



AGENDA

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

**November 13th, 2020
10:00 a.m.**

EBD Board Room – 501 Building, Suite 500

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

2020 Upcoming Meetings:

December 11th

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

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

BENEFITS MEETING MINUTES

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on November 13, 2020, at 10:00 a.m. via teleconference

Date | time 11/13/2020 10:00 AM | Meeting called to order by Susan Gardner, Chair

In Attendance

Members Present

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

Members Absent

Others Present

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

Approval of Minutes by Susan Gardner, Chair

MOTION by Kissire:

Move to approve the October 16, 2020 minutes.

Lilly-Palmer seconded; all were in favor.

Minutes Approved.

COVID Update: Elizabeth Montgomery & Mike Motley, ACHI

Montgomery and Motley presented analyses regarding COVID-19 impact on the plan and reviewed the 2019-2020 influenza season impacts on the plan.

Plan Update by Courtney White, Paul Sakhrani, and Scott Cohen, Milliman

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

ASE

- 2020 & 2021 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through October 2020 and pharmacy claims data incurred from September 2019 to August 2020 and paid through October 2020.
- 2020 projected Plan experience
 - Allocated reserves for 2020 is \$25.1M
 - Estimated surplus of \$700K
 - End of Year Assets: \$72.3M
 - Incorporate estimated impact of COVID from deferred services, pent-up demand, and treatment / testing costs
 - No Plan changes / 5% increase in employee contributions
- 2021 Plan experience
 - Allocated reserves for 2021 is \$14.5M
 - Projected deficit: \$3.3M
 - End of Year Assets: \$54.5M
 - Reflected 2021 program initiatives
 - Increased membership based on historical patterns
 - Baseline trends (medical: 5%, pharmacy: 8%)
 - September 29, 2020 Board action

PSE

- 2020 & 2021 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through October 2020 and pharmacy claims data incurred from September 2019 to August 2020 and paid through October 2020.
- 2020 Plan experience
 - Allocated reserves for 2020 is \$25.3M
 - Estimated deficit of \$7.4M
 - End of Year Assets: \$116.3M
 - Incorporate estimated impact of COVID from deferred services, pent-up demand, and treatment / testing costs
 - No Plan changes / 0% increase to employee contributions
- 2021 Plan experience
 - Allocated reserves for 2021 is \$15.5M
 - Projected deficit: \$25.6M
 - End of Year Assets: \$75.2M
 - Reflected 2021 program initiatives
 - Increased membership based on historical patterns
 - Baseline trends (medical: 7%, pharmacy: 8%)
 - September 29, 2020 Board action

Discussion:

- Scott: In light of the reversal of the Board decision that we made to keep the retirees in the system for at least another year, based on what you just went over, is there any way to sum up if we are better off, worse off, or are we stable?
- White: In high level numbers, I think when we think of the difference between the Medicare retiree pharmacy coverage and not having it, we're still showing a \$3 million loss in 2021. If my memory serves me right, that number was in the high \$20 millions on the positive side when we had the pharmacy carved out. So, relative to that, we are in a worse position, and we are still close to breaking even in 2021, but the impact becomes in later years. We are still low on our catastrophic reserve. We are paying about a million dollars a day of reserves, so that's only 16 days of reserves in there. I think we definitely would want that number to be higher.

Director's Report by Shalada Toles, EBD Deputy Director

Toles stated that in regard to Herb's question about the change allowing the retirees to stay on the drug coverage, we gave them the option, and as of today, we have 198 members that have opted out of ARBenefits drug coverage and selected a plan on Part D. We have reached out to those members, about 126 so far, and just making sure that they understand what the changes will be. All of those we have talked to seems to be very well versed and satisfied with their decision. I don't have final numbers on wellness, but we have received many forms in the last two weeks, and we're still working through those. We are right at about 68% that will receive the wellness discount for 2021.

- Scott: In our full Board meeting, we are looking at rates from Colonial Life and the life insurance. Why is that information not coming before the Benefits subcommittee?
- Toles: At this time, Colonial Life has opted to hold off on that request. So, it would come to this committee, but they have opted not to move forward with that request.

MOTION by Kissire:

I make a motion to adjourn the meeting.

Scott seconded; all were in favor.

Meeting Adjourned

NOVEMBER 2020 BENEFITS SUBCOMMITTEE PRESENTATION

Izzy Montgomery, MPA
Policy Analyst

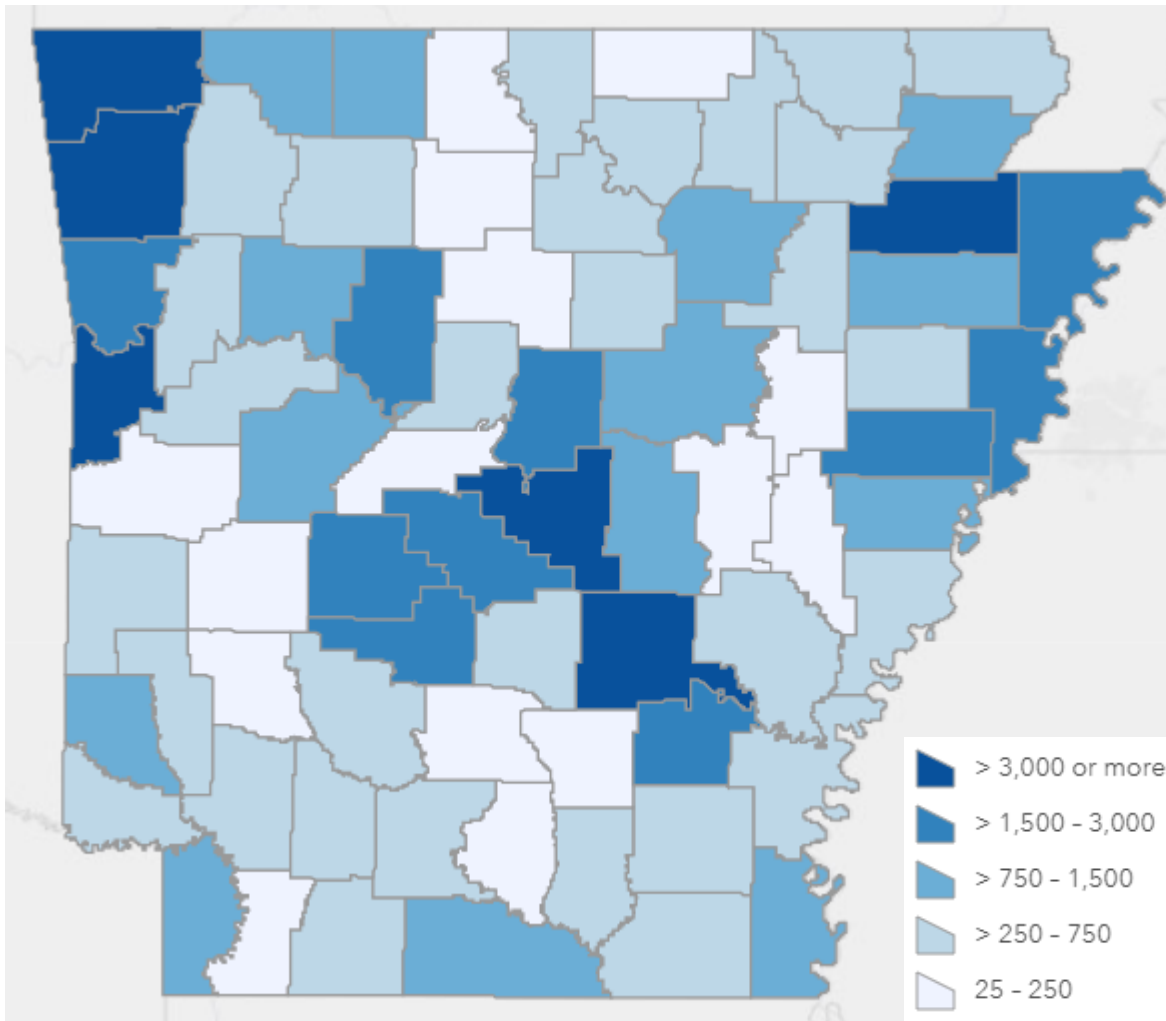
11.13.2020

OBJECTIVES

- Present updated analyses regarding COVID-19 impact on plan
- Review 2019–2020 influenza season impacts on plan



COVID-19 IN ARKANSAS



Total COVID-19 Cases

126,197

Confirmed Cases

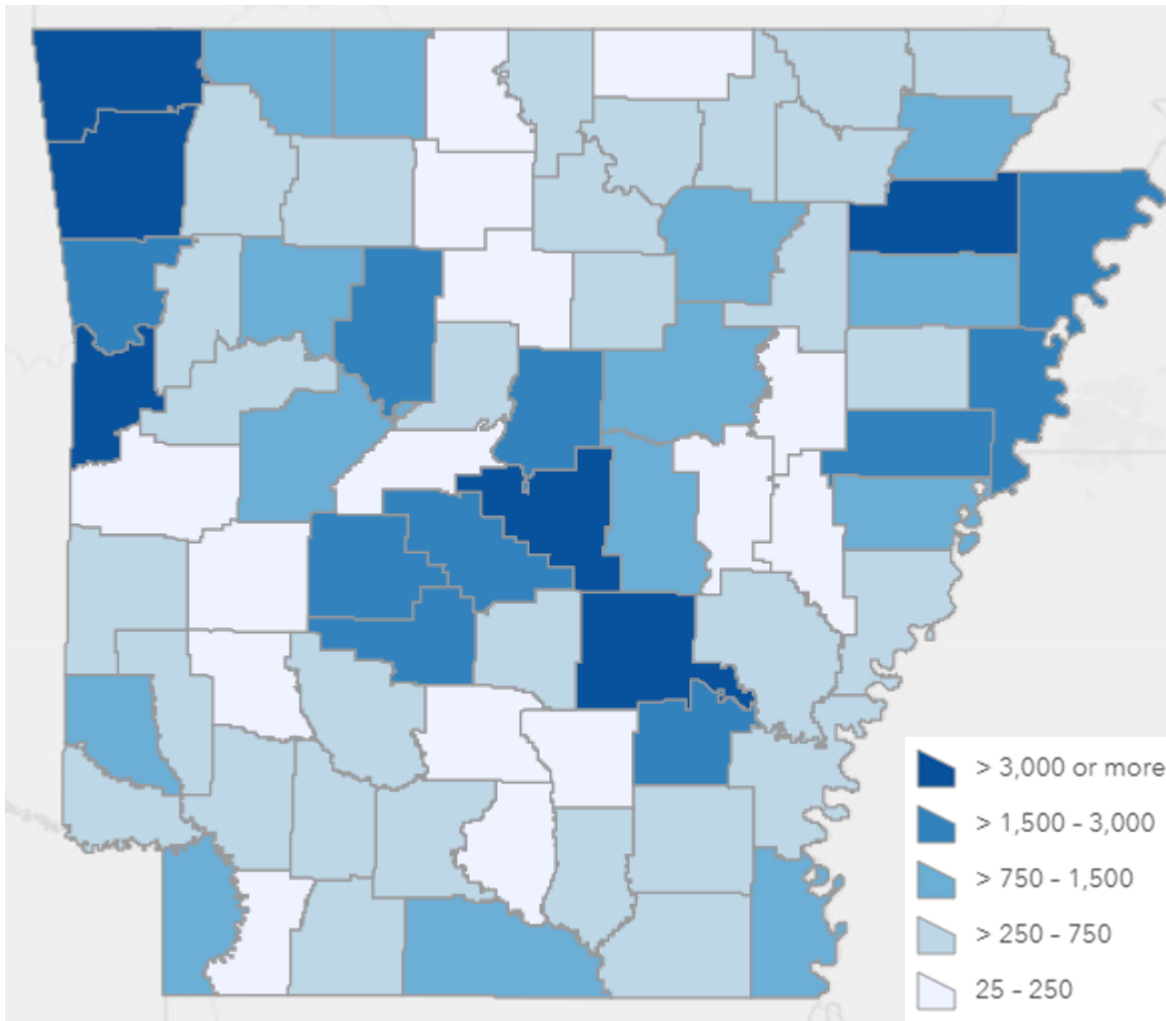
113,943

Probable Cases

12,254



COVID-19 IN ARKANSAS



Hospitalized: 801

On Ventilators: 116

Confirmed Deaths: 1,947

Probable Deaths: 179

Total Deaths: 2,126



COVID-19 ANALYSES

- Data from March 16–October 26, 2020
- Estimated total members ever tested: 55,417
- Total with positive test: 5,262 (ASE=2,503; PSE=2,759)
- Total antigen or verbal positive probable infections: 736

Source: Arkansas Center for Health Improvement based on data from the Arkansas Department of Health, as of October 26

