



**STATE OF ALASKA**  
**GROUP HEALTH AND LIFE FUND**  
(An Internal Service Fund of the State of Alaska)

Financial Statements

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA**  
**GROUP HEALTH AND LIFE FUND**  
(An Internal Service Fund of the State of Alaska)

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KPMG LLP  
Suite 600  
701 West Eighth Avenue  
Anchorage, AK 99501

## Independent Auditors' Report

The Division of Retirement and Benefits and  
Members of the Alaska Retirement Management Board  
State of Alaska Group Health and Life Fund:

We have audited the accompanying financial statements of the State of Alaska Group Health and Life Fund (the Plan), an internal service fund of the State of Alaska, as of and for the years ended June 30, 2016 and 2015, and the related notes to financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the State of Alaska Group Health and Life Fund as of June 30, 2016 and 2015, and its changes in fiduciary net position and cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



***Other Matter***

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, on pages 3–7, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**KPMG LLP**

April 6, 2017

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Management's Discussion and Analysis (Unaudited)  
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This section presents management's discussion and analysis (MD&A) of the Group Health and Life Fund's (the Plan) financial condition and performance for the years ended June 30, 2016 and 2015. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements and notes to financial statements to better understand the financial condition and performance of the Plan during the fiscal years ended June 30, 2016 and 2015. Information for fiscal year 2014 is presented for comparative purposes.

**Financial Highlights**

The Plan's financial highlights as of June 30, 2016 were as follows:

- The Plan's net position decreased by \$8.5 million during fiscal year 2016.
- The Plan's health insurance premiums during fiscal year 2016 totaled \$118.0 million, a decrease of \$5.2 million from fiscal year 2015.
- The Plan's interest and dividend income during fiscal year 2016 were \$127,024.
- The Plan's benefit expense during fiscal year 2016 totaled \$130.9 million, an increase of \$9.4 million from fiscal year 2015.
- The Plan's administrative expense during fiscal year 2016 totaled \$5.4 million.
- The Plan required a transfer in of \$7.5 million from the General Fund.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. The Plan's financial statements comprise four components: (1) statement of fiduciary net position; (2) statement of changes in fiduciary net position; (3) statement of cash flows; and (4) notes to financial statements.

*Statement of Fiduciary Net Position* – This statement presents information regarding the Plan's assets, liabilities, and resulting net position. This statement reflects the Plan's cash and cash equivalents, receivables, and other assets less liabilities at June 30, 2016 and 2015.

*Statement of Changes in Fiduciary Net Position* – This statement presents how the Plan's net position changed during the fiscal years ended June 30, 2016 and 2015, as a result of health insurance premiums, interest and dividend income, and operating expenses.

*Statement of Cash Flows* – This statement presents cash flows from operations and investing activities. The Plan presents its cash flows statement using the direct method for reporting cash received and disbursed during the fiscal year.

The above statements represent resources available for investment and payment of benefits as of June 30, 2016 and 2015, and the sources and uses of those funds during fiscal years 2016 and 2015.

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*Notes to Financial Statements* – The notes to financial statements are an integral part of the financial statements and provide additional detailed information and schedules that are essential to a full understanding of the Plan's financial statements.

**Condensed Financial Information**

Description	Fiduciary net position				
	2016	2015	Position increase (decrease)		2014
			Amount	Percentage	
Assets:					
Cash and cash equivalents	\$ 15,095,401	30,808,700	(15,713,299)	(51.0)%	\$ 34,337,324
Due from State of Alaska General Fund	7,491,389	2,182,137	5,309,252	243.3	—
Other receivable	—	—	—	—	263
Other assets	931,064	931,064	—	—	1,606,871
Total assets	<u>23,517,854</u>	<u>33,921,901</u>	<u>(10,404,047)</u>	<u>(30.7)</u>	<u>35,944,458</u>
Liabilities:					
Claims payable	16,831,000	16,114,684	716,316	4.4	18,023,000
Due to State of Alaska General Fund	—	2,211,537	(2,211,537)	(100.0)	859,331
Accrued expenses	479,592	842,179	(362,587)	(43.1)	430,314
Total liabilities	<u>17,310,592</u>	<u>19,168,400</u>	<u>(1,857,808)</u>	<u>(9.7)</u>	<u>19,312,645</u>
Net position	\$ <u>6,207,262</u>	<u>14,753,501</u>	<u>(8,546,239)</u>	<u>(57.9)%</u>	\$ <u>16,631,813</u>

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**Condensed Financial Information, Continued**

