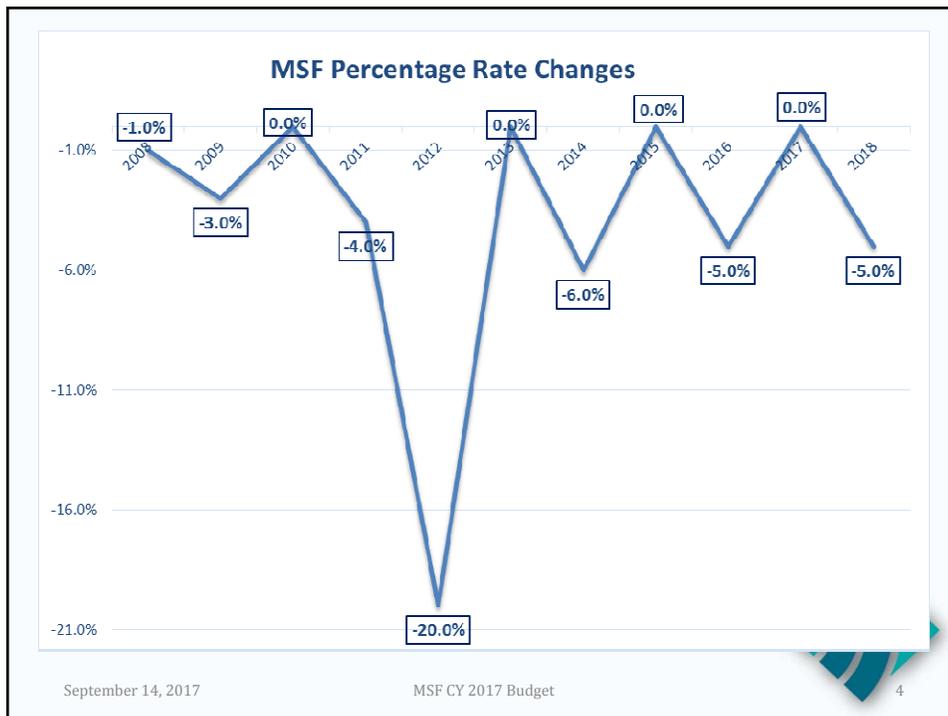
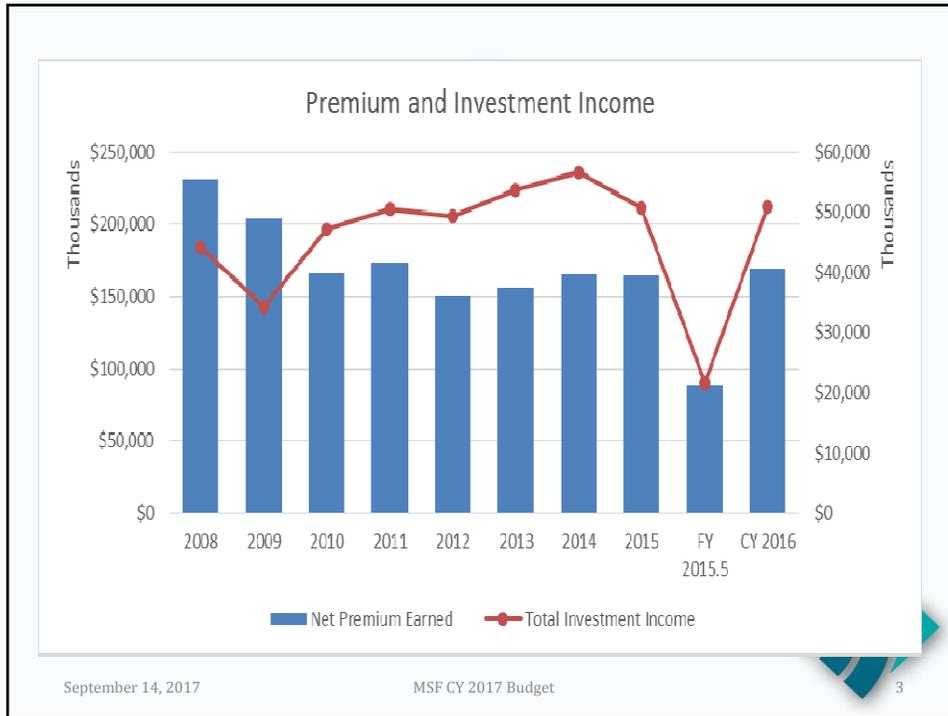
