AGENDA

State and Public School Life and Health Insurance Board

EBD Board Room - 501 Building - 5th Floor

July 16, 2013 1:00 p.m.

1. **Call to Order** ..... *John Kirtley, Chair*
2. **Approval of Minutes** ..... *John Kirtley, Chair*
3. **Financials** ..... *Marla Wallace, CFO*
4. **Benefits Sub-Committee Report** ..... *Doug Shackelford*
   Interim Executive Director
5. **2014 Plan Design** ..... *John Colberg, Cheiron*
6. **Director's Report** ..... *Doug Shackelford*
   Interim Executive Director

Upcoming Meetings
August 20th
October 15th

State and Public School Life
And Health Insurance Board
Minutes
June 18, 2013

The 129th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on June 18, 2013 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT	**MEMBERS ABSENT**
Renee Mallory	Shawn Cook
Kelly Chaney	Katrina Burnett
Dr. Joseph Thompson	
Janis Harrison	
Bob Alexander	
Mark White	
John Kirtley	
Carla Wooley	
Dr. Andrew Kumpuris	
Lloyd Black	

Jason Lee, Executive Director, Employee Benefits Division.

OTHERS PRESENT:
Jill Johnson, Heather Taylor, Gen Burnett, Dwight Davis, UAMS; David Keisner, Doug Shackelford, Lori Eden, Michele Hazelett, Stella Greene, Marla Wallace, Leslie Smith, Ethel Whittaker, Janna Keathley, Nakesha Thompson, Tracy Oberste, Amy Tustison, EBD; Sylvia Landers, Joe Chang, Susan Fenton, 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, Rhonda Hill, ACHI; Andra Kaufman, QualChoice; Paula Glover, ACS; Doug Brown, APSRC; John Greer, Humana; Connie Bennett, Caramaran Rx; Tammy Barger, Benton Schools; Norma Walker, Watson Chapel Schools; Katie Clifford, APSRC; Jerry Noble, Greene County Tech School District; Shelley Smith, Mtn. View District; KM Linch, ASTA; Frances Bauman; Novo Nordisk

CALL TO ORDER
Meeting was called to order by Renee Mallory, Chair

APPROVAL OF MINUTES

The request was made by Mallory to approve the May 21, 2013 minutes. Kirtley made the motion to approve minutes. Chaney seconded. Minutes approved.

FINANCIALS *by Marla Wallace, CFO*

Wallace reported on May for PSE and ASE. For PSE there was a $5.2 million loss due to five (5) weeks of claims in Medical and Pharmacy for May. The year-to-date loss is $7.2 million. Without the fifth week the loss would have been $299,000.00. In addition the Catastrophic Reserve decreased to $2.4 million from $7.7 million.

For ASE there was a loss of $3.6 million due to five (5) weeks. The year-to-date loss is $10 million, and there still remains $11 million in Assets available.

MINNESOTA LIFE UPDATE *by Joseph Chang, Minnesota Life Rep*

Chang reports Minnesota Life has corrected the previous issues with follow up calls, enrollment, coverage cancellation, and reinstatement. Chang provided a chart to show parity it is as follows:

	ARbenefits Life	ASE – MN Life	PSE - USAble
Basic	$10,000	$10,000	$5,000
Expanded Basic	$40,000	$30,000	None
Supplemental	Up to $250,000	Up to $250,000	Up to $70,000
Spouse	Up to $50,000	Up to $40,000	$2,500
Child	Up to $50,000	Up to $40,000	$2,500

In 4th Quarter 2012 there was 29,100 applications received, 12,600 opt out cancels received, and 12,200 phone calls (compared to 1000 in 2011).

In 1st Quarter 2013 there was 2,500 applications received, 1,400 service requests, and 4,400 phone calls (compared to 700 in 2012). There is $98,000 in members enrolled in the plan.

Chang reports Minnesota Life has an In-house Rep at EBD which is providing better service for members. The next steps would be to Clean up coverage. This will include collecting beneficiary information as it did not carry over from the previous coverage.

Singleton with The Retired Teachers Association would like to know if there is a list of how many members dropped their coverage. Members that were dropped will be able to return. What type of tracking system is in place to notify those who are eligible for coverage. Chang reports they can report the number of members but there is not a list of names.

BENEFTIS SUB-COMMITTEE REPORT - PRELIMINARY RATES FOR CY 2014 *by Jason Lee, Executive Director*

Lee Reported the Benefits Sub-Committee met on June 10, 2013.

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 scenario's** 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 were no recommendations.

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

Colberg reported on Preliminary Rates with No Benefit Changes for PSE and ASE. For PSE Actives Set Percent change results in 44% increase. PSE Actives Revised State Allocation of $50 Million allocated to each member of $88.64 which resulted in a significant increase on Gold Family. The Retirees were not affected by the scenarios they only changed by the total premiums. Non-Medicare Retirees on gold added 21%, Silver 9% & Bronze 35%, but the amount is less than the Gold Plan. Medicare eligible only had a 7% increase for both scenarios.

For ASE with No New Reserves Allocated there will be $22 Million additional employee premiums needed. The State & Reserve Allocation would pay 75% for employee only, 50% for Spouses, & 54% for children. Reserve allocation of $10 Million would allow for $5 Million additional funding for 2014 which will decrease the rates from 28% to 17%. There was no allocation for Retirees. Therefore both scenarios are the same.

There are several alternatives for each plan presented for discussion. The following table shows The Preliminary Impact of Options Individual Illustration – High Cost:

	Current	**Alt 1,B,C,D**	**Alt 1A**	**Alt 2**	**Alt 3**
Gold	$2625.00	$3290.00	$3540.00	$3305.00	$4185.00
- Change		$665.00	$915.00	$680.00	$1560.00
		Traditional	***HSA****	**Alt 2**	**Alt 3**
Silver	$4065.00	$4370.00	$2060.00	$4455.00	$5403.00
-Change		$305.00	-$2005.00	$390.00	$1338.00
		Alt 1		**Alt 2**	**Alt 3**
Bronze	$3908.00	$5812.00		$4308.00	$4885.00
- Change		$1904.00		$400.00	$977.00

Please note: * Assumes 1 PCP, SCP, MRI and set of Rx before deductible reached.

Illustration refers to the services in the following table:

Service	**#**	**Cost**
Hospital Admit	1	$10,000
PCP	3	$300
Rx Generic	12	$240
Rx Brand	12	$1,200
MRI	1	$1,500

The following table shows The Preliminary Impact of Options Individual Illustration – Low Cost:

	Current	**Alt 1,B,C,D**	**Alt 1A**	**Alt 2**	**Alt 3**
Gold	$205.00	$290.00	$290.00	$470.00	$245.00
- Change		$85.00	$85.00	$265.00	$40.00
		Traditional	***HSA****	**Alt 2**	**Alt 3**
Silver	$220.00	$300.00	$740.00	$470.00	$260.00
-Change		$80.00	$520.00	$250.00	$40.00
		Alt 1		**Alt 2**	**Alt 3**
Bronze	$740.00	$740.00		$740.00	$740.00
- Change		$0.00		$0.00	$0.00

Illustration refers to the services in the following table:

Service	**#**	**Cost**
PCP	2	$200
SCP w/Xray	1	$300
Rx Generic	12	$240

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

Lee reports it is time to elect new officers. Harrison nominated Kirtley as the Chair. Dr. Kumpuris seconded. All were in favor. Kirtley approved the New Chair.

Harrison nominated Wooley-Haugen as the Vice-Chair. Chaney seconded. All were in favor. Wooley-Haugen approved as the New Vice-Chair.

Lee thanked the Committee for allowing him to serve as the Director for five (5) years.

Mallory reports they are in the process of forming a Committee to interview applicants.

Wooley-Haugen reports they have received twenty four applications and fourteen meet the qualifications.

Meeting adjourned.

