



*FY14 4th Quarter Enrollment and Demographics*

Ages:	#	% of Total
1-20	6	2.9%
21-30	16	7.7%
31-40	16	7.7%
41-50	28	13.5%
51-60	75	36.1%
61-63	42	20.2%
64+	25	12.0%

Gender	#	% of Total
Male	125	60.1%
Female	83	39.9%

Number of People in Each Program	% of Total
Asthma Care	5 3.8%
Heartline	58 44.3%
Diabetes Care	68 51.9%

Group Name	Members	% of Total
\$1,000 - 50% Coinsurance	0	0.0%
\$1,000 - 75% Coinsurance	36	17.3%
\$2,000 - 50% Coinsurance	0	0.0%
\$2,000 - 75% Coinsurance	7	3.4%
\$3,000 - 50% Coinsurance	0	0.0%
\$3,000 - 75% Coinsurance	40	19.2%
\$3,000 H.S.A. - 50% Coinsurance	0	0.0%
\$3,000 H.S.A. - 75% Coinsurance	30	14.4%
\$5,000 - 50% Coinsurance	0	0.0%
\$5,000 - 75% Coinsurance	29	13.9%
\$7,500 - 50% Coinsurance	0	0.0%
\$7,500 - 75% Coinsurance	17	8.2%
\$10,000 - 50% Coinsurance	1	0.5%
\$10,000 - 75% Coinsurance	33	15.9%
SB200 \$1,000 - 50% Coinsurance	0	0.0%
SB200 \$1,000 - 75% Coinsurance	6	2.9%
SB200 \$3,000 - 50% Coinsurance	0	0.0%
SB200 \$3,000 - 75% Coinsurance	5	2.4%
SB200 \$3,000 H.S.A - 50% Coinsurance	2	1.0%
SB200 \$3,000 H.S.A - 75% Coinsurance	0	0.0%
SB200 \$5,000 - 50% Coinsurance	0	0.0%
SB200 \$5,000 - 75% Coinsurance	1	0.5%
SB200 \$10,000 - 50% Coinsurance	0	0.0%
SB200 \$10,000 - 75% Coinsurance	1	0.5%
<b>Total</b>	<b>208</b>	<b>100.0%</b>



# SOUTH DAKOTA RISK POOL

## FY15 1st Quarter Enrollment and Demographics

Ages:	#	% of Total
1-20	6	3.1%
21-30	13	6.8%
31-40	16	8.3%
41-50	25	13.0%
51-60	73	38.0%
61-63	41	21.4%
64+	18	9.4%

Gender	#	% of Total
Male	115	59.9%
Female	77	40.1%

Number of People in Each Program	% of Total
Asthma Care	4 3.4%
Heartline	52 44.1%
Diabetes Care	62 52.5%

Group Name	Members	% of Total
\$1,000 - 50% Coinsurance	0	0.0%
\$1,000 - 75% Coinsurance	33	17.2%
\$2,000 - 50% Coinsurance	0	0.0%
\$2,000 - 75% Coinsurance	6	3.1%
\$3,000 - 50% Coinsurance	0	0.0%
\$3,000 - 75% Coinsurance	40	20.8%
\$3,000 H.S.A. - 50% Coinsurance	0	0.0%
\$3,000 H.S.A. - 75% Coinsurance	19	9.9%
\$5,000 - 50% Coinsurance	0	0.0%
\$5,000 - 75% Coinsurance	27	14.1%
\$7,500 - 50% Coinsurance	0	0.0%
\$7,500 - 75% Coinsurance	19	9.9%
\$10,000 - 50% Coinsurance	1	0.5%
\$10,000 - 75% Coinsurance	32	16.7%
SB200 \$1,000 - 50% Coinsurance	0	0.0%
SB200 \$1,000 - 75% Coinsurance	6	3.1%
SB200 \$3,000 - 50% Coinsurance	0	0.0%
SB200 \$3,000 - 75% Coinsurance	5	2.6%
SB200 \$3,000 H.S.A - 50% Coinsurance	2	1.0%
SB200 \$3,000 H.S.A - 75% Coinsurance	0	0.0%
SB200 \$5,000 - 50% Coinsurance	0	0.0%
SB200 \$5,000 - 75% Coinsurance	0	0.0%
SB200 \$7,500 - 50% Coinsurance	0	0.0%
SB200 \$7,500 - 75% Coinsurance	1	0.5%
SB200 \$10,000 - 50% Coinsurance	0	0.0%
SB200 \$10,000 - 75% Coinsurance	1	0.5%
<b>Total</b>	<b>192</b>	<b>100.0%</b>



**General Claim Results for FY14 4th Quarter**

**Medical Claims**

Claimants	601
Claim Count	8,659
Billed	\$7,824,053
Paid	\$3,134,604
Cost per Claim	\$362
Cost per Claimant	\$5,216

Hospital Confinements 73

**Pharmacy Claims**

Claimants	579
Claim Count	20,707
Billed	\$2,721,985
Paid	\$2,713,856

	Claims	Claimants	Paid	Cost per Claim	Cost per Claimant
Generic	14,831	554	\$396,870	\$26.76	\$716.37
Brand	5,876	431	\$2,316,985	\$394.31	\$5,375.84

**Pharmacy Utilization**

# of Prescriptions		
Filled	Members	% of Members
0	62	10%
1-4	49	8%
5-9	55	9%
10-14	56	9%
15-19	53	8%
20-24	53	8%
25+	313	49%

**General Claim Results for FY13 4th Quarter**

**Medical Claims**

Claimants	703
Claim Count	11,664
Billed	\$9,783,739
Paid	\$4,070,294
Cost per Claim	\$349
Cost per Claimant	\$5,790

Hospital Confinements 91

**Pharmacy Claims**

Claimants	689
Claim Count	21,936
Billed	\$2,864,125
Paid	\$2,405,228

	Claims	Claimants	Paid	Cost per Claim	Cost per Claimant
Generic	16,838	667	\$370,005	\$21.97	\$554.73
Brand	5,098	451	\$2,035,223	\$399.22	\$4,512.69

**Pharmacy Utilization**

# of Prescriptions		
Filled	Members	% of Members
0	74	10%
1-4	84	11%
5-9	95	12%
10-14	56	7%
15-19	70	9%
20-24	58	8%
25+	326	43%



**General Claim Results for FY15 1st Quarter**

**Medical Claims**

Claimants	171
Claim Count	969
Billed	\$784,104
Paid	\$265,033
Cost per Claim	\$274
Cost per Claimant	\$1,550

Hospital Confinements 10

**Pharmacy Claims**

Claimants	179
Claim Count	2,403
Billed	\$466,891
Paid	\$461,543

	Claims	Claimants	Paid	Cost per Claim	Cost per Claimant
Generic	1,699	162	\$49,425	\$29.09	\$305.09
Brand	704	128	\$412,118	\$585.39	\$3,219.67

