AGENDA

State and Public School Life and Health Insurance Board

April 17, 2018

1:00 p.m.

EBD Board Room – 501 Building, Suite 500

I.	*Call to Order*	*Renee Mallory, Vice-Chair*
II.	*Approval of March 27, 2018 Minutes*	*Renee Mallory, Vice-Chair*
III.	*ASE-PSE February Financials*	*Cheryl Reed, EBD Fiscal Officer*
IV.	*Benefits Sub-Committee Update*	*Claudia Moran, Benefits Chair*
V.	*Quality of Care Updates*	*Margo Bushmiaer, Q of C Chair*
VI.	*Cheiron Update*	*John Colberg, Gaelle Gravot, Cheiron*
VII.	*Naturally Slim*	*Sandy Schenck, ACAP Health*
VIII.	*Emerging Therapies*	*Laura Trivette, Dr. David Mason, MiMedx Group, Inc*
VIII.	*Director's Report*	*Chris Howlett, EBD Executive Director*

Upcoming Meetings

May 22, 2018, June 19, 2018, July 17, 2018

NOTE: All material for this meeting will be available by electronic means only

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

STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE BOARD MEETING MINUTES

180th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on April 17, 2018 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock AR 72201.

Date | *time* 4/17/2018 1:00 PM | *Meeting called to order by Renee Mallory, Vice-Chair*

Attendance

Members Present	Members Absent
Dr. Terry Fiddler	Dr. Lanita White
Stephanie Lilly-Palmer	
Renee Mallory- Vice-Chair	
Greg Rogers	
Melissa Moore	
Dr. John Kirtley – Chair – Proxy: Brenda McCrady	
Carla Haugen	
Rett Hatcher	
Dori Gutierrez	
Herb Scott	
Lisa Sherrill	
Cindy Gillespie	
Chris Howlett, EBD Executive Director, Employee Benefits Division	

OTHERS PRESENT:

Eric Gallo, Rhoda Classen; Jessica Beck, Renita Garrett, Erma Brooks, Cheryl Reed, Jamie Levinsky, Terri Freeman, Allie Barker, EBD; Sandra Wilson, Nina Reed, Active Health; Ronda Walthall, ARDOT; Suzanne Woodall, MedImpact; Karyn Langley, Qual Choice; Frances Bowman, Nova Nordisk; Marc Watts, ASEA; Dr. Micah Bard, UAMS EBRX; Jessica Akins, Takisha Sanders, Health Advantage; Jenna Goldman, Delta Dental; Scott Yielding, DataPath; Sylvia Landers, Securian; Andy Davis, AR Democrat-Gazette; David Kizzia, AEA; Stuart Bowie, TASC; William Cottrell, DHS; Marc Parker, Sunovion; Dr. John Vinson, ARRx; Rachel Johnson, ADH; Kristi Jackson, ComPsych; Stephen Carroll, AllCare Specialty; Drew Crawford, CEA; Elizabeth Whittington, Mike Motley, ACHI; Margo Bushmaier, Quality of Care Sub-Committee Chair; Laura Trivette, Dr. David Mason, MiMedx; Jim Chapman, AbbVie; Sandy Schenck, ACAP; Trey Long; ACS; Courtney Emberton, ASBP Intern; Claudia Moran, Benefits Sub-Committee Chair

Approval of Minutes by: Rene Mallory, Stand-in Chair

Mallory asked for a motion to approve minutes from the March 27, 2018 minutes.

Scott motioned for adoption of the minutes. Haugen seconded; all were in favor.

Minutes approved.

Financials by: Cheryl Reed, EBD Fiscal Officer

Reed reported financials for March 2018.

For March PSE, five (5) weeks of medical and pharmacy claims were paid. Total FICA savings for the month was $524,156, and the total FICA savings for the year was $1,574,104. There was a net loss of $1.5 million for the month, and a net gain of $7.1 million year-to-date. The net assets available are $79.8 million.

For February ASE, five (5) weeks of medical and pharmacy claims were paid. There was a net loss of $3.06 million for the month, and a net loss $3.6 million year-to-date. Net assets available are $30 million.

Benefits Sub-Committee Report by: Claudia Moran

Moran stated that Cheiron provided a yearly update with Gaelle Gravot. Mike Motley and Elizabeth Whittington from ACHI brought an update on the Health Risk Assessments and specific risk behaviors, and Naturally Slim presented their program. The committee took the information from that presentation and made a motion to start a pilot study.

Quality of Care Sub-Committee Report by: Margo Bushmiaer

The Quality of Care meeting had a presentation from ACHI on analysis of the HRAs, and the committee asked Motley and Whittington to come back with a breakdown of the money spent on the plan for Diabetes. The sub-committee for Quality of Care had questions on the Naturally Slim presentation.

Cheiron Presentation by: John Colberg and Gaelle Gravot, Cheiron

Colberg presented a review of the trend experience. Since a lot of the Board members are new, there will be some background presented and how we use and arrive at these trends. Also, the medical and pharmacy trends will be considered when setting the 2019 rates. Current annual trend assumptions are 5% Medical and 11% Pharmacy. These trend assumptions are set by looking at plan history, national benchmarks, marketplace knowledge and stress testing.

Discussion:

Hatcher questioned, typically, are your older or tenured teachers more likely to utilize in the health insurance as opposed to younger teachers?

Colberg stated that on average the older actives and retirees will use it more than the 24-year- old's.

Hatcher stated that he was referring to who all who use this insurance as opposed to the older teachers who may be on their spouse's insurance, or possibly vice versa.

Colberg questioned if he was meaning as far as spouse coverage? Hatcher replied yes. Colberg stated that spouses, generally, are covered on the plan are generally more expensive than a corresponding active employee.

Hatcher stated the 16,000 that are waived are not being covered by our plan, because they have a spouse and they are covered by that plan. Is there any difference in correlation between the newer and older teachers that are in that situation, or is it spread across the demographic?

Colberg stated that when they last looked at it, it was pretty spread out. Some of the younger teachers under age 26 could possibly be under their parents' plan. The group that doesn't have health insurance looks to be fairly similar to the group that does.

Howlett stated that we will look at that.

Fiddler questioned under the preliminary, would the $49 million be coming from the $59 million or the $63 million in reserves?

Colberg stated that you would have to decide that. You can decide how much of that comes from either one, and Fiddler asked Chris if that is a future decision the Board will need to make. Colberg said it is a different question when you talk about having it, and using it.

Howlett stated that it is not an industry standard, but the goal for the Legislative Task Force was about 3 months of claims experience and catastrophic reserves. On average that would be pushing $60 million for PSE and $42-$45 million for ASE. In the last 12 months, we have established mechanisms with the extra funding. There is a liquidity in that money that we need to adjust accordingly.

Gillespie asked about the medical and pharmacy trends in the past years, and Colberg said it has in the past been 0% for medical. Most years have been low single digits.

Howlett stated we have been baselining at 5.2% against the national trend of 6.4% medical.

Gillespie asked about pharmacy, and Colberg responded that we were at about 3% using 91% generics. Howlett stated that we were averaging 3.8 or 3.9 with the specialty drugs included. We could drive to a flat trend with the rebating. Gillespie wanted to compare the national trends with where we stand.

Hatcher asked what Howlett expects for next year, and Howlett said he would like a healthy catastrophic reserve and to keep enough liquid assets available. If we go back to the 5% on either of the trust funds, we will see some of that erode. That net asset would carry us through the next 12 months, and he does not see any justification for the flushness of both plans to arrive at anything other than a 0/0.

Haugen asked about bringing PSE up to the ASE with the $500 deductible and if that was possible? Howlett answered yes, and said we could pull money to fund it and still be fine.

Naturally Slim by: Sandy Schenck, ACAP Health

Howlett gave a brief introduction, and he discussed how he and his team found the best evidence based plan with Naturally Slim. The Benefits sub-committee heard this already and has a vote to bring to the Board, and we will discuss it after this short presentation.

Schenck presented on the Naturally Slim program: how to eat, when to eat, and why you eat. They have an evidence-based treatment schedule that begins with a 10-week foundational skill-building program followed by skill reinforcement and maintenance for sustainable behavior change. Naturally Slim is trying to teach you how to lose weight and improve health while eating the foods you love.

Discussion:

Dr. Fiddler asked if the studies were half women and half male, and Schenck said he must check. Dr. Fiddler asked about the 5% weight loss, and Schenck said improvement in health conditions can come at 3% weight loss.

Howlett stated that the Benefits sub-committee voted for a Pilot program for 1,000 PSE and 1,000 ASE with no restrictions. We will be able to get data back after a few weeks after the start date and full results at 10 weeks, and we can use that tangible data to decide how this program is working with the population and make decisions going forward. Howlett stated that anyone in the pilot program will have a log in for this program, and the log in is good for the person's lifetime. At $280 per person, if only 18 diabetic patients try this program and has success, it will pay for itself.

Dr. Fiddler asked what was found in Kansas as a financial impact, and Schenk said it is going much better than expected. Schenk said it is still early to report for Kansas, but everyone will complete a quality of life survey to help get more information. At the end of the program, we have people getting off medications and feeling more in control of their life. Since we are a data driven company, we have found the best cost-effective and scalable way to get information back is at weeks three, six and ten.

Gillespie stated that ACHI reported the self-reported obese rate, and we are over 46% with self-reporting as obese. We know that these self-reporting numbers can be low because people think they are a little taller or weigh a little less, and this would mean we are over 50% for obesity. Gillespie said she is very much for any measure to change this.

If you bring these in as a group, and if we add 10 weeks plus the 5 weeks, then it would be about four months for the data to get back to us? Schenck said that is the right idea, and you only pay for the people participating. If someone drops out, you do not pay.

Gillespie asked Schenck to explain their connection with Catapult? Schenck stated that Catapult allows them the chance to keep up with their biometrics for years to come.

Gutierrez asked who would get to enroll. Schenk said they have done it as first come first serve, or we can rank them by risk of who would benefit the most. We can keep separate paths of the ASE and PSE by the links we send. We are very flexible and can build this any way you would like.

Howlett stated that if the waiting list is large, he will bring that back to the Board for discussion.

Moore asked if people that do not use Catapult, can he/she still participate, and Howlett stated that yes, they can participate.

Sherill, as a school administrator, said she sees this as a benefit when looking at costs because of paying substitutes for various reasons that this can address.

Gutierrez asked what the person in the pilot will pay, and Schenck said this is preventative care covered at 100%. Gutierrez said when you say first come, first serve, what do you mean? Where will this be available, and Schenck responded that it will be on-line.

McCrady asked about using people with the highest risk, and if you did that wouldn't it skew the data, and Schenck replied that yes, it would. Schenck would like the pilot to be representative of the total population, but again it can be done however you would like.

Dr. Fiddler made a motion to begin the pilot program with 1,000 ASE and 1,000 PSE with no restrictions. Gutierrez seconded; and all were in favor.

Motion approved.

Emerging Therapies by: Laura Trivette and Dr. David Mason, MiMedx

MiMedx gave an updated presentation on their bio-pharmaceutical company, and the merits of the amniotic products offered. Trivette and Dr. Mason presented three patient stories to demonstrate how MiMedx can impact lives. Dr. Mason also discussed the technical overview of the company.

Dr. Mason said that he sees a lot of knee issues due to people over exercising at the new high intensity gyms. He stated that doctors can put off surgery by giving this injection, and some doctors are even opening a small clinic next door to only do these shots. This way the doctor doesn't lose the patient if they can put off surgery. After six months of therapy, this product continues to create a response in the patient giving them a better quality of life.

Dr. Mason stated they would be happy to help with a pilot program. They could help with setting up a database, naming restrictions for the program, and even set up training for doctors and qualified assistants to administer these injections.

Discussion

Dr. Fiddler asked how long the wound took to heal with your product, and Dr. Mason replied three weeks. This person did not have diabetes, so it only took 2-3 applications. It usually takes about 6-8 applications for a diabetic.

Director's Report by: Chris Howlett, EBD Executive Director

Howlett stated that if any Board members have question or comments, please e-mail them to him. Howlett will then relay the questions to the presenter for a follow up at the next meeting.

Mallory asked for a motion to adjourn the meeting. Scott motioned to adjourn, and Lilly-Palmer seconded. All in favor.

Meeting Adjourned.

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

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	4250	421		**4671**		6401	558		**6959**
CLASSIC	24281	2032		**26313**		46124	2413		**48537**
PREMIUM	17715	608		**18323**		23371	652		**24023**
PRIMARY		62	12235	**12297**			124	13311	**13435**
TOTAL	**46246**	**3123**	**12235**	**61604**		**75896**	**3747**	**13311**	**92954**

REVENUES & EXPENDITURES

		Current Month	Year to Date (3 Month)
	Funding		
1	Per Participating Employee Funding (PPE Funding)	$ 8,393,385	$ 25,171,322
2	Employee Contribution	$ 9,752,821	$ 29,361,373
3	Department of Education $35,000,000 & $15,000,000 & Other Funding	$ 4,583,333	$ 35,600,000
4	Other	$ (338,807)	$ 1,636,035
5	Allocation of Reserves	$ 2,146,667	$ 7,948,333
	Total Funding	$ 24,537,400	$ 99,717,063
	5 Weeks HA 5 weeks QC 5 weeks pharmacy		
	Expenses		
	Medical Expenses		
6	Claims Expense	$ 18,493,690	$ 53,475,963
7	Claims IBNR	$ -	
8	Medical Administration Fees	$ 2,130,967	$ 5,794,781
9	Refunds	$ -	
10	Employee Assistance Program (EAP)	$ 80,049	$ 240,167
	Pharmacy Expenses		
11	RX Claims	$ 4,798,200	$ 13,438,990
12	RX IBNR	$ -	
13	RX Administration	$ 190,719	$ 572,343
14	Plan Administration	$ 340,295	$ 961,188
	Total Expenses	$ 26,033,921	$ 74,483,432
15	Less DOE Allocation		$ (18,100,000)
16	**Net Income/(Loss)**	$ (1,496,520)	$ 7,133,631

BALANCE SHEET

	Assets	
17	Bank Account	$ 34,296,512
18	State Treasury	$ 140,680,587
19	Receivable from Provider	$ -
20	Accounts Receivable	$ 3,411,649
21	Due from ASE	$ 841,751
	Total Assets	$ 179,230,498
	Liabilities	
22	Accounts Payable	$ 250
23	Due to ASE	
24	Deferred Revenues	
25	Due to Federal Government ($27 fee)	
26	Health IBNR	$ 25,700,000
27	RX IBNR	$ 1,400,000
	Total Liabilities	$ 27,100,250
28	**Net Assets**	$ 152,130,248
	Less Reserves Allocated	
29		
30	Premiums for Plan Year 1/1/18 - 12/31/18 ($3,840,000 + $660,000+18,100,000 DOE)	$ (11,635,000)
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)	$ (1,574,104)
34	Catastrophic Reserve (2017 $58,500,000)	$ (58,500,000)
35	**Net Assets Available**	$ 79,761,145

36 Fifth Week of Claims 4,542,561.85

Public School Employees (PSE) Financials - January 1, 2017 through March 31, 2017

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	3873	336		**4209**		5808	415		**6223**
CLASSIC	22942	1947		**24889**		43062	2341		**45403**
PREMIUM	18584	779		**19363**		24263	835		**25098**
PRIMARY		75	11479	**11554**			150	12512	**12662**
TOTAL	**45399**	**3137**	**11479**	**60015**		**73133**	**3741**	**12512**	**89386**

REVENUES & EXPENDITURES

		Current Month	Year to Date (3 Months)
	Funding		
1	Per Participating Employee Funding (PPE Funding)	$ 8,234,324	$ 24,688,765
2	Employee Contribution	$ 9,661,174	$ 29,054,545
3	Department of Education $35,000,000 & $15,000,000 & Other Funding	$ 3,181,818	$ 31,395,455
4	Other	$ 600,593	$ 1,871,525
5	Allocation of Reserves	$ 3,792,121	$ 9,730,909
	Total Funding	$ 25,470,031	$ 96,741,198
	Expenses		
	Medical Expenses		
6	Claims Expense	$ 16,955,464	$ 45,476,819
7	Claims IBNR	$ -	$ -
8	Medical Administration Fees	$ 1,579,382	$ 4,986,604
9	Refunds	$ -	$ -
10	Employee Assistance Program (EAP)	$ 78,609	$ 235,783
	Pharmacy Expenses		
11	RX Claims	$ 4,456,229	$ 11,202,832
12	RX IBNR	$ -	$ -
13	RX Administration	$ 163,560	$ 490,614
14	Plan Administration	$ 100,955	$ 986,566
	Total Expenses	$ 23,334,199	$ 63,379,218
15	Less DOE Allocation		$ (18,100,000)
16	**Net Income/(Loss)**	$ 2,135,832	$ 15,261,980

BALANCE SHEET

	Assets	
17	Bank Account	$ 18,093,493
18	State Treasury	$ 138,841,072
19	Receivable from Provider	$ -
20	Accounts Receivable	$ 3,023,626
21	Due from ASE	$ 183
	Total Assets	$ 159,958,373
	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**	$ 128,858,176
	Less Reserves Allocated	
29	Premiums for Plan Year 1/1/17 - 12/31/17 ($5,760,000+$20,000,000 + $18,100,000 DOE)	$ (34,129,091)
30	Premiums for Plan Year 1/1/18 - 12/31/18 ($3,840,000)	$ (3,840,000)
31	Premium Assistance (FICA Savings)	$ (1,549,731)
32	Catastrophic Reserve (2017 $40,500,000)	$ (40,500,000)
33	**Net Assets Available**	$ 48,839,354

34 Fifth Week of Claims $3,458,553.20

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

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	1637	49		**1686**		2573	69		**2642**
CLASSIC	2053	67		**2120**		3425	90		**3515**
PREMIUM	22729	2090		**24819**		39981	2628		**42609**
PRIMARY		207	9907	**10114**			432	12816	**13248**
TOTAL	**26419**	**2413**	**9907**	**38739**		**45979**	**3219**	**12816**	**62014**

