ILLNOIS ECONOMIC
and
FISCAL COMMISSION

FISCAL YEAR 2005
LIABILITIES OF THE STATE
EMPLOYEES' GROUP INSURANCE PROGRAM

MARCH 2004
703 Stratton Office Building
Springfield, Illinois 62706

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FISCAL YEAR 2005
Liabilities of the
State Employees' Group Insurance Program

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EXECUTIVE SUMMARY

The Illinois Economic and Fiscal Commission has several statutory requirements concerning the State Employees' Group Insurance Program.

- To estimate liabilities of the State Employees' Group Health Insurance Program.
- To meet with the Department of Central Management Services (CMS) and advise the department on all matters relating to policy and administration of the Group Insurance Act.
- To review and approve contracts recommended by the Director of CMS related to the Group Insurance Program.

The Governor has requested that a total of $1,720.0 million be appropriated for the State Employees' Group Health and Life Insurance program for FY 2005. The requested FY 2004 appropriation for the Group Health Insurance Program was $1,609.8 million. The following table represents historical appropriation and liability amounts, per CMS. The IEFC's FY 2005 estimate of liability is $1,716.1 million, $19.6 million more than CMS. Given that CMS is currently negotiating a new contract with AFSCME, some elements of this report could change depending on the final contract that is agreed upon.

According to CMS, the Group Insurance Program will fall $16 million short in the payment of FY 2004 claims, and expects a shortfall in FY 2005 of $36.8 million. Currently, the payment cycles for preferred providers is 42 days, while non-preferred providers have a payment cycle of 49 days.

The FY 2005 monthly cost of an employee in the indemnity plan is expected to increase 13.7% over the FY 2004 cost. The monthly cost of an employee in the managed care plan is expected to increase 13.8% over the FY 2004 cost. In comparison, the FY 2004 monthly cost for an employee in the indemnity plan increased 14.7% over the FY 2003 cost. FY 2004 monthly costs for an employee in the managed care plan increased 15.5% over FY 2003.

APPROPRIATION AND LIABILITY HISTORY
FY 2001-2005
($ in Millions)

Fiscal Year	Appropriation	CMS Liability	IEFC Liability
FY 2001	$1,085.0	*$1,085.1	-
FY 2002	$1,262.7	*$1,177.5	-
FY 2003	$1,390.9	*$1,319.7	
FY 2004	$1,609.8	*$1,502.0	
FY 2005	*$1,720.0	*$1,696.5	*$1,716.1

*Estimated

FY 2005 IEFC COST ESTIMATE

The Illinois Economic and Fiscal Commission's (IEFC) FY 2005 cost projection utilizes the CMS revised estimate for FY 2004 medical claims as the basis for estimating claims for FY 2005. This revision is based on actual claims to date.

The IEFC cost estimate for FY 2005 uses the following assumptions based on historical claims data and anticipated cost increases:

TREND FACTORS	
Medical (indemnity plan/QCHP)	14.31%
Dental (QCHP and MC)	2.27%
HMO (medical and Rx)	14.95%
Prescription drugs (QCHP)	22.98%
Administrative service charges (QCHP)	8.15%
Life insurance	3.75%
Special programs (QCHP)	-17.01%

The medical trend inflation factor consists of several components. These include inflation; leveraging (the reduced impact of level deductibles and coinsurance limits), and cost shifting due to reductions in Medicare and Medicaid reimbursements. Other components of the medical trend inflation factor include anti-selection or the impact of employees shifting to HMOs and PPOs, which retains sicker, more costly employees in the indemnity plan; technological advances; social shifts including the aging population and greater acceptance of psychiatric and substance abuse care; and, increased utilization of equipment and services.

Based on these assumptions and inflation factors, the IEFC estimates a FY 2005 liability of approximately $1,716.1 million for the State Employee's Group Health Insurance Program. The table below shows a detailed comparison of the IEFC estimate for the various cost components and the CMS projection for FY 2004.

