



AGENDA

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

**March 11, 2016
10:00 a.m.**

EBD Board Room – 501 Building, Suite 500

- I. Call to Order Jeff Altemus, Chairman***
- II. Approval of February 5, 2016 Minutes Jeff Altemus, Chairman***
- III. ASE/PSE Jan & Feb 2016 Financials.....Marla Wallace, EBD Chief Fiscal Officer***
- IV. Rx Network Rate Presentation.....Dr. David Keisner, PharmD/Assistant Director,
EBRX and Dr. Scott Pace, PharmD/JD, EVP & CEO, Arkansas Pharmacists
Association***
- V. Medical & Rx Trends/2017 Preliminary Rates/PSE HSA Allocation... John Colberg,
Gaelle Gravot, Cheiron, Inc.***
- VI. Director’s Report..... Janis Harrison, EBD Interim Director***

Upcoming Meetings

April 8

May 6

June 10

July 8

***NOTE: All material for this meeting will be available by electronic means only
ethel.whittaker@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
March 11, 2016**

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on March 11, 2016 at 10:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Becky Walker
Dan Honey
Shelby McCook
Jeff Altemus
Claudia Moran

Members Absent

Ronnie Kissire
Susan Gardner
Carla Haugen

Janis Harrison, Interim Director, Employee Benefits Division (EBD)

Others Present

Dwight Davis, David Keisner, Sherry Bryant, UAMS; Janna Keathley, Marla Wallace, Gretchen Baggett, Ethel Whittaker, Andrew Carle, Cecilia Walker, EBD; Kristi Jackson, Jennifer Vaugh, Com Psych; Pam Lawrence, AHH; Raina Porchay, Optum Rx; Wayne Whitley, Ronda Walthall, AHTD; Andy Davis, Arkansas Democrat Gazette; Michael Lindsey, Walmart; Sean Seago, Merck; Scott McRae, APSRC; Nicholas Poole; Mark Adkison, Stephen Carroll, Allcare; Takisha Sanders, Jessica Atkins, M. Carlson, Health Advantage; Karyn Langley, Qualchoice; Leo Hauser, BPS

CALL TO ORDER

The meeting was called to order by Jeff Altemus, Chairman.

APPROVAL OF MINUTES

A request was made by Altemus to approve the minutes from February 5, 2016. Walker made the motion to approve. Honey seconded. All were in favor.

Minutes Approved.

ASE/PSE FINANCIALS: *by Marla Wallace, EBD Fiscal Officer*

Wallace reported financials for January 2016. For PSE, in January, four (4) weeks of medical and pharmacy claims were paid. The quarterly payment from the Department of Education was received in the amount of \$3.7 million. There was a gain of \$7 million for the month and year-to-date. The new allocation of reserves is 1/12 of the total of \$47.7 million. This includes the allocation set aside by the Board in the amount of \$9.6 million and the Department of Education in the amounts of \$20 million and \$18.1 million. The catastrophic reserve for 2016 was recalculated and it decreased \$400,000, from \$10.9 million to \$10.5 million. Net assets available are \$41.4 million.

For PSE, in February, four (4) weeks of medical and pharmacy claims were paid. The net gain for the month was \$5.2 million. The year-to-date gain is \$12.2 million. The FICA savings for the month was \$490,464. The net assets are \$46 million.

For ASE, in January, four (4) weeks of medical and pharmacy claims were paid. The new allocation of reserves is 1/12 of the total of \$16.2 million that was allocated by the Board. The monthly amount will be \$1.35 million. There was a gain of \$4.4 million for the month and year-to-date. The catastrophic reserve for 2016 was recalculated and it increased \$300,000, from \$10.4 million to \$10.7 million. The net assets available are \$32.3 million.

For ASE, in February, four (4) weeks of medical and pharmacy claims were paid. The net gain for the month was \$3.9 million. The year-to-date gain is \$8.3 million. The net assets are \$36.2 million.

Rx NETWORK RATE PRESENTATION: *by Dr. David Keisner, UAMS; Dr. Scott Pace, Dr. John Vinson, Arkansas Pharmacists Association*

Dr. Keisner reported that through the RFP process EBD has selected a new Pharmacy Benefits Manager (PBM). MedImpact will replace Catamaran starting July 1, 2016. The two main tasks of MedImpact will be (1) claims processing, and (2) maintaining a comprehensive pharmacy network.

Through the new PBM contract, the Board has control of all pharmacy reimbursement and EBD will gain control of MAC management. There will be no specialty restrictions for in-network Arkansas pharmacies and rates will not vary between any in-network pharmacies. Mail order will not be promoted or incentivized. Dr. Keisner reported that changes to network rates will affect the member's out-of-pocket drug costs more than in previous years.

Pharmacy Reimbursement Through the Current Vendor:

Brand: AWP-10% + \$3.50

Specialty: AWP- 10% + \$3.50

Generic: MAC + \$4.50*

***Includes Generic Incentive (\$2.50 dispense fee + \$2.00 incentive fee)**

AWP = Average Wholesale Price

MAC = Maximum Allowable Cost

Pharmacy Reimbursement Proposed by MedImpact:

Brand: AWP-15.65% + \$1.50

Specialty: AWP- 15.65% + \$1.50

Generic: MAC + \$1.50*

***Vendors must have a full pass-through Arkansas-based network with 95% of Arkansas pharmacy providers included and at least 50,000 pharmacies participating nationwide.**

The network savings with MedImpact could potentially be as much as \$16 million annually. The administrative fee savings could be as much as \$3 million annually. While the MedImpact proposed rates are comparable to national averages, Dr. Keisner reminded the subcommittee that the Board did not have to accept the MedImpact proposed rates and may select an alternate reimbursement strategy if desired.

Dr. Pace reported the best long term solution for the generic reimbursement is to move toward a standard known as NADAC, National Average Drug Acquisition Cost. NADAC is the true invoice cost, which must be accompanied by real dispensing fees to cover the cost and profit of the pharmacist. The invoice amount could range from \$12.00 - \$15.00. This methodology saves money for the plan. It is believed that an engaged pharmacy is better for the plan.

Dr. Vinson reported the Arkansas Patient-Centered Community Pharmacy Program is designed to be comprehensive, coordinated, patient focused, accessible, with high quality, and safety. Dr. Vinson reports pharmacists are known to be medication experts. Ten percent (10%) of pharmacists are achieving additional education at a post graduate level exceeding a doctoral degree. There is a high level of expertise in the pharmacist community. Studies indicate the highest utilizers visit a pharmacy 36 times annually versus the same patient using a clinic twice annually. There are many opportunities to invest in clinical services.

The national trends indicate CMS funding, State Plans, Medicaid, and Medicare Advantage are investing in pharmacists. In 2013 one California plan, with a

million participants, developed a pay-for-performance model. The generic dispensing rate is one (1) of the ten (10) subjects to be researched for the plan. Another program is the Appointment Based Adherence; whereby the pharmacist communicates with the patient to track with analytics the rate of adherence, which is known as proportion-of-days-covered. With this method the pharmacist is verifying for high dollar conditions and drugs, the patient is taking the prescribed medication. Improving adherence will increase the amount patients spend on their medication.

