



## AGENDA

State and Public School Life and Health Insurance Board

March 17, 2015

1:00 p.m.

EBD Board Room – 501 Building, Suite 500

- I. *Call to Order .....Carla Wooley, Vice-Chairman*
- II. *Approval of February 20, 2015 Minutes .....Carla Wooley, Vice-Chairman*
- III. *ASE-PSE Financials February, 2015 .....Marla Wallace, EBD Chief Fiscal Officer*
- IV. *Benefits Sub-committee Report.... Shelby McCook, Benefits Committee Chairman*
- V. *DUEC Report ..... Dr. Kat Neill, UAMS*
- VI. *2014 Update.....John Colberg, Cheiron*
- VII. *Catamaran & Vendor Audits..... John Kirtley, Chairman*
- VIII. *Director's Report..... Bob Alexander, EBD Executive Director*

### **Upcoming Meetings**

**April 21, 2015**

**May 19, 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"**

**State and Public School Life  
And Health Insurance Board Special Board Meeting  
Minutes  
March 17, 2015**

The 148<sup>th</sup> meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on March 17, 2015 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

**MEMBERS PRESENT**

Dr. Joseph Thompson  
Dr. Tony Thurman  
Renee Mallory  
Dan Honey  
Angela Avery  
Shelby McCook  
Dr. John Kirtley – Chairman- Teleconference  
Carla Haugen Vice-Chairman  
Janis Harrison  
Dr. Andrew Kumpuris

**MEMBERS ABSENT**

Lori Freno-Engman  
Katrina Burnett  
Robert Boyd

Bob Alexander, Executive Director, Employee Benefits Division

**OTHERS PRESENT:**

David Keisner, Dwight Davis , UAMS; Janna Keathley, Ethel Whittaker, Marla Wallace, Lori Eden, Stella Green, Sherry Bryant, EBD; Sylvia Landers, Eileen Wider, Minnesota Life; Kristi Jackson, Jennifer Vaughn, ComPsych; Pam Lawrence, AHH; Marc Watts, ASEA; Andy Davis, Arkansas Democrat Gazette; Wayne Whitley, Ronda Walthall, Larry Dickerson, AR Highway & Transportation Dept; Takisha Sanders, Kanita Collins, Martha Carlson, Health Advantage; Gini Ingram, ACHI; Jackie Baker, Harmony Daniels, ASP; Steve Althoff, MTI; Connie Bennett, Catamaran; Martha Hill, Robyn Keene, AAEA; Karen Langley, Qual Choice; Mike Pickens, Pickens Law Firm; Jim Templeton, AFA; Sam Smothers, Astra Zeneca; Lisa Boone, EBI; Derrick Smith; Mitchell Williams

**CALL TO ORDER:**

Meeting was called to order by Carla Haugen, Vice- Chairman

**APPROVAL OF MINUTES:** *by Carla Haugen, Vice-Chairman*

The request was made by Haugen to approve the February 20, 2015 minutes.

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

**Minutes approved**

**CATAMARAN AND VENDOR AUDITS:** *by Dr. John Kirtley, Chairman*

Dr. Kirtley reported audits have been a frequent topic in the past few weeks. One concern is audits completed in the last two (2) years. In addition, what is the history of how audits we're previously completed. Dr. Kirtley inquired if the board would recommend beginning completing audits to ensure compliance.

Alexander reported audits have been completed in the past. However, they are claim audits processed internally. The budget has not allocated funds for travel and to hire a staff auditor. It's questionable if it would be more feasible to hire a consultant for the audits.

McCook reported previously Stephens Inc. was hired to complete the audits externally. Alexander inquired how were the auditor's paid, with or without trust funds?

Dr. Davis, UAMS, reported previously Stephens was selected among several auditors. Dr. Davis was hired to create preliminary figures and presented them to the former Director. Dr. Davis reported the consultant fee's we're in excess of \$100,000 to Stephens. The agency paid Dr. Davis to hire the auditor.

Shelby motioned to include an additional amount for Pharmacy. The Drug and Utilization Committee will create the parameters and a prescription audit that would be presented at the next board meeting. Mallory seconded.

**Discussion:**

Alexander inquired what type of internal audits are done and how are they reported to the agency?

Sarah Bujak, Catamaran representative, requested time to research the information with the responsible team, and report at the next board meeting.

Dr. Kumpuris inquired if the company audits the plan, and is there a report provided to the agency of what is disclosed? Dr. Kumpuris also requested a history of the last two (2) years of the audit and what was done to correct any findings?

Dr. Thompson reported the discussion is in regards to an external audit to validate the internal audit.

After discussion all were in favor.

**Motion Approved.**

Haugen inquired is there additional discussion of vendor audits?

Dr. Thompson inquired which vendors are audited and those that are not.

Alexander reported at the next board meeting there will be a report of all the internal audits processed at the agency.

**FINANCIALS:** *by Marla Wallace, EBD Fiscal Officer*

Wallace reported financials for February, 2015. In February claims were paid for six (6) weeks for one (1) carrier. There was a loss of \$395,000. The month of February FICA savings collected for the schools the past two months totaled \$947,551. The catastrophic reserve for 2015 is fully funded. The year-to-date gain is \$11 million, and \$25.8 million net assets.

Alexander reported in January and February the premium plan has a deductible that the members are required to meet, which contributes to some of the savings.

For ASE February claims was paid for six (6) weeks for one (1) carrier also. The loss for the month is \$316,000, and the year-to-date gain is \$9.5 million. The catastrophic reserve is fully funded, and there is \$35.47 million in net assets.

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

The following report resulted from a meeting of the Benefits Sub-Committee from March 6, 2015 with Shelby McCook presiding.

**Topics Discussed:**

- Stem Cell Update
- 2014 Cherion Update
- Minnesota Life

**Stem Cell Update**

Platelet-rich plasma (PRP) is harvest from a patient's own blood. For tendon and ligament injuries, PRP is injected or implanted during surgery with the goal of accelerating healing of the damaged tendon or ligament.

Results from 19 randomized controlled trials (RCTs) and three (3) nonrandomized controlled studies provide mixed and inconclusive evidence regarding the ability of injection of platelet-rich plasma (PRP) to improve outcomes or accelerate healing in patients who have tendon ligament injuries. Although the majority of the studies that evaluated PRP injection as an adjunct to surgical repair of anterior cruciate ligament (ACL) injuries reported improvements in knee stability or tissue healing, most studies reported no improvement in the knee function. There are different ratings based on the current available published evidence. Please refer to the Hayes summary provided for the results.

Alexander recommended additional information before referring to the board.

## **2014 CHEIRON UPDATE**

PSE assets increased significantly in 2014 primarily due to claims being well below projected, finishing the year with almost \$15 million in net assets available. Both medical and pharmacy claims in 2014 were below projected. Medical was 11% below projected, and pharmacy 3% below projected on a PMPM basis. Enrollment in 2014 was slightly below projected for actives and slightly higher than projected for retirees.

ASE assets increase significantly as well in 2014 due to claims being below the previous projected amount. ASE had more than \$25 million in net assets available. Both medical and pharmacy claims in 2014 were below projected. Per member, medical was more than 9% below projected, and pharmacy more than 8% below projected. Enrollment in 2014 was slightly below projected for actives and slightly higher than projected for retirees.

## **MINNESOTA LIFE**

Minnesota Life has been on the state's plan since 1/1/2008. State and Public School since 1/1/2013. The following are some the services provided to the State of Arkansas:

- Paid 3,898 claims since 2008 totaling over \$32 million.
- Manage records of over 100,000 insureds.
- From January 2008 through March 2015, we received and processed over 71,000 enrollment applications.
- Beneficiary Management
- Dedicated Field Service Representative
- On-line billing
- Dedicated toll-free number for claims and service

- Life Benefits Extra website
- Life Suite Services

Altemus motioned to delay any action to research additional information in terms of losses from the Public Schools. Harrison seconded. All were in favor.

### **Motion Approved**

## **MEDICARE ADVANTAGE**

McCook reported in the last six weeks there has been a lot of information obtained on Medicare Advantage. After studying the information McCook feels that this would need to be a network plan. Due to those reasons, and many others it is not feasible to move forward with the project. The retirees feel very strong about not having a Medicare Advantage Plan.

McCook motioned to rescind the recommendation to the board for a RFP for Medicare Advantage. Avery seconded. All were in favor.

### **Motion Approved.**

McCook reported speaking with Dr. Kumpuris over the past few months regarding alternatives to the state's plan. McCook and Dr. Kumpuris discussed the possibilities of making regional agreements with providers. McCook invited Dr. Kumpuris to the next benefits meeting for discussion for investigational purposes.

McCook motioned for approval of the benefits sub-committee report. Avery seconded. All were in favor.

### **Motion Approved.**

## **State and Public School Life and Health Insurance Board Drug Utilization and Evaluation Committee Report**

The following report resulted from a meeting of the DUEC on February 24, 2015 with Dr. Kat Neill presiding.

## 1. Recommended Changes to Current Coverage

### A. Delivery Coordination Workgroup Report: *by Dr. David Keisner, UAMS*

Drugs used in the treatment of Cancers and non-cancer drugs were reviewed by the DCWG and a report made to the DUEC on February 24<sup>th</sup>. Recommendations from this report are outlined below.

|   | Current Coverage                          | Proposed Coverage for 2015 |
|---|---|----------------------------|
| <u>Relapsed CLL:</u><br>Zydelig (Idelalisib)                                | New Drug-Excluded                         | T4 PA                      |
| <u>Metastatic Melanoma</u><br>Tafinlar +Mekinist<br>(dabrafenib+trametinib) | Individual drugs T4 PA,<br>combo excluded | T4 PA for combo            |
| Opdivo (nivolumab)  | New Drug - Exclude                        | TABLE (new evidence 2/26)  |
| <u>Denosumab</u><br>Xgeva-bone metastases – J0897                           | Medical, no PA required                   | T4 PA                      |
| Prolia-osteoporosis – J0897   | T4 PA                                     | T4 PA                      |

Dr. Thompson motioned to accept the recommendations in Section A. Harrison seconded. All were in favor.

## Motion Approved

### B. Hepatitis C Review: *by Dr. Jill Johnson, UAMS*

A. Coverage criteria: Dr. Johnson reported the plan has covered five categories of patients who are affected with Hepatitis C. Harvoni and Viekira were not previously covered. – \* **PLEASE SEE UPDATED ATTACHMENT FOR THIS SECTION**

- A. For any treatment to eradicate chronic hepatitis C virus (HCV) infection, the following criteria must be met regardless of which regimen is requested:

|   |   |
|---|---|
| 1. The patient must test positive for HCV infection documented by at least 1 measurement of serum HCV RNA >10,000 IU/mL AND a positive anti-HCV antibody, HCV RNA, or HCV genotype test > 6 months prior to access to drug therapy. |   |
| 2. The patient must be free of using illicit drugs for the past 6 months.   | Any positive drug screen during treatment stops access to the HCV drugs. Reinfection is a risk for IV drug users. |
| 3. The patient must be free of abusing ethanol for the past 6 months. (defined as >3 glasses/d (1 glass is equivalent to beer 284 ml, wine 125 ml, or distilled spirits 25 ml for females and > 4 glasses/d for males.              |   |

|  |  |
|--|--|
| 4. If the patient has cirrhosis, there must be NO signs of decompensation (ascites, episodes of spontaneous bacterial peritonitis, hepatic encephalopathy, esophageal or gastric varices or a history of variceal bleeding.  | Unless currently LISTED on the liver transplant list. Patients with decompensation will not be treated unless currently listed on a verifiable list from a liver transplant center.  |
| 5. The patient must not have liver disease due to any cause other than HCV infection (chronic hepatitis B infection, autoimmune hepatitis, alcoholic hepatitis, nonalcoholic steatohepatitis, hemochromatosis, Wilson's disease, alpha1 Antitrypsin deficiency, cholangitis) ruled out prior to HCV treatment. | These patients were excluded from the clinical trials.   |
| 6. Cirrhosis must be shown by liver biopsy and be metavir score F3 or F4.  | The noninvasive tests FIB-4 and APRI and cannot differentiate F3 from F4, which in some cases require a longer duration of therapy. Therefore, it is necessary to ascertain with a liver biopsy whether the patient is F3 or F4. |

**B. Other questions which must be collected on EVERY patient seeking drug therapy for HCV infection:**

|   |   |
|---|---|
| 1. Is the patient currently on the liver transplant list?   |   |
| 2. Has the patient previously received any treatment for HCV infection? If so, what regimen and duration? |   |
| 3. Has the patient tested positive for HIV?   | There is no date in HCV treatment-experienced HIV patients. |

The Recommendation is to cover the least expensive of Sofosbuvir, Harvoni, and Viekira due to no head to head data. The meds are very expensive. Dr. Keisner reported case management is required with Sovaldi. Bennett reported there are no patients covered since January 2015. However, there were six prescriptions filled in 2014.

Dr. Johnson recommended the patient must have a liver biopsy. Patient must not have liver disease due to other causes. Recommendation to add either Harvoni or Viekira by diagnosis based on the cost of the agents.

C. Updates to evidence will be evaluated periodically.

D. Ensure communication to providers and case management strategy are in place prior to coverage.

Dr. Thompson motioned to cover the DUEC recommendations inclusive of the noninvasive Fibrosis/Cirrhosis, mandatory case management, a required review every six (6) months, for Modification of the pricing structure of these meds; with request for input from a viral Gastrologist, and the Director of the Health Department prior to the next Board meeting. Therefore, the meds are covered, and the board will have the necessary information. Harrison seconded. All were in favor.

**Motion Approved**

### C. Singulair Review: *by Dr. David Keisner, UAMS*

Dr. Keisner reported the average cost of the pill was .40 per pill in 2014. The overall findings do not suggest that one medication within any of the classes evaluated is significantly more effective or harmful than the other medications within the same class, with the exception of zileuton being more harmful than the other LMs.

#### Recommendation:

|                         | Current Coverage | Proposed Coverage for 2015                |
|-------------------------|------------------|---|
| Singulair (montelukast) | T1 PA            | T1 (remove PA)                            |
| Zyflo (zileuton)        | T2 PA            | Exclude (90 day communication to members) |

### 2. Zetia Review

#### A. Zetia Review: *by Dr. Jill Johnson, UAMS*

Dr. Johnson briefly reported that Zetia was reviewed for seven (7) years in post ACS (highest risk population). The evaluation looked at the causes of death. However, the research has not been published in a peer-reviewed process. After seven (7) years in post ACS patients, 34.7% of patients had an end point vs. 32.7%, only a 2% difference in causes of death. In one (1) year, 350 patients would need to be treated with the combo to prevent one end point. Patients should continue with statin use. No change to coverage was recommended at this time.

Dr. Thompson motioned to adopt the recommendations for Singulair and Zetia. Harrison seconded. All were in favor.

#### Motion Approved

### 3. New Drugs: *by Dr. Jill Johnson, UAMS*

**Discussion:** Recommendation that new drugs covered under the medical benefit are excluded from coverage until reviewed to be consistent with the Prescription benefit process.

Dr. Thompson motioned to adopt the recommendations that new drugs covered under the medical benefit will be reviewed before covered. McCook seconded. All were in favor.

#### Motion Approved

Johnson reported on new drugs. The review covered products released October 16<sup>th</sup> – December 15<sup>th</sup> 2014.

**Recommended Additions:**

| <b>BRAND NAME</b>    | <b>GENERIC NAME</b>  | <b>PRICING (AWP)</b>                      | <b>INDICATION</b>   | <b>SIMILAR THERAPIES ON FORMULARY/AWP</b>  | <b>DUEC VOTE</b>   |
|----------------------|--|---|---|--|--|
| Spiriva Spr Respimat | tiotropium bromide inhal aerosol 2.5mcg/act                  | \$357/60 doses (2 inhalations once daily) | New formulation. For long-term, once daily, maintenance treatment of bronchospasm associated w/COPD and for reducing COPD exacerbations | Spiriva Handihaler = \$357/30caps.(two inhalations from one capsule once daily) Tier 2 | T2   |
| Zenpep               | pancrelipase (lip-prot-amyl) DR cap 40000-136000-218000units | \$131/100                                 | New formulation. For cystic fibrosis, pancreatectomy, and pancreatic insufficiency  | pancrelipase (tier 1). Creon, Pertzye, Ultrase, Viokace, Zenpep are tier 2.            | T3*and exclude Ultresa & Pertzye. Connie said there was no utilization on either of those. Therefore, no member communication necessary. |

**Recommended Additions (continued):**

| <b>BRAND NAME</b> | <b>GENERIC NAME</b>    | <b>PRICING (AWP)</b>   | <b>INDICATION</b>  | <b>SIMILAR THERAPIES ON FORMULARY/AWP</b>   | <b>DUEC VOTE</b> |
|-------------------|------------------------|------------------------|--|---|------------------|
| Uceris Aer mg/act | budesonide rectal foam | \$312/bottle /28 doses | For mild to moderate ulcerative colitis. Dose = 1 metered dose twice daily for 2 weeks, then once daily for 4 weeks. | mesalamine 4gm/60ml enema (tier 1). Dose= daily for 3-6 weeks or until remission. \$24.60/enema | T4               |

|                 |   |                                  |  |   |                   |
|-----------------|---|----------------------------------|--|---|-------------------|
| Asmanex HFA Aer | mometasone furoate inha aerosol suspension                          | 120 metered doses(200mcg)= \$220 | Treatment of asthma  | Asmanex Twisthaler 120metered doses (220mcg) = \$315. | T3                |
| Trumenba inj    | meningococcal grp B vaccine IM susp prefilled syringe               | \$277/1                          | Meningococcal infection prophylaxis  |   | Cover, \$0 copay. |
| Gardasil 9 inj  | human papilloma virus 9-valent recomb vac IM susp                   | \$195/dose                       | For HPV infection prophylaxis. Gardasil 9 covers 9 types of HPV- 5 more than original Gardasil | Gardasil \$176/dose                                   | Cover, \$0 copay. |
| Gardasil 9 inj  | human papilloma virus 9-valent recomb vac IM susp prefilled syringe | \$197/dose                       | For HPV infection prophylaxis. Gardasil 9 covers 9 types of HPV- 5 more than original Gardasil | Gardasil \$176/dose                                   | Cover, \$0 copay. |

**SPECIALTY DRUGS**

|                     |                       |                               |  |  |   |
|---------------------|-----------------------|-------------------------------|--|--|---|
| Tybost              | cobicistat 150mg tabs | \$216/30 tabs                 | Indicated specifically for use as a booster drug - FDA restricts the indication for the drug's use to enhance the potency of two once daily protease inhibitors - Reyataz and Prezista. It is not intended for use with twice daily dosing of these drugs. |  | T3PA with criteria to ascertain dx of HIV, proper concurrent therapy (once daily darunavir or atazanavir) , and QL 30/30. |
| Harvoni tabs 90-400 | ledipasvir-sofosbuvir | \$113,400/12 weeks of therapy | Once daily for treatment of Hepatitis C. Duration=8-24 weeks   |  | T4PA  |

**Recommended Additions (continued):**

| BRAND NAME | GENERIC NAME | PRICING (AWP) | INDICATION | SIMILAR THERAPIES ON FORMULARY/AWP | DUEC VOTE |
|------------|--------------|---------------|------------|------------------------------------|-----------|
|------------|--------------|---------------|------------|------------------------------------|-----------|

|   |   |                   |  |                                    |      |
|---|---|-------------------|--|------------------------------------|------|
| Esbriet caps 267mg                      | pirfenidone cap 267mg   | \$9,630/month     | Treatment of idiopathic pulmonary fibrosis. Dose = 3 caps (801mg) three times a day. | Ofev                               | T4PA |
| Humira inj 10mg/0.2ml prefilled syringe | adalimumab prefilled syringe kit                              | \$3,496/2 pens    | New dose.  | Other Humira pens - specialty tier | T4PA |
| Obizur inj                              | antihemophilic factor (RECOMB Porc) RPFVIII for inj 500 units | \$3,095/500 units | Administered IV for hemophilia   |                                    | T4PA |

Dr. Thompson motioned to adopt the recommended additions. Mallory seconded. All were in favor.

### **Motion Approved**

#### **Recommended Exclusions:**

| <b>BRAND NAME</b>          | <b>GENERIC NAME</b>                     | <b>PRICING (AWP)</b>   | <b>INDICATION</b>   | <b>SIMILAR THERAPIES ON FORMULARY/AWP</b>   | <b>Code</b> |
|----------------------------|---|------------------------|---|---|-------------|
| <b>NON-SPECIALTY DRUGS</b> |   |                        |   |   |             |
| Trulicity                  | dulaglutide                             | \$586/carton of 4 pens | Treatment of type 2 diabetes in combination with diet and exercise. Dose=0.75-1.5mg SQ once weekly. | Byetta (daily injection) - \$511/month. Victoza (daily injection) - \$705/month. Bydureon (once weekly) - \$528/month. Byetta and Victoza are tier 3 with a PA. Bydureon is excluded by the plan. | 13          |
| Sumavel                    | sumatriptan solu jet-injector 4mg/0.5ml | \$1,032/6 syringes     | New dosage. For treatment of migraine   | Sumavel excluded by plan. Sumatriptan covered tier 1 with quantity limit. Sumatriptan 6mg = \$107/5 vials   | 13          |
| Mitigare                   | colchicine caps 0.6mg                   | \$6.86/0.6mg capsule   | Treatment/prevention of gout flares. Dose= 0.6mg once or twice daily.                               | Colcrys 0.6mg tab = \$6.54/tab. Tier 3. Generic colchicine tablets off the market.  | 13          |

|                             |  |             |                                   |                               |    |
|-----------------------------|--|-------------|-----------------------------------|-------------------------------|----|
| Xarelto Starter Therapy Pak | rivaroxaban starter therapy pak - 15mg(#42) & 20mg(#9) | \$12.58/tab | New packaging. Oral anticoagulant | Xarelto - tier 2. \$12.58/tab | 13 |
|-----------------------------|--|-------------|-----------------------------------|-------------------------------|----|

**Recommended Exclusions (continued):**

| <b>BRAND NAME</b> | <b>GENERIC NAME</b>   | <b>PRICING (AWP)</b> | <b>INDICATION</b>  | <b>SIMILAR THERAPIES ON FORMULARY/AWP</b>  | <b>Code</b>  |
|-------------------|---|----------------------|--|--|--|
| Bionect Aer 0.2%  | hyaluronate sodium foam 0.2%  | \$219/114gm          | Management/symptom relief of skin irritation/dermatitis  | Bionect Cream 0.2% 25gm/\$164 Bionect Gel 0.2% = \$163. Not excluded by plan. Tier 3 but no utilization. | 13   |
| Akynzeo caps      | netupitant-palonosetron caps 300-0.5mg  | \$571/cap            | Treatment of chemotherapy induced nausea/vomiting prophylaxis. Dose= 1 capsule by mouth as a single dose                 | first in class   | 13   |
| Relyyxs Pad       | lidocaine-menthol-patch 4-5%  | \$625/15 patches     | Topical pain patch   |  | 13   |
| Zenpep evaluation | *Exclude Ultresa & Pertzye. No utilization - no member communication necessary. |                      |  |  |  |
| Belsomra tabs     | suvorexant  | \$315/30 tabs        | Treatment of insomnia, characterized by difficulties with sleep onset and/or sleep maintenance. Dose=10-20mg once daily. | First in class. Schedule IV  | RP in the Classic plan. Exclude (code 13) in the high deductible plan. |
| Trezix caps       | acetaminophen-caffeine-dihydrocodeine caps                                      | \$2.63/capsule       | For moderate to severe pain. Schedule III  |  | 13   |

|                 |   |              |   |  |    |
|-----------------|---|--------------|---|--|----|
| Hysingla ER tab | hydrocodone bitartrate ER 24 hr abuse deterrent | \$8-\$41/tab | Extended release (abuse deterrent) for severe pain. | Zohydro ER excluded by plan. Immediate release hydrocodone combination products, apap-codeine, fentanyl patch, oxycodone combinations, oxycodone controlled release covered as tier 1. | 13 |
|-----------------|---|--------------|---|--|----|