TABLE 1: FY 2005 GROUP HEALTH INSURANCE LIABILITY
($ in Millions)

Liability Component	FY 2004 CMS Estimate	FY 2005 CMS Estimate	FY 2005 IEFC Estimate
QCHP Medical	$502.4	$564.9	$574.3
QCHP Prescriptions	$193.7	$234.5	$238.2
Dental (QCHP/MC)	$73.0	$74.2	$74.7
HMO	$540.8	$618.4	$621.6
Open Access Plan	$68.9	$79.7	$81.3
POS	$0	$0	$0
Mental Health	$9.6	$10.0	$10.0
Vision	$11.5	$11.9	$11.9
Administrative Services (QCHP)	$23.3	$24.7	$25.2
Life	$64.8	$67.3	$67.2
Special Programs (Admin/Int/Other)	$14.0	$11.0	$11.6
TOTAL	**$1,502.0**	**$1,696.5**	**$1,716.1**
% Increase over FY 2004 CMS Estimate		12.9%	14.3%

ESTIMATE COMPARISON

The Commission's FY 2005 estimate is $19.6 million higher than the FY 2005 estimate from CMS. IEFC's 2005 HMO liability estimate is $3.2 million higher than CMS, IEFC's indemnity medical estimate is $9.4 million higher than CMS, and IEFC's Dental estimate is $500 thousand higher than CMS. IEFC's FY 2005 estimate for prescriptions is $3.7 million higher than the CMS estimate.

The IEFC estimates approximately $1,716.1 million would be required to fully fund the FY 2005 liabilities of the Group Health Insurance Program. This estimate is $214.1 million or 14.3% more than the FY 2004 estimated liability of $1,502.0 million. The difference between the FY 2005 IEFC and CMS liability estimates is $19.6 million.

APPROPRIATION/FUNDING SOURCES

The FY 2005 budget request for the Group Health Insurance Program is $995.9 million in GRF funds. This represents a $39.1 million or a 4.1% increase from the FY 2004 GRF appropriation of $956.8 million. The FY 2005 Road Fund request of $121.0 million is $22.2 million or 22.2% higher than the FY 2004 appropriation level.

TABLE 2: GROUP INSURANCE FUNDING SOURCES
FY 2004 – FY 2005
($ in Millions)

	FY 2004	FY 2005	Increase	% Increase
GRF	956.8	995.9	39.1	4.1%
Road	98.8	121.0	22.2	22.5%
Other Sources	448.0	554.3	106.3	23.7%
TOTAL	**1,503.8**	**1,671.2**	**167.6**	**11.1%**

Additional Funding for the Group Insurance Program

Funding Source	*Type of Funding*	*FY 2004*	*FY 2005*
GRF Approp	***IBHE Approp***	***14,753,800***	***0***
Road Fund Approp	***CMS Supplemental Approp***	***0***	***0***
Other Sources	***University payments***	***45,000,000***	***45,000,000***
TOTAL		***59,753,800***	***45,000,000***

The Department of Central Management Services sets target end-of-year fund balances for both the Health Insurance Reserve Fund and the Group Insurance Premium Fund. The historical budget target balance for the Group Insurance Program is $10 million. For the GIPF, that target balance is $4 million, and the target HIRF balance is $6 million.

