



AGENDA

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

**October 16th, 2020
10:00 a.m.**

EBD Board Room – 501 Building, Suite 500

- I. Call to Order..... Susan Gardner, Chair***
- II. Approval of September Minutes..... Susan Gardner, Chair***
- III. COVID Update.....Elizabeth Montgomery & Mike Motley, ACHI***
- IV. Trend ExperiencePaul Sakhrani & Courtney White, Milliman***
- V. Director's Report.....Chris Howlett, EBD Director***
- VI. Adjournment..... Susan Gardner, Chair***

2020 Upcoming Meetings:

November 13th, December 11th

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.

BENEFITS MEETING MINUTES

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on October 16, 2020, at 10:00 a.m. via teleconference

Date | time 10/16/2020 10:00 AM | Meeting called to order by Susan Gardner, Chair

In Attendance

Members Present

Claudia Moran
Stephanie Lilly-Palmer
Ronnie Kissire – Vice-chair
Cindy Allen
Herb Scott
Susan Gardner – Chair
Chris Howlett, EBD Director – proxy – Shalada Toles

Members Absent

Others Present

Rhoda Classen, Mary Massirer, Theresa Huber, Laura Thompson, Stella Greene, EBD; Mike Motley, ACHI; Sherry Bryant, Octawia DeYoung, EBRx UAMS; Jessica Akins, Takisha Sanders, HA; Courtney White, Milliman; Robert McQuade, William Rains, ASE Retiree; Sean Seago, MERCK; Stephen Carroll, AllCare Specialty; Donna Morey, ARTA; Brent Flaherty, MedImpact; Ronda Walthall, ARDOT; Sylvia Landers, Colonial Life; Dianne Strickland; Julie Grogan; Kristie Banks, Mainstream; Frances Bauman, Novo Nordisk; Marissa Keith, BI; Treg Long, ACS

Approval of Minutes by Susan Gardner, Chair

MOTION by Kissire:

Move to approve the September 18th, 2020 minutes.

Scott seconded; all were in favor.

Minutes Approved.

COVID Update: Mike Motley, ACHI

Montgomery presented analyses regarding COVID-19 impact on the plan, reviewed COVID-19 test utilization and related costs, assessed updated output on COVID-19-related telemedicine utilization within the plan, including related costs and service utilization by diagnoses, and upcoming analyses on bariatric surgery and influenza vaccination.

Discussion:

- Gardner: I noticed you had slides that show the usage of telemedicine, and it looks like it peaked and then went back down. I didn't see anything about cost savings. Is there a cost savings to our plan when we use telemedicine?
- Motley: We have not looked at what that would be. I think the closest we've got to that is the proportional primary care and mental health that are done by telemedicine. I think that's probably something we can look at pretty easily, but we don't have it today. It would be a matter of looking at the historical spend on these services per visit for in person compared to the per person visits across categories via telemedicine. We will take that back and see how our approach would go on that.

Plan Update by Courtney White, Milliman

White provided an update on the Plan experience for ASE and PSE.

ASE

- 2020 & 2021 projections updated to incorporate claims data incurred from March 2019 to February 2020 and paid through September 2020
- 2020 projected Plan experience
 - Allocated reserves for 2020 is \$25.1M
 - Estimated deficit of \$4.1M
 - End of Year Assets: \$67.4M
 - Incorporate estimated impact of COVID from deferred services, pent-up demand, and treatment / testing costs
 - No Plan changes / 5% increase in employee contributions
- 2021 Plan experience
 - Allocated reserves for 2021 is \$14.5M
 - Projected deficit: \$3.6M
 - End of Year Assets: \$49.4M
 - Reflected 2021 program initiatives
 - Increased membership based on historical patterns
 - Baseline trends (medical: 5%, pharmacy: 8%)
 - September 29, 2020 Board action

PSE

- Projections updated to incorporate claims data incurred from March 2019 to February 2019 and paid through September 2020
- 2020 Plan experience
 - Allocated reserves for 2020 is \$25.3M
 - Estimated deficit of \$11.6M
 - End of Year Assets: \$112.1M
 - Incorporate estimated impact of COVID from deferred services, pent-up demand, and treatment / testing costs

- No Plan changes / 0% increase to employee contributions
- 2021 Plan experience
 - Allocated reserves for 2021 is \$15.5M
 - Projected deficit: \$25.2M
 - End of Year Assets: \$71.5M
 - Reflected 2021 program initiatives
 - Increased membership based on historical patterns
 - Baseline trends (medical: 7%, pharmacy: 8%)
 - September 29, 2020 Board action

Director's Report by Shalada Toles, EBD Deputy Director

Toles reported that EBD did send out 13,800 letters last Friday to the over 65 retirees to update them of the board decision from September 29th. You know that part of that decision was to allow an option for them to optout of the ARBenefits drug plan and onto the Medicare Part D plan. So far, we are about halfway through Open Enrollment, and we have had about 9 members optout of our benefits drug coverage for 2021. We continue to watch those numbers, and we'll be reporting to this committee and to the board as well.

Moran: So, when they opt out, what happens then? Does it decrease their monthly premium, and what is that number? What does that look like?

Toles: I don't have the numbers, but it does result in a \$25 dollar per month premium credit. They would get a discount of \$25 a month per policy discount.

Moran: If you have two people on your plan, can one person keep the drug coverage, and the other person optout, and they still get the \$25 discount.

Toles: That can get pretty complicated. The way we are handling that is if the subscriber and maybe the spouse are both over age 65 and the subscriber opts, then the spouse will have to optout as well. It would get handled differently for other members of the family were not Medicare eligible.

Scott: Did we ever define at the end of the 12 months, if a member decides that Medicare Part D is not for them and want to come back to the state plan. Did we give them that option as well?

Toles: Well, let me try to answer that question in a broader sense. The board is able to make decisions, and the drug plan can be offered for the retirees for 2022, then yes, those have opted out will be able to come back. So, it depends on what the overarching decisions are for savings and other things as the board has demonstrated that they would be working on in the next year.

Lilly-Palmer: I know that we discussed at the last Board meeting that if the plan, depending on what the Board moves forward with, that option would be available if they had opted out of the Part D for 2021. If that option was available, it would be during Open Enrollment of 2021 for 2022.

MOTION by Scott:

I make a motion to adjourn the meeting.

Lilly-Palmer seconded; all were in favor.

Meeting Adjourned

OCTOBER 2020 BENEFITS SUBCOMMITTEE PRESENTATION

Mike Motley, MPH
Director, Analytics

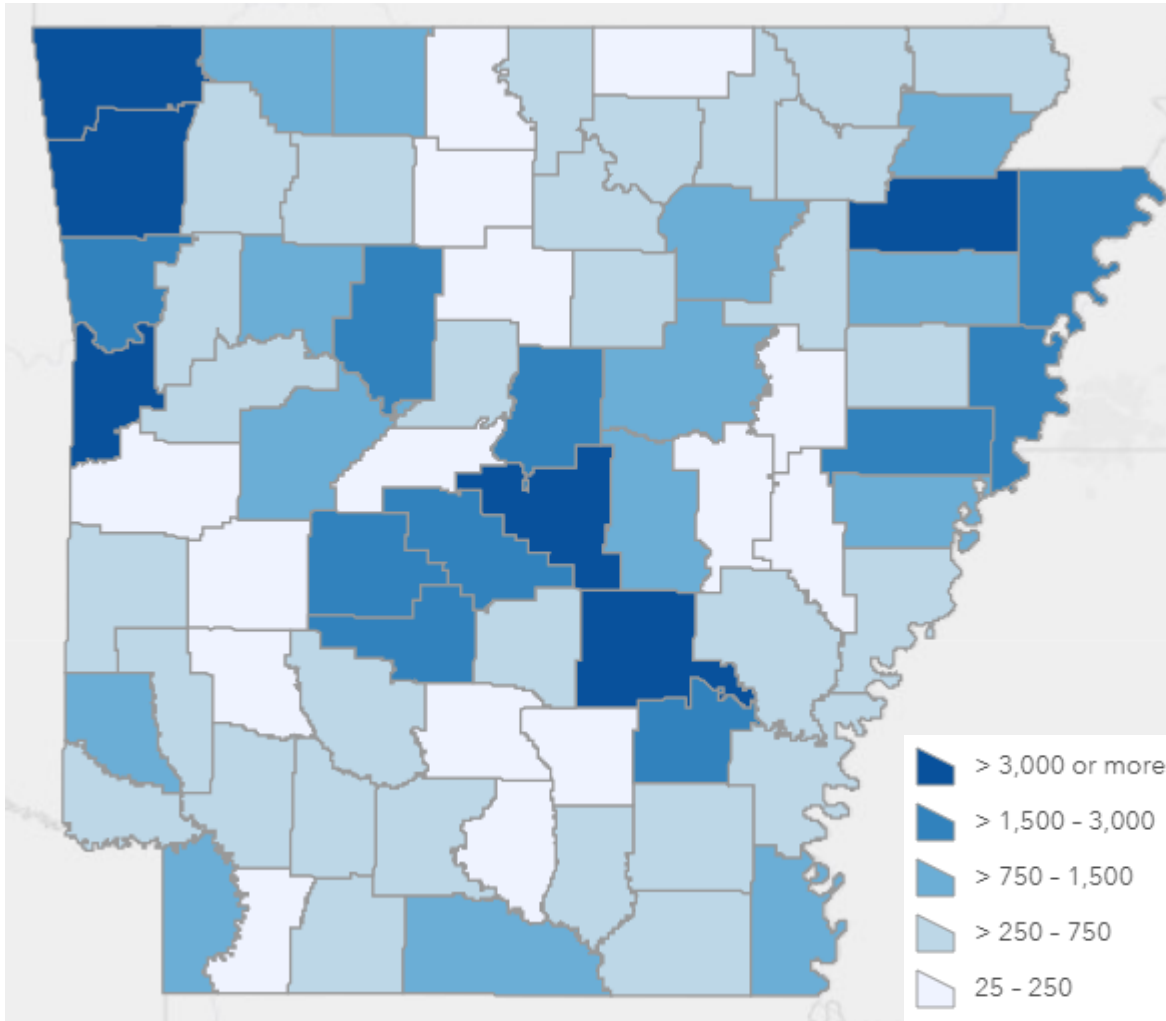
10.16.2020

OBJECTIVES

- Present analyses regarding COVID-19 impact on plan
- Review COVID-19 test utilization and related costs
- Assess updated output on COVID-19-related telemedicine utilization within plan, including related costs and service utilization by diagnoses
- Upcoming analyses on bariatric surgery and influenza vaccination



COVID-19 IN ARKANSAS



Total COVID-19 Cases

96,524

Confirmed Cases

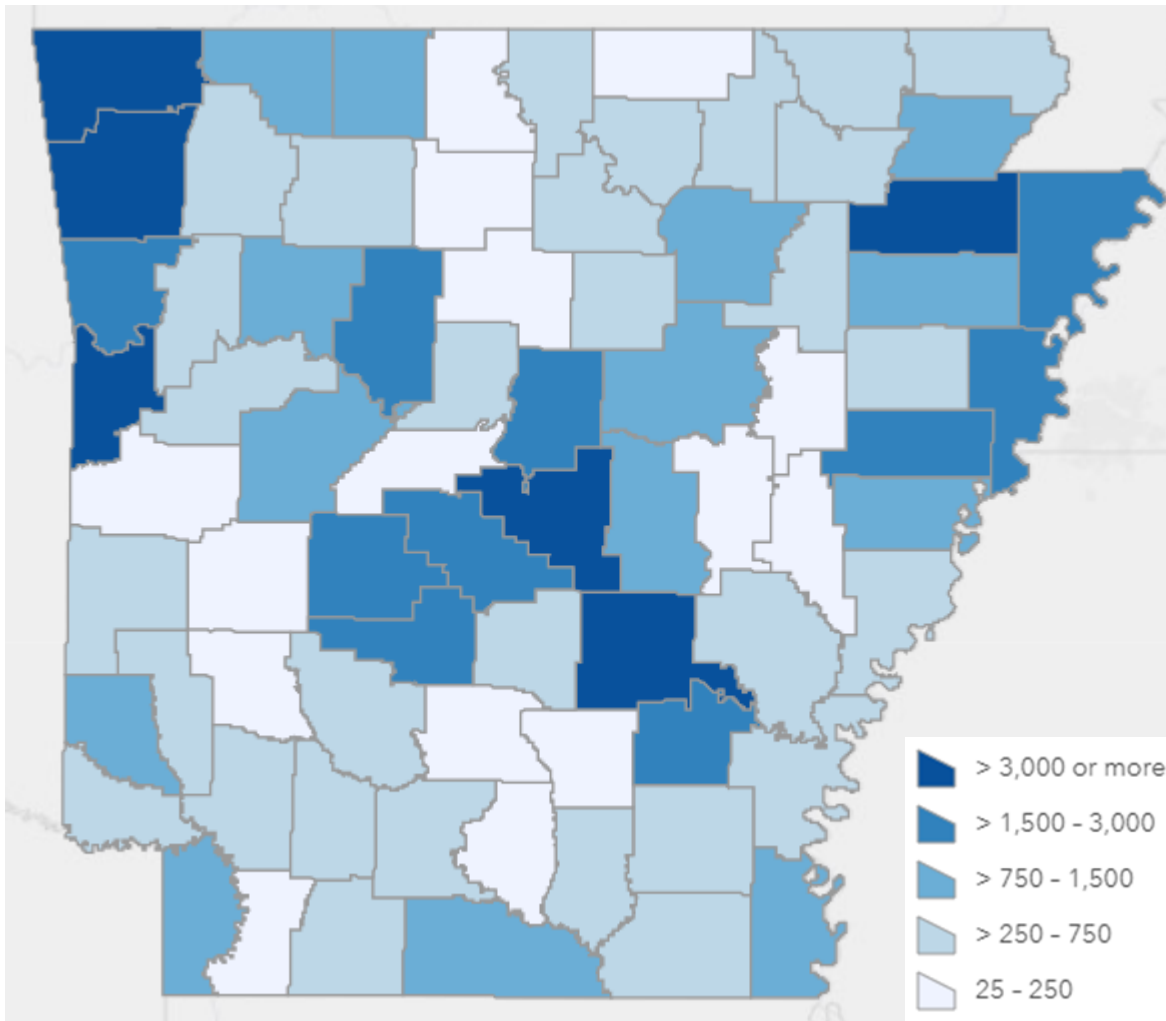
91,303

Probable Cases

5,221



COVID-19 IN ARKANSAS



Hospitalized: 594

On Ventilators: 106

Confirmed Deaths: 1,494

Probable Deaths: 151



COVID-19 ANALYSES

- Data from March 16–October 5, 2020
- Estimated total members ever tested: 47,231
- Total with positive test: 4,361 (ASE=2,145, PSE=2,216)
- Total Antigen or verbal positive probable infections: 390
- Tests paid for by EBD (April–July 24, 2020): 15,875

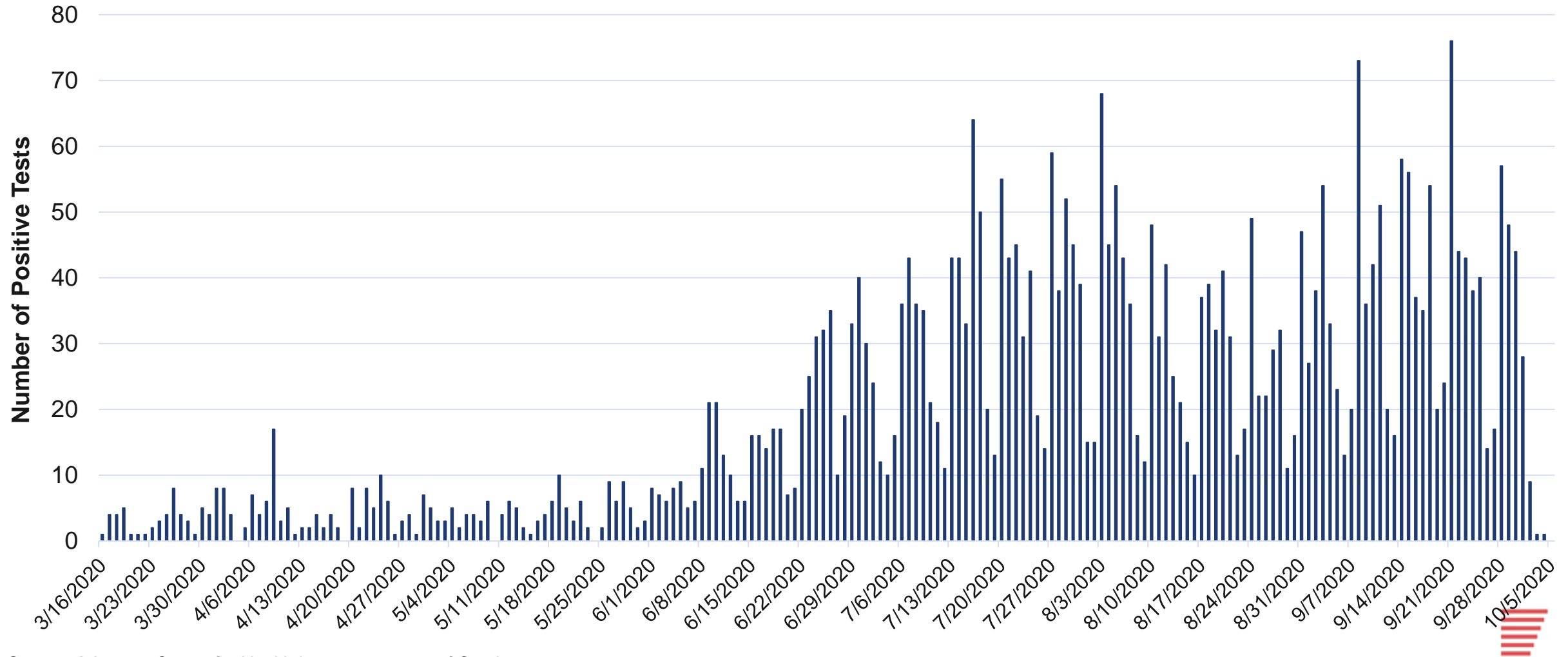


COVID-19 ANALYSES

- Total members ever hospitalized: 268 (ASE=137, PSE=131)
- Total members ever in ICU: 91 (2.1% of positive cases)
- Total members ever intubated: 40 (0.9% of positive cases)
- Deaths: 37