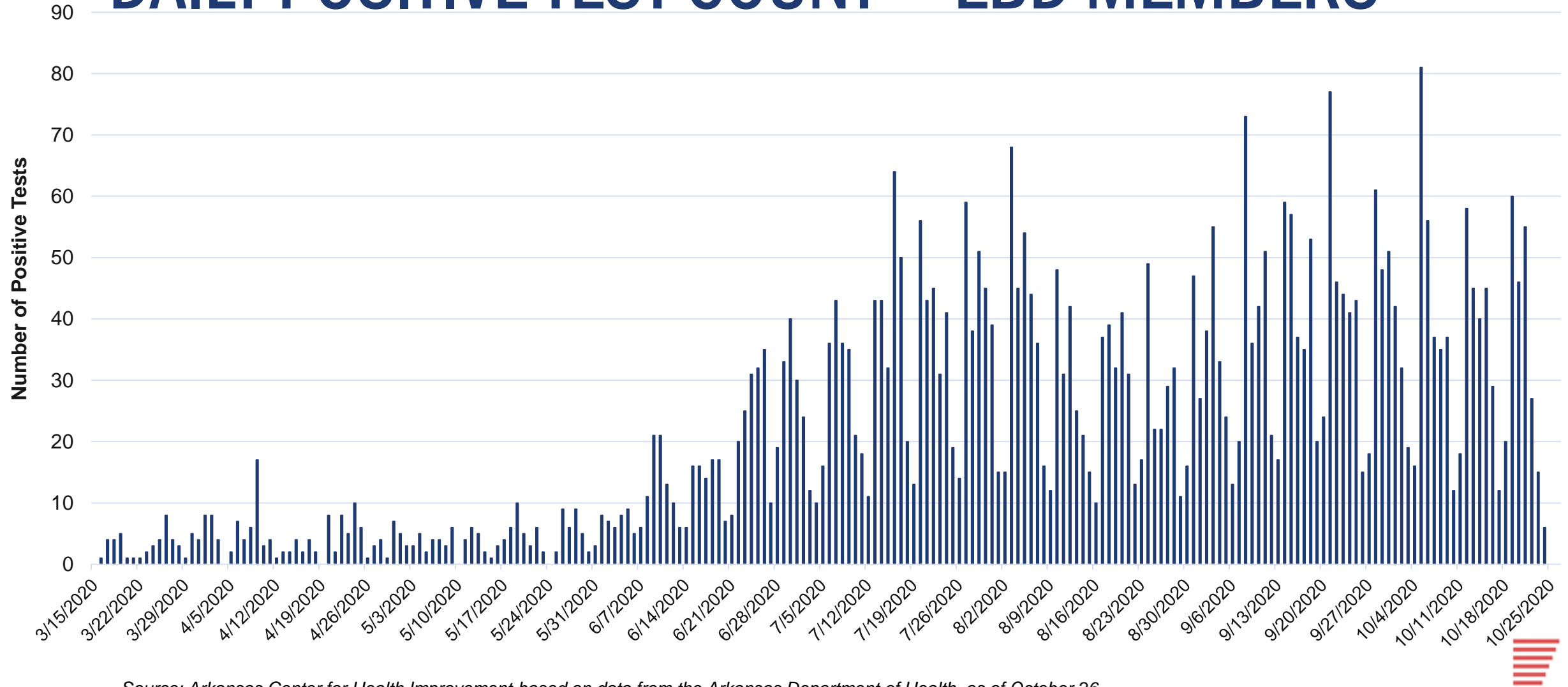


COVID-19 ANALYSES

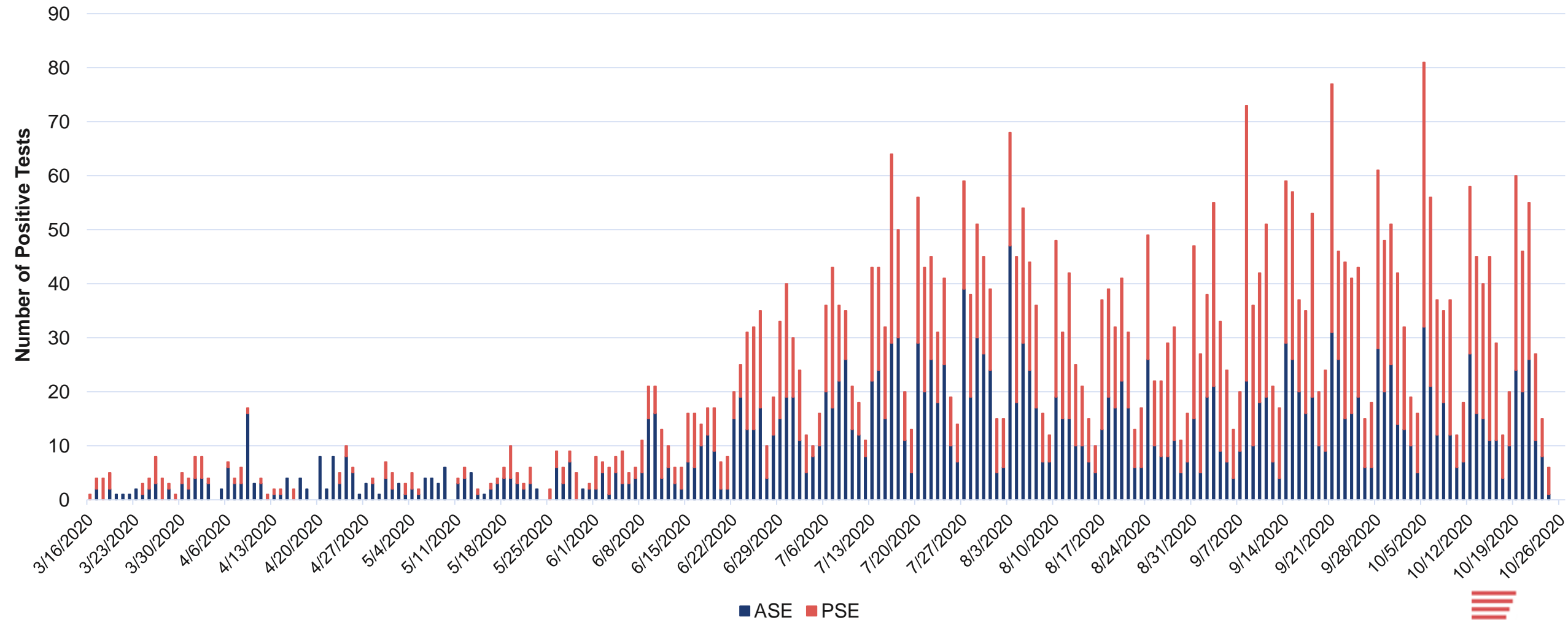
- Total members ever hospitalized: 321 (ASE=157; PSE=164)
- Total members ever in ICU: 110 (2.1% of positive cases)
- Total members ever intubated: 47 (0.9% of positive cases)
- Deaths: 46



DAILY POSITIVE TEST COUNT – EBD MEMBERS



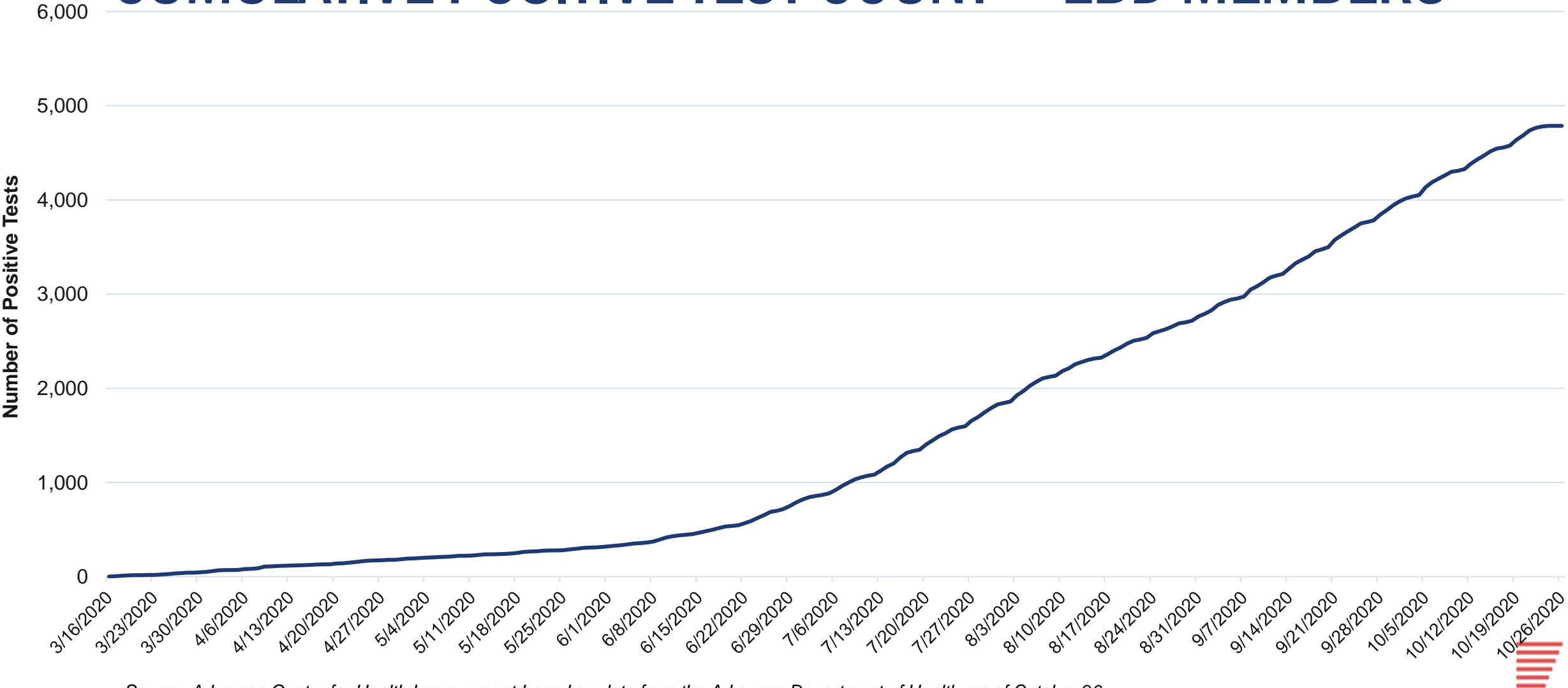
DAILY POSITIVE TEST COUNT BY ASE & PSE



Source: Arkansas Center for Health Improvement based on data from the Arkansas Department of Health, as of October 26



CUMULATIVE POSITIVE TEST COUNT – EBD MEMBERS



Source: Arkansas Center for Health Improvement based on data from the Arkansas Department of Health, as of October 26



2019–2020 FLU SEASON, NATIONAL OVERVIEW

- CDC estimated 38 million people sick with the flu
 - 18 million medical visits to a healthcare provider
 - 400,000 hospitalizations
 - 22,000 deaths
- Flu burden was higher in young adults and children compared to 2017-2018 flu season



FLU VACCINATION & COVID-19 PANDEMIC

- Reduces burden on healthcare systems also treating patients with COVID-19
- Mitigates individual risk of flu and COVID-19 co-infection



STATE VARIATION IN FLU VACCINATION (2019–2020 FLU SEASON)

- Arkansas flu vaccination rate: 55% (nationally: 52%)
- Arkansas vaccination rates by race/ethnicity:
 - White: 55% (nationally: 55%)
 - Black: 54% (nationally: 46%)
 - Hispanic: 61% (nationally: 47%)



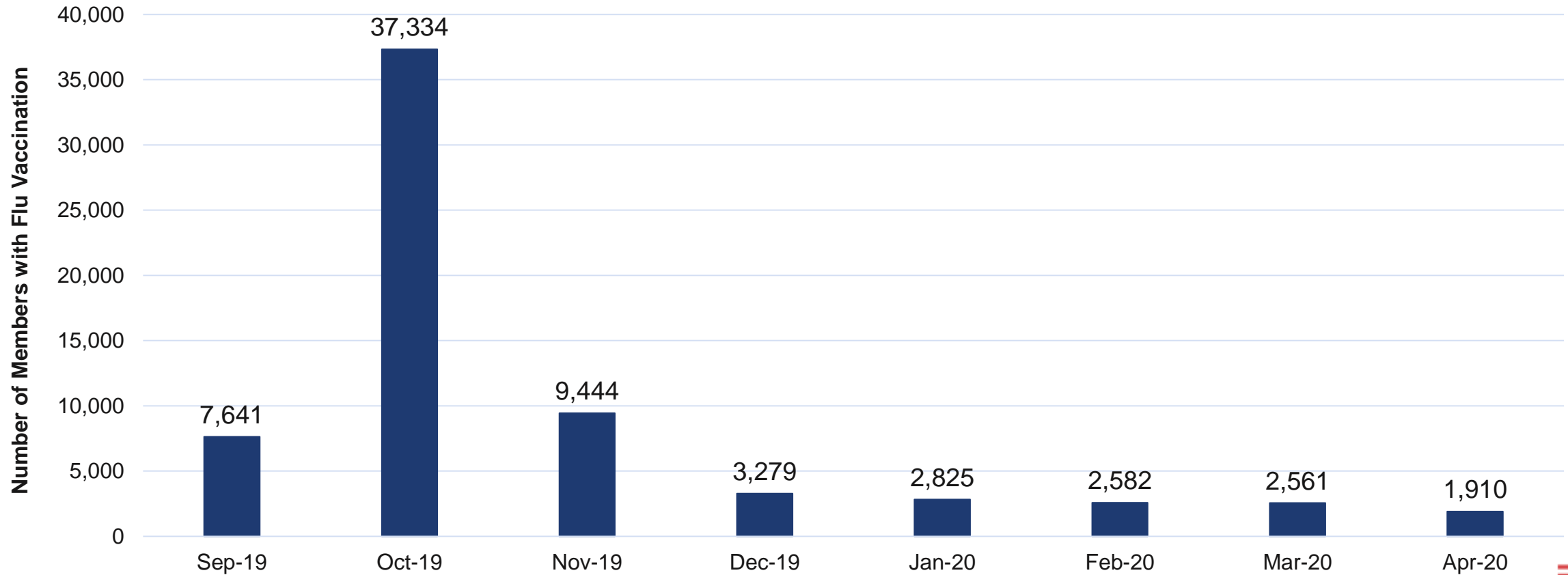
FLU VACCINATION RATES AMONG MEMBERS BY FLU SEASON (BASED ON CLAIMS)

Flu Season	Total Members with Flu Vaccine	Total Member Enrollment	Percentage of Total Members
FY 2016	64,019	147,704	43%
FY 2017	63,647	150,002	42%
FY 2018	67,946	152,724	44%
FY 2019	76,533	156,983	49%
FY 2020	84,750	159,665	53%

Source: Arkansas Center for Health Improvement



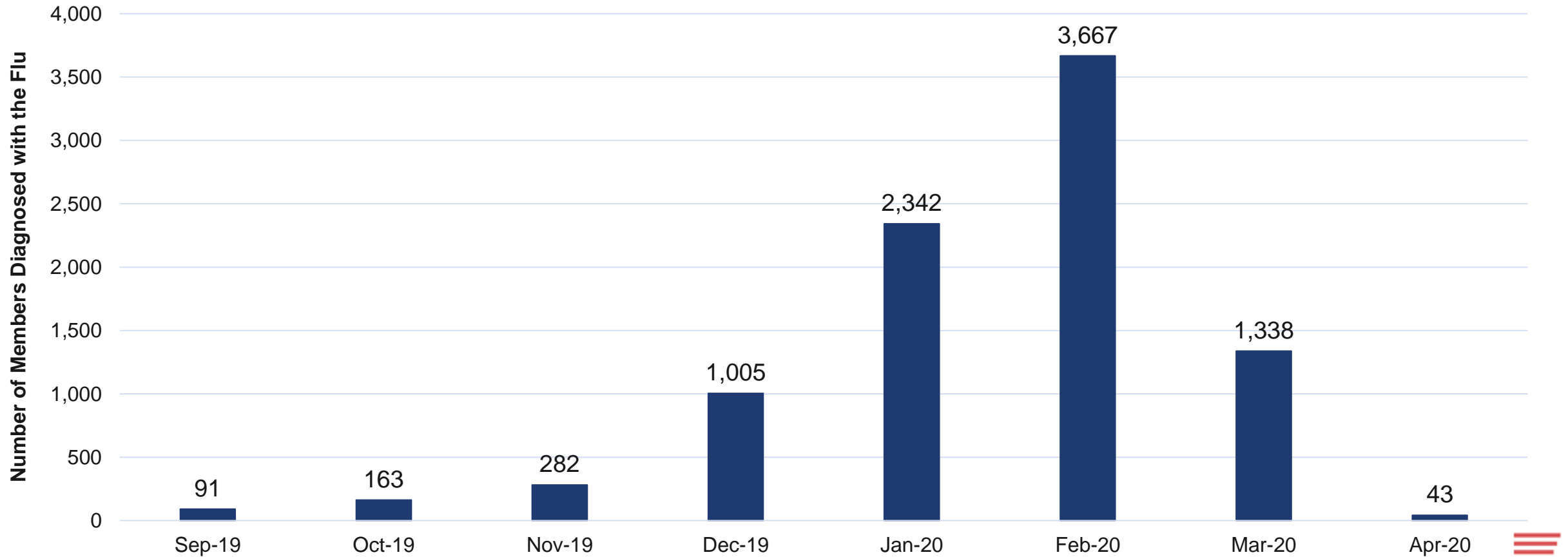
FLU VACCINATIONS AMONG EBD MEMBERS (SEPTEMBER 2019–APRIL 2020)



Source: Arkansas Center for Health Improvement



FLU DIAGNOSES AMONG EBD MEMBERS (SEPTEMBER 2019–APRIL 2020)



Source: Arkansas Center for Health Improvement



2019–2020 FLU SEASON & EBD MEMBER IMPACT

- Claims-based analysis of flu diagnoses among EBD members
- Caveat: Evidence of flu vaccine based on claims data;
Possible that member may have received flu shot without associated claim paid by plan
- Episode defined as three week period following flu diagnosis



EPISODE COSTS: MEMBERS WITH FLU DIAGNOSIS (2019–2020 FLU SEASON)

- Members: 8,617
- Plan paid amount: \$5,696,452
- Member paid amount: \$3,145,057
- Total paid amount for episode: \$8,841,509
- Average episode cost per member: \$1,026



CONCLUSIONS

- Arkansas has higher flu vaccination rate than national average, including higher vaccination rates among certain demographics
- 2019–2020 flu season vaccination rates among EBD members was higher than previous years
- Outreach efforts to encourage flu vaccination among members should be prioritized, particularly given impact of COVID-19



State of Arkansas Employee Benefits Division

Interim Monitoring Report

Through October 31st

State and Public School Life and Health Insurance Benefits Subcommittee

Courtney White, FSA, MAAA
Paul Sakhrani, FSA, MAAA
Scott Cohen, MPH

13 NOVEMBER 2020



Agenda

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

Arkansas State Employees (ASE)

