

**State and Public School Life
And Health Insurance Board
Minutes
June 19, 2012**

The 122ND meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on June 19, 2012 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT

Renee Mallory
Dr. Joseph Thompson
Janis Harrison
Kelly Chaney
Bob Alexander
Mark White
Carla Wooley
Katrina Burnett
John Kirtley

MEMBERS ABSENT

Dr. Andrew Kumpuris
Lloyd Black
Shawn Cook

Jason Lee, Executive Director, Employee Benefits Division.

OTHERS PRESENT:

John Colberg, Gaelle Gravot, Cheiron; Marla Wallace, Michelle Hazelett, Leslie Smith, Sherri Saxby, Tracy Collins, Latryce Taylor, Sherry Bryant, Melida Vasquez, Janna Keathley, Cathy Harris, EBD; Pam Lawrence, Lori Eden, American Health Holdings; Rhonda Hill, AR Center for Health Improvement, Ron Deberry, David Bridges, Barbara Melugin, Tonya Rogers, Kathy Ryan, Health Advantage; Ronda Walthall, AR Highway & Transportation Dept, Shonda Rocke, SXC Health Solutions; Joe Chang, MN Life; George Burks, USable; Warren Tayes, Merck; Doris Williams, AR Dept of Health, John Greer, Humana; Susan Walker, Data Path; BJ Himes, Andra Kaufman, QualChoice;

CALL TO ORDER

Meeting was called to order by Renee Mallory, Chair

APPROVAL OF MINUTES

The request was made by Mallory to approve the May 15, 2012 minutes. White made the motion to approve minutes as amended. Kirtley seconded. All were in favor. Minutes approved.

NEW BOARD MEMBER

The Board welcomed new member Katrina Burnett, Department of Information Systems (DIS). Burnett fills the seat vacated by Coby Logan.

FINANCIALS by Marla Wallace, CFO

Wallace presented detailed financial statements for the Arkansas State Employees (ASE) and the Public School Employees (PSE) for May 2012.

2013 PLAN YEAR RATES by John Colberg, Cherion

Colberg provided an overview of the ASE & PSE Actives and Retires preliminary rates for Plan Year 2013. The committee reviewed trend analysis, projected excess reserves, rate development and a recap of last year's decisions.

Cherion will continue to update the figures in the report over the next month and incorporate additional information.

No action was taken by the Board.

ELECTION OF CHAIR & VICE CHAIR

Mallory accepted nominations for Chairman of the Board.

Harrison nominated Mallory as Chair and Kirtley as Vice Chair for a second term. Alexander seconded the nominations. Harrison closed the nominations. Mallory and Kirtley was declared elected by acclamation as Chair and Vice Chair of the Board.

DIRECTOR'S REPORT by Jason Lee

Lee talked about a recent review conducted on the number of budgeted positions for next year, based on participated enrollment. Lee reported there are a few entities that do not have budgeted or authorized positions because of their structure or historic legislation. Lee said the entities pay a higher rate of \$446 for those that are enrolled in the health plan, and next year the rate will increase to \$476.

Lee informed the Board the Life Insurance bid for State & School employees has been posted on the Office of State Procurement (OSP) website. Lee said a bid will be posted for dental as well.

Lee reported that two 4- year Universities have inquired about participation in the plan. Lee said the Attorney General Office has confirmed that Universities have the option to join the plan as a participating institution. They are subject to the same rules and funding as a regular state agency.

Meeting adjourned.



AGENDA

State and Public School Life and Health Insurance Board

EBD Board Room - 501 Building - 5th Floor

June 19, 2012

1:00 p.m.

- 1. Call to Order** *Renee Mallory, Chair*
- 2. Approval of Minutes** *Renee Mallory, Chair*
- 3. Financials (May, 2012)** *Marla Wallace, CFO*
- 4. 2013 Plan Year Rates** *John Colberg, Cheiron*
- 5. Election of Chair & Vice-Chair** *Renee Mallory, Chair*
- 6. Director's Report** *Jason Lee, Executive Director*

Upcoming Meetings

July 17th

***** August 21st *****

October 16th

ORIS

Public School Employees (PSE) Financials - January 1, 2012 through April 30, 2012				
	Gold	Silver	Bronze	Total
Actives	52,746	1,458	15,940	70,144
Retirees	2,520	6	165	2,691
Medicare	7,420			7,420
Total	62,686	1,464	16,105	80,255
Operations as of 04/30/12				
Funding			Current Month	Year to Date (4 months)
District Contribution			\$ 7,916,163	\$ 31,048,063
Employee Contribution			\$ 10,868,230	\$ 44,361,945
Dept of Ed \$35,000,000 & \$15,000,000			\$ 6,931,818	\$ 20,227,273
Other			\$ 441,076	\$ 587,481
Total Funding			\$ 26,157,287	\$ 96,224,763
Expenses				
Medical Expenses:				
Claims Expense			\$ 15,927,634	\$ 71,834,439
Claims IBNR			\$ -	\$ -
Medical Admin Fees			\$ 1,613,749	\$ 6,383,291
Refunds			\$ 20,883	\$ 72,742
Employee Assistance Program (EAP)			\$ 245,243	\$ 327,482
Pharmacy Expenses:				
RX Claims			\$ 5,688,098	\$ 22,100,301
RX IBNR			\$ -	\$ -
RX Admin			\$ 104,865	\$ 437,264
Plan Administration			\$ 377,624	\$ 1,556,157
Total Expenses			\$ 23,978,095	\$ 102,711,676
Net Income/(Loss)			\$ 2,179,193	\$ (6,486,913)
Reserve Activity:				
Allocation for Active/Retiree Premiums for Plan Year 2012			\$ 1,400,000	\$ 5,600,000
Net Income/(Loss) After Reserves			\$ 3,579,193	\$ (886,913)
Balance Sheet as of 04/30/12				
Assets				
Bank Account				\$ 10,446,314
State Treasury				\$ 55,989,314
Receivable from Provider				\$ 435,091
Accounts Receivable				\$ 8,140,105
Due from ASE				\$ -
Total Assets				\$ 75,010,824
Liabilities				
Accounts Payable				\$ 6,789,122
Due to ASE				\$ -
Deferred Revenues				\$ 1,490,429
Health IBNR				\$ 25,500,000
RX IBNR				\$ 2,340,000
Total Liabilities				\$ 36,119,551
Net Assets				\$ 38,891,273
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 01/01/12 - 12/31/12 (\$16,800,000)				\$ (11,200,000)
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13 (\$9,000,000)				\$ (9,000,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14 (\$3,600,000)				\$ (3,600,000)
Catastrophic Reserve				\$ (9,900,000)
Net Assets Available				\$ 5,191,273

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

Public School Employees (PSE) Financials - January 1, 2012 through May 31, 2012				
	Gold	Silver	Bronze	Total
Actives	52,646	1,484	16,011	70,141
Retirees	2,482	6	169	2,657
Medicare	7,472			7,472
Total	62,600	1,490	16,180	80,270
Operations as of 05/31/12				
Funding			Current Month	Year to Date (5 months)
District Contribution			\$ 7,877,045	\$ 38,925,109
Employee Contribution			\$ 10,813,593	\$ 55,175,538
Dept of Ed \$35,000,000 & \$15,000,000			\$ 3,181,818	\$ 23,409,091
Other			\$ 32,434	\$ 619,916
Total Funding			\$ 21,904,890	\$ 118,129,653
Expenses				
Medical Expenses:				
Claims Expense			\$ 16,869,579	\$ 88,704,017
Claims IBNR			\$ (800,000)	\$ (800,000)
Medical Admin Fees			\$ 1,645,753	\$ 8,029,044
Refunds			\$ 5,261	\$ 78,003
Employee Assistance Program (EAP)			\$ 81,448	\$ 408,930
Pharmacy Expenses:				
RX Claims			\$ 4,865,889	\$ 26,966,190
RX IBNR			\$ 260,000	\$ 260,000
RX Admin			\$ 92,937	\$ 530,201
Plan Administration			\$ 393,906	\$ 1,950,063
Total Expenses			\$ 23,414,772	\$ 126,126,448
Net Income/(Loss)			\$ (1,509,882)	\$ (7,996,795)
Reserve Activity:				
Allocation for Active/Retiree Premiums for Plan Year 2012			\$ 1,400,000	\$ 7,000,000
Net Income/(Loss) After Reserves			\$ (109,882)	\$ (996,795)
Balance Sheet as of 05/31/12				
Assets				
Bank Account				\$ 12,749,423
State Treasury				\$ 56,003,191
Receivable from Provider				\$ 435,091
Accounts Receivable				\$ 1,916,223
Due from ASE				\$ -
Total Assets				\$ 71,103,928
Liabilities				
Accounts Payable				\$ 4,951,330
Due to ASE				\$ -
Deferred Revenues				\$ 1,471,206
Health IBNR				\$ 24,700,000
RX IBNR				\$ 2,600,000
Total Liabilities				\$ 33,722,536
Net Assets				\$ 37,381,391
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 01/01/12 - 12/31/12		(\$16,800,000)		\$ (9,800,000)
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13		(\$9,000,000)		\$ (9,000,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14		(\$3,600,000)		\$ (3,600,000)
Catastrophic Reserve				\$ (9,900,000)
Net Assets Available				\$ 5,081,391

