



AGENDA

State and Public School Life and Health Insurance Board

June 23, 2015

1:00 p.m.

EBD Board Room – 501 Building, Suite 500

- I. Call to Order John Kirtley, Chairman*
- II. Approval of May 19, 2015 Minutes John Kirtley, Chairman*
- III. Election of New Officers John Kirtley, Chairman*
- IV. ASE-PSE Financials May, 2015 Marla Wallace, EBD Chief Fiscal Officer*
- V. EBD Report..... Lori Eden, EBD Deputy Executive Director*
- VI. Benefits Sub-committee Report.... Shelby McCook, Benefits Committee Chairman*
- VII. Catamaran Update..... Sarah Bujak*
- VIII. Benefits Decisions for Calendar Year 2016..... John Colberg, Cheiron*
- IX. Director’s Report..... Bob Alexander, EBD Executive Director*

Upcoming Meetings

July 28, 2015

August 18, 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 Meeting Minutes June 23, 2015

The 150th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on June 23, 2015 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT

Dr. Joseph Thompson
Robert Boyd
Carla Haugen - Vice-Chairman
Renee Mallory
Dan Honey
Angela Avery
Shelby McCook
Janis Harrison
Lori Freno-Engman
Katrina Burnett
Dr. John Kirtley – Chairman

MEMBERS ABSENT

Dr. Tony Thurman
Dr. Andrew Kumpuris

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, Gretchen Baggett, EBD; Sylvia Landers, Minnesota Life; Kristi Jackson, Jennifer Vaughn, ComPsych; Pam Lawrence, AHH; Marc Watts, ASEA; Jordan Gass-Poore, Arkansas Democrat Gazette; Wayne Whitley, Ronda Walthall, Mike Boyd, AR Highway & Transportation Dept; Takisha Sanders, Kanita Collins, Health Advantage; Susan Walker, DataPath; Kim Henderson, ADFA; Gini Ingram, Ro Summers, ACHI; Steve Althoff, MTI; Raina Porchay, Susan Bujak, Sean Hansen, Catamaran; Martha Hill, Robyn Keene, Mike Mertens, AAEA; Karen Langley, Qual Choice; Sam Smothers, Astra Zeneca; Glenn Belemjian, Merck; Michael Cuccia, DSI; Kristi Clark, Ark Building Authority; Donna Morg, ARTA

CALL TO ORDER:

Meeting was called to order by John Kirtley, Chairman

APPROVAL OF MINUTES: *by John Kirtley, Chairman*

The request was made by Kirtley to approve the May 19, 2015 minutes.

Mallory made the motion to approve the minutes, Haugen seconded; all were in favor.

Minutes approved

ELECTION OF NEW OFFICERS: *by John Kirtley, Chairman*

McCook nominated the Vice-Chairman, Carla Haugen as the new Chairman. Harrison seconded. McCook motioned for nominations to cease. Harrison seconded. All were in favor

Motion Approved

Mallory nominated Dan Honey as Vice-Chairman. Harrison seconded. All were in favor.

Motion Approved

FINANCIALS: *by Marla Wallace, EBD Fiscal Officer*

Wallace reported financials for May, 2015. For PSE the month of June five (5) weeks of health claims was paid and six (6) weeks of pharmacy claims was paid. There was a net loss of \$1.9 million for the month and the year-to-date gain is \$43.47 million. The FICA savings for the month is \$472,916. The year-to-date is \$2.3 million. There will no Department of Education funds in the month of June.

For ASE the month of May also paid five (5) weeks of health claims, and six (6) weeks of pharmacy claims was paid. There was a net loss for the month of \$3.97 million and the year-to-date gain is \$18.8 million. Next month the report will indicate the accrual for January – June, 2015 for PSE/ASE. The transitional fee is \$44.00 per Non-Medicare member. For ASE the accrual is \$1.1 million and PSE is \$1.6 million. The payment for the year will be approximately double the amount of the accrual for the first six months of the year.

EBD REPORT: *by Lori Eden, Deputy Executive Director*

Eden presented a wellness update. For 2015 members and spouses covered on the plan took a health risk assessment and had a wellness visit. Since March 25,500 completed the health risk assessment. Of the 25,500 members, 14,800 received a letter regarding moderate to high risk. A total of 1,515 enrolled in online coaching, and 118 telephonic coaching.

There are 14,500 (21%), members who completed their wellness visit. The communications manager included a link for preventative services.

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 June 12, 2015 with Shelby McCook presiding.

Topics Discussed:

- Election of New Officers
- Stem-Cell Article Update
- Alternate Provider Committee Update
- Benefits Decisions for Calendar Year 2016

ELECTION OF NEW OFFICERS – Shelby McCook, Chairman

Motions were made by Harrison, seconded by Walker to elect by acclamation Jeff Altemus as the new Chairman, and Claudia Moran as the new Vice-Chairman.

STEM-CELL ARTICLE UPDATE – Shelby McCook, Chairman

McCook reported on an article from The Associated Press regarding the use of Stem-cell procedures. Stem-cells have long been recognized for their ability to reproduce and regenerate tissue. More than 170 clinics across the country are selling experimental stem cell procedures for dozens of diseases and conditions. The Industry is flourishing despite little evidence of its safety or effectiveness. Stem cell treatment was presented at a previous Benefits Meeting to be reviewed. McCook is concerned with the danger of the procedures and recommended no further action.

ALTERNATE PROVIDER COMMITTEE UPDATE – Bob Alexander, EBD Executive Director

Alexander reported the Alternate Provider Committee meet briefly to discuss meeting dates and times, as well as electing officers. Dr. Joseph Thompson was elected as the Chairman. A Vice-Chairman was not elected. There was discussion of inviting additional members with expertise in the area of Benefits.

