

**State and Public School Life
And Health Insurance Board
Minutes
June 14, 2011**

The 117th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on June 14, 2011 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT

Janis Harrison
Lloyd Black
William Goff
Shelby McCook
Renee Mallory
John Kirtley
Bob Alexander

MEMBERS ABSENT

Dr. Joseph Thompson
Dr. Andrew Kumpuris
Coby Logan
Kelly Chaney

Jason Lee, Executive Director, Employee Benefits Division.

OTHERS PRESENT:

George Platt, Leigh Ann Chrouch, Michelle Hazelett, Doug Shackelford, Stella Greene, Marla Wallace, Amy Tustison, Lori Eden, Pamela Lawrence, Raina Porchay, Sherri Saxby, Latryce Taylor, Yolanda Winston, Cathy Harris, EBD; Barbara Melugin, Ron Deberry, David Bridges, ABCBS/Health Advantage; Sarah Sanders, AR Highway & Transportation Dept, Shonda Rocke, Connie Bennett, Informed Rx; Bryan Meldrum, NovaSys; Vicki Fleming, Health Department; Mike Moratz, Ethicon Endo-Surgery; Susan Walker, Data Path Administrative Services; George Burks, US Able Life; Richard Ponder, Johnson & Johnson; Steve Singleton, AR Retired Teacher Association; Karen Payton, American Health Holdings; Dwight Davis, UAMS; Doris Williams, AR Department of Health; Kim Henderson, AR Development Finance Authority

CALL TO ORDER

Meeting was called to order by Janis Harrison, Chairman.

APPROVAL OF MINUTES

The request was made by Harrison to approve the May 10, 2011 minutes. McCook made the motion to approve minutes. Mallory seconded. All were in favor. Minutes approved.

BOARD HONORS *by Jason Lee*

The State and Public School Life and Health Insurance Board honored members Janis Harrison and Shelby McCook for their years of service to the Board. Harrison is retiring from DF& A and McCook's term with the Board has expired. The Board presented them with certificates of appreciation.

FINANCIALS *by Leigh Ann Chrouch, CFO*

Chrouch presented detailed financial statements for the Arkansas State Employees (ASE) and the Public School Employees (PSE) and the penalties assessed by state agencies and school districts for April 2011.

Chrouch informed the Board it is her last meeting because she is retiring on June 30th. The Board took an opportunity to say goodbye.

BENEFITS SUBCOMMITTEE REPORT *by Lloyd Black*

Black reported the Benefits Subcommittee met on June 10, 2011. Black said they were given an overview of the 2012 benefit options and then presented one recommendation for Board consideration.

1. Gold / Silver / Bronze Plan Design

Recommendation: That the copay for vision care and hearing exams on the Silver plan be equal to the copay (\$35) on the Gold and Bronze plan as part of the wellness benefits.

Lee explained that the scope of benefits will be the same among the plans but the value of those benefits will vary across the Gold, Silver and Bronze levels.

McCook made the motion to adopt the recommendation for vision care and hearing exams. Mallory seconded. All were in favor. Motion carried.

Black informed the Board the committee discussed the USPSTF recommendation for screening mammography, but the committee decided to take no action until the Quality Committee has a chance to review in October.

Lee explained the Board adopted the Grade A and B Recommendations of the United States Preventive Services Task Force for the 2012 plan year. The USPSTF recommends screening mammography for women with or without clinical breast examination (CBE), every 1-2 years for women aged 40 and older but the plan covers 1 mammogram per year with no age limit. Lee said they exceed the USPSTF recommended coverage.

Black reported Cheiron provided an overview of the ASE & PSE Actives and Retires preliminary rates for Plan Year 2012. The Benefits Subcommittee

requested Cheiron bring back price estimates of reserve allocations for ASE & PSE Medicare Eligible Retirees.

The Benefits Subcommittee elected Becky Walker as Chair of the Committee and Lloyd Black, Co-Chairman.

Mallory made the motion to adopt the Benefits Subcommittee report. Kirtley seconded. All were in favor. Motion carried.

2. 2012 Plan Year Rating

Colberg explained the rate development and the final rate details for the ASE & PSE Actives and Retirees rates.

McCook made the motion to adopt option B (10% change) approach for developing the rates for PSE Actives for the 2012 plan year. Black seconded. All were in favor. Motion carried.

McCook reference the PSE Retirees Medicare Eligible chart where it indicated eight dollars and ten cent decrease for the Retiree & Non Medicare Eligible Spouse (NMESP). McCook suggested they make the Retiree & NMESP plan cost neutral, and blend the decrease with the other plans and set the rates in the Gold plan based on that approach. McCook suggested they apply the same approach to the PSE Non Medicare Retirees rates as well.

Black made the motion that the decreases for the Non Medicare Eligible and Medicare Eligible retirees be used to offset the increases to the retirees in the Gold plan. McCook seconded. All were in favor. Motion carried.

McCook made the motion to adopt option B approach for developing the rates for ASE Actives and Retirees 2012 plan year. Black seconded. All were in favor. Motion carried.

ELECTION OF OFFICERS *by Janis Harrison*

Harrison accepted nominations for the two-year term of Chairman of the Board. McCook nominated Mallory, Alexander seconded the nomination. After receiving no additional nominations, Harrison closed the nominations. Mallory was declared elected by acclamation as Chair of the Board

Harrison accepted nominations for the two-year term of Vice Chairman of the Board. Mallory nominated Kirtley, Goff seconded the nomination. After receiving no additional nominations, Harrison closed the nominations. Kirtley was declared elected by acclamation as Vice-Chairman of the Board.

Meeting adjourned.

AGENDA

State and Public School Life and Health Insurance Board

EBD Board Room - 501 Building - 5th Floor

June 14, 2011 1:00 p.m.

1. **Call to Order***Janis Harrison, Chair*
2. **Approval of Minutes***Janis Harrison, Chair*
3. **Financials** *Leigh Ann Chrouch, Chief Fiscal Officer*
4. **Benefits Subcommittee Report**.....*Lloyd Black, Co-Chairman*
 - a. **Gold / Silver / Bronze Plan Design**
 - b. **2012 Plan Year Rating**
5. **Election of Officers***Janis Harrison, Chair*
6. **Director's Report***Jason Lee, Executive Director*

Upcoming Meeting
July 19 (Final review of 2012 Plan Year Rates)

Arkansas State Employees (ASE) Financials - January 1, 2011 through April 30, 2011

	ARHealth	Health Adv	NovaSys	Total
Actives		25,796	915	26,711
Actives HD			1,051	1,051
Retirees	9,034			9,034
COBRA		119	9	128
Total	9,034	25,915	1,975	36,924

Operations as of 04/30/11

	Current Month	Year to Date (4 months)
Funding		
State Contribution	\$ 13,604,280	\$ 54,465,312
Employee Contribution, Rebates, Medicare Subsidy, and ERRP	\$ 8,111,196	\$ 31,040,240
Total Funding	\$ 21,715,476	\$ 85,505,552
Expenses		
Medical Expenses		
Claims Expense	\$ 12,875,533	\$ 52,204,350
Claims IBNR	\$ -	\$ -
Medical Admin Fees	\$ 938,720	\$ 3,713,877
Refunds	\$ 27,449	\$ 40,443
Behavioral Health	\$ -	\$ 988,889
Life Insurance	\$ 102,157	\$ 407,733
Pharmacy Expenses		
RX Claims	\$ 5,757,843	\$ 22,027,242
RX IBNR	\$ -	\$ -
RX Admin	\$ 77,152	\$ 299,529
Plan Administration	\$ 197,463	\$ 794,949
Total Expenses	\$ 19,976,317	\$ 80,477,012
Net Income/(Loss)	\$ 1,739,159	\$ 5,028,540

Balance Sheet as of 04/30/11

Assets	
Bank Account	\$ 6,381,730
State Treasury	\$ 108,597,359
Due from Cafeteria Plan	\$ 577,738
Due from PSE	\$ -
Receivable from Provider	\$ 495,763
Accounts Receivable	\$ 1,491,800
Total Assets	\$ 117,544,391
Liabilities	
Accounts Payable	\$ 7,372
Deferred Revenues	\$ 4,266,262
Due to Cafeteria	\$ -
Due to PSE	\$ -
Health IBNR	\$ 21,570,000
RX IBNR	\$ 2,680,000
Total Liabilities	\$ 28,523,635
Net Assets	\$ 89,020,757
Less Reserves Allocated:	
Catastrophic Reserve	\$ (8,900,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 78,620,757

ASE Cafeteria Plan Financials 2011- January 1, 2011 through April 30, 2011

Cafeteria Plan Operations as of 04/30/11

<u>Funding</u>	<u>Current Month</u>	<u>Year to Date (4 months)</u>
FICA Savings	\$ 359,986	\$ 1,435,597
Interest, Penalties, Tax Set Off	\$ 805	\$ 16,326
Total Funding	\$ 360,792	\$ 1,451,923
<u>Expenses</u>		
Plan Administration	\$ 13,761	\$ 54,655
Forfeited Benefits (Annual Expense)	\$ -	\$ -
FICA Savings Transfer (Annual Expense)	\$ -	\$ -
Total Expenses	\$ 13,761	\$ 54,655
Net Income/(Loss)	\$ 347,031	\$ 1,397,269

Balance Sheet as of 04/30/11

<u>Assets</u>	
State Cafeteria (Flexible Benefits)	\$ 581,589
Admin Acct (FICA Savings)	\$ 53,535
State Treasury	\$ 3,513,778
Due from Health Plan	\$ -
Due from State Employee Fund	\$ -
Accounts Receivable	\$ 10,081
Total Assets	\$ 4,158,983
<u>Liabilities</u>	
Accounts Payable	\$ (45,161)
Due to Health Plan (FICA Savings Annual)	\$ 89
Due to Health Plan (Forfeited Benefits Annual)	\$ 577,649
Total Liabilities	\$ 532,577
Net Assets	\$ 3,626,406

Public School Employees (PSE) Financials - October 1, 2010 through April 30, 2011

	ARHealth	Health Adv	NovaSys	Total
Actives		37,506	2,921	40,427
Actives HD			4,753	4,753
Retirees	8,028			8,028
COBRA		707	79	786
Total	8,028	38,213	7,753	53,994

