



AGENDA

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

June 12, 2015

10:00 a.m.

EBD Board Room – 501 Building, Suite 500

- I. Call to Order Shelby McCook, Chairman***
- II. Approval of May 15, 2015 Minutes Shelby McCook, Chairman***
- III. Election of New Officers Shelby McCook, Chairman***
- IV. Stem-cell Article Update Shelby McCook, Chairman***
- V. Alternate Provider Committee Update Bob Alexander, EBD Executive Director***
- VI. Benefits & Preliminary Rates for Calendar Year 2016 Gaele Gravot, Cheiron***
- VII. Director's Report Bob Alexander, EBD Executive Director***

Upcoming Meetings

July 17th

August 8th

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

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

**State and Public School Life and
Health Insurance Board
Benefits Sub-Committee
Minutes
June 12, 2015**

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on June 12, 2015 at 10:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Janis Harrison
Dan Honey
Shelby McCook
Jeff Altemus
Angela Avery
Claudia Moran
Becky Walker

Members Absent

Carla Wooley-Haugen
Jeff Altemus

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

Others Present

Dwight Davis, UAMS; Ethel Whittaker, Janna Keathley, Stella Greene, Marla Wallace, Ethel Whittaker, Lori Eden, Gretchen Baggett, EBD; Kristi Jackson, Jennifer Vaughn, Com Psych; Raina Porchay, Catamaran; Pam Lawrence, AHH; Mark Watts, ASEA; Wayne Whitley, Ronda Walthall, Mike Boyd, AHTD; Sylvia Landers, Minnesota Life, Andy Davis, Arkansas Democrat Gazette; Ro Summers, Gini Ingram, ACHI; Jackie Baker, ASP; Takisha Sanders, Kanita Collins, Health Advantage; Martha Hill, Mitchell Williams; Steve Althoff, MTI; Karyn Langley, B.J. Himes, Qualchoice; Treg Long, ACS; Dwane Tankersley, Novasys; Joe Summers, UCB

Call to Order

The meeting was called to order by Shelby McCook, Chairman

Approval of Minutes

A request was made by McCook to approve the minutes from May 8, 2015. Walker made the motion to approve. Avery seconded. All were in favor.

ELECTION OF NEW OFFICERS: *by Shelby McCook, Chairman*

Motions were made by Harrison, seconded by Walker to elect by acclamation Jeff Altemus as the new Chairman, and Claudia Moran as the new Vice-Chairman. All were in favor.

Motion Approved

STEM-CELL ARTICLE UPDATE: *by, Shelby McCook, Chairman*

McCook reported on an article from The Associated Press regarding the use of Stem-cell procedures. Stem-cells have long been recognized for their ability to reproduce and regenerate tissue. More than 170 clinics across the country are selling experimental stem cell procedures for dozens of diseases and conditions. The Industry is flourishing despite little evidence of its safety or effectiveness. Stem cell treatment was presented at a previous Benefits Meeting to be reviewed. McCook is concerned with the danger of the procedures and recommended no further action.

ALTERNATE PROVIDER COMMITTEE UPDATE: *by, Bob Alexander, EBD Executive Director*

Alexander reported the Alternate Provider Committee met briefly to discuss meeting dates and times, as well as electing officers. The committee's primary goal is to research other network entities that could possibly reduce provider payments.

Dr. Joseph Thompson was elected as the Chairman. A Vice-Chairman was not elected. There was discussion of inviting additional members with expertise in Benefits.

BENEFITS DECISIONS FOR CALENDAR YEAR 2016: *by Gaelle Gravot, Cheiron*

Gravot reported on Benefits Changes for 2016. The following are the changes for the 2016 plan year:

- Embedded in-network Out-of-Pocket (OOP) Maximum
 - Requires OOP Max on Individuals for all plans, all coverage tiers

- Plans impacted: Classic and Basic
- Financial Impact:
 - ✓ \$1 million for PSE
 - ✓ Negligible for ASE
- 2016 OOP Max limits:
 - Non-HSA plans: \$6,850/\$13,700 (ind/fam)
 - HSA plans: \$6,550/\$13,100 (ind/fam)

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

Alexander reported on a recent court decision to allow same sex marriage on health plans. There will not be any changes to the Summary Plan Description until all appeals have been depleted.

Meeting Adjourned

Helping Employees Navigate a *Complex Healthcare System*



David Toomey

Chief Revenue Officer

Adam Johnson

Chief Operating Officer

PROMINENT ARKANSAS CLIENTS

Dillard's



BANK of the OZARKS[®]
You have a friend here[™]

Stephens



Compass seeks and attracts great Arkansas companies.



PROBLEM #1:

We live in a culture of reactive care.

<30%

of employees get
annual preventive care¹

50% of healthcare costs are
driven by 5% of employees

50% of cancer deaths
are avoidable²

¹ Compass data on file

² American Cancer Society – www.cancer.org/healthy



PROBLEM #2:

Lack of transparency drives waste.

KNEE ARTHROSCOPY

3.3x COST



3.75 Mi. Away

2.4x COST



14.5 Mi. Away

\$5,712 SAVINGS



8 Mi. Away

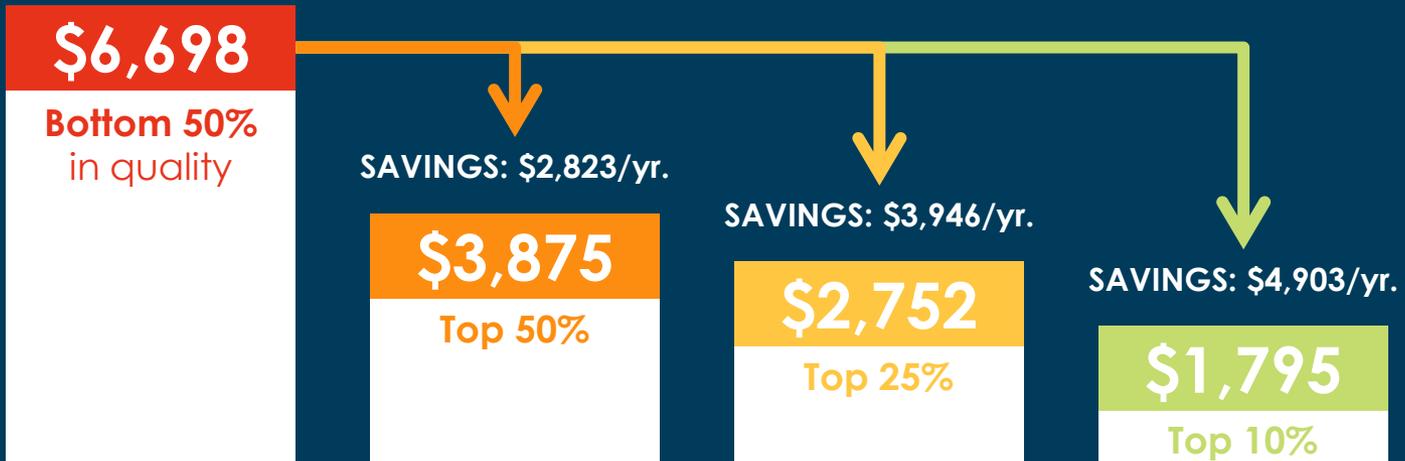
In-network prices can vary by 3X+.



PROBLEM #3:

Lack of coordinated care drives unnecessary waste.

Compass data show that when primary care physicians are scored by Compass quality algorithms, the higher-quality physicians minimize patients' average total healthcare costs over the course of a year.





THE REALITY...

Health Insurance

Rx/Mail Order Program

Disease Management

PPO Plan

Wellness Programs

Employee Assistance Program

Dental Insurance

Biometric Screenings

Health Assessments

Vision Insurance

Case Management

Maternity Management

Telemedicine

Employees need a **simpler plan**



Michael's[®]
employee

Bob L.
Malden, MA

I recently became a Full Time employee of Michael's Arts and Craft Store in Saugus, MA, and became eligible for an array of benefits including Health Care.

And, as usual, I was instructed to go “on-line”. **After two weeks of attempting to navigate** the muddy waters of Michael's Live Well Know How site, getting **outdated, misleading,** and **conflicting information,** I called several of the phone numbers listed on that site, only to be told they did not have the info, and **finally was led to...**

Different Companies. Universal Challenges.



THE REALITY OF A SIMILAR EMPLOYERS' HEALTHCARE CHALLENGES



REACTIVE SICK CARE

- 13 claimants cost \$4.7M
- Primary Care = 6% of total spend
- Specialist Care = 22% of total spend
- Preventive Exams = <20%
- Cancer Screenings: Range 10% (Colon) to 40% (Breast)
- Top Conditions: Musculoskeletal, Cardiac and Cancer
- 40%-50% of death claims due to heart attacks and cancers

Initiatives Over the Past 10 Years

Energy Future Holdings



\$100 Annual Physical
\$50 Biometric Screening

INCENTIVES

Cash Awards for
Biometric Screening

Weight Management
Tobacco Cessation
Point Tracker

WELLNESS
PROGRAMS

Health Assessments
Biometric Screening
Tobacco Cessation

Mobile Doc
Disease Management
Best Doctors

CLINICAL
PROGRAMS

Onsite Clinic
Disease Management

100% Account-
Based Plans

PLAN DESIGN
CHANGES

Account-Based Plan
iCare / iDon'tCare

Newsletters,
Intranet, etc.

WELLNESS
MESSAGING

Newsletters,
Motivational Posters,
Intranet, etc.

2011-2012

2012-2013

costs ↑ 13.2%

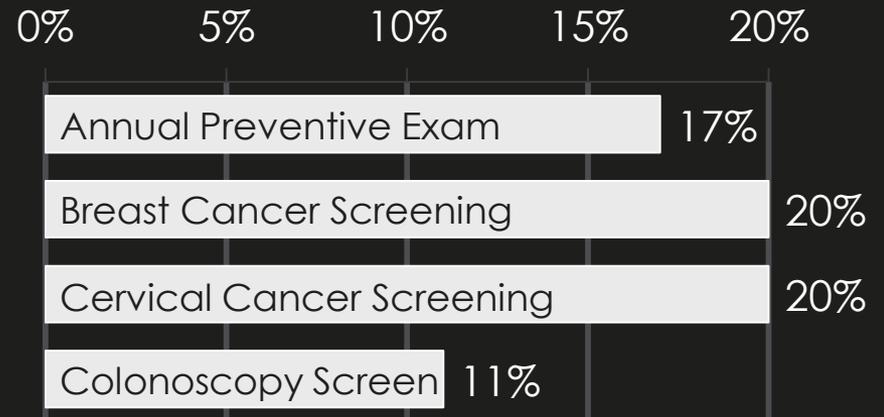
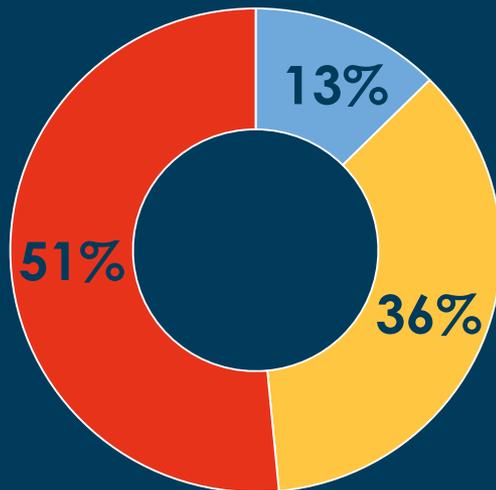
costs ↑ 7.4%