BENEFITS DECISIONS FOR CALENDAY YEAR 2016 – Gaelle Gravot, Cheiron

Gravot reported on Benefits Changes for 2016. The following are the changes for the 2016 plan year:

- Embedded in-network Out-of-Pocket (OOP) Maximum
 - Requires OOP Max on Individuals for all plans, all coverage tiers
 - Plans impacted: Classic and Basic
 - Financial Impact:
 - ✓ \$1 million for PSE
 - ✓ Negligible for ASE

- 2016 OOP Max limits:
 - Non-HSA plans: \$6,850/\$13,700 (ind/fam)
 - HSA plans: \$6,550/\$13,100 (ind/fam)

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

Motion Approved

CATAMARAN UPDATE: *by Sarah Bujak, Catamaran*

Bujak reported on previous concerns regarding the pharmacy rebate audits performed. Dr. Thompson previously inquired about other clients of Catamaran who has requested audit rebates in the past. Bujak reported there are clients who requested audit rebates, and they were performed. However, Bujak is unable to disclose the information from the audits.

Dr. Thompson inquired how does Catamaran work with self-insured companies who are actively managing their health plan?

Dr. Kirtley requested a contract audit. Dr. Kirtley inquired is the plan receiving the rebates outlined in the contract. In addition what is the Product Specific Information?

BENEFITS DECISIONS FOR CALENDAR YEAR 2016: *by Gaelle Gravot, John Colberg, Cheiron*

Colberg reported on (1) Changes in 2016, (2) Reviewed the benefits for 2015, and (3) Reviewed benefits for 2016. In 2016 the changes to the proposed federal regulations are as follows:

- Embedded in-network Out-of-Pocket (OOP) Maximum
 - Requires OOP Max on Individuals for all plans, all coverage tiers
 - Plans impacted: Classic and Basic
 - Financial Impact:
 - ✓ \$1 million for PSE
 - ✓ Negligible for ASE
- 2016 OOP Max limits:
 - Non-HSA plans: \$6,850/\$13,700 (ind/fam)
 - HSA plans: \$6,550/\$13,100 (ind/fam)

McCook motioned to adopt the current rates for the 2016 plan year, and incorporate the change for out-of-network max. Harrison seconded. All were in favor

Motion Approved.

Discussion: Dr. Thompson noted the committee is only deviating from the 50-30-20 due to stability for the plan.

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

Alexander reported on statute 21-5-410 regarding two colleges who will no longer participate in the health plan. There are 66 current retirees on the plan.

Dr. Thompson requested legal assistance for guidance at the next meeting.

Meeting Adjourned

Public School Employees (PSE) Financials - January 1, 2014 through May 31, 2014

	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents						
Actives	18382	22328	5019	7848	23170	42011	46571	72187
Retirees	1780	2073	95	98	1181	1472	3056	3643
Medicare	8976	9832					8976	9832
TOTAL	29138	34233	5114	7946	24351	43483	58603	85662

REVENUES & EXPENDITURES

	Current Month	Year to Date (5 months)
Funding		
Per Participating Employee Funding (PPE Funding)	\$ 8,470,705	\$ 42,421,884
Employee Contribution	\$ 10,033,506	\$ 50,713,648
Department of Education \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 23,409,091
Other	\$ 43,864	\$ 647,867
Allocation for Actives - Plan Year 2014	\$ 3,583,333	\$ 17,916,667
Total Funding	\$ 25,313,226	\$ 135,109,157
Expenses		
Medical Expenses		
Claims Expense	\$ 17,773,520	\$ 81,141,930
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,730,179	\$ 8,128,892
Refunds	\$ 28,197	\$ 95,803
Employee Assistance Program (EAP)	\$ 80,566	\$ 404,204
Pharmacy Expenses		
RX Claims	\$ 4,317,725	\$ 19,418,025
RX IBNR	\$ (400,000)	\$ (400,000)
RX Administration	\$ 332,073	\$ 1,664,973
Plan Administration	\$ 370,848	\$ 1,639,362
Total Expenses	\$ 24,233,108	\$ 112,093,189
Net Income/(Loss)	\$ 1,080,118	\$ 23,015,968

BALANCE SHEET

Assets		
Bank Account		\$ 22,825,694
State Treasury		\$ 49,149,355
Receivable from Provider		\$ -
Accounts Receivable		\$ 3,060,385
Due from ASE		\$ -
Total Assets		\$ 75,035,434
Liabilities		
Accounts Payable		\$ 3,629
Due to ASE		\$ -
Deferred Revenues		\$ -
Health IBNR		\$ 28,000,000
RX IBNR		\$ 1,400,000
Total Liabilities		\$ 29,403,629
Net Assets		\$ 45,631,806
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14 (\$43,000,000)		\$ (25,083,334)
Catastrophic Reserve (2014 - \$11,100,000)		\$ (11,100,000)
Net Assets Available		\$ 9,448,472

Fifth Week of claims totaled: \$4,363,367

Public School Employees (PSE) Financials - January 1, 2015 through May 31, 2015

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	2402	124		2526		3572	148		3720
CLASSIC	21486	1525		23011		39424	1861		41285
PREMIUM	20769	1205		21974		26619	1296		27915
PRIMARY		109	10002	10111			220	10933	11153
TOTAL	44657	2963	10002	57622		69615	3525	10933	84073

