AGENDA

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

April 7, 2017
10:00 a.m.

EBD Board Room – 501 Building, Suite 500

I.	*Call to Order*	*Jeff Altemus, Chairman*
II.	*Approval of February 10, 2017 Minutes*	*Jeff Altemus, Chairman*
III.	*ASE-PSE Financials February & March, 2017*	*Marla Wallace, EBD Fiscal Officer*
IV.	*ACHI Updates.*	*Mike Motley, Izzy Whittington, ACHI*
V.	*Review of Trend Experience*	*John Colberg, Cheiron*
VI.	*Wellness Committee Update*	*Chris Howlett, EBD Executive Director*
VII.	*Director's Report*	*Chris Howlett, EBD Executive Director*

2017 upcoming meetings:

May 5, 2017, June 9, 2017, July 7, 2017, August 11, 2017

NOTE: All material for this meeting will be available by electronic means only
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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 April 7, 2017

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on April 7, 2017, at 10:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present	Members Absent
Janis Harrison	Becky Walker
Dan Honey	Shelby McCook
Carla Haugen	
Jeff Altemus	
Claudia Moran	
Ronnie Kissire	
Susan Gardner	

Chris Howlett, Executive Director, Employee Benefits Division (EBD)

Others Present

Geri Bemberg, Dwight Davis, UAMS; Marla Wallace, Ethel Whittaker, Gretchen Baggett, Eric Gallo, Terri Freeman, Stella Greene, Cecilia Walker, EBD; Jennifer Vaughn, Kristi Jackson, Com Psych; Bethany Boyle ASBP; Sylvia Landers, Minnesota Life; Marc Watts, ASEA; Ronda Walthall, AHTD; Jessica Akins, Takisha Sanders, Health Advantage; Bill Clary, H&H; Elizabeth Whittington, Mike Motley, ACHI; Suzanne Woodall, MedImpact; David Doctor, AHM; Treg Long, ACS; Karyn Langley, QualChoice; David Kizzia, AEA; Sean Seago, Merck.

CALL TO ORDER

The meeting was called to order by Jeff Altemus, Chairman

APPROVAL OF MINUTES

Altemus asked for a motion to approve the February 10, 2017, minutes. Harrison motioned for adoption of the minutes with changes. Haugen seconded; all were in favor.

Minutes Approved.

ASE-PSE FINANCIALS: *by Marla Wallace, EBD Fiscal Officer*

Wallace reported financials for February 2017. For February PSE, four (4) weeks of medical and pharmacy claims were paid. The FICA savings is $516,000 for the month. The yearly payment was received from the Department of Education amounting to $18.1 million. There was a net gain of $6.89 million for the month and $13.1 million year-to-date. The recalculated catastrophic reserve is $40.5 million. Net assets available are $47.2 million.

For ASE for the month of February, four (4) weeks of medical and pharmacy claims were paid. The net gain was $5.4 million for the month and $10.79 million year-to-date. The recalculated catastrophic reserve is $20.6 million. Net assets available are $21.3 million.

The following is district contribution information which contributed to an increase in the Public Schools FICA Contribution Savings:

- Six schools decreased the district contribution affecting over 3,000 employees
- 51 schools no change
- 11 schools increased $0.1 - $1.00
- 186 schools moved to the new minimum
- 53 schools increased $1.00 - $10.00
- Five schools had odd amounts.
- With an increase in the amount that the employees pay, there is an increase in the FICA savings as it is based on 7.65% of the employee's share of their premium.

Preliminary March Financials

PSE	ASE
Net Gain - $2.14 million – 5 weeks	Net Gain - $495,000 – 5 weeks

At the request of the Board, an additional report was provided, which outlines the projected amount of medical claims, pharmacy claims, and expenses. Also, the report provides expected and actual values for each month and year-to-date.

ACHI ACTIVITIES & UPDATES: *by Michael Motley, Izzy Whittington, ACHI*

Motley reported from 2012 through 2013, there were 487 bariatric procedures for which EBD paid $5.6 million for the surgical procedure (average of approximately $11,600/surgery); At 2 or more years post-surgery, the average annual cost savings is about $178,000 per year for all beneficiaries ($365/per person per

year). Initial eligibility criteria included; BMI of 40 and BMI of 35 or greater with an existing co-morbidity condition.

With limited data available, ACHI was asked to utilize claims data to examine bariatric surgeries within the EBD Program.

From the beginning of the program in 2012 to the end of 2016, EBD paid for 775 Bariatric procedures, according to the claims experience. For the 775 bariatric procedures, the cost associated with surgery alone totaled approximately $9 million through 2016.

Bariatric Surgery coverage was mandated via legislation in 2011 as a pilot program (routinely, the EBD Board makes benefit coverage decisions); however, coverage was not included as an essential health benefit under the Affordable Care Act.

Whittington reported ACHI is the administrator of the all payer's claims database. ACHI receive private payer data from those who represent 2000 covered lives. The data from 2013 – 2015 is compared to Employee Benefits Division volume of surgery data. Research demonstrates EBD only represent 15% of the total enrolled, but paid for 57% of all the surgeries in the private payer database.

Whittington reported 59 schools are participating in the Blue and You-School challenge. The following are the participating schools:

- Completing 30 Checkpoints:
  - ✓ Small - Deaf Leopards, Arkansas School for the Deaf in Little Rock, AR (66.67%)
  - ✓ Medium – Lamar Middle School in Lamar, AR (61.11%)
  - ✓ Large – Drew Central School District in Monticello, AR (77.08%)

- Percentage Participating:
  - ✓ Small – Rena Rockets, Rena Elementary School in Van Buren, AR (86.67%)
  - ✓ Medium – Lamar Middle School in Lamar, AR (90%)
  - ✓ Large – Northside Elementary in Cabot, AR (78.69%)

REVIEW OF TREND EXPERIENCE: *by John Colberg, Cheiron*

Colberg reported the analysis of trends shows a higher increase in utilization between 2015 and 2016. Allowed trends are the change in medical costs after reflecting PPO discounts but before indicating amounts paid by participants.

PSE had a sharp decrease in unit cost (cost per service) between 2014 and 2015. In part because of fewer large claims. Trends are based on claims paid through January 31, 2017, plus estimated runout. As actual runout claims become known, the percentages will likely change. Allowed trends are not adjusted for geographic and demographic factors.

Allowed Trends	**ASE**			**PSE**		
Medical Active/NME only	**Utilization-Unit Cost-PMPM**			**Utilization-Unit Cost-PMPM**		
- 2012 to 2013	1.2%	3.9%	5.1%	-1.9%	0.7%	-1.4%
- 2013 to 2014	-2.3%	2.5%	0.1%	-3.5%	2.8%	-0.8%
- 2014 to 2015	2.5%	-0.6%	1.9%	1.8%	-5.8%	-4.0%
- 2015 to 2016	6.4%	2.5%	9.1%	4.6%	3.6%	8.4%
Average	1.9%	2.1%	4.0%	0.2%	0.3%	1.4%

2016 Pharmacy Trend
ASE & PSE COMBINED
Change from 2016 to 1st 6 months of 2016

	Unit Cost	**Utilization**	**Total**
Brand	16.0%	-15.4%	-1.8%
Generic	0.2%	0.8%	1.1%
Traditional	**0.4%**	**-0.8%**	**-0.4%**
Specialty	**4.9%**	**12.8%**	**18.4%**
Total Overall	**4.8%**	**-0.7%**	**4.1%**

Change from 1st 6 months of 2016 to 2nd 6 months

	Unit Cost	**Utilization**	**Total**
Brand	-13.3%	9.6%	-4.9%
Generic	-12.0%	-3.2%	-14.9%
Traditional	**-8.1%**	**-2.2%**	**-10.1%**
1.6%	**1.6%**	**1.3%**	**2.9%**
Total Overall	**-4.5%**	**-2.2%**	**-6.6%**

Pharmacy trend considerations for 2018:

- National forecast above 10% annually
- Generic utilization above 90%
  - Probably effectively higher since many generics less than copay

- Unlikely to see much additional shift to generics; however, could see a recovery of the transition from the 2nd half of 2016.

