



AGENDA

State and Public School Life and Health Insurance Board

Benefits Sub-Committee

EBD Board Room - 501 Building - 5th Floor

August 7, 2013

9:00 a.m.

1. **Call to Order***Lloyd Black, Chair*
2. **Approval of Minutes***Lloyd Black, Chair*
3. **2014 Plan Design***John Colberg, Cheiron*
4. **Director's Report***Doug Shackelford, Interim Executive Director*

Upcoming Meeting:

October 4th
November 8th

**State and Public School Life and
Health Insurance Board
Benefits Sub-Committee
Minutes
July 26, 2013
Approved at the August 7, 2013 Benefits Meeting**

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on July 26, 2013 in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Gwen Wiggins
Carla Wooley
Jeff Altemus
Janis Harrison
Becky Walker
Bob Alexander

Members Absent

Lloyd Black

Doug Shackelford, Interim Executive Director, Employee Benefits Division (EBD).

Others Present:

John Colberg, Cheiron; John Kirtley, Dwight Davis, David Keisner, UAMS; Pamela Lawrence, AHH; Michelle Hazelett, Marla Wallace, Doug Shackelford, Lori Eden, Stella Greene, Sherry Bryant, Leslie Smith, Tracy Butler Oberste, Janna Keathley, Ethel Whittaker, EBD; Ron DeBerry, Takisha Sanders, Kathy Ryan, ABCBS/Health Advantage; Andre Kaurman, BJ Himes, QualChoice; Rhonda Walthall, Larry Dickerson, AHTD; Rhonda Hill, ACHI; Alicia Hayden, CTRX; Steve Singleton, ARTA; Mark Watts, ASEA; Eric Rasmussen, Harding Coop; Donna Morey, AEA

Call to Order

The meeting was called to order by Gwen Wiggins, Vice-Chair

Approval of Minutes

A request was made by Wiggins to approve the July 12, 2013 minutes. Alexander made the motion to adopt Harrison seconded. All were in favor. Minutes approved.

2014 Plan Design *by John Colberg, Cheiron*

Colberg presented with the updated projections for 2014. Updated Reserve Projections(pg.2) Assets less IBNR Reserves Actual 6/30/2013 PSE \$-7.8 million, ASE

\$60.1million; Projected from May assets for 6/30/2013, PSE \$-7.1million, ASE \$58.4million; Projected 12/31/2013, PSE \$1.6million ASE \$49.9million; Projected 12/31/2014 PSE \$-48.1million, ASE 12.3million; *ASE has \$16.85million held in reserves for 2014; \$6.26million for 2015. Pharmacy Issues-Coupons(pg.6) Manufacturer provides a coupon to pay all or a portion of the participant copay, subsidies to pharmacies to market coupons, encourage patients to use high cost drugs-projected to cost Arkansas employers \$307 million from 2012-2021. Growing problem. July 2009, 86 different drugs with copay coupons, by November 2011, 362 different drugs with copay coupons. Federal programs, Medicare/Medicaid does not allow the use of coupons. Ways to combat: Increase specialty copay, reference pricing, step therapy, aggressive prior authorization, require mail order(may not be possible).

Pharmacy Issues – Fees and Discounts. Generic Incentive Program. Innovative and effective when implemented in 2007, tremendous change in industry, increased use of reference pricing, removing had \$2million impact on PSE in 6 months.

Skilled Nursing Facility: Currently Disincentive/lack of incentive to use benefits: co-pay of \$250, prior authorization required, no hospital discharge planning except for large case management. DRG contract means cheaper to stay in hospital for non-outlier. Utilization is 9 days/1000 member and \$0.27 allowed PMPM; Typical is 12 days/ 1000 members and \$0.42 allowed PMPM. Skilled Nursing Facility suggestions: Consider starting a MUEC, Talk to AHH about options.

Chiropractic (pg. 9) Chiropractic use and cost are below benchmark. Back surgery costs are nearly double chiropractor. Suggest keeping chiropractic at PCP levels.

Health Savings Account Rules (pg. 10) Member has to meet deductible before plan pays. 2013 Limits; Employee only: (minimums) \$1,250.00 and for 2014 \$1,250.00. Family: \$2,500.00 and for 2014 \$2,500.00.

Out of Pocket Maximums.(pg.11) Effective 1/1/2014, plans cannot have in network out of pocket maximums in excess of \$6,350.00 individual/\$12,700.00 family including copays. Transition rule in 2014, do not need to include Rx. Two approaches to consider: Integrated Approach-Have one OOP Max that includes copays; easier to communicate, enhances distinction between plans; greater likelihood to control migration. Secondary approach-Have coinsurance maximum and then secondary maximum with copays: lower cost. Member has to meet the deductible before the plan pays anything.

Mini-Benchmark Report. (pg. 12) Review Out-of-Network Use. Incurred from 1/1/2012 to 12/31/2012; paid thru 6/30/2013/ PSE Non-Medicare Only.

Out of Network	% of Claim #	% Plan Paid \$	Actual Plan Paid \$
Gold	0.9%	2.8%	\$4,935,220.00
Silver	1.0%	0.0%	\$923.00

Bronze	1.0%	2.3%	\$497,811.00
Total	0.9%	2.7%	\$5,433,954.00

Discussion: Harrison: When you're talking about Out of Network are you referring to in-state or out-of-state? Colberg: either. Walker asked for a copy of the updated projected rates presentation prior to the next meeting. At least by Monday, August 5th.

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

Shackelford reminded the committee that the August 7, 2013 meeting is when recommendations to the Board must be decided. Shackelford stated that the Board meets on August 20, 2013.

Meeting adjourned.

Arkansas State Employees & Public School Employees Health Benefits Program

Preliminary Rates and Benefit Design for CY 2014 Benefits Committee



August 7, 2013

John Colberg, FSA, MAAA

Gaelle Gravot, FSA, MAAA

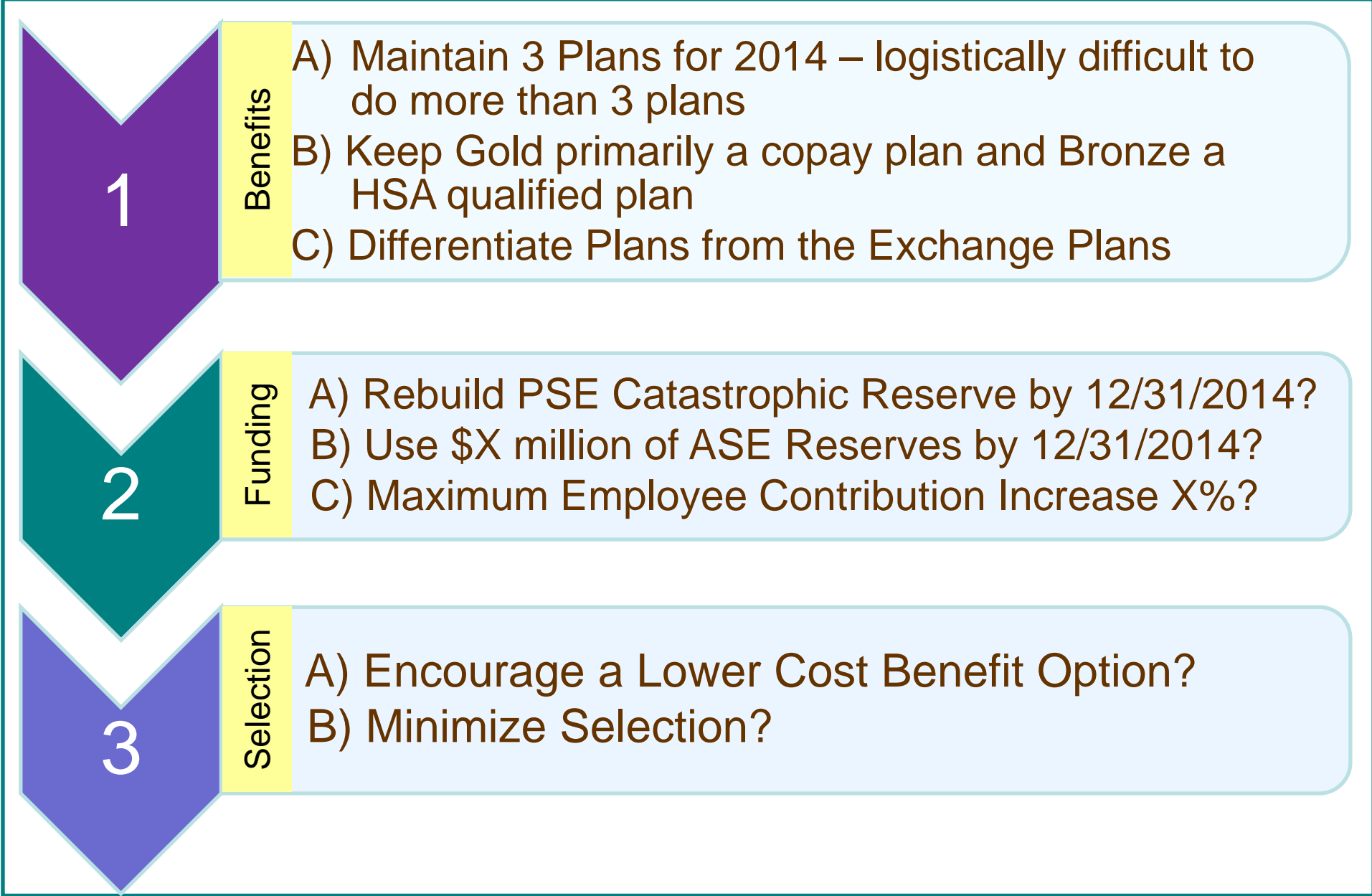


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AR Health Goals/Philosophies





AR Health Goals/Philosophies

Supporting Information on Reserves

- Rebuilding PSE Catastrophic Reserve
 - A \$5 increase in every employee/retiree monthly contribution rate would add \$3.5 million to reserves.
 - *\$5 per adult (i.e., \$10 for employee/spouse and family) would add \$4.0 million*
 - All scenarios presented are projected to maintain the reserves at \$1.6 million. Additional amounts would need to be added to increase reserves and/or allow for experience worse than projected.
- Use of ASE Reserves
 - ASE is projected to have \$18 million as of 12/31/2013 in excess reserves (i.e., above IBNR, catastrophic, \$16.85 million allocated for 2014, \$6.26 allocated for 2015).
 - If ME Retiree benefits are unchanged, additional ME contributions are required.
 - If Active/NME Retiree benefits are unchanged or Alternative 4 for Gold/Silver, additional contributions are required.