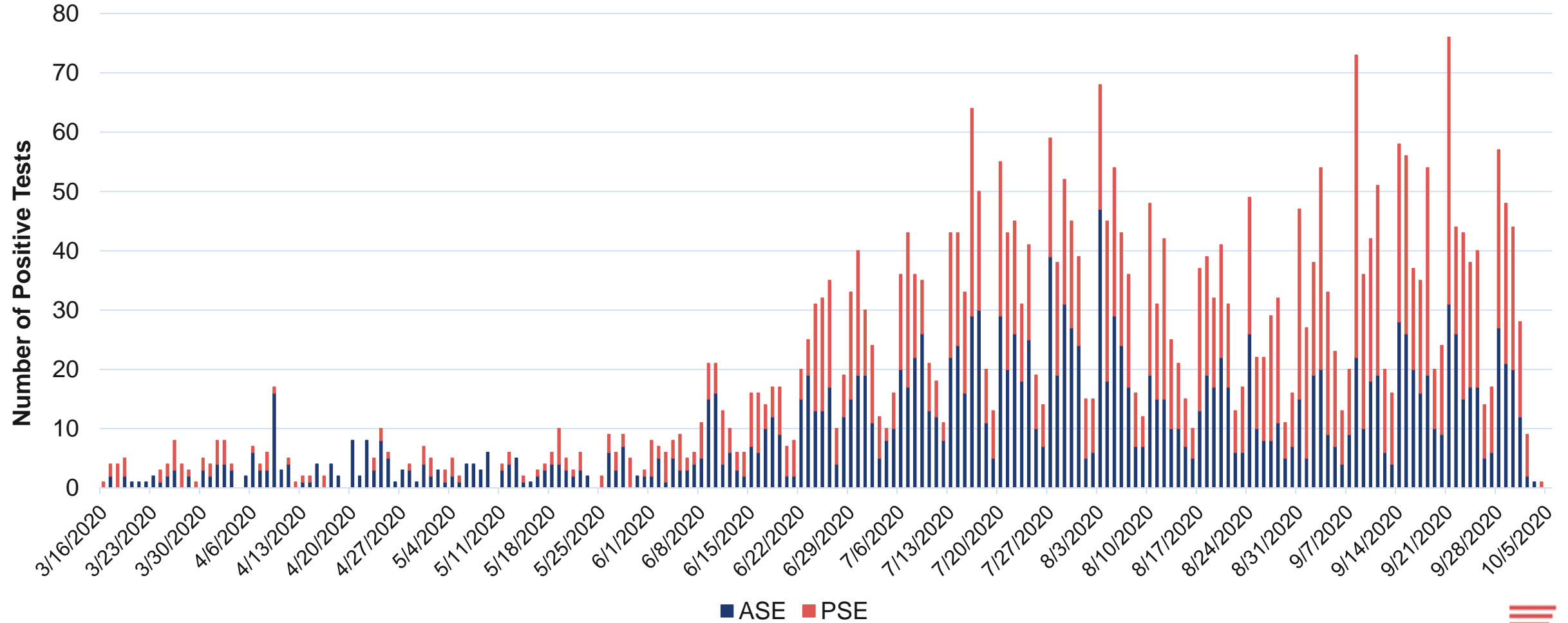
DAILY POSITIVE TEST COUNT — EBD MEMBERS



Source: Arkansas Center for Health Improvement, as of October 5



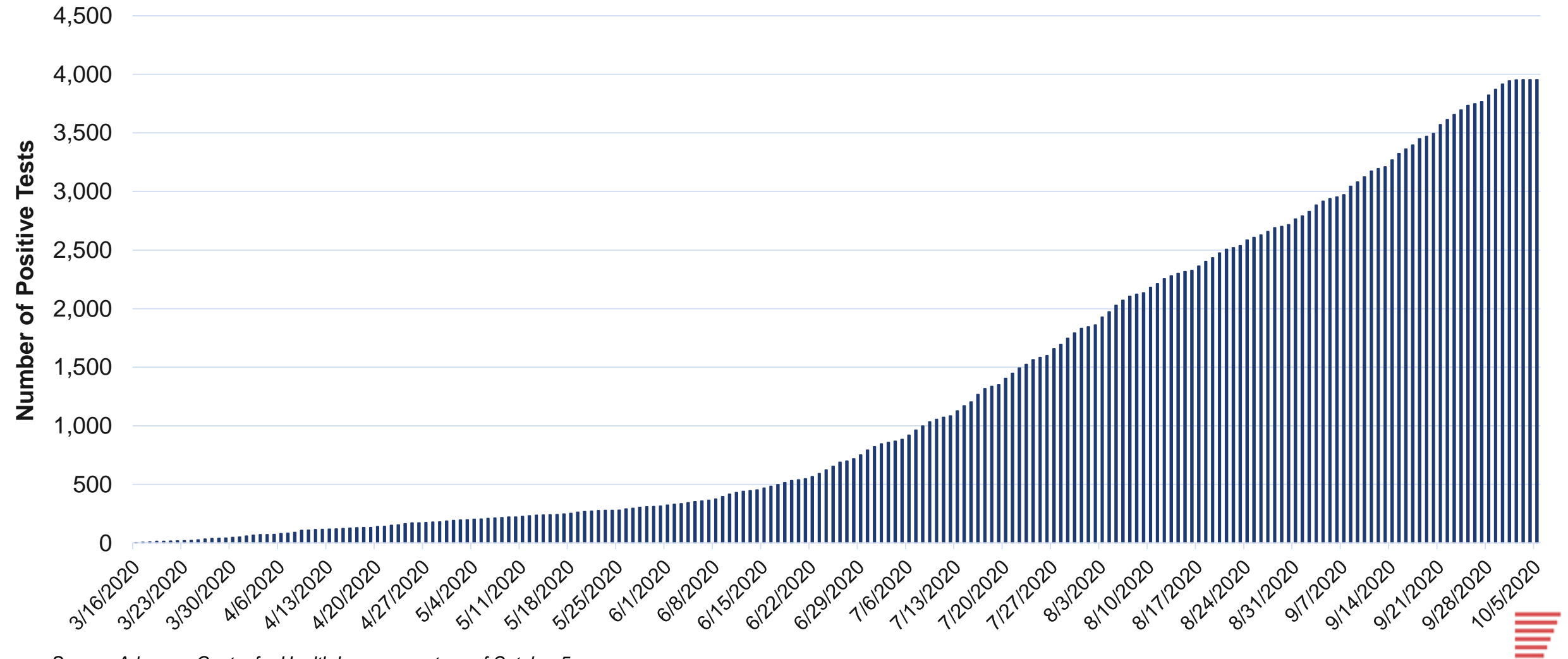
DAILY POSITIVE TEST COUNT BY ASE & PSE



Source: Arkansas Center for Health Improvement, as of October 5



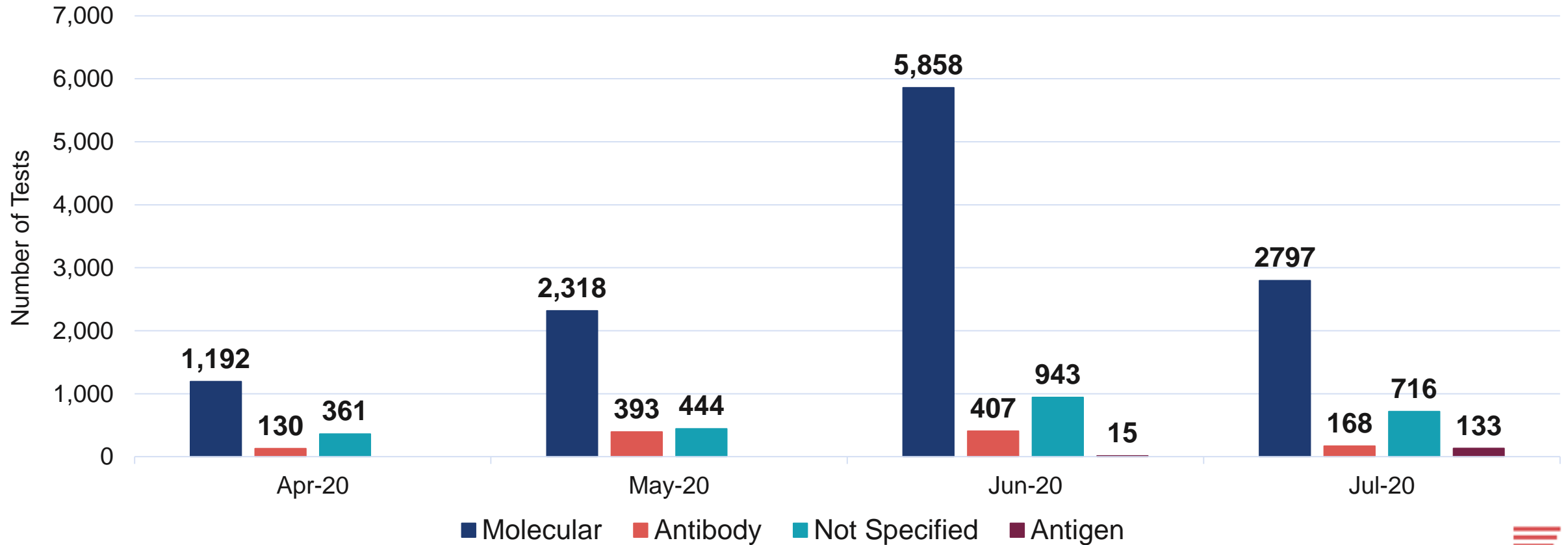
TOTAL POSITIVE TEST COUNT — EBD MEMBERS



Source: Arkansas Center for Health Improvement, as of October 5



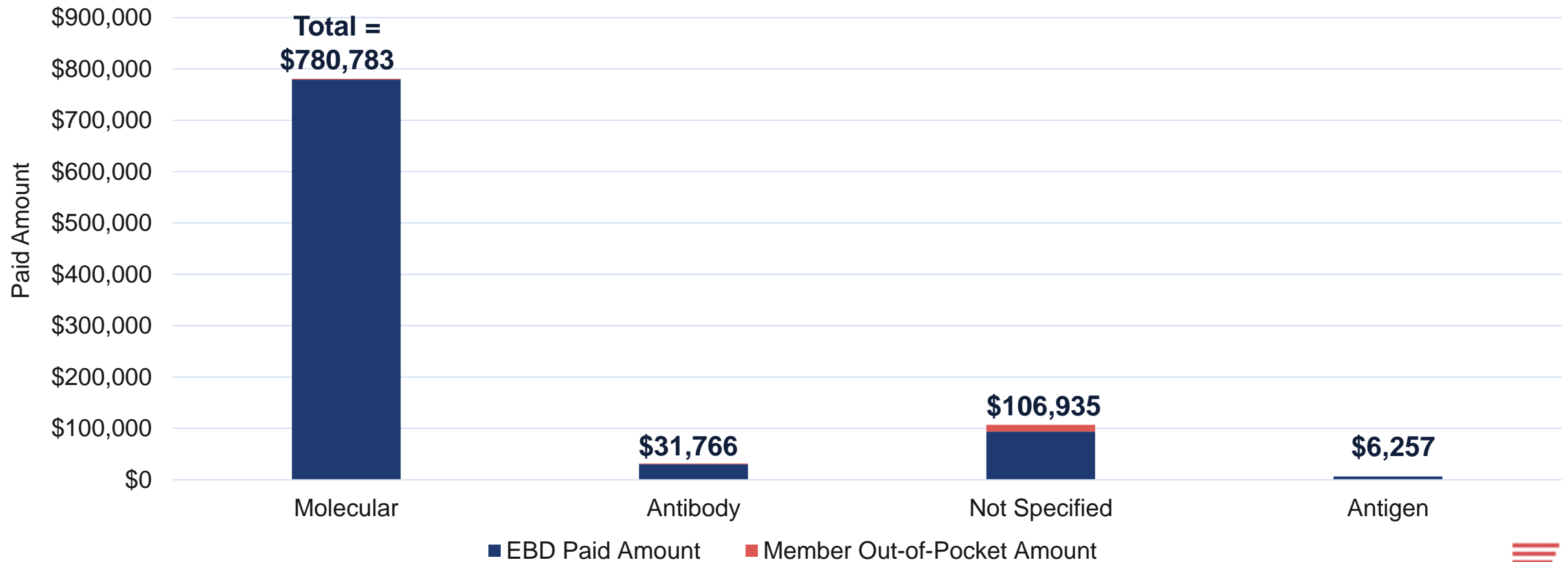
COVID-19 TEST VOLUME BY TYPE WITHIN PLAN (APRIL–JULY 24, 2020)



Source: Arkansas Center for Health Improvement



EBD PLAN PAID AMT. & MEMBER OUT-OF-POCKET AMT. FOR COVID-19 TESTS, APRIL-JULY 24, 2020



Source: Arkansas Center for Health Improvement



COVID-19 TESTING & OTHER COVID-19-RELATED COSTS WITHIN PLAN (APRIL—JULY 24, 2020)

- Total costs for all COVID-19 tests = \$908,877 (average of \$57 per test)
- Outpatient (OP) or emergency department (ED) visits were associated with 6,058 of 15,875 tests (38.2%)
- Additional costs for associated OP or ED visits = \$323,553
- Total amount paid by the plan for testing and associated OP or ED visits = \$1,232,430



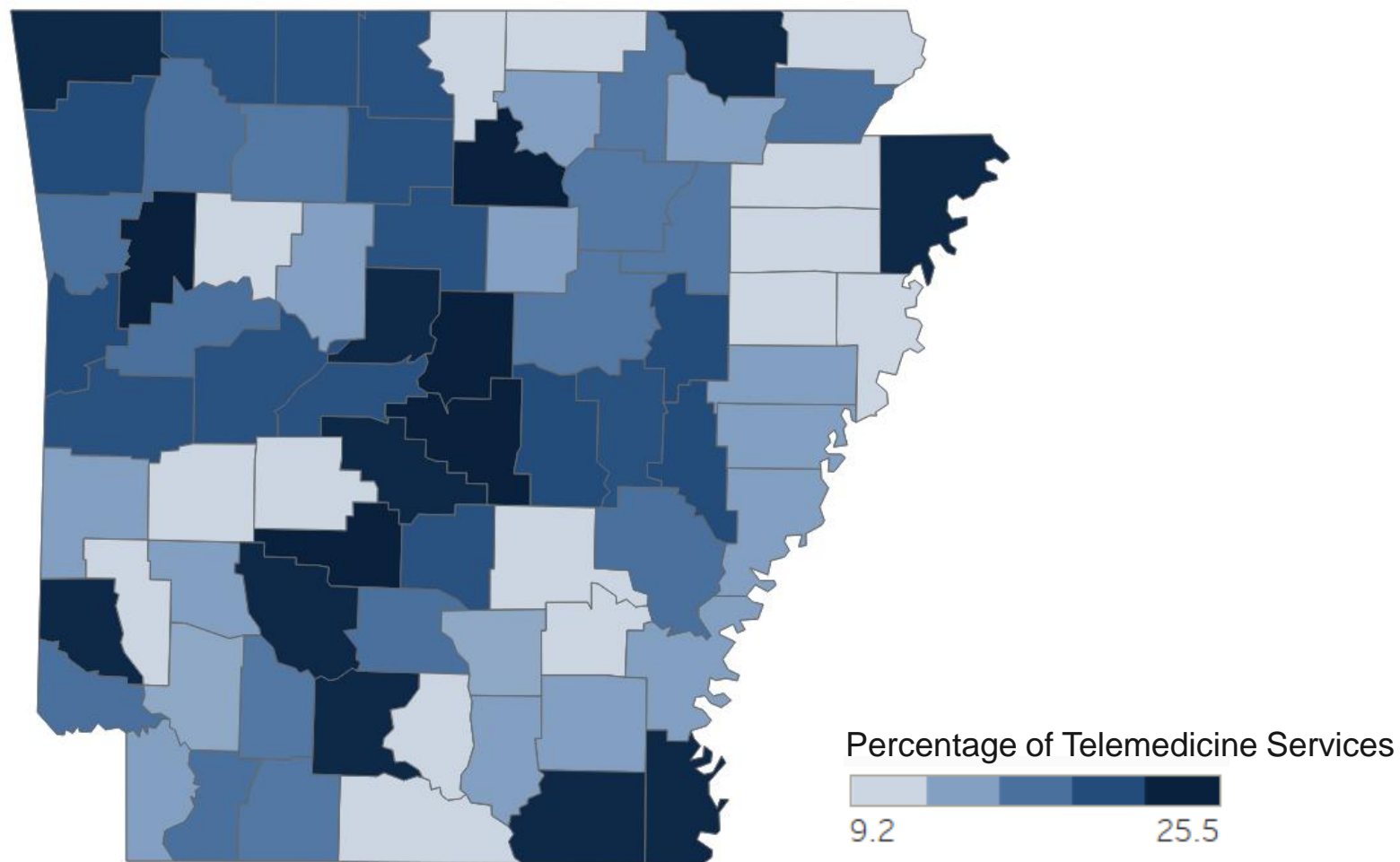
NEW TELEMEDICINE SERVICE UTILIZATION AMONG MEMBERS, APRIL–JULY 24, 2020

- Members utilizing telemedicine services: 25,836
- Members utilizing telemedicine services who did not in the previous six months (Oct. 2019-March 2020): 23,643
- Percent of first time telemedicine users (April-July 24, 2020) who did not use telemedicine in the previous six months: 92%



PROPORTION OF PRIMARY CARE AND MENTAL HEALTH VISITS DONE BY TELEMEDICINE, BY COUNTY, APRIL–JULY 24, 2020

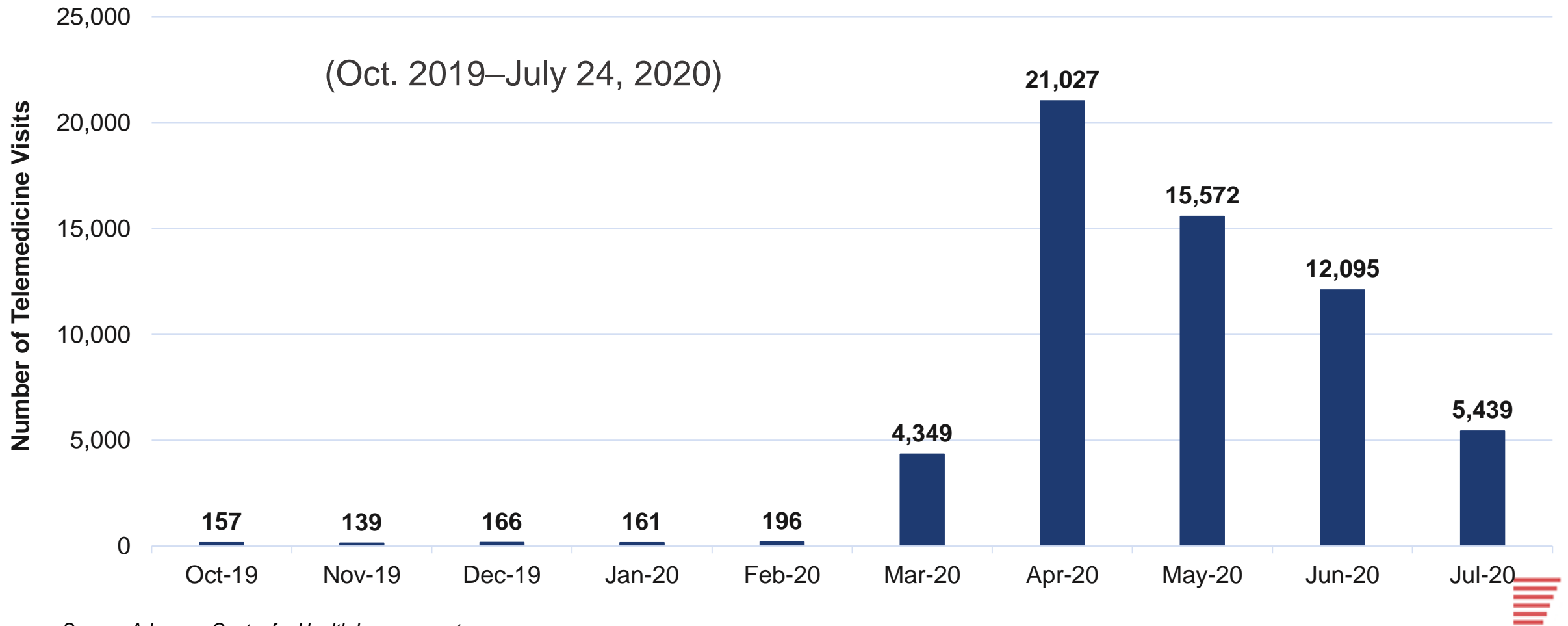
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Source: Arkansas Center for Health Improvement