❖ Utilization Trends
  - The last couple of years had negative usage patterns; unlikely to continue
  - Traditional therapies likely will see low usage.
  - Specialty utilization is likely to continue increasing as drugs keep on entering the market.

For 2018, likely no increase in participant contributions will be needed for ASE or PSE.

WELLNESS UPDATE AND DIRECTOR'S REPORT: *by Chris Howlett, EBD Executive Director*

Howlett said the wellness committee had made positive steps to defining the benefit structure and how it will be developed for the members.

Jayme Mayo, Nabholz Wellness Director, addressed the committee and answered questions and concerns and provided recommendations for the wellness committee.

Senate Bill 522 passed the effective date is 1/1/2018. It extends the bariatric pilot program to December 31, 2021.

There are several new laws signed at the recent session. Howlett will provide additional detail at a later date.

Howlett reported Dr. Thompson made a recommendation to develop a strong cost structure committee similar to the DUEC committee. The committee will provide recommendations to the Board.

Howlett would like to move the May and June benefits meeting to the second week of the month.

Harrison motioned to move the May meeting to 05/12/17 & the June meeting to 06/16/17. Moran seconded; all were in favor.

Motion approved.

Meeting adjourned

Arkansas State Employees (ASE) Financials - January 1, 2016 through February 29, 2016

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	1238	27		1265	2071	43		2114
CLASSIC	1691	65		1756	2851	88		2939
PREMIUM	23626	2164		25790	41157	2782		43939
PRIMARY		213	9111	9324		434	11932	12366
TOTAL	26555	2469	9111	38135	46079	3347	11932	61358

REVENUES & EXPENDITURES

		Current Month	Year to Date (2 Months)
	Funding		
1	State Contribution	$ 14,693,616	$ 29,386,756
2	Employee Contribution	$ 7,996,435	$ 16,009,629
3	Other	$ 731,667	$ 1,173,903
4	Allocation of Reserves	$ 1,350,000	$ 2,700,000
	Total Funding	$ 24,771,718	$ 49,270,288
	Expenses		
	Medical Expenses		
5	Claims Expense	$ 13,010,126	$ 25,282,507
6	Claims IBNR	$ -	$ -
7	Medical Administration Fees	$ 1,096,500	$ 2,184,184
8	Refunds	$ -	$ -
9	Employee Assistance Program (EAP)	$ 55,466	$ 110,760
10	Life Insurance	$ 79,610	$ 158,968
	Pharmacy Expenses		
11	RX Claims	$ 6,090,974	$ 12,081,970
12	RX IBNR	$ -	$ -
13	RX Administration	$ 215,022	$ 424,178
14	Plan Administration	$ 312,827	$ 686,112
	Total Expenses	$ 20,860,523	$ 40,928,679
15	**Net Income/(Loss)**	$ 3,911,195	$ 8,341,610

BALANCE SHEET

	Assets	
16	Bank Account	$ 7,916,205
17	State Treasury	$ 86,352,747
18	Due from Cafeteria Plan	$ 5,195,886
19	Due from PSE	$ -
20	Receivable from Provider	$ -
21	Accounts Receivable	$ 78,425
	Total Assets	$ 99,543,262
	Liabilities	
22	Accounts Payable	$ 654
23	Deferred Revenues	$ 1,260
24	Due to Cafeteria	$ 266
25	Due to PSE	$ -
26	Due to Federal Government ($44 fee)	$ -
27	Health IBNR	$ 24,700,000
28	RX IBNR	$ 1,800,000
	Total Liabilities	$ 26,502,180
	Net Assets	$ 73,041,082
	Less Reserves Allocated	
29	Premiums for Plan Year 1/1/16 - 12/31/16 ($3,600,000 + $12,600,000)	$ (13,500,000)
30	Premiums for Plan Year 1/1/17 - 12/31/17 ($7,560,000)	$ (7,560,000)
31	Premiums for Plan Year 1/1/18 - 12/31/18 ($5,040,000)	$ (5,040,000)
32	Catastrophic Reserve (2016 $10,700,000)	$ (10,700,000)
33	**Net Assets Available**	$ 36,241,082

34 Fifth Week of Claims $

Arkansas State Employees (ASE) Financials - January 1, 2017 through February 28, 2017								
	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	1535	42		1577		2446	58		2504
CLASSIC	1894	72		1966		3154	98		3252
PREMIUM	22832	2174		25006		39398	2757		42155
PRIMARY		197	9520	9717			411	12422	12833
TOTAL	26261	2485	9520	38266		44998	3324	12422	60744

	REVENUES & EXPENDITURES		
		Current Month	Year to Date (2 Months)
	Funding		
1	State Contribution	$ 14,655,256	$ 29,310,036
2	Employee Contribution	$ 8,124,032	$ 16,260,628
3	Other	$ 776,166	$ 1,252,178
4	Allocation of Reserves	$ 1,777,500	$ 3,555,000
	Total Funding	$ 25,332,955	$ 50,377,842
	Expenses		
	Medical Expenses		
5	Claims Expense	$ 12,379,811	$ 25,106,018
6	Claims IBNR	$ -	$ -
7	Medical Administration Fees	$ 1,105,118	$ 2,227,299
8	Refunds	$ 706	$ 1,017
9	Employee Assistance Program (EAP)	$ 54,822	$ 109,160
	Life Insurance	$ 78,875	$ 157,048
	Pharmacy Expenses		
11	RX Claims	$ 5,792,122	$ 11,117,548
12	RX IBNR	$ -	$ -
13	RX Administration	$ 108,179	$ 215,958
14	Plan Administration	$ 367,739	$ 651,993
	Total Expenses	$ 19,887,373	$ 39,586,041
15	**Net Income/(Loss)**	$ 5,445,582	$ 10,791,802

	BALANCE SHEET	
	Assets	
16	Bank Account	$ 11,038,674
17	State Treasury	$ 91,511,269
18	Due from Cafeteria Plan	$ 5,018,599
19	Due from PSE	$ -
20	Receivable from Provider	$ -
21	Accounts Receivable	$ 680,083
	Total Assets	$ 108,248,625
	Liabilities	
22	Accounts Payable	$ 750
23	Deferred Revenues	$ 3,780
24	Due to Cafeteria	$ 12
25	Due to PSE	$ -
26	Due to Federal Government ($27 fee)	$ -
27	Health IBNR	$ 28,000,000
28	RX IBNR	$ 1,700,000
	Total Liabilities	$ 29,704,542
	Net Assets	$ 78,544,083
	Less Reserves Allocated	
29	Premiums for Plan Year 1/1/17 - 12/31/17 ($7,560,000 +13,770,000)	$ (17,775,000)
30	Premiums for Plan Year 1/1/18 - 12/31/18 ($5,040,000 + 8,262,000)	$ (13,302,000)
31	Premiums for Plan Year 1/1/19 - 12/31/19 ($5,508,000)	$ (5,508,000)
32	Catastrophic Reserve (2017 $20,600,000)	$ (20,600,000)
33	**Net Assets Available**	$ 21,359,083

34 Fifth Week of Claims $

Public School Employees (PSE) Financials - January 1, 2016 through March 31, 2016

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	3196	231		**3427**	4798	291		**5089**
CLASSIC	21990	1850		**23840**	40840	2245		**43085**
PREMIUM	19633	1009		**20642**	25336	1087		**26423**
PRIMARY		86	10675	**10761**		172	11649	**11821**
TOTAL	**44819**	**3176**	**10675**	**58670**	**70974**	**3795**	**11649**	**86418**