**Pharmacy Utilization**

# of Prescriptions	Filled	Members	% of Members
	0	21	11%
	1-4	43	22%
	5-9	40	20%
	10-14	31	16%
	15-19	23	12%
	20-24	15	8%
	25+	27	14%

**General Claim Results for FY14 1st Quarter**

**Medical Claims**

Claimants	495
Claim Count	2,865
Billed	\$2,373,592
Paid	\$816,584
Cost per Claim	\$285
Cost per Claimant	\$1,650

Hospital Confinements 27

**Pharmacy Claims**

Claimants	515
Claim Count	5,090
Billed	\$640,987
Paid	\$636,649

	Claims	Claimants	Paid	Cost per Claim	Cost per Claimant
Generic	3,818	482	\$126,164	\$33.04	\$261.75
Brand	1,272	335	\$510,484	\$401.32	\$1,523.83

**Pharmacy Utilization**

# of Prescriptions	Filled	Members	% of Members
	0	98	16%
	1-4	145	24%
	5-9	163	27%
	10-14	95	15%
	15-19	49	8%
	20-24	32	5%
	25+	31	5%



### Profile of Low, Medium and High Cost Groups in FY14 4th Quarter

(Medical Claims Only)

	<b>Low Cost</b>	<b>Medium Cost</b>	<b>High Cost</b>
<b>Criteria</b>	<b>Paid Claims Under \$1,500</b>	<b>Paid Claims \$1,500 to \$9,999</b>	<b>Paid Claims \$10,000+</b>
<b>% of Members</b>	74.4%	15.5%	10.1%
<b>% of Claims Volume</b>	44.6%	23.7%	31.7%
<b>% Claims Cost</b>	3.8%	12.8%	83.3%
<b>Cost Per Member</b>	\$267	\$4,330	\$42,827
<b>Average Claimant Age</b>	54.5	55.4	54.2

### Profile of Low, Medium and High Cost Groups in FY13 4th Quarter

(Medical Claims Only)

	<b>Low Cost</b>	<b>Medium Cost</b>	<b>High Cost</b>
<b>Criteria</b>	<b>Paid Claims Under \$1,500</b>	<b>Paid Claims \$1,500 to \$9,999</b>	<b>Paid Claims \$10,000+</b>
<b>% of Members</b>	70.8%	17.8%	11.4%
<b>% of Claims Volume</b>	39.9%	26.9%	33.2%
<b>% Claims Cost</b>	3.3%	12.0%	84.7%
<b>Cost Per Member</b>	\$269	\$3,899	\$43,112
<b>Average Claimant Age</b>	54.4	52.6	55.4

RISK POOL FUND CONDITION STATEMENT 06/30/14

	GENERAL	FEDERAL	OTHER	TOTAL		FY 2013 TOTAL	FY 14/FY 13 %
<b>Appropriation</b>	0.00	1,230,818.72	0.00	\$1,230,818.72		\$1,380,604	89.2%
<b>Premiums</b>			3,213,120.32	\$3,213,120.32		\$4,611,874	69.7%
<b>Carrier Assessments</b>			1,255,118.70	\$1,255,118.70		\$1,232,923	101.8%
<b>Interest</b>			71,155.08	\$71,155.08		\$121,669	58.5%
<b>Refund of Prior Years Expense</b>			78,198.14	\$78,198.14		\$193,340	40.4%
<b>Total Revenues</b>	<b>\$0.00</b>	<b>\$1,230,818.72</b>	<b>\$4,617,592.24</b>	<b>\$5,848,410.96</b>		<b>\$7,540,410</b>	<b>77.6%</b>
<b>Expenditures</b>							
Personal Services							
Risk Pool			\$71,413.54	\$71,413.54		\$95,594	74.7%
Board				\$0.00		\$0	0.0%
<b>Total Personal Services</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$71,413.54</b>	<b>\$71,413.54</b>	PS	<b>\$95,594</b>	<b>74.7%</b>
<b>Operating Expenses</b>							
Travel	0.00		0.00	\$0.00	\$0.00	Travel	\$0 #DIV/0!
Contractual						Contractual	
Operating Expenses	0.00	0.00	13,145.46	\$13,145.46	\$592,362	\$577,727	102.5%
Case Management	0.00		11,721.92	\$11,721.92			
Management Consultant	0.00		39,166.10	\$39,166.10	\$592,362	\$577,727	102.5%
Claims Processing	0.00	11,835.76	33,244.34	\$45,080.10			
Condition Management	0.00	0.00	39,379.59	\$39,379.59			
Expanded Consumer Benefit	0.00	333,547.93	0.00	\$333,547.93			
Pharmacy Administration	0.00	0.00	22,521.65	\$22,521.65			
Commissions	0.00		87,799.54	\$87,799.54			
Claims Medical*	0.00	494,243.00	2,810,387.70	\$3,304,630.70	Total Claims	06/30/13	\$4,238,417 78.0%
Claims - Pharmacy	0.00	391,192.03	2,356,366.24	\$2,747,558.27	\$6,052,189	\$6,587,318	\$2,348,901 117.0%
<b>Total Operating Expenses</b>	<b>\$0.00</b>	<b>\$1,230,818.72</b>	<b>\$5,413,732.54</b>	<b>\$6,644,551.26</b>		<b>\$7,165,045</b>	<b>92.7%</b>
<b>Total Expenditures</b>	<b>\$0.00</b>	<b>\$1,230,818.72</b>	<b>\$5,485,146.08</b>	<b>\$6,715,964.80</b>		<b>\$7,260,639</b>	<b>92.5%</b>
<b>Other Fund Cash Balance 06/30/13</b>			\$5,045,395.08	\$5,045,395.08		\$4,765,624	105.9%
<b>Risk Pool Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,177,841.24</b>	<b>\$4,177,841.24</b>		<b>\$5,045,395</b>	<b>82.8%</b>
<b>Risk Pool Reserve Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,092,193.94</b>	<b>\$2,092,193.94</b>		<b>\$2,061,630</b>	<b>101.5%</b>
<b>Total Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,270,035.18</b>	<b>\$6,270,035.18</b>		<b>\$7,107,025</b>	<b>88.2%</b>

IBNR Per Financial Statements-Estimated \$ 494,228

\* Medical claims are paid at 135% of Medicaid. Therefore total paid claims to medical providers reflect a reduction in payment for providing treatment to enrollees. The difference between 85% of billed charges and 135% of Medicaid is determined to be the provider contribution.

