



AGENDA

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

July 28 2014

10:00 a.m.

EBD Board Room – 501 Building, Suite 500

- I. Call to OrderGwen Wiggins, Chairman***
- II. Approval of June 6, 2014 MinutesGwen Wiggins, Chairman***
- III. 2015 Projections & Rates John Colberg, Cheiron***
- IV. Director’s ReportBob Alexander, EBD Executive Director***

Upcoming Meetings

August 8th

October 3^d

November 7th

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 July 28, 2014

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on July 28, 2014, in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Janis Harrison
Carla Wooley-Haugen
Becky Walker
Shelby McCook
Dan Honey
Jeff Altemus
Gwen Wiggins
Angela Avery

Members Absent

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

Others Present

Robert Boyd, John Kirtley, David Keisner, Dwight Davis, Matt Devers, UAMS; Michelle Hazelett, Marla Wallace, Lori Eden, Stella Greene, Ethel Whittaker, Janna Keathley, Kristi Jackson, EBD; Sylvia Landers, ML; Mark Meadors, BYSI; Takisha Sanders, Kanita Collins, ABCBS/Health Advantage; Ro Summers, ACHI; Mark Watts, ASEA; BJ Himes, Andra Kaufman, QualChoice; Ronda Walthall, Wayne Whitley, AHTD; Brian Strickland, Gilead; Ben Nowlin, ARPSC; Jennifer Smith, ASU; Rhonda Hill, ACHI; Robyn Keene, AAEA; Alan Erwin, AFA; Tina Wiley, Cabot Schools; Donna Morg, ARTA; Martha Carlson, HA; Doug Brown, APRSC; Martha Hill, Harmony Daniels, Jackie Baker, ASP; Steve Althoff, MTI; Marlo James, AEA; Andy Davis, ADG

Call to Order

The meeting was called to order by Shelby McCook, Vice-Chairman

Approval of Minutes

A request was made by Wiggins to approve the minutes from June 6, 2014. Harrison made the motion to approve. Altemus seconded. All were in favor.

Minutes approved

2015 PRELIMINARY PROJECTIONS FOR CY 2015: *by John Colberg, Cheiron*

Colberg reported on:

- 2015 Benefit Options
- Employee Contribution Strategy
 - ✓ Risk Adjusted vs. Non-Risk Adjusted rates
 - ✓ Strategy Comparison
- Preliminary Rates
 - ✓ PSE (No Active Migration)
 - ✓ PSE (8,000 Actives Migrate)
 - ✓ ASE

Yellow highlight means the coverage is changed	2014 Gold 83.7%	Altern 1 Prem 79.4%	Altern 2 Prem 81.3%	Altern 3 Prem 81.9%	Altern 4 Prem 81.1%	2014 Silver 78.5%
Actuarial Value (per MV Calculator)						
In-Network:						
Deductible - Individual	\$0.00	\$1000	\$750	\$1000	\$500	\$1000
Co-Insurance Limit-Indv (after deductible)	\$2500	\$2500	\$2500	\$2500	\$2500	\$3000
Med. Out-of-pocket max – (Ded + Co-Ins + Med. Co-Pay)	\$2500	\$3500	\$3250	\$3500	\$3000	\$4000
Deductible - Family	\$0.00	\$2000	\$1500	\$2000	\$1000	\$2000
Co-Insurance Limit-Family (after deductible)	\$5000	\$5000	\$5000	\$5000	\$5000	\$6000
Med. Out-of-pocket Max (Ded. +Co-Ins. + Med. Co-Pay)	\$5000	\$7000	\$6500	\$7000	\$6000	\$8000
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit – Prim Care–Co-pay	\$35	\$35	\$35	\$25	\$35	\$35
Physician Office Visit – Specialist –Co-Pay	\$70	\$70	\$70	\$50	\$70	\$70
Rx-Deductible	None	None	None	None	None	None
Rx- Tier 1 – Generic	\$15	\$15	\$15	\$15 (\$10ASE)	\$15	\$15

RX- Tier 2 – Preferred Brand	\$40	\$40	\$40	\$40	\$40	\$40
Rx- Tier 3 Non-Preferred Brand	\$80	\$80	\$80	\$80	\$80	\$80
RX- Specialty	\$100	\$100	\$100	\$100	\$100	\$100
RX-Out of Pocket Max Ind/Fam	n/a	\$3100/6200	\$3350/6700	\$3100/6200	\$3600/7200	n/a
Hospital/Facility-Inpatient & SNF – Co-PayPer Admin *	\$250	\$0.00	\$0.00	\$0.00	\$0.00	\$300
Hospital/Facility-Outpatient-Co-Pay *	\$100	\$0.00	\$0.00	\$0.00	\$0.00	\$150
Urgent Care Visit	\$100	\$100	\$100	\$100	\$100	\$100
Emergency Room Visit	\$250	\$250	\$250	\$250	\$250	\$300
Emergency Transportation-Ambulance	\$50	\$50	\$50	\$50	\$50	\$50
High Tech Radiology – Co-Pay (1st Procedure Only) *	\$250	\$0.00	\$0.00	\$0.00	\$0.00	\$300
Rehab/Therapy-Outpatient-Physical/Speech/Occup	\$35	\$35	\$35	\$25	\$35	\$35
Rehab/Therapy-Outpatient-Co-Pay	\$35	\$35	\$35	\$25	\$35	\$35
Out-of-Network:						
Deductible – Individual/Family	\$1000/\$2000	\$2000/\$4000	\$2000/\$4000	\$2000/\$4000	\$2000/\$4000	\$1500/\$3000
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%
Co-Insurance Limit-Individual/Family (after Deductible)	\$5000/\$10000	none	none	none	none	\$5000/10000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6000/\$12000	none	none	none	none	\$6500/\$13000
* Deductible & Co-Insurance also applies						