The goal for the Arkansas Patient-Centered Community Pharmacy Program is to work with pharmacists, the Board, the UAMS College of Pharmacy, EBRx, and EBD developing options and programs to benefit the members. Analytics should be used to increase understanding of the per-member-per-month spending for specific disease states, amount spent for specific brand and generics, and the rate of proportion-of-days-covered.

Altemus has concerns that the Public School Employees are paying too much for premiums and medications.

McCook requested additional information for referral to the Board.

Honey inquired if the March 22nd date could be deferred to later in the plan year. Dr. Keisner reported a decision must be made at the March 22nd meeting to ensure MedImpact has time to program and test their claims system.

Honey motioned to recommend for the Board to defer the rate change until January 1, 2017 for an opportunity to collect additional information, while also accepting the contract. There was no second to the motion.

Motion Failed.

Discussion:

Dr. Keisner reported there is an option to leave the rates as is with Catamaran until further discussion.

Honey motioned to recommend to the Board to defer the rate change until October 1, 2016 for an opportunity to collect additional information. This includes the MAC and administrative costs as well.

Harrison asked what the result would be if not making a change at this time? Dr. Keisner reported there would be savings from the MAC list and the administrative fees.

Walker seconded.

McCook amended the previous motion to recommend to the Board that the MedImpact contract methodology be implemented, and that on June 1, 2016 the dispensing fee, brand name, and generic be equalized. In addition, the Board will consider new reimbursement rates and upon the decision implement the decision in 60 days. Equalize the dispensing fee, and implement in 60 days after the decision. There was no second to the motion.

Motion Failed.

Discussion:

Honey reported if the Board is able to implement some of the changes they should be implemented concurrent with the new changing rates.

Bob Boyd, a Board member, reported the Board has been through the process of selecting the vendor as they all are comparable in their dispensing rates. In addition, Boyd reported it is the responsibility of the Board to protect the members and not the smaller pharmacies. In addition, his opinion is the proposed recommendation from MedImpact is the best for the members of the plan.

Moran is concerned with the amount of savings that could be potentially lost if the plan is implemented at a later date.

Dr. Keisner reported the annual savings could be as much as \$16 million. The savings are \$8 million for the plan and \$8 million for the members. Delaying for three months would result in less 2016 savings. The administrative cost savings could be as much as an additional \$3 million.

Harrison reported with the new motion the new MAC prices would be implemented.

McCook reported receiving an email from John Kirtley, Board member, regarding very strong concerns that will be discussed at the next Board meeting March 22, 2016.

Boyd recommended that the committee not approve the motion and refer the matter to the Board.

After discussion Altemus requested the final vote from members for Honey's second motion. All were opposed.

Motion Failed.

Walker motioned not to make a recommendation at this time. There was no second to this motion.

Motion Failed.

After much discussion and many failed motions, McCook motioned for the Board to take all the pharmacy information into consideration and make a decision on the rates and reimbursements with the new methodology. Honey seconded. All were in favor.

Motion Approved.

MEDICAL AND RX TRENDS/2017 PRELIMINARY RATES/PSE HSA ALLOCATION: *by John Colberg, Gaelle Gravot, Cherion, Inc.*

Colberg reported on The Review of 2015, The Trend Experience, Preliminary 2017 Projections, and Plan Funding HSAs for PSE.

Colberg reported PSE assets increased significantly in 2015 primarily due to claims being well below the projection and income well above projection, finishing the year with almost \$35 million in net assets available.

Enrollment in 2015 was higher than projected for actives with fewer spouses than projected. Classic has the most enrollees; however, more participants enrolled in Premium than projected and fewer in Basic. Fewer non-Medicare retirees enrolled than assumed, while the number of Medicare retirees was close to projection.

For ASE assets increased primarily due to enrollment changes.

Both medical and pharmacy claims in 2015 were below projected. However, after adjusting for changes in enrollment, both medical and pharmacy claims' experience was very close to, but still slightly below, projections.

Enrollment in 2015 was below projected for actives, and more spouses than projected dropped coverage. Retirees in total were above projection.

Generally, with the number of participants in the PSE HSA program, about \$11 million would be required to fund PSE HSA accounts.

EBD DIRECTOR'S REPORT: *by Janis Harrison, EBD Interim Director*

Harrison reported WageWorks/BNY Mellon sent letters to employees regarding additional fees, effective April 1, 2016, had not been discussed previously. Harrison reported the members should not be responsible for additional charges and EBD will cover the additional \$2.00 fee beginning April 1. There will be further discussion prior to October 1, 2016 regarding the additional \$16.00 transfer fee.

MEETING ADJOURNED

Arkansas State Employees (ASE) Financials - January 1, 2015 through January 31, 2015

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	809	8		817		1459	19		1478
CLASSIC	1781	59		1840		3075	97		3172
PREMIUM	24850	2157		27007		43507	2777		46284
PRIMARY		232	8629	8861			475	11396	11871
TOTAL	27440	2456	8629	38525		48041	3368	11396	62805

REVENUES & EXPENDITURES

	Current Month	Year to Date (1 Month)
Funding		
State Contribution	\$ 14,344,074	\$ 14,344,074
Employee Contribution	\$ 8,024,828	\$ 8,024,828
Other	\$ 446,120	\$ 446,120
Allocation for Actives - Plan Year 2015	\$ 971,667	\$ 971,667
Total Funding	<u>\$ 23,786,689</u>	<u>\$ 23,786,689</u>
Expenses		
Medical Expenses		
Claims Expense	\$ 6,697,294	\$ 6,697,294
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,060,440	\$ 1,060,440
Refunds	\$ (4,543)	\$ (4,543)
Employee Assistance Program (EAP)	\$ 56,452	\$ 56,452
Life Insurance	\$ 55,034	\$ 55,034
Pharmacy Expenses		
RX Claims	\$ 5,599,292	\$ 5,599,292
RX IBNR	\$ 212,417	\$ 212,417
RX Administration	\$ -	\$ -
Plan Administration	\$ 266,123	\$ 266,123
Total Expenses	<u>\$ 13,942,509</u>	<u>\$ 13,942,509</u>
Net Income/(Loss)	\$ 9,844,180	\$ 9,844,180

BALANCE SHEET

Assets	
Bank Account	\$ 14,029,194
State Treasury	\$ 71,138,556
Due from Cafeteria Plan	\$ 709,521
Due from PSE	\$ -
Receivable from Provider	\$ -
Accounts Receivable	\$ 1,103,435
Total Assets	<u>\$ 86,980,705</u>
Liabilities	
Accounts Payable	\$ 3,758
Deferred Revenues	\$ -
Due to Cafeteria	\$ -
Due to PSE	\$ -
Due to Federal Government (\$44 fee)	\$ -
Health IBNR	\$ 24,700,000
RX IBNR	\$ 1,800,000
Total Liabilities	<u>\$ 26,503,758</u>
Net Assets	\$ 60,476,948
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000 + \$5,400,000)	\$ (10,688,333)
Premiums for Plan Year 1/1/16 - 12/31/16 (\$3,600,000)	\$ (3,600,000)
Catastrophic Reserve (2015 \$10,400,000)	\$ (10,400,000)
Net Assets Available	<u>\$ 35,788,614</u>

