



AGENDA

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

**June 12th, 2020
10:00 a.m.**

EBD Board Room – 501 Building, Suite 500

- I. Call to Order..... Susan Gardner, Chair*
- II. Approval of May Minutes Susan Gardner, Chair*
- III. COVID Update.....Elizabeth Montgomery & Mike Motley, ACHI*
- IV. Plan Update.....Paul Sakhrani & Courtney White, Milliman*
- V. Coverage Considerations Jason Treece & Dr. John Brineman, Health Advantage*
- VI. Director's Report Chris Howlett, EBD Director*
- VII. Adjournment..... Susan Gardner, Chair*

2020 Upcoming Meetings:

July 17th, August 14th, September 18th

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 June 12, 2020, at 10:00 a.m. via teleconference

Date | time 6/12/2020 10:00 AM | Meeting called to order by Ronnie Kissire, Vice-Chair

In Attendance

Members Present

Susan Gardner – Chair
Claudia Moran
Stephanie Lilly-Palmer
Ronnie Kissire – Vice-chair
Cindy Allen
Carla Haugen
Herb Scott
Chris Howlett, Employee Benefits Division (EBD) Director

Members Absent

Others Present

Rhoda Classen, Shalada Toles, Mary Massirer, Stella Greene, EBD; Ronda Walthall, ARDOT; Elizabeth Montgomery, Mike Motley, ACHI; Micah Bard, Sherry Bryant, Dwight Davis, Octawia DeYoung, EBRx UAMS; Jessica Akins, Takisha Sanders, Jason Treece, Dr. John Brineman, HA; Paul Sakhrani, Courtney White, Scott Cohen, Milliman; Treg Long, ACS; Gaelle Gravot, Cheiron; Sidney Keisner, UAMS; Suzanne Woodall, Medimpact; Daniel Faulkner; Marissa Keith, BI; Alan Whitley; Dori Gutierrez, Board Member; Donna Morey, ARTA; Sylvia Landers, Colonial Life; Charles Hubbard, ASP; Frances Bauman, NovoNordisk; Jim Musick; Gary Behrens, Sanofi

Approval of Minutes by Ronnie Kissire, Vice-Chair

MOTION by Lilly-Palmer:

Move to approve the May 15, 2020 minutes.

Scott seconded; all were in favor.

Minutes Approved.

COVID Update: Elizabeth Montgomery & Mike Motley, ACHI

Montgomery and Motley presented ongoing analyses regarding COVID-19 impact on the plan and reviewed framework to assess telemedicine utilization within the plan.

Plan Update by Paul Sakhrani & Courtney White, Milliman

Sakhrani and White provided an educational piece on employee contribution considerations and an update on 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 May 2020
- 2020 projected plan experience
 - Allocated reserves for 2020 is \$25.1M
 - Estimated deficit of \$11.8M
 - End of Year Assets: \$59.8M
 - No plan changes / 5% increase in employee contributions
- 2021 plan experience
 - No additional funding (\$14.5M allocated assets)
 - Projected deficit: \$35.3M
 - End of Year Assets: \$10.1M
 - No plan design or contribution changes
 - Increased membership based on historical patterns
 - Baseline trends (medical: 5%, pharmacy: 8%)

PSE

- Projections updated to incorporate claims data incurred from March 2019 to February 2019 and paid through May 2020
- 2020 plan experience
 - Allocated reserves for 2020 is \$25.3M
 - Estimated deficit of \$20.6M
 - End of Year Assets: \$103.2M
 - No plan changes / 0% increase to employee contributions
- 2021 plan experience
 - No additional funding (\$15.5M allocated assets)
 - Projected deficit: \$64.6M
 - End of Year Assets: \$23.1M
 - No plan design or contribution changes
 - Increased membership based on historical patterns
 - Baseline trends (medical: 7%, pharmacy: 8%)

Discussion:

Lilly-Palmer: With the numbers that you are giving, the 10%, and I know there has been a lot of discussion over the last month with the number coming in here with the difference in what they thought the impact would be over what it actually was. What is the possible percentage being 5%-7% overall, and then if you did actually consider it possible, a minimal contribution to the basic plan? I'm just curious about the lowest scenario possible.

White: On the contribution slide, that ten million assumes a ten percent increase. So, 5% would be roughly five million and then the impact of increasing those people with the zero contribution, 11,000 of them; it would be 11,000 times whatever you make it times twelve. So, it's not a big number.

Coverage Considerations by Jason Treece & Dr. John Brineman, Health Advantage

Treece and Dr. Brineman provided a review of considerations for the removal of the BlueCard Program (in-network) access for out-of-state, non-emergent medical services.

Discussion:

Moran: So, if you're seeing your doctor in state and he has a recommendation to go to a clinic or somewhere out of state, it would just go through you and if you saw the need for that, it would be approved and if not you would make a recommendation that was in state to meet that need?

Dr. Brineman: Yes, exactly.

Treece: Do you occasionally have some peer to peer conversation as well on that?

Dr. Brineman: Yeah, absolutely. A part of the reason that the push back has been so limited is because of the fact that if I understand that there is likely to be some concern or questions on the part of the doctor, I make sure to entertain those in two ways. One, in the document itself that gets generated in, and secondly, in a call or reach out to the particular doctor to explain that we do have a somewhere in-state and they can get your patient in within a couple of days.

Kissire: I would like a breakdown of what services are going out of state.

Treece: When we did our analysis, we had to kind of break that down, and I'm sure we can look at that and see there are some services that may be best served to go out of state.

Scott: Could you also tell the frequency of those out-of-state visits as well?

Treece: When you say frequency, are you meaning the number of people or how frequently a particular person is going out of state? We also talked about how much the dollars are there; are you asking if more of it was X number of claimants?

Scott: Right, I mean the X number of claimants that we have, such as the mayo clinic, as you mentioned. How many are we talking about in terms of the frequency?

Treece: We can do that, yes sir.

- Gardner: We currently have the BlueCard program right now, today? What we are talking about is taking this program out and using physician point of service where we would go through Dr. Brineman. Is the capacity to handle our plan there if we took this BlueCard program out?
- Dr. Brineman: Yes, that was a question that we asked of ourselves and looking at the numbers of out-of-network exception situations relative to our other member populations, and we came up with a figure that would be a reasonable estimate for the ASE/PSE population. It was not anything close to what would tax our ability to manage it efficiently.
- Treece: One point of clarification I want to add is that we are only talking about those 13 counties for right now. We would have to have some other discussions if we decided to further this throughout the state, but we did that analysis on the 13 counties.
- Gardner: If we took this BlueCard program out, we are going to have a plan savings, obviously. Are there any other costs that would go to our plan by taking this out and going in this other direction.
- Treece: This is not something that we're charging you any additional for. It's nothing like that; it's not a product. This is just to try to assist in keeping care local and to try to manage some of the costs of the plan.

Director's Report by Chris Howlett, EBD Director

Howlett provided a recap of the takeaways from today's meeting. We will work through the breakout in the claimants for this presentation. One of the pieces is dealing with college students that reside out of the state but are on the plan, or those that have dual residency. Those are some of the one-offs and caveats. Where quality and competent care can be done here, traditionally, if you were to have the same service out-of-state, there is a modifier or multiple. In that case, we would actually pay more because surrounding states have a higher fee schedule. As demonstrated today, it's an opportunity that when the administration of the plan has been talking with our vendor partners about opportunities where they have some skin in the game and help us solve some of our fiscal distress. This was one of the opportunities that were brought forth, and I'm sure there will be many more between that and the plan administration. We're very grateful, from a plan admin perspective, to get the questions and comments that help guide us on things we can present to you. We will continue to look at opportunities before we make a final decision later this summer.

MOTION by Kissire:

I make a motion to adjourn the meeting.

Lilly-Palmer seconded; all were in favor.

Meeting Adjourned

JUNE 2020 BENEFITS SUBCOMMITTEE PRESENTATION

Mike Motley, MPH
Director, Analytics

Izzy Montgomery, MPA
Policy Analyst

6.12.2020

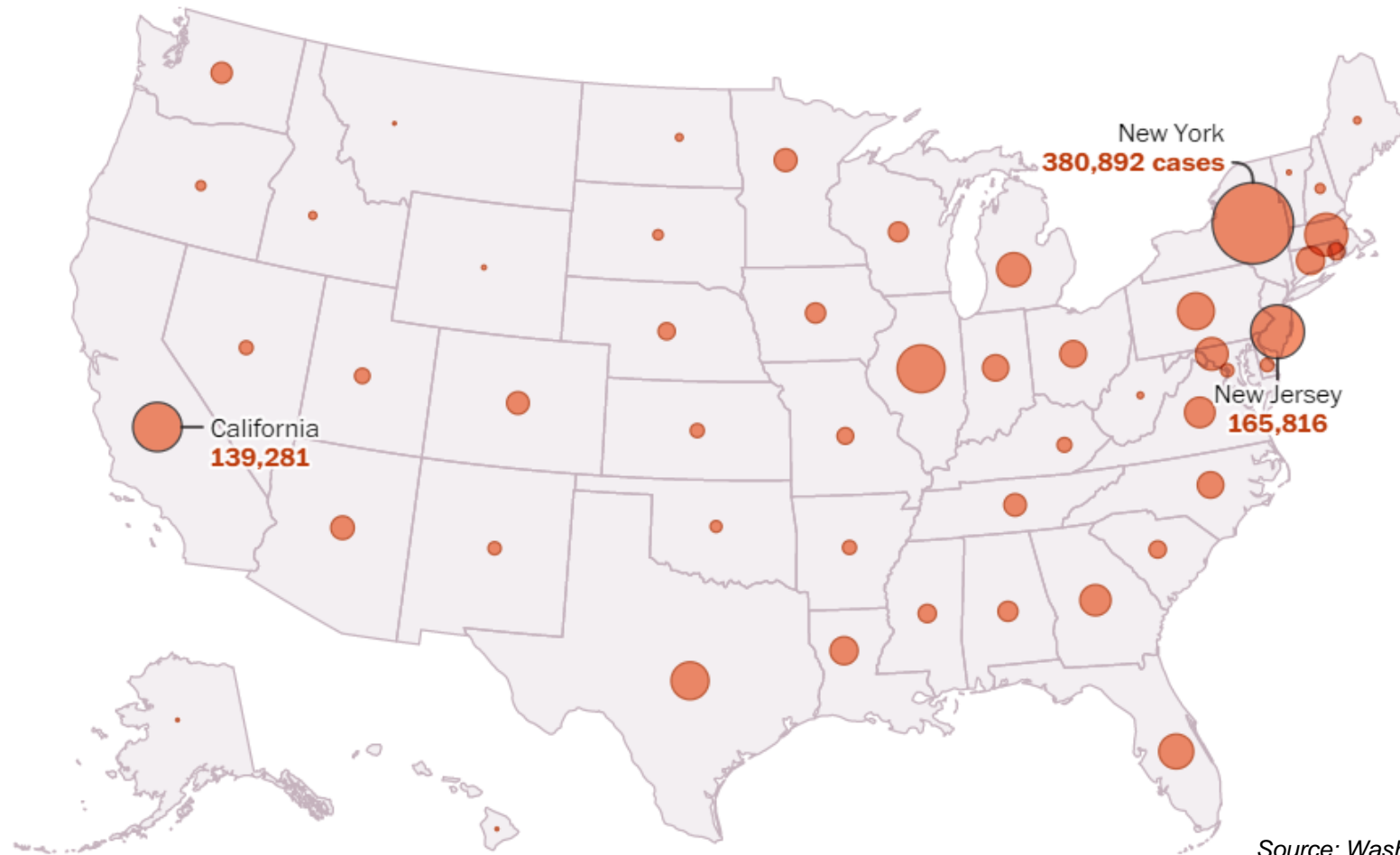


OBJECTIVES

- Present ongoing analyses regarding COVID-19 impact on plan
- Review framework to assess telemedicine utilization within plan



COVID-19: CONFIRMED CASES & DEATHS IN U.S.



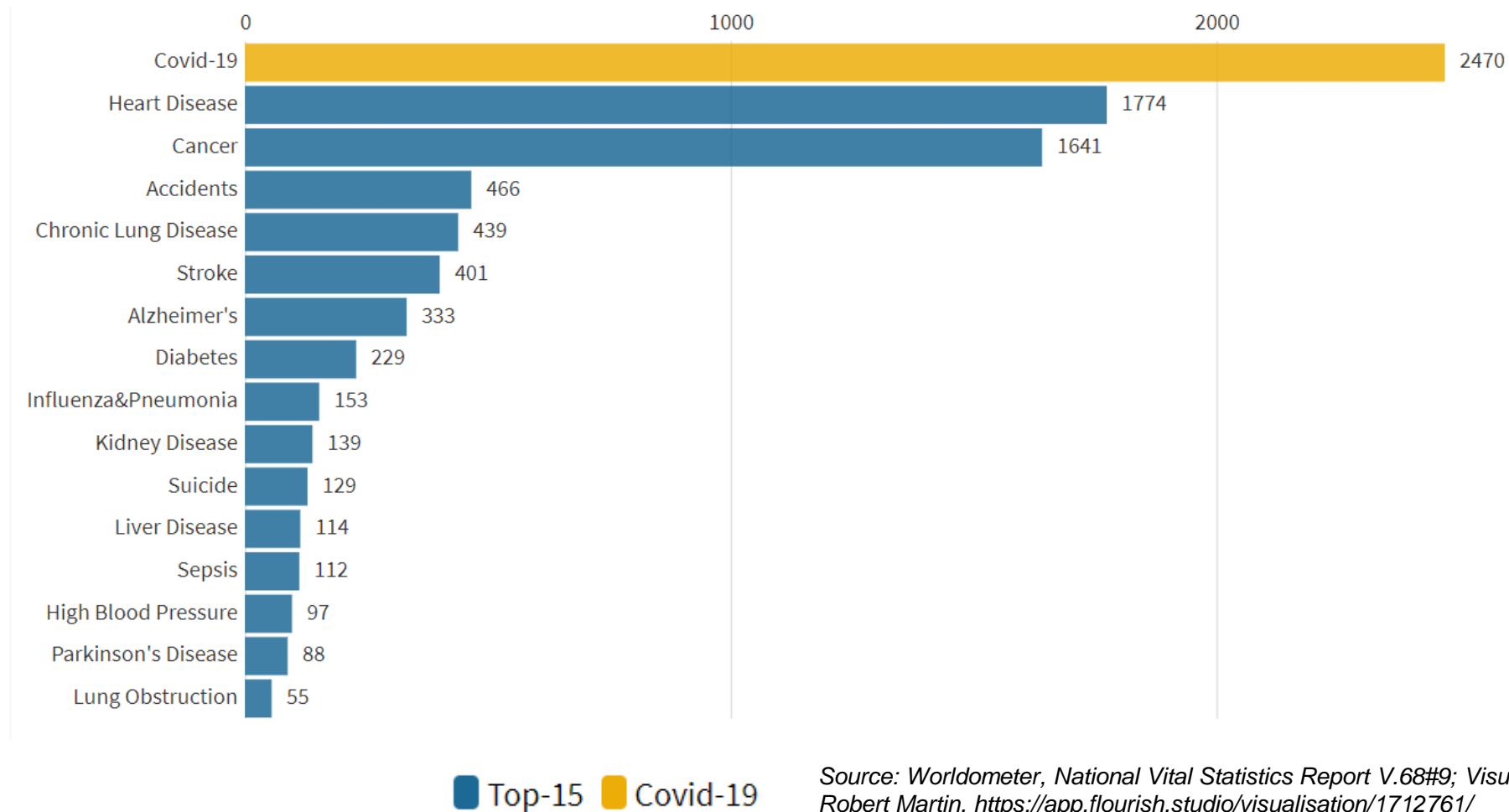
At least
2,012,000
confirmed cases

At least
112,000
reported deaths

Source: Washington Post, as of June 12



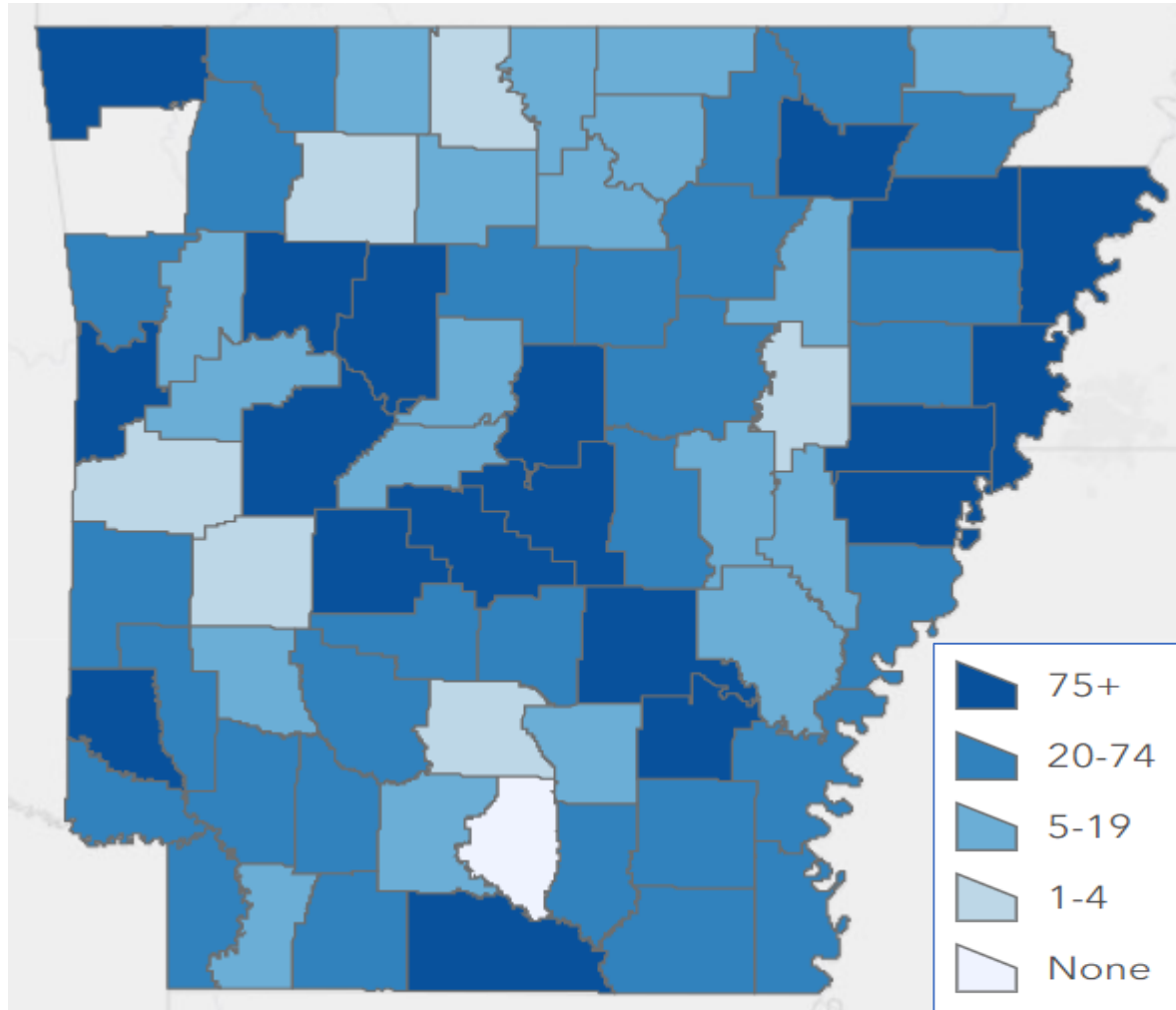
COVID-19 VS. U.S. DAILY AVG. CAUSE OF DEATH



Source: Worldometer, National Vital Statistics Report V.68#9; Visualization by Robert Martin, <https://app.flourish.studio/visualisation/1712761/>



