AGENDA

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

September 16, 2016
10:00 a.m.

EBD Board Room – 501 Building, Suite 500

I. Call to Order ................................................................. Jeff Altemus, Chairman
II. Approval of July 1 & July 8, 2016 Minutes ...................... Jeff Altemus, Chairman
III. ASE-PSE Financials August, 2016 ....................... Marla Wallace, EBD Fiscal Officer
IV. EBD Wellness/AR Works PCP Visit Req....... Dr. Joseph Thompson, Director ACHI
V. Director’s Report.................................................. Chris Howlett, EBD Executive Director

2016 upcoming meetings:

October 7, November 4

NOTE: All material for this meeting will be available by electronic means only
ethel.whittaker@dfa.arkansas.gov

Notice: Silence your cell phones. Keep your personal conversations to a minimum.
Observe restrictions designating areas as “Members and Staff only”
The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on September 16, 2016, at 10:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

**Members Present**
- Becky Walker
- Janis Harrison
- Shelby McCook
- Jeff Altemus - Chair
- Claudia Moran – Vice Chair
- Ronnie Kissire
- Susan Gardner
- Carla Haugen

**Members Absent**
- Dan Honey

Chris Howlett, Executive Director, Employee Benefits Division (EBD)

**Others Present**
- Dwight Davis, UAMS; Robert Boyd, Board Member; Marla Wallace, Ethel Whittaker, Stella Greene, Cecilia Walker, Matt Turner, Terri Freeman, EBD; Jennifer Vaughn, Kristi Jackson, Com Psych; Sylvia Landers, Minnesota Life; Marc Watts, ASEA; Ronda Walthall, Wayne Whitley, AHTD; Jessica Atkins, Health Advantage; Karyn Langley, B.J. Himes, QualChoice; Bill Clary, H&H; Liz Tullos, WageWorks; Jackie Baker, ASP; Sean Seago, Merck; Andy Davis, Arkansas Democrat-Gazette; Martha Hill, Elizabeth Whittington, ACHI; Suzanne Woodall, MedImpact; Lee Lowther, WLJ

**CALL TO ORDER**
The meeting was called to order by Jeff Altemus, Chairman

**APPROVAL OF MINUTES**
A request was made by Altemus to approve the minutes from July 1 & July 8, 2016. Harrison made the motion to approve. Haugen seconded; all were in favor.

Minutes Approved.
ASE-PSE FINANCIALS AUGUST, 2016: by Marla Wallace, EBD Fiscal Officer

Wallace reported financials for August 2016. For August PSE, four (4) weeks of medical and pharmacy claims were paid. The FICA savings for the month is $468,971. There was a net gain of $2.09 million for the month, and $25.2 million year-to-date. Net assets available are $56 million.

For ASE for the month of August, four (4) weeks of medical and pharmacy claims were paid. The net gain was $2.09 million. The year-to-date is $17.6 million. The net assets available are $17.4 million. The net assets appear lower because of the 50/30/20 rule, where future allocations of $27.54 million are applied to the next three plan years; $13.77 million is allocated for 2017, $8.262 for 2018, and $5.508 for 2019.

EBD WELLNESS/AR WORKS PCP VISIT REQUIREMENTS: by Dr. Joseph Thompson, Director, ACHI

Language from the Arkansas Works Legislation on Wellness Visit Requirements promotes health, wellness, and healthcare education about appropriate healthcare-seeking behaviors. In legislation, 23-61-1005, as it was passed, there are requirements for increased personal responsibility on individuals in the program to take steps to improve their health.

The law requires those above the federal poverty level have premiums, and all persons will need to have a wellness visit with their primary care provider to receive additional benefits beyond the standard essential health benefit.

To provide the best possible solution for the members several strategies were discussed. They are as follows:

- In addition to the on-line health risk appraisal, any contact with a clinical provider would serve as a wellness visit.
- Restrict the visit to only a primary care provider.
- Contact with the Attributing Primary Care Provider, which is selected by the Third Party Administrator.
- Require the member to provide a signed document from the physician that a wellness assessment was performed. This scenario could provide the most accurate result. However, administratively the most difficult to administer.
- There are a set of codes under the Affordable Care Act that do not assess co-pays for a wellness visit. There are two options under this scenario.
a. Colonoscopies at a Gastroenterologist (Specialist) would count as a wellness visit.
b. The wellness visit must be from a Primary Care Physician.

Altemus questioned how difficult it would be to prevent the doctor from coding the visit incorrect?

