



AGENDA

State and Public School Life and Health Insurance Board

May 22, 2014

1:00 p.m.

EBD Board Room – 501 Building, Suite 500

- I. Call to OrderDr. John Kirtley, Chairman*
- II. Approval of April 22, 2014 MinutesDr. John Kirtley, Chairman*
- III. ASE-PSE Financials April, 2014 Marla Wallace, EBD Chief Fiscal Officer*
- IV. EBD Report.....Doug Shackelford, EBD Deputy Director*
- V. Benefits Sub-Committee Report .Shelby McCook, Benefits Comm. Vice-Chairman*
- VI. 2015 Update..... John Colberg, Cheiron*
- VII. Director's ReportBob Alexander, EBD Executive Director*

Upcoming Meetings

June 17th

NOTE: All material for this meeting will be available by electronic means only at asepse-board@dfa.arkansas.gov

Notice: Silence your cell phones. Keep your personal conversations to a minimum. Observe restrictions designating areas as "Members and Staff only"

State and Public School Life And Health Insurance Board Minutes May 22, 2014

The 137th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on May 22, 2014 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT

Renee Mallory
Robert Boyd
Lori Freno-Engman
Dr. Andrew Kumpuris
Angela Avery
Shelby McCook
Dr. Tony Thurman
Janis Harrison
Dan Honey
Dr. John Kirtley, Chairman
Dr. Joseph Thompson
Katrina Burnett

MEMBERS ABSENT

Carla Wooley-Haugen Vice-Chairman

Bob Alexander, Executive Director, Employee Benefits Division

OTHERS PRESENT:

Dwight Davis, David Keisner, UAMS; Doug Shackelford, Michele Hazelett, Janna Keathley, Kristi Jackson, Stella Greene, Ethel Whittaker, Tammy McGill, Gretchen Baggett, Erica Harris-Backus, EBD; Sylvia Landers, Minnesota Life; Mike Meadors, BYSI; Larry Dickerson, Wayne Whitley, Ronda Walthall, AR Highway & Transportation Dept; Diann Shoptaw, USABLE; Peggy Nabors, AEA; Andy Davis, Arkansas Democrat; Kathy Ryan, Kanita Collins, Health Advantage; Ro Summers, ACHI; Andra Kaufman, B.J. Himes, QualChoice; Susan Walker, Datapath; Coretta Jones, ASEA; Karen Henson, Wanda Henry, AGFC; Jeanie Stobaugh, AID; Leo Hausen, BPS; Warren Tayes, Merck; Mark Chambers, Compsych; Jennifer Smith, ASU; Neil Rose, ASBP; Cynthia Foster, ASP; John Colberg, Cheiron; Steve Althoff, MTI; Martha Hill, Mitchell Williams, Doug Brown, APSRC; Connie Bennett, Catamaran; Harmony Daniels, Jackie, ASP; Andrea Barksdale, BLR; Skip Robertson, Ross Honea, H & H; Gregg Parrish, Ark Pub Def Comm; Johnson Holt; First Class Communication; Sheila Waddington, Mary Grace Smith, & Nancy Davis, Retired.

CALL TO ORDER:

Meeting was called to order by John Kirtley, Chairman

APPROVAL OF MINUTES: *by John Kirtley, Chairman*

The request was made by Kirtley to approve the April 22, 2014 minutes.

Harrison made the motion to approve the minutes, Honey seconded; all were in favor.

Minutes approved

FINANCIALS: *by Marla Wallace, CFO EBD*

Wallace reported for April 2014 for PSE & ASE. For ASE, there were four (4) weeks of claims. There was an increase of \$3.9 million for the month and \$12.2 million year-to-date. There will be \$4 million of liability for the ACA fee of \$63.00 per covered member. There are net assets of \$54.6 million. However, after applying allocated reserves the net assets are \$14.5 million.

For PSE, there was an increase of \$9.1 million and year-to-date of \$21.9 million. The quarterly payment was received from the Department of Education. There will also be a liability for the ACA of \$63.00. The fee is for three (3) years. The fee decreased each year. The catastrophic reserve is fully funded. Net assets available are \$8 million.

BENEFITS SUB-COMMITTEE REPORT: *by, Shelby McCook, Vice-Chairman Benefits Sub-Committee*

The following report resulted from a meeting of the Benefits Sub-Committee from May 9, 2014 with Gwen Wiggins presiding.

Topics Discussed:

1. ASE-PSE April Financials
2. Wellness Exams
3. 2015 Preliminary Projections for CY 2015

Wallace reported financials for the month of April. There were four weeks of claims. For ASE there is an increase for the month of \$3.9 million. The yr-to-date increase is \$12.2 million. The net assets available are \$14.5 million. PSE received the quarterly payment from the Department of Education. The net income for the month is \$9.1 million. The yr-to-date income is \$21.9 million. The catastrophic reserve is fully funded. And there are net assets of \$8 million.

Alexander reported on the wellness programs. The programs are voluntary. Currently we provide 100% cost for members for preventive services. The goal is to increase member participation in the programs. Members who participate will receive a discount. By adding the wellness exam requirement will initiate some savings due to higher premiums.

Colberg reported on Preliminary projections for CY 2015 Rates for PSE and ASE. There were several scenarios discussed with rates.

The following is ASE:

- No Changes
- Changes to Gold include \$750.00 deductible; remove Silver
- Changes to Gold include \$1000.00 deductible; remove Silver

The following is PSE:

- No Changes
- Changes to Gold include \$750.00 deductible; remove Silver
- Changes to Gold include \$1000.00 deductible; remove Silver
- Changes to Gold include \$1000.00 deductible; remove Silver, Exclude Part-time employees

McCook reported on Medicare Prescription Drug Alternate for PSE. McCook recommends to contract with a vendor for part D to provide a central location at a good price.

Alexander reported the agency responsible for voluntary products will select part D products the retirees will be notified where they can contact the vendor where an enrollment specialist will assist in the selection. The vendor will provide the product. EBD will work with teacher retirement for the monthly deduction to come from their monthly retirement.

McCook reported on the Medicare Advantage Program. There is a recommendation to proceed with a Medicare Advantage Plan for savings to the members. EBD will contract with the Medicare Advantage Company they will provide the parts A, B, & D. There is potential savings for EBD.

Alexander reported the implementation could take over a year. The actuarial would need to evaluate the cost. Several options will be presented.

McCook reported on the wellness program. There is a low percentage of members who acquire a physical each year. The goal is to increase the amount of members obtaining physicals. There will be a base premium. After a year those who had a physical will pay lesser premium.

The Benefits Sub-committee recommends a wellness program to be effective 01/01/2015. This will apply to the policy holder only. The difference in the premiums will be \$75.00. If you do not take a physical before November 1, 2014, the difference in premium will be applied 01/01/2015. This process will be retro to January 1, 2013, if there was a wellness physical taken they can receive the discounted premium. The wellness program will be implemented in parts.

McCook motioned to adopt a voluntary wellness program so that in 2015; if the member did not complete their physical, will not qualify for the discounted rate. Honey seconded. All were in favor.

Motioned Approved

McCook motioned to adopt a plan to develop a RFP to explore the use of Medicare Advantage Plans, to see if it would be an advantage in terms of savings to implement the plan. Honey seconded. All were in favor.

Motioned Approved

PRELIMINARY PROJECTIONS FOR CY 2015 RATES: *by John Colberg, Cheiron*

Alexander reported on the options for 2015. There are several scenarios presented and three (3) plans; Premium, Classic, and Basic. The Actuarial value will decrease from the current Gold Plan, increase from the current Silver Plan, and decrease from the current Bronze Plan.

There are four (4) alternatives with the Premium Plan. These will replace the current Gold and Silver Plans. The options include \$500.00, \$750.00, & \$1000.00 deductibles. There is a medical and prescription out-of-pocket-max. The medical out-of-pocket-max increased from the current Gold Plan, and decreased from the current Silver Plan. Alternative (3) office visit co-pay decreased for both plans. Alternative (3) generic drug decreased from the current Gold & Silver Plans.

