715
Other Operating Expenses	4,428,893	4,304,410	4,287,375	4,557,514	20,873	17,198
Total Operating Expenses	4,817,401	4,697,299	4,642,008	5,080,539	73,331	69,913
Operating Income (Loss)	37,525	42,708	109,626	(80,539)	22,314	25,732
Nonoperating Revenues (Expenses):						
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	37,525	42,708	109,626	(80,539)	22,314	25,732
Contributed Capital	-	-	-	-	-	-
Change in net assets	37,525	42,708	109,626	(80,539)	22,314	25,732
Total Net Assets- July 1 - As Restated	812,922	850,447	893,155	1,002,781	922,242	944,556
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	812,922	850,447	893,155	1,002,781	922,242	944,556
Net Assets- June 30	850,447	893,155	1,002,781	922,242	944,556	970,288
60 days of expenses (Total Operating Expenses divided by 6)	802,900	782,883	773,668	846,757	12,222	11,652

Requested Rates for Internal Service Funds

Fee/Rate Information

	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A	-	-	-	-	-	-
Central Stores Supplies	20%	20%	20%	20%	2%	2%

Central Stores requests a maximum markup of 25% This is the same rate that was approved last biennium.

Note: This analysis does not include OPEB expenses.

2015 Biennium Report on Internal Service and Enterprise Funds

2015 Biennium Report on Internal Service and Enterprise Funds							
Fund	Fund Name	Agency #	Agency Name	Program Name			
06532	Agency Insurance Int Srv	61010	Department of Administration	Risk Management & Tort Defense			
			Actual	Actual	Actual	Budgeted	Budgeted
			FY10	FY11	FY12	FY13	FY14
							Budgeted
							FY15
Operating Revenues:							
Revenue from Fee F			-	-	-	-	-
Net Fee Revenue			-	-	-	-	-
Investment Earnings			76,737	82,601	27,923	7,000	7,000
Securities Lending Income			11,741	15,517	3,051	-	-
Premiums			11,757,470	11,750,214	11,736,438	11,783,206	14,033,461
Other Operating Revenues			138	2,228	60	-	-
Total Operating Revenue			11,846,086	11,850,560	11,767,472	11,790,206	14,040,461
Operating Expenses:							
Personal Services			1,000,322	1,103,019	904,539	1,127,459	1,223,563
Other Operating Expenses			10,692,129	10,330,643	43,951,709	9,263,038	15,649,321
Total Operating Expenses			11,692,451	11,433,662	44,856,248	10,390,497	16,872,884
Operating Income (Loss)			153,635	416,898	(33,088,776)	1,399,709	(2,832,423)
Nonoperating Revenues (Expenses):							
Gain (Loss) Sale of Fixed Assets			-	-	-	-	-
Federal Indirect Cost Recoveries			-	-	-	-	-
Other Nonoperating Revenues (Expenses)			235,093	227,171	120,542	169,000	169,000
Net Nonoperating Revenues (Expenses)			235,093	227,171	120,542	169,000	169,000
Income (Loss) Before Operating Transfers			388,728	644,069	(32,968,234)	1,568,709	(2,663,423)
Contributed Capital			-	-	-	-	-
Operating Transfers In (Note 13)			616,046	4,236,093	3,493,765	450,000	450,000
Operating Transfers Out (Note 13)			(640,042)	(388,033)	(135,547)	-	-
Change in net assets			364,732	4,492,129	(29,610,016)	2,018,709	(2,213,423)
Total Net Assets- July 1 - As Restated			7,627,890	7,992,622	12,484,751	(17,125,265)	(15,106,556)
Prior Period Adjustments			-	-	-	-	-
Cumulative effect of account change			-	-	-	-	-
Total Net Assets - July 1 - As Restated			7,627,890	7,992,622	12,484,751	(17,125,265)	(15,106,556)
Net Assets- June 30			7,992,622	12,484,751	(17,125,265)	(15,106,556)	(17,319,979)
60 days of expenses (Total Operating Expenses divided by 6)			1,948,742	1,905,610	7,476,041	1,731,750	2,812,147
Requested Rates for Internal Service Funds							
Fee/Rate Information							
			Actual	Actual	Actual	Budgeted	Budgeted
			FYE 10	FYE 11	FYE 12	FY 13	FY 14
							Budgeted
							FY 15
Premium							
Auto/Comp/Collision			1,043,146	1,044,540	1,031,347	1,037,665	1,248,500
Aviation			212,450	212,451	212,451	212,451	169,961
General Liability			6,749,999	6,750,000	6,750,000	6,750,000	7,575,000
Property/Miscellaneous			3,747,424	3,731,312	3,733,020	3,783,090	5,040,000
Total			11,753,019	11,738,303	11,726,818	11,783,206	14,033,461
							Authority
							MCA 2-9-202
							MCA 2-9-202
							MCA 2-9-202
							MCA 2-9-202

Note: This analysis does not include OPEB expenses.

Requested Rates for Director's Office (Management Services)

Fee/Rate	Actual FY 2010	Actual FY 2011	Actual FY 2012	Budgeted FY 2013	Budgeted FY 2014	Budgeted FY 2015
Human resources portion of program (annually per FTE)	\$553	\$567	\$633	\$570	\$606	\$603
Remaining portion of the program (fixed amount for allocation)	\$1,002,940	\$1,016,821	\$1,009,516	\$902,951	\$1,269,878	\$1,269,231

Human Resource

574

337681

633.2627

1009516

903354

106162

31601

137763

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06559	Group Benefits Claims A/C	61010	Department of Administration	Health Care and Benefits Division

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Fee F	295,515	542,163	499,565	-	-	-
Net Fee Revenue	295,515	542,163	499,565	-	-	-
Investment Earnings	2,396,146	748,208	1,098,874	1,800,000	1,200,000	1,300,000
Securities Lending Income	40,629	46,784	61,265	960,000	-	-
Premiums	130,513,833	152,804,584	152,006,589	188,000,000	165,000,000	175,000,000
Other Operating Revenues	3,647,677	4,067,351	2,497,367	1,600,000	2,020,000	2,270,000
Total Operating Revenue	136,893,800	158,209,090	156,163,660	192,360,000	168,220,000	178,570,000
Operating Expenses:						
Personal Services	914,125	1,023,297	1,365,905	1,416,688	1,315,575	1,318,363
Other Operating Expenses	134,010,968	140,488,999	145,983,925	171,666,338	171,173,042	185,189,587
Total Operating Expenses	134,925,093	141,512,296	147,349,830	173,083,026	172,488,617	186,507,950
Operating Income (Loss)	1,968,707	16,696,794	8,813,830	19,276,974	(4,268,617)	(7,937,950)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	1,968,707	16,696,794	8,813,830	19,276,974	(4,268,617)	(7,937,950)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	1,968,707	16,696,794	8,813,830	19,276,974	(4,268,617)	(7,937,950)
Total Net Assets- July 1 - As Restated	40,901,745	42,870,452	60,039,221	67,921,274	87,198,248	82,929,631
Prior Period Adjustments	-	471,975	(931,777)	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	40,901,745	43,342,427	59,107,444	67,921,274	87,198,248	82,929,631
Net Assets- June 30	42,870,452	60,039,221	67,921,274	87,198,248	82,929,631	74,991,681
60 working days of expenses (Total Operating Expenses divided by 6)	22,487,516	23,585,383	24,558,305	28,847,171	28,748,103	31,084,658

Requested Rates for Internal Service Funds

Fee/Rate Information for Legislative Action

	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
State share per employee per month	\$653	\$706	733	733	n/a	n/a

Rates are established to maintain adequate actuarial reserves. Actual state share rates are set for each calendar year as opposed to a fiscal year. This table shows the average monthly state share rate for each fiscal year. Rates for FY 2014 and 2015 have not been determined at this time.

Authority

MCA 2-18-701 et seq

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06563	Human Resources Information Services	61010	Administration	State Human Resource Division

	Actual FY10	Actual FY11	Actual FY12	Projected FY13	Projected FY14	Projected FY15
Operating Revenues:						
Fee revenue						
Revenue from HRIS Fees	4,265,937	3,658,895	2,835,394	3,309,455	3,299,768	3,320,064
Revenue from HRIS SABHRS	-	-	-	-	-	-
Revenue from Transfers from Benefits	-	-	-	-	-	-
Revenue from Miscellaneous Service Fees	-	-	-	-	-	-
Net Fee Revenue	4,265,937	3,658,895	2,835,394	3,309,455	3,299,768	3,320,064
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	4,265,937	3,658,895	2,835,394	3,309,455	3,299,768	3,320,064
Operating Expenses:						
Personal Services	1,764,283	1,370,340	1,520,347	1,598,895	1,643,939	1,647,553
Other Operating Expenses	1,991,037	1,826,150	1,623,486	1,750,442	1,648,461	1,591,190
Total Operating Expenses	3,755,320	3,196,490	3,143,833	3,349,337	3,292,400	3,238,743
Operating Income (Loss)	510,617	462,405	(308,439)	(39,882)	7,368	81,321
Nonoperating Revenues (Expenses):						
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	510,617	462,405	(308,439)	(39,882)	7,368	81,321
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	(49,667)	-	-	-
Change in net assets	510,617	462,405	(358,106)	(39,882)	7,368	81,321
Total Net Assets- July 1 - As Restated	4,105	514,722	977,127	619,021	579,139	586,507
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	4,105	514,722	977,127	619,021	579,139	586,507
Net Assets- June 30	514,722	977,127	619,021	579,139	586,507	667,828
60 working days of expenses (Total Operating Expenses divided by 6)	625,887	532,748	523,972	558,223	548,733	539,791

Requested Rates for Internal Service Funds

Fee/Rate Information for Legislative Action

	Actual FY 10	Actual FY 11	Actual FY 12	Projected FY 13	Projected FY 14	Projected FY 15
Fee Group A						
HRIS fees (per employee processed per pay period)	\$9.37	\$8.04	\$8.06	\$8.10	\$8.13	\$8.15

Health Resources Information Services (HRIS) rates have been established under the authority of 2-18-401, MCA, and 2-18-403, MCA. Projected HRIS expenditures anticipated for the 2013 biennium are distributed as a fixed cost fee to the Health Care Benefits Division for services rendered by HRIS to support benefit operations associated with managing the state's payroll system; and as a fixed cost rate to state agencies based on an estimated average number of payroll warrants/advises per pay period per agency. The agencies' payroll warrant/advice counts are based upon FY 2009 and FY 2010 data.

Note: This analysis does not include OPEB expenses.

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06564	Fund Name Warrant Writing	Agency # 61010	Agency Name Administration	Program Name Adminstrative Financial Services
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Warrant Writing Fees	994,227	828,939	680,596	950,000	700,000	700,000
Net Fee Revenue	994,227	828,939	680,596	950,000	700,000	700,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	994,227	828,939	680,596	950,000	700,000	700,000
Operating Expenses:						
Personal Services	206,612	208,892	203,233	194,627	212,331	212,040
Other Operating Expenses	699,856	621,535	539,231	726,594	609,008	585,470
Total Operating Expenses	906,468	830,427	742,464	921,221	821,339	797,510
Operating Income (Loss)	87,759	(1,488)	(61,868)	28,779	(121,339)	(97,510)
Nonoperating Revenues (Expenses):						
Income (Loss) Before Operating Transfers	87,759	(1,488)	(61,868)	28,779	(121,339)	(97,510)
Contributed Capital	-	-	-	-	-	-
Change in net assets	87,759	(1,488)	(61,868)	28,779	(121,339)	(97,510)
Total Net Assets- July 1 - As Restated	135,758	223,517	56,835	(5,033)	23,746	(97,593)
Prior Period Adjustments	-	(165,194)	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	135,758	58,323	56,835	(5,033)	23,746	(97,593)
Net Assets- June 30	223,517	56,835	(5,033)	23,746	(97,593)	(195,103)
60 days of expenses (Total Operating Expenses divided by 6)	151,078	138,405	123,744	153,537	136,890	132,918

Authority

	Actual FY10	Actual FY11	Actual FY12	Estimated FY13	Estimated FY14	Estimated FY15
Fiscal Year End Working Capital	211,001	79,189	41,320	52,291	58,208	56,466

Note: This analysis does not include OPEB expenses.

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06575	Worker's Comp Mgmt	61010	Department of Administration	Health Care and Benefits Division

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Administrative Fees	450,946	186,234	195,159	388,298	296,302	297,317
Net Fee Revenue	450,946	186,234	195,159	388,298	296,302	297,317
Premiums	-	-	-	-	-	-
Other Operating Revenues	42	18	48	-	-	-
Total Operating Revenue	450,988	186,252	195,207	388,298	296,302	297,317
Operating Expenses:						
Personal Services	194,314	228,051	262,118	213,899	249,093	249,093
Other Operating Expenses	92,990	52,293	41,680	44,560	47,209	48,224
Total Operating Expenses	287,304	280,344	303,798	258,459	296,302	297,317
Operating Income (Loss)	163,684	(94,092)	(108,591)	129,839	-	-
Nonoperating Revenues (Expenses):						
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	163,684	(94,092)	(108,591)	129,839	-	-
Contributed Capital	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	163,684	(94,092)	(108,591)	129,839	-	-
Total Net Assets- July 1 - As Restated	(4,766)	158,918	64,826	(43,765)	86,074	86,074
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	(4,766)	158,918	64,826	(43,765)	86,074	86,074
Net Assets- June 30	158,918	64,826	(43,765)	86,074	86,074	86,074
60 days of expenses (Total Operating Expenses divided by 6)	35,913	35,043	37,975	32,307	37,038	37,165

**Requested Rates for Enterprise Funds
Fee/Rate Information**

	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
Administrative Fee (per payroll warrant per pay period)	\$1.29	\$1.06	\$1.09	\$1.08	\$0.82	\$0.82

Program rates have been established to maintain a 60-day working capital. The rates are to be paid by state agencies and are based on a projected number of payroll warrants to be issued.

Note: Prior to fiscal year 2010, the program expenditures were included in the General Fund.

Note also: This analysis does not include OPEB expenses.

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06575	Worker's Comp Mgmt	61010	Department of Administration	Health Care and Benefits Division

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Administrative Fees	450,946	186,234	195,159	388,298	296,302	297,317
Net Fee Revenue	450,946	186,234	195,159	388,298	296,302	297,317
Premiums	-	-	-	-	-	-
Other Operating Revenues	42	18	48	-	-	-
Total Operating Revenue	450,988	186,252	195,207	388,298	296,302	297,317
Operating Expenses:						
Personal Services	194,314	228,051	262,118	213,899	249,093	249,093
Other Operating Expenses	86,096	42,343	41,680	44,560	47,209	48,224
Total Operating Expenses	280,410	270,394	303,798	258,459	296,302	297,317
Operating Income (Loss)	170,578	(84,142)	(108,591)	129,839	-	-
Nonoperating Revenues (Expenses):						
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	170,578	(84,142)	(108,591)	129,839	-	-
Contributed Capital	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	170,578	(84,142)	(108,591)	129,839	-	-
Total Net Assets- July 1 - As Restated	(4,766)	165,812	81,670	(26,921)	102,918	102,918
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	(4,766)	165,812	81,670	(26,921)	102,918	102,918
Net Assets- June 30	165,812	81,670	(26,921)	102,918	102,918	102,918
60 days of expenses (Total Operating Expenses divided by 6)	35,051	33,799	37,975	32,307	37,038	37,165

**Requested Rates for Enterprise Funds
Fee/Rate Information**

	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
Administrative Fee (per payroll warrant per pay period)	\$1.29	\$1.06	\$1.09	\$1.08	\$0.82	\$0.82

Program rates have been established to maintain a 60-day working capital. The rates are to be paid by state agencies and are based on a projected number of payroll warrants to be issued.

Note: Prior to fiscal year 2010, the program expenditures were included in the General Fund.

Note also: This analysis does not include OPEB expenses.

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06528	Fund Name Rent & Maintenance	Agency # 6101	Agency Name Department of Administration	Program Name General Services
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	Actuals FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Office Rental Rate	9,528,412	8,083,543	6,757,577	8,127,453	8,070,316	7,862,673
Revenue from Warehouse Rental Rate	406,937	417,062	335,820	403,747	384,777	385,775
Revenue from Recycling Revenue	19,699	24,435	16,793	19,060	21,200	21,200
Revenue from Handyman Charges	96,231	50,867	67,659	15,426	80,000	80,000
Revenue from Project Work	128,090	227,475	114,298	25,041	210,000	210,000
Revenue from Grounds Maintenance	500,422	482,508	397,546	478,573	473,795	475,725
Net Fee Revenue	10,679,791	9,285,889	7,689,694	9,069,300	9,240,088	9,035,373
Other Operating Revenues	49	-	20,159	-	-	-
Total Operating Revenue	10,679,840	9,285,889	7,709,853	9,069,300	9,240,088	9,035,373
Operating Expenses:						
Personal Services	1,652,198	1,780,900	1,894,403	1,878,856	1,963,224	1,965,705
Other Operating Expenses	7,902,801	7,486,549	8,605,686	7,555,010	6,999,608	6,782,825
Total Operating Expenses	9,554,999	9,267,449	10,500,089	9,433,866	8,962,832	8,748,530
Operating Income (Loss)	1,124,841	18,440	(2,790,236)	(364,566)	277,256	286,843
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	(24,975)	4,296	269	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(24,975)	4,296	269	-	-	-
Income (Loss) Before Operating Transfers	1,099,866	22,736	(2,789,967)	(364,566)	277,256	286,843
Contributed Capital	-	-	-	-	-	-
LRBP Transfers Out	470,104	(1,555,032)	(787,845)	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	(243,800)	(240,000)
Change in net assets	1,569,970	(1,532,296)	(3,577,813)	(364,566)	33,456	46,843
Total Net Assets- July 1 - As Restated	4,268,061	5,838,031	4,305,735	727,923	363,357	396,813
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	4,268,061	5,838,031	4,305,735	727,923	363,357	396,813
Net Assets- June 30	5,838,031	4,305,735	727,923	363,357	396,813	443,656
60 days of expenses (Total Operating Expenses divided by 6)	1,592,500	1,544,575	1,750,015	1,572,311	1,493,805	1,458,088

Requested Rates for Internal Service Funds

Fee/Rate Information for Legislative Action

	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Agency Number : 61010						
Fund Number: 06528						
Office Rent (per sq. ft.)	8.869	8.793	8.412	8.460	8.434	8.217
Warehouse Rent (per sq. ft.)	4.804	5.010	4.844	4.876	4.625	4.637
Grounds Maintenance (per sq. ft.)	0.541	0.509	0.494	0.494	0.491	0.493
Project Mgmt (In-house)	15%	15%	15%	15%	15%	15%
Project Mgmt (Contracted)	5%	5%	5%	5%	5%	5%

Note: This analysis does not include OPEB expenses.

Authority:

MCA 2-17-101

SITSD Cost
FY 2012 Expenditures in MBARS

	Data Network Serv	Storage Hosting	Server Hosting	Web Hosting	Application Hosting	Email	Imaging	Content Management	Operational Support	Web Services	Installation	Application Development	Web Development	Enterprise Services	Professional Services	PMO Services	Equipment Hosting	GIS Services	Asset Broker	Pass Thru	Telephone Equipment	Data Circuit	Voice Services	Video Services	Network Services	Pass-through NTSB	Long Distance	Sponsored Training	ITSD Fixed Costs	Authority Total
Legislative Branch	\$0	\$5,455	\$55,384	\$0	\$56,059	\$17,989	\$0	\$0	\$0	\$48,320	\$0	\$297	\$0	\$78,764	\$279	\$2,050	\$0	\$0	\$56,737	\$0	\$0	\$0	\$32,138	\$4,473	\$67,565	\$0	\$2,441	\$0	\$0	\$427,951
Consumer Council	0	0	0	0	2	350	0	0	21	0	2,710	0	0	2,764	0	0	0	0	3,035	0	0	0	1,990	0	7,406	0	283	0	0	18,561
Judicial Branch	0	1,158	40,118	0	31,309	37,486	16,803	1,200	0	16,509	0	0	0	351,904	1,031	0	0	0	158,264	0	0	0	31,062	232,618	609,090	0	7,270	0	0	1,535,822
Governor's Office	0	782	8,423	0	8,319	16,404	0	600	0	19,727	0	0	0	34,158	167	60	3,553	0	0	27,603	0	0	27,603	6,127	28,374	0	6,666	0	0	190,165
Secretary of State - HB 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Secretary of State - Proprietary	0	9,682	39,076	0	78,665	6,107	11,837	0	1,910	23,297	0	0	0	31,782	2,030	0	0	0	31,625	0	0	0	23,587	0	27,421	1,352	3,556	0	0	291,927
Commissioner of Political Practices	0	117	10,093	0	4,535	412	4,572	600	21	9,308	1,885	149	0	2,539	28	0	0	0	6,186	0	0	0	0	0	2,888	337	307	0	0	43,977
State Auditor's Office	0	196	0	0	5,885	5,477	0	0	0	0	0	0	0	38,620	0	0	0	0	26,026	0	0	0	48,031	0	38,666	0	7,855	0	0	170,756
Office of Public Instruction - HB 2	0	3,028	88,336	0	15,872	0	11,543	0	0	24,315	0	0	0	0	3,732	760	0	0	1,927	0	0	0	12,435	1,278	0	0	17,088	635	0	180,949
Office of Public Instruction - Proprietary	0	420	3,079	0	615	12,920	0	600	0	0	0	0	0	85,673	0	0	0	0	1,024	0	0	0	58,188	8,947	54,416	0	953	0	0	226,835
Board of Crime Control	0	2,151	22,251	0	4,226	2,036	0	0	76	16,110	2,141	0	0	9,279	556	0	0	0	11,170	0	0	0	6,423	4,072	10,635	0	1,217	0	0	92,343
Department of Justice - HB 2	25	107,835	28,146	0	268,461	73,856	193,306	0	0	9,308	0	0	99	477,146	17,792	4,510	339	0	260,635	0	0	0	294,072	4,473	1,095,368	0	51,240	0	0	2,886,611
Department of Justice - Proprietary	0	0	0	0	0	831	0	0	0	0	0	0	0	10,802	0	0	0	0	5,001	0	0	0	4,175	0	6,325	0	607	0	0	27,741
Department of Justice - Statutory	0	0	0	0	0	57	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	641	0	0	0	114	0	0	813
Public Service Commission	0	0	0	0	5	3,708	0	0	0	0	0	0	0	18,424	0	0	339	0	8,092	0	0	0	9,927	0	10,343	0	2,096	0	0	52,934
Board of Public Education	0	0	0	0	2	180	0	0	7	0	0	0	0	2,303	0	0	0	0	10,473	0	0	0	919	0	5,712	0	182	0	0	19,778
Commissioner of Higher Education - HB 2	0	370	0	0	2,102	31	0	0	0	0	0	0	0	0	0	0	0	0	2,900	0	0	0	36,488	43	1,546	0	14,511	0	0	57,991
Commissioner of Higher Education - Proprietary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,491	0	0	0	762	0	0	4,253
School for the Deaf and Blind	0	0	0	0	(27)	0	0	0	0	0	0	0	0	5,489	0	0	0	0	42	0	0	0	5,928	0	10,387	0	1,657	0	0	23,476
Montana Arts Council	0	0	0	0	1,844	2,500	0	0	32	0	1,737	0	0	50	3,685	0	0	0	4,112	0	0	0	2,910	0	9,292	0	823	0	0	26,985
Montana State Library - HB 2	0	0	2,841	0	0	3,911	0	0	0	0	0	0	0	31,782	0	0	0	0	62,783	0	0	0	16,596	0	35,165	0	3,734	0	0	156,812
Montana State Library - Proprietary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000	0	1	0	0	2,001
Montana Historical Society - HB 2	0	0	786	0	1,747	3,911	6,008	0	246	0	0	0	198	30,389	0	0	0	0	21,194	0	0	0	17,071	0	20,427	120	2,201	0	0	104,298
Montana Historical Society - Statutory	0	0	0	0	0	301	0	0	0	0	0	0	0	871	0	0	0	0	693	0	0	0	345	0	410	0	187	0	0	2,807
Department of Fish, Wildlife, & Parks - HB 2	0	7,774	33,269	0	36,454	37,486	20,815	0	21,797	15,584	0	0	0	286,958	7,674	1,250	7,320	0	251,330	0	0	0	95,166	3,735	523,359	409	54,505	0	0	1,404,885
Department of Fish, Wildlife, & Parks - Proprietary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	182	0	0	183
Department of Environmental Quality - HB 2	0	803	0	0	0	24,994	1,830	0	0	0	0	347	0	163,004	0	2,940	0	0	175,627	0	0	0	223	0	162,990	0	0	0	0	532,758
Department of Environmental Quality - Proprietary	0	2,475	34,249	0	43,657	4,703	0	600	0	19,317	0	2,148	0	26,812	2,046	3,790	3,050	11,100	37,910	0	0	0	140,674	9,147	27,185	0	42,541	0	0	411,404
Department of Transportation - HB 2	0	2,785	1,908	0	10,668	110,560	0	0	0	0	0	0	0	1,002,281	0	0	21,691	1,600	563,084	0	0	0	207,694	62,628	1,600,876	4,529	178,334	0	0	3,768,638
Department of Transportation - Proprietary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,927	0	0	0	1,092	0	0	4,019
Department of Livestock	0	1,587	11,362	0	11,593	6,081	0	0	0	23,417	0	0	0	35,597	1,811	0	0	0	26,034	0	0	0	16,465	0	39,383	2,368	7,041	0	0	182,739
Department of Natural Resources - HB 2	0	33,287	67,817	0	58,294	34,559	80,404	600	0	61,196	0	0	3,168	267,816	2,765	2,050	0	4,600	237,281	0	0	0	73,008	49,208	483,722	0	51,584	0	0	1,511,359
Department of Natural Resources - Proprietary	0	0	0	0	0	0	0	0	0	0	0	0	0	9,011	0	0	0	0	0	0	0	0	1,653	0	0	0	357	0	0	11,021
Department of Revenue - HB 2	0	105,087	415,424	0	133,305	46,653	0	600	24,740	177,589	0	0	990	305,116	12,706	2,500	8,540	133	208,839	0	0	0	224,679	54,782	682,969	0	44,537	1,270	0	2,450,459
Department of Revenue - Proprietary	0	0	0	0	0	223	0	0	0	0	0	0	0	1,461	0	0	0	0	694	0	0	0	973	0	3,387	0	195	0	0	6,933
Department of Revenue - Statutory	0	0	0	0	0	30	0	0	0	0	0	0	0	188	0	0	0	0	91	0	0	0	0	0	0	0	0	0	0	309
Department of Administration - HB 2	0	2,701	25,748	0	23,105	13,594	992	244	442	14,694	73,707	0	47,417	69,459	71,218	5,680	0	0	39,581	0	0	0	46,733	1,073	65,191	0	9,944	710	0	512,233
Department of Administration - Proprietary	0	39,182	364,062	0	177,932	14,538	4,852	305	43,352	168,897	64,813	282,151	60,667	67,276	417,591	8,730	0	0	57,642	0	0	7,741	60,454	0	81,985	0	6,650	674	0	1,929,494
Department of Administration - Statutory	0	0	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Office of the Public Defender	0	265	22,427	0	7,508	14,932	0	0	705	3,846	0	0	0	100,285	2,343	150	0	0	48,172	0	0	0	26,922	2,984	257,745	27,878	47,076	450	0	563,688
Department of Agriculture - HB 2	0	260	16,400	0	11,436	6,290	0	0	0	17,572	0	0	0	46,033	686	0	0	0	42,239	37	0	0	23,619	0	83,544	0	9,179	0	0	257,295
Department of Agriculture - Statutory	0	0	0	0	0	395	0	0	0	0	0	0	0	2,414	0	0	0	0	3,293	0	0	0	1,908	0	1,452	0	339	0	0	9,800
Department of Corrections - HB 2	0	2	2,497	0	5,545	59,572	0	600	0	0	0	0	0	544,438	0	0	6,100	0	280,307	0	0	0	119,897	59,325	554,125	17,550	58,465	0	0	1,708,423
Department of Corrections - Proprietary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	560	1,680	0	0	1,647	0	0	0	3,887
Department of Corrections - Statutory	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,946	0	0	0	0	0	8,946
Department of Commerce - HB 2	0	62	1,857	0	1,601	3,556	19	60	5	3,059	0	0	248	22,986	651	0	0	800	23,322	0	0	0	19,151	36	16,119	0	3,356	0	0	96,888
Department of Commerce - Proprietary	0	6,585	10,069	0	22,182	11,830	38,610	550	154	9,586	12,718	0	5,049	40,688	196	1,520	0	0	39,086	0	0	0	32,527	0	37,399	0	8,066	0	0	276,815
Department of Commerce - Statutory	0	45	7,404	0	445	2,770	127	26	0	3,796	0	0	4,653	27,187	2,859	1,970	0	0	35,379	0	0	0	21,408	(36)	35,344	18	4,715	0	0	148,110
Department of Labor and Industry - HB 2	0	73,420	337,609	0	553,530	57,306	226,811	0	31,573	74,172	122	73,383	5,396	364,991	19,496	4,850	0	934	438,108	0	0	0								