Public School Employees (PSE) Financials - January 1, 2013 through June 30, 2013

	Gold	Silver	Bronze	Total
Actives	36,379	7,489	25,804	69,672
Retirees	2,617	57	1,152	3,826
Medicare	8,774			8,774
Total	47,770	7,546	26,956	82,272

Revenues & Expenditures

		Current Month		Year to Date (6 months)
Funding				
District Contribution	$	8,124,748	$	48,963,784
Employee Contribution	$	10,913,164	$	66,091,255
Dept of Ed $35,000,000 & $15,000,000	$	-	$	23,409,091
Other	$	556,140	$	1,119,621
Allocation for Active/Retiree Premiums for Plan Year 2013	$	750,000	$	4,500,000
Total Funding	$	20,344,051	$	144,083,751
Expenses				
Medical Expenses:				
Claims Expense	$	19,438,955	$	111,231,091
Claims IBNR	$	3,300,000	$	3,300,000
Medical Admin Fees	$	1,664,526	$	9,603,214
Refunds	$	(152,175)	$	(62,424)
Employee Assistance Program (EAP)	$	81,291	$	490,699
Pharmacy Expenses:				
RX Claims	$	6,082,724	$	34,109,641
RX IBNR	$	(800,000)	$	(800,000)
RX Admin	$	606,634	$	2,028,164
Plan Administration	$	448,775	$	2,363,928
Total Expenses	$	30,670,730	$	162,264,314
Net Income/(Loss)	$	(10,326,678)	$	(18,180,563)

Balance Sheet

Assets		
Bank Account	$	14,423,201
State Treasury	$	17,078,082
Receivable from Provider	$	758,297
Accounts Receivable	$	2,164,028
Due from ASE	$	2,159
Total Assets	$	34,425,767
Liabilities		
Accounts Payable	$	5,947,196
Due to ASE	$	8,703
Deferred Revenues	$	2,014,821
Health IBNR	$	28,000,000
RX IBNR	$	1,800,000
Total Liabilities	$	37,770,720
Net Assets	$	(3,344,953)
Less Reserves Allocated:		
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13 ($9,000,000)	$	(4,500,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14 ($3,600,000)	$	-
Catastrophic Reserve (2013 - $11,100,000)	$	-
Net Assets Available	$	(7,844,953)

Fifth week of claims totaled: $5,905,187.10 IBNR Increased $2,500,000

Public School Employees (PSE) Financials - January 1, 2012 through June 30, 2012				
	Gold	Silver	Bronze	Total
Actives	52,525	1,507	16,066	70,098
Retirees	2,439	6	177	2,622
Medicare	7,519			7,519
Total	62,483	1,513	16,243	80,239

Operations as of 06/30/12

		Current Month		Year to Date (6 months)
Funding				
District Contribution	$	7,875,001	$	46,800,109
Employee Contribution	$	10,763,266	$	65,938,804
Dept of Ed $35,000,000 & $15,000,000	$	-	$	23,409,091
Other	$	630,186	$	1,250,101
Total Funding	$	19,268,453	$	137,398,106
Expenses				
Medical Expenses:				
Claims Expense	$	21,677,714	$	110,381,731
Claims IBNR	$	-	$	(800,000)
Medical Admin Fees	$	1,636,733	$	9,665,777
Refunds	$	7,146	$	85,149
Employee Assistance Program (EAP)	$	81,260	$	490,190
Pharmacy Expenses:				
RX Claims	$	6,071,405	$	33,037,594
RX IBNR	$	-	$	260,000
RX Admin	$	107,265	$	637,466
Plan Administration	$	614,359	$	2,564,423
Total Expenses	$	30,195,882	$	156,322,330
Net Income/(Loss)	$	(10,927,430)	$	(18,924,225)
Reserve Activity:				
Allocation for Active/Retiree Premiums for Plan Year 2012	$	1,400,000	$	8,400,000
Net Income/(Loss) After Reserves	$	(9,527,430)	$	(10,524,225)

Balance Sheet as of 06/30/12

Assets			
Bank Account		$	11,663,715
State Treasury		$	48,003,395
Receivable from Provider		$	618,474
Accounts Receivable		$	623,128
Due from ASE		$	560,616
Total Assets		$	61,469,329
Liabilities			
Accounts Payable		$	7,715,367
Due to ASE		$	-
Deferred Revenues		$	-
Health IBNR		$	24,700,000
RX IBNR		$	2,600,000
Total Liabilities		$	35,015,367
Net Assets		$	26,453,962
Less Reserves Allocated:			
Active/Retiree Premiums for Plan Year 01/01/12 - 12/31/12	($16,800,000)	$	(8,400,000)
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13	($9,000,000)	$	(9,000,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14	($3,600,000)	$	(3,600,000)
Catastrophic Reserve (2012 - $9,900,000)		$	(5,453,962)
Net Assets Available		$	(0)

Arkansas State Employees (ASE) Financials - January 1, 2013 through June 30, 2013				
	Gold	Silver	Bronze	Total
Actives	45,234	2,197	3,498	50,929
Retirees	3,443	34	78	3,555
Medicare	10,461			10,461
Total	59,138	2,231	3,576	64,945

Revenues & Expenditures

	Current Month	Year to Date (6 months)
Funding		
State Contribution	$ 13,548,122	$ 81,242,314
Employee Contribution	$ 7,268,997	$ 43,388,449
Other	$ 5,938,698	$ 7,966,924
Allocation for Active/Retiree Plan Year 2013	$ 2,236,667	$ 13,420,000
Total Funding	$ 28,992,484	$ 146,017,687
Expenses		
Medical Expenses		
Claims Expense	$ 15,912,848	$ 98,087,409.27
Claims IBNR	$ 2,100,000	$ 2,100,000
Medical Admin Fees	$ 1,163,963	$ 6,555,469
Refunds	$ (28,572)	$ 28,125
Employee Assistance Program (EAP)	$ 56,630	$ 339,134
Life Insurance	$ 55,039	$ 329,598
Pharmacy Expenses		
RX Claims	$ 8,065,737	$ 44,415,620
RX IBNR	$ (800,000)	$ (800,000)
RX Admin	$ 474,565	$ 1,562,255
Plan Administration	$ 352,087	$ 1,833,942
Total Expenses	$ 27,352,299	$ 154,451,553
Net Income/(Loss)	$ 1,640,185	$ (8,433,866)

Balance Sheet

Assets	
Bank Account	$ 10,760,503
State Treasury	$ 73,501,875
Due from Cafeteria Plan	$ 4,538,305
Due from PSE	$ 8,703
Receivable from Provider	$ 539,324
Accounts Receivable	$ 1,801,578
Total Assets	$ 91,150,289
Liabilities	
Accounts Payable	$ 5,366,870
Deferred Revenues	$ 91,966
Due to Cafeteria	$ 751
Due to PSE	$ 2,159
Health IBNR	$ 23,200,000
RX IBNR	$ 2,400,000
Total Liabilities	$ 31,061,746
Net Assets	$ 60,088,542
Less Reserves Allocated:	
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13 ($11,190,000 + $15,650,000)	$ (13,420,000)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14 ($7,460,000 + $9,390,000)	$ (16,850,000)
Active/Retiree Premiums for Plan Year 1/1/15 - 12/31/15 ($6,260,000)	$ (6,260,000)
Catastrophic Reserve	$ (10,000,000)
Net Assets Available	$ 13,558,542

Fifth week of claims totaled: $5,340,148.38 IBNR increased $1,300,000

Arkansas State Employees (ASE) Financials - January 1, 2012 through June 30, 2012				
	Gold	Silver	Bronze	Total
Actives	46,822	1,131	2,766	50,719
Retirees	3,189	9	40	3,238
Medicare	9,728			9,728
Total	59,739	1,140	2,806	63,685

Operations as of 06/30/12

	Current Month	Year to Date (6 months)
Funding		
State Contribution	$ 13,488,510	$ 80,931,996
Employee Contribution	$ 7,121,049	$ 42,972,076
Other	$ 6,468,835	$ 8,646,438
Total Funding	$ 27,078,394	$ 132,550,510
Expenses		
Medical Expenses		
Claims Expense	$ 16,303,552	$ 91,778,289
Claims IBNR	$ -	$ (470,000)
Medical Admin Fees	$ 1,119,652	$ 6,504,606
Refunds	$ 14,800	$ 122,320
Employee Assistance Program (EAP)	$ 57,465	$ 343,684
Life Insurance	$ 102,333	$ 614,205
Pharmacy Expenses		
RX Claims	$ 7,207,237	$ 40,401,701
RX IBNR	$ -	$ 520,000
RX Admin	$ 108,845	$ 636,193
Plan Administration	$ 438,482	$ 1,859,796
Total Expenses	$ 25,352,368	$ 142,310,794
Net Income/(Loss)	$ 1,726,026	$ (9,760,283)
Reserve Activity:		
Allocation for Active/Retiree Plan year 2012	$ 1,554,167	$ 9,325,000
Net Income/(Loss) After Reserves	$ 3,280,192	$ (435,283)

Balance Sheet as of 06/30/12

Assets	
Bank Account	$ 7,707,054
State Treasury	$ 103,133,759
Due from Cafeteria Plan	$ 4,770,945
Due from PSE	$ -
Receivable from Provider	$ 446,749
Accounts Receivable	$ 2,133,426
Total Assets	$ 118,191,933
Liabilities	
Accounts Payable	$ 4,841,950
Deferred Revenues	$ 4,152,778
Due to Cafeteria	$ 3,154
Due to PSE	$ 560,616
Health IBNR	$ 21,100,000
RX IBNR	$ 3,200,000
Total Liabilities	$ 33,858,498
Net Assets	$ 84,333,435
Less Reserves Allocated:	
Active/Retiree Premiums for Plan Year 1/1/12 - 12/31/12 ($18,650,000)	$ (9,325,000)
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13 ($11,190,000)	$ (11,190,000)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14 ($7,460,000)	$ (7,460,000)
Catastrophic Reserve	$ (9,000,000)
Net Assets Available	$ 47,358,435

ARBenefits

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

The Benefits Subcommittee met on Friday, July 12, 2013

The Committee heard a presentation from Interim Executive Director Doug Shackelford and Plan Pharmacist David Keisner concerning changes to specific prescription drug categories – Diabetic Test Strips and Compound Drugs

The committee made the following recommendations to the board.