Operations as of 04/30/11

Funding	Current Month	Year to Date (7 months)
District Contribution	\$ 5,918,449	\$ 41,378,708
Employee Contribution, Rebates, and ERRP	\$ 12,832,262	\$ 91,681,341
Dept of Ed \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 33,522,727
Total Funding	\$ 25,682,529	\$ 166,582,776
Expenses		
Medical Expenses:		
Claims Expense	\$ 14,156,562	\$ 107,274,061
Claims IBNR	\$ -	\$ -
Medical Admin Fees	\$ 1,385,256	\$ 9,555,421
Refunds	\$ 5,501	\$ (2,039)
Behavioral Health	\$ -	\$ 2,354,531
Pharmacy Expenses:		
RX Claims	\$ 4,910,494	\$ 32,044,677
RX IBNR	\$ -	\$ -
RX Admin	\$ 68,821	\$ 466,856
Plan Administration	\$ 246,301	\$ 1,831,828
Total Expenses	\$ 20,772,936	\$ 153,525,335
Net Income/(Loss)	\$ 4,909,593	\$ 13,057,442
Reserve Activity:		
Allocation for Active Premiums for Plan Yr 10/01/10-12/31/11	\$ 789,333	\$ 5,525,333
Retiree Premiums for Plan Year 01/01/11-12/31/11	\$ 63,333	\$ 253,333
Net Income/(Loss) After Reserves	\$ 5,762,259	\$ 18,836,108

Balance Sheet as of 04/30/11

Assets	
Bank Account	\$ 8,733,276
State Treasury	\$ 73,823,851
Receivable from Provider	\$ 452,003
Accounts Receivable	\$ 203,259
Due from ASE	\$ -
Total Assets	\$ 83,212,389
Liabilities	
Accounts Payable	\$ 4,619
Due to ASE	\$ -
Deferred Revenues	\$ 1,387,440
Health IBNR	\$ 25,500,000
RX IBNR	\$ 2,340,000
Total Liabilities	\$ 29,232,059
Net Assets	\$ 53,980,329
Less Reserves Allocated:	
Active Premiums for Plan Year 10/01/10-12/31/11 (\$11,840,000)	\$ (6,314,667)
Retiree Premiums for Plan Year 01/01/11-12/31/11 (\$760,000)	\$ (506,667)
Active Premiums for Plan Years 1/01/12-12/31/13 (\$7,344,000 + \$3,296,000 = \$10,640,000)	\$ (10,640,000)
Retiree Premiums for Plan Years 01/01/12-12/31/13 (\$456,000 + \$304,000 = \$760,000)	\$ (760,000)
Catastrophic Reserve	\$ (10,000,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 24,258,996

State and Public School Life and Health Insurance Board

Benefits Sub-Committee Report

Meeting Date: June 10, 2011

1. Benefit Options

a. Gold / Silver / Bronze Plan Design

Recommendation: That the copay for vision care and hearing exams on the Silver plan be equal to the copay (\$35) on the Gold and Bronze plan as part of the wellness benefits.

b. Screening for breast cancer (mammography)

The Board adopted Grade A and B Recommendations of the United States Preventive Services Task Force.

The USPSTF recommends screening mammography for women with or without clinical breast examination (CBE), every 1-2 years for women aged 40 and older.

**Recommendation from the Board Sept 2010: Provide an annual screening mammogram for women 40 and older, and for women under the age of 40 with a family history of early breast cancer.*

The committee decided to take no action until the Quality of Care Committee meet in October to review.

2. 2012 Plan Design

Cheiron provided an overview of the ASE & PSE Actives and Retires preliminary rates for Plan Year 2012. The committee reviewed benefit options, rate development and the final rate details.

The committee requested Cheiron bring back price estimates of reserve allocations for ASE & PSE Medicare Eligible Retirees.

3. Election of Officers

The committee elected Becky Walker as Chair of the Committee and Lloyd Black, Co-Chairman.

Arkansas State Employees Health Benefits Program

Preliminary Rates for CY 2012



John Colberg, FSA, MAAA

June 14, 2011



Topics

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PSE Actives & NME Retirees

PSE ACTIVE RATE DEVELOPMENT for CY2012

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Gold			Silver (based on Gold)			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	4/10 - 3/11	5/10 - 4/11		4/10 - 3/11	5/10 - 4/11		4/10 - 3/11	5/10 - 4/11	
	4/10 - 5/11	5/10 - 5/11		4/10 - 5/11	5/10 - 5/11		4/10 - 5/11	5/10 - 5/11	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$179,590,637	\$53,220,853	\$232,811,490	\$179,590,637	\$53,220,853	\$232,811,490	\$6,652,846	\$469,418	\$7,122,263
2 <u>Less High Cost Claims Above (Med/Rx)</u> \$100,000 \$20,000	<u>\$11,509,068</u>	<u>\$3,638,893</u>	<u>\$15,147,961</u>	<u>\$11,509,068</u>	<u>\$3,638,893</u>	<u>\$15,147,961</u>	<u>\$674,260</u>	<u>\$0</u>	<u>\$674,260</u>
3 Net Incurred Claims below Pooling Point [1 - 2]	\$168,081,569	\$49,581,960	\$217,663,529	\$168,081,569	\$49,581,960	\$217,663,529	\$5,978,585	\$469,418	\$6,448,003
4 <u>Person Months for Experience Period</u>	741,163	740,368	740,982	741,163	740,314	740,970	69,350	72,913	69,609
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$226.78	\$66.97	\$293.75	\$226.78	\$66.97	\$293.75	\$86.21	\$6.44	\$92.65
6 Change in Benefits During Experience Period	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
7 Change in Demographics or Risk During Experience Period	1.0008	1.0004		1.0008	1.0004		0.9869	0.9860	
8 Change in Geographic During Experience Period	<u>0.9991</u>	<u>0.9991</u>		<u>0.9991</u>	<u>0.9991</u>		<u>1.0003</u>	<u>1.0003</u>	
9 a) Annual Trend Rate	6.0%	3.5%		6.0%	3.5%		6.0%	3.5%	
b) Months to Trend	21	20		21	20		21	20	
c) <u>Trend Adjustment</u>	<u>1.1074</u>	<u>1.0590</u>		<u>1.1074</u>	<u>1.0590</u>		<u>1.1074</u>	<u>1.0590</u>	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$251.10	\$70.89	\$321.99	\$251.10	\$70.89	\$321.99	\$94.24	\$6.73	\$100.97
11 <u>Charge for Claims above Pooling Point PPPM</u>	<u>\$15.53</u>	<u>\$4.91</u>	<u>\$20.44</u>	<u>\$15.53</u>	<u>\$4.92</u>	<u>\$20.44</u>	<u>\$9.72</u>	<u>\$0.00</u>	<u>\$9.72</u>
12 Total Claims Charged PPPM [9 + 10]	\$266.63	\$75.80	\$342.43	\$266.63	\$75.80	\$342.43	\$103.97	\$6.73	\$110.69
13 Change in Future Benefits	1.0276	1.0100		0.9634	0.9803		1.0276	1.0000	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0293	1.0293		0.8027	0.8027		1.0432	1.0432	
15 Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 <u>Change in Future Network</u>	<u>0.9739</u>	<u>1.0000</u>		<u>1.1297</u>	<u>1.0000</u>		<u>1.0000</u>	<u>1.0000</u>	
17 Projected Incurred Claim PPPM [13x 14 x15x16]	\$274.64	\$78.80	\$353.45	\$232.94	\$59.65	\$292.59	\$111.45	\$7.02	\$118.47
18 Projected Blended Incurred Claim PPPM	n/a	\$70.18		n/a	\$68.11		n/a	\$52.52	
19 Percent to Use Blended Experience		0%			0%			0%	
20 Rating Incurred Claim PPPM [17 blended with 18]	\$274.64	\$78.80	\$353.45	\$232.94	\$59.65	\$292.59	\$111.45	\$7.02	\$118.47
21 <u>Projected Persons Months</u>	677,548	677,548	677,548	38,935	38,935	38,935	128,432	128,432	128,432
22 Projected Total Incurred Claims [20 x 21]	\$186,084,806	\$53,391,205	\$239,476,011	\$9,069,545	\$2,322,326	\$11,391,870	\$14,313,991	\$901,293	\$15,215,284
23 Conversion to Rating Tiers [20 x rating tier x counts]	<u>x tier</u>	<u>Projected</u>		<u>x tier</u>	<u>Projected</u>		<u>x tier</u>	<u>Projected</u>	
Method: Historical	<u>factor</u>	<u>Ee Months</u>	<u>PEPM</u>	<u>factor</u>	<u>Ee Months</u>	<u>PEPM</u>	<u>factor</u>	<u>Ee Months</u>	<u>PEPM</u>
a) Employee Only	1.11	379,238	\$391.55	1.12	20,815	\$326.61	1.11	65,210	\$131.45
b) Employee & Spouse	3.26	17,199	\$1,152.76	3.29	1,129	\$961.59	3.22	4,150	\$381.95
c) Employee & Child(ren)	2.07	62,354	\$731.82	2.09	3,880	\$610.46	2.06	7,406	\$243.68
d) Family	3.29	21,917	\$1,161.28	3.31	1,176	\$968.70	3.26	8,434	\$385.80
e) Child(ren) of Medicare Retirees	0.96	224	\$340.28						
24 Rates Balance Confirmation		480,933	\$239,476,011		27,000	\$11,391,870		85,200	\$15,215,284

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



PSE Actives: Option A (\$8 million reserves)



PSE Detailed Financials



Retiree Subsidy/Holdback

	2011	2012
PSE - PEPM	\$11.20	\$11.20
NME Ret Holdback	\$63.55	\$11.20

State/Reserve Contributions

Input Addl Reserves for Actives (\$ mil)	\$8.0
Addl Reserves for NME Retirees (\$ mil)	\$0.0
Addl Reserves for ME Retirees (\$ mil)	\$2.7
For each Rating Tier, e.g. Employee	
Silver Amount should be what % of Gold	100%
Total New Reserve Allocation	\$10.7

EE Cost Override*

Change in Gold	
Change in Silver	
Change in Bronze	

*Leave blank if not used

[Go to NME Ret](#)

[Go to ME Ret](#)

[Go to ASE](#)

[Go to Enrollment Changes](#)

