



AGENDA

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

**June 8, 2018
10:00 a.m.**

EBD Board Room – 501 Building, Suite 500

- I. Call to Order Claudia Moran, Chairman***
- II. Approval of May Minutes Claudia Moran, Chairman***
- III. ASE-PSE Financials..... Cheryl Reed, Fiscal Officer***
- IV. Preliminary Plan Changes/Wellness Gaelle Gravot & John Colberg, Cheiron***
- V. Director's Report Chris Howlett, EBD Executive Director***

2018 upcoming meetings:

July 6, 2018, August 10, 2018, September 7, 2018

NOTE: All material for this meeting will be available by electronic means only ASE-PSE Board@dfa.arkansas.gov

Notice: Silence your cell phones. Keep your personal conversations to a minimum.

BENEFITS MEETING MINUTES

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on June 8, 2018, at 10:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Date | time 6/8/2018 10:00 AM | Meeting called to order by Claudia Moran, Chair

In Attendance

Members Present

Claudia Moran
Susan Gardner
Carla Haugen
Stephanie Lilly-Palmer
Becky Walker
Herb Scott
Ronnie Kissire
Jeff Altemus

Members Absent

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

Others Present

Eric Gallo, Allie Barker, Mary Ann Jones, Doris Brown, Rhoda Classen, Jamie Levinsky, Laura Thompson, EBD; Jennifer Vaughn, ComPsych; Ronda Walthall, Lauren Brakehill, AHTD; Karyn Langley, QualChoice; Suzanne Woodall, MedImpact; Jessica Akins, Health Advantage; Mark Watts, ASEA; Abby Bruno, APERS

Approval of Minutes by: Claudia Moran, Chair

Moran asked for a motion to approve the May 11, 2018, minutes. Walker motioned for approval of the minutes. Scott seconded; all were in favor.

Minutes Approved.

Financials by: Cheryl Reed, EBD Chief Financial Officer

For PSE in the month of May, we paid 4 weeks of claims for both medical and pharmacy; the FICA savings received for the month was \$524,000, and year-to-date savings is \$2,622,000. We received new IBNR numbers from the actuaries. Medical Claims IBNR increased by \$2.3 million, and the Pharmacy Claims IBNR decreased by \$400,000. This caused the Health IBNR total to increase for Medical to \$28 million and increase for Pharmacy to \$1 million. The new total IBNR liability is \$29 million. We had a net loss of \$41,000 for the month and an increase \$13.9 million year-to-date, and the net assets available are \$82.8 million.

For ASE in the month of May, we paid 4 weeks of claims for both medical and pharmacy, and we had a net gain of \$5.6 million for the month and \$4.56 million year-to-date. We received new IBNR numbers from the actuaries. The Pharmacy Claims IBNR stayed the same as last year, and the Health IBNR total for Medical is \$25.7 million and for Pharmacy is \$1.4 million. The new total IBNR liability is \$27,120,000. Net assets available are \$35.8 million.

The projected vs. actual claims and expenditures report shows the numbers from the current month, the year-to-date (YTD) and the differences. The monthly amounts are for May 2018 and YTD amounts are for January-May 2018.

Cheiron Yearly Review: John Colberg, Gaelle Gravot, FSA, MAAA

Gravot presented an update on topics for the Board; rate setting timeline, PSE projections, PSE Plan Design Options, and the wellness discount. Gravot laid out 10 different scenarios for the Board to consider voting on. Gravot also highlighted the difference between ASE & PSE. The recommendation was no increase for 2019.

Discussion:

Howlett pointed out that scenario 6 (decreasing the ASE premium) is the original request that Haugen made with the PSE deductible being reduced to \$500. There will not be a true parity between the plans based on some nuances. From a forecasting and financial aspect, the committee originally asked about line 6.

Altemus asked what the actual increase in balance has been for the past couple years. How much has the plan grown in assets in the last couple of years? That's a guide for me on whether we can spend money.

Howlett answered that, relative to financials, last year at May 31st we were after net assets available after allocations \$68.7 million and now we are at \$82.8 million. Also, catastrophic reserve used to be \$10 million max. Last year at this time, the catastrophic reserve was \$40.5 million and this year it is at \$58.5 million. I want to achieve 3 months' worth of operating claims expense of catastrophic reserves.

Altemus said so we have had growth for the past two years, and it has been more than enough to support these changes in the scenarios. Howlett said he specifically wants to look at scenario 6, and he wants us to be methodical before making too many changes all at once. We have had some low claim experience on some months, but we know this will come up at some point. The national average is 6.2% for medical and pharmacy, and we are baseline at 5.2%. Whatever we decide to do, it needs to be done in steps. Looking at slide 15, chart with contributions into each plan, but what are the expenses of the plans? The Premium plan costs considerably more amount than Basic and Classic. If we do lower the deductible, can we see a projection on the cost? Howlett said it would be

\$ 3.9 million, but you would need to double that for additional years. Altemus asked if that is the additional spend if we reduce the deductible for the PSE by \$500?

Lilly-Palmer what are the projections based on, and how often do they hold through? Howlett said it is based historical trends and plan experience.

Lilly-Palmer asked where would the plan be without the rate increase? Haugen asked if she was referring to the percentage increase in the coming years, and Lily-Palmer stated yes. Haugen stated that they haven't held through, and Haugen stated they did a rate increase in the past and it turned out that it was not needed.

Hatcher asked if someone could walk him through how we ended up in a nightmare scenario with a special session needed and the legislature had to get involved, pumping millions of dollars into that. Were the projections off? What happened?

Howlett stated that a combination of things had happened. The projections were based on historical trends, the reallocation of some of the PSE funding that reduced the reserves, some of the strategy the EBD leadership used didn't have the fiscal flushness that they were afforded after that. About 18 months before that, the plan had about \$50 million re-appropriated, and the plan had about 7 claimants with about \$17 million in spend that put that situation on the forefront.

Hatcher stated that we will not be afforded that opportunity again. If we end up in that situation again, we will probably all be off this board, (Howlett) you will be fired and probably all rightfully so. We should tread lightly. When I started with the State the contribution was \$250, do you know when that changed?

Colberg replied 2015.

Hatcher stated that we need to reclaim some of the benefits on the PSE side, but we need to march forward judiciously and very carefully. A lot of these things we cannot control, so I think option 1 is good there. What about on state employees and was the \$250 the only thing we gave up? Did we give anything up there on benefits? As far as the OPEB liability, as actuaries, do you help provide data for that number for the CAFR?

Colberg stated that they do for the state, and Hatcher stated he would like those numbers reported to the Board and included in reports.

Kissire is looking at option #2 and #3 and why did we not go across the board? The option #2 family co-insurance is lower, and in option # 3 the out of pocket is lower. Most people don't make it to out of pocket max. That is usually catastrophic. I do not know the price difference, but if we look at option # 1 for 3.9 million, why are we not looking at 750 and 1500 and doing the same. Why not look at \$250 across the board for each group.

Howlett replied that we went with the recommendation to the Board. My only request is to take in to consideration Hatcher and Altemus' points and be methodical in our approaches before we start

pulling levers. I have had a lot of feedback via phone on why we can't reduce the rates, and if you reduce the plan by \$50 a month for 65,000 contracts that would be \$39 million. If you do the reduction on PSE, you are just taking the assets available and they are gone. Howlett asked Colberg to plug the \$250, and Colberg said they already have it ready.

Altemus stated that 39% of the plan is spending 54% of the money already, and we want to lower the deductible for that 39% for them to spend more than 54% of the money.

Moran said they are also contributing 56%. Altemus asked if that includes the State contribution, and Colberg and Gravot stated that is only employee contribution but it doesn't take into account any additional district contribution beyond the minimum requirement.

Hatcher asked why are more people in the Classic plan? The Premium is the better plan, but it is because the cost of the premium? The answer was yes.