Co-pays for hospital Inpatient and Outpatient have been eliminated, as well as high tech radiology. There is no out-of-pocket-max for all alternatives for out-of-network Premium Plan.

There are two (2) Classic and two (2) Basic Alternatives for review both replacing the current Bronze Plan.

DIRECTOR'S REPORT: *by Bob Alexander, EBD Executive Director*

Alexander reported on voluntary products. There is a statue whereas any new payroll deduction has to be approved by the Board before going to AASIS. The state police would like a new vendor for a separate Life Insurance product. Alexander recommended H & H review the product and make recommendations to Alexander, EBD Executive Director, who will then make recommendations to the Board.

McCook motioned to consider only request that are requested and justified by only participating agencies. Only additional vendors will be considered by the Board for approval for a new payroll deduction when requested and justified by a participating voluntary product agency. Dr. Joseph Thompson seconded.

McCook motioned to amend the previous motion. Consider only request that are requested and justified by participating agencies. Additional vendors will be considered by the Board for approval for a new payroll deduction only when requested and justified by a participating agency, and if the request comes before the Board to consider, the board will not consider any request for a new payroll deduction unless there is a specific request from the agency, and before it comes to the Board there would be an analysis by EBD and other parties to review what is available for the agency. Dr. Kumpuris seconded. All were in favor.

Motioned Approved

Alexander reported on coverage we are not required to cover and would like the board to decide if they would like to continue or discontinue coverage. Hearing aids are not required to be covered. Vision is also not required to be covered. McCook reported the cost to utilize the benefits is \$2.00 per member. The board seeks no action. The benefits will continue to be covered.

Alexander reported on the taskforce recommendations. They are as follows:

- Eliminate part-time employees
- Dependent eligible verification – verify dependents are available – projected plan savings at \$4 million
- Bariatric Surgery – create more flexibility for EBD
- Cafeteria Plan, HSA Programs – deferred for further discussion
- Increase state contributions \$20.00 – deferred for further discussion
- Quality of Care Committee – Possible compare to DUEC committee, however review for Medical only Medical Utilization Evaluation Committee
- HSA requirement – deferred for further discussion

- EBD restructure – Adding additional teachers to the board and possible reposition current Board members
- Gold Plan – Adding a deductible
- Continue referencing pricing
- Wellness Programs – deferred for further discussion

McCook requested further discussion on dependent eligibility. McCook recommended terminate benefits for dependents and the member for submitting false information on the enrollment form. The Board will review policy and statues for further discussion.

Honey motioned to adjourn. Harrison seconded. All were in favor.

Meeting Adjourned

Arkansas State Employees (ASE) Financials - January 1, 2014 through April 30, 2014								
	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents
Actives	24206	44403	1548	2874	2336	4536	28090	51813
Retirees	2469	3436	23	35	57	104	2549	3575
Medicare	8172	10835					8172	10835
TOTAL	34847	58674	1571	2909	2393	4640	38811	66223

REVENUES & EXPENDITURES

	Current Month	Year to Date (4 months)
Funding		
State Contribution	\$ 14,318,976	\$ 57,272,176
Employee Contribution	\$ 7,617,351	\$ 30,525,985
Other	\$ 465,551	\$ 2,453,013
Allocation for Actives - Plan Year 2014	\$ 2,154,167	\$ 8,616,667
Total Funding	\$ 24,556,045	\$ 98,867,841
Expenses		
Medical Expenses		
Claims Expense	\$ 13,613,411	\$ 57,551,445
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,102,005	\$ 4,412,909
Refunds	\$ 2,641	\$ 45,013
Employee Assistance Program (EAP)	\$ 56,218	\$ 224,929
Life Insurance	\$ 54,745	\$ 218,882
Pharmacy Expenses		
RX Claims	\$ 5,132,753	\$ 21,716,907
RX IBNR	\$ -	\$ -
RX Administration	\$ 253,602	\$ 1,016,758
Plan Administration	\$ 377,027	\$ 1,427,578
Total Expenses	\$ 20,592,402	\$ 86,614,421
Net Income/(Loss)	\$ 3,963,642	\$ 12,253,420

BALANCE SHEET

Assets		
Bank Account		\$ 10,686,808
State Treasury		\$ 71,506,004
Due from Cafeteria Plan		\$ 668,305
Due from PSE		\$ -
Receivable from Provider		\$ -
Accounts Receivable		\$ 400,693
Total Assets		\$ 83,261,810
Liabilities		
Accounts Payable		\$ 2,520
Deferred Revenues		\$ 3,690
Due to Cafeteria		\$ 601
Due to PSE		\$ 283
Health IBNR		\$ 23,200,000
RX IBNR		\$ 2,400,000
Total Liabilities		\$ 25,607,094
Net Assets		\$ 57,654,716
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14	(\$7,460,000 + \$9,390,000 + \$9,000,000)	\$ (17,233,333)
Premiums for Plan Year 1/1/15 - 12/31/15	(\$6,260,000 + \$5,400,000)	\$ (11,660,000)
Premiums for Plan Year 1/1/16 - 12/31/16	(\$3,600,000)	\$ (3,600,000)
Catastrophic Reserve		\$ (10,600,000)
Net Assets Available		\$ 14,561,382

Arkansas State Employees (ASE) Financials - January 1, 2013 through April 30, 2013				
	Gold	Silver	Bronze	Total
Actives	45,787	2,124	3,453	51,364
Retirees	3,328	34	74	3,436
Medicare	10,270			10,270
Total	59,385	2,158	3,527	65,070
Revenues & Expenditures				
Funding			Current Month	Year to Date (4 months)
State Contribution			\$ 13,543,942	\$ 54,162,454
Employee Contribution			\$ 7,228,400	\$ 28,913,189
Other			\$ 337,483	\$ 989,515
Allocation for Active/Retiree Plan Year 2013			\$ 2,236,667	\$ 8,946,667
Total Funding			\$ 23,346,492	\$ 93,011,825
Expenses				
Medical Expenses				
Claims Expense			\$ 15,091,224	\$ 64,098,930
Claims IBNR			\$ -	\$ -
Medical Admin Fees			\$ 1,076,850	\$ 4,315,410
Refunds			\$ 20,842	\$ 50,590
Employee Assistance Program (EAP)			\$ 56,535	\$ 225,959
Life Insurance			\$ 54,949	\$ 219,604
Pharmacy Expenses				
RX Claims			\$ 6,435,661	\$ 28,505,894
RX IBNR			\$ -	\$ -
RX Admin			\$ 247,683	\$ 840,036
Plan Administration			\$ 309,955	\$ 1,168,209
Total Expenses			\$ 23,293,700	\$ 99,424,633
Net Income/(Loss)			\$ 52,793	\$ (6,412,808)
Balance Sheet				
Assets				
Bank Account			\$	9,102,357
State Treasury			\$	80,485,656
Due from Cafeteria Plan			\$	613,980
Due from PSE			\$	-
Receivable from Provider			\$	151,089
Accounts Receivable			\$	625,713
Total Assets			\$	90,978,794
Liabilities				
Accounts Payable			\$	7,460
Deferred Revenues			\$	88,025
Due to Cafeteria			\$	375
Due to PSE			\$	-
Health IBNR			\$	21,100,000
RX IBNR			\$	3,200,000
Total Liabilities			\$	24,395,860
Net Assets			\$	66,582,934
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13 (\$11,190,000 + \$15,650,000)			\$	(17,893,333)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14 (\$7,460,000 + \$9,390,000)			\$	(16,850,000)
Active/Retiree Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000)			\$	(6,260,000)
Catastrophic Reserve			\$	(10,000,000)
Net Assets Available			\$	15,579,601

Public School Employees (PSE) Financials - January 1, 2014 through April 30, 2014								
	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents
Actives	18436	22383	5016	7848	23190	42034	46642	72265
Retirees	1837	2135	96	99	1196	1488	3129	3722
Medicare	8928	9782					8928	9782
TOTAL	29201	34300	5112	7947	24386	43522	58699	85769

