AGENDA

State and Public School Life and Health Insurance Board

June 17th, 2020

1:00 p.m.

EBD Board Room – 501 Building, Suite 500

I. Call to Order ..... Carla Haugen, Chair

II. Approval of May Minutes ..... Carla Haugen, Chair

III. Chair Election ..... Chris Howlett, EBD Director

IV. Quality of Care/Benefits Subcommittee Report ..... Chris Howlett, EBD Director

V. COVID Update..... Elizabeth Montgomery & Mike Motley, ACHI

VI. Plan Update ..... Paul Sakhrani, & Courtney White, Milliman

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

VIII. Director's Report ..... Chris Howlett, EBD Director

IX. Adjournment ..... Carla Haugen, Chair

2020 Upcoming Meetings:

July 21st, August 19th, September 22nd

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

201st meeting of the State and Public-School Life and Health Insurance Board (hereinafter called the Board), met on June 17th, 2020, at 1:00 PM via teleconference

Date | *time* 6/17/2020 1:00 PM | *meeting called to order by Renee Mallory, Vice-Chair*

Attendance

Members Present

Cindy Allen
Stephanie Lilly-Palmer
Greg Rogers
Dori Gutierrez
Cindy Gillespie
Dr. Terry Fiddler
Melissa Moore
Renee Mallory - Vice-Chair
Amy Fecher – proxy – Ann Purvis
Dr. John Kirtley
Dr. Lanita White
Lisa Sherrill
Herb Scott
Cynthia Dunlap
Chris Howlett, Employee Benefits Division Director

Members Absent

Carla Haugen – Chair

OTHERS PRESENT:

Rhoda Classen, Theresa Huber, Stella Greene, Shalada Toles, Mary Massirer, EBD; Micah Bard, Dwight Davis, Octawia DeYoung, Sherry Bryant, UAMS EBRX; Jessica Akins, Takisha Sanders, Jason Treece, Dr. John Brineman, Jim Bailey, Health Advantage; Elizabeth Montgomery, Mike Motley, ACHI; Courtney White, Paul Sakhrani, Scott Cohen, Milliman; Frances Bauman, Novo Nordisk; Sean Seago, MERCK; Sidney Keisner, Jessica Hardage, Ember Fenton, UAMS; Nima Nabavi, Amgen; Charles Hubbard, ASP; Mitch Rouse, TSS; Kristie Banks, Mainstream; Alan Whitley; Treg Long, ACS; Sylvia Landers, Colonial Life; Ronda Walthall, ARDOT; David Kizzia, AEA; Daniel Faulkner; Donna Morey, ARTA; Mary Grace Smith, Sheila Weddington, ASE Retiree; Geoffery Becker, Medtronics; Joe Thompson, ACHI; Jim Musick, Sanofi; Robin Keene, AAEA; Marissa Keith, BI; Suzanne Woodall, Medimpact

Approval of Minutes by Renee Mallory, Vice-Chair

MOTION by Scott:

Motion to accept the May 19, 2020 minutes.

Lilly-Palmer seconded; all were in favor.

Minutes Approved.

Chair Elections by Chris Howlett, EBD Director

Howlett stated that we are due to elect a new chair and vice-chair for FY'21-FY'22. He asked for any nominations for these positions.

MOTION by Dr. Kirtley:
I make a motion to elect Renee Mallory as chair.
Lilly-Palmer seconded. All were in favor.
Motion Approved.

MOTION by Mallory:
I make a motion to elect Dr. Kirtley as vice-chair.
Scott seconded. All were in favor.
Motion Approved.

Quality of Care/Benefits Subcommittee Report by Chris Howlett, EBD Director

Howlett provided a brief update on the June sub-committee meetings.

Topics Discussed:
- Approval of Minutes
- Plan Follow-up Analysis
- Plan Update *Benefits only
- Coverage Considerations *Benefits only
- Director's Report

Coverage Considerations by Jason Treece and Dr. John Brineman

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:
Gutierrez: I have a concern about this. I live in Southwest Arkansas and many in our community are referred to Texarkana, Texas since they are our closest providers for many medical issues.
Lilly-Palmer: With the concerns about those in Southwest Arkansas that are being sent to Texarkana, Texas. Is that factored into this?

Treece: What we're saying is not requiring those individuals that live in those counties, but actually looking here at slide 7, we're talking about the membership and these (13) counties is where we would start with this program. So, we would just really look at this for Central Arkansas membership.

Dr. Brineman: One of my most important tools in looking at these cases is Google Maps. Generally, those geographic considerations are going to be first and foremost in my mind as far as helping folks get to the right place.

Allen: I have some real-life experiences, and for those of you that don't know, I'm in Sebastian county. I also have a friend in Crawford county. We have been so underserved in Fort Smith for medical attention and it's unbelievable. For example, if you want a rheumatologist, it takes a year to get in. People do have to go outside of our service area to get medical attention. There are many, many examples that I've heard in our area. So, that is a problem, even though we are a fairly large city for Arkansas. I know we're talking about central Arkansas, so this doesn't apply yet, but I specifically had a friend that is a retired teacher that went to Little Rock for an eye issue and saw a specialist there and he said they would need to go to Houston. How long would it take to be approved for something like that.

Dr. Brineman: I turn around these cases, about 95% of the time, within one business day, which I am particularly proud of. They come to me and me only and they are a top order consideration.

Treece: To add, one of the things we said earlier is that members sometimes don't know where to go or can't get in and they end up getting referred somewhere else. This isn't just about keeping people in state, but it's about helping facilitate to get them into the right areas.

Dr. Brineman: The supply and access issues are important considerations.

Gillespie: Getting into particular situations and establishing patient relationships, how are you looking at that? Obviously, you're not going to disrupt someone who is in the middle of receiving treatment somewhere else.

Dr. Brineman: Absolutely not. That would fit under the continuity of care exception. In my mind, there's nothing to be gained from interrupting an ongoing relationship with another state doctor.

Gillespie: I'm thinking of individuals who may have been going to M.D. Anderson, for example, for cancer treatment and the cancer is in remission. The cancer comes back out of remission; is that considered an established relationship if they're able to go back to getting their treatment?

Dr. Brineman: Yes ma'am. There's no time limit on that therapeutic relationship.

Moore: What if I don't have an established relationship with a Mayo clinic or one of the other clinics that you've mentioned. If I have a particular problem come up in the future and I want to seek treatment where I know someone who's had a successful experience in the past; how is that going to work for me without an established relationship?

Dr. Brineman: It's a matter of facilitating and getting you to the right place and that place is not always Arkansas. So, that is a key consideration. Preference is always taken into consideration.

COVID Update by 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 Courtney White & Paul Sakhrani, 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

ASE

Dr. Fiddler: Chris, I guess we will go back and talk about the employee contribution, as a proposal, and this is what we will be talking about with the rates as we go into July?

Howlett: Yes sir, this is more informational and exploratory to provide the information that we can get to you guys as members of the Board. We will go into late summer before decisions are made. There is no request for action on any of this, but I would like if you have any information or questions that you have to continue to ask those and we will work up different models to be able to project that so we can make the best decision possible.

Dr. Fiddler: Okay, so the program initiatives, $7.5 million, that's what we've got. Our allocated assets are $14.5 million, that's what we've got. That money or situations in hand. The only thing that we are talking about here in this scenario is the $9.9 million, whether we do that or not. So, it should be if we chose not to do it, or as he said, they chose 10% as a picture. We could take 5% and reduce that, but at this point in time if that was taken out of the mix, then we would have somewhere north of $25 million. That would be the total remaining deficit, correct?

Howlett: Yes sir, that would be correct. You would add that $9.9 to the $17.8 and it would be that figure.

PSE

Allen: I know you are considering the plan migration for the teachers, but I think that is really important about looking at them moving down. They are getting teacher retirement contributions increased for next year in Fort Smith and no raise on our base. The teachers are looking at a serious situation here. I think we will see a lot of them migrate down, because they are not going to be able to afford it. That is something we need to seriously consider with what you've said. I'm afraid we're not going to see as much benefit as we might project because there is going to be so many costs for the teachers next year.

Dr. Fiddler: The graphs that showed the pharmaceutical uses pretty much stayed where they were pre-COVID and now. We have seen in both groups a drop in usage of their abilities to use their insurance simply because of the stay-at-home. Have you factored this in? Once whatever comes about that lessens the discomfort or the lessening of mortality on this; have you considered what happens if this blows up on the usage? People will not put this off and will get back to the physician's office.

Sakhrani: When we talk about setting our stake in the ground, part of it is to assume that utilization for 2021 will get back to pre-COVID levels. That is one of the key assumptions when we set 2021 projections. So, the question that we are constantly asking ourselves and we're constantly monitoring is, do we think we're going to get past pre-COVID levels and more going into 2021 due to all the pent-up demand. While we think that may be the case potentially going into 2021. What we would be anticipating is that in 2020, some of those deferred services ultimately may never come back. We do anticipate that a good majority of the services that are being deferred, like elective procedures will come back either later this year or even into 2021. So, depending on what I'm seeing comes out, or when a treatment comes out, when do we think the individuals will start to see a physician or going back to the hospitals and seeing that care go back up. The best thing we can to right now is to monitor it. All of that will roll into how we're projecting our assets and overall expenditures.

Dr. Fiddler: Help me with the definition of services that may never come back.

Sakhrani: So, for example, like a heart attack or someone had a migraine headache, right? If they had a migraine, they might have just gone to the urgent care. Well, now they're sort of

fearful to go to the urgent care and their headache is gone. That's a foregone service. Their migraine is now gone, and they didn't get the service, so that is a true reduction.

Dr. Fiddler: Is that a concept been figured, pre-COVID, in your other plans on services that never come back? Have you ever used that terminology wherever you are?

Sakhrani: Yeah, so typically we refer to those as deferred services. So, we look at what services are ultimately deferred and then we look at out of those services that are deferred what we think is truly foregone. As we look at the data that comes in, we're looking at the type of services that are currently lower and the utilization year over year to understand which services are being deferred and then what the likelihood of some of those services either coming back or just really gone altogether.

White: I would add that this is more of a conversation that we're having with all our payer clients, whether they're an insurance company, Medicare, advanced carrier, or self-insured group. It is the silver bullet out there as to what's going to happen with those services.

Director's Report by Chris Howlett, EBD Director

Howlett stated that if you have any information that you want us to vet out or to help clarify for you, we're glad to be able to do that. Also, if there is anything you would like us to model, we have other pieces that we will be bringing to you throughout the rest of the summer and anything you can do to help shape that just send it to me and we'll look at how that can be modeled.

MOTION by Scott:

I motion to adjourn the meeting.

Dr. Fiddler seconded. All were in favor.

Meeting Adjourned.

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

The following report resulted from a meeting of the Benefits Sub-Committee and Quality of Care meeting.

Topics Discussed:
- Approval of Minutes
- COVID Update
- Plan Update *Benefits only
- Coverage Consideration *Benefits only
- Director's Report

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: Paul Sakhrani and Courtney White, Milliman
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PSE

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Coverage Considerations: 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.

Director's Report: Chris Howlett, EBD Director

Quality of Care

Howlett provided a brief update on some previous questions asked regarding wellness and flu shots. That information will kick off of around August or September.

Benefits Subcommittee

Howlett gave a brief recap of the takeaways from the meeting.

JUNE 2020 EBD BOARD MEETING PRESENTATION

Mike Motley, MPH
Director, Analytics

Izzy Montgomery, MPA
Policy Analyst

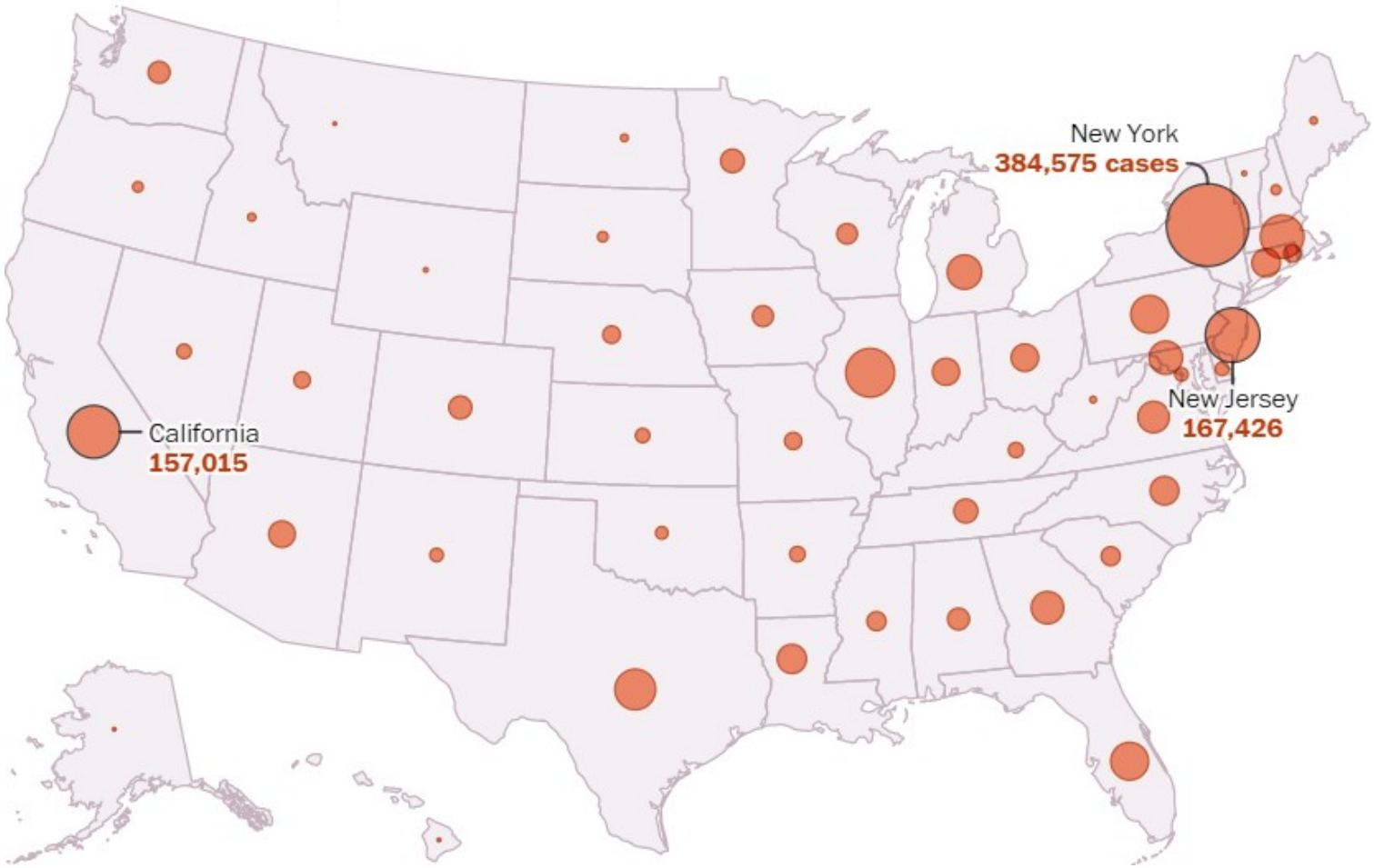
6.17.2020

ACHI
INSPIRING HEALTHY ACTS

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.