Howlett stated that the difference in Premium and Classic would be that the Classic plan can use an HSA.

Hatcher asked if there is a policy that we need to use to make decisions based on this policy. He does not know what policy that is, but should we put money towards the Premium or Classic. Hatcher feels that we need to be consistent on our policy.

Kissire said it just makes more sense to give everyone a break. Even if we go down \$250 on deductible on Premium this time, and then next time do it for the Classic. Let's not give them something and then come back and take it away. Let's lower the deductible and try to sustain it.

Colberg said giving \$250 lower on deductible is about the same as doing \$500 lower on Premium only as far as cost.

Altemus wants to do it, but he is concerned with the insurance costing less, the cost will be more because the utilization of the plan. Is that factored in to this?

Colberg stated that it is not really factored in that much.

Hatcher asked how many people are affected by the \$250 or \$500 will help them hit out of pocket max? I think you want to help the most people. It sounds like the \$250 across the board is the easiest and best thing to do.

Moran asked for a motion. Kissire made a motion to recommend to the Board to decrease the Premium, Classic and Basic deductible by \$250 on both sides (Individual and Family, option 1b, 2b and 4b given to us by Cheiron). Altemus seconded. All were in favor.

Motion Approved.

PSE Plan Design Options



Benefit Option Name:	Premium		
	Current	Option 1B	
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	\$1000 / \$2000	\$750 / \$1500	
Coinsurance	20%	20%	
Coinsurance limit (after Ded.) Individual/Family	\$2500 / \$5000	\$2500 / \$5000	
Out-of-Pocket Max (Individual / Family)	\$3500 / \$7000	\$3250 / \$6500	
Estimated 2019 Additional Cost ¹ (\$ millions)	N/A	\$1.8	
Benefit Option Name:	Classic		
	Current	Option 2B	Option 3B
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family) ²	\$2000 / \$3000	\$1750 / \$2750	\$1750 / \$2750
Coinsurance	20%	20%	20%
Coinsurance limit (after Ded.) Individual/Family	\$4450 / \$6675	\$4700 / \$6925	\$4450 / \$6675
Out-of-Pocket Max (Individual / Family)	\$6450 / \$9675	\$6450 / \$9675	\$6200 / \$9425
Estimated 2019 Additional Cost ¹ (\$ millions)	N/A	\$2.0	\$2.2
Benefit Option Name:	Basic		
	Current	Option 4B	Option 5B
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family) ²	\$4250 / \$8500	\$4000 / \$8000	\$4000 / \$8000
Coinsurance	20%	20%	20%
Coinsurance limit (after Ded.) Individual/Family	\$2200 / \$4400	\$2450 / \$4900	\$2200 / \$4400
Out-of-Pocket Max (Individual / Family)	\$6450 / \$12900	\$6450 / \$12900	\$6200 / \$12400
Estimated 2019 Additional Cost ¹ (\$ millions)	N/A	\$0.1	\$0.1

¹Cost = Additional Claims. Assumes no migration; base trend scenario

²Deductible for Classic and Basic is non-embedded; meaning the individual deductible is not applied for an individual family member



Classic Values, Innovative Advice

6/8/2018

1

Cheiron also presented the wellness discount and that 90% of the employees are getting the benefit of the discount.

Altemus made a motion to continue the wellness discount of \$75 for all plans. Walker seconded. All in favor.

Motion Approved.

Director's Report: Chris Howlett, EBD Executive Director

EBD Director Chris Howlett gave updated numbers on the bariatric program, since the new statute redefined the program and will run until 2021.

Howlett also went over the Catapult numbers as requested by members.

Hatcher asked if we have a contract with Catapult, and Howlett replied that they are an in-network provider.

Scott asked if there is a number for the employees to call about their experience with Catapult, and Howlett said they can certainly call us at EBD or email askebd@dfa.arkansas.gov or use the Facebook site. There is a survey that everyone is asked to complete to leave good or bad observations.

Moran said no one at her school knows about it because Catapult cannot go into their school. Howlett stated that he will attend to that.

Howlett also updated everyone on numbers for Naturally Slim, and they came back and gave us an additional 200 slots for both ASE and PSE. By the next meeting, we will have more data we may have more data for you. There has been a lot of good feedback on the Naturally Slim Program.

Altemus made a motion to adjourn the meeting. Walker seconded. All in favor.

Meeting adjourned.

Arkansas State Employees (ASE) Financials - January 1, 2018 through May 31, 2018

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	1654	50		1704		2605	68		2673
CLASSIC	2079	70		2149		3486	95		3581
PREMIUM	22658	2077		24735		38839	2610		41449
PRIMARY		203	9957	10160			421	12870	13291
TOTAL	26391	2400	9957	38748		44930	3194	12870	60994

REVENUES & EXPENDITURES

	Current Month	Year to Date (5 Month)
Funding		
1 State Contribution	\$ 14,538,524	\$ 72,694,048
2 Employee Contribution	\$ 8,002,946	\$ 40,406,926
3 Other	\$ 2,132,987	\$ 5,731,284
4 Allocation of Reserves	\$ 1,501,000	\$ 7,505,000
Total Funding	<u>\$ 26,175,457</u>	<u>\$ 126,337,257</u>
Expenses		
Medical Expenses		
5 Claims Expense	\$ 15,178,360	\$ 81,197,201
6 Claims IBNR	\$ -	\$ -
7 Medical Administration Fees	\$ 995,418	\$ 6,349,259
8 Refunds	\$ -	\$ -
9 Employee Assistance Program (EAP)	\$ -	\$ 218,900
Life Insurance	\$ 78,240	\$ 394,795
Pharmacy Expenses		
11 RX Claims	\$ 5,694,309	\$ 33,481,599
12 RX IBNR	\$ (600,000)	\$ (600,000)
13 RX Administration	\$ (170,044)	\$ 320,919
14 Plan Administration	\$ 819,457	\$ 1,808,312
Total Expenses	<u>\$ 21,995,740</u>	<u>\$ 123,170,985</u>
15 Net Income/(Loss)	\$ 4,179,716	\$ 3,166,273

BALANCE SHEET

Assets		
16 Bank Account		\$ 11,063,197
17 State Treasury		\$ 97,387,235
18 Due from Cafeteria Plan		\$ 5,561,503
19 Due from PSE		
20 Receivable from Provider		
21 Accounts Receivable		\$ 321,467
Total Assets		<u>\$ 114,333,402</u>
Liabilities		
22 Accounts Payable		\$ 839
23 Deferred Revenues		\$ 3,780
24 Due to Cafeteria		\$ 50
25 Due to PSE		\$ 15,584
26 Due to Federal Government (\$27 fee)		
27 Health IBNR		\$ 25,700,000
28 RX IBNR		\$ 1,400,000
Total Liabilities		<u>\$ 27,120,253</u>
Net Assets		\$ 87,213,149
Less Reserves Allocated		
29 Premiums for Plan Year 1/1/18 - 12/31/18 (\$5,040,000 + \$8,262,000 + \$4,710,000)		\$ (10,507,000)
30 Premiums for Plan Year 1/1/19 - 12/31/19 (\$5,508,000 + \$2,826,000)		\$ (8,334,000)
31 Premiums for Plan Year 1/1/20 - 12/31/20 (\$1,884,000)		\$ (1,884,000)
32 Catastrophic Reserve (2017 \$20,600,000)		\$ (30,600,000)
33 Net Assets Available		<u>\$ 35,888,149</u>

Public School Employees (PSE) Financials - January 1, 2018 through May 31, 2018

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
	BASIC	4249	413		4662	6412	545	
CLASSIC	24243	1981		26224	46138	2340		48478
PREMIUM	17595	581		18176	23276	623		23899
PRIMARY		54	12302	12356		109	13391	13500
TOTAL	46087	3029	12302	61418	75826	3617	13391	92834