REVENUES & EXPENDITURES

	Current Month	Year to Date (4 months)
Funding		
Per Participating Employee Funding (PPE Funding)	\$ 8,474,803	\$ 33,951,179
Employee Contribution	\$ 10,086,419	\$ 40,680,143
Department of Education \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 20,227,273
Other	\$ 28,777	\$ 604,003
Allocation for Actives - Plan Year 2014	\$ 3,583,333	\$ 14,333,333
Total Funding	\$ 29,105,151	\$ 109,795,931
Expenses		
Medical Expenses		
Claims Expense	\$ 14,233,933	\$ 63,368,410
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,594,804	\$ 6,398,713
Refunds	\$ 16,301	\$ 67,605
Employee Assistance Program (EAP)	\$ 80,687	\$ 323,638
Pharmacy Expenses		
RX Claims	\$ 3,408,822	\$ 15,100,300
RX IBNR	\$ -	\$ -
RX Administration	\$ 332,478	\$ 1,332,900
Plan Administration	\$ 291,892	\$ 1,268,514
Total Expenses	\$ 19,958,918	\$ 87,860,081
Net Income/(Loss)	\$ 9,146,233	\$ 21,935,850

BALANCE SHEET

Assets	
Bank Account	\$ 25,451,550
State Treasury	\$ 49,133,755
Receivable from Provider	\$ -
Accounts Receivable	\$ 3,350,075
Due from ASE	\$ 283
Total Assets	\$ 77,935,663
Liabilities	
Accounts Payable	\$ 642
Due to ASE	\$ -
Deferred Revenues	\$ -
Health IBNR	\$ 28,000,000
RX IBNR	\$ 1,800,000
Total Liabilities	\$ 29,800,642
Net Assets	\$ 48,135,021
Less Reserves Allocated:	
Premiums for Plan Year 1/1/14 - 12/31/14 (\$43,000,000)	\$ (28,666,667)
Catastrophic Reserve (2014 - \$11,100,000)	\$ (11,100,000)
Net Assets Available	\$ 8,368,354

Public School Employees (PSE) Financials - January 1, 2013 through April 30, 2013				
	Gold	Silver	Bronze	Total
Actives	37,490	7,654	26,368	71,512
Retirees	2,480	39	914	3,433
Medicare	8,483			8,483
Total	48,453	7,693	27,282	83,428
Revenues & Expenditures				
	Current Month		Year to Date (4 months)	
Funding				
District Contribution	\$	8,159,576	\$	32,705,464
Employee Contribution	\$	10,980,904	\$	44,273,603
Dept of Ed \$35,000,000 & \$15,000,000	\$	6,931,818	\$	20,227,273
Other	\$	421,732	\$	530,318
Allocation for Active/Retiree Premiums for Plan Year 2013	\$	750,000	\$	3,000,000
Total Funding	\$	27,244,029	\$	100,736,657
Expenses				
Medical Expenses:				
Claims Expense	\$	16,442,275	\$	71,900,375
Claims IBNR	\$	-	\$	-
Medical Admin Fees	\$	1,570,433	\$	6,356,898
Refunds	\$	13,912	\$	66,479
Employee Assistance Program (EAP)	\$	81,680	\$	327,894
Pharmacy Expenses:				
RX Claims	\$	4,640,017	\$	22,078,739
RX IBNR	\$	-	\$	-
RX Admin	\$	324,555	\$	1,096,828
Plan Administration	\$	349,115	\$	1,524,999
Total Expenses	\$	23,421,988	\$	103,352,212
Net Income/(Loss)	\$	3,822,042	\$	(2,615,555)
Balance Sheet				
Assets				
Bank Account			\$	18,585,081
State Treasury			\$	20,074,030
Receivable from Provider			\$	208,608
Accounts Receivable			\$	3,935,248
Due from ASE				
Total Assets			\$	42,802,968
Liabilities				
Accounts Payable			\$	86
Due to ASE			\$	-
Deferred Revenues			\$	1,782,827
Health IBNR			\$	24,700,000
RX IBNR			\$	2,600,000
Total Liabilities			\$	29,082,913
Net Assets			\$	13,720,055
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13 (\$9,000,000)			\$	(6,000,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14 (\$3,600,000)			\$	-
Catastrophic Reserve (2013 - \$11,100,000)			\$	(7,720,055)
Net Assets Available			\$	0



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

The following report resulted from the Benefits Sub-Committee meeting held on May 9, 2014 with Gwen Wiggins presiding.

Topics Discussed:

1. ASE-PSE April Financials
2. Wellness Exams
3. 2015 Preliminary Projections for CY 2015

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Colberg reported on Preliminary projections for CY 2015 Rates for PSE and ASE. There were several scenarios discussed with rates.

The following is ASE:

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- Changes to Gold include \$1000.00 deductible; remove Silver

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- Changes to Gold include \$1000.00 deductible; remove Silver
- Changes to Gold include \$1000.00 deductible; remove Silver, Exclude Part-time employees

Arkansas State Employees & Public School Employees Health Benefits Program

Preliminary Projections for CY 2015 Rates

Benefits Committee

May 22, 2014

John Colberg, FSA, MAAA

Gaelle Gravot, FSA, MAAA





Topics

1. 2015 Benefit Options
2. Employee Contribution Strategy:
 - a. Risk Adjusted vs. Non-Risk Adjusted rates
 - b. Strategy Comparison
3. Preliminary Rates
 - a. PSE
 - b. ASE

Appendices

- A. Current Benefit Structure
- B. Assumptions and Disclosures

2015 Benefit Options

ARBenefits Health Plan Design Worksheet - 2015 Plan Year

<i>Yellow highlight means the coverage is changed</i>	2014 Gold	Alternative 1 Premium	Alternative 2 Premium	Alternative 3 Premium	Alternative 4 Premium	2014 Silver
Actuarial Value (per MV Calculator)	83.7%	79.4%	81.3%	81.7%	82.3%	78.5%
In-Network:						
Deductible - Individual	\$0	\$1,000	\$750	\$1,000	\$500	\$1,000
Co-Insurance Limit - Individual (after Deductible)	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$3,000
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$2,500	\$3,500	\$3,250	\$3,500	\$3,000	\$4,000
Deductible - Family	\$0	\$2,000	\$1,500	\$2,000	\$1,000	\$2,000
Co-Insurance Limit - Family (after Deductible)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$6,000
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$5,000	\$7,000	\$6,500	\$7,000	\$6,000	\$8,000
Coinurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-Pay	\$35	\$35	\$35	\$25	\$35	\$35
Physician Office Visit - Specialist - Co-Pay	\$70	\$70	\$70	\$50	\$70	\$70
Rx - Deductible	None	None	None	None	None	None
Rx - Tier 1 - Generic	\$15	\$15	\$15	\$10	\$15	\$15
Rx - Tier 2 - Preferred Brand	\$40	\$40	\$40	\$40	\$40	\$40
Rx - Tier 3 - Non-Preferred Brand	\$80	\$80	\$80	\$80	\$80	\$80
Rx - Specialty	\$100	\$100	\$100	\$100	\$100	\$100
Rx - Out of Pocket Maximum (Individual/Family)	n/a	\$3,100/\$6,200	\$3,350/\$6,700	\$3,100/\$6,200	\$3,600/\$7,200	n/a
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission*	\$250	\$0	\$0	\$0	\$0	\$300
Hospital / Facility - Outpatient - Co-Pay*	\$100	\$0	\$0	\$0	\$0	\$150
Urgent Care Visit	\$100	\$100	\$100	\$100	\$100	\$100
Emergency Room Visit	\$250	\$250	\$250	\$250	\$250	\$300
Emergency Transportation - Ambulance	\$50	\$50	\$50	\$50	\$50	\$50
High Tech Radiology - Co-Pay (1st Procedure Only)*	\$250	\$0	\$0	\$0	\$0	\$300
Rehab / Therapy - Outpatient - Physical/Speech/Occup	\$35	\$35	\$35	\$25	\$35	\$35
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay	\$35	\$35	\$35	\$25	\$35	\$35
Out-of-Network:						
Deductible - Individual/Family	\$1,000/\$2,000	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000	\$1,500/\$3,000
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	None	None	None	None	\$5,000/\$10,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6,000/\$12,000	None	None	None	None	\$6,500/\$13,000

