



AGENDA

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

EBD Board Room - 501 Building - 5th Floor

May 10, 2013

9:00 a.m.

1. Call to Order *Becky Walker, Chair*
2. Approval of Minutes *Becky Walker, Chair*
3. Initial Consideration of 2014 Plan Design *John Colberg, Cheiron*
4. Director's Report..... *Jason Lee, Executive Director*

Upcoming Meeting
June 14th
July 12th

**State and Public School Life and
Health Insurance Board
Benefits Sub-Committee
Minutes
April 5, 2013**

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on April 5, 2013 in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Gwen Wiggins
Janis Harrison
Carla Wooley
Jeff Altemus
Lloyd Black

Members Absent

Becky Walker
Bob Alexander

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

Others Present:

John Colberg, Cheiron; Dwight Davis, Jill Johnson, David Keisner, UAMS; Ron Gibb, Pamela Lawrence, AHH; Michelle Hazelett, Marla Wallace, Doug Shackelford, Lori Eden, Sherry Bryant, Latryce Long, Leslie Smith, Tracy Butler Oberste, Donna Cook, Melida Vasquez, Janna Keathley, Mary Ann Jones, Ethel Whittaker, EBD; Ron DeBerry, Takisha, Dawn Davis, Kathy Ryan, David Bridges, ABCBS/Health Advantage; Tonya Rogers, ABCBS; Andra Kaufman, BJ Himes, QualChoice; Rhonda Walthall, AHTD; Rhonda Hill, Ro McCoe, ACHI; Alicia Hayden, CTRX; David Chance, John Starling, Chad Peeler, JTS; Steve Singleton, ARTA; Doug Brown, Bobbie Davis, APSRC; Jayne Cole, DeQuenn Coop; Richard Brittain, Retiree; Warren Tayes, Merck; Richard Strip, Bryant Schools, Chris Rimmer, Pat Taskley

Call to Order

The meeting was called to order by Lloyd Black, Vice-Chair

Approval of Minutes

A request was made by Black to approve the August 10, 2012 minutes. Altemus made the motion to adopt. Harrison seconded. All were in favor. Minutes approved.

MID YEAR COST SAVINGS by John Colberg, Cheiron, Jason Lee, Executive Director

Lee provided an introduction of where we are today and what happened in 2012 that had an impact on the plan year. Lee reported the discussion regarding 2013 plan year began in February, 2013 at the 2012 plan year wrap up. The discussion was what happened in 2012 that has not happened in prior years. The year ended with a nine (9.2) million lost, all excess reserve was used, and some of the catastrophic reserve. Compared to a fifteen (15) month plan year from October, 2010 – December, 2011, which ended eighteen (18.2) million gain.

The Board was asked to meet in March with more detail information about 2012. At that time the request was made for the Benefits Committee to meet, discuss, and debate and see what possibility or how twenty (20) million can be achieved from the plan by the end of 2013. The impression was not that twenty (20) million had to be found, however if we need it where would it come from. This meeting will generate discussion and debate of which of these would be the least worst option, that can be presented to the Board on April 16th for further discussion.

Colberg provided an overview of why the projections changed and options to increase funds. February, 2013 numbers were based on Assets thru the end of December, 2013. After January enrollment the claims experience that was used to set the rates was also based on the projections through the end of December, 2013, which created no access reserve.

In March the projections were updated to reflect the 2012 experience as paid through January 2013, and updated January Assets & February enrollment, which indicated a ten (10) million lost.

By the end of April the forecast of Assets should be six (6.9) million below the IBNR. At April 16th Board Meeting the updated Assets through March 31, 2013 will be presented in updated projections.

June is always a down month due to processing extra claims, and no funding from the State.

Rates were set based on projections from a prior year, but the experience from the last part of 2012 was so different. The reasons are; (1) Large Claims is the major impact for the lost. There were eight (8) million more claims over 125,000 for Medical and Pharmacy in 2012 than in 2011. There were ten (10) million more in claims over 250,000. These amounts accounts for two (2) claimants. (2) More employees and retirees elected the Bronze Plan. (3) More Dependents coverage. (4) Many more retirees joined the plan. The projections are possibly showing a seventeen (17) million lost for 2013.

There are options for Improving Net Assets. If there is a benefit change there has to be a sixty (60) day notice to make changes to anything in The Summary Benefit Plan. Contribution increases must have a thirty (30) day notice for a change. Some improvements already in place includes; Generic Co-Pay Penalty, savings = \$100,000 monthly; Reference priced additional drugs and additional limitations, savings = \$900,000; Only one (1) Disease Management Website instead of two (2) with Administration fee's for one (1) site, savings = \$100,000; Quantity limits on Diabetic Testing Strips, savings = \$100,000; Case Management Improvements & Outpatient Pre-certification, savings = three (3) million; and House Bill 1154 in July will generate Ten (10) million in Appropriation Funds.

Other options to consider include; Eliminate Generic Incentive Given to Pharmacist, New Generic Co-Pay, Gold & Silver change office co-pay visit for Physical, Occupational, and Speech Therapy, Change Gold Emergency Room visit to \$150.00 for NME, Charge \$250.00 Co-pay for all MRI's for Gold & Silver, Add a Specialty Drug Co-Pay of \$100.00 for Gold & Silver, Add \$5.00 to Tier 2 Rx Co-pay and \$10.00 To Tier 3 Rx Co-pay for Gold & Silver, Modify Co-pay for PPI Rx, Add \$5.00 to the Generic Co-pay for Gold & Silver, Increase Out-of-Pocket Maximum for all plans, add \$500.00 Deductible to Gold, and add a \$5.00/\$10.00 PCP/SCP Co-pay for Medicare eligible participants office visits. Only one (1) of the options apply to PSE only, the remaining will apply to ASE as well as PSE. These savings will total to \$0.2 - \$12.9 million.

PHARMACY DISCUSSION by *Dwight Davis, UAMS*

Davis reports on The Trend of Prescription Drug Program and The Drug Utilization Trend from 2008 – 2012. The plan's per member per month has been 7.5%, 4.9%, 5.4%, and 6.4% for Prescription Drugs. The Trend of the Price per Member increased from \$63.96 in 2008 to \$80.87 in 2012. The Primary Factors driving the increase is (1) Average Claim Cost (2) Usage – How many prescriptions per Member per Month used (3) What the Member pays and what the Plan pays. Member's co-pays are less due to the increase in generic usage.

The Generic Dispensing Rate (percentage of all prescriptions dispensed with a generic drug) has increased from 69.9% in 2008 to 81.2% in 2012. The average generic price has increased from \$23.42 in 2008 to \$31.98 in 2012. Since generic's is 80% of the plan increasing the co-pay by \$5.00 making it a \$15.00 co-pay would generate six (6.5) million annually in savings. Adding \$5.00 on preferred & non-preferred as well as generic would generate an additional two (2) million annually in savings.

Davis reports Proton Pump Inhibitors is one of the fastest growing drug classes worldwide in terms of prescriptions and dollars. Options and recommendations for improvement include:

- Option 1 – eliminate coverage of the OTC agents and offer generic Rx-strength omeprazole and pantoprazole at the generic co-payment. All other agents would remain reference-priced as they are today. Annual Savings = \$700,000.
- Option 2 (preferred option) – Adjust the reference price across the board to \$.30/unit which is what we are currently paying for Rx-strength omeprazole 20 mg. This would produce the same effect as eliminating coverage of the OTC agents or placing them on par with the prescription-strength agents. Annual Savings = \$1 million.
- Option 3 – Leave coverage as-is, but adjust the co-payment from \$5.00 to 410.00. Our current quarterly Rx volume for the OTC products is approximately 8,000 prescriptions. Annual Savings = \$160,000.

Harrison made a motion to accept the following recommendations:

- Implement savings of Five (5) million.
- Additional State Funding of Ten (10) million.
- Adjustment to PPI reference price to \$.30 for \$250,000.
- Elimination of Generic Incentive for PSE for Two (2) million.

This will generate a total savings of seventeen (17.25) million. Wooley seconded. All were in favor. Motion approved.

ONCOLOGY MANAGEMENT IN 2014 *by Ron Gibb, AHH*

Gibbs reports American Health has 19 years in care management. The services they provide is Utilization Management and effective January 1, 2013 Case Management. Under Utilization Management the current services is Physical Therapy, High-Tech Radiology, Home Health, Long Term Acute Care, and Residential Care. Additional discussion for enhancements in 2014 is Oncology. Oncology is a fifty (50) million item added to The Plan. The Services provided under Oncology will be Chemotherapy, Radiation, and Chemotherapy drugs associated with Transplants. This is a review of treatment plans that the physicians are presenting for Pre-certification in 2014. From a savings perspective the two (2) main components is defining if it is medically necessary, and identifying cases as early as possible in Case Management. Identify savings and appropriate care as early as possible is essential. The treatment must be identified as Standard of Care.

DIRECTOR'S REPORT *by Jason Lee, Executive Director*

Lee reports Legislators still remain in session, and there are two (2) Bills that are now Acts that will impact us. Those are Public School Funding and Occupational & Physical Therapy Cost. Lee will provide a more comprehensive report at the next Benefits Meeting. The next meeting is June 7th. Lee offered to schedule a meeting in May, as the 2014 rates need to be set by The August Board Meeting.

Harrison made a motion for The Committee to meet in May. Wooley seconded. All were in favor. Motion approved.

Meeting adjourned.