Description	Changes in fiduciary net position				
	2016	2015	Position increase (decrease)		2014
			Amount	Percentage	
Net position, beginning of year	\$ 14,753,501	16,631,813	(1,878,312)	(11.3)%	\$ 25,039,878
Operating revenues:					
Health insurance premiums	118,044,392	123,246,330	(5,201,938)	(4.2)	124,675,001
Other revenue	2,039,274	1,617,284	421,990	26.1	593,724
Total operating revenues	120,083,666	124,863,614	(4,779,948)	(3.8)	125,268,725
Operating expenses:					
Healthcare benefits	130,861,656	121,448,036	9,413,620	7.8	129,947,203
Administrative	5,395,273	5,464,020	(68,747)	(1.3)	3,982,679
Total operating expenses	136,256,929	126,912,056	9,344,873	7.4	133,929,882
Operating loss	(16,173,263)	(2,048,442)	(14,124,821)	689.5	(8,661,157)
Nonoperating revenues:					
Interest and dividend income	127,024	170,130	(43,106)	(25.3)	253,092
Loss before transfers in	(16,046,239)	(1,878,312)	(14,167,927)	754.3	253,092
State of Alaska transfer in	7,500,000	—	7,500,000	100.0	—
Change in net position	(8,546,239)	(1,878,312)	(6,667,927)	355.0	(8,408,065)
Net position, end of year	\$ 6,207,262	14,753,501	(8,546,239)	(57.9)%	\$ 16,631,813

**Financial Analysis of the Plan**

The statements of fiduciary net position as of June 30, 2016 and 2015 show total assets exceeding total liabilities by \$6,207,262 and \$14,753,501, respectively. These amounts represent the total plan net position held in trust for healthcare benefits on each of those dates. The entire amount is available to cover the Plan's obligation to pay healthcare benefits for its members and their beneficiaries.

These amounts also represent a decrease in net position of \$8,546,239 or 57.9%, and \$1,878,312 or 11.3% from fiscal years 2015 and 2014, respectively. Over the long term, healthcare insurance premiums collected and investment income earned are expected to cover all costs of the plan. The Plan experienced higher utilization of the health plan, and also experienced much higher claim costs on a small group of eligible members and received a transfer of \$7.5 million from the general fund. While the Division of Retirement and Benefits (Division) works to maintain a level premium and use of network medical providers to contain costs, medical conditions exist within the membership that are currently driving costs higher than anticipated. The Division continues to work with the Plan's actuaries and administration to monitor and adjust premiums as needed to help offset these increases. The

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Division expects that there will continue to be increases in future healthcare costs. The Plan must continue to accumulate assets to meet current and future claim costs.

**Insurance Premium Calculations**

The overall objective of the Plan is to have sufficient funds to meet claim costs. The insurance premiums are recommended each year by the Division's benefit consultant with the governing body's concurrence and the administrator's approval. Insurance premiums are based on the Plan's benefit year. The benefit consultant reviews the historical claims experience and administrative costs and uses that data to estimate trends to recommend premiums for the next benefit year.

**Healthcare Insurance Premiums and Investment Income**

The revenues required to fund healthcare benefits are accumulated through a combination of employer health insurance premiums, member health insurance premiums, other income, and net investment income.

	<b>Revenues</b>				
	<b>2016</b>	<b>2015</b>	<b>Increase (decrease)</b>		<b>2014</b>
			<b>Amount</b>	<b>Percentage</b>	
Health insurance premiums	\$ 118,044,392	123,246,330	(5,201,938)	(4.2)%	\$ 124,675,001
Other revenue	2,039,274	1,617,284	421,990	26.1	593,724
Interest and dividend income	127,024	170,130	(43,106)	(25.3)	253,092
Total	<u>\$ 120,210,690</u>	<u>125,033,744</u>	<u>(4,823,054)</u>	<u>(3.9)%</u>	<u>\$ 125,521,817</u>

Healthcare insurance premiums benefit credit paid by the State of Alaska were \$1,346 per month per person in fiscal year 2016 and the second half of fiscal year 2015. Insurance premiums were \$1,371 for the first half of fiscal year 2015 and all of fiscal year 2014. Changes to health insurance premiums are the result of actual and anticipated changes in healthcare costs related to covered benefits. Premiums are based on historical and anticipated experience. During fiscal year 2016, there was a decrease of 315 members from fiscal year 2015, which resulted in the decrease in premiums collected.