BENEFITS

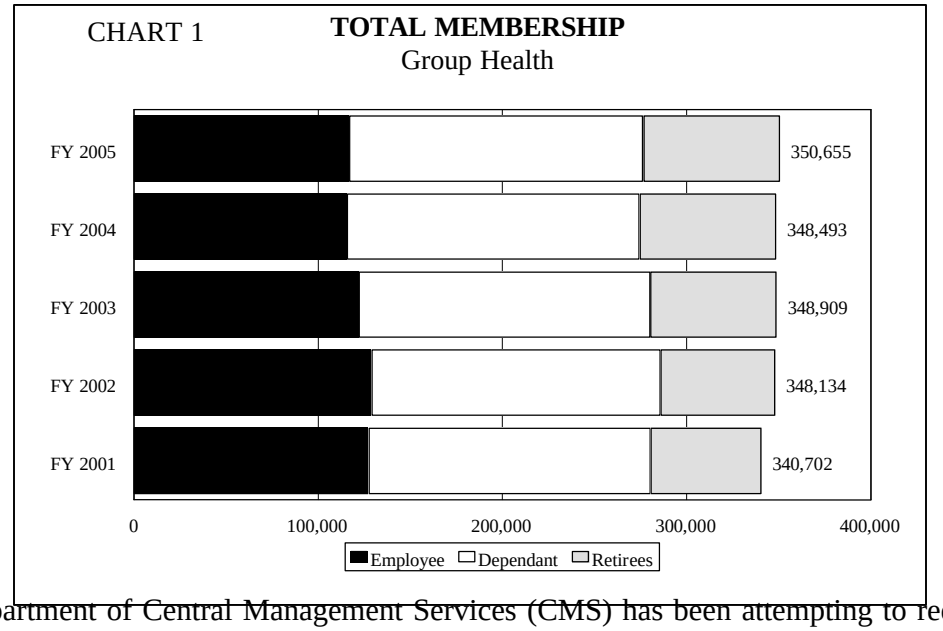
The State Employees' Group Insurance Program provides medical, dental, vision, and life insurance coverage to State employees, retirees and their dependents. Medical and dental coverage is provided separately to members in their choice of: indemnity plan, and various types of managed care plans such as Health Maintenance Organizations (HMO). Vision coverage, which includes savings on exams, glasses, and contacts is provided at no additional premium costs. Appendix I describes the types of health and dental plans offered by the State.

Basic life insurance is provided at no cost to employees, retirees and annuitants. Full-time employees receive coverage equal to their annual salary. Retirees and annuitants receive coverage equal to the annual salary as of the last day of employment until the age of 60, at which time the benefit amount becomes $5,000. Employees are allowed to purchase optional term life insurance up to four times their annual salary, as well as spouse and child term life insurance at group rates. Beginning January 1, 1995, CMS added a portability feature to the optional life program, thereby allowing employees leaving State service to continue optional term life insurance coverage indefinitely at group rates without being required to provide evidence of insurability. Group rates are based on age with an administration fee added.

MEMBERSHIP

The State Employees' Group Health Insurance Program currently has 348,493 participants. 199,008 in managed care, and 149,485 in the Quality Care Health Plan. The number of participants has increased slowly over the years. Membership in the Group Health Insurance Plan is projected to increase slightly FY 2005 as evidenced in Chart 1. The early retirement initiative had little to no affect on state group insurance membership. Persons who chose the option of early retirement are still enrolled in the program, but are counted as retirees instead of employees.

CHART 1



The Department of Central Management Services (CMS) has been attempting to reduce the cost of the medical indemnity program for the past several years. The Department has implemented various cost containment measures and has encouraged members to participate

in managed care plans. Some of the cost containment measures include the establishment of preferred provider networks, medical case management, pre-admission review, hospital bill audit, retail pharmacy network and a mental health/chemical dependency program. Managed care remains the preferred method for cost containment nationwide.

ENROLLMENT TRENDS

Between FY 2001 and FY 2003, membership in the Quality Care Plan has generally decreased. However, there was a slight increase in enrollment in the Quality Care Plan between FY 2003 and FY 2004. Enrollment in this indemnity plan is expected to slightly increase in FY 2005. In FY 2004, the percentage of enrollees in managed care (57.1%) was slightly lower than the FY 2003 level of 57.5 %. The percentage of FY 2004 enrollees in the indemnity plan, (42.9%), was slightly higher than FY 2003 enrollment of 42.5%. From FY 2003 to FY 2004 there was a slight increase in enrollment in the indemnity plan, in comparison, there was a slight decrease in enrollment in managed care plans. As a means of cost control it has been the objective of CMS to encourage group insurance members to enroll in managed care plans, however, it appears that those efforts have peaked, and membership in managed care plans has actually decreased slightly.

LIABILITY

While the mid-1990's saw health care cost increases slow, recent years have experienced steady increases, ranging from 8.5% to 13.8% over prior years. The Department's estimate of liability for FY 2005 represents a 13.0% growth rate over FY 2004. This increase in estimated liability is slightly lower than the increase from FY 2003 to FY 2004, when liability increased 13.8%. Table 3 illustrates the cost components for the Group Health Insurance Program from FY 1996 through FY 2005.

