



AGENDA

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

**July 08, 2016
10:00 a.m.**

EBD Board Room – 501 Building, Suite 500

- I. Call to Order Jeff Altemus, Chairman***
- II. Approval of June 10, & July 1, 2016 Minutes Jeff Altemus, Chairman***
- III. 2017 Rate Discussion John Colberg & Gaelle Gravot, Cheiron, Inc.***
- V. Director's Report..... Chris Howlett, EBD Executive Director***

2016 upcoming meetings:

August 5, October 2, November 4

***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
July 08, 2016**

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on July 08, 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
Ronnie Kissire
Susan Gardner
Carla Haugen
Janis Harrison - Telephone

Members Absent

Chris Howlett, Executive Director, Employee Benefits Division (EBD)

Others Present

Geri Bemberg, UAMS; Lori Freno-Engman, Robert Boyd, Board Members; Janna Keathley, Marla Wallace, Ethel Whittaker, Cecilia Walker, Eric Gallo, Lori Eden, Gretchen Baggett, Matt Turner, Carrol Astin, Terri Freeman, EBD; Kristi Jackson, Com Psych; Sylvia Landers, Minnesota Life; Marc Watts, ASEA; Ronda Walthall, Mike Boyd, Wayne Whitley, AHTD; Jessica Atkins, Health Advantage; Karyn Langley, B.J. Himes, QualChoice; Bill Clary, H&H; Liz Tullos, WageWorks; Harmony Daniels, ASP; Stephen Carroll, All Care Specialty; Sara Farris, AG; Andy Davis, Arkansas Democrat-Gazette; David Kizzia, AEA; Elizabeth Whittington, ACHI; Donna Morey, ARTA

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 June 10, 2016, with corrections. McCook made the motion to approve. Kissire seconded; all were in favor.

Minutes Approved.

2017 BENEFITS AND CONTRIBUTION RATES: *by John Colberg, Gaele Gravot, Cheiron, Inc.*

Colberg reported various options to consider for 2017 rates and benefits. For the employee and retiree contributions, there should be consideration for a 0-10% rate increase. For 2018 and going forward the increase should be considered from the following:

- Alternative Medicare Pharmacy approach
- Additional wellness initiatives
- Additional cost containment measures
- Significant plan design changes
- Risk adjusting PSE rates

The state and district contributions for 2017 will remain the same. Claims and expenses should consider the following adjustments (alternative plan design):

- An increase in the individual and family deductibles for ASE Premium, Classic, and Basic as well as PSE Classic and Basic.
- An increase in the individual and family annual out-of-pocket expense for ASE Premium, Classic, and Basic as well as PSE Classic and Basic.
- No changes to PSE Premium.

About 91% of the group is on the Premium plan.

Honey has concerns if 3% would be a sufficient increase without a change in benefits. Should the rate be increased by at least 4% - 5%?

Kissire stated he feels the rates should not increase 4 - 5%. Kissire would like to request additional funding from the legislators at the 2017 Legislative session.

The committee discussed in detail if there should be an increase in rates, deductibles, or out-of-pocket expenses with no changes to the benefits structure. Some members strongly disagree with an increase in deductibles and out-of-pocket expenses.

After much discussion McCook motioned to recommend to the Board; since the projections indicate that ASE is more critical, a 3% increase in rates will be applied for state employees, and a 2% increase for public school employees with no benefit changes, and work with the Legislators for an increase in funding for ASE and PSE. Haugen seconded.

Discussion:

Altemus reported the Public schools contributed funds to the FICA savings in 2016 that was not previously paid.

Howlett is establishing an avenue for the plan to drive forward. Howlett will provide recommendations in the spring of 2017 for the 2018 plan year. Howlett petitioned the Board to be mindful if there are no changes in the benefits or plan design; the plan cannot be stabilized with utilization on the rise.

Honey would like the rates to stay under 10%. Honey agrees with McCook to not make adjustments to the benefits.

Kissirie is concerned that the benefits structure will need adjusting in 2018.

Altemus repeated the motion to increase the state employee rates by 3%, a 2% increase for public school employees with no changes to the plan design, and to work with the Legislators for an increase in funding for ASE and PSE. All were in favor.

Motion Approved.

EBD DIRECTOR'S REPORT: *by Chris Howlett, EBD Executive Director*

Howlett said several members were having difficulties filling their prescriptions due to a miscommunication with the new vendor MedImpact. MedImpact, the Pharmacy Association provided communication to the pharmacies, and EBD provided communication to the Health Insurance Representatives regarding the issue and the solution.

Howlett also gave an update of the wellness program discount for the past two plan years.

Meeting adjourned

Arkansas State Employees & Public School Employees Health Benefits Program



2017 Benefits and Contribution Rates

July 8, 2016
Benefits Committee Meeting

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

Topics



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Appendices

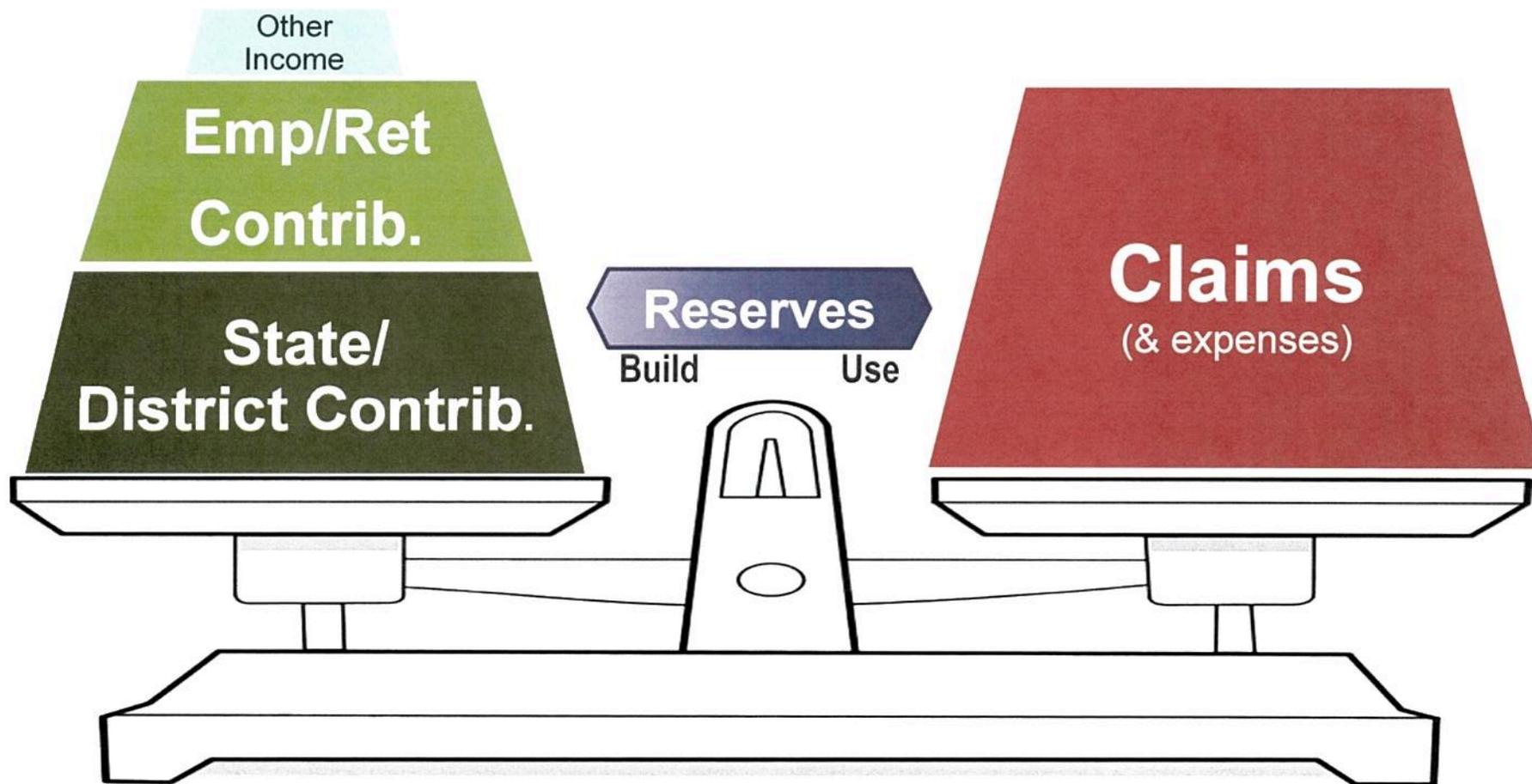
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Summary of July 1 Meeting



