



## **AGENDA**

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

**May 19, 2015**

**1:00 p.m.**

**EBD Board Room – 501 Building, Suite 500**

- I. Call to Order ..... Renee Mallory, Acting Chairman*
- II. Approval of April 21, 2015 Minutes ..... Renee Mallory, Acting Chairman*
- III. ASE-PSE Financials April, 2015 ..... Marla Wallace, EBD Chief Fiscal Officer*
- IV. Benefits Sub-committee Report .... Shelby McCook, Benefits Committee Chairman*
- V. Catamaran Audit Updates ..... Sarah Bujak, Catamaran*
- VI. Payment Improvement Initiative Update Alicia Berkemeyer, Blue Cross Blue Shield*
- VII. Benefits & Preliminary Rates for Calendar Year 2016 ..... John Colberg, Cheiron*
- VII. Director's Report ..... Bob Alexander, EBD Executive Director*

### ***Upcoming Meetings***

***June 23, 2015***

***July 28, 2015***

***NOTE: All material for this meeting will be available by electronic means only at [asepse-board@dfa.arkansas.gov](mailto:asepse-board@dfa.arkansas.gov)***

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

# **State and Public School Life And Health Insurance Board Special Board Meeting Minutes May 19, 2015**

The 150<sup>th</sup> meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on May 19, 2015 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

## **MEMBERS PRESENT**

Dr. Joseph Thompson  
Robert Boyd  
Dr. Tony Thurman  
Renee Mallory  
Dan Honey  
Angela Avery  
Shelby McCook  
Janis Harrison  
Dr. Andrew Kumpuris  
Jennifer Davis – Proxy for Lori Engman  
Katrina Burnett

## **MEMBERS ABSENT**

Dr. John Kirtley – Chairman  
Carla Haugen - Vice-Chairman  
Lori Freno-Engman

Bob Alexander, Executive Director, Employee Benefits Division

## **OTHERS PRESENT:**

David Keisner, Dwight Davis , UAMS; Janna Keathley, Ethel Whittaker, Marla Wallace, Lori Eden, Stella Green, Sherry Bryant, Raina Porshay, Liz Tullos, EBD; Sylvia Landers, Eileen Wider, Minnesota Life; Kristi Jackson, Jennifer Vaughn, ComPsych; Pam Lawrence, AHH; Marc Watts, ASEA; Andy Davis, Arkansas Democrat Gazette; Jeff Altemus, Marion Schools; Wayne Whitley, Ronda Walthall, Larry Dickerson, AR Highway & Transportation Dept; Takisha Sanders, Kanita Collins, Martha Carlson, Health Advantage; Susan Walker, DataPath; Brenda Robinson, Susan O'Daniel, AEA; Kim Henderson, ADFa; Gini Ingram, Ro Summers, ACHI; Cecile Bledsoe, Senate; Steve Althoff, MTI; Susan Bujak, Susan McCerstor, Connie Bennett, Catamaran; Martha Hill, Robyn Keene, Mike Mertens, AAEA; Ella Walker-Rolfe, ARTA; Karen Langley, B.J. Himes, Qual Choice; Mike Pickens, Pickens Law Firm; Jim Templeton, AFA; Sam Smothers, Astra Zeneca; Steve Sewing, Acorda; Bill Clary, H &H; Lisa Boone, EBI; Derrick Smith; Mitchell Williams

## **CALL TO ORDER:**

Meeting was called to order by Renee Mallory, Acting Chairman

**APPROVAL OF MINUTES:** *by Renee Mallory, Acting Chairman*

The request was made by Mallory to approve the April 21, 2015 minutes.

**Harrison made the motion to approve the minutes, Avery seconded; all were in favor.**

**Minutes approved**

**FINANCIALS:** *by Marla Wallace, EBD Fiscal Officer*

Wallace reported financials for May, 2015. For PSE the month of May four (4) weeks of health claims was paid and four (4) weeks of pharmacy claims was paid. There was a gain of \$9.5 million for the month and the year-to-date gain is \$45.5 million. Without the Department of Education payment the net gain for the month would have been \$8 million. The FICA savings for the month is \$473,846, and there is \$58.6 million in net assets. Compared to last year the net gain was \$8 million.

For ASE the month of May also paid four (4) weeks of health claims, and four (4) weeks of pharmacy claims was paid. The gain for the month is \$5.9 million and the year-to-date gain is \$22.8 million. The net assets are \$48 million. Compared to last year the net assets were \$14 million.

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

The following report resulted from a meeting of the Benefits Sub-Committee from May 15, 2015 with Shelby McCook presiding.

**Topics Discussed:**

- Minnesota Life 2015 Renewal Analysis
- Payment Improvement Initiative Program
- Benefits and Preliminary Rates for Calendar Year 2016 – Cheiron
- Compass Professional Health Services

**ArBenefits 2015 Renewal Analysis – Michelle Galle, Eileen Wider - Minnesota Life**

The State's active basic life rate was reduced significantly in conjunction with the merger with the Schools, based on expected lower mortality rates among school district employees. When two different groups are brought together at the same premium rates under a plan; premium rates are established based on expected average mortality across the group as a whole. In general, actuarial analysis find that school employees have lower mortality rates than general government employees, so the State rates were reduced when the population merged with the Larger Schools population.

**A motioned was approved to recommend the approved rates shown on page 11 of the presentation for one (1) year. A second motion was approved to research and obtain the appropriate data to create an RFP for new life insurance in the calendar year 2017.**

### **Helping Employees Navigate the Healthcare System – David Toomey, Adam Johnson, Compass Healthcare Services**

Compass Healthcare provides employees with a simpler plan to navigate the Healthcare system. The following are some of the advantages:

- Simplify Healthcare Decision-Making and Lower Cost
- Create a Culture of Wellness
- Increase Employee Benefits & Job Satisfaction
- Low cost of \$6.00 per employee per month

### **Payment Improvement Initiative Update – Alicia Berkemeyer, Blue Cross Blue Shield**

The Patient Centered Medical Home Pilot Program is a Primary Care Program. A two year pilot program was performed in 2010 – 2012. The results were positive. The following are some of the benefits of the program:

- Identify top 10% of high-priority beneficiaries
- Access operations of practice and opportunities to improve
- Make available 24/7 access to care
- Use Electronic Health Record (EHR) for care coordination.