**Recommended Exclusions (continued):**

| BRAND NAME             | GENERIC NAME  | PRICING (AWP)  | INDICATION   | SIMILAR THERAPIES ON FORMULARY/A WP | Code |
|------------------------|---|----------------|--|-------------------------------------|------|
| <b>SPECIALTY DRUGS</b> |   |                |  |                                     |      |
| Plegridy               | peginterferon beta-1A solution pen-injector, pen-injector starter kit, prefilled syringe, prefilled syringe starter kit | \$5,726/2 pens | SQ inj therapy for relapsing forms of multiple sclerosis, in which interferon-beta-1a is pegylated to extend its half-life to permit a less frequent dosing schedule (q2w) |                                     | 13   |
| Ofev                   | nintedanib esylate  | \$9,600/month  | Treatment of idiopathic pulmonary fibrosis. Dose = 150mg(one capsule) twice daily.   | Esbriet                             | 1    |
| Lidopin cre 3.25%      | lidocaine HCl Cream 3.25%   | \$837/28gm     |  |                                     | 13   |
| Sunapryn Suspension    | tramadol for oral sus compounding kit   | \$499/kit      |  |                                     | 4    |

|                                |   |             |  |  |   |
|--------------------------------|---|-------------|--|--|---|
| A.A.G.C Kit<br>cre<br>Teroderm | amatadine-<br>amitriprpt-<br>gabapentin-<br>cycloben<br>cream<br>compounding<br>kit | \$249/kit   |  |  | 4 |
| Active-prep<br>Cre Kit I       | flurbiprofen-<br>cyclobenzapri<br>ne cream<br>compounding<br>kit                    | \$3,220/kit |  |  | 4 |
| Active-Prep<br>cre kit IV      | tramadol-<br>gabapentin-<br>menthol-<br>camphor<br>cream<br>compounding<br>kit      | \$3,129/kit |  |  | 4 |

**Recommended Exclusions (continued):**

| <b>BRAND<br/>NAME</b>      | <b>GENERIC<br/>NAME</b>  | <b>PRICING<br/>(AWP)</b> | <b>INDICATION</b> | <b>SIMILAR<br/>THERAPIES ON<br/>FORMULARY/A<br/>WP</b> | <b>Code</b> |
|----------------------------|--|--------------------------|-------------------|--|-------------|
| Rexaphenac<br>cream 1%     | diclofenac<br>sodium cream<br>1%                                       | \$1,716/kit              |                   |  | 4           |
| Active-prep<br>cre kit II  | ketoprofen-<br>baclofen-<br>gabapentin<br>cream<br>compounding<br>kit  | \$2,412/kit              |                   |  | 4           |
| Active-prep<br>cre kit III | ketoprofen-<br>lidocaine-<br>gabapentin<br>cream<br>compounding<br>kit | \$2,839/kit              |                   |  | 4           |
| Active-prep<br>cre kit V   | itraconazole-<br>phenytoin<br>compounding                              | \$4,375/kit              |                   |  | 4           |

|                      |  |               |   |   |   |
|----------------------|--|---------------|---|---|---|
|                      | kit  |               |   |   |   |
| Ketoprofen cream 10% | ketoprofen bulk cream 10%                      | \$4,638/kit   |   |   | 4 |
| Ciferex caps         | folic acid-cholecalciferol caps 1mg-3775 units | \$650/30      | Hematopoietic mixture. Not found in Clinical Pharmacology |   | 3 |
| Ocuvel caps          | multiple vitamins w/minerals & FA cap 1mg      |               | Multivitamin w/minerals and FA                            | multiple generics                                 | 7 |
| Feriva tab 21/7      | FE asparto gly-B-12-FA-C-DSS succinic acid-ZN  | \$226/28      | Hematopoietic mixture.                                    |   | 7 |
| Floriva CHW tabs     | PED multiple vitamin & minerals w/Fl chew tabs | \$352/90 tabs | pediatric multiple vitamin + minerals+ FL                 | Sodium fluoride chew tabs (generic) = \$0.10/tab. | 7 |

**Recommended Exclusions (continued):**

| <b>BRAND NAME</b>    | <b>GENERIC NAME</b>                                      | <b>PRICING (AWP)</b> | <b>INDICATION</b>                   | <b>SIMILAR THERAPIES ON FORMULARY/AWP</b>         | <b>Code</b> |
|----------------------|--|----------------------|-------------------------------------|---|-------------|
| Floriva Drops 0.25mg | sodium fluoride-Vit D liquid drops 0.25ng.nk-400units/ml | \$113/50ml bottle    |                                     | Sodium fluoride chew tabs (generic) = \$0.10/tab. | 7           |
| TL Folate tabs       | prenatal vit w/FE fum-methylfolate-FA tab                | \$0.26/tab           | Prenatal vitamin                    | multiple generics                                 | 7           |
| Solaice Pad          | capsaicin-menthol topical                                | \$573/15 patches     | Not found in Clinical Pharmacology. |   | 3           |

|                            |  |                         |   |                            |    |
|----------------------------|--|-------------------------|---|----------------------------|----|
|                            | patch  |                         |   |                            |    |
| Xigduo XR                  | dapagliflozin[Fa<br>rxiga] -<br>metformin                                | \$374/30<br>tabs        | For treatment of type 2<br>diabetes     | Farxiga - excluded by plan | 13 |
| Escavite LQ<br>Drop        | pediatric<br>mulitple<br>vitamin w/FI-FE<br>drops                        | \$98.85/50m<br>l bottle | pediatric multiple<br>vitamin + FI + FE |                            | 7  |
| Prenate<br>Mini cap        | prenatal vit<br>w/FECB-FEASP-<br>METH-FA-DHA<br>cap 18-0.6-0.4-<br>350mg | \$142.50/30             | Prenatal vitamin                        | multiple generics          | 7  |
| Nicomide                   | niacinamide<br>w/Zn-CU-<br>methylfol-SE-<br>CR                           | \$214/60                | Nutritional supplement-<br>multivitamin |                            | 7  |
| Velma Pad                  | methyl<br>salicylate-<br>lidocaine-<br>menthol patch                     | \$600/15<br>pads        | Not found in Clinical<br>Pharmacology   |                            | 3  |
| Eligen                     | cyanocobalami<br>n-salcaprozate<br>sodium                                | \$55.20/30<br>tabs      | Oral B-12                               |                            | 7  |
| Silvera Pain<br>Pad Relief | capsaicin-<br>lidocaine-<br>menthol patch                                | \$600/30                | Not found in Clinical<br>Pharmacology   |                            | 3  |
| Adazin<br>Cream            | benzo-<br>capsaicin-lido-<br>methyl<br>salicylate<br>cream               | \$1,475/50g<br>m tube   | Not found in Clinical<br>Pharmacology   |                            | 3  |

**Not Reviewed/DCWG**

|                                     |   |                           |                             |   |                    |
|-------------------------------------|---|---------------------------|-----------------------------|---|--------------------|
| Gamunex<br>-C inj<br>40gm/40<br>0ml | immune globulin<br>(human) IV or<br>subcutaneous soln<br>40gm/400ml | \$4,864/<br>400ml<br>vial | To treat immune deficiency. | Bivigam,<br>Flebogamma,<br>Gamastan S/D,<br>Octagam -<br>specialty tier | Table for<br>DCWG. |
|-------------------------------------|---|---------------------------|-----------------------------|---|--------------------|

|                            |   |                |  |  |   |
|----------------------------|---|----------------|--|--|---|
| Lemtrada inj               | alemtuzumab IV inj 12mg/1.2ml           | \$23,700 /12mg | For treatment of relapsing forms of multiple sclerosis. Because of its safety profile, the prescribing info indicates that the use should be limited for people who have had an inadequate response to 2 or more MS therapies. Limited Distribution. Dose = 12mg IV x 5days, then for 3 consecutive days one year later. |  | Table for DCWG.   |
| Vazculep inj               | phenylephrine iv solution               |                | Administered IV for treatment of clinically important hypotension resulting primarily from vasodilation in the setting of anesthesia.  |  | Not included in the pharmacy benefit. Not to be PA'd by EBRx. |
| Perikabiv en Emu           | amino ac/dext/lipid/electrolyte IV emul |                | Parenteral nutrition.  |  | Not included in the pharmacy benefit. Not to be PA'd by EBRx. |
| Epinephrine inj 1mg/ml     | epinephrine HCl PF IV solution          |                | IV epinephrine   |  | Not included in the pharmacy benefit. Not to be PA'd by EBRx. |
| Vasopressin inj 20 unit/ml | vasopressin IV solution                 |                | For IV infusion  |  | Not included in the pharmacy benefit. Not to be PA'd by EBRx. |
| Spherusol inj              | coccidioides immitis skin test antigen  | \$708/vial     | For the detection of delayed-type hypersensitivity to coccidioides immitis in individuals with a history of pulmonary coccidioidomycosis   |  | Not to be PA'd by EBRx.                                       |

**Not Reviewed/DCWG (continued)**

|             |   |                    |  |                             |  |
|-------------|---|--------------------|--|-----------------------------|--|
| Iluvien     | fluocinolone acetonide intravitreal implant | \$10,560 /implant  | Treatment of diabetic macular edema in patients previously treated with a course of corticosteroids and did not have a significant rise in intraocular pressure. The implant is designed to release flucinolone for 36 months. | Retisert - excluded by plan | Medical procedure. Not to be PA'd by EBRx. |
| Treanda inj | bendamustine IV solution                    | \$4,828/180mg vial | For chronic lymphocytic leukemia and non-Hodgkin's lymphoma. Administered IV   |                             | covered. Hospital drug.                    |

Dr. Thompson motioned to adopt the recommended exclusions. Mallory seconded. All were in favor.

## Motion Approved

### 6. EBD report on plan cost YTD: by Dr. David Keisner, UAMS – please see attached details

In 2014 the pharmacy spent almost \$28 million less than 2013. The PMPM decreased for Non Medicare Members from \$70.00 to \$53.00. The PMPM decreased for Medicare Members who have the prescription drug plan from \$221.00 to \$200.00. The savings was a result of changes from the DUEC, raising pharmacy co-pays, and migration to the high deductible plan.

The PSE plan saved \$15.2 million and ASE saved \$12 million. The difference in the plans is PSE does not offer coverage to Medicare eligible retirees.

### Addendum: HCV Coverage attached.

#### \*New Drug Code Key:

|   |  |
|---|--|
| 1 | Lacks meaningful clinical endpoint data; has shown efficacy for surrogate endpoints only.  |
| 2 | Drug's best support is from single arm trial data  |
| 3 | No information in recognized information sources (PubMed or Drug Facts & Comparisons or Lexicomp)  |
| 4 | <b>Convenience Kit Policy</b> - As new drugs are released to the market through Medispan, those drugs described as "kits" will not be considered for inclusion in the plan and will therefore be excluded products unless the product is available solely as a kit. Kits typically contain, in addition to a pre-packaged quantity of the featured drug(s), items that may be associated with the administration of the drug (rubber gloves, sponges, etc.) and/or additional convenience items (lotion, skin cleanser, etc.). In most cases, the cost of the "kit" is greater than the individual items purchased separately.   |
| 5 | <b>Medical Food Policy</b> - Medical foods will be excluded from the plan unless two sources of peer-reviewed, published medical literature supports the use in reducing a medically necessary clinical endpoint.<br>A medical food is defined below:<br>A medical food, as defined in section 5(b)(3) of the Orphan Drug Act (21 U.S.C. 360ee(b)(3)), is "a food which is formulated to be consumed or administered enterally under the supervision of a physician and which is intended for the specific dietary management of a disease or condition for which distinctive nutritional requirements, based on recognized scientific principles, are established by medical evaluation."<br>FDA considers the statutory definition of medical foods to narrowly constrain the types of products that fit within this category of food. Medical foods are distinguished from the broader category of foods for special dietary use and from |

|    |  |
|----|--|
|    | foods that make health claims by the requirement that medical foods be intended to meet distinctive nutritional requirements of a disease or condition, used under medical supervision, and intended for the specific dietary management of a disease or condition. Medical foods are not those simply recommended by a physician as part of an overall diet to manage the symptoms or reduce the risk of a disease or condition, and all foods fed to sick patients are not medical foods. Instead, medical foods are foods that are specially formulated and processed (as opposed to a naturally occurring foodstuff used in a natural state) for a patient who is seriously ill or who requires use of the product as a major component of a disease or condition's specific dietary management. |
| 6  | <b>Cough &amp; Cold Policy</b> - As new cough and cold products enter the market, they are often simply re-formulations or new combinations of existing products already in the marketplace. Many of these existing products are available in generic form and are relatively inexpensive. The new cough and cold products are branded products and are generally considerably more expensive than existing products. The policy of the ASE/PSE prescription drug program will be to default all new cough and cold products to "excluded" unless the DUEC determines the product offers a distinct advantage over existing products. If so determined, the product will be reviewed at the next regularly scheduled DUEC meeting.   |
| 7  | <b>Multivitamin Policy</b> - As new vitamin products enter the market, they are often simply re-formulations or new combinations of vitamins/multivitamins in similar amounts already in the marketplace. Many of these existing products are available in generic form and are relatively inexpensive. The new vitamins are branded products and are generally considerably more expensive than existing products. The policy of the ASE/PSE prescription drug program will be to default all new vitamin/multivitamin products to "excluded" unless the DUEC determines the product offers a distinct advantage over existing products. If so determined, the product will be reviewed at the next regularly scheduled DUEC meeting.   |
| 8  | Drug has limited medical benefit &/or lack of overall survival data or has overall survival data showing minimal benefit   |
| 9  | Not medically necessary  |
| 10 | Peer-reviewed, published cost effectiveness studies support the drug lacks value to the plan.  |
| 11 | <b>Oral Contraceptives Policy</b> - OCs which are new to the market may be covered by the plan with a zero dollar, tier 1, 2, or 3 copay, or may be excluded. If a new-to-market OC provides an alternative product not similarly achieved by other OCs currently covered by the plan, the DUEC will consider it as a new drug. IF the drug does not offer a novel alternative or offers only the advantage of convenience, it may not be considered for inclusion in the plan.  |
| 12 | Other  |
| 13 | Insufficient clinical benefit OR alternative agent(s) available  |

## 2014 CHEIRON UPDATE: *by John Colberg, Cheiron*

PSE assets increased significantly in 2014 primarily due to claims being well below projected, finishing the year with almost \$15 million in net assets available. Both medical and pharmacy claims in 2014 were below projected. Medical was 11% below projected, and pharmacy 3% below projected on a PMPM basis. Enrollment in 2014 was slightly below projected for actives and slightly higher than projected for retirees.

ASE assets increase significantly as well in 2014 due to claims being below the previous projected amount. ASE had more than \$25 million in net assets available. Both medical and pharmacy claims in 2014 were below projected. Per member, medical was more than 9% below projected, and pharmacy more than 8% below projected. Enrollment in 2014 was slightly below projected for actives and slightly higher than projected for retirees.

McCook inquired if there are any reports indicating if the discount of \$75.00 is yielding savings?

Alexander reported the taskforce hired a consultant to review the claims for the past two (2) years. The committee specifically reviewed the member's doctor's visits. The committee also reviewed colonoscopy visits. Physician visits increased, colonoscopy exams increased, and emergency room visits decreased due to the 24-hour nurse phone line. Alexander reported that over 95% of members had wellness visits.

The 2015 updated projections are as follows:

## **PSE**

- January 2015 enrollment shows a slight increase in the number of active employees but decreases in the number of spouses and retirees enrolled.
- More employees elected premium and fewer elected the basic than assumed.
- The net effect after the changes in enrollment is that the plan should approximately breakeven in 2015, if all other factors are equal to our projections.

## **ASE**

- January 2015 enrollment shows a significant decrease in the number of active employees and in the number of spouses enrolled.
- The lower enrollment should result in a gain of approximately \$11 million for 2015, if all other factors are equal to our projections.

McCook inquired if there a requirement from the Federal Government to provide statements to members for proof of coverage in the prior plan year?

Alexander reported there are form requirements to report to the IRS. Alexander reported working with the workgroup at AAEA, which includes the school board as well. The final document was provided in February. EBD is unable to complete the forms for the schools due to lack of information. EBD will provide the Public Schools with the information needed in order to complete their forms.

Dr. Thurman reported the Public Schools will need to hire a consultant to complete the forms. Alexander reported the information is due in 2016 for the plan year 2015.

McCook inquired what is risk adjustment, and how is it working for the plan?

Alexander reported risk adjustment is the value of the plan. The unrisk adjustment is reviewing claims to evaluate how much the plan would cost.

Dr. Thurman reported concerns with the inaccuracy of the previous projections in 2014 of 8000 members migrating to the basic plan.

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

Alexander reported reactivating the Quality of Care Committee. Alexander reported the taskforce will extend for an additional year. McCook reported the taskforce amended their tasks.

Dr. Thompson motioned to adjourn the meeting. Harrison seconded. All were in favor.

**Meeting Adjourned**

| Arkansas State Employees (ASE) Financials - January 1, 2014 through February 28, 2014 |               |                 |               |                 |               |                 |               |                 |
|---|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|
|   | GOLD          |                 | SILVER        |                 | BRONZE        |                 | GRAND TOTALS  |                 |
|   | Employee Only | Plus Dependents |
| Actives   | 24369         | 44747           | 1491          | 2762            | 2281          | 4450            | 28141         | 51959           |
| Retirees  | 2473          | 3426            | 25            | 37              | 53            | 101             | 2551          | 3564            |
| Medicare  | 8127          | 10783           |               |                 |               |                 | 8127          | 10783           |
| <b>TOTAL</b>  | <b>34969</b>  | <b>58956</b>    | <b>1516</b>   | <b>2799</b>     | <b>2334</b>   | <b>4551</b>     | <b>38819</b>  | <b>66306</b>    |

### REVENUES & EXPENDITURES

|   | Current Month        | Year to Date (2 months) |
|---|----------------------|-------------------------|
| <b>Funding</b>                          |                      |                         |
| State Contribution                      | \$ 14,317,578        | \$ 28,635,622           |
| Employee Contribution                   | \$ 7,621,866         | \$ 15,271,997           |
| Other                                   | \$ 727,421           | \$ 740,361              |
| Allocation for Actives - Plan Year 2014 | \$ 2,154,167         | \$ 4,308,333            |
| <b>Total Funding</b>                    | <b>\$ 24,821,031</b> | <b>\$ 48,956,313</b>    |
| <b>Expenses</b>                         |                      |                         |
| Medical Expenses                        |                      |                         |
| Claims Expense                          | \$ 14,715,323        | \$ 30,783,535           |
| Claims IBNR                             | \$ -                 | \$ -                    |
| Medical Administration Fees             | \$ 1,072,879         | \$ 2,189,599            |
| Refunds                                 | \$ 17,417            | \$ 31,687               |
| Employee Assistance Program (EAP)       | \$ 56,222            | \$ 112,469              |
| Life Insurance                          | \$ 54,694            | \$ 109,390              |
| Pharmacy Expenses                       |                      |                         |
| RX Claims                               | \$ 5,162,386         | \$ 11,351,830           |
| RX IBNR                                 | \$ -                 | \$ -                    |
| RX Administration                       | \$ 252,505           | \$ 508,360              |
| Plan Administration                     | \$ 363,043           | \$ 677,934              |
| <b>Total Expenses</b>                   | <b>\$ 21,694,469</b> | <b>\$ 45,764,804</b>    |
| <b>Net Income/(Loss)</b>                | <b>\$ 3,126,562</b>  | <b>\$ 3,191,509</b>     |

### BALANCE SHEET

|  |   |                      |
|--|---|----------------------|
| <b>Assets</b>                            |   |                      |
| Bank Account                             |   | \$ 5,772,220         |
| State Treasury                           |   | \$ 71,462,133        |
| Due from Cafeteria Plan                  |   | \$ 668,305           |
| Due from PSE                             |   | \$ -                 |
| Receivable from Provider                 |   | \$ -                 |
| Accounts Receivable                      |   | \$ 601,021           |
| <b>Total Assets</b>                      |   | <b>\$ 78,503,680</b> |
| <b>Liabilities</b>                       |   |                      |
| Accounts Payable                         |   | \$ 2,541             |
| Deferred Revenues                        |   | \$ -                 |
| Due to Cafeteria                         |   | \$ -                 |
| Due to PSE                               |   | \$ -                 |
| Health IBNR                              |   | \$ 23,200,000        |
| RX IBNR                                  |   | \$ 2,400,000         |
| <b>Total Liabilities</b>                 |   | <b>\$ 25,602,541</b> |
| <b>Net Assets</b>                        |   | <b>\$ 52,901,139</b> |
| Less Reserves Allocated:                 |   |                      |
| Premiums for Plan Year 1/1/14 - 12/31/14 | (\$7,460,000 + \$9,390,000 + \$9,000,000) | \$ (21,541,667)      |
| 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)      |
| <b>Net Assets Available</b>              |   | <b>\$ 5,499,472</b>  |

**Arkansas State Employees (ASE) Financials - January 1, 2015 through February 28, 2015**

|                | EMPLOYEE ONLY |             |             |              |  | EMPLOYEE + DEPENDENTS |             |              |              |
|----------------|---------------|-------------|-------------|--------------|--|-----------------------|-------------|--------------|--------------|
|                | ACTIVES       | RETIREES    | MEDICARE    | TOTAL        |  | ACTIVES               | RETIREES    | MEDICARE     | TOTAL        |
| <b>BASIC</b>   | 858           | 12          |             | <b>870</b>   |  | 1526                  | 24          |              | <b>1550</b>  |
| <b>CLASSIC</b> | 1802          | 58          |             | <b>1860</b>  |  | 3114                  | 92          |              | <b>3206</b>  |
| <b>PREMIUM</b> | 24816         | 2170        |             | <b>26986</b> |  | 43454                 | 2797        |              | <b>46251</b> |
| <b>PRIMARY</b> |               | 229         | 8651        | <b>8880</b>  |  |                       | 469         | 11432        | <b>11901</b> |
| <b>TOTAL</b>   | <b>27476</b>  | <b>2469</b> | <b>8651</b> | <b>38596</b> |  | <b>48094</b>          | <b>3382</b> | <b>11432</b> | <b>62908</b> |

**REVENUES & EXPENDITURES**

|   | Current<br>Month     | Year to Date<br>(2 Months) |
|---|----------------------|----------------------------|
| <b>Funding</b>                          |                      |                            |
| State Contribution                      | \$ 14,362,412        | \$ 28,706,486              |
| Employee Contribution                   | \$ 8,128,652         | \$ 16,153,481              |
| Other                                   | \$ 630,706           | \$ 1,076,826               |
| Allocation for Actives - Plan Year 2015 | \$ 971,667           | \$ 1,943,333               |
| <b>Total Funding</b>                    | <u>\$ 24,093,437</u> | <u>\$ 47,880,126</u>       |
| <b>Expenses</b>                         |                      |                            |
| Medical Expenses                        |                      |                            |
| Claims Expense                          | \$ 17,372,607        | \$ 24,069,901              |
| Claims IBNR                             | \$ -                 | \$ -                       |
| Medical Administration Fees             | \$ 983,128           | \$ 2,043,568               |
| Refunds                                 | \$ (20,668)          | \$ (25,211)                |
| Employee Assistance Program (EAP)       | \$ 56,550            | \$ 113,002                 |
| Life Insurance                          | \$ 55,119            | \$ 110,153                 |
| Pharmacy Expenses                       |                      |                            |
| RX Claims                               | \$ 5,305,708         | \$ 10,905,000              |
| RX IBNR                                 | \$ 212,329           | \$ 424,746                 |
| RX Administration                       | \$ -                 | \$ -                       |
| Plan Administration                     | \$ 445,661           | \$ 711,784                 |
| <b>Total Expenses</b>                   | <u>\$ 24,410,434</u> | <u>\$ 38,352,943</u>       |
| <b>Net Income/(Loss)</b>                | \$ (316,997)         | \$ 9,527,183               |

**BALANCE SHEET**

|  |                      |
|--|----------------------|
| <b>Assets</b>  |                      |
| Bank Account   | \$ 12,221,560        |
| State Treasury   | \$ 71,138,735        |
| Due from Cafeteria Plan  | \$ 709,521           |
| Due from PSE   | \$ -                 |
| Receivable from Provider   | \$ 665,520           |
| Accounts Receivable  | \$ 961,217           |
| <b>Total Assets</b>  | <u>\$ 85,696,552</u> |
| <b>Liabilities</b>   |                      |
| Accounts Payable   | \$ 3,758             |
| Deferred Revenues  | \$ 4,510             |
| Due to Cafeteria   | \$ -                 |
| Due to PSE   | \$ -                 |
| Due to Federal Government (\$44 fee)                                 | \$ -                 |
| Health IBNR  | \$ 24,700,000        |
| RX IBNR  | \$ 1,800,000         |
| <b>Total Liabilities</b>   | <u>\$ 26,508,268</u> |
| <b>Net Assets</b>  | \$ 59,188,284        |
| Less Reserves Allocated  |                      |
| Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000 + \$5,400,000) | \$ (9,716,667)       |
| Premiums for Plan Year 1/1/16 - 12/31/16 (\$3,600,000)               | \$ (3,600,000)       |
| Catastrophic Reserve (2015 \$10,400,000)                             | \$ (10,400,000)      |
| <b>Net Assets Available</b>  | <u>\$ 35,471,618</u> |