Yellow highlight means the coverage is changed					
Actuarial Value (per MV Calculator)	Current Bronze 71.3%	Altern 1 Classic 71.3%	Altern 2 Classic 70.0%	Altern 3 Basic 61.5%	Altern 4 Basic 60.6%
Monthly Plan HAS Contribution (Ind./Family)	\$0.00	\$0.00	\$25/\$50	\$0.00	\$25/\$50
In-Network:					
Deductible - Individual	\$2000	\$2000	\$2500	\$4000	\$6600

Co-Insurance Limit-Indv (after deductible)	\$4350	\$4450	\$4100	\$2600	n/a
Med. Out-of-pocket max – (Ded + Co-Ins + Med. Co-Pay)	\$6350	\$6450	\$6600	\$6600	\$6600
Deductible - Family	\$3000	\$3000	\$5000	\$8000	\$13200
Co-Insurance Limit – Family (after Deductible)	\$6525	\$6675	\$8200	\$5200	n/a
Med. Out-of-pocket Max. (Ded. + Co-Ins. + Med. Co-Pay)	\$9525	\$9675	\$13200	\$13200	\$13200
Coinsurance Rate	80%/20%	80%/20%	80%/20%	70%/30%	100%/0%
Physician Office Visit – Prim Care – Co-pay					
Physician Office Visit – Specialist –Co-Pay					
Rx-Deductible	Included w/Med.	Included w/Med	Included w/Med	Included w/Med	Included w/Med
Rx- Tier 1 – Generic			**	**	**
RX- Tier 2 – Preferred Brand			**	**	**
Rx- Tier 3 Non-Preferred Brand			Not covered	Not covered	Not covered
RX- Specialty			**	**	**
Hospital/Facility-Inpatient & SNF –Co-PayPer Admin *					
Hospital/Facility-Outpatient-Co-Pay *					
Urgent Care Visit					
Emergency Room Visit					
Emergency Transportation-Ambulance					
High Tech Radiology – Co-Pay (1st Procedure Only) *					
Rehab/Therapy-Outpatient-Physical/Speech/Occup					
Rehab/Therapy-Outpatient-Co-Pay					
Out-of-Network:					
Deductible – Individual/Family	\$3000/6000	\$3000/6000	\$4000/8000	Not covered	Not covered
Co-Insurance	60%/40%	60%/40%	60%/40%	Not covered	Not covered
Co-Insurance Limit-Individual/Family (after Deductible)	\$5000/\$10000	None	None	Not covered	Not covered
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$8000/\$16000	None	None	Not covered	Not covered
* Deductible & Co-Insurance also applies					

Honey motioned to approve alternate 3 for The Premium Plan. Harrison seconded and requested to see individual votes. All members voted yes.

Motion Approved.

Altemus motioned to approve alternative 1 for The Classic Plan, and alternative 3 for The Basic Plan with a HSA. McCook seconded. All were in favor.

Motion Approved.

Employee Contribution Strategy:

<u>Risk Adjusted Rates</u>	<u>Unadjusted Rates</u>
Best Practice	Past Practice
Employee contributions set based on a "base plan"	Plan is heavily exposed to selection risk
Employee buys up/down into more expense/cheaper plan based on benefit differential cost	
Insulated plan from migration/selection	

Altemus motioned to adopt the unadjusted rates on page 7 for 2015. McCook seconded. All were in favor.

Motion Approved

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

Alexander discussed exclusions to the plan. Alexander recommended exclude International Air Ambulance.

McCook motioned to exclude International Air Ambulance. Altemus seconded. All were in favor.

Motion Approved

Alexander reported on Colonoscopy. Some members required mild sedation and others require anesthesia. Some clinics only offer anesthesia. Most members (60%) are able to get the fee waived. However, the remaining 30% are left with the charge. Alexander recommended covering expenses for all anesthesia. The committee would like additional information in terms of cost to the plan and the member. The committee will make a decision at the next Benefits meeting August 8, 2014.

McCook reported Medicare is sending out questionnaires in terms of evaluating the quality of care and the extent of care involved in your annual wellness check-up by your Primary Care Physician.

Alexander reported the wellness approval letters are out.

Harrison motioned to adjourn. Altemus seconded. All were in favor.

Meeting Adjourned

Arkansas State Employees & Public School Employees Life & Health Insurance Board

Preliminary Rates for CY 2015



July 28, 2014

John Colberg, FSA, MAAA

Gaelle Gravot, FSA, MAAA



Topics

1. Comments
2. 2015 Benefit Options
3. Employee Contribution Strategy
 - a. Risk Adjusted vs. Non-Risk Adjusted rates
 - b. Strategy Comparison
4. Preliminary PSE Rates

Appendices

- A. Current Benefit Structure
- B. Rating Worksheets
- C. ASE Rates
- D. Assumptions and Disclosures



Comments

- Figures changed from June presentations as a result of updated data.
- Projected Year-End 2014 net assets:
 - ASE: \$18 Million
 - PSE: None (\$8 Million in catastrophic reserves)
- Rates shown are projected to have same net assets at end of 2015.

