



## **AGENDA**

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

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

**June 18, 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. Minnesota Life Update**.....*Joseph Chang*
- 5. Benefits Sub-Committee Report**. ....*Jason Lee, Executive Director*
- 6. Director's Report**.....*Jason Lee, Executive Director*

**Upcoming Meetings**

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

**August 20th**

**Draft**  
**State and Public School Life**  
**And Health Insurance Board**  
**Minutes**  
**May 21, 2013**

The 128<sup>th</sup> meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on May 21, 2013 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

**MEMBERS PRESENT**

Renee Mallory  
Shawn Cook  
Dr. Joseph Thompson  
Janis Harrison  
Bob Alexander  
Mark White

**MEMBERS ABSENT**

Kelly Chaney  
John Kirtley  
Carla Wooley  
Katrina Burnett  
Dr. Andrew Kumpuris

Jason Lee, Executive Director, Employee Benefits Division.

**OTHERS PRESENT:**

Jill Johnson, UAMS; David Keisner, Doug Shackelford, Lori Eden, Michele Hazelett, Stella Greene, Marla Wallace, Leslie Smith, Ethel Whittaker, Janna Keathley, Sherry Bryant, Erica Backus-Harris, EBD; Sylvia Landers, Minnesota Life; Pam Lawrence, AHH; Rhonda Walthall, Wayne Whitely, AR Highway & Transportation Dept; Steve Singleton, Arkansas Retired Teachers Association; Susan Walker, Data Path; Diann Shoptaw, USable; Kathy Ryan, Takisha Sanders, Ron DeBerry, David Bridges, Health Advantage; Ro McCoey, ACHI; BJ Himes, Andra Kaufman, QualChoice; Paula Glover, Bill Glover, ACS; Doug Brown, APSRC; John Greer, Connie Bennett, Caramaran Rx; Tammy Barger, Benton Schools; Mark Riley, APA; Bobbie Davis, APSRC; John Greer, Humana; Mark Dille, Peggy Nabors, NEA; Kevin Luck, VSD; Lois Lunsford, South Side School District; Debra Harrell, Mt. Vernon-Enola School District; Liz Wirges, Malyda Sartin, NLRSD; Jennifer, Beebe School District; Rick Duff, BSD; Carl Allen, ADC School; Marsha Davids, SCS Coop; Sharon, Two Rivers; Pam Linebarger, West Side School District; Trey Long, American Cancer Society; Arkansas Democrat Gazette

**CALL TO ORDER**

Meeting was called to order by Renee Mallory, Chair

## **APPROVAL OF MINUTES**

The request was made by Mallory to approve the April 23, 2013 minutes. Harrison made the motion to approve minutes. Alexander seconded. Minutes approved.

## **FINANCIALS** *by Marla Wallace, CFO;*

Wallace reported on April for PSE and ASE. For PSE there was a \$3.8 million gain. PSE received the quarterly payment of \$3.7 million from The Department of Education. In addition the \$3.6 million reserved for 2014 was moved to the Catastrophic Reserve for a balance of \$7.7 million Catastrophic Reserve.

For ASE there still remains \$15 million in Assets available. In addition, there was a \$52,000 gain for April.

## **BENEFITS COMMITTEE REPORT** *by Lloyd Black*

Black reported on The Benefits Committee discussion regarding Preliminary Rates for CY 2014. The Committee discussed Considerations for Setting Employee Contributions, Recap of Last's Year's Decisions, Reserves Projections, and Plan Migration. They will continue to review various options and the rate impact at the next meeting scheduled for June 10, 2013.

There were no recommendations at this time.

## **PRELIMINARY RATES FOR CY 2014** *by John Colberg, Cheiron*

Colberg reported on Considerations for Setting Employee Contributions, Recap of Last Year's Decisions, Reserves Projections, Plan Migration, and Preliminary Rates with no Benefits Changes.

### **A. Considerations for Setting Employee Contributions**

In setting employee contributions consider how much reserved will need to be increased. For ASE it will offset rate increases. For PSE it will increase the Reserves. Should there be Benefit Changes other than those required by law. There was discussion regarding considering looking at the exchange Gold, Silver & Bronze Plans vs. our Gold, Silver & Bronze Plans. In addition; how to apply the rate increases should there be a Flat Percent, Fixed Amount or Differential.

## **B. Recap of Last Year's Decisions**

Recapping last year's decision; The Tier Methodology for premiums was changed to by person; meaning a rate for (1) employee only (2) employee + children (3) employee + spouse) & (4) Family. For PSE there was a 21% increase to the Gold Plan. No rate increase in the Silver Plan, and 30% increase to the Bronze Plan. For ASE there was no rate increase. ASE used \$31.3 million of excess reserves; \$15.6 million is used for 2013 and the remaining will be used in 2014 & 2015. This will assist in offsetting 2014 rates for ASE.