Fifth Week of Claims \$

| Public School Employees (PSE) Financials - January 1, 2014 through February 28, 2014 |               |                 |               |                 |               |                 |               |                 |
|--|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|
|  | GOLD          |                 | SILVER        |                 | BRONZE        |                 | GRAND TOTALS  |                 |
|  | Employee Only | Plus Dependents |
| Actives  | 18563         | 22513           | 5010          | 7847            | 23209         | 42013           | 46782         | 72373           |
| Retirees   | 1912          | 2223            | 106           | 109             | 1218          | 1531            | 3236          | 3863            |
| Medicare   | 8888          | 9735            |               |                 |               |                 | 8888          | 9735            |
| <b>TOTAL</b>   | <b>29363</b>  | <b>34471</b>    | <b>5116</b>   | <b>7956</b>     | <b>24427</b>  | <b>43544</b>    | <b>58906</b>  | <b>85971</b>    |

| <b>REVENUES &amp; EXPENDITURES</b>                      |                      |                         |
|---|----------------------|-------------------------|
|   | Current Month        | Year to Date (2 months) |
| <b>Funding</b>  |                      |                         |
| Per Participating Employee Funding (PPE Funding)        | \$ 8,483,760         | \$ 16,991,097           |
| Employee Contribution                                   | \$ 10,190,125        | \$ 20,459,384           |
| Department of Education \$35,000,000 & \$15,000,000     | \$ 3,181,818         | \$ 10,113,636           |
| Other   | \$ 7,525             | \$ 11,291               |
| Allocation for Actives - Plan Year 2014                 | \$ 3,583,333         | \$ 7,166,667            |
| <b>Total Funding</b>                                    | <b>\$ 25,446,561</b> | <b>\$ 54,742,075</b>    |
| <b>Expenses</b>   |                      |                         |
| Medical Expenses  |                      |                         |
| Claims Expense  | \$ 15,176,853        | \$ 34,896,651           |
| Claims IBNR   | \$ -                 | \$ -                    |
| Medical Administration Fees                             | \$ 1,573,218         | \$ 3,177,159            |
| Refunds   | \$ 20,187            | \$ 26,307               |
| Employee Assistance Program (EAP)                       | \$ 80,985            | \$ 162,123              |
| Pharmacy Expenses                                       |                      |                         |
| RX Claims   | \$ 3,345,180         | \$ 8,198,510            |
| RX IBNR   | \$ -                 | \$ -                    |
| RX Administration                                       | \$ 333,545           | \$ 667,423              |
| Plan Administration                                     | \$ 251,255           | \$ 532,720              |
| <b>Total Expenses</b>                                   | <b>\$ 20,781,223</b> | <b>\$ 47,660,894</b>    |
| <b>Net Income/(Loss)</b>                                | <b>\$ 4,665,339</b>  | <b>\$ 7,081,180</b>     |
| <b>BALANCE SHEET</b>                                    |                      |                         |
| <b>Assets</b>   |                      |                         |
| Bank Account  |                      | \$ 13,310,223           |
| State Treasury  |                      | \$ 49,103,610           |
| Receivable from Provider                                |                      | \$ -                    |
| Accounts Receivable                                     |                      | \$ 7,833,827            |
| Due from ASE  |                      | \$ -                    |
| <b>Total Assets</b>                                     |                      | <b>\$ 70,247,660</b>    |
| <b>Liabilities</b>                                      |                      |                         |
| Accounts Payable  |                      | \$ 642                  |
| Due to ASE  |                      | \$ -                    |
| Deferred Revenues                                       |                      | \$ -                    |
| Health IBNR   |                      | \$ 28,000,000           |
| RX IBNR   |                      | \$ 1,800,000            |
| <b>Total Liabilities</b>                                |                      | <b>\$ 29,800,642</b>    |
| <b>Net Assets</b>                                       |                      | <b>\$ 40,447,018</b>    |
| Less Reserves Allocated:                                |                      |                         |
| Premiums for Plan Year 1/1/14 - 12/31/14 (\$43,000,000) |                      | \$ (35,833,333)         |
| Catastrophic Reserve (2014 - \$11,100,000)              |                      | \$ (4,613,684)          |
| <b>Net Assets Available</b>                             |                      | <b>\$ 0</b>             |

**Public School Employees (PSE) Financials - January 1, 2015 through February 28, 2015**

|                | EMPLOYEE ONLY |         |          |       |  | EMPLOYEE + DEPENDENTS |         |          |       |
|----------------|---------------|---------|----------|-------|--|-----------------------|---------|----------|-------|
|                | ACTIVES       | RETIRES | MEDICARE | TOTAL |  | ACTIVES               | RETIRES | MEDICARE | TOTAL |
| <b>BASIC</b>   | 2359          | 127     |          | 2486  |  | 3498                  | 152     |          | 3650  |
| <b>CLASSIC</b> | 21530         | 1601    |          | 23131 |  | 39461                 | 1948    |          | 41409 |
| <b>PREMIUM</b> | 20910         | 1358    |          | 22268 |  | 26808                 | 1464    |          | 28272 |
| <b>PRIMARY</b> |               | 112     | 9843     | 9955  |  |                       | 226     | 10771    | 10997 |
| <b>TOTAL</b>   | 44799         | 3198    | 9843     | 57840 |  | 69767                 | 3790    | 10771    | 84328 |

**REVENUES & EXPENDITURES**

| <b>Funding</b>                                      | <b>Current Month</b> | <b>Year to Date (2 Months)</b> |
|---|----------------------|--------------------------------|
| Per Participating Employee Funding (PPE Funding)    | \$ 8,244,350         | \$ 16,497,373                  |
| Employee Contribution                               | \$ 9,190,984         | \$ 18,440,085                  |
| Department of Education \$35,000,000 & \$15,000,000 | \$ 3,181,818         | \$ 10,113,636                  |
| Other   | \$ 486,980           | \$ 972,344                     |
| Allocation for Actives                              | \$ 1,666,667         | \$ 3,333,333                   |
| <b>Total Funding</b>                                | <b>\$ 22,770,798</b> | <b>\$ 49,356,772</b>           |
| <b>Expenses</b>                                     |                      |                                |
| Medical Expenses                                    |                      |                                |
| Claims Expense                                      | \$ 17,530,880        | \$ 26,315,061                  |
| Claims IBNR   | \$ -                 | \$ -                           |
| Medical Administration Fees                         | \$ 1,525,300         | \$ 3,070,889                   |
| Refunds   | \$ -                 | \$ (3,153)                     |
| Employee Assistance Program (EAP)                   | \$ 77,457            | \$ 155,069                     |
| Pharmacy Expenses                                   |                      |                                |
| RX Claims   | \$ 3,347,935         | \$ 6,787,654                   |
| RX IBNR   | \$ -                 | \$ -                           |
| RX Administration                                   | \$ 289,436           | \$ 579,116                     |
| Plan Administration                                 | \$ 395,763           | \$ 795,893                     |
| <b>Total Expenses</b>                               | <b>\$ 23,166,772</b> | <b>\$ 37,700,528</b>           |
| <b>Net Income/(Loss)</b>                            | <b>\$ (395,973)</b>  | <b>\$ 11,656,244</b>           |

**BALANCE SHEET**

|   |                      |
|---|----------------------|
| <b>Assets</b>   |                      |
| Bank Account  | \$ 10,456,671        |
| State Treasury  | \$ 62,233,044        |
| Receivable from Provider  | \$ -                 |
| Accounts Receivable   | \$ 11,027,197        |
| Due to ASE  | \$ -                 |
| <b>Total Assets</b>   | <b>\$ 83,716,912</b> |
| <b>Liabilities</b>  |                      |
| Accounts Payable  | \$ 875               |
| Due to ASE  | \$ -                 |
| Deferred Revenues   | \$ -                 |
| Due to Federal Government (\$44 fee)  | \$ -                 |
| Health IBNR   | \$ 28,000,000        |
| RX IBNR   | \$ 1,400,000         |
| <b>Total Liabilities</b>  | <b>\$ 29,400,875</b> |
| <b>Net Assets</b>   | <b>\$ 54,316,038</b> |
| Less Reserves Allocated   |                      |
| Premiums for Plan Year 1/1/15 - 12/31/15 (\$20,000,000 rec'd from Dept. of Education) | \$ (16,666,667)      |
| Premium Assistance (FICA Savings)   | \$ (947,551)         |
| Catastrophic Reserve (2015 \$10,900,000)  | \$ (10,900,000)      |
| <b>Net Assets Available</b>   | <b>\$ 25,801,820</b> |

Fifth Week of Claims \$



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

The following report resulted from a meeting of the Benefits Sub-Committee from March 6, 2015 with Shelby McCook presiding.

### **Topics Discussed:**

- Stem Cell Update
- 2014 Cherion Update
- Minnesota Life

### **Stem Cell Update**

Platelet-rich plasma (PRP) are harvest from a patient's own blood. For tendon and ligament injuries, PRP is injected or implanted during surgery with the goal of accelerating healing of the damaged tendon or ligament.

Results from 19 randomized controlled trials (RCTs) and 3 nonrandomized controlled studies provide mixed and inconclusive evidence regarding the ability of injection of platelet-rich plasma (PRP) to improve outcomes or accelerate healing in patients who have tendon ligament injuries. Although the majority of the studies that evaluated PRP injection as an adjunct to surgical repair of anterior cruciate ligament (ACL) injuries reported improvements in knee stability or tissue healing, most studies reported no improvement in the knee function. There are different ratings based on the current available published evidence. Please refer to the Hayes summary provided for the results.

Alexander recommended additional information before referring to the board.

## **2014 CHEIRON UPDATE**

PSE assets increased significantly in 2014 primarily due to claims being well below projected, finishing the year with almost \$15 million in net assets available. Both medical and pharmacy claims in 2014 were below projected. Medical was 11% below projected, and pharmacy 3% below projected on a PMPM basis. Enrollment in 2014 was slightly below projected for actives and slightly higher than projected for retirees.

ASE assets increase significantly as well in 2014 due to claims being below the previous projected amount. ASE had more than \$25 million in net assets available. Both medical and pharmacy claims in 2014 were below projected. Per member, medical was more than 9% below projected, and pharmacy more than 8% below projected. Enrollment in 2014 was slightly below projected for actives and slightly higher than projected for retirees.

## **MINNESOTA LIFE**

Minnesota Life has been on the state's plan since 1/1/2008. State and Public School since 1/1/2013. The following are some the services provided to the State of Arkansas:

- Paid 3,898 claims since 2008 totaling over \$32 million.
- Manage records of over 100,000 insureds.
- From January 2008 through March 2015, we received and processed over 71,000 enrollment applications.
- Beneficiary Management
- Dedicated Field Service Representative
- On-line billing
- Dedicated toll-free number for claims and service
- Life Benefits Extra website
- Life Suite Services

Altemus motioned to delay any action to research additional information in terms of losses from the Public Schools. Harrison seconded. All were in favor.

**Motion Approved**



**State and Public School Life and Health Insurance Board  
Drug Utilization and Evaluation Committee Report**

The following report resulted from a meeting of the DUEC on February 24, 2015 with Dr. Kat Neill presiding.

**1. Recommended Changes to Current Coverage**

**A. Delivery Coordination Workgroup Report: *by Dr. David Keisner, UAMS***

Drugs used in the treatment of Cancers and non-cancer drugs were reviewed by the DCWG and a report made to the DUEC on February 24<sup>th</sup>. Recommendations from this report are outlined below.

|   | <b>Current Coverage</b>                   | <b>Proposed Coverage for 2015</b> |
|---|---|-----------------------------------|
| <u>Relapsed CLL:</u><br>Zydelig (Idelalisib)                                | New Drug-Excluded                         | T4 PA                             |
| <u>Metastatic Melanoma</u><br>Tafinlar +Mekinist<br>(dabrafenib+trametinib) | Individual drugs T4 PA,<br>combo excluded | T4 PA for combo                   |
| Opdivo (nivolumab)  | New Drug - Exclude                        | TABLE (new evidence 2/26)         |
| <u>Denosumab</u><br>Xgeva-bone metastases – J0897                           | Medical, no PA required                   | T4 PA                             |
| Prolia-osteoporosis – J0897   | T4 PA                                     | T4 PA                             |

**B. Hepatitis C Review: *by Dr. Jill Johnson, UAMS***

A. Coverage criteria: Dr. Johnson reported the plan has covered five categories of patients who are affected with Hepatitis C. Harvoni and Viekira were not previously covered. – \* **PLEASE SEE UPDATED ATTACHMENT FOR THIS SECTION**

A. For any treatment to eradicate chronic hepatitis C virus (HCV) infection, the following criteria must be met regardless of which regimen is requested:

|  |   |
|--|---|
| 1. The patient must test positive for HCV infection documented by at least 1 measurement of serum HCV RNA >10,000 IU/mL AND a positive anti-HCV antibody, HCVRNA, or HCV genotype test > 6 months prior to access to drug therapy. |   |
| 2. The patient must be free of using illicit drugs for the past 6 months.  | Any positive drug screen during treatment stops access to the HCV drugs. Reinfection is a risk for IV drug users. |

|   |  |
|---|--|
| 3. The patient must be free of abusing ethanol for the past 6 months. (defined as >3 glasses/d (1 glass is equivalent to beer 284 ml, wine 125 ml, or distilled spirits 25 ml for females and > 4 glasses/d for males.  |  |
| 4. If the patient has cirrhosis, there must be NO signs of decompensation (ascites, episodes of spontaneous bacterial peritonitis, hepatic encephalopathy, esophageal or gastric varices or a history of variceal bleeding.   | Unless currently LISTED on the liver transplant list. Patients with decompensation will not be treated unless currently listed on a verifiable list from a liver transplant center.  |
| 5. The patient must not have liver disease due to any cause other than HCV infection (chronic hepatitis B infection, autoimmune hepatitis, alcoholic hepatitis, nonalcoholic steatohepatitis, hemochromatosis, Wilson' s disease, alpha1 Antitrypsin deficiency, cholangitis) ruled out prior to HCV treatment. | These patients were excluded from the clinical trials.   |
| 6. Cirrhosis must be shown by liver biopsy and be metavir score F3 or F4.   | The noninvasive tests FIB-4 and APRI and cannot differentiate F3 from F4, which in some cases require a longer duration of therapy. Therefore, it is necessary to ascertain with a liver biopsy whether the patient is F3 or F4. |

**B. Other questions which must be collected on EVERY patient seeking drug therapy for HCV infection:**

|   |  |
|---|--|
| 1. Is the patient currently on the liver transplant list?   |  |
| 2. Has the patient previously received any treatment for HCV infection? If so, what regimen and duration? |  |
| 3. Has the patient tested positive for HIV?   | There are no date in HCV treatment-experienced HIV patients. |

Recommendation to cover the least expensive of Sofosbuvir, Harvoni, and Viekira due to no head to head data. The meds are very expensive. Dr. Keisner reported case management is required with Sovaldi. Bennett reported there are no patients covered since January 2015. However, there were six prescriptions filled in 2014.

Dr. Johnson recommended the patient must have a liver biopsy. Patient must not have liver disease due to other causes. Recommendation to add either Harvoni or Viekira by diagnosis based on the cost of the agents.

C. Updates to evidence will be evaluated periodically.

D. Ensure communication to providers and case management strategy are in place prior to coverage.

**C. Singulair Review: by Dr. David Keisner, UAMS**

Dr. Keisner reported the average cost of the pill was .40 per pill in 2014. The overall findings do not suggest that one medication within any of the classes evaluated is significantly more effective or harmful than the other medications within the same class, with the exception of zileuton being more harmful than the other LMs.

**Recommendation:**

|                         | <b>Current Coverage</b> | <b>Proposed Coverage for 2015</b>         |
|-------------------------|-------------------------|---|
| Singulair (montelukast) | T1 PA                   | T1 (remove PA)                            |
| Zyflo (zileuton)        | T2 PA                   | Exclude (90 day communication to members) |

## 2. Zetia Review

### A. Zetia Review: by Dr. Jill Johnson, UAMS

Dr. Johnson briefly reported that Zetia was reviewed for seven (7) years in post ACS (highest risk population). The evaluation looked at the causes of death. However, the research has not been published in a peer-reviewed process. After seven (7) years in post ACS patients, 34.7% of patients had an end point vs. 32.7%, only a 2% difference in causes of death. In one (1) year, 350 patients would need to be treated with the combo to prevent one end point. Patients should continue with statin use. No change to coverage was recommended at this time.

### 3. New Drugs: by Dr. Jill Johnson, UAMS

**Discussion:** Recommendation that new drugs covered under the medical benefit are excluded from coverage until reviewed to be consistent with the Prescription benefit process.

Johnson reported on new drugs. The review covered products released October 16<sup>th</sup> – December 15<sup>th</sup> 2014.

#### Recommended Additions:

| BRAND NAME           | GENERIC NAME   | PRICING (AWP)                             | INDICATION  | SIMILAR THERAPIES ON FORMULARY/AWP   | DUEC VOTE  |
|----------------------|--|---|---|--|--|
| Spiriva Spr Respimat | tiotropium bromide inhal aerosol 2.5mcg/act                  | \$357/60 doses (2 inhalations once daily) | New formulation. For long-term, once daily, maintenance treatment of bronchospasm associated w/COPD and for reducing COPD exacerbations | Spiriva Handihaler = \$357/30caps.(two inhalations from one capsule once daily) Tier 2 | T2   |
| Zenpep               | pancrelipase (lip-prot-amyl) DR cap 40000-136000-218000units | \$131/100                                 | New formulation. For cystic fibrosis, pancreatotomy, and pancreatic insufficiency   | pancrelipase (tier 1). Creon, Pertzye, Ultrase, Viokace, Zenpep are tier 2.            | T3*and exclude Ultresa & Pertzye. Connie said there was no utilization on either of those. Therefore, no member communication necessary. |

**Recommended Additions (continued):**

| <b>BRAND NAME</b>      | <b>GENERIC NAME</b>   | <b>PRICING (AWP)</b>            | <b>INDICATION</b>  | <b>SIMILAR THERAPIES ON FORMULARY/AWP</b>   | <b>DUEC VOTE</b>  |
|------------------------|---|---------------------------------|--|---|---|
| Uceris Aer mg/act      | budesonide rectal foam  | \$312/bottle /28 doses          | For mild to moderate ulcerative colitis. Dose = 1 metered dose twice daily for 2 weeks, then once daily for 4 weeks.   | mesalamine 4gm/60ml enema (tier 1). Dose= daily for 3-6 weeks or until remission. \$24.60/enema | T4  |
| Asmanex HFA Aer        | mometasone furoate inha aerosol suspension                          | 120 metered doses(200mcg)=\$220 | Treatment of asthma  | Asmanex Twisthaler 120metered doses (220mcg) = \$315.   | T3  |
| Trumenba inj           | meningococcal grp B vaccine IM susp prefilled syringe               | \$277/1                         | Meningococcal infection prophylaxis  |   | Cover, \$0 copay.   |
| Gardasil 9 inj         | human papilloma virus 9-valent recomb vac IM susp                   | \$195/dose                      | For HPV infection prophylaxis. Gardasil 9 covers 9 types of HPV- 5 more than original Gardasil   | Gardasil \$176/dose   | Cover, \$0 copay.   |
| Gardasil 9 inj         | human papilloma virus 9-valent recomb vac IM susp prefilled syringe | \$197/dose                      | For HPV infection prophylaxis. Gardasil 9 covers 9 types of HPV- 5 more than original Gardasil   | Gardasil \$176/dose   | Cover, \$0 copay.   |
| <b>SPECIALTY DRUGS</b> |   |                                 |  |   |   |
| Tybost                 | cobicistat 150mg tabs   | \$216/30 tabs                   | Indicated specifically for use as a booster drug - FDA restricts the indication for the drug's use to enhance the potency of two once daily protease inhibitors - Reyataz and Prezista. It is not intended for use with twice daily dosing of these drugs. |   | T3PA with criteria to ascertain dx of HIV, proper concurrent therapy (once daily darunavir or atazanavir) , and QL 30/30. |
| Harvoni tabs 90-400    | ledipasvir-sofosbuvir   | \$113,400/1 2 weeks of therapy  | Once daily for treatment of Hepatitis C. Duration=8-24 weeks   |   | T4PA  |

**Recommended Additions (continued):**

| <b>BRAND NAME</b>                       | <b>GENERIC NAME</b>   | <b>PRICING (AWP)</b> | <b>INDICATION</b>  | <b>SIMILAR THERAPIES ON FORMULARY/AWP</b> | <b>DUEC VOTE</b> |
|---|---|----------------------|--|---|------------------|
| Esbriet caps 267mg                      | pirfenidone cap 267mg   | \$9,630/month        | Treatment of idiopathic pulmonary fibrosis. Dose = 3 caps (801mg) three times a day. | Ofev                                      | T4PA             |
| Humira inj 10mg/0.2ml prefilled syringe | adalimumab prefilled syringe kit                              | \$3,496/2 pens       | New dose.  | Other Humira pens - specialty tier        | T4PA             |
| Obizur inj                              | antihemophilic factor (RECOMB Porc) RPFVIII for inj 500 units | \$3,095/500 units    | Administered IV for hemophilia   |   | T4PA             |

**Recommended Exclusions:**

| <b>BRAND NAME</b>           | <b>GENERIC NAME</b>                                    | <b>PRICING (AWP)</b>   | <b>INDICATION</b>   | <b>SIMILAR THERAPIES ON FORMULARY/AWP</b>   | <b>Code</b> |
|-----------------------------|--|------------------------|---|---|-------------|
| <b>NON-SPECIALTY DRUGS</b>  |  |                        |   |   |             |
| Trulicity                   | dulaglutide  | \$586/carton of 4 pens | Treatment of type 2 diabetes in combination with diet and exercise. Dose=0.75-1.5mg SQ once weekly. | Byetta (daily injection) - \$511/month. Victoza (daily injection) - \$705/month. Bydureon (once weekly) - \$528/month. Byetta and Victoza are tier 3 with a PA. Bydureon is excluded by the plan. | 13          |
| Sumavel                     | sumatriptan solu jet-injector 4mg/0.5ml                | \$1,032/6 syringes     | New dosage. For treatment of migraine   | Sumavel excluded by plan. Sumatriptan covered tier 1 with quantity limit. Sumatriptan 6mg = \$107/5 vials   | 13          |
| Mitigare                    | colchicine caps 0.6mg                                  | \$6.86/0.6mg capsule   | Treatment/prevention of gout flares. Dose= 0.6mg once or twice daily.                               | Colcrys 0.6mg tab = \$6.54/tab. Tier 3. Generic colchicine tablets off the market.  | 13          |
| Xarelto Starter Therapy Pak | rivaroxaban starter therapy pak - 15mg(#42) & 20mg(#9) | \$12.58/tab            | New packaging. Oral anticoagulant   | Xarelto - tier 2. \$12.58/tab   | 13          |

**Recommended Exclusions (continued):**

| <b>BRAND NAME</b> | <b>GENERIC NAME</b>   | <b>PRICING (AWP)</b> | <b>INDICATION</b>  | <b>SIMILAR THERAPIES ON FORMULARY/AWP</b>  | <b>Code</b>  |
|-------------------|---|----------------------|--|--|--|
| Bionect Aer 0.2%  | hyaluronate sodium foam 0.2%  | \$219/114gm          | Management/symptom relief of skin irritation/dermatitis  | Bionect Cream 0.2% 25gm/\$164 Bionect Gel 0.2% = \$163. Not excluded by plan. Tier 3 but no utilization.   | 13   |
| Akynzeo caps      | netupitant-palonosetron caps 300-0.5mg  | \$571/cap            | Treatment of chemotherapy induced nausea/vomiting prophylaxis. Dose= 1 capsule by mouth as a single dose                 | first in class   | 13   |
| Relyyxs Pad       | lidocaine-menthol-patch 4-5%  | \$625/15 patches     | Topical pain patch   |  | 13   |
| Zenpep evaluation | *Exclude Ultresa & Pertzye. No utilization - no member communication necessary. |                      |  |  |  |
| Belsomra tabs     | suvorexant  | \$315/30 tabs        | Treatment of insomnia, characterized by difficulties with sleep onset and/or sleep maintenance. Dose=10-20mg once daily. | First in class. Schedule IV  | RP in the Classic plan. Exclude (code 13) in the high deductible plan. |
| Trezix caps       | acetaminophen-caffeine-dihydrocodeine caps                                      | \$2.63/capsule       | For moderate to severe pain. Schedule III  |  | 13   |
| Hysingla ER tab   | hydrocodone bitartrate ER 24 hr abuse deterrent                                 | \$8-\$41/tab         | Extended release (abuse deterrent) for severe pain.  | Zohydro ER excluded by plan. Immediate release hydrocodone combination products, apap-codeine, fentanyl patch, oxycodone combinations, oxycodone controlled release covered as tier 1. | 13   |

