



AGENDA

State and Public School Life and Health Insurance Board Benefits Sub-Committee

May 9, 2014

10:00 a.m.

EBD Board Room – 501 Building, Suite 500

- I. Call to OrderGwen Wiggins, Chairman*
- II. Approval of April 11, 2014 MinutesGwen Wiggins, Chairman*
- III. ASE-PSE Financials April, 2014 Marla Wallace, EBD Chief Fiscal Officer*
- IV. Wellness Exams.....Bob Alexander, EBD Executive Director*
- VI. 2015 Update..... John Colberg, Cheiron*
- VII. Director's ReportBob Alexander, EBD Executive Director*

Upcoming Meetings

June 6th

NOTE: All material for this meeting will be available by electronic means only asepse-board@dfa.arkansas.gov

***Notice: Silence your cell phones. Keep your personal conversations to a minimum.
Observe restrictions designating areas as "Members and Staff only"***

State and Public School Life and Health Insurance Board Benefits Sub-Committee Minutes April 11, 2014

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on April 11, 2014, in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Gwen Wiggins
Janis Harrison
Carla Wooley-Haugen
Becky Walker
Shelby McCook
Dr. John Kirtley
Dan Honey
Jeff Altemus

Members Absent

Bob Alexander, Executive Director, Employee Benefits Division (EBD)

Others Present

Senator David Pryor, David Keisner, UAMS; Michelle Hazelett, Marla Wallace, Doug Shackelford, Lori Eden, Stella Greene, Tammy McGill, Ethel Whittaker, Leslie Smith, Janna Keathley, Kristi Jackson, EBD; Pam Lawrence, AHH; Mark Meadors, BYSI; Takisha Sanders, Kathy Ryan, Kanita Collins, David Bridges, Ron DeBerry, Jim Bailey, ABCBS/Health Advantage; Ro Summers, ACHI; Mark Watts, ASEA; BJ Himes, Andra Kaufman, QualChoice; Ronda Walthall, Wayne Whitley, AHTD; Bob Walt, Humana; Treg Long, ACS; Mark Chambers, Compsych; Bill Clary, H & H; Alicia Hayden, CTRX; Rhonda Hill, ACHI; Peggy Nabors, AEA; Jeanie Stobaugh, AID

Call to Order

The meeting was called to order by Gwen Wiggins, Chairman

Approval of Minutes

A request was made by Wiggins to approve the minutes from March 7, 2014. Harrison made the motion to approve. Wooley-Haugen seconded. All were in favor.

Minutes approved

McCook recommended future meetings to begin at 10:00 a.m. This will assist those traveling a further distance. The committee agreed.

MEDICARE ADVANTAGE REVIEW *by John Colberg, Cheiron*

Colberg reported on Medicare Advantage Plans. A customized Group Medicare Advantage solution that has helped a large number of state health plans and retirement systems (covering state, police, fire and teachers) provides Medicare-eligible retirees/dependents/survivors with enhanced and affordable retiree medical benefits.

The current process is each claim is submitted to Medicare. Medicare pays its portions of the benefits, and then ARBenefits pays its portion of the benefits. Therefore, Medicare pays 80% and the Plan pays the remaining balance.

- ARBenefits Medicare Retiree vs. Medicare Advantage Retiree:

<u>ARBenefits Medicare</u>	<u>Medicare Advantage</u>
Provides benefits that supplement Medicare Part A and Part B <ul style="list-style-type: none">• Network based primarily on Medicare Accepting/Participating• Minimal incentives for care management	Medicare contracts with the MA Organization (MAO) to provide Part A and Part B benefits <ul style="list-style-type: none">• Use MAO provider network• Incentives for care management
<u>Claim Payment</u> <ul style="list-style-type: none">• Two Payers:<ul style="list-style-type: none">i. Medicare (Government)ii. ARBenefits• Medicare pays first; ARBenefits pays on the remaining claim amount	<u>Claim Payment</u> <ul style="list-style-type: none">• Single Payer:<ul style="list-style-type: none">✓ MAO• Medicare pays the MA Plan a premium for each member, each month<ul style="list-style-type: none">✓ MA Plan assumes the risk associated to Part A and Part B Medicare coverage

Medicare Advantage will save money if:

- Claims are under Medicare Advantage, plus
- Medicare Advantage Organization Admin/Profit, minus
- Medicare Payment to Medicare Advantage Organization

There will be higher savings if there are lower claims under Medicare Advantage, and higher payments from Medicare to Medicare Advantage Organization.