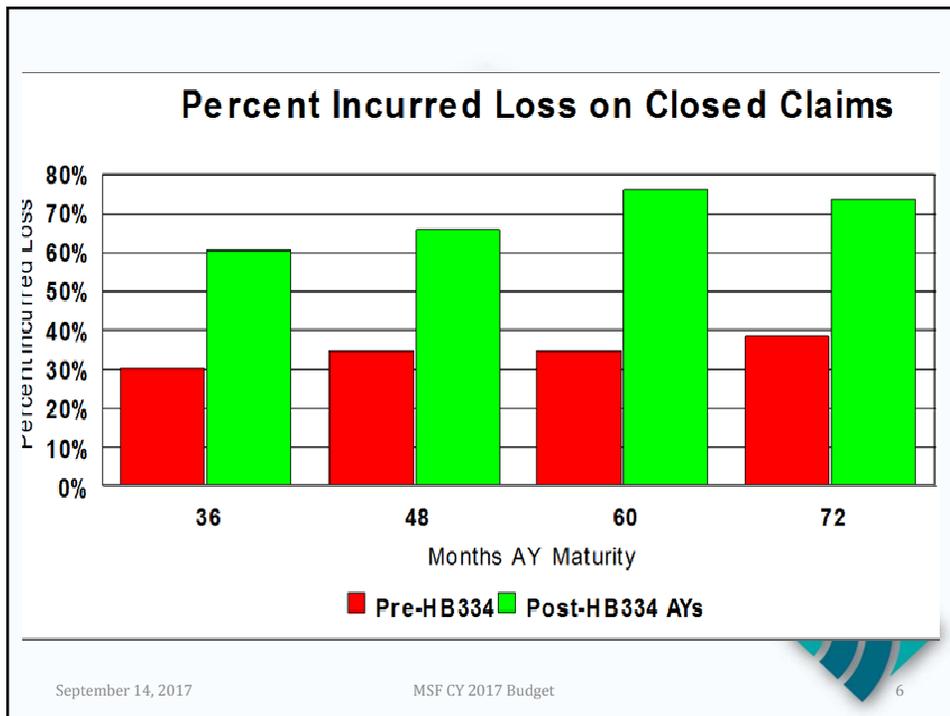
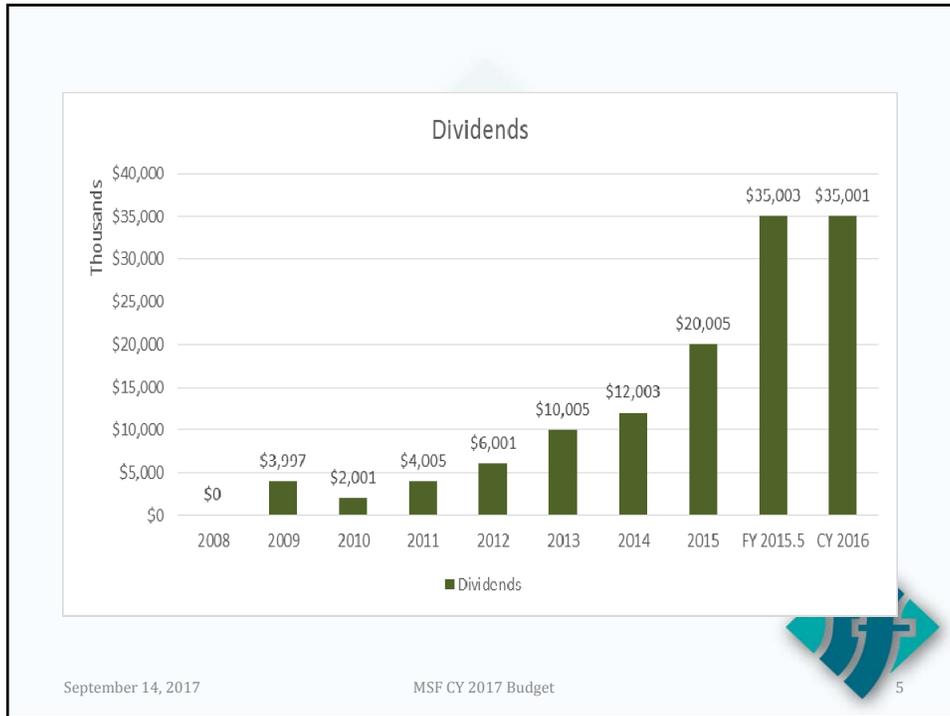