1. Place diabetic testing strips into the tier structure and eliminate $0 copay option. All strips will continue to be covered with a prescription but will have a T1,T2,and T3 copay associated with them. Quantity limits still apply.

2. Require prior authorization for all compounds. Prior authorization will check for excluded medications and cost appropriateness.

The committee then heard a presentation from Karen Mallett and Gaelle Gravot of Cheiron on several plan design options for the coming plan year. After much discussion, the committee went step-by-step through the current plan design with requests for Cheiron to rate several changes and bring them back for further discussion at their next meeting.

Shackelford gave his director's report, introducing himself and leading the discussion on upcoming meetings. The committee felt it was appropriate to meet twice before the board sets rates at its August meeting. They therefore added an additional meeting on Friday, July 26th at 9 a.m., and changed the date for the meeting following that to Wednesday August 7, 2013 at 9 a.m.

With no further business, the meeting was adjourned

Arkansas State Employees & Public School Employees Health Benefits Program

Preliminary Rates and Benefit Design for CY 2014

Board of Trustees

July 16, 2013

John Colberg, FSA, MAAA
Karen Mallett, FSA, MAAA

Topics

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CHEIRON

Updated Reserve Projections

Assets less IBNR

	Actual 5/31/2013	Projected 12/31/2013	Projected 12/31/2014 without contribution increases
PSE	$ 7.7 million	$ 1.6 million	$ -48.1 million
ASE	$60.7 million	$ 52.1 million	$ 12.3 million

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

PSE Actives – Current Benefits
Set Percent Change – No New Reserves

Total Active & Ret ($ mil)	$335.0	$49.6	$84.6	$200.8	$147.5	$53.3	36%	59,211
Actives	Total Monthly Premium	Direct State Contribution	School District Contrib.	2014 Total EE Cost	2013 Total EE Cost	Change in Premiums ($/%)		Assumed Enrollment
Gold								
Employee Only	$548.08	$92.04	$150.00	$306.04	$226.70	$79.34	35%	17,582
Employee & Spouse	1,315.80	0.00	150.00	1,165.80	1,027.20	138.60	13%	401
Employee & Child(ren)	1,012.56	77.56	150.00	785.00	581.48	203.52	35%	2,567
Family	1,780.28	239.84	150.00	1,390.44	1,029.96	360.48	35%	573
Est. Monthly Total ($mil)	$13.8	$2.0	$3.2	$8.7	$6.5	$2.2	34%	21,123
Silver								
Employee Only	$442.46	$79.76	$150.00	$212.70	$157.56	$55.14	35%	4,745
Employee & Spouse	1,054.00	0.00	150.00	904.00	713.86	190.14	27%	314
Employee & Child(ren)	812.46	116.92	150.00	545.54	404.10	141.44	35%	1,599
Family	1,423.98	307.68	150.00	966.30	715.78	250.52	35%	745
Est. Monthly Total ($mil)	$4.8	$0.8	$1.1	$2.9	$2.2	$0.7	34%	7,403
Bronze								
Employee Only	$236.42	$32.92	$150.00	$53.50	$10.00	$43.50	435%	11,536
Employee & Spouse	525.68	48.34	150.00	327.34	242.48	84.86	35%	1,318
Employee & Child(ren)	411.42	115.18	150.00	146.24	108.32	37.92	35%	2,781
Family	700.68	219.92	150.00	330.76	245.00	85.76	35%	2,823
Est. Monthly Total ($mil)	$6.5	$1.4	$2.8	$2.4	$1.4	$1.0	67%	18,458
Total (Monthly) ($ mil)	*$25.1*	*$4.1*	*$7.0*	*$13.9*	*$10.1*	*$3.9*	*39%*	*46,983*
Est Annual Total ($ mil)	*$301.4*	*$49.6*	*$84.6*	*$167.2*	*$120.7*	*$46.5*		

Note: The figures presented are preliminary and subject to change. Data is through 6/30/2013.

PSE Non-Medicare Retirees
Current Benefits – No New Reserves

NME Retirees	Total Monthly Premium	Add'l Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums ($/%)		Assumed Enrollment
Gold							
Retiree Only	$548.08	$0.00	$548.08	$469.68	$78.40	17%	2,051
Retiree & NME SP	1,315.80	0.00	1,315.80	1,186.36	129.44	11%	169
Retiree & Child(ren)	1,012.56	0.00	1,012.56	821.66	190.90	23%	20
Retiree & NME SP&CH	1,780.28	0.00	1,780.28	1,538.32	241.96	16%	17
Retiree & ME SP	698.32	0.00	698.32	609.06	89.26	15%	145
Retiree & ME SP & CH	1,162.80	0.00	1,162.80	961.04	201.76	21%	1
Est. Monthly Total ($mil)	$1.5	$0.0	$1.5	$1.3	$0.2	16%	2,403
Silver							
Employee Only	$442.46	$0.00	$442.46	$401.62	$40.84	10%	100
Employee & Spouse	1,054.00	43.40	1,097.40	1,097.40	0.00	0%	3
Employee & Child(ren)	812.46	0.00	812.46	712.64	99.82	14%	-
Family	1,423.98	0.00	1,423.98	1,200.54	223.44	19%	4
Est. Monthly Total ($mil)	$0.1	$0.0	$0.1	$0.0	$0.0	10%	107
Bronze							
Employee Only	$236.42	$0.00	$236.42	$182.78	$53.64	29%	953
Employee & Spouse	525.68	0.00	525.68	421.00	104.68	25%	197
Employee & Child(ren)	411.42	0.00	411.42	299.78	111.64	37%	31
Family	700.68	0.00	700.68	538.02	162.66	30%	48
Est. Monthly Total ($mil)	$0.4	$0.0	$0.4	$0.3	$0.1	28%	1,228
Total (Monthly) ($ mil)	*$1.9*	*$0.0*	*$1.9*	*$1.6*	*$0.3*	*18%*	*3,739*
Est Annual Total ($ mil)	*$23.1*	*$0.0*	*$23.1*	*$19.6*	*$3.5*		

Note: The figures presented are preliminary and subject to change. Data is through 6/30/2013.

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PSE Retirees – Medicare Eligible
Current Benefits – No New Reserves

ME Retirees	Total Monthly Premium	Subsidy / Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums ($/%)		Assumed Enrollment
Medicare Eligible							
Retiree Only	$150.24	$70.57	$79.67	$50.14	$29.53	59%	7,716
Retiree & NME SP	687.11	0.00	687.11	597.87	89.24	15%	103
Retiree & Child(ren)	654.82	10.67	644.15	509.62	134.53	26%	16
Retiree & NME SP&CH	1,382.44	115.74	1,266.70	1,061.68	205.02	19%	3
Retiree & ME SP	300.48	35.28	265.20	206.42	58.78	28%	651
Retiree & ME SP & CH	764.96	0.00	764.96	630.74	134.22	21%	-
Est. Monthly Total ($mil)	$1.4	$0.6	$0.9	$0.6	$0.3	47%	8,489
Total (Est. Annual)	*$17.3*	*$6.8*	*$10.5*	*$7.1*	*$3.3*		

Note: The figures presented are preliminary and subject to change. Data is through 6/30/2013.