2015 Benefit Options

Yellow highlight means the coverage is changed

	2014 Gold	Alternative 1 Premium	Alternative 2 Premium	Alternative 3 Premium	Alternative 4 Premium	2014 Silver
Actuarial Value (per MV Calculator)	83.7%	79.4%	80.2%	81.9%	81.1%	78.5%
In-Network:						
Deductible - Individual	\$0	\$1,000	\$750	\$1,000	\$500	\$1,000
Co-Insurance Limit - Individual (after Deductible)	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$3,000
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$2,500	\$3,500	\$3,250	\$3,500	\$3,000	\$4,000
Deductible - Family	\$0	\$2,000	\$1,500	\$2,000	\$1,000	\$2,000
Co-Insurance Limit - Family (after Deductible)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$6,000
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$5,000	\$7,000	\$6,500	\$7,000	\$6,000	\$8,000
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-Pay	\$35	\$35	\$35	\$25	\$35	\$35
Physician Office Visit - Specialist - Co-Pay	\$70	\$70	\$70	\$50	\$70	\$70
Rx - Deductible	None	None	None	None	None	None
Rx - Tier 1 - Generic	\$15	\$15	\$15	\$15(\$10 ASE)	\$15	\$15
Rx - Tier 2 - Preferred Brand	\$40	\$40	\$40	\$40	\$40	\$40
Rx - Tier 3 - Non-Preferred Brand	\$80	\$80	\$80	\$80	\$80	\$80
Rx - Specialty	\$100	\$100	\$100	\$100	\$100	\$100
Rx - Out of Pocket Maximum (Individual/Family)	n/a	\$3,100/\$6,200	\$3,350/\$6,700	\$3,100/\$6,200	\$3,600/\$7,200	n/a
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission*	\$250	\$0	\$0	\$0	\$0	\$300
Hospital / Facility - Outpatient - Co-Pay*	\$100	\$0	\$0	\$0	\$0	\$150
Urgent Care Visit	\$100	\$100	\$100	\$100	\$100	\$100
Emergency Room Visit	\$250	\$250	\$250	\$250	\$250	\$300
Emergency Transportation - Ambulance	\$50	\$50	\$50	\$50	\$50	\$50
High Tech Radiology - Co-Pay (1st Procedure Only)*	\$250	\$0	\$0	\$0	\$0	\$300
Rehab / Therapy - Outpatient - Physical/Speech/Occup	\$35	\$35	\$35	\$25	\$35	\$35
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay	\$35	\$35	\$35	\$25	\$35	\$35
Out-of-Network:						
Deductible - Individual/Family	\$1,000/\$2,000	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000	\$1,500/\$3,000
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	None	None	None	None	\$5,000/\$10,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6,000/\$12,000	None	None	None	None	\$6,500/\$13,000

*Deductible & Co-Insurance also applies

2015 Benefit Options

<i>Yellow highlight means the coverage is changed</i>	Current Bronze	Alternative 1 Classic	Alternative 2 Classic	Alternative 3 Basic	Alternative 4 Basic
Actuarial Value (per MV Calculator)	71.3%	71.3%	70.0%	61.5%	60.6%
Monthly Plan HSA Contribution (Ind./Family)	\$0	\$0	\$25/\$50	\$0	\$25/\$50
<i>In-Network:</i>					
Deductible - Individual	\$2,000	\$2,000	\$2,500	\$4,000	\$6,450
Co-Insurance Limit - Individual (after Deductible)	\$4,350	\$4,450	\$3,950	\$2,450	n/a
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$6,350	\$6,450	\$6,450	\$6,450	\$6,450
Deductible - Family	\$3,000	\$3,000	\$5,000	\$8,000	\$12,900
Co-Insurance Limit - Family (after Deductible)	\$6,525	\$6,675	\$7,900	\$4,900	n/a
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$9,525	\$9,675	\$12,900	\$12,900	\$12,900
Coinsurance Rate	80%/20%	80%/20%	80%/20%	70%/30%	100%/0%
Physician Office Visit - Primary Care - Co-Pay					
Physician Office Visit - Specialist - Co-Pay					
Rx - Deductible	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.
Rx - Tier 1 - Generic			**	**	**
Rx - Tier 2 - Preferred Brand			**	**	**
Rx - Tier 3 - Non-Preferred Brand			not covered	not covered	not covered
Rx - Specialty			**	**	**
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission*					
Hospital / Facility - Outpatient - Co-Pay*					
Urgent Care Visit					
Emergency Room Visit					
Emergency Transportation - Ambulance					
High Tech Radiology - Co-Pay (1st Procedure Only)*					
Rehab / Therapy - Outpatient - Physical/Speech/Occup					
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay					
<i>Out-of-Network:</i>					
Deductible - Individual/Family	\$3,000/\$6,000	\$3,000/\$6,000	\$4,000/\$8,000	not covered	not covered
Co-Insurance	60%/40%	60%/40%	60%/40%	not covered	not covered
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	None	None	not covered	not covered
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$8,000/\$16,000	None	None	not covered	not covered

*Co-Insurance also applies



Employee Contribution Strategy

Unadjusted Rates

- Past Practice
- Plan is heavily exposed to selection risk

Risk Adjusted Rates

- Best Practice
- Employee contributions set based on a “base” plan
- Employee buys up/down into more expensive/cheaper plan based on benefit differential cost
- Insulates plan from migration/selection

Change of methodology can lead to significant changes in employee contribution for some employees



Strategy Comparison

(Illustration uses PSE rates)

Actives	Baseline Population		8,000 Migrate from Premium		% Difference	
	Unadjusted Total Rate	Risk Adjusted Total Rate	Unadjusted Total Rate	Risk Adjusted Total Rate	Unadjusted Total Rate	Risk Adjusted Total Rate
Premium						
Employee Only	\$562.34	\$412.76	\$647.72	\$408.58	15%	-1%
Employee & Spouse	1,269.06	912.44	1,472.84	902.66	16%	-1%
Employee & Child(ren)	1,039.92	750.44	1,205.32	742.46	16%	-1%
Family	1,746.66	1,250.12	2,030.46	1,236.56	16%	-1%
Est. Monthly Total (\$mil)	\$14.1	\$10.3	\$10.8	\$6.7	-24%	-34%
Classic						
Employee Only	\$258.28	\$358.56	\$267.94	\$355.18	4%	-1%
Employee & Spouse	531.72	785.98	554.68	777.82	4%	-1%
Employee & Child(ren)	451.18	647.40	469.82	640.80	4%	-1%
Family	699.62	1,074.84	731.56	1,063.44	5%	-1%
Est. Monthly Total (\$mil)	\$6.3	\$9.1	\$8.3	\$11.4	32%	25%
Basic						
Employee Only	\$144.64	\$315.74	\$148.50	\$312.80	3%	-1%
Employee & Spouse	260.56	683.66	269.72	676.62	4%	-1%
Employee & Child(ren)	231.08	564.38	238.52	558.66	3%	-1%
Family	321.98	932.30	334.74	922.48	4%	-1%
Est. Monthly Total (\$mil)	\$0.8	\$2.0	\$1.1	\$2.5	33%	25%
Total (Monthly) (\$ mil)	\$21.2	\$21.3	\$20.1	\$20.6	-5%	-4%
Est Annual Total (\$ mil)	\$254.1	\$256.0	\$241.8	\$247.1	-5%	-4%
Total Actives & Retirees	\$292.6	\$292.6	\$283.4	\$283.4	-3%	-3%



