

**State and Public School Life and
Health Insurance Board
Benefits Sub-Committee
Minutes
July 15, 2011**

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on Friday, July 15, 2011 in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Beck Walker
Lloyd Black
Janis Harrison
Carla Wooley
Jeff Altemus
Bob Alexander
Gwen Wiggins

Members Absent

Jason Lee, Executive Director, Employee Benefits Division (EBD).

Others Present:

Dr. Joe Thompson, ACHI; George Platt, Michelle Hazelett, Stella Greene, Marla Wallace, Lori Eden, Amy Tustison, Latryce Taylor, Kristie Cox, Shannon Roberts, Sherry Bryant, Sherri Saxby, Florence Marvin, Tracy Collins, Cathy Harris, EBD; Sarah Frith, ACHI-EBD; Ron DeBerry, Barbara Melugin, Kathy Ryan, AR BC/BS Health Advantage; Peggy Nabors, AR Education Association; George Burks, USABLE; Kristi Clark, AR Building Authority; Larry Dickerson, Ronda Walthall, AR Highway & Transportation Department; BJ Himes, QualChoice; Dwight Davis, UAMS; Elizabeth Myers, Bonita Nash, AR Department of Career Education

Call to Order

The meeting was called to order by Becky Walker, Chair

Approval of Minutes

A request was made by Walker to approve the June 10, 2011 minutes. Altemus made the motion to adopt. Harrison seconded. All were in favor. Minutes approved.

INTRODUCTION OF NEW MEMBER *by Becky Walker*

Walker welcomed Carla Wooley to the committee. Wooley is with the Department of Finance Office of Administrative Services and fills the seat left vacant by Janis Harrison. The committee welcomed back Janis Harrison. Harrison replaces Shelby McCook and fills the seat for the State Retiree. Walker informed the committee that Wooley and Harrison have been appointed to the Board as well.

BSPW (workgroup) Report *by George Platt*

Platt reported the workgroup met on June 21st to discuss weight management, Long-Term Acute Care (LTAC) and PSE Life Insurance. .

1. Weight Loss Program

Platt said they are phasing out the current weight management program coordinated through Life Synch. Counseling for wellness choices like weight loss, nutrition are included in the Healthcare Reform preventive care package.

The committee reviewed some provisions for preventative services from the PPACA. Platt said the USPSTF recommends screening and counseling for adults to promote sustained weight loss and screening and counseling for children to promote improvement in weight status.

Recommendation: Recommend coverage for general weight management services according to The Patient Protection and Affordable Care Act (PPACA) and the US Preventative Task Force (USPSTF) recommendations.

Altemus made the motion to adopt. Harrison seconded. Motion carried.

2. Bariatric Surgery

Platt talked about the four -year pilot program for bariatric surgery procedures.

The committee reviewed the requirements for participation in the Bariatric Pilot program.

Recommendation: Cover bariatric surgery as outlined by the requirements for participation in Bariatric Pilot Program.

Note: May make recommendations in the future to pass on cost sharing to the members and spouses if allowed for under the law.

A discussion ensued about the HIPAA Privacy Rule for pre-existing conditions.

Lee said he will request Cheiron consult with ICE Miller for guidance so that they maintain compliance with privacy and security rules.

Harrison made the motion to adopt the recommendation for Bariatric surgery based upon the outcome of the HIPAA finding for the criteria to participate in the pilot program. Altemus seconded. Motion carried.

3. Long-Term Acute Care

Platt explained LTAC is focused on patients with serious medical problems that require intense, special treatment for a long time. These patients often transfer from Intensive Care units in traditional hospitals.

Recommendation: LTAC admissions to be covered for members.

All admissions to LTAC must be pre-authorized by AHH following the guidelines as established by the policy, and must be to in-network facilities

- AHH will re-review each admission every seven days to ensure that progress is being made to independence or discharge to a lower level of care
- All members seeking admission to LTAC will be required to participate in case management (the case managers will be required to attempt to negotiate favorable rates at in-network facilities)

Harrison made the motion to adopt. Altemus seconded. Motion carried.

4. Life Insurance Rate Increase for Public School Employee

George Burks with USAble informed the committee: claims have been 101.3% of premium from 1/1/2007 through 4/30/2011, Loss ratio (claims/premium) has increased over the experience period, Loss ratio should be at 89.5% to cover admin expenses and premium tax.

Burks said the projected required increase is 13.2%. Burks provided a summary of the proposed rates changes.

A discussion ensued about the proposed 10% increase vs the 13.2% projected required increase.

Alexander made the motion to adopt a 10% increase on all life coverage. Harrison seconded. Motion carried.

2012 PLAN YEAR RATING *by John Colberg, Cheiron*

Lee said now that the Silver plan has been awarded to QualChoice, they found some additional savings when they did an additional review and re-pricing of the plan design.

Colberg provided an overview of the ASE & PSE Actives and Retires preliminary rates for Plan Year 2012.

The committee reviewed Option A and B regarding the plan design for the Silver plan.

- Option A: Includes a deductible of \$500 (compared to \$0 for Gold) and a Primary Care Physician Co-Pay of \$35 (compared to \$25 for Gold). Additional changes still exist for Pharmacy Tier II and III, emergency room co-pay and out of pocket for co-insurance amounts. There is a discount for selecting the Silver option compared to the current Gold price for the Active and Non-Medicare.
- Option B: Shows a slight change, with an increase in the deductible to \$750 but a decrease in the Primary Care Physician Co-Pay to \$25 (to match the Gold). This actually allows for a greater discount from the Gold rates and provides a discount to the family of a significant amount (\$58 discount compared to \$31 for active rates).

Lee reference the email sent to committee members before the meeting about the Option B plan design.

Walker said most people don't understand insurance but it's important that members understand how their plan works so that they are aware of potential costs. Walker suggested they provide the members with some typical cost scenarios that illustrate the costs for out of pocket expenses (copay, coinsurance and deductible) associated with medical services.

A conversation ensued about the health savings account and the proposed \$750 deductible.

Alexander made the motion to adopt option B for ASE & PSE with no further recommendations to the Board as to the rates. Harrison seconded. Motion carried.

Altemus said he is concerned that the flat level increase they have adopted is going to price the employee & spouse, child(ren) and family plans completely out of reach in just a few years. Altemus said the prices of those plans are already so high, that the increase becomes expediential. Altemus said he is afraid that they are going to make those plans unobtainable for PSE in the near future. .

Lee talked about pricing strategies for PSE in the future.

Meeting adjourned.

AGENDA

State and Public School Life and Health Insurance Board

Benefits Sub-Committee

EBD Board Room - 501 Building - 5th Floor

July 15, 2011 9:00 a.m.

- 1. Call to Order** *Becky Walker, Chair*
- 2. Approval of Minutes** *Becky Walker, Chair*
- 3. BSPW (workgroup) Report** *George Platt, Deputy Director*
 - a. Bariatric Surgery / Weight Loss Program
 - b. Life Insurance Rate Increase – Public School Employee
- 4. 2012 Plan Year Rating** *John Colberg, Cheiron*
- 5. Director's Report** *Jason Lee, Executive Director*

Upcoming Meeting

To be announced

Recommendations from BSPW to Benefits Committee:

1. Recommend coverage for general weight management services according to PPACA and USPSTF recommendations.

Some Details included in PPACA are:

- Preventive services provision applies to people enrolled in job-related health plans or individual health insurance policies created after March 23, 2010.
- If your health plan uses a network of providers, be aware that health plans are only required to provide these preventive services through an in-network provider. Your health plan may allow you to receive these services from an out-of-network provider, but may charge you a fee.
- Your doctor may provide a preventive service, such as a cholesterol screening test, as part of an office visit. Be aware that your plan can require you to pay the co-pay for the office visit if the preventive service is not the primary purpose of the visit, or if your doctor bills you for the preventive services separately from the office visit.
- **USPSTF adult obesity-related recommendations:**

Screening and counseling for obesity: adults	The USPSTF recommends that clinicians screen all adult patients for obesity and offer intensive counseling and behavioral interventions to promote sustained weight loss for obese adults.	B	Dec 31, 2003
Counseling for a healthy diet	The USPSTF recommends intensive behavioral dietary counseling for adult patients with hyperlipidemia and other known risk factors for cardiovascular and diet-related chronic disease. Intensive counseling can be delivered by primary care clinicians or by referral to other specialists, such as nutritionists or dietitians.	B	Jan 30, 2003

- **USPSTF child obesity-related recommendations:**

Screening and counseling for obesity: children*	The USPSTF recommends that clinicians screen children aged <u>6 years and older</u> for obesity and offer them or refer them to comprehensive, intensive behavioral interventions to promote improvement in weight status.	B	Jan 31, 2010
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**Note: The recommendation on screening and counseling for obesity in children went into effect on January 31, 2010. For this service, plans and issuers are required to provide coverage without cost-sharing in the first plan year (in the individual market, policy year) that begins on or after January 31, 2011.*

- EBD covers clinician screening of all patients for obesity (6 years and older).
- EBD covers intensive counseling* as prescribed by the clinician (6 years and older).

Recommendation #1 – additional notes

*Intensive Counseling Notes

- Intensive counseling can be delivered by primary care clinicians or by referral to other specialists, such as nutritionists or dietitians.
- A high-intensity intervention is more than 1 person-to-person (individual or group) session per month for at least the first 3 months of the intervention. A medium-intensity intervention is a monthly intervention, and anything less frequent is a low-intensity intervention.
 - There are limited data on the best place for these interventions to occur and on the composition of the multidisciplinary team that should deliver high-intensity interventions.
- Evidence only for obese > 30 BMI, not overweight.

National Guidelines for children are being sent to us from ACH children's program ~ 25 hours contact with child and/or family for a 6 month period.

The definitions below (of USPSTF grades and quality of evidence ratings) were in use prior to the update and apply to recommendations voted on by the USPSTF prior to May 2007.

A—Strongly Recommended: The USPSTF strongly recommends that clinicians provide [the service] to eligible patients. The USPSTF found good evidence that [the service] improves important health outcomes and concludes that benefits substantially outweigh harms.

B—Recommended: The USPSTF recommends that clinicians provide [the service] to eligible patients. The USPSTF found at least fair evidence that [the service] improves important health outcomes and concludes that benefits outweigh harms.

