AGENDA

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

March 7, 2014

9:00 a.m.

EBD Board Room – 501 Building, Suite 500

I.	*Call to Order*	*Gwen Wiggins, Chairman*
II.	*Approval of February 21, 2014 Minutes*	*Gwen Wiggins, Chairman*
III.	*Medicare Advantage*	*Bob Walt, Humana*
IV.	*Cheiron Update*	*John Colberg, Cheiron*
VI.	*Director's Report*	*Bob Alexander, EBD Executive Director*

Upcoming Meetings

April 11th

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 Benefits Sub-Committee Minutes March 7, 2014

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on March 7, 2014 in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present	Members Absent
Gwen Wiggins	Jeff Altemus
Janis Harrison	
Carla Wooley-Haugen	
Becky Walker	
Shelby McCook	
Dr. John Kirtley	
Dan Honey	

Bob Alexander, Executive Director, Employee Benefits Division (EBD)

Others Present

Senator David Pryor, Dwight Davis, UAMS; Michelle Hazelett, Marla Wallace, Doug Shackelford, Lori Eden, Stella Greene, Tammy McGill, Ethel Whittaker, Leslie Smith, Janna Keathley, EBD; Mark Meadors, BYSI; Takisha Sanders, Kathy Ryan, Kanita Collins, David Bridges; ABCBS/Health Advantage; Ro Summers, ACHI; Mark Watts, ASEA; BJ Himes, Andra Kaufman, QualChoice; Ronda Walthall, AHTD; Bob Walt, Humana; Treg Long, ACR; Diann Shoptaw, Mark Chambers, Compsych; Bill Clary, H & H; Alicia Hayden, CTRX; Rhonda Hill, ACHI

Call to Order

The meeting was called to order by Gwen Wiggins, Chairman

Approval of Minutes

A request was made by Wiggins to approve the February 21, 2014 minutes. Harrison made the motion to approve. Honey seconded. All were in favor.

Minutes approved

MEDICARE ADVANTAGE by *Bob Walt, Humana*

Walt reported on Medicare Advantage Plans. A customized Group Medicare Advantage solution has helped a large number of state health plans and retirement systems (covering state, police, fire and teachers) provide Medicare-eligible retirees/dependents/survivors with enhanced and affordable retiree medical benefits.

At the same time, the annual cost and liabilities associated with these retiree health plans have been significantly reduced with our lowering benefits, restricting eligibility and/or increasing retiree contributions. What is Medicare Advantage?

- National health insurance program for elderly and disabled. First enrollees in 1966.
- Covers over 50 million beneficiaries today – 15.9 million (30%) in MA
- Consists of four parts.

Part	**Covered Services**
A	IP Hospital, SNF
B	OP Hospital, Physician
C*****	**Medicare Advantage (**Private plan options covering Parts A,B and D services)
D******	Prescription Drug

Medicare Advantage plans can be medical only or medical and pharmacy. Most states are participating in both.

CMS pays private plans risk – adjusted monthly capitation payments at the county level based on a rate book developed from original Medicare cost in each county with the potential for additional quality bonuses.

CMS pays private plans risk adjusted monthly capitation payments based upon regional benchmarks and plan bids. Plans receive additional payments for catastrophic claims.

Strong growth in Medicare Advantage Market continues. Medicare beneficiaries are growing and more seniors are choosing Medicare Advantage. In 2005, there were approximately 44 million Medicare beneficiaries. In 2014, it is estimated to have about 50 million beneficiaries in the plan.

In 2005, about 6 million seniors choose Medicare Advantage. In 2013, it was estimated to have about 14 million seniors choosing Medicare Advantage. Currently, there are over 15 million Medicare beneficiaries nationwide participating in Medicare Advantage. This is 30% of the total eligible population. Arkansas has 107,000 Medicare beneficiaries participating in Medicare Advantage. This is the medical and pharmacy plan.

“What is Medicare Advantage”? Traditional Medicare and AR Health Medicare Secondary customized in a Medicare Advantage Plan where there’s no reduction in the current benefits. Take the existing benefits, Medicare and the state benefits customize those in a Medicare Advantage plan to include: behavior health, disease management, wellness, silver sneakers, and free gym membership.

McCook requested to cover logistics. Currently we are covered by Medicare and pay premiums for part B, and AR Benefits. “With Medicare Advantage will there be one (1) premium”?

Walt reported that there is a premium for Part B. Typical the premium for medical and pharmacy. As a state retiree, you would contribute to medical and pharmacy. With Medicare Advantage, there will be a reduction in premium.

Walt reported when designing a Medicare Advantage program the federal government requires that Parts A & B are duplicated and there is no reduction in benefits.

Honey reported for Parts A & B the benefits will remain the same. Currently if you have a hospital claim Medicare CMS pays the claim. With Medicare Advantage, Medicare will contract that responsibility to the Medicare Advantage Company. The Company will administer the claims. This is the only change. The benefits remain the same.

Honey reported for a Medicare Advantage plan there is usually one (1) Payer. In terms this will give the retirees lower premiums.

Honey reported this will not be feasible for 2015. Honey requested the summary information for the next meeting or before the next meeting.

Alexander reported April 11 will be the earliest to meet with the consultants.

CHEIRON UPDATE *by John Colberg, Cheiron*

Colberg reported on a recap on last year's decisions. Reduced Gold, Silver, and Bronze benefits to limit contribution increase:

- Increase deductible for Silver and Bronze
- Increase out-of-pocket max for all plans
- Increase physician and pharmacy copays for Gold and Silver
- Medical co-pays contribute to out-of-pocket Max

No change to Medicare benefits:

- Contribution increase in lieu of benefit reduction

For PSE:

- Additional $43 million funding from the State (one time event)
- 10% increase in contribution rates for actives
- $5 per adult surcharge built into premium to rebuild Catastrophic Reserve

For ASE:

- About 1% increase in contribution rates for actives
- Allocate $18 million of new reserve ($9 million for 2014, $5.4 million for 2015, $3.6 million for 2016)

The ASE updated projections for December 31, 2014 are as follows:

As of	12/31/2013	12/31/2014
Net Assets before IBNR	$79.6	$55.1
IBNR Reserve	$(25.6)	$(25.6)
Reserve for Current and Future Premiums	$(41.1)	$(15.3)
Catastrophic Reserve	$(10.1)	$(10.6)
Net Assets Available	**$2.9**	**$3.6**

Projected Assets	$73.6	$51.4
Projected IBNR Reserve	$(24.3)	$(25.6)
Reserve for Current and Future Premiums	$(23.1)	$(15.3)
Catastrophic Reserve	$(9.0)	$(10.0)
Projected Net Assets	**$17.2**	**$0.5**

Funding with Reserve Allocation	$291.2	$294.5
Claims & Expenses	$292.3	$293.2
Net Income/(Loss)	**$(1.1)**	**$1.3**

The PSE updated projections for December 31, 2014 are as follows:

Net Assets before IBNR	$70.3	$38.0
IBNR Reserve	$(29.8)	$(29.8)
Reserve for Current and Future Premiums	$(43.0)	$(0.0)
Catastrophic Reserve	-	$(8.2)
Net Assets Available	**$(2.5)**	**-**

Projected Assets	$40.5	$32.2
Projected IBNR Reserve	$(28.5)	$(29.2)
Reserve for Current and Future Premiums	$(3.6)	-
Catastrophic Reserve	$(8.5)	$(2.4)
Projected Net Assets	**$17.2**	**$0.5**

Funding with $43 M St. Contribution 2014	$287.6	$314.6
Expenses	$309.4	$303.9
Net Income/(Loss)	**$(21.8)**	**$10.7**

Migration toward cheaper plans lowers the total monthly premium but will likely increase the required rates of all plans (Gold, Silver, and Bronze).

Migration tends to accelerate when:

- Employee contribution differential between plans increases
- Employee contributions increase significantly
- Benefits are perceived to be reduced more in the more expensive plans
- Enrollment/re-enrollment is required (for example: new hires, retirements)

Migration tends to be minimal when:

- Employee contributions don't change significantly (or decrease)
- Benefits are perceived to be reduced more in the less expensive plans
- No action is required from employees/retirees
- Changes are not well communicated

Shackelford also reported EBD has case management, disease management, and utilization management. The quarterly report was recently prepared by Arkansas Health Holding. As a result to their services there is a $15 million savings. A reduction in large claims also contributed to the savings. The Plan must sustain a 60% actuarial value with the reduction of benefits to stay in compliance with the ACA. Our Bronze plan is currently 71% actuarial value.

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

Shackelford reported EBD continues to work closely with the Taskforce. As we receive information we will keep you informed.

Meeting adjourned

Discussion of Medicare Advantage

State of Arkansas

Employee Benefits Division

Benefits Sub-Committee Meeting

March 7, 2014

An Idea to Consider

- A customized Group Medicare Advantage solution has helped a large number of state health plans and retirement systems (covering state , police, fire and teachers) provide Medicare-eligible retirees/dependents/survivors with enhanced and affordable retiree medical benefits
- At the same time, the annual costs and liabilities associated with these retiree health plans have been significantly reduced without lowering benefits, restricting eligibility and/or increasing retiree contributions

What is Medicare Advantage?

