



## **AGENDA**

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

**EBD Board Room - 501 Building - 5<sup>th</sup> Floor**

**May 21, 2013**

**1:00 p.m.**

- 1. Call to Order** ..... *Renee Mallory, Chair*
- 2. Approval of Minutes** ..... *Renee Mallory, Chair*
- 3. Financials**.....*Marla Wallace, CFO*
- 4. Benefits Sub-Committee Report** ..... *Lloyd Black*
- 5. 2014 Preliminary Rate Development** .....*John Colberg*
- 6. Director's Report**.....*Jason Lee, Executive Director*

### **Upcoming Meetings**

**June 18<sup>th</sup>**

**July 16<sup>th</sup>**

**State and Public School Life  
And Health Insurance Board  
Minutes  
April 23, 2013**

The 127<sup>th</sup> meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on April 23, 2013 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

**MEMBERS PRESENT**

Katrina Bennett  
John Kirtley  
Dr. Andrew Kumpuris  
Janis Harrison  
Bob Alexander  
Mark White  
Carla Wooley

**MEMBERS ABSENT**

Kelly Chaney  
Shawn Cook  
Lloyd Black  
Renee Mallory  
Dr. Joseph Thompson

Jason Lee, Executive Director, Employee Benefits Division.

**OTHERS PRESENT:**

Matthew Hadley, M.D., Dwight Davis, Jill Johnson, UAMS; David Keisner, Doug Shackelford, Lori Eden, Michele Hazelett, Stella Greene, Marla Wallace, Leslie Smith, Ethel Whittaker, Melida Vasquez, Janna Keathley, Kristi Jackson, Sherry Bryant, Tracy Butler-Oberste, Latyrce Long, Erica Backus-Harris, Sylvia Landers, Peggy Robinson, EBD; Pam Lawrence, AHH; Rhonda Walthall, Wayne Whitely, AR Highway & Transportation Dept; Steve Singleton, Arkansas Retired Teachers Association; Susan Walker, Data Path; Diann Shoptaw, USable; Joe Chang, Minnesota Life; Kathy Ryan, Takisha Sanders, Dawn Davis, Health Advantage; Ro McCoey, ACHI; BJ Himes, QualChoice; Norma Walker, WCSD; Paula Glover, ACS; Eddie Ringhugo, ACS; Warren Taves, Merck; Roland Banks, Doug Brown, APSRC; John Greer, Alicia Hayden, Sarah Bujak, Connie Bennett, Caramaran Rx; Mark Watts, ASEA; Tammy Barger, Benton Schools; Mark Riley, APA; David Williams, Forrest Pharmaceuticals; Bobbie Davis, APSRC; John Greer, Humana; Mark Dillen

**CALL TO ORDER**

Meeting was called to order by John Kirtley, Vice-Chair

## APPROVAL OF MINUTES

The request was made by Kirtley to approve the March 26, 2013 minutes. Harrison made the motion to approve minutes. Alexander seconded. Minutes approved.

## FINANCIALS *by Marla Wallace, CFO; Jason Lee, Executive Director*

Wallace reported on March for PSE and ASE. For PSE there was a Five (5.9) million lost. There was Five (5.3) million in claims due to March having a fifth week. The Net Assets = 0, and most of the Catastrophic Reserve was used. For ASE there was a four (4.8) million lost due to the fifth week. There are fifteen (15) million in Assets available after subtracting all the allocations set aside for 2014, and the Catastrophic Reserve has not been used. For the month of April it is estimated there will be a three (3) million gain.

## Drug Utilization Evaluation Committee Report *by Matthey Hadley M.D., Jill Johnson, Dwight Davis, UAMS; Jason Lee, Executive Director*

Dr. Hadley reported on Tabled, Second Review of Medication, and First Review of Medications.

**Table 1.A - Tabled Items**

Drug Name	Treatment	Recommendations
Cometriq	Patients with progressive, metastatic medullary thyroid carcinoma	Exclude due to experimental and investigational status
Oxtellar XR	Extended release form of oxcarbazepine for treatment of partial seizures	Exclude due to similar therapies on formulary
Stivarga	Treatment of patients with metastatic colorectal cancer who have been previously treated with currently available therapies	Table with review in 6 months

Harrison made a motion to adopt the recommendations in Table 1.A. Wooley seconded. All were in favor. Motion approved.

**Table 2.A - Second Review of Medications**

<b>Drug Name</b>	<b>Treatment</b>	<b>Recommendations</b>
Naprelan	Treatment of patients with pain or osteoarthritis	Exclude for new patients and provide current users 90-day notice
Intuniv	Treatment of Patients with ADHD	Exclude for new patients and provide current users 90-day notice
Gleevec	Treatment of Patients with chronic myeloid leukemia	Add PA to currently covered medication
Linzess	Treatment of Patients with irritable bowel syndrome	Coverage on Tier 3 with PA
Amitiza	Treatment of Patients with irritable bowel syndrome	Add PA to currently covered medication

Harrison made a motion to adopt the recommendations in Table 2.A. Alexander seconded. All were in favor. Motion approved.

**Table 3.A – First Review of New Medications**

<b>Drug Name</b>	<b>Treatment</b>	<b>Recommendations</b>
Gattex	Treatment of patients with short bowel syndrome	Exclude
Nesina	Treatment of patients with type 2 diabetes	Coverage on Tier 3 with PA
Kazano	Treatment of patient with type 2 diabetes	Coverage on Tier 3 with PA
Oseni	Treatment of patient with type 2 diabetes	Coverage on Tier 3 with PA
Uceris	Treatment of patients with ulcerative colitis	Exclude
Delzicol	Treatment of patients with Ulcerative colitis	Exclude

Pomalyst	Treatment of patients with multiple myeloma	Coverage on Tier 3 with PA	
Ravicti Liquic	Treatment of patient with urea cycle disorder	Medical Coverage Only – Case Manager required	
Fulyzaq	Treatment of patients with non-infectious diarrhea in patients with HIV/AIDS	Exclude	
Abilify Maintena	Treatment of patients with schizophrenia	Exclude	
Kynamro	Treatment of patients with homozygous familial hypercholesterolemia	Exclude	
Juxtapid	Treatment of patients with homozygous familial hypercholesterolemia	Exclude	

Harrison made a motion to adopt the recommendations in Table 3.A. Alexander seconded. All were in favor. Motion approved.

Johnson reported on SSRI and SNRI Antidepressants for possibly reference pricing. These are 2<sup>nd</sup> generation Antidepressants. The Evidence Base Practice Center writes the report on the systematic review. They compiled a systematic review to look at & compare directly if there's evidence indirectly if there's not head-to-head comparison with these medications. It appears to be no difference in response or remission rates. Having alternate drugs available to switch from, (as studies indicate patients may try multiple drugs before finding one that is successful), that is accessible will allow the implementing of reference pricing.

Lee reported the annual savings for SSRI = .05 million, and SNRI = 2.6 million.

Davis reports they separated the SSRI & SNRI's since typically the SNRI's are more expensive. The reference price amount that is typically used is \$0.30. That is usually the amount you can get the generics for. When the generic drugs come on the market sometimes it can take years to decrease in the amount. When it goes below the reference price the member may get it for the price of the co-pay. Reference pricing protects the plan from inflation. It caps the amount the plan pays for that class of medicines. It also protects against new market entries.

Alexander made a motion to address The SSRI and SNRI change in January, 2014 when the 2014 plan changes are reviewed. Harrison seconded. All were in favor. Motion passes.

Dr. Hadley reported on Proton Pump Inhibitors. Review is conducted for the PPI's and the recommendations are to incorporate the over-the-counter medications into the Reference Pricing Co-Pay structure of the Full Formulary. Tier 1 Co-Pay would be \$10.00 or the Reference Price. Davis reports currently a patient can get an OTC (over-the-counter) product for \$5.00, as it was less expensive than the Prescription Omeprazole. Now the Prescription Omeprazole is less expensive.

The recommendation is: (1) Access the same co-pay from \$5.00 to \$10.00 for the OTC (over-the-counter) Omeprazole, and \$10.00 for the Prescription Omeprazole. (2) Adjust the Reference Price from \$0.90 to \$0.30. This would save over one (1) million annually.

Alexander made a motion to adopt. Dr. Kumpuris seconded. All were in favor. Motion approved.

## **BENEFITS COMMITTEE REPORT** *by Jason Lee, Executive Director*

The Benefits Sub-committee met April 5<sup>th</sup>. The following are recommendations for the Board.

- Recognize plan design changes made after 2013 rates were set - \$5 million-PSE only
- Accept additional funding from the State - \$10 million –PSE only
- Adjust PPI Reference Price from \$0.90 per unit to \$0.30 - \$0.3 million – ASE & PSE
- Remove the Generic Dispensing Incentive as of July 1 - \$2 million – PSE only

The anticipated savings will be \$17.3 million by the end of the Plan Year 2013. Additional funding from the State will be \$8 million.

American Health Holding reported on enhanced Oncology Management Program. The plan spends approximately \$50 million annually on treatment for Cancer. More aggressive case management, utilization management, and better control of Oncology are essential to reducing costs.

Lee reports the Benefits Committee will meet in May to discuss changes for 2014.

## **A. Mid Year Cost Savings** *by John Colberg, Cheiron*

Colberg reported on updating the projections to December 31, 2013. Projections continue to change as more information is received. In March there was a Ten (10) million loss. The major impact of the 2012 experience is large claims resulting in over ten (10) million in claims from four (4) claimants. Previous projections were to have Three (3.6) million by the end of 2013 in current & future reserve to reduce 2014 premiums. As reported in the financial statements some of the contingency reserve was used. Depending on the large claim projection used will depend on how far below the IBNR funds will decrease. If claims follow 2012 pattern the projection will be below the IBNR by thirteen (13.7) million, 2011 five (5.9) million, and 2010 seven (7.6) million. For either projection Assets would be about fifteen (15) million. The IBNR is projected to be twenty nine (29) million by the end of 2013.