**Recommended Exclusions (continued):**

| <b>BRAND NAME</b>        | <b>GENERIC NAME</b>   | <b>PRICING (AWP)</b> | <b>INDICATION</b>  | <b>SIMILAR THERAPIES ON FORMULARY/A WP</b> | <b>Code</b> |
|--------------------------|---|----------------------|--|--|-------------|
| <b>SPECIALTY DRUGS</b>   |   |                      |  |  |             |
| Plegridy                 | peginterferon beta-1A solution pen-injector, pen-injector starter kit, prefilled syringe, prefilled syringe starter kit | \$5,726/2 pens       | SQ inj therapy for relapsing forms of multiple sclerosis, in which interferon-beta-1a is pegylated to extend its half-life to permit a less frequent dosing schedule (q2w) |  | 13          |
| Ofev                     | nintedanib esylate  | \$9,600/month        | Treatment of idiopathic pulmonary fibrosis. Dose = 150mg(one capsule) twice daily.   | Esbriet                                    | 1           |
| Lidopin cre 3.25%        | lidocaine HCl Cream 3.25%   | \$837/28gm           |  |  | 13          |
| Sunapryn Suspension      | tramadol for oral sus compounding kit   | \$499/kit            |  |  | 4           |
| A.A.G.C Kit cre Teroderm | amatadine-amitriript-gabapentin-cycloben cream compounding kit  | \$249/kit            |  |  | 4           |
| Active-prep Cre Kit I    | flurbiprofen-cyclobenzaprine cream compounding kit  | \$3,220/kit          |  |  | 4           |
| Active-Prep cre kit IV   | tramadol-gabapentin-menthol-camphor cream compounding kit   | \$3,129/kit          |  |  | 4           |

**Recommended Exclusions (continued):**

| <b>BRAND NAME</b>       | <b>GENERIC NAME</b>                                   | <b>PRICING (AWP)</b> | <b>INDICATION</b>   | <b>SIMILAR THERAPIES ON FORMULARY/A WP</b>        | <b>Code</b> |
|-------------------------|---|----------------------|---|---|-------------|
| Rexaphenac cream 1%     | diclofenac sodium cream 1%                            | \$1,716/kit          |   |   | 4           |
| Active-prep cre kit II  | ketoprofen-baclofen-gabapentin cream compounding kit  | \$2,412/kit          |   |   | 4           |
| Active-prep cre kit III | ketoprofen-lidocaine-gabapentin cream compounding kit | \$2,839/kit          |   |   | 4           |
| Active-prep cre kit V   | itraconazole-phenytoin compounding kit                | \$4,375/kit          |   |   | 4           |
| Ketoprofen cream 10%    | ketoprofen bulk cream 10%                             | \$4,638/kit          |   |   | 4           |
| Ciferex caps            | folic acid-cholecalciferol caps 1mg-3775 units        | \$650/30             | Hematopoietic mixture. Not found in Clinical Pharmacology |   | 3           |
| Ocuvel caps             | multiple vitamins w/minerals & FA cap 1mg             |                      | Multivitamin w/minerals and FA                            | multiple generics                                 | 7           |
| Feriva tab 21/7         | FE asparto gly-B-12-FA-C-DSS succinic acid-ZN         | \$226/28             | Hematopoietic mixture.                                    |   | 7           |
| Floriva CHW tabs        | PED multiple vitamin & minerals w/Fl chew tabs        | \$352/90 tabs        | pediatric multiple vitamin + minerals+ FL                 | Sodium fluoride chew tabs (generic) = \$0.10/tab. | 7           |

**Recommended Exclusions (continued):**

| <b>BRAND NAME</b>       | <b>GENERIC NAME</b>  | <b>PRICING (AWP)</b> | <b>INDICATION</b>                    | <b>SIMILAR THERAPIES ON FORMULARY/AWP</b>         | <b>Code</b> |
|-------------------------|--|----------------------|--------------------------------------|---|-------------|
| Floriva Drops 0.25mg    | sodium fluoride-Vit D liquid drops 0.25ng.nk-400units/ml   | \$113/50ml bottle    |                                      | Sodium fluoride chew tabs (generic) = \$0.10/tab. | 7           |
| TL Folate tabs          | prenatal vit w/FE fum-methylfolate-FA tab                  | \$0.26/tab           | Prenatal vitamin                     | multiple generics                                 | 7           |
| Solaice Pad             | capsaicin-menthol topical patch                            | \$573/15 patches     | Not found in Clinical Pharmacology.  |   | 3           |
| Xigduo XR               | dapagliflozin[Fa rxiga] - metformin                        | \$374/30 tabs        | For treatment of type 2 diabetes     | Farxiga - excluded by plan                        | 13          |
| Escavite LQ Drop        | pediatric mulitple vitamin w/Fl-FE drops                   | \$98.85/50ml bottle  | pediatric multiple vitamin + Fl + FE |   | 7           |
| Prenate Mini cap        | prenatal vit w/FECB-FEASP-METH-FA-DHA cap 18-0.6-0.4-350mg | \$142.50/30          | Prenatal vitamin                     | multiple generics                                 | 7           |
| Nicomide                | niacinamide w/Zn-CU-methylfol-SE-CR                        | \$214/60             | Nutritional supplement-multivitamin  |   | 7           |
| Velma Pad               | methyl salicylate-lidocaine-menthol patch                  | \$600/15 pads        | Not found in Clinical Pharmacology   |   | 3           |
| Eligen                  | cyanocobalamin-salcaprozate sodium                         | \$55.20/30 tabs      | Oral B-12                            |   | 7           |
| Silvera Pain Pad Relief | capsaicin-lidocaine-menthol patch                          | \$600/30             | Not found in Clinical Pharmacology   |   | 3           |
| Adazin Cream            | benzo-capsaicin-lido-methyl salicylate cream               | \$1,475/50gm tube    | Not found in Clinical Pharmacology   |   | 3           |

**Not Reviewed/DCWG**

|                                     |   |                           |  |   |   |
|-------------------------------------|---|---------------------------|--|---|---|
| Gamunex<br>-C inj<br>40gm/40<br>0ml | immune globulin<br>(human) IV or<br>subcutaneous soln<br>40gm/400ml | \$4,864/<br>400ml<br>vial | To treat immune deficiency.  | Bivigam,<br>Flebogamma,<br>Gamastan S/D,<br>Octagam -<br>specialty tier | Table for<br>DCWG.  |
| Lemtrada<br>inj                     | alemtuzumab IV<br>inj 12mg/1.2ml                                    | \$23,700<br>/12mg         | For treatment of relapsing<br>forms of multiple sclerosis.<br>Because of its safety profile,<br>the prescribing info indicates<br>that the use should be limited<br>for people who have had an<br>inadequate response to 2 or<br>more MS therapies. Limited<br>Distribution. Dose = 12mg IV x<br>5days, then for 3 consecutive<br>days one year later. |   | Table for<br>DCWG.  |
| Vazculep<br>inj                     | phenylephrine iv<br>solution  |                           | Administered IV for treatment<br>of clinically important<br>hypotension resulting<br>primarily from vasodilation in<br>the setting of anesthesia.  |   | Not included in<br>the pharmacy<br>benefit. Not to<br>be PA'd by<br>EBRx. |
| Perikabiv<br>en Emu                 | amino<br>ac/dext/lipid/elect<br>rolyte IV emul                      |                           | Parenteral nutrition.  |   | Not included in<br>the pharmacy<br>benefit. Not to<br>be PA'd by<br>EBRx. |
| Epinephri<br>ne inj<br>1mg/ml       | epinephrine HCl<br>PF IV solution                                   |                           | IV epinephrine   |   | Not included in<br>the pharmacy<br>benefit. Not to<br>be PA'd by<br>EBRx. |
| Vasostri<br>ct inj 20<br>unit/ml    | vasopressin IV<br>solution  |                           | For IV infusion  |   | Not included in<br>the pharmacy<br>benefit. Not to<br>be PA'd by<br>EBRx. |
| Spherusol<br>inj                    | coccidioides<br>immitis skin test<br>antigen                        | \$708/via<br>l            | For the detection of delayed-<br>type hypersensitivity to<br>coccidioides immitis in<br>individuals with a history of<br>pulmonary coccidioidomycosis  |   | Not to be PA'd<br>by EBRx.  |

**Not Reviewed/DCWG (continued)**

|             |   |                    |  |                             |  |
|-------------|---|--------------------|--|-----------------------------|--|
| Iluvien     | fluocinolone acetonide intravitreal implant | \$10,560 /implant  | Treatment of diabetic macular edema in patients previously treated with a course of corticosteroids and did not have a significant rise in intraocular pressure. The implant is designed to release flucinolone for 36 months. | Retisert - excluded by plan | Medical procedure. Not to be PA'd by EBRx. |
| Treanda inj | bendamustine IV solution                    | \$4,828/180mg vial | For chronic lymphocytic leukemia and non-Hodgkin's lymphoma. Administered IV   |                             | covered. Hospital drug.                    |

**6. EBD report on plan cost YTD: by Dr. David Keisner, UAMS – please see attached details**

In 2014 the pharmacy spent almost \$28 million less than 2013. The PMPM decreased for Non Medicare Members from \$70.00 to \$53.00. The PMPM decreased for Medicare Members who have the prescription drug plan from \$221.00 to \$200.00. The savings was a result of changes from the DUEC, raising pharmacy co-pays, and migration to the high deductible plan.

The PSE plan saved \$15.2 million and ASE saved \$12 million. The difference in the plans are PSE does not offer coverage to Medicare eligible retirees.

**Addendum: HCV Coverage attached.**

**Respectfully submitted,**

**Kathryn Neill, PharmD  
Chair, DUEC**

**\*New Drug Code Key:**

|    |   |
|----|---|
| 1  | Lacks meaningful clinical endpoint data; has shown efficacy for surrogate endpoints only.   |
| 2  | Drug's best support is from single arm trial data   |
| 3  | No information in recognized information sources (PubMed or Drug Facts & Comparisons or Lexicomp)   |
| 4  | <b>Convenience Kit Policy</b> - As new drugs are released to the market through Medispan, those drugs described as "kits" will not be considered for inclusion in the plan and will therefore be excluded products unless the product is available solely as a kit. Kits typically contain, in addition to a pre-packaged quantity of the featured drug(s), items that may be associated with the administration of the drug (rubber gloves, sponges, etc.) and/or additional convenience items (lotion, skin cleanser, etc.). In most cases, the cost of the "kit" is greater than the individual items purchased separately.  |
| 5  | <b>Medical Food Policy</b> - Medical foods will be excluded from the plan unless two sources of peer-reviewed, published medical literature supports the use in reducing a medically necessary clinical endpoint.<br>A medical food is defined below:<br>A medical food, as defined in section 5(b)(3) of the Orphan Drug Act (21 U.S.C. 360ee(b)(3)), is "a food which is formulated to be consumed or administered enterally under the supervision of a physician and which is intended for the specific dietary management of a disease or condition for which distinctive nutritional requirements, based on recognized scientific principles, are established by medical evaluation."<br>FDA considers the statutory definition of medical foods to narrowly constrain the types of products that fit within this category of food. Medical foods are distinguished from the broader category of foods for special dietary use and from foods that make health claims by the requirement that medical foods be intended to meet distinctive nutritional requirements of a disease or condition, used under medical supervision, and intended for the specific dietary management of a disease or condition. Medical foods are not those simply recommended by a physician as part of an overall diet to manage the symptoms or reduce the risk of a disease or condition, and all foods fed to sick patients are not medical foods. Instead, medical foods are foods that are specially formulated and processed (as opposed to a naturally occurring foodstuff used in a natural state) for a patient who is seriously ill or who requires use of the product as a major component of a disease or condition's specific dietary management. |
| 6  | <b>Cough &amp; Cold Policy</b> - As new cough and cold products enter the market, they are often simply re-formulations or new combinations of existing products already in the marketplace. Many of these existing products are available in generic form and are relatively inexpensive. The new cough and cold products are branded products and are generally considerably more expensive than existing products. The policy of the ASE/PSE prescription drug program will be to default all new cough and cold products to "excluded" unless the DUEC determines the product offers a distinct advantage over existing products. If so determined, the product will be reviewed at the next regularly scheduled DUEC meeting.  |
| 7  | <b>Multivitamin Policy</b> - As new vitamin products enter the market, they are often simply re-formulations or new combinations of vitamins/multivitamins in similar amounts already in the marketplace. Many of these existing products are available in generic form and are relatively inexpensive. The new vitamins are branded products and are generally considerably more expensive than existing products. The policy of the ASE/PSE prescription drug program will be to default all new vitamin/multivitamin products to "excluded" unless the DUEC determines the product offers a distinct advantage over existing products. If so determined, the product will be reviewed at the next regularly scheduled DUEC meeting.  |
| 8  | Drug has limited medical benefit &/or lack of overall survival data or has overall survival data showing minimal benefit  |
| 9  | Not medically necessary   |
| 10 | Peer-reviewed, published cost effectiveness studies support the drug lacks value to the plan.   |
| 11 | <b>Oral Contraceptives Policy</b> - OCs which are new to the market may be covered by the plan with a zero dollar, tier 1, 2, or 3 copay, or may be excluded. If a new-to-market OC provides an alternative product not similarly achieved by other OCs currently covered by the plan, the DUEC will consider it as a new drug. IF the drug does not offer a novel alternative or offers only the advantage of convenience, it may not be considered for inclusion in the plan.   |
| 12 | Other   |
| 13 | Insufficient clinical benefit OR alternative agent(s) available   |

## Hepatitis C - EBRx Prior Authorization Criteria

02/26/2015 - Jill Johnson, Pharm.D., BCPS

A. For any treatment to eradicate chronic hepatitis C virus (HCV) infection, the following criteria must be met regardless of which regimen is requested:

|  |  |
|--|--|
| <p>1. The patient must test positive for HCV infection documented by at least 1 measurement of serum HCV RNA &gt;10,000 IU/mL AND a positive anti-HCV antibody, HCV RNA, or HCV genotype test &gt; 6 months prior to access to drug therapy.<br/> <input type="checkbox"/> The viral load must be documented.</p>  |  |
| <p>2. The patient must be free of using illicit drugs for the past 6 months.<br/> <input type="checkbox"/> A patient-signed statement attesting to this is acceptable.</p>   | <p>Any positive drug screen during treatment stops access to the HCV drugs. Reinfection is a risk for IV drug users.</p>   |
| <p>3. The patient must be free of abusing ethanol for the past 6 months. (defined as &gt;3 glasses/d (1 glass is equivalent to beer 284 mL, wine 125 mL, or distilled spirits 25 mL for females and &gt;4 glasses/d for males).<br/> <input type="checkbox"/> A patient-signed statement attesting to this is acceptable.</p>  |  |
| <p>4. If the patient has cirrhosis, there must be NO signs of decompensation (ascites, episodes of spontaneous bacterial peritonitis, hepatic encephalopathy, esophageal or gastric varices or a history of variceal bleeding).<br/> <input type="checkbox"/> The drug profile for the past 1 year must be submitted.</p>  | <p>Unless currently LISTED on the liver transplant list. Patients with decompensation will not be treated unless currently listed on a verifiable list from a liver transplant center.</p> |
| <p>5. The patient must NOT have liver disease due to any cause other than HCV infection (chronic hepatitis B infection, autoimmune hepatitis, alcoholic hepatitis, nonalcoholic steatohepatitis, hemochromatosis, Wilson's disease, alpha1 antitrypsin deficiency, cholangitis) ruled out prior to HCV treatment.<br/> <input type="checkbox"/> viral hepatitis serology must be submitted<br/> <input type="checkbox"/> A physician-signed statement attesting to having worked up and ruled out liver disease other than that caused by hepatitis C virus.</p> | <p>These patients were excluded from the clinical trials.</p>  |
| <p>6. The extent of fibrosis may be shown by liver biopsy, FIB-4 or APRI to demonstrate the patient has a Metavir score of F3 or F4.</p>   |  |

B. Other questions which must be collected on EVERY patient seeking drug therapy for HCV infection:

|  |  |
|--|--|
| <p>1. Is the patient currently on the liver transplant list? (Decompensated, metavir F4 patients are eligible for treatment, absent contraindications listed in #5 above.)</p>   |  |
| <p>2. Has the patient previously received any treatment for HCV infection? If so, what regimen and duration?<br/> <input type="checkbox"/> This info must be captured even if drug was supplied by the manufacturer.</p>   | <p>This answer is needed to determine treatment eligibility.</p> |
| <p>3. HIV positive patients must have absolute CD4 counts above 500 and not require HAART therapy or currently receive HAART therapy if the absolute CD4 count is below 200, to be eligible for HCV eradication treatment.<br/> <input type="checkbox"/> If HIV positive, the absolute CD4 count must be submitted from the past 6 months.</p> |  |

### C. Coverage Policies

The premise for the policies below is multifactorial.

First, chronic HCV is a progressive disease that takes decades to develop cirrhosis or hepatocellular carcinoma and only 20% develop cirrhosis over 20-30 years and 5% die from cirrhosis or liver cancer. Second, achieving a sustained viral response 12 or 24 weeks after the end of drug therapy (SVR12 or SVR24) is not a cure. SVR is a surrogate marker for the actual outcome of liver morbidity or mortality (including decompensated liver cirrhosis, hepatocellular carcinoma, liver transplantation, or death from liver related causes). Thus the objective is not how many patients develop SVRs but how many are spared from ESLD. None of the drug trials evaluated these outcomes. All the studies linking SVR to clinical outcomes are observational studies and are subject to confounding. Additionally, patients who achieve SVR remain at risk for developing HCC, although the risk is lower than if SVR had not been achieved. To date (2/10/15), all data showing a decrease in liver morbidity or mortality included interferon in the HCV eradication therapy. There are no data to show a non-interferon containing regimen for HCV eradication reduces liver-related morbidity or mortality. However, the available observational studies with interferon show achieving an SVR24 correlates to improved quality of life and reduction in fatigue, and approximately an 80% decrease in decompensated liver disease, HCC, liver transplant, and all-cause mortality. It appears that some risk for HCC remains, even in those achieving SVR.

| Condition                          | Number of individuals |
|------------------------------------|-----------------------|
| Infection with hepatitis C         | 100                   |
| Develop symptoms                   | 20-30                 |
| Remain asymptomatic                | 70-80                 |
| Develop chronic infection          | 75-85                 |
| Develop chronic liver disease      | 60-70                 |
| Develop cirrhosis over 20-30 years | 5-20                  |
| Die from cirrhosis or liver cancer | 1-5                   |

| GT1 |  | Sofosbuvir PR  | Sofosbuvir/Simep   | Simeprevir PR  | Harvoni  | Viekira Pak                                    |
|-----|--|--|--|--|--|--|
| 1   | GT1 treatment naïve, noncirrhosis, interferon eligible | SPR12 covered if Metavir score F3.   | Not covered. No interferon and relapse reported to be 13%. | Not covered.   | Not covered, even at F3 because no interferon. | Not covered, even at F3 because no interferon. |
|     |  | Boceprevir: Poordad, et al, showed BPR was effective.<br>Boceprevir: Kwo, et al, showed BPR was effective.<br>Boceprevir: Sulkowski, et al, in HIV+ population, showed B triple tx works.<br>Telaprevir: Sulkowski, et al, in HIV+ population, showed T triple |  | Boceprevir & telaprevir triple therapy is effective. Unknown which of the 3 is more effective. Must have Q80K negativity for simeprevir. QUEST-1 & -2. |  |  |

|   |  |  |                                |   |   |  |
|---|--|--|--------------------------------|---|---|--|
|   |  | <p>tx works.</p> <p>Sofosbuvir: NEUTRINO showed sofos to be effective. Had 17% cirrhotics.</p> <p>Sofosbuvir: Study 1910. In HIV+ population showed sofosPR is effective.</p> <p>Lawitz, Lalezari, et al.</p> <p>Comparative sofosbuvirPR vs PR trial. 0% cirrhotics. High PR response rate.</p> <p>Lepidasvir+sofos. Afdhal, et al.</p> <p>Ledipasvir+sofos has efficacy. No SOC control arm.</p> |                                |   |   |  |
| 2 | GT1 treatment naïve, noncirrhosis, interferon-INeligible                             | Contains interferon.   | Not covered. Relapse rate 13%. | Not covered. Contains interferon.   | Covered if metavir score F3. Harvoni 8w (LONESTAR, ION-3)                             | Covered if metavir score F3. GT1a with ribavirin. GT1b without ribavirin for 12 w. (PEARLIII/IV).                  |
|   |  | <p>Sofosbuvir: PHOTON-1 (via PI) showed sofos +R to be effective. No control arms.</p> <p>Lepidasvir+sofos. Afdhal, et al.</p> <p>Ledipasvir+sofos has efficacy. No SOC control arm.</p>   |                                |   |   |  |
| 3 | GT1 treatment naïve, decompensated cirrhosis <u>AND listed for liver transplant.</u> | Not covered.   | Not covered.                   | Not covered.  | Harvoni 12w (ION-1, but only 16% had cirrhosis; results not broken down by cirrhosis) | Viekira 12w (TURQUOISEII)  |
| 4 | GT1 treatment naïve, compensated cirrhosis, interferon-eligible                      | Covered for 12 w combined w/ PR.   | Not covered.                   | Not covered   | Not covered. No interferon.   | Not covered. No interferon. Viekira pak +R 12w (regardless of GT1a/b—add R due to cirrhosis and Turquoise-II data) |
|   | GT1  | Sofosbuvir PR  | Sofosbuvir/Simep               | Simeprevir PR   | Harvoni   | Viekira Pak  |
|   |  | <p>Boceprevir: Poordad, et al, showed BPR was effective. Had 7-11% cirrhotics.</p> <p>Telaprevir: Jacobson, et al.</p>   |                                | QUEST-1 & -2. Had up to 10% cirrhotics. Unknown which of the 3 DAAs is more |   | Turquoise II—showed a 92%-96% SVR12.   |

|   |   |   |  |  |   |   |
|---|---|---|--|--|---|---|
|   |   | showed telaprevir is effective. Had 6-7% cirrhotics.<br>NEUTRINO<br>Lepidasvir+sofos. Afdhal, et al.<br>Ledipasvir+sofos has efficacy. No SOC control arm. Had 16% cirrhotics.  |  | effective. Must have Q80K negativity for simeprevir.<br>Boceprevir: Poordad, et al, showed BPR was effective. Had 7-11% cirrhotics.<br>Telaprevir: Jacobson, et al. showed telaprevir is effective. Had 6-7% cirrhotics.   |   |   |
| 5 | GT1 treatment naïve, compensated cirrhosis, interferon-INeligible | Not covered. These patients cannot take interferon.   | 93% SVR12 (all F3 or F4),<br>Sofos/Sime12w | Not covered. Contains interferon.  | 99% w Harvoni 12w (only 16% had comp cirrhosis) | 94% w/ Viekira+R 12w (100% w/cirrhosis) |
|   |   | No peer-reviewed data to support use of non-interferon regimens in this population.<br>COSMOS, Cohort 2, treatment naïve with cirrhosis.<br>Noncomparative trial. Exclusion of “nonvirologic failures”, (not ITT).<br>Phase 2. Small N. (We reject COSMOS until it undergoes peer review and is published and available through PubMed.)<br>Osinusi, Meissner, et al. S+R showed 68% SVR24 with weightbased R. Compared only to non-wt-based R. |  | No peer-reviewed data to support use of non-interferon regimens in this population.<br>COSMOS, Cohort 2, treatment naïve with cirrhosis.<br>Noncomparative trial. Exclusion of “nonvirologic failures”, (not ITT).<br>Phase 2. Not yet published. Small N. (We reject COSMOS until it undergoes peer review and is published and available through PubMed.)<br>Osinusi, Meissner, et al. S+R showed 68% SVR24 with weightbased R. Compared only to non-wt-based R. |   | Turquoise-II                            |
|   | <b>GT1</b>  | <b>Sofosbuvir PR</b>  | <b>Sofosbuvir/Simep</b>                    | <b>Simeprevir PR</b>   | <b>Harvoni</b>                                  | <b>Viekira Pak</b>                      |
| 6 | GT1 Prior nonresponders to  | Not covered. Await more advanced disease.   |  | 53%SVR w simep12/PR48  | SVR overall for Harvoni12w was 94%              | GT1 SVR 93% (Kowdley, et al.)           |

