

STATE EMPLOYEES' HEALTH INSURANCE PLAN

**REPORT IN ACCORDANCE WITH
ACT 2004-647 AND 2004-648**

September 30, 2015



**State Employees' Health Insurance Plan
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
State Employees' Health Insurance Plan

We have reviewed The State Employees' Health Insurance Plan special purpose Report in Accordance with Act 2004-647 and Act 2004-648 (the Report) for the year ended September 30, 2015. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Report. Accordingly, we do not express such an opinion.

Management's Responsibility for the Report

Management is responsible for the preparation and fair presentation of the Report in accordance with Code of Alabama Section 36-29-19.1, Act 2004-647 and 2004-648; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Report that is free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the Report for it to be in accordance with Code of Alabama Section 36-29-19.1, Act 2004-647 and 2004-648. We believe that the results of our procedures provide a reasonable basis for our report.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made in order for the Report to be in conformity with the requirements of Act 2004-647 and Act 2004-648.

Basis of Accounting

We draw attention to Note 2 of the Report, which describes the basis of accounting. The Report is prepared in accordance with Act 2004 – 647 and Act 2004 – 648, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Case, Riggs & Ingram, L.L.C.

Montgomery, Alabama

February 15, 2016

**State Employees' Health Insurance Plan
Report in Accordance with Act 2004-647 and Act 2004-648**

	Fiscal Year 2014 - 2015 Actual	Fiscal Year 2015 - 2016 Estimate
Premiums		
Premiums paid by state agencies	\$ 323,642,791	\$ 335,643,000
Premiums paid by active and retired members	82,468,317	81,775,905
Employer rate per active employee	825	825
	Calendar Year 2015 Actual	Calendar Year 2016 Estimate
Rates paid by member for coverage:		
Active - Employee	90	115
Active - Family	280	305
Active - Family with Spouse	405	440
Retiree <65	311	336
Retiree <65 - Family <65 without spouse	573	598
Retiree <65 - Family <65 with spouse <65	698	733
Retiree <65 - Medicare dependent	442	467
Retiree <65 - Medicare spouse	542	577
Medicare retiree	50	75
Medicare retiree - Family <65 without spouse	312	337
Medicare retiree - Family <65 with spouse <65	437	472
Medical retiree - Medicare dependent	171	196
Medical retiree - Medicare spouse	271	306
Wellness participation discount	(25)	(25)
Non-tobacco usage discount	(50)	(60)
Spousal surcharge waiver	(50)	(50)
State cost for calculating retiree sliding scale:		
Retiree <65	555	555
Medicare Retiree	350	350

(Continued)

See independent accountants' review report.

**State Employees' Health Insurance Plan
Report in Accordance with Act 2004-647 and Act 2004-648 (Continued)**

Savings (Costs) from 2004 Special Session of Legislature

Fiscal Year 2014 - 2015:

Act Number:	Code Section:	Change:	Savings (Costs):
2004-647	36-29-3	Other cost containment measures (wellness participation discounts forfeited) (spousal surcharges)	\$ 1,338,625 3,594,650
2004-647	36-29-8	Opt not to have coverage	5,256,075
2004-647, 648	36-29-19.2 and 8	Supplemental coverage for employees and retirees eligible for other coverage (1)	15,827,434
2004-647	36-29-19.3	Non-tobacco usage discounts forfeited	5,026,900
2004-647	36-29-19.4a	Federal poverty level assistance	(916,508)
2004-647	36-29-19.5	Pre-tax employee contributions	1,375,704
2004-648	36-29-19.7	Retiree contributions based on years of service and reduction in growth of retiree population	21,238,808
Estimated Total Savings			\$ 52,741,688

(1) Adjusted for savings attributable to employees enrolled in the Public Education Employees' Health Insurance Plan.

See independent accountants' review report.



State Employees' Health Insurance Plan Notes to the Report

NOTE 1: DESCRIPTION OF THE PLAN

The State Employees' Insurance Board (the Board) is responsible for the establishment of the State of Alabama's (the State) health insurance plan (the Plan) and its general administration, including the determination of participant premiums, and operations. The Board is a body incorporated for the purpose of management of health insurance benefits. The Board operates the Plan providing health care benefits to all State employees.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State Employees' Health Insurance Plan has prepared the accompanying special purpose Report in accordance with Act 2004 – 647 and Act 2004 – 648, which is a basis of accounting other than accounting principles generally accepted in the United States of America.