TABLE 3: STATE EMPLOYEES' GROUP HEALTH INSURANCE LIABILITY
FY 1996 to FY 2005
($ in Millions)

Liability Component	1996	1997	1998	1999	2000	2001*	2002*	2003*	2004*	2005*
QCHP Medical/Rx	326.7	356.8	381.7	425.1	497.0	539.1	559.6	597.1	696.1	799.4
HMO Medical	219.1	238.0	250.2	269.9	307.0	364.1	402.1	469.4	540.8	618.4
Dental	30.2	39.5	39.0	39.6	40.5	49.3	58.8	66.7	73.0	74.2
POS	24.7	19.1	20.8	23.0	16.1	7.8	7.6	8.6	0	0
Open Access Plan							36.8	55.2	68.9	79.7
QC Mental Health	13.1	11.3	11.0	10.8	11.1	11.0	9.3	9.2	9.6	10.0
Vision	6.3	6.9	7.7	8.5	7.5	10.4	10.9	11.2	11.5	11.9
Life Insurance	58.8	58.8	57.7	59.8	64.8	69.8	61.3	63.6	64.8	67.3
QC ASC	21.3	19.3	23.9	18.2	18.6	18.8	19.1	24.1	23.3	24.7
Admin/Int/Other	9.6	7.5	10.9	10.6	12.8	14.7	12.2	14.7	14.0	11.0
TOTAL	**709.8**	**757.2**	**802.8**	**865.5**	**975.4**	**1,085.1**	**1,177.5**	**1,319.7**	**1,502.0**	**$1,696.5**
% Inc over py	6.8%	6.7%	6.0%	7.8%	12.7%	11.2%	8.5%	12.1%	13.8%	13.0%

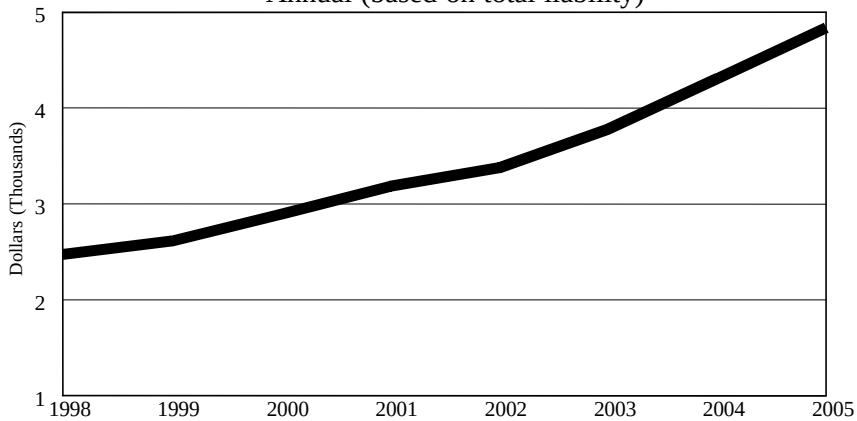
*Estimated

- FY 2001-2005 figures are estimates: Source-CMS
- Rounding causes slight differences in cumulative totals.

ANNUAL COST PER PARTICIPANT

The cost per participant in the State Employees' Group Insurance Program is the total of the State's cost and the employee's contribution each month. Chart 2 shows the steady increase each year in cost per participant. This increase can be attributed to medical inflation as evidenced in the previous table. In FY 1998, the annual cost per participant in the group health insurance program was $2,476. **The estimated cost per participant for FY 2005 is $4,838, a 95.4% increase from the FY 1998 cost per participant**. The cost per participant increased 14.0% from FY 2003 to FY 2004. The FY 2005 cost per participant is estimated to increase more than 12.3% over FY 2004. The increase in cost per participant from FY 1998 to FY 1999 was 5.7%; each year thereafter the average cost per participant has increased 10.8%.