Drivers of Medicare Advantage Savings are:

- Managed Care Network
- Management Programs
 - ✓ Utilization Management
 - ✓ Disease Management
 - ✓ Wellness Programs

Medicare prescription drug alternatives are:

- Integrate with a Medicare Advantage Employer Group Waiver Program (EGWP) plan (cover Medical & Drug)
- Convert program to Part D EGWP and wraparound

The considerations are as follows:

- Political environment: rules can change at any time
- Various moving parts that change annually
- Incentive for Medicare Advantage Organization
- Whether to include prescription drugs

2015 PROJECTIONS: *by John Colberg, Cheiron*

Colberg reported on a recap of last year's decisions and 2015 projections. Reduced Gold, Silver, and Bronze benefits to limit contribution increase:

- Increase deductible for Silver and Bronze
- Increase out-of-pocket max for all plans
- Increase physician and pharmacy copays for Gold and Silver
- Medical co-pays contribute to out-of-pocket max

No change to Medicare benefits:

- Contribution increase in lieu of benefit reduction

For PSE:

- Additional \$43 million funding from the State (one time event)
- 10% increase in contribution rates for actives
- \$5 per adult surcharge built into premium to rebuild Catastrophic Reserve

For ASE:

- About 1% increase in contribution rates for actives
- Allocate \$18 million of new reserve (\$9 million for 2014, \$5.4 million for 2015, \$3.6 million for 2016)

PSE Preliminary Aggregate Projections:

No Changes	Total Mon Prem	State Contribution	School Dist Cont	2015 Total EE Cost	2014 Total EE Cost
Actives	\$278.30	\$86.6	\$79.9	\$111.7	\$77.9
Non-Medicare El. Ret	\$29.0	\$0.0	\$0.0	\$29.0	\$24.5
Medicare Eligible Ret	\$19.9	\$6.5	\$0.0	\$13.4	\$12.0
Total	\$327.2	\$93.1	\$0.0	\$154.2	\$114.3

Changes to Gold incl \$1000 deductible; remove Silver	Total Mon Prem	State Contribution	School Dist Cont	2015 Total EE Cost	2014 Total EE Cost
Actives	\$270.4	\$86.6	\$79.9	\$103.9	\$77.9
Non-Medicare El. Ret	\$27.9	\$0.0	\$0.0	\$27.9	\$24.5
Medicare Eligible Ret	\$19.8	\$6.5	\$0.0	\$13.4	\$12.0
Total	\$318.2	\$93.1	\$0.0	\$145.1	\$114.3

Above with removing NME Spouses	Total Mon Prem	State Contribution	School Dist Cont	2015 Total EE Cost	2014 Total EE Cost
Actives	\$245.0	\$86.6	\$79.9	\$78.5	\$62.9
Non-Medicare El. Ret	\$25.9	\$0.0	\$0.0	\$25.9	\$21.7
Medicare Eligible Ret	\$18.8	\$6.5	\$0.0	\$12.4	\$11.1
Total	\$289.8	\$93.1	\$0.0	\$116.7	\$95.7

ASE Preliminary Aggregate Projections:

No Changes; no use of reserves	Total Mon Prem	State Contribution	Reserve Allocation	2015 Total EE Cost	2014 Total EE Cost
Actives	\$239.0	\$149.4	\$0.0	\$89.6	\$59.3
Non-Medicare El. Ret	\$24.1	\$5.9	\$0.0	\$18.1	\$12.0
Medicare Eligible Ret	\$51.1	\$16.8	\$0.0	\$34.3	\$22.7
Total	\$314.2	\$172.1	\$0.0	\$142.1	\$94.0

Changes to Gold incl \$1000 deductible; remove Silver	Total Mon Prem	State Contribution	Reserve Allocation	2015 Total EE Cost	2014 Total EE Cost
Actives	\$225.3	\$149.4	\$0.0	\$75.9	\$59.3
Non-Medicare El. Ret	\$22.8	\$5.9	\$0.0	\$15.9	\$12.0
Medicare Eligible Ret	\$50.9	\$16.8	\$0.0	\$34.2	\$22.7
Total	\$299.0	\$172.1	\$0.0	\$126.8	\$94.0

Above with \$11.6 million reserves used	Total Mon Prem	State Contribution	Reserve Allocation	2015 Total EE Cost	2014 Total EE Cost
Actives	\$225.3	\$149.4	\$8.8	\$67.1	\$59.3
Non-Medicare El. Ret	\$22.8	\$5.9	\$0.9	\$15.9	\$12.0
Medicare Eligible Ret	\$50.9	\$16.8	\$2.0	\$32.3	\$22.7
Total	\$299.0	\$172.1	\$11.7	\$115.2	\$94.0

POSSIBLE CHANGES TO THE SCHEDULE OF BENEFITS: *by Bob Alexander, EBD Executive Director*

Alexander reported the legislators passed a law that the Gold Plan must have a deductible in 2015. Alexander requested Cheiron add a \$1000 deductible to the Gold Plan.