2. Recommendation to Benefits: Cover bariatric surgery as outlined by the requirements for participation in Bariatric Pilot Program (attached) *[May make recommendations in the future to pass on cost sharing to the members and spouses if allowed for under the law].*

- Cost-sharing will fall under the regular benefits schedule for similar services (i.e., other surgeries)
- Covers the procedures as noted in the Law
- Only subscribers and spouses will be eligible for bariatric surgery
- There are BMI minimums which must be adhered to for qualification
- Members with co-morbidities, will be required to participate in ARBenefits*Plus* and be followed in Case Management
- Member must meet certain pre-surgery requirements and the surgery will need to be pre-authorized by AHH. Documentation of required elements must be provided to AHH at the time pre-authorization is requested for the Bariatric Surgery.
- Bariatric Surgery will only be covered when performed by an in-network bariatric surgery center of excellence (no provisional centers may be utilized under this pilot)

3. Recommendation to Benefits: LTAC admissions to be covered for members

All admissions to LTAC must be pre-authorized by AHH following the guidelines as established by the policy, and must be to in-network facilities

- AHH will re-review each admission every seven days to ensure that progress is being made to independence or discharge to a lower level of care
- All members seeking admission to LTAC will be required to participate in case management (the case managers will be required to attempt to negotiate favorable rates at in-network facilities)

REQUIREMENTS FOR PARTICIPATION IN BARIATRIC PILOT PROGRAM
(January 1, 2012 – December 31, 2017)

ARBenefits will provide coverage for bariatric surgery to include:

- A.) Gastric bypass surgery
- B.) Adjustable gastric banding surgery
- C.) Sleeve gastrectomy surgery
- D.) Duodenal switch biliopancreatic diversion

Additional procedures must be approved by the Arkansas State and Public School Life and Health Insurance Board.

The surgical procedure must be pre-certified by your surgeon for medical necessity prior to surgery. Contact American Health Holding (AHH) at 800-592-0358.

Criteria

1. Subscribers and spouses only are eligible for bariatric surgery.
2. Members requesting bariatric surgery must be on ARBenefits plan for at least one year prior to request.
2. Member must have a BMI equal to or greater than 35 (35-40) with comorbidity or coexisting medical conditions such as hypertension, cardiopulmonary conditions, sleep apnea, or diabetes **OR** a BMI of greater than 40.
3. Member must participate in a physician-supervised weight loss program for a period of at least 6 months within the previous year prior to request for surgery.
4. Member with coexisting medical conditions must be enrolled in an ARBenefits Plus program appropriate for their medical condition for at least 6 months prior to surgery.
5. Member must have a psychological evaluation performed by a psychiatrist or psychologist related to weight loss and surgical preparedness.
6. The procedure must be performed at a fully approved (not provisional) in-network bariatric surgery center of excellence.
7. The member must agree in writing to comply with at least a one-year post surgery, physician-supervised treatment plan, and to be followed by an ARBenefits case manager.

AHH will not be able to provide pre-certification until all necessary documentation has been obtained.

8. Documentation required for pre-certification:

- A. Letter from PCP to include:
 1. Recommendation of member for bariatric surgery
 2. Ruling out of medically related causes of obesity (such as thyroid or endocrine disorders)
 3. Weight history over the past 5 years
- B. Records of at least 6 months of participation in a physician supervised weight loss program that includes nutrition, exercise, and behavior modification components. (In-network providers only will be covered by ARBenefits.) Summary letter is not acceptable.
- C. Records of all studies/procedures such as, but not limited to, sleep study, cardiac studies (stress test, echocardiogram, cardiac catheterization), operations on the stomach or intestines, hernia repair.
- D. Documentation of psychological evaluation.
- E. Post-Op follow-up treatment documentation form signed from surgeon's office.

Arkansas Public School Employee Group
Summary of Proposed Benefit Changes and Rates



Experience

- Life claims have been 101.3% of premium from 1/1/2007 through 4/30/2011
- Loss ratio (claims/premium) has increased over the experience period
- Loss ratio should be at 89.5% to cover admin expenses and premium tax
- Projected required increase is 13.2%

Requested Rates - Assumes no benefit changes

- ***Option 1 - 10% increase on all life coverage***
- ***Option 2 - 20% increase on Supplemental and Dependent life***

	Current Rate Per \$1000	Option 1 Rate Per \$1000	Option 2 Rate Per \$1000
Basic Life	0.080	0.088	0.080
Basic AD&D	0.030	0.030	0.030
Supplemental Life	0.200	0.220	0.240
Supplemental AD&D	0.030	0.030	0.030
Dependent Life	0.192	0.211	0.230
Retiree Life	2.580	2.838	2.580

Arkansas State Employees Health Benefits Program

Preliminary Rates for CY 2012



John Colberg, FSA, MAAA

July 15, 2011



Topics

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*NME = Non-Medicare Eligible



PSE Actives & NME Retirees

PSE ACTIVE RATE DEVELOPMENT for CY2012

Plan:
Benefit:
Experience Period - Service (Incurred) Dates
Experience Period - Processed (Paid) Dates

1 Total Incurred Medical & Rx Claims (Experience Period)
2 Less High Cost Claims Above (Med/Rx) **\$100,000** **\$20,000**
3 Net Incurred Claims below Pooling Point [1 - 2]
4 Person Months for Experience Period
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]

6 Change in Benefits During Experience Period
7 Change in Demographics or Risk During Experience Period
8 Change in Geographic During Experience Period
9 a) Annual Trend Rate
b) Months to Trend
c) Trend Adjustment

10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]

11 Charge for Claims above Pooling Point PPPM

12 Total Claims Charged PPPM [9 + 10]

13 Change in Future Benefits

14 Change in Future Demographics (Age/Gender/Family) or Risk

15 Change in Future Geographic

16 Change in Future Network

17 Projected Incurred Claim PPPM [13x 14 x15x16]

18 Projected Blended Incurred Claim PPPM

19 Percent to Use Blended Experience

20 Rating Incurred Claim PPPM [17 blended with 18]

21 Projected Persons Months

22 Projected Total Incurred Claims [20 x 21]

23 Conversion to Rating Tiers [20 x rating tier x counts]

Method: **Historical**

a) Employee Only

b) Employee & Spouse

c) Employee & Child(ren)

d) Family

e) Child(ren) of Medicare Retirees

24 Rates Balance Confirmation

	Gold			Silver (based on Gold)			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	5/10 - 4/11	6/10 - 5/11		5/10 - 4/11	6/10 - 5/11		5/10 - 4/11	6/10 - 5/11	
	5/10 - 6/11	6/10 - 6/11		5/10 - 6/11	6/10 - 6/11		5/10 - 6/11	6/10 - 6/11	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$179,483,635	\$53,465,350	\$232,948,985	\$179,483,635	\$53,465,350	\$232,948,985	\$6,874,874	\$486,264	\$7,361,138
2 Less High Cost Claims Above (Med/Rx) \$100,000 \$20,000	\$11,509,068	\$3,638,893	\$15,147,961	\$11,509,068	\$3,638,893	\$15,147,961	\$674,260	\$0	\$674,260
3 Net Incurred Claims below Pooling Point [1 - 2]	\$167,974,568	\$49,826,456	\$217,801,024	\$167,974,568	\$49,826,456	\$217,801,024	\$6,200,614	\$486,264	\$6,686,878
4 Person Months for Experience Period	739,701	738,763	739,486	739,701	738,727	739,478	72,969	76,600	73,233
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$227.08	\$67.45	\$294.53	\$227.08	\$67.45	\$294.53	\$84.98	\$6.35	\$91.33
6 Change in Benefits During Experience Period	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
7 Change in Demographics or Risk During Experience Period	1.0008	1.0004		1.0008	1.0004		0.9869	0.9860	
8 Change in Geographic During Experience Period	0.9991	0.9991		0.9991	0.9991		1.0003	1.0003	
9 a) Annual Trend Rate	5.8%	3.5%		5.8%	3.5%		5.8%	3.5%	
b) Months to Trend	20	19		20	19		20	19	
c) Trend Adjustment	1.0985	1.0560		1.0985	1.0560		1.0985	1.0560	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$249.42	\$71.19	\$320.61	\$249.42	\$71.19	\$320.61	\$92.16	\$6.61	\$98.77
11 Charge for Claims above Pooling Point PPPM	\$15.56	\$4.93	\$20.48	\$15.56	\$4.93	\$20.48	\$9.24	\$0.00	\$9.24
12 Total Claims Charged PPPM [9 + 10]	\$264.98	\$76.11	\$341.09	\$264.98	\$76.11	\$341.09	\$101.40	\$6.61	\$108.01
13 Change in Future Benefits	1.0276	1.0100		0.9634	0.9803		1.0276	1.0100	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0368	1.0368		0.8873	0.8873		1.0518	1.0518	
15 Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 Change in Future Network	0.9746	1.0000		1.1500	1.0000		0.8000	1.0000	
17 Projected Incurred Claim PPPM [13x 14 x15x16]	\$275.14	\$79.71	\$354.84	\$260.49	\$66.21	\$326.70	\$87.67	\$7.03	\$94.70
18 Projected Blended Incurred Claim PPPM	n/a	\$70.93		n/a	\$68.84		n/a	\$53.08	
19 Percent to Use Blended Experience		0%			0%			0%	
20 Rating Incurred Claim PPPM [17 blended with 18]	\$275.14	\$79.71	\$354.84	\$260.49	\$66.21	\$326.70	\$87.67	\$7.03	\$94.70
21 Projected Persons Months	676,278	676,278	676,278	38,931	38,931	38,931	128,922	128,922	128,922
22 Projected Total Incurred Claims [20 x 21]	\$186,068,070	\$53,903,572	\$239,971,642	\$10,141,186	\$2,577,440	\$12,718,625	\$11,302,870	\$905,790	\$12,208,660
23 Conversion to Rating Tiers [20 x rating tier x counts]	x tier	Projected		x tier	Projected		x tier	Projected	
Method: Historical	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only	1.11	378,108	\$393.65	1.12	20,801	\$364.67	1.11	64,908	\$105.18
b) Employee & Spouse	3.27	16,741	\$1,158.95	3.29	1,143	\$1,073.63	3.23	4,128	\$305.62
c) Employee & Child(ren)	2.07	62,822	\$735.75	2.09	3,906	\$681.59	2.06	7,646	\$194.98
d) Family	3.29	21,782	\$1,167.51	3.31	1,150	\$1,081.56	3.26	8,518	\$308.69
e) Child(ren) of Medicare Retirees	0.96	221	\$342.11						
24 Rates Balance Confirmation		479,674	\$239,971,642		27,000	\$12,718,625		85,200	\$12,208,660

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



PSE Actives – Option A

Silver \$35 PCP Copay / \$500 Deductible



PSE Detailed Financials



Retiree Subsidy/Holdback

	2011	2012
PSE - PEPM	\$11.20	\$11.20
NME Ret Holdback	\$63.55	\$11.20

State/Reserve Contributions

Input Addl Reserves for Actives (\$ mil)	
Addl Reserves for NME Retirees (\$ mil)	\$0.0
Addl Reserves for ME Retirees (\$ mil)	(\$0.0)
For each Rating Tier, e.g. Employee	
Silver Amount should be what % of Gold	100%
Total New Reserve Allocation	\$18.0