- Increase in utilization across medical services consistent with sign of 2016 being a “rebound year”
 - Following 3 years of favorable trends
- Both ASE & PSE have enough reserves to keep employee/retiree contributions unchanged for 2017
 - Elimination of unfilled budgeted positions without a compensating increase in the ASE State Contribution rate will accelerate depletion of ASE reserves.
- Significant increases in employee/retiree contributions are expected in future years without increases to State/District contributions or changes in benefits
 - ASE likely to see significant increase in 2018; PSE in 2019.
 - Increases in contribution rates or changes in benefits for 2017 help preserve reserves for future years.
 - Changing approach to ASE Medicare Pharmacy benefits worth considering for 2018 but committee felt 2017 was too soon.
 - Requests for additional state contributions should be made for both ASE & PSE.
 - Committee wanted to review actuarial value and utilization by plan before considering benefit changes.
- Final 2017 rates (and benefits) needed July 12

Plan Funding



Today's Meeting vs Future Meetings

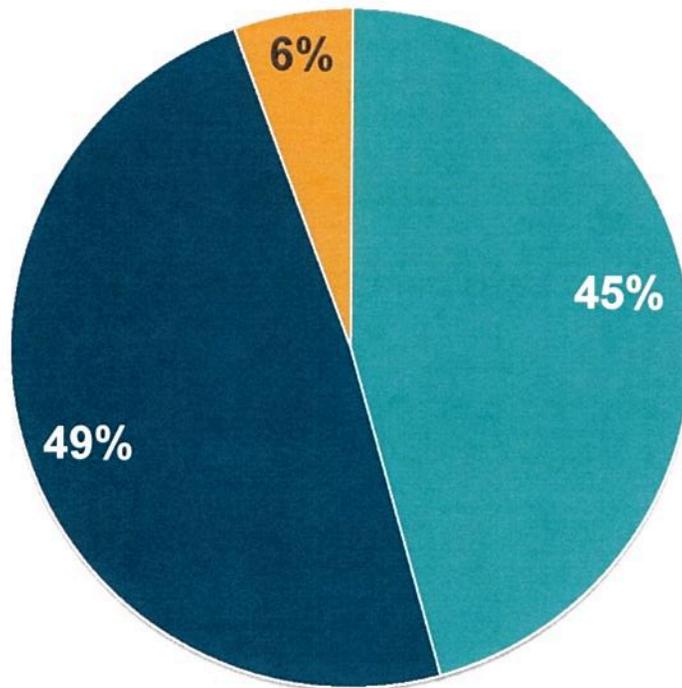


	For 2017 Rates & Benefits (Today's Meeting)	For 2018+ Rates & Benefits (Future Meetings)
Employee/Retiree Contributions	Consider a change (tables of 0-10% increase provided)	See items below to mitigate increases
State/District Contributions	Assume no change	Request increase
Claims (& Expenses)	Consider adjustments (pages 11 to 13)	Consider: <ul style="list-style-type: none"> • Alternative Medicare Pharmacy approach • Additional wellness initiatives • Additional cost containment measures • Significant plan design changes • Risk adjusting PSE rates

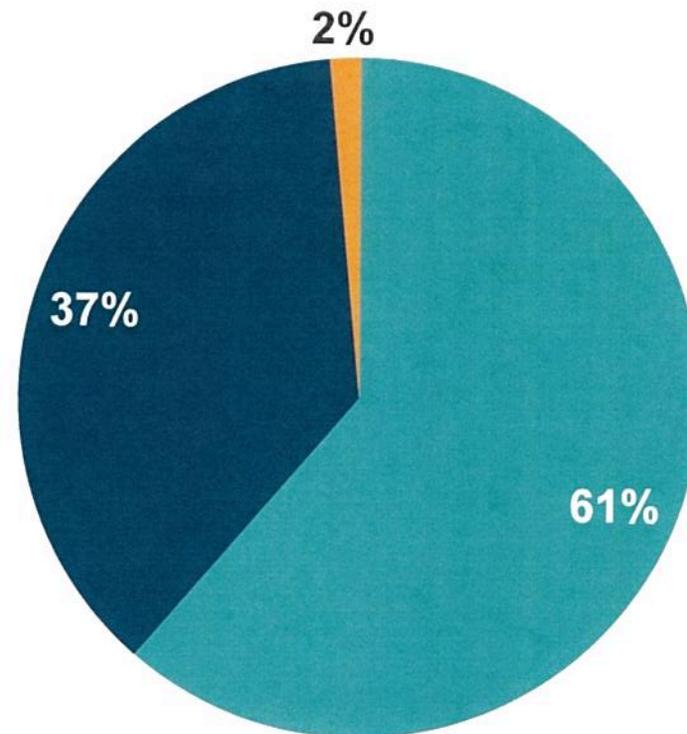
PSE – 2015 Enrollment vs. Claims



Enrollment (Employees & Retirees)



Claims



■ Premium ■ Classic ■ Basic

PSE Trends



		Jan-May 2012- Jan-May 2013	<u>CY 2012-</u> <u>CY 2013</u>	Jan-May 2013- Jan-May 2014	<u>CY 2013-</u> <u>CY 2014</u>	Jan-May 2014- Jan-May 2015	<u>CY 2014-</u> <u>CY 2015</u>	Jan-May 2015- Jan-May 2016
Inpatient	Utilization	-3.9%	-8.0%	-4.4%	-4.1%	-15.7%	-4.3%	33.3%
	Unit Cost	-3.5%	-6.0%	-7.8%	1.9%	0.8%	-5.7%	7.3%
	Total PMPM	-7.2%	-13.5%	-11.8%	-2.3%	-15.0%	-9.8%	43.1%
Outpatient	Utilization	-4.5%	-3.6%	-4.9%	-2.0%	-6.5%	1.4%	19.9%
	Unit Cost	10.8%	12.6%	-0.4%	2.0%	-3.9%	-6.2%	8.7%
	Total PMPM	5.8%	8.5%	-5.2%	-0.1%	-10.1%	-4.9%	30.3%
Professional	Utilization	2.8%	0.0%	-8.8%	1.2%	-5.9%	-9.6%	13.3%
	Unit Cost	5.0%	2.3%	-1.7%	-3.1%	-3.4%	6.1%	2.5%
	Total PMPM	7.9%	2.3%	-10.3%	-1.9%	-9.1%	-4.0%	16.1%
Other Med.	Utilization	76.7%	0.7%	-14.8%	-6.5%	-1.3%	-11.2%	13.6%
	Unit Cost	-4.3%	3.7%	13.3%	6.6%	1.2%	22.8%	13.7%
	Total PMPM	90.5%	4.4%	-3.5%	-0.3%	0.0%	6.3%	29.2%
Total Medical	Utilization	3.8%	2.0%	-11.3%	-2.7%	-5.9%	-7.7%	14.9%
	Unit Cost	1.0%	0.0%	-0.5%	-1.3%	-4.5%	2.9%	10.6%
	Total PMPM	1.4%	-0.9%	-8.8%	-1.3%	-10.2%	-5.0%	27.1%

Jan – May reflects claims both incurred and paid in the 5-month period. CY refers to the entire calendar year.

Trends reflect allowed cost trends, unadjusted for changes in demographics, geography, benefits or management.