REVENUES & EXPENDITURES

		Current Month	Year to Date (3 Month)
	Funding		
1	State Contribution	$ 14,539,000	$ 43,617,000
2	Employee Contribution	$ 8,107,004	$ 24,303,327
3	Other	$ 935,532	$ 2,551,720
4	Allocation of Reserves	$ 3,555,000	$ 5,332,500
	Total Funding	$ 27,136,535	$ 75,804,547
	5 weeks HA 5 weeks QC 5 weeks pharmacy		
	Expenses		
	Medical Expenses		
5	Claims Expense	$ 20,306,996	$ 52,082,111
6	Claims IBNR	$ -	$ -
7	Medical Administration Fees	$ 1,404,424	$ 3,775,278
8	Refunds	$ -	
9	Employee Assistance Program (EAP)	$ 54,767	$ 164,502
	Life Insurance	$ 78,888	$ 238,225
	Pharmacy Expenses		
11	RX Claims	$ 7,798,463	$ 21,638,044
12	RX IBNR	$ -	
13	RX Administration	$ 220,522	$ 466,087
14	Plan Administration	$ 330,490	$ 1,024,088
	Total Expenses	$ 30,194,551	$ 79,388,336
15	**Net Income/(Loss)**	$ (3,058,015)	$ (3,583,789)

BALANCE SHEET

	Assets	
16	Bank Account	$ 9,361,888
17	State Treasury	$ 97,072,677
18	Due from Cafeteria Plan	$ 5,561,503
19	Due from PSE	
20	Receivable from Provider	
21	Accounts Receivable	$ 116,170
	Total Assets	$ 112,112,238
	Liabilities	
22	Accounts Payable	$ 849
23	Deferred Revenues	$ 3,780
24	Due to Cafeteria	$ 144
25	Due to PSE	$ 841,751
26	Due to Federal Government ($27 fee)	
27	Health IBNR	$ 25,700,000
28	RX IBNR	$ 2,000,000
	Total Liabilities	$ 28,546,523
	Net Assets	$ 83,565,715
	Less Reserves Allocated	
29	Premiums for Plan Year 1/1/18 - 12/31/18 ($5,040,000 + $8,262,000 + $4,710,000)	$ (12,679,500)
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**	$ 30,068,215

34

35 Fifth Week of Claims 4,880,575

Arkansas State Employees (ASE) Financials - January 1, 2017 through March 31, 2017

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	1531	42		1573	2439	58		2497
CLASSIC	1920	71		1991	3192	97		3289
PREMIUM	22803	2174		24977	39337	2752		42089
PRIMARY		200	9519	9719		416	12422	12838
TOTAL	26254	2487	9519	38260	44968	3323	12422	60713

REVENUES & EXPENDITURES

		Current Month	Year to Date (3 Months)
	Funding		
1	State Contribution	$ 14,655,732	$ 43,965,768
2	Employee Contribution	$ 8,116,442	$ 24,377,070
3	Other	$ 373,683	$ 1,625,861
4	Allocation of Reserves	$ 1,777,500	$ 5,332,500
	Total Funding	$ 24,923,357	$ 75,301,199
	Expenses		
	Medical Expenses		
5	Claims Expense	$ 15,476,137	$ 40,582,156
6	Claims IBNR	$ -	$ -
7	Medical Administration Fees	$ 1,045,039	$ 3,272,338
8	Refunds	$ 52	$ 1,070
9	Employee Assistance Program (EAP)	$ 54,879	$ 164,039
	Life Insurance	$ 79,045	$ 236,093
	Pharmacy Expenses		
11	RX Claims	$ 7,465,105	$ 18,582,653
12	RX IBNR	$ -	$ -
13	RX Administration	$ 108,233	$ 324,190
14	Plan Administration	$ 199,378	$ 851,371
	Total Expenses	$ 24,427,869	$ 64,013,909
15	**Net Income/(Loss)**	$ 495,488	$ 11,287,290

BALANCE SHEET

	Assets	
16	Bank Account	$ 9,719,066
17	State Treasury	$ 91,570,582
18	Due from Cafeteria Plan	$ 5,018,599
19	Due from PSE	$ -
20	Receivable from Provider	$ -
21	Accounts Receivable	$ 660,927
	Total Assets	$ 106,969,174
	Liabilities	
22	Accounts Payable	$ 750
23	Deferred Revenues	$ 3,780
24	Due to Cafeteria	$ 2,390
25	Due to PSE	$ 183
26	Due to Federal Government ($27 fee)	$ -
27	Health IBNR	$ 28,000,000
28	RX IBNR	$ 1,700,000
	Total Liabilities	$ 29,707,103
	Net Assets	$ 77,262,072
	Less Reserves Allocated	
29	Premiums for Plan Year 1/1/17 - 12/31/17 ($7,560,000 +13,770,000)	$ (15,997,500)
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**	$ 21,854,572

34 Fifth Week of Claims $4,144,169.36

NOTES FOR MARCH 2018 FINANCIALS

PSE

- We paid 5 weeks of claims for both medical and pharmacy.
- FICA Savings received for the month was $524,156. Total FICA savings for the year was $1,574,104
- We had a net loss of $1.5 million for the month and a net gain of $7.1 million year-to-date – Line 16.
- Net Assets available are $79.8 million – Line 35.

ASE

- We paid 5 weeks of claims for both medical and pharmacy.
- We had a net loss of $3.06 million for the month and net loss of 3.6 million year-to-date – Line 15.
- Net Assets available are $30million – 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 March 2018 and YTD amounts are for January-March 2018.

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

The following report resulted from a meeting of the Benefits Sub-Committee on April 6, 2018, with Susan Gardner presiding.

Topics Discussed:

- Approval of Minutes
- Cheiron Yearly Review
- Update on HRA
- Naturally Slim Presentation
- Director's Report

Cheiron Yearly Review: Gaelle Gravot, FSA, MAAA

Gravot presented a yearly update on Cheiron. The topics discussed when setting rates included background and current assumptions, the medical and pharmacy trends, trend considerations for 2019, and directions from the Board.

HRA UPDATES: Mike Motley, Elizabeth Whittington, ACHI

Motley and Whittington have updated Health Risk Assessment (HRA) survey results to share. Also, we have been asked to do some profiling on diabetes with EBD which has high costs associated with high comorbidities.

When looking at the HRA analyses:

Three risks behaviors assessed in analysis:

- Obesity
- Physical Inactivity
- Smoking Status

The next analyses will be the diabetic population with a breakdown of the type of diabetes, active vs. retiree, and related diagnoses. There will even be a chance to work EBrx to develop some good recommendations for the Board.

Naturally Slim: Sandy Schneck, Dr. Tim Church, ACAP Health

Church stated that the big concept is wanting to change behavior and create solutions. Naturally Slim is the nation's leading digital behavioral counseling program for Metabolic Syndrome reversal and weight management, and we have put over 300,000 people through the program. Every expense runs through the program, and Naturally Slim is an in-network provider that will all run through the medical side. We can start up a Pilot in five weeks, and we can have data back in ten weeks.

Kissire made a motion to start a Pilot program with 1,000 on each side and have no set requirements. Lilly-Palmer and Scott seconded. All were in favor.

Motion Approved.

Director's Report: Chris Howlett, EBD Executive Director

Howlett reported that we are at 89% for the wellness benefit for 2018. The Board approved using Catapult as an in-network provider, and it is billable similar to Naturally Slim. So far, we have had 5,500 check-ups completed.

State and Public School Life and Health Insurance Board
Quality of Care Sub-Committee Summary Report

The following report resulted from a meeting of the Benefits Sub-Committee on April 10, 2018, with Margo Bushmaier presiding.

Topics Discussed:
- Approval of Minutes
- ACHI Update of HRA Analysis
- Naturally Slim Presentation
- Director's Report

Approval of Minutes
Bushmaier asked for a motion to approve the February 13, 2018, minutes. Dr. Fiddler motioned for approval of the minutes. Dr. Vinson seconded; all were in favor.
Minutes Approved.

HRA UPDATES: Mike Motley, Elizabeth Whittington, ACHI
Motley and Whittington presented a review of the updated 2017 health risk assessment (HRA) analyses and a discussion of an upcoming analysis on a diabetic population profile of EBD members.

HRA Analysis Highlights:
- Self-reported rates of physical inactivity, current smoking, and obesity
- Provided average claims costs for each of the three risk factors noted above
- Reviewed three-year (2015 – 2017) trend data for HRA analysis (this is the third year ACHI has analyzed the data); Self-reported rates have remained consistent

Next steps—Develop a diabetic population profile to assess the following:

- Volume/rate of diabetes within the EBD member population compared to statewide rates
- Cost impact
- Quality measures—rates of testing (Quality measures: Rate of testing (Hemoglobin A1c, eye exam, urinalysis, etc.)
- Related diagnosis and medical/pharmacy utilization

Naturally Slim: Sandy Schenk, Dr. Tim Church, ACAP Health

Schenk presented on the Naturally Slim program: how to eat, when to eat, and why you eat. They have an evidence-based treatment schedule that begins with a 10-week foundational skill-building program followed by skill reinforcement and maintenance for sustainable behavior change. Naturally Slim is trying to teach you how to lose weight and improve health while eating the foods you love

The committee asked Schenk to bring back evidence from two studies that he mentioned and the results were not published. The committee needs more information to compare this program to others and to make a recommendation.

Director's Report: Chris Howlett, EBD Executive Director

Howlett reported that we will have the requested information out to you as it becomes available. It may be available by next month.

Brown motioned to adjourn. Vinson seconded. All were in favor.

Meeting adjourned.

Arkansas State Employees & Public School Employees Health Benefits Program

CHEIRON
Classic Values, Innovative Advice

Preliminary 2019 Rate Projections

April 17, 2018
Board Meeting

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

Topics

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2)	Decisions/Questions from the Board	4
3)	Plan Funding Illustration	5
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Rate Setting Timeline

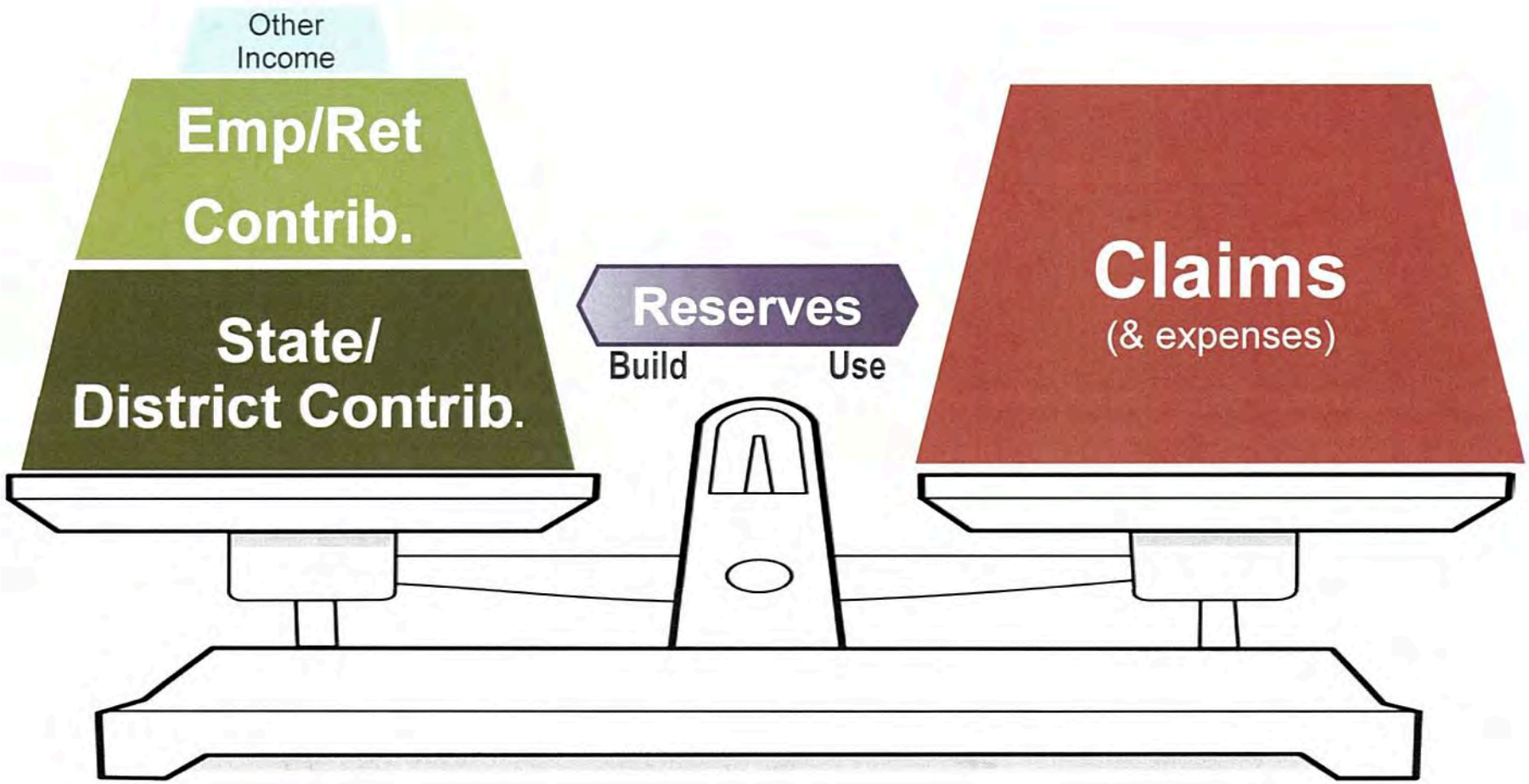
- April
  - First look at rates for 2019
    - Assumes no change to medical network; admin increase by 2%
- May – July
  - Rate projections for 2019 (and future years)
  - Discuss benefits and rates for 2019
- June or July
  - Set benefits and rates for 2019

Directions/Questions from Board

- Benefit design:
  - Evaluate reducing PSE Premium deductible to $500
- 2018 Contributions for ASE NME Retirees:
  - How much of the premium is paid by the State vs. Plan reserves vs. retiree contribution?

	Expected Contribution	% contribution
State	$7.7 M	38.7%
Reserves	$0.8 M	4.0%
Retirees	$11.4 M	57.3%
Total Premium	**$19.9 M**	**100.0%**

Plan Funding Illustration



Projecting Costs

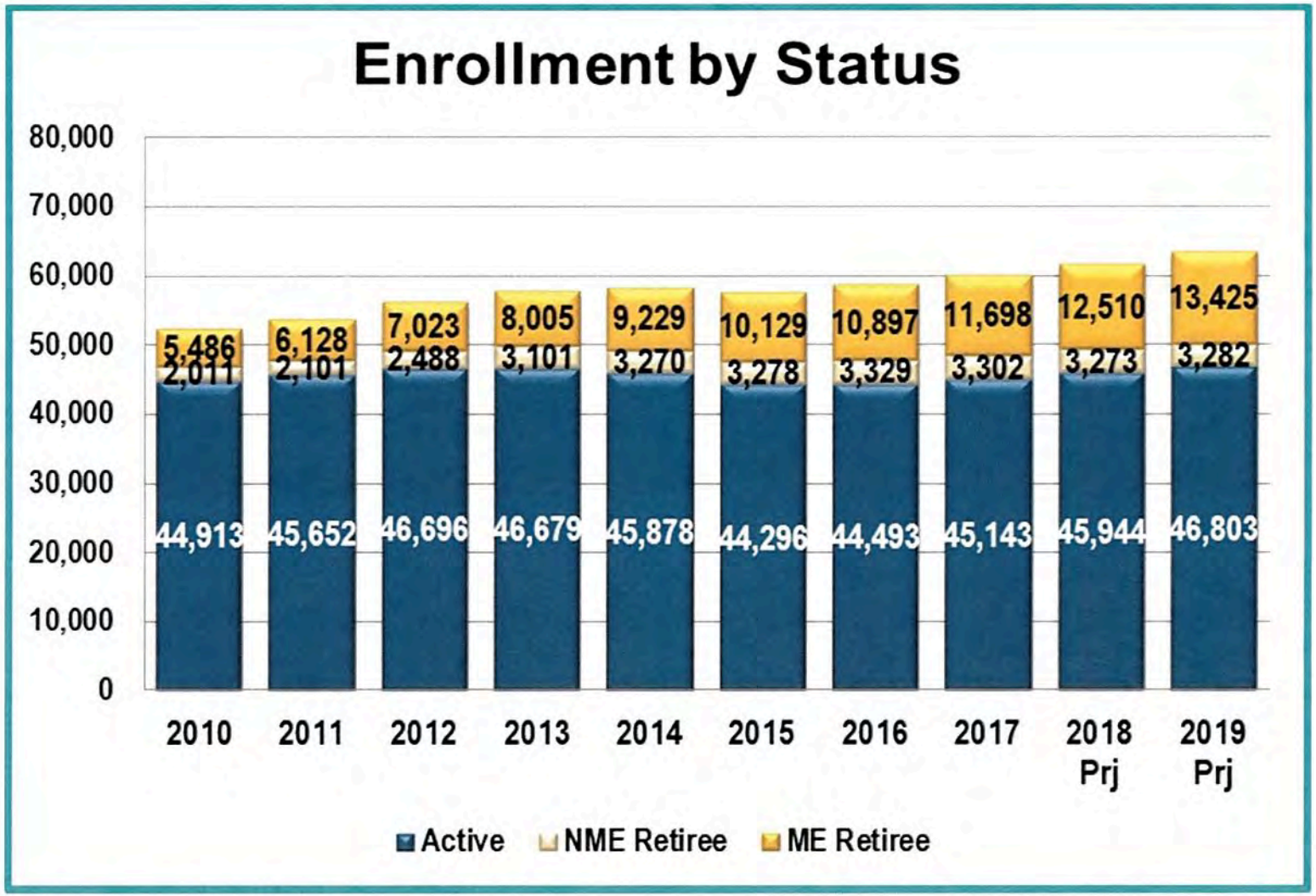
Experience period: 1/1/2017 – 12/31/2017