The program is designed to improve the quality of life and save money.

## **Review of Trends for Calendar Year 2016 Rates – John Colberg, Cheiron**

Colberg presented an update on the Regulatory Considerations for 2016, Benefits for 2016, Updated Projections for 12/31/2015, Employee Contribution Strategy, Strategy Comparison for PSE – 2015, Preliminary Projections, and Preliminary

McCook motioned to approve the report and the recommendations for the increase in Life Insurance rates for both groups as recommended by Minnesota Life. Honey seconded. All were in favor.

### **Motioned Approved.**

## **CATAMARAN AND VENDOR AUDITS UPDATE: *by Sarah Bujak, Catamaran***

Bujak reported on previous requests regarding audits from the April board meeting. They are as follows:

- The Mac list is used the same for mail as retail. The rates are the same as the retail rates. They are updated at the same time.
- Catamaran retroactive process is to apply the date requested for the appeal. Catamaran does not adjust for new claims submitted after the requested appeal date.
- The Hattiesburg Compounding Networking Pharmacy was removed from the network and reinstated in January, 2015. Catamaran has worked closely with the group to implement standard operating procedures. If the procedures are not upheld the company will be terminated from the network.
- The NCCP National Compound Credentialing Program state of Arkansas plans will be excluded. Members will not be restricted to a credentialing compounding pharmacy.
- Catamaran does support an audit of the contract the board would need to notify Catamaran
- Pharmacy Audits - to audit the contract with Catamaran and the Pharmacy. In order to proceed there must be a non-disclosure agreement in place. In addition, they require a three (3) week lead time.

Dr. Thompson inquired if there are other Catamaran contracts that have been asked to have an audit on rebates, and were there exceptions to those findings? Bujak will provide a report on audit rebates at the June board meeting.

## **PAYMENT IMPROVEMENT INITIATIVE UPDATE: *by, Bob Alexander, EBD Executive Director***

Berkemeyer reported on the Patient centered Medical Home Pilot Program. The PCMH Pilot Project has shown very positive results with (1) Readmission Rates, (2) Emergency Room Visits and Related Costs (3) Improved ER Utilization, and (4) Generic Drug Prescribing Rates.

There are five (5) Pilot Clinics in the state of Arkansas. (1) AHEC Family Practice – Jonesboro, (2) Baptist Health Family Clinic – Bryant, (3) Harrison Family Practice Clinic, (4) Ozark Internal Medicine and Pediatrics – Clinton, and (5) UAMS – Family Medical Center – Little Rock

Dr. Kumpuris has concerns regarding the 77% and 23% for members who visit their primary care physician and members who only visit a specialist. Dr. Kumpuris requested a report regarding the information on how much is the 23% of members increasing the cost? In addition, another concern is the care provided by a non-physician provider is it more costly or less costly than the care provided by physician providers? There will be an update provided at the June board meeting.

## **BENEFITS & PRELIMINARY RATES FOR CALENDAR YEAR 2016:**

Colberg reported on (1) Changes in 2016, (2) Reviewed the benefits for 2015, (3) Reviewed benefits for 2016, (4) Updated projections until 12/31/2015, and (5) How contribution rates are affected. In 2016 there are proposed federal regulations that would possibly, depending on legal review, that would require HSA plans to have an imbedded in network out-of-pocket max. Meaning, if a member is in the classic and basic family plan the member will not reach their out-of-pocket max until all members of the family reach their max. However, the proposed regulation would state you must apply the individual out-of-pocket maximum in that situation. Therefore, the member with 10,000 out-of-pocket max will began to cap at the federal max amount.

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

Alexander reported there are ten (10) RFP for case management in the grading process. The RFP for HSA is out with questions. The RFP for the PBM Contract is waiting to be released by The Governor's Office. Also, there were seven (7) contracts renewed by the committee.

**Meeting Adjourned**

**Arkansas State Employees (ASE) Financials - January 1, 2014 through April 30, 2014**

	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents						
Actives	24206	44403	1548	2874	2336	4536	28090	51813
Retirees	2469	3436	23	35	57	104	2549	3575
Medicare	8172	10835					8172	10835
<b>TOTAL</b>	<b>34847</b>	<b>58674</b>	<b>1571</b>	<b>2909</b>	<b>2393</b>	<b>4640</b>	<b>38811</b>	<b>66223</b>

**REVENUES & EXPENDITURES**

	Current Month	Year to Date (4 months)
<b>Funding</b>		
State Contribution	\$ 14,318,976	\$ 57,272,176
Employee Contribution	\$ 7,617,351	\$ 30,525,985
Other	\$ 465,551	\$ 2,453,013
Allocation for Actives - Plan Year 2014	\$ 2,154,167	\$ 8,616,667
<b>Total Funding</b>	<b>\$ 24,556,045</b>	<b>\$ 98,867,841</b>
<b>Expenses</b>		
Medical Expenses		
Claims Expense	\$ 13,613,411	\$ 57,551,445
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,102,005	\$ 4,412,909
Refunds	\$ 2,641	\$ 45,013
Employee Assistance Program (EAP)	\$ 56,218	\$ 224,929
Life Insurance	\$ 54,745	\$ 218,882
Pharmacy Expenses		
RX Claims	\$ 5,132,753	\$ 21,716,907
RX IBNR	\$ -	\$ -
RX Administration	\$ 253,602	\$ 1,016,758
Plan Administration	\$ 377,027	\$ 1,427,578
<b>Total Expenses</b>	<b>\$ 20,592,402</b>	<b>\$ 86,614,421</b>
<b>Net Income/(Loss)</b>	<b>\$ 3,963,642</b>	<b>\$ 12,253,420</b>