REVENUES & EXPENDITURES

		Current Month	Year to Date (3 Months)
	Funding		
1	Per Participating Employee Funding (PPE Funding)	$ 8,195,088	$ 24,572,576
2	Employee Contribution	$ 9,304,661	$ 27,997,620
3	Department of Education $35,000,000 & $15,000,000 & Other Funding	$ 3,181,818	$ 13,295,455
4	Other	$ 925,809	$ 1,937,231
5	Allocation of Reserves	$ 3,975,000	$ 11,925,000
	Total Funding	$ 25,582,376	$ 79,727,882
	Expenses		
	Medical Expenses		
6	Claims Expense	$ 17,306,177	$ 47,122,413
7	Claims IBNR	$ -	$ -
8	Medical Administration Fees	$ 1,679,696	$ 4,967,174
9	Refunds	$ -	$ -
10	Employee Assistance Program (EAP)	$ 77,601	$ 232,856
	Pharmacy Expenses		
11	RX Claims	$ 4,716,812	$ 11,774,313
12	RX IBNR	$ -	$ -
13	RX Administration	$ 310,585	$ 922,444
14	Plan Administration	$ 448,980	$ 1,441,963
	Total Expenses	$ 24,539,852	$ 66,461,164
16	**Net Income/(Loss)**	$ 1,042,524	$ 13,266,718

BALANCE SHEET

	Assets	
17	Bank Account	$ 19,947,123
18	State Treasury	$ 108,869,320
19	Receivable from Provider	$ -
20	Accounts Receivable	$ 4,276,530
21	Due from ASE	$ 355,749
	Total Assets	$ 133,448,722
	Liabilities	
22	Accounts Payable	$ 379
23	Due to ASE	$ -
24	Deferred Revenues	$ -
25	Due to Federal Government ($44 fee)	$ -
26	Health IBNR	$ 28,000,000
27	RX IBNR	$ 1,400,000
	Total Liabilities	$ 29,400,379
28	**Net Assets**	$ 104,048,343
	Less Reserves Allocated	
29	Premiums for Plan Year 1/1/16 - 12/31/16 ($9,600,000 + $20,000,000 DOE + 18,100,000 DOE)	$ (35,775,000)
30	Premiums for Plan Year 1/1/17 - 12/31/17 ($5,760,000)	$ (5,760,000)
31	Premiums for Plan Year 1/1/18 - 12/31/18 ($3,840,000)	$ (3,840,000)
33	Premium Assistance (FICA Savings)	$ (1,471,149)
32	Catastrophic Reserve (2016 $10,500,000)	$ (10,500,000)
34	**Net Assets Available**	$ 46,702,194

35 Fifth Week of Claims $4,149,635.63

Public School Employees (PSE) Financials - January 1, 2017 through February 28, 2017

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	3877	342		4219	5813	422		6235
CLASSIC	22956	1972		24928	43040	2373		45413
PREMIUM	18606	798		19404	24253	857		25110
PRIMARY		74	11445	11519		149	12473	12622
TOTAL	45439	3186	11445	60070	73106	3801	12473	89380

REVENUES & EXPENDITURES

		Current Month	Year to Date (2 Months)
	Funding		
1	Per Participating Employee Funding (PPE Funding)	$ 8,235,214	$ 16,454,441
2	Employee Contribution	$ 9,684,679	$ 19,393,371
3	Department of Education $35,000,000 & $15,000,000 & Other Funding	$ 21,281,818	$ 28,213,636
4	Other	$ 619,009	$ 1,270,932
5	Allocation of Reserves	$ 3,792,121	$ 5,938,788
	Total Funding	$ 43,612,841	$ 71,271,167
	Expenses		
	Medical Expenses		
6	Claims Expense	$ 12,746,426	$ 28,521,355
7	Claims IBNR	$ -	$ -
8	Medical Administration Fees	$ 1,692,144	$ 3,407,222
9	Refunds	$ -	$ -
10	Employee Assistance Program (EAP)	$ 78,556	$ 157,174
	Pharmacy Expenses		
11	RX Claims	$ 3,436,551	$ 6,746,603
12	RX IBNR	$ -	$ -
13	RX Administration	$ 163,489	$ 327,054
14	Plan Administration	$ 505,257	$ 885,611
	Total Expenses	$ 18,622,423	$ 40,045,019
15	Less DOE Allocation	$ (18,100,000)	$ (18,100,000)
16	**Net Income/(Loss)**	$ 6,890,418	$ 13,126,149

BALANCE SHEET

	Assets	
17	Bank Account	$ 34,470,680
18	State Treasury	$ 120,662,863
19	Receivable from Provider	$ -
20	Accounts Receivable	$ 6,481,119
21	Due from ASE	$ -
	Total Assets	$ 161,614,663
	Liabilities	
22	Accounts Payable	$ 198
23	Due to ASE	$ -
24	Deferred Revenues	$ -
25	Due to Federal Government ($27 fee)	$ -
26	Health IBNR	$ 30,000,000
27	RX IBNR	$ 1,100,000
	Total Liabilities	$ 31,100,198
28	**Net Assets**	$ 130,514,465
	Less Reserves Allocated	
29	Premiums for Plan Year 1/1/17 - 12/31/17 ($5,760,000+$20,000,000 + $18,100,000 DOE)	$ (37,921,212)
30	Premiums for Plan Year 1/1/18 - 12/31/18 ($3,840,000)	$ (3,840,000)
31	Premium Assistance (FICA Savings)	$ (1,033,090)
32	Catastrophic Reserve (2017 $40,500,000)	$ (40,500,000)
33	**Net Assets Available**	$ 47,220,163

34 Fifth Week of Claims $

EBD Bariatric Surgery Program Assessment

Arlo Kahn, MD
Senior Policy Advisor

Mike Motley, MPH
Assistant Health Policy Director

Elizabeth Whittington, MPA
Policy Analyst

ACHI
Arkansas Center for Health Improvement

March 2017

Objectives for Presentation:

- Review evidence-based guidelines regarding bariatric surgery procedures/program
- Assess cost-impact of members who have undergone surgery as part of EBD's bariatric surgery program
- Assess impact of bariatric surgery on BMI/weight loss for member's with available data

Background on EBD's Pilot Program

- **2011 Legislation charged EBD to create a pilot program for bariatric surgery (Act 855 of 2011) ending in December 2017**
- **Enrollment began in 2011 with initial surgeries taking place in 2012**
- **Initial eligibility criteria:**
  - **BMI of 40**
  - **BMI of 35 or greater with coexisting condition**

Capping Programmatic Costs—2014

- **Based on initial program experience from 2012-2013, actual programmatic costs far exceeded initially projected costs**
- **2014 legislation included a spending limit on coverage of bariatric surgery(Act 6 of the Second Extraordinary Session of the 89th Arkansas General Assembly)**
- **Act required that costs for program not exceed $3,000,000 for ASE or $3,000,000 for PSE**

Future of Bariatric Surgery Coverage

- **Legislation filed during 91st General Assembly to continue coverage for bariatric surgery (SB 522)**

- **As filed, legislation requires that costs for program not exceed $3,000,000 for ASE or $3,000,000 for PSE**

Bariatric Surgery: Background

- **>340,000 bariatric surgery procedures performed worldwide in 2011**
- **Demonstrated to be effective at achieving weight loss and improving coexisting conditions**
- **Three most commonly performed bariatric procedures:**
  - **Gastric bypass**
  - **Gastric sleeve**
  - **Lap banding**

Bariatric Surgery Complications

- **Complication rate: 17%**
- **Reoperation rate: 7%**
- **Gastric bypass and gastric sleeve procedures:**
  - **More invasive**
  - **Higher complication rates**
  - **More effective in achieving weight-loss**

Essential Components

- **Intensive behavioral management before referral for surgery**
- **Multidisciplinary team approach (bariatric specialist, psychologist/psychiatrist, nutritionist, etc.)**
- **Post-surgery care including ongoing weight monitoring, review of dietary changes, and assessment of coexisting conditions**

Body-Mass-Index (BMI) Categories

- **Class 1: BMI of 30 to <35**
- **Class 2: BMI of 35 to <40**
- **Class 3: BMI of 40 or higher; Class 3 obesity also categorized as “extreme” or “severely” obesity**