## **C. Reserve Projections**

Reviewing the Projected Reserve for PSE as of April 30, 2013 there is \$0.00 excess, and only \$7.7 Million in the Catastrophic Reserve. Last month the Board adopted \$15.5 million in changes that will impact the Catastrophic Reserve and there should be \$7.9 million at the end of 2013. This will vary depending on claims.

ASE has \$15 million in the Catastrophic Reserve. The Medical/Pharmacy Improvements, (case management and reference pricing) will affect ASE as well. ASE is projected to have \$20 million or more in Catastrophic Reserve by the end of 2013.

## **D. Issues with Plan Migration**

Plan Migration accelerates when (1) Employee contribution differential between plans increases, (2) Employee contributions increase significantly, (3) Benefits are perceived to be reduced more in the more expensive plans, (4) Enrollment & Re-enrollment is required (e.g., new hires, retirements). Increased migration will likely increase the required rates of all plans (Gold, Silver, & Bronze).

For PSE Projected total cost for Active and Retirees is \$341 Million for 2014. The large claims amount in 2013 was projected to continue. Therefore it was calculated in this total. Direct State Contribution is \$50 Million. School Contributions will increase to \$150.00 & more for some Districts, for an additional \$11 Million. The Total Employee cost will be \$206 Million.

For PSE Actives, Non-Medicare, & Medicare Eligible Retirees there are two scenarios. The first scenario is a set percent change for all plans. This will create a 43% increase for Active; Gold, for an additional \$60 million if the rates are the same as 2013. Non-Medicare Retirees will have a 21% increase for Gold, 9% for Silver, & 35% for Bronze. Medicare Eligible Retirees will have a Subsidy of \$11.20 applied, therefore only a 7% increase.

The second scenario is revising the State Allocation. The \$50 million is allocated per employee; meaning each employee would have the same amount applied.

This will have a significant increase by 58% in the family Plan for Gold, 63% for Silver, and 72% for Bronze. Non-Medicare and Medicare Eligible Retirees under scenario two did not change due to no State Subsidy.

For ASE the projected cost for 2014 is \$297 Million. State Contribution increased to \$410.00 per budgeted position for a projected total of \$172 Million. Actives, Non-Medicare, & Medicare Eligible Retirees with the first scenario with no new reserves allocated for Actives there would be a total of \$17 Million to offset rates. The projection is to have \$20 Million in reserve that can be allocated to offset rates. For Active the reserve allocation for Employee Only 76%, Spouses 50% & Dependents 54%. Non-Medicare Retirees reserve allocation is 40% & Dependents 25% for both Gold and Silver Plans. No allocation for the Bronze Plan. Medicare Retirees is 60% & Dependents 40%.

Scenario two has \$10 million reserve allocated. For 2014 \$5 Million would be allocated and \$5 Million deferred for future years. This will decrease the amount needed in premiums by \$17 Million. For Active with reserve allocation there would only be a 18% increase. There was no change for Non-Medicare Retirees & Medicare Eligible Retirees.

#### **DIRECTOR'S REPORT** by Jason Lee, Executive Director

Lee reported on The Arkansas Center for Health Improvement Research Brief. The concern is Emergency Room Utilization. The analysis is to determine how members use the Emergency Department.

Lee announced Doug Shackelford as the new Deputy Director of EBD. In addition, Lee also announced his resignation as Director of Employee Benefits Division effective June 28, 2013.

Harrison made a motion to adjourn. Alexander seconded. All were in favor.