Public School Employees (PSE) Financials - October 1, 2010 through May 31, 2011				
	ARHealth	Health Adv	NovaSys	Total
Actives		37,463	2,915	40,378
Actives HD			4,752	4,752
Retirees	8,029			8,029
COBRA		694	79	773
Total	8,029	38,157	7,746	53,932
Operations as of 05/31/11				
Funding			Current Month	Year to Date (8 months)
District Contribution			\$ 5,912,816	\$ 47,291,524
Employee Contribution, Rebates, and ERRP			\$ 12,747,542	\$ 104,428,883
Dept of Ed \$35,000,000 & \$15,000,000			\$ 3,181,818	\$ 36,704,545
Total Funding			\$ 21,842,177	\$ 188,424,953
Expenses				
Medical Expenses:				
Claims Expense			\$ 16,521,795	\$ 123,795,856
Claims IBNR			\$ -	\$ -
Medical Admin Fees			\$ 1,335,680	\$ 10,891,101
Refunds			\$ (4,446)	\$ (6,486)
Behavioral Health			\$ 681,722	\$ 3,036,253
Pharmacy Expenses:				
RX Claims			\$ 4,477,791	\$ 36,522,468
RX IBNR			\$ -	\$ -
RX Admin			\$ 63,209	\$ 530,065
Plan Administration			\$ 289,152	\$ 2,120,979
Total Expenses			\$ 23,364,902	\$ 176,890,237
Net Income/(Loss)			\$ (1,522,726)	\$ 11,534,716
Reserve Activity:				
Allocation for Active Premiums for Plan Yr 10/01/10-12/31/11			\$ 789,333	\$ 6,314,667
Retiree Premiums for Plan Year 01/01/11-12/31/11			\$ 63,333	\$ 316,667
Net Income/(Loss) After Reserves			\$ (670,059)	\$ 18,166,049
Balance Sheet as of 05/31/11				
Assets				
Bank Account			\$	7,657,959
State Treasury			\$	73,835,493
Receivable from Provider			\$	452,003
Accounts Receivable			\$	342,907
Due from ASE			\$	15,703
Total Assets			\$	82,304,065
Liabilities				
Accounts Payable			\$	615,519
Due to ASE			\$	-
Deferred Revenues			\$	1,390,943
Health IBNR			\$	25,500,000
RX IBNR			\$	2,340,000
Total Liabilities			\$	29,846,462
Net Assets			\$	52,457,604
Less Reserves Allocated:				
Active Premiums for Plan Year 10/01/10-12/31/11 (\$11,840,000)			\$	(5,525,333)
Retiree Premiums for Plan Year 01/01/11-12/31/11 (\$760,000)			\$	(443,333)
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			\$	23,588,937

Arkansas State Employees (ASE) Financials - January 1, 2012 through April 30, 2012				
	Gold	Silver	Bronze	Total
Actives	47,025	973	2,680	50,678
Retirees	3,203	7	40	3,250
Medicare	9,644			9,644
Total	59,872	980	2,720	63,572
Operations as of 04/30/12				
Funding			Current Month	Year to Date (4 months)
State Contribution			\$ 13,483,994	\$ 53,958,544
Employee Contribution			\$ 7,175,210	\$ 28,693,726
Other			\$ 1,221,935	\$ 2,134,614
Total Funding			\$ 21,881,139	\$ 84,786,884
Expenses				
Medical Expenses				
Claims Expense			\$ 13,350,733	\$ 61,026,175
Claims IBNR			\$ -	\$ -
Medical Admin Fees			\$ 1,088,810	\$ 4,281,149
Refunds			\$ 13,509	\$ 101,130
Employee Assistance Program (EAP)			\$ 171,898	\$ 228,739
Life Insurance			\$ 102,268	\$ 409,275
Pharmacy Expenses				
RX Claims			\$ 7,086,330	\$ 27,201,780
RX IBNR			\$ -	\$ -
RX Admin			\$ 107,405	\$ 434,853
Plan Administration			\$ 287,162	\$ 1,140,720
Total Expenses			\$ 22,208,115	\$ 94,823,821
Net Income/(Loss)			\$ (326,975)	\$ (10,036,937)
Reserve Activity:				
Allocation for Active/Retiree Plan year 2012			\$ 1,554,167	\$ 6,216,667
Net Income/(Loss) After Reserves			\$ 1,227,191	\$ (3,820,270)
Balance Sheet as of 04/30/12				
Assets				
Bank Account			\$	13,751,321
State Treasury			\$	103,107,715
Due from Cafeteria Plan			\$	576,108
Due from PSE			\$	-
Receivable from Provider			\$	511,477
Accounts Receivable			\$	1,027,119
Total Assets			\$	118,973,740
Liabilities				
Accounts Payable			\$	6,514,990
Deferred Revenues			\$	4,151,968
Due to Cafeteria			\$	-
Due to PSE			\$	-
Health IBNR			\$	21,570,000
RX IBNR			\$	2,680,000
Total Liabilities			\$	34,916,958
Net Assets			\$	84,056,781
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 1/1/12 - 12/31/12		(\$18,650,000)	\$	(12,433,333)
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13		(\$11,190,000)	\$	(11,190,000)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14		(\$7,460,000)	\$	(7,460,000)
Catastrophic Reserve			\$	(9,000,000)
Net Assets Available			\$	43,973,448

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 ERFP	\$ 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

Arkansas State Employees (ASE) Financials - January 1, 2012 through May 31, 2012				
	Gold	Silver	Bronze	Total
Actives	46,878	1,057	2,737	50,672
Retirees	3,178	7	40	3,225
Medicare	9,718			9,718
Total	59,774	1,064	2,777	63,615
Operations as of 05/31/12				
Funding			Current Month	Year to Date (5 months)
State Contribution			\$ 13,484,942	\$ 67,443,486
Employee Contribution			\$ 7,157,301	\$ 35,851,027
Other			\$ 42,989	\$ 2,177,604
Total Funding			\$ 20,685,232	\$ 105,472,117
Expenses				
Medical Expenses				
Claims Expense			\$ 14,448,562	\$ 75,474,737
Claims IBNR			\$ (470,000)	\$ (470,000)
Medical Admin Fees			\$ 1,103,804	\$ 5,384,954
Refunds			\$ 6,390	\$ 107,520
Employee Assistance Program (EAP)			\$ 57,479	\$ 286,218
Life Insurance			\$ 102,596	\$ 511,872
Pharmacy Expenses				
RX Claims			\$ 5,992,684	\$ 33,194,464
RX IBNR			\$ 520,000	\$ 520,000
RX Admin			\$ 92,494	\$ 527,348
Plan Administration			\$ 280,594	\$ 1,421,314
Total Expenses			\$ 22,134,604	\$ 116,958,426
Net Income/(Loss)			\$ (1,449,372)	\$ (11,486,309)
Reserve Activity:				
Allocation for Active/Retiree Plan year 2012			\$ 1,554,167	\$ 7,770,833
Net Income/(Loss) After Reserves			\$ 104,794	\$ (3,715,476)
Balance Sheet as of 05/31/12				
Assets				
Bank Account			\$	11,064,720
State Treasury			\$	103,133,382
Due from Cafeteria Plan			\$	576,109
Due from PSE			\$	-
Receivable from Provider			\$	511,477
Accounts Receivable			\$	958,841
Total Assets			\$	116,244,529
Liabilities				
Accounts Payable			\$	5,095,049
Deferred Revenues			\$	4,241,949
Due to Cafeteria			\$	122
Due to PSE			\$	-
Health IBNR			\$	21,100,000
RX IBNR			\$	3,200,000
Total Liabilities			\$	33,637,119
Net Assets			\$	82,607,409
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 1/1/12 - 12/31/12	(\$18,650,000)		\$	(10,879,167)
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13	(\$11,190,000)		\$	(11,190,000)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14	(\$7,460,000)		\$	(7,460,000)
Catastrophic Reserve			\$	(9,000,000)
Net Assets Available			\$	44,078,243

Arkansas State Employees (ASE) Financials - January 1, 2011 through May 31, 2011

	ARHealth	Health Adv	NovaSys	Total
Actives		25,779	910	26,689
Actives HD			1,054	1,054
Retirees	9,073			9,073
COBRA		119	9	128
Total	9,073	25,898	1,973	36,944

Operations as of 05/31/11

	Current Month	Year to Date (5 months)
Funding		
State Contribution	\$ 13,600,712	\$ 68,066,024
Employee Contribution, Rebates, Medicare Subsidy, and ERRP	\$ 7,682,489	\$ 38,722,729
Total Funding	\$ 21,283,201	\$ 106,788,753
Expenses		
Medical Expenses		
Claims Expense	\$ 14,647,832	\$ 66,852,182
Claims IBNR	\$ -	\$ -
Medical Admin Fees	\$ 918,220	\$ 4,632,097
Refunds	\$ (1,225)	\$ 39,218
Behavioral Health	\$ 661,455	\$ 1,650,344
Life Insurance	\$ 102,234	\$ 509,967
Pharmacy Expenses		
RX Claims	\$ 5,299,564	\$ 27,326,806
RX IBNR	\$ -	\$ -
RX Admin	\$ 70,471	\$ 370,001
Plan Administration	\$ 260,942	\$ 1,055,890
Total Expenses	\$ 21,959,493	\$ 102,436,504
Net Income/(Loss)	\$ (676,292)	\$ 4,352,248

Balance Sheet as of 05/31/11

Assets	
Bank Account	\$ 6,705,593
State Treasury	\$ 108,615,096
Due from Cafeteria Plan	\$ 577,865
Due from PSE	\$ -
Receivable from Provider	\$ 495,763
Accounts Receivable	\$ 631,028
Total Assets	\$ 117,025,345
Liabilities	
Accounts Payable	\$ 162,526
Deferred Revenues	\$ 4,252,651
Due to Cafeteria	\$ -
Due to PSE	\$ 15,703
Health IBNR	\$ 21,570,000
RX IBNR	\$ 2,680,000
Total Liabilities	\$ 28,680,880
Net Assets	\$ 88,344,465
Less Reserves Allocated:	
Catastrophic Reserve	\$ (8,900,000)
Pharmacy Reward Program (2010-\$1,500,000)	\$ (1,500,000)
Net Assets Available	\$ 77,944,465

ASE Cafeteria Plan Financials 2011- January 1, 2012 through April 30, 2012

Cafeteria Plan Operations as of 04/30/12

<u>Funding</u>	Current Month	Year to Date (4 months)
FICA Savings	\$ 355,205	\$ 1,415,080
Interest, Penalties, Tax Set Off	\$ 729	\$ 3,369
Total Funding	\$ 355,934	\$ 1,418,449
<u>Expenses</u>		
Plan Administration	\$ 13,310	\$ 53,413
Forfeited Benefits (Annual Expense)	\$ -	\$ -
FICA Savings Transfer (Annual Expense)	\$ -	
Total Expenses	\$ 13,310	\$ 53,413
Net Income/(Loss)	\$ 342,624	\$ 1,365,037

Balance Sheet as of 04/30/12

<u>Assets</u>		
State Cafeteria (Flexible Benefits)		\$ 429,160
Admin Acct (FICA Savings)		\$ 51,098
State Treasury		\$ 3,470,653
Due from Health Plan		\$ -
Due from State Employee Fund		\$ -
Accounts Receivable		\$ 17,952
Total Assets		\$ 3,968,863
<u>Liabilities</u>		
Accounts Payable		\$ (193,373)
Due to Health Plan (FICA Savings Annual)		\$ 184
Due to Health Plan (Forfeited Benefits Annual)		\$ 575,924
Total Liabilities		\$ 382,735
Net Assets		\$ 3,586,128

