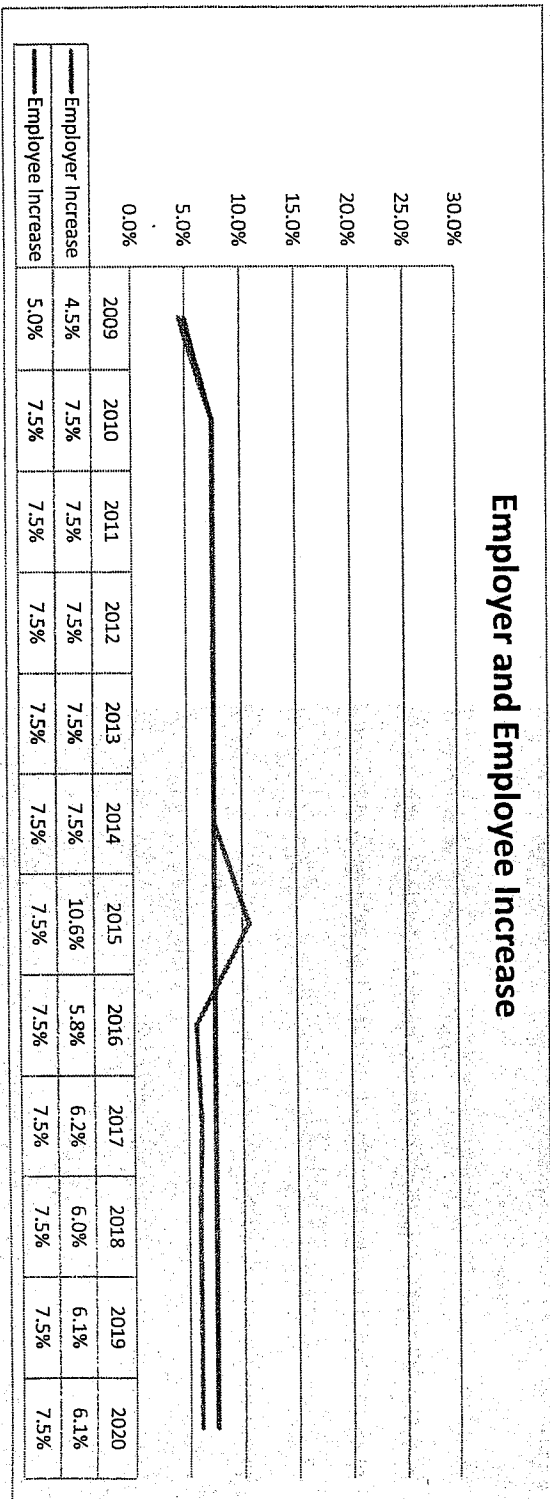
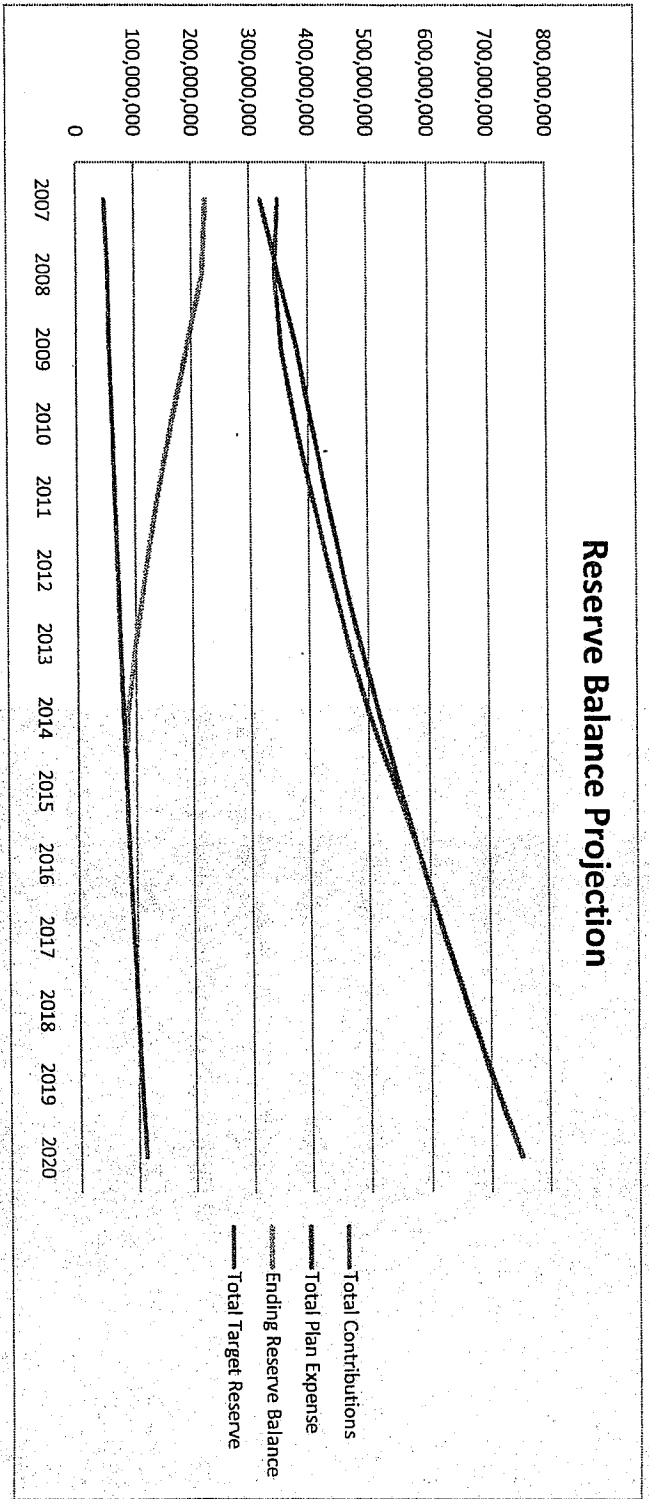