*Source: Centers for Disease and Control (CDC). “Defining Adult Overweight and Obesity”, Retrieved February 6, 2017. https://www.cdc.gov/obesity/adult/defining.html

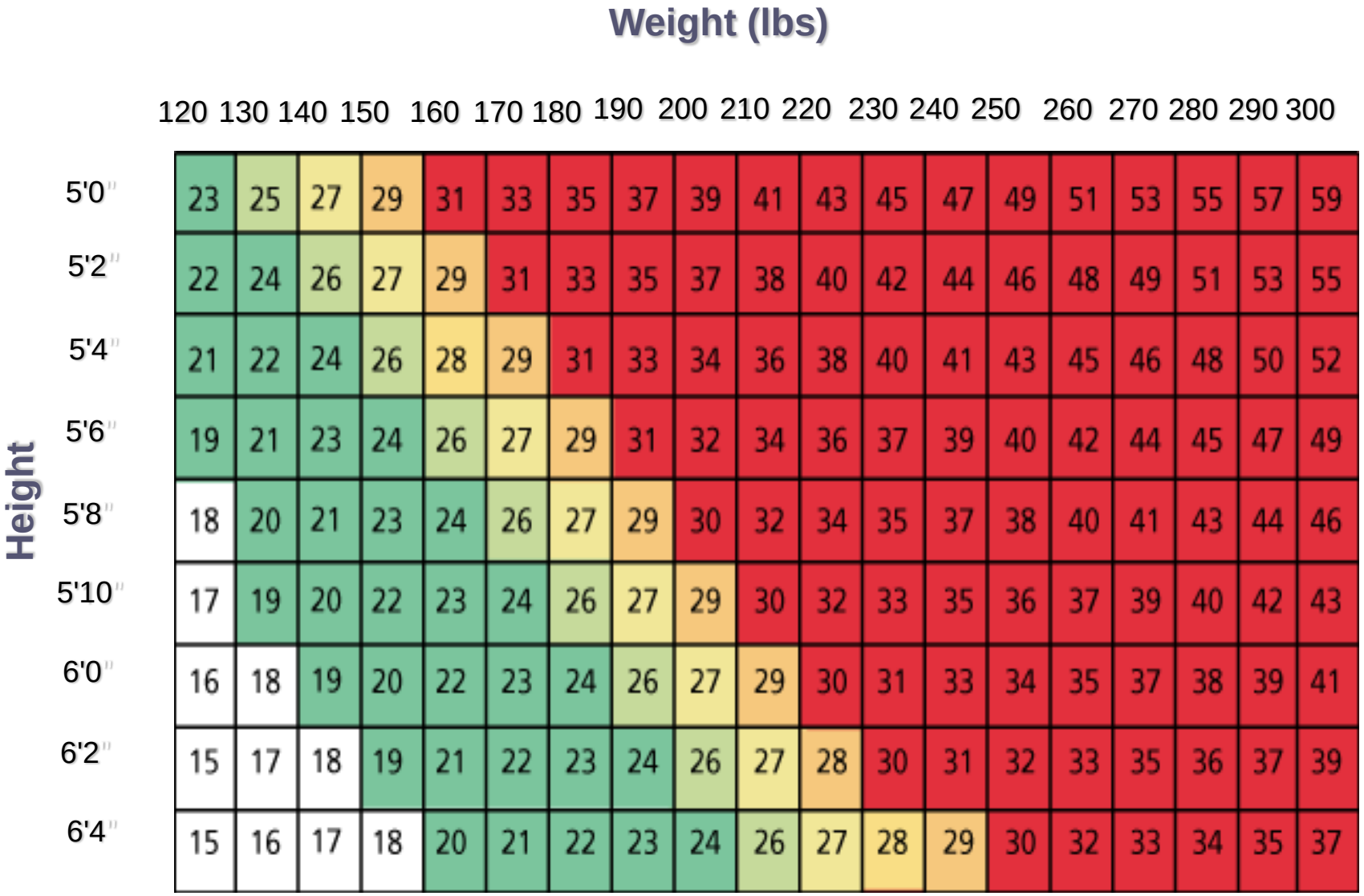
Body-Mass-Index (BMI) Examples

***Example: Individual with a height measurement of 5' 9"**

Weight Range	BMI	Considered
124 lbs or less	Below 18.5	Underweight
125 lbs to 168 lbs	18.5 to 24.9	Healthy weight
169 lbs to 202 lbs	25.0 to 29.9	Overweight
203 lbs or more	30 or higher	Obese
271 lbs or more	40 or higher	Class 3 Obese

***Source: Centers for Disease and Control (CDC). "Defining Adult Overweight and Obesity", Retrieved February 6, 2017. https://www.cdc.gov/obesity/adult/defining.html**

Adult BMI Chart



2012 Bariatric Surgery Program Requirements

- **Subscribers and covered spouses eligible**
- **BMI greater than or equal to 35 with coexisting condition OR a BMI greater than 40**
- **Participation in physician-supervised weight loss program for at least 6 months prior to surgery date**

2012 Bariatric Surgery Program Requirements (continued)

- **Procedures to be performed at fully approved in-network Center of Excellence**
- **Member compliance in writing of one year physician-supervised treatment plan (post surgery)**

(Enrollment in the program was suspended throughout parts of 2014 for evaluation and consideration of new requirements)

2015 Revised Program Requirements

- **Spouses excluded, eligibility restricted to those aged 25-55**
- **Required one year plan participation before enrollment in bariatric program**
- **Contacts with health coaches required monthly**
- **10% weight loss prior to surgery**
- **Required enrollment in Healthy Guidance Weight Program following surgery**

2017 Program Requirements

- **As of 2017 (last year of pilot program), most of the same modified requirements from 2015 are still in place**

- **Exception: BMI of 35 or higher are eligible regardless of coexisting conditions**