<2% of claimants
driving
47% of costs

1.3% of claimants
driving
38% of costs

RISK FACTORS

- No Risk
- 1-2 Risks
- 3+ Risks



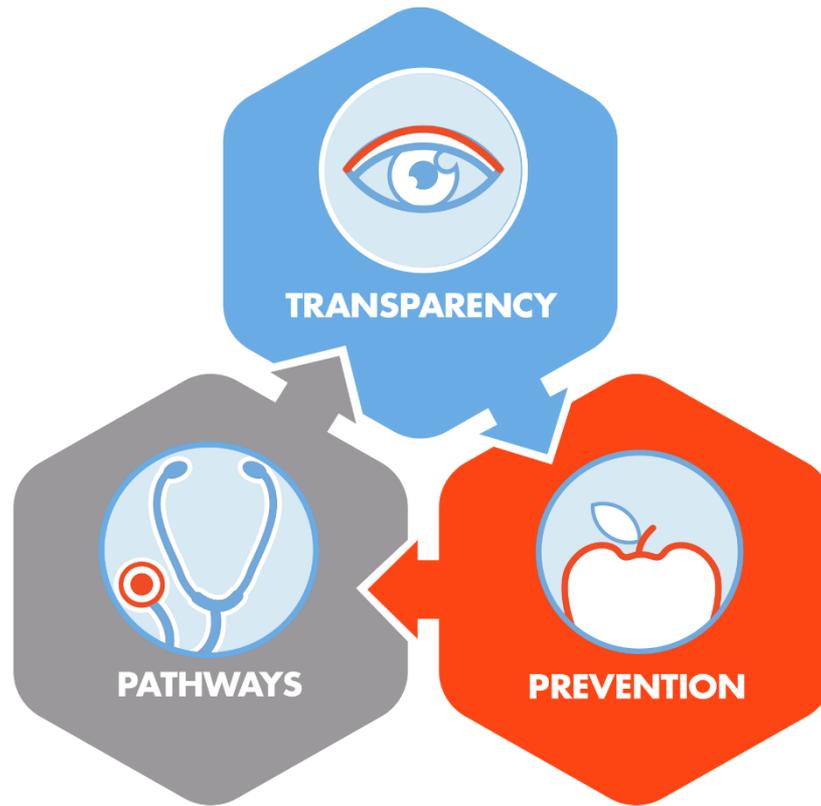
■ 12-Month Preventive Screening Baseline ¹²

Health Activation.

The Turning Point.

COMPASS INTEGRATED SOLUTION

The Key to Delivering Sustainable Cost Savings

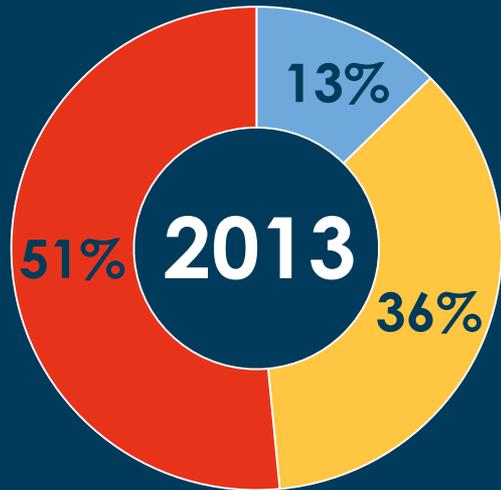


COMPASS HEALTH ACTIVATION PLATFORM

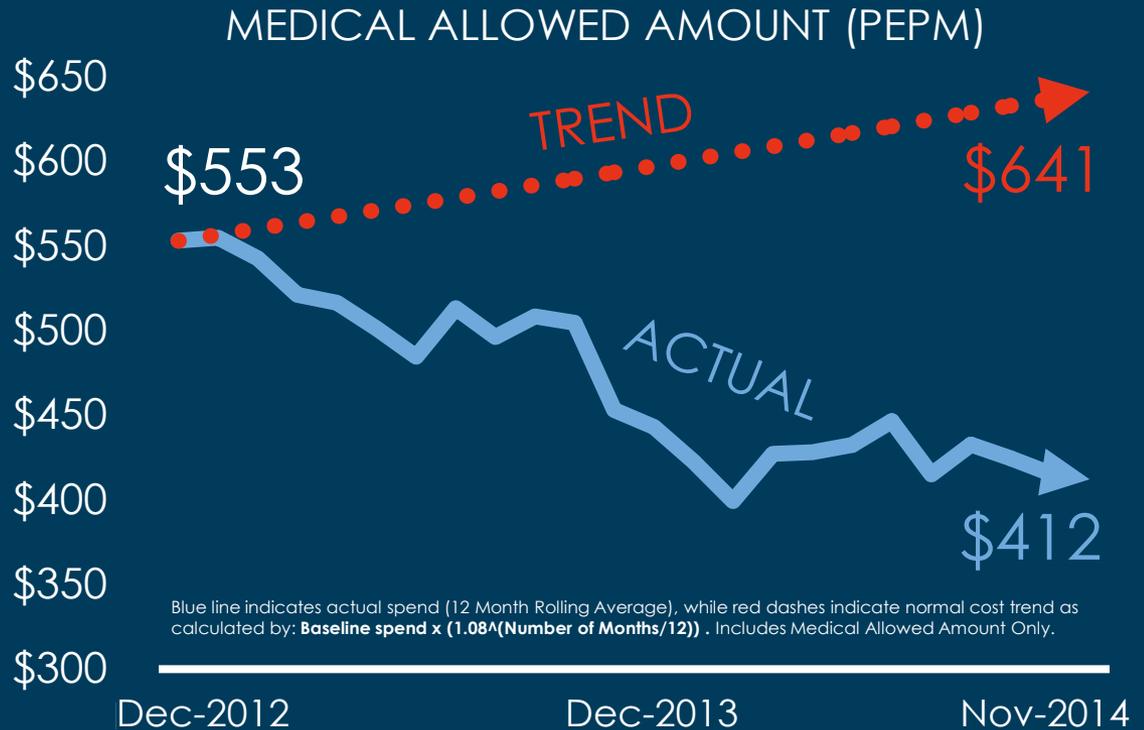
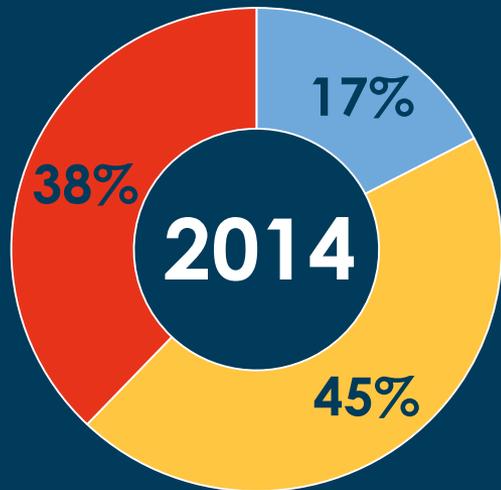
Enabling Total Employee Activation

Are We Moving the Needle?

RISK FACTOR REDUCTION



■ No Risk
 ■ 1-2 Risks
 ■ 3+ Risks



PEPM Savings
(Against Trend)

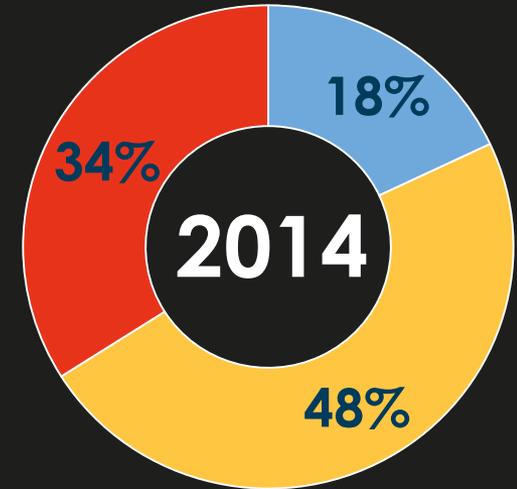
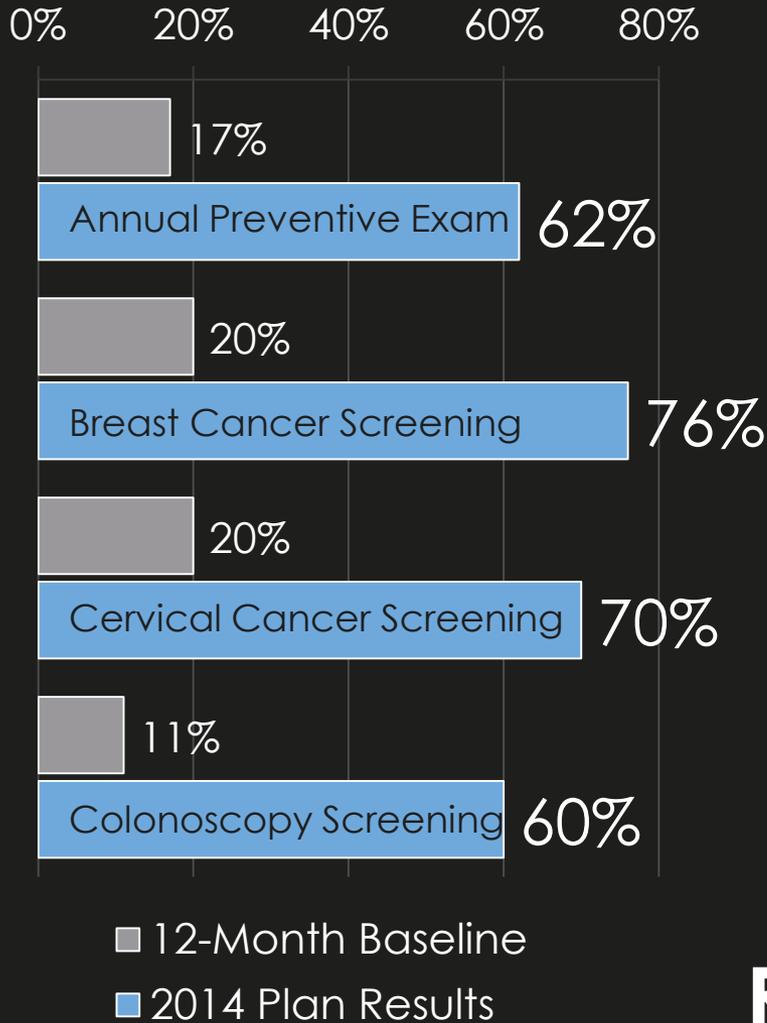
\$229