|   |  |   |  |   |   |  |
|---|--|---|--|---|---|--|
|   | PR, noncirrhosis                                     | SR (without PEG) SVR 10%.   |  | (ASPIRE) (not stated number w/ cirrhosis); not covered.   | (45% were prior non responders; 55% were prior relapsers) but included 20% w/ cirrhosis. Noncirrhosis must be F3. | GT1a SVR=95.2% w/ ViekPak 12w<br><br>GT1b SVR=100% w/ Viek Pak 12w (PEARL-II)  |
|   |  | Boceprevir: Bacon, et al, showed boceprevir is effective.<br>Telaprevir: McHutchison et al, showed telaprevir is effective.<br>Telaprevir: Zeuzem, et al, showed telaprevir is effective.<br>Sofosbuvir: COSMOS. Cohort 2 (prior nonresponders, metavir 4) shows sofos is effective but had inadequate power and no comparative arms. Optimist-1 and Optimist-2 (sofos+simep), phase 3 began recruiting 4/2014. |  | From PI: PROMISE showed simeprevir works better than PR. No comparisons to triple tx. COSMOS was noncomparative and no power to determine conclusion. Awaiting Optimist-1 and -2.                                 | ION-2. Harvoni24w SVR=99%.  | GT1a overall=SVR96%;<br>GT1b overall=SVR96.7% in SAPPHERE-II.<br>GT1b SVR93% with RIba, 100% w/o Riba in PEARL-II  |
| 7 | GT1 Prior nonresponders to PR, compensated cirrhosis | No data. Not covered.   | (COSMOS was all F0-2).<br>Not covered. | 53%SVR w simep12/PR48 (ASPIRE) (not stated number w/ cirrhosis); not covered.   | SVR overall for Harvoni12w was 93.6% (prior non responders) but included only 20% w/ cirrhosis.                   | GT1a SVR80% w/VP+R 12w<br>GT1a SVR 92.9% w/VP+R 24w<br>GT1b100% w/12w (TURQUOISE-II)   |
|   |  | COSMOS was not comparative to other triple therapy or other double therapy.   |  | Other triple therapy is covered and response rates are similar or better with boceprevir regimens.<br>Bacon, et al.<br>McHutchison, et al.<br>Zeuzem, et al.<br>PROMISE (simeprevir PI)<br>ASPIRE (simeprevir PI) |   | Turquoise-II—All these pts had cirrhosis (Metavir score >3 by liver biopsy or FibroScan, A Child-Pugh class A of <7; prev telaprevir or bocep users were excluded.)<br>The 80% and 92.9% rates for GT1a confidence intervals overlapped. |
| 8 | GT1 Prior nonresponder to BPR or TPR, noncirrhosis   | No data.  | No data.                               | No data.  | F3s are covered Harvoni12w. (ION-2)   | No data. SAPPHERE-II excluded prev PI pts.   |
|   |  |   |  | No data.  |   |  |

|            |   |  |   |  |   |   |
|------------|---|--|---|--|---|---|
| 9          | GT1 Prior relapsers after PR, noncirrhosis          | Not covered.   | No Data.  | SVR was 79%(PROMISE), 83%(ASPIRE). Must be Q80K negative. Sample included 20% cirrhotics. Sime12PR48.  | Harvoni 12. SVR was 93.6% overall. (55% were relapsers. ION-2).   | GT1 a or b: Viekira+R 12w, SVR 96% (SAPPHIRE-II-excluded F3 & F4) <b><u>NO DATA in F3s</u></b><br><br>GT1b: Viekira+R 12w, SVR 100% (PEARL-II) <b><u>NO DATA in F3s</u></b> |
|            |   |  | COSMOS was prior null responders, not prior relapsers                               | PROMISE. ASPIRE.   |   |   |
| 10         | GT1 Prior relapsers after PR, compensated cirrhosis | No data. Not Covered.  | (COSMOS)57% were previous nonresponders. Sime/sofos 24w overall SVR was 100% (n=16) | (ASPIRE)77%SVR w/ Sime12PR48 but not reported how many had cirrhosis. NOT Covered.   | SVR overall for Harvoni12w was 93.6% (but only 55% were previous relapsers and included only 20% w/ cirrhosis). | GT1a: Viekira 12w, SVR 93.3%<br>GT1b: Viekira 24w, SVR 100% (TURQUOISE-II)  |
| <b>GT1</b> |   | <b>Sofosbuvir PR</b>   | <b>Sofosbuvir/Simep</b>   | <b>Simeprevir PR</b>   | <b>Harvoni</b>  | <b>Viekira Pak</b>  |
|            |   | No peer-reviewed data to support use of non-interferon regimens in this population. COSMOS, Cohort 2, treatment naïve with cirrhosis. Noncomparative trial. Exclusion of “nonvirologic failures”, (not ITT). Phase 2. Not yet published. Small N. (We reject COSMOS until it undergoes peer review and is published and available through PubMed.)<br>Osinusi, Meissner, et al. S+R showed 68% SVR24 with weightbased R. Compared only to non-wt-based R.<br>Boceprevir: Bacon, et al, showed boceprevir is effective. Had 10-14% cirrhotics<br>Telaprevir: McHutchison et al, showed telaprevir is effective. Had 11-20% cirrhotics.<br>Telaprevir: Zeuzem, et al, showed |   | Bacon BR, et al. Boceprevir evidence. PROMISE provides evidence that simeprevir12PR12, PR12 is effective. McHutchison provides evidence that T12PR24 is effective. |   |   |

|    |  |   |                            |                            |                            |                            |
|----|--|---|----------------------------|----------------------------|----------------------------|----------------------------|
|    |  | telaprevir is effective. Had 23-27% cirrhotics.<br>Sofosbuvir: COSMOS. Cohort 2 (prior nonresponders, metavir 4) shows sofos is effective.  |                            |                            |                            |                            |
| 11 | GT1, treatment experienced, coinfectd w/ HIV                 | Cover same as without HIV.  | Cover same as without HIV. | Cover same as without HIV. | Cover same as without HIV. | Cover same as without HIV. |
| 12 | GT2 trtmt naïve, w/or w/o compensated cirrhosis              | Not covered. Peginterferon + ribavirin is covered and should be dosed according to patient weight.  | Not covered                | Not covered.               | Not covered                | Not covered.               |
|    |  | FISSION (GT2, tx-naïve) compared SR12 to PR24 but used higher R dose in the SR12 group, creating a confounder where we can't tell if it was a function of the R dose. Previous data (Osinusi a, et al. Jama 2013;310(8):804-11, showed R dose matters.<br>PHOTON (HIV+ population) provides evidence of efficacy; n=26), however, it did not have a control arm to compare to.<br>Unknown whether PR if more effective. |                            |                            |                            |                            |
|    | <b>GT</b>  | <b>Sofosbuvir PR</b>  | <b>Sofosbuvir/Simep</b>    | <b>Simeprevir PR</b>       | <b>Harvoni</b>             | <b>Viekira Pak</b>         |
| 13 | GT2 treatment(PR)-experienced                                | Sofosbuvir + R 12w without Peg. SVR 88% (VALENCE)   | No data                    | No data                    | No data                    | No data                    |
|    |  | FUSION (19% of included pts) showed efficacy in 82% w/ SVR12. No comparative arm. VALENCE (although Valence became a descriptive trial only after a mid-trial protocol amendment.)  |                            |                            |                            |                            |
| 14 | GT2 treatment naïve, unable to take interferon, noncirrhotic | Sofosbuvir + R 12w without Peg. SVR 88% (VALENCE)   | Not covered.               | Not covered.               | Not covered.               | Not covered.               |

|    |   |  |                         |                      |                |                    |
|----|---|--|-------------------------|----------------------|----------------|--------------------|
|    |   | FUSION (19% of included pts) showed efficacy.<br>POSITRON (all w/ inability to take interferon) showed SR12 effective. Nothing to compare to.  |                         |                      |                |                    |
| 15 | GT2 treatment naïve, unable to take interferon, compensated cirrhotic                 | Sofosbuvir + R 12w without Peg. SVR 88% (VALENCE)  | Not covered.            | Not covered.         | Not covered.   | Not covered.       |
|    |   | Due to this being the best current alternative in a cirrhotic patient, it is justifiable to treat.<br>FUSION (19% of included pts) showed efficacy.<br>POSITRON (all w/ inability to take interferon) showed SR12 effective.                         |                         |                      |                |                    |
|    | <b>GT3</b>  | <b>Sofosbuvir PR or Sofosbuvir-Riba</b>  | <b>Sofosbuvir/Simep</b> | <b>Simeprevir PR</b> | <b>Harvoni</b> | <b>Viekira Pak</b> |
| 16 | GT3 treatment naïve, with or without compensated cirrhosis if able to take interferon | Not covered. Sofosbuvir with ribavirin and without peginterferon also not covered. No comparative data to know if it is any better than PR alone.  | No data.                | No data.             | No data.       | No data.           |
|    |   | FISSION showed a worse SVR12 compared to PR24 despite the larger R dose in the SR12 arm. Therefore, may not be as effective as PR24.<br>VALENCE showed efficacy in GT3 w/ SR24, however, no control arm.<br>PHOTON showed efficacy in GT3 with SR24. |                         |                      |                |                    |
| 17 | GT3 treatment naïve, NONcirrhotic, unable to take interferon                          | F3s:<br>Sofosbuvir + Ribavirin 24w (SVR was 92%) (VALENCE)   | No data.                | No data.             | No data.       | No data.           |
|    |   | Noncirrhotics have time to wait for emerging non-interferon-   |                         |                      |                |                    |

|            |   |   |          |  |          |          |
|------------|---|---|----------|--|----------|----------|
|            |   | containing regimens. The data are not sufficient at this time to support treating this population to date.          |          |  |          |          |
| 18         | GT3 treatment-experienced, compensated cirrhosis, interferon INeligible | Covered with ribavirin X24 weeks (SVR 60%)VALENCE   | No data. | No data.                                     | No data. | No data. |
|            |   | FUSION & POSITRON; the alternative is PR and these patients are either interferon-experienced or ineligible for it. |          |  |          |          |
| <b>GT4</b> |   |   |          |  |          |          |
| 19         | GT4, interferon eligible, treatment naïve, NONcirrhotics                | SPR 12w (SVR96%)NEUTRINO  | No data. | No data.                                     | No data. | No data. |
|            |   | NEUTRINO showed 96% for GT4, however, noncirrhotics have time to await emerging drugs.                              |          |  |          |          |
| 20         | GT4, interferon eligible, treatment naïve, compensated cirrhosis        | Cover with PR X12w.   | No data. | No data.                                     | No data. | No data. |
|            |   | NEUTRINO. Not as much time to wait.   |          |  |          |          |
| 21         | GT4, interferon ineligible  | Not covered.  | No data. | No data.                                     | No data. | No data. |
|            |   | Evidence is in abstract form only from April 2014 EASL meeting. Ruane PJ, et al.                                    |          | Awaiting trial results per AASLD guidelines. |          |          |
| <b>GT5</b> |   |   |          |  |          |          |
| 22         | GT5   | Not covered.  | No data. | No data.                                     | No data. | No data. |
|            |   | NEUTRINO included an N=1 GT5 patient.   |          |  |          |          |
| <b>GT6</b> |   |   |          |  |          |          |
| 23         | GT6   | Not covered.  | No data. | No data.                                     | No data. | No data. |
|            |   | NEUTRINO included an N=6 GT6 patients.  |          |  |          |          |

\*In all cases in which ribavirin is covered, the dose must be weight-based.

\*\*Acceptable reasons for interferon ineligibility are listed below and must be documented PREVIOUSLY in the medical record:

- dermatomyositis, immune (idiopathic) thrombocytopenic purpura, inflammatory bowel disease, interstitial lung disease, interstitial nephritis, polymyositis, psoriasis, rheumatoid arthritis, sarcoidosis, systemic lupus erythematosus,
- Significant psychiatric disease necessitating hospitalization or period of disability or a history of psychosis, schizophrenia, bipolar disorder, moderate depression, schizoaffective disorder, suicidal ideation, or suicide attempt documented in the medical record.
- Significant local or systemic adverse reaction to IFN (e.g., hypersensitivity, injection site reactions),
- Significant cognitive impairment,
- Neuropathy,
- Thrombocytopenia (platelets  $< 25,000/\mu\text{L}$ ),
- Neutropenia (ANC  $< 500/\mu\text{L}$ ),
- Development of colitis, non-alcoholic pancreatitis or ophthalmologic disorders,
- Seizure disorder,
- Poorly controlled thyroid dysfunction;
- hyperthyroidism (TSH  $\geq 2$  x the upper limit of normal (ULN) and  $\leq 10$  x ULN) or hypothyroidism (TSH  $<$  the lower limit of normal (LLN) and  $> 0.1 \mu\text{IU/mL}$ )
- Retinal disease

\*\*\*Fibrosis refers to Metavir F3 and cirrhosis refers to F4. A liver biopsy is required to differentiate between the two.

Note: All noncirrhosis must be Metavir F3 to treat.

| GT1 |   | AWP   |
|-----|---|---|
| 1   | GT1 treatment naïve, noncirrhosis, interferon eligible                                  | Sofosbuvir PR X12w 89%<br>\$115,642   |
| 2   | GT1 treatment naïve, noncirrhosis, interferon-INeligible                                | Harvoni 8w \$75,600<br>GT1a Viekira + R 12w \$102,347<br>GT1b Viekira 12w \$99,983  |
| 3   | GT1 treatment naïve, decompensated F4 cirrhosis <u>AND listed for liver transplant,</u> | Harvoni 12w \$113,400<br>Viekira 12w \$99,983   |
| 4   | GT1 treatment naïve, compensated cirrhosis (F4),interferon-eligible                     | Sofosbuvir PR X 12w \$115,642<br>Harvoni 12w \$113,400<br>Viekira 12w \$99,983  |
| 5   | GT1 treatment naïve, compensated cirrhosis, interferon-INeligible                       | Sofos/Sime 12w, 93%SVR12 (All F3/F4) \$180,432<br>Harvoni 12w, 99%SVR12 (only 16% had comp cirrhosis) \$113,400<br>Viekira + R 12w 94%SVR12 (100% w/ cirrhosis) \$102,347<br>Viekira 12w 99%SVR12 (13% were F3) \$99,983  |
| 6   | GT1 Prior nonresponders to PR, noncirrhosis   | Simeprevir12PR48, 53%SVR \$138,992<br>Harvoni 12w 94%, 24w=99% (39% had received prev tx with PR;61% had received prev tx w/ PI)(45% were prev nonresponders; 55% were prev relapsers). \$113,400-\$226,800<br>ViekiraR12: GT1 SVR 93% (Kowdley) \$102,347<br>ViekiraR12: GT1 SVR=95.2% (SAPPHIRE-II) \$102,347<br>Viekira12: GT1b 100% (PEARL-II) \$99,983 |
| 7   | GT1 Prior nonresponders to PR, compensated cirrhosis                                    | Simep12/PR48 53%SVR; (not stated number of cirrhosis) Not a good response<br>Harvoni 12w 93.6% (but included only 20% w/ cirrhosis). \$113,400<br>\$102,347<br>\$199,966  |

|    |   |  |   |
|----|---|--|---|
|    |   | ViekiraR 12w: GT1a SVR 80% (TURQUOISE-II)<br>ViekiraR 24w: GT1a SVR 92.9% (TURQUOISE-II)<br>ViekiraR 12w: GT1b 100% (TURQUOISE-II)   | \$102,347   |
| 8  | GT1 Prior nonresponder to BPR or TPR, noncirrhosis                    | F3s are covered:<br>Harvoni 12w 94% (39% had received prev tx with PR;61% had received prev tx w/ PI)(45% were prev nonresponders; 55% were prev relapsers).   | \$113,400   |
| 9  | GT1 Prior relapsers after PR, noncirrhosis                            | Sime12PR48 SVR79-83% (PROMISE,ASPIRE)<br>Harvoni 12w SVR=93.6% (ION-2)<br>ViekiraR12: GT1 SVR=95.3% (SAPPHIRE-II)<br>ViekiraR12: GT1b SVR=100% (PEARL-II)  | \$138,992<br>\$113,400<br>\$102,347<br>\$102,347              |
| 10 | GT1 Prior relapsers after PR, compensated cirrhosis                   | Sime/sofos 24w (SVR100%, n=16)<br>Sime12PR48 (SVR 77%), but not reported #w/prevcirrhosis<br>Harvoni 12w (SVR 93% w/ 55%represent by relapsers; only 20%w/cirrhosis)<br>ViekiraR 12w (GT1a) (SVR 93.3%)(Turquoise-II)<br>ViekiraR 24w (GT1b) (SVR 100%) (Turquoise-II) | \$360,864<br>\$138,992<br>\$113,400<br>\$102,347<br>\$199,966 |
| 11 | GT1, treatment experienced, coinfectd w/ HIV                          | Cover same as without HIV.   |   |
|    | <b>GT2</b>  |  |   |
| 12 | GT2 trtmt naïve, w/or w/o compensated cirrhosis                       | PR24w  | \$29,680  |
| 13 | GT2 treatment(PR)-experienced   | F3s:<br>Sofosbuvir+R 12w (SVR88%)  | \$103,163   |
| 14 | GT2 treatment naïve, unable to take interferon, noncirrhotic          | F3s:<br>Sofosbuvir+R 12w (SVR88%)  | \$103,163   |
| 15 | GT2 treatment naïve, unable to take interferon, compensated cirrhotic | Sofosbuvir + Ribavirin 12 w  | \$103,163   |
|    | <b>GT3</b>  |  |   |

|            |   |              |           |
|------------|---|--------------|-----------|
| 16         | GT3 treatment naïve, with or without compensated cirrhosis if able to take interferon | PR24w        | \$29,680  |
| 17         | GT3 treatment naïve, NONcirrhotic, unable to take interferon                          | SR 24        | \$206,326 |
| 18         | GT3 treatment-experienced, compensated cirrhosis, interferon INeligible               | SR 24        | \$206,326 |
| <b>GT4</b> |   |              |           |
| 19         | GT4, interferon eligible, treatment naïve, NONcirrhotics                              | F3s: SPR12w  | \$115,642 |
| 20         | GT4, interferon eligible, treatment naïve, compensated cirrhosis                      | SPR12w       | \$115,642 |
| 21         | GT4, interferon ineligible  | Not covered. |           |
| <b>GT5</b> |   |              |           |
| 22         | GT5   | Not covered. |           |
| <b>GT6</b> |   |              |           |
| 23         | GT6   | Not covered. |           |

Pharmacy Spend Report

| Parameter                    | 2014          | 2013          | Difference     |
|------------------------------|---------------|---------------|----------------|
| Eligibility                  | 152,631       | 150,359       | 2272           |
| Total Plan Paid              | \$117,242,990 | \$145,172,348 | (\$27,929,358) |
| Total Rxs                    | 2601270       | 2702335       | -101,065       |
| Rxs PMPM                     | 1.42          | 1.5           | -0.08          |
| Plan Paid PMPM (all members) | \$64.01       | \$80.46       | (\$16.45)      |
| Non-Medicare PMPM            | \$53.41       | \$69.99       | (\$16.58)      |
| Medicare PMPM                | \$200.79      | \$221.02      | (\$20.23)      |
| Avg. Rx Cost (before copay)  | \$62.52       | \$68.23       | (\$5.71)       |
| Avg. Copay                   | \$17.44       | \$14.51       | \$2.93         |
| Generic Rate (%)             | 88%           | 84%           | 4%             |

**Savings Breakdown**

|  | <u>2014</u> | <u>2013</u> | <u>Difference</u>    |
|--|-------------|-------------|----------------------|
| Compounds*                                 | \$211,592   | \$1,248,210 | -\$1,036,618         |
| Diabetic test strips                       | \$749,255   | \$2,987,448 | -\$2,238,194         |
| Testosterone (coverage change in May 2013) | \$119,985   | \$571,290   | -\$451,306           |
| Lovaza (coverage change May 2013)          | \$0         | \$227,291   | -\$227,291           |
| SNRI's (antidepressants)                   | \$795,319   | \$5,129,576 | -\$4,334,257         |
| SSRI's (antidepressants)                   | \$537,397   | \$1,460,301 | -\$922,905           |
| Lyrica (fibromyalgia)                      | \$171,083   | \$1,440,635 | -\$1,269,551         |
| ARB's (antihypertensives)                  | \$656,651   | \$1,974,041 | -\$1,317,390         |
| ARB Combos (antihypertensives)             | \$1,182,656 | \$3,342,154 | -\$2,159,497         |
| statins (lipid lowering)                   | \$994,224   | \$2,042,311 | -\$1,048,087         |
| PPI's (reflux)                             | \$1,095,553 | \$2,023,379 | -\$927,826           |
| valacyclovir (antiviral)                   | \$432,297   | \$1,212,003 | -\$779,706           |
| Fibric acid (triglyceride lowering)        | \$339,579   | \$1,105,291 | -\$765,712           |
| Nicotinic Acid (lipid lowering)            | \$156,556   | \$602,898   | -\$446,342           |
| clopidogrel (antiplatelet)                 | \$186,328   | \$1,096,511 | -\$910,183           |
| OAB's (overactive bladder)                 | \$346,842   | \$693,901   | -\$347,058           |
| Nasal steroids (allergic rhinitis)         | \$361,075   | \$858,736   | -\$497,661           |
| OC's (oral contraceptives)                 | \$2,365,085 | \$3,085,010 | -\$719,925           |
| bisphosphonates (osteoporosis)             | \$346,842   | \$713,477   | -\$366,635           |
| <b>YTD pharmacy Savings</b>                |             |             | <b>-\$20,766,143</b> |

\*compound spend Jan-Sep

**ASE PLAN YEAR 2013**

|           | Week 1          | Week 2          | Week 3          | Week 4          | Week 5          | Total                  |           |               |                        |
|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------------|-----------|---------------|------------------------|
| Catamaran | \$ -            | \$ 4,630,813.91 | \$ 1,682,591.80 | \$ 1,608,900.94 |                 | \$7,922,306.65         | January   | Actives/COBRA | \$46,326,685.60        |
| Catamaran | \$ 1,480,087.53 | \$ 1,600,740.85 | \$ 1,462,933.62 | \$ 1,690,710.83 |                 | \$6,234,472.83         | February  | Non-Medicare  | \$7,825,061.16         |
| Catamaran | \$ 1,514,459.62 | \$ 1,677,771.57 | \$ 1,679,223.25 | \$ 1,589,793.92 | \$ 1,482,412.01 | \$7,943,660.37         | March     | Medicare      | <u>\$28,020,759.57</u> |
| Catamaran | \$ 1,653,678.54 | \$ 1,564,978.52 | \$ 1,647,439.37 | \$ 1,569,564.56 |                 | \$6,435,660.99         | April     |               | <u>\$82,172,506.33</u> |
| Catamaran | \$ 1,514,612.72 | \$ 1,612,011.91 | \$ 1,565,104.90 | \$ 1,522,485.85 | \$ 1,629,773.50 | \$7,843,988.88         | May       |               |                        |
| Catamaran | \$ 1,372,736.76 | \$ 1,638,046.21 | \$ 1,490,946.95 | \$ 1,483,201.01 | \$ 1,510,057.09 | \$7,494,988.02         | June      |               |                        |
| Catamaran | \$ -            | \$ 1,423,112.69 | \$ 1,505,945.87 | \$ 1,441,552.50 |                 | \$4,370,611.06         | July      |               |                        |
| Catamaran | \$ 1,484,477.81 | \$ 1,490,356.50 | \$ 1,518,521.51 | \$ 1,465,447.48 | \$ 1,598,978.71 | \$7,557,782.01         | August    |               |                        |
| Catamaran | \$ 1,623,838.90 | \$ 1,521,539.73 | \$ 1,583,931.87 | \$ 1,535,834.54 |                 | \$6,265,145.04         | September |               |                        |
| Catamaran | \$ 1,566,727.05 | \$ 1,635,971.37 | \$ 1,590,821.12 | \$ 1,481,142.17 |                 | \$6,274,661.71         | October   |               |                        |
| Catamaran | \$ 1,416,959.11 | \$ 1,534,643.06 | \$ 1,686,793.66 | \$ 1,435,955.16 | \$ 1,584,099.87 | \$7,658,450.86         | November  |               |                        |
| Catamaran | \$ 1,225,843.88 | \$ 1,751,657.21 | \$ 1,553,564.97 | \$ 1,639,711.85 |                 | \$6,170,777.91         | December  |               |                        |
|           |                 |                 |                 |                 |                 | <u>\$82,172,506.33</u> |           |               |                        |