	Data Network Serv	Storage Hosting	Server Hosting	Web Hosting	Application Hosting	Email	Imaging	Content Management	Operational Support	Web Services	Installation	Application Development	Web Development	Enterprise Services	Professional Services	PMO Services	Equipment Hosting	GIS Services	Asset Broker	Pass Thru	Telephone Equipment	Data Circuit	Voice Services	Video Services	Network Services	Pass-through NTSB	Long Distance	Sponsored Training	ITSD Fixed Costs	Total	
Legislative Branch	0	5,455	55,384	0	56,059	17,989	0	0	0	0	0	297	0	78,764	279	2,050	0	0	56,737	0	0	31,974	4,473	67,565	0	2,233	0	76,105	455,364		
Consumer Council	0	0	0	0	2	350	0	0	21	0	2,710	0	0	2,764	0	0	0	0	3,035	0	0	1,990	0	7,406	0	283	0	0	(880)	17,681	
Judicial Branch	0	1,158	40,118	0	31,310	37,486	16,803	1,200	0	16,509	0	0	0	351,904	1,031	0	0	0	158,264	0	0	32,189	232,618	609,090	0	7,505	0	248,505	1,785,690		
Governor's Office	0	1,513	8,423	0	8,318	16,404	0	600	324	19,727	0	0	0	36,287	167	600	3,553	0	29,202	0	0	27,603	6,127	28,374	0	6,666	0	0	0	193,888	
Secretary of State	0	4,682	39,076	0	78,665	6,109	11,837	0	1,909	23,297	0	0	0	31,782	2,030	0	0	0	31,625	25,297	0	0	23,587	0	27,422	1,352	3,556	0	(18,750)	293,477	
Commissioner of Political Practices	0	117	10,093	0	4,535	412	4,572	600	21	9,308	1,885	149	0	2,539	28	0	0	0	6,186	0	0	0	0	0	0	337	307	0	0	72,203	
State Auditor's Office	0	196	0	0	5,885	5,477	0	0	0	0	0	0	0	38,620	0	0	0	0	26,026	0	0	0	48,431	0	38,666	0	7,955	0	0	57,283	228,539
Office of Public Instruction	0	3,447	97,674	0	16,487	12,920	11,543	600	0	24,315	0	0	0	85,673	3,732	760	0	0	2,950	0	0	0	70,623	10,224	54,416	20,791	0	635	12,637	429,428	
Board of Crime Control	0	2,151	22,251	0	4,226	2,036	0	0	0	16,110	0	0	0	9,279	0	0	0	0	11,170	0	0	0	6,423	4,072	10,635	0	1,217	0	0	(14,747)	74,823
Department of Justice	25	107,914	28,145	0	268,540	74,744	193,306	0	0	9,308	0	0	99	487,948	17,792	4,510	339	0	265,636	0	0	309,969	0	1,101,693	9,380	52,386	0	467,975	3,399,709		
Public Service Commission	0	0	0	0	5	3,708	0	0	0	0	0	0	0	18,424	0	0	339	0	8,092	0	0	0	9,927	0	10,343	0	2,096	0	8,988	61,923	
Board of Public Education	0	0	0	0	2	180	0	0	7	0	0	0	0	2,303	0	0	0	0	10,474	0	0	0	919	0	5,712	0	182	0	0	19,779	
Commissioner of Higher Education	0	370	0	0	2,102	31	0	0	0	0	0	0	0	0	0	0	0	0	2,900	0	0	0	39,979	43	1,546	0	15,273	0	3,177	65,420	
School for the Deaf and Blind	0	0	0	0	(27)	0	0	0	0	0	0	0	0	5,489	0	0	0	0	42	0	0	0	5,928	0	10,387	0	1,657	0	13,827	37,303	
Montana Arts Council	0	0	0	0	1,843	2,502	0	0	32	0	1,738	0	0	50	3,685	0	0	0	4,112	0	0	0	2,908	0	9,290	0	823	0	9,627	36,610	
Montana State Library	0	0	2,841	0	0	3,911	0	0	0	0	0	0	0	31,782	0	0	0	0	62,783	0	0	0	16,596	0	38,465	0	4,235	0	193,420	354,033	
Montana Historical Society	0	0	786	0	1,747	4,212	6,008	0	246	0	0	0	198	31,260	0	0	0	0	21,887	0	0	0	17,416	0	20,837	120	2,388	0	(3,462)	103,643	
Department of Fish, Wildlife, & Parks	0	7,775	33,269	0	36,454	37,486	20,815	0	21,797	15,584	0	0	0	286,958	7,674	1,250	7,320	0	251,330	0	0	0	95,167	3,735	523,359	409	54,687	53	(244,728)	1,160,396	
Department of Environmental Quality	0	3,277	34,249	0	30,498	33,526	1,830	600	0	19,317	0	5,495	0	195,324	2,046	6,737	3,050	11,100	216,801	0	0	0	140,898	9,147	190,175	0	42,541	0	167,557	1,114,168	
Department of Transportation	0	2,785	1,908	0	10,668	110,560	0	0	0	0	0	0	0	1,002,281	0	0	21,691	1,600	563,084	0	0	0	210,621	62,628	1,600,876	4,529	179,435	1,100	294,788	4,068,553	
Department of Livestock	0	1,587	11,362	0	11,593	6,081	0	0	0	23,417	0	0	0	35,597	1,811	0	0	0	26,034	0	0	0	16,465	0	39,383	2,368	7,041	0	(2,537)	180,202	
Department of Natural Resources	0	37,351	102,112	0	61,397	34,596	80,404	600	1,485	61,196	3,400	0	3,168	276,827	2,765	2,050	0	4,600	237,281	0	0	0	75,076	49,208	484,209	0	52,313	0	24,417	1,594,455	
Department of Revenue	0	105,087	415,424	0	133,305	46,905	0	0	24,740	177,589	0	0	990	306,764	12,705	2,500	8,540	133	209,624	0	0	0	225,653	54,782	686,357	592	44,732	1,270	39,757	2,498,051	
Department of Administration	0	41,877	386,108	0	200,721	27,640	5,844	529	43,760	183,591	136,597	282,151	107,816	132,309	488,809	14,410	0	0	95,279	0	0	7,741	107,142	1,073	139,255	0	16,594	1,385	428,803	2,849,434	
Montana State Fund	0	50	0	0	385	21,750	0	0	0	0	0	0	0	149,697	0	760	0	0	108,682	0	0	0	344	0	161,177	0	15,665	0	0	458,509	
Public Employees' Retirement*	0	17,217	12,280	0	134,344	7,851	0	0	210	8,785	0	0	0	18,885	836	4,050	0	0	16,387	0	0	0	19,710	0	23,079	0	4,787	0	0	268,421	
Teachers' Retirement*	0	182	846	0	1,367	1,511	0	0	0	837	0	0	0	8,291	306	300	2,826	0	3,642	0	0	0	7,841	0	8,551	0	2,129	0	0	38,626	
Office of the Public Defender	0	263	22,426	0	7,508	14,932	0	0	705	3,846	0	0	0	100,285	2,343	150	0	0	48,172	0	0	0	26,922	2,984	257,745	27,878	47,076	450	76,307	639,992	
Department of Agriculture	0	260	16,400	0	11,436	6,685	0	0	0	17,572	0	0	0	48,447	686	0	0	0	45,532	37	0	0	25,527	0	84,996	0	9,518	0	(21,886)	245,210	
Department of Corrections	0	2	25,065	0	5,546	59,572	0	600	0	0	0	0	0	544,438	0	0	6,100	0	280,307	0	1,340	560	125,232	68,276	554,125	17,550	61,002	0	(6,337)	1,743,378	
Department of Commerce	0	6,692	19,330	0	24,228	18,156	38,756	636	159	16,441	0	12,718	9,950	90,861	3,706	2,490	0	800	97,787	0	0	0	73,086	0	88,862	18	16,337	0	35,173	556,186	
Department of Labor and Industry	0	73,880	337,609	0	558,843	62,311	226,811	0	33,987	74,297	122	73,383	5,396	393,278	19,498	5,000	7,320	934	482,173	0	0	0	315,879	1,653	642,625	5,309	124,308	0	144,874	3,589,490	
Department of Military Affairs	0	209	266	0	179	2,199	0	0	0	0	0	0	0	18,422	0	0	0	0	12,428	0	0	0	13,644	0	19,095	0	5,062	0	64,012	135,516	
Department of Public Health and Human Services	0	314,129	108,060	2	2,036,903	167,245	27,457	0	5,912	27,611	0	1,312	0	1,261,142	23,524	11,771	23,131	0	796,008	0	0	0	922,073	9,767	1,751,285	17,610	231,578	0	(268,492)	7,468,028	
Total	\$25	\$739,625	#####	\$2	#####	\$847,477	\$645,986	\$6,565	\$135,316	\$748,658	\$146,452	\$375,505	\$127,667	#####	\$591,769	\$59,388	\$84,209	\$19,167	#####	\$25,334	\$1,340	\$8,301	#####	\$520,809	#####	\$108,243	#####	\$4,893	\$1,813,639	#####	

Difference from FY 2012 Expenditures
 * Not budgeted in MBARS used actuals

	Data Network Serv	Storage Hosting	Server Hosting	Web Hosting	Application Hosting	Email	Imaging	Content Management	Operational Support	Web Services	Installation	Application Development	Web Development	Enterprise Services	Professional Services	PMO Services	Equipment Hosting	GIS Services	Asset Broker	Pass Thru	Telephone Equipment	Data Circuit	Voice Services	Video Services	Network Services	Pass-through NTSB	Long Distance	Sponsored Training	ITSD Fixed Costs	Total
Legislative Branch	0	5,455	55,384	0	56,059	17,989	0	0	0	0	0	297	0	78,764	279	2,050	0	0	56,737	0	0	31,974	4,473	67,565	0	2,233	0	208,755	588,014	
Consumer Council	0	0	0	0	2	350	0	0	21	0	2,710	0	0	2,764	0	0	0	0	3,035	0	0	1,990	0	7,406	0	283	0	(880)	17,681	
Judicial Branch	0	1,158	40,118	0	31,310	37,486	16,803	1,200	0	16,509	0	0	0	351,904	1,031	0	0	0	158,264	0	0	32,189	232,618	609,090	0	7,505	0	248,505	1,785,690	
Governor's Office	0	1,513	8,423	0	8,318	16,404	0	600	324	19,727	0	0	0	36,287	167	600	3,553	0	29,202	0	0	27,603	6,127	28,374	0	6,666	0	0	193,888	
Secretary of State	0	4,682	39,076	0	78,665	6,109	11,837	0	1,909	23,297	0	0	0	31,782	2,030	0	0	0	31,625	25,297	0	0	23,587	0	27,422	1,352	3,556	0	(18,750)	293,477
Commissioner of Political Practices	0	117	10,093	0	4,535	412	4,572	600	21	9,308	1,885	149	0	2,539	28	0	0	0	6,186	0	0	0	0	0	2,888	337	307	0	28,226	72,203
State Auditor's Office	0	196	0	0	5,885	5,477	0	0	0	0	0	0	0	38,620	0	0	0	0	26,026	0	0	0	48,431	0	38,666	0	7,955	0	58,013	229,269
Office of Public Instruction	0	3,447	97,674	0	16,487	12,920	11,543	600	0	24,315	0	0	0	85,673	3,732	760	0	0	2,950	0	0	0	70,623	10,224	54,416	20,791	0	635	12,637	429,428
Board of Crime Control	0	2,151	22,251	0	4,226	2,036	0	0	0	16,110	0	0	0	9,279	0	0	0	0	11,170	0	0	0	6,423	4,072	10,635	0	1,217	0	(14,747)	74,823
Department of Justice	25	107,914	28,145	0	268,540	74,744	193,306	0	0	9,308	0	0	99	487,948	17,792	4,510	339	0	265,636	0	0	309,969	0	1,101,693	9,380	52,386	0	505,307	3,437,041	
Public Service Commission	0	0	0	0	5	3,708	0	0	0	0	0	0	0	18,424	0	0	339	0	8,092	0	0	0	9,927	0	10,343	0	2,096	0	8,988	61,923
Board of Public Education	0	0	0	0	2	180	0	0	7	0	0	0	0	2,303	0	0	0	0	10,474	0	0	0	919	0	5,712	0	182	0	0	19,779
Commissioner of Higher Education	0	370	0	0	2,102	31	0	0	0	0	0	0	0	0	0	0	0	0	2,900	0	0	0	39,979	43	1,546	0	15,273	0	3,177	65,420
School for the Deaf and Blind	0	0	0	0	(27)	0	0	0	0	0	0	0	0	5,489	0	0	0	0	42	0	0	0	5,928	0	10,387	0	1,657	0	13,827	37,303
Montana Arts Council	0	0	0	0	1,843	2,502	0	0	32	0	1,738	0	0	50	3,685	0	0	0	4,112	0	0	0	2,908	0	9,290	0	823	0	9,627	36,610
Montana State Library	0	0	2,841	0	0	3,911	0	0	0	0	0	0	0	31,782	0	0	0	0	62,783	0	0	0	16,596	0	38,465	0	4,235	0	193,556	354,169
Montana Historical Society	0	0	786	0	1,747	4,212	6,008	0	246	0	0	0	198	31,260	0	0	0	0	21,887	0	0	0	17,416	0	20,837	120	2,388	0	(3,462)	103,643
Department of Fish, Wildlife, & Parks	0	7,775	33,269	0	36,454	37,486	20,815	0	21,797	15,584	0	0	0	286,958	7,674	1,250	7,320	0	251,330	0	0	0	95,167	3,735	523,359	409	54,687	53	(244,728)	1,160,396
Department of Environmental Quality	0	3,277	34,249	0	30,498	33,526	1,830	600	0	19,317	0	5,495	0	195,324	2,046	6,737	3,050	11,100	216,801	0	0	0	140,898	9,147	190,175	0	42,541	0	167,557	1,114,168
Department of Transportation	0	2,785	1,908	0	10,668	110,560	0	0	0	0	0	0	0	1,002,281	0	0	21,691	1,600	563,084	0	0	0	210,621	62,628	1,600,876	4,529	179,435	1,100	175,891	3,949,656
Department of Livestock	0	1,587	11,362	0	11,593	6,081	0	0	0	23,417	0	0	0	35,597	1,811	0	0	0	26,034	0	0	0	16,465	0	39,383	2,368	7,041	0	(2,538)	180,201
Department of Natural Resources	0	37,351	102,112	0	61,397	34,596	80,404	600	1,485	61,196	0	0	3,168	276,827	2,765	2,050	0	4,600	237,281	0	0	0	75,076	49,208	484,209	0	52,313	0	24,407	1,591,045
Department of Revenue	0	105,087	415,424	0	133,305	46,905	0	600	24,740	177,589	0	0	990	306,764	12,705	2,500	8,540	133	209,624	0	0	0	225,653	54,782	686,357	592	44,732	1,270	39,757	2,498,051
Department of Administration	0	41,877	386,108	0	200,721	27,640	5,844	529	43,760	183,591	136,597	282,151	107,816	132,309	488,809	14,410	0	0	95,279	0	0	7,741	107,142	1,073	139,255	0	16,594	1,385	428,803	2,849,434
Montana State Fund	0	50	0	0	385	21,750	0	0	0	0	0	0	0	149,697	0	760	0	0	108,682	0	0	0	344	0	161,177	0	15,665	0	0	458,509
Public Employees' Retirement*	0	17,217	12,280	0	134,344	7,851	0	0	210	8,785	0	0	0	18,885	836	4,050	0	0	16,387	0	0	0	19,710	0	23,079	0	4,787	0	0	268,421
Teachers' Retirement*	0	182	846	0	1,367	1,511	0	0	0	837	0	0	0	8,291	306	300	2,826	0	3,642	0	0	0	7,841	0	8,551	0	2,129	0	0	38,626
Office of the Public Defender	0	263	22,426	0	7,508	14,932	0	0	705	3,846	0	0	0	100,285	2,343	150	0	0	48,172	0	0	0	26,922	2,984	257,745	27,878	47,076	450	76,307	639,992
Department of Agriculture	0	260	16,400	0	11,436	6,685	0	0	0	17,572	0	0	0	48,447	686	0	0	0	45,532	37	0	0	25,527	0	84,996	0	9,518	0	(21,887)	245,209
Department of Corrections	0	2	2,497	0	5,546	59,572	0	600	0	0	0	0	0	544,438	0	0	6,100	0	280,307	0	1,340	560	125,232	68,276	554,125	17,550	61,002	0	(6,337)	1,720,810
Department of Commerce	0	6,692	19,330	0	24,228	18,156	38,756	636	159	16,441	0	12,718	9,950	90,861	3,706	2,490	0	800	97,787	0	0	0	73,086	0	88,862	18	16,337	0	35,173	556,186
Department of Labor and Industry	0	73,880	337,609	0	558,843	62,311	226,811	0	33,987	74,297	122	73,383	5,396	393,278	19,498	5,000	7,320	934	482,173	0	0	0	315,879	1,653	642,625	5,309	124,308	0	324,276	3,768,892
Department of Military Affairs	0	209	266	0	179	2,199	0	0	0	0	0	0	0	18,422	0	0	0	0	12,428	0	0	0	13,644	0	19,095	0	5,062	0	64,012	135,516
Department of Public Health and Human Services	0	314,129	108,060	2	2,036,903	167,245	27,457	0	5,912	27,611	0	1,312	0	1,261,142	23,524	11,771	23,131	0	796,008	0	0	0	922,073	9,767	1,751,285	17,610	231,578	0	(294,947)	7,441,573
Total	\$25	\$739,625	#####	\$2	#####	\$847,477	\$645,986	\$6,565	\$135,316	\$748,658	\$143,052	\$375,505	\$127,667	#####	\$591,769	\$59,388	\$84,209	\$19,167	#####	\$25,334	\$1,340	\$8,301	#####	\$520,809	#####	\$108,243	#####	\$4,893	\$2,018,525	#####

Difference from FY 2012 Expenditures

* Not budgeted in MBARS used actuals



Montana Legislative Services Division
Legal Services Office

July 11, 2012

TO: Kris Wilkinson

FROM: Julie Johnson, Legal Services Office

RE: Legal Analysis Regarding Administrative Costs for the State Employee Group Benefit Plan

You have asked me to review § 2-18-812, MCA, and § 17-8-101, MCA, and determine which statute controls with regard to administrative costs of the State Employee Group Benefit Plan (SEGBP). I have framed the question as follows:

Question Presented

- 1. Whether § 2-18-812, MCA, requires that administrative costs related to the State Employee Group Benefit Plan be made from temporary appropriations, as described in 17-7-501, MCA.**

Short Answer

Yes, § 2-18-812, MCA, specifically provides that costs for the administration of SEGBP be made from temporary appropriations. While § 17-8-101(2), MCA, generally allows for funds to be disbursed if a subclass is established on the Statewide Accounting, Budgeting and Human Resource System (SABHRS), § 2-18-812, MCA, controls because it identifies a particular legislative intent with regard to administrative costs related to SEGBP.

Law

Pursuant to § 2-18-814, MCA, the Department of Administration "shall include the costs of administering and negotiating state employee group benefit plans established under this part. . . as part of the cost for state employee group benefits." Costs of administration of SEBPG are further discussed in § 2-18-812(4), MCA, which provides:

The department shall deposit income earned from the investment of a state employee group benefit plan's reserve fund into the account established under subsection (3) in order to offset the costs of administering the plan. Expenditures for actual and necessary expenses required for the efficient administration of the plan must be made from temporary appropriations, as described in 17-7-501(1) or (2), made for that purpose.

Under Montana law, temporary appropriations can be made either by the Legislature as part of designated appropriation bills or sections designated as appropriations in other bills (§ 17-7-

501(1), MCA) or by valid budget amendment (§ 17-7-501(2), MCA).

Section 17-8-101(2), MCA, governs the appropriation and disbursement of money from the treasury. This subsection provides that:

. . . money deposited in the enterprise fund type, debt service fund type, internal service fund type, private purpose trust fund type, agency fund type, and state special revenue fund from nonstate and nonfederal sources restricted by law or by the terms of an agreement, such as a contract, trust agreement, or donation, may be paid out of the treasury:

- (a) by appropriation; or
- (b) under general laws, or contracts entered into in pursuance of law, permitting the disbursement if a subclass is established on the state financial system.

Analysis

It has been suggested that § 17-8-101(2)(b), MCA, allows for administrative costs for SEGBP to be paid out of the treasury as long as a subclass for administration costs has been established on SABHRS. The Health Care and Benefits Division (HCBBD) has created such a subclass.

While § 17-8-101(2)(b), MCA, may appear to authorize payment for the administrative costs of SEGBP to the HCBBD, this interpretation ignores the plain language of § 2-18-812(4), MCA, which specifically contemplates the funding of administrative costs for SEGBP.

First, general rules of statutory construction provide that when a general and particular provision are inconsistent, the particular provision is superior to the general, so that a particular legislative intent will control a general intent to the extent that there is any opposition between them. Section 1-2-102, MCA; State v. Placzkiewicz, 2001 MT 254, ¶ 18, 307 Mont. 189, ¶ 18, 36 P.3d 934, ¶ 18; State v. Dept. of Public Service Regulation, 181 Mont. 225, 592 P.2d 34 (1979). While the two statutes at hand, § 2-18-812, MCA, and § 17-8-101(2)(b), MCA, do not appear to be inconsistent, if they were, § 2-18-812, MCA, would control because it identifies a particular legislative intent with regard to the funding of administrative costs specifically for SEGBP. Section 17-8-101(2)(b), MCA, does not.

Furthermore, even when two statutes are consistent, as here, "[p]articulate expressions qualify those which are general." § 1-3-225, MCA; Powder River County v. State, 2002 MT 259, ¶ 63, 312 Mont. 198, ¶ 63, 60 P.3d 357, ¶ 63. Again, § 2-18-812, MCA, is a particular expression relative to the administrative costs of SEGBP, and as such it qualifies the more general terms of § 17-8-101(2)(b), MCA.

Finally, Montana law prefers "[a]n interpretation which gives effect" over "one which makes void." § 1-3-232, MCA. Therefore, the interpretation that § 17-8-101(2)(b), MCA, authorizes

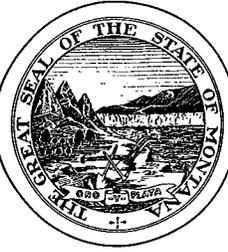
payment for the administrative costs of SEBGP to the HCBD makes § 2-18-812(4), MCA, meaningless and void.

Conclusion

Based on the foregoing analysis of the facts, § 2-18-812(4), MCA, requires that administrative costs related to the SEBGP be made from temporary appropriations, either by the Legislature as part of designated appropriation bills, such as House Bill 2, by sections designated as appropriations in other bills, or by valid budget amendment. Section 17-8-101(2)(b), MCA, does not provide authority for the funding of administrative costs related to SEBPG regardless of whether a specific subclass has been established in SABHRS.

I hope this analysis adequately addresses your question. Please let me know if you have any followup inquiries.

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE



BRIAN SCHWEITZER, GOVERNOR

JANET R. KELLY, DIRECTOR

STATE OF MONTANA

(406) 444-2032
FAX (406) 444-6194

MITCHELL BUILDING
125 N. ROBERTS, RM 155
PO BOX 200101
HELENA, MONTANA 59620-0101

May 18, 2012

Honorable Jim Peterson, Senate President
Honorable Mike Milburn, Speaker of the House
Montana Legislative Branch
P.O. Box 201706
Helena, MT 59620-1706

RE: State of Montana Employee Health Centers

Dear Senator Peterson and Representative Milburn:

I am responding to your letter dated April 23, 2012, to Russ Hill, Administrator of the Department's Health Care and Benefits Division. My response is organized topically, and addresses all your questions related to transparency, scope of services, and financial consideration.

As you know, Governor Schweitzer has asked agencies to focus on finding efficiencies and cost savings. The administration has saved or collected more than \$162 million including:

- **\$4 million** from State Vehicle Reduction
- **\$3 million** negotiating historically low interest rates for outstanding bonds
- **\$79 million** in audit collections by the Department of Revenue
- **\$40 million** in 5% budget reductions
- **\$800,000** biennium savings by extending computer replacement cycle to five years
- **\$3.4 million** renegotiating lease rates for commercial space rented by the state
- **\$11,000** in savings from Governor and Lt. Governor salary decrease
- **\$6 million** in savings from cancelled building projects across the state
- **\$450,000** in estimated savings through efficiency steps taken by the Department of Livestock in the implementation of the Brucellosis Action Plan
- **\$400,000** by rescreening aggregate and using the surplus and obsolete material, rather than crushing new material
- **\$18 million** cancelling the new unemployment insurance (UI) contribution computer system

- **\$4.5 million** cancelling renovations of the unused Receiving Hospital Building on the Montana State Hospital Campus
- **\$2 million** in savings by state government by suspending some wildfire-related equipment purchases and fuels reduction projects in 2010
- **\$600,000** not bailing out Swank Enterprises' clean-up liabilities
- **\$380,000** over the biennium with the elimination of the RDO positions in Commerce
- **\$131,000** in savings from Department of Revenue printing fewer tax booklets
- **\$20,000** in estimated saving by not printing a state phone directory
- **\$155,000** by opening new virtual offices overseas
- **\$150,000** by partnering with Montana University System to reduce IT costs

As a result of these savings, Montana currently has \$497 million in the bank and has been one of only a handful of states to maintain a budget surplus during the recession.

