



AGENDA

State and Public School Life and Health Insurance Board

EBD Board Room - 501 Building - 5th Floor

August 20, 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**.....*Lloyd Black, Chair*
Benefits Sub-Committee
- 5. DUEC Drug recommendations**.....*Dr. Kat Neil*
DUEC Chair
- 6. 2014 Plan Design** *John Colberg, Cheiron*
- 7. Director's Report***Doug Shackelford*
Interim Executive Director

Upcoming Meetings

October 15th
November 19th

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

July 16, 2013

Approved at August 20, 2013 Meeting

The 130th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on July 16, 2013 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT

Bob Alexander
Lloyd Black
Katrina Burnett
Kelly Chaney
Shawn Cook
Janis Harrison
John Kirtley
Dr. Andrew Kumpuris
Renee Mallory
Carla Wooley-Haugen

MEMBERS ABSENT

Dr. Joseph Thompson
Mark White

Doug Shackelford, Interim 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, Makesha 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 McCoe, 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 John Kirtley, Chair

APPROVAL OF MINUTES

The request was made by Kirtley to approve the June 18, 2013 minutes. Mallory made the motion to approve minutes. Harrison seconded. Minutes approved.

FINANCIALS *by Marla Wallace, CFO*

Wallace reported on PSE and ASE for the month of July 2013.

PSE: There was no extra revenue for the month. There was a \$10 million loss for the month. There were (5) weeks of claims for Medical and Pharmacy. IBNR shows a \$3.3 million increase(claims) and a \$800,000.00 loss(RX) net increase \$2.5 million. The year-to-date loss is \$18 million. The catastrophic reserve has been depleted. In August, we should receive the \$8 million from the State.

ASE: There was an increase of FICA savings, \$3.8 million, retirement drug subsidies \$1.6 million, IBNR \$2.1 million, decrease \$800,000.00(RX), net increase of \$1.3 million.

The year-to-date loss is \$1.6 million, but still behind \$8.4 million. Catastrophic reserve and allocated reserve is still in place. Net assets of \$13.5 million.

BENEFITS SUB-COMMITTEE REPORT - PRELIMINARY RATES FOR CY 2014 *by Doug Shackelford, Interim Executive Director*

Shackelford Reported that the Benefits Sub-Committee met on Friday, July12, 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.

*No adverse effect on members.

*Note: There is a way to get more if needed, under a prior authorization.

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

Dr. David Keisner reported that meters were not covered under Pharmacy. Lori Eden, Acting Operations Manager explained that meters are covered under Medical.

Recommendation #1. Moved by Harrison, Seconded by Mallory. Vote; Motion passed.

Recommendation #2. Moved by Black, Seconded by Harrison. Vote; Motion passed.

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.

2014 PLAN DESIGN, by *John Colberg, FSA, MAAA; Karen Mallett, FSA, MAAA 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:

<u>Service</u>	<u>#</u>	<u>Cost</u>
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:

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

Illustration refers to the services in the following table:

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

Question from Board member Black regarding beneficiary changes. Have letters been mailed? Chang responded that letters have been mailed and are still being sent. Chang reported that its an ongoing process to identify eligible members from USAble. According to Change USAble submitted names to Minnesota Life that should not have been submitted. Chang reported that the list is still being reconciled.

Black asked if Sylvia Landers is the Minnesota Life representative onsite at EBD. Chang confirmed.

DIRECTOR'S REPORT *by Doug Shackelford, Interim Executive Director*

Shackelford reported that a little more than two weeks ago he was named Interim Director of Employee Benefits Division. Shackelford reminded the Board that the next meeting is scheduled for August 20, 2013 at 1:00pm in the EBD Board room. He reminded the Board members that it will be at that meeting that recommendations from the committees will be submitted.

Harrison moved to accept the Directors report, Mallory seconded, Vote: Motion carried.

Chairperson Kirtley announced that the Board would go into Executive Session. Harrison moved to go into Executive Session, Mallory seconded. Motion carried. Board exits to another meeting room.

Reconvene: The Board announced that a committee has been formed to review and interview candidates for the Executive Director position.

Meeting adjourned.



Both ASE and PSE showed significant gains in July. Because we had to book the last week of June claims in June (which normally are paid the first week of July) for closing book purposes, we only had three (3) weeks of claims paid for medical and pharmacy in July.

PSE NOTES:

- This was a month where we received the quarterly payment for PSE from the Dept. of Education (\$3.75 million)
- Last month our Net Assets Available was a negative \$7 Million, but with this month's increase it brings our negative assets available closer to \$0
- Last month our year-to-date loss was \$18.2 Million and with the increase this month we are showing a \$10.4 Million loss now.

ASE NOTES:

- Last month our year-to-date loss was \$8.4 Million and with the increase this month we are now showing a YTD loss of \$727,675.
- This is the first month where we are seeing the state match increase from \$390 per budgeted position to \$410 per budgeted position.
- We have \$21 Million Net Assets Available.

LOOKING FORWARD

- We have received the \$8 Million from the state and this money will show on our August financials.
- August will have 5 weeks of claims for both medical and pharmacy.

Public School Employees (PSE) Financials - January 1, 2013 through July 31, 2013

	Gold	Silver	Bronze	Total
Actives	35,626	7,548	25,677	68,851
Retirees	2,709	78	1,318	4,105
Medicare	8,923			8,923
Total	47,258	7,626	26,995	81,879

Revenues & Expenditures

Funding	Current Month	Year to Date (7 months)
District Contribution	\$ 7,924,572	\$ 56,888,356
Employee Contribution	\$ 10,816,365	\$ 76,907,620
Dept of Ed \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 30,340,909
Other	\$ 2,411	\$ 1,122,031
Allocation for Active/Retiree Premiums for Plan Year 2013	\$ 750,000	\$ 5,250,000
Total Funding	\$ 26,425,167	\$ 170,508,918
Expenses		
Medical Expenses:		
Claims Expense	\$ 12,792,399	\$ 124,023,490
Claims IBNR	\$ -	\$ 3,300,000
Medical Admin Fees	\$ 1,580,858	\$ 11,184,072
Refunds	\$ 6,377	\$ (56,047)
Employee Assistance Program (EAP)	\$ 79,052	\$ 569,751
Pharmacy Expenses:		
RX Claims	\$ 3,361,868	\$ 37,471,509
RX IBNR	\$ -	\$ (800,000)
RX Admin	\$ 318,917	\$ 2,347,082
Plan Administration	\$ 563,665	\$ 2,927,593
Total Expenses	\$ 18,703,137	\$ 180,967,450
Net Income/(Loss)	\$ 7,722,030	\$ (10,458,533)

Balance Sheet

Assets		
Bank Account		\$ 16,167,431
State Treasury		\$ 13,078,118
Receivable from Provider		\$ 329,647
Accounts Receivable		\$ 5,415,417
Due from ASE		\$ 488,688
Total Assets		\$ 35,479,301
Liabilities		
Accounts Payable		\$ 1,691
Due to ASE		\$ 80,461
Deferred Revenues		\$ 1,970,072
Health IBNR		\$ 28,000,000
RX IBNR		\$ 1,800,000
Total Liabilities		\$ 31,852,224
Net Assets		\$ 3,627,077
Less Reserves Allocated:		
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13 (\$9,000,000)		\$ (3,750,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14 (\$3,600,000)		\$ -
Catastrophic Reserve (2013 - \$11,100,000)		\$ -
Net Assets Available		\$ (122,923)

Public School Employees (PSE) Financials - January 1, 2012 through July 31, 2012

	Gold	Silver	Bronze	Total
Actives	51,808	1,509	15,926	69,243
Retirees	2,524	7	290	2,821
Medicare	7,619			7,619
Total	61,951	1,516	16,216	79,683

Revenues & Expenditures

Funding	Current Month	Year to Date (7 months)
District Contribution	\$ 7,792,503	\$ 54,592,612
Employee Contribution	\$ 10,697,446	\$ 76,636,250
Dept of Ed \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 30,340,909
Other	\$ 8,953	\$ 1,259,054
Allocation for Active/Retiree Premiums for Plan Year 2012	\$ 1,400,000	\$ 9,800,000
Total Funding	\$ 26,830,720	\$ 172,628,826
Expenses		
Medical Expenses:		
Claims Expense	\$ 17,820,352	\$ 128,202,084
Claims IBNR	\$ -	\$ (800,000)
Medical Admin Fees	\$ 1,543,051	\$ 11,208,828
Refunds	\$ 4,573	\$ 89,722
Employee Assistance Program (EAP)	\$ 80,023	\$ 570,213
Pharmacy Expenses:		
RX Claims	\$ 3,506,548	\$ 36,544,142
RX IBNR	\$ -	\$ 260,000
RX Admin	\$ 75,839	\$ 713,305
Plan Administration	\$ 321,879	\$ 2,886,301
Total Expenses	\$ 23,352,265	\$ 179,674,595
Net Income/(Loss)	\$ 3,478,455	\$ (7,045,769)

Balance Sheet

Assets	
Bank Account	\$ 15,261,542
State Treasury	\$ 45,003,590
Receivable from Provider	\$ 618,474
Accounts Receivable	\$ 1,459,356
Due from ASE	\$ 386
Total Assets	\$ 62,343,348
Liabilities	
Accounts Payable	\$ 4,826,564
Due to ASE	\$ -
Deferred Revenues	\$ 1,684,367
Health IBNR	\$ 24,700,000
RX IBNR	\$ 2,600,000
Total Liabilities	\$ 33,810,931
Net Assets	\$ 28,532,417
Less Reserves Allocated:	
Active/Retiree Premiums for Plan Year 01/01/12 - 12/31/12 (\$16,800,000)	\$ (7,000,000)
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)	\$ (8,932,417)
Net Assets Available	\$ 0

Arkansas State Employees (ASE) Financials - January 1, 2013 through July 31, 2013				
	Gold	Silver	Bronze	Total
Actives	45,080	2,231	3,503	50,814
Retirees	3,472	27	77	3,576
Medicare	10,531			10,531
Total	59,083	2,258	3,580	64,921
Revenues & Expenditures				
Funding			Current Month	Year to Date (7 months)
State Contribution			\$ 14,317,970	\$ 95,560,284
Employee Contribution			\$ 7,270,249	\$ 50,658,698
Other			\$ 9,596	\$ 7,976,520
Allocation for Active/Retiree Plan Year 2013			\$ 2,236,667	\$ 15,656,667
Total Funding			\$ 23,834,482	\$ 169,852,169
Expenses				
Medical Expenses				
Claims Expense			\$ 10,524,804	\$ 108,612,213
Claims IBNR			\$ -	\$ 2,100,000
Medical Admin Fees			\$ 1,109,448	\$ 7,664,917
Refunds			\$ 6,123	\$ 34,249
Employee Assistance Program (EAP)			\$ 56,445	\$ 395,578
Life Insurance			\$ 54,869	\$ 384,467
Pharmacy Expenses				
RX Claims			\$ 3,749,102	\$ 48,164,723
RX IBNR			\$ -	\$ (800,000)
RX Admin			\$ 247,669	\$ 1,809,924
Plan Administration			\$ 379,831	\$ 2,213,772
Total Expenses			\$ 16,128,290	\$ 170,579,843
Net Income/(Loss)			\$ 7,706,191	\$ (727,675)
Balance Sheet				
Assets				
Bank Account			\$	13,018,743
State Treasury			\$	73,502,014
Due from Cafeteria Plan			\$	4,538,305
Due from PSE			\$	80,461
Receivable from Provider			\$	202,527
Accounts Receivable			\$	402,846
Total Assets			\$	91,744,896
Liabilities				
Accounts Payable			\$	2,680
Deferred Revenues			\$	94,693
Due to Cafeteria			\$	769
Due to PSE			\$	488,688
Health IBNR			\$	23,200,000
RX IBNR			\$	2,400,000
Total Liabilities			\$	26,186,829
Net Assets			\$	65,558,067
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13			\$	(11,183,333)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14			\$	(16,850,000)
Active/Retiree Premiums for Plan Year 1/1/15 - 12/31/15			\$	(6,260,000)
Catastrophic Reserve			\$	(10,000,000)
Net Assets Available			\$	21,264,734

Arkansas State Employees (ASE) Financials - January 1, 2012 through July 31, 2012				
	Gold	Silver	Bronze	Total
Actives	46,538	1,193	2,782	50,513
Retirees	3,188	9	50	3,247
Medicare	9,792			9,792
Total	59,518	1,202	2,832	63,552
Revenues & Expenditures				
			Current Month	Year to Date (7 months)
Funding				
State Contribution			\$ 13,559,320	\$ 94,491,316
Employee Contribution			\$ 7,156,908	\$ 50,128,984
Other			\$ 8,624	\$ 8,655,062
Allocation for Active/Retiree Plan Year 2012			\$ 1,554,167	\$ 10,879,167
Total Funding			\$ 22,279,019	\$ 164,154,529
Expenses				
Medical Expenses				
Claims Expense			\$ 13,531,830	\$ 105,310,119
Claims IBNR			\$ -	\$ (470,000)
Medical Admin Fees			\$ 1,047,896	\$ 7,552,502
Refunds			\$ 10,587	\$ 132,907
Employee Assistance Program (EAP)			\$ 56,912	\$ 400,595
Life Insurance			\$ 101,675	\$ 715,880
Pharmacy Expenses				
RX Claims			\$ 4,303,909	\$ 44,705,610
RX IBNR			\$ -	\$ 520,000
RX Admin			\$ 73,693	\$ 709,886
Plan Administration			\$ 275,842	\$ 2,135,638
Total Expenses			\$ 19,402,344	\$ 161,713,138
Net Income/(Loss)			\$ 2,876,674	\$ 2,441,391
Balance Sheet				
Assets				
Bank Account				\$ 15,153,724
State Treasury				\$ 98,134,124
Due from Cafeteria Plan				\$ 4,770,958
Due from PSE				\$ -
Receivable from Provider				\$ 446,749
Accounts Receivable				\$ (775,951)
Total Assets				\$ 117,729,604
Liabilities				
Accounts Payable				\$ 3,666,709
Deferred Revenues				\$ 4,106,567
Due to Cafeteria				\$ -
Due to PSE				\$ 386
Health IBNR				\$ 21,100,000
RX IBNR				\$ 3,200,000
Total Liabilities				\$ 32,073,662
Net Assets				\$ 85,655,942
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 1/1/12 - 12/31/12	(\$18,650,000)			\$ (7,770,833)
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				\$ 50,235,109



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

The following report resulted from the Benefits Sub-Committee meeting on August 7, 2013; with Lloyd Black, Chair presiding.