Dr. Thompson reported coding in this aspect is a challenge as the codes were developed to pay medical providers for their services and not for monitoring data.

McCook has concerns that there are no tracking methods to monitor the Health Risk Assessment in regards to members taking measures to promote positive health.

McCook recommended for BlueCross and Blue Shield to administer the wellness benefit to avoid additional administrative fees for hiring a third party to manage the program.

Boyd reported Windstream utilizes a third-party administrator to manage their wellness program and as a result, they achieve better, accurate data.

**EBD DIRECTOR’S REPORT:** by Chris Howlett, EBD Executive Director

State Employee open enrollment concluded September 15, 2016, with positive results. The Public School open enrollment will kick-off October 1, 2016, and will be open through October 15, 2016.

The ACA Nondiscrimination Mandate 1557 is currently still in review at the Attorney General's Office. The Attorney General (AG) will provide an opinion by month end, and recommendations will be presented to the Benefits Sub-committee at the October 7th meeting.

The procurement process for the actuarial services is currently awaiting proposals for evaluation and a winner should be announced in early October.

The procurement process for the medical management has ended. Active Health Management was awarded the contract. The contract will be addressed in legislative review the week of September 25, 2016. Once approved, it will proceed to the Office of State Procurement (OSP) for final approval. EBD had hoped to implement the process January 1, 2017. However, the date is not feasible as the final process could take several additional weeks. As a result, the contract with American Health Holding (AHH) will need to be extended to allow time for EBD to finalize the procedures.
The team is pending final information regarding a partial or fully funded opportunity or benefits structure for the plan design. Recommendations will be presented to the Benefits Sub-committee at the October 7\textsuperscript{th} meeting.

Howlett will provide the Benefits Sub-committee and the Board the final recommendations for approval in March 2017 for the 2018 plan design.

\textbf{Meeting adjourned.}
Arkansas State Employees (ASE) Financials - January 1, 2015 through August 31, 2015

### BASIC CLASSIC PREMIUM PRIMARY

<table>
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<th>RETIRES</th>
<th>MEDICARE</th>
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### REVENUES & EXPENDITURES

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<th>Funding</th>
<th>Current Month</th>
<th>Year to Date (8 Months)</th>
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<tr>
<td>State Contribution</td>
<td>$ 14,693,616</td>
<td>$ 115,542,980</td>
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<tr>
<td>Employee Contribution</td>
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<td>Other</td>
<td>$ 584,466</td>
<td>$ 9,724,740</td>
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<tr>
<td>Allocation for Actives - Plan Year 2015</td>
<td>$ 971,667</td>
<td>$ 7,773,333</td>
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<tr>
<td><strong>Total Funding</strong></td>
<td>$ 24,161,632</td>
<td>$ 196,890,772</td>
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<table>
<thead>
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<th>Expenses</th>
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<tbody>
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<td>Medical Expenses</td>
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<td></td>
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<tr>
<td>Claims Expense</td>
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<td>$ 103,138,894</td>
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<td>Claims IBNR</td>
<td>$ -</td>
<td>$ -</td>
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<tr>
<td>Medical Administration Fees</td>
<td>$ 1,075,952</td>
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<td>Refunds</td>
<td>$ -</td>
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<td>Employee Assistance Program (EAP)</td>
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<td>Life Insurance</td>
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<td>Pharmacy Expenses</td>
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<td>RX Claims</td>
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<td>RX IBNR</td>
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<td>RX Administration</td>
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<td>Plan Administration</td>
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<td><strong>Total Expenses</strong></td>
<td>$ 20,220,163</td>
<td>$ 165,741,801</td>
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| Net Income/(Loss)                     | $ 3,941,469   | $ 31,148,971          |

### BALANCE SHEET

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<tr>
<th>Assets</th>
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<td>Bank Account</td>
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<td>State Treasury</td>
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<tr>
<td>Due from Cafeteria Plan</td>
<td>$ 5,195,886</td>
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<tr>
<td>Due from PSE</td>
<td>$ 99</td>
<td></td>
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<tr>
<td>Receivable from Provider</td>
<td>$ -</td>
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<tr>
<td>Accounts Receivable</td>
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<td><strong>Total Assets</strong></td>
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<table>
<thead>
<tr>
<th>Liabilities</th>
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<tbody>
<tr>
<td>Accounts Payable</td>
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<tr>
<td>Deferred Revenues</td>
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<tr>
<td>Due to Cafeteria</td>
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<tr>
<td>Due to PSE</td>
<td>$ -</td>
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<tr>
<td>Due to Federal Government ($44 fee)</td>
<td>$ 1,119,712</td>
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<tr>
<td>Health IBNR</td>
<td>$ 24,700,000</td>
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<tr>
<td>RX IBNR</td>
<td>$ 1,800,000</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>$ 27,626,802</td>
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| Net Assets                            | $ 74,980,072  |                       |