Annualized
Savings

\$2.8M

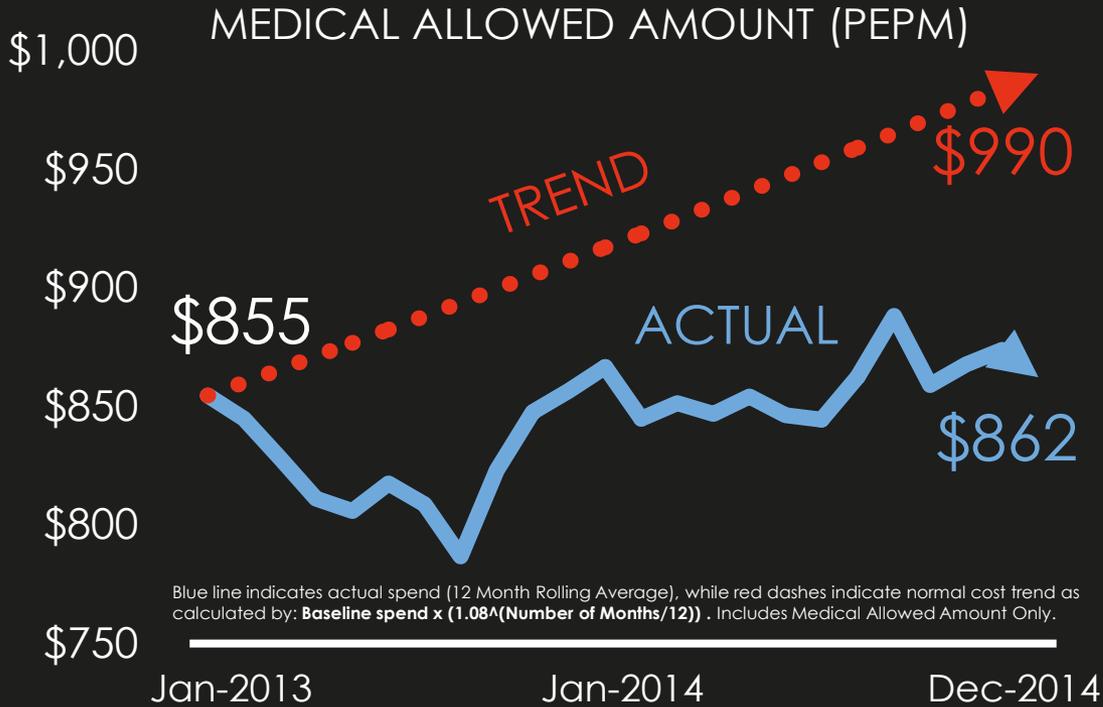
COST SAVINGS

PREVENTION



RISK FACTOR REDUCTION

COST SAVINGS

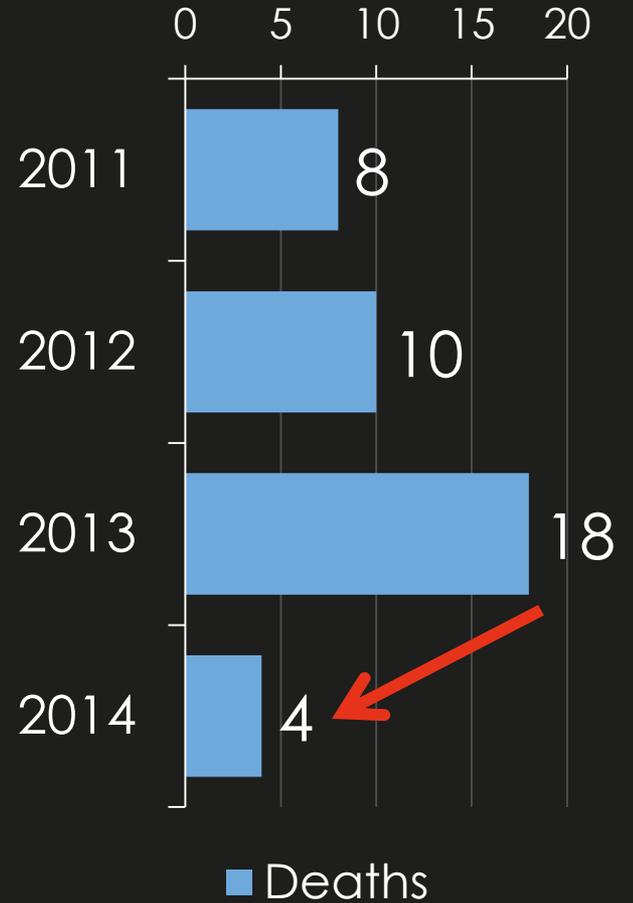


PEPM Savings
(Against Trend)

\$128

Annualized Savings

\$8.0M

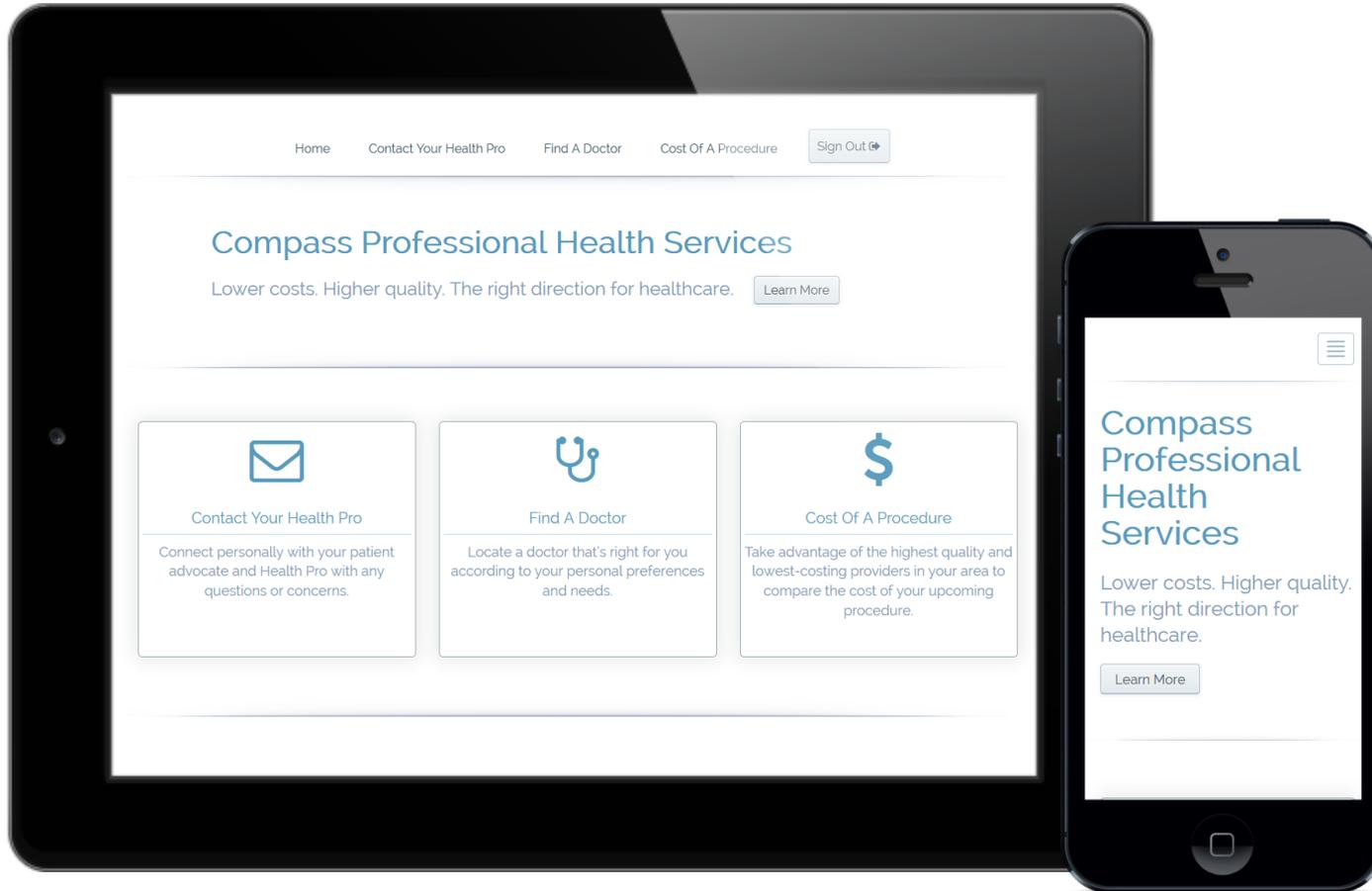


LIVES SAVED



TRANSPARENCY SOLUTION

Compass Health Pro® Decision Support & Member Portal



Technology when you want it...



TRANSPARENCY SOLUTION

Compass Health Pro® Decision Support & Member Portal

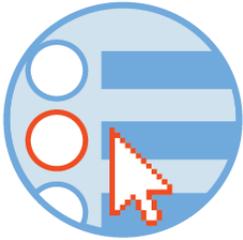


Expertise when you need it.



TRANSPARENCY SOLUTION

How Compass Takes Care of Employees



UNDERSTAND YOUR BENEFITS

Receive guidance in understanding your benefits throughout the year.



FIND A GREAT DOCTOR

Find the best doctors, dentists & eye-care professionals in your area and network that meet your preferences & healthcare needs.



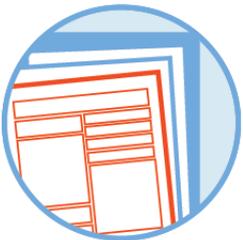
SAVE MONEY ON MEDICAL CARE

Get price comparisons before receiving care. Depending on doctor, hospital or facility, costs can vary by hundreds or thousands of dollars—even in-network.



PAY LESS FOR PRESCRIPTIONS

Let Compass compare medication prices and explore lower cost options for you.



GET HELP WITH MEDICAL BILLS

Have your medical bills reviewed to make sure you are not overcharged.

Empower employees to make high quality, lower cost healthcare decisions.



Healthcare Basics

Do you have a primary care physician?

Are you currently taking any medications and have been for more than a month?

Do you have any upcoming diagnostic tests such as a mammogram, MRI, or endoscopy?

Do you have any upcoming surgical procedures?

Do you have any existing medical conditions that you are actively managing?

How will my information be used?

Previous

Next



You're Connected

You're finished! Thank you for taking the time to complete the survey. You will now be directed to the home page.

Please Note: You will not be required to complete this survey when signing on in the future. However, you can update your information later as your needs or preferences change.

How will my information be used?

Previous

Go to Home Page

HEALTHCARE IS COMPLEX

Context Matters.

SITUATION:

Member needs cost estimate for a procedure to correct a deviated septum.

REALITY:

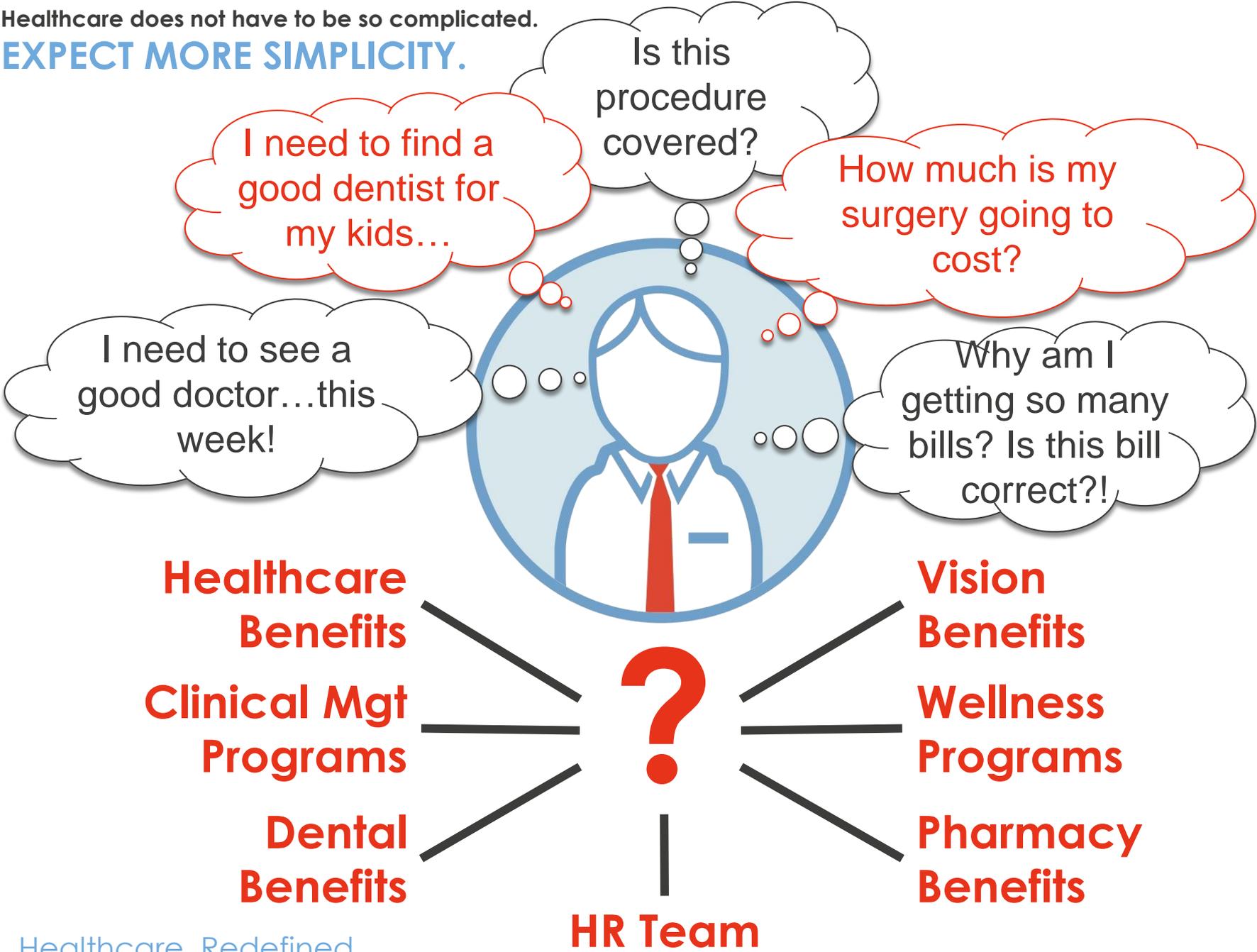
Multiple codes will be billed for the doctor. Picking the wrong primary surgery on a self-service portal will result in underestimation of the true procedure costs.