**BALANCE SHEET**

<b>Assets</b>		
Bank Account		\$ 10,686,808
State Treasury		\$ 71,506,004
Due from Cafeteria Plan		\$ 668,305
Due from PSE		\$ -
Receivable from Provider		\$ -
Accounts Receivable		\$ 400,693
<b>Total Assets</b>		<b>\$ 83,261,810</b>
<b>Liabilities</b>		
Accounts Payable		\$ 2,520
Deferred Revenues		\$ 3,690
Due to Cafeteria		\$ 601
Due to PSE		\$ 283
Health IBNR		\$ 23,200,000
RX IBNR		\$ 2,400,000
<b>Total Liabilities</b>		<b>\$ 25,607,094</b>
<b>Net Assets</b>		<b>\$ 57,654,716</b>
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14	(\$7,460,000 + \$9,390,000 + \$9,000,000)	\$ (17,233,333)
Premiums for Plan Year 1/1/15 - 12/31/15	(\$6,260,000 + \$5,400,000)	\$ (11,660,000)
Premiums for Plan Year 1/1/16 - 12/31/16	(\$3,600,000)	\$ (3,600,000)
Catastrophic Reserve		\$ (10,600,000)
<b>Net Assets Available</b>		<b>\$ 14,561,382</b>

**Arkansas State Employees (ASE) Financials - January 1, 2015 through April 30, 2015**

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
<b>BASIC</b>	922	16		<b>938</b>		1605	30		<b>1635</b>
<b>CLASSIC</b>	1828	53		<b>1881</b>		3118	82		<b>3200</b>
<b>PREMIUM</b>	24506	2165		<b>26671</b>		42801	2802		<b>45603</b>
<b>PRIMARY</b>		222	8711	<b>8933</b>			453	11471	<b>11924</b>
<b>TOTAL</b>	<b>27256</b>	<b>2456</b>	<b>8711</b>	<b>38423</b>		<b>47524</b>	<b>3367</b>	<b>11471</b>	<b>62362</b>

**REVENUES & EXPENDITURES**

	<b>Current Month</b>	<b>Year to Date (4 Months)</b>
<b>Funding</b>		
State Contribution	\$ 14,361,480	\$ 57,430,844
Employee Contribution	\$ 8,034,191	\$ 32,235,170
Other	\$ 47,201	\$ 1,835,143
Allocation for Actives - Plan Year 2015	\$ 971,667	\$ 3,886,667
<b>Total Funding</b>	<u>\$ 23,414,539</u>	<u>\$ 95,387,824</u>
<b>Expenses</b>		
Medical Expenses		
Claims Expense	\$ 10,221,768	\$ 45,165,264
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 924,143	\$ 4,119,251
Refunds	\$ (5,331)	\$ (31,790)
Employee Assistance Program (EAP)	\$ 56,325	\$ 225,886
Life Insurance	\$ 54,924	\$ 220,218
Pharmacy Expenses		
RX Claims	\$ 5,432,301	\$ 20,481,531
RX IBNR	\$ -	\$ -
RX Administration	\$ 212,310	\$ 849,914
Plan Administration	\$ 544,299	\$ 1,544,384
<b>Total Expenses</b>	<u>\$ 17,440,739</u>	<u>\$ 72,574,659</u>
<b>Net Income/(Loss)</b>	\$ 5,973,800	\$ 22,813,165

**BALANCE SHEET**

<b>Assets</b>	
Bank Account	\$ 15,536,022
State Treasury	\$ 81,185,589
Due from Cafeteria Plan	\$ 709,521
Due from PSE	\$ -
Receivable from Provider	\$ -
Accounts Receivable	\$ (51,273)
<b>Total Assets</b>	<u>\$ 97,379,858</u>
<b>Liabilities</b>	
Accounts Payable	\$ 3,758
Deferred Revenues	\$ -
Due to Cafeteria	\$ 1,178
Due to PSE	\$ 343,989
Due to Federal Government (\$44 fee)	\$ -
Health IBNR	\$ 24,700,000
RX IBNR	\$ 1,800,000
<b>Total Liabilities</b>	<u>\$ 26,848,925</u>
<b>Net Assets</b>	\$ 70,530,933
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000 + \$5,400,000)	\$ (7,773,333)
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)
<b>Net Assets Available</b>	<u>\$ 48,757,600</u>

Fifth Week of Claims \$

**Public School Employees (PSE) Financials - January 1, 2014 through April 30, 2014**

	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents						
Actives	18436	22383	5016	7848	23190	42034	46642	72265
Retirees	1837	2135	96	99	1196	1488	3129	3722
Medicare	8928	9782					8928	9782
<b>TOTAL</b>	<b>29201</b>	<b>34300</b>	<b>5112</b>	<b>7947</b>	<b>24386</b>	<b>43522</b>	<b>58699</b>	<b>85769</b>

**REVENUES & EXPENDITURES**

	Current Month	Year to Date (4 months)
<b>Funding</b>		
Per Participating Employee Funding (PPE Funding)	\$ 8,474,803	\$ 33,951,179
Employee Contribution	\$ 10,086,419	\$ 40,680,143
Department of Education \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 20,227,273
Other	\$ 28,777	\$ 604,003
Allocation for Actives - Plan Year 2014	\$ 3,583,333	\$ 14,333,333
<b>Total Funding</b>	<b>\$ 29,105,151</b>	<b>\$ 109,795,931</b>
<b>Expenses</b>		
Medical Expenses		
Claims Expense	\$ 14,233,933	\$ 63,368,410
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,594,804	\$ 6,398,713
Refunds	\$ 16,301	\$ 67,605
Employee Assistance Program (EAP)	\$ 80,687	\$ 323,638
Pharmacy Expenses		
RX Claims	\$ 3,408,822	\$ 15,100,300
RX IBNR	\$ -	\$ -
RX Administration	\$ 332,478	\$ 1,332,900
Plan Administration	\$ 291,892	\$ 1,268,514
<b>Total Expenses</b>	<b>\$ 19,958,918</b>	<b>\$ 87,860,081</b>
<b>Net Income/(Loss)</b>	<b>\$ 9,146,233</b>	<b>\$ 21,935,850</b>