COVID-19: CONFIRMED CASES BY AR COUNTY



Cumulative Cases:
10,816 (3,294 active)

Hospitalized: **187**

On Ventilator: **45**

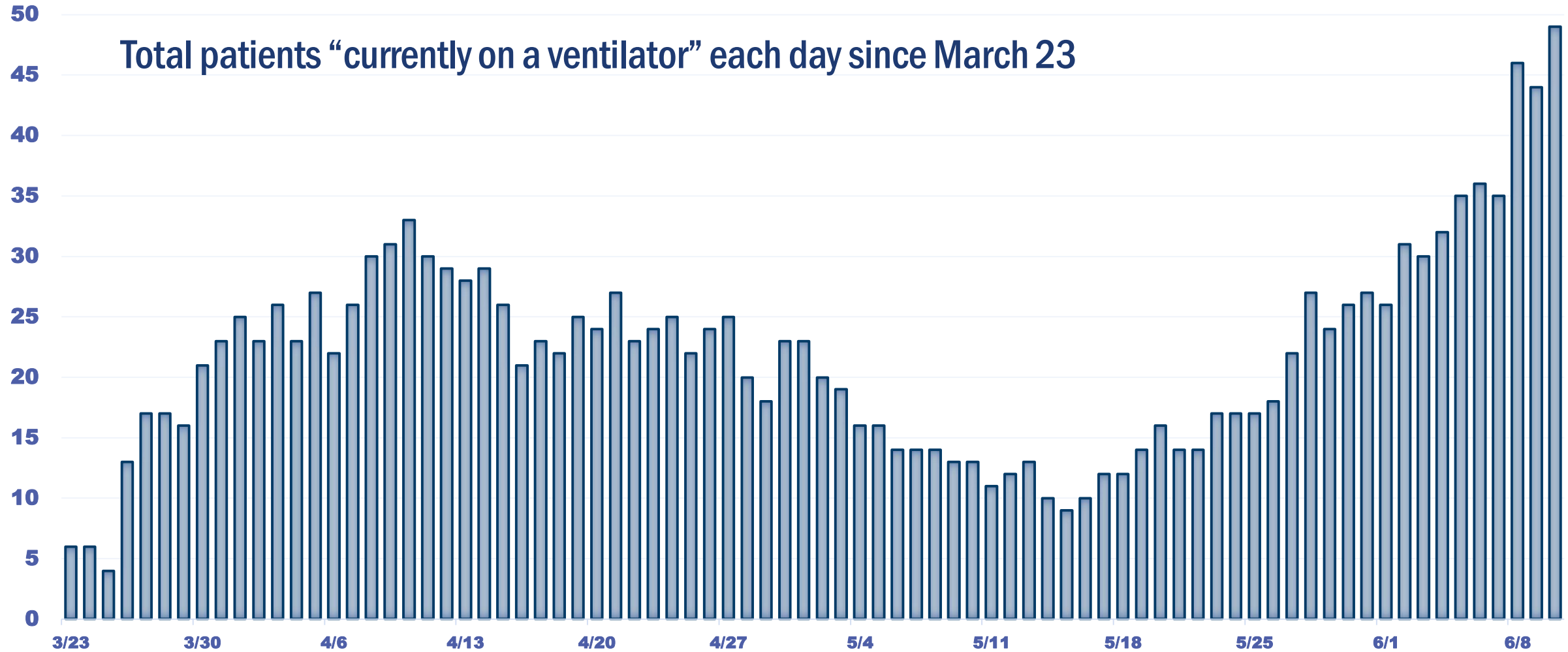
Deaths: **171**

Recoveries: **7,351**

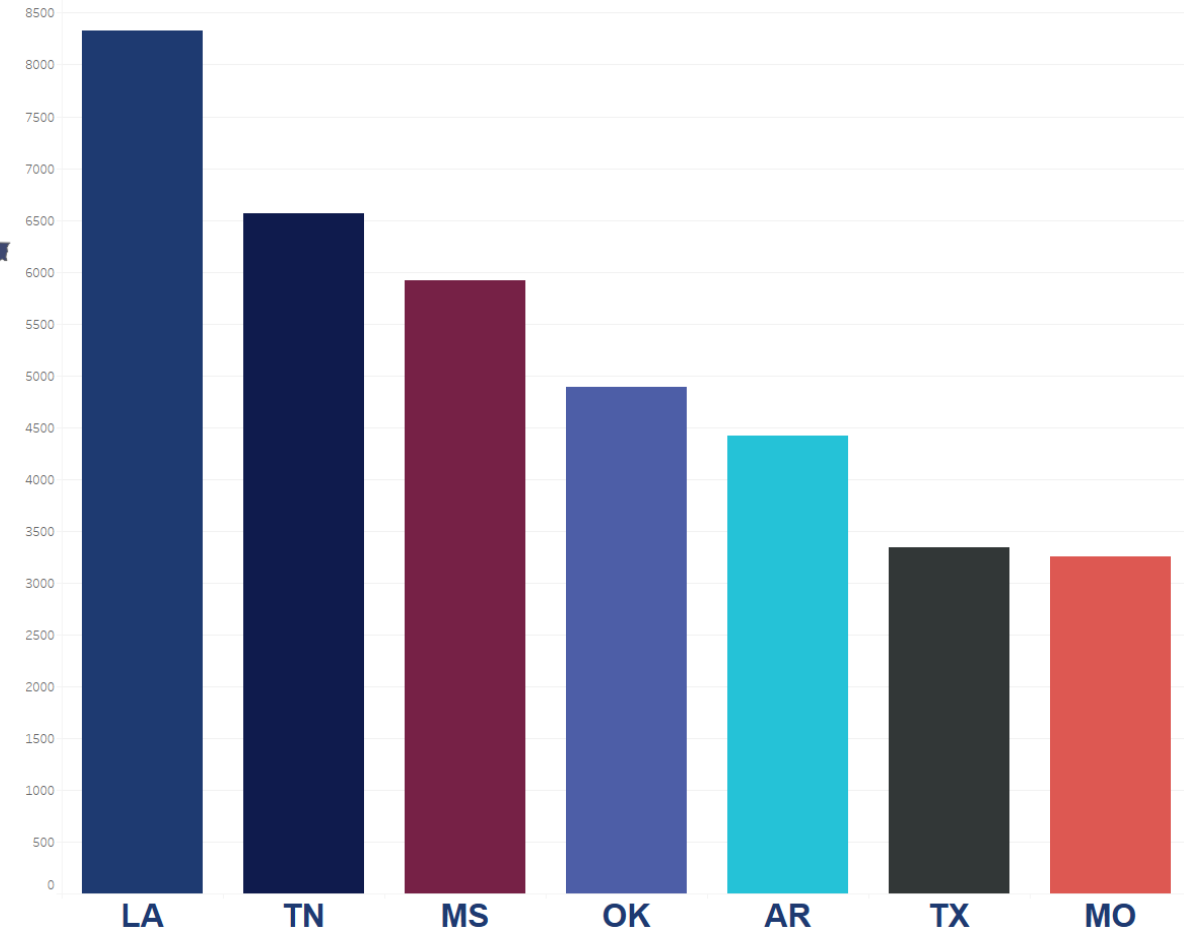
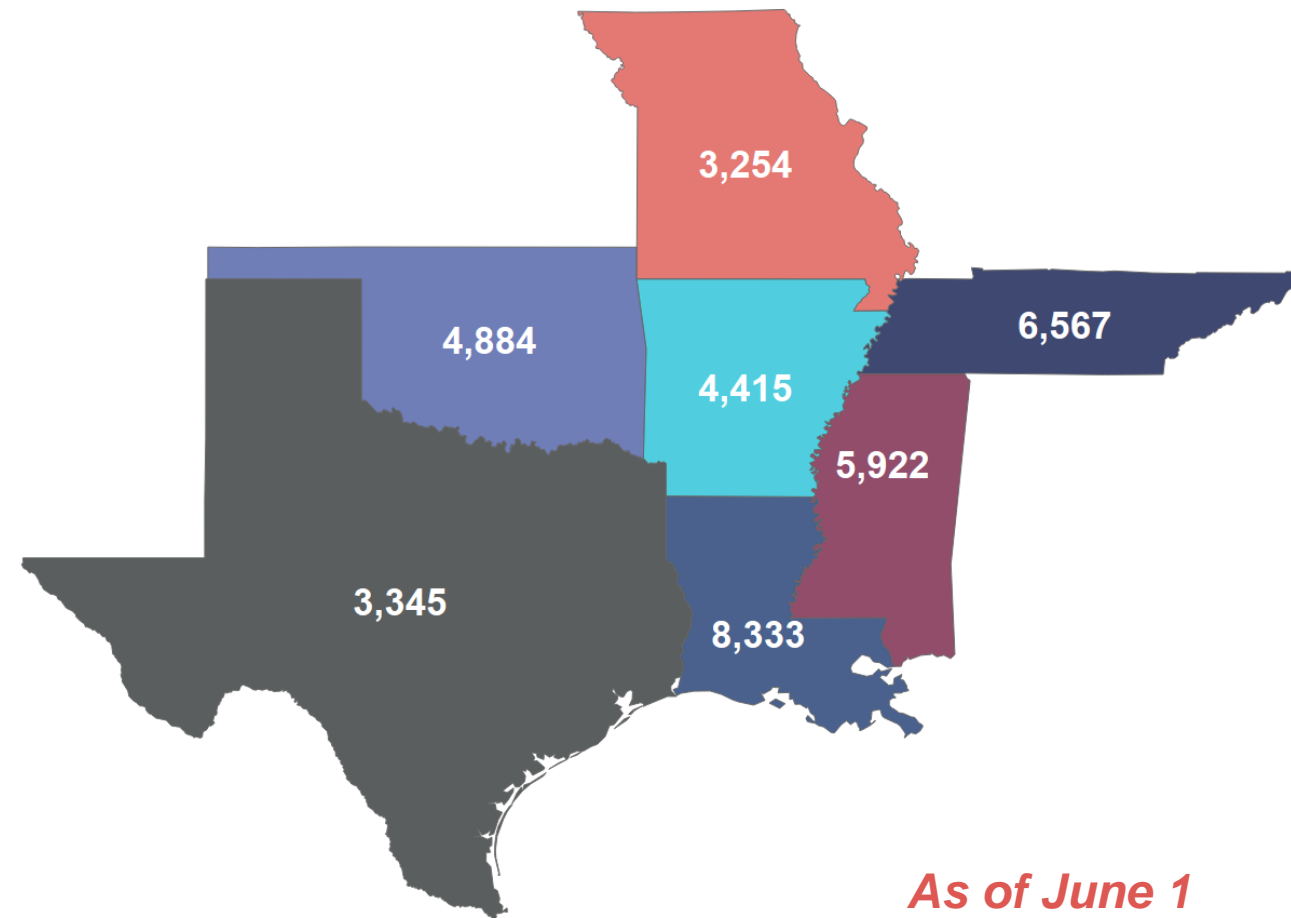
Source: Arkansas Department of Health, as of June 12



COVID-19 PATIENTS ON A VENTILATOR IN ARK. PER DAY



COVID-19 TESTS PER 100K PEOPLE



Source: The Covid Tracking Project, State Current Values, <https://covidtracking.com/api>
Populations Estimates: U.S. Census Bureau, Population Division: April 1, 2010, to July 1, 2019.

COVID-19 TESTING

- Two categories of testing: molecular and serological
- Most tests in Arkansas have been molecular



COVID-19 PLAN IMPACT

- ACHI has worked with Arkansas Department of Health to obtain COVID-19 data
- Developing analyses to determine ongoing impact of COVID-19
- Analyses today include updates on estimated number of members tested, number of positive tests, and number of hospitalizations

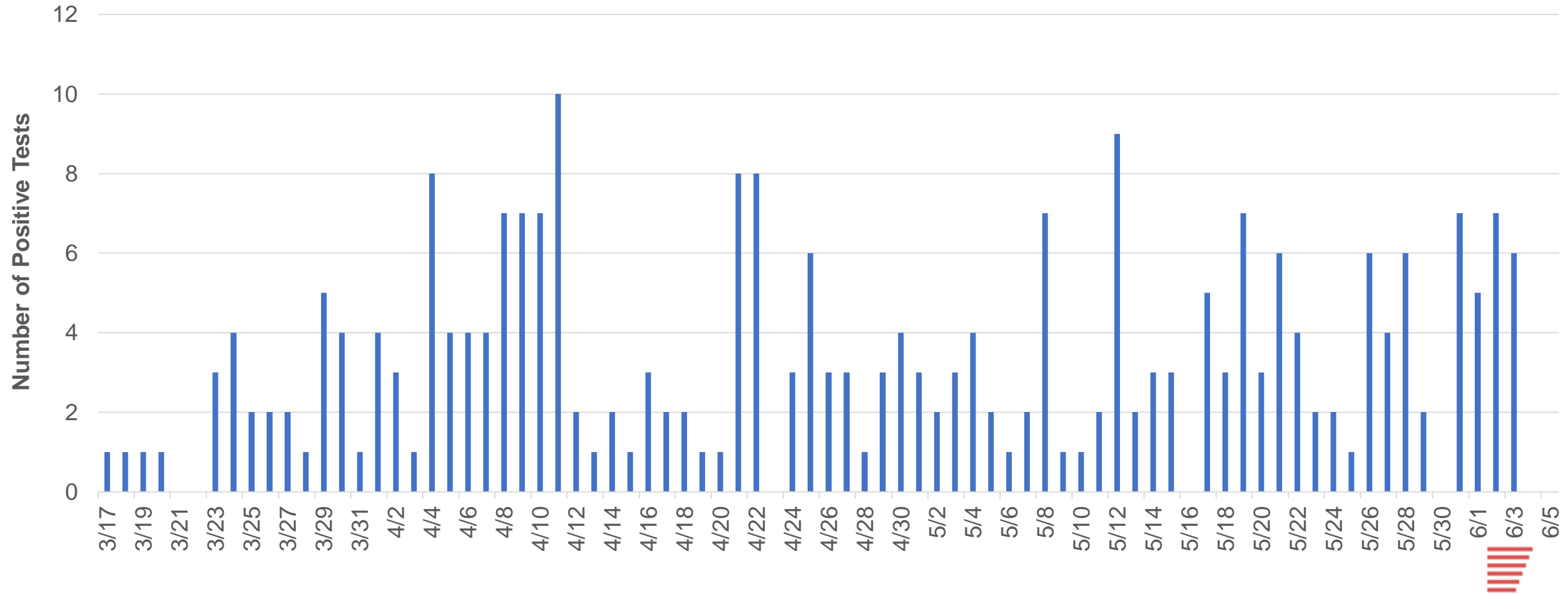


COVID-19 ANALYSES

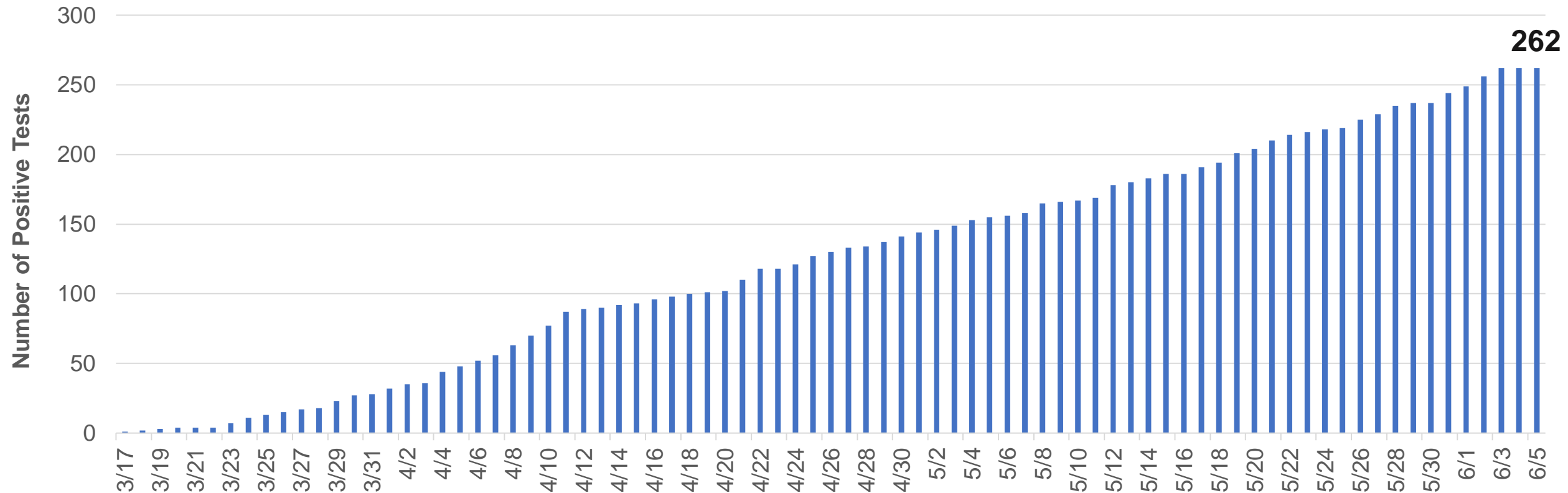
- Data from March 17 through June 4, 2020
- Estimated total number of members tested: 7,300
- Total number of members with positive test: 263
- Total number of members hospitalized: 32



DAILY POSITIVE TEST COUNT AMONG EBD MEMBERS



CUMULATIVE POSITIVE TEST COUNT AMONG EBD MEMBERS



Note: 263 positive tests were identified among EBD members, but one member did not have an associated test date.



ASSESSING IMPACT ON UTILIZATION OF TELEMEDICINE AND IN-PERSON CARE

- Beginning in March, EBD plan aligned with executive order set forth by Gov. Hutchinson to allow for expanded telemedicine services



ASSESSING IMPACT ON UTILIZATION OF TELEMEDICINE AND IN-PERSON CARE

- Effective March 20, phone-based consultations and audio-visual telemedicine visits rendered by in-network providers available at zero cost sharing for treatment of eligible diagnoses
- Effective April 1, additional telemedicine services for physical therapy, occupational therapy, speech and language therapy, chiropractic medicine, podiatric medicine, dietician services, and behavior health services were made available



ASSESSING IMPACT ON UTILIZATION OF TELEMEDICINE AND IN-PERSON CARE

- ACHI is assessing current trends in uptake of telemedicine with comparative analyses of prior year utilization
- Initial analysis will compare March – May 2019 vs. March – May 2020
- Analysis will also include trends in in-person primary care services



NEXT STEPS

- ACHI will continue to provide updates on estimated number of members tested, number of positive tests, and number of hospitalizations
- ACHI will also be assessing financial impacts to plan of COVID-19



State of Arkansas Employee Benefits Division

Interim Monitoring Report

Through May 31st

State and Public School Life and Health Insurance Benefits Subcommittee

Courtney White, FSA, MAAA
Paul Sakhrani, FSA, MAAA

12 JUNE 2020



Agenda

- Employee Contribution Considerations
- Arkansas State Employees (ASE)
 - Plan Experience
- Public School Employees (PSE)
 - Plan Experience
- Appendices
 - A. Plan summary
 - B. Assumptions / methodology
 - C. Limitations & caveats

Employee Contribution Considerations

Definitions

- **Premium** – Estimated total cost (claims plus fees) of the plan after employee cost sharing
- **Employer Contribution**
 - State Contribution – Funded by State of Arkansas legislature
 - Plan Contribution – Funded by Trust
 - Department of Education – Funded by Department of Education
 - School District Contribution – Funded by school districts
- **Employee/Retiree Cost** – Cost paid by the employee typically through payroll deductions
- **Wellness Credit** – \$75 per month premium credit to active employees who complete wellness requirements

Wellness Program

Wellness Initiative

Provide \$75 per month premium credit to active employees who satisfy the following:

1. Complete a biometric screening through a Catapult Health Worksite or through their own physician
 2. Complete a health assessment
 3. Non-tobacco user or enroll in a tobacco cessation program if tested positive for nicotine
- If all active employees satisfy the wellness requirement the estimated annual total credit is:
 - ASE: \$23.0M
 - PSE: \$44.3M
 - More than 60% of large employers offer financial wellness incentives to their employees with an average incentive between \$25-\$33 per month
 - Approximately 20% of large employers offer incentives for non-tobacco use with an average incentive of \$50 per month

Contribution Strategy

Background & Future Considerations

Component	ASE	PSE
Affordability Compliance	Plan Sponsors must offer an “affordable” plan that meets “minimum values”	
Spousal Coverage	Working spouse exclusion	
Wellness Incentive	\$75 wellness credit for active employees	
Plan Choice (Active Population)	Premium: 84.1% of enrollment Classic: 9.2% Basic: 6.7%	Premium: 33.4% of enrollment Classic: 56.2% Basic: 10.4%
Plan Subsidy Levels Individual/Family*	79.4% for EE Only tier 67.6% for Family tier	72.8% for EE Only tier 58.7% for Family tier
State Contribution to HSA	\$25 / \$50 funding per month (EE Only / Family)	No Funding
Tobacco Surcharge	Included in the wellness program requirement	
Wage Banding	No differentiation by wage bands	

* Based on projected 2021 enrollment. ASE assumes 92% of employees receive Wellness Credit. PSE assumes 83% of employees receive Wellness Credit.

