

A photograph of a Christmas tree at night, illuminated with warm white lights. The tree is the central focus, set against a deep blue twilight sky. The lights are strung in a spiral pattern around the tree, creating a warm glow. The background shows the dark silhouette of a tree branch in the upper right corner.

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**2010 BUDGETS**

HEALTH OPTIONS PROGRAM  
Proposed Program Budget for Calendar Year 2010  
Compared with 2009 Program Budget and Projected 2009 Receipts and Expenditures  
Based Upon Experience through September 30, 2009

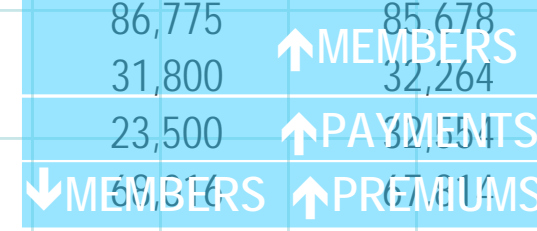
**\$85M - Treasury Account**  
**\$48M - M&T Operating Account**  
**\$133M - Total Cash**  
**-\$20M - Contingent Liabilities**  
**\$113M - Net Assets**

# Receipts

January 1, 2009

	(A) 2009 BUDGET (\$ in thousands)	(B) 2009 Projection (\$ in thousands)	(C) Proposed 2010 BUDGET (\$ in thousands)
	\$ 103,963	\$ 103,963	\$ 113,352
Retiree Contributions			
Retiree Contributions Self-funded Medical	86,775	85,678	91,817
Retiree Contributions Medicare Rx Options	31,800	32,264	34,747
Payments from CMS for Medicare Rx Options	23,500	23,500	29,668
Retiree Contributions (Managed Care Plans)	4,925	4,925	67,830
Investment earnings	4,000	964	1,000
<b>Total Receipts</b>	<b>\$ 214,091</b>	<b>\$ 219,274</b>	<b>\$ 225,061</b>
<b>Total Available for HOP Expenses</b>	<b>\$ 318,054</b>	<b>\$ 323,237</b>	<b>\$ 338,413</b>

Medicare Prescription Drug Benefits	52,215	67,658	71,513
Claims Administration Expenses	-	1,560	1,381
PDP Administrative Expenses	3,085	2,791	3,118
Prescription Drug Rebates	-	(11,536)	(12,156)
Managed Care Organizations	67,857	60,543	66,136
Enrollment Expenses	2,250	2,366	2,500
HOP Administrative Expenses	2,735	3,100	3,151
<b>Total Program Expense</b>	<b>\$ 218,520</b>	<b>\$ 209,886</b>	<b>\$ 226,079</b>
<b>Ending Balance</b>	<b>\$ 99,534</b>	<b>\$ 113,352</b>	<b>\$ 112,334</b>



HEALTH OPTIONS PROGRAM  
Proposed Program Budget for Calendar Year 2010

# Expenses

Year 1, 2009

	2009 BUDGET (\$ in thousands)	2009 Projection (\$ in thousands)	Proposed 2010 BUDGET (\$ in thousands)
	\$ 103,963	\$ 103,963	\$ 113,352
Hospital, Medical & Major Medical Benefits:			
Incurred Claims	82,250	74,814	81,335
Fitness Program	1,500	1,769	2,000
Claims Adjudication Expense	6,388	6,653	6,900
Prescription Drug Benefits (Traditional Program)	240	168	200
Medicare Prescription Drug Benefits	52,215	67,658	71,513
Claims Administration Expenses	-	1,560	1,381
PDP Administrative Expenses	3,085	2,791	3,118
Prescription Drug Rebates	-	(11,536)	(12,156)
Managed Care Organizations	67,857	60,543	66,136
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<b>Total Program Expense</b>	<b>\$ 218,520</b>	<b>\$ 209,886</b>	<b>\$ 226,079</b>
<b>Ending Balance</b>	<b>\$ 99,534</b>	<b>\$ 113,352</b>	<b>\$ 112,334</b>

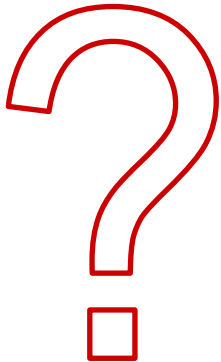
COST w/o REBATES

REBATES

HEALTH OPTIONS PROGRAM  
Proposed Program Budget for Calendar Year 2010  
Compared with 2009 Program Budget and Projected 2009 Receipts and Expenditures  
Based Upon Experience through September 30, 2009

	(A)	(B)	(C)
	2009	2009	Proposed
	BUDGET	Projection	2010
	(\$ in thousands)	(\$ in thousands)	(\$ in thousands)
Beginning Balance at January 1, 2009	\$ 103,963	\$ 103,963	\$ 113,352
Receipts:			
Retiree Contributions			
Retiree Contributions Self-funded Medical	86,775	85,678	91,817
Retiree Contributions Medicare Rx Options	31,800	32,264	34,747
Payments from CMS for Medicare Rx Options	23,500	32,554	29,668
Retiree Contributions (Managed Care Plans)	68,016	67,814	67,830
Investment earnings	4,000	964	1,000
Total Receipts	\$ 214,091	\$ 219,274	\$ 225,061
Total Available for HOP Expenses	\$ 318,054	\$ 323,237	\$ 338,413
Program Expenses:			
Hospital, Medical & Major Medical Benefits:			
Incurred Claims	82,250	74,814	81,335
Fitness Program	1,500	1,769	2,000
Claims Adjudication Expense	6,388	6,653	6,900
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Claims Administration Expenses	-	1,560	1,381
PDP Administrative Expenses	3,085	2,791	3,118
Prescription Drug Rebates	-	(11,536)	(12,156)
Managed Care Organizations	67,857	60,543	66,136
Enrollment Expenses	2,250	2,366	2,500
HOP Administrative Expenses	2,735	3,100	3,151
Total Program Expense	\$ 218,520	\$ 209,886	\$ 226,079
Ending Balance	\$ 99,534	\$ 113,352	\$ 112,334