REVENUES & EXPENDITURES

Funding	Current Month	Year to Date (5 Months)
Per Participating Employee Funding (PPE Funding)	\$ 8,232,327	\$ 41,222,951
Employee Contribution	\$ 9,183,047	\$ 45,873,992
Department of Education \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 39,703,044
Other	\$ 519,386	\$ 2,845,516
Allocation for Actives	\$ 1,666,667	\$ 8,333,333
Total Funding	\$ 22,783,245	\$ 137,978,837
Expenses		
Medical Expenses		
Claims Expense	\$ 16,759,518	\$ 64,365,383
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,701,710	\$ 7,876,768
Refunds	\$ (59,400)	\$ (66,503)
Employee Assistance Program (EAP)	\$ 77,305	\$ 387,238
Pharmacy Expenses		
RX Claims	\$ 5,398,360	\$ 18,058,151
RX IBNR	\$ -	\$ -
RX Administration	\$ 293,522	\$ 1,460,142
Plan Administration	\$ 540,347	\$ 2,425,405
Total Expenses	\$ 24,711,363	\$ 94,506,584
Net Income/(Loss)	\$ (1,928,118)	\$ 43,472,253

BALANCE SHEET

Assets	
Bank Account	\$ 14,695,349
State Treasury	\$ 88,583,540
Receivable from Provider	\$ -
Accounts Receivable	\$ 7,254,032
Due from ASE	\$ -
Total Assets	\$ 110,532,922
Liabilities	
Accounts Payable	\$ 875
Due to ASE	\$ -
Deferred Revenues	\$ -
Due to Federal Government (\$44 fee)	\$ -
Health IBNR	\$ 28,000,000
RX IBNR	\$ 1,400,000
Total Liabilities	\$ 29,400,875
Net Assets	\$ 81,132,047
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$20,000,000 rec'd from Dept. of Education)	\$ (11,666,667)
Premium Assistance (FICA Savings)	\$ (2,367,786)
Catastrophic Reserve (2015 \$10,900,000)	\$ (10,900,000)
Net Assets Available	\$ 56,197,595

Fifth Week of Claims \$4,396,467

Arkansas State Employees (ASE) Financials - January 1, 2014 through May 31, 2014

	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents						
Actives	24132	44292	1564	2895	2347	4552	28043	51739
Retirees	2460	3427	22	34	57	103	2539	3564
Medicare	8203	10869					8203	10869
TOTAL	34795	58588	1586	2929	2404	4655	38785	66172

REVENUES & EXPENDITURES

	Current Month	Year to Date (5 months)
Funding		
State Contribution	\$ 14,317,578	\$ 71,589,754
Employee Contribution	\$ 7,612,606	\$ 38,138,591
Other	\$ 490,573	\$ 2,943,587
Allocation for Actives - Plan Year 2014	\$ 2,154,167	\$ 10,770,833
Total Funding	\$ 24,574,924	\$ 123,442,765
Expenses		
Medical Expenses		
Claims Expense	\$ 17,694,349	\$ 75,245,794
Claims IBNR	\$ 1,500,000	\$ 1,500,000
Medical Administration Fees	\$ 1,246,105	\$ 5,659,013
Refunds	\$ 16,243	\$ 61,256
Employee Assistance Program (EAP)	\$ 56,164	\$ 281,094
Life Insurance	\$ 54,699	\$ 273,581
Pharmacy Expenses		
RX Claims	\$ 6,506,023	\$ 28,222,930
RX IBNR	\$ (600,000)	\$ (600,000)
RX Administration	\$ 276,111	\$ 1,292,869
Plan Administration	\$ 328,524	\$ 1,756,102
Total Expenses	\$ 27,078,219	\$ 113,692,640
Net Income/(Loss)	\$ (2,503,294)	\$ 9,750,125

BALANCE SHEET

Assets		
Bank Account		\$ 6,685,483
State Treasury		\$ 71,528,707
Due from Cafeteria Plan		\$ 668,305
Due from PSE		\$ -
Receivable from Provider		\$ -
Accounts Receivable		\$ 621,353
Total Assets		\$ 79,503,848
Liabilities		
Accounts Payable		\$ 2,903
Deferred Revenues		\$ 3,690
Due to Cafeteria		\$ -
Due to PSE		\$ -
Health IBNR		\$ 24,700,000
RX IBNR		\$ 1,800,000
Total Liabilities		\$ 26,506,593
Net Assets		\$ 52,997,255
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14	(\$7,460,000 + \$9,390,000 + \$9,000,000)	\$ (15,079,167)
Premiums for Plan Year 1/1/15 - 12/31/15	(\$6,260,000 + \$5,400,000)	\$ (11,660,000)
Premiums for Plan Year 1/1/16 - 12/31/16	(\$3,600,000)	\$ (3,600,000)
Catastrophic Reserve		\$ (10,600,000)
Net Assets Available		\$ 12,058,088

Fifth Week of claims totaled: \$4,417,656

Arkansas State Employees (ASE) Financials - January 1, 2015 through May 31, 2015

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	936	17		953	1626	33		1659
CLASSIC	1813	53		1866	3096	80		3176
PREMIUM	24364	2142		26506	42512	2775		45287
PRIMARY		217	8741	8958		443	11499	11942
TOTAL	27113	2429	8741	38283	47234	3331	11499	62064