Rating Period: 1/1/2019 – 12/31/2019

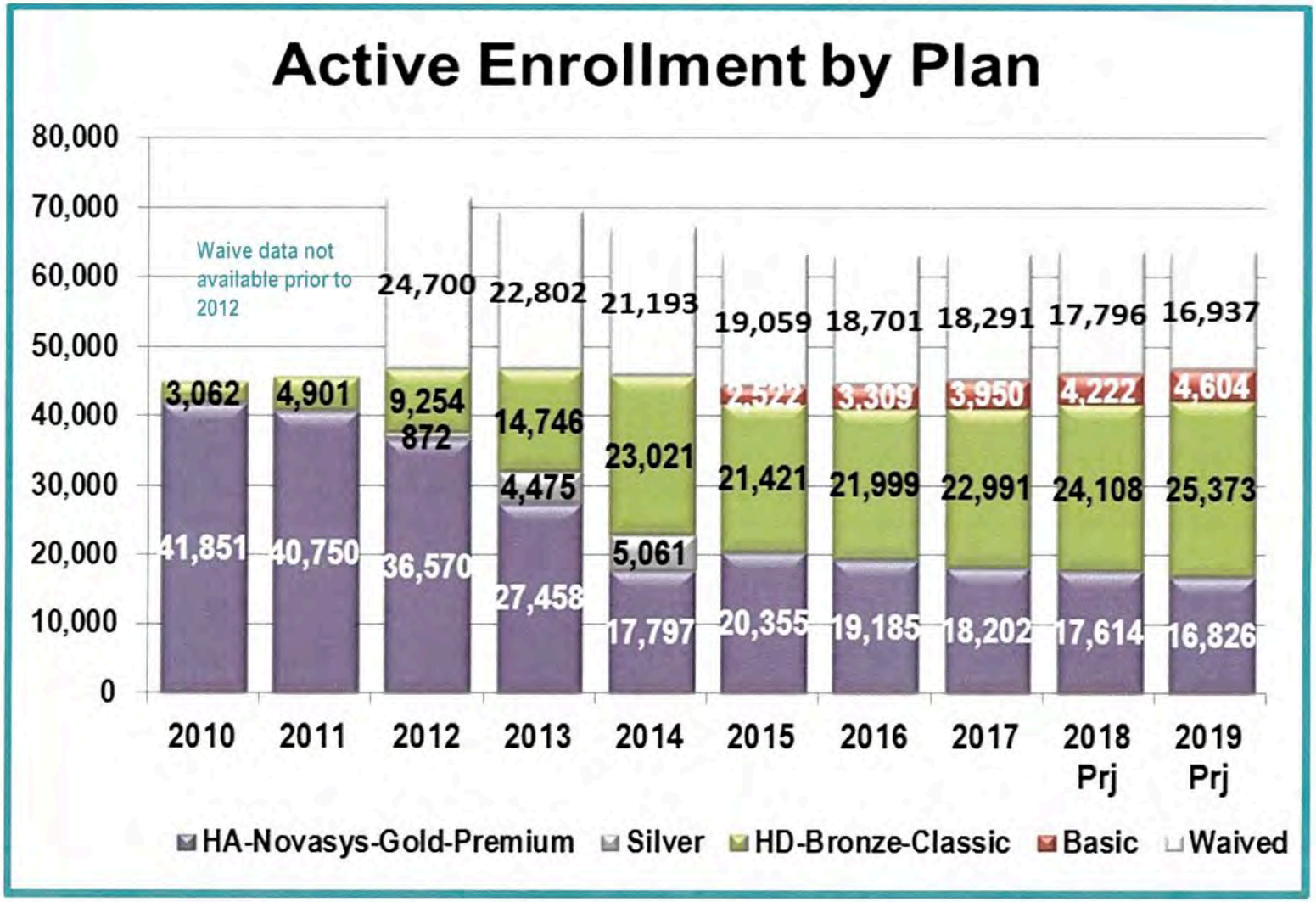
To project costs we reflect anticipated changes due to

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

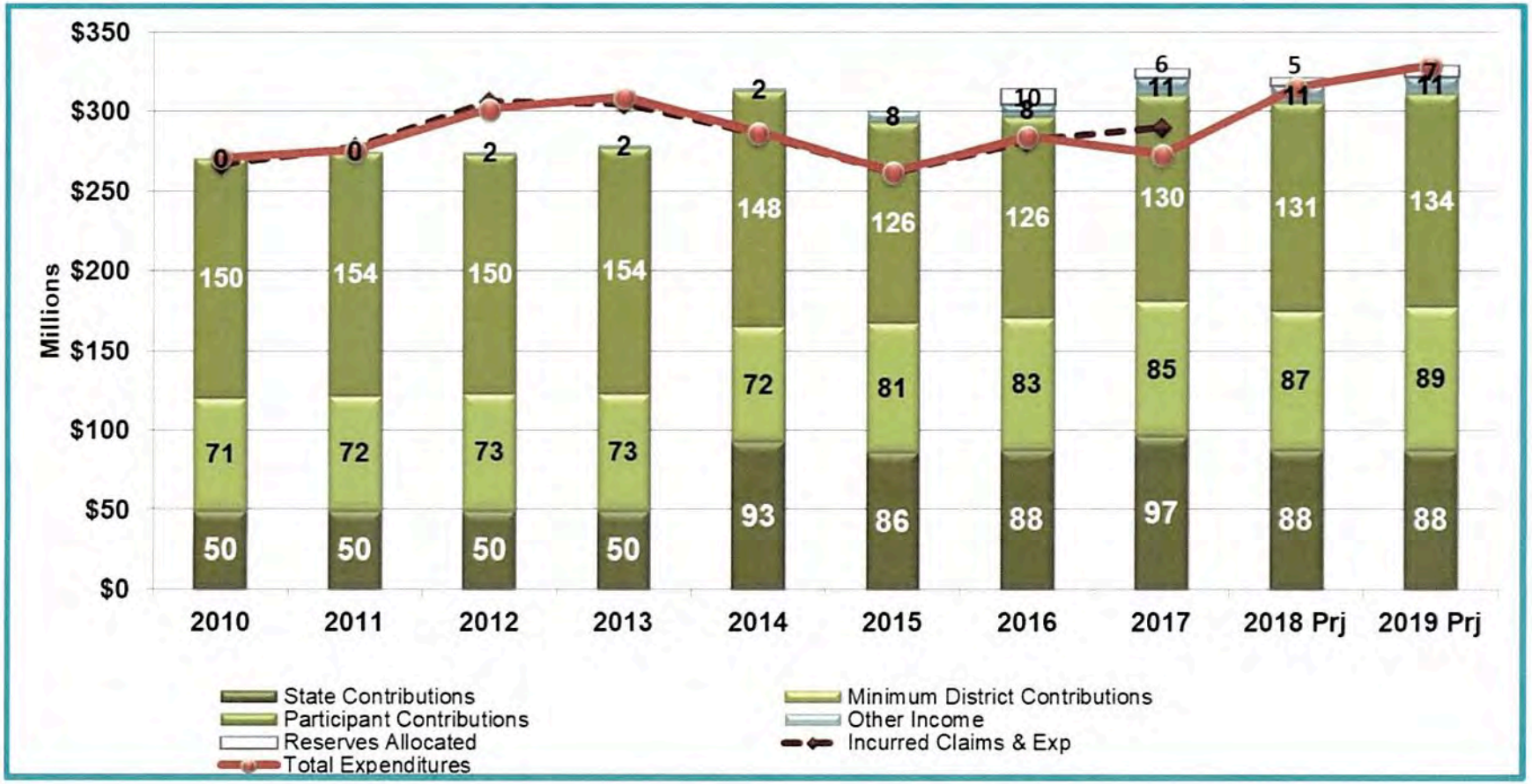
PSE Enrollment



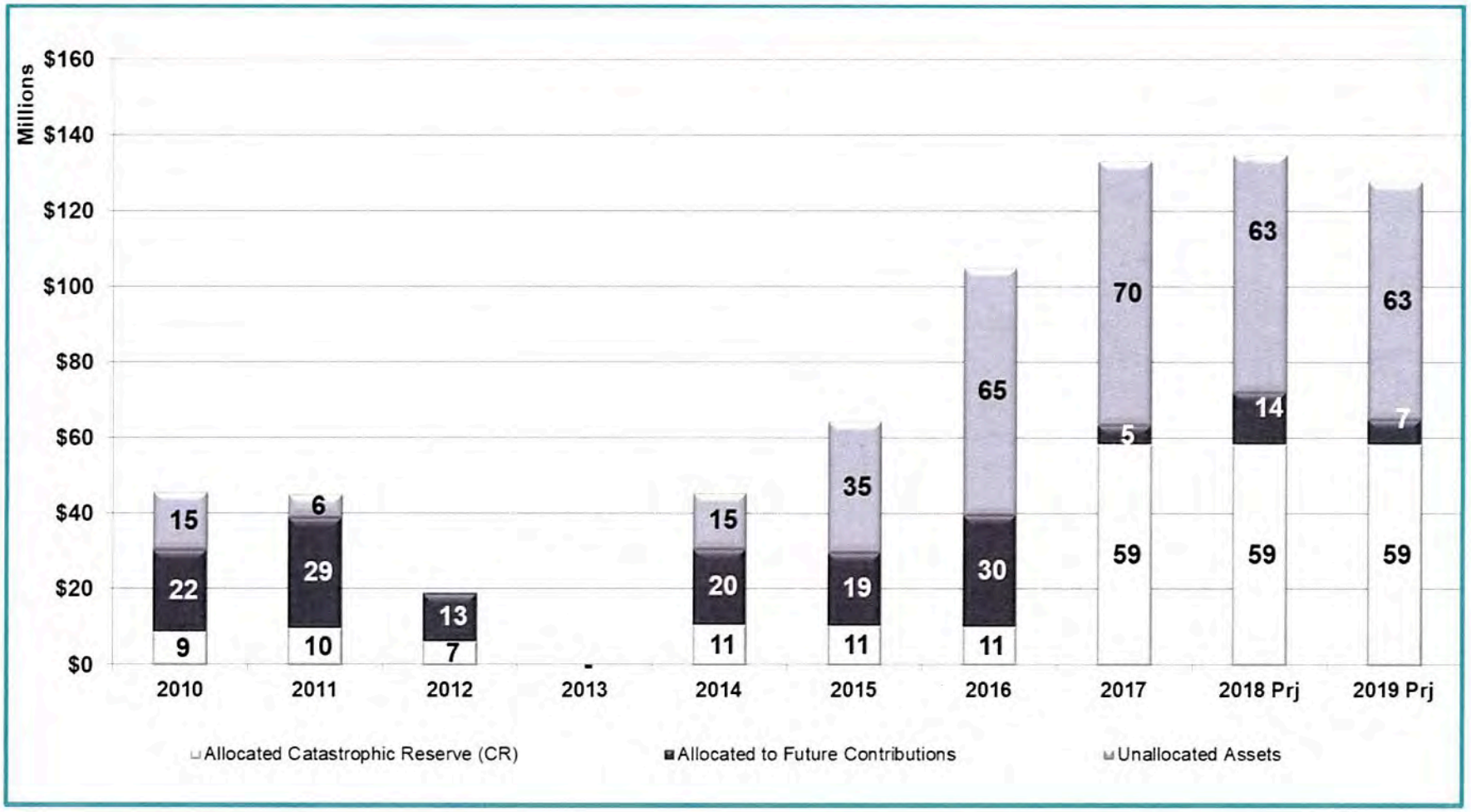
PSE Enrollment



PSE Income vs Expenditures

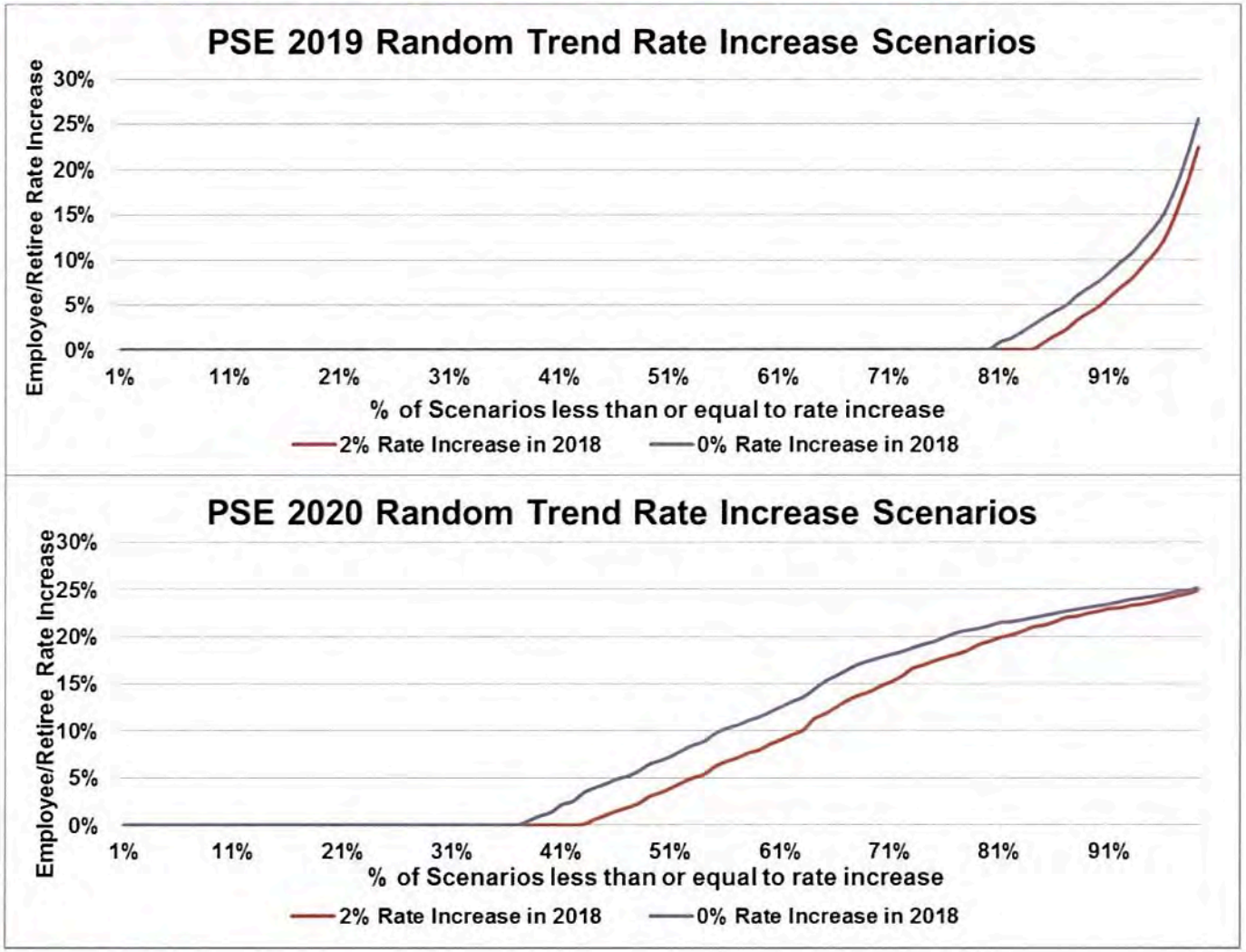


PSE End of Year Assets



PSE Rate Projections

Presented at the June 20, 2017 Board meeting:



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.

Presented at the June 20, 2017 Board meeting

Minimum Rate Increase of 0%

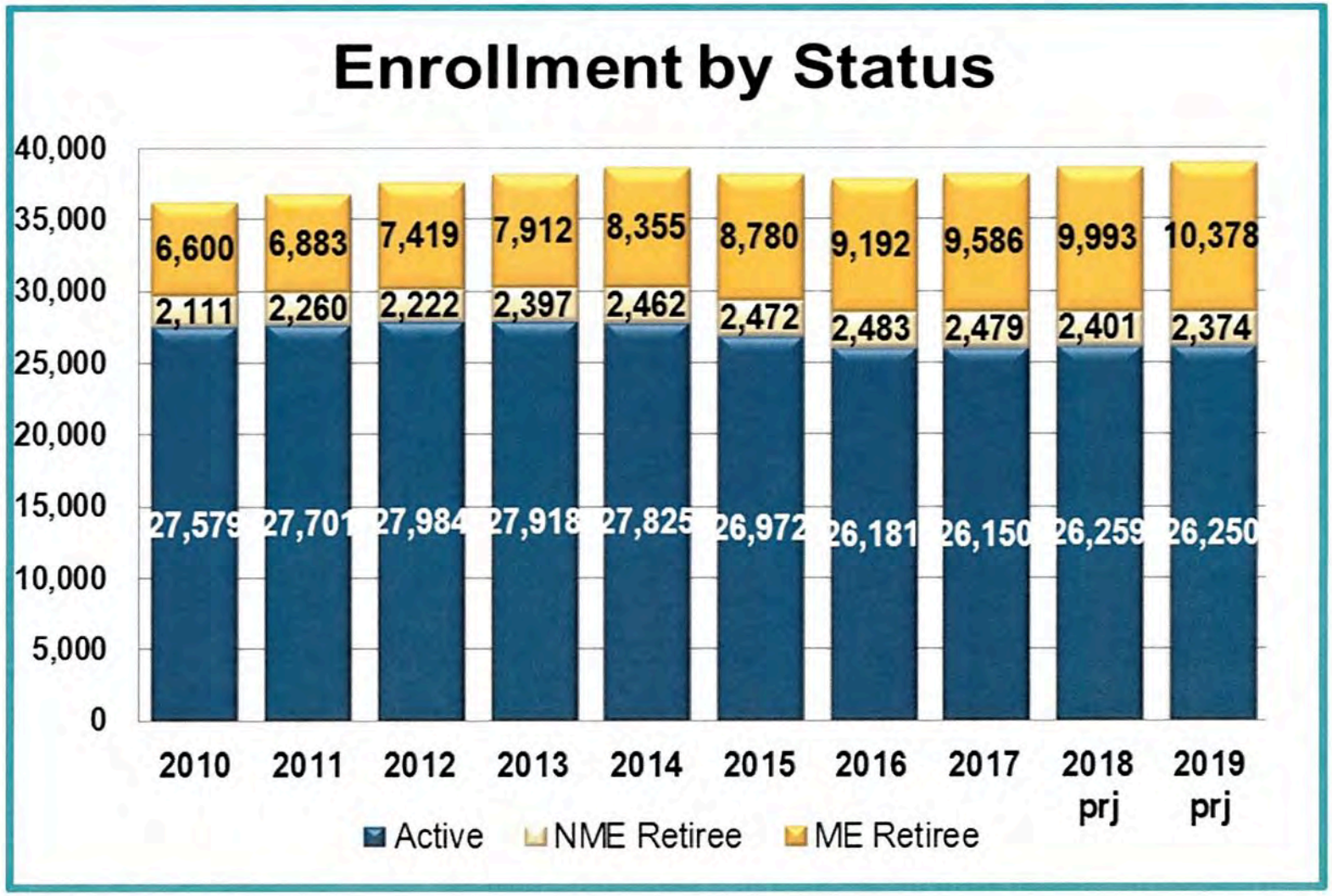
		2018	2019	2020	2021
1)	5% Medical / 11% Pharmacy all years	0%	0%	20%	20%
2)	3.8% Medical / 9.5% Pharmacy all years	0%	0%	2%	22%
3)	0.7% Medical / 7.2% Pharmacy through May 2018, then 5%/11%	0%	0%	0%	23%
4)	9% Medical / 13% Pharmacy through May 2018, then 5%/11%	0%	12%	21%	16%

