



AGENDA

State and Public School Life and Health Insurance Board & Benefits Sub-committee **Special Meeting **

December 05, 2014

1:00 p.m.

EBD Board Room – 501 Building, Suite 500

- I. Call to OrderJohn Kirtley, Chairman*
- II. Approval 2015 Meeting Schedule.....Bob Alexander, EBD Executive Director*
- III. Bariatric Surgery.....Bob Alexander, EBD Executive Director*
- IV. Legislation Discussion.....Bob Alexander, EBD Executive Director*
- V. Director's ReportBob Alexander, EBD Executive Director*

Upcoming Meetings

January 20, 2015

February 17, 2015

NOTE: All material for this meeting will be available by electronic means only 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"

Arkansas State Employees (ASE) Financials - January 1, 2013 through November 30, 2013				
	Gold	Silver	Bronze	Total
Actives	44,699	2,407	3,635	50,741
Retirees	3,405	30	91	3,526
Medicare	10,711			10,711
Total	58,815	2,437	3,726	64,978
Revenues & Expenditures				
	Current Month		Year to Date (11 months)	
Funding				
State Contribution	\$	14,319,684	\$	152,835,386
Employee Contribution	\$	7,224,997	\$	79,573,197
Other	\$	25,496	\$	9,226,399
Allocation for Active/Retiree Plan Year 2013	\$	2,236,667	\$	24,603,333
Total Funding	\$	23,806,843	\$	266,238,316
Expenses				
Medical Expenses				
Claims Expense	\$	17,716,859	\$	172,334,712
Claims IBNR	\$	-	\$	2,100,000
Medical Admin Fees	\$	1,091,490	\$	12,045,262
Refunds	\$	24,305	\$	78,359
Employee Assistance Program (EAP)	\$	56,230	\$	620,368
Life Insurance	\$	54,662	\$	602,966
Pharmacy Expenses				
RX Claims	\$	7,658,451	\$	75,920,762
RX IBNR	\$	-	\$	(800,000)
RX Admin	\$	248,754	\$	2,803,094
Plan Administration	\$	378,376	\$	3,657,021
Total Expenses	\$	27,229,127	\$	269,362,545
Net Income/(Loss)	\$	(3,422,284)	\$	(3,124,229)
Balance Sheet				
Assets				
Bank Account			\$	4,451,700
State Treasury			\$	75,450,353
Due from Cafeteria Plan			\$	668,305
Due from PSE			\$	236
Receivable from Provider			\$	-
Accounts Receivable			\$	(655,975)
Total Assets			\$	79,914,619
Liabilities				
Accounts Payable			\$	2,520
Deferred Revenues			\$	97,489
Due to Cafeteria			\$	-
Due to PSE			\$	(236)
Health IBNR			\$	23,200,000
RX IBNR			\$	2,400,000
Total Liabilities			\$	25,699,773
Net Assets			\$	54,214,846
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13 (\$11,190,000 + \$15,650,000)			\$	(2,236,667)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14 (\$7,460,000 + \$9,390,000 + \$9,000,000)			\$	(25,850,000)
Active/Retiree Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000 + \$5,400,000)			\$	(11,660,000)
Active/Retiree Premiums for Plan Year 1/1/16 - 12/31/16 (\$3,600,000)			\$	(3,600,000)
Catastrophic Reserve			\$	(10,000,000)
Net Assets Available			\$	868,179

Fifth week of claims totaled: \$5,048,454.51

Arkansas State Employees (ASE) Financials - January 1, 2014 through November 30, 2014								
	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents
Actives	23401	42801	1653	2990	2417	4591	27471	50382
Retirees	2359	3279	27	52	64	112	2450	3443
Medicare	8549	11316					8549	11316
TOTAL	34309	57396	1680	3042	2481	4703	38470	65141