<b>Grant Available from prior years</b>	<b>687,827.43</b>	(can be used for preventive & expanded benefits)
Grant awarded 9/2013 for Operational Losses	421,225.00	
Grant awarded 9/2013 for Expanded Consumer Benefits	239,772.00	
Amount used as of 06/30/2014	(1,230,818.72)	
<b>Total Grant Available thru 12/31/2015</b>	<b>118,005.71</b>	

RISK POOL FUND CONDITION STATEMENT 09/30/14

	GENERAL	FEDERAL	OTHER	TOTAL		FY 2014 TOTAL	FY 15/FY 14 %
<b>Appropriation</b>	0.00	297,501.09	0.00	\$297,501.09		\$1,230,819	24.2%
<b>Premiums</b>			416,085.09	\$416,085.09		\$3,213,120	12.9%
<b>Carrier Assessments</b>			0.00	\$0.00		\$1,255,119	0.0%
<b>Interest</b>			44,272.23	\$44,272.23		\$71,155	62.2%
<b>Refund of Prior Years Expense</b>			73,557.90	\$73,557.90		\$78,198	94.1%
<b>Total Revenues</b>	<b>\$0.00</b>	<b>\$297,501.09</b>	<b>\$533,915.22</b>	<b>\$831,416.31</b>		<b>\$5,848,411</b>	<b>14.2%</b>
<b>Expenditures</b>							
Personal Services							
Risk Pool			\$7,633.24	\$7,633.24		\$71,414	10.7%
Board				\$0.00		\$0	0.0%
<b>Total Personal Services</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,633.24</b>	<b>\$7,633.24</b>	PS	<b>\$71,414</b>	<b>10.7%</b>
<b>Operating Expenses</b>							
Travel	0.00		0.00	\$0.00	\$0.00	Travel	\$0 #DIV/0!
Contractual						Contractual	
Operating Expenses	0.00	0.00	2,389.97	\$2,389.97	\$75,497	\$592,362	12.7%
Case Management	0.00		916.16	\$916.16			
Management Consultant	0.00		1,080.35	\$1,080.35	\$75,497	\$592,362	12.7%
Claims Processing	0.00	1,453.20	3,688.69	\$5,141.89			
Condition Management	0.00	0.00	2,788.41	\$2,788.41			
Expanded Consumer Benefit	0.00	51,643.89	0.00	\$51,643.89			
Pharmacy Administration	0.00	0.00	2,511.60	\$2,511.60			
Commissions	0.00		9,025.20	\$9,025.20			
Claims Medical*	0.00	0.00	250,042.96	\$250,042.96	Total Claims	Total Claims	
Claims - Pharmacy	0.00	244,404.00	217,313.23	\$461,717.23	\$711,760	09/30/13	\$3,304,631 7.6%
<b>Total Operating Expenses</b>	<b>\$0.00</b>	<b>\$297,501.09</b>	<b>\$489,756.57</b>	<b>\$787,257.66</b>		<b>\$1,549,477</b>	<b>\$2,747,558 16.8%</b>
<b>Total Expenditures</b>	<b>\$0.00</b>	<b>\$297,501.09</b>	<b>\$497,389.81</b>	<b>\$794,890.90</b>		<b>\$6,715,965</b>	<b>11.8%</b>
<b>Other Fund Cash Balance 06/30/13</b>			\$4,177,841.24	\$4,177,841.24		\$5,045,395	82.8%
<b>Risk Pool Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,214,366.65</b>	<b>\$4,214,366.65</b>		<b>\$4,177,841</b>	<b>100.9%</b>
<b>Risk Pool Reserve Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,113,108.56</b>	<b>\$2,113,108.56</b>		<b>\$2,092,194</b>	<b>101.0%</b>
<b>Total Available</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,327,475.21</b>	<b>\$6,327,475.21</b>		<b>\$6,270,035</b>	<b>100.9%</b>

IBNR Estimated 2X current months claims \$ 493,000

\* Medical claims are paid at 135% of Medicaid. Therefore total paid claims to medical providers reflect a reduction in payment for providing treatment to enrollees. The difference between 85% of billed charges and 135% of Medicaid is determined to be the provider contribution.

<b>Grant Available from prior years</b>	118,005.71	(can be used for preventive & expanded benefits)
Grant awarded 9/2014 for Operational Losses	244,404.00	
Grant awarded 9/2014 for Expanded Consumer Benefits	251,536.00	
Amount used as of 09/30/2014	(297,501.09)	
<b>Total Grant Available thru 12/31/2015</b>	<b>316,444.62</b>	

## **Risk Pool- Bill Summary**

**Title:** An Act to repeal the South Dakota Risk Pool

**Overview:** The South Dakota Risk Pool was established under Governor M. Michael Rounds during a special session in June 2003. The Risk Pool established a state run insurance program to stabilize the Health Insurance Market in South Dakota. The Risk Pool was established to provide coverage for those individuals who had lost coverage through no fault of their own. Today, there are approximately 190 individuals on the Risk Pool plan administered by the Bureau of Human Resources.

Federal Health Care Reform has changed the availability of coverage for these individuals, allowing them access to an individual policy in the insurance market through private insurance carriers. This change in federal policy has removed the necessity for this state run insurance program.

The legislation repeals South Dakota Law and Rules governing the South Dakota Risk Pool by ending enrollment into the South Dakota Risk Pool as of June 30, 2015. The ending of the Risk Pool will trigger a special enrollment period so all members can find other coverage. Existing members will have coverage through June 30, 2015 and be able to submit claims until December 31, 2015. Members will have an additional period of time to appeal any denied claims until March 31, 2016.



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November 5, 2014

Mary Keeler  
South Dakota Bureau of Finance and Management  
445 E. Capitol  
Pierre, SD 57501

Re: South Dakota Risk Pool Financial Projections through Fiscal Year 2016

Dear Mary:

Leif Associates has completed the financial projections that you requested for the South Dakota Risk Pool. The purpose of this letter is to document the results of our work and provide detail regarding the methodology and assumptions.

Attached as Exhibit I are the actual results through the first quarter of FY15 and projections through FY16. Page one shows the entire pool combined, with the quarterly amounts at the top and the fiscal year amounts at the bottom. The assumptions are listed at the bottom of the page. The second page shows the breakdown between Traditional and SB200. The Child Plan is not shown, as there was no membership during the period and none is projected.

To prepare these projections, we relied on detailed enrollment and claim data through the first quarter of FY15, along with the Pool's financial statements for the same periods.

### Summary of Results

The following table shows some highlights of the projections, taken from the details in Exhibit I. For each component of the pool, the loss represents the difference between the premium and expenses, with expenses including paid claims and administrative costs. The external funding column includes state and federal funding, carrier assessments, and interest. The FY13 and FY14 numbers in this table are actual results. FY15 includes one quarter of actual results and three quarters of projections. FY16 is also a full-year projection, but it consists only of claim run out as the pool is expected to be closed as of June 30, 2015.