Executive Summary

- 2020 & 2021 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through October 2020 and pharmacy claims data incurred from September 2019 to August 2020 and paid through October 2020
- 2020 projected plan experience
 - Allocated reserves for 2020 is \$25.1M
 - Estimated surplus of \$700K
 - End of Year Assets: \$72.3M
 - Incorporate estimated impact of COVID from deferred services, pent-up demand, and treatment / testing costs
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 - Projected deficit: \$3.3M
 - End of Year Assets: \$54.5M
 - Reflected 2021 program initiatives
 - Increased membership based on historical patterns
 - Baseline trends (medical: 5%, pharmacy: 8%)
 - September 29, 2020 Board action (next slide)

Board Action – September 29, 2020

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

Total Plan Experience

<u>Funding</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
State Contribution	\$ 173.61	\$ 172.24	\$ 184.48
Employee Contribution	97.45	99.08	110.11
Other	23.47	21.65	21.80
Total Income	\$ 294.53	\$ 292.97	\$ 316.39
Medical Claims	\$ (194.58)	\$ (205.50)	\$ (221.63)
Pharmacy Claims	(86.58)	(91.62)	(99.65)
Administration Fees	(18.30)	(17.43)	(17.54)
Plan Administration	(2.90)	(2.79)	(2.81)
Total Expenses	\$ (302.37)	\$ (317.34)	\$ (341.63)
Program Savings	\$ -	\$ -	\$ 7.50
Net Income / (Loss) Before Reserve Allocation	\$ (7.84)	\$ (24.37)	\$ (17.74)
Allocation of Reserves	\$ 21.70	\$ 25.08	\$ 14.46
Net Income / (Loss) After Reserve Allocation	\$ 13.86	\$ 0.72	\$ (3.29)

<u>Average Membership</u>			
Active Employees / Pre-65 Retirees	47,752	46,639	46,639
Post-65 Retirees	13,344	13,761	14,174
Total Enrolled	61,096	60,400	60,813

Total Income PMPM¹	\$ 431.33	\$ 438.82	\$ 453.37
Total Expenses PMPM²	\$ (412.42)	\$ (437.83)	\$ (457.87)

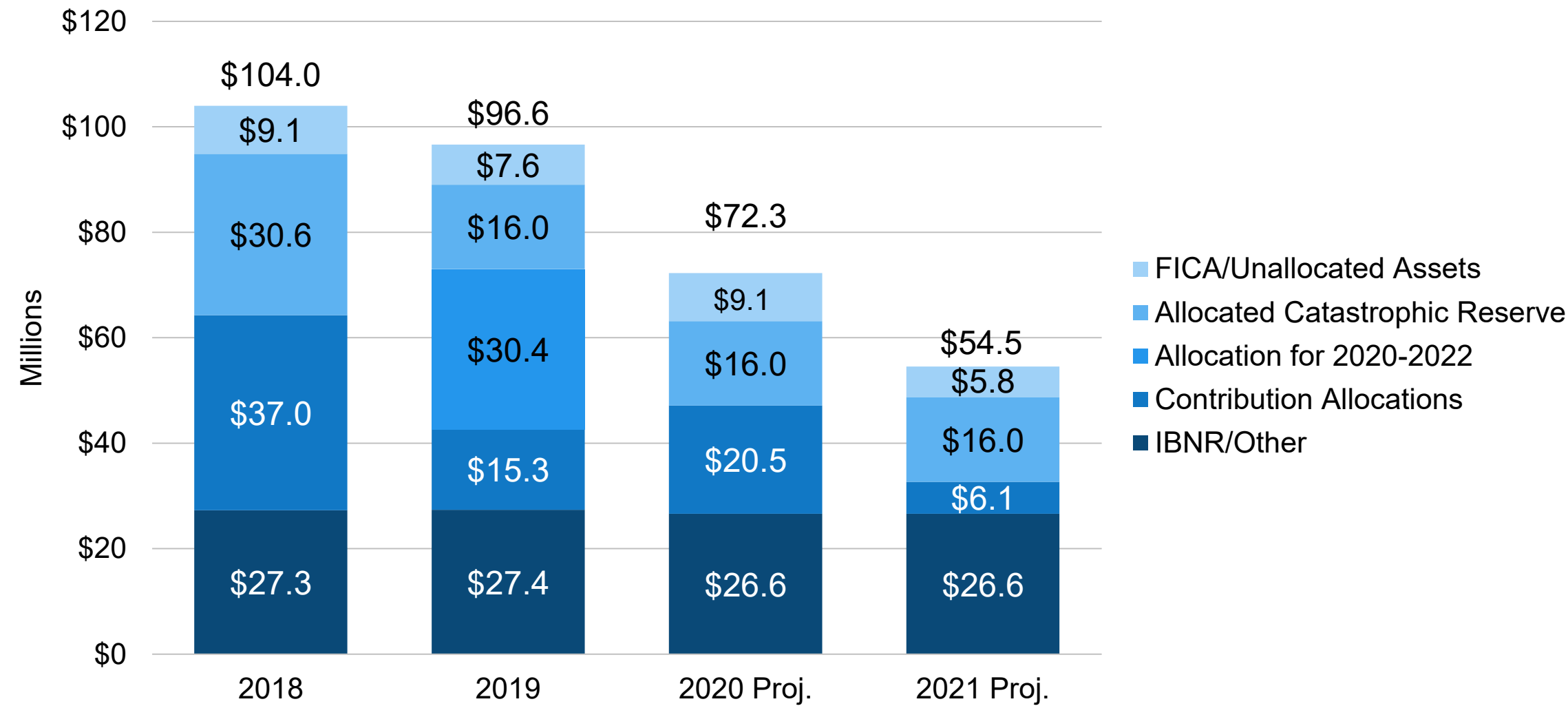
¹ Allocation of Reserves included in Total Income

² Total Expenses offset by Program Savings

Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets (\$millions)			
(a)	2019	End-of-Year Assets	\$96.6
(b)	2020	Allocated Assets	(\$25.1)
(c)		Total Surplus / (Deficit)	\$0.7
(d) = (a) + (b) + (c)		End-of-Year Assets	\$72.3
(e)	2021	Allocated Assets	(\$14.5)
(f)		Total Surplus / (Deficit)	(\$3.3)
(g) = (d) + (e) + (f)		End-of-Year Assets	\$54.5

End of Year Assets

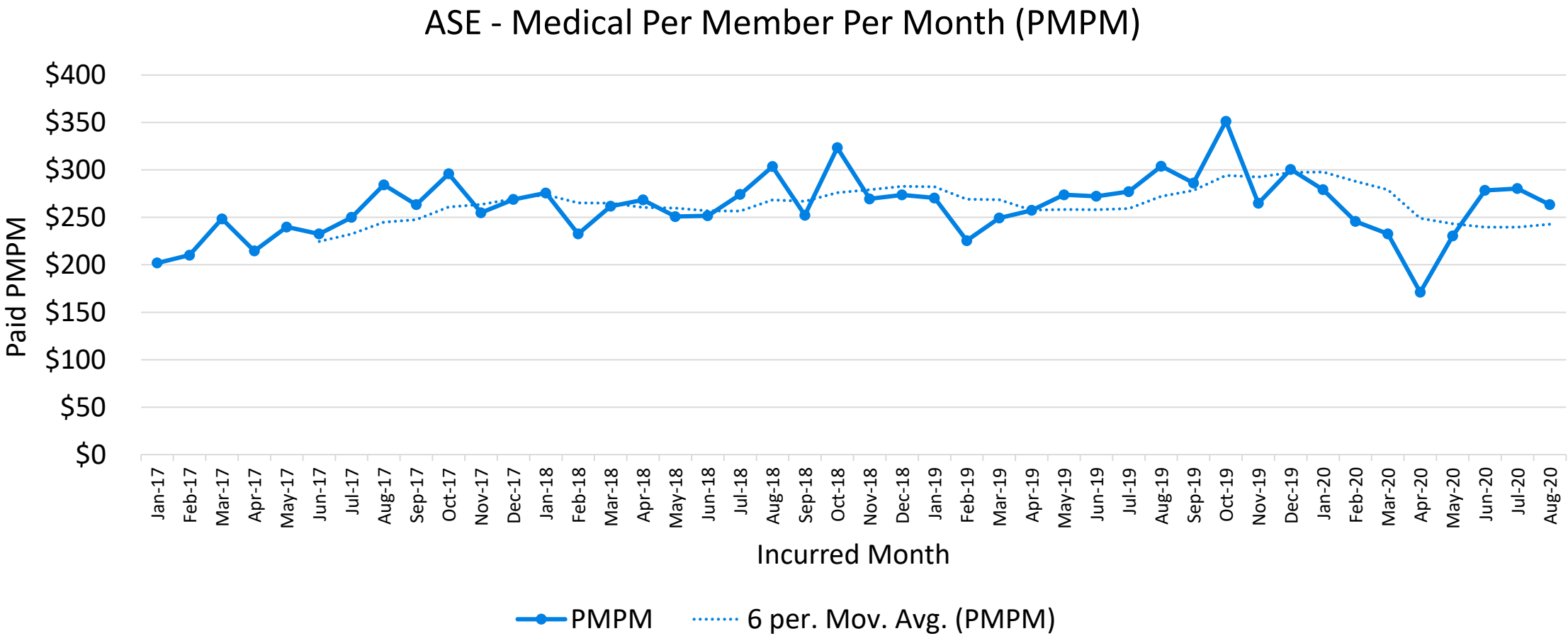


Early 2022 Snapshot

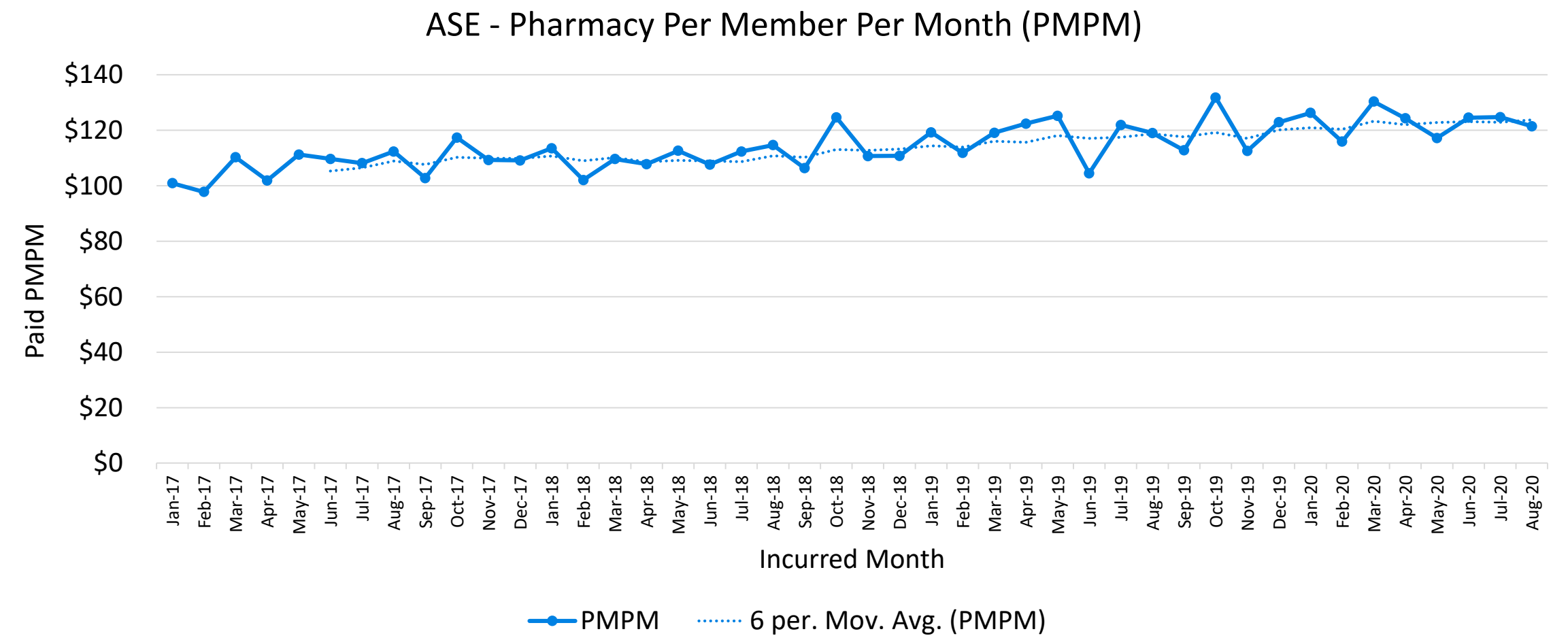
<u>Funding</u>	<u>2022</u>
State Contribution	\$ 184.48
Employee Contribution	\$ 110.86
Other	\$ 21.80
Total Income	\$ 317.14
Medical Claims	\$ (234.30)
Pharmacy Claims	\$ (108.36)
Administration Fees	\$ (17.66)
Plan Administration	\$ (2.92)
Total Expenses	\$ (363.24)
Program Savings	\$ 7.55
Net Income / (Loss) Before Reserve Allocation	\$ (38.54)
Allocation of Reserves	\$ 6.10
Net Income / (Loss) After Reserve Allocation	\$ (32.44)

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

Monthly Trend - Medical



Monthly Trend - Pharmacy



Public School Employees (PSE)

Executive Summary

- 2020 & 2021 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through October 2020 and pharmacy claims data incurred from September 2019 to August 2020 and paid through October 2020
- 2020 plan experience
 - Allocated reserves for 2020 is \$25.3M
 - Estimated deficit of \$7.4M
 - End of Year Assets: \$116.3M
 - Incorporate estimated impact of COVID from deferred services, pent-up demand, and treatment / testing costs
 - No plan changes / 0% increase to employee contributions
- 2021 projected plan experience
 - Allocated reserves for 2021 is \$15.5M
 - Projected deficit: \$25.6M
 - End of Year Assets: \$75.2M
 - Reflected 2021 program initiatives
 - Increased membership based on historical patterns
 - Baseline trends (medical: 7%, pharmacy: 8%)
 - September 29, 2020 Board action (next slide)

Board Action – September 29, 2020

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

Total Plan Experience

<u>Funding</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
PPE Funding	\$ 102.39	\$ 105.12	\$ 108.62
Employee Contribution	121.12	123.91	138.08
Dept of Ed Funding	88.10	88.10	108.10
Other	15.02	14.88	15.38
Total Income	\$ 326.64	\$ 332.01	\$ 370.18
Medical Claims	\$ (247.11)	\$ (266.35)	\$ (312.15)
Pharmacy Claims	(60.87)	(67.70)	(72.89)
Administration Fees	(28.46)	(28.11)	(29.12)
Plan Administration	(2.61)	(2.54)	(2.63)
Total Expenses	\$ (339.06)	\$ (364.70)	\$ (416.79)
Program Savings	\$ -	\$ -	\$ 5.50
Net Income / (Loss) Before Reserve Allocation	\$ (12.42)	\$ (32.69)	\$ (41.11)
Allocation of Reserves	\$ 12.66	\$ 25.25	\$ 15.48
Net Income / (Loss) After Reserve Allocation	\$ 0.24	\$ (7.44)	\$ (25.63)

<u>Average Membership</u>			
Active Employees / Pre-65 Retirees	82,387	84,217	86,624
Post-65 Retirees	14,279	15,014	15,915
Total Enrolled	96,665	99,232	102,539

Total Income PMPM¹	\$ 292.50	\$ 300.02	\$ 313.43
Total Expenses PMPM²	\$ (292.29)	\$ (306.27)	\$ (334.25)