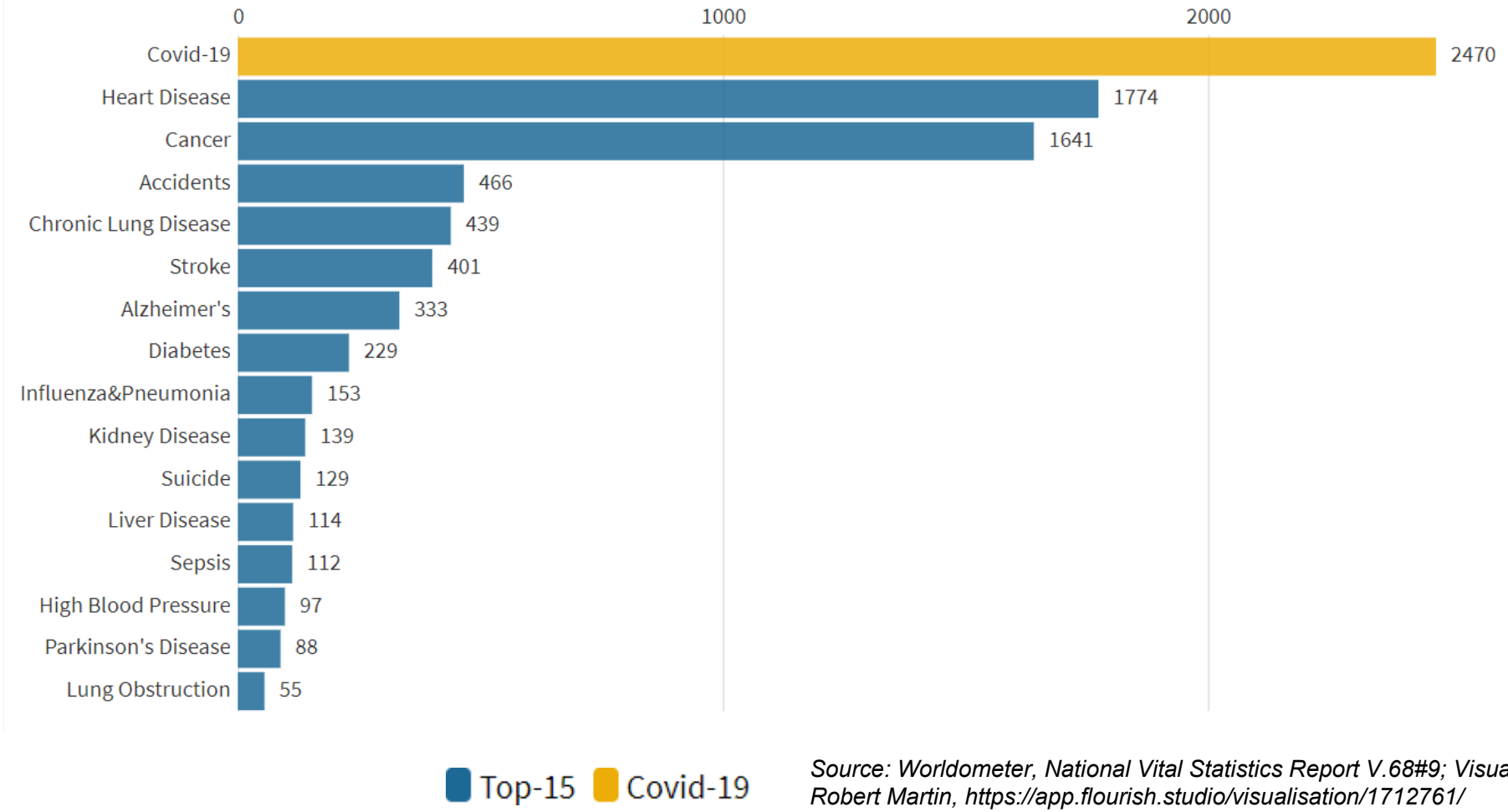


At least
2,129,000
confirmed cases

At least
115,000
reported deaths

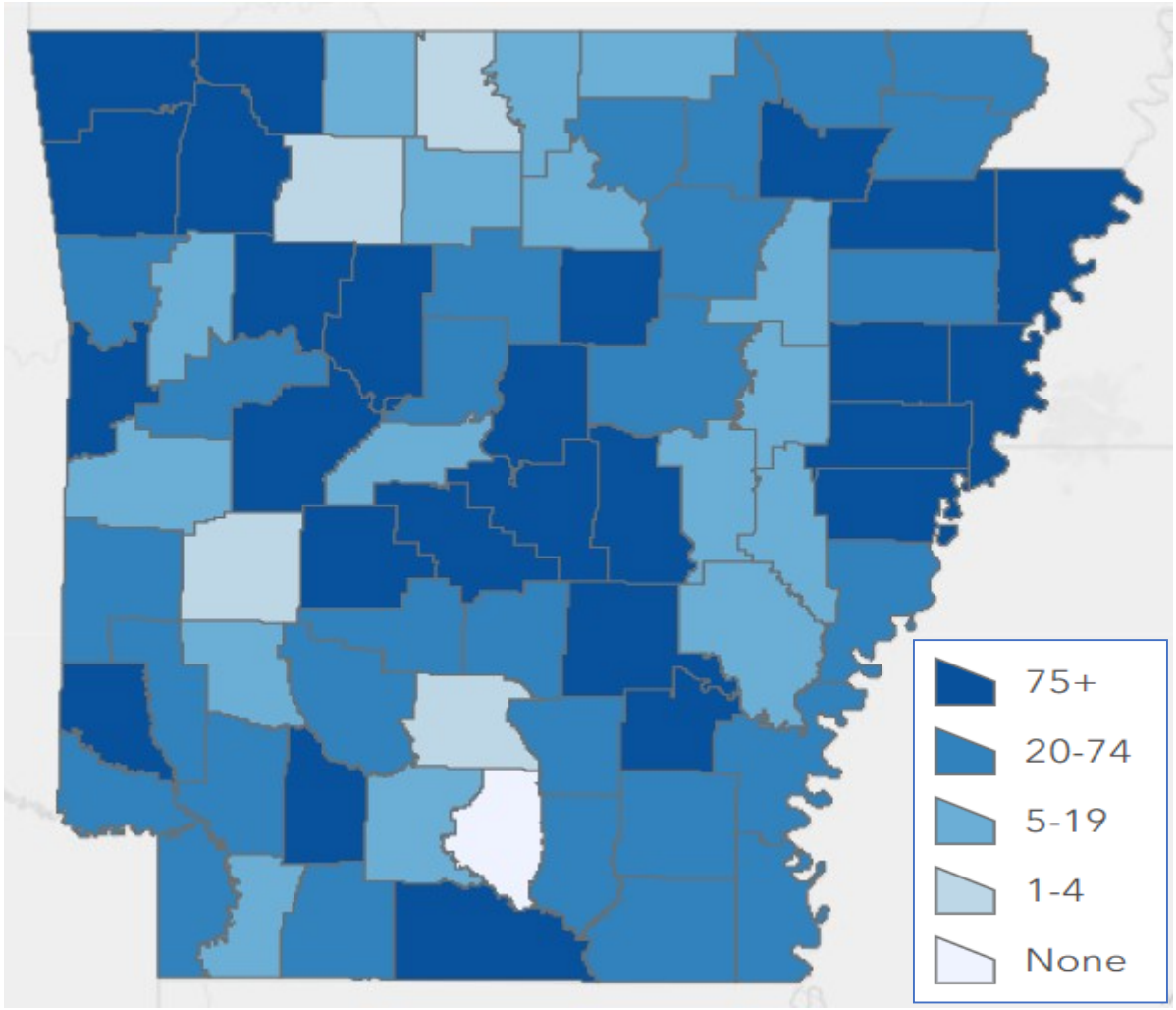
Source: Washington Post, as of June 17

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:
13,191 (4,338 active)

Hospitalized: 214

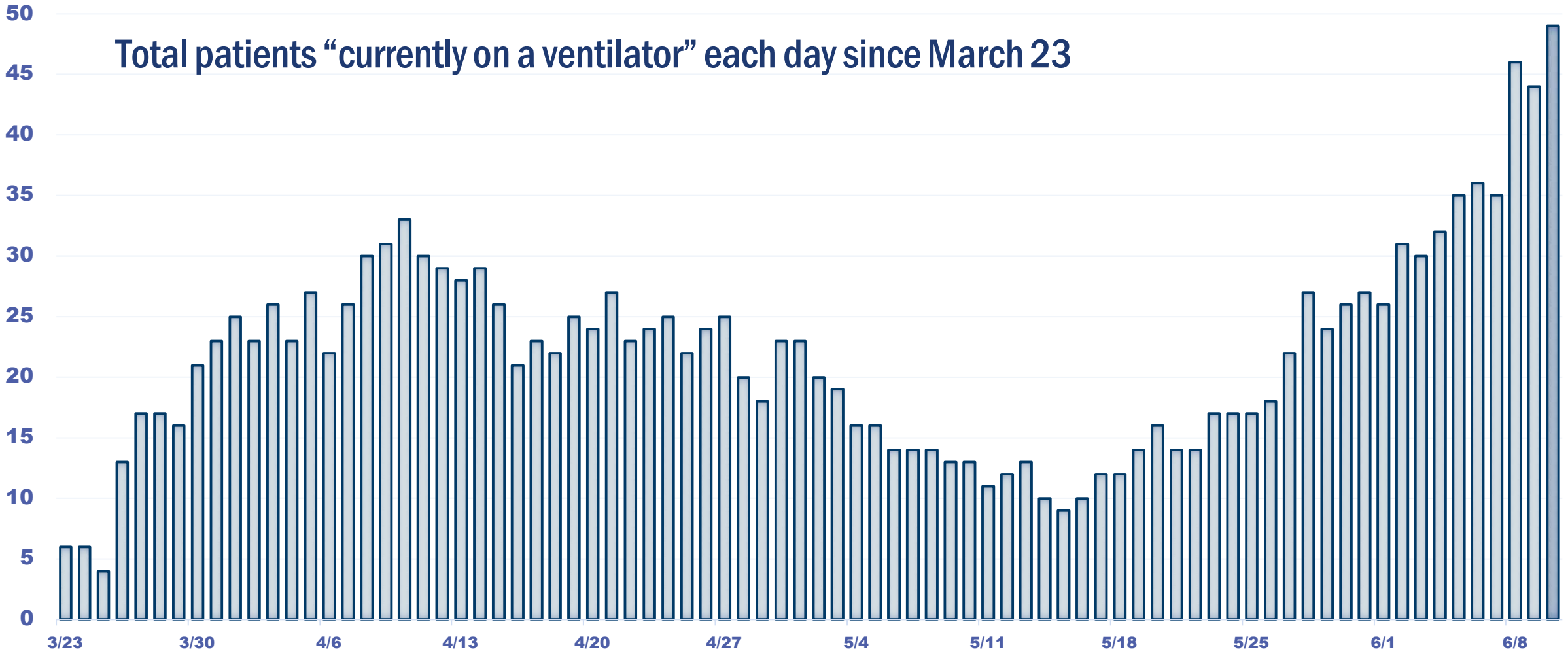
On Ventilator: 48

Deaths: 188

Recoveries: 8,665

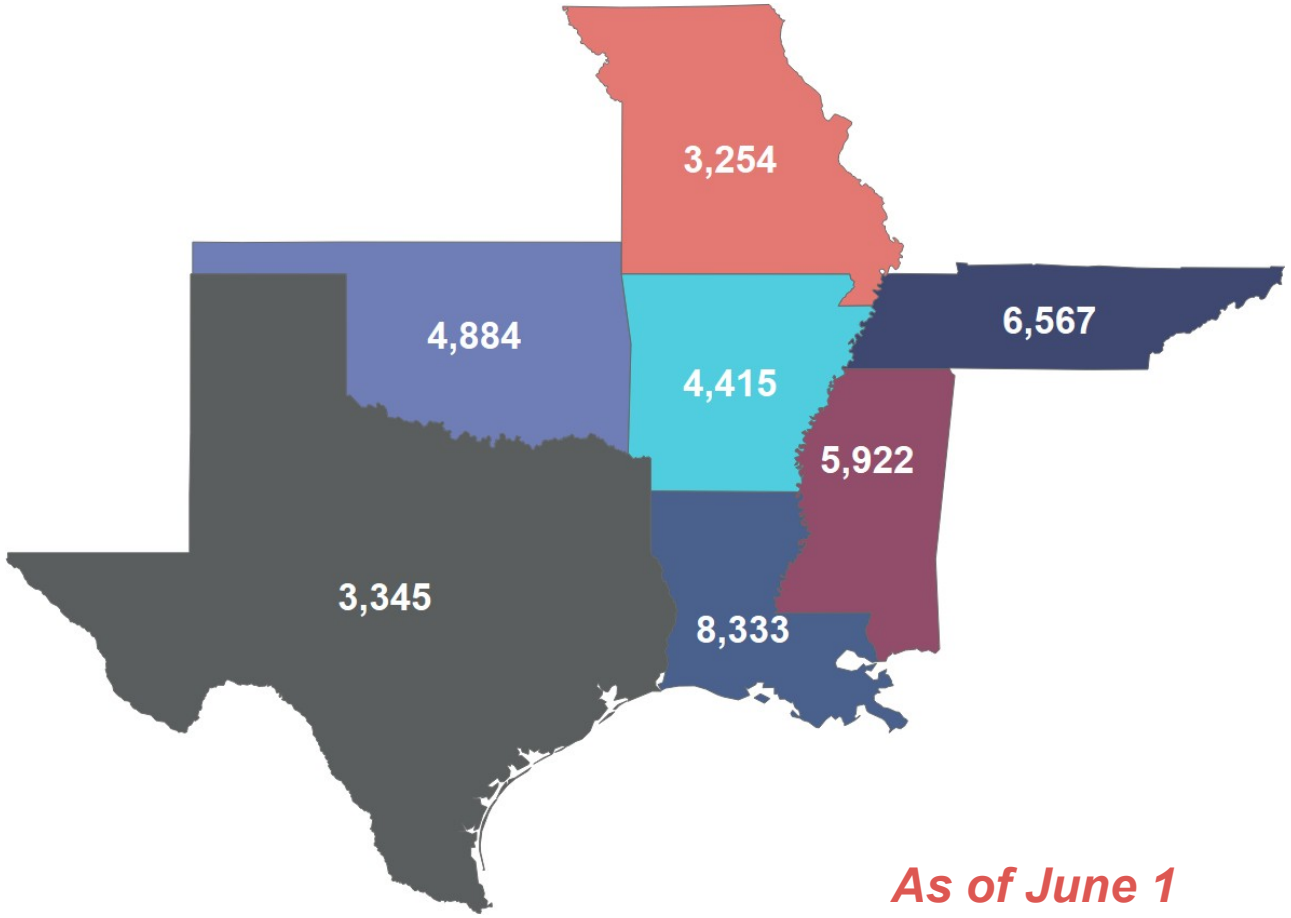
Source: Arkansas Department of Health, as of June 17

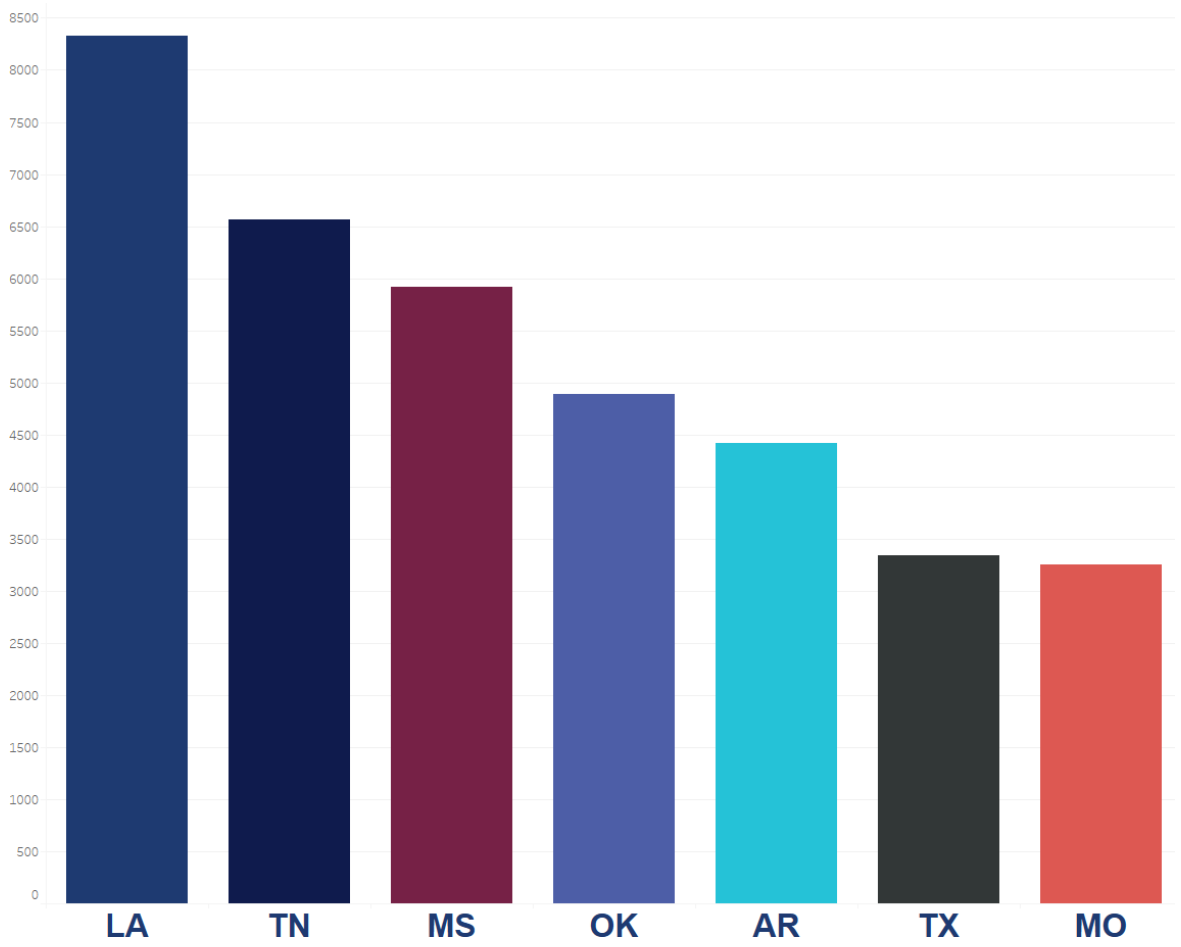
COVID-19 PATIENTS ON A VENTILATOR IN ARK. PER DAY



Source: Arkansas Department of Health

COVID-19 TESTS PER 100K PEOPLE





As of June 1

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

Sources: ACHI, COVID-19 Testing: Testing Types, Recent Developments, and Policy Considerations, https://achi.net/wp-content/uploads/2020/04/200420C_COVID-Testing.pdf, Office of Gov. Asa Hutchinson