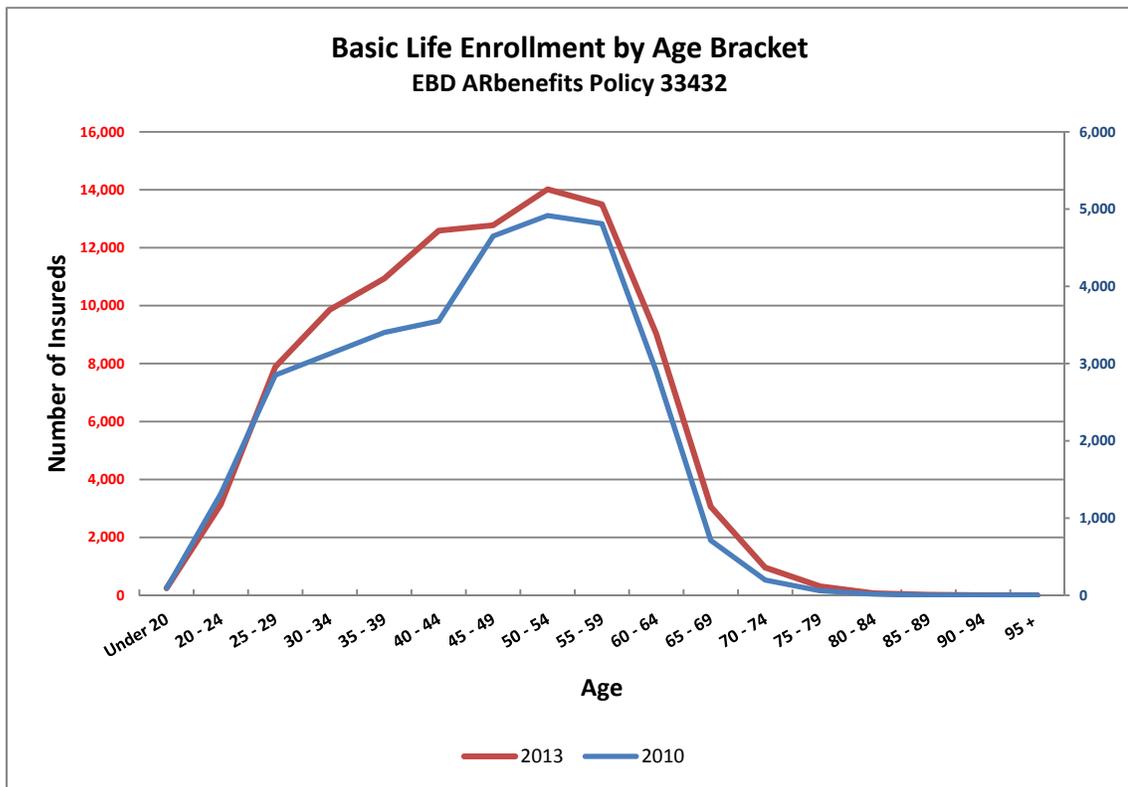
**Meeting adjourned.**

# ARbenefits Life - Update

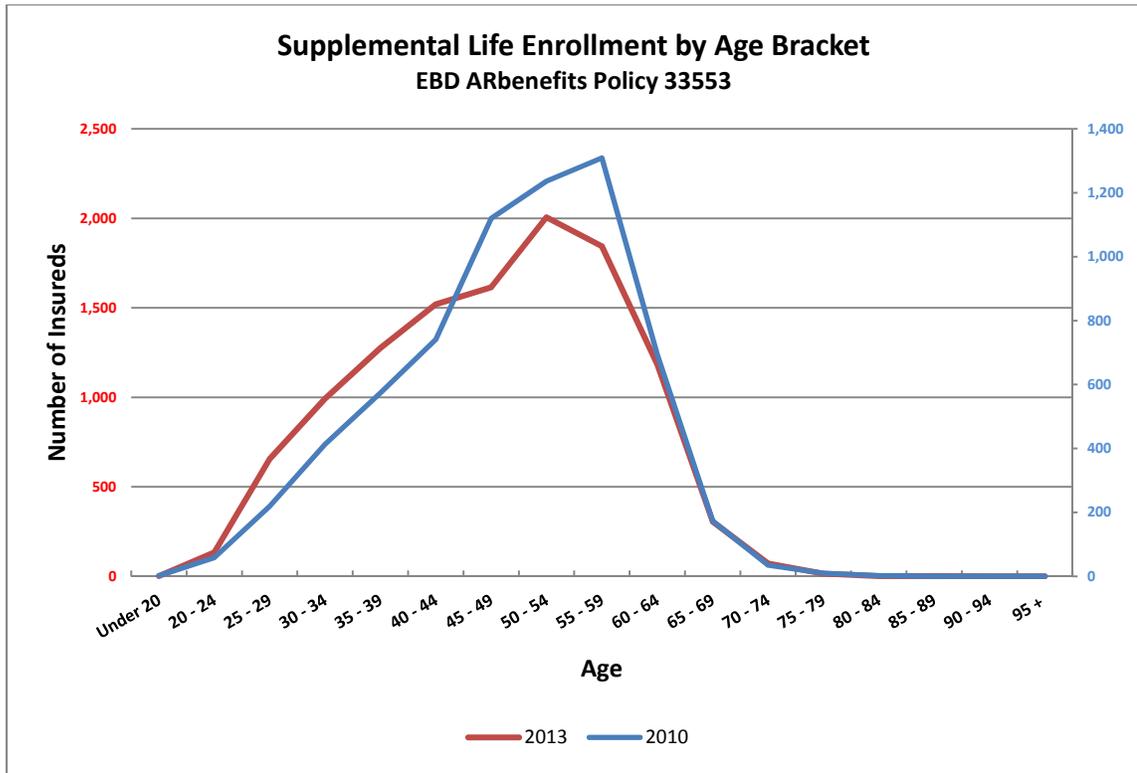
## Benefit Parity

	ARbenefits Life	ASE – MN Life	PSE – USable
<b>Basic</b>	\$10,000	\$10,000	\$5,000
<b>Expanded Basic</b>	\$40,000	\$30,000	none
<b>Supplemental</b>	Up to \$250,000	Up to \$250,000	Up to \$70,000
<b>Spouse</b>	Up to \$50,000	Up to \$40,000	\$2,500
<b>Child</b>	Up to \$50,000	Up to \$40,000	\$2,500