Possible Gold Options for 2014

	Current Gold In-Network Cost	Option 1 In-Network Cost	Option 2 In-Network Cost	Option 3 In-Network Cost
Deductible - Individual	\$0	\$1,000	\$1,500	\$500
Co-Insurance Limit - Individual (after deductible)	\$1,500	\$1,500	\$1,500	\$2,500
Max. Out of Pocket (Deductible + Co-Insurance)	\$1,500	\$2,500	\$3,000	\$3,000
Deductible - Family	\$0	\$2,000	\$3,000	\$1,000
Co-Insurance Limit - Family (after deductible)	\$3,000	\$3,000	\$3,000	\$5,000
Max. Out of Pocket (Deductible + Co-Insurance)	\$3,000	\$5,000	\$6,000	\$6,000
Co-insurance Rate	80% / 20%	80% / 20%	80% / 20%	70% / 30%
Physician Office Visit - Primary Care - Co-Pay	\$25	\$30	\$35	\$25
Physician Office Visit - Specialits - Co-Pay	\$35	\$50	\$50	\$50
Wellness / Preventative Care Services / Immunization	100% / 0%	100% / 0%	100% / 0%	100% / 0%
Rx - Tier 1	\$10	\$15	\$15	\$15
Rx - Tier 2	\$30	\$35	\$40	\$40
Rx - Tier 3	\$60	\$70	\$80	\$75
Rx - Speciality	\$60	\$100	80% / 20%	\$120
Rx - OTC	\$10	\$15	\$15	\$15
Hospital / Facility - In-Patient- Co-Pay	\$250	\$0	\$0	\$0
Hospital / Facility - In-Patient - Co-Insurance	80% / 20%	80% / 20%	80% / 20%	70% / 30%
<i>Notes</i>	<i>Max of 2 co-pays</i>			<i>Co-pay per day</i>
Hospital / Facility - Out-Patient- Co-Pay	\$100	\$0	\$0	\$0
Hospital / Facility - Out-Patient - Co-Insurance	80% / 20%	80% / 20%	80% / 20%	70% / 30%
Emergency Room Visit	\$100	\$150	\$150	\$150
Emergency Transprotation - Ambulance - Ground	100% / 0%	\$50	\$50	\$150
Emergency Transportation - Abulance - Air / Water	90% / 10%	\$100	\$100	\$150
High Tech Radiology - Co-Pay	\$250	\$0	\$0	\$250
High Tech Radiology - Co-Insurance	80% / 20%	80% / 20%	80% / 20%	0%
<i>Notes</i>	<i>co-pay on 1st only</i>			<i>co-pay on all</i>
Rehab / Therapy - Out-Patient - Physical	80% / 20%	\$30	\$35	\$25
Rehab / Therapy - Out-Patient - Speech	80% / 20%	\$30	\$35	\$25
Rehab / Therapy - Out-Patient - Occupational	80% / 20%	\$30	\$35	\$25
Rehab / Therapy - Out-Patient - Chiropractic - Co-Pay	\$35	\$50	\$50	\$50
Rehab / Therapy - Out-Patient - Chiropractic - Co-Insurance	80% / 20%	0%	0%	0%
<i>Notes</i>	<i>15 visit cap</i>	<i>15 visit cap</i>	<i>15 visit cap</i>	<i>15 visit cap</i>
Infertility Testing - Co-Pay	\$200	\$0	\$0	\$0
Infertility Testing - Co-Insurance	80% / 20%	80% / 20%	80% / 20%	80% / 20%
<i>Notes</i>		<i>\$5,000 Limit</i>	<i>\$5,000 Limit</i>	<i>\$5,000 Limit</i>
Skilled Nursing - Co-Pay	\$250	\$0	\$100	\$100
Skilled Nursing - Co-Insurance	80% / 20%	80% / 20%	80% / 20%	0%
<i>Notes</i>			<i>Co-Pay Per Day</i>	<i>Co-Pay Per Day</i>
Actuarial Value Calculator Score	90.0%	81.5%	78.0%	80.8%

The above plan designs are for discussion purposes only and do not reflect any proposal or recommendation

Possible Silver Options for 2014

	Current Silver In-Network Cost	Option 1 In-Network Cost	Option 2 In-Network Cost	Option 3 In-Network Cost
Deductible - Individual	\$750	\$2,000	\$1,000	\$1,500
Co-Insurance Limit - Individual (after deductible)	\$2,000	\$2,250	\$3,000	\$4,000
Max. Out of Pocket (Deductible + Co-Insurance)	\$2,750	\$4,250	\$4,000	\$5,500
Deductible - Family	\$1,500	\$4,000	\$2,000	\$3,000
Co-Insurance Limit - Family (after deductible)	\$4,000	\$4,500	\$6,000	\$8,000
Max. Out of Pocket (Deductible + Co-Insurance)	\$5,500	\$8,500	\$8,000	\$11,000
Co-insurance Rate	80% / 20%	60% / 40%	70% / 30%	80% / 20%
Physician Office Visit - Primary Care - Co-Pay	\$25	\$30	\$35	\$30
Physician Office Visit - Specialits - Co-Pay	\$50	\$60	\$50	\$60
Wellness / Preventative Care Services / Immunization	100% / 0%	100% / 0%	100% / 0%	100% / 0%
Rx - Tier 1	\$10	\$15	\$15	\$15
Rx - Tier 2	\$35	\$40	\$40	\$40
Rx - Tier 3	\$70	\$80	\$80	\$75
Rx - Speciality	\$70	\$120	70% / 30%	\$140
Rx - OTC	\$5	\$10	\$10	\$10
Hospital / Facility - In-Patient- Co-Pay	\$300	\$0	\$0	\$100
Hospital / Facility - In-Patient - Co-Insurance	80% / 20%	60% / 40%	70% / 30%	80% / 20%
<i>Notes</i>	<i>Max of 2 co-pays</i>			<i>Co-pay per day</i>
Hospital / Facility - Out-Patient- Co-Pay	\$150	\$0	\$0	\$0
Hospital / Facility - Out-Patient - Co-Insurance	80% / 20%	60% / 40%	70% / 30%	80% / 20%
Emergency Room Visit	\$150	\$150	\$150	\$150
Emergency Transprotation - Ambulance - Ground	100% / 0%	100% / 0%	100% / 0%	\$150
Emergency Transportation - Abulance - Air / Water	90% / 10%	100% / 0%	100% / 0%	\$150
High Tech Radiology - Co-Pay	\$300	\$0	\$0	\$0
High Tech Radiology - Co-Insurance	80% / 20%	60% / 40%	70% / 30%	80% / 20%
<i>Notes</i>	<i>co-pay on 1st only</i>			
Rehab / Therapy - Out-Patient - Physical	80% / 20%	\$30	\$35	\$30
Rehab / Therapy - Out-Patient - Speech	80% / 20%	\$30	\$35	\$30
Rehab / Therapy - Out-Patient - Occupational	80% / 20%	\$30	\$35	\$30
Rehab / Therapy - Out-Patient - Chiropractic - Co-Pay	\$50	\$75	\$75	\$0
Rehab / Therapy - Out-Patient - Chiropractic - Co-Insurance	80% / 20%	0%	0%	80% / 20%
<i>Notes</i>	<i>15 visit cap</i>	<i>15 visit cap</i>	<i>15 visit cap</i>	<i>15 visit cap</i>
Infertility Testing - Co-Pay	\$200	\$0	\$0	\$0
Infertility Testing - Co-Insurance	80% / 20%	60% / 40%	70% / 30%	80% / 20%
<i>Notes</i>		<i>\$5,000 Limit</i>	<i>\$5,000 Limit</i>	<i>\$5,000 Limit</i>
Skilled Nursing - Co-Pay	\$300	\$100	\$100	\$100
Skilled Nursing - Co-Insurance	80% / 20%			
<i>Notes</i>		<i>Co-Pay Per Day</i>	<i>Co-Pay Per Day</i>	<i>Co-Pay Per Day</i>
Actuarial Value Calculator Score	82.0%	74.3%	76.6%	73.8%

The above plan designs are for discussion purposes only and do not reflect any proposal or recommendation

Possible Bronze Options for 2014

	Current Bronze In-Network Cost	Option 1 In-Network Cost	Option 2 In-Network Cost	Option 3 In-Network Cost
Deductible - Individual	\$1,500	\$2,500	\$2,000	\$2,500
Co-Insurance Limit - Individual (after deductible)	\$2,500	\$3,000	\$4,000	\$3,500
Max. Out of Pocket (Deductible + Co-Insurance)	\$4,000	\$5,500	\$6,000	\$6,000
Deductible - Family	\$3,000	\$5,000	\$4,000	\$5,000
Co-Insurance Limit - Family (after deductible)	\$5,000	\$6,000	\$8,000	\$7,000
Max. Out of Pocket (Deductible + Co-Insurance)	\$8,000	\$11,000	\$12,000	\$12,000
Co-insurance Rate	80% / 20%	50% / 50%	60% / 40%	70% / 30%
Actuarial Value Calculator Score	74.5%	61.3%	65.1%	65.1%

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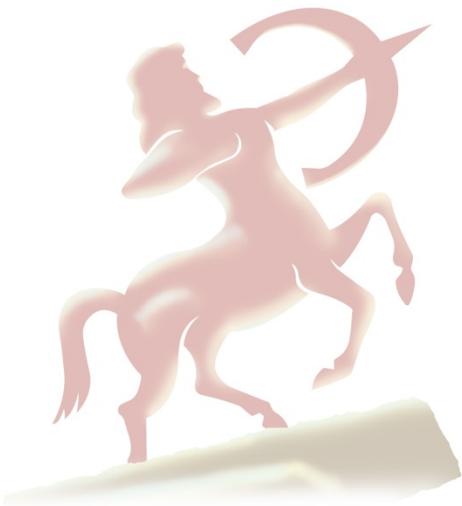
Arkansas State Employees & Public School Employees Health Benefits Program