**ASE PLAN YEAR 2014**

|           | Week 1          | Week 2          | Week 3          | Week 4          | Week 5          | Total                   |           |               |                         |
|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------|-----------|---------------|-------------------------|
| Catamaran | \$ 1,324,794.69 | \$ 1,530,212.52 | \$ 1,237,951.52 | \$ 1,270,067.55 | \$ 1,349,832.55 | \$ 6,712,858.83         | January   | Actives/COBRA | \$ 37,835,766.00        |
| Catamaran | \$ 1,276,084.25 | \$ 1,360,367.56 | \$ 1,196,296.31 | \$ 1,329,637.76 |                 | \$ 5,162,385.88         | February  | Non-Medicare  | \$ 5,673,162.58         |
| Catamaran | \$ 1,375,805.42 | \$ 1,293,281.38 | \$ 1,287,486.80 | \$ 1,305,150.94 |                 | \$ 5,261,724.54         | March     | Medicare      | <u>\$ 26,751,589.35</u> |
| Catamaran | \$ 1,036,858.48 | \$ 1,545,241.70 | \$ 1,199,452.97 | \$ 1,351,200.23 |                 | \$ 5,132,753.38         | April     |               | <u>\$ 70,260,517.93</u> |
| Catamaran | \$ -            | \$ 2,614,037.72 | \$ 1,254,584.14 | \$ 1,347,224.32 | \$ 1,290,176.66 | \$ 6,506,022.84         | May       |               |                         |
| Catamaran | \$ 1,169,864.72 | \$ 1,402,364.49 | \$ 1,310,187.89 | \$ 1,219,512.07 | \$ 1,386,824.04 | \$ 6,488,753.21         | June      |               |                         |
| Catamaran | See June above  | \$ -            | \$ 2,423,458.47 | \$ 1,410,770.81 |                 | \$ 3,834,229.28         | July      |               |                         |
| Catamaran | \$ 1,260,069.67 | \$ -            | \$ 2,672,458.30 | \$ 1,375,709.87 | \$ 1,218,279.91 | \$ 6,526,517.75         | August    |               |                         |
| Catamaran | \$ 1,367,379.26 | \$ 1,255,416.81 | \$ 1,505,140.72 | \$ 1,252,788.15 |                 | \$ 5,380,724.94         | September |               |                         |
| Catamaran | \$ 1,302,547.93 | \$ 1,389,947.87 | \$ -            | \$ 2,801,510.05 | \$ 1,324,990.74 | \$ 6,818,996.59         | October   |               |                         |
| Catamaran | \$ -            | \$ 2,827,535.45 | \$ 1,441,950.95 | \$ 1,446,007.00 |                 | \$ 5,715,493.40         | November  |               |                         |
| Catamaran | \$ 1,101,601.44 | \$ 1,549,938.68 | \$ 1,418,606.12 | \$ 1,478,905.13 | \$ 1,171,005.92 | \$ 6,720,057.29         | December  |               |                         |
|           |                 |                 |                 |                 |                 | <u>\$ 70,260,517.93</u> |           |               |                         |

Difference \$ (11,911,988.40) decrease

**PSE PLAN YEAR 2013**

|           | Week 1          | Week 2          | Week 3          | Week 4          | Week 5          |                         |           |               |                         |
|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------|-----------|---------------|-------------------------|
| Catamaran | \$ -            | \$ 3,967,767.14 | \$ 1,139,474.96 | \$ 1,285,523.04 |                 | \$ 6,392,765.14         | January   | Actives/COBRA | \$ 56,390,745.26        |
| Catamaran | \$ 1,130,812.70 | \$ 1,193,071.62 | \$ 1,218,438.03 | \$ 1,228,002.90 |                 | \$ 4,770,325.25         | February  | Non-Medicare  | \$ 7,923,498.42         |
| Catamaran | \$ 1,209,303.48 | \$ 1,322,827.27 | \$ 1,266,707.12 | \$ 1,247,058.09 | \$ 1,256,794.70 | \$ 6,302,690.66         | March     | Medicare      | \$ 633,989.41           |
| Catamaran | \$ 1,190,202.23 | \$ 1,309,822.68 | \$ 1,108,023.95 | \$ 1,228,831.24 |                 | \$ 4,836,880.10         | April     |               | <u>\$ 64,948,233.09</u> |
| Catamaran | \$ 1,198,524.77 | \$ 1,197,261.99 | \$ 1,184,126.20 | \$ 1,201,619.44 | \$ 1,166,645.62 | \$ 5,948,178.02         | May       |               |                         |
| Catamaran | \$ 1,194,567.81 | \$ 1,227,052.90 | \$ 1,131,722.97 | \$ 1,285,618.74 | \$ 1,243,761.89 | \$ 6,082,724.31         | June      |               |                         |
| Catamaran | \$ -            | \$ 1,115,522.99 | \$ 1,143,069.60 | \$ 1,162,862.64 |                 | \$ 3,421,455.23         | July      |               |                         |
| Catamaran | \$ 1,104,318.33 | \$ 1,310,095.46 | \$ 1,189,213.61 | \$ 1,138,276.78 | \$ 1,148,603.28 | \$ 5,890,507.46         | August    |               |                         |
| Catamaran | \$ 1,276,093.85 | \$ 1,143,586.13 | \$ 1,226,799.25 | \$ 1,302,422.93 |                 | \$ 4,948,902.16         | September |               |                         |
| Catamaran | \$ 1,205,133.17 | \$ 1,281,863.87 | \$ 1,280,591.89 | \$ 1,207,310.01 |                 | \$ 4,974,898.94         | October   |               |                         |
| Catamaran | \$ 1,178,618.73 | \$ 1,234,504.56 | \$ 1,171,897.18 | \$ 1,257,732.77 | \$ 1,410,814.87 | \$ 6,253,568.11         | November  |               |                         |
| Catamaran | \$ 1,164,385.27 | \$ 1,280,213.42 | \$ 1,295,232.48 | \$ 1,385,506.54 |                 | \$ 5,125,337.71         | December  |               |                         |
|           |                 |                 |                 |                 |                 | <u>\$ 64,948,233.09</u> |           |               |                         |

**PSE PLAN YEAR 2014**

|           | Week 1          | Week 2          | Week 3          | Week 4          | Week 5          |                         |           |               |                         |
|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------|-----------|---------------|-------------------------|
| Catamaran | \$ 1,322,014.40 | \$ 1,314,615.96 | \$ 728,519.79   | \$ 814,176.60   | \$ 814,802.26   | \$ 4,994,129.01         | January   | Actives/COBRA | \$ 42,375,826.17        |
| Catamaran | \$ 758,432.26   | \$ 816,684.71   | \$ 868,770.23   | \$ 901,292.73   |                 | \$ 3,345,179.93         | February  | Non-Medicare  | \$ 6,835,361.60         |
| Catamaran | \$ 908,919.67   | \$ 839,609.97   | \$ 857,261.80   | \$ 919,260.14   |                 | \$ 3,525,051.58         | March     | Medicare      | \$ 474,596.09           |
| Catamaran | \$ 733,109.52   | \$ 1,028,720.60 | \$ 755,527.55   | \$ 891,464.25   |                 | \$ 3,408,821.92         | April     |               | <u>\$ 49,685,783.86</u> |
| Catamaran | \$ -            | \$ 1,758,616.70 | \$ 827,662.02   | \$ 829,941.53   | \$ 901,504.62   | \$ 4,317,724.87         | May       |               |                         |
| Catamaran | \$ 920,991.17   | \$ 881,806.09   | \$ 932,364.53   | \$ 909,898.34   | \$ 1,058,960.94 | \$ 4,704,021.07         | June      |               |                         |
| Catamaran | See June Above  | \$ -            | \$ 1,811,720.33 | \$ 948,499.05   |                 | \$ 2,760,219.38         | July      |               |                         |
| Catamaran | \$ 938,413.93   | \$ -            | \$ 1,971,019.71 | \$ 827,694.06   | \$ 865,990.93   | \$ 4,603,118.63         | August    |               |                         |
| Catamaran | \$ 1,078,103.63 | \$ 816,471.45   | \$ 855,351.86   | \$ 946,575.05   |                 | \$ 3,696,501.99         | September |               |                         |
| Catamaran | \$ 968,022.50   | \$ 974,622.52   | \$ -            | \$ 2,036,015.85 | \$ 959,809.00   | \$ 4,938,469.87         | October   |               |                         |
| Catamaran | \$ -            | \$ 2,061,613.17 | \$ 1,098,188.05 | \$ 985,017.52   |                 | \$ 4,144,818.74         | November  |               |                         |
| Catamaran | \$ 836,467.60   | \$ 1,105,942.65 | \$ 1,168,654.98 | \$ 1,178,788.74 | \$ 957,872.90   | \$ 5,247,726.87         | December  |               |                         |
|           |                 |                 |                 |                 |                 | <u>\$ 49,685,783.86</u> |           |               |                         |

Difference \$ (15,262,449.23) decrease

# Arkansas State Employees & Public School Employees Health Benefits Program



## 2014/2015 Recap & Preparation for Calendar Year 2016 Rating

March 17, 2015  
Board Meeting

John Colberg, FSA, MAAA

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# Review of 2014 Experience



- PSE
  - Assets increased significantly in 2014 primarily due to claims being well below projected, finishing the year with almost \$15 million in net assets available.
  - Both medical and pharmacy claims in 2014 were below projected. Medical was 11% below projected, and pharmacy 3% below projected on a PMPM basis.
  - Enrollment in 2014 was slightly below projected for actives and slightly higher than projected for retirees.
- ASE
  - Assets increased significantly in 2014 primarily due to claims being well below projected, finishing the year with more than \$25 million in net assets available.
  - Both medical and pharmacy claims in 2014 were below projected. Per member, medical was more than 9% below projected, and pharmacy more than 8% below projected
  - Enrollment in 2014 was slightly below projected for actives and slightly higher than projected for retirees.

# Recap of Last Year's Decisions



- Changed from Gold, Silver, Bronze to Premium, Classic, Basic
  - Different plan designs for ASE vs PSE
  - Both Classic and Basic are HSA qualified plans
  - Actives & Non-Medicare retirees administered by Health Advantage
- No change to Medicare Benefits
  - Medicare retirees (including families with mix of Medicare and Non-Medicare) administered by QualChoice
- Active employee contribution rates are \$75 per month lower if have a qualified wellness visit
  - For setting rates, assumed 90% would qualify; currently at 95.4%
- Part time employees (under 30 hours/week) and Spouses with other coverage available are excluded

# 2015 Plan Design



| <i>Yellow highlight means the coverage is changed</i>         | 2014<br>Gold     | ASE<br>Premium  | PSE<br>Premium  | 2014<br>Bronze   | ASE<br>Classic  | PSE<br>Classic  | ASE<br>Basic  | PSE<br>Basic  |
|---|------------------|-----------------|-----------------|------------------|-----------------|-----------------|---------------|---------------|
| Monthly Plan HSA Contribution (Ind./Family)                   | n/a              | n/a             | n/a             | \$0              | \$25/\$50       | \$0             | \$25/\$50     | \$0           |
| <b>In-Network:</b>  |                  |                 |                 |                  |                 |                 |               |               |
| Deductible - Individual                                       | \$0              | \$500           | \$1,000         | \$2,000          | \$2,500         | \$2,000         | \$6,450       | \$4,250       |
| Co-Insurance Limit - Individual (after Deductible)            | \$2,500          | \$2,500         | \$2,500         | \$4,350          | \$3,950         | \$4,450         | n/a           | \$2,200       |
| Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)         | \$2,500          | \$3,000         | \$3,500         | \$6,350          | \$6,450         | \$6,450         | \$6,450       | \$6,450       |
| Deductible - Family   | \$0              | \$1,000         | \$2,000         | \$3,000          | \$5,000         | \$3,000         | \$12,900      | \$8,500       |
| Co-Insurance Limit - Family (after Deductible)                | \$5,000          | \$5,000         | \$5,000         | \$6,525          | \$7,900         | \$6,675         | n/a           | \$4,400       |
| Med. Out-of-Pocket Max (Ded. + Co-Ins. + Med. Co-Pay)         | \$5,000          | \$6,000         | \$7,000         | \$9,525          | \$12,900        | \$9,675         | \$12,900      | \$12,900      |
| Coinsurance Rate  | 80%/20%          | 80%/20%         | 80%/20%         | 80%/20%          | 80%/20%         | 80%/20%         | 100%/0%       | 80%/20%       |
| Physician Office Visit - Primary Care - Co-Pay                | \$35             | \$25            | \$25            |                  |                 |                 |               |               |
| Physician Office Visit - Specialist - Co-Pay                  | \$70             | \$50            | \$50            |                  |                 |                 |               |               |
| Rx - Deductible   | None             | None            | None            | Incl. w/ Med.    | Incl. w/ Med.   | Incl. w/ Med.   | Incl. w/ Med. | Incl. w/ Med. |
| Rx - Tier 1 - Generic   | \$15             | \$15            | \$15            |                  | **              | **              | **            | **            |
| Rx - Tier 2 - Preferred Brand                                 | \$40             | \$40            | \$40            |                  | **              | **              | **            | **            |
| Rx - Tier 3 - Non-Preferred Brand                             | \$80             | \$80            | \$80            |                  | not covered     | not covered     | not covered   | not covered   |
| Rx - Specialty  | \$100            | \$100           | \$100           |                  | **              | **              | **            | **            |
| Rx - Out of Pocket Maximum (Individual/Family)                | n/a              | \$3,600/\$7,200 | \$3,100/\$6,200 | n/a              | n/a             | n/a             | n/a           | n/a           |
| Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission* | \$250            | \$0             | \$0             |                  |                 |                 |               |               |
| Hospital / Facility - Outpatient - Co-Pay*                    | \$100            | \$0             | \$0             |                  |                 |                 |               |               |
| Urgent Care Visit   | \$100            | \$100           | \$100           |                  |                 |                 |               |               |
| Emergency Room Visit  | \$250            | \$250           | \$250           |                  |                 |                 |               |               |
| Emergency Transportation - Ambulance                          | \$50             | \$50            | \$50            |                  |                 |                 |               |               |
| High Tech Radiology - Co-Pay (1st Procedure Only)*            | \$250            | \$0             | \$0             |                  |                 |                 |               |               |
| Rehab / Therapy - Outpatient - Physical/Speech/Occup          | \$35             | \$25            | \$25            |                  |                 |                 |               |               |
| Rehab / Therapy - Outpatient - Chiropractic - Co-Pay          | \$35             | \$25            | \$25            |                  |                 |                 |               |               |
| <b>Out-of-Network:</b>  |                  |                 |                 |                  |                 |                 |               |               |
| Deductible - Individual/Family                                | \$1,000/\$2,000  | \$2,000/\$4,000 | \$2,000/\$4,000 | \$3,000/\$6,000  | \$4,000/\$8,000 | \$3,000/\$6,000 | not covered   | not covered   |
| Co-Insurance  | 60%/40%          | 60%/40%         | 60%/40%         | 60%/40%          | 60%/40%         | 60%/40%         | not covered   | not covered   |
| Co-Insurance Limit - Individual/Family (after Deductible)     | \$5,000/\$10,000 | None            | None            | \$5,000/\$10,000 | None            | None            | not covered   | not covered   |
| Max. Out-of-Pocket (Deductible + Co-Insurance)                | \$6,000/\$12,000 | None            | None            | \$8,000/\$16,000 | None            | None            | not covered   | not covered   |

\*Deductible & Co-Insurance also applies



# Recap of Last Year's Decisions



- For PSE Rates
  - Did not use risk adjusted rates
  - Assumed net migration of 8,000 employees from Gold & Silver to Classic & Basic (*actual was about 2,000*)
  - Active Employee contributions (with wellness)
    - Premium: 3.5% above 2014 Silver (about 28% below 2014 Gold)
    - Classic: Single \$34 increase vs 2014 Bronze; Others 30% increase
    - Basic: Same as 2014 Bronze
  - Non-Medicare Retirees
    - Premium: Average of 48% above 2014 Silver (12% above 2014 Gold)
    - Classic: No change or decrease vs 2014 Bronze
    - Basic: Average of 48% decrease vs 2014 Bronze
  - Medicare Retirees
    - Retiree Only increased \$17 to \$99/month
    - Retiree + ME spouse decreased \$13 to \$258/month

# Recap of Last Year's Decisions



- For ASE Rates
  - Used risk adjusted rates
  - Active Employee contributions (with wellness)
    - Premium: Average of 8% above 2014 Gold (49% above 2014 Silver)
    - Classic: EE only \$46 vs \$0 2014 Bronze; others more than 3x
    - Basic: Same as 2014 Bronze for EE only & EE child; 70% increase for others
  - Non-Medicare Retirees
    - Premium: Average of 12% above 2014 Gold (31% above 2014 Silver)
    - Classic: EE only 35% increase vs 2014 Bronze; others more than 70%
    - Basic: EE only 4% increase vs 2014 Bronze; others 37%-67%
  - Medicare Retirees
    - Retiree Only increased \$14 to \$162/month
    - Retiree + ME spouse increased \$47 to \$388/month



## Unadjusted Rates

- Past Practice
- Plan is heavily exposed to selection risk

## Risk Adjusted Rates

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

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

# Strategy Comparison (PSE Illustration)



|                            | Baseline Population   |                          | 8,000 Migrate from Premium |                          | % Difference          |                          |
|----------------------------|-----------------------|--------------------------|----------------------------|--------------------------|-----------------------|--------------------------|
| <b>Actives</b>             | Unadjusted Total Rate | Risk Adjusted Total Rate | Unadjusted Total Rate      | Risk Adjusted Total Rate | Unadjusted Total Rate | Risk Adjusted Total Rate |
| <b>Premium</b>             |                       |                          |                            |                          |                       |                          |
| Employee Only              | \$556.74              | \$410.04                 | \$641.14                   | \$406.28                 | 15%                   | -1%                      |
| Employee & Spouse          | 1,255.72              | 905.94                   | 1,457.18                   | 897.20                   | 16%                   | -1%                      |
| Employee & Child(ren)      | 1,029.08              | 745.16                   | 1,192.60                   | 738.04                   | 16%                   | -1%                      |
| Family                     | 1,728.06              | 1,241.04                 | 2,008.64                   | 1,228.96                 | 16%                   | -1%                      |
| Est. Monthly Total (\$mil) | \$13.9                | \$10.2                   | \$10.7                     | \$6.7                    | -24%                  | -34%                     |
| <b>Classic</b>             |                       |                          |                            |                          |                       |                          |
| Employee Only              | \$258.28              | \$356.22                 | \$267.94                   | \$353.22                 | 4%                    | -1%                      |
| Employee & Spouse          | 531.72                | 780.42                   | 554.68                     | 773.16                   | 4%                    | -1%                      |
| Employee & Child(ren)      | 451.18                | 642.88                   | 469.82                     | 637.02                   | 4%                    | -1%                      |
| Family                     | 699.62                | 1,067.08                 | 731.56                     | 1,056.96                 | 5%                    | -1%                      |
| Est. Monthly Total (\$mil) | \$6.3                 | \$9.0                    | \$8.3                      | \$11.3                   | 32%                   | 25%                      |
| <b>Basic</b>               |                       |                          |                            |                          |                       |                          |
| Employee Only              | \$144.64              | \$313.74                 | \$148.50                   | \$311.12                 | 3%                    | -1%                      |
| Employee & Spouse          | 260.56                | 678.88                   | 269.72                     | 672.60                   | 4%                    | -1%                      |
| Employee & Child(ren)      | 231.08                | 560.48                   | 238.52                     | 555.40                   | 3%                    | -1%                      |
| Family                     | 321.98                | 925.62                   | 334.74                     | 916.88                   | 4%                    | -1%                      |
| Est. Monthly Total (\$mil) | \$0.8                 | \$2.0                    | \$1.1                      | \$2.5                    | 33%                   | 26%                      |
| Total (Monthly) (\$ mil)   | \$21.0                | \$21.2                   | \$20.0                     | \$20.5                   | -5%                   | -3%                      |
| Est Annual Total (\$ mil)  | \$252.4               | \$254.3                  | \$240.5                    | \$245.6                  | -5%                   | -3%                      |
| Total Actives & Retirees   | \$290.7               | \$290.7                  | \$281.9                    | \$281.9                  | -3%                   | -3%                      |

# PSE: 2015 Updated Projections



*Based on actual January 2015 enrollment, but using the same underlying claims costs assumptions as were used to set 2015 rates.*

- January 2015 enrollment shows a slight increase in the number of active employees but decreases in the number of spouses and retirees enrolled.
- More employees elected premium and fewer elected basic than assumed.
- More employees qualified for wellness incentive than assumed.
- PSE is now receiving FICA savings estimated at \$5.6 million for 2015
- Net impact is expected gain of \$2.9 million

# PSE Enrollment Details: Actives



| Average for Year Ending |                     | 12/31/2012    | 12/31/2013    | 12/31/2014    | Projected<br>12/31/2015 | Updated Proj.<br>12/31/2015 |
|-------------------------|---------------------|---------------|---------------|---------------|-------------------------|-----------------------------|
| <b>Gold/Premium</b>     | Single              | 28,906        | 22,810        | 15,797        | 12,146                  | 17,750                      |
|                         | Employee/Spouse     | 955           | 502           | 238           | 285                     | 346                         |
|                         | Employee/Child(ren) | 5,173         | 3,408         | 1,452         | 1,348                   | 2,112                       |
|                         | Family              | 1,536         | 739           | 310           | 421                     | 463                         |
|                         | <b>Total</b>        | <b>36,570</b> | <b>27,458</b> | <b>17,797</b> | <b>14,200</b>           | <b>20,671</b>               |
|                         | Member Counts       | 51,757        | 36,556        | 21,659        | 18,284                  | 26,390                      |
| <b>Silver/Classic</b>   | Single              | 502           | 2,903         | 3,671         | 15,641                  | 12,914                      |
|                         | Employee/Spouse     | 39            | 181           | 191           | 1,154                   | 1,260                       |
|                         | Employee/Child(ren) | 192           | 955           | 879           | 3,424                   | 4,353                       |
|                         | Family              | 138           | 436           | 320           | 2,552                   | 2,704                       |
|                         | <b>Total</b>        | <b>872</b>    | <b>4,475</b>  | <b>5,061</b>  | <b>22,772</b>           | <b>21,231</b>               |
|                         | Member Counts       | 1,699         | 7,811         | 7,913         | 37,984                  | 38,777                      |
| <b>Bronze/Basic</b>     | Single              | 5,950         | 9,232         | 14,382        | 3,910                   | 1,762                       |
|                         | Employee/Spouse     | 712           | 1,019         | 1,428         | 289                     | 100                         |
|                         | Employee/Child(ren) | 1,136         | 2,240         | 3,856         | 856                     | 206                         |
|                         | Family              | 1,456         | 2,256         | 3,355         | 638                     | 209                         |
|                         | <b>Total</b>        | <b>9,254</b>  | <b>14,746</b> | <b>23,020</b> | <b>5,693</b>            | <b>2,277</b>                |
|                         | Member Counts       | 16,438        | 26,748        | 41,851        | 9,496                   | 3,385                       |
| <b>TOTAL</b>            | Single              | 35,358        | 34,944        | 33,849        | 31,698                  | 32,425                      |
|                         | Employee/Spouse     | 1,706         | 1,702         | 1,857         | 1,728                   | 1,705                       |
|                         | Employee/Child(ren) | 6,501         | 6,602         | 6,186         | 5,629                   | 6,671                       |
|                         | Family              | 3,131         | 3,431         | 3,985         | 3,611                   | 3,376                       |
|                         | <b>Total</b>        | <b>46,696</b> | <b>46,679</b> | <b>45,877</b> | <b>42,665</b>           | <b>44,178</b>               |
|                         | Member Counts       | 69,893        | 71,115        | 71,423        | 65,764                  | 68,552                      |