Medicare Program

- National health insurance program for elderly and disabled. First enrollees in 1966
- Covers over 50 million beneficiaries today - 15.9 million (30%) in MA
- Consists of four parts:

Part	Covered Services
A	IP Hospital, SNF
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C *	**Medicare Advantage** (Private plan options covering Parts A, B and D services)
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Notes:

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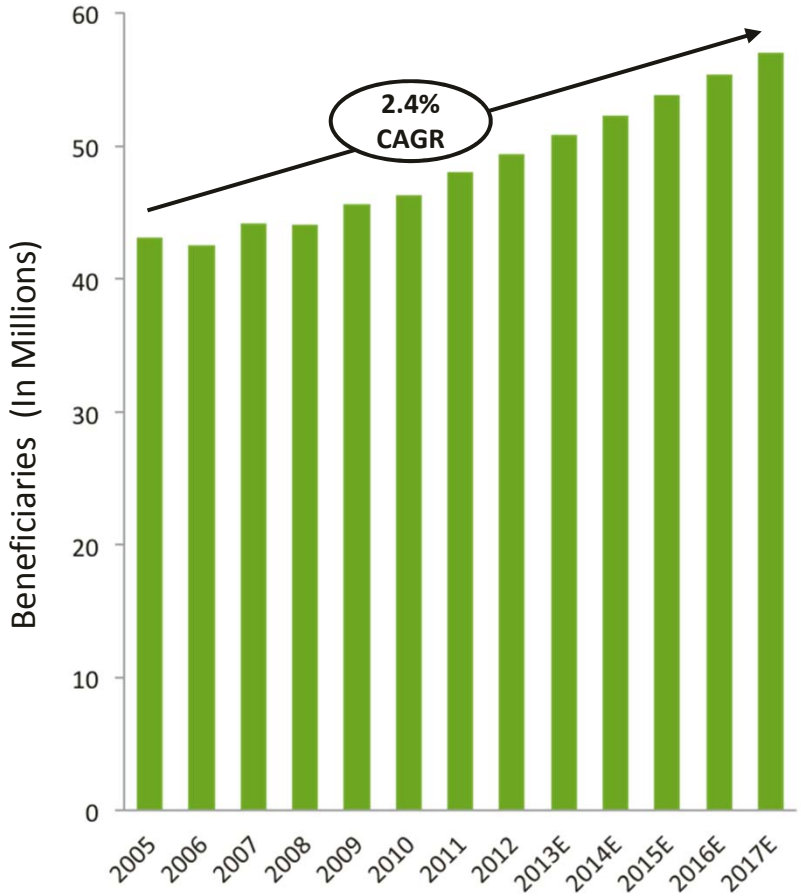
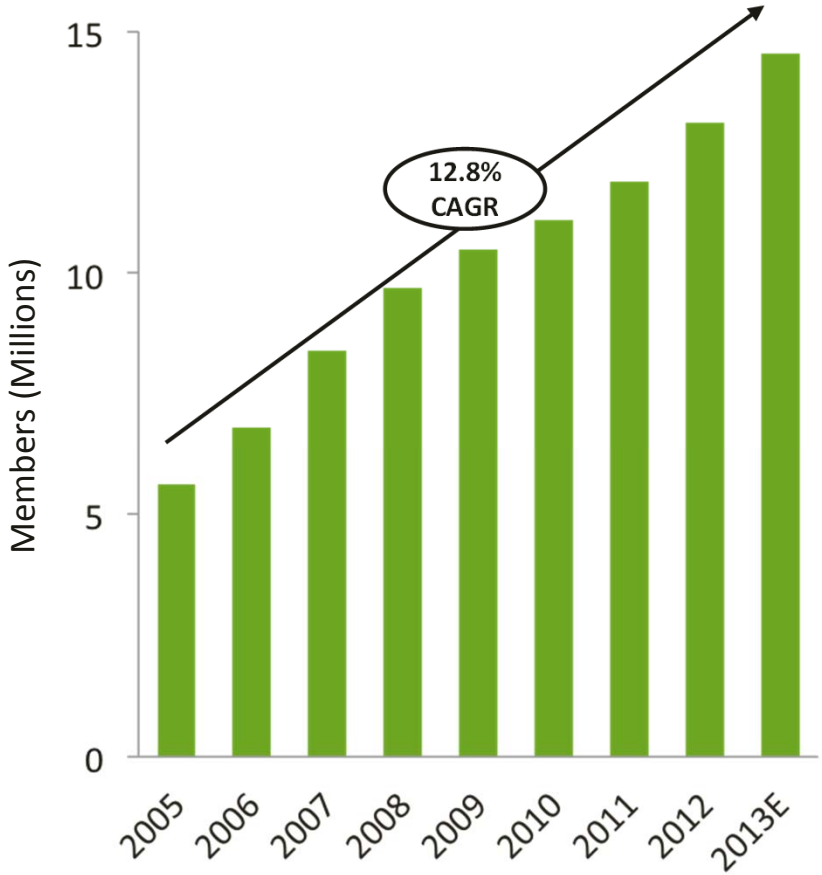
Strong Growth in Medicare Advantage Market Continues