**BALANCE SHEET**

<b>Assets</b>		
Bank Account		\$ 25,451,550
State Treasury		\$ 49,133,755
Receivable from Provider		\$ -
Accounts Receivable		\$ 3,350,075
Due from ASE		\$ 283
<b>Total Assets</b>		<b>\$ 77,935,663</b>
<b>Liabilities</b>		
Accounts Payable		\$ 642
Due to ASE		\$ -
Deferred Revenues		\$ -
Health IBNR		\$ 28,000,000
RX IBNR		\$ 1,800,000
<b>Total Liabilities</b>		<b>\$ 29,800,642</b>
<b>Net Assets</b>		<b>\$ 48,135,021</b>
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14 (\$43,000,000)		\$ (28,666,667)
Catastrophic Reserve (2014 - \$11,100,000)		\$ (11,100,000)
<b>Net Assets Available</b>		<b>\$ 8,368,354</b>

**Public School Employees (PSE) Financials - January 1, 2015 through April 30, 2015**

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
<b>BASIC</b>	2403	123		2526	3570	148		3718
<b>CLASSIC</b>	21484	1544		23028	39401	1882		41283
<b>PREMIUM</b>	20798	1244		22042	26654	1337		27991
<b>PRIMARY</b>		111	9953	10064		224	10882	11106
<b>TOTAL</b>	<b>44685</b>	<b>3022</b>	<b>9953</b>	<b>57660</b>	<b>69625</b>	<b>3591</b>	<b>10882</b>	<b>84098</b>

**REVENUES & EXPENDITURES**

	Current Month	Year to Date (4 Months)
<b>Funding</b>		
Per Participating Employee Funding (PPE Funding)	\$ 8,236,053	\$ 32,990,625
Employee Contribution	\$ 9,129,112	\$ 36,690,945
Department of Education \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 36,521,226
Other	\$ 524,714	\$ 2,326,130
Allocation for Actives	\$ 1,666,667	\$ 6,666,667
<b>Total Funding</b>	<b>\$ 26,488,363</b>	<b>\$ 115,195,592</b>
<b>Expenses</b>		
Medical Expenses		
Claims Expense	\$ 10,902,202	\$ 47,605,865
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,534,512	\$ 6,175,057
Refunds	\$ (3,950)	\$ (7,103)
Employee Assistance Program (EAP)	\$ 77,402	\$ 309,933
Pharmacy Expenses		
RX Claims	\$ 3,460,452	\$ 12,659,791
RX IBNR	\$ -	\$ -
RX Administration	\$ 293,645	\$ 1,166,620
Plan Administration	\$ 717,598	\$ 1,885,057
<b>Total Expenses</b>	<b>\$ 16,981,862</b>	<b>\$ 69,795,221</b>
<b>Net Income/(Loss)</b>	<b>\$ 9,506,501</b>	<b>\$ 45,400,371</b>

**BALANCE SHEET**

<b>Assets</b>	
Bank Account	\$ 20,656,235
State Treasury	\$ 88,574,284
Receivable from Provider	\$ -
Accounts Receivable	\$ 4,555,547
Due from ASE	\$ 343,989
<b>Total Assets</b>	<b>\$ 114,130,055</b>
<b>Liabilities</b>	
Accounts Payable	\$ 875
Due to ASE	\$ -
Deferred Revenues	\$ 2,349
Due to Federal Government (\$44 fee)	\$ -
Health IBNR	\$ 28,000,000
RX IBNR	\$ 1,400,000
<b>Total Liabilities</b>	<b>\$ 29,403,224</b>
<b>Net Assets</b>	<b>\$ 84,726,832</b>
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$20,000,000 rec'd from Dept. of Education)	\$ (13,333,333)
Premium Assistance (FICA Savings)	\$ (1,894,869)
Catastrophic Reserve (2015 \$10,900,000)	\$ (10,900,000)
<b>Net Assets Available</b>	<b>\$ 58,598,629</b>



## **State and Public School Life and Health Insurance Board Benefits Sub-Committee Summary Report**

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- Payment Improvement Initiative Program
- Benefits and Preliminary Rates for Calendar Year 2016 – Cheiron
- Compass Professional Health Services

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**A motioned was approved to recommend the approved rates shown on page 11 of the presentation for one (1) year. A second motion was approved to research and obtain the appropriate data to create an RFP for new life insurance in the calendar year 2017.**

## **Helping Employees Navigate the Healthcare System – David Toomey, Adam Johnson, Compass Healthcare Services**

Compass Healthcare provides employees with a simpler plan to navigate the Healthcare system. The following are some of the advantages:

- Simplify Healthcare Decision-Making and Lower Cost
- Create a Culture of Wellness
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- Low cost of \$6.00 per employee per month

## **Payment Improvement Initiative Update – Alicia Berkemeyer, Blue Cross Blue Shield**

The Patient Centered Medical Home Pilot Program is a Primary Care Program. A two year pilot program was performed in 2010 – 2012. The results were positive. The following are some of the benefits of the program:

- Identify top 10% of high-priority beneficiaries
- Access operations of practice and opportunities to improve
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- Use Electronic Health Record (EHR) for care coordination.

The program is designed to improve the quality of life and save money.