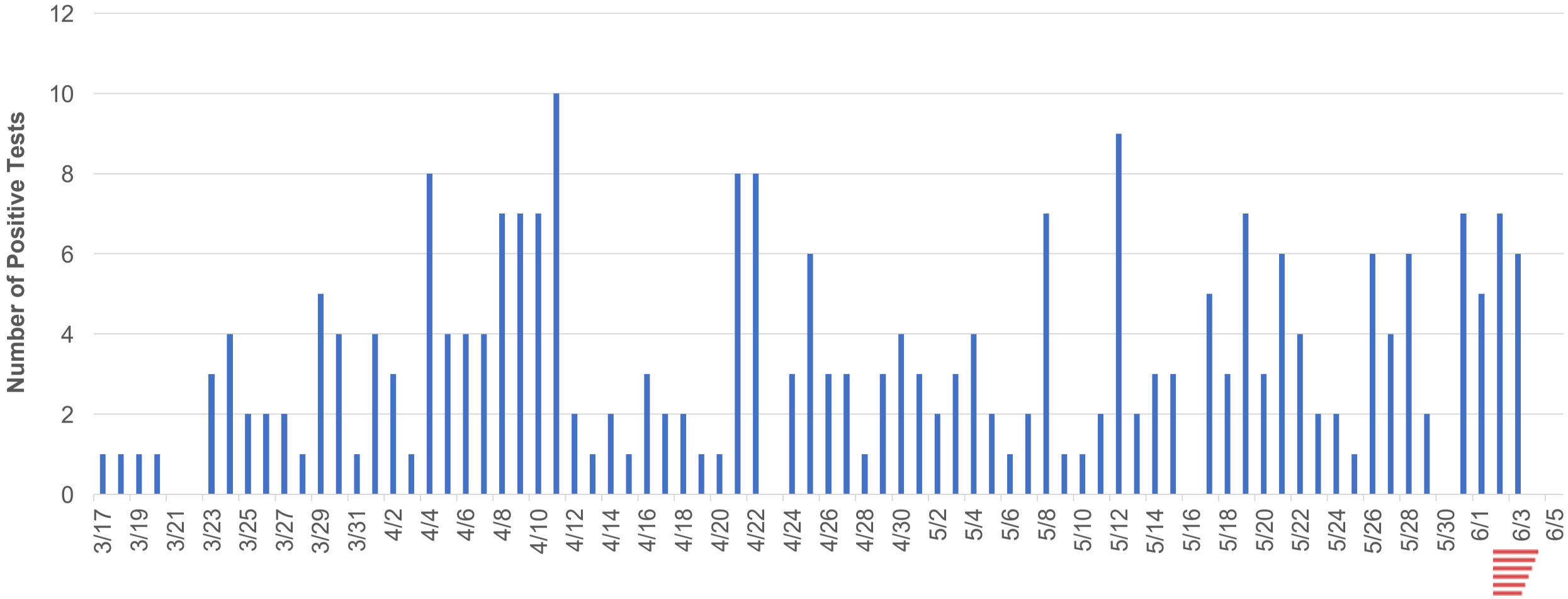
COVID-19 PLAN IMPACT

- 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

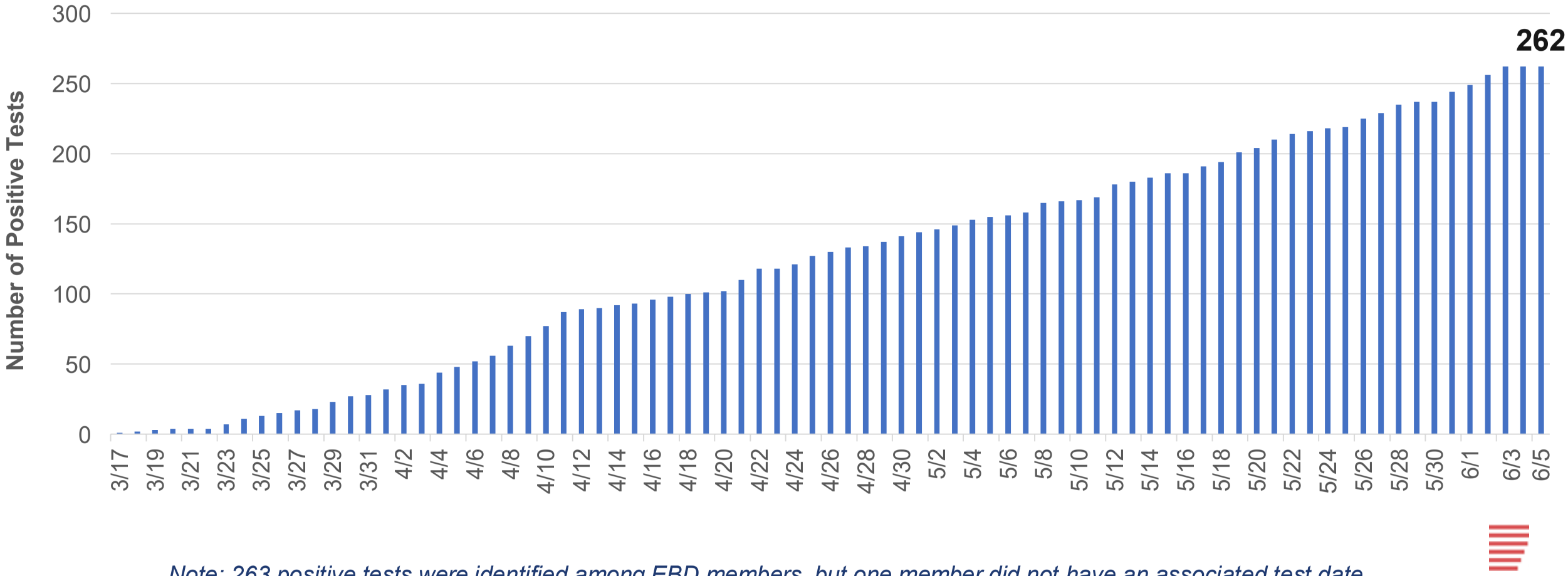
COVID-19 ANALYSES

- 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

tf.111

BlueCard Program: ARBenefits Plan Analysis

State and Public School Life and Health Insurance

Health Advantage
An Independent Licensee of the Blue Cross and Blue Shield Association

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

June 17, 2020

Objective

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

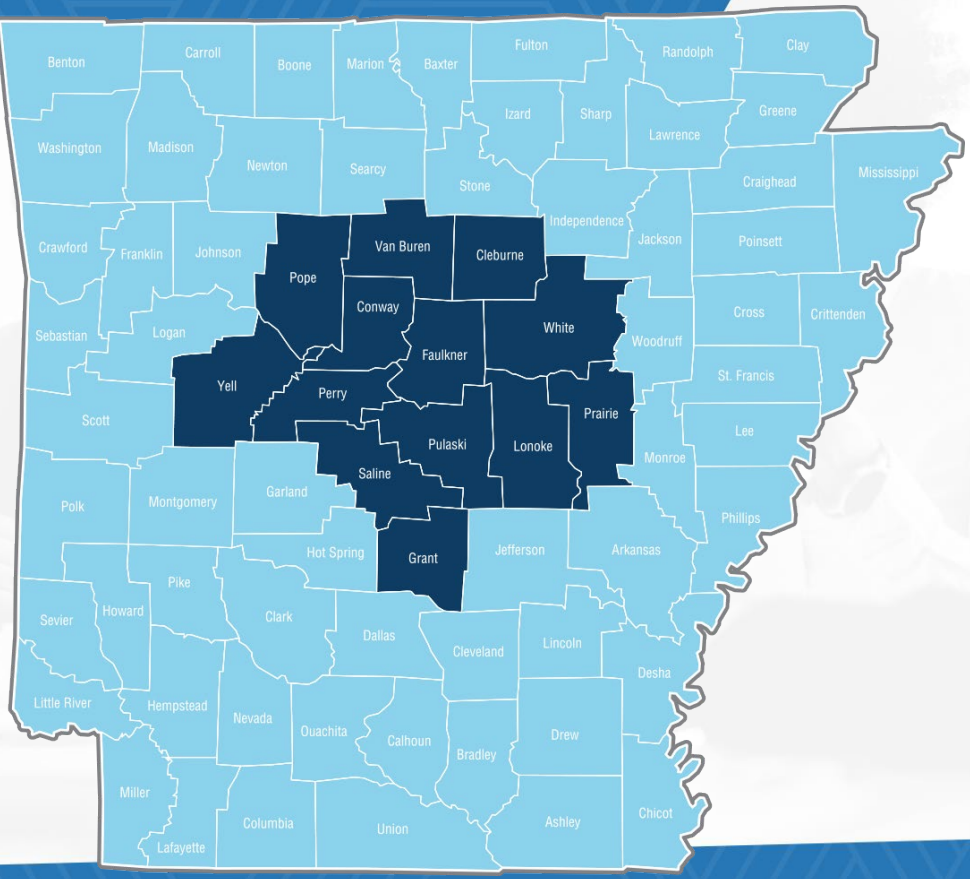
- Member demographics
- Potential savings decrease when considering claims spend in contiguous counties
- Potential disruption in member care
- Increased provider/member requests for approval of out-of-network services

Proposal

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

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)**

State of Arkansas Employee Benefits Division

Interim Monitoring Report

Through May 31st

State and Public School Life and Health Insurance Board of Directors

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

17 JUNE 2020

Milliman

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 rece ive 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

Funding	2019	2020	2021
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)

Average Membership			
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 PMPM[1]	$ 431.55	$ 437.17	$ 420.85
Total Expenses PMPM[2]	$ (412.60)	$ (453.29)	$ (468.89)

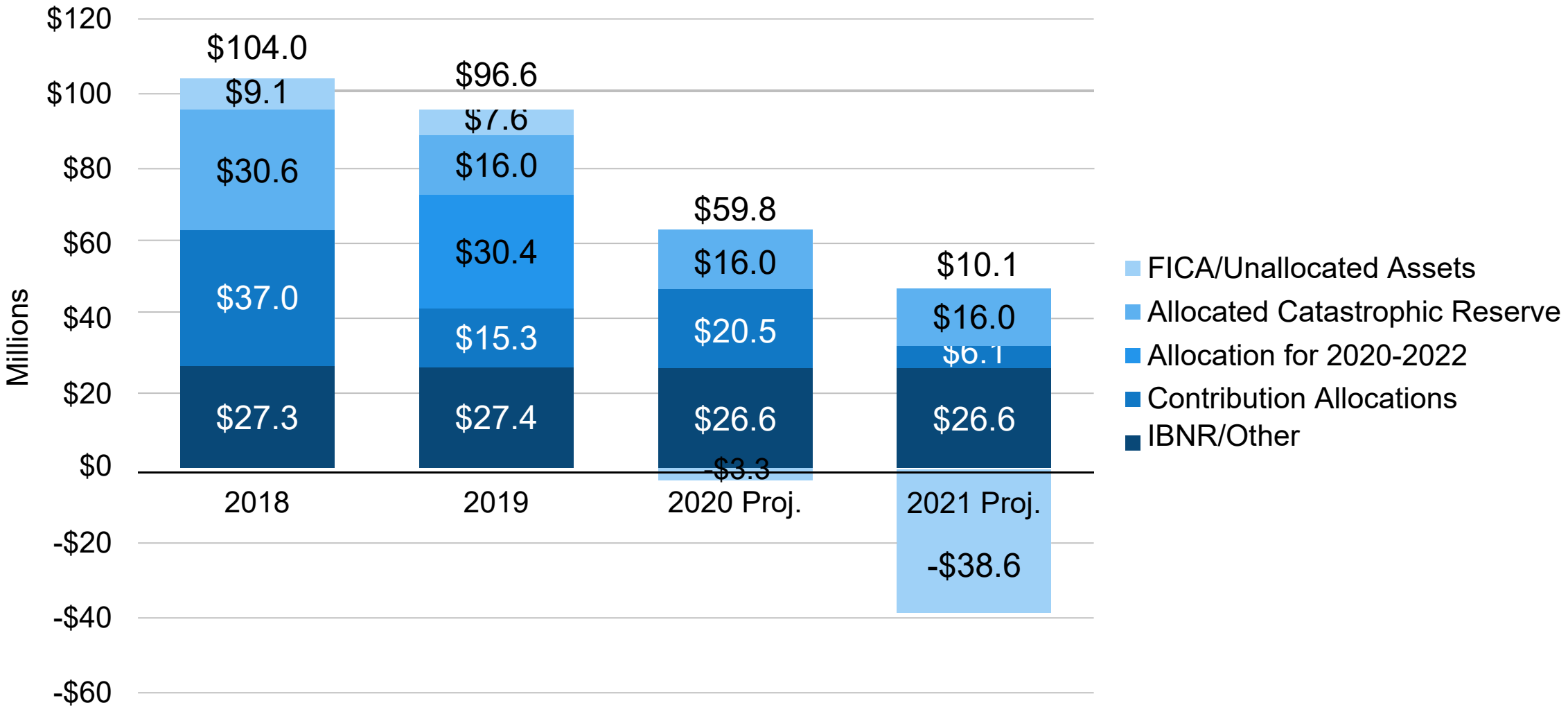
1Allocation of Reserves included in Total Income

2Total Expenses offset by Program Savings

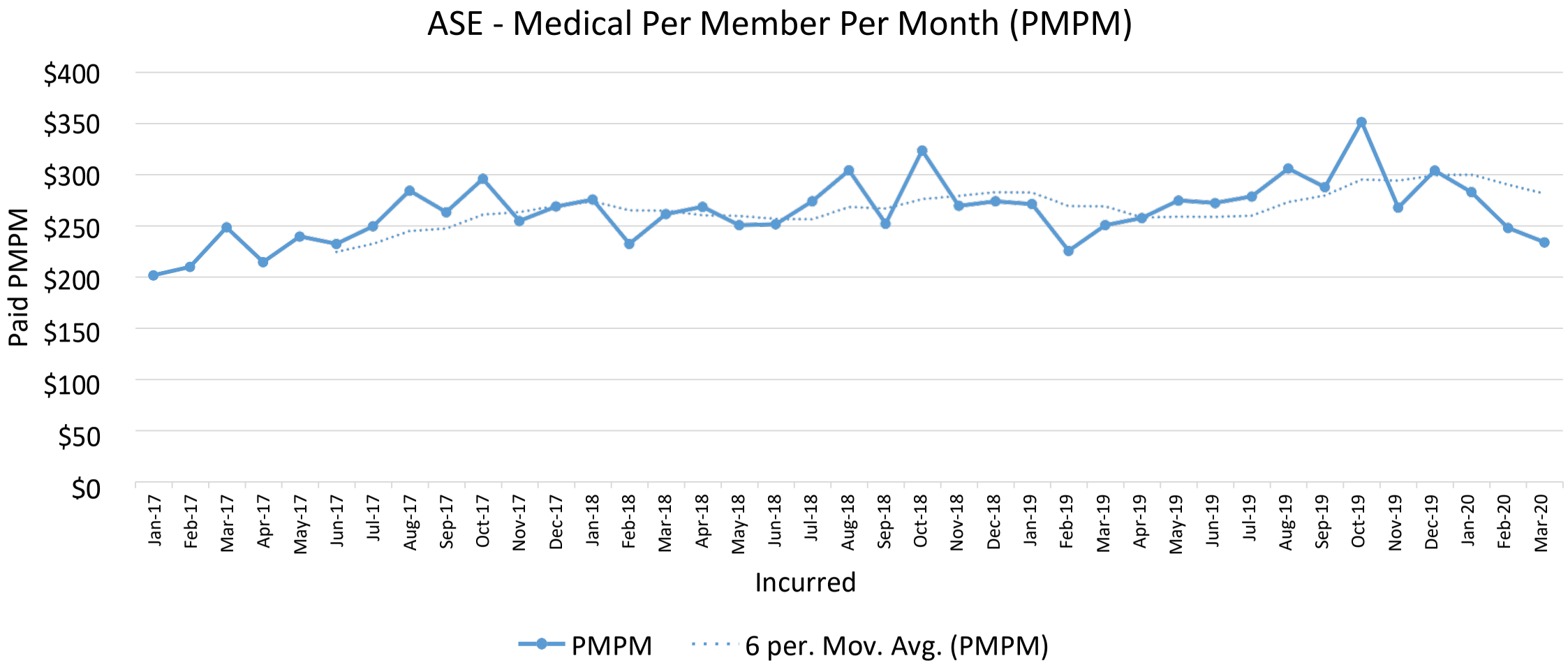
Projected Assets: 2019 – 2021

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	$25.1
(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	$14.5
(j) = (g) + (h) + (i)		Total Surplus / (Deficit)	($35.3)
(k) = (f) – (i) + (j)		End-of-Year Assets	$10.1