Preliminary Rates for CY 2014 Benefits Committee

May 10, 2013

John Colberg, FSA, MAAA

Karen Mallett, FSA, MAAA





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Considerations for Setting Employee Contributions

- How much reserves should be drained/increased?
- Should there be any benefit changes?
 - Other than those required by law
 - Move toward consistency with exchange plans
- How to apply rate increases
 - Flat Percent
 - Fixed Amount
 - Based on Differential Between Plan Out-of-Pocket
 - Based on Formula for State/District Contributions



Recap of Last Year's Decisions

- Decided to use the “by person” tier rating methodology, i.e., same rate for all employees, all spouses, and all children across all the rating tiers.
- For PSE
 - Used fixed increase across all family categories: 21% Gold; 0% Silver; 30% Bronze
 - Exception \$10 increase (from \$0) for Bronze Employee Only
 - Set rates at projected cost with no margin for adverse experience
- For ASE
 - No rate increase
 - Used \$31.3 million of excess reserves



Reserve Projections

- For PSE
 - As of 3/31/2013, \$0 excess (i.e., net assets available); only \$0.3 million of catastrophic reserve plus \$3.6 million for 2014 rates
 - Projected of 12/31/2013, \$0 excess; about \$4.3 of catastrophic reserve plus \$3.6 million for 2014 rates after \$15.5 million in additional funding and adopted changes
- For ASE
 - As of 3/31/2013, \$15 million excess or slightly better than expected
 - PSE medical and pharmacy management improvements also apply to ASE and will increase reserves
 - State funding will increase 7/1/2013
 - Excess projected to increase well above \$20 million by 12/31/2013



Plan Migration Illustration

	<u>All in Gold</u>	<u>All in Silver</u>	<u>All in Bronze</u>	<u>Year 1</u>	<u>Year 2</u>	
Adam	\$600	\$540	\$480	\$600	\$600	
Betty	550	495	440	550	550	
Charlie	500	450	400	500	500	
Doug	450	405	360	450	450	
Emma	400	360	320	400	360	
Francis	350	315	280	350	280	
Greg	300	270	240	270	270	
Heather	250	225	200	225	200	
Ida	200	180	160	160	160	
Joe	150	135	120	120	120	
<u>Averages</u>						<u>increase</u>
Gold	\$375	n/a	n/a	\$475	\$525	10.5%
Silver	n/a	\$338	n/a	\$248	\$315	27.3%
<u>Bronze</u>	<u>n/a</u>	<u>n/a</u>	<u>\$300</u>	<u>\$140</u>	<u>\$190</u>	<u>35.7%</u>
All Plans	\$375	\$338	\$300	\$363	\$349	-3.7%

Illustrative Only: Actual morbidity, provider discounts, and medical management will impact the figures



Issues with Plan Migration

- Increased migration will likely increase the required rates of all plans (Gold, Silver, Bronze)
- Migration tends to accelerate when
 - Employee contribution differential between plans increases
 - Employee contributions increase significantly
 - Benefits are perceived to be reduced more in the more expensive plans
 - Enrollment/Re-enrollment is required (e.g., new hires, retirements)
- Migration tends to be minimal when
 - Employee contributions don't change significantly (or decrease)
 - Benefits are perceived to be reduced more in the less expensive plans
 - No action is required from employees/retirees
 - Changes are not well communicated



PSE Actives

Scenario 1: Set Percent Change

Total Active & Ret (\$ mil)	\$341.4	\$50.0	\$84.6	\$206.7	\$145.0	\$61.7	43%	57,903
Actives	Total Monthly Premium	Direct State Contribution	School District Contrib.	2014 Total EE Cost	2013 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold								
Employee Only	\$573.96	\$96.94	\$150.00	\$327.02	\$226.70	\$100.32	44%	17,602
Employee & Spouse	1,380.08	(0.00)	150.00	1,230.08	1,027.20	202.88	20%	407
Employee & Child(ren)	1,059.34	70.56	150.00	838.78	581.48	257.30	44%	2,552
Family	1,865.46	229.74	150.00	1,485.72	1,029.96	455.76	44%	573
Est. Monthly Total (\$mil)	\$14.4	\$2.0	\$3.2	\$9.2	\$6.5	\$2.8	43%	21,134
Silver								
Employee Only	\$439.50	\$62.22	\$150.00	\$227.28	\$157.56	\$69.72	44%	4,744
Employee & Spouse	1,042.82	0.00	150.00	892.82	713.86	178.96	25%	318
Employee & Child(ren)	802.78	69.86	150.00	582.92	404.10	178.82	44%	1,590
Family	1,406.08	223.56	150.00	1,032.52	715.78	316.74	44%	754
Est. Monthly Total (\$mil)	\$4.8	\$0.6	\$1.1	\$3.1	\$2.2	\$0.9	42%	7,407
Bronze								
Employee Only	\$248.92	\$44.50	\$150.00	\$54.42	\$10.00	\$44.42	444%	11,538
Employee & Spouse	550.80	51.02	150.00	349.78	242.48	107.30	44%	1,335
Employee & Child(ren)	430.70	124.44	150.00	156.26	108.32	47.94	44%	2,749
Family	732.58	229.16	150.00	353.42	245.00	108.42	44%	2,847
Est. Monthly Total (\$mil)	\$6.9	\$1.6	\$2.8	\$2.5	\$1.4	\$1.1	76%	18,468
Total (Monthly) (\$ mil)	\$26.1	\$4.2	\$7.1	\$14.8	\$10.1	\$4.8	47%	47,009
Est Annual Total (\$ mil)	\$312.8	\$50.0	\$84.6	\$178.2	\$120.9	\$57.3		

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

PSE Non-Medicare Retirees

Scenario 1: Set Percent Change

NME Retirees	Total Monthly Premium	Add'l Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold							
Retiree Only	\$573.96	\$0.00	\$573.96	\$469.68	\$104.28	22%	2,036
Retiree & NME SP	1,380.08	0.00	1,380.08	1,186.36	193.72	16%	165
Retiree & Child(ren)	1,059.34	0.00	1,059.34	821.66	237.68	29%	20
Retiree & NME SP&CH	1,865.46	0.00	1,865.46	1,538.32	327.14	21%	18
Retiree & ME SP	703.18	0.00	703.18	609.06	94.12	15%	143
Retiree & ME SP & CH	1,188.58	0.00	1,188.58	961.04	227.54	24%	1
Est. Monthly Total (\$mil)	\$1.6	\$0.0	\$1.6	\$1.3	\$0.3	21%	2,384
Silver							
Employee Only	\$439.50	\$0.00	\$439.50	\$401.62	\$37.88	9%	28
Employee & Spouse	1,042.82	54.58	1,097.40	1,097.40	0.00	0%	1
Employee & Child(ren)	802.78	0.00	802.78	712.64	90.14	13%	-
Family	1,406.08	0.00	1,406.08	1,200.54	205.54	17%	1
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	9%	30
Bronze							
Employee Only	\$248.92	\$0.00	\$248.92	\$182.78	\$66.14	36%	546
Employee & Spouse	550.80	0.00	550.80	421.00	129.80	31%	114
Employee & Child(ren)	430.70	0.00	430.70	299.78	130.92	44%	17
Family	732.58	0.00	732.58	538.02	194.56	36%	28
Est. Monthly Total (\$mil)	\$0.2	\$0.0	\$0.2	\$0.2	\$0.1	35%	706
Total (Monthly) (\$ mil)	\$1.8	\$0.0	\$1.8	\$1.5	\$0.3	22%	3,119
Est Annual Total (\$ mil)	\$21.5	\$0.0	\$21.5	\$17.6	\$3.9		

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



PSE Retirees – Medicare Eligible

Scenario 1: Set Percent Change

ME Retirees	Total Monthly Premium	Subsidy / Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Medicare Eligible							
Retiree Only	\$129.23	\$73.76	\$55.47	\$50.14	\$5.33	11%	7,066
Retiree & NME SP	691.98	87.78	604.20	597.87	6.33	1%	91
Retiree & Child(ren)	661.01	141.20	519.81	509.62	10.19	2%	14
Retiree & NME SP&CH	1,420.74	334.90	1,085.84	1,061.68	24.16	2%	3
Retiree & ME SP	258.46	48.54	209.92	206.42	3.50	2%	601
Retiree & ME SP & CH	743.85	105.50	638.35	630.74	7.61	1%	-
Est. Monthly Total (\$mil)	\$1.1	\$0.6	\$0.6	\$0.5	\$0.0	7%	7,775
Total (Est. Annual)	\$13.7	\$6.7	\$7.0	\$6.5	\$0.5		

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



PSE Actives

Scenario 2: Revised State Allocation

Total Active & Ret (\$ mil)	\$341.4	\$50.0	\$84.6	\$206.7	\$145.0	\$61.7	43%	57,903
Actives	Total Monthly Premium	Direct State Contribution	School District Contrib.	2014 Total EE Cost	2013 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold								
Employee Only	\$573.96	\$88.64	\$150.00	\$335.32	\$226.70	\$108.62	48%	17,602
Employee & Spouse	1,380.08	88.64	150.00	1,141.44	1,027.20	114.24	11%	407
Employee & Child(ren)	1,059.34	88.64	150.00	820.70	581.48	239.22	41%	2,552
Family	1,865.46	88.64	150.00	1,626.82	1,029.96	596.86	58%	573
Est. Monthly Total (\$mil)	\$14.4	\$1.9	\$3.2	\$9.4	\$6.5	\$2.9	45%	21,134
Silver								
Employee Only	\$439.50	\$88.64	\$150.00	\$200.86	\$157.56	\$43.30	27%	4,744
Employee & Spouse	1,042.82	88.64	150.00	804.18	713.86	90.32	13%	318
Employee & Child(ren)	802.78	88.64	150.00	564.14	404.10	160.04	40%	1,590
Family	1,406.08	88.64	150.00	1,167.44	715.78	451.66	63%	754
Est. Monthly Total (\$mil)	\$4.8	\$0.7	\$1.1	\$3.0	\$2.2	\$0.8	38%	7,407
Bronze								
Employee Only	\$248.92	\$88.64	\$150.00	\$10.28	\$10.00	\$0.28	3%	11,538
Employee & Spouse	550.80	88.64	150.00	312.16	242.48	69.68	29%	1,335
Employee & Child(ren)	430.70	88.64	150.00	192.06	108.32	83.74	77%	2,749
Family	732.58	88.64	150.00	493.94	245.00	248.94	102%	2,847
Est. Monthly Total (\$mil)	\$6.9	\$1.6	\$2.8	\$2.5	\$1.4	\$1.0	72%	18,468
Total (Monthly) (\$ mil)	\$26.1	\$4.2	\$7.1	\$14.8	\$10.1	\$4.8	47%	47,009
Est Annual Total (\$ mil)	\$312.8	\$50.0	\$84.6	\$178.2	\$120.9	\$57.3		

