

**STATE OF MISSISSIPPI'S
STATE & SCHOOL EMPLOYEES'
LIFE & HEALTH INSURANCE PLAN**

**FY22 ACTUARIAL REPORT
PRELIMINARY PROJECTIONS**

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Madison, Mississippi 39110
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FY22 FINANCIAL SUMMARY

in Millions

Health Premiums	\$ 795.3	
Health Claims Incurred	(807.6)	
Administrative & Cost Containment Expenses	(29.3)	
Subtotal Health Insurance		\$ (41.6)
Life Premiums	\$ 18.8	
Life Claims Incurred	(17.5)	
Life Insurance Contract Expense	(1.0)	
Subtotal Life Insurance		0.3
Interest and Other Revenue		0.7
Total Gain (Loss)		\$ (40.6)
Plan Surplus, 6/30/21 (1), (2) , (3)		\$ 117.2
Plan Surplus, 6/30/22 (1), (3)		\$ 76.7

(1) Prior to any applicable premium deficiency reserve.

(2) Based on a retroactive evaluation of claims liabilities using actual paid claims.

(3) Plan Surplus, as shown above, does not take into account the liabilities of the State, as an employer, for post-retirement benefits. According to the most recent valuation prepared by Cavanaugh Macdonald, the State's unfunded actuarial accrued liability associated with retiree benefits provided through the State and School Employees' Life and Health Insurance Plan was about \$645 million as of 6/30/21.

Growth in Incurred Claims per Member - NON DRUG

	Plan Primary				Medicare Primary			
	Percent Complete	PMPM	Annual Trend	3-Year Compound Trend	Percent Complete	PMPM	Annual Trend	3-Year Compound Trend
CY16	100.0%	\$253.39			100.0%	\$152.43		
CY17	100.0%	\$252.60	-0.3%		100.0%	\$159.72	4.8%	
CY18	100.0%	\$254.95	0.9%		100.0%	\$161.97	1.4%	
CY19	100.0%	\$262.89	3.1%	1.2%	100.0%	\$168.30	3.9%	3.4%
CY20	99.9%	\$258.86	-1.5%	0.8%	100.0%	\$160.94	-4.4%	0.3%
CY21*	99.0%	\$274.48	6.0%	2.5%	99.5%	\$183.67	14.1%	4.3%
FY17	100.0%	\$251.10			100.0%	\$155.24	1.5%	
FY18	100.0%	\$252.56	0.6%		100.0%	\$162.01	4.4%	
FY19	100.0%	\$258.15	2.2%		100.0%	\$163.61	1.0%	
FY20	100.0%	\$256.74	-0.5%	0.7%	100.1%	\$162.25	-0.8%	1.5%
FY21	99.5%	\$272.48	6.1%	2.6%	100.0%	\$173.00	6.6%	2.2%
FY22*	89.5%	\$269.97	-0.9%	1.5%	88.0%	\$195.47	13.0%	6.1%

* Based on estimates of outstanding claims.

Estimated Drug Benefit Costs (In Millions)

		Gross Benefits	Drug Rebates	Net Drug Benefits	Year over Year Increase Rates		
					Gross Benefits	Drug Rebates	Net Drug Benefits
CY19	Prime	\$241.2	\$64.8	\$176.4	10.9%	31.5%	4.9%
CY20	Prime	\$261.5	\$74.8	\$186.8	8.4%	15.3%	5.9%
CY21*	CVS Caremark	\$302.8	\$115.2	\$187.6	15.8%	54.1%	0.5%
CY21 Q1*	CVS Caremark	\$65.0	\$24.8	\$40.2			
CY21 Q2*	CVS Caremark	\$75.9	\$29.1	\$46.9			
CY22 Q1*	CVS Caremark	\$82.1	\$33.8	\$48.3	26.4%	36.5%	20.2%
CY22 Q2*	CVS Caremark	\$90.9	\$36.6	\$54.3	19.8%	26.1%	15.9%
6-22**	Open Formulary	\$32.0	\$12.6	\$19.3			
7-22**	Value Formulary	\$25.4	\$9.4	\$16.0	-20.5%	-25.5%	-17.2%
7-21**	Open Formulary	\$26.5	\$9.7	\$16.8			
7-22**	Value Formulary	\$25.4	\$9.4	\$16.0	-4.3%	-3.2%	-4.9%

* After allocated pricing adjustments; the pricing adjustment for 2022 is estimated,

** Prior to pricing adjustments. Rebates and complete claims for 7-22 are estimated.

The Plan changed to the CVS Caremark "Value Formulary" on 7-1-22.