EE Cost Override*

Change in Gold	10%
Change in Silver	-4.0%
Change in Bronze	

*Leave blank if not used

[Go to NME Ret](#)

[Go to ME Ret](#)

[Go to ASE](#)

[Go to Enrollment Changes](#)

Total Active & Ret (\$ mil)	\$276.5	\$19.2	\$7.0	\$302.7	\$57.0	\$16.8	\$73.9	\$155.0	\$147.5	\$7.5		55,300
Actives	Medical and Pharmacy*	Expenses	Retirement Subsidy	Total Monthly Premium	State Cont. (Act 1842/1421)	Res. Alloc.	School District Contrib.	2012 Total EE Cost	2011 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold												
Employee Only	\$393.64	\$32.56	\$11.20	\$437.40	\$90.10	\$28.94	\$131.00	\$187.36	\$170.34	\$17.02	10%	29,716
Employee & Spouse	1,158.96	32.56	11.20	1,202.72	160.20	62.60	131.00	848.92	771.74	77.18	10%	1,253
Employee & Child(ren)	735.76	32.56	11.20	779.52	122.74	45.22	131.00	480.56	436.87	43.69	10%	5,224
Family	1,167.52	32.56	11.20	1,211.28	165.90	63.18	131.00	851.20	773.82	77.38	10%	1,807
Est. Monthly Total (\$mil)	\$19.1	\$1.2	\$0.4	\$20.8	\$3.8	\$1.3	\$5.0	\$10.7	\$9.7	\$1.0		38,000
Silver									(2011 HA)			
Employee Only	\$364.66	\$32.56	\$11.20	\$408.42	\$90.10	\$23.80	\$131.00	\$163.52	\$170.34	(\$6.82)	-4%	1,520
Employee & Spouse	1,073.64	32.56	11.20	1,117.40	160.20	85.32	131.00	740.88	771.74	(30.86)	-4%	61
Employee & Child(ren)	681.58	32.56	11.20	725.34	122.74	52.20	131.00	419.40	436.87	(17.47)	-4%	325
Family	1,081.56	32.56	11.20	1,125.32	165.90	85.56	131.00	742.86	773.82	(30.96)	-4%	95
Est. Monthly Total (\$mil)	\$0.9	\$0.1	\$0.0	\$1.0	\$0.2	\$0.1	\$0.3	\$0.5	\$0.5	\$0.0		2,000
Bronze												
Employee Only	\$105.18	\$32.56	\$11.20	\$148.94	\$17.94	\$0.00	\$131.00	\$0.00	\$15.10	(\$15.10)	-100%	5,324
Employee & Spouse	305.62	32.56	11.20	349.38	31.90	0.00	131.00	186.48	333.10	(146.62)	-44%	330
Employee & Child(ren)	194.98	32.56	11.20	238.74	24.44	0.00	131.00	83.30	155.36	(72.06)	-46%	637
Family	308.70	32.56	11.20	352.46	33.02	0.00	131.00	188.44	333.70	(145.26)	-44%	709
Est. Monthly Total (\$mil)	\$1.0	\$0.2	\$0.1	\$1.3	\$0.1	\$0.0	\$0.9	\$0.2	\$0.5	-\$0.3		7,000
Total (Monthly) (\$ mil)	\$21.1	\$1.5	\$0.5	\$23.1	\$4.2	\$1.4	\$6.2	\$11.4	\$10.8	\$0.7		47,000
Est Annual Total (\$ mil)	\$252.6	\$18.4	\$6.3	\$277.3	\$50.0	\$16.3	\$73.9	\$137.1	\$129.1	\$8.1		

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



PSE Actives – Option B

Silver \$25 PCP Copay / \$750 Deductible



PSE Detailed Financials



Retiree Subsidy/Holdback

	2011	2012
PSE - PEPM	\$11.20	\$11.20
NME Ret Holdback	\$63.55	\$11.20

State/Reserve Contributions

Input Addl Reserves for Actives (\$ mil)	
Addl Reserves for NME Retirees (\$ mil)	\$0.0
Addl Reserves for ME Retirees (\$ mil)	(\$0.0)
For each Rating Tier, e.g. Employee	
Silver Amount should be what % of Gold	100%
Total New Reserve Allocation	\$18.0

EE Cost Override*

Change in Gold	10%
Change in Silver	-7.5%
Change in Bronze	

*Leave blank if not used

Go to NME Ret

Go to ME Ret

Go to ASE

Go to Enrollment Changes

Total Active & Ret (\$ mil)	\$276.2	\$19.2	\$7.0	\$302.5	\$57.1	\$16.8	\$73.9	\$154.8	\$147.5	\$7.2		55,300
Actives	Medical and Pharmacy*	Expenses	Retirement Subsidy	Total Monthly Premium	State Cont. (Act 1842/1421)	Res. Alloc.	School District Contrib.	2012 Total EE Cost	2011 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold												
Employee Only	\$393.64	\$32.52	\$11.20	\$437.36	\$90.12	\$28.88	\$131.00	\$187.36	\$170.34	\$17.02	10%	29,716
Employee & Spouse	1,158.96	32.52	11.20	1,202.68	160.22	62.54	131.00	848.92	771.74	77.18	10%	1,253
Employee & Child(ren)	735.76	32.52	11.20	779.48	122.74	45.18	131.00	480.56	436.87	43.69	10%	5,224
Family	1,167.52	32.52	11.20	1,211.24	165.92	63.12	131.00	851.20	773.82	77.38	10%	1,807
Est. Monthly Total (\$mil)	\$19.1	\$1.2	\$0.4	\$20.8	\$3.8	\$1.3	\$5.0	\$10.7	\$9.7	\$1.0		38,000
Silver									(2011 HA)			
Employee Only	\$357.90	\$32.52	\$11.20	\$401.62	\$90.12	\$22.94	\$131.00	\$157.56	\$170.34	(\$12.78)	-8%	1,520
Employee & Spouse	1,053.68	32.52	11.20	1,097.40	160.22	92.32	131.00	713.86	771.74	(\$57.88)	-8%	61
Employee & Child(ren)	668.92	32.52	11.20	712.64	122.74	54.80	131.00	404.10	436.87	(\$32.77)	-8%	325
Family	1,061.48	32.52	11.20	1,105.20	165.92	92.50	131.00	715.78	773.82	(\$58.04)	-8%	95
Est. Monthly Total (\$mil)	\$0.9	\$0.1	\$0.0	\$1.0	\$0.2	\$0.1	\$0.3	\$0.5	\$0.5	\$0.0		2,000
Bronze												
Employee Only	\$105.18	\$32.52	\$11.20	\$148.90	\$17.90	\$0.00	\$131.00	\$0.00	\$15.10	(\$15.10)	-100%	5,324
Employee & Spouse	305.62	32.52	11.20	349.34	31.82	0.00	131.00	186.52	333.10	(\$146.58)	-44%	330
Employee & Child(ren)	194.98	32.52	11.20	238.70	24.38	0.00	131.00	83.32	155.36	(\$72.04)	-46%	637
Family	308.70	32.52	11.20	352.42	32.96	0.00	131.00	188.46	333.70	(\$145.24)	-44%	709
Est. Monthly Total (\$mil)	\$1.0	\$0.2	\$0.1	\$1.3	\$0.1	\$0.0	\$0.9	\$0.2	\$0.5	-\$0.3		7,000
Total (Monthly) (\$ mil)	\$21.0	\$1.5	\$0.5	\$23.1	\$4.2	\$1.4	\$6.2	\$11.4	\$10.8	\$0.7		47,000
Est Annual Total (\$ mil)	\$252.4	\$18.3	\$6.3	\$277.0	\$50.0	\$16.2	\$73.9	\$136.9	\$129.1	\$7.8		

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



PSE NME Retirees – Option A

Silver \$35 PCP Copay / \$500 Deductible

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PSE Detailed Financials

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Retiree Subsidy/Holdback

	2011	2012
Active PSE - PEPM	\$11.20	\$11.20
NME Ret Holdback	\$63.55	\$11.20

State/Reserve Contributions

Add Reserves for NME Retirees (\$ mil) **\$0.0**

For each Rating Tier, e.g. Employee
Amount should be what % of Gold
Silver **100%** Bronze **100%**

Total Active & Ret (\$ mil)	\$276.5	\$19.2	\$7.0	\$302.7	\$57.0	\$16.8	\$73.9	\$155.0	\$147.5	\$7.5		55,300
NME Retirees	Medical and Pharmacy*	Expenses	Retiree Holdback	Total Monthly Premium		Res. Alloc.		2012 Total Ret. Cost	2011 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold												
Retiree Only	\$393.64	\$32.56	\$31.22	\$457.42		\$0.00		\$457.42	\$457.42	\$0.00	0%	1,579
Retiree & NME SP	1,158.96	32.56	11.20	1,202.72		50.71		1,152.01	1,152.01	0.00	0%	142
Retiree & Child(ren)	735.76	32.56	11.20	779.52		11.24		768.28	768.28	0.00	0%	7
Retiree & NME SP&CH	1,167.52	32.56	11.20	1,211.28		51.46		1,159.82	1,159.82	0.00	0%	8
Retiree & ME SP	538.40	32.56	25.86	596.82		0.00		596.82	596.82	0.00	0%	112
Retiree & ME SP & CH	880.50	32.56	11.20	924.26		16.55		907.71	907.71	0.00	0%	1
Est. Monthly Total (\$mil)	\$0.9	\$0.1	\$0.1	\$1.0		\$0.0		\$1.0	\$1.0	\$0.0		1,850
Silver												
Employee Only	\$364.66	\$32.56	\$11.20	\$408.42		\$0.00		\$408.42	\$457.42	(\$49.00)	-11%	213
Employee & Spouse	1,073.64	32.56	11.20	1,117.40		0.00		1,117.40	1,152.01	(34.61)	-3%	34
Employee & Child(ren)	681.58	32.56	11.20	725.34		0.00		725.34	768.28	(42.94)	-6%	1
Family	1,081.56	32.56	11.20	1,125.32		0.00		1,125.32	1,159.82	(34.50)	-3%	1
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.0	\$0.1		\$0.0		\$0.1	\$0.1	\$0.0		250
Bronze												
Employee Only	\$105.18	\$32.56	\$11.20	\$148.94		\$0.00		\$148.94	\$457.42	(\$308.48)	-67%	85
Employee & Spouse	305.62	32.56	11.20	349.38		0.00		349.38	1,152.01	(802.63)	-70%	14
Employee & Child(ren)	194.98	32.56	11.20	238.74		0.00		238.74	768.28	(529.54)	-69%	0
Family	308.70	32.56	11.20	352.46		0.00		352.46	1,159.82	(807.36)	-70%	0
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0		\$0.0	\$0.1	\$0.0		100
Total (Monthly) (\$ mil)	\$1.0	\$0.1	\$0.1	\$1.1		\$0.0		\$1.1	\$1.2	(\$0.0)		2,200
Est Annual Total (\$ mil)	\$11.9	\$0.9	\$0.7	\$13.5		\$0.1		\$13.4	\$14.0	(\$0.6)		