DIRECTOR'S REPORT: *by Bob Alexander, EBD Executive Director*

Alexander reported on updates from the taskforce. The taskforce will meet next week. However, EBD will not submit recommendations until the April 30th meeting.

Wiggins reminded the committee that the new meeting time is 10:00 a.m. Honey motioned to adjourn. Wooley-Haugen seconded. All were in favor.

Meeting adjourned

Arkansas State Employees (ASE) Financials - January 1, 2013 through April 30, 2013				
	Gold	Silver	Bronze	Total
Actives	45,787	2,124	3,453	51,364
Retirees	3,328	34	74	3,436
Medicare	10,270			10,270
Total	59,385	2,158	3,527	65,070
Revenues & Expenditures				
	Current Month		Year to Date (4 months)	
Funding				
State Contribution	\$	13,543,942	\$	54,162,454
Employee Contribution	\$	7,228,400	\$	28,913,189
Other	\$	337,483	\$	989,515
Allocation for Active/Retiree Plan Year 2013	\$	2,236,667	\$	8,946,667
Total Funding	\$	23,346,492	\$	93,011,825
Expenses				
Medical Expenses				
Claims Expense	\$	15,091,224	\$	64,098,930
Claims IBNR	\$	-	\$	-
Medical Admin Fees	\$	1,076,850	\$	4,315,410
Refunds	\$	20,842	\$	50,590
Employee Assistance Program (EAP)	\$	56,535	\$	225,959
Life Insurance	\$	54,949	\$	219,604
Pharmacy Expenses				
RX Claims	\$	6,435,661	\$	28,505,894
RX IBNR	\$	-	\$	-
RX Admin	\$	247,683	\$	840,036
Plan Administration	\$	309,955	\$	1,168,209
Total Expenses	\$	23,293,700	\$	99,424,633
Net Income/(Loss)	\$	52,793	\$	(6,412,808)
Balance Sheet				
Assets				
Bank Account			\$	9,102,357
State Treasury			\$	80,485,656
Due from Cafeteria Plan			\$	613,980
Due from PSE			\$	-
Receivable from Provider			\$	151,089
Accounts Receivable			\$	625,713
Total Assets			\$	90,978,794
Liabilities				
Accounts Payable			\$	7,460
Deferred Revenues			\$	88,025
Due to Cafeteria			\$	375
Due to PSE			\$	-
Health IBNR			\$	21,100,000
RX IBNR			\$	3,200,000
Total Liabilities			\$	24,395,860
Net Assets			\$	66,582,934
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13 (\$11,190,000 + \$15,650,000)			\$	(17,893,333)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14 (\$7,460,000 + \$9,390,000)			\$	(16,850,000)
Active/Retiree Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000)			\$	(6,260,000)
Catastrophic Reserve			\$	(10,000,000)
Net Assets Available			\$	15,579,601

Arkansas State Employees (ASE) Financials - January 1, 2014 through April 30, 2014								
	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents
Actives	24206	44403	1548	2874	2336	4536	28090	51813
Retirees	2469	3436	23	35	57	104	2549	3575
Medicare	8172	10835					8172	10835
TOTAL	34847	58674	1571	2909	2393	4640	38811	66223