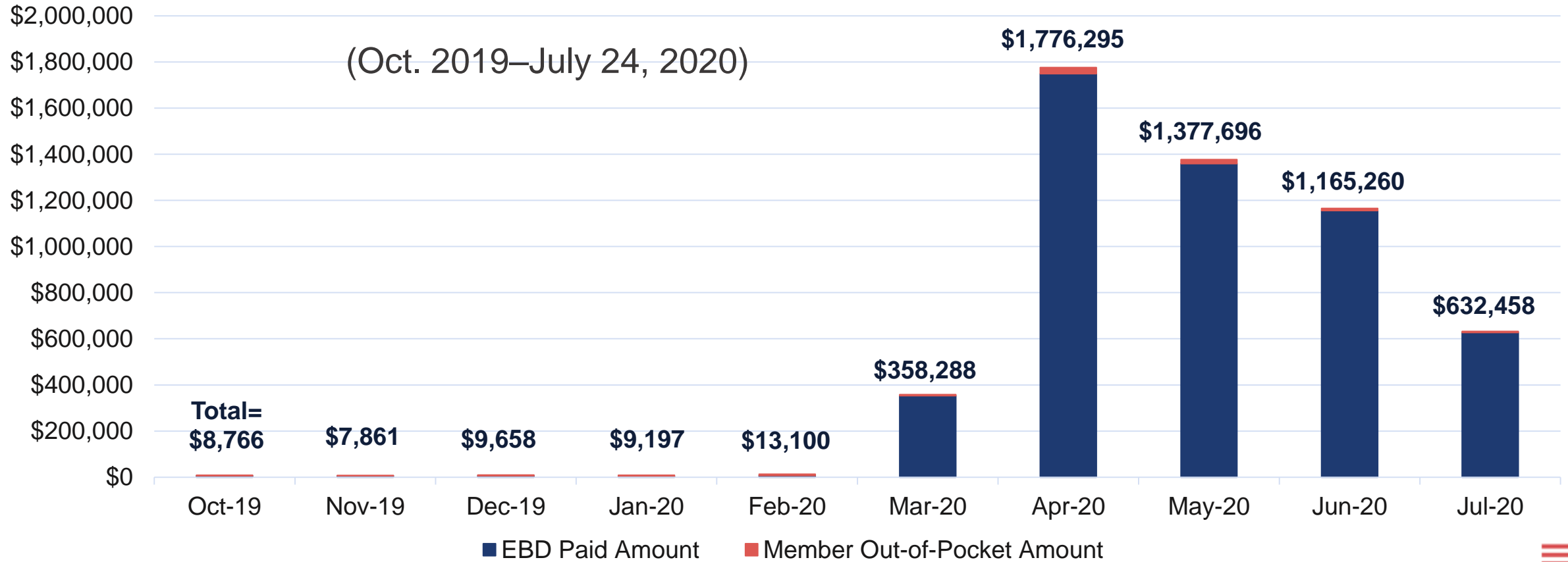


TELEMEDICINE SERVICE UTILIZATION WITH PLAN



Source: Arkansas Center for Health Improvement

TELEMEDICINE SERVICES: EBD PLAN PAID AMOUNT & MEMBER OUT-OF-POCKET AMOUNT



Source: Arkansas Center for Health Improvement



TELEMEDICINE SERVICE UTILIZATION BY TYPE WITHIN PLAN (MAY–JULY 24, 2020)



Source: Arkansas Center for Health Improvement



TELEMEDICINE SERVICE UTILIZATION BY DIAGNOSES (MAY–JULY 24, 2020)

Diagnosis	Number of Diagnoses
Mental health conditions	13,983
Essential (primary) hypertension	1,569
Type 2 diabetes mellitus	950
Musculoskeletal conditions	742
Contact with and (suspected) exposure to communicable diseases	474
Disorders of lipoprotein metabolism and other lipidemias	352
Specific developmental disorders of speech and language	352
Chronic ischemic heart disease	292
Hypothyroidism	285
Vasomotor and allergic rhinitis	285



UPCOMING ANALYSES: BARIATRIC SURGERY PROGRAM ASSESSMENT

- At the request of EBD leadership ACHI will update evaluation of bariatric surgery pilot program
- Assessment will include number of procedures (and type of surgery), associated costs, and updated review of bariatric surgery literature and evidence



UPCOMING ANALYSES: INFLUENZA IMPACT

- At the request of EBD leadership, ACHI will provide updated analysis of the impact of flu in the 2019–2020 season
- Assessment will include flu diagnoses, flu shot rates, and associated costs



NEXT STEPS

- Continue updates on impact of COVID-19 on plan
- Discuss framework/anticipated analyses for bariatric surgery program evaluation
- Revisit wellness program discussion, including flu vaccination
- Discuss 2019 health risk assessment analyses



State of Arkansas Employee Benefits Division

Interim Monitoring Report

Through September 30th

State and Public School Life and Health Insurance Benefits Subcommittee

Courtney White, FSA, MAAA

16 OCTOBER 2020



Agenda

- Arkansas State Employees (ASE)
 - Plan Experience
- Public School Employees (PSE)
 - Plan Experience
- 2020 and Beyond Roadmap
- Appendices
 - A. Plan summary
 - B. Assumptions / methodology
 - C. Limitations & caveats

Arkansas State Employees (ASE)

Executive Summary

- 2020 & 2021 projections updated to incorporate claims data incurred from March 2019 to February 2020 and paid through September 2020.
- 2020 projected plan experience
 - Allocated reserves for 2020 is \$25.1M
 - Estimated deficit of \$4.1M
 - End of Year Assets: \$67.4M
 - Incorporate estimated impact of COVID from deferred services, pent-up demand, and treatment / testing costs
 - No plan changes / 5% increase in employee contributions
- 2021 projected plan experience
 - Allocated reserves for 2021 is \$14.5M
 - Projected deficit: \$3.6M
 - End of Year Assets: \$49.4M
 - Reflected 2021 program initiatives
 - Increased membership based on historical patterns
 - Baseline trends (medical: 5%, pharmacy: 8%)
 - September 29, 2020 Board action (next slide)

Board Action – September 29, 2020

- Increased employee contribution for the Active employees, Pre-65 retirees, and Post-65 retirees by 5%
- \$25 per month stipend for Post-65 retirees opting out of pharmacy coverage
- Changed wellness credit from \$75 per month to \$50 per month for Active employees
 - Maintained \$0 employee contribution for Basic Plan with Wellness for Employee Only contracts
- Increased State funding from \$420 per eligible per month to \$450 per eligible per month
- No plan design changes

Total Plan Experience

<u>Funding</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
State Contribution	\$ 173.61	\$ 172.24	\$ 184.48
Employee Contribution	97.45	99.07	110.11
Other	23.47	21.65	21.80
Total Income	\$ 294.53	\$ 292.96	\$ 316.39
Medical Claims	\$ (194.58)	\$ (209.76)	\$ (221.48)
Pharmacy Claims	(86.58)	(95.91)	(108.75)
Administration Fees	(18.30)	(17.43)	(17.54)
Plan Administration	(2.90)	(2.79)	(2.81)
Total Expenses	\$ (302.37)	\$ (325.88)	\$ (350.58)
Program Savings	\$ -	\$ 3.73	\$ 16.17
Net Income / (Loss) Before Reserve Allocation	\$ (7.84)	\$ (29.19)	\$ (18.01)
Allocation of Reserves	\$ 21.70	\$ 25.08	\$ 14.46
Net Income / (Loss) After Reserve Allocation	\$ 13.86	\$ (4.11)	\$ (3.56)

<u>Average Membership</u>			
Active Employees / Pre-65 Retirees	47,754	46,628	46,628
Post-65 Retirees	13,344	13,769	14,182
Total Enrolled	61,098	60,397	60,810

Total Income PMPM¹	\$ 431.32	\$ 438.83	\$ 453.39
Total Expenses PMPM²	\$ (412.41)	\$ (444.50)	\$ (458.27)

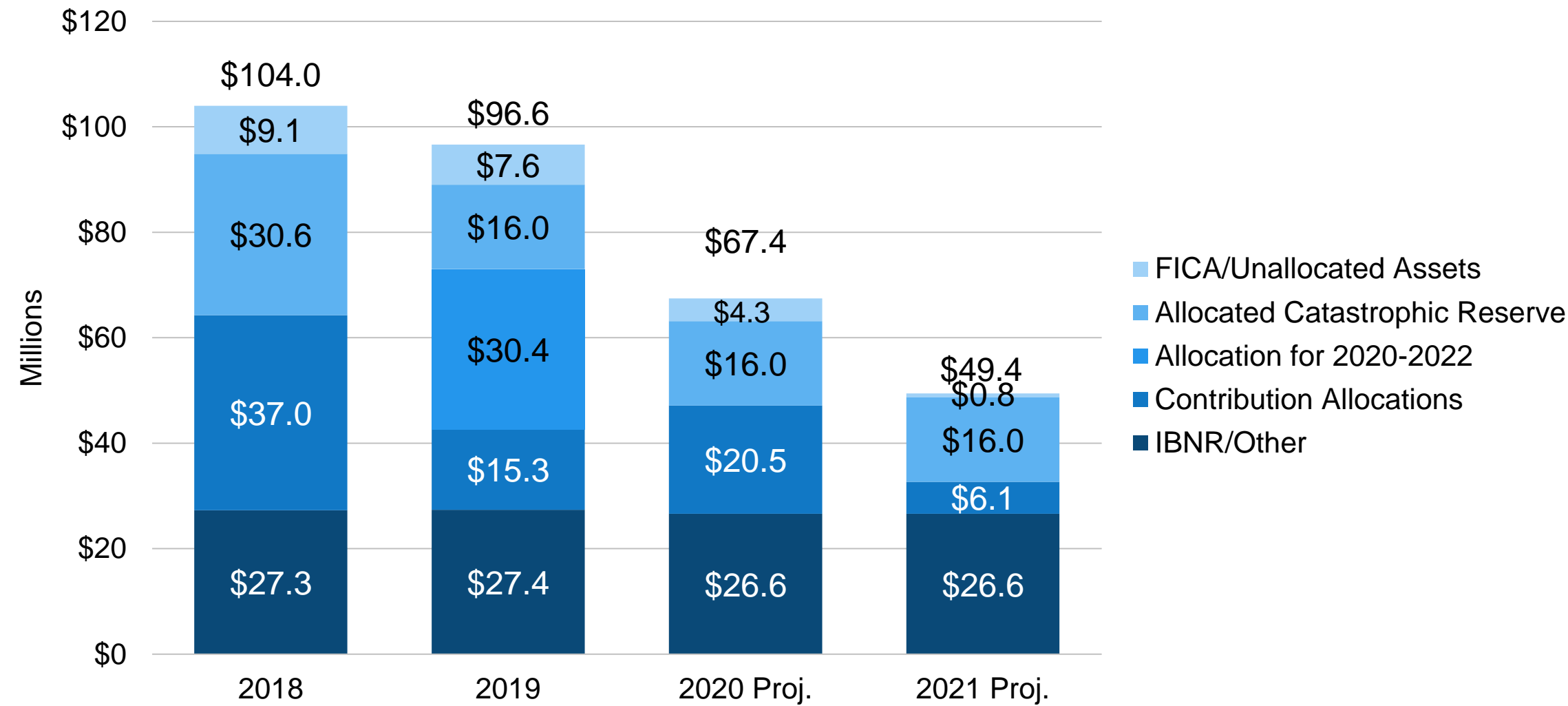
¹ Allocation of Reserves included in Total Income

² Total Expenses offset by Program Savings

Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets (\$millions)			
(a)	2019	End-of-Year Assets	\$96.6
(b)	2020	Allocated Assets	(\$25.1)
(c)		Total Surplus / (Deficit)	(\$4.1)
(d) = (a) + (b) + (c)		End-of-Year Assets	\$67.4
(e)	2021	Allocated Assets	(\$14.5)
(f)		Total Surplus / (Deficit)	(\$3.6)
(g) = (d) + (e) + (f)		End-of-Year Assets	\$49.4

End of Year Assets

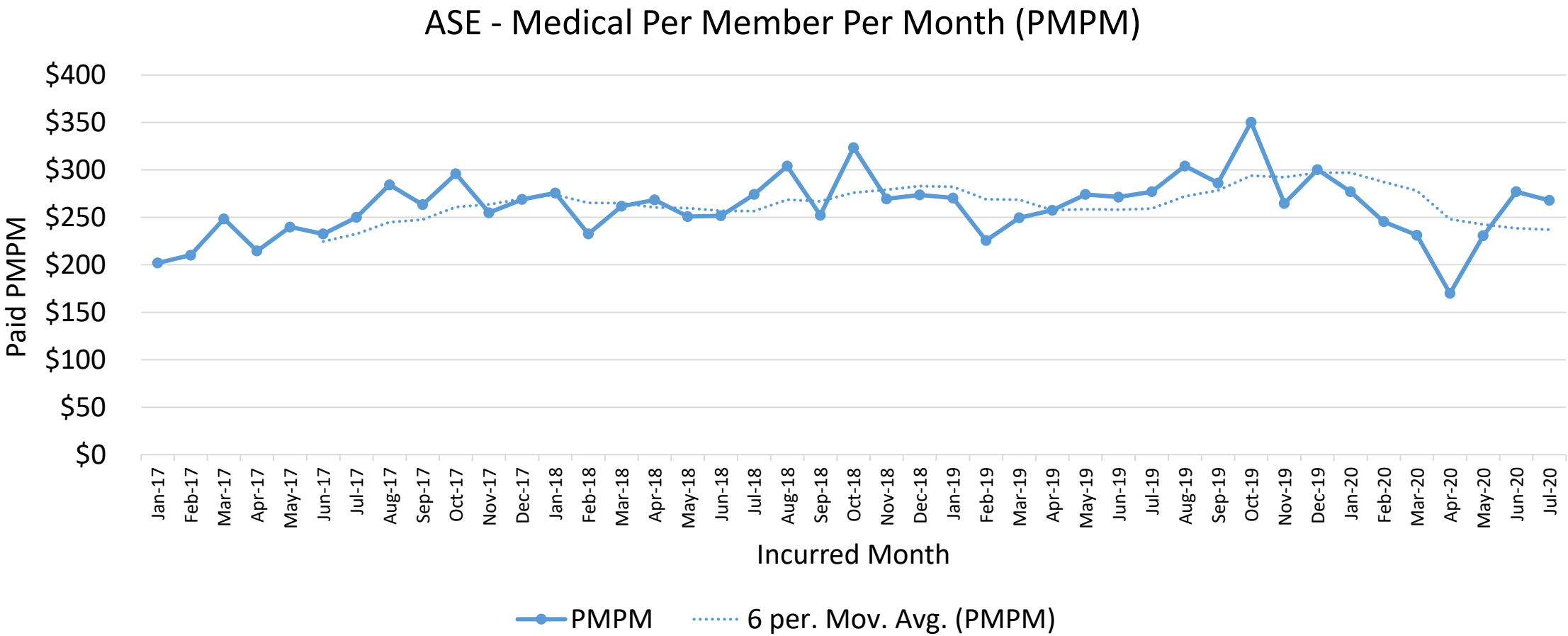


Early 2022 Snapshot

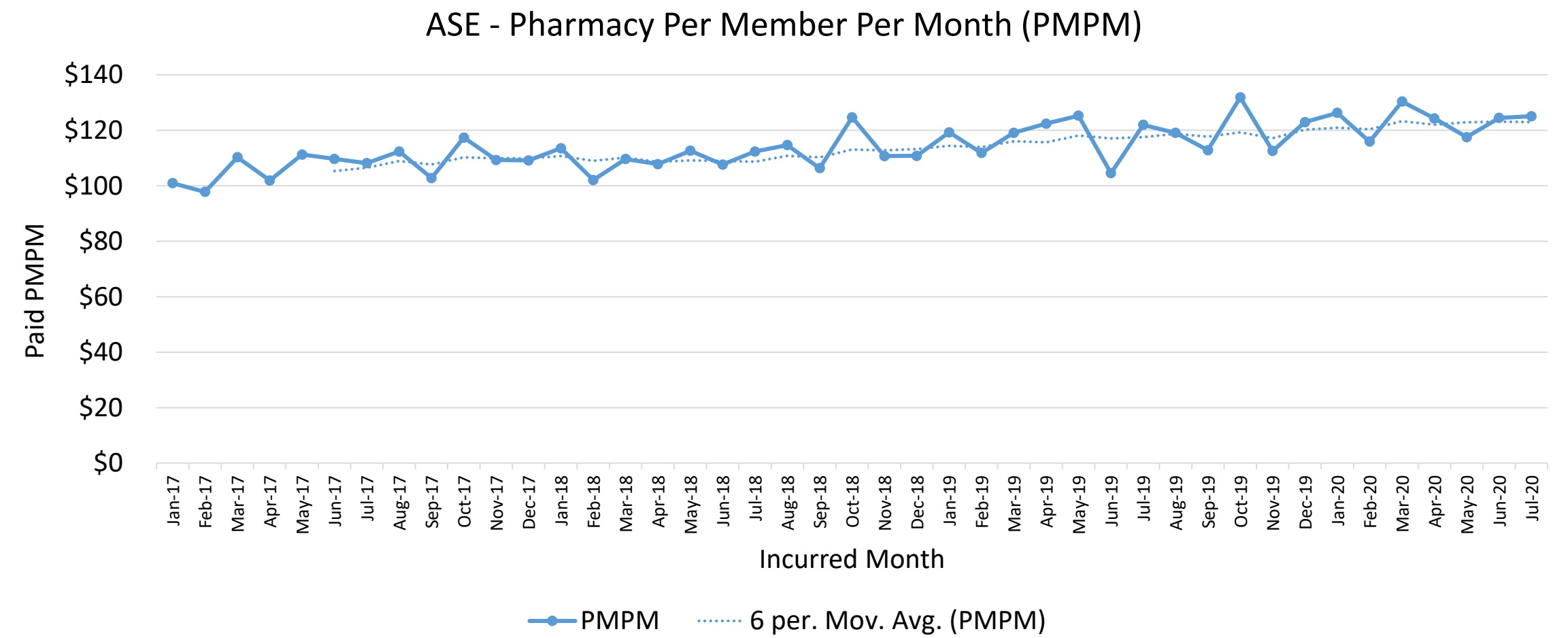
<u>Funding</u>	<u>2022</u>
State Contribution	\$ 184.48
Employee Contribution	\$ 110.86
Other	\$ 21.80
Total Income	\$ 317.14
Medical Claims	\$ (234.15)
Pharmacy Claims	\$ (118.25)
Administration Fees	\$ (17.66)
Plan Administration	\$ (2.92)
Total Expenses	\$ (372.97)
Program Savings	\$ 16.28
Net Income / (Loss) Before Reserve Allocation	\$ (39.54)
Allocation of Reserves	\$ 6.10
Net Income / (Loss) After Reserve Allocation	\$ (33.44)