REVENUES & EXPENDITURES

	Current Month	Year to Date (5 Month)
Funding		
1 Per Participating Employee Funding (PPE Funding)	\$ 8,378,148	\$ 41,934,919
2 Employee Contribution	\$ 9,745,694	\$ 48,873,499
3 Department of Education \$35,000,000 & \$15,000,000 & Other Funding	\$ 4,583,333	\$ 48,516,667
4 Other	\$ 1,141,740	\$ 5,541,336
5 Allocation of Reserves	\$ 1,883,333	\$ 9,416,665
Total Funding	\$ 25,732,249	\$ 154,283,085
Expenses		
Medical Expenses		
6 Claims Expense	\$ 17,504,470	\$ 86,206,049
7 Claims IBNR	\$ 2,300,000	\$ 2,300,000
8 Medical Administration Fees	\$ 1,696,252	\$ 9,322,489
9 Refunds	\$ -	
10 Employee Assistance Program (EAP)	\$ 80,006	\$ 320,173
Pharmacy Expenses		
11 RX Claims	\$ 3,990,959	\$ 21,488,649
12 RX IBNR	\$ (400,000)	\$ (400,000)
13 RX Administration	\$ 190,595	\$ 953,593
14 Plan Administration	\$ 411,279	\$ 2,011,953
Total Expenses	\$ 25,773,560	\$ 122,202,905
15 Less DOE Allocation		\$ (18,100,000)
16 Net Income/(Loss)	\$ (41,311)	\$ 13,980,180

BALANCE SHEET

Assets	
17 Bank Account	\$ 42,496,204
18 State Treasury	\$ 141,136,453
19 Receivable from Provider	\$ -
20 Accounts Receivable	\$ 3,186,121
21 Due from ASE	\$ 15,584
Total Assets	\$ 186,834,362
Liabilities	
22 Accounts Payable	
23 Due to ASE	
24 Deferred Revenues	
25 Due to Federal Government (\$27 fee)	
26 Health IBNR	\$ 28,000,000
27 RX IBNR	\$ 1,000,000
Total Liabilities	\$ 29,000,000
28 Net Assets	\$ 157,834,362
Less Reserves Allocated	
29	
30 Premiums for Plan Year 1/1/18 - 12/31/18 (\$3,840,000 + \$660,000+18,100,000 DOE)	\$ (13,183,335)
31 Premiums for Plan Year 1/1/19 - 12/31/19 (\$396,000)	\$ (396,000)
32 Premiums for Plan Year 1/1/20 - 12/31/20 (\$264,000)	\$ (264,000)
33 Premium Assistance (FICA Savings)	\$ (2,622,438)
34 Catastrophic Reserve (2017 \$58,500,000)	\$ (58,500,000)
35 Net Assets Available	\$ 82,868,589

36 Fifth Week of Claims 4,542,561.85

PROJECTED PAID CLAIMS AND EXPENSES BY MONTH

PSE

2018 May

Medical Claims	PROJECTED	ACTUAL	DIFFERENCE	PROJECTED	ACTUAL	DIFFERENCE
	Monthly Amount	Monthly Amount	Monthly Amount	YTD Total	YTD Total	YTD Total
	14,950,000	17,504,470	2,554,470	78,910,000	88,506,049	9,596,049

Note: IENR increased for Medical by \$2,300,000

Pharmacy Claims	PROJECTED	ACTUAL	DIFFERENCE	PROJECTED	ACTUAL	DIFFERENCE
	Monthly Amount	Monthly Amount	Monthly Amount	YTD Total	YTD Total	YTD Total
	4,350,000	3,990,959	(359,041)	20,890,000	21,088,649	198,649

Note: IENR increased for Pharmacy by \$400,000

Expenses/Other	PROJECTED	ACTUAL	DIFFERENCE	PROJECTED	ACTUAL	DIFFERENCE
	Monthly Amount	Monthly Amount	Monthly Amount	YTD Total	YTD Total	YTD Total
	2,730,000	3,439,866	709,866	13,680,000	10,310,082	(3,369,918)

ASE

2018 May

Medical Claims	PROJECTED	ACTUAL	DIFFERENCE	PROJECTED	ACTUAL	DIFFERENCE
	Monthly Amount	Monthly Amount	Monthly Amount	YTD Total	YTD Total	YTD Total
	13,430,000	13,936,729	506,729	73,920,000	66,018,840	(7,901,160)

Note: IENR no change

Pharmacy Claims	PROJECTED	ACTUAL	DIFFERENCE	PROJECTED	ACTUAL	DIFFERENCE
	Monthly Amount	Monthly Amount	Monthly Amount	YTD Total	YTD Total	YTD Total
	6,490,000	6,149,246	(340,754)	34,180,000	27,187,290	(6,992,710)

Note: IENR decreased pharmacy \$600,000

Expenses/Other	PROJECTED	ACTUAL	DIFFERENCE	PROJECTED	ACTUAL	DIFFERENCE
	Monthly Amount	Monthly Amount	Monthly Amount	YTD Total	YTD Total	YTD Total
	2,130,000	1,700,933	(429,067)	10,900,000	7,369,113	(3,530,887)

NOTES FOR MAY 2018 FINANCIALS

PSE

- We paid 4 weeks of claims for both medical and pharmacy.
- FICA Savings received for the month was \$524,089.29, YTD savings 2,622,438.42
- We received new IBNR numbers from the actuaries. Medical Claims IBNR increased by \$2.3 million (see line 7). The Pharmacy Claims IBNR decreased by \$400,000 (see Line 12). This caused the Health IBNR total to increase for Medical to \$28 million (Line 26) and increase for Pharmacy to \$1 million. The new total IBNR liability is \$29,000,000.
- We had a net loss of \$41 thousand for the month and an increase \$13.9 million year-to-date – Line 16. Net Assets available are \$82.8 million – Line 33.

ASE

- We paid 4 weeks of claims for both medical and pharmacy.
- We had a net gain of \$5.6 million for the month and \$4.56 million year-to-date – Line 15.
- We received new IBNR numbers from the actuaries. Medical Claims IBNR stayed the same as last year (see line 6). The Pharmacy Claims IBNR stayed the same as last year (see Line 12). The Health IBNR total for Medical is \$25.7 million (Line 26) for Pharmacy is \$1.4 million. The new total IBNR liability is \$27,120,000.
- Net Assets available are \$35.8 million – Line 33.

Projected vs. Actual Report

The projected vs. actual claims and expenditures report shows the numbers from the current month, the year-to-date (YTD) and the differences. The monthly amounts are for May 2018 and YTD amounts are for January-May 2018.