Kansas Health Policy Authority
 Projected Reserve Calculation - "Original Projections"
 Medical, Pharmacy, Dental and Vision
 Date of Projection: 05/27/2008

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beginning Total Reserve Balance	10,714,357	11,269,564	11,832,715	12,424,351	13,045,569	13,697,847	14,382,739	15,101,876	84,497,562	82,633,124	88,055,192	93,548,682	99,511,209	105,786,692
Reserve earning interest	182,228,577	212,102,003	205,260,781	178,511,551	151,158,700	126,110,550	103,824,104	84,491,869	0	0	0	0	0	0
Reserve not earning interest	192,942,934	223,571,567	217,093,497	190,935,902	164,204,269	139,808,397	118,206,844	99,593,745	84,497,562	82,633,124	88,055,192	93,548,682	99,511,209	105,786,692
Total Beginning Reserve Balance	228,190,918	245,000,000	250,512,500	265,625,938	285,547,883	306,963,974	329,986,272	354,735,242	387,037,519	418,307,063	443,429,065	470,464,905	498,934,883	529,369,911
Total Employer Contributions	120,300,650	97,273,114	104,175,269	112,465,324	120,360,396	128,833,569	137,911,791	147,638,878	158,061,794	169,230,881	181,200,090	194,027,232	207,774,256	222,507,535
Total Participant Contributions	348,491,568	342,273,114	354,687,769	378,091,261	405,908,279	435,797,543	467,898,063	502,374,120	545,099,313	587,537,945	624,629,155	664,492,137	706,709,140	751,877,446
Total Plan Expenses	318,618,160	349,114,318	381,436,999	405,444,113	430,956,429	458,083,988	487,230,299	518,225,397	551,188,630	586,247,532	623,538,424	663,207,045	705,409,217	750,311,539
Interest on Reserve Fund	555,225	563,463	591,636	621,218	652,278	684,892	719,137	755,094	4,224,878	4,131,656	4,402,760	4,677,434	4,975,560	5,289,335
Net Cashflow (Contributions- expenses+interest)	30,428,633	(6,277,741)	(26,157,594)	(26,731,634)	(24,395,872)	(21,601,533)	(18,613,099)	(15,096,183)	(1,864,438)	5,472,069	5,493,490	5,962,526	6,275,483	6,855,241
Cashflow as % of expenditures	9.6%	-1.8%	-6.9%	-6.6%	-5.7%	-4.7%	-3.8%	-2.9%	-0.3%	0.9%	0.9%	0.9%	0.9%	0.9%
Ending Available Balance (Reserve Ending Balance)	223,371,567	217,093,497	190,935,902	164,204,269	139,808,397	118,206,844	99,593,745	84,497,562	82,633,124	88,055,192	93,548,682	99,511,209	105,786,692	112,641,933
Total Target Reserve	47,749,833	53,383,000	55,891,988	60,762,038	64,585,451	68,650,933	73,018,956	77,664,048	82,604,096	87,858,211	93,446,825	99,391,779	105,716,423	112,445,727
Ending Reserve - Target Reserve	175,621,734	163,710,497	135,043,915	103,442,231	75,222,946	49,555,911	26,574,789	6,833,514	29,028	196,981	101,857	119,430	70,268	196,206
Target Reserve Factor	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Policy Choices														
Interest Rate on Reserves		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Healthcare cost trend rate		6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Agency % increase (eff. July 1)		4.5%	4.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Employee contribution % (eff. Jan 1)		5.0%	5.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

Appropriations Committee
 Date February 17, 2011
 Attachment 4

Projected Reserve Calculation - "Original Projections"