- Key Assumptions
 - 2021 state contributions - \$450 per budget employee per month
 - No changes to Employee Contributions or Other
 - Headcount
 - Active/Pre-65: 0%
 - Post-65: +3%
 - Trends
 - Medical: +5%
 - Pharmacy: +8%
 - Admin: +0%
 - Plan Admin: +3%
 - Allocation of reserves based on 2019 surpluses

Monthly Trend - Medical



Monthly Trend - Pharmacy



Public School Employees (PSE)

Executive Summary

- 2020 & 2021 projections updated to incorporate claims data incurred from March 2019 to February 2020 and paid through September 2020.
- 2020 plan experience
 - Allocated reserves for 2020 is \$25.3M
 - Estimated deficit of \$11.6M
 - End of Year Assets: \$112.1M
 - Incorporate estimated impact of COVID from deferred services, pent-up demand, and treatment / testing costs
 - No plan changes / 0% increase to employee contributions
- 2021 projected plan experience
 - Allocated reserves for 2021 is \$15.5M
 - Projected deficit: \$25.2M
 - End of Year Assets: \$71.5M
 - Reflected 2021 program initiatives
 - Increased membership based on historical patterns
 - Baseline trends (medical: 7%, pharmacy: 8%)
 - September 29, 2020 Board action (next slide)

Board Action – September 29, 2020

- Changed wellness credit from \$75 per month to \$50 per month for Active employees
- Increased Department of Education funding from \$88.1M to \$108.1M
- No changes to Active employee, Pre-65 retiree, and Post-65 retiree contributions
- No plan design changes

Total Plan Experience

<u>Funding</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
PPE Funding	\$ 102.39	\$ 105.05	\$ 108.56
Employee Contribution	121.12	123.83	138.04
Dept of Ed Funding	88.10	88.10	108.10
Other	15.02	14.88	15.38
Total Income	\$ 326.64	\$ 331.87	\$ 370.08
Medical Claims	\$ (247.11)	\$ (270.84)	\$ (312.37)
Pharmacy Claims	(60.87)	(70.16)	(78.38)
Administration Fees	(28.46)	(28.09)	(29.11)
Plan Administration	(2.61)	(2.54)	(2.63)
Total Expenses	\$ (339.06)	\$ (371.63)	\$ (422.49)
Program Savings	\$ -	\$ 2.91	\$ 11.76
Net Income / (Loss) Before Reserve Allocation	\$ (12.42)	\$ (36.85)	\$ (40.66)
Allocation of Reserves	\$ 12.66	\$ 25.25	\$ 15.48
Net Income / (Loss) After Reserve Allocation	\$ 0.23	\$ (11.60)	\$ (25.18)

<u>Average Membership</u>			
Active Employees / Pre-65 Retirees	82,388	84,152	86,557
Post-65 Retirees	14,279	15,019	15,920
Total Enrolled	96,666	99,170	102,477

Total Income PMPM¹	\$ 292.50	\$ 300.09	\$ 313.53
Total Expenses PMPM²	\$ (292.29)	\$ (309.84)	\$ (334.00)

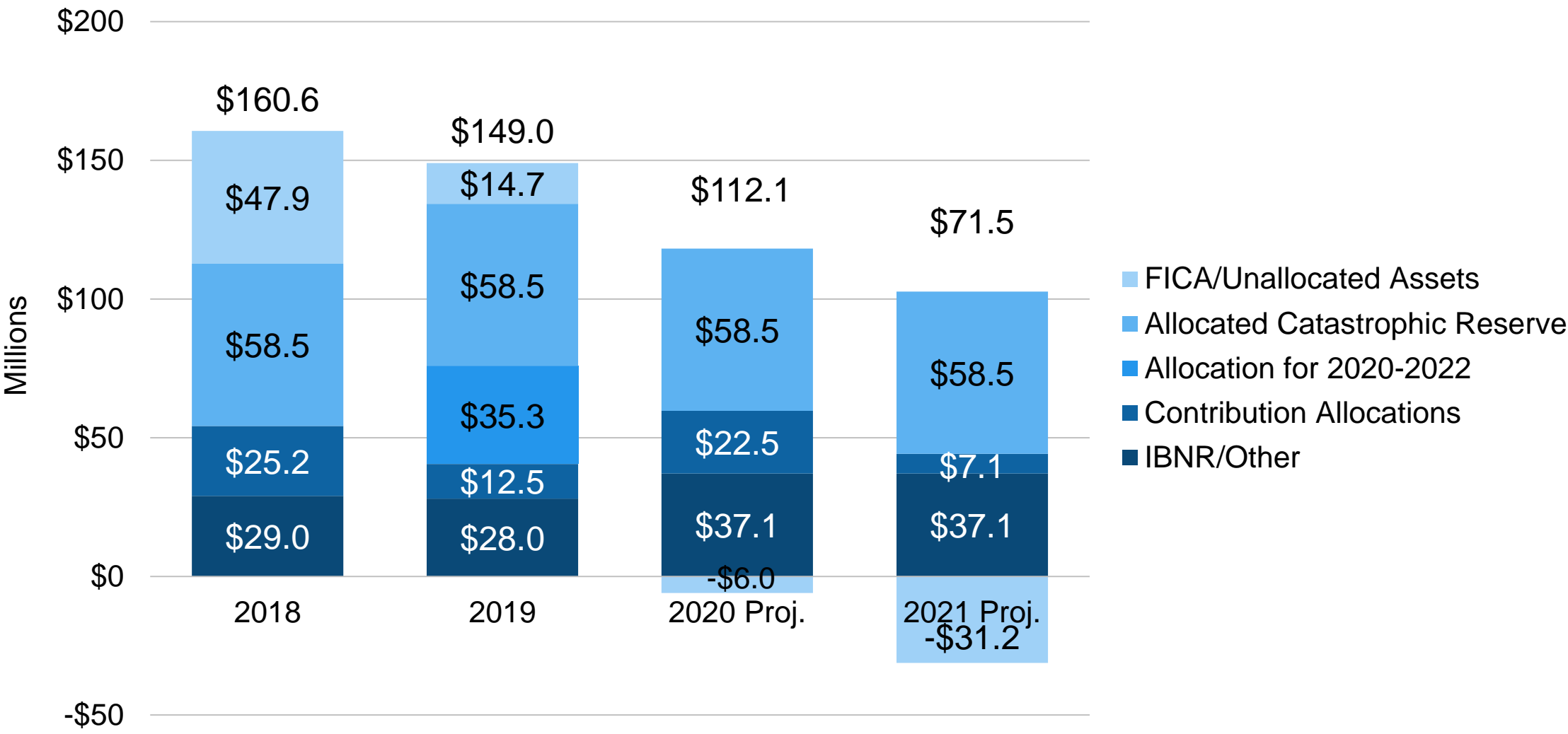
¹ Allocation of Reserves included in Total Income

² Total Expenses offset by Program Savings

Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets (\$millions)			
(a)	2019	End-of-Year Assets	\$149.0
(b)	2020	Total Income	(\$25.3)
(c)		Total Expenses	(\$11.6)
(d) = (a) + (b) + (c)		Allocated Assets	\$112.1
(e)	2021	Total Income	(\$15.5)
(f)		Total Expenses	(\$25.2)
(g) = (d) + (e) + (f)		Allocated Assets	\$71.5

End of Year Assets

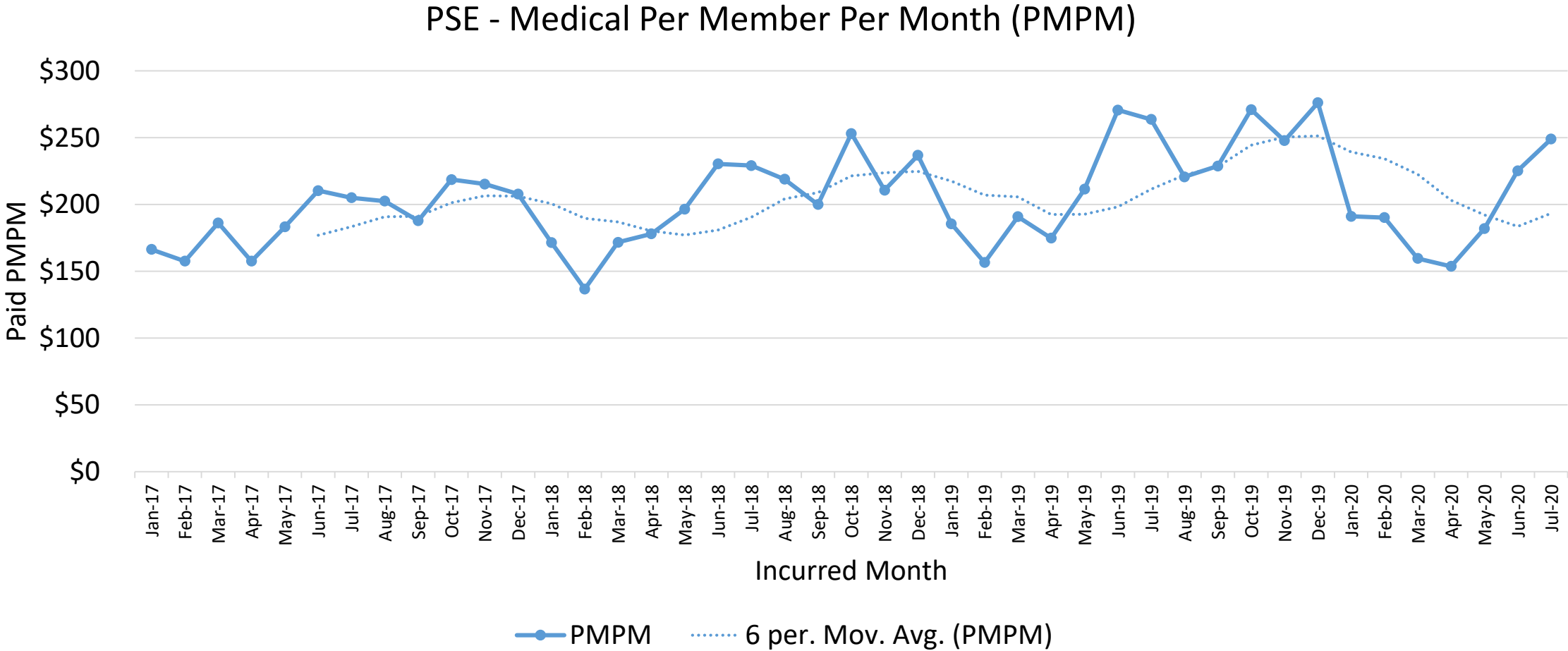


Early 2022 Snapshot

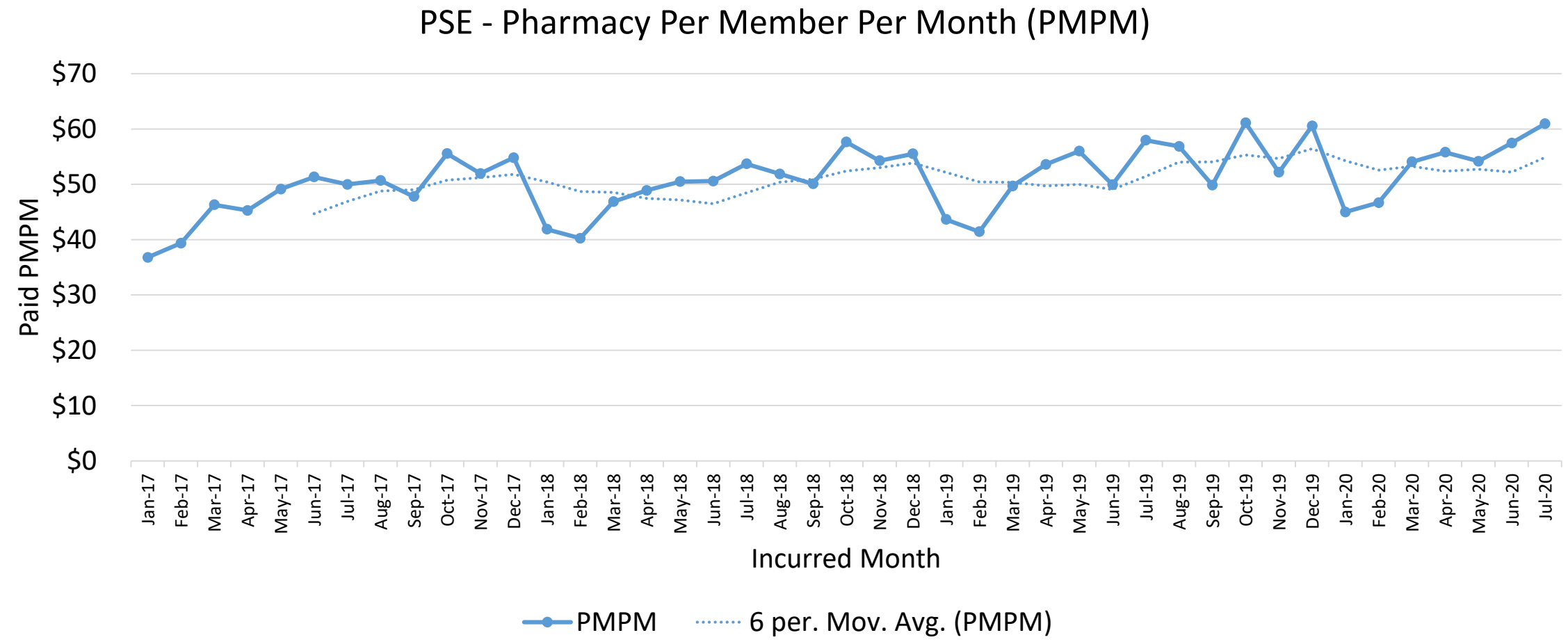
<u>Funding</u>	<u>2022</u>
PPE Funding	\$ 112.18
Employee Contribution	142.64
Dept of Ed Funding	108.10
Other	15.38
Total Income	\$ 378.30
Medical Claims	\$ (345.38)
Pharmacy Claims	(87.47)
Administration Fees	(30.08)
Plan Administration	(2.80)
Total Expenses	\$ (465.73)
Program Savings	\$ 12.15
Net Income / (Loss) Before Reserve Allocation	\$ (75.28)
Allocation of Reserves	\$ 7.10
Net Income / (Loss) After Reserve Allocation	\$ (68.18)

- Key Assumptions
 - No changes to PPE, DOE, Employee Contributions or Other
 - Headcount
 - Active/Pre-65: +3%
 - Post-65: +6%
 - Trends
 - Medical: +7%
 - Pharmacy: +8%
 - Admin: +0%
 - Plan Admin: +3%
 - Allocation of reserves based on 2019 surpluses