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

Cafeteria Plan Operations as of 04/30/11

<u>Funding</u>	Current Month	Year to Date (4 months)
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

ASE Cafeteria Plan Financials 2011- January 1, 2012 through May 31, 2012

Cafeteria Plan Operations as of 05/31/12

<u>Funding</u>	Current Month	Year to Date (5 months)
FICA Savings	\$ 354,300	\$ 1,769,380
Interest, Penalties, Tax Set Off	\$ 3,589	\$ 6,958
Total Funding	\$ 357,889	\$ 1,776,338
 <u>Expenses</u>		
Plan Administration	\$ 13,531	\$ 66,944
Forfeited Benefits (Annual Expense)	\$ -	\$ -
FICA Savings Transfer (Annual Expense)	\$ -	\$ -
Total Expenses	\$ 13,531	\$ 66,944
Net Income/(Loss)	\$ 344,358	\$ 1,709,395

Balance Sheet as of 05/31/12

<u>Assets</u>		
State Cafeteria (Flexible Benefits)		\$ 458,553
Admin Acct (FICA Savings)		\$ 50,720
State Treasury		\$ 3,802,444
Due from Health Plan		\$ 122
Due from State Employee Fund		\$ -
Accounts Receivable		\$ 18,935
Total Assets		\$ 4,330,775
<u>Liabilities</u>		
Accounts Payable		\$ (175,820)
Due to Health Plan (FICA Savings Annual)		\$ 184
Due to Health Plan (Forfeited Benefits Annual)		\$ 575,924
Total Liabilities		\$ 400,289
Net Assets		\$ 3,930,486

ASE Cafeteria Plan Financials 2011- January 1, 2011 through May 31, 2011

Cafeteria Plan Operations as of 05/31/11

<u>Funding</u>	Current Month	Year to Date (5 months)
FICA Savings	\$ 362,538	\$ 1,798,135
Interest, Penalties, Tax Set Off	\$ 753	\$ 17,079
Total Funding	\$ 363,291	\$ 1,815,214
<u>Expenses</u>		
Plan Administration	\$ 13,661	\$ 68,316
Forfeited Benefits (Annual Expense)	\$ -	\$ -
FICA Savings Transfer (Annual Expense)	\$ -	\$ -
Total Expenses	\$ 13,661	\$ 68,316
Net Income/(Loss)	\$ 349,630	\$ 1,746,898

Balance Sheet as of 05/31/11

Assets		
State Cafeteria (Flexible Benefits)		\$ 619,204
Admin Acct (FICA Savings)		\$ 40,359
State Treasury		\$ 3,877,317
Due from Health Plan		\$ -
Due from State Employee Fund		\$ -
Accounts Receivable		\$ 10,081
Total Assets		\$ 4,546,960
Liabilities		
Accounts Payable		\$ (6,941)
Due to Health Plan (FICA Savings Annual)		\$ 216
Due to Health Plan (Forfeited Benefits Annual)		\$ 577,649
Total Liabilities		\$ 570,924
Net Assets		\$ 3,976,036

Arkansas State Employees & Public School Employees Health Benefits Program

Preliminary Rates for CY 2013

John Colberg, FSA, MAAA

Gaelle Gravot, FSA

June 19, 2012





Topics

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Current Excess Reserves

- **Current Excess Reserves as of 4/30/2012:**
 - PSE: \$ 5.2 million or about 2% of annual expenses
 - ASE: \$44.0 million or about 17% of annual expenses
- **Compared to Last Year's Projected Excess Reserves as of December 31, 2011:**
 - PSE: \$ 5.3 million of about 2% of annual expenses
 - ASE: \$72.7 million or about 29% of annual expenses



Rating Tier Methods

- Current Method: Developed based on judgment between actual experience and standard industry factors.
- Alternative Methods:
 - By Person: Same rate for all employees, all spouses, and all children across all the rating tiers.
 - By Family: Uses actual experience in each family status to determine relationship.

Optional Rating Tiers - Actives

PSE-Gold Scenario1	Total Monthly Premium			Total Employee Cost		
		By Person Status	By Family Status		By Person Status	By Family Status
	Current			Historical		
Employee Only	\$458.36	\$456.80	\$473.32	\$224.84	\$224.84	\$224.84
Employee & Spouse	1,327.74	1,224.26	1,492.34	1,018.70	1,018.70	1,018.70
Employee & Child(ren)	847.00	805.06	732.38	576.68	576.68	576.68
Family	1,337.46	1,572.54	1,311.96	1,021.44	1,021.44	1,021.44

ASE-Gold	Total Monthly Premium			Total Employee Cost		
		By Person Status	By Family Status		By Person Status	By Family Status
	Current			Historical		
Employee Only	\$431.12	\$429.24	\$456.04	\$95.78	\$95.78	\$95.78
Employee & Spouse	1,091.50	1,005.56	1,203.32	367.74	367.74	367.74
Employee & Child(ren)	668.68	699.10	589.10	193.64	193.64	193.64
Family	1,217.36	1,275.40	1,090.64	419.62	419.62	419.62

Note: Total Employee Cost are calculated as a percent increase over last year's Employee Cost.



Optional Rating Tiers - Retirees

	Current	By Person Status	By Family Status	Historical	By Person Status	By Family Status
PSE-Gold-Scenario1	Total Monthly Premium			Total Employee Cost		
NME Retiree Only	\$458.36	\$456.80	\$473.32	\$458.36	\$457.42	\$473.32
NME Retiree & NME SP	1,327.74	1,224.26	1,492.34	1,327.74	1,224.26	1,492.34
NME Retiree & Child(ren)	847.00	805.06	732.38	847.00	805.06	768.28
NME Retiree & NME SP & CH	1,337.46	1,572.54	1,311.96	1,337.46	1,572.54	1,311.96
NME Retiree & ME SP	604.64	603.06	619.58	604.64	603.06	619.58
NME Retiree & ME SP & CH	993.26	951.34	878.64	993.26	951.34	907.71
ME Retiree Only	146.27	146.27	146.27	48.07	48.07	48.07
ME Retiree & NME SP	593.43	591.87	608.38	593.43	593.43	593.43
ME Retiree & Child(ren)	534.91	494.53	405.33	488.56	488.56	488.56
ME Retiree & NME SP & CH	1,025.37	1,262.00	984.91	1,017.81	1,017.81	1,017.81
ME Retiree & ME SP	292.53	292.53	292.53	197.89	197.89	197.89
ME Retiree & ME SP & CH	681.17	640.80	551.60	638.37	638.37	638.37
ASE-Gold	Total Monthly Premium			Total Employee Cost		
NME Retiree Only	\$431.12	\$429.24	\$456.04	\$235.74	\$235.74	\$235.74
NME Retiree & NME SP	1,091.50	1,005.56	1,203.32	575.88	575.88	575.88
NME Retiree & Child(ren)	668.68	699.10	589.10	439.84	439.84	439.84
NME Retiree & NME SP & CH	1,217.36	1,275.40	1,090.64	916.72	916.72	916.72
NME Retiree & ME SP	792.90	791.04	817.82	401.54	401.54	401.54
NME Retiree & ME SP & CH	1,030.48	1,060.88	950.90	606.77	606.77	606.77
ME Retiree Only	\$361.79	\$361.79	\$361.79	\$117.12	\$117.12	\$117.12
ME Retiree & NME SP	792.90	791.03	817.83	446.72	446.72	446.72
ME Retiree & Child(ren)	599.36	631.64	494.86	314.86	314.86	314.86
ME Retiree & NME SP & CH	1,148.04	1,207.95	996.39	644.48	644.48	644.48
ME Retiree & ME SP	723.58	723.58	723.58	278.49	278.49	278.49
ME Retiree & ME SP & CH	961.15	993.43	856.64	476.24	476.24	476.24

Note: Total Employee Cost are calculated as a percent increase over last year's Employee Cost.



Comparisons

PSE Actives – Current Tiers – Scenario 1

No New Reserves are Being Allocated



PSE Detailed Financials

H-scan

Total Active & Ret (\$ mil)	\$306.5	\$65.6	\$74.0	\$166.9	\$139.6	\$27.3		56,468
Actives	Total Monthly Premium	State Cont. Act 1842/1421 and Reserve Alloc.	School District Contrib.	2013 Total EE Cost	2012 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold								
Employee Only	\$458.36	\$102.52	\$131.00	\$224.84	\$187.36	\$37.48	20%	25,131
Employee & Spouse	1,327.74	178.04	131.00	1,018.70	848.92	169.78	20%	849
Employee & Child(ren)	847.00	139.32	131.00	576.68	480.56	96.12	20%	4,453
Family	1,337.46	185.02	131.00	1,021.44	851.20	170.24	20%	1,383
Est. Monthly Total (\$mil)	\$18.3	\$3.6	\$4.2	\$10.5	\$8.7	\$1.7		31,817
Silver								
Employee Only	\$401.30	\$89.10	\$131.00	\$181.20	\$157.56	\$23.64	15%	2,759
Employee & Spouse	1,159.66	207.72	131.00	820.94	713.86	107.08	15%	129
Employee & Child(ren)	740.30	144.58	131.00	464.72	404.10	60.62	15%	612
Family	1,168.16	214.02	131.00	823.14	715.78	107.36	15%	306
Est. Monthly Total (\$mil)	\$2.1	\$0.4	\$0.5	\$1.1	\$1.0	\$0.1		3,806
Bronze								
Employee Only	\$182.62	\$41.62	\$131.00	\$10.00	\$0.00	\$10.00	n/a	7,792
Employee & Spouse	509.30	126.50	131.00	251.80	186.52	65.28	35%	744
Employee & Child(ren)	328.98	85.50	131.00	112.48	83.32	29.16	35%	1,440
Family	514.32	128.90	131.00	254.42	188.46	65.96	35%	1,465
Est. Monthly Total (\$mil)	\$3.0	\$0.7	\$1.5	\$0.8	\$0.5	\$0.3		11,441
Total (Monthly) (\$ mil)	\$23.4	\$4.8	\$6.2	\$12.4	\$10.3	\$2.2		47,064
Est Annual Total (\$ mil)	\$280.4	\$57.1	\$74.0	\$149.3	\$123.3	\$26.0		