Medicare Beneficiaries Are Growing

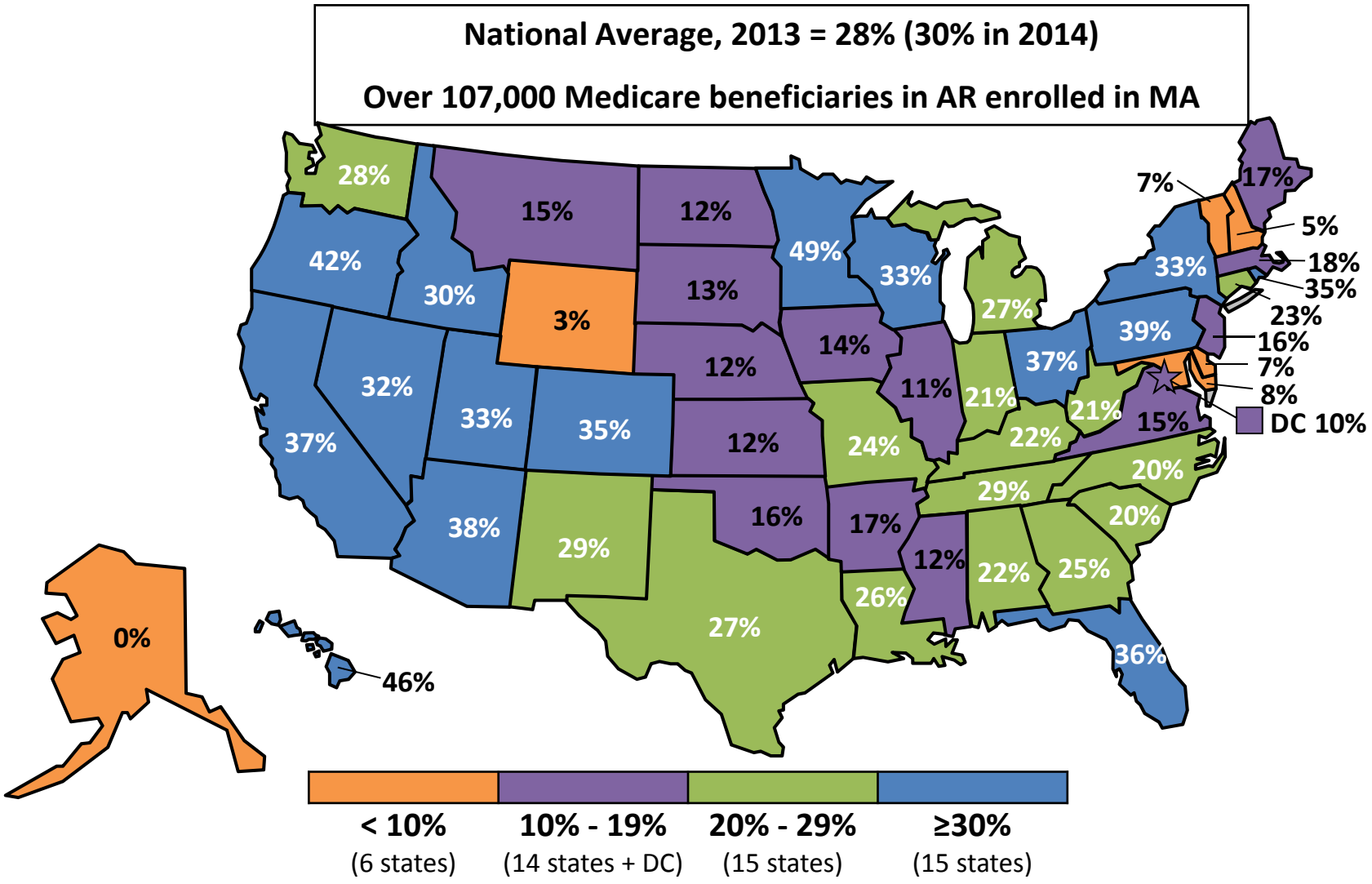


And More Seniors Are Choosing Medicare Advantage



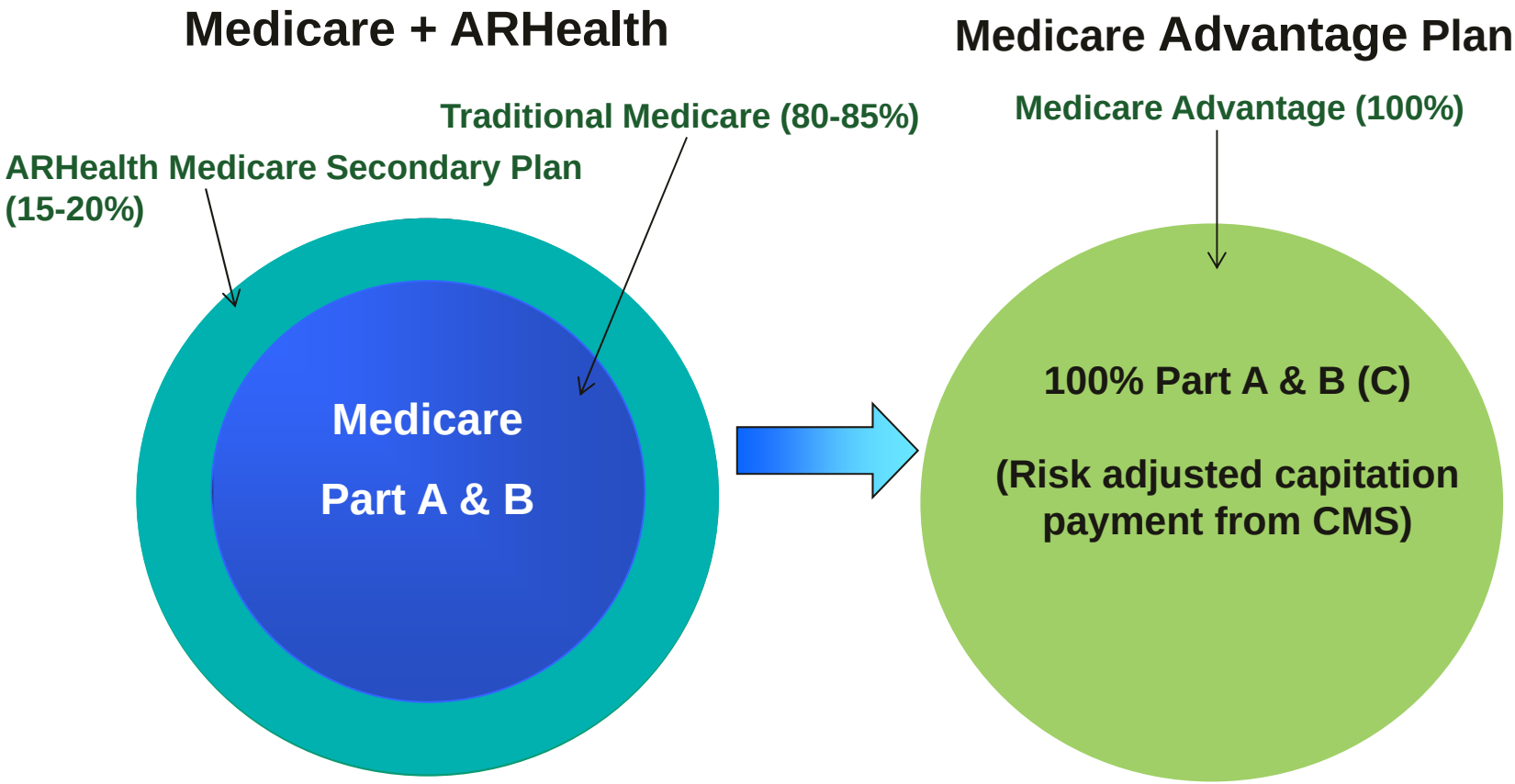
Source: April 22, 2010 Letter from the CMS Office of the Actuary (total expected enrollments); Kaiser Family Foundation (MAPD Penetration)

Share of Medicare Beneficiaries Enrolled in Medicare Advantage Plans, by State, 2013



NOTE: Includes MSAs, cost plans and demonstrations. Includes Special Needs Plans as well as other Medicare Advantage plans.
SOURCE: MPR/Kaiser Family Foundation analysis of CMS State/County Market Penetration Files, 2013.

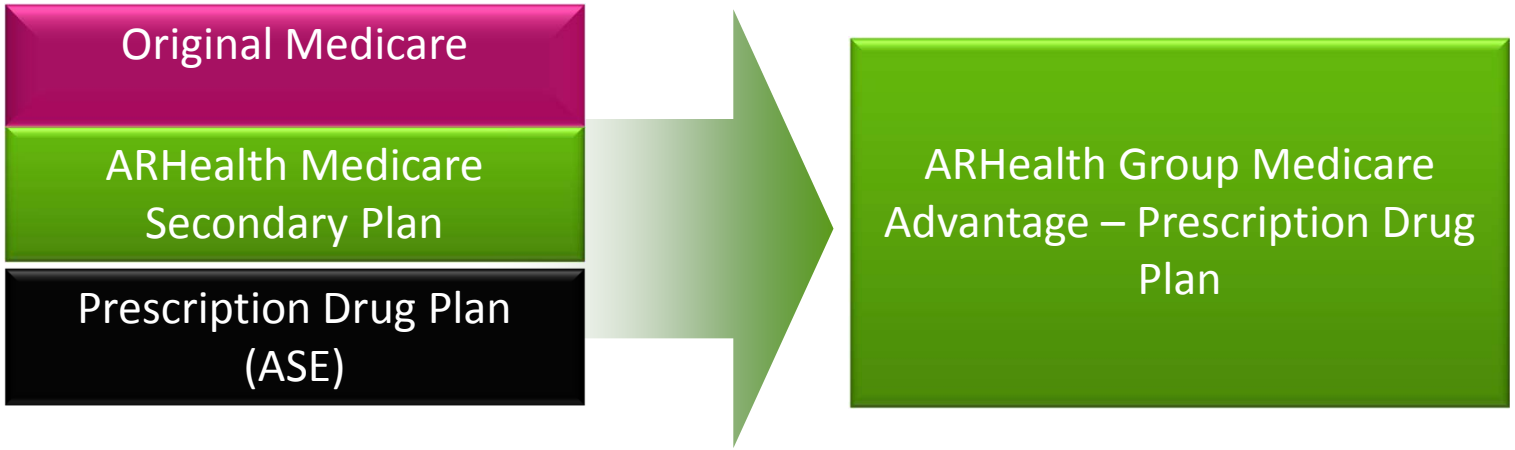
Medicare + ARHealth Medicare Secondary vs. Medicare Advantage



Examples of Medicare Advantage enhancements include:

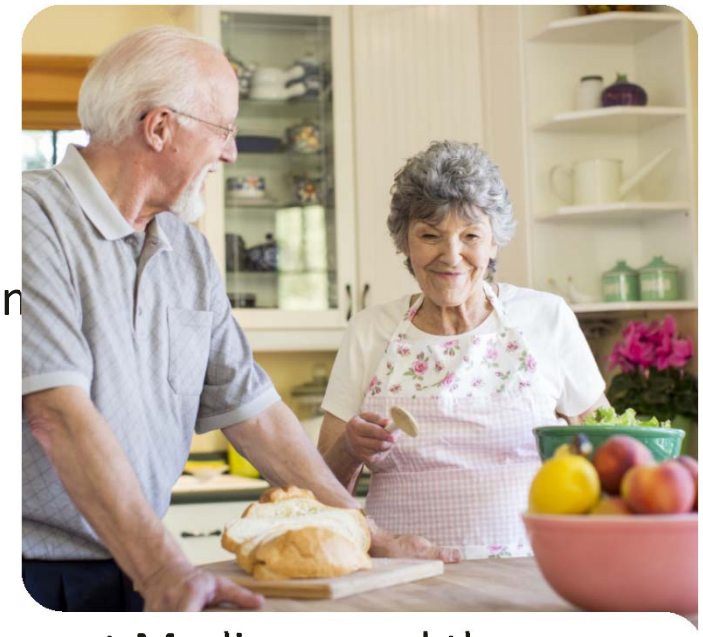
- **Comprehensive wellness/physical fitness**
- **Integrated behavioral health/medical/prescription drug program**
- **Full spectrum of senior-focused care management**
- **Focus on "whole person" that improves quality and lowers cost**

Overview of Idea



- Customized and integrated Group Medicare Advantage solution
- All the benefits of Original Medicare plus ARHealth Medicare Secondary and Prescription Drug Plan (ASE) with annual maximum out of pocket limits
- Many enhancements to include senior-focused prevention and clinical programs (e.g. care coordination, in-home care, Silver Sneakers, etc.)
- Potentially much lower cost for the EBD and state/teacher retirees and survivors

Impact on Retirees



- Mirror existing Medicare, Medicare Prescription Drug Ben
- Enhanced benefits to include wellness, and clinical programs
- Member-centric care coordination
- Freedom to use all health care providers that accept Medicare and the terms of Medicare Advantage
- Single ID card
- Single dedicated claims and customer service team
- Potentially much lower retiree and survivor cost

Making MA a Value-based Solution

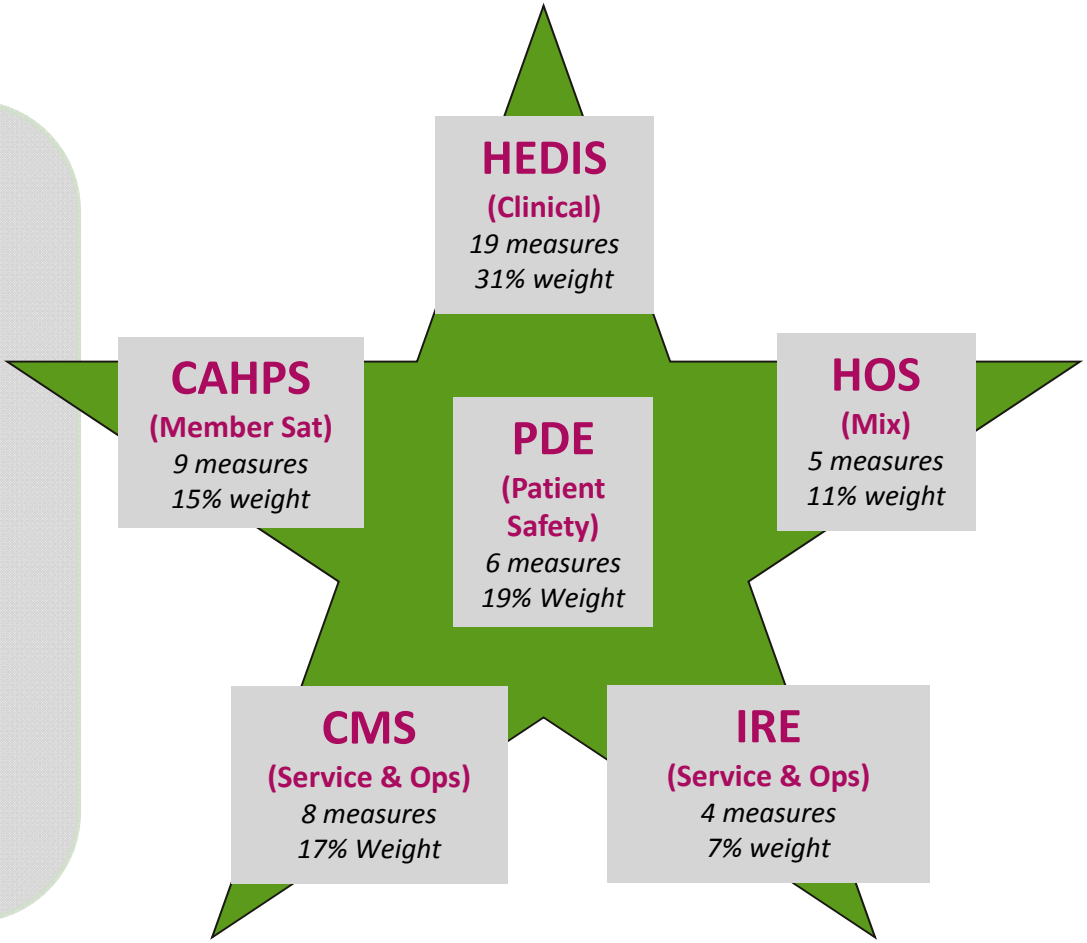
The Revenue Side of the Equation – Key Drivers