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



PSE Non-Medicare Retirees

Scenario 2: Revised State Allocation

NME Retirees	Total Monthly Premium	Add'l Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold							
Retiree Only	\$573.96	\$0.00	\$573.96	\$469.68	\$104.28	22%	2,036
Retiree & NME SP	1,380.08	0.00	1,380.08	1,186.36	193.72	16%	165
Retiree & Child(ren)	1,059.34	0.00	1,059.34	821.66	237.68	29%	20
Retiree & NME SP&CH	1,865.46	0.00	1,865.46	1,538.32	327.14	21%	18
Retiree & ME SP	703.18	0.00	703.18	609.06	94.12	15%	143
Retiree & ME SP & CH	1,188.58	0.00	1,188.58	961.04	227.54	24%	1
Est. Monthly Total (\$mil)	\$1.6	\$0.0	\$1.6	\$1.3	\$0.3	21%	2,384
Silver							
Employee Only	\$439.50	\$0.00	\$439.50	\$401.62	\$37.88	9%	28
Employee & Spouse	1,042.82	54.58	1,097.40	1,097.40	0.00	0%	1
Employee & Child(ren)	802.78	0.00	802.78	712.64	90.14	13%	-
Family	1,406.08	0.00	1,406.08	1,200.54	205.54	17%	1
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	9%	30
Bronze							
Employee Only	\$248.92	\$0.00	\$248.92	\$182.78	\$66.14	36%	546
Employee & Spouse	550.80	0.00	550.80	421.00	129.80	31%	114
Employee & Child(ren)	430.70	0.00	430.70	299.78	130.92	44%	17
Family	732.58	0.00	732.58	538.02	194.56	36%	28
Est. Monthly Total (\$mil)	\$0.2	\$0.0	\$0.2	\$0.2	\$0.1	35%	706
Total (Monthly) (\$ mil)	\$1.8	\$0.0	\$1.8	\$1.5	\$0.3	22%	3,119
Est Annual Total (\$ mil)	\$21.5	\$0.0	\$21.5	\$17.6	\$3.9		

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

PSE Retirees – Medicare Eligible

Scenario 2: Revised State Allocation

ME Retirees	Total Monthly Premium	Subsidy / Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Medicare Eligible							
Retiree Only	\$129.23	\$73.76	\$55.47	\$50.14	\$5.33	11%	7,066
Retiree & NME SP	691.98	87.78	604.20	597.87	6.33	1%	91
Retiree & Child(ren)	661.01	141.20	519.81	509.62	10.19	2%	14
Retiree & NME SP&CH	1,420.74	334.90	1,085.84	1,061.68	24.16	2%	3
Retiree & ME SP	258.46	48.54	209.92	206.42	3.50	2%	601
Retiree & ME SP & CH	743.85	105.50	638.35	630.74	7.61	1%	-
Est. Monthly Total (\$mil)	\$1.1	\$0.6	\$0.6	\$0.5	\$0.0	7%	7,775
Total (Est. Annual)	\$13.7	\$6.7	\$7.0	\$6.5	\$0.5		

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



ASE Actives

Scenario 1: No New Reserves Allocated

Total Active & Ret (\$ mil)	\$296.9	\$172.2	\$16.9	\$107.8	\$85.2	\$22.6	27%	38,401
Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 EE Total Cost	2013 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Employee Only	\$483.06	\$323.74	\$43.39	\$115.93	\$95.78	\$20.15	21%	13,361
Employee & Spouse	1,109.02	599.74	80.37	428.91	367.74	61.17	17%	2,950
Employee & Child(ren)	780.02	465.15	62.33	252.54	193.64	58.90	30%	4,635
Family	1,405.98	741.15	99.31	565.52	419.62	145.90	35%	3,055
Est. Monthly Total (\$mil)	\$17.6	\$10.5	\$1.4	\$5.7	\$4.5	\$1.2	26%	24,000
Silver								
Employee Only	\$299.12	\$227.34	\$0.00	\$71.78	\$62.12	\$9.66	16%	856
Employee & Spouse	675.90	415.72	0.00	260.18	282.52	(22.34)	-8%	161
Employee & Child(ren)	477.88	323.86	0.00	154.02	141.44	12.58	9%	233
Family	854.64	512.24	0.00	342.40	324.60	17.80	5%	251
Est. Monthly Total (\$mil)	\$0.7	\$0.5	\$0.0	\$0.2	\$0.2	\$0.0	6%	1,500
Bronze								
Employee Only	\$192.56	\$182.94	\$0.00	\$9.62	\$0.00	\$9.62	n/a	1,437
Employee & Spouse	417.84	295.58	0.00	122.26	77.22	45.04	58%	365
Employee & Child(ren)	299.44	236.38	0.00	63.06	27.84	35.22	127%	342
Family	524.70	353.28	0.00	171.42	92.20	79.22	86%	456
Est. Monthly Total (\$mil)	\$0.8	\$0.6	\$0.0	\$0.2	\$0.1	\$0.1	98%	2,600
Total (Monthly) (\$ mil)	\$19.1	\$11.6	\$1.4	\$6.1	\$4.8	\$1.3	26%	28,100
Est Annual Total (\$ mil)	\$229.2	\$139.1	\$16.9	\$73.1	\$58.0	\$15.1		

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



ASE NME Retirees

Scenario 1: No New Reserves Allocated

NME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 Ret. Total Cost	2013 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Retiree Only	\$483.06	\$193.22	\$0.00	\$289.84	\$235.74	\$54.10	23%	1,647
Retiree & NME SP	1,109.02	349.71	0.00	759.31	575.88	183.43	32%	553
Retiree & Child(ren)	780.02	267.46	0.00	512.56	439.84	72.72	17%	78
Retiree & NME SP&CH	1,405.98	423.95	0.00	982.03	916.72	65.31	7%	33
Retiree & ME SP	861.12	287.74	0.00	573.38	401.54	171.84	43%	233
Retiree & ME SP & CH	1,158.08	361.98	0.00	796.10	606.77	189.33	31%	9
Est. Monthly Total (\$mil)	\$1.7	\$0.6	\$0.0	\$1.1	\$0.9	\$0.2	28%	2,554
Silver								
Employee Only	\$299.12	\$97.04	\$0.00	\$202.08	\$202.08	\$0.00	0%	3
Employee & Spouse	675.90	185.24	0.00	490.66	490.66	0.00	0%	7
Employee & Child(ren)	477.88	102.28	0.00	375.60	375.60	0.00	0%	1
Family	854.64	182.68	0.00	671.96	671.96	0.00	0%	3
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	14
Bronze								
Employee Only	\$192.56	\$0.00	\$0.00	\$192.56	\$146.46	\$46.10	31%	7
Employee & Spouse	417.84	0.00	0.00	417.84	300.92	116.92	39%	12
Employee & Child(ren)	299.44	0.00	0.00	299.44	202.14	97.30	48%	1
Family	524.70	0.00	0.00	524.70	330.88	193.82	59%	12
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	47%	33
Total (Monthly) (\$ mil)	\$1.7	\$0.6	\$0.0	\$1.1	\$0.9	\$0.2	28%	2,601
Est Annual Total (\$ mil)	\$21.0	\$7.4	\$0.0	\$13.6	\$10.6	\$2.9		

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



ASE ME Retirees

Scenario 1: No New Reserves Allocated

ME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 Ret. Total Cost	2013 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Medicare Eligible								
Retiree Only	\$378.06	\$226.84	\$0.00	\$151.23	\$117.12	\$34.11	29%	5,247
Retiree & NME SP	861.11	414.39	0.00	446.72	446.72	0.00	0%	365
Retiree & Child(ren)	707.46	358.60	0.00	348.87	314.86	34.01	11%	60
Retiree & NME SP&CH	1,300.98	596.01	0.00	704.98	644.48	60.50	9%	30
Retiree & ME SP	756.13	378.06	0.00	378.06	278.49	99.57	36%	1,980
Retiree & ME SP & CH	1,053.09	496.85	0.00	556.24	476.24	80.00	17%	18
Est. Monthly Total (\$ mil)	\$3.9	\$2.1	\$0.0	\$1.8	\$1.4	\$0.4	28%	7,700
Total (Est. Annual)	\$46.7	\$25.7	\$0.0	\$21.1	\$16.5	\$4.6		