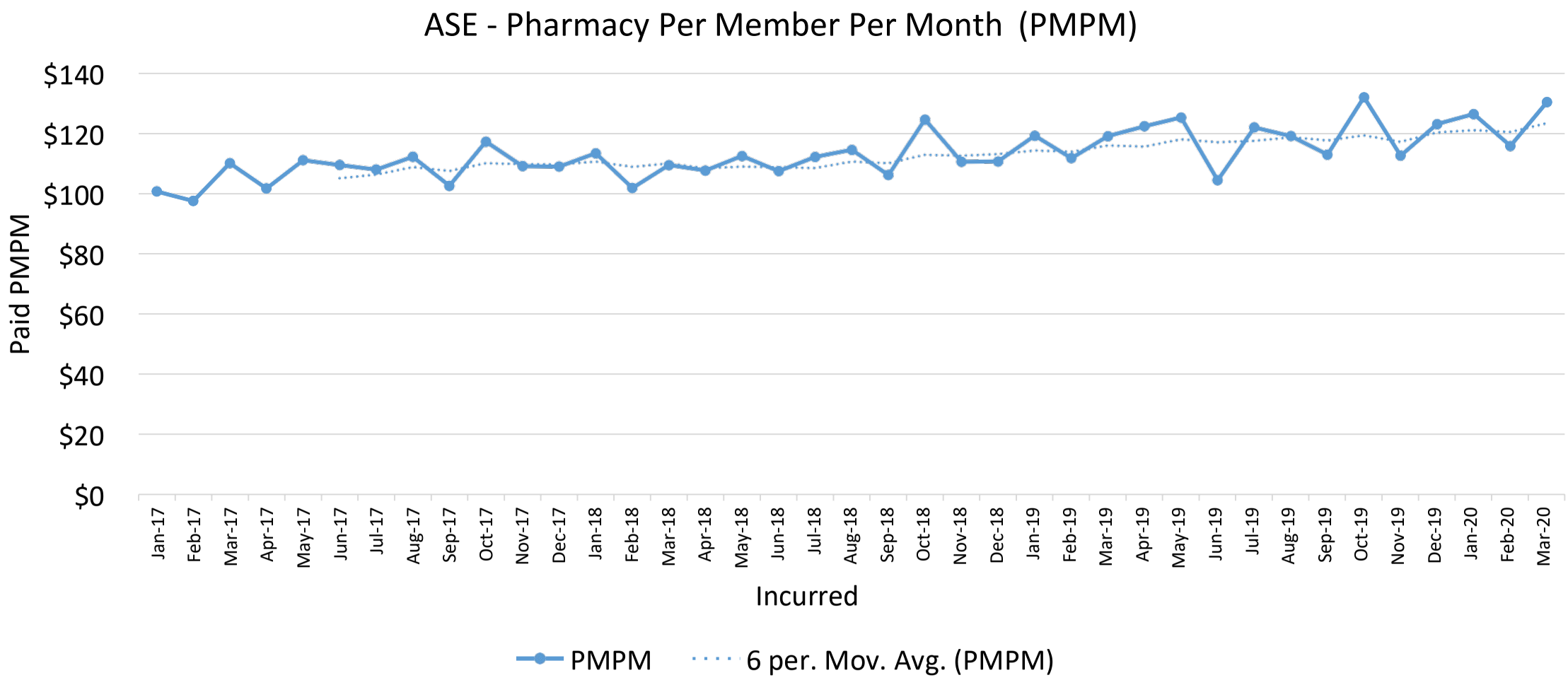
End of Year Assets



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 greaterthan $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

Funding	2019	2020	2021
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)

Average Membership			
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 PMPM[1]	$ 292.71	$ 300.00	$ 289.00
Total Expenses PMPM[2]	$ (292.51)	$ (317.25)	$ (341.38)

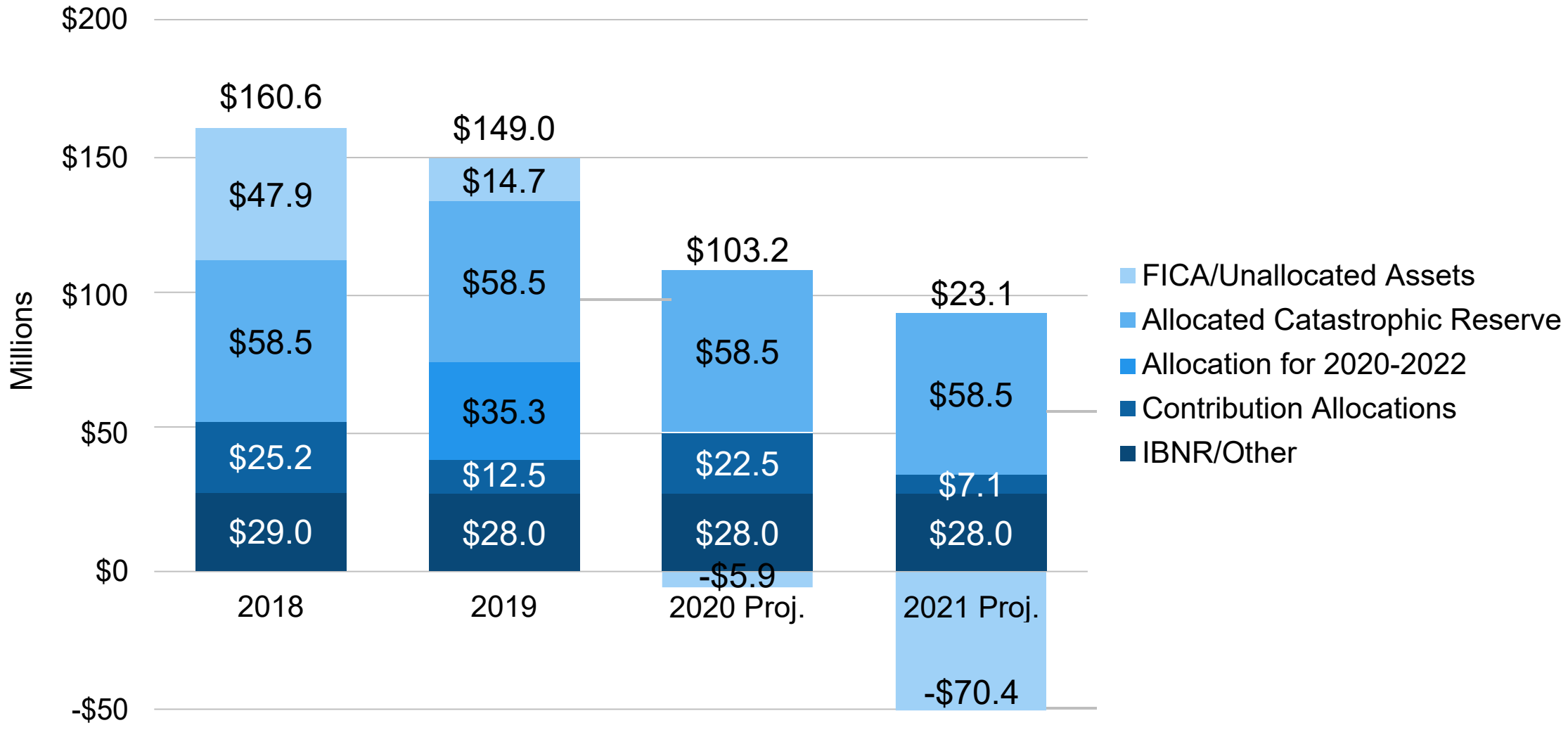
[1] Allocation of Reserves included in Total Income

[2] Total Expenses offset by Program Savings

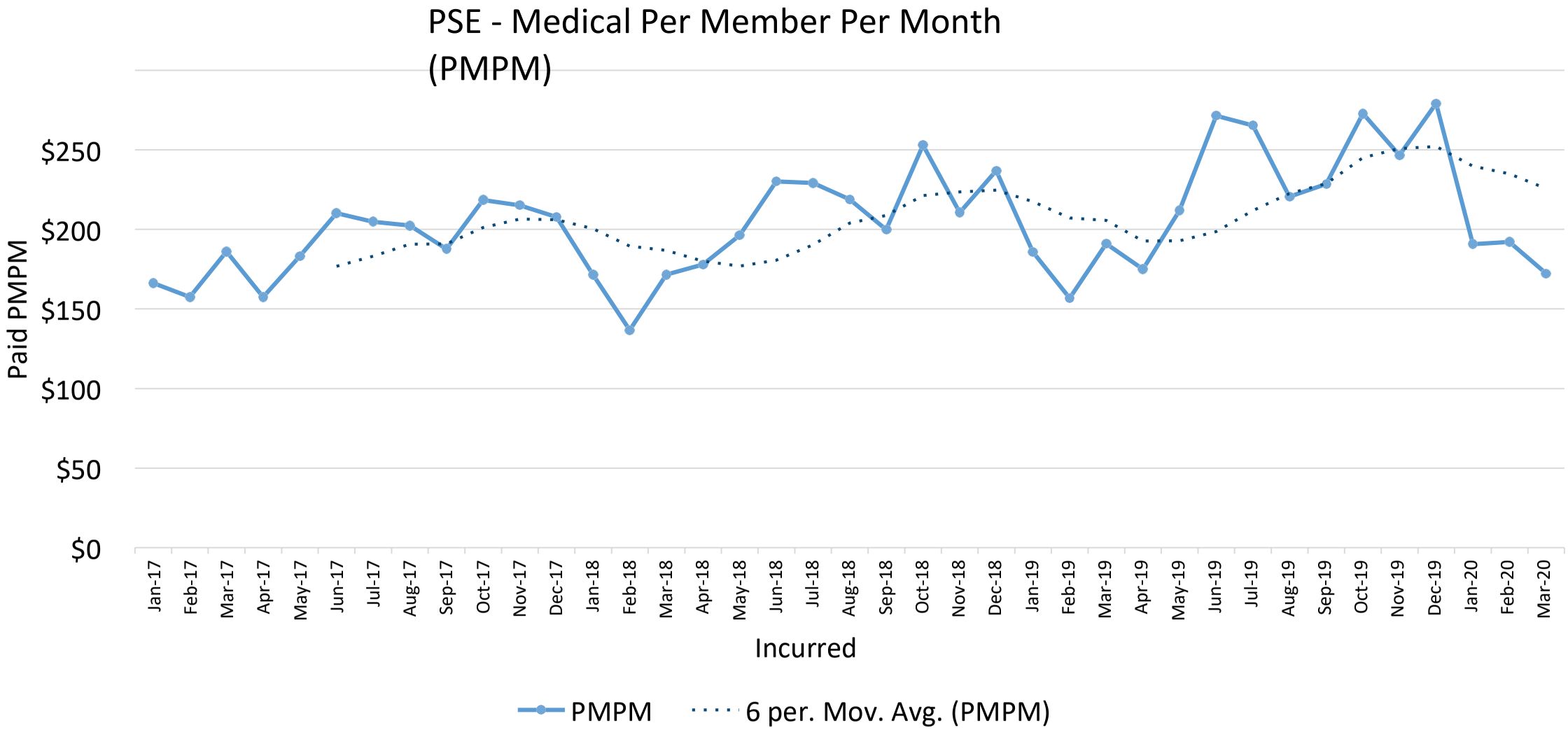
Projected Assets: 2019 – 2021

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	$25.3
(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	$15.5
(j) = (g) + (h) + (i)		Total Surplus / (Deficit)	($64.6)
(k) = (f) – (i) + (j)		End-of-Year Assets	$23.1

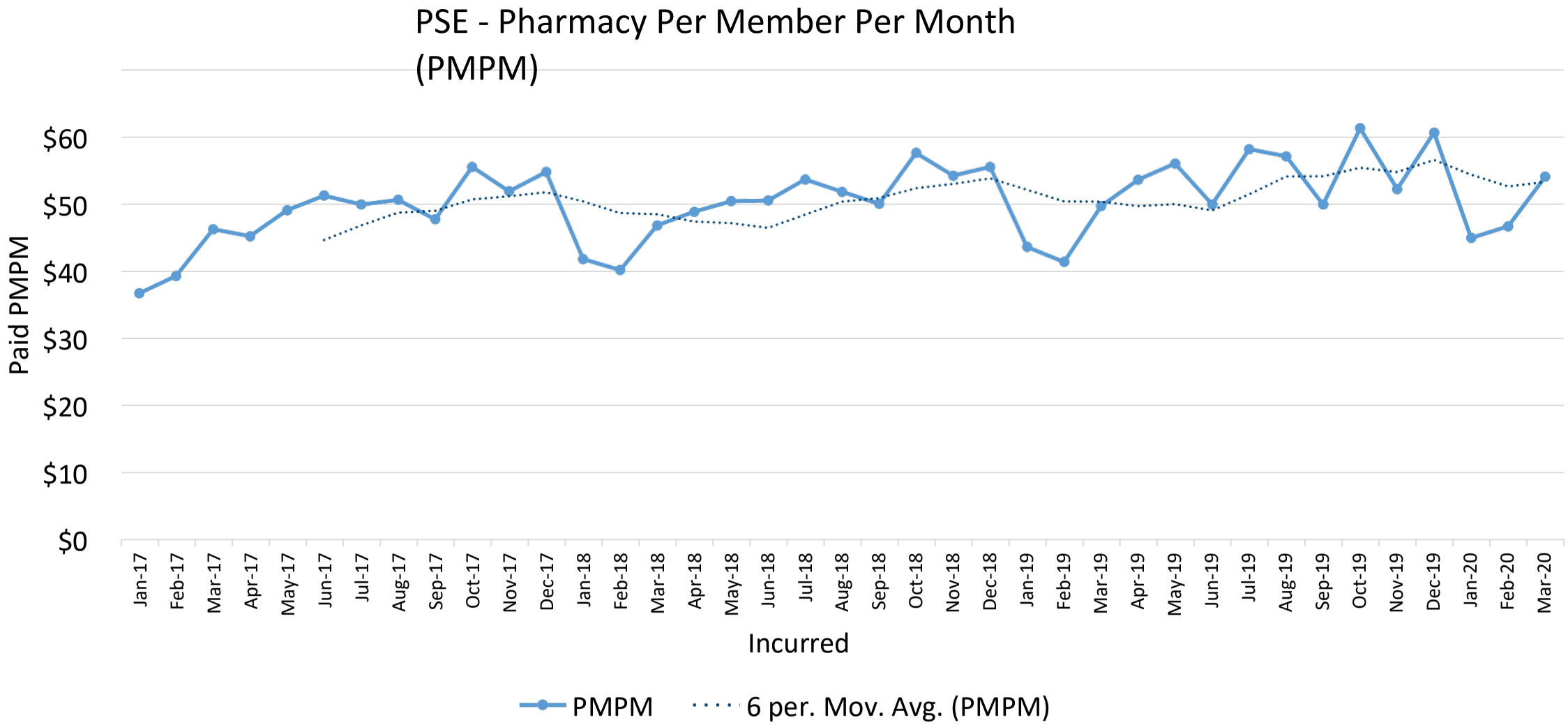
End of Year Assets



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%

1. Maintain current rate structure and assumes no migration plans

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

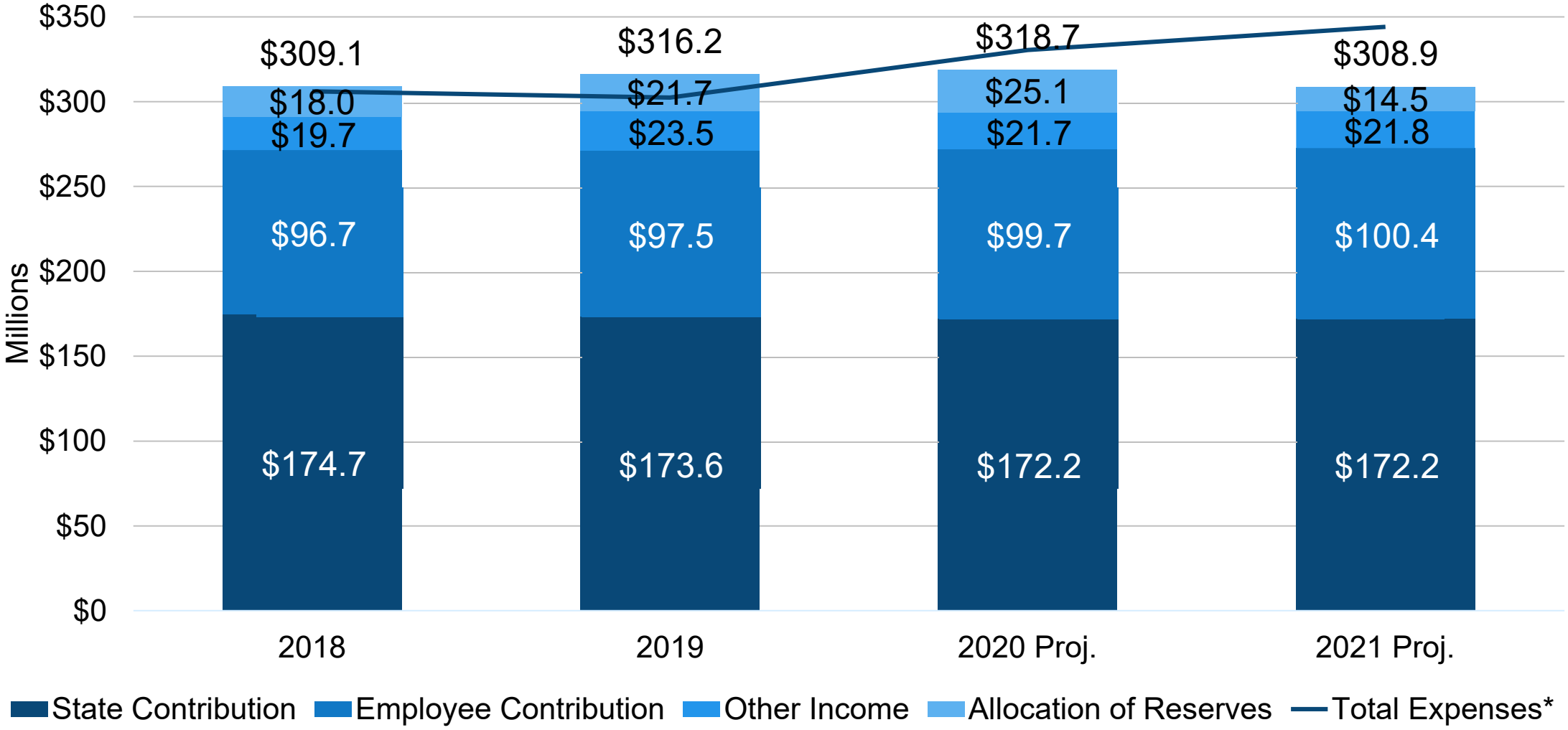
Increase employee contributions by 10% (Medicare Retiree)