AR Health Goals/Philosophies

Supporting Information on Selection

- Adverse selection can occur when the morbidity differs between plan options. This allows participants to choose plans that benefits them at the expense of plan. For example,
 - Healthy participants in the Gold option (who are less healthy than the average Bronze participant) choose the Bronze option,
 - Resulting in both the Gold and Bronze new average participant being less healthy.
- Increased migration will likely increase the required rates of all plan options (Gold, Silver, Bronze) – see illustration next slide.
 - Adding as much as 10% to active contribution rate increase
- 2013 premium differential in Gold vs. Bronze is greater than the difference in out-of-pocket maximum.
- If minimizing selection is a goal
 - Increase dollar amount of contributions for Silver/Bronze at least as much as (if not more than) the dollar increase for Gold,
 - Maximize the difference in out-of-pocket maximums between Gold and Bronze (with Silver in the middle),
 - Rate all plan options with average morbidity and only differentiate for benefit difference.



Plan Migration Illustration

	<u>All in Gold</u>	<u>All in Silver</u>	<u>All in Bronze</u>	<u>Year 1</u>	<u>Year 2</u>	
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	
<u>Averages</u>						<u>increase</u>
Gold	\$375	n/a	n/a	\$475	\$525	10.5%
Silver	n/a	\$338	n/a	\$248	\$315	27.3%
<u>Bronze</u>	<u>n/a</u>	<u>n/a</u>	<u>\$300</u>	<u>\$140</u>	<u>\$190</u>	<u>35.7%</u>
All Plans	\$375	\$338	\$300	\$363	\$349	-3.7%

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



Benefits Committee Requested Designs - Gold

<i>Yellow highlight means the coverage is changed</i>	Current	Alternative 1	Alternative 2	Alternative 3	Alternative 4
In-Network:	Gold	Gold	Gold	Gold	Gold
Deductible - Individual	\$0	\$0	\$0	\$0	\$0
Co-Insurance Limit - Individual (after Deductible)	\$1,500	\$2,000	\$2,000	\$2,500	\$2,500
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$1,500	\$2,000	\$2,000	\$2,500	\$2,500
True Out-of-Pocket (Deductible + Co-Insurance + Co-Pay*)	\$6,350	\$6,350	\$6,350	\$2,500	\$2,500
Deductible - Family	\$0	\$0	\$0	\$0	\$0
Co-Insurance Limit - Family (after Deductible)	\$3,000	\$4,000	\$3,000	\$5,000	\$5,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$3,000	\$4,000	\$3,000	\$5,000	\$5,000
True Out-of-Pocket (Deductible + Co-Insurance + Co-Pay*)	\$12,700	\$12,700	\$12,700	\$5,000	\$5,000
<i>True Out-of-Pocket includes Rx?</i>	N	Y	Y	N	Y
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-Pay	\$25	\$35	\$35	\$35	\$35
Physician Office Visit - Specialist - Co-Pay	\$35	\$70	\$70	\$70	\$70
Rx - Tier 1 - Generic	\$10	\$15	\$15	\$15	\$15
Rx - Tier 2 - Preferred Brand	\$30	\$40	\$40	\$40	\$40
Rx - Tier 3 - Non-Preferred Brand	\$60	\$80	\$80	\$80	\$80
Rx - Specialty	w/ Tier	\$100	\$100	\$100	\$100
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission	\$250	\$250	\$250	\$250	\$250
Hospital / Facility - Outpatient - Co-Pay	\$100	\$100	\$100	\$100	\$100
Urgent Care Visit	\$100	\$100	\$100	\$100	\$100
Emergency Room Visit	\$100	\$250	\$250	\$250	\$250
Emergency Transportation - Ambulance	\$0	\$50	\$50	\$50	\$50
High Tech Radiology - Co-Pay (1st Procedure Only)	\$250	\$250	\$250	\$250	\$250
Rehab / Therapy - Outpatient - Physical/Speech/Occup	80%/20%	\$35	\$35	\$35	\$35
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay	\$35	\$35	\$35	\$35	\$35
Rehab / Therapy - Outpatient - Chiropractic - Co-Insurance	80%/20%	0%	0%	0%	0%
Out-of-Network:					
Deductible - Individual/Family	\$1,000/\$2,000	\$1,000/\$2,000	\$1,000/\$2,000	\$1,000/\$2,000	\$1,000/\$2,000
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	\$5,000/\$10,000	\$5,000/\$10,000	\$5,000/\$10,000	\$5,000/\$10,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6,000/\$12,000	\$6,000/\$12,000	\$6,000/\$12,000	\$6,000/\$12,000	\$6,000/\$12,000

*Co-Insurance also applies



Benefits Committee Requested Designs - Silver

<i>Yellow highlight means the coverage is changed</i>	Current	Alternative 1	Alternative 2	Alternative 3	Alternative 4
In-Network:	Silver	Silver	Silver	Silver	Silver
Deductible - Individual	\$750	\$1,000	\$1,000	\$1,000	\$1,000
Co-Insurance Limit - Individual (after Deductible)	\$2,000	\$3,000	\$3,000	\$3,000	\$3,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$2,750	\$4,000	\$4,000	\$4,000	\$4,000
True Out-of-Pocket (Deductible + Co-Insurance + Co-Pay*)	\$6,350	\$6,350	\$6,350	\$4,000	\$4,000
Deductible - Family	\$1,500	\$2,000	\$1,500	\$2,000	\$2,000
Co-Insurance Limit - Family (after Deductible)	\$4,000	\$6,000	\$4,500	\$6,000	\$6,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$5,500	\$8,000	\$6,000	\$8,000	\$8,000
True Out-of-Pocket (Deductible + Co-Insurance + Co-Pay*)	\$12,700	\$12,700	\$12,700	\$8,000	\$8,000
<i>True Out-of-Pocket includes Rx?</i>	N	Y	Y	N	Y
Coinsurance Rate	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-Pay	\$25	\$35	\$35	\$35	\$35
Physician Office Visit - Specialist - Co-Pay	\$50	\$70	\$70	\$70	\$70
Rx - Tier 1 - Generic	\$10	\$15	\$15	\$15	\$15
Rx - Tier 2 - Preferred Brand	\$35	\$40	\$40	\$40	\$40
Rx - Tier 3 - Non-Preferred Brand	\$70	\$80	\$80	\$80	\$80
Rx - Specialty	w/ Tier	\$100	\$100	\$100	\$100
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission	\$300	\$300	\$300	\$300	\$300
Hospital / Facility - Outpatient - Co-Pay	\$150	\$150	\$150	\$150	\$150
Urgent Care Visit	\$150	\$150	\$150	\$150	\$150
Emergency Room Visit	\$150	\$300	\$300	\$300	\$300
Emergency Transportation - Ambulance	\$0	\$50	\$50	\$50	\$50
High Tech Radiology - Co-Pay (1st Procedure Only)	\$300	\$300	\$300	\$300	\$300
Rehab / Therapy - Outpatient - Physical/Speech/Occup	Ded+80%/20%	\$35	\$35	\$35	\$35
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay	\$50	\$50	\$50	\$50	\$50
Rehab / Therapy - Outpatient - Chiropractic - Co-Insurance	Ded+80%/20%	0%	0%	0%	0%
Out-of-Network:					
Deductible - Individual/Family	\$1,500/\$3,000	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000	\$2,000/\$4,000
Co-Insurance	60%/40%	60%/40%	60%/40%	60%/40%	60%/40%
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	\$6,000/\$12,000	\$6,000/ \$10,000	\$6,000/\$12,000	\$6,000/\$12,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$6,000/\$12,000	\$8,000/\$16,000	\$8,000/ \$14,000	\$8,000/\$16,000	\$8,000/\$16,000

*Co-Insurance also applies



Benefits Committee Requested Designs - Bronze

<i>Yellow highlight means the coverage is changed</i>	Current	Alternative 1	Alternative 2
In-Network:	Bronze	Bronze	Bronze
Deductible - Individual	\$1,500	\$2,000	\$2,000
Co-Insurance Limit - Individual (after Deductible)	\$2,500	\$4,350	\$4,350
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$4,000	\$6,350	\$6,350
True Out-of-Pocket (Deductible + Co-Insurance)	\$4,000	\$6,350	\$6,350
Deductible - Family	\$3,000	\$4,000	\$3,000
Co-Insurance Limit - Family (after Deductible)	\$5,000	\$8,700	\$6,525
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$8,000	\$12,700	\$9,525
True Out-of-Pocket (Deductible + Co-Insurance)	\$8,000	\$12,700	\$9,525
<i>True Out-of-Pocket includes Rx?</i>	Y	Y	Y
Coinsurance Rate	80%/20%	80%/20%	80%/20%
Physician Office Visit - Primary Care - Co-Pay			
Physician Office Visit - Specialist - Co-Pay			
Rx - Tier 1 - Generic			
Rx - Tier 2 - Preferred Brand			
Rx - Tier 3 - Non-Preferred Brand			
Rx - Specialty			
Hospital / Facility - Inpatient & SNF - Co-Pay Per Admission			
Hospital / Facility - Outpatient - Co-Pay			
Urgent Care Visit			
Emergency Room Visit			
Emergency Transportation - Ambulance			
High Tech Radiology - Co-Pay (1st Procedure Only)			
Rehab / Therapy - Outpatient - Physical/Speech/Occup			
Rehab / Therapy - Outpatient - Chiropractic - Co-Pay			
Rehab / Therapy - Outpatient - Chiropractic - Co-Insurance			
Out-of-Network:			
Deductible - Individual/Family	\$3,000/\$6,000	\$4,000/\$8,000	\$4,000/\$8,000
Co-Insurance	60%/40%	60%/40%	60%/40%
Co-Insurance Limit - Individual/Family (after Deductible)	\$5,000/\$10,000	\$8,700/\$17,400	\$8,700/\$13,000
Max. Out-of-Pocket (Deductible + Co-Insurance)	\$8,000/\$16,000	\$12,700/\$25,400	\$12,700/\$19,000



Other Design Options Discussed

- A co-pay design of \$5/40/80 vs. \$10/30/60 would cost PSE about \$630,000 and ASE about \$505,000 in lost co-pays. That could be more than made up with a 0.5% increase in the generic dispensing rate (GDR):
 - GDR needs to shift from CY 2012
 - PSE 81.4% to 81.9%
 - ASE 81.7% to 82.2%

- A co-pay design of \$5/40/80 vs. a \$15/40/80 would cost PSE and ASE more than \$5 million each in lost co-pays. That could be more than made up with a 3.9% increase in the generic dispensing rate in GDR:
 - GDR needs to shift from CY 2012
 - PSE 81.4% to 85.3%
 - ASE 81.7% to 85.6%

- Best to consider in conjunction with changing the generic incentive program (such as lowering dispensing fee from \$6 to \$2).

- Could help combat the pharmaceutical direct marketing to participants.