| Less Reserves Allocated               |               |                       |
| Premiums for Plan Year 1/1/15 - 12/31/15 ($6,260,000 + $5,400,000) | $ (3,886,667) | |
| Premiums for Plan Year 1/1/16 - 12/31/16 ($3,600,000 + $12,600,000) | $ (16,200,000) | |
| Premiums for Plan Year 1/1/17 - 12/31/17 ($7,560,000) | $ (7,560,000) | |
| Premiums for Plan Year 1/1/18 - 12/31/18 ($5,040,000) | $ (5,040,000) | |
| Catastrophic Reserve (2015 $10,400,000) | $ (10,400,000) | |
| **Net Assets Available**              | $ 31,893,406  |                       |

Fifth Week of Claims $0
Arkansas State Employees (ASE) Financials - January 1, 2016 through August 31, 2016

**REVENUES & EXPENDITURES**

<table>
<thead>
<tr>
<th>Funding</th>
<th>Current Month</th>
<th>Year to Date (8 Months)</th>
</tr>
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<tbody>
<tr>
<td>1 State Contribution</td>
<td>$14,702,184</td>
<td>$117,561,304</td>
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<td>2 Employee Contribution</td>
<td>$7,880,195</td>
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<td>3 Other</td>
<td>$142,367</td>
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<tr>
<td>4 Allocation of Reserves</td>
<td>$1,350,000</td>
<td>$10,800,000</td>
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<tr>
<td><strong>Total Funding</strong></td>
<td><strong>$24,074,746</strong></td>
<td><strong>$201,194,828</strong></td>
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</table>

**Expenses**

Medical Expenses
- Claims Expense: $14,757,836, $115,496,288
- Claims IBNR: - $3,300,000
- Medical Administration Fees: $1,021,588, $8,694,702
- Refunds: - $265
- Employee Assistance Program (EAP): $54,313, $441,157
- Life Insurance: $78,180, $634,178

Pharmacy Expenses
- RX Claims: $5,496,320, $50,123,760
- RX IBNR: - $184,306
- RX Administration: $391,453, $4,030,751

**Total Expenses**
- **$21,983,997**, **$184,131,693**

**Net Income/(Loss)**
- $2,090,750, $17,063,135

**BALANCE SHEET**

**Assets**
- Bank Account: $8,358,214
- State Treasury: $91,037,313
- Due from Cafeteria Plan: $5,018,599
- Due from PSE: $177,363
- Receivable from Provider: -
- Accounts Receivable: $(563,221)

**Total Assets**
- **$104,028,267**

**Liabilities**
- Accounts Payable: $1,253
- Deferred Revenues: -
- Due to Cafeteria: $28
- Due to PSE: $84
- Due to Federal Government ($27 fee): $664,295
- Health IBNR: $28,000,000
- RX IBNR: $1,700,000

**Total Liabilities**
- $30,365,660

**Net Assets**
- $73,662,608

Less Reserves Allocated
- Premiums for Plan Year 1/1/16 - 12/31/16 ($3,600,000 + $12,600,000): $(5,400,000)
- Premiums for Plan Year 1/1/17 - 12/31/17 ($7,560,000 + $13,770,000): $(21,330,000)
- Premiums for Plan Year 1/1/18 - 12/31/18 ($5,040,000 + $8,262,000): $(13,302,000)
- Premiums for Plan Year 1/1/19 - 12/31/19 ($5,508,000): $(5,508,000)
- Catastrophic Reserve (2016 $10,700,000): $(10,700,000)

**Net Assets Available**
- **$17,422,608**

**Fifth Week of Claims $0**
## Public School Employees (PSE) Financials - January 1, 2015 through August 31, 2015

### REVENUES & EXPENDITURES

<table>
<thead>
<tr>
<th>Funding</th>
<th>Current Month</th>
<th>Year to Date (8 Months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Participating Employee Funding (PPE Funding)</td>
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<td>Other</td>
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<td>Allocation for Actives</td>
<td>$1,666,667</td>
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<td><strong>Total Funding</strong></td>
<td><strong>$22,181,451</strong></td>
<td><strong>$206,098,591</strong></td>
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### Expenses