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



PSE Non-Medicare Retirees – Current Tiers – Scenario 1

No New Reserves Are Being Allocated



PSE Detailed Financials



NME Retirees	Total Monthly Premium	Res. Alloc.	2013 Total Ret. Cost	2012 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment	
Gold								
Retiree Only	\$458.36	\$0.00	\$458.36	\$457.42	\$0.94	0%	1,129	
Retiree & NME SP	1,327.74	0.00	1,327.74	1,152.01	175.73	15%	94	
Retiree & Child(ren)	847.00	0.00	847.00	768.28	78.72	10%	12	
Retiree & NME SP&CH	1,337.46	0.00	1,337.46	1,159.82	177.64	15%	9	
Retiree & ME SP	604.64	0.00	604.64	596.82	7.82	1%	75	
Retiree & ME SP & CH	993.26	0.00	993.26	907.71	85.55	9%	1	
Est. Monthly Total (\$mil)	\$0.7	\$0.0	\$0.7	\$0.7	\$0.0		1,319	
Silver								
Employee Only	\$401.30	(\$0.32)	\$401.62	\$401.62	\$0.00	0%	316	
Employee & Spouse	1,159.66	0.00	1,159.66	1,097.40	62.26	6%	19	
Employee & Child(ren)	740.30	0.00	740.30	712.64	27.66	4%	1	
Family	1,168.16	0.00	1,168.16	1,105.20	62.96	6%	1	
Est. Monthly Total (\$mil)	\$0.2	(\$0.0)	\$0.2	\$0.1	\$0.0		337	
Bronze								
Employee Only	\$182.62	\$0.00	\$182.62	\$148.90	\$33.72	23%	354	
Employee & Spouse	509.30	0.00	509.30	349.34	159.96	46%	54	
Employee & Child(ren)	328.98	0.00	328.98	238.70	90.28	38%	1	
Family	514.32	0.00	514.32	352.42	161.90	46%	8	
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.1	\$0.1	\$0.0		417	
Total (Monthly) (\$ mil)	\$1.0	(\$0.0)	\$1.0	\$0.9	\$0.0		2,073	
Est Annual Total (\$ mil)	\$11.5	(\$0.0)	\$11.5	\$11.0	\$0.5			

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





PSE Retirees – Medicare Eligible – Current Tiers – Scenario 1

No New Reserves Are Being Allocated



PSE Detailed Financials



ME Retirees	Total Monthly Premium	Subsidy / Holdback	Res. Alloc.	2013 Total Ret. Cost	2012 Total Ret. Cost	2009 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Medicare Eligible									
Retiree Only	\$146.27	\$76.54	\$21.66	\$48.07	\$41.44	\$41.44	\$6.63	16%	6,609
Retiree & NME SP	593.43	0.00	0.00	593.43	568.37	674.34	25.06	4%	107
Retiree & Child(ren)	534.91	36.12	10.23	488.56	421.17	421.18	67.39	16%	15
Retiree & NME SP&CH	1,025.37	5.90	1.66	1,017.81	877.42	1,054.08	140.39	16%	4
Retiree & ME SP	292.53	73.77	20.87	197.89	170.59	170.60	27.29	16%	595
Retiree & ME SP & CH	681.17	33.36	9.44	638.37	550.32	550.33	88.05	16%	1
Est. Monthly Total (\$mil)	\$1.2	\$0.6	\$0.2	\$0.5	\$0.4	\$0.5	\$0.1		7,331
Total (Est. Annual)	\$14.6	\$6.6	\$1.9	\$6.1	\$5.4	\$5.5	\$0.8		

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





PSE Actives – By Person Tiers – Scenario 2

Exclude Prior \$9 million of Reserves Scheduled for Allocation



PSE Detailed Financials



Total Active & Ret (\$ mil)	\$306.5	\$56.6	\$74.0	\$175.9	\$139.6	\$36.3		56,468
Actives	Total Monthly Premium	State Cont. Act 1842/1421	School District Contrib.	2013 Total EE Cost	2012 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold								
Employee Only	\$456.80	\$88.54	\$131.00	\$237.26	\$187.36	\$49.90	27%	25,131
Employee & Spouse	1,224.26	88.54	131.00	1,004.72	848.92	155.80	18%	849
Employee & Child(ren)	805.06	88.54	131.00	585.52	480.56	104.96	22%	4,453
Family	1,572.54	88.54	131.00	1,353.00	851.20	501.80	59%	1,383
Est. Monthly Total (\$mil)	\$18.3	\$2.8	\$4.2	\$11.3	\$8.7	\$2.5		31,817
Silver								
Employee Only	\$395.86	\$88.54	\$131.00	\$176.32	\$157.56	\$18.76	12%	2,759
Employee & Spouse	1,058.34	88.54	131.00	838.80	713.86	124.94	18%	129
Employee & Child(ren)	696.48	88.54	131.00	476.94	404.10	72.84	18%	612
Family	1,358.96	88.54	131.00	1,139.42	715.78	423.64	59%	306
Est. Monthly Total (\$mil)	\$2.1	\$0.3	\$0.5	\$1.2	\$1.0	\$0.2		3,806
Bronze								
Employee Only	\$177.04	\$88.54	\$131.00	(\$42.50)	\$0.00	(\$42.50)	n/a	7,792
Employee & Spouse	462.66	88.54	131.00	243.12	186.52	56.60	30%	744
Employee & Child(ren)	306.66	88.54	131.00	87.12	83.32	3.80	5%	1,440
Family	592.28	88.54	131.00	372.74	188.46	184.28	98%	1,465
Est. Monthly Total (\$mil)	\$3.0	\$1.0	\$1.5	\$0.5	\$0.5	(\$0.0)		11,441
Total (Monthly) (\$ mil)	\$23.4	\$4.2	\$6.2	\$13.1	\$10.3	\$2.8		47,064
Est Annual Total (\$ mil)	\$280.6	\$50.0	\$74.0	\$156.6	\$123.3	\$33.3		

Note: The figures presented are preliminary and subject to change. Employees assumed not to move as a result of the premium changes.



PSE Non-Medicare Retirees – By Person Tiers – Scenario 2

Exclude Prior \$9 million of Reserves Scheduled for Allocation



PSE Detailed Financials



NME Retirees	Total Monthly Premium				2013 Total Ret. Cost	2012 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold									
Retiree Only	\$456.80				\$456.80	\$457.42	(\$0.62)	0%	1,129
Retiree & NME SP	1,224.26				1,224.26	1,152.01	72.25	6%	94
Retiree & Child(ren)	805.06				805.06	768.28	36.78	5%	12
Retiree & NME SP&CH	1,572.54				1,572.54	1,159.82	412.72	36%	9
Retiree & ME SP	603.06				603.06	596.82	6.24	1%	75
Retiree & ME SP & CH	951.34				951.34	907.71	43.63	5%	1
Est. Monthly Total (\$mil)	\$0.7				\$0.7	\$0.7	\$0.0		1,319
Silver									
Employee Only	\$395.86				\$395.86	\$401.62	(\$5.76)	-1%	316
Employee & Spouse	1,058.34				1,058.34	1,097.40	(39.06)	-4%	19
Employee & Child(ren)	696.48				696.48	712.64	(16.16)	-2%	1
Family	1,358.96				1,358.96	1,105.20	253.76	23%	1
Est. Monthly Total (\$mil)	\$0.1				\$0.1	\$0.1	(\$0.0)		337
Bronze									
Employee Only	\$177.04				\$177.04	\$148.90	\$28.14	19%	354
Employee & Spouse	462.66				462.66	349.34	113.32	32%	54
Employee & Child(ren)	306.66				306.66	238.70	67.96	28%	1
Family	592.28				592.28	352.42	239.86	68%	8
Est. Monthly Total (\$mil)	\$0.1				\$0.1	\$0.1	\$0.0		417
Total (Monthly) (\$ mil)	\$0.9				\$0.9	\$0.9	\$0.0		2,073
Est Annual Total (\$ mil)	\$11.3				\$11.3	\$11.0	\$0.3		

Note: The figures presented are preliminary and subject to change. Employees assumed not to move as a result of the premium changes.





PSE Retirees – Medicare Eligible – By Person Tiers – Scenario 2 Exclude Prior \$9 million of Reserves Scheduled for Allocation



PSE Detailed Financials



ME Retirees	Total Monthly Premium	Subsidy / Holdback		2013 Total Ret. Cost	2012 Total Ret. Cost	2009 Total Ret. Cost	Change in Premiums (\$/%)	Assumed Enrollment
Medicare Eligible								
Retiree Only	\$146.27	\$74.86		\$71.41	\$41.44	\$41.44	\$29.97 72%	6,609
Retiree & NME SP	591.87	16.78		575.09	568.37	674.34	6.72 1%	107
Retiree & Child(ren)	494.53	52.39		442.14	421.17	421.18	20.97 5%	15
Retiree & NME SP&CH	1,262.00	274.65		987.35	877.42	1,054.08	109.93 13%	4
Retiree & ME SP	292.53	87.08		205.45	170.59	170.60	34.86 20%	595
Retiree & ME SP & CH	640.80	64.62		576.18	550.32	550.33	25.86 5%	1
Est. Monthly Total (\$mil)	\$1.2	\$0.6		\$0.7	\$0.4	\$0.5	\$0.2	7,331
Total (Est. Annual)	\$14.6	\$6.6		\$8.0	\$5.4	\$5.5	\$2.6	

Note: The figures presented are preliminary and subject to change. Employees assumed not to move as a result of the premium changes.