REVENUES & EXPENDITURES

	Current Month	Year to Date (5 Months)
Funding		
State Contribution	\$ 14,368,748	\$ 71,799,592
Employee Contribution	\$ 8,061,863	\$ 40,297,033
Other	\$ 529,661	\$ 2,364,804
Allocation for Actives - Plan Year 2015	\$ 971,667	\$ 4,858,333
Total Funding	\$ 23,931,939	\$ 119,319,763
Expenses		
Medical Expenses		
Claims Expense	\$ 17,573,100	\$ 62,738,364
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,286,852	\$ 5,406,103
Refunds	\$ (57,286)	\$ (89,076)
Employee Assistance Program (EAP)	\$ 56,324	\$ 282,210
Life Insurance	\$ 54,927	\$ 275,145
Pharmacy Expenses		
RX Claims	\$ 8,513,182	\$ 28,994,713
RX IBNR	\$ -	\$ -
RX Administration	\$ 211,746	\$ 1,061,661
Plan Administration	\$ 261,307	\$ 1,805,691
Total Expenses	\$ 27,900,152	\$ 100,474,811
Net Income/(Loss)	\$ (3,968,213)	\$ 18,844,952

BALANCE SHEET

Assets	
Bank Account	\$ 10,087,892
State Treasury	\$ 81,194,016
Due from Cafeteria Plan	\$ 709,521
Due from PSE	\$ -
Receivable from Provider	\$ -
Accounts Receivable	\$ 105,433
Total Assets	\$ 92,096,861
Liabilities	
Accounts Payable	\$ 3,758
Deferred Revenues	\$ 2,050
Due to Cafeteria	\$ -
Due to PSE	\$ -
Due to Federal Government (\$44 fee)	\$ -
Health IBNR	\$ 24,700,000
RX IBNR	\$ 1,800,000
Total Liabilities	\$ 26,505,808
Net Assets	\$ 65,591,053
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000 + \$5,400,000)	\$ (6,801,667)
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)
Net Assets Available	\$ 44,789,387

Fifth Week of Claims \$4,824,735



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

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- Stem-Cell Article Update
- Alternate Provider Committee Update
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ELECTION OF NEW OFFICERS – Shelby McCook, Chairman

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Alexander reported the Alternate Provider Committee meet briefly to discuss meeting dates and times, as well as electing officers. Dr. Joseph Thompson was elected as the Chairman. A Vice-Chairman was not elected. There was discussion of inviting additional members with expertise in the area of Benefits.

BENEFITS DECISIONS FOR CALENDAR YEAR 2016 – Gaelle Gravot, Cheiron

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 - HSA plans: \$6,550/\$13,100 (ind/fam)

Arkansas State Employees & Public School Employees Health Benefits Program



Benefits Decisions for Calendar Year 2016

June 23, 2015
Board Meeting

John Colberg, FSA, MAAA
Gaelle Gravot, FSA, MAAA

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Mandatory Benefits Change for 2016



- Embedded in-network Out-of-Pocket (OOP) Maximum
 - Requires OOP Max on Individuals for all plans, all coverage tiers
 - Plans impacted: Classic and Basic
 - Financial Impact:
 - \$1 million for PSE
 - Negligible for ASE
- 2016 OOP Max limits:
 - Non-HSA plans: \$6,850/\$13,700 (ind/fam)
 - HSA plans: \$6,550/\$13,100 (ind/fam)



1. For family coverage, no person pays more than legal (non-HSA) limit
 - a. Advantage – less costly over time
 - b. Disadvantage – confusing since individual OOP Max different in single vs family coverage
2. Individual OOP Max for family coverage is same as individual
 - a. Advantage – easier to understand
 - b. Disadvantage – more costly (immaterial for 2016, but will grow over time)