Arkansas State Employees
& Public School Employees
Health Benefits Program



Review of PSE Benefit Design Options for 2019

June 8, 2018
Benefits Committee

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

	<u>Page</u>
1) Rate Setting Timeline	3
2) PSE Projections	4
3) PSE Plan Design Options	9
4) Wellness Discount	12
5) Summary	13

Appendices

A. 2018 Final Rate Details	15
B. Assumptions, Use & Disclosures	19

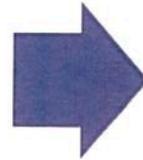
Rate Setting Timeline



- March Board Meeting and April Benefits Committee
 - Review of trends
- April Board Meeting
 - First look at rates for 2019
- May Benefits Committee
 - Benefits Committee recommendation to the Board: 0% employee/retiree rate increase for both ASE and PSE
- May Board Meeting
 - Review updated projections
 - Defer vote on Benefits Committee rate recommendation to June
- June Benefits Committee
 - Review possible benefit changes to PSE plan designs
- June Board Meeting
 - Vote on Benefits Committee recommendations

Projecting Costs

Experience periods:
3/1/2017 – 2/28/2018
(Medical)
5/1/2017 – 4/30/2018
(Pharmacy)



Rating Period:
1/1/2019 – 12/31/2019

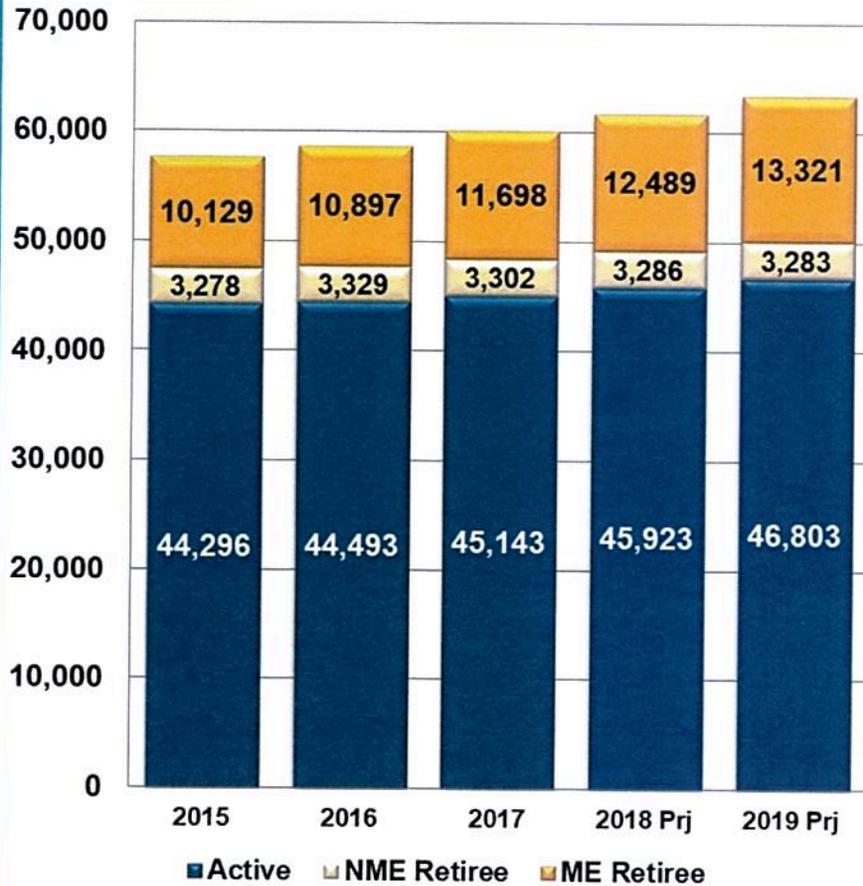
To project costs we reflect anticipated changes due to

- Plan Design
- Vendors/Network
(assumed none)
- Demographics
- Migration (see following slides)
- Geography (none)
- Trend
 - Utilization
 - Unit Price Changes
 - New Services
 - Leveraging