### **Recommendation for Pharmacy savings are as follows:**

- Brand/Generic Drug Co-pay Penalty (effective September 2012)
- Board Decision 219 – Reference Price Additional Prescription Drugs (effective May 19, 2013)
- Eliminate one of the Two Disease Management Websites (effective July 1, 2013)
- Quantity limits on Diabetic Testing Strips (effective January 1, 2013)
- Medical Management Coordination for Case Management, Concurrent Review, and Discharge Planning; Update Outpatient Precertification Requirements (effective April 15, 2013)

### **Additional Benefits Sub-Committee Recommendations:**

- Reference Price PPI's to \$0.30
- Generic Incentive Removal (can apply to PSE Only)

### **Additional DUEC Committee Recommendations:**

- Reference PPI (acid reflux) Over-the-Counter drugs and change co-pay to \$10.00
- Reference Price SSRI's/SNRI's (antidepressants)

### **Alternative Options Considered:**

1. New Generic Co-pay Remains at Brand Co-pay
2. For Gold & Silver: Change office visit co-pay 6 months early for:

- a. Physical Therapy (PT), Occupational Therapy (OT), and Speech Therapy (ST) = \$25
  - b. PT/OT/ST and Primary Care Physicians (PCP) = \$30
  - c. PT/OT/ST and PCP = \$35
3. Change Gold Emergency Room Co-pay to \$150 for NME
  4. Charge \$250 Co-pay for all MRI's for Gold & Silver for NME
  5. Add a Specialty Drug Co-pay of \$100 for Gold & Silver
  6. Add \$5 to Tier 2 Rx Co-pay and \$10 to Tier 3 Rx Co-pay for Gold & Silver
  7. Add \$5 to the Generic Co-pay for Gold & Silver
  8. Increase Out-of-Pocket Maximum for Gold/Silver/Bronze to \$2000/\$3000/\$3000\*
  9. Add \$500 to the deductible for all plans\*
  10. Add a \$5/10 PCP/SCP Co-pay for Medicare eligible participants office visits \*

White made a motion to adopt item # 1; New Generic Co-pay for both PSE & ASE Plans. Wooley seconded. All were in favor. Motion approved.

Dr. Kumpuris made an amended motion to adopt the Benefits Sub-Committee recommendation for Generic Incentive Removal with implementation delayed until May, 2013. White seconded. All were in favor. Motion approved.

#### **DIRECTOR'S REPORT** *by Jason Lee*

Lee reports that Minnesota Life has mailed packets to all Public School Retirees. Coverage was reinstated to the December, 2012 level, and also those whose coverage was terminated in the first quarter. There was also a request for Mr. Chang to return in June or July, 2013 for an update on the changes.

Lee briefly reports on looking ahead at 2014. In a previous meeting there were questions regarding the minimum value calculator for the Affordable Care Act. Discussions will take place in May at the Benefits Committee Meeting looking at 2014 and beyond.

**Meeting adjourned.**



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

The following report resulted from a meeting of the Benefits Committee from May 10, 2013 with Becky Walker presiding.

### **Preliminary Rates for CY 2014**

As directed by the Board, the Committee heard a presentation from Cheiron regarding Preliminary Rates for Plan Year 2014.

### **Topics Discussed:**

1. Considerations for Setting Employee Contributions.
2. Recap of Last's Year's Decisions
3. Reserves Projections
4. Plan Migration

Director Lee presented a report that shows a value of the current plan and three options for changes. All options have changes that could cost the member more money, and have savings for the member. There was discussion regarding making the silver plan HSA qualified as it may attract more members. The Committee will review various options and the rate impact at the next meeting.

There were no recommendations at this time. The next meeting will be held June 10, 2013.



# Arkansas State Employees & Public School Employees Health Benefits Program

## **Preliminary Rates for CY 2014**

State and Public School  
Life and Health Insurance Board



May 21, 2013

John Colberg, FSA, MAAA



# Topics

	Page Number
1) Considerations for Setting Employee Contributions	2
2) Recap of Last Year's Decisions	3
3) Reserves Projections	4
4) Plan Migration – Illustration & Issues	5
<b>Preliminary Rates with No Benefit Changes</b>	
5) PSE – Set Percent Increase	7
6) PSE – Revised State Allocation	10
7) ASE – No New Reserves Allocated	13
8) ASE - \$10 million of New Reserves	16
9) Overview of Benefit Change Options	19
<b><u>Appendices</u></b>	
A. 2013 Final Rate Details	22
B. Benefit Options	28
C. Assumptions & Methods	30
D. Rating Worksheets	32
E. Impact of Benefit Changes from Prior Presentations	38



# Considerations for Setting Employee Contributions

- How much reserves should be drained/increased?
- Should there be any benefit changes?
  - Other than those required by law
  - Move toward consistency with exchange plans
- How to apply rate increases
  - Flat Percent
  - Fixed Amount
  - Based on Differential Between Plan Out-of-Pocket
  - Based on Formula for State/District Contributions



# Recap of Last Year's Decisions

- Decided to use the “by person” tier rating methodology, i.e., same rate for all employees, all spouses, and all children across all the rating tiers.
- For PSE
  - Used fixed increase across all family categories: 21% Gold; 0% Silver; 30% Bronze
  - Exception \$10 increase (from \$0) for Bronze Employee Only
  - Set rates at projected cost with no margin for adverse experience
- For ASE
  - No rate increase
  - Used \$31.3 million of excess reserves



# Reserve Projections

- For PSE
  - As of 4/30/2013, \$0 excess (i.e., net assets available); only \$7.7 million of catastrophic reserve
  - Projected as of 12/31/2013 (from April Board meeting), \$0 excess; about \$7.9 million of catastrophic reserve after \$15.5 million in additional funding and adopted changes
- For ASE
  - As of 4/30/2013, \$15 million excess or slightly better than expected
  - PSE medical and pharmacy management improvements also apply to ASE and will increase reserves
  - State funding will increase 7/1/2013
  - Excess projected to increase well above \$20 million by 12/31/2013



# Plan Migration Illustration

	<u>All in Gold</u>	<u>All in Silver</u>	<u>All in Bronze</u>	<u>Year 1</u>	<u>Year 2</u>	
Adam	\$600	\$540	\$480	\$600	\$600	
Betty	550	495	440	550	550	
Charlie	500	450	400	500	500	
Doug	450	405	360	450	450	
Emma	400	360	320	400	360	
Francis	350	315	280	350	280	
Greg	300	270	240	270	270	
Heather	250	225	200	225	200	
Ida	200	180	160	160	160	
Joe	150	135	120	120	120	
<b><u>Averages</u></b>						<u>increase</u>
<b>Gold</b>	<b>\$375</b>	n/a	n/a	<b>\$475</b>	<b>\$525</b>	<b>10.5%</b>
<b>Silver</b>	n/a	<b>\$338</b>	n/a	<b>\$248</b>	<b>\$315</b>	<b>27.3%</b>
<b><u>Bronze</u></b>	<b><u>n/a</u></b>	<b><u>n/a</u></b>	<b><u>\$300</u></b>	<b><u>\$140</u></b>	<b><u>\$190</u></b>	<b><u>35.7%</u></b>
<b>All Plans</b>	<b>\$375</b>	<b>\$338</b>	<b>\$300</b>	<b>\$363</b>	<b>\$349</b>	<b>-3.7%</b>

*Illustrative Only: Actual morbidity, provider discounts, and medical management will impact the figures*



# Issues with Plan Migration

- Increased migration will likely increase the required rates of all plans (Gold, Silver, Bronze)
- Migration tends to accelerate when
  - Employee contribution differential between plans increases
  - Employee contributions increase significantly
  - Benefits are perceived to be reduced more in the more expensive plans
  - Enrollment/Re-enrollment is required (e.g., new hires, retirements)
- Migration tends to be minimal when
  - Employee contributions don't change significantly (or decrease)
  - Benefits are perceived to be reduced more in the less expensive plans
  - No action is required from employees/retirees
  - Changes are not well communicated



# PSE Actives

## Scenario 1: Set Percent Change

Total Active & Ret (\$ mil)	\$341.4	\$50.0	\$84.6	\$206.7	\$145.0	\$61.7	43%	57,903
Actives	Total Monthly Premium	Direct State Contribution	School District Contrib.	2014 Total EE Cost	2013 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
<b>Gold</b>								
Employee Only	\$573.96	\$96.94	\$150.00	\$327.02	\$226.70	\$100.32	44%	17,602
Employee & Spouse	1,380.08	(0.00)	150.00	1,230.08	1,027.20	202.88	20%	407
Employee & Child(ren)	1,059.34	70.56	150.00	838.78	581.48	257.30	44%	2,552
Family	1,865.46	229.74	150.00	1,485.72	1,029.96	455.76	44%	573
Est. Monthly Total (\$mil)	\$14.4	\$2.0	\$3.2	\$9.2	\$6.5	\$2.8	43%	21,134
<b>Silver</b>								
Employee Only	\$439.50	\$62.22	\$150.00	\$227.28	\$157.56	\$69.72	44%	4,744
Employee & Spouse	1,042.82	0.00	150.00	892.82	713.86	178.96	25%	318
Employee & Child(ren)	802.78	69.86	150.00	582.92	404.10	178.82	44%	1,590
Family	1,406.08	223.56	150.00	1,032.52	715.78	316.74	44%	754
Est. Monthly Total (\$mil)	\$4.8	\$0.6	\$1.1	\$3.1	\$2.2	\$0.9	42%	7,407
<b>Bronze</b>								
Employee Only	\$248.92	\$44.50	\$150.00	\$54.42	\$10.00	\$44.42	444%	11,538
Employee & Spouse	550.80	51.02	150.00	349.78	242.48	107.30	44%	1,335
Employee & Child(ren)	430.70	124.44	150.00	156.26	108.32	47.94	44%	2,749
Family	732.58	229.16	150.00	353.42	245.00	108.42	44%	2,847
Est. Monthly Total (\$mil)	\$6.9	\$1.6	\$2.8	\$2.5	\$1.4	\$1.1	76%	18,468
Total (Monthly) (\$ mil)	\$26.1	\$4.2	\$7.1	\$14.8	\$10.1	\$4.8	47%	47,009
Est Annual Total (\$ mil)	\$312.8	\$50.0	\$84.6	\$178.2	\$120.9	\$57.3		