ASE Actives – Current Benefits
Scenario 1: No New Reserves Allocated

Total Active & Ret ($ mil)	$297.5	$172.2	$17.0	$108.4	$85.3	$23.1	27%	38,438
Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 EE Total Cost	2013 EE Total Cost	Change in Premiums ($ / %)		Assumed Enrollment
Gold								
Employee Only	$484.12	$326.29	$44.06	$113.77	$95.78	$17.99	19%	13,357
Employee & Spouse	1,098.22	596.80	80.60	420.82	367.74	53.08	14%	2,941
Employee & Child(ren)	784.42	458.57	61.93	263.92	193.64	70.28	36%	4,644
Family	1,398.50	729.08	98.46	570.96	419.62	151.34	36%	3,058
Est. Monthly Total ($mil)	$17.6	$10.5	$1.4	$5.7	$4.5	$1.2	26%	24,000
Silver								
Employee Only	$335.36	$256.56	$0.00	$78.80	$62.12	$16.68	27%	865
Employee & Spouse	753.36	465.56	0.00	287.80	282.52	5.28	2%	159
Employee & Child(ren)	539.76	358.76	0.00	181.00	141.44	39.56	28%	233
Family	957.76	567.76	0.00	390.00	324.60	65.40	20%	243
Est. Monthly Total ($mil)	$0.8	$0.5	$0.0	$0.3	$0.2	$0.0	19%	1,500
Bronze								
Employee Only	$190.32	$180.32	$0.00	$10.00	$0.00	$10.00	n/a	1,434
Employee & Spouse	407.70	289.02	0.00	118.68	77.22	41.46	54%	360
Employee & Child(ren)	296.62	233.48	0.00	63.14	27.84	35.30	127%	353
Family	514.00	342.16	0.00	171.84	92.20	79.64	86%	453
Est. Monthly Total ($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*	*$1.3*	*27%*	*28,100*
Est Annual Total ($ mil)	*$229.7*	*$139.1*	*$17.0*	*$73.6*	*$58.0*	*$15.6*		

The State contributions and existing reserves are set to cover 76.5% of the employee cost for Gold and Silver, 94.75% of the employee cost for Bronze, 50% of spouse cost for all 3 benefit options, and 50% of child cost for all 3 benefit options.

Note: The figures presented are preliminary and subject to change. Data is through 6/30/2013.

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ASE Actives – Current Benefits
Scenario 2: $10 million Reserves Allocated

Total Active & Ret ($ mil)	$297.5	$172.2	$22.1	$103.3	$85.3	$18.0	21%	38,438
Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 EE Total Cost	2013 EE Total Cost	Change in Premiums ($ / %)		Assumed Enrollment
Gold								
Employee Only	$484.12	$329.37	$57.93	$96.82	$95.78	$1.04	1%	13,357
Employee & Spouse	1,098.22	590.50	103.85	403.87	367.74	36.13	10%	2,941
Employee & Child(ren)	784.42	457.07	80.38	246.97	193.64	53.33	28%	4,644
Family	1,398.50	718.19	126.30	554.01	419.62	134.39	32%	3,058
Est. Monthly Total ($mil)	$17.6	$10.5	$1.8	$5.3	$4.5	$0.8	17%	24,000
Silver								
Employee Only	$335.36	$268.28	$0.00	$67.08	$62.12	$4.96	8%	865
Employee & Spouse	753.36	477.28	0.00	276.08	282.52	(6.44)	-2%	159
Employee & Child(ren)	539.76	370.48	0.00	169.28	141.44	27.84	20%	233
Family	957.76	579.48	0.00	378.28	324.60	53.68	17%	243
Est. Monthly Total ($mil)	$0.8	$0.5	$0.0	$0.2	$0.2	$0.0	11%	1,500
Bronze								
Employee Only	$190.32	$180.32	$0.00	$10.00	$0.00	$10.00	n/a	1,434
Employee & Spouse	407.70	289.02	0.00	118.68	77.22	41.46	54%	360
Employee & Child(ren)	296.62	233.48	0.00	63.14	27.84	35.30	127%	353
Family	514.00	342.16	0.00	171.84	92.20	79.64	86%	453
Est. Monthly Total ($mil)	$0.8	$0.6	$0.0	$0.2	$0.1	$0.1	98%	2,600
Total (Monthly) ($ mil)	*$19.1*	*$11.6*	*$1.8*	*$5.7*	*$4.8*	*$0.9*	*18%*	*28,100*
Est Annual Total ($ mil)	*$229.7*	*$139.1*	*$22.1*	*$68.6*	*$58.0*	*$10.6*		

The State contributions and existing reserves are set to cover 80% of the employee cost for Gold and Silver, 94.75% of the employee cost for Bronze, 50% of spouse cost for all 3 benefit options, and 50% of child cost for all 3 benefit options.

Note: The figures presented are preliminary and subject to change. Data is through 6/30/2013.

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ASE NME Retirees – Current Benefits 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
Gold								
Retiree Only	$484.12	$193.65	$0.00	$290.47	$235.74	$54.73	23%	1,668
Retiree & NME SP	1,098.22	347.17	0.00	751.05	575.88	175.17	30%	560
Retiree & Child(ren)	784.42	268.72	0.00	515.70	439.84	75.86	17%	79
Retiree & NME SP&CH	1,398.50	422.24	0.00	976.26	916.72	59.54	6%	34
Retiree & ME SP	860.74	287.80	0.00	572.94	401.54	171.40	43%	236
Retiree & ME SP & CH	1,161.04	362.88	0.00	798.16	606.77	191.39	32%	9
Est. Monthly Total ($mil)	$1.7	$0.6	$0.0	$1.1	$0.9	$0.2	27%	2,587
Silver								
Employee Only	$335.36	$100.61	$0.00	$234.75	$202.08	$32.67	16%	4
Employee & Spouse	753.36	163.31	0.00	590.05	490.66	99.39	20%	9
Employee & Child(ren)	539.76	131.27	0.00	408.49	375.60	32.89	9%	2
Family	957.76	193.97	0.00	763.79	671.96	91.83	14%	3
Est. Monthly Total ($mil)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	17%	18
Bronze								
Employee Only	$190.32	$38.06	$0.00	$152.26	$146.46	$5.80	4%	7
Employee & Spouse	407.70	48.93	0.00	358.77	300.92	57.85	19%	12
Employee & Child(ren)	296.62	43.38	0.00	253.24	202.14	51.10	25%	1
Family	514.00	54.25	0.00	459.75	330.88	128.87	39%	12
Est. Monthly Total ($mil)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	27%	33
Total (Monthly) ($ mil)	*$1.8*	*$0.6*	*$0.0*	*$1.1*	*$0.9*	*$0.2*	*27%*	*2,638*
Est Annual Total ($ mil)	*$21.3*	*$7.5*	*$0.0*	*$13.7*	*$10.8*	*$2.9*		

The non-Medicare retirees cost are set to be covered at 40% for Gold, 30% for Silver, 20% for Bronze for retirees.
The dependents are set to 25% for Gold, 15% for Silver, and 5% for Bronze.
Note: The figures presented are preliminary and subject to change. Data is through 6/30/2013.

Setting/Verifying Goals and Objectives

1

A) Rebuild PSE Catastrophic Reserve by 12/31/2014?
B) Maximum Employee Contribution Increase 20%?

2

A) Maintain 3 Plans: No Deductible, Typical Deductible, HSA Qualified High Deductible?
B) Match or Differ from Exchange Benefit Ratios?
C) Benefits Encourage Effective Use of Healthcare System?

3

A) Encourage a Lower Cost Benefit Option?
B) Minimize Selection?

Setting/Verifying Philosophies

1

- Replenish Catastrophic Reserves within 1 year?
- Build Reserve for Future Premiums over X years?

2

- Keep ASE and PSE covered benefits identical?
- Keep Actives and Retiree covered benefits identical?
- Change Medicare benefits?
- Change pharmacy fees/discounts?
- Increase Bronze Out-of-Pocket Maximum to legal limits?

3

- Price plans on own experience?