Arkansas State Employees (ASE)

Executive Summary

- 2020 & 2021 projections updated to incorporate claims data incurred from March 2019 to February 2020 and paid through May 2020.
- 2020 projected plan experience
 - Allocated reserves for 2020 is \$25.1M
 - Estimated deficit of \$11.8M
 - End of Year Assets: \$59.8M
 - No plan changes / 5% increase in employee contributions
- 2021 projected plan experience
 - No additional funding (\$14.5M allocated assets)
 - Projected deficit: \$35.3M
 - End of Year Assets: \$10.1M
 - No plan design or contribution changes
 - Increased membership based on historical patterns
 - Baseline trends (medical: 5%, pharmacy: 8%)

Total Plan Experience

<u>Funding</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
State Contribution	\$ 173.61	\$ 172.24	\$ 172.24
Employee Contribution	97.45	99.69	100.37
Other	23.47	21.65	21.80
Total Income	\$ 294.53	\$ 293.59	\$ 294.41
Medical Claims	\$ (194.56)	\$ (217.29)	\$ (222.91)
Pharmacy Claims	(86.58)	(99.46)	(109.33)
Administration Fees	(18.30)	(17.53)	(17.64)
Plan Administration	(2.90)	(2.81)	(2.91)
Total Expenses	\$ (302.34)	\$ (337.09)	\$ (352.79)
Program Savings	\$ -	\$ 6.67	\$ 8.67
Net Income / (Loss) Before Reserve Allocation	\$ (7.82)	\$ (36.83)	\$ (49.71)
Allocation of Reserves	\$ 21.70	\$ 25.08	\$ 14.46
Net Income / (Loss) After Reserve Allocation	\$ 13.89	\$ (11.75)	\$ (35.26)

<u>Average Membership</u>			
Active Employees / Pre-65 Retirees	47,719	46,920	46,920
Post-65 Retirees	13,345	13,824	14,239
Total Enrolled	61,065	60,745	61,159

Total Income PMPM¹	\$ 431.55	\$ 437.17	\$ 420.85
Total Expenses PMPM²	\$ (412.60)	\$ (453.29)	\$ (468.89)

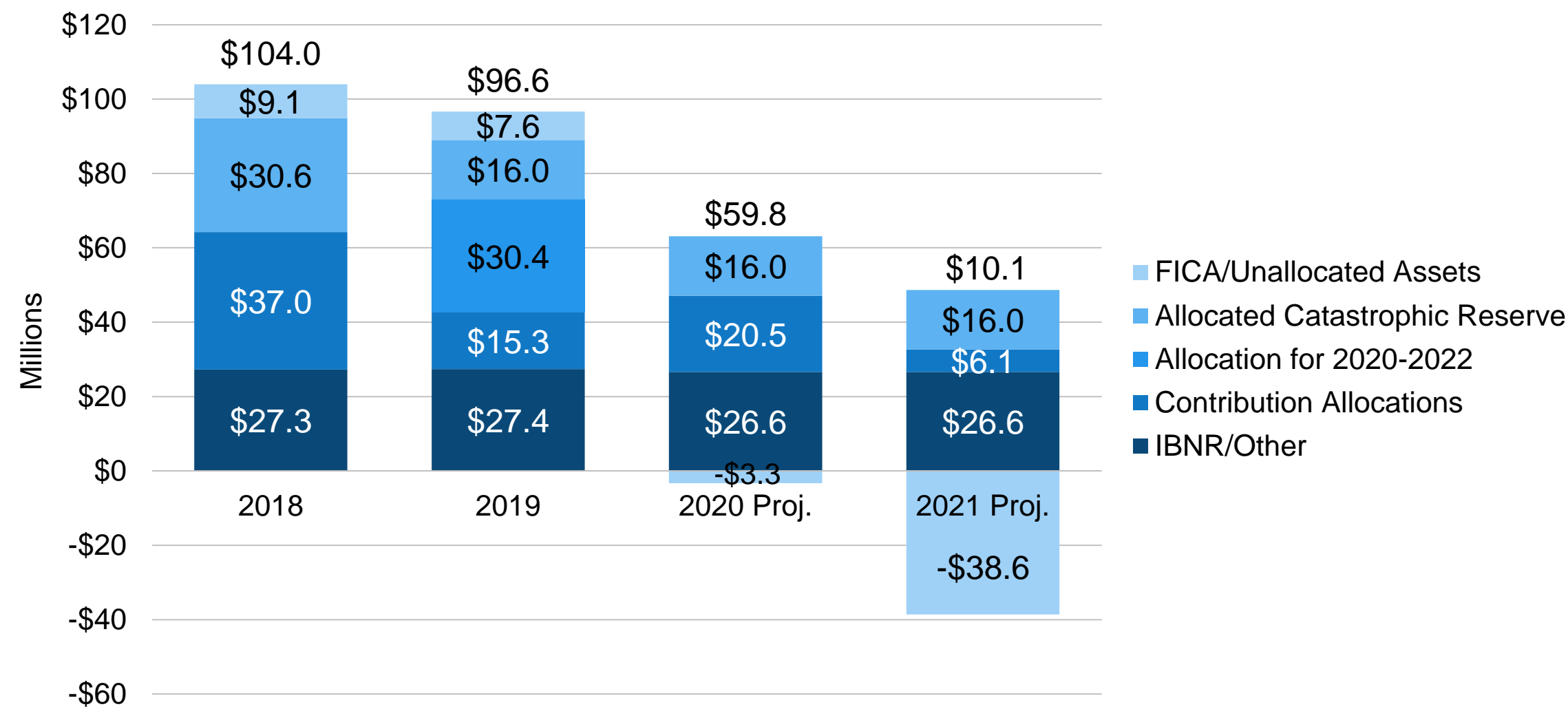
¹ Allocation of Reserves included in Total Income

² Total Expenses offset by Program Savings

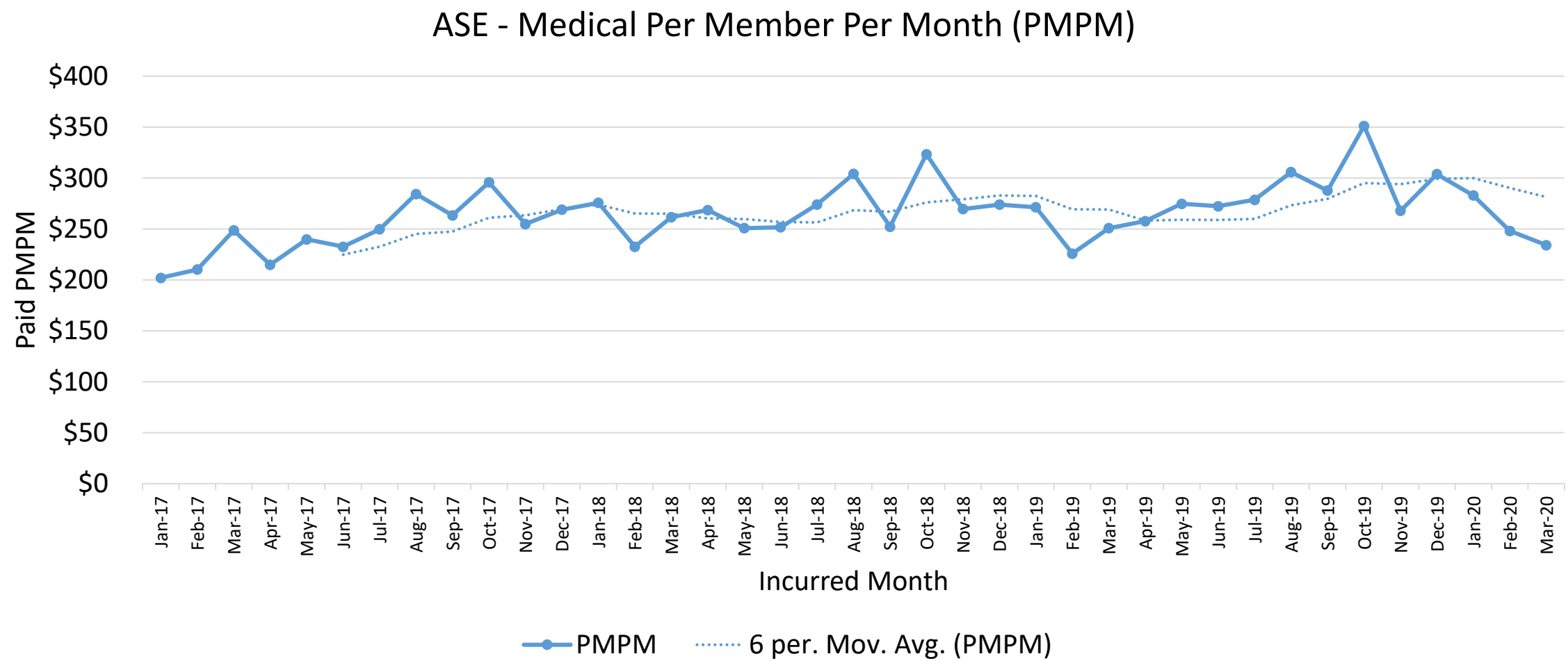
Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets (\$millions)			
(a)	2019	End-of-Year Assets	\$96.6
(b)	2020	Total Income	\$293.6
(c)		Total Expenses	(\$330.4)
(d)		Allocated Assets	<u>\$25.1</u>
(e) = (b) + (c) + (d)		Total Surplus / (Deficit)	(\$11.7)
(f) = (a) - (d) + (e)		End-of-Year Assets	\$59.8
(g)	2021	Total Income	\$294.4
(h)		Total Expenses	(\$344.1)
(i)		Allocated Assets	<u>\$14.5</u>
(j) = (g) + (h) + (i)		Total Surplus / (Deficit)	(\$35.3)
(k) = (f) - (i) + (j)		End-of-Year Assets	\$10.1

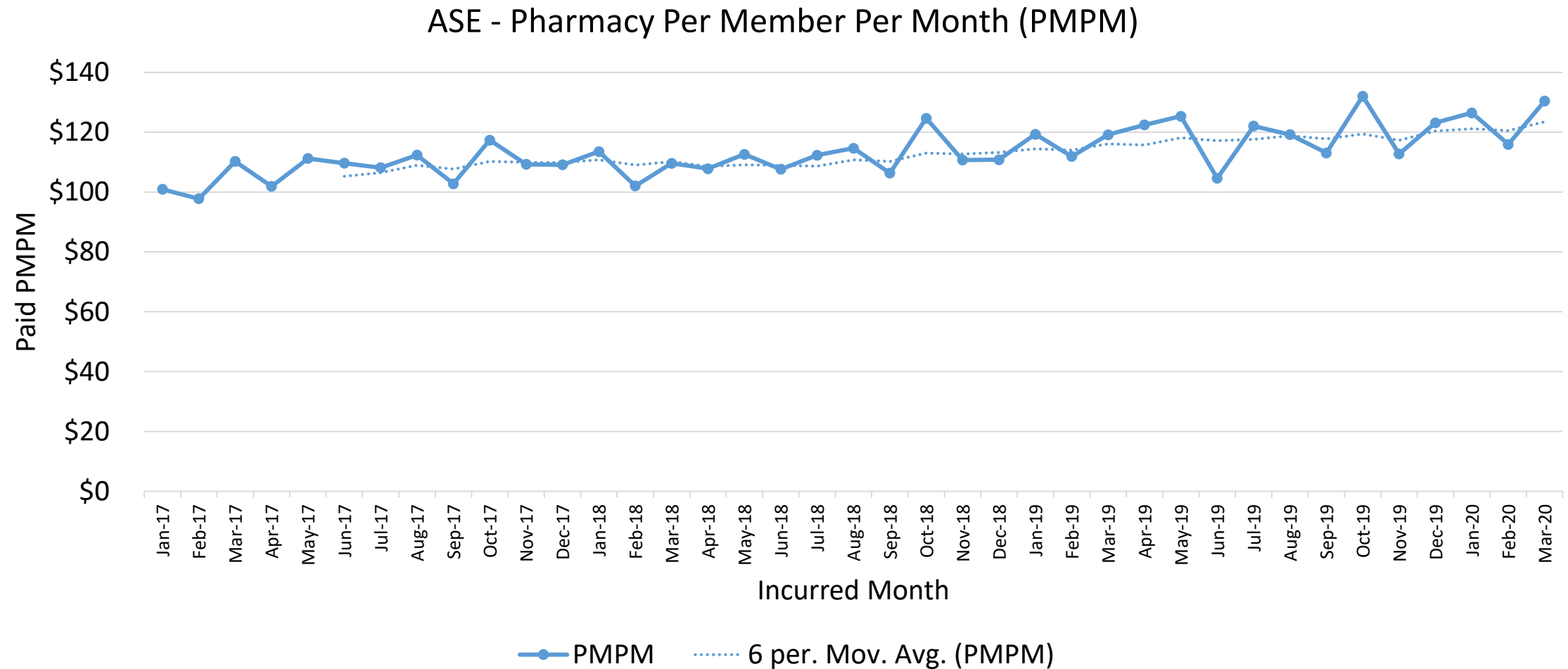
End of Year Assets



Monthly Trend - Medical



Monthly Trend - Pharmacy



Contribution Scenario – Summary

Scenario – Increase employee contributions by 10%

Scenario Description	2021 Impact	Employee Impact Range	Estimated Number of Employees Impact*
Increase Active contributions (10%)	\$5.5M	\$3.05 - \$52.38	24.4K
Increase Pre-65 contributions (10%)	\$1.0M	\$16.64 - \$95.31	2.3K
Increase Post-65 contributions (10%)	\$3.3M	\$17.52 - \$84.86	11.1K
Total contributions	\$9.9M		37.8K

Assumes no migration

* Represents number of employees with a contribution impact greater than \$0.

Summary of Initiatives

- Current Deficit for 2021 - \$49.7M (\$35.3M with allocated assets)

Initiative	Decision	Savings	Deficit
Starting Deficit			- \$49.7 M
Program Initiatives	Current	\$7.5M	- \$42.2M
Employee Contributions*	10% incr.	\$9.9M	- \$32.3M
Remaining Deficit			- \$32.3 M
Allocated Assets		\$14.5M	- \$17.8M
Total Remaining Deficit			- \$17.8M

* Must maintain affordability. Assumes no migration.

Public School Employees (PSE)

Executive Summary

- 2020 & 2021 projections updated to incorporate claims data incurred from March 2019 to February 2020 and paid through May 2020.
- 2020 plan experience
 - Allocated reserves for 2020 is \$25.3M
 - Estimated deficit of \$20.6M
 - End of Year Assets: \$103.2M
 - No plan changes / 0% increase to employee contributions
- 2021 projected plan experience
 - No additional funding (\$15.5M allocated assets)
 - Projected deficit: \$64.6M
 - End of Year Assets: \$23.1M
 - No plan design or contribution changes
 - Increased membership based on historical patterns
 - Baseline trends (medical: 7%, pharmacy: 8%)

Total Plan Experience

<u>Funding</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
PPE Funding	\$ 102.39	\$ 105.35	\$ 108.86
Employee Contribution	121.12	124.18	128.32
Dept of Ed Funding	88.10	88.10	88.10
Other	15.02	14.88	15.38
Total Income	\$ 326.64	\$ 332.51	\$ 340.66
Medical Claims	\$ (247.12)	\$ (280.57)	\$ (315.31)
Pharmacy Claims	(60.87)	(72.12)	(79.91)
Administration Fees	(28.46)	(28.16)	(29.17)
Plan Administration	(2.61)	(2.55)	(2.63)
Total Expenses	\$ (339.06)	\$ (383.40)	\$ (427.03)
Program Savings	\$ -	\$ 5.07	\$ 6.33
Net Income / (Loss) Before Reserve Allocation	\$ (12.42)	\$ (45.83)	\$ (80.04)
Allocation of Reserves	\$ 12.66	\$ 25.25	\$ 15.48
Net Income / (Loss) After Reserve Allocation	\$ 0.23	\$ (20.57)	\$ (64.56)

<u>Average Membership</u>			
Active Employees / Pre-65 Retirees	82,317	84,335	86,747
Post-65 Retirees	14,279	15,044	15,946
Total Enrolled	96,595	99,379	102,693

Total Income PMPM¹	\$ 292.71	\$ 300.00	\$ 289.00
Total Expenses PMPM²	\$ (292.51)	\$ (317.25)	\$ (341.38)

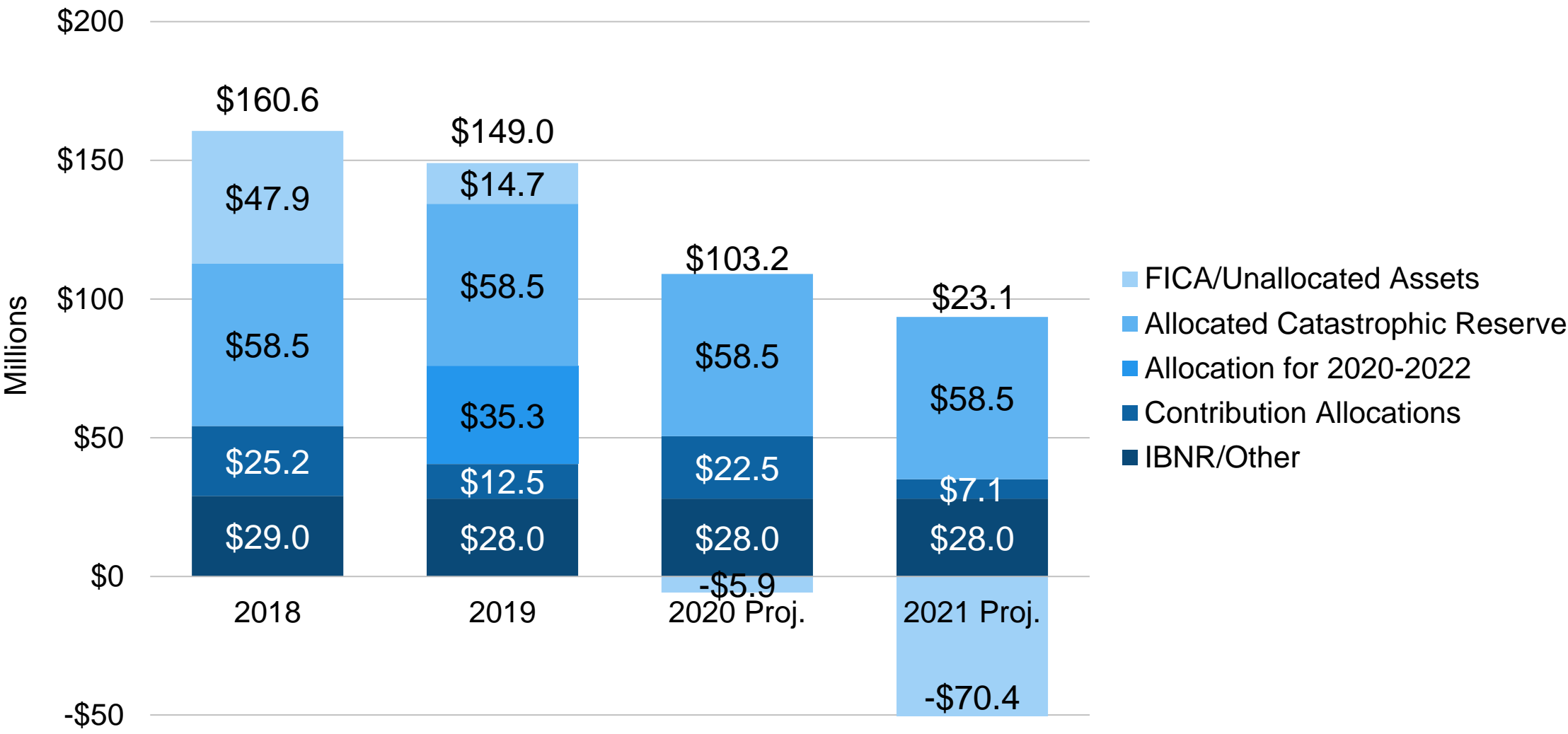
¹ Allocation of Reserves included in Total Income