**Basic Life = approximately 98,000**



## Supplemental Life = approximately 11,000



## Enrollment

### 4th Quarter 2012

- 29,100 applications received
- 12,600 opt outs/cancels received
- 12,200 phone calls (compared to 1000 in 2011)

### 1st Quarter 2013

- 2,500 applications received
- 1,400 service requests/changes
- 4,400 phone calls (compared to 700 in 2012)

## **Retirees**

- ARbenefits Life retiree coverage
- Members retired before January 2013, coverage is pre-January 2013 level
- Retirees - who previously dropped coverage – may resume up to pre-January 2013 level. Evidence of insurability not required

## **Service**

- Minnesota Life employee “in-house” at EBD

## **Next Steps**

- “Clean up” coverage.
- Solicit beneficiary designations for PSE.



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

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

### **Topics Discussed:**

1. Review Preliminary Rates with No Benefits Changes for PSE & ASE
2. Overview of Benefit Change Options
3. Preliminary Impact of Selected Options

The Committee heard a presentation from Cheiron regarding possible plan design changes for Plan Year 2014. John Colberg presented a report showing two scenarios for PSE & ASE for Active, Non-Medicare, and Medicare Eligible Members. There was discussion regarding parity as directed by the Arkansas Code Section 21-5-401. Walker reports parity is not fair because the funding is not the same for PSE as ASE. Altemus reports PSE funding is a long-term problem and without parity it will not get addressed.

Discussion was had about changing the Silver Plan as a second HSA qualified option. The Committee inquired if they are able to pick and choose what they may like. The Committee discussed adjusting deductibles, co-insurance limits, and co-pays. Some members would like to see no deductible remain on Gold with possible change to co-pays.

They inquired about comparing our plan options to other states plans. Alexander reported he had completed such survey and found our plan is much richer than those compared to. Director Lee will present a report for the next meeting.

The Committee decided it would be necessary to schedule an additional meeting in June for further discussion. They will continue reviewing various options and the rate impact at that time. The next meeting will be held June 24, 2013.

There are no recommendations at this time.

# Arkansas State Employees & Public School Employees Health Benefits Program

## **Preliminary Rates for CY 2014**

State and Public School  
Life and Health Insurance Board



June 18, 2013

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



# Topics

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Review Preliminary Rates with No Benefit Changes	
1) PSE	2
2) ASE	6
Overview of Benefit Change Options	10
Preliminary Impact of Selected Options	
3) Individual Illustrations	14
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D. Impact of Benefit Changes from Prior Presentations	30



# 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 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		

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



# PSE Non-Medicare Retirees Scenario 1 or 2

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		



# PSE Retirees – Medicare Eligible Scenario 1 or 2

ME Retirees	Total Monthly Premium	Subsidy / Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Medicare Eligible							
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		



# 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 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 1 or 2

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		



# ASE ME Retirees Scenario 1 or 2

ME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 Ret. Total Cost	2013 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Medicare Eligible								
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

- Current Plans (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%

- Preliminary impact of selected options derived from May 10 Benefits Committee Meeting plus two unsolicited alternatives from Arkansas Blue Cross Blue Shield
  - Impact on Actives & NME Retirees estimated using Optum Industry Average for Benefits Committee options and using Arkansas BCBS's estimates for their options
  - For July meetings we anticipate update based on latest data and using actual claims data