CHART 2 **COST PER PARTICIPANT**
Annual (based on total liability)



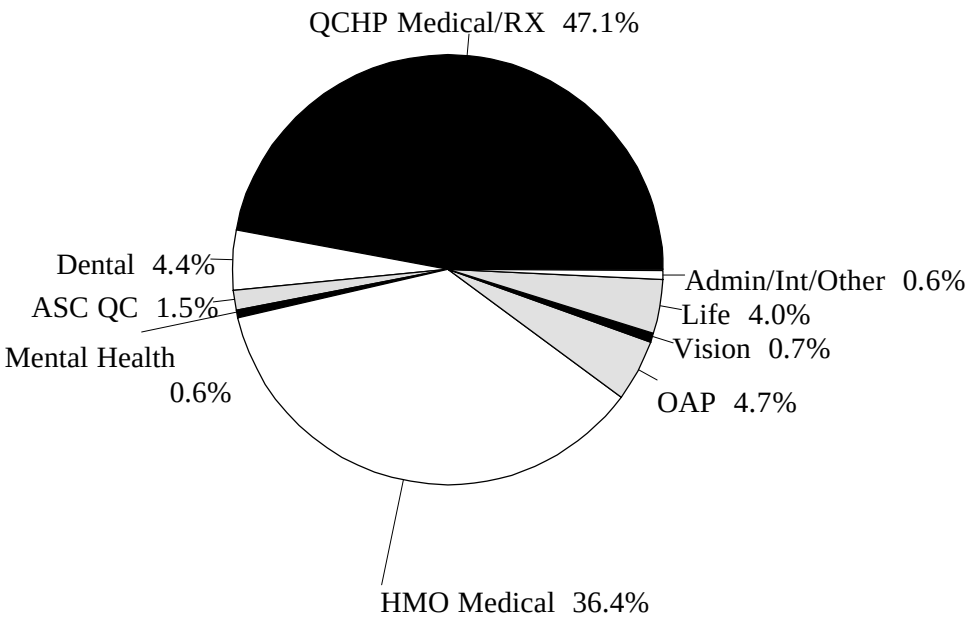
Retirees and their survivors (with less than 20 years of creditable service) are required to pay a portion of their health care costs (P.A. 90-0065). The remainder is paid by the State.

The following chart includes the various components of the FY 2005 CMS liability estimate of $1.696.5 billion. The largest component of the State Group Insurance Program is the indemnity plan, (Quality Care Health Plan) administered by CIGNA. The indemnity component (49.2%) includes medical/prescriptions, mental health coverage, and administrative service charges. Managed care plans (HMO and OAP) represent 41.1% of FY 2005 liability, while dental care, life insurance, vision care, and other charges comprise 9.7% of total liability.

CHART 3

GROUP INSURANCE COMPONENTS

FY 2005 Estimated Liability



CHANGES IN PLAN MEMBERSHIP FROM FY 2003 TO FY 2004

As of 8/4/03, the State Employees' Group Health Insurance Program saw 13.9% of its members (employees and retirees) changing their health carriers for the FY 2004 enrollment period. The indemnity plan experienced a 2.2% increase in membership, with 4,076 members migrating from managed care to the Quality Care Health Plan. Despite this overall increase in indemnity plan enrollment, 2,499 members moved from the indemnity plan to a managed care plan in FY 2004. In addition, 22,206 members went from one managed care plan to another. This increase in migration can be attributed to members formerly in managed care plans operated by Humana that were forced to pick a new carrier when Humana's contract was terminated.

Total enrollment (employees, retirees, and dependents) in the Quality Care Health Plan increased 0.9% from 148,209 to 149,485. HMO plan membership decreased 0.2% from 179,011 to 178,579. Open Access Plan (managed care) membership increased 12.3% from 18,197 to 20,429. The Group Health Insurance Program in the past has offered a POS option, however, CMS no longer contracts with Humana who provided that specific option.

The enrollment in the indemnity, HMO, OAP, and POS plans for FY 2003 and FY 2004 are shown in Table 4 below. **FY 2005 enrollment has been estimated by CMS, but is not included in Table 4 because the enrollment period has not occurred yet.**

TABLE 4: AVERAGE ANNUAL COST PER PARTICIPANT
Average Enrollment

	FY 2004	FY 2003	FY 2004	FY 2003
	Average Cost Per Participant*	Average Cost Per Participant*	Total Participants	Total Participants
Indemnity (QCHP)	$4,863	$4,240	149,485	148,209
HMO	$3,028	$2,622	178,579	179,011
OAP	$3,375	$3,032	20,429	18,197
POS	$0	$2,449	0	3,492
			348,493	348,909

- OAP is the Health Link Open Access Plan. ACPP does not include dental, vision, admin/int/other, or life insurance.
- Members that were enrolled in a POS plan were forced to change carriers due to the State's termination of the contract with the vendor who offered that option.