#### Medical Expenses
- Claims Expense: $15,552,738 / $111,358,983
- Claims IBNR: -$ / -
- Medical Administration Fees: $1,496,529 / $12,453,683
- Refunds: -$ / $(66,503)
- Employee Assistance Program (EAP): $73,388 / $612,835

#### Pharmacy Expenses
- RX Claims: $3,819,840 / $30,320,007
- RX IBNR: -$ / -
- RX Administration: $230,370 / $2,273,777
- Plan Administration: $339,664 / $5,510,519

**Total Expenses:** $21,512,530 / $162,463,301

### Net Income/(Loss)
- Current Month: $668,921
- Year to Date: $43,635,290

### BALANCE SHEET

#### Assets
- Bank Account: $10,286,315
- State Treasury: $88,679,540
- Receivable from Provider: -$ / -
- Accounts Receivable: $8,344,102
- Due from ASE: -$ / -

**Total Assets:** $107,309,958

#### Liabilities
- Accounts Payable: $983
- Due to ASE: $99
- Deferred Revenues: $577
- Due to Federal Government ($44 fee): $1,613,216
- Health IBNR: $28,000,000
- RX IBNR: $1,400,000

**Total Liabilities:** $31,014,874

#### Net Assets

**Net Assets Available:** $35,781,172

Less Reserves Allocated
- Premiums for Plan Year 1/1/15 - 12/31/15 ($20,000,000 rec'd from Dept. of Education): $(6,666,667)
- Premiums for Plan Year 1/1/16 - 12/31/16 ($9,600,000): $(9,600,000)
- Premiums for Plan Year 1/1/17 - 12/31/17 ($5,760,000): $(5,760,000)
- Premiums for Plan Year 1/1/18 - 12/31/18 ($3,840,000): $(3,840,000)
- Premium Assistance (FICA Savings): $(3,747,244)
- Catastrophic Reserve (2015 $10,900,000): $(10,900,000)

**Net Assets Available:** $35,781,172

Fifth Week of Claims $0
### Public School Employees (PSE) Financials - January 1, 2016 through August 31, 2016

#### ACTIVES

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<th>Class</th>
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<th>Employee + Dependents</th>
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#### RETIREES

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#### MEDICARE

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### REVENUES & EXPENDITURES

#### Funding

1. Per Participating Employee Funding (PPE Funding) $7,815,057 $64,782,914
2. Employee Contribution $9,222,257 $74,262,507
3. Department of Education $35,000,000 & $15,000,000 & Other Funding $3,181,818 $33,522,727
4. Other $592,338 $5,091,514
5. Allocation of Reserves $3,975,000 $31,800,000

#### Total Funding

$24,786,470 $209,459,663

#### Expenses

##### Medical Expenses

6. Claims Expense $16,689,049 $128,873,475
7. Claims IBNR $- $2,000,000
8. Medical Administration Fees $1,585,694 $13,111,411
9. Refunds $- $-
10. Employee Assistance Program (EAP) $73,828 $613,970

##### Pharmacy Expenses

11. RX Claims $3,700,481 $32,525,296
12. RX IBNR $- $(300,000)
13. RX Administration $257,927 $2,179,252
14. Plan Administration $390,828 $5,228,958

#### Total Expenses

$22,697,807 $184,232,362

#### Net Income/(Loss)

$2,088,664 $25,227,301

### BALANCE SHEET

#### Assets

17. Bank Account $15,392,607
18. State Treasury $109,089,802
19. Receivable from Provider $-
20. Accounts Receivable $3,942,815
21. Due from ASE $84

#### Total Assets

$128,425,308

#### Liabilities

22. Accounts Payable $2,889
23. Due to ASE $177,363
24. Deferred Revenues $303
25. Due to Federal Government ($27 fee) $1,010,826
26. Health IBNR $30,000,000
27. RX IBNR $1,100,000

#### Total Liabilities

$32,291,381

#### Net Assets

$96,133,927

#### Less Reserves Allocated

29. Premiums for Plan Year 1/1/16 - 12/31/16 ($9,600,000 + $20,000,000 DOE + 18,100,000 DOE) $(15,900,000)
30. Premiums for Plan Year 1/1/17 - 12/31/17 ($5,760,000) $(5,760,000)
31. Premiums for Plan Year 1/1/18 - 12/31/18 ($3,840,000) $(3,840,000)
32. Premium Assistance (FICA Savings) $(3,881,786)
33. Catastrophic Reserve (2016 $10,500,000) $(10,500,000)

#### Net Assets Available

$56,252,140

#### Fifth Week of Claims $0