- Accurate Medicare Risk Adjustment Scores
- CMS Star Quality Rating Scores (Value-based health care)
- Integration of medical and Part D
  - Improved MRA process and effectiveness of clinical/wellness programs

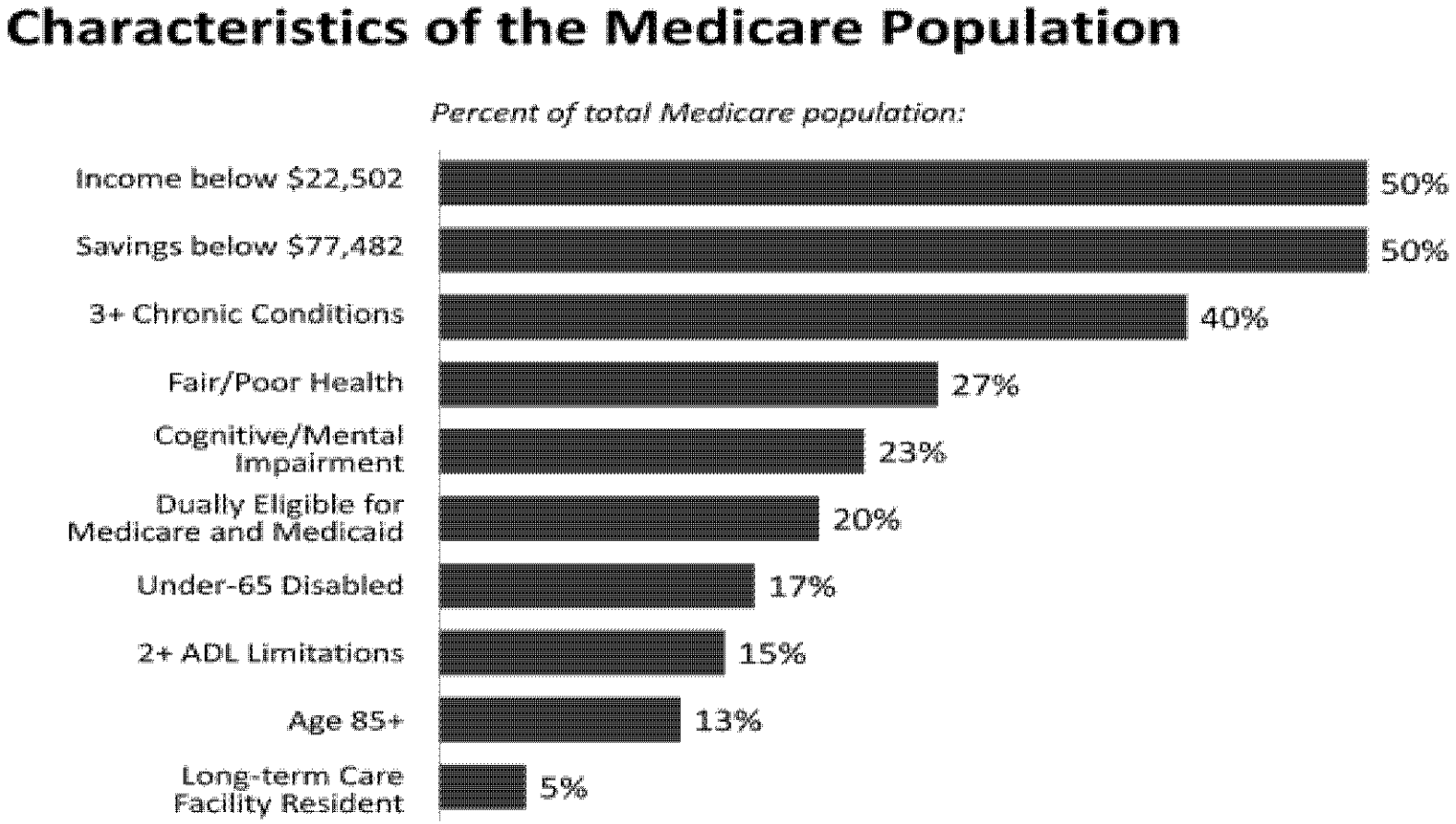
Proposed Star Measures – Bonus Year 2016

Five-Star Quality Rating System for Medicare Advantage (MA) and Prescription Drug Plans (PDPs) is determined by data from these 6 sources:

- **HEDIS** – Healthcare Effectiveness Data & Information Set
  (ex. % of members 50-75 who had appropriate colorectal cancer screening)
- **CAHPS** – Consumer Assessment of Healthcare Providers & Systems
  (ex. Overall Rating of Health Plan)
- **CMS** administrative data on plan quality and member satisfaction
  (ex. % of complaints about the health plan)
- **HOS** – Healthcare Outcomes Survey
  (ex. Improving or maintaining mental health)
- **IRE** – Independent Review Entity
  (ex. Reviewing Appeal Decisions by a 3rd party entity)
- **PDE** – Prescription Drug Event
  (ex. Medication Adherence for oral diabetes meds)



View of the Medicare-eligible Population



NOTE: ADL is activity of daily living.
SOURCE: Urban Institute and Kaiser Family Foundation analysis, 2012; Kaiser Family Foundation analysis of the Centers for Medicare & Medicaid Services Medicare Current Beneficiary 2009 Cost and Use file.

Cost of Care Strategy

*Our holistic approach, together with the scale needed to execute in a post-reform environment, positions us well to deal with wasteful spending in the health system that has been estimated at more than half of all health spending**

1% to 2%

Early Identification

- Humana Health Assessment
- Predictive modeling

3% to 4%

Clinical Integration & Guidance

- Provider guidance
- Clinician-based support
- Wellness and productivity
- Pharmacy solutions

7% to 10%

Provider Contracting

- Efficient physician networks
- Efficient hospital contracting
- Discounts for free-standing facilities and ancillary services

1% to 2%

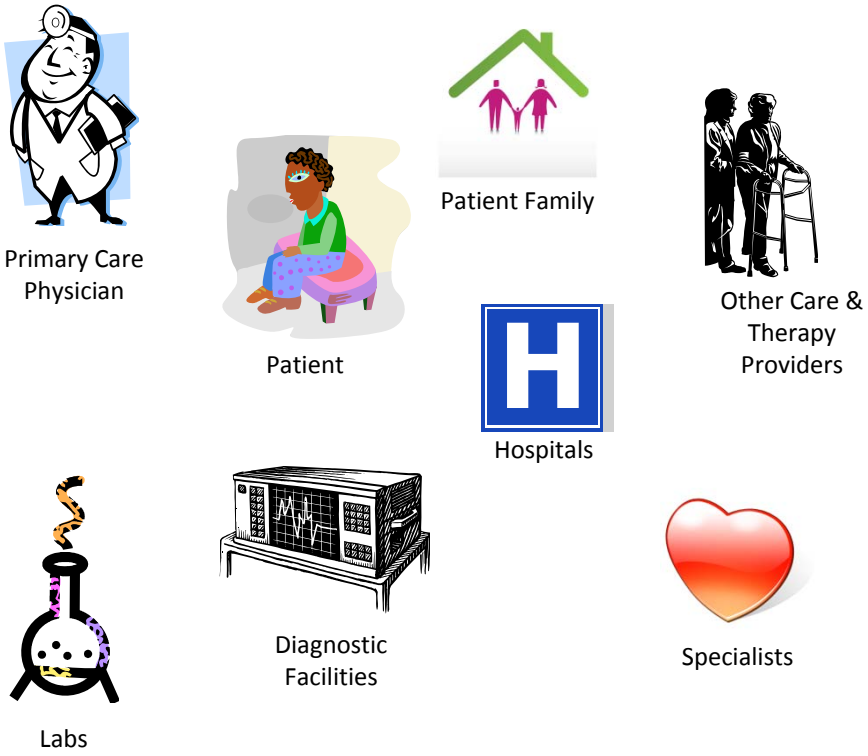
Claims Cost Management

- Consistent application of Medicare-published local coverage determinations
- Timely DRG audits and recoveries
- Specialized physician billing review software
- Observation status review
- Fraud detection