PSE Preliminary Active Rates (Unadjusted – 8,000 Migrate)

Actives	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	School District Contrib.	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment
					with	without*		2014 Silver		with		
Premium												
Employee Only	\$647.72	\$301.63	\$7.81	\$153.00	\$185.28	\$260.28	\$173.32	\$11.96	7%	\$86.96	50%	12,146
Employee & Spouse	1,472.84	468.29	12.13	153.00	839.42	914.42	785.24	54.18	7%	129.18	16%	285
Employee & Child(ren)	1,205.32	562.55	14.57	153.00	475.20	550.20	444.52	30.68	7%	105.68	24%	1,348
Family	2,030.46	1,009.64	26.14	153.00	841.68	916.68	787.36	54.32	7%	129.32	16%	421
Est. Monthly Total (\$mil)	\$10.8	\$5.0	\$0.1	\$2.2	\$3.5	\$0.1	\$3.3	\$0.2	7%	\$0.1	40%	14,200
Classic							2014 Bronze					
Employee Only	\$267.94	\$68.17	\$1.77	\$153.00	\$45.00	\$120.00	\$11.00	\$34.00	309%	\$109.00	991%	15,641
Employee & Spouse	554.68	53.55	1.39	153.00	346.74	421.74	266.72	80.02	30%	155.02	58%	1,154
Employee & Child(ren)	469.82	157.83	4.09	153.00	154.90	229.90	119.16	35.74	30%	110.74	93%	3,424
Family	731.56	222.44	5.76	153.00	350.36	425.36	269.50	80.86	30%	155.86	58%	2,552
Est. Monthly Total (\$mil)	\$8.3	\$2.2	\$0.1	\$3.5	\$2.5	\$0.2	\$1.6	\$1.0	60%	\$0.2	169%	22,772
Basic							2014 Bronze					
Employee Only	\$148.50	\$0.00	(\$15.50)	\$153.00	\$11.00	\$86.00	\$11.00	\$0.00	0%	\$75.00	682%	3,910
Employee & Spouse	269.72	0.00	(150.00)	153.00	266.72	341.72	266.72	0.00	0%	75.00	28%	289
Employee & Child(ren)	238.52	0.00	(33.64)	153.00	119.16	194.16	119.16	0.00	0%	75.00	63%	856
Family	334.74	0.00	(87.76)	153.00	269.50	344.50	269.50	0.00	0%	75.00	28%	638
Est. Monthly Total (\$mil)	\$1.1	\$0.0	(\$0.2)	\$0.9	\$0.4	\$0.0	\$0.4	\$0.0	0%	\$0.0	108%	5,693
Total (Monthly) (\$ mil)	\$20.1	\$7.2	(\$0.0)	\$6.5	\$6.4	\$0.3	\$5.2	\$1.2/\$1.5		23%/29%		42,665
Est Annual Total (\$ mil)	\$241.8	\$86.6	(\$0.0)	\$78.3	\$76.9	\$3.8	\$62.8	\$14.1/\$18.0		23%/29%		
vs 2014 plan elections (minimum District) - with/without wellness				\$78.3	\$76.9	\$3.8	\$98.9	-\$22.0/-18.1		-22%-18%		
vs 2014 plan elections (estimated District) - with/without wellness				\$94.5	\$60.7	\$3.8	\$82.7	-\$22.0/-18.1		-27%-22%		
Total Active & Ret (\$ mil)	\$283.4	\$86.6	\$0.0	\$78.3	\$118.5	\$3.8	\$96.2	\$22.3	23%	\$26.2	27%	56,827

*Already subtracted from Total Rates

Assumes 90% of population pays discounted rates. If assume 100%, increase all rates by \$7.50. If less, reduce rates by \$7.50 for each 10%.

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



PSE Preliminary Active Rates (Risk Adjusted – 8,000 Migrate)