Fifth Week of Claims \$

Arkansas State Employees (ASE) Financials - January 1, 2015 through February 28, 2015

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	858	12		870		1526	24		1550
CLASSIC	1802	58		1860		3114	92		3206
PREMIUM	24816	2170		26986		43454	2797		46251
PRIMARY		229	8651	8880			469	11432	11901
TOTAL	27476	2469	8651	38596		48094	3382	11432	62908

REVENUES & EXPENDITURES

	Current Month	Year to Date (2 Months)
Funding		
State Contribution	\$ 14,362,412	\$ 28,706,486
Employee Contribution	\$ 8,128,652	\$ 16,153,481
Other	\$ 630,706	\$ 1,076,826
Allocation for Actives - Plan Year 2015	\$ 971,667	\$ 1,943,333
Total Funding	<u>\$ 24,093,437</u>	<u>\$ 47,880,126</u>
Expenses		
Medical Expenses		
Claims Expense	\$ 17,372,607	\$ 24,069,901
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 983,128	\$ 2,043,568
Refunds	\$ (20,668)	\$ (25,211)
Employee Assistance Program (EAP)	\$ 56,550	\$ 113,002
Life Insurance	\$ 55,119	\$ 110,153
Pharmacy Expenses		
RX Claims	\$ 5,305,708	\$ 10,905,000
RX IBNR	\$ -	\$ -
RX Administration	\$ 212,329	\$ 424,746
Plan Administration	\$ 445,661	\$ 711,784
Total Expenses	<u>\$ 24,410,434</u>	<u>\$ 38,352,943</u>
Net Income/(Loss)	\$ (316,997)	\$ 9,527,183

BALANCE SHEET

Assets	
Bank Account	\$ 12,221,560
State Treasury	\$ 71,138,735
Due from Cafeteria Plan	\$ 709,521
Due from PSE	\$ -
Receivable from Provider	\$ 665,520
Accounts Receivable	\$ 961,217
Total Assets	<u>\$ 85,696,552</u>
Liabilities	
Accounts Payable	\$ 3,758
Deferred Revenues	\$ 4,510
Due to Cafeteria	\$ -
Due to PSE	\$ -
Due to Federal Government (\$44 fee)	\$ -
Health IBNR	\$ 24,700,000
RX IBNR	\$ 1,800,000
Total Liabilities	<u>\$ 26,508,268</u>
Net Assets	\$ 59,188,284
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000 + \$5,400,000)	\$ (9,716,667)
Premiums for Plan Year 1/1/16 - 12/31/16 (\$3,600,000)	\$ (3,600,000)
Catastrophic Reserve (2015 \$10,400,000)	\$ (10,400,000)
Net Assets Available	<u>\$ 35,471,618</u>

Fifth Week of Claims \$

Arkansas State Employees (ASE) Financials - January 1, 2016 through January 31, 2016

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	1219	27		1246		2048	44		2092
CLASSIC	1682	63		1745		2840	87		2927
PREMIUM	23668	2187		25855		41275	2815		44090
PRIMARY		216	9068	9284			442	11871	12313
TOTAL	26569	2493	9068	38130		46163	3388	11871	61422

REVENUES & EXPENDITURES

	Current Month	Year to Date (1 Month)
Funding		
1 State Contribution	\$ 14,693,140	\$ 14,693,140
2 Employee Contribution	\$ 8,013,194	\$ 8,013,194
3 Other	\$ 442,236	\$ 442,236
4 Allocation of Reserves	\$ 1,350,000	\$ 1,350,000
Total Funding	\$ 24,498,570	\$ 24,498,570
Expenses		
Medical Expenses		
5 Claims Expense	\$ 12,272,381	\$ 12,272,381
6 Claims IBNR	\$ -	\$ -
7 Medical Administration Fees	\$ 1,087,685	\$ 1,087,685
8 Refunds	\$ -	\$ -
9 Employee Assistance Program (EAP)	\$ 55,294	\$ 55,294
10 Life Insurance	\$ 79,358	\$ 79,358
Pharmacy Expenses		
11 RX Claims	\$ 5,990,996	\$ 5,990,996
12 RX IBNR	\$ -	\$ -
13 RX Administration	\$ 209,156	\$ 209,156
14 Plan Administration	\$ 373,285	\$ 373,285
Total Expenses	\$ 20,068,155	\$ 20,068,155
15 Net Income/(Loss)	\$ 4,430,415	\$ 4,430,415

BALANCE SHEET

Assets		
16 Bank Account		\$ 5,044,799
17 State Treasury		\$ 86,344,051
18 Due from Cafeteria Plan		\$ 5,195,886
19 Due from PSE		\$ -
20 Receivable from Provider		\$ -
21 Accounts Receivable		\$ 395,805
Total Assets		\$ 96,980,542
Liabilities		
22 Accounts Payable		\$ 654
23 Deferred Revenues		\$ -
24 Due to Cafeteria		\$ -
25 Due to PSE		\$ -
26 Due to Federal Government (\$44 fee)		\$ -
27 Health IBNR		\$ 24,700,000
28 RX IBNR		\$ 1,800,000
Total Liabilities		\$ 26,500,654
Net Assets		\$ 70,479,888
Less Reserves Allocated		
29 Premiums for Plan Year 1/1/16 - 12/31/16 (\$3,600,000 + \$12,600,000)		\$ (14,850,000)
30 Premiums for Plan Year 1/1/17 - 12/31/17 (\$7,560,000)		\$ (7,560,000)
31 Premiums for Plan Year 1/1/18 - 12/31/18 (\$5,040,000)		\$ (5,040,000)
32 Catastrophic Reserve (2016 \$10,700,000)		\$ (10,700,000)
33 Net Assets Available		\$ 32,329,888
34 Fifth Week of Claims \$		

Arkansas State Employees (ASE) Financials - January 1, 2016 through February 29, 2016

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	1238	27		1265	2071	43		2114
CLASSIC	1691	65		1756	2851	88		2939
PREMIUM	23626	2164		25790	41157	2782		43939
PRIMARY		213	9111	9324		434	11932	12366
TOTAL	26555	2469	9111	38135	46079	3347	11932	61358

REVENUES & EXPENDITURES

	Current Month	Year to Date (2 Months)
Funding		
1 State Contribution	\$ 14,693,616	\$ 29,386,756
2 Employee Contribution	\$ 7,996,435	\$ 16,009,629
3 Other	\$ 731,667	\$ 1,173,903
4 Allocation of Reserves	\$ 1,350,000	\$ 2,700,000
Total Funding	\$ 24,771,718	\$ 49,270,288
Expenses		
Medical Expenses		
5 Claims Expense	\$ 13,010,126	\$ 25,282,507
6 Claims IBNR	\$ -	\$ -
7 Medical Administration Fees	\$ 1,096,500	\$ 2,184,184
8 Refunds	\$ -	\$ -
9 Employee Assistance Program (EAP)	\$ 55,466	\$ 110,760
10 Life Insurance	\$ 79,610	\$ 158,968
Pharmacy Expenses		
11 RX Claims	\$ 6,090,974	\$ 12,081,970
12 RX IBNR	\$ -	\$ -
13 RX Administration	\$ 215,022	\$ 424,178
14 Plan Administration	\$ 312,827	\$ 686,112
Total Expenses	\$ 20,860,523	\$ 40,928,679
Net Income/(Loss)	\$ 3,911,195	\$ 8,341,610