<i>Fiscal Year</i>	<i>Traditional Pool Loss</i>	<i>SB200 Pool Loss</i>	<i>Total Pool Loss</i>	<i>External Funding</i>	<i>Change in Cash Balance</i>	<i>Ending Cash Balance</i>
FY13	(\$1,925,234)	(\$536,580)	(\$2,461,814)	\$2,735,196	\$273,382	\$7,107,025
FY14	(\$2,769,285)	(\$151,491)	(\$2,920,776)	\$2,557,093	(\$363,684)	\$6,270,035
FY15	(\$1,030,080)	(\$80,926)	(\$1,111,006)	\$360,716	(\$750,290)	\$5,519,745
FY16	(\$58,767)	(\$32,080)	(\$90,847)	\$38,638	(\$52,209)	\$5,467,536

From this table it can be seen that the cash balance is expected to erode over the period from FY14 through FY16 by about \$800,000.

## **Assumptions**

The cost and enrollment projections included in this analysis are estimates of future events based on many assumptions. The following paragraphs provide detail regarding the underlying assumptions.

### **Membership**

We examined the historical change in membership for the Traditional and SB200 Pools. For the Traditional Pool, we found that during the extended 2014 marketplace open enrollment, the Pool lost about 60% of its members. Subsequent to the open enrollment, membership continued to drop by about 2.8% per month, or an average of 5 members. We assumed that this attrition pattern would continue through the end of 2014, and then about half of the remaining members would drop during the 2015 open enrollment in January and February, followed by normal attrition in March through June 2015.

The SB200 Pool showed a similar pattern of membership loss during the 2014 marketplace open enrollment, but has subsequently remained stable at 15 members. We assumed that seven of those members would leave during the 2015 open enrollment and the remaining eight would stay until the Pool is closed at the end of June 2015.

### **Premium**

The projected premiums reflect the realized July 1, 2014 rate change. The FY14 projected premiums per member per month (PMPM) average \$705 for the Traditional Pool, \$875 for the SB200 Pool. No further rate changes were assumed.

### **Claims**

We reviewed the historical incurred claim trend and found a trend of about 30% for the Traditional Pool and about 20% for the SB200 Pool for the 12-month period ending 9/30/14. We assume this trend represents not only health care cost increases but also a poorer health status for the remaining members in the pool as compared to the membership in the prior year. For the projections, we assumed the 30% trend would continue through March 2015 and then stabilize at a more normal 10% level through June 2015.

Due to the extreme volatility evident in the claims for the SB200 Pool, we did not use the observed level of claims for projections. Instead, we based the projection on the Traditional Pool claims PMPM.

Paid claims were calculated based on a formula that assumed 45% would be paid in the month of incurral, 48% in the first month after incurral, and the remaining 7% over the following four months. This formula was derived from lag charts developed for the plan and includes both medical and pharmacy claims.

### **Administrative Expenses**

We studied recent administrative expenses and found that they average approximately 10% of paid claims. We projected the administrative expenses using this metric.

### **Expense Refunds**

The expense refunds shown in the exhibits are primarily pharmacy rebates. They are volatile from quarter to quarter and there was a large refund in the first quarter of FY15. We assumed there would be no future expense refunds

### **General Fund Revenue and Carrier Assessments**

We assumed no general fund revenue or carrier assessments for FY15 or FY16.

**Federal Grants**

For FY15, the Pool has a federal grant of \$316,444. This is reflected in the projections.

**Interest**

For the FY16 projection, we assumed an interest rate of 0.7% of the prior year's ending cash balance.

We believe we have used reasonable assumptions in these projections based on the information available to us. It is important to note that actual future results may be influenced by unforeseen events that we have not anticipated.

If you have any questions, please let me know.

Sincerely,  
Leif Associates, Inc.



Elizabeth Leif, FSA  
Consulting Actuary

**South Dakota Risk Pool  
Budget Projections**

**Exhibit I**

**Based on Data Through September 2014 - Pool Closes June 30, 2015**

**ALL MEMBERS**

**By Quarter**

Quarter	Member Months	Earned Premium	Expense Items				Incurred Loss Ratio	Gain/ (Loss)	Other Funding Sources					Chg in Fund Balance	Fund Balance
			Claims		Admin Expenses	Expense Refunds			General Fund	Carrier Assess	Federal Grants	Interest	Total Other Funds		
			Incurred	Paid											
FY13 Q1	1,774	\$1,157,369	\$1,561,005	\$1,744,554	\$207,936	(\$34,213)	134.9%	(\$760,908)	\$642,836	\$131	\$539,285	\$121,669	\$1,303,921	\$543,012	
FY13 Q2	1,756	\$1,136,466	\$1,468,675	\$1,630,459	\$189,865	(\$43,817)	129.2%	(\$640,041)	\$0	\$0	\$83,041	\$0	\$83,041	(\$557,000)	
FY13 Q3	1,781	\$1,145,093	\$1,296,795	\$1,648,506	\$142,052	(\$66,619)	113.2%	(\$578,846)	\$0	\$0	\$56,497	\$0	\$56,497	(\$522,350)	
FY13 Q4	1,811	\$1,146,184	\$1,627,194	\$1,543,427	\$133,467	(\$48,692)	142.0%	(\$482,018)	\$1,697	\$1,232,792	\$57,249	\$0	\$1,291,738	\$809,720	\$7,107,025
FY14 Q1	1,775	\$1,228,004	\$1,820,582	\$1,571,537	\$228,541	(\$34,367)	148.3%	(\$537,707)	\$0	\$0	\$142,773	\$71,155	\$213,928	(\$323,779)	
FY14 Q2	1,725	\$1,188,722	\$1,741,920	\$1,772,492	\$232,088	(\$38,515)	146.5%	(\$777,343)	\$0	\$0	\$680,280	\$0	\$680,280	(\$97,062)	
FY14 Q3	968	\$645,208	\$1,093,915	\$1,387,862	\$106,682	(\$4,842)	169.5%	(\$844,494)	\$0	\$0	\$213,775	\$0	\$213,775	(\$630,720)	
FY14 Q4	671	\$438,719	\$1,031,006	\$1,103,960	\$96,465	(\$474)	235.0%	(\$761,232)	\$0	\$1,255,119	\$193,991	\$0	\$1,449,110	\$687,878	\$6,270,035
FY15 Q1	589	\$422,874	\$671,522	\$668,658	\$83,130	(\$73,558)	158.8%	(\$255,356)	\$0	\$0	\$297,501	\$44,272	\$341,773	\$86,417	\$6,356,452
FY15 Q2	547	\$393,130	\$657,829	\$689,837	\$68,984	\$0	167.3%	(\$365,691)	\$0	\$0	\$18,943	\$0	\$18,943	(\$346,748)	\$6,009,704
FY15 Q3	306	\$220,409	\$392,331	\$454,478	\$45,448	\$0	178.0%	(\$279,517)	\$0	\$0	\$0	\$0	\$0	(\$279,517)	\$5,730,187
FY15 Q4	271	\$195,204	\$361,254	\$368,770	\$36,877	\$0	185.1%	(\$210,443)	\$0	\$0	\$0	\$0	\$0	(\$210,443)	\$5,519,745
FY16 Q1	-	\$0	\$0	\$79,585	\$7,958	\$0	0.0%	(\$87,543)	\$0	\$0	\$0	\$38,638	\$38,638	(\$48,905)	\$5,470,840
FY16 Q2	-	\$0	\$0	\$3,003	\$300	\$0	0.0%	(\$3,304)	\$0	\$0	\$0	\$0	\$0	(\$3,304)	\$5,467,536
FY16 Q3	-	\$0	\$0	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,467,536
FY16 Q4	-	\$0	\$0	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,467,536