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



PSE NME Retirees – Option B

Silver \$25 PCP Copay / \$750 Deductible

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PSE Detailed Financials

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Retiree Subsidy/Holdback

	2011	2012
Active PSE - PEP	\$11.20	\$11.20
NME Ret Holdback	\$63.55	\$11.20

State/Reserve Contributions

Add Reserves for NME Retirees (\$ mil) **\$0.0**

For each Rating Tier, e.g. Employee
Amount should be what % of Gold
Silver **100%** Bronze **100%**

Total Active & Ret (\$ mil)	\$276.2	\$19.2	\$7.0	\$302.5	\$57.1	\$16.8	\$73.9	\$154.8	\$147.5	\$7.2		55,300
NME Retirees	Medical and Pharmacy*	Expenses	Retiree Holdback	Total Monthly Premium		Res. Alloc.		2012 Total Ret. Cost	2011 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold												
Retiree Only	\$393.64	\$32.52	\$31.26	\$457.42		\$0.00		\$457.42	\$457.42	\$0.00	0%	1,579
Retiree & NME SP	1,158.96	32.52	11.20	1,202.68		50.67		1,152.01	1,152.01	0.00	0%	142
Retiree & Child(ren)	735.76	32.52	11.20	779.48		11.20		768.28	768.28	0.00	0%	7
Retiree & NME SP&CH	1,167.52	32.52	11.20	1,211.24		51.42		1,159.82	1,159.82	0.00	0%	8
Retiree & ME SP	538.40	32.52	25.90	596.82		0.00		596.82	596.82	0.00	0%	112
Retiree & ME SP & CH	880.50	32.52	11.20	924.22		16.51		907.71	907.71	0.00	0%	1
Est. Monthly Total (\$mil)	\$0.9	\$0.1	\$0.1	\$1.0		\$0.0		\$1.0	\$1.0	\$0.0		1,850
Silver												
Employee Only	\$357.90	\$32.52	\$11.20	\$401.62		\$0.00		\$401.62	\$457.42	(\$55.80)	-12%	213
Employee & Spouse	1,053.68	32.52	11.20	1,097.40		0.00		1,097.40	1,152.01	(\$54.61)	-5%	34
Employee & Child(ren)	668.92	32.52	11.20	712.64		0.00		712.64	768.28	(\$55.64)	-7%	1
Family	1,061.48	32.52	11.20	1,105.20		0.00		1,105.20	1,159.82	(\$54.62)	-5%	1
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.0	\$0.1		\$0.0		\$0.1	\$0.1	\$0.0		250
Bronze												
Employee Only	\$105.18	\$32.52	\$11.20	\$148.90		\$0.00		\$148.90	\$457.42	(\$308.52)	-67%	85
Employee & Spouse	305.62	32.52	11.20	349.34		0.00		349.34	1,152.01	(\$802.67)	-70%	14
Employee & Child(ren)	194.98	32.52	11.20	238.70		0.00		238.70	768.28	(\$529.58)	-69%	0
Family	308.70	32.52	11.20	352.42		0.00		352.42	1,159.82	(\$807.40)	-70%	0
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0		\$0.0	\$0.1	\$0.0		100
Total (Monthly) (\$ mil)	\$1.0	\$0.1	\$0.1	\$1.1		\$0.0		\$1.1	\$1.2	(\$0.1)		2,200
Est Annual Total (\$ mil)	\$11.9	\$0.9	\$0.7	\$13.4		\$0.1		\$13.3	\$14.0	(\$0.6)		

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



PSE Medicare Retirees

PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2012

Plan:

Benefit:

Experience Period - Service (Incurred) Dates

Experience Period - Processed (Paid) Dates

	Medicare	
	Medical	Total
	5/10 - 4/11	
	5/10 - 6/11	
1 Total Incurred Medical & Rx Claims (Experience Period)	\$9,644,144	\$9,644,144
2 <u>Less High Cost Claims Above (Med/Rx)</u>	\$100,000	\$20,000
	\$143,707	\$143,707
3 Net Incurred Claims below Pooling Point [1 - 2]	\$9,500,436	\$9,500,436
4 <u>Person Months for Experience Period</u>	74,413	74,413
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$127.67	\$127.67
6 Change in Benefits During Experience Period	1.0000	
7 Change in Demographics or Risk During Experience Period	0.9993	
8 Change in Geographic During Experience Period	1.0000	
9 a) Annual Trend Rate	7.0%	
b) Months to Trend	20	
c) <u>Trend Adjustment</u>	1.1194	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$142.82	\$142.82
11 <u>Charge for Claims above Pooling Point PPPM</u>	\$1.93	\$1.93
12 Total Claims Charged PPPM [9 + 10]	\$144.75	\$144.75
13 Change in Future Benefits	1.0000	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0000	
15 Change in Future Geographic	1.0000	
16 <u>Change in Future Network</u>	1.0000	
17 Projected Incurred Claim PPPM [13x 14 x15x16]	\$144.75	\$144.75
18 <u>Projected Persons Months</u>	80,062	80,062
19 Projected Total Incurred Claims [17 x 18]	\$11,588,688	\$11,588,688

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



PSE Retirees

PSE GOLD RETIREE RATE DEVELOPMENT for CY2012

1 Conversion to Rating Tiers

PPPM [17]

Method:

Historical

- 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>
1.11	\$393.65	-	\$0.00	18,954	\$393.65
3.27	\$1,158.95	-	\$0.00	1,708	\$1,158.95
2.07	\$735.75	-	\$0.00	85	\$735.75
3.29	\$1,167.51	-	\$0.00	94	\$1,167.51
1.11	\$393.65	1.00	\$144.75	1,346	\$538.39
2.07	\$735.75	1.00	\$144.75	13	\$880.50
-	\$0.00	1.00	\$144.75	66,272	\$144.75
1.11	\$393.65	1.00	\$144.75	1,216	\$538.39
0.96	\$342.11	1.00	\$144.75	172	\$486.85
2.18	\$773.87	1.00	\$144.75	37	\$918.61
-	\$0.00	2.00	\$289.49	5,491	\$289.49
0.96	\$342.11	2.00	\$289.49	12	\$631.60
	<u>\$10,722,729</u>		<u>\$11,588,688</u>		<u>\$22,311,417</u>

2 Rates Balance Confirmation

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



PSE Retirees – Medicare Eligible



PSE Detailed Financials

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**Go to Enrollment
Changes**

Retiree Contributions

Increase per Medicare Person	\$0.00
Additional min incr if have children	\$0.00

State/Reserve Contributions

Addl Reserves for ME Retirees (\$ mil)	(\$0.0)
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Go to Actives

Go to NME Ret

Go to ASE

Total Active & Ret (\$ mil)	\$276.5	\$19.2	\$7.0	\$302.7	\$57.0	\$16.8	\$73.9	\$155.0	\$147.5	\$7.5		55,300
ME Retirees	Medical and Pharmacy*	Expenses		Total Monthly Premium	Subsidy / Holdback	Res. Alloc.		2012 Total Ret. Cost	2011 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Medicare Eligible												
Retiree Only	\$144.75	\$0.00		\$144.75	\$96.91	\$6.40		\$41.44	\$41.44	\$0.00	0%	5,523
Retiree & NME SP	538.39	0.00	29.98	568.37	0.00	0.00		568.37	568.37	0.00	0%	101
Retiree & Child(ren)	486.85	0.00		486.85	61.61	4.07		421.17	421.17	0.00	0%	14
Retiree & NME SP&CH	918.61	0.00		918.61	38.64	2.55		877.42	877.42	0.00	0%	3
Retiree & ME SP	289.49	0.00		289.49	111.54	7.36		170.59	170.59	0.00	0%	458
Retiree & ME SP & CH	631.60	0.00		631.60	76.25	5.03		550.32	550.32	0.00	0%	1
Est. Monthly Total (\$mil)	\$1.0	\$0.0	\$0.0	\$1.0	\$0.6	\$0.0		\$0.4	\$0.4	\$0.0		6,100
Total (Est. Annual)	\$12.0	\$0.0	\$0.0	\$12.0	\$7.0	\$0.5		\$4.5	\$4.5	\$0.0		

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



ASE Actives & NME Retirees

ASE ACTIVE RATE DEVELOPMENT for CY2012

Plan:

Benefit:

Experience Period - Service (Incurred) Dates

Experience Period - Processed (Paid) Dates

1 Total Incurred Medical & Rx Claims (Experience Period)		
2 Less High Cost Claims Above (Med/Rx)	\$100,000	\$20,000
3 Net Incurred Claims below Pooling Point [1 - 2]		
4 Person Months for Experience Period		
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]		

6 Change in Benefits During Experience Period	1.0000	1.0000
7 Change in Demographics or Risk During Experience Period	0.9943	0.9945
8 Change in Geographic During Experience Period	1.0000	1.0000
9 a) Annual Trend Rate	5.8%	3.5%
b) Months to Trend	20	19
c) Trend Adjustment	1.0985	1.0560
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$249.91	\$67.65
11 Charge for Claims above Pooling Point PPPM	\$12.90	\$5.87
12 Total Claims Charged PPPM [10 + 11]	\$262.81	\$73.52
13 Change in Future Benefits	1.0268	1.0100
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0092	1.0092
15 Change in Future Geographic	1.0000	1.0000
16 Change in Future Network	0.9865	1.0000
17 Projected Incurred Claim PPPM [13x 14 x15x16]	\$268.67	\$74.94
18 Projected Blended Incurred Claim PPPM	n/a	\$72.58
19 Percent to Use Blended Experience		0%
20 Rating Incurred Claim PPPM [17 blended with 18]	\$268.67	\$74.94
21 Projected Persons Months	578,169	578,169
22 Projected Total Incurred Claims [20 x 21]	\$155,337,883	\$43,328,183

23 Conversion to Rating Tiers [20 x rating tier x counts]

Method: Historical

- a) Employee Only
- b) Employee & Spouse
- c) Employee & Child(ren)
- d) Family
- e) Child(ren) of Medicare Retirees