Benefits Sub-Committee recommends to the Board; three plan designs alternatives for Plan Year 2014;

Alternative 3 for the Gold Plan, alternative 3 for the Silver Plan and alternative 2 for the Bronze Plan.

As directed by the Board, the Sub-Committee heard and discussed the updated presentation from Cheiron regarding Preliminary Rates for Plan Year 2014;

The recommendation of the Sub-Committee was to not make a decision about the funding and to defer to the Board

DRUG NAME	Generic Name	SIMILAR THERAPIES ON FORMULARY/ AWP	PRICING (AWP)	INDICATION	Connie Notes	Consultant's Notes	DUEC Vote	IB Vote
Tecfidera caps (specialty drug)	BG-12, dimethyl fumarate	Other oral agents to treat MS are Gilenya (\$5,562/28 days) and Aubagio (\$4,565/28 days)	\$5,400/30 days	Tx of patients with relapsing forms of multiple sclerosis. Dose = 480mg/day	Available in specialty pharmacies including Briovaxx	T3 PA. What if they are on other MS drug therapy? Tested against plac in 2y, R, DB, PC trial in pts with RRMS. Primary endpt was # of relapsed patients after 2y. Tecf 27% relapsed vs 46% w/ placebo (p<0.0001). Not intended to be compared with glatramer although the 2 were both compared to placebo.	T3, PA, 30 day QL	
Cystaran Ophth Soln (specialty drug)	cysteamine 0.44% (ophthalmic solution)		\$1,050/15ml bottle	Tx of corneal cystine crystal accumulation in patients with cystinosis. Dose = 1 drop in each eye every waking hour	Available from Accredo Specialty Pharmacy only	Specialty tier. Cysteamine acts as a cystine-depleting agent by converting cystine to cysteine and cysteine-cysteamine mixed disulfides and reducing corneal cystine crystal accumulation. From the PI: Clinical efficacy was evaluated in controlled clinical trials in approximately 300 patients. The primary efficacy end point was the response rate of eyes that had a reduction of at least 1 unit in the photo-rated Corneal Cystine Crystal Score (CCCS) at some time point during the study when baseline CCCS ≥1, or a lack of an increase of more than 1 unit in CCCS throughout the study when baseline CCCS <1. Study 1 combined the data from three smaller studies. For eyes with a lower baseline of CCCS <1, the response rate was 13% (4/30) [95% CI: (4, 32)]. For eyes with a higher baseline of CCCS ≥1, the response rate was 32% (94/291) [95% CI: (27, 38)]. Study 2 evaluated ocular cystinosis patients who had a baseline of CCCS ≥1. The response rate was 67% (10/15) [95% CI: (38, 88)]. Study 3 also evaluated ocular cystinosis patients; for eyes with a baseline of CCCS ≥1, the response rate was 33% (3/9) [95% CI: (8, 70)]. Corneal crystals accumulate if CYSTARAN is discontinued.	T3, PA	
Simbrinza Ophth Susp	brinzolamide-brimonidine	Azopt (brinzolamide 1%) \$145/10ml. Brimonidine 0.2% \$65/10ml bottle	\$105/8ml bottle	Beta-blocker free, fixed combination therapy for glaucoma/ocular hypertension. Dose = 3 drops/day		T3. Brinzolamide (carbonic anhydrase inhibitor) + brimonidine (α2 agonist). Consensus states prostaglandins are 1st line. Some metaanalyses found PGs to be more effective than beta blockers, CAinhibitors, and alpha agonists. Nonresponders should seek sgy. Also available are: dorzolamide 2% (generic) 10mL--\$66.75 Trusopt (brand) dorzolamide 2%, 5&10mL--\$92.04 Acopt (brand brinzolamide) 1%, 2.5.5, 10--\$145.26, .15mL Combigan (brimonidine + timolol), .5mL \$112.51	T2	
Sirturo 100mg tabs	bedaquiline		\$35,908/24 weeks therapy	First new antibacterial indicated for the tx of tuberculosis in over 40 years and is indicated as part of a combination therapy for adults with pulmonary multi-drug resistant tuberculosis (MDR-TB) Dose=400mg/day for 2 weeks, then 200mg three times a week. Total duration is 24 weeks	Data from a clinical trial has associated Sirturo with an increased risk of death. Therapy should be directly observed to ensure compliance. In 2011, 98 cases of MDR-TB were reported in the US by the CDC	Consider specialty tier without restriction since the AR Health Dept determines all therapy for TB. Dr. Naveen Patel. For MDR-TB as part of combo tx. Dose is 400mg qd for 2 weeks, then 200mg TIW for 24 w under DOT. If T3PA, criteria would be. 1. Dx of MDR-TB, 2. At least 3 other TB antibiotics with shown susceptibility in vitro. Mortality was higher with bedaquiline (11.4%) vs placebo (2.5%). QT prolongation is a problem. Allow initial fill without PA (3 days) if this can be arranged.	T3, PA	

Mekinist tabs (specialty drug)	Trametinib (a MEK inhibitor, aka MAPK kinase)		\$8,700/30 day supply	Indicated for the treatment of patients with unresectable or metastatic melanoma with BRAF V600E or V600K mutations, as detected by an FDA-approved test. Dose = 2mg once daily	Available in specialty pharmacies including BrivoRx	Specialty Tier, PA. Criteria: 1. Dx of metastatic melanoma, 2. ECOG 0-1 at initial request, 3. BRAF V600E or V600K mutation confirmed by FDA approved test. Notes: may allow even if brain mets; Limit to 15 days supply like Zelboraf. NEJM. 2012;367:107-14. Before 2010, no systemic therapy had been shown to improve OS in metastatic melanoma, (only modest improvements with interferon). Ipilimumab (Yervoy), a monoclonal Ab targeting cytotoxic T-lymphocyte-associated antigen 4 (CTLA-4), and vemurafenib (Zelboraf), a selective BRAF inhibitor, have both been shown to improve OS. We cover Yervoy on the medical side. We cover Zelboraf (oral) w/a PA (requiring Dx of unresectable or metastatic, previously untreated stage IIIC or stage IV melanoma that tested positive for the BRAF V600E mutation on real-time polymerase-chain-reaction assay. (Not the wildtype BRAF); allow a 15 days supply. @ 6m the OS was 84% vs 64% in the dacarbazine group in that study. Activating mutations in serine-threonine protein kinase BRAF (BRAF), a constituent of the MAP kinase signal-transduction pathway, were first described in 2002 and have been identified in approximately 50% of patients with advanced melanoma. The most commonly observed BRAF mutation, V600E, and the next most common, V600K, account for 95% of the BRAF mutations found in all patients with cancer. Activated BRAF phosphorylates and activates MEK proteins (MEK1 and MEK2), which in turn phosphorylates and activates ERK proteins (ERK1 and ERK2). Line extension. Consider upper age limit for the suspension or consider exclusion if other tablets or capsules are on profile.	T3, PA
Prezista Susp 100mg/ml (specialty drug)	darunavir	Prezista tabs pricing: 7.5mg/\$2.72, 150mg/\$5.45, 400mg/\$21.81, 82,600mg/\$21.81, 7,800mg/\$43.63	\$725/200ml bottle (\$3.46/100mg)	Tx of HIV infection	New dosage form. Prezista currently covered by plan		T2, PA age limit of 7
Namenda XR caps (7,14,21,28 mg and titration pack)	memantine	Namenda immediate release. Dose = 20mg/day. \$318/30 days	\$302/30 days	Treatment of Alzheimer's disease. Dose = 28mg /day	Namenda immediate release expected to be available in generic version early 2015.	Propose to PA all existing memantine, allowing access for MMSE 14 or less. Once approved, the pt would be approved for life. Consider move to T3 for both IR and XR. Price is similar. If cover XR, place QL of 1tab/day (3/31d). IR is currently T2. IR is BID with doses >5mg. Target is 20mg daily given 10mg BID. ArchNeuro Meta-analysis: Memantine lacks evidence of benefit in AD if MMSE score is 14 or less. Schneider LS, et al. Lack of Evidence for the efficacy of memantine in mild AD. Arch Neurol. 2011;68(8):991-998. CochSysRev, Memantine in dementia: Main results: 1. Moderate to severe AD. Two out of three six month studies show a small beneficial effect of memantine. Pooled data indicate a beneficial effect at six months on cognition (2.97 points on the 100 point SIB, 95% CI 1.68 to 4.26, P < 0.00001). activities of daily living (1.27 points on the 54 point ADCS-ADLsev, 95% CI 0.44 to 2.09, P = 0.003) and behaviour (2.76 points on the 344 point NPI, 95% CI 0.88 to 4.63, P = 0.004), supported by clinical impression of change (0.28 points on the 7 point CIBIC+, 95% CI 0.15 to 0.41, P < 0.0001). 2. Mild to moderate AD. Pooled data from three unpublished studies indicate a marginal beneficial effect at six months on ITT cognition (0.59 points on the 70 point CIBIC+, 95% CI 0.15 to 0.41, P < 0.0001). Alternative 3GCSPs are available (celfpodoxime, and cefdinir (Omnicef)).	T3 PA All Namenda Products with 90 day lookback
Suprax 400mg capsules		Suprax 400mg tabs. \$20.17/tab	\$20.17/cap		new dosage formulation	Cover 400mg tab or capsule with a QL of 1 per rx. Exclude all other brand Suprax. Alternative 3GCSPs are available (celfpodoxime, and cefdinir (Omnicef)).	T2, QL, Exclude all other Suprax strengths
Flumist				Influenza virus vaccine live quadrivalent intranasal suspension		Cover for free. Added another B strain (previously had 2 A strains and 1 B strain).	free
Fluzone inj				Influenza virus vaccine live quadrivalent injection		Cover for free. Added another B strain (previously had 2 A strains and 1 B strain).	free

DRUG NAME	Generic Name	SIMILAR THERAPIES ON FORMULARY/ AWP	PRICING (AWP)	INDICATION	Connie Notes	Consultant's Notes	DUEC Vote	IB Vote
Tecfidera caps (specialty drug)	BG-12, dimethyl fumarate	Other oral agents to treat MS are Gilenya (\$5,562/28 days) and Aubagio (\$4,565/28 days)	\$5,400/30 days	Tx of patients with relapsing forms of multiple sclerosis. Dose = 480mg/day	Available in specialty pharmacies including Briovax	T3 PA. What if they are on other MS drug therapy? Tested against plac in 2y, R, DB, PC trial in pts with RRMS. Primary endpt was % of relapsed patients after 2y. Tecf 27% relapsed vs 46% w/ placebo (p<0.0001). Not intended to be compared with glatiramer although the 2 were both compared to placebo.	T3, PA, 30 day QL	
Cystaran Ophth Soln (specialty drug)	cysteamine 0.44% (ophthalmic solution)		\$1,050/15ml bottle	Tx of corneal cystine crystal accumulation in patients with cystinosis. Dose = 1 drop in each eye every waking hour	Available from Accredo Specialty Pharmacy only	Specialty tier. Cysteamine acts as a cystine-depleting agent by converting cystine to cysteine and cysteine-cysteamine mixed disulfides and reducing corneal cystine crystal accumulation. From the PI: Clinical efficacy was evaluated in controlled clinical trials in approximately 300 patients. The primary efficacy end point was the response rate of eyes that had a reduction of at least 1 unit in the photo-rated Corneal Cystine Crystal Score (CCCS) at some time point during the study when baseline CCCS ≥1, or a lack of an increase of more than 1 unit in CCCS throughout the study when baseline CCCS <1. Study 1 combined the data from three smaller studies. For eyes with a lower baseline of CCCS <1, the response rate was 13% (4/30) [95% CI: (4, 32)]. For eyes with a higher baseline of CCCS ≥1, the response rate was 32% (94/291) [95% CI: (27, 38)]. Study 2 evaluated ocular cystinosis patients who had a baseline of CCCS ≥1. The response rate was 67% (10/15) [95% CI: (38, 88)]. Study 3 also evaluated ocular cystinosis patients; for eyes with a baseline of CCCS ≥1, the response rate was 33% (3/9) [95% CI: (8, 70)]. Corneal crystals accumulate if CYSTARAN is discontinued.	T3, PA	
Simbrinza Ophth Susp	brinzolamide-brimonidine	Aropt (brinzolamide 1%) \$145/10ml. Brimonidine 0.2% \$65/10ml bottle	\$105/8ml bottle	Beta-blocker free, fixed combination therapy for glaucoma/ocular hypertension. Dose = 3 drops/day		T3. Brinzolamide (carbonic anhydrase inhibitor) + brimonidine (α2 agonist). Consensus states prostaglandins are 1st line. Some metaanalyses found PGs to be more effective than beta blockers, CAinhibitors, and alpha agonists. Nonresponders should seek sgy. Also available are: dorzolamide 2% (generic) 10ml--\$66.75 Trusopt (brand) dorzolamide 2%, 5.8, 10ml--\$92.04 Aopt (brand brinzolamide) 1%, 2.5, 5, 10--\$145.26, 15ml. Combigan (brimonidine + timololol), 5ml, \$112.51	T2	
Sirturo 100mg tabs	bedaquiline		\$35,908/24 weeks therapy	First new antibacterial indicated for the tx of tuberculosis in over 40 years and is indicated as part of a combination therapy for adults with pulmonary multi-drug resistant tuberculosis (MDRA-TB) Dose=400mg/day for 2 weeks, then 200mg three times a week. Total duration is 24 weeks	Data from a clinical trial has associated Sirturo with an increased risk of death. Therapy should be directly observed to ensure compliance. In 2011, 98 cases of MDR-TB were reported in the US by the CDC	Consider specialty tier without restriction since the AR Health Dept determines all therapy for TB. Dr. Naveen Patil. For MDR-TB as part of combo tx. Dose is 400mg qd for 2 weeks, then 200mg TIW for 24 w under DOT, if T3PA, criteria would be. 1. Dx of MDR-TB. 2. At least 3 other TB antibiotics with shown susceptibility in vitro. Mortality was higher with bedaquiline (11.4%) vs placebo (2.5%). QT prolongation is a problem. Allow initial fill without PA (3 days) if this can be arranged.	T3, PA	