PSE Allowed Cost Components



		Jan-May 2012	CY 2012	Jan-May 2013	CY 2013	Jan-May 2014	CY 2014	Jan-May 2015	CY 2015	Jan-May 2016
Inpatient	Util./1,000	322	414	310	381	296	365	250	349	333
	Unit Cost	\$ 2,552	\$ 2,417	\$ 2,464	\$ 2,273	\$ 2,273	\$ 2,316	\$ 2,291	\$ 2,185	\$ 2,458
	Total PMPM	\$ 68.59	\$ 83.34	\$ 63.62	\$ 72.11	\$ 56.12	\$ 70.45	\$ 47.70	\$ 63.57	\$ 68.25
Outpatient	Util./1,000	4,805	4,834	4,587	4,661	4,365	4,566	4,080	4,628	4,891
	Unit Cost	\$ 157	\$ 167	\$ 174	\$ 188	\$ 173	\$ 192	\$ 167	\$ 180	\$ 181
	Total PMPM	\$ 62.87	\$ 67.25	\$ 66.52	\$ 73.00	\$ 63.05	\$ 72.91	\$ 56.65	\$ 69.36	\$ 73.82
Professional	Util./1,000	16,974	16,886	17,443	16,883	15,910	17,089	14,971	15,454	16,962
	Unit Cost	\$ 72	\$ 76	\$ 76	\$ 78	\$ 75	\$ 75	\$ 72	\$ 80	\$ 74
	Total PMPM	\$ 102.24	\$ 107.00	\$ 110.37	\$ 109.43	\$ 98.99	\$ 107.38	\$ 89.99	\$ 103.04	\$ 104.51
Other Med.	Util./1,000	1,660	1,261	1,315	1,167	1,114	1,093	1,125	1,022	1,282
	Unit Cost	\$ 115	\$ 131	\$ 109	\$ 136	\$ 124	\$ 145	\$ 125	\$ 177	\$ 143
	Total PMPM	\$ 16.76	\$ 14.17	\$ 12.02	\$ 13.54	\$ 11.69	\$ 13.51	\$ 12.02	\$ 14.72	\$ 15.62
Total Medical	Util./1,000	24,240	23,967	25,157	24,442	22,315	23,783	21,002	21,954	24,128
	Unit Cost	\$ 126	\$ 139	\$ 128	\$ 139	\$ 127	\$ 137	\$ 121	\$ 141	\$ 134
	Total PMPM	\$ 255.16	\$ 277.74	\$ 258.72	\$ 275.34	\$ 236.08	\$ 271.84	\$ 212.10	\$ 258.14	\$ 269.59

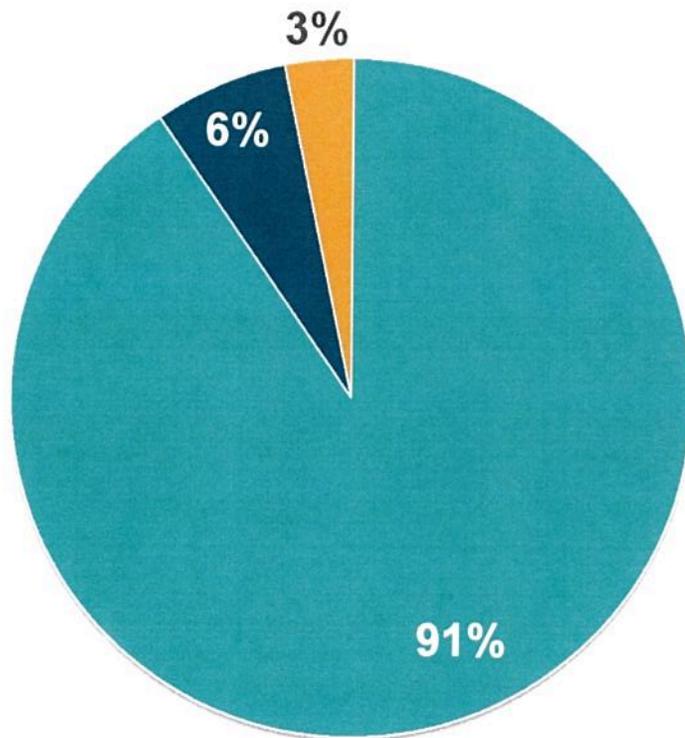
Utilization / 1,000 corresponds to the number of services (days for Inpatient, visits for other categories) rendered per 1,000 covered lives.

Jan – May reflects claims both incurred and paid in the 5 month period. CY refers to the entire calendar year.

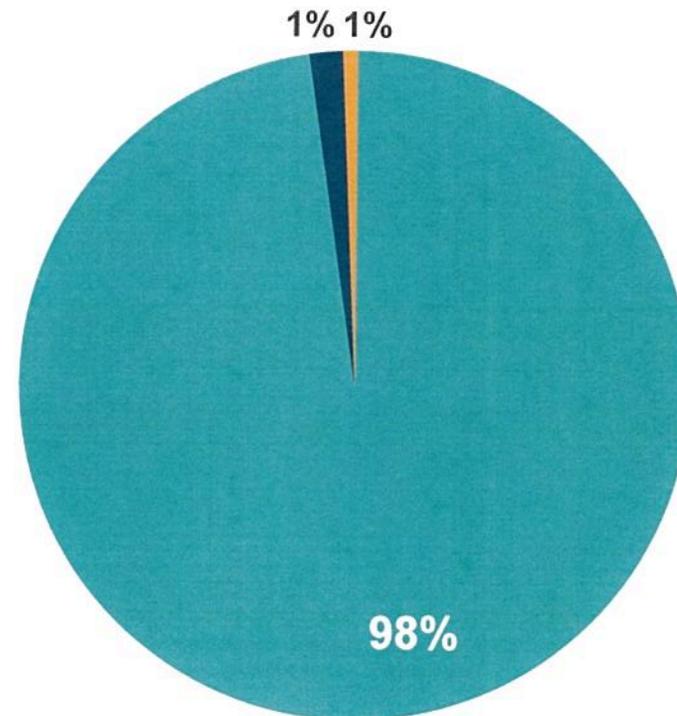
ASE – 2015 Enrollment vs. Claims



Enrollment (Employees & Retirees)



Claims



■ Premium ■ Classic ■ Basic

ASE Trends



		Jan-May 2012- Jan-May 2013	<u>CY 2012- CY 2013</u>	Jan-May 2013- Jan-May 2014	<u>CY 2013- CY 2014</u>	Jan-May 2014- Jan-May 2015	<u>CY 2014- CY 2015</u>	Jan-May 2015- Jan-May 2016
Inpatient	Utilization	4.2%	4.6%	-8.8%	-13.1%	-12.9%	3.6%	30.3%
	Unit Cost	3.6%	-1.6%	-3.1%	5.8%	2.2%	-4.3%	5.1%
	Total PMPM	7.9%	2.9%	-11.7%	-8.1%	-11.0%	-0.9%	36.9%
Outpatient	Utilization	-0.9%	0.6%	-5.1%	-4.3%	-7.6%	1.6%	24.9%
	Unit Cost	11.6%	11.5%	1.7%	4.1%	0.9%	-0.6%	2.8%
	Total PMPM	10.6%	12.2%	-3.5%	-0.5%	-6.8%	1.0%	28.3%
Professional	Utilization	2.9%	2.8%	-4.8%	1.8%	-6.0%	0.2%	15.9%
	Unit Cost	5.9%	1.6%	-4.4%	-3.9%	-1.9%	-1.4%	2.9%
	Total PMPM	9.0%	4.4%	-9.0%	-2.1%	-7.7%	-1.2%	19.3%
Other Med.	Utilization	67.0%	-2.2%	-7.0%	-0.8%	-0.4%	6.5%	15.7%
	Unit Cost	-1.1%	4.2%	18.0%	21.7%	5.7%	4.0%	2.5%
	Total PMPM	70.5%	1.2%	9.7%	20.7%	5.4%	10.4%	18.5%
Total Medical	Utilization	1.1%	2.1%	-4.8%	0.3%	-6.2%	0.8%	17.8%
	Unit Cost	5.7%	3.4%	-2.1%	-1.9%	-1.3%	-0.4%	6.8%
	Total PMPM	6.8%	5.6%	-6.8%	-1.6%	-7.3%	0.5%	25.8%

Jan – May reflects claims both incurred and paid in the 5 month period. CY refers to the entire calendar year.