PSE Actives – 2014 Employee Contribution Rates using Percentage Rate Increase Across Plans

Actives	2014 Total EE Cost					2013 Total EE Cost	June 2013 Enrollment
	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4		
Gold							
Employee Only	\$285.90	\$297.48	\$301.12	\$293.44	\$300.36	\$226.70	23,370
Employee & Spouse	1,120.96	1,124.14	1,122.96	1,137.98	1,164.88	1,027.20	526
Employee & Child(ren)	733.30	763.02	772.38	752.66	770.40	581.48	3,445
Family	1,298.88	1,351.52	1,368.10	1,333.18	1,364.60	1,029.96	752
							28,093
Silver							
Employee Only	\$198.70	\$206.76	\$209.28	\$203.94	\$208.76	\$157.56	2,790
Employee & Spouse	869.18	895.46	868.64	900.08	904.68	713.86	179
Employee & Child(ren)	509.62	530.26	536.76	523.06	535.40	404.10	965
Family	902.68	939.24	950.78	926.50	948.34	715.78	409
							4,343
Bronze							
Employee Only	\$42.62	\$43.12	\$43.28	\$42.94	\$43.24	\$10.00	9,110
Employee & Spouse	305.80	318.18	322.08	313.86	321.26	242.48	1,002
Employee & Child(ren)	136.60	142.14	143.88	140.20	143.52	108.32	2,285
Family	308.96	321.48	325.44	317.12	324.60	245.00	2,151
							14,548
							46,984

Employee Contributions capped at the total premium less District contribution; where the cap applies, the percent increase may not be the same across plans. Employee only Bronze increased by additional \$30.

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



PSE Actives – Change from 2013 using Percentage Rate Increase Across Plans

Actives	Change in Premiums (\$/%)										June 2013 Enrollment
	Alt 1		Alt 2		Alt 1		Alt 3		Alt 4		
Gold	Alt 1		Alt 2		Alt 1		Alt 3		Alt 4		
Employee Only	\$59.20	26%	\$70.78	31%	\$74.42	33%	\$66.74	29%	\$73.66	32%	23,370
Employee & Spouse	93.76	9%	96.94	9%	95.76	9%	110.78	11%	137.68	13%	526
Employee & Child(ren)	151.82	26%	181.54	31%	190.90	33%	171.18	29%	188.92	32%	3,445
Family	268.92	26%	321.56	31%	338.14	33%	303.22	29%	334.64	32%	752
											28,093
Silver	Alt 1		Alt 2		Alt 1		Alt 3		Alt 4		
Employee Only	\$41.14	26%	\$49.20	31%	\$51.72	33%	\$46.38	29%	\$51.20	32%	2,790
Employee & Spouse	155.32	22%	181.60	25%	154.78	22%	186.22	26%	190.82	27%	179
Employee & Child(ren)	105.52	26%	126.16	31%	132.66	33%	118.96	29%	131.30	32%	965
Family	186.90	26%	223.46	31%	235.00	33%	210.72	29%	232.56	32%	409
											4,343
Bronze	Alt 1		Alt 2		Alt 2		Alt 1		Alt 1		
Employee Only	\$32.62	326%	\$33.12	331%	\$33.28	333%	\$32.94	329%	\$33.24	332%	9,110
Employee & Spouse	63.32	26%	75.70	31%	79.60	33%	71.38	29%	78.78	32%	1,002
Employee & Child(ren)	28.28	26%	33.82	31%	35.56	33%	31.88	29%	35.20	32%	2,285
Family	63.96	26%	76.48	31%	80.44	33%	72.12	29%	79.60	32%	2,151
											14,548
											46,984

Employee Contributions capped at the total premium less District contribution; where the cap applies, the percent increase may not be the same across plans. Employee only Bronze increased by additional \$30.

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



PSE Actives – 2014 Employee Contribution Rates using Same Dollar Increase* Across Plans

Actives	2014 Total EE Cost					2013 Total EE Cost	June 2013 Enrollment
	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4		
Gold							
Employee Only	\$264.00	\$268.34	\$268.00	\$267.36	\$271.58	\$226.70	23,370
Employee & Spouse	1,114.52	1,118.54	1,121.66	1,131.10	1,157.88	1,027.20	526
Employee & Child(ren)	677.14	688.30	687.42	685.80	696.62	581.48	3,445
Family	1,199.38	1,219.16	1,217.62	1,214.74	1,233.90	1,029.96	752
							28,093
Silver							
Employee Only	\$194.86	\$199.20	\$198.86	\$198.22	\$202.44	\$157.56	2,790
Employee & Spouse	865.04	880.08	864.18	885.68	890.24	713.86	179
Employee & Child(ren)	499.76	510.92	510.04	508.42	519.24	404.10	965
Family	885.20	904.98	903.44	900.56	919.72	715.78	409
							4,343
Bronze							
Employee Only	\$47.30	\$51.64	\$51.30	\$50.66	\$54.88	\$10.00	9,110
Employee & Spouse	340.70	364.76	366.64	342.86	342.86	242.48	1,002
Employee & Child(ren)	203.98	215.14	214.26	212.64	223.46	108.32	2,285
Family	414.42	434.20	432.66	429.78	448.94	245.00	2,151
							14,548
							46,984

Employee Contributions capped at the total premium less District contribution; where the cap applies, the dollar amount of increase may not be the same across plans.

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

PSE Actives – Change from 2013 using Same Dollar Increase Across Plans

Actives	Change in Premiums (\$/%)										June 2013 Enrollment
	Alt 1		Alt 2		Alt 1		Alt 3		Alt 4		
Gold	Alt 1		Alt 2		Alt 1		Alt 3		Alt 4		
Employee Only	\$37.30	16%	\$41.64	18%	\$41.30	18%	\$40.66	18%	\$44.88	20%	23,370
Employee & Spouse	87.32	9%	91.34	9%	94.46	9%	103.90	10%	130.68	13%	526
Employee & Child(ren)	95.66	16%	106.82	18%	105.94	18%	104.32	18%	115.14	20%	3,445
Family	169.42	16%	189.20	18%	187.66	18%	184.78	18%	203.94	20%	752
											28,093
Silver	Alt 1		Alt 2		Alt 1		Alt 3		Alt 4		
Employee Only	\$37.30	24%	\$41.64	26%	\$41.30	26%	\$40.66	26%	\$44.88	28%	2,790
Employee & Spouse	151.18	21%	166.22	23%	150.32	21%	171.82	24%	176.38	25%	179
Employee & Child(ren)	95.66	24%	106.82	26%	105.94	26%	104.32	26%	115.14	28%	965
Family	169.42	24%	189.20	26%	187.66	26%	184.78	26%	203.94	28%	409
											4,343
Bronze	Alt 1		Alt 2		Alt 2		Alt 1		Alt 1		
Employee Only	\$37.30	373%	\$41.64	416%	\$41.30	413%	\$40.66	407%	\$44.88	449%	9,110
Employee & Spouse	98.22	41%	122.28	50%	124.16	51%	100.38	41%	100.38	41%	1,002
Employee & Child(ren)	95.66	88%	106.82	99%	105.94	98%	104.32	96%	115.14	106%	2,285
Family	169.42	69%	189.20	77%	187.66	77%	184.78	75%	203.94	83%	2,151
											14,548
											46,984

Employee Contributions capped at the total premium less District contribution; where the cap applies, the dollar amount of increase may not be the same across plans.

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



PSE NME Retirees – 2014 Contribution Rates using Percentage Rate Increase Across Plans

NME Retirees	2014 Total Ret. Cost					2013 Total Ret. Cost	June 2013 Enrollment
	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4		
Gold							
Retiree Only	\$532.58	\$533.78	\$533.08	\$539.34	\$549.90	\$469.68	1,930
Retiree & NME SP	1,270.96	1,274.14	1,272.96	1,287.98	1,314.88	1,186.36	153
Retiree & Child(ren)	979.30	981.70	980.72	992.28	1,012.72	821.66	19
Retiree & NME SP&CH	1,717.70	1,722.06	1,720.62	1,740.92	1,777.70	1,538.32	17
Retiree & ME SP	656.44	657.64	656.94	663.20	673.76	609.06	136
Retiree & ME SP & CH	1,103.16	1,105.56	1,104.58	1,116.14	1,136.58	961.04	1
							2,256
Silver							
Employee Only	\$430.90	\$441.18	\$430.40	\$443.12	\$444.92	\$401.62	31
Employee & Spouse	1,097.40	1,097.40	1,097.40	1,097.40	1,097.40	1,097.40	1
Employee & Child(ren)	786.82	806.78	786.30	810.34	813.84	712.64	1
Family	1,375.10	1,411.06	1,374.52	1,417.30	1,423.58	1,200.54	1
							34
Bronze							
Employee Only	\$227.38	\$238.58	\$246.26	\$228.26	\$228.26	\$182.78	550
Employee & Spouse	497.28	525.92	546.04	499.34	499.34	421.00	113
Employee & Child(ren)	390.68	412.42	427.64	392.26	392.26	299.78	16
Family	660.58	699.74	727.42	663.34	663.34	538.02	31
							710
							3,000

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



PSE NME Retirees – 2014 Contribution Rates using Same Dollar Increase Across Plans

NME Retirees	2014 Total Ret. Cost					2013 Total Ret. Cost	June 2013 Enrollment
	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4		
Gold							
Retiree Only	\$530.08	\$531.62	\$532.80	\$536.64	\$547.16	\$469.68	1,930
Retiree & NME SP	1,264.52	1,268.54	1,271.66	1,281.10	1,307.88	1,186.36	153
Retiree & Child(ren)	974.42	977.48	979.82	987.06	1,007.42	821.66	19
Retiree & NME SP&CH	1,708.86	1,714.40	1,718.68	1,731.52	1,768.12	1,538.32	17
Retiree & ME SP	653.94	655.48	656.66	660.50	671.02	609.06	136
Retiree & ME SP & CH	1,098.28	1,101.32	1,103.68	1,110.92	1,131.26	961.04	1
							2,256
Silver							
Employee Only	\$429.32	\$435.18	\$428.90	\$437.48	\$439.26	\$401.62	31
Employee & Spouse	1,097.40	1,097.40	1,097.40	1,097.40	1,097.40	1,097.40	1
Employee & Child(ren)	783.70	795.10	783.00	799.40	802.86	712.64	1
Family	1,369.42	1,390.00	1,368.30	1,397.62	1,403.84	1,200.54	1
							34
Bronze							
Employee Only	\$224.84	\$234.26	\$234.94	\$225.74	\$225.74	\$182.78	550
Employee & Spouse	490.70	514.76	516.64	492.86	492.86	421.00	113
Employee & Child(ren)	385.70	403.96	405.38	387.34	387.34	299.78	16
Family	651.56	684.48	687.08	654.46	654.46	538.02	31
							710
							3,000