DRUG NAME	Generic Name	SIMILAR THERAPIES ON FORMULARY/ AWP	PRICING (AWP)	INDICATION	Connie Notes	Consultant's Notes	DUEC Vote	IB Vote
Signifar Injection (specialty drug)	Pasireotide		\$17,000/month	Tx of Cushing's disease for whom pituitary surgery is no an option or has not been curative. Dose = 0.6-0.9mg subQ bid	Only available through an exclusive single specialty pharmacy. Not available through Brnovalrx	Exclude. EBIX P8 voted exclude due to DM, cost with lack of data; also no comparison to adrenalectomy, a definitive therapy. This drug is longterm maintenance with high cost.	exclude	
Suclear Kit	sodium sulfate, potassium sulfate, magnesium sulfate, and polyethylene glycol-electrolyte solution	Colyte(\$45), Golyte (\$24), PEG 3350(\$28), Nulytely (\$32)	\$77/kit	Bowel prep kit		Exclude based on cost. Many other PEG available. Suclear available at least 2 ways: Solution: oral: sodium sulfate 17.5 g, potassium sulfate 3.13 g, magnesium sulfate 1.6 g, Sodium benzoate, sucralose. In 180 ml, with mixing container. Powder for solution: oral: PEG 3350 210 g, sodium chloride 5.6 g, sodium bicarbonate 2.86 g, potassium chloride 0.74 g. With cherry, lemon-lime, orange, and pineapple flavor packs. In 2 L bottles. No information on whether "Kit" contains something more.	Exclude and exclude prepopik	
Invokana tabs	canagliflozin		30/300mg tabs = \$315.60	Tx of adults w/ Type 2 diabetes. Dose = 100-300mg/day	First in a new class called "glucuretic". Acts on kidneys to increase the loss of glucose in the urine. NOTE: Since the AWP of the 100mg tab and 300mg is the same, I would consider a QL of 60 for the 100mg tabs. If a member needs a 300mg dose, more cost effective to take 1-300mg tab instead of 3-100mg tabs.	Exclude. FDA is requiring five postmarketing studies for canagliflozin: a cardiovascular outcomes trial; a bone safety study; two pediatric studies under the Pediatric Research Equity Act, including a pharmacokinetic and pharmacodynamic study and a safety and efficacy study; and an enhanced pharmacovigilance program to monitor for malignancies, serious cases of pancreatitis, severe hypersensitivity reactions, liver abnormalities, photosensitivity reactions, and adverse pregnancy outcomes. High incidence of vaginal candidiasis and/or UTI. NO outcomes data. Lowered AIC by 1% (300mg) or 0.75% (100mg). Exclude until outcomes data. In addition to canagliflozin, a handful of other SGLT2 inhibitors are in the pipeline. In January 2012, the SGLT2 inhibitor dapagliflozin (Forxiga—Astrazeneca, Bristol-Myers Squibb), was not approved by FDA because of breast and bladder cancer concerns; however, it was approved in Europe a few months later. In March 2013, another SGLT2 inhibitor, empagliflozin (Boehringer Ingelheim—Eli Lilly), was submitted to FDA for approval.	Exclude	
TOBI Podhair caps (specialty drug)	tobramycin	Tobi Nebu Soln (\$8,583/28 days)	\$8,583/28 days	Management of cystic fibrosis patients with Pseudomonas aeruginosa. Dose- 112mg (4-28mg caps) bid for 28 days	Portable and requires no nebulizer, refrigeration, or power source to deliver medicine. Inhaled orally with Podhair device.	Exclude. Journal of Cystic Fibrosis 10 (2011) 54-61. RCT compared TIP vs TIS. Cough was higher in TIP than TIS (TIP: 25.3% vs TIS 4.3%). Overall discontinuation rate was higher for TIP 26.9% vs TIS18.2%. SAEs were similar. The proportion of patients requiring any new antipseudomonal antibiotic was significantly higher with TIP than TIS (64.9% versus 54.5%, p = 0.0148). Increases in FEV1 % predicted from baseline to D28 were noninferior. The lower limit (-0.67%) of the one-sided 85% [CI] (equivalent to 70% two-sided) was within the predefined 6% margin for predefined non-inferiority indicating that TIP was non-inferior to TIS. Mean duration of administration was 5.6min TIP vs 19.7min TIS, p<0.0001. Global satisfaction & convenience was greater for TIP.	Exclude	
Cerefolin tabs	folate and B12 combo			Multiple vitamin		This is a medical food. Pricing: \$411.64 for #90. No info on plain Cerefolin. Cerefolin NAC contains L-methylfolate 5mg, methylcobalamin 2mg, NAC 600mg, B2 5mg.	Exclude	

Ospemifene 60mg tabs	Symptomatic vaginal atrophy that does not respond to nonhormonal vaginal lubricants may require Rx therapy. Rx therapies available to this point have been oral and local estrogen therapies. (Premarin tabs of Premarin Vaginal Cream)	\$189/60/30 days	Tx of moderate to severe dyspareunia, a symptom of vulvar and vaginal atrophy (VVA). Dose = 60mg/day. First treatment approved for VVA that is not a systemic or local estrogen.			Menopause. 2003;10(5):433-439. Showed improved estrogenic effects on vaginal epithelium by increased intermediate and superficial cells in repeat Pap smears without endometrial hyperplasia. J Bone Miner Metab (2006) 24:314-318 showed similar advantageous effects on bone turnover surrogate markers as raloxifene. May be an alternative to women seeking to avoid estrogen exposure. Not yet compared to topical Premarin for dyspareunia.	Exclude
Osipemifene 10mg and pyridoxine 10mg delayed release tabs			Treatment of pregnancy induced nausea/vomiting			Exclude or TX. The "new" Bendectin. Taken 2-3/day-\$530/month. 10mg of doxylamine, 10mg pyridoxine. Doxylamine 25mg is OTC. Aldex-AN is Rx but is 5mg chewable and expensive (\$249/20/100, \$2.49ea X 2/dose is \$5/dose X TID is \$15/day or \$465/31d; then add pyridoxine. Considerations: it's finite. Promethazine or ondansetron are alternatives and are generic.	Exclude
Liptruzet tabs	Zetia 10mg = \$198/30 days. Atrovastatin 20mg = generic Lipitor.	\$198/30 days	Tx of hypercholesterolemia/hyperlipoproteinemia	Liptruzet is same price as Zetia - member paying 1 copay.		Exclude. ENHANCE showed combined therapy with ezetimibe and simvastatin did not result in a significant difference in changes in intima-media thickness, as compared with simvastatin alone, despite decreases in levels of LDL cholesterol and C-reactive protein. Consider excluding ezetimibe.	Exclude along with All Zetia Products
Procybin delayed release	Cystagon (immediate release cysteamine) 500-50mg/\$190. 500-150mg/\$555	bottle of 60-25mg = \$4,482. bottle 250-75mg = \$18,675	For treatment of cystinosis			Exclude. Can use IR. For nephropathic cystinosis in age 6&up. Maintenance dose is 2g/d in 4 divided doses. Noninferior to Cystagon IR capsules at maintaining WBC cystine levels in patients with cystinosis but at a lower total daily dose. Article N/A full text http://www.ncbi.nlm.nih.gov/pubmed/225547164 . IR is must less costly.	Exclude
Minastrin 24 chewable tab		\$99/28 days	Oral contraceptive			Exclude. No info as of 7/18/13.	Exclude
Quartette tabs		\$329/91 days	Oral contraceptive - 91 day regimen			Exclude. 4-phase OC; different from Natazia. Quartette is also extended cycle-91 days.	Exclude
Tafilar caps (specialty drug)	Dabrafenib (a selective BRAF inhibitor)	\$7,600/30 day supply	Indicated for the treatment of patients with unresectable or metastatic melanoma with BRAF V600E mutation, as detected by an FDA-approved test. Dose = 150mg twice daily	Available in specialty pharmacies including Briovax		Exclude. NO OS data yet. Revisit in 1/2014. NEJM. 2012;367:1694-703. Difficult publication reporting 4 parts	Exclude, Review in 6 months
Belviq tabs	N/A	\$239/30 day supply	Anti-obesity	GPI 6125** already set to reject on plan		Exclude. Not medically necessary to date. 3 Phase 3 trials. Measured >5% weight loss from baseline. RCT. 2 v trial. N=3182. 48% Belviq vs 20% plac (year 1). p<0.0001. Belviq 67.9% vs plac 50.3% (Year 2). Without valvulopathy Trial completion rate 35	Exclude
Breo Ellipta inh (fluticasone furoate vilanterol)	Advair Disk (\$258), Advair HFA (\$240), Dulera (\$268) Symbicort (\$247)	\$320/mo	Tx of bronchitis, COPD, emphysema	Advantage - once daily dosing. BREO = brand name for the medication combination. Ellipta = name for the inhalation device		Exclude. Indicated for COPD. Trial was vs placebo, not other ICS/LABA combos. (Boscia JA, et al. Effect of once daily fluticasone furoate/vilanterol on 24 hour pulmonary function in patients with COPD: a R, 3-way, incomplete block, crossover study. Clin Therapeutics. 2012;34(8):1655-1666. The drug was better than placebo. Not yet indicated for asthma. One trial evaluating safety and tolerability. More expensive than any of the others.	Exclude
LidoRx 3% gel	Lidocaine 2% jelly - \$19/30ml	\$147/30ml bottle	Topical anesthesia	New dosage strength		Exclude. There is already OTC: 0.5%, 2%, 4%, 5% gels available. There is also Rx 2% jelly.	Exclude
Prolensa Solution 0.07%	Bromfenac (\$205/1.7ml). Bromfenac 0.09% (\$145/2.5ml)	\$205/1.6ml	Tx of ocular pain/inflammation			Exclude. Ophthalmic NSAID. This is the only 0.07%. There is brand and generic Bromfenac 0.09% soln. Pay more for less. There were several trials in PubMed but they seemed to all use 0.09%. The 2 studies in the PI were vs placebo. It works better than placebo for post cataract removal on the endpts inflammation and pain.	Exclude

Atitor tabs for oral suspension (2.5 and 5mg) (specialty drug)		Atitor 5mg = \$315/tab.	AWP = \$315/tab	New dosage formulation (Disperz) tabs for suspension - for children with rare brain tumor.	Disperz tabs = same price as regular tabs	Consider upper age limit to select out children or others who cannot swallow and are not currently using other tablets or capsules.	Tableted
Suprax Suspension 500mg/5ml		Suprax 200mg/5ml = \$511/75ml	10ml bottle = \$171. 20ml bottle = \$342	Antibiotic - third generation cephalosporin	New dosage strength	Exclude	exclude
Zenzedi 2.5mg tabs	dextroamphetamine sulfate	Dextroamphetamine 5mg \$2.90/tab	\$5.17/tab	Tx of ADHD and narcolepsy	Zenzedi is available in 2.5, 5, 7.5, and 10mg tabs. All strengths are available generically except 2.5 and 7.5mg	Exclude or RP to other generics. This is a branded generic. Only 2.5mg tablet. Generic is scored 5mg tab. Use: ADHD, narcolepsy. Very few start at 2.5mg tab (very young).	exclude
Zenzedi 7.5mg tabs	dextroamphetamine sulfate		\$5.17/tab	Tx of ADHD and narcolepsy		Exclude or RP to other generics. This is a branded generic. Only 2.5mg tablet. Generic is scored 5mg tab. Use: ADHD, narcolepsy. Very few start at 2.5mg tab (very young).	exclude
EX Flu Shot Kit				Influenza virus vaccine split quadrivalent inj kit		Exclude kits	exclude
EZ Flu Shot Kit PF			\$328/unit			Exclude kits	exclude
Topicort Spray 0.25% (desoximetasone)		desoximetasone topical cream \$10.61/15gm tube	\$502/100ml bottle	Topical, medium to high-potency synthetic fluorinated corticosteroid		This is the only spray. There are both brand and generic 0.25% creams and ointments.	exclude
Nymalize Solution (nimodipine) 60mg/20ml		Nimodipine 30mg caps. \$5,352/21 days	\$9,000/21 days of therapy	Treatment of subarachnoid hemorrhage. 60mg by mouth every 4 hours x 21 days	New oral formulation may help reduce potentially fatal medication errors.	Exclude. Use nimodipine capsules or nicardipine. No evidence of fatal medication error reduction vs oral capsule. Nimodipine 30mg oral capsules available. Cochrane says oral nimodipine reduces post SAH disability.	exclude

Other Items		DUEC VOTE	Board Vote
2nd Review Drugs	Zytiga	T3PA	
	Lyrica	Reference price to gabapentin	
Oral Contraceptives	LoLoestrin, Loestrin 24, Ortho Tri Cyclen Lo	Move 3 Brand OC's with no generic available from \$0 to T3	
Medical foods	Deplin, Foltx, Metanx	Exclude all medical foods	
Reference Pricing	Amphetamines	Reference price long acting for >26 starting 1/1/14. Due to system error, midyear change did not take place.	
	Antidepressants	Reference Price SSRI, SNRI's starting 1/1/14	
	ARB's	Reference Price starting 1/1/14	