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**Arkansas  
BlueCross BlueShield**

An Independent Licensee of the Blue Cross and Blue Shield Association

# Primary Care Programs

good for  
**you.**

Alicia Berkemeyer  
May 2015

# Primary Care Programs

- Patient Centered Medical Home (PCMH)
- Arkansas Blue Cross Blue Shield- Pilot
- Comprehensive Primary Care initiative
- Arkansas Patient Centered Medical Home
- Alignment project



Arkansas  
BlueCross BlueShield  
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# Patient Centered Medical Home

1. Patient Centered
2. Comprehensive Care
3. Coordinated Care – Medical Neighborhood
4. Access to Care
5. Quality and Safety



# Arkansas Blue Cross Blue Shield Patient Centered Medical Home Pilot

- Two year pilot - 2010-2012
- Support primary care practices in practice transformation
- Achieve National Committee for Quality Assurance (NCQA)
  - Patient Centered Medical Home level 2 recognition

AHEC Family Practice – Jonesboro

– **NCQA level 3**

Baptist Health Family Clinic – Bryant

– **NCQA level 2**

Harrison Family Practice Clinic

– **NCQA level 3**

Ozark Internal Medicine and Pediatrics – Clinton

– **NCQA level 3**

UAMS- Family Medical Center – Little Rock

– **NCQA level 3**

# Pilot Results

- The PCMH Pilot Project has shown some very positive results with:
  - ↓ Readmission Rates
  - ↓ Emergency Room Visits and Related Costs
  - ↑ Improved ER Utilization
  - ↑ Generic Drug Prescribing Rates

# Pilot Results

- Desired Outcomes



## 30 Day Inpatient Readmission Rates

- PCMH clinics: 20% decrease
- State average: 5% decrease



## Emergency Room costs

- PCMH clinics: 10% decrease
- State average: 33% increase



## Percentage of Emergent - Care Needed

- PCMH clinics: 3% increase
- State average: 25% increase



## Emergency Room Visits

- PCMH clinics: 3% decrease
- State average: 17% increase

# Pilot Results

- Cost Desired Outcomes:
  -  Emergency Room Costs
    - PCMH clinics: 10% decrease
    - State average: 33% increase
  -  Imaging Costs
    - PCMH clinics: 15% decrease
    - State average: 15% decrease
  -  Mental Health Costs
    - PCMH clinics: 8% decrease
    - State average: 64% increase

# Comprehensive Primary Care (CPC)

## – Statewide

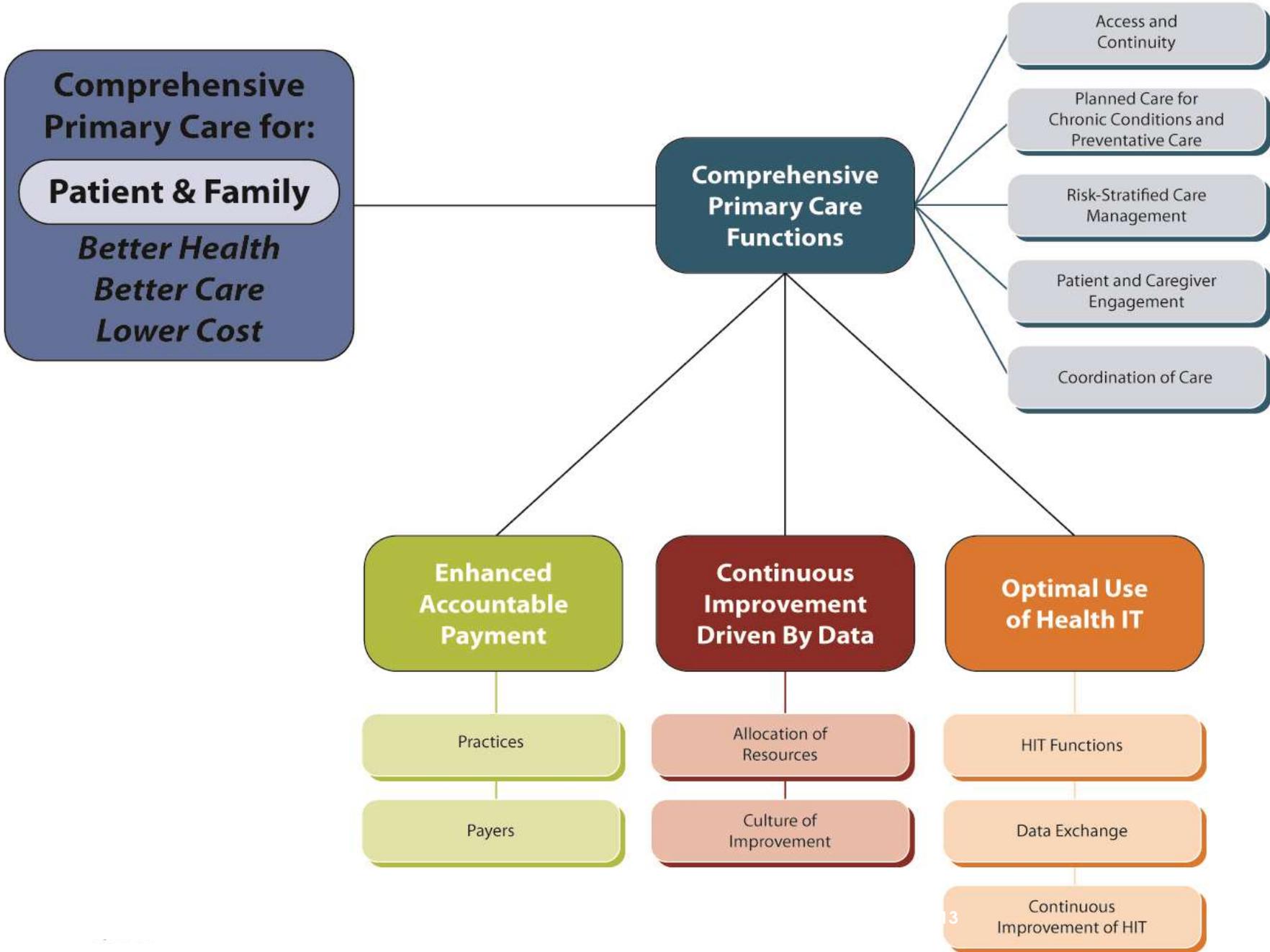
- **ARKANSAS ( 69 practices)**
- Colorado
- New Jersey
- Oregon

## – Regional

- New York: Capital District – Hudson Valley
- Ohio: Cincinnati – Dayton
- Oklahoma: Greater Tulsa

# Arkansas Market Payers

- » Medicare
- » Medicaid
- » QualChoice
- » Humana
- » Health Advantage/ Arkansas Blue Cross and Blue Shield
  - Arkansas State and School Employees
  - Arkansas Blue Cross and Blue Shield Employees
  - Baptist Health Employees
  - Federal Employee Program
  - Wal-Mart