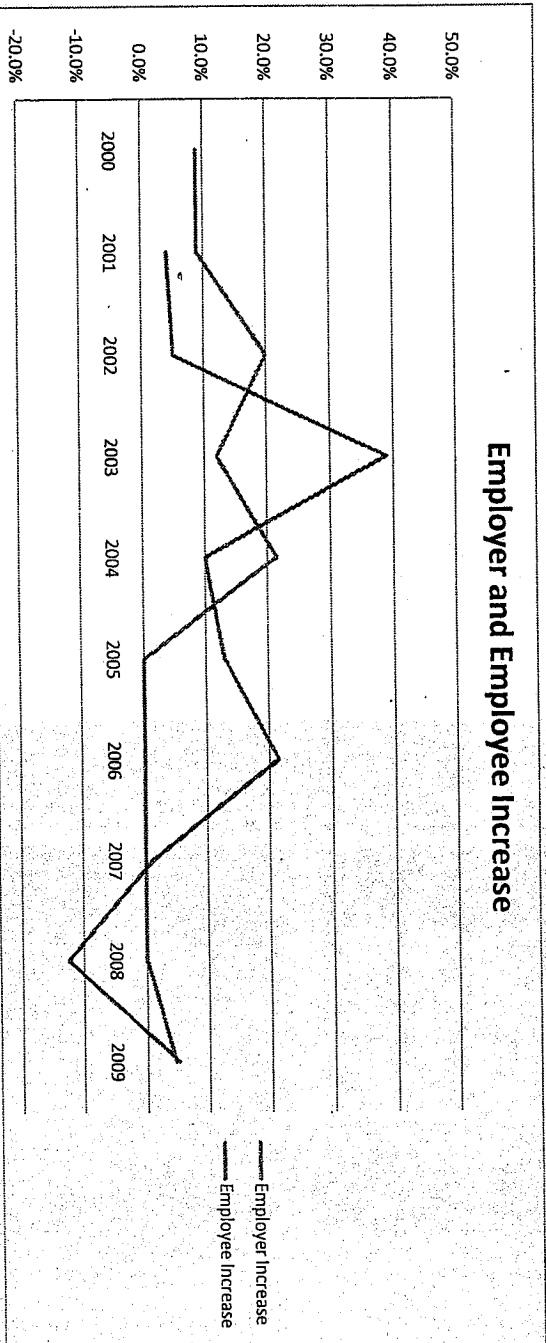
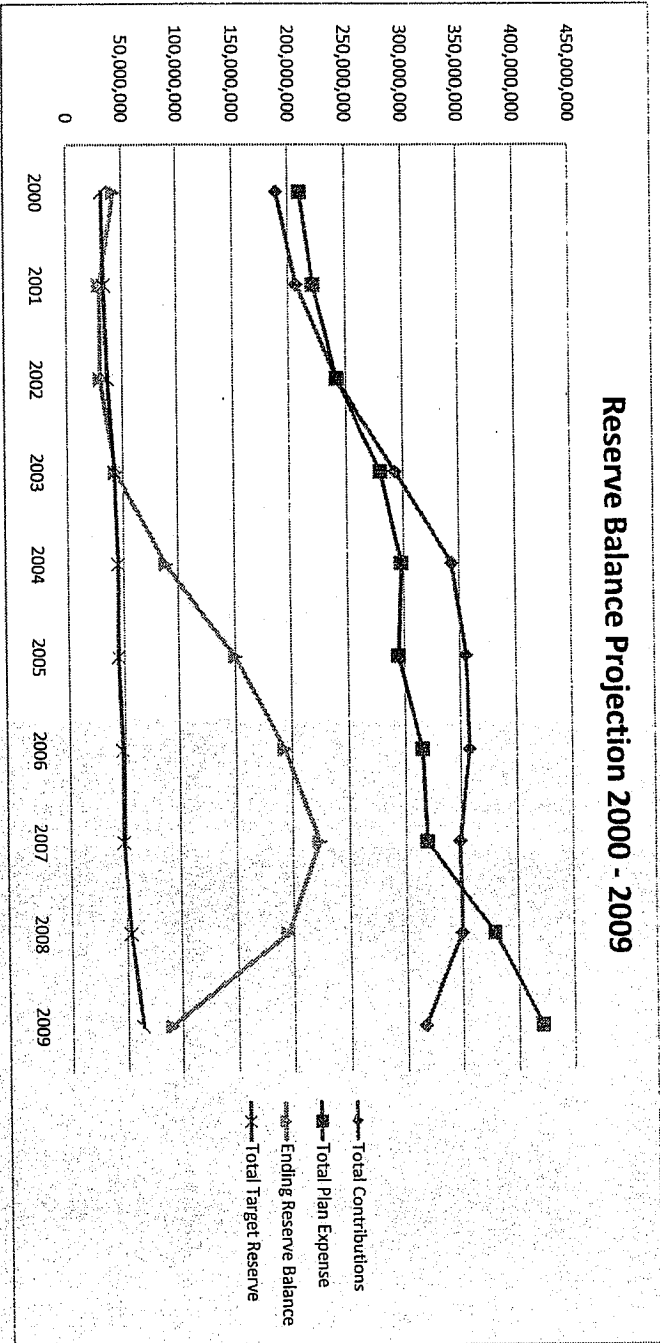