REVENUES & EXPENDITURES		
	Current Month	Year to Date (4 months)
Funding		
State Contribution	\$ 14,318,976	\$ 57,272,176
Employee Contribution	\$ 7,617,351	\$ 30,525,985
Other	\$ 465,551	\$ 2,453,013
Allocation for Actives - Plan Year 2014	\$ 2,154,167	\$ 8,616,667
Total Funding	\$ 24,556,045	\$ 98,867,841
Expenses		
Medical Expenses		
Claims Expense	\$ 13,613,411	\$ 57,551,445
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,102,005	\$ 4,412,909
Refunds	\$ 2,641	\$ 45,013
Employee Assistance Program (EAP)	\$ 56,218	\$ 224,929
Life Insurance	\$ 54,745	\$ 218,882
Pharmacy Expenses		
RX Claims	\$ 5,132,753	\$ 21,716,907
RX IBNR	\$ -	\$ -
RX Administration	\$ 253,602	\$ 1,016,758
Plan Administration	\$ 377,027	\$ 1,427,578
Total Expenses	\$ 20,592,402	\$ 86,614,421
Net Income/(Loss)	\$ 3,963,642	\$ 12,253,420
BALANCE SHEET		
Assets		
Bank Account		\$ 10,686,808
State Treasury		\$ 71,506,004
Due from Cafeteria Plan		\$ 668,305
Due from PSE		\$ -
Receivable from Provider		\$ -
Accounts Receivable		\$ 400,693
Total Assets		\$ 83,261,810
Liabilities		
Accounts Payable		\$ 2,520
Deferred Revenues		\$ 3,690
Due to Cafeteria		\$ 601
Due to PSE		\$ 283
Health IBNR		\$ 23,200,000
RX IBNR		\$ 2,400,000
Total Liabilities		\$ 25,607,094
Net Assets		\$ 57,654,716
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14 (\$7,460,000 + \$9,390,000 + \$9,000,000)		\$ (17,233,333)
Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000 + \$5,400,000)		\$ (11,660,000)
Premiums for Plan Year 1/1/16 - 12/31/16 (\$3,600,000)		\$ (3,600,000)
Catastrophic Reserve		\$ (10,600,000)
Net Assets Available		\$ 14,561,382

Public School Employees (PSE) Financials - January 1, 2013 through April 30, 2013				
	Gold	Silver	Bronze	Total
Actives	37,490	7,654	26,368	71,512
Retirees	2,480	39	914	3,433
Medicare	8,483			8,483
Total	48,453	7,693	27,282	83,428
Revenues & Expenditures				
Funding	Current Month		Year to Date (4 months)	
District Contribution	\$	8,159,576	\$	32,705,464
Employee Contribution	\$	10,980,904	\$	44,273,603
Dept of Ed \$35,000,000 & \$15,000,000	\$	6,931,818	\$	20,227,273
Other	\$	421,732	\$	530,318
Allocation for Active/Retiree Premiums for Plan Year 2013	\$	750,000	\$	3,000,000
Total Funding	\$	27,244,029	\$	100,736,657
Expenses				
Medical Expenses:				
Claims Expense	\$	16,442,275	\$	71,900,375
Claims IBNR	\$	-	\$	-
Medical Admin Fees	\$	1,570,433	\$	6,356,898
Refunds	\$	13,912	\$	66,479
Employee Assistance Program (EAP)	\$	81,680	\$	327,894
Pharmacy Expenses:				
RX Claims	\$	4,640,017	\$	22,078,739
RX IBNR	\$	-	\$	-
RX Admin	\$	324,555	\$	1,096,828
Plan Administration	\$	349,115	\$	1,524,999
Total Expenses	\$	23,421,988	\$	103,352,212
Net Income/(Loss)	\$	3,822,042	\$	(2,615,555)
Balance Sheet				
Assets				
Bank Account			\$	18,585,081
State Treasury			\$	20,074,030
Receivable from Provider			\$	208,608
Accounts Receivable			\$	3,935,248
Due from ASE				
Total Assets			\$	42,802,968
Liabilities				
Accounts Payable			\$	86
Due to ASE			\$	-
Deferred Revenues			\$	1,782,827
Health IBNR			\$	24,700,000
RX IBNR			\$	2,600,000
Total Liabilities			\$	29,082,913
Net Assets			\$	13,720,055
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13 (\$9,000,000)			\$	(6,000,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14 (\$3,600,000)			\$	-
Catastrophic Reserve (2013 - \$11,100,000)			\$	(7,720,055)
Net Assets Available			\$	0

Public School Employees (PSE) Financials - January 1, 2014 through April 30, 2014								
	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents
Actives	18436	22383	5016	7848	23190	42034	46642	72265
Retirees	1837	2135	96	99	1196	1488	3129	3722
Medicare	8928	9782					8928	9782
TOTAL	29201	34300	5112	7947	24386	43522	58699	85769