REVENUES & EXPENDITURES

	Current Month	Year to Date (11 months)
Funding		
State Contribution	\$ 14,346,946	\$ 157,627,882
Employee Contribution	\$ 7,495,913	\$ 83,441,043
Other	\$ 448,705	\$ 10,827,217
Allocation for Actives - Plan Year 2014	\$ 2,154,167	\$ 23,695,833
Total Funding	\$ 24,445,731	\$ 275,591,975
Expenses		
Medical Expenses		
Claims Expense	\$ 15,229,841	\$ 164,377,166
Claims IBNR	\$ -	\$ 1,500,000
Medical Administration Fees	\$ 1,047,254	\$ 12,363,612
Refunds	\$ 3,766	\$ (14,653)
Employee Assistance Program (EAP)	\$ 56,464	\$ 618,171
Life Insurance	\$ 55,014	\$ 601,950
Pharmacy Expenses		
RX Claims	\$ 5,715,493	\$ 62,968,596
RX IBNR	\$ -	\$ (600,000)
RX Administration	\$ 218,713	\$ 2,670,608
Plan Administration	\$ 1,724,787	\$ 6,941,743
Total Expenses	\$ 24,051,332	\$ 251,427,191
Net Income/(Loss)	\$ 394,399	\$ 24,164,784

BALANCE SHEET

Assets		
Bank Account		\$ 7,084,543
State Treasury		\$ 76,105,904
Due from Cafeteria Plan		\$ 709,521
Due from PSE		\$ -
Receivable from Provider		\$ -
Accounts Receivable		\$ 178,848
Total Assets		\$ 84,078,816
Liabilities		
Accounts Payable		\$ 3,758
Deferred Revenues		\$ 17,630
Due to Cafeteria		\$ 469
Due to PSE		\$ 142
Due to Federal Government (\$63 fee)		\$ 3,069,904
Health IBNR		\$ 24,700,000
RX IBNR		\$ 1,800,000
Total Liabilities		\$ 29,591,903
Net Assets		\$ 54,486,913
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14	(\$7,460,000 + \$9,390,000 + \$9,000,000)	\$ (2,154,167)
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		\$ 26,472,747

Fifth Week of claims totaled:

Public School Employees (PSE) Financials - January 1, 2013 through November 30, 2013				
	Gold	Silver	Bronze	Total
Actives	35,053	8,282	28,000	71,335
Retirees	2,477	91	1,356	3,924
Medicare	9,311			9,311
Total	46,841	8,373	29,356	84,570
Revenues & Expenditures				
Funding	Current Month		Year to Date (11 months)	
District Contribution	\$	8,041,210	\$	88,778,027
Employee Contribution	\$	10,760,554	\$	120,098,594
Dept of Ed \$35,000,000 & \$15,000,000	\$	3,181,818	\$	46,818,182
Other	\$	15,093	\$	52,419,717
Allocation for Active/Retiree Premiums for Plan Year 2013	\$	750,000	\$	8,250,000
Total Funding	\$	22,748,675	\$	316,364,521
Expenses				
Medical Expenses:				
Claims Expense	\$	19,486,910	\$	196,875,813
Claims IBNR	\$	-	\$	3,300,000
Medical Admin Fees	\$	1,074,119	\$	17,515,598
Refunds	\$	31,137	\$	1,972
Employee Assistance Program (EAP)	\$	80,580	\$	887,881
Pharmacy Expenses:				
RX Claims	\$	6,253,568	\$	59,539,386
RX IBNR	\$	-	\$	(800,000)
RX Admin	\$	327,907	\$	3,642,812
Plan Administration	\$	268,316	\$	4,028,966
Total Expenses	\$	27,522,537	\$	284,992,427
Net Income/(Loss)	\$	(4,773,862)	\$	31,372,094
Less Reserve for 2014			\$	(43,000,000)
Net Income (Loss) for 2013	\$	(4,773,862)	\$	(11,627,906)
Balance Sheet				
Assets				
Bank Account			\$	9,945,425
State Treasury			\$	59,094,781
Receivable from Provider			\$	-
Accounts Receivable			\$	5,132,770
Due from ASE			\$	(236)
Total Assets			\$	74,172,741
Liabilities				
Accounts Payable			\$	642
Due to ASE			\$	236
Deferred Revenues			\$	1,914,159
Health IBNR			\$	28,000,000
RX IBNR			\$	1,800,000
Total Liabilities			\$	31,715,037
Net Assets			\$	42,457,704
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13 (\$9,000,000)			\$	(750,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14 (\$43,000,000)			\$	(43,000,000)
Catastrophic Reserve (2013 - \$11,100,000)			\$	-
Net Assets Available			\$	(1,292,296)