Total Active & Ret (\$ mil)	\$277.4	\$19.2	\$6.6	\$303.3	\$56.6	\$13.1	\$73.9	\$159.6	\$148.3	\$11.3		55,400
Actives	Medical and Pharmacy*	Expenses	Retirement Subsidy	Total Monthly Premium	State Cont. (Act 1842/1421)	Res. Alloc.	School District Contrib.	2012 Total EE Cost	2011 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold												
Employee Only	\$391.55	\$30.04	\$11.20	\$432.79	\$86.71	\$21.15	\$131.00	\$193.93	\$170.34	\$23.59	14%	29,716
Employee & Spouse	1,152.76	30.04	11.20	1,194.00	154.16	37.60	131.00	871.24	771.74	99.50	13%	1,277
Employee & Child(ren)	731.82	30.04	11.20	773.06	118.11	28.80	131.00	495.15	436.87	58.28	13%	5,186
Family	1,161.28	30.04	11.20	1,202.52	159.65	38.93	131.00	872.94	773.82	99.12	13%	1,821
Est. Monthly Total (\$mil)	\$19.0	\$1.1	\$0.4	\$20.6	\$3.7	\$0.9	\$5.0	\$11.0	\$9.7	\$1.3		38,000
Silver									(2011 HA)			
Employee Only	\$326.61	\$27.34	\$11.20	\$365.15	\$86.71	\$21.15	\$131.00	\$126.29	\$170.34	(\$44.05)	-26%	1,520
Employee & Spouse	961.59	27.34	11.20	1,000.13	154.16	37.60	131.00	677.37	771.74	(94.37)	-12%	60
Employee & Child(ren)	610.46	27.34	11.20	649.00	118.11	28.80	131.00	371.09	436.87	(65.78)	-15%	323
Family	968.70	27.34	11.20	1,007.24	159.65	38.93	131.00	677.66	773.82	(96.16)	-12%	97
Est. Monthly Total (\$mil)	\$0.8	\$0.1	\$0.0	\$0.9	\$0.2	\$0.0	\$0.3	\$0.4	\$0.5	-\$0.1		2,000
Bronze												
Employee Only	\$131.45	\$24.90	\$11.20	\$167.55	\$36.55	\$0.00	\$131.00	\$0.00	\$15.10	(\$15.10)	-100%	5,348
Employee & Spouse	381.95	24.90	11.20	418.05	64.98	0.00	131.00	222.07	333.10	(111.03)	-33%	332
Employee & Child(ren)	243.68	24.90	11.20	279.78	49.78	0.00	131.00	99.00	155.36	(56.36)	-36%	617
Family	385.80	24.90	11.20	421.90	67.29	0.00	131.00	223.61	333.70	(110.09)	-33%	702
Est. Monthly Total (\$mil)	\$1.3	\$0.2	\$0.1	\$1.5	\$0.3	\$0.0	\$0.9	\$0.3	\$0.5	-\$0.2		7,000
Total (Monthly) (\$ mil)	\$21.1	\$1.4	\$0.5	\$23.0	\$4.2	\$0.9	\$6.2	\$11.7	\$10.8	\$1.0		47,000
Est Annual Total (\$ mil)	\$253.4	\$16.4	\$6.3	\$276.1	\$50.0	\$11.3	\$73.9	\$140.9	\$129.2	\$11.7		

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





PSE Actives: Option B (10% change)

CHEIRON

PSE Detailed Financials

H-scan

Retiree Subsidy/Holdback

	2011	2012
PSE - PEPM	\$11.20	\$11.20
NME Ret Holdback	\$63.55	\$11.20

State/Reserve Contributions

Input Addl Reserves for Actives (\$ mil)	
Addl Reserves for NME Retirees (\$ mil)	\$0.0
Addl Reserves for ME Retirees (\$ mil)	\$2.7
For each Rating Tier, e.g. Employee	
Silver Amount should be what % of Gold	100%
Total New Reserve Allocation	\$17.6

EE Cost Override*

Change in Gold	10%
Change in Silver	-10%
Change in Bronze	

*Leave blank if not used

Go to NME Ret

Go to ME Ret

Go to ASE

Go to Enrollment Changes

Total Active & Ret (\$ mil)	\$277.4	\$19.2	\$6.6	\$303.3	\$56.6	\$16.6	\$73.9	\$156.2	\$148.3	\$7.9		55,400
Actives	Medical and Pharmacy*	Expenses	Retirement Subsidy	Total Monthly Premium	State Cont. (Act 1842/1421)	Res. Alloc.	School District Contrib.	2012 Total EE Cost	2011 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold												
Employee Only	\$391.55	\$30.04	\$11.20	\$432.79	\$86.92	\$27.50	\$131.00	\$187.37	\$170.34	\$17.03	10%	29,716
Employee & Spouse	1,152.76	30.04	11.20	1,194.00	154.53	59.55	131.00	848.92	771.74	77.17	10%	1,277
Employee & Child(ren)	731.82	30.04	11.20	773.06	118.40	43.10	131.00	480.56	436.87	43.69	10%	5,186
Family	1,161.28	30.04	11.20	1,202.52	160.04	60.28	131.00	851.20	773.82	77.38	10%	1,821
Est. Monthly Total (\$mil)	\$19.0	\$1.1	\$0.4	\$20.6	\$3.7	\$1.2	\$5.0	\$10.7	\$9.7	\$1.0		38,000
Silver									(2011 HA)			
Employee Only	\$326.61	\$27.34	\$11.20	\$365.15	\$80.85	\$0.00	\$131.00	\$153.30	\$170.34	(\$17.04)	-10%	1,520
Employee & Spouse	961.59	27.34	11.20	1,000.13	154.16	20.40	131.00	694.57	771.74	(77.17)	-10%	60
Employee & Child(ren)	610.46	27.34	11.20	649.00	118.11	6.70	131.00	393.19	436.87	(43.68)	-10%	323
Family	968.70	27.34	11.20	1,007.24	159.65	20.15	131.00	696.44	773.82	(77.38)	-10%	97
Est. Monthly Total (\$mil)	\$0.8	\$0.1	\$0.0	\$0.9	\$0.2	\$0.0	\$0.3	\$0.5	\$0.5	-\$0.1		2,000
Bronze												
Employee Only	\$131.45	\$24.90	\$11.20	\$167.55	\$36.55	\$0.00	\$131.00	\$0.00	\$15.10	(\$15.10)	-100%	5,348
Employee & Spouse	381.95	24.90	11.20	418.05	64.98	0.00	131.00	222.07	333.10	(111.03)	-33%	332
Employee & Child(ren)	243.68	24.90	11.20	279.78	49.78	0.00	131.00	99.00	155.36	(56.36)	-36%	617
Family	385.80	24.90	11.20	421.90	67.29	0.00	131.00	223.61	333.70	(110.09)	-33%	702
Est. Monthly Total (\$mil)	\$1.3	\$0.2	\$0.1	\$1.5	\$0.3	\$0.0	\$0.9	\$0.3	\$0.5	-\$0.2		7,000
Total (Monthly) (\$ mil)	\$21.1	\$1.4	\$0.5	\$23.0	\$4.2	\$1.2	\$6.2	\$11.5	\$10.8	\$0.7		47,000
Est Annual Total (\$ mil)	\$253.4	\$16.4	\$6.3	\$276.1	\$50.0	\$14.8	\$73.9	\$137.5	\$129.2	\$8.3		

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

CHEIRON

PSE Non-Medicare Retirees

HEIRON

PSE Detailed Financials

H-scan

Go to Enrollment Changes

Retiree Subsidy/Holdback

Go to Actives

Active PSE - PEPM
NME Ret Holdback

2011 2012

\$11.20	\$11.20
\$63.55	\$11.20

Go to ME Ret

Go to ASE

State/Reserve Contributions

Addl Reserves for NME Retirees (\$ mil)

\$0.0

For each Rating Tier, e.g. Employee

Silver Bronze

Amount should be what % of Gold

100% 100%

Total Active & Ret (\$ mil)	\$277.4	\$19.2	\$6.6	\$303.3	\$56.6	\$13.1	\$73.9	\$159.6	\$148.3	\$11.3		55,400
NME Retirees	Medical and Pharmacy*	Expenses	Retiree Holdback	Total Monthly Premium		Res. Alloc.		2012 Total Ret. Cost	2011 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold												
Retiree Only	\$391.55	\$30.04	\$11.20	\$432.79		\$0.00		\$432.79	\$457.42	(\$24.63)	-5%	1,674
Retiree & NME SP	1,152.76	30.04	11.20	1,194.00		0.00		1,194.00	1,152.01	\$41.99	4%	156
Retiree & Child(ren)	731.82	30.04	11.20	773.06		0.00		773.06	768.28	\$4.78	1%	6
Retiree & NME SP&CH	1,161.28	30.04	11.20	1,202.52		0.00		1,202.52	1,159.82	\$42.70	4%	5
Retiree & ME SP	533.23	30.04	11.20	574.47		0.00		574.47	596.82	(\$22.35)	-4%	108
Retiree & ME SP & CH	873.51	30.04	11.20	914.75		0.00		914.75	907.71	\$7.04	1%	1
Est. Monthly Total (\$mil)	\$0.9	\$0.1	\$0.0	\$1.0		\$0.0		\$1.0	\$1.0	\$0.0		1,950
Silver												
Employee Only	\$326.61	\$27.34	\$11.20	\$365.15		\$0.00		\$365.15	\$457.42	(\$92.27)	-20%	215
Employee & Spouse	961.59	27.34	11.20	1,000.13		0.00		1,000.13	1,152.01	(\$151.88)	-13%	34
Employee & Child(ren)	610.46	27.34	11.20	649.00		0.00		649.00	768.28	(\$119.28)	-16%	1
Family	968.70	27.34	11.20	1,007.24		0.00		1,007.24	1,159.82	(\$152.58)	-13%	1
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.0	\$0.1		\$0.0		\$0.1	\$0.1	\$0.0		250
Bronze												
Employee Only	\$131.45	\$24.90	\$11.20	\$167.55		\$0.00		\$167.55	\$457.42	(\$289.87)	-63%	86
Employee & Spouse	381.95	24.90	11.20	418.05		0.00		418.05	1,152.01	(\$733.96)	-64%	14
Employee & Child(ren)	243.68	24.90	11.20	279.78		0.00		279.78	768.28	(\$488.50)	-64%	0
Family	385.80	24.90	11.20	421.90		0.00		421.90	1,159.82	(\$737.92)	-64%	0
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0		\$0.0	\$0.1	\$0.0		100
Total (Monthly) (\$ mil)	\$1.0	\$0.1	\$0.0	\$1.1		\$0.0		\$1.1	\$1.2	(\$0.1)		2,300
Est Annual Total (\$ mil)	\$12.3	\$0.8	\$0.3	\$13.4		\$0.0		\$13.4	\$14.6	-\$1.2		