SCENARIO A1 - SUMMARY PROJECTIONS (in Millions)

Assumes Current Benefits and Rate Increases of 6% on 1/1/23 and 7% on 1/1/24

	Health Premium	Health Claims	Health Expense	Life Ins Gain & Interest	Total Gain (Loss)	Gain (Loss) as a % of Premium	Year End Projected Surplus	Prior Surplus Objective	Revised Surplus Objective	Change in Surplus
FY23	\$842	(\$833)	(\$31)	\$1	(\$20)	-2.4%	\$56	\$37	\$73	(\$20)
FY24	\$899	(\$873)	(\$32)	\$1	(\$6)	-0.7%	\$50	\$38	\$77	(\$6)
FY25	\$958	(\$917)	(\$33)	\$1	\$9	1.0%	\$59	\$40	\$81	\$9
CY18							\$189			(\$40)
CY19							\$145			(\$44)
CY20							\$114			(\$31)
CY21							\$63			(\$51)
CY22							\$31			(\$31)
CY23	\$868	(\$854)	(\$32)	\$1	(\$17)	-1.9%	\$15	\$38	\$75	(\$17)
CY24	\$930	(\$896)	(\$33)	\$1	\$2	0.2%	\$17	\$39	\$79	\$2

TREND ASSUMPTIONS, NON-MEDICARE			
	Medical (1)	Drugs* (2)	Total
CY22 2H	1.8%	0.5%	1.5%
CY23 1H	3.0%	0.5%	2.3%
CY23 2H	3.0%	10.0%	4.8%
CY24	3.0%	10.0%	4.9%

RATE INCREASE ASSUMPTIONS		
	Plan Primary	Medicare Primary
01/01/23	6.0%	6.0%
01/01/24	7.0%	7.0%

* Net of drug rebates

(1) Net of an assumed reduction of 1.2% due to benefit changes on 1/1/22.

(2) Net of an assumed reduction in drug costs due to the formulary change on 7/1/22.

SCENARIO A2 - SUMMARY PROJECTIONS (in Millions)

Assumes Current Benefits and Rate Increases of 8% on 1/1/23 and 5% on 1/1/24

	Health Premium	Health Claims	Health Expense	Life Ins Gain & Interest	Total Gain (Loss)	Gain (Loss) as a % of Premium	Year End Projected Surplus	Prior Surplus Objective	Revised Surplus Objective	Change in Surplus
FY23	\$850	(\$833)	(\$31)	\$1	(\$13)	-1.5%	\$64	\$37	\$73	(\$13)
FY24	\$905	(\$873)	(\$32)	\$1	\$1	0.1%	\$64	\$38	\$77	\$1
FY25	\$956	(\$917)	(\$33)	\$1	\$7	0.7%	\$71	\$40	\$81	\$7
CY18							\$189			(\$40)
CY19							\$145			(\$44)
CY20							\$114			(\$31)
CY21							\$63			(\$51)
CY22							\$31			(\$31)
CY23	\$883	(\$854)	(\$32)	\$1	(\$1)	-0.2%	\$30	\$38	\$75	(\$1)
CY24	\$928	(\$896)	(\$33)	\$1	\$0	0.0%	\$30	\$39	\$79	\$0

TREND ASSUMPTIONS, NON-MEDICARE			
	Medical (1)	Drugs* (2)	Total
CY22 2H	1.8%	0.5%	1.5%
CY23 1H	3.0%	0.5%	2.3%
CY23 2H	3.0%	10.0%	4.8%
CY24	3.0%	10.0%	4.9%

RATE INCREASE ASSUMPTIONS		
	Plan Primary	Medicare Primary
01/01/23	8.0%	8.0%
01/01/24	5.0%	5.0%

* Net of drug rebates

(1) Net of an assumed reduction of 1.2% due to benefit changes on 1/1/22.

(2) Net of an assumed reduction in drug costs due to the formulary change on 7/1/22.