24 Rates Balance Confirmation

Gold			Silver (based on Gold)			Bronze		
Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
5/10 - 4/11	6/10 - 5/11		5/10 - 4/11	6/10 - 5/11		5/10 - 4/11	6/10 - 5/11	
5/10 - 6/11	6/10 - 6/11		5/10 - 6/11	6/10 - 6/11		5/10 - 6/11	6/10 - 6/11	
A	B	C	D	E	F	G	H	I
\$145,739,391	\$42,477,597	\$188,216,988	\$145,739,391	\$42,477,597	\$188,216,988	\$1,725,817	\$129,134	\$1,854,951
\$7,776,335	\$3,546,183	\$11,322,518	\$7,776,335	\$3,546,183	\$11,322,518	\$122,180	\$10,234	\$132,413
\$137,963,056	\$38,931,414	\$176,894,470	\$137,963,056	\$38,931,414	\$176,894,470	\$1,603,637	\$118,900	\$1,722,537
602,990	604,299	603,278	602,990	604,299	603,278	20,014	20,290	20,033
\$228.80	\$64.42	\$293.22	\$228.80	\$64.42	\$293.22	\$80.13	\$5.86	\$85.99
1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
0.9943	0.9945		0.9943	0.9945		0.9964	1.0342	
1.0000	1.0000		1.0000	1.0000		0.9982	0.9982	
5.8%	3.5%		5.8%	3.5%		5.8%	3.5%	
20	19		20	19		20	19	
1.0985	1.0560		1.0985	1.0560		1.0985	1.0560	
\$249.91	\$67.65	\$317.56	\$249.91	\$67.65	\$317.56	\$87.55	\$6.39	\$93.94
\$12.90	\$5.87	\$18.76	\$12.90	\$5.87	\$18.76	\$6.10	\$0.50	\$6.61
\$262.81	\$73.52	\$336.33	\$262.81	\$73.52	\$336.33	\$93.66	\$6.89	\$100.55
1.0268	1.0100		0.9497	0.9811		1.0268	1.0100	
1.0092	1.0092		0.8868	0.8868		1.0930	1.0930	
1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
0.9865	1.0000		1.1641	1.0000		0.8000	1.0000	
\$268.67	\$74.94	\$343.61	\$257.67	\$63.97	\$321.64	\$84.09	\$7.61	\$91.70
n/a	\$72.58	n/a	n/a	\$71.21	n/a	n/a	\$54.31	n/a
	0%			0%			0%	
\$268.67	\$74.94	\$343.61	\$257.67	\$63.97	\$321.64	\$84.09	\$7.61	\$91.70
578,169	578,169	578,169	29,789	29,789	29,789	29,268	29,268	29,268
\$155,337,883	\$43,328,183	\$198,666,066	\$7,675,908	\$1,905,595	\$9,581,503	\$2,461,194	\$222,700	\$2,683,894
x tier	Projected		x tier	Projected		x tier	Projected	
factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
1.15	197,691	\$396.14	1.15	11,062	\$368.60	1.13	11,834	\$103.21
2.92	43,801	\$1,002.94	2.90	2,337	\$933.22	2.81	2,113	\$257.68
1.79	54,883	\$614.45	1.78	3,125	\$571.74	1.73	1,924	\$158.90
3.26	38,020	\$1,118.61	3.24	1,476	\$1,040.86	3.14	2,128	\$287.65
0.64	786	\$218.31				-		
	335,180	\$198,666,066		18,000	\$9,581,503		18,000	\$2,683,894

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



ASE Actives – Option A

Silver \$35 PCP Copay / \$500 Deductible

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ASE Detailed Financials

H-scan

Go to NME Ret

Go to ME Ret

Go to PSE

State / Reserve Contributions

Contrib. per Budget Posn	\$390		Total \$mil	\$161.5
	Employees	Dependents	Based On	Use Res?
Gold	75%	50%	Gold	Yes
Silver	75%	50%	Gold	Yes
Bronze	100%	50%	Bronze	No
Reserve alloc. needed (\$ mil)				\$37.3

Go to Enrollment Changes

EE Cost Override*

Change in Gold	0%
Change in Silver	
Change in Bronze	

*Leave blank if not used

Total Active & Ret (\$ mil)	\$248.2	\$15.8	\$263.9	\$161.5	\$18.7	\$83.8	\$85.0	(\$1.2)		37,500
Actives	Medical and Pharmacy	Expenses	Total Monthly Premium	State Contrib.	Reserve Alloc.	2012 EE Total Cost	2011 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold										
Employee Only	\$396.14	\$43.28	\$439.42	\$307.26	\$36.38	\$95.78	\$95.78	\$0.00	0%	14,691
Employee & Spouse	1,002.94	43.28	1,046.22	606.65	71.83	367.74	367.74	0.00	0%	3,240
Employee & Child(ren)	614.44	43.28	657.72	414.95	49.13	193.64	193.64	0.00	0%	4,481
Family	1,118.60	43.28	1,161.88	663.68	78.58	419.62	419.62	0.00	0%	3,138
Est. Monthly Total (\$mil)	\$15.3	\$1.1	\$16.4	\$10.4	\$1.2	\$4.8	\$4.8	\$0.0		25,550
Silver							(2011 HA)			
Employee Only	\$368.60	\$43.28	\$411.88	\$307.26	\$36.38	\$68.24	\$95.78	(\$27.54)	-29%	763
Employee & Spouse	933.22	43.28	976.50	606.65	71.83	298.02	367.74	(69.72)	-19%	142
Employee & Child(ren)	571.74	43.28	615.02	414.95	49.13	150.94	193.64	(42.70)	-22%	228
Family	1,040.86	43.28	1,084.14	663.68	78.58	341.88	419.62	(77.74)	-19%	118
Est. Monthly Total (\$mil)	\$0.7	\$0.1	\$0.7	\$0.5	\$0.1	\$0.2	\$0.2	(\$0.0)		1,250
Bronze										
Employee Only	\$103.22	\$43.28	\$146.50	\$146.50	\$0.00	\$0.00	\$7.16	(\$7.16)	-100%	922
Employee & Spouse	257.68	43.28	300.96	223.74	0.00	77.22	154.02	(76.80)	-50%	155
Employee & Child(ren)	158.90	43.28	202.18	174.34	0.00	27.84	60.33	(32.49)	-54%	147
Family	287.64	43.28	330.92	238.72	0.00	92.20	183.54	(91.34)	-50%	175
Est. Monthly Total (\$mil)	\$0.2	\$0.1	\$0.3	\$0.2	\$0.0	\$0.0	\$0.1	(\$0.0)		1,400
Total (Monthly) (\$ mil)	\$16.2	\$1.2	\$17.4	\$11.2	\$1.3	\$5.0	\$5.1	(\$0.1)		28,200
Est Annual Total (\$ mil)	\$194.5	\$14.6	\$209.1	\$133.8	\$15.5	\$59.8	\$60.9	(\$1.1)		

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



ASE Actives – Option B

Silver \$25 PCP Copay / \$750 Deductible

CHEIRON

ASE Detailed Financials

H-scan

Go to NME Ret

Go to ME Ret

Go to PSE

State / Reserve Contributions

Contrib. per Budget Posn	\$390		Total \$mil	\$161.5
	Employees	Dependents	Based On	Use Res?
Gold	75%	50%	Gold	Yes
Silver	75%	50%	Gold	Yes
Bronze	100%	50%	Bronze	No
Reserve alloc. needed (\$ mil)				\$37.3

Go to Enrollment Changes

EE Cost Override*

Change in Gold	0%
Change in Silver	
Change in Bronze	

*Leave blank if not used

Total Active & Ret (\$ mil)	\$248.0	\$15.8	\$263.8	\$161.5	\$18.6	\$83.6	\$85.0	(\$1.3)		37,500
Actives	Medical and Pharmacy	Expenses	Total Monthly Premium	State Contrib.	Reserve Alloc.	2012 EE Total Cost	2011 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold										
Employee Only	\$396.14	\$43.24	\$439.38	\$307.26	\$36.34	\$95.78	\$95.78	\$0.00	0%	14,691
Employee & Spouse	1,002.94	43.24	1,046.18	606.68	71.76	367.74	367.74	0.00	0%	3,240
Employee & Child(ren)	614.44	43.24	657.68	414.96	49.08	193.64	193.64	0.00	0%	4,481
Family	1,118.60	43.24	1,161.84	663.71	78.51	419.62	419.62	0.00	0%	3,138
Est. Monthly Total (\$mil)	\$15.3	\$1.1	\$16.4	\$10.4	\$1.2	\$4.8	\$4.8	\$0.0		25,550
Silver							(2011 HA)			
Employee Only	\$362.48	\$43.25	\$405.73	\$307.26	\$36.34	\$62.13	\$95.78	(\$33.65)	-35%	763
Employee & Spouse	917.72	43.25	960.97	606.68	71.76	282.53	367.74	(85.21)	-23%	142
Employee & Child(ren)	562.24	43.25	605.49	414.96	49.08	141.45	193.64	(52.19)	-27%	228
Family	1,023.58	43.25	1,066.83	663.71	78.51	324.61	419.62	(95.01)	-23%	118
Est. Monthly Total (\$mil)	\$0.7	\$0.1	\$0.7	\$0.5	\$0.1	\$0.2	\$0.2	(\$0.1)		1,250
Bronze										
Employee Only	\$103.22	\$43.25	\$146.47	\$146.48	\$0.00	(\$0.01)	\$7.16	(\$7.17)	-100%	922
Employee & Spouse	257.68	43.25	300.93	223.70	0.00	77.23	154.02	(76.79)	-50%	155
Employee & Child(ren)	158.90	43.25	202.15	174.32	0.00	27.83	60.33	(32.50)	-54%	147
Family	287.64	43.25	330.89	238.68	0.00	92.21	183.54	(91.33)	-50%	175
Est. Monthly Total (\$mil)	\$0.2	\$0.1	\$0.3	\$0.2	\$0.0	\$0.0	\$0.1	(\$0.0)		1,400
Total (Monthly) (\$ mil)	\$16.2	\$1.2	\$17.4	\$11.2	\$1.3	\$5.0	\$5.1	(\$0.1)		28,200
Est Annual Total (\$ mil)	\$194.4	\$14.6	\$209.0	\$133.8	\$15.5	\$59.7	\$60.9	(\$1.2)		

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



ASE NME Retirees – Option A

Silver \$35 PCP Copay / \$500 Deductible

CHEIRON

ASE Detailed Financials

H-scan

Go to Actives

Go to ME Ret

Go to PSE

State / Reserve Contributions

	Retiree	Dependents	Based On
Contrib. for Gold Plan	50%	30%	Gold
Contrib. for Silver Plan	50%	30%	Gold
Contrib. for Bronze Plan	0%	0%	Bronze