# 2010 PROGRAM BUDGET





receives "Royalties" of 6.2% for sponsoring health plans for its members

HEALTH OPTIONS PROGRAM  
 Proposed Administrative Budget for Calendar Year 2010  
 Compared with 2009 Administrative Budget and Projected 2009 Expenditures Based

	(A)	(B)	(C)
	2009 BUDGET	2009 Projected	Proposed 2010 BUDGET
	(\$ in thousands)	(\$ in thousands)	(\$ in thousands)
Sponsor Expenses Guideline (2% of Premium Income excluding Medicare Part D)	\$ 3,096	\$ 3,070	\$ 3,193
<b>Administrative Expenses:</b> (including Payables)			
Auditing	75	40	75
Benefit Consulting (General)	550	450	650
Communications (General)	225	215	300
Equipment	50	-	50
Legal	100	-	100
Member Meetings Expense	50	150	250
Postage (General)	225	225	350
Printing (General)	365	365	500

? OPEN ENROLLMENT

? OPEN ENROLLMENT

HEALTH OPTIONS PROGRAM  
Proposed Administrative Budget for Calendar Year 2010  
Compared with 2009 Administrative Budget and Projected 2009 Expenditures Based

	2009 BUDGET (\$ in thousands)	2009 Projected (\$ in thousands)	Proposed 2010 BUDGET (\$ in thousands)
<b>Sponsor Expenses Guideline</b> (2% of Premium Income excluding Medicare Part D)	\$ 3,096	\$ 3,070	\$ 3,193
Miscellaneous	230	230	50
Banking			200
Fiduciary Insurance	35	35	56
Personnel	360	303	400
Rent	70	63	90
Web Services and Development	400	300	80
<b>Total Administrative Expenses</b>	\$ 2,735	\$ 2,375	\$ 3,151
<b>Excess (deficiency) of Administrative Expenses Guideline over (under) Budgeted Expenses</b>	\$ 361	\$ 695	\$ 42
Budgeted Expenses	\$ 361	\$ 695	\$ 42

SPLIT CATEGORY

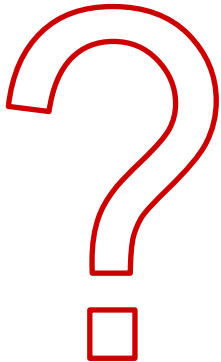
1<sup>st</sup> PHASE COMPLETE

? \$ OPEN ENROLLMENT

HEALTH OPTIONS PROGRAM  
Proposed Administrative Budget for Calendar Year 2010  
Compared with 2009 Administrative Budget and Projected 2009 Expenditures Based

	(A)	(B)	(C)
	2009 BUDGET	2009 Projected	Proposed 2010 BUDGET
	(\$ in thousands)	(\$ in thousands)	(\$ in thousands)
Sponsor Expenses Guideline (2% of Premium Income excluding Medicare Part D)	\$ 3,096	\$ 3,070	\$ 3,193
<b>Administrative Expenses:</b>			
(including Payables)			
Auditing	75	40	75
Benefit Consulting (General)	550	450	650
Communications (General)	225	215	300
Equipment	50	-	50
Legal	100	-	100
Member Meetings Expense	50	150	250
Postage (General)	225	225	350
Printing (General)	365	365	500
Miscellaneous	230	230	50
Banking			200
Fiduciary Insurance	35	35	56
Personnel	360	303	400
Rent	70	63	90
Web Services and Development	400	300	80
<b>Total Administrative Expenses</b>	<b>\$ 2,735</b>	<b>\$ 2,375</b>	<b>\$ 3,151</b>
<b>Excess (deficiency) of Administrative Expenses Guideline over (under) Budgeted Expenses</b>			
	<b>\$ 361</b>	<b>\$ 695</b>	<b>\$ 42</b>

# 2010 ADMIN BUDGET



HEALTH OPTIONS PROGRAM

	2009	2009	Proposed
	BUDGET	Projected	2010
	(\$ in thousands)	(\$ in thousands)	BUDGET
			(\$ in thousands)
Administrative Expenses:			
Third Party Administrator	\$ 1,365	\$ 1,326	\$ 1,433
Pharmacy Consultant	450	350	450
Benefit Consultant	525	450	525
Printing	325	300	325
Postage	320	300	320
Miscellaneous	50	25	25
Web Services and Development	50	40	40
<b>Total PDP Administrative Expenses</b>	<b>\$ 3,085</b>	<b>\$ 2,791</b>	<b>\$ 3,118</b>

5% of combined  
Retiree premium  
and CMS payments



# 2010 PDP BUDGET



HEALTH OPTIONS PROGRAM  
Proposed PDP Administrative Budget for Calendar Year 2010  
Compared with 2009 Budget and Projected Expenditures Based Upon Experience  
through September 30, 2009

	(A)	(B)	(C)
	2009 BUDGET	2009 Projected	Proposed 2010 BUDGET
	(\$ in thousands)	(\$ in thousands)	(\$ in thousands)
Administrative Expenses:			
Third Party Administrator	\$ 1,365	\$ 1,326	\$ 1,433
Pharmacy Consultant	450	350	450
Benefit Consultant	525	450	525
Printing	325	300	325
Postage	320	300	320
Miscellaneous	50	25	25
Web Services and Development	50	40	40
<b>Total PDP Administrative Expenses</b>	<b>\$ 3,085</b>	<b>\$ 2,791</b>	<b>\$ 3,118</b>