HEALTHCARE IS COMPLEX

44%-50% of Initial Member Requests Corrected!

CAPABILITY	 COMPASS	OTHERS
Takes into account procedure order when estimating costs for complex procedures	✓	✗
Understands nuances of medical terminology and verifies procedure (CPT) codes with physician prior to estimating costs	✓	✗
Verifies provider availability, subspecialty, address, network status, and patient experience	✓	✗
“Blacklists” providers that have board actions and/or a history of miscoding/incorrect billing	✓	✗

Healthcare does not have to be so complicated.
EXPECT MORE SIMPLICITY.



Healthcare does not have to be so complicated.
EXPECT MORE SIMPLICITY.

I need to find a good dentist for my kids...

Is this procedure covered?

How much is my surgery going to cost?

I need to see a good doctor...this week!

Why am I getting so many bills? Is this bill correct?!



Healthcare Benefits

Vision Benefits

Clinical Mgt Programs

Wellness Programs

Dental Benefits

Pharmacy Benefits

HR Team



BETTER HEALTHCARE STARTS HERE.

Your carefully chosen results are in.

Claudio,

I hope you had a great week and you're doing well. Per your request, we searched your area and here are our recommendations for the best Primary Care Physician for your family.

Let me know if you have or need a specialist. Those doctors usually represent the biggest opportunity to save.

The Criteria Used Were:

- Timely New Patient Appointments
- Reputation For High Quality Care
- Proximity To Your Home
- Cost Effective
- UHC In-Network Provider
- Meets Compass Quality Standards
- Courteous Staff

CHOICE	A	B	C
Name	Amy Olsen, MD	Tadd Hsie, MD	Shreeketa Mehta, MD
Specialty Name	Family Practice	Family Practice	Family Practice
Gender	Female	Male	Female
Location	3707 Providence Point Dr SE Issaquah, WA 98029	1455 11th Ave NW Issaquah, WA 98027	27203 216th Ave SE Maple Valley, WA 98038
Phone	(425) 369-1342	(425) 391-3900	(425) 656-4100
Appointment Availability	This Week	This Week	This Week
Office Hours	T, Th 8:30 AM - 5:00 PM	M-F: 8:00AM-5:00PM	M - F 9:00 AM - 5:00 PM
Years In Practice	11	21	8
Clean Record	Yes	Yes	Yes
Board Certified	Yes	Yes	Yes
Staff Rating 1 = cold 5 = warm	5	5	5
Website	-	-	Go To Site
Reviews	Healthgrades	Healthgrades	Healthgrades

Appointment availability is subject to change.

T-Mobile also offers a telemedicine service called Teladoc:

HOW IT WORKS

- Teladoc is free with T-Mobile's Plan A and HRA health plans. HAS participants pay a \$40 consult fee.
- Before your first consultation, remember to register online at teladoc.com (leave the "Company Code" box blank) or phone **1-800-835-2362**.
- You can call, video chat or use the app to talk to a U.S. board-certified, state-licensed doctor any time, 24/7/365. It's an easy and cost-effective way to consult with a doctor who can diagnose, recommend treatment and prescribe medication for common illnesses.
- Teladoc may not be available in certain states.

Hawaii Employee? HMSA offers their own telemedicine benefit if you're in HMSA Plan A or B. Call HMSA for details at **1-800-776-4672** or visit www.hmsa.com.

Idaho Employee? State legislation doesn't allow telemedicine services, but Idaho employees can still register and use Teladoc when traveling outside of Idaho.

Provider Contact

Teladoc: teladoc.com / **1-800-835-2362**

As with all visits to health care providers, you should verify that your provider is in-network with your insurance carrier upon arrival for your appointment and request that they verify your benefits prior to your appointment. Compass confirms in-network status by checking insurance web directories and confirming directly with the facility. Compass does not, however, guarantee that your provider is in-network or that benefits will apply.

In order for your physician visit to be considered preventive, ask your physician to bill your visit as preventive. If you and your physician want to address specific problems or conditions during your visit, the visit may not be able to be billed as preventive. In situations where problems or conditions arise, it may be an option to talk to your doctor about scheduling a separate visit to address those problems.

I would be happy to schedule your appointment.

Please respond to this email with the following information if you'd like me to help set one up:

- Preferred provider, type of appointment, day and time for the appointment.
- information about you:
 - Legal Name
 - Home address
 - Home phone
 - Date of birth
 - Insurance info (insurance company name, customer service phone #, Claim Mailing Address (from back of card), Group# and Member ID#)

Typically this is all the information we need to schedule an appointment. Should their office require additional information, we will let you know.

THE COMPASS HEALTH PRO

Connecting All Your Programs

Rx/Mail Order Program

Health Insurance

Disease Management

Dental
Insurance

HRA/HSA

Vision
Insurance

Employee Assistance
Program

Biometric Screenings

Wellness
Programs

Health
Assessments

Onsite Clinic

“I feel so much more confident with the healthcare system that I’ve stopped avoiding it.”

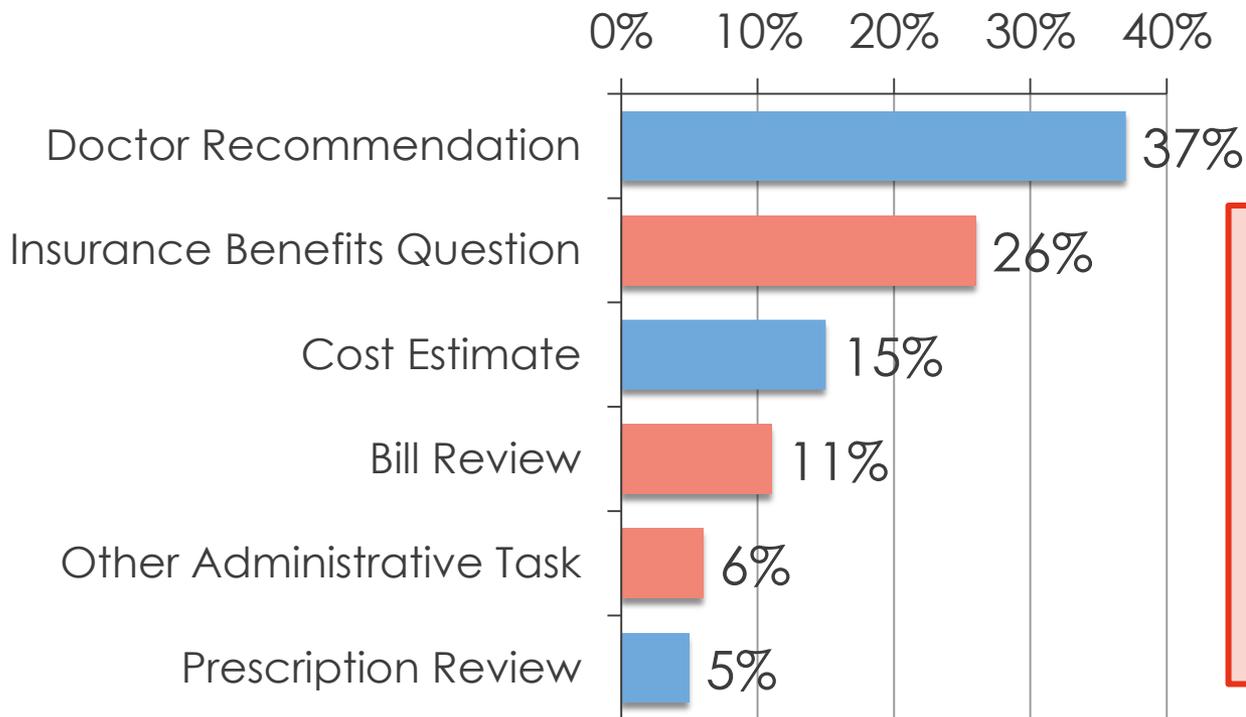
- *Compass Member*



the **simpler plan** for employees

MEMBERS NEED HELP BEYOND PRICING!

Why Members Initially Contact Their Compass Health Pro:



Of the members whose 1st solution is administrative* in nature, **61% request a cost-impacting solution** downstream.

* Bill Review, Insurance Benefits Question, or Other Administrative Task

For every 1,000 employees that use Compass, employers average 4,000 hours of increased productivity.

Meet

Beatriz

COMPASS HEALTH PRO
SINCE JUNE 2013



Within our 15 minute conversation, she gave me every bit of information I was looking for, and some info I didn't know enough to ask...

 **EXPECT MORE!**

Important Information that doesn't seem to show up on the Michael's LWKH site, or if it does, it is in some obscure location in very fine print.

THANK YOU, Beatriz!!!!

Sincerely,

Bob L. 

Meaningful Wellness. Made SIMPLE!

THREE YEAR ACCOUNTABILITY PLAN

with Compass Certification.



Prevention

Get Connected
Annual Physical
Biometrics

Age & Gender Requirements*:

- Cancer Screenings
 - Cervical (F 21-65)
 - Breast (F 50-74)
 - Colorectal (M/F 50-75)
- Osteoporosis Check (F 60-75)



Prevention + Risk Factors

Get Connected
Annual Physical
Biometrics

Age & Gender Requirements*:

- Enroll In/Complete Metabolic Syndrome Program



Biometric Outcomes

Get Connected
Biometric Outcomes

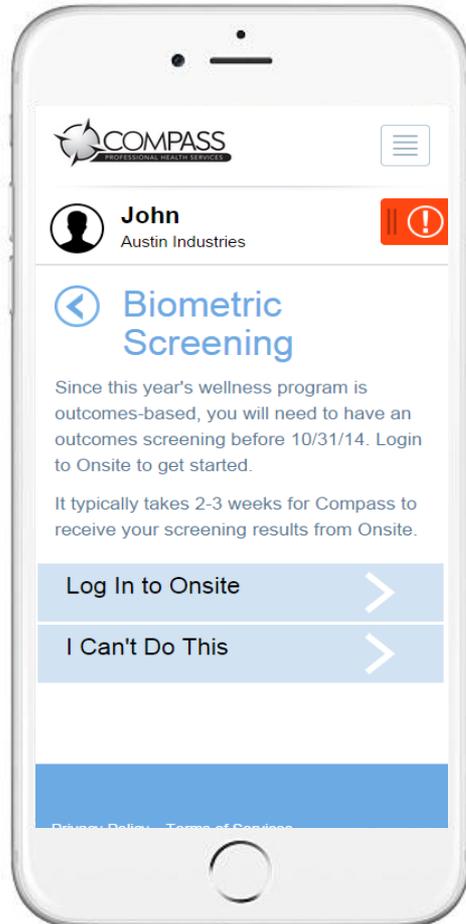
(Baseline biometrics should be completed in prior plan year)

Tobacco Requirements can be added to any of these programs as long as supporting files meet Compass file specifications.

* Only one age/gender screening required per year

COMPASS ACTIVATION PLATFORM

Innovative Technology



- Responsive web portal
- Powers transparency, prevention, and pathways activation
- Robust configuration options
- Simple, intuitive user interface

HEALTH TRACK

Your Personal Monthly Report Card

- Monthly activity update
- Email to supplement technology platform
- Encrypted and secure

The screenshot shows a digital report card titled "AMY'S HEALTH TRACK" from ABC Companies, Inc. It features the COMPASS logo at the top. The card provides an overview of the health track, including a status update for 2 actions remaining as of 1/26/2015. Below this, there are two sections: "Preventive Physical Exam" due September 30, 2015, and "Achieve Vitality Gold Status" also due September 30, 2015. Each section includes a brief description of the action and its importance. At the bottom, a summary states that the user has completed the listed actions and that their status is automatically tracked in the COMPASS system. A specific action, "Cervical Cancer Screening," is shown as "Complete" in a green box.