EBD Bariatric Surgery Recipient Demographics 2012 - 2016

Gender	
Female	638
Male	137
Total	**775**

Member	
Primary	691
Non-Primary	84
Total	**775**

Age Group	
<=35	108
36-45	237
46-55	259
56-65	146
>65	25
Total	**775**

Plan	
ASE	362
PSE	413
Total	**775**

EBD Bariatric Surgery Volume and Cost 2012 through 2016

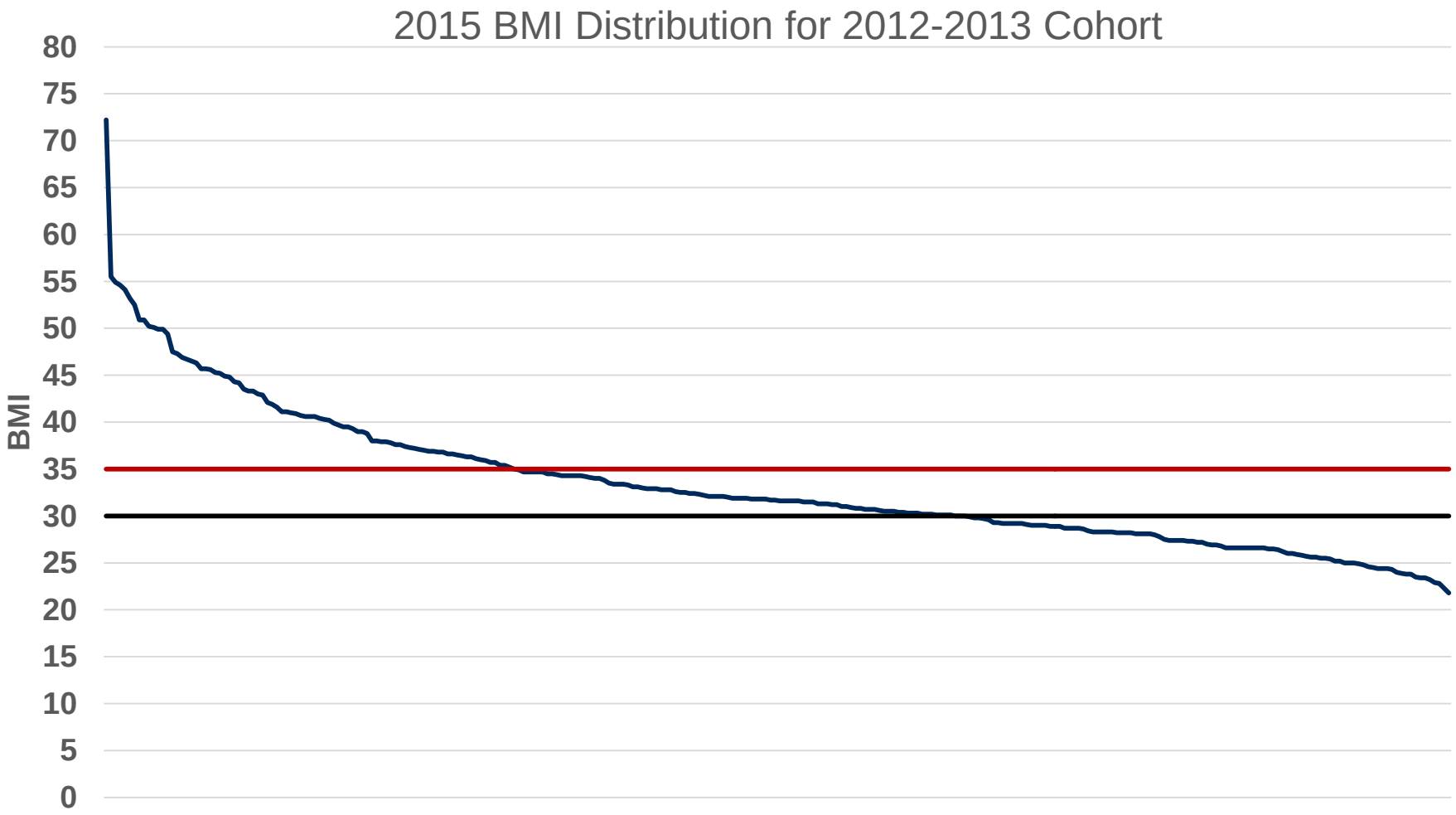
Year	Number of Procedures	Total Amount Paid By Plan for Surgery Admission
2012	189	$2,144,633
2013	298	$3,516,403
2014	181	$2,301,193
2015	48	$481,850
2016	59	$622,782
Total	775	$9,057,960

* Surgery window includes triggering hospital stay and one day prior to that hospital admission

Changes in BMI Post Surgery

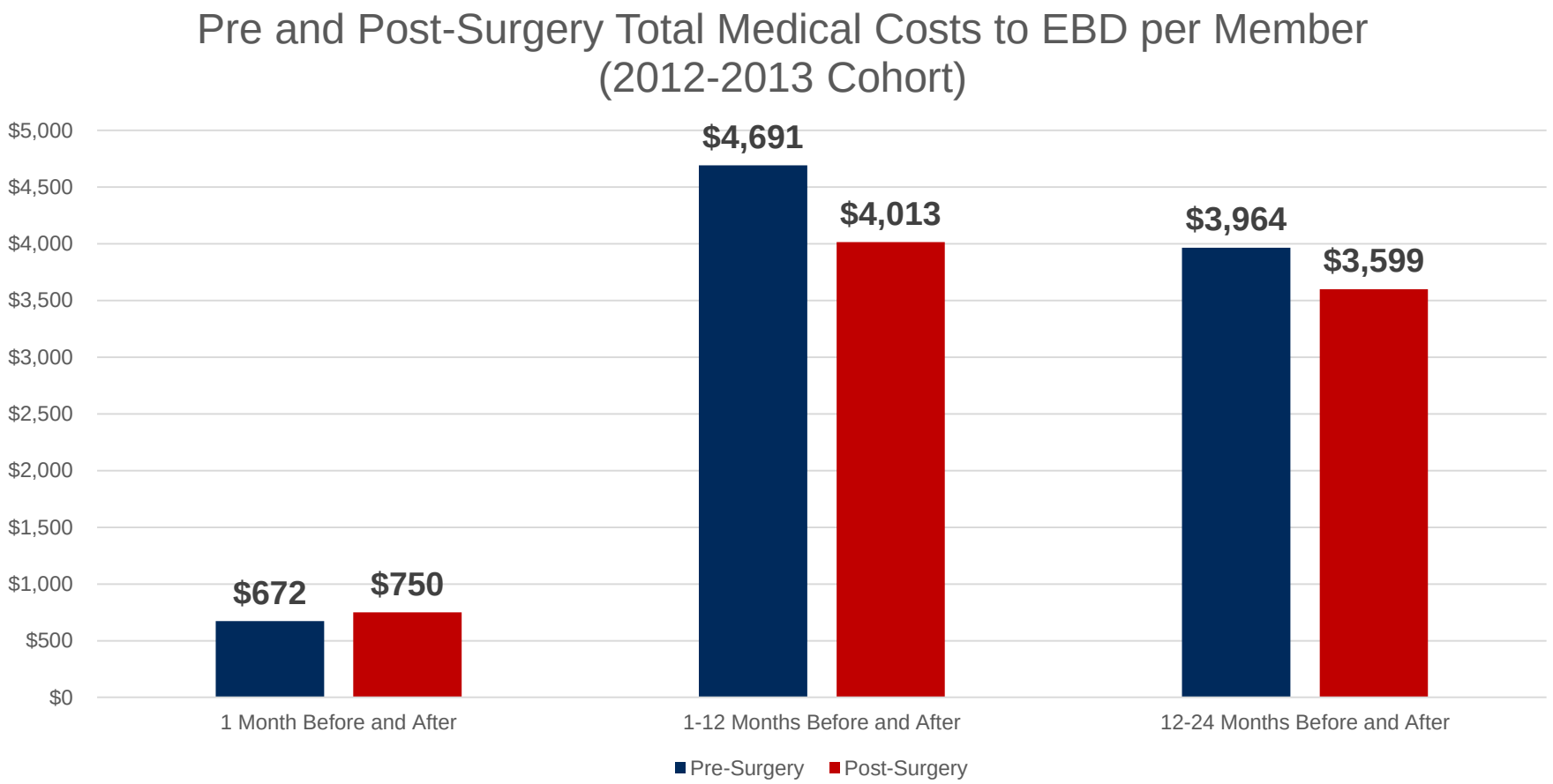
- **Programmatic requirements dictate a BMI of at least 35 for eligibility**
- **2015 HRA results included BMI for 282 bariatric surgery recipients in 2012-2013**
- **Average 2015 BMI for 2012-2013 cohort was 33**
- **With eligibility set at 35 BMI, average BMI reduction was *at least* 2 points (or 12 lbs for a 5'6" person)**

Changes in BMI Post Surgery



Pre/Post Surgery Cost for 2012 and 2013

- **The 2013-2013 study cohort included 487 individuals who had bariatric surgery in either year**
- **Average surgery cost for this group was $11,624**



Financial Impact of Bariatric Surgery Program

- **Total cost of surgeries for 2012/2013 cohort = $5,660,888**
  - **(Total cost = average surgery cost of $11,624 x 487)**
  - **(Average reduction from 12-24 months post-surgery for 2012-2013 cohort of 487 was $365)**
  - **(487 members X $365 = $177,755 per year)**
- **With estimated savings to plan of ~$177,755 per year, would take approximately 28 years to see an estimated savings of $5,000,000**

Next Steps

- **Will provide additional analyses in upcoming meetings to look at other cost and health-outcome related components of EBD's bariatric program**

- **Will discuss opportunities for potential changes to programmatic requirements/alignment with evidence-based guidelines**

EBD Quality of Care Subcommittee Report
March 14th, 2017 Meeting
Mike Motley and Izzy Whittington, Arkansas Center for Health Improvement