# PSE Enrollment Details: Retirees



| Average for Year Ending  |                                   | 12/31/2012   | 12/31/2013   | 12/31/2014   | Projected<br>12/31/2015 | Updated Proj.<br>12/31/2015 |
|--|-----------------------------------|--------------|--------------|--------------|-------------------------|-----------------------------|
| <b>Retirees<br/>Non-Medicare<br/>Eligible (NME)<br/>Gold/Premium</b> | Retiree Only                      | 1,963        | 2,035        | 1,743        | 2,054                   | 1,648                       |
|  | Retiree + NME Spouse              | 178          | 158          | 121          | 141                     | 109                         |
|  | Retiree + Child(ren)              | 16           | 19           | 16           | 21                      | 16                          |
|  | Retiree + NME Spouse + Child(ren) | 17           | 18           | 14           | 15                      | 8                           |
|  | Retiree + ME Spouse               | 129          | 146          | 140          | 159                     | 118                         |
|  | Retiree + ME Spouse + Child(ren)  | 1            | 1            | 1            | -                       | 1                           |
|  | <b>Total</b>                      | <b>2,304</b> | <b>2,377</b> | <b>2,034</b> | <b>2,391</b>            | <b>1,901</b>                |
| <b>Silver /Classic</b>   | Retiree Only                      | 9            | 45           | 119          | 1,254                   | 1,400                       |
|  | Retiree + NME Spouse              | -            | 2            | 5            | 243                     | 226                         |
|  | Retiree + Child(ren)              | -            | 1            | 2            | 33                      | 42                          |
|  | Retiree + NME Spouse + Child(ren) | -            | 2            | 1            | 41                      | 38                          |
|  | <b>Total</b>                      | <b>9</b>     | <b>50</b>    | <b>128</b>   | <b>1,571</b>            | <b>1,707</b>                |
| <b>Bronze/Basic</b>  | Retiree Only                      | 222          | 665          | 1,079        | 139                     | 116                         |
|  | Retiree + NME Spouse              | 47           | 141          | 207          | 27                      | 16                          |
|  | Retiree + Child(ren)              | 7            | 20           | 31           | 4                       | 1                           |
|  | Retiree + NME Spouse + Child(ren) | 8            | 34           | 36           | 5                       | 2                           |
|  | <b>Total</b>                      | <b>285</b>   | <b>860</b>   | <b>1,352</b> | <b>175</b>              | <b>135</b>                  |
| <b>TOTAL</b>   | <b>NME Retirees</b>               | <b>2,597</b> | <b>3,286</b> | <b>3,514</b> | <b>4,137</b>            | <b>3,743</b>                |
|  | <b>NME Member Counts</b>          | <b>2,970</b> | <b>3,640</b> | <b>3,809</b> | <b>4,900</b>            | <b>4,390</b>                |

|  |                                   |              |              |               |               |              |
|--|-----------------------------------|--------------|--------------|---------------|---------------|--------------|
| <b>Retirees<br/>Medicare<br/>Eligible (ME)</b> | Retiree Only                      | 6,268        | 7,104        | 8,145         | 9,087         | 9,002        |
|  | Retiree + NME Spouse              | 98           | 87           | 82            | 96            | 80           |
|  | Retiree + Child(ren)              | 14           | 14           | 15            | 17            | 15           |
|  | Retiree + NME Spouse + Child(ren) | 2            | 3            | 2             | 1             | 1            |
|  | Retiree + ME Spouse               | 531          | 609          | 741           | 824           | 830          |
|  | Retiree + ME Spouse + Child(ren)  | 1            | 1            | 0             | -             | 1            |
|  | <b>Total</b>                      | <b>6,914</b> | <b>7,817</b> | <b>8,985</b>  | <b>10,026</b> | <b>9,930</b> |
| <b>ME Member Counts</b>                        | <b>7,575</b>                      | <b>8,574</b> | <b>9,867</b> | <b>11,009</b> | <b>10,868</b> |              |

3/17/2015

# PSE Updated Projections for 12/31/2015



(In Millions \$)

|   | As of     | 12/31/2014  | Updated<br>Projection<br>12/31/2015 | Adverse<br>Scenario<br>12/31/2015 |
|---|-----------|-------------|-------------------------------------|-----------------------------------|
| Net Assets before IBNR                  | \$        | 75.4        | \$ 78.3                             | \$ 69.6                           |
| IBNR Reserve                            |           | (29.4)      | (29.4)                              | (29.4)                            |
| Reserve for Current and Future Premiums |           | (20.0)      | (20.0)                              | (20.0)                            |
| Catastrophic Reserve                    |           | (11.1)      | (11.1)                              | (11.1)                            |
| <b>Net Assets Available</b>             | <b>\$</b> | <b>14.9</b> | <b>\$ 17.8</b>                      | <b>\$ 9.1</b>                     |

|  | Actual<br>Paid | Projected<br>Incurred |
|--|----------------|-----------------------|
| Claims and Expenses for Jan. & Feb. 2015 | \$ 38.4        | \$ 37.7               |

*Additional analysis is in process to determine whether and to what degree claims are below projected.*

# A Look Ahead: PSE (baseline)



|  | Total Premium | Direct State Contribution (subsidy for ME) | School District Contrib. | Reserves Allocated / (Added) | Current Year Total EE/Ret Cost | Prior Year Total EE/Ret Cost | Change in EE/Ret Cost (\$/%) | Assumed Enrollment |
|--|---------------|--|--------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------|
|--|---------------|--|--------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------|

## Updated 2015 Projections

|                                |                |               |               |                |                |                |                |            |               |
|--------------------------------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|------------|---------------|
| Actives                        | \$255.6        | \$86.3        | \$81.1        | (\$2.8)        | \$91.0         | \$101.9        | (\$10.9)       | -11%       | 44,178        |
| Non-Medicare Eligible Retirees | \$23.0         | \$0.0         | \$0.0         | \$0.0          | \$23.0         | \$18.2         | \$4.8          | 26%        | 3,743         |
| Medicare Eligible Retirees     | \$20.5         | \$6.4         | \$0.0         | (\$0.1)        | \$14.2         | \$12.4         | \$1.8          | 15%        | 9,930         |
| <b>Total</b>                   | <b>\$299.1</b> | <b>\$92.7</b> | <b>\$81.1</b> | <b>(\$2.9)</b> | <b>\$128.2</b> | <b>\$132.5</b> | <b>(\$4.3)</b> | <b>-3%</b> | <b>57,851</b> |

## 2016 if Total Premium increases 6%; stable active population, growing retirees, and no allocated reserves

|                                |                |               |               |              |                |                |               |            |               |
|--------------------------------|----------------|---------------|---------------|--------------|----------------|----------------|---------------|------------|---------------|
| Actives                        | \$270.9        | \$88.1        | \$81.1        | \$0.0        | \$101.7        | \$91.0         | \$10.7        | 12%        | 44,178        |
| Non-Medicare Eligible Retirees | \$26.1         | \$0.0         | \$0.0         | \$0.0        | \$26.1         | \$24.6         | \$1.5         | 6%         | 4,000         |
| Medicare Eligible Retirees     | \$24.1         | \$6.4         | \$0.0         | \$0.0        | \$17.7         | \$15.7         | \$2.0         | 13%        | 11,000        |
| <b>Total</b>                   | <b>\$321.1</b> | <b>\$94.5</b> | <b>\$81.1</b> | <b>\$0.0</b> | <b>\$145.5</b> | <b>\$131.3</b> | <b>\$14.2</b> | <b>11%</b> | <b>59,178</b> |

## 2016 above with \$14 million allocated reserves (\$7 million used for 2016)

|                                |                |               |               |              |                |                |              |           |               |
|--------------------------------|----------------|---------------|---------------|--------------|----------------|----------------|--------------|-----------|---------------|
| Actives                        | \$270.9        | \$88.1        | \$81.1        | \$5.8        | \$95.9         | \$91.0         | \$4.9        | 5%        | 44,178        |
| Non-Medicare Eligible Retirees | \$26.1         | \$0.0         | \$0.0         | \$0.2        | \$25.9         | \$24.6         | \$1.3        | 5%        | 4,000         |
| Medicare Eligible Retirees     | \$24.1         | \$6.4         | \$0.0         | \$1.0        | \$16.7         | \$15.7         | \$1.0        | 6%        | 11,000        |
| <b>Total</b>                   | <b>\$321.1</b> | <b>\$94.5</b> | <b>\$81.1</b> | <b>\$7.0</b> | <b>\$138.5</b> | <b>\$131.3</b> | <b>\$7.2</b> | <b>5%</b> | <b>59,178</b> |

*The Change in EE/Ret cost represents the change in dollars needed under the illustration. Actual rate changes could vary significantly from the amounts shown.*

# A Look Ahead: PSE (3% adverse experience)



|  | Total Premium | Direct State Contribution (subsidy for ME) | School District Contrib. | Reserves Allocated / (Added) | Current Year Total EE/Ret Cost | Prior Year Total EE/Ret Cost | Change in EE/Ret Cost (\$/%) | Assumed Enrollment |
|--|---------------|--|--------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------|
|--|---------------|--|--------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------|

## Updated 2015 Projections

|                                |                |               |               |              |                |                |                    |               |
|--------------------------------|----------------|---------------|---------------|--------------|----------------|----------------|--------------------|---------------|
| Actives                        | \$263.3        | \$86.6        | \$81.1        | \$4.6        | \$91.0         | \$101.9        | (\$10.9) -11%      | 44,178        |
| Non-Medicare Eligible Retirees | \$23.7         | \$0.0         | \$0.0         | \$0.7        | \$23.0         | \$18.2         | \$4.8 26%          | 3,743         |
| Medicare Eligible Retirees     | \$21.1         | \$6.4         | \$0.0         | \$0.5        | \$14.2         | \$12.4         | \$1.8 15%          | 9,930         |
| <b>Total</b>                   | <b>\$308.1</b> | <b>\$93.0</b> | <b>\$81.1</b> | <b>\$5.8</b> | <b>\$128.2</b> | <b>\$132.5</b> | <b>(\$4.3) -3%</b> | <b>57,851</b> |

## 2016 if Total Premium increases 6%; stable active population, growing retirees, and no allocated reserves

|                                |                |               |               |              |                |                |                   |               |
|--------------------------------|----------------|---------------|---------------|--------------|----------------|----------------|-------------------|---------------|
| Actives                        | \$279.1        | \$88.1        | \$81.1        | \$0.0        | \$109.9        | \$91.0         | \$18.9 21%        | 44,178        |
| Non-Medicare Eligible Retirees | \$26.8         | \$0.0         | \$0.0         | \$0.0        | \$26.8         | \$24.6         | \$2.2 9%          | 4,000         |
| Medicare Eligible Retirees     | \$24.8         | \$6.4         | \$0.0         | \$0.0        | \$18.4         | \$15.7         | \$2.7 17%         | 11,000        |
| <b>Total</b>                   | <b>\$330.7</b> | <b>\$94.5</b> | <b>\$81.1</b> | <b>\$0.0</b> | <b>\$155.1</b> | <b>\$131.3</b> | <b>\$23.8 18%</b> | <b>59,178</b> |

## 2016 above with \$9 million allocated reserves (\$4.5 million used for 2016)

|                                |                |               |               |              |                |                |                   |               |
|--------------------------------|----------------|---------------|---------------|--------------|----------------|----------------|-------------------|---------------|
| Actives                        | \$279.1        | \$88.1        | \$81.1        | \$4.3        | \$105.6        | \$91.0         | \$14.6 16%        | 44,178        |
| Non-Medicare Eligible Retirees | \$26.8         | \$0.0         | \$0.0         | \$0.0        | \$26.8         | \$24.6         | \$2.2 9%          | 4,000         |
| Medicare Eligible Retirees     | \$24.8         | \$6.4         | \$0.0         | \$0.2        | \$18.2         | \$15.7         | \$2.5 16%         | 11,000        |
| <b>Total</b>                   | <b>\$330.7</b> | <b>\$94.5</b> | <b>\$81.1</b> | <b>\$4.5</b> | <b>\$150.6</b> | <b>\$131.3</b> | <b>\$19.3 15%</b> | <b>59,178</b> |

The Change in EE/Ret cost represents the change in dollars needed under the illustration. Actual rate changes could vary significantly from the amounts shown.

# ASE: 2015 Updated Projections



*Based on actual January 2015 enrollment, but using the same underlying claims costs assumptions as were used to set 2015 rates.*

- January 2015 enrollment shows a significant decrease in the number of active employees and in the number of spouses enrolled.
- Increase in State contribution from \$410 to \$420 per budgeted position was deferred
- More employees qualified for wellness incentive than assumed
- Net impact is expected gain of \$7.3 million, which means \$4.4 million of reserves expected to be used instead of \$11.7 million allocated.

# ASE Enrollment Details: Actives



| Average for Year Ending |                      | 12/31/2012    | 12/31/2013    | 12/31/2014    | Projected<br>12/31/2015 | Updated Proj.<br>12/31/2015 |
|-------------------------|----------------------|---------------|---------------|---------------|-------------------------|-----------------------------|
| <b>Gold/Premium</b>     | Single               | 14,545        | 13,806        | 13,247        | 14,304                  | 14,590                      |
|                         | Employee/Spouse      | 3,185         | 3,022         | 2,894         | 3,155                   | 2,394                       |
|                         | Employee/Child(ren)  | 4,914         | 4,852         | 4,647         | 4,970                   | 5,566                       |
|                         | Family               | 3,227         | 3,174         | 3,106         | 3,403                   | 2,171                       |
|                         | <b>Total</b>         | <b>25,871</b> | <b>24,854</b> | <b>23,894</b> | <b>25,832</b>           | <b>24,721</b>               |
|                         | <b>Member Counts</b> | <b>46,638</b> | <b>45,398</b> | <b>43,841</b> | <b>47,460</b>           | <b>43,061</b>               |
| <b>Silver/Classic</b>   | Single               | 337           | 702           | 896           | 952                     | 1,111                       |
|                         | Employee/Spouse      | 80            | 130           | 180           | 280                     | 158                         |
|                         | Employee/Child(ren)  | 93            | 183           | 260           | 249                     | 320                         |
|                         | Family               | 104           | 189           | 243           | 346                     | 192                         |
|                         | <b>Total</b>         | <b>613</b>    | <b>1,204</b>  | <b>1,579</b>  | <b>1,827</b>            | <b>1,781</b>                |
|                         | <b>Member Counts</b> | <b>1,152</b>  | <b>2,177</b>  | <b>2,910</b>  | <b>3,559</b>            | <b>3,037</b>                |
| <b>Bronze/Basic</b>     | Single               | 841           | 1,027         | 1,251         | 238                     | 477                         |
|                         | Employee/Spouse      | 201           | 250           | 351           | 70                      | 88                          |
|                         | Employee/Child(ren)  | 192           | 261           | 314           | 62                      | 115                         |
|                         | Family               | 266           | 321           | 437           | 86                      | 113                         |
|                         | <b>Total</b>         | <b>1,500</b>  | <b>1,860</b>  | <b>2,354</b>  | <b>457</b>              | <b>793</b>                  |
|                         | <b>Member Counts</b> | <b>2,790</b>  | <b>3,491</b>  | <b>4,537</b>  | <b>890</b>              | <b>1,412</b>                |
| <b>TOTAL</b>            | Single               | 15,723        | 15,536        | 15,394        | 15,494                  | 16,178                      |
|                         | Employee/Spouse      | 3,466         | 3,402         | 3,425         | 3,505                   | 2,641                       |
|                         | Employee/Child(ren)  | 5,198         | 5,297         | 5,222         | 5,281                   | 6,001                       |
|                         | Family               | 3,597         | 3,684         | 3,786         | 3,835                   | 2,476                       |
|                         | <b>Total</b>         | <b>27,984</b> | <b>27,918</b> | <b>27,826</b> | <b>28,115</b>           | <b>27,295</b>               |
|                         | <b>Member Counts</b> | <b>50,579</b> | <b>51,065</b> | <b>51,288</b> | <b>51,909</b>           | <b>47,510</b>               |

# ASE Enrollment Details: Retirees



| Average for Year Ending  |                                   | 12/31/2012   | 12/31/2013   | 12/31/2014   | Projected<br>12/31/2015 | Updated Proj.<br>12/31/2015 |
|--|-----------------------------------|--------------|--------------|--------------|-------------------------|-----------------------------|
| <b>Retirees<br/>Non-Medicare<br/>Eligible (NME)<br/>Gold/Premium</b> | Retiree Only                      | 1,513        | 1,697        | 1,755        | 1,900                   | 1,896                       |
|  | Retiree + NME Spouse              | 517          | 557          | 556          | 606                     | 495                         |
|  | Retiree + Child(ren)              | 75           | 84           | 94           | 104                     | 106                         |
|  | Retiree + NME Spouse + Child(ren) | 35           | 33           | 40           | 39                      | 41                          |
|  | Retiree + ME Spouse               | 213          | 230          | 235          | 251                     | 235                         |
|  | Retiree + ME Spouse + Child(ren)  | 13           | 8            | 8            | 9                       | 7                           |
|  | <b>Total</b>                      | <b>2,365</b> | <b>2,609</b> | <b>2,688</b> | <b>2,909</b>            | <b>2,781</b>                |
| <b>Silver/Classic</b>  | Retiree Only                      | 0            | 7            | 12           | 27                      | 32                          |
|  | Retiree + NME Spouse              | 2            | 5            | 8            | 18                      | 15                          |
|  | Retiree + Child(ren)              | 1            | 1            | 2            | 4                       | 5                           |
|  | Retiree + NME Spouse + Child(ren) | 1            | 2            | 3            | 12                      | 7                           |
|  | <b>Total</b>                      | <b>4</b>     | <b>15</b>    | <b>24</b>    | <b>60</b>               | <b>59</b>                   |
| <b>Bronze/Basic</b>  | Retiree Only                      | 6            | 10           | 28           | 3                       | 3                           |
|  | Retiree + NME Spouse              | 6            | 12           | 18           | 2                       | 3                           |
|  | Retiree + Child(ren)              | 1            | 2            | 4            | 0                       | -                           |
|  | Retiree + NME Spouse + Child(ren) | 7            | 11           | 10           | 1                       | 2                           |
|  | <b>Total</b>                      | <b>19</b>    | <b>36</b>    | <b>59</b>    | <b>7</b>                | <b>8</b>                    |
| <b>TOTAL</b>   | <b>NME Retirees</b>               | <b>2,388</b> | <b>2,660</b> | <b>2,772</b> | <b>2,975</b>            | <b>2,848</b>                |
|  | <b>NME Member Counts</b>          | <b>3,663</b> | <b>4,023</b> | <b>4,177</b> | <b>4,473</b>            | <b>3,895</b>                |

|  |                                   |              |              |               |               |               |
|--|-----------------------------------|--------------|--------------|---------------|---------------|---------------|
| <b>Retirees<br/>Medicare<br/>Eligible (ME)</b> | Retiree Only                      | 4,939        | 5,220        | 5,519         | 5,797         | 5,843         |
|  | Retiree + NME Spouse              | 360          | 369          | 375           | 399           | 385           |
|  | Retiree + Child(ren)              | 58           | 58           | 57            | 62            | 60            |
|  | Retiree + NME Spouse + Child(ren) | 28           | 33           | 31            | 34            | 31            |
|  | Retiree + ME Spouse               | 1,851        | 1,951        | 2,045         | 2,170         | 2,138         |
|  | Retiree + ME Spouse + Child(ren)  | 18           | 18           | 21            | 21            | 20            |
|  | <b>Total</b>                      | <b>7,253</b> | <b>7,648</b> | <b>8,047</b>  | <b>8,483</b>  | <b>8,477</b>  |
|  | <b>ME Member Counts</b>           | <b>9,348</b> | <b>9,855</b> | <b>10,357</b> | <b>10,935</b> | <b>11,190</b> |

# ASE Updated Projections for 12/31/2015



## ASE

(In Millions \$)

|   | As of     | 12/31/2014  | Updated<br>Projection<br>12/31/2015 | Adverse<br>Scenario<br>12/31/2015 |
|---|-----------|-------------|-------------------------------------|-----------------------------------|
| Net Assets before IBNR                  | \$        | 78.1        | \$ 73.7                             | \$ 65.6                           |
| IBNR Reserve                            |           | (26.5)      | (26.5)                              | (26.5)                            |
| Reserve for Current and Future Premiums |           | (15.3)      | (3.6)                               | (3.6)                             |
| Catastrophic Reserve                    |           | (10.6)      | (10.6)                              | (10.6)                            |
| <b>Net Assets Available</b>             | <b>\$</b> | <b>25.7</b> | <b>\$ 33.0</b>                      | <b>\$ 24.9</b>                    |

|  | Actual<br>Paid | Projected<br>Incurred |
|--|----------------|-----------------------|
| Claims and Expenses for Jan. & Feb. 2015 | \$ 35.5        | \$ 37.6               |

*Additional analysis is in process to determine whether and to what degree claims are below projected.*

# A Look Ahead: ASE (baseline)



|  | Total Premium | State Contribution | Reserves Allocated / (Added) | Current Year Total EE/Ret Cost | Prior Year Total EE/Ret Cost | Change in EE/Ret Cost (\$/%) | Assumed Enrollment |
|--|---------------|--------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------|
|--|---------------|--------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------|

## Updated 2015 Projections

|                                |                |                |              |               |               |                |            |               |
|--------------------------------|----------------|----------------|--------------|---------------|---------------|----------------|------------|---------------|
| Actives                        | \$202.7        | \$142.4        | \$1.8        | \$58.5        | \$63.2        | (\$4.7)        | -7%        | 27,295        |
| Non-Medicare Eligible Retirees | \$20.5         | \$7.2          | \$0.6        | \$12.7        | \$11.3        | \$1.4          | 12%        | 2,848         |
| Medicare Eligible Retirees     | \$48.2         | \$21.6         | \$2.0        | \$24.6        | \$22.0        | \$2.6          | 12%        | 8,477         |
| <b>Total</b>                   | <b>\$271.4</b> | <b>\$171.2</b> | <b>\$4.4</b> | <b>\$95.8</b> | <b>\$96.5</b> | <b>(\$0.7)</b> | <b>-1%</b> | <b>38,620</b> |

## 2016 if Total Premium increases 6%; stable active population, growing retirees, and no new allocated reserves

|                                |                |                |              |                |               |               |            |               |
|--------------------------------|----------------|----------------|--------------|----------------|---------------|---------------|------------|---------------|
| Actives                        | \$214.9        | \$144.1        | \$1.4        | \$69.4         | \$58.5        | \$10.9        | 19%        | 27,295        |
| Non-Medicare Eligible Retirees | \$22.9         | \$7.3          | \$0.1        | \$15.5         | \$13.4        | \$2.1         | 16%        | 3,000         |
| Medicare Eligible Retirees     | \$54.2         | \$21.9         | \$2.1        | \$30.2         | \$26.1        | \$4.1         | 16%        | 9,000         |
| <b>Total</b>                   | <b>\$292.0</b> | <b>\$173.3</b> | <b>\$3.6</b> | <b>\$115.1</b> | <b>\$98.0</b> | <b>\$17.1</b> | <b>17%</b> | <b>39,295</b> |

## 2016 above with \$25 million new allocated reserves (additional \$12.5 million used for 2016)

|                                |                |                |               |                |               |              |           |               |
|--------------------------------|----------------|----------------|---------------|----------------|---------------|--------------|-----------|---------------|
| Actives                        | \$214.9        | \$144.1        | \$9.6         | \$61.2         | \$58.5        | \$2.7        | 5%        | 27,295        |
| Non-Medicare Eligible Retirees | \$22.9         | \$7.3          | \$1.5         | \$14.1         | \$13.4        | \$0.7        | 5%        | 3,000         |
| Medicare Eligible Retirees     | \$54.2         | \$21.9         | \$5.0         | \$27.3         | \$26.1        | \$1.2        | 5%        | 9,000         |
| <b>Total</b>                   | <b>\$292.0</b> | <b>\$173.3</b> | <b>\$16.1</b> | <b>\$102.6</b> | <b>\$98.0</b> | <b>\$4.6</b> | <b>5%</b> | <b>39,295</b> |

The Change in EE/Ret cost represents the change in dollars needed under the illustration. Actual rate changes could vary significantly from the amounts shown.