*Deductible & Co-Insurance also applies

2015 Benefit Options

ARBenefits Health Plan Design Worksheet - 2015 Plan Year

Yellow highlight means the coverage is changed					
	Current Bronze	Alternative 1 Classic	Alternative 2 Classic	Alternative 3 Basic	Alternative 4 Basic
Actuarial Value	71.3%	71.3%	70.0%	61.5%	60.6%
Monthly Plan HSA Contribution (Ind./Family)	\$0	\$0	\$25/\$50	\$0	\$25/\$50
In-Network:					
Deductible - Individual	\$2,000	\$2,000	\$2,500	\$4,000	\$6,600
Co-Insurance Limit - Individual (after Deductible)	\$4,350	\$4,600	\$4,100	\$2,600	n/a
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$6,350	\$6,600	\$6,600	\$6,600	\$6,600
Deductible - Family	\$3,000	\$3,000	\$5,000	\$8,000	\$13,200
Co-Insurance Limit - Family (after Deductible)	\$6,525	\$6,900	\$8,200	\$5,200	n/a
Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)	\$9,525	\$9,900	\$13,200	\$13,200	\$13,200
Coinsurance Rate	80%/20%	80%/20%	80%/20%	70%/30%	100%/0%
Physician Office Visit - Primary Care - Co-Pay					
Physician Office Visit - Specialist - Co-Pay					
Rx - Deductible	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.	Incl. w/ Med.
Rx - Tier 1 - Generic			**	**	**
Rx - Tier 2 - Preferred Brand			**	**	**
Rx - Tier 3 - Non-Preferred Brand			not covered	not covered	not covered
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					
Out-of-Network:					
Deductible - Individual/Family	\$3,000/\$6,000	\$3,000/\$6,000	\$4,000/\$8,000	not covered	not covered
Co-Insurance	60%/40%	60%/40%	60%/40%	not covered	not covered
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	None	None	not covered	not covered
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$8,000/\$16,000	None	None	not covered	not covered

*Co-Insurance also applies



Employee Contribution Strategy

Risk adjusted Rates

- Best Practice
- Employee contributions set based on a “base plan
- Employee buys up/down into more expense/cheaper plan based on benefit differential cost
- Insulates plan from migration/selection

Unadjusted Rates

- Past Practice
- Plan is heavily exposed to selection risk

Change of methodology can lead to significant changes in employee contribution for some employees



Strategy Comparison

Actives	Unadjusted Total Rate	Risk Adjusted Total Rate		Unadjusted Total Rate	Risk Adjusted Total Rate		Unadjusted Total Rate	Risk Adjusted Total Rate
Premium								
Employee Only	\$584.90	\$417.86		\$677.92	\$412.70		16%	-1%
Employee & Spouse	1,331.50	933.90		1,552.04	920.72		17%	-1%
Employee & Child(ren)	1,089.38	766.54		1,268.56	755.98		16%	-1%
Family	1,835.98	1,282.58		2,142.70	1,264.00		17%	-1%
Est. Monthly Total (\$mil)	\$16.1	\$11.4		\$12.4	\$7.5		-23%	-35%
Classic								
Employee Only	\$256.62	\$367.98		\$270.10	\$363.24		5%	-1%
Employee & Spouse	553.24	818.32		584.86	806.60		6%	-1%
Employee & Child(ren)	457.04	672.26		482.78	662.82		6%	-1%
Family	753.66	1,122.60		797.54	1,106.18		6%	-1%
Est. Monthly Total (\$mil)	\$6.6	\$9.6		\$8.8	\$12.0		34%	25%
Basic								
Employee Only	\$124.10	\$323.14		\$129.12	\$319.10		4%	-1%
Employee & Spouse	237.80	711.58		249.32	701.52		5%	-1%
Employee & Child(ren)	200.92	585.60		210.34	577.50		5%	-1%
Family	314.64	974.04		330.52	959.92		5%	-1%
Est. Monthly Total (\$mil)	\$1.0	\$2.8		\$1.3	\$3.5		34%	25%
Total (Monthly) (\$ mil)	\$23.7	\$23.9		\$22.5	\$23.0		-5%	-4%
Est Annual Total (\$ mil)	\$284.0	\$286.6		\$270.1	\$276.0		-5%	-4%
Total Actives & Retirees	\$320.6	\$320.9		\$309.7	\$310.0		-3%	-3%



PSE Preliminary Rates: Scenario A

Actives

Actives	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	School District Contrib.	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment
Premium					with	without*	2014 Silver	with		without		
Employee Only	\$677.92	\$291.32	\$16.60	\$153.00	\$217.00	\$292.00	\$173.32	\$43.68	25%	\$118.68	68%	13,281
Employee & Spouse	1,552.04	393.49	22.43	153.00	983.12	1,058.12	785.24	197.88	25%	272.88	35%	313
Employee & Child(ren)	1,268.56	528.87	30.15	153.00	556.54	631.54	444.52	112.02	25%	187.02	42%	1,473
Family	2,142.70	949.78	54.14	153.00	985.78	1,060.78	787.36	198.42	25%	273.42	35%	466
Est. Monthly Total (\$mil)	\$12.4	\$5.2	\$0.3	\$2.4	\$4.5	\$0.2	\$3.6	\$0.9	25%	\$0.2	58%	15,533
Classic							2014 Bronze					
Employee Only	\$270.10	\$54.02	\$3.08	\$153.00	\$60.00	\$135.00	\$11.00	\$49.00	445%	\$124.00	1127%	15,996
Employee & Spouse	584.86	30.07	1.71	153.00	400.08	475.08	266.72	133.36	50%	208.36	78%	1,196
Employee & Child(ren)	482.78	142.89	8.15	153.00	178.74	253.74	119.16	59.58	50%	134.58	113%	3,509
Family	797.54	227.32	12.96	153.00	404.26	479.26	269.50	134.76	50%	209.76	78%	2,644
Est. Monthly Total (\$mil)	\$8.8	\$2.0	\$0.1	\$3.6	\$3.1	\$0.4	\$1.6	\$1.5	93%	\$0.4	201%	23,345
Basic							2014 Bronze					
Employee Only	\$129.12	\$0.00	(\$34.88)	\$153.00	\$11.00	\$86.00	\$11.00	\$0.00	0%	\$75.00	682%	5,332
Employee & Spouse	249.32	0.00	(170.40)	153.00	266.72	341.72	266.72	0.00	0%	75.00	28%	399
Employee & Child(ren)	210.34	0.00	(61.82)	153.00	119.16	194.16	119.16	0.00	0%	75.00	63%	1,170
Family	330.52	0.00	(91.98)	153.00	269.50	344.50	269.50	0.00	0%	75.00	28%	881
Est. Monthly Total (\$mil)	\$1.3	\$0.0	(\$0.4)	\$1.2	\$0.5	\$0.1	\$0.5	\$0.0	0%	\$0.1	108%	7,782
Total (Monthly) (\$ mil)	\$22.5	\$7.2	\$0.0	\$7.1	\$8.1	\$0.7	\$5.7	\$2.4/\$3.1		42%54%		46,661
Est Annual Total (\$ mil)	\$270.1	\$86.6	\$0.0	\$85.7	\$97.7	\$8.4	\$68.8	\$28.9/\$37.3		42%54%		
vs 2014 plan elections (minimum District) - with/without wellness				\$85.7	\$97.7	\$8.4	\$108.1	\$28.9/\$37.3		27%35%		
vs 2014 plan elections (estimated District) - with/without wellness				\$103.3	\$80.1	\$8.4	\$90.4	\$28.9/\$37.3		32%41%		
Total Active & Ret (\$ mil)	\$309.7	\$86.6	\$0.0	\$85.7	\$137.4	\$8.4	\$98.8	\$38.6	39%	\$47.0	48%	59,577