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

# PSE Non-Medicare Retirees

## Scenario 1: Set Percent Change

NME Retirees	Total Monthly Premium	Add'l Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
<b>Gold</b>							
Retiree Only	\$573.96	\$0.00	\$573.96	\$469.68	\$104.28	22%	2,036
Retiree & NME SP	1,380.08	0.00	1,380.08	1,186.36	193.72	16%	165
Retiree & Child(ren)	1,059.34	0.00	1,059.34	821.66	237.68	29%	20
Retiree & NME SP&CH	1,865.46	0.00	1,865.46	1,538.32	327.14	21%	18
Retiree & ME SP	703.18	0.00	703.18	609.06	94.12	15%	143
Retiree & ME SP & CH	1,188.58	0.00	1,188.58	961.04	227.54	24%	1
Est. Monthly Total (\$mil)	\$1.6	\$0.0	\$1.6	\$1.3	\$0.3	21%	2,384
<b>Silver</b>							
Employee Only	\$439.50	\$0.00	\$439.50	\$401.62	\$37.88	9%	28
Employee & Spouse	1,042.82	54.58	1,097.40	1,097.40	0.00	0%	1
Employee & Child(ren)	802.78	0.00	802.78	712.64	90.14	13%	-
Family	1,406.08	0.00	1,406.08	1,200.54	205.54	17%	1
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	9%	30
<b>Bronze</b>							
Employee Only	\$248.92	\$0.00	\$248.92	\$182.78	\$66.14	36%	546
Employee & Spouse	550.80	0.00	550.80	421.00	129.80	31%	114
Employee & Child(ren)	430.70	0.00	430.70	299.78	130.92	44%	17
Family	732.58	0.00	732.58	538.02	194.56	36%	28
Est. Monthly Total (\$mil)	\$0.2	\$0.0	\$0.2	\$0.2	\$0.1	35%	706
Total (Monthly) (\$ mil)	\$1.8	\$0.0	\$1.8	\$1.5	\$0.3	22%	3,119
Est Annual Total (\$ mil)	\$21.5	\$0.0	\$21.5	\$17.6	\$3.9		

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



# PSE Retirees – Medicare Eligible

## Scenario 1: Set Percent Change

ME Retirees	Total Monthly Premium	Subsidy / Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
<b>Medicare Eligible</b>							
Retiree Only	\$129.23	\$73.76	\$55.47	\$50.14	\$5.33	11%	7,066
Retiree & NME SP	691.98	87.78	604.20	597.87	6.33	1%	91
Retiree & Child(ren)	661.01	141.20	519.81	509.62	10.19	2%	14
Retiree & NME SP&CH	1,420.74	334.90	1,085.84	1,061.68	24.16	2%	3
Retiree & ME SP	258.46	48.54	209.92	206.42	3.50	2%	601
Retiree & ME SP & CH	743.85	105.50	638.35	630.74	7.61	1%	-
Est. Monthly Total (\$mil)	\$1.1	\$0.6	\$0.6	\$0.5	\$0.0	7%	7,775
Total (Est. Annual)	\$13.7	\$6.7	\$7.0	\$6.5	\$0.5		

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



# PSE Actives

## Scenario 2: Revised State Allocation

Total Active & Ret (\$ mil)	\$341.4	\$50.0	\$84.6	\$206.7	\$145.0	\$61.7	43%	57,903
Actives	Total Monthly Premium	Direct State Contribution	School District Contrib.	2014 Total EE Cost	2013 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
<b>Gold</b>								
Employee Only	\$573.96	\$88.64	\$150.00	\$335.32	\$226.70	\$108.62	48%	17,602
Employee & Spouse	1,380.08	88.64	150.00	1,141.44	1,027.20	114.24	11%	407
Employee & Child(ren)	1,059.34	88.64	150.00	820.70	581.48	239.22	41%	2,552
Family	1,865.46	88.64	150.00	1,626.82	1,029.96	596.86	58%	573
Est. Monthly Total (\$mil)	\$14.4	\$1.9	\$3.2	\$9.4	\$6.5	\$2.9	45%	21,134
<b>Silver</b>								
Employee Only	\$439.50	\$88.64	\$150.00	\$200.86	\$157.56	\$43.30	27%	4,744
Employee & Spouse	1,042.82	88.64	150.00	804.18	713.86	90.32	13%	318
Employee & Child(ren)	802.78	88.64	150.00	564.14	404.10	160.04	40%	1,590
Family	1,406.08	88.64	150.00	1,167.44	715.78	451.66	63%	754
Est. Monthly Total (\$mil)	\$4.8	\$0.7	\$1.1	\$3.0	\$2.2	\$0.8	38%	7,407
<b>Bronze</b>								
Employee Only	\$248.92	\$88.64	\$150.00	\$10.28	\$10.00	\$0.28	3%	11,538
Employee & Spouse	550.80	88.64	150.00	312.16	242.48	69.68	29%	1,335
Employee & Child(ren)	430.70	88.64	150.00	192.06	108.32	83.74	77%	2,749
Family	732.58	88.64	150.00	493.94	245.00	248.94	102%	2,847
Est. Monthly Total (\$mil)	\$6.9	\$1.6	\$2.8	\$2.5	\$1.4	\$1.0	72%	18,468
Total (Monthly) (\$ mil)	\$26.1	\$4.2	\$7.1	\$14.8	\$10.1	\$4.8	47%	47,009
Est Annual Total (\$ mil)	\$312.8	\$50.0	\$84.6	\$178.2	\$120.9	\$57.3		

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# PSE Non-Medicare Retirees

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NME Retirees	Total Monthly Premium	Add'l Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
<b>Gold</b>							
Retiree Only	\$573.96	\$0.00	\$573.96	\$469.68	\$104.28	22%	2,036
Retiree & NME SP	1,380.08	0.00	1,380.08	1,186.36	193.72	16%	165
Retiree & Child(ren)	1,059.34	0.00	1,059.34	821.66	237.68	29%	20
Retiree & NME SP&CH	1,865.46	0.00	1,865.46	1,538.32	327.14	21%	18
Retiree & ME SP	703.18	0.00	703.18	609.06	94.12	15%	143
Retiree & ME SP & CH	1,188.58	0.00	1,188.58	961.04	227.54	24%	1
Est. Monthly Total (\$mil)	\$1.6	\$0.0	\$1.6	\$1.3	\$0.3	21%	2,384
<b>Silver</b>							
Employee Only	\$439.50	\$0.00	\$439.50	\$401.62	\$37.88	9%	28
Employee & Spouse	1,042.82	54.58	1,097.40	1,097.40	0.00	0%	1
Employee & Child(ren)	802.78	0.00	802.78	712.64	90.14	13%	-
Family	1,406.08	0.00	1,406.08	1,200.54	205.54	17%	1
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	9%	30
<b>Bronze</b>							
Employee Only	\$248.92	\$0.00	\$248.92	\$182.78	\$66.14	36%	546
Employee & Spouse	550.80	0.00	550.80	421.00	129.80	31%	114
Employee & Child(ren)	430.70	0.00	430.70	299.78	130.92	44%	17
Family	732.58	0.00	732.58	538.02	194.56	36%	28
Est. Monthly Total (\$mil)	\$0.2	\$0.0	\$0.2	\$0.2	\$0.1	35%	706
Total (Monthly) (\$ mil)	\$1.8	\$0.0	\$1.8	\$1.5	\$0.3	22%	3,119
Est Annual Total (\$ mil)	\$21.5	\$0.0	\$21.5	\$17.6	\$3.9		

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

# PSE Retirees – Medicare Eligible

## Scenario 2: Revised State Allocation

ME Retirees	Total Monthly Premium	Subsidy / Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
<b>Medicare Eligible</b>							
Retiree Only	\$129.23	\$73.76	\$55.47	\$50.14	\$5.33	11%	7,066
Retiree & NME SP	691.98	87.78	604.20	597.87	6.33	1%	91
Retiree & Child(ren)	661.01	141.20	519.81	509.62	10.19	2%	14
Retiree & NME SP&CH	1,420.74	334.90	1,085.84	1,061.68	24.16	2%	3
Retiree & ME SP	258.46	48.54	209.92	206.42	3.50	2%	601
Retiree & ME SP & CH	743.85	105.50	638.35	630.74	7.61	1%	-
Est. Monthly Total (\$mil)	\$1.1	\$0.6	\$0.6	\$0.5	\$0.0	7%	7,775
Total (Est. Annual)	\$13.7	\$6.7	\$7.0	\$6.5	\$0.5		

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



# ASE Actives

## Scenario 1: No New Reserves Allocated

Total Active & Ret (\$ mil)	\$296.9	\$172.2	\$16.9	\$107.8	\$85.2	\$22.6	27%	38,401
Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 EE Total Cost	2013 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
<b>Gold</b>								
Employee Only	\$483.06	\$323.74	\$43.39	\$115.93	\$95.78	\$20.15	21%	13,361
Employee & Spouse	1,109.02	599.74	80.37	428.91	367.74	61.17	17%	2,950
Employee & Child(ren)	780.02	465.15	62.33	252.54	193.64	58.90	30%	4,635
Family	1,405.98	741.15	99.31	565.52	419.62	145.90	35%	3,055
Est. Monthly Total (\$mil)	\$17.6	\$10.5	\$1.4	\$5.7	\$4.5	\$1.2	26%	24,000
<b>Silver</b>								
Employee Only	\$299.12	\$227.34	\$0.00	\$71.78	\$62.12	\$9.66	16%	856
Employee & Spouse	675.90	415.72	0.00	260.18	282.52	(22.34)	-8%	161
Employee & Child(ren)	477.88	323.86	0.00	154.02	141.44	12.58	9%	233
Family	854.64	512.24	0.00	342.40	324.60	17.80	5%	251
Est. Monthly Total (\$mil)	\$0.7	\$0.5	\$0.0	\$0.2	\$0.2	\$0.0	6%	1,500
<b>Bronze</b>								
Employee Only	\$192.56	\$182.94	\$0.00	\$9.62	\$0.00	\$9.62	n/a	1,437
Employee & Spouse	417.84	295.58	0.00	122.26	77.22	45.04	58%	365
Employee & Child(ren)	299.44	236.38	0.00	63.06	27.84	35.22	127%	342
Family	524.70	353.28	0.00	171.42	92.20	79.22	86%	456
Est. Monthly Total (\$mil)	\$0.8	\$0.6	\$0.0	\$0.2	\$0.1	\$0.1	98%	2,600
Total (Monthly) (\$ mil)	\$19.1	\$11.6	\$1.4	\$6.1	\$4.8	\$1.3	26%	28,100
Est Annual Total (\$ mil)	\$229.2	\$139.1	\$16.9	\$73.1	\$58.0	\$15.1		