## Gold Plan: In-Network Limits shown below - changes are highlighted

	Current	Alternative 1	Alternative 1A	Alternative 1B	Alternative 1C	Alternative 1D	Alternative 2 (fr BCBS)	Alternative 3 (fr BCBS)
Deductible- Individual	\$0	\$1,000					\$750	\$500
Co-Insurance Limit - Individual (after deductible)	\$1,500	\$1,500					\$1,500	\$2,000
Max. Out of Pocket (Deductible + Co-Insurance)	\$1,500	\$2,500					\$2,250	\$2,500
Deductible- Family	\$0	\$2,000					\$2,250	\$1,000
Co-Insurance Limit - Family (after deductible)	\$3,000	\$3,000					\$3,000	\$6,000
Max. Out of Pocket (Deductible + Co-Insurance)	\$3,000	\$5,000					\$5,250	\$7,000
Co-insurance Rate for Patient	20%	20%					20%	25%
Physicain Office Visit - Primary Care Co-Pay	\$25	\$30					\$25	\$25
Physicain Office Visit - Specialist Co-Pay	\$35	\$50					20% after Ded	\$75
Wellness/Preventive Care/Immunization Coinsurance	0%	0%					0%	0%
Rx- Tier 1	\$10	\$15					\$10	\$10
Rx- Tier 2	\$30	\$35					\$30	\$45
Rx- Tier 3	\$60	\$70					\$60	\$70
Rx- Specialty	\$60	\$100		\$200			\$60	\$70
Rx- OTC	\$10	\$15					\$10	\$10
Hospital/ Facility - In-Patient- Co-Pay	\$250	\$0					\$250	\$500
Hospital/ Facility - In-Patient- Co-Insurance for Patient	20%	20%					20%	25%
Notes			Max of 2 co-pays				Max of 2 co-pays	per admit
Hospital/ Facility - Out-Patient- Co-Pay	\$100	\$0					\$100	\$200
Hospital/ Facility - Out-Patient- Co-Insurance	20%	20%					20%	25%
Emergency Room Visit	\$100	\$150					\$100	\$150
Emergency Transportation- Ambulance- Ground	0%	\$50					0%	0%
Emergency Transportation- Ambulance- Air/ Water	10%	\$100					10%	0%
High Tech Radiology- Co-Pay	\$250	\$0	\$250				\$250	\$300
High Tech Radiology- Co-Insurance	20%	20%	0%				20%	25%
Notes			co-pay on 1st only				co-pay on 1st only	
Rehab/ Therapy- Out-Patient- PT/ST/OT- Co-Pay	\$0	\$30					\$0	\$0
Rehab/ Therapy- Out-Patient- PT/ST/OT- Co-Insurance	20%	0%					20%	25%
Rehab/ Therapy- Out-Patient- Chiropractic- Co-Pay	\$35	\$50					\$35	\$0
Rehab/ Therapy- Out-Patient- Chiropractic- Co-Insurance	20%	0%					20%	25%
Notes			15 visit cap	15 visit cap			15 visit cap	15 visit cap
Infertility Testing- Co-Pay	\$200	\$0					\$200	\$0
Infertility Testing- Co-Insurance	20%	20%					20%	25%
Skilled Nursing- Co-Pay	\$250	\$0			\$100/day		\$250	\$500
Skilled Nursing- Co-Insurance	20%	20%			0%		20%	25%
Non-essential benefits**	Covered	Covered				Not Covered	Covered	Covered
Minimum Value Calculator Score	89.6%	84.5%	83.6%	84.3%	84.5%	84.5%	84.9%	83.4%
Optum Insight Benefit Ratio	85.8%	78.8%	76.9%	78.8%	78.8%	79.0%	77.2%***	77.2%***

Note: Deductible also applies on any service that requires co-insurance

An overall out-of-pocket maximum of \$6,350 (\$12,700 for family) that includes copays will apply.

Note: The above Optum Insight runs do not reflect the benefit changes on Rx specialty, Rx OTC and infertility testing. To accommodate the change on Ambulance- air/ water, additional \$5 copay is added to Ambulance-ground, i.e \$55 copay.

\* Design taken from unsolicited BCBS provided info. Also, offered option to just change deductible.

\*\* Non-essential benefits include chiro, diabetes, hearing aid, vision and fertility; however, the Optum Insight model can only reflect the benefit changes on chiro, vision and hearing aids.