Satisfying Goals of Requested Alternatives

	Gold Options										Silver Options				Bronze Options				
Goal	**Current**	**G1**	**G2**	**G3**	**G4**	**G5**	**G6**	**G7**	**G8**	**G9**	**Current**	**S1**	**S2**	**S3**	**Current**	**B1**	**B2**	**B3**	**B4**
1A - Rebuild Catastrophic Reserve	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe	Maybe
1B - Max 20% EE Increase	No	Yes ASE	Yes ASE	Yes ASE	Yes ASE	Yes ASE	Yes ASE	Yes ASE	Yes ASE	Yes ASE	No	No	No	No	No	No	No	No	No
2A - Maintain 3 Plans	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2B - Match Exchanges	No	No	No	No	No	No	No	No	No	Yes	No	No	No	No	No	No	No	No	No
2C - Encourage Cost Effective	Yes	Mixed	Mixed	Mixed	Mixed	Mixed	Mixed	Mixed	Mixed	Mixed	Maybe	No	Mixed	Better	Maybe	Maybe	Better	Maybe	No
3A - Encourage Low Cost Option	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3B - Minimize Selection *	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

* Greatly depends on revised employee contributions or benefits changes in one option vs. another option

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Plan Cost of Requested Alternatives - Gold

Yellow highlight means the coverage is changed	Current	OPTIONS:								
	Gold	**G1**	**G2**	**G3**	**G4**	**G5**	**G6**	**G7**	**G8**	**G9**
Deductible - Individual	$0	$0	$500	$500	$500	$750	$1,000	$500	$750	$1,000
Coinsurance Limit - Individual (after deductible)	$1,500	$2,000	$1,500	$1,500	$1,500	$1,500	$1,500	$2,000	$2,000	$2,000
Max. Out-of-Pocket (Deductible + Coinsurance)	$1,500	$2,000	$2,000	$2,000	$2,000	$2,250	$2,500	$2,500	$2,750	$3,000
Deductible - Family	$0	$0	$1,500	$1,500	$1,000	$1,500	$2,000	$1,000	$1,500	$2,000
Co-Insurance Limit - Family (after deductible)	$3,000	$4,000	$3,000	$3,000	$3,000	$3,000	$3,000	$4,000	$4,000	$4,000
Max. Out-of-Pocket (Deductible + Coinsurance)	$3,000	$4,000	$4,500	$4,500	$4,000	$4,500	$5,000	$5,000	$5,500	$6,000
Co-insurance Rate	80%/20%	80%/20%	90%/10%	90%/10%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-pay	$25	$25	$25	$25	$30	$30	$30	$30	$30	$30
Physician Office Visit - Specialist - Co-pay	$35	$50	$50	$50	$50	$50	$50	$50	$50	$50
Rx - Tier 1	$10	$15	$10	$10	$15	$15	$15	$15	$15	$15
Rx - Tier 2	$30	$30	$30	$30	$30	$30	$30	$30	$30	$30
Rx - Tier 3	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60
Rx - Specialty	$60	$100	$60	$60	$100	$100	$100	$100	$100	$100
Rx - OTC	$10	$15	$10	$10	$15	$15	$15	$15	$15	$15
Hospital / Facility - In-Patient- Co-pay Per Admission	$250	$0	$0	$250	$0	$0	$0	$0	$0	$0
Hospital / Facility - In-Patient - Coinsurance	80%/20%	80%/20%	90%/10%	90%/10%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Hospital / Facility - Outpatient - Co-pay	$100	$0	$0	$100	$0	$0	$0	$0	$0	$0
Hospital / Facility - Outpatient - Coinsurance	80%/20%	80%/20%	90%/10%	90%/10%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Lab Services / X-Ray / Diagnostic Evaluation	80%/20%	80%/20%	90%/10%	90%/10%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Emergency Room Visit	$100	$150	90%/10%	90%/10%	$150	$150	$150	$150	$150	$150
Emergency Transportation - Ambulance	$0	$50	90%/10%	90%/10%	$50	$50	$50	$50	$50	$50
High Tech Radiology - Co-pay	$250	$150	$0	$150	$150	$150	$150	$150	$150	$150
High Tech Radiology - Coinsurance	80%/20%		90%/10%	90%/10%						
Rehab / Therapy - Outpatient - Physical	80%/20%	$25	$25	$25	$30	$30	$30	$30	$30	$30
Rehab / Therapy - Outpatient - Speech	80%/20%	$25	$25	$25	$30	$30	$30	$30	$30	$30
Rehab / Therapy - Outpatient - Occupational	80%/20%	$25	$25	$25	$30	$30	$30	$30	$30	$30
Rehab / Therapy - Outpatient - Chiropractic- Co-pay	$35	$50	$0	$0	$50	$50	$50	$50	$50	$50
Rehab / Therapy - Outpatient - Chiropractic- Coinsurance	80%/20%		90%/10%	90%/10%						
Skilled Nursing - Co-pay	$250	$30	$0	$0	$100			$100		
Skilled Nursing - Coinsurance	80%/20%		90%/10%	90%/10%		80%/20%	80%/20%		80%/20%	80%/20%
Skilled Nursing - Notes		*Max 10 days*			*per admission*			*per admission*		
Co-pays apply after deductible?	N	N	Y	Y	N	N	N	N	N	N
OptumInsight Benefit Ratio (All Benefits)	85.8%	83.1%	82.6%*	81.7%*	81.6%	80.2%	79.0%	80.9%	79.5%	78.2%
Minimum Value Calculator Score (Essential Benefits)	89.6%	87.1%	**	**	84.3%	83.4%	82.6%	83.7%	82.8%	82.0%
PSE Premium Increase no New Reserves	36.2%	31.6%	31.4%	30.1%	30.0%	28.1%	26.4%	29.0%	27.2%	25.4%
ASE Premium Increase no New Reserves	27.0%	17.9%	17.2%	14.4%	14.2%	10.0%	6.2%	12.0%	7.8%	4.0%

** OptumInsight model cannot price benefit with copay after deductible. Actual claim experience is used to estimate benefit ratios.*

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

Plan Cost of Requested Alternatives - Silver

Yellow highlight means the coverage is changed	Current Silver	OPTIONS: S1	S2	S3
Deductible - Individual	$750	$1,500	$1,000	$1,000
Coinsurance Limit - Individual (after deductible)	$2,000	$2,000	$2,000	$2,000
Max. Out-of-Pocket (Deductible + Coinsurance)	$2,750	$3,500	$3,000	$3,000
Deductible - Family	$1,500	$3,000	$2,000	$2,000
Co-Insurance Limit - Family (after deductible)	$4,000	$4,000	$3,000	$3,000
Max. Out-of-Pocket (Deductible + Coinsurance)	$5,500	$7,000	$5,000	$5,000
Co-insurance Rate	80%/20%	80%/20%	85%/15%	85%/15%
Physician Office Visit - Primary Care - Co-pay	$25	$35	$35	$35
Physician Office Visit - Specialist - Co-pay	$50	80%/20%	$60	$60
Rx - Tier 1	$10	$15	$10	$10
Rx - Tier 2	$35	$35	$35	$35
Rx - Tier 3	$70	$70	$70	$70
Rx - Specialty	$70	$100	$70	$70
Rx - OTC	$10	$15	$10	$10
Hospital / Facility - In-Patient- Co-pay Per Admission	$300	$0	$0	$300
Hospital / Facility - In-Patient - Coinsurance	80%/20%	80%/20%	85%/15%	85%/15%
Hospital / Facility - Outpatient - Co-pay	$150	$0	$0	$150
Hospital / Facility - Outpatient - Coinsurance	80%/20%	80%/20%	85%/15%	85%/15%
Lab Services / X-Ray / Diagnostic Evaluation	80%/20%	80%/20%	85%/15%	85%/15%
Emergency Room Visit	$150	80%/20%	85%/15%	85%/15%
Emergency Transportation - Ambulance	$0	80%/20%	85%/15%	85%/15%
High Tech Radiology - Co-pay	$300	$0	$0	$250
High Tech Radiology - Coinsurance	80%/20%	80%/20%	85%/15%	85%/15%
Rehab / Therapy - Outpatient - Physical	80%/20%	$35	$35	$35
Rehab / Therapy - Outpatient - Speech	80%/20%	$35	$35	$35
Rehab / Therapy - Outpatient - Occupational	80%/20%	$35	$35	$35
Rehab / Therapy - Outpatient - Chiropractic- Co-pay	$50			
Rehab / Therapy - Outpatient - Chiropractic- Coinsurance	80%/20%	80%/20%	85%/15%	85%/15%
Skilled Nursing - Co-pay	$300	$0	$0	$0
Skilled Nursing - Coinsurance	80%/20%	80%/20%	85%/15%	85%/15%
Skilled Nursing - Notes				
Co-pays apply after deductible?	N	N	Y	Y
OptumInsight Benefit Ratio (All Benefits)	78.7%	73.1%	73.4%*	72.1%*
Minimum Value Calculator Score (Essential Benefits)	83.4%	79.3%	**	**
PSE Premium Increase no New Reserves	36.2%	33.1%	33.3%	32.6%
ASE Premium Increase no New Reserves	27.0%	26.4%	26.5%	26.3%

** OptumInsight model cannot price benefit with copay after deductible. Actual claim experience is used to estimate benefit ratios.*