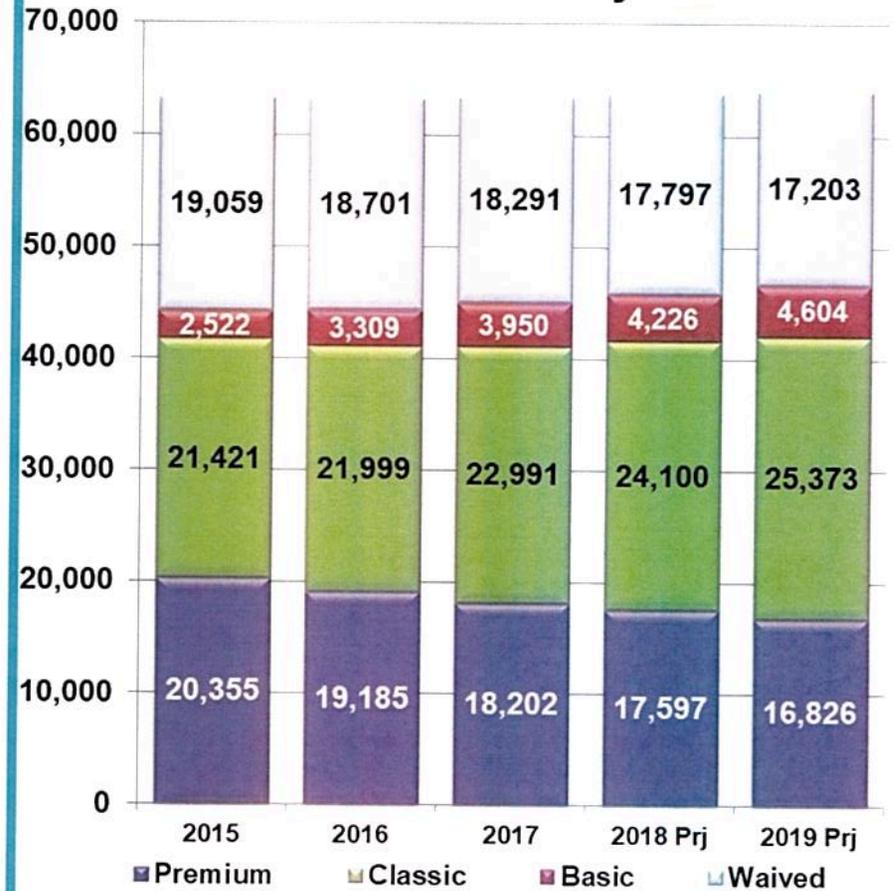
PSE Enrollment



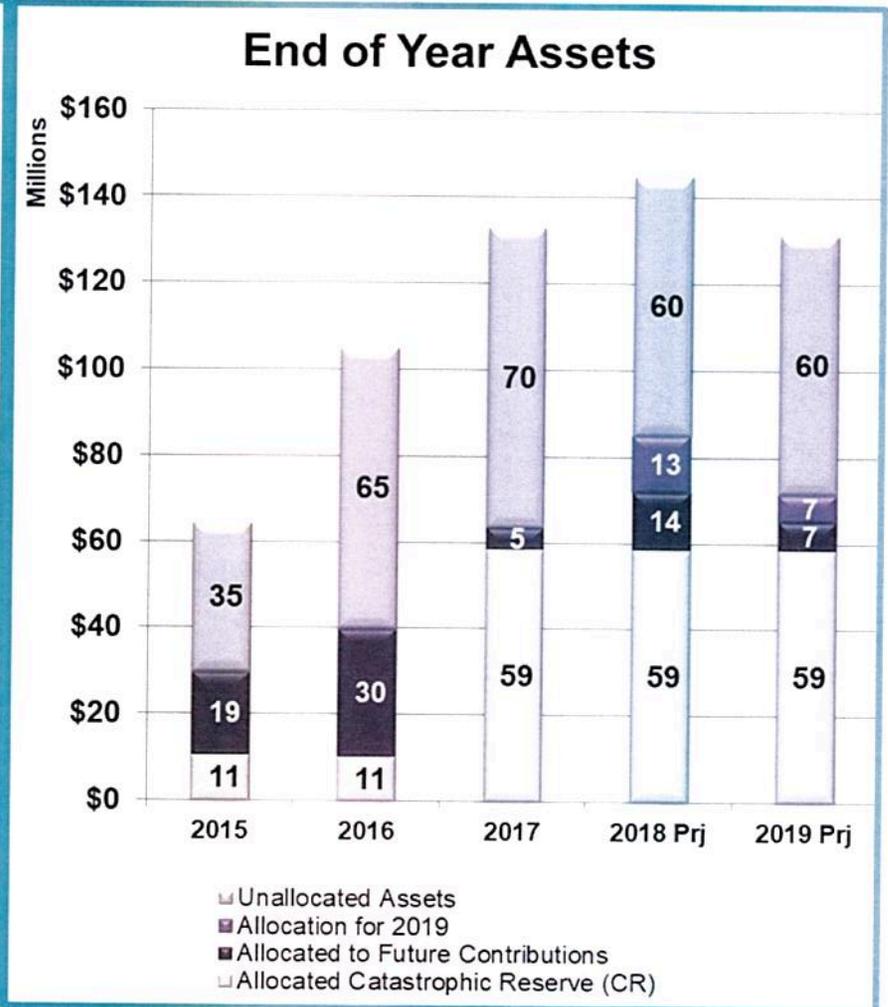
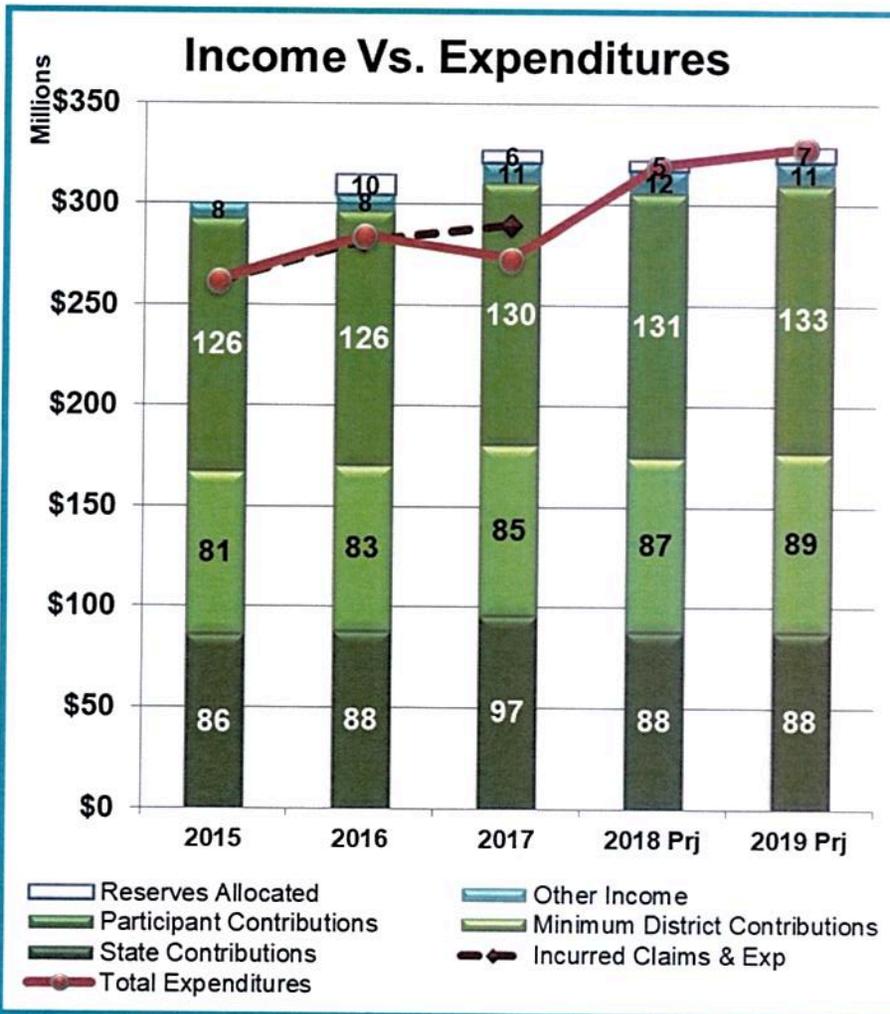
Enrollment by Status



Active Enrollment by Plan



PSE Financial Projections



PSE Rate Projections – Current Benefits



The table below shows the aggregate increase in employee/retiree contributions needed under each scenario. The actual increase by plan and tier would be determined by the Board.

		<i>Minimum Rate Increase of 0%</i>			
		2019	2020	2021	2022
1)	5% Medical / 8% Pharmacy all years <i>New Reserves Allocated (\$ million)</i>	0% \$13.0	0% \$40.8	10% \$31.9	24% \$0.0
2)	4% Medical / 7% Pharmacy all years <i>New Reserves Allocated (\$ million)</i>	0% \$13.0	0% \$24.1	0% \$43.0	19% \$12.7
3)	6% Medical / 9% Pharmacy all years <i>New Reserves Allocated (\$ million)</i>	0% \$13.0	0% \$57.8	25% \$7.9	22% \$0.0
4)	1 year at 1% Medical / 4% Pharmacy, then 5%/8% <i>New Reserves Allocated (\$ million)</i>	0% \$13.0	0% \$13.7	0% \$44.3	11% \$35.0
5)	1 year at 9% Medical / 12% Pharmacy, then 5%/8% <i>New Reserves Allocated (\$ million)</i>	0% \$13.0	6% \$52.3	24% \$0.0	18% \$0.0

2018 Benefit Design



	ASE Premium n/a	PSE Premium n/a	ASE Classic \$25/\$50	PSE Classic \$0	ASE Basic \$25/\$50	PSE Basic \$0
Monthly Plan HSA Contribution (Ind./Family)						
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



Classic Values, Innovative Advice

6/8/2018

PSE Plan Design Options



Benefit Option Name:	Premium	
	Current	Option 1
<u>In-Network (INN) Benefits</u>		
Deductible (Individual / Family)	\$1000 / \$2000	\$500 / \$1000
Coinsurance	20%	20%
Coinsurance limit (after Ded.) Individual/Family	\$2500 / \$5000	\$2500 / \$5000
Out-of-Pocket Max (Individual / Family)	\$3500 / \$7000	\$3000 / \$6000
Estimated 2019 Additional Cost¹ (\$ millions)	N/A	\$3.9

Benefit Option Name:	Classic		
	Current	Option 2	Option 3
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family) ²	\$2000 / \$3000	\$1500 / \$2500	\$1500 / \$2500
Coinsurance	20%	20%	20%
Coinsurance limit (after Ded.) Individual/Family	\$4450 / \$6675	\$4950 / \$7175	\$4450 / \$6675
Out-of-Pocket Max (Individual / Family)	\$6450 / \$9675	\$6450 / \$9675	\$5950 / \$9175
Estimated 2019 Additional Cost¹ (\$ millions)	N/A	\$4.1	\$4.6

Benefit Option Name:	Basic		
	Current	Option 4	Option 5
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family) ²	\$4250 / \$8500	\$3750 / \$7500	\$3750 / \$7500
Coinsurance	20%	20%	20%
Coinsurance limit (after Ded.) Individual/Family	\$2200 / \$4400	\$2700 / \$5400	\$2200 / \$4400
Out-of-Pocket Max (Individual / Family)	\$6450 / \$12900	\$6450 / \$12900	\$5950 / \$11900
Estimated 2019 Additional Cost¹ (\$ millions)	N/A	\$0.1	\$0.2

¹Cost = Additional Claims. Assumes no migration; base trend scenario

²Deductible for Classic and Basic is non-embedded; meaning the individual deductible is not applied for an individual family member
Note: Under Premium Option 1, the Rx Out-of-Pocket max will be set to match ASE Premium Rx Out-of-Pocket max