Kansas Health Policy Authority
 Reserve
 Medical, Pharmacy, Dental and Vision
 Date of Projection: 2/15/2011

Plan History 2000 - 2009

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Beginning reserve earning interest	39,052,969	34,152,534	21,907,108	12,153,284	9,801,115	9,953,998	10,250,261	10,714,357	11,269,564	11,657,438
Beginning reserve not earning interest	22,246,472	8,541,631	7,628,968	17,682,127	33,284,780	78,333,637	139,486,120	182,228,577	212,102,003	183,032,836
Beginning Total Reserve Balance	61,299,441	42,694,165	29,536,076	29,835,411	43,085,895	88,287,634	149,736,381	192,942,934	223,371,567	194,690,274
Total Employer Contributions	107,268,471	119,839,599	147,222,177	179,420,314	212,900,861	223,279,228	233,676,934	228,190,918	246,219,378	200,650,045
Total Participant Contributions	81,995,102	86,937,742	94,665,947	113,296,795	129,955,094	132,104,154	123,843,391	120,300,650	103,260,905	115,205,958
Total Contributions*	189,263,573	206,777,341	241,888,124	292,717,109	342,855,955	355,383,382	357,520,325	348,491,568	349,480,283	315,856,003
Total Plan Expenses	210,094,868	221,369,836	242,026,931	279,624,618	297,811,033	294,233,255	314,785,284	318,618,160	378,549,433	420,593,007
Interest on Reserves	2,226,019	1,434,406	438,142	157,993	156,818	298,620	471,512	555,225	387,857	222,635
Net Cash flow	(18,605,276)	(13,158,089)	299,335	13,250,484	45,201,740	61,448,747	43,206,553	30,428,633	(28,681,293)	(104,514,369)
Ending Available Balance (Reserve Ending Balance)	42,694,164	29,536,076	29,835,411	43,085,894	88,287,634	149,736,381	192,942,934	223,371,567	194,690,274	90,175,905
Total Target Reserve	31,514,230	33,205,475	36,304,040	41,943,693	44,671,655	44,134,988	47,217,793	47,749,833	53,383,000	63,088,951
Ending Reserve - Target Reserve	11,179,934	(3,669,400)	(6,468,629)	1,142,201	43,615,980	105,601,393	145,725,141	175,621,734	141,307,274	27,086,954
Ending Balance as a Percent of Claims Targeted Reserve Factor	20.3%	13.3%	12.3%	15.4%	29.6%	50.9%	61.3%	70.1%	51.4%	21.4%
	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Policy Choices										
Interest Rate on Reserves**	5.7%	4.2%	2.0%	1.3%	1.6%	3.0%	4.6%	5.0%	3.5%	3.1%
Admin/Contract Fee Trend									2.7%	2.7%
Healthcare cost trend rate									6.5%	6.5%
Employer % Increase (eff. July 1)	9.0%	9.0%	20.0%	12.0%	21.5%	0.0%	0.0%	0.0%	0.0%	4.5%
Employee contribution % (eff. Jan 1)		4.0%	5.0%	39.0%	10.0%	13.0%	21.5%	1.0%	-12.5%	5.0%

* Contributions on 2009 reflect a seven pay period moratorium on contributions from state agencies totaling \$64 million.
 ** Interest rate is average rate earned during the Plan Year