Preliminary 2019 Projection

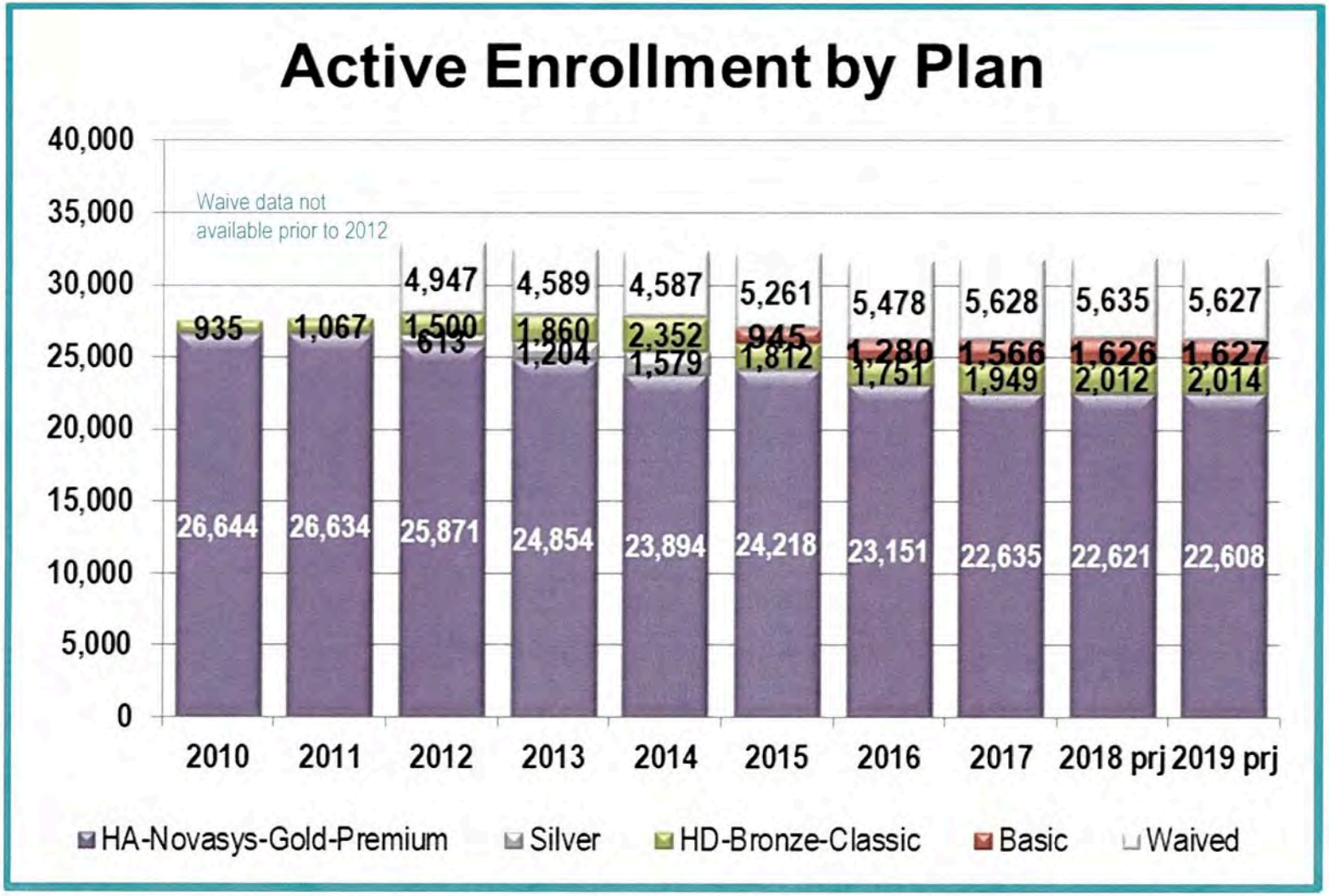
Minimum Rate Increase of 0%

		2019	2020	2021	2022
1)	5% Medical / 8% Pharmacy all years	0%	0%	14%	22%
	New Reserves Allocated ($ million)	$13.1	$40.9	$21.7	$0.0
2)	Above with $500 Deductible	0%	0%	16%	23%
	New Reserves Allocated ($ million)	$21.4	$44.7	$19.5	$0.0

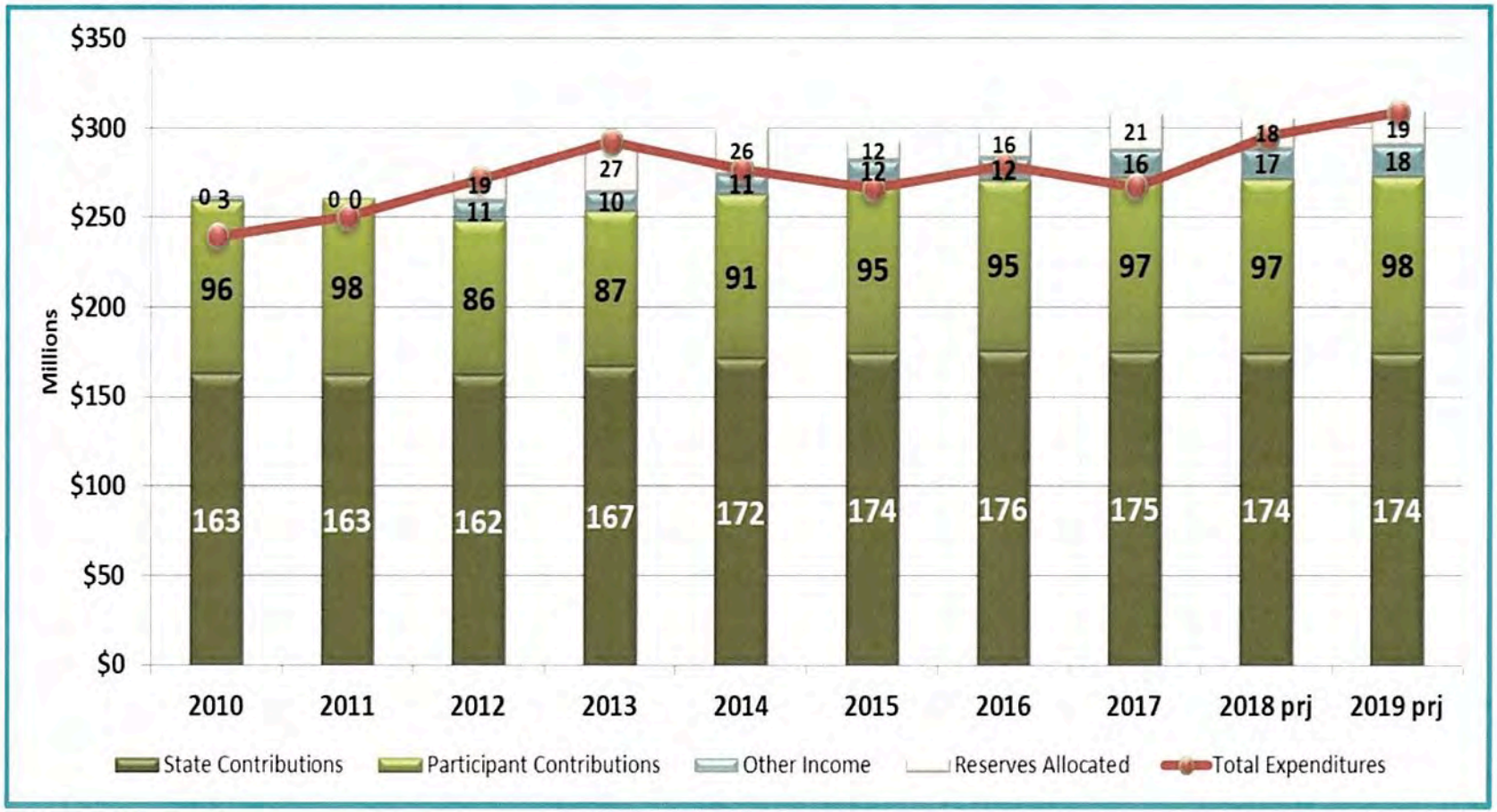
ASE Enrollment



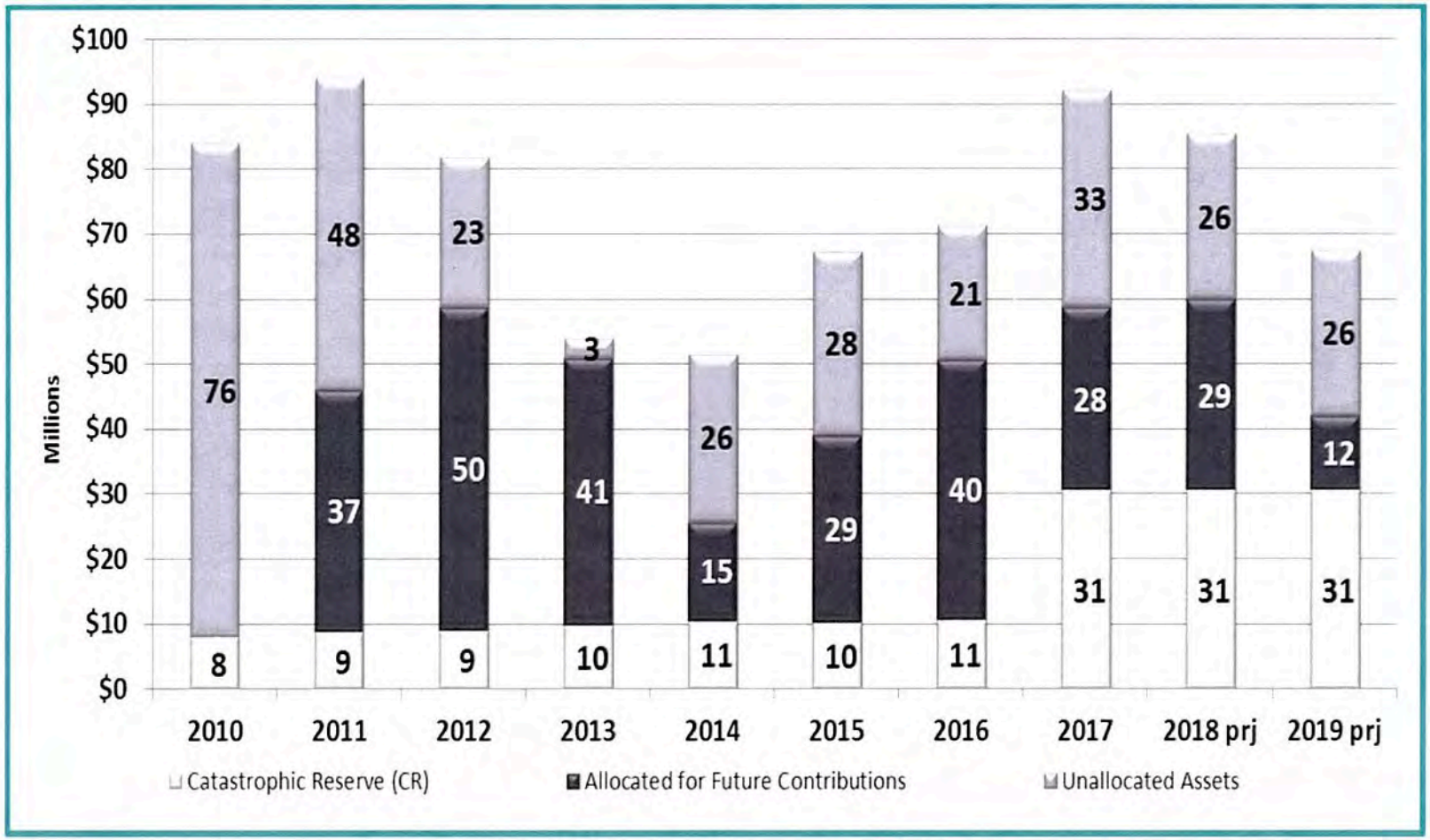
ASE Enrollment



ASE Income vs Expenditures

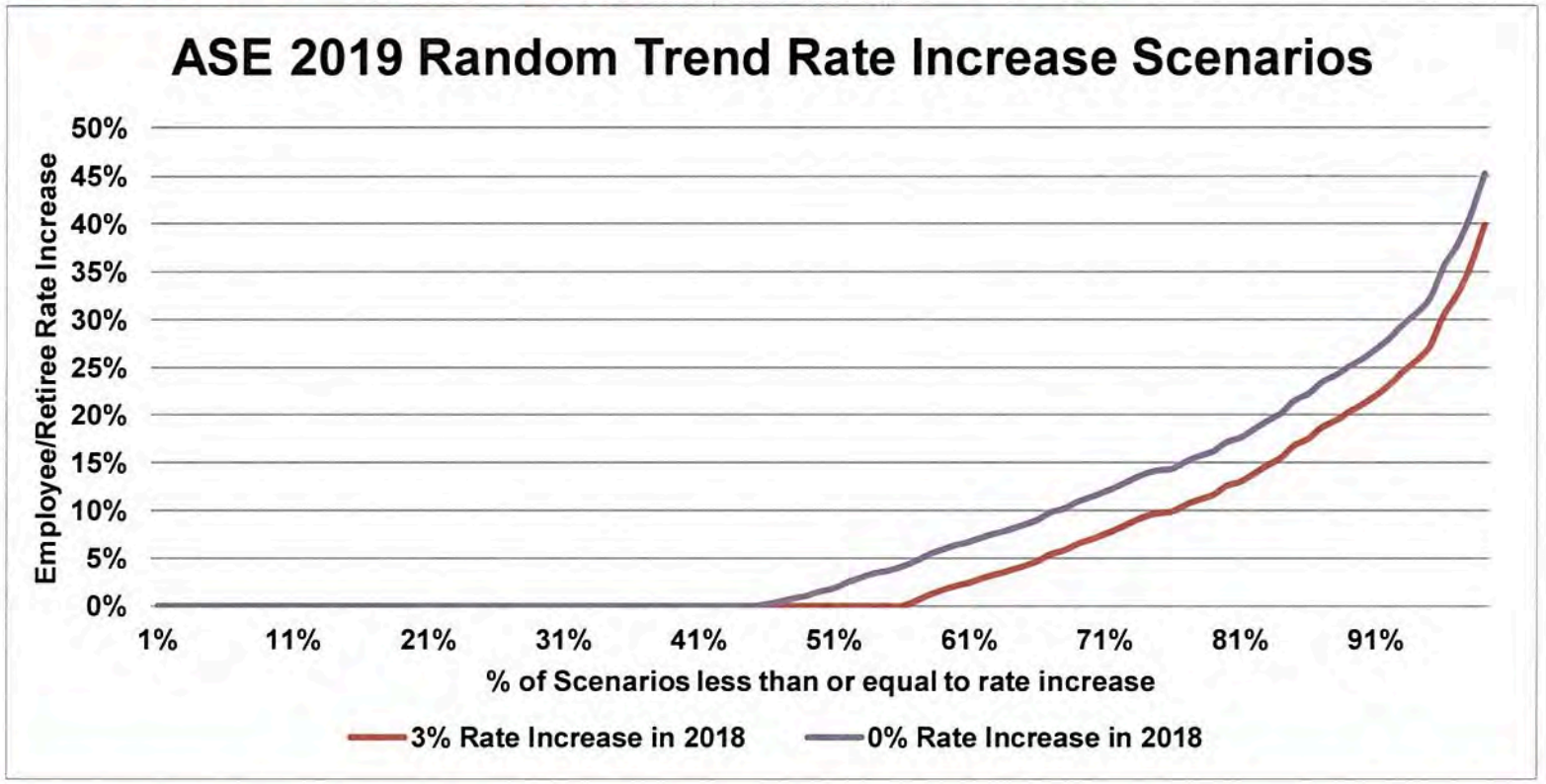


ASE End of Year Assets



ASE Rate Projections

Presented at the June 20, 2017 Board meeting:



2019 Rate Increase	0%	10%	20%	30%	40%	
% of scenarios less than or equal to increase	45.0%	66.9%	83.3%	92.7%	97.2%	with 0% Rate Increase in 2018
	55.6%	75.5%	88.2%	95.3%	98.4%	with 3% Rate Increase in 2018

ASE Rate Projections

The tables 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.

Presented at the June 20, 2017 Board meeting

Minimum Rate Increase of 0%

		2018	2019	2020	2021
1)	5% Medical / 11% Pharmacy all years	0%	14%	33%	21%
2)	3.8% Medical / 9.5% Pharmacy all years	0%	0%	35%	20%
3)	0.3% Medical / 10.4% Pharmacy through May 2018, then 5%/11%	0%	0%	32%	25%
4)	9% Medical / 13% Pharmacy through May 2018, then 5%/11%	0%	32%	27%	18%

Preliminary 2019 Projection

Minimum Rate Increase of 0%

		2019	2020	2021	2022
1)	5% Medical / 8% Pharmacy all years	0%	16%	25%	19%
	New Reserves Allocated ($ million)	$19.2	$25.5	$0.0	$0.0

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
- Increases would be needed in 2020 for ASE and 2021 for PSE
- In May will be showing updated projections as well as sensitivity to alternative trend scenarios
- Are there other requests by the Board?