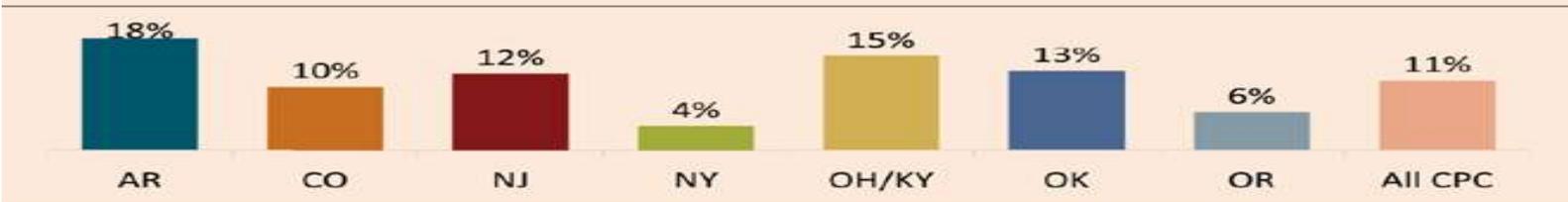
# Arkansas CPC results

- Comprehensive Primary Care initiative (CPC) sponsored by CMS Innovation Center
- Arkansas has the highest percentage of patients receiving care management services.
- Arkansas 7<sup>th</sup> Quarter Report
  - 8.3% decrease in hospital admissions
  - 1.9% decrease in ER visits
  - 6% decrease in 30-day readmissions



# Arkansas CPC results

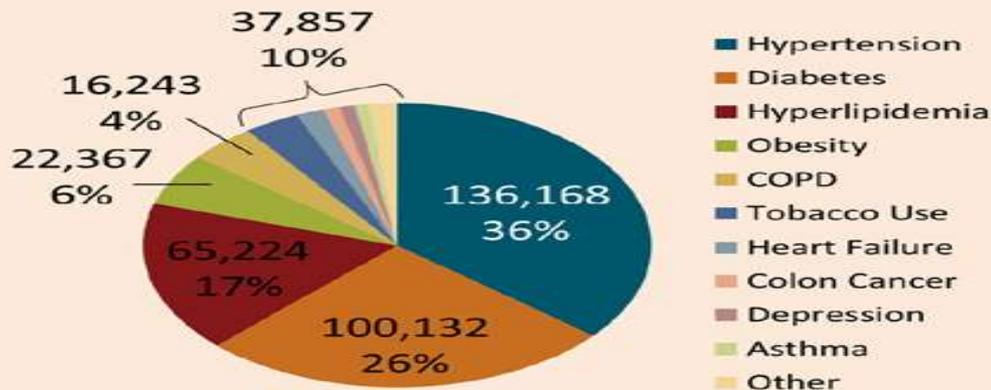
**Percent of Active Patients Receiving Care Management Services, July 2014**



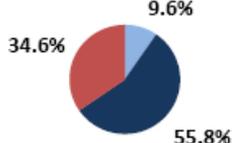
**Number of CPC Practices Offering Modes of Enhanced Access, July 2014**



**Number of Patients that Received Self-Management Support, by Condition, as a Proportion of All Patients That Received Self-Management Support between April and June 2014**



# Arkansas State and School Employees Comprehensive Primary Care (CPC)

		Qtr 1	Qtr 2	Qtr 3	Qtr 4	
<b>YEAR-TO-DATE PROGRAM SUMMARY</b>						
<b>Total Active Members</b>				140,294	139,205	
CPC Attributed Members				13,587 (9.7%)	13,409 (9.6%)	
Other PCP Attributed Members				77,655 (55.4%)	77,655 (55.8%)	
Active Non-Attributed Members				49,052 (35.0%)	48,141 (34.6%)	
<b>Total Care Management Fee Spent</b>				\$126,591	\$120,654	
<b>Rolling Year Ending:</b>		<b>9/30/2013</b>	<b>12/31/2013</b>	<b>3/31/2014</b>	<b>6/30/2014</b>	
<b>TOTAL COST OF CARE</b>						
Group CPC Attributed PMPM				\$420	\$411	\$411
Group Other PCP Attributed PMPM		\$360	\$367	\$352	\$369	\$369
State CPC Attributed PMPM		\$372	\$388	\$409	\$405	\$405
State Other PCP Attributed PMPM		\$295	\$304	\$301	\$325	\$325
<b>UTILIZATION</b>						
<b>Hospital Inpatient - Admits per 1,000 per month</b>	Group CPC Attributed			5.6	5.3	5.3
	Group Other PCP Attributed	5.8	5.7	5.5	5.6	5.6
	State CPC Attributed	5.5	5.5	5.5	5.4	5.4
	State Other PCP Attributed	4.7	4.6	4.5	4.8	4.8
<b>Hospital Inpatient- Re-Admit Rate</b>	Group CPC Attributed			7.2%	6.7%	6.7%
	Group Other PCP Attributed	9.4%	9.0%	8.6%	9.2%	9.2%
	State CPC Attributed	6.8%	8.5%	8.1%	7.9%	7.9%
	State Other PCP Attributed	9.3%	8.9%	9.0%	9.1%	9.1%
<b>Emergency Room Visits per 1,000 per month</b>	Group CPC Attributed			16.6	15.9	15.9
	Group Other PCP Attributed	17.1	17.1	16.9	17.8	17.8
	State CPC Attributed	15.8	16.2	16.6	16.2	16.2
	State Other PCP Attributed	15.0	15.1	15.2	16.7	16.7
<b>Prescriptions - Generic Rate</b>	Group CPC Attributed			85.4%	86.7%	86.7%
	Group Other PCP Attributed	83.9%	84.5%	85.8%	87.0%	87.0%
	State CPC Attributed	84.8%	85.0%	85.6%	86.5%	86.5%
	State Other PCP Attributed	83.8%	84.4%	85.5%	86.5%	86.5%