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



ASE Actives

Scenario 2: \$10 million Reserves Allocated

Total Active & Ret (\$ mil)	\$296.9	\$172.2	\$21.8	\$102.9	\$85.2	\$17.7	21%	38,401
Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 EE Total Cost	2013 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Employee Only	\$483.06	\$325.27	\$56.35	\$101.44	\$95.78	\$5.66	6%	13,361
Employee & Spouse	1,109.02	592.04	102.56	414.42	367.74	46.68	13%	2,950
Employee & Child(ren)	780.02	467.02	80.90	232.11	193.64	38.46	20%	4,635
Family	1,405.98	733.78	127.12	545.09	419.62	125.47	30%	3,055
Est. Monthly Total (\$mil)	\$17.6	\$10.5	\$1.8	\$5.3	\$4.5	\$0.8	17%	24,000
Silver								
Employee Only	\$299.12	\$236.30	\$0.00	\$62.82	\$62.12	\$0.70	1%	856
Employee & Spouse	675.90	424.70	0.00	251.20	282.52	(31.32)	-11%	161
Employee & Child(ren)	477.88	336.42	0.00	141.46	141.44	0.02	0%	233
Family	854.64	524.78	0.00	329.86	324.60	5.26	2%	251
Est. Monthly Total (\$mil)	\$0.7	\$0.5	\$0.0	\$0.2	\$0.2	(\$0.0)	-1%	1,500
Bronze								
Employee Only	\$192.56	\$182.94	\$0.00	\$9.62	\$0.00	\$9.62	n/a	1,437
Employee & Spouse	417.84	295.58	0.00	122.26	77.22	45.04	58%	365
Employee & Child(ren)	299.44	236.38	0.00	63.06	27.84	35.22	127%	342
Family	524.70	355.42	0.00	169.28	92.20	77.08	84%	456
Est. Monthly Total (\$mil)	\$0.8	\$0.6	\$0.0	\$0.2	\$0.1	\$0.1	97%	2,600
Total (Monthly) (\$ mil)	\$19.1	\$11.6	\$1.8	\$5.7	\$4.8	\$0.8	18%	28,100
Est Annual Total (\$ mil)	\$229.2	\$139.1	\$21.8	\$68.2	\$58.0	\$10.2		

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



ASE NME Retirees

Scenario 2: \$10 milion Reserves Allocated

NME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 Ret. Total Cost	2013 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Retiree Only	\$483.06	\$193.22	\$0.00	\$289.84	\$235.74	\$54.10	23%	1,647
Retiree & NME SP	1,109.02	349.71	0.00	759.31	575.88	183.43	32%	553
Retiree & Child(ren)	780.02	267.46	0.00	512.56	439.84	72.72	17%	78
Retiree & NME SP&CH	1,405.98	423.95	0.00	982.03	916.72	65.31	7%	33
Retiree & ME SP	861.12	287.74	0.00	573.38	401.54	171.84	43%	233
Retiree & ME SP & CH	1,158.08	361.98	0.00	796.10	606.77	189.33	31%	9
Est. Monthly Total (\$mil)	\$1.7	\$0.6	\$0.0	\$1.1	\$0.9	\$0.2	28%	2,554
Silver								
Employee Only	\$299.12	\$97.04	\$0.00	\$202.08	\$202.08	\$0.00	0%	3
Employee & Spouse	675.90	185.24	0.00	490.66	490.66	0.00	0%	7
Employee & Child(ren)	477.88	102.28	0.00	375.60	375.60	0.00	0%	1
Family	854.64	182.68	0.00	671.96	671.96	0.00	0%	3
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	14
Bronze								
Employee Only	\$192.56	\$0.00	\$0.00	\$192.56	\$146.46	\$46.10	31%	7
Employee & Spouse	417.84	0.00	0.00	417.84	300.92	116.92	39%	12
Employee & Child(ren)	299.44	0.00	0.00	299.44	202.14	97.30	48%	1
Family	524.70	0.00	0.00	524.70	330.88	193.82	59%	12
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	47%	33
Total (Monthly) (\$ mil)	\$1.7	\$0.6	\$0.0	\$1.1	\$0.9	\$0.2	28%	2,601
Est Annual Total (\$ mil)	\$21.0	\$7.4	\$0.0	\$13.6	\$10.6	\$2.9		

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



ASE ME Retirees

Scenario 2: \$10 million Reserves Allocated

ME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 Ret. Total Cost	2013 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Medicare Eligible								
Retiree Only	\$378.06	\$226.84	\$0.00	\$151.23	\$117.12	\$34.11	29%	5,247
Retiree & NME SP	861.11	414.39	0.00	446.72	446.72	0.00	0%	365
Retiree & Child(ren)	707.46	358.60	0.00	348.87	314.86	34.01	11%	60
Retiree & NME SP&CH	1,300.98	596.01	0.00	704.98	644.48	60.50	9%	30
Retiree & ME SP	756.13	378.06	0.00	378.06	278.49	99.57	36%	1,980
Retiree & ME SP & CH	1,053.09	496.85	0.00	556.24	476.24	80.00	17%	18
Est. Monthly Total (\$ mil)	\$3.9	\$2.1	\$0.0	\$1.8	\$1.4	\$0.4	28%	7,700
Total (Est. Annual)	\$46.7	\$25.7	\$0.0	\$21.1	\$16.5	\$4.6		

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



Impact of Selected Benefit Changes Overview Presented April Board Meeting

- Benefits Committee will be meeting in May to begin considering options
- Aggregate Look (PSE)

	AR Health Actual <u>2012</u>	Optum Industry <u>Average</u>	ACA Min Value <u>Calculator</u>
Gold	85%	83%	90%
Silver	81%	75%	83%
Bronze	64%	69%	76%

- Lowering Benefits to match ACA Minimum Value would lower 2014 cost by over \$25 million (for PSE)
- Benefit reductions would be large
- There are many options to be considered



Current Plan Design and Options for Gold/Silver/Bronze

(Executive Director's handout)



Impact of Selected Benefit Changes PSE Only – Presented April 2013

	<u>For 2013</u> <u>\$ million</u>
Administrative Expenses, Benefits, Medical Management	
1) New Generic Copay Remains at Brand Copay	1) \$0.2
2) For Gold & Silver: Change office visit co-pay 6 months early for	
a) Physical Therapy(PT)/Occupational Therapy(OT)/Speech Therapy(ST) = \$25	2a) \$0.2 or
b) PT/OT/ST and Primary Care Physicians (PCP) = \$30	2b) \$0.6 or
c) PT/OT/ST and PCP = \$35	2c) \$1.0
3) Change Gold Emergency Room Co-pay to \$150 for NME	3) \$0.5
4) Charge \$250 Co-pay for all MRIs for Gold & Silver for NME	4) \$0.1
5) Add a Specialty Drug Co-pay of \$100 for Gold & Silver	5) \$0.1
6) Add \$5 to Tier 2 Rx Co-pay and \$10 to Tier 3 Rx Copay for Gold & Silver	6) \$0.5
7) Add \$5 to the Generic Copay for Gold & Silver	7) \$0.2
8) Increase Out-of-Pocket Maximum for Gold/Silver/Bronze to \$2000/\$3000/\$3000	8) \$1.0
9) Add \$500 to the deductible for all plans	9) \$3.5
10) Add a \$5/10 PCP/SCP Co-Pay for Medicare eligible participants office visits	10) <u>\$0.1</u>
Total	Up to \$7.2

All figures are preliminary and will be refined. Figures shown are approximately one-half of annual impact.



Impact of Selected Benefit Changes (Presented August 2012)

		Estimated Reduction in FY 2013 Claims & Expenses (\$ in millions)		
		PSE	ASE	Total
Actives & NME Retirees				
1	Current OV & ER Copays after Medicare	n/a	n/a	n/a
2	Gold: OV to \$30/40; Silver to \$30/50	\$ 1.4	\$ 1.3	\$ 2.7
3	Gold: ER Copay to \$150	\$ 0.5	\$ 0.7	\$ 1.1
4	Gold: Add \$250/\$500 INN Deductible	\$ 4.7	\$ 4.5	\$ 9.2
5	Gold: Rx Copays to \$10/\$35/\$70	\$ 1.2	\$ 1.1	\$ 2.3
6	Gold/Silver Specialty Rx \$100 Copay	\$ 0.1	\$ 0.1	\$ 0.2
ME Retirees				
1	Current OV & ER Copays after Medicare	\$ 1.2	\$ 1.4	\$ 2.6
2	Gold: OV to \$30/40	\$ 0.1	\$ 0.1	\$ 0.1
3	Gold: ER Copay to \$150	\$ 0.0	\$ 0.1	\$ 0.1
4	Gold: Add \$250/\$500 INN Deductible	\$ 1.9	\$ 2.5	\$ 4.4
5	Rx Copays to \$10/\$35/\$70	\$ 0.0	\$ 0.5	\$ 0.5
6	Specialty Rx \$100 Copay	\$ 0.0	\$ 0.0	\$ 0.0

*Note: The impact of multiple changes is not necessary the sum of individual changes.
Assumes no additional changes in migration as a result of benefit changes.
Assumes office visit and ER copays and deductibles applied after Medicare payments.*



Impact of Selected Benefit Changes (Presented August 2012 - continued)

	Impact on Total Premium					
	PSE Gold Active Ee Only	PSE Gold Active Family	PSE Gold Retiree Medicare	ASE Gold Active Ee Only	ASE Gold Active Family	ASE Gold Retiree Medicare
Total Premium: No additional benefit changes	\$466.80	\$1,538.40	\$139.94	\$443.80	\$1,283.44	\$360.23
1 Current OV & ER Copays after Medicare	\$0.00	\$0.00	(\$12.39)	\$0.00	\$0.00	(\$12.48)
2 Gold: OV to \$30/40; Silver to \$30/50	(\$2.70)	(\$9.12)	(\$0.58)	(\$2.54)	(\$7.36)	(\$0.55)
3 Gold: ER Copay to \$150	(\$0.98)	(\$3.30)	(\$0.33)	(\$1.30)	(\$3.76)	(\$0.48)
4 Gold: Add \$250/\$500 INN Deductible	(\$9.32)	(\$31.54)	(\$20.01)	(\$8.96)	(\$25.94)	(\$21.34)
5 Rx Copays to \$10/\$35/\$70	(\$2.46)	(\$8.32)	\$0.00	(\$2.18)	(\$6.30)	(\$4.18)
6 Specialty Rx \$100 Copay	(\$0.24)	(\$0.80)	\$0.00	(\$0.20)	(\$0.54)	(\$0.26)

Note: The impact of multiple changes is not necessary the sum of individual changes.