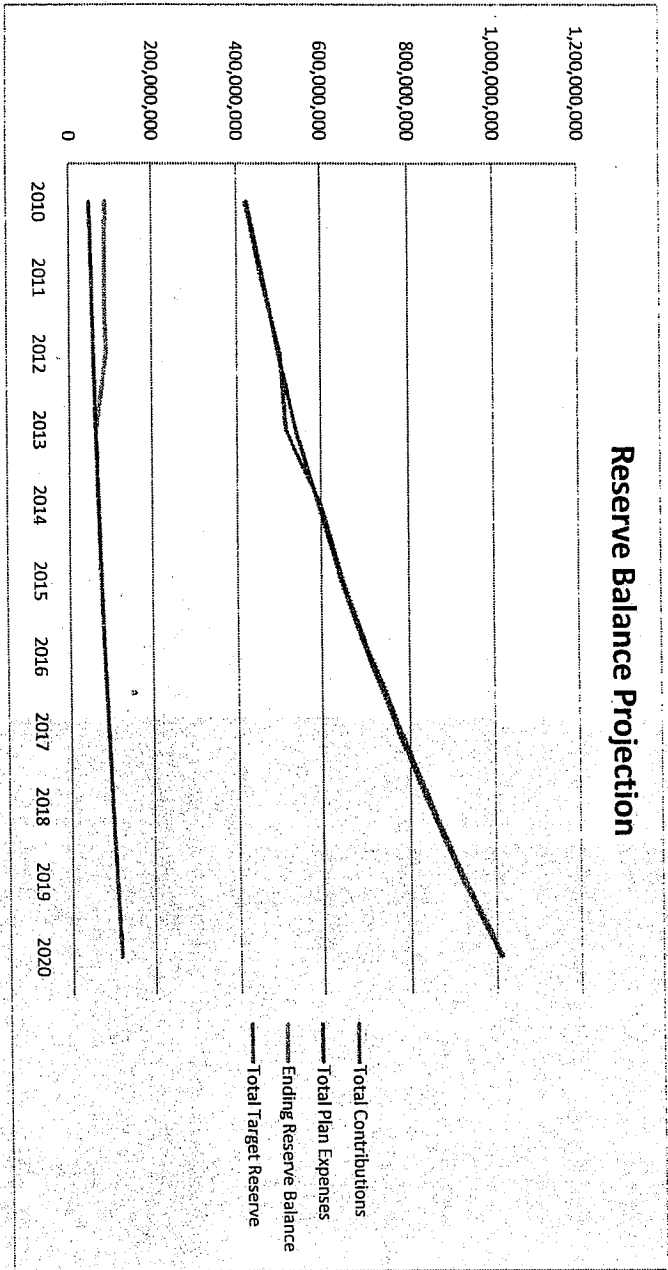
Kansas Health Policy Authority
 Projected Reserve Calculation - "Hard Landing" at PY2013
 Medical, Pharmacy, Dental and Vision
 Date of Projection: 2/16/2011

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beginning reserve earning interest	11,880,073	11,991,989	12,363,741	12,747,017	13,142,174	69,356,226	75,126,502	81,223,256	89,554,994	97,617,106	107,258,925
Beginning reserve not earning interest	78,295,832	74,866,652	71,090,543	74,978,586	50,811,283	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	83,454,284	87,725,603	63,953,457	69,356,226	75,126,502	81,223,256	89,554,994	97,617,106	107,258,925
Total Employer Contributions	293,900,171	332,719,957	369,273,058	382,620,276	432,360,912	482,101,548	518,861,791	572,985,223	622,522,400	682,520,985	744,086,997
Total Participant Contributions	127,392,488	125,907,442	133,957,911	134,097,788	167,723,536	167,871,068	192,767,139	204,610,491	226,427,692	245,321,486	268,202,521
Total Contributions*	421,292,659	458,627,399	503,230,969	516,718,065	600,084,448	649,972,616	711,628,930	777,595,714	848,950,092	927,842,471	1,012,289,518
Total Plan Expenses	424,721,839	462,403,507	499,342,926	540,885,368	595,089,086	646,352,384	707,861,098	771,781,898	843,664,185	921,226,782	1,006,584,286
Interest on Reserves	111,916	371,752	383,276	395,158	407,407	2,150,043	2,328,922	2,517,921	2,776,205	3,026,130	3,325,027
Net Cash Flow	(3,317,284)	(3,404,357)	4,271,319	(23,772,146)	5,402,770	5,770,275	6,096,754	8,331,738	8,062,112	9,641,819	9,030,258
Ending Available Balance (Reserve Ending Balance)	86,858,641	83,454,284	87,725,603	63,953,457	69,356,226	75,126,502	81,223,256	89,554,994	97,617,106	107,258,925	116,289,183
Total Target Reserve	48,589,000	53,113,000	57,537,000	62,530,000	68,291,000	74,594,000	81,492,000	89,039,000	97,297,000	106,336,000	116,227,000
Ending Reserve - Target Reserve	38,269,641	30,341,284	30,188,603	1,423,457	1,065,226	532,502	(268,744)	515,994	320,106	922,925	62,183
Ending Balance as a Percent of Claims Targeted Reserve Factor	20.5%	18.0%	17.6%	11.8%	11.7%	11.6%	11.5%	11.6%	11.6%	11.6%	11.6%
Policy Choices											
Interest Rate on Reserves	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Admin/Contract Fee Trend	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Healthcare cost trend rate	9.5%	8.5%	9.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Employer % Increase (eff. July 1)	12.5%	15.0%	7.5%	0.0%	26.0%	0.0%	15.3%	6.3%	10.9%	8.5%	9.5%
Employee contribution % (eff. Jan 1)	7.5%	8.0%	7.5%	0.0%	26.0%	0.0%	15.3%	6.3%	10.9%	8.5%	9.5%