² Total Expenses offset by Program Savings

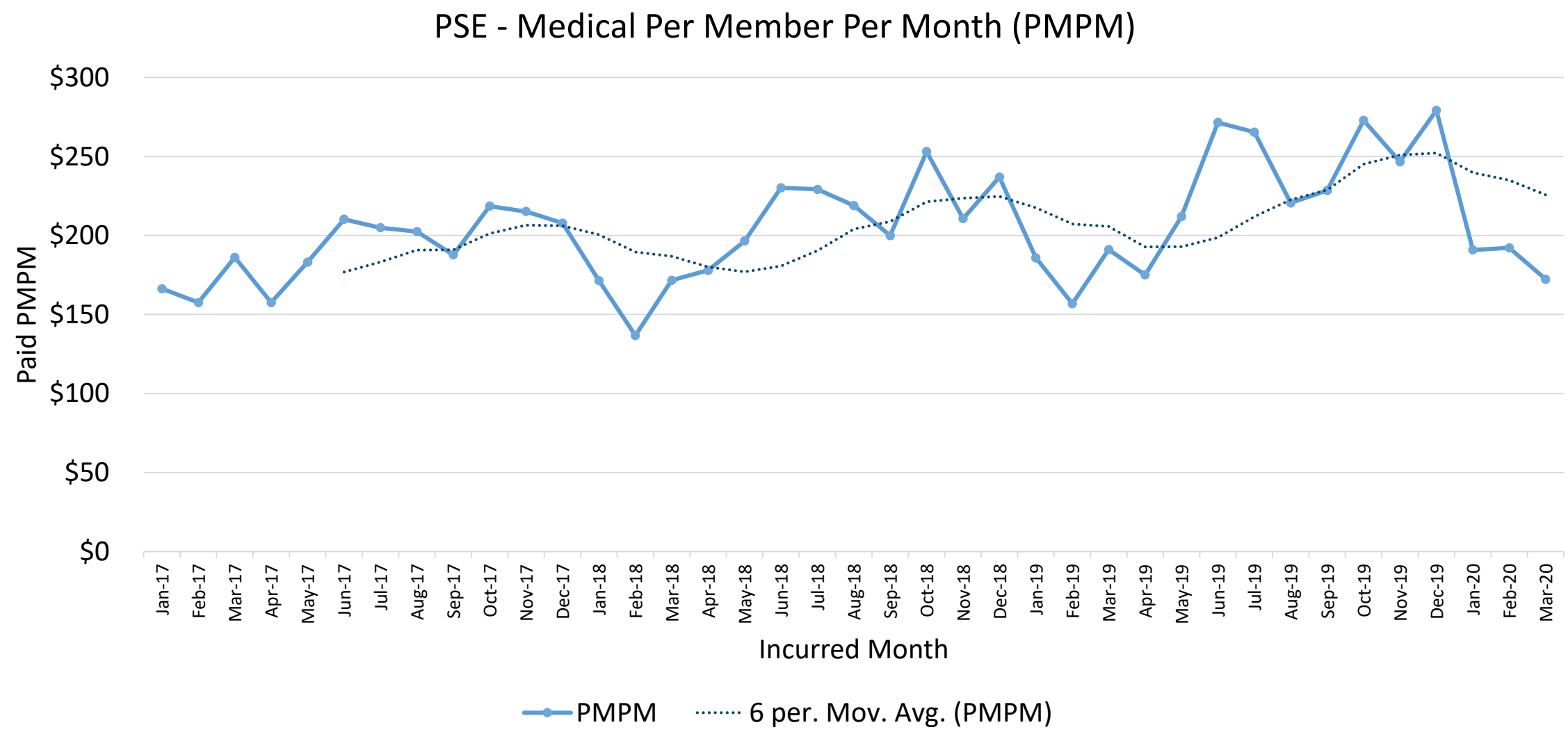
Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets (\$millions)			
(a)	2019	End-of-Year Assets	\$149.0
(b)	2020	Total Income	\$332.5
(c)		Total Expenses	(\$378.3)
(d)		Allocated Assets	<u>\$25.3</u>
(e) = (b) + (c) + (d)		Total Surplus / (Deficit)	(\$20.6)
(f) = (a) - (d) + (e)		End-of-Year Assets	\$103.2
(g)	2021	Total Income	\$340.7
(h)		Total Expenses	(\$420.7)
(i)		Allocated Assets	<u>\$15.5</u>
(j) = (g) + (h) + (i)		Total Surplus / (Deficit)	(\$64.6)
(k) = (f) - (i) + (j)		End-of-Year Assets	\$23.1

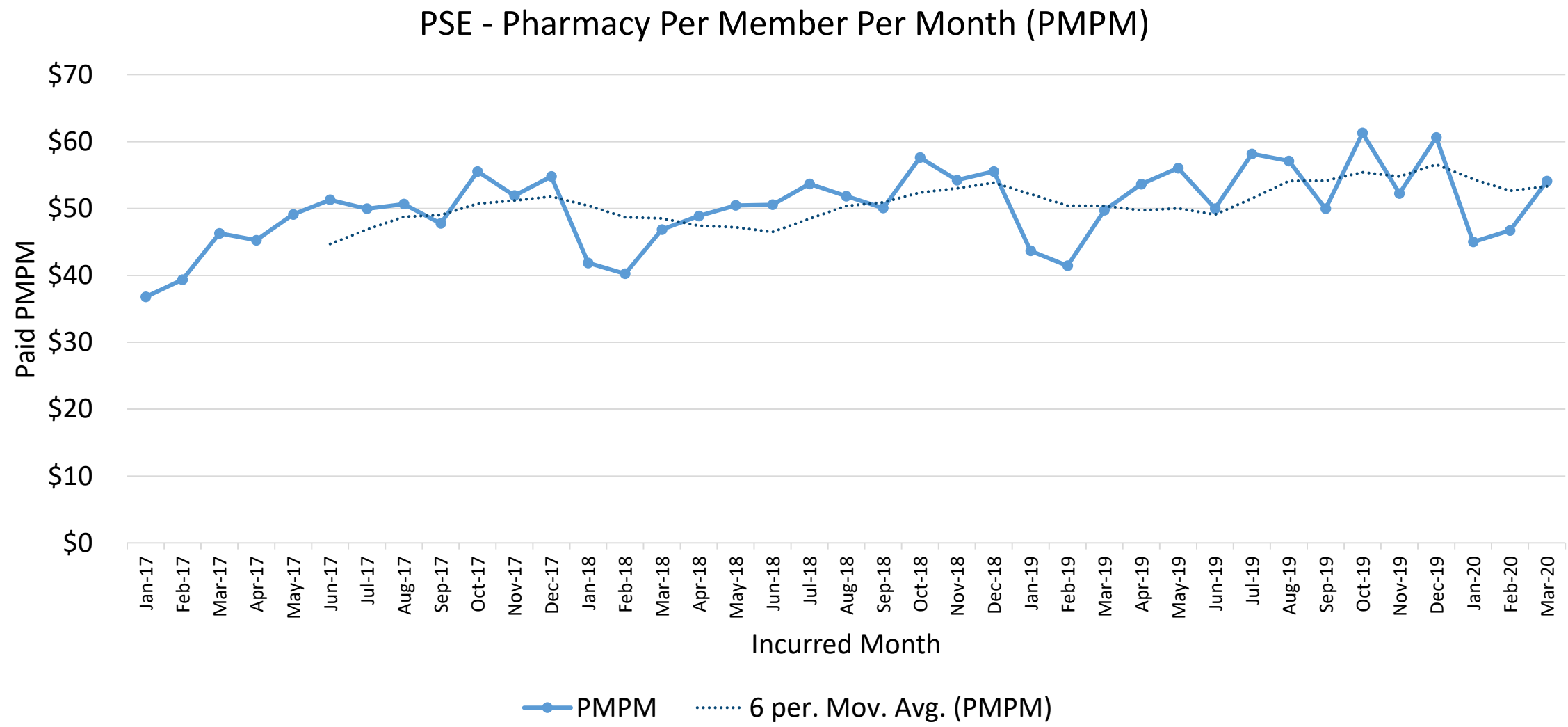
End of Year Assets



Monthly Trend - Medical



Monthly Trend - Pharmacy



Contribution Scenario (PSE)

Scenario – Increase employee contributions by 10%^{1,2}

Contribution Scenario	2021 Impact – PSE	Employee Impact Range	Estimated Number of Employees Impact*
Increase Active contributions (10%)	\$9.9M	\$1.13 - \$83.34	49.2K
Increase Pre-65 contributions ¹	\$2.0M	\$20.79 - \$281.16	3.3K
Increase Post-65 contributions ²	\$2.1M	\$10.08 - \$116.91	14.7K
Total contributions	\$13.9M		67.1K

¹ Pre-65 Retirees pay entire cost.

² Post-65 Retirees pay entire cost except for Retiree Only and Retiree & Medicare Spouse. Retiree Only and Retiree & Medicare Spouse assume 10% increase.

Summary of Initiatives (PSE)

- Current Deficit for 2021 - \$80M (\$64.6M with allocated assets)

Initiative	Decision	Savings	Deficit
Starting Deficit			- \$80.0 M
Program Initiatives	Current	\$5.5M	- \$74.5M
Employee Contributions*	10% incr.	\$13.9M	- \$60.6M
Remaining Deficit			- \$60.6M
Allocated Assets		\$15.5M	- \$45.1M
Total Remaining Deficit			- \$45.1M

* Must maintain affordability. Assumes no migration.

Appendix

Premium Equivalent Rates – 2020 & 2021

ASE – Monthly Rates (Active)

Plan Option	2020 Premium Rates	2021 Premium Rates	Dollar Increase	Percentage Increase
Premium Plan				
Employee Only	\$526.98	\$551.18	\$24.20	4.6%
Employee & Spouse	\$1,186.06	\$1,240.53	\$54.47	4.6%
Employee & Child(ren)	\$885.18	\$925.83	\$40.65	4.6%
Employee & Family	\$1,544.24	\$1,615.16	\$70.92	4.6%
Classic Plan				
Employee Only	\$458.14	\$479.18	\$21.04	4.6%
Employee & Spouse	\$1,021.92	\$1,068.85	\$46.93	4.6%
Employee & Child(ren)	\$764.54	\$799.65	\$35.11	4.6%
Employee & Family	\$1,328.30	\$1,389.30	\$61.00	4.6%
Basic Plan				
Employee Only	\$404.36	\$422.93	\$18.57	4.6%
Employee & Spouse	\$893.90	\$934.95	\$41.05	4.6%
Employee & Child(ren)	\$670.42	\$701.21	\$30.79	4.6%
Employee & Family	\$1,159.96	\$1,213.23	\$53.27	4.6%

1. Maintain current rate structure and assumes no migration plans

Premium Equivalent Rates – 2020 & 2021

ASE – Monthly Rates (Non-Medicare Retiree)

Plan Option	2020 Premium Rates	2021 Premium Rates	Dollar Increase	Percentage Increase
Premium Plan				
Retiree Only	\$526.98	\$551.18	\$24.20	4.6%
Retiree & Non-Medicare Spouse	\$1,186.06	\$1,240.53	\$54.47	4.6%
Retiree & Child(ren)	\$885.18	\$925.83	\$40.65	4.6%
Retiree & Non-Medicare Spouse & Child(ren)	\$1,544.24	\$1,615.16	\$70.92	4.6%
Retiree & Medicare Primary Spouse	\$945.44	\$988.86	\$43.42	4.6%
Retiree & Medicare Primary Spouse & Child(ren)	\$1,303.64	\$1,363.51	\$59.87	4.6%
Classic Plan				
Retiree Only	\$458.14	\$479.18	\$21.04	4.6%
Retiree & Spouse	\$1,021.92	\$1,068.85	\$46.93	4.6%
Retiree & Child(ren)	\$764.54	\$799.65	\$35.11	4.6%
Retiree & Family	\$1,328.30	\$1,389.30	\$61.00	4.6%
Basic Plan				
Retiree Only	\$404.36	\$422.93	\$18.57	4.6%
Retiree & Spouse	\$893.90	\$934.95	\$41.05	4.6%
Retiree & Child(ren)	\$670.42	\$701.21	\$30.79	4.6%
Retiree & Family	\$1,159.96	\$1,213.23	\$53.27	4.6%

Premium Equivalent Rates – 2020 & 2021

ASE – Monthly Rates (Medicare Retiree)

Plan Option	2020 Premium Rates	2021 Premium Rates	Dollar Increase	Percentage Increase
Primary Plan				
Retiree Only	\$418.46	\$491.21	\$72.75	17.4%
Retiree & Non-Medicare Spouse	\$945.44	\$1,109.81	\$164.37	17.4%
Retiree & Child(ren)	\$825.48	\$968.99	\$143.51	17.4%
Retiree & Non-Medicare Spouse & Children	\$1,435.72	\$1,685.32	\$249.60	17.4%
Retiree & Medicare Primary Spouse	\$838.94	\$984.79	\$145.85	17.4%
Retiree & Medicare Primary Spouse & Child(ren)	\$1,245.96	\$1,462.57	\$216.61	17.4%

1. Maintain current rate structure and assumes no migration plans

Employee Contribution Scenarios – ASE Population

Increase employee contributions by 10% (Active without Wellness)

IMPACT: Employee Increase 10% = \$440k / yr

Plan Option	Projected Enrollment*	2020 EE Contribution	2021 EE Contribution**	\$ Change
Premium Plan				
Employee Only	1,049	\$188.32	\$199.65	\$11.33
Employee & Spouse	154	\$484.98	\$525.98	\$41.00
Employee & Child(ren)	400	\$302.16	\$324.88	\$22.72
Employee & Family	139	\$598.82	\$651.20	\$52.38
Classic Plan				
Employee Only	121	\$125.28	\$130.31	\$5.03
Employee & Spouse	14	\$337.84	\$364.12	\$26.28
Employee & Child(ren)	35	\$193.38	\$205.22	\$11.84
Employee & Family	20	\$405.94	\$439.03	\$33.09
Basic Plan				
Employee Only	99	\$75.00	\$75.00	\$0.00
Employee & Spouse	10	\$218.28	\$232.61	\$14.33
Employee & Child(ren)	18	\$105.46	\$108.51	\$3.05
Employee & Family	12	\$248.74	\$266.11	\$17.37

* Total subscribers over the year

** 10% increase based on Wellness contribution rates with Wellness incentive then added back

Employee Contribution Scenarios – ASE Population

Increase employee contributions by 10% (Active with Wellness)

IMPACT: Employee Increase 10% = \$5.05M / yr

Plan Option	Projected Enrollment*	2020 EE Contribution	2021 EE Contribution	\$ Change
Premium Plan				
Employee Only	11,922	\$113.32	\$124.65	\$11.33
Employee & Spouse	1,744	\$409.98	\$450.98	\$41.00
Employee & Child(ren)	4,541	\$227.16	\$249.88	\$22.72
Employee & Family	1,579	\$523.82	\$576.20	\$52.38
Classic Plan				
Employee Only	1,373	\$50.28	\$55.31	\$5.03
Employee & Spouse	158	\$262.84	\$289.12	\$26.28
Employee & Child(ren)	400	\$118.38	\$130.22	\$11.84
Employee & Family	231	\$330.94	\$364.03	\$33.09
Basic Plan				
Employee Only	1,127	\$0.00	\$0.00	\$0.00
Employee & Spouse	111	\$143.28	\$157.61	\$14.33
Employee & Child(ren)	207	\$30.46	\$33.51	\$3.05
Employee & Family	134	\$173.74	\$191.11	\$17.37

* Total subscribers over the year

Employee Contribution Scenarios – ASE Population

Increase employee contributions by 10% (Non-Medicare Retiree)

IMPACT: Employee Increase 10% = \$1.04M / yr

Plan Option	Projected Enrollment*	2020 EE Contribution	2021 EE Contribution	\$ Change
Premium Plan				
Retiree Only	1,569	\$279.72	\$307.69	\$27.97
Retiree & Non-Medicare Spouse	272	\$715.98	\$787.58	\$71.60
Retiree & Child(ren)	92	\$516.90	\$568.59	\$51.69
Retiree & Non-Medicare Spouse & Children	34	\$953.14	\$1,048.45	\$95.31
Retiree & Medicare Primary Spouse	190	\$540.52	\$594.57	\$54.05
Retiree & Medicare Primary Spouse & Child(ren)	17	\$777.70	\$855.47	\$77.77
Classic Plan				
Retiree Only	53	\$216.68	\$238.35	\$21.67
Retiree & Spouse	12	\$568.82	\$625.70	\$56.88
Retiree & Child(ren)	3	\$408.12	\$448.93	\$40.81
Retiree & Family	5	\$760.26	\$836.29	\$76.03
Basic Plan				
Retiree Only	41	\$166.40	\$183.04	\$16.64
Retiree & Spouse	9	\$449.28	\$494.21	\$44.93
Retiree & Child(ren)	2	\$320.18	\$352.20	\$32.02
Retiree & Family	4	\$603.06	\$663.37	\$60.31