REVENUES & EXPENDITURES		
	Current Month	Year to Date (4 months)
Funding		
Per Participating Employee Funding (PPE Funding)	\$ 8,474,803	\$ 33,951,179
Employee Contribution	\$ 10,086,419	\$ 40,680,143
Department of Education \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 20,227,273
Other	\$ 28,777	\$ 604,003
Allocation for Actives - Plan Year 2014	\$ 3,583,333	\$ 14,333,333
Total Funding	\$ 29,105,151	\$ 109,795,931
Expenses		
Medical Expenses		
Claims Expense	\$ 14,233,933	\$ 63,368,410
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,594,804	\$ 6,398,713
Refunds	\$ 16,301	\$ 67,605
Employee Assistance Program (EAP)	\$ 80,687	\$ 323,638
Pharmacy Expenses		
RX Claims	\$ 3,408,822	\$ 15,100,300
RX IBNR	\$ -	\$ -
RX Administration	\$ 332,478	\$ 1,332,900
Plan Administration	\$ 291,892	\$ 1,268,514
Total Expenses	\$ 19,958,918	\$ 87,860,081
Net Income/(Loss)	\$ 9,146,233	\$ 21,935,850
BALANCE SHEET		
Assets		
Bank Account		\$ 25,451,550
State Treasury		\$ 49,133,755
Receivable from Provider		\$ -
Accounts Receivable		\$ 3,350,075
Due from ASE		\$ 283
Total Assets		\$ 77,935,663
Liabilities		
Accounts Payable		\$ 642
Due to ASE		\$ -
Deferred Revenues		\$ -
Health IBNR		\$ 28,000,000
RX IBNR		\$ 1,800,000
Total Liabilities		\$ 29,800,642
Net Assets		\$ 48,135,021
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14 (\$43,000,000)		\$ (28,666,667)
Catastrophic Reserve (2014 - \$11,100,000)		\$ (11,100,000)
Net Assets Available		\$ 8,368,354

Arkansas State Employees & Public School Employees Health Benefits Program

Preliminary Projections for CY 2015 Rates

Benefits Committee

May 9, 2014

John Colberg, FSA, MAAA

Gaelle Gravot, FSA, MAAA



Preliminary Aggregate Projections: ASE

	Total Monthly Premium	State Contribution	Reserve Allocation	2015 Total EE Cost	2014 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
No changes								
Actives	\$234.6	\$145.2	\$11.6	\$77.8	\$59.3	\$18.6	31%	27,968
Non-Medicare Eligible Retirees	\$23.6	\$7.7	\$0.1	\$15.8	\$12.0	\$3.8	31%	2,928
Medicare Eligible Retirees	\$49.1	\$19.2	\$0.0	\$29.9	\$22.7	\$7.1	31%	8,691
Total	\$307.3	\$172.2	\$11.7	\$123.5	\$94.0	\$29.5	31%	39,587

Changes to Gold incl \$750 deductible; remove Silver

Actives	\$225.9	\$142.8	\$11.3	\$71.8	\$59.3	\$12.5	21%	27,968
Non-Medicare Eligible Retirees	\$22.8	\$7.9	\$0.4	\$14.6	\$12.0	\$2.5	21%	2,928
Medicare Eligible Retirees	\$49.0	\$21.5	\$0.0	\$27.5	\$22.7	\$4.8	21%	8,691
Total	\$297.7	\$172.2	\$11.7	\$113.9	\$94.0	\$19.8	21%	39,587

Changes to Gold incl \$1,000 deductible; remove Silver

Actives	\$222.1	\$141.9	\$11.1	\$69.1	\$59.3	\$9.8	17%	27,968
Non-Medicare Eligible Retirees	\$22.4	\$7.8	\$0.6	\$14.0	\$12.0	\$2.0	17%	2,928
Medicare Eligible Retirees	\$48.9	\$22.4	\$0.0	\$26.5	\$22.7	\$3.8	17%	8,691
Total	\$293.4	\$172.2	\$11.6	\$109.6	\$94.0	\$15.6	17%	39,587

Dollars are shown in Millions.

Note: The figures presented are preliminary and subject to change.



