

HEALTH OPTIONS PROGRAM
Proposed Program Budget for Calendar Year 2008
Compared with 2007 Program Budget and
Projected 2007 Receipts and Expenditures Based Upon Experience through September 2007

	(1) 2007 BUDGET (in thousands \$)	(2) Projected for 2007 (in thousands \$)	(3) Proposed 2008 BUDGET (in thousands \$)
Beginning Balance	\$ 89,313	\$ 91,272 ¹	\$ 91,916
Receipts:			
Retiree Contributions			
Retiree Contributions for Self-funded Medical	80,238	78,984	85,909
Retiree Contributions for Medicare Rx Options	22,187	20,547	31,128
Payments from CMS for Medicare Rx Options	23,505	30,540	29,399
Retiree Contributions for Managed Care Plans	51,452	48,299	66,500
Investment earnings	5,250	5,625	6,000
Total Receipts	182,632	183,995	218,936
Total Available for HOP Expenses	\$ 271,945	\$ 275,267	\$ 310,852
Program Expenses			
Hospital, Medical & Major Medical Benefits			
Incurred Claims	70,417	70,325	82,036
Claims Adjudication Expense	7,990	5,631	6,083
Prescription Drug Benefits (Traditional Program)	40	340	404
Medicare Prescription Drug Benefits	44,079 ²	54,806 ²	
Incurred Claims and Adjudication Expenses			57,607
PDP Administrative Expenses			2,920 ³
Managed Care Options	51,452	48,299	64,900
Enrollment Expenses	1,889	2,006	2,179
HOP Administrative Expenses	2,265	1,944	2,316 ⁴
Total Benefit Expense	178,132	183,351	218,445
Ending Balance	\$ 93,813	\$ 91,916	\$ 92,407

¹ Actual ending balance as of December 31, 2006

² Includes PDP Administrative Expenses

³ See PDP Administrative Budget

⁴ See Administrative Budget