ASE Actives – By Person Tiers

\$24.8 million of New Reserves Allocated *

CHEIRON

ASE Detailed Financials

H-scan

Total Active & Ret (\$ mil)	\$271.8	\$162.4	\$23.6	\$85.7	\$85.7	\$0.0		38,213
Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 EE Total Cost	2012 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Employee Only	\$429.24	\$287.88	\$45.58	\$95.78	\$95.78	\$0.00	0%	14,380
Employee & Spouse	1,005.56	550.65	87.17	367.74	367.74	0.00	0%	3,164
Employee & Child(ren)	699.10	436.38	69.08	193.64	193.64	0.00	0%	4,803
Family	1,275.40	738.82	116.96	419.62	419.62	0.00	0%	3,167
Est. Monthly Total (\$mil)	\$16.8	\$10.3	\$1.6	\$4.8	\$4.8	\$0.0		25,514
Silver								
Employee Only	\$245.88	\$183.76	\$0.00	\$62.12	\$62.12	\$0.00	0%	488
Employee & Spouse	576.02	293.50	0.00	282.52	282.52	0.00	0%	123
Employee & Child(ren)	400.46	259.02	0.00	141.44	141.44	0.00	0%	169
Family	730.60	406.00	0.00	324.60	324.60	0.00	0%	173
Est. Monthly Total (\$mil)	\$0.4	\$0.2	\$0.0	\$0.1	\$0.1	\$0.0		954
Bronze								
Employee Only	\$171.38	\$171.38	\$0.00	\$0.00	\$0.00	\$0.00	n/a	970
Employee & Spouse	401.48	324.26	0.00	77.22	77.22	0.00	0%	242
Employee & Child(ren)	279.12	251.28	0.00	27.84	27.84	0.00	0%	236
Family	509.20	417.00	0.00	92.20	92.20	0.00	0%	321
Est. Monthly Total (\$mil)	\$0.5	\$0.4	\$0.0	\$0.1	\$0.1	\$0.0		1,769
Total (Monthly) (\$ mil)	\$17.6	\$11.0	\$1.6	\$5.0	\$5.0	\$0.0		28,237
Est Annual Total (\$ mil)	\$211.5	\$131.9	\$19.6	\$60.0	\$60.0	\$0.0		

* Without new reserve allocation, employee & retiree costs would increase 15% on average, but would vary by plan and category.

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

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ASE NME Retirees - By Person Tiers

\$24.8 million of New Reserves Allocated



ASE Detailed Financials



NME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 Ret. Total Cost	2012 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Retiree Only	\$429.24	\$193.50	\$0.00	\$235.74	\$235.74	\$0.00	0%	1,221
Retiree & NME SP	1,005.56	387.52	42.16	575.88	575.88	0.00	0%	412
Retiree & Child(ren)	699.10	259.26	0.00	439.84	439.84	0.00	0%	66
Retiree & NME SP&CH	1,275.40	358.68	0.00	916.72	916.72	0.00	0%	28
Retiree & ME SP	791.04	323.16	66.34	401.54	401.54	0.00	0%	213
Retiree & ME SP & CH	1,060.88	404.11	50.00	606.77	606.77	0.00	0%	11
Est. Monthly Total (\$mil)	\$1.2	\$0.5	\$0.0	\$0.7	\$0.7	\$0.0		1,951
Silver								
Employee Only	\$245.88	\$43.80	\$0.00	\$202.08	\$202.08	\$0.00	0%	98
Employee & Spouse	576.02	85.36	0.00	490.66	490.66	0.00	0%	33
Employee & Child(ren)	400.46	12.82	0.00	387.64	387.64	0.00	0%	23
Family	730.60	0.00	(91.08)	821.68	821.68	0.00	0%	3
Est. Monthly Total (\$mil)	\$0.1	\$0.0	(\$0.0)	\$0.0	\$0.0	\$0.0		157
Bronze								
Employee Only	\$171.38	\$24.92	\$0.00	\$146.46	\$146.46	\$0.00	0%	106
Employee & Spouse	401.48	100.56	0.00	300.92	300.92	0.00	0%	36
Employee & Child(ren)	279.12	76.98	0.00	202.14	202.14	0.00	0%	24
Family	509.20	178.32	0.00	330.88	330.88	0.00	0%	3
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		170
Total (Monthly) (\$ mil)	\$1.3	\$0.5	\$0.0	\$0.8	\$0.8	\$0.0		2,278
Est Annual Total (\$ mil)	\$15.6	\$6.1	\$0.4	\$9.0	\$9.0	\$0.0		

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





ASE ME Retirees – By Person Tiers

\$24.8 million of New Reserves Allocated



ASE Detailed Financials



ME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 Ret. Total Cost	2012 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Medicare Eligible								
Retiree Only	\$361.79	\$217.07	\$27.60	\$117.12	\$117.12	\$0.00	0%	5,240
Retiree & NME SP	791.03	344.31	0.00	446.72	446.72	0.00	0%	453
Retiree & Child(ren)	631.64	316.78	0.00	314.86	314.86	0.00	0%	66
Retiree & NME SP&CH	1,207.95	555.54	7.93	644.48	644.48	0.00	0%	35
Retiree & ME SP	723.58	361.79	83.30	278.49	278.49	0.00	0%	1,882
Retiree & ME SP & CH	993.43	469.73	47.46	476.24	476.24	0.00	0%	22
Est. Monthly Total (\$ mil)	\$3.7	\$2.0	\$0.3	\$1.4	\$1.4	\$0.0		7,698
Total (Est. Annual)	\$44.7	\$24.3	\$3.6	\$16.7	\$16.7	\$0.0		

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





Appendices

Appendix A – PSE Actives

2012 Final Rate Details

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	\$393.64	\$32.52	\$11.20	\$437.36	\$90.12	\$28.88	\$131.00	\$187.36	\$170.34	\$17.02	10%	29,716
Employee & Spouse	1,158.96	32.52	11.20	1,202.68	160.22	62.54	131.00	848.92	771.74	77.18	10%	1,253
Employee & Child(ren)	735.76	32.52	11.20	779.48	122.74	45.18	131.00	480.56	436.87	43.69	10%	5,224
Family	1,167.52	32.52	11.20	1,211.24	165.92	63.12	131.00	851.20	773.82	77.38	10%	1,807
Est. Monthly Total (\$mil)	\$19.1	\$1.2	\$0.4	\$20.8	\$3.8	\$1.3	\$5.0	\$10.7	\$9.7	\$1.0		38,000
Silver									(2011 HA)			
Employee Only	\$357.90	\$32.52	\$11.20	\$401.62	\$90.12	\$22.94	\$131.00	\$157.56	\$170.34	(\$12.78)	-8%	1,520
Employee & Spouse	1,053.68	32.52	11.20	1,097.40	160.22	92.32	131.00	713.86	771.74	(57.88)	-8%	61
Employee & Child(ren)	668.92	32.52	11.20	712.64	122.74	54.80	131.00	404.10	436.87	(32.77)	-8%	325
Family	1,061.48	32.52	11.20	1,105.20	165.92	92.50	131.00	715.78	773.82	(58.04)	-8%	95
Est. Monthly Total (\$mil)	\$0.9	\$0.1	\$0.0	\$1.0	\$0.2	\$0.1	\$0.3	\$0.5	\$0.5	\$0.0		2,000
Bronze												
Employee Only	\$105.18	\$32.52	\$11.20	\$148.90	\$17.90	\$0.00	\$131.00	\$0.00	\$15.10	(\$15.10)	-100%	5,324
Employee & Spouse	305.62	32.52	11.20	349.34	31.82	0.00	131.00	186.52	333.10	(146.58)	-44%	330
Employee & Child(ren)	194.98	32.52	11.20	238.70	24.38	0.00	131.00	83.32	155.36	(72.04)	-46%	637
Family	308.70	32.52	11.20	352.42	32.96	0.00	131.00	188.46	333.70	(145.24)	-44%	709
Est. Monthly Total (\$mil)	\$1.0	\$0.2	\$0.1	\$1.3	\$0.1	\$0.0	\$0.9	\$0.2	\$0.5	-\$0.3		7,000
Total (Monthly) (\$ mil)	\$21.0	\$1.5	\$0.5	\$23.1	\$4.2	\$1.4	\$6.2	\$11.4	\$10.8	\$0.7		47,000
Est Annual Total (\$ mil)	\$252.4	\$18.3	\$6.3	\$277.0	\$50.0	\$16.2	\$73.9	\$136.9	\$129.1	\$7.8		



Appendix A – PSE Retirees 2012 Final Rate Details

NME Retirees	Medical and Pharmacy*	Expenses	Retiree Holdback	Total Monthly Premium		Res. Alloc.		2012 Total Ret. Cost	2011 Total Ret. Cost	Change in Retiree Premiums (\$ / %)	Assumed Enrollment
Gold											
Retiree Only	\$393.64	\$32.52	\$31.26	\$457.42		\$0.00		\$457.42	\$457.42	\$0.00 0%	1,579
Retiree & NME SP	1,158.96	32.52	11.20	1,202.68		50.67		1,152.01	1,152.01	0.00 0%	142
Retiree & Child(ren)	735.76	32.52	11.20	779.48		11.20		768.28	768.28	0.00 0%	7
Retiree & NME SP&CH	1,167.52	32.52	11.20	1,211.24		51.42		1,159.82	1,159.82	0.00 0%	8
Retiree & ME SP	538.40	32.52	25.90	596.82		0.00		596.82	596.82	0.00 0%	112
Retiree & ME SP & CH	880.50	32.52	11.20	924.22		16.51		907.71	907.71	0.00 0%	1
Est. Monthly Total (\$mil)	\$0.9	\$0.1	\$0.1	\$1.0		\$0.0		\$1.0	\$1.0	\$0.0	1,850
Silver											
Employee Only	\$357.90	\$32.52	\$11.20	\$401.62		\$0.00		\$401.62	\$457.42	(\$55.80) -12%	213
Employee & Spouse	1,053.68	32.52	11.20	1,097.40		0.00		1,097.40	1,152.01	(\$54.61) -5%	34
Employee & Child(ren)	668.92	32.52	11.20	712.64		0.00		712.64	768.28	(\$55.64) -7%	1
Family	1,061.48	32.52	11.20	1,105.20		0.00		1,105.20	1,159.82	(\$54.62) -5%	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	\$105.18	\$32.52	\$11.20	\$148.90		\$0.00		\$148.90	\$457.42	(\$308.52) -67%	85
Employee & Spouse	305.62	32.52	11.20	349.34		0.00		349.34	1,152.01	(\$802.67) -70%	14
Employee & Child(ren)	194.98	32.52	11.20	238.70		0.00		238.70	768.28	(\$529.58) -69%	0
Family	308.70	32.52	11.20	352.42		0.00		352.42	1,159.82	(\$807.40) -70%	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	\$0.1	\$1.1		\$0.0		\$1.1	\$1.2	(\$0.1)	2,200
Est Annual Total (\$ mil)	\$11.9	\$0.9	\$0.7	\$13.4		\$0.1		\$13.3	\$14.0	(\$0.6)	
ME Retirees	Medical and Pharmacy*	Expenses		Total Monthly Premium	Subsidy / Holdback	Res. Alloc.		2012 Total Ret. Cost	2011 Total Ret. Cost	Change in Premiums (\$/%)	Assumed Enrollment
Medicare Eligible											
Retiree Only	\$144.75	\$0.00		\$144.75	\$96.93	\$6.38		\$41.44	\$41.44	\$0.00 0%	5,523
Retiree & NME SP	538.39	0.00	29.98	568.37	0.00	0.00		568.37	568.37	0.00 0%	101
Retiree & Child(ren)	486.85	0.00		486.85	61.62	4.06		421.17	421.17	0.00 0%	14
Retiree & NME SP&CH	918.61	0.00		918.61	38.65	2.54		877.42	877.42	0.00 0%	3
Retiree & ME SP	289.49	0.00		289.49	111.55	7.35		170.59	170.59	0.00 0%	458
Retiree & ME SP & CH	631.60	0.00		631.60	76.26	5.02		550.32	550.32	0.00 0%	1
Est. Monthly Total (\$mil)	\$1.0	\$0.0	\$0.0	\$1.0	\$0.6	\$0.0		\$0.4	\$0.4	\$0.0	6,100
Total (Est. Annual)	\$12.0	\$0.0	\$0.0	\$12.0	\$7.0	\$0.5		\$4.5	\$4.5	\$0.0	