\*\*\* Value Presumed to be 10% Lower According to BCBS



# Silver Plan: In-Network Limits shown below - changes are highlighted

	Current	Alternative 1 Traditional	Alternative 1 HSA	Alternative 2 (fr BCBS*)	Alternative 3 (fr BCBS*)
Deductible- Individual **	\$750	\$1,500	\$1,300	\$1,250	\$1,250
Co-Insurance Limit - Individual (after deductible)	\$2,000	\$4,000	n/a	\$2,000	\$2,500
Max. Out of Pocket (Deductible + Co-Insurance)	\$2,750	\$5,500	\$1,300	\$2,750	\$3,750
Deductible- Family	\$1,500	\$3,000	\$2,600	\$3,750	\$2,500
Co-Insurance Limit - Family (after deductible)	\$4,000	\$8,000	n/a	\$4,000	\$7,500
Max. Out of Pocket (Deductible + Co-Insurance)	\$5,500	\$11,000	\$2,600	\$7,750	\$7,500
Co-insurance Rate for Patient	20%	20%	0%	20%	25%
Physicain Office Visit - Primary Care Co-Pay	\$25	\$30	\$30 after Ded	\$25	\$25
Physicain Office Visit - Specialist Co-Pay	\$50	\$60	\$50 after Ded	20% after Ded	\$90
Wellness/Preventive Care/Immunization Patient Coinsurance	0%	0%	0%	0%	0%
Rx- Tier 1	\$10	\$15	\$15 after Ded	\$10	\$10
Rx- Tier 2	\$35	\$40	\$35 after Ded	\$35	\$45
Rx- Tier 3	\$70	\$75	\$70 after Ded	\$70	\$80
Rx- Specialty	\$70	\$140	\$100 after Ded	\$70	\$80
Rx- OTC	\$5	\$10	\$10 after Ded	\$5	\$5
Hospital/ Facility - In-Patient- Co-Pay	\$300	\$0	\$100 after Ded	\$300	\$600
Hospital/ Facility - In-Patient- Co-Insurance for Patient	20%	20%	0%	20%	25%
<i>Notes</i>	<i>Max of 2 co-pays</i>		<i>per day</i>	<i>Max of 2 co-pays</i>	<i>per admit</i>
Hospital/ Facility - Out-Patient- Co-Pay	\$150	\$0	\$100 after Ded	\$150	\$300
Hospital/ Facility - Out-Patient- Co-Insurance for Patient	20%	20%	0%	20%	25%
Emergency Room Visit	\$150	\$150	\$150 after Ded	\$150	\$200
Emergency Transportation- Ambulance- Ground	0%	\$150	\$50 after Ded	0%	0%
Emergency Transportation- Ambulance- Air/ Water	10%	\$150	\$100 after Ded	10%	10%
High Tech Radiology- Co-Pay	\$300	\$0	\$100 after Ded	\$300	\$300
High Tech Radiology- Co-Insurance	20%	20%	0%	20%	25%
<i>Notes</i>	<i>co-pay on 1st only</i>			<i>co-pay on 1st only</i>	
Rehab/ Therapy- Out-Patient- PT/ST/OT- Co-Pay	\$0	\$30	\$30 after Ded	\$0	\$0
Rehab/ Therapy- Out-Patient- PT/ST/OT- Co-Insurance	20%	0%	\$30 after Ded	20%	25%
Rehab/ Therapy- Out-Patient- Chiropractic- Co-Pay	\$50	\$75	\$50 after Ded	\$50	\$50
Rehab/ Therapy- Out-Patient- Chiropractic- Co-Insurance	\$205	0%	0%	\$205	25%
<i>Notes</i>	<i>15 visit cap</i>	<i>15 visit cap</i>	<i>15 visit cap</i>	<i>15 visit cap</i>	<i>15 visit cap</i>
Infertility Testing- Co-Pay	\$200	\$0	\$200 after Ded	\$200	\$200
Infertility Testing- Co-Insurance	20%	20%	0%	20%	25%
Skilled Nursing- Co-Pay	\$300	\$0	\$100/day after Ded	\$300	\$600
Skilled Nursing- Co-Insurance	20%	20%	0%	20%	25%
Minimum Value Calculator Score	83.4%	79.3%	***	81.4%	78.1%
OptumInsight Benefit Ratio	78.7%	70.3%	70.2%	70.8%****	70.8%****

Note: Deductible also applies on any service that requires co-insurance  
 An overall out-of-pocket maximum of \$6,350 (\$12,700 for family) that includes copays will apply.

\* Design taken from unsolicited BCBS provided info

\*\* Individual in a family contract must reach the family limits for the HSA option.

\*\*\* Minimum Value Calculator cannot price benefit with copay after deductible

\*\*\*\* Value Presumed to be 10% Lower According to BCBS





## Bronze Plan: In-Network Limits shown below - changes are highlighted

	Current	Alternative 1	Alternative 2 (fr BCBS*)	Alternative 3 (fr BCBS*)
Deductible - Individual **	\$1,500	\$2,500	\$2,000	\$2,000
Co-Insurance Limit - Individual (after deductible)	\$2,500	\$3,500	\$3,000	\$3,000
Max. Out of Pocket (Deductible + Co-Insurance)	\$4,000	\$6,000	\$5,000	\$5,000
Deductible - Family	\$3,000	\$5,000	\$6,000	\$4,000
Co-Insurance Limit - Family (after deductible)	\$5,000	\$7,000	\$6,000	\$6,000
Max. Out of Pocket (Deductible + Co-Insurance)	\$8,000	\$12,000	\$12,000	\$10,000
Co-insurance Rate for Patient	20%	30%	20%	25%
Minimum Value Calculator Score	76.4%	67.2%	72.6%	71.5%
OptumInsight Benefit Ratio	73.3%	62.8%	66.0%***	66.0%***

\* Design taken from unsolicited BCBS provided info

\*\* Individual in a family contract must reach the family limits.