Go to Enrollment Changes

Ret Cost Override*

Change in Gold	0%
Change in Silver	
Change in Bronze	

*Leave blank if not used

Total Active & Ret (\$ mil)	\$248.2	\$15.8	\$263.9	\$161.5	\$18.7	\$83.8	\$85.0	(\$1.2)		37,500
NME Retirees	Medical and Pharmacy*	Expenses	Total Monthly Premium	State Contributions and Reserves		2012 Ret. Total Cost	2011 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold										
Retiree Only	\$396.14	\$43.28	\$439.42	\$203.68	\$0.00	\$235.74	\$235.74	\$0.00	0%	1,243
Retiree & NME SP	1,002.94	43.28	1,046.22	401.75	68.59	575.88	575.88	0.00	0%	410
Retiree & Child(ren)	614.44	43.28	657.72	217.88	0.00	439.84	439.84	0.00	0%	56
Retiree & NME SP&CH	1,118.62	43.28	1,161.90	245.18	0.00	916.72	916.72	0.00	0%	30
Retiree & ME SP	740.74	43.28	784.02	323.09	59.39	401.54	401.54	0.00	0%	201
Retiree & ME SP & CH	959.06	43.28	1,002.34	388.59	6.98	606.77	606.77	0.00	0%	10
Est. Monthly Total (\$mil)	\$1.1	\$0.1	\$1.2	\$0.5	\$0.0	\$0.7	\$0.7	\$0.0		1,950
Silver										
Employee Only	\$368.60	\$43.28	\$411.88	\$203.68	\$0.00	\$208.20	\$235.74	(\$27.54)	-12%	159
Employee & Spouse	933.22	43.28	976.50	401.75	68.59	506.16	575.88	(69.72)	-12%	53
Employee & Child(ren)	571.74	43.28	615.02	217.88	0.00	397.14	439.84	(42.70)	-10%	33
Family	1,040.86	43.28	1,084.14	245.18	0.00	838.96	916.72	(77.76)	-8%	5
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	(\$0.0)		250
Bronze										
Employee Only	\$103.22	\$43.28	\$146.50	\$0.00	\$0.00	\$146.50	\$235.74	(\$89.24)	-38%	64
Employee & Spouse	257.68	43.28	300.96	0.00	0.00	300.96	575.88	(274.92)	-48%	21
Employee & Child(ren)	158.90	43.28	202.18	0.00	0.00	202.18	439.84	(237.66)	-54%	13
Family	287.64	43.28	330.92	0.00	0.00	330.92	916.72	(585.80)	-64%	2
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		100
Total (Monthly) (\$ mil)	\$1.3	\$0.1	\$1.4	\$0.6	\$0.0	\$0.7	\$0.8	(\$0.0)		2,300
Est Annual Total (\$ mil)	\$15.1	\$1.1	\$16.3	\$6.8	\$0.5	\$8.9	\$9.1	(\$0.1)		

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



ASE NME Retirees – Option B

Silver \$25 PCP Copay / \$750 Deductible

CHEIRON

ASE Detailed Financials

H-scan

Go to Actives

Go to ME Ret

Go to PSE

State / Reserve Contributions

	Retiree	Dependents	Based On
Contrib. for Gold Plan	50%	30%	Gold
Contrib. for Silver Plan	50%	30%	Gold
Contrib. for Bronze Plan	0%	0%	Bronze

Go to Enrollment Changes

Ret Cost Override*

Change in Gold	0%
Change in Silver	
Change in Bronze	

*Leave blank if not used

Total Active & Ret (\$ mil)	\$248.0	\$15.8	\$263.8	\$161.5	\$18.6	\$83.6	\$85.0	(\$1.3)		37,500
NME Retirees	Medical and Pharmacy*	Expenses	Total Monthly Premium	State Contributions and Reserves		2012 Ret. Total Cost	2011 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold										
Retiree Only	\$396.14	\$43.24	\$439.38	\$203.64	\$0.00	\$235.74	\$235.74	\$0.00	0%	1,243
Retiree & NME SP	1,002.94	43.24	1,046.18	401.73	68.57	575.88	575.88	0.00	0%	410
Retiree & Child(ren)	614.44	43.24	657.68	217.84	0.00	439.84	439.84	0.00	0%	56
Retiree & NME SP&CH	1,118.62	43.24	1,161.86	245.14	0.00	916.72	916.72	0.00	0%	30
Retiree & ME SP	740.74	43.24	783.98	323.07	59.37	401.54	401.54	0.00	0%	201
Retiree & ME SP & CH	959.06	43.24	1,002.30	388.57	6.96	606.77	606.77	0.00	0%	10
Est. Monthly Total (\$mil)	\$1.1	\$0.1	\$1.2	\$0.5	\$0.0	\$0.7	\$0.7	\$0.0		1,950
Silver										
Employee Only	\$362.48	\$43.25	\$405.73	\$203.64	\$0.00	\$202.09	\$235.74	(\$33.65)	-14%	159
Employee & Spouse	917.72	43.25	960.97	401.73	68.57	490.67	575.88	(85.21)	-15%	53
Employee & Child(ren)	562.24	43.25	605.49	217.84	0.00	387.65	439.84	(52.19)	-12%	33
Family	1,023.58	43.25	1,066.83	245.14	0.00	821.69	916.72	(95.03)	-10%	5
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	(\$0.0)		250
Bronze										
Employee Only	\$103.22	\$43.25	\$146.47	\$0.00	\$0.00	\$146.47	\$235.74	(\$89.27)	-38%	64
Employee & Spouse	257.68	43.25	300.93	0.00	0.00	300.93	575.88	(274.95)	-48%	21
Employee & Child(ren)	158.90	43.25	202.15	0.00	0.00	202.15	439.84	(237.69)	-54%	13
Family	287.64	43.25	330.89	0.00	0.00	330.89	916.72	(585.83)	-64%	2
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		100
Total (Monthly) (\$ mil)	\$1.3	\$0.1	\$1.4	\$0.6	\$0.0	\$0.7	\$0.8	(\$0.0)		2,300
Est Annual Total (\$ mil)	\$15.1	\$1.1	\$16.3	\$6.8	\$0.5	\$8.9	\$9.1	(\$0.1)		

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



ASE Medicare Retirees

ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2012

Plan:

Benefit:

Experience Period - Service (Incurred) Dates

Experience Period - Processed (Paid) Dates

	Medical	Medicare Pharmacy	Total
	5/10 - 4/11	6/10 - 5/11	
	5/10 - 6/11	6/10 - 6/11	
1 Total Incurred Medical & Rx Claims (Experience Period)*	\$15,127,569	\$17,879,250	\$33,006,819
2 Less High Cost Claims Above (Med/Rx)*	\$100,000	\$20,000	
	\$187,985	\$1,178,643	\$1,366,628
3 Net Incurred Claims below Pooling Point [1 - 2]	\$14,939,584	\$16,700,606	\$31,640,191
4 Person Months for Experience Period	103,479	103,805	103,651
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$144.37	\$160.88	\$305.25
6 Change in Benefits During Experience Period	1.0000	1.0000	
7 Change in Demographics or Risk During Experience Period	0.9997	1.0000	
8 Change in Geographic During Experience Period	1.0000	1.0000	
9 a) Annual Trend Rate	7.0%	3.5%	
b) Months to Trend	20	19	
c) Trend Adjustment	1.1194	1.0560	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$161.55	\$169.89	\$331.43
11 Charge for Claims above Pooling Point PPPM	\$1.82	\$11.35	\$13.17
12 Total Claims Charged PPPM [10 + 11]	\$163.37	\$181.24	\$344.61
13 Change in Future Benefits (Level/Mgt/Discounts)	1.0000	1.0000	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0000	1.0000	
15 Change in Future Geographic	1.0000	1.0000	
16 Change in Future Network	1.0000	1.0000	
17 Projected Incurred Claim PPPM [13x 14 x15x16]	\$163.37	\$181.24	\$344.61
18 Projected Persons Months	108,417	108,417	108,417
19 Projected Total Incurred Claims [17 x 18]	\$17,711,610	\$19,649,558	\$37,361,169

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



ASE Retirees

ASE GOLD RETIREE RATE DEVELOPMENT for CY2012

1 Conversion to Rating Tiers

Method:

Historical

PPPM [17]

- 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>Ee Months</u>	<u>PEPM</u>
1.15	\$396.14	-	\$0.00	14,913	\$396.14
2.92	\$1,002.94	-	\$0.00	4,919	\$1,002.94
1.79	\$614.45	-	\$0.00	674	\$614.45
3.26	\$1,118.61	-	\$0.00	365	\$1,118.61
1.15	\$396.14	1.00	\$344.61	2,408	\$740.75
1.79	\$614.45	1.00	\$344.61	122	\$959.05
-	\$0.00	1.00	\$344.61	57,093	\$344.61
1.15	\$396.14	1.00	\$344.61	4,075	\$740.75
0.64	\$218.31	1.00	\$344.61	626	\$562.91
2.10	\$722.47	1.00	\$344.61	319	\$1,067.08
-	\$0.00	2.00	\$689.21	21,727	\$689.21
0.64	\$218.31	2.00	\$689.21	160	\$907.52
	<u>\$14,708,229</u>		<u>\$37,361,169</u>		<u>\$52,069,398</u>

2 Rates Balance Confirmation

* Pharmacy Cost for Medicare has subtracted the RDS Subsidy.