Preliminary Aggregate Projections: PSE

	Total Monthly Premium	Direct State Contribution (subsidy for ME)	School District Contrib.	2015 Total EE Cost	2014 Total EE Cost	Change in Premiums (\$/%)	Assumed Enrollment
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No changes

Actives	\$284.7	\$86.6	\$82.3	\$115.8	\$104.7	\$11.1	11%	44,814
Non-Medicare Eligible Retirees	\$25.8	\$0.0	\$0.0	\$25.8	\$24.5	\$1.2	5%	3,829
Medicare Eligible Retirees	\$19.8	\$6.5	\$0.0	\$13.2	\$12.0	\$1.3	11%	9,481
Total	\$330.2	\$93.1	\$82.3	\$154.8	\$141.2	\$13.6	10%	58,124

Changes to Gold incl \$750 deductible; remove Silver

Actives	\$276.1	\$86.6	\$82.3	\$107.2	\$104.7	\$2.6	2%	44,814
Non-Medicare Eligible Retirees	\$25.0	\$0.0	\$0.0	\$25.0	\$24.5	\$0.5	2%	3,829
Medicare Eligible Retirees	\$19.8	\$6.5	\$0.0	\$13.2	\$12.0	\$1.2	10%	9,481
Total	\$320.9	\$93.1	\$82.3	\$145.5	\$141.2	\$4.3	3%	58,124

Changes to Gold incl \$1,000 deductible; remove Silver

Actives	\$274.1	\$86.6	\$82.3	\$105.2	\$104.7	\$0.6	1%	44,814
Non-Medicare Eligible Retirees	\$24.8	\$0.0	\$0.0	\$24.8	\$24.5	\$0.3	1%	3,829
Medicare Eligible Retirees	\$19.7	\$6.5	\$0.0	\$13.2	\$12.0	\$1.2	10%	9,481
Total	\$318.7	\$93.1	\$82.3	\$143.3	\$141.2	\$2.1	1%	58,124

Changes to Gold incl \$1,000 deductible; remove Silver, Exclude Part Timers

Actives	\$257.6	\$86.6	\$74.9	\$96.1	\$96.0	\$0.1	0%	40,813
Non-Medicare Eligible Retirees	\$24.5	\$0.0	\$0.0	\$24.5	\$24.5	\$0.0	0%	3,828
Medicare Eligible Retirees	\$19.6	\$6.0	\$0.0	\$13.6	\$11.9	\$1.7	14%	9,478
Total	\$301.8	\$92.6	\$74.9	\$134.3	\$132.4	\$1.8	1%	54,119

Dollars are shown in Millions.

Note: The figures presented are preliminary and subject to change.



Illustrative Rates: Past Practice

Actives	Total Monthly Premium	Direct State Contribution	School District Contrib.	2015 Total EE Cost	2014 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold					2014 Silver			
Employee Only	\$564.26	\$225.98	\$153.00	\$185.28	\$173.32	\$11.96	7%	18,068
Employee & Spouse	1,460.66	468.12	153.00	839.54	785.24	54.30	7%	618
Employee & Child(ren)	1,100.44	472.20	153.00	475.24	444.52	30.72	7%	2,019
Family	1,996.84	1,002.06	153.00	841.78	787.36	54.42	7%	571
Est. Monthly Total (\$mil)	\$14.5	\$5.9	\$3.3	\$5.3	\$5.0	\$0.3	7%	21,276
Silver								
Employee Only	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Employee & Spouse	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Employee & Child(ren)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Family	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Est. Monthly Total (\$mil)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Bronze					2014 Bronze			
Employee Only	\$246.78	\$33.78	\$153.00	\$60.00	\$11.00	\$49.00	445%	12,244
Employee & Spouse	549.82	18.08	153.00	378.74	266.72	112.02	42%	996
Employee & Child(ren)	428.04	105.84	153.00	169.20	119.16	50.04	42%	3,836
Family	731.06	195.36	153.00	382.70	269.50	113.20	42%	2,461
Est. Monthly Total (\$mil)	\$7.0	\$1.3	\$3.0	\$2.7	\$1.5	\$1.2	78%	19,537
Total (Monthly) (\$ mil)	\$21.5	\$7.2	\$6.2	\$8.0	\$6.5	\$1.5	24%	40,813
Est Annual Total (\$ mil)	\$257.6	\$86.6	\$74.9	\$96.1	\$77.8/97.6*	\$18.3/-1.5*	24%/-2%*	

**The first figure represents (comparison to) 2014 Total EE cost if using 2014 Silver premiums for Gold & Silver; the second figure reflects actual premiums for all three 2014 options.*

Includes assumption of 4,000 part-time employees excluded. Gold has \$1000 deductible with removal of select copays. Also reflects reference pricing changes already implemented. Assumes 500 employees move from Bronze Family to Employee & Spouse and 250 Employee & Spouse migrate to Gold from Bronze.

Rates showing are for spouses without other insurance coverage available. A spousal surcharge may be levied on spouses with other coverage available.