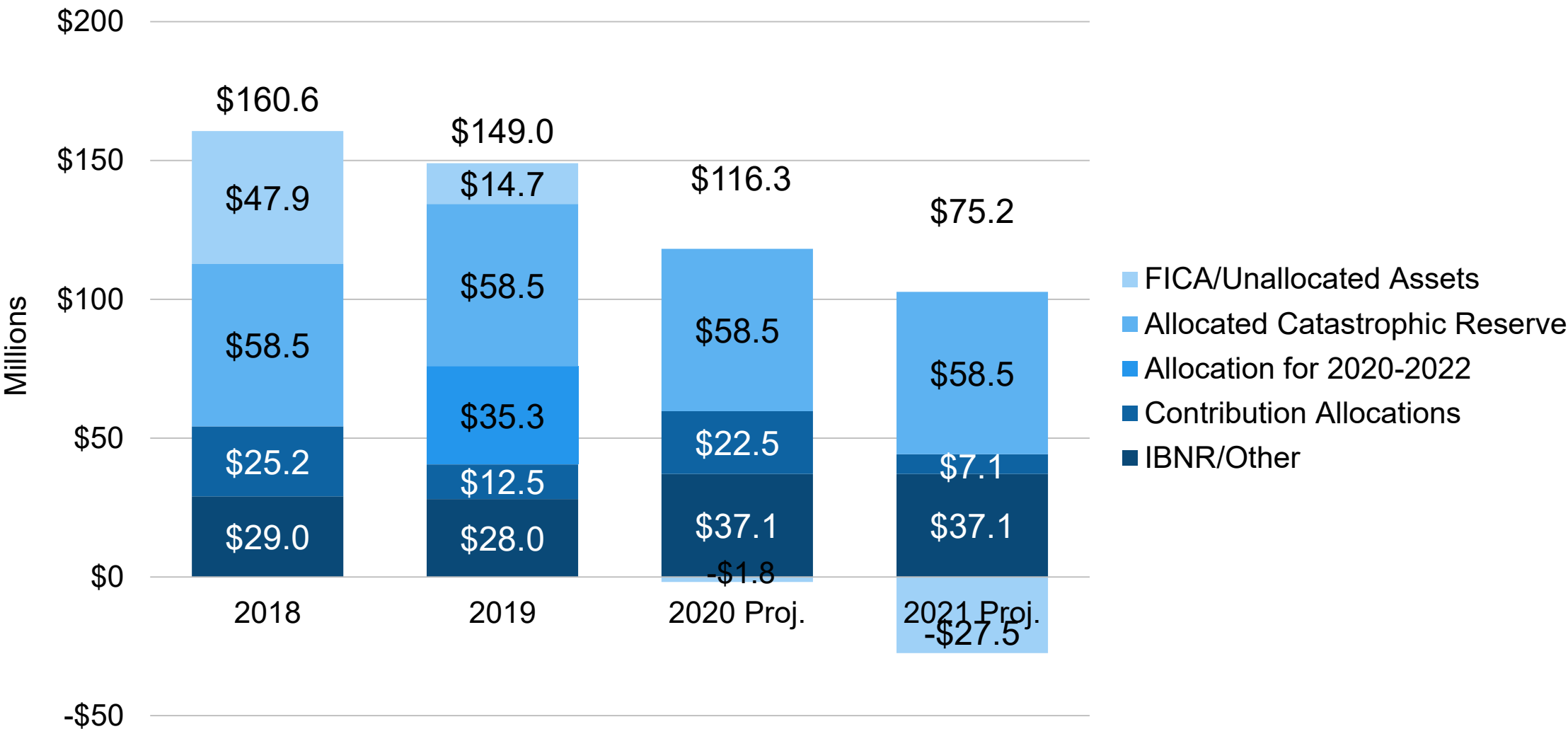
¹ Allocation of Reserves included in Total Income

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	Allocated Assets	(\$25.3)
(c)		Total Surplus / (Deficit)	(\$7.4)
(d) = (a) + (b) + (c)		End-of-Year Assets	\$116.3
(e)	2021	Allocated Assets	(\$15.5)
(f)		Total Surplus / (Deficit)	(\$25.6)
(g) = (d) + (e) + (f)		End-of-Year Assets	\$75.2

End of Year Assets

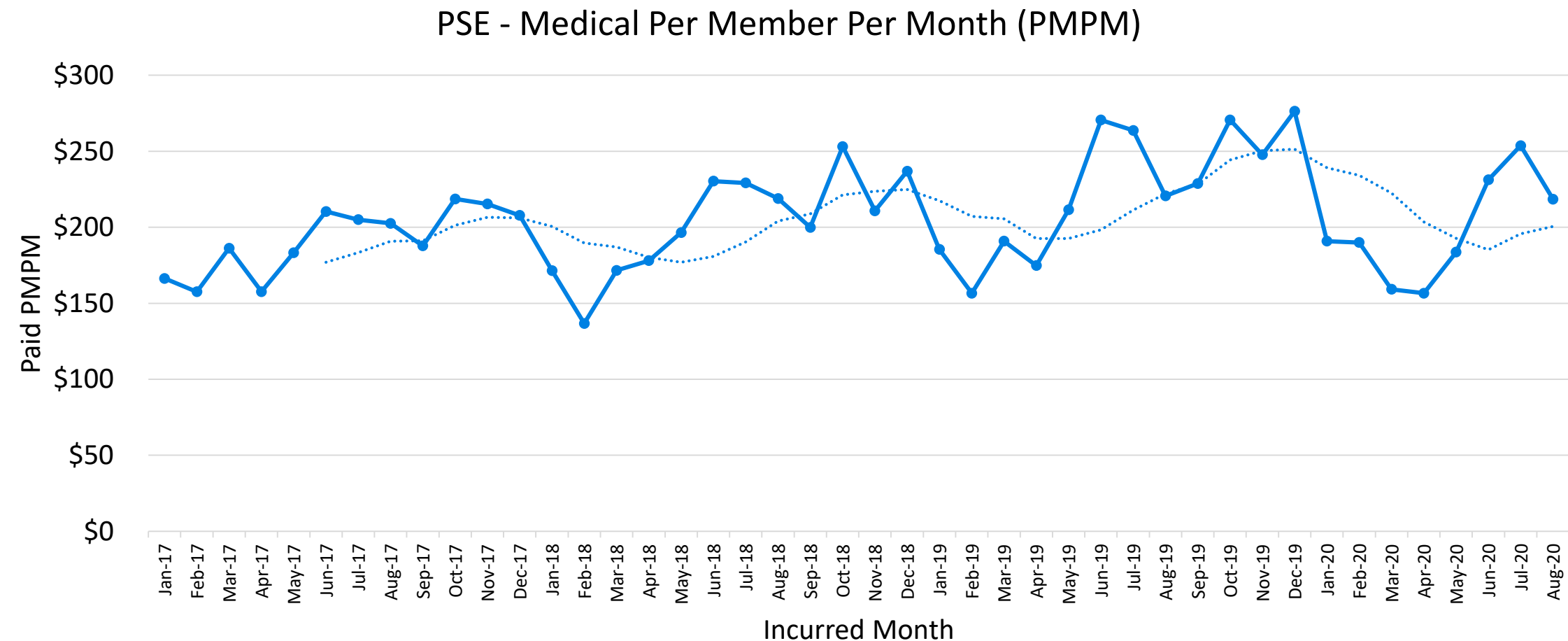


Early 2022 Snapshot

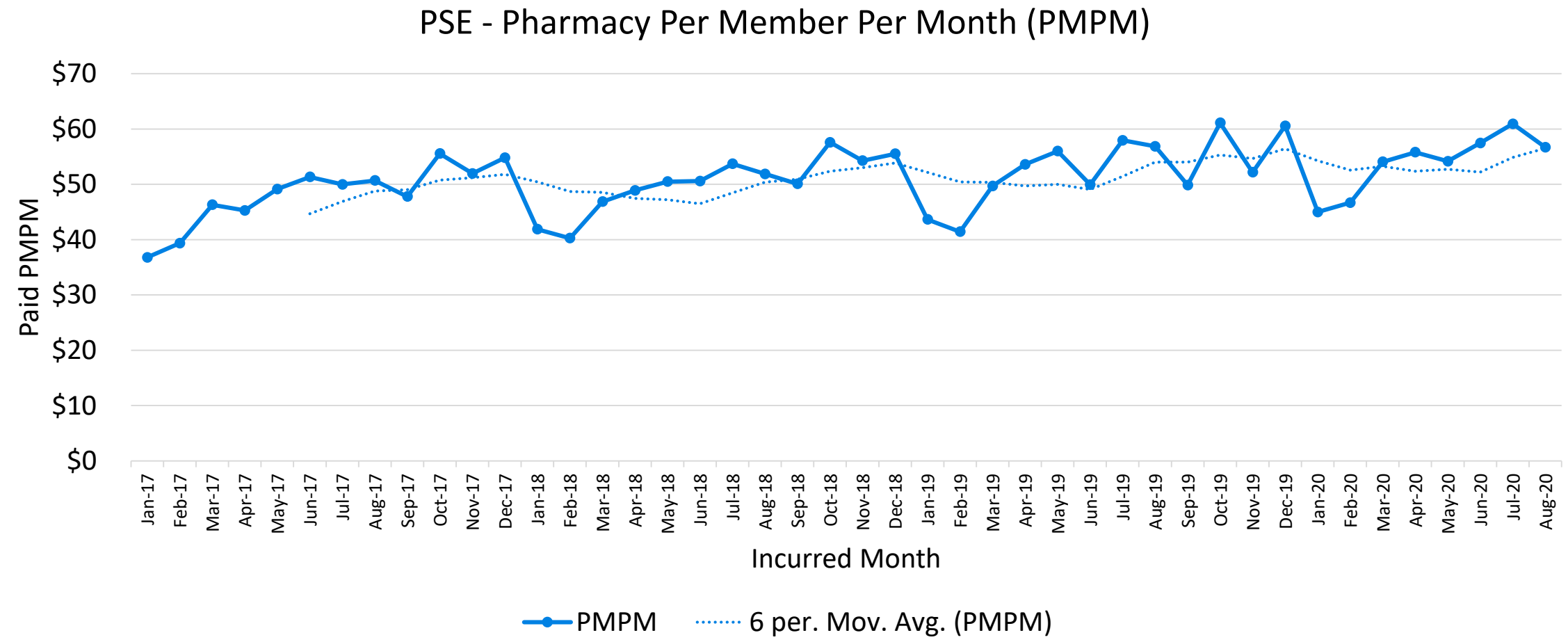
<u>Funding</u>	<u>2022</u>
PPE Funding	\$ 112.24
Employee Contribution	142.69
Dept of Ed Funding	108.10
Other	15.89
Total Income	\$ 378.92
Medical Claims	\$ (345.13)
Pharmacy Claims	(81.35)
Administration Fees	(30.09)
Plan Administration	(2.80)
Total Expenses	\$ (459.37)
Program Savings	\$ 5.68
Net Income / (Loss) Before Reserve Allocation	\$ (74.77)
Allocation of Reserves	\$ 7.10
Net Income / (Loss) After Reserve Allocation	\$ (67.67)