# A Look Ahead: ASE (3% adverse experience)



|  | Total Premium | State Contribution | Reserves Allocated / (Added) | Current Year Total EE/Ret Cost | Prior Year Total EE/Ret Cost | Change in EE/Ret Cost (\$/%) | Assumed Enrollment |
|--|---------------|--------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------|
|--|---------------|--------------------|------------------------------|--------------------------------|------------------------------|------------------------------|--------------------|

## Updated 2015 Projections

|                                |                |                |               |               |               |                |            |               |
|--------------------------------|----------------|----------------|---------------|---------------|---------------|----------------|------------|---------------|
| Actives                        | \$208.8        | \$142.4        | \$7.9         | \$58.5        | \$63.2        | (\$4.7)        | -7%        | 27,295        |
| Non-Medicare Eligible Retirees | \$21.1         | \$7.2          | \$1.2         | \$12.7        | \$11.3        | \$1.4          | 12%        | 2,848         |
| Medicare Eligible Retirees     | \$49.6         | \$21.6         | \$3.4         | \$24.6        | \$22.0        | \$2.6          | 12%        | 8,477         |
| <b>Total</b>                   | <b>\$279.5</b> | <b>\$171.2</b> | <b>\$12.5</b> | <b>\$95.8</b> | <b>\$96.5</b> | <b>(\$0.7)</b> | <b>-1%</b> | <b>38,620</b> |

## 2016 if Total Premium increases 6%; stable active population, growing retirees, and no new allocated reserves

|                                |                |                |              |                |               |               |            |               |
|--------------------------------|----------------|----------------|--------------|----------------|---------------|---------------|------------|---------------|
| Actives                        | \$221.3        | \$144.1        | \$1.4        | \$75.8         | \$58.5        | \$17.3        | 30%        | 27,295        |
| Non-Medicare Eligible Retirees | \$23.6         | \$7.3          | \$0.1        | \$16.2         | \$13.4        | \$2.8         | 21%        | 3,000         |
| Medicare Eligible Retirees     | \$55.8         | \$21.9         | \$2.1        | \$31.8         | \$26.1        | \$5.7         | 22%        | 9,000         |
| <b>Total</b>                   | <b>\$300.7</b> | <b>\$173.3</b> | <b>\$3.6</b> | <b>\$123.8</b> | <b>\$98.0</b> | <b>\$25.8</b> | <b>26%</b> | <b>39,295</b> |

## 2016 above with \$24 million new allocated reserves (additional \$12.0 million used for 2016)

|                                |                |                |               |                |               |               |            |               |
|--------------------------------|----------------|----------------|---------------|----------------|---------------|---------------|------------|---------------|
| Actives                        | \$221.3        | \$144.1        | \$10.5        | \$66.7         | \$58.5        | \$8.2         | 14%        | 27,295        |
| Non-Medicare Eligible Retirees | \$23.6         | \$7.3          | \$1.0         | \$15.3         | \$13.4        | \$1.9         | 14%        | 3,000         |
| Medicare Eligible Retirees     | \$55.8         | \$21.9         | \$4.1         | \$29.8         | \$26.1        | \$3.7         | 14%        | 9,000         |
| <b>Total</b>                   | <b>\$300.7</b> | <b>\$173.3</b> | <b>\$15.6</b> | <b>\$111.8</b> | <b>\$98.0</b> | <b>\$13.8</b> | <b>14%</b> | <b>39,295</b> |

*The Change in EE/Ret cost represents the change in dollars needed under the illustration. Actual rate changes could vary significantly from the amounts shown.*



# CHEIRON



**Classic Values, Innovative Advice.**

***Cheiron** (pronounced  $k\bar{I}$  ' · ron) , the immortal centaur from Greek mythology, broke away from the pack and was educated by the Gods. Cheiron became a mentor to classical Greek heroes, then sacrificed his immortality and was awarded in eternity as the constellation Sagittarius*



Classic Values, Innovative Advice.

3/17/2015

# Appendix A – PSE Actives

## 2015 Final Rate Details



| 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 |
|---|-----------------------|-----------------------|------------------------|--------------------------|--|--------------|--------------------|--|------------|---------------|------------|--------------------|
|   |                       |                       |                        |                          | with   | without*     |                    | with   |            | without       |            |                    |
| <b>Premium</b>  |                       |                       |                        |                          |  |              | <b>2014 Silver</b> |  |            |               |            |                    |
| Employee Only   | \$641.14              | \$300.96              | \$7.80                 | \$153.00                 | \$179.38   | \$254.38     | \$173.32           | \$6.06   | 3%         | \$81.06       | 47%        | 12,146             |
| Employee & Spouse   | 1,457.18              | 479.04                | 12.42                  | 153.00                   | 812.72   | 887.72       | 785.24             | 27.48  | 3%         | 102.48        | 13%        | 285                |
| Employee & Child(ren)   | 1,192.60              | 564.88                | 14.64                  | 153.00                   | 460.08   | 535.08       | 444.52             | 15.56  | 4%         | 90.56         | 20%        | 1,348              |
| Family  | 2,008.64              | 1,014.42              | 26.30                  | 153.00                   | 814.92   | 889.92       | 787.36             | 27.56  | 4%         | 102.56        | 13%        | 421                |
| Est. Monthly Total (\$mil)  | \$10.7                | \$5.0                 | \$0.1                  | \$2.2                    | \$3.4  | \$0.1        | \$3.3              | \$0.1  | 3%         | \$0.1         | 36%        | 14,200             |
| <b>Classic</b>  |                       |                       |                        |                          |  |              | <b>2014 Bronze</b> |  |            |               |            |                    |
| Employee Only   | \$267.94              | \$68.17               | \$1.77                 | \$153.00                 | \$45.00  | \$120.00     | \$11.00            | \$34.00  | 309%       | \$109.00      | 991%       | 15,641             |
| Employee & Spouse   | 554.68                | 53.55                 | 1.39                   | 153.00                   | 346.74   | 421.74       | 266.72             | 80.02  | 30%        | 155.02        | 58%        | 1,154              |
| Employee & Child(ren)   | 469.82                | 157.83                | 4.09                   | 153.00                   | 154.90   | 229.90       | 119.16             | 35.74  | 30%        | 110.74        | 93%        | 3,424              |
| Family  | 731.56                | 222.43                | 5.77                   | 153.00                   | 350.36   | 425.36       | 269.50             | 80.86  | 30%        | 155.86        | 58%        | 2,552              |
| Est. Monthly Total (\$mil)  | \$8.3                 | \$2.2                 | \$0.1                  | \$3.5                    | \$2.5  | \$0.2        | \$1.6              | \$1.0  | 60%        | \$0.2         | 169%       | 22,772             |
| <b>Basic</b>  |                       |                       |                        |                          |  |              | <b>2014 Bronze</b> |  |            |               |            |                    |
| Employee Only   | \$148.50              | \$0.00                | (\$15.50)              | \$153.00                 | \$11.00  | \$86.00      | \$11.00            | \$0.00   | 0%         | \$75.00       | 682%       | 3,910              |
| Employee & Spouse   | 269.72                | 0.00                  | (\$150.00)             | 153.00                   | 266.72   | 341.72       | 266.72             | 0.00   | 0%         | 75.00         | 28%        | 289                |
| Employee & Child(ren)   | 238.52                | 0.00                  | (\$33.64)              | 153.00                   | 119.16   | 194.16       | 119.16             | 0.00   | 0%         | 75.00         | 63%        | 856                |
| Family  | 334.74                | 0.00                  | (\$87.76)              | 153.00                   | 269.50   | 344.50       | 269.50             | 0.00   | 0%         | 75.00         | 28%        | 638                |
| Est. Monthly Total (\$mil)  | \$1.1                 | \$0.0                 | (\$0.2)                | \$0.9                    | \$0.4  | \$0.0        | \$0.4              | \$0.0  | 0%         | \$0.0         | 108%       | 5,693              |
| Total (Monthly) (\$ mil)  | \$20.0                | \$7.2                 | (\$0.0)                | \$6.5                    | \$6.3  | \$0.3        | \$5.2              | \$1.1/\$1.4  |            | 20%/27%       |            | 42,665             |
| Est Annual Total (\$ mil)   | \$240.5               | \$86.6                | (\$0.0)                | \$78.3                   | \$75.6   | \$3.8        | \$62.8             | \$12.8/\$16.6  |            | 20%/27%       |            |                    |
| vs 2014 plan elections (minimum District) - with/without wellness   |                       |                       |                        | \$78.3                   | \$75.6   | \$3.8        | \$98.9             | -\$23.3/-19.5  |            | -24%-20%      |            |                    |
| vs 2014 plan elections (estimated District) - with/without wellness |                       |                       |                        | \$94.5                   | \$59.4   | \$3.8        | \$82.7             | -\$23.3/-19.5  |            | -28%-24%      |            |                    |
| <b>Total Active &amp; Ret (\$ mil)</b>                              | <b>\$281.9</b>        | <b>\$86.6</b>         | <b>\$0.0</b>           | <b>\$78.3</b>            | <b>\$117.0</b>                                   | <b>\$3.8</b> | <b>\$96.2</b>      | <b>\$20.8</b>  | <b>22%</b> | <b>\$24.6</b> | <b>26%</b> | <b>56,827</b>      |

# Appendix A - PSE Retirees

## Non-Medicare Eligible 2015 Final Rate Details



| NME Retirees               | Unadjusted Total Rate | Direct State Contrib. | Reserve Used / (Added) | 2015 Retiree Cost | 2014 Total Retiree Cost | Change in Retiree Cost (\$/%) |      | Assumed Enrollment |
|----------------------------|-----------------------|-----------------------|------------------------|-------------------|-------------------------|-------------------------------|------|--------------------|
| <b>Premium</b>             |                       |                       |                        |                   | <b>2014 Silver</b>      |                               |      |                    |
| Retiree Only               | \$641.14              | \$0.00                | \$0.00                 | \$641.14          | \$426.54                | \$214.60                      | 50%  | 2,054              |
| Retiree & NME SP           | 1,457.18              | 0.00                  | 0.00                   | 1,457.18          | 1,107.40                | 349.78                        | 32%  | 141                |
| Retiree & Child(ren)       | 1,192.60              | 0.00                  | 0.00                   | 1,192.60          | 779.76                  | 412.84                        | 53%  | 21                 |
| Retiree & NME SP&CH        | 2,008.64              | 0.00                  | 0.00                   | 2,008.64          | 1,363.04                | 645.60                        | 47%  | 15                 |
| Retiree & ME SP            | 795.12                | 0.00                  | 0.00                   | 795.12            | 508.22                  | 286.90                        | 56%  | 159                |
| Retiree & ME SP & CH       | 1,346.58              | 0.00                  | 0.00                   | 1,346.58          | 861.44                  | 485.14                        | 56%  | -                  |
| Est. Monthly Total (\$mil) | \$1.7                 | \$0.0                 | \$0.0                  | \$1.7             | \$1.2                   | \$0.6                         | 48%  | 2,391              |
| <b>Classic</b>             |                       |                       |                        |                   | <b>2014 Bronze</b>      |                               |      |                    |
| Employee Only              | \$267.94              | \$0.00                | \$0.00                 | \$267.94          | \$267.66                | \$0.28                        | 0%   | 1,254              |
| Employee & Spouse          | 554.68                | 0.00                  | 0.00                   | 554.68            | 600.98                  | (46.30)                       | -8%  | 243                |
| Employee & Child(ren)      | 469.82                | 0.00                  | 0.00                   | 469.82            | 468.20                  | 1.62                          | 0%   | 33                 |
| Family                     | 731.56                | 0.00                  | 0.00                   | 731.56            | 801.52                  | (69.96)                       | -9%  | 41                 |
| Est. Monthly Total (\$mil) | \$0.5                 | \$0.0                 | \$0.0                  | \$0.5             | \$0.5                   | \$0.0                         | -3%  | 1,571              |
| <b>Basic</b>               |                       |                       |                        |                   | <b>2014 Bronze</b>      |                               |      |                    |
| Employee Only              | \$148.50              | \$0.00                | \$0.00                 | \$148.50          | \$267.66                | (\$119.16)                    | -45% | 139                |
| Employee & Spouse          | 269.72                | 0.00                  | 0.00                   | 269.72            | 600.98                  | (331.26)                      | -55% | 27                 |
| Employee & Child(ren)      | 238.52                | 0.00                  | 0.00                   | 238.52            | 468.20                  | (229.68)                      | -49% | 4                  |
| Family                     | 334.74                | 0.00                  | 0.00                   | 334.74            | 801.52                  | (466.78)                      | -58% | 5                  |
| Est. Monthly Total (\$mil) | \$0.0                 | \$0.0                 | \$0.0                  | \$0.0             | \$0.1                   | \$0.0                         | -48% | 175                |
| Total (Monthly) (\$ mil)   | \$2.3                 | \$0.0                 | \$0.0                  | \$2.3             | \$1.7                   | \$0.5                         | 29%  | 4,137              |
| Est Annual Total (\$ mil)  | \$27.0                | \$0.0                 | \$0.0                  | \$27.0            | \$20.9                  | \$6.1                         |      |                    |

# Appendix A – PSE Retirees

## Medicare Eligible 2015 Final Rate Details



| Medicare Eligible          | Unadjusted Total Rate | Subsidy | Reserve Used / (Added) | 2015 Retiree Cost | 2014 Total Retiree Cost | Change in Retiree Cost (\$/%) |     | Assumed Enrollment |
|----------------------------|-----------------------|---------|------------------------|-------------------|-------------------------|-------------------------------|-----|--------------------|
| Retiree Only               | \$153.98              | \$55.18 | \$0.00                 | \$98.80           | \$81.68                 | \$17.12                       | 21% | 9,087              |
| Retiree & NME SP           | 783.92                | 0.00    | 0.00                   | 783.92            | 708.98                  | 74.94                         | 11% | 96                 |
| Retiree & Child(ren)       | 757.10                | 0.00    | 0.00                   | 757.10            | 665.66                  | 91.44                         | 14% | 17                 |
| Retiree & NME SP&CH        | 1,521.48              | 0.00    | 0.00                   | 1,521.48          | 1,310.62                | 210.86                        | 16% | 1                  |
| Retiree & ME SP            | 285.46                | 27.58   | 0.00                   | 257.88            | 271.04                  | (13.16)                       | -5% | 824                |
| Retiree & ME SP & CH       | 888.57                | 0.00    | 0.00                   | 888.57            | 788.44                  | 100.13                        | 13% | -                  |
| Est. Monthly Total (\$mil) | \$1.7                 | \$0.5   | \$0.0                  | \$1.2             | \$1.0                   | \$0.2                         | 15% | 10,026             |
| Total (Est. Annual)        | \$20.7                | \$6.3   | \$0.0                  | \$14.4            | \$12.6                  | \$1.8                         |     |                    |

# Appendix A – ASE Actives

## 2015 Final Rate Details



| 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 |  |
|--|--------------------------|----------------|------------------------|--|--------------|--------------------|--|------------|---------------|------------|--------------------|--|
|  |                          |                |                        | with   | without*     |                    | 2014 Gold  | with       |               | without    |                    |  |
| <b>Premium</b>                                 |                          |                |                        |  |              |                    |  |            |               |            |                    |  |
| Employee Only                                  | \$431.08                 | \$305.75       | \$20.55                | \$104.78   | \$179.78     | \$96.68            | \$8.10   | 8%         | \$83.10       | 86%        | 14,304             |  |
| Employee & Spouse                              | 968.92                   | 552.69         | 37.15                  | 379.08   | 454.08       | 371.24             | 7.84   | 2%         | 82.84         | 22%        | 3,155              |  |
| Employee & Child(ren)                          | 723.48                   | 481.10         | 32.34                  | 210.04   | 285.04       | 195.48             | 14.56  | 7%         | 89.56         | 46%        | 4,970              |  |
| Family   | 1,261.32                 | 728.04         | 48.94                  | 484.34   | 559.34       | 423.60             | 60.74  | 14%        | 135.74        | 32%        | 3,403              |  |
| Est. Monthly Total (\$mil)                     | \$17.1                   | \$11.0         | \$0.7                  | \$5.4  | \$0.2        | \$5.0              | \$0.4  | 8%         | \$0.2         | 47%        | 25,832             |  |
| <b>Classic</b>                                 |                          |                |                        |  |              | 2014 Bronze        |  |            |               |            |                    |  |
| Employee Only                                  | \$372.78                 | \$305.75       | \$20.55                | \$46.48  | \$121.48     | \$0.00             | \$46.48  | n/a        | \$121.48      | n/a        | 952                |  |
| Employee & Spouse                              | 832.86                   | 552.69         | 37.15                  | 243.02   | 318.02       | 77.96              | 165.06   | 212%       | 240.06        | 308%       | 280                |  |
| Employee & Child(ren)                          | 622.90                   | 481.10         | 32.34                  | 109.46   | 184.46       | 28.10              | 81.36  | 290%       | 156.36        | 556%       | 249                |  |
| Family   | 1,082.96                 | 728.02         | 48.94                  | 306.00   | 381.00       | 93.08              | 212.92   | 229%       | 287.92        | 309%       | 346                |  |
| Est. Monthly Total (\$mil)                     | \$1.1                    | \$0.8          | \$0.1                  | \$0.2  | \$0.0        | \$0.1              | \$0.2  | 302%       | \$0.0         | 527%       | 1,827              |  |
| <b>Basic</b>                                   |                          |                |                        |  |              | 2014 Bronze        |  |            |               |            |                    |  |
| Employee Only                                  | \$326.30                 | \$305.75       | \$20.55                | \$0.00   | \$75.00      | \$0.00             | \$0.00   | n/a        | \$75.00       | n/a        | 238                |  |
| Employee & Spouse                              | 722.32                   | 552.69         | 37.15                  | 132.48   | 207.48       | 77.96              | 54.52  | 70%        | 129.52        | 166%       | 70                 |  |
| Employee & Child(ren)                          | 541.60                   | 481.10         | 32.34                  | 28.16  | 103.16       | 28.10              | 0.06   | 0%         | 75.06         | 267%       | 62                 |  |
| Family   | 937.62                   | 728.04         | 48.94                  | 160.64   | 235.64       | 93.08              | 67.56  | 73%        | 142.56        | 153%       | 86                 |  |
| Est. Monthly Total (\$mil)                     | \$0.2                    | \$0.2          | \$0.0                  | \$0.0  | \$0.0        | \$0.0              | \$0.0  | 63%        | \$0.0         | 288%       | 457                |  |
| Total (Monthly) (\$ mil)                       | \$18.5                   | \$12.0         | \$0.8                  | \$5.7  | \$0.2        | \$5.0              | \$0.6/\$0.8  |            | 12%/16%       |            | 28,115             |  |
| Est Annual Total (\$ mil)                      | \$221.7                  | \$144.1        | \$9.7                  | \$67.9   | \$2.5        | \$60.5             | \$7.4/\$9.9  |            | 12%/16%       |            |                    |  |
| vs 2014 plan elections - with/without wellness |                          |                | \$9.7                  | \$67.9   | \$2.5        | \$65.1             | \$2.8/\$5.3  |            | 4%/8%         |            |                    |  |
| <b>Total Active &amp; Ret (\$ mil)</b>         | <b>\$291.3</b>           | <b>\$173.3</b> | <b>\$11.6</b>          | <b>\$106.3</b>                                   | <b>\$2.5</b> | <b>\$94.8</b>      | <b>\$11.6</b>  | <b>12%</b> | <b>\$14.1</b> | <b>15%</b> | <b>39,574</b>      |  |

# Appendix A - ASE Retirees: Non-Medicare Eligible 2015 Final Rate Details



| NME Retirees               | Risk Adjusted Total Rate | State Contrib. | Reserve Used / (Added) | 2015 Retiree Cost | 2014 Total Retiree Cost | Change in Retiree Cost (\$/%) |      | Assumed Enrollment |
|----------------------------|--------------------------|----------------|------------------------|-------------------|-------------------------|-------------------------------|------|--------------------|
| <b>Premium</b>             |                          |                |                        |                   | <b>2014 Gold</b>        |                               |      |                    |
| Retiree Only               | \$431.08                 | \$161.58       | \$10.86                | \$258.64          | \$237.98                | \$20.66                       | 9%   | 1,900              |
| Retiree & NME SP           | 968.92                   | 287.57         | 19.33                  | 662.02            | 581.36                  | 80.66                         | 14%  | 606                |
| Retiree & Child(ren)       | 723.48                   | 230.08         | 15.46                  | 477.94            | 444.02                  | 33.92                         | 8%   | 104                |
| Retiree & NME SP&CH        | 1,261.32                 | 356.07         | 23.93                  | 881.32            | 925.42                  | (44.10)                       | -5%  | 39                 |
| Retiree & ME SP            | 790.98                   | 272.86         | 18.34                  | 499.78            | 405.36                  | 94.42                         | 23%  | 251                |
| Retiree & ME SP & CH       | 1,083.38                 | 341.36         | 22.94                  | 719.08            | 612.54                  | 106.54                        | 17%  | 9                  |
| Est. Monthly Total (\$mil) | \$1.7                    | \$0.6          | \$0.0                  | \$1.1             | \$1.0                   | \$0.1                         | 12%  | 2,909              |
| <b>Classic</b>             |                          |                |                        |                   | <b>2014 Bronze</b>      |                               |      |                    |
| Employee Only              | \$372.78                 | \$161.58       | \$10.86                | \$200.34          | \$147.86                | \$52.48                       | 35%  | 27                 |
| Employee & Spouse          | 832.86                   | 287.57         | 19.33                  | 525.96            | 303.78                  | 222.18                        | 73%  | 18                 |
| Employee & Child(ren)      | 622.90                   | 230.08         | 15.46                  | 377.36            | 204.06                  | 173.30                        | 85%  | 4                  |
| Family                     | 1,082.96                 | 356.05         | 23.93                  | 702.98            | 334.02                  | 368.96                        | 110% | 12                 |
| Est. Monthly Total (\$mil) | \$0.0                    | \$0.0          | \$0.0                  | \$0.0             | \$0.0                   | \$0.0                         | 74%  | 60                 |
| <b>Basic</b>               |                          |                |                        |                   | <b>2014 Bronze</b>      |                               |      |                    |
| Employee Only              | \$326.30                 | \$161.58       | \$10.86                | \$153.86          | \$147.86                | \$6.00                        | 4%   | 3                  |
| Employee & Spouse          | 722.32                   | 287.57         | 19.33                  | 415.42            | 303.78                  | 111.64                        | 37%  | 2                  |
| Employee & Child(ren)      | 541.60                   | 230.08         | 15.46                  | 296.06            | 204.06                  | 92.00                         | 45%  | 0                  |
| Family                     | 937.62                   | 356.07         | 23.93                  | 557.62            | 334.02                  | 223.60                        | 67%  | 1                  |
| Est. Monthly Total (\$mil) | \$0.0                    | \$0.0          | \$0.0                  | \$0.0             | \$0.0                   | \$0.0                         | 37%  | 7                  |
| Total (Monthly) (\$ mil)   | \$1.8                    | \$0.6          | \$0.0                  | \$1.1             | \$1.0                   | \$0.1                         | 12%  | 2,975              |
| Est Annual Total (\$ mil)  | \$21.4                   | \$7.3          | \$0.5                  | \$13.6            | \$12.1                  | \$1.5                         |      |                    |

# Appendix A – ASE Retirees:

## Medicare Eligible 2015 Final Rate Details



| Medicare Eligible          | Risk Adjusted Total Rate | State Contrib. | Reserve Used / (Added) | 2015 Retiree Cost | 2014 Total Retiree Cost | Change in Retiree Cost (\$/%) |     | Assumed Enrollment |
|----------------------------|--------------------------|----------------|------------------------|-------------------|-------------------------|-------------------------------|-----|--------------------|
| Retiree Only               | \$359.90                 | \$185.48       | \$12.46                | \$161.96          | \$148.10                | \$13.86                       | 9%  | 5,797              |
| Retiree & NME SP           | 790.99                   | 211.44         | 14.21                  | 565.34            | 480.82                  | 84.52                         | 18% | 399                |
| Retiree & Child(ren)       | 692.48                   | 291.62         | 19.60                  | 381.26            | 347.70                  | 33.56                         | 10% | 62                 |
| Retiree & NME SP&CH        | 1,190.13                 | 379.95         | 25.54                  | 784.64            | 680.46                  | 104.18                        | 15% | 34                 |
| Retiree & ME SP            | 697.31                   | 289.81         | 19.48                  | 388.02            | 340.86                  | 47.16                         | 14% | 2,170              |
| Retiree & ME SP & CH       | 1,029.88                 | 395.95         | 26.61                  | 607.32            | 540.48                  | 66.84                         | 12% | 21                 |
| Est. Monthly Total (\$mil) | \$4.0                    | \$1.8          | \$0.1                  | \$2.1             | \$1.8                   | \$0.2                         | 12% | 8,483              |
| Total (Est. Annual)        | \$48.2                   | \$21.9         | \$1.5                  | \$24.8            | \$22.2                  | \$2.7                         |     |                    |

# Appendix B - Use & Disclosures



- The assumptions and methods for updated projections are as described on our monitoring reports dated February 16, 2015. Projections do not reflect any updated claims experience since the rates were established in 2015. All projections for 2016 are illustrative and are not intended to convey any projected rate changes.
- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the Plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information and claims data. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23. This presentation does not reflect future changes in benefits, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010, related legislation, or regulations.
- Cheiron's analysis was prepared exclusively for the Employee Benefits Division of the State of Arkansas for the specific purpose of providing projections and options to the Arkansas State and Public School Life and Health Insurance Board. Our analysis is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.
- The figures in this presentation are preliminary and subject to change or modification as more detailed information is gathered and depending upon decisions made by the Board.