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



PSE Medicare Retirees

PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2012

Plan:

Benefit:

Experience Period - Service (Incurred) Dates

Experience Period - Processed (Paid) Dates

	Medicare	
	Medical	Total
	4/10 - 3/11	
	4/10 - 5/11	
1 Total Incurred Medical & Rx Claims (Experience Period)	\$9,458,994	\$9,458,994
2 <u>Less High Cost Claims Above (Med/Rx)</u> \$100,000 \$20,000	\$143,707	\$143,707
3 Net Incurred Claims below Pooling Point [1 - 2]	\$9,315,287	\$9,315,287
4 <u>Person Months for Experience Period</u>	73,770	73,770
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$126.27	\$126.27
6 Change in Benefits During Experience Period	1.0000	
7 Change in Demographics or Risk During Experience Period	0.9993	
8 Change in Geographic During Experience Period	1.0000	
9 a) Annual Trend Rate	6.0%	
b) Months to Trend	21	
c) Trend Adjustment	1.1074	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$139.73	\$139.73
11 <u>Charge for Claims above Pooling Point PPPM</u>	\$1.95	\$1.95
12 Total Claims Charged PPPM [9 + 10]	\$141.68	\$141.68
13 Change in Future Benefits	1.0000	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0000	
15 Change in Future Geographic	1.0000	
16 <u>Change in Future Network</u>	1.0000	
17 Projected Incurred Claim PPPM [13x 14 x15x16]	\$141.68	\$141.68
18 <u>Projected Persons Months</u>	80,060	80,060
19 Projected Total Incurred Claims [17 x 18]	\$11,342,998	\$11,342,998

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



PSE Retirees

PSE GOLD RETIREE RATE DEVELOPMENT for CY2012

1 Conversion to Rating Tiers

PPPM [17]

Method:

Historical

	<u>x Non-Med.</u>	<u>Non-Med.</u>	<u>x Medicare</u>	<u>Medicare</u>	<u>Projected</u>	<u>TOTAL</u>
	<u>tier factor</u>	<u>PEPM</u>	<u>tier factor</u>	<u>PEPM</u>	<u>Ret Months</u>	<u>PEPM</u>
a) NME Retiree	1.11	\$391.55	-	\$0.00	20,085	\$391.55
b) NME Retiree & NME Spouse	3.26	\$1,152.76	-	\$0.00	1,871	\$1,152.76
c) NME Retiree & Child(ren)	2.07	\$731.82	-	\$0.00	77	\$731.82
d) NME Retiree & NME Spouse & Child(ren)	3.29	\$1,161.28	-	\$0.00	64	\$1,161.28
e) NME Retiree & ME Spouse	1.11	\$391.55	1.00	\$141.68	1,290	\$533.23
f) NME Retiree & ME Spouse & Child(ren)	2.07	\$731.82	1.00	\$141.68	13	\$873.51
g) ME Retiree	-	\$0.00	1.00	\$141.68	66,160	\$141.68
h) ME Retiree & NME Spouse	1.11	\$391.55	1.00	\$141.68	1,271	\$533.23
i) ME Retiree & Child(ren)	0.96	\$340.28	1.00	\$141.68	174	\$481.96
j) ME Retiree & NME Spouse & Child(ren)	2.07	\$769.73	1.00	\$141.68	37	\$911.41
k) ME Retiree & ME Spouse	-	\$0.00	2.00	\$283.36	5,545	\$283.36
l) ME Retiree & ME Spouse & Child(ren)	0.96	\$340.28	2.00	\$283.36	12	\$623.64
2 Rates Balance Confirmation		\$11,256,046		\$11,342,998		\$22,599,044

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

PSE Retirees – Medicare Eligible

CHEIRON

PSE Detailed Financials

H-scan

Go to Enrollment Changes

Retiree Contributions

Increase per Medicare Person	\$10.00
Additional min incr if have children	\$10.00

State/Reserve Contributions

Add Reserves for ME Retirees (\$ mil)	\$2.7
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Go to Actives

Go to NME Ret

Go to ASE

Total Active & Ret (\$ mil)	\$277.4	\$19.2	\$6.6	\$303.3	\$56.6	\$13.1	\$73.9	\$159.6	\$148.3	\$11.3		55,400
ME Retirees	Medical and Pharmacy*	Expenses		Total Monthly Premium	Subsidy	Res. Alloc.		2012 Total Ret. Cost	2011 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Medicare Eligible												
Retiree Only	\$141.68	\$27.04		\$168.72	\$92.11	\$25.17		\$51.44	\$41.44	\$10.00	24%	5,513
Retiree & NME SP	533.23	27.04		560.27	0.00	0.00		560.27	568.37	(\$8.10)	-1%	106
Retiree & Child(ren)	481.96	27.04		509.00	53.27	14.56		441.17	421.17	\$20.00	5%	15
Retiree & NME SP&CH	911.41	27.04		938.45	0.00	0.00		938.45	877.42	\$61.03	7%	3
Retiree & ME SP	283.36	27.04		310.40	94.10	25.71		190.59	170.59	\$20.00	12%	462
Retiree & ME SP & CH	623.64	27.04		650.68	55.26	15.10		580.32	550.32	\$30.00	5%	1
Est. Monthly Total (\$mil)	\$1.0	\$0.2	\$0.0	\$1.1	\$0.6	\$0.2		\$0.4	\$0.4	\$0.1		6,100
Total (Est. Annual)	\$11.7	\$2.0	\$0.0	\$13.7	\$6.6	\$1.8		\$5.3	\$4.5	\$0.8		

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



ASE Actives & NME Retirees

ASE ACTIVE RATE DEVELOPMENT for CY2012

Plan:
Benefit:
Experience Period - Service (Incurred) Dates
Experience Period - Processed (Paid) Dates

	Gold			Silver (based on Gold)			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	4/10 - 3/11	5/10 - 4/11		4/10 - 3/11	5/10 - 4/11		4/10 - 3/11	5/10 - 4/11	
	4/10 - 5/11	5/10 - 5/11		4/10 - 5/11	5/10 - 5/11		4/10 - 5/11	5/10 - 5/11	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$144,823,005	\$42,261,148	\$187,084,154	\$144,823,005	\$42,261,148	\$187,084,154	\$1,665,947	\$130,728	\$1,796,675
2 Less High Cost Claims Above (Med/Rx)	\$7,776,335	\$3,546,183	\$11,322,518	\$7,776,335	\$3,546,183	\$11,322,518	\$122,180	\$10,234	\$132,413
3 Net Incurred Claims below Pooling Point [1 - 2]	\$137,046,670	\$38,714,965	\$175,761,636	\$137,046,670	\$38,714,965	\$175,761,636	\$1,543,768	\$120,494	\$1,664,262
4 Person Months for Experience Period	601,687	603,048	601,987	601,687	603,048	601,987	19,719	20,018	19,741
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$227.77	\$64.20	\$291.97	\$227.77	\$64.20	\$291.97	\$78.29	\$6.02	\$84.31
6 Change in Benefits During Experience Period	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
7 Change in Demographics or Risk During Experience Period	0.9943	0.9945		0.9943	0.9945		0.9964	1.0342	
8 Change in Geographic During Experience Period	1.0000	1.0000		1.0000	1.0000		0.9982	0.9982	
9 a) Annual Trend Rate	6.0%	3.5%		6.0%	3.5%		6.0%	3.5%	
b) Months to Trend	21	20		21	20		21	20	
c) Trend Adjustment	1.1074	1.0590		1.1074	1.0590		1.1074	1.0590	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$250.78	\$67.61	\$318.40	\$250.78	\$67.61	\$318.40	\$86.23	\$6.58	\$92.81
11 Charge for Claims above Pooling Point PPPM	\$12.92	\$5.88	\$18.80	\$12.92	\$5.88	\$18.80	\$6.20	\$0.51	\$6.71
12 Total Claims Charged PPPM [10 + 11]	\$263.71	\$73.49	\$337.20	\$263.71	\$73.49	\$337.20	\$92.43	\$7.09	\$99.52
13 Change in Future Benefits	1.0268	1.0100		0.9497	0.9811		1.0268	1.0100	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0057	1.0057		0.8919	0.8919		1.1123	1.1123	
15 Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 Change in Future Network	0.9859	1.0000		1.1437	1.0000		1.0000	1.0000	
17 Projected Incurred Claim PPPM [13x 14 x15x16]	\$268.48	\$74.65	\$343.13	\$255.48	\$64.31	\$319.79	\$105.56	\$7.97	\$113.53
18 Projected Blended Incurred Claim PPPM	n/a	\$72.66	n/a	n/a	\$71.29	n/a	n/a	\$54.37	n/a
19 Percent to Use Blended Experience		0%			0%			0%	
20 Rating Incurred Claim PPPM [17 blended with 18]	\$268.48	\$74.65	\$343.13	\$255.48	\$64.31	\$319.79	\$105.56	\$7.97	\$113.53
21 Projected Persons Months	582,071	582,071	582,071	29,722	29,722	29,722	25,017	25,017	25,017
22 Projected Total Incurred Claims [20 x 21]	\$156,272,656	\$43,451,442	\$199,724,099	\$7,593,371	\$1,911,559	\$9,504,930	\$2,640,779	\$199,331	\$2,840,110
23 Conversion to Rating Tiers [20 x rating tier x counts]									
Method:	Historical								
	x tier	Projected		x tier	Projected		x tier	Projected	
	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only	1.15	199,214	\$395.05	1.14	11,070	\$365.00	1.12	10,407	\$126.87
b) Employee & Spouse	2.91	44,476	\$1,000.17	2.89	2,358	\$924.10	2.79	1,851	\$316.75
c) Employee & Child(ren)	1.79	54,894	\$612.75	1.77	3,072	\$566.15	1.72	1,569	\$195.32
d) Family	3.25	38,308	\$1,115.52	3.22	1,500	\$1,030.68	3.11	1,773	\$353.59
e) Child(ren) of Medicare Retirees	0.63	790	\$217.70				-		
24 Rates Balance Confirmation		337,682	\$199,724,099		18,000	\$9,504,930		15,600	\$2,840,110

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

ASE Actives: Option A (75% / 50% of Gold)