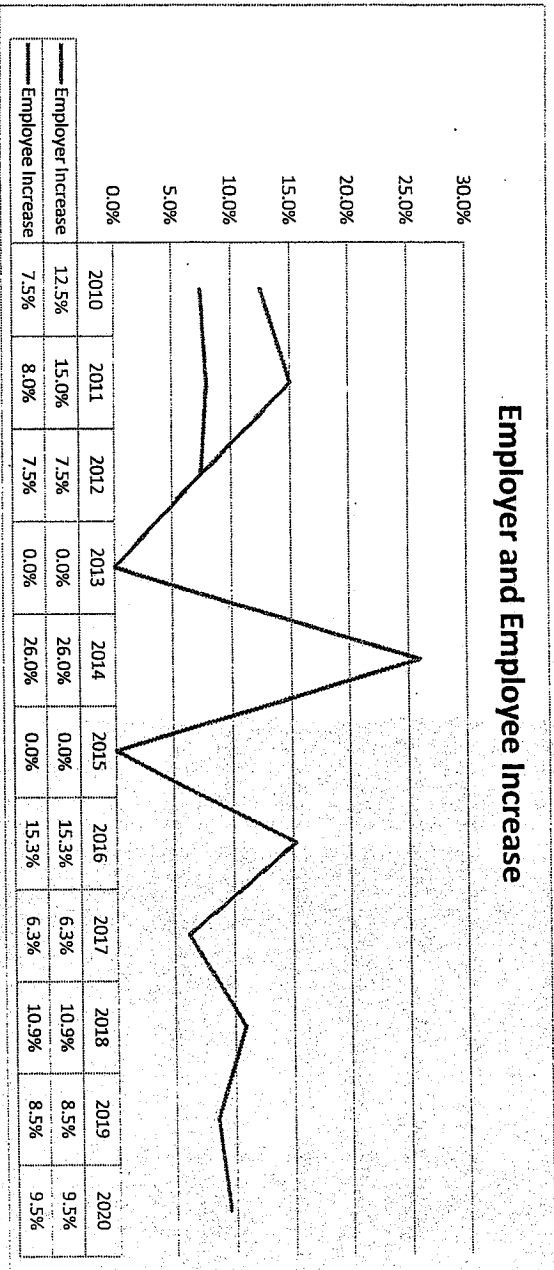
*Total Contributions for Plan Year 2010 include a one time Smart conversion contribution to the fund of \$20.050 million and a reduction to the fund of \$9.675 million for SB 572

