

# Group Benefits Proprietary Fund

## GROUP BENEFITS CLAIMS (06559)

### Fund Purpose and Restrictions:

The group benefit claims proprietary fund provides funding for the Employee Benefits Program, overseeing and administering the State Employee Group Health Plan. This encompasses the management of health, dental, vision, and life insurance services.

### Statutory References:

Established by statute under Title 2, Chapter 18, Part 7, MCA.

### Original Legislation:

Created during the 1979 Legislative Session under HB 437.

### Dependent Agency:

Department of Administration

## Fiscal Snapshot

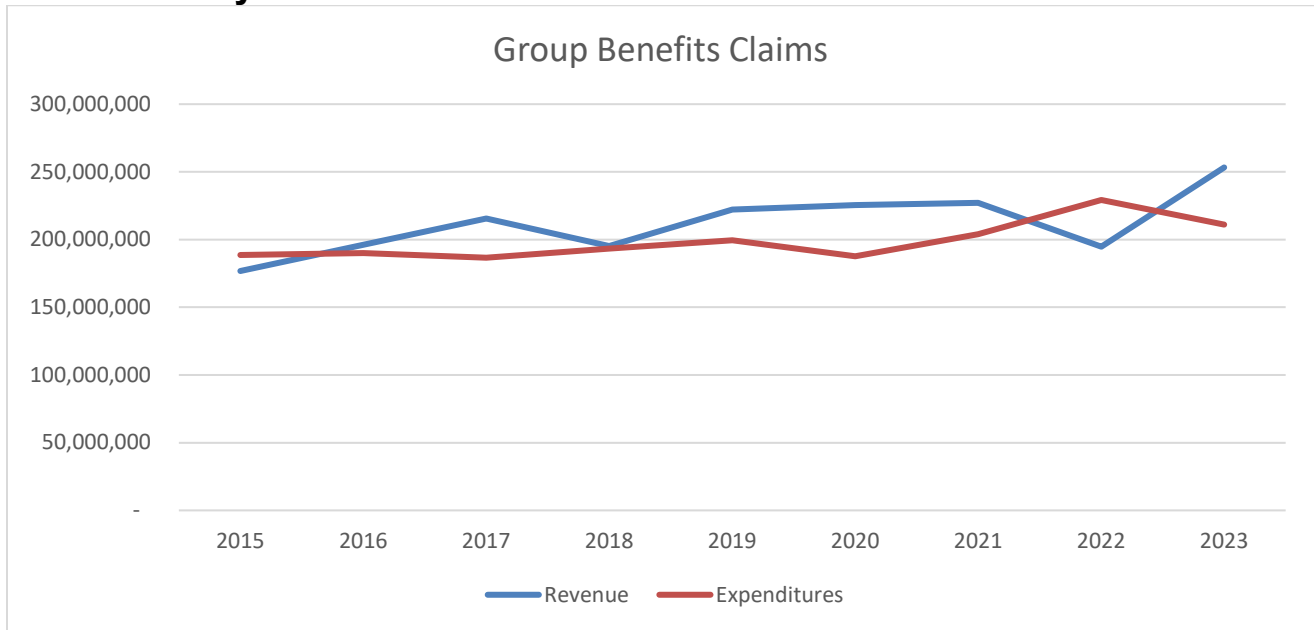
Group Benefits Claims Fund (06559)									
Fund Balance									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Fund Balance	51,812,146	39,912,275	46,022,617	74,988,827	76,899,350	99,613,396	137,423,495	160,487,332	126,062,320
<b>Revenue</b>									
BOI Investment Earnings Class	657,401	787,340	220,034	512,728	2,927,599	2,788,195	676,005	(958,851)	3,403,366
Charges For Services	173,084,228	192,521,936	209,434,519	183,538,838	207,491,690	207,155,136	210,104,628	176,123,306	197,045,867
Federal Revenue	1,437,462	1,424,505	2,146,036	3,656,747	3,380,064	5,500,740	4,517,623	4,658,636	4,376,279
Fines/Forfeits	116,146	14,756	624,359			44,486	29,860	172,938	64,276
Grants/Transfers/Misc	1,466,789	1,400,732	3,221,477	7,397,592	8,285,825	9,876,477	11,506,700	14,872,228	48,367,359
Sale Of Documents/Mdse/Prop							307,218		
<b>Total Revenue</b>	<b>176,762,026</b>	<b>196,149,268</b>	<b>215,646,426</b>	<b>195,105,904</b>	<b>222,085,177</b>	<b>225,365,034</b>	<b>227,142,033</b>	<b>194,868,257</b>	<b>253,257,147</b>
<b>Expenditures</b>									
Benefits & Claims	170,954,584	172,881,921	171,542,771	177,295,931	182,904,899	171,958,990	187,002,146	210,484,070	190,804,307
Debt Service	-	-	-	-	-	127	113	-	-
Operating Expenses	16,114,098	15,573,831	13,471,568	14,363,482	14,916,773	14,063,745	15,709,004	17,557,120	19,115,877
Personal Services	1,596,591	1,576,655	1,370,974	1,535,722	1,549,458	1,532,072	1,366,934	1,252,079	1,220,038
Post Employment Benefits	-	3,260	147,451	124	-	-	-	-	-
Transfers-out	-	3,260	147,451	124	-	-	-	-	-
<b>Total Expenditures</b>	<b>188,665,273</b>	<b>190,038,926</b>	<b>186,680,216</b>	<b>193,195,382</b>	<b>199,371,131</b>	<b>187,554,935</b>	<b>204,078,197</b>	<b>229,293,269</b>	<b>211,140,222</b>
Ending Fund Balance	39,908,899	46,022,617	74,988,827	76,899,350	99,613,396	137,423,495	160,487,332	126,062,320	168,179,244