Actives	Risk Adjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	School District Contrib.	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment
					with	without*		2014 Silver		with	without	
Premium												
Employee Only	\$408.58	\$137.62	\$0.00	\$153.00	\$117.96	\$192.96	\$173.32	(\$55.36)	-32%	\$19.64	11%	12,146
Employee & Spouse	902.66	151.38	0.00	153.00	598.28	673.28	785.24	(186.96)	-24%	(111.96)	-14%	285
Employee & Child(ren)	742.46	275.24	0.00	153.00	314.22	389.22	444.52	(130.30)	-29%	(55.30)	-12%	1,348
Family	1,236.56	289.00	0.00	153.00	794.56	869.56	787.36	7.20	1%	82.20	10%	421
Est. Monthly Total (\$mil)	\$6.7	\$2.2	\$0.0	\$2.2	\$2.4	\$0.1	\$3.3	(\$0.9)	-28%	\$0.1	5%	14,200
Classic							2014 Bronze					
Employee Only	\$355.18	\$137.62	\$0.00	\$153.00	\$64.56	\$139.56	\$11.00	\$53.56	487%	\$128.56	1169%	15,641
Employee & Spouse	777.82	151.38	0.00	153.00	473.44	548.44	266.72	206.72	78%	281.72	106%	1,154
Employee & Child(ren)	640.80	275.24	0.00	153.00	212.56	287.56	119.16	93.40	78%	168.40	141%	3,424
Family	1,063.44	289.00	0.00	153.00	621.44	696.44	269.50	351.94	131%	426.94	158%	2,552
Est. Monthly Total (\$mil)	\$11.4	\$4.0	\$0.0	\$3.5	\$3.9	\$0.2	\$1.6	\$2.3	146%	\$0.2	254%	22,772
Basic							2014 Bronze					
Employee Only	\$312.80	\$137.62	\$0.00	\$153.00	\$22.18	\$97.18	\$11.00	\$11.18	102%	\$86.18	783%	3,910
Employee & Spouse	676.62	151.38	0.00	153.00	372.24	447.24	266.72	105.52	40%	180.52	68%	289
Employee & Child(ren)	558.66	275.24	0.00	153.00	130.42	205.42	119.16	11.26	9%	86.26	72%	856
Family	922.48	289.00	0.00	153.00	480.48	555.48	269.50	210.98	78%	285.98	106%	638
Est. Monthly Total (\$mil)	\$2.5	\$1.0	\$0.0	\$0.9	\$0.6	\$0.0	\$0.4	\$0.2	55%	\$0.0	164%	5,693
Total (Monthly) (\$ mil)	\$20.6	\$7.2	\$0.0	\$6.5	\$6.8	\$0.3	\$5.2	\$1.6/\$1.9		31%37%		42,665
Est Annual Total (\$ mil)	\$247.1	\$86.6	\$0.0	\$78.3	\$82.1	\$3.8	\$62.8	\$19.4/\$23.2		31%37%		
vs 2014 plan elections (minimum District) - with/without wellness				\$78.3	\$82.1	\$3.8	\$98.9	-\$16.7/-12.9		-17%-13%		
vs 2014 plan elections (estimated District) - with/without wellness				\$94.5	\$66.0	\$3.8	\$82.7	-\$16.7/-12.9		-20%-16%		

Total Active & Ret (\$ mil)	\$283.4	\$86.6	\$0.0	\$78.3	\$118.5	\$3.8	\$96.2	\$22.3	23%	\$26.2	27%	56,827
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*Already subtracted from Total Rates

Assumes 90% of population pays discounted rates. If assume 100%, increase all rates by \$7.50. If less, reduce rates by \$7.50 for each 10%.

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





PSE Preliminary Active Rates (Blended – 8,000 Migrate)

Actives	Unadj Rate: Employee Cost	25% Risk Adj Employee Cost	50% Risk Adj Employee Cost	75% Risk Adj Employee Cost	Risk Adj Rate: Ee Cost	2014 Employee Cost		Assumed Enrollment
						2014 Gold	2014 Silver	
Premium						2014 Gold	2014 Silver	
Employee Only	\$185.28	\$168.45	\$151.62	\$134.79	\$117.96	\$249.38	\$173.32	12,146
Employee & Spouse	839.42	779.14	718.85	658.57	598.28	1,129.92	785.24	285
Employee & Child(ren)	475.20	434.96	394.71	354.47	314.22	639.62	444.52	1,348
Family	841.68	829.90	818.12	806.34	794.56	1,132.96	787.36	421
	\$3.5	\$3.2	\$2.9	\$2.6	\$2.4			14,200
Classic						2014 Bronze		
Employee Only	\$45.00	\$49.89	\$54.78	\$59.67	\$64.56	\$11.00		15,641
Employee & Spouse	346.74	378.42	410.09	441.77	473.44	266.72		1,154
Employee & Child(ren)	154.90	169.32	183.73	198.15	212.56	119.16		3,424
Family	350.36	418.13	485.90	553.67	621.44	269.50		2,552
	\$2.5	\$2.9	\$3.2	\$3.5	\$3.9			22,772
Basic						2014 Bronze		
Employee Only	\$11.00	\$13.80	\$16.59	\$19.39	\$22.18	\$11.00		3,910
Employee & Spouse	266.72	293.10	319.48	345.86	372.24	266.72		289
Employee & Child(ren)	119.16	121.98	124.79	127.61	130.42	119.16		856
Family	269.50	322.25	374.99	427.74	480.48	269.50		638
	\$0.4	\$0.4	\$0.5	\$0.6	\$0.6			5,693
Total (Monthly) (\$ mil)	\$6.4	\$6.5	\$6.6	\$6.7	\$6.8			42,665
Est Annual Total (\$ mil)	\$76.9	\$78.2	\$79.5	\$80.8	\$82.1			

Assumes 90% of population pays discounted rates. If assume 100%, increase all rates by \$7.50. If less, reduce rates by \$7.50 for each 10%.

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

PSE Preliminary Retiree Rates

(Blended – 8,000 Actives Migrate)