Projected Reserve Calculation - "Hard Landing" at PY2013

Reserve Balance Projection



Employer and Employee Increase



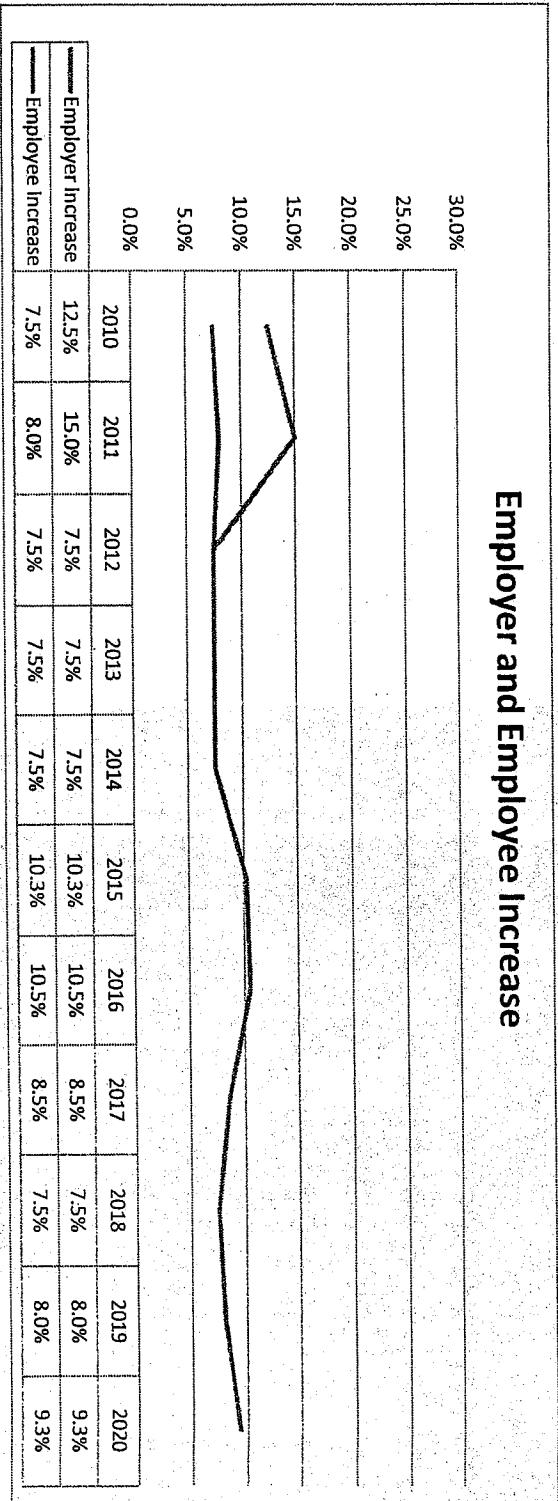
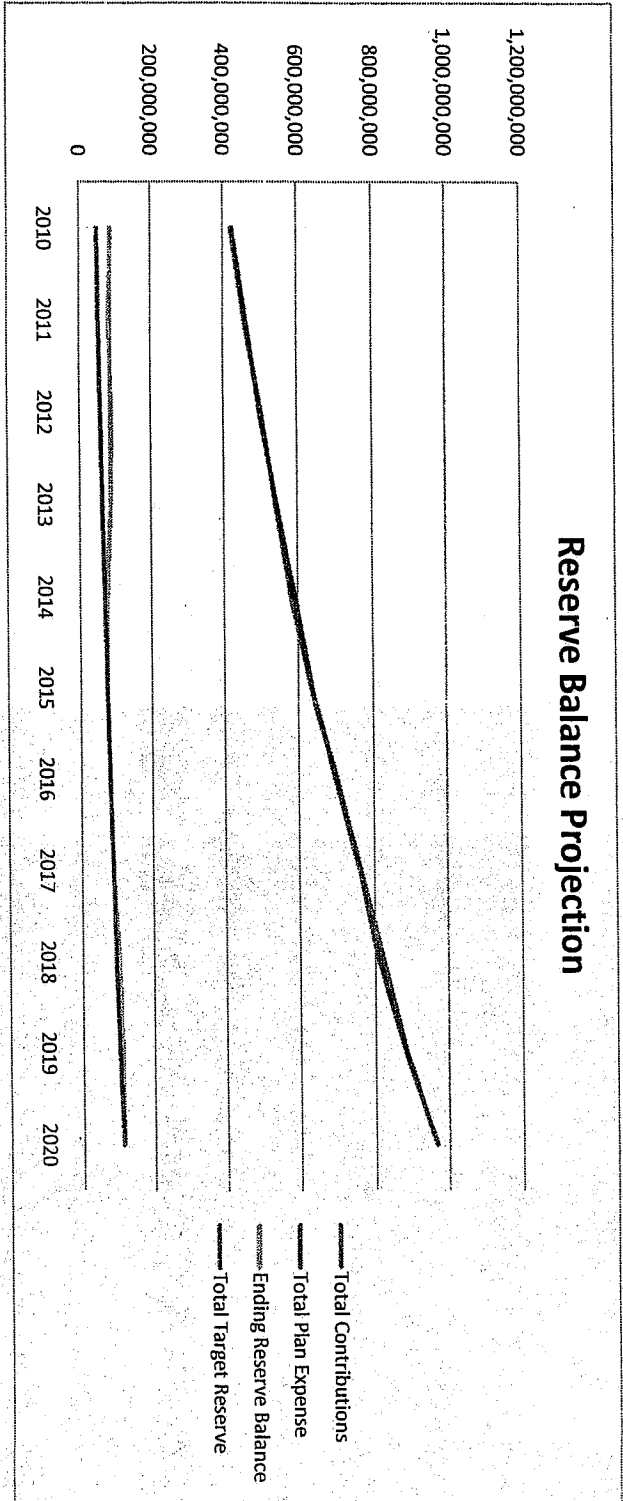
Kansas Health Policy Authority
 Projected Reserve Calculation with Plan Design Changes in PY 2015
 Medical, Pharmacy, Dental and Vision
 Date of Projection: 2/16/2011

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beginning reserve earning interest	11,880,073	11,991,989	12,363,741	12,747,017	13,142,174	75,131,485	74,440,999	80,354,513	86,699,817	102,768,410	109,196,346
Beginning reserve not earning interest	78,295,832	74,866,652	71,090,543	74,978,586	72,699,797	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	83,454,284	87,725,603	85,841,971	75,131,485	74,440,999	80,354,513	86,699,817	102,768,410	109,196,346
Total Employer Contributions	293,900,171	332,719,957	369,273,058	396,988,537	426,741,177	464,826,542	513,080,622	561,567,350	606,378,270	653,427,379	709,942,564
Total Participant Contributions	127,392,488	125,907,442	133,957,911	143,756,085	154,282,407	169,683,810	187,062,898	202,628,978	217,542,049	234,623,246	255,916,996
Total Contributions	421,292,659	458,627,399	503,230,969	540,742,621	581,023,584	634,510,351	700,143,520	764,196,328	823,920,318	888,050,624	965,859,560
Total Plan Expenses	424,721,839	482,403,507	499,342,926	543,003,411	592,141,477	637,529,914	696,537,676	760,342,014	810,539,420	884,808,509	966,648,569
Interest on Reserves	111,916	371,752	383,276	395,158	407,407	2,329,076	2,307,871	2,490,990	2,687,694	3,185,821	3,385,087
Net Cash flow	(3,317,284)	(3,404,337)	4,271,319	(1,883,632)	(10,710,483)	(890,487)	5,913,514	6,345,304	16,068,593	6,427,936	2,596,078
Ending Available Balance (Reserve Ending Balance)	86,858,641	83,454,284	87,725,603	85,841,971	75,131,485	74,440,999	80,354,513	86,699,817	102,768,410	109,196,346	111,792,424
Total Target Reserve	48,589,000	53,113,000	57,537,000	62,530,000	68,291,000	73,457,000	80,249,000	87,681,000	93,453,000	102,133,000	111,633,000
Ending Reserve - Target Reserve	38,269,641	30,341,284	30,188,603	23,311,971	6,840,485	983,999	105,513	(981,183)	9,315,410	7,063,346	159,424
Ending Balance as a Percent of Claims Targeted Reserve Factor	20.5%	13.0%	17.6%	15.8%	12.7%	11.7%	11.5%	11.4%	12.7%	12.3%	11.6%
	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%