Monthly Trend - Medical

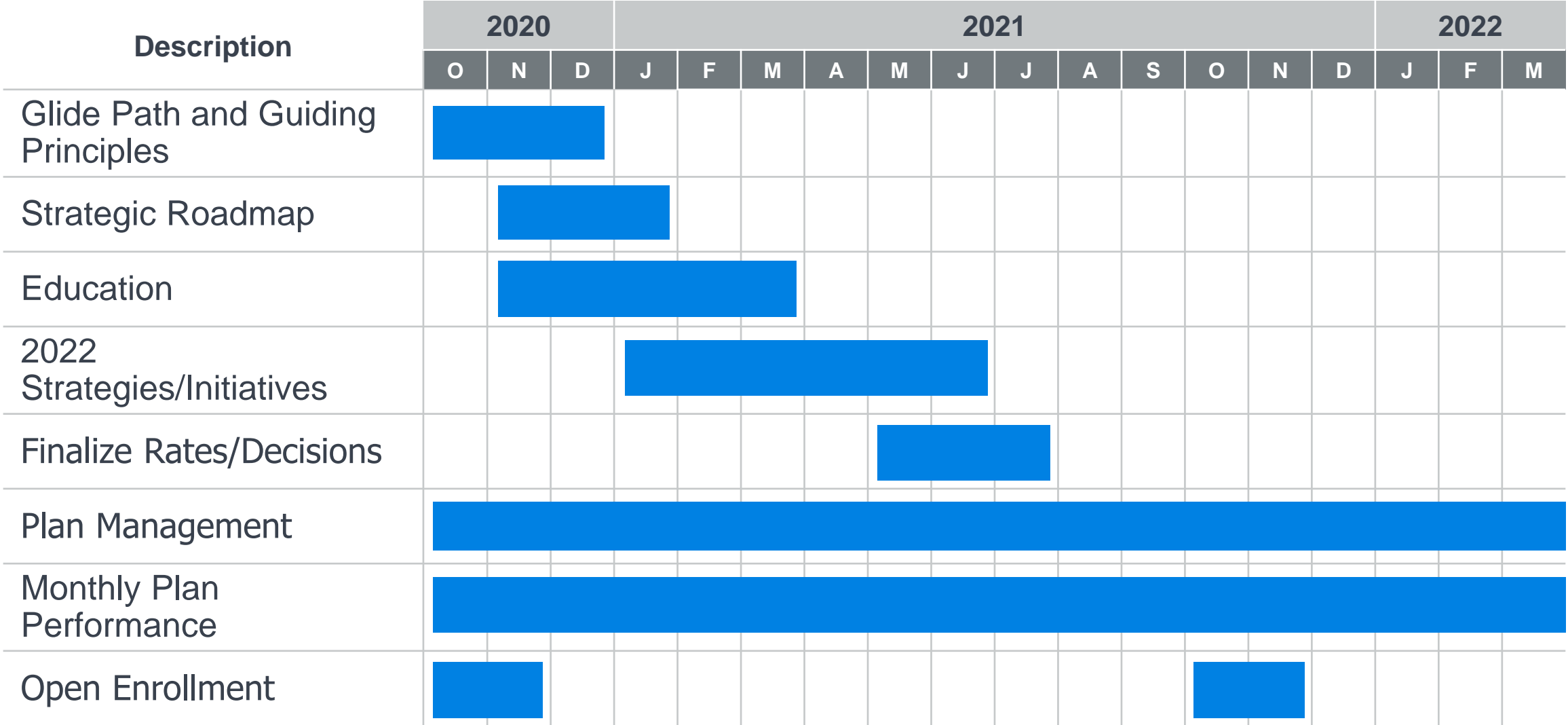


Monthly Trend - Pharmacy



2020 and Beyond Roadmap

Timeline: Gantt chart

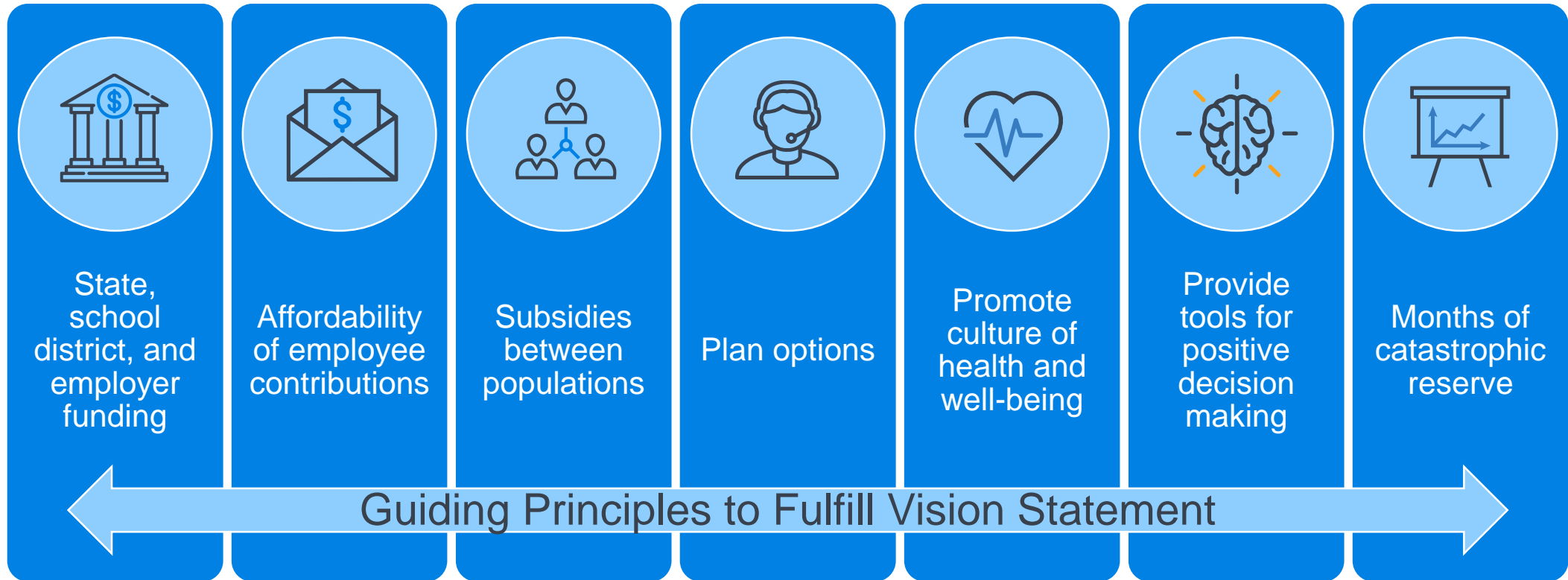


Strategic Glide Path

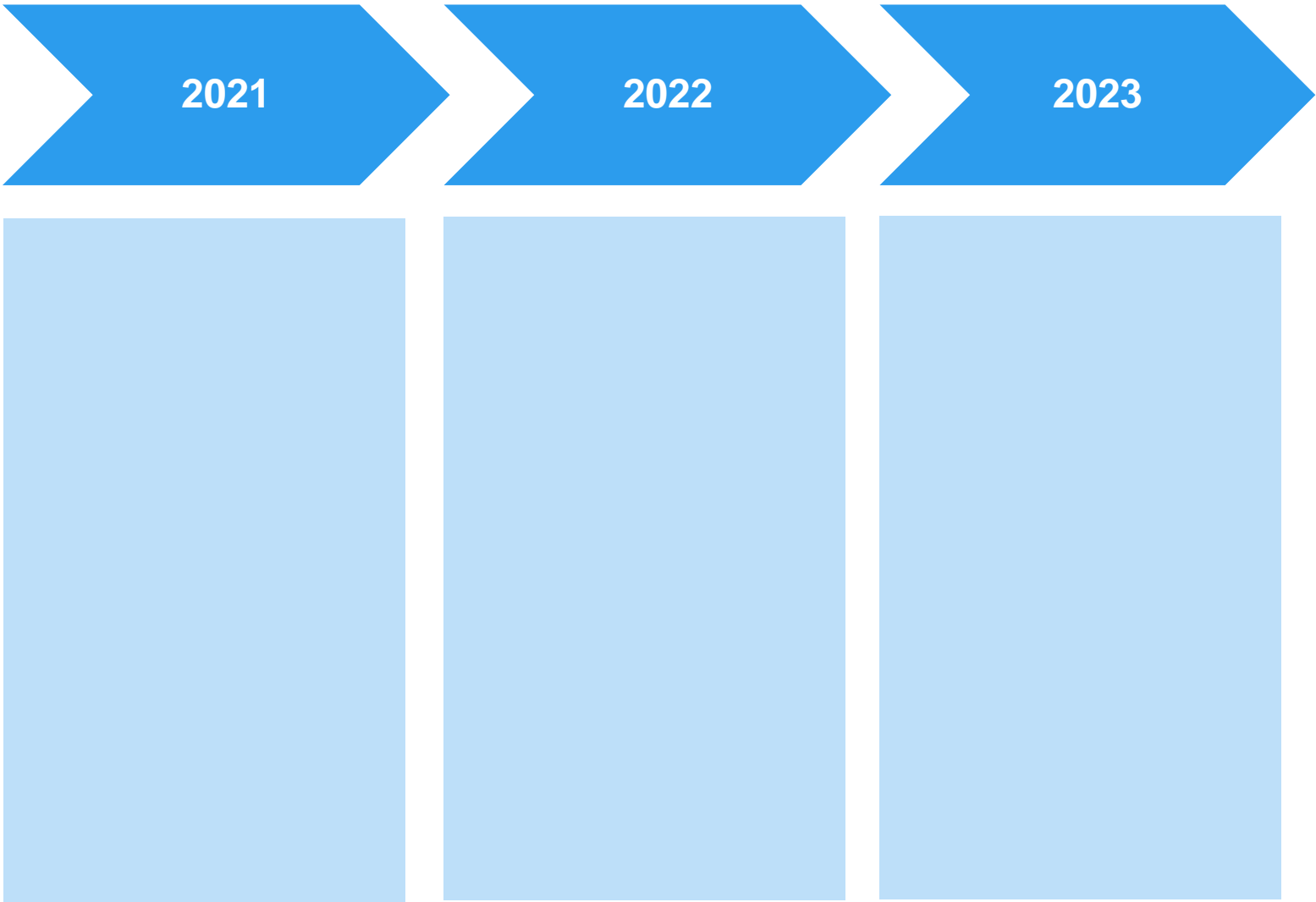
- Develop a shared understanding of mission, vision, and values for plan administration
- Guide and teach
- Use benchmarking to identify opportunities to improve plan performance
- Collaborate with Employee Benefits Division to review and assess the strategy and roadmap
- Support strategy process with data/analytic tools
- Address all facets of a strategic plan (substantive, tactical, political, financial, etc.)

Guiding Principles

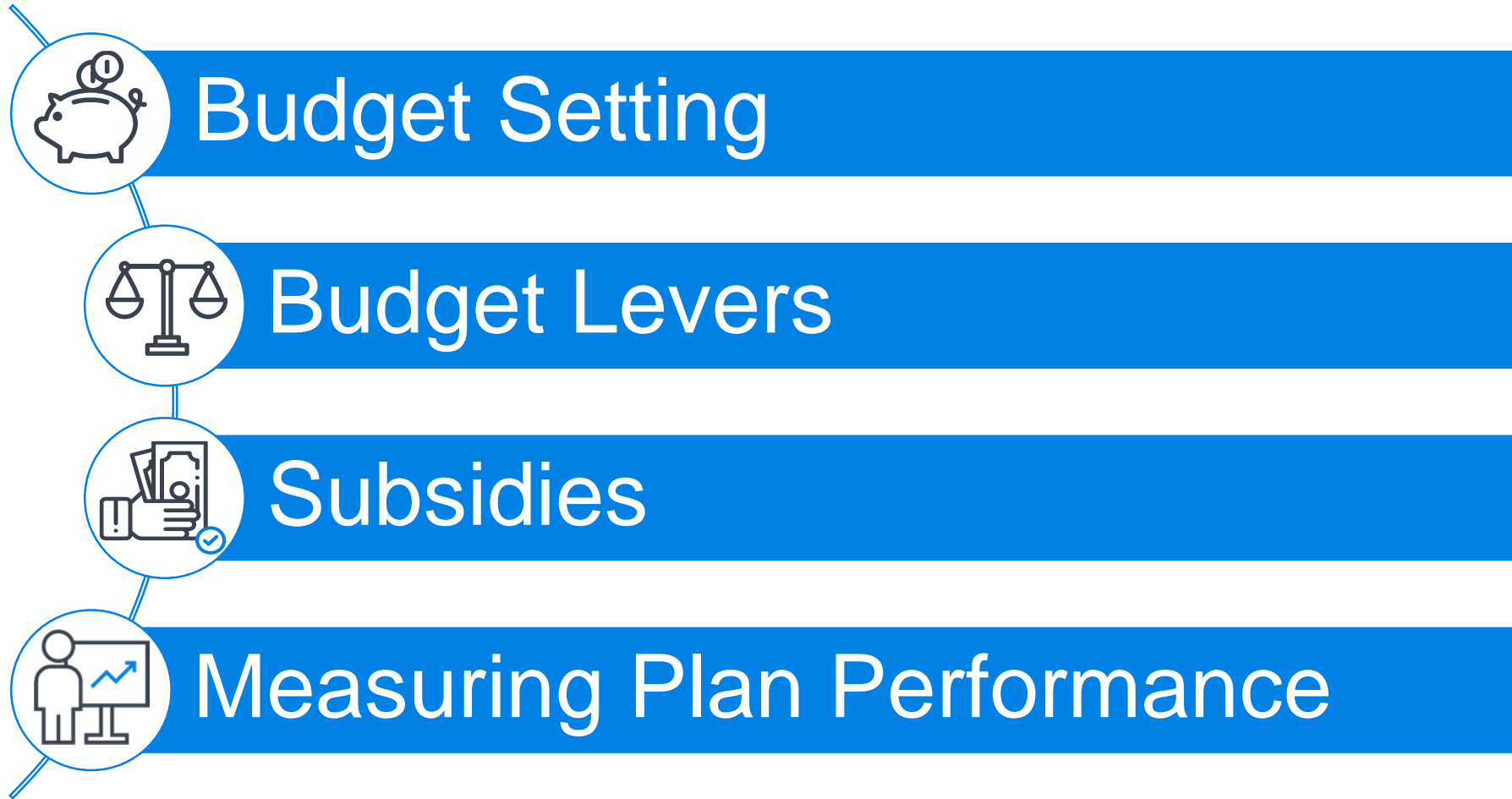
Vision Statement:



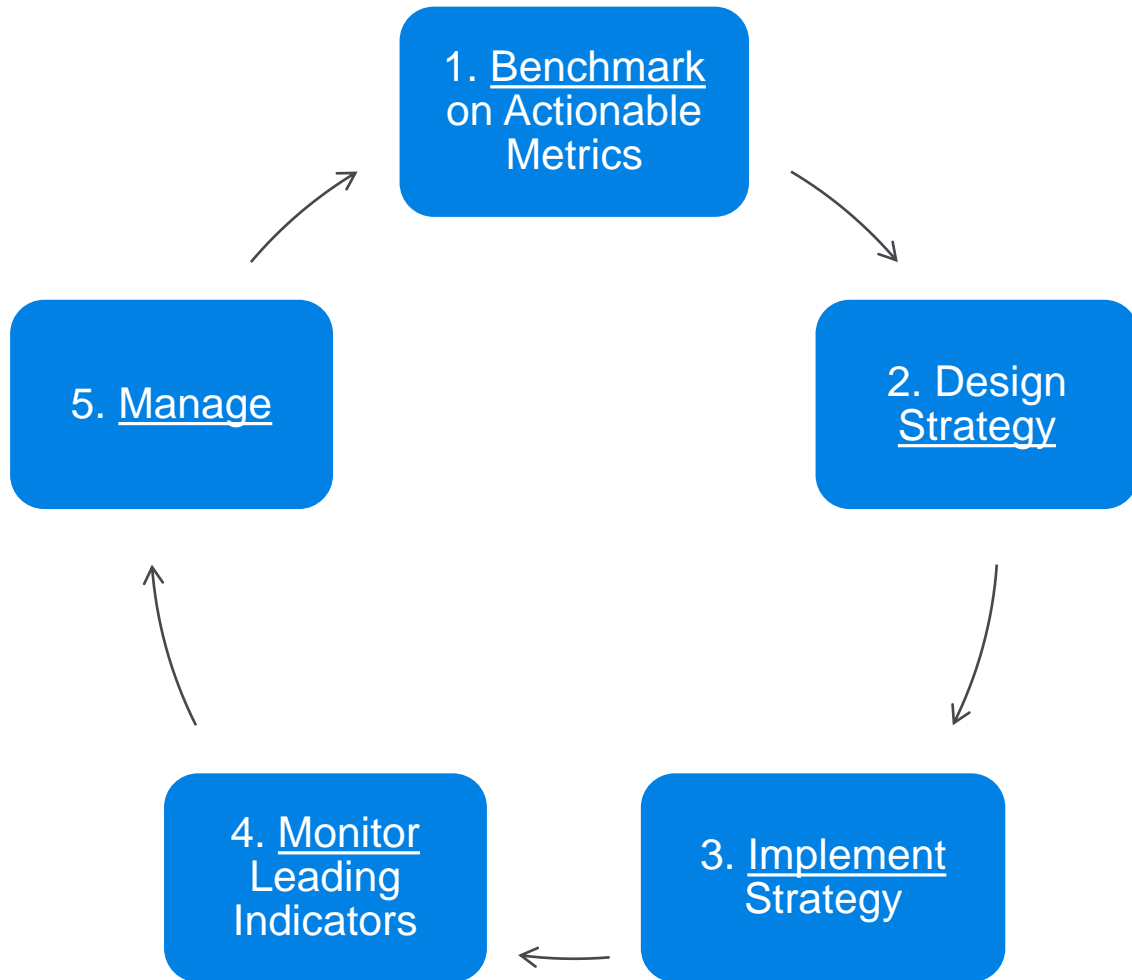
Road Map Looking Forward



Education



Performance Improvement Cycle and Strategy Development



Strategic Themes

- Plan Subsidization – transparent, fair, predictable with value to all parties
- Chronic Conditions – improve identification of members with care gaps to minimize complications
- Value of Care Received – reduce low-value services, drive to right setting and right providers
- Population Health

Hierarchy of Benchmarking Metrics

Risk-Adj Allowed PMPM

(Spending per Member Stratified for Condition Risk)

Utilization Efficiency

Risk-Adjusted RVUs/PMPM

(Relative Value of Utilization (RVU) Stratified by Top Condition)

Price Efficiency

Allowed Per RVU

Preference
Sensitive
Conditions

Chronic
Conditions

Optimal Site of
Service for
Non-Emergent
Conditions

Surgical
Complication
Rates

Low-Value
Services

Drilldown to
Detailed
Service
Category

Price Variation
Analyses

Preference Sensitive Conditions (PSC)

Conditions often treated with surgery that have alternatives that may be preferred by patient

Outcome Metrics: Preference Sensitive Conditions

RVU per PSC episode type (e.g., low back pain)

% of PSCs with surgical intervention

% of PSCs with low value tests

Leading Indicators (as % of PSC Episodes)

Plan notifications

Timely push notification of treatment options (via text or phone call)

Coaching delivered (live conversation or chat)

Tactic Map

PSCs

Plan Notification/
Approval
Requirement

Timely Push
Messaging
w/Connection Option

High-Value Specialist
Designation

Appointment Service
to High-Value
Specialists/COE

Centers of Excellence
(COE)

Coaching
Requirement

Plan Design

Common Tactics for Controlling Cost

$$\text{Cost} = \text{Utilization} \times \text{Price}$$

Utilization

Utilization Management	Formulary Management	Prior Authorization	Treatment Decision	Plan Benefits	Concurrent Review
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Price

Telemedicine / Onsite	Network Evaluation	Adjust R&C Levels	Reference Based Pricing	Center of Excellence	ACOs / Narrow Network	Direct Contracting
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Health Status

Wellness Program	Disease Management	Chronic Management	Biometric Screenings	Gym Membership	Healthy Lifestyle
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Plan Design / Administration

Claims Audit	Incentivize Behavior	Three-Tier Design	Plan Reduction	Eliminate / Change Plan Options
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Contribution

Increase Tobacco Surcharge	Reduce Wellness Credit	Working Spouse / Part-Time Surcharge	Increase Employee Cost Share	Salary Band Contributions	Per Unit Contribution
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Eligibility

Dependent Audit	Steer COBRA Participants to ACA Market	Working Spouse Must Enroll in Own Plan First	Eliminate Coverage for PT	Offer Retiree EGWP / PDP on Open Market	Exchange Offering (Active/Retiree)
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Monthly Plan Performance and Rate Development