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



PSE ME Retirees

2014 Alternatives and Contribution Rates

	2014 Total Ret. Cost							2013 Total Ret. Cost	June 2013 Enrollment
Medicare Eligible	Current	Alt M1*	Alt M2**	Alt M3	Alt M4	Alt M5	Alt M6		
Co-pays/Co-insurance	n/a	Actives	Actives	OV \$10/30	OV \$10/30	20%	20%		
Individual OOP Max	n/a	\$2,500	\$1,500	\$2,500	\$1,500	\$2,500	\$1,500		
Retiree Only	\$79.67	\$50.14	\$50.14	\$53.74	\$54.24	\$51.32	\$53.29	\$50.14	6,961
Retiree & NME SP	675.69	643.22	643.96	649.75	650.26	647.34	649.31	597.87	91
Retiree & Child(ren)	633.70	601.23	601.97	607.76	608.27	605.35	607.32	509.62	12
Retiree & NME SP&CH	1,229.37	1,196.90	1,197.64	1,203.43	1,203.94	1,201.02	1,202.99	1,061.68	2
Retiree & ME SP	265.20	206.42	206.42	213.33	214.35	208.51	212.44	206.42	597
Retiree & ME SP & CH	750.89	685.94	687.43	699.02	700.04	694.20	698.13	630.74	1
									7,664
Medicare Eligible	Dollar Change from 2013								
Retiree Only	\$29.53	\$0.00	\$0.00	\$3.60	\$4.10	\$1.18	\$3.15		
Retiree & NME SP	\$77.82	\$45.35	\$46.09	\$51.88	\$52.39	\$49.47	\$51.44		
Retiree & Child(ren)	\$124.08	\$91.61	\$92.35	\$98.14	\$98.65	\$95.73	\$97.70		
Retiree & NME SP&CH	\$167.69	\$135.22	\$135.96	\$141.75	\$142.26	\$139.34	\$141.31		
Retiree & ME SP	\$58.78	\$0.00	\$0.00	\$6.91	\$7.93	\$2.09	\$6.02		
Retiree & ME SP & CH	\$120.15	\$55.20	\$56.69	\$68.28	\$69.30	\$63.46	\$67.39		

Assumes alternative 3 (same \$ increases) for NME Gold Retirees; rates will vary if different plan is selected.

Actives = Same co-pays (after Medicare pays) as Gold Actives, not to exceed amount Medicare does not pay for that service

OV \$10/30 = Max \$10 co-pay for primary care, physical & occupational therapy, and chiropractor office visits; \$30 for specialist office visits

Other co-pays remain same as Gold Actives

20% = Participant pays 20% of the balance not paid by Medicare

Individual OOP Max = maximum amount of co-pays and co-insurance paid by a participant or beneficiary per year

*Expected to contribute \$300,000 to reserves

**Expected to contribute \$200,000 to reserves

OV = Office Visit

OOP = Out-of-Pocket

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



ASE: Required New Reserve Allocation to Keep Employee/Retiree Contribution Rates Same as 2013 (Estimated \$18 Million Available)

Actives/NME Retiree Plans							
Gold Plan	Current	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4	
Silver Plan	Current	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4	
Bronze Plan	Current	Alt 1	Alt 2	Alt 2	Alt 1	Alt 1	
ME Retiree Plan*	Current	\$52.7	\$21.6	\$22.5	\$22.3	\$24.9	\$38.3
	Alt M1	\$43.8	\$12.7	\$13.6	\$13.4	\$15.9	\$29.4
	Alt M2	\$44.0	\$12.9	\$13.8	\$13.6	\$16.1	\$29.6
	Alt M3	\$45.5	\$14.5	\$15.4	\$15.2	\$17.7	\$31.2
	Alt M4	\$45.7	\$14.6	\$15.5	\$15.3	\$17.9	\$31.3
	Alt M5	\$44.9	\$13.8	\$14.7	\$14.5	\$17.1	\$30.5
	Alt M6	\$45.4	\$14.3	\$15.3	\$15.1	\$17.6	\$31.1

*See PSE for Description of Benefits

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



ASE: Active Contribution Rates under Alternative 4 for Gold/Silver Assuming \$18 Million New Reserves Allocated

Medicare Eligible*	Current	Alt M1	Alt M2	Alt M3	Alt M4	Alt M5	Alt M6		
Actives	2014 Total EE Cost							2013 Total EE Cost	Proj 2014 Enrollment
Gold	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4		
Employee Only	\$104.35	\$103.01	\$103.16	\$104.16	\$104.26	\$103.73	\$104.11	\$95.78	13,357
Employee & Spouse	400.65	395.50	396.06	399.92	400.28	398.26	399.73	367.74	2,941
Employee & Child(ren)	210.97	208.26	208.55	210.58	210.78	209.71	210.49	193.64	4,644
Family	457.18	451.30	451.93	456.34	456.76	454.45	456.13	419.62	3,058
								\$4.5	24,000
Silver	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4		
Employee Only	\$70.70	\$69.36	\$69.50	\$70.50	\$70.60	\$70.06	\$70.46	\$62.12	865
Employee & Spouse	315.44	310.28	310.84	314.70	315.06	313.04	314.52	282.52	159
Employee & Child(ren)	158.78	156.06	156.36	158.38	158.58	157.52	158.28	141.44	233
Family	362.16	356.28	356.92	361.32	361.74	359.42	361.10	324.60	243
								\$0.2	1,500
Bronze	Alt 1	Alt 1	Alt 1	Alt 1	Alt 1	Alt 1	Alt 1		
Employee Only	\$8.58	\$7.24	\$7.38	\$8.38	\$8.48	\$7.94	\$8.34	\$0.00	1,434
Employee & Spouse	110.14	104.98	105.54	109.40	109.76	107.74	109.22	77.22	360
Employee & Child(ren)	45.18	42.46	42.76	44.78	44.98	43.92	44.68	27.84	353
Family	129.76	123.88	124.52	128.92	129.34	127.02	128.70	92.20	453
									2,600
									28,100

*See PSE for descriptions of Medicare Benefits Scenarios

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



ASE: Change in Active Contribution Rates under Alternative 4 for Gold/Silver Assuming \$18 Million New Reserves Allocated

Medicare Eligible*	Current		Alt M1		Alt M2		Alt M3		Alt M4		Alt M5		Alt M6	
	Change in Premiums (\$/%)													
Actives														
Gold	Alt 4		Alt 4		Alt 4		Alt 4		Alt 4		Alt 4		Alt 4	
Employee Only	\$8.57	9%	\$7.23	8%	\$7.38	8%	\$8.38	9%	\$8.48	9%	\$7.95	8%	\$8.33	9%
Employee & Spouse	32.91	9%	27.76	8%	28.32	8%	32.18	9%	32.54	9%	30.52	8%	31.99	9%
Employee & Child(ren)	17.33	9%	14.62	8%	14.91	8%	16.94	9%	17.14	9%	16.07	8%	16.85	9%
Family	37.56	9%	31.68	8%	32.31	8%	36.72	9%	37.14	9%	34.83	8%	36.51	9%
Silver	Alt 4		Alt 4		Alt 4		Alt 4		Alt 4		Alt 4		Alt 4	
Employee Only	\$8.58	14%	\$7.24	12%	\$7.38	12%	\$8.38	13%	\$8.48	14%	\$7.94	13%	\$8.34	13%
Employee & Spouse	32.92	12%	27.76	10%	28.32	10%	32.18	11%	32.54	12%	30.52	11%	32.00	11%
Employee & Child(ren)	17.34	12%	14.62	10%	14.92	11%	16.94	12%	17.14	12%	16.08	11%	16.84	12%
Family	37.56	12%	31.68	10%	32.32	10%	36.72	11%	37.14	11%	34.82	11%	36.50	11%
Bronze	Alt 1		Alt 1		Alt 1		Alt 1		Alt 1		Alt 1		Alt 1	
Employee Only	\$8.58		\$7.24		\$7.38		\$8.38		\$8.48		\$7.94		\$8.34	
Employee & Spouse	32.92	43%	27.76	36%	28.32	37%	32.18	42%	32.54	42%	30.52	40%	32.00	41%
Employee & Child(ren)	17.34	62%	14.62	53%	14.92	54%	16.94	61%	17.14	62%	16.08	58%	16.84	60%
Family	37.56	41%	31.68	34%	32.32	35%	36.72	40%	37.14	40%	34.82	38%	36.50	40%

*See PSE for descriptions of Medicare Benefits Scenarios

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



ASE: NME Retiree Contribution Rates under Alternative 4 for Gold/Silver Assuming \$18 Million New Reserves Allocated

Medicare Eligible*	Current	Alt M1	Alt M2	Alt M3	Alt M4	Alt M5	Alt M6		
NME Retirees	2014 Total Ret. Cost							2013 Total Ret. Cost	Proj 2014 Enrollment
Gold	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4		
Retiree Only	\$256.84	\$253.54	\$253.89	\$256.37	\$256.60	\$255.31	\$256.25	\$235.74	1,668
Retiree & NME SP	627.42	619.36	620.22	626.27	626.85	623.68	625.98	575.88	560
Retiree & Child(ren)	479.21	473.05	473.71	478.33	478.77	476.35	478.11	439.84	79
Retiree & NME SP&CH	998.77	985.93	987.31	996.93	997.85	992.81	996.47	916.72	34
Retiree & ME SP	437.48	431.86	432.46	436.67	437.08	434.87	436.47	401.54	236
Retiree & ME SP & CH	661.08	652.58	653.49	659.86	660.47	657.13	659.56	606.77	9
									2,587
Silver	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4	Alt 4		
Employee Only	\$223.18	\$219.88	\$220.23	\$222.71	\$222.94	\$221.65	\$222.59	\$202.08	4
Employee & Spouse	542.20	534.14	535.00	541.05	541.63	538.46	540.76	490.66	9
Employee & Child(ren)	414.97	408.81	409.47	414.09	414.53	412.11	413.87	375.60	2
Family	754.01	741.17	742.55	752.17	753.09	748.05	751.71	671.96	3
									18
Bronze	Alt 1	Alt 1	Alt 1	Alt 1	Alt 1	Alt 1	Alt 1		
Employee Only	\$167.56	\$164.26	\$164.61	\$167.09	\$167.32	\$166.03	\$166.97	\$146.46	7
Employee & Spouse	352.46	344.40	345.26	351.31	351.89	348.72	351.02	300.92	12
Employee & Child(ren)	241.51	235.35	236.01	240.63	241.07	238.65	240.41	202.14	1
Family	412.93	400.09	401.47	411.09	412.01	406.97	410.63	330.88	12
									33
									2,638