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

CHEIRON

Plan Cost of Requested Alternatives - Bronze

Yellow highlight means the coverage is changed	Current Bronze	OPTIONS B1	B2	B3	B4
Deductible - Individual	$1,500	$2,000	$1,500	$2,000	$2,000
Coinsurance Limit - Individual (after deductible)	$2,500	$2,500	$2,500	$2,500	$2,000
Max. Out-of-Pocket (Deductible + Coinsurance)	$4,000	$4,500	$4,000	$4,500	$4,000
Deductible - Family	$3,000	$4,000	$3,000	$3,500	$4,000
Co-Insurance Limit - Family (after deductible)	$5,000	$5,000	$5,000	$5,000	$4,000
Max. Out-of-Pocket (Deductible + Coinsurance)	$8,000	$9,000	$8,000	$8,500	$8,000
Co-insurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	70%/30%
Physician Office Visit - Primary Care - Co-pay			$35		
Physician Office Visit - Specialist - Co-pay			$60		
Rx - Tier 1			$10		
Rx - Tier 2			$35		
Rx - Tier 3			$70		
Rx - Specialty			$70		
Rx - OTC			$10		
Hospital / Facility - In-Patient- Co-pay Per Admission					
Hospital / Facility - In-Patient - Coinsurance					
Hospital / Facility - Outpatient - Co-pay					
Hospital / Facility - Outpatient - Coinsurance					
Lab Services / X-Ray / Diagnostic Evaluation					
Emergency Room Visit					
Emergency Transportation - Ambulance					
High Tech Radiology - Co-pay					
High Tech Radiology - Coinsurance					
Rehab / Therapy - Outpatient - Physical					
Rehab / Therapy - Outpatient - Speech					
Rehab / Therapy - Outpatient - Occupational					
Rehab / Therapy - Outpatient - Chiropractic- Co-pay					
Rehab / Therapy - Outpatient - Chiropractic- Coinsurance					
Skilled Nursing - Co-pay					
Skilled Nursing - Coinsurance					
Skilled Nursing - Notes					
Co-pays apply after deductible?	N	N	Y	N	N
OptumInsight Benefit Ratio (All Benefits)	73.3%	69.4%	69.7%*	69.4%	68.7%
Minimum Value Calculator Score (Essential Benefits)	76.4%	73.1%	**	73.1%	72.6%
PSE Premium Increase no New Reserves	36.2%	33.3%	33.4%	33.6%	32.9%
ASE Premium Increase no New Reserves	27.0%	26.7%	26.7%	26.7%	26.6%

** OptumInsight model cannot price benefit with copay after deductible. Actual claim experience is used to estimate benefit ratios.*

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

PSE Actives – Options G9, S3 & B4

Rebuilds Catastrophic Reserves with a 25% Rate Increase

Total Active & Ret ($ mil)	$310.4	$40.8	$84.6	$185.0	$147.5	$37.5	25%	59,211
Actives	Total Monthly Premium	Direct State Contribution	School District Contrib.	2014 Total EE Cost	2013 Total EE Cost	Change in Premiums ($/%)		Assumed Enrollment
Gold								
Employee Only	$503.24	$90.26	$150.00	$262.98	$226.70	$36.28	16%	17,582
Employee & Spouse	1,206.30	0.00	150.00	1,056.30	1,027.20	29.10	3%	401
Employee & Child(ren)	928.60	104.08	150.00	674.52	581.48	93.04	16%	2,567
Family	1,631.64	286.88	150.00	1,194.76	1,029.96	164.80	16%	573
Est. Monthly Total ($mil)	$12.6	$2.0	$3.2	$7.5	$6.5	$1.0	15%	21,123
Silver								
Employee Only	$406.82	$63.02	$150.00	$193.80	$157.56	$36.24	23%	4,745
Employee & Spouse	967.86	0.00	150.00	817.86	713.86	104.00	15%	314
Employee & Child(ren)	746.26	99.22	150.00	497.04	404.10	92.94	23%	1,599
Family	1,307.32	276.92	150.00	880.40	715.78	164.62	23%	745
Est. Monthly Total ($mil)	$4.4	$0.7	$1.1	$2.6	$2.2	$0.5	22%	7,403
Bronze								
Employee Only	$222.74	$22.74	$150.00	$50.00	$10.00	$40.00	400%	11,536
Employee & Spouse	495.46	0.00	150.00	345.46	242.48	102.98	42%	1,318
Employee & Child(ren)	387.74	57.92	150.00	179.82	108.32	71.50	66%	2,781
Family	660.46	103.76	150.00	406.70	245.00	161.70	66%	2,823
Est. Monthly Total ($mil)	$6.2	$0.7	$2.8	$2.7	$1.4	$1.3	88%	18,458
Total (Monthly) ($ mil)	*$23.2*	*$3.4*	*$7.0*	*$12.8*	*$10.1*	*$2.7*	*27%*	*46,983*
Est Annual Total ($ mil)	*$278.6*	*$40.8*	*$84.6*	*$153.2*	*$120.7*	*$32.5*		

The figures above assume $9 million allocated to rebuilding catastrophic reserves.
Note: All figures presented are preliminary and subject to change.

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Benefits Committee Requested Pricing

Yellow highlight means the coverage is changed	Current	Alternative 1	Alternative 2	Current	Alternative 1	Alternative 2	Current	Alternative 1	Alternative 2
In-Network:	**Gold**	**Gold**	**Gold**	**Silver**	**Silver**	**Silver**	**Bronze**	**Bronze**	**Bronze**
Deductible - Individual	$0	$0	$0	$750	$1,000	$1,000	$1,500	$2,000	$2,000
Coinsurance Limit - Individual (after deductible)	$1,500	$2,000	$2,000	$2,000	$3,000	$3,000	$2,500	$4,350	$4,350
Max. Out-of-Pocket (Deductible + Coinsurance)	$1,500	$2,000	$2,000	$2,750	$4,000	$4,000	$2,500	$6,350	$6,350
True Out-of-Pocket (Deductible + Coinsurance +Co-pay*)	$6,350	$6,350	$6,350	$6,350	$5,000	$5,000	$6,350	$5,000	$6,350
Deductible - Family	$0	$0	$0	$1,500	$2,000	$1,500	$3,000	$4,000	$3,000
Co-Insurance Limit - Family (after deductible)	$3,000	$4,000	$3,000	$4,000	$6,000	$4,500	$5,000	$8,700	$6,525
Max. Out-of-Pocket (Deductible + Coinsurance)	$3,000	$4,000	$3,000	$5,500	$8,000	$6,000	$8,000	$12,700	$9,525
Co-insurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-pay	$25	$35	$35	$25	$35	$35			
Physician Office Visit - Specialist - Co-pay	$35	$70	$70	$50	$70	$70			
Rx - Tier 1 - Generic	$10	$15	$15	$10	$15	$15			
Rx - Tier 2 - Preferred Brand	$30	$40	$40	$35	$40	$40			
Rx - Tier 3 - non-Preferred Brand	$60	$80	$80	$70	$80	$80			
Rx - Specialty	$60	$100	$100	$70	$100	$100			
Rx - OTC	$10	$15	$15	$10	$15	$15			
Hospital / Facility - In-Patient- Co-pay Per Admission	$250	$250	$250	$300	$300	$300			
Hospital / Facility - In-Patient - Coinsurance	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%			
Hospital / Facility - Outpatient - Co-pay	$100	$100	$100	$150	$150	$150			
Hospital / Facility - Outpatient - Coinsurance	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%			
Lab Services / X-Ray / Diagnostic Evaluation	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%			
Urgent Care Visit	$100	$100	$100	$150	$150	$150			
Emergency Room Visit	$100	$250	$250	$150	$300	$300			
Emergency Transportation - Ambulance	$0	$50	$50	$0	$50	$50			
High Tech Radiology - Co-pay (1st Procedure Only)	$250	$250	$250	$300	$300	$300			
High Tech Radiology - Coinsurance	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%			
Rehab / Therapy - Outpatient - Physical/Speech/Occup	80%/20%	$35	$35	80%/20%	$35	$35			
Rehab / Therapy - Outpatient - Chiropractic- Co-pay	$35	$35	$35	$50	$50	$50			
Rehab / Therapy - Outpatient - Chiropractic- Coinsurance	80%/20%	0%	0%	80%/20%	0%	0%			
Skilled Nursing - Co-pay	$250	$250	$250	$300	$300	$300			
Skilled Nursing - Coinsurance	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%			
Co-pays apply after deductible?	N	N	N	N	N	N			
OptumInsight Benefit Ratio (All Benefits)	85.8%			78.7%			73.3%		
Minimum Value Calculator Score (Essential Benefits)	89.6%			83.4%			76.4%		
PSE Premium Increase no New Reserves	36.2%			36.2%			36.2%		
ASE Premium Increase no New Reserves	27.0%			27.0%			27.0%		