BALANCE SHEET

Assets		
16 Bank Account		\$ 7,916,205
17 State Treasury		\$ 86,352,747
18 Due from Cafeteria Plan		\$ 5,195,886
19 Due from PSE		\$ -
20 Receivable from Provider		\$ -
21 Accounts Receivable		\$ 78,425
Total Assets		\$ 99,543,262
Liabilities		
22 Accounts Payable		\$ 654
23 Deferred Revenues		\$ 1,260
24 Due to Cafeteria		\$ 266
25 Due to PSE		\$ -
26 Due to Federal Government (\$44 fee)		\$ -
27 Health IBNR		\$ 24,700,000
28 RX IBNR		\$ 1,800,000
Total Liabilities		\$ 26,502,180
Net Assets		\$ 73,041,082
Less Reserves Allocated		
29 Premiums for Plan Year 1/1/16 - 12/31/16 (\$3,600,000 + \$12,600,000)		\$ (13,500,000)
30 Premiums for Plan Year 1/1/17 - 12/31/17 (\$7,560,000)		\$ (7,560,000)
31 Premiums for Plan Year 1/1/18 - 12/31/18 (\$5,040,000)		\$ (5,040,000)
32 Catastrophic Reserve (2016 \$10,700,000)		\$ (10,700,000)
Net Assets Available		\$ 36,241,082
34 Fifth Week of Claims \$		

Public School Employees (PSE) Financials - January 1, 2015 through January 31, 2015

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	2324	130		2454		3446	153		3599
CLASSIC	21544	1614		23158		39500	1970		41470
PREMIUM	20959	1407		22366		26849	1516		28365
PRIMARY		117	9788	9905			236	10717	10953
TOTAL	44827	3268	9788	57883		69795	3875	10717	84387

REVENUES & EXPENDITURES

	Current Month	Year to Date (1 Month)
Funding		
Per Participating Employee Funding (PPE Funding)	\$ 8,253,023	\$ 8,253,023
Employee Contribution	\$ 9,249,102	\$ 9,249,102
Department of Education \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 6,931,818
Other	\$ 485,365	\$ 485,365
Allocation for Actives	\$ 1,666,667	\$ 1,666,667
Total Funding	\$ 26,585,974	\$ 26,585,974
Expenses		
Medical Expenses		
Claims Expense	\$ 8,784,181	\$ 8,784,181
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,545,589	\$ 1,545,589
Refunds	\$ (3,153)	\$ (3,153)
Employee Assistance Program (EAP)	\$ 77,611	\$ 77,611
Pharmacy Expenses		
RX Claims	\$ 3,439,718	\$ 3,439,718
RX IBNR	\$ -	\$ -
RX Administration	\$ 289,680	\$ 289,680
Plan Administration	\$ 400,130	\$ 400,130
Total Expenses	\$ 14,533,757	\$ 14,533,757
Net Income/(Loss)	\$ 12,052,217	\$ 12,052,217

BALANCE SHEET

Assets	
Bank Account	\$ 15,645,653
State Treasury	\$ 62,232,888
Receivable from Provider	\$ -
Accounts Receivable	\$ 7,901,011
Due to ASE	\$ -
Total Assets	\$ 85,779,552
Liabilities	
Accounts Payable	\$ 875
Due to ASE	\$ -
Deferred Revenues	\$ -
Due to Federal Government (\$44 fee)	\$ -
Health IBNR	\$ 28,000,000
RX IBNR	\$ 1,400,000
Total Liabilities	\$ 29,400,875
Net Assets	\$ 56,378,677
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$20,000,000 rec'd from Dept. of Education)	\$ (18,333,333)
Premium Assistance (FICA Savings)	\$ (473,769.10)
Catastrophic Reserve (2015 \$10,900,000)	\$ (10,900,000)
Net Assets Available	\$ 26,671,575

Fifth Week of Claims \$

Public School Employees (PSE) Financials - January 1, 2015 through February 28, 2015

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	2359	127		2486		3498	152		3650
CLASSIC	21530	1601		23131		39461	1948		41409
PREMIUM	20910	1358		22268		26808	1464		28272
PRIMARY		112	9843	9955			226	10771	10997
TOTAL	44799	3198	9843	57840		69767	3790	10771	84328

REVENUES & EXPENDITURES

Funding	Current Month	Year to Date (2 Months)
Per Participating Employee Funding (PPE Funding)	\$ 8,244,350	\$ 16,497,373
Employee Contribution	\$ 9,190,984	\$ 18,440,085
Department of Education \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 10,113,636
Other	\$ 486,980	\$ 972,344
Allocation for Actives	\$ 1,666,667	\$ 3,333,333
Total Funding	\$ 22,770,798	\$ 49,356,772
Expenses		
Medical Expenses		
Claims Expense	\$ 17,530,880	\$ 26,315,061
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,525,300	\$ 3,070,889
Refunds	\$ -	\$ (3,153)
Employee Assistance Program (EAP)	\$ 77,457	\$ 155,069
Pharmacy Expenses		
RX Claims	\$ 3,347,935	\$ 6,787,654
RX IBNR	\$ -	\$ -
RX Administration	\$ 289,436	\$ 579,116
Plan Administration	\$ 395,763	\$ 795,893
Total Expenses	\$ 23,166,772	\$ 37,700,528
Net Income/(Loss)	\$ (395,973)	\$ 11,656,244

BALANCE SHEET

Assets	
Bank Account	\$ 10,456,671
State Treasury	\$ 62,233,044
Receivable from Provider	\$ -
Accounts Receivable	\$ 11,027,197
Due to ASE	\$ -
Total Assets	\$ 83,716,912
Liabilities	
Accounts Payable	\$ 875
Due to ASE	\$ -
Deferred Revenues	\$ -
Due to Federal Government (\$44 fee)	\$ -
Health IBNR	\$ 28,000,000
RX IBNR	\$ 1,400,000
Total Liabilities	\$ 29,400,875
Net Assets	\$ 54,316,038
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$20,000,000 rec'd from Dept. of Education)	\$ (16,666,667)
Premium Assistance (FICA Savings)	\$ (947,551)
Catastrophic Reserve (2015 \$10,900,000)	\$ (10,900,000)
Net Assets Available	\$ 25,801,820

Fifth Week of Claims \$

Public School Employees (PSE) Financials - January 1, 2016 through January 31, 2016

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREEES	MEDICARE	TOTAL		ACTIVES	RETIREEES	MEDICARE	TOTAL
BASIC	3188	236		3424		4765	298		5063
CLASSIC	21996	1906		23902		40774	2307		43081
PREMIUM	19713	1047		20760		25411	1124		26535
PRIMARY		87	10603	10690			174	11578	11752
TOTAL	44897	3276	10603	58776		70950	3903	11578	86431