Appendix A – ASE Actives 2012 Final Rate Details

Actives	Medical and Pharmacy	Expenses	Total Monthly Premium	State Contrib.	Reserve Alloc.	2012 EE Total Cost	2011 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold										
Employee Only	\$396.14	\$43.24	\$439.38	\$307.26	\$36.34	\$95.78	\$95.78	\$0.00	0%	14,691
Employee & Spouse	1,002.94	43.24	1,046.18	606.68	71.76	367.74	367.74	0.00	0%	3,240
Employee & Child(ren)	614.44	43.24	657.68	414.96	49.08	193.64	193.64	0.00	0%	4,481
Family	1,118.60	43.24	1,161.84	663.71	78.51	419.62	419.62	0.00	0%	3,138
Est. Monthly Total (\$mil)	\$15.3	\$1.1	\$16.4	\$10.4	\$1.2	\$4.8	\$4.8	\$0.0		25,550
Silver							(2011 HA)			
Employee Only	\$362.48	\$43.24	\$405.72	\$307.26	\$36.34	\$62.12	\$95.78	(\$33.66)	-35%	763
Employee & Spouse	917.72	43.24	960.96	606.68	71.76	282.52	367.74	(85.22)	-23%	142
Employee & Child(ren)	562.24	43.24	605.48	414.96	49.08	141.44	193.64	(52.20)	-27%	228
Family	1,023.58	43.24	1,066.82	663.71	78.51	324.60	419.62	(95.02)	-23%	118
Est. Monthly Total (\$mil)	\$0.7	\$0.1	\$0.7	\$0.5	\$0.1	\$0.2	\$0.2	(\$0.1)		1,250
Bronze										
Employee Only	\$103.22	\$43.24	\$146.46	\$146.46	\$0.00	\$0.00	\$7.16	(\$7.16)	-100%	922
Employee & Spouse	257.68	43.24	300.92	223.70	0.00	77.22	154.02	(76.80)	-50%	155
Employee & Child(ren)	158.90	43.24	202.14	174.30	0.00	27.84	60.33	(32.49)	-54%	147
Family	287.64	43.24	330.88	238.68	0.00	92.20	183.54	(91.34)	-50%	175
Est. Monthly Total (\$mil)	\$0.2	\$0.1	\$0.3	\$0.2	\$0.0	\$0.0	\$0.1	(\$0.0)		1,400
Total (Monthly) (\$ mil)	\$16.2	\$1.2	\$17.4	\$11.2	\$1.3	\$5.0	\$5.1	(\$0.1)		28,200
Est Annual Total (\$ mil)	\$194.4	\$14.6	\$209.0	\$133.8	\$15.5	\$59.7	\$60.9	(\$1.2)		

Appendix A – ASE Retirees 2012 Final Rate Details

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	\$396.14	\$43.24	\$439.38	\$203.64	\$0.00	\$235.74	\$235.74	\$0.00 0%	1,243	
Retiree & NME SP	1,002.94	43.24	1,046.18	401.73	68.57	575.88	575.88	0.00 0%	410	
Retiree & Child(ren)	614.44	43.24	657.68	217.84	0.00	439.84	439.84	0.00 0%	56	
Retiree & NME SP&CH	1,118.62	43.24	1,161.86	245.14	0.00	916.72	916.72	0.00 0%	30	
Retiree & ME SP	740.74	43.24	783.98	323.07	59.37	401.54	401.54	0.00 0%	201	
Retiree & ME SP & CH	959.06	43.24	1,002.30	388.57	6.96	606.77	606.77	0.00 0%	10	
Est. Monthly Total (\$mil)	\$1.1	\$0.1	\$1.2	\$0.5	\$0.0	\$0.7	\$0.7	\$0.0	1,950	
Silver										
Employee Only	\$362.48	\$43.24	\$405.72	\$203.64	\$0.00	\$202.08	\$235.74	(\$33.66) -14%	159	
Employee & Spouse	917.72	43.24	960.96	401.73	68.57	490.66	575.88	(85.22) -15%	53	
Employee & Child(ren)	562.24	43.24	605.48	217.84	0.00	387.64	439.84	(52.20) -12%	33	
Family	1,023.58	43.24	1,066.82	245.14	0.00	821.68	916.72	(95.04) -10%	5	
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	(\$0.0)	250	
Bronze										
Employee Only	\$103.22	\$43.24	\$146.46	\$0.00	\$0.00	\$146.46	\$235.74	(\$89.28) -38%	64	
Employee & Spouse	257.68	43.24	300.92	0.00	0.00	300.92	575.88	(274.96) -48%	21	
Employee & Child(ren)	158.90	43.24	202.14	0.00	0.00	202.14	439.84	(237.70) -54%	13	
Family	287.64	43.24	330.88	0.00	0.00	330.88	916.72	(585.84) -64%	2	
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	100	
Total (Monthly) (\$ mil)	\$1.3	\$0.1	\$1.4	\$0.6	\$0.0	\$0.7	\$0.8	(\$0.0)	2,300	
Est Annual Total (\$ mil)	\$15.1	\$1.1	\$16.3	\$6.8	\$0.5	\$8.9	\$9.1	(\$0.1)		
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	\$344.61	\$0.00	\$344.61	\$206.76	\$20.72	\$117.12	\$117.12	\$0.00 0%	4,758	
Retiree & NME SP	740.75	0.00	740.75	294.03	0.00	446.72	446.72	0.00 0%	340	
Retiree & Child(ren)	562.91	0.00	562.91	248.05	0.00	314.86	314.86	0.00 0%	52	
Retiree & NME SP&CH	1,067.08	0.00	1,067.08	422.60	0.00	644.48	644.48	0.00 0%	27	
Retiree & ME SP	689.21	0.00	689.21	344.61	66.12	278.49	278.49	0.00 0%	1,811	
Retiree & ME SP & CH	907.52	0.00	907.52	431.28	0.00	476.24	476.24	0.00 0%	13	
Est. Monthly Total (\$ mil)	\$3.2	\$0.0	\$3.2	\$1.7	\$0.2	\$1.3	\$1.3	\$0.0	7,000	
Total (Est. Annual)	\$38.5	\$0.0	\$38.5	\$20.8	\$2.6	\$15.0	\$15.0	\$0.0		

Appendix B - Benefit Options

Benefit Option Name: Last Modified: Plan Coverage Relative Value: Provider Network:	Gold 1/1/2012 1.00 Health Advantage	Silver 1/1/2012 QualChoice	Bronze 1/1/2012 Heath Advantage
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	None / None	\$750 / \$1500	\$1500 / \$3000
Coinsurance	20%	20%	20%
Copays			
Office Visit - Primary Care (PCP)	\$25	\$25	Ded. & Coins.
OV - Specialist Care Provider (SCP)	\$35	\$50	Ded. & Coins.
Urgent Care (UC)	\$100	\$150	Ded. & Coins.
Emergency Room (ER) Non-admitted	\$100	\$150	Ded. & Coins.
Outpatient Surgery	\$100 then Ded. & Coins.	\$150 then Ded. & Coins.	Ded. & Coins.
Hospital Inpatient	\$250 then Ded. & Coins.	\$300 then Ded. & Coins.	Ded. & Coins.
Out-of-Pocket Max (Individual / Family)	\$1500 / \$3000	\$2000 / \$4000	\$2500 / \$5000
<u>Out-of-Network (OON) Benefits</u> ¹			
Deductible (Individual / Family)	\$1000 / \$2000	\$1500 / \$3000	\$3000 / \$6000
Coinsurance	40%	40%	40%
Out-of-Pocket 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>			
Separate Deductible then the following Copays:			
Retail (31 Days) - Generic/Formulary /Non-Form.	\$10 / \$30 / \$60	\$10 / \$35 / \$70	Ded. & Coins.
Mail Order (93 Days) - Generic/Form. /Non-Form.	\$30 / \$90/ \$180	\$30 / \$105 / \$210	Ded. & Coins.
<u>Selected Detail Benefits</u>			
Psychiatry	INN: \$25 Copay; OON: Ded & Coins.	INN: \$25 Copay; OON: Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Chiropractors:	INN: \$35 then Ded & Coins; OON: Ded & Coins.	INN: \$50 then Ded & Coins; OON: Ded & Coins.	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.
Durable Medical Equipment (DME):	Ded. & Coins.	Ded. & Coins.	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 (continued)

<u>Medical Management</u>			
PCP referral to specialists required:	No	No	No
Inpatient:	Yes	Yes	Yes
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:	Non-Par & Non-Accepting		

¹When an in-network provider is not available within 50 miles for a hospital and 25 miles for all other providers, then in-network



Appendix C

Recap of Last Year's Decisions

- Implemented Gold, Silver, and Bronze Plans effective January 1, 2012
- Selected Medical Networks and Medical Managers for the Gold, Silver, and Bronze Plans
- Used \$18 million of excess reserves for PSE (note that PSE reserves grew substantially in the first 5 months of 2011)
- Used \$37.3 million of excess reserves for ASE



Appendix C (continued)