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



# ASE NME Retirees

## Scenario 1: No New Reserves Allocated

NME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 Ret. Total Cost	2013 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
<b>Gold</b>								
Retiree Only	\$483.06	\$193.22	\$0.00	\$289.84	\$235.74	\$54.10	23%	1,647
Retiree & NME SP	1,109.02	349.71	0.00	759.31	575.88	183.43	32%	553
Retiree & Child(ren)	780.02	267.46	0.00	512.56	439.84	72.72	17%	78
Retiree & NME SP&CH	1,405.98	423.95	0.00	982.03	916.72	65.31	7%	33
Retiree & ME SP	861.12	287.74	0.00	573.38	401.54	171.84	43%	233
Retiree & ME SP & CH	1,158.08	361.98	0.00	796.10	606.77	189.33	31%	9
Est. Monthly Total (\$mil)	\$1.7	\$0.6	\$0.0	\$1.1	\$0.9	\$0.2	28%	2,554
<b>Silver</b>								
Employee Only	\$299.12	\$97.04	\$0.00	\$202.08	\$202.08	\$0.00	0%	3
Employee & Spouse	675.90	185.24	0.00	490.66	490.66	0.00	0%	7
Employee & Child(ren)	477.88	102.28	0.00	375.60	375.60	0.00	0%	1
Family	854.64	182.68	0.00	671.96	671.96	0.00	0%	3
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	14
<b>Bronze</b>								
Employee Only	\$192.56	\$0.00	\$0.00	\$192.56	\$146.46	\$46.10	31%	7
Employee & Spouse	417.84	0.00	0.00	417.84	300.92	116.92	39%	12
Employee & Child(ren)	299.44	0.00	0.00	299.44	202.14	97.30	48%	1
Family	524.70	0.00	0.00	524.70	330.88	193.82	59%	12
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	47%	33
Total (Monthly) (\$ mil)	\$1.7	\$0.6	\$0.0	\$1.1	\$0.9	\$0.2	28%	2,601
Est Annual Total (\$ mil)	\$21.0	\$7.4	\$0.0	\$13.6	\$10.6	\$2.9		

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



# ASE ME Retirees

## Scenario 1: No New Reserves Allocated

ME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 Ret. Total Cost	2013 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
<b>Medicare Eligible</b>								
Retiree Only	\$378.06	\$226.84	\$0.00	\$151.23	\$117.12	\$34.11	29%	5,247
Retiree & NME SP	861.11	414.39	0.00	446.72	446.72	0.00	0%	365
Retiree & Child(ren)	707.46	358.60	0.00	348.87	314.86	34.01	11%	60
Retiree & NME SP&CH	1,300.98	596.01	0.00	704.98	644.48	60.50	9%	30
Retiree & ME SP	756.13	378.06	0.00	378.06	278.49	99.57	36%	1,980
Retiree & ME SP & CH	1,053.09	496.85	0.00	556.24	476.24	80.00	17%	18
Est. Monthly Total (\$ mil)	\$3.9	\$2.1	\$0.0	\$1.8	\$1.4	\$0.4	28%	7,700
Total (Est. Annual)	\$46.7	\$25.7	\$0.0	\$21.1	\$16.5	\$4.6		

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



# ASE Actives

## Scenario 2: \$10 million Reserves Allocated

Total Active & Ret (\$ mil)	\$296.9	\$172.2	\$21.8	\$102.9	\$85.2	\$17.7	21%	38,401
Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 EE Total Cost	2013 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
<b>Gold</b>								
Employee Only	\$483.06	\$325.27	\$56.35	\$101.44	\$95.78	\$5.66	6%	13,361
Employee & Spouse	1,109.02	592.04	102.56	414.42	367.74	46.68	13%	2,950
Employee & Child(ren)	780.02	467.02	80.90	232.11	193.64	38.46	20%	4,635
Family	1,405.98	733.78	127.12	545.09	419.62	125.47	30%	3,055
Est. Monthly Total (\$mil)	\$17.6	\$10.5	\$1.8	\$5.3	\$4.5	\$0.8	17%	24,000
<b>Silver</b>								
Employee Only	\$299.12	\$236.30	\$0.00	\$62.82	\$62.12	\$0.70	1%	856
Employee & Spouse	675.90	424.70	0.00	251.20	282.52	(31.32)	-11%	161
Employee & Child(ren)	477.88	336.42	0.00	141.46	141.44	0.02	0%	233
Family	854.64	524.78	0.00	329.86	324.60	5.26	2%	251
Est. Monthly Total (\$mil)	\$0.7	\$0.5	\$0.0	\$0.2	\$0.2	(\$0.0)	-1%	1,500
<b>Bronze</b>								
Employee Only	\$192.56	\$182.94	\$0.00	\$9.62	\$0.00	\$9.62	n/a	1,437
Employee & Spouse	417.84	295.58	0.00	122.26	77.22	45.04	58%	365
Employee & Child(ren)	299.44	236.38	0.00	63.06	27.84	35.22	127%	342
Family	524.70	355.42	0.00	169.28	92.20	77.08	84%	456
Est. Monthly Total (\$mil)	\$0.8	\$0.6	\$0.0	\$0.2	\$0.1	\$0.1	97%	2,600
Total (Monthly) (\$ mil)	\$19.1	\$11.6	\$1.8	\$5.7	\$4.8	\$0.8	18%	28,100
Est Annual Total (\$ mil)	\$229.2	\$139.1	\$21.8	\$68.2	\$58.0	\$10.2		

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



# ASE NME Retirees

## Scenario 2: \$10 million Reserves Allocated

NME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 Ret. Total Cost	2013 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
<b>Gold</b>								
Retiree Only	\$483.06	\$193.22	\$0.00	\$289.84	\$235.74	\$54.10	23%	1,647
Retiree & NME SP	1,109.02	349.71	0.00	759.31	575.88	183.43	32%	553
Retiree & Child(ren)	780.02	267.46	0.00	512.56	439.84	72.72	17%	78
Retiree & NME SP&CH	1,405.98	423.95	0.00	982.03	916.72	65.31	7%	33
Retiree & ME SP	861.12	287.74	0.00	573.38	401.54	171.84	43%	233
Retiree & ME SP & CH	1,158.08	361.98	0.00	796.10	606.77	189.33	31%	9
Est. Monthly Total (\$mil)	\$1.7	\$0.6	\$0.0	\$1.1	\$0.9	\$0.2	28%	2,554
<b>Silver</b>								
Employee Only	\$299.12	\$97.04	\$0.00	\$202.08	\$202.08	\$0.00	0%	3
Employee & Spouse	675.90	185.24	0.00	490.66	490.66	0.00	0%	7
Employee & Child(ren)	477.88	102.28	0.00	375.60	375.60	0.00	0%	1
Family	854.64	182.68	0.00	671.96	671.96	0.00	0%	3
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	14
<b>Bronze</b>								
Employee Only	\$192.56	\$0.00	\$0.00	\$192.56	\$146.46	\$46.10	31%	7
Employee & Spouse	417.84	0.00	0.00	417.84	300.92	116.92	39%	12
Employee & Child(ren)	299.44	0.00	0.00	299.44	202.14	97.30	48%	1
Family	524.70	0.00	0.00	524.70	330.88	193.82	59%	12
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	47%	33
Total (Monthly) (\$ mil)	\$1.7	\$0.6	\$0.0	\$1.1	\$0.9	\$0.2	28%	2,601
Est Annual Total (\$ mil)	\$21.0	\$7.4	\$0.0	\$13.6	\$10.6	\$2.9		

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



# ASE ME Retirees

## Scenario 2: \$10 million Reserves Allocated

ME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 Ret. Total Cost	2013 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
<b>Medicare Eligible</b>								
Retiree Only	\$378.06	\$226.84	\$0.00	\$151.23	\$117.12	\$34.11	29%	5,247
Retiree & NME SP	861.11	414.39	0.00	446.72	446.72	0.00	0%	365
Retiree & Child(ren)	707.46	358.60	0.00	348.87	314.86	34.01	11%	60
Retiree & NME SP&CH	1,300.98	596.01	0.00	704.98	644.48	60.50	9%	30
Retiree & ME SP	756.13	378.06	0.00	378.06	278.49	99.57	36%	1,980
Retiree & ME SP & CH	1,053.09	496.85	0.00	556.24	476.24	80.00	17%	18
Est. Monthly Total (\$ mil)	\$3.9	\$2.1	\$0.0	\$1.8	\$1.4	\$0.4	28%	7,700
Total (Est. Annual)	\$46.7	\$25.7	\$0.0	\$21.1	\$16.5	\$4.6		

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



# Overview of Benefit Change Options (from April Board Meeting)

- Aggregate Look (PSE)

	AR Health Actual <u>2012</u>	Optum Industry <u>Average</u>	ACA Min Value <u>Calculator</u>
Gold	85%	83%	90%
Silver	81%	75%	83%
Bronze	64%	69%	76%

- Lowering Benefits to match ACA Minimum Value would lower 2014 cost by over \$25 million (for PSE)
- Benefit reductions would be large
- There are many options to be considered

For use & disclosures, please refer to Cheiron’s April 23, 2013 presentation



# Current Plan Design and Options for Gold/Silver/Bronze

(Executive Director's handout)