Montana State Fund

2017 BUDGET REQUEST FISCAL REPORTING PERIOD January 1, 2017 - December 31, 2017





MSF Income & Expenditures

(000s)	FY15 <u>Actuals</u>	CY16 <u>Actuals</u>	CY17 change from CY16	CY17 <u>Budget</u>
Net Earned Premium	\$164,557	\$169,677	-1.6%	\$167,014
Investment Income /Gain *	<u>50,708</u>	<u>51,013</u>	<u>-5.6%</u>	<u>48,135</u>
TOTAL INCOME	\$215,265	\$220,690	-2.5%	\$215,149
Claim Benefits Payments	114,428	120,526	6.4%	128,265
Operational Budget	<u>50,700</u>	<u>52,670</u>	<u>16.7%</u>	<u>61,477</u>
TOTAL EXPENDITURES	\$165,128	\$173,196	9.6%	\$189,743

CY17 estimated premium is a 1.6% decrease from the CY16 Actuals.

CY17 Operational Budget is 16.7% more than the CY16 Actuals.

CY17 Claim Benefits Payments increase 6.4% as compared to the CY16 Actuals.

* Investment Income is based on a weighted average investment income return and includes realized gains.



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MSF CY 2017 Budget

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MSF Expenditures

	<u>2016 Actuals</u>	<u>2017 Budget</u>	Change CY17 from CY16 Actuals	
			<u>Amount</u>	<u>Percent</u>
Excluding Projects				
Claim Benefit Payments	\$120,525,961	\$128,265,148	\$7,739,187	6.4%
Operational Expenditures	<u>51,845,720</u>	<u>56,455,140</u>	<u>4,609,420</u>	<u>8.9%</u>
Sub-total: Excludes Projects	\$172,371,682	\$184,720,288	\$12,348,607	7.2%
Projects				
Policy Billing Replacement	\$470,305	\$4,125,266	\$3,654,962	777.1%
All Other Projects	<u>353,858</u>	<u>896,954</u>	<u>543,096</u>	<u>153.5%</u>
Sub-total: Projects	\$824,163	\$5,022,220	\$4,198,057	509.4%
Total All	\$173,195,844	\$189,742,509	16,546,664	9.6%



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MSF CY 2017 Budget

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Comparative Expense Ratios

Largest Montana Carriers compared to MSF

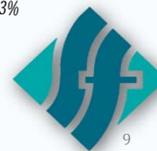
	2012	2013	2014	2015	2016	2017
Average of Largest MT Carriers*	37.3%	36.8%	36.7%	35.0%	37.10%	n/a
Montana State Fund	31.2%	34.1%	22.0%	23.2%	26.4%	30.3%

2016 A. M. Best's Aggregates & Averages (Most current available data from 2015)

Population	2015
Total US PC Industry	40.2%
Work Comp Composit	37.6%
Total US PC- State Funds	33.8%

MSF CY16 expense ratio was 26.4% -- MSF CY17 budgeted expense ratio is 30.3%

*2015 is the most current year for which data is available and amounts shown reflects the total average for MT workers compensation carriers. The highest expense ratio in this grouping was 46.4% and the lowest was -14.3%



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MSF CY 2017 Budget

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MSF CY17 Budget

Claim Benefit Payments

Indemnity	\$38,495,165
Medical	\$89,769,983
Total Claim Benefit Payments	\$128,265,148

FTE 307.00

Operational Expenditures

Personal Services	\$29,788,546
Operating Expense	25,081,069
Transfers (CSI)	379,395
Equip & Int Assets	2,608,577
ALAE	3,619,775
Total Operational Expenditures	\$61,477,361