Arkansas State Employees & Public School Employees Health Benefits Program

Preliminary Rates and Benefit Design for CY 2014

State and Public School
Life and Health Insurance Board



August 20, 2013

John Colberg, FSA, MAAA

Karen Mallett, FSA, MAAA



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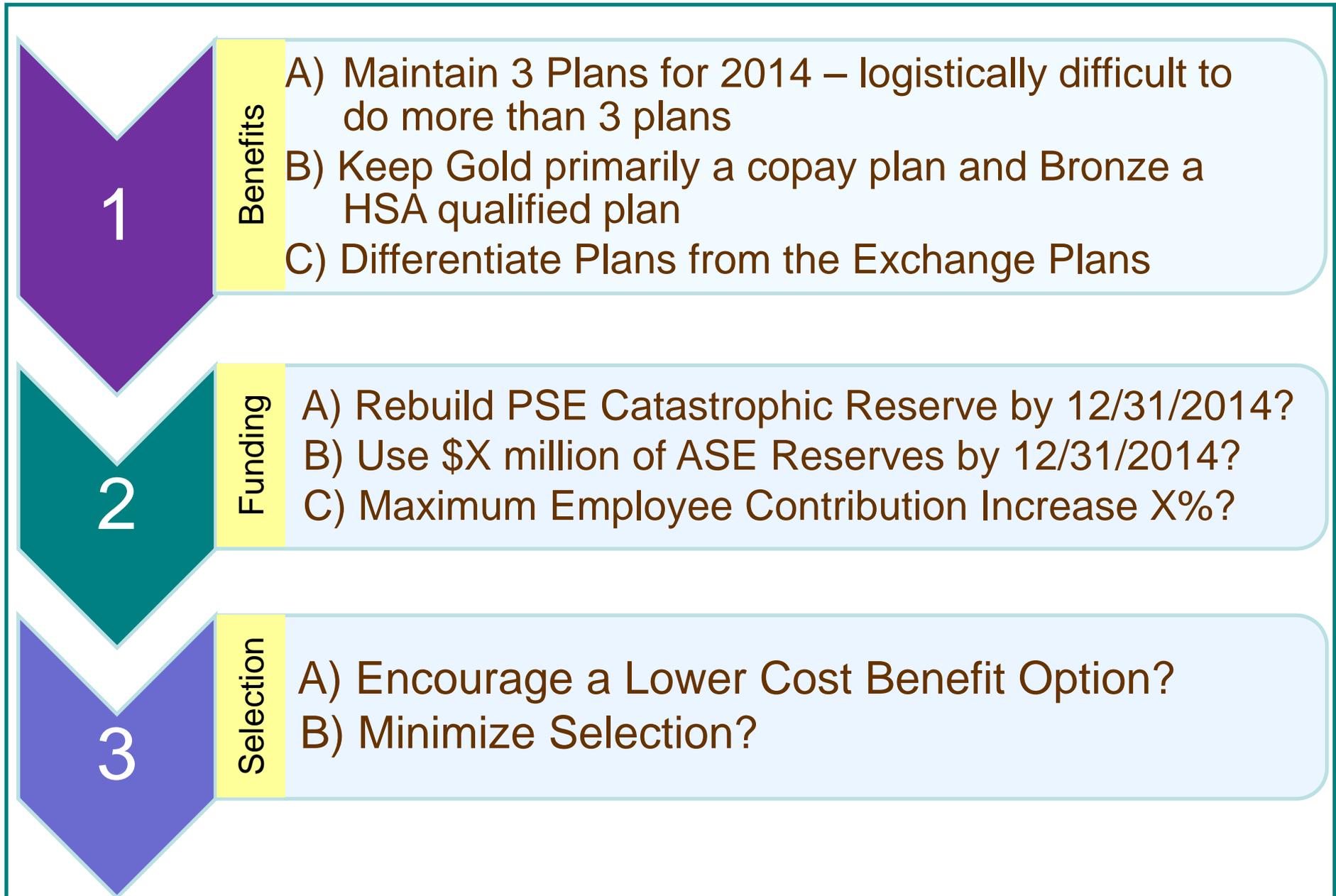
Updated Reserve Projections

\$ in millions	PSE		ASE	
	As of <u>July 31, 2013</u>	Projected to <u>Dec. 31, 2013</u>	As of <u>July 31, 2013</u>	Projected to <u>Dec. 31, 2013</u>
Assets	\$33.4	\$30.6	\$91.1	\$76.6
IBNR Reserves	(\$29.8)	(\$29.8)	(\$25.6)	(\$25.6)
Future Premiums	(\$3.7)	\$0.0	(\$34.3)	(\$23.1)
Contingency Reserves	<u>\$0.0</u>	<u>\$0.0</u>	<u>(\$10.0)</u>	<u>(\$10.0)</u>
Net Assets Available	(\$0.1)	\$0.8	\$21.2	\$17.9

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



AR Health Goals/Philosophies



Benefits Committee Recommended Designs

<i>Yellow highlight means the coverage is changed</i>						
	Current Gold	Recommended Gold	Current Silver	Recommended Silver	Current Bronze	Recommended Bronze
In-Network:						
Deductible - Individual	\$0	\$0	\$750	\$1,000	\$1,500	\$2,000
Co-Insurance Limit - Individual (after Deductible)	\$1,500	\$2,500	\$2,000	\$3,000	\$2,500	\$4,350
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$1,500	\$2,500	\$2,750	\$4,000	\$4,000	\$6,350
True Out-of-Pocket (Deductible + Co-Insurance + Co-Pay)	\$6,350	\$2,500	\$6,350	\$4,000	\$4,000	\$6,350
Deductible - Family	\$0	\$0	\$1,500	\$2,000	\$3,000	\$3,000
Co-Insurance Limit - Family (after Deductible)	\$3,000	\$5,000	\$4,000	\$6,000	\$5,000	\$6,525
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$3,000	\$5,000	\$5,500	\$8,000	\$8,000	\$9,525
True Out-of-Pocket (Deductible + Co-Insurance + Co-Pay)	\$12,700	\$5,000	\$12,700	\$8,000	\$8,000	\$9,525
True Out-of-Pocket includes Rx?	N	N	N	N	Y	Y
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-Pay	\$25	\$35	\$25	\$35		
Physician Office Visit - Specialist - Co-Pay	\$35	\$70	\$50	\$70		
Rx - Tier 1 - Generic	\$10	\$15	\$10	\$15		
Rx - Tier 2 - Preferred Brand	\$30	\$40	\$35	\$40		
Rx - Tier 3 - Non-Preferred Brand	\$60	\$80	\$70	\$80		
Rx - Specialty	w/ Tier	\$100	w/ Tier	\$100		
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission*	\$250	\$250	\$300	\$300		
Hospital / Facility - Outpatient - Co-Pay*	\$100	\$100	\$150	\$150		
Urgent Care Visit	\$100	\$100	\$150	\$150		
Emergency Room Visit	\$100	\$250	\$150	\$300		
Emergency Transportation - Ambulance	\$0	\$50	\$0	\$50		
High Tech Radiology - Co-Pay (1st Procedure Only)*	\$250	\$250	\$300	\$300		
Rehab / Therapy - Outpatient - Physical/Speech/Occup	80%/20%	\$35	Ded+80%/20%	\$35		
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay	\$35	\$35	\$50	\$50		
Rehab / Therapy - Outpatient - Chiropractic - Co-Insurance	80%/20%	0%	Ded+80%/20%	0%		
Out-of-Network:						
Deductible - Individual/Family	\$1,000/\$2,000	\$1,000/\$2,000	\$1,500/\$3,000	\$2,000/\$4,000	\$3,000/\$6,000	\$4,000/\$8,000
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	\$5,000/\$10,000	\$5,000/\$10,000	\$6,000/\$12,000	\$5,000/\$10,000	\$8,700/\$13,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6,000/\$12,000	\$6,000/\$12,000	\$6,000/\$12,000	\$8,000/\$16,000	\$8,000/\$16,000	\$12,700/\$19,000

*Co-Insurance also applies



Benefits Committee Recommended Designs

Actives & Non-Medicare Retirees

	Current Gold	Recommended Gold	Current Silver	Recommended Silver	Current Bronze	Recommended Bronze
PSE actual % paid (2012)	84.7%	81.0%	80.8%	77.4%	64.8%	62.6%
MV scores(Essential Benefits)	89.6%	85.5%	83.4%	78.8%	76.4%	71.3%

Medicare Retirees

- Retirees pay lesser of copay or amount not paid by Medicare
- Office visit copays of \$10 for Primary Care Provider; \$30 for Specialist
- All other copays same as Non-Medicare Gold
- Maximum medical copay amount of \$1,500 per person per year

Benefits Committee Did Not Make Recommendations on

- Contribution Rates
- Changes to Pharmacy Reimbursements/Generic Incentive Program



Pharmacy Fees and Discounts

	ASE & PSE In 2012	Average 2012 Survey*	Recent Observations**
Dispensing Fees			
- Retail Generic	\$2.00-\$6.00	\$1.66	\$0.85 to \$1.00
- Retail Brand	\$2.00	\$1.68	\$0.85 to \$1.00
- Specialty	\$2.00	\$1.10	\$0 to \$5.00
Discount Off AWP			
- Retail Generic	69.8%	70.6%	75 to 78%
- Retail Brand	10.5%	16.4%	15 to 16%
- Specialty	12.6%	16.3%	13 to 18%
Rebates	100% of actual	87% of actual	70 to 100% of actual + \$/script guarantees
Admin Fees	\$0.65 per Rx	Not surveyed	\$0 to \$1.25 per Rx

➤ Generic Incentive Program

- Innovative and effective when implemented in 2007
- Tremendous change the industry
- Increased use of reference pricing
- Removing had \$2 million impact on PSE in 6 months

* *PBMI 2012-2013 Prescription Drug Cost and Benefit Design Report; Averages for Large Employers. Note that Retail Brand discount is a blend of pre and post the First DataBank modifications.*

** *Range from winning proposals for three large Cheiron clients in the past year.*



AR Health Goals/Philosophies

Rebuilding PSE Reserves

- A \$5 increase in every employee/retiree monthly contribution rate would add \$3.5 million to reserves.
 - \$5 per adult (i.e., \$10 for employee/spouse and family) would add \$4.0 million
- Continuing the \$2 dispensing fee for generic would add \$3.1 million to reserves
 - Reducing the dispensing fee to \$1.68 would add \$3.4 million to reserves (\$0.3 million more than the \$2)
 - Reducing the brand reimbursement to AWP -15% would add \$2.4 million to reserves
- All scenarios presented are projected to maintain the reserves at 12/31/2013 levels. Additional amounts would need to be added to increase reserves and/or allow for experience worse than projected.



AR Health Goals/Philosophies

Use of ASE Reserves

- ASE is projected to have \$17.9 million as of 12/31/2013 in excess reserves, but \$19.5 million is needed to keep rates unchanged with recommended plan design.
- A \$5 increase in every employee/retiree monthly contribution rate would reduce the required reserve allocation by \$4.6 million.
 - \$5 per adult (i.e., \$10 for employee/spouse and family) would reduce the required reserve allocation by \$5.9 million.
- Applying the \$2 dispensing fee for generic to ASE would reduce the required reserve allocation by \$6.9 million to reserves.
 - Reducing the dispensing fee to \$1.68 would reduce the reserve allocation by \$7.4 million (\$0.5 million more than the \$2).
 - Reducing the brand reimbursement to AWP - 15% would reduce the reserve allocation by \$5.8 million.



AR Health Goals/Philosophies

Supporting Information on Selection

- Adverse selection can occur when the morbidity differs between plan options. This allows participants to choose plans that benefit them at the expense of plan. For example:
 - Healthy participants in the Gold option (who are less healthy than the average Bronze participant) choose the Bronze option.
 - This results in both the Gold and Bronze new average participant being less healthy.
- Increased migration will likely increase the required rates of all plan options (Gold, Silver, Bronze) – see illustration next slide.
 - Alternative migration scenarios show the impact.
- 2013 premium differential in Gold vs. Bronze is greater than the difference in out-of-pocket maximum.
- If minimizing selection is a goal:
 - Increase dollar amount of contributions for Silver/Bronze at least as much as (if not more than) the dollar increase for Gold.
 - Maximize the difference in out-of-pocket maximums between Gold and Bronze (with Silver in the middle).
 - Rate all plan options with average morbidity and only differentiate for benefit difference.



Plan Migration Illustration

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

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



Enrollment Details Actives

		PSE			ASE			
		Average for 2012	Actual June 2013	Proj. Avg for 2014*	Average for 2012	Actual June 2013	Proj. 2014 (Baseline)	Proj. 2014 (Double)
Gold	Single	28,924	23,370	0 - 19,981	14,545	13,911	13,357	12,803
	Employee/Spouse	954	526	0 - 210	3,180	3,043	2,941	2,838
	Employee/Child(ren)	5,173	3,445	0 - 1,826	4,913	4,873	4,644	4,415
	Family	1,539	752	0 - 226	3,234	3,168	3,058	2,949
	Total	36,591	28,093	0 - 22,243	25,872	24,995	24,000	23,005
Silver	Single	502	2,790	0 - 5,776	337	700	865	1,029
	Employee/Spouse	39	179	0 - 284	80	126	159	192
	Employee/Child(ren)	193	965	0 - 1,710	93	190	233	276
	Family	139	409	0 - 522	104	182	243	305
	Total	872	4,343	0 - 8,240	613	1,198	1,500	1,802
Bronze	Single	5,955	9,110	11,096 - 35,270	844	1,022	1,434	1,846
	Employee/Spouse	709	1,002	1,265 - 1,707	200	244	360	476
	Employee/Child(ren)	1,138	2,285	3,491 - 6,695	192	273	353	433
	Family	1,457	2,151	2,565 - 3,312	267	314	453	593
	Total	9,259	14,548	18,417 - 46,984	1,503	1,853	2,600	3,347
TOTAL	Single	35,381	35,270	35,270 - 37,295	15,726	15,633	15,655	15,678
	Employee/Spouse	1,702	1,707	1,707 - 1,832	3,460	3,413	3,459	3,506
	Employee/Child(ren)	6,504	6,695	6,695 - 7,195	5,197	5,336	5,230	5,125
	Family	3,135	3,312	3,312 - 3,662	3,606	3,664	3,755	3,846
	Total	46,721	46,984	46,984 - 49,984	27,989	28,046	28,100	28,154

*Depends upon migration scenario selected. See following slide.