# Appendices

# Appendix A – PSE Actives: 2013 Final Rate Details



## PSE Detailed Financials



Total Active & Ret (\$ mil)	\$294.3	\$58.9	\$73.7	\$161.7	\$134.7	\$27.0		56,657
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
<b>Gold</b>								
Employee Only	\$469.68	\$111.98	\$131.00	\$226.70	\$187.36	\$39.34	21%	24,946
Employee & Spouse	1,186.36	28.16	131.00	1,027.20	848.92	178.28	21%	846
Employee & Child(ren)	821.66	109.18	131.00	581.48	480.56	100.92	21%	4,470
Family	1,538.32	377.36	131.00	1,029.96	851.20	178.76	21%	1,375
Est. Monthly Total (\$mil)	\$18.5	\$3.8	\$4.1	\$10.5	\$8.7	\$1.8		31,637
<b>Silver</b>								
Employee Only	\$370.04	\$81.48	\$131.00	\$157.56	\$157.56	\$0.00	0%	1,200
Employee & Spouse	927.00	82.14	131.00	713.86	713.86	0.00	0%	79
Employee & Child(ren)	643.58	108.48	131.00	404.10	404.10	0.00	0%	351
Family	1,200.54	353.76	131.00	715.78	715.78	0.00	0%	228
Est. Monthly Total (\$mil)	\$1.0	\$0.2	\$0.2	\$0.6	\$0.6	\$0.0		1,858
<b>Bronze</b>								
Employee Only	\$182.78	\$41.78	\$131.00	\$10.00	\$0.00	\$10.00	n/a	9,290
Employee & Spouse	421.00	47.52	131.00	242.48	186.52	55.96	30%	795
Employee & Child(ren)	299.78	60.46	131.00	108.32	83.32	25.00	30%	1,729
Family	538.02	162.02	131.00	245.00	188.46	56.54	30%	1,569
Est. Monthly Total (\$mil)	\$3.4	\$0.8	\$1.8	\$0.9	\$0.6	\$0.3		13,383
Total (Monthly) (\$ mil)	\$22.9	\$4.8	\$6.1	\$11.9	\$9.8	\$2.1		46,878
Est Annual Total (\$ mil)	\$275.0	\$58.0	\$73.7	\$143.4	\$118.2	\$25.2		





# Appendix A - PSE Retirees:

## Non-Medicare Eligible 2013 Final Rate Details



### PSE Detailed Financials



NME Retirees	Total Monthly Premium	Add'l Holdback	2013 Total Ret. Cost	2012 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
<b>Gold</b>							
Retiree Only	\$469.68	\$0.00	\$469.68	\$457.42	\$12.26	3%	1,096
Retiree & NME SP	1,186.36	0.00	1,186.36	1,152.01	34.35	3%	94
Retiree & Child(ren)	821.66	0.00	821.66	768.28	53.38	7%	12
Retiree & NME SP&CH	1,538.32	0.00	1,538.32	1,159.82	378.50	33%	9
Retiree & ME SP	609.06	0.00	609.06	596.82	12.24	2%	75
Retiree & ME SP & CH	961.04	0.00	961.04	907.71	53.33	6%	1
Est. Monthly Total (\$mil)	\$0.7	\$0.0	\$0.7	\$0.7	\$0.0		1,287
<b>Silver</b>							
Employee Only	\$370.04	\$31.58	\$401.62	\$401.62	\$0.00	0%	170
Employee & Spouse	927.00	170.40	1,097.40	1,097.40	0.00	0%	10
Employee & Child(ren)	643.58	69.06	712.64	712.64	0.00	0%	1
Family	1,200.54	0.00	1,200.54	1,105.20	95.34	9%	1
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.1	\$0.1	\$0.0		181
<b>Bronze</b>							
Employee Only	\$182.78	\$0.00	\$182.78	\$148.90	\$33.88	23%	784
Employee & Spouse	421.00	0.00	421.00	349.34	71.66	21%	136
Employee & Child(ren)	299.78	0.00	299.78	238.70	61.08	26%	10
Family	538.02	0.00	538.02	352.42	185.60	53%	24
Est. Monthly Total (\$mil)	\$0.2	\$0.0	\$0.2	\$0.2	\$0.0		954
Total (Monthly) (\$ mil)	\$1.0	\$0.0	\$1.0	\$0.9	\$0.1		2,422
Est Annual Total (\$ mil)	\$11.8	\$0.1	\$11.9	\$11.2	\$0.8		



# Appendix A – PSE Retirees: Medicare Eligible 2013 Final Rate Details



## 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
<b>Medicare Eligible</b>									
Retiree Only	\$139.38	\$77.49	\$11.75	\$50.14	\$41.44	\$41.44	\$8.70	21%	6,632
Retiree & NME SP	597.87	0.00	0.00	597.87	568.37	674.34	29.50	5%	107
Retiree & Child(ren)	523.12	11.72	1.78	509.62	421.17	421.18	88.45	21%	15
Retiree & NME SP&CH	1,208.03	127.09	19.26	1,061.68	877.42	1,054.08	184.26	21%	4
Retiree & ME SP	278.77	62.83	9.52	206.42	170.59	170.60	35.82	21%	597
Retiree & ME SP & CH	630.74	0.00	0.00	630.74	550.32	550.33	80.42	15%	1
Est. Monthly Total (\$mil)	\$1.2	\$0.6	\$0.1	\$0.5	\$0.4	\$0.5	\$0.1		7,357
Total (Est. Annual)	\$14.0	\$6.6	\$1.0	\$6.4	\$5.4	\$5.5	\$1.0		

# Appendix A – ASE Actives

## 2013 Final Rate Details



### ASE Detailed Financials



Total Active & Ret (\$ mil)	\$275.8	\$162.2	\$26.8	\$86.7	\$86.8	(\$0.0)		38,398
Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 EE Total Cost	2012 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
<b>Gold</b>								
Employee Only	\$441.26	\$294.56	\$50.92	\$95.78	\$95.78	\$0.00	0%	14,380
Employee & Spouse	1,015.20	552.03	95.43	367.74	367.74	0.00	0%	3,164
Employee & Child(ren)	708.22	438.73	75.85	193.64	193.64	0.00	0%	4,803
Family	1,282.16	735.41	127.13	419.62	419.62	0.00	0%	3,167
Est. Monthly Total (\$mil)	\$17.0	\$10.4	\$1.8	\$4.8	\$4.8	\$0.0		25,514
<b>Silver</b>								
Employee Only	\$237.74	\$175.62	\$0.00	\$62.12	\$62.12	\$0.00	0%	515
Employee & Spouse	534.10	251.58	0.00	282.52	282.52	0.00	0%	131
Employee & Child(ren)	375.60	234.16	0.00	141.44	141.44	0.00	0%	162
Family	671.96	347.36	0.00	324.60	324.60	0.00	0%	147
Est. Monthly Total (\$mil)	\$0.4	\$0.2	\$0.0	\$0.1	\$0.1	\$0.0		954
<b>Bronze</b>								
Employee Only	\$148.70	\$148.70	\$0.00	\$0.00	\$0.00	\$0.00	n/a	984
Employee & Spouse	317.36	240.14	0.00	77.22	77.22	0.00	0%	235
Employee & Child(ren)	227.16	199.32	0.00	27.84	27.84	0.00	0%	253
Family	395.80	303.60	0.00	92.20	92.20	0.00	0%	297
Est. Monthly Total (\$mil)	\$0.4	\$0.3	\$0.0	\$0.1	\$0.1	\$0.0		1,769
Total (Monthly) (\$ mil)	\$17.8	\$11.0	\$1.8	\$5.0	\$5.0	\$0.0		28,238
Est Annual Total (\$ mil)	\$213.2	\$131.7	\$21.6	\$59.9	\$59.9	\$0.0		



# Appendix A - ASE Retirees: Non-Medicare Eligible 2013 Final Rate Details



## 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
<b>Gold</b>								
Retiree Only	\$441.26	\$176.50	\$29.02	\$235.74	\$235.74	\$0.00	0%	1,484
Retiree & NME SP	1,015.20	319.99	119.33	575.88	575.88	0.00	0%	500
Retiree & Child(ren)	708.22	243.24	25.14	439.84	439.84	0.00	0%	81
Retiree & NME SP&CH	1,282.16	365.44	0.00	916.72	916.72	0.00	0%	34
Retiree & ME SP	800.58	266.33	132.71	401.54	401.54	0.00	0%	259
Retiree & ME SP & CH	1,067.56	333.08	127.71	606.77	606.77	0.00	0%	13
Est. Monthly Total (\$mil)	\$1.5	\$0.5	\$0.1	\$0.8	\$0.8	\$0.0		2,371
<b>Silver</b>								
Employee Only	\$237.74	\$35.66	\$0.00	\$202.08	\$202.08	\$0.00	0%	16
Employee & Spouse	534.10	43.44	0.00	490.66	490.66	0.00	0%	6
Employee & Child(ren)	375.60	0.00	0.00	375.60	387.64	(12.04)	-3%	7
Family	671.96	0.00	0.00	671.96	821.68	(149.72)	-18%	6
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.0)		34
<b>Bronze</b>								
Employee Only	\$148.70	\$0.00	\$2.24	\$146.46	\$146.46	\$0.00	0%	24
Employee & Spouse	317.36	0.00	16.44	300.92	300.92	0.00	0%	14
Employee & Child(ren)	227.16	0.00	25.02	202.14	202.14	0.00	0%	3
Family	395.80	0.00	64.92	330.88	330.88	0.00	0%	16
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		57
Total (Monthly) (\$ mil)	\$1.5	\$0.5	\$0.1	\$0.8	\$0.8	(\$0.0)		2,462
Est Annual Total (\$ mil)	\$18.2	\$6.3	\$1.7	\$10.1	\$10.1	(\$0.0)		