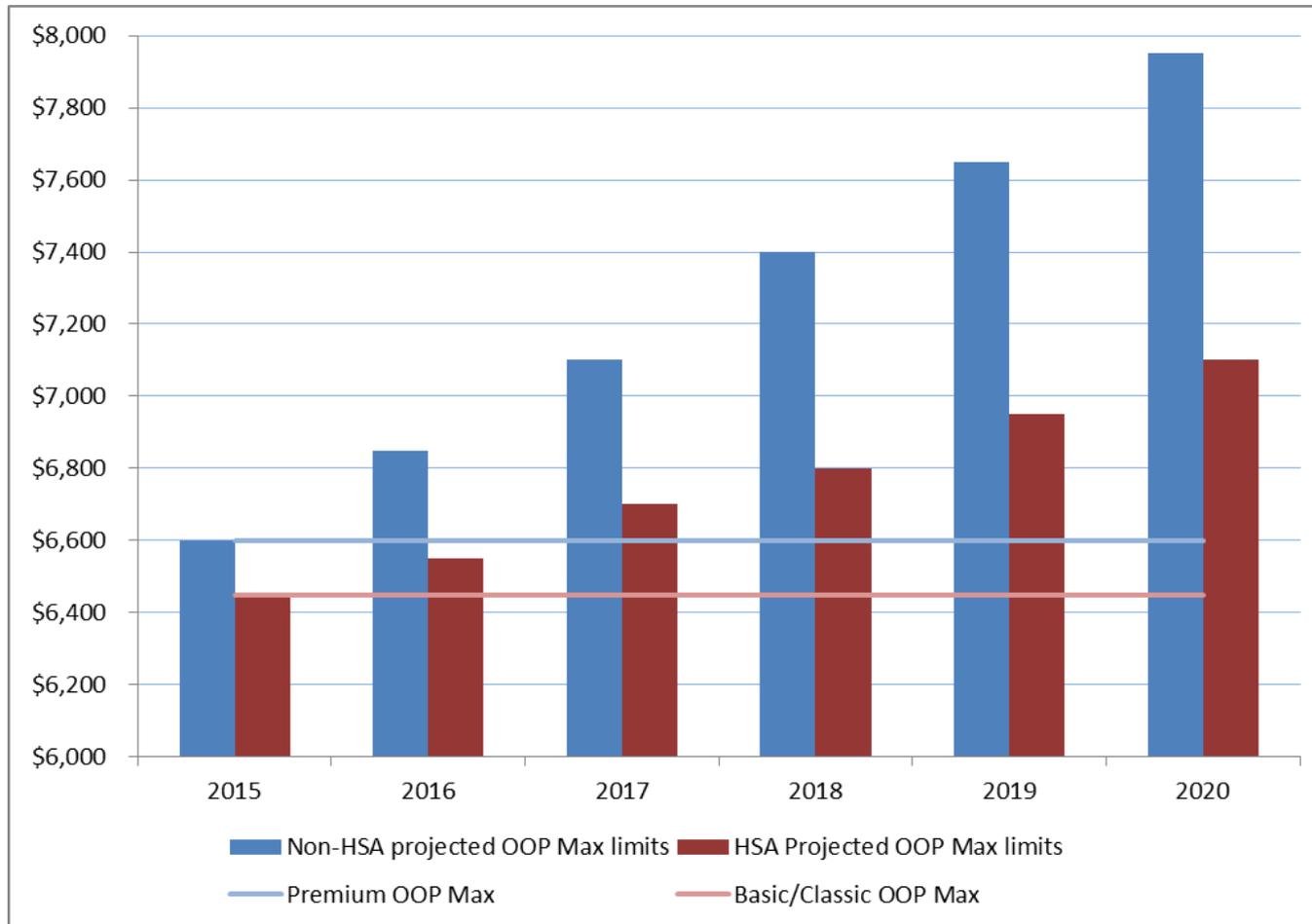


- PSE Employee in Basic
 - Assume employee with family coverage has \$35,000 in claims; dependents have no claims
 - Employee Pays:
 - Current plan: \$8,500 ded + \$4,400 coins = \$12,900
 - If ee only: \$4,250 ded + \$2,200 coins = \$6,450
 - Approach 1: \$6,850 ded = \$6,850
 - Approach 2: \$6,450 ded = \$6,450

ded = Deductible

coins = Co-Insurance

Indexing of OOP Max



Amounts beyond 2016 projected based on change from 2015-2016

Benefits under Consideration for 2016



- Index OOP Max to 2016 limits (not required)
- Harmonize PSE and ASE Premium benefits:
 - Change PSE Premium deductible to \$500/\$1,000
 - Change PSE Premium Medical and Rx OOP Max to \$3000/\$6,000 and \$3,600/\$7,200, respectively
 - 2016 Financial impact: \$6 million
- Offer \$0 generic for HSA qualifying preventive drugs
 - Currently applied for diabetics in disease management
 - Can apply to all plans (even premium), ASE and PSE
 - List of drugs qualifying for \$0 copay would need to be determined
 - All HSA preventive generic vs. a subset
 - In process of evaluating 2016 Financial impact

Indexing of OOP Max



- Current OOP Max (individual; family = 2x) set at 2015 maximums
 - Premium: \$6,600 = \$3,000 Medical + \$3,600 Rx
 - Classic/Basic: \$6,450
 - ASE Basic deductible = \$6,450
- For consideration
 - Increase OOP Max to 2016 levels? (not required)
 - For Classic & Basic?
 - For Premium?
 - Keep ASE Basic deductible = OOP max?
 - Lower administrative costs if no changes

Preventive Generic drug categories



- Hypertension (ACE inhibitor, Adrenergic agents, Beta-blockers, Calcium channel blockers, Diuretics)
- High cholesterol (e.g., Simvastatin)
- Diabetes (e.g, Glyburide)
- Irregular heartbeat (e.g., Quinidine sulfate)
- Blood thinning agent (e.g., Warfarin)
- Chest pain (e.g., nitroglycerin)



- 2014 experience:
 - Amount for 6.5% of ASE Rx plan pay (\$4.5 M out of \$69.6 M), or 31% of scripts
 - Amount for 4.5% of PSE Rx plan pay (\$2.2 M out of \$48.8 M), or 26% of scripts
 - If all Preventive Generics had been covered at 100%:
 - ASE Rx spending would have been \$5.6 M higher
 - PSE Rx spending would have been \$4 M higher
- Should be medical savings if compliance increases, but difficult to quantify
 - Per HFA report, high compliance in hypertension (97%) and statins (98%) among those who filled prescriptions



- Several Cheiron clients have \$0 generics for key conditions
- None implemented \$0 copays when reference pricing used
- Sometimes tied to compliance with disease management or evidence based medicine
 - Can include non-generics (such ASE/PSE current program of lancets, needles, syringes for diabetics; some include brand medications & test strips)
 - Per HFA report, diabetes compliance with evidence based guidelines is 13%-20%

Updated Projections for 12/31/2015



(as presented in May)

PSE

(In Millions \$)

	As of	12/31/2014	Updated Projection	12/31/2015	If Act/NME Med +5%	12/31/2015
Net Assets before IBNR	\$	75.4	\$	80.7	\$	73.5
IBNR Reserve		(29.4)		(33.5)		(33.5)
Reserve for Current and Future Premiums		(20.0)		(20.0)		(20.0)
Catastrophic Reserve		(11.1)		(10.9)		(10.9)
Net Assets Available	\$	14.9	\$	16.3	\$	9.1

ASE

(In Millions \$)

	As of	12/31/2014	Updated Projection	12/31/2015	If Act/NME Med +5%	12/31/2015
Net Assets before IBNR	\$	78.1	\$	78.6	\$	69.4
IBNR Reserve		(26.5)		(30.3)		(30.3)
Reserve for Current and Future Premiums		(15.3)		(3.6)		(3.6)
Catastrophic Reserve		(10.6)		(10.6)		(10.6)
Net Assets Available	\$	25.7	\$	35.5	\$	24.9

Projected Impact on Reserves



Additional 2016 Reserves to maintain Employee Contributions flat

Benefit Changes	ASE	PSE
None	+ \$12.2 M	+ \$6.5 M
Harmonize Premium Plan	+ \$0 M	+ \$6 M
Implement Individual OOP Max	+ \$0 M	+ \$1 M
Implement \$0 copay for Preventive generics (*)	+ \$5.6 M	+ \$ 4 M

(*) Estimates based on Premera (BCBS of WA) Preventive generic list applied to Ark 2014 experience.