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.*

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 – 2018 PSE Plan Design

Benefit Option Name: Last Modified: Provider Network:	Premium 1/1/2016 Health Advantage	Classic 1/1/2016 Health Advantage	Basic 1/1/2016 Health Advantage
In-Network (INN) Benefits			
Deductible (Individual / Family)	$1000 / $2000	$2000 / $3000 [3]	$4250 / $8500 [3]
Coinsurance	20%	20%	20%
Coinsurance limit (after Ded.) Individual/Family	$2500 / $5000	$4450 / $6675	$2200/$4400
Copays			
Office Visit - Primary Care (PCP)	$25	Ded. & Coins.	Ded. & Coins.
OV - Specialist Care Provider (SCP)	$50	Ded. & Coins.	Ded. & Coins.
Urgent Care (UC)	$100	Ded. & Coins.	Ded. & Coins.
Emergency Room (ER) Non-admitted	$250	Ded. & Coins.	Ded. & Coins.
Emergency Transportation-Ambulance	$50	Ded. & Coins.	Ded. & Coins.
Hospital Facility - Inpatient & SNF (Co-pay/Admission) [4]	$250	Ded. & Coins.	Ded. & Coins.
Hospital Facility - Outpatient - Co-Pay [4]	$100	Ded. & Coins.	Ded. & Coins.
Out-of-Pocket Max (Individual / Family) [2]	$3500 / $7000	$6450 / $9675 [3]	$6450 / $12900 [3]
Out-of-Network (OON) Benefits [1]			
Deductible (Individual / Family)	$2000 / $4000	$3000 / $6000 [3]	Not Covered
Coinsurance	40%	40%	
Out-of-Pocket Max (Individual / Family) [2]	Unlimited / Unlimited	Unlimited / Unlimited	
Annual Maximum INN / OON	Unlimited	Unlimited	Unlimited
Prescription Drugs			
Separate Deductible then the following Copays:	None	Included with Medical	Included with Medical
Retail (31 Days) - Generic/Formulary /Non-Form./ Specialty	$15 / $40 / $80 / $100		
Mail Order (93 Days) - Generic/Form. /Non-Form./Specialty	$45 / $120/ $240/ $300		
Non-Formulary Covered	Yes	No	No
Out-of-Pocket Max (Individual / Family) [2]	$3100 / $6200	n/a / n/a	n/a / n/a
Selected Detail Benefits			
Psychiatry	INN: $25 Copay; OON: Ded & Coins.	Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	INN: $25 Copay; OON: Ded. & Coins.	Ded & Coins.	Ded. & Coins.
Chiropractors	INN: $25 Copay; OON: Ded & Coins.	Ded & Coins.	Ded. & Coins.
Non- Medicare Benefits Covered:	Yes, same as NME		
Non- Medicare Providers Covered:	Non-Par & Non-Accepting		
Pharmacy Covered:	Non-Par & Non-Accepting		

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

[2] OOP Max includes the deductible

[3] Deductible and OOP Max are non-embedded, meaning the individual deductible and OOP max are not applied for an individual/family member

[4] Deductible and Co-Insurance also applies

Appendix B – 2018 ASE Plan Design

Benefit Option Name: Last Modified: Provider Network:	Premium 1/1/2015 Health Advantage	Classic 1/1/2016 Health Advantage	Basic 1/1/2016 Health Advantage
In-Network (INN) Benefits			
Deductible (Individual / Family)	$500 / $1000	$2500 / $5000 [3]	$6450 / $12900 [3]
Coinsurance	20%	20%	0%
Coinsurance limit (after Ded.) Individual/Family	$2500 / $5000	$3950 / $7900	n/a / n/a
Copays			
Office Visit - Primary Care (PCP)	$25	Ded. & Coins.	Ded. & Coins.
OV - Specialist Care Provider (SCP)	$50	Ded. & Coins.	Ded. & Coins.
Urgent Care (UC)	$100	Ded. & Coins.	Ded. & Coins.
Emergency Room (ER) Non-admitted	$250	Ded. & Coins.	Ded. & Coins.
Emergency Transportation-Ambulance	$50	Ded. & Coins.	Ded. & Coins.
Hospital Facility - Inpatient & SNF (Co-pay/Admission) [4]	$250	Ded. & Coins.	Ded. & Coins.
Hospital Facility - Outpatient - Co-Pay [4]	$100	Ded. & Coins.	Ded. & Coins.
Out-of-Pocket Max (Individual / Family) [2]	$3000 / $6000	$6450 / $12900 [3]	$6450 / $12900 [3]
Out-of-Network (OON) Benefits [1]			
Deductible (Individual / Family)	$2000 / $4000	$4000 / $8000 [3]	Not Covered
Coinsurance	40%	40%	
Out-of-Pocket Max (Individual / Family) [2]	Unlimited / Unlimited	Unlimited / Unlimited	
Annual Maximum INN / OON	Unlimited	Unlimited	Unlimited
Prescription Drugs			
Separate Deductible then the following Copays:	None	Included with Medical	Included with Medical
Retail (31 Days) - Generic/Formulary /Non-Form./ Specialty	$15 / $40 / $80 / $100		
Mail Order (93 Days) - Generic/Form. /Non-Form./Specialty	$45 / $120/ $240/ $300		
Non-Formulary Covered	Yes		
Out-of-Pocket Max (Individual / Family) [2]	$3100 / $6200	n/a / n/a	n/a / n/a
Selected Detail Benefits			
Psychiatry	INN: $25 Copay; OON: Ded & Coins.	Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	INN: $25 Copay; OON: Ded. & Coins.	Ded & Coins.	Ded. & Coins.
Chiropractors	INN: $25 Copay; OON: Ded & Coins.	Ded & Coins.	Ded. & Coins.
Hearing Aids	No Copay; Limit of $1400 per ear every 3 years	Ded. & Coins.; Limit of $1400 per ear every 3 years	Ded. & Coins.; Limit of $1400 per ear every 3 years
Durable Medical Equipment (DME)	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Monthly HSA Contributions	N/A	$25 Single/$50 Family	$25 Single/$50 Family

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

[2] OOP Max includes the deductible

[3] Deductible and OOP Max are embedded, meaning the individual deductible and OOP max are applied for an individual/ family member

[4] Deductible and Co-Insurance also applies

Appendix C – PSE Actives and Retiree NME
2018 Rating Worksheet

PSE ACTIVE & NME RATE DEVELOPMENT for CY2019

		Premium			Classic			Basic		
Plan:		Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
Benefit:		1/17 - 12/17	1/17 - 12/17		1/17 - 12/17	1/17 - 12/17		1/17 - 12/17	1/17 - 12/17	
Experience Period - Service (Incurred) Dates		1/17 - 3/18	1/17 - 3/18		1/17 - 3/18	1/17 - 3/18		1/17 - 3/18	1/17 - 3/18	
Experience Period - Processed (Paid) Dates		A	B	C	D	E	F	G	H	I
1 Total Incurred Medical & Rx Claims (Experience Period)		$94,314,185	$34,196,135	$128,510,320	$85,970,379	$17,125,382	$103,095,761	$5,543,292	$707,948	$6,251,240
2 Less High Cost Claims Above (Med/Rx)	$150,000 / $50,000	$8,099,945	$3,536,799	$11,636,745	$5,719,494	$2,788,592	$8,508,086	$9,266	$14,297	$23,564
3 Net Incurred Claims below Pooling Point [1 - 2]		**$86,214,239**	**$30,659,336**	**$116,873,575**	**$80,250,885**	**$14,336,790**	**$94,587,675**	**$5,534,026**	**$693,651**	**$6,227,677**
4 Person Months for Experience Period		299,277	299,277	**299,277**	549,418	549,418	**549,418**	77,158	77,158	**77,158**
5 Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]		**$288.08**	**$102.44**	**$390.52**	**$146.07**	**$26.09**	**$172.16**	**$71.72**	**$8.99**	**$80.71**
6 Change in Benefits & Network/Contract During Experience Period		1.0000	1.0029		1.0000	1.0000		1.0000	1.0000	
7 Change in Demographics or Illness Burden During Experience Period		0.9934	0.9907		0.9972	0.9967		0.9887	0.9842	
8 a) Trend Rate to 2018		5.0%	8.0%		5.0%	8.0%		5.0%	8.0%	
b) Trend Rate to 2019		5.0%	8.0%		5.0%	8.0%		5.0%	8.0%	
c) Months to Trend		24	24		24	24		24	24	
d) Trend Adjustment		1.1025	1.1664		1.1025	1.1664		1.1025	1.1664	
9 Adjusted Claims Charged PPPM [5 x 6 x 7 x 8d]		**$315.53**	**$118.72**	**$434.25**	**$160.59**	**$30.33**	**$190.92**	**$78.18**	**$10.32**	**$88.50**
10 Charge for Claims above Pooling Point PPPM		$23.43	$16.23	$39.66	$12.36	$4.43	$16.79	$6.34	$1.48	$7.82
11 Total Claims Charged PPPM [9 + 10]		**$338.96**	**$134.95**	**$473.91**	**$172.95**	**$34.76**	**$207.71**	**$84.52**	**$11.80**	**$96.31**
12 Change in Future Benefits & Networks/Contracts		1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
13 Change in Future Demographics (Age/Gender/Family) or Illness Burden		1.0100	1.0120		0.9953	0.9990		1.0020	1.0033	
14 Adjustment for Claims Fluctuations		1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
15 Rating Incurred Claim PPPM [11 x 12 x 13 x 14]		**$342.35**	**$136.57**	**$478.92**	**$172.14**	**$34.72**	**$206.86**	**$84.69**	**$11.83**	**$96.52**
16 Projected Persons Months		280,125	280,125	**280,125**	614,846	614,846	**614,846**	90,168	90,168	**90,168**
17 Projected Total Incurred Claims [15 x 16]		**$95,901,792**	**$38,256,419**	**$134,158,211**	**$105,840,014**	**$21,348,305**	**$127,188,318**	**$7,636,064**	**$1,067,083**	**$8,703,147**
18 PEPM Expenses and Other Costs				**$29.26**			**$27.44**			**$27.51**
19 Retiree Subsidy / Holdback PEPM				**$11.20**			**$11.20**			**$11.20**
20 Projected Expense Loaded Cost [17 + (18+19) x 22]				**$142,715,282**			**$139,952,227**			**$11,041,377**
21 Conversion to Rating Tiers [15 x tier factor]		x tier	Projected		x tier	Projected		x tier	Projected	
Method: Last Year		factor	Ee Months	PEPM	factor	Ee Months	PEPM	factor	Ee Months	PEPM
a) Employee Only		1.12	176,704	**$577.62**	1.18	193,497	**$283.28**	1.09	45,104	**$144.05**
b) Employee & Spouse		2.76	3,292	**$1,360.68**	2.91	22,258	**$639.92**	2.68	4,032	**$297.62**
c) Employee & Child(ren)		2.04	25,909	**$1,019.05**	2.15	71,308	**$484.33**	1.99	6,427	**$230.62**
d) Family		3.68	5,362	**$1,802.11**	3.88	43,233	**$840.97**	3.58	4,846	**$384.19**
e) Child(ren) of Medicare Retirees		0.92	213	**$481.89**						
22 Rates Balance Confirmation			211,481	**$142,715,282**		330,296	**$139,952,227**		60,409	**$11,041,377**

Appendix C – PSE Retiree Medicare
2018 Rating Worksheet

PSE MEDICARE RETIREE RATE DEVELOPMENT for CY2019

			Medicare	
	Plan:			
	Benefit:		**Medical**	**Total**
	Experience Period - Service (Incurred) Dates		1/17 - 12/17	
	Experience Period - Processed (Paid) Dates		1/17 - 3/18	
1	Total Incurred Medical & Rx Claims		$22,828,676	$22,828,676
2	Less High Cost Claims Above (Med)	**$150,000**	$588,776	$588,776
3	**Net Incurred Claims below Pooling Point [1 - 2]**		**$22,239,899**	**$22,239,899**
4	Person Months for Experience Period		152,458	**152,458**
5	**Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]**		**$145.88**	**$145.88**
6	Change in Benefits & Network/Contract During Experience Period		1.0000	
7	Change in Demographics or Risk During Experience Period		1.0000	
8	a) Trend Rate to 2017		5.0%	
	b) Trend Rate to 2018		5.0%	
	c) Months to Trend		24	
	d) Trend Adjustment		1.1025	
9	**Adjusted Claims Charged PPPM [5 x 6 x 7 x 8d]**		**$160.83**	**$160.83**
10	Charge for Claims above Pooling Point PPPM		$3.50	$3.50
11	**Total Claims Charged PPPM [9 +10]**		**$164.33**	**$164.33**
12	Change in Future Benefits & Networks/Contracts		1.0000	
13	Change in Future Demographics (Age/Gender/Family) or Illness Burden		0.9942	
14	Adjustment for Claims Fluctuations		1.0000	
15	**Projected Incurred Claim PPPM [11 x 12 x 13 x 14]**		**$163.38**	**$163.38**
16	Projected Person Months		174,748	174,748
17	Allocated Expenses		$23.89	$23.89
18	Projected ME Retiree Months		161,100	161,100
19	**Projected Total Incurred Claims & Exp [15 x 16 + 17 x 18]**		**$32,398,404**	**$32,398,404**

Appendix C – ASE Actives and Retiree NME
2018 Rating Worksheet

ASE ACTIVE & NME RATE DEVELOPMENT for CY2019

Plan:
Benefit:
Experience Period - Service (Incurred) Dates
Experience Period - Processed (Paid) Dates

		Premium			Classic			Basic		
		Medical	Pharmacy	Total	Medical	Pharmacy	Total	Medical	Pharmacy	Total
		1/17 - 12/17 1/17 - 3/18	1/17 - 12/17 1/17 - 3/18		1/17 - 12/17 1/17 - 3/18	1/17 - 12/17 1/17 - 3/18		1/17 - 12/17 1/17 - 3/18	1/17 - 12/17 1/17 - 3/18	
		A	B	C	D	E	F	G	H	I
1	Total Incurred Medical & Rx Claims (Experience Period)	$150,225,139	$44,820,768	$195,045,906	$4,177,058	$725,462	$4,902,520	$1,990,916	$515,858	$2,506,775
2	Less High Cost Claims Above (Med/Rx) $150,000 $50,000	$16,182,493	$5,071,118	$21,253,611	$102	$147,793	$147,895	$28,028	$90,192	$118,220
3	**Net Incurred Claims below Pooling Point [1 - 2]**	**$134,042,646**	**$39,749,649**	**$173,792,296**	**$4,176,956**	**$577,669**	**$4,754,625**	**$1,962,889**	**$425,666**	**$2,388,555**
4	Person Months for Experience Period	511,937	511,937	**511,937**	38,911	38,911	**38,911**	30,738	30,738	**30,738**
5	**Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]**	**$261.83**	**$77.65**	**$339.48**	**$107.35**	**$14.85**	**$122.20**	**$63.86**	**$13.85**	**$77.71**
6	Change in Benefits & Network/Contract During Experience Period	1.0008	1.0032		0.9971	0.9985		0.9996	0.9995	
7	Change in Demographics or Illness Burden During Experience Period	1.0021	1.0021		1.0072	0.9970		1.0067	1.0046	
8	a) Trend Rate to 2017	5.0%	8.0%		5.0%	8.0%		5.0%	8.0%	
	b) Trend Rate to 2018	5.0%	8.0%		5.0%	8.0%		5.0%	8.0%	
	c) Months to Trend	24	24		24	24		24	24	
	d) Trend Adjustment	1.1025	1.1664		1.1025	1.1664		1.1025	1.1664	
9	**Adjusted Claims Charged PPPM [5 x 6 x 7 x 8d]**	**$289.52**	**$91.05**	**$380.57**	**$118.85**	**$17.24**	**$136.10**	**$70.85**	**$16.22**	**$87.07**
10	Charge for Claims above Pooling Point PPPM	$24.65	$9.25	$33.89	$9.71	$1.75	$11.46	$5.83	$1.64	$7.48
11	**Total Claims Charged PPPM [9 + 10]**	**$314.17**	**$100.30**	**$414.47**	**$128.57**	**$18.99**	**$147.56**	**$76.68**	**$17.87**	**$94.54**
12	Change in Future Benefits & Networks/Contracts	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
13	Change in Future Demographics (Age/Gender/Family) or Illness Burden	0.9993	0.9987		0.9977	1.0068		1.0049	1.0031	
14	Adjustment for Claims Fluctuations	1.0000	1.0000		1.0000	1.0000		1.0000	1.0000	
15	**Rating Incurred Claim PPPM [11 x 12 x 13 x 14]**	**$313.94**	**$100.17**	**$414.11**	**$128.28**	**$19.12**	**$147.40**	**$77.05**	**$17.92**	**$94.98**
16	Projected Persons Months	505,418	505,418	**505,418**	41,622	41,622	**41,622**	31,521	31,521	**31,521**
17	**Projected Total Incurred Claims & Fee [15 x 16]**	**$158,668,594**	**$50,627,781**	**$209,296,375**	**$5,339,226**	**$795,856**	**$6,135,082**	**$2,428,831**	**$564,898**	**$2,993,729**
18	PEPM Expenses and Other Costs			**$31.34**			**$28.84**			**$28.83**
19	**Projected Expense Loaded Cost [17 + 18 x 21]**			**$218,826,239**			**$6,854,536**			**$3,573,738**
20	**Conversion to Rating Tiers [15 x tier factor]**	**x tier**	**Projected**		**x tier**	**Projected**		**x tier**	**Projected**	
	Method: Last Year	**factor**	**Ee Months**	**PEPM**	**factor**	**Ee Months**	**PEPM**	**factor**	**Ee Months**	**PEPM**
	a) Employee Only	1.16	190,223	**$509.86**	1.15	16,318	**$198.30**	1.13	14,233	**$135.98**
	b) Employee & Spouse	2.75	28,992	**$1,170.22**	2.74	2,041	**$432.16**	2.69	1,548	**$283.86**
	c) Employee & Child(ren)	2.02	60,953	**$868.75**	2.01	4,056	**$325.40**	1.97	2,575	**$216.35**
	d) Family	3.62	22,500	**$1,529.11**	3.60	2,533	**$559.26**	3.53	1,762	**$364.22**
	e) Child(ren) of Medicare Retirees	0.87	1,423	**$390.23**						
21	**Rates Balance Confirmation**		304,090	**$218,826,239**		24,948	**$6,854,536**		20,118	**$3,573,738**

Appendix C – ASE Retiree Medicare
2018 Rating Worksheet

ASE MEDICARE RETIREE RATE DEVELOPMENT for CY2019

			Medical	Medicare Pharmacy	Total
	Plan:				
	Benefit:				
	Experience Period - Service (Incurred) Dates		1/17 - 12/17	1/17 - 12/17	
	Experience Period - Processed (Paid) Dates		1/17 - 3/18	1/17 - 3/18	
1	Total Incurred Medical & Rx Claims *		$24,249,118	$25,817,348	$50,066,466
2	Less High Cost Claims Above (Med/Rx)	$150,000 / $50,000	$1,387,982	$4,002,995	$5,390,978
3	**Net Incurred Claims below Pooling Point [1 - 2]**		**$22,861,135**	**$21,814,353**	**$44,675,488**
4	Person Months for Experience Period		146,274	146,274	**146,274**
5	**Net Incurred Claims Per Person Per Month (PPPM) [3 / 4]**		**$156.29**	**$149.13**	**$305.42**
6	Change in Benefits/Network During Experience Period		1.0000	1.0033	
7	Change in Demographics or Risk During Experience Period		1.0043	0.9999	
8	a) Trend Rate to 2017		5.0%	8.0%	
	b) Trend Rate to 2018		5.0%	8.0%	
	c) Months to Trend		24	24	
	d) Trend Adjustment		1.1025	1.1664	
9	**Adjusted Claims Charged PPPM [5 x 6 x 7 x 8d]**		**$173.05**	**$174.49**	**$347.54**
10	Charge for Claims above Pooling Point PPPM		$4.40	$23.63	$28.03
11	**Total Claims Charged PPPM [9 + 10]**		**$177.45**	**$198.12**	**$375.56**
12	Change in Future Benefits (Level/Mgt/Discounts)		1.0000	1.0000	
13	Change in Future Demographics (Age/Gender/Family) or Risk		0.9991	1.0009	
14	Adjustment for Claims Fluctuations		1.0000	1.0000	
15	**Projected Incurred Claim PPPM [11 x 12 x 13 x 14]**		**$177.28**	**$198.30**	**$375.58**
16	Projected Person Months		157,794	157,794	**157,794**
17	Allocated Expenses		$23.89		**$23.89**
18	Projected ME Retiree Months		124,541		**124,541**
19	**Projected Total Incurred Claims & Exp [15 x 16 + 17 x 18]**		**$30,949,079**	**$31,290,755**	**$62,239,834**

* Pharmacy Cost for Medicare has subtracted the RDS Subsidy.