ASE Detailed Financials



Go to NME Ret

Go to ME Ret

Go to PSE

State / Reserve Contributions

Contrib. per Budget Posn	\$390	Total \$mil	\$162.1
	Employees	Dependents	Based On
Contrib. for Gold Plan	75%	50%	Gold
Contrib. for Silver Plan	75%	50%	Gold
Contrib. for Bronze Plan	100%	50%	Bronze
Reserve alloc. needed (\$ mil)		\$15.9	

Go to Enrollment Changes

EE Cost Override*

Change in Gold	
Change in Silver	
Change in Bronze	

*Leave blank if not used

Total Active & Ret (\$ mil)	\$248.9	\$15.8	\$264.7	\$170.0	\$94.6	\$85.4	\$9.2		37,500
Actives	Medical and Pharmacy	Expenses	Total Monthly Premium	State Contributions and Reserves	2012 EE Total Cost	2011 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold									
Employee Only	\$395.05	\$37.55	\$432.60	\$324.45	\$108.15	\$95.78	\$12.37	13%	14,806
Employee & Spouse	1,000.17	37.55	1,037.72	627.01	410.71	367.74	42.97	12%	3,296
Employee & Child(ren)	612.75	37.55	650.30	433.30	217.00	193.64	23.36	12%	4,487
Family	1,115.52	37.55	1,153.07	684.69	468.39	419.62	48.77	12%	3,161
Est. Monthly Total (\$mil)	\$15.4	\$1.0	\$16.4	\$11.0	\$5.4	\$4.8	\$0.6		25,750
Silver						(2011 HA)			
Employee Only	\$365.00	\$34.85	\$399.85	\$324.45	\$75.40	\$95.78	(\$20.38)	-21%	763
Employee & Spouse	924.10	34.85	958.95	627.01	331.94	367.74	(35.80)	-10%	144
Employee & Child(ren)	566.15	34.85	601.00	433.30	167.70	193.64	(25.94)	-13%	224
Family	1,030.68	34.85	1,065.53	684.69	380.85	419.62	(38.77)	-9%	119
Est. Monthly Total (\$mil)	\$0.7	\$0.0	\$0.7	\$0.5	\$0.2	\$0.2	(\$0.0)		1,250
Bronze									
Employee Only	\$126.87	\$32.41	\$159.28	\$159.28	\$0.00	\$7.16	(\$7.16)	-100%	803
Employee & Spouse	316.75	32.41	349.16	254.22	94.94	154.02	(59.09)	-38%	133
Employee & Child(ren)	195.32	32.41	227.73	193.51	34.22	60.33	(26.10)	-43%	118
Family	353.59	32.41	386.00	272.64	113.36	183.54	(70.18)	-38%	146
Est. Monthly Total (\$mil)	\$0.2	\$0.0	\$0.3	\$0.2	\$0.0	\$0.1	(\$0.0)		1,200
Total (Monthly) (\$ mil)	\$16.3	\$1.0	\$17.4	\$11.7	\$5.6	\$5.1	\$0.5		28,200
Est Annual Total (\$ mil)	\$195.6	\$12.6	\$208.2	\$140.5	\$67.6	\$61.3	\$6.3		

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



ASE Actives: Option B (No Change in Gold)



ASE Detailed Financials



Go to NME Ret

Go to ME Ret

Go to PSE

State / Reserve Contributions

Contrib. per Budget Posn	\$390	Total \$mil	\$162.1
	Employees	Dependents	Based On
Contrib. for Gold Plan	75%	50%	Gold
Contrib. for Silver Plan	75%	50%	Gold
Contrib. for Bronze Plan	100%	50%	Bronze
Reserve alloc. needed (\$ mil)		\$33.9	

Go to Enrollment Changes

EE Cost Override*

Change in Gold	0%
Change in Silver	
Change in Bronze	

*Leave blank if not used

Total Active & Ret (\$ mil)	\$248.9	\$15.8	\$264.7	\$179.0	\$85.6	\$85.4	\$0.2		37,500
Actives	Medical and Pharmacy	Expenses	Total Monthly Premium	State Contributions and Reserves	2012 EE Total Cost	2011 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold									
Employee Only	\$395.05	\$37.55	\$432.60	\$336.82	\$95.78	\$95.78	\$0.00	0%	14,806
Employee & Spouse	1,000.17	37.55	1,037.72	669.98	367.74	367.74	0.00	0%	3,296
Employee & Child(ren)	612.75	37.55	650.30	456.66	193.64	193.64	0.00	0%	4,487
Family	1,115.52	37.55	1,153.07	733.45	419.62	419.62	0.00	0%	3,161
Est. Monthly Total (\$mil)	\$15.4	\$1.0	\$16.4	\$11.6	\$4.8	\$4.8	\$0.0		25,750
Silver						(2011 HA)			
Employee Only	\$365.00	\$34.85	\$399.85	\$336.82	\$63.04	\$95.78	(\$32.74)	-34%	763
Employee & Spouse	924.10	34.85	958.95	669.98	288.97	367.74	(78.77)	-21%	144
Employee & Child(ren)	566.15	34.85	601.00	456.66	144.34	193.64	(49.30)	-25%	224
Family	1,030.68	34.85	1,065.53	733.45	332.08	419.62	(87.54)	-21%	119
Est. Monthly Total (\$mil)	\$0.7	\$0.0	\$0.7	\$0.5	\$0.2	\$0.2	(\$0.1)		1,250
Bronze									
Employee Only	\$126.87	\$32.41	\$159.28	\$159.28	\$0.00	\$7.16	(\$7.16)	-100%	803
Employee & Spouse	316.75	32.41	349.16	254.22	94.94	154.02	(59.09)	-38%	133
Employee & Child(ren)	195.32	32.41	227.73	193.51	34.22	60.33	(26.10)	-43%	118
Family	353.59	32.41	386.00	272.64	113.36	183.54	(70.18)	-38%	146
Est. Monthly Total (\$mil)	\$0.2	\$0.0	\$0.3	\$0.2	\$0.0	\$0.1	(\$0.0)		1,200
Total (Monthly) (\$ mil)	\$16.3	\$1.0	\$17.4	\$12.3	\$5.0	\$5.1	(\$0.1)		28,200
Est Annual Total (\$ mil)	\$195.6	\$12.6	\$208.2	\$147.8	\$60.2	\$61.3	(\$1.0)		

ASE NME Retirees: Option A (50% / 30% of Gold)

CHEIRON

ASE Detailed Financials

H-scan

Go to Actives

Go to ME Ret

Go to PSE

State / Reserve Contributions

	Retiree	Dependents	Based On
Contrib. for Gold Plan	50%	30%	Gold
Contrib. for Silver Plan	50%	30%	Gold
Contrib. for Bronze Plan	0%	0%	Bronze

Go to Enrollment Changes

Ret Cost Override*

Change in Gold	
Change in Silver	
Change in Bronze	

*Leave blank if not used

Total Active & Ret (\$ mil)	\$248.9	\$15.8	\$264.7	\$170.0	\$94.6	\$85.4	\$9.2		37,500
NME Retirees	Medical and Pharmacy*	Expenses	Total Monthly Premium	State Contributions and Reserves	2012 Ret. Total Cost	2011 Ret. Total Cost	Change in Premiums / %)	(\$	Assumed Enrollment
Gold									
Retiree Only	\$395.05	\$37.55	\$432.60	\$216.30	\$216.30	\$235.74	(\$19.44)	-8%	1,248
Retiree & NME SP	1,000.17	37.55	1,037.72	397.84	639.88	575.88	64.00	11%	410
Retiree & Child(ren)	612.75	37.55	650.30	281.61	368.69	439.84	(71.15)	-16%	52
Retiree & NME SP&CH	1,115.52	37.55	1,153.07	432.44	720.63	916.72	(196.09)	-21%	32
Retiree & ME SP	736.39	37.55	773.94	318.70	455.24	401.54	53.70	13%	197
Retiree & ME SP & CH	954.10	37.55	991.65	384.02	607.64	606.77	0.87	0%	11
Est. Monthly Total (\$mil)	\$1.1	\$0.1	\$1.2	\$0.5	\$0.7	\$0.7	\$0.0		1,950
Silver									
Employee Only	\$365.00	\$34.85	\$399.85	\$216.30	\$183.55	\$235.74	(\$52.19)	-22%	160
Employee & Spouse	924.10	34.85	958.95	397.84	561.11	575.88	(14.77)	-3%	53
Employee & Child(ren)	566.15	34.85	601.00	281.61	319.39	439.84	(120.45)	-27%	32
Family	1,030.68	34.85	1,065.53	432.44	633.09	916.72	(283.63)	-31%	5
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	(\$0.0)		250
Bronze									
Employee Only	\$126.87	\$32.41	\$159.28	\$0.00	\$159.28	\$235.74	(\$76.46)	-32%	64
Employee & Spouse	316.75	32.41	349.16	0.00	349.16	575.88	(226.72)	-39%	21
Employee & Child(ren)	195.32	32.41	227.73	0.00	227.73	439.84	(212.11)	-48%	13
Family	353.59	32.41	386.00	0.00	386.00	916.72	(530.72)	-58%	2
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		100
Total (Monthly) (\$ mil)	\$1.3	\$0.1	\$1.3	\$0.6	\$0.7	\$0.8	(\$0.0)		2,300
Est Annual Total (\$ mil)	\$15.1	\$1.0	\$16.1	\$7.1	\$8.9	\$9.1	(\$0.1)		

12

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

CHEIRON



ASE NME Retirees: Option B (No Change in Gold)