Recap of Last Year's Decisions

- PSE smoothing or how the \$18 million got used:
 1. Increased Gold employee costs 10% from 2011 HA
 2. Decreased Silver employee costs 7.5% from 2011 HA
 3. Bronze employee costs set to \$0 for employee only coverage
 4. Held retiree costs constant for Gold retirees (Medicare and Non-Medicare)
 5. Silver and Bronze retiree costs set to 100% of total premium rate
- ASE smoothing or how the \$37.3 million got used:
 1. Held Gold active employee and retiree costs constant
 2. Employees and retirees electing Silver had costs reduced by dollar difference between Gold and Silver total premium rate
 3. State paid 100% of cost for Bronze active employees and 50% of the Bronze dependent costs
 4. Bronze NME retiree costs set to 100% of total premium rate



Appendix D

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 D (continued)

Trend Analysis

AR Health - Preliminary ASE Trend Development

Experience Period:	CY2011/ CY2010/	CY2011/ CY2010	CY2011/ CY2010	1/11 v 1/10	1/11 v 1/10	CY2011/ CY2010	CY2011/ CY2010	PY12/PY11 Adjustment	Used for CY 2012 rates	Preliminary Recommended CY 2013 rates
Type of Claims:	Paid PMPM Actual	Incurred PMPM Actual	Incurred Benefit Changes	Incurred Demo Changes	Incurred Geo Changes	Underlying Incurred Util & Price Trend	Underlying Paid Util & Price Trend	Marketplace Potential & Other Factors	Incurred Annual Trend Assumption	Incurred Annual Trend Assumption
Medical - Actives and NME Retirees										
1 Health Advantage	2.3%	1.8%	0.0%	-0.6%	0.0%	2.4%	2.9%			
2 Novasys	12.8%	5.7%	0.0%	-0.6%	0.0%	6.3%	13.4%			
3 Novasys HD	-17.8%	1.1%	0.0%	0.6%	2.1%	-1.5%	-19.9%			
4 Medical - Actives and NME	2.6%	2.0%	0.0%	-0.6%	0.0%	2.5%	3.2%		5.8%	5.8%
5 Medical - ME Retirees	2.9%	-0.2%	0.0%	-0.2%	0.0%	0.0%	3.0%	2.5%	7.0%	7.0%
6 Rx - Actives and NME Retirees*	3.5%	3.5%	0.0%	-0.6%	0.0%	4.1%	4.0%	3.0%	3.5%	5.0%

* blended based on medical claims

AR Health - Preliminary PSE Trend Development

Experience Period:	CY2011/ CY2010	CY2011/ CY2010	CY2011/ CY2010	1/11 v 1/10	1/11 v 1/10	CY2011/ CY2010	same as F CY2011/ CY2010	PY12/PY11 Adjustment	Used for CY 2012 rates	Preliminary Recommended CY 2013 rates
Type of Claims:	Paid PMPM Actual	Incurred PMPM Actual	Incurred Benefit Changes	Incurred Demo Changes	Incurred Geo Changes	Underlying Incurred Util & Price Trend	Underlying Paid Util & Price Trend	Marketplace Potential & Other Factors	Incurred Annual Trend Assumption	Incurred Annual Trend Assumption
Medical - Actives and NME Retirees										
1 Health Advantage	2.5%	2.4%	0.0%	-0.1%	-0.1%	2.6%	2.7%			
2 Novasys	-3.7%	-5.3%	0.0%	1.9%	-4.8%	-2.4%	-0.8%			
3 Novasys HD	1.2%	7.0%	0.0%	1.1%	2.3%	3.5%	-2.1%			
4 Medical - Actives and NME	1.9%	2.0%	0.0%	0.1%	-0.3%	2.2%	2.1%		5.8%	5.8%
5 Medical - ME Retirees	4.9%	1.8%	0.0%	0.2%	0.0%	1.6%	4.7%	2.5%	7.0%	7.0%
6 Rx - Actives and NME Retirees*	2.3%	2.3%	0.0%	0.1%	-0.4%	2.5%	2.5%	3.0%	3.5%	5.0%

* blended based on medical claims



Appendix E - PSE Actives & NME Retirees

PSE ACTIVE RATE DEVELOPMENT for CY2013

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Gold			Silver			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	3/11 - 2/12	5/11 - 4/12		3/11 - 2/12	5/11 - 4/12		3/11 - 2/12	5/11 - 4/12	
	3/11 - 4/12	5/11 - 4/12		3/11 - 4/12	5/11 - 4/12		3/11 - 4/12	5/11 - 4/12	
	A	B	C	D	E	F	G	H	I
Total Incurred Medical & Rx Claims (Experience Period)	\$171,937,692	\$54,530,075	\$226,467,767	\$1,615,093	\$501,613	\$2,116,706	\$15,958,058	\$2,010,968	\$17,969,026
Less High Cost Claims Above (Med/Rx)	\$100,000	\$20,000		\$6,328	\$23,266	\$29,594	\$258,788	\$77,974	\$336,761
Net Incurred Claims below Pooling Point [1 - 2]	\$160,956,763	\$50,606,586	\$211,563,349	\$1,608,765	\$478,347	\$2,087,112	\$15,699,270	\$1,932,994	\$17,632,265
Person Months for Experience Period	673,300	671,020	672,755	12,483	13,514	12,719	148,962	158,067	149,960
Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$239.06	\$75.42	\$314.48	\$128.88	\$35.40	\$164.28	\$105.39	\$12.23	\$117.62
Change in Benefits During Experience Period	1.0001	1.0001		0.9397	0.9405		0.9545	0.8710	
Change in Network During Experience Period	0.9856	1.0000		1.1145	1.0000		0.8778	1.0000	
Change in Demographics or Risk During Experience Period	1.0035	1.0071		0.9918	0.9917		0.9847	0.9751	
Change in Geographic During Experience Period	1.0040	0.9936		1.0040	0.9936		1.0000	1.0000	
a) Annual Trend Rate	5.8%	5.0%		5.8%	5.0%		5.8%	5.0%	
b) Months to Trend	22	20		22	20		22	20	
c) Trend Adjustment	1.1089	1.0847		1.1089	1.0847		1.1089	1.0847	
Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9 x 10c]	\$263.28	\$81.87	\$345.15	\$149.05	\$35.58	\$184.64	\$96.42	\$11.27	\$107.69
Charge for Claims above Pooling Point PPPM	\$16.31	\$5.85	\$22.16	\$0.51	\$1.72	\$2.23	\$1.74	\$0.49	\$2.23
Total Claims Charged PPPM [11 + 12]	\$279.58	\$87.72	\$367.30	\$149.56	\$37.30	\$186.87	\$98.16	\$11.76	\$109.92
Change in Future Benefits	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
Change in Future Demographics (Age/Gender/Family) or Risk	1.0294	1.0294		1.7027	1.7027		1.1824	1.1824	
Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
Change in Future Network	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
Rating Incurred Claim PPPM [18 blended with 19]	\$287.81	\$90.30	\$378.11	\$254.65	\$63.52	\$318.17	\$116.06	\$13.91	\$129.97
Projected Persons Months	560,366	560,366	560,366	76,740	76,740	76,740	237,271	237,271	237,271
Projected Total Incurred Claims [18 x 19]	\$161,278,839	\$50,600,334	\$211,879,172	\$19,541,981	\$4,874,357	\$24,416,338	\$27,538,527	\$3,299,270	\$30,837,797
PPPM Expense Load as % of Claims		7.0%	\$21.39			\$21.39			\$21.39
Projected Expense Loaded PPPM [18 + 21]			\$399.49			\$339.55			\$151.35
Retiree Subsidy / Holdback PEPM			\$11.20			\$11.20			\$11.20
Projected Total Expense Loaded Cost [(22 x 19) + (23 x 26)]			\$228,334,184			\$26,614,314			\$37,505,760
Conversion to Rating Tiers [21 x rating tier x counts]	x tier	Projected		x tier	Projected		x tier	Projected	
Method: Current	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only	1.12	317,303	\$458.36	1.15	36,898	\$401.30	1.13	97,759	\$182.62
b) Employee & Spouse	3.30	11,318	\$1,327.74	3.38	1,769	\$1,159.67	3.29	9,573	\$509.29
c) Employee & Child(ren)	2.09	53,643	\$847.00	2.15	7,365	\$740.29	2.10	17,293	\$328.98
d) Family	3.32	16,699	\$1,337.47	3.41	3,684	\$1,168.17	3.32	17,671	\$514.31
e) Child(ren) of Medicare Retirees	0.97	240	\$399.84						
Rates Balance Confirmation		399,204	\$228,334,184	49,716	\$26,614,314		142,296	\$37,505,760	

Note: The figures presented are preliminary and subject to change. Prior to employee contribution being divisible by 2.

Appendix E - PSE Medicare Retirees

PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2013

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Medicare	
	Medical 3/11 - 2/12	Total
	3/11 - 3/12	
1 Total Incurred Medical & Rx Claims (Experience Period)	\$10,605,616	\$10,605,616
2 <u>Less High Cost Claims Above (Med/Rx)</u> \$100,000 \$20,000	<u>\$262,771</u>	<u>\$262,771</u>
3 Net Incurred Claims below Pooling Point [1 - 2]	\$10,342,845	\$10,342,845
4 <u>Person Months for Experience Period</u>	<u>82,035</u>	<u>82,035</u>
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$126.08	\$126.08
6 Change in Benefits During Experience Period	1.0000	
7 Change in Demographics or Risk During Experience Period	1.0023	
8 Change in Geographic During Experience Period	1.0000	
9 a) Annual Trend Rate	7.0%	
b) Months to Trend	22	
c) <u>Trend Adjustment</u>	<u>1.1321</u>	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$143.06	\$143.06
11 <u>Charge for Claims above Pooling Point PPPM</u>	<u>\$3.20</u>	<u>\$3.20</u>
12 Total Claims Charged PPPM [9 + 10]	\$146.27	\$146.27
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>	<u>1.0000</u>	
17 Projected Incurred Claim PPPM [13x 14 x15x16]	\$146.27	\$146.27
18 <u>Projected Persons Months</u>	<u>96,031</u>	<u>96,031</u>
19 Projected Total Incurred Claims [17 x 18]	\$14,046,181	\$14,046,181

Note: The figures presented are preliminary and subject to change. Prior to employee contribution being divisible by 2.