When comparing average cost per participant (ACPP) in Table 4, the average cost for FY 2004 is lowest for members in a HMO plan and highest for those in the indemnity plan. **The FY 2004 ACPP in the indemnity plan is approximately 44.1% higher than in the OAP plans, and 60.6% higher than the ACPP in the HMO plans. There no longer is a POS option in the State Group Health Insurance Program.**

The largest age group switching to a managed care plan from an indemnity plan in FY 2003 was the 0-39 age group. Predominately, the members joining a managed care plan tend to be under the age of 55. Persons in this age group typically include parents and their dependents. While dependent care coverage is less expensive in a managed care plan than in the indemnity plan, members over the age of 55 have shown a reluctance to switch to a managed care plan. These members have higher medical utilization and may fear being denied access to specialists. Members over the age of 55 may also be unwilling to change primary physicians. For members on Medicare, the coordination of benefits with a managed care plan may be confusing and/or disadvantageous.

MANAGED CARE PLANS

HMO-style plans differ from typical indemnity plans in several ways. Members are required to choose a doctor from the HMO network to become their primary care physician. All routine medical care, hospitalization and referrals for specialized medical care must then be coordinated under the direction of the primary care physician who acts as a gatekeeper for medical services. Managed care plans have restricted service areas. Generally, HMOs cover preventive health care, such as regular checkups and immunizations, while indemnity plans typically do not. However, the State's indemnity plan provides several preventive health services, such as well-baby care, routine physicals, mammograms, school health physical exams, and annual pap smears. All these additions to the indemnity plan are in accordance with the current collective bargaining agreement with the American Federation of State, County and Municipal Employees (AFSCME).

The Open Access Plan (Health Link), first offered for the FY 2002 benefit year, is a managed care plan that is a combination of an HMO and a PPO. Members have access to a wide range of care, with three benefit levels from which to choose. (*Members in an HMO have one level of benefits*). Tier I of the Open Access Plan provides the richest benefit and the lowest co-payments. Tier II, like Tier I, is considered in-network. A higher level of co-payment applies to Tier II providers. Tier III providers are out-of-network. Primary Care Physicians (PCPs) in the Open Access Plan do not perform the "gatekeeper" function. Therefore, patients may see specialists without referral from the Primary Care Physician.

The plan with the largest enrollment is Health Alliance HMO, and the plan with the smallest is OSF Winnebago. Greater detail about FY 2003 and FY 2004 plan enrollment, as well as the areas served by each plan, is listed in Table 5 below.

It is believed that one of the best ways to control medical costs is to institute managed care plans, which closely control the use of medical services to keep costs down. The State has realized some cost savings from implementing managed care plans. The long-term effect on costs as a result of implementing managed care, however, remains to be seen. Efforts to encourage members to choose a managed care plan have appeared to peak.

TABLE 5: MANAGED CARE PLANS
FY 2003 – FY 2004 Actual Membership

HMO/POS	FY03 # of Participants As of 8/5/02	FY04 # of Participants As of 8/4/03	% Chg.	Areas Served
Health Alliance HMO	70,770	74,238	4.90%	Cook & Downstate, throughout IL
Health Alliance Illinois	6,790	7,399	8.97%	Ogle & DeKalb Counties
HMO Illinois	26,630	46,754	75.57%	Chicago & Springfield areas
Humana HMO	22,625	0	-100%	Cook & Collar Counties
Humana POS	3,463	0	-100%	Chicago area
OSF Health Plans	14,192	10,058	-29.13%	Northern & Central IL
Personal Care	11,082	24,313	119.39%	Eastern IL
Unicare HMO (Rush Prudential)	10,883	13,629	25.23%	Chicago area
OSF Winnebago	2,176	2,044	-6.07%	Winnebago County
Health Link OAP	17,862	19,913	11.48%	Central and Southern Illinois
Personal Care East*	13,932	0	-100%	Extension of Personal Care
TOTAL Members + Dependents	**192,354**	**198,348**	**3.12%**	

As of July 1, 2003, 8 plans were available to employees and their dependents.
***Personal Care East participants were moved back into the Personal Care Plan.**
The State of Illinois no longer contracts with Humana.
NOTE: Table 4 reflects average enrollment, while this table looks at actual enrollment from two different points in time.