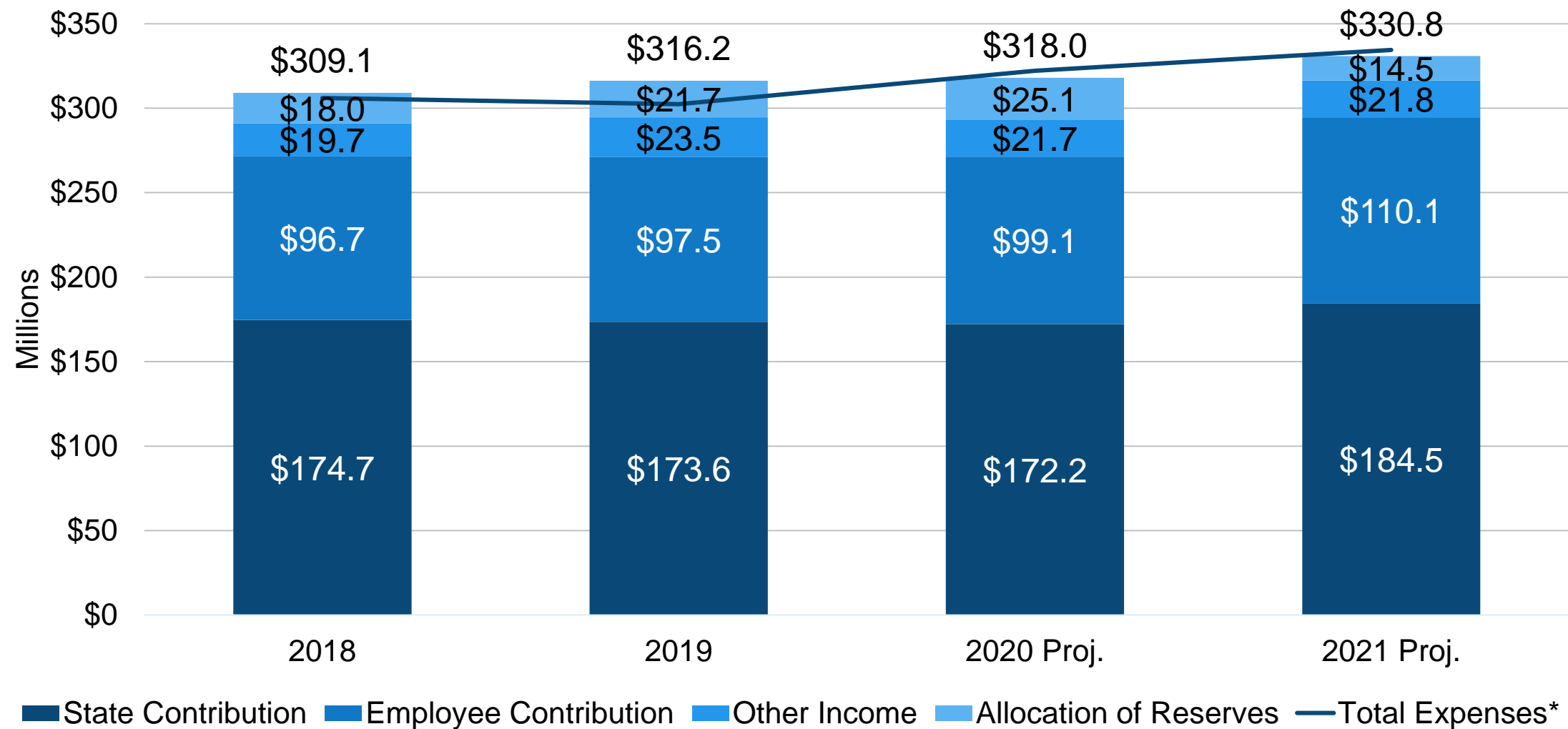
Funding	2019	2020
PPE Funding	\$ 102.39	\$ 105.05
Employee Contribution	121.12	123.83
Dept of Ed Funding	88.10	88.10
Other		

Funding	2019	2020
State Contribution	\$ 173.61	\$ 172.24
Employee Contribution		
Other		
Total Income	\$ 2	
Medical Claims	\$ (1	
Pharmacy Claims	(
Administration Fees	(
Plan Administration		
Total Expenses	\$ (3	
Program Savings	\$	
Net Income / (Loss) Before Res	\$	
Allocation of Reserves	\$	
Net Income / (Loss) After Reser	\$	

 ARKANSAS STATE ACTIVE EMPLOYEES MONTHLY PREMIUMS WITH WELLNESS 2021 Plan Year Rates - Effective January 1, 2021 - December 31, 2021				
	Base Monthly Premium	State & Plan Contribution	Total Monthly Employee Cost	Per-Payroll Deduction (24 payroll)
Premium				
Employee Only	\$552.28	\$408.30	\$143.99	\$71.99
Employee & Spouse	\$1,243.01	\$787.53	\$455.48	\$227.74
Employee & Child(ren)	\$927.68	\$664.16	\$263.52	\$131.76
Employee & Family	\$1,618.38	\$1,043.37	\$575.01	\$287.51
Classic				
Employee Only	\$480.14	\$402.34	\$77.79	\$38.90
Employee & Spouse	\$1,070.98	\$770.00	\$300.98	\$150.49
Employee & Child(ren)	\$801.25	\$651.95	\$149.30	\$74.65
Employee & Family	\$1,392.07	\$1,019.59	\$372.49	\$186.24
Basic				
Employee Only	\$423.77	\$423.77	\$0.00	\$0.00
Employee & Spouse	\$936.82	\$761.37	\$175.44	\$87.72
Employee & Child(ren)	\$702.61	\$645.63	\$56.98	\$28.49
Employee & Family	\$1,215.65	\$1,008.23	\$207.43	\$103.71
The Basic plan meets the minimum essential coverage required under A.C.A.				

Appendix

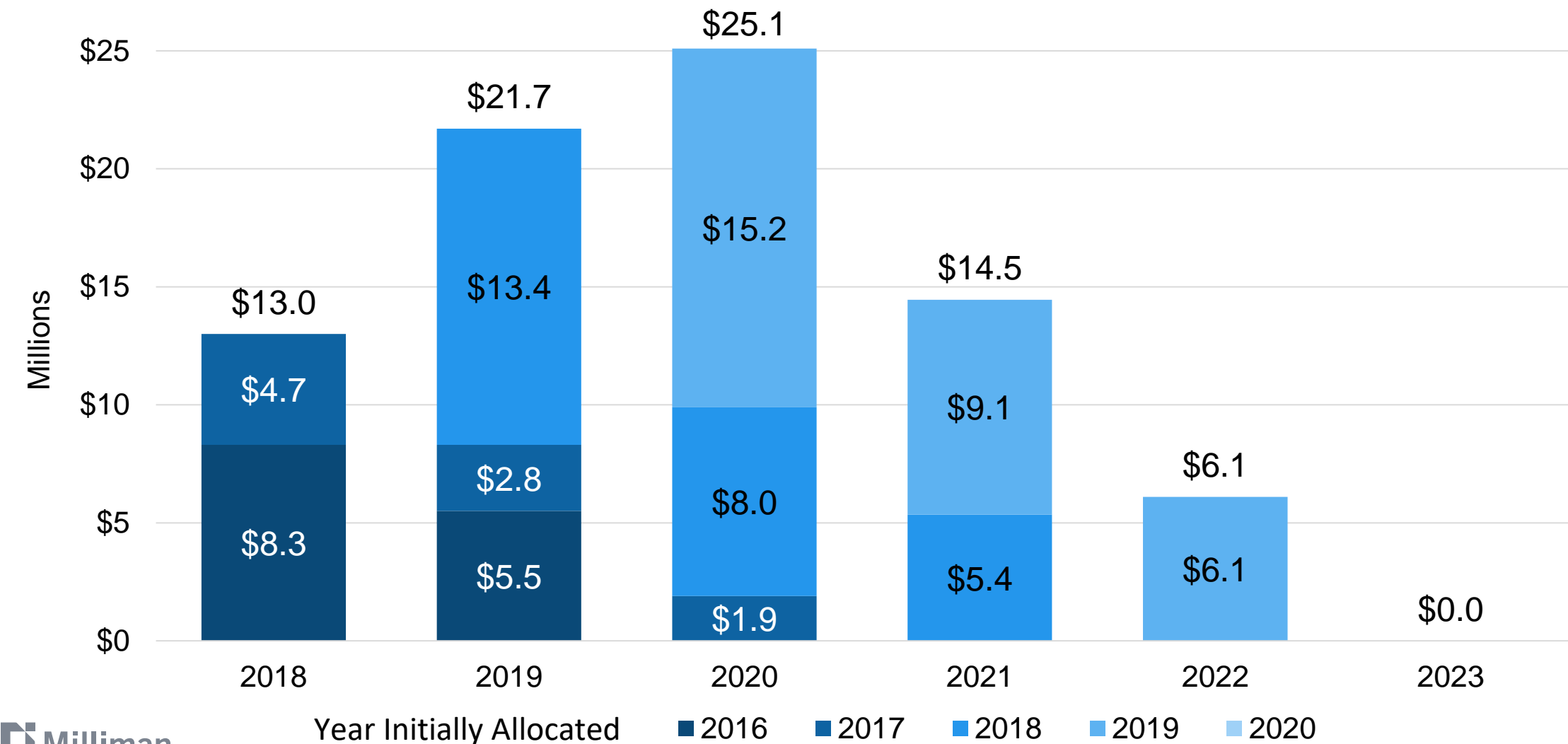
ASE - Income vs. Expenditure



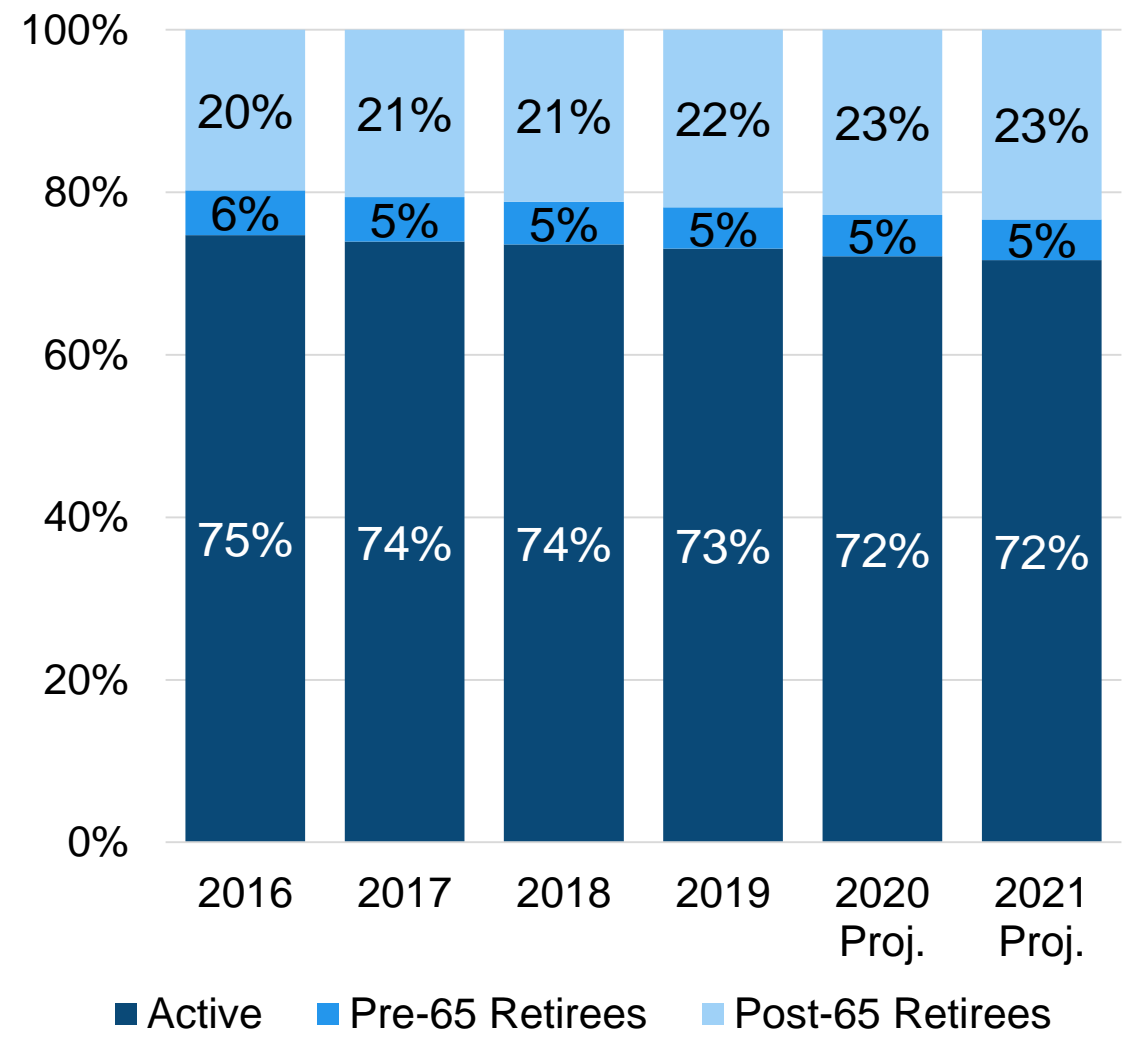
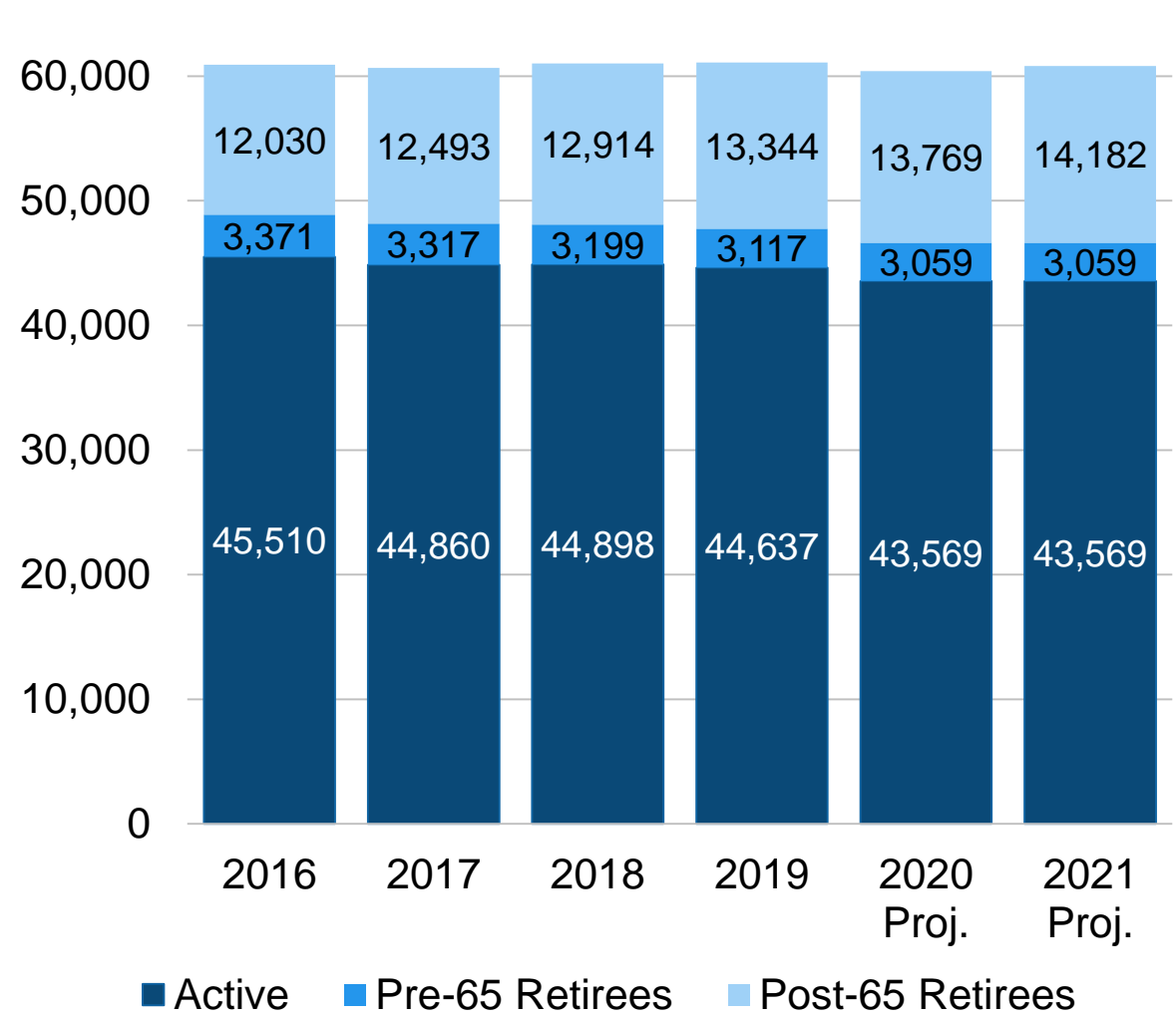
* Total Expenses offset by Program Savings