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



ASE Medicare Retirees

CHEIRON

ASE Detailed Financials

H-scan

Go to Actives

Go to NME Ret

Go to PSE

State / Reserve Contributions

	Retiree	Dependents
Contrib. for Gold Plan	60%	40%

Ret Cost Override*

Change in Gold	0%
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Go to Enrollment Changes

Total Active & Ret (\$ mil)	\$248.2	\$15.8	\$263.9	\$161.5	\$18.7	\$83.8	\$85.0	(\$1.2)		37,500
ME Retirees	Medical and Pharmacy*	Expenses	Total Monthly Premium	State Contributions and Reserves		2012 Ret. Total Cost	2011 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Medicare Eligible										
Retiree Only	\$344.61	\$0.00	\$344.61	\$206.76	\$20.72	\$117.12	\$117.12	\$0.00	0%	4,758
Retiree & NME SP	740.75	0.00	740.75	294.03	0.00	446.72	446.72	0.00	0%	340
Retiree & Child(ren)	562.91	0.00	562.91	248.05	0.00	314.86	314.86	0.00	0%	52
Retiree & NME SP&CH	1,067.08	0.00	1,067.08	422.60	0.00	644.48	644.48	0.00	0%	27
Retiree & ME SP	689.21	0.00	689.21	344.61	66.12	278.49	278.49	0.00	0%	1,811
Retiree & ME SP & CH	907.52	0.00	907.52	431.28	0.00	476.24	476.24	0.00	0%	13
Est. Monthly Total (\$ mil)	\$3.2	\$0.0	\$3.2	\$1.7	\$0.2	\$1.3	\$1.3	\$0.0		7,000
Total (Est. Annual)	\$38.5	\$0.0	\$38.5	\$20.8	\$2.6	\$15.0	\$15.0	\$0.0		

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



Appendices



Appendix A – PSE Actives

10/1/10-12/31/12 Final Rate Details

Actives	Medical and Pharmacy*	Expenses	Corp Health	Retirement Subsidy	Base Monthly Premium	Act 1842 Contrib.	Act 1421 Contrib.	Res. Alloc.	School District Contrib.	2011 EE Total Cost	2010 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Health Advantage														
Employee Only	\$347.70	\$37.84	\$6.04	\$11.20	\$402.78	\$57.97	\$24.94	\$18.53	\$131.00	\$170.34	\$152.69	\$17.65	12%	30,042
Employee & Spouse	1,032.36	37.84	9.08	11.20	1,090.48	103.06	44.17	40.51	131.00	771.74	721.45	50.29	7%	1,557
Employee & Child(ren)	653.29	37.84	7.86	11.20	710.19	78.96	33.84	29.52	131.00	436.87	406.05	30.82	8%	5,134
Family	1,036.06	37.84	13.08	11.20	1,098.18	106.73	45.75	40.88	131.00	773.82	723.40	50.42	7%	1,795
Est. Monthly Total (mil \$)	\$17.3	\$1.5	\$0.3	\$0.4	\$19.4	\$2.5	\$1.1	\$0.8	\$5.0	\$10.0	\$9.1	\$0.9		38,528
NovaSys														
Employee Only	\$385.00	\$24.21	\$6.04	\$11.20	\$426.44	\$57.97	\$24.94	\$18.53	\$131.00	\$194.00	\$173.33	\$20.67	12%	2,962
Employee & Spouse	1,113.21	24.21	9.08	11.20	1,157.70	103.06	44.17	40.51	131.00	838.96	779.05	59.91	8%	116
Employee & Child(ren)	710.43	24.21	7.86	11.20	753.70	78.96	33.84	29.52	131.00	480.38	443.21	37.17	8%	520
Family	1,117.23	24.21	13.08	11.20	1,165.72	106.73	45.75	40.88	131.00	841.36	781.20	60.16	8%	182
Est. Monthly Total (mil \$)	\$1.8	\$0.1	\$0.0	\$0.0	\$2.0	\$0.2	\$0.1	\$0.1	\$0.5	\$1.1	\$1.0	\$0.1		3,780
NovaSys HD PPO														
Employee Only	\$206.10	\$24.21	\$6.04	\$11.20	\$247.54	\$57.97	\$24.94	\$18.53	\$131.00	\$15.10	\$48.19	(\$33.09)	-69%	1,855
Employee & Spouse	607.35	24.21	9.08	11.20	651.84	103.06	44.17	40.51	131.00	333.10	429.93	(96.83)	-23%	154
Employee & Child(ren)	385.42	24.21	7.86	11.20	428.68	78.96	33.84	29.52	131.00	155.36	217.98	(62.62)	-29%	241
Family	609.56	24.21	13.08	11.20	658.06	106.73	45.75	40.88	131.00	333.70	430.84	(97.14)	-23%	293
Est. Monthly Total (mil \$)	\$0.7	\$0.1	\$0.0	\$0.0	\$0.9	\$0.2	\$0.1	\$0.1	\$0.3	\$0.2	\$0.3	-\$0.1		2,543
Total (Monthly) (mil \$)	\$19.9	\$1.6	\$0.3	\$0.5	\$22.3	\$2.9	\$1.3	\$1.0	\$5.9	\$11.2	\$10.4	\$0.8		44,851
Est. Annual Total (mil \$)	\$238.3	\$19.3	\$3.6	\$6.0	\$267.3	\$35.0	\$15.0	\$11.8	\$70.5	\$134.9	\$124.9	\$10.0		



Appendix A – PSE Retirees 2011 Final Rate Details

Retirees	Medical	Prescription Drug	Corp Health		Total Monthly Premium	Subsidy from Active Employees	Reserve Allocation			2010 Total Cost	2009 Total Cost	Change in Retiree Premiums (\$ / %)		Assumed Enrollment
Non-Medicare Eligible														
Retiree Only	\$413.54	\$37.84	\$6.04		\$457.42	\$0.00				\$457.42	\$527.62	(\$70.20)	-13%	1,818
Retiree & NME SP	1,105.09	37.84	9.08		1,152.01	0.00				1,152.01	1,213.72	(\$61.71)	-5%	204
Retiree & Child(ren)	722.58	37.84	7.86		768.28	0.00				768.28	939.28	(\$171.00)	-18%	11
Retiree & NME SP&CH	1,108.90	37.84	13.08		1,159.82	0.00				1,159.82	1,900.80	(\$740.98)	-39%	2
Retiree & ME SP	552.96	37.84	6.04		596.82	0.00				596.82	609.70	(\$12.88)	-2%	-
Retiree & ME SP & CH	862.01	37.84	7.86		907.71	0.00				907.71	1,004.01	(\$96.30)	-10%	-
Est. Monthly Total (mil \$)	\$1.0	\$0.1	\$0.0		\$1.1	\$0.0				\$1.1	\$1.2	-\$0.1		2,035
Medicare Eligible														
Retiree Only	\$134.75	\$15.41	Not Offered		\$150.16	\$108.72				\$41.44	\$41.44	\$0.00	0%	4,739
Retiree & NME SP	552.96	15.41	Not Offered		568.37	-				568.37	674.34	(\$105.97)	-16%	136
Retiree & Child(ren)	443.79	15.41	Not Offered		459.20	38.03				421.17	421.17	\$0.00	0%	12
Retiree & NME SP&CH	862.01	15.41	Not Offered		877.42	-				877.42	1,054.07	(\$176.65)	-17%	3
Retiree & ME SP	269.50	15.41	Not Offered		284.91	114.32				170.59	170.59	\$0.00	0%	440
Retiree & ME SP & CH	578.55	15.41	Not Offered		593.96	43.64				550.32	550.32	\$0.00	0%	2
Est. Monthly Total (mil \$)	\$0.8	\$0.1	\$0.0		\$0.9	\$0.6				\$0.4	\$0.4	\$0.0		5,332
Total (Est. Monthly)	\$1.8	\$0.2	\$0.0		\$2.0	\$0.6				\$1.4	\$1.6	(\$0.2)		7,367
Est. Annual Total (mil \$)	\$21.9	\$1.9	\$0.2		\$24.0	\$6.8				\$17.2	\$19.1	-\$1.9		



Appendix A – ASE Actives 2011 Final Rate Details

Actives	Medical and Pharmacy	Expenses	Corp Health	Total Monthly Premium	State Contributions	Reserve Allocation	2011 EE Total Cost	2010 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Health Advantage											
Employee Only	\$359.09	\$36.47	\$6.00	\$401.56	\$305.78	\$0.00	\$95.78	\$95.78	\$0.00	0%	14,614
Employee & Spouse	912.33	36.47	12.00	960.80	593.06	0.00	367.74	367.74	0.00	0%	3,563
Employee & Child(ren)	556.69	36.47	9.60	602.76	409.12	0.00	193.64	193.64	0.00	0%	4,217
Family	1,011.13	36.47	19.80	1,067.40	647.78	0.00	419.62	419.62	0.00	0%	3,134
Est. Monthly Total (\$ mil)	\$14.0	\$0.9	\$0.2	\$15.2	\$10.3	\$0.0	\$4.8	\$4.8	\$0.0		25,528
NovaSys											
Employee Only	\$399.13	\$22.84	\$6.00	\$427.97	\$305.78	\$0.00	\$122.19	\$96.36	\$25.83	27%	756
Employee & Spouse	991.81	22.84	12.00	1,026.65	593.06	0.00	433.59	369.18	64.41	17%	141
Employee & Child(ren)	610.82	22.84	9.60	643.26	409.12	0.00	234.14	194.54	39.60	20%	209
Family	1,097.65	22.84	19.80	1,140.29	647.78	0.00	492.50	421.22	71.28	17%	121
Est. Monthly Total (\$ mil)	\$0.7	\$0.0	\$0.0	\$0.7	\$0.5	\$0.0	\$0.3	\$0.2	\$0.0		1,227
NovaSys HD PPO											
Employee Only	\$284.10	\$22.84	\$6.00	\$312.94	\$305.78	\$0.00	\$7.16	\$20.60	(\$13.44)	-65%	578
Employee & Spouse	712.24	22.84	12.00	747.08	593.06	0.00	154.02	187.34	(33.32)	-18%	127
Employee & Child(ren)	437.01	22.84	9.60	469.45	409.12	0.00	60.33	80.86	(20.53)	-25%	103
Family	788.69	22.84	19.80	831.33	647.78	0.00	183.54	220.42	(36.88)	-17%	120
Est. Monthly Total (\$ mil)	\$0.4	\$0.0	\$0.0	\$0.4	\$0.4	\$0.0	\$0.1	\$0.1	(\$0.0)		928
Total (Monthly) (\$ mil)	\$15.1	\$1.0	\$0.3	\$16.3	\$11.2	\$0.0	\$5.2	\$5.1	\$0.0		27,683
Est Annual Total (\$ mil)	\$181.3	\$11.8	\$3.0	\$196.1	\$134.3	\$0.0	\$61.9	\$61.5	\$0.3		