NME Retirees	Unadj Rate: Retiree Cost	25% Risk Adj Retiree Cost	50% Risk Adj Retiree Cost	75% Risk Adj Retiree Cost	Risk Adj Rate: Ret. Cost	2014 Retiree Cost		Assumed Enrollment
						2014 Gold	2014 Silver	
Premium								
Retiree Only	\$647.72	\$587.94	\$528.15	\$468.37	\$408.58	\$566.72	\$426.54	2,054
Retiree & NME SP	1,472.84	1,330.30	1,187.75	1,045.21	902.66	1,360.06	1,107.40	141
Retiree & Child(ren)	1,205.32	1,089.61	973.89	858.18	742.46	1,048.24	779.76	21
Retiree & NME SP&CH	2,030.46	1,831.99	1,633.51	1,435.04	1,236.56	1,841.60	1,363.04	15
Retiree & ME SP	801.70	741.92	682.13	622.35	562.56	720.18		159
Retiree & ME SP & CH	1,359.30	1,243.59	1,127.87	1,012.16	896.44	1,201.70		-
Est. Monthly Total (\$mil)	\$1.7	\$1.6	\$1.4	\$1.2	\$1.1			2,391
Classic						2014 Bronze		
Employee Only	\$267.94	\$289.75	\$311.56	\$333.37	\$355.18	\$267.66		1,254
Employee & Spouse	554.68	610.47	666.25	722.04	777.82	600.98		243
Employee & Child(ren)	469.82	512.57	555.31	598.06	640.80	468.20		33
Family	731.56	814.53	897.50	980.47	1,063.44	801.52		41
Est. Monthly Total (\$mil)	\$0.5	\$0.6	\$0.6	\$0.7	\$0.7			1,571
Basic						2014 Bronze		
Employee Only	\$148.50	\$189.58	\$230.65	\$271.73	\$312.80	\$267.66		139
Employee & Spouse	269.72	371.45	473.17	574.90	676.62	600.98		27
Employee & Child(ren)	238.52	318.56	398.59	478.63	558.66	468.20		4
Family	334.74	481.68	628.61	775.55	922.48	801.52		5
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1			175
Total (Monthly) (\$ mil)	\$2.3	\$2.2	\$2.1	\$2.0	\$1.9			4,137
Est Annual Total (\$ mil)	\$27.2	\$26.0	\$24.8	\$23.5	\$22.3			
Medicare Eligible								
Retiree Only	\$98.80	\$98.80	\$98.80	\$98.80	\$98.80	\$81.68		9,087
Retiree & NME SP	790.49	730.71	670.92	611.14	551.35	708.98		96
Retiree & Child(ren)	763.24	706.19	649.14	592.09	535.03	665.66		17
Retiree & NME SP&CH	1,536.73	1,398.03	1,259.34	1,120.65	981.96	1,310.62		1
Retiree & ME SP	257.88	257.88	257.88	257.88	257.88	271.04		824
Retiree & ME SP & CH	894.72	837.67	780.62	723.57	666.51	788.44		-
Est. Monthly Total (\$mil)	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2			10,026
Total (Est. Annual)	\$14.4	\$14.3	\$14.2	\$14.2	\$14.1			

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



CHEIRON

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 – Rating Worksheets

(8,000 actives migrate)

PSE ACTIVE & NME RATE DEVELOPMENT for CY2015

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Premium (from Gold/Silver)			Classic (from Bronze)			Basic (from Bronze)		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	6/13 - 5/14	7/13 - 6/14		6/13 - 5/14	7/13 - 6/14		6/13 - 5/14	7/13 - 6/14	
	6/13 - 6/14	7/13 - 6/14		6/13 - 6/14	7/13 - 6/14		6/13 - 6/14	7/13 - 6/14	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$133,448,039	\$44,914,823	\$178,362,863	\$55,528,945	\$10,050,689	\$65,579,634	\$55,528,945	\$10,050,689	\$65,579,634
2 Less High Cost Claims Above (Med/Rx)	\$125,000	\$25,000		\$8,529,780	\$6,640,314	\$15,170,095	\$2,057,718	\$737,838	\$2,795,556
3 Net Incurred Claims below Pooling Point [1 - 2]	\$124,918,259	\$38,274,509	\$163,192,768	\$53,471,228	\$9,312,850	\$62,784,078	\$53,471,228	\$9,312,850	\$62,784,078
4 Person Months for Experience Period	414,756	410,042	413,650	490,112	495,869	490,966	490,112	495,869	490,966
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$301.18	\$93.34	\$394.52	\$109.10	\$18.78	\$127.88	\$109.10	\$18.78	\$127.88
6 Change in Benefits & Network/Contract During Experience Period	0.9931	0.9023		0.9534	0.9363		0.9534	0.9363	
7 Change in Demographics or Illness Burden During Experience Period	1.0515	1.0400		1.0055	1.0074		1.0055	1.0074	
8 Change in Geographic During Experience Period	1.0043	1.0000		1.0016	1.0004		1.0016	1.0004	
9 a) Annual Trend Rate	6.0%	6.0%		6.0%	6.0%		6.0%	6.0%	
b) Months to Trend	19	18		19	18		19	18	
c) Trend Adjustment	1.0966	1.0913		1.0966	1.0913		1.0966	1.0913	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$346.40	\$95.59	\$442.00	\$114.88	\$19.34	\$134.22	\$114.88	\$19.34	\$134.22
11 Charge for Claims above Pooling Point PPPM	\$27.48	\$15.18	\$42.66	\$9.27	\$3.03	\$12.30	\$9.27	\$3.03	\$12.30
12 Total Claims Charged PPPM [10 + 11]	\$373.88	\$110.77	\$484.65	\$124.15	\$22.37	\$146.52	\$124.15	\$22.37	\$146.52
13 Change in Future Benefits & Networks/Contracts	0.9298	1.0572		0.8802	0.9037		0.6945	0.6945	
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	1.1771	1.1948		1.2473	1.2464		0.5418	0.5242	
15 Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 Rating Incurred Claim PPPM [13 x 14 x 15]	\$409.18	\$139.92	\$549.10	\$136.30	\$25.20	\$161.51	\$46.72	\$8.15	\$54.86
17 ACA Transitional Reinsurance Fee & ARK PCMH PPPM			\$6.67			\$6.67			\$6.67
18 Projected Persons Months	252,088	252,088	252,088	479,312	479,312	479,312	116,564	116,564	116,564
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	\$103,150,556	\$35,271,591	\$140,102,735	\$65,332,494	\$12,080,425	\$80,608,334	\$5,445,672	\$949,603	\$7,172,369
20 PEPM Expenses and Other Costs			\$40.45			\$38.67			\$38.80
21 Retiree Subsidy / Holdback PEPM			\$11.20			\$11.20			\$11.20
22 Projected Expense Loaded Cost [19 + (20+21) x 23]			\$150,457,685			\$95,177,369			\$10,692,608
23 Conversion to Rating Tiers [19 x rating tier x counts]									
Method: <input type="text" value="Person"/>									
	x tier	Projected		x tier	Projected		x tier	Projected	
	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only	1.07	173,472	\$647.71	1.12	202,741	\$238.95	1.13	48,596	\$119.50
b) Employee & Spouse	2.56	5,114	\$1,472.85	2.68	16,772	\$500.68	2.69	3,787	\$215.72
c) Employee & Child(ren)	2.08	16,447	\$1,205.32	2.18	41,481	\$415.82	2.19	10,316	\$184.52
d) Family	3.56	5,230	\$2,030.46	3.73	31,122	\$677.56	3.75	7,712	\$280.74
e) Child(ren) of Medicare Retirees	1.00	200	\$609.26						
24 Rates Balance Confirmation		200,464	\$150,457,685		292,117	\$95,177,369		70,411	\$10,692,608

Rates shown are prior to risk adjustment and do not include HSA contributions or HSA vendor expenses.