*Already subtracted from Total Rates

Premium – Alternative 3
 Classic – Alternative 1
 Basic – Alternative 3

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



PSE Preliminary Rates: Scenario A

Retirees

NME Retirees	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium					2014 Silver			
Retiree Only	\$677.92	\$0.00	\$0.00	\$677.92	\$426.54	\$251.38	59%	1,932
Retiree & NME SP	1,552.04	0.00	0.00	1,552.04	1,107.40	444.64	40%	135
Retiree & Child(ren)	1,268.56	0.00	0.00	1,268.56	779.76	488.80	63%	20
Retiree & NME SP&CH	2,142.70	0.00	0.00	2,142.70	1,363.04	779.66	57%	14
Retiree & ME SP	852.08	0.00	0.00	852.08	508.22	343.86	68%	147
Retiree & ME SP & CH	1,442.72	0.00	0.00	1,442.72	861.44	581.28	67%	-
Est. Monthly Total (\$mil)	\$1.7	\$0.0	\$0.0	\$1.7	\$1.1	\$0.6	57%	2,248
Classic					2014 Bronze			
Employee Only	\$270.10	\$0.00	\$0.00	\$270.10	\$267.66	\$2.44	1%	757
Employee & Spouse	584.86	0.00	0.00	584.86	600.98	(16.12)	-3%	147
Employee & Child(ren)	482.78	0.00	0.00	482.78	468.20	14.58	3%	19
Family	797.54	0.00	0.00	797.54	801.52	(3.98)	0%	26
Est. Monthly Total (\$mil)	\$0.3	\$0.0	\$0.0	\$0.3	\$0.3	\$0.0	0%	949
Basic					2014 Bronze			
Employee Only	\$129.12	\$0.00	\$0.00	\$129.12	\$267.66	(\$138.54)	-52%	252
Employee & Spouse	249.32	0.00	0.00	249.32	600.98	(351.66)	-59%	49
Employee & Child(ren)	210.34	0.00	0.00	210.34	468.20	(257.86)	-55%	6
Family	330.52	0.00	0.00	330.52	801.52	(471.00)	-59%	9
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	-\$0.1	-54%	316
Total (Monthly) (\$ mil)	\$2.1	\$0.0	\$0.0	\$2.1	\$1.5	\$0.6	37%	3,514
Est Annual Total (\$ mil)	\$24.8	\$0.0	\$0.0	\$24.8	\$18.1	\$6.7		
Medicare Eligible								
Retiree Only	\$174.16	\$63.05	\$0.00	\$111.11	\$81.68	\$29.43	36%	8,522
Retiree & NME SP	575.66	0.00	0.00	575.66	708.98	(133.32)	-19%	90
Retiree & Child(ren)	557.41	9.54	0.00	547.87	665.66	(117.79)	-18%	16
Retiree & NME SP&CH	1,025.46	103.40	0.00	922.06	1,310.62	(388.56)	-30%	1
Retiree & ME SP	320.74	31.52	0.00	289.22	271.04	18.18	7%	774
Retiree & ME SP & CH	703.99	0.00	0.00	703.99	788.44	(84.45)	-11%	-
Est. Monthly Total (\$mil)	\$1.8	\$0.6	\$0.0	\$1.2	\$1.0	\$0.3	26%	9,403
Total (Est. Annual)	\$21.5	\$6.7	\$0.0	\$14.8	\$11.8	\$3.0		

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



PSE Preliminary Rates: Scenario B

Actives

Actives	Risk Adjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	School District Contrib.	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment
Premium					with	without*	2014 Silver	with		without		
Employee Only	\$417.86	\$131.98	\$0.00	\$153.00	\$132.88	\$207.88	\$173.32	(\$40.44)	-23%	\$34.56	20%	20,098
Employee & Spouse	933.90	197.95	0.01	153.00	582.94	657.94	785.24	(202.30)	-26%	(127.30)	-16%	448
Employee & Child(ren)	766.54	197.95	0.01	153.00	415.58	490.58	444.52	(28.94)	-7%	46.06	10%	2,314
Family	1,282.58	263.93	0.01	153.00	865.64	940.64	787.36	78.28	10%	153.28	19%	654
Est. Monthly Total (\$mil)	\$11.4	\$3.4	\$0.0	\$3.6	\$4.5	\$0.4	\$5.4	(\$0.9)	-17%	\$0.4	16%	23,515
Classic							2014 Bronze					
Employee Only	\$367.98	\$131.98	\$0.00	\$153.00	\$83.00	\$158.00	\$11.00	\$72.00	655%	\$147.00	1336%	10,884
Employee & Spouse	818.32	197.95	0.01	153.00	467.36	542.36	266.72	200.64	75%	275.64	103%	1,095
Employee & Child(ren)	672.26	197.95	0.01	153.00	321.30	396.30	119.16	202.14	170%	277.14	233%	2,879
Family	1,122.60	263.93	0.01	153.00	705.66	780.66	269.50	436.16	162%	511.16	190%	2,503
Est. Monthly Total (\$mil)	\$9.6	\$2.9	\$0.0	\$2.7	\$4.1	\$0.3	\$1.4	\$2.7	187%	\$0.3	278%	17,360
Basic							2014 Bronze					
Employee Only	\$323.14	\$131.98	\$0.00	\$153.00	\$38.16	\$113.16	\$11.00	\$27.16	247%	\$102.16	929%	3,628
Employee & Spouse	711.58	197.95	0.01	153.00	360.62	435.62	266.72	93.90	35%	168.90	63%	365
Employee & Child(ren)	585.60	197.95	0.01	153.00	234.64	309.64	119.16	115.48	97%	190.48	160%	960
Family	974.04	263.93	0.01	153.00	557.10	632.10	269.50	287.60	107%	362.60	135%	834
Est. Monthly Total (\$mil)	\$2.8	\$1.0	\$0.0	\$0.9	\$1.0	\$0.1	\$0.5	\$0.5	101%	\$0.1	193%	5,787
Total (Monthly) (\$ mil)	\$23.9	\$7.2	\$0.0	\$7.1	\$9.5	\$0.7	\$7.3	\$2.2/\$2.9		31%40%		46,662
Est Annual Total (\$ mil)	\$286.6	\$86.6	\$0.0	\$85.7	\$114.3	\$8.4	\$87.4	\$26.9/\$35.3		31%40%		
vs 2014 plan elections (minimum District) - with/without wellness				\$85.7	\$114.3	\$8.4	\$108.1	\$26.9/\$35.3		25%33%		
vs 2014 plan elections (estimated District) - with/without wellness				\$103.3	\$96.6	\$8.4	\$90.4	\$26.9/\$35.3		30%39%		

Total Active & Ret (\$ mil)	\$320.9	\$86.6	\$0.0	\$85.7	\$148.6	\$8.4	\$117.3	\$31.3	27%	\$39.7	34%	59,578
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*Already subtracted from Total Premiums