Trends reflect allowed cost trends, unadjusted for changes in demographics, geography, benefits or management.

ASE Cost Components



		Jan-May 2012	CY 2012	Jan-May 2013	CY 2013	Jan-May 2014	CY 2014	Jan-May 2015	CY 2015	Jan-May 2016
Inpatient	Util./1,000	384	472	400	493	365	429	318	444	414
	Unit Cost	\$ 2,275	\$ 2,067	\$ 2,357	\$ 2,034	\$ 2,284	\$ 2,151	\$ 2,334	\$ 2,060	\$ 2,453
	Total PMPM	\$ 73	\$ 81	\$ 79	\$ 84	\$ 69	\$ 77	\$ 62	\$ 76	\$ 85
Outpatient	Util./1,000	5,592	5,450	5,540	5,482	5,257	5,244	4,859	5,328	6,067
	Unit Cost	\$ 149	\$ 159	\$ 166	\$ 177	\$ 169	\$ 184	\$ 171	\$ 183	\$ 175
	Total PMPM	\$ 69	\$ 72	\$ 77	\$ 81	\$ 74	\$ 80	\$ 69	\$ 81	\$ 89
Professional	Util./1,000	19,356	18,096	19,923	18,602	18,968	18,936	17,839	18,976	20,683
	Unit Cost	\$ 72	\$ 75	\$ 77	\$ 76	\$ 73	\$ 74	\$ 72	\$ 73	\$ 74
	Total PMPM	\$ 117	\$ 114	\$ 127	\$ 119	\$ 116	\$ 116	\$ 107	\$ 115	\$ 127
Other Med.	Util./1,000	1,813	1,331	1,315	1,175	1,212	1,167	1,231	1,268	1,430
	Unit Cost	\$ 118	\$ 130	\$ 117	\$ 135	\$ 138	\$ 166	\$ 146	\$ 171	\$ 149
	Total PMPM	\$ 19	\$ 15	\$ 13	\$ 14	\$ 14	\$ 17	\$ 16	\$ 19	\$ 18
Total Medical	Util./1,000	27,687	26,000	27,993	26,555	26,663	26,627	25,020	26,847	29,483
	Unit Cost	\$ 123	\$ 133	\$ 130	\$ 138	\$ 127	\$ 135	\$ 125	\$ 135	\$ 134
	Total PMPM	\$ 283.25	\$ 288.19	\$ 302.61	\$ 304.46	\$ 282.06	\$ 299.52	\$ 261.35	\$ 300.91	\$ 328.82

Utilization / 1,000 corresponds to the number of services (days for Inpatient, visits for other categories) rendered per 1,000 covered lives.

Jan – May reflects claims both incurred and paid in the 5 month period. CY refers to the entire calendar year.

2016 Plan Design



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

*Deductible & Co-Insurance also applies

** An embedded individual OOP Max is applied within the family OOP max



Classic Values, Innovative Advice

7/8/2016

Alternative Plan Design



	ASE Premium	PSE Premium	ASE Classic	PSE Classic	ASE Basic	PSE Basic
Monthly Plan HSA Contribution (Ind./Family)	n/a	n/a	\$25/\$50	\$0	\$25/\$50	\$0
In-Network:						
Deductible - Individual	\$1,000	\$1,000	\$2,750	\$2,250	\$7,150	\$4,750
Co-Insurance Limit - Individual (after Deductible)	\$2,500	\$2,500	\$4,400	\$4,900	n/a	\$2,400
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay) **	\$3,500	\$3,500	\$7,150	\$7,150	\$7,150	\$7,150
Deductible - Family	\$2,000	\$2,000	\$5,500	\$3,375	\$14,300	\$9,500
Co-Insurance Limit - Family (after Deductible)	\$5,000	\$5,000	\$8,800	\$7,350	n/a	\$4,800
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$7,000	\$7,000	\$14,300	\$10,725	\$14,300	\$14,300
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	100%/0%	80%/20%
Physician Office Visit - Primary Care - Co-Pay	\$25	\$25				
Physician Office Visit - Specialist - Co-Pay	\$50	\$50				
Rx - Deductible	None	None	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.
Rx - Tier 1 - Generic	\$15	\$15	*	*	*	*
Rx - Tier 2 - Preferred Brand	\$40	\$40	*	*	*	*
Rx - Tier 3 - Non-Preferred Brand	\$80	\$80	*	*	*	*
Rx - Specialty	\$100	\$100	*	*	*	*
Rx - Out of Pocket Maximum (Individual/Family)	\$3,100/\$6,200	\$3,100/\$6,200	n/a	n/a	n/a	n/a
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission*	\$0	\$0				
Hospital / Facility - Outpatient - Co-Pay*	\$0	\$0				
Urgent Care Visit	\$100	\$100				
Emergency Room Visit	\$250	\$250				
Emergency Transportation - Ambulance	\$50	\$50				
High Tech Radiology - Co-Pay (1st Procedure Only)*	\$0	\$0				
Rehab / Therapy - Outpatient - Physical/Speech/Occup	\$25	\$25				
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay	\$25	\$25				
Out-of-Network:						
Deductible - Individual/Family	\$2,000/\$4,000	\$2,000/\$4,000	\$4,500/\$9,000	\$3,500/\$7,000	not covered	not covered
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	not covered	not covered
Co-Insurance Limit - Individual/Family (after Deductible)	None	None	None	None	not covered	not covered
Max. Out-of-Pocket (Deductible + Co-Insurance)	None	None	None	None	not covered	not covered

*Deductible & Co-Insurance also applies

** An embedded individual OOP Max is applied within the family OOP max



Actuarial Values



	ASE Premium	PSE Premium	ASE Classic	PSE Classic	ASE Basic	PSE Basic
Actuarial Value - 2015	79.8%	77.0%	70.5%	68.5%	62.2%	60.7%
Actuarial Value - 2017	83.1%	80.9%	72.8%	71.3%	65.1%	63.7%
Actuarial Value - 2017 - Alternative Plan Design	80.9%	80.9%	71.2%	69.6%	63.3%	61.7%

Actuarial values for 2015 are taken from the 2015 actuarial calculator provided by the Department of Health & Human Services (HHS). Actuarial values for 2017 are taken from the 2017 actuarial value calculator provided by HHS. Actuarial values shown are not based on ASE/PSE experience. Actuarial values shown are different from those developed in 2014 due to a change in the HHS model used. Actuarial values represent only in-network benefits for employee only coverage; reflecting out-of-network benefits and/or family coverage may differ from those shown.

PSE Scenarios



		CURRENT PLAN DESIGN				ALTERNATIVE PLAN DESIGN			
		2017	2018	2019	2020	2017	2018	2019	2020
Trend Scenario		6%/10%	6%	6%	6%	6%/10%	6%	6%	6%
Minimum Increase (starting 2017)									
0%		0%	0%	27%	18%	0%	0%	24%	18%
1%		1%	1%	23%	18%	1%	1%	20%	19%
2%		2%	2%	20%	19%	2%	2%	17%	20%
3%		3%	3%	16%	20%	3%	3%	13%	21%
4%		4%	4%	13%	20%	4%	4%	10%	21%
5%		5%	5%	9%	21%	5%	5%	6%	22%
6%		6%	6%	6%	22%	6%	6%	6%	19%
7%		7%	7%	7%	16%	7%	7%	7%	13%
8%		8%	8%	8%	11%	8%	8%	8%	8%
9%		9%	9%	9%	9%	9%	9%	9%	9%
10%		10%	10%	10%	10%	10%	10%	10%	10%

Rate increases shown are total changes in employee and retiree contributions. The Board may wish to allocated the increase differently by family status, benefit plan, and/or employee/retiree status.