REVENUES & EXPENDITURES

	Current Month	Year to Date (1 Month)
Funding		
1 Per Participating Employee Funding (PPE Funding)	\$ 8,182,661	\$ 8,182,661
2 Employee Contribution	\$ 9,346,237	\$ 9,346,237
3 Department of Education \$35,000,000 & \$15,000,000 & Other Funding	\$ 6,931,818	\$ 6,931,818
4 Other	\$ 505,583	\$ 505,583
5 Allocation of Reserves	\$ 3,975,000	\$ 3,975,000
Total Funding	\$ 28,941,299	\$ 28,941,299
Expenses		
Medical Expenses		
6 Claims Expense	\$ 15,828,303	\$ 15,828,303
7 Claims IBNR	\$ -	\$ -
8 Medical Administration Fees	\$ 1,635,678	\$ 1,635,678
9 Refunds	\$ -	\$ -
10 Employee Assistance Program (EAP)	\$ 77,584	\$ 77,584
Pharmacy Expenses		
11 RX Claims	\$ 3,530,417	\$ 3,530,417
12 RX IBNR	\$ -	\$ -
13 RX Administration	\$ 301,095	\$ 301,095
14 Plan Administration	\$ 562,824	\$ 562,824
Total Expenses	\$ 21,935,901	\$ 21,935,901
16 Net Income/(Loss)	\$ 7,005,399	\$ 7,005,399

BALANCE SHEET

Assets	
17 Bank Account	\$ 20,706,282
18 State Treasury	\$ 108,843,527
19 Receivable from Provider	\$ -
20 Accounts Receivable	\$ 5,587,585
21 Due from ASE	\$ -
Total Assets	\$ 135,137,393
Liabilities	
22 Accounts Payable	\$ 369
23 Due to ASE	\$ -
24 Deferred Revenues	\$ -
25 Due to Federal Government (\$44 fee)	\$ -
26 Health IBNR	\$ 28,000,000
27 RX IBNR	\$ 1,400,000
Total Liabilities	\$ 29,400,369
28 Net Assets	\$ 105,737,024
Less Reserves Allocated	
29 Premiums for Plan Year 1/1/16 - 12/31/16 (\$9,600,000 + \$20,000,000 DOE + 18,100,000 DOE)	\$ (43,725,000)
30 Premiums for Plan Year 1/1/17 - 12/31/17 (\$5,760,000)	\$ (5,760,000)
31 Premiums for Plan Year 1/1/18 - 12/31/18 (\$3,840,000)	\$ (3,840,000)
33 Premium Assistance (FICA Savings)	\$ (490,260)
32 Catastrophic Reserve (2016 \$10,500,000)	\$ (10,500,000)
34 Net Assets Available	\$ 41,421,764
35 Fifth Week of Claims \$	

Public School Employees (PSE) Financials - January 1, 2016 through February 29, 2016

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	3200	233		3433		4800	296		5096
CLASSIC	21980	1882		23862		40752	2285		43037
PREMIUM	19676	1024		20700		25389	1101		26490
PRIMARY		86	10627	10713			172	11600	11772
TOTAL	44856	3225	10627	58708		70941	3854	11600	86395

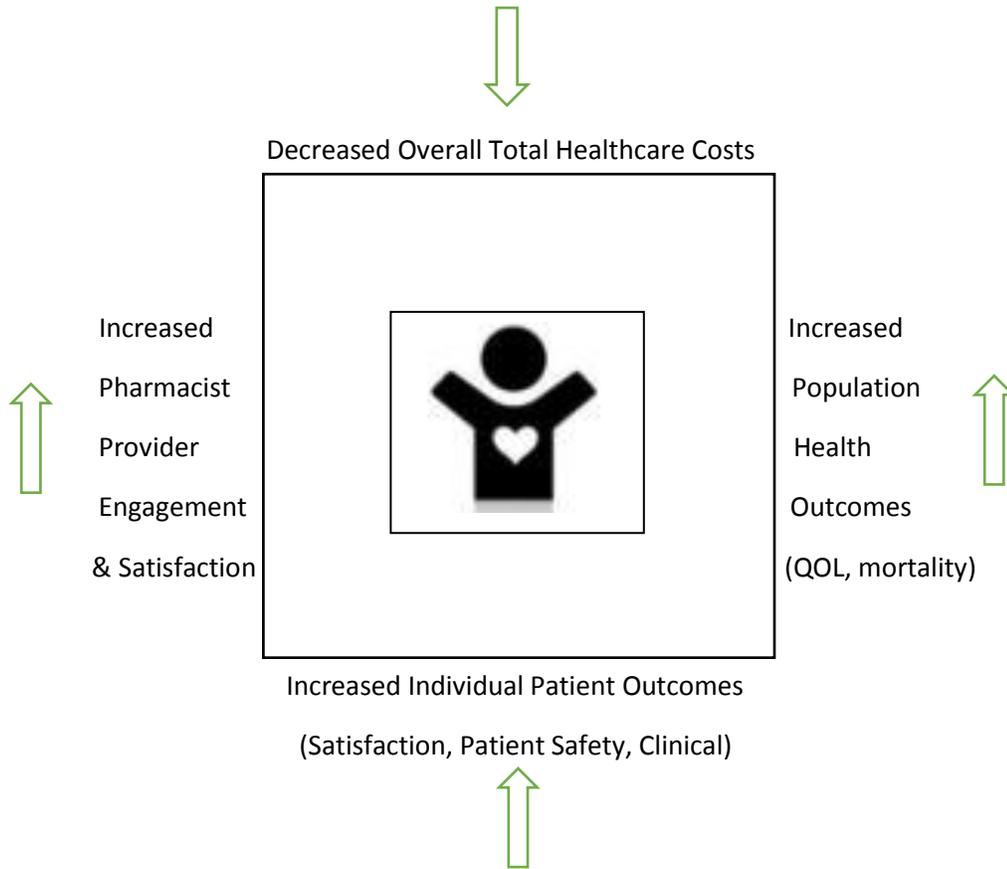
REVENUES & EXPENDITURES

	Current Month	Year to Date (2 Months)
Funding		
1 Per Participating Employee Funding (PPE Funding)	\$ 8,194,827	\$ 16,377,488
2 Employee Contribution	\$ 9,346,722	\$ 18,692,959
3 Department of Education \$35,000,000 & \$15,000,000 & Other Funding	\$ 3,181,818	\$ 10,113,636
4 Other	\$ 505,839	\$ 1,011,422
5 Allocation of Reserves	\$ 3,975,000	\$ 7,950,000
Total Funding	\$ 25,204,207	\$ 54,145,506
Expenses		
Medical Expenses		
6 Claims Expense	\$ 13,987,933	\$ 29,816,236
7 Claims IBNR	\$ -	\$ -
8 Medical Administration Fees	\$ 1,651,800	\$ 3,287,478
9 Refunds	\$ -	\$ -
10 Employee Assistance Program (EAP)	\$ 77,672	\$ 155,255
Pharmacy Expenses		
11 RX Claims	\$ 3,527,084	\$ 7,057,501
12 RX IBNR	\$ -	\$ -
13 RX Administration	\$ 310,764	\$ 611,859
14 Plan Administration	\$ 430,159	\$ 992,983
Total Expenses	\$ 19,985,412	\$ 41,921,312
16 Net Income/(Loss)	\$ 5,218,795	\$ 12,224,194