In fact, because of good fiscal leadership by Governor Schweitzer, Montana has maintained record budget surpluses for the last seven years, averaging \$411 million cash balance during that period.

Governor Schweitzer and the State of the Montana continue to challenge every expense. Health Centers are another way to reduce costs for employees and taxpayers, while providing a more efficient, higher quality service. Based on an independent actuarial analysis of the CareHere proposal for the Helena clinic, Montana could save over \$100 million over five years once clinics are up and running statewide. Those savings are why some of the largest Fortune 500 companies like Google, Intel, and Cisco have turned to employee clinics.

Background

The State of Montana is required by statute to establish a program to provide State employees with health benefits. The Department of Administration, through the Health Care and Benefits Division (HCBD), administers the program for State employees, legislators, retirees, and their dependents. The State Employee Health Plan (State Plan) is a self-funded plan with the benefits, rates, and programs designed by the HCBD in conjunction with the State Employee Group Benefits Advisory Council (SEGBAC).

Without any significant increases in revenues, HCBD set about identifying ways to reduce health care costs. HCBD is implementing several programs to reduce health care cost increases. These include implementing new care management programs for chronic health conditions, new wellness programs to help employees stay healthy, new benefit designs, and the development of on-site employee health centers.

Even with the changes being implemented by HCBD, additional funding is needed just to keep up with increasing health care costs. During 2011 the health care trend

for the State Plan had a 12.7% increase; we anticipate increases in future years between 10% and 13% if nothing is done to mitigate cost increases.

HCBD is also responsible for the operational aspects of the State Plan, including interacting with thousands of State employees each year. We hear from State employees about the burden of increasing health care costs, and difficulties in accessing care in a timely manner. Therefore, we evaluated ways to reduce costs and improve access to primary health care and determined that a Health Center is the best method to accomplish both of these goals.

Authority

Title 2, Chapter 18, Parts 7 & 8 of the Montana Code Annotated provides the authority and guidance for the Department of Administration to operate the State Plan for the benefit of State employees, legislators, retirees, and their dependents. Of particular interest are the following components:

- The State Plan is required to operate in an efficient and affordable manner. The Health Centers accomplish both of these requirements.
- The State Plan is required to operate in an actuarially sound manner including maintaining adequate reserves. Attachment A is the latest completed report from our independent actuary that demonstrates that the State Plan is being operated in an actuarially sound manner. The development of on-site employee Health Centers will reduce costs and improve the financial performance of the State Plan in accordance with the requirement to operate in an actuarially sound manner.
- The State Plan has an advisory council (SEGBAC) to provide advice prior to negotiating contracts. HCBD presented information to SEGBAC at its February 28, 2012, meeting. Additionally, all SEGBAC meetings are conducted in accordance with the public meeting laws and the discussion about the Health Centers was transparent.
- The Department of Administration through HCBD is authorized to enter into contracts for the operation of the State Plan.

Procurement laws

The State of Montana procurement laws were followed during the procurement of services for the Health Centers. Several important aspects of the procurement laws are outlined below:

- The underlying purposes of the Montana Procurement Act are to ensure consistent administration of the procurement process, increase public confidence in the procurement process, ensure fair and equitable treatment of all persons seeking to do business with the State of Montana, maximize the value of the public funds, and provide safeguards to ensure quality and integrity in the procurement process. The solicitation of proposals for the Health Center met all the requirements of the procurement laws.

- In order to operate the Health Centers, HCBBD sought competitive proposals from all interested parties. The question has been raised about negotiating directly with local providers to operate the Health Centers. This is not possible because of the procurement laws. Additionally, the procurement laws also prohibit giving preference based on residency.
- The procurement process is very transparent. The scoring of proposals and interviews of candidates are conducted in public meetings, following the public meetings laws. During this solicitation the Department of Administration conducted seven public meetings.
- The Request for Proposal (RFP) for the Health Centers was designed to provide flexibility and efficiency for the development of the Health Centers in multiple locations. As such, the proposals are flexible allowing for each Health Center to be designed with the specific community's needs in mind. The RFP was efficient in that it requested services and pricing that may be required in the future to meet the demands of the patients. In short, the RFP was designed to ensure the State Plan is operating efficiently and effectively.

Services sought

As described in the RFP, HCBBD sought to contract with one company to provide services for all Health Centers throughout Montana. The Health Centers would be an option for employees, legislators, and their dependents; there is no requirement that employees use the Health Centers. The RFP did seek a variety of services that may be offered during the initial operations, or later in the development of the Health Centers. The reason for requesting a wide variety of services was to help HCBBD operate as efficiently as possible. The RFP also stated that each Health Center would be unique, and the specific services offered at each center would vary and would be outlined prior to beginning operations.

According to the RFP, the contractor was requested to describe how they would provide for all the services sought, including primary health care, acute and episodic health care (including hospitalization), wellness services, health screenings, pharmacy services, and other services (including radiology and laboratory services) depending on the State's needs. The RFP also allowed for the contractor to provide alternative means to provide these services, including contracting with other providers. All of the proposers described how they would provide all of the requested services and also alternative approaches for several services, including alternatives for radiology and laboratory services.

Financial considerations

Health Centers are proven to save money for health plans throughout the United States. Health Centers save money by reducing the cost of providing services, and by reducing long-term costs by improving health care outcomes through better care coordination and wellness activities. Historically, medical services have been reimbursed on a fee-for-service basis, meaning the more services that are provided,

the higher the revenues are for providers. The Health Center contractor would be reimbursed based on fixed contracted fees resulting in lower overall costs to the State Plan compared to the current reimbursement methods.

Based on the proposals we received, the Health Centers should result in savings both in terms of lower per-unit costs of operating the Health Centers compared to the current fee for service reimbursement, and lower costs by improving the overall health of State employees and providing assistance in the management of chronic diseases. Attachment B contains the financial projections prepared by HCBD (assumes savings from only the Health Center), and the financial projections from two of the RFP responses. Under both projections, the Health Center is projected to reduce costs for the State Plan, and for State employees who use the Health Center.

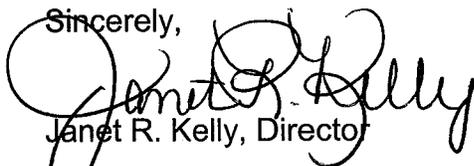
The State Plan's initial investment to achieve these savings is projected to be less than \$500,000, and the first-year savings are projected to repay the investment and generate savings. This type of investment that reduces health care costs now, and in the future, is sustainable and will help the State Plan for many years to come.

To summarize, this information:

- The Department of Administration issued the RFP for the Health Centers in accordance with the applicable procurement laws and the requirements that the State Plan be operated in the most efficient and effective manner possible.
- The HCBD's process has been very transparent in sharing information with the public, including holding eight public meetings related to the Health Centers, beginning in February 2012 and continuing through May 2012.
- The proposed services sought by this proposal are well thought-out, and allow for the efficient operations of Health Centers in the future.
- The savings from Health Centers will provide much-needed relief from ever-increasing health care costs, thereby providing assistance to ensure the long-term success and sustainability of the State Plan.

A frequently-asked-questions document is provided as Attachment C, which should address any other questions you may have.

Sincerely,



Janet R. Kelly, Director

Attachments: 3

cc: Governor Brian Schweitzer
Members of the Montana House of Representatives and State Senate
Susan Byorth Fox

Attachment A

State of Montana Employee Group Benefits Plan

Financial Report for Plan Year Ending
December 31, 2011



Prepared by Actuaries Northwest, LLC

Attachment A

February 17, 2012

Employee Group Benefits Advisory Council
Health Care and Benefits Division
100 North Park, Suite 320
Helena, MT 59620



Re: Financial Report - January 2011 through December 2011

Dear Council Members,

The attached report provides a review of claims experience and financial operation of the Medical, Prescription Drug and Dental programs. Data presented includes data for Plan Year 2011 as well as historical data from Plan Year 2010. The first few pages contain claim and enrollment charts and tables.

Exhibit I outlines plan participation.

Exhibit II and Exhibit III compare income and expense on an aggregate and per capita basis, for the medical plans (combined and separately) and the dental plan.

Exhibit IV illustrates income and claims expense for participants under the combined medical plans, by Actives and Retirees.

Projection A and Projection B illustrate actual PY2009-PY2011 revenue and expenses, followed by annual projected PY2012-PY2014 revenue, expenses, and annual operating surplus/deficit on a per participant basis and in total. Projection A uses 8% medical trend and 10% Rx trend assumptions. Projection B uses 11% medical trend and 13% Rx trend assumptions.

Annualized benefit cost changes for claims paid are as follows:

Comparison of Medical, Rx and Dental Monthly Per-Capita Claims Costs				
Benefit	Jan 11 - Dec 11	Jan 10 - Dec 10	Percentage Change	
Medical	\$ 524.40	\$ 471.35	11.3%	
Rx	\$ 126.41	\$ 106.34	18.9%	
Combined	\$ 650.81	\$ 577.70	12.7%	
Dental	\$ 37.18	\$ 36.83	0.9%	

Please call if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kelly Grebinsky', is written over a light blue horizontal line.

Kelly Grebinsky, FSA, MAAA, FCA
Principal

Enclosure

Attachment A

Financial Status Summary - Fourth Quarter 2011

Update of State of Montana revenues and expenses:

- Revenues exceeded expenses for the medical plans by 10.0% for the calendar year, including Medicare Part D reimbursements. Medical expenses per eligible are up 8.8% from January through December 2010.
- The dental plan claims experience shows revenue exceeding expenses by 11.6%. For 2011, the loss ratio was targeted to be near 100%.
- For the calendar year, the CHO Medical Plans had low claims experience with a loss ratio of 82.7%. The Traditional Plan had a loss ratio of 102.1%. These loss ratios reflect the minor shift in enrollment towards managed care, as well as expected risk selection between plans.
- Actives are running a medical loss ratio of 84.0%, compared to 81.2% a year ago. Retirees are running a loss ratio of 103.3% compared to 127.9% a year ago.
- The loss ratio for Early Retirees is 147.6% compared to 177.5% a year ago, while Medicare Retirees experienced a loss ratio of 72.6% compared to 92.3% a year ago.

Reserves and fund balance status:

- Fund balance continues to exceed estimated incurred but not reported (IBNR) claim reserves, and currently fall roughly \$4.7 million above recommended reserves.

Report Date	Projected Year End IBNR*	Projected Year End General Reserves	Projected Year End Fund Balance	Recommended Reserves**	Difference
12/31/2010	\$ 13,110,000	\$ 37,317,766	\$ 50,427,766	\$ 52,890,000	\$ (2,462,234)
3/31/2011	\$ 14,100,000	\$ 51,358,795	\$ 65,458,795	\$ 54,890,000	\$ 10,568,795
6/30/2011	\$ 14,300,000	\$ 54,758,379	\$ 69,058,379	\$ 55,690,000	\$ 13,368,379
9/30/2011	\$ 14,100,000	\$ 52,219,014	\$ 66,319,014	\$ 56,590,000	\$ 9,729,014
12/31/2011	\$ 13,970,000	\$ 48,821,235	\$ 62,791,235	\$ 58,060,000	\$ 4,731,235

* IBNR is the IBNR reserve plus the grandfathered benefit reserve.

** Based on actuarial recommendation as of December 31, 2011

Attachment A

Exhibit I: Eligible Participants

Month	Medical				Total	Dental
	Active	Cobra	Retired <65	Retired 65+		
January 2011	12,871	43	815	2,476	16,204	15,655
February 2011	12,789	42	853	2,466	16,148	15,615
March 2011	12,821	41	835	2,476	16,173	15,639
April 2011	12,861	40	828	2,474	16,203	15,690
May 2011	12,875	36	810	2,483	16,202	15,677
June 2011	12,793	37	803	2,488	16,120	15,599
July 2011	12,776	39	802	2,494	16,109	15,593
August 2011	12,711	43	809	2,500	16,053	15,552
September 2011	12,681	42	806	2,499	16,028	15,521
October 2011	12,673	46	807	2,493	16,018	15,518
November 2011	12,713	49	802	2,499	16,052	15,564
December 2011	12,736	44	792	2,506	16,077	15,581
Total	153,296	499	9,758	29,851	193,404	187,200
Average	12,775	42	813	2,488	16,117	15,600
January 1, 2010 to December 31, 2010	12,877	43	840	2,493	16,253	15,692
Percent Change	-0.8%	-2.3%	-3.2%	-0.2%	-0.3%	-0.6%
Average by Plan PY2011						
Traditional	4,612	19	499	2,269	7,399	
Indemnity Total	4,612	19	499	2,269	7,399	
BCBSMT HMO	5,759	13	207	123	6,101	
PEAK HMO	-	-	-	-	-	
NWHP HMO	2,404	9	108	95	2,617	
CHO Total	8,163	22	315	219	8,718	
January 1, 2010 to December 31, 2010						
Traditional	4,775	15	499	2,304	7,593	
Indemnity Total	4,775	15	499	2,304	7,593	
BCBSMT HMO	5,730	13	212	97	6,052	
PEAK HMO	91	1	4	1	96	
NWHP HMO	2,281	15	125	91	2,512	
CHO Total	8,102	29	341	189	8,660	
Percent Change						
Traditional	-3.4%	26.7%	-0.1%	-1.5%	-2.6%	
CHO	0.7%	-24.1%	-7.6%	15.9%	0.7%	

Notes:

Percentage change calculated on YTD average enrollment.
Some figures may not add due to rounding.

Attachment A

Exhibit II: Income & Expense by Combined Medical Plans & Dental Plan

Category	January 1, 2011 through September 30, 2011		October 1, 2011 through December 31, 2011		January 1, 2011 through December 31, 2011		January 1, 2010 through December 31, 2010		January 1, 2009 through December 31, 2009	
	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible
Medical Plan										
Average Eligible	16,139		16,052		16,117		16,253		16,257	
Contributions	\$ 106,468,148	\$ 733.01	\$ 34,728,467	\$ 721.17	\$ 141,196,615	\$ 730.06	\$ 128,150,669	\$ 657.06	\$ 115,695,204	\$ 593.06
Interest Income	\$ 986,943	\$ 6.79	\$ 327,896	\$ 6.81	\$ 1,314,839	\$ 6.80	\$ 1,166,843	\$ 5.98	\$ 1,283,649	\$ 6.58
Total Revenue	\$ 107,455,091	\$ 739.81	\$ 35,056,363	\$ 727.97	\$ 142,511,454	\$ 736.86	\$ 129,317,512	\$ 663.04	\$ 116,978,853	\$ 599.64
Expenses:										
Medical Claims	\$ 74,542,797	\$ 513.21	\$ 26,877,924	\$ 558.14	\$ 101,420,721	\$ 524.40	\$ 91,931,427	\$ 471.35	\$ 86,702,502	\$ 444.44
Rx Claims	\$ 17,739,938	\$ 122.14	\$ 6,708,489	\$ 139.31	\$ 24,448,428	\$ 126.41	\$ 20,740,814	\$ 106.34	\$ 25,599,657	\$ 131.23
Medicare Part D	\$ (3,333,671)	\$ (22.95)	\$ -	\$ -	\$ (3,333,671)	\$ (17.24)	\$ -	\$ -	\$ (3,399,592)	\$ (17.43)
Managed Care	\$ 80,331	\$ 0.55	\$ 43,354	\$ 0.90	\$ 123,685	\$ 0.64	\$ 340,631	\$ 1.75	\$ 531,143	\$ 2.72
Wellness / DM	\$ 452,814	\$ 3.12	\$ 294,576	\$ 6.12	\$ 747,390	\$ 3.86	\$ 1,121,462	\$ 5.75	\$ 1,089,656	\$ 5.59
Payroll Services	\$ 255,646	\$ 1.76	\$ 85,771	\$ 1.78	\$ 341,417	\$ 1.77	\$ 159,484	\$ 0.82	\$ 605,980	\$ 3.11
Admin / Operating	\$ 4,295,059	\$ 29.57	\$ 1,504,493	\$ 31.24	\$ 5,799,552	\$ 29.99	\$ 5,828,658	\$ 29.88	\$ 6,627,307	\$ 33.97
Total Expenses	\$ 94,032,914	\$ 647.40	\$ 35,514,607	\$ 737.49	\$ 129,547,522	\$ 669.83	\$ 120,122,475	\$ 615.89	\$ 117,756,652	\$ 603.63
Estimated Operating Addition / (Deficit)	\$ 13,422,177	\$ 92.41	\$ (458,244)	\$ (9.52)	\$ 12,963,933	\$ 67.03	\$ 9,195,037	\$ 47.14	\$ (777,799)	\$ (3.99)
Dental Plan										
Average Eligible	15,615		15,554		15,600		15,692		15,688	
Contributions	\$ 6,440,813	\$ 45.83	\$ 2,135,118	\$ 45.76	\$ 8,575,931	\$ 45.81	\$ 8,428,317	\$ 44.76	\$ 8,435,179	\$ 44.81
Interest Income	\$ 58,341	\$ 0.42	\$ 20,159	\$ 0.43	\$ 78,500	\$ 0.42	\$ 76,742	\$ 0.41	\$ 93,589	\$ 0.50
Total Revenue	\$ 6,499,154	\$ 46.24	\$ 2,155,277	\$ 46.19	\$ 8,654,431	\$ 46.23	\$ 8,505,059	\$ 45.17	\$ 8,528,768	\$ 45.31
Expenses:										
Dental Claims	\$ 5,234,674	\$ 37.25	\$ 1,725,753	\$ 36.98	\$ 6,960,427	\$ 37.18	\$ 6,935,934	\$ 36.83	\$ 7,023,141	\$ 37.31
Payroll Services	\$ 28,406	\$ 0.20	\$ 9,530	\$ 0.20	\$ 37,936	\$ 0.20	\$ 17,721	\$ 0.09	\$ 67,331	\$ 0.36
Admin / Operating	\$ 572,282	\$ 4.07	\$ 186,052	\$ 3.99	\$ 758,334	\$ 4.05	\$ 782,930	\$ 4.16	\$ 728,358	\$ 3.87
Total Expenses	\$ 5,835,362	\$ 41.52	\$ 1,921,335	\$ 41.18	\$ 7,756,697	\$ 41.44	\$ 7,736,586	\$ 41.09	\$ 7,818,830	\$ 41.53
Estimated Operating Addition / (Deficit)	\$ 663,792	\$ 4.72	\$ 233,942	\$ 5.01	\$ 897,734	\$ 4.80	\$ 768,473	\$ 4.08	\$ 709,938	\$ 3.77
Total										
Contributions	\$ 112,908,961	\$ 778.84	\$ 36,863,585	\$ 766.92	\$ 149,772,546	\$ 775.87	\$ 136,578,986	\$ 701.82	\$ 124,130,383	\$ 637.87
Interest Income	\$ 1,045,284	\$ 7.21	\$ 348,055	\$ 7.24	\$ 1,393,339	\$ 7.22	\$ 1,243,585	\$ 6.39	\$ 1,377,238	\$ 7.08
Total Revenue	\$ 113,954,245	\$ 786.05	\$ 37,211,640	\$ 774.16	\$ 151,165,885	\$ 783.09	\$ 137,822,571	\$ 708.21	\$ 125,507,621	\$ 644.94
Expenses:										
Medical Claims	\$ 97,517,409	\$ 672.60	\$ 35,312,166	\$ 734.43	\$ 132,829,576	\$ 687.99	\$ 119,608,175	\$ 614.53	\$ 119,325,299	\$ 612.97
Medicare Part D	\$ (3,333,671)	\$ (22.95)	\$ -	\$ -	\$ (3,333,671)	\$ (17.24)	\$ -	\$ -	\$ (3,399,592)	\$ (17.43)
Payroll Services	\$ 284,052	\$ 1.96	\$ 95,301	\$ 1.99	\$ 379,363	\$ 1.97	\$ 177,205	\$ 0.91	\$ 673,311	\$ 3.46
Other Costs	\$ 5,400,486	\$ 37.31	\$ 2,028,475	\$ 42.25	\$ 7,428,961	\$ 38.54	\$ 8,073,681	\$ 41.54	\$ 8,976,464	\$ 46.15
Total Expenses	\$ 99,868,276	\$ 688.92	\$ 37,435,942	\$ 778.67	\$ 137,504,219	\$ 711.27	\$ 127,659,062	\$ 656.98	\$ 125,575,483	\$ 645.16
Estimated Operating Addition / (Deficit)	\$ 14,085,969	\$ 97.13	\$ (224,302)	\$ (4.50)	\$ 13,861,667	\$ 71.83	\$ 9,963,509	\$ 51.23	\$ (67,861)	\$ (0.22)

Notes:

Some figures may not add due to rounding.

Rx Claims are net of rebates.

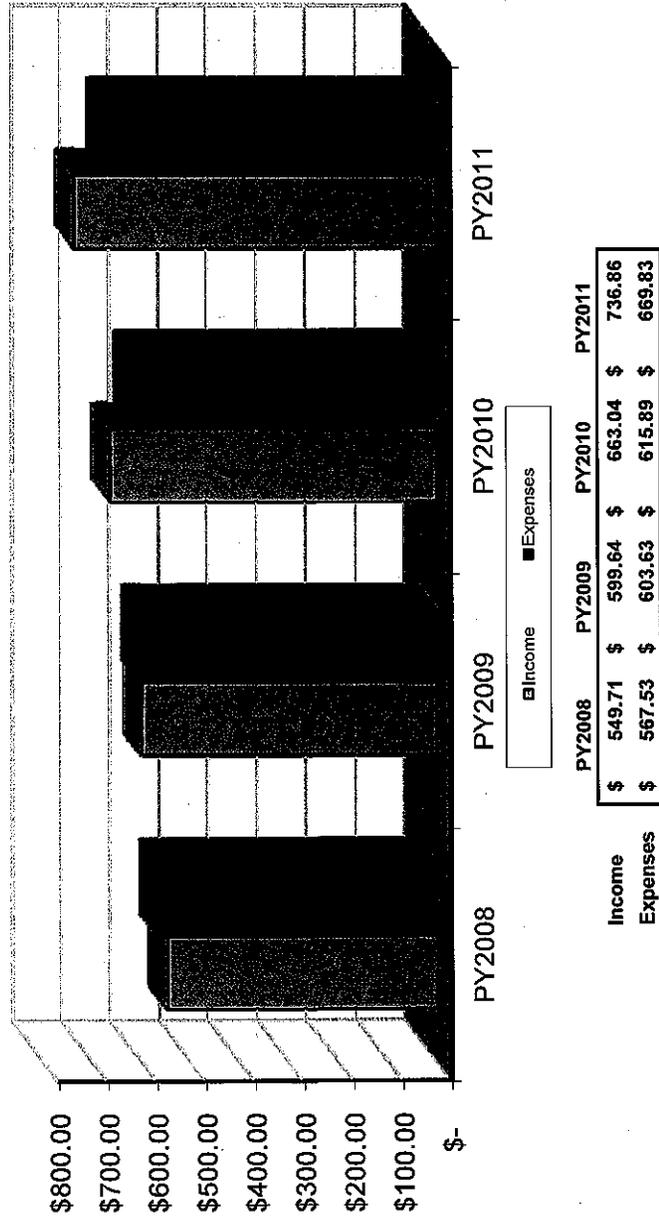
"Managed Care" includes BCBS managed care, certification review and individual managed care.

"Wellness/DM" includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

"Admin / Operating" includes claims administration & state operating expenses.