Appendix B – Rating Worksheets

(8,000 actives migrate)

PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2015

Plan:

Benefit:

Experience Period - Service (Incurred) Dates

Experience Period - Processed (Paid) Dates

		Medicare	
		Medical	Total
		6/13 - 5/14	
		6/13 - 6/14	
1	Total Incurred Medical & Rx Claims	\$13,153,678	\$13,153,678
2	<u>Less High Cost Claims Above (Med/Rx)</u>	\$53,711	\$53,711
		\$125,000	\$25,000
3	Net Incurred Claims below Pooling Point [1 - 2]	\$13,099,966	\$13,099,966
4	<u>Person Months for Experience Period</u>	109,416	109,416
5	Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$119.73	\$119.73
6	Change in Benefits & Network/Contract During Experience Period	1.0000	
7	Change in Demographics or Risk During Experience Period	1.0038	
8	Change in Geographic During Experience Period	1.0000	
9	a) Annual Trend Rate	5.0%	
	b) Months to Trend	19	
	c) Trend Adjustment	1.0803	
10	Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$129.84	\$129.84
11	<u>Charge for Claims above Pooling Point PPPM</u>	\$4.11	\$4.11
12	Total Claims Charged PPPM [10 + 11]	\$133.95	\$133.95
13	Change in Future Benefits & Networks/Contracts	1.0000	
14	Change in Future Demographics (Age/Gender/Family) or Illness Burden	0.9816	
15	<u>Change in Future Geographic</u>	1.0000	
16	Projected Incurred Claim PPPM [13 x 14 x 15]	\$131.48	\$131.48
17	<u>Projected Person Months</u>	132,112	132,112
18	Allocated Expenses	\$22.50	\$22.50
19	<u>Projected ME Retiree Months</u>	120,308	120,308
20	Projected Total Incurred Claims & Exp [16 x 17 + 18 x 19]	\$20,077,008	\$20,077,008



Appendix B – Rating Worksheets (8,000 actives migrate)

PSE PREMIUM RETIREE RATE DEVELOPMENT for CY2015

21 Conversion to Rating Tiers from PPPM [16]

Method:

Person

- a) NME Retiree
- b) NME Retiree & NME Spouse
- c) NME Retiree & Child(ren)
- d) NME Retiree & NME Spouse & Child(ren)
- e) NME Retiree & ME Spouse
- f) NME Retiree & ME Spouse & Child(ren)
- g) ME Retiree
- h) ME Retiree & NME Spouse
- i) ME Retiree & Child(ren)
- j) ME Retiree & NME Spouse & Child(ren)
- k) ME Retiree & ME Spouse
- l) ME Retiree & ME Spouse & Child(ren)

<u>x Non-Med.</u>	<u>Non-Med.</u>	<u>x Medicare</u>	<u>Medicare</u>	<u>Projected</u>	<u>TOTAL</u>
<u>tier factor</u>	<u>PEPM</u>	<u>tier factor</u>	<u>PEPM</u>	<u>Ret Months</u>	<u>PEPM</u>
1.07	\$647.71	-	\$0.00	23,297	\$647.71
2.56	\$1,472.85	-	\$0.00	1,668	\$1,472.85
2.08	\$1,205.32	-	\$0.00	238	\$1,205.32
3.56	\$2,030.46	-	\$0.00	180	\$2,030.46
1.07	\$647.71	1.00	\$131.48	1,913	\$779.19
2.08	\$1,205.32	1.00	\$131.48	-	\$1,336.80
	\$0.00	1.00	\$153.98	109,044	\$153.98
1.07	\$636.51	1.00	\$153.98	1,156	\$790.49
1.00	\$598.06	1.00	\$153.98	200	\$752.04
2.49	\$1,382.75	1.00	\$153.98	16	\$1,536.73
	\$0.00	2.00	\$285.46	9,892	\$285.46
1.00	\$598.06	2.00	\$285.46	-	\$883.52
	<u>\$20,315,270</u>		<u>\$20,077,008</u>		<u>\$40,392,277</u>