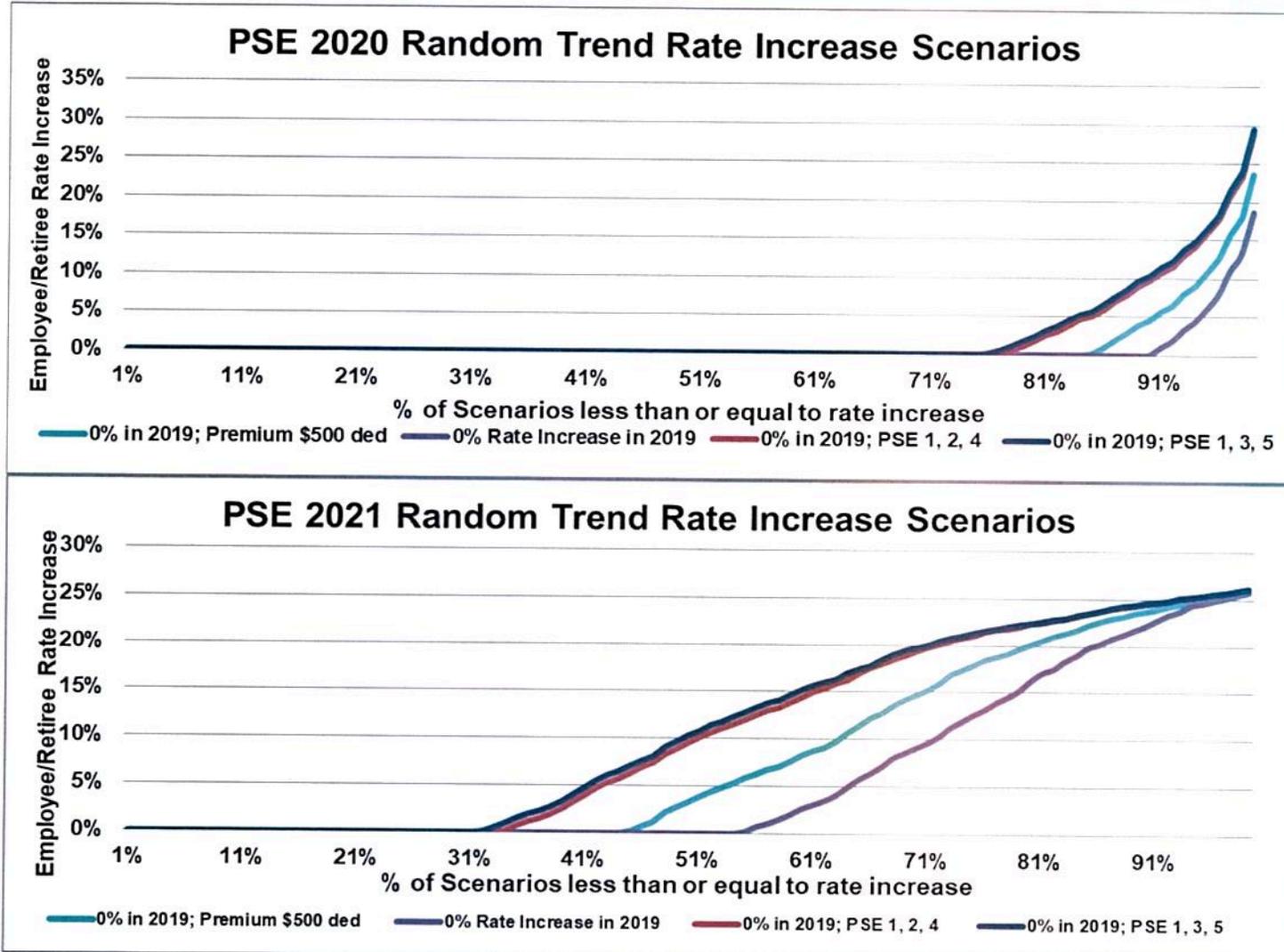
PSE Rate Projections



The table below shows the aggregate increase in employee/retiree contributions needed under each scenario. The actual increase by plan and tier would be determined by the Board.

	Add'l 2019 Claims \$mil	Minimum Rate Increase of 0%			
		2019	2020	2021	2022
1) 5% Medical / 8% Pharmacy all years <i>New Reserves Allocated (\$ million)</i>	N/A	0%	0%	10%	24%
		\$13.0	\$40.8	\$31.9	\$0.0
6) 5% / 8% with PSE Premium Option 1 <i>New Reserves Allocated (\$ million)</i>	\$3.9	0%	0%	16%	23%
		\$20.7	\$44.3	\$20.8	\$0.0
7) 5% / 8% with PSE Options 1 & 2 <i>New Reserves Allocated (\$ million)</i>	\$8.0	0%	0%	22%	22%
		\$29.0	\$48.0	\$8.8	\$0.0
8) 5% / 8% with PSE Options 1 & 3 <i>New Reserves Allocated (\$ million)</i>	\$8.4	0%	0%	23%	22%
		\$29.9	\$48.4	\$7.5	\$0.0
9) 5% / 8% with PSE Options 1, 2 & 4 <i>New Reserves Allocated (\$ million)</i>	\$8.1	0%	0%	22%	22%
		\$29.2	\$48.1	\$8.4	\$0.0
10) 5% / 8% with PSE Options 1, 3 & 5 <i>New Reserves Allocated (\$ million)</i>	\$8.6	0%	0%	23%	21%
		\$30.3	\$48.6	\$6.9	\$0.0

PSE Rate Projections



Employee Rates With & Without Wellness Discount



	PSE			ASE		
	Undiscounted Rate	Wellness Discount	Discounted Rate	Undiscounted Rate	Wellness Discount	Discounted Rate
Actives						
Premium						
Employee Only	\$258.46	\$75.00	\$183.46	\$182.92	\$75.00	\$107.92
Employee & Spouse	906.20	75.00	831.20	465.46	75.00	390.46
Employee & Child(ren)	545.54	75.00	470.54	291.34	75.00	216.34
Family	908.44	75.00	833.44	573.88	75.00	498.88
Classic						
Employee Only	\$121.02	\$75.00	\$46.02	\$122.88	\$75.00	\$47.88
Employee & Spouse	429.62	75.00	354.62	325.32	75.00	250.32
Employee & Child(ren)	233.42	75.00	158.42	187.74	75.00	112.74
Family	433.32	75.00	358.32	390.18	75.00	315.18
Basic						
Employee Only	\$86.26	\$75.00	\$11.26	\$75.00	\$75.00	\$0.00
Employee & Spouse	347.78	75.00	272.78	211.46	75.00	136.46
Employee & Child(ren)	196.86	75.00	121.86	104.00	75.00	29.00
Family	350.62	75.00	275.62	240.46	75.00	165.46

Summary



- Under baseline trend scenarios
 - No increases needed for ASE or PSE for 2019
 - Assumes no change to medical network and no significant increase to admin fees
- Unlikely contribution increase needed before 2021 for PSE
- If reductions to PSE deductibles:
 - Chance of needing a rate increase for 2020 increases from 11% to as much as 25%
 - Chance of needing a rate increase for 2021 increases from 46% to as much as 69%



CHEIRON



Classic Values, Innovative Advice.