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Appendices

Appendix A – Benefit Ratios / Minimum Values

- Current Plans (PSE)

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

- Preliminary impact of selected options derived from May 10th 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

Appendix B - Benefit Summary

Benefit Option Name: Last Modified: Expected Benefit Ratio: Provider Network:	Gold 1/1/2013 0.83 Health Advantage	Silver 1/1/2013 0.75 QualChoice	Bronze 1/1/2013 0.69 Health Advantage
In-Network (INN) Benefits			
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
Out-of-Network (OON) Benefits [1]			
Deductible (Individual / Family)	$1000 / $2000	$1500 / $3000	$3000 / $6000
Coinsurance	40%	40%	40%
Out-of-Pocket Max (Individual / Family)	$5000 / $10000	$5000 / $10000	$5000 / $10000
Annual Maximum INN / OON	Unlimited / Unlimited	Unlimited / Unlimited	Unlimited / Unlimited
Prescription Drugs			
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.
Selected Detail Benefits			
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

Medical Management			
PCP referral to specialists required:	No	No	No
Inpatient:	Yes	Yes	Yes
Outpatient:	Selected	Selected	Selected
Case Management:	Yes	Yes	Yes
Disease Management:	Yes, select conditions	Yes, select conditions	Yes, select conditions
Wellness:	Yes	Yes	Yes
Nurse-Line / Informed Decision Support:	Yes	Yes	Yes

Medicare Integration:	Coordination of Benefits	Not Available	Not Available
Non- Medicare Benefits Covered:	Yes, same as NME		
Non- Medicare Providers Covered:	Non-Par & Non-Accepting		
Pharmacy Covered:	Non-Par & Non-Accepting		

[1]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 - PSE Actives & NME Retirees

PSE ACTIVE RATE DEVELOPMENT for CY2014

		Gold			Silver			Bronze		
Plan:		Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
Benefit:										
Experience Period - Service (Incurred) Dates		5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13	
Experience Period - Processed (Paid) Dates		5/12 - 6/13	6/12 - 6/13		5/12 - 6/13	6/12 - 6/13		5/12 - 6/13	6/12 - 6/13	
		A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)		$154,565,067	$53,945,066	$208,510,132	$14,158,045	$5,378,232	$19,536,277	$34,064,252	$4,844,237	$38,908,489
2 Less High Cost Claims Above (Med/Rx)	$125,000 / $25,000	$11,397,093	$4,687,584	$16,084,676	$580,987	$746,057	$1,327,044	$3,362,081	$119,732	$3,481,813
3 Net Incurred Claims below Pooling Point [1 - 2]		**$143,167,974**	**$49,257,482**	**$192,425,456**	**$13,577,058**	**$4,632,174**	**$18,209,232**	**$30,702,171**	**$4,724,505**	**$35,426,676**
4 Person Months for Experience Period		517,086	514,359	**516,388**	78,765	79,580	**78,972**	289,632	293,871	**290,197**
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]		**$276.87**	**$95.76**	**$372.63**	**$172.37**	**$58.21**	**$230.58**	**$106.00**	**$16.08**	**$122.08**
6 Change in Benefits & Network/Contract During Experience Period		0.9859	0.9131		1.0903	0.9103		0.9564	0.8123	
7 Change in Demographics or Illness Burden During Experience Period		1.0147	1.0146		1.0030	1.0054		1.0009	1.0095	
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		20	19		20	19		20	19	
c) Trend Adjustment		1.1020	1.0803		1.1020	1.0803		1.1020	1.0803	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]		**$305.24**	**$95.84**	**$401.08**	**$207.72**	**$57.55**	**$265.27**	**$111.81**	**$14.25**	**$126.05**
11 Charge for Claims above Pooling Point PPPM		$18.39	$5.92	$24.32	$11.45	$3.60	$15.05	$7.04	$0.99	$8.04
12 Total Claims Charged PPPM [10 + 11]		**$323.64**	**$101.76**	**$425.40**	**$219.17**	**$61.15**	**$280.32**	**$118.85**	**$15.24**	**$134.09**
13 Change in Future Benefits & Networks/Contracts		1.0000	1.0600		1.0000	1.0600		1.0000	1.0600	
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden		1.0486	1.0486		1.1826	1.1826		1.2185	1.2185	
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]		**$339.38**	**$113.12**	**$452.49**	**$259.18**	**$76.65**	**$335.83**	**$144.82**	**$19.68**	**$164.50**
17 ACA Transitional Reinsurance Fee PPPM				$5.25			$5.25			$5.25
18 Projected Persons Months		370,035	370,035	**370,035**	158,029	158,029	**158,029**	420,435	420,435	**420,435**
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]		**$125,581,194**	**$41,856,737**	**$169,380,614**	**$40,957,843**	**$12,113,647**	**$53,901,140**	**$60,886,888**	**$8,275,752**	**$71,369,925**
20 PEPM Expense Load as % of Claims	8.0%			**$40.10**			**$35.56**			**$38.06**
21 Retiree Subsidy / Holdback PEPM				**$11.20**			**$11.20**			**$11.20**
22 Projected Expense Loaded Cost [19 + (20+21) x 23]				**$183,936,976**			**$58,114,535**			**$83,005,695**
23 Conversion to Rating Tiers [19 x rating tier x counts]		x tier	Projected		x tier	Projected		x tier	Projected	
Method:	Person	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only		1.09	238,569	**$548.08**	1.16	58,142	**$442.47**	1.10	149,873	**$236.43**
b) Employee & Spouse		2.76	6,838	**$1,315.80**	2.95	3,799	**$1,054.00**	2.81	18,174	**$525.68**
c) Employee & Child(ren)		2.10	31,105	**$1,012.56**	2.24	19,192	**$812.45**	2.13	33,737	**$411.43**
d) Family		3.78	7,073	**$1,780.28**	4.04	8,984	**$1,423.98**	3.84	34,449	**$700.68**
e) Child(ren) of Medicare Retirees		1.01	191	**$515.78**						
24 Rates Balance Confirmation			283,775	**$183,936,976**		90,116	**$58,114,535**		236,233	**$83,005,695**

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

Appendix C - PSE Medicare Retirees

PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

			Medicare	
	Plan:			
	Benefit:		Medical	Total
	Experience Period - Service (Incurred) Dates		5/12 - 4/13	
	Experience Period - Processed (Paid) Dates		5/12 - 6/13	
1	Total Incurred Medical & Rx Claims		$12,794,237	$12,794,237
2	Less High Cost Claims Above (Med/Rx)	$125,000 / $25,000	$0	$0
3	**Net Incurred Claims below Pooling Point [1 - 2]**		**$12,794,237**	**$12,794,237**
4	Person Months for Experience Period		94,810	**94,810**
5	**Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]**		**$134.95**	**$134.95**
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		20	
	c) Trend Adjustment		1.1020	
10	**Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]**		**$148.71**	**$148.71**
11	Charge for Claims above Pooling Point PPPM		$1.53	$1.53
12	**Total Claims Charged PPPM [10 + 11]**		**$150.24**	**$150.24**
13	Change in Future Benefits & Networks/Contracts		1.0000	
14	Change in Future Demographics (Age/Gender/Family) or Illness Burden		1.0000	
15	Change in Future Geographic		1.0000	
16	**Projected Incurred Claim PPPM [13 x 14 x15]**		**$150.24**	**$150.24**
17	Projected Persons Months		111,447	**111,447**
18	**Projected Total Incurred Claims [16 x 17]**		**$16,743,605**	**$16,743,605**

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

	x Non-Med. tier factor	Non-Med. PEPM	x Medicare tier factor	Medicare PEPM	Projected Ret Months	TOTAL PEPM
a) NME Retiree	1.09	$548.08	-	$0.00	24,608	**$548.08**
b) NME Retiree & NME Spouse	2.76	$1,315.80	-	$0.00	2,030	**$1,315.80**
c) NME Retiree & Child(ren)	2.10	$1,012.56	-	$0.00	244	**$1,012.56**
d) NME Retiree & NME Spouse & Child(ren)	3.78	$1,780.28	-	$0.00	203	**$1,780.28**
e) NME Retiree & ME Spouse	1.09	$548.08	1.00	$150.24	1,744	**$698.31**
f) NME Retiree & ME Spouse & Child(ren)	2.10	$1,012.56	1.00	$150.24	12	**$1,162.80**
g) ME Retiree		$0.00	1.00	$150.24	92,596	**$150.24**
h) ME Retiree & NME Spouse	1.09	$536.88	1.00	$150.24	1,230	**$687.11**
i) ME Retiree & Child(ren)	1.01	$504.58	1.00	$150.24	191	**$654.82**
j) ME Retiree & NME Spouse & Child(ren)	2.69	$1,232.21	1.00	$150.24	41	**$1,382.44**
k) ME Retiree & ME Spouse		$0.00	2.00	$300.48	7,816	**$300.48**
l) ME Retiree & ME Spouse & Child(ren)	1.01	$464.48	2.00	$300.48	-	**$764.96**
20 Rates Balance Confirmation		**$18,540,850**		**$16,743,605**		**$35,284,454**