The group benefits claims fund has grown from \$39.9 million in FY 2015 to \$168.3 million in FY 2023. The group benefits claims fund utilizes actuarial determinations to set appropriate levels of funding while maintaining proper levels of reserves. The recommended reserve level is \$80.1 million. An analysis of revenue and expenditures follows:

### REVENUE SOURCES:

Revenue is primarily driven by the state's monthly contribution of \$1,054 per employee, mandated by 2-18-703(2), MCA. Additionally, contributions and fees from plan members contribute to the self-funding nature of the state employee group benefit plan, wherein the fund bears the responsibility for medical costs incurred by its members.

## Revenue History:

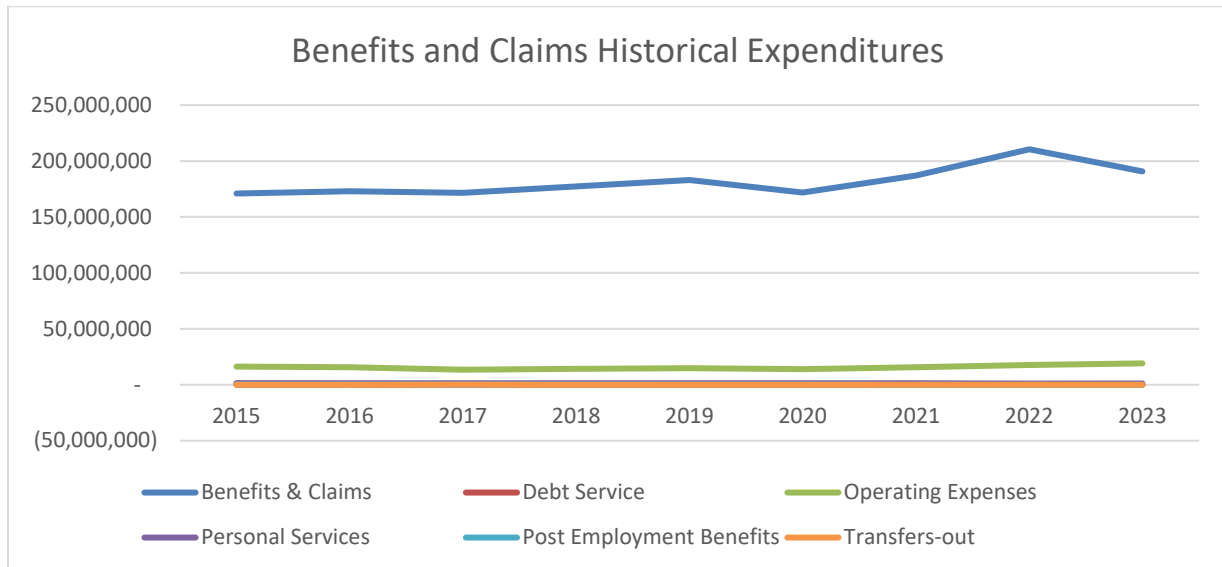


Revenues have increased from \$176.8 million in FY 2015 to \$253.3 million in FY 2023. This increase is driven by increased services charges as well as augmented volume discount rebates. The increased service charges are a result of increasing the State Share paid by each agency from \$887 in FY 2015 to \$1,054 in FY 2023. According to the agency, the volume discount rebates are higher due to pharmaceutical companies changing strategies as new medications are offered on the market. In addition, the group benefits claims fund received a \$30.0 million general fund transfer in FY 2023 which was authorized by HB 424.

## HISTORICAL UTILIZATION:

Predominantly, fund expenditures are directed towards benefits and claims distributions. The Employee Benefits Program ensures the provision of comprehensive medical, dental, prescription drug, life, and related group benefits to state employees and their families. Operating costs have shown an upward trend, mainly attributed to rising consulting and professional service expenses. Consulting and professional service expenditures have increased due to the new 2023 medical claims administrator having a higher per employee per month fee compared to previous administrators. Additionally, overall medical claims have increased 8.7% compared to the last fiscal year. Personnel service costs for the 18.64 FTE have remained relatively stable over the past decade.

## Appropriations/Expenditure History:



During the COVID-19 pandemic, a temporary decrease in claims expenses occurred due to business shutdowns, impacting medical providers, and causing members to delay or forego care in 2020 and early 2021. As businesses reopened, a surge in deferred care resulted in an increase in claims, notably for more advanced illnesses. The Health Care and Benefits Division anticipates a normalization of costs in the 2025 biennium, despite sustained increases in medical, dental, and pharmacy trends.