COMPASS

AMY'S HEALTH TRACK

ABC Companies, Inc.

Your Health Track includes critical prevention actions based on your age and gender. Completing your Health Track will help you stay informed about your health, and it could make a significant difference in your life. In addition, when you finish your Health Track, you become eligible for the 2016 Better You Incentive!

Below, you will find a status update for each required action, along with information about why it is important to your health. Remaining actions must be completed by September 30, 2015 for you to be eligible for the Better You Incentive for 2016.

Your Health Pro Consultant is here every step of the way. Please feel free to contact your Health Pro Consultant by email, phone, or within the member portal if you have any questions about the status of your activities, need help finding providers to complete your screenings, or just need additional assistance with any of your healthcare benefits.

2 **Actions Remaining**
As of 1/26/2015

Compass Certification

Preventive Physical Exam **Due September 30, 2015**
Preventive physical exams help your doctor detect abnormalities in your health before they become problems. Your Health Pro Consultant can recommend doctors and help schedule your appointment.

Achieve Vitality Gold Status **Due September 30, 2015**
Register at www.powerofvitality.com and begin by completing the Vitality Health Review (VHR) and Vitality check to learn more about your current physical health. You will be provided with a set of achievable goals for continued and improved health, and completing these goals will earn you points toward Gold status.

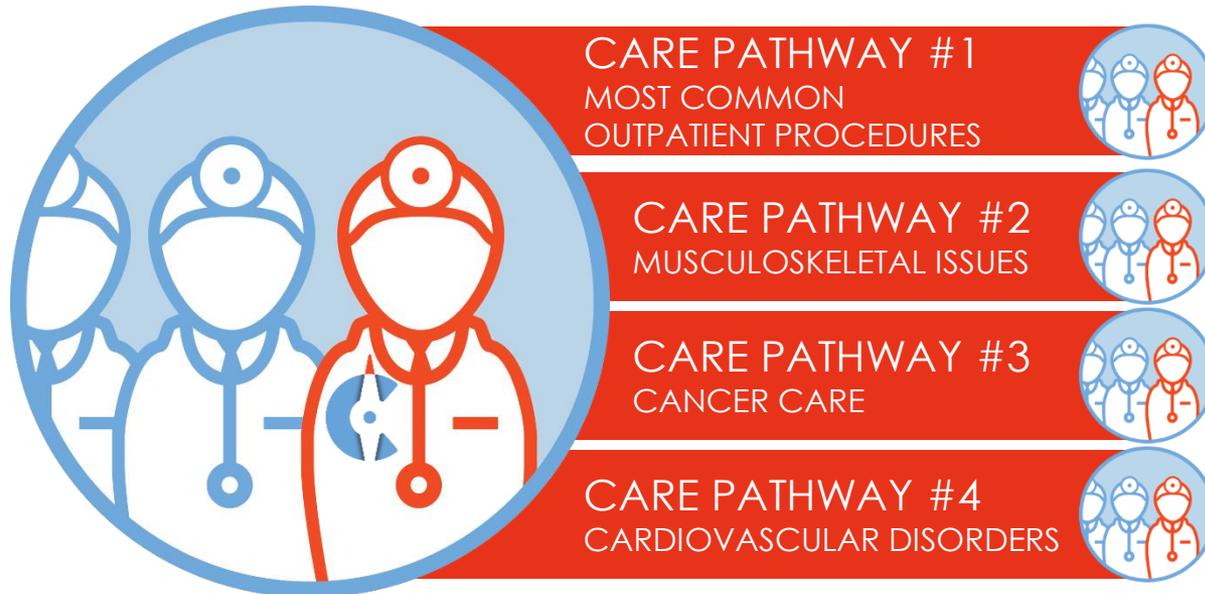
You have completed the below actions—nice job! There is no need to contact us or do further work to complete these actions, as your status is automatically tracked in the Compass system.

Cervical Cancer Screening **Complete**

**Narrow Network?
ACO?
Premier Providers!**

COMPASS PREMIER PROVIDERS

Connecting Employees with Elite Physicians



BENEFITS OF COMPASS PREMIER PROVIDERS

- Compass Premier Providers have access to Compass Price-Transparency tools, ensuring employees are referred to high quality, lower cost care
- Compass Incentive Portal steers employees to this elite subset of in-network providers

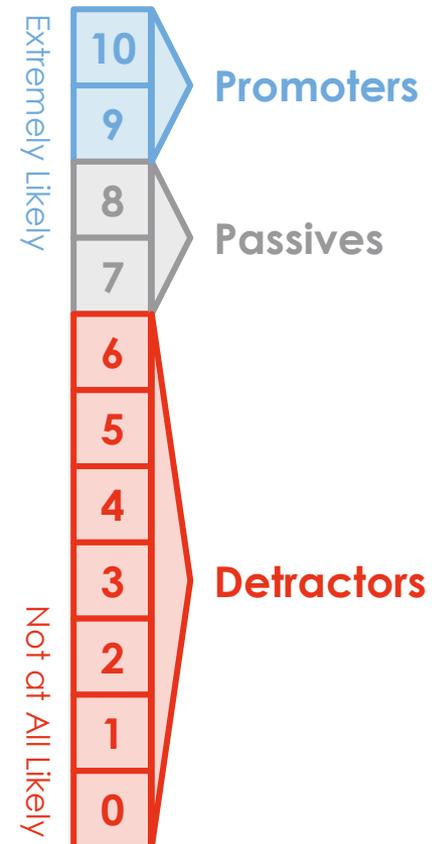
THE PREMIER SERVICE EXPERIENCE.

It's in Our DNA.

How likely are you to recommend us to a friend or colleague?

NPS = % Promoters - % Detractors

BENCHMARK COMPANIES/INDUSTRIES	NET PROMOTER SCORE (NPS)
 COMPASS	+85¹
USAA Auto Insurance ²	+81
Apple Laptops ²	+72
Southwest Airlines ²	+66
Amazon.com ²	+64
Zappos.com ²	+60
Health Insurance Industry Average³	+12



¹ Compass data from January – March 2015 (n = 3,500)

² <http://customergauge.com/news/2014-net-promoter-benchmarks/>

³ http://cdn2.hubspot.net/hub/268441/file-219639422-pdf/Satmetrix_US_2013_Consumer_Charts.pdf

OUR CLIENTS MATTER!

“I just have to say Compass has been EXCELLENT to work with during this implementation. Every person I've interacted with has been top notch. I'm just very impressed with their organization and looking forward to seeing their results post-launch.”

- Mike R, Benefits Project Manager

“You are surrounded by outstanding talent in your organization. What an honor it is for us to share with our employees what will no doubt be one of the best benefits we have ever given them.”

- Marilyn P, Procurement Manager

AN INTEGRATED SOLUTION THAT DELIVERS REAL RESULTS

Results For Our
Clients (Average)

Results For Our
More Progressive Clients

25%
Activation

4:1
ROI

40+%
Activation

8+:1
ROI



COMPASS PROFESSIONAL HEALTH SERVICES

Your Champion for Simpler, Smarter Healthcare

Health Activation Platform with Real Results



Transparency • Prevention

Pathways of Care



Arkansas State Employees & Public School Employees Health Benefits Program



Classic Values, Innovative Advice.

Benefits Decisions for Calendar Year 2016

June 23, 2015
Board Meeting

John Colberg, FSA, MAAA
Gaelle Gravot, FSA, MAAA

	Page
1) Benefits for 2016	2
2) Updated Projections for 2015 (Review)	11
3) Projected Impact on Reserves	12

Appendices

A. 2015 Final Rate Details	15
B. Preliminary 2016 Rates if no change	21
C. 2015 Plan Design	28
D. Use & Disclosures	29



- Embedded in-network Out-of-Pocket (OOP) Maximum
 - Requires OOP Max on Individuals for all plans, all coverage tiers
 - Plans impacted: Classic and Basic
 - Financial Impact:
 - \$1 million for PSE
 - Negligible for ASE
- 2016 OOP Max limits:
 - Non-HSA plans: \$6,850/\$13,700 (ind/fam)
 - HSA plans: \$6,550/\$13,100 (ind/fam)



1. For family coverage, no person pays more than legal (non-HSA) limit
 - a. Advantage – less costly over time
 - b. Disadvantage – confusing since individual OOP Max different in single vs family coverage
2. Individual OOP Max for family coverage is same as individual
 - a. Advantage – easier to understand
 - b. Disadvantage – more costly (immaterial for 2016, but will grow over time)

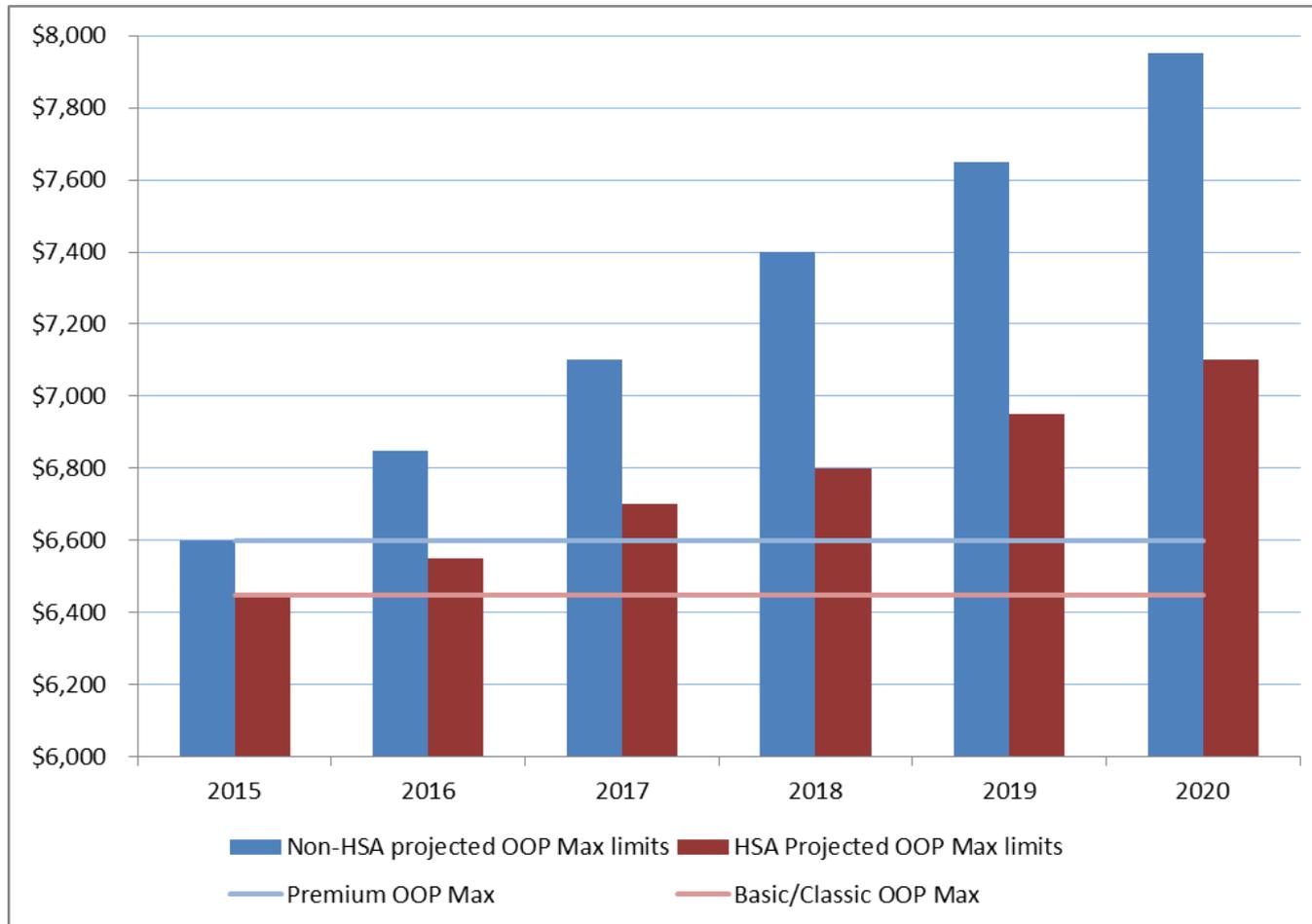


- PSE Employee in Basic
 - Assume employee with family coverage has \$35,000 in claims; dependents have no claims
 - Employee Pays:
 - Current plan: \$8,500 ded + \$4,400 coins = \$12,900
 - If ee only: \$4,250 ded + \$2,200 coins = \$6,450
 - Approach 1: \$6,850 ded = \$6,850
 - Approach 2: \$6,450 ded = \$6,450

ded = Deductible

coins = Co-Insurance

Indexing of OOP Max



Amounts beyond 2016 projected based on change from 2015-2016

Benefits under Consideration for 2016



- Index OOP Max to 2016 limits (not required)
- Harmonize PSE and ASE Premium benefits:
 - Change PSE Premium deductible to \$500/\$1,000
 - Change PSE Premium Medical and Rx OOP Max to \$3000/\$6,000 and \$3,600/\$7,200, respectively
 - 2016 Financial impact: \$6 million
- Offer \$0 generic for HSA qualifying preventive drugs
 - Currently applied for diabetics in disease management
 - Can apply to all plans (even premium), ASE and PSE
 - List of drugs qualifying for \$0 copay would need to be determined
 - All HSA preventive generic vs. a subset
 - In process of evaluating 2016 Financial impact