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

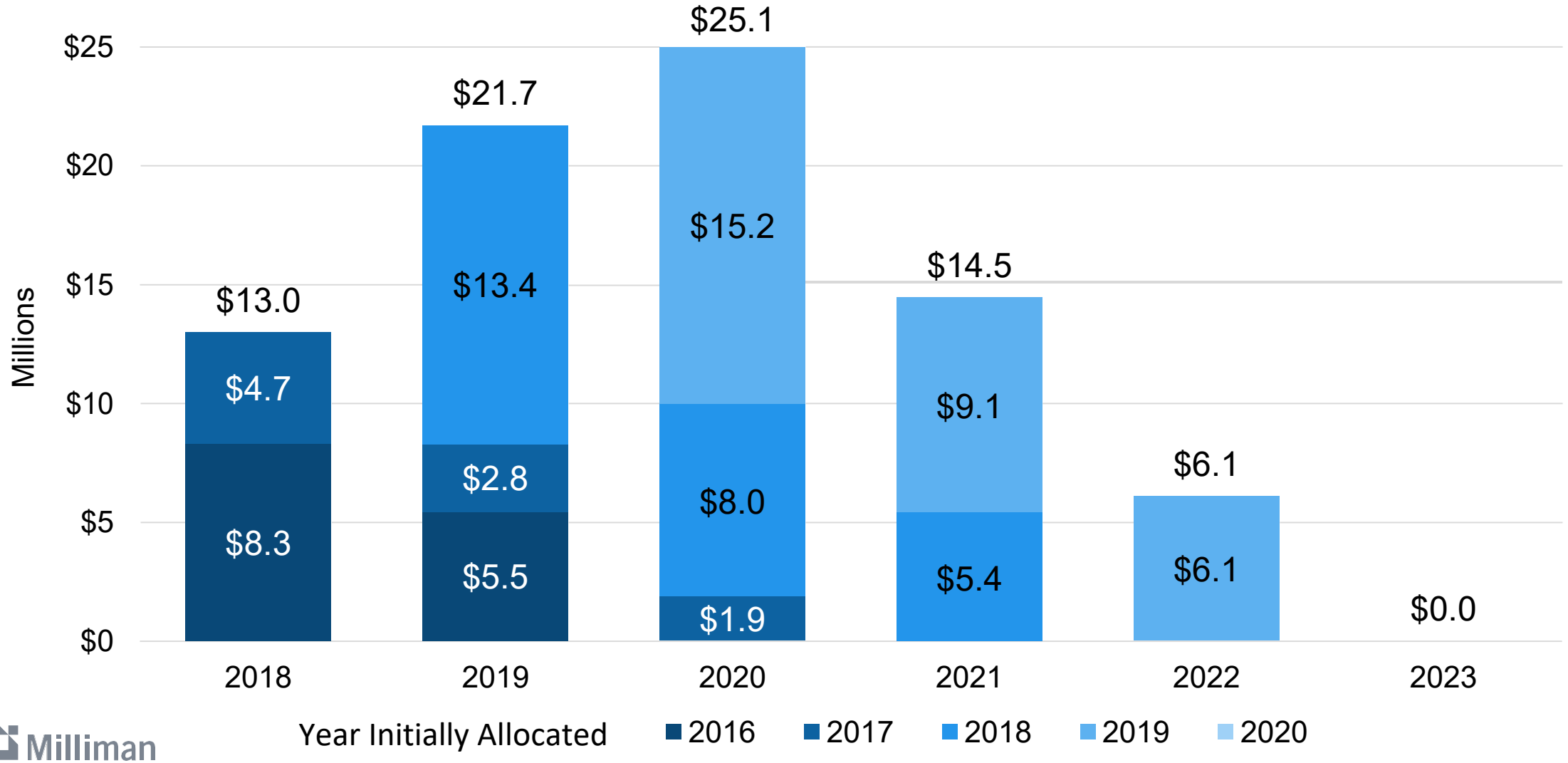
ASE - Income vs. Expenditure



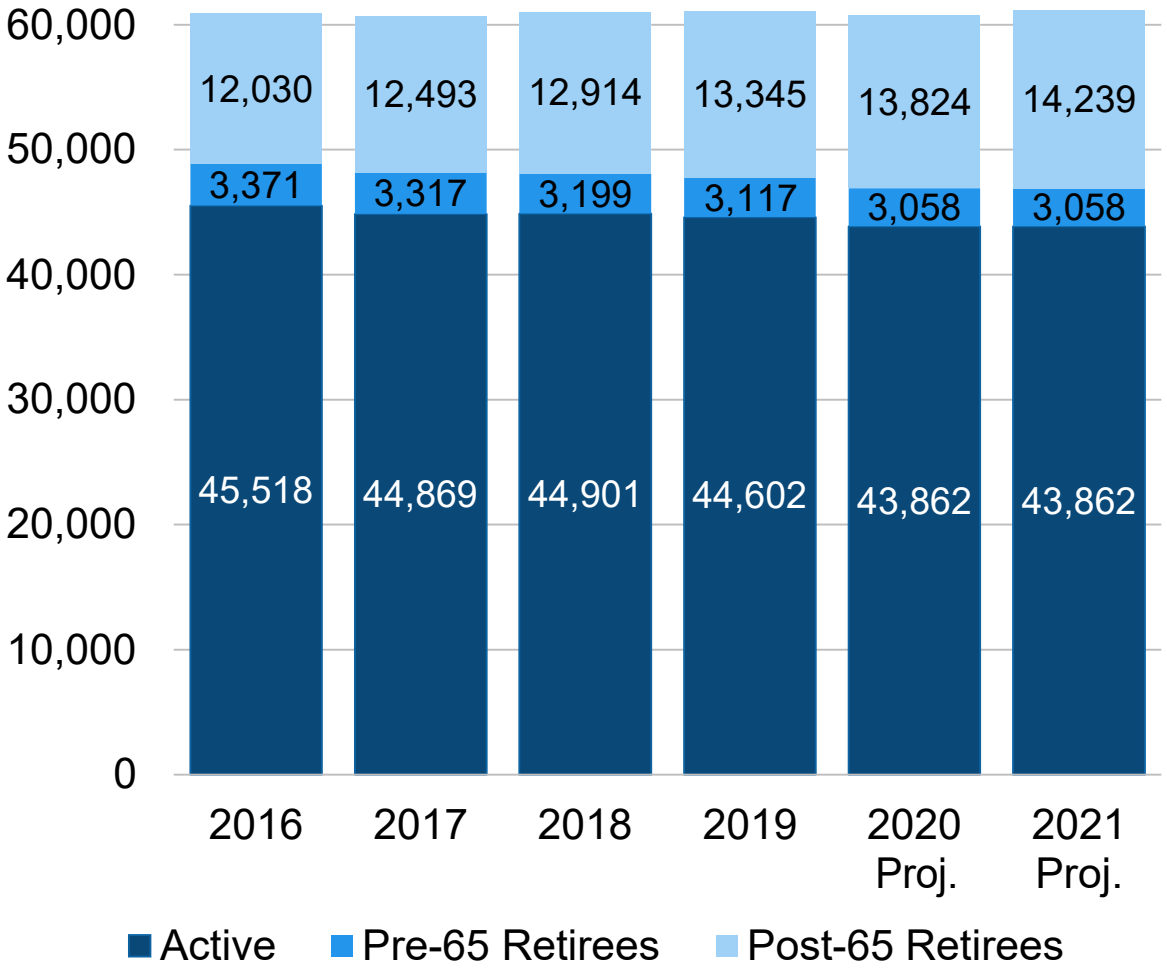
* Total Expenses offset by Program Savings