# Arkansas Patient Centered Medical Home

# Arkansas Patient Centered Medical Home

- 143 Practices
- Payers
  - Arkansas Blue Cross Blue Shield
  - Health Advantage
  - Wal-Mart
  - Federal Employee Program
  - Arkansas Blue Cross and Blue Shield Employee group
  - QualChoice
  - Am Better
- Commercial payers-
  - Effective date/ payments begin April 2015

# Activity Metrics

- Identify top 10% of high-priority beneficiaries
- Assess operations of practice and opportunities to improve
- Develop and record strategies to implement care coordination and practice transformation.
- Identify and reduce medical neighborhood barriers to coordinated care at the practice level.
- Make available 24/7 access to care.
- Track same-day appointment requests
- Establish processes that result in contact with beneficiaries who have not received preventive care.
- Complete a short survey related to beneficiaries' ability to receive timely care, appointments and information from specialists, including Behavioral Health (BH) specialists.
- Invest in health care technology or tools that support practice transformation.
- Join SHARE and be able to access inpatient discharge and transfer information.
- Incorporate e-prescribing into practice workflows.
- Use Electronic Health Record (EHR) for care coordination. The EHR adopted must be one that is certified by Office of the National Coordinator for Health Information Technology and is used to store care plans.
- Demonstrate the ability to extract clinical quality data from EHRs



Arkansas  
BlueCross BlueShield  
An Independent Licensee of the Blue Cross and Blue Shield Association

# Primary Care Alignment





**Arkansas  
BlueCross BlueShield**  
An Independent Licensee of the Blue Cross and Blue Shield Association

# Membership

Statewide				CPC	State PCMH
Members	Unaligned	Attributed	%Members	Attributed	Attributed
122,125	27,846	94,279	77%	13,243	28,976

# Arkansas State Employees & Public School Employees Health Benefits Program



## Benefits and Preliminary Rates for Calendar Year 2016

May 19, 2015  
Board Meeting

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

	Page
1) Benefits for 2016	2
2) Updated Projections for 2015	5
3) Sensitivity of Contribution Rates	6
4) Trend Experience/Assumptions	7
5) Projected Impact on Reserves	13

## Appendices

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

# Review of 2015 Plan Design (vs 2014)



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

\*Deductible & Co-Insurance also applies





- Proposed Federal regulation would likely require HSA plans to have embedded in-network out-of-pocket (OOP) maximum
  - In Classic or Basic, if an employee with family coverage has \$10,000 in OOP costs, and his dependents have \$2,000, the OOP is not reached.
  - Proposed regulation would require applying individual OOP max even if they have family coverage.
  - Impact about \$1 million for PSE (negligible for ASE).
  - Premium already complies with proposed regulation.
- 2016 OOP Max Limits
  - Non-HSA Plans: \$6,850(individual); \$13,700 (family)
  - HSA Plans: \$6,550(individual); \$13,100 (family)

# Benefits for 2016



- Current OOP Max (individual; family = 2x) set at 2015 maximums
  - Premium: \$6,600 = \$3,000 Medical + \$3,600 Rx
  - Classic/Basic: \$6,450
    - ASE Basic deductible = \$6,450
- For consideration
  - Apply individual OOP when family coverage per proposed regulation
  - Increase OOP Max to 2016 levels? (not required)
    - For Classic & Basic?
    - For Premium?
    - Keep ASE Basic deductible = OOP max?
- Other Changes?

# Updated Projections for 12/31/2015



## PSE

(In Millions \$)

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

## ASE

(In Millions \$)

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

- With no new reserve allocation, each 1% change in projected claims translates to approximately a 3% change in employee/retiree contributions
  - Applies to both ASE and PSE in aggregate; specific plans/groups can change more or less.
- Calendar year 2014 claims experience was approximately 2% below what was projected in June/July when setting 2015 rates.
- Expecting higher trends, particularly in pharmacy.



- Projected national average trends (per PWC's Health Research Institute (HRI))
  - 2014 projected 6.5%
  - 2015 projected 6.8%
- Excluding benefit and demographic changes, medical trend *decreased* approximately 1.5% for ASE & 0.5% for PSE
- Possible reasons for changes
  - Increased utilization/case management
    - Per AHH report, impact likely <1%
  - Increased participant cost share
  - Favorable claims fluctuations
  - More efficiency in health care practice patterns
  - Wellness incentives (although usually a lag in impact)
- Increased assumption for 2016 rates from 6% to 8% per year, because of possibility of adverse claims fluctuations

# Pharmacy Trend: 2014 vs 2013



	Unit Cost	Utilization	Total
<b><i>National Average*</i></b>			
Traditional	<b>6.5%</b>	<b>-0.1%</b>	<b>6.4%</b>
Specialty	<b>25.2%</b>	<b>5.8%</b>	<b>30.9%</b>
<b>Total Overall</b>	<b>13.2%</b>	<b>-0.04%</b>	<b>13.1%</b>
<b><i>ASE&amp;PSE</i></b>			
Brand	18.5%	-27.4%	-14.0%
Generic	-10.6%	1.0%	-9.7%
Traditional	<b>-9.0%</b>	<b>-3.3%</b>	<b>-12.0%</b>
Specialty	<b>8.0%</b>	<b>-15.1%</b>	<b>-8.4%</b>
<b>Total Overall</b>	<b>-8.4%</b>	<b>-3.3%</b>	<b>-11.5%</b>

\*Per <http://lab.express-scripts.com/drug-trend-report>

*The above figures are before changes in copays & other participant cost sharing*

# Reasons for lower ASE&PSE trends



- Additional reference pricing
  - Decreases overall unit cost
  - Shifts brand utilization to generic utilization
  - Decreases overall utilization (since some generics less than copay)
- New Hepatitis C medications not covered in 2014
  - Primary reason for increase in specialty national average was new Hepatitis C medications
- Management of MAC pricing
  - Decreases generic unit cost
- Increases in copays
  - Shifts utilization to lower copays
  - Decreases generic utilization (since more generics less than copay)
  - Can decrease overall utilization (people foregoing medications)
- Compound medication limitations
  - Prevented unit cost increases