PSE Active Rates



Actives	Current Rates	1% increase	2% increase	3% increase	4% increase	5% increase	6% increase	7% increase	8% increase	9% increase	10% increase	Assumed Enrollment
Premium												
Employee Only	\$179.38	\$181.42	\$183.46	\$185.50	\$187.64	\$189.80	\$191.96	\$194.12	\$196.26	\$198.42	\$200.58	15,959
Employee & Spouse	812.72	821.96	831.20	840.44	850.18	859.94	869.72	879.46	889.24	899.02	908.80	318
Employee & Child(ren)	460.08	465.32	470.54	475.78	481.28	486.82	492.34	497.86	503.40	508.94	514.46	2,044
Family	814.92	824.20	833.44	842.72	852.48	862.26	872.06	881.84	891.66	901.46	911.26	428
Est. Monthly Total (\$mil)	\$4.4	\$4.5	\$4.5	\$4.6	\$4.6	\$4.7	\$4.7	\$4.8	\$4.8	\$4.9	\$4.9	18,749
Classic												
Employee Only	\$45.00	\$45.52	\$46.02	\$46.54	\$47.08	\$47.62	\$48.16	\$48.70	\$49.24	\$49.78	\$50.32	12,875
Employee & Spouse	346.74	350.68	354.62	358.58	362.72	366.88	371.06	375.22	379.38	383.56	387.72	1,288
Employee & Child(ren)	154.90	156.66	158.42	160.18	162.04	163.90	165.76	167.62	169.48	171.34	173.22	4,687
Family	350.36	354.34	358.32	362.32	366.52	370.72	374.94	379.14	383.34	387.56	391.78	2,885
Est. Monthly Total (\$mil)	\$2.8	\$2.8	\$2.8	\$2.9	\$2.9	\$2.9	\$3.0	\$3.0	\$3.0	\$3.1	\$3.1	21,734
Basic												
Employee Only	\$11.00	\$11.12	\$11.26	\$11.38	\$11.50	\$11.64	\$11.78	\$11.90	\$12.04	\$12.16	\$12.30	2,915
Employee & Spouse	266.72	269.76	272.78	275.82	279.02	282.22	285.42	288.62	291.84	295.04	298.26	184
Employee & Child(ren)	119.16	120.52	121.86	123.22	124.66	126.08	127.52	128.94	130.38	131.82	133.24	343
Family	269.50	272.56	275.62	278.70	281.92	285.16	288.40	291.64	294.88	298.12	301.36	320
Est. Monthly Total (\$mil)	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	3,763
Total (Monthly) (\$ mil)	\$7.4	\$7.5	\$7.5	\$7.6	\$7.7	\$7.8	\$7.9	\$8.0	\$8.1	\$8.2	\$8.3	44,246
Est Annual Total (\$ mil)	\$88.6	\$89.6	\$90.6	\$91.6	\$92.7	\$93.7	\$94.8	\$95.9	\$96.9	\$98.0	\$99.1	
Total Active & Ret (\$ mil)	\$123.5	\$124.7	\$125.9	\$127.2	\$128.4	\$129.6	\$130.9	\$132.1	\$133.4	\$134.6	\$135.8	
Additional Contrib (\$ mil)	\$0.0	\$1.2	\$2.5	\$3.7	\$4.9	\$6.2	\$7.4	\$8.6	\$9.9	\$11.1	\$12.3	



PSE Retiree Rates



NME Retirees	Current Rates	1% increase	2% increase	3% increase	4% increase	5% increase	6% increase	7% increase	8% increase	9% increase	10% increase	Assumed Enrollment
Premium												
Retiree Only	\$641.14	\$641.14	\$641.14	\$641.14	\$641.14	\$641.14	\$641.14	\$641.14	\$641.14	\$641.14	\$641.14	1,058
Retiree & NME SP	1,457.18	1,457.18	1,457.18	1,457.18	1,457.18	1,457.18	1,457.18	1,457.18	1,457.18	1,457.18	1,457.18	57
Retiree & Child(ren)	1,192.60	1,192.60	1,192.60	1,192.60	1,192.60	1,192.60	1,192.60	1,192.60	1,192.60	1,192.60	1,192.60	12
Retiree & NME SP&CH	2,008.64	2,008.64	2,008.64	2,008.64	2,008.64	2,008.64	2,008.64	2,008.64	2,008.64	2,008.64	2,008.64	5
Retiree & ME SP	795.12	795.12	795.12	795.12	795.12	795.12	795.12	795.12	795.12	795.12	795.12	84
Retiree & ME SP & CH	1,346.58	1,346.58	1,346.58	1,346.58	1,346.58	1,346.58	1,346.58	1,346.58	1,346.58	1,346.58	1,346.58	1
Est. Monthly Total (\$mil)	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	1,218
Classic												
Employee Only	\$267.94	\$270.62	\$273.30	\$275.98	\$276.18	\$276.18	\$276.18	\$276.18	\$276.18	\$276.18	\$276.18	1,772
Employee & Spouse	554.68	560.22	565.78	571.32	576.86	582.42	587.96	593.50	599.06	604.60	610.14	257
Employee & Child(ren)	469.82	469.82	469.82	469.82	469.82	469.82	469.82	469.82	469.82	469.82	469.82	49
Family	731.56	738.88	746.20	753.50	760.82	768.14	775.46	782.76	790.08	797.40	800.56	52
Est. Monthly Total (\$mil)	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	2,131
Basic												
Employee Only	\$148.50	\$148.50	\$148.50	\$148.50	\$148.50	\$148.50	\$148.50	\$148.50	\$148.50	\$148.50	\$148.50	330
Employee & Spouse	269.72	269.72	269.72	269.72	269.72	269.72	269.72	269.72	269.72	269.72	269.72	49
Employee & Child(ren)	238.52	238.52	238.52	238.52	238.52	238.52	238.52	238.52	238.52	238.52	238.52	13
Family	334.74	335.72	335.72	335.72	335.72	335.72	335.72	335.72	335.72	335.72	335.72	14
Est. Monthly Total (\$mil)	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	406
Total (Monthly) (\$ mil)	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6	3,755
Est Annual Total (\$ mil)	\$19.2	\$19.3	\$19.4	\$19.5	\$19.5	\$19.5	\$19.6	\$19.6	\$19.6	\$19.6	\$19.6	
Medicare Eligible												
Retiree Only	\$98.80	\$99.78	\$100.78	\$101.76	\$102.74	\$103.74	\$104.72	\$105.72	\$106.70	\$107.68	\$108.68	10,093
Retiree & NME SP	783.92	783.92	783.92	783.92	783.92	783.92	783.92	783.92	783.92	783.92	783.92	68
Retiree & Child(ren)	757.10	757.10	757.10	757.10	757.10	757.10	757.10	757.10	757.10	757.10	757.10	15
Retiree & NME SP&CH	1,521.48	1,521.48	1,521.48	1,521.48	1,521.48	1,521.48	1,521.48	1,521.48	1,521.48	1,521.48	1,521.48	1
Retiree & ME SP	257.88	260.46	263.04	265.62	268.20	270.76	273.34	275.92	278.50	281.08	283.66	933
Retiree & ME SP & CH	888.57	888.58	888.58	888.58	888.58	888.58	888.58	888.58	888.58	888.58	888.58	0
Est. Monthly Total (\$mil)	\$1.3	\$1.3	\$1.3	\$1.3	\$1.4	\$1.4	\$1.4	\$1.4	\$1.4	\$1.4	\$1.4	11,110
Total (Est. Annual)	\$15.6	\$15.8	\$15.9	\$16.1	\$16.2	\$16.4	\$16.5	\$16.7	\$16.8	\$17.0	\$17.1	

Note: Rates not increased if contribution rate is above total premium

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Classic Values, Innovative Advice

ASE Scenarios



		CURRENT PLAN DESIGN				ALTERNATIVE PLAN DESIGN			
		2017	2018	2019	2020	2017	2018	2019	2020
Trend Scenario		6%/10%	6%	6%	6%	6%/10%	6%	6%	6%
Minimum Increase (starting 2017)									
0%		0%	30%	24%	19%	0%	24%	25%	19%
1%		1%	29%	24%	19%	1%	22%	26%	19%
2%		2%	27%	24%	19%	2%	20%	26%	19%
3%		3%	25%	24%	19%	3%	19%	26%	19%
4%		4%	24%	25%	18%	4%	17%	26%	18%
5%		5%	22%	25%	18%	5%	16%	27%	18%
6%		6%	21%	25%	18%	6%	14%	27%	18%
7%		7%	19%	25%	18%	7%	13%	27%	18%
8%		8%	18%	26%	18%	8%	12%	27%	18%
9%		9%	16%	26%	18%	9%	10%	28%	18%
10%		10%	15%	26%	18%	10%	10%	26%	18%

Rate increases shown are total changes in employee and retiree contributions. The Board may wish to allocated the increase differently by family status, benefit plan, and/or employee/retiree status.