- PricewaterhouseCoopers' Health Research Institute, 2008

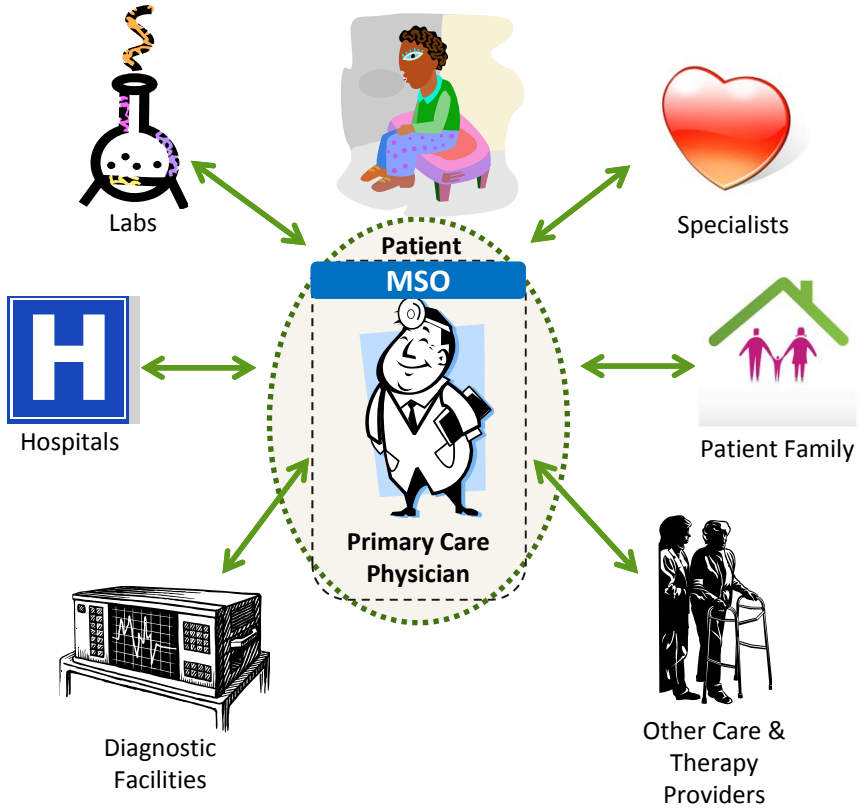
Models of Care

Traditional (FFS) Model



Dis-integrated. Episodic. Conflicted.

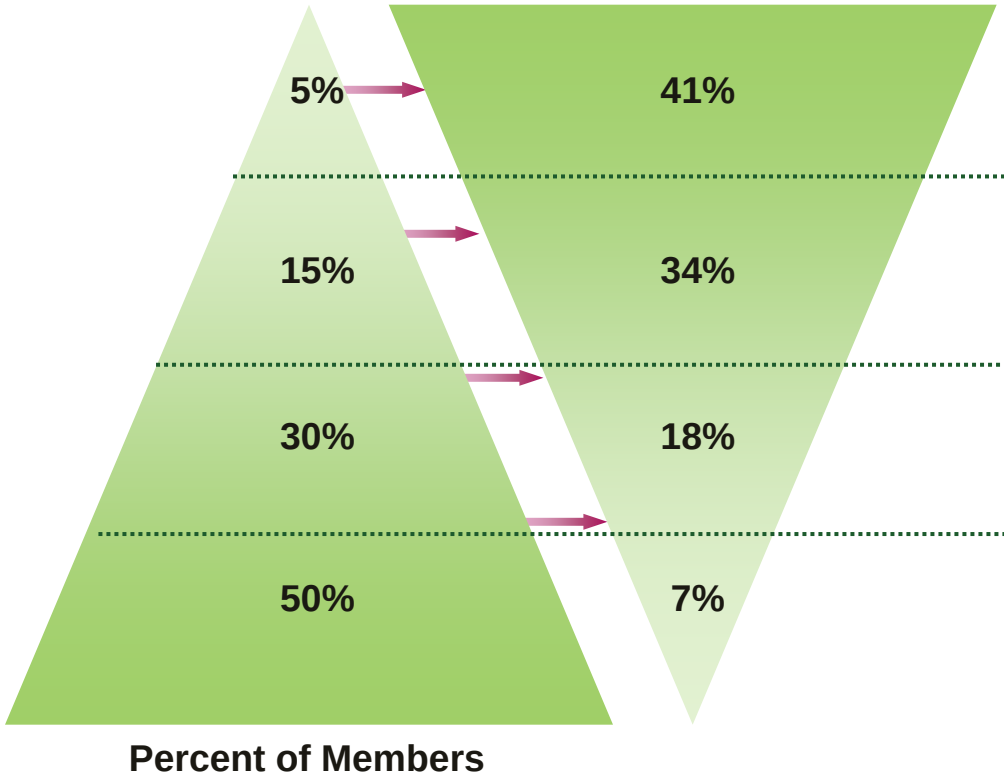
Integrated Care Model



Patient-focused. Primary care-centric. Proactive.

Senior Health Care Costs and Appropriate Levels of Support

We are focused in managing high cost / high acuity patients both Acute and Chronic



Engagement Methods

HCCP – Onsite Visits, Senior Case Management Medication Therapy Management, IMBH, Humana Health Alert, Guidance Centers, HAO, Seminars, Web & Print Guidance

Humana Chronic Care Program (HCCP), Senior Case Management, Medication Therapy Management, IMBH Humana Health Alert, Guidance Centers, HAO, Seminars, Web & Print Guidance

Medication Therapy Management, Integrated Medical-Behavioral Health (IMBH), Humana Health Alert, Guidance Centers, HAO, Seminars, Web & Print Guidance

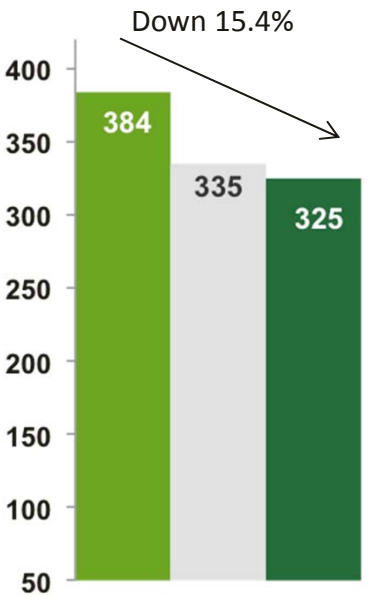
Humana Health Alert, Guidance Centers, Humana, Active Outlook (HAO), Seminars, Web & Print Guidance

*Claims paid cost based off of CY 2011 data

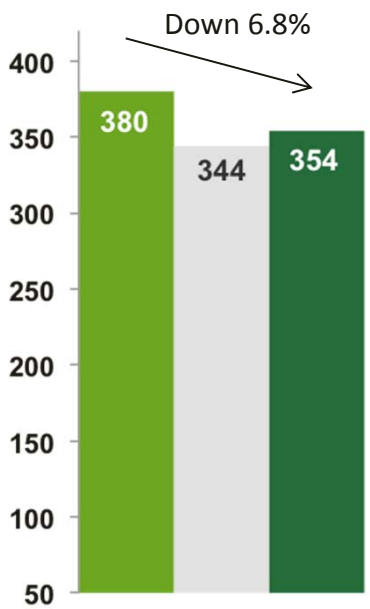
Value of Integrated Care Model to Group Medicare

After joining Humana in 2010, this customer experienced decreased utilization among **acute hospital admits, ER visits** and **specialty visits** and more use of **primary care** as compared to its previous carrier