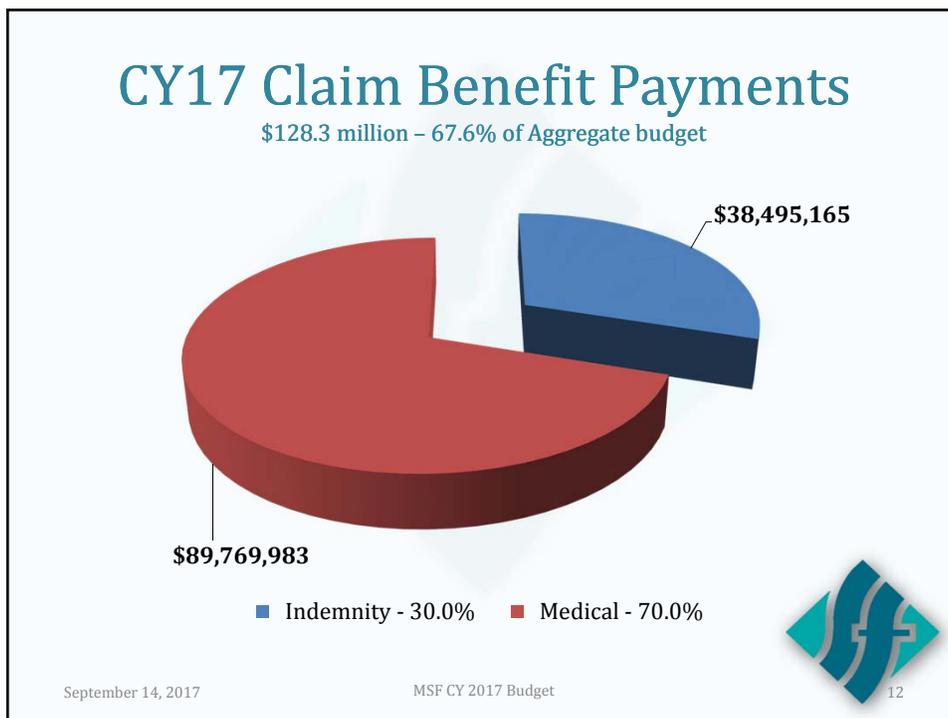
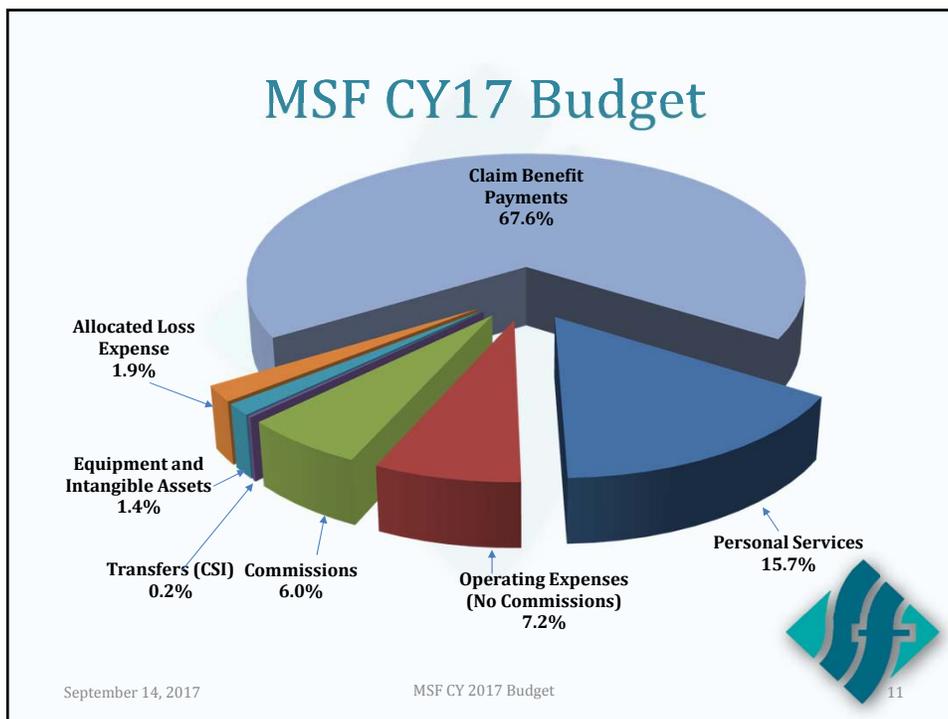
Total Budget Request \$189,742,509



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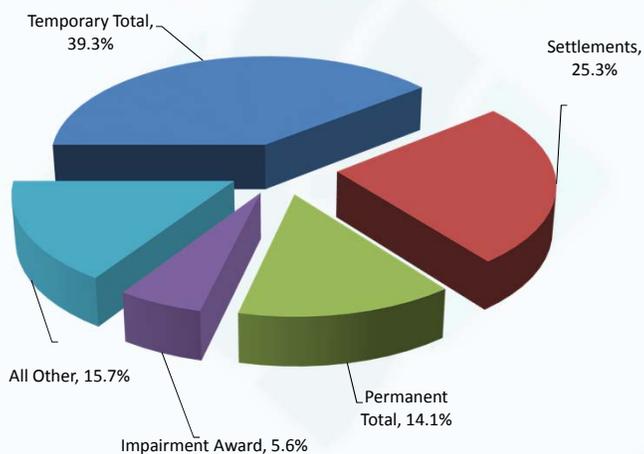
MSF CY 2017 Budget