ASE Detailed Financials



Go to Actives

Go to ME Ret

Go to PSE

State / Reserve Contributions

Contrib. for Gold Plan
Contrib. for Silver Plan
Contrib. for Bronze Plan

Retiree	Dependents	Based On
50%	30%	Gold
50%	30%	Gold
0%	0%	Bronze

Go to Enrollment Changes

Ret Cost Override*

Change in Gold	0%
Change in Silver	
Change in Bronze	

*Leave blank if not used

Total Active & Ret (\$ mil)	\$248.9	\$15.8	\$264.7	\$179.0	\$85.6	\$85.4	\$0.2		37,500
NME Retirees	Medical and Pharmacy*	Expenses	Total Monthly Premium	State Contributions and Reserves	2012 Ret. Total Cost	2011 Ret. Total Cost	Change in Premiums / %)	(\$	Assumed Enrollment
Gold									
Retiree Only	\$395.05	\$37.55	\$432.60	\$196.86	\$235.74	\$235.74	\$0.00	0%	1,248
Retiree & NME SP	1,000.17	37.55	1,037.72	461.84	575.88	575.88	0.00	0%	410
Retiree & Child(ren)	612.75	37.55	650.30	210.46	439.84	439.84	0.00	0%	52
Retiree & NME SP&CH	1,115.52	37.55	1,153.07	236.35	916.72	916.72	0.00	0%	32
Retiree & ME SP	736.39	37.55	773.94	372.40	401.54	401.54	0.00	0%	197
Retiree & ME SP & CH	954.10	37.55	991.65	384.88	606.77	606.77	0.00	0%	11
Est. Monthly Total (\$mil)	\$1.1	\$0.1	\$1.2	\$0.5	\$0.7	\$0.7	\$0.0		1,950
Silver									
Employee Only	\$365.00	\$34.85	\$399.85	\$196.86	\$202.99	\$235.74	(\$32.75)	-14%	160
Employee & Spouse	924.10	34.85	958.95	461.84	497.11	575.88	(78.77)	-14%	53
Employee & Child(ren)	566.15	34.85	601.00	210.46	390.54	439.84	(49.30)	-11%	32
Family	1,030.68	34.85	1,065.53	236.35	829.18	916.72	(87.54)	-10%	5
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	(\$0.0)		250
Bronze									
Employee Only	\$126.87	\$32.41	\$159.28	\$0.00	\$159.28	\$235.74	(\$76.46)	-32%	64
Employee & Spouse	316.75	32.41	349.16	0.00	349.16	575.88	(226.72)	-39%	21
Employee & Child(ren)	195.32	32.41	227.73	0.00	227.73	439.84	(212.11)	-48%	13
Family	353.59	32.41	386.00	0.00	386.00	916.72	(530.72)	-58%	2
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		100
Total (Monthly) (\$ mil)	\$1.3	\$0.1	\$1.3	\$0.6	\$0.7	\$0.8	(\$0.0)		2,300
Est Annual Total (\$ mil)	\$15.1	\$1.0	\$16.1	\$7.1	\$8.9	\$9.1	(\$0.1)		

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



ASE Medicare Retirees

ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2012

Plan:

Benefit:

Experience Period - Service (Incurred) Dates

Experience Period - Processed (Paid) Dates

	Medical	Medicare Pharmacy	Total
	4/10 - 3/11	5/10 - 4/11	
	4/10 - 5/11	5/10 - 5/11	
1 Total Incurred Medical & Rx Claims (Experience Period)*	\$15,069,102	\$17,644,651	\$32,713,753
2 <u>Less High Cost Claims Above (Med/Rx)*</u> \$100,000 \$20,000	\$187,985	\$1,178,612	\$1,366,596
3 Net Incurred Claims below Pooling Point [1 - 2]	\$14,881,117	\$16,466,039	\$31,347,156
4 <u>Person Months for Experience Period</u>	103,181	103,494	103,345
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$144.22	\$159.10	\$303.32
6 Change in Benefits During Experience Period	1.0000	1.0000	
7 Change in Demographics or Risk During Experience Period	0.9997	1.0000	
8 Change in Geographic During Experience Period	1.0000	1.0000	
9 a) Annual Trend Rate	6.0%	3.5%	
b) Months to Trend	21	20	
c) Trend Adjustment	1.1074	1.0590	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$159.65	\$168.49	\$328.14
11 <u>Charge for Claims above Pooling Point PPPM</u>	\$1.82	\$11.39	\$13.21
12 Total Claims Charged PPPM [10 + 11]	\$161.47	\$179.88	\$341.35
13 Change in Future Benefits (Level/Mgt/Discounts)	1.0000	1.0000	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0000	1.0000	
15 Change in Future Geographic	1.0000	1.0000	
16 <u>Change in Future Network</u>	1.0000	1.0000	
17 Projected Incurred Claim PPPM [13x 14 x15x16]	\$161.47	\$179.88	\$341.35
18 <u>Projected Persons Months</u>	108,372	108,372	108,372
19 Projected Total Incurred Claims [17 x 18]	\$17,498,934	\$19,493,701	\$36,992,635

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



ASE Medicare Retirees

ASE GOLD RETIREE RATE DEVELOPMENT for CY2012

1 Conversion to Rating Tiers		PPPM [17]	<u>x Non-Med.</u>	<u>Non-Med.</u>	<u>x Medicare</u>	<u>Medicare</u>	<u>Projected</u>	<u>TOTAL</u>
Method:	Historical		<u>tier factor</u>	<u>PEPM</u>	<u>tier factor</u>	<u>PEPM</u>	<u>Ee Months</u>	<u>PEPM</u>
a)	NME Retiree		1.15	\$395.05	-	\$0.00	14,977	\$395.05
b)	NME Retiree & NME Spouse		2.91	\$1,000.17	-	\$0.00	4,923	\$1,000.17
c)	NME Retiree & Child(ren)		1.79	\$612.75	-	\$0.00	620	\$612.75
d)	NME Retiree & NME Spouse & Child(ren)		3.25	\$1,115.52	-	\$0.00	378	\$1,115.52
e)	NME Retiree & ME Spouse		1.15	\$395.05	1.00	\$341.35	2,366	\$736.39
f)	NME Retiree & ME Spouse & Child(ren)		1.79	\$612.75	1.00	\$341.35	136	\$954.10
g)	ME Retiree		-	\$0.00	1.00	\$341.35	56,996	\$341.35
h)	ME Retiree & NME Spouse		1.15	\$395.05	1.00	\$341.35	4,196	\$736.39
i)	ME Retiree & Child(ren)	0.63	0.63	\$217.71	1.00	\$341.35	642	\$559.05
j)	ME Retiree & NME Spouse & Child(ren)		1.79	\$720.48	1.00	\$341.35	296	\$1,061.83
k)	ME Retiree & ME Spouse		-	\$0.00	2.00	\$682.69	21,722	\$682.69
l)	ME Retiree & ME Spouse & Child(ren)		0.63	\$217.71	2.00	\$682.69	148	\$900.40
2 Rates Balance Confirmation				\$14,703,277		\$36,992,635		\$51,695,913

* Pharmacy Cost for Medicare has subtracted the RDS Subsidy.

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

ASE ME Retirees: Option A (60%/40%)



ASE Detailed Financials



Go to Actives

State / Reserve Contributions

Ret Cost Override*

Go to NME Ret

Contrib. for Gold Plan

Retiree	Dependents
60%	40%

Change in Gold

Go to PSE

Go to Enrollment Changes

Total Active & Ret (\$ mil)	\$248.9	\$15.8	\$264.7	\$170.0	\$94.6	\$85.4	\$9.2		37,500
ME Retirees	Medical and Pharmacy*	Expenses	Total Monthly Premium	State Contributions and Reserves	2012 Ret. Total Cost	2011 Ret. Total Cost	Change in Premiums / %)	(\$	Assumed Enrollment
Medicare Eligible									
Retiree Only	\$341.35	\$27.04	\$368.39	\$221.03	\$147.35	\$117.12	\$30.23	26%	4,750
Retiree & NME SP	736.39	27.04	763.43	379.05	384.38	446.72	(62.34)	-14%	350
Retiree & Child(ren)	559.05	27.04	586.09	308.11	277.98	314.86	(36.88)	-12%	53
Retiree & NME SP&CH	1,061.83	27.04	1,088.87	509.22	579.64	644.48	(64.84)	-10%	25
Retiree & ME SP	682.69	27.04	709.73	357.57	352.16	278.49	73.67	26%	1,810
Retiree & ME SP & CH	900.40	27.04	927.44	444.65	482.79	476.24	6.55	1%	12
Est. Monthly Total (\$ mil)	\$3.2	\$0.2	\$3.4	\$1.9	\$1.5	\$1.3	\$0.3		7,000
Total (Est. Annual)	\$38.2	\$2.3	\$40.5	\$22.4	\$18.1	\$15.1	\$3.0		

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

ASE ME Retirees: Option B (\$10 increase)

CHEIRON

ASE Detailed Financials

H-scan

Go to Actives

State / Reserve Contributions

Ret Cost Override*

Go to NME Ret

Contrib. for Gold Plan

Retiree	Dependents
60%	40%

Change in Gold

9%

Go to PSE

Go to Enrollment Changes

Total Active & Ret (\$ mil)	\$248.9	\$15.8	\$264.7	\$179.0	\$85.6	\$85.4	\$0.2		37,500
ME Retirees	Medical and Pharmacy*	Expenses	Total Monthly Premium	State Contributions and Reserves	2012 Ret. Total Cost	2011 Ret. Total Cost	Change in Premiums / %)	(\$	Assumed Enrollment
Medicare Eligible									
Retiree Only	\$341.35	\$27.04	\$368.39	\$240.73	\$127.66	\$117.12	\$10.54	9%	4,750
Retiree & NME SP	736.39	27.04	763.43	276.51	486.92	446.72	40.20	9%	350
Retiree & Child(ren)	559.05	27.04	586.09	242.89	343.20	314.86	28.34	9%	53
Retiree & NME SP&CH	1,061.83	27.04	1,088.87	386.38	702.48	644.48	58.00	9%	25
Retiree & ME SP	682.69	27.04	709.73	406.18	303.55	278.49	25.06	9%	1,810
Retiree & ME SP & CH	900.40	27.04	927.44	408.34	519.10	476.24	42.86	9%	12
Est. Monthly Total (\$ mil)	\$3.2	\$0.2	\$3.4	\$2.0	\$1.4	\$1.3	\$0.1		7,000
Total (Est. Annual)	\$38.2	\$2.3	\$40.5	\$24.0	\$16.4	\$15.1	\$1.4		