Premium – Alternative 3

Classic – Alternative 1

Basic – Alternative 3



PSE Preliminary Rates: Scenario B

Retirees

NME Retirees	Risk Adjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium					2014 Silver			
Retiree Only	\$417.86	\$0.00	\$0.00	\$417.86	\$426.54	(\$8.68)	-2%	1,932
Retiree & NME SP	933.90	0.00	0.00	933.90	1,107.40	(173.50)	-16%	135
Retiree & Child(ren)	766.54	0.00	0.00	766.54	779.76	(13.22)	-2%	20
Retiree & NME SP&CH	1,282.58	0.00	0.00	1,282.58	1,363.04	(80.46)	-6%	14
Retiree & ME SP	592.02	0.00	0.00	592.02	508.22	83.80	16%	147
Retiree & ME SP & CH	940.70	0.00	0.00	940.70	861.44	79.26	9%	-
Est. Monthly Total (\$mil)	\$1.1	\$0.0	\$0.0	\$1.1	\$1.1	\$0.0	-3%	2,248
Classic					2014 Bronze			
Employee Only	\$367.98	\$0.00	\$0.00	\$367.98	\$267.66	\$100.32	37%	757
Employee & Spouse	818.32	0.00	0.00	818.32	600.98	217.34	36%	147
Employee & Child(ren)	672.26	0.00	0.00	672.26	468.20	204.06	44%	19
Family	1,122.60	0.00	0.00	1,122.60	801.52	321.08	40%	26
Est. Monthly Total (\$mil)	\$0.4	\$0.0	\$0.0	\$0.4	\$0.3	\$0.1	37%	949
Basic					2014 Bronze			
Employee Only	\$323.14	\$0.00	\$0.00	\$323.14	\$267.66	\$55.48	21%	252
Employee & Spouse	711.58	0.00	0.00	711.58	600.98	110.60	18%	49
Employee & Child(ren)	585.60	0.00	0.00	585.60	468.20	117.40	25%	6
Family	974.04	0.00	0.00	974.04	801.52	172.52	22%	9
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	20%	316
Total (Monthly) (\$ mil)	\$1.6	\$0.0	\$0.0	\$1.6	\$1.5	\$0.1	7%	3,514
Est Annual Total (\$ mil)	\$19.5	\$0.0	\$0.0	\$19.5	\$18.1	\$1.3		
Medicare Eligible								
Retiree Only	\$174.16	\$63.05	\$0.00	\$111.10	\$81.68	\$29.42	36%	8,522
Retiree & NME SP	580.82	0.00	0.00	580.82	708.98	(128.16)	-18%	90
Retiree & Child(ren)	563.41	9.54	0.00	553.87	665.66	(111.79)	-17%	16
Retiree & NME SP&CH	1,038.87	103.40	0.00	935.47	1,310.62	(375.15)	-29%	1
Retiree & ME SP	320.74	31.52	0.00	289.22	271.04	18.18	7%	774
Retiree & ME SP & CH	709.99	0.00	0.00	709.99	788.44	(78.45)	-10%	-
Est. Monthly Total (\$mil)	\$1.8	\$0.6	\$0.0	\$1.2	\$1.0	\$0.3	26%	9,403
Total (Est. Annual)	\$21.5	\$6.7	\$0.0	\$14.8	\$11.8	\$3.0		

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



ASE Preliminary Rates: Scenario A

Actives

Actives	Unadjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment
Premium				with	without*	2014 Silver	with		without		
Employee Only	\$436.42	\$326.16	\$21.64	\$88.62	\$163.62	\$62.72	\$25.90	41%	\$100.90	161%	14,304
Employee & Spouse	992.58	552.91	36.69	402.98	477.98	285.20	117.78	41%	192.78	68%	3,155
Employee & Child(ren)	738.76	503.60	33.42	201.74	276.74	142.78	58.96	41%	133.96	94%	4,970
Family	1,294.94	780.15	51.77	463.02	538.02	327.68	135.34	41%	210.34	64%	3,403
Est. Monthly Total (\$mil)	\$17.5	\$11.6	\$0.8	\$5.1	\$0.4	\$3.6	\$1.5	41%	\$0.4	95%	25,832
Classic						2014 Bronze					
Employee Only	\$182.36	\$138.19	\$9.17	\$35.00	\$110.00	\$0.00	\$35.00	n/a	\$110.00	n/a	892
Employee & Spouse	392.48	258.39	17.15	116.94	191.94	77.96	38.98	50%	113.98	146%	263
Employee & Child(ren)	296.58	238.59	15.83	42.16	117.16	28.10	14.06	50%	89.06	317%	233
Family	506.72	344.26	22.84	139.62	214.62	93.08	46.54	50%	121.54	131%	324
Est. Monthly Total (\$mil)	\$0.5	\$0.4	\$0.0	\$0.1	\$0.0	\$0.1	\$0.1	105%	\$0.0	329%	1,713
Basic						2014 Bronze					
Employee Only	\$90.42	\$84.79	\$5.63	\$0.00	\$75.00	\$0.00	\$0.00	n/a	\$75.00	n/a	297
Employee & Spouse	174.08	90.14	5.98	77.96	152.96	77.96	0.00	0%	75.00	96%	88
Employee & Child(ren)	135.90	101.09	6.71	28.10	103.10	28.10	0.00	0%	75.00	267%	78
Family	219.56	118.61	7.87	93.08	168.08	93.08	0.00	0%	75.00	81%	108
Est. Monthly Total (\$mil)	\$0.1	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	\$0.0	224%	571
Total (Monthly) (\$ mil)	\$18.0	\$12.0	\$0.8	\$5.3	\$0.4	\$3.7	\$1.6/\$2.0		42%53%		28,115
Est Annual Total (\$ mil)	\$216.3	\$143.8	\$9.5	\$63.0	\$5.1	\$44.4	\$18.7/\$23.7		42%53%		
vs 2014 plan elections - with/without wellness			\$9.5	\$63.0	\$5.1	\$65.1	\$18.7/\$23.7		29%36%		

Total Active & Ret (\$ mil)	\$287.3	\$175.4	\$11.6	\$100.3	\$5.1	\$76.7	\$23.5	31%	\$28.6	37%	39,399
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*Already subtracted from Total Rates

Premium – Alternative 3

Classic – Alternative 1

Basic – Alternative 3

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



ASE Preliminary Rates: Scenario A

Retirees

NME Retirees	Unadjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium					2014 Silver			
Retiree Only	\$436.42	\$189.26	\$12.56	\$234.60	\$204.00	\$30.60	15%	2,023
Retiree & NME SP	992.58	396.64	26.32	569.62	495.32	74.30	15%	681
Retiree & Child(ren)	738.76	283.88	18.84	436.04	379.16	56.88	15%	128
Retiree & NME SP&CH	1,294.94	482.80	32.04	780.10	678.34	101.76	15%	51
Retiree & ME SP	811.30	381.09	25.29	404.92	352.10	52.82	15%	241
Retiree & ME SP & CH	1,113.64	475.73	31.57	606.34	527.26	79.08	15%	9
Est. Monthly Total (\$mil)	\$1.9	\$0.8	\$0.1	\$1.1	\$0.9	\$0.1	15%	3,134
Classic					2014 Bronze			
Employee Only	\$182.36	\$11.55	\$0.77	\$170.04	\$147.86	\$22.18	15%	21
Employee & Spouse	392.48	40.46	2.68	349.34	303.78	45.56	15%	14
Employee & Child(ren)	296.58	58.07	3.85	234.66	204.06	30.60	15%	3
Family	506.72	114.97	7.63	384.12	334.02	50.10	15%	9
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	15%	46
Basic					2014 Bronze			
Employee Only	\$90.42	\$0.00	(\$57.44)	\$147.86	\$147.86	(\$0.00)	0%	7
Employee & Spouse	174.08	0.00	(129.70)	303.78	303.78	0.00	0%	5
Employee & Child(ren)	135.90	0.00	(68.16)	204.06	204.06	(0.00)	0%	1
Family	219.56	0.00	(114.46)	334.02	334.02	(0.00)	0%	3
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	15
Total (Monthly) (\$ mil)	\$1.9	\$0.8	\$0.1	\$1.1	\$0.9	\$0.1	15%	3,195
Est Annual Total (\$ mil)	\$23.3	\$9.7	\$0.6	\$12.9	\$11.3	\$1.7		
Medicare Eligible								
Retiree Only	\$374.87	\$191.82	\$12.73	\$170.32	\$148.10	\$22.22	15%	5,526
Retiree & NME SP	793.85	225.92	14.99	552.94	480.82	72.12	15%	380
Retiree & Child(ren)	696.41	278.10	18.45	399.86	347.70	52.16	15%	59
Retiree & NME SP&CH	1,196.36	388.07	25.75	782.54	680.46	102.08	15%	33
Retiree & ME SP	722.17	309.64	20.55	391.98	340.86	51.12	15%	2,069
Retiree & ME SP & CH	1,043.71	395.90	26.27	621.54	540.48	81.06	15%	20
Est. Monthly Total (\$mil)	\$4.0	\$1.8	\$0.1	\$2.0	\$1.8	\$0.3	15%	8,088
Total (Est. Annual)	\$47.6	\$21.9	\$1.5	\$24.3	\$21.1	\$3.2		