Interest and dividend income decreased by \$43,106 or 25.3% from amounts recorded in fiscal year 2015, and \$82,962 or 32.8% from amounts recorded in fiscal year 2014. The Plan is invested in the General Fund and Other Nonsegregated Investments (GeFONSI). The GeFONSI is an investment pool managed by the State of Alaska Treasury Division in the Department of Revenue. For fiscal years 2016 and 2015, the GeFONSI investments generated 0.82% and 0.45% rates of return, respectively. The GeFONSI annualized rate of return was 0.61% over the last three years and 1.39% over the last five years. The invested balance decreased by \$15,713,299 and \$3,528,624 in fiscal years 2016 and 2015, respectively.

**Benefits and Expenses**

The primary expense of the Plan is the payment of healthcare benefits. These cost of benefits and administering the Plan comprise the cost of operations.



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	<b>Expenses</b>				
	<b>2016</b>	<b>2015</b>	<b>Increase (decrease)</b>		<b>2014</b>
			<b>Amount</b>	<b>Percentage</b>	
Healthcare benefits	\$ 130,861,656	121,448,036	9,413,620	7.8%	\$ 129,947,203
Administrative	5,395,273	5,464,020	(68,747)	(1.3)	3,982,679
Total	<u>\$ 136,256,929</u>	<u>126,912,056</u>	<u>9,344,873</u>	<u>7.4%</u>	<u>\$ 133,929,882</u>

Benefit expenses increased by \$9,413,620 or 7.8% from fiscal year 2015 and decreased by \$8,499,167 or 6.5% from fiscal year 2014. Fiscal year 2016 saw a decrease in covered members and an increase in healthcare costs. Fiscal year 2015 saw a decrease in covered members and healthcare costs. The Plan contracted with two new third-party administrators (TPAs) in January 2014, both of whom use networks to help reduce healthcare benefit costs. As previously noted, the Plan is experiencing higher utilization, as well as high cost claims on a small portion of membership, which has led to the increase in healthcare costs.

Administrative expenses decreased by \$68,747 or 1.3% from fiscal year 2015, and increased by \$1,481,341 or 37.2% from fiscal year 2014. In fiscal year 2015, the Plan was required to pay \$924,000 as part of the Patient Protection and Affordable Care Act (PPACA) as the Plan is a covered entity engaged in the business of providing health insurance. Additionally, TPA costs increased over fiscal year 2015 as the Plan now pays multiple TPAs, where in prior years, there was payment only to one TPA. Costs are incurred on the number of claims processed, which there was an increase, and the Plan also encountered higher utilization and has been experiencing high cost claims on a small group of several members.

**Economic Conditions, Market Environment, and Results**

Net investment rate of return remains below the five-year average, ending the year at 59.0% of the five-year rate of return of 1.39%. Short-term fixed income rates of returns are expected to remain low during fiscal year 2017.

Due to the increased utilization of the health plan, as well as high costs related to a small portion of membership, the Plan saw a drop in available balance for payment of health costs. The Division requested and received an appropriation of \$7.5 million to assist in the cash flow and increase the net position of the Plan. The Division continues to work on ways to reduce costs going forward as well as increase premiums moderately to counteract the drawdown of funds.

**Requests for Information**

This financial report is designed to provide a general overview of the Plan's financial condition for those with interest in the Plan's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

State of Alaska Group Health and Life Fund  
Division of Retirement and Benefits, Finance Section  
P.O. Box 110203  
Juneau, Alaska 99811-02

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Statements of Fiduciary Net Position

June 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
Assets:		
Cash and cash equivalents (notes 2 and 3):		
Investment in State of Alaska General Fund and Other		
Nonsegregated Investments Pool	\$ 15,095,401	30,808,700
Due from State of Alaska General Fund	7,491,389	2,182,137
Other assets	931,064	931,064
Total assets	23,517,854	33,921,901
Liabilities:		
Claims payable (note 4)	16,831,000	16,114,684
Due to State of Alaska General Fund (note 4)	—	2,211,537
Accrued expenses	479,592	842,179
Total liabilities	17,310,592	19,168,400
Unrestricted net position	\$ 6,207,262	14,753,501

See accompanying notes to financial statements.