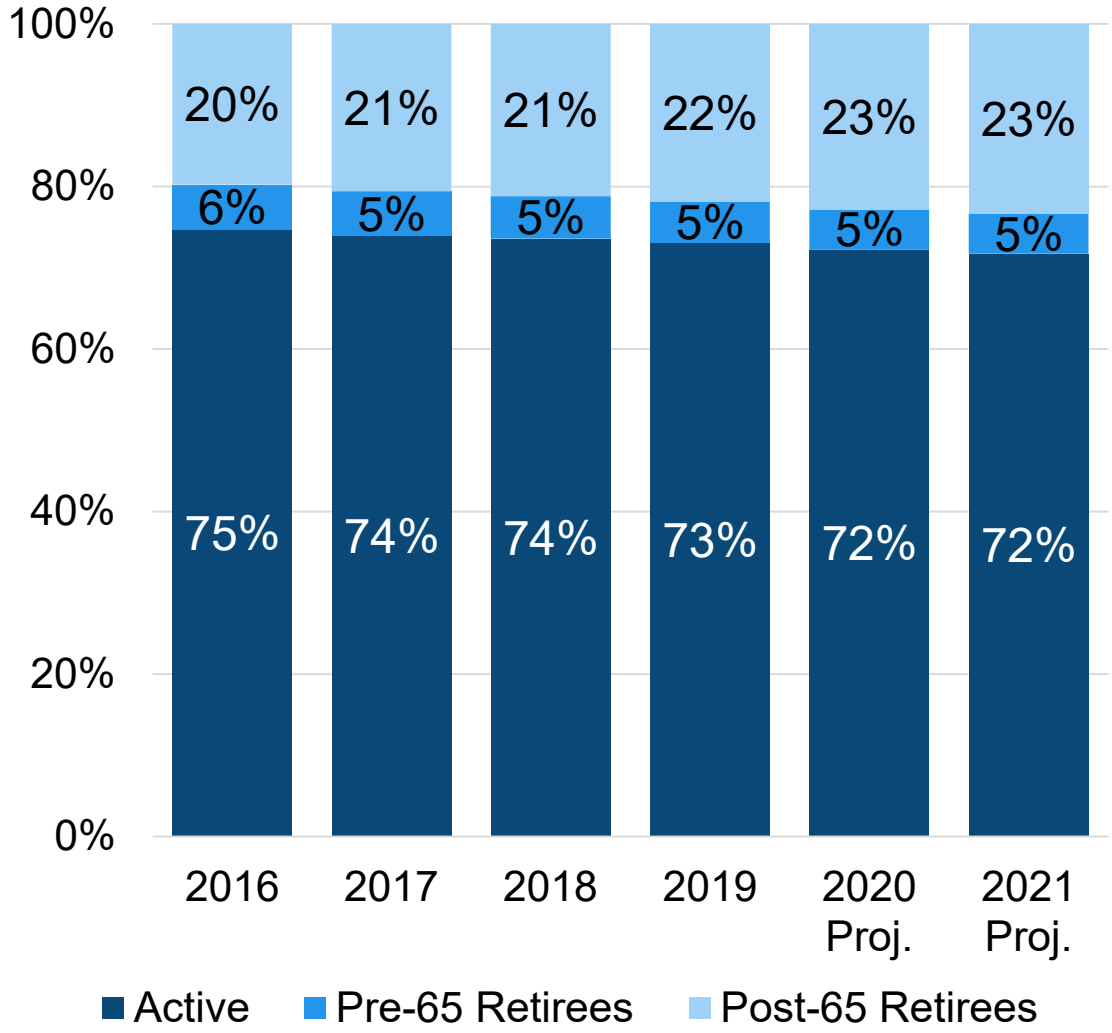
ASE - Reserves Allocation by Year

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

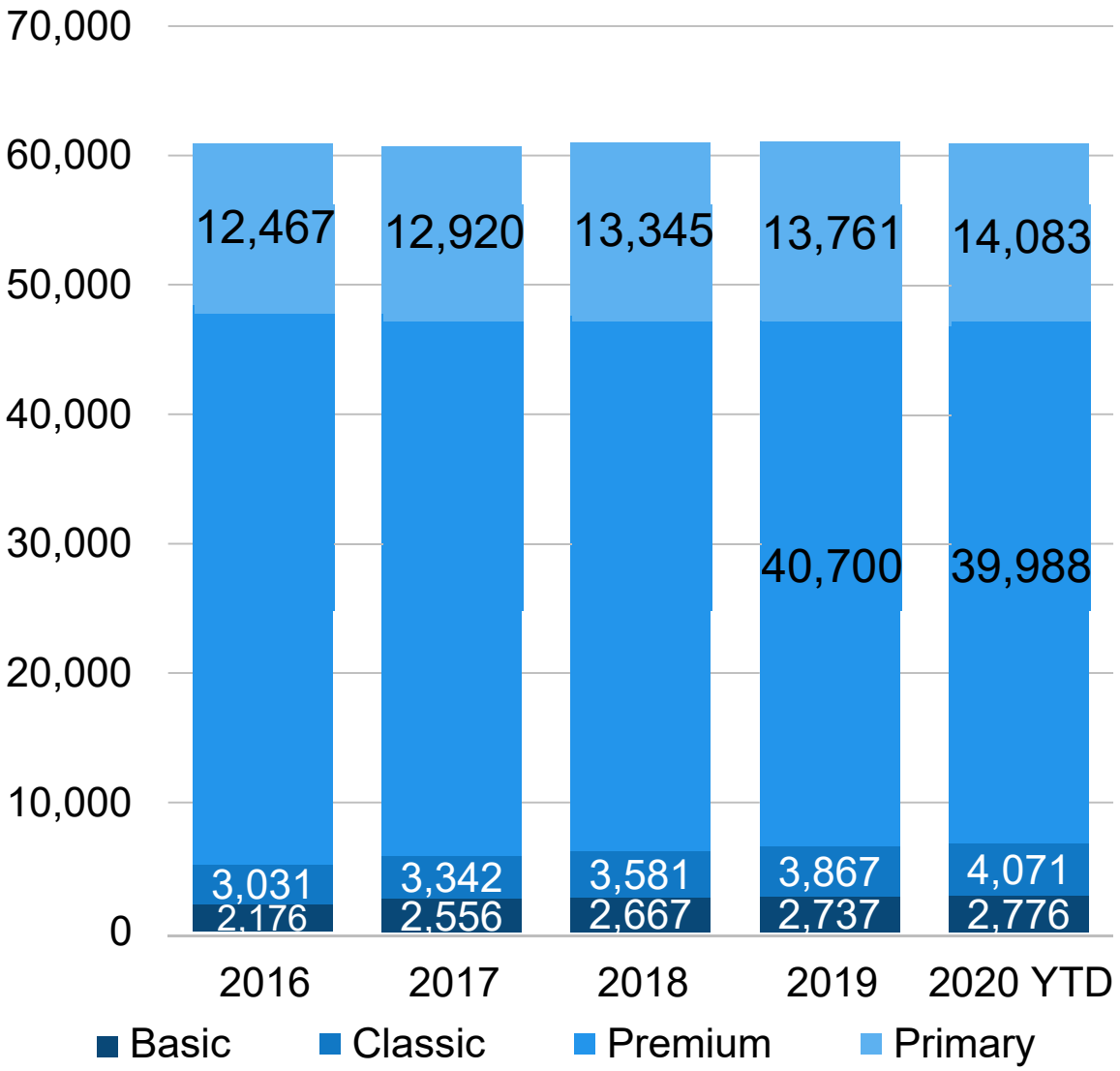


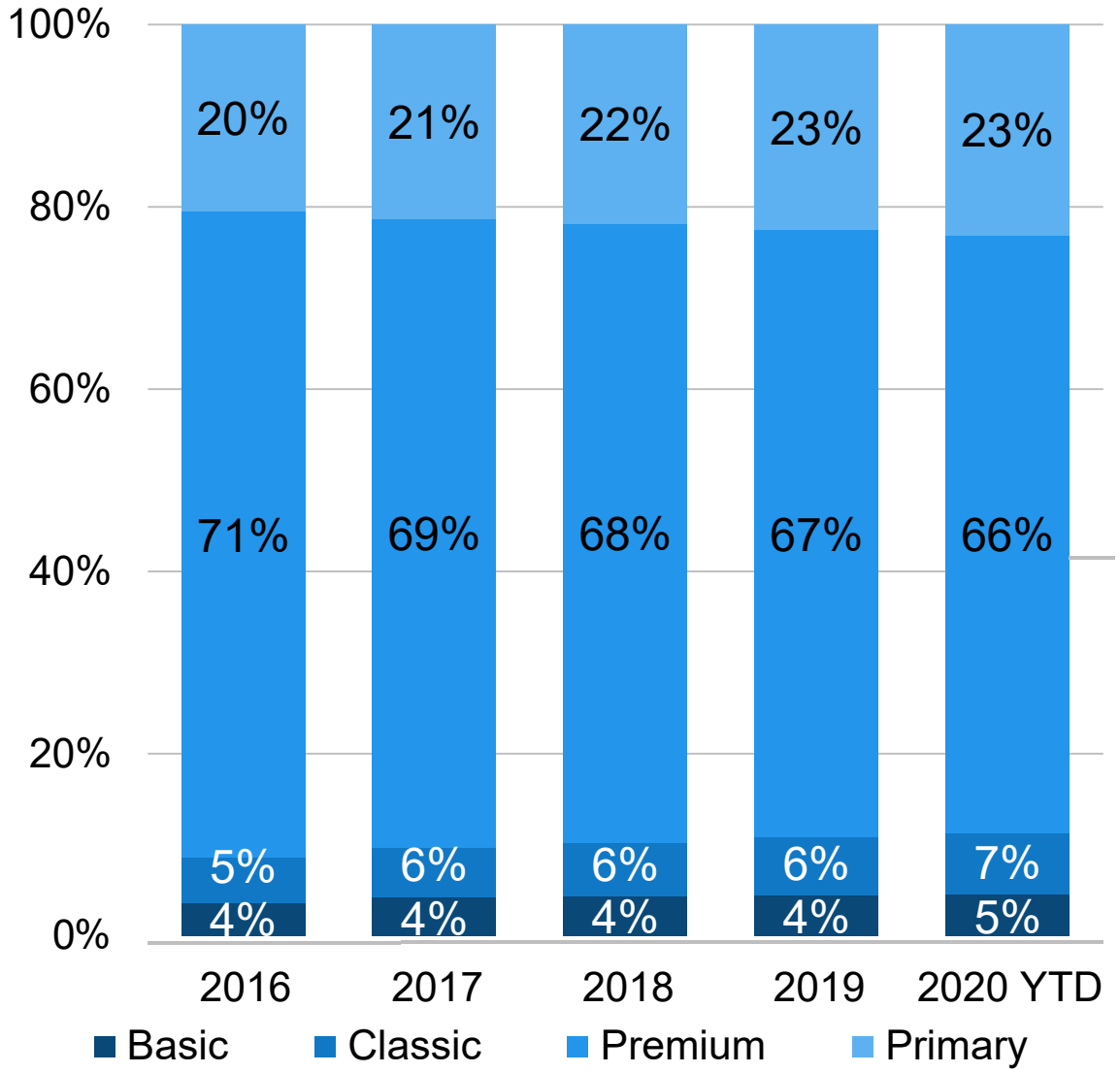
ASE - Average Membership by Status



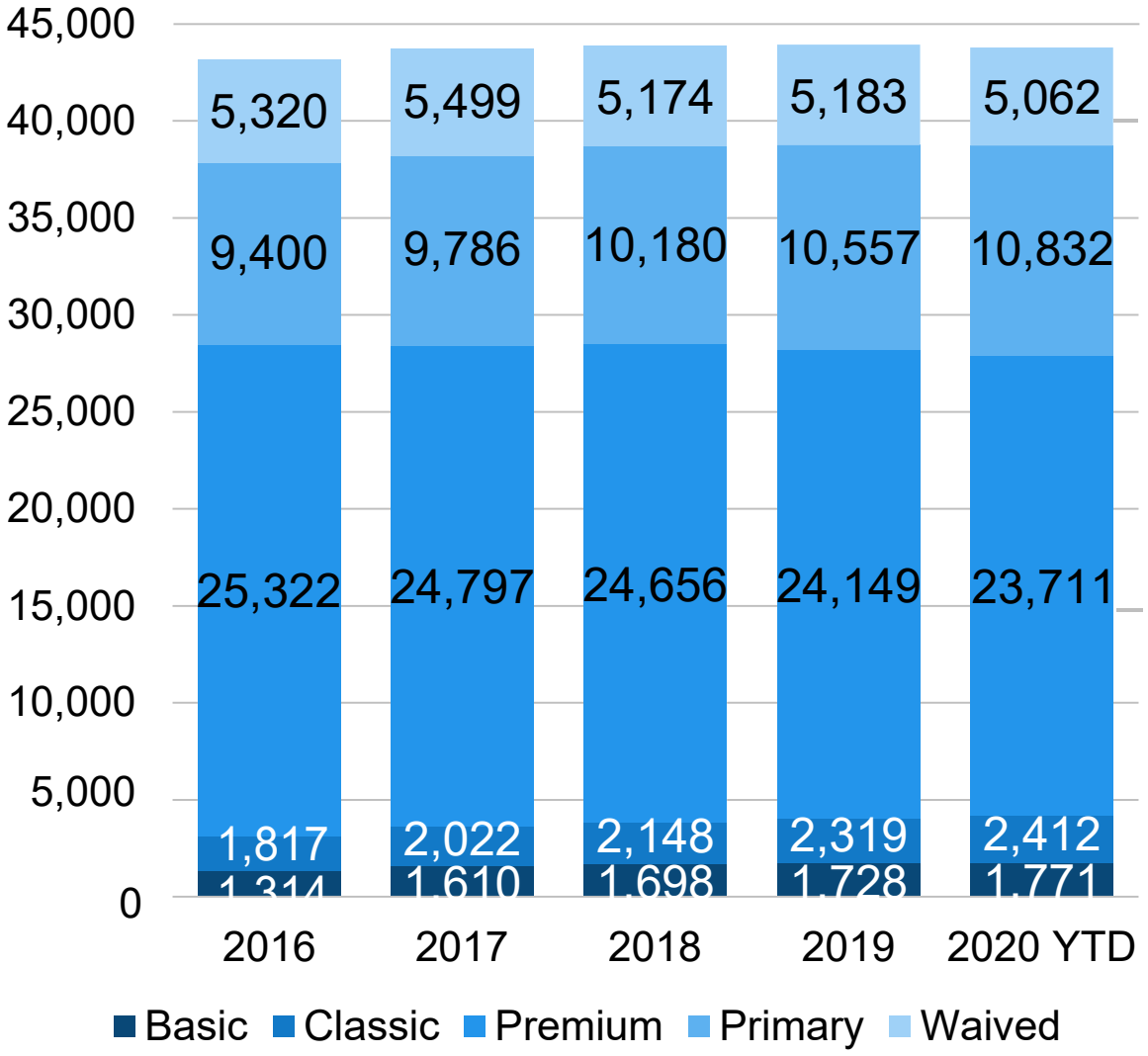


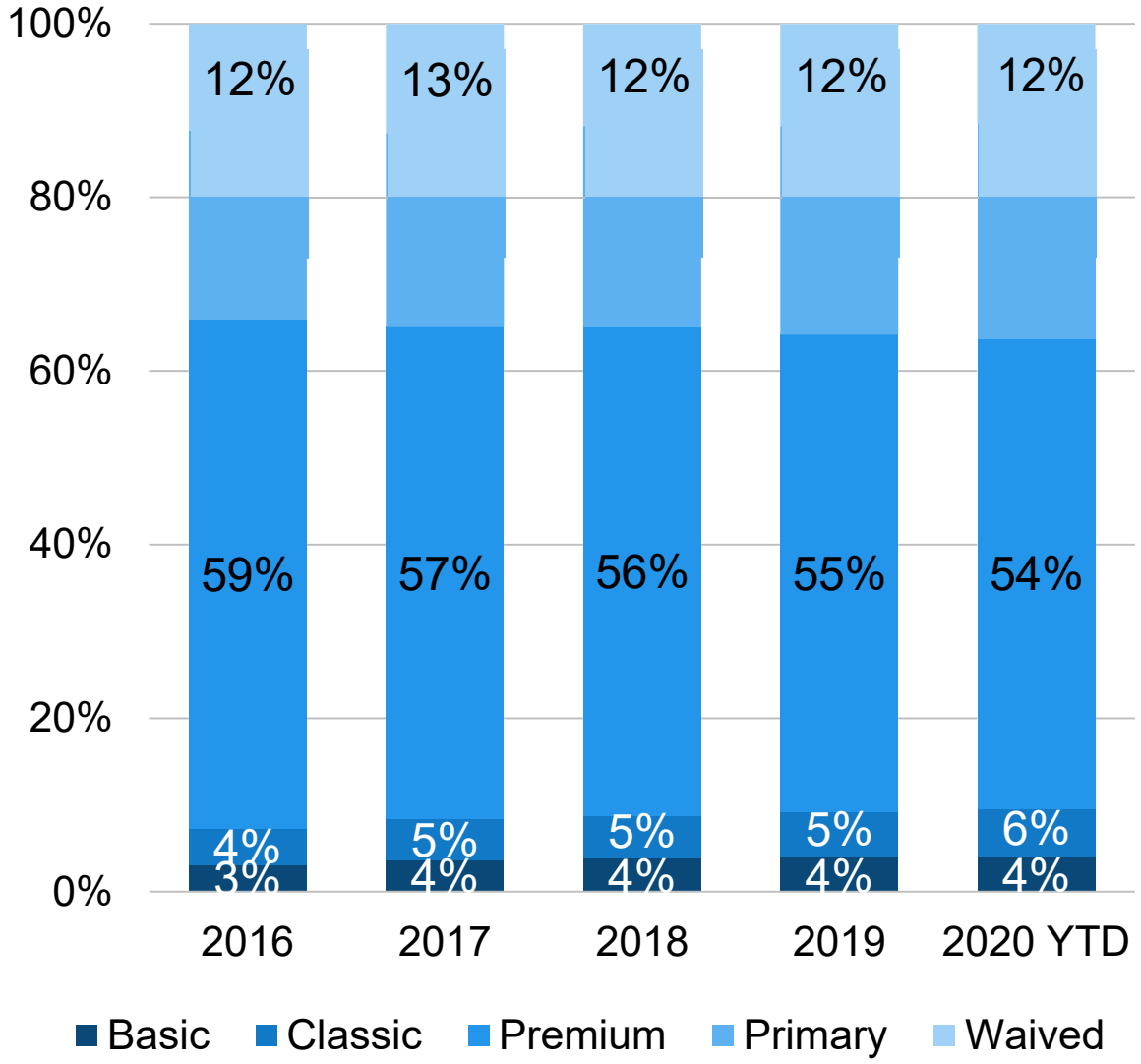
ASE - Average Membership by Plan



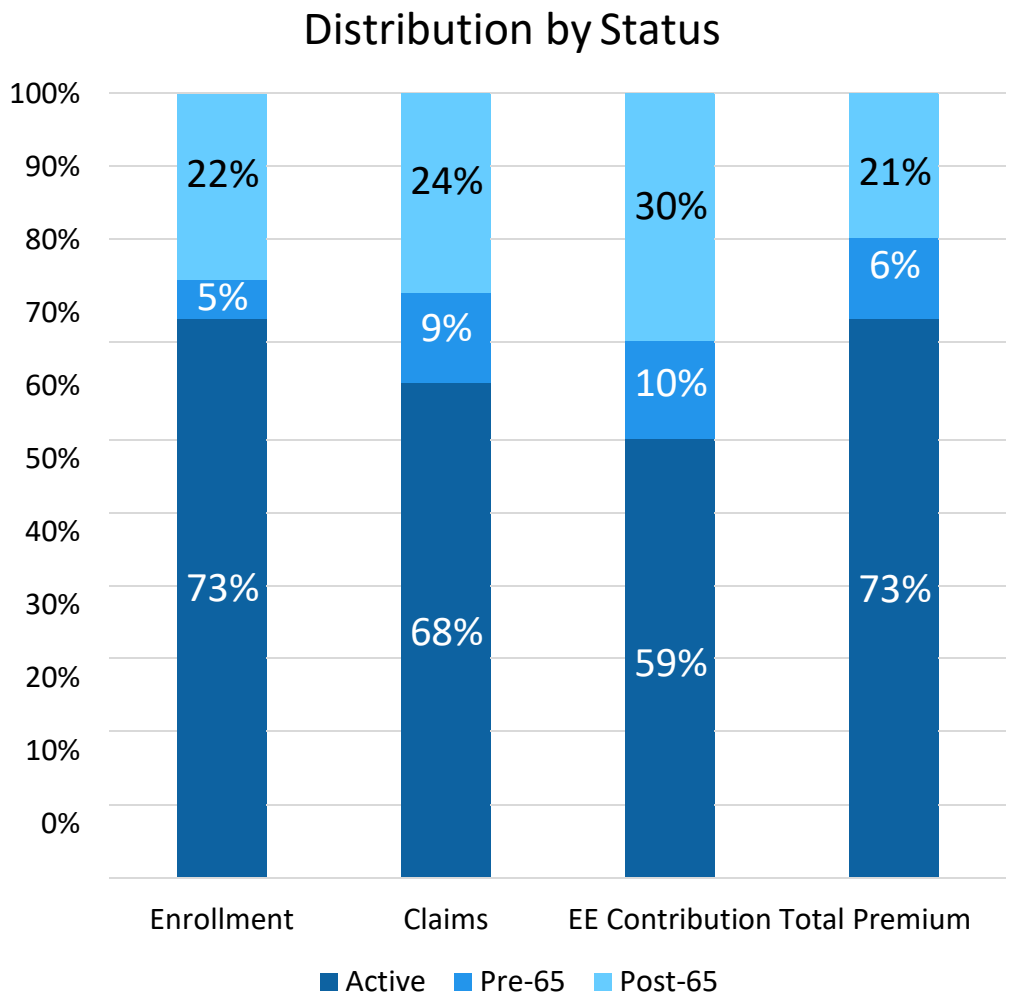


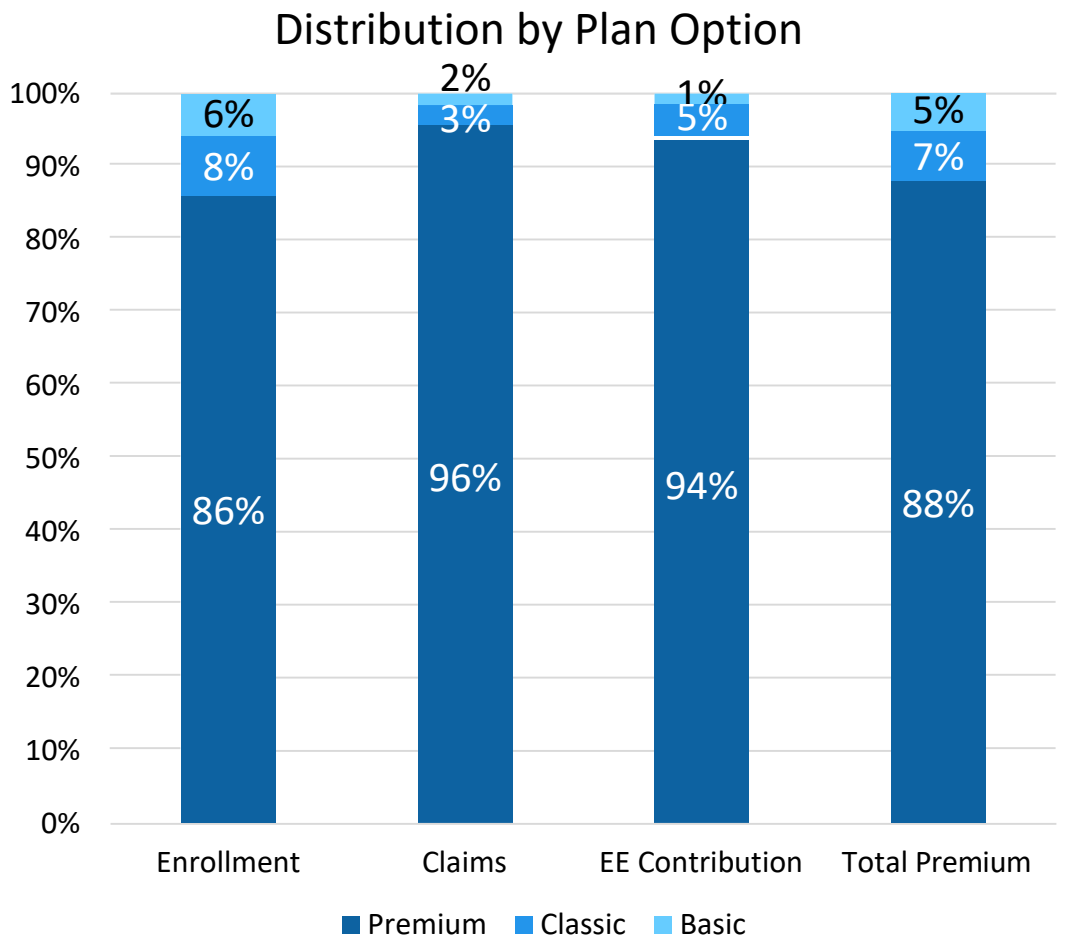
ASE - Average Enrollment (Subscribers) by Plan





ASE Breakdown – Employment Status and Plan Option





Enrollment based on membership.