*See PSE for descriptions of Medicare Benefits Scenarios

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



ASE: ME Retiree Contribution Rates if ME Retiree Benefits Unchanged Assuming \$18 Million New Reserves Allocated

Gold Plan	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4		
Silver Plan	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4		
Bronze Plan	Alt 1	Alt 2	Alt 2	Alt 1	Alt 1		
Medicare Eligible	Current	Current	Current	Current	Current		
	2014 Total Ret. Cost					2013 Total Ret. Cost	Proj 2014 Enrollment
Retiree Only	\$130.00	\$133.05	\$132.58	\$141.48	\$141.48	\$117.12	5,246
Retiree & NME SP	495.86	507.47	505.69	539.64	539.64	446.72	365
Retiree & Child(ren)	349.49	357.68	356.42	380.35	380.35	314.86	60
Retiree & NME SP&CH	715.37	732.13	729.55	778.53	778.53	644.48	30
Retiree & ME SP	309.12	316.36	315.25	336.42	336.42	278.49	1,981
Retiree & ME SP & CH	528.63	541.01	539.10	575.30	575.30	476.24	18
							7,700
Medicare Eligible	Change from 2013						
Retiree Only	\$12.88	\$15.93	\$15.46	\$24.36	\$24.36		
Retiree & NME SP	\$49.14	\$60.75	\$58.97	\$92.92	\$92.92		
Retiree & Child(ren)	\$34.63	\$42.82	\$41.56	\$65.49	\$65.49		
Retiree & NME SP&CH	\$70.89	\$87.65	\$85.07	\$134.05	\$134.05		
Retiree & ME SP	\$30.63	\$37.87	\$36.76	\$57.93	\$57.93		
Retiree & ME SP & CH	\$52.39	\$64.77	\$62.86	\$99.06	\$99.06		

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



Summary of Decision Points

- Plan Design for 2014
 - Actives/NME Retirees
 - ME Retirees
- PSE Contribution Rates for 2014
 - Active formula
(based on percent or dollar, or something else)
 - Additional amounts to build reserves / allow for adverse experience
 - Additional amounts to narrow difference between Gold, Silver, Bronze
- ASE Contribution Rates for 2014
 - Same as 2013?
 - Use of reserves?



Appendices

Appendix A – PSE Actives: 2013 Final Rate Details



PSE Detailed Financials



Total Active & Ret (\$ mil)	\$294.3	\$58.9	\$73.7	\$161.7	\$134.7	\$27.0		56,657
Actives	Total Monthly Premium	State Cont. Act 1842/1421 and Reserve Alloc.	School District Contrib.	2013 Total EE Cost	2012 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold								
Employee Only	\$469.68	\$111.98	\$131.00	\$226.70	\$187.36	\$39.34	21%	24,946
Employee & Spouse	1,186.36	28.16	131.00	1,027.20	848.92	178.28	21%	846
Employee & Child(ren)	821.66	109.18	131.00	581.48	480.56	100.92	21%	4,470
Family	1,538.32	377.36	131.00	1,029.96	851.20	178.76	21%	1,375
Est. Monthly Total (\$mil)	\$18.5	\$3.8	\$4.1	\$10.5	\$8.7	\$1.8		31,637
Silver								
Employee Only	\$370.04	\$81.48	\$131.00	\$157.56	\$157.56	\$0.00	0%	1,200
Employee & Spouse	927.00	82.14	131.00	713.86	713.86	0.00	0%	79
Employee & Child(ren)	643.58	108.48	131.00	404.10	404.10	0.00	0%	351
Family	1,200.54	353.76	131.00	715.78	715.78	0.00	0%	228
Est. Monthly Total (\$mil)	\$1.0	\$0.2	\$0.2	\$0.6	\$0.6	\$0.0		1,858
Bronze								
Employee Only	\$182.78	\$41.78	\$131.00	\$10.00	\$0.00	\$10.00	n/a	9,290
Employee & Spouse	421.00	47.52	131.00	242.48	186.52	55.96	30%	795
Employee & Child(ren)	299.78	60.46	131.00	108.32	83.32	25.00	30%	1,729
Family	538.02	162.02	131.00	245.00	188.46	56.54	30%	1,569
Est. Monthly Total (\$mil)	\$3.4	\$0.8	\$1.8	\$0.9	\$0.6	\$0.3		13,383
Total (Monthly) (\$ mil)	\$22.9	\$4.8	\$6.1	\$11.9	\$9.8	\$2.1		46,878
Est Annual Total (\$ mil)	\$275.0	\$58.0	\$73.7	\$143.4	\$118.2	\$25.2		



Appendix A - PSE Retirees: Non-Medicare Eligible 2013 Final Rate Details



PSE Detailed Financials



NME Retirees	Total Monthly Premium	Add'l Holdback	2013 Total Ret. Cost	2012 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold							
Retiree Only	\$469.68	\$0.00	\$469.68	\$457.42	\$12.26	3%	1,096
Retiree & NME SP	1,186.36	0.00	1,186.36	1,152.01	34.35	3%	94
Retiree & Child(ren)	821.66	0.00	821.66	768.28	53.38	7%	12
Retiree & NME SP&CH	1,538.32	0.00	1,538.32	1,159.82	378.50	33%	9
Retiree & ME SP	609.06	0.00	609.06	596.82	12.24	2%	75
Retiree & ME SP & CH	961.04	0.00	961.04	907.71	53.33	6%	1
Est. Monthly Total (\$mil)	\$0.7	\$0.0	\$0.7	\$0.7	\$0.0		1,287
Silver							
Employee Only	\$370.04	\$31.58	\$401.62	\$401.62	\$0.00	0%	170
Employee & Spouse	927.00	170.40	1,097.40	1,097.40	0.00	0%	10
Employee & Child(ren)	643.58	69.06	712.64	712.64	0.00	0%	1
Family	1,200.54	0.00	1,200.54	1,105.20	95.34	9%	1
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.1	\$0.1	\$0.0		181
Bronze							
Employee Only	\$182.78	\$0.00	\$182.78	\$148.90	\$33.88	23%	784
Employee & Spouse	421.00	0.00	421.00	349.34	71.66	21%	136
Employee & Child(ren)	299.78	0.00	299.78	238.70	61.08	26%	10
Family	538.02	0.00	538.02	352.42	185.60	53%	24
Est. Monthly Total (\$mil)	\$0.2	\$0.0	\$0.2	\$0.2	\$0.0		954
Total (Monthly) (\$ mil)	\$1.0	\$0.0	\$1.0	\$0.9	\$0.1		2,422
Est Annual Total (\$ mil)	\$11.8	\$0.1	\$11.9	\$11.2	\$0.8		



Appendix A – PSE Retirees: Medicare Eligible 2013 Final Rate Details



PSE Detailed Financials



ME Retirees	Total Monthly Premium	Subsidy / Holdback	Res. Alloc.	2013 Total Ret. Cost	2012 Total Ret. Cost	2009 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Medicare Eligible									
Retiree Only	\$139.38	\$77.49	\$11.75	\$50.14	\$41.44	\$41.44	\$8.70	21%	6,632
Retiree & NME SP	597.87	0.00	0.00	597.87	568.37	674.34	29.50	5%	107
Retiree & Child(ren)	523.12	11.72	1.78	509.62	421.17	421.18	88.45	21%	15
Retiree & NME SP&CH	1,208.03	127.09	19.26	1,061.68	877.42	1,054.08	184.26	21%	4
Retiree & ME SP	278.77	62.83	9.52	206.42	170.59	170.60	35.82	21%	597
Retiree & ME SP & CH	630.74	0.00	0.00	630.74	550.32	550.33	80.42	15%	1
Est. Monthly Total (\$mil)	\$1.2	\$0.6	\$0.1	\$0.5	\$0.4	\$0.5	\$0.1		7,357
Total (Est. Annual)	\$14.0	\$6.6	\$1.0	\$6.4	\$5.4	\$5.5	\$1.0		

Appendix A – ASE Actives

2013 Final Rate Details



ASE Detailed Financials



Total Active & Ret (\$ mil)	\$275.8	\$162.2	\$26.8	\$86.7	\$86.8	(\$0.0)		38,398
Actives	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 EE Total Cost	2012 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Employee Only	\$441.26	\$294.56	\$50.92	\$95.78	\$95.78	\$0.00	0%	14,380
Employee & Spouse	1,015.20	552.03	95.43	367.74	367.74	0.00	0%	3,164
Employee & Child(ren)	708.22	438.73	75.85	193.64	193.64	0.00	0%	4,803
Family	1,282.16	735.41	127.13	419.62	419.62	0.00	0%	3,167
Est. Monthly Total (\$mil)	\$17.0	\$10.4	\$1.8	\$4.8	\$4.8	\$0.0		25,514
Silver								
Employee Only	\$237.74	\$175.62	\$0.00	\$62.12	\$62.12	\$0.00	0%	515
Employee & Spouse	534.10	251.58	0.00	282.52	282.52	0.00	0%	131
Employee & Child(ren)	375.60	234.16	0.00	141.44	141.44	0.00	0%	162
Family	671.96	347.36	0.00	324.60	324.60	0.00	0%	147
Est. Monthly Total (\$mil)	\$0.4	\$0.2	\$0.0	\$0.1	\$0.1	\$0.0		954
Bronze								
Employee Only	\$148.70	\$148.70	\$0.00	\$0.00	\$0.00	\$0.00	n/a	984
Employee & Spouse	317.36	240.14	0.00	77.22	77.22	0.00	0%	235
Employee & Child(ren)	227.16	199.32	0.00	27.84	27.84	0.00	0%	253
Family	395.80	303.60	0.00	92.20	92.20	0.00	0%	297
Est. Monthly Total (\$mil)	\$0.4	\$0.3	\$0.0	\$0.1	\$0.1	\$0.0		1,769
Total (Monthly) (\$ mil)	\$17.8	\$11.0	\$1.8	\$5.0	\$5.0	\$0.0		28,238
Est Annual Total (\$ mil)	\$213.2	\$131.7	\$21.6	\$59.9	\$59.9	\$0.0		