\*\*\* Value Presumed to be 10% Lower According to BCBS



# Preliminary Impact of Options Individual Illustration – High Cost

	<u>Current</u>	<u>Alternative 1 (&amp; B,C,D)</u>	<u>Alternative 1A</u>	<u>Alternative 2</u>	<u>Alternative 3</u>
<b>Gold</b>	<b>\$2,625</b>	<b>\$3,290</b>	<b>\$3,540</b>	<b>\$3,305</b>	<b>\$4,185</b>
- change		\$665	\$915	\$680	\$1,560
<b>Silver</b>	<b>\$4,065</b>	<u>Traditional</u> <b>\$4,370</b>	<u>H S A *</u> <b>\$2,060</b>	<u>Alt. 2</u> <b>\$4,455</b>	<u>Alt. 3</u> <b>\$5,403</b>
- change		\$305	-\$2,005	\$390	\$1,338
<b>Bronze</b>	<b>\$3,908</b>	<u>Alt. 1</u> <b>\$5,812</b>		<u>Alt. 2</u> <b>\$4,308</b>	<u>Alt. 3</u> <b>\$4,885</b>
- change		\$1,904		\$400	\$977

\*assumes 1 PCP, SCP, MRI and set of Rx before deductible reached

Illustration uses the services in the table:

<u>Service</u>	<u>#</u>	<u>Cost</u>
Hospital Admit	1	\$10,000
PCP	3	\$300
SCP	2	\$300
Rx Generic	12	\$240
Rx Brand	12	\$1,200
MRI	1	\$1,500



# Preliminary Impact of Options Individual Illustration – Low Cost

	<u>Current</u>	<u>Alternative 1 (&amp; B,C,D)</u>	<u>Alternative 1A</u>	<u>Alternative 2</u>	<u>Alternative 3</u>
<b>Gold</b>	<b>\$205</b>	<b>\$290</b>	<b>\$290</b>	<b>\$470</b>	<b>\$245</b>
- change		\$85	\$85	\$265	\$40
<b>Silver</b>	<b>\$220</b>	<u>Traditional</u> <b>\$300</b>	<u>H S A</u> <b>\$740</b>	<u>Alt. 2</u> <b>\$470</b>	<u>Alt. 3</u> <b>\$260</b>
- change		\$80	\$520	\$250	\$40
<b>Bronze</b>	<b>\$740</b>	<u>Alt. 1</u> <b>\$740</b>		<u>Alt. 2</u> <b>\$740</b>	<u>Alt. 3</u> <b>\$740</b>
- change		\$0		\$0	\$0

Illustration uses the services in the table:

<u>Service</u>	<u>#</u>	<u>Cost</u>
PCP	2	\$200
SCP w/ Xray	1	\$300
Rx Generic	12	\$240

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



# PSE Actives – Scenario 1

## Set Percent Change

### Preliminary Impact of Options

Actives	No Changes				Alternative 1				Alternative 2 or 3		
	2014 Total EE Cost	2013 Total EE Cost	Change in Premiums (\$/%)		2014 Total EE Cost	Change in Premiums (\$/%)			2014 Total EE Cost	Change in Premiums (\$/%)	
<b>Gold</b>											
Employee Only	\$327.02	\$226.70	\$100.32	44%	\$274.54	\$47.84	21%	\$273.18	\$46.48	21%	
Employee & Spouse	1,230.08	1,027.20	202.88	20%	1,120.38	93.18	9%	1,094.88	67.68	7%	
Employee & Child(ren)	838.78	581.48	257.30	44%	704.18	122.70	21%	700.68	119.20	20%	
Family	1,485.72	1,029.96	455.76	44%	1,247.28	217.32	21%	1,241.10	211.14	20%	
Est. Monthly Total (\$mil)	\$9.2	\$6.5	\$2.8	43%	\$7.8	\$1.3	20%	\$7.8	\$1.3	20%	
<b>Silver</b>											
Employee Only	\$227.28	\$157.56	\$69.72	44%	\$190.80	\$33.24	21%	\$189.86	\$32.30	21%	
Employee & Spouse	892.82	713.86	178.96	25%	784.82	70.96	10%	790.98	77.12	11%	
Employee & Child(ren)	582.92	404.10	178.82	44%	489.36	85.26	21%	486.94	82.84	20%	
Family	1,032.52	715.78	316.74	44%	866.80	151.02	21%	862.52	146.74	21%	
Est. Monthly Total (\$mil)	\$3.1	\$2.2	\$0.9	42%	\$2.6	\$0.4	20%	\$2.6	\$0.4	19%	
<b>Bronze</b>											
Employee Only	\$54.42	\$10.00	\$44.42	444%	\$37.12	\$27.12	271%	\$37.06	\$27.06	271%	
Employee & Spouse	349.78	242.48	107.30	44%	293.64	51.16	21%	292.18	49.70	20%	
Employee & Child(ren)	156.26	108.32	47.94	44%	131.18	22.86	21%	130.52	22.20	20%	
Family	353.42	245.00	108.42	44%	296.70	51.70	21%	295.22	50.22	20%	
Est. Monthly Total (\$mil)	\$2.5	\$1.4	\$1.1	76%	\$2.0	\$0.6	41%	\$2.0	\$0.6	41%	
Total (Monthly) (\$ mil)	\$14.8	\$10.1	\$4.8	47%	\$12.4	\$2.3	23%	\$12.3	\$2.3	23%	
Est Annual Total (\$ mil)	\$178.2	\$120.9	\$57.3		\$148.9	\$28.1		\$148.2	\$27.3		