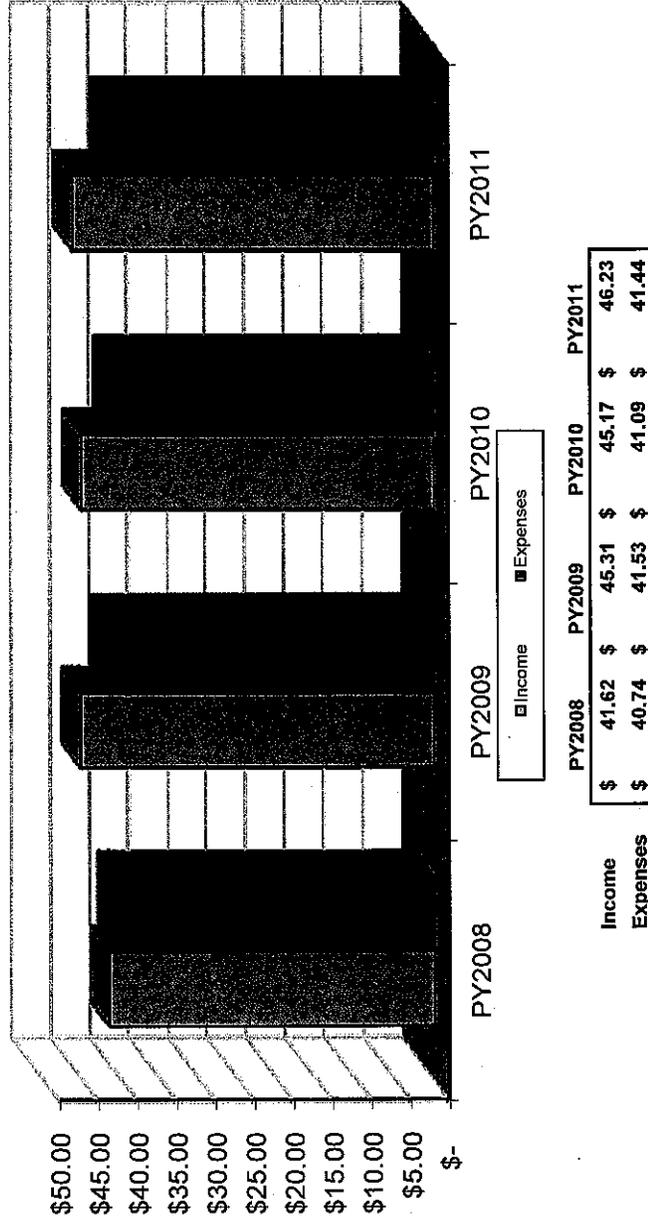
Attachment A

**Per Capita Income vs. Expenses
Medical Plan**



Attachment A

**Per Capita Income vs. Expenses
Dental Plan**



Attachment A

Exhibit III: Income & Expense by Indemnity Medical Plans

Category	January 1, 2011 through September 30, 2011		October 1, 2011 through December 31, 2011		January 1, 2011 through December 31, 2011		January 1, 2010 through December 31, 2010	
	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible
Basic								
Average Eligible		-		-		-		-
Revenues:								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:								
Medical Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rx Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Managed Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wellness / DM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Admin / Operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated Operating Addition / (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss Ratio		0.0%		0.0%		0.0%		0.0%
Traditional								
Average Eligible		7,423		7,326		7,399		7,593
Revenues:								
Contributions	\$ 45,189,832	\$ 676.41	\$ 14,609,051	\$ 664.73	\$ 59,798,883	\$ 673.52	\$ 55,316,285	\$ 607.13
Interest Income	\$ 419,037	\$ 6.27	\$ 137,935	\$ 6.28	\$ 556,972	\$ 6.27	\$ 503,769	\$ 5.53
Total Revenue	\$ 45,608,869	\$ 682.68	\$ 14,746,986	\$ 671.00	\$ 60,355,855	\$ 679.79	\$ 55,820,054	\$ 612.66
Expenses:								
Medical Claims	\$ 35,282,566	\$ 528.11	\$ 12,109,770	\$ 551.01	\$ 47,392,336	\$ 533.78	\$ 43,021,838	\$ 472.19
Rx Claims	\$ 10,225,412	\$ 153.06	\$ 3,741,793	\$ 170.26	\$ 13,967,206	\$ 157.31	\$ 12,279,257	\$ 134.77
Medicare Part D	\$ (3,025,295)	\$ (45.28)	\$ -	\$ -	\$ (3,025,295)	\$ (34.07)	\$ -	\$ -
Managed Care	\$ 107,287	\$ 1.61	\$ 43,354	\$ 1.97	\$ 150,641	\$ 1.70	\$ 220,426	\$ 2.42
Wellness / DM	\$ 208,142	\$ 3.12	\$ 134,510	\$ 6.12	\$ 342,652	\$ 3.86	\$ 523,746	\$ 5.75
Payroll Services	\$ 117,136	\$ 1.75	\$ 39,078	\$ 1.78	\$ 156,214	\$ 1.76	\$ 74,703	\$ 0.82
Admin / Operating	\$ 1,947,161	\$ 29.15	\$ 678,436	\$ 30.87	\$ 2,625,597	\$ 29.57	\$ 2,192,560	\$ 24.06
Total Expenses	\$ 44,862,409	\$ 671.51	\$ 16,746,941	\$ 762.00	\$ 61,609,349	\$ 693.91	\$ 58,312,529	\$ 640.02
Estimated Operating Addition / (Deficit)	\$ 746,461	\$ 11.17	\$ (1,999,954)	\$ (91.00)	\$ (1,253,494)	\$ (14.12)	\$ (2,492,474)	\$ (27.36)
Loss Ratio		98.4%		113.6%		102.1%		104.5%
Total								
Average Eligible		7,423		7,326		7,399		7,593
Total Revenue	\$ 45,608,869	\$ 682.68	\$ 14,746,986	\$ 671.00	\$ 60,355,855	\$ 679.79	\$ 55,820,054	\$ 612.66
Expenses:								
Claims	\$ 45,507,978	\$ 681.17	\$ 15,851,563	\$ 721.26	\$ 61,359,541	\$ 691.09	\$ 55,301,095	\$ 606.97
Medicare Part D	\$ (3,025,295)	\$ (45.28)	\$ -	\$ -	\$ (3,025,295)	\$ (34.07)	\$ -	\$ -
Payroll Services	\$ 117,136	\$ 1.75	\$ 39,078	\$ 1.78	\$ 156,214	\$ 1.76	\$ 74,703	\$ 0.82
Other Costs	\$ 2,262,589	\$ 33.87	\$ 856,300	\$ 38.96	\$ 3,118,889	\$ 35.13	\$ 2,936,731	\$ 32.23
Total Expenses	\$ 44,862,409	\$ 671.51	\$ 16,746,941	\$ 762.00	\$ 61,609,349	\$ 693.91	\$ 58,312,529	\$ 640.02
Estimated Operating Addition / (Deficit)	\$ 746,461	\$ 11.17	\$ (1,999,954)	\$ (91.00)	\$ (1,253,494)	\$ (14.12)	\$ (2,492,474)	\$ (27.36)
Loss Ratio		98.4%		113.6%		102.1%		104.5%

Notes:

Some figures may not add due to rounding.

Basic Plan not offered after 2003. Claims reported are runout from prior periods.

Rx claims are net of rebates.

Medical claims include capitation costs.

"Managed Care" includes BCBS managed care, certification review and individual managed care.

"Wellness/DM" includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

"Admin / Operating" includes claims administration & state operating expenses.

Attachment A

Exhibit III: Income & Expense by CHO Medical Plans										
Category	January 1, 2011 through September 30, 2011		October 1, 2011 through December 31, 2011		January 1, 2011 through December 31, 2011		January 1, 2010 through December 31, 2010			
	Monthly Amount		Monthly Amount		Monthly Amount		Monthly Amount			
	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible	Total \$	Per Eligible
Blue Choice										
Average Eligible	6,087		6,145		6,101		6,052			
Revenues:										
Contributions	\$ 43,044,240	\$ 785.75	\$ 14,238,376	\$ 772.42	\$ 57,282,616	\$ 782.39	\$ 50,802,636	\$ 696.78	\$	\$ 6.34
Interest Income	\$ 398,854	\$ 7.28	\$ 134,435	\$ 7.29	\$ 533,289	\$ 7.28	\$ 460,459	\$ 6.34	\$	\$
Total Revenue	\$ 43,443,094	\$ 793.03	\$ 14,372,811	\$ 779.71	\$ 57,815,905	\$ 789.68	\$ 51,063,095	\$ 703.12	\$	\$
Expenses:										
Medical Claims	\$ 26,757,104	\$ 488.44	\$ 9,735,885	\$ 528.16	\$ 36,492,990	\$ 498.44	\$ 31,645,021	\$ 435.74	\$	\$
Rx Claims	\$ 5,035,592	\$ 91.92	\$ 2,009,312	\$ 109.00	\$ 7,044,904	\$ 98.22	\$ 5,621,822	\$ 77.41	\$	\$
Medicare Part D	\$ (175,233)	\$ (3.20)	\$ -	\$ -	\$ (175,233)	\$ (2.39)	\$ -	\$ -	\$	\$
Managed Care	\$ (18,822)	\$ (0.34)	\$ -	\$ -	\$ (18,822)	\$ (0.26)	\$ 83,352	\$ 1.15	\$	\$
Wellness / DM	\$ 170,956	\$ 3.12	\$ 112,587	\$ 6.11	\$ 283,543	\$ 3.87	\$ 418,050	\$ 5.78	\$	\$
Payroll Services	\$ 97,010	\$ 1.77	\$ 32,980	\$ 1.79	\$ 129,990	\$ 1.78	\$ 59,216	\$ 0.82	\$	\$
Admin / Operating	\$ 1,473,423	\$ 26.90	\$ 527,536	\$ 28.62	\$ 2,000,959	\$ 27.33	\$ 2,340,429	\$ 32.23	\$	\$
Total Expenses	\$ 33,340,031	\$ 608.61	\$ 12,418,300	\$ 673.68	\$ 45,758,331	\$ 624.99	\$ 40,167,889	\$ 553.10	\$	\$
Estimated Operating Addition / (Deficit)	\$ 10,103,063	\$ 184.43	\$ 1,954,511	\$ 106.03	\$ 12,057,574	\$ 164.69	\$ 10,895,206	\$ 150.02	\$	\$
Loss Ratio	76.7%		86.4%		79.1%		78.7%			
Peak										
Average Eligible	-		-		-		96			
Revenues:										
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 791,468	\$ 688.53	\$	\$
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,206	\$ 6.27	\$	\$
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 798,674	\$ 694.80	\$	\$
Expenses:										
Medical Claims	\$ 159,377	\$ -	\$ -	\$ -	\$ 159,377	\$ -	\$ 707,872	\$ 615.81	\$	\$
Rx Claims	\$ (66)	\$ -	\$ -	\$ -	\$ (66)	\$ -	\$ 57,561	\$ 50.07	\$	\$
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	\$
Managed Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,346	\$ 1.17	\$	\$
Wellness / DM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,594	\$ 5.74	\$	\$
SABHRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 926	\$ 0.81	\$	\$
Admin / Operating	\$ 6,139	\$ -	\$ 60	\$ -	\$ 6,199	\$ -	\$ 45,281	\$ 39.39	\$	\$
Total Expenses	\$ 165,451	\$ -	\$ 60	\$ -	\$ 165,511	\$ -	\$ 819,580	\$ 712.99	\$	\$
Estimated Operating Addition / (Deficit)	\$ (165,451)	\$ -	\$ (60)	\$ -	\$ (165,511)	\$ -	\$ (20,906)	\$ (18.19)	\$	\$
Loss Ratio	0.0%		0.0%		0.0%		102.6%			
New West										
Average Eligible	2,629		2,582		2,617		2,513			
Revenues:										
Contributions	\$ 18,234,075	\$ 770.74	\$ 5,881,040	\$ 759.33	\$ 24,115,115	\$ 767.92	\$ 21,440,280	\$ 711.03	\$	\$
Interest Income	\$ 189,052	\$ 7.15	\$ 55,527	\$ 7.17	\$ 224,579	\$ 7.15	\$ 195,409	\$ 6.48	\$	\$
Total Revenue	\$ 18,403,127	\$ 777.88	\$ 5,936,567	\$ 766.50	\$ 24,339,694	\$ 775.08	\$ 21,635,689	\$ 717.51	\$	\$
Expenses:										
Medical Claims	\$ 12,343,749	\$ 521.76	\$ 5,032,269	\$ 649.74	\$ 17,376,018	\$ 553.32	\$ 16,556,696	\$ 549.07	\$	\$
Rx Claims	\$ 2,479,000	\$ 104.78	\$ 957,384	\$ 123.61	\$ 3,436,384	\$ 109.43	\$ 2,762,175	\$ 92.27	\$	\$
Medicare Part D	\$ (133,142)	\$ (5.63)	\$ -	\$ -	\$ (133,142)	\$ (4.24)	\$ -	\$ -	\$	\$
Managed Care	\$ (8,134)	\$ (0.34)	\$ -	\$ -	\$ (8,134)	\$ (0.26)	\$ 35,507	\$ 1.18	\$	\$
Wellness / DM	\$ 73,716	\$ 3.12	\$ 47,479	\$ 6.13	\$ 121,195	\$ 3.86	\$ 173,072	\$ 5.74	\$	\$
Payroll Services	\$ 41,499	\$ 1.75	\$ 13,714	\$ 1.77	\$ 55,214	\$ 1.76	\$ 24,639	\$ 0.82	\$	\$
Admin / Operating	\$ 868,335	\$ 36.70	\$ 298,460	\$ 38.54	\$ 1,166,795	\$ 37.16	\$ 1,250,388	\$ 41.47	\$	\$
Total Expenses	\$ 15,685,023	\$ 662.14	\$ 6,349,306	\$ 819.79	\$ 22,014,329	\$ 701.03	\$ 20,822,477	\$ 690.54	\$	\$
Estimated Operating Addition / (Deficit)	\$ 2,738,105	\$ 115.74	\$ (412,739)	\$ (53.29)	\$ 2,325,365	\$ 74.05	\$ 813,212	\$ 26.97	\$	\$
Loss Ratio	85.1%		107.0%		90.4%		96.2%			
Total CHO										
Average Eligible	8,715		8,726		8,718		8,661			
Total Revenue	\$ 61,846,222	\$ 788.46	\$ 20,309,377	\$ 775.80	\$ 82,155,599	\$ 785.29	\$ 73,497,458	\$ 707.20	\$	\$
Expenses:										
Claims	\$ 46,774,757	\$ 598.32	\$ 17,734,851	\$ 677.46	\$ 64,509,608	\$ 616.62	\$ 57,371,146	\$ 552.03	\$	\$
Medicare Part D	\$ (308,376)	\$ (3.93)	\$ -	\$ -	\$ (308,376)	\$ (2.95)	\$ -	\$ -	\$	\$
Payroll Services	\$ 138,510	\$ 1.77	\$ 46,694	\$ 1.78	\$ 185,204	\$ 1.77	\$ 84,781	\$ 0.82	\$	\$
Other Costs	\$ 2,585,614	\$ 32.71	\$ 986,122	\$ 37.67	\$ 3,551,736	\$ 33.95	\$ 4,354,019	\$ 41.89	\$	\$
Total Expenses	\$ 49,170,505	\$ 628.86	\$ 18,767,667	\$ 716.91	\$ 67,938,172	\$ 649.40	\$ 61,809,946	\$ 594.74	\$	\$
Estimated Operating Addition / (Deficit)	\$ 12,675,717	\$ 161.60	\$ 1,541,711	\$ 58.89	\$ 14,217,427	\$ 135.90	\$ 11,687,511	\$ 112.46	\$	\$
Loss Ratio	79.5%		92.4%		82.7%		84.1%			

Notes:

Some figures may not add due to rounding.

PEAK Plan not offered after 2010. Claims reported are runout from prior periods.

Rx claims are net of rebates.

Medical claims include capitation costs.

Managed Care includes BCBS managed care, certification review and Individual managed care.

Wellness/DM includes Weight Watchers, smoking cessation, spring fitness, wellness, Well on the Way, EAP and health screenings.

Admin / Operating includes claims administration & state operating expenses.

Attachment A

Exhibit IV: Medical Income & Expense by Actives and Retirees								
Category	January 1, 2011 through September 30, 2011		October 1, 2011 through December 31, 2011		January 1, 2011 through December 31, 2011		January 1, 2010 through December 31, 2010	
	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible	Total \$	Monthly Amount Per Eligible
Actives & COBRA								
Average Eligible		12,837		12,753		12,816		12,920
Contributions	\$ 91,231,415	\$ 789.64	\$ 29,751,272	\$ 777.63	\$ 120,982,686	\$ 786.65	\$ 109,703,241	\$ 707.58
Medical Claims	\$ 63,450,971	\$ 549.19	\$ 22,716,214	\$ 593.75	\$ 86,167,185	\$ 560.27	\$ 76,255,506	\$ 491.84
Rx Claims	\$ 11,168,062	\$ 96.66	\$ 4,321,027	\$ 112.94	\$ 15,489,089	\$ 100.71	\$ 12,823,670	\$ 82.71
Total Claims	\$ 74,619,032	\$ 645.85	\$ 27,037,241	\$ 706.69	\$ 101,656,274	\$ 660.99	\$ 89,079,176	\$ 574.55
Loss Ratio		81.8%		90.9%		84.0%		81.2%
Retirees under 65								
Average Eligible		818		800		813		840
Contributions	\$ 6,270,037	\$ 852.08	\$ 2,004,330	\$ 835.31	\$ 8,274,367	\$ 847.96	\$ 7,702,274	\$ 763.93
Medical Claims	\$ 6,270,158	\$ 852.10	\$ 2,611,919	\$ 1,088.53	\$ 8,882,076	\$ 910.24	\$ 10,467,304	\$ 1,038.17
Rx Claims	\$ 2,445,472	\$ 332.33	\$ 883,662	\$ 368.27	\$ 3,329,135	\$ 341.17	\$ 3,206,397	\$ 318.02
Total Claims	\$ 8,715,629	\$ 1,184.43	\$ 3,495,581	\$ 1,456.80	\$ 12,211,211	\$ 1,251.41	\$ 13,673,699	\$ 1,356.18
Loss Ratio		139.0%		174.4%		147.6%		177.5%
Retirees 65+								
Average Eligible		2,484		2,499		2,488		2,493
Contributions	\$ 8,966,696	\$ 401.13	\$ 2,972,865	\$ 396.51	\$ 11,939,561	\$ 399.97	\$ 10,745,153	\$ 359.20
Medical Claims	\$ 4,821,669	\$ 215.70	\$ 1,549,791	\$ 206.71	\$ 6,371,460	\$ 213.44	\$ 5,208,617	\$ 174.12
Rx Claims	\$ 4,126,404	\$ 184.60	\$ 1,503,800	\$ 200.57	\$ 5,630,205	\$ 188.61	\$ 4,710,747	\$ 157.48
Medicare Part D	\$ (3,333,671)	\$ (149.13)	\$ -	\$ -	\$ (3,333,671)	\$ (111.68)	\$ -	\$ -
Total Claims	\$ 5,614,402	\$ 251.16	\$ 3,053,591	\$ 407.28	\$ 8,667,993	\$ 290.38	\$ 9,919,364	\$ 331.60
Loss Ratio		62.6%		102.7%		72.6%		92.3%
Total Retirees								
Average Eligible		3,301		3,299		3,301		3,333
Contributions	\$ 15,236,733	\$ 512.81	\$ 4,977,195	\$ 502.90	\$ 20,213,928	\$ 510.34	\$ 18,447,428	\$ 461.23
Medical Claims	\$ 11,091,826	\$ 373.31	\$ 4,161,710	\$ 420.50	\$ 15,253,536	\$ 385.10	\$ 15,675,921	\$ 391.93
Rx Claims	\$ 6,571,877	\$ 221.19	\$ 2,367,463	\$ 241.23	\$ 8,959,339	\$ 226.19	\$ 7,917,144	\$ 197.95
Medicare Part D	\$ (3,333,671)	\$ (112.20)	\$ -	\$ -	\$ (3,333,671)	\$ (84.18)	\$ -	\$ -
Total Claims	\$ 14,330,032	\$ 482.30	\$ 6,549,172	\$ 661.73	\$ 20,879,204	\$ 527.13	\$ 23,593,065	\$ 589.88
Loss Ratio		94.0%		131.6%		103.3%		127.9%

Notes:

Some figures may not add due to rounding.

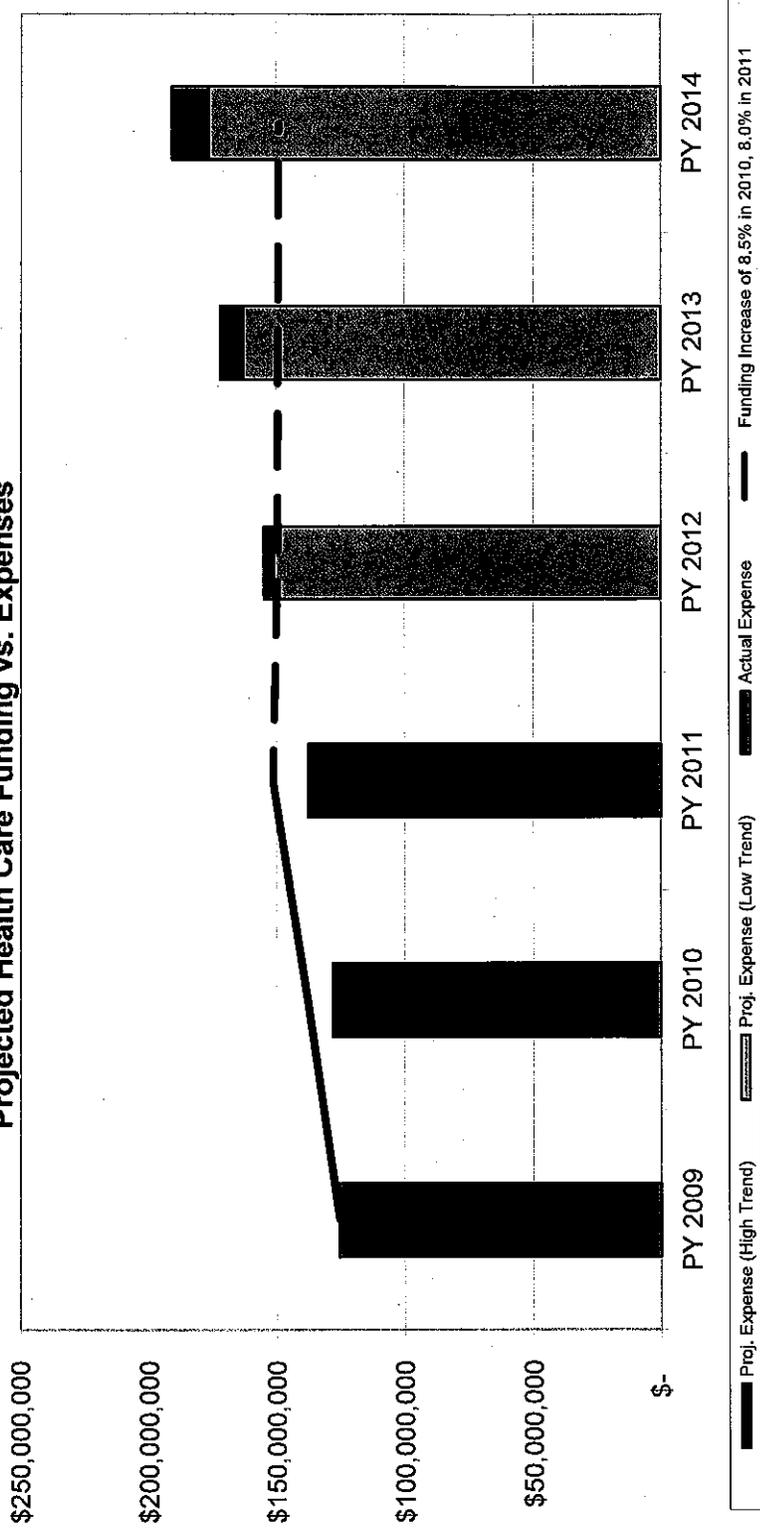
Rx claims are net of rebates.

Medical claims include capitation costs.

Attachment A

State of Montana

Projected Health Care Funding vs. Expenses



Low Trend = 8% Medical and 10% Rx; High Trend = 11% Medical and 13% Rx.

Attachment A

State of Montana Projection Assumptions													
	Plan Year 2009		Plan Year 2010		Plan Year 2011		Plan Year 2012		Plan Year 2013		Plan Year 2014		
	Increase	Contribution											
Contribution Data and Assumptions													
State Contribution	\$ 36.00	\$ 628.00	\$ 53.00	\$ 679.00	\$ 54.00	\$ 733.00	\$ -	\$ 733.00	\$ -	\$ 733.00	\$ -	\$ 733.00	
Stabilization Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Actives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Contribution to Core Benefits	\$ -	\$ -	\$ 11.00	\$ 60%	\$ 14.90	60%	\$ -	60%	\$ -	60%	\$ -	60%	
Change in Dependent Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Percentage of EE's with Dependents	60%		60%		60%		60%		60%		60%		
Retirees <65													
Change in Medical Contribution	\$ 36.00	\$ -	\$ 53.00	\$ -	\$ 54.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Dependent Contribution	\$ -	\$ -	\$ 12.00	\$ -	\$ 19.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Percentage of Early Retirees with Dependents	50%		50%		50%		50%		50%		50%		
Change in Dental Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Retirees 65+													
Medicare Part D	\$ -	\$ -	\$ -	\$ -	\$ 26.62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Medical Contribution	\$ -	\$ -	\$ 54.00	\$ -	\$ 8.38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Dependent Contribution	\$ -	\$ -	\$ 45%	\$ -	\$ 45%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Percentage of Medicare Retirees with Dependents	45%		45%		45%		45%		45%		45%		
Change in Dental Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
COBRA													
Change in Medical Contribution	\$ 36.72	\$ -	\$ 54.08	\$ -	\$ 55.08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Dependent Contribution	\$ -	\$ -	\$ 11.22	\$ -	\$ 15.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Percentage of COBRAs with Dependents	50%		50%		50%		50%		50%		50%		
Change in Dental Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Trend Assumptions Scenario A													
Trend Assumptions													
Medical	8.0%	8.4%	8.0%	4.2%	8.0%	11.3%	8.0%	8.0%	10.0%	8.0%	10.0%	8.0%	
RX	10.0%	-3.0%	10.0%	-20.6%	10.0%	18.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Dental	8.0%	1.8%	8.0%	-3.5%	8.0%	1.2%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
EAP	5.0%	3.3%	5.0%	3.4%	5.0%	-98.9%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Health Screenings	5.0%	130.7%	5.0%	5.7%	5.0%	4.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Managed Care	5.0%	62.2%	5.0%	-35.9%	5.0%	-63.4%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Claims Administration	5.0%	75.8%	5.0%	-24.5%	5.0%	6.4%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
SABRS Administration	5.0%	-5.4%	5.0%	-73.7%	5.0%	115.9%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Other Operating Expense	5.0%	-16.6%	5.0%	28.8%	5.0%	-10.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Wellness Claims	0.0%	0.1%	0.0%	0.9%	0.0%	-28.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Core Life	14.0%	14.1%	14.0%	13.3%	14.0%	0.3%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	
Medical IBNR %	0.3%	0.2%	0.3%	0.1%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	
Rx IBNR %	4.5%	4.2%	4.5%	4.6%	4.5%	7.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	
Dental IBNR %	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
Grandfathered Benefit Reserve Attrition	3.0%	3.0%	3.0%	3.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Investment Returns													
Population Change Assumptions													
Active Employees	188	236	138	52	193	-102	0	0	0	0	0	0	
Retirees <65	0	-6	5	-46	0	-27	0	0	0	0	0	0	
Retirees 65+	50	28	24	-7	50	-5	0	0	0	0	0	0	
COBRA	0	-15	18	-4	0	-2	0	0	0	0	0	0	
Plan Change Assumptions													
Plan Change Assumptions	0		(7,184,675)		882,000		0	0	0	0	0	0	
Trend Assumptions Scenario B													
Alternate Medical, Rx & Dental Trend													
Medical	11.0%		11.0%		11.0%		11.0%		11.0%		11.0%		
Rx	13.0%		13.0%		13.0%		14.0%		14.0%		14.0%		
Dental	8.0%		8.0%		8.0%		8.0%		8.0%		8.0%		
Med Claim Lag Issue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Dental Claim Lag Issue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Health Screenings Benefit Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Why Weight Benefit Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unallocated Revenue for Exhibit II	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

State of Montana: Scenario A Medical Trend = 8.0% and Rx Trend = 10.0% with Estimated Impact of Medicare Part D