Appendix A - ASE Retirees: Non-Medicare Eligible 2013 Final Rate Details

CHEIRON

ASE Detailed Financials

H-scan

NME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 Ret. Total Cost	2012 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold								
Retiree Only	\$441.26	\$176.50	\$29.02	\$235.74	\$235.74	\$0.00	0%	1,484
Retiree & NME SP	1,015.20	319.99	119.33	575.88	575.88	0.00	0%	500
Retiree & Child(ren)	708.22	243.24	25.14	439.84	439.84	0.00	0%	81
Retiree & NME SP&CH	1,282.16	365.44	0.00	916.72	916.72	0.00	0%	34
Retiree & ME SP	800.58	266.33	132.71	401.54	401.54	0.00	0%	259
Retiree & ME SP & CH	1,067.56	333.08	127.71	606.77	606.77	0.00	0%	13
Est. Monthly Total (\$mil)	\$1.5	\$0.5	\$0.1	\$0.8	\$0.8	\$0.0		2,371
Silver								
Employee Only	\$237.74	\$35.66	\$0.00	\$202.08	\$202.08	\$0.00	0%	16
Employee & Spouse	534.10	43.44	0.00	490.66	490.66	0.00	0%	6
Employee & Child(ren)	375.60	0.00	0.00	375.60	387.64	(12.04)	-3%	7
Family	671.96	0.00	0.00	671.96	821.68	(149.72)	-18%	6
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.0)		34
Bronze								
Employee Only	\$148.70	\$0.00	\$2.24	\$146.46	\$146.46	\$0.00	0%	24
Employee & Spouse	317.36	0.00	16.44	300.92	300.92	0.00	0%	14
Employee & Child(ren)	227.16	0.00	25.02	202.14	202.14	0.00	0%	3
Family	395.80	0.00	64.92	330.88	330.88	0.00	0%	16
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		57
Total (Monthly) (\$ mil)	\$1.5	\$0.5	\$0.1	\$0.8	\$0.8	(\$0.0)		2,462
Est Annual Total (\$ mil)	\$18.2	\$6.3	\$1.7	\$10.1	\$10.1	(\$0.0)		



Appendix A – ASE Retirees: Medicare Eligible 2013 Final Rate Details



ASE Detailed Financials



ME Retirees	Total Monthly Premium	State Contrib.	Reserve Alloc.	2013 Ret. Total Cost	2012 Ret. Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Medicare Eligible								
Retiree Only	\$359.33	\$215.60	\$26.61	\$117.12	\$117.12	\$0.00	0%	5,240
Retiree & NME SP	800.59	353.87	0.00	446.72	446.72	0.00	0%	453
Retiree & Child(ren)	656.16	334.33	6.97	314.86	314.86	0.00	0%	66
Retiree & NME SP&CH	1,200.24	551.96	3.80	644.48	644.48	0.00	0%	35
Retiree & ME SP	718.67	359.33	80.84	278.49	278.49	0.00	0%	1,882
Retiree & ME SP & CH	985.64	466.12	43.28	476.24	476.24	0.00	0%	22
Est. Monthly Total (\$ mil)	\$3.7	\$2.0	\$0.3	\$1.4	\$1.4	\$0.0		7,698
Total (Est. Annual)	\$44.5	\$24.2	\$3.5	\$16.7	\$16.7	\$0.0		

Appendix B – 2013 Benefit Summary

Benefit Option Name: Last Modified: Expected Benefit Ratio: Provider Network:	Gold 1/1/2013 0.83 Health Advantage	Silver 1/1/2013 0.75 QualChoice	Bronze 1/1/2013 0.69 Health Advantage
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	None / None	\$750 / \$1500	\$1500 / \$3000
Coinsurance	20%	20%	20%
Copays			
Office Visit - Primary Care (PCP)	\$25	\$25	Ded. & Coins.
OV - Specialist Care Provider (SCP)	\$35	\$50	Ded. & Coins.
Urgent Care (UC)	\$100	\$150	Ded. & Coins.
Emergency Room (ER) Non-admitted	\$100	\$150	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)	\$1500 / \$3000	\$2000 / \$4000	\$2500 / \$5000
<u>Out-of-Network (OON) Benefits</u> ¹			
Deductible (Individual / Family)	\$1000 / \$2000	\$1500 / \$3000	\$3000 / \$6000
Coinsurance	40%	40%	40%
Out-of-Pocket Max (Individual / Family)	\$5000 / \$10000	\$5000 / \$10000	\$5000 / \$10000
Annual Maximum INN / OON	Unlimited / Unlimited	Unlimited / Unlimited	Unlimited / Unlimited
<u>Prescription Drugs</u>			
Separate Deductible then the following Copays:			
Retail (31 Days) - Generic/Formulary /Non-Form.	\$10 / \$30 / \$60	\$10 / \$35 / \$70	Ded. & Coins.
Mail Order (93 Days) - Generic/Form. /Non-Form.	\$30 / \$90/ \$180	\$30 / \$105 / \$210	Ded. & Coins.
<u>Selected Detail Benefits</u>			
Psychiatry	INN: \$25 Copay; OON: Ded & Coins.	INN: \$25 Copay; OON: Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Chiropractors:	INN: \$35 then Ded & Coins; OON: Ded & Coins.	INN: \$50 then Ded & Coins; 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



Appendix B – 2013 Benefit Summary

Medical Management			
PCP referral to specialists required:	No	No	No
Inpatient:	Yes	Yes	Yes
Outpatient:	Selected	Selected	Selected
Case Management:	Yes	Yes	Yes
Disease Management:	Yes, select conditions	Yes, select conditions	Yes, select conditions
Wellness:	Yes	Yes	Yes
Nurse-Line / Informed Decision Support:	Yes	Yes	Yes
Medicare Integration:	Coordination of Benefits	Not Available	Not Available
Non- Medicare Benefits Covered:	Yes, same as NME		
Non- Medicare Providers Covered:	Non-Par & Non-Accepting		
Pharmacy Covered:	Non-Par & Non-Accepting		

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

Appendix C - PSE Actives & NME Retirees (Alternative 1)

PSE ACTIVE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Gold			Silver			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13	
	5/12 - 6/13	6/12 - 6/13		5/12 - 6/13	6/12 - 6/13		5/12 - 6/13	6/12 - 6/13	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$154,565,067	\$53,945,066	\$208,510,132	\$14,158,045	\$5,378,232	\$19,536,277	\$34,064,252	\$4,844,237	\$38,908,489
2 Less High Cost Claims Above (Med/Rx)	\$11,397,093	\$4,687,584	\$16,084,676	\$580,987	\$746,057	\$1,327,044	\$3,362,081	\$119,732	\$3,481,813
3 Net Incurred Claims below Pooling Point [1 - 2]	\$143,167,974	\$49,257,482	\$192,425,456	\$13,577,058	\$4,632,174	\$18,209,232	\$30,702,171	\$4,724,505	\$35,426,676
4 Person Months for Experience Period	517,086	514,359	516,388	78,765	79,580	78,972	289,632	293,871	290,197
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$276.87	\$95.76	\$372.63	\$172.37	\$58.21	\$230.58	\$106.00	\$16.08	\$122.08
6 Change in Benefits & Network/Contract During Experience Period	0.9859	0.9131		1.0903	0.9103		0.9564	0.8123	
7 Change in Demographics or Illness Burden During Experience Period	1.0147	1.0146		1.0030	1.0054		1.0009	1.0095	
8 Change in Geographic During Experience Period	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
9 a) Annual Trend Rate	6.0%	5.0%		6.0%	5.0%		6.0%	5.0%	
b) Months to Trend	20	19		20	19		20	19	
c) Trend Adjustment	1.1020	1.0803		1.1020	1.0803		1.1020	1.0803	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$305.24	\$95.84	\$401.08	\$207.72	\$57.55	\$265.27	\$111.81	\$14.25	\$126.05
11 Charge for Claims above Pooling Point PPPM	\$23.50	\$7.57	\$31.07	\$14.63	\$4.60	\$19.23	\$9.00	\$1.27	\$10.27
12 Total Claims Charged PPPM [10 + 11]	\$328.75	\$103.41	\$432.15	\$222.35	\$62.15	\$284.50	\$120.81	\$15.52	\$136.32
13 Change in Future Benefits & Networks/Contracts	0.9676	0.9377		0.9657	0.9452		0.9257	0.9720	
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	1.0408	1.0408		1.1611	1.1611		1.1601	1.1601	
15 Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 Rating Incurred Claim PPPM [13 x 14 x 15]	\$331.06	\$100.92	\$431.99	\$249.33	\$68.22	\$317.54	\$129.74	\$17.50	\$147.23
17 ACA Transitional Reinsurance Fee & ARK PCMH PPPM			\$8.25			\$8.25			\$8.25
18 Projected Persons Months	392,016	392,016	392,016	131,036	131,036	131,036	386,425	386,425	386,425
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	\$129,782,357	\$39,562,634	\$172,579,120	\$32,670,670	\$8,938,753	\$42,690,470	\$50,133,778	\$6,761,017	\$60,082,803
20 PEPM Expense Load as % of Claims (before benefit chg)			\$43.64			\$39.10			\$41.60
21 Retiree Subsidy / Holdback PEPM			\$11.20			\$11.20			\$11.20
22 Projected Expense Loaded Cost [19 + (20+21) x 23]			\$189,680,685			\$46,572,236			\$71,759,562
23 Conversion to Rating Tiers [19 x rating tier x counts]									
Method: <input type="text" value="Person"/>									
	x tier	Projected		x tier	Projected		x tier	Projected	
	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only	1.08	268,761	\$530.08	1.16	51,508	\$429.32	1.11	143,195	\$224.84
b) Employee & Spouse	2.75	6,448	\$1,264.52	2.96	2,814	\$1,015.05	2.82	15,649	\$490.71
c) Employee & Child(ren)	2.09	31,721	\$974.42	2.25	16,535	\$783.69	2.14	32,751	\$385.69
d) Family	3.76	4,715	\$1,708.86	4.05	6,312	\$1,369.42	3.85	29,549	\$651.56
e) Child(ren) of Medicare Retirees	1.01	191	\$499.18						
24 Rates Balance Confirmation		311,835	\$189,680,685		77,170	\$46,572,236		221,143	\$71,759,562

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

Appendix C - PSE Medicare Retirees (Alternative 1)

PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Medicare	
	Medical 5/12 - 4/13 5/12 - 6/13	Total
1 Total Incurred Medical & Rx Claims	\$12,794,237	\$12,794,237
2 <u>Less High Cost Claims Above (Med/Rx)</u> \$125,000 \$25,000	\$0	\$0
3 Net Incurred Claims below Pooling Point [1 - 2]	\$12,794,237	\$12,794,237
4 <u>Person Months for Experience Period</u>	94,810	94,810
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$134.95	\$134.95
6 Change in Benefits & Network/Contract During Experience Period	1.0000	
7 Change in Demographics or Risk During Experience Period	1.0000	
8 Change in Geographic During Experience Period	1.0000	
9 a) Annual Trend Rate	6.0%	
b) Months to Trend	20	
c) <u>Trend Adjustment</u>	<u>1.1020</u>	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$148.71	\$148.71
11 <u>Charge for Claims above Pooling Point PPPM</u>	<u>\$1.53</u>	<u>\$1.53</u>
12 Total Claims Charged PPPM [10 + 11]	\$150.24	\$150.24
13 Change in Future Benefits & Networks/Contracts	1.0000	
14 Change in Future Demographics (Age/Gender/Family) or Illness Burden	1.0000	
15 <u>Change in Future Geographic</u>	<u>1.0000</u>	
16 Projected Incurred Claim PPPM [13 x 14 x 15]	\$150.24	\$150.24
17 <u>Projected Persons Months</u>	111,447	111,447
18 Projected Total Incurred Claims [16 x 17]	\$16,743,605	\$16,743,605