- Current OOP Max (individual; family = 2x) set at 2015 maximums
 - Premium: \$6,600 = \$3,000 Medical + \$3,600 Rx
 - Classic/Basic: \$6,450
 - ASE Basic deductible = \$6,450
- For consideration
 - Increase OOP Max to 2016 levels? (not required)
 - For Classic & Basic?
 - For Premium?
 - Keep ASE Basic deductible = OOP max?
 - Lower administrative costs if no changes

Preventive Generic drug categories



- Hypertension (ACE inhibitor, Adrenergic agents, Beta-blockers, Calcium channel blockers, Diuretics)
- High cholesterol (e.g., Simvastatin)
- Diabetes (e.g, Glyburide)
- Irregular heartbeat (e.g., Quinidine sulfate)
- Blood thinning agent (e.g., Warfarin)
- Chest pain (e.g., nitroglycerin)



- 2014 experience:
 - Amount for 6.5% of ASE Rx plan pay (\$4.5 M out of \$69.6 M), or 31% of scripts
 - Amount for 4.5% of PSE Rx plan pay (\$2.2 M out of \$48.8 M), or 26% of scripts
 - If all Preventive Generics had been covered at 100%:
 - ASE Rx spending would have been \$5.6 M higher
 - PSE Rx spending would have been \$4 M higher
- Should be medical savings if compliance increases, but difficult to quantify
 - Per HFA report, high compliance in hypertension (97%) and statins (98%) among those who filled prescriptions



- Several Cheiron clients have \$0 generics for key conditions
- None implemented \$0 copays when reference pricing used
- Sometimes tied to compliance with disease management or evidence based medicine
 - Can include non-generics (such ASE/PSE current program of lancets, needles, syringes for diabetics; some include brand medications & test strips)
 - Per HFA report, diabetes compliance with evidence based guidelines is 13%-20%

Updated Projections for 12/31/2015



(as presented in May)

PSE

(In Millions \$)

	As of	12/31/2014	Updated Projection	12/31/2015	If Act/NME Med +5%	12/31/2015
Net Assets before IBNR	\$	75.4	\$	80.7	\$	73.5
IBNR Reserve		(29.4)		(33.5)		(33.5)
Reserve for Current and Future Premiums		(20.0)		(20.0)		(20.0)
Catastrophic Reserve		(11.1)		(10.9)		(10.9)
Net Assets Available	\$	14.9	\$	16.3	\$	9.1

ASE

(In Millions \$)

	As of	12/31/2014	Updated Projection	12/31/2015	If Act/NME Med +5%	12/31/2015
Net Assets before IBNR	\$	78.1	\$	78.6	\$	69.4
IBNR Reserve		(26.5)		(30.3)		(30.3)
Reserve for Current and Future Premiums		(15.3)		(3.6)		(3.6)
Catastrophic Reserve		(10.6)		(10.6)		(10.6)
Net Assets Available	\$	25.7	\$	35.5	\$	24.9

Projected Impact on Reserves



Additional 2016 Reserves to maintain Employee Contributions flat

Benefit Changes	ASE	PSE
None	+ \$12.2 M	+ \$6.5 M
Harmonize Premium Plan	+ \$0 M	+ \$6 M
Implement Individual OOP Max	+ \$0 M	+ \$1 M
Implement \$0 copay for Preventive generics (*)	+ \$5.6 M	+ \$ 4 M

(*) Estimates based on Premera (BCBS of WA) Preventive generic list applied to Ark 2014 experience.

Additional corresponding Allocated Reserves needed

Benefit Changes	ASE	PSE
None	+ \$17.2 M	+ \$13 M
Harmonize Premium Plan	+ \$0 M	+ \$12 M
Implement Individual OOP Max	+ \$0 M	+ \$2 M
Implement \$0 copay for Preventive generics (*)	+ \$11.2 M	+ \$8 M

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

6/23/2015



Projected Impact on Reserves



- Sensitivity of 12/31/2016 reserves to changes in trend
 - 1% change in non-Medicare medical trend changes projected 12/31/2016 reserves by
 - \$4.0 million for PSE
 - \$3.6 million for ASE
 - 1% change in Rx trend changes projected 12/31/2016 reserves by
 - \$1.3 million for PSE
 - \$1.7 million for ASE
 - The above figures represent change in reserves, not the new reserve allocation needed

CHEIRON



Classic Values, Innovative Advice.

***Cheiron** (pronounced kī'ron), the immortal centaur from Greek mythology, broke away from the pack and was educated by the Gods. Cheiron became a mentor to classical Greek heroes, then sacrificed his immortality and was awarded in eternity as the constellation Sagittarius.*

Appendix A – PSE Actives

2015 Final Rate Details



Actives	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	School District Contrib.	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment
					with	without*		with		without		
Premium							2014 Silver					
Employee Only	\$641.14	\$300.96	\$7.80	\$153.00	\$179.38	\$254.38	\$173.32	\$6.06	3%	\$81.06	47%	12,146
Employee & Spouse	1,457.18	479.04	12.42	153.00	812.72	887.72	785.24	27.48	3%	102.48	13%	285
Employee & Child(ren)	1,192.60	564.88	14.64	153.00	460.08	535.08	444.52	15.56	4%	90.56	20%	1,348
Family	2,008.64	1,014.42	26.30	153.00	814.92	889.92	787.36	27.56	4%	102.56	13%	421
Est. Monthly Total (\$mil)	\$10.7	\$5.0	\$0.1	\$2.2	\$3.4	\$0.1	\$3.3	\$0.1	3%	\$0.1	36%	14,200
Classic							2014 Bronze					
Employee Only	\$267.94	\$68.17	\$1.77	\$153.00	\$45.00	\$120.00	\$11.00	\$34.00	309%	\$109.00	991%	15,641
Employee & Spouse	554.68	53.55	1.39	153.00	346.74	421.74	266.72	80.02	30%	155.02	58%	1,154
Employee & Child(ren)	469.82	157.83	4.09	153.00	154.90	229.90	119.16	35.74	30%	110.74	93%	3,424
Family	731.56	222.43	5.77	153.00	350.36	425.36	269.50	80.86	30%	155.86	58%	2,552
Est. Monthly Total (\$mil)	\$8.3	\$2.2	\$0.1	\$3.5	\$2.5	\$0.2	\$1.6	\$1.0	60%	\$0.2	169%	22,772
Basic							2014 Bronze					
Employee Only	\$148.50	\$0.00	(\$15.50)	\$153.00	\$11.00	\$86.00	\$11.00	\$0.00	0%	\$75.00	682%	3,910
Employee & Spouse	269.72	0.00	(\$150.00)	153.00	266.72	341.72	266.72	0.00	0%	75.00	28%	289
Employee & Child(ren)	238.52	0.00	(\$33.64)	153.00	119.16	194.16	119.16	0.00	0%	75.00	63%	856
Family	334.74	0.00	(\$87.76)	153.00	269.50	344.50	269.50	0.00	0%	75.00	28%	638
Est. Monthly Total (\$mil)	\$1.1	\$0.0	(\$0.2)	\$0.9	\$0.4	\$0.0	\$0.4	\$0.0	0%	\$0.0	108%	5,693
Total (Monthly) (\$ mil)	\$20.0	\$7.2	(\$0.0)	\$6.5	\$6.3	\$0.3	\$5.2	\$1.1/\$1.4		20%/27%		42,665
Est Annual Total (\$ mil)	\$240.5	\$86.6	(\$0.0)	\$78.3	\$75.6	\$3.8	\$62.8	\$12.8/\$16.6		20%/27%		
vs 2014 plan elections (minimum District) - with/without wellness				\$78.3	\$75.6	\$3.8	\$98.9	-\$23.3/-19.5		-24%-20%		
vs 2014 plan elections (estimated District) - with/without wellness				\$94.5	\$59.4	\$3.8	\$82.7	-\$23.3/-19.5		-28%-24%		
Total Active & Ret (\$ mil)	\$281.9	\$86.6	\$0.0	\$78.3	\$117.0	\$3.8	\$96.2	\$20.8	22%	\$24.6	26%	56,827

Appendix A – PSE Retirees

Non-Medicare Eligible 2015 Final Rate Details



NME Retirees	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium					2014 Silver			
Retiree Only	\$641.14	\$0.00	\$0.00	\$641.14	\$426.54	\$214.60	50%	2,054
Retiree & NME SP	1,457.18	0.00	0.00	1,457.18	1,107.40	349.78	32%	141
Retiree & Child(ren)	1,192.60	0.00	0.00	1,192.60	779.76	412.84	53%	21
Retiree & NME SP&CH	2,008.64	0.00	0.00	2,008.64	1,363.04	645.60	47%	15
Retiree & ME SP	795.12	0.00	0.00	795.12	508.22	286.90	56%	159
Retiree & ME SP & CH	1,346.58	0.00	0.00	1,346.58	861.44	485.14	56%	-
Est. Monthly Total (\$mil)	\$1.7	\$0.0	\$0.0	\$1.7	\$1.2	\$0.6	48%	2,391
Classic					2014 Bronze			
Employee Only	\$267.94	\$0.00	\$0.00	\$267.94	\$267.66	\$0.28	0%	1,254
Employee & Spouse	554.68	0.00	0.00	554.68	600.98	(46.30)	-8%	243
Employee & Child(ren)	469.82	0.00	0.00	469.82	468.20	1.62	0%	33
Family	731.56	0.00	0.00	731.56	801.52	(69.96)	-9%	41
Est. Monthly Total (\$mil)	\$0.5	\$0.0	\$0.0	\$0.5	\$0.5	\$0.0	-3%	1,571
Basic					2014 Bronze			
Employee Only	\$148.50	\$0.00	\$0.00	\$148.50	\$267.66	(\$119.16)	-45%	139
Employee & Spouse	269.72	0.00	0.00	269.72	600.98	(331.26)	-55%	27
Employee & Child(ren)	238.52	0.00	0.00	238.52	468.20	(229.68)	-49%	4
Family	334.74	0.00	0.00	334.74	801.52	(466.78)	-58%	5
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	-48%	175
Total (Monthly) (\$ mil)	\$2.3	\$0.0	\$0.0	\$2.3	\$1.7	\$0.5	29%	4,137
Est Annual Total (\$ mil)	\$27.0	\$0.0	\$0.0	\$27.0	\$20.9	\$6.1		