Appendix D – Assumptions, Use & Disclosures

- Based on actual 2018 enrollment through March and claims paid through March 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.
- Rates shown on the rating worksheets are prior to any risk adjustments.
- No changes in benefits (unless otherwise indicated).
- No change to medical network or admin fees other than trend.

Appendix D – Use & Disclosures

- Projections are based on medical claim experience for January 2017 through December 2017 and on pharmacy claims experience for January 2017 through December 2017, both paid through March 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

Gaelle Gravot, FSA, MAAA
Principal Consulting Actuary

natura)(yslim®
offered by acaphealth
Measurable results. *Guaranteed.*

natura)(yslim®

Nation's leading digital program for weight management and metabolic syndrome reversal

10+ Years

Evidenced-based
MINDFUL EATING
and skill-building program

Powerful Testimonials
+
Emotional Connections

VIRAL MOVEMENT

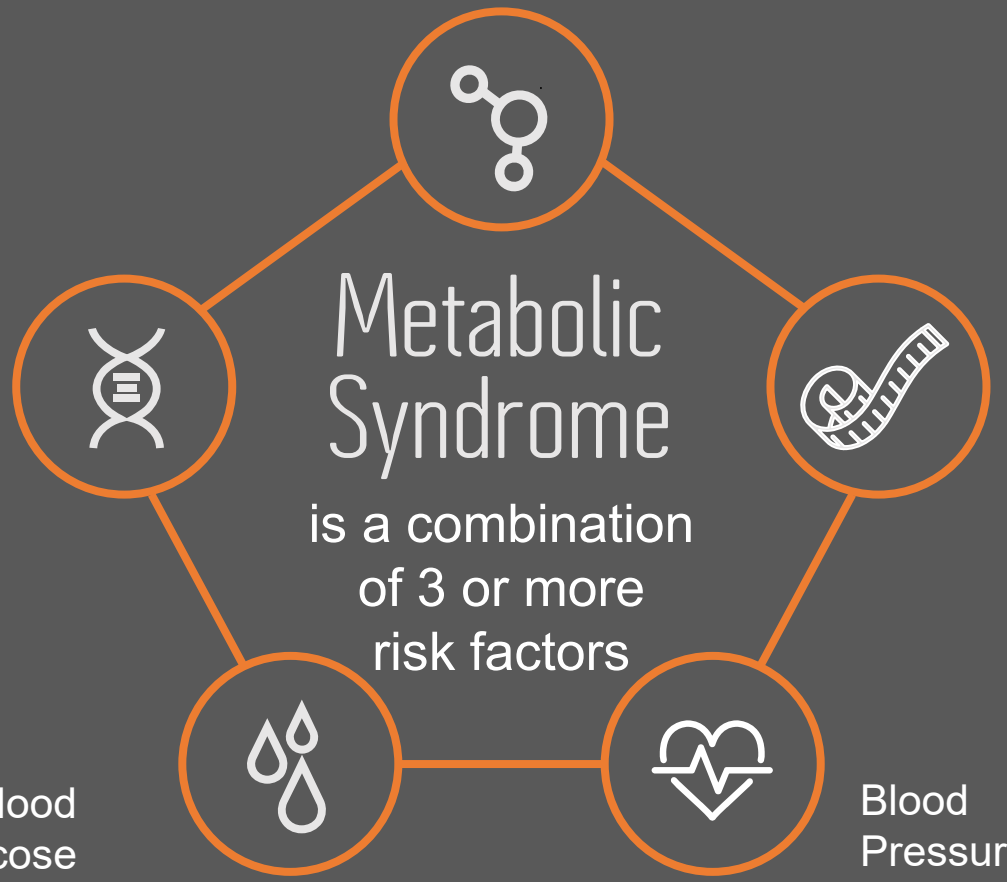
Simple, scalable technology platform

ZERO
Implementation fees

PREVENTIVE CLAIM
In network benefit with majority of carriers and TPAs

Flexibility to TAILOR & DESIGN
a best practice no-risk pilot

Predicting future claims risk.



Triglycerides
150+MG/DL

HDL (Good) Cholesterol
MEN: <40 MG/DL
WOMEN: <50 MG/DL

Waist Circumference
MEN: 40+ INCHES
WOMEN: 35+ INCHES

Fasting Blood Glucose
100+MG/DL

Blood Pressure
130/85 or higher

> ... weight loss of as little as 3% to 5% is likely to result in clinically meaningful reductions in [metabolic disease risk]...[1]

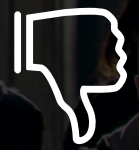
JAMA
The Journal of the American Medical Association

Percentage of body weight loss

3-5%	5-7%	7-9%	≥9%
41.2%	49.8%	59.2%	70.0%

Metabolic syndrome reversal rate

Traditional diet and exercise approaches have failed Americans.



EDUCATION AND MOTIVATION AREN'T SUFFICIENT

Despite best intentions and support from devices, health coaches and social groups, willpower is in limited supply.

WE LIVE IN A WORLD DESIGNED TO MAKE US OVEREAT

Cheap calories are everywhere and increased screen time both at work and at home has our society more sedentary.

OBESITY ISN'T JUST ABOUT PHYSICAL HEALTH

Deprivation-based programs ignore issues like stress and depression that lead to emotional and mindless eating.

New understandings
of behaviors slim
people do
naturally.

Skills

that change our relationship with food.

DIGITAL LEARNING

SKILLS DEVELOPMENT

WEIGHT MAINTENANCE

FOOD DIARY

10–5–10 TIMER

WELCOME KIT

WORKBOOK

SUPPORT

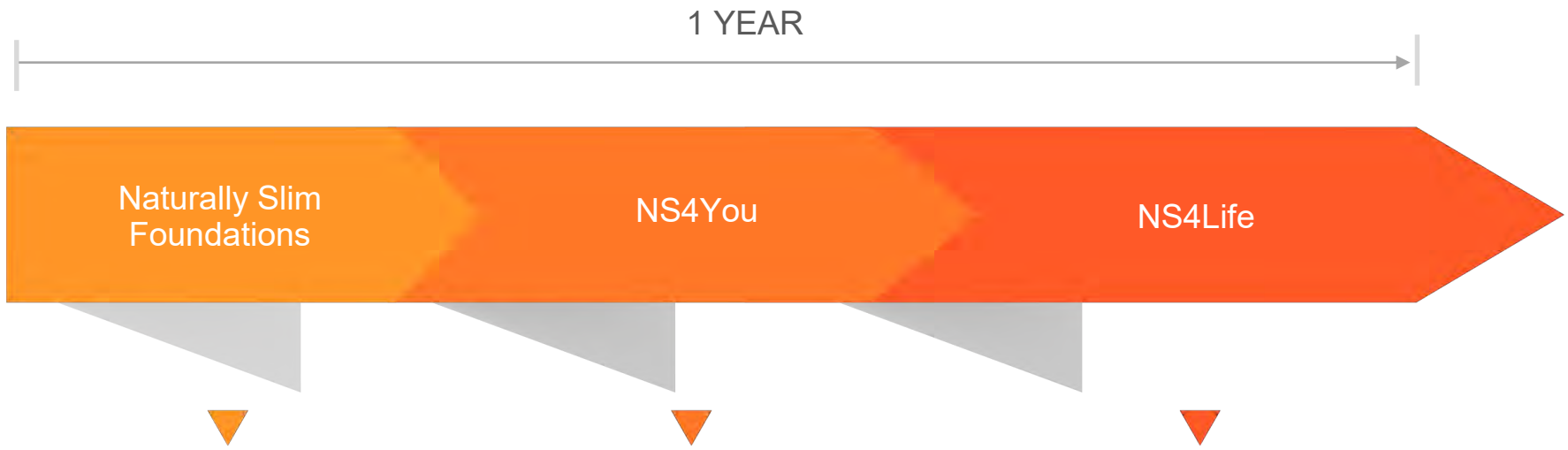
HEALTH COACH

ONLINE COMMUNITY

ENJOY THE FOODS YOU LOVE.
WE'LL TEACH YOU HOW.

Evidence-based treatment schedule.

10-week foundational skill-building program followed by
skill reinforcement & maintenance for **sustainable behavior change**



Skill Building

Weekly for 10 weeks

Skill Reinforcement (Personalized)

Weekly for 10 weeks

Skill Maintenance (Customized)

Weekly for 32 weeks

Behavior change delivered by experts.

MARCIA UPSON

RN, MS, FNP-C
Founder, Lead Educator

DR. TIM CHURCH

MD, PhD, MPH
300+ published studies

TODD WHITTHORNE

Physical Activity Expert
Emmy® Award Winner

DR. DANA LABAT

PhD
Clinical Psychologist

MERIDAN ZERNER

MS, RDN, CSSD, LD
Diet & Nutrition Expert

Sustainable, proven results.

What we now know is possible in employer populations.

JOURNAL OF METABOLIC SYNDROME AND RELATED DISORDERS
N=3880

JOURNAL OF OCCUPATIONAL AND ENVIRONMENTAL MEDICINE
N=5988

Metabolic Syndrome
-50.7%

Type II Diabetes Risk
-55%

Losing 5%+ of bodyweight
-44%

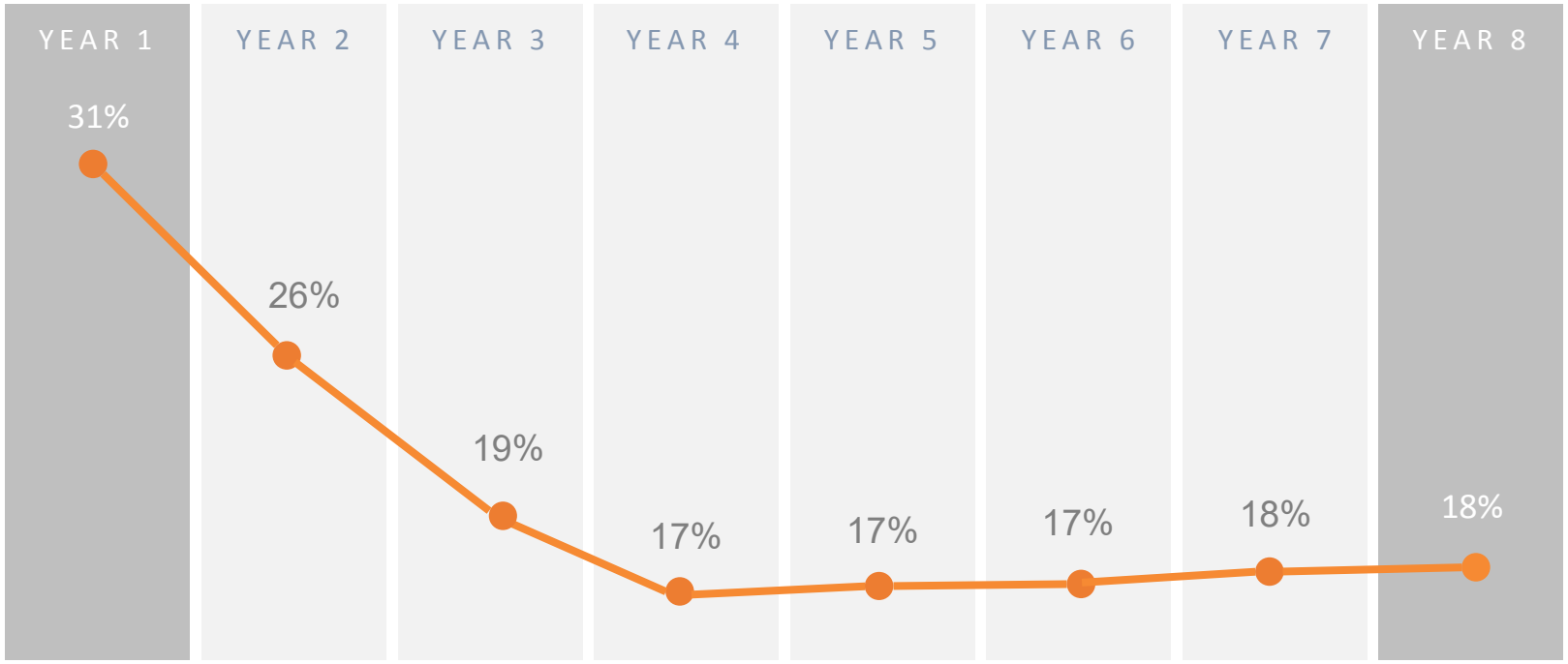
Blood Pressure Risk
-50%

Men lose an average of 11.6 Pounds at 20 weeks **(6% of bodyweight).**

Women lose an average of 9.8 Pounds at 20 weeks **(5% of bodyweight).**

8+ years of demonstrated population health outcomes.

Metabolic syndrome prevalence of blue collar and white collar companies.

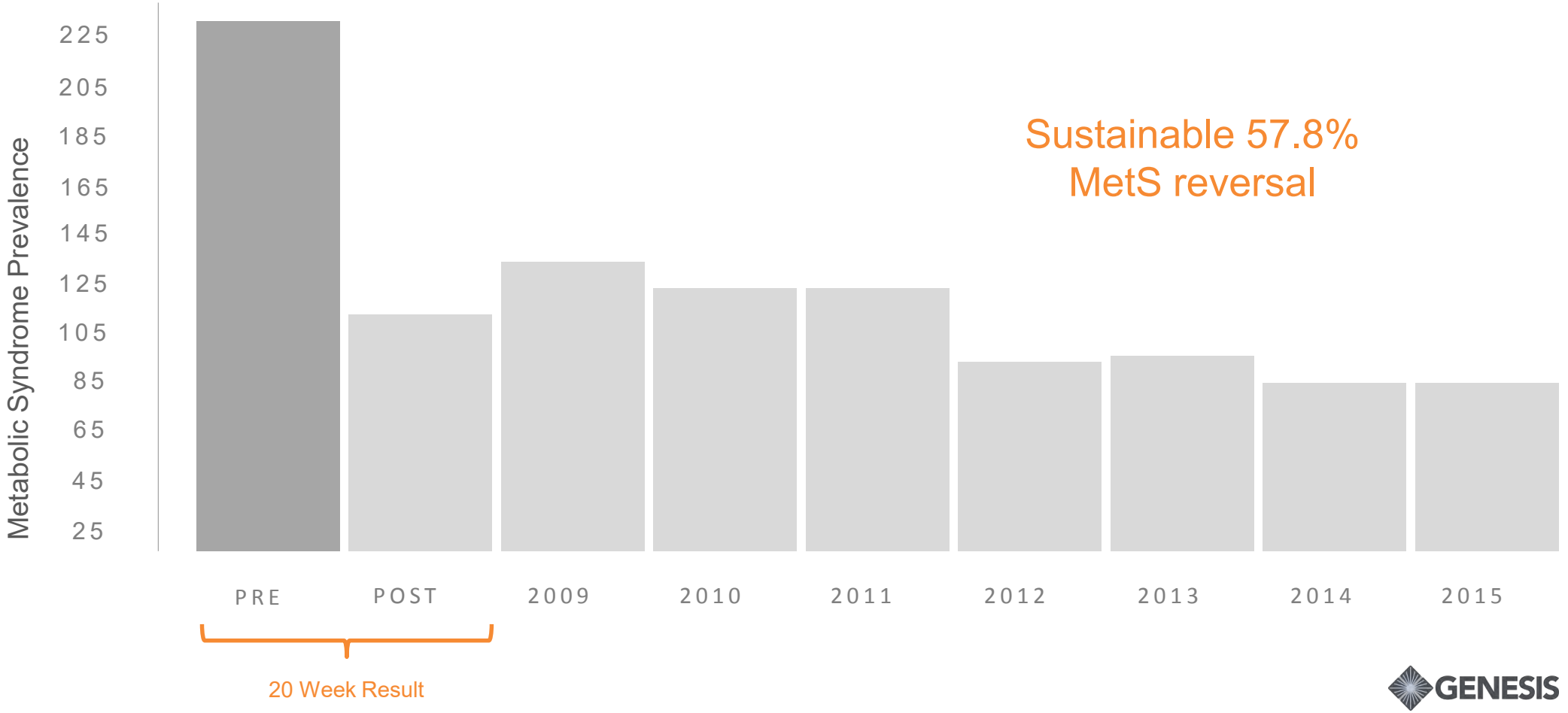


MetS Prevalence Rate for Employees

Naturally Slim clients consistently demonstrate sustainable MetS rates almost **HALF** the national average (18% VS. 34%)

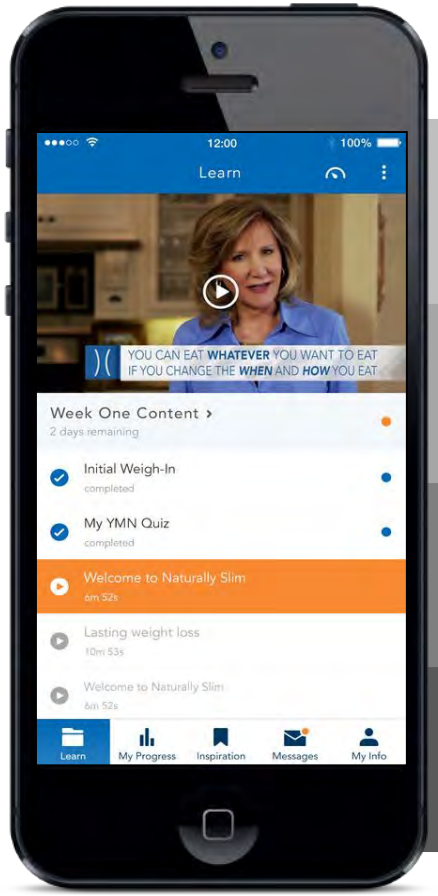
We’re in it for the long haul.