**By Fiscal Year**

Fiscal Year	Member Months	Earned Premium	Expense Items				Incurred Loss Ratio	Gain/ (Loss)	Other Funding Sources					Chg in Fund Balance	Fund Balance
			Claims		Admin Expenses	Expense Refunds			General Fund	Carrier Assess	Federal Grants	Interest	Total Other Funds		
			Incurred	Paid											
FY13	7,122	\$4,585,112	\$5,953,670	\$6,566,945	\$673,321	(\$193,340)	129.8%	(\$2,461,814)	\$644,533	\$1,232,923	\$736,071	\$121,669	\$2,735,196	\$273,382	\$7,107,025
FY14	5,139	\$3,500,653	\$5,687,424	\$5,835,852	\$663,776	(\$78,198)	162.5%	(\$2,920,777)	\$0	\$1,255,119	\$1,230,819	\$71,155	\$2,557,093	(\$363,684)	\$6,270,035
FY15	1,712	\$1,231,616	\$2,082,937	\$2,181,742	\$234,438	(\$73,558)	169.1%	(\$1,111,006)	\$0	\$0	\$316,444	\$44,272	\$360,716	(\$750,290)	\$5,519,745
FY16	-	\$0	\$0	\$82,588	\$8,259	\$0	0.0%	(\$90,847)	\$0	\$0	\$0	\$38,638	\$38,638	(\$52,209)	\$5,467,536
<b>Total</b>	<b>13,973</b>	<b>\$9,317,381</b>	<b>\$13,724,030</b>	<b>\$14,667,126</b>	<b>\$1,579,794</b>	<b>(\$345,096)</b>	<b>147.3%</b>	<b>(\$6,584,444)</b>	<b>\$644,533</b>	<b>\$2,488,042</b>	<b>\$2,283,334</b>	<b>\$275,734</b>	<b>\$5,691,643</b>	<b>(\$892,800)</b>	

Assumptions: Enrollment: Loss of 5 members per month through December 2014, then 80 members in January and February 2015 and 2 per month through June 2015  
 Claim trend: 30% trend through March 2015, then 10% trend through June 2015  
 Premium: Based on July-Sept 2014 PMPM  
 Admin: 10% of paid claims  
 Interest: 0.7% of prior year ending fund balance

**South Dakota Risk Pool**

**Budget Projections**

Based on Data Through September 2014 - Pool Closes June 30, 2015

**South Dakota Risk Pool**

**Budget Projections**

Based on Data Through September 2014 - Pool Closes June 30, 2015

Exhibit I

**Traditional High Risk Pool**

**By Quarter**

Quarter	Member Months	Earned Premium	Expense Items				Incurred Loss Ratio	Gain/(Loss)
			Claims		Admin Expenses	Expense Refunds		
			Incurred	Paid				
FY13 Q1	1,644	\$1,066,772	\$1,395,610	\$1,301,752	\$192,699	(\$31,705)	130.8%	(\$395,974)
FY13 Q2	1,630	\$1,050,068	\$1,339,233	\$1,497,556	\$176,242	(\$40,673)	127.5%	(\$583,056)
FY13 Q3	1,658	\$1,061,236	\$1,205,262	\$1,473,813	\$132,242	(\$62,018)	113.6%	(\$482,800)
FY13 Q4	1,688	\$1,062,327	\$1,467,837	\$1,446,713	\$124,402	(\$45,384)	138.2%	(\$463,404)
FY14 Q1	1,655	\$1,138,838	\$1,744,873	\$1,428,101	\$213,090	(\$32,044)	153.2%	(\$470,310)
FY14 Q2	1,606	\$1,099,875	\$1,673,578	\$1,697,411	\$216,077	(\$35,858)	152.2%	(\$777,755)
FY14 Q3	884	\$581,459	\$984,466	\$1,284,022	\$97,424	(\$4,422)	169.3%	(\$795,566)
FY14 Q4	624	\$401,677	\$972,897	\$1,038,064	\$89,708	(\$441)	242.2%	(\$725,654)
FY15 Q1	544	\$383,478	\$579,909	\$637,881	\$76,779	(\$67,938)	151.2%	(\$263,243)
FY15 Q2	502	\$353,734	\$603,673	\$606,859	\$60,686	\$0	170.7%	(\$313,811)
FY15 Q3	277	\$195,155	\$355,359	\$411,805	\$41,180	\$0	182.1%	(\$257,831)
FY15 Q4	245	\$172,981	\$327,383	\$334,705	\$33,471	\$0	189.3%	(\$195,195)
FY16 Q1	-	\$0	\$0	\$51,482	\$5,148	\$0	0.0%	(\$56,630)
FY16 Q2	-	\$0	\$0	\$1,943	\$194	\$0	0.0%	(\$2,137)
FY16 Q3	-	\$0	\$0	\$0	\$0	\$0	0.0%	\$0
FY16 Q4	-	\$0	\$0	\$0	\$0	\$0	0.0%	\$0

**By Fiscal Year**

Fiscal Year	Member Months	Earned Premium	Expense Items				Incurred Loss Ratio	Gain/(Loss)
			Claims		Admin Expenses	Expense Refunds		
			Incurred	Paid				
FY13	6,620	\$4,240,403	\$5,407,942	\$5,719,834	\$625,584	(\$179,781)	127.5%	(\$1,925,234)
FY14	4,769	\$3,221,849	\$5,375,813	\$5,447,598	\$616,300	(\$72,764)	166.9%	(\$2,769,285)
FY15	1,568	\$1,105,347	\$1,866,324	\$1,991,249	\$212,116	(\$67,938)	168.8%	(\$1,030,080)
FY16	-	\$0	\$0	\$53,424	\$5,342	\$0	0.0%	(\$58,767)
Total	12,957	\$8,567,599	\$12,650,079	\$13,212,106	\$1,459,343	(\$320,483)	147.7%	(\$5,783,366)

Assumptions: Enrollment: Loss of 5 members per month, 74 members in Jan/Feb 2015, then 2 per month  
 Claim trend: 30% trend through March 2015, then 10% trend through June 2015  
 Premium: Based on July-Sept 2014 PMPM  
 Admin: 10% of paid claims