Policy Choices	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Interest Rate on Reserves	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Admin/Contract Fee Trend	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Healthcare cost trend rate	9.5%	8.5%	9.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Employer % Increase (eff. July 1)	12.5%	15.0%	7.5%	7.5%	7.5%	10.3%	10.5%	8.5%	7.5%	8.0%	9.3%
Employee contribution % (eff. Jan 1)	7.5%	8.0%	7.5%	7.5%	7.5%	10.3%	10.5%	8.5%	7.5%	8.0%	9.3%

In 2015, it is assumed plan design changes are put in place. The plan design changes are: Increase deductible to \$500/\$1,000, increase copay by \$5, and increase coinsurance to 30% on Plan A

Projected Reserve Calculation with Plan Design Changes in PY 2015



Kansas Health Policy Authority
 Projected Reserve Calculation - "Soft Landing" at PY2015
 Medical, Pharmacy, Dental and Vision
 Date of Projection: 2/15/2011

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Beginning reserve earning interest	11,880,073	11,991,989	12,363,741	12,747,017	13,142,174	75,131,485	74,596,980	81,612,439	89,062,092	97,309,247	106,373,093
Beginning reserve not earning interest	78,295,832	74,866,652	71,090,543	74,978,586	72,699,797	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	83,454,284	87,725,603	85,841,971	75,131,485	74,596,980	81,612,439	89,062,092	97,309,247	106,373,093
Total Employer Contributions	293,900,171	332,719,957	369,273,058	396,968,537	426,741,177	470,972,643	522,519,707	570,614,260	623,621,789	681,559,019	744,944,007
Total Participant Contributions	127,397,488	125,907,442	133,957,911	143,756,085	154,282,407	173,820,957	189,279,516	206,502,139	225,276,080	245,825,567	268,275,323
Total Contributions*	421,292,659	458,627,399	503,230,969	540,724,621	581,023,584	644,793,600	711,799,223	777,116,399	848,897,869	927,384,585	1,013,219,330
Total Plan Expenses	424,721,839	462,403,507	499,342,926	543,003,411	592,141,477	647,657,182	707,096,270	772,196,732	843,411,639	921,337,326	1,006,600,251
Interest on Reserves	111,916	371,752	383,276	395,158	407,407	2,329,076	2,312,506	2,529,986	2,760,925	3,016,587	3,297,566
Net Cash flow	(3,317,264)	(3,404,357)	4,271,319	(1,883,632)	(10,710,485)	(534,505)	7,015,459	7,449,653	8,247,155	9,063,846	9,916,645
Ending Available Balance (Reserve Ending Balance)	86,858,641	83,454,284	87,725,603	85,841,971	75,131,485	74,596,980	81,612,439	89,062,092	97,309,247	106,373,093	116,289,738
Total Target Reserve	48,589,000	53,113,000	57,537,000	62,530,000	68,291,000	74,594,000	81,492,000	89,039,000	97,297,000	106,336,000	116,227,000
Ending Reserve - Target Reserve	38,269,641	30,341,284	30,188,603	23,311,971	6,840,485	2,980	120,439	23,092	12,247	37,093	62,738
Ending Balance as a Percent of Claims Targeted Reserve Factor	20.5%	18.0%	17.6%	15.8%	12.7%	11.5%	11.5%	11.5%	11.5%	11.5%	11.6%
Policy Choices											
Interest Rate on Reserves	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Admin/Contract Fee Trend	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Healthcare cost trend rate	9.5%	8.5%	9.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Employer % increase (eff. July 1)	12.5%	15.0%	7.5%	7.5%	7.5%	13.0%	9.1%	9.3%	9.3%	9.3%	9.3%
Employee contribution % (eff. Jan 1)	7.5%	8.0%	7.5%	7.5%	7.5%	13.0%	9.1%	9.3%	9.3%	9.3%	9.3%

*Total Contributions for Plan Year 2010 include a one time SMART conversion contribution to the fund of \$20.050 million and a reduction to the fund of \$9.675 million for SB 572

Projected Reserve Calculation - "Soft Landing" at PY2015