	Actual			Projected			Projected			Projected		
	Plan Year 2009	Plan Year 2010	Plan Year 2011	Plan Year 2012	Plan Year 2013	Plan Year 2014	Plan Year 2009	Plan Year 2010	Plan Year 2011	Plan Year 2012	Plan Year 2013	Plan Year 2014
	Participants	Per EE	Total									
Revenue	12,824	\$ 626.00	\$ 8,033,381	12,775	\$ 733.00	\$ 9,365,968	12,775	\$ 733.00	\$ 9,365,968	12,775	\$ 733.00	\$ 9,365,968
Active Employees		\$ 61.98	\$ 793,689		\$ 90.79	\$ 1,150,401		\$ 90.79	\$ 1,150,401		\$ 90.79	\$ 1,150,401
State Contribution (MDVCL)		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Employee Contribution (MCO)		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Special State Contribution (2005)		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Early Retirement	866	\$ 880.54	\$ 758,514	813	\$ 838.12	\$ 681,408	813	\$ 838.12	\$ 681,408	813	\$ 838.12	\$ 681,408
Medical/CL	884	\$ 49.85	\$ 43,743	817	\$ 46.23	\$ 37,774	817	\$ 46.23	\$ 37,774	817	\$ 46.23	\$ 37,774
Dental	2,500	\$ 302.07	\$ 755,104	2,488	\$ 395.49	\$ 983,851	2,488	\$ 395.49	\$ 983,851	2,488	\$ 395.49	\$ 983,851
Medical/CL	1,944	\$ 42.81	\$ 83,349	1,978	\$ 44.07	\$ 87,388	1,978	\$ 44.07	\$ 87,388	1,978	\$ 44.07	\$ 87,388
COBRA	47	\$ 638.53	\$ 29,923	42	\$ 786.18	\$ 32,859	42	\$ 786.18	\$ 32,859	42	\$ 786.18	\$ 32,859
Medical/CL	33	\$ 42.97	\$ 14,146	28	\$ 46.59	\$ 13,054	28	\$ 46.59	\$ 13,054	28	\$ 46.59	\$ 13,054
Interest Income		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Other Income		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Total Revenue	16,257	\$ 643.36	\$ 12,507,620	16,117	\$ 772.49	\$ 14,041,708	16,117	\$ 772.49	\$ 14,041,708	16,117	\$ 772.49	\$ 14,041,708
Expenses												
Medical Claims	\$ 444.44	\$ 86,702,502	\$ 86,702,502	\$ 444.44	\$ 86,702,502	\$ 86,702,502	\$ 444.44	\$ 86,702,502	\$ 86,702,502	\$ 444.44	\$ 86,702,502	\$ 86,702,502
Rx Claims	\$ 138.59	\$ 27,036,613	\$ 27,036,613	\$ 138.59	\$ 27,036,613	\$ 27,036,613	\$ 138.59	\$ 27,036,613	\$ 27,036,613	\$ 138.59	\$ 27,036,613	\$ 27,036,613
Rx Rebutals & Part D Subsidies	\$ (24.79)	\$ (4,836,549)	\$ (4,836,549)	\$ (24.79)	\$ (4,836,549)	\$ (4,836,549)	\$ (24.79)	\$ (4,836,549)	\$ (4,836,549)	\$ (24.79)	\$ (4,836,549)	\$ (4,836,549)
Dental Claims	\$ 36.00	\$ 7,023,141	\$ 7,023,141	\$ 36.00	\$ 7,023,141	\$ 7,023,141	\$ 36.00	\$ 7,023,141	\$ 7,023,141	\$ 36.00	\$ 7,023,141	\$ 7,023,141
Projected Savings from Benefit Changes	\$ 594.24	\$ 115,925,708	\$ 115,925,708	\$ 594.24	\$ 115,925,708	\$ 115,925,708	\$ 594.24	\$ 115,925,708	\$ 115,925,708	\$ 594.24	\$ 115,925,708	\$ 115,925,708
Total Claims Expense	\$ 1.50	\$ 370,437	\$ 370,437	\$ 1.50	\$ 370,437	\$ 370,437	\$ 1.50	\$ 370,437	\$ 370,437	\$ 1.50	\$ 370,437	\$ 370,437
EAP	\$ 0.15	\$ 30,750	\$ 30,750	\$ 0.15	\$ 30,750	\$ 30,750	\$ 0.15	\$ 30,750	\$ 30,750	\$ 0.15	\$ 30,750	\$ 30,750
Health Screenings	\$ 2.72	\$ 570,643	\$ 570,643	\$ 2.72	\$ 570,643	\$ 570,643	\$ 2.72	\$ 570,643	\$ 570,643	\$ 2.72	\$ 570,643	\$ 570,643
Managed Care	\$ 3.45	\$ 7,245,000	\$ 7,245,000	\$ 3.45	\$ 7,245,000	\$ 7,245,000	\$ 3.45	\$ 7,245,000	\$ 7,245,000	\$ 3.45	\$ 7,245,000	\$ 7,245,000
Plan Administration	\$ 10.18	\$ 21,210,000	\$ 21,210,000	\$ 10.18	\$ 21,210,000	\$ 21,210,000	\$ 10.18	\$ 21,210,000	\$ 21,210,000	\$ 10.18	\$ 21,210,000	\$ 21,210,000
Other Operating Expense	\$ 0.42	\$ 8,800,000	\$ 8,800,000	\$ 0.42	\$ 8,800,000	\$ 8,800,000	\$ 0.42	\$ 8,800,000	\$ 8,800,000	\$ 0.42	\$ 8,800,000	\$ 8,800,000
Wellness Claims	\$ 1.59	\$ 33,300,000	\$ 33,300,000	\$ 1.59	\$ 33,300,000	\$ 33,300,000	\$ 1.59	\$ 33,300,000	\$ 33,300,000	\$ 1.59	\$ 33,300,000	\$ 33,300,000
Core Life Insurance Premiums	\$ 645.30	\$ 135,885,894	\$ 135,885,894	\$ 645.30	\$ 135,885,894	\$ 135,885,894	\$ 645.30	\$ 135,885,894	\$ 135,885,894	\$ 645.30	\$ 135,885,894	\$ 135,885,894
Total Expenses	\$ (1.84)	\$ (378,274)	\$ (378,274)	\$ (1.84)	\$ (378,274)	\$ (378,274)	\$ (1.84)	\$ (378,274)	\$ (378,274)	\$ (1.84)	\$ (378,274)	\$ (378,274)
Operating Surplus / (Deficit)												
Fund Balance	\$ 39,994,215	\$ -	\$ 39,994,215	\$ 39,994,215	\$ -	\$ 39,994,215	\$ 39,994,215	\$ -	\$ 39,994,215	\$ 39,994,215	\$ -	\$ 39,994,215
Beginning Balance	\$ (378,274)	\$ -	\$ (378,274)	\$ (378,274)	\$ -	\$ (378,274)	\$ (378,274)	\$ -	\$ (378,274)	\$ (378,274)	\$ -	\$ (378,274)
Operating Surplus / (Deficit)	\$ 39,615,941	\$ -	\$ 39,615,941	\$ 39,615,941	\$ -	\$ 39,615,941	\$ 39,615,941	\$ -	\$ 39,615,941	\$ 39,615,941	\$ -	\$ 39,615,941
Ending Balance	\$ 11,600,000	\$ -	\$ 11,600,000	\$ 11,600,000	\$ -	\$ 11,600,000	\$ 11,600,000	\$ -	\$ 11,600,000	\$ 11,600,000	\$ -	\$ 11,600,000
IBNR Reserve*	\$ 26,505,941	\$ -	\$ 26,505,941	\$ 26,505,941	\$ -	\$ 26,505,941	\$ 26,505,941	\$ -	\$ 26,505,941	\$ 26,505,941	\$ -	\$ 26,505,941
Claims Fluctuation Reserve	\$ 1,510,000	\$ -	\$ 1,510,000	\$ 1,510,000	\$ -	\$ 1,510,000	\$ 1,510,000	\$ -	\$ 1,510,000	\$ 1,510,000	\$ -	\$ 1,510,000
Grandfathered Benefit Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IBNR Reserve calculated by Actuarial Northwest												

	Actual		Projected		Actual		Projected		Actual		Projected		Actual		Projected	
	Plan Year 2009		Plan Year 2010		Plan Year 2011		Plan Year 2012		Plan Year 2013		Plan Year 2014		Plan Year 2015		Plan Year 2016	
	Participants	Total	Participants	Total	Participants	Total	Participants	Total	Participants	Total	Participants	Total	Participants	Total	Participants	Total
Revenue																
Active Employees	12,824	\$ 626.00	\$ 96,337,331	\$ 678.00	\$ 104,921,117	12,775	\$ 733.00	\$ 112,365,968	12,775	\$ 733.00	\$ 112,365,968	12,775	\$ 733.00	\$ 112,365,968	12,775	\$ 733.00
State Contribution (MDF/CL)		\$ 61.98	\$ 9,538,689	\$ 75.13	\$ 11,509,401		\$ 90.79	\$ 13,917,499		\$ 90.79	\$ 13,917,499		\$ 90.79	\$ 13,917,499		\$ 90.79
Special State Contribution (MDF)																
Special State Contribution (2005)																
Equity Rollins	886	\$ 650.64	\$ 7,294,514	\$ 765.62	\$ 7,718,309	813	\$ 838.12	\$ 8,178,408	813	\$ 838.12	\$ 8,178,408	813	\$ 838.12	\$ 8,178,408	813	\$ 838.12
Dental	884	\$ 45.95	\$ 487,473	\$ 45.40	\$ 456,473	817	\$ 46.23	\$ 453,074	817	\$ 46.23	\$ 453,074	817	\$ 46.23	\$ 453,074	817	\$ 46.23
Medical/CL	2,500	\$ 302.07	\$ 9,081,626	\$ 359.98	\$ 10,767,717	2,488	\$ 395.49	\$ 11,805,851	2,488	\$ 395.49	\$ 11,805,851	2,488	\$ 395.49	\$ 11,805,851	2,488	\$ 395.49
Medical/Retirees	1,844	\$ 42.81	\$ 988,549	\$ 42.79	\$ 989,442	1,978	\$ 44.07	\$ 1,046,808	1,978	\$ 44.07	\$ 1,046,808	1,978	\$ 44.07	\$ 1,046,808	1,978	\$ 44.07
Dental	47	\$ 638.53	\$ 388,536	\$ 697.35	\$ 361,227	42	\$ 786.18	\$ 391,908	42	\$ 786.18	\$ 391,908	42	\$ 786.18	\$ 391,908	42	\$ 786.18
Medical/CL	33	\$ 42.97	\$ 17,146	\$ 42.17	\$ 15,012	28	\$ 46.59	\$ 15,514	28	\$ 46.59	\$ 15,514	28	\$ 46.59	\$ 15,514	28	\$ 46.59
Dental																
Interest Income			\$ 1,377,238		\$ 1,243,586			\$ 1,393,338			\$ 1,188,007			\$ 906,493		\$ 256,598
Other Income			\$ 96,520		\$ 269,712			\$ 1,599,518			\$ 1,882,036			\$ 1,882,036		\$ 1,882,036
Total Revenue	16,257	\$ 843.36	\$ 125,507,620	\$ 706.65	\$ 137,922,571	16,117	\$ 781.81	\$ 151,165,866	16,117	\$ 772.28	\$ 146,362,036	16,117	\$ 770.82	\$ 149,079,522	16,117	\$ 767.47
Expenses																
Medical Claims		\$ 444.44	\$ 66,702,502	\$ 471.35	\$ 91,931,427	11.3%	\$ 524.40	\$ 101,425,271	11.0%	\$ 582.08	\$ 112,577,000	11.0%	\$ 646.11	\$ 124,959,470	11.0%	\$ 717.19
Rx Claims		\$ 138.59	\$ 27,036,813	\$ 110.03	\$ 21,459,104	18.0%	\$ 129.85	\$ 25,113,759	14.0%	\$ 148.03	\$ 28,629,685	14.0%	\$ 188.76	\$ 32,637,841	14.0%	\$ 182.38
Rx Rebates & Part D Subsidies		\$ (24.79)	\$ (4,836,549)	\$ (3.88)	\$ (718,280)	1.2%	\$ 35.59	\$ 6,950,427	8.0%	\$ 35.67	\$ 7,517,261	8.0%	\$ 41.95	\$ 8,116,942	8.0%	\$ 45.34
Dental Claims		\$ 36.00	\$ 7,023,141	\$ 35.56	\$ 6,335,935	9.2%	\$ 689.56	\$ 129,465,905	13.1%	\$ 757.20	\$ 146,444,515	11.4%	\$ 862.41	\$ 163,119,402	11.4%	\$ 938.59
Projected Savings from Benefit Changes		\$ 594.24	\$ 115,925,708	\$ 613.26	\$ 119,608,176	-98.9%	\$ 0.02	\$ 4,281	5.0%	\$ 0.02	\$ 4,720	5.0%	\$ 0.02	\$ 4,956	5.0%	\$ 0.03
Total Claims Expense		\$ 1.00	\$ 370,437	\$ 1.96	\$ 382,804	5.7%	\$ 3.45	\$ 636,780	4.5%	\$ 3.78	\$ 791,721	5.0%	\$ 3.97	\$ 769,307	5.0%	\$ 4.17
Health Screenings		\$ 2.26	\$ 636,780	\$ 3.45	\$ 672,632	-63.4%	\$ 0.64	\$ 123,685	5.0%	\$ 0.67	\$ 129,870	5.0%	\$ 0.71	\$ 136,393	5.0%	\$ 0.74
Administrative		\$ 2.72	\$ 531,143	\$ 1.75	\$ 340,630	6.4%	\$ 22.12	\$ 4,278,273	5.0%	\$ 23.23	\$ 4,492,187	5.0%	\$ 24.39	\$ 4,716,796	5.0%	\$ 25.61
Chiropractic		\$ 27.53	\$ 6,370,855	\$ 20.80	\$ 4,056,286	115.5%	\$ 1.96	\$ 375,353	-1.4%	\$ 1.93	\$ 374,000	0.0%	\$ 1.93	\$ 374,000	0.0%	\$ 1.93
Other Services Fee Fixed Cost		\$ 3.45	\$ 673,311	\$ 0.91	\$ 177,205	-10.0%	\$ 11.79	\$ 2,279,612	5.0%	\$ 12.36	\$ 2,393,592	5.0%	\$ 12.99	\$ 2,519,272	5.0%	\$ 13.64
Wellness Expense		\$ 10.18	\$ 1,985,008	\$ 13.10	\$ 2,555,303	-23.4%	\$ 0.24	\$ 48,544	0.0%	\$ 0.25	\$ 50,971	0.0%	\$ 0.26	\$ 53,520	0.0%	\$ 0.28
Wellness Claims		\$ 0.42	\$ 82,460	\$ 0.34	\$ 66,026	8.5%	\$ 1.74	\$ 336,959	0.0%	\$ 1.74	\$ 336,959	0.0%	\$ 1.74	\$ 336,959	0.0%	\$ 1.74
Core Life Insurance Premiums		\$ 1.59	\$ 310,413	\$ 1.60	\$ 313,015		\$ 711.68	\$ 137,641,066		\$ 801.20	\$ 154,955,792		\$ 889.43	\$ 172,019,939		\$ 987.73
Total Expenses		\$ 645.30	\$ 125,885,894	\$ 657.17	\$ 129,172,077		\$ 69.83	\$ 13,524,800		\$ (26.92)	\$ (6,589,756)		\$ (118.61)	\$ (22,940,177)		\$ (226.26)
Operating Surplus / (Deficit)		\$ (1,944)	\$ (378,274)	\$ 49.48	\$ 9,550,495		\$ 69.83	\$ 13,524,800		\$ (26.92)	\$ (6,589,756)		\$ (118.61)	\$ (22,940,177)		\$ (226.26)
Fund Balance																
Beginning Balance		\$ 38,984,215	\$ 38,984,215	\$ 38,984,215	\$ 38,984,215		\$ 38,984,215	\$ 38,984,215		\$ 38,984,215	\$ 38,984,215		\$ 38,984,215	\$ 38,984,215		\$ 38,984,215
Operating Surplus / (Deficit)		\$ (378,274)	\$ (378,274)	\$ 9,550,495	\$ 9,550,495		\$ 9,550,495	\$ 9,550,495		\$ 9,550,495	\$ 9,550,495		\$ 9,550,495	\$ 9,550,495		\$ 9,550,495
Ending Balance		\$ 38,605,941	\$ 38,605,941	\$ 48,534,710	\$ 48,534,710		\$ 48,534,710	\$ 48,534,710		\$ 48,534,710	\$ 48,534,710		\$ 48,534,710	\$ 48,534,710		\$ 48,534,710
IBNR Reserve		\$ 11,600,000	\$ 11,600,000	\$ 11,600,000	\$ 11,600,000		\$ 11,600,000	\$ 11,600,000		\$ 11,600,000	\$ 11,600,000		\$ 11,600,000	\$ 11,600,000		\$ 11,600,000
Claims Fluctuation Reserve		\$ 28,505,941	\$ 28,505,941	\$ 36,186,436	\$ 36,186,436		\$ 36,186,436	\$ 36,186,436		\$ 36,186,436	\$ 36,186,436		\$ 36,186,436	\$ 36,186,436		\$ 36,186,436
Grandfathered Benefit Reserve		\$ 1,510,000	\$ 1,510,000	\$ 1,510,000	\$ 1,510,000		\$ 1,510,000	\$ 1,510,000		\$ 1,510,000	\$ 1,510,000		\$ 1,510,000	\$ 1,510,000		\$ 1,510,000
IBNR Reserves calculated by Actuaries Northwest.																

Attachment B

State of Montana
 On-site employee clinic
 Cost benefit
 Prepared by HCBD

	Year 1	Year 2	Year 3	Year 4	Year 5
Health Center Expenses					
Salaries and benefits	\$ 764,488	\$ 795,785	\$ 829,233	\$ 864,042	\$ 897,643
Wellness screenings	\$ 151,951	\$ 158,029	\$ 164,351	\$ 170,925	\$ 177,762
Supplies	\$ 83,155	\$ 98,768	\$ 115,460	\$ 133,318	\$ 152,353
Professional fees	\$ 100,998	\$ 119,726	\$ 139,790	\$ 161,251	\$ 184,190
Other operating expenses	\$ 62,290	\$ 60,817	\$ 62,777	\$ 64,819	\$ 66,944
Administrative fees	\$ 229,346	\$ 238,736	\$ 248,770	\$ 259,213	\$ 269,293
Total expenses	\$ 1,392,228	\$ 1,471,861	\$ 1,560,381	\$ 1,653,568	\$ 1,748,185
Costs Avoided					
Direct costs avoided	\$ 2,162,267	\$ 2,594,720	\$ 3,065,013	\$ 3,575,849	\$ 4,130,106
Other direct costs	\$ 115,870	\$ 139,044	\$ 164,246	\$ 191,620	\$ 221,321
Indirect costs	\$ 71,064	\$ 81,216	\$ 91,368	\$ 101,520	\$ 111,672
Total costs avoided	\$ 2,349,201	\$ 2,814,980	\$ 3,320,627	\$ 3,868,989	\$ 4,463,098
Total Savings	\$ 956,973	\$ 1,343,119	\$ 1,760,246	\$ 2,215,421	\$ 2,714,913

Cost Drivers

Number of provider visits	7,142	7,499	7,874	8,268	8,681
% population served	35%	40%	45%	50%	55%

Direct costs based on actual historical costs (5% trend)

Other direct costs, ER, urgent care, hospital, specialist - 1% reduction

Indirect costs - reduced time off work due to availability of center and improved health

Doesn't include costs savings from pharmacy, occupational health, or other potential services



5.1.3 Financial Projections. Proposals must include a comprehensive financial projection for all aspects of the services outlined in this RFP, from start-up through the initial term, ending December 2015. The projections should separate initial start-up costs, and include annual estimated costs by calendar year. The projections should also include a cost benefit analysis of operating an On-Site Employee Health Center to the traditional costs of paying for these services. All assumptions for the projections must be included. This information should be labeled Appendix H in your response.

State of Montana

CareHere! On-Site Clinic Projections

Executive Summary

CareHere, LLC is a leader in providing exceptional on-site clinics and provider driven wellness programs. The patient-centered medical home approach practiced by CareHere integrates a vast scope of resources such as on-site primary care, case/disease management, wellness and behavior modification programs, occupational healthcare, wellness improvement tracking applications, and much more. CareHere's on-site services provide companies with the means to significantly decrease claims cost, while improving the overall health and morale of the employees. CareHere clients are experiencing savings in industries consisting of municipalities, manufacturers, service companies, hospitals, educational institutions, and transportation entities. CareHere, LLC operates 120 clinics in 20 states across the country.

The cost savings comes in two waves with the initial wave consisting of increased efficiency of on-site clinics as opposed to the "Retail" system used by organizations today. The second wave of savings comes as the populations health improves and catastrophic claims are reduced in large part due to the wellness, disease management, and chronic care programs offered as a part of the model. In the following projections for The State of Montana, you will see the considerable cost savings each year that the program is in place with an overall savings during the first five years totaling \$28,869,731.

State of Montana

Estimated Clinic Expenses

Medical and Wellness Cost Analysis	
MD/NP/LPN (Pass-Through)	\$ 890,278
Pharmacy Cost (Including Medication Estimate)	\$ 2,874,210
Laboratory/Pathology (Pass-Through)	\$ 137,968
Program Savings Engine	\$ 1,080,000
Management Fee	\$ 13,680
Clinic Set-Up Estimate: Equipment and Supplies (Pass-Through)	\$ 240,977
Corporate Travel Expenses	\$ 20,000
Health Risk Assessment	Included
Wellness Coaches	Included
Electronic Medical Records (EMR)	Included
185 Wellness Programs	Included
Total Medical Cost Year One:	\$ 5,057,113

Clinic Projected Savings

Year One Savings Detail	
Medical Savings	\$ 2,637,775
Pharmaceutical Savings	\$ 274,710
Program Savings Engine/Management Fee	\$ (1,093,680)
Other Expenses	\$ (260,977)
Total Savings	\$ 1,557,828

Accumulative Savings

Accumulative Savings Year 1	\$ 1,557,828
Accumulative Savings Year 3	\$ 10,742,313
Accumulative Savings Year 5	\$ 28,869,731



Medical Data Collection

State of Montana

The data you are providing below includes costs for the health plan year ending on (mm/dd/yy):

6/30/2011

Enter the total number of months included in the current year data below:

12

Add Notes for exceptions, comments, etc.

Total Medical costs should include All Medical, Drug, Work Comp (if applicable)

Total Medical (as given):
Annualized Total Medical Costs:

Year Ending June-11	Year Ending June-10	Year Ending June-09	Notes
\$ 39,809,677			

Prescription Costs (as given):
Breakout of Prescription Costs:
Prescription Costs PEPY:
% of Total Medical Claims:

Year Ending June-11	Year Ending June-10	Year Ending June-09	Notes
\$ 6,702,092			
\$ 1,320	#DIV/0!	#DIV/0!	
16.8%	0.0%	0.0%	

Primary Care costs should include Dr/Office visit, Diagnostic & Lab (DXL), ER visits, Prevention

Primary Care Costs (as given):
Annualized Primary Care Costs:
% of Total Medical Claims:

Year Ending June-11	Year Ending June-10	Year Ending June-09	Notes
\$ -			
\$ 7,050,040			
17.7%	0.0%	0.0%	

Primary Care Office Visits (as given):
Annualized Primary Care Office Visits:
Average Primary Care Office Visit Cost:

Year Ending June-11	Year Ending June-10	Year Ending June-09	Notes
34,492			
\$ 204.40	\$ -	\$ -	

Total Number of Employees with Medical Benefits:
Total Medical Costs PEPY:
% Increase YoY

Year Ending June-11	Year Ending June-10	Year Ending June-09	Notes
5,076			
\$ 7,843	\$ -	\$ -	
0.0%	0.0%		

Planned number of Employees for next year:
or expected % increase/decrease:
Average hourly wage per employee:

Year Ending June-12	Notes
5,076	Should census vary more than 10% in a 12-month period, this Projection is subject to revision
0%	

Analysis Based on Data Given				Analysis Based on National Averages			
Total Office visits	34,492			% of Total Claims is Primary Care?			18%
office visits/employee	6.80			Total Claims	\$	39,809,677	
Cost/Office visit	204.40			Primary Care	\$	7,050,040	
Primary Care as % of Total Costs	17.7%			Office Visits		34,492	
PEPY \$	7,843	\$	7,050,040	Cost/Office Visit	\$	204.40	
Office Visits Used						34,492	
On-site Visits Used						17,246	adj to plan census change, if any



CareHere!

Updated: March 30, 2012
 Proposal effective until: June 28, 2012
 Projected Impact Analysis for:

				State of Montana Medical		
Assumptions	Total Health Plan % Annual Increase:		8%	Estimated Avg Office Visit:	\$ 204.40	
	Primary Care % Annual Increase:		4%	at a	60%	Impact:
	% of Prescriptions CareHere will dispense:		15%	Physician Extender (NP/PA)		30%
	Medical Provider Mix:	Doctors	50%			
Medical Savings Vehicle	Number	Units	Unit Cost	Costs In The Marketplace	Costs Through CareHere	Savings With CareHere
Total Employees	5,076 Ees					
Pharmacy - Onsite Dispensing						
Current Year Pharmacy Costs	\$ 1,320	PEPY				
Next Year Estimated	\$ 1,452	PEPY				
Next Year Estimated Pharmacy Impact	\$ 7,372,301	Annual		\$ 2,948,920		
Pharmacy Impact	40%					
CareHere Cost (Includes Mail Order Option)					\$ 2,211,690	
(Assumption: CareHere can prescribe the same medication at a 30% reduction)					\$ 59,000	
Pharmacy Set Up Cost					\$ 403,520	
Pharmacy Staffing						
				\$ 2,948,920	\$ 2,674,210	\$ 274,710
Clinic Operations						
Average Visits Per Day	24	visits				
Average Time With Doctor (minutes)	20	minutes				
Number of Visits	17,246	visits				
Current Year Cost/Visit	\$ 204.40					
Cost/Visit Next Year	\$ 212.57			\$ 3,666,021		
CareHere Day Units (Assumes 90% Fill Rate)	798	days				
Clinic Hours Per Week:	128	hours				
Doctor Days (50%)	399	days	\$ 1,000		\$ 399,000	
Extender (Nurse Practitioner) Days (50%)	399	days	\$ 600		\$ 239,656	
Registered Nurse / Licensed Practical Nurse (100%)	798	days	\$ 240		\$ 191,622	
Case Manager for Infusion Medication	250	days	\$ 240		\$ 60,000	
Malpractice insurance		annual			Included	
Lab and Supplies Estimates		per visit	\$ 8		\$ 137,968	
				\$ 3,666,021	\$ 1,028,246	\$ 2,637,775
Program Savings Engine (PEPM):	5,000	Employees	\$ 18		\$ 1,080,000	
Program Savings Engine (PEPM):						
All employees exceeding the first 5,000 will be at \$15 PEPM rather than \$18)	76	Employees	\$ 15		\$ 13,680	
Non-Recurring Expenses						
Initial Clinic Set-Up (estimated) - Includes X-Ray and Physical Therapy Equipment					\$ 240,977	
CareHere Corporate Travel					\$ 20,000	
Total Medical Savings (Cost) for Year One:				\$ 6,814,941	\$ 5,057,113	\$ 1,657,828
				Costs In The Marketplace	Costs Through CareHere	Savings With CareHere

*The all in cost for the Program Savings Engine, Staffing, Labs, and Supplies breaks down to \$34.85 per employee per month based on 5,076 employees.

Care Here!





CareHere!

Proposed By:

CareHere!