**SB200**

Quarter	Member Months	Earned Premium	Expense Items				Incurred Loss Ratio	Gain/(Loss)
			Claims		Admin Expenses	Expense Refunds		
			Incurred	Paid				
FY13 Q1	130	\$90,598	\$165,395	\$442,801	\$15,238	(\$2,507)	182.6%	(\$364,934)
FY13 Q2	126	\$86,398	\$129,441	\$132,903	\$13,624	(\$3,144)	149.8%	(\$56,985)
FY13 Q3	123	\$83,857	\$91,533	\$174,693	\$9,810	(\$4,601)	109.2%	(\$96,046)
FY13 Q4	123	\$83,857	\$159,357	\$96,713	\$9,065	(\$3,307)	190.0%	(\$18,614)
FY14 Q1	120	\$89,166	\$75,709	\$143,436	\$15,451	(\$2,323)	84.9%	(\$67,397)
FY14 Q2	119	\$88,847	\$68,343	\$75,081	\$16,011	(\$2,657)	76.9%	\$412
FY14 Q3	84	\$63,749	\$109,450	\$103,840	\$9,258	(\$420)	171.7%	(\$48,928)
FY14 Q4	47	\$37,042	\$58,109	\$65,897	\$6,757	(\$33)	156.9%	(\$35,578)
FY15 Q1	45	\$39,396	\$91,613	\$30,777	\$6,351	(\$5,620)	232.5%	\$7,888
FY15 Q2	45	\$39,396	\$54,156	\$82,978	\$8,298	\$0	137.5%	(\$51,880)
FY15 Q3	29	\$25,254	\$36,972	\$42,673	\$4,267	\$0	146.4%	(\$21,686)
FY15 Q4	25	\$22,223	\$33,871	\$34,064	\$3,406	\$0	152.4%	(\$15,247)
FY16 Q1	-	\$0	\$0	\$28,103	\$2,810	\$0	0.0%	(\$30,913)
FY16 Q2	-	\$0	\$0	\$1,060	\$106	\$0	0.0%	(\$1,167)
FY16 Q3	-	\$0	\$0	\$0	\$0	\$0	0.0%	\$0
FY16 Q4	-	\$0	\$0	\$0	\$0	\$0	0.0%	\$0

Fiscal Year	Member Months	Earned Premium	Expense Items				Incurred Loss Ratio	Gain/(Loss)
			Claims		Admin Expenses	Expense Refunds		
			Incurred	Paid				
FY13	502	\$344,708	\$545,728	\$847,111	\$47,737	(\$13,559)	158.3%	(\$536,580)
FY14	370	\$278,804	\$311,611	\$388,253	\$47,476	(\$5,434)	111.8%	(\$151,491)
FY15	144	\$126,269	\$216,613	\$190,493	\$22,323	(\$5,620)	171.5%	(\$80,926)
FY16	-	\$0	\$0	\$29,164	\$2,916	\$0	0.0%	(\$32,080)
Total	1,016	\$749,782	\$1,073,951	\$1,455,020	\$120,451	(\$24,613)	143.2%	(\$801,077)

Assumptions: Enrollment: Loss of 6 members in January and February, otherwise flat  
 Claim trend: PMPM same as Traditional  
 Premium: Based on July-Sept 2014 PMPM  
 Admin: 10% of paid claims



# **SOUTH DAKOTA RISK POOL**

## **FISCAL YEAR 2014**

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**TWELTH ANNUAL REPORT TO THE  
SOUTH DAKOTA LEGISLATURE**

South Dakota Risk Pool

500 East Capitol

Pierre, SD 57501

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## GOVERNANCE

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The South Dakota Legislature convened on June 26 and 27, 2003 for a special session requested by Governor M. Michael Rounds to consider legislation that would establish the South Dakota Risk Pool. On June 27, 2003, Governor Rounds signed the enabling legislation that was passed by the South Dakota Legislature.

<b>The FY13 Risk Pool Governing Board members</b>	
<b>Chairperson Matt Michels</b> Lt. Governor	<b>Vice-Chairperson Tom Martinec</b> Department of Health
<b>Dave Hewett</b> Health Care Facility & Providers	<b>Melissa Klemann</b> Division of Insurance
<b>Frank Stork</b> VP & Senior Counsel, Regulatory & Government Affairs, Board Secretary; Wellmark	<b>Jill Kruger</b> Bureau of Human Resources

<b>Advisory Panel Members</b>	
<b>Dr. Mary Carpenter</b> Health Care Provider	<b>Lonnie McKittrick</b> Insurance Producer
<b>David Christensen</b> Health Care Facility	<b>Barb Smith</b> Health Care Provider
<b>Bob Clark</b> Insurance Producer	<b>Jesse Smith</b> Health Care Facility
<b>Dr. Tom Huber</b> Health Care Provider	<b>Cheryl Stone</b> Lay Member
<b>Senator Jean Hunhoff</b> Legislative Representative	<b>Rick Stracqualursi</b> Health Care Facility
<b>Shawn Lyons</b> Retailers Association	<b>Kirk Zimmer</b> Insurance Carrier

## OPERATIONS

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The South Dakota Risk Pool has been operational since July 28, 2003. The South Dakota Bureau of Human Resources, Commissioner Laurie Gill, administer the Risk Pool. Administrative functions include, but are not limited to: application eligibility determination, initial point of contact for all Risk Pool inquires, customer service, premium collection, day-to-day management, and oversight of the plan. The program is overseen by the Assistant Director of Benefits with assistance from the Division of Insurance and the Bureau of Finance and Management.

The creation of the South Dakota Risk Pool established the methodology on how to allocate the risk and cost to Risk Pool enrollees, the state, insurance carriers, insurance producers, medical providers, facilities, and pharmacists. The methodology included the premise the Risk Pool members would pay a higher than average premium, the insurance agents would receive a lower than normal commission, and the state, the providers, and the insurance carriers would have a financial partnership in the Risk Pool. The specific contribution categories are as follows:

<b>Risk Pool Contributions</b>				
<b>Fiscal Year</b>	<b>Physicians</b>	<b>Hospitals</b>	<b>Provider Total</b>	<b>Insurance Carriers</b>
FY04	\$350,271	\$411,187	\$761,459	\$781,766
FY05	\$852,338	\$1,072,100	\$1,924,438	\$839,645
FY06	\$800,662	\$1,420,304	\$2,220,966	\$855,450
FY07	\$892,295	\$1,116,149	\$2,008,444	\$862,311
FY08	\$967,381	\$1,467,242	\$2,434,623	\$860,721
FY09	\$1,146,620	\$2,121,135	\$3,267,755	\$810,193
FY10	\$1,276,154	\$1,705,380	\$2,981,534	\$1,258,757
FY11	\$1,461,659	\$2,488,913	\$3,950,572	\$1,213,214
FY12	\$1,274,576	\$2,323,331	\$3,597,907	\$1,189,623
FY13	\$1,442,102	\$2,718,984	\$4,161,086	\$1,232,923
FY14	\$1,096,628	\$2,157,859	\$3,254,487	\$1,255,119
<b>TOTALS</b>	<b>\$11,560,686</b>	<b>\$19,002,584</b>	<b>\$30,563,271</b>	<b>\$11,159,722</b>