Assumes no additional changes in migration as a result of benefit changes.

Assumes office visit and ER copays and deductibles applied after Medicare payments.

Impact shown is on total premium only. The Trustees will need to decide how to allocate to employee/retiree contributions.



Appendices

Appendix A – PSE Actives: 2013 Final Rate Details



PSE Detailed Financials



Total Active & Ret (\$ mil)	\$294.3	\$58.9	\$73.7	\$161.7	\$134.7	\$27.0		56,657
Actives	Total Monthly Premium	State Cont. Act 1842/1421 and Reserve Alloc.	School District Contrib.	2013 Total EE Cost	2012 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold								
Employee Only	\$469.68	\$111.98	\$131.00	\$226.70	\$187.36	\$39.34	21%	24,946
Employee & Spouse	1,186.36	28.16	131.00	1,027.20	848.92	178.28	21%	846
Employee & Child(ren)	821.66	109.18	131.00	581.48	480.56	100.92	21%	4,470
Family	1,538.32	377.36	131.00	1,029.96	851.20	178.76	21%	1,375
Est. Monthly Total (\$mil)	\$18.5	\$3.8	\$4.1	\$10.5	\$8.7	\$1.8		31,637
Silver								
Employee Only	\$370.04	\$81.48	\$131.00	\$157.56	\$157.56	\$0.00	0%	1,200
Employee & Spouse	927.00	82.14	131.00	713.86	713.86	0.00	0%	79
Employee & Child(ren)	643.58	108.48	131.00	404.10	404.10	0.00	0%	351
Family	1,200.54	353.76	131.00	715.78	715.78	0.00	0%	228
Est. Monthly Total (\$mil)	\$1.0	\$0.2	\$0.2	\$0.6	\$0.6	\$0.0		1,858
Bronze								
Employee Only	\$182.78	\$41.78	\$131.00	\$10.00	\$0.00	\$10.00	n/a	9,290
Employee & Spouse	421.00	47.52	131.00	242.48	186.52	55.96	30%	795
Employee & Child(ren)	299.78	60.46	131.00	108.32	83.32	25.00	30%	1,729
Family	538.02	162.02	131.00	245.00	188.46	56.54	30%	1,569
Est. Monthly Total (\$mil)	\$3.4	\$0.8	\$1.8	\$0.9	\$0.6	\$0.3		13,383
Total (Monthly) (\$ mil)	\$22.9	\$4.8	\$6.1	\$11.9	\$9.8	\$2.1		46,878
Est Annual Total (\$ mil)	\$275.0	\$58.0	\$73.7	\$143.4	\$118.2	\$25.2		



Appendix A - PSE Retirees:

Non-Medicare Eligible 2013 Final Rate Details



PSE Detailed Financials



NME Retirees	Total Monthly Premium	Add'l Holdback	2013 Total Ret. Cost	2012 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold							
Retiree Only	\$469.68	\$0.00	\$469.68	\$457.42	\$12.26	3%	1,096
Retiree & NME SP	1,186.36	0.00	1,186.36	1,152.01	34.35	3%	94
Retiree & Child(ren)	821.66	0.00	821.66	768.28	53.38	7%	12
Retiree & NME SP&CH	1,538.32	0.00	1,538.32	1,159.82	378.50	33%	9
Retiree & ME SP	609.06	0.00	609.06	596.82	12.24	2%	75
Retiree & ME SP & CH	961.04	0.00	961.04	907.71	53.33	6%	1
Est. Monthly Total (\$mil)	\$0.7	\$0.0	\$0.7	\$0.7	\$0.0		1,287
Silver							
Employee Only	\$370.04	\$31.58	\$401.62	\$401.62	\$0.00	0%	170
Employee & Spouse	927.00	170.40	1,097.40	1,097.40	0.00	0%	10
Employee & Child(ren)	643.58	69.06	712.64	712.64	0.00	0%	1
Family	1,200.54	0.00	1,200.54	1,105.20	95.34	9%	1
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.1	\$0.1	\$0.0		181
Bronze							
Employee Only	\$182.78	\$0.00	\$182.78	\$148.90	\$33.88	23%	784
Employee & Spouse	421.00	0.00	421.00	349.34	71.66	21%	136
Employee & Child(ren)	299.78	0.00	299.78	238.70	61.08	26%	10
Family	538.02	0.00	538.02	352.42	185.60	53%	24
Est. Monthly Total (\$mil)	\$0.2	\$0.0	\$0.2	\$0.2	\$0.0		954
Total (Monthly) (\$ mil)	\$1.0	\$0.0	\$1.0	\$0.9	\$0.1		2,422
Est Annual Total (\$ mil)	\$11.8	\$0.1	\$11.9	\$11.2	\$0.8		



Appendix A – PSE Retirees: Medicare Eligible 2013 Final Rate Details



PSE Detailed Financials



ME Retirees	Total Monthly Premium	Subsidy / Holdback	Res. Alloc.	2013 Total Ret. Cost	2012 Total Ret. Cost	2009 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Medicare Eligible									
Retiree Only	\$139.38	\$77.49	\$11.75	\$50.14	\$41.44	\$41.44	\$8.70	21%	6,632
Retiree & NME SP	597.87	0.00	0.00	597.87	568.37	674.34	29.50	5%	107
Retiree & Child(ren)	523.12	11.72	1.78	509.62	421.17	421.18	88.45	21%	15
Retiree & NME SP&CH	1,208.03	127.09	19.26	1,061.68	877.42	1,054.08	184.26	21%	4
Retiree & ME SP	278.77	62.83	9.52	206.42	170.59	170.60	35.82	21%	597
Retiree & ME SP & CH	630.74	0.00	0.00	630.74	550.32	550.33	80.42	15%	1
Est. Monthly Total (\$mil)	\$1.2	\$0.6	\$0.1	\$0.5	\$0.4	\$0.5	\$0.1		7,357
Total (Est. Annual)	\$14.0	\$6.6	\$1.0	\$6.4	\$5.4	\$5.5	\$1.0		



Appendix A – ASE Actives 2013 Final Rate Details



ASE Detailed Financials



Total Active & Ret (\$ mil)	\$275.8	\$162.2	\$26.8	\$86.7	\$86.8	(\$0.0)		38,398
Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 EE Total Cost	2012 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Employee Only	\$441.26	\$294.56	\$50.92	\$95.78	\$95.78	\$0.00	0%	14,380
Employee & Spouse	1,015.20	552.03	95.43	367.74	367.74	0.00	0%	3,164
Employee & Child(ren)	708.22	438.73	75.85	193.64	193.64	0.00	0%	4,803
Family	1,282.16	735.41	127.13	419.62	419.62	0.00	0%	3,167
Est. Monthly Total (\$mil)	\$17.0	\$10.4	\$1.8	\$4.8	\$4.8	\$0.0		25,514
Silver								
Employee Only	\$237.74	\$175.62	\$0.00	\$62.12	\$62.12	\$0.00	0%	515
Employee & Spouse	534.10	251.58	0.00	282.52	282.52	0.00	0%	131
Employee & Child(ren)	375.60	234.16	0.00	141.44	141.44	0.00	0%	162
Family	671.96	347.36	0.00	324.60	324.60	0.00	0%	147
Est. Monthly Total (\$mil)	\$0.4	\$0.2	\$0.0	\$0.1	\$0.1	\$0.0		954
Bronze								
Employee Only	\$148.70	\$148.70	\$0.00	\$0.00	\$0.00	\$0.00	n/a	984
Employee & Spouse	317.36	240.14	0.00	77.22	77.22	0.00	0%	235
Employee & Child(ren)	227.16	199.32	0.00	27.84	27.84	0.00	0%	253
Family	395.80	303.60	0.00	92.20	92.20	0.00	0%	297
Est. Monthly Total (\$mil)	\$0.4	\$0.3	\$0.0	\$0.1	\$0.1	\$0.0		1,769
Total (Monthly) (\$ mil)	\$17.8	\$11.0	\$1.8	\$5.0	\$5.0	\$0.0		28,238
Est Annual Total (\$ mil)	\$213.2	\$131.7	\$21.6	\$59.9	\$59.9	\$0.0		