Appendix A – ASE Retirees 2011 Final Rate Details

Retirees	Medical and Pharmacy	Expenses	Corp Health	Total Monthly Premium	State Contributions	Reserve Allocation	2011 Ret. Total Cost	2010 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Non-Medicare Eligible											
Retiree Only	\$359.09	\$36.47	\$6.00	\$401.56	\$165.82	\$0.00	\$235.74	\$235.74	\$0.00	0%	1,360
Retiree & NME SP	912.33	36.47	12.00	960.80	384.92	0.00	575.88	575.88	0.00	0%	488
Retiree & Child(ren)	556.69	36.47	9.60	602.76	162.92	0.00	439.84	439.84	0.00	0%	57
Retiree & NME SP&CH	1,011.13	36.47	19.80	1,067.40	150.68	0.00	916.72	916.72	0.00	0%	33
Retiree & ME SP	696.35	36.47	6.00	738.82	337.28	0.00	401.54	401.54	0.00	0%	-
Retiree & ME SP & CH	893.94	36.47	9.60	940.01	333.24	0.00	606.77	606.77	0.00	0%	-
Est. Monthly Total (\$ mil)	\$1.0	\$0.1	\$0.0	\$1.1	\$0.4	\$0.0	\$0.7	\$0.7	\$0.0		1,938
Medicare Eligible											
Retiree Only	\$332.33	\$15.41	Not Offered	\$347.74	\$230.62	\$0.00	\$117.12	\$117.12	\$0.00	0%	4,641
Retiree & NME SP	696.35	15.41	Not Offered	711.76	265.04	0.00	446.72	446.72	0.00	0%	533
Retiree & Child(ren)	529.93	15.41	Not Offered	545.34	230.48	0.00	314.86	314.86	0.00	0%	44
Retiree & NME SP&CH	893.94	15.41	Not Offered	909.35	264.87	0.00	644.48	644.48	0.00	0%	27
Retiree & ME SP	664.67	15.41	Not Offered	680.08	401.59	0.00	278.49	278.49	0.00	0%	1,785
Retiree & ME SP & CH	862.27	15.41	Not Offered	877.68	401.44	0.00	476.24	476.24	0.00	0%	16
Est. Monthly Total (\$ mil)	\$3.2	\$0.1	\$0.0	\$3.3	\$2.0	\$0.0	\$1.3	\$1.3	\$0.0		7,045
Total (Est. Monthly)	\$4.2	\$0.2	\$0.0	\$4.4	\$2.4	\$0.0	\$2.0	\$2.0	\$0.0		8,983
Total (Est. Annual)	\$49.9	\$2.2	\$0.2	\$52.2	\$28.6	\$0.0	\$23.7	\$23.7	\$0.0		



Appendix B - Benefit Options

Benefit Option Name: Last Modified: Plan Coverage Relative Value: Provider Network:	Gold 1/1/2012 1.000 Health Advantage	Silver (Tentative) 1/1/2012 0.916 TBD	Bronze (Tentative) 1/1/2012 0.820 TBD
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	None / None	\$500 / \$1000	\$1500 / \$3000
Coinsurance	20%	20%	20%
Copays			
Office Visit (OV)-Primary Care (PCP)	\$25	\$35	Ded. & Coins.
OV - Specialist Care Provider (SCP)	\$35	\$50	Ded. & Coins.
Urgent Care (UC)	\$100	\$150	Ded. & Coins.
Hospital Emergency Room (ER) Non-admitted	\$100	\$150	Ded. & Coins.
Outpatient Surgery	\$100 then Coins.	\$150 then Ded. & Coins.	Ded. & Coins.
Hospital Inpatient	\$250 then Coins.	\$300 then Ded. & Coins.	Ded. & Coins.
Coinsurance Max (Individual / Family)	\$1500 / \$3000	\$2000 / \$4000	\$2500 / \$5000 ¹
<u>Out-of-Network (OON) Benefits</u> ²			
Deductible (Individual / Family)	\$1000 / \$2000	\$1000 / \$2000	\$3000 / \$6000
Coinsurance	40%	40%	40%
Coinsurance Max (Individual / Family)	\$5000 / \$10000	\$5000 / \$10000	\$5000 / \$10000
Annual Maximum INN / OON	Unlimited / \$1,000,000	Unlimited / \$1,000,000	Unlimited / \$1,000,000
<u>Prescription Drugs</u>			
Generic/Formulary /Non-Formulary (30 days)	\$10 / \$30 / \$60	\$10 / \$35 / \$70	Ded. & Coins.
<u>Selected Detail Benefits</u>			
Rehabilitation (i.e., speech, occup. physical):	Ded (if OON) & Coins.	Ded & Coins.	Ded. & Coins.
Chiropractors:	INN: \$35 then Coins; OON: Ded. & Coins	INN: \$35 then Coins; OON: Ded. & Coins	Ded. & Coins.
Hearing Exams:	\$35 (INN)	\$35 (INN)	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.
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



Appendix B - Benefit Options (Cont.)

Medical Management			
PCP referral to specialists required:	No	No	No
Inpatient:	Health Advantage (HA) - Patient Responsible	TBD	TBD
Outpatient:	Selected	Selected	Selected
Case Management:	Yes	Yes	Yes
Disease Management:	Yes, select conditions	Yes, select conditions	Yes, select conditions
Wellness	Yes	Yes	Yes
Nurse-Line / Informed Decision Support:	Yes	Yes	Yes
Medicare Integration:	Coordination of Benefits	Not Available	Not Available
Non- Medicare Benefits Covered:	Yes, same as NME		
Non- Medicare Providers Covered:	Non-Par & Non-Accepting		
Pharmacy Covered:	Yes, same as NME		
Vision Care Services			
Exam every 24 months - INN	\$35 Copay	\$35 Copay	\$35 Copay
Flexible Spending Account Offered:	Yes	Yes	Yes
Health Savings Account Offered:	No	No	Yes
Life Insurance (ASE Only)			
Prior to Age 65	\$10,000	\$10,000	\$10,000
From Age 65 to Age 69	\$5,000	\$5,000	\$5,000
From Age 70 on	\$4,000	\$4,000	\$4,000

¹For the Bronze Plan only, the Individual Deductible applies only to the Employee Only rating tier. All other rating tiers only the Family deductible applies.

²When 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 C

Assumptions & Methods

- Key assumptions and methods are shown on the rating worksheets and detailed financial pages developing the rates. Note that results are not final and can change. Additional details about the assumptions and methods will be provided in follow-up documentation once final rates are adopted.
- 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.
- Cheiron's presentation was prepared exclusively for the State of Arkansas for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Cheiron's work product (other than the Fund's auditor, attorney, third party administrator or other professional when providing professional services to the Fund) who desires professional guidance should not rely upon Cheiron's work product, but should engage qualified professionals for advice appropriate to its own specific needs.
- Please see the following slides for more information about the trend assumption.
- The figures in this report are preliminary. Cheiron intends to update them over the next month to incorporate additional information that we will receive and additional analysis that we will perform.



Appendix C -Trend Analysis

AR Health - Preliminary ASE Trend Development

1 = Use ; 0 = Do NOT Use

	A	B	C	0	1										
				D	Alt D	E	F	G	H	I					
Experience Period:	CY2010/ CY2009	CY2010/ CY2009	CY2010/ CY2009	1/10 v 1/09	3/10 v 3/09	1/10 v 1/09	CY2010/ CY2009	CY2010/ CY2009	same as F CY2010/ CY2009	same as G PY2011/ PY 2010	PY11/PY10 Possible Adjustment	Used for CY 2011 rates	Recommended CY 2012 rates		
Type of Claims:	Paid PMPM	Incurred PMPM	Incurred Benefit	Incurred Demo	Risk Score	Incurred Geo	Underlying Incurred Util & Price	Incurred Potential	Underlying Paid Util & Price	Paid Potential	Marketplace Potential & Other Factors	Incurred Annual Trend Assumption	Incurred Annual Trend Assumption		
Medical - Actives and NME Retirees	Actual	Actual	Changes*	Changes	Changes	Changes	Trend	Future Trend	Trend	Future Trend					
1 Health Advantage	5.4%	8.0%	0.9%	0.90%	0.8%	0.1%	6.1%	7.0%	3.5%	4.4%					
2 NovaSys	-12.1%	7.3%	0.9%	3.17%	-2.6%	0.7%	8.5%	6.4%	-11.1%	-12.8%					
3 NovaSys HD	26.1%	-2.4%	0.9%	-0.39%	-3.6%	0.2%	0.2%	-3.2%	29.4%	24.9%					
4 Medical - Actives and NME	4.6%	7.8%	0.9%	1.1%	0.6%	0.1%	6.1%	6.8%	2.9%	3.7%	-2+%	5.0%	6.0%		
5 Medical - ME Retirees	6.3%	8.8%	0.0%	-0.2%	1.4%	0.0%	7.3%	8.8%	4.9%	6.3%	-2+%	5.0%	6.0%		
6 Rx - Actives and NME Retirees**	0.0%	3.5%	0.0%	1.2%	0.6%	0.0%	2.9%	3.5%	-0.5%	0.0%	-3+%	8.5%	3.5%		

* based on adjustment factors for plan years (starting 10/1) for Actives and calendar year changes for retirees from previous Milliman rating work.

** blended based on medical claims

AR Health - Preliminary PSE Trend Development

	A	B	C	0	1										
				D	Alt D	E	F	G	H	I					
Experience Period:	CY2010/ CY2009	CY2010/ CY2009	CY2010/ CY2009	1/10 v 1/09	3/10 v 3/09	1/10 v 1/09	CY2010/ CY2009	CY2010/ CY2009	same as F CY2010/ CY2009	same as G PY2011/ PY 2010	PY11/PY10 Adjustment	Used for CY 2011 rates	Recommended CY 2012 rates		
Type of Claims:	Paid PMPM	Incurred PMPM	Incurred Benefit	Incurred Demo	Risk Score	Incurred Geo	Underlying Incurred Util & Price	Incurred Potential	Underlying Paid Util & Price	Paid Potential	Marketplace Potential & Other Factors	Incurred Annual Trend Assumption	Incurred Annual Trend Assumption		
Medical - Actives and NME Retirees	Actual	Actual	Changes*	Changes	Changes	Changes	Trend	Future Trend	Trend	Future Trend					
1 Health Advantage	3.5%	5.0%	0.9%	0.6%	0.8%	-0.4%	3.7%	4.1%	2.2%	2.6%					
2 Novasys	10.4%	16.9%	0.9%	3.2%	-2.6%	0.8%	18.1%	15.9%	11.5%	9.4%					
3 Novasys HD	-4.5%	3.9%	0.9%	-1.3%	-3.6%	0.1%	6.7%	3.0%	-1.9%	-5.3%					
4 Medical - Actives and NME	4.0%	6.3%	0.9%	0.9%	0.6%	-0.3%	4.9%	5.3%	2.7%	3.1%	-2+%	5.0%	6.0%		
5 Medical - ME Retirees	2.4%	5.5%	0.0%	-2.3%	1.4%	0.0%	4.1%	5.5%	1.1%	2.4%	-2+%	5.0%	6.0%		
6 Rx - Actives and NME Retirees**	-0.9%	2.3%	0.0%	0.7%	0.6%	-0.3%	2.0%	2.3%	-1.3%	-0.9%	-3+%	8.5%	3.5%		

* based on adjustment factors for plan years (starting 10/1) for Actives and calendar year changes for retirees from previous Milliman rating work.

** blended based on medical claims



Appendix C - Trend Analysis (Cont.)

New Programs / Procedures Impacting Trend:

- Chronic Care Management for 8 conditions
- Long Term Acute Care Facilities added to network
- Skilled Nursing Facilities Pre-Authorization
- Home Health Care Pre-Authorization
- Mommy To Be
- Medicare Part B Drug Coordination
- Formulary Management
- Over The Counter (OTC) Program
- Step-Therapy Diabetes and Statins