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



Appendices



Appendix A – PSE Actives

10/1/10-12/31/12 Final Rate Details

Actives	Medical and Pharmacy*	Expenses	Corp Health	Retirement Subsidy	Base Monthly Premium	Act 1842 Contrib.	Act 1421 Contrib.	Res. Alloc.	School District Contrib.	2011 EE Total Cost	2010 EE Total Cost	Change in Premiums (\$ / %)	Assumed Enrollment
Health Advantage													
Employee Only	\$347.70	\$37.84	\$6.04	\$11.20	\$402.78	\$57.97	\$24.94	\$18.53	\$131.00	\$170.34	\$152.69	\$17.65 12%	30,042
Employee & Spouse	1,032.36	37.84	9.08	11.20	1,090.48	103.06	44.17	40.51	131.00	771.74	721.45	50.29 7%	1,557
Employee & Child(ren)	653.29	37.84	7.86	11.20	710.19	78.96	33.84	29.52	131.00	436.87	406.05	30.82 8%	5,134
Family	1,036.06	37.84	13.08	11.20	1,098.18	106.73	45.75	40.88	131.00	773.82	723.40	50.42 7%	1,795
Est. Monthly Total (mil \$)	\$17.3	\$1.5	\$0.3	\$0.4	\$19.4	\$2.5	\$1.1	\$0.8	\$5.0	\$10.0	\$9.1	\$0.9	38,528
NovaSys													
Employee Only	\$385.00	\$24.21	\$6.04	\$11.20	\$426.44	\$57.97	\$24.94	\$18.53	\$131.00	\$194.00	\$173.33	\$20.67 12%	2,962
Employee & Spouse	1,113.21	24.21	9.08	11.20	1,157.70	103.06	44.17	40.51	131.00	838.96	779.05	59.91 8%	116
Employee & Child(ren)	710.43	24.21	7.86	11.20	753.70	78.96	33.84	29.52	131.00	480.38	443.21	37.17 8%	520
Family	1,117.23	24.21	13.08	11.20	1,165.72	106.73	45.75	40.88	131.00	841.36	781.20	60.16 8%	182
Est. Monthly Total (mil \$)	\$1.8	\$0.1	\$0.0	\$0.0	\$2.0	\$0.2	\$0.1	\$0.1	\$0.5	\$1.1	\$1.0	\$0.1	3,780
NovaSys HD PPO													
Employee Only	\$206.10	\$24.21	\$6.04	\$11.20	\$247.54	\$57.97	\$24.94	\$18.53	\$131.00	\$15.10	\$48.19	(\$33.09) -69%	1,855
Employee & Spouse	607.35	24.21	9.08	11.20	651.84	103.06	44.17	40.51	131.00	333.10	429.93	(96.83) -23%	154
Employee & Child(ren)	385.42	24.21	7.86	11.20	428.68	78.96	33.84	29.52	131.00	155.36	217.98	(62.62) -29%	241
Family	609.56	24.21	13.08	11.20	658.06	106.73	45.75	40.88	131.00	333.70	430.84	(97.14) -23%	293
Est. Monthly Total (mil \$)	\$0.7	\$0.1	\$0.0	\$0.0	\$0.9	\$0.2	\$0.1	\$0.1	\$0.3	\$0.2	\$0.3	-\$0.1	2,543
Total (Monthly) (mil \$)	\$19.9	\$1.6	\$0.3	\$0.5	\$22.3	\$2.9	\$1.3	\$1.0	\$5.9	\$11.2	\$10.4	\$0.8	44,851
Est. Annual Total (mil \$)	\$238.3	\$19.3	\$3.6	\$6.0	\$267.3	\$35.0	\$15.0	\$11.8	\$70.5	\$134.9	\$124.9	\$10.0	



Appendix A – PSE Retirees 2011 Final Rate Details

Retirees	Medical	Prescription Drug	Corp Health		Total Monthly Premium	Subsidy from Active Employees	Reserve Allocation			2010 Total Cost	2009 Total Cost	Change in Retiree Premiums (\$ / %)	Assumed Enrollment
Non-Medicare Eligible													
Retiree Only	\$413.54	\$37.84	\$6.04		\$457.42	\$0.00				\$457.42	\$527.62	(\$70.20) -13%	1,818
Retiree & NME SP	1,105.09	37.84	9.08		1,152.01	0.00				1,152.01	1,213.72	(\$61.71) -5%	204
Retiree & Child(ren)	722.58	37.84	7.86		768.28	0.00				768.28	939.28	(\$171.00) -18%	11
Retiree & NME SP&CH	1,108.90	37.84	13.08		1,159.82	0.00				1,159.82	1,900.80	(\$740.98) -39%	2
Retiree & ME SP	552.96	37.84	6.04		596.82	0.00				596.82	609.70	(\$12.88) -2%	-
Retiree & ME SP & CH	862.01	37.84	7.86		907.71	0.00				907.71	1,004.01	(\$96.30) -10%	-
Est. Monthly Total (mil \$)	\$1.0	\$0.1	\$0.0		\$1.1	\$0.0				\$1.1	\$1.2	-\$0.1	2,035
Medicare Eligible													
Retiree Only	\$134.75	\$15.41	Not Offered		\$150.16	\$108.72				\$41.44	\$41.44	\$0.00 0%	4,739
Retiree & NME SP	552.96	15.41	Not Offered		568.37	-				568.37	674.34	(\$105.97) -16%	136
Retiree & Child(ren)	443.79	15.41	Not Offered		459.20	38.03				421.17	421.17	\$0.00 0%	12
Retiree & NME SP&CH	862.01	15.41	Not Offered		877.42	-				877.42	1,054.07	(\$176.65) -17%	3
Retiree & ME SP	269.50	15.41	Not Offered		284.91	114.32				170.59	170.59	\$0.00 0%	440
Retiree & ME SP & CH	578.55	15.41	Not Offered		593.96	43.64				550.32	550.32	\$0.00 0%	2
Est. Monthly Total (mil \$)	\$0.8	\$0.1	\$0.0		\$0.9	\$0.6				\$0.4	\$0.4	\$0.0	5,332
Total (Est. Monthly)	\$1.8	\$0.2	\$0.0		\$2.0	\$0.6				\$1.4	\$1.6	(\$0.2)	7,367
Est. Annual Total (mil \$)	\$21.9	\$1.9	\$0.2		\$24.0	\$6.8				\$17.2	\$19.1	-\$1.9	



Appendix A – ASE Actives 2011 Final Rate Details

Actives	Medical and Pharmacy	Expenses	Corp Health	Total Monthly Premium	State Contributions	Reserve Allocation	2011 EE Total Cost	2010 EE Total Cost	Change in Premiums (\$ / %)	Assumed Enrollment
Health Advantage										
Employee Only	\$359.09	\$36.47	\$6.00	\$401.56	\$305.78	\$0.00	\$95.78	\$95.78	\$0.00 0%	14,614
Employee & Spouse	912.33	36.47	12.00	960.80	593.06	0.00	367.74	367.74	0.00 0%	3,563
Employee & Child(ren)	556.69	36.47	9.60	602.76	409.12	0.00	193.64	193.64	0.00 0%	4,217
Family	1,011.13	36.47	19.80	1,067.40	647.78	0.00	419.62	419.62	0.00 0%	3,134
Est. Monthly Total (\$ mil)	\$14.0	\$0.9	\$0.2	\$15.2	\$10.3	\$0.0	\$4.8	\$4.8	\$0.0	25,528
NovaSys										
Employee Only	\$399.13	\$22.84	\$6.00	\$427.97	\$305.78	\$0.00	\$122.19	\$96.36	\$25.83 27%	756
Employee & Spouse	991.81	22.84	12.00	1,026.65	593.06	0.00	433.59	369.18	64.41 17%	141
Employee & Child(ren)	610.82	22.84	9.60	643.26	409.12	0.00	234.14	194.54	39.60 20%	209
Family	1,097.65	22.84	19.80	1,140.29	647.78	0.00	492.50	421.22	71.28 17%	121
Est. Monthly Total (\$ mil)	\$0.7	\$0.0	\$0.0	\$0.7	\$0.5	\$0.0	\$0.3	\$0.2	\$0.0	1,227
NovaSys HD PPO										
Employee Only	\$284.10	\$22.84	\$6.00	\$312.94	\$305.78	\$0.00	\$7.16	\$20.60	(\$13.44) -65%	578
Employee & Spouse	712.24	22.84	12.00	747.08	593.06	0.00	154.02	187.34	(33.32) -18%	127
Employee & Child(ren)	437.01	22.84	9.60	469.45	409.12	0.00	60.33	80.86	(20.53) -25%	103
Family	788.69	22.84	19.80	831.33	647.78	0.00	183.54	220.42	(36.88) -17%	120
Est. Monthly Total (\$ mil)	\$0.4	\$0.0	\$0.0	\$0.4	\$0.4	\$0.0	\$0.1	\$0.1	(\$0.0)	928
Total (Monthly) (\$ mil)	\$15.1	\$1.0	\$0.3	\$16.3	\$11.2	\$0.0	\$5.2	\$5.1	\$0.0	27,683
Est Annual Total (\$ mil)	\$181.3	\$11.8	\$3.0	\$196.1	\$134.3	\$0.0	\$61.9	\$61.5	\$0.3	

Appendix A – ASE Retirees 2011 Final Rate Details

Retirees	Medical and Pharmacy Expenses	Corp Health	Total Monthly Premium	State Contributions	Reserve Allocation	2011 Ret. Total Cost	2010 Ret. Total Cost	Change in Premiums (\$ / %)	Assumed Enrollment	
Non-Medicare Eligible										
Retiree Only	\$359.09	\$36.47	\$6.00	\$401.56	\$165.82	\$0.00	\$235.74	\$235.74	\$0.00 0%	1,360
Retiree & NME SP	912.33	36.47	12.00	960.80	384.92	0.00	575.88	575.88	0.00 0%	488
Retiree & Child(ren)	556.69	36.47	9.60	602.76	162.92	0.00	439.84	439.84	0.00 0%	57
Retiree & NME SP&CH	1,011.13	36.47	19.80	1,067.40	150.68	0.00	916.72	916.72	0.00 0%	33
Retiree & ME SP	696.35	36.47	6.00	738.82	337.28	0.00	401.54	401.54	0.00 0%	-
Retiree & ME SP & CH	893.94	36.47	9.60	940.01	333.24	0.00	606.77	606.77	0.00 0%	-
Est. Monthly Total (\$ mil)	\$1.0	\$0.1	\$0.0	\$1.1	\$0.4	\$0.0	\$0.7	\$0.7	\$0.0	1,938
Medicare Eligible										
Retiree Only	\$332.33	\$15.41	Not Offered	\$347.74	\$230.62	\$0.00	\$117.12	\$117.12	\$0.00 0%	4,641
Retiree & NME SP	696.35	15.41	Not Offered	711.76	265.04	0.00	446.72	446.72	0.00 0%	533
Retiree & Child(ren)	529.93	15.41	Not Offered	545.34	230.48	0.00	314.86	314.86	0.00 0%	44
Retiree & NME SP&CH	893.94	15.41	Not Offered	909.35	264.87	0.00	644.48	644.48	0.00 0%	27
Retiree & ME SP	664.67	15.41	Not Offered	680.08	401.59	0.00	278.49	278.49	0.00 0%	1,785
Retiree & ME SP & CH	862.27	15.41	Not Offered	877.68	401.44	0.00	476.24	476.24	0.00 0%	16
Est. Monthly Total (\$ mil)	\$3.2	\$0.1	\$0.0	\$3.3	\$2.0	\$0.0	\$1.3	\$1.3	\$0.0	7,045
Total (Est. Monthly)	\$4.2	\$0.2	\$0.0	\$4.4	\$2.4	\$0.0	\$2.0	\$2.0	\$0.0	8,983
Total (Est. Annual)	\$49.9	\$2.2	\$0.2	\$52.2	\$28.6	\$0.0	\$23.7	\$23.7	\$0.0	