# Appendix A – ASE Retirees: Medicare Eligible 2013 Final Rate Details



## 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
<b>Medicare Eligible</b>								
Retiree Only	\$359.33	\$215.60	\$26.61	\$117.12	\$117.12	\$0.00	0%	5,240
Retiree & NME SP	800.59	353.87	0.00	446.72	446.72	0.00	0%	453
Retiree & Child(ren)	656.16	334.33	6.97	314.86	314.86	0.00	0%	66
Retiree & NME SP&CH	1,200.24	551.96	3.80	644.48	644.48	0.00	0%	35
Retiree & ME SP	718.67	359.33	80.84	278.49	278.49	0.00	0%	1,882
Retiree & ME SP & CH	985.64	466.12	43.28	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)	\$44.5	\$24.2	\$3.5	\$16.7	\$16.7	\$0.0		

# Appendix B - Benefit Summary

<b>Benefit Option Name:</b> <b>Last Modified:</b> <b>Expected Benefit Ratio:</b> <b>Provider Network:</b>	<b>Gold</b> <b>1/1/2013</b> <b>0.83</b> <b>Health Advantage</b>	<b>Silver</b> <b>1/1/2013</b> <b>0.75</b> <b>QualChoice</b>	<b>Bronze</b> <b>1/1/2013</b> <b>0.69</b> <b>Health Advantage</b>
<b><u>In-Network (INN) Benefits</u></b>			
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
<b><u>Out-of-Network (OON) Benefits</u></b> <sup>1</sup>			
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
<b>Annual Maximum INN / OON</b>	<b>Unlimited / Unlimited</b>	<b>Unlimited / Unlimited</b>	<b>Unlimited / Unlimited</b>
<b><u>Prescription Drugs</u></b>			
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.
<b><u>Selected Detail Benefits</u></b>			
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 Summary

<b>Medical Management</b>			
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
<b>Medicare Integration:</b>	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		

<sup>1</sup>When 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 - Use & Disclosures

- 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. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23. This presentation does not reflect future changes in benefits, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010, related legislation, or regulations.
- Cheiron's analysis was prepared exclusively for the Employee Benefits Division of the State of Arkansas for the specific purpose of providing projections and options to the Arkansas State and Public School Life and Health Insurance Board. Our analysis is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.
- The figures in this presentation are preliminary and subject to change or modification as more detailed information is gathered and depending upon decisions made by the Board. The figures #2, 3, 4, and 10 on page 38 were provided by EBD.



# Appendix C - Comparative Risk/Morbidity Analysis

- PSE

	Actives	Retirees
Gold	0.85	1.58
Silver	0.52	0.99
Bronze	0.37	0.92

- ASE

	Actives	Retirees
Gold	0.76	1.58
Silver	0.32	0.64
Bronze	0.26	0.44

Source: Integrail



# Appendix D - PSE Actives & NME Retirees

## PSE ACTIVE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Gold			Silver			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	1/12 - 12/12	1/12 - 12/12		1/12 - 12/12	1/12 - 12/12		1/12 - 12/12	1/12 - 12/12	
	1/12 - 3/13	1/12 - 3/13		1/12 - 3/13	1/12 - 3/13		1/12 - 3/13	1/12 - 3/13	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$159,064,462	\$53,763,256	\$212,827,718	\$12,696,072	\$4,595,751	\$17,291,823	\$32,956,184	\$5,344,659	\$38,300,843
2 Less High Cost Claims Above (Med/Rx) <span style="background-color: yellow;">\$125,000</span> <span style="background-color: yellow;">\$25,000</span>	\$14,024,711	\$4,134,476	\$18,159,187	\$649,518	\$476,732	\$1,126,249	\$2,688,009	\$139,069	\$2,827,078
3 Net Incurred Claims below Pooling Point [1 - 2]	\$145,039,752	\$49,628,780	\$194,668,532	\$12,046,554	\$4,119,020	\$16,165,574	\$30,268,175	\$5,205,590	\$35,473,766
4 Person Months for Experience Period	529,289	529,289	529,289	74,906	74,906	74,906	271,871	271,871	271,871
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$274.03	\$93.76	\$367.79	\$160.82	\$54.99	\$215.81	\$111.33	\$19.15	\$130.48
6 Change in Benefits & Network/Contract During Experience Period	1.0004	1.0004		1.1044	0.9859		0.9281	0.7386	
7 Change in Demographics or Illness Burden During Experience Period	1.0097	1.0176		0.9983	1.0000		0.9952	0.9934	
8 Change in Geographic During Experience Period	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
9 a) Annual Trend Rate	6.0%	5.0%		6.0%	5.0%		6.0%	5.0%	
b) Months to Trend	24	24		24	24		24	24	
c) Trend Adjustment	1.1236	1.1025		1.1236	1.1025		1.1236	1.1025	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$311.00	\$105.23	\$416.23	\$199.22	\$59.77	\$258.99	\$115.55	\$15.49	\$131.04
11 Charge for Claims above Pooling Point PPPM	\$25.42	\$7.89	\$33.30	\$14.92	\$4.62	\$19.54	\$10.33	\$1.61	\$11.94
12 Total Claims Charged PPPM [10 + 11]	\$336.42	\$113.11	\$449.53	\$214.13	\$64.40	\$278.53	\$125.88	\$17.10	\$142.98
13 Change in Future Benefits & Networks/Contracts	0.9860	0.9795		0.9870	0.9843		0.9880	1.0743	
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	1.0653	1.0653		1.1969	1.1969		1.1925	1.1925	
15 Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 Rating Incurred Claim PPPM [13 x 14 x 15]	\$353.37	\$118.02	\$471.39	\$252.96	\$75.87	\$328.83	\$148.30	\$21.91	\$170.21
17 ACA Transitional Reinsurance Fee PPPM			\$5.25			\$5.25			\$5.25
18 Projected Persons Months	369,443	369,443	369,443	157,118	157,118	157,118	412,963	412,963	412,963
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	\$130,548,918	\$43,603,061	\$176,091,552	\$39,745,144	\$11,920,007	\$52,490,018	\$61,241,262	\$9,047,920	\$72,457,240
20 PEPM Expense Load as % of Claims <span style="background-color: yellow;">9.0%</span>			\$46.39			\$41.85			\$44.35
21 Retiree Subsidy / Holdback PEPM			\$11.20			\$11.20			\$11.20
22 Projected Expense Loaded Cost [19 + (20+21) x 23]			\$192,420,290			\$57,224,574			\$85,239,163
23 Conversion to Rating Tiers [19 x rating tier x counts]	x tier	Projected		x tier	Projected		x tier	Projected	
Method: <span style="background-color: gray;">Person</span>	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only	1.08	238,466	\$573.95	1.16	57,263	\$439.51	1.10	145,006	\$248.92
b) Employee & Spouse	2.77	6,861	\$1,380.07	2.96	3,831	\$1,042.82	2.82	17,383	\$550.81
c) Employee & Child(ren)	2.10	30,917	\$1,059.34	2.24	19,084	\$802.78	2.14	33,192	\$430.70
d) Family	3.79	7,097	\$1,865.46	4.05	9,062	\$1,406.09	3.86	34,500	\$732.58
e) Child(ren) of Medicare Retirees	1.02	173	\$542.98						
24 Rates Balance Confirmation		283,513	\$192,420,290		89,240	\$57,224,574		230,080	\$85,239,163

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

# Appendix D - PSE Medicare Retirees

## PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Medicare	
	Medical	Total
	1/12 - 12/12	
	1/12 - 3/13	
1 Total Incurred Medical & Rx Claims	\$11,095,131	\$11,095,131
2 <u>Less High Cost Claims Above (Med/Rx)</u>	\$125,000    \$25,000	\$181,739
3 <b>Net Incurred Claims below Pooling Point [1 - 2]</b>	<b>\$10,913,392</b>	<b>\$10,913,392</b>
4 <u>Person Months for Experience Period</u>	90,922	90,922
5 <b>Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]</b>	<b>\$120.03</b>	<b>\$120.03</b>
6 Change in Benefits & Network/Contract During Experience Period	1.0000	
7 Change in Demographics or Risk During Experience Period	1.0000	
8 Change in Geographic During Experience Period	1.0000	
9 a) Annual Trend Rate	6.0%	
b) Months to Trend	12	
c) <u>Trend Adjustment</u>	1.0600	
10 <b>Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]</b>	<b>\$127.23</b>	<b>\$127.23</b>
11 <u>Charge for Claims above Pooling Point PPPM</u>	<u>\$2.00</u>	<u>\$2.00</u>
12 <b>Total Claims Charged PPPM [10 + 11]</b>	<b>\$129.23</b>	<b>\$129.23</b>
13 Change in Future Benefits & Networks/Contracts	1.0000	
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	1.0000	
15 <u>Change in Future Geographic</u>	<u>1.0000</u>	
16 <b>Projected Incurred Claim PPPM [13 x 14 x15]</b>	<b>\$129.23</b>	<b>\$129.23</b>
17 <u>Projected Persons Months</u>	102,240	102,240
18 <b>Projected Total Incurred Claims [16 x 17]</b>	<b>\$13,212,514</b>	<b>\$13,212,514</b>

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

# Appendix D - PSE Medicare Retirees

## PSE GOLD RETIREE RATE DEVELOPMENT for CY2014

### 19 Conversion to Rating Tiers from PPPM [16]

Method:

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>Ret Months</u>	<u>PEPM</u>
1.08	\$573.95	-	\$0.00	24,434	\$573.95
2.77	\$1,380.07	-	\$0.00	1,982	\$1,380.07
2.10	\$1,059.34	-	\$0.00	243	\$1,059.34
3.79	\$1,865.46	-	\$0.00	217	\$1,865.46
1.08	\$573.95	1.00	\$129.23	1,715	\$703.18
2.10	\$1,059.34	1.00	\$129.23	12	\$1,188.57
	\$0.00	1.00	\$129.23	84,793	\$129.23
1.08	\$562.75	1.00	\$129.23	1,088	\$691.98
1.02	\$531.78	1.00	\$129.23	173	\$661.01
2.71	\$1,291.51	1.00	\$129.23	37	\$1,420.74
	\$0.00	2.00	\$258.46	7,210	\$258.46
1.02	\$485.39	2.00	\$258.46	-	\$743.85
	<u>\$19,171,777</u>		<u>\$13,212,514</u>		<u>\$32,384,291</u>