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CY17 Indemnity Claim Payments

\$38.5 million – 20.3% of Aggregate Budget



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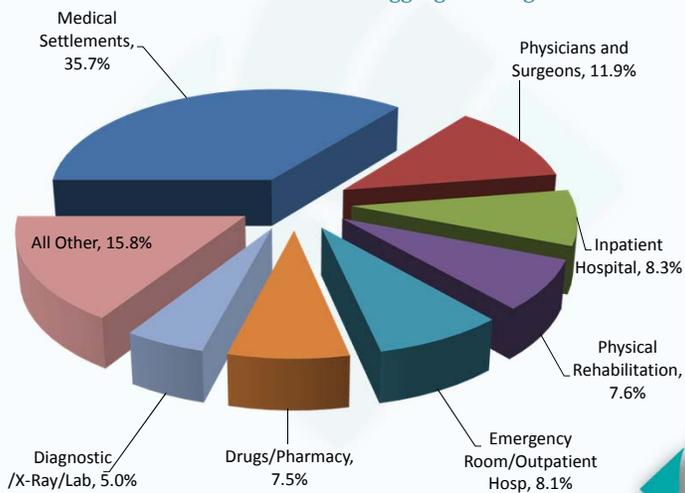
MSF CY 2017 Budget



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CY17 Medical Claim Payments

\$89.8 million – 47.3% of Aggregate Budget

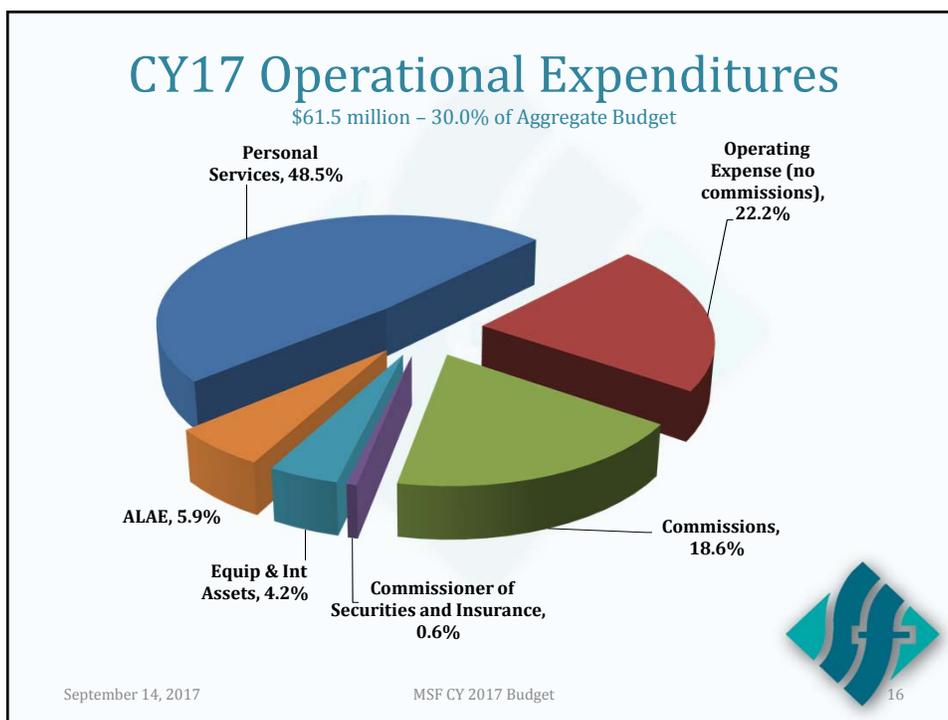
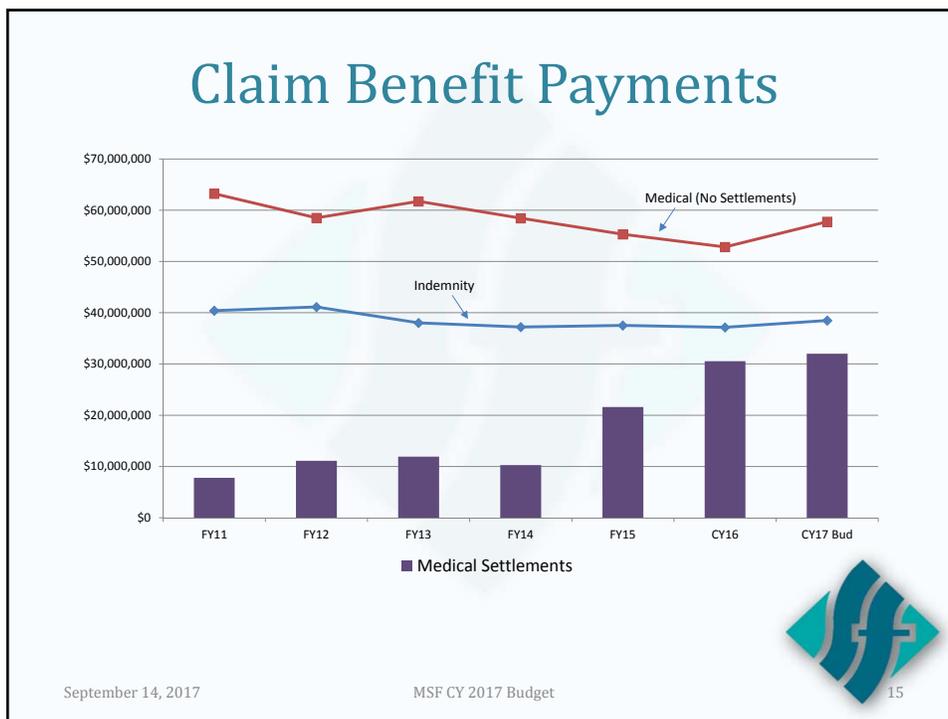