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

Monthly Trend - Medical

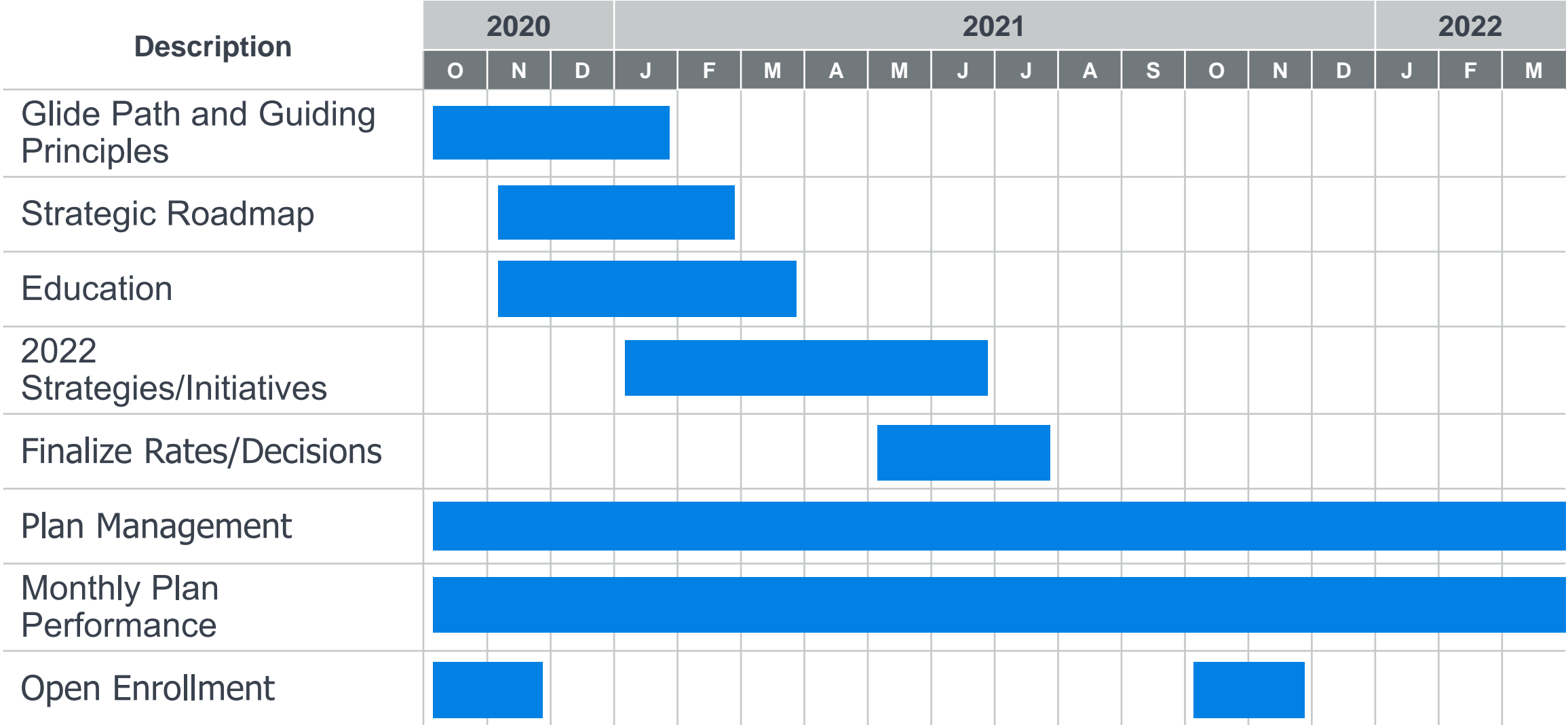


Monthly Trend - Pharmacy

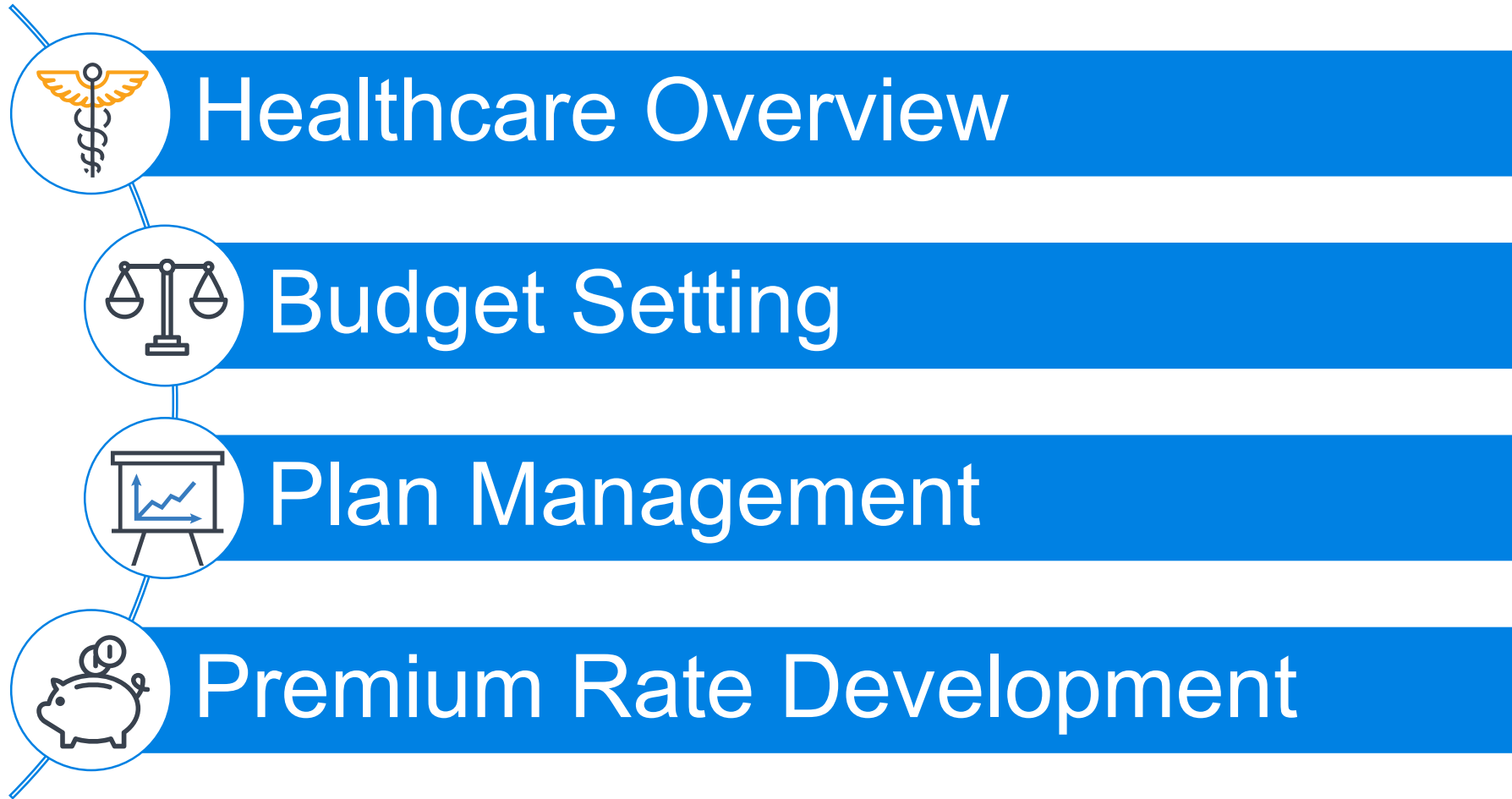


2020 and Beyond Roadmap

Timeline: Gantt chart



Education



Education



Healthcare Overview

- Medical overview
- Pharmacy overview



Budget Setting

- Financial statements
- Projecting future expenses
- Levers to manage revenue
- Overview of plan management

Education



Plan Management

- Eligibility
- Benefit provision coverage
- Utilization management intensity
- Plan design changes
- Funding and subsidization levels
- Monitoring and improving plan performance

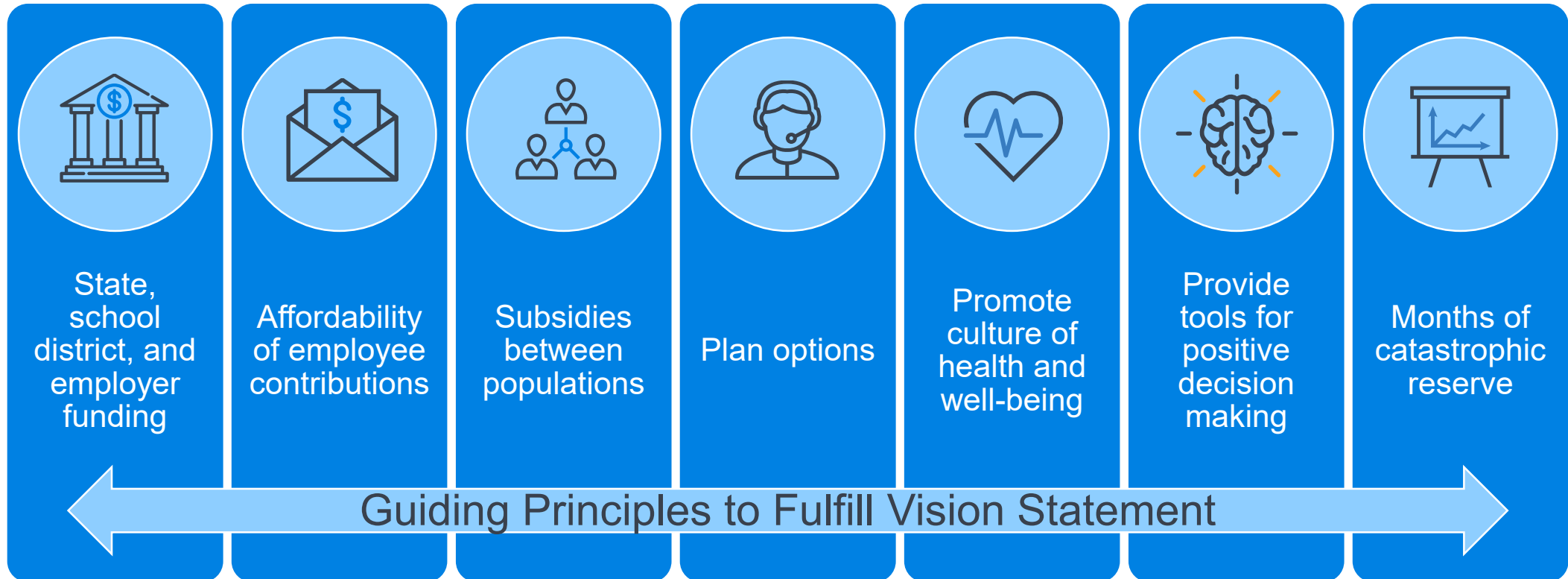


Premium Rate Development

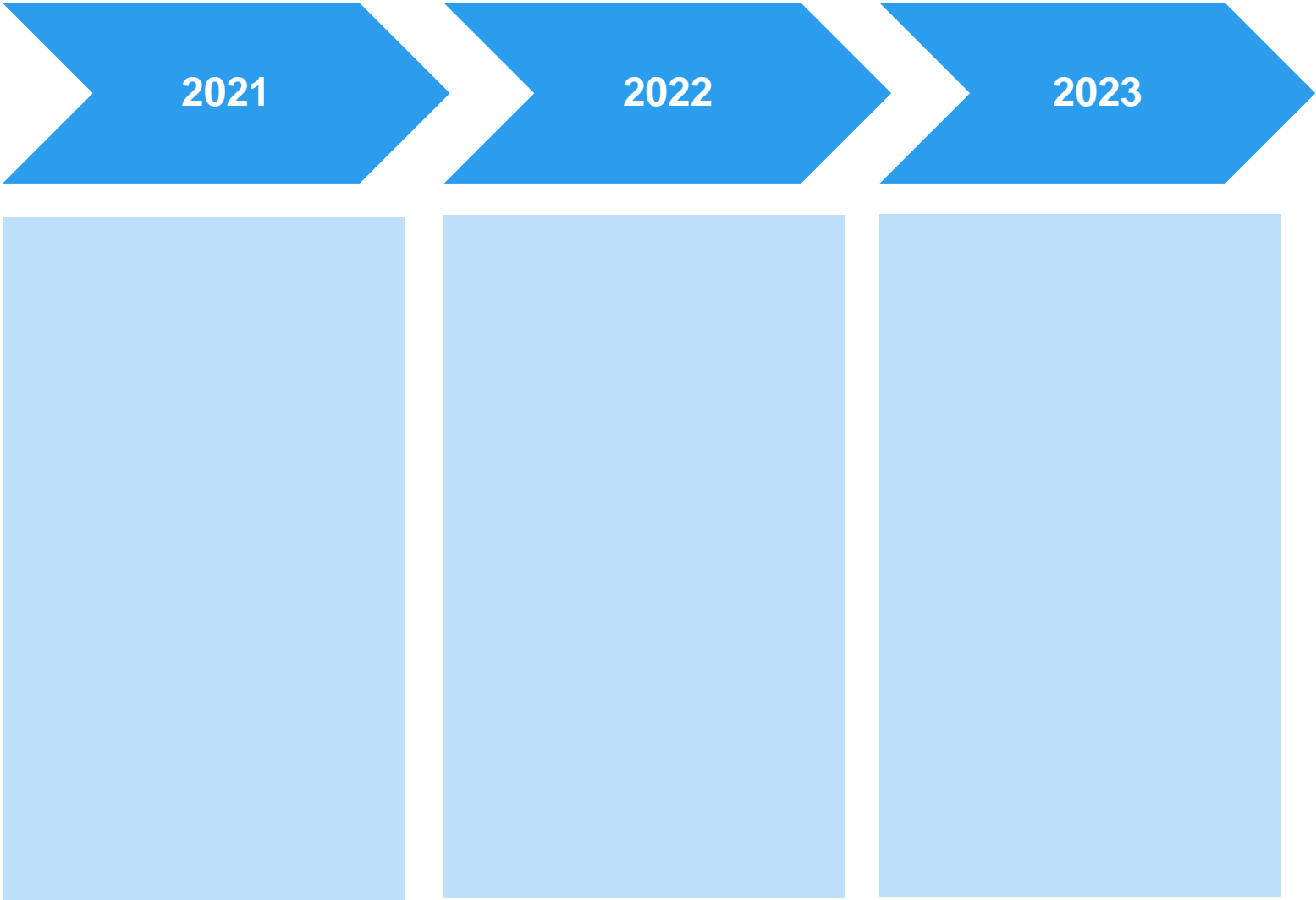
- Self-funding Considerations
- Premium equivalent rates / COBRA
- Stop Loss / High-cost claimants
- Seasonality
- Underwriting

Guiding Principles

Vision Statement:

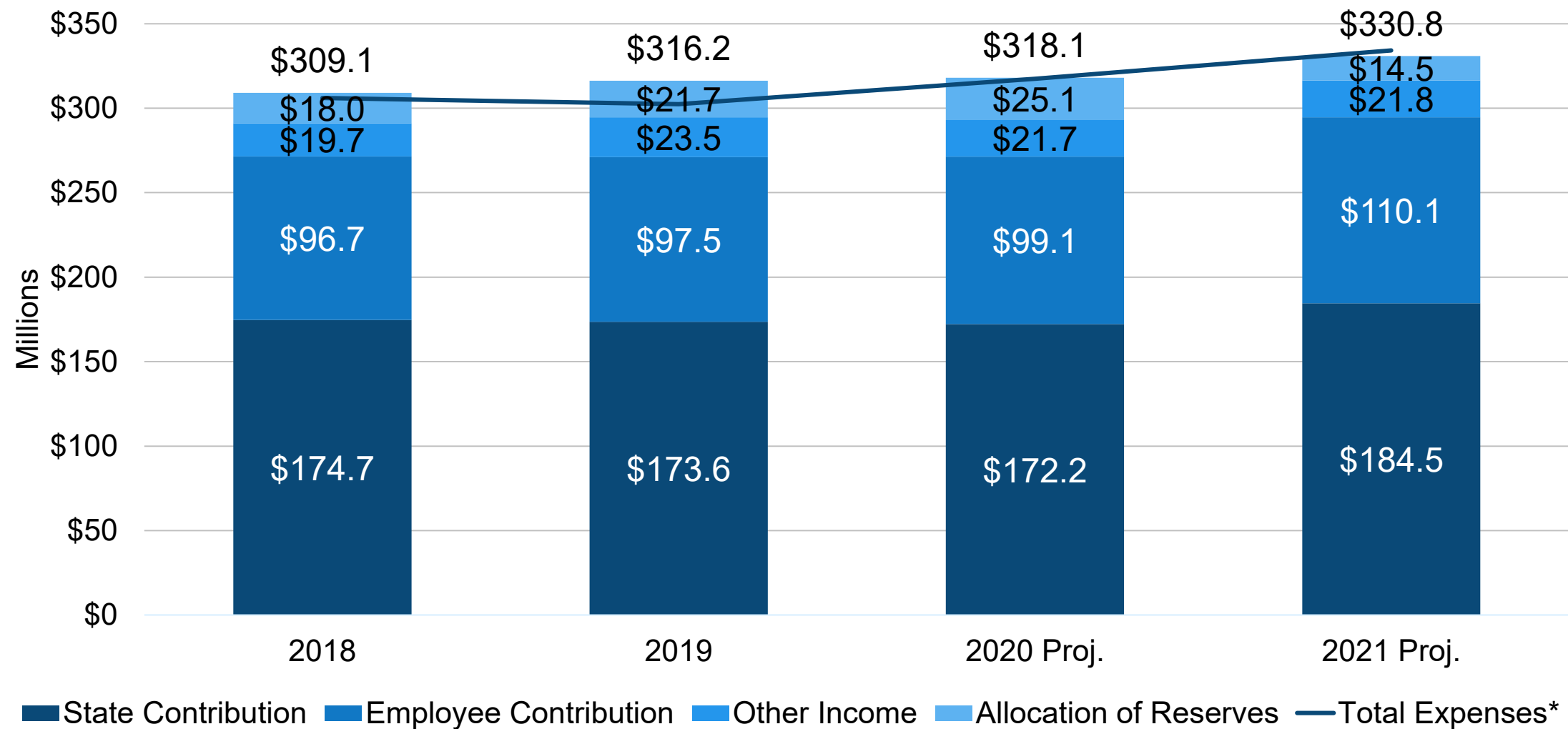


Road Map Looking Forward



Appendix

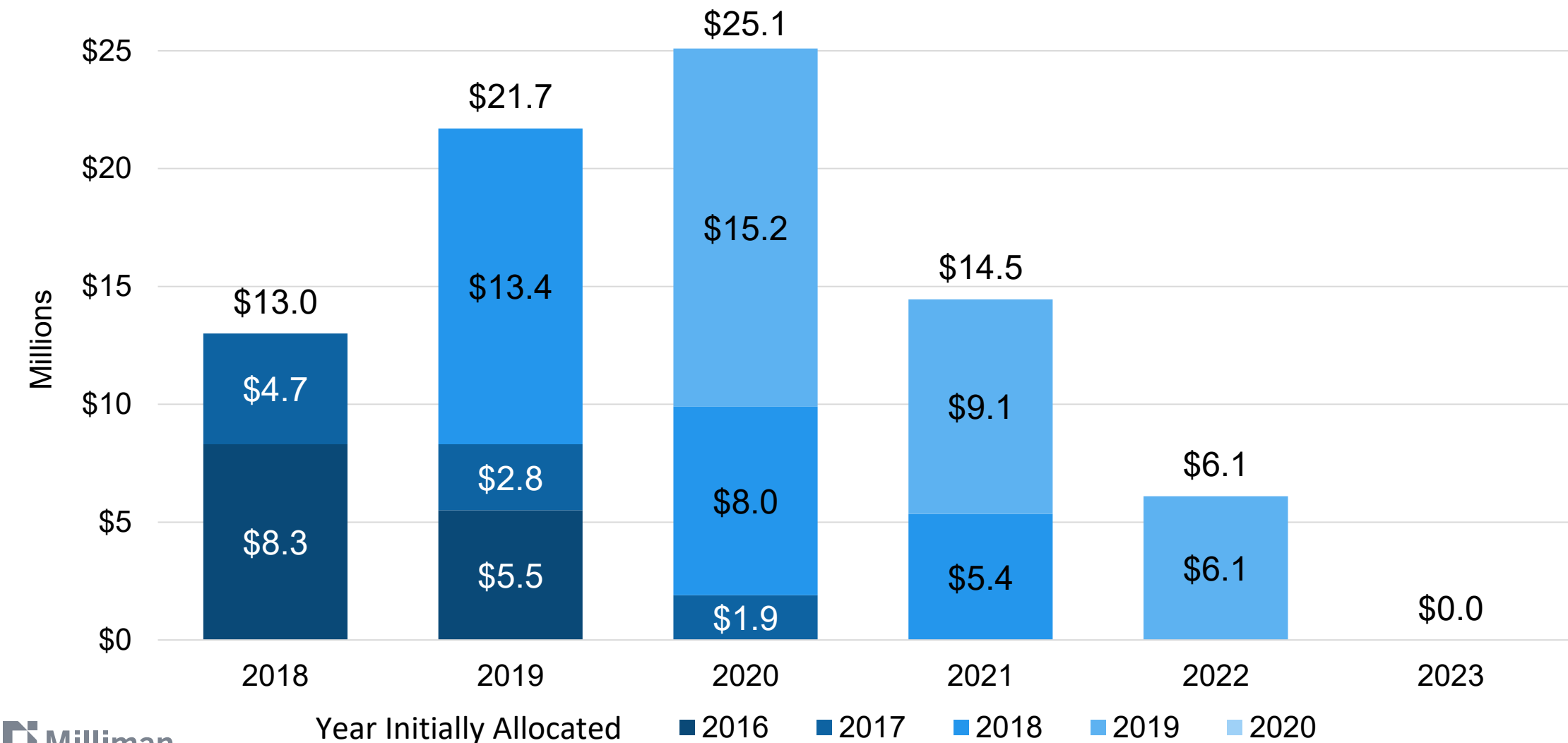
ASE - Income vs. Expenditure



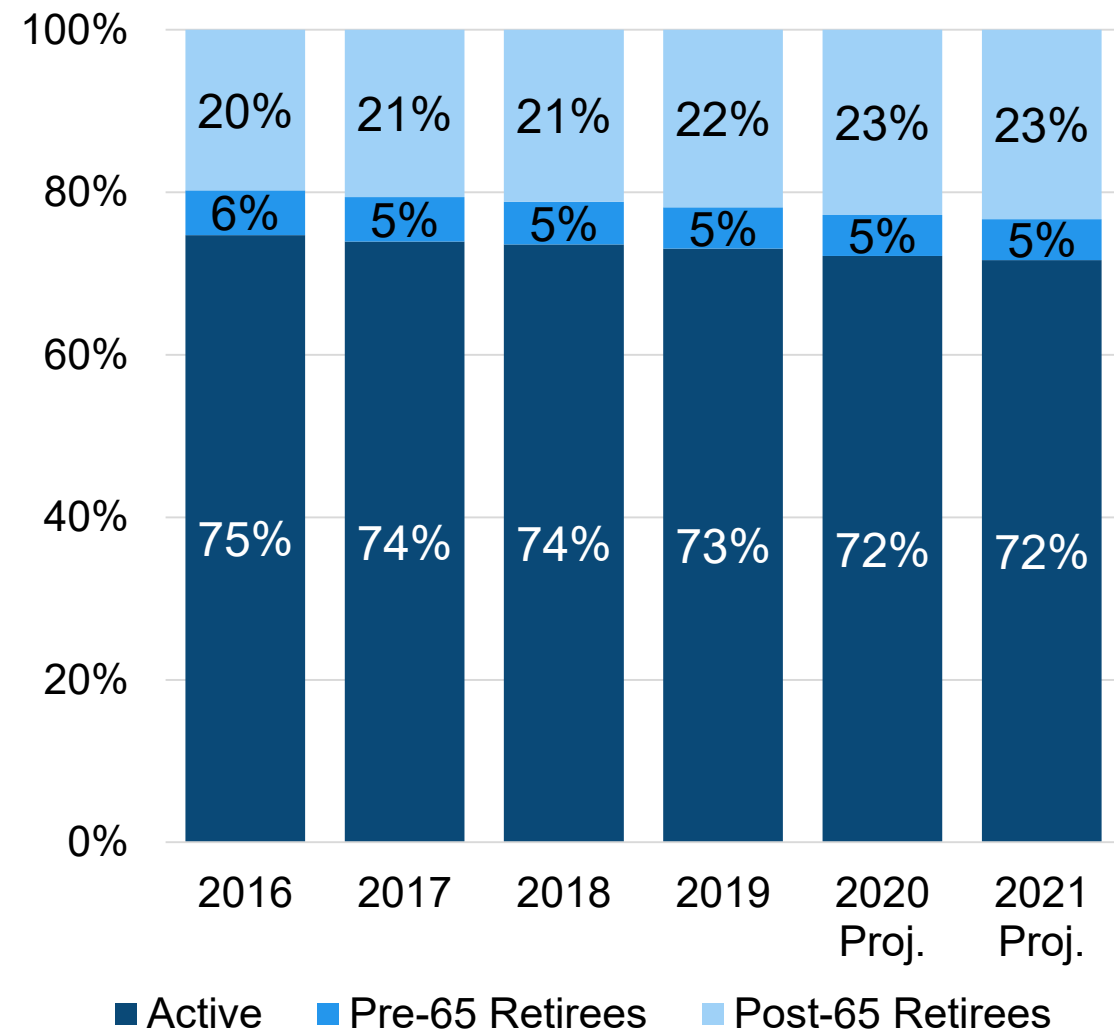
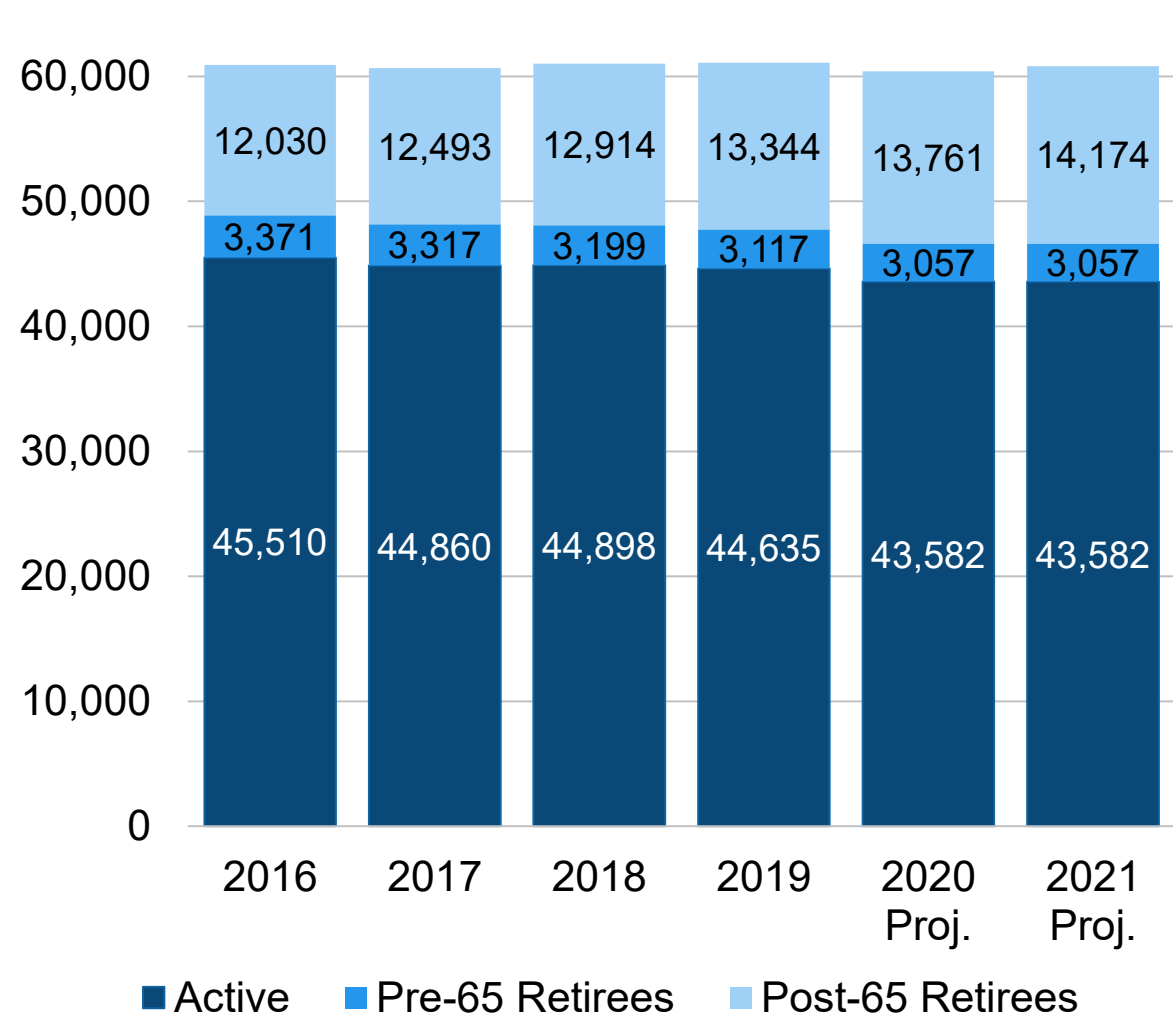
* Total Expenses offset by Program Savings

ASE - Reserves Allocation by Year

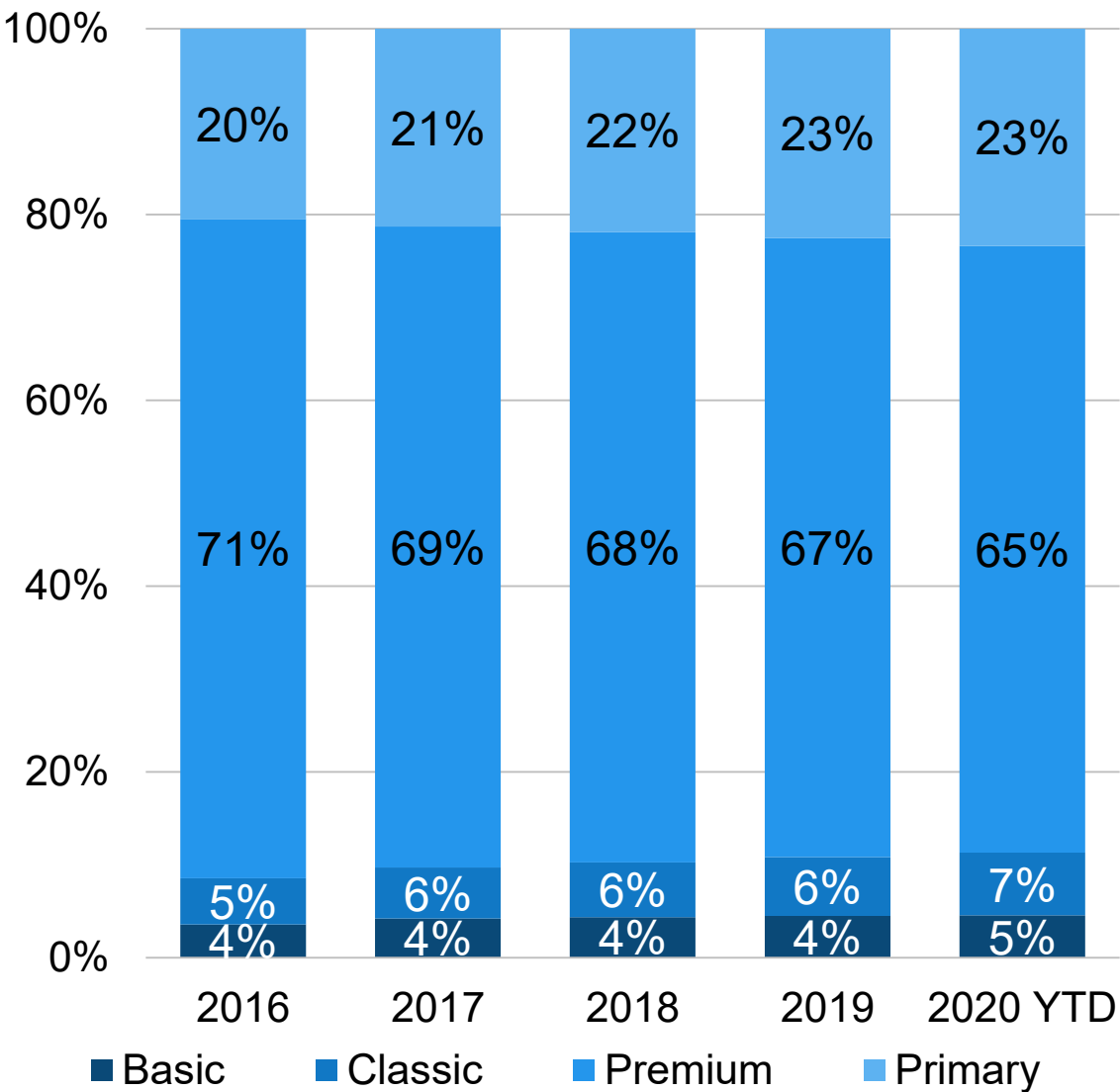
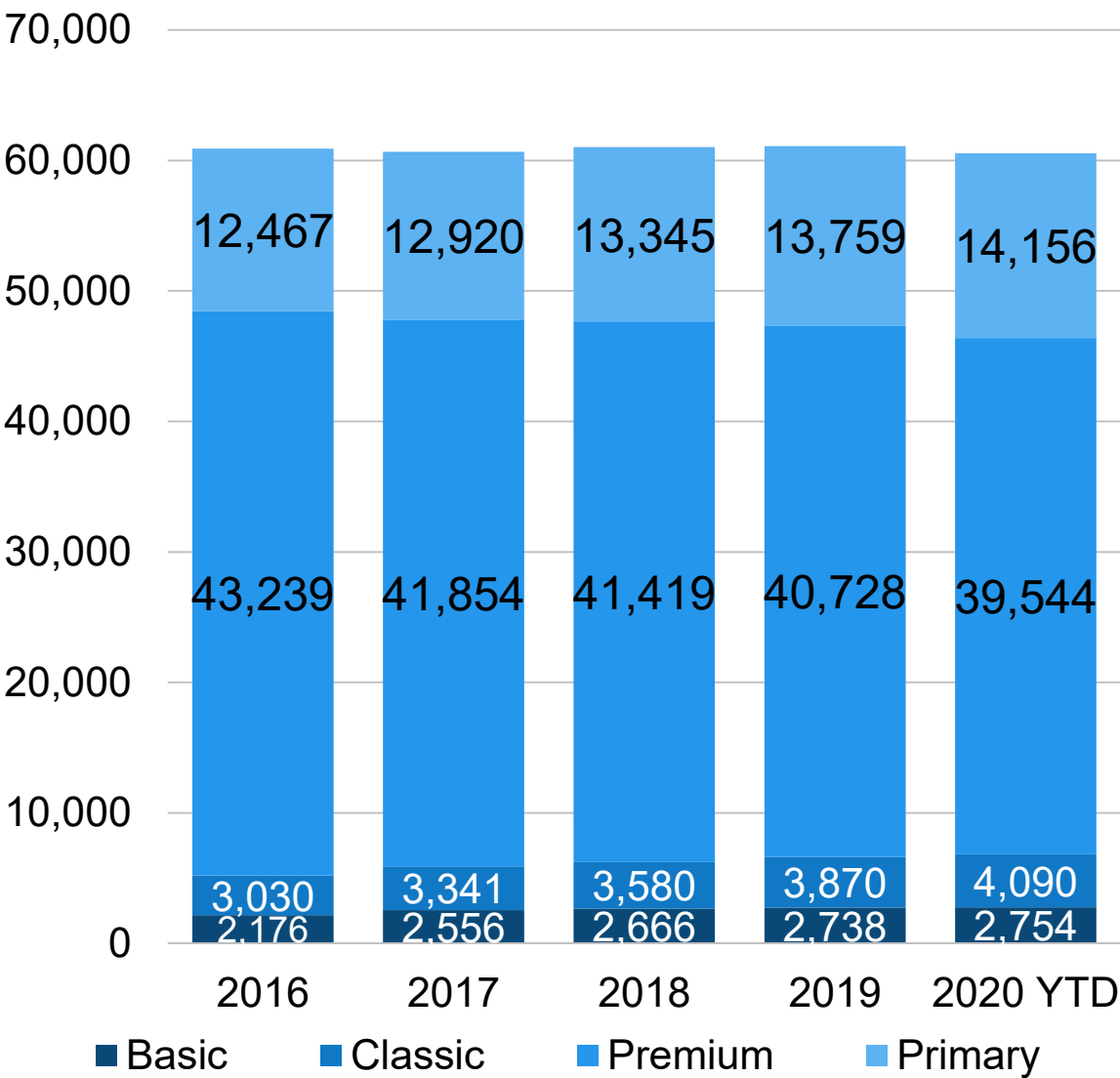
The chart represents the reserves amounts allocated each year (in millions), and how much reserves are available each year.