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

Appendix C - ASE Actives & NME Retirees

ASE ACTIVE RATE DEVELOPMENT for CY2014

	Gold			Silver			Bronze		
Plan:									
Benefit:	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
Experience Period - Service (Incurred) Dates	5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13	
Experience Period - Processed (Paid) Dates	5/12 - 6/13	6/12 - 6/13		5/12 - 6/13	6/12 - 6/13		5/12 - 6/13	6/12 - 6/13	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	$159,044,681	$52,970,877	$212,015,558	$2,379,663	$795,600	$3,175,262	$3,104,808	$305,884	$3,410,692
2 Less High Cost Claims Above (Med/Rx) $125,000 $25,000	$9,526,235	$4,383,138	$13,909,372	$0	$70,270	$70,270	$96,664	$0	$96,664
3 Net Incurred Claims below Pooling Point [1 - 2]	**$149,518,446**	**$48,587,740**	**$198,106,186**	**$2,379,663**	**$725,330**	**$3,104,992**	**$3,008,144**	**$305,884**	**$3,314,028**
4 Person Months for Experience Period	600,043	600,062	**600,048**	17,067	17,472	**17,162**	37,586	38,192	**37,642**
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	**$249.18**	**$80.97**	**$330.15**	**$139.43**	**$41.51**	**$180.94**	**$80.03**	**$8.01**	**$88.04**
6 Change in Benefits & Network/Contract During Experience Period	0.9909	0.9736		1.0256	0.9775		0.9715	0.9341	
7 Change in Demographics or Risk During Experience Period	1.0022	1.0033		1.0003	1.0063		1.0024	1.0039	
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	20	19		20	19		20	19	
c) Trend Adjustment	1.1020	1.0803		1.1020	1.0803		1.1020	1.0803	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	**$272.69**	**$85.45**	**$358.13**	**$157.63**	**$44.11**	**$201.74**	**$85.89**	**$8.11**	**$94.00**
11 Charge for Claims above Pooling Point PPPM	$15.88	$7.30	$23.18	$0.00	$4.02	$4.02	$2.57	$0.00	$2.57
12 Total Claims Charged PPPM [10 + 11]	**$288.56**	**$92.75**	**$381.31**	**$157.63**	**$48.13**	**$205.76**	**$88.46**	**$8.11**	**$96.57**
13 Change in Future Benefits & Networks/Contracts	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0112	1.0112		1.2676	1.2676		1.3806	1.3806	
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]	**$291.80**	**$93.79**	**$385.60**	**$199.81**	**$61.01**	**$260.82**	**$122.12**	**$11.20**	**$133.33**
17 ACA Transitional Reinsurance Fee PPPM			$5.25			$5.25			$5.25
18 Projected Persons Months	571,573	571,573	**571,573**	33,293	33,293	**33,293**	59,768	59,768	**59,768**
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	**$166,786,658**	**$53,609,593**	**$223,397,006**	**$6,652,283**	**$2,031,306**	**$8,858,378**	**$7,299,100**	**$669,563**	**$8,282,444**
20 PEPM Expense Load as % of Claims 5.0%			**$32.50**			**$27.96**			**$30.46**
21 Projected Expense Loaded Cost [19 + 20 x 22]			**$233,951,961**			**$9,367,771**			**$9,244,987**
22 Conversion to Rating Tiers [21 x rating tier x counts]	x tier	Projected		x tier	Projected		x tier	Projected	
Method: Person	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only	1.16	187,527	**$484.12**	1.16	10,428	**$335.37**	1.15	17,290	**$190.32**
b) Employee & Spouse	2.73	42,014	**$1,098.21**	2.73	2,010	**$753.36**	2.72	4,465	**$407.70**
c) Employee & Child(ren)	1.92	57,141	**$784.41**	1.92	2,818	**$539.77**	1.92	4,252	**$296.62**
d) Family	3.49	37,104	**$1,398.50**	3.49	2,960	**$957.76**	3.49	5,589	**$513.99**
e) Child(ren) of Medicare Retirees	0.77	940	**$332.79**						
23 Rates Balance Confirmation		324,727	**$233,951,961**		18,216	**$9,367,771**		31,596	**$9,244,987**

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

Appendix C - ASE Medicare Retirees

ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

			Medical	Medicare Pharmacy	Total
	Plan:				
	Benefit:				
	Experience Period - Service (Incurred) Dates		5/12 - 4/13	6/12 - 5/13	
	Experience Period - Processed (Paid) Dates		5/12 - 6/13	6/12 - 6/13	
1	Total Incurred Medical & Rx Claims *		$18,004,610	$21,728,157	$39,732,767
2	Less High Cost Claims Above (Med/Rx)	$125,000 / $25,000	$69,753	$1,792,072	$1,861,825
3	**Net Incurred Claims below Pooling Point [1 - 2]**		**$17,934,857**	**$19,936,084**	**$37,870,942**
4	Person Months for Experience Period		114,255	114,747	**114,514**
5	**Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]**		**$156.97**	**$173.74**	**$330.71**
6	Change in Benefits/Network 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		20	19	
	c) Trend Adjustment		1.1020	1.0803	
10	**Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]**		**$172.70**	**$187.69**	**$360.40**
11	Charge for Claims above Pooling Point PPPM		$0.61	$15.62	$16.23
12	**Total Claims Charged PPPM [10 + 11]**		**$173.31**	**$203.31**	**$376.62**
13	Change in Future Benefits (Level/Mgt/Discounts)		1.0000	1.0000	
14	Change in Future Demographics (Age/Gender/Family) or Risk		1.0000	1.0000	
15	Change in Future Geographic		1.0000	1.0000	
16	**Projected Incurred Claim PPPM [13 x 14 x15]**		**$173.31**	**$203.31**	**$376.62**
17	Projected Persons Months		119,337	119,337	**119,337**
18	**Projected Total Incurred Claims [16 x 17]**		**$20,682,571**	**$24,262,517**	**$44,945,088**

* 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]	x Non-Med. tier factor	Non-Med. PEPM	x Medicare tier factor	Medicare PEPM	Projected Ee Months	TOTAL PEPM
Method: Person						
a) NME Retiree	1.16	$484.12	-	$0.00	20,021	**$484.12**
b) NME Retiree & NME Spouse	2.73	$1,098.21	-	$0.00	6,726	**$1,098.21**
c) NME Retiree & Child(ren)	1.92	$784.41	-	$0.00	944	**$784.41**
d) NME Retiree & NME Spouse & Child(ren)	3.49	$1,398.50	-	$0.00	405	**$1,398.50**
e) NME Retiree & ME Spouse	1.16	$484.12	1.00	$376.62	2,837	**$860.75**
f) NME Retiree & ME Spouse & Child(ren)	1.92	$784.41	1.00	$376.62	110	**$1,161.04**
g) ME Retiree	-	$0.00	1.00	$376.62	62,950	**$376.62**
h) ME Retiree & NME Spouse	1.16	$484.12	1.00	$376.62	4,386	**$860.75**
i) ME Retiree & Child(ren)	0.77	$332.79	1.00	$376.62	719	**$709.42**
j) ME Retiree & NME Spouse & Child(ren)	2.34	$914.38	1.00	$376.62	357	**$1,291.00**
k) ME Retiree & ME Spouse	-	$0.00	2.00	$753.25	23,767	**$753.25**
l) ME Retiree & ME Spouse & Child(ren)	0.77	$300.29	2.00	$753.25	222	**$1,053.54**
20 Rates Balance Confirmation		**$22,601,576**		**$44,945,088**		**$67,546,664**

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

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

Administrative Expenses, Benefits, Medical Management	For 2013 $ million
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) $0.1
Total	**Up to $7.2**

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
Actives & NME Retirees				
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
ME Retirees				
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 necessarily 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) (cont.)

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

Note: The impact of multiple changes is not necessarily 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.

Appendix E – Assumptions and Methods 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. For this presentation, CY2010 large claims are assumed to be the most representative.

In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the Employee Benefits Division of the State of Arkansas (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 EBD 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 30 were provided by EBD.

Appendix E – Assumptions and Methods
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 April 2013