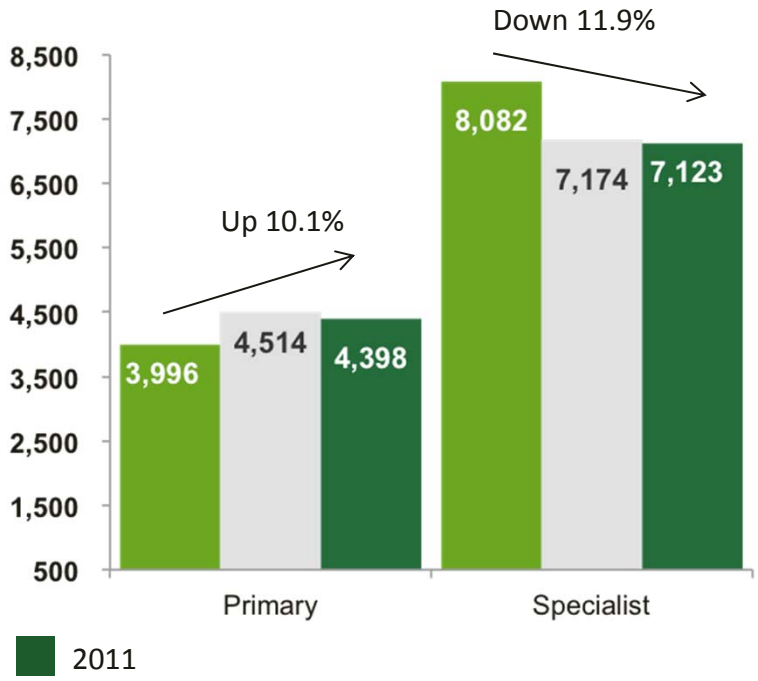
Acute Hospital Admits per Thousand



Emergency Room Visits per Thousand



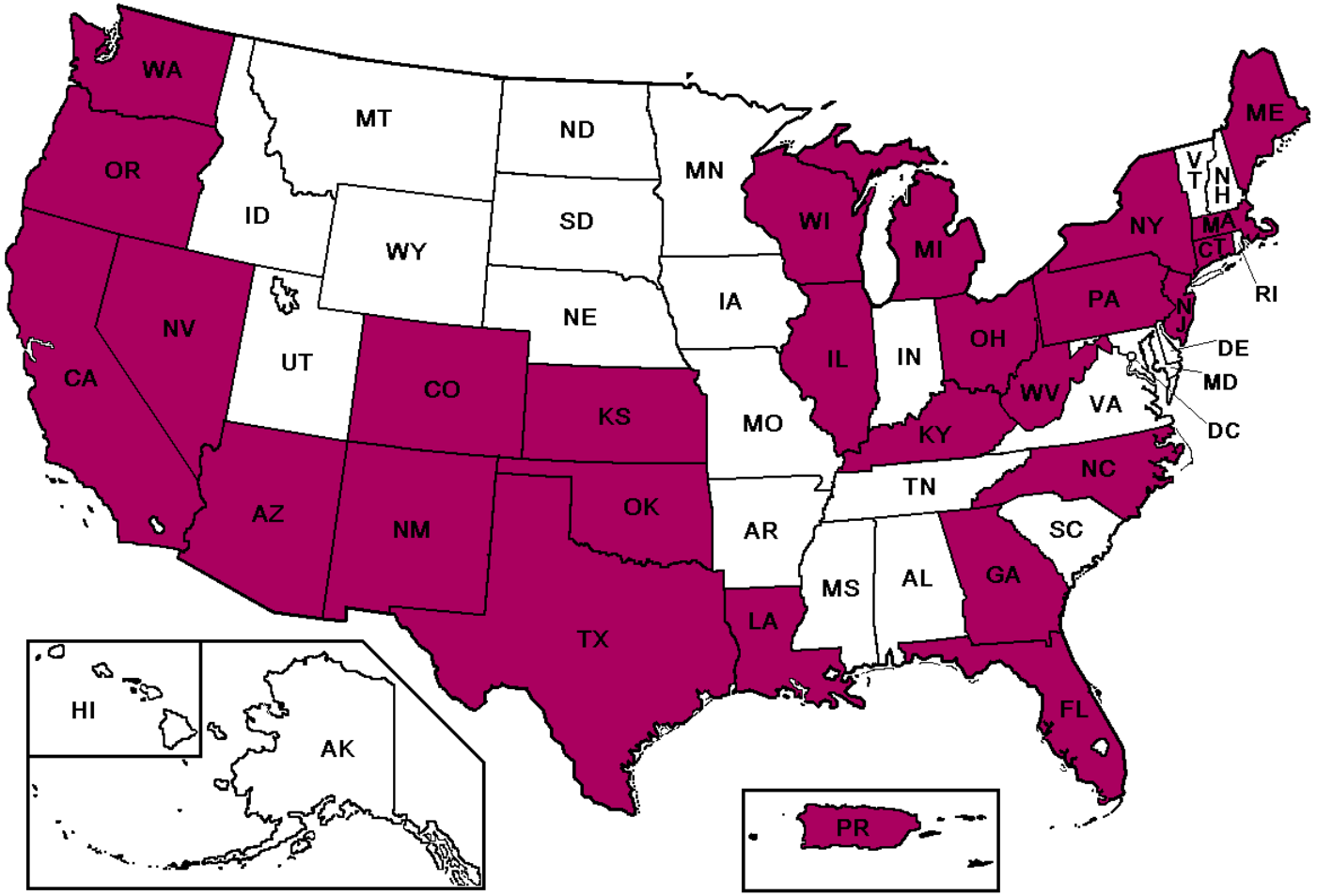
Office Visits per Thousand



Note: Customer joined Humana in January 2010.

Humana

State Health Plans/Retirement Systems Offering Medicare Advantage



Humana

One or more state health plans offer Medicare Advantage as a total replacement or option (26 states + Puerto Rico). Illinois and North Carolina effective January 1, 2014.

Idea for Consideration

- Further explore this idea by issuing a Medicare Advantage RFP to gather firm plan designs and financial offers
  - Request customized group Medicare Advantage solution that mirrors existing benefits
  - Explore integrated medical and prescription drug benefit plan (MA-PD)
  - Provide de-identified census and claims information

Product and Offering Basis Suggestions

- Series 800 Employer Group Waiver Plan
- Passive MAPD PPO
- MAPD HMO option where appropriate
- Request bids:
  - with Part D
  - total replacement or default enrolment with plan design and/or contribution incentive(s)

Best Practices for a Successful Implementation

- Provide detailed, de-identified claims data with ability to crosswalk medical and pharmacy claims and identify high volume providers
- Ask best practice questions in procurement document that address key areas for a sustainable and predictable solution
- Determine if a custom or standard formulary will be used in time to meet CMS filing requirements (April/May 2014)
- Allow ample time to communicate with members and providers
- Employ a default enrollment process (opt-out versus opt-in) and transmit eligibility files electronically

Arkansas State Employees & Public School Employees Health Benefits Program

Preparation for CY 2015 Rating

Benefits Committee

March 7, 2014

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

Topics

		Page Number
1)	Recap of Last Year's Decisions	2
2)	Reserves Projections	3
3)	Plan Migration – Illustration & Issues	5
4)	Preliminary Trend Analysis	7

Appendices

A.	2014 Final Rate Details	10
B.	Benefit Options	16
C.	Use & Disclosures	17

CHEIRON

Recap of Last Year's Decisions

- Reduced Gold, Silver, Bronze benefits to limit contribution increase
  - Increase deductible for Silver and Bronze
  - Increase Out Of Pocket (OOP) Max for all plans
  - Increase Physician and Pharmacy copays for Gold and Silver
  - Medical copays contribute to OOP Max
- No change to Medicare Benefits
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  - Additional $43 million funding from State (one time event)
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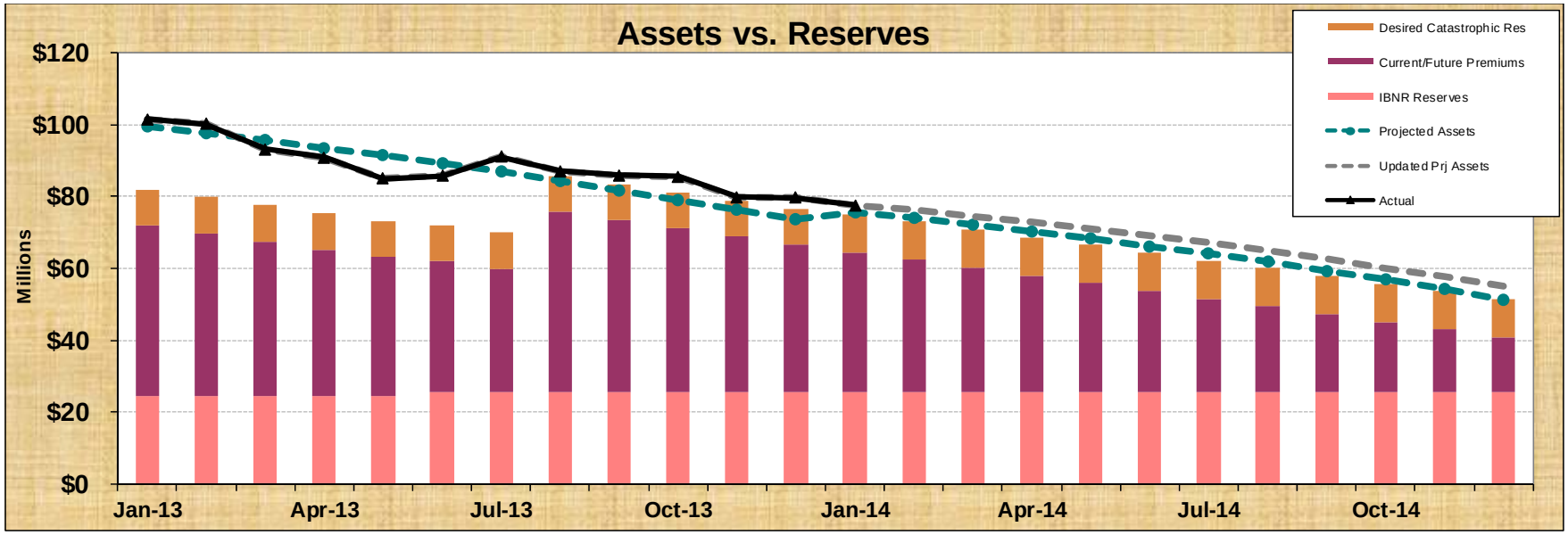
ASE Updated Projections for December 31, 2014



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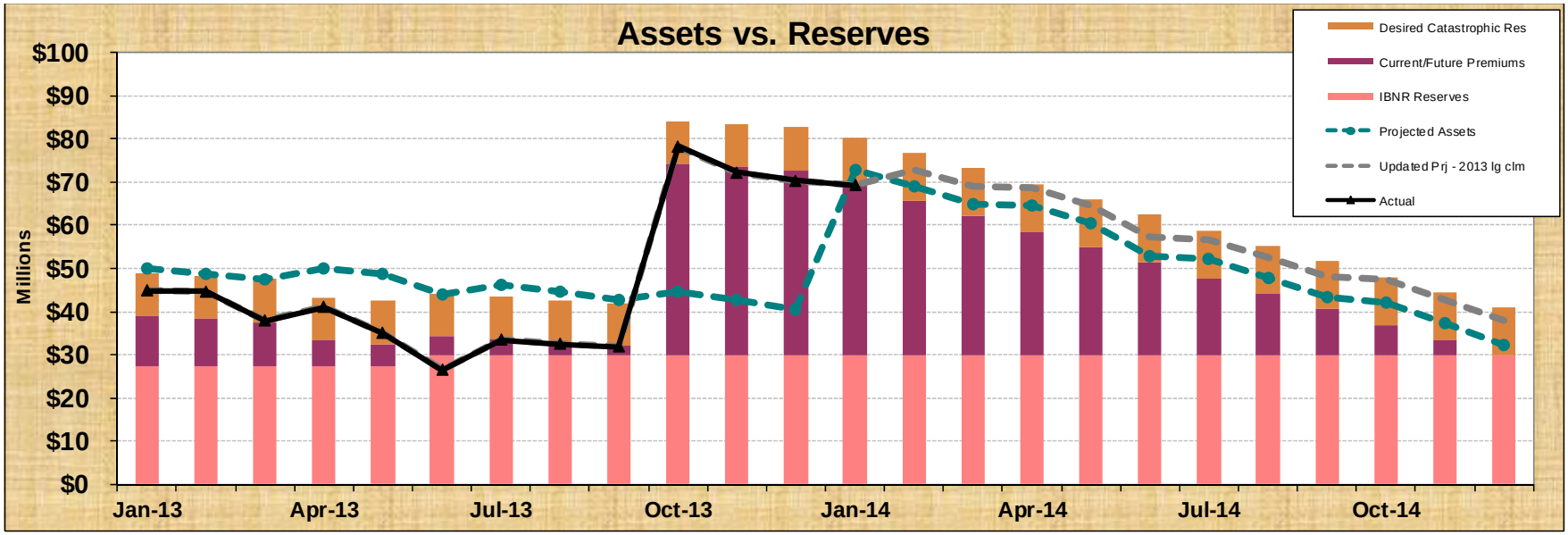