Milliman

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

ASE Breakdown – Employment Status and Plan Option

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%

1. Maintain current rate structure and assumes no migration plans

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

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* Total subscribers over the year

** Subscriber pays full premium amount

Employee Contribution Scenarios – PSE Population

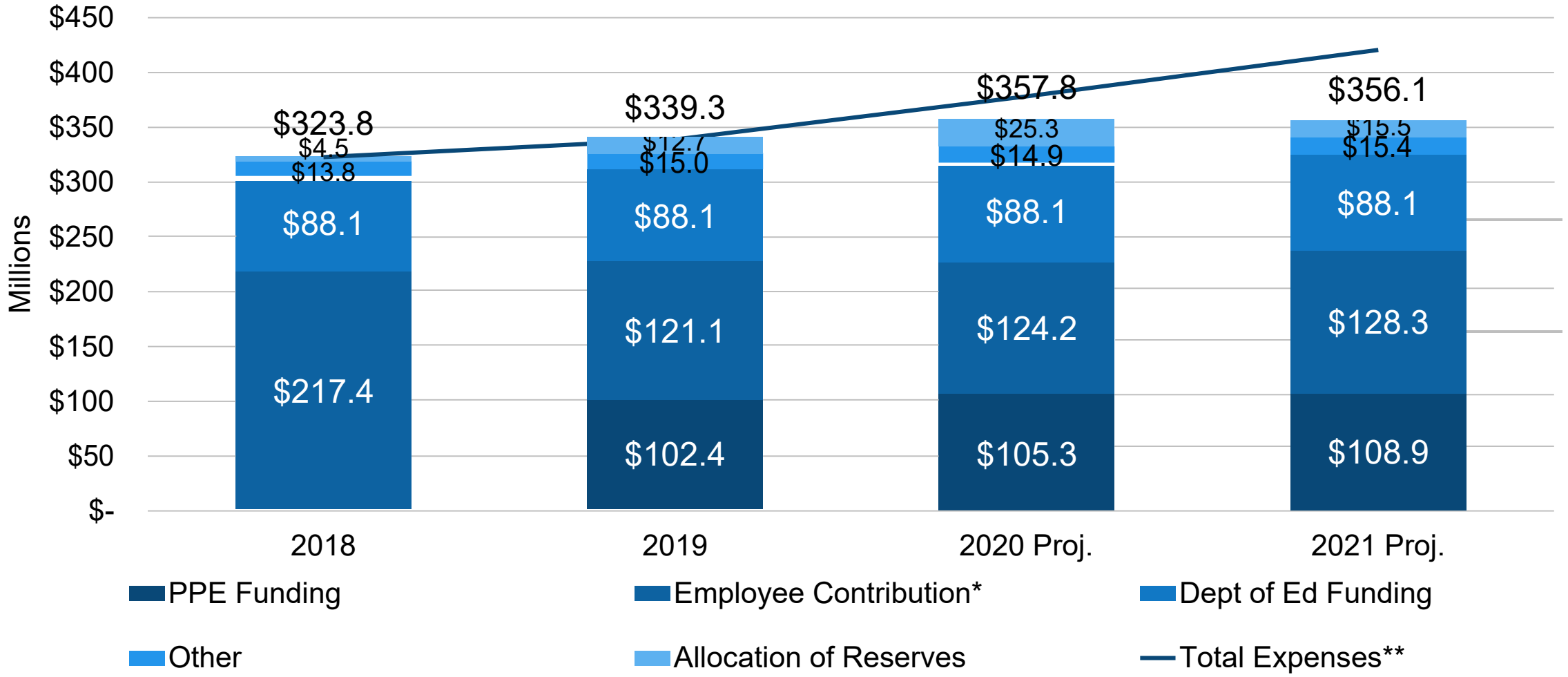
Increase employee contributions by 10% (Medicare Retiree)

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

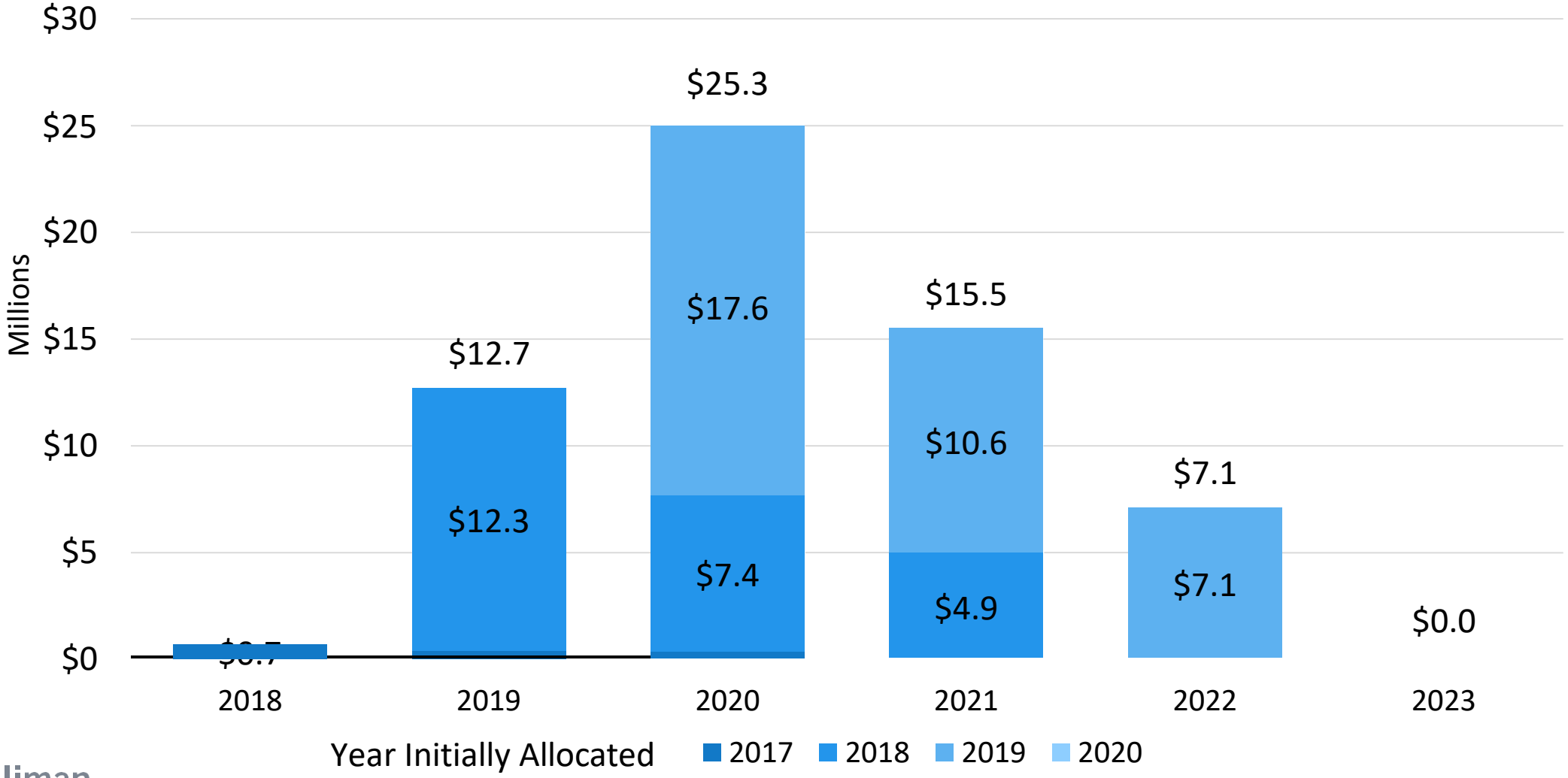


* 2018 Employee Contribution includes PPE Funding

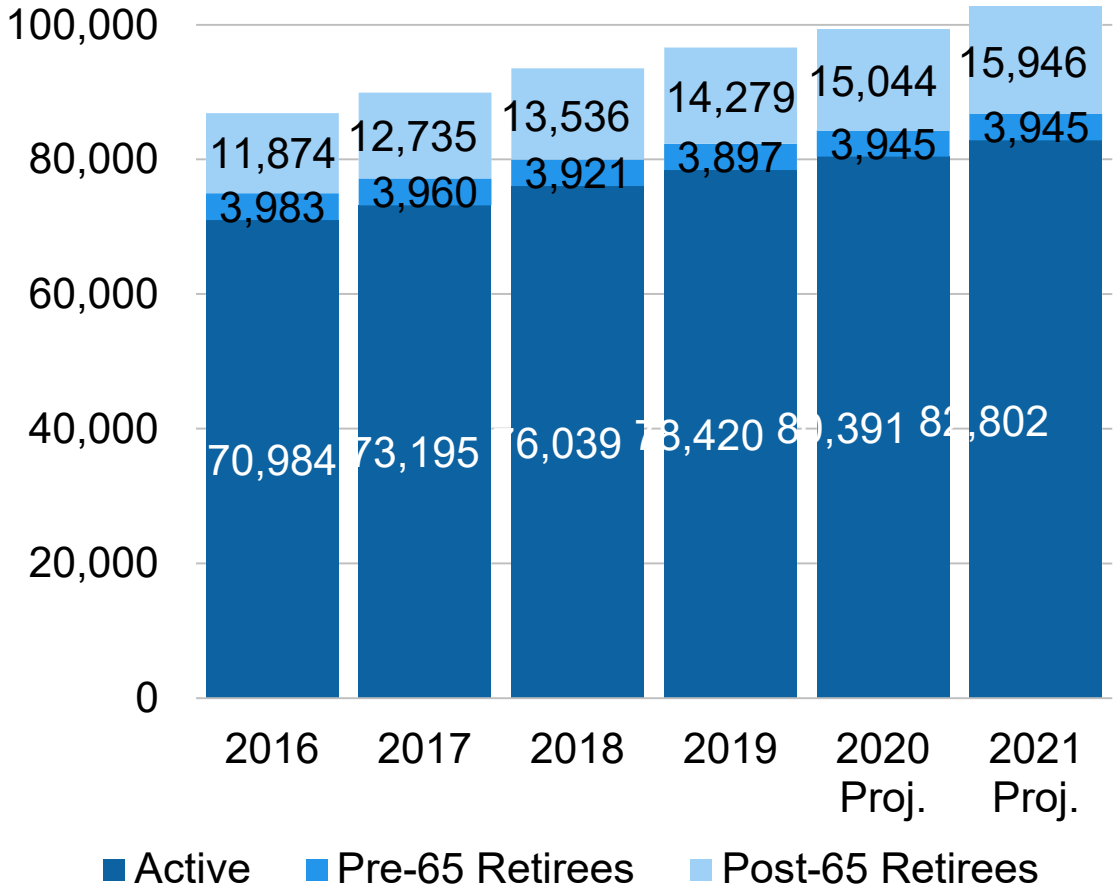
** Total Expenses offset by Program Savings