Enrollment Details

Under Alternative PSE Migration Scenarios

Migration Scenario	PSE Scenarios					
	A	B	C	D	E	F
Gold						
Employee Only	19,981	19,631	17,831	16,331	14,631	-
Employee & Spouse	210	184	92	92	16	-
Employee & Child(ren)	1,826	1,309	792	792	103	-
Family	226	38	23	23	23	-
	22,243	21,162	18,738	17,238	14,772	-
Silver						
Employee Only	4,192	4,426	4,901	5,301	5,776	-
Employee & Spouse	232	232	255	260	284	-
Employee & Child(ren)	1,378	1,378	1,518	1,523	1,710	-
Family	522	447	460	460	470	-
	6,324	6,483	7,133	7,543	8,240	-
Bronze						
Employee Only	11,096	11,213	12,738	14,263	16,888	35,270
Employee & Spouse	1,265	1,291	1,360	1,380	1,533	1,707
Employee & Child(ren)	3,491	4,008	4,535	4,580	5,382	6,695
Family	2,565	2,828	2,979	2,979	3,169	3,312
	18,417	19,340	21,613	23,203	26,972	46,984
	46,984	46,984	47,484	47,984	49,984	46,984

*In scenario F, all NME retirees are moved to Bronze as well.
Note: The figures presented are preliminary and subject to change.*

Enrollment Details Retirees

Average for Year Ending		PSE			ASE		
		Average for 2012	Actual June 2013	Proj. Avg for 2014	Average for 2012	Actual June 2013	Proj. Avg for 2014
Retirees Non Medicare Eligible (NME) Gold	Retiree Only	1,963	1,930	2,051	1,513	1,687	1,668
	Retiree + NME Spouse	178	153	169	517	553	560
	Retiree + Child(ren)	16	19	20	75	83	79
	Retiree + NME Spouse + Child(ren)	17	17	17	35	30	34
	Retiree + ME Spouse	129	136	145	213	227	236
	Retiree + ME Spouse + Child(ren)	1	1	1	13	7	9
	Total	2,304	2,256	2,403	2,366	2,587	2,587
Silver	Retiree Only	9	31	100	0	8	4
	Retiree + NME Spouse	-	1	3	2	6	9
	Retiree + Child(ren)	-	1	-	1	1	2
	Retiree + NME Spouse + Child(ren)	-	1	4	1	3	3
	Total	9	34	107	4	18	18
Bronze	Retiree Only	221	550	953	6	7	7
	Retiree + NME Spouse	46	113	197	6	13	12
	Retiree + Child(ren)	7	16	31	1	2	1
	Retiree + NME Spouse + Child(ren)	9	31	48	7	11	12
	Total	284	710	1,228	19	33	33
TOTAL	NME Retirees	2,597	3,000	3,739	2,389	2,638	2,638
Retirees Medicare Eligible (ME)	Retiree Only	6,271	6,961	7,716	4,939	5,188	5,246
	Retiree + NME Spouse	98	91	103	359	365	365
	Retiree + Child(ren)	14	12	16	58	59	60
	Retiree + NME Spouse + Child(ren)	2	2	3	28	33	30
	Retiree + ME Spouse	530	597	651	1,854	1,945	1,981
	Retiree + ME Spouse + Child(ren)	1	1	-	18	19	18
	ME Retirees	6,916	7,664	8,489	7,254	7,609	7,700

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



PSE Actives

2014 Employee Contribution Rates Using Percentage Rate Increase Across Plans

Migration Scenarios	A	B	C	D	E	F	
Actives	2014 Total EE Cost						2013 Total EE Cost
Gold							
Employee Only	\$299.00	\$309.02	\$328.02	\$336.38	\$365.60	n/a	\$226.70
Employee & Spouse	1,127.84	1,137.26	1,171.00	1,200.06	1,258.54	n/a	1,027.20
Employee & Child(ren)	766.92	792.62	841.34	862.80	937.76	n/a	581.48
Family	1,358.42	1,403.94	1,490.24	1,528.26	1,661.02	n/a	1,029.96
Est. Monthly Tot (\$mil)	\$7.9	\$7.4	\$6.7	\$6.3	\$5.5		
Silver							
Employee Only	\$207.80	\$214.78	\$227.98	\$233.78	\$254.10	n/a	\$157.56
Employee & Spouse	834.50	830.06	848.34	849.82	862.50	n/a	713.86
Employee & Child(ren)	532.96	550.82	584.70	599.60	634.34	n/a	404.10
Family	944.04	975.68	1,035.66	1,062.08	1,154.34	n/a	715.78
Est. Monthly Tot (\$mil)	\$2.3	\$2.3	\$2.7	\$2.9	\$3.3		
Bronze							
Employee Only	\$43.18	\$43.64	\$44.46	\$44.84	\$46.12	\$129.00	\$10.00
Employee & Spouse	319.80	330.52	350.84	359.80	391.04	641.72	242.48
Employee & Child(ren)	142.86	147.66	156.72	160.72	174.68	314.12	108.32
Family	323.14	333.96	354.50	363.54	395.12	710.50	245.00
Est. Monthly Tot (\$mil)	\$2.2	\$2.5	\$2.8	\$3.0	\$3.6	\$10.1	
Total Monthly (\$mil)	\$12.2	\$11.8	\$11.9	\$12.5	\$12.4	\$10.1	

Employee Contributions capped at the total premium less District contribution. Where the cap applies, the percent increase may not be the same across plans. Employee only Bronze increased by an additional \$30.

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

Safe harbor affordability employee only rate is \$90.96 in 2014.



PSE Actives

Change from 2013

Using Percentage Rate Increase Across Plans

Migration Scenarios	A		B		C		D		E		F	
Actives	Change in Premiums (\$/%)											
Gold												
Employee Only	\$72.30	32%	\$82.32	36%	\$101.32	45%	\$109.68	48%	\$138.90	61%	n/a	n/a
Employee & Spouse	100.64	10%	110.06	11%	143.80	14%	172.86	17%	\$231.34	23%	n/a	n/a
Employee & Child(ren)	185.44	32%	211.14	36%	259.86	45%	281.32	48%	\$356.28	61%	n/a	n/a
Family	328.46	32%	373.98	36%	460.28	45%	498.30	48%	\$631.06	61%	n/a	n/a
Silver												
Employee Only	\$50.24	32%	\$57.22	36%	\$70.42	45%	\$76.22	48%	\$96.54	61%	n/a	n/a
Employee & Spouse	120.64	17%	116.20	16%	134.48	19%	135.96	19%	\$148.64	21%	n/a	n/a
Employee & Child(ren)	128.86	32%	146.72	36%	180.60	45%	195.50	48%	\$230.24	57%	n/a	n/a
Family	228.26	32%	259.90	36%	319.88	45%	346.30	48%	\$438.56	61%	n/a	n/a
Bronze												
Employee Only	\$33.18	332%	\$33.64	336%	\$34.46	345%	\$34.84	348%	\$36.12	361%	\$119.00	1190%
Employee & Spouse	77.32	32%	88.04	36%	108.36	45%	117.32	48%	\$148.56	61%	399.24	165%
Employee & Child(ren)	34.54	32%	39.34	36%	48.40	45%	52.40	48%	\$66.36	61%	205.80	190%
Family	78.14	32%	88.96	36%	109.50	45%	118.54	48%	\$150.12	61%	465.50	190%

Employee Contributions capped at the total premium less District contribution. Where the cap applies, the percent increase may not be the same across plans. Employee only Bronze increased by an additional \$30.
Note: All figures presented are preliminary and subject to change.



PSE Actives

2014 Employee Contribution Rates Using Same Dollar Increase Across Plans

Migration Scenarios	A	B	C	D	E	F	
Actives	2014 Total EE Cost						2013 Total EE Cost
Gold							
Employee Only	\$270.52	\$273.40	\$279.88	\$282.46	\$289.98	n/a	\$226.70
Employee & Spouse	1,127.84	1,137.26	1,171.00	1,200.06	1,258.54	n/a	1,027.20
Employee & Child(ren)	693.88	701.26	717.90	724.52	743.78	n/a	581.48
Family	1,229.06	1,242.14	1,271.58	1,283.34	1,317.42	n/a	1,029.96
Est. Monthly Tot (\$mil)							
Silver							
Employee Only	\$201.38	\$204.26	\$210.74	\$213.32	\$220.84	n/a	\$157.56
Employee & Spouse	834.50	830.06	848.34	849.82	862.50	n/a	713.86
Employee & Child(ren)	516.50	523.88	540.52	547.14	566.40	n/a	404.10
Family	914.88	927.96	957.40	969.16	1,003.24	n/a	715.78
Est. Monthly Tot (\$mil)							
Bronze							
Employee Only	\$53.82	\$56.70	\$63.18	\$65.76	\$73.28	\$129.00	\$10.00
Employee & Spouse	396.48	418.46	437.02	440.98	458.38	641.72	242.48
Employee & Child(ren)	220.72	228.10	244.74	251.36	270.62	314.12	108.32
Family	444.10	457.18	486.62	498.38	532.46	710.50	245.00
Est. Monthly Tot (\$mil)	\$3.0	\$3.5	\$4.0	\$5.4	\$5.1	\$10.1	
Total Monthly (\$mil)	\$12.4	\$12.1	\$12.0	\$12.6	\$12.4	\$10.1	

Employee Contributions capped at the total premium less District contribution. Where the cap applies, the dollar amount of an increase may not be the same across plans.

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

Safe harbor affordability employee only rate is \$90.96 in 2014.



PSE Actives

Change from 2013

Using Same Dollar Increase Across Plans

Migration Scenarios	A		B		C		D		E		F	
Actives	Change in Premiums (\$/%)											
Gold												
Employee Only	\$43.82	19%	\$46.70	21%	\$53.18	23%	\$55.76	25%	\$63.28	28%	n/a	n/a
Employee & Spouse	100.64	10%	110.06	11%	143.80	14%	172.86	17%	\$231.34	23%	n/a	n/a
Employee & Child(ren)	112.40	19%	119.78	21%	136.42	23%	143.04	25%	\$162.30	28%	n/a	n/a
Family	199.10	19%	212.18	21%	241.62	23%	253.38	25%	\$287.46	28%	n/a	n/a
Silver												
Employee Only	\$43.82	28%	\$46.70	30%	\$53.18	34%	\$55.76	35%	\$63.28	40%	n/a	n/a
Employee & Spouse	120.64	17%	116.20	16%	134.48	19%	135.96	19%	\$148.64	21%	n/a	n/a
Employee & Child(ren)	112.40	28%	119.78	30%	136.42	34%	143.04	35%	\$162.30	40%	n/a	n/a
Family	199.10	28%	212.18	30%	241.62	34%	253.38	35%	\$287.46	40%	n/a	n/a
Bronze												
Employee Only	\$43.82	438%	\$46.70	467%	\$53.18	532%	\$55.76	558%	\$63.28	633%	\$119.00	1190%
Employee & Spouse	154.00	64%	175.98	73%	194.54	80%	198.50	82%	\$215.90	89%	399.24	165%
Employee & Child(ren)	112.40	104%	119.78	111%	136.42	126%	143.04	132%	\$162.30	150%	205.80	190%
Family	199.10	81%	212.18	87%	241.62	99%	253.38	103%	\$287.46	117%	465.50	190%

Employee Contributions capped at the total premium less District contribution. Where the cap applies, the dollar amount of an increase may not be the same across plans.

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



PSE NME Retirees

2014 Contribution Rates

Migration Scenarios	A	B	C	D	E	F	
NME Retirees	2014 Total Ret. Cost						2013 Total Ret. Cost
Gold							
Retiree Only	\$533.76	\$537.24	\$550.42	\$561.72	\$584.44	n/a	\$469.68
Retiree & NME SP	1,277.84	1,287.26	1,321.00	1,350.06	1,408.54	n/a	1,186.36
Retiree & Child(ren)	988.24	995.36	1,021.10	1,043.24	1,087.80	n/a	821.66
Retiree & NME SP&CH	1,732.32	1,745.38	1,791.68	1,831.60	1,911.92	n/a	1,538.32
Retiree & ME SP	656.58	660.06	673.26	684.56	707.26	n/a	609.06
Retiree & ME SP & CH	1,111.08	1,118.18	1,143.94	1,166.08	1,210.64	n/a	961.04
Est. Monthly Tot (\$mil)	\$1.5	\$1.5	\$1.5	\$1.5	\$1.6		
Silver							
Employee Only	\$415.90	\$413.94	\$421.08	\$421.54	\$426.30	n/a	\$401.62
Employee & Spouse	1,097.40	1,097.40	1,097.40	1,097.40	1,097.40	n/a	1,097.40
Employee & Child(ren)	763.20	759.72	773.68	774.76	784.34	n/a	712.64
Family	1,331.80	1,325.84	1,350.94	1,353.04	1,370.54	n/a	1,200.54
Est. Monthly Tot (\$mil)	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1		
Bronze							
Employee Only	\$245.58	\$253.98	\$261.22	\$262.66	\$269.26	\$341.58	\$182.78
Employee & Spouse	546.48	568.46	587.02	590.98	608.38	791.72	421.00
Employee & Child(ren)	429.36	446.08	460.22	463.20	476.40	616.52	299.78
Family	730.26	760.54	786.02	791.52	815.50	1,066.68	538.02
Est. Monthly Tot (\$mil)	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$1.6	
Total Monthly (\$mil)	\$1.9	\$1.9	\$2.0	\$2.0	\$2.1	\$1.6	

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



PSE ME Retirees

2014 Contribution Rates

	2014 Total Ret. Cost						Ret. Cost
Medicare Eligible	A	B	C	D	E	F*	
Retiree Only	\$52.44	\$52.44	\$51.75	\$51.05	\$50.14	\$52.44	\$50.14
Retiree & NME SP	645.39	648.87	662.06	673.35	696.07	597.87	597.87
Retiree & Child(ren)	608.82	612.09	624.47	635.03	656.08	509.62	509.62
Retiree & NME SP&CH	1,205.95	1,215.54	1,247.50	1,274.99	1,328.05	1,061.68	1,061.68
Retiree & ME SP	210.47	210.48	210.13	209.78	208.39	210.48	206.42
Retiree & ME SP & CH	700.15	703.79	716.34	727.19	749.04	630.74	630.74
	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	
Medicare Eligible	Dollar Change from 2013						
Retiree Only	\$2.30	\$2.30	\$1.61	\$0.91	\$0.00	\$2.30	
Retiree & NME SP	\$47.52	\$51.00	\$64.19	\$75.48	\$98.20	\$0.00	
Retiree & Child(ren)	\$99.20	\$102.47	\$114.85	\$125.41	\$146.46	\$0.00	
Retiree & NME SP&CH	\$144.27	\$153.86	\$185.82	\$213.31	\$266.37	\$0.00	
Retiree & ME SP	\$4.05	\$4.06	\$3.71	\$3.36	\$1.97	\$4.06	
Retiree & ME SP & CH	\$69.41	\$73.05	\$85.60	\$96.45	\$118.30	\$0.00	