* Total subscribers over the year

Employee Contribution Scenarios – ASE Population

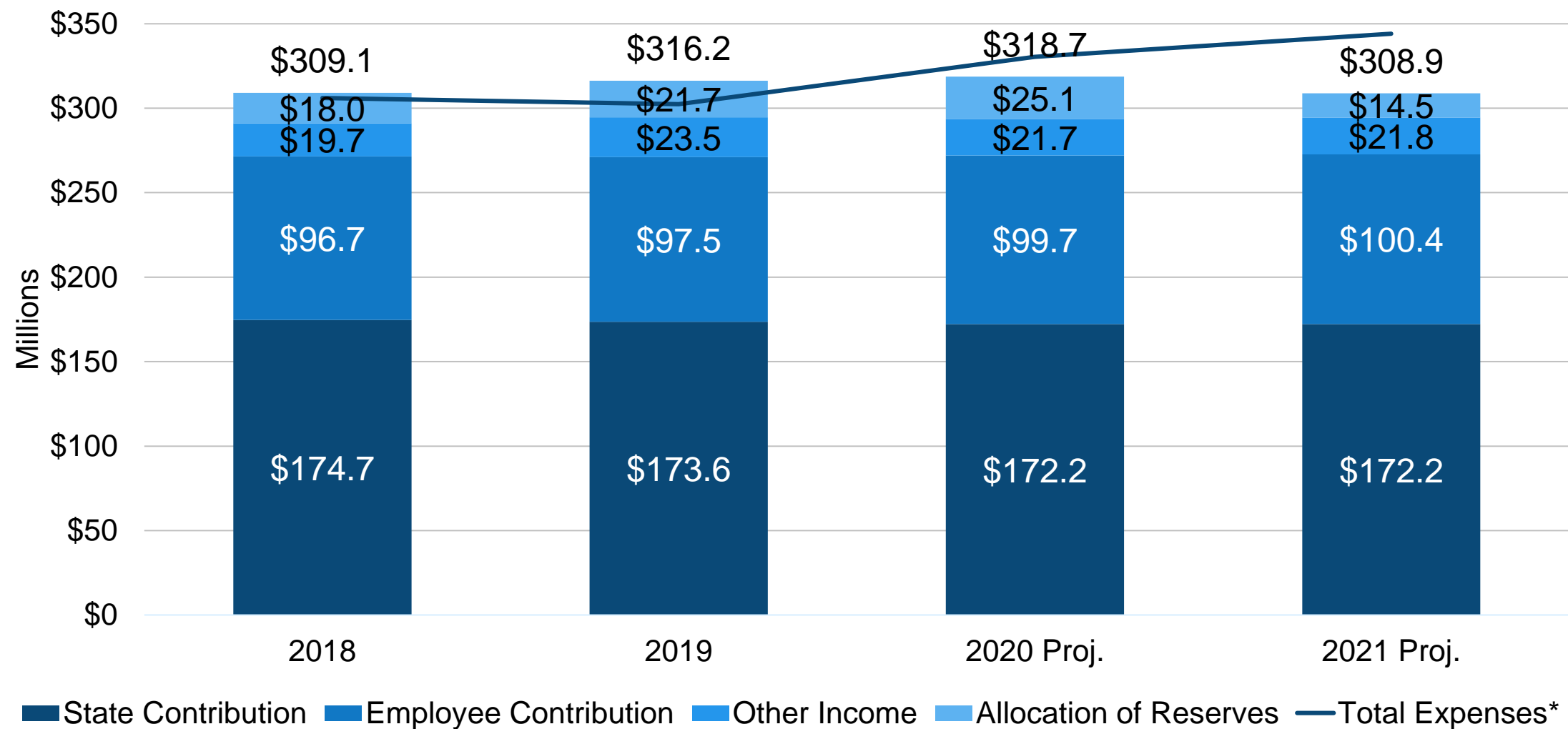
Increase employee contributions by 10% (Medicare Retiree)

IMPACT: Employee Increase 10% = \$3.32M / yr

Plan Option	Projected Enrollment*	2020 EE Contribution	2021 EE Contribution	\$ Change
Primary Plan				
Retiree Only	8,020	\$175.16	\$192.68	\$17.52
Retiree & Non-Medicare Spouse	316	\$611.42	\$672.56	\$61.14
Retiree & Child(ren)	63	\$412.34	\$453.57	\$41.23
Retiree & Non-Medicare Spouse & Children	16	\$848.58	\$933.44	\$84.86
Retiree & Medicare Primary Spouse	2,649	\$419.64	\$461.60	\$41.96
Retiree & Medicare Primary Spouse & Child(ren)	29	\$656.82	\$722.50	\$65.68

* Total subscribers over the year

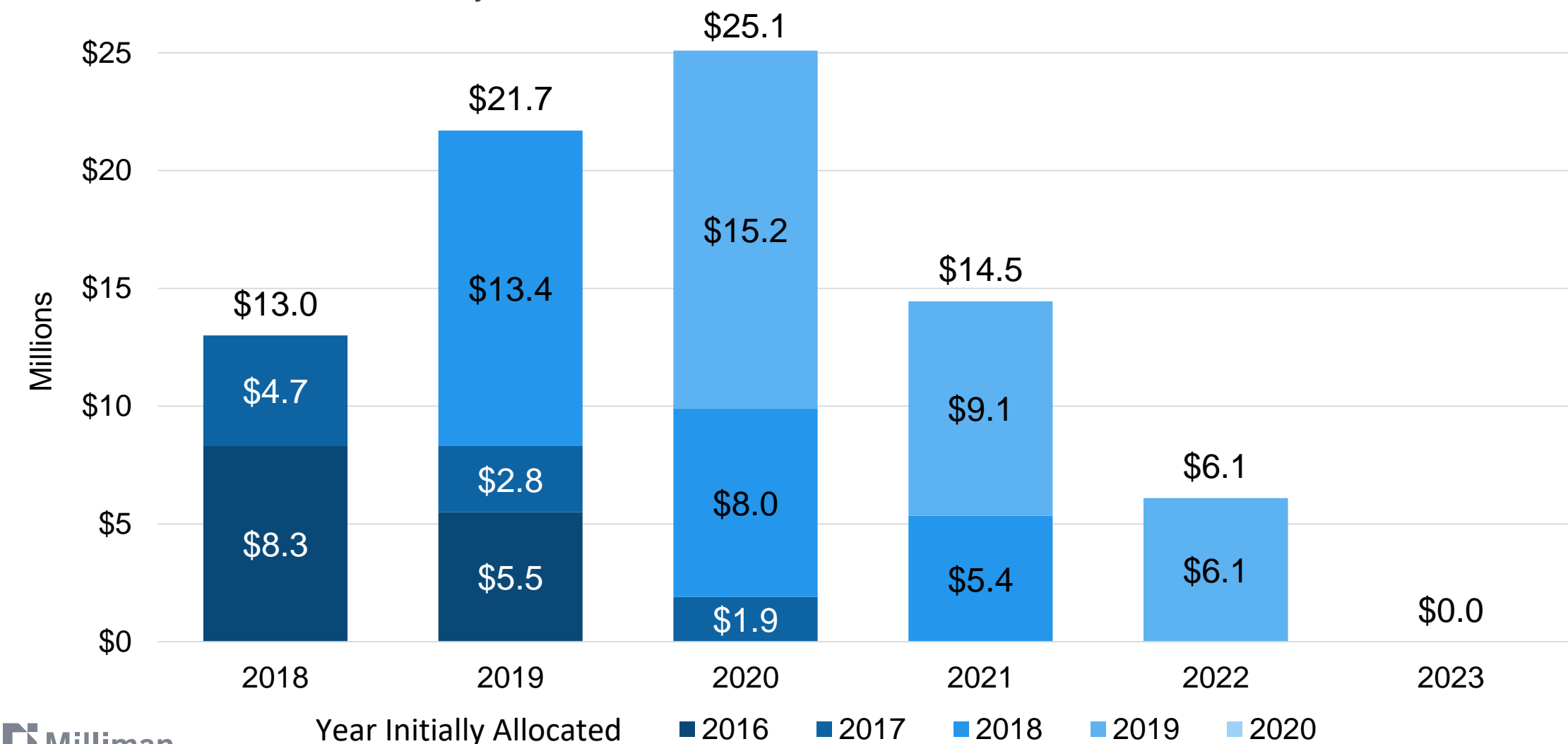
ASE - Income vs. Expenditure



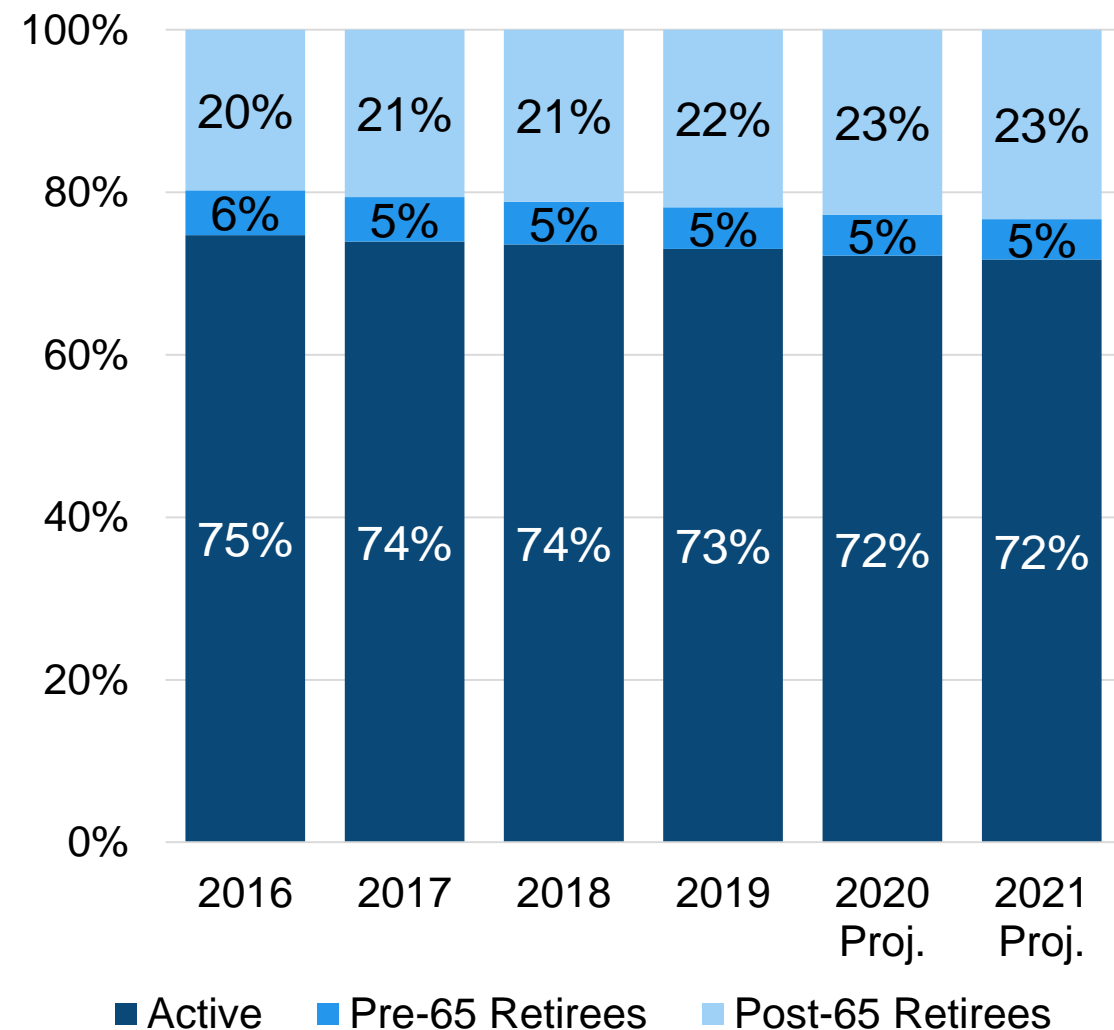
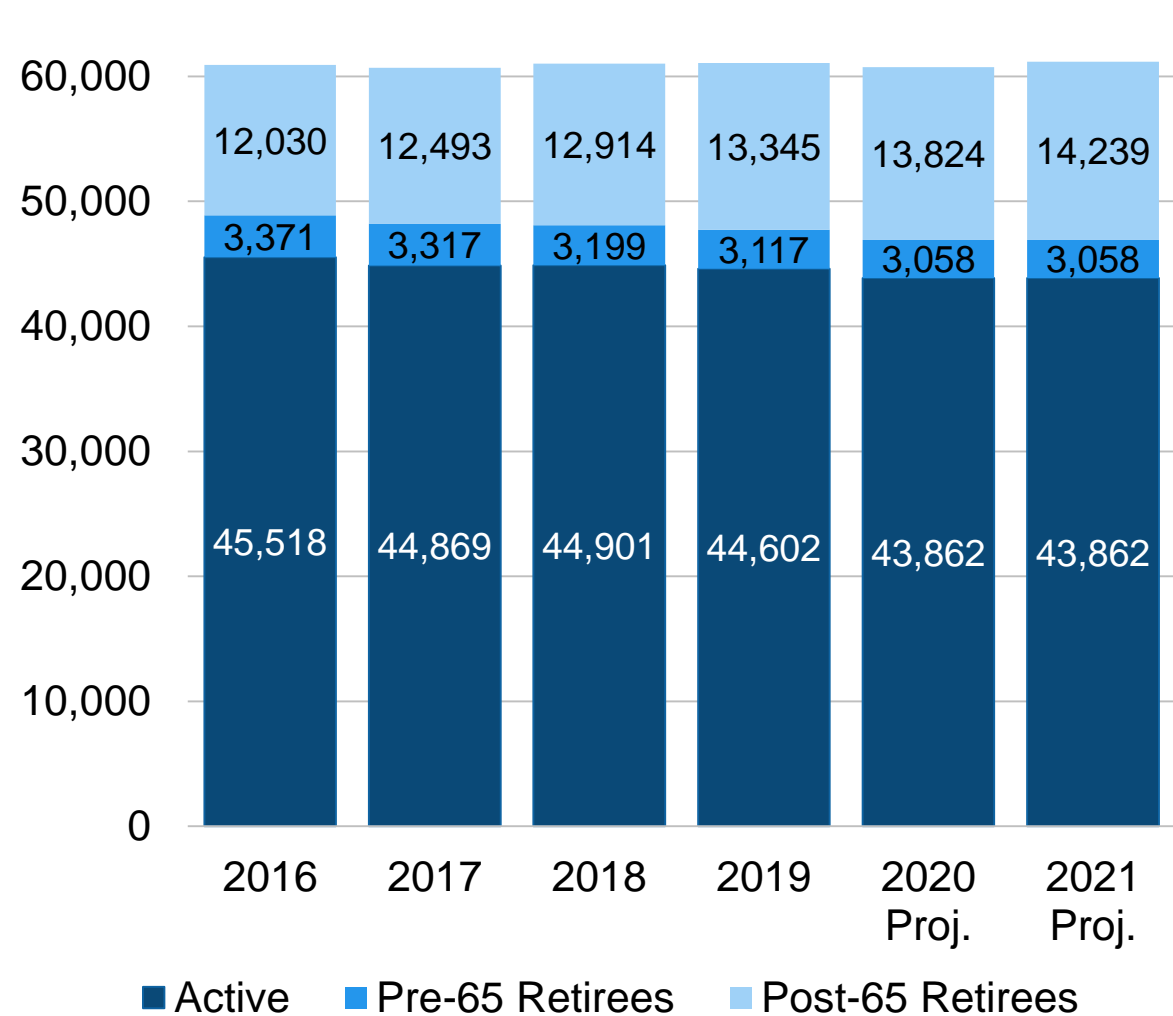
* Total Expenses offset by Program Savings

ASE - Reserves Allocation by Year

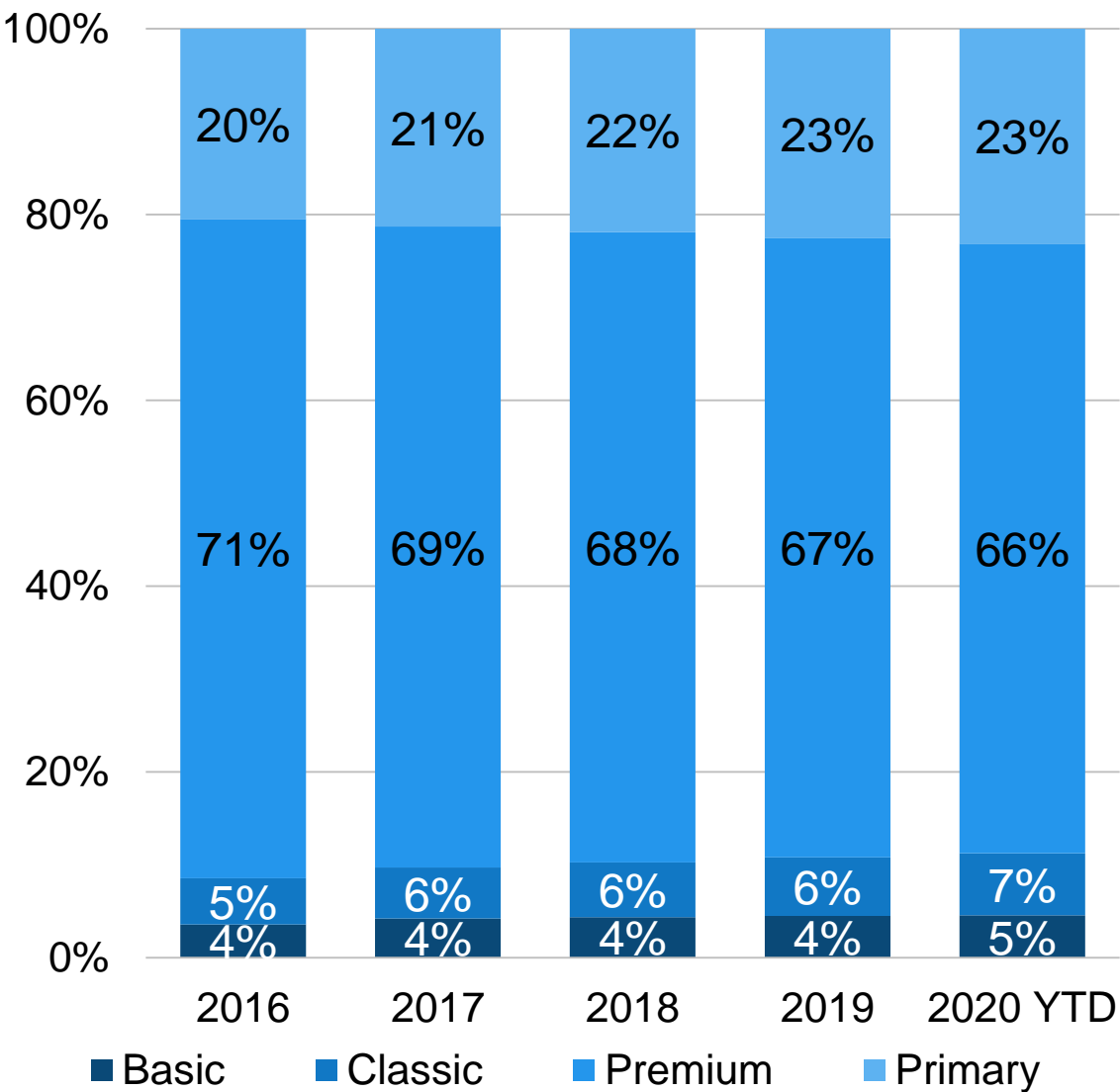
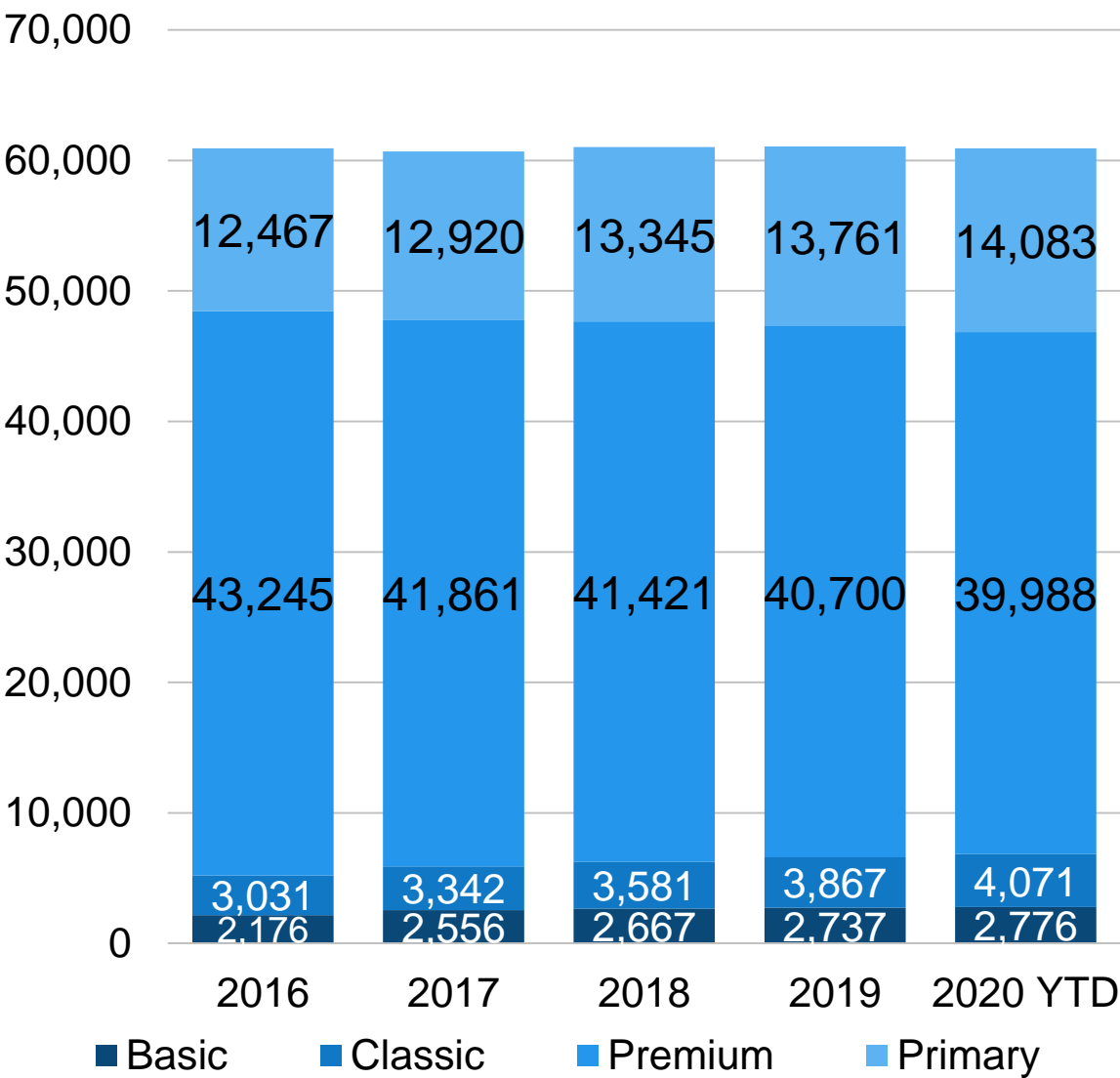
The chart represents the reserves amounts allocated each year (in millions), and how much reserves are available each year.