State of Montana

Health and Wellness Center - Cost Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5
Estimated Medical Provider Staffing:	\$ 890,278	\$ 925,989	\$ 962,524	\$ 1,004,461	\$ 1,041,899
Labs and Supplies:	\$ 137,968	\$ 143,487	\$ 149,226	\$ 156,195	\$ 161,403
Clinic Set-Up Estimate: Equipment and Supplies	\$ 240,977				
Clinic Set-Up Estimate: Equipment and Supplies	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Program Savings Engine:					
Staffing: Wellness Coaches CareHere Staffing Director of Clinical Operations Care Coordinator/Case Manager Accounting Support Services: 24/7 Call-Center 1,800 Customer Support Education Tools Marketing Information Technology Support HRA Employee Events Medical Health Services: Immunizations Sports Physicals Plan of Care Compliance Patient Medication Adherence					
5,076 Employees at \$18 Per Employee Per Month (PEPM):	\$ 1,056,416	\$ 1,056,416	\$ 1,056,416	\$ 1,056,416	\$ 1,056,416
Program Savings Engine Total:	\$ 1,056,416	\$ 1,056,416	\$ 1,056,416	\$ 1,056,416	\$ 1,056,416
Management Services:					
Technology: EMR CareHere Connect Information Technology Online Appointment Scheduler Smartphone Application Data Analytics EMR Access and Integration with Outside Spectral/PCP/ER Wellness: Case Management Weight Management Hypertension Management Addiction Intervention Pre-Diabetes Management Lipid Management Stress Management Health Risk Assessments/Biometric Screenings* Clinical/On-site Services: Self-Care Education Tools Reporting Purchasing Coordination Clinic Inventory Management Patient Survey Feedback Clinic Best Practices Sharing Integration of Services ROI Analysis Budget Adherence					
5,076 Employees at \$15 Per Employee Per Month (PEPM):	\$ 913,690	\$ 913,690	\$ 913,690	\$ 913,690	\$ 913,690
Management Total:	\$ 913,690	\$ 913,690	\$ 913,690	\$ 913,690	\$ 913,690
Projected Total:	\$ 5,973,529	\$ 6,041,403	\$ 6,379,941	\$ 6,746,107	\$ 7,130,310

1. Staffing assumes a 4% annual increase to account for market trends. The staffing cost is 100% pass-through, so if the trend remains flat, then there will be no requirement to pay for staffing at an increasing rate.
 2. Labs and Supplies are a 100% pass-through cost. Assumes a 4% annual increase to account for market trends.
 * CareHere provides a health risk assessment (28 panel biometric screening) to all employees and dependents. Tests are provided at no additional charge.

Care Here!



State of Montana ESTIMATED RETURN ON INVESTMENT

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Employee Total	5,076	5,076	5,076	5,076	5,076	
Visits	17,246	17,246	17,246	17,246	17,246	
Medical Claims Savings	\$ 1,544,095	\$ 1,649,606	\$ 1,759,337	\$ 1,873,458	\$ 1,992,144	\$ 8,818,640
Wellness/Case Management/Health Risk Assessments Savings		\$ 1,659,548	\$ 3,521,412	\$ 5,604,527	\$ 7,929,447	\$ 18,714,935
Clinic Set-Up Estimate: Equipment and Supplies	\$ (240,977)					\$ (240,977)
CareHere Corporate Travel	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (100,000)
Pharmaceutical Savings	\$ 274,710	\$ 302,181	\$ 332,398	\$ 365,639	\$ 402,203	\$ 1,677,133
Annual Savings Through CareHere	\$ 1,557,828	\$ 3,591,335	\$ 5,398,149	\$ 7,823,624	\$ 10,303,794	\$ 28,869,731
Market Place Annual Cost	\$ 6,614,941	\$ 8,716,022	\$ 11,054,774	\$ 13,653,315	\$ 16,535,688	\$ 56,574,740
Annual Total Cost	\$ 5,973,529	\$ 6,041,103	\$ 6,378,041	\$ 6,746,107	\$ 7,148,310	\$ 32,287,069
Estimated Return on Investment Ratio:	\$1 to \$1.11	\$1 to \$1.44	\$1 to \$1.73	\$1 to \$2.02	\$1 to \$2.31	\$1 to \$1.75
Accumulative Savings Year 1:	\$ 1,557,828					
Accumulative Savings Year 3:		\$ 10,742,313				
Accumulative Savings Year 5:					\$ 28,869,731	

APPENDIX H: PRO FORMA

Please refer to Section 5.1.3 for description of requirements.



Projected Impact Analysis for:

Updated: March 09, 2012

State of Montana

Assumptions	Total Health Plan % Annual Increase:	2%	Estimated Avg Office Visit:	\$ 113,200
	Primary Care % Annual Increase:	5%	at a	9% Impact.
	Prescriptions % Annual Increase:	2%		
	% of Prescriptions miCARE will dispense:	4%		
	Workers Comp % Annual Increase:	0%		
	% of Office Visits Converted to miCare:	50%		

	Number	Unit Cost	Costs in The Marketplace		
Medical Savings					
Total Employees	5,076				
Pharmacy - Onsite Dispensing					
Current Year Pharmacy Costs		\$ 6,702,092			
Next Year Estimated		\$6,903,155			
Infusion Therapy Savings					\$ 682,312
					\$ 682,312
Clinic Operations					
Average Visits Per Day	24				
Average Time With Doctor (minutes)	20				
Number of Visits	18,442				
Current Year Cost/Visit		\$ 114.38			
Cost/Visit Next Year		\$ 128.10	\$ 2,214,747		
miCare Day Units	768				
Clinic milestone hours per week	118				
On-Site Clinic Staff (3 year average)			\$ 1,258,947		
Lab Services			\$ 138,324		
Misc. Monthly Fees (Supplies, etc.)			\$ 116,380		
Malpractice Insurance (3 year average)			\$ 19,200		
Health Screenings within Helena			\$ 740,000	\$ 184,952	
Health Screenings outside of Helena			\$ 349,000		
			\$ 2,964,747	\$ 1,898,803	\$ 955,944
miCare of Montana, LLC Admin Fee	Employees: 5,076	\$ 17.00		\$ 1,035,504	
				\$ 1,035,504	\$ (1,035,504)
Total Medical Savings (Costs)			\$ 2,964,747	\$ 3,034,307	\$ 682,312
Time Away From Work Savings					
Average Hourly Employee	\$ 18.00	per hour			
Average Time Away To See Doctor	180	minutes			
miCARE Time To See Doctor	30	minutes			
Net Time Savings	150	minutes			
Net Time Savings Cost	\$ 45.00	per visit			
Lost Productivity (Salary + 50% output)	\$ 67.50				
Total "Time Away" and "Lost Productivity"	\$ 112.50				
Adjustment for "off the clock"	90%				
Adjusted Time & Productivity Savings	\$ 56.25				
Employee Visits (65% of total visits)	11,987				
Total Time Away From Work Savings	\$ 874,287.34			\$ (874,287)	
Other Savings					
Total State of Montana Savings (Cost) for Year One*:			\$ 2,964,747	\$ 2,898,940	\$ 682,312

*Does NOT include HRSA Start Up Costs of Rent



Updated: March 16, 2012

Projected Impact Analysis for:

State of Montana

	Year Ending Jan-11	Year 1 Projected	Year 2 Projected	Year 3 Projected
Medical Healthplan				
Projections without mCARE				
Employees	5,076	5,076	5,076	5,076
Average Cost PEPPY growing at 0%	\$ 7,843	\$ 8,470	\$ 9,148	\$ 9,830
Total Claim Costs without mCARE	\$39,809,677	\$ 42,994,451	\$ 46,434,007	\$ 50,148,728
Projections with mCARE				
Total Claim Cost with mCARE		\$ 42,399,744	\$ 43,571,737	\$ 46,292,041
mCARE Savings		\$ 594,707	\$ 2,762,271	\$ 3,856,687
Inflation Savings		\$ 682,212	\$ 682,212	\$ 682,212
Medical Savings		\$ 659,895	\$ 723,487	\$ 781,366
Time Away from Work Savings		\$ 674,267		
Other Savings		\$ -	\$ -	\$ -
Disease Management, Prevention, & Employee Behavior		\$ (396,184)	\$ 2,392,075	\$ 3,428,513
State of Montana Savings Engine		\$ (1,036,904)	\$ (1,036,904)	\$ (1,036,904)
Employee Cost Per Year		\$ 8,353	\$ 8,604	\$ 9,120
Workers Compensation				
Projections without mCARE				
Average Cost PEPPY growing at 0%	\$ 45	\$ 45	\$ 45	\$ 45
Total Claim Costs without mCARE	\$ 226,231	\$ 226,231	\$ 226,231	\$ 226,231
Projections with mCARE				
Total Claim Cost with mCARE		\$ 203,608	\$ 180,965	\$ 180,965
mCARE Savings		\$ 22,623	\$ 45,266	\$ 45,266
Employee Cost Per Year		\$ 40	\$ 36	\$ 36
Total Medical Healthplan & Workers Compensation				
Projections without mCARE	\$40,035,908	\$ 43,220,682	\$ 46,660,238	\$ 50,374,959
Projections with mCARE				
Total Claim Cost with mCARE		\$ 42,603,352	\$ 43,852,721	\$ 46,473,026
Total mCARE Savings		\$ 617,339	\$ 2,807,517	\$ 3,981,333
Savings Percentage of Total Claims without mCARE		1.4%	6.0%	7.7%
Total Employee Cost Per Year without mCARE		\$ 8,615	\$ 9,192	\$ 9,824
Total Employee Cost Per Year with mCARE		\$ 8,393	\$ 8,639	\$ 9,165

Total 3 Year Projected Savings: \$ 7,388,730

*Does NOT include Initial Start Up Costs or Fees

Note:

The projected savings above do not include the added employee benefit from no co-pays or deductibles.

Data Collection Form

For:

State of Missouri



The data you are providing below includes costs for the health plan year ending on (month/year):

2011

Enter the total number of months included in the current year data below:

12

Add Notes for exceptions, comments, etc.

Total Medical Costs should include:

All Medical, Drug, Work Comp (if applicable)

Total Medical (as given):

\$ 30,600,877

Annualized Total Medical Costs:

\$ 30,600,877

Prescription Costs (as given):

\$ 6,702,002

Breakout of Prescription Costs:

\$ 6,702,002

% of Total Medical Claims:

18.8%

Primary Care costs should include:

Office Visit, Diagnostic & Lab (DCL), EP Visit, Prevention

Primary Care Costs (as given):

\$ 4,218,585

Annualized Primary Care Costs:

\$ 4,218,585

% of Total Medical Claims:

10.8%

Primary Care Office Visits (as given):

38,883

Annualized Primary Care Office Visits:

38,883

Average Primary Care Office Visit Cost:

\$ 114.38

Total Workers Compensation Costs:

\$ 226,251

Total Workers Compensation Costs:

\$ 226,251

WC as % of Total Medical Claims:

0.0%

Total Number of Employees with Medical Benefits:

5,076

Total Medical Costs PEPY:

\$ 7,643

% Increase Yr/Y

0.0%

Planned number of Employees for next year:

5,076

DR expected % increase/decrease:

0%

Average hourly wage per employee:

\$ 18.00

Analysis Based on Data Given		Analysis Based on National Averages	
Total Office Visits	38,883	% of Total Claims in Primary Care?	11%
Office Visits/Employee	7.27	Total Claims	\$ 30,600,877
Cost/Office Visit	114.38	Primary Care	\$ 4,218,585
Primary Care as % of Total Costs	10.8%	Office Visits	38,883
PEPY \$	7,643	Cost/Office Visit	114.38



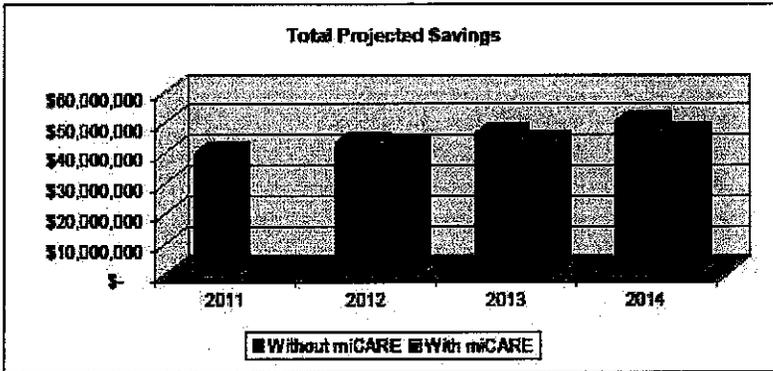
Updated: March 30, 2012

Projected Impact Analysis for:

State of Montana

Total Projected Savings (Costs)

	2011	2012	2013	2014
Without miCARE	\$ 40,035,008	\$ 43,220,882	\$ 46,660,238	\$ 50,374,659
With miCARE		\$ 42,603,352	\$ 43,862,721	\$ 46,473,028



Initial (One-Time) Set Up Fees:

Design/Build Out	\$	576,200
Equipment	\$	66,490
Information Technology	\$	95,650
Set Up for On-site clinic health screenings	\$	45,190
TOTAL START UP FEES	\$	783,530

Total 3 Year Projected Savings (Including Set Up Fees)*:

\$ 6,543,021

*Does NOT include the cost of building rent

**Does include cost of State-Wide Screenings

Attachment C

Employee Health Clinics Frequently Asked Questions

Why is the state of Montana setting up employee health centers?

- Based on an independent actuarial analysis of the CareHere proposal for the Helena clinic, Montana could save over \$100 million over five years once clinics are up and running statewide. The cost savings come in two ways. First, savings will come from the increased efficiency of paying for care at cost instead of fee-for-service. The second level of savings comes as employees' health improves and catastrophic claims are reduced through wellness, disease management, and chronic care programs offered at the clinics.
- The decision to provide clinics for employees reflects a growing trend in America. Employers are turning to workplace health clinics as a way to increase productivity and manage spiraling health-care costs.
- The National Business Group on Health, a nonprofit membership organization that represents large companies on health-care issues conducted a health-care survey among its respective members and clients in 2011. It found that 23 percent of the companies surveyed provided workplace health services, and another 12 percent were planning to offer them in 2012.

What is an employee health center?

- It's a doctor's office that would operate much like other family practice clinics. The following kinds of care will be available at the employee health clinics: primary health care, acute and episodic health care, wellness services, health screenings, pharmacy services, and other services depending on the needs of the local employees. Employees and dependents can also access wellness exams, annual check-ups, or physicals. Appointments and walk-in treatment will both be available.

Will I still be able to see my doctor?

- Yes. Visiting the new clinic is your choice. You can choose to use the new clinic as your primary care provider, keep your current doctors, or do a little of both. Employees who use the optional clinics will see lower or no copayments, less paperwork, better health care, and less time away from work and family.

How will the clinic generate savings for taxpayers and employees?

- The cost savings come in two ways. First, increased efficiency results from paying for care at cost instead of by fee-for-service. The second level of savings comes as employees' health improves and catastrophic claims are reduced through wellness, disease management, and chronic care programs offered at the clinics.
- The health care industry's current "fee-for-service" model allows doctors and other providers to receive a fee for each service—every office visit, test, and

procedure. In regular clinics, health care providers must raise all the revenue to pay for the building, staff paychecks, utilities, and overhead. This can lead to pressure to “make budget” by generating a certain number of visits, tests, etc.—whether they are needed or not. The fee-for-service model is like asking a butcher how much pot roast you should eat.

- The contractor will be paid based on what the care actually costs—at cost—with no markup.
- Physicians and nurse practitioners won’t perform medical tasks that registered nurses or nonmedical staff could do instead (for example, recording weight and taking blood pressure).
- Employees who use the optional clinics see lower copayments, less paperwork, better health care, and less time away from work. The clinics maximize efficiency by consolidating services into one appointment rather than deferring other needed care; the patient who comes in because of a virus may also get a tetanus shot and refill a prescription—resulting in fewer bills.
- Additionally, the health clinic may offer free or reduced-cost services that are valuable to employees, such as health coaches, laboratory analysis, health screening, and dieticians.
- Savings can be realized even if only a small number of employees use the clinics. Right now, about 20 percent of state employees don’t visit a doctor each year. Many more employees are screened for health conditions and never see a doctor for follow up. By keeping more of these employees healthy, we can save money by preventing more costly medical problems down the road.
- The employee health clinic model has been tested in the private sector for many years. Employers have found that employees like the clinics and the savings they provide for employees.

How much taxpayer money will be saved?

- Based on an independent actuarial analysis of the CareHere proposal for the Helena clinic, Montana could save over \$100 million over five years once clinics are up and running statewide.

Is this related to the Affordable Care Act?

- No. This is a cost-saving and health management tactic that has been used by America’s largest employers for decades. Frustrated by runaway health costs, companies are opening employee health clinics to save millions for their bottom line and keep employees on the job. Now, Governor Schweitzer is putting these private sector ideas to work to generate millions in savings for Montana taxpayers. More than one third of the nation’s largest employers offer workplace health services for their employees according to a recent survey.

Is this just for state employees in Helena?

- No. The request for proposal calls for clinics across the state, not just in Helena. Clinics in every community will be tailored to meet community needs. For example, some areas have a lot of people working on swing and night shifts. Other communities have dentist shortages. Other communities may benefit from regularly scheduled travelling clinics.

Who will run the clinics?

- A contractor will supply all staffing and expertise to run the clinics. Six organizations responded to the request for proposal to run the clinics. State procurement laws do not allow request for proposals to give preferential scores for in-state companies. Proposals are scored on affordability, projected cost savings, experience, and ability to provide the necessary services.

How are state employees involved in the process?

- The state employee health plan has an advisory council (SEGBAC) to provide advice prior to negotiating contracts. The Health Care and Benefits Division presented information to SEGBAC at its February 28, 2012, meeting. Additionally, all SEGBAC meetings are public meetings and are conducted in accordance with the public meeting laws.
- A needs assessment will be conducted in each community to determine how to best meet the local health care needs.
- Employees will have the opportunity to participate in the HCBD Spring Benefits Tour to learn more about the employee clinics. A schedule of these meetings can be found at <http://benefits.mt.gov>.

Does this mean my health insurance is changing?

- No, the employee clinic does not change your health coverage. The State of Montana is a self-funded benefits group. That means that insurance is not purchased, but rather the state contributions and employee out-of-pocket contributions are pooled and used to pay claims. The state does not purchase private health insurance for its employees. Private health insurance companies are contracted to process the paperwork and claims for the health plan. The Montana State Employee Health Plan covers 33,500 employees, retirees, and dependents. There are other changes in the health plan that will be discussed at the HCBD Spring Benefits Tour described above.

Where is the money to pay for the clinic coming from?

- The State of Montana is a self-funded benefits group. That means that insurance is not purchased, but rather the state contributions and employee contributions are pooled and used to pay claims. As such, the benefits plan has reserves that will be used to fund the initial start-up. The clinics will be built with reserve funds, not by a rate increase for employees. Those funds will be replenished as the clinic begins saving money. This will mean cost savings for taxpayers and state employees.

Does Montana have the authority to establish a clinic without the legislature?

- Yes. Title 2, Chapter 18, Parts 7 & 8 of the Montana Code Annotated provides the authority and guidance for the Department of Administration to operate the State Plan for the benefit of State employees, legislators, retirees, and their dependents. Statutes require the state to establish a program to provide state employees with adequate group hospitalization, health, medical, disability, life, and other related group benefits in an efficient manner and at an affordable cost. The clinic was one of the many ways we ensure we are operating in an efficient and cost-effective manner. The plan has a statutory appropriation of funds.

Won't this compete with private doctors and hospitals?

- The United States healthcare system has been facing a decline in its primary care workforce, infrastructure, and access to primary care services for several years. A number of factors, including poor reimbursements to primary care physicians, low comparative income, and poor quality of work life due to high patient loads, have contributed to more doctors choosing to train and practice in specialty medicine. This trend has led to a shortage of primary care providers across the country—likely contributing to fragmented care, inappropriate use of specialists, and less emphasis on prevention.

Impacts of the Affordable Care Act (ACA) on the State Employee Group Benefit Plan (SEGBP)

Already in place

1. Children up to 26 years of age can stay on their parent's insurance
2. No lifetime limits on essential benefits and no annual dollar limits
3. No pre-existing conditions for children under the age of 19
4. Health subsidies for early retiree health costs – funding expired
5. Insurers must provide a summary of benefits and coverage to plan participants (See appendix for Department of Administration, State Employee Group Benefit Plan 2013)

Plan Year 2013 – (SEGBP Loses Grandfathered Status)

1. Insurer must provide preventative care for such care as colonoscopies or mammograms without charging deductibles, copayments, or coinsurance
2. Contraceptive care must be offered without charge
3. Comparative effectiveness research fee of \$1.00 per employee

Beginning in Plan Year 2014 - Upcoming areas to be aware of

1. Annual dollar limit restrictions are banned
2. If the state's cost of coverage for individuals is considered unaffordable (9.8% of employees income) and the employee applies for a subsidy on the health exchange the state may be charged a penalty of up to \$3,000 for each full-time employee receiving a subsidy
3. Comparative effectiveness research fee of \$1.00 per employee
4. Insurer subject to reinsurance costs from 2014 through 2016. Costs are \$63 per member per year – estimated costs to SEGBP \$2.1 million
5. Comparative effectiveness research fee of \$2.00 per employee
6. 2017 large groups can participate on health insurance exchange
7. Assessments for insurance that provides expensive or "Cadillac" health plans, more than \$10,200 a year for individual or \$27,500 for a family starting in 2018

Other Impacts that may indirectly impact SEGBP

1. 2014 Health insurance exchanges operational – retirees may use this rather than SEGBP
2. Health status including preexisting conditions may not ban plan participation – retiree find other plans

HEALTH CARE AND BENEFITS BUREAU

As part of its budget submission, the Health Care and Benefits Bureau provided the following additional information on the State Employee Group Health Benefit Plan.

Actuarial Reserves

The State Employee Benefit Plan maintains an actuarially recommended reserve to allow it to cover health claims against the self-insured plan. By statute (2-18-812, MCA), the plan must maintain reserves sufficient to 'liquidate the unrevealed claim liability and other liabilities' of the state employee group benefits plans. This is called the reserve for incurred but not reported claims or IBNR, and permits the program to cover its pending liability for claims that have been incurred but not paid or submitted for payment. Other portions of the reserves are to cover items such as the risk of large claims (the state does not reinsure its claim liability), overall underwriting risk (based on a national formula), risk for certain types of coverage categories, and unique aspects of the state plan.

The division, based on actuarial determination, uses a risk-based capital approach to set reserve levels. The risk-based capital (RBC) model is a methodology promulgated by the National Association of Insurance Commissioners (NAIC) and is used by virtually all of the states. The RBC formula establishes a minimum capital level for the state plan based on its specific features and compares it to the plan's actual capital level. This ratio provides a measure to compare to recommended levels of capitalization for insurance risk. In Montana, the Legislature adopted this model for determining the level of assets that are needed in domestic health insurance corporations in 1995. It is codified in Title 33, MCA as the regulatory standard applied to health care insurers in Montana.

Under the RBC approach, a target ratio of a measure known as the "authorized control level" of reserves indicates the financial stability of the insurance plan. Under the NAIC guidelines adopted by Montana, the minimum recommended level of reserves required for an insurer is 200% of the authorized control level. Levels below that amount are subject to varying degrees of regulatory oversight and control.

The State Employee Benefit Plan actuary recommended the plan set a reserve level target equivalent to 300% of the authorized control level with the 200% target as a minimum. This level is reasonable given that other insurance companies in the same marketplace have much higher reserves levels, anywhere from 700% to 1,000% of the authorized control level. These insurers may also generate more capital through debt, while the State Employee Benefit Plan cannot. As of December 31, 2011, the State Employee Benefit Plan had reserves equivalent to 391% of the authorized control level.

Reserve levels are monitored closely by the state plan's actuary and managers of the program to ensure the plan is maintaining actuarially recommended reserve levels. The State Employee Group Benefits Advisory Council (SEGBAC), which is authorized under 2-15-1016, MCA, adopted the recommended target reserve level range as described above.

Fund Equity and Reserved Fund Balance

A portion of the actuarially recommended reserves includes a component titled the "Grandfathered benefit" reserve. This component is a portion of the reserve identified for certain types of coverage and is set aside to pay the claim liability incurred when the state changed the timing on collecting premiums in August 1998. The switch was from collecting premiums prior to commencement of the month of coverage, to collecting premiums during the month of coverage. Employees in service on or before August 1998 are credited for the month of employer contribution collected prior to the change at the time they separate from service.

Cash Flow

It is projected that about \$12.3 million per month in claims expenses will be paid in FY 2013 and \$13.4 million per month in FY 2014. Contributions are collected either bimonthly with paycheck processing or at the beginning of the month depending on whether the premium is for active employees, retirees, legislators, or COBRA employees.

Retirees are required to pay the full amount of the premium but the premium is subsidized indirectly by the state share and other revenues. Employees who cover their dependents pay a portion of the cost to insure their family members while a portion is subsidized indirectly by state share and other revenue sources such as investment earnings.

The cost of providing medical care continues to rise at a rate significantly higher than general inflation. Based on FY 2012 expenditures of approximately \$135.9 million for medical, dental, and prescription drug claims, these expenditures are projected to be \$148.1 million in FY 2013 and \$161.4 million in FY 2014. This does not take into account future benefit plan changes which may impact expenditure projections.

Claims costs make up approximately 93 % of program expenditures. Administrative costs comprise about 7 % of total program expenditures including contracting with vendors to process claims and administrative costs directly within the department. In comparison, insurance companies generally have administrative costs that range from 14 % to as high as 28 % and pay 72 to 86 % of their premiums out in claims.

The program records contribution revenues received from the state contribution and out-of-pocket contributions for dependents, retirees, legislators, and COBRA participants in revenue accounts 525039, 525040, 525041, 525042, 525077, and 525079 in fund 06559. Contracted claims administrator fees are recorded in accounts 62102, 62194, and 62170. Medical and dental claims are paid out of account 67205 and 67207. Prescription drug claims are paid from account 67206. Managed care services for the managed care plans are still done via contracted services with third party administrators and are paid from accounts 62116. Vision services are paid from 67209. Long-term care premiums are paid from account 67210, long-term disability premiums are paid from account 67211, and Life Insurance premiums are paid from account 67215.

Rate Explanation

The rate provided in HB 2 is the state contribution, i.e. the employer share of contribution toward health care and benefits coverage. As a component of employee compensation, the state contribution amount is a subject of collective bargaining and is negotiated as a part of the overall pay package for state employees.

The objective for the state contribution is to provide sufficient dollars to underwrite affordable coverage for all participants in the plan, including sufficient dollars to cover the “employee only” cost of providing a core medical, dental, and life insurance benefit. In the past, there have been a few dollars of the state contribution left over that employees can apply toward dependent coverage, additional life insurance, purchase of optional benefits, or to place into a medical or dependent care flexible spending account (FSA). Currently, there is no state contribution left over for employees to apply to dependent coverage.

Income for the program in FY 2010 was approximately \$136.9 million. The state share portion of this income was approximately \$100.9 million or 74 %. The remaining income was from participant paid contributions and investment earnings. Total expenses during FY 2010 were \$135.0 million.

Projected income for the next biennium needs to match projected expenditures and other actuarially required liabilities as described below.

Standard insurance industry analytical techniques are used to project plan costs, establish sufficient actuarial reserves and set contribution amounts for the various plan options. In managing the plan the department has the opportunity to increase income by increasing participant contributions or to reduce expenses by reducing the amount of plan coverage. Plan coverage changes include increasing participant deductibles and co-payments, eliminating the payment for some services, negotiating lower costs for medical services, or looking for opportunities to reduce the cost of services provided using knowledge of the given health care environment.