Appendix B - Benefit Options

Benefit Option Name: Last Modified: Plan Coverage Relative Value: Provider Network:	Gold 1/1/2012 1.000 Health Advantage	Silver (Tentative) 1/1/2012 0.916 TBD	Bronze (Tentative) 1/1/2012 0.820 TBD
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	None / None	\$500 / \$1000	\$1500 / \$3000
Coinsurance	20%	20%	20%
Copays			
Office Visit (OV)-Primary Care (PCP)	\$25	\$35	Ded. & Coins.
OV - Specialist Care Provider (SCP)	\$35	\$50	Ded. & Coins.
Urgent Care (UC)	\$100	\$150	Ded. & Coins.
Hospital Emergency Room (ER) Non-admitted	\$100	\$150	Ded. & Coins.
Outpatient Surgery	\$100 then Coins.	\$150 then Ded. & Coins.	Ded. & Coins.
Hospital Inpatient	\$250 then Coins.	\$300 then Ded. & Coins.	Ded. & Coins.
Coinsurance Max (Individual / Family)	\$1500 / \$3000	\$2000 / \$4000	\$2500 / \$5000 ¹
<u>Out-of-Network (OON) Benefits ²</u>			
Deductible (Individual / Family)	\$1000 / \$2000	\$1000 / \$2000	\$3000 / \$6000
Coinsurance	40%	40%	40%
Coinsurance Max (Individual / Family)	\$5000 / \$10000	\$5000 / \$10000	\$5000 / \$10000
Annual Maximum INN / OON	Unlimited / \$1,000,000	Unlimited / \$1,000,000	Unlimited / \$1,000,000
<u>Prescription Drugs</u>			
Generic/Formulary /Non-Formulary (30 days)	\$10 / \$30 / \$60	\$10 / \$35 / \$70	Ded. & Coins.
<u>Selected Detail Benefits</u>			
Rehabilitation (i.e., speech, occup. physical):	Ded (if OON) & Coins.	Ded & Coins.	Ded. & Coins.
Chiropractors:	INN: \$35 then Coins; OON: Ded. & Coins	INN: \$35 then Coins; OON: Ded. & Coins	Ded. & Coins.
Hearing Exams:	\$35 (INN)	\$35 (INN)	Ded. & Coins.
Hearing Aids:	No Cost; Limit of \$1400 per ear every 3 years	No Cost; Limit of \$1400 per ear every 3 years	Ded. & Coins.
Preventive Care:	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost



Appendix B - Benefit Options (Cont.)

Medical Management			
PCP referral to specialists required:	No	No	No
Inpatient:	Health Advantage (HA) - Patient Responsible	TBD	TBD
Outpatient:	Selected	Selected	Selected
Case Management:	Yes	Yes	Yes
Disease Management:	Yes, select conditions	Yes, select conditions	Yes, select conditions
Wellness	Yes	Yes	Yes
Nurse-Line / Informed Decision Support:	Yes	Yes	Yes
Medicare Integration:	Coordination of Benefits	Not Available	Not Available
Non- Medicare Benefits Covered:	Yes, same as NME		
Non- Medicare Providers Covered:	Non-Par & Non-Accepting		
Pharmacy Covered:	Yes, same as NME		
Vision Care Services			
Exam every 24 months - INN	\$35 Copay	\$35 Copay	\$35 Copay
Flexible Spending Account Offered:	Yes	Yes	Yes
Health Savings Account Offered:	No	No	Yes
Life Insurance (ASE Only)			
Prior to Age 65	\$10,000	\$10,000	\$10,000
From Age 65 to Age 69	\$5,000	\$5,000	\$5,000
From Age 70 on	\$4,000	\$4,000	\$4,000

¹For the Bronze Plan only, the Individual Deductible applies only to the Employee Only rating tier. All other rating tiers only the Family deductible applies.

²When an in-network provider is not available within 50 miles for a hospital and 25 miles for all other providers, then in-network benefits apply.



Appendix C

Assumptions & Methods

- Key assumptions and methods are shown on the rating worksheets and detailed financial pages developing the rates. Note that results are not final and can change. Additional details about the assumptions and methods will be provided in follow-up documentation once final rates are adopted.
- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information and claims data.
- Cheiron's presentation was prepared exclusively for the State of Arkansas for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Cheiron's work product (other than the Fund's auditor, attorney, third party administrator or other professional when providing professional services to the Fund) who desires professional guidance should not rely upon Cheiron's work product, but should engage qualified professionals for advice appropriate to its own specific needs.
- Please see the following slides for more information about the trend assumption.
- The figures in this report are preliminary. Cheiron intends to update them over the next month to incorporate additional information that we will receive and additional analysis that we will perform.



Appendix C -Trend Analysis

AR Health - Preliminary ASE Trend Development

1 = Use ; 0 = Do NOT Use

	A	B	C	0 1		E	F	G	H	I	PY11/PY10 Possible Adjustment	Used for CY 2011 rates	Recommended CY 2012 rates
				D	Alt D								
Experience Period:	CY2010/ CY2009	CY2010/ CY2009	CY2010/ CY2009	1/10 v 1/09	3/10 v 3/09	1/10 v 1/09	CY2010/ CY2009	CY2010/ CY2009	same as F CY2010/ CY2009	same as G PY2011/ PY 2010			
Type of Claims:	Paid PMPM	Incurred PMPM	Incurred Benefit	Incurred Demo	Risk Score	Incurred Geo	Underlying Incurred Util & Price	Incurred Potential	Underlying Paid Util & Price	Underlying Paid Potential	Marketplace Potential & Other Factors	Incurred Annual Trend Assumption	Incurred Annual Trend Assumption
Medical - Actives and NME Retirees	Actual	Actual	Changes*	Changes	Changes	Changes	Trend	Future Trend	Trend	Future Trend			
1 Health Advantage	5.4%	8.0%	0.9%	0.90%	0.8%	0.1%	6.1%	7.0%	3.5%	4.4%			
2 NovaSys	-12.1%	7.3%	0.9%	3.17%	-2.6%	0.7%	8.5%	6.4%	-11.1%	-12.8%			
3 NovaSys HD	26.1%	-2.4%	0.9%	-0.39%	-3.6%	0.2%	0.2%	-3.2%	29.4%	24.9%			
4 Medical - Actives and NME	4.6%	7.8%	0.9%	1.1%	0.6%	0.1%	6.1%	6.8%	2.9%	3.7%	-2+%	5.0%	6.0%
5 Medical - ME Retirees	6.3%	8.8%	0.0%	-0.2%	1.4%	0.0%	7.3%	8.8%	4.9%	6.3%	-2+%	5.0%	6.0%
6 Rx - Actives and NME Retirees**	0.0%	3.5%	0.0%	1.2%	0.6%	0.0%	2.9%	3.5%	-0.5%	0.0%	-3+%	8.5%	3.5%

* based on adjustment factors for plan years (starting 10/1) for Actives and calendar year changes for retirees from previous Milliman rating work.

** blended based on medical claims

AR Health - Preliminary PSE Trend Development

	A	B	C	0 1		E	F	G	H	I	PY11/PY10 Adjustment	Used for CY 2011 rates	Recommended CY 2012 rates
				D	Alt D								
Experience Period:	CY2010/ CY2009	CY2010/ CY2009	CY2010/ CY2009	1/10 v 1/09	3/10 v 3/09	1/10 v 1/09	CY2010/ CY2009	CY2010/ CY2009	same as F CY2010/ CY2009	same as G PY2011/ PY 2010			
Type of Claims:	Paid PMPM	Incurred PMPM	Incurred Benefit	Incurred Demo	Risk Score	Incurred Geo	Underlying Incurred Util & Price	Incurred Potential	Underlying Paid Util & Price	Underlying Paid Potential	Marketplace Potential & Other Factors	Incurred Annual Trend Assumption	Incurred Annual Trend Assumption
Medical - Actives and NME Retirees	Actual	Actual	Changes*	Changes	Changes	Changes	Trend	Future Trend	Trend	Future Trend			
1 Health Advantage	3.5%	5.0%	0.9%	0.6%	0.8%	-0.4%	3.7%	4.1%	2.2%	2.6%			
2 Novasys	10.4%	16.9%	0.9%	3.2%	-2.6%	0.8%	18.1%	15.9%	11.5%	9.4%			
3 Novasys HD	-4.5%	3.9%	0.9%	-1.3%	-3.6%	0.1%	6.7%	3.0%	-1.9%	-5.3%			
4 Medical - Actives and NME	4.0%	6.3%	0.9%	0.9%	0.6%	-0.3%	4.9%	5.3%	2.7%	3.1%	-2+%	5.0%	6.0%
5 Medical - ME Retirees	2.4%	5.5%	0.0%	-2.3%	1.4%	0.0%	4.1%	5.5%	1.1%	2.4%	-2+%	5.0%	6.0%
6 Rx - Actives and NME Retirees**	-0.9%	2.3%	0.0%	0.7%	0.6%	-0.3%	2.0%	2.3%	-1.3%	-0.9%	-3+%	8.5%	3.5%

* based on adjustment factors for plan years (starting 10/1) for Actives and calendar year changes for retirees from previous Milliman rating work.

** blended based on medical claims



Appendix C - Trend Analysis (Cont.)

New Programs / Procedures Impacting Trend:

- Chronic Care Management for 8 conditions
- Long Term Acute Care Facilities added to network
- Skilled Nursing Facilities Pre-Authorization
- Home Health Care Pre-Authorization
- Mommy To Be
- Medicare Part B Drug Coordination
- Formulary Management
- Over The Counter (OTC) Program
- Step-Therapy Diabetes and Statins