Appendix A – PSE Retirees

Medicare Eligible 2015 Final Rate Details



Medicare Eligible	Unadjusted Total Rate	Subsidy	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Retiree Only	\$153.98	\$55.18	\$0.00	\$98.80	\$81.68	\$17.12	21%	9,087
Retiree & NME SP	783.92	0.00	0.00	783.92	708.98	74.94	11%	96
Retiree & Child(ren)	757.10	0.00	0.00	757.10	665.66	91.44	14%	17
Retiree & NME SP&CH	1,521.48	0.00	0.00	1,521.48	1,310.62	210.86	16%	1
Retiree & ME SP	285.46	27.58	0.00	257.88	271.04	(13.16)	-5%	824
Retiree & ME SP & CH	888.57	0.00	0.00	888.57	788.44	100.13	13%	-
Est. Monthly Total (\$mil)	\$1.7	\$0.5	\$0.0	\$1.2	\$1.0	\$0.2	15%	10,026
Total (Est. Annual)	\$20.7	\$6.3	\$0.0	\$14.4	\$12.6	\$1.8		

Appendix A – ASE Actives

2015 Final Rate Details



Actives	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment	
				with	without*		2014 Gold		with			without
Premium												
Employee Only	\$431.08	\$305.75	\$20.55	\$104.78	\$179.78	\$96.68	\$8.10	8%	\$83.10	86%	14,304	
Employee & Spouse	968.92	552.69	37.15	379.08	454.08	371.24	7.84	2%	82.84	22%	3,155	
Employee & Child(ren)	723.48	481.10	32.34	210.04	285.04	195.48	14.56	7%	89.56	46%	4,970	
Family	1,261.32	728.04	48.94	484.34	559.34	423.60	60.74	14%	135.74	32%	3,403	
Est. Monthly Total (\$mil)	\$17.1	\$11.0	\$0.7	\$5.4	\$0.2	\$5.0	\$0.4	8%	\$0.2	47%	25,832	
Classic						2014 Bronze						
Employee Only	\$372.78	\$305.75	\$20.55	\$46.48	\$121.48	\$0.00	\$46.48	n/a	\$121.48	n/a	952	
Employee & Spouse	832.86	552.69	37.15	243.02	318.02	77.96	165.06	212%	240.06	308%	280	
Employee & Child(ren)	622.90	481.10	32.34	109.46	184.46	28.10	81.36	290%	156.36	556%	249	
Family	1,082.96	728.02	48.94	306.00	381.00	93.08	212.92	229%	287.92	309%	346	
Est. Monthly Total (\$mil)	\$1.1	\$0.8	\$0.1	\$0.2	\$0.0	\$0.1	\$0.2	302%	\$0.0	527%	1,827	
Basic						2014 Bronze						
Employee Only	\$326.30	\$305.75	\$20.55	\$0.00	\$75.00	\$0.00	\$0.00	n/a	\$75.00	n/a	238	
Employee & Spouse	722.32	552.69	37.15	132.48	207.48	77.96	54.52	70%	129.52	166%	70	
Employee & Child(ren)	541.60	481.10	32.34	28.16	103.16	28.10	0.06	0%	75.06	267%	62	
Family	937.62	728.04	48.94	160.64	235.64	93.08	67.56	73%	142.56	153%	86	
Est. Monthly Total (\$mil)	\$0.2	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	63%	\$0.0	288%	457	
Total (Monthly) (\$ mil)	\$18.5	\$12.0	\$0.8	\$5.7	\$0.2	\$5.0	\$0.6/\$0.8		12%/16%		28,115	
Est Annual Total (\$ mil)	\$221.7	\$144.1	\$9.7	\$67.9	\$2.5	\$60.5	\$7.4/\$9.9		12%/16%			
vs 2014 plan elections - with/without wellness			\$9.7	\$67.9	\$2.5	\$65.1	\$2.8/\$5.3		4%/8%			
Total Active & Ret (\$ mil)	\$291.3	\$173.3	\$11.6	\$106.3	\$2.5	\$94.8	\$11.6	12%	\$14.1	15%	39,574	

Appendix A – ASE Retirees

Non-Medicare Eligible 2015 Final Rate Details



NME Retirees	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium					2014 Gold			
Retiree Only	\$431.08	\$161.58	\$10.86	\$258.64	\$237.98	\$20.66	9%	1,900
Retiree & NME SP	968.92	287.57	19.33	662.02	581.36	80.66	14%	606
Retiree & Child(ren)	723.48	230.08	15.46	477.94	444.02	33.92	8%	104
Retiree & NME SP&CH	1,261.32	356.07	23.93	881.32	925.42	(44.10)	-5%	39
Retiree & ME SP	790.98	272.86	18.34	499.78	405.36	94.42	23%	251
Retiree & ME SP & CH	1,083.38	341.36	22.94	719.08	612.54	106.54	17%	9
Est. Monthly Total (\$mil)	\$1.7	\$0.6	\$0.0	\$1.1	\$1.0	\$0.1	12%	2,909
Classic					2014 Bronze			
Employee Only	\$372.78	\$161.58	\$10.86	\$200.34	\$147.86	\$52.48	35%	27
Employee & Spouse	832.86	287.57	19.33	525.96	303.78	222.18	73%	18
Employee & Child(ren)	622.90	230.08	15.46	377.36	204.06	173.30	85%	4
Family	1,082.96	356.05	23.93	702.98	334.02	368.96	110%	12
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	74%	60
Basic					2014 Bronze			
Employee Only	\$326.30	\$161.58	\$10.86	\$153.86	\$147.86	\$6.00	4%	3
Employee & Spouse	722.32	287.57	19.33	415.42	303.78	111.64	37%	2
Employee & Child(ren)	541.60	230.08	15.46	296.06	204.06	92.00	45%	0
Family	937.62	356.07	23.93	557.62	334.02	223.60	67%	1
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	37%	7
Total (Monthly) (\$ mil)	\$1.8	\$0.6	\$0.0	\$1.1	\$1.0	\$0.1	12%	2,975
Est Annual Total (\$ mil)	\$21.4	\$7.3	\$0.5	\$13.6	\$12.1	\$1.5		

Appendix A – ASE Retirees

Medicare Eligible 2015 Final Rate Details



Medicare Eligible	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Retiree Only	\$359.90	\$185.48	\$12.46	\$161.96	\$148.10	\$13.86	9%	5,797
Retiree & NME SP	790.99	211.44	14.21	565.34	480.82	84.52	18%	399
Retiree & Child(ren)	692.48	291.62	19.60	381.26	347.70	33.56	10%	62
Retiree & NME SP&CH	1,190.13	379.95	25.54	784.64	680.46	104.18	15%	34
Retiree & ME SP	697.31	289.81	19.48	388.02	340.86	47.16	14%	2,170
Retiree & ME SP & CH	1,029.88	395.95	26.61	607.32	540.48	66.84	12%	21
Est. Monthly Total (\$mil)	\$4.0	\$1.8	\$0.1	\$2.1	\$1.8	\$0.2	12%	8,483
Total (Est. Annual)	\$48.2	\$21.9	\$1.5	\$24.8	\$22.2	\$2.7		



- All projections assume no change in employee/retiree contributions
- Assumes no material benefit changes
- Baseline trend of 8% medical (Act/NME), 10% Rx, 5% medical (ME)
 - Sensitivity of trend at the end
 - Higher trend assumptions due to possibility that 2014 was abnormally low and Rx marketplace changes
- No migration among active employees
 - Allows for growing retirees consistent with recent history
- Medicare issues
 - About 4% of Medicare participants coded as non-Medicare; updated data in process
 - Longer claims lag, particularly in Medicare payments
 - Medicare claims in late 2014 spiked, likely due to transition

Appendix B: PSE Preliminary Active Rates



(Unadjusted – No Active Migration)

Actives	Unadjusted Total Rate	Direct State Contrib. & FICA	Reserve Used / (Added)	School District Contrib.	2016 Employee Cost with & without Wellness Credit		2015 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Credit				Assumed Enrollment
					with	without*		with		without		
Premium												
Employee Only	\$585.60	\$238.10	\$15.12	\$153.00	\$179.38	\$254.38	\$179.38	\$0.00	0%	\$0.00	0%	17,631
Employee & Spouse	1,297.48	311.95	19.81	153.00	812.72	887.72	812.72	0.00	0%	0.00	0%	346
Employee & Child(ren)	1,069.22	428.90	27.24	153.00	460.08	535.08	460.08	0.00	0%	0.00	0%	2,110
Family	1,781.08	764.61	48.55	153.00	814.92	889.92	814.92	0.00	0%	0.00	0%	464
Est. Monthly Total (\$mil)	\$13.9	\$5.6	\$0.4	\$3.1	\$4.8	\$0.1	\$4.8	\$0.0	0%	\$0.0	0%	20,551
Classic												
Employee Only	\$266.58	\$64.49	\$4.09	\$153.00	\$45.00	\$120.00	\$45.00	\$0.00	0%	\$0.00	0%	12,875
Employee & Spouse	554.54	51.53	3.27	153.00	346.74	421.74	346.74	0.00	0%	0.00	0%	1,256
Employee & Child(ren)	462.20	145.09	9.21	153.00	154.90	229.90	154.90	0.00	0%	0.00	0%	4,360
Family	750.16	232.06	14.74	153.00	350.36	425.36	350.36	0.00	0%	0.00	0%	2,723
Est. Monthly Total (\$mil)	\$8.2	\$2.2	\$0.1	\$3.2	\$2.6	\$0.1	\$2.6	\$0.0	0%	\$0.0	0%	21,214
Basic												
Employee Only	\$132.04	\$0.00	(\$31.96)	\$153.00	\$11.00	\$86.00	\$11.00	\$0.00	0%	\$0.00	0%	1,821
Employee & Spouse	240.08	0.00	(179.64)	153.00	266.72	341.72	266.72	0.00	0%	0.00	0%	108
Employee & Child(ren)	205.44	0.00	(66.72)	153.00	119.16	194.16	119.16	0.00	0%	0.00	0%	209
Family	313.48	0.00	(109.02)	153.00	269.50	344.50	269.50	0.00	0%	0.00	0%	221
Est. Monthly Total (\$mil)	\$0.4	\$0.0	(\$0.1)	\$0.4	\$0.1	\$0.0	\$0.1	\$0.0	0%	\$0.0	0%	2,359
Total (Monthly) (\$ mil)	\$22.4	\$7.7	\$0.4	\$6.8	\$7.6	\$0.2	\$7.6	\$0.0/\$0.0		0%0%		44,124
Est Annual Total (\$ mil)	\$269.1	\$92.7	\$4.5	\$81.0	\$90.8	\$2.0	\$90.8	\$0.0/\$0.0		0%0%		
Total Active & Ret (\$ mil)	\$308.3	\$92.7	\$6.5	\$81.0	\$128.1	\$2.0	\$128.1	\$0.0	0%	\$2.0	2%	58,516

*Already subtracted from Total Rates

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

6/23/2015



Classic Values, Innovative Advice.