### 20 Rates Balance Confirmation

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



# Appendix D - ASE Actives & NME Retirees

## ASE ACTIVE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Gold			Silver			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	1/12 - 12/12	1/12 - 12/12		1/12 - 12/12	1/12 - 12/12		1/12 - 12/12	1/12 - 12/12	
	1/12 - 3/13	1/12 - 3/13		1/12 - 3/13	1/12 - 3/13		1/12 - 3/13	1/12 - 3/13	
	<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)	\$156,308,170	\$51,548,235	\$207,856,406	\$1,746,732	\$494,905	\$2,241,637	\$2,920,175	\$334,313	\$3,254,488
2 Less High Cost Claims Above (Med/Rx)	\$9,442,151	\$4,161,541	\$13,603,693	\$0	\$7,179	\$7,179	\$0	\$0	\$0
3 Net Incurred Claims below Pooling Point [1 - 2]	\$146,866,019	\$47,386,694	\$194,252,713	\$1,746,732	\$487,726	\$2,234,458	\$2,920,175	\$334,313	\$3,254,488
4 Person Months for Experience Period	601,630	601,630	601,630	14,560	14,560	14,560	34,992	34,992	34,992
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$244.11	\$78.76	\$322.87	\$119.97	\$33.50	\$153.47	\$83.45	\$9.55	\$93.00
6 Change in Benefits & Network/Contract During Experience Period	1.0004	1.0003		1.0323	1.0001		0.9543	0.8260	
7 Change in Demographics or Risk During Experience Period	1.0040	1.0057		0.9816	0.9855		1.0154	1.0108	
8 Change in Geographic During Experience Period	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
9 a) Annual Trend Rate	6.0%	5.0%		6.0%	5.0%		6.0%	5.0%	
b) Months to Trend	24	24		24	24		24	24	
c) Trend Adjustment	1.1236	1.1025		1.1236	1.1025		1.1236	1.1025	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$275.48	\$87.35	\$362.83	\$136.59	\$36.40	\$172.99	\$90.86	\$8.79	\$99.65
11 Charge for Claims above Pooling Point PPPM	\$15.69	\$6.92	\$22.61	\$0.00	\$0.49	\$0.49	\$0.00	\$0.00	\$0.00
12 Total Claims Charged PPPM [10 + 11]	\$291.17	\$94.27	\$385.44	\$136.59	\$36.89	\$173.48	\$90.86	\$8.79	\$99.65
13 Change in Future Benefits & Networks/Contracts	0.9910	0.9795		0.9920	0.9843		0.9930	1.1194	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0143	1.0143		1.3434	1.3434		1.3612	1.3612	
15 Change in Future Network	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 Rating Incurred Claim PPPM [13 x 14 x 15]	\$292.67	\$93.65	\$386.32	\$182.02	\$48.78	\$230.80	\$122.81	\$13.39	\$136.20
17 ACA Transitional Reinsurance Fee PPPM			\$5.25			\$5.25			\$5.25
18 Projected Persons Months	570,629	570,629	570,629	33,366	33,366	33,366	59,751	59,751	59,751
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	\$167,004,265	\$53,442,230	\$223,442,297	\$6,073,227	\$1,627,702	\$7,876,101	\$7,337,951	\$800,358	\$8,452,001
20 PEPM Expense Load as % of Claims			\$32.44			\$27.90			\$30.40
21 Projected Expense Loaded Cost [19 + 20 x 22]			\$233,963,403			\$8,382,991			\$9,412,524
22 Conversion to Rating Tiers [21 x rating tier x counts]									
Method:	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	1.15	187,274	\$483.05	1.15	10,308	\$299.13	1.15	17,324	\$192.56
b) Employee & Spouse	2.75	42,032	\$1,109.01	2.75	2,008	\$675.90	2.74	4,527	\$417.83
c) Employee & Child(ren)	1.91	57,024	\$780.01	1.91	2,810	\$477.87	1.90	4,121	\$299.43
d) Family	3.51	37,055	\$1,405.97	3.50	3,042	\$854.64	3.49	5,624	\$524.70
e) Child(ren) of Medicare Retirees	0.76	939	\$329.40						
23 Rates Balance Confirmation		324,324	\$233,963,403		18,168	\$8,382,991		31,596	\$9,412,524

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



# Appendix D - ASE Medicare Retirees

## ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Medicare		Total
	Medical 1/12 - 12/12 1/12 - 3/13	Pharmacy 1/12 - 12/12 1/12 - 3/13	
1 Total Incurred Medical & Rx Claims *	\$17,142,889	\$21,196,059	\$38,338,948
2 <u>Less High Cost Claims Above (Med/Rx)</u> <b>\$125,000</b> <b>\$25,000</b>	\$89,976	\$1,617,799	\$1,707,775
<b>3 Net Incurred Claims below Pooling Point [1 - 2]</b>	<b>\$17,052,913</b>	<b>\$19,578,260</b>	<b>\$36,631,173</b>
4 <u>Person Months for Experience Period</u>	112,212	112,212	112,212
<b>5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]</b>	<b>\$151.97</b>	<b>\$174.48</b>	<b>\$326.45</b>
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	6.0%	5.0%	
b) Months to Trend	24	24	
c) <u>Trend Adjustment</u>	<u>1.1236</u>	<u>1.1025</u>	
<b>10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]</b>	<b>\$170.48</b>	<b>\$192.36</b>	<b>\$362.84</b>
11 <u>Charge for Claims above Pooling Point PPPM</u>	<u>\$0.80</u>	<u>\$14.42</u>	<u>\$15.22</u>
<b>12 Total Claims Charged PPPM [10 + 11]</b>	<b>\$171.28</b>	<b>\$206.78</b>	<b>\$378.06</b>
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 <u>Change in Future Geographic</u>	<u>1.0000</u>	<u>1.0000</u>	
<b>16 Projected Incurred Claim PPPM [13 x 14 x 15]</b>	<b>\$171.28</b>	<b>\$206.78</b>	<b>\$378.06</b>
17 <u>Projected Persons Months</u>	119,288	119,288	119,288
<b>18 Projected Total Incurred Claims [16 x 17]</b>	<b>\$20,431,889</b>	<b>\$24,666,550</b>	<b>\$45,098,439</b>

\* Pharmacy Cost for Medicare has subtracted the RDS Subsidy.

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



# Appendix D - ASE Medicare Retirees

## ASE GOLD RETIREE RATE DEVELOPMENT for CY2014

### 19 Conversion to Rating Tiers from PPPM [16]

Method:

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)	1.15	\$483.05	-	\$0.00	19,766	\$483.05
b)	2.75	\$1,109.01	-	\$0.00	6,637	\$1,109.01
c)	1.91	\$780.01	-	\$0.00	934	\$780.01
d)	3.51	\$1,405.97	-	\$0.00	400	\$1,405.97
e)	1.15	\$483.05	1.00	\$378.06	2,801	\$861.11
f)	1.91	\$780.01	1.00	\$378.06	109	\$1,158.07
g)	-	\$0.00	1.00	\$378.06	62,968	\$378.06
h)	1.15	\$483.05	1.00	\$378.06	4,380	\$861.11
i)	0.76	\$329.40	1.00	\$378.06	718	\$707.46
j)	2.36	\$922.92	1.00	\$378.06	357	\$1,300.98
k)	-	\$0.00	2.00	\$756.13	23,756	\$756.13
l)	0.76	\$296.96	2.00	\$756.13	221	\$1,053.09
		<u>\$22,385,282</u>		<u>\$45,098,439</u>		<u>\$67,483,721</u>

### 20 Rates Balance Confirmation

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



# Appendix E - Impact of Selected Benefit Changes PSE Only – Presented April 2013

	<u>For 2013</u> <u>\$ million</u>
<b>Administrative Expenses, Benefits, Medical Management</b>	
1) New Generic Copay Remains at Brand Copay	1) \$0.2
2) For Gold & Silver: Change office visit co-pay 6 months early for	
a) Physical Therapy(PT)/Occupational Therapy(OT)/Speech Therapy(ST) = \$25	2a) \$0.2 or
b) PT/OT/ST and Primary Care Physicians (PCP) = \$30	2b) \$0.6 or
c) PT/OT/ST and PCP = \$35	2c) \$1.0
3) Change Gold Emergency Room Co-pay to \$150 for NME	3) \$0.5
4) Charge \$250 Co-pay for all MRIs for Gold & Silver for NME	4) \$0.1
5) Add a Specialty Drug Co-pay of \$100 for Gold & Silver	5) \$0.1
6) Add \$5 to Tier 2 Rx Co-pay and \$10 to Tier 3 Rx Copay for Gold & Silver	6) \$0.5
7) Add \$5 to the Generic Copay for Gold & Silver	7) \$0.2
8) Increase Out-of-Pocket Maximum for Gold/Silver/Bronze to \$2000/\$3000/\$3000	8) \$1.0
9) Add \$500 to the deductible for all plans	9) \$3.5
10) Add a \$5/10 PCP/SCP Co-Pay for Medicare eligible participants office visits	10) <u>\$0.1</u>
<b>Total</b>	<b>Up to \$7.2</b>

*All figures are preliminary and will be refined. Figures shown are approximately one-half of annual impact.*



