AGENDA

State and Public School Life and Health Insurance Board

April 14th, 2020

1:00 p.m.

EBD Board Room – 501 Building, Suite 500

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

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

III. Benefits Subcommittee Report ..... Susan Gardner, Benefits Chair

IV. Diabetic Supplies/Options ..... Dwight Davis and Micah Bard, UAMS EBRx

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

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

VII. Adjournment.....Carla Haugen, Chair

2020 Upcoming Meetings:

May 19th, June 17th, July 21st

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

198th meeting of the State and Public-School Life and Health Insurance Board (hereinafter called the Board), met on April 14, 2020, at 1:00 PM via teleconference

Date | *time* 4/14/2020 1:00 PM | *meeting called to order by Dr. John Kirtley, Stand-in 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
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, Laura Thompson, Terri Freeman, Mary Massirer, EBD; Micah Bard, Dwight Davis, UAMS EBRX; Takisha Sanders, Jessica Akins, Health Advantage; Elizabeth Montgomery, ACHI; Stephen Carroll, AllCare Specialty; Courtney White, Paul Sakhrani, Scott Cohen, Milliman; Frances Bauman, Novo Nordisk; Sean Seago, MERCK; Jill Johnson, Sidney Keisner, UAMS; Jim Chapman, Abbvie; Suzanne Woodall, Medimpact; Nima Nabavi, Amgen; Charles Hubbard, ASP; Mitch Rouse, TSS; Joe Summers; Gaelle Gravot, John Colberg, Cheiron; Robin Keene, AAEA; Daniel Faulkner

Approval of Minutes by Carla Haugen, Chair

MOTION by Lilly-Palmer:

Motion to accept the March 31, 2020 minutes.

Rogers seconded; all were in favor.

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Minutes Approved.

Benefits Subcommittee Update by Susan Gardner, Benefits Chair

Gardner provided an update on the Benefits subcommittee meeting from April 10, 2020. There were 2 recommendations made by the subcommittee presented below.

Topics Discussed:
- Approval of Minutes
- Diabetic Supply/Options
- Plan Update
- Director's Report

Recommendations:
- Move coverage of all diabetes supplies (blood glucose test strips, lancets, syringes, pen needles) to the community pharmacies. (***Projected annual savings between $2,200,000 - $2,900,000***).
- Maintain monthly quantity limits on the blood glucose strips. (Currently, the quantity limit = 153 test strips/month)
- Require a contingency edit on blood glucose test strips: 120-day lookback period to identify antidiabetic medications before the supplies will be reimbursed. Otherwise, a prior authorization request is needed.
- Move the Dexcom products out of the medical (DME) benefit into the pharmacy benefit. Prior authorization policy will govern access. (***Projected annual Plan savings between $64,000 - $315,000 – depending on the level of member copayment applied***)
- Apply a copay of $80/30-day supply for Dexcom sensors.
- The implementation date of July 1, 2020. (or at a reasonable future date given the current circumstances)

MOTION by Kissire:

I would like to make a recommendation to the Board to approve Part 1 Option 1 with no copay and Part 2 Option 2 with an $80 copay (the recommendations presented above.)
Seconded by Moran. All were in favor.
Motion Approved.

Amendment to motion by Lilly-Palmer

I motion to amend the previous motion to include a fluid implementation date of July 1, 2020 with an update by the EBD director as needed.
Kissire seconded. All were in favor.
Motion Approved.

Discussion:

MOTION by Dr. White:

I would like to make a motion to accept the recommendations made by the Benefits subcommittee.
Lilly-Palmer seconded. All were in favor.
Motion Approved.

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Plan Update by Courtney White & Paul Sakhrani, Milliman

Sakhrani and White provided an update on plan experience for ASE and PSE.

ASE

- 2020 & 2021 projections updated to incorporate claims data incurred from January 2019 to December 2019 and paid through March 2020

- 2020 projected plan experience
  - Allocated reserves for 2020 is $25.1M
  - Estimated deficit of $14.4M
  - End of Year Assets: $57.2M
  - No plan changes / 5% increase in employee contributions
- 2021 plan experience
  - No additional funding ($14.5M allocated assets)
  - Projected deficit: $34.2M
  - End of Year Assets: $8.5M
  - 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 January 2019 to December 2019 and paid through March 2020

- 2020 plan experience
  - Allocated reserves for 2020 is $25.3M
  - Estimated deficit of $18.9M
  - End of Year Assets: $104.9M
  - No plan changes / 0% increase to employee contributions
- 2020 plan experience
  - Projected deficit: $58.3M
  - End of Year Assets: $31.1M
  - No plan design or contribution changes
  - Increased membership based on historical patterns
  - Baseline trends (medical: 7%, pharmacy: 8%)

Director's Report by Chris Howlett, EBD Director

Howlett asked that if there were any questions or comments from the Milliman report, please send those to help guide the future presentations. As mentioned on March 31st, the plans position and steps we have done during COVID-19 pandemic, or the public health emergency as presently exists, in regards to PA's for the pharmacy, early refills, and the signature law component that we have worked with to help ease the burden of the membership and being able to get access to that care. In

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addition to that, the last couple of weeks the COVID-19 coding has come down on the federal side, and that COVID-19 is just identifiable codes where we can go back and look at the medical claims since March, and even go before that, and look at the coding on those claims to be able to mine the data a little to report back the effects of the COVID-19 pandemic on this health plan. Once that data matures, we will be able to get that to you.