ASE Active Rates



Actives	Current Rates	1% increase	2% increase	3% increase	4% increase	5% increase	6% increase	7% increase	8% increase	9% increase	10% increase	Assumed Enrollment
Premium												
Employee Only	\$104.78	\$105.82	\$106.88	\$107.92	\$108.98	\$110.02	\$111.06	\$112.12	\$113.16	\$114.22	\$115.26	13,301
Employee & Spouse	379.08	382.88	386.66	390.46	394.24	398.04	401.82	405.62	409.40	413.20	416.98	2,171
Employee & Child(ren)	210.04	212.14	214.24	216.34	218.44	220.54	222.64	224.74	226.84	228.94	231.04	5,021
Family	484.34	489.18	494.02	498.88	503.72	508.56	513.40	518.24	523.08	527.94	532.78	1,970
Est. Monthly Total (\$mil)	\$4.2	\$4.3	\$4.3	\$4.4	\$4.4	\$4.4	\$4.5	\$4.5	\$4.6	\$4.6	\$4.6	22,463
Classic												
Employee Only	\$46.48	\$46.94	\$47.40	\$47.88	\$48.34	\$48.80	\$49.26	\$49.74	\$50.20	\$50.66	\$51.12	1,068
Employee & Spouse	243.02	245.46	247.88	250.32	252.74	255.18	257.60	260.04	262.46	264.90	267.32	139
Employee & Child(ren)	109.46	110.56	111.64	112.74	113.84	114.94	116.02	117.12	118.22	119.32	120.40	298
Family	306.00	309.06	312.12	315.18	318.24	321.30	324.36	327.42	330.48	333.54	336.60	157
Est. Monthly Total (\$mil)	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	1,662
Basic												
Employee Only	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1,159
Employee & Spouse	132.48	133.80	135.12	136.46	137.78	139.10	140.42	141.76	143.08	144.40	145.72	170
Employee & Child(ren)	28.16	28.44	28.72	29.00	29.28	29.56	29.84	30.14	30.42	30.70	30.98	301
Family	160.64	162.24	163.86	165.46	167.06	168.68	170.28	171.88	173.50	175.10	176.70	185
Est. Monthly Total (\$mil)	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	1,816
Total (Monthly) (\$ mil)	\$4.5	\$4.5	\$4.5	\$4.6	\$4.6	\$4.7	\$4.7	\$4.8	\$4.8	\$4.9	\$4.9	25,941
Est Annual Total (\$ mil)	\$53.4	\$53.9	\$54.5	\$55.0	\$55.5	\$56.1	\$56.6	\$57.1	\$57.7	\$58.2	\$58.7	
Total Active & Ret (\$ mil)	\$92.0	\$92.9	\$93.9	\$94.8	\$95.7	\$96.6	\$97.5	\$98.5	\$99.4	\$100.3	\$101.2	
Additional Contrib (\$ mil)	\$0.0	\$0.9	\$1.8	\$2.8	\$3.7	\$4.6	\$5.5	\$6.4	\$7.4	\$8.3	\$9.2	



ASE Retiree Rates



NME Retirees	Current Rates	1% increase	2% increase	3% increase	4% increase	5% increase	6% increase	7% increase	8% increase	9% increase	10% increase	Assumed Enrollment
Premium												
Retiree Only	\$258.64	\$261.22	\$263.82	\$266.40	\$268.98	\$271.58	\$274.16	\$276.74	\$279.34	\$281.92	\$284.50	1,684
Retiree & NME SP	662.02	668.64	675.26	681.88	688.50	695.12	701.74	708.36	714.98	721.60	728.22	378
Retiree & Child(ren)	477.94	482.72	487.50	492.28	497.06	501.84	506.62	511.40	516.18	520.96	525.74	101
Retiree & NME SP&CH	881.32	890.14	898.94	907.76	916.58	925.38	934.20	943.02	951.82	960.64	969.46	45
Retiree & ME SP	499.78	504.78	509.78	514.78	519.78	524.76	529.76	534.76	539.76	544.76	549.76	192
Retiree & ME SP & CH	719.08	726.28	733.46	740.66	747.84	755.04	762.22	769.42	776.60	783.80	790.98	7
Est. Monthly Total (\$mil)	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$1.0	\$1.0	2,408
Classic												
Employee Only	\$200.34	\$202.34	\$204.34	\$206.36	\$208.36	\$210.36	\$212.36	\$214.36	\$216.36	\$218.38	\$220.38	50
Employee & Spouse	525.96	531.22	536.48	541.74	547.00	552.26	557.52	562.78	568.04	573.30	578.56	14
Employee & Child(ren)	377.36	381.14	384.90	388.68	392.46	396.22	400.00	403.78	407.54	411.32	415.10	2
Family	702.98	710.00	717.04	724.06	731.10	738.12	745.16	752.18	759.22	766.24	773.28	4
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	70
Basic												
Employee Only	\$153.86	\$155.40	\$156.94	\$158.48	\$160.02	\$161.56	\$163.10	\$164.64	\$166.16	\$167.70	\$169.24	27
Employee & Spouse	415.42	419.58	423.72	427.88	432.04	436.20	440.34	444.50	448.66	452.80	456.96	6
Employee & Child(ren)	296.06	299.02	301.98	304.94	307.90	310.86	313.82	316.78	319.74	322.70	325.66	3
Family	557.62	563.20	568.78	574.34	579.92	585.50	591.08	596.66	602.22	607.80	613.38	4
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	40
Total (Monthly) (\$ mil)	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	2,518
Est Annual Total (\$ mil)	\$10.9	\$11.0	\$11.1	\$11.2	\$11.3	\$11.4	\$11.5	\$11.6	\$11.7	\$11.8	\$12.0	
Medicare Eligible												
Retiree Only	\$161.96	\$163.58	\$165.20	\$166.82	\$168.44	\$170.06	\$171.68	\$173.30	\$174.92	\$176.54	\$178.16	6,643
Retiree & NME SP	565.34	571.00	576.64	582.30	587.96	593.60	599.26	604.92	610.56	616.22	621.88	393
Retiree & Child(ren)	381.26	385.08	388.88	392.70	396.52	400.32	404.14	407.94	411.76	415.58	419.38	77
Retiree & NME SP&CH	784.64	792.48	800.34	808.18	816.02	823.88	831.72	839.56	847.42	855.26	863.10	27
Retiree & ME SP	388.02	391.90	395.78	399.66	403.54	407.42	411.30	415.18	419.06	422.94	426.82	2,435
Retiree & ME SP & CH	607.32	613.40	619.46	625.54	631.62	637.68	643.76	649.84	655.90	661.98	668.06	31
Est. Monthly Total (\$mil)	\$2.3	\$2.3	\$2.4	\$2.4	\$2.4	\$2.4	\$2.5	\$2.5	\$2.5	\$2.5	\$2.5	9,606
Total (Est. Annual)	\$27.7	\$28.0	\$28.3	\$28.6	\$28.9	\$29.1	\$29.4	\$29.7	\$30.0	\$30.2	\$30.5	



H-scan Rate Change Forecast



Options & Stress Testing

H-scan

	2017	2018	2019	2020
Scenario 1 Trend	6%/10%	6%	6%	6%
Scenario 2 Trend	6%/10%	3%	3%	3%

	2017	2018+
Minimum Rate Increase	0%	0%

ASE Budgeted Pos'n Rate 7/1/2017	\$ 420
Annual increases	0%
Number of Budgeted Positions	34,500