Additional corresponding Allocated Reserves needed

Benefit Changes	ASE	PSE
None	+ \$17.2 M	+ \$13 M
Harmonize Premium Plan	+ \$0 M	+ \$12 M
Implement Individual OOP Max	+ \$0 M	+ \$2 M
Implement \$0 copay for Preventive generics (*)	+ \$11.2 M	+ \$8 M

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

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Projected Impact on Reserves



- Sensitivity of 12/31/2016 reserves to changes in trend
 - 1% change in non-Medicare medical trend changes projected 12/31/2016 reserves by
 - \$4.0 million for PSE
 - \$3.6 million for ASE
 - 1% change in Rx trend changes projected 12/31/2016 reserves by
 - \$1.3 million for PSE
 - \$1.7 million for ASE
 - The above figures represent change in reserves, not the new reserve allocation needed

CHEIRON



Classic Values, Innovative Advice.

***Cheiron** (pronounced $k\bar{\imath}'\cdot ron$), 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.*

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*		2014 Silver	with		without	
Premium												
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
Classic							2014 Bronze					
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
Basic							2014 Bronze					
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%		
Total Active & Ret (\$ mil)	\$281.9	\$86.6	\$0.0	\$78.3	\$117.0	\$3.8	\$96.2	\$20.8	22%	\$24.6	26%	56,827

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
Premium					2014 Silver			
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
Classic					2014 Bronze			
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
Basic					2014 Bronze			
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		
Premium												
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	
Classic						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	
Basic						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%			
Total Active & Ret (\$ mil)	\$291.3	\$173.3	\$11.6	\$106.3	\$2.5	\$94.8	\$11.6	12%	\$14.1	15%	39,574	

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
Premium					2014 Gold			
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
Classic					2014 Bronze			
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
Basic					2014 Bronze			
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		



- All projections assume no change in employee/retiree contributions
- Assumes no material benefit changes
- Baseline trend of 8% medical (Act/NME), 10% Rx, 5% medical (ME)
 - Sensitivity of trend at the end
 - Higher trend assumptions due to possibility that 2014 was abnormally low and Rx marketplace changes
- No migration among active employees
 - Allows for growing retirees consistent with recent history
- Medicare issues
 - About 4% of Medicare participants coded as non-Medicare; updated data in process
 - Longer claims lag, particularly in Medicare payments
 - Medicare claims in late 2014 spiked, likely due to transition

Appendix B: PSE Preliminary Active Rates



(Unadjusted – No Active Migration)

Actives	Unadjusted Total Rate	Direct State Contrib. & FICA	Reserve Used / (Added)	School District Contrib.	2016 Employee Cost with & without Wellness Credit		2015 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Credit				Assumed Enrollment
					with	without*		with		without		
Premium												
Employee Only	\$585.60	\$238.10	\$15.12	\$153.00	\$179.38	\$254.38	\$179.38	\$0.00	0%	\$0.00	0%	17,631
Employee & Spouse	1,297.48	311.95	19.81	153.00	812.72	887.72	812.72	0.00	0%	0.00	0%	346
Employee & Child(ren)	1,069.22	428.90	27.24	153.00	460.08	535.08	460.08	0.00	0%	0.00	0%	2,110
Family	1,781.08	764.61	48.55	153.00	814.92	889.92	814.92	0.00	0%	0.00	0%	464
Est. Monthly Total (\$mil)	\$13.9	\$5.6	\$0.4	\$3.1	\$4.8	\$0.1	\$4.8	\$0.0	0%	\$0.0	0%	20,551
Classic												
Employee Only	\$266.58	\$64.49	\$4.09	\$153.00	\$45.00	\$120.00	\$45.00	\$0.00	0%	\$0.00	0%	12,875
Employee & Spouse	554.54	51.53	3.27	153.00	346.74	421.74	346.74	0.00	0%	0.00	0%	1,256
Employee & Child(ren)	462.20	145.09	9.21	153.00	154.90	229.90	154.90	0.00	0%	0.00	0%	4,360
Family	750.16	232.06	14.74	153.00	350.36	425.36	350.36	0.00	0%	0.00	0%	2,723
Est. Monthly Total (\$mil)	\$8.2	\$2.2	\$0.1	\$3.2	\$2.6	\$0.1	\$2.6	\$0.0	0%	\$0.0	0%	21,214
Basic												
Employee Only	\$132.04	\$0.00	(\$31.96)	\$153.00	\$11.00	\$86.00	\$11.00	\$0.00	0%	\$0.00	0%	1,821
Employee & Spouse	240.08	0.00	(\$179.64)	153.00	266.72	341.72	266.72	0.00	0%	0.00	0%	108
Employee & Child(ren)	205.44	0.00	(\$66.72)	153.00	119.16	194.16	119.16	0.00	0%	0.00	0%	209
Family	313.48	0.00	(\$109.02)	153.00	269.50	344.50	269.50	0.00	0%	0.00	0%	221
Est. Monthly Total (\$mil)	\$0.4	\$0.0	(\$0.1)	\$0.4	\$0.1	\$0.0	\$0.1	\$0.0	0%	\$0.0	0%	2,359
Total (Monthly) (\$ mil)	\$22.4	\$7.7	\$0.4	\$6.8	\$7.6	\$0.2	\$7.6	\$0.0/\$0.0		0%0%		44,124
Est Annual Total (\$ mil)	\$269.1	\$92.7	\$4.5	\$81.0	\$90.8	\$2.0	\$90.8	\$0.0/\$0.0		0%0%		
Total Active & Ret (\$ mil)	\$308.3	\$92.7	\$6.5	\$81.0	\$128.1	\$2.0	\$128.1	\$0.0	0%	\$2.0	2%	58,516

*Already subtracted from Total Rates

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

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Classic Values, Innovative Advice.