Bariatric Surgery Program Analysis/Presentation Recap:

- In the March QoC meeting, a presentation on bariatric surgery was given
- Bariatric Surgery coverage was mandated via legislation in 2011 as a pilot program (routinely, the EBD Board makes benefit coverage decisions); however, coverage was not included as an essential health benefit under the Affordable Care Act
    - SB 522 was filed during this session to continue coverage for morbid obesity/bariatric surgical procedures as an extension of the pilot program through 2021
- Original efforts by the ASE/PSE Board to require pre- and post-surgical information on BMI, comorbidities, and biometrics was not collected or made available by the program manager and thus impairs evaluation
- With limited data available, ACHI was asked to utilize claims data to examine bariatric surgeries within the EBD Program
- From the beginning of the program in 2012 to the end of 2016, EBD paid for 775 bariatric procedures, according to claims experience
    - For these 775 bariatric procedures, costs associated with surgery alone totaled approximately $9 million through 2016
- From 2012 through 2013, there were 487 bariatric procedures for which EBD paid $5.6M for the surgical procedure (average of approximately $11,600/surgery); At 2 or more years post-surgery, the average annual cost savings after 2 years were approximately $178,000 per year for all beneficiaries ($365/per person per year)
- Changes in BMI post-surgery:
    - Looking at a 2012-2013 cohort who underwent surgery and completed a 2015 HRA, average BMI was 33
    - If eligibility for program is set at a BMI of 35, average BMI reduction was at least 2 points (or 12 lbs for a 5'6" person)
- In upcoming QoC meetings, plan to present information about adverse events (complications) and look at the impact of surgeries on certain comorbidities (including diabetes)
- Supplemental analyses using the Arkansas All-Payer Claims Database (which contains private payer claims from 2013-2015 and is administered by ACHI) showed that EBD beneficiaries represent approximately 15% of privately insured individuals in the All-Payer Claims Database, but EBD members represent 57% of bariatric surgery recipients in the data
- If the program is continued, markedly enhanced pre-surgical data (e.g., BMI, biometric, and psychometric information) should be collected and longitudinal monitoring for complications, comorbidities, and reduction in disease burden and risk are needed to assess plan financial impact and beneficiary health outcomes

Blue and You-School Challenge Update:

- 59 schools and school districts are participating in challenge

- Blue and You posts Leaderboard on their website—https://secure.blueandyoufitnesschallenge-ark.com/index.aspx
- Completing 30 Checkpoints:
  - Small – Deaf Leopards, Arkansas School for the Deaf in Little Rock, AR (66.67%)
  - Medium— Lamar Middle School in Lamar, AR (61.11%)
  - Large—Drew Central School District in Monticello, AR (77.08%)
- Percentage Participating:
  - Small—Rena Rockets, Rena Elementary School in Van Buren, AR (86.67%)
  - Medium—Lamar Middle School in Lamar, AR (90%)
  - Large—Northside Elementary in Cabot, AR (78.69%)

Arkansas State Employees & Public School Employees Health Benefits Program

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Review of Trend Experience

April 7, 2017
Benefits Committee Meeting

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

Topics

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Medical Trend

Underlying Trends per member per month	Actives / NME Retirees		Medicare Retirees	
	ASE	PSE	ASE	PSE
Medical Only				
- 2009 to 2010	**5.8%**	**4.7%**	**9.0%**	**8.0%**
- 2010 to 2011	**2.5%**	**2.2%**	**0.0%**	**1.6%**
- 2011 to 2012	**7.7%**	**12.8%**	**8.0%**	**2.9%**
- 2012 to 2013	**4.2%**	**-1.8%**	**-3.1%**	**-0.1%**
- 2013 to 2014	**-1.4%**	**-0.3%**	**8.7%**	**13.3%**
- 2014 to 2015	**1.5%**	**-2.3%**	**-7.7%**	**-11.3%**
- 2015 to 2016	**8.4%**	**9.6%**	**10.9%**	**8.7%**
AVERAGE	**4.1%**	**3.4%**	**3.4%**	**3.0%**

* Underlying trends are adjusted for changes in benefits, geographic and demographic factors

2015 to 2016 Trends are based on claims paid through January 31, 2017, plus estimated runout. As actual runout claims become known, the percentages will likely change.

Medical Trend

- Review of Allowed Trends shows higher increase in utilization between 2015 and 2016
  - Allowed trends are the change in medical costs after reflecting PPO discounts but prior to reflecting amounts paid by participants.
- PSE had sharp decrease in unit cost (cost per service) between 2014 and 2015
  - In part because of fewer large claims

Allowed Trends	ASE			PSE		
	Utilization	Unit Cost	PMPM	Utilization	Unit Cost	PMPM
Medical Active/NME only						
- 2012 to 2013	**1.2%**	**3.9%**	**5.1%**	**-1.9%**	**0.7%**	**-1.4%**
- 2013 to 2014	**-2.3%**	**2.5%**	**0.1%**	**-3.5%**	**2.8%**	**-0.8%**
- 2014 to 2015	**2.5%**	**-0.6%**	**1.9%**	**1.8%**	**-5.8%**	**-4.0%**
- 2015 to 2016	**6.4%**	**2.5%**	**9.1%**	**4.6%**	**3.6%**	**8.4%**
AVERAGE	**1.9%**	**2.1%**	**4.0%**	**0.2%**	**0.3%**	**0.4%**

Note: Allowed Trends are not adjusted for geographic and demographic factors

Trends are based on claims paid through January 31, 2017, plus estimated runout. As actual runout claims become known, the percentages will likely change.

Pharmacy Trend: 2015 vs. 2014

	Unit Cost	Utilization	Total
National Average*			
Traditional	**-2.1%**	**1.9%**	**-0.1%**
Specialty	**11.0%**	**6.8%**	**17.7%**
Total Overall	**3.2%**	**2.0%**	**5.2%**
ASE&PSE			
Brand	13.8%	-13.9%	-2.0%
Generic	3.1%	0.0%	3.1%
Traditional	**2.1%**	**-1.5%**	**0.5%**
Specialty**	**3.9%**	**19.4%**	**24.0%**
Total Overall	**6.8%**	**-1.4%**	**5.3%**

***Per http://lab.express-scripts.com/drug-trend-report**

****Reflects specialty drug list updated since 2016 presentation**

The above figures are before changes in copays & other participant cost sharing.

Pharmacy Trend: 2016 vs. 2015

	Unit Cost	Utilization	Total
National Average*			
Traditional	**-2.3%**	**1.3%**	**-1.0%**
Specialty	**6.2%**	**7.1%**	**13.3%**
Total Overall	**2.5%**	**1.3%**	**3.8%**
ASE&PSE			
Brand	8.0%	-11.3%	-4.2%
Generic	-5.7%	-0.8%	-6.5%
Traditional	**-3.6%**	**-1.8%**	**-5.4%**
Specialty	**5.8%**	**13.5%**	**20.0%**
Total Overall	**2.5%**	**-1.8%**	**0.7%**

***Per http://lab.express-scripts.com/drug-trend-report**

The above figures are before changes in copays & other participant cost sharing.

Pharmacy Trend: 2016

ASE&PSE COMBINED

Change from 2015 to 1st 6 months of 2016

	Unit Cost	Utilization	Total
Brand	16.0%	-15.4%	-1.8%
Generic	0.2%	0.8%	1.1%
Traditional	**0.4%**	**-0.8%**	**-0.4%**
Specialty	**4.9%**	**12.8%**	**18.4%**
Total Overall	**4.8%**	**-0.7%**	**4.1%**

Change from 1st 6 months of 2016 to 2nd 6 months

	Unit Cost	Utilization	Total
Brand	-13.3%	9.6%	-4.9%
Generic	-12.0%	-3.2%	-14.9%
Traditional	**-8.1%**	**-2.2%**	**-10.1%**
Specialty	**1.6%**	**1.3%**	**2.9%**
Total Overall	**-4.5%**	**-2.2%**	**-6.6%**

Figures are not annualized

The above figures are before changes in copays & other participant cost sharing.