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



Appendix C - PSE Medicare Retirees (Alternative 1)

PSE GOLD RETIREE RATE DEVELOPMENT for CY2014

19 Conversion to Rating Tiers from PPPM [16]

Method:

Person

- a) NME Retiree
- b) NME Retiree & NME Spouse
- c) NME Retiree & Child(ren)
- d) NME Retiree & NME Spouse & Child(ren)
- e) NME Retiree & ME Spouse
- f) NME Retiree & ME Spouse & Child(ren)
- g) ME Retiree
- h) ME Retiree & NME Spouse
- i) ME Retiree & Child(ren)
- j) ME Retiree & NME Spouse & Child(ren)
- k) ME Retiree & ME Spouse
- l) ME Retiree & ME Spouse & Child(ren)

	<u>x Non-Med.</u>	<u>Non-Med.</u>	<u>x Medicare</u>	<u>Medicare</u>	<u>Projected</u>	<u>TOTAL</u>
	<u>tier factor</u>	<u>PEPM</u>	<u>tier factor</u>	<u>PEPM</u>	<u>Ret Months</u>	<u>PEPM</u>
a)	1.08	\$530.08	-	\$0.00	24,608	\$530.08
b)	2.75	\$1,264.52	-	\$0.00	2,030	\$1,264.52
c)	2.09	\$974.42	-	\$0.00	244	\$974.42
d)	3.76	\$1,708.86	-	\$0.00	203	\$1,708.86
e)	1.08	\$530.08	1.00	\$150.24	1,744	\$680.32
f)	2.09	\$974.42	1.00	\$150.24	12	\$1,124.66
g)		\$0.00	1.00	\$150.24	92,596	\$150.24
h)	1.08	\$518.88	1.00	\$150.24	1,230	\$669.12
i)	1.01	\$487.98	1.00	\$150.24	191	\$638.22
j)	2.68	\$1,178.78	1.00	\$150.24	41	\$1,329.01
k)		\$0.00	2.00	\$300.48	7,816	\$300.48
l)	1.01	\$444.34	2.00	\$300.48	-	\$744.82
		<u>\$17,910,840</u>		<u>\$16,743,605</u>		<u>\$34,654,445</u>

20 Rates Balance Confirmation

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



Appendix C - ASE Actives & NME Retirees (Alternative 1)

ASE ACTIVE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Gold			Silver			Bronze		
	Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
	5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13		5/12 - 4/13	6/12 - 5/13	
	5/12 - 6/13	6/12 - 6/13		5/12 - 6/13	6/12 - 6/13		5/12 - 6/13	6/12 - 6/13	
	A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)	\$159,044,681	\$52,970,877	\$212,015,558	\$2,379,663	\$795,600	\$3,175,262	\$3,104,808	\$305,884	\$3,410,692
2 Less High Cost Claims Above (Med/Rx)	\$125,000	\$25,000		\$0	\$70,270	\$70,270	\$96,664	\$0	\$96,664
3 Net Incurred Claims below Pooling Point [1 - 2]	\$149,518,446	\$48,587,740	\$198,106,186	\$2,379,663	\$725,330	\$3,104,992	\$3,008,144	\$305,884	\$3,314,028
4 Person Months for Experience Period	600,043	600,062	600,048	17,067	17,472	17,162	37,586	38,192	37,642
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$249.18	\$80.97	\$330.15	\$139.43	\$41.51	\$180.94	\$80.03	\$8.01	\$88.04
6 Change in Benefits & Network/Contract During Experience Period	0.9909	0.9736		1.0256	0.9775		0.9715	0.9341	
7 Change in Demographics or Risk During Experience Period	1.0022	1.0033		1.0003	1.0063		1.0024	1.0039	
8 Change in Geographic During Experience Period	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
9 a) Annual Trend Rate	6.0%	5.0%		6.0%	5.0%		6.0%	5.0%	
b) Months to Trend	20	19		20	19		20	19	
c) Trend Adjustment	1.1020	1.0803		1.1020	1.0803		1.1020	1.0803	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$272.69	\$85.45	\$358.13	\$157.63	\$44.11	\$201.74	\$85.89	\$8.11	\$94.00
11 Charge for Claims above Pooling Point PPPM	\$15.88	\$7.30	\$23.18	\$0.00	\$4.02	\$4.02	\$2.57	\$0.00	\$2.57
12 Total Claims Charged PPPM [10 + 11]	\$288.56	\$92.75	\$381.31	\$157.63	\$48.13	\$205.76	\$88.46	\$8.11	\$96.57
13 Change in Future Benefits & Networks/Contracts	0.9645	0.8819		0.9543	0.8887		0.9159	0.9068	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0112	1.0112		1.2676	1.2676		1.3806	1.3806	
15 Change in Future Geographic	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
16 Rating Incurred Claim PPPM [13 x 14 x 15]	\$281.44	\$82.72	\$364.16	\$190.69	\$54.22	\$244.91	\$111.86	\$10.16	\$122.02
17 ACA Transitional Reinsurance Fee PPPM			\$8.25			\$8.25			\$8.25
18 Projected Persons Months	571,573	571,573	571,573	33,293	33,293	33,293	59,768	59,768	59,768
19 Projected Total Incurred Claims & Fee [(16 + 17) x 18]	\$160,864,497	\$47,278,772	\$212,858,743	\$6,348,487	\$1,805,172	\$8,428,326	\$6,685,557	\$607,149	\$7,785,790
20 PEPM Expense Load as % of Claims			\$37.10			\$32.56			\$35.06
21 Projected Expense Loaded Cost [19 + 20 x 22]			\$224,906,611			\$9,021,467			\$8,893,594
22 Conversion to Rating Tiers [21 x rating tier x counts]									
Method: Person	x tier	Projected		x tier	Projected		x tier	Projected	
	factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only	1.16	187,527	\$467.42	1.16	10,428	\$325.04	1.15	17,290	\$185.34
b) Employee & Spouse	2.73	42,014	\$1,052.54	2.73	2,010	\$722.75	2.72	4,465	\$389.67
c) Employee & Child(ren)	1.92	57,141	\$753.54	1.92	2,818	\$519.52	1.92	4,252	\$285.26
d) Family	3.49	37,104	\$1,338.66	3.49	2,960	\$917.22	3.49	5,589	\$489.59
e) Child(ren) of Medicare Retirees	0.77	940	\$323.23						
23 Rates Balance Confirmation		324,727	\$224,906,611		18,216	\$9,021,467		31,596	\$8,893,594

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



Appendix C - ASE Medicare Retirees (Alternative 1)

ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2014

Plan: Benefit: Experience Period - Service (Incurred) Dates Experience Period - Processed (Paid) Dates	Medicare		Total
	Medical	Pharmacy	
	5/12 - 4/13	6/12 - 5/13	
	5/12 - 6/13	6/12 - 6/13	
1 Total Incurred Medical & Rx Claims *	\$18,004,610	\$21,728,157	\$39,732,767
2 <u>Less High Cost Claims Above (Med/Rx)</u> \$125,000 \$25,000	<u>\$69,753</u>	<u>\$1,792,072</u>	<u>\$1,861,825</u>
3 Net Incurred Claims below Pooling Point [1 - 2]	\$17,934,857	\$19,936,084	\$37,870,942
4 <u>Person Months for Experience Period</u>	114,255	114,747	114,514
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]	\$156.97	\$173.74	\$330.71
6 Change in Benefits/Network During Experience Period	1.0000	1.0000	
7 Change in Demographics or Risk During Experience Period	0.9984	1.0000	
8 Change in Geographic During Experience Period	1.0000	1.0000	
9 a) Annual Trend Rate	6.0%	5.0%	
b) Months to Trend	20	19	
c) <u>Trend Adjustment</u>	<u>1.1020</u>	<u>1.0803</u>	
10 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8 x 9c]	\$172.70	\$187.69	\$360.40
11 <u>Charge for Claims above Pooling Point PPPM</u>	<u>\$0.61</u>	<u>\$15.62</u>	<u>\$16.23</u>
12 Total Claims Charged PPPM [10 + 11]	\$173.31	\$203.31	\$376.62
13 Change in Future Benefits (Level/Mgt/Discounts)	0.7839	0.8908	
14 Change in Future Demographics (Age/Gender/Family) or Risk	1.0000	1.0000	
15 <u>Change in Future Geographic</u>	<u>1.0000</u>	<u>1.0000</u>	
16 Projected Incurred Claim PPPM [13 x 14 x 15]	\$135.85	\$181.11	\$316.97
17 <u>Projected Persons Months</u>	119,337	119,337	119,337
18 Projected Total Incurred Claims [16 x 17]	\$16,212,455	\$21,613,462	\$37,825,917

* Pharmacy Cost for Medicare has subtracted the RDS Subsidy.