Note: The figures presented are preliminary and subject to change. Contributions would be lower under Alternative 1A.



# PSE Actives – Scenario 2

## Revised State Allocation

### Preliminary Impact of Options

Actives	No Changes				Alternative 1				Alternative 2 or 3		
	2014 Total EE Cost	2013 Total EE Cost	2014 Total EE Cost		2014 Total EE Cost	2014 Total EE Cost		2014 Total EE Cost	2014 Total EE Cost		
<b>Gold</b>											
Employee Only	\$335.32	\$226.70	\$108.62	48%	\$289.82	\$63.12	28%	\$279.82	\$53.12	23%	
Employee & Spouse	1,141.44	1,027.20	114.24	11%	1,031.72	4.52	0%	1,006.22	(20.98)	-2%	
Employee & Child(ren)	820.70	581.48	239.22	41%	736.54	155.06	27%	717.20	135.72	23%	
Family	1,626.82	1,029.96	596.86	58%	1,478.44	448.48	44%	1,443.60	413.64	40%	
Est. Monthly Total (\$mil)	\$9.4	\$6.5	\$2.9	45%	\$8.2	\$1.8	27%	\$8.0	\$1.5	23%	
<b>Silver</b>											
Employee Only	\$200.86	\$157.56	\$43.30	27%	\$156.04	(\$1.52)	-1%	\$158.42	\$0.86	1%	
Employee & Spouse	804.18	713.86	90.32	13%	696.18	(17.68)	-2%	702.34	(11.52)	-2%	
Employee & Child(ren)	564.14	404.10	160.04	40%	481.28	77.18	19%	485.94	81.84	20%	
Family	1,167.44	715.78	451.66	63%	1,021.40	305.62	43%	1,029.86	314.08	44%	
Est. Monthly Total (\$mil)	\$3.0	\$2.2	\$0.8	38%	\$2.5	\$0.3	16%	\$2.5	\$0.4	17%	
<b>Bronze</b>											
Employee Only	\$10.28	\$10.00	\$0.28	3%	(\$19.62)	(\$29.62)	-296%	(\$12.64)	(\$22.64)	-226%	
Employee & Spouse	312.16	242.48	69.68	29%	242.34	(0.14)	0%	260.34	17.86	7%	
Employee & Child(ren)	192.06	108.32	83.74	77%	138.12	29.80	28%	151.74	43.42	40%	
Family	493.94	245.00	248.94	102%	400.08	155.08	63%	424.72	179.72	73%	
Est. Monthly Total (\$mil)	\$2.5	\$1.4	\$1.0	72%	\$1.6	\$0.2	13%	\$1.8	\$0.4	27%	
Total (Monthly) (\$ mil)	\$14.8	\$10.1	\$4.8	47%	\$12.4	\$2.3	23%	\$12.3	\$2.3	23%	
Est Annual Total (\$ mil)	\$178.2	\$120.9	\$57.3		\$148.3	\$27.5		\$148.1	\$27.3		

Note: The figures presented are preliminary and subject to change. Contributions would be lower under Alternative 1A.



# ASE

## Preliminary Impact of Options

Reserve Allocation Needed for \$0  
Contribution Increase:

- No Changes \$45 million
- Alternative 1\* \$ 4 million
- Alternative 2 or 3 \$ 0 million
  - Alternative 2 or 3 expected to result in \$2 million surplus

\* Similar results for Alternatives 1B, 1C, 1D; Alternative 1A would produce \$2 million surplus.



# Appendices



# Appendix A - 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 A - 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 B - 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 B - 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 C - 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 C - 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 x 15]</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 C - 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 C - 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 C - ASE Medicare Retirees

## ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Medicare		
	Medical 1/12 - 12/12 1/12 - 3/13	Pharmacy 1/12 - 12/12 1/12 - 3/13	Total
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 C - 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 D - 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 D- 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 D - 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.*