<b>Risk Pool Contributions</b>				
<b>Fiscal Year</b>	<b>State General Funds<sup>1</sup></b>	<b>Administrative Costs<sup>2</sup></b>	<b>Federal Funds</b>	<b>Total Government</b>
FY04	\$1,998,508	\$70,000	\$1,000,000	\$3,068,508
FY05	\$501,494	\$70,000		\$571,494
FY06	\$502,610	\$70,000		\$572,610
FY07	\$600,411	\$70,000	\$1,098,428	\$1,768,839
FY08	\$707,168	\$70,000		\$777,168
FY09	\$710,475	\$70,000	\$724,609	\$1,505,084
FY10	\$710,480	\$70,000	\$889,500	\$1,669,980
FY11	\$711,020	\$70,000	\$826,451	\$1,607,471
FY12	\$642,371	\$70,000	\$636,320	\$1,348,691
FY13	\$644,533	\$70,000	\$736,071	\$1,450,604
FY14	\$0	\$70,000	\$1,230,819	\$1,300,819
<b>TOTALS</b>	<b>\$7,729,070</b>	<b>\$770,000</b>	<b>\$7,142,198</b>	<b>\$15,641,268</b>

<sup>1</sup>Includes State funding of a \$1,500,000 reserve fund.

<sup>2</sup>Administrative Costs: \$70,000/year are based on the estimated staffing costs for legal, other administrative, and board member time. Note: To determine the financial contribution by providers, the difference between 85% of the billed charges (an average insurance company network discount) and the amount actually payable to providers for Risk Pool enrollees was calculated.

## **ENROLLMENT**

The Risk Pool provides coverage to those individuals who have lost their creditable coverage through no fault of their own and make application to the Risk Pool within sixty-three days of losing coverage. Additionally, by securing federal funds and the enactment of SB 200 (2006), the Risk Pool had been able to allow individuals to enter the pool based on having health insurance premiums at least 200% of the Risk Pool premiums. The target populations are those individuals who are in closed blocks of

business and whose premiums are spiraling upward. As of July 1, 2009, legislation allowed uninsurable children to join the Risk Pool (SB 109).

There were 208 members in the Risk Pool at the end of FY14. Since SB 200 was passed, 78 people have enrolled based on that eligibility. There have been 2,245 members who have discontinued Risk Pool coverage since its inception, primarily due to enrollees obtaining creditable coverage through another source. The enrollment chart delineates the member's reason for termination from the plan by Fiscal Year (FY) and the number of members.

<b>Enrollment at Year End</b>	<b>All Years</b>	<b>FY14</b>	<b>FY13</b>	<b>FY12</b>	<b>FY11</b>	<b>FY10</b>	<b>FY09</b>	<b>FY08</b>	<b>FY07</b>	<b>FY04-FY06</b>
Number of members	<b>2,453</b>	208	610	611	662	632	632	669	719	587 Avg
<b>Reasons for Termination</b>	<b>All Years</b>	<b>FY14</b>	<b>FY13</b>	<b>FY12</b>	<b>FY11</b>	<b>FY10</b>	<b>FY09</b>	<b>FY08</b>	<b>FY07</b>	<b>FY04-FY06</b>
Medicare	797	68	83	85	69	68	71	101	87	165
Obtained other insurance	942	35	41	76	93	61	78	88	70	85
Per enrollee's request	229	15	25	6	0	0	5	17	50	111
Non payment	74	7	4	5	6	10	8	10	9	15
Deceased	64	1	7	10	6	1	6	12	5	16
Other	28	0	1	0	3	4	4	5	3	8
Medicaid	31	0	1	1	3	8	2	0	0	16
Moved out of state	48	7	5	6	5	6	9	2	3	5
Cannot afford rate increase	32	2	0	5	8	4	11	2	0	0
<b>TOTAL</b>	<b>2,245</b>	<b>450</b>	<b>167</b>	<b>194</b>	<b>193</b>	<b>162</b>	<b>194</b>	<b>237</b>	<b>227</b>	<b>421</b>

As of June 30, 2014, the member population of the Risk Pool consisted of 125 males and 83 females. Almost 69% of the Risk Pool enrollees are over age 50.

The Risk Pool offers seven plans to members. The plan chart on the following page outlines the plans and the number of members enrolled in each plan type.

<b>Deductible</b>	<b>Members at Year End</b>	<b>Percentage</b>
\$1,000 deductible	42	21%
\$2,000 deductible	7	3%
\$3,000 deductible	45	22%
\$3,000 deductible with health savings account option	32	15%
\$5,000 deductible	30	14%
\$7,500 deductible	17	8%
\$10,000 deductible	35	17%

## **CLAIMS**

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The claims for medical benefits are administered by DakotaCare Administrative Services. There is a delay between the time medical services are provided and the time the claim for services are submitted for payment. Due to the normal lag in payment of claims, paid claims data does not accurately reflect all of the claim expenses that have been "Incurred, but not reported" (IBNR).

During FY14 \$3,304,631\* was paid for medical services with an additional \$494,228 in estimated IBNR. CVS Caremark is the Risk Pool's Pharmacy Benefit Manager. Pharmacy claims are submitted electronically at the time the services are rendered. In FY14 \$2,747,558 was paid in pharmacy benefits.

*\*The FY14 paid claims included claims incurred in FY13 but paid in FY14.*

## **EXPENSES**

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Operating expenses and expenditures, other than claim benefit payments, totaled \$663,776 during FY14. The expenses category includes costs for contracting for medical management, claims processing services, agent commissions, and other miscellaneous expenses.

## **ASSESSMENTS**

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Annually insurance carriers are asked for an updated report based on the number of covered lives for the preceding calendar year. Legislation which took effect on July 1, 2009, increased the carrier assessment from \$0.25 to \$0.35 per member per month.

The total amount received for the FY14 carrier assessment based on calendar year 2013 lives was \$1,255,119.

## **PREMIUMS**

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In accordance with South Dakota legislation, Risk Pool premiums are actuarially based on 150% of the average in force premiums charged by the five carriers with the largest number of individual health benefit plans in the State of South Dakota during the preceding year. Risk Pool premiums are collected by using automatic withdrawal (ACH) from a member's checking or saving accounts unless other arrangements have been made with the Risk Pool Administrator. Premiums received during FY14 were \$3,213,120. The average rate increase for premiums from FY13 to FY14 was 9.5%.

## **MEDICAL MANAGEMENT & INTERVENTION**

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Medical management services are administered by DakotaCare Administrative Services and Health Management Partners (HMP).

Enrollees are triaged into medical and disease management programs based on information submitted at the time of application and yearly updated health risk assessments. DakotaCare Administrative Services handles the Disease Management Programs. HMP handles the utilization review, prior authorizations and case management for the Risk Pool.