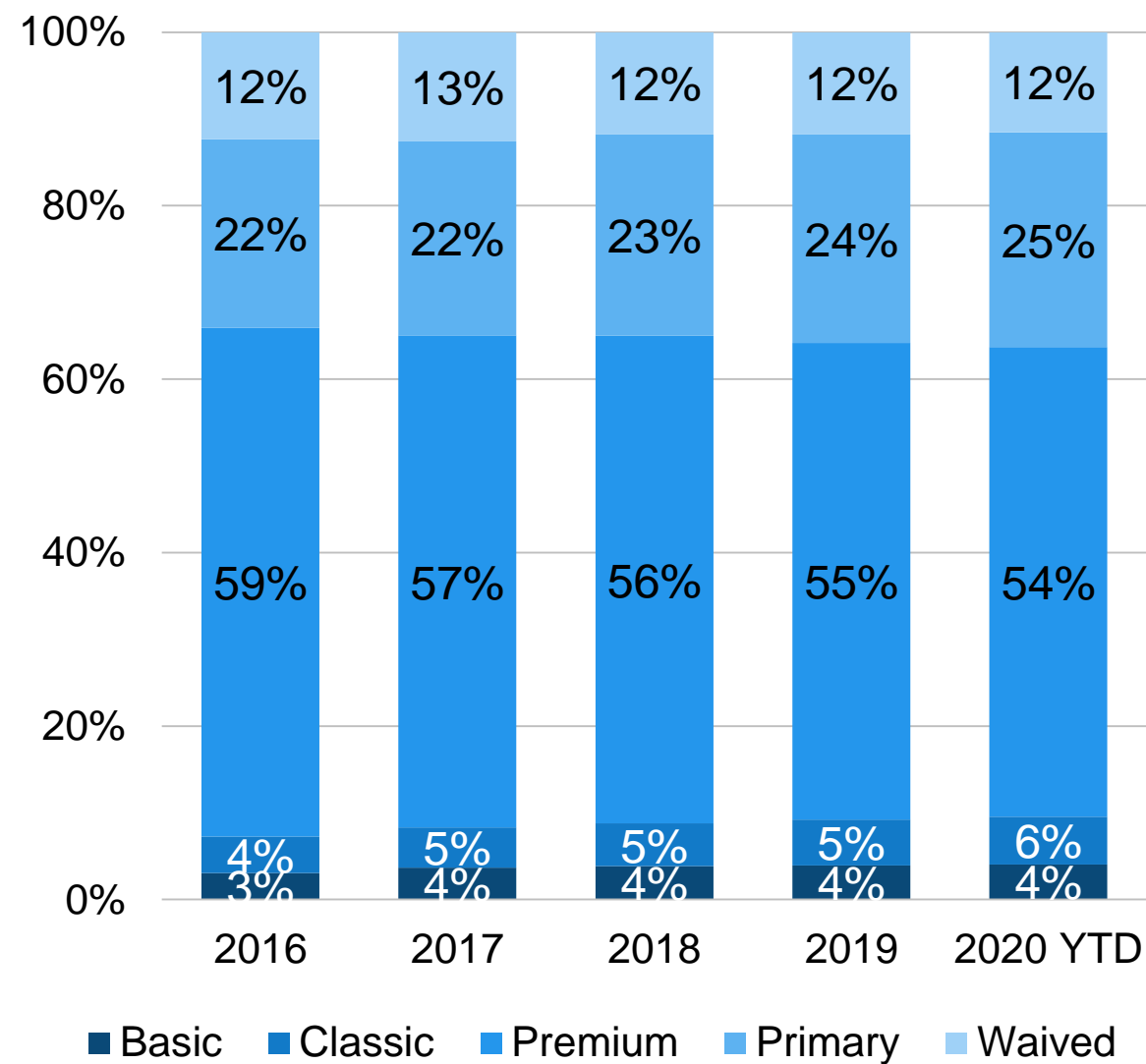
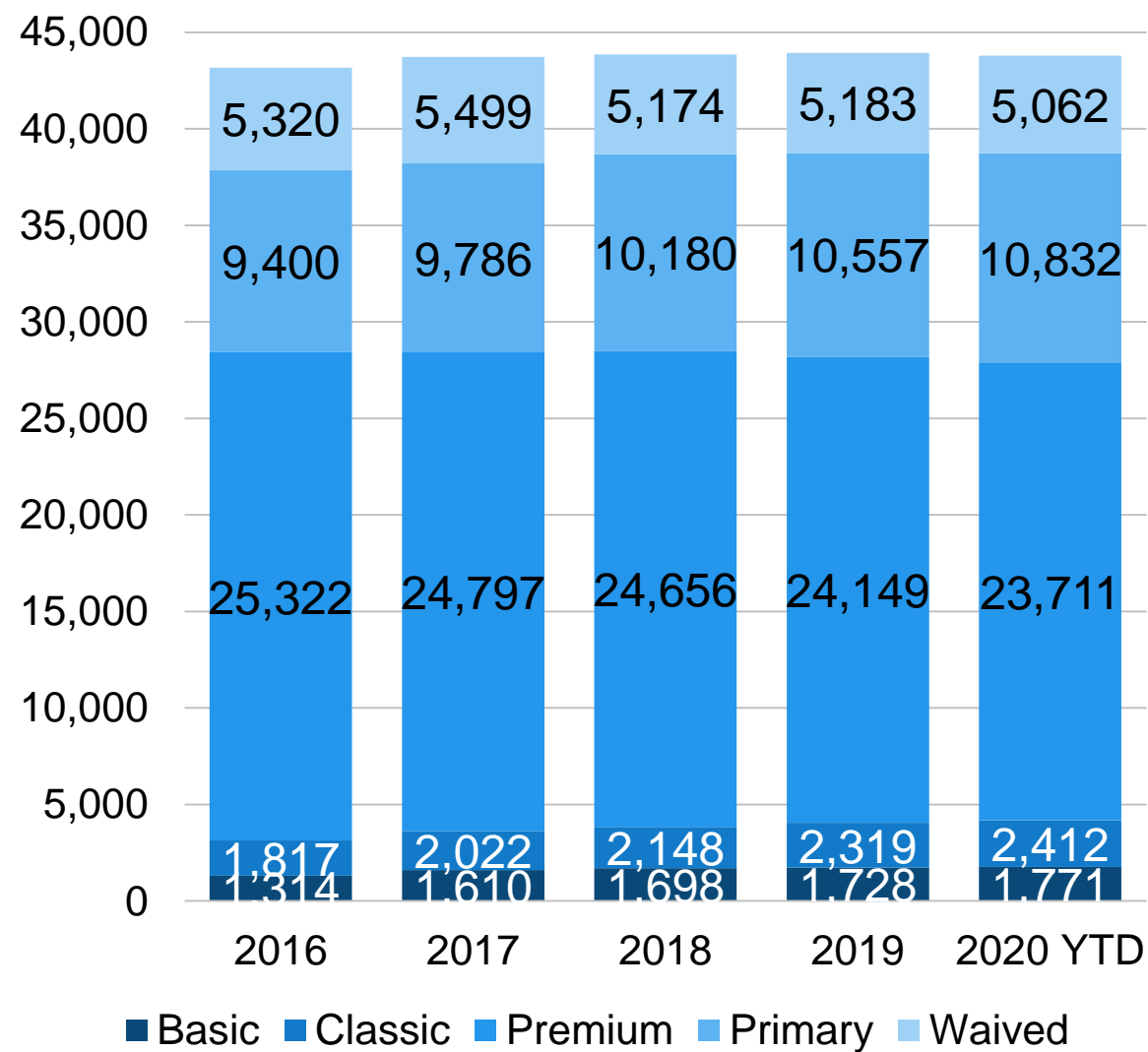
ASE - Average Membership by Status



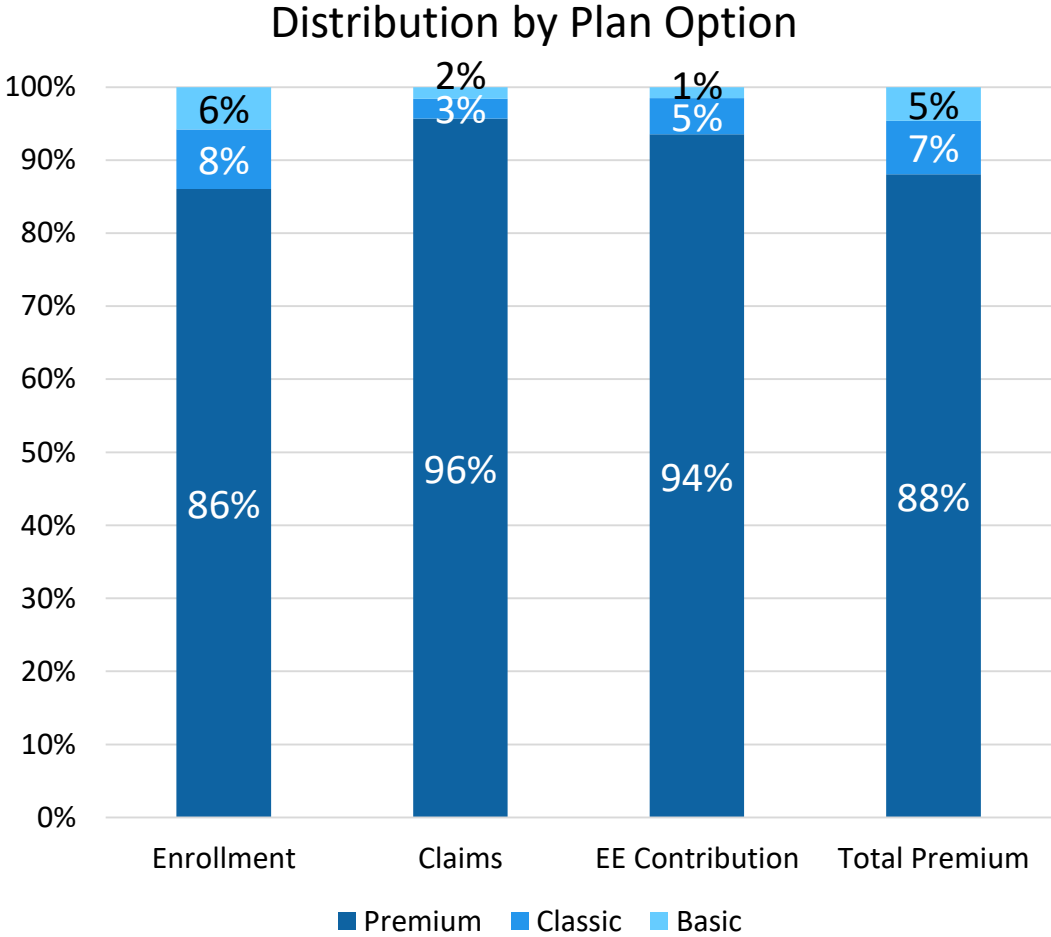
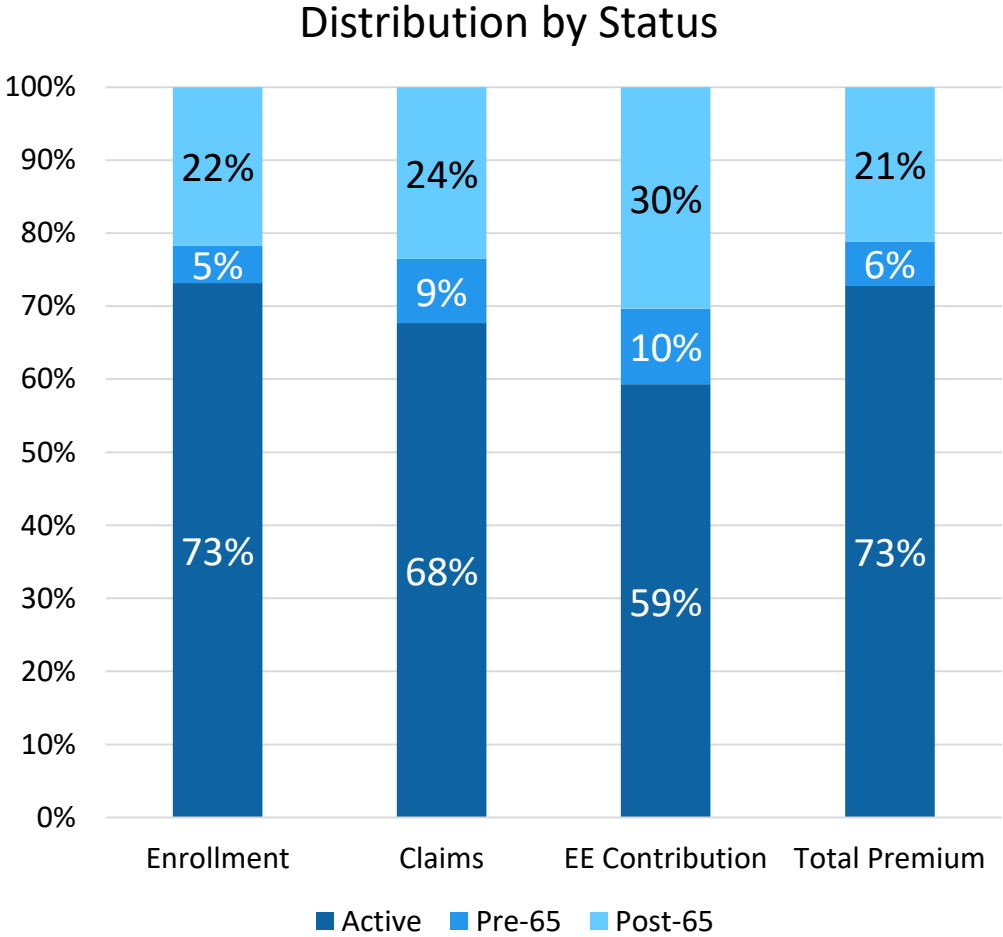
ASE - Average Membership by Plan



ASE - Average Enrollment (Subscribers) by Plan



ASE Breakdown – Employment Status and Plan Option



Enrollment based on membership.
Based on 2019 information
Categorization is based on the subscriber's benefit election.

Premium Equivalent Rates – 2020 & 2021

PSE – Monthly Rates (Active)

Plan Option	2020 Premium Rates	2021 Premium Rates	Dollar Increase	Percentage Increase
Premium Plan				
Employee Only	\$553.99	\$631.53	\$77.54	14.0%
Employee & Spouse	\$1,342.54	\$1,530.46	\$187.92	14.0%
Employee & Child(ren)	\$981.88	\$1,119.32	\$137.44	14.0%
Employee & Family	\$1,584.78	\$1,806.61	\$221.83	14.0%
Classic Plan				
Employee Only	\$327.36	\$373.18	\$45.82	14.0%
Employee & Spouse	\$743.96	\$848.09	\$104.13	14.0%
Employee & Child(ren)	\$547.76	\$624.43	\$76.67	14.0%
Employee & Family	\$955.56	\$1,089.31	\$133.75	14.0%
Basic Plan				
Employee Only	\$272.60	\$310.76	\$38.16	14.0%
Employee & Spouse	\$604.12	\$688.68	\$84.56	14.0%
Employee & Child(ren)	\$453.20	\$516.64	\$63.44	14.0%
Employee & Family	\$746.96	\$851.51	\$104.55	14.0%

1. Maintain current rate structure and assumes no migration plans

Premium Equivalent Rates – 2020 & 2021

PSE – Monthly Rates (Non-Medicare Retiree)

Plan Option	2020 Premium Rates	2021 Premium Rates	Dollar Increase	Percentage Increase
Premium Plan				
Retiree Only	\$641.14	\$730.88	\$89.74	14.0%
Retiree & Non-Medicare Spouse	\$1,457.18	\$1,661.15	\$203.97	14.0%
Retiree & Child(ren)	\$1,192.60	\$1,359.53	\$166.93	14.0%
Retiree & Non-Medicare Spouse & Child(ren)	\$2,008.64	\$2,289.80	\$281.16	14.0%
Retiree & Medicare Primary Spouse	\$795.12	\$906.42	\$111.30	14.0%
Retiree & Medicare Primary Spouse & Child(ren)	\$1,346.58	\$1,535.07	\$188.49	14.0%
Classic Plan				
Retiree Only	\$273.30	\$311.55	\$38.25	14.0%
Retiree & Spouse	\$565.78	\$644.97	\$79.19	14.0%
Retiree & Child(ren)	\$469.82	\$535.58	\$65.76	14.0%
Retiree & Family	\$746.20	\$850.65	\$104.45	14.0%
Basic Plan				
Retiree Only	\$148.50	\$169.29	\$20.79	14.0%
Retiree & Spouse	\$269.72	\$307.47	\$37.75	14.0%
Retiree & Child(ren)	\$238.52	\$271.91	\$33.39	14.0%
Retiree & Family	\$335.72	\$382.71	\$46.99	14.0%

Premium Equivalent Rates – 2020 & 2021

PSE – Monthly Rates (Medicare Retiree)

Plan Option	2020 Premium Rates	2021 Premium Rates	Dollar Increase	Percentage Increase
Primary Plan				
Retiree Only	\$202.96	\$218.56	\$15.60	7.7%
Retiree & Non-Medicare Spouse	\$783.92	\$844.16	\$60.24	7.7%
Retiree & Child(ren)	\$757.10	\$815.28	\$58.18	7.7%
Retiree & Non-Medicare Spouse & Children	\$1,521.48	\$1,638.39	\$116.91	7.7%
Retiree & Medicare Primary Spouse	\$370.66	\$399.14	\$28.48	7.7%
Retiree & Medicare Primary Spouse & Child(ren)	\$888.58	\$956.86	\$68.28	7.7%