Appendix B: PSE Preliminary NME Retiree Rates



(Unadjusted – No Active Migration)

NME Retirees	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2016 Retiree Cost	2015 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium								
Retiree Only	\$585.60	\$0.00	(\$55.54)	\$641.14	\$641.14	\$0.00	0%	1,575
Retiree & NME SP	1,297.48	0.00	(159.70)	1,457.18	1,457.18	0.00	0%	100
Retiree & Child(ren)	1,069.22	0.00	(123.38)	1,192.60	1,192.60	0.00	0%	15
Retiree & NME SP&CH	1,781.08	0.00	(227.56)	2,008.64	2,008.64	0.00	0%	8
Retiree & ME SP	761.42	0.00	(33.70)	795.12	795.12	0.00	0%	116
Retiree & ME SP & CH	1,245.04	0.00	(101.54)	1,346.58	1,346.58	0.00	0%	1
Est. Monthly Total (\$mil)	\$1.2	\$0.0	(\$0.1)	\$1.3	\$1.3	\$0.0	0%	1,815
Classic								
Employee Only	\$266.58	\$0.00	(\$1.36)	\$267.94	\$267.94	\$0.00	0%	1,326
Employee & Spouse	554.54	0.00	(0.14)	554.68	554.68	0.00	0%	213
Employee & Child(ren)	462.20	0.00	(7.62)	469.82	469.82	0.00	0%	40
Family	750.16	0.00	0.00	750.16	731.56	18.60	3%	35
Est. Monthly Total (\$mil)	\$0.5	\$0.0	\$0.0	\$0.5	\$0.5	\$0.0	0%	1,613
Basic								
Employee Only	\$132.04	\$0.00	(\$16.46)	\$148.50	\$148.50	\$0.00	0%	112
Employee & Spouse	240.08	0.00	(29.64)	269.72	269.72	0.00	0%	16
Employee & Child(ren)	205.44	0.00	(33.08)	238.52	238.52	0.00	0%	1
Family	313.48	0.00	(21.26)	334.74	334.74	0.00	0%	3
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	131
Total (Monthly) (\$ mil)	\$1.7	\$0.0	(\$0.1)	\$1.8	\$1.8	\$0.0	0%	3,559
Est Annual Total (\$ mil)	\$20.5	\$0.0	(\$1.4)	\$21.9	\$21.9	\$0.0		

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

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Appendix B: PSE Preliminary ME Retiree Rates



(Unadjusted – No Active Migration)

Medicare Eligible	Unadjusted Total Rate	Subsidy	Reserve Used / (Added)	2016 Retiree Cost	2015 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Retiree Only	\$175.82	\$52.32	\$24.70	\$98.80	\$98.80	\$0.00	0%	9,829
Retiree & NME SP	750.23	(33.69)	0.00	783.92	783.92	0.00	0%	86
Retiree & Child(ren)	712.91	(44.18)	0.00	757.10	757.10	0.00	0%	15
Retiree & NME SP&CH	1,371.29	(150.19)	0.00	1,521.48	1,521.48	0.00	0%	1
Retiree & ME SP	327.74	26.15	43.72	257.88	257.88	0.00	0%	902
Retiree & ME SP & CH	864.84	(23.74)	0.00	888.57	888.57	0.00	0%	0
Est. Monthly Total (\$mil)	\$2.1	\$0.5	\$0.3	\$1.3	\$1.3	\$0.0	0%	10,833
Total (Est. Annual)	\$25.2	\$6.4	\$3.4	\$15.4	\$15.4	\$0.0		

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

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Appendix B: ASE Preliminary Active Rates



(Unadjusted – No Active Migration)