MOTION by Lilly-Palmer:

I motion to adjourn the meeting.

All were in favor.

Meeting Adjourned.

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State and Public-School Life and Health Insurance Board
Benefits Subcommittee Summary Report

The following report resulted from a meeting of the Benefits Subcommittee meeting on Friday, April 10, 2020.

Topics Discussed:
- Approval of Minutes
- Diabetic Supply/Options
- Plan Update
- Director's Report

Diabetic Supply/Options: Dr. Dwight Davis & Dr. Micah Bard, UAMS EBRx
Dr. Davis provided a presentation on the diabetic supply coverage policy evaluation.

Recommendations:
- Move coverage of all diabetes supplies (blood glucose test strips, lancets, syringes, pen needles) to the community pharmacies. (***Projected annual savings between $2,200,000 - $2,900,000***).
- Maintain monthly quantity limits on the blood glucose strips. (Currently, the quantity limit = 153 test strips/month)
- Require a contingency edit on blood glucose test strips: 120-day lookback period to identify antidiabetic medications before the supplies will be reimbursed. Otherwise, a prior authorization request is needed.
- Move the Dexcom products out of the medical (DME) benefit into the pharmacy benefit. Prior authorization policy will govern access. (***Projected annual Plan savings between $64,000 - $315,000 – depending on the level of member copayment applied***)
- Apply a copay of $80/30-day supply for Dexcom sensors.
- The implementation date of July 1, 2020. (or at a reasonable future date given the current circumstances)

MOTION by Kissire:
I would like to make a recommendation to the Board to approve Part 1 Option 1 with no copay and Part 2 Option 2 with an $80 copay (the recommendations presented above)
Seconded by Moran. All were in favor.
Motion Approved.

Amendment to motion by Lilly-Palmer

I motion to amend the previous motion to include a fluid implementation date of July 1, 2020 with an update by the EBD director as needed.
Kissire seconded. All were in favor.
Motion Approved.

Plan Update: Paul Sakhrani & Courtney White, Milliman

Sakhrani and White provided an educational piece on claims payment processing and an update on plan experience for ASE and PSE.

ASE

- 2020 & 2021 projections updated to incorporate claims data incurred from January 2019 to December 2019 and paid through March 2020

- 2020 projected plan experience
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Director's Report: Chris Howlett, EBD Director

Howlett provided an update on what the plan has been doing related to COVID-19 related to pharmacy and telemedicine.

Employee Benefits Division
Benefits Subcommittee

Diabetes Supply Coverage Policy Evaluation

April 10, 2020

Diabetes Test Supplies – Coverage Policy

- For members enrolled in EBD's "Diabetes Management Program", whether previously administered through Active Health Management or Kannact;
  - Type 1 or Type 2 diabetes diagnosis
  - Blood glucose strips, glucometer, lancets, syringes and pen needles covered with no copay
  - With prior program, all products were obtained through the member's pharmacy. With the Kannact program, all products are mailed directly to the member.
  - Both programs include some level of coaching.

- For members *not* enrolled in the program;
  - With the prior program, all products could be purchased at the pharmacy for a copay.
  - With the current model, only test strips can be purchased at the pharmacy for a copay. Other products (syringes, pen needles, and lancets) are excluded from coverage.

Plan Expenditures for Diabetes Supplies

- **Prior Program** -
  - In the last full 12-month dataset (CY 2018), the **total cost** of diabetes supplies (syringes, needles, lancets, test strips, glucometers) amounted to **$1,045,000** and involved approximately 1,100 members.
  - Of the total cost of $1,045,000, the total cost of test strips amounted to $487,445 with the EBD Plan paying $267,480 and members paying $220,000.
  - Prior program provided some level of coaching, but the fees associated with the coaching were included in the blended disease management charge.

- **Current Program** -
  - Through Kannact, all supplies are included in the monthly per-participant fee. EBD pays a monthly fee based on condition of member; $59.00, $69.00, or $79.00/month. Most participants are $79.00/month.
  - This cost includes supplies and coaching.
  - Currently 3,118 members enrolled with Kannact. Total current annual cost = $2,844,000