

# STATE EMPLOYEES' HEALTH INSURANCE PLAN

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

September 30, 2016



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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**State Employees' Health Insurance Plan  
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September 30, 2016**

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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, 2016. 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 17, 2017

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

	Fiscal Year 2015-2016 Actual	Fiscal Year 2016-2017 Estimate
<b>Premiums</b>		
Premiums paid by state agencies	\$ 317,209,135	\$ 325,528,600
Premiums paid by active and retired members	91,876,762	98,098,679
Employer rate per active employee	825	850
	Calendar Year 2016 Actual	Calendar Year 2017 Estimate
<b>Rates paid by member for coverage:</b>		
Active - Employee	115	115
Active - Family	315	315
Active - Family with Spouse	440	440
Retiree <65	336	359
Retiree <65 - Family <65 without spouse	598	621
Retiree <65 - Family <65 with spouse <65	783	806
Retiree <65 - Medicare dependent	733	756
Retiree <65 - Medicare spouse	577	600
Medicare retiree	75	75
Medicare retiree - Family <65 without spouse	337	337
Medicare retiree - Family <65 with spouse <65	472	472
Medical retiree - Medicare dependent	196	196
Medical retiree - Medicare spouse	306	306
Wellness participation discount	(25)	(25)
Non-tobacco usage discount	(60)	(60)
Spousal surcharge waiver	(50)	(50)
Gap in care surcharge	(25)	(25)
<b>State cost for calculating retiree sliding scale:</b>		
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 2015-2016:**

<b>Act Number:</b>	<b>Code Section:</b>	<b>Change:</b>	<b>Savings (Costs):</b>
2004-647	36-29-3	Other cost containment measures (wellness participation discounts forfeited)	<b>\$ 1,775,225</b>
		(gaps in care surcharges)	<b>16,775</b>
		(spousal surcharges)	<b>3,426,200</b>
2004-647	36-29-8	Opt not to have coverage	<b>6,169,350</b>
2004-647, 648	36-29-19.2 and 8	Supplemental coverage for employees and retirees eligible for other coverage (1)	<b>13,879,251</b>
2004-647		Health Reimbursement Account	<b>1,126,562</b>
2004-647	36-29-19.3	Non-tobacco usage discounts forfeited	<b>5,580,900</b>
2004-647	36-29-19.4a	Federal poverty level assistance	<b>(1,098,262)</b>
2004-647	36-29-19.5	Pre-tax employee contributions	<b>1,754,183</b>
2004-648	36-29-19.7	Retiree contributions based on years of service and reduction in growth of retiree population	<b>27,232,377</b>
<b>Estimated Total Savings</b>			<b>\$ 59,862,561</b>

(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.