ASE - Reserves Allocation by Year

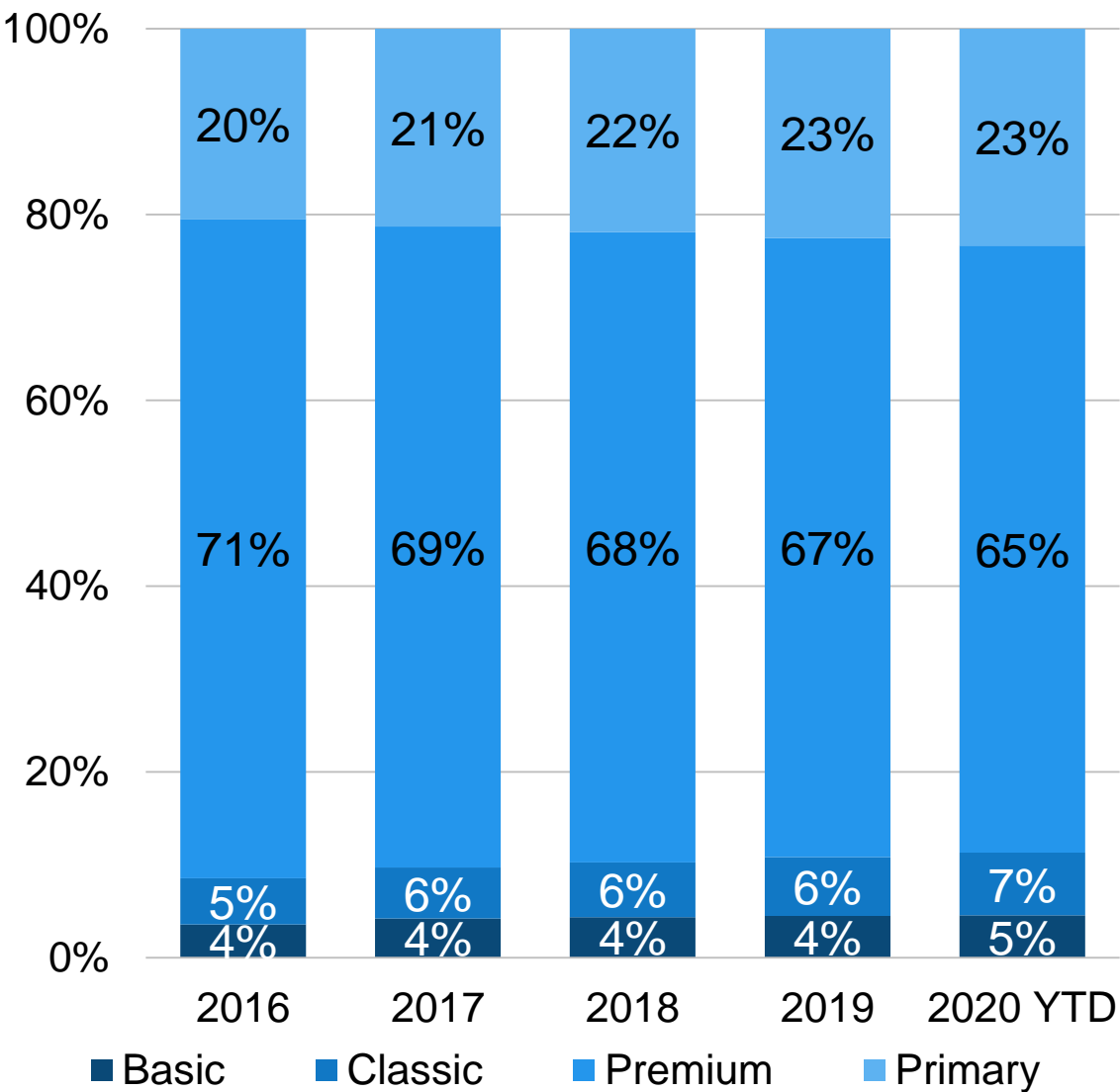
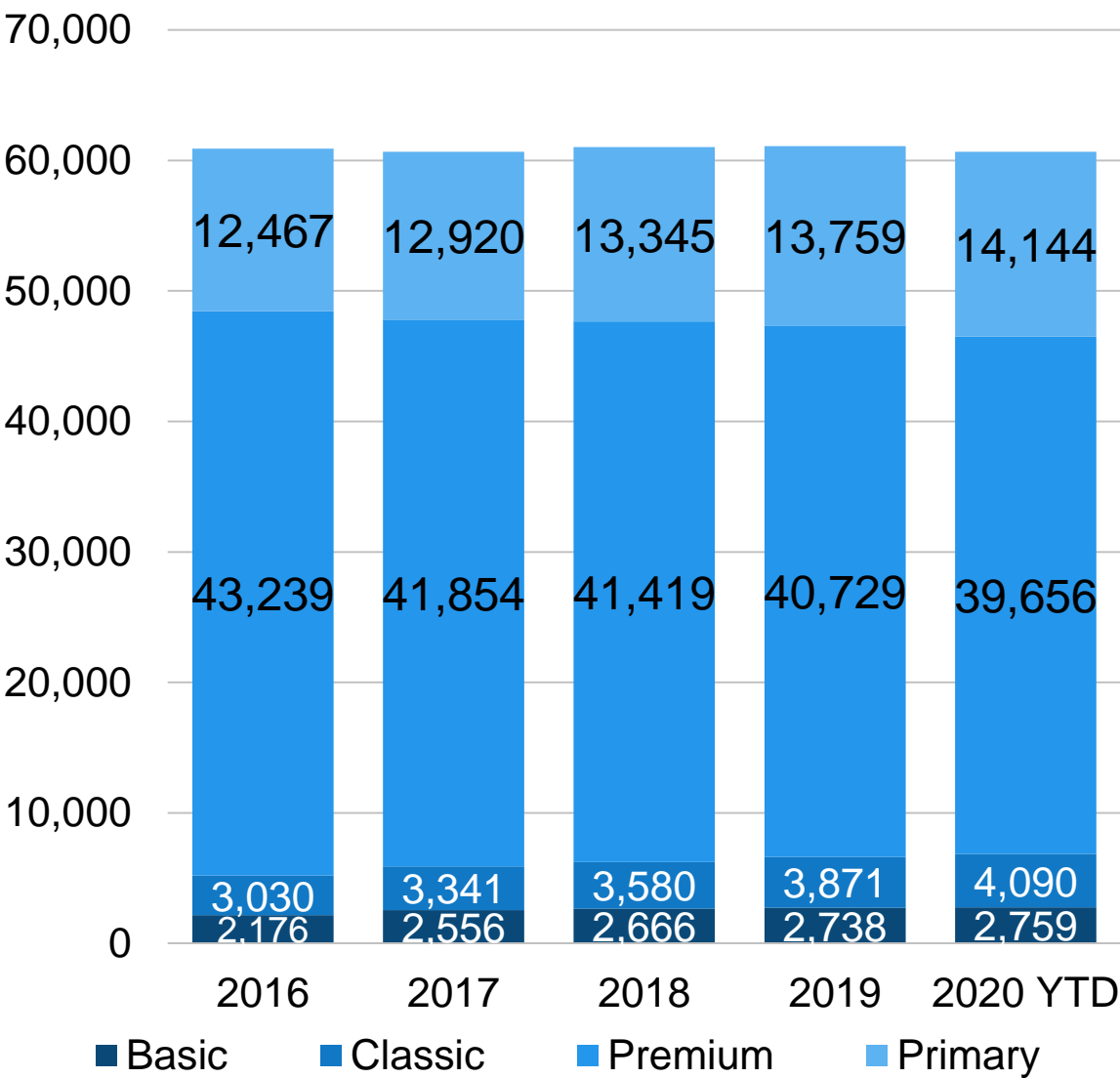
The chart represents the reserves amounts allocated each year (in millions), and how much reserves are available each year.



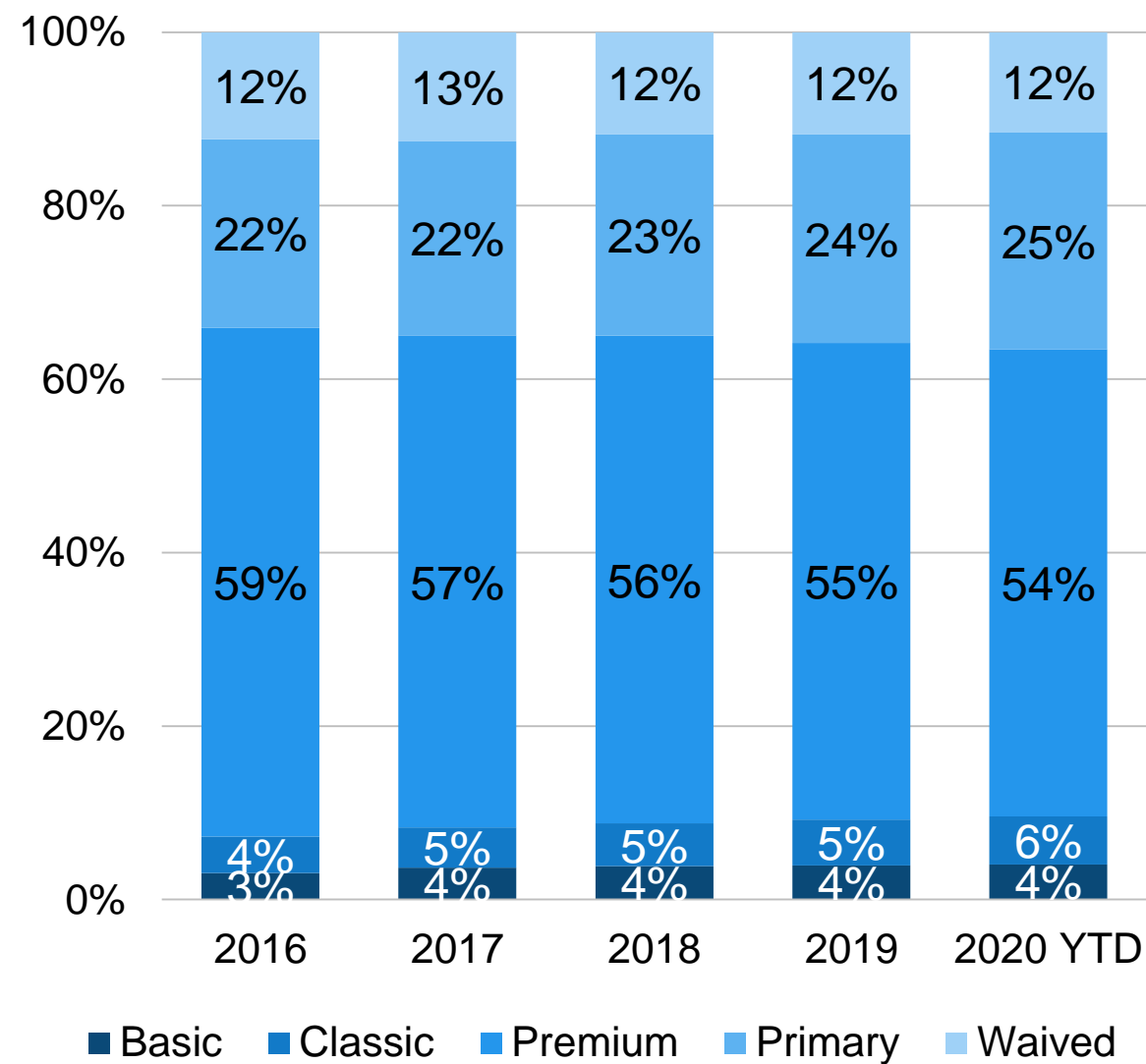
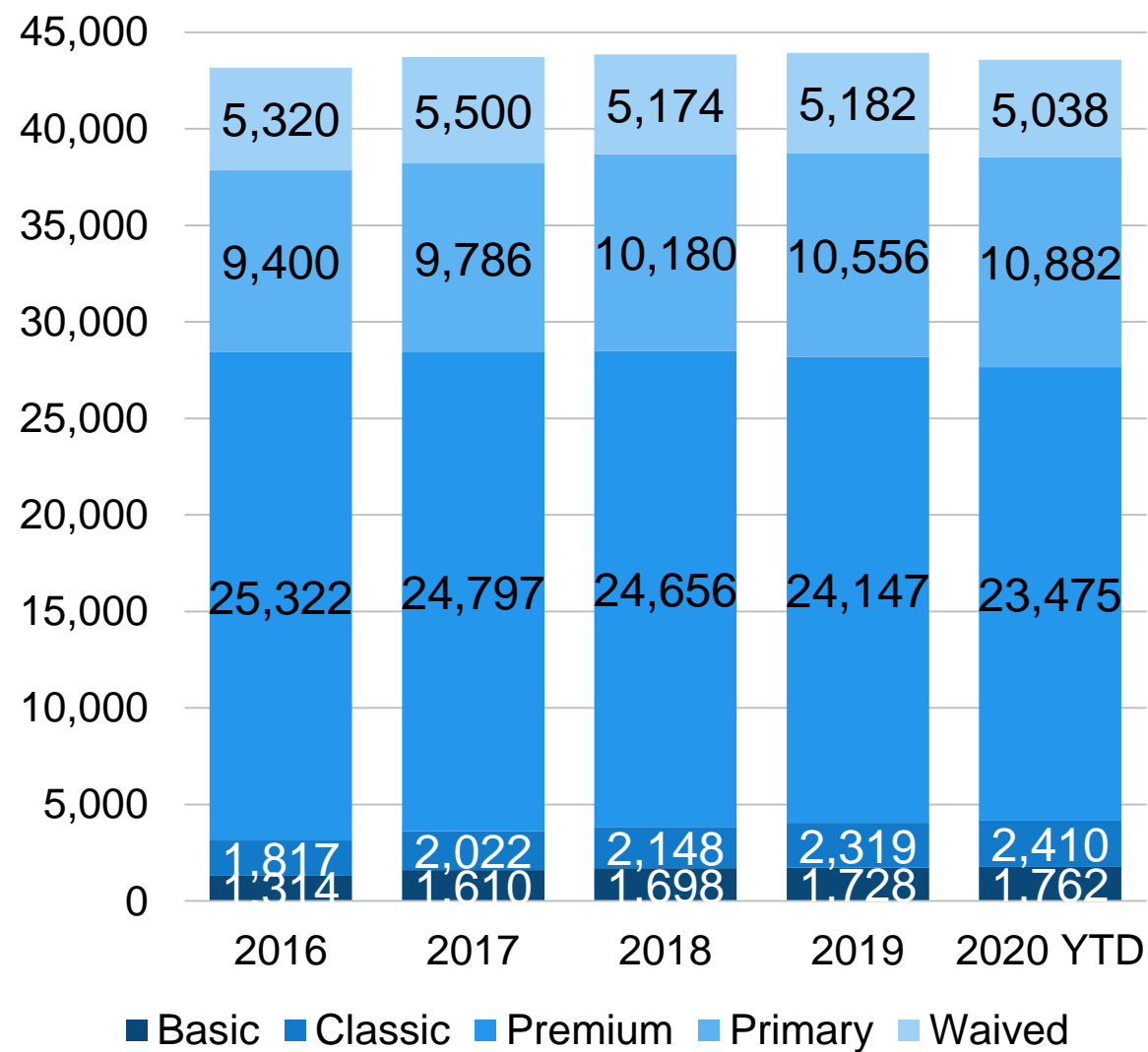
ASE - Average Membership by Status