Appendix A - ASE Retirees: Non-Medicare Eligible 2013 Final Rate Details

CHEIRON

ASE Detailed Financials

H-scan

NME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 Ret. Total Cost	2012 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Retiree Only	\$441.26	\$176.50	\$29.02	\$235.74	\$235.74	\$0.00	0%	1,484
Retiree & NME SP	1,015.20	319.99	119.33	575.88	575.88	0.00	0%	500
Retiree & Child(ren)	708.22	243.24	25.14	439.84	439.84	0.00	0%	81
Retiree & NME SP&CH	1,282.16	365.44	0.00	916.72	916.72	0.00	0%	34
Retiree & ME SP	800.58	266.33	132.71	401.54	401.54	0.00	0%	259
Retiree & ME SP & CH	1,067.56	333.08	127.71	606.77	606.77	0.00	0%	13
Est. Monthly Total (\$mil)	\$1.5	\$0.5	\$0.1	\$0.8	\$0.8	\$0.0		2,371
Silver								
Employee Only	\$237.74	\$35.66	\$0.00	\$202.08	\$202.08	\$0.00	0%	16
Employee & Spouse	534.10	43.44	0.00	490.66	490.66	0.00	0%	6
Employee & Child(ren)	375.60	0.00	0.00	375.60	387.64	(12.04)	-3%	7
Family	671.96	0.00	0.00	671.96	821.68	(149.72)	-18%	6
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.0)		34
Bronze								
Employee Only	\$148.70	\$0.00	\$2.24	\$146.46	\$146.46	\$0.00	0%	24
Employee & Spouse	317.36	0.00	16.44	300.92	300.92	0.00	0%	14
Employee & Child(ren)	227.16	0.00	25.02	202.14	202.14	0.00	0%	3
Family	395.80	0.00	64.92	330.88	330.88	0.00	0%	16
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		57
Total (Monthly) (\$ mil)	\$1.5	\$0.5	\$0.1	\$0.8	\$0.8	(\$0.0)		2,462
Est Annual Total (\$ mil)	\$18.2	\$6.3	\$1.7	\$10.1	\$10.1	(\$0.0)		



Appendix A – ASE Retirees: Medicare Eligible 2013 Final Rate Details



ASE Detailed Financials



ME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 Ret. Total Cost	2012 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Medicare Eligible								
Retiree Only	\$359.33	\$215.60	\$26.61	\$117.12	\$117.12	\$0.00	0%	5,240
Retiree & NME SP	800.59	353.87	0.00	446.72	446.72	0.00	0%	453
Retiree & Child(ren)	656.16	334.33	6.97	314.86	314.86	0.00	0%	66
Retiree & NME SP&CH	1,200.24	551.96	3.80	644.48	644.48	0.00	0%	35
Retiree & ME SP	718.67	359.33	80.84	278.49	278.49	0.00	0%	1,882
Retiree & ME SP & CH	985.64	466.12	43.28	476.24	476.24	0.00	0%	22
Est. Monthly Total (\$ mil)	\$3.7	\$2.0	\$0.3	\$1.4	\$1.4	\$0.0		7,698
Total (Est. Annual)	\$44.5	\$24.2	\$3.5	\$16.7	\$16.7	\$0.0		

Appendix B - Benefit Summary

Benefit Option Name: Last Modified: Expected Benefit Ratio: Provider Network:	Gold 1/1/2013 0.83 Health Advantage	Silver 1/1/2013 0.75 QualChoice	Bronze 1/1/2013 0.69 Health Advantage
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	None / None	\$750 / \$1500	\$1500 / \$3000
Coinsurance	20%	20%	20%
Copays			
Office Visit - Primary Care (PCP)	\$25	\$25	Ded. & Coins.
OV - Specialist Care Provider (SCP)	\$35	\$50	Ded. & Coins.
Urgent Care (UC)	\$100	\$150	Ded. & Coins.
Emergency Room (ER) Non-admitted	\$100	\$150	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)	\$1500 / \$3000	\$2000 / \$4000	\$2500 / \$5000
<u>Out-of-Network (OON) Benefits</u> ¹			
Deductible (Individual / Family)	\$1000 / \$2000	\$1500 / \$3000	\$3000 / \$6000
Coinsurance	40%	40%	40%
Out-of-Pocket Max (Individual / Family)	\$5000 / \$10000	\$5000 / \$10000	\$5000 / \$10000
Annual Maximum INN / OON	Unlimited / Unlimited	Unlimited / Unlimited	Unlimited / Unlimited
<u>Prescription Drugs</u>			
Separate Deductible then the following Copays:			
Retail (31 Days) - Generic/Formulary /Non-Form.	\$10 / \$30 / \$60	\$10 / \$35 / \$70	Ded. & Coins.
Mail Order (93 Days) - Generic/Form. /Non-Form.	\$30 / \$90/ \$180	\$30 / \$105 / \$210	Ded. & Coins.
<u>Selected Detail Benefits</u>			
Psychiatry	INN: \$25 Copay; OON: Ded & Coins.	INN: \$25 Copay; OON: Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Chiropractors:	INN: \$35 then Ded & Coins; OON: Ded & Coins.	INN: \$50 then Ded & Coins; 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



Appendix B - Benefit Summary

Medical Management			
PCP referral to specialists required:	No	No	No
Inpatient:	Yes	Yes	Yes
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:	Non-Par & Non-Accepting		

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



Appendix C - Use & Disclosures

- 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. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23. This presentation does not reflect future changes in benefits, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010, related legislation, or regulations.
- 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. 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. The figures #2, 3, 4, and 10 on page 21 were provided by EBD.



Appendix C - Comparative Risk/Morbidity Analysis

- PSE

	Actives	Retirees
Gold	0.85	1.58
Silver	0.52	0.99
Bronze	0.37	0.92

- ASE

	Actives	Retirees
Gold	0.76	1.58
Silver	0.32	0.64
Bronze	0.26	0.44

Source: Integrail



Appendix D - PSE Actives & NME Retirees

PSE ACTIVE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Gold			Silver			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	1/12 - 12/12	1/12 - 12/12		1/12 - 12/12	1/12 - 12/12		1/12 - 12/12	1/12 - 12/12	
	1/12 - 3/13	1/12 - 3/13		1/12 - 3/13	1/12 - 3/13		1/12 - 3/13	1/12 - 3/13	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$159,064,462	\$53,763,256	\$212,827,718	\$12,696,072	\$4,595,751	\$17,291,823	\$32,956,184	\$5,344,659	\$38,300,843
2 Less High Cost Claims Above (Med/Rx) \$125,000 \$25,000	\$14,024,711	\$4,134,476	\$18,159,187	\$649,518	\$476,732	\$1,126,249	\$2,688,009	\$139,069	\$2,827,078
3 Net Incurred Claims below Pooling Point [1 - 2]	\$145,039,752	\$49,628,780	\$194,668,532	\$12,046,554	\$4,119,020	\$16,165,574	\$30,268,175	\$5,205,590	\$35,473,766
4 Person Months for Experience Period	529,289	529,289	529,289	74,906	74,906	74,906	271,871	271,871	271,871
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$274.03	\$93.76	\$367.79	\$160.82	\$54.99	\$215.81	\$111.33	\$19.15	\$130.48
6 Change in Benefits & Network/Contract During Experience Period	1.0004	1.0004		1.1044	0.9859		0.9281	0.7386	
7 Change in Demographics or Illness Burden During Experience Period	1.0097	1.0176		0.9983	1.0000		0.9952	0.9934	
8 Change in Geographic During Experience Period	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
9 a) Annual Trend Rate	6.0%	5.0%		6.0%	5.0%		6.0%	5.0%	
b) Months to Trend	24	24		24	24		24	24	
c) Trend Adjustment	1.1236	1.1025		1.1236	1.1025		1.1236	1.1025	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$311.00	\$105.23	\$416.23	\$199.22	\$59.77	\$258.99	\$115.55	\$15.49	\$131.04
11 Charge for Claims above Pooling Point PPPM	\$25.42	\$7.89	\$33.30	\$14.92	\$4.62	\$19.54	\$10.33	\$1.61	\$11.94
12 Total Claims Charged PPPM [10 + 11]	\$336.42	\$113.11	\$449.53	\$214.13	\$64.40	\$278.53	\$125.88	\$17.10	\$142.98
13 Change in Future Benefits & Networks/Contracts	0.9860	0.9795		0.9870	0.9843		0.9880	1.0743	
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	1.0653	1.0653		1.1969	1.1969		1.1925	1.1925	
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]	\$353.37	\$118.02	\$471.39	\$252.96	\$75.87	\$328.83	\$148.30	\$21.91	\$170.21
17 ACA Transitional Reinsurance Fee PPPM			\$5.25			\$5.25			\$5.25
18 Projected Persons Months	369,443	369,443	369,443	157,118	157,118	157,118	412,963	412,963	412,963
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	\$130,548,918	\$43,603,061	\$176,091,552	\$39,745,144	\$11,920,007	\$52,490,018	\$61,241,262	\$9,047,920	\$72,457,240
20 PEPM Expense Load as % of Claims 9.0%			\$46.39			\$41.85			\$44.35
21 Retiree Subsidy / Holdback PEPM			\$11.20			\$11.20			\$11.20
22 Projected Expense Loaded Cost [19 + (20+21) x 23]			\$192,420,290			\$57,224,574			\$85,239,163
23 Conversion to Rating Tiers [19 x rating tier x counts]									
Method: 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	1.08	238,466	\$573.95	1.16	57,263	\$439.51	1.10	145,006	\$248.92
b) Employee & Spouse	2.77	6,861	\$1,380.07	2.96	3,831	\$1,042.82	2.82	17,383	\$550.81
c) Employee & Child(ren)	2.10	30,917	\$1,059.34	2.24	19,084	\$802.78	2.14	33,192	\$430.70
d) Family	3.79	7,097	\$1,865.46	4.05	9,062	\$1,406.09	3.86	34,500	\$732.58
e) Child(ren) of Medicare Retirees	1.02	173	\$542.98						
24 Rates Balance Confirmation		283,513	\$192,420,290		89,240	\$57,224,574		230,080	\$85,239,163

