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## Correspondence Memorandum

**Date:** April 20, 2020  
**To:** Group Insurance Board  
**From:** Eileen Mallow, Director  
Office of Strategic Health Policy  
**Subject:** Mid-Year Health Plan Reserves Review

**This memo is for informational purposes only. No Board action is required.**

At its February 5, 2020 meeting, the Board requested a mid-year update of plan reserves prior to considering benefit or other policy changes for the 2021 plan year. Included with the Board materials for this meeting is a Segal presentation, summarizing the reserve position for both the state and local programs on a preliminary basis, effective December 31, 2019.

In summarizing the reserve status, Segal outlined that while the plan surplus in the state program increased more than anticipated, this was due largely to investment returns exceeding expected amounts (Slides 4 & 5). During the first quarter of 2020, however, the gains were largely erased with the broad decline in financial markets. While markets have seen a sizable rebound since the end of the first quarter, significant volatility is likely to remain. Despite efforts by national and local governments to offset the economic impacts of COVID-19, it is too soon to know what the ultimate effects will be on the reserve funds by the end of the year. At present, the state program continues to be on schedule to meet the reserve targets established at the November 2019 meeting. Local program results mirror those of the state program. Please note that this analysis is based on unaudited numbers. Audited numbers will be available for the August meeting.

ETF and Segal staff will be available at the May meeting for discussion.

Reviewed and approved by John Voelker, Deputy Secretary

Electronically Signed 5/7/20

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