National Pharmacy Trend Forecast

TREND FORECAST FOR KEY THERAPY CLASSES

2017-2019

2016 RANK	TYPE	THERAPY CLASS	TREND 2017	TREND 2018	TREND 2019
1	S	Inflammatory conditions	29.7%	32.1%	31.7%
2	T	Diabetes	20.5%	19.3%	18.2%
3	S	Oncology	22.1%	22.0%	20.5%
4	S	Multiple sclerosis	10.3%	10.0%	10.0%
5	T	Pain/inflammation	3.6%	3.0%	2.5%
6	S	HIV	19.4%	19.4%	20.7%
7	T	High blood cholesterol	-9.6%	-6.2%	-4.0%
8	T	Attention disorders	3.5%	3.4%	3.2%
9	T	High blood pressure/heart disease	-12.1%	-6.1%	-4.1%
10	T	Asthma	4.0%	-2.6%	-4.7%
11	S	Hepatitis C	-21.8%	-30.0%	-34.7%
12	T	Depression	-3.9%	-0.3%	-0.1%
13	T	Contraceptives	-2.4%	-0.7%	0.5%
14	T	Heartburn/ulcer disease	-13.0%	-10.9%	-9.2%
15	T	Skin conditions	7.0%	7.1%	7.6%
		Other therapy classes	8.7%	8.1%	8.0%
		TOTAL	**10.3%**	**11.6%**	**12.7%**

S = Specialty, T = Traditional

Source: http://lab.express-scripts.com/drug-trend-report (released February 2017)

Pharmacy Trend Considerations for 2018

- National forecast above 10% annually
- Generic utilization above 90%
  - Probably effectively higher since many generics less than copay.
  - Unlikely to see much additional shift to generics; however, could see a recovery of shift from 2nd half of 2016.
- Utilization trends
  - Last couple of years had negative utilization trends; unlikely to continue
  - Traditional therapies likely will see flat utilization.
  - Specialty utilization likely to continue increasing as drugs keep on entering the market.

Preliminary Projections

- Based on data through January
  - Still processing February and March
  - See Appendix C for assumptions
- For 2018, likely no increases in participant contributions will be needed for ASE or PSE
  - New Reserves can be allocated to cover any shortfall
  - Unless significant change occurs (in benefits, funding, claims experience, etc.)
  - Increases in contribution rates help reduce rate increases in future years
- For 2019, assuming similar trends and no changes in State funding
  - PSE likely to have small % increase (could be 0%) required
  - ASE likely to require double digit % increases in participant contributions
- For 2020 and 2021, assuming similar trends and no changes in State funding
  - Both ASE and PSE likely to require significant increases in participant contributions
- Will be modeling several scenarios at next Benefits Committee meeting

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Cheiron *(pronounced kī´· ron), the immortal centaur from Greek mythology, broke away from the pack and was educated by the Gods. Cheiron became a mentor to classical Greek heroes, then sacrificed his immortality and was awarded in eternity as the constellation Sagittarius.*

Appendix A – PSE Actives
2017 Final Rate Details

Actives	Unadjusted Total Rate	Direct State Contrib. & FICA	Reserve Used / (Added)	School District Contrib.	2017 Employee Cost	2016 Employee Cost	Change in EE Cost ($/%) with		Assumed Enrollment
Premium									
Employee Only	$584.64	$244.89	$0.36	$155.93	$183.46	$179.38	$4.08	2%	15,959
Employee & Spouse	1,366.90	379.21	0.56	155.93	831.20	812.72	18.48	2%	318
Employee & Child(ren)	1,025.62	398.56	0.59	155.93	470.54	460.08	10.46	2%	2,044
Family	1,807.88	817.31	1.20	155.93	833.44	814.92	18.52	2%	428
Est. Monthly Total ($mil)	$12.6	$5.2	$0.0	$2.9	$4.5	$4.4	$0.1	2%	18,749
Classic									
Employee Only	$276.18	$74.12	$0.11	$155.93	$46.02	$45.00	$1.02	2%	12,875
Employee & Spouse	611.52	100.82	0.15	155.93	354.62	346.74	7.88	2%	1,288
Employee & Child(ren)	465.22	150.65	0.22	155.93	158.42	154.90	3.52	2%	4,687
Family	800.56	285.89	0.42	155.93	358.32	350.36	7.96	2%	2,885
Est. Monthly Total ($mil)	$8.8	$2.6	$0.0	$3.4	$2.8	$2.8	$0.1	2%	21,734
Basic									
Employee Only	$134.50	$0.00	($32.69)	$155.93	$11.26	$11.00	$0.26	2%	2,915
Employee & Spouse	263.18	0.00	(165.53)	155.93	272.78	266.72	6.06	2%	184
Employee & Child(ren)	207.04	0.00	(70.75)	155.93	121.86	119.16	2.70	2%	343
Family	335.72	0.00	(95.83)	155.93	275.62	269.50	6.12	2%	320
Est. Monthly Total ($mil)	$0.6	$0.0	($0.2)	$0.6	$0.2	$0.2	$0.0	2%	3,763
Total (Monthly) ($ mil)	*$22.1*	*$7.8*	*($0.2)*	*$6.9*	*$7.5*	*$7.4*	*$0.2*	2%	44,246
Est Annual Total ($ mil)	*$265.1*	*$93.7*	*($2.0)*	*$82.8*	*$90.6*	*$88.6*	*$2.0*	*2%*	

Total Active & Ret ($ mil)	*$305.8*	*$93.7*	*$3.4*	*$82.8*	*$125.9*	*$123.5*	*$2.5*	*2%*	*59,111*

Employee Cost assumes wellness participation. Wellness penalties subtracted from Total Rates.

Appendix A – PSE Retirees
2017 Final Rate Details

NME Retirees	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2017 Retiree Cost	2016 Total Retiree Cost	Change in Retiree Cost ($/%)		Assumed Enrollment
Premium								
Retiree Only	$584.64	$0.00	($56.50)	$641.14	$641.14	$0.00	0%	1,058
Retiree & NME SP	1,366.90	0.00	(90.28)	1,457.18	1,457.18	0.00	0%	57
Retiree & Child(ren)	1,025.62	0.00	(166.98)	1,192.60	1,192.60	0.00	0%	12
Retiree & NME SP&CH	1,807.88	0.00	(200.76)	2,008.64	2,008.64	0.00	0%	5
Retiree & ME SP	779.42	0.00	(15.70)	795.12	795.12	0.00	0%	84
Retiree & ME SP & CH	1,220.40	0.00	(126.18)	1,346.58	1,346.58	0.00	0%	1
Est. Monthly Total ($mil)	$0.8	$0.0	($0.1)	$0.9	$0.9	$0.0	0%	1,218
Classic								
Employee Only	$276.18	$0.00	$2.88	$273.30	$267.94	$5.36	2%	1,772
Employee & Spouse	611.52	0.00	45.74	565.78	554.68	11.10	2%	257
Employee & Child(ren)	465.22	0.00	(4.60)	469.82	469.82	0.00	0%	49
Family	800.56	0.00	54.36	746.20	731.56	14.64	2%	52
Est. Monthly Total ($mil)	$0.7	$0.0	$0.0	$0.7	$0.7	$0.0	2%	2,131
Basic								
Employee Only	$134.50	$0.00	($14.00)	$148.50	$148.50	$0.00	0%	330
Employee & Spouse	263.18	0.00	(6.54)	269.72	269.72	0.00	0%	49
Employee & Child(ren)	207.04	0.00	(31.48)	238.52	238.52	0.00	0%	13
Family	335.72	0.00	0.00	335.72	334.74	0.98	0%	14
Est. Monthly Total ($mil)	$0.1	$0.0	$0.0	$0.1	$0.1	$0.0	0%	406
Total (Monthly) ($ mil)	*$1.6*	*$0.0*	*($0.1)*	*$1.6*	*$1.6*	*$0.0*	*1%*	3,755
Est Annual Total ($ mil)	*$18.7*	*$0.0*	*($0.7)*	*$19.4*	*$19.2*	*$0.2*		
Medicare Eligible	**Unadjusted Total Rate**	**Subsidy**	**Reserve Used / (Added)**	**2017 Retiree Cost**	**2016 Total Retiree Cost**	**Change in Retiree Cost ($/%)**		**Assumed Enrollment**
Retiree Only	$194.78	$51.20	$42.80	$100.78	$98.80	$1.98	2%	10,093
Retiree & NME SP	768.22	(27.15)	11.45	783.92	783.92	(0.00)	0%	68
Retiree & Child(ren)	683.80	(73.30)	(0.00)	757.10	757.10	0.00	0%	15
Retiree & NME SP&CH	1,418.00	(103.48)	0.00	1,521.48	1,521.48	(0.00)	0%	1
Retiree & ME SP	365.66	25.59	77.03	263.04	257.88	5.16	2%	933
Retiree & ME SP & CH	854.68	(33.89)	(0.01)	888.58	888.57	0.01	0%	-
Est. Monthly Total ($mil)	$2.4	$0.5	$0.5	$1.3	$1.3	$0.0	2%	11,110
Total (Est. Annual)	$28.4	$6.5	$6.1	$15.9	$15.6	$0.3		