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

Appendix D - PSE Medicare Retirees

PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Medicare	
	Medical	Total
	1/12 - 12/12	
	1/12 - 3/13	
1 Total Incurred Medical & Rx Claims	\$11,095,131	\$11,095,131
2 <u>Less High Cost Claims Above (Med/Rx)</u>	\$125,000 \$25,000	\$181,739
3 Net Incurred Claims below Pooling Point [1 - 2]	\$10,913,392	\$10,913,392
4 <u>Person Months for Experience Period</u>	90,922	90,922
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$120.03	\$120.03
6 Change in Benefits & Network/Contract During Experience Period	1.0000	
7 Change in Demographics or Risk During Experience Period	1.0000	
8 Change in Geographic During Experience Period	1.0000	
9 a) Annual Trend Rate	6.0%	
b) Months to Trend	12	
c) <u>Trend Adjustment</u>	1.0600	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$127.23	\$127.23
11 <u>Charge for Claims above Pooling Point PPPM</u>	<u>\$2.00</u>	<u>\$2.00</u>
12 Total Claims Charged PPPM [10 + 11]	\$129.23	\$129.23
13 Change in Future Benefits & Networks/Contracts	1.0000	
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	1.0000	
15 <u>Change in Future Geographic</u>	<u>1.0000</u>	
16 Projected Incurred Claim PPPM [13 x 14 x15]	\$129.23	\$129.23
17 <u>Projected Persons Months</u>	102,240	102,240
18 Projected Total Incurred Claims [16 x 17]	\$13,212,514	\$13,212,514

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

Appendix D - PSE Medicare Retirees

PSE GOLD RETIREE RATE DEVELOPMENT for CY2014

19 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)

20 Rates Balance Confirmation

<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>
1.08	\$573.95	-	\$0.00	24,434	\$573.95
2.77	\$1,380.07	-	\$0.00	1,982	\$1,380.07
2.10	\$1,059.34	-	\$0.00	243	\$1,059.34
3.79	\$1,865.46	-	\$0.00	217	\$1,865.46
1.08	\$573.95	1.00	\$129.23	1,715	\$703.18
2.10	\$1,059.34	1.00	\$129.23	12	\$1,188.57
	\$0.00	1.00	\$129.23	84,793	\$129.23
1.08	\$562.75	1.00	\$129.23	1,088	\$691.98
1.02	\$531.78	1.00	\$129.23	173	\$661.01
2.71	\$1,291.51	1.00	\$129.23	37	\$1,420.74
	\$0.00	2.00	\$258.46	7,210	\$258.46
1.02	\$485.39	2.00	\$258.46	-	\$743.85
	<u>\$19,171,777</u>		<u>\$13,212,514</u>		<u>\$32,384,291</u>

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



Appendix D - ASE Actives & NME Retirees

ASE ACTIVE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Gold			Silver			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	1/12 - 12/12	1/12 - 12/12		1/12 - 12/12	1/12 - 12/12		1/12 - 12/12	1/12 - 12/12	
	1/12 - 3/13	1/12 - 3/13		1/12 - 3/13	1/12 - 3/13		1/12 - 3/13	1/12 - 3/13	
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
1 Total Incurred Medical & Rx Claims (Experience Period)	\$156,308,170	\$51,548,235	\$207,856,406	\$1,746,732	\$494,905	\$2,241,637	\$2,920,175	\$334,313	\$3,254,488
2 Less High Cost Claims Above (Med/Rx)	\$9,442,151	\$4,161,541	\$13,603,693	\$0	\$7,179	\$7,179	\$0	\$0	\$0
3 Net Incurred Claims below Pooling Point [1 - 2]	\$146,866,019	\$47,386,694	\$194,252,713	\$1,746,732	\$487,726	\$2,234,458	\$2,920,175	\$334,313	\$3,254,488
4 Person Months for Experience Period	601,630	601,630	601,630	14,560	14,560	14,560	34,992	34,992	34,992
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$244.11	\$78.76	\$322.87	\$119.97	\$33.50	\$153.47	\$83.45	\$9.55	\$93.00
6 Change in Benefits & Network/Contract During Experience Period	1.0004	1.0003		1.0323	1.0001		0.9543	0.8260	
7 Change in Demographics or Risk During Experience Period	1.0040	1.0057		0.9816	0.9855		1.0154	1.0108	
8 Change in Geographic During Experience Period	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
9 a) Annual Trend Rate	6.0%	5.0%		6.0%	5.0%		6.0%	5.0%	
b) Months to Trend	24	24		24	24		24	24	
c) Trend Adjustment	1.1236	1.1025		1.1236	1.1025		1.1236	1.1025	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$275.48	\$87.35	\$362.83	\$136.59	\$36.40	\$172.99	\$90.86	\$8.79	\$99.65
11 Charge for Claims above Pooling Point PPPM	\$15.69	\$6.92	\$22.61	\$0.00	\$0.49	\$0.49	\$0.00	\$0.00	\$0.00
12 Total Claims Charged PPPM [10 + 11]	\$291.17	\$94.27	\$385.44	\$136.59	\$36.89	\$173.48	\$90.86	\$8.79	\$99.65
13 Change in Future Benefits & Networks/Contracts	0.9910	0.9795		0.9920	0.9843		0.9930	1.1194	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0143	1.0143		1.3434	1.3434		1.3612	1.3612	
15 Change in Future Network	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 Rating Incurred Claim PPPM [13 x 14 x 15]	\$292.67	\$93.65	\$386.32	\$182.02	\$48.78	\$230.80	\$122.81	\$13.39	\$136.20
17 ACA Transitional Reinsurance Fee PPPM			\$5.25			\$5.25			\$5.25
18 Projected Persons Months	570,629	570,629	570,629	33,366	33,366	33,366	59,751	59,751	59,751
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	\$167,004,265	\$53,442,230	\$223,442,297	\$6,073,227	\$1,627,702	\$7,876,101	\$7,337,951	\$800,358	\$8,452,001
20 PEPM Expense Load as % of Claims			\$32.44			\$27.90			\$30.40
21 Projected Expense Loaded Cost [19 + 20 x 22]			\$233,963,403			\$8,382,991			\$9,412,524
22 Conversion to Rating Tiers [21 x rating tier x counts]									
Method: Person	x tier	Projected	PEPM	x tier	Projected	PEPM	x tier	Projected	PEPM
	factor	Ee Months		factor	Ee Months		factor	Ee Months	
a) Employee Only	1.15	187,274	\$483.05	1.15	10,308	\$299.13	1.15	17,324	\$192.56
b) Employee & Spouse	2.75	42,032	\$1,109.01	2.75	2,008	\$675.90	2.74	4,527	\$417.83
c) Employee & Child(ren)	1.91	57,024	\$780.01	1.91	2,810	\$477.87	1.90	4,121	\$299.43
d) Family	3.51	37,055	\$1,405.97	3.50	3,042	\$854.64	3.49	5,624	\$524.70
e) Child(ren) of Medicare Retirees	0.76	939	\$329.40						
23 Rates Balance Confirmation		324,324	\$233,963,403		18,168	\$8,382,991		31,596	\$9,412,524

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





Appendix D - ASE Medicare Retirees

ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

	Medicare		
	Medical	Pharmacy	Total
	1/12 - 12/12	1/12 - 12/12	
	1/12 - 3/13	1/12 - 3/13	
1 Total Incurred Medical & Rx Claims *	\$17,142,889	\$21,196,059	\$38,338,948
2 <u>Less High Cost Claims Above (Med/Rx)</u> \$125,000 \$25,000	\$89,976	\$1,617,799	\$1,707,775
3 Net Incurred Claims below Pooling Point [1 - 2]	\$17,052,913	\$19,578,260	\$36,631,173
4 <u>Person Months for Experience Period</u>	112,212	112,212	112,212
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$151.97	\$174.48	\$326.45
6 Change in Benefits During Experience Period	1.0000	1.0000	
7 Change in Demographics or Risk During Experience Period	0.9984	1.0000	
8 Change in Geographic During Experience Period	1.0000	1.0000	
9 a) Annual Trend Rate	6.0%	5.0%	
b) Months to Trend	24	24	
c) <u>Trend Adjustment</u>	<u>1.1236</u>	<u>1.1025</u>	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$170.48	\$192.36	\$362.84
11 <u>Charge for Claims above Pooling Point PPPM</u>	<u>\$0.80</u>	<u>\$14.42</u>	<u>\$15.22</u>
12 Total Claims Charged PPPM [10 + 11]	\$171.28	\$206.78	\$378.06
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 <u>Change in Future Geographic</u>	<u>1.0000</u>	<u>1.0000</u>	
16 Projected Incurred Claim PPPM [13 x 14 x15]	\$171.28	\$206.78	\$378.06
17 <u>Projected Persons Months</u>	119,288	119,288	119,288
18 Projected Total Incurred Claims [16 x 17]	\$20,431,889	\$24,666,550	\$45,098,439

* Pharmacy Cost for Medicare has subtracted the RDS Subsidy.

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

Appendix D - ASE Medicare Retirees

ASE GOLD RETIREE RATE DEVELOPMENT for CY2014

19 Conversion to Rating Tiers from PPM [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>Ee Months</u>	<u>PEPM</u>
1.15	\$483.05	-	\$0.00	19,766	\$483.05
2.75	\$1,109.01	-	\$0.00	6,637	\$1,109.01
1.91	\$780.01	-	\$0.00	934	\$780.01
3.51	\$1,405.97	-	\$0.00	400	\$1,405.97
1.15	\$483.05	1.00	\$378.06	2,801	\$861.11
1.91	\$780.01	1.00	\$378.06	109	\$1,158.07
-	\$0.00	1.00	\$378.06	62,968	\$378.06
1.15	\$483.05	1.00	\$378.06	4,380	\$861.11
0.76	\$329.40	1.00	\$378.06	718	\$707.46
2.36	\$922.92	1.00	\$378.06	357	\$1,300.98
-	\$0.00	2.00	\$756.13	23,756	\$756.13
0.76	\$296.96	2.00	\$756.13	221	\$1,053.09
	<u>\$22,385,282</u>		<u>\$45,098,439</u>		<u>\$67,483,721</u>

20 Rates Balance Confirmation

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