The following schedule shows historical rates for the state contribution, for employee benefit coverage, as well as historical medical and pharmacy cost trends. Rates for FY 2014 and FY 2015 have not been determined at this time.

Plan Year	Mo. Employer Contribution	% Incr. Over Prev. Yr	Medical Trend	Cost Trend	Pharmacy Cost
1996	\$220	-4.3%	N/A	N/A	
1997	\$225	2.3%	N/A	N/A	
1998	\$245	8.9%	9.0%	20.8%	
1999	\$270	10.2%	8.9%	33.2%	
2000	\$285	5.5%	8.7%	9.2%	
2001	\$295	3.5%	2.1%	17.9%	
2002	\$325	10.2%	13.4%	15.9%	
2003	\$366	12.6%	4.4%	11.6%	
2004	\$410	12.0%	-3.3%	-2.8%	
2005	\$460	12.2%	9.9%	13.3%	
2006	\$506	6.3%	6.1%	9.5%	
2007	\$557	10.1%	4.1%	15.0%	
2008	\$590	10.1%	17.4%	3.6***	
2009	\$626	10.0%	8.5%	4.3***	
2010	\$679	8.5%	7.9%	-20.0%	
2011	\$733	8.0%	9.5%	15.7%	
2012	\$733	0.0%	5.0%**	14.0%**	
2013	\$733	0.0%	8%**	10%**	

*The FY 2013 rate becomes effective January 1, 2013.

** Projected trend rates.

*** The Pharmacy trend shown includes adjustments for prior year contractual recovery of performance guarantees and rebates as well as Retiree Drug Subsidy reimbursements from the federal government. After removing the financial adjustments, actual cost and utilization trend is anticipated to be approximately 12% and 8.1%, respectively.

**** The Pharmacy trend shown is for the year of implementation of the URx pharmacy program. The pharmacy trend is expected to return to a level of 10% per year from this base amount over the next biennium.

Alternate Sources: As an alternative to providing a self-insured health plan, the state could purchase an insured plan from the private sector. Historical studies of comparable insurance plans have shown that this alternative would be more expensive. The state has operated a statewide plan since 1979 and a self-insured plan since 1984.

Customers Served: In excess of 32,000 lives are covered by the benefit plans provided by the division in the following categories; 12,700 regular full-time and part-time executive, legislative, and judicial branch employees; 3,300 retirees; 40 COBRA participants; and 16,500 dependents.

**DEPARTMENT OF ADMINISTRATION
Risk Management & Tort Defense Division
Property/Casualty Insurance Premiums
2015 Biennium**

SERVICE DESCRIPTION

The mission of the Risk Management & Tort Defense Division is to provide comprehensive and cost-effective risk management programs, insurance coverage, claims adjudication services, and legal defense to state agencies and universities that serve the citizens of Montana.

To accomplish this mission, the division investigates, evaluates, and resolves property/casualty claims that have merit consistent with ethical and legal obligations and the need to establish acceptable precedents.

The division also administers a comprehensive plan of property/casualty insurance protection and provides a broad array of risk management services to state agencies, universities, boards, councils, and commissions.

INTERNAL SERVICE FUND

In accordance with §17-7-501, MCA, the Risk Management & Tort Defense Division operates an internal service fund known as the state property/casualty insurance fund.

Funding for insurance is authorized in agency budgets by the Office of Budget and Program Planning and approved by the Legislature each biennium in accordance with §17-7-123, MCA. Proceeds from the property/casualty insurance fund are used to pay claims, purchase insurance, and to fund operations.

PREMIUM DEVELOPMENT

For purposes of premium development, all insurance premiums are combined into the following decision packages for HB 2; Auto, Aviation, General Liability, and Property. The development of property/casualty insurance premium for each decision package involves a five-step process:

Step 1 - Evaluate historical exposure, losses, and premiums.

Step 2 - Project unallocated expenses through FY 2015.

Step 3 - Project allocated expenses through FY 2015.

Step 4 - Determine an appropriate level of premium to achieve funding objectives.

Step 5 - Apportion premiums to state agencies and universities based upon historical loss experience and exposure.

STEP 1 – EVALUATE HISTORICAL EXPOSURE, LOSSES, AND PREMIUMS

Historical exposure, losses, and premiums are discussed separately by line of insurance below. Statistical indicators are found in Table 1, page 3.

AUTO

State agencies own or lease approximately 9,800 vehicles. Vehicles are used for diverse and high risk activities such as highway maintenance, law enforcement, construction, and off-road travel. These activities present significant liability risk for the state.

The number of claims, total incurred losses, and average cost per claim have been volatile since FY 2007. Since auto liability losses typically require 1 to 3 years to mature, it is unknown at this point how future loss development for losses that occurred after FY 2010 will adversely impact the state self-insurance fund.

AVIATION

State agencies own and operate 26 aircraft (including helicopters) that are used for various functions such as law enforcement, game management, firefighting, transportation of state employees, and aerial topography.

The state also owns and operates 15 state airports that connect Montana citizens and visitors. The number of flights into West Yellowstone, for example, totals over 3,000 per year.

Historically, the state has had very few aviation losses. The number of claims, total incurred losses, and average cost per claim have been stable since FY 2004.

GENERAL LIABILITY

State agencies operate prisons, hospitals, and institutions. In addition, state agencies are responsible for highway maintenance and design, law enforcement, wildlife resource management, supervision of foster children, and many other vital, high-risk functions.

The number and variety of potential risks have increased. Inmates incarcerated in prisons operated or supervised by the Department of Corrections and the number of offenders on probation or parole have also increased.

On July 1, 2000 the Department of Transportation assumed responsibility for an additional 7,500 miles of secondary highways formerly maintained by cities and counties. Despite an increase in risk, total incurred losses and average cost per claim (excluding the Libby Asbestos settlement) have declined since FY 2004.

Since general liability losses typically take 3 to 4 years to mature, it is unknown at this point how future loss development for losses that occurred after FY 2010 will impact that state self-insurance fund.

PROPERTY

State agencies and universities own or lease 4,512 properties with an estimated current replacement cost value of over \$4 billion. In addition, the state maintains and operates over 600 boilers and is responsible for fine art that has an estimated market value in excess of \$389,000,000.

The Risk Management & Tort Defense Division self-funds losses that fall below commercial catastrophic insurance deductibles of \$1,000,000 per occurrence. State agencies have experienced numerous, catastrophic losses stemming from earthquake, fire, flood, hail, boiler/machinery, and wind. State property risk is significant.

Total incurred losses have been volatile since FY 2004.

Historical Exposure, Losses & Premiums

**Table 1
as of 04/30/2012**

FY	# of Claims (1)	# of Exposures (2)	Total Incurred Losses (3)	Estimated Claims Payable (4)	Avg. Cost Per Claim (5)	Earned Premium (6)	Loss Ratio (7)
Auto							
2004	358	8,958	635,472	1,755,273	1,775	1,072,901	0.59
2005	337	9,332	752,889	985,363	2,234	1,084,369	0.69
2006	356	9,232	1,776,991	985,363	4,992	1,604,213	1.11
2007	392	9,336	571,488	985,363	1,458	1,613,363	0.35
2008	373	9,846	811,686	1,226,779	2,176	1,097,184	0.74
2009	400	9,569	728,705	1,104,281	1,822	1,104,048	0.66
2010	349	9,890	938,427	1,130,239	2,689	1,043,151	0.90
2011	387	9,667	850,111	1,024,881	2,197	1,044,540	0.81
2012	308	9,773	613,492	1,114,881	1,992	1,031,347	0.59
Aviation							
2004	0	38	0	0	0	165,728	-
2005	0	39	0	0	0	165,822	-
2006	1	42	0	0	0	174,014	-
2007	1	42	4,750	0	4,750	174,003	0.03
2008	1	41	0	0	0	167,807	-
2009	1	41	0	0	0	178,625	-
2010	0	41	0	0	0	212,451	-
2011	2	41	11,500	0	5,750	212,451	0.05
2012	0	41	0	0	0	212,451	-
General Liability							
2004	376	20,006	2,782,373	22,572,589	7,400	10,566,132	0.26
2005	291	20,113	1,975,893	18,158,781	6,790	11,205,486	0.18
2006	275	20,685	1,976,045	14,200,927	7,186	7,203,992	0.27
2007	336	20,981	2,430,230	13,263,342	7,233	7,242,383	0.34
2008	278	21,444	3,262,371	12,858,673	11,735	7,124,501	0.46
2009	220	21,736	1,852,161	11,252,814	8,419	7,123,899	0.26
2010	282	21,977	363,831	12,909,028	1,290	6,750,000	0.05
2011	434	22,467	385,777	14,285,871	889	6,750,000	0.06
2012	219	22,469	42,087	15,088,253	192	6,750,000	0.01
Property							
2004	65	2,824,599,055	728,308	1,229,961	11,205	2,965,254	0.25
2005	62	2,955,674,918	366,872	1,183,330	5,917	2,997,090	0.12
2006	69	3,494,018,047	844,140	885,961	12,234	4,949,846	0.17
2007	62	3,830,578,570	1,197,741	922,475	19,318	4,943,944	0.24
2008	54	4,498,955,722	1,594,518	2,412,671	29,528	3,959,239	0.40
2009	67	5,076,205,753	1,541,556	2,599,056	23,008	3,929,251	0.39
2010	54	5,161,117,966	1,573,095	2,634,710	29,131	3,747,417	0.42
2011	68	5,447,125,516	1,525,762	2,651,471	22,438	3,731,312	0.41
2012	43	5,450,744,899	476,452	3,093,409	11,080	3,733,020	0.13

- (1) # of claims filed
- (2) # of exposures
- (3) Amounts paid plus reserves on open claims
- (4) Actuarial estimates of claims payable on June 30th (Does not apply to aviation-due to small number of claims the state does not conduct an actuarial evaluation.)
- (5) Column (3)/(1)
- (6) Premium collected from state agencies
- (7) Column (3)/(6)

STEP 2 – PROJECT UNALLOCATED EXPENSES

Unallocated expenses are shared or common expenses that cannot be associated with a specific claim or lawsuit and fall into three categories:

- Personal Services
- Commercial Insurance Premiums
- Other Expenses

Unallocated expenses in Table 2-1 below at 2nd level include personal services such as salaries and benefits, lines 1 and 2, as well as other expenses including supplies, equipment, and rent, lines 4 through 11. Commercial insurance premiums in Table 2-1, line 3 below, are expenses incurred in the purchase of commercial excess insurance above high deductibles.

DEPARTMENT OF ADMINISTRATION Risk Management & Tort Defense Division 2 nd Level Unallocated Expenses Table 2-1							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Expense Account Description		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Personal Services							
(1)	61100 Salaries	765,029	844,284	797,707	814,056	814,056	814,056
(2)	61400 Employee Benefits	229,269	258,735	252,171	279,876	279,876	279,876
Commercial Insurance Premiums							
(3)	62104 Insurance & Bonds	2,768,869	2,924,087	2,841,676	3,266,451	3,416,451	3,416,451
Operating Expenses							
(4)	62100 Other Services	440,512	154,670	172,200	172,200	172,200	172,200
(5)	62200 Supplies & Materials	39,401	31,708	97,609	97,609	97,609	97,609
(6)	62300 Communications	21,667	22,740	17,783	17,783	17,783	17,783
(7)	62400 Travel	14,598	19,668	14,680	14,680	14,680	14,680
(8)	62500 Rent	61,954	55,575	56,257	56,257	56,257	56,257
(9)	62600 Utilities	6,236	6,861	5,084	5,084	5,084	5,084
(10)	62700 Repair & Maintenance	13,691	2,542	5,784	5,784	5,784	5,784
(11)	62800 Other Expenses	274,511	429,250	235,083	235,083	235,083	235,083
(12)	Total 2 nd Level Expenses	4,635,737	4,750,121	4,496,035	4,964,864	5,114,864	5,114,864
Assumptions:							
Actual FY2010 expenses (SABHRS org summary).							
Actual FY2011 expenses (SABHRS org summary).							
FY2012 expenses = FY2012 actuals as of 04/30/2012 annualized.							
FY2013 expenses = October 2011 pay plan (budgeted) + FY2012 annualized + 20% increase in commercial property premium - 15% decrease in aviation premium.							
FY2014 expenses = October 2011 pay plan (budgeted) + FY2012 annualized + 20% increase in commercial property premium - 15% decrease in aviation premium + 2% increase in misc general liability premium.							
FY2015 expenses = October 2011 pay plan (budgeted) + FY2012 annualized + 20% increase in commercial property premium - 15% decrease in aviation premium + 2% increase in misc general liability premium.							

Since unallocated expenses cannot be attributed to a specific claim or lawsuit, they are apportioned on Table 2-2, page 5, by line of insurance based upon a historical three-year average of indemnity (loss) payments.

DEPARTMENT OF ADMINISTRATION
Risk Management & Tort Defense Division
Unallocated Expenses
Table 2-2

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	% Indemnity ¹	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
AUTO							
(1) Personal Services	0.187	186,300	206,671	196,714	204,968	204,968	204,968
(2) Commercial Insurance	n/a	n/a	n/a	n/a	n/a	n/a	n/a
(3) Other Expenses	0.187	163,492	135,470	113,260	113,260	113,260	113,260
(4) Sub-Total		349,791	342,140	309,974	318,228	318,228	318,228
AVIATION							
(5) Personal Services	n/a	n/a	n/a	n/a	n/a	n/a	n/a
(6) Commercial Insurance	n/a	206,454	304,828	176,389	149,949	149,949	149,949
(7) Other Expenses	n/a	n/a	n/a	n/a	n/a	n/a	n/a
(8) Sub-Total		206,454	304,828	176,389	149,949	149,949	149,949
GENERAL LIABILITY							
(9) Personal Services	0.616	612,131	679,065	646,349	673,470	673,470	673,470
(10) Commercial Insurance	n/a	250,033	210,647	215,438	215,438	365,438	365,438
(11) Other Expenses	0.616	537,190	445,118	372,144	372,144	372,144	372,144
(12) Sub-Total		1,399,355	1,334,830	1,233,930	1,261,052	1,411,052	1,411,052
PROPERTY							
(13) Personal Services	0.197	195,867	217,284	206,816	215,494	215,494	215,494
(14) Commercial Insurance	n/a	2,312,381	2,408,612	2,449,849	2,901,064	2,901,064	2,901,064
(15) Other Expenses	0.197	171,888	142,427	119,077	119,077	119,077	119,077
(16) Sub-Total		2,680,136	2,768,323	2,775,742	3,235,635	3,235,635	3,235,635
(17) Grand Total Personal Services		994,298	1,103,019	1,049,878	1,093,932	1,093,932	1,093,932
(18) Grand Total Commercial Insurance		2,768,869	2,924,087	2,841,676	3,266,451	3,416,451	3,416,451
(19) Grand Total Other Expenses		872,570	723,015	604,481	604,481	604,481	604,481
(20) Grand Total Operating Expenses		4,635,737	4,750,121	4,496,035	4,964,864	5,114,864	5,114,864

Assumptions:

Actual FY2010 expenses (SABHRS org summary).

Actual FY2011 expenses (SABHRS org summary).

FY2012 expenses = FY2012 actuals as of 04/30/2012 annualized.

FY2013 expenses = October 2011 pay plan (budgeted) + FY2012 annualized + 20% increase in property premium - 15% decrease in aviation premium.

FY2014 expenses = October 2011 pay plan (budgeted) + FY2012 annualized + 20% increase in commercial property premium - 15% decrease in aviation premium + 2% increase in misc general liability premium.

FY2015 expenses = October 2011 pay plan (budgeted) + FY2012 annualized + 20% increase in commercial property premium - 15% decrease in aviation premium + 2% increase in misc general liability premium.

¹ Average 3 year indemnity and LAE payments as a % of total indemnity and LAE payments (2009-2011).

STEP 3 – PROJECT ALLOCATED EXPENSES

Allocated expenses are expenses specific to individual claims and are determined by line of insurance without being apportioned. Allocated expenses include:

- Loss Adjustment Expenses
- Indemnity Expenses

Loss adjustment expenses (LAE) are expenses associated with the investigation, evaluation, and resolution of a claim/lawsuit including adjuster fees, attorney fees, and court costs. Indemnity expenses are payments to claimants in satisfaction of settlements or court verdicts for each claim/lawsuit.

Allocated expenses are provided in Table 3, page 6. Projected indemnity expenses for FY 2013 through FY 2015 are based on estimated prospective liabilities & payouts set by the division's actuarial consultant, Towers Watson.

DEPARTMENT OF ADMINISTRATION						
Risk Management & Tort Defense Division						
Allocated Expenses						
Table 3						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
AUTO						
(1) Loss Adjustment Expenses	34,671	62,907	52,578	66,450	66,450	66,450
(2) Indemnity	732,102	995,437	1,072,094	933,870	966,326	951,727
(3) Sub-Total	766,773	1,058,343	1,124,672	1,000,320	1,032,776	1,018,177
AVIATION						
(4) Loss Adjustment Expenses	-	-	-	-	-	-
(5) Indemnity	12,048	190,001	-	-	-	-
(6) Sub-Total	12,048	190,001	-	-	-	-
GENERAL LIABILITY						
(7) Loss Adjustment Expenses	2,102,839	1,580,029	1,654,319	2,086,471	2,086,471	2,086,471
(8) Indemnity	1,410,041	672,159	29,228,129	1,719,465	1,675,561	1,665,531
(9) Sub-Total	3,512,881	2,252,188	30,882,449	3,805,936	3,762,032	3,752,002
PROPERTY						
(10) Loss Adjustment Expenses	26,146	61,956	27,582	67,118	67,118	67,118
(11) Indemnity	1,759,655	2,214,889	4,031,341	3,542,601	3,473,840	2,098,296
(12) Sub-Total	1,785,801	2,276,845	4,058,923	3,609,719	3,540,958	2,165,414
(13) Grand Total Loss Adjustment Expenses	2,163,656	1,704,892	1,734,479	2,220,039	2,220,039	2,220,039
(14) Grand Total Indemnity	3,913,847	4,072,486	34,331,564	6,195,936	6,115,727	4,715,554
(15) Grand Total Allocated Expenses	6,077,503	5,777,378	36,066,043	8,415,975	8,335,766	6,935,593
Assumptions:						
Actual FY2010 expenses (Indemnity from SABHRS trial balance report & LAE from CLAIMS database loss trends report).						
Actual FY2011 expenses (Indemnity from SABHRS trial balance report & LAE from CLAIMS database loss trends report).						
Annualized FY2012 expenses (Indemnity from SABHRS trial balance report & LAE from CLAIMS database loss trends report).						
FY2013 LAE = 3 yr average (09-11 Loss Trends report) & Indemnity expenses = Estimated Prospective Liabilities & Payouts (2/17/12 actuarial report pages 8 & 9) & \$3M insurance recoveries spent.						
FY2014 LAE = 3 yr average (09-11 Loss Trends report) & Indemnity expenses = Estimated Prospective Liabilities & Payouts (2/17/12 actuarial report pages 8 & 9) & \$3M insurance recoveries spent.						
FY2015 LAE = 3 yr average (09-11 Loss Trends report) & Indemnity expenses = Estimated Prospective Liabilities & Payouts (2/17/12 actuarial report pages 8 & 9).						

STEP 4 - DETERMINE AN APPROPRIATE LEVEL OF PREMIUM

Now that exposure and expenses have been established, data from Table 2-2 (page 5) and Table 3 (page 6) can be brought forward into a funding model and an appropriate level of premium established as discussed through the remainder of this section.

The high-risk nature of services provided by state agencies, unpredictable litigation outcomes, catastrophic losses, and increases in the cost of commercial insurance mean the division's funding estimates are highly variable. Therefore, the Risk Management & Tort Defense Division utilizes a risk margin (i.e. reserve) to 'cushion' the property/casualty insurance fund from large and unexpected deviations in loss experience. A reserve is a fund balance that exceeds actuarial estimates of claims liabilities.

Many other public entities nationally, and in Montana (including the Montana Municipal Insurance Authority), maintain reserves and the state's consulting actuary, Towers Watson, recommends that the state continue this practice.

AUTO

Prior to the 2015 biennium budget process, the Risk Management & Tort Defense Division reduced state and university auto insurance premium charges three of the last four biennia. However, recent historic auto losses and declining investment income have had an adverse effect on the division's auto insurance reserve position.

Consistent with actuarial recommendations, the division's funding objectives for the 2015 biennium are to maintain reserves sufficient to achieve target funding ratios that trend towards < .9 (premiums to reserve ratio) or < 2 (unpaid liabilities to reserve ratio). In order to move towards target funding ratios, the division proposes to increase state agency and university insurance premiums 10% each year of the 2015 biennium above the FY 2012 base premium.

The funding model for auto insurance is found in Table 4-1, page 7 (next page). Proposed premium levels are provided on line (1), Table 4-1, page 7 at \$1,248,500 for each year of the 2015 biennium.

Projected Changes in Revenue, Expenses, and Reserves						
For the Period Ending June 30th						
Table 4-1						
Auto Insurance Program						
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Gross Premiums Written	1,135,000	1,135,000	1,135,000	1,135,000	1,248,500	1,248,500
(1) Net Premiums Earned	1,043,153	1,044,541	1,031,344	1,031,344	1,123,019	1,123,019
(2) Losses Paid	732,102	995,437	1,072,094	933,870	966,326	951,727
(3) Loss Expenses Paid	34,671	62,907	52,578	66,450	66,450	66,450
Operations	349,791	342,140	309,974	318,228	318,228	318,228
Commercial Insurance Premiums	0	0	0	0	0	0
Total Losses and Expenses	1,116,565	1,400,484	1,434,646	1,318,548	1,351,004	1,336,405
(4) Net Income (Loss) Before Investments	(73,412)	(355,943)	(403,302)	(287,204)	(227,986)	(213,387)
(5) Net Investment Income Earned	7,425	8,753	2,716	631	312	312
(6) Insurance Recoveries	66,152	63,475	43,981	94,972	94,972	94,972
(7) Net Income (Loss)	164	(283,715)	(356,605)	(191,602)	(132,702)	(118,103)
Prior Years Assets	990,551	1,490,716	1,707,000	1,600,396	1,658,794	2,426,091
Total Assets Before Transfers	990,716	1,207,000	1,350,396	1,408,794	1,526,091	2,307,988
Transfers In (Out)	500,000	500,000	250,000	250,000	900,000	0
(8) Total Assets Before Loans or Appropriations	1,490,716	1,707,000	1,600,396	1,658,794	2,426,091	2,307,988
Aggregate Write-Ins	0	0	0	0	0	0
Total Assets	1,490,716	1,707,000	1,600,396	1,658,794	2,426,091	2,307,988
Non-Claim Liabilities	271,309	201,233	201,233	201,233	201,233	201,233
Claims Liabilities	1,130,239	1,024,881	1,114,881	1,170,659	1,179,363	1,191,996
Total Liabilities	1,401,548	1,226,114	1,316,114	1,371,893	1,380,596	1,393,229
(9) Reserves	89,168	480,886	284,281	286,901	1,045,495	914,759
Towers Watson Funding Objectives:						
Premiums to Reserves of .9	0.12	0.64	3.63	3.59	1.07	1.23
Unpaid Claims Liabilities to Reserves of 2	12.68	2.13	3.92	4.08	1.13	1.30

AVIATION

Favorable commercial aviation insurance market conditions and a recent competitive aviation bid mean that state agency and university aviation insurance premium charges will decline an estimated 20% each year of the 2015 biennium from the 2012 base premium. An actuarial study is not conducted for aviation insurance due to the small number of claims and variability in costs.

The funding model for aviation insurance is found in Table 4-2, page 7 (below). The funding objective for aviation insurance during the 2015 biennium is to charge a level of premium sufficient to cover projected commercial insurance premiums and projected loss expenses. Proposed premiums are provided on line (1), Table 4-2, page 7 and are \$169,961 each year of the biennium.

Projected Changes in Revenue, Expenses, and Reserves						
For the Period Ending June 30th						
Table 4-2						
Aviation Insurance Program						
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Gross Premiums Written	212,451	212,451	212,451	212,451	169,961	169,961
(1) Net Premiums Earned	212,451	212,451	212,451	212,451	169,961	169,961
(2) Losses Paid	12,048	190,001	0	0	0	0
(3) Loss Expenses Paid	0	0	0	0	0	0
Operations	0	0	0	0	0	0
Commercial Insurance Premiums	206,454	304,828	176,389	149,949	149,949	149,949
Total Losses and Expenses	218,502	494,829	176,389	149,949	149,949	149,949
(4) Net Income (Loss) Before Investments	(6,051)	(282,378)	36,062	62,502	20,012	20,012
(5) Net Investment Income Earned	1,390	1,638	508	118	42	42
(6) Insurance Recoveries	12,048	180,500	0	1,866	1,866	1,866
(7) Net Income (Loss)	7,387	(100,239)	36,570	64,486	21,920	21,920
Prior Years Assets	(37,791)	(30,404)	(130,643)	(94,073)	(29,587)	(7,666)
Total Assets Before Transfers	(30,404)	(130,643)	(94,073)	(29,587)	(7,666)	14,254
Transfers In (Out)	0	0	0	0	0	0
(8) Total Assets Before Loans or Appropriations	(30,404)	(130,643)	(94,073)	(29,587)	(7,666)	14,254
Aggregate Write-Ins	0	0	0	0	0	0
Total Assets	(30,404)	(130,643)	(94,073)	(29,587)	(7,666)	14,254
Non-Claim Liabilities	0	0	0	0	0	0
Claims Liabilities	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0
(9) Reserves	(30,404)	(130,643)	(94,073)	(29,587)	(7,666)	14,254
Funding Objective 2015 Biennium:						
Premium sufficient to cover actual costs						

GENERAL LIABILITY

Declining investment income due to the economy and the \$26.8 million Libby asbestos settlement had a significant impact on the state property/casualty insurance fund's asset and reserve position during FY 2012. The Libby settlement represents the largest loss in the history of the state property/casualty insurance fund. As a result of this settlement, reserves declined from \$12,456,153 at the end of FY 2011 to a projected unfunded liability of \$16,579,361 at the end of FY 2013.

Absent a general fund transfer, the state self-insurance fund will not recover lost financial assets and reserves and the division may be unable to pay future claims. Therefore, the division's proposal for the 2015 biennium assumes a transfer of \$26.8 million from the general fund to restore vital assets and reserves that were lost in the Libby settlement. The transfer is necessary to assure that adequate assets and reserves are available to pay future claims and to provide adequate insurance protection for state agencies' and universities' vital assets and resources.

Consistent with actuarial recommendations, the division's funding objectives for the 2015 biennium are to maintain reserves sufficient to move towards target funding ratios of < .9 (premiums to reserve ratio) or < 2 (unpaid liabilities to reserve ratio).