Note: The figures presented are preliminary and subject to change.



Illustrative Rates: Best Practice Approach 1

Actives	Risk Adjusted Premiums	Direct State Contribution	School District Contrib.	2015 Total EE Cost	2014 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold					2014 Silver			
Employee Only	\$430.26	\$141.20	\$153.00	\$136.07	\$173.32	(\$37.25)	-21%	18,068
Employee & Spouse	1,006.02	200.25	153.00	652.77	785.24	(132.47)	-17%	618
Employee & Child(ren)	774.65	273.65	153.00	347.99	444.52	(96.53)	-22%	2,019
Family	1,350.38	332.68	153.00	864.70	787.36	77.34	10%	571
Est. Monthly Total (\$mil)	\$10.7	\$3.4	\$3.3	\$4.1	\$5.0	(\$0.9)	-18%	21,276
Silver								
Employee Only	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Employee & Spouse	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Employee & Child(ren)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Family	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Est. Monthly Total (\$mil)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Bronze					2014 Bronze			
Employee Only	\$367.75	\$141.20	\$153.00	\$73.55	\$11.00	\$62.55	569%	12,244
Employee & Spouse	859.85	200.25	153.00	506.60	266.72	239.88	90%	996
Employee & Child(ren)	662.09	273.65	153.00	235.44	119.16	116.28	98%	3,836
Family	1,154.17	332.68	153.00	668.49	269.50	398.99	148%	2,461
Est. Monthly Total (\$mil)	\$10.7	\$3.8	\$3.0	\$4.0	\$1.5	\$2.4	160%	19,537
Total (Monthly) (\$ mil)	\$21.5	\$7.2	\$6.2	\$8.0	\$6.5	\$1.5	24%	40,813
Est Annual Total (\$ mil)	\$257.6	\$86.6	\$74.9	\$96.1	\$77.8/97.6*	\$18.3/-1.4*	24%/-1%*	

**The first figure represents (comparison to) 2014 Total EE cost if using 2014 Silver premiums for Gold & Silver; the second figure reflects actual premiums for all three 2014 options.*

Same plan design and assumptions as previous slide. Rates assume Bronze as base plan with employees contributing 20%, spouses 88% , and children 55%.

Rates showing are for spouses without other insurance coverage available. A spousal surcharge may be levied on spouses with other coverage available.



Illustrative Rates: Best Practice Approach 2

Actives	Risk Adjusted Premiums	Direct State Contribution	School District Contrib.	2015 Total EE Cost	2014 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold					2014 Silver			
Employee Only	\$430.26	\$141.61	\$153.00	\$135.65	\$173.32	(\$37.67)	-22%	18,068
Employee & Spouse	1,006.02	247.82	153.00	605.20	785.24	(180.04)	-23%	618
Employee & Child(ren)	774.65	247.82	153.00	373.83	444.52	(70.69)	-16%	2,019
Family	1,350.38	354.00	153.00	843.38	787.36	56.02	7%	571
Est. Monthly Total (\$mil)	\$10.7	\$3.4	\$3.3	\$4.1	\$5.0	(\$0.9)	-18%	21,276
Silver								
Employee Only	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Employee & Spouse	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Employee & Child(ren)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Family	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Est. Monthly Total (\$mil)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Bronze					2014 Bronze			
Employee Only	\$367.75	\$141.61	\$153.00	\$73.14	\$11.00	\$62.14	565%	12,244
Employee & Spouse	859.85	247.82	153.00	459.03	266.72	192.31	72%	996
Employee & Child(ren)	662.09	247.82	153.00	261.28	119.16	142.12	119%	3,836
Family	1,154.17	354.00	153.00	647.17	269.50	377.67	140%	2,461
Est. Monthly Total (\$mil)	\$10.7	\$3.8	\$3.0	\$3.9	\$1.5	\$2.4	160%	19,537
Total (Monthly) (\$ mil)	\$21.5	\$7.2	\$6.2	\$8.0	\$6.5	\$1.5	24%	40,813
Est Annual Total (\$ mil)	\$257.6	\$86.6	\$74.9	\$96.1	\$77.8/97.6*	\$18.3/-1.5*	24%/-2%*	

**The first figure represents (comparison to) 2014 Total EE cost if using 2014 Silver premiums for Gold & Silver; the second figure reflects actual premiums for all three 2014 options.*

Same plan design and assumptions as previous slide. State contribution allocated so that Employee & Spouse and Employee & Child(ren) receive 1.75x the allocation of Employee Only; family 2.50x Employee Only.