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MSF CY 2017 Budget



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Significant Operational Areas

	<u>2017 Budget</u>	<u>FTE</u>
Claim Management	\$10,113,145	91.00
Medical Management	\$4,331,851	26.00
Safety Services	\$2,490,046	15.50

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MSF CY 2017 Budget



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CY17 Projects

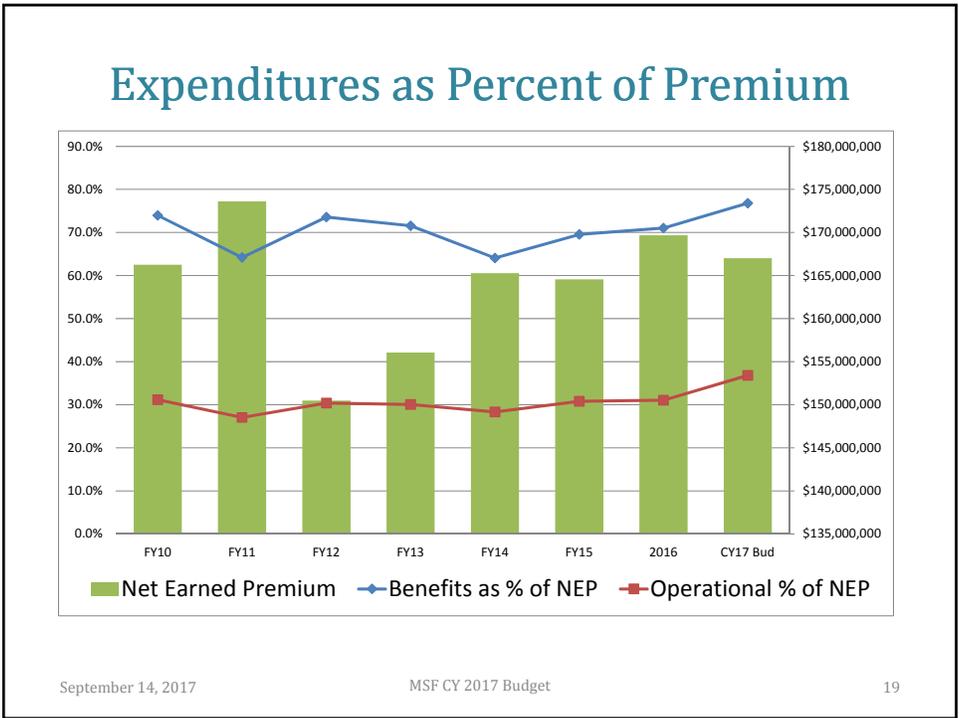
Policy Billing Replacement Initiative	\$4,125,266
Regulation: Documentation Gaps	271,737
Regulation: Examinations	177,700
Medical Billing System	178,000
Executive Development Program	\$111,060
WorkSafe Champions	\$91,957
Growing a Safer Montana	66,500
Total All 2017 Projects	<u>\$5,022,220</u>

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MSF CY 2017 Budget



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Thank You

September 14, 2017 MSF CY 2017 Budget 20