***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.*



Classic Values, Innovative Advice

6/8/2018

14

Appendix A – PSE Actives 2018 Final Rate Details



Actives	Unadjusted Total Rate	Direct State Contrib. & FICA	Reserve Used / (Added)	School District Contrib.	2018 Employee Cost	2017 Employee Cost	Change in EE Cost (\$/%)		Assumed Enrollment
Premium							with		
Employee Only	\$584.28	\$243.88	(\$0.56)	\$157.50	\$183.46	\$183.46	\$0.00	0%	14,620
Employee & Spouse	1,362.48	374.65	(0.87)	157.50	831.20	831.20	0.00	0%	273
Employee & Child(ren)	1,022.96	395.84	(0.92)	157.50	470.54	470.54	0.00	0%	1,989
Family	1,801.16	812.10	(1.88)	157.50	833.44	833.44	0.00	0%	407
Est. Monthly Total (\$mil)	\$11.7	\$4.8	(\$0.0)	\$2.7	\$4.2	\$4.2	\$0.0	0%	17,289
Classic									
Employee Only	\$284.04	\$80.71	(\$0.19)	\$157.50	\$46.02	\$46.02	\$0.00	0%	13,633
Employee & Spouse	627.22	115.37	(0.27)	157.50	354.62	354.62	0.00	0%	1,394
Employee & Child(ren)	477.50	161.96	(0.38)	157.50	158.42	158.42	0.00	0%	5,163
Family	820.68	305.57	(0.71)	157.50	358.32	358.32	0.00	0%	3,136
Est. Monthly Total (\$mil)	\$9.8	\$3.1	(\$0.0)	\$3.7	\$3.1	\$3.1	\$0.0	0%	23,327
Basic									
Employee Only	\$157.68	\$0.00	(\$11.08)	\$157.50	\$11.26	\$11.26	\$0.00	0%	3,535
Employee & Spouse	316.58	0.00	(113.70)	157.50	272.78	272.78	0.00	0%	187
Employee & Child(ren)	247.26	0.00	(32.10)	157.50	121.86	121.86	0.00	0%	366
Family	406.18	0.00	(26.94)	157.50	275.62	275.62	0.00	0%	308
Est. Monthly Total (\$mil)	\$0.8	\$0.0	(\$0.1)	\$0.7	\$0.2	\$0.2	\$0.0	0%	4,396
Total (Monthly) (\$ mil)	\$22.3	\$7.8	(\$0.1)	\$7.1	\$7.5	\$7.5	\$0.0	0%	45,012
Est Annual Total (\$ mil)	\$267.6	\$94.1	(\$1.2)	\$85.1	\$89.6	\$89.6	\$0.0	0%	
Total Active & Ret (\$ mil)	\$308.2	\$94.1	\$4.5	\$85.1	\$124.5	\$124.5	\$0.0	0%	61,130

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



Appendix A – PSE Retirees

2018 Final Rate Details



NME Retirees	Unadjusted Total Rate	Direct State Contrib.	Reserve Used / (Added)	2018 Retiree Cost	2017 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium								
Retiree Only	\$584.28	\$0.00	(\$56.86)	\$641.14	\$641.14	\$0.00	0%	778
Retiree & NME SP	1,362.48	0.00	(94.70)	1,457.18	1,457.18	0.00	0%	38
Retiree & Child(ren)	1,022.96	0.00	(169.64)	1,192.60	1,192.60	0.00	0%	9
Retiree & NME SP&CH	1,801.16	0.00	(207.48)	2,008.64	2,008.64	0.00	0%	6
Retiree & ME SP	767.26	0.00	(27.86)	795.12	795.12	0.00	0%	68
Retiree & ME SP & CH	1,205.94	0.00	(140.64)	1,346.58	1,346.58	0.00	0%	2
Est. Monthly Total (\$mil)	\$0.6	\$0.0	(\$0.1)	\$0.6	\$0.6	\$0.0	0%	901
Classic								
Employee Only	\$284.04	\$0.00	\$10.74	\$273.30	\$273.30	\$0.00	0%	1,799
Employee & Spouse	627.22	0.00	61.44	565.78	565.78	0.00	0%	252
Employee & Child(ren)	477.50	0.00	7.68	469.82	469.82	0.00	0%	53
Family	820.68	0.00	74.48	746.20	746.20	0.00	0%	48
Est. Monthly Total (\$mil)	\$0.7	\$0.0	\$0.0	\$0.7	\$0.7	\$0.0	0%	2,152
Basic								
Employee Only	\$157.68	\$0.00	\$9.18	\$148.50	\$148.50	\$0.00	0%	344
Employee & Spouse	316.58	0.00	46.86	269.72	269.72	0.00	0%	59
Employee & Child(ren)	247.26	0.00	8.74	238.52	238.52	0.00	0%	14
Family	406.18	0.00	70.46	335.72	335.72	0.00	0%	8
Est. Monthly Total (\$mil)	\$0.1	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	0%	425
Total (Monthly) (\$ mil)	\$1.4	\$0.0	(\$0.0)	\$1.4	\$1.4	\$0.0	0%	3,478
Est Annual Total (\$ mil)	\$16.7	\$0.0	(\$0.1)	\$16.8	\$16.8	\$0.0		
Medicare Eligible	Unadjusted Total Rate	Subsidy	Reserve Used / (Added)	2018 Retiree Cost	2017 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Retiree Only	\$182.98	\$43.20	\$39.00	\$100.78	\$100.78	\$0.00	0%	11,508
Retiree & NME SP	756.08	(27.84)	0.00	783.92	783.92	0.00	0%	82
Retiree & Child(ren)	672.16	(84.94)	0.00	757.10	757.10	0.00	0%	15
Retiree & NME SP&CH	1,399.86	(121.62)	0.00	1,521.48	1,521.48	0.00	0%	1
Retiree & ME SP	342.08	48.07	30.97	263.04	263.04	0.00	0%	1,033
Retiree & ME SP & CH	831.26	(57.32)	0.00	888.58	888.58	0.00	0%	0
Est. Monthly Total (\$mil)	\$2.5	\$0.5	\$0.5	\$1.5	\$1.5	\$0.0	0%	12,639
Total (Est. Annual)	\$30.4	\$6.5	\$5.8	\$18.1	\$18.1	\$0.0		



Appendix A – ASE Actives 2018 Final Rate Details



Actives	Risk Adjusted Total Rate	State Contrib. & FICA	Reserve Used / (Added)	2018 Employee Cost	2017 Employee Cost	Change in EE Cost (\$/%)		Assumed Enrollment
Premium								
Employee Only	\$488.72	\$346.20	\$34.60	\$107.92	\$107.92	\$0.00	0%	13,365
Employee & Spouse	1,097.30	642.61	64.23	390.46	390.46	0.00	0%	2,095
Employee & Child(ren)	819.46	548.31	54.81	216.34	216.34	0.00	0%	4,907
Family	1,428.04	844.72	84.44	498.88	498.88	0.00	0%	1,876
Est. Monthly Total (\$mil)	\$15.5	\$10.2	\$1.0	\$4.3	\$4.3	\$0.0	0%	22,243
Classic								
Employee Only	\$425.50	\$343.30	\$34.32	\$47.88	\$47.88	\$0.00	0%	1,293
Employee & Spouse	950.36	636.43	63.61	250.32	250.32	0.00	0%	154
Employee & Child(ren)	710.76	543.68	54.34	112.74	112.74	0.00	0%	340
Family	1,235.62	836.80	83.64	315.18	315.18	0.00	0%	187
Est. Monthly Total (\$mil)	\$1.2	\$0.9	\$0.1	\$0.2	\$0.2	\$0.0	0%	1,973
Basic								
Employee Only	\$375.36	\$341.25	\$34.11	\$0.00	\$0.00	\$0.00	n/a	1,239
Employee & Spouse	831.10	631.52	63.12	136.46	136.46	0.00	0%	153
Employee & Child(ren)	623.04	540.06	53.98	29.00	29.00	0.00	0%	256
Family	1,078.80	830.34	83.00	165.46	165.46	0.00	0%	168
Est. Monthly Total (\$mil)	\$0.9	\$0.8	\$0.1	\$0.1	\$0.1	\$0.0	0%	1,816
Total (Monthly) (\$ mil)	\$17.6	\$11.9	\$1.2	\$4.5	\$4.5	\$0.0	0%	26,033
Est Annual Total (\$ mil)	\$211.6	\$143.1	\$14.3	\$54.1	\$54.1	\$0.0	0%	

Total Active & Ret (\$ mil)	\$293.5	\$180.2	\$18.0	\$95.3	\$95.3	\$0.0	0%	38,755
--	----------------	----------------	---------------	---------------	---------------	--------------	-----------	---------------