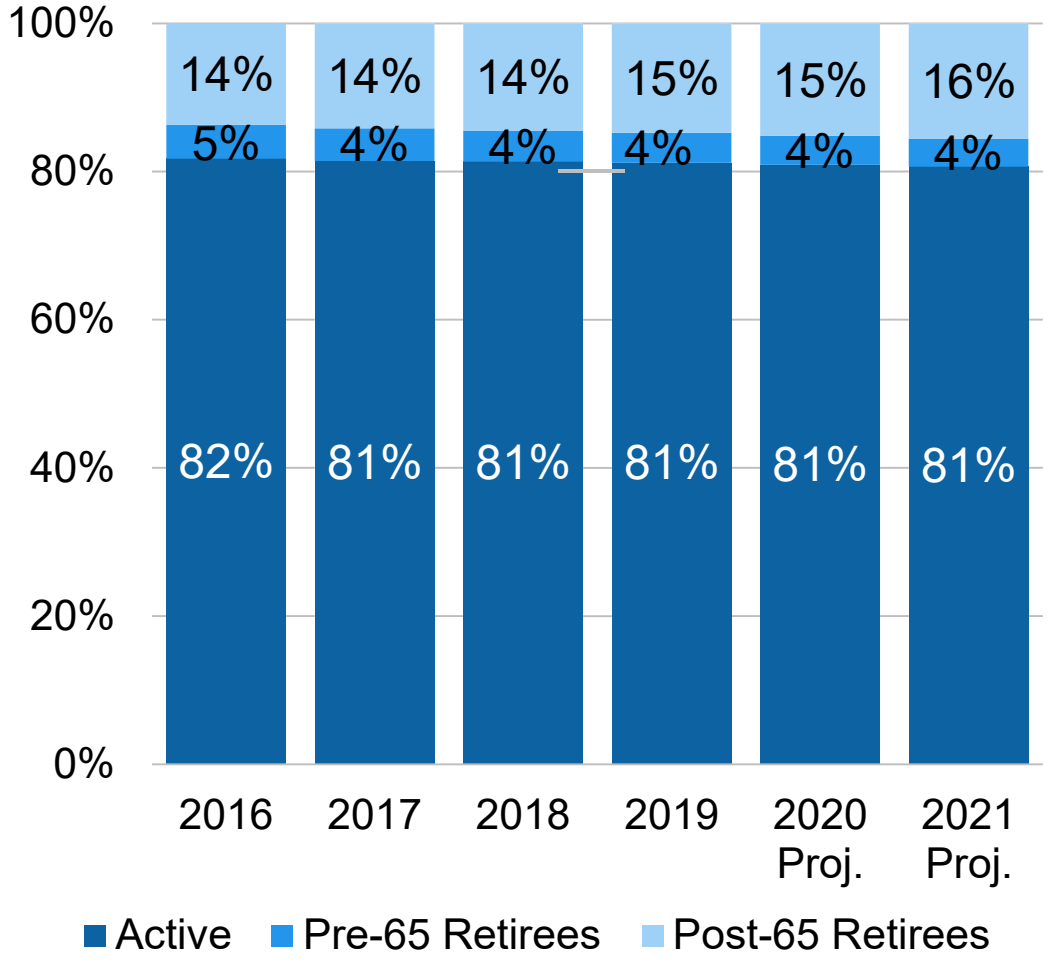
PSE - Reserves Allocation by Year

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

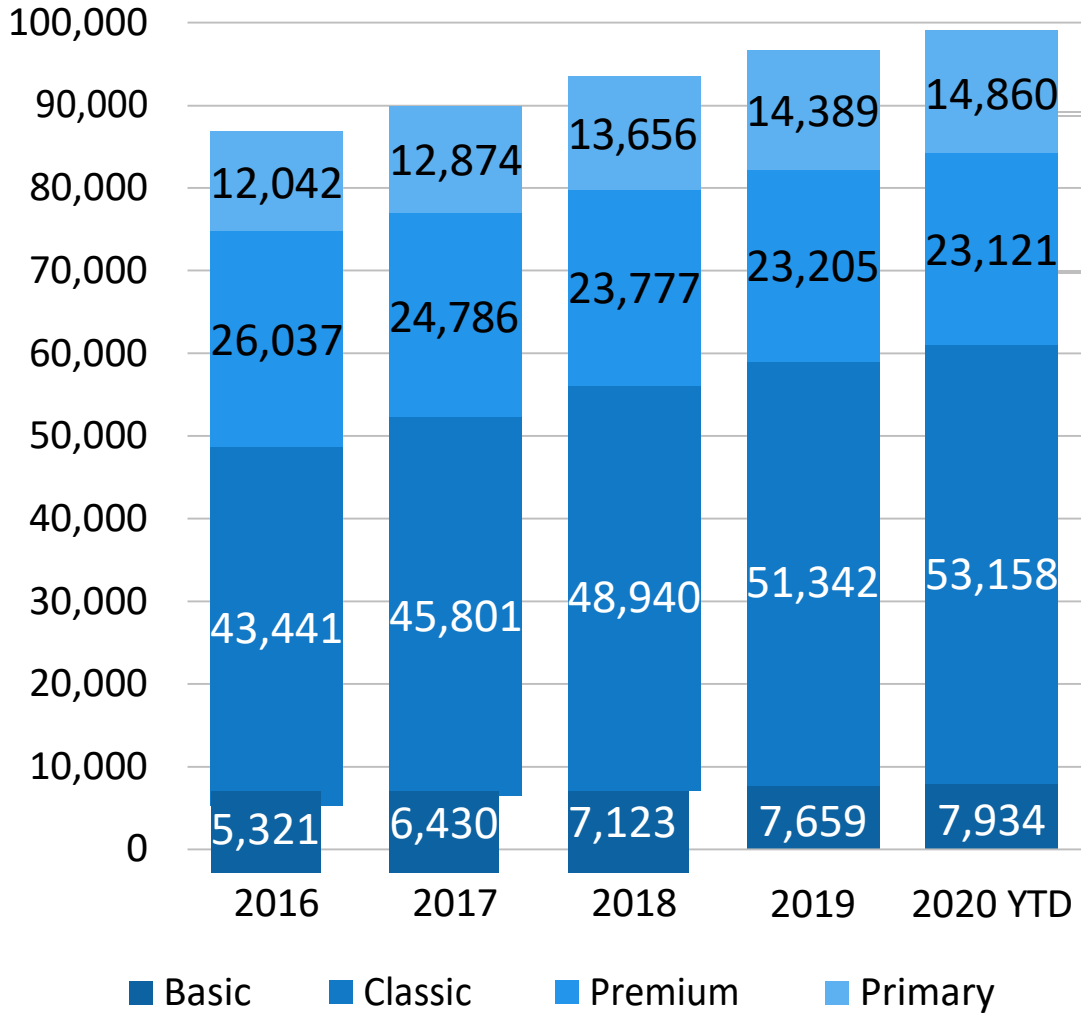


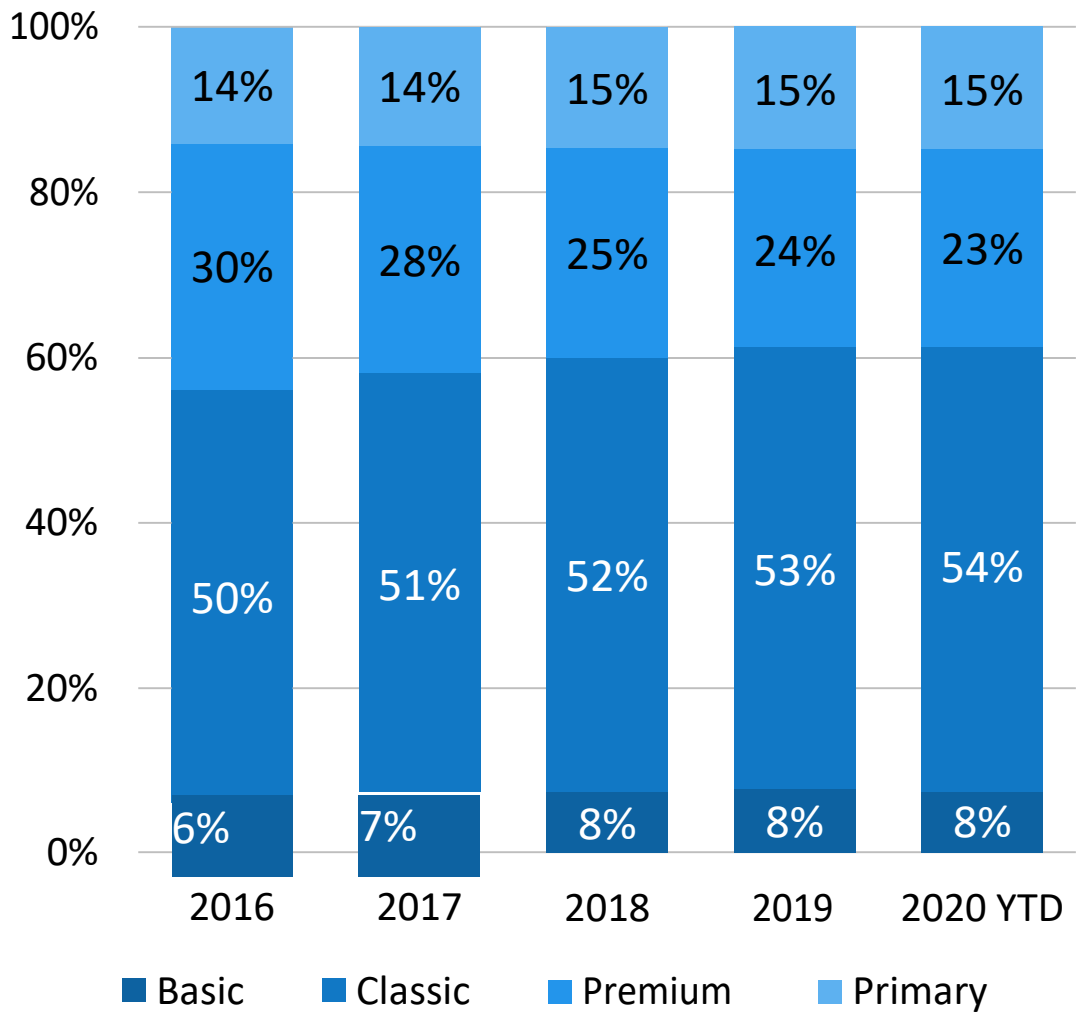
PSE - Average Membership by Status



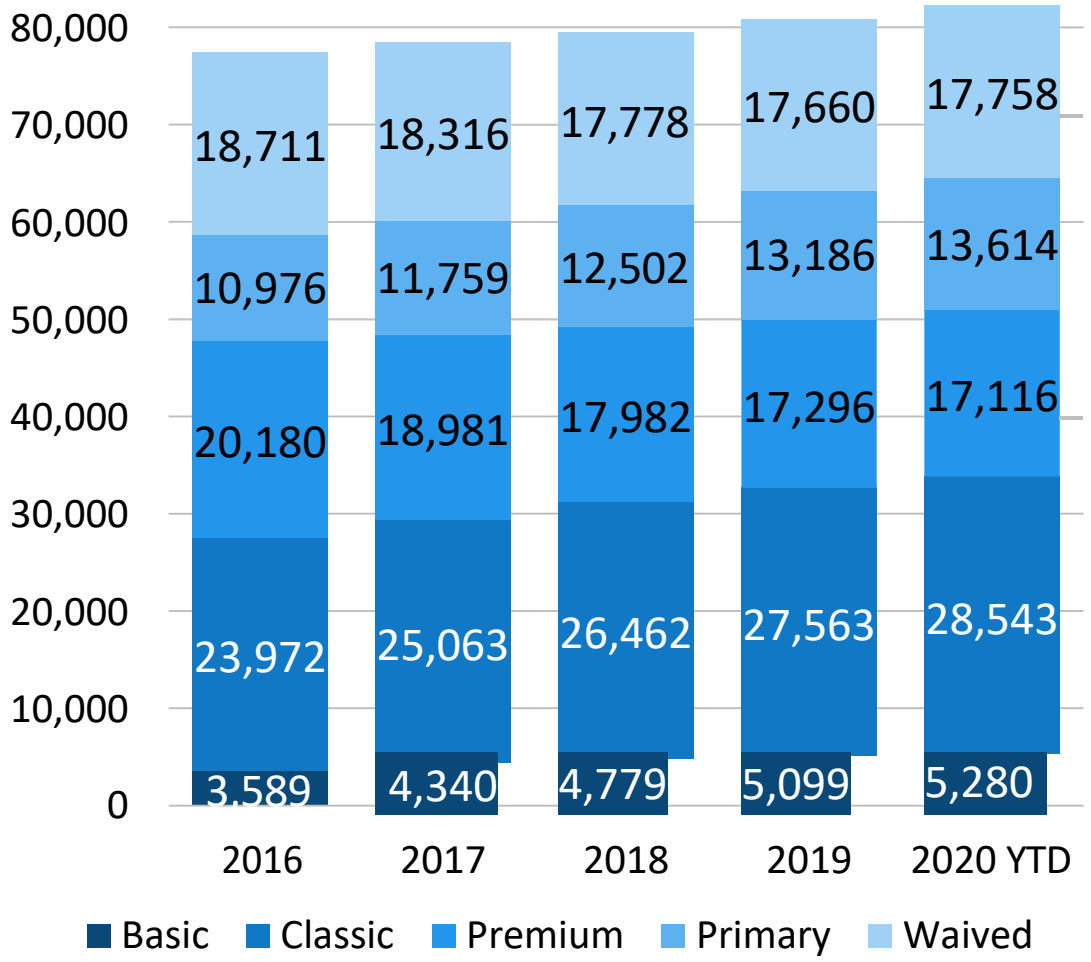


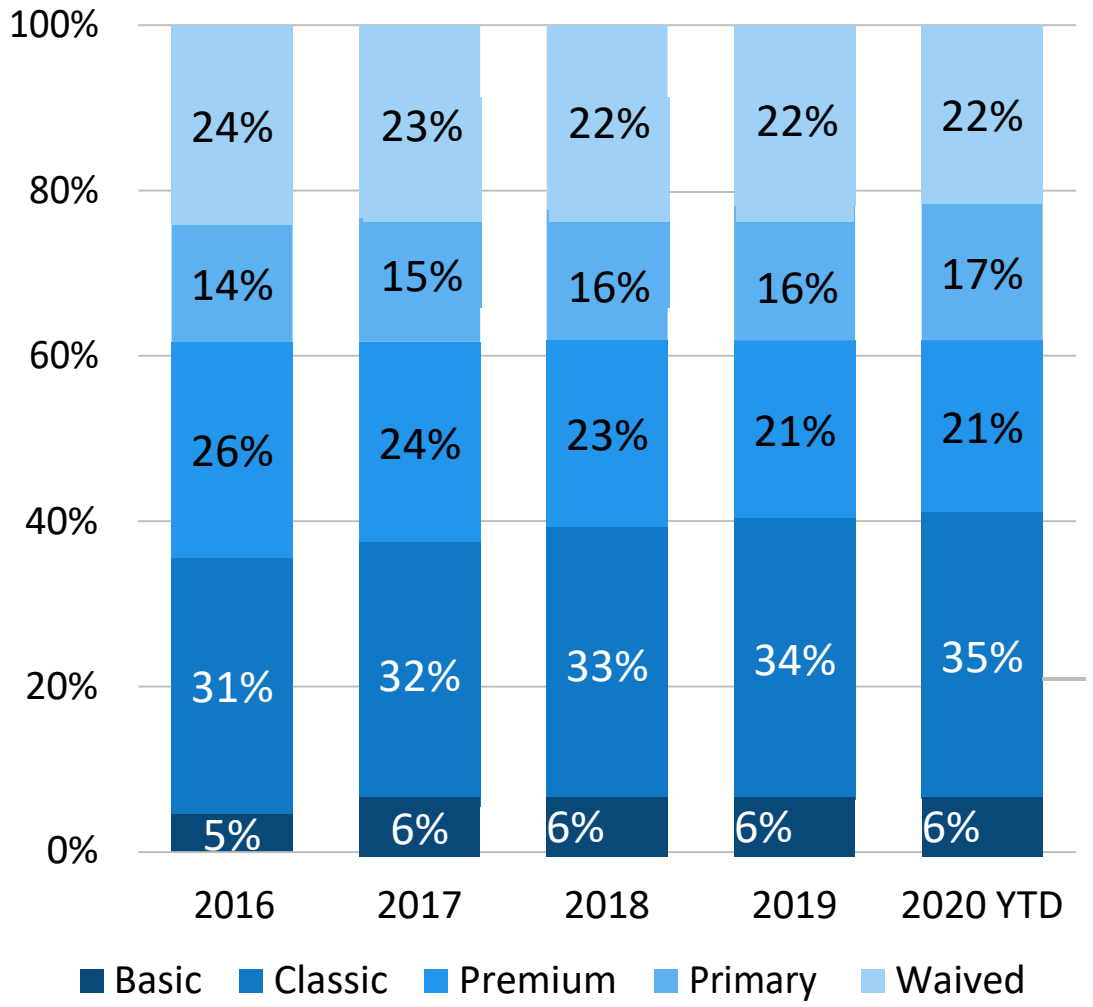
PSE - Average Membership by Plan



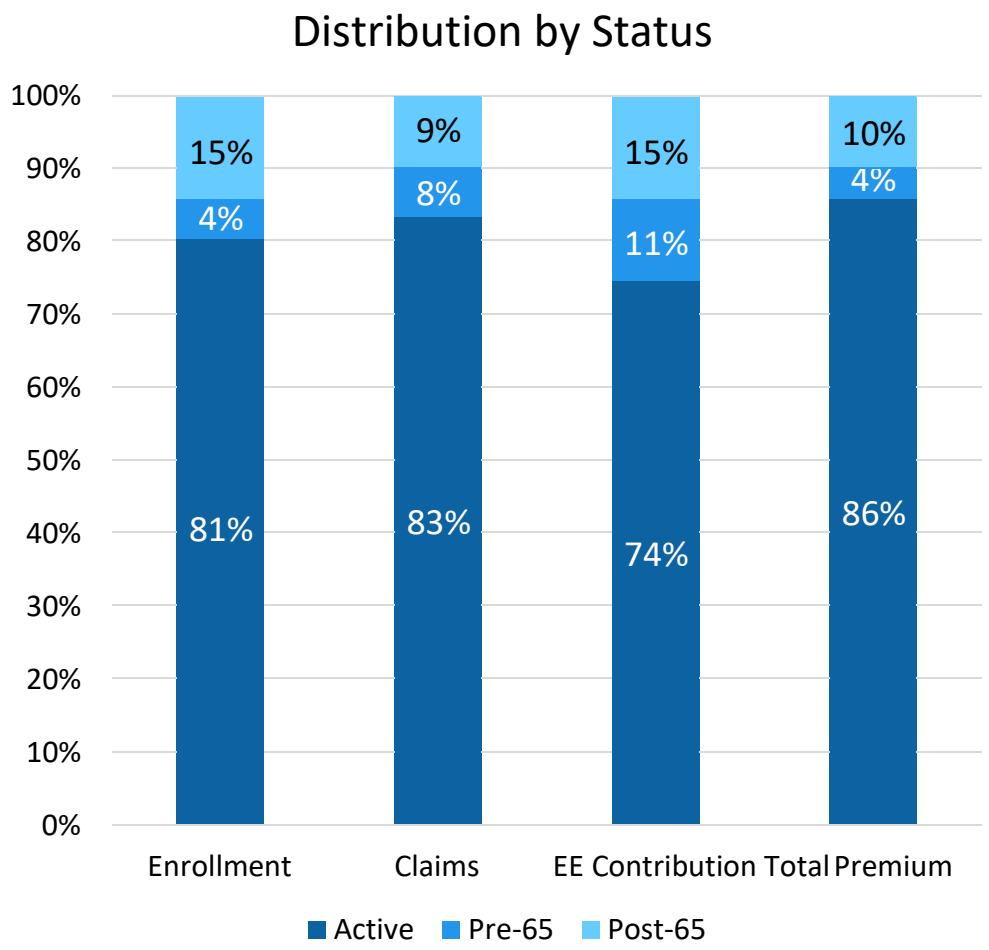


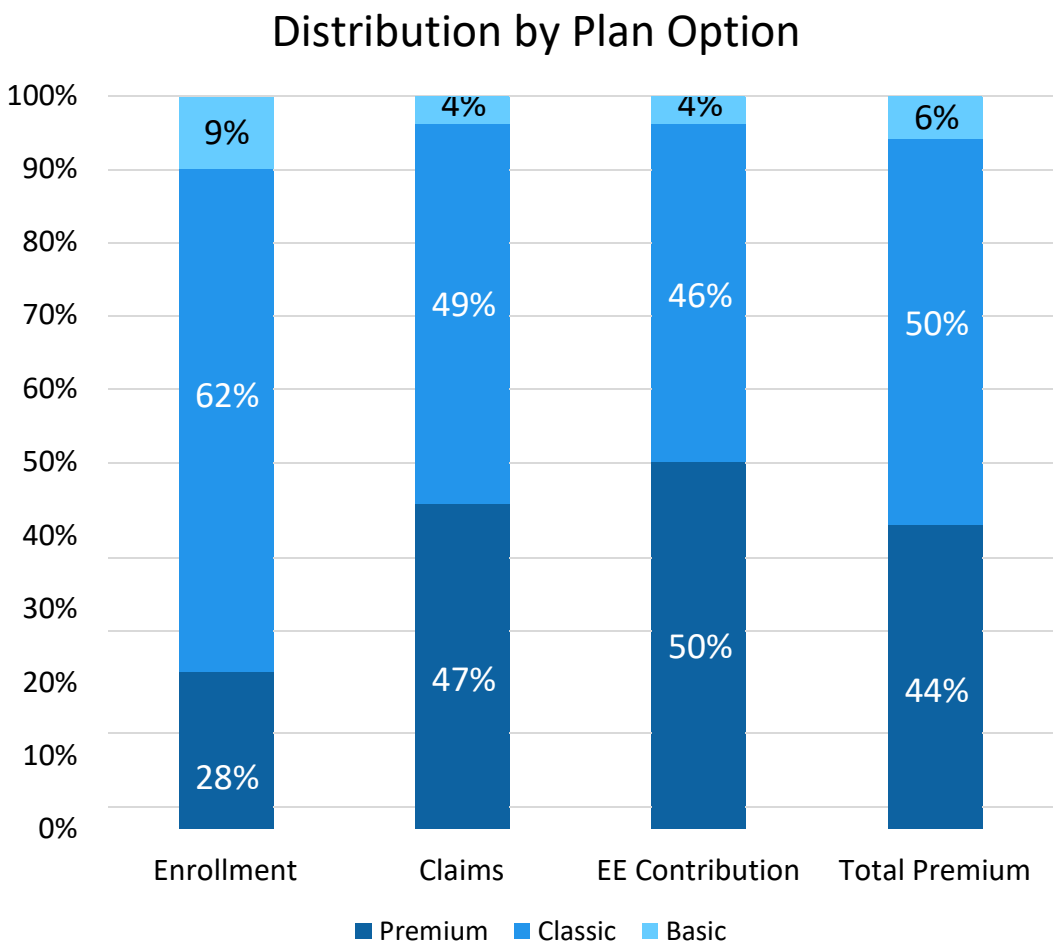
PSE - Average Enrollment (Subscribers) by Plan





PSE Breakdown – Employment Status and Plan Option





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 Post-65 Retirees	5.0% 5.0%	8.0% 8.0%
PSE	Active/Pre-65 Retirees Post-65 Retirees	7.0% 7.0%	8.0% 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.

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Thank you

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Paul Sakhrani, FSA, MAAA