<b>Enrollment in Disease Management and Case Management</b>	
Asthma Care - Dakotacare	5
Heartline - Dakotacare	58
Diabetes Care - Dakotacare	68
Case Management - HMP	2

## **GRIEVANCES & APPEALS**

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The South Dakota Risk Pool has grievance and appeal procedures in place. The Risk Pool Governing Board had no appeals since the last annual report.

## **NEW INSURANCE 2014**

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Federal Health Care Reform has changed the availability of coverage for these individuals, allowing them access to an individual policy in the insurance market through

private insurance carriers. With everyone having the option to purchase other health insurance, approximately 66% of Risk Pool members have obtained other coverage within the past 12 months. This change in federal policy has removed the necessity for new enrollment effective January 1, 2014.

**RISK POOL FUND CONDITION STATEMENT 06/30/14**

	<b>GENERAL</b>	<b>FEDERAL</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>Appropriation</b>	<b>\$0</b>	<b>\$1,230,819</b>	<b>\$0</b>	<b>\$1,230,819</b>
<b>Premiums</b>			<b>\$3,213,120</b>	<b>\$3,213,120</b>
<b>Carrier Assessments</b>			<b>\$1,255,119</b>	<b>\$1,255,119</b>
<b>Interest</b>			<b>\$71,155</b>	<b>\$71,155</b>
<b>Refund of Prior Years Expense</b>			<b>\$78,198</b>	<b>\$78,198</b>
<b>Total Revenues</b>	<b>\$0</b>	<b>\$1,230,819</b>	<b>\$4,617,592</b>	<b>\$5,848,411</b>
<b>Expenditures</b>				
Personal Services				
Risk Pool			\$71,414	\$71,414
Board				\$0
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$0</b>	<b>\$71,414</b>	<b>\$71,414</b>
<b>Operating Expenses</b>				
Travel	\$0	\$0	\$0	\$0
Contractual	\$0	\$345,384	\$246,978	\$592,362
Claims Medical	\$0	\$494,243	\$2,810,388	\$3,304,631
Claims - Pharmacy	\$0	\$391,192	\$2,356,366	\$2,747,558
<b>Total Operating Expenses</b>	<b>\$0</b>	<b>\$1,230,819</b>	<b>\$5,413,732</b>	<b>\$6,644,551</b>
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$1,230,819</b>	<b>\$5,485,146</b>	<b>\$6,715,965</b>
<b>Other Fund Cash Balance 06/30/13</b>			\$5,045,395	\$5,045,395
<b>Risk Pool Available</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,177,841</b>	<b>\$4,177,841</b>
<b>Risk Pool Reserve Available</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,092,194</b>	<b>\$2,092,194</b>
<b>Total Available</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,270,035</b>	<b>\$6,270,035</b>

\* Medical claims are paid at 135% of Medicaid. Therefore total paid claims to medical providers reflect a reduction in payment for providing treatment to enrollees. The difference between 85% of billed charges and 135% of Medicaid is determined to be the provider contribution.

**Bureau of Human Resources  
South Dakota Risk Pool Fund  
Statement of Net Assets  
June 30, 2014, June 30, 2013, and 2012**

<b>Assets</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Unaudited FY 2014</b>
Cash and Cash Equivalents	\$ 6,984,919	\$ 7,197,122	\$ 6,354,668
Accounts Receivable	65,884	86,048	193,363
Deferred Fiscal Charges and Other Assets	0	8,911	0
Interest and Dividends Receivable	24,311	18,900	18,782
<b>Total Assets</b>	<b>7,075,114</b>	<b>7,310,981</b>	<b>6,566,813</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	46,866	24,356	9,536
Accrued Liabilities	4,161	4,650	1,864
Compensated Absences Payable	1,630	3,918	519
Policy Claim Liabilities	1,132,431	580,813	494,228
Due to Other funds	1,325	1,458	2,168
Deferred Revenue	1,002,018	1,040,664	773,477
<b>Total Current Liabilities:</b>	<b>2,188,431</b>	<b>1,655,859</b>	<b>1,281,792</b>
Noncurrent Liabilities:			
Long Term Compensated Absences Payable	1,429	3,424	463
<b>Total Liabilities</b>	<b>2,189,860</b>	<b>1,659,283</b>	<b>1,282,255</b>
<b>Net Assets</b>			
Unrestricted Net Assets	4,885,254	5,651,698	5,284,558
<b>Total Net Assets</b>	<b>\$ 4,885,254</b>	<b>\$ 5,651,698</b>	<b>\$ 5,284,558</b>

The financial statements are prepared in conformity with generally accepted accounting principles (GAAP) applicable to government as prescribed by the Governmental Accounting Standards Board (GASB).

**Bureau of Human Resources**  
**South Dakota Risk Pool Fund**  
**Statement of Revenues, Expenses, and Changes in Net Fund Assets**  
**For the Year Ended June 30, 2014 and For the Fiscal Year Ended June 30, 2013, and 2012**

	FY 2012	FY 2013	Unaudited FY 2014
<b>Operating Revenue:</b>			
Premiums	\$ 4,545,617	\$ 4,594,778	\$ 3,490,840
Carrier Assessments	1,201,515	1,211,242	1,243,955
Other Revenue	271,242	213,635	185,513
Interest and Dividends	0	0	0
<b>Total Operating Revenue</b>	<b>6,018,374</b>	<b>6,019,655</b>	<b>4,920,308</b>
<b>Operating Expenses:</b>			
Personal Services and Benefits	81,325	100,366	62,269
Travel	0	0	0
Contractual Services	348,425	546,826	584,996
Supplies	1,601	863	915
Insurance Claims	7,928,803	6,040,709	5,960,595
<b>Total Operating Expenses</b>	<b>8,360,154</b>	<b>6,688,764</b>	<b>6,608,775</b>
<b>Operating Income (Loss)</b>	<b>(2,341,780)</b>	<b>(669,109)</b>	<b>(1,688,467)</b>
<b>Non-operating Revenue (Expense):</b>			
Interest Income	168,726	101,719	65,187
Other Expense/Income	(56,004)	(46,770)	25,321
Grant and Other Income	636,319	736,071	1,230,819
<b>Total non-operating Revenue (Expense)</b>	<b>749,041</b>	<b>791,020</b>	<b>1,321,327</b>
<b>Transfers</b>			
Operating Transfers In *	642,371	644,533	0
<b>Net Transfers</b>	<b>642,371</b>	<b>644,533</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>(950,368)</b>	<b>766,444</b>	<b>(367,140)</b>
Beginning Net Assets	5,835,622	4,885,254	5,651,698
<b>Ending Fund Balance</b>	<b>\$ 4,885,254</b>	<b>\$ 5,651,698</b>	<b>\$ 5,284,558</b>

\*Represents the State's annual general fund appropriation.