# Appendix E - Impact of Selected Benefit Changes (Presented August 2012)

		Estimated Reduction in FY 2013 Claims & Expenses (\$ in millions)		
		PSE	ASE	Total
<b>Actives &amp; NME Retirees</b>				
1	Current OV & ER Copays after Medicare	n/a	n/a	n/a
2	Gold: OV to \$30/40; Silver to \$30/50	\$ 1.4	\$ 1.3	\$ 2.7
3	Gold: ER Copay to \$150	\$ 0.5	\$ 0.7	\$ 1.1
4	Gold: Add \$250/\$500 INN Deductible	\$ 4.7	\$ 4.5	\$ 9.2
5	Gold: Rx Copays to \$10/\$35/\$70	\$ 1.2	\$ 1.1	\$ 2.3
6	Gold/Silver Specialty Rx \$100 Copay	\$ 0.1	\$ 0.1	\$ 0.2
<b>ME Retirees</b>				
1	Current OV & ER Copays after Medicare	\$ 1.2	\$ 1.4	\$ 2.6
2	Gold: OV to \$30/40	\$ 0.1	\$ 0.1	\$ 0.1
3	Gold: ER Copay to \$150	\$ 0.0	\$ 0.1	\$ 0.1
4	Gold: Add \$250/\$500 INN Deductible	\$ 1.9	\$ 2.5	\$ 4.4
5	Rx Copays to \$10/\$35/\$70	\$ 0.0	\$ 0.5	\$ 0.5
6	Specialty Rx \$100 Copay	\$ 0.0	\$ 0.0	\$ 0.0

*Note: The impact of multiple changes is not necessary the sum of individual changes.  
Assumes no additional changes in migration as a result of benefit changes.  
Assumes office visit and ER copays and deductibles applied after Medicare payments.*



# Appendix E - Impact of Selected Benefit Changes (Presented August 2012 - continued)

	Impact on Total Premium					
	PSE Gold Active Ee Only	PSE Gold Active Family	PSE Gold Retiree Medicare	ASE Gold Active Ee Only	ASE Gold Active Family	ASE Gold Retiree Medicare
<b>Total Premium: No additional benefit changes</b>	\$466.80	\$1,538.40	\$139.94	\$443.80	\$1,283.44	\$360.23
<b>1 Current OV &amp; ER Copays after Medicare</b>	\$0.00	\$0.00	(\$12.39)	\$0.00	\$0.00	(\$12.48)
<b>2 Gold: OV to \$30/40; Silver to \$30/50</b>	(\$2.70)	(\$9.12)	(\$0.58)	(\$2.54)	(\$7.36)	(\$0.55)
<b>3 Gold: ER Copay to \$150</b>	(\$0.98)	(\$3.30)	(\$0.33)	(\$1.30)	(\$3.76)	(\$0.48)
<b>4 Gold: Add \$250/\$500 INN Deductible</b>	(\$9.32)	(\$31.54)	(\$20.01)	(\$8.96)	(\$25.94)	(\$21.34)
<b>5 Rx Copays to \$10/\$35/\$70</b>	(\$2.46)	(\$8.32)	\$0.00	(\$2.18)	(\$6.30)	(\$4.18)
<b>6 Specialty Rx \$100 Copay</b>	(\$0.24)	(\$0.80)	\$0.00	(\$0.20)	(\$0.54)	(\$0.26)

*Note: The impact of multiple changes is not necessary the sum of individual changes.*

*Assumes no additional changes in migration as a result of benefit changes.*

*Assumes office visit and ER copays and deductibles applied after Medicare payments.*

*Impact shown is on total premium only. The Trustees will need to decide how to allocate to employee/retiree contributions.*

## **Analysis of Emergency Department Use for State Employee Health Plan Members**

• **May 2013**

*This analysis determined how members of a state employee health insurance plan that included both public school and other state employees used the emergency department (ED) during one full calendar year (2011). Findings indicate that 14% of the studied population used the ED at least once during the study period. The ten most common diagnoses accounted for 21% of all ED visits. Of those, chest pain, abdominal pain, headache, and urinary tract infections were the four most common diagnoses. The total cost for which the plan was responsible for all ED visits was \$20.3 million in the same year. The average total cost per visit was \$784.47. Sunday was the most frequent day visits began. Members ages 55-64 utilized the ED more frequently than any other age group, but there were no differences in ED utilization by gender or marital status. Implications and recommendation for future research are discussed in the following brief.*

### **INTRODUCTION**

Hospital emergency departments are a critical component of the nation's health care system, providing trauma and emergency services to patients (Diverting Non-urgent Emergency Room Use, 2011). Emergency departments (EDs) have become a portal for health care services in the United States, especially as a last resort for citizens who lack health care access or are uninsured (Tang, Stien, Hsia, Maselli, & Gonzales, 2010). These services are also very costly, with estimates indicating that the average cost for an ED visit in the United States was \$1,349 in 2010 (Agency for Healthcare Research and Quality, 2010). With many states facing fiscal crises, understanding the cost and utilization patterns of EDs are of great importance for state employee health insurance plans, particularly when state agencies are often the state's largest employer.

### **PURPOSE**

The Employee Benefits Division (EBD) at the Arkansas Department of Finance and Administration (DFA) is the administrator of the self-funded health care plan offered to Arkansas state employees, including public school employees, and dependents, as dictated by legislation. EBD's health plan covers 5% of the state's 2.9 million people (US Census Bureau, 2013). The purpose of this study was to examine ED visits for the entire population of EBD health plan members in 2011. Members with one or more ED visits were described by gender, age, and marital status compared with the overall member population. Next, ED visits were described by the frequency, day of the week, discharge status, and cost.

### **METHODS**

Medical claims and program enrollment data were included for all 149,727 EBD members (employees and their dependents). Member characteristics and ED use patterns were described. The analytic sample comprised all EBD members with at least one ED visit during the year 2011, and included members whose duration of enrollment ranged from one to 365 days. The population was 63% female, had an average age of 41.6 years, with 38% listed as being married.

Medical claims data consisted of multiple claim lines corresponding to a single claim event. For this analysis these claim lines were combined to describe each unique claim per ED visit. Variables used for the analysis included the place of service, discharge status, presenting diagnosis, service

provider, and day and date of service. For visits that lasted more than one day, the first day of the ED visit was assigned as the visit day and date for the analysis.

## FINDINGS

Table 1 presents EBD members who had one or more ED visits by gender, age, and marital status. Findings indicate that 13.7% of the total member population utilized an ED at least once in 2011 (20,497 of 149,727).

Members visiting the ED reflected the same gender distribution as the overall EBD population (37% male). Data suggest that the oldest age group disproportionately used the ED relative to their expected participation based on enrollment patterns, however this difference was not statistically significant. Similarly, members in the ED population did not differ from the overall population in terms of marital status (note: a marital status of “missing/other” includes children less than 18 years old).

The cost of ED visits for the study population in 2011 totaled more than \$23.1 million, with \$2.8 million being charged to patients and more than \$20.3 million to the health insurance plan. The average cost per ED visit was \$784, with per person costs averaging \$1,128. Chest pain (6.4%), abdominal pain (3.0%), headache (2.2%), and urinary tract infections (1.5%) were the four most common diagnoses attributed to ED visits. Hypertension was the top secondary diagnosis at 7.4%, followed by diabetes mellitus at 2.4%.

There were a total of 29,483 visits to the ED over the 12 month period. The number of ED visits for individuals ranged from 1 to 34. For those members who used the ED, the average number of visits per person was 1.4. Visits were relatively evenly distributed across the week, with Sunday appearing as the most frequent day for visits to begin (4,920 visits). Most ED visitors (88.5%) were given the discharge status of “treat and release,” while 11.5% were admitted to the hospital. Less than 1% were observed and released.

## DISCUSSION

Findings from this analysis support and extend prior research on ED use and cost patterns. Research suggests, for example, that nearly one in five Americans have at least one visit to the ED per year (National Center for Health Statistics, 2011) at an average cost of \$1,349 per person (Agency for Healthcare Research and Quality, 2010). Evidence also indicates that one of the most frequent reasons for an ED visit is for chest or abdominal pain (Niska, Bhuiya, & Xu, 2010). While these national estimates are important, they are limited in two important ways. First, they are based on nationally representative samples that do not contain entire populations of policy-relevant citizens, such as those who are part of statewide employee benefits programs. Given the needs of states to understand the unique needs of their constituents, research using statewide data such as

**Table 1: Characteristics of EBD Members’ Emergency Department Visits**

	ED Population		EBD Population	
	Number	Percent	Number	Percent
<b>Gender*</b>				
Males	7,586	37.0	55,976	37.4
Females	12,911	63.0	93,743	62.6
<b>Age (years)</b>				
Less than 1	195	1.0	1,518	1.0
1–5	708	3.5	5,470	3.7
6–12	943	4.6	9,307	6.2
13–17	1,027	5.0	8,144	5.4
18–24	1,858	9.1	13,089	8.7
25–34	1,913	9.4	16,649	11.1
35–44	2,388	11.7	19,933	13.3
45–54	3,383	16.5	26,962	18.0
55–64	4,145	20.2	31,195	20.8
65 and older	3,919	19.1	17,460	11.7
<b>Marital Status</b>				
Married	7,038	34.3	56,386	37.7
Single	5,297	25.8	37,689	25.2
Missing/other	8,162	39.8	55,651	37.2

\*The gender variable was missing for 8 individuals.

that conducted for the current study is needed. Further, most national studies use self-reports of historical events from surveys, which are subject to unspecified amounts of response bias (e.g., Caldwell et al., 2013; Niska et al., 2010; Tang et al., 2010). Other states could benefit from conducting similar studies to better understand the similarities or differences in their populations compared with findings derived from national studies. Such work could inform strategic system reform to directly benefit states and their employees.

Findings from this study identify important patterns in current use of ED for Arkansas State and Public School employees and provide suggestions for future research. Comparisons of the costs of ED visits by different demographic categories including age groups, gender, subscriber type, county, and provider, for example, could help to uncover disparities in primary care access or identify particular densities of disease burden that could be targets for intervention. Studying the characteristics of ED visits during non-standard hours, such as Sundays, could inform new programs for after-hours care or improved education for community members in situations that could be handled outside of the ED. Such research would be beneficial to programs such as Arkansas EBD that are looking for ways to better invest their resources to maximize the quality of care for their employees and minimize costs.

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Correspondence concerning this brief should be addressed to Dr. Heather Rouse, senior author and Director of Health Policy Research, Arkansas Center for Health Improvement ([hlrouse@uams.edu](mailto:hlrouse@uams.edu)).

Contributing ACHI authors include Ro McCooey, Katie Leath, Dilan Pinidiya, and Rhonda Hill.

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