*Non-Medicare Dependents in Scenario F are assumed to be in Bronze



PSE Migration Sensitivity Impact on Reserves

		Scenario Used To Set the Rates (Level %)					
		A	B	C	D	E	F
What Actually Happens	A	\$0.0	\$5.0	\$15.4	\$20.7	\$38.7	n/a
	B	(\$4.7)	\$0.0	\$9.9	\$15.0	\$32.3	n/a
	C	(\$13.9)	(\$9.5)	\$0.0	\$4.9	\$21.3	n/a
	D	(\$18.3)	(\$13.9)	(\$4.7)	\$0.0	\$16.1	n/a
	E	(\$32.7)	(\$28.6)	(\$19.8)	(\$15.3)	\$0.0	n/a
	F	(\$64.6)	(\$63.1)	(\$59.4)	(\$57.1)	(\$49.1)	\$0.0

		Scenario Used To Set the Rates (Same \$)					
		A	B	C	D	E	F
What actually happens	A	\$0.0	\$3.0	\$10.0	\$13.6	\$24.5	n/a
	B	(\$3.0)	\$0.0	\$7.1	\$10.6	\$21.5	n/a
	C	(\$10.2)	(\$7.2)	\$0.0	\$3.5	\$14.5	n/a
	D	(\$13.8)	(\$10.8)	(\$3.5)	\$0.0	\$11.1	n/a
	E	(\$25.6)	(\$22.4)	(\$14.9)	(\$11.3)	\$0.0	n/a
	F	(\$47.5)	(\$44.4)	(\$37.4)	(\$33.9)	(\$23.1)	\$0.0



ASE: Active Contribution Rates

Assuming \$17.9 Million New Reserves Allocated

Migration Scenarios	Baseline	Double	Baseline	Double	
Actives	2014 Total EE Cost (Level %)		2014 Total EE Cost (Same \$)		2013 Total EE Cost
Gold					
Employee Only	\$96.69	\$96.74	\$96.62	\$96.66	\$95.78
Employee & Spouse	371.23	371.42	370.98	371.12	367.74
Employee & Child(ren)	195.48	195.58	195.34	195.42	193.64
Family	423.61	423.82	423.31	423.48	419.62
Est. Monthly Tot (\$mil)	\$4.6	\$4.6	\$4.6	\$4.6	
Silver					
Employee Only	\$62.72	\$62.74	\$62.96	\$63.00	\$62.12
Employee & Spouse	285.20	285.34	285.76	285.90	282.52
Employee & Child(ren)	142.78	142.86	143.14	143.22	141.44
Family	327.68	327.84	328.30	328.46	324.60
Est. Monthly Tot (\$mil)	\$0.2	\$0.2	\$0.2	\$0.2	
Bronze					
Employee Only	\$0.00	\$0.00	\$0.84	\$0.88	\$0.00
Employee & Spouse	77.96	78.00	80.46	80.60	77.22
Employee & Child(ren)	28.10	28.12	29.54	29.62	27.84
Family	93.08	93.12	95.90	96.06	92.20
Est. Monthly Tot (\$mil)	\$0.1	\$0.1	\$0.1	\$0.1	
Total Monthly (\$mil)	\$4.9	\$4.9	\$4.9	\$4.9	

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



ASE: Change in Active Contribution Rates

Assuming \$17.9 Million New Reserves Allocated

Migration Scenarios	Baseline		Double		Baseline		Double	
Actives	Change in Premiums (\$/%) (Level %)				Change in Premiums (\$/%) (Same \$)			
Gold								
Employee Only	\$0.91	1%	\$0.96	1%	\$0.84	1%	\$0.88	1%
Employee & Spouse	3.49	1%	3.68	1%	\$3.24	1%	3.38	1%
Employee & Child(ren)	1.84	1%	1.94	1%	\$1.70	1%	1.78	1%
Family	3.99	1%	4.20	1%	\$3.69	1%	3.86	1%
Silver								
Employee Only	\$0.60	1%	\$0.62	1%	\$0.84	1%	\$0.88	1%
Employee & Spouse	2.68	1%	2.82	1%	\$3.24	1%	3.38	1%
Employee & Child(ren)	1.34	1%	1.42	1%	\$1.70	1%	1.78	1%
Family	3.08	1%	3.24	1%	\$3.70	1%	3.86	1%
Bronze								
Employee Only	\$0.00	n/a	\$0.00	n/a	\$0.84	n/a	\$0.88	n/a
Employee & Spouse	0.74	1%	0.78	1%	\$3.24	4%	3.38	4%
Employee & Child(ren)	0.26	1%	0.28	1%	\$1.70	6%	1.78	6%
Family	0.88	1%	0.92	1%	\$3.70	4%	3.86	4%

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



ASE: NME Retiree Contribution Rates Assuming \$17.9 Million New Reserves Allocated

Migration Scenarios	Baseline	Double	Baseline	Double	
NME Retirees	2014 Total Ret. Cost (Level %)		2014 Total Ret. Cost (Same \$)		2013 Total Ret. Cost
Gold					
Retiree Only	\$237.98	\$238.10	\$237.81	\$237.91	\$235.74
Retiree & NME SP	581.35	581.64	580.95	581.18	575.88
Retiree & Child(ren)	444.02	444.24	443.71	443.89	439.84
Retiree & NME SP&CH	925.43	925.89	924.79	925.15	916.72
Retiree & ME SP	405.35	405.56	405.07	405.23	401.54
Retiree & ME SP & CH	612.53	612.84	612.11	612.35	606.77
Est. Monthly Tot (\$mil)	\$0.9	\$0.9	\$0.9	\$0.9	
Silver					
Employee Only	\$204.00	\$204.10	\$204.15	\$204.25	\$202.08
Employee & Spouse	495.32	495.57	495.73	495.96	490.66
Employee & Child(ren)	379.17	379.36	379.47	379.65	375.60
Family	678.34	678.68	680.03	680.39	671.96
Est. Monthly Tot (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	
Bronze					
Employee Only	\$147.85	\$147.92	\$148.53	\$148.63	\$146.46
Employee & Spouse	303.78	303.93	305.99	306.22	300.92
Employee & Child(ren)	204.06	204.16	206.01	206.19	202.14
Family	334.02	334.19	338.95	339.31	330.88
Est. Monthly Tot (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	
Total Monthly (\$mil)	\$0.9	\$0.9	\$0.9	\$0.9	



ASE: ME Retiree Contribution Rates

Assuming \$17.9 Million New Reserves Allocated

	2014 Total Ret. Cost (Level % for NME)		2014 Total Ret. Cost (Same \$ for NME)		2013 Total Ret. Cost
	Baseline	Double	Baseline	Double	
Medicare Eligible					
Retiree Only	\$118.23	\$118.29	\$118.20	\$118.17	\$117.12
Retiree & NME SP	450.96	451.19	450.83	450.74	446.72
Retiree & Child(ren)	317.85	318.01	317.76	317.69	314.86
Retiree & NME SP&CH	650.60	650.92	650.41	650.28	644.48
Retiree & ME SP	281.14	281.27	281.05	281.00	278.49
Retiree & ME SP & CH	480.76	481.00	480.62	480.53	476.24
Total Monthly (\$mil)	\$1.4	\$1.4	\$1.4	\$1.4	
Medicare Eligible	Dollar Change from 2013				
Retiree Only	\$1.11	\$1.17	\$1.08	\$1.05	
Retiree & NME SP	\$4.24	\$4.47	\$4.11	\$4.02	
Retiree & Child(ren)	\$2.99	\$3.15	\$2.90	\$2.83	
Retiree & NME SP&CH	\$6.12	\$6.44	\$5.93	\$5.80	
Retiree & ME SP	\$2.65	\$2.78	\$2.56	\$2.51	
Retiree & ME SP & CH	\$4.52	\$4.76	\$4.38	\$4.29	



Summary of Decision Points

- Plan Design for 2014
 - Actives/NME Retirees
 - ME Retirees
- PSE Contribution Rates for 2014
 - Active formula
 - (based on percent or dollar, or something else)
 - Additional amounts to build reserves / allow for adverse experience
 - Additional amounts to narrow difference between Gold, Silver, Bronze
- ASE Contribution Rates for 2014
 - Use of Reserves
 - Active formula
(based on percent or dollar, or something else)



Appendices

Appendix A – PSE Actives:

2013 Final Rate Details



PSE Detailed Financials



Total Active & Ret (\$ mil)	\$294.3	\$58.9	\$73.7	\$161.7	\$134.7	\$27.0		56,657
Actives	Total Monthly Premium	State Cont. Act 1842/1421 and Reserve Alloc.	School District Contrib.	2013 Total EE Cost	2012 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold								
Employee Only	\$469.68	\$111.98	\$131.00	\$226.70	\$187.36	\$39.34	21%	24,946
Employee & Spouse	1,186.36	28.16	131.00	1,027.20	848.92	178.28	21%	846
Employee & Child(ren)	821.66	109.18	131.00	581.48	480.56	100.92	21%	4,470
Family	1,538.32	377.36	131.00	1,029.96	851.20	178.76	21%	1,375
Est. Monthly Total (\$mil)	\$18.5	\$3.8	\$4.1	\$10.5	\$8.7	\$1.8		31,637
Silver								
Employee Only	\$370.04	\$81.48	\$131.00	\$157.56	\$157.56	\$0.00	0%	1,200
Employee & Spouse	927.00	82.14	131.00	713.86	713.86	0.00	0%	79
Employee & Child(ren)	643.58	108.48	131.00	404.10	404.10	0.00	0%	351
Family	1,200.54	353.76	131.00	715.78	715.78	0.00	0%	228
Est. Monthly Total (\$mil)	\$1.0	\$0.2	\$0.2	\$0.6	\$0.6	\$0.0		1,858
Bronze								
Employee Only	\$182.78	\$41.78	\$131.00	\$10.00	\$0.00	\$10.00	n/a	9,290
Employee & Spouse	421.00	47.52	131.00	242.48	186.52	55.96	30%	795
Employee & Child(ren)	299.78	60.46	131.00	108.32	83.32	25.00	30%	1,729
Family	538.02	162.02	131.00	245.00	188.46	56.54	30%	1,569
Est. Monthly Total (\$mil)	\$3.4	\$0.8	\$1.8	\$0.9	\$0.6	\$0.3		13,383
Total (Monthly) (\$ mil)	\$22.9	\$4.8	\$6.1	\$11.9	\$9.8	\$2.1		46,878
Est Annual Total (\$ mil)	\$275.0	\$58.0	\$73.7	\$143.4	\$118.2	\$25.2		



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



PSE Detailed Financials



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



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



PSE Detailed Financials



ME Retirees	Total Monthly Premium	Subsidy / Holdback	Res. Alloc.	2013 Total Ret. Cost	2012 Total Ret. Cost	2009 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Medicare Eligible									
Retiree Only	\$139.38	\$77.49	\$11.75	\$50.14	\$41.44	\$41.44	\$8.70	21%	6,632
Retiree & NME SP	597.87	0.00	0.00	597.87	568.37	674.34	29.50	5%	107
Retiree & Child(ren)	523.12	11.72	1.78	509.62	421.17	421.18	88.45	21%	15
Retiree & NME SP&CH	1,208.03	127.09	19.26	1,061.68	877.42	1,054.08	184.26	21%	4
Retiree & ME SP	278.77	62.83	9.52	206.42	170.59	170.60	35.82	21%	597
Retiree & ME SP & CH	630.74	0.00	0.00	630.74	550.32	550.33	80.42	15%	1
Est. Monthly Total (\$mil)	\$1.2	\$0.6	\$0.1	\$0.5	\$0.4	\$0.5	\$0.1		7,357
Total (Est. Annual)	\$14.0	\$6.6	\$1.0	\$6.4	\$5.4	\$5.5	\$1.0		



Appendix A – ASE Actives

2013 Final Rate Details



ASE Detailed Financials



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



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



ASE Detailed Financials



NME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 Ret. Total Cost	2012 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Retiree Only	\$441.26	\$176.50	\$29.02	\$235.74	\$235.74	\$0.00	0%	1,484
Retiree & NME SP	1,015.20	319.99	119.33	575.88	575.88	0.00	0%	500
Retiree & Child(ren)	708.22	243.24	25.14	439.84	439.84	0.00	0%	81
Retiree & NME SP&CH	1,282.16	365.44	0.00	916.72	916.72	0.00	0%	34
Retiree & ME SP	800.58	266.33	132.71	401.54	401.54	0.00	0%	259
Retiree & ME SP & CH	1,067.56	333.08	127.71	606.77	606.77	0.00	0%	13
Est. Monthly Total (\$mil)	\$1.5	\$0.5	\$0.1	\$0.8	\$0.8	\$0.0		2,371
Silver								
Employee Only	\$237.74	\$35.66	\$0.00	\$202.08	\$202.08	\$0.00	0%	16
Employee & Spouse	534.10	43.44	0.00	490.66	490.66	0.00	0%	6
Employee & Child(ren)	375.60	0.00	0.00	375.60	387.64	(12.04)	-3%	7
Family	671.96	0.00	0.00	671.96	821.68	(149.72)	-18%	6
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.0)		34
Bronze								
Employee Only	\$148.70	\$0.00	\$2.24	\$146.46	\$146.46	\$0.00	0%	24
Employee & Spouse	317.36	0.00	16.44	300.92	300.92	0.00	0%	14
Employee & Child(ren)	227.16	0.00	25.02	202.14	202.14	0.00	0%	3
Family	395.80	0.00	64.92	330.88	330.88	0.00	0%	16
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		57
Total (Monthly) (\$ mil)	\$1.5	\$0.5	\$0.1	\$0.8	\$0.8	(\$0.0)		2,462
Est Annual Total (\$ mil)	\$18.2	\$6.3	\$1.7	\$10.1	\$10.1	(\$0.0)		