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Projected Net Assets	$ -	$ -

Plan Year Ending	12/31/2013	12/31/2014
Funding with $43M State Contribution in 2014	$ 287.6	$ 314.6
Expenses	309.4	303.9
Net Income/(Loss)	$ (21.8)	$ 10.7

Plan Migration Illustration

	All in Gold	All in Silver	All in Bronze	Year 1	Year 2
Adam	$600	$540	$480	$600	$600
Betty	550	495	440	550	550
Charlie	500	450	400	500	500
Doug	450	405	360	450	450
Emma	400	360	320	400	360
Francis	350	315	280	350	280
Greg	300	270	240	270	270
Heather	250	225	200	225	200
Ida	200	180	160	160	160
Joe	150	135	120	120	120

Averages						increase
Gold	$375	n/a	n/a	$475	$525	10.5%
Silver	n/a	$338	n/a	$248	$315	27.3%
Bronze	n/a	n/a	$300	$140	$190	35.7%
All Plans	**$375**	**$338**	**$300**	**$363**	**$349**	**-3.7%**

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

CHEIRON

Issues with Plan Migration

- Migration toward cheaper plans lowers the total monthly premium but will likely increase the required rates of all plans (Gold, Silver, Bronze)
- Migration tends to accelerate when
  - Employee contribution differential between plans increases
  - Employee contributions increase significantly
  - Benefits are perceived to be reduced more in the more expensive plans
  - Enrollment/Re-enrollment is required (e.g., new hires, retirements)
- Migration tends to be minimal when
  - Employee contributions don't change significantly (or decrease)
  - Benefits are perceived to be reduced more in the less expensive plans
  - No action is required from employees/retirees
  - Changes are not well communicated

ASE Preliminary Trend Analysis

		A	B	C	D	E	F		
	Experience Period:	**CY2013/ CY2012/**	**CY2013/ CY2012**	**CY2013/ CY2012 Incurred Benefit& Network Changes**	**1/13 v 1/12 Incurred Demo Changes**	**1/13 v 1/12 Incurred Geo Changes**	**CY2013/ CY2012 Underlying Incurred Util & Price Trend**	**Used for CY 2014 rates Incurred Annual Trend Assumption**	**Preliminary Recommended CY 2015 rates Incurred Annual Trend Assumption**
	Type of Claims:	**Paid PMPM Actual**	**Incurred PMPM Actual**						
	Medical - Actives and NME Retirees								
1	Gold	5.8%	4.0%	0.1%	0.7%	-0.1%	3.2%		
2	Silver	63.6%	41.9%	0.2%	-1.9%	1.0%	43.0%		
3	Bronze	15.6%	25.4%	0.3%	2.7%	-0.6%	22.5%		
4	**Medical - Actives and NME**	**4.7%**	**3.0%**	**0.0%**	**-0.1%**	**-0.1%**	**3.3%**	**6.0%**	**6.0%**
5	**Medical - ME Retirees**	**4.6%**	**-0.7%**	**0.0%**	**0.1%**		**-0.8%**	**6.0%**	**5.0%**
	Rx - Actives and NME Retirees								
6	Gold	8.2%	4.8%	1.5%	0.8%	0.0%	2.4%		
7	Silver	46.3%	39.0%	2.0%	-3.1%	0.0%	40.7%		
8	Bronze	17.1%	9.7%	16.0%	1.2%	-0.1%	-6.5%		
9	**Rx - Actives and NME Retirees**	**6.0%**	**2.7%**	**1.4%**	**-0.1%**	**0.0%**	**1.5%**	**5.0%**	**6.0%**
10	**Rx - ME Retirees**	**6.9%**	**-0.5%**	**0.0%**	**0.1%**		**-0.6%**	**5.0%**	**6.0%**

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

PSE Preliminary Trend Analysis

		A	B	C	D	E	F		
	Experience Period:	**CY2013/ CY2012**	**CY2013/ CY2012**	**CY2013/ CY2012**	**1/13 v 1/12**	**1/13 v 1/12**	**CY2013/ CY2012**	**Used for CY 2014 rates**	**Preliminary Recommended CY 2015 rates**
	Type of Claims:	**Paid PMPM**	**Incurred PMPM**	**Incurred Benefit& Network**	**Incurred Demo**	**Incurred Geo**	**Incurred Util & Price**	**Incurred Annual Trend**	**Incurred Annual Trend**
	Medical - Actives and NME Retirees	**Actual**	**Actual**	**Changes**	**Changes**	**Changes**	**Trend**	**Assumption**	**Assumption**
1	Gold	15.4%	9.9%	0.1%	5.4%	0.3%	3.9%		
2	Silver	13.6%	9.0%	0.2%	9.2%	1.0%	-1.3%		
3	Bronze	4.1%	-4.4%	0.3%	1.6%	0.2%	-6.3%		
4	**Medical - Actives and NME**	**-3.6%**	**-6.9%**	**-1.4%**	**-0.7%**	**-0.3%**	**-4.6%**	**6.0%**	**6.0%**
5	**Medical - ME Retirees**	**5.7%**	**1.6%**	**0.0%**	**0.4%**		**1.2%**	**6.0%**	**5.0%**
	Rx - Actives and NME Retirees								
6	Gold	23.0%	18.8%	1.5%	6.5%	0.0%	10.0%		
7	Silver	67.1%	62.2%	2.0%	10.0%	0.0%	44.5%		
8	Bronze	62.9%	55.6%	16.0%	1.9%	0.0%	31.6%		
9	**Rx - Actives and NME Retirees**	**0.7%**	**-2.5%**	**-3.3%**	**-0.7%**	**-0.4%**	**1.9%**	**5.0%**	**6.0%**

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

Appendices

Appendix A – PSE Actives:

2014 Final Rate Details

CHEIRON

PSE Detailed Financials

H-scan

Actives	Total Monthly Premium	State/Res. Alloc.	School District Contrib.	2014 Total EE Cost	2013 Total EE Cost	Change in Premiums ($ / %)		Assumed Enrollment
Gold								
Employee Only	$566.72	$167.34	$150.00	$249.38	$226.70	$22.68	10%	16,330
Employee & Spouse	1,360.06	80.14	150.00	1,129.92	1,027.20	102.72	10%	92
Employee & Child(ren)	1,048.24	258.62	150.00	639.62	581.48	58.14	10%	793
Family	1,841.60	558.64	150.00	1,132.96	1,029.96	103.00	10%	23
Est. Monthly Total ($mil)	$10.3	$3.0	$2.6	$4.7	$4.3	$0.4	10%	17,237
Silver								
Employee Only	$426.54	$103.22	$150.00	$173.32	$157.56	$15.76	10%	5,301
Employee & Spouse	1,009.82	74.58	150.00	785.24	713.86	71.38	10%	260
Employee & Child(ren)	779.76	185.24	150.00	444.52	404.10	40.42	10%	1,523
Family	1,363.04	425.68	150.00	787.36	715.78	71.58	10%	460
Est. Monthly Total ($mil)	$4.3	$1.0	$1.1	$2.2	$2.0	$0.2	10%	7,544
Bronze								
Employee Only	$267.66	$106.66	$150.00	$11.00	$10.00	$1.00	10%	14,264
Employee & Spouse	600.98	184.26	150.00	266.72	242.48	24.24	10%	1,381
Employee & Child(ren)	468.20	199.04	150.00	119.16	108.32	10.84	10%	4,580
Family	801.52	382.02	150.00	269.50	245.00	24.50	10%	2,979
Est. Monthly Total ($mil)	$9.2	$3.8	$3.5	$1.9	$1.7	$0.2	10%	23,203
Total (Monthly) ($ mil)	*$23.8*	*$7.8*	*$7.2*	*$8.7*	*$7.9*	*$0.8*	*10%*	*47,984*
Est Annual Total ($ mil)	*$285.2*	*$93.9*	*$86.4*	*$104.9*	*$95.4*	*$9.5*		

Appendix A - PSE Retirees:

Non-Medicare Eligible 2014 Final Rate Details

CHEIRON **PSE Detailed Financials** H-scan

NME Retirees	Total Monthly Premium	Additional holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Retiree Premiums ($ / %)		Assumed Enrollment
Gold							
Retiree Only	$566.72	$0.00	$566.72	$469.68	$97.04	21%	2,065
Retiree & NME SP	1,360.06	0.00	1,360.06	1,186.36	173.70	15%	167
Retiree & Child(ren)	1,048.24	0.00	1,048.24	821.66	226.58	28%	21
Retiree & NME SP&CH	1,841.60	0.00	1,841.60	1,538.32	303.28	20%	17
Retiree & ME SP	720.18	0.00	720.18	609.06	111.12	18%	146
Retiree & ME SP & CH	1,201.70	0.00	1,201.70	961.04	240.66	25%	1
Est. Monthly Total ($mil)	$1.6	$0.0	$1.6	$1.3	$0.3	20%	2,418
Silver							
Employee Only	$426.54	$0.00	$426.54	$401.62	$24.92	6%	99
Employee & Spouse	1,009.82	97.58	1,107.40	1,097.40	10.00	1%	3
Employee & Child(ren)	779.76	0.00	779.76	712.64	67.12	9%	2
Family	1,363.04	0.00	1,363.04	1,200.54	162.50	14%	4
Est. Monthly Total ($mil)	$0.1	$0.0	$0.1	$0.0	$0.0	7%	107
Bronze							
Employee Only	$267.66	$0.00	$267.66	$182.78	$84.88	46%	958
Employee & Spouse	600.98	0.00	600.98	421.00	179.98	43%	197
Employee & Child(ren)	468.20	0.00	468.20	299.78	168.42	56%	30
Family	801.52	0.00	801.52	538.02	263.50	49%	51
Est. Monthly Total ($mil)	$0.4	$0.0	$0.4	$0.3	$0.1	46%	1,236
Total (Monthly) ($ mil)	*$2.0*	*$0.0*	*$2.0*	*$1.6*	*$0.4*	*24%*	*3,761*
Est Annual Total ($ mil)	*$24.5*	*$0.0*	*$24.5*	*$19.7*	*$4.7*		