BALANCE SHEET

Assets	
17 Bank Account	\$ 21,313,828
18 State Treasury	\$ 108,854,781
19 Receivable from Provider	\$ -
20 Accounts Receivable	\$ 6,212,589
21 Due from ASE	\$ -
Total Assets	\$ 136,381,198
Liabilities	
22 Accounts Payable	\$ 379
23 Due to ASE	\$ -
24 Deferred Revenues	\$ -
25 Due to Federal Government (\$44 fee)	\$ -
26 Health IBNR	\$ 28,000,000
27 RX IBNR	\$ 1,400,000
Total Liabilities	\$ 29,400,379
28 Net Assets	\$ 106,980,819
Less Reserves Allocated	
29 Premiums for Plan Year 1/1/16 - 12/31/16 (\$9,600,000 + \$20,000,000 DOE + 18,100,000 DOE)	\$ (39,750,000)
30 Premiums for Plan Year 1/1/17 - 12/31/17 (\$5,760,000)	\$ (5,760,000)
31 Premiums for Plan Year 1/1/18 - 12/31/18 (\$3,840,000)	\$ (3,840,000)
33 Premium Assistance (FICA Savings)	\$ (980,724)
32 Catastrophic Reserve (2016 \$10,500,000)	\$ (10,500,000)
34 Net Assets Available	\$ 46,150,095
35 Fifth Week of Claims \$	

Arkansas Patient-Centered Community Pharmacy Program



Multiple Phase Program Implemented over 3-5 years – Align the Incentives for Win-Wins

Design it as comprehensive, coordinated, patient focused, accessible, high quality and safe

Phase I – Infrastructure:

Pharmacist / Pharmacy Requirements – Phase 1:

- Capable to immunize – offers vaccinations
- Capable to report adult and pediatric immunizations to the Arkansas Department of Health Registry – WEBIZ
- Case Management: Pharmacist able to provide patient education about formulary decisions in the plan
- Ability to receive E-Rx (electronic prescriptions) and EPCS (electronically prescribed controlled substances)
- Care Management: Contracted with Outcomes and Mirixa for face to face MTM (medication therapy management) services – (asthma, diabetes, COPD, CHF, hypertension)
- Care Management: Offers Appointment Based Medication Synchronization for adherence (proportion of days covered)
- Working Blood Pressure cuffs on site – capable to screen for and monitor hypertension results – NQF 0018
- Lookup ability for Arkansas Prescription Drug Monitoring Program (PDMP)
- Health literacy functions within pharmacy system – Spanish, font size, alternative packaging when needed

Arkansas Patient-Centered Community Pharmacy Program

Phase 1 - Plan Requirements

- Provider workgroups formed
 - Plan design implications
 - Dispensing Product transparency: NADAC + dispensing fee:
 - Arkansas Pharmacists Association / Health plan communications
 - EBD Analytics - Clinical and Financing – (Consider PQA/PQS partnership)
-

Phase 2:

- Introduction of Clinical Interventions
 - Desired Metrics (plan, patient, provider)
 - Begin measuring outcomes with Analytics
-

Phase 3:

- Additional Interventions
 - Additional Analytics
-

Community Pharmacy Value Based Programs

- **Arkansas Community Pharmacy Adherence Project**
 - Lack of adherence is estimated to be a \$104 billion proposition in the United States
 - This is a huge opportunity to decrease morbidity, mortality, and costs
 - Pharmacists across the nation are helping patients improve adherence by offering a high touch and personalized adherence program called Appointment-Based Medication Synchronization (ABMS).
 - This model helps patients manage their prescriptions through a monthly appointment to refill medications and scheduled interactions with the pharmacist.
 - By simplifying the pharmacy's workflow, the pharmacist has more time for valuable patient interactions and other services that help improve health outcomes.
 - Patients' personal connection with a pharmacist or pharmacy staff is the number one (#1) predictor of medication adherence.
- **Collaboration between smaller independent Arkansas community pharmacies, UAMS, National Community Pharmacists Association, Pfizer, and the Arkansas Pharmacists Association**
- May 2014-May 2015,
 - 82 independent community pharmacies using 13 unique software platforms
 - Measured adherence by Proportion of Days Covered (PDC) and persistence for nine drug classes: beta blockers, biguanides, calcium channel blockers, dipeptidyl peptidase-IV inhibitors, non-warfarin anticoagulants, renin-angiotensin system antagonists, sodium glucose transporter-2 inhibitors, statins, and sulfonylureas.
 - ABMS patients were significantly more adherent and more persistent across all drug classes.
 - **Adherence Outcomes:** Patients in an ABMS program were 2.57 times more likely to be adherent compared to controls.
 - **Persistence Outcomes:** ABMS enrollees were 21% less likely to discontinue therapy than matched controls

	Adherence (%)			Mean Persistence (Days)		
	Enrollees	Controls	Odds Ratio	Enrollees	Controls	Hazard Ratio
OVERALL	75	54	2.57	205	173	0.79
Beta Blockers	74	52	2.6	204	168	0.78
Biguanides	71	48	2.69	201	162	0.75
Calcium Channel Blockers	77	55	2.81	215	176	0.76
DPP-IV Inhibitors	73	45	3.02	222	175	0.71
Non-Warfarin Anticoagulants	72	43	2.96	181	145	0.75
RAS Antagonists	76	56	2.4	206	176	0.82
Statins	76	53	2.77	211	174	0.79
Sulfonylureas	71	56	1.82	210	182	0.83

Note: Adherence is defined as a patient whose proportion of days covered during the measurement period is at or above 0.8. Overall, 75% of enrollees classified as adherent and 54% of controls classified as adherent. An overall odds ratio of 2.57 indicates a 2.57 times greater likelihood for ABMS enrollees to be adherent compared to their peers. Persistence is defined as the number of days taking medication before a gap of 30 days or more. Overall, enrollees had a mean persistence of 205 days, while controls had a mean persistence of 173 days. The overall hazard ratio was 0.79 meaning enrollees were 21% less likely to discontinue therapy than matched controls.

- The Maryland P3 (Patients, Pharmacists, Partnerships)
 - Since 2006
 - Diabetes and Hypertension MTM and includes state employees
 - Impacts on healthcare costs include:
 - MTM services have been shown to improve health outcomes and reduce direct health care costs by reducing the number of hospital and emergency room visits for participants working for self-insured employers, with savings ranging from \$495 to \$3,281.
 - Average total healthcare costs reduction of \$2,136 per participant. Savings were experienced mostly due to a 22 percent reduction in emergency department visits and hospitalizations.
 - Average ROI of \$2.50 for each \$1 spent.
 - For patients with diabetes, \$475,338 total (\$1,047 per person) indirect productivity savings (in addition to actual clinical cost savings).

- The Pennsylvania Project – Community Pharmacist Intervention – 2010 to 2011
 - 2-5-minute adherence counseling in community pharmacies
 - 32,000 total patients with average age of 60, 16,000 in control and 16,000 in intervention
 - 5 classes of medications – adherence improved in all 5
 - Reduced overall health care spending translates to estimates of \$1.4-million annual savings for 10,000 members.
 - Statins and diabetes medication adherence populations saw the savings.