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



Appendix A – ASE Retirees

2018 Final Rate Details



NME Retirees	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2018 Retiree Cost	2017 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Premium								
Retiree Only	\$488.72	\$202.12	\$20.20	\$266.40	\$266.40	\$0.00	0%	1,749
Retiree & NME SP	1,097.30	377.67	37.75	681.88	681.88	0.00	0%	386
Retiree & Child(ren)	819.46	297.45	29.73	492.28	492.28	0.00	0%	96
Retiree & NME SP&CH	1,428.04	473.00	47.28	907.76	907.76	0.00	0%	43
Retiree & ME SP	881.20	333.12	33.30	514.78	514.78	0.00	0%	190
Retiree & ME SP & CH	1,211.94	428.45	42.83	740.66	740.66	0.00	0%	9
Est. Monthly Total (\$mil)	\$1.6	\$0.6	\$0.1	\$0.9	\$0.9	\$0.0	0%	2,473
Classic								
Employee Only	\$425.50	\$199.23	\$19.91	\$206.36	\$206.36	\$0.00	0%	49
Employee & Spouse	950.36	371.49	37.13	541.74	541.74	0.00	0%	17
Employee & Child(ren)	710.76	292.81	29.27	388.68	388.68	0.00	0%	3
Family	1,235.62	465.07	46.49	724.06	724.06	0.00	0%	2
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	71
Basic								
Employee Only	\$375.36	\$197.17	\$19.71	\$158.48	\$158.48	\$0.00	0%	30
Employee & Spouse	831.10	366.58	36.64	427.88	427.88	0.00	0%	7
Employee & Child(ren)	623.04	289.19	28.91	304.94	304.94	0.00	0%	2
Family	1,078.80	458.62	45.84	574.34	574.34	0.00	0%	2
Est. Monthly Total (\$mil)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0%	40
Total (Monthly) (\$ mil)	\$1.7	\$0.6	\$0.1	\$1.0	\$1.0	\$0.0	0%	2,584
Est Annual Total (\$ mil)	\$19.9	\$7.7	\$0.8	\$11.4	\$11.4	\$0.0		
Medicare Eligible	Risk Adjusted Total Rate	State Contrib.	Reserve Used / (Added)	2018 Retiree Cost	2017 Total Retiree Cost	Change in Retiree Cost (\$/%)		Assumed Enrollment
Retiree Only	\$392.48	\$205.15	\$20.51	\$166.82	\$166.82	\$0.00	0%	7,104
Retiree & NME SP	881.20	271.74	27.16	582.30	582.30	0.00	0%	344
Retiree & Child(ren)	770.38	343.36	34.32	392.70	392.70	0.00	0%	78
Retiree & NME SP&CH	1,331.82	476.06	47.58	808.18	808.18	0.00	0%	24
Retiree & ME SP	761.08	328.58	32.84	399.66	399.66	0.00	0%	2,551
Retiree & ME SP & CH	1,138.98	466.78	46.66	625.54	625.54	0.00	0%	37
Est. Monthly Total (\$mil)	\$5.2	\$2.4	\$0.2	\$2.5	\$2.5	\$0.0	0%	10,138
Total (Est. Annual)	\$62.0	\$29.3	\$2.9	\$29.7	\$29.7	\$0.0		

Appendix B – Assumptions, Use & Disclosures



- Based on actual 2018 enrollment through April and claims paid through April 2018.
- Annual trends (unless otherwise indicated) of
 - 5% medical
 - 8% pharmacy
 - 2% expenses
- No changes to State Contribution amounts, and minimum District contributions increasing consistent with past increases.
- Wellness participation is 90% for PSE and 88% for ASE.
- Additional Income (including investment income, FICA savings, pharmacy rebates, and ASE retiree drug subsidies) in 2019 will be \$11.4 million for PSE and \$17.6 million for ASE.
- Desired contingency reserves of \$45.4 million PSE and \$30.6 million ASE starting in 2020.
- Reserve allocations to reduce contributions remain at 50% for first year, 30% for second year, and 20% for third year.
- No changes in benefits (unless otherwise indicated).
- No change to medical network or admin fees other than trend.

Appendix B – Use & Disclosures



- Projections are based on medical claim experience for March 2017 through February 2018 and on pharmacy claims experience for May 2017 through April 2018, both paid through April 2018, adjusted for demographic, benefits, and network changes. Additional details about assumptions and methods will be provided in follow-up documentation.
- 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 No. 23.
- 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.

John L. Colberg, FSA, MAAA
Principal Consulting Actuary

Gaëlle Gravot, FSA, MAAA
Principal Consulting Actuary



Classic Values, Innovative Advice

6/8/2018

20

PSE Plan Design Options



Benefit Option Name:	Premium	
	Current	Option 1B
<u>In-Network (INN) Benefits</u>		
Deductible (Individual / Family)	\$1000 / \$2000	\$750 / \$1500
Coinsurance	20%	20%
Coinsurance limit (after Ded.) Individual/Family	\$2500 / \$5000	\$2500 / \$5000
Out-of-Pocket Max (Individual / Family)	\$3500 / \$7000	\$3250 / \$6500
Estimated 2019 Additional Cost¹ (\$ millions)	N/A	\$1.8

Benefit Option Name:	Classic		
	Current	Option 2B	Option 3B
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family) ²	\$2000 / \$3000	\$1750 / \$2750	\$1750 / \$2750
Coinsurance	20%	20%	20%
Coinsurance limit (after Ded.) Individual/Family	\$4450 / \$6675	\$4700 / \$6925	\$4450 / \$6675
Out-of-Pocket Max (Individual / Family)	\$6450 / \$9675	\$6450 / \$9675	\$6200 / \$9425
Estimated 2019 Additional Cost¹ (\$ millions)	N/A	\$2.0	\$2.2

Benefit Option Name:	Basic		
	Current	Option 4B	Option 5B
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family) ²	\$4250 / \$8500	\$4000 / \$8000	\$4000 / \$8000
Coinsurance	20%	20%	20%
Coinsurance limit (after Ded.) Individual/Family	\$2200 / \$4400	\$2450 / \$4900	\$2200 / \$4400
Out-of-Pocket Max (Individual / Family)	\$6450 / \$12900	\$6450 / \$12900	\$6200 / \$12400
Estimated 2019 Additional Cost¹ (\$ millions)	N/A	\$0.1	\$0.1

¹Cost = Additional Claims. Assumes no migration; base trend scenario

²Deductible for Classic and Basic is non-embedded; meaning the individual deductible is not applied for an individual family member

PSE Rate Projections



The table below shows the aggregate increase in employee/retiree contributions needed under each scenario. The actual increase by plan and tier would be determined by the Board.

	Add'l 2019 Claims \$mil	Minimum Rate Increase of 0%			
		2019	2020	2021	2022
1) 5% Medical / 8% Pharmacy all years <i>New Reserves Allocated (\$ million)</i>	N/A	0% \$13.0	0% \$40.8	10% \$31.9	24% \$0.0
6B) 5% / 8% with PSE Premium Option 1B <i>New Reserves Allocated (\$ million)</i>	\$1.8	0% \$16.7	0% \$42.4	13% \$26.6	23% \$0.0
7B) 5% / 8% with PSE Options 1B & 2B <i>New Reserves Allocated (\$ million)</i>	\$3.8	0% \$20.6	0% \$44.2	16% \$21.0	23% \$0.0
8B) 5% / 8% with PSE Options 1B & 3B <i>New Reserves Allocated (\$ million)</i>	\$4.0	0% \$21.0	0% \$44.4	16% \$20.3	23% \$0.0
9B) 5% / 8% with PSE Options 1B, 2B & 4B <i>New Reserves Allocated (\$ million)</i>	\$3.9	0% \$20.7	0% \$44.3	16% \$20.8	23% \$0.0
10B) 5% / 8% with PSE Options 1B, 3B & 5B <i>New Reserves Allocated (\$ million)</i>	\$4.1	0% \$21.2	0% \$44.5	16% \$20.0	23% \$0.0