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



ASE Preliminary Rates: Scenario B

Actives

Actives	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment
Premium				with	without*	2014 Silver	with		without		
Employee Only	\$418.98	\$297.80	\$19.78	\$101.40	\$176.40	\$62.72	\$38.68	62%	\$113.68	181%	14,304
Employee & Spouse	951.16	597.24	39.66	314.26	389.26	285.20	29.06	10%	104.06	36%	3,155
Employee & Child(ren)	708.28	460.58	30.58	217.12	292.12	142.78	74.34	52%	149.34	105%	4,970
Family	1,240.46	760.01	50.47	429.98	504.98	327.68	102.30	31%	177.30	54%	3,403
Est. Monthly Total (\$mil)	\$16.7	\$11.0	\$0.7	\$5.0	\$0.4	\$3.6	\$1.4	38%	\$0.4	91%	25,832
Classic						2014 Bronze					
Employee Only	\$367.18	\$297.80	\$19.78	\$49.60	\$124.60	\$0.00	\$49.60	n/a	\$124.60	n/a	892
Employee & Spouse	831.62	597.24	39.66	194.72	269.72	77.96	116.76	150%	191.76	246%	263
Employee & Child(ren)	619.66	460.58	30.58	128.50	203.50	28.10	100.40	357%	175.40	624%	233
Family	1,084.10	760.01	50.47	273.62	348.62	93.08	180.54	194%	255.54	275%	324
Est. Monthly Total (\$mil)	\$1.0	\$0.8	\$0.1	\$0.2	\$0.0	\$0.1	\$0.2	274%	\$0.0	499%	1,713
Basic						2014 Bronze					
Employee Only	\$320.78	\$297.80	\$19.78	\$3.20	\$78.20	\$0.00	\$3.20	n/a	\$78.20	n/a	297
Employee & Spouse	721.38	597.24	39.66	84.48	159.48	77.96	6.52	8%	81.52	105%	88
Employee & Child(ren)	538.56	460.58	30.58	47.40	122.40	28.10	19.30	69%	94.30	336%	78
Family	939.16	760.01	50.47	128.68	203.68	93.08	35.60	38%	110.60	119%	108
Est. Monthly Total (\$mil)	\$0.3	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	36%	\$0.0	261%	571
Total (Monthly) (\$ mil)	\$18.1	\$12.1	\$0.8	\$5.2	\$0.4	\$3.7	\$1.5/\$1.9		41%53%		28,115
Est Annual Total (\$ mil)	\$217.0	\$144.7	\$9.6	\$62.7	\$5.1	\$44.4	\$18.3/\$23.4		41%53%		
vs 2014 plan elections - with/without wellness			\$9.6	\$62.7	\$5.1	\$65.1	\$18.3/\$23.4		28%36%		
Total Active & Ret (\$ mil)	\$287.3	\$175.4	\$11.6	\$100.2	\$5.1	\$76.7	\$23.5	31%	\$28.5	37%	39,399

*Already subtracted from Total Rates

Premium – Alternative 3
 Classic – Alternative 1
 Basic – Alternative 3

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



ASE Preliminary Rates: Scenario B

Retirees

NME Retirees	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2015 Retiree Cost	2014 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium					2014 Silver			
Retiree Only	\$418.98	\$176.80	\$11.74	\$230.44	\$204.00	\$26.44	13%	2,023
Retiree & NME SP	951.16	326.52	21.68	602.96	495.32	107.64	22%	681
Retiree & Child(ren)	708.28	258.19	17.15	432.94	379.16	53.78	14%	128
Retiree & NME SP&CH	1,240.46	407.89	27.09	805.48	678.34	127.14	19%	51
Retiree & ME SP	793.86	299.85	19.91	474.10	352.10	122.00	35%	241
Retiree & ME SP & CH	1,083.16	381.22	25.32	676.62	527.26	149.36	28%	9
Est. Monthly Total (\$mil)	\$1.9	\$0.7	\$0.0	\$1.1	\$0.9	\$0.2	19%	3,134
Classic					2014 Bronze			
Employee Only	\$367.18	\$176.80	\$11.74	\$178.64	\$147.86	\$30.78	21%	21
Employee & Spouse	831.62	326.52	21.68	483.42	303.78	179.64	59%	14
Employee & Child(ren)	619.66	258.19	17.15	344.32	204.06	140.26	69%	3
Family	1,084.10	407.89	27.09	649.12	334.02	315.10	94%	9
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	59%	46
Basic					2014 Bronze			
Employee Only	\$320.78	\$176.80	\$11.74	\$132.24	\$147.86	(\$15.62)	-11%	7
Employee & Spouse	721.38	326.52	21.68	373.18	303.78	69.40	23%	5
Employee & Child(ren)	538.56	258.19	17.15	263.22	204.06	59.16	29%	1
Family	939.16	407.89	27.09	504.18	334.02	170.16	51%	3
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	22%	15
Total (Monthly) (\$ mil)	\$1.9	\$0.7	\$0.0	\$1.1	\$0.9	\$0.2	19%	3,195
Est Annual Total (\$ mil)	\$22.7	\$8.7	\$0.6	\$13.4	\$11.3	\$2.1		
Medicare Eligible								
Retiree Only	\$374.87	\$193.33	\$12.84	\$168.70	\$148.10	\$20.60	14%	5,526
Retiree & NME SP	793.85	236.90	15.73	541.22	480.82	60.40	13%	380
Retiree & Child(ren)	696.41	304.96	20.25	371.20	347.70	23.50	7%	59
Retiree & NME SP&CH	1,196.36	424.46	28.18	743.72	680.46	63.26	9%	33
Retiree & ME SP	722.17	307.32	20.41	394.44	340.86	53.58	16%	2,069
Retiree & ME SP & CH	1,043.71	418.95	27.82	596.94	540.48	56.46	10%	20
Est. Monthly Total (\$mil)	\$4.0	\$1.8	\$0.1	\$2.0	\$1.8	\$0.3	14%	8,088
Total (Est. Annual)	\$47.6	\$22.0	\$1.5	\$24.2	\$21.1	\$3.0		

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

Other scenarios...

CHEIRON		PSE Active Contribution Rates								H-scan	
Wellness Incentive		Benefits (Ded)		Premium Rates		Employee Cost					
Incentive PEPM	\$75	Premium	P1000c	Risk Adjust Prem? (Y/N/%)	Yes	Method	State/Head				
% Wellness Util	80%	Classic	C2000	Blend Actives & NME Ret?	Yes	Not Used					
Current Wellness Util	24%	Basic	B4000	Reserve Contrib per Adult	\$0.00	% for Spouse	50.0%				
Cost per New Exam	\$200	PT Eligible	Yes	Reserve Load	0%	% for Child(ren)	50.0%				
Claim Savings 2015	0.0%			Migration Scenario	A	Not Used					
Incentive offsets rates?	Yes			% Bronze to Basic	25%	Cap at Prem - Dist?	No				

Actives	Risk Adjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	School District Contrib.	2015 Employee Cost with & without Wellness Visit		2014 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Visit				Assumed Enrollment
Premium					with	without*	2014 Silver	with	without			
Employee Only	\$417.86	\$131.98	\$0.00	\$153.00	\$132.88	\$207.88	\$173.32	(\$40.44)	-23%	\$34.56	20%	20,098
Employee & Spouse	933.90	197.95	0.01	153.00	582.94	657.94	785.24	(202.30)	-26%	(127.30)	-16%	448
Employee & Child(ren)	766.54	197.95	0.01	153.00	415.58	490.58	444.52	(28.94)	-7%	46.06	10%	2,314
Family	1,282.58	263.93	0.01	153.00	865.64	940.64	787.36	78.28	10%	153.28	19%	654
Est. Monthly Total (\$mil)	\$11.4	\$3.4	\$0.0	\$3.6	\$4.5	\$0.4	\$5.4	(\$0.9)	-17%	\$0.4	16%	23,515
Classic							2014 Bronze					
Employee Only	\$367.98	\$131.98	\$0.00	\$153.00	\$83.00	\$158.00	\$11.00	\$72.00	655%	\$147.00	1336%	10,884
Employee & Spouse	818.32	197.95	0.01	153.00	467.36	542.36	266.72	200.64	75%	275.64	103%	1,095
Employee & Child(ren)	672.26	197.95	0.01	153.00	321.30	396.30	119.16	202.14	170%	277.14	233%	2,879
Family	1,122.60	263.93	0.01	153.00	705.66	780.66	269.50	436.16	162%	511.16	190%	2,503
Est. Monthly Total (\$mil)	\$9.6	\$2.9	\$0.0	\$2.7	\$4.1	\$0.3	\$1.4	\$2.7	187%	\$0.3	278%	17,360
Basic							2014 Bronze					
Employee Only	\$323.14	\$131.98	\$0.00	\$153.00	\$38.16	\$113.16	\$11.00	\$27.16	247%	\$102.16	929%	3,628
Employee & Spouse	711.58	197.95	0.01	153.00	360.62	435.62	266.72	93.90	35%	168.90	63%	365
Employee & Child(ren)	585.60	197.95	0.01	153.00	234.64	309.64	119.16	115.48	97%	190.48	160%	960
Family	974.04	263.93	0.01	153.00	557.10	632.10	269.50	287.60	107%	362.60	135%	834
Est. Monthly Total (\$mil)	\$2.8	\$1.0	\$0.0	\$0.9	\$1.0	\$0.1	\$0.5	\$0.5	101%	\$0.1	193%	5,787
Total (Monthly) (\$ mil)	\$23.9	\$7.2	\$0.0	\$7.1	\$9.5	\$0.7	\$7.3	\$2.2/\$2.9		31%/40%		46,662
Est Annual Total (\$ mil)	\$286.6	\$86.6	\$0.0	\$85.7	\$114.3	\$8.4	\$87.4	\$26.9/\$35.3		31%/40%		
vs 2014 plan elections (minimum District) - with/without wellness				\$85.7	\$114.3	\$8.4	\$108.1	\$26.9/\$35.3		25%/33%		
vs 2014 plan elections (estimated District) - with/without wellness				\$103.3	\$96.6	\$8.4	\$90.4	\$26.9/\$35.3		30%/39%		

Total Active & Ret (\$ mil)	\$320.9	\$86.6	\$0.0	\$85.7	\$148.6	\$8.4	\$117.3	\$31.3	27%	\$39.7	34%	59,578
*Already subtracted from Total Premiums												



Classic Values, Innovative Advice

Appendix A – Current Benefit Summary

Benefit Option Name: Last Modified: Provider Network:	Gold 1/1/2014 Health Advantage	Silver 1/1/2014 QualChoice	Bronze 1/1/2014 Health Advantage
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	None / None	\$1000 / \$2000	\$2000 / \$3000
Coinsurance	20%	20%	20%
Copays			
Office Visit - Primary Care (PCP)	\$35	\$35	Ded. & Coins.
OV - Specialist Care Provider (SCP)	\$70	\$70	Ded. & Coins.
Urgent Care (UC)	\$100	\$150	Ded. & Coins.
Emergency Room (ER) Non-admitted	\$250	\$300	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)	\$2500 / \$5000	\$4000 / \$8000	\$6350 / \$9525
<u>Out-of-Network (OON) Benefits ¹</u>			
Deductible (Individual / Family)	\$1000 / \$2000	\$2000 / \$4000	\$4000 / \$8000
Coinsurance	40%	40%	40%
Out-of-Pocket Max (Individual / Family)	\$6000 / \$12000	\$8000 / \$16000	\$12700 / \$19000
Annual Maximum INN / OON	Unlimited	Unlimited	Unlimited
<u>Prescription Drugs</u>			
Separate Deductible then the following Copays:			
Retail (31 Days) - Generic/Formulary /Non-Form./ Specialty	\$15 / \$40 / \$80 / \$100	\$15 / \$40 / \$80 / \$100	Ded. & Coins.
Mail Order (93 Days) - Generic/Form. /Non-Form.	\$45 / \$120/ \$240	\$45 / \$120 / \$240	Ded. & Coins.
<u>Selected Detail Benefits</u>			
Emergency Transportation - Ambulance	INN: \$50 Copay; OON: Ded & Coins.	INN: \$50 Copay; OON: Ded & Coins.	
Psychiatry	INN: \$25 Copay; OON: Ded & Coins.	INN: \$25 Copay; OON: Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	INN: \$35 Copay; OON: Ded. & Coins.	INN: \$35 Copay; OON: Ded. & Coins.	Ded. & Coins.
Chiropractors:	INN: \$35 ; OON: Ded & Coins.	INN: \$50; 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

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



Appendix B – Assumptions & Disclosures

- Plan Election:
 - For ASE and PSE overall non-Medicare Eligible plan election will be similar to 2014.
 - Increases in Medicare eligible retirees (to 8,100 for ASE and 9,400 for PSE, approximately).
 - Silver and Gold are assumed to move to the Premium plan.
 - 25% of Bronze participants are assumed to elect the Basic plan, and 75% the Classic plan.
 - For PSE Scenario A, 8,000 participants migrate from Premium to Classic
- Experience period: April 2013 through March 2014. Claims are paid through April 2014, adjusted for savings generated by reference pricing changes implemented on or before January 1, 2014.
- Trend assumption: 6% annually for medical (non-Medicare) and Rx, 5% for medical Medicare.
- Additional details about the assumptions and methods will be provided in follow-up documentation.
- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the Plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information and claims data. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.
- Cheiron's analysis was prepared exclusively for the Employee Benefits Division of the State of Arkansas for the specific purpose of providing projections and options to the Arkansas State and Public School Life and Health Insurance Board and/or Benefits Committee. 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.

Proposal for Mandatory Wellness Participation beginning in 2015

ARBenefits members have been offered multiple wellness programs over the past several years. These programs have always been voluntary and opt-in. There have been a few incentives offered, such as \$0 cost for wellness visits, \$250 deferment of hospital co-pay for maternity program participation and free tobacco cessation products when enrolled in the tobacco cessation program. While some members avail themselves of these voluntary offerings, the percentage of participation has remained low.

EBD proposes the implementation of a mandatory wellness program. This program would immediately implement a mandatory wellness exam by every member, every year. This means that each member will be required to visit their physician, as an effort to allow as many as possible to qualify, EBD will consider any office visit in 2013 or 2014 as long as the visit is completed by the end of October, 2014. If the member has completed the office visit within the time frame, he/she will receive the lowest possible premium rate for the 2015 Plan Year. Any member not completing this mandatory exam will face a surcharge to their premiums.

New hires after the October, 2014 deadline will come on the plan at the base rate.

EBD is aware that many times, a member who goes to the doctor for a "wellness" visit ends up paying out-of-pocket expense because a certain test or screening is coded as diagnostic as it goes through the claims payment system. This causes anger among the membership, who was simply trying to receive their free annual wellness visit. For the new premium adjusted program, many of the screenings and tests that currently trigger the diagnostic code would be included as "wellness". This would allow the member to receive a comprehensive examination without the unexpected costs.

Under the new program, a member could visit their PCP in 2014 and be diagnosed with an acute or chronic condition, but also receive tests which qualify as wellness, such as a blood pressure screening, weight management, cholesterol screening or full metabolic lab. For this type of claim, EBD will run a report at the end of December identifying this visit as 'wellness', which will allow the member to meet the requirements to qualify for the lowest possible premium rates for the 2015 Plan Year. An appeals process would be attached to this program regarding visits not identified in EBD's December report.

In an effort to curtail costs and encourage members to engage in their own health, many organizations are implementing wellness programs which require certain actions on the part of each member covered by the Plan.

1. Pennsylvania State University informed its employees and their spouses that they would face a \$100 monthly surcharge unless they completed a biometric screening and an online wellness profile and certified that they have had or will have a physical exam. Penn State added that it would not have access to the health screening results.
2. CVS Caremark Corp. introduced a similar program, saying employees who get a health screening and complete an online wellness review each year by May 1 would avoid paying an additional \$600 in the current plan year.

The number of employers using penalties such as increased premiums or deductibles for individuals not completing certain health requirements is also rising. In 2011, 19% of responding employers utilized penalties, with that percentage increasing to 36% in 2012. Also, more employers are requiring employees to complete health risk appraisals or biometric screenings to be eligible for financial incentives.