- North Carolina Pharmacy Home Project – partnership with community pharmacy
 - \$15 million in CMS funding for 3-year care coordination funding to community pharmacists partnering with PCMHs
 - Care transitions and medication reconciliation
 - Access: 6-9 with other providers, 35 times per year with pharmacist providers

- Rhode Island Blue Cross Blue Shield Patient Centered Pharmacy Program
 - Embedded PCMH
 - 9 highly trained ambulatory care pharmacists placed in 6 busy primary care PCMHs: Interventions resulted in \$1 million in health spending in 2014 year
 - 30,000 + patients seen with significant Medicare star ratings increase in Medicare population
 - Community based Pharmacists:
 - Adherence Monitoring Program – Outcomes platform
 - MTM: Targeted Intervention Program (TIP®) – Medication Action Plans
 - CMR – Medicare MTM for comprehensive medication reviews
 - Extended reach to members not utilizing a PCMH prescriber • More regular touchpoints with the member • Scalability
 - Overall ROI for telephonic, IVR, community MTM and PCMH pharmacists
 - \$2.9 million in savings in 2015 in first 8 months

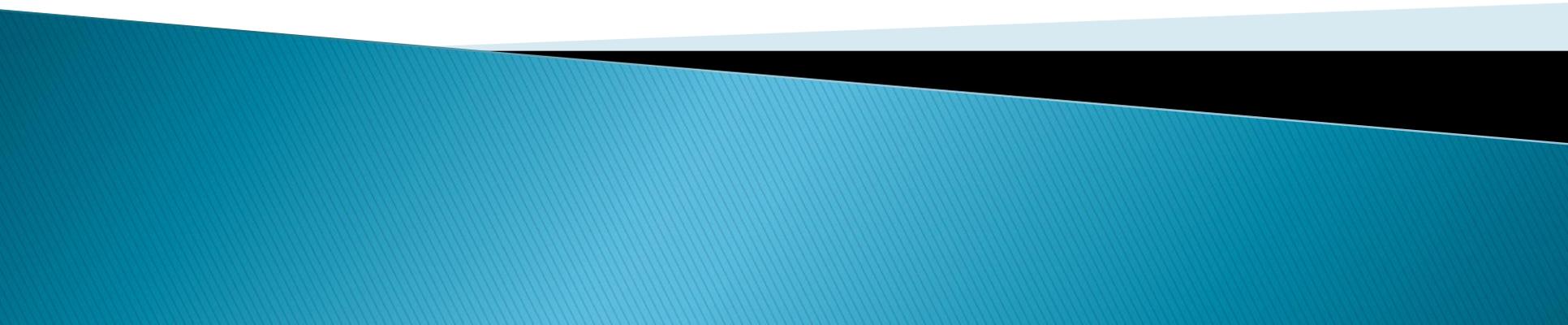
- The Inland Empire Health Plan (IEHP) of California Pay 4 Performance with PQS/PQA
 - Uses the EQulPP technology platform from PQS

Quality Improvement Award – 3.1.2016

Inland Empire Health Plan (IEHP): IEHP, a non-profit health plan located in southern California, is recognized for its Pharmacy Pay for Performance (P4P) Program. The P4P program leverages retail pharmacists to lower costs and improve the quality of care for IEHP members. Using prescription-based quality measures aligned with medication adherence and patient safety to measure network pharmacy performance, overall improvement from 2013 baseline measures have been achieved. The P4P program is also credited with improvement in pharmacy provider engagement and overall commitment to quality improvement initiatives.

Pharmacy Network Rates

David Keisner, PharmD



Pharmacy Benefits Manager (PBM) Transition

- ▶ EBRx assisted EBD with PBM RFP in 2015
- ▶ EBD is in the process of implementing a new PBM for a 7/1/16 start date.
- ▶ MedImpact will replace Catamaran
- ▶ MedImpact will have 2 main tasks
 - 1) Claims Processing
 - 2) Maintaining a comprehensive pharmacy network

Pharmacy Network Considerations

- ▶ 1) EBD Board has final approval
 - ▶ 2) Network rates affect member out-of-pocket drug costs more than in previous years
- 

Pharmacy Reimbursement Through Current Vendor

- ▶ Brand: $AWP - 10\% + \$3.50$
- ▶ Specialty: $AWP - 10\% + \$3.50$
- ▶ Generic: $MAC + \$4.50^*$

*Includes Generic Incentive (\$2.50 dispense fee+ \$2.00 incentive)

AWP=Average Wholesale Price

MAC= Maximum Allowable Cost

EBD Generic Incentive

- ▶ EBD currently adds up to \$2.00 to the dispense fee for every generic medication filled by a pharmacy that meets certain metrics.
- ▶ The goal of the program was to incentivize pharmacists to aid in transitioning members to low cost generic alternatives.
- ▶ Pharmacies that have a total generic dispense rate (GDR) of 70% receive the maximum \$2.00 per generic Rx dispensed. (Current GDR=90%)
- ▶ Generic Incentive has been in place for roughly the past decade.

Generic Incentive Data

Generic Utilization Rate	Number of Pharmacies	Base Dispensing Fee	Incentive Fee	Total Dispensing Fee
Less than 55%	10	\$2.50	\$0	\$2.50
55-55.99%	3	\$2.50	\$0.50	\$3.00
60-64.99%	1	\$2.50	\$1.00	\$3.50
65-69.99%	1	\$2.50	\$1.50	\$4.00
Greater than 70%	756	\$2.50	\$2.00	\$4.50

Issues With Generic Incentive

- ▶ 1) Changing Generic Marketplace
 - ▶ 2) Aggressive Formulary Design
 - ▶ 3) Generic Inflation
 - ▶ 4) Member Burden
- 

Reimbursement Through MedImpact

- ▶ Brand: $AWP - 15.65\% + \$1.50$
- ▶ Specialty: $AWP - 15.65\% + \$1.50$
- ▶ Generic: $MAC + \$1.50$

*Vendor must have a full pass-through Arkansas-based network with 95% of Arkansas pharmacy providers included and at least 50,000 pharmacies participating nationwide.