7 year annual follow up as measured by independent biometric labs (N = 225)



GENESIS

Success in Government.



5,980 Government Members Enrolled in 2016 Pilot

Total pounds lost

And counting with many continuing to lose weight

50,000+

MetS reversal

Total reversal rate of enrolled members no longer with Metabolic Syndrome

35%

Fasting glucose risk reversal

Total reduction in members no longer at risk for Diabetes/Pre-diabetes

29%

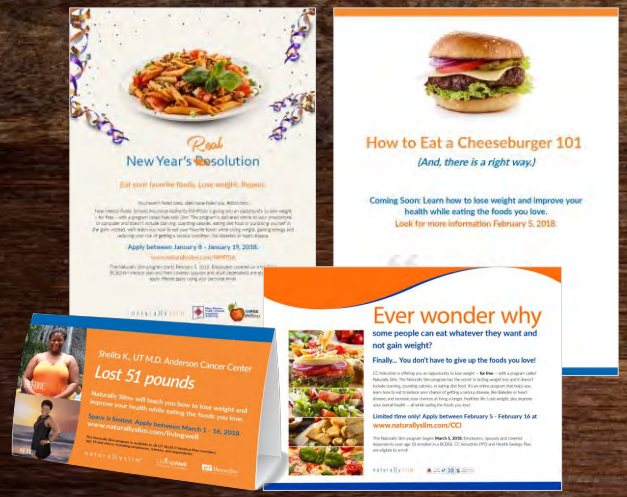
Blood pressure risk reversal

Total reduction in enrolled members no longer with Hypertension or Pre-hypertension risk

21%

Getting started.

Just five weeks from kickoff call to program launch.



Announcement

Qualification

Begin

Marketing 101 + Behavioral Science

Focus on the participant's goal - **weight loss**

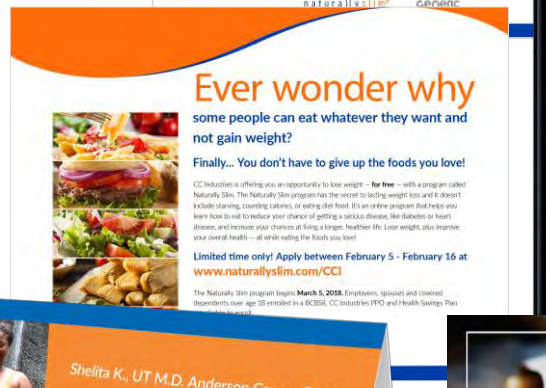
Communicate something different – **no scales & apples**

Use **loss aversion** with finite enrollment periods and cohort class model

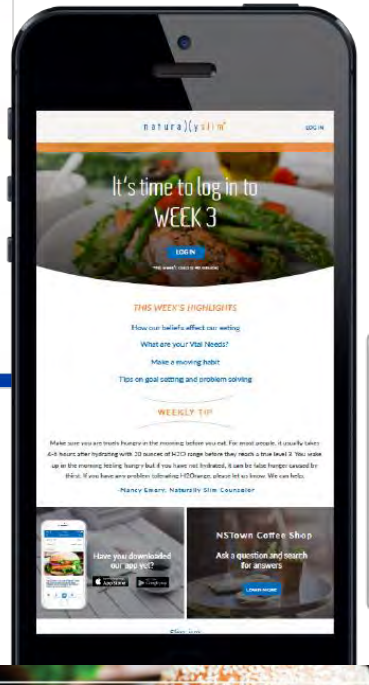
Leverage **scarcity** by citing limited availability

FLYERS

E-ANNOUNCEMENTS



WEEKLY EMAILS



DIGITAL

AND MORE...

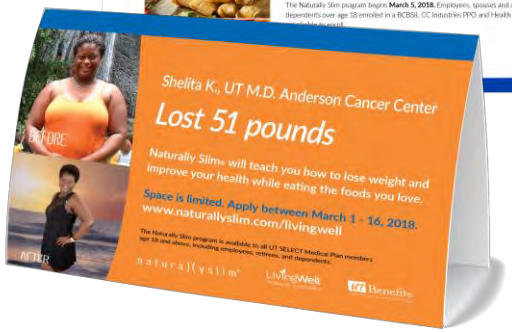


TABLE TENTS

POSTCARDS

Piece, love and happiness

Learn how to lose weight and improve your health while eating the foods you love.

Eat your way to an easy "A"

Learn how to lose weight and improve your health while eating the foods you love.

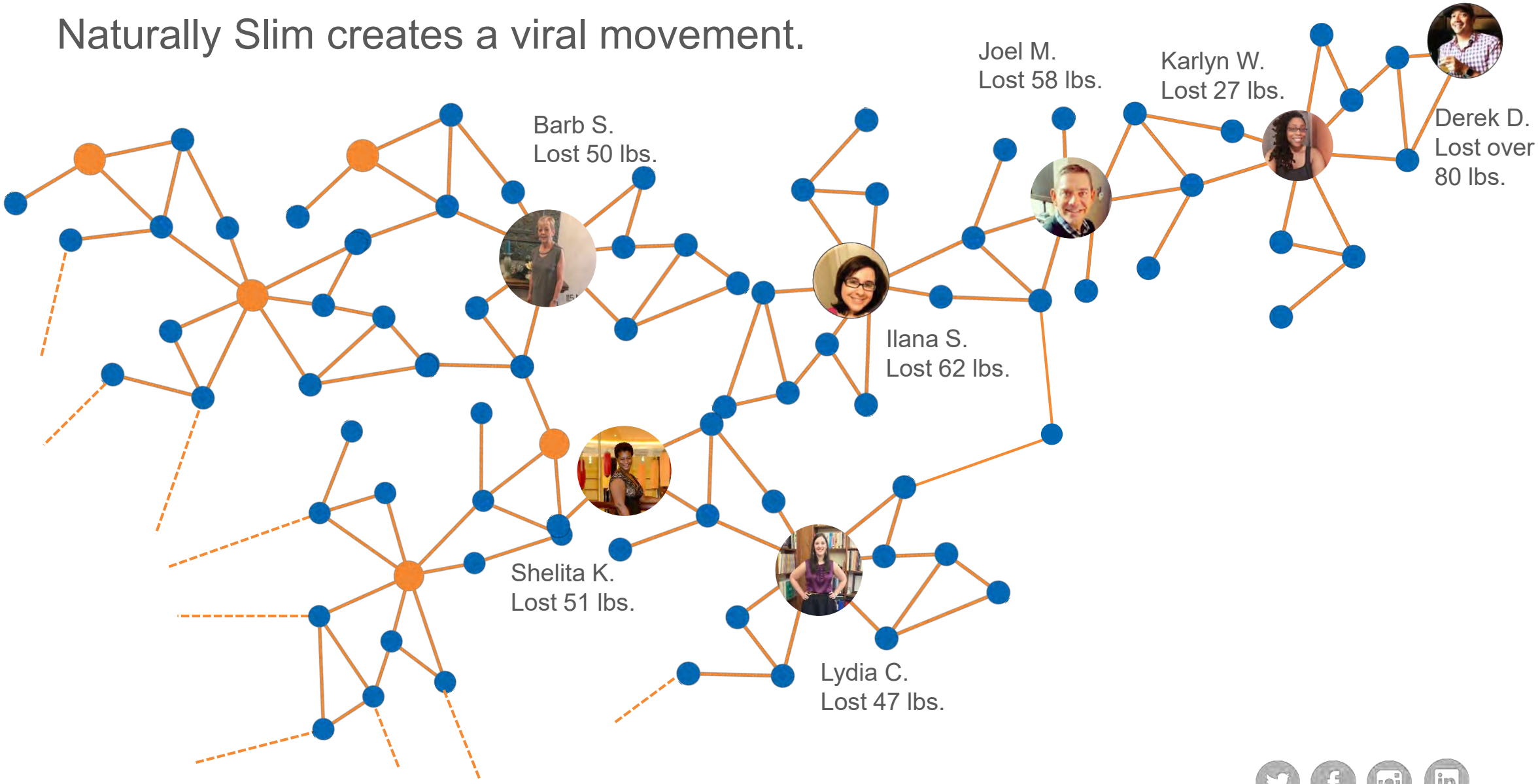
The Naturally Slim program has the secret to lasting weight loss and it doesn't include starving, counting calories or eating diet food. [Company] is now offering you the chance to learn how to eat to reduce your chances of getting a serious disease, like diabetes or heart disease, and increase your chance at living a longer, healthier life.

put dieting in detention

Learn how to lose weight and improve your health while eating the foods you love.

Yep, a welcome kit with Pringles and peanuts. Intrigued yet? Stick with us, we'll explain.

Naturally Slim creates a viral movement.



Click Here for hundreds of Naturally Slim member stories

Success at State of Kansas.

Kansas

8,587

Pilot participants exceeded expectation of 6,000

14,247+

Statewide buzz led Kansas to rollout 2nd class within a couple of weeks of Phase 1, enrolling an additional 5,660

29,000+

After enrolling more than 19,000 participants in 2017, more than 10,000 enrolled in the first class of 2018

natura)(yslim®

Nation's leading digital program for weight management and metabolic syndrome reversal

10+ Years

Evidenced-based
MINDFUL EATING
and skill-building program

Powerful Testimonials
+
Emotional Connections

VIRAL MOVEMENT

Simple, scalable technology platform

ZERO
Implementation fees

PREVENTIVE CLAIM
In network benefit with majority of carriers and TPAs

Flexibility to TAILOR & DESIGN
a best practice no-risk pilot

STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE BOARD

APRIL 17, 2018

Meeting Objectives

Discover MiMedx as a leading Biopharmaceutical Company

Demonstrate value of patented differentiation that leads to positive patient outcomes

Dialogue regarding alignment with the Emerging Therapies Act Pilot

Discuss the merits of amniotic tissue based technology

MiMedx® Overview

MiMedx® is a biopharmaceutical company developing, manufacturing and marketing regenerative biologics utilizing human placental allografts for multiple sectors of healthcare.

"Innovations in Regenerative Medicine" is the framework behind our mission to provide physicians with products and tissues to help the body heal itself.

Literature shows amniotic membrane enhances healing:[1, 2, 3]

- ✓ Immunologically privileged
- ✓ Modulates inflammation
- ✓ Reduces scar tissue formation
- ✓ Contains essential growth factors

1,000,000 allografts distributed to date with **no adverse reactions** attributed to our products†

†As of September 1, 2017

>40 Peer Reviewed, Published Scientific and Clinical Studies

[1]Litwiniuk M1, Grzela T "Amniotic membrane: New concepts for an old dressing." Wound Repair Regen. 2014 Jul;22(4):451-6. (22)4. 2014 Jul. pp 451-6.
[2]Akle, C; Adinolfi, M; Welsh, K; Leibowitz, S; and McColl, I "Immunogenicity of Human Amniotic Epithelial Cells after Transplantation into Volunteers." The Lancet. (318)8254. 7 November 1981. pp 1003-1005.
[3]Parolini, O et alHuman Term Placenta as a Therapeutic Agent: From the First Clinical Applications to Future Perspectives, in Human Placenta: Structure and Development, Circulation and Functions. Pregnancy and Infants: Medical, Psychological and Social Issues Series. Nova Biomedical Books, 2010.

Source of MiMedx PURION® Processed Amnion and Chorion Membranes

LIVE BIRTH Via Planned C-section

Microbiological and Viral Testing of Donor Tissue and Blood

purion® process

PURION® Processed Amnion/Chorion Grafts and injectables

MiMedx is a Biopharmaceutical Company with an Extensive Product Portfolio

Sheet dHACM:
Flagship bioactive Amnion/ Chorion grafts containing 226 proteins and growth factors with proven enhanced healing power

- Smaller wounds
- Various surgical applications
- As a barrier membrane

Micronized dHACM:
Same dHACM in an injectable configuration

- Smaller wounds
- Various surgical applications

Umbilical Cord Products:
Provide a protective environment for the healing process.

- Smaller wounds requiring a graft that can hold a stitch
- Longer site coverage timeframe
- When a thicker graft is needed for coverage/ padding

Placental Based:
Our NEW bioactive placental tissues containing Growth Factors found in PURION® Processed tissues that modulate the activity of the recruited cells to enhance healing + an extracellular matrix (ECM) that provides a scaffold for recruited cells to attach, populate, and proliferate.

- Larger and uneven surface areas >25cm^2
- NOT injectable

FDA Regulatory Classifications for Tissue, Cell Based Products, and Other

351 HCT/Ps (Human Cell Tissue/ Products)	Human Tissue (Allograft) or Cells	May be more than minimally manipulated, and/ or may or may not be for homologous use. Pre-market clearance or approval required. Requires FDA Current Good Manufacturing Practice (cGMP).
361 HCT/Ps (Human Cell Tissue/ Products)	Human Tissue (Allograft) or Cells	Minimally manipulated, intended for homologous use. No clearance or pre-market approval required. Requires FDA Good Tissue Practices (GTP)
510(k) Clearance	Medical Device (Example: decellularized human dermis, xenografts, collagen dressings, bovine filler)	Requires FDA Substantial Equivalence, shorter submission and less required verses PMA. Based on predicate device. Requires FDA Current Good Manufacturing Practice (cGMP)
Premarket Approval (PMA)	Medical Device (Example: human living skin substitutes, bone substitute)	Requires extensive FDA Pre-Market approval process, including comprehensive clinical trials. Requires FDA Current Good Manufacturing Practice (cGMP)
Biologic License Application (BLA)	Biological product (Example: Section 351 HCT/Ps, cell products, such as those containing hematopoietic progenitor cells, vaccines, and blood components)	Requires extensive FDA Investigational New Drug (IND) and BLA approval process, including comprehensive pre-clinical and clinical trials. Requires compliance to FDA Current Good Manufacturing Practice (cGMP)
New Drug Application (NDA)	(Example: living stem cells non-autologous, second degree relative, or autologous stem cells that are expanded in the laboratory)	Requires extensive FDA Investigational New Drug (IND) and BLA approval process, including comprehensive pre-clinical and clinical trials. Requires FDA Current Good Manufacturing Practice (cGMP)

CLINICAL EFFICACY
PATIENT OUTCOMES

MiMedx

Diabetes in Arkansas:

We are focused on the 364,000 people in Arkansas who live with diabetes*

- Approximately 363,781 people in Arkansas, or 14.8% of the adult population, have diabetes.
- Every year an estimated 25,000 people in Arkansas are diagnosed with diabetes.
- People with diabetes have medical expenses approximately 2.3 times higher than those who do not have diabetes.
- Total direct medical expenses for diagnosed and undiagnosed diabetes, prediabetes and gestational diabetes in Arkansas was estimated at $2.3 billion in 2012.
- In addition, another $798 million was spent on indirect costs from lost productivity due to diabetes.

*American Diabetes Association
http://main.diabetes.org/dorg/PDFs/Advocacy/burden-of-diabetes/arkansas.pdf

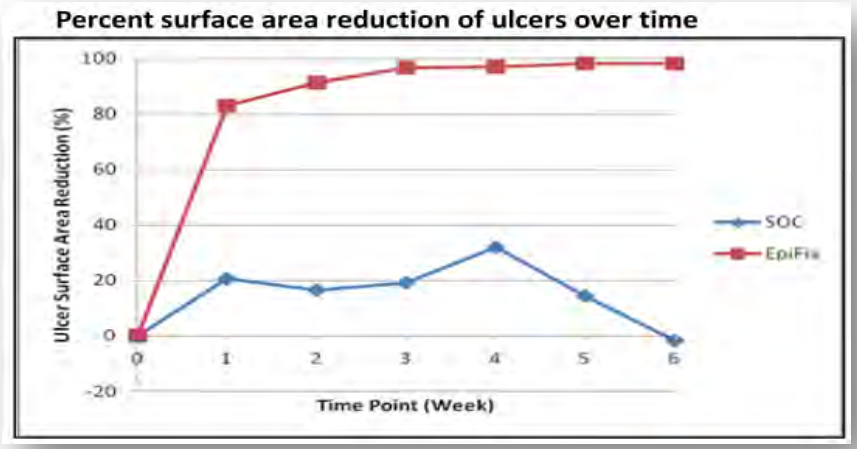
Diabetic Patients with Non-healing Wounds

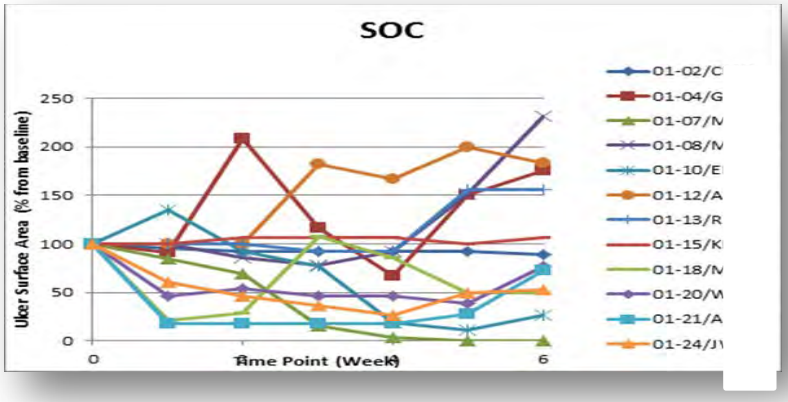
- Mean one year cost from a health care public payer perspective was $44,200 for diabetic foot ulcer (DFU), and $11,000 for leg ulcer (LU)[1]
- 33% of the cost of diabetes directly linked to the care of lower extremity complications[2,3]
- The majority of non-traumatic lower limb amputations can be avoided with education, monitoring and early treatment. [4]

[1]Chan; "Cost-of-illness studies in chronic ulcers: a systematic review." Journal of Wound Care Vol 26. No.4, April 2017
[2]Rogers LC, Lavery LA, Armstrong DG. The right to bear legs – an amendment to healthcare: How preventing amputations can save billions for the US health-care system. J Am Podiatr Med Assn 2008;98:3-5
[3]Driver VR, Lavery LA. The costs of the diabetic foot: The economic case for the limb salvage team. J Vasc Surg
[4]American Diabetes Association http://main.diabetes.org/dorg/PDFs/Advocacy/burden-of-diabetes/arkansas.pdf

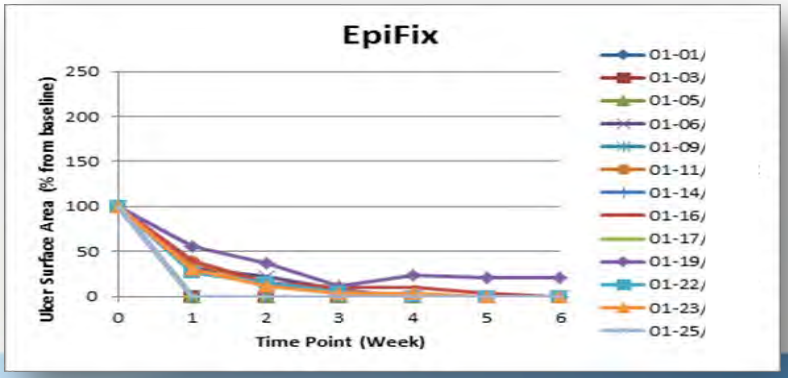
Diabetic Foot Ulcer Randomized Clinical Trial (RCT) Outcomes

- EpiFix® with Standard of Care vs. Standard of Care alone
- 92% healed in 6 weeks compared to 8% for control group
- Average of ***2.5*** grafts to closure





Ulcers healed	SOC (n=12)	EpiFix® (n=13)	P value
4 Weeks	0 (0%)	10 (77%)	<0.001
6 Weeks	1 (8%)	12 (92%)	<0.001



Zelen CM, Serena TE, Denozière G, Fetterolf DE. A prospective randomized comparative parallel study of amniotic membrane wound graft in the management of diabetic foot ulcers. Int Wound J. 2013 Oct;10(5):502-7.