Rates showing are for spouses without other insurance coverage available. A spousal surcharge may be levied on spouses with other coverage available.

Note: The figures presented are preliminary and subject to change.



Expected Next Steps

- Incorporate emerging experience
 - Additional claims/eligibility data
 - Behavior change for participants who switched plans between 2012 & 2013
- Re-process 2013 claims experience reflecting changes to Gold benefit design (and alternatives)
 - Figures shown in this presentation based on national average databases
- Evaluate task force proposals/outcomes



Classic Values, Innovative Advice

Appendix A – Current Benefit Summary

Benefit Option Name: Last Modified: Provider Network:	Gold 1/1/2014 Health Advantage	Silver 1/1/2014 QualChoice	Bronze 1/1/2014 Health Advantage
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	None / None	\$1000 / \$2000	\$2000 / \$3000
Coinsurance	20%	20%	20%
Copays			
Office Visit - Primary Care (PCP)	\$35	\$35	Ded. & Coins.
OV - Specialist Care Provider (SCP)	\$70	\$70	Ded. & Coins.
Urgent Care (UC)	\$100	\$150	Ded. & Coins.
Emergency Room (ER) Non-admitted	\$250	\$300	Ded. & Coins.
Outpatient Surgery	\$100 then Ded. & Coins.	\$150 then Ded. & Coins.	Ded. & Coins.
Hospital Inpatient	\$250 then Ded. & Coins.	\$300 then Ded. & Coins.	Ded. & Coins.
Out-of-Pocket Max (Individual / Family)	\$2500 / \$5000	\$4000 / \$8000	\$6350 / \$9525
<u>Out-of-Network (OON) Benefits</u> ¹			
Deductible (Individual / Family)	\$1000 / \$2000	\$2000 / \$4000	\$4000 / \$8000
Coinsurance	40%	40%	40%
Out-of-Pocket Max (Individual / Family)	\$6000 / \$12000	\$8000 / \$16000	\$12700 / \$19000
Annual Maximum INN / OON	Unlimited	Unlimited	Unlimited
<u>Prescription Drugs</u>			
Separate Deductible then the following Copays:			
Retail (31 Days) - Generic/Formulary /Non-Form./ Specialty	\$15 / \$40 / \$80 / \$100	\$15 / \$40 / \$80 / \$100	Ded. & Coins.
Mail Order (93 Days) - Generic/Form. /Non-Form.	\$45 / \$120/ \$240	\$45 / \$120 / \$240	Ded. & Coins.
<u>Selected Detail Benefits</u>			
Emergency Transportation - Ambulance	INN: \$50 Copay; OON: Ded & Coins.	INN: \$50 Copay; OON: Ded & Coins.	
Psychiatry	INN: \$25 Copay; OON: Ded & Coins.	INN: \$25 Copay; OON: Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	INN: \$35 Copay; OON: Ded. & Coins.	INN: \$35 Copay; OON: Ded. & Coins.	Ded. & Coins.
Chiropractors:	INN: \$35 ; OON: Ded & Coins.	INN: \$50; OON: Ded & Coins.	Ded. & Coins.
Hearing Aids:	No Cost; Limit of \$1400 per ear every 3 years	No Cost; Limit of \$1400 per ear every 3 years	Ded. & Coins.
Durable Medical Equipment (DME):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Preventive Care:	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost

¹When an in-network provider is not available within 50 miles for a hospital and 25 miles for all other providers, then in-network benefits apply.



Appendix B – Assumptions & Disclosures

- Plan Election:
 - For ASE and PSE plan election will be similar to 2014.
 - Increases in Medicare eligible retirees (to 8,700 for ASE and 9,500 for PSE, approximately).
- Experience period: Calendar year 2013 completed from claims paid through January 2014, adjusted for savings generated by reference pricing implemented on or before January 1, 2014.
- Trend assumption: 7.5% annually for medical and Rx
- Additional details about the assumptions and methods will be provided in follow-up documentation.
- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the Plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information and claims data. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.
- Cheiron's analysis was prepared exclusively for the Employee Benefits Division of the State of Arkansas for the specific purpose of providing projections and options to the Arkansas State and Public School Life and Health Insurance Board and/or Benefits Committee. Our analysis is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.
- The figures in this presentation are preliminary and subject to change or modification as more detailed information is gathered and depending upon decisions made by the Board.