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



ASE Detailed Financials



ME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 Ret. Total Cost	2012 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Medicare Eligible								
Retiree Only	\$359.33	\$215.60	\$26.61	\$117.12	\$117.12	\$0.00	0%	5,240
Retiree & NME SP	800.59	353.87	0.00	446.72	446.72	0.00	0%	453
Retiree & Child(ren)	656.16	334.33	6.97	314.86	314.86	0.00	0%	66
Retiree & NME SP&CH	1,200.24	551.96	3.80	644.48	644.48	0.00	0%	35
Retiree & ME SP	718.67	359.33	80.84	278.49	278.49	0.00	0%	1,882
Retiree & ME SP & CH	985.64	466.12	43.28	476.24	476.24	0.00	0%	22
Est. Monthly Total (\$ mil)	\$3.7	\$2.0	\$0.3	\$1.4	\$1.4	\$0.0		7,698
Total (Est. Annual)	\$44.5	\$24.2	\$3.5	\$16.7	\$16.7	\$0.0		



Appendix B

2013 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
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	None / None	\$750 / \$1500	\$1500 / \$3000
Coinsurance	20%	20%	20%
Copays			
Office Visit - Primary Care (PCP)	\$25	\$25	Ded. & Coins.
OV - Specialist Care Provider (SCP)	\$35	\$50	Ded. & Coins.
Urgent Care (UC)	\$100	\$150	Ded. & Coins.
Emergency Room (ER) Non-admitted	\$100	\$150	Ded. & Coins.
Outpatient Surgery	\$100 then Ded. & Coins.	\$150 then Ded. & Coins.	Ded. & Coins.
Hospital Inpatient	\$250 then Ded. & Coins.	\$300 then Ded. & Coins.	Ded. & Coins.
Out-of-Pocket Max (Individual / Family)	\$1500 / \$3000	\$2000 / \$4000	\$2500 / \$5000
<u>Out-of-Network (OON) Benefits ¹</u>			
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
<u>Prescription Drugs</u>			
Separate Deductible then the following Copays:			
Retail (31 Days) - Generic/Formulary /Non-Form.	\$10 / \$30 / \$60	\$10 / \$35 / \$70	Ded. & Coins.
Mail Order (93 Days) - Generic/Form. /Non-Form.	\$30 / \$90/ \$180	\$30 / \$105 / \$210	Ded. & Coins.
<u>Selected Detail Benefits</u>			
Psychiatry	INN: \$25 Copay; OON: Ded & Coins.	INN: \$25 Copay; OON: Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Chiropractors:	INN: \$35 then Ded & Coins; OON: Ded & Coins.	INN: \$50 then Ded & Coins; OON: Ded & Coins.	Ded. & Coins.
Hearing Aids:	No Cost; Limit of \$1400 per ear every 3 years	No Cost; Limit of \$1400 per ear every 3 years	Ded. & Coins.
Durable Medical Equipment (DME):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Preventive Care:	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost



Appendix B

2013 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		

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



Appendix C

PSE Actives & NME Retirees (Migration A)

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
	5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13	
	5/12 - 7/13	6/12 - 7/13		5/12 - 7/13	6/12 - 7/13		5/12 - 7/13	6/12 - 7/13	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$154,566,881	\$53,944,016	\$208,510,897	\$14,163,803	\$5,377,371	\$19,541,174	\$34,027,501	\$4,844,834	\$38,872,336
2 Less High Cost Claims Above (Med/Rx)	\$125,000	\$25,000							
3 Net Incurred Claims below Pooling Point [1 - 2]	\$11,643,159	\$4,704,886	\$16,348,045	\$694,198	\$815,304	\$1,509,503	\$3,491,009	\$120,453	\$3,611,462
4 Person Months for Experience Period	\$142,923,722	\$49,239,130	\$192,162,853	\$13,469,604	\$4,562,067	\$18,031,671	\$30,536,492	\$4,724,381	\$35,260,874
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	517,078	514,352	516,379	78,769	79,585	78,975	289,654	293,896	290,222
6 Change in Benefits & Network/Contract During Experience Period	\$276.41	\$95.73	\$372.14	\$171.00	\$57.32	\$228.32	\$105.42	\$16.08	\$121.50
7 Change in Demographics or Illness Burden During Experience Period	0.9857	0.9132		1.0462	0.9057		0.9656	0.8901	
8 Change in Geographic During Experience Period	1.0109	1.0114		1.0048	1.0100		1.0057	1.0196	
9 a) Annual Trend Rate	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
b) Months to Trend	6.0%	5.0%		6.0%	5.0%		6.0%	5.0%	
c) Trend Adjustment	20	19		20	19		20	19	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	1.1020	1.0803		1.1020	1.0803		1.1020	1.0803	
11 Charge for Claims above Pooling Point PPPM	\$303.50	\$95.51	\$399.01	\$198.09	\$56.65	\$254.73	\$112.81	\$15.77	\$128.57
12 Total Claims Charged PPPM [10 + 11]	\$22.68	\$9.49	\$32.17	\$14.03	\$5.68	\$19.72	\$8.65	\$1.59	\$10.25
13 Change in Future Benefits & Networks/Contracts	\$326.18	\$105.01	\$431.19	\$212.12	\$62.33	\$274.45	\$121.46	\$17.36	\$138.82
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	0.9777	0.9353		0.9661	0.9688		0.9655	1.0138	
15 Change in Future Geographic	1.0676	1.0676		1.1614	1.1614		1.2262	1.2262	
16 Rating Incurred Claim PPPM [13 x 14 x 15]	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
17 ACA Transitional Reinsurance Fee & ARK PCMH PPPM	\$340.47	\$104.86	\$445.32	\$238.00	\$70.14	\$308.14	\$143.80	\$21.58	\$165.38
18 Projected Persons Months	\$8.25		\$8.25	\$8.25		\$8.25	\$8.25		\$8.25
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	352,339	352,339	352,339	131,087	131,087	131,087	426,609	426,609	426,609
20 PEPM Expense Load as % of Claims (before benefit chg)	\$119,959,885	\$36,945,332	\$159,812,017	\$31,198,773	\$9,193,841	\$41,474,080	\$61,345,940	\$9,206,864	\$74,072,333
21 Retiree Subsidy / Holdback PEPM			\$42.15			\$37.61			\$40.11
22 Projected Expense Loaded Cost [19 + (20+21) x 23]			\$11.20			\$11.20			\$11.20
23 Conversion to Rating Tiers [19 x rating tier x counts]			\$175,675,132			\$45,241,442			\$86,172,275
Method:									
a) Employee Only	x tier	Projected		x tier	Projected		x tier	Projected	
b) Employee & Spouse	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
c) Employee & Child(ren)	1.06	267,514	\$533.75	1.16	51,487	\$415.91	1.12	144,645	\$245.58
d) Family	2.70	4,532	\$1,277.84	2.96	2,822	\$984.50	2.85	17,551	\$546.47
e) Child(ren) of Medicare Retirees	2.06	22,206	\$988.24	2.26	16,569	\$763.21	2.18	42,251	\$429.36
	3.70	2,921	\$1,732.32	4.06	6,310	\$1,331.80	3.91	31,385	\$730.26
24 Rates Balance Confirmation	1.00	181	\$507.83						
		297,355	\$175,675,132		77,188	\$45,241,442		235,832	\$86,172,275

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



Appendix C

PSE Medicare Retirees (Migration A)

PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

Plan:

Benefit:

Experience Period - Service (Incurred) Dates

Experience Period - Processed (Paid) Dates

	Medicare	
	Medical	Total
	5/12 - 4/13	
	5/12 - 7/13	
1 Total Incurred Medical & Rx Claims	\$12,770,904	\$12,770,904
2 <u>Less High Cost Claims Above (Med/Rx)</u>	\$125,000	\$25,000
3 Net Incurred Claims below Pooling Point [1 - 2]	\$0	\$0
4 <u>Person Months for Experience Period</u>	\$12,770,904	\$12,770,904
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	94,796	94,796
6 Change in Benefits & Network/Contract During Experience Period	\$134.72	\$134.72
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	1.0000	
b) Months to Trend	6.0%	
c) <u>Trend Adjustment</u>	20	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	1.1020	
11 <u>Charge for Claims above Pooling Point PPPM</u>	\$148.46	\$148.46
12 Total Claims Charged PPPM [10 + 11]	\$0.00	\$0.00
13 Change in Future Benefits & Networks/Contracts	\$148.46	\$148.46
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	0.8274	
15 <u>Change in Future Geographic</u>	1.0000	
16 Projected Incurred Claim PPPM [13 x 14 x 15]	\$122.83	\$122.83
17 <u>Projected Persons Months</u>	111,860	111,860
18 Projected Total Incurred Claims [16 x 17]	\$13,740,171	\$13,740,171

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



Appendix C

PSE Medicare Retirees (Migration A)

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)

20 Rates Balance Confirmation

<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>
1.06	\$533.75	-	\$0.00	24,780	\$533.75
2.70	\$1,277.84	-	\$0.00	2,010	\$1,277.84
2.06	\$988.24	-	\$0.00	246	\$988.24
3.70	\$1,732.32	-	\$0.00	209	\$1,732.32
1.06	\$533.75	1.00	\$122.83	1,752	\$656.59
2.06	\$988.24	1.00	\$122.83	13	\$1,111.07
	\$0.00	1.00	\$122.83	92,856	\$122.83
1.06	\$522.55	1.00	\$122.83	1,204	\$645.39
1.00	\$496.63	1.00	\$122.83	175	\$619.47
2.64	\$1,198.57	1.00	\$122.83	35	\$1,321.40
	\$0.00	2.00	\$245.67	7,907	\$245.67
1.00	\$454.49	2.00	\$245.67	6	\$700.15
	\$18,107,741		\$13,740,171		\$31,847,912



Appendix C

ASE Actives & NME Retirees (Baseline Enrollment)

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
	5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13	
	5/12 - 7/13	6/12 - 7/13		5/12 - 7/13	6/12 - 7/13		5/12 - 7/13	6/12 - 7/13	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$159,383,909	\$52,963,574	\$212,347,483	\$2,375,600	\$795,563	\$3,171,163	\$3,086,058	\$306,042	\$3,392,101
2 Less High Cost Claims Above (Med/Rx)	\$125,000	\$25,000		\$0	\$77,573	\$77,573	\$97,680	\$0	\$97,680
3 Net Incurred Claims below Pooling Point [1 - 2]	\$149,936,634	\$48,600,443	\$198,537,077	\$2,375,600	\$717,990	\$3,093,590	\$2,988,378	\$306,042	\$3,294,420
4 Person Months for Experience Period	600,067	600,078	600,070	17,067	17,472	17,161	37,586	38,191	37,642
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$249.87	\$80.99	\$330.86	\$139.19	\$41.09	\$180.28	\$79.51	\$8.01	\$87.52
6 Change in Benefits & Network/Contract During Experience Period	0.9907	0.9737		1.0148	0.9740		0.9814	0.9912	
7 Change in Demographics or Risk During Experience Period	1.0005	1.0023		1.0027	1.0115		1.0012	1.0056	
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]	\$272.91	\$85.39	\$358.30	\$156.08	\$43.73	\$199.81	\$86.10	\$8.63	\$94.72
11 Charge for Claims above Pooling Point PPPM	\$15.74	\$7.27	\$23.01	\$0.00	\$4.44	\$4.44	\$2.60	\$0.00	\$2.60
12 Total Claims Charged PPPM [10 + 11]	\$288.65	\$92.66	\$381.31	\$156.08	\$48.17	\$204.25	\$88.69	\$8.63	\$97.32
13 Change in Future Benefits & Networks/Contracts	0.9754	0.8790		0.9540	0.9066		0.9611	0.9515	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0131	1.0131		1.2603	1.2603		1.3816	1.3816	
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]	\$285.23	\$82.52	\$367.75	\$187.65	\$55.04	\$242.69	\$117.77	\$11.34	\$129.11
17 ACA Transitional Reinsurance Fee PPPM			\$8.25			\$8.25			\$8.25
18 Projected Persons Months	572,796	572,796	572,796	33,258	33,258	33,258	59,769	59,769	59,769
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	\$163,377,679	\$47,265,406	\$215,368,649	\$6,240,746	\$1,830,589	\$8,345,713	\$7,039,043	\$677,666	\$8,209,803
20 PEPM Expense Load as % of Claims			\$37.13			\$32.59			\$35.09
21 Projected Expense Loaded Cost [19 + 20 x 22]			\$227,461,984			\$8,938,994			\$9,319,371
22 Conversion to Rating Tiers [21 x rating tier x counts]									
Method: Person	x tier	Projected	PEPM	x tier	Projected	PEPM	x tier	Projected	PEPM
a) Employee Only	1.15	188,283	\$470.99	1.16	10,448	\$322.43	1.15	17,302	\$193.25
b) Employee & Spouse	2.73	42,179	\$1,063.12	2.73	1,985	\$718.00	2.72	4,474	\$409.12
c) Employee & Child(ren)	1.92	57,196	\$759.99	1.92	2,813	\$515.49	1.92	4,258	\$298.61
d) Family	3.50	37,104	\$1,352.12	3.50	2,958	\$911.06	3.49	5,586	\$514.47
e) Child(ren) of Medicare Retirees	0.77	935	\$326.13						
23 Rates Balance Confirmation		325,696	\$227,461,984	18,204	\$8,938,994		31,620	\$9,319,371	

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





Appendix C

ASE Medicare Retirees (Baseline Enrollment)

ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Medical	Medicare	Total
	5/12 - 4/13	Pharmacy 6/12 - 5/13	
	5/12 - 7/13	6/12 - 7/13	
1 Total Incurred Medical & Rx Claims *	\$17,973,548	\$21,726,967	\$39,700,516
2 <u>Less High Cost Claims Above (Med/Rx)</u> \$125,000 \$25,000	<u>\$106,276</u>	<u>\$1,897,027</u>	<u>\$2,003,303</u>
3 Net Incurred Claims below Pooling Point [1 - 2]	\$17,867,273	\$19,829,940	\$37,697,213
4 <u>Person Months for Experience Period</u>	114,256	114,743	114,512
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$156.38	\$172.82	\$329.20
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) <u>Trend Adjustment</u>	<u>1.1020</u>	<u>1.0803</u>	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$172.05	\$186.70	\$358.75
11 <u>Charge for Claims above Pooling Point PPPM</u>	<u>\$0.93</u>	<u>\$16.53</u>	<u>\$17.46</u>
12 Total Claims Charged PPPM [10 + 11]	\$172.98	\$203.23	\$376.22
13 Change in Future Benefits (Level/Mgt/Discounts)	0.8274	0.8879	
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>	
16 Projected Incurred Claim PPPM [13 x 14 x15]	\$143.12	\$180.46	\$323.58
17 <u>Projected Persons Months</u>	119,278	119,278	119,278
18 Projected Total Incurred Claims [16 x 17]	\$17,071,550	\$21,524,285	\$38,595,835

* Pharmacy Cost for Medicare has subtracted the RDS Subsidy.