22 Rates Balance Confirmation

Appendix C: ASE Active Rates

Actives	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment	
				with	without*		2014 Gold	with		without		
Premium												
Employee Only	\$431.08	\$305.75	\$20.55	\$104.78	\$179.78	\$96.68	\$8.10	8%	\$83.10	86%	14,304	
Employee & Spouse	968.92	552.69	37.15	379.08	454.08	371.24	7.84	2%	82.84	22%	3,155	
Employee & Child(ren)	723.48	481.10	32.34	210.04	285.04	195.48	14.56	7%	89.56	46%	4,970	
Family	1,261.32	728.04	48.94	484.34	559.34	423.60	60.74	14%	135.74	32%	3,403	
Est. Monthly Total (\$mil)	\$17.1	\$11.0	\$0.7	\$5.4	\$0.2	\$5.0	\$0.4	8%	\$0.2	47%	25,832	
Classic						2014 Bronze						
Employee Only	\$372.78	\$305.75	\$20.55	\$46.48	\$121.48	\$0.00	\$46.48	n/a	\$121.48	n/a	952	
Employee & Spouse	832.86	552.69	37.15	243.02	318.02	77.96	165.06	212%	240.06	308%	280	
Employee & Child(ren)	622.90	481.10	32.34	109.46	184.46	28.10	81.36	290%	156.36	556%	249	
Family	1,082.96	728.02	48.94	306.00	381.00	93.08	212.92	229%	287.92	309%	346	
Est. Monthly Total (\$mil)	\$1.1	\$0.8	\$0.1	\$0.2	\$0.0	\$0.1	\$0.2	302%	\$0.0	527%	1,827	
Basic						2014 Bronze						
Employee Only	\$326.30	\$305.75	\$20.55	\$0.00	\$75.00	\$0.00	\$0.00	n/a	\$75.00	n/a	238	
Employee & Spouse	722.32	552.69	37.15	132.48	207.48	77.96	54.52	70%	129.52	166%	70	
Employee & Child(ren)	541.60	481.10	32.34	28.16	103.16	28.10	0.06	0%	75.06	267%	62	
Family	937.62	728.04	48.94	160.64	235.64	93.08	67.56	73%	142.56	153%	86	
Est. Monthly Total (\$mil)	\$0.2	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	63%	\$0.0	288%	457	
Total (Monthly) (\$ mil)	\$18.5	\$12.0	\$0.8	\$5.7	\$0.2	\$5.0	\$0.6/\$0.8		12%/16%		28,115	
Est Annual Total (\$ mil)	\$221.7	\$144.1	\$9.7	\$67.9	\$2.5	\$60.5	\$7.4/\$9.9		12%/16%			
vs 2014 plan elections - with/without wellness			\$9.7	\$67.9	\$2.5	\$65.1	\$2.8/\$5.3		4%/8%			

Total Active & Ret (\$ mil)	\$291.3	\$173.3	\$11.6	\$106.3	\$2.5	\$94.8	\$11.6	12%	\$14.1	15%	39,574
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*Already subtracted from Total Rates

Assumes 90% of population pays discounted rates.

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

Appendix C: ASE Retiree Rates

NME Retirees	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium					2014 Gold			
Retiree Only	\$431.08	\$161.58	\$10.86	\$258.64	\$237.98	\$20.66	9%	1,900
Retiree & NME SP	968.92	287.57	19.33	662.02	581.36	80.66	14%	606
Retiree & Child(ren)	723.48	230.08	15.46	477.94	444.02	33.92	8%	104
Retiree & NME SP&CH	1,261.32	356.07	23.93	881.32	925.42	(44.10)	-5%	39
Retiree & ME SP	790.98	272.86	18.34	499.78	405.36	94.42	23%	251
Retiree & ME SP & CH	1,083.38	341.36	22.94	719.08	612.54	106.54	17%	9
Est. Monthly Total (\$mil)	\$1.7	\$0.6	\$0.0	\$1.1	\$1.0	\$0.1	12%	2,909
Classic					2014 Bronze			
Employee Only	\$372.78	\$161.58	\$10.86	\$200.34	\$147.86	\$52.48	35%	27
Employee & Spouse	832.86	287.57	19.33	525.96	303.78	222.18	73%	18
Employee & Child(ren)	622.90	230.08	15.46	377.36	204.06	173.30	85%	4
Family	1,082.96	356.05	23.93	702.98	334.02	368.96	110%	12
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	74%	60
Basic					2014 Bronze			
Employee Only	\$326.30	\$161.58	\$10.86	\$153.86	\$147.86	\$6.00	4%	3
Employee & Spouse	722.32	287.57	19.33	415.42	303.78	111.64	37%	2
Employee & Child(ren)	541.60	230.08	15.46	296.06	204.06	92.00	45%	0
Family	937.62	356.07	23.93	557.62	334.02	223.60	67%	1
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	37%	7
Total (Monthly) (\$ mil)	\$1.8	\$0.6	\$0.0	\$1.1	\$1.0	\$0.1	12%	2,975
Est Annual Total (\$ mil)	\$21.4	\$7.3	\$0.5	\$13.6	\$12.1	\$1.5		
Medicare Eligible								
Retiree Only	\$359.90	\$185.48	\$12.46	\$161.96	\$148.10	\$13.86	9%	5,797
Retiree & NME SP	790.99	211.44	14.21	565.34	480.82	84.52	18%	399
Retiree & Child(ren)	692.50	291.64	19.60	381.26	347.70	33.56	10%	62
Retiree & NME SP&CH	1,190.13	379.95	25.54	784.64	680.46	104.18	15%	34
Retiree & ME SP	697.31	289.81	19.48	388.02	340.86	47.16	14%	2,170
Retiree & ME SP & CH	1,029.90	395.97	26.61	607.32	540.48	66.84	12%	21
Est. Monthly Total (\$mil)	\$4.0	\$1.8	\$0.1	\$2.1	\$1.8	\$0.2	12%	8,483
Total (Est. Annual)	\$48.2	\$21.9	\$1.5	\$24.8	\$22.2	\$2.7		

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



Appendix D – Assumptions & Disclosures

- Plan Election:
 - For ASE and PSE overall Non-Medicare Eligible plan election will be similar to 2014.
 - Increases in Medicare eligible retirees (to 8,500 for ASE and 10,000 for PSE, approximately).
 - Silver and Gold are assumed to move to the Premium plan.
 - 20% of Bronze Active participants are assumed to elect the Basic plan and 80% the Classic plan. 10% of Bronze Retiree participants are assumed to elect the Basic plan and 90% the Classic plan.
 - For selected PSE Scenarios, 8,000 participants migrate from Premium to Classic/Basic
 - 1% decrease in children per employee due to dependent audit
 - 1% decrease in Employee & Spouse and Family Tiers due to dependent audit and excluding spouses with other coverage, no net change in Employee/Child(ren), Employee Only Increasing so total enrollment unchanged
- Experience period: June 2013 through May 2014 for medical; July 2013 through June 2014 for Rx. Claims are paid through June 2014, adjusted for savings generated by reference pricing changes implemented on or before January 1, 2014.
- Trend assumption: 6% annually for medical (Non-Medicare) and Rx, 5% for medical Medicare.
- 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.