# Pharmacy Trend: Traditional Therapy



2015 - 2017

THERAPY CLASS	TREND FORECAST		
	2015	2016	2017
Diabetes	18.3%	18.3%	18.3%
High Blood Cholesterol*	-8.5%	-14.3%	-24.7%
Compounded Medications	-45.0%	8.0%	8.0%
Pain/Inflammation	13.1%	9.4%	9.5%
High Blood Pressure/Heart Disease	-3.5%	-6.7%	-10.6%
Heartburn/Ulcer Disease	-31.4%	-34.0%	-30.7%
Asthma	12.7%	9.8%	9.9%
Attention Disorders	11.8%	11.0%	10.2%
Depression	-26.3%	-10.8%	-0.8%
Mental/Neurological Disorders	0.7%	-6.0%	-5.5%
Contraceptives	15.0%	11.0%	9.0%
Anticoagulants	25.1%	15.5%	12.3%
Other Traditional Classes	1.7%	3.1%	2.4%
<b>TOTAL TRADITIONAL</b>	<b>-0.5%</b>	<b>3.9%</b>	<b>4.3%</b>

\*Due to uncertainty regarding price projections and regulatory guidance, PCSK9 inhibitors products were excluded from our forecast.

Source: <http://lab.express-scripts.com/drug-trend-report>

# Pharmacy Trend: Specialty Therapy



2015 - 2017

THERAPY CLASS	TREND FORECAST**		
	2015	2016	2017
Inflammatory Conditions	21.6%	21.6%	21.1%
Multiple Sclerosis	11.3%	6.5%	3.0%
Oncology	21.6%	20.4%	19.8%
Hepatitis C	66.5%	55.4%	44.3%
HIV	17.3%	16.6%	16.2%
Miscellaneous Specialty Conditions	31.1%	29.7%	28.2%
Growth Deficiency	12.5%	10.4%	10.5%
Hemophilia	3.9%	3.3%	3.4%
Pulmonary Arterial Hypertension	12.5%	12.0%	12.1%
Transplant	-5.8%	-1.3%	0.0%
Hereditary Angioedema	22.5%	24.2%	20.7%
Other Specialty Classes	6.7%	6.7%	6.4%
<b>TOTAL SPECIALTY</b>	<b>22.6%</b>	<b>22.3%</b>	<b>21.3%</b>

\*\*Trend is forecast only for specialty medications billed through the pharmacy benefit.

Source: <http://lab.express-scripts.com/drug-trend-report>



- Generic utilization at 88.5%
  - Probably effectively higher since many generics less than copay
  - Unlikely to see much additional shift to generics
- Assuming 2014 national average changes...
  - Traditional unit cost increases of 6.5%
  - Specialty unit cost increases of 25.2%
  - Specialty utilization increases of 5.8%

...annual trend would likely be 12-14%
- Increased assumption for 2016 rates from 6% to 10% per year.

# Projected Impact on Reserves



- Preliminarily, under the 50%/30%/20% formula (years 1/2/3) new reserve allocations if no change to employee/retiree rates:
  - \$13.0 Million for PSE
  - \$17.2 Million for ASE
- Sensitivity of 12/31/2016 reserves to changes in trend
  - 1% change in non-Medicare medical trend changes projected 12/31/2016 reserves by
    - \$4.0 million for PSE
    - \$3.6 million for ASE
  - 1% change in Rx trend changes projected 12/31/2016 reserves by
    - \$1.3 million for PSE
    - \$1.7 million for ASE
  - The above figures represent change in reserves, not the new reserve allocation needed

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

5/19/2015

# CHEIRON



Classic Values, Innovative Advice.

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

# Appendix A – PSE Actives

## 2015 Final Rate Details



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

# Appendix A – PSE Retirees

## Non-Medicare Eligible 2015 Final Rate Details



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

# Appendix A – PSE Retirees

## Medicare Eligible 2015 Final Rate Details



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

# Appendix A – ASE Actives

## 2015 Final Rate Details



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

# Appendix A – ASE Retirees

## Non-Medicare Eligible 2015 Final Rate Details



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

# Appendix A – ASE Retirees

## Medicare Eligible 2015 Final Rate Details



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



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

# Appendix B: PSE Preliminary Active Rates



(Unadjusted – No Active Migration)

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

\*Already subtracted from Total Rates

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

5/19/2015



Classic Values, Innovative Advice.

# Appendix B: PSE Preliminary NME Retiree Rates



(Unadjusted – No Active Migration)

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

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

5/19/2015



Classic Values, Innovative Advice.

# Appendix B: PSE Preliminary ME Retiree Rates



(Unadjusted – No Active Migration)

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

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

5/19/2015



# Appendix B: ASE Preliminary Active Rates



(Unadjusted – No Active Migration)

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

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

5/19/2015



Classic Values, Innovative Advice.

# Appendix B: ASE Preliminary NME Retiree Rates



(Unadjusted – No Active Migration)

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

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

5/19/2015



Classic Values, Innovative Advice.

# Appendix B: ASE Preliminary ME Retiree Rates



(Unadjusted – No Active Migration)

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

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

5/19/2015



Classic Values, Innovative Advice.

# Appendix C – Use & Disclosures



- The assumptions and methods for updated projections are as described on our monitoring reports dated February 16, 2015. 2015 projections do not reflect any updated claims experience since the rates were established in 2015.
- 2016 projections are based on Calendar Year 2014 claim experience, paid through April 2014, adjusted for demographic, benefits, and network changes. All projections for 2016 are illustrative and are not intended to convey any projected rate changes. Additional details about assumptions and methods will be provided in follow-up documentation.
- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the Plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information, and claims data. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. This presentation does not reflect future changes in benefits, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010, related legislation, or regulations.
- Cheiron's analysis was prepared exclusively for the Employee Benefits Division of the State of Arkansas for the specific purpose of providing projections and options to the Arkansas State and Public School Life and Health Insurance Board. Our analysis is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.
- The figures in this presentation are preliminary and subject to change or modification as more detailed information is gathered and depending upon decisions made by the Board.