Appendix C

ASE Medicare Retirees (Baseline Enrollment)

ASE GOLD RETIREE RATE DEVELOPMENT for CY2014

19 Conversion to Rating Tiers from PPM [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	\$470.99	-	\$0.00	20,719	\$470.99
b)	2.73	\$1,063.12	-	\$0.00	6,891	\$1,063.12
c)	1.92	\$759.99	-	\$0.00	995	\$759.99
d)	3.50	\$1,352.12	-	\$0.00	404	\$1,352.12
e)	1.15	\$470.99	1.00	\$323.58	2,862	\$794.57
f)	1.92	\$759.99	1.00	\$323.58	98	\$1,083.57
g)	-	\$0.00	1.00	\$323.58	62,979	\$323.58
h)	1.15	\$470.99	1.00	\$323.58	4,420	\$794.57
i)	0.77	\$326.13	1.00	\$323.58	709	\$649.71
j)	2.34	\$881.13	1.00	\$323.58	374	\$1,204.71
k)	-	\$0.00	2.00	\$647.16	23,693	\$647.16
l)	0.77	\$289.00	2.00	\$647.16	225	\$936.16
		<u>\$22,516,161</u>		<u>\$38,595,835</u>		<u>\$61,111,995</u>

20 Rates Balance Confirmation

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



Appendix D

Benefits Committee Requested Designs - Gold

<i>Yellow highlight means the coverage is changed</i>	Current	Alternative 1	Alternative 2	Alternative 3	Alternative 4
In-Network:	Gold	Gold	Gold	Gold	Gold
Deductible - Individual	\$0	\$0	\$0	\$0	\$0
Co-Insurance Limit - Individual (after Deductible)	\$1,500	\$2,000	\$2,000	\$2,500	\$2,500
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$1,500	\$2,000	\$2,000	\$2,500	\$2,500
True Out-of-Pocket (Deductible + Co-Insurance + Co-Pay*)	\$6,350	\$6,350	\$6,350	\$2,500	\$2,500
Deductible - Family	\$0	\$0	\$0	\$0	\$0
Co-Insurance Limit - Family (after Deductible)	\$3,000	\$4,000	\$3,000	\$5,000	\$5,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$3,000	\$4,000	\$3,000	\$5,000	\$5,000
True Out-of-Pocket (Deductible + Co-Insurance + Co-Pay*)	\$12,700	\$12,700	\$12,700	\$5,000	\$5,000
True Out-of-Pocket includes Rx?	N	Y	Y	N	Y
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-Pay	\$25	\$35	\$35	\$35	\$35
Physician Office Visit - Specialist - Co-Pay	\$35	\$70	\$70	\$70	\$70
Rx - Tier 1 - Generic	\$10	\$15	\$15	\$15	\$15
Rx - Tier 2 - Preferred Brand	\$30	\$40	\$40	\$40	\$40
Rx - Tier 3 - Non-Preferred Brand	\$60	\$80	\$80	\$80	\$80
Rx - Specialty	w/ Tier	\$100	\$100	\$100	\$100
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission	\$250	\$250	\$250	\$250	\$250
Hospital / Facility - Outpatient - Co-Pay	\$100	\$100	\$100	\$100	\$100
Urgent Care Visit	\$100	\$100	\$100	\$100	\$100
Emergency Room Visit	\$100	\$250	\$250	\$250	\$250
Emergency Transportation - Ambulance	\$0	\$50	\$50	\$50	\$50
High Tech Radiology - Co-Pay (1st Procedure Only)	\$250	\$250	\$250	\$250	\$250
Rehab / Therapy - Outpatient - Physical/Speech/Occup	80%/20%	\$35	\$35	\$35	\$35
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay	\$35	\$35	\$35	\$35	\$35
Rehab / Therapy - Outpatient - Chiropractic - Co-Insurance	80%/20%	0%	0%	0%	0%
Out-of-Network:					
Deductible - Individual/Family	\$1,000/\$2,000	\$1,000/\$2,000	\$1,000/\$2,000	\$1,000/\$2,000	\$1,000/\$2,000
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	\$5,000/\$10,000	\$5,000/\$10,000	\$5,000/\$10,000	\$5,000/\$10,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6,000/\$12,000	\$6,000/\$12,000	\$6,000/\$12,000	\$6,000/\$12,000	\$6,000/\$12,000

*Co-Insurance also applies



Appendix D

Benefits Committee Requested Designs - Silver

<i>Yellow highlight means the coverage is changed</i>	Current	Alternative 1	Alternative 2	Alternative 3	Alternative 4
In-Network:	Silver	Silver	Silver	Silver	Silver
Deductible - Individual	\$750	\$1,000	\$1,000	\$1,000	\$1,000
Co-Insurance Limit - Individual (after Deductible)	\$2,000	\$3,000	\$3,000	\$3,000	\$3,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$2,750	\$4,000	\$4,000	\$4,000	\$4,000
True Out-of-Pocket (Deductible + Co-Insurance + Co-Pay*)	\$6,350	\$6,350	\$6,350	\$4,000	\$4,000
Deductible - Family	\$1,500	\$2,000	\$1,500	\$2,000	\$2,000
Co-Insurance Limit - Family (after Deductible)	\$4,000	\$6,000	\$4,500	\$6,000	\$6,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$5,500	\$8,000	\$6,000	\$8,000	\$8,000
True Out-of-Pocket (Deductible + Co-Insurance + Co-Pay*)	\$12,700	\$12,700	\$12,700	\$8,000	\$8,000
True Out-of-Pocket includes Rx?	N	Y	Y	N	Y
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-Pay	\$25	\$35	\$35	\$35	\$35
Physician Office Visit - Specialist - Co-Pay	\$50	\$70	\$70	\$70	\$70
Rx - Tier 1 - Generic	\$10	\$15	\$15	\$15	\$15
Rx - Tier 2 - Preferred Brand	\$35	\$40	\$40	\$40	\$40
Rx - Tier 3 - Non-Preferred Brand	\$70	\$80	\$80	\$80	\$80
Rx - Specialty	w/ Tier	\$100	\$100	\$100	\$100
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission	\$300	\$300	\$300	\$300	\$300
Hospital / Facility - Outpatient - Co-Pay	\$150	\$150	\$150	\$150	\$150
Urgent Care Visit	\$150	\$150	\$150	\$150	\$150
Emergency Room Visit	\$150	\$300	\$300	\$300	\$300
Emergency Transportation - Ambulance	\$0	\$50	\$50	\$50	\$50
High Tech Radiology - Co-Pay (1st Procedure Only)	\$300	\$300	\$300	\$300	\$300
Rehab / Therapy - Outpatient - Physical/Speech/Occup	Ded+80%/20%	\$35	\$35	\$35	\$35
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay	\$50	\$50	\$50	\$50	\$50
Rehab / Therapy - Outpatient - Chiropractic - Co-Insurance	Ded+80%/20%	0%	0%	0%	0%
Out-of-Network:					
Deductible - Individual/Family	\$1,500/\$3,000	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	\$6,000/\$12,000	\$6,000/\$10,000	\$6,000/\$12,000	\$6,000/\$12,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6,000/\$12,000	\$8,000/\$16,000	\$8,000/\$14,000	\$8,000/\$16,000	\$8,000/\$16,000

*Co-Insurance also applies



Appendix D

Benefits Committee Requested Designs - Bronze

<i>Yellow highlight means the coverage is changed</i>	Current	Alternative 1	Alternative 2
In-Network:	Bronze	Bronze	Bronze
Deductible - Individual	\$1,500	\$2,000	\$2,000
Co-Insurance Limit - Individual (after Deductible)	\$2,500	\$4,350	\$4,350
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$4,000	\$6,350	\$6,350
True Out-of-Pocket (Deductible + Co-Insurance)	\$4,000	\$6,350	\$6,350
Deductible - Family	\$3,000	\$4,000	\$3,000
Co-Insurance Limit - Family (after Deductible)	\$5,000	\$8,700	\$6,525
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$8,000	\$12,700	\$9,525
True Out-of-Pocket (Deductible + Co-Insurance)	\$8,000	\$12,700	\$9,525
<i>True Out-of-Pocket includes Rx?</i>	Y	Y	Y
Coinsurance Rate	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-Pay			
Physician Office Visit - Specialist - Co-Pay			
Rx - Tier 1 - Generic			
Rx - Tier 2 - Preferred Brand			
Rx - Tier 3 - Non-Preferred Brand			
Rx - Specialty			
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission			
Hospital / Facility - Outpatient - Co-Pay			
Urgent Care Visit			
Emergency Room Visit			
Emergency Transportation - Ambulance			
High Tech Radiology - Co-Pay (1st Procedure Only)			
Rehab / Therapy - Outpatient - Physical/Speech/Occup			
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay			
Rehab / Therapy - Outpatient - Chiropractic - Co-Insurance			
Out-of-Network:			
Deductible - Individual/Family	\$3,000/\$6,000	\$4,000/\$8,000	\$4,000/\$8,000
Co-Insurance	60%/40%	60%/40%	60%/40%
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	\$8,700/\$17,400	\$8,700/\$13,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$8,000/\$16,000	\$12,700/\$25,400	\$12,700/\$19,000

Appendix D

Benefits Committee Requested Designs – Medicare

	2014 Total Ret. Cost							2013 Total Ret. Cost	June 2013 Enrollment
Medicare Eligible	Current	Alt M1*	Alt M2**	Alt M3	Alt M4	Alt M5	Alt M6		
Co-pays/Co-insurance	n/a	Actives	Actives	OV \$10/30	OV \$10/30	20%	20%		
Individual OOP Max	n/a	\$2,500	\$1,500	\$2,500	\$1,500	\$2,500	\$1,500		
Retiree Only	\$79.67	\$50.14	\$50.14	\$53.74	\$54.24	\$51.32	\$53.29	\$50.14	6,961
Retiree & NME SP	675.69	643.22	643.96	649.75	650.26	647.34	649.31	597.87	91
Retiree & Child(ren)	633.70	601.23	601.97	607.76	608.27	605.35	607.32	509.62	12
Retiree & NME SP&CH	1,229.37	1,196.90	1,197.64	1,203.43	1,203.94	1,201.02	1,202.99	1,061.68	2
Retiree & MESP	265.20	206.42	206.42	213.33	214.35	208.51	212.44	206.42	597
Retiree & MESP & CH	750.89	685.94	687.43	699.02	700.04	694.20	698.13	630.74	1
									7,664
Medicare Eligible	Dollar Change from 2013								
Retiree Only	\$29.53	\$0.00	\$0.00	\$3.60	\$4.10	\$1.18	\$3.15		
Retiree & NME SP	\$77.82	\$45.35	\$46.09	\$51.88	\$52.39	\$49.47	\$51.44		
Retiree & Child(ren)	\$124.08	\$91.61	\$92.35	\$98.14	\$98.65	\$95.73	\$97.70		
Retiree & NME SP&CH	\$167.69	\$135.22	\$135.96	\$141.75	\$142.26	\$139.34	\$141.31		
Retiree & MESP	\$58.78	\$0.00	\$0.00	\$6.91	\$7.93	\$2.09	\$6.02		
Retiree & MESP & CH	\$120.15	\$55.20	\$56.69	\$68.28	\$69.30	\$63.46	\$67.39		

Assumes alternative 3 (same \$ increases) for NME Gold Retirees; rates will vary if different plan is selected.

Actives = Same co-pays (after Medicare pays) as Gold Actives, not to exceed amount Medicare does not pay for that service

OV \$10/30 = Max \$10 co-pay for primary care, physical & occupational therapy, and chiropractor office visits; \$30 for specialist office visits

Other co-pays remain same as Gold Actives

20% = Participant pays 20% of the balance not paid by Medicare

Individual OOP Max = maximum amount of co-pays and co-insurance paid by a participant or beneficiary per year

*Expected to contribute \$300,000 to reserves

**Expected to contribute \$200,000 to reserves

OV = Office Visit
OOP = Out-of-Pocket

2014 Total Ret. Cost shown is as presented to Benefits Committee on August 7. Rates under selected alternative M4 have been updated for this presentation.



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



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.

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.



PSE Migration Sensitivity Impact on Reserves

		Scenario Used To Set the Rates (Level %)					
		A	B	C	D	E	F
What Actually Happens	A	\$0.0	\$5.0	\$14.5	\$18.9	\$33.3	n/a
	B	(\$4.7)	\$0.0	\$9.0	\$13.2	\$26.9	n/a
	C	(\$13.0)	(\$8.6)	\$0.0	\$4.0	\$16.8	n/a
	D	(\$16.5)	(\$12.1)	(\$3.8)	\$0.0	\$12.5	n/a
	E	(\$27.3)	(\$23.2)	(\$15.3)	(\$11.7)	\$0.0	n/a
	F	(\$64.6)	(\$63.1)	(\$60.3)	(\$58.9)	(\$54.5)	\$0.0

		Scenario Used To Set the Rates (Same \$)					
		A	B	C	D	E	F
What actually happens	A	\$0.0	\$3.0	\$9.1	\$11.8	\$19.1	n/a
	B	(\$3.0)	\$0.0	\$6.2	\$8.8	\$16.1	n/a
	C	(\$9.3)	(\$6.3)	\$0.0	\$2.6	\$10.0	n/a
	D	(\$12.0)	(\$9.0)	(\$2.6)	\$0.0	\$7.5	n/a
	E	(\$20.2)	(\$17.0)	(\$10.4)	(\$7.7)	\$0.0	n/a
	F	(\$47.5)	(\$44.4)	(\$38.3)	(\$35.7)	(\$28.5)	\$0.0