Actives	Risk Adjusted Total Rate	State Contrib. & FICA	Reserve Used / (Added)	2016 Employee Cost with & without Wellness Credit		2015 Employee Cost	Change in EE Cost (\$/%) with & without Wellness Credit				Assumed Enrollment	
				with	without*		with		without			
Premium												
Employee Only	\$450.86	\$323.72	\$22.36	\$104.78	\$179.78	\$104.78	\$0.00	0%	\$0.00	0%	14,532	
Employee & Spouse	1,000.12	580.92	40.12	379.08	454.08	379.08	0.00	0%	0.00	0%	2,374	
Employee & Child(ren)	780.94	534.02	36.88	210.04	285.04	210.04	0.00	0%	0.00	0%	5,556	
Family	1,330.22	791.23	54.65	484.34	559.34	484.34	0.00	0%	0.00	0%	2,174	
Est. Monthly Total (\$mil)	\$16.2	\$10.8	\$0.7	\$4.6	\$0.1	\$4.6	\$0.0	0%	\$0.0	0%	24,636	
Classic												
Employee Only	\$389.32	\$320.69	\$22.15	\$46.48	\$121.48	\$46.48	\$0.00	0%	\$0.00	0%	1,108	
Employee & Spouse	856.90	574.22	39.66	243.02	318.02	243.02	0.00	0%	0.00	0%	153	
Employee & Child(ren)	670.32	524.63	36.23	109.46	184.46	109.46	0.00	0%	0.00	0%	322	
Family	1,137.90	778.16	53.74	306.00	381.00	306.00	0.00	0%	0.00	0%	202	
Est. Monthly Total (\$mil)	\$1.0	\$0.8	\$0.1	\$0.2	\$0.0	\$0.2	\$0.0	0%	\$0.0	0%	1,784	
Basic												
Employee Only	\$341.94	\$319.85	\$22.09	\$0.00	\$75.00	\$0.00	\$0.00	n/a	\$0.00	0%	530	
Employee & Spouse	744.44	572.42	39.54	132.48	207.48	132.48	0.00	0%	0.00	0%	92	
Employee & Child(ren)	583.82	519.76	35.90	28.16	103.16	28.16	0.00	0%	0.00	0%	113	
Family	986.32	772.34	53.34	160.64	235.64	160.64	0.00	0%	0.00	0%	121	
Est. Monthly Total (\$mil)	\$0.4	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	\$0.0	0%	856	
Total (Monthly) (\$ mil)	\$17.6	\$11.9	\$0.8	\$4.9	\$0.1	\$4.9	\$0.0/\$0.0		0%0%		27,276	
Est Annual Total (\$ mil)	\$211.2	\$143.0	\$9.9	\$58.4	\$1.2	\$58.4	\$0.0/\$0.0		0%0%			
Total Active & Ret (\$ mil)	\$285.0	\$176.8	\$12.2	\$96.0	\$1.2	\$96.0	\$0.0	0%	\$1.2	1%	38,809	

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

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Appendix B: ASE Preliminary NME Retiree Rates



(Unadjusted – No Active Migration)

NME Retirees	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2016 Retiree Cost	2015 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium								
Retiree Only	\$450.86	\$179.80	\$12.42	\$258.64	\$258.64	\$0.00	0%	1,792
Retiree & NME SP	1,000.12	316.26	21.84	662.02	662.02	0.00	0%	469
Retiree & Child(ren)	780.94	283.42	19.58	477.94	477.94	0.00	0%	105
Retiree & NME SP&CH	1,330.22	419.90	29.00	881.32	881.32	0.00	0%	39
Retiree & ME SP	840.44	318.65	22.01	499.78	499.78	0.00	0%	221
Retiree & ME SP & CH	1,170.52	422.27	29.17	719.08	719.08	0.00	0%	7
Est. Monthly Total (\$mil)	\$1.6	\$0.6	\$0.0	\$1.0	\$1.0	\$0.0	0%	2,632
Classic								
Employee Only	\$389.32	\$176.77	\$12.21	\$200.34	\$200.34	\$0.00	0%	35
Employee & Spouse	856.90	309.56	21.38	525.96	525.96	0.00	0%	16
Employee & Child(ren)	670.32	274.03	18.93	377.36	377.36	0.00	0%	4
Family	1,137.90	406.82	28.10	702.98	702.98	0.00	0%	5
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	61
Basic								
Employee Only	\$341.94	\$175.93	\$12.15	\$153.86	\$153.86	\$0.00	0%	10
Employee & Spouse	744.44	307.76	21.26	415.42	415.42	0.00	0%	6
Employee & Child(ren)	583.82	269.17	18.59	296.06	296.06	0.00	0%	-
Family	986.32	401.00	27.70	557.62	557.62	0.00	0%	4
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	20
Total (Monthly) (\$ mil)	\$1.7	\$0.6	\$0.0	\$1.0	\$1.0	\$0.0	0%	2,713
Est Annual Total (\$ mil)	\$19.8	\$7.3	\$0.5	\$12.0	\$12.0	\$0.0		

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

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Appendix B: ASE Preliminary ME Retiree Rates



(Unadjusted – No Active Migration)

Medicare Eligible	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2016 Retiree Cost	2015 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Retiree Only	\$389.58	\$212.91	\$14.71	\$161.96	\$161.96	\$0.00	0%	6,069
Retiree & NME SP	840.44	257.32	17.78	565.34	565.34	0.00	0%	402
Retiree & Child(ren)	770.31	363.92	25.13	381.26	381.26	0.00	0%	63
Retiree & NME SP&CH	1,268.93	453.01	31.28	784.64	784.64	0.00	0%	31
Retiree & ME SP	755.26	343.52	23.72	388.02	388.02	0.00	0%	2,232
Retiree & ME SP & CH	1,136.00	494.52	34.16	607.32	607.32	0.00	0%	22
Est. Monthly Total (\$mil)	\$4.5	\$2.2	\$0.2	\$2.1	\$2.1	\$0.0	0%	8,820
Total (Est. Annual)	\$54.0	\$26.5	\$1.8	\$25.7	\$25.7	\$0.0		

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

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Appendix C: 2015 Plan Design (vs 2014)



	2014 Gold	ASE Premium	PSE Premium	2014 Bronze	ASE Classic	PSE Classic	ASE Basic	PSE Basic
<i>Yellow highlight means the coverage is changed</i>								
Monthly Plan HSA Contribution (Ind./Family)	n/a	n/a	n/a	\$0	\$25/\$50	\$0	\$25/\$50	\$0
In-Network:								
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					
Out-of-Network:								
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

Appendix D – Use & Disclosures



- The assumptions and methods for updated projections are as described on our monitoring reports dated February 16, 2015. 2015 projections do not reflect any updated claims experience since the rates were established in 2015.
- 2016 projections are based on Calendar Year 2014 claim experience, paid through April 2014, adjusted for demographic, benefits, and network changes. All projections for 2016 are illustrative and are not intended to convey any projected rate changes. Additional details about assumptions and methods will be provided in follow-up documentation.
- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the Plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information, and claims data. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 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.