Fifth week of claims totaled: \$5,207,370.58

Public School Employees (PSE) Financials - January 1, 2014 through November 30, 2014								
	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents
Actives	17028	20759	5271	8190	23143	42098	45442	71047
Retirees	1689	1949	159	176	1506	1881	3354	4006
Medicare	9670	10595					9670	10595
TOTAL	28387	33303	5430	8366	24649	43979	58466	85648

REVENUES & EXPENDITURES		
	Current Month	Year to Date (11 months)
Funding		
Per Participating Employee Funding (PPE Funding)	\$ 8,270,763	\$ 91,837,014
Employee Contribution	\$ 9,799,734	\$ 110,108,919
Department of Education \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 46,818,182
Other	\$ 112,132	\$ 21,671,465
Allocation for Actives - Plan Year 2014	\$ 3,583,333	\$ 39,416,667
Total Funding	\$ 24,947,781	\$ 309,852,246
Expenses		
Medical Expenses		
Claims Expense	\$ 16,173,737	\$ 183,836,935
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,604,822	\$ 17,822,312
Refunds	\$ 5,857	\$ 2,959
Employee Assistance Program (EAP)	\$ 78,520	\$ 871,289
Pharmacy Expenses		
RX Claims	\$ 4,144,819	\$ 44,256,766
RX IBNR	\$ -	\$ (400,000)
RX Administration	\$ 293,561	\$ 3,500,433
Plan Administration	\$ 2,279,052	\$ 8,608,334
Total Expenses	\$ 24,580,367	\$ 258,499,028
Less Allocation for Plan Year 2015		\$ 20,000,000
Net Income/(Loss)	\$ 367,413	\$ 31,353,218
BALANCE SHEET		
Assets		
Bank Account		\$ 12,594,464
State Treasury		\$ 67,204,111
Receivable from Provider		\$ -
Accounts Receivable		\$ 6,247,905
Due from ASE		\$ 142
Total Assets		\$ 86,046,622
Liabilities		
Accounts Payable		\$ 496
Due to ASE		\$ -
Deferred Revenues		\$ -
Due to Federal Government (\$63 fee)		\$ 4,177,071
Health IBNR		\$ 28,000,000
RX IBNR		\$ 1,400,000
Total Liabilities		\$ 33,577,567
Net Assets		\$ 52,469,055
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14 (\$43,000,000)		\$ (3,583,333)
Catastrophic Reserve (2014 - \$11,100,000)		\$ (11,100,000)
Premiums for Plan Year 1/1/15 - 12/31/15 (\$20,000,000 received from Dept of Education)		\$ (20,000,000)
Net Assets Available		\$ 17,785,722

Fifth Week of claims totaled:

Proposed Bariatric Pilot Program Requirements as of 1/15/15

Members previously enrolled are subject to former requirements.

ARBenefits will provide coverage for bariatric surgery to include:

- A) Gastric bypass surgery
- B) Adjustable gastric banding surgery
- C) Sleeve gastrectomy surgery
- D) Duodenal switch biliopancreatic diversion

The Arkansas State and Public School Life and Health Insurance board must approve additional procedures. The surgical procedure must be pre-certified by your surgeon and supported as medically necessary by your primary care physician prior to surgery. Contact American Health Holding (AHH) at 877-815-1017, option 2.