YEAR BENEFIT CHANGES APPLY	2018
Premium: Benefit Parity	No
Classic: Increase Ded/OOP	No
Basic: Increase Ded/OOP (See Appendix B for details)	No

Eliminate Medicare Rx for ASE	No
Reduction in contrib. per person	\$ 100

TOTAL CHANGE IN EMPLOYEE/RETIREE CONTRIBUTION RATES NEEDED

PSE

	2017	2018	2019	2020
Trend Scenario 1	6%/10%	6%	6%	6%
Rate Increase	0%	0%	27%	18%
Trend Scenario 2	6%/10%	3%	3%	3%
Rate Increase	0%	0%	8%	13%

ASE

	2017	2018	2019	2020
Trend Scenario 1	6%/10%	6%	6%	6%
Rate Increase	0%	30%	24%	19%
Trend Scenario 2	6%/10%	3%	3%	3%
Rate Increase	0%	21%	17%	13%

See Appendix C for other assumptions



Classic Values, Innovative Advice

7/8/2016

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Summary/Next Steps



- What are recommended benefits for 2017?
- What are recommended contribution rates for 2017?
- Consider for future meetings
 - Alternative Medicare Pharmacy approach
 - Additional wellness initiatives
 - Additional cost containment measures
 - Significant plan design changes
 - Risk adjusting PSE rates



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.*



Classic Values, Innovative Advice

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Appendix A – PSE Actives

2016 Final Rate Details



Actives	Unadjusted Total Rate	Direct State Contrib. & FICA	Reserve Used / (Added)	School District Contrib.	2016 Employee Cost with & without Wellness Visit		2015 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Credit				Assumed Enrollment
					with	without*		with	without	with	without	
Premium												
Employee Only	\$590.40	\$236.11	\$20.43	\$154.48	\$179.38	\$254.38	\$179.38	\$0.00	0%	\$0.00	0%	17,627
Employee & Spouse	1,308.18	313.83	27.15	154.48	812.72	887.72	812.72	0.00	0%	0.00	0%	349
Employee & Child(ren)	1,077.80	426.35	36.89	154.48	460.08	535.08	460.08	0.00	0%	0.00	0%	2,131
Family	1,795.58	760.40	65.78	154.48	814.92	889.92	814.92	0.00	0%	0.00	0%	459
Est. Monthly Total (\$mil)	\$14.0	\$5.5	\$0.5	\$3.2	\$4.8	\$0.1	\$4.8	\$0.0	0%	\$0.0	0%	20,566
Classic												
Employee Only	\$270.02	\$64.92	\$5.62	\$154.48	\$45.00	\$120.00	\$45.00	\$0.00	0%	\$0.00	0%	12,885
Employee & Spouse	562.28	56.20	4.86	154.48	346.74	421.74	346.74	0.00	0%	0.00	0%	1,260
Employee & Child(ren)	468.48	146.43	12.67	154.48	154.90	229.90	154.90	0.00	0%	0.00	0%	4,403
Family	760.74	235.52	20.38	154.48	350.36	425.36	350.36	0.00	0%	0.00	0%	2,734
Est. Monthly Total (\$mil)	\$8.3	\$2.2	\$0.2	\$3.3	\$2.7	\$0.1	\$2.7	\$0.0	0%	\$0.0	0%	21,283
Basic												
Employee Only	\$133.02	\$0.00	(\$32.46)	\$154.48	\$11.00	\$86.00	\$11.00	\$0.00	0%	\$0.00	0%	1,839
Employee & Spouse	242.22	0.00	(178.98)	154.48	266.72	341.72	266.72	0.00	0%	0.00	0%	111
Employee & Child(ren)	207.18	0.00	(66.46)	154.48	119.16	194.16	119.16	0.00	0%	0.00	0%	213
Family	316.38	0.00	(107.60)	154.48	269.50	344.50	269.50	0.00	0%	0.00	0%	224
Est. Monthly Total (\$mil)	\$0.4	\$0.0	(\$0.1)	\$0.4	\$0.1	\$0.0	\$0.1	\$0.0	0%	\$0.0	0%	2,386
Total (Monthly) (\$ mil)	\$22.7	\$7.7	\$0.6	\$6.8	\$7.6	\$0.2	\$7.6	\$0.0/\$0.0		0%/0%		44,235
Est Annual Total (\$ mil)	\$272.4	\$92.7	\$6.6	\$82.0	\$91.1	\$2.0	\$91.1	\$0.0/\$0.0		0%/0%		
Total Active & Ret (\$ mil)	\$310.7	\$92.7	\$9.6	\$82.0	\$126.3	\$2.0	\$126.3	\$0.0	0%	\$2.0	2%	58,653

*Already subtracted from Total Rates



Appendix A – PSE Retirees

Non-Medicare Eligible 2016 Final Rate Details



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	\$590.40	\$0.00	(\$50.74)	\$641.14	\$641.14	\$0.00	0%	1,320
Retiree & NME SP	1,308.18	0.00	(149.00)	1,457.18	1,457.18	0.00	0%	72
Retiree & Child(ren)	1,077.80	0.00	(114.80)	1,192.60	1,192.60	0.00	0%	13
Retiree & NME SP&CH	1,795.58	0.00	(213.06)	2,008.64	2,008.64	0.00	0%	8
Retiree & ME SP	768.26	0.00	(26.86)	795.12	795.12	0.00	0%	120
Retiree & ME SP & CH	1,255.66	0.00	(90.92)	1,346.58	1,346.58	0.00	0%	1
Est. Monthly Total (\$mil)	\$1.0	\$0.0	(\$0.1)	\$1.1	\$1.1	\$0.0	0%	1,534
Classic								
Employee Only	\$270.02	\$0.00	\$2.08	\$267.94	\$267.94	\$0.00	0%	1,329
Employee & Spouse	562.28	0.00	7.60	554.68	554.68	0.00	0%	205
Employee & Child(ren)	468.48	0.00	(1.34)	469.82	469.82	0.00	0%	40
Family	760.74	0.00	29.18	731.56	731.56	0.00	0%	35
Est. Monthly Total (\$mil)	\$0.5	\$0.0	\$0.0	\$0.5	\$0.5	\$0.0	0%	1,610
Basic								
Employee Only	\$133.02	\$0.00	(\$15.48)	\$148.50	\$148.50	\$0.00	0%	117
Employee & Spouse	242.22	0.00	(27.50)	269.72	269.72	0.00	0%	15
Employee & Child(ren)	207.18	0.00	(31.34)	238.52	238.52	0.00	0%	1
Family	316.38	0.00	(18.36)	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%	136
Total (Monthly) (\$ mil)	\$1.5	\$0.0	(\$0.1)	\$1.6	\$1.6	\$0.0	0%	3,279
Est Annual Total (\$ mil)	\$18.4	\$0.0	(\$1.0)	\$19.4	\$19.4	\$0.0		

Appendix A – PSE Retirees

Medicare Eligible 2016 Final Rate Details



Medicare Eligible	Unadjusted Total Rate	Subsidy	Reserve Used / (Added)	2016 Retiree Cost	2015 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Retiree Only	\$177.86	\$50.66	\$28.40	\$98.80	\$98.80	\$0.00	0%	10,106
Retiree & NME SP	757.06	(26.86)	0.00	783.92	783.92	0.00	0%	85
Retiree & Child(ren)	718.76	(38.33)	0.00	757.10	757.10	0.00	0%	17
Retiree & NME SP&CH	1,383.03	(138.45)	0.00	1,521.48	1,521.48	0.00	0%	2
Retiree & ME SP	331.82	25.32	48.63	257.88	257.88	0.00	0%	928
Retiree & ME SP & CH	872.73	(15.84)	0.00	888.57	888.57	0.00	0%	0
Est. Monthly Total (\$mil)	\$2.2	\$0.5	\$0.3	\$1.3	\$1.3	\$0.0	0%	11,138
Total (Est. Annual)	\$26.2	\$6.4	\$4.0	\$15.9	\$15.9	\$0.0		