Appendix A – PSE Retirees:
Medicare Eligible 2014 Final Rate Details

CHEIRON **PSE Detailed Financials** H-scan

ME Retirees	Total Monthly Premium	Holdback subsidy	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums ($/%)		Assumed Enrollment
Medicare Eligible							
Retiree Only	$153.46	$71.78	$81.68	$50.14	$31.54	63%	7,738
Retiree & NME SP	708.98	0.00	708.98	597.87	111.11	19%	100
Retiree & Child(ren)	676.52	10.86	665.66	509.62	156.04	31%	15
Retiree & NME SP&CH	1,428.33	117.71	1,310.62	1,061.68	248.94	23%	3
Retiree & ME SP	306.92	35.88	271.04	206.42	64.62	31%	659
Retiree & ME SP & CH	788.44	0.00	788.44	630.74	157.70	25%	0
Est. Monthly Total ($mil)	*$1.5*	*$0.6*	*$0.9*	*$0.6*	*$0.3*	51%	8,515
Total (Est. Annual)	*$17.7*	*$7.0*	*$10.7*	*$7.1*	*$3.6*		

Appendix A – ASE Actives

2014 Final Rate Details

CHEIRON

ASE Detailed Financials

H-scan

Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2014 Total EE Cost	2013 Total EE Cost	Change in Premiums ($ / %)		Assumed Enrollment
Gold								
Employee Only	$470.98	$320.14	$54.16	$96.68	$95.78	$0.90	1%	13,357
Employee & Spouse	1,063.12	591.77	100.11	371.24	367.74	3.50	1%	2,941
Employee & Child(ren)	759.98	482.82	81.68	195.48	193.64	1.84	1%	4,644
Family	1,352.12	794.18	134.34	423.60	419.62	3.98	1%	3,058
Est. Monthly Total ($mil)	$17.1	$10.7	$1.8	$4.6	$4.5	$0.0	$ 0	24,000
Silver								
Employee Only	$322.42	$259.70	$0.00	$62.72	$62.12	$0.60	1%	865
Employee & Spouse	718.00	432.80	0.00	285.20	282.52	2.68	1%	159
Employee & Child(ren)	515.48	372.70	0.00	142.78	141.44	1.34	1%	233
Family	911.06	583.38	0.00	327.68	324.60	3.08	1%	243
Est. Monthly Total ($mil)	$0.7	$0.5	$0.0	$0.2	$0.2	$0.0	0.95%	1,500
Bronze								
Employee Only	$193.26	$193.26	$0.00	$0.00	$0.00	$0.00	n/a	1,434
Employee & Spouse	409.12	331.16	0.00	77.96	77.22	0.74	1%	360
Employee & Child(ren)	298.60	270.50	0.00	28.10	27.84	0.26	1%	353
Family	514.48	421.40	0.00	93.08	92.20	0.88	1%	453
Est. Monthly Total ($mil)	$0.8	$0.7	$0.0	$0.1	$0.1	$0.0	0.95%	2,600
Total (Monthly) ($ mil)	*$18.6*	*$11.9*	*$1.8*	*$4.9*	*$4.8*	*$0.0*	*0.01*	*28,100*
Est Annual Total ($ mil)	*$223.0*	*$142.7*	*$21.7*	*$58.6*	*$58.0*	*$0.6*		

Appendix A - ASE Retirees:

Non-Medicare Eligible 2014 Final Rate Details

CHEIRON

ASE Detailed Financials

H-scan

NME Retirees	Total Monthly Premium	State Contributions and Reserves		2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums ($ / %)		Assumed Enrollment
Gold								
Retiree Only	$470.98	$188.39	$44.61	$237.98	$235.74	$2.24	1%	1,727
Retiree & NME SP	1,063.12	336.42	145.34	581.36	575.88	5.48	1%	574
Retiree & Child(ren)	759.98	260.64	55.32	444.02	439.84	4.18	1%	83
Retiree & NME SP&CH	1,352.12	408.69	18.01	925.42	916.72	8.70	1%	34
Retiree & ME SP	794.56	269.28	119.92	405.36	401.54	3.82	1%	238
Retiree & ME SP & CH	1,083.56	341.53	129.49	612.54	606.77	5.77	1%	8
Est. Monthly Total ($mil)	$1.7	$0.6	$0.2	$0.9	$0.9	$0.0	$ 0	2,664
Silver								
Employee Only	$322.42	$118.42	$0.00	$204.00	$202.08	$1.92	1%	6
Employee & Spouse	718.00	222.68	0.00	495.32	490.66	4.66	1%	7
Employee & Child(ren)	515.48	136.32	0.00	379.16	375.60	3.56	1%	1
Family	911.06	232.72	0.00	678.34	671.96	6.38	1%	3
Est. Monthly Total ($mil)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$ 0	17
Bronze								
Employee Only	$193.26	$38.64	$6.76	$147.86	$146.46	$1.40	1%	8
Employee & Spouse	409.12	49.45	55.90	303.78	300.92	2.86	1%	13
Employee & Child(ren)	298.60	43.92	50.62	204.06	202.14	1.92	1%	2
Family	514.48	54.71	125.74	334.02	330.88	3.14	1%	12
Est. Monthly Total ($mil)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	0.95%	35
Total (Monthly) ($ mil)	*$1.8*	*$0.6*	*$0.2*	*$0.9*	*$0.9*	*$0.0*	*0.009*	*2,716*
Est Annual Total ($ mil)	*$21.1*	*$7.5*	*$2.4*	*$11.2*	*$11.1*	*$0.1*		

Appendix A – ASE Retirees:
Medicare Eligible 2014 Final Rate Details

CHEIRON

ASE Detailed Financials

H-scan

ME Retirees	Total Monthly Premium	State Contributions and Reserves		2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums ($ / %)		Assumed Enrollment
Medicare Eligible								
Retiree Only	$353.44	$194.14	$11.20	$148.10	$117.12	$30.98	26%	5,248
Retiree & NME SP	824.43	343.61	0.00	480.82	446.72	34.10	8%	368
Retiree & Child(ren)	679.57	324.61	7.26	347.70	314.86	32.84	10%	59
Retiree & NME SP&CH	1,234.57	546.60	7.51	680.46	644.48	35.98	6%	31
Retiree & ME SP	706.88	323.58	42.44	340.86	278.49	62.37	22%	1,974
Retiree & ME SP & CH	995.87	439.18	16.21	540.48	476.24	64.24	13%	19
Est. Monthly Total ($ mil)	$3.7	$1.8	$0.1	$1.7	$1.4	$0.3	$ 0	7,700
Total (Est. Annual)	*$43.8*	*$21.9*	*$1.7*	*$20.2*	*$16.5*	*$3.6*		

Appendix B – Benefit Summary

Benefit Option Name: **Last Modified:** **Provider Network:**	**Gold** **1/1/2014** **Health Advantage**	**Silver** **1/1/2014** **QualChoice**	**Bronze** **1/1/2014** **Health Advantage**
In-Network (INN) Benefits			
Deductible (Individual / Family)	None / None	$1000 / $2000	$2000 / $3000
Coinsurance	20%	20%	20%
Copays			
Office Visit - Primary Care (PCP)	$35	$35	Ded. & Coins.
OV - Specialist Care Provider (SCP)	$70	$70	Ded. & Coins.
Urgent Care (UC)	$100	$150	Ded. & Coins.
Emergency Room (ER) Non-admitted	$250	$300	Ded. & Coins.
Outpatient Surgery	$100 then Ded. & Coins.	$150 then Ded. & Coins.	Ded. & Coins.
Hospital Inpatient	$250 then Ded. & Coins.	$300 then Ded. & Coins.	Ded. & Coins.
Out-of-Pocket Max (Individual / Family)	$2500 / $5000	$4000 / $8000	$6350 / $9525
Out-of-Network (OON) Benefits [1]			
Deductible (Individual / Family)	$1000 / $2000	$2000 / $4000	$4000 / $8000
Coinsurance	40%	40%	40%
Out-of-Pocket Max (Individual / Family)	$6000 / $12000	$8000 / $16000	$12700 / $19000
Annual Maximum INN / OON	Unlimited	Unlimited	Unlimited
Prescription Drugs			
Separate Deductible then the following Copays:			
Retail (31 Days) - Generic/Formulary /Non-Form./ Specialty	$15 / $40 / $80 / $100	$15 / $40 / $80 / $100	Ded. & Coins.
Mail Order (93 Days) - Generic/Form. /Non-Form.	$45 / $120/ $240	$45 / $120 / $240	Ded. & Coins.
Selected Detail Benefits			
Emergency Transportation - Ambulance	INN: $50 Copay; OON: Ded & Coins.	INN: $50 Copay; OON: Ded & Coins.	
Psychiatry	INN: $25 Copay; OON: Ded & Coins.	INN: $25 Copay; OON: Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	INN: $35 Copay; OON: Ded. & Coins.	INN: $35 Copay; OON: Ded. & Coins.	Ded. & Coins.
Chiropractors:	INN: $35 ; OON: Ded & Coins.	INN: $50; OON: Ded & Coins.	Ded. & Coins.
Hearing Aids:	No Cost; Limit of $1400 per ear every 3 years	No Cost; Limit of $1400 per ear every 3 years	Ded. & Coins.
Durable Medical Equipment (DME):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Preventive Care:	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost

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

Appendix C - Use & Disclosures

- Key assumptions and methods are shown on the rating worksheets and detailed financial pages developing the rates. Note that results are not final and can change. Additional details about the assumptions and methods will be provided in follow-up documentation once final rates are adopted.
- 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.