MONTHLY PREMIUMS

Typically, members in managed care plans cost the State less since the risk of providing health care is assumed by the HMO. The indemnity plan continues to be the significantly more expensive plan.

According to the Department, the estimated monthly cost for a current employee in the Quality Care indemnity plan for FY 2004 is $490 and will increase to $563 (14.9%) by FY 2005.

The monthly premium for a current employee in a managed care plan varies based on each plan's rates, but the FY 2004 estimated average cost for a member in a managed care plan will be $322 per month. The current union contract, from which member contributions are derived expires on June 30, 2004. Until a new contract is signed, the Department of Central Management Services is unable to calculate the average amount paid by each member for FY 2005.

In FY 1998, a new approach for negotiating premium rates with managed care vendors was utilized. Previously, premium rates were negotiated based on four rate tiers; member only, one dependent, two or more dependents, and Medicare dependent. In FY 1998 and FY 1999, multipliers based on historical claims and enrollment experience were used for each of the dependent rate tiers. Thus, only the employee rate is negotiated with each managed care provider, and then the appropriate multiplier is applied to that rate. Thus far, multipliers remain unchanged since FY 2001. CMS must wait for union contract negotiations to take place before releasing the FY 2005 multiplier, below is the multipliers used for FY 2004.

FY 2004 Managed Care Multipliers

Current Employee	1.00
Medicare Retiree	.65
Non-Medicare Retiree	1.48
1 Dependent	.84
2+ Dependents	1.44
Medicare Dependent	.65

Under current law, the term of any contract (group life insurance, health benefits, other employee benefits, and administrative services) authorized under the State Employees' Group Insurance Act (SEGIA) may not extend beyond 5 fiscal years. Upon recommendation of IEFC, the Director of CMS may exercise renewal options of the same contract for up to a period of 5 years. The State enters into contracts with the HMOs and pays them a dollar amount per individual enrolled in that particular HMO. The HMO then assumes the financial risk of providing services to its participants.

Table 6, shows the FY 2005 weighted average monthly rates for managed care plans and the indemnity plans, as well as the State and member contributions. The State's contribution varies, depending on a member's salary. Some information is not yet available due to current CMS labor negotiations.

TABLE 6: MONTHLY PREMIUMS
Managed Care vs. Indemnity Plan
Weighted Average
FY 2005 Rates (Projected)

	QCHP			Managed Care		
Membership	TOTAL	Member	State	TOTAL	Member	State
Employee	**$562.62**	N/A	N/A	N/A	N/A	N/A
Medicare Retiree	**$351.29**	N/A	N/A	N/A	N/A	N/A
Non-Medicare Retiree	**$801.51**	N/A	N/A	N/A	N/A	N/A
1 Dependent	**$647.60**	N/A	N/A	N/A	N/A	N/A
2+ Dependents	**$729.19**	N/A	N/A	N/A	N/A	N/A
Medicare Dependent	**$350.29**	N/A	N/A	N/A	N/A	N/A

N/A: Because the Department is negotiating a new contract, up to date contribution information is not available.

TABLE 7: PROJECTED COSTS FY 2002 – FY 2005 Employee Only								
	QCHP				Managed Care			
	TOTAL	% Increase	Member	State	TOTAL	% Increase	Member	State
FY 2002	$399.36		$37.30	$362.06	$242.92		$29.21	$213.71
FY 2003	$427.66	7.09%	$40.54	$387.12	$280.31	15.39%	$31.41	$248.90
FY 2004	$490.33	14.65%	$43.47	446.86	$322.05	14.89%	$33.35	$288.70
FY 2005	$562.62	14.74%	N/A	N/A	N/A	N/A	N/A	N/A

N/A: Because the Department is negotiating a new contract, up to date contribution information is not available.