Appendix A – ASE Actives

2016 Final Rate Details



Actives	Risk Adjusted Total Rate	State Contrib. & FICA	Reserve Used / (Added)	2016 Employee Cost with & without Wellness Visit		2015 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Credit				Assumed Enrollment	
				with	without*		with		without			
Premium												
Employee Only	\$459.96	\$325.41	\$29.77	\$104.78	\$179.78	\$104.78	\$0.00	0%	\$0.00	0%	14,489	
Employee & Spouse	1,024.48	591.31	54.09	379.08	454.08	379.08	0.00	0%	0.00	0%	2,371	
Employee & Child(ren)	766.76	510.06	46.66	210.04	285.04	210.04	0.00	0%	0.00	0%	5,506	
Family	1,331.28	775.96	70.98	484.34	559.34	484.34	0.00	0%	0.00	0%	2,157	
Est. Monthly Total (\$mil)	\$16.2	\$10.6	\$1.0	\$4.6	\$0.1	\$4.6	\$0.0	0%	\$0.0	0%	24,523	
Classic												
Employee Only	\$401.60	\$325.36	\$29.76	\$46.48	\$121.48	\$46.48	\$0.00	0%	\$0.00	0%	1,133	
Employee & Spouse	888.46	591.35	54.09	243.02	318.02	243.02	0.00	0%	0.00	0%	156	
Employee & Child(ren)	666.20	510.08	46.66	109.46	184.46	109.46	0.00	0%	0.00	0%	326	
Family	1,153.06	776.07	70.99	306.00	381.00	306.00	0.00	0%	0.00	0%	196	
Est. Monthly Total (\$mil)	\$1.0	\$0.8	\$0.1	\$0.2	\$0.0	\$0.2	\$0.0	0%	\$0.0	0%	1,811	
Basic												
Employee Only	\$355.16	\$325.39	\$29.77	\$0.00	\$75.00	\$0.00	\$0.00	n/a	\$0.00	0%	570	
Employee & Spouse	777.90	591.33	54.09	132.48	207.48	132.48	0.00	0%	0.00	0%	94	
Employee & Child(ren)	584.92	510.10	46.66	28.16	103.16	28.16	0.00	0%	0.00	0%	115	
Family	1,007.66	776.03	70.99	160.64	235.64	160.64	0.00	0%	0.00	0%	123	
Est. Monthly Total (\$mil)	\$0.5	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	\$0.0	0%	902	
Total (Monthly) (\$ mil)	\$17.7	\$11.8	\$1.1	\$4.8	\$0.1	\$4.8	\$0.0/\$0.0		0%0%		27,236	
Est Annual Total (\$ mil)	\$212.3	\$141.3	\$12.9	\$58.1	\$1.2	\$58.1	\$0.0/\$0.0		0%0%			
Total Active & Ret (\$ mil)	\$288.7	\$176.8	\$16.2	\$95.7	\$1.2	\$95.7	\$0.0	0%	\$1.2	1%	38,915	

*Already subtracted from Total Rates



Appendix A – ASE Retirees: Non-Medicare Eligible 2016 Final Rate Details



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	\$459.96	\$184.45	\$16.87	\$258.64	\$258.64	\$0.00	0%	1,649
Retiree & NME SP	1,024.48	332.08	30.38	662.02	662.02	0.00	0%	400
Retiree & Child(ren)	766.76	264.61	24.21	477.94	477.94	0.00	0%	99
Retiree & NME SP&CH	1,331.28	412.25	37.71	881.32	881.32	0.00	0%	38
Retiree & ME SP	861.74	331.62	30.34	499.78	499.78	0.00	0%	222
Retiree & ME SP & CH	1,168.54	411.79	37.67	719.08	719.08	0.00	0%	9
Est. Monthly Total (\$mil)	\$1.5	\$0.6	\$0.1	\$0.9	\$0.9	\$0.0	0%	2,417
Classic								
Employee Only	\$401.60	\$184.39	\$16.87	\$200.34	\$200.34	\$0.00	0%	36
Employee & Spouse	888.46	332.12	30.38	525.96	525.96	0.00	0%	16
Employee & Child(ren)	666.20	264.63	24.21	377.36	377.36	0.00	0%	3
Family	1,153.06	412.36	37.72	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%	60
Basic								
Employee Only	\$355.16	\$184.43	\$16.87	\$153.86	\$153.86	\$0.00	0%	10
Employee & Spouse	777.90	332.10	30.38	415.42	415.42	0.00	0%	5
Employee & Child(ren)	584.92	264.65	24.21	296.06	296.06	0.00	0%	0
Family	1,007.66	412.32	37.72	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)	\$1.5	\$0.6	\$0.1	\$0.9	\$0.9	\$0.0	0%	2,498
Est Annual Total (\$ mil)	\$18.6	\$6.9	\$0.6	\$11.0	\$11.0	\$0.0		

Appendix A – ASE Retirees: Medicare Eligible 2016 Final Rate Details



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	\$401.77	\$219.71	\$20.10	\$161.96	\$161.96	\$0.00	0%	6,326
Retiree & NME SP	861.73	271.55	24.84	565.34	565.34	0.00	0%	410
Retiree & Child(ren)	759.05	346.12	31.67	381.26	381.26	0.00	0%	77
Retiree & NME SP&CH	1,273.09	447.51	40.94	784.64	784.64	0.00	0%	29
Retiree & ME SP	779.65	358.81	32.82	388.02	388.02	0.00	0%	2,313
Retiree & ME SP & CH	1,136.93	485.22	44.39	607.32	607.32	0.00	0%	27
Est. Monthly Total (\$mil)	\$4.8	\$2.4	\$0.2	\$2.2	\$2.2	\$0.0	0%	9,181
Total (Est. Annual)	\$57.9	\$28.6	\$2.6	\$26.7	\$26.7	\$0.0		

Appendix B: Pharmacy Reimbursement



- Board adopted MedImpact proposed rates for the large majority of pharmacies
 - AWP -15.65% for brand (-13.65% for certain rural pharmacies)
 - Dispensing fee of \$1.50
 - New MAC pricing
- Expected savings of \$16 million (2015)
 - \$8 million to members
 - \$8 million to plan
 - For projections, reduction in 2017 plan costs of approximately 8% for ASE and 4% for PSE
 - Savings could be higher if usual & customary prices remain below AWP – 15.65% for non-MAC generic drugs

Appendix C - Assumptions



- Based on actual May 2016 enrollment, medical claims incurred 4/1/2015 – 3/31/2016; pharmacy claims incurred 6/1/2015 – 5/31/2016
 - Net Migration of approximately 600 ASE and 600 PSE active employees from Premium to Basic annually
 - No growth in actives or NME retirees after 2017
 - Annual Growth of 400 ME retirees for PSE and 200 ME retirees for ASE
- Annualized Trend Rates of

	<u>2016</u>	<u>2017</u>
Medical (Actives & NME Retirees)	10%	6%
Medical (ME Retirees)	20%	6%
Pharmacy (all groups)	11%	10%
- Pharmacy reimbursement as approved by the Board in March 2016
- **No changes to State contributions for ASE or PSE**
- For PSE, assuming 1% annual increase in minimum District contributions after 2017
- 90% wellness participation for PSE; 88% for ASE
- No changes in benefits
- Projections subject to change as more complete experience emerges

Appendix C – Use & Disclosures



- Projections are based on incurred claim experience as indicated. Incurred claims are completed from paid experience through May 2016, adjusted for demographic, benefits, and network changes. Additional details about assumptions and methods will be provided in follow-up documentation.
- Estimates of impact of pharmacy changes are intended to be conservative estimates. Our estimates assume the pharmacies' usual and customary rates will be above the discounted AWP or MAC charge, as applicable. Estimates rely on 2015 actual experience without trend and unadjusted for the Medicare Retiree Drug subsidy. Savings for classic and basic are allocated to members according to the member proportion of the original claim.
- In preparing the information in this presentation, we relied 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. Unless otherwise indicated, 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.
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- 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.

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