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Statements of Changes in Fiduciary Net Position  
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Employer health insurance premiums	\$ 102,108,434	106,977,672
Member health insurance premiums	15,935,958	16,268,658
Other revenue	2,039,274	1,617,284
	<u>120,083,666</u>	<u>124,863,614</u>
Operating expenses:		
Healthcare benefits (note 4)	130,861,656	121,448,036
Administrative	5,395,273	5,464,020
	<u>136,256,929</u>	<u>126,912,056</u>
Total operating expenses		
Operating loss	<u>(16,173,263)</u>	<u>(2,048,442)</u>
Nonoperating revenues:		
Interest and dividend income	127,024	170,130
Loss before transfers in	<u>(16,046,239)</u>	<u>(1,878,312)</u>
Transfers in	7,500,000	—
Change in unrestricted net position	<u>(8,546,239)</u>	<u>(1,878,312)</u>
Total unrestricted net position, beginning of year	<u>14,753,501</u>	<u>16,631,813</u>
Total unrestricted net position, end of year	<u>\$ 6,207,262</u>	<u>14,753,501</u>

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
Cash flows from operating activities:		
Cash received for premiums from the State of Alaska	\$ 118,044,392	123,246,330
Cash received from third-party administrator	2,039,274	1,617,547
Cash payments for benefits to third-party administrator	(132,356,877)	(122,004,146)
Cash payments to employees	(131,664)	(131,846)
Cash payments to suppliers	(3,435,448)	(6,426,639)
Net cash used in operating activities	(15,840,323)	(3,698,754)
Cash flows from investing activity:		
Interest and dividend income received	127,024	170,130
Net decrease in cash and cash equivalents	(15,713,299)	(3,528,624)
Cash and cash equivalents, beginning of year	30,808,700	34,337,324
Cash and cash equivalents, end of year	\$ 15,095,401	30,808,700
 Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (16,173,263)	(2,048,442)
Adjustments to reconcile operating loss to net cash used in operating activities:		
(Increase) decrease in assets:		
Due from State of Alaska General Fund	2,190,748	(2,182,137)
Other receivables	—	263
Other assets	—	675,807
Increase (decrease) in liabilities:		
Claims payable	716,316	(1,908,316)
Due to State of Alaska General Fund	(2,211,537)	1,352,206
Accrued expenses	(362,587)	411,865
Net cash used in operating activities	\$ (15,840,323)	(3,698,754)
 Non-cash financing activities:		
Transfers in	\$ 7,500,000	—

See accompanying notes to financial statements.

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**(1) Description**

The following brief description of the State of Alaska Group Health and Life Fund (the Plan), an Internal Service Fund of the State of Alaska (the State), is provided for general information purposes only. Participants should refer to the Select Benefits Information Booklet for more complete information.

***General***

The Plan was established on July 1, 1997, to provide self-insured healthcare benefits to eligible employees of the State. The Plan is an internal service fund of the State financial reporting entity and is included as such in the State's Comprehensive Annual Financial Report (CAFR). As of June 30, 2016 and 2015, there were 6,271 and 6,586 employees, respectively, excluding dependents, covered by the Plan.

Prior to July 1, 1997, healthcare benefits for state employees were fully insured through the payment of premiums to an insurance company.

***Benefits***

The Plan offers medical, dental, vision, and audio benefits to eligible state employees and their dependents.

***Eligibility***

The Plan does not provide benefits to members of the following collective bargaining units, who chose to receive health coverage through a union trust:

- Labor, Trades, and Crafts Unit
- Public Safety Airport Security Unit
- Public Safety Troopers Unit
- Masters, Mates, and Pilots
- General Government Unit

All other permanent and long-term nonpermanent employees of the State are covered by the Plan, including permanent and long-term nonpermanent seasonal and part-time employees who elect coverage.

The Plan also provides coverage for state legislators and elected officials.

***Flexible Benefits***

Employees who are not covered through a union trust are eligible for flexible healthcare benefits. Under this program, employees are provided benefit credits by the State. Employees can use the benefit credits to purchase the benefits they want. Benefit credits equal the amount that the State contributes towards health benefits for all employees. The amount of benefit credits each employee receives is decided by the legislature and/or the appropriate collective bargaining agreement and can be adjusted each year. Each of the available options offers different benefits or pays benefits at different rates. If the cost of the benefit option selected by an employee exceeds the amount of their benefit credits, the difference is funded by the employee through

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pretax payroll deductions. If the cost of the benefit options selected by an employee is less than the amount of their benefit credits, the remaining benefit credits are contributed to a healthcare reimbursement account for that employee.

**(2) Summary of Significant Accounting Policies**

***Basis of Accounting***

The Plan's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Insurance premiums are recognized as revenue in the period in which they are due. Benefits are recognized when due and payable.