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

Appendix C - ASE Medicare Retirees (Alternative 1)

ASE GOLD RETIREE RATE DEVELOPMENT for CY2014

19 Conversion to Rating Tiers from PPPM [16]

Method:

Person

- a) NME Retiree
- b) NME Retiree & NME Spouse
- c) NME Retiree & Child(ren)
- d) NME Retiree & NME Spouse & Child(ren)
- e) NME Retiree & ME Spouse
- f) NME Retiree & ME Spouse & Child(ren)
- g) ME Retiree
- h) ME Retiree & NME Spouse
- i) ME Retiree & Child(ren)
- j) ME Retiree & NME Spouse & Child(ren)
- k) ME Retiree & ME Spouse
- l) ME Retiree & ME Spouse & Child(ren)

<u>x Non-Med.</u>	<u>Non-Med.</u>	<u>x Medicare</u>	<u>Medicare</u>	<u>Projected</u>	<u>TOTAL</u>
<u>tier factor</u>	<u>PEPM</u>	<u>tier factor</u>	<u>PEPM</u>	<u>Ee Months</u>	<u>PEPM</u>
1.16	\$467.42	-	\$0.00	20,021	\$467.42
2.73	\$1,052.54	-	\$0.00	6,726	\$1,052.54
1.92	\$753.54	-	\$0.00	944	\$753.54
3.49	\$1,338.66	-	\$0.00	405	\$1,338.66
1.16	\$467.42	1.00	\$316.97	2,837	\$784.38
1.92	\$753.54	1.00	\$316.97	110	\$1,070.51
-	\$0.00	1.00	\$316.97	62,950	\$316.97
1.16	\$467.42	1.00	\$316.97	4,386	\$784.38
0.77	\$323.23	1.00	\$316.97	719	\$640.19
2.34	\$871.25	1.00	\$316.97	357	\$1,188.21
-	\$0.00	2.00	\$633.94	23,767	\$633.94
0.77	\$286.12	2.00	\$633.94	222	\$920.06
	<u>\$21,757,011</u>		<u>\$37,825,917</u>		<u>\$59,582,928</u>

20 Rates Balance Confirmation

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



Appendix D – Enrollment Details Actives

		PSE			ASE		
		Average for 2012	Actual June 2013	Proj. Avg for 2014*	Average for 2012	Actual June 2013	Proj. Avg for 2014
Gold	Single	28,924	23,370	19,184 - 20,098	14,545	13,911	13,357
	Employee/Spouse	954	526	279 - 368	3,180	3,043	2,941
	Employee/Child(ren)	5,173	3,445	1,654 - 2,618	4,913	4,873	4,644
	Family	1,539	752	150 - 376	3,234	3,168	3,058
	Total	36,591	28,093	21,742 - 23,461	25,872	24,995	24,000
Silver	Single	502	2,790	4,192 - 4,873	337	700	865
	Employee/Spouse	39	179	232 - 253	80	126	159
	Employee/Child(ren)	193	965	1,378 - 1,516	93	190	233
	Family	139	409	522 - 597	104	182	243
	Total	872	4,343	6,324 - 7,239	613	1,198	1,500
Bronze	Single	5,955	9,110	10,980 - 11,213	844	1,022	1,434
	Employee/Spouse	709	1,002	1,107 - 1,186	200	244	360
	Employee/Child(ren)	1,138	2,285	2,698 - 3,663	192	273	353
	Family	1,457	2,151	2,414 - 2,602	267	314	453
	Total	9,259	14,548	17,199 - 18,665	1,503	1,853	2,600
TOTAL	Single	35,381	35,270	35,270	15,726	15,633	15,655
	Employee/Spouse	1,702	1,707	1,707	3,460	3,413	3,459
	Employee/Child(ren)	6,504	6,695	6,695	5,197	5,336	5,230
	Family	3,135	3,312	3,312	3,606	3,664	3,755
	Total	46,721	46,984	46,984	27,989	28,046	28,100

*Depends upon benefit alternative and contribution approach selected. See following slide.



Appendix D – Enrollment Details under PSE Benefit & Contribution Scenarios

Contribution Scenario	Percentage Rate Increase					Same Dollar Increase				
Gold	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4
Employee Only	19,748	19,748	19,631	19,184	19,184	20,098	20,098	19,981	19,514	19,514
Employee & Spouse	342	279	289	301	291	368	301	291	331	321
Employee & Child(ren)	2,515	2,130	1,654	2,377	2,377	2,618	2,446	2,515	2,549	2,549
Family	282	150	169	188	188	376	282	263	319	319
	22,886	22,307	21,742	22,050	22,040	23,461	23,127	23,050	22,714	22,703
Silver	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4	Alt 1	Alt 2	Alt 1	Alt 3	Alt 4
Employee Only	4,426	4,426	4,426	4,873	4,873	4,192	4,192	4,192	4,660	4,660
Employee & Spouse	232	242	232	242	253	232	242	253	242	253
Employee & Child(ren)	1,378	1,516	1,378	1,516	1,516	1,378	1,447	1,378	1,447	1,447
Family	541	597	541	597	597	522	541	522	541	541
	6,577	6,781	6,577	7,228	7,239	6,324	6,423	6,345	6,890	6,901
Bronze	Alt 1	Alt 2	Alt 2	Alt 1	Alt 1	Alt 1	Alt 2	Alt 2	Alt 1	Alt 1
Employee Only	11,096	11,096	11,213	11,213	11,213	10,980	10,980	11,096	11,096	11,096
Employee & Spouse	1,134	1,186	1,186	1,164	1,164	1,107	1,164	1,164	1,134	1,134
Employee & Child(ren)	2,802	3,049	3,663	2,802	2,802	2,698	2,802	2,802	2,698	2,698
Family	2,489	2,565	2,602	2,527	2,527	2,414	2,489	2,527	2,452	2,452
	17,521	17,896	18,665	17,706	17,706	17,199	17,434	17,589	17,380	17,380
	46,984	46,984	46,984	46,984	46,984	46,984	46,984	46,984	46,984	46,984



Appendix D – Enrollment Details Retirees

Average for Year Ending		PSE			ASE		
		Average for 2012	Actual June 2013	Proj. Avg for 2014	Average for 2012	Actual June 2013	Proj. Avg for 2014
Retirees Non Medicare Eligible (NME) Gold	Retiree Only	1,963	1,930	2,051	1,513	1,687	1,668
	Retiree + NME Spouse	178	153	169	517	553	560
	Retiree + Child(ren)	16	19	20	75	83	79
	Retiree + NME Spouse + Child(ren)	17	17	17	35	30	34
	Retiree + ME Spouse	129	136	145	213	227	236
	Retiree + ME Spouse + Child(ren)	1	1	1	13	7	9
	Total	2,304	2,256	2,403	2,366	2,587	2,587
Silver	Retiree Only	9	31	100	0	8	4
	Retiree + NME Spouse	-	1	3	2	6	9
	Retiree + Child(ren)	-	1	-	1	1	2
	Retiree + NME Spouse + Child(ren)	-	1	4	1	3	3
	Total	9	34	107	4	18	18
Bronze	Retiree Only	221	550	953	6	7	7
	Retiree + NME Spouse	46	113	197	6	13	12
	Retiree + Child(ren)	7	16	31	1	2	1
	Retiree + NME Spouse + Child(ren)	9	31	48	7	11	12
	Total	284	710	1,228	19	33	33
TOTAL	NME Retirees	2,597	3,000	3,739	2,389	2,638	2,638
Retirees Medicare Eligible (ME)	Retiree Only	6,271	6,961	7,716	4,939	5,188	5,246
	Retiree + NME Spouse	98	91	103	359	365	365
	Retiree + Child(ren)	14	12	16	58	59	60
	Retiree + NME Spouse + Child(ren)	2	2	3	28	33	30
	Retiree + ME Spouse	530	597	651	1,854	1,945	1,981
	Retiree + ME Spouse + Child(ren)	1	1	-	18	19	18
	ME Retirees	6,916	7,664	8,489	7,254	7,609	7,700

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



Appendix E – Assumptions and Methods

Comparative Risk/Morbidity Analysis

- PSE

	Actives	Retirees
Gold	0.85	1.58
Silver	0.52	0.99
Bronze	0.37	0.92

- ASE

	Actives	Retirees
Gold	0.76	1.58
Silver	0.32	0.64
Bronze	0.26	0.44

Source: Integrail April 2013



Appendix E – Assumptions and Methods 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. For this presentation, CY2010 large claims are assumed to be the most representative.

In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the Employee Benefits Division of the State of Arkansas (EBD) and the Plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information and claims data. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.

Cheiron's analysis was prepared exclusively for EBD 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.

PSE CONTRIBUTIONS UNDER OTHER OPTIONS

Actives	2014 Total EE Cost - Percent Based		2014 Total EE Cost - Same Dollar Based		2013 Total EE Cost	June 2013 Enrollment
	Alt 3	Alt 4	Alt 3	Alt 4		
Gold						
Employee Only	\$310.92	\$321.12	\$271.94	\$277.16	\$226.70	23,370
Employee & Spouse	1,140.48	1,171.84	1,131.38	1,163.12	1,027.20	526
Employee & Child(ren)	797.50	823.66	697.54	710.92	581.48	3,445
Family	1,412.60	1,458.94	1,235.54	1,259.22	1,029.96	752
						28,093
Silver						
Employee Only	\$216.10	\$223.18	\$202.80	\$208.02	\$157.56	2,790
Employee & Spouse	865.04	893.64	869.78	889.70	713.86	179
Employee & Child(ren)	554.22	572.40	520.16	533.54	404.10	965
Family	981.70	1,013.90	921.36	945.04	715.78	409
						4,343
Bronze						
Employee Only	\$43.72	\$44.16	\$55.24	\$60.46	\$10.00	9,110
Employee & Spouse	332.56	343.48	389.50	389.62	242.48	1,002
Employee & Child(ren)	148.56	153.44	224.38	237.76	108.32	2,285
Family	336.02	347.04	450.58	474.26	245.00	2,151
						14,548
						46,984

Change in EE Cost

Actives	Percentage Increase		Same Dollar Increase	
	Alt 3	Alt 4	Alt 3	Alt 4
Gold				
Employee Only	\$84.22	\$94.42	\$45.24	\$50.46
Employee & Spouse	\$113.28	\$144.64	\$104.18	\$135.92
Employee & Child(ren)	\$216.02	\$242.18	\$116.06	\$129.44
Family	\$382.64	\$428.98	\$205.58	\$229.26
Silver				
Employee Only	\$58.54	\$65.62	\$45.24	\$50.46
Employee & Spouse	\$151.18	\$179.78	\$155.92	\$175.84
Employee & Child(ren)	\$150.12	\$168.30	\$116.06	\$129.44
Family	\$265.92	\$298.12	\$205.58	\$229.26
Bronze				
Employee Only	\$33.72	\$34.16	\$45.24	\$50.46
Employee & Spouse	\$90.08	\$101.00	\$147.02	\$147.14
Employee & Child(ren)	\$40.24	\$45.12	\$116.06	\$129.44
Family	\$91.02	\$102.04	\$205.58	\$229.26

Projected 2014 Enrollment

Contribution Scenario	Percentage Increase		Same Dollar Increase		June 2013
	Alt 3	Alt 4	Alt 3	Alt 4	
Gold					
Employee Only	19,631	19,187	19,981	19,514	23,370
Employee & Spouse	184	163	210	189	526
Employee & Child(ren)	1,309	1,171	1,826	1,757	3,445
Family	38	23	226	206	752
	21,162	20,544	22,243	21,667	28,093
Silver					
Employee Only	4,426	4,870	4,192	4,660	2,790
Employee & Spouse	232	253	232	253	179
Employee & Child(ren)	1,378	1,516	1,378	1,447	965
Family	447	462	522	541	409
	6,483	7,100	6,324	6,901	4,343
Bronze					
Employee Only	11,213	11,213	11,096	11,096	9,110
Employee & Spouse	1,291	1,291	1,265	1,265	1,002
Employee & Child(ren)	4,008	4,008	3,491	3,491	2,285
Family	2,828	2,828	2,565	2,565	2,151
	19,340	19,340	18,417	18,417	14,548
	46,984	46,984	46,984	46,984	46,984