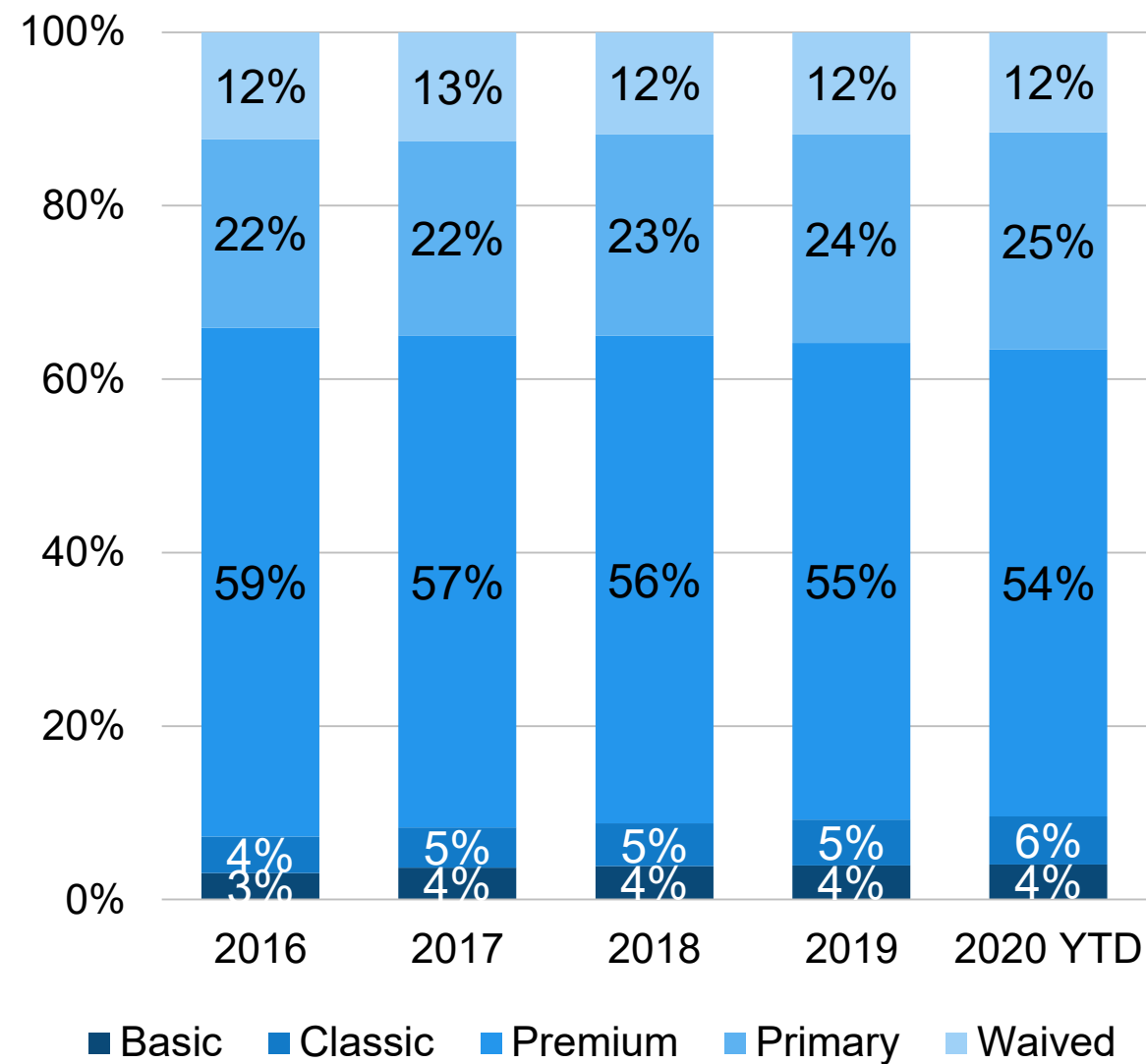
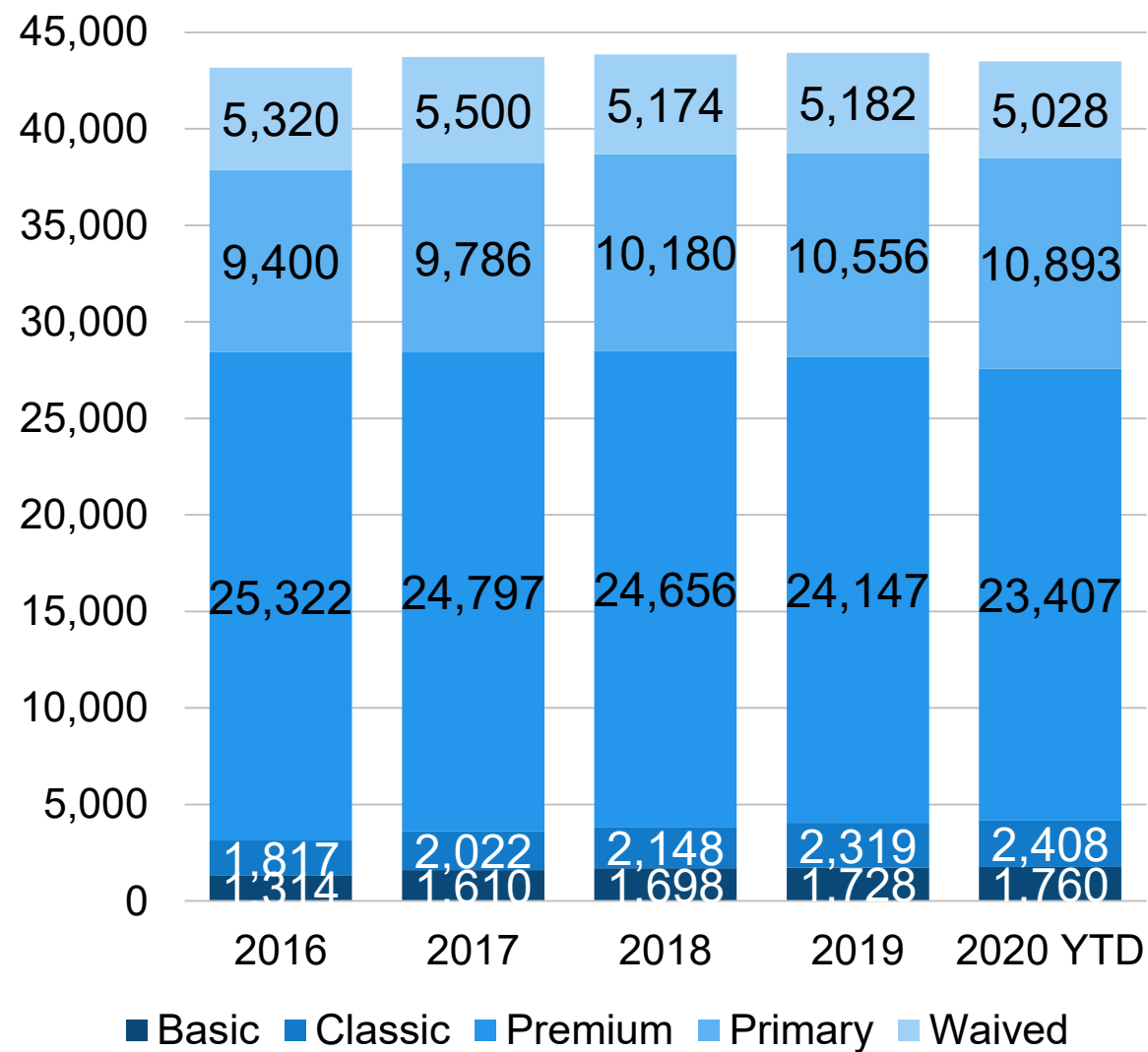
ASE - Average Membership by Status