***Financial Statement Presentation***

The Plan distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Plan's principal ongoing operations. The principal operating revenues of the Plan are employer and member contributions. Operating expenses for the Plan include benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

***Investments***

The Plan participates in the State General Fund and Other Nonsegregated Investments (GeFONSI) pool. GeFONSI invests in fixed income securities that are valued each business day using an independent pricing service. Money market funds are valued at amortized cost, which approximates fair value.

GeFONSI investment income is distributed to pool participants if prescribed by statute or if appropriated by state legislature.

***Statements of Cash Flows***

For purposes of reporting cash flows, cash and cash equivalents include the Plan's investment in the GeFONSI at June 30, 2016 and 2015. This investment pool has the general characteristics of a demand deposit account.

***Administration***

The Plan is administered by the State's Division of Retirement and Benefits (the Division). The Division utilizes the services of claims administrators, Aetna, Moda Health, HealthSmart Benefit Solutions (HealthSmart), and PayFlex to process all medical, dental, and prescription drug claims. Some of the managed-care vision benefits provided by the Plan are administered by Vision Service Plan (VSP).

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***Funding***

The Plan is self-insured for all benefits. The Plan's funding policy provides for the collection of insurance premiums from employees, if applicable, and the State. Insurance premium amounts are actuarially determined on an annual basis and adjusted as necessary. The State retains the risk of loss of allowable claims.

***Due from (to) State of Alaska General Fund***

Amounts due from (to) the State of Alaska General Fund represent the amounts paid by the Plan on behalf of others and amounts paid by others on behalf of the Plan.

***Federal Income Tax Status***

The Plan is an internal service fund of the State financial reporting entity and is included as such in the State's comprehensive annual financial report. The Plan is not subject to federal income tax by virtue of the Plan's status as a governmental entity.

**(3) Investments**

The Department of Revenue, Treasury Division (Treasury) has created a pooled environment by which it manages the investments for which the Commissioner has fiduciary responsibility for. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The fund invests in the State's internally managed GeFONSI pool. The GeFONSI consists of investments in the State's internally managed Short-term Fixed Income Pool, Short-term Liquidity Fixed Income Pool, and the Intermediate-term Fixed Income Pool. The complete financial activity of the funds is shown in the State of Alaska CAFR available from the Department of Administration, Division of Finance.

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service.

The accrual basis of accounting is used for investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by the state legislature. Income in the Short-term, Short-term Liquidity, and Intermediate-term fixed income pools is allocated to pool participants daily on a pro rata basis.

At June 30, 2016, the Plan's share of pool investments was as follows:

GeFONSI balance	\$ <u>15,095,401</u>
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For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk, see the separately issued report on the Invested Assets of the Commissioner of Revenue at <http://treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx>.

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**(4) Claims Payable**

The liability for claims incurred but not reported (IBNR) represents the estimated amounts necessary to settle all outstanding claims as of the balance sheet date. The Plan's reserve estimates are based primarily on historical development patterns adjusted for current trends that would modify past experience. Claims are reevaluated periodically to consider the effects of inflation, claims settlement trends, and other economic factors. The process of establishing loss reserves is subject to uncertainties that are normal, recurring, and inherent in the healthcare business.

Changes in the balances of claims liabilities during the years ended June 30 were as follows:

	<u>2016</u>	<u>2015</u>
Beginning of year:		
Due to State of Alaska General Fund for outstanding warrants	\$ 2,211,537	859,331
Incurred but not reported	<u>16,114,684</u>	<u>18,023,000</u>
Total, beginning of year	18,326,221	18,882,331
Benefit deduction	130,861,656	121,448,036
Benefits paid	<u>(132,356,877)</u>	<u>(122,004,146)</u>
Total, end of year	<u>\$ 16,831,000</u>	<u>18,326,221</u>
End of year:		
Due to State of Alaska General Fund for outstanding warrants	\$ —	2,211,537
Incurred but not reported	<u>16,831,000</u>	<u>16,114,684</u>
Total, end of year	<u>\$ 16,831,000</u>	<u>18,326,221</u>

**(5) Transfers In**

The Plan became aware of higher utilization and higher cost claimants midway through fiscal year 2016. Analysis indicated that additional funds were necessary in order to continue paying claims, allow time for the Division to look at premium modifications, and devise ways to mitigate the higher claim costs.

In order to secure the necessary funds, the Division requested a \$7.5 million appropriation to assist the Plan. Funding was received via CCS HB 256, Section 26(d) to provide the needed cash infusion from the General Fund for payment of claims and operations. Payment was received by the Plan in July 2016.