Appendix A – ASE Actives
2017 Final Rate Details

Actives	Risk Adjusted Total Rate	State Contrib. & FICA	Reserve Used / (Added)	2017 Employee Cost	2016 Employee Cost	Change in EE Cost ($/%)		Assumed Enrollment
Premium								
Employee Only	$478.84	$331.10	$39.82	$107.92	$104.78	$3.14	3%	13,301
Employee & Spouse	1,083.42	618.57	74.39	390.46	379.08	11.38	3%	2,171
Employee & Child(ren)	807.42	527.63	63.45	216.34	210.04	6.30	3%	5,021
Family	1,412.00	815.10	98.02	498.88	484.34	14.54	3%	1,970
Est. Monthly Total ($mil)	$15.6	$10.0	$1.2	$4.4	$4.2	$0.1	3%	22,463
Classic								
Employee Only	$415.98	$328.59	$39.51	$47.88	$46.48	$1.40	3%	1,068
Employee & Spouse	937.40	613.32	73.76	250.32	243.02	7.30	3%	139
Employee & Child(ren)	699.36	523.65	62.97	112.74	109.46	3.28	3%	298
Family	1,220.78	808.39	97.21	315.18	306.00	9.18	3%	157
Est. Monthly Total ($mil)	$1.0	$0.7	$0.1	$0.2	$0.2	$0.0	3%	1,662
Basic								
Employee Only	$366.10	$326.80	$39.30	$0.00	$0.00	$0.00	n/a	1,159
Employee & Spouse	818.86	609.15	73.25	136.46	132.48	3.98	3%	170
Employee & Child(ren)	612.18	520.58	62.60	29.00	28.16	0.84	3%	301
Family	1,064.94	802.92	96.56	165.46	160.64	4.82	3%	185
Est. Monthly Total ($mil)	$0.9	$0.8	$0.1	$0.1	$0.1	$0.0	3%	1,816
Total (Monthly) ($ mil)	*$17.5*	*$11.5*	*$1.4*	*$4.6*	*$4.5*	*$0.1*	3%	25,941
Est Annual Total ($ mil)	*$209.7*	*$138.1*	*$16.6*	*$55.0*	*$53.4*	*$1.6*	*3%*	

Total Active & Ret ($ mil)	*$293.5*	*$177.4*	*$21.3*	*$94.8*	*$92.0*	*$2.8*	*3%*	*38,065*

Employee Cost assumes wellness participation. Wellness penalties subtracted from Total Rates.

Appendix A – ASE Retirees

2017 Final Rate Details

NME Retirees	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2017 Retiree Cost	2016 Total Retiree Cost	Change in Retiree Cost ($/%)		Assumed Enrollment
Premium								
Retiree Only	$478.84	$189.63	$22.81	$266.40	$258.64	$7.76	3%	1,684
Retiree & NME SP	1,083.42	358.44	43.10	681.88	662.02	19.86	3%	378
Retiree & Child(ren)	807.42	281.31	33.83	492.28	477.94	14.34	3%	101
Retiree & NME SP&CH	1,412.00	450.11	54.13	907.76	881.32	26.44	3%	45
Retiree & ME SP	908.00	351.01	42.21	514.78	499.78	15.00	3%	192
Retiree & ME SP & CH	1,236.58	442.68	53.24	740.66	719.08	21.58	3%	7
Est. Monthly Total ($mil)	$1.5	$0.6	$0.1	$0.9	$0.9	$0.0	3%	2,408
Classic								
Employee Only	$415.98	$187.12	$22.50	$206.36	$200.34	$6.02	3%	50
Employee & Spouse	937.40	353.19	42.47	541.74	525.96	15.78	3%	14
Employee & Child(ren)	699.36	277.33	33.35	388.68	377.36	11.32	3%	2
Family	1,220.78	443.40	53.32	724.06	702.98	21.08	3%	4
Est. Monthly Total ($mil)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	3%	70
Basic								
Employee Only	$366.10	$185.33	$22.29	$158.48	$153.86	$4.62	3%	27
Employee & Spouse	818.86	349.01	41.97	427.88	415.42	12.46	3%	6
Employee & Child(ren)	612.18	274.26	32.98	304.94	296.06	8.88	3%	3
Family	1,064.94	437.93	52.67	574.34	557.62	16.72	3%	4
Est. Monthly Total ($mil)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	3%	40
Total (Monthly) ($ mil)	*$1.6*	*$0.6*	*$0.1*	*$0.9*	*$0.9*	*$0.0*	*3%*	2,518
Est Annual Total ($ mil)	*$19.3*	*$7.2*	*$0.9*	*$11.2*	*$10.9*	*$0.3*		

Medicare Eligible	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2016 Retiree Cost	2015 Total Retiree Cost	Change in Retiree Cost ($/%)		Assumed Enrollment
Retiree Only	$429.16	$234.17	$28.17	$166.82	$161.96	$4.86	3%	6,643
Retiree & NME SP	907.99	290.73	34.96	582.30	565.34	16.96	3%	393
Retiree & Child(ren)	798.20	361.97	43.53	392.70	381.26	11.44	3%	77
Retiree & NME SP&CH	1,362.33	494.66	59.49	808.18	784.64	23.54	3%	27
Retiree & ME SP	834.42	388.09	46.67	399.66	388.02	11.64	3%	2,435
Retiree & ME SP & CH	1,203.47	515.89	62.04	625.54	607.32	18.22	3%	31
Est. Monthly Total ($mil)	$5.4	$2.7	$0.3	$2.4	$2.3	$0.1	3%	9,606
Total (Est. Annual)	*$64.5*	*$32.1*	*$3.9*	*$28.6*	*$27.7*	*$0.8*		

Appendix B – 2017 Plan Design

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

*Deductible & Co-Insurance also applies

** An embedded individual OOP Max is applied within the family OOP max

Appendix C: Assumptions for Projections

- Based on actual January 2017 enrollment and calendar year 2016 claims paid through January 2017.
- Assumed annual trends of
  - 6% medical
  - 10% pharmacy
- Assumes no changes to State Contribution amounts, and minimum District contributions increasing consistent with past increases.
- Assumes wellness participation is 90% for PSE and 88% for ASE
- Projections subject to change as more complete experience emerges.

Appendix C – Use & Disclosures

- The assumptions and methods for updated projections are as described on our monitoring reports dated February 15, 2017 unless otherwise indicated. All projections for 2018 are illustrative and are not intended to convey any projected rate changes.
- In preparing the information in this presentation, we relied 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. Other users of this document are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.
- 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.

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