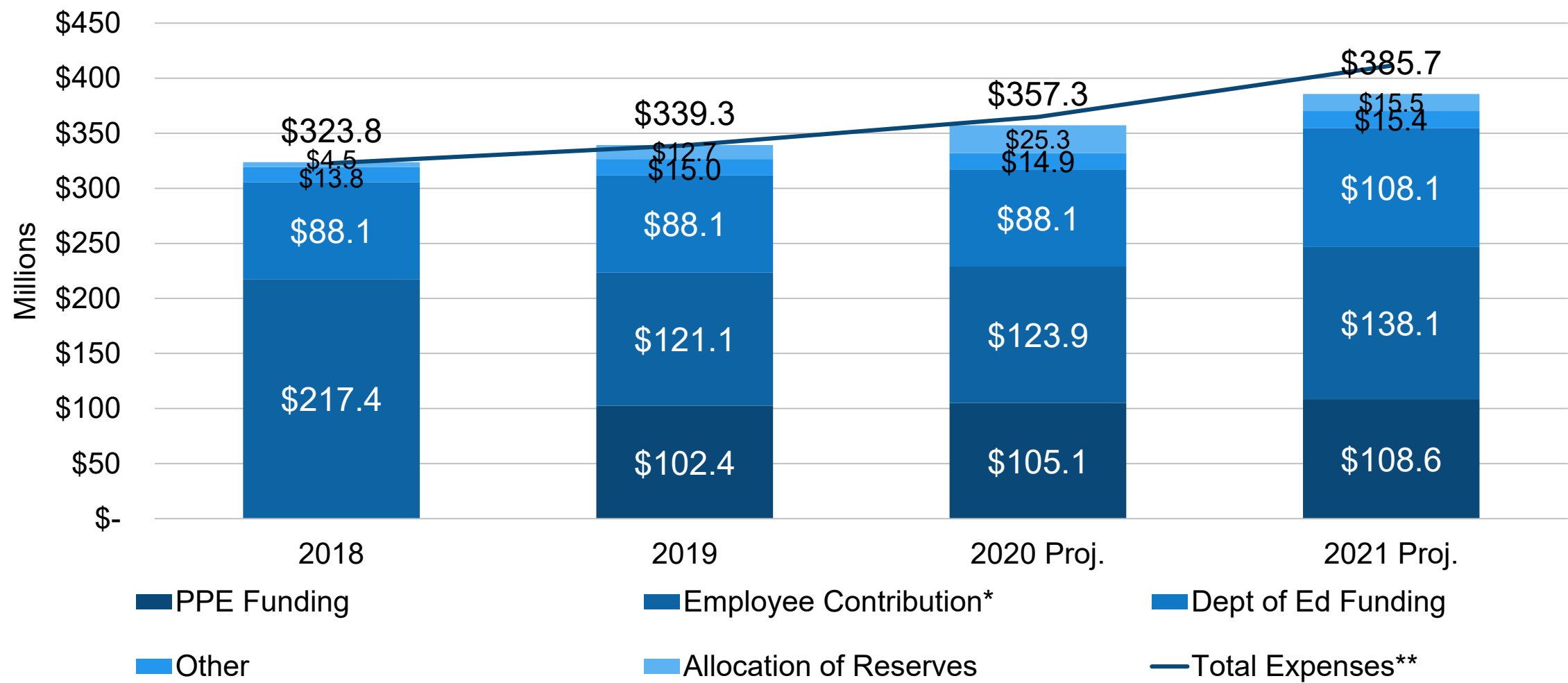
ASE - Average Membership by Plan



ASE - Average Enrollment (Subscribers) by Plan



PSE - Income vs. Expenditure

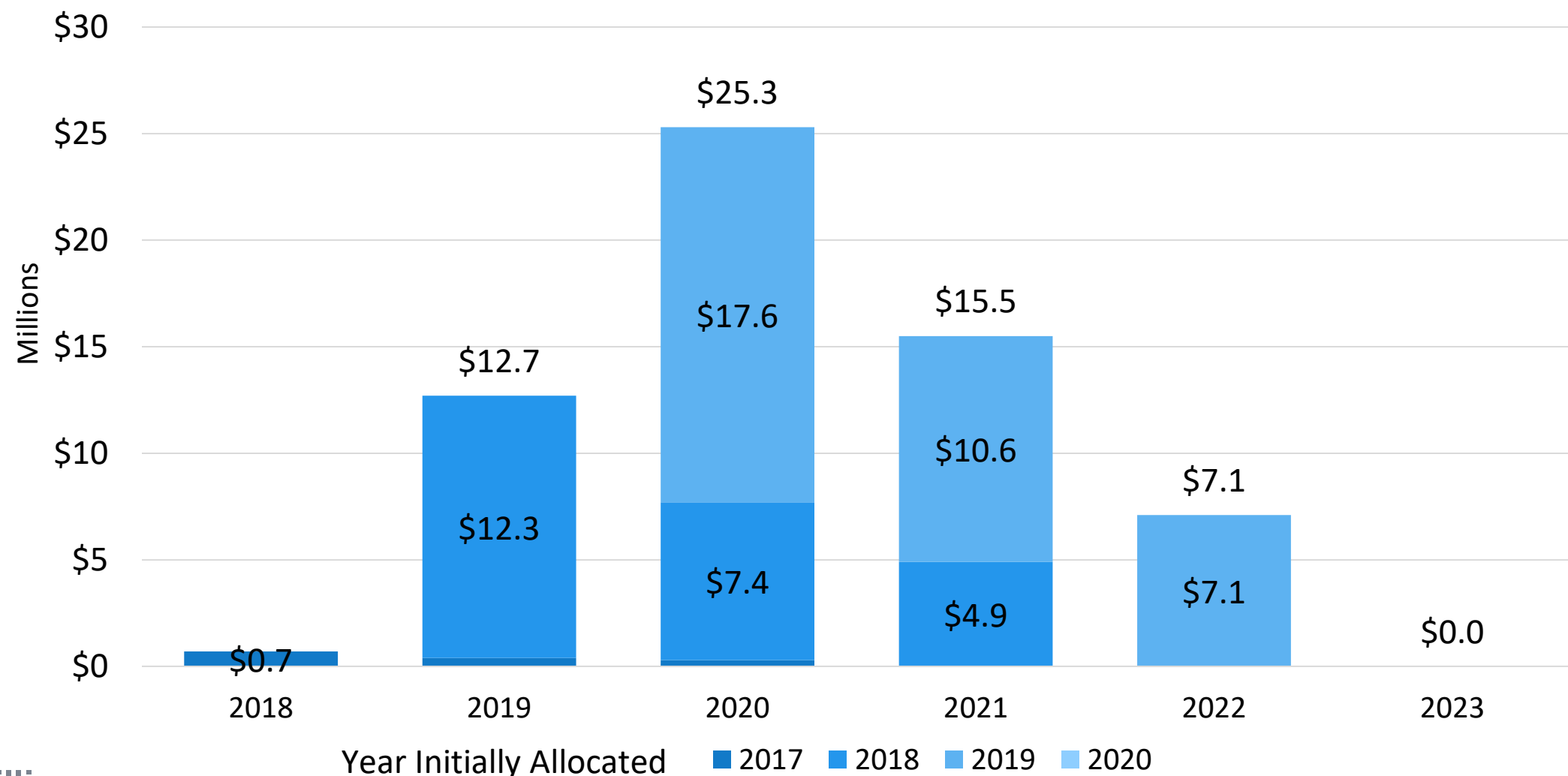


* 2018 Employee Contribution includes PPE Funding

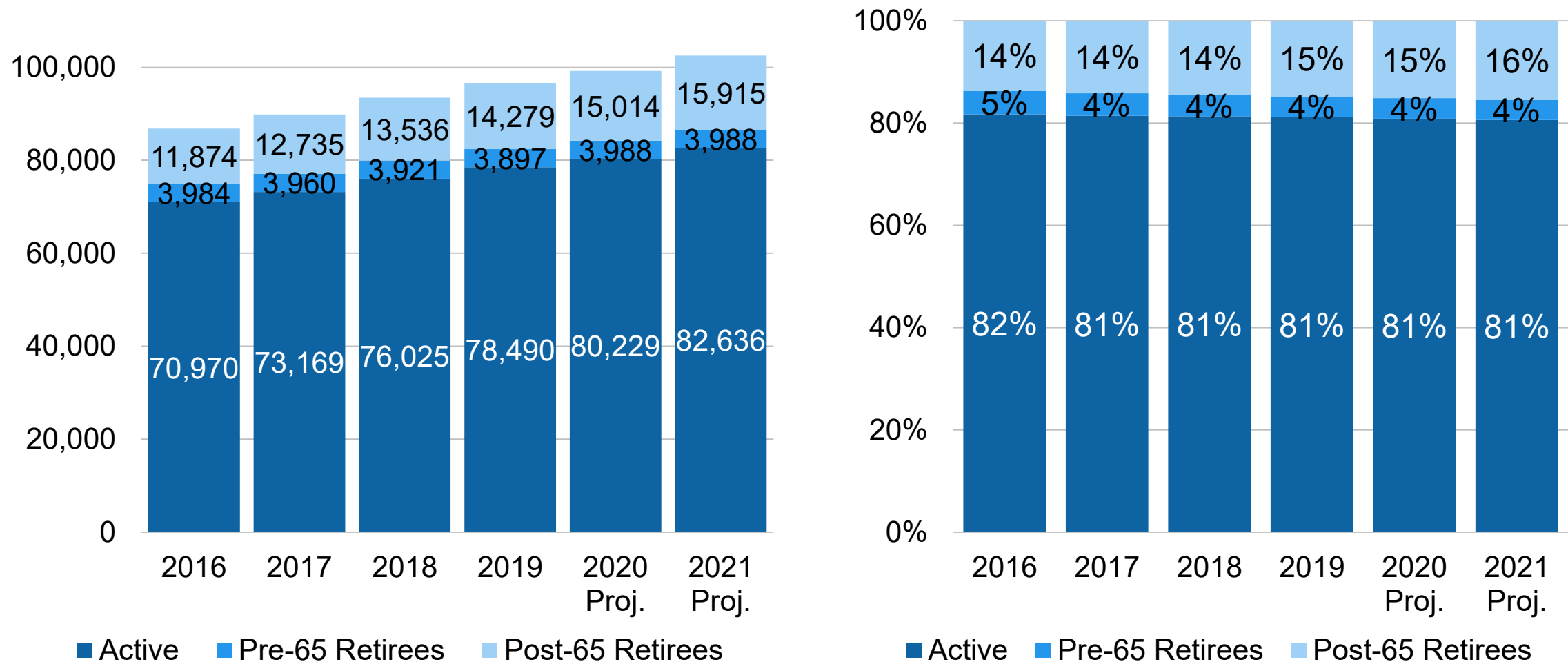
** Total Expenses offset by Program Savings

PSE - Reserves Allocation by Year

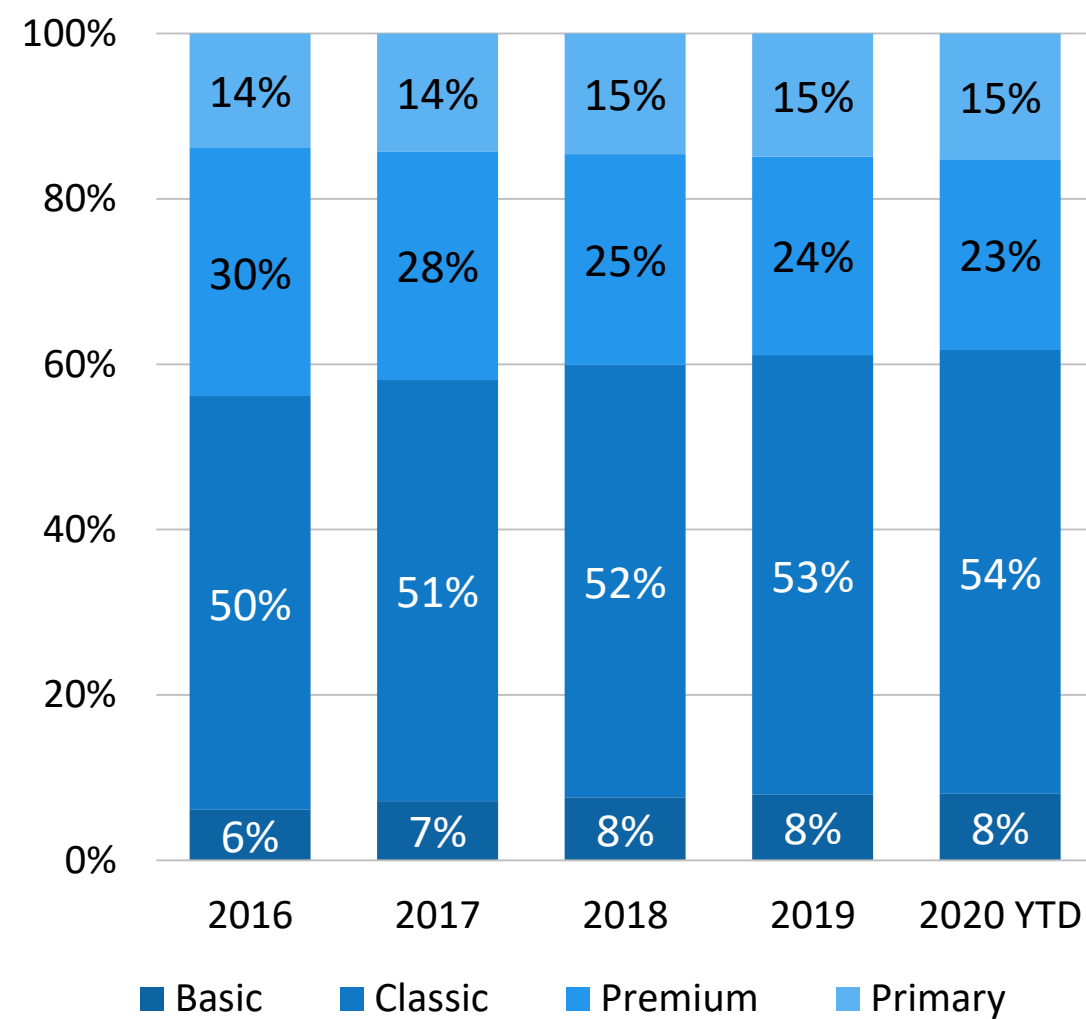
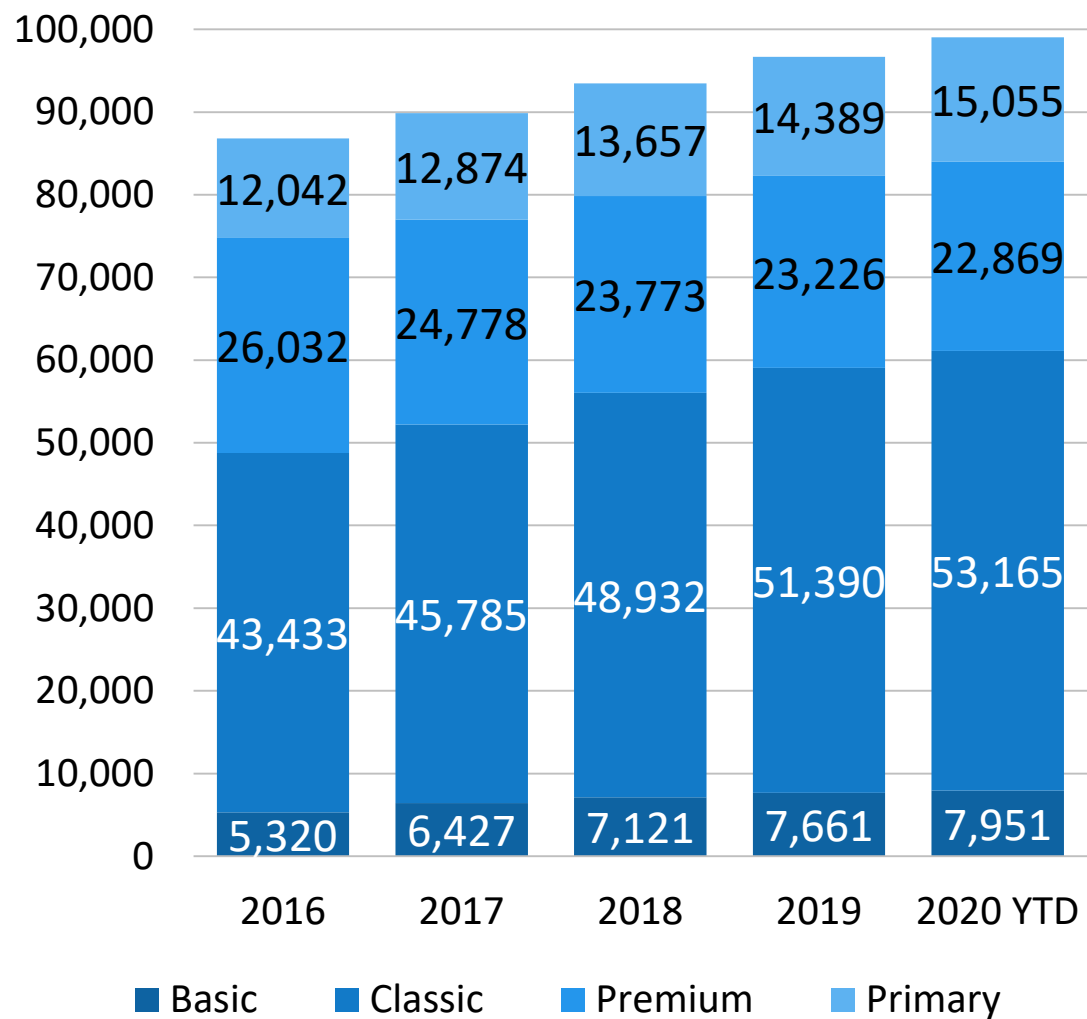
The chart represents the reserves amounts allocated each year (in millions), and how much reserves are available each year.



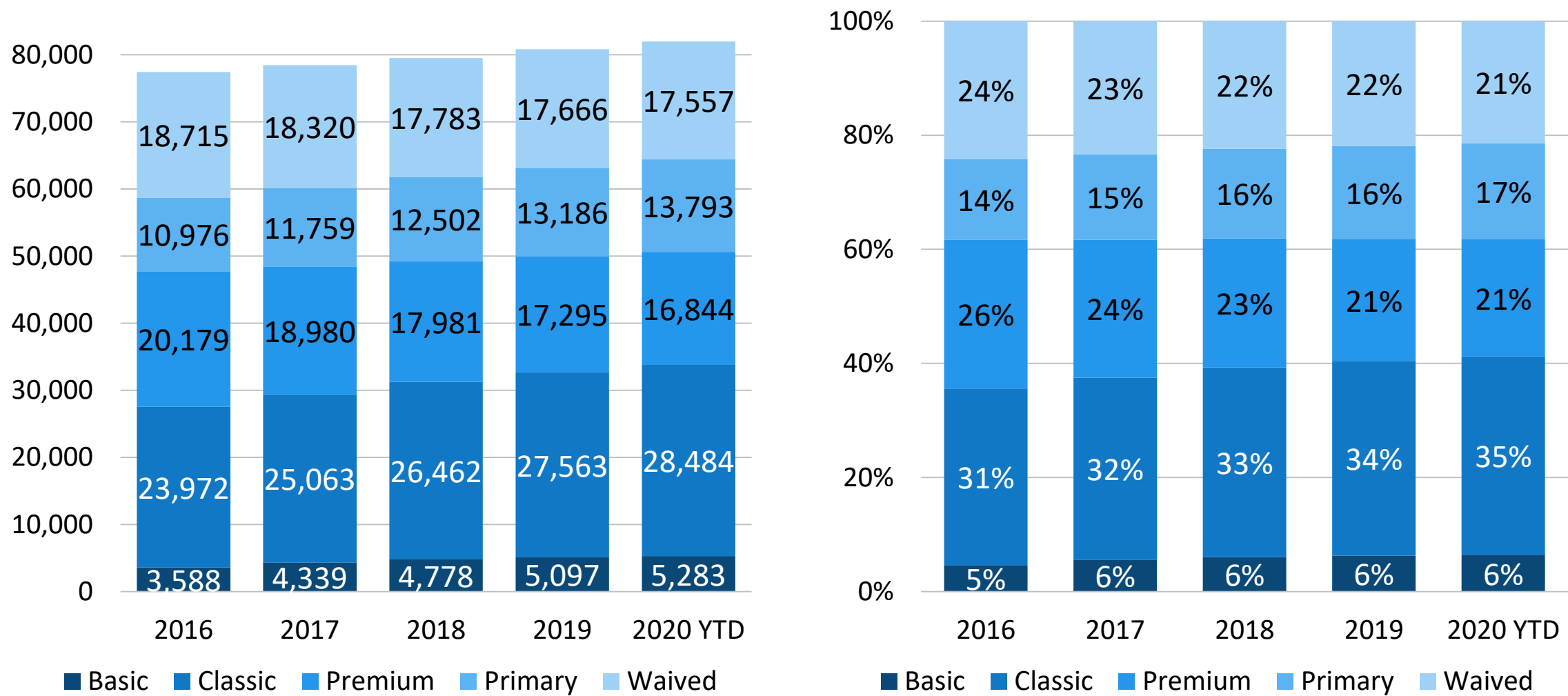
PSE - Average Membership by Status



PSE - Average Membership by Plan



PSE - Average Enrollment (Subscribers) by Plan



Assumptions & Methodology

Assumptions - Trend

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

Assumptions & Methodology

Assumptions – Benefit Plan Changes (2019 to 2021)

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

Assumptions & Methodology

Assumptions – Other

- Age/Gender
 - Age/Gender factor based on Milliman Health Cost Guidelines™
- Enrollment Projections
 - Actual enrollment utilized for March 2019 through September 2020
 - Projected October – December 2020 based on historical patterns
- Program Savings
 - 2021 program savings estimated to be \$7.5 million for ASE and \$5.5 million for PSE
- Plan Administration Expense
 - ASE - \$3.85 PMPM for CY2020 and CY 2021
 - PSE - \$2.14 PMPM for CY2020 and CY 2021
- Plan Administration Fees include PCORI charges for 2020 and 2021
- Percentage of Population earning wellness incentive
 - ASE – 82%
 - PSE – 82%

Assumptions & Methodology

Methodology

1. Summarized fee-for-service (FFS) medical claims incurred from March 1, 2019 to February 29, 2020 and paid from March 1, 2019 to October 31, 2020. Medical claims are gross of withholds. Reports reflects the timing of when EBD is expected to pay the withhold.
2. Summarized fee-for-service (FFS) pharmacy claims incurred from September 1, 2019 to August 31, 2020 and paid from September 1, 2019 to October 31, 2020.
3. Converted the paid and incurred claims to incurred claims using completion factors. This incorporates the incurred but not reported (IBNR) claim reserve.
4. Summarized member months for March 1, 2019 to February 29, 2020 (medical) and September 1, 2019 to August 31, 2020 (pharmacy).
5. Divided the summarized incurred claims by the appropriate member months to calculate PMPMs.
5. 2020 Projected the incurred claims for September 2020 to December 2020 based on the PMPM from the midpoint of the experience period (September 1, 2019) to the midpoint of the projection period (October 31, 2020). Utilize actual claims for January 2020 to August 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

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