In order to progress towards target funding ratios, the division proposes to increase state agency and university general liability insurance premiums 12% each year of the 2015 biennium above the FY 2012 base premium. The funding model for general liability insurance is found in Table 4-3, page 8 (below). Proposed premiums are provided on line (1), Table 4-3, page 8.

Projected Changes in Revenue, Expenses, and Reserves						
For the Period Ending June 30th						
Table 4-3						
General Liability Insurance Program						
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Gross Premiums Written	6,750,000	6,750,000	6,750,000	6,750,000	7,575,000	7,575,000
(1) Net Premiums Earned	6,750,000	6,750,000	6,750,000	6,750,000	7,575,000	7,575,000
(2) Losses Paid	1,410,041	672,159	29,228,129	1,719,465	1,675,561	1,665,531
(3) Loss Expenses Paid	2,102,839	1,580,029	1,654,319	2,086,471	2,086,471	2,086,471
Operations	1,149,322	1,124,183	1,018,493	1,045,614	1,045,614	1,045,614
Commercial Insurance Premiums	250,033	210,647	215,438	215,438	365,438	365,438
Total Losses and Expenses	4,912,236	3,587,018	32,116,379	5,066,988	5,173,084	5,163,054
(4) Net Income (Loss) Before Investments	1,837,764	3,162,982	(25,366,379)	1,683,012	2,401,916	2,411,946
(5) Net Investment Income Earned	44,155	52,054	16,151	3,751	3,689	3,689
(6) Insurance Recoveries	0	0	0	1,037	1,037	1,037
(7) Net Income (Loss)	1,881,919	3,215,036	(25,350,228)	1,687,799	2,406,641	2,416,671
Prior Years Assets	22,306,269	24,188,188	27,403,223	302,995	240,795	21,697,436
Total Assets Before Transfers	24,188,188	27,403,223	2,052,995	1,990,795	2,647,436	24,114,107
Transfers In (Out)	0	0	(1,750,000)	(1,750,000)	(7,750,000)	0
Transfers In (Out) Libby Asbestos Settlement	0	0	0	0	0	0
(8) Total Assets Before Loans or Appropriations	24,188,188	27,403,223	302,995	240,795	(5,102,564)	24,114,107
General Fund Transfer	0	0	0	0	26,800,000	0
Aggregate Write-Ins	0	0	0	0	0	0
Total Assets	24,188,188	27,403,223	302,995	240,795	21,697,436	24,114,107
Non-Claim Liabilities	891,449	661,199	661,199	661,199	661,199	661,199
Claims Liabilities	12,909,028	14,285,871	15,088,253	16,158,957	17,234,888	18,238,636
Total Liabilities	13,800,477	14,947,070	15,749,452	16,820,156	17,896,088	18,899,835
(9) Reserves	10,387,710	12,456,153	(15,446,457)	(16,579,361)	3,801,349	5,214,272
Towers Watson Funding Objectives:						
Premiums to Reserves of .90	0.65	0.54	(0.44)	(0.41)	1.99	1.45
Unpaid Claims Liability to Reserves of 2			(0.98)	(0.97)	4.53	3.50

PROPERTY

The number of property losses, total cost, and average cost per claim have been very volatile since FY 2004. Catastrophic hail, wind, and flood losses in Montana and catastrophic events worldwide have had a significant effect on the availability and affordability of commercial excess property insurance.

In addition, the state's deductible for property insurance has increased from \$250,000 per occurrence in FY 2009 to \$1,000,000 per occurrence in FY 2012. A further 'hardening' of commercial insurance markets and future losses may result in an even higher deductible of \$2,000,000 per occurrence during the 2015 biennium. The increase in the magnitude of the state's deductible now means that the state has to pay a higher share of each property loss and will require additional funding, especially for catastrophic losses. Consistent with actuarial recommendations, the division's funding objectives for the 2015 biennium are to maintain reserves sufficient to achieve target funding ratios that trend towards 10 (reserves to deductible ratio).

In order to move towards target funding ratios, the division proposes to increase state agency and university general liability insurance premiums 20% each year of the 2015 biennium above the FY 2012 base premium. The funding model for property insurance is found in Table 4-4, page 9 (below). Proposed premiums for the 2015 biennium are provided on line (1), Table 4-4, page 9.

Projected Changes in Revenue, Expenses, and Reserves						
For the Period Ending June 30th						
Table 4-4						
Property Insurance Program						
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Gross Premiums Written	4,200,000	4,200,000	4,200,000	4,200,000	5,040,000	5,040,000
(1) Net Premiums Earned	3,747,416	3,731,312	3,733,023	3,733,023	4,502,000	4,502,000
(2) Losses Paid	1,759,655	2,214,889	4,031,341	3,542,601	3,473,840	2,098,296
(3) Loss Expenses Paid	26,146	61,956	27,582	67,118	67,118	67,118
Operations	367,755	359,711	325,893	334,571	334,571	334,571
Commercial Insurance Premiums	2,312,381	2,408,612	2,449,849	2,901,064	2,901,064	2,901,064
Total Losses and Expenses	4,465,937	5,045,168	6,834,664	6,845,353	6,776,592	5,401,048
(4) Net Income (Loss) Before Investments	(718,521)	(1,313,856)	(3,101,641)	(3,112,330)	(2,274,593)	(899,049)
(5) Net Investment Income Earned	27,474	32,389	10,050	2,334	1,258	1,258
(6) Insurance Recoveries	774,962	4,225,938	3,550,916	70,609	70,609	70,609
(7) Net Income (Loss)	83,915	2,944,471	459,324	(3,039,387)	(2,202,726)	(827,182)
Prior Years Assets	2,343,160	1,022,477	3,051,643	5,010,966	3,471,579	8,118,853
Total Assets Before Transfers	2,427,075	3,966,949	3,510,966	1,971,579	1,268,853	7,291,671
Transfers In (Out)	(500,000)	(500,000)	1,500,000	1,500,000	6,850,000	0
(8) Total Assets Before Loans or Appropriations	1,927,075	3,466,949	5,010,966	3,471,579	8,118,853	7,291,671
Aggregate Write-Ins	(904,598)	(415,306)	0	0	0	0
Total Assets	1,022,477	3,051,643	5,010,966	3,471,579	8,118,853	7,291,671
Non-Claim Liabilities	285,242	211,567	211,567	211,567	211,567	211,567
Claims Liabilities	2,634,710	2,651,471	3,093,409	3,184,781	3,479,007	3,786,076
Total Liabilities	2,919,952	2,863,038	3,304,976	3,396,348	3,690,574	3,997,643
(9) Reserves	(1,897,475)	188,604	1,705,990	75,231	4,428,279	3,294,028
Towers Watson Funding Objectives:						
Reserves to Deductible of 10	(3.79)	0.19	1.71	0.08	4.43	3.29

2015 BIENNIUM DECISION PACKAGE SUMMARY

PROPERTY/CASUALTY INSURANCE FUND FEE/RATE INFORMATION								
	FY 2012	FY 2013	FY 2014	FY 2014 \$ Change from FY 2012	FY 2014 \$ Change from FY 2013	FY 2015	FY 2015 \$ Change from FY 2012	FY 2015 \$ Change from FY 2013
Auto	1,135,000	1,135,000	1,248,500	113,500	113,500	1,248,500	113,500	113,500
Aviation	212,451	212,451	169,961	(42,490)	(42,490)	169,961	(42,490)	(42,490)
General Liability	6,750,000	6,750,000	7,575,000	825,000	825,000	7,575,000	825,000	825,000
Property	4,200,000	4,200,000	5,040,000	840,000	840,000	5,040,000	840,000	840,000
Total	12,297,451	12,297,451	14,033,461	1,736,010	1,736,010	14,033,461	1,736,010	1,736,010
	FY 2012	FY 2013	FY 2014	FY 2014 % Change from FY 2012	FY 2014 % Change from FY 2013	FY 2015	FY 2015 % Change from FY 2012	FY 2015 % Change from FY 2013
Auto	1,135,000	1,135,000	1,248,500	10%	10%	1,248,500	10%	10%
Aviation	212,451	212,451	169,961	-20%	-20%	169,961	-20%	-20%
General Liability	6,750,000	6,750,000	7,575,000	12%	12%	7,575,000	12%	12%
Property	4,200,000	4,200,000	5,040,000	20%	20%	5,040,000	20%	20%
Total	12,297,451	12,297,451	14,033,461	14%	14%	14,033,461	14%	14%

STEP 5 - APPORTION PREMIUMS BASED UPON LOSS EXPERIENCE AND EXPOSURE

In accordance with §2-9-202, MCA, the Risk Management & Tort Defense Division is responsible for the allocation of insurance premiums to state agencies subject to appropriations by the Legislature.

The philosophy of the Risk Management & Tort Defense Division is that each state agency should bear a proportionate share of premium commensurate with state loss experience and exposure.

The division incurs significant expense in the investigation, defense, and settlement of claims and lawsuits. Agencies with higher losses will pay higher insurance premiums. No one agency is expected to bear the burden of paying for total costs of unexpected losses from its authorized budget.

The Risk Management & Tort Defense Division allocates insurance premium as provided in the 2015 Biennium Decision Package Summary as follows:

Auto

Total auto premium collections of \$1,248,500 each year of the biennium is comprised of two separate insurance coverages:

	FY 2014	FY 2015
Auto comp/collision	\$540,117	\$586,405
Auto liability	\$708,383	\$662,095

Auto comp/collision premiums for FY 2014 and FY 2015 are based upon total values of reported vehicles.

Auto liability premiums for the 2015 biennium will be based upon agency losses over the past 4 years as well as the number of vehicles reported and will vary by agency.

Aviation

Aviation premium of \$169,961 in FY 2014 and FY 2015 is allocated to those agencies that have aircraft based upon charges from commercial insurance carriers for each aircraft, depending on the year, make, model, and value of the aircraft. Airport premium is determined by commercial insurance carriers and apportioned to those agencies that have airports based upon the number of airports.

General Liability

Total general liability premium of \$7,575,000 each year of the biennium is comprised of commercial coverage and self-insured coverage as follows:

	FY 2014	FY 2015
Commercial coverage	\$ 293,675	\$ 303,299
Self-insured coverage	\$7,281,325	\$7,271,701

Commercial coverage charges are negotiated with commercial insurance carriers.

General liability rates for each agency will increase for the 2015 biennium; however premiums by agency may vary slightly to changes in exposure (i.e. # of FTEs).

Property

Property insurance premium of \$5,040,000 is allocated to each agency based on its percentage of reported exposures (i.e. building replacement cost values, boilers & machinery, etc.).

Attachment #1 provides a detailed breakdown of insurance premiums by agency, by line of insurance, for FY 2014. Attachment #2 provides a detailed breakdown of insurance premiums by agency, by line of insurance, for FY 2015.

FY 2014 Premium Allocation by Agency

Attachment #1

BU	Agency	Entity	Auto		Aviation		General		Property					Total	
			Liability	C/C	Aircraft	Airport	Liability	Misc.	Property	B&M	Crime	Fine Arts	Misc.		
61010	Administration	Administration	4,330	5,974	-	-	96,236	-	390,748	4,035	2,640	-	-	-	503,963
61050	Administration	Teachers Retirement	-	-	-	-	3,099	-	-	-	85	-	-	-	3,184
61040	Administration	PERD	-	-	-	-	6,887	-	707	-	189	-	-	-	7,783
61080	Administration	Public Defenders Office	859	3,649	-	-	35,554	-	3,554	-	976	-	-	-	44,592
62010	Agriculture	Agriculture	5,253	9,875	-	-	30,830	-	4,091	70	648	-	-	-	50,767
34010	Auditor's Office	Auditor's Office	-	459	-	-	11,290	-	673	-	411	-	-	-	12,833
51150	Board of Education	State Library	133	340	-	-	5,978	-	1,984	-	191	-	-	-	8,626
51140	Board of Education	MT Arts Council	-	-	-	-	1,376	-	109	-	44	-	-	-	1,529
51010	Board of Education	Board of Education	-	-	-	-	591	-	26	-	19	-	-	-	636
51130	Board of Education	School for Deaf & Blind	1,394	2,929	-	-	13,098	-	22,066	209	419	-	-	-	40,115
65010	Commerce	Commerce	66	265	-	-	52,140	-	28,509	-	1,001	2	-	-	81,983
65010	Commerce	Heritage Commission	248	647	-	-	6,646	-	31,932	-	128	3,257	-	-	42,858
32020	Comm. of Political Practices	Comm. Of Political Practices	-	-	-	-	835	-	-	-	28	-	-	-	863
64010	Corrections	Board of Pardons	-	-	-	-	4,789	-	86	-	45	-	-	-	4,920
64010	Corrections	Corrections	2,758	5,488	-	-	187,772	-	17,020	209	1,773	-	-	-	215,020
64010	Corrections	State Prison	18,731	8,828	-	-	303,103	-	98,825	5,218	2,861	-	-	-	437,566
64010	Corrections	Prison Industries	14,768	1,924	-	-	70,294	-	37,649	1,044	664	-	-	-	126,343
64010	Corrections	Women's Corr. Ctr.	484	44	-	-	33,183	-	28,121	348	313	21	-	-	62,514
64010	Corrections	Treasure State CC	321	19	-	-	13,411	-	4,343	139	127	-	-	-	18,360
64010	Corrections	Riverside	484	74	-	-	16,048	-	6,771	835	152	-	-	-	24,364
64010	Corrections	Pine Hills	1,503	110	-	-	62,677	-	22,423	348	592	-	-	-	87,653
53010	Environmental Quality	Environmental Quality	9,086	12,268	-	-	150,263	-	5,307	626	2,388	-	-	-	179,938
52010	Fish, Wildlife, & Parks	Fish, Wildlife, & Parks	21,523	19,021	47,561	-	130,881	-	81,170	904	3,739	3,244	2,519	-	310,562
11040	Elected Officials	Legislative Branch	-	-	-	-	22,624	-	3,608	-	889	-	-	-	27,121
31010	Elected Officials	Governor's Office	-	490	11,800	-	7,375	-	-	-	290	41	-	-	19,996
11120	Elected Officials	Consumer Counsel	-	-	-	-	666	-	124	-	26	-	-	-	816
32010	Elected Officials	Secretary of State	-	227	-	-	7,205	-	701	-	283	34	-	-	8,450
51170	Historical Society	Historical Society	-	15	-	-	11,546	-	7,602	-	325	94,328	-	-	113,816
41100	Justice	Justice	44,203	105,460	6,245	-	245,542	-	38,373	626	3,840	-	-	-	444,289
41070	Justice	Crime Control	-	423	-	-	6,041	-	294	-	94	-	-	-	6,852
66020	Labor & Industry	Labor & Industry	12,547	30,042	-	-	117,541	-	18,294	974	4,338	-	-	-	183,736
56030	Livestock	Livestock	7,043	2,481	28,671	-	25,702	-	666	-	685	-	-	-	65,248
67010	Military Affairs	Military Affairs	712	17,169	-	-	59,806	-	163,848	2,087	976	-	-	-	244,598
57060	Natural Resources	Swan River	-	-	-	-	-	-	3,942	209	-	-	-	-	4,151
57060	Natural Resources	Natural Resources	33,078	65,586	47,601	-	91,803	-	53,130	278	2,851	-	3,135	-	297,462
69010	DPHHS	State Hospital	4,177	1,389	-	-	229,543	-	54,259	487	2,475	-	450	-	292,780
69010	DPHHS	CF Vet's Home	1,429	1,389	-	-	72,846	-	18,385	904	785	5	1,500	-	97,243
69010	DPHHS	Mental Health Nursing Care Ctr	1,136	1,606	-	-	72,846	-	10,057	209	785	-	700	-	87,339
69010	DPHHS	Glendive Vet's Home	1,361	971	-	-	438	-	8,419	209	5	-	-	-	11,403
69010	DPHHS	DPHHS	10,663	44,971	-	-	783,907	-	63,771	557	8,452	-	-	-	912,321
69010	DPHHS	MT Dev. Ctr.	5,849	1,996	-	-	144,841	-	35,247	1,670	1,562	-	225	-	191,390
69010	DPHHS	MT Chem. Dep. Ctr.	429	-	-	-	31,340	-	497	-	338	-	100	-	32,704
35010	Office of Pubic Instr.	Office of Public Instr.	662	565	-	-	21,940	-	946	-	1,033	-	-	-	25,146
42010	Public Service Comm.	Public Service Comm.	473	600	-	-	7,743	-	525	-	202	-	-	-	9,543
58010	Revenue	Revenue	8,031	37,900	-	-	87,385	-	17,668	-	3,223	-	-	-	154,207
21100	Supreme Court	Supreme Court	3,226	5,219	-	-	70,053	-	9,133	-	1,984	-	-	-	89,615
61030	State Fund	State Fund	3,244	5,336	-	-	242,304	-	36,776	209	1,344	-	-	-	289,213
54010	Transportation	Transportation	373	3,254	19,338	8,750	2,378,515	-	199,551	1,878	10,625	28	3,500	-	2,625,812
54010	Transportation	Motor Pool	101,042	-	-	-	-	-	-	-	-	-	-	-	101,042
54010	Transportation	Equipment	220,717	-	-	-	-	-	-	-	-	-	-	-	220,717
51030	University System	UM	55,305	54,694	-	-	470,943	157,392	1,063,392	7,027	14,182	8,512	-	-	1,831,447
51080	University System	Western	3,610	2,683	-	-	34,663	-	114,335	1,531	1,044	212	-	-	158,078
51020	University System	Comm. Of Higher Ed	-	-	-	-	17,522	136,283	522	-	528	-	7,243	-	162,098
51100	University System	MSU Extension Service	2,875	3,830	-	-	18,349	-	740	-	553	-	-	-	26,347
51190	University System	MSU FSTS	4,143	6,363	-	-	1,337	-	290	-	40	-	-	-	12,173
51090	University System	MSU AES	31,058	23,428	-	-	30,743	-	43,501	70	926	-	-	-	129,726
51060	University System	MSU Billings	7,910	12,207	-	-	92,750	-	229,980	2,574	2,793	515	-	-	348,729
35130	University System	GF COT	1,481	772	-	-	28,817	-	60,459	487	868	11	-	-	92,895
35140	University System	Helena COT	3,736	2,367	-	-	16,068	-	47,548	1,183	484	17	-	-	71,403
51040	University System	MSU Bozeman	29,757	19,004	-	-	475,100	-	1,322,272	3,479	14,307	21,066	-	-	1,884,985
51050	University System	MT Tech	10,371	11,929	-	-	79,863	-	203,454	1,252	2,405	188	-	-	309,462
51070	University System	MSU Northern	15,800	3,837	-	-	38,640	-	106,500	3,687	1,164	18	12,500	-	182,146
		FY 2014 Premium	1,248,500		169,961		7,575,000				5,040,000				14,033,461
		FY 2012 Premium	1,135,000		212,451		6,750,000				4,200,000				12,297,451
		% Change	10.00%		-20.00%		12.22%				20.00%				14.12%

FY 2015 Premium Allocation by Agency

Attachment #2

BU	Agency	Entity	Auto		Aviation		General		Property					Total	
			Liability	C/C	Aircraft	Airport	Liability	Misc.	Property	B&M	Crime	Fine Arts	Misc.		
61010	Administration	Administration	4,088	4,182	-	-	95,046	-	412,128	4,236	1,736	-	-	-	521,416
61050	Administration	Teachers Retirement	-	-	-	-	3,097	-	-	-	57	-	-	-	3,154
61040	Administration	PERD	-	-	-	-	6,882	-	719	-	126	-	-	-	7,727
61080	Administration	Public Defenders Office	760	4,053	-	-	36,562	-	3,985	-	668	-	-	-	46,028
62010	Agriculture	Agriculture	4,910	11,074	-	-	30,789	-	4,220	68	420	-	-	-	51,481
34010	Auditor's Office	Auditor's Office	-	752	-	-	11,275	-	686	-	282	-	-	-	12,995
51150	Board of Education	State Library	124	301	-	-	6,588	-	1,832	-	145	-	-	-	8,990
51140	Board of Education	MT Arts Council	-	-	-	-	1,192	-	111	-	26	-	-	-	1,329
51010	Board of Education	Board of Education	-	-	-	-	569	-	26	-	13	-	-	-	608
51130	Board of Education	School for Deaf & Blind	1,303	2,186	-	-	12,667	-	22,424	205	280	-	-	-	39,065
65010	Commerce	Commerce	63	293	-	-	51,491	-	28,824	-	606	-	4	-	81,281
65010	Commerce	Heritage Commission	229	460	-	-	7,217	-	32,449	-	85	2,702	-	-	43,142
32020	Comm. of Political Practices	Comm. Of Political Practices	-	-	-	-	834	-	-	-	19	-	-	-	853
64010	Corrections	Board of Pardons	-	-	-	-	5,320	-	87	-	33	-	-	-	5,440
64010	Corrections	Corrections	3,676	21,369	-	-	170,289	-	17,023	205	1,047	-	-	-	213,609
64010	Corrections	State Prison	17,265	8,399	-	-	342,693	-	100,425	5,397	2,108	-	-	-	476,287
64010	Corrections	Prison Industries	13,581	1,580	-	-	35,119	-	37,035	1,025	216	-	-	-	88,556
64010	Corrections	Women's Corr. Ctr.	441	167	-	-	37,781	-	28,576	342	232	17	-	-	67,556
64010	Corrections	Treasure State CC	148	71	-	-	14,365	-	4,444	205	88	-	-	-	19,321
64010	Corrections	Riverside	326	322	-	-	17,294	-	6,880	547	106	-	-	-	25,475
64010	Corrections	Pine Hills	1,062	422	-	-	67,503	-	22,786	342	415	-	-	-	92,530
53010	Environmental Quality	Environmental Quality	8,493	8,147	-	-	150,065	-	5,928	615	1,513	-	-	-	174,761
52010	Fish, Wildlife, & Parks	Fish, Wildlife, & Parks	20,117	22,795	51,697	-	130,708	-	83,304	1,093	2,527	2,691	2,519	-	317,451
11040	Elected Officials	Legislative Branch	-	-	-	-	22,571	-	3,666	-	578	-	-	-	26,815
31010	Elected Officials	Governor's Office	-	490	11,464	-	7,249	-	-	-	186	34	-	-	19,423
11120	Elected Officials	Consumer Counsel	-	-	-	-	680	-	126	-	17	-	-	-	823
32010	Elected Officials	Secretary of State	-	227	-	-	7,320	-	732	-	187	28	-	-	8,494
51170	Historical Society	Historical Society	-	15	-	-	11,531	-	7,759	-	214	78,703	-	-	98,222
41100	Justice	Justice	41,314	114,279	8,339	-	245,966	-	40,217	752	2,560	-	-	-	453,427
41070	Justice	Crime Control	-	286	-	-	5,284	-	58	-	55	-	-	-	5,683
66020	Labor & Industry	Labor & Industry	11,727	27,374	-	-	117,385	-	18,463	956	2,874	-	-	-	178,779
56030	Livestock	Livestock	6,583	2,566	27,385	-	25,668	-	769	-	458	-	-	-	63,429
67010	Military Affairs	Military Affairs	666	18,950	-	-	59,727	-	166,365	2,118	646	-	-	-	248,472
57060	Natural Resources	Swan River	-	-	-	-	-	-	4,006	205	-	-	-	-	4,211
57060	Natural Resources	Natural Resources	30,917	66,811	41,543	-	91,681	-	55,019	273	1,835	-	3,135	-	291,214
69010	DPHHS	State Hospital	4,173	1,758	-	-	224,654	-	48,977	478	1,578	-	450	-	282,068
69010	DPHHS	CF Vet's Home	1,428	1,289	-	-	79,658	-	18,682	615	559	4	1,500	-	103,735
69010	DPHHS	Mental Health Nursing Care Ctr	1,135	1,384	-	-	79,211	-	10,219	205	556	-	700	-	93,410
69010	DPHHS	Glendive Vet's Home	572	981	-	-	448	-	8,556	273	3	-	-	-	10,833
69010	DPHHS	DPHHS	9,824	43,396	-	-	787,129	-	50,144	956	5,528	-	-	-	896,977
69010	DPHHS	MT Dev. Ctr.	5,843	1,917	-	-	135,598	-	35,689	1,640	952	-	225	-	181,864
69010	DPHHS	MT Chem. Dep. Ctr.	428	92	-	-	27,299	-	505	-	192	-	100	-	28,616
35010	Office of Pubic Instr.	Office of Public Instr.	619	573	-	-	21,911	-	961	-	691	-	-	-	24,755
42010	Public Service Comm.	Public Service Comm.	442	495	-	-	7,732	-	534	-	137	-	-	-	9,340
58010	Revenue	Revenue	7,506	37,462	-	-	87,270	-	28,851	-	2,118	-	-	-	163,207
21100	Supreme Court	Supreme Court	3,015	6,211	-	-	69,960	-	9,649	-	1,322	-	-	-	90,157
61030	State Fund	State Fund	3,032	5,775	-	-	241,983	-	36,968	205	901	-	-	-	288,864
54010	Transportation	Transportation	358	3,008	20,783	8,750	2,375,371	-	200,146	1,571	7,048	23	490	-	2,617,548
54010	Transportation	Motor Pool	93,490	-	-	-	-	-	-	-	-	-	-	-	93,490
54010	Transportation	Equipment	207,236	-	-	-	-	-	-	-	-	-	-	-	207,236
51030	University System	UM	50,029	62,187	-	-	456,753	157,357	1,083,505	7,105	9,351	8,903	-	-	1,835,190
51080	University System	Western	3,354	5,155	-	-	34,739	-	116,651	1,435	711	176	-	-	162,221
51020	University System	Comm. Of Higher Ed	-	-	-	-	15,588	145,942	530	-	319	-	8,857	-	171,236
51100	University System	MSU Extension Service	2,935	4,647	-	-	17,975	-	752	-	368	-	-	-	26,677
51190	University System	MSU FSTS	3,492	6,517	-	-	1,285	-	292	-	26	-	-	-	11,612
51090	University System	MSU AES	26,684	18,150	-	-	39,855	-	46,223	68	816	-	-	-	131,796
51060	University System	MSU Billings	6,985	13,292	-	-	94,456	-	235,013	2,665	1,934	436	-	-	354,781
35130	University System	GF COT	1,248	1,671	-	-	25,974	-	61,743	478	532	11	-	-	91,657
35140	University System	Helena COT	3,148	2,554	-	-	17,903	-	48,318	888	367	14	-	-	73,192
51040	University System	MSU Bozeman	34,730	26,156	-	-	474,862	-	1,309,025	3,621	9,721	18,022	-	-	1,876,137
51050	University System	MT Tech	8,739	19,974	-	-	86,273	-	209,605	1,230	1,766	715	-	-	328,302
51070	University System	MSU Northern	13,855	4,190	-	-	37,408	-	108,225	3,553	766	15	12,500	-	180,512
		FY 2015 Premium	1,248,500		169,961		7,575,000			5,040,000					14,033,461
		FY 2012 Premium	1,135,000		212,451		6,750,000			4,200,000					12,297,451
		% Change	10.00%		-20.00%		12.22%			20.00%					14.12%