IEFC's estimate of group insurance liability for FY 2005 reflects a trend in rising prescription drug costs. Noteworthy trends used to estimate the growth in liability from FY 2004 to FY 2005 include the following:

- Prescription drug (QCHP)22.98%
- HMO Medical/Rx 14.95%
- QC Medical 14.31%

TYPES OF MEDICAL & DENTAL GROUP INSURANCE PLANS

APPENDIX I

Type of Plan	Coverage	Characteristics	Geographic Location
Indemnity Medical	Care related to the treatment of an illness or injury. Preventive care includes well-baby care, routine and school physicals, annual pap smears and mammograms.	Choice of physician and other medical care providers. Annual deductibles and employee contributions based on member salary. Dependent premiums do not vary.	No limitation; preferred hospital providers statewide.
Indemnity Dental	Preventive, diagnostic, restorative, orthodontic, endodontic, and periodontic services as well as extractions and prosthetics.	Choice of dental care providers, reimbursement on a scheduled basis. No deductibles. Premiums for members and dependents.	No limitations.
HMO Medical	Comprehensive medical benefits including preventive care.	Prepaid benefits, primary care physician who coordinates all care chosen from HMO network. Co-payments vary by HMO plan. Employee premiums, based on salary, vary for dependents by plan.	Statewide coverage
HMO Dental	Preventive and diagnostic services, and coverage for certain procedures not covered by indemnity dental plan.	No premiums, deductibles, or annual benefit limits; co-payments apply, dentists must be chosen from network of providers.	Statewide coverage
OAP	Comprehensive medical benefits including preventive care.	Three tiers of benefit levels. Patients may see specialists without referral from the primary care physician. Co-payment levels vary.	Southern Illinois, St. Louis Metro-East area.

APPENDIX II

Group Insurance Contracts to be Awarded or Renewed for FY 2005		
Contract	***Type of Contract***	***Renewal/Competitively Selected***
Caremark	Rx benefit administrator (QCHP members)	Competitively selected
CIGNA	Claims administrator for health care benefits (QCHP members)	Multi-Year
CompDent (2)	Dental (QCHP and managed care members)	Multi-year
Fringe Benefit Management Company	Flexible Spending Administrator	Competitively selected
Intracorp	Utilization review administrator (QCHP members)	Multi-Year
Magellan Behavioral Health	Mental health/substance abuse services (QCHP members)	Multi-year
Medical Cost Management	Peer review	Competitively Selected
Minnesota Life Insurance Company	Term life insurance	Multi-year
Primax	Subrogation	Competitively selected
Sykes Health Plan Services	Hospital bill auditing	Multi-Year
Vision Service Plan	Vision care (all members)	Competitively selected
Wage Works	Qualified Transportation Benefit Administrator	Multi-Year

Managed Care Contracts thru FY 2004		
Health Alliance HMO		Competitively selected
Health Alliance Illinois		Competitively selected
Health Link OAP		Competitively selected
HMO Illinois		Competitively selected
OSF Health Plan		Competitively selected
OSF Winnebago		Competitively selected
Personal Care		Competitively selected
Unicare HMO		Competitively selected

These are the managed care contracts in place thru June 30, 2004. Central Management Services will be issuing Requests for bid proposals on for all managed care plans.

BACKGROUND

The Illinois Economic and Fiscal Commission, a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

1) Preparation of annual revenue estimates with periodic updates;

2) Analysis of the fiscal impact of revenue bills;

3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;

4) Periodic assessment of capital facility plans; and

5) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes two primary reports. The "Revenue Estimate and Economic Outlook" describes and projects economic conditions and their impact on State revenues. "The Illinois Bond Watcher" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The Commission also periodically publishes special topic reports that have or could have an impact on the economic well being of Illinois.

These reports are available from:

Illinois Economic and Fiscal Commission
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

Reports can also be accessed from our Webpage:

http://www.legis.state.il.us/commission/ecfisc/ecfisc_home.html