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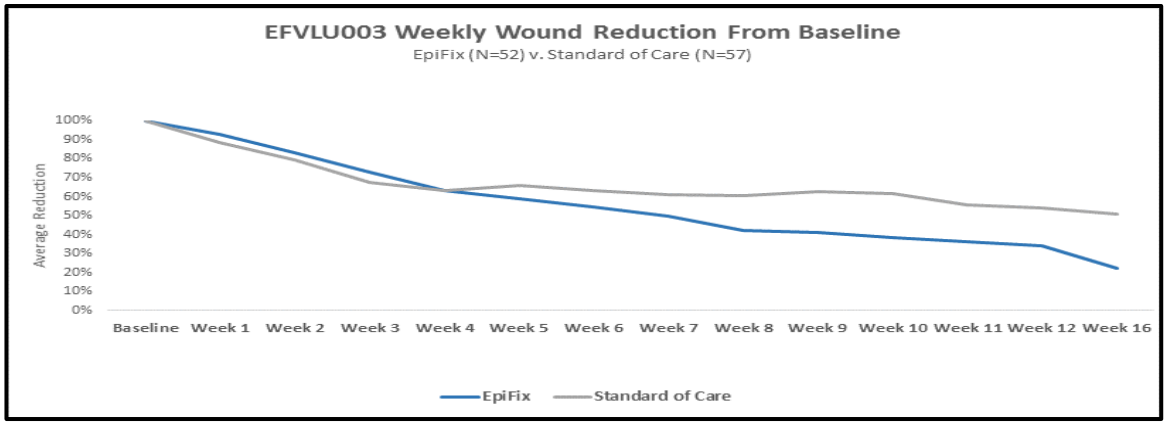
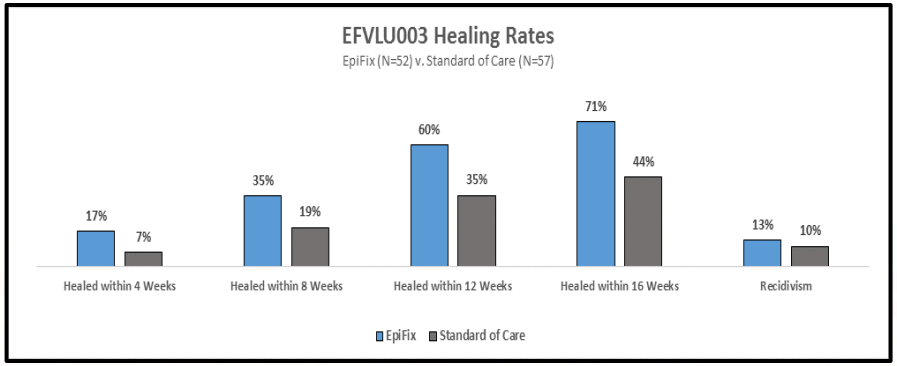
Venous Leg Ulcer Randomized Clinical Trial (RCT) Outcomes

- **EpiFix® with Standard of Care vs. Standard of Care (SOC) alone**
- **EpiFix healed 60% vs. SOC 35% at 12 weeks**
- **EpiFix healed 71% vs 44 % at 16 weeks**



Ulcers healed	SOC (n=57)	EpiFix® (n=52)	P value
12 Weeks	20 (35%)	31 (60%)	0.0128
16 Weeks	25 (44%)	37 (71%)	0.00625



" Bianchi, C, Cazzell s, Vayser D, Alexander M, Doslouglu H, Tovmassian G, " A Multi-Centre Randomised Controlled Trial Evaluating the Efficacy of Dehydrated Human Amnion/Chorion Membrane (EpiFix) Allograft for the Treatment of Venous Leg Ulcers." International Wound Journal doi:10.1111/iwj. 12843. 2017. pp 1 -9.

Safety and Testing

Major Process Step	Criteria that Ensures Tissue Safety
Donor Screening	Performed per 21 CFR 1271 domestically.
Infectious Disease Testing	Negative results for all FDA approved and **CLIA Certified** tests that includes HIV, Hepatitis B and C, Syphilis, and Human T-cell lymphotropic virus (HTLV)
PURION® Process	A validated process with proven Bacterial/Spore reduction capabilities that range from 1.4 –5.6 Logs
Terminal Sterilization of all grafts	A validated process per **ISO 11137** standards providing at least a 10^{-6}SAL with irradiation dose monitoring linked to the release of every tissue distributed
Double sterile barrier product packaging	A validated process per FDA recognized **ASTM D4169** standards that ensures sterility is maintained post distribution

Completed Level I Studies

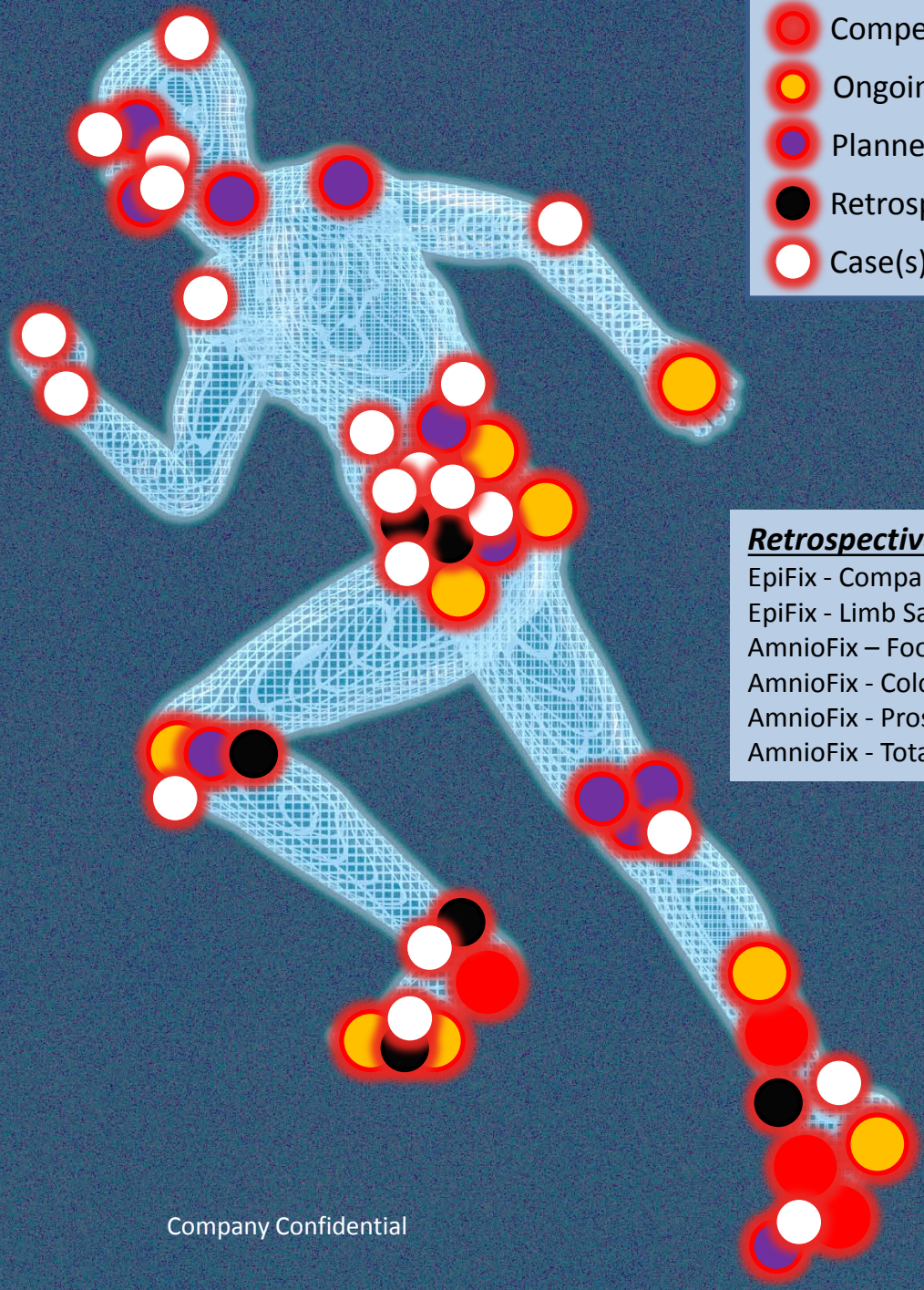
EpiFix® - Diabetic Foot Ulcer
EpiFix - Comparative DFU Study
EpiFix - Venous Leg Ulcer
AmnioFix® - Plantar Fasciitis

Ongoing Level I Studies

EpiFix - Diabetic Foot Ulcer
EpiFix - Pressure Ulcers
EpiFix - Venous Leg Ulcer
AmnioFix - Spine
AmnioFix - Prostatectomy
AmnioFix - Plantar Fasciitis
AmnioFix - Achilles tendonitis
EpiCord® - Diabetic Foot Ulcer
OrthoFlo® - Ortho Knee
EpiBurn® - Burns

Planned Level I Studies

EpiFix - Adult Facial Burns
EpiFix - Pediatric Facial Burns
AmnioFix - ACL Repair
AmnioFix - Head and Neck
AmnioFix - Partial Nephrectomy
AmnioFix - Knee OA
AmnioCord® - Hallux Rigidus
AmnioCord - Supraspinatus Repair
OrthoFlo - Early OA
OrthoFlo - Gluteal Tendinopathies
OthroFlo - Knee (1)
OrthoFlo - Knee (2)



Competed Level I Studies
Ongoing Level I Studies
Planned Level I Studies
Retrospective Studies
Case(s)/ Series

Retrospective Studies

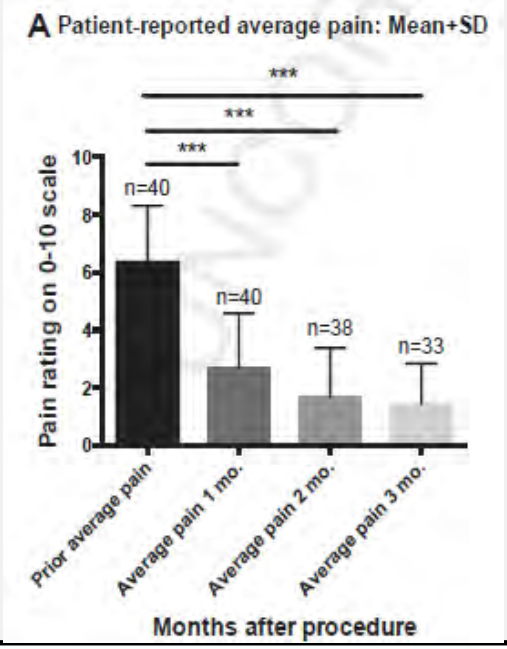
EpiFix - Comparative Effectiveness
EpiFix - Limb Salvage
AmnioFix – Foot and Ankle
AmnioFix - Colon Resection
AmnioFix - Prostatectomy
AmnioFix - Total Knee Arthroplasty

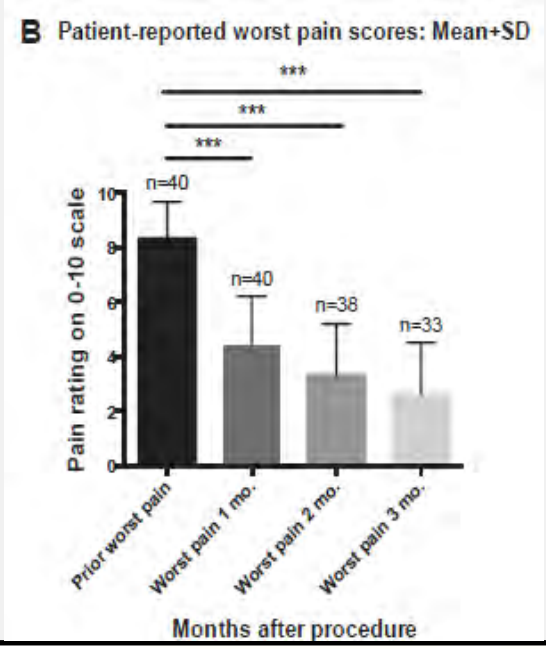
Company Confidential

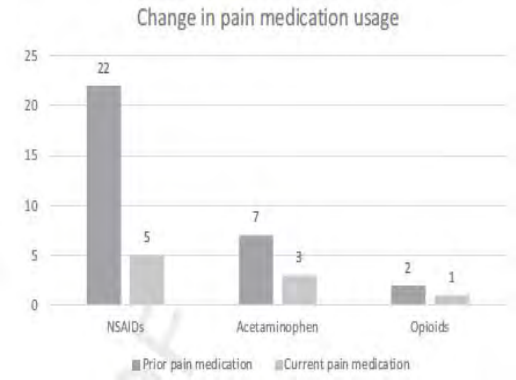
AmnioFix® Injectable Data

Multiple cases/studies completed or underway

Gellhorn and Han: ***The Use of Dehydrated Human Amnion/Chorion Membrane Allograft Injection for the Treatment of Tendinopathy or Arthritis: A case Series Involving 40 Patients****







*Physical Medicine and Rehabilitation. 2017 doi10.1016/j.pmrj.2017.04.011

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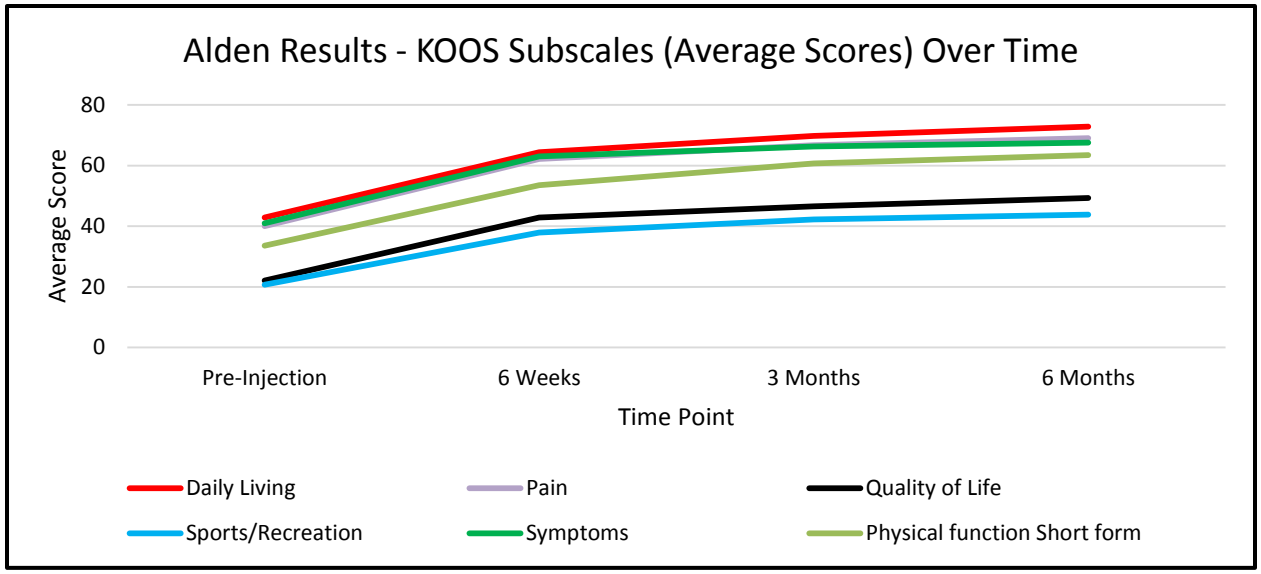
Knee OA Experience, Dr. Kris Alden



Percent Increase Over Pre-Injection Time Point				
KOOS Sub-Scale	Pre-Injection	6 Weeks	3 Months	6 Months
Daily Living	0%	50%	63%	70%
Pain	0%	56%	67%	73%
Quality of Life	0%	94%	111%	124%
Sports/Recreation	0%	83%	105%	112%
Symptoms	0%	54%	62%	65%
Physical function Short form	0%	59%	81%	89%

SUMMARY

MiMedx Value Proposition

- ✓ **Promotes Healing and improved quality of life** - Scientific data shows dHACM ability to draw stem cells toward the site to modulate inflammation, reduce pain and accelerate healing
- ✓ **Superior Published Clinical Data** - 11 Randomized Control Trials (RCTs) showing statistical significance
- ✓ **Proprietary PURION Process** preserves 226+ different growth factors
- ✓ **Patient Safety -** Terminal Sterilization
- ✓ **Storage and Ease of use** - Ambient conditions with 5 year shelf life

THANK YOU