1. Maintain current rate structure and assumes no migration plans

Employee Contribution Scenarios – PSE Population

Increase employee contributions by 10% (Active without Wellness)

IMPACT: Employee Increase 10% = \$1.69M / yr

Plan Option	Projected Enrollment*	2020 EE Contribution	2021 EE Contribution**	\$ Change
Premium Plan				
Employee Only	2,393	\$258.46	\$276.81	\$18.35
Employee & Spouse	46	\$906.20	\$989.32	\$83.12
Employee & Child(ren)	391	\$545.54	\$592.59	\$47.05
Employee & Family	85	\$908.44	\$991.78	\$83.34
Classic Plan				
Employee Only	2,595	\$121.02	\$125.62	\$4.60
Employee & Spouse	286	\$429.62	\$465.08	\$35.46
Employee & Child(ren)	1,097	\$233.42	\$249.26	\$15.84
Employee & Family	639	\$433.32	\$469.15	\$35.83
Basic Plan				
Employee Only	626	\$86.26	\$87.39	\$1.13
Employee & Spouse	44	\$347.78	\$375.06	\$27.28
Employee & Child(ren)	99	\$196.86	\$209.05	\$12.19
Employee & Family	71	\$350.62	\$378.18	\$27.56

* Total subscribers over the year

** 10% increase based on Wellness contribution rates with Wellness incentive then added back

Employee Contribution Scenarios – PSE Population

Increase employee contributions by 10% (Active)

IMPACT: Employee Increase 10% = \$8.23M / yr

Plan Option	Projected Enrollment*	2020 EE Contribution	2021 EE Contribution	\$ Change
Premium Plan				
Employee Only	11,666	\$183.46	\$201.81	\$18.35
Employee & Spouse	223	\$831.20	\$914.32	\$83.12
Employee & Child(ren)	1,904	\$470.54	\$517.59	\$47.05
Employee & Family	416	\$833.44	\$916.78	\$83.34
Classic Plan				
Employee Only	12,648	\$46.02	\$50.62	\$4.60
Employee & Spouse	1,393	\$354.62	\$390.08	\$35.46
Employee & Child(ren)	5,349	\$158.42	\$174.26	\$15.84
Employee & Family	3,115	\$358.32	\$394.15	\$35.83
Basic Plan				
Employee Only	3,052	\$11.26	\$12.39	\$1.13
Employee & Spouse	212	\$272.78	\$300.06	\$27.28
Employee & Child(ren)	484	\$121.86	\$134.05	\$12.19
Employee & Family	345	\$275.62	\$303.18	\$27.56

* Total subscribers over the year

Employee Contribution Scenarios – PSE Population

Increase employee contributions by 10% (Non-Medicare Retiree)

IMPACT: Employer Increase 10% = \$1.96M / yr

Plan Option	Projected Enrollment*	2020 EE Contribution	2021 EE Contribution**	\$ Change
Premium Plan				
Retiree Only	418	\$641.14	\$730.88	\$89.74
Retiree & Non-Medicare Spouse	15	\$1,457.18	\$1,661.15	\$203.97
Retiree & Child(ren)	7	\$1,192.60	\$1,359.53	\$166.93
Retiree & Non-Medicare Spouse & Children	3	\$2,008.64	\$2,289.80	\$281.16
Retiree & Medicare Primary Spouse	65	\$795.12	\$906.42	\$111.30
Retiree & Medicare Primary Spouse & Child(ren)	0	\$1,346.58	\$1,535.07	\$188.49
Classic Plan				
Retiree Only	1,881	\$273.30	\$311.55	\$38.25
Retiree & Spouse	267	\$565.78	\$644.97	\$79.19
Retiree & Child(ren)	64	\$469.82	\$535.58	\$65.76
Retiree & Family	35	\$746.20	\$850.65	\$104.45
Basic Plan				
Retiree Only	397	\$148.50	\$169.29	\$20.79
Retiree & Spouse	69	\$269.72	\$307.47	\$37.75
Retiree & Child(ren)	21	\$238.52	\$271.91	\$33.39
Retiree & Family	19	\$335.72	\$382.71	\$46.99

Employee Contribution Scenarios – PSE Population

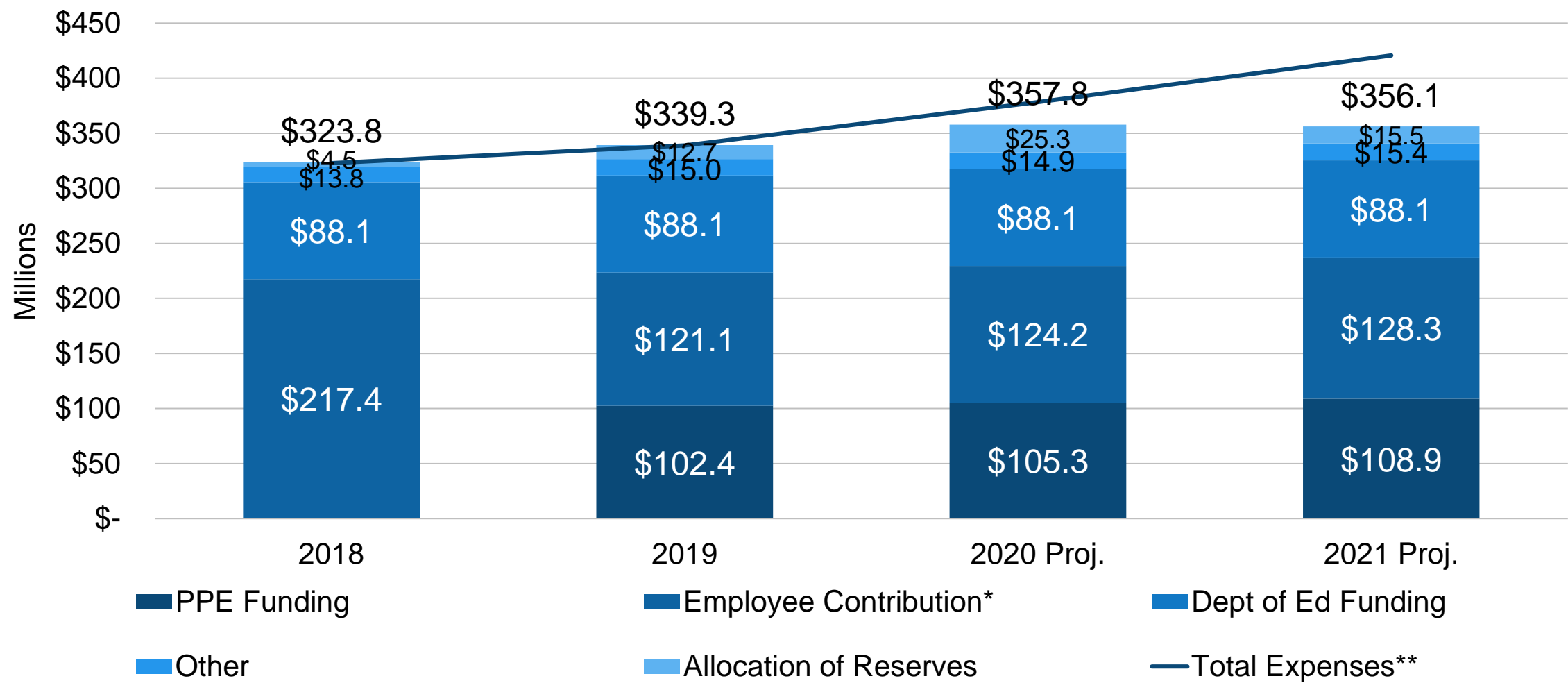
Increase employee contributions by 10% (Medicare Retiree)

IMPACT: Employee Increase: 10% = \$2.07M / yr

Plan Option	Projected Enrollment*	2020 EE Contribution	2021 EE Contribution	\$ Change
Primary Plan				
Retiree Only	13,405	\$100.78	\$110.86	\$10.08
Retiree & Non-Medicare Spouse	94	\$783.92	\$844.16	\$60.24
Retiree & Child(ren)	11	\$757.10	\$815.28	\$58.18
Retiree & Non-Medicare Spouse & Children	8	\$1,521.48	\$1,638.39	\$116.91
Retiree & Medicare Primary Spouse	1,145	\$263.04	\$289.34	\$26.30
Retiree & Medicare Primary Spouse & Child(ren)	3	\$888.58	\$956.86	\$68.28

* Total subscribers over the year

PSE - Income vs. Expenditure

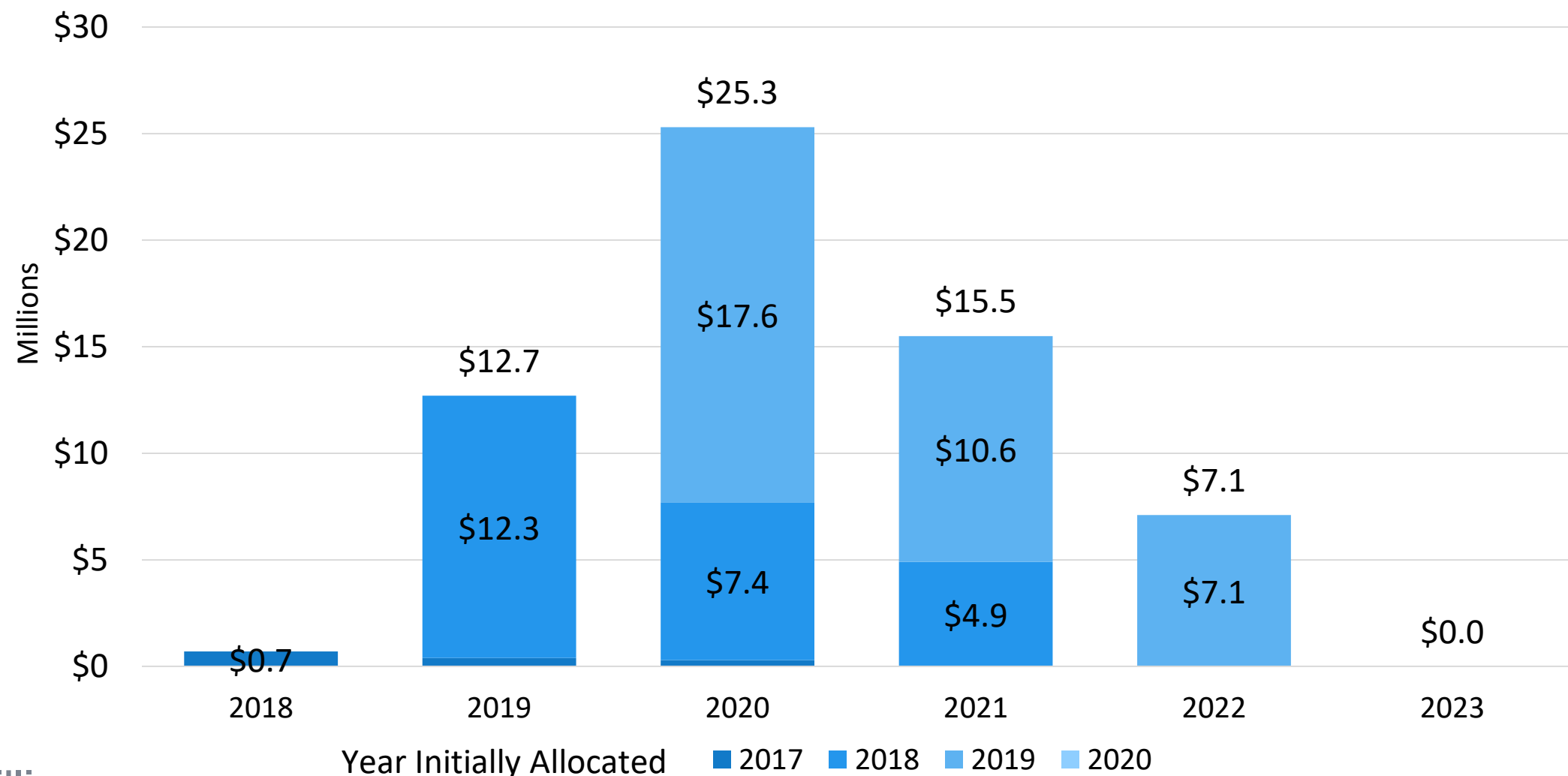


* 2018 Employee Contribution includes PPE Funding

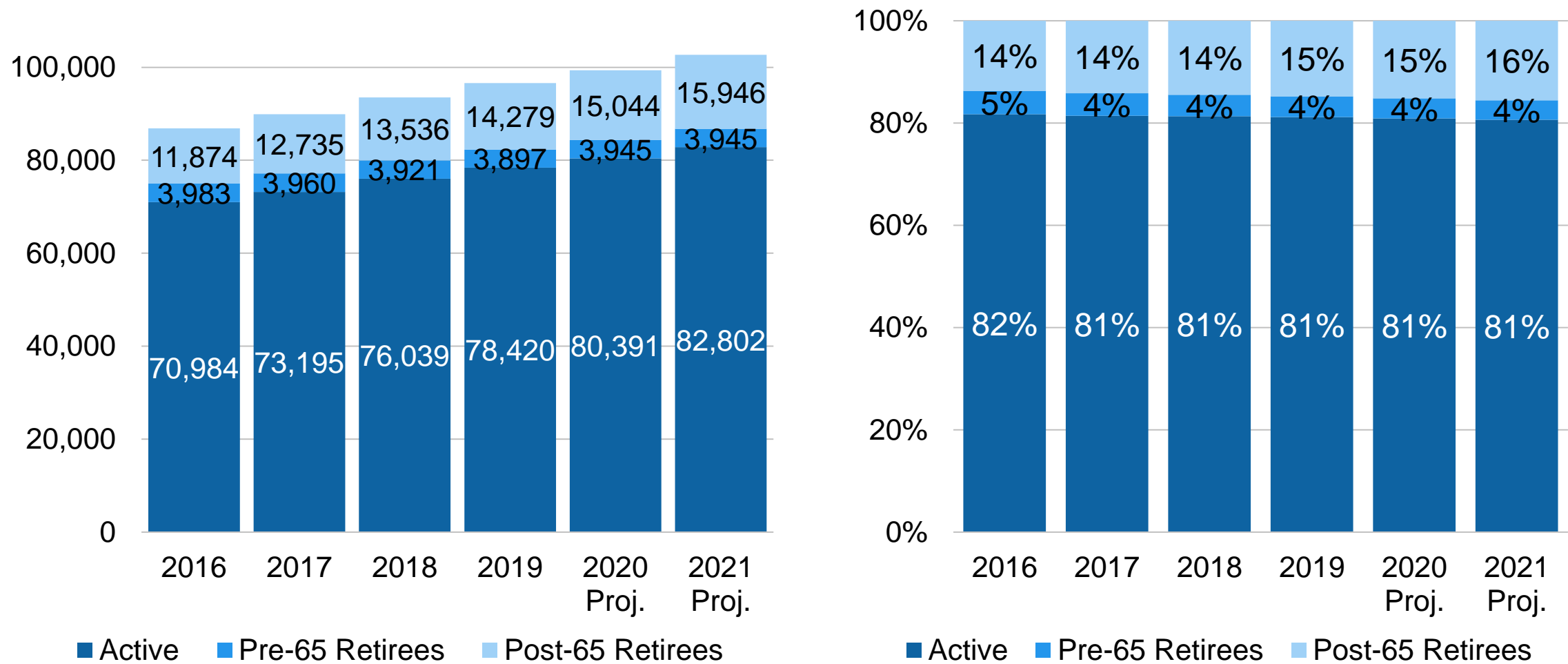
** Total Expenses offset by Program Savings

PSE - Reserves Allocation by Year

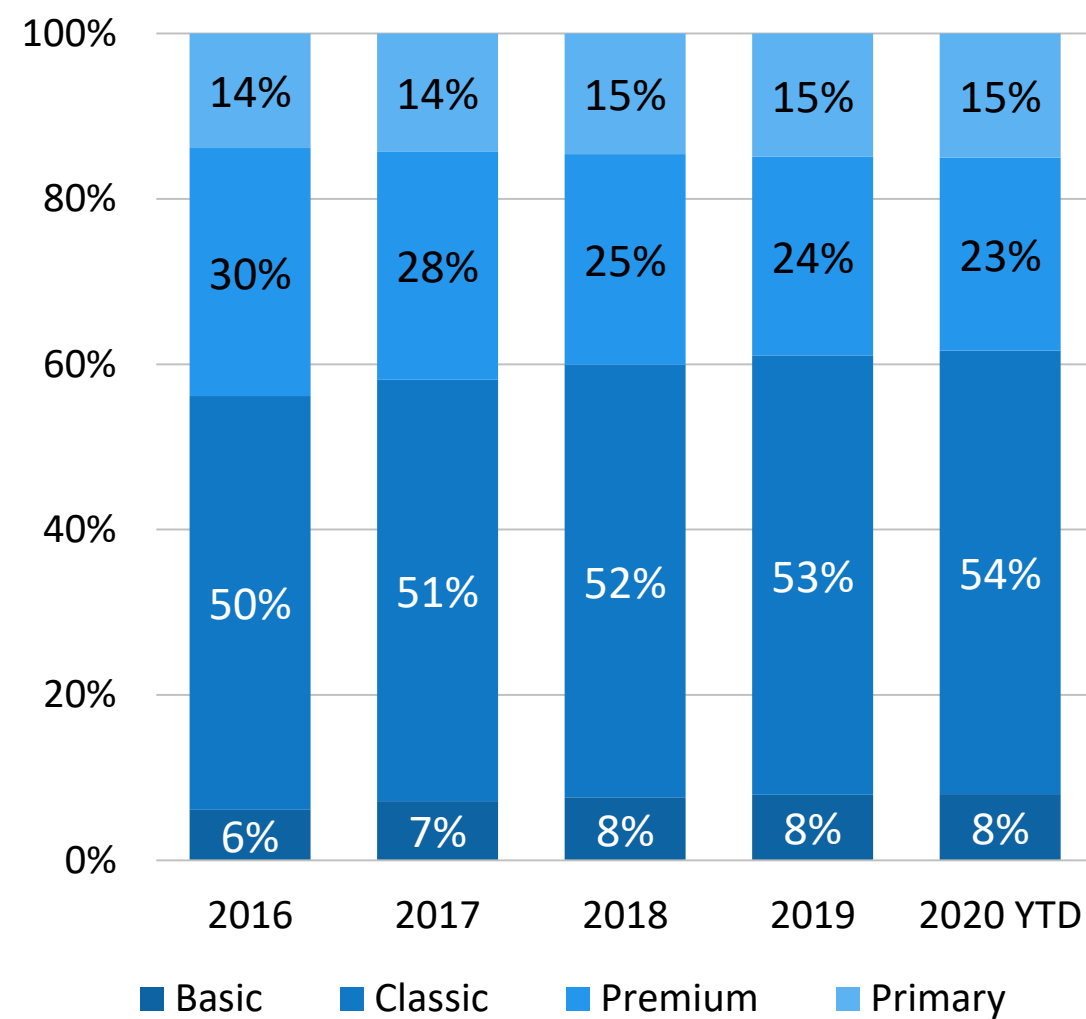
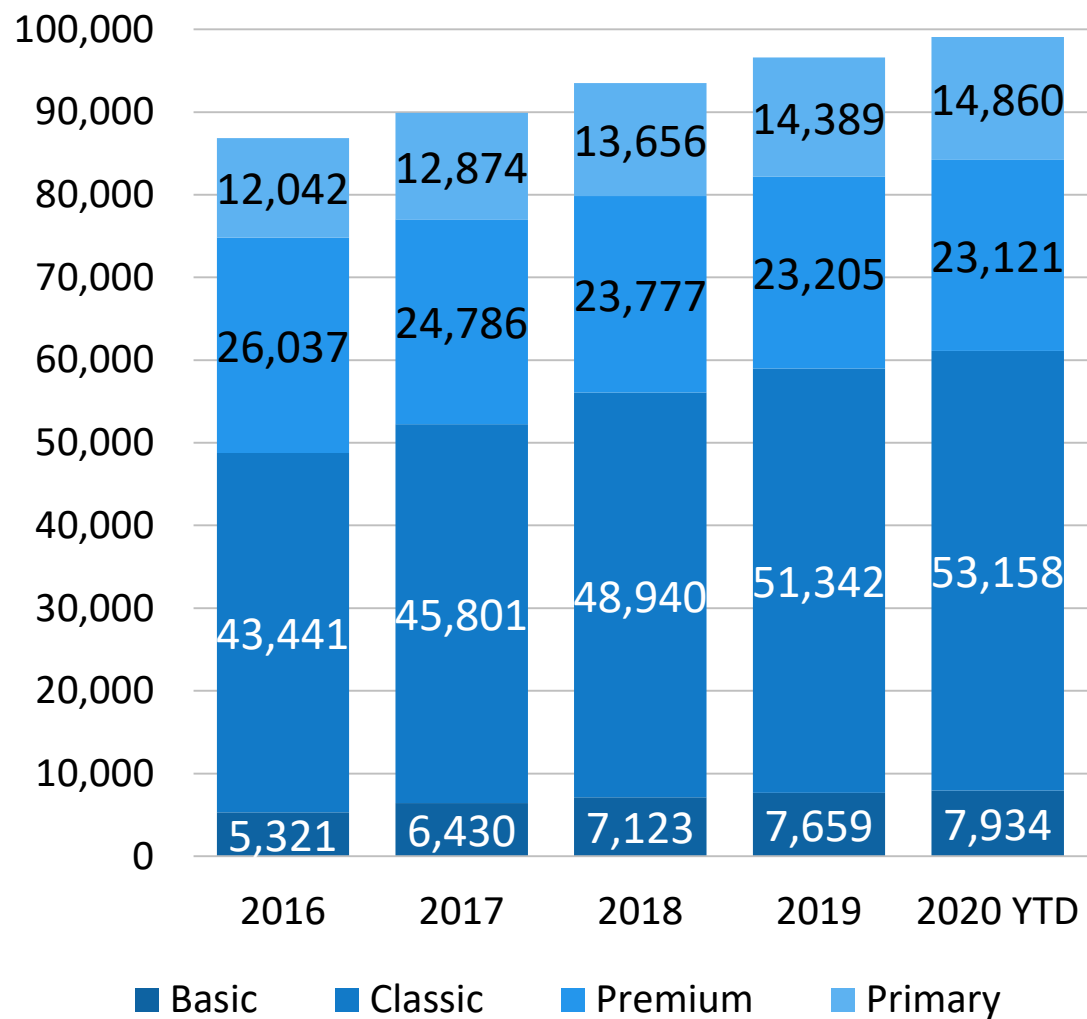
The chart represents the reserves amounts allocated each year (in millions), and how much reserves are available each year.