Pharmacy Benefit Management Institute (PBMI) 2016 Report

- ▶ PBMI surveys 302 employers representing 16.3 million lives.
 - ▶ PBMI defines Large employer at >5000 lives
 - ▶ Average brand = AWP-16%
 - ▶ Average brand dispense fee = \$1.67
 - ▶ Average generic dispense fee = \$1.56
- 

MedImpact Oversight

- ▶ EBD Board has control of all pharmacy reimbursement
 - ▶ EBD will gain control of the MAC list
 - ▶ No specialty restrictions for in-network Arkansas pharmacies, rates will not vary between any in-network pharmacy.
 - ▶ Mail-Order will not be promoted or incentivized
- 

MedImpact Savings

- ▶ Network Savings=\$16 million
(\$8 million member/\$8 million plan)
 - ▶ Admin Fee Savings= approximately \$3million
 - ▶ An increase of\$0.50 dispensing fee represents \$1.3 million in total costs
 - ▶ 1% less discount off AWP represents another \$1.3million.
-
- ▶ Numbers provided by Cheiron
- 

Options Moving Forward

- ▶ If EBD Board accepts the MedImpact rates is there an opportunity to reinvest some of the savings into the pharmacy network for enhanced clinical services?
 - ▶ Enhanced services would benefit member health and keep pharmacy network engaged with membership.
 - ▶ Any pharmacist incentive could be outside of claims adjudication as to not increase drug costs.
- 

**State and Public School Life and Health Insurance Board
Benefits Subcommittee**

March 11, 2016

Director's Report.....Janis Harrison, Interim EBD Director

1. Non-Medicare to Medicare Retiree Issue

EBD received a letter from Mary Alice Hughes, an insurance representative with Insurance Advantage, endorsed by the Arkansas Retired Teachers Association, who works with active and retired public school employees. Ms. Hughes brought to EBD's attention the wording in the Summary Plan Description (SPD) regarding the following statements from pages 18 and 19:

"ARBenefits Retiree - As a Non-Medicare Retiree, a member may choose from the ARBenefits Premium, Classic or Basic Plan until the retiree or spouse reaches the age of 65, or become eligible for Medicare, in which case the only option is the Medicare Primary Plan. When this occurs, the member and dependents will automatically be moved to the Medicare Primary Plan at the Premium level if they are currently enrolled in the Classic or Basic Plan. Medicare primary members will not have to use the QualChoice network of providers, however, anyone on the Medicare Primary plan who is not eligible for Medicare, will have to use the QualChoice network to receive in-network benefits."

"You have the option to terminate coverage on your spouse when he/she becomes Medicare eligible and not be moved to the Medicare Primary Plan, if you wish to remain on the Classic or Basic Plan. **You must submit an Election Form, to EBD, requesting termination of the spouse 60 days prior to the eligibility date of the Medicare for the spouse so that the plan change will not automatically occur.** If you wait until after the plan change has been made, you cannot change back to your original plan until Open Enrollment for the next January effective date."

"Medicare-Primary Retirees and/or dependent will have the Medicare Primary Plan for insurance coverage through QualChoice, with the flexibility to visit any physician or hospital as long as they accept Medicare assignment. The Medicare Primary Plan will coordinate your benefit coverage with Medicare Parts A & B and the Plan will pay secondary to Medicare. Coverage for all other non-Medicare members on the policy will be on the QualChoice network at the Premium level. The Public School Medicare-Primary Retirees do not have prescription drug coverage and are encouraged to examine Medicare Part D for additional coverage."

"Note: The ARBenefits Medicare Premium Plan for Retirees will coordinate as if Medicare Part A and Part B are both in force at the time of service. If the member does not have Part B, the Plan will pay as though the member does have Medicare Part B and the member will have full financial responsibility for incurred claims."

Ms. Hughes expressed her issue with the 'sixty (60) day' term as not always possible to meet; additionally, she stated that at times, when the member meets the 60 day requirement, the spouse has been terminated from the plan and left without coverage for 30 days.

EBD researched the issues and met with Ms. Hughes; also in attendance were Lisa Bamberg (Insurance Advantage), Donna Morey (Retired Teachers Association), Shelby McCook (Board PSE Retiree Representative), Jeff Altemus (Benefits Subcommittee Chair and PSE member), and several EBD staff.

EBD's position is that the 60 day requirement is a proactive action to ensure members and their spouses (and dependents) maintain health insurance coverage and provides appropriate time to process any changes to the member's coverage through EBD and the affected retirement system before the month the Non-Medicare to Medicare retiree switch occurs.

Ms. Hughes' position is that members should be notified prior to the 60 day time frame in order to request a change in coverage, but ensure all on the member's plan remain covered until the beginning of the month the switch is made from Non-Medicare to Medicare retiree.

Ultimately, EBD agreed that notification to the member can be made earlier because EBD has the ability to isolate participant age eligibility and does not have to wait for CMS notification.

EBD can re-design forms so members can specify an effective date of action to ensure coverage continues for member's spouse (and dependents) until the month the switch from Non-Medicare to Medicare occurs and the member can retain the coverage he/she desires.

Mr. McCook asked Ms. Hughes to provide EBD with different examples to ensure the restructuring proposal will work correctly for members and EBD.

NOTE: Submission of an election form is only needed if the member does not wish to cover a Medicare eligible spouse and/or dependent(s).

NOTE: In cases where Medicare eligibility occurs for an issue other than the age eligibility, such as a disability or End Stage Renal Disease (ESRD), CMS does not automatically notify EBD, however, EBD usually is notified by the member; in those cases, issues that arise because there is not a 60 day window are reviewed and in most cases, approved on appeal.

2. WageWorks Update

Stats for FSA: ASE has 3,180 Health Care and 189 Dependent Care FSA accounts

Stats for HSA: ASE has 1,571 and PSE has 12,471 accounts

4,323 asset transfers occurred in February; 1,192 asset transfers this week = 5,515 accounts

Issue:

WageWorks and BNY Mellon sent a letter to HSA participants dated February 26, 2016, notifying them of three (3) fee assessments:

- a. effective April 1, 2016, \$2.00/month custody and administrative fee deducted

- from accounts if average daily balance is \$5,000 or less;
- b. effective October 1, 2016, \$16.00 fee for transfer of assets from WageWorks to another vendor;
- c. effective January 1, 2016, \$3.95/month additional administrative fee following separation of employment with ASE/PSE entity.

EBD received notice on Wednesday, February 24, 2016, from WageWorks of BNY Mellon's intention to send the letter; EBD asked WageWorks to have BNY Mellon hold the letter until further review; BNY Mellon mailed the letter to participants Friday, February 26, 2016; PSE participants began calling EBD Monday, February 29 and ASE participants began calling Tuesday, March 1, 2016, regarding the letter.

Review of the WageWorks official bid price sheet provided HSA administration fees of \$0.75/each for mailing of a paper Statement of Activity to the participant and \$3.95/month HSA account administration fee for continuation following employment termination with an ASE/PSE entity.

The \$2.00/month and \$16.00 transfer fees are being reviewed to determine legality of charges to participants; the \$3.95 administrative fee for participants who wish to maintain their HSA account with WageWorks following termination of employment is not being reviewed.

As the participants have never been responsible for HSA administrative or transfer fees, DFA management determined that the \$2.00/month and \$16.00 transfer fees deducted from participant accounts by BNY Mellon will be reimbursed to the participant accounts or participant until these issues are reviewed and a legal determination is made. The reimbursements will be made from the appropriate ASE/PSE trust fund. The anticipated reimbursement amount for the \$2.00/month is \$28,278 for ASE and \$224,478 for PSE during the current plan year.

DFA and EBD notified the media and ASE and PSE Health Insurance Representatives regarding the reimbursement to accounts; I have prepared a letter to HSA participants who received the BNY Mellon letter assuring them EBD will reimburse their accounts if they are charged either of the two fees; the letter should be in the mail by Friday, March 11, 2016.

DFA Revenue Legal Counsel attorneys will be reviewing the entire WageWorks contract and provide guidance to EBD and OSP going forward.

Upcoming Meetings:

Board is Tuesday, March 22, 2016

DUEC is Monday, April 4, 2016

Benefits is Friday, April 8, 2016