Appendix E - PSE Retirees

PSE GOLD RETIREE RATE DEVELOPMENT for CY2013

20 Conversion to Rating Tiers

PPPM [17]

Method:

Current

- a) NME Retiree
- b) NME Retiree & NME Spouse
- c) NME Retiree & Child(ren)
- d) NME Retiree & NME Spouse & Child(ren)
- e) NME Retiree & ME Spouse
- f) NME Retiree & ME Spouse & Child(ren)
- g) ME Retiree
- h) ME Retiree & NME Spouse
- i) ME Retiree & Child(ren)
- j) ME Retiree & NME Spouse & Child(ren)
- k) ME Retiree & ME Spouse
- l) ME Retiree & ME Spouse & Child(ren)

	<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	1.12	\$458.36	-	\$0.00	13,545	\$458.36
b) NME Retiree & NME Spouse	3.30	\$1,327.74	-	\$0.00	1,128	\$1,327.74
c) NME Retiree & Child(ren)	2.09	\$847.00	-	\$0.00	145	\$847.00
d) NME Retiree & NME Spouse & Child(ren)	3.32	\$1,337.47	-	\$0.00	103	\$1,337.47
e) NME Retiree & ME Spouse	1.12	\$458.36	1.00	\$146.27	897	\$604.63
f) NME Retiree & ME Spouse & Child(ren)	2.09	\$847.00	1.00	\$146.27	10	\$993.27
g) ME Retiree		\$0.00	1.00	\$146.27	79,308	\$146.27
h) ME Retiree & NME Spouse	1.12	\$447.16	1.00	\$146.27	1,284	\$593.43
i) ME Retiree & Child(ren)	0.97	\$388.64	1.00	\$146.27	180	\$534.91
j) ME Retiree & NME Spouse & Child(ren)	2.20	\$879.10	1.00	\$146.27	48	\$1,025.37
k) ME Retiree & ME Spouse		\$0.00	2.00	\$292.53	7,140	\$292.53
l) ME Retiree & ME Spouse & Child(ren)	0.97	\$388.64	2.00	\$292.53	12	\$681.17
		<u>\$9,077,691</u>		<u>\$14,046,181</u>		<u>\$23,123,872</u>

21 Rates Balance Confirmation

Note: The figures presented are preliminary and subject to change. Prior to employee contribution being divisible by 2.

Appendix E - ASE Actives & NME Retirees

ASE ACTIVE RATE DEVELOPMENT for CY2013

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Gold			Silver			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	3/11 - 2/12	5/11 - 4/12		3/11 - 2/12	5/11 - 4/12		3/11 - 2/12	5/11 - 4/12	
	3/11 - 4/12	5/11 - 4/12		3/11 - 4/12	5/11 - 4/12		3/11 - 4/12	5/11 - 4/12	
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
1 Total Incurred Medical & Rx Claims (Experience Period)	\$146,533,273	\$44,723,574	\$191,256,846	\$458,033	\$128,614	\$586,646	\$2,588,574	\$223,495	\$2,812,069
2 Less High Cost Claims Above (Med/Rx)	\$100,000	\$20,000	\$120,000	\$0	\$0	\$0	\$28,854	\$0	\$28,854
3 Net Incurred Claims below Pooling Point [1 - 2]	\$136,944,866	\$41,114,591	\$178,059,456	\$458,033	\$128,614	\$586,646	\$2,559,720	\$223,495	\$2,783,215
4 Person Months for Experience Period	603,826	604,627	604,011	5,668	6,784	5,913	27,599	28,616	27,681
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$226.80	\$68.00	\$294.80	\$80.81	\$18.96	\$99.77	\$92.75	\$7.81	\$100.56
6 Change in Benefits During Experience Period	1.0001	1.0001		0.9523	0.9784		0.9557	0.8884	
7 Change in Network During Experience Period	0.9928	1.0000		1.1010	1.0000		0.8614	1.0000	
8 Change in Demographics or Risk During Experience Period	0.9975	0.9971		0.9881	0.9747		0.9999	0.9899	
9 Change in Geographic During Experience Period	1.0002	1.0001		1.0002	1.0001		1.0000	1.0000	
10 a) Annual Trend Rate	5.8%	5.0%		5.8%	5.0%		5.8%	5.0%	
b) Months to Trend	22	20		22	20		22	20	
c) Trend Adjustment	1.1089	1.0847		1.1089	1.0847		1.1089	1.0847	
11 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9 x 10c]	\$249.16	\$73.57	\$322.72	\$92.85	\$19.62	\$112.47	\$84.66	\$7.45	\$92.11
12 Charge for Claims above Pooling Point PPPM	\$15.88	\$5.97	\$21.85	\$0.00	\$0.00	\$0.00	\$1.05	\$0.00	\$1.05
13 Total Claims Charged PPPM [11 + 12]	\$265.04	\$79.53	\$344.57	\$92.85	\$19.62	\$112.47	\$85.71	\$7.45	\$93.16
14 Change in Future Benefits	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
15 Change in Future Demographics (Age/Gender/Family) or Risk	1.0053	1.0053		1.6678	1.6678		1.3621	1.3621	
16 Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
17 Change in Future Network	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
18 Rating Incurred Claim PPPM [18 blended with 19]	\$266.44	\$79.96	\$346.40	\$154.86	\$32.72	\$187.57	\$116.74	\$10.15	\$126.89
19 Projected Persons Months	588,683	588,683	588,683	25,083	25,083	25,083	42,783	42,783	42,783
20 Projected Total Incurred Claims [18 x 19]	\$156,851,098	\$47,068,923	\$203,920,021	\$3,884,210	\$820,591	\$4,704,801	\$4,994,459	\$434,124	\$5,428,583
21 PPPM Expense Load as % of Claims			\$22.82			\$22.82			\$22.82
22 Projected Expense Loaded PPPM [18 + 21]			\$369.22			\$210.39			\$149.71
23 Projected Total Expense Loaded Cost [(22 x 19)]			\$217,354,934			\$5,277,242			\$6,404,967
24 Conversion to Rating Tiers [21 x rating tier x counts]									
Method: By Person									
	<u>x tier</u>	<u>Projected</u>		<u>x tier</u>	<u>Projected</u>		<u>x tier</u>	<u>Projected</u>	
	<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	1.16	195,209	\$429.24	1.17	7,041	\$245.88	1.14	12,918	\$171.38
b) Employee & Spouse	2.72	42,906	\$1,005.56	2.74	1,877	\$576.02	2.68	3,333	\$401.47
c) Employee & Child(ren)	1.89	58,984	\$699.09	1.90	2,303	\$400.46	1.86	3,129	\$279.11
d) Family	3.45	38,340	\$1,275.41	3.47	2,111	\$730.59	3.40	3,888	\$509.21
e) Child(ren) of Medicare Retirees	0.73	1,053	\$269.85				-		
25 Rates Balance Confirmation		336,492	\$217,354,934		13,332	\$5,277,242		23,268	\$6,404,967

Note: The figures presented are preliminary and subject to change. Prior to employee contribution being divisible by 2.

Appendix E - ASE Medicare Retirees

ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2013

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Medicare		Total
	Medical	Pharmacy	
	3/11 - 2/12	5/11 - 4/12	
	3/11 - 3/12	5/11 - 3/12	
1 Total Incurred Medical & Rx Claims (Experience Period)*	\$16,113,058	\$19,449,322	\$35,562,380
2 <u>Less High Cost Claims Above (Med/Rx)*</u> \$100,000 \$20,000	\$693,774	\$1,805,228	\$2,499,002
3 Net Incurred Claims below Pooling Point [1 - 2]	\$15,419,284	\$17,644,094	\$33,063,378
4 <u>Person Months for Experience Period</u>	107,470	108,426	107,980
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$143.48	\$162.73	\$306.21
6 Change in Benefits During Experience Period	1.0000	1.0000	
7 Change in Demographics or Risk During Experience Period	0.9984	1.0000	
8 Change in Geographic During Experience Period	1.0000	1.0000	
9 a) Annual Trend Rate	7.0%	5.0%	
b) Months to Trend	22	20	
c) <u>Trend Adjustment</u>	<u>1.1321</u>	<u>1.0847</u>	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$162.17	\$176.52	\$338.68
11 <u>Charge for Claims above Pooling Point PPPM</u>	<u>\$6.46</u>	<u>\$16.65</u>	<u>\$23.10</u>
12 Total Claims Charged PPPM [10 + 11]	\$168.62	\$193.17	\$361.79
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>	<u>1.0000</u>	<u>1.0000</u>	
17 Projected Incurred Claim PPPM [13x 14 x15x16]	\$168.62	\$193.17	\$361.79
18 <u>Projected Persons Months</u>	117,916	117,916	117,916
19 Projected Total Incurred Claims [17 x 18]	\$19,883,440	\$22,777,263	\$42,660,703

Note: The figures presented are preliminary and subject to change. Prior to employee contribution being divisible by 2.

Appendix E - ASE Medicare Retirees

ASE GOLD RETIREE RATE DEVELOPMENT for CY2013

20 Conversion to Rating Tiers

PPPM [17]

Method:

By Person

- a) NME Retiree
- b) NME Retiree & NME Spouse
- c) NME Retiree & Child(ren)
- d) NME Retiree & NME Spouse & Child(ren)
- e) NME Retiree & ME Spouse
- f) NME Retiree & ME Spouse & Child(ren)
- g) ME Retiree
- h) ME Retiree & NME Spouse
- i) ME Retiree & Child(ren)
- j) ME Retiree & NME Spouse & Child(ren)
- k) ME Retiree & ME Spouse
- l) ME Retiree & ME Spouse & Child(ren)

	<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>Ee Months</u>	<u>PEPM</u>
a)	1.16	\$429.24	-	\$0.00	14,650	\$429.24
b)	2.72	\$1,005.56	-	\$0.00	4,938	\$1,005.56
c)	1.89	\$699.09	-	\$0.00	797	\$699.09
d)	3.45	\$1,275.41	-	\$0.00	340	\$1,275.41
e)	1.16	\$429.24	1.00	\$361.79	2,561	\$791.03
f)	1.89	\$699.09	1.00	\$361.79	126	\$1,060.88
g)	-	\$0.00	1.00	\$361.79	62,877	\$361.79
h)	1.16	\$429.24	1.00	\$361.79	5,436	\$791.03
i)	0.73	\$269.85	1.00	\$361.79	787	\$631.64
j)	2.29	\$846.16	1.00	\$361.79	423	\$1,207.95
k)	-	\$0.00	2.00	\$723.58	22,587	\$723.58
l)	0.73	\$269.85	2.00	\$723.58	266	\$993.43
		<u>\$16,407,704</u>		<u>\$42,660,703</u>		<u>\$59,068,407</u>

21 Rates Balance Confirmation

Note: The figures presented are preliminary and subject to change. Prior to employee contribution being divisible by 2.