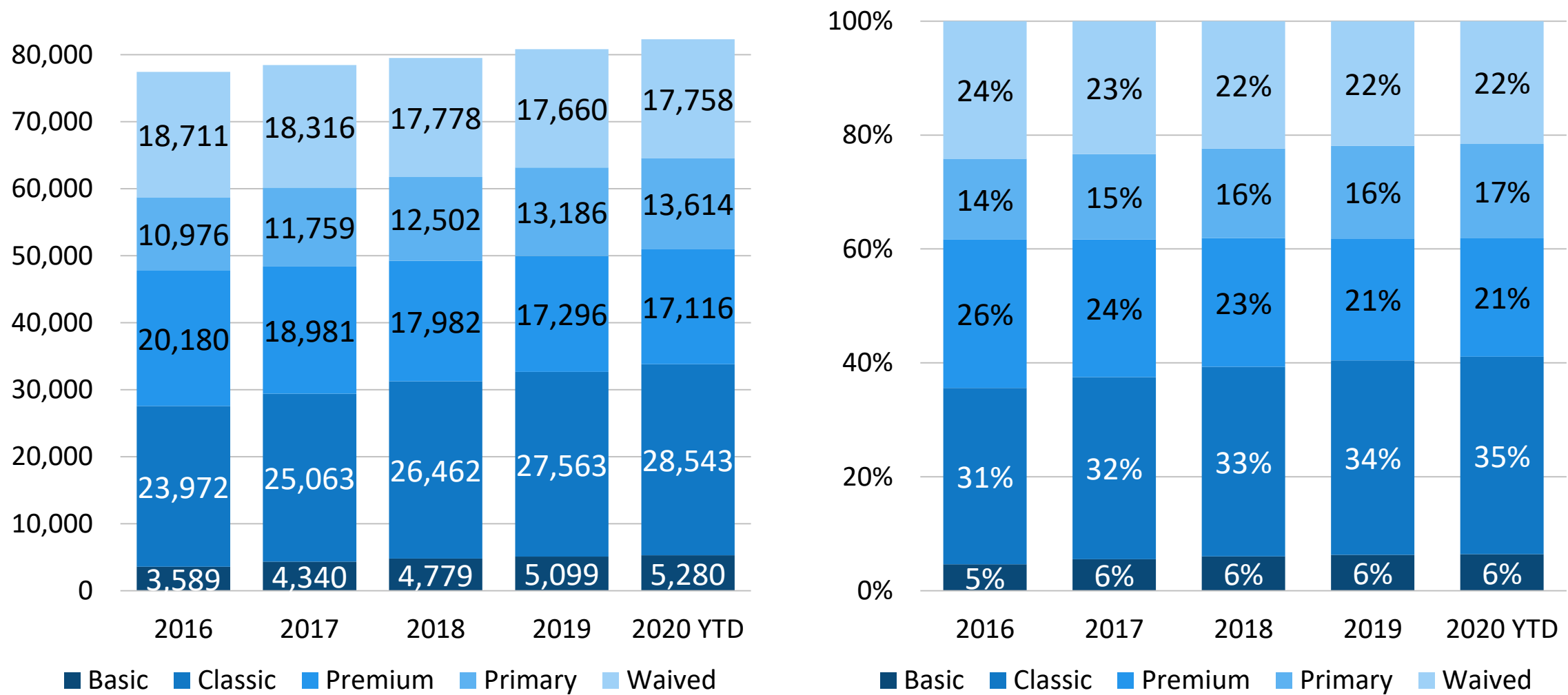
PSE - Average Membership by Status



PSE - Average Membership by Plan

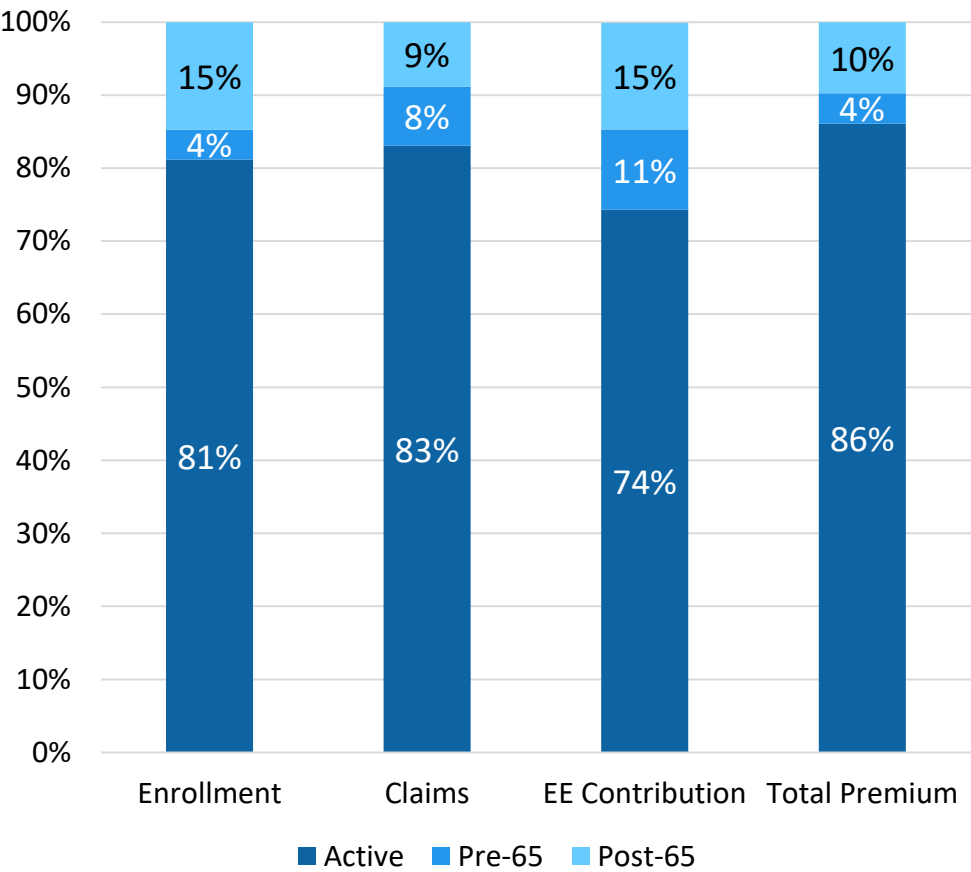


PSE - Average Enrollment (Subscribers) by Plan

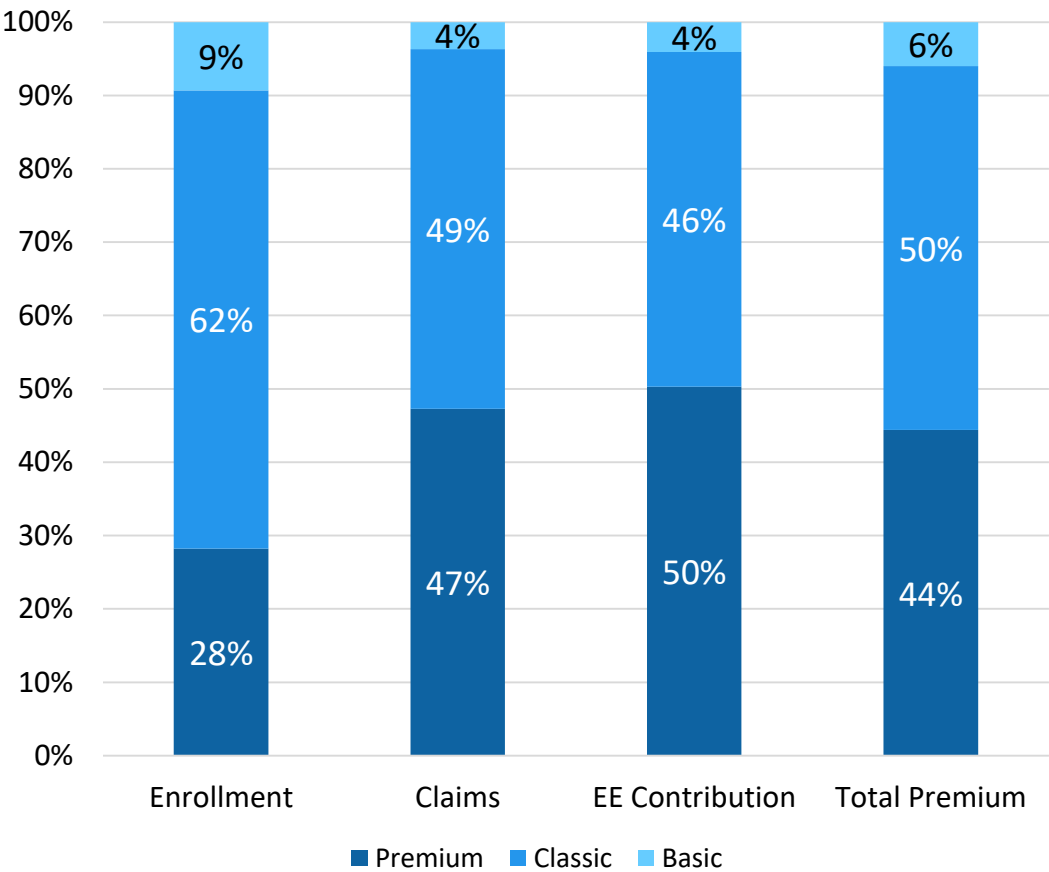


PSE Breakdown – Employment Status and Plan Option

Distribution by Status



Distribution by Plan Option



Enrollment based on membership.
Based on 2019 information
Categorization is based on the subscriber's benefit election.

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 April 2020
 - Projected May – 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.
 - Projected program savings of \$1.08 million per month for 2021, allocated between ASE / PSE based on pharmacy claims expense.
- Plan Administration Expense
 - ASE - \$3.85 PMPM for CY2020 (\$3.96 PMPM for CY2021)
 - PSE - \$2.14 PMPM for CY2020 & CY2021
- Plan Administration Fees include PCORI charges for 2020 and 2021
- Percentage of Population earning wellness incentive
 - ASE – 92%
 - PSE – 83%

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 May 31, 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 April 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 (August 15, 2020). Utilize actual claims for January 2020 to March 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
Paul Sakhrani, FSA, MAAA



BlueCard Program: ARBenefits Plan Analysis

EBD Benefits Sub-Committee



Health Advantage

An Independent Licensee of the Blue Cross and Blue Shield Association

Jason Treece, Lead Executive
Dr. John Brineman, Medical Director

June 12, 2020



Review considerations for removal of the BlueCard Program (in-network) access for out-of-state, non-emergent medical services

Out-of-state service considerations

- Many times members look to out-of-state providers when it is difficult to recognize or get access to local treatment options
- Local follow-up and recovery care is a challenge when local providers aren't involved in the original treatment
- The cost of services for providers out of Arkansas are materially higher than when services are provided by Arkansas-based referral centers

Local care and savings considerations

- We want to support Arkansas-based referral centers by keeping care in-state
- Health Advantage's established relationship with local providers allows for expedited communication and treatment plans
- Establishing continuity of care enables a positive consumer experience
- Statewide potential plan savings of \$16M per year based on BlueCard claim analysis for 2018 and 2019



Additional considerations

- Member demographics
- Potential savings decrease when considering claims spend in contiguous counties
- Potential disruption in member care
- Increased provider/member requests for approval of out-of-network services

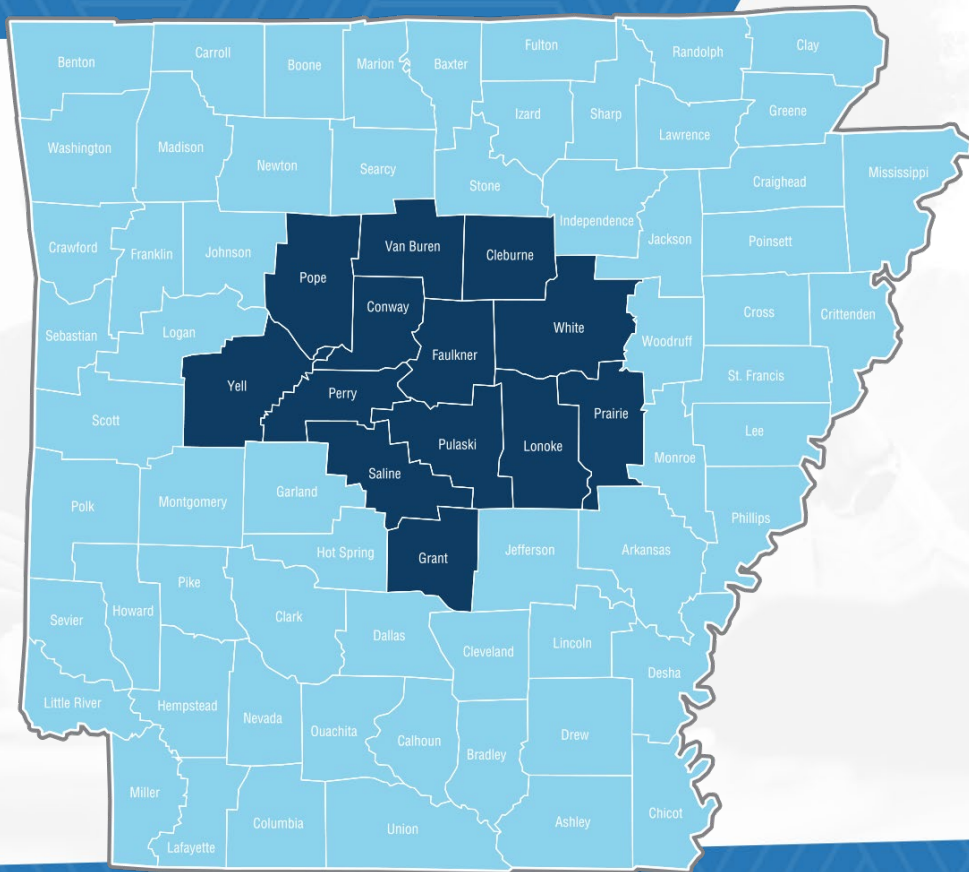
Use a phased approach for removal of
BlueCard program starting with central
Arkansas

Central counties (2019)

- **Cleburne**
- **Conway**
- **Faulkner**
- **Grant**
- **Lonoke**
- **Perry**
- **Pope**
- **Prairie**
- **Pulaski**
- **Saline**
- **Van Buren**
- **White**
- **Yell**

Total spend: **\$10,186,597**

Total potential savings: **\$3,399,044**



Proposal cont.

Implement “Physician At Your Service” program led by Health Advantage’s medical director



Thank you.



Health Advantage

An Independent Licensee of the Blue Cross and Blue Shield Association



BlueCard Program: ARBenefits Plan Analysis

Appendix A – Claims analysis

Year	Total ITS	Total ITS AR Residents	Total Claims	ITS%	ITS% AR Residence
2018	\$57,693,122	\$50,826,220	\$481,234,830	12.0%	10.6%
2019	\$54,019,415	\$48,834,292	\$567,929,415	9.5%	8.6%
Est. savings if BlueCard removed for in-state residents (assume AR reimbursement)					
2018	(\$16,591,368)				
2019	(\$16,300,556)				
	PMPM Savings	Total Allow PMPM	% Medical Savings		
2018	(\$10.85)	\$315.27	-3.4%		
2019	(\$8.62)	\$301.06	-2.9%		

Appendix A – Claims analysis

County of Residence	2018 ITS AR Residents	2019 ITS AR Residents	Potential Savings 2018	Potential Savings 2019
Cleburne	\$164,342	\$137,446	(\$53,626)	(\$45,863)
Conway	\$73,715	\$74,778	(\$24,054)	(\$24,952)
Faulkner	\$860,303	\$1,921,870	(\$280,722)	(\$641,286)
Grant	\$92,068	\$103,102	(\$30,042)	(\$34,403)
Lonoke	\$2,025,360	\$1,044,148	(\$660,889)	(\$348,409)
Perry	\$118,894	\$138,643	(\$38,796)	(\$46,262)
Pope	\$247,343	\$600,870	(\$80,710)	(\$200,497)
Prairie	\$119,039	\$56,731	(\$38,843)	(\$18,930)
Pulaski	\$4,200,720	\$3,453,554	(\$1,370,723)	(\$1,152,375)
Saline	\$1,183,676	\$1,563,064	(\$386,241)	(\$521,560)
Van Buren	\$69,186	\$105,617	(\$22,576)	(\$35,242)
White	\$504,936	\$902,536	(\$164,764)	(\$301,156)
Yell	\$111,062	\$84,236	(\$36,240)	(\$28,108)
	\$9,770,644	\$10,186,597	(\$3,188,227)	(\$3,399,044)