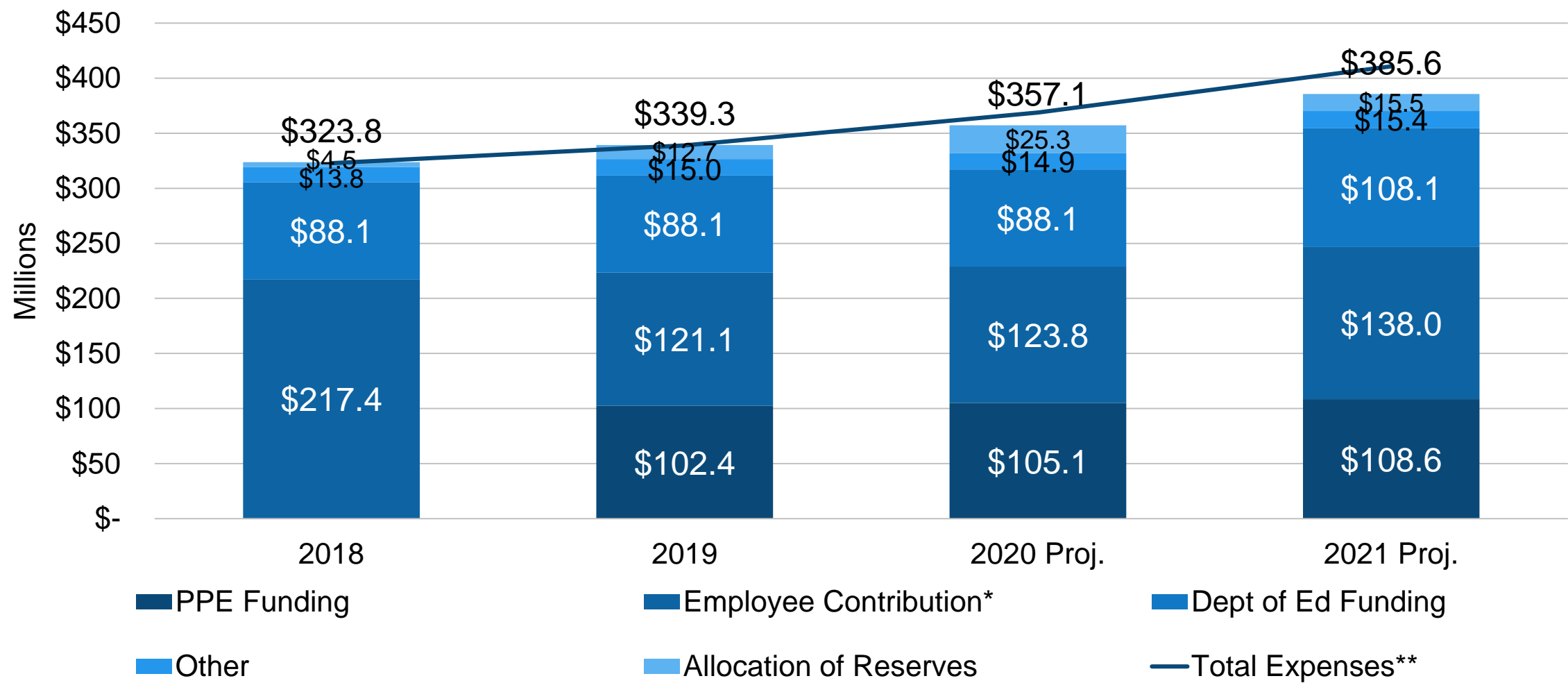
ASE - Average Membership by Plan



ASE - Average Enrollment (Subscribers) by Plan



PSE - Income vs. Expenditure

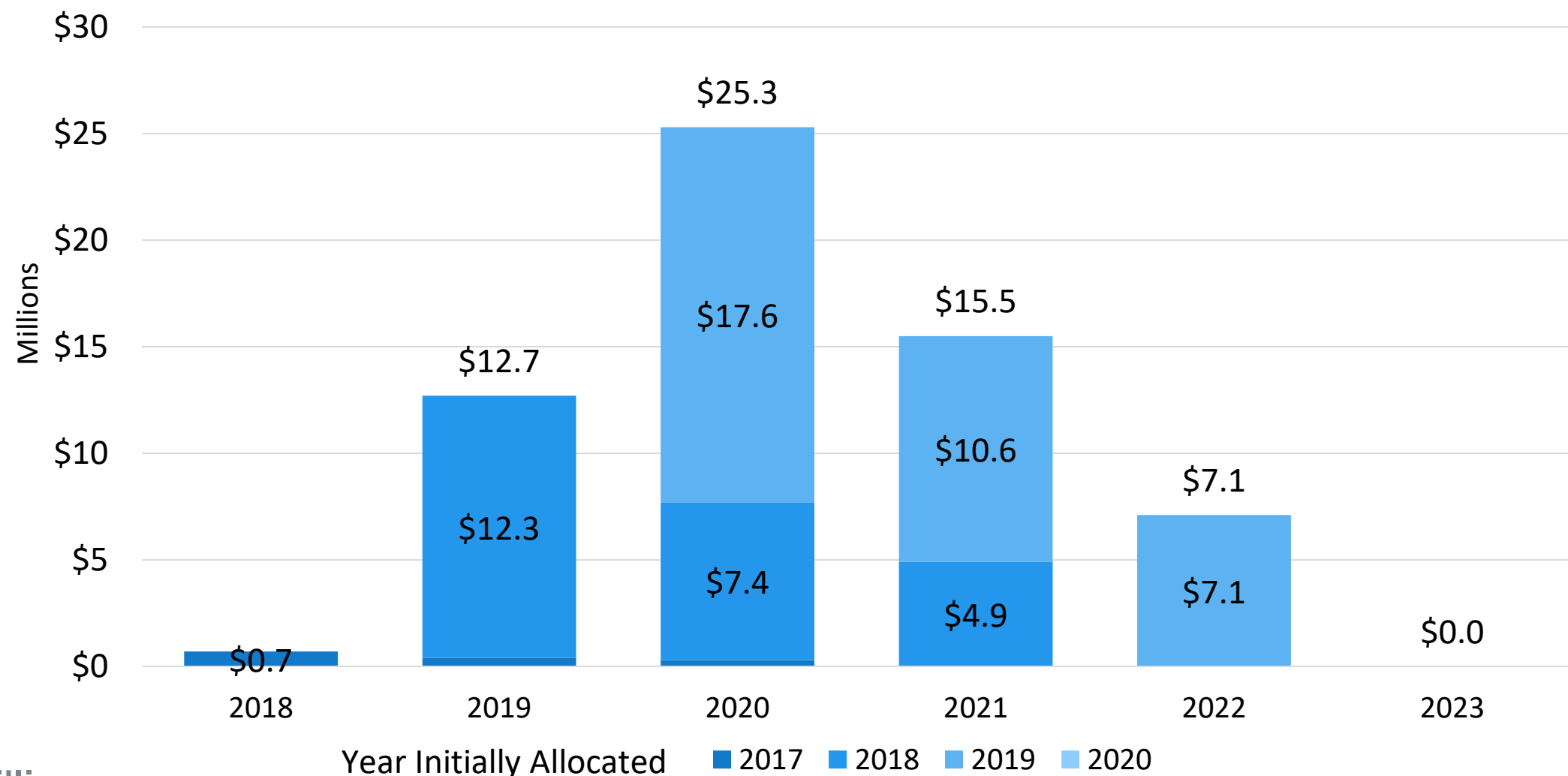


* 2018 Employee Contribution includes PPE Funding

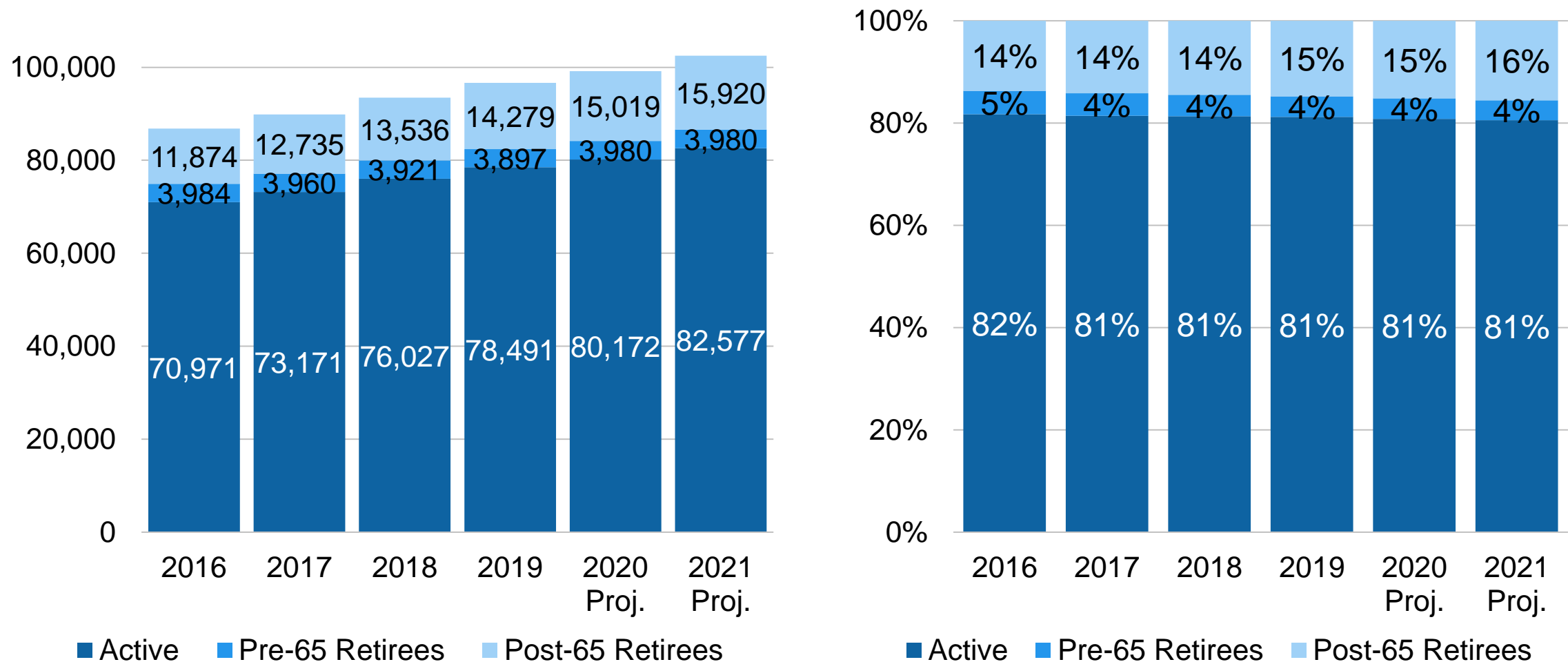
** Total Expenses offset by Program Savings

PSE - Reserves Allocation by Year

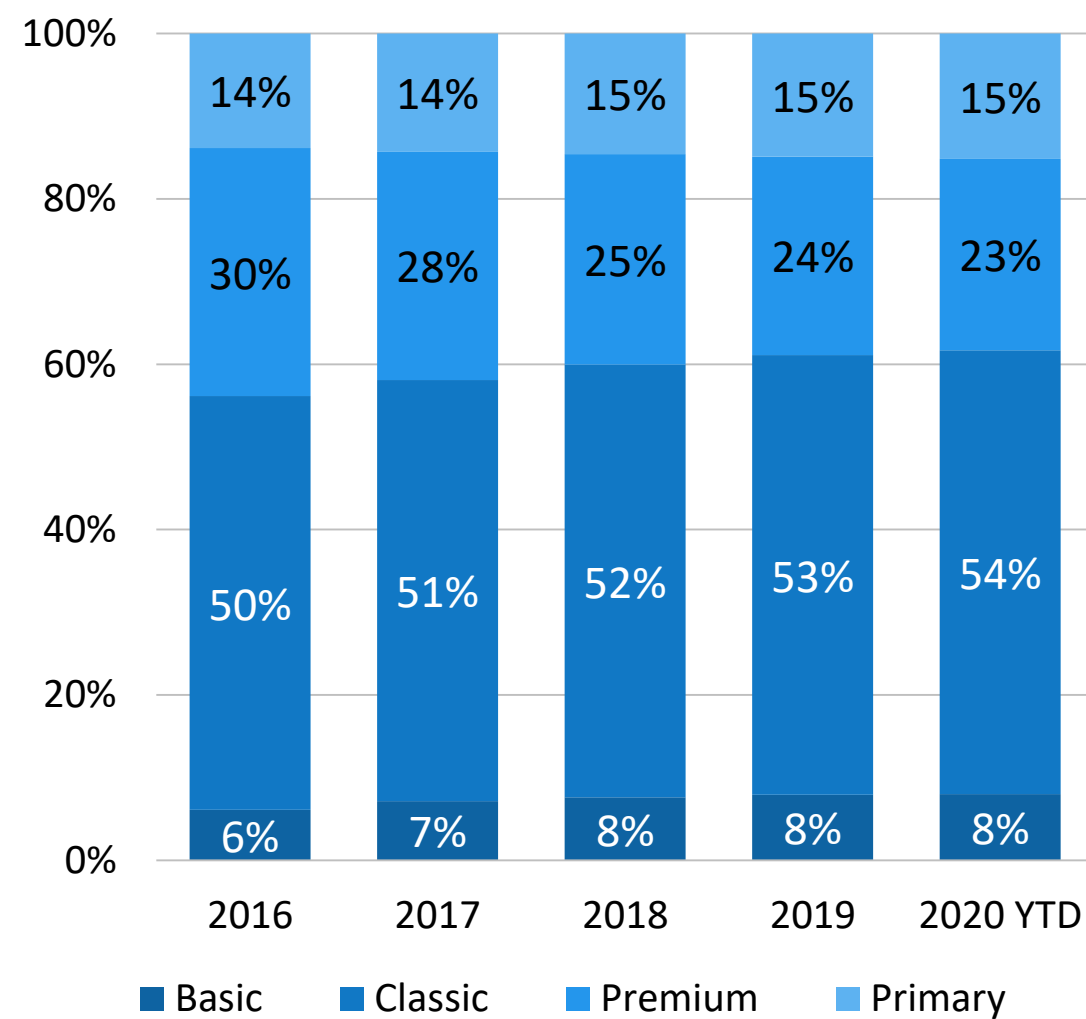
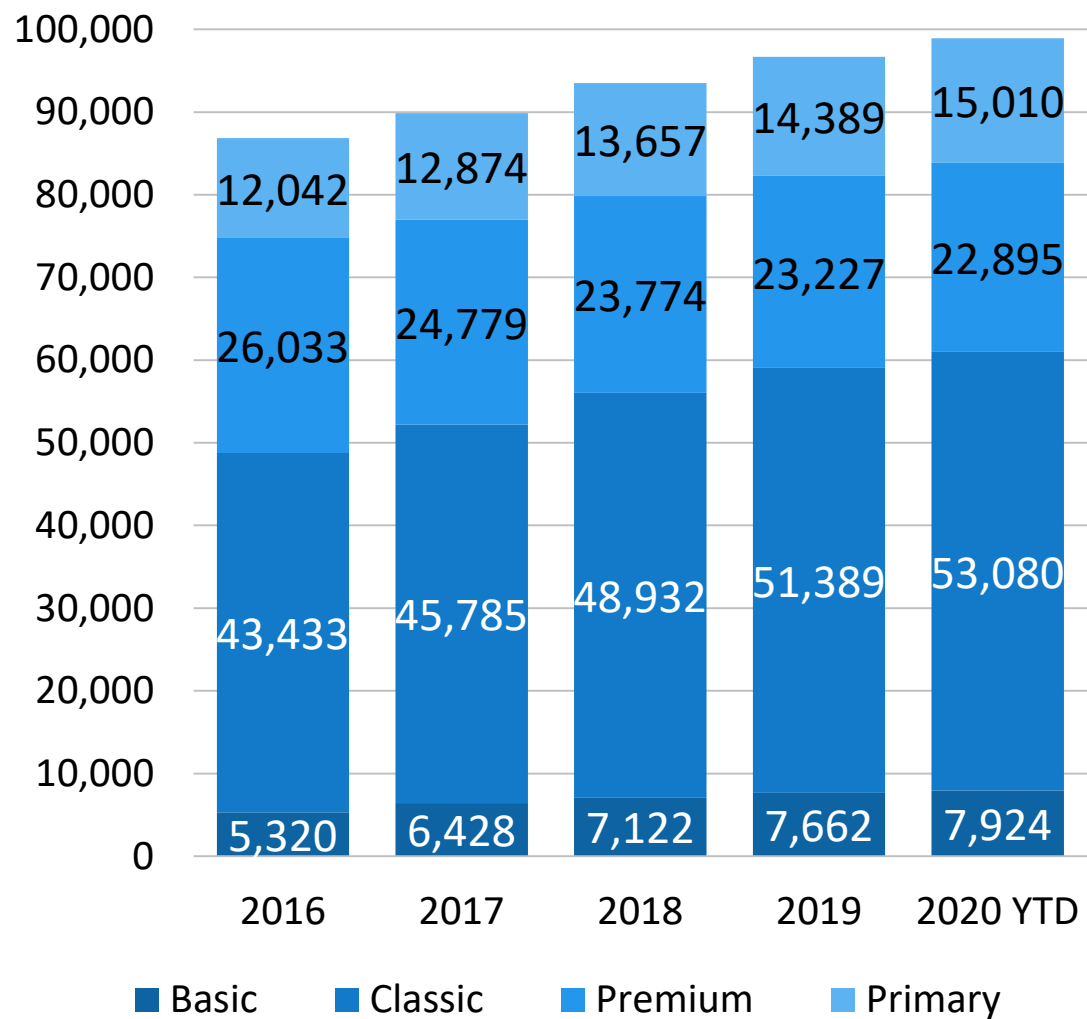
The chart represents the reserves amounts allocated each year (in millions), and how much reserves are available each year.



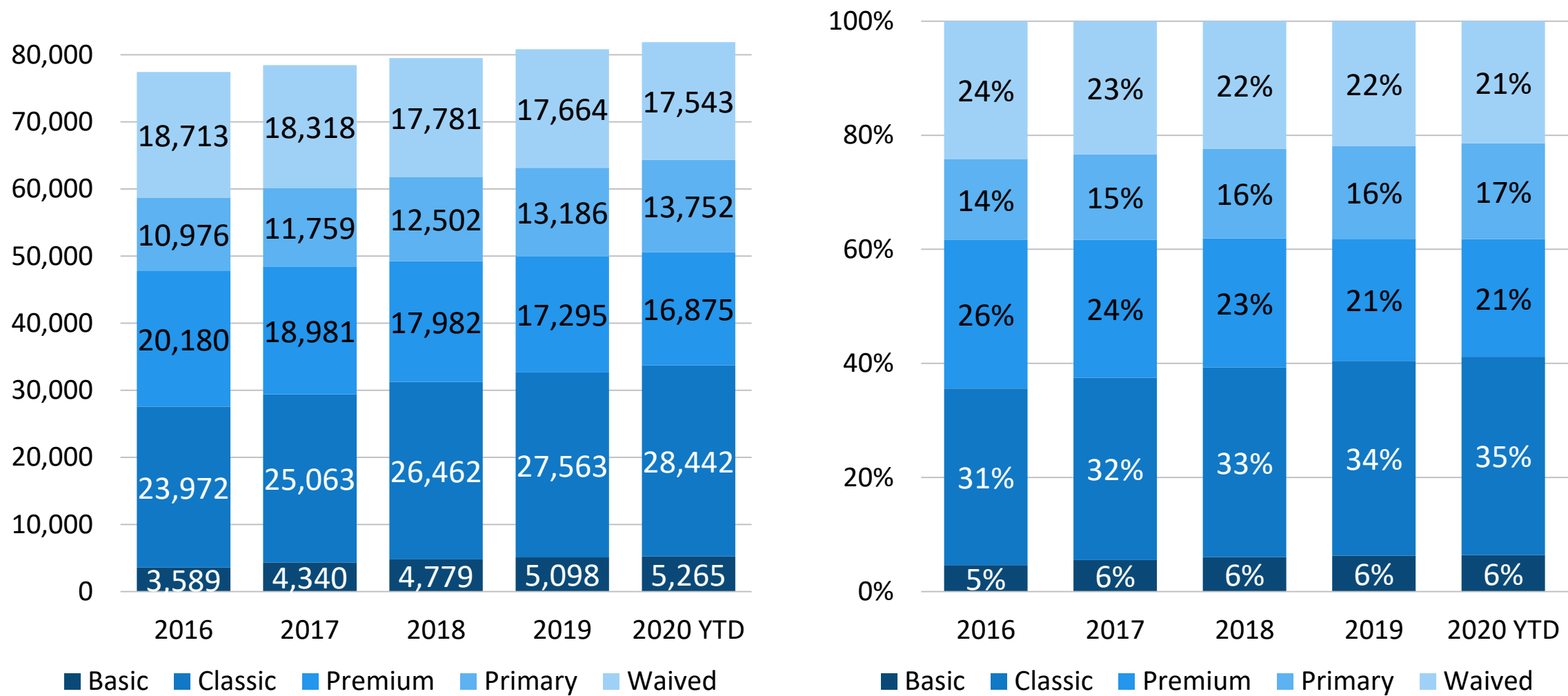
PSE - Average Membership by Status



PSE - Average Membership by Plan



PSE - Average Enrollment (Subscribers) by Plan



Assumptions & Methodology

Assumptions - Trend

Division	Group	Medical Trend	Pharmacy Trend
ASE	Active/Pre-65 Retirees	5.0%	8.0%
	Post-65 Retirees	5.0%	8.0%
PSE	Active/Pre-65 Retirees	7.0%	8.0%
	Post-65 Retirees	7.0%	8.0%

Assumptions & Methodology

Assumptions – Benefit Plan Changes (2019 to 2021)

- ASE
 - No significant plan cost changes for Active, Pre-65, and Post-65 benefit plans
- PSE
 - No significant plan cost changes for Active, Pre-65, and Post-65 benefit plans

Assumptions & Methodology

Assumptions – Other

- Age/Gender
 - Age/Gender factor based on Milliman Health Cost Guidelines™
- Enrollment Projections
 - Actual enrollment utilized for March 2019 through August 2020
 - Projected September – December 2020 based on historical patterns
- Program Savings
 - Projected program of \$1.25 million per month for 2020, allocated between ASE / PSE based on pharmacy claims expense.
- Plan Administration Expense
 - ASE - \$3.85 PMPM for CY2020 and CY 2021
 - PSE - \$2.14 PMPM for CY2020 and CY 2021
- Plan Administration Fees include PCORI charges for 2020 and 2021
- Percentage of Population earning wellness incentive
 - ASE – 82%
 - PSE – 82%

Assumptions & Methodology

Methodology

1. Summarized fee-for-service (FFS) medical and pharmacy claims incurred from March 1, 2019 to February 29, 2020 and paid from March 1, 2019 to September 30, 2020. Medical claims are gross of withholds. Reports reflects the timing of when EBD is expected to pay the withhold.
2. Converted the paid and incurred claims to incurred claims using completion factors. This incorporates the incurred but not reported (IBNR) claim reserve.
3. Summarized member months for March 1, 2019 to February 29, 2020.
4. Divided the summarized incurred claims by the appropriate member months to calculate PMPMs.
5. 2020 Projected the incurred claims for August 2020 to December 2020 based on the PMPM from the midpoint of the experience period (September 1, 2019) to the midpoint of the projection period (October 15, 2020). Utilize actual claims for January 2020 to July 2020 with completion.
6. 2021 Projected the incurred claims PMPM from the midpoint of the experience period (September 1, 2019) to the midpoint of the contract period (July 1, 2021).
7. Made adjustments for seasonality, benefit changes, and age/gender mix.
8. Accounted for rating period fees and administrative expenses.
9. Where applicable, converted incurred budget to paid budget based on historical payment patterns.

Limitations

Courtney White and Paul Sakhrani are Members of the American Academy of Actuaries and a Fellow of the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render opinion contained herein. To the best of our knowledge and belief, this analysis is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

The assumptions used in the development of the 2020 and 2021 budget are based on historical ASE and PSE claims, funding, and plan administration, historical ASE and PSE members by benefit plan, age/gender, and by month, 2019 and 2020 ASE and PSE benefit plan summaries, 2020 fees and administrative expenses, conversations with EBD regarding the program, and actuarial judgment.

While we reviewed the ABCBS and EBD information for reasonableness, we have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

Expected outcomes are sensitive to the underlying assumptions used. Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Any reader of this report should possess a certain level of expertise in areas relevant to this analysis to appreciate the significance of the assumptions and the impact of these assumptions on the illustrated results. The reader should be advised by their own actuaries or other qualified professionals competent in the subject matter of this report, so as to properly interpret the material.

This presentation has been prepared for the sole use of the management of the State of Arkansas Employee Benefits Division for setting the ASE and PSE budget for CY2020 and CY2021. It may not be appropriate for other purposes. Milliman does not intend to benefit any third party from this analysis.



Thank you

Courtney White, FSA, MAAA