Appendix B: PSE Preliminary NME Retiree Rates



(Unadjusted – No Active Migration)

NME Retirees	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2016 Retiree Cost	2015 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium								
Retiree Only	\$585.60	\$0.00	(\$55.54)	\$641.14	\$641.14	\$0.00	0%	1,575
Retiree & NME SP	1,297.48	0.00	(159.70)	1,457.18	1,457.18	0.00	0%	100
Retiree & Child(ren)	1,069.22	0.00	(123.38)	1,192.60	1,192.60	0.00	0%	15
Retiree & NME SP&CH	1,781.08	0.00	(227.56)	2,008.64	2,008.64	0.00	0%	8
Retiree & ME SP	761.42	0.00	(33.70)	795.12	795.12	0.00	0%	116
Retiree & ME SP & CH	1,245.04	0.00	(101.54)	1,346.58	1,346.58	0.00	0%	1
Est. Monthly Total (\$mil)	\$1.2	\$0.0	(\$0.1)	\$1.3	\$1.3	\$0.0	0%	1,815
Classic								
Employee Only	\$266.58	\$0.00	(\$1.36)	\$267.94	\$267.94	\$0.00	0%	1,326
Employee & Spouse	554.54	0.00	(0.14)	554.68	554.68	0.00	0%	213
Employee & Child(ren)	462.20	0.00	(7.62)	469.82	469.82	0.00	0%	40
Family	750.16	0.00	0.00	750.16	731.56	18.60	3%	35
Est. Monthly Total (\$mil)	\$0.5	\$0.0	\$0.0	\$0.5	\$0.5	\$0.0	0%	1,613
Basic								
Employee Only	\$132.04	\$0.00	(\$16.46)	\$148.50	\$148.50	\$0.00	0%	112
Employee & Spouse	240.08	0.00	(29.64)	269.72	269.72	0.00	0%	16
Employee & Child(ren)	205.44	0.00	(33.08)	238.52	238.52	0.00	0%	1
Family	313.48	0.00	(21.26)	334.74	334.74	0.00	0%	3
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	131
Total (Monthly) (\$ mil)	\$1.7	\$0.0	(\$0.1)	\$1.8	\$1.8	\$0.0	0%	3,559
Est Annual Total (\$ mil)	\$20.5	\$0.0	(\$1.4)	\$21.9	\$21.9	\$0.0		

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

6/23/2015



Appendix B: PSE Preliminary ME Retiree Rates



(Unadjusted – No Active Migration)

Medicare Eligible	Unadjusted Total Rate	Subsidy	Reserve Used / (Added)	2016 Retiree Cost	2015 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Retiree Only	\$175.82	\$52.32	\$24.70	\$98.80	\$98.80	\$0.00	0%	9,829
Retiree & NME SP	750.23	(33.69)	0.00	783.92	783.92	0.00	0%	86
Retiree & Child(ren)	712.91	(44.18)	0.00	757.10	757.10	0.00	0%	15
Retiree & NME SP&CH	1,371.29	(150.19)	0.00	1,521.48	1,521.48	0.00	0%	1
Retiree & ME SP	327.74	26.15	43.72	257.88	257.88	0.00	0%	902
Retiree & ME SP & CH	864.84	(23.74)	0.00	888.57	888.57	0.00	0%	0
Est. Monthly Total (\$mil)	\$2.1	\$0.5	\$0.3	\$1.3	\$1.3	\$0.0	0%	10,833
Total (Est. Annual)	\$25.2	\$6.4	\$3.4	\$15.4	\$15.4	\$0.0		

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

6/23/2015

Appendix B: ASE Preliminary Active Rates



(Unadjusted – No Active Migration)

Actives	Risk Adjusted Total Rate	State Contrib. & FICA	Reserve Used / (Added)	2016 Employee Cost with & without Wellness Credit		2015 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Credit				Assumed Enrollment	
				with	without*		with		without			
Premium												
Employee Only	\$450.86	\$323.72	\$22.36	\$104.78	\$179.78	\$104.78	\$0.00	0%	\$0.00	0%	14,532	
Employee & Spouse	1,000.12	580.92	40.12	379.08	454.08	379.08	0.00	0%	0.00	0%	2,374	
Employee & Child(ren)	780.94	534.02	36.88	210.04	285.04	210.04	0.00	0%	0.00	0%	5,556	
Family	1,330.22	791.23	54.65	484.34	559.34	484.34	0.00	0%	0.00	0%	2,174	
Est. Monthly Total (\$mil)	\$16.2	\$10.8	\$0.7	\$4.6	\$0.1	\$4.6	\$0.0	0%	\$0.0	0%	24,636	
Classic												
Employee Only	\$389.32	\$320.69	\$22.15	\$46.48	\$121.48	\$46.48	\$0.00	0%	\$0.00	0%	1,108	
Employee & Spouse	856.90	574.22	39.66	243.02	318.02	243.02	0.00	0%	0.00	0%	153	
Employee & Child(ren)	670.32	524.63	36.23	109.46	184.46	109.46	0.00	0%	0.00	0%	322	
Family	1,137.90	778.16	53.74	306.00	381.00	306.00	0.00	0%	0.00	0%	202	
Est. Monthly Total (\$mil)	\$1.0	\$0.8	\$0.1	\$0.2	\$0.0	\$0.2	\$0.0	0%	\$0.0	0%	1,784	
Basic												
Employee Only	\$341.94	\$319.85	\$22.09	\$0.00	\$75.00	\$0.00	\$0.00	n/a	\$0.00	0%	530	
Employee & Spouse	744.44	572.42	39.54	132.48	207.48	132.48	0.00	0%	0.00	0%	92	
Employee & Child(ren)	583.82	519.76	35.90	28.16	103.16	28.16	0.00	0%	0.00	0%	113	
Family	986.32	772.34	53.34	160.64	235.64	160.64	0.00	0%	0.00	0%	121	
Est. Monthly Total (\$mil)	\$0.4	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	\$0.0	0%	856	
Total (Monthly) (\$ mil)	\$17.6	\$11.9	\$0.8	\$4.9	\$0.1	\$4.9	\$0.0/\$0.0		0%0%		27,276	
Est Annual Total (\$ mil)	\$211.2	\$143.0	\$9.9	\$58.4	\$1.2	\$58.4	\$0.0/\$0.0		0%0%			
Total Active & Ret (\$ mil)	\$285.0	\$176.8	\$12.2	\$96.0	\$1.2	\$96.0	\$0.0	0%	\$1.2	1%	38,809	

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

6/23/2015



Appendix B: ASE Preliminary NME Retiree Rates



(Unadjusted – No Active Migration)

NME Retirees	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2016 Retiree Cost	2015 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium								
Retiree Only	\$450.86	\$179.80	\$12.42	\$258.64	\$258.64	\$0.00	0%	1,792
Retiree & NME SP	1,000.12	316.26	21.84	662.02	662.02	0.00	0%	469
Retiree & Child(ren)	780.94	283.42	19.58	477.94	477.94	0.00	0%	105
Retiree & NME SP&CH	1,330.22	419.90	29.00	881.32	881.32	0.00	0%	39
Retiree & ME SP	840.44	318.65	22.01	499.78	499.78	0.00	0%	221
Retiree & ME SP & CH	1,170.52	422.27	29.17	719.08	719.08	0.00	0%	7
Est. Monthly Total (\$mil)	\$1.6	\$0.6	\$0.0	\$1.0	\$1.0	\$0.0	0%	2,632
Classic								
Employee Only	\$389.32	\$176.77	\$12.21	\$200.34	\$200.34	\$0.00	0%	35
Employee & Spouse	856.90	309.56	21.38	525.96	525.96	0.00	0%	16
Employee & Child(ren)	670.32	274.03	18.93	377.36	377.36	0.00	0%	4
Family	1,137.90	406.82	28.10	702.98	702.98	0.00	0%	5
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	61
Basic								
Employee Only	\$341.94	\$175.93	\$12.15	\$153.86	\$153.86	\$0.00	0%	10
Employee & Spouse	744.44	307.76	21.26	415.42	415.42	0.00	0%	6
Employee & Child(ren)	583.82	269.17	18.59	296.06	296.06	0.00	0%	-
Family	986.32	401.00	27.70	557.62	557.62	0.00	0%	4
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	20
Total (Monthly) (\$ mil)	\$1.7	\$0.6	\$0.0	\$1.0	\$1.0	\$0.0	0%	2,713
Est Annual Total (\$ mil)	\$19.8	\$7.3	\$0.5	\$12.0	\$12.0	\$0.0		

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

6/23/2015



Appendix B: ASE Preliminary ME Retiree Rates



(Unadjusted – No Active Migration)

Medicare Eligible	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2016 Retiree Cost	2015 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Retiree Only	\$389.58	\$212.91	\$14.71	\$161.96	\$161.96	\$0.00	0%	6,069
Retiree & NME SP	840.44	257.32	17.78	565.34	565.34	0.00	0%	402
Retiree & Child(ren)	770.31	363.92	25.13	381.26	381.26	0.00	0%	63
Retiree & NME SP&CH	1,268.93	453.01	31.28	784.64	784.64	0.00	0%	31
Retiree & ME SP	755.26	343.52	23.72	388.02	388.02	0.00	0%	2,232
Retiree & ME SP & CH	1,136.00	494.52	34.16	607.32	607.32	0.00	0%	22
Est. Monthly Total (\$mil)	\$4.5	\$2.2	\$0.2	\$2.1	\$2.1	\$0.0	0%	8,820
Total (Est. Annual)	\$54.0	\$26.5	\$1.8	\$25.7	\$25.7	\$0.0		

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

6/23/2015

Appendix C: 2015 Plan Design (vs 2014)



	2014 Gold	ASE Premium	PSE Premium	2014 Bronze	ASE Classic	PSE Classic	ASE Basic	PSE Basic
<i>Yellow highlight means the coverage is changed</i>								
Monthly Plan HSA Contribution (Ind./Family)	n/a	n/a	n/a	\$0	\$25/\$50	\$0	\$25/\$50	\$0
In-Network:								
Deductible - Individual	\$0	\$500	\$1,000	\$2,000	\$2,500	\$2,000	\$6,450	\$4,250
Co-Insurance Limit - Individual (after Deductible)	\$2,500	\$2,500	\$2,500	\$4,350	\$3,950	\$4,450	n/a	\$2,200
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$2,500	\$3,000	\$3,500	\$6,350	\$6,450	\$6,450	\$6,450	\$6,450
Deductible - Family	\$0	\$1,000	\$2,000	\$3,000	\$5,000	\$3,000	\$12,900	\$8,500
Co-Insurance Limit - Family (after Deductible)	\$5,000	\$5,000	\$5,000	\$6,525	\$7,900	\$6,675	n/a	\$4,400
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$5,000	\$6,000	\$7,000	\$9,525	\$12,900	\$9,675	\$12,900	\$12,900
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	100%/0%	80%/20%
Physician Office Visit - Primary Care - Co-Pay	\$35	\$25	\$25					
Physician Office Visit - Specialist - Co-Pay	\$70	\$50	\$50					
Rx - Deductible	None	None	None	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.
Rx - Tier 1 - Generic	\$15	\$15	\$15		**	**	**	**
Rx - Tier 2 - Preferred Brand	\$40	\$40	\$40		**	**	**	**
Rx - Tier 3 - Non-Preferred Brand	\$80	\$80	\$80		not covered	not covered	not covered	not covered
Rx - Specialty	\$100	\$100	\$100		**	**	**	**
Rx - Out of Pocket Maximum (Individual/Family)	n/a	\$3,600/\$7,200	\$3,100/\$6,200	n/a	n/a	n/a	n/a	n/a
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission*	\$250	\$0	\$0					
Hospital / Facility - Outpatient - Co-Pay*	\$100	\$0	\$0					
Urgent Care Visit	\$100	\$100	\$100					
Emergency Room Visit	\$250	\$250	\$250					
Emergency Transportation - Ambulance	\$50	\$50	\$50					
High Tech Radiology - Co-Pay (1st Procedure Only)*	\$250	\$0	\$0					
Rehab / Therapy - Outpatient - Physical/Speech/Occup	\$35	\$25	\$25					
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay	\$35	\$25	\$25					
Out-of-Network:								
Deductible - Individual/Family	\$1,000/\$2,000	\$2,000/\$4,000	\$2,000/\$4,000	\$3,000/\$6,000	\$4,000/\$8,000	\$3,000/\$6,000	not covered	not covered
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%	not covered	not covered
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	None	None	\$5,000/\$10,000	None	None	not covered	not covered
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6,000/\$12,000	None	None	\$8,000/\$16,000	None	None	not covered	not covered

*Deductible & Co-Insurance also applies



Appendix D – Use & Disclosures



- The assumptions and methods for updated projections are as described on our monitoring reports dated February 16, 2015. 2015 projections do not reflect any updated claims experience since the rates were established in 2015.
- 2016 projections are based on Calendar Year 2014 claim experience, paid through April 2014, adjusted for demographic, benefits, and network changes. All projections for 2016 are illustrative and are not intended to convey any projected rate changes. Additional details about assumptions and methods will be provided in follow-up documentation.
- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the Plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information, and claims data. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 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.