Eligibility Criteria

1. Only Arkansas State and Public School Employees, aged 25-55, with a BMI greater than 35 will be considered for bariatric surgery (no dependents or spouses).
2. If the Employee's BMI is between 35 and 40, candidates must have co-morbid conditions, such as cardiopulmonary disease, sleep apnea, hypertension or diabetes. **(If you are followed by your physician for, or are on medications to treat a condition, you must enroll in a Disease Management Program.)**
3. The Employee under the plan **must** have been a plan participant for a **minimum** of one plan year prior to enrollment in the bariatric program.

Participation Criteria

1. Candidates must follow the enrollment procedure outlined below:
 - a) The Employee must enroll by telephone contact with the Employee Benefits Division (EBD) (877-815-1017) to be considered for Bariatric Surgery.
 - b) Contact with the coaches must be documented monthly, no less than 20 days nor more than 40 days between contacts. **(Responsibility for maintaining contact with the coach is the Employee's.)**
 - c) The Employee under the plan **must** agree in writing to comply with at least one-year post surgery, physician-supervised treatment plan, and be followed by an ARBenefits Case Manager. **Failure to comply with this requirement will result in the denial of payment for bariatric claims.**
2. A six month physician-supervised nutrition and exercise program is to include: Low calorie diet or diet program recommended specifically for the Employee by his/her physician; increased physical activity and behavior modification. The program and the member's compliance with the program must be documented in the medical records at least monthly. This supervision is required for a minimum of 6 months, and must continue monthly up to the scheduled date of the bariatric procedure. If surgery is delayed, monthly supervisory visits must be maintained and documentation provided to the plan.
 - a) Member participation in a physician-supervised nutrition and exercise program must be documented in the medical record by the attending physician who supervised the member's participation. Records must document compliance with the program and member **MUST** show a **10% or greater weight loss** in the 6 months immediately preceding the scheduled surgery. Member's weight must be documented at each physician visit.

NOTE: A physician summary letter is **NOT** sufficient

- b) Nutrition and exercise programs must be at least 6 months duration or longer and be documented. This documentation needs to accompany the request for approval. All employees will be expected to continue participation in the managed weight loss up to the date of surgery.
 - c) If the employee has one of the following conditions and is taking medications to control or address the symptoms of the condition, participation in a **Disease Management Program** listed below is required:
 - I) Asthma
 - II) Coronary Artery Disease
 - III) Congestive Heart Failure
 - IV) Diabetes, Type I and Type II
 - V) Chronic Pain
 - VI) High Cholesterol
 - VII) High Blood Pressure
3. Following surgery, the employee **MUST** enroll in and complete the **Healthy Guidance Weight Program** speaking with a Health Coach.

American Health Holding will not be able to provide pre-certification until all necessary documentation has been obtained.

- a) Documentation required for pre-certification regarding participation by an employee under the plan must be submitted by the chosen Bariatric Surgeon.
- b) Letter from the physician monitoring/supervising the weight loss prior to surgery is to include:
 - 1) Recommendation of member for bariatric surgery.
 - 2) Documentation of all possible medically related causes of obesity (such as thyroid or endocrine disorders).
 - 3) Weight History – Including all weight, exercise, dietary, and behavior modification encounters with document **10% or greater weight loss**. (In-network providers only will be covered by ARBenefits.)
- c) Records of all studies/procedures such as, but not limited to, sleep study, cardiac studies (stress test, echocardiogram, and cardiac catheterization), and operations on the stomach or intestines, hernia repair.
- d) Detailed Post-Op follow-up treatment plan signed by member and surgeon must accompany the request for pre-certification.

NOTE: This pilot will only cover the First Bariatric procedure per lifetime. (Employees who have had previous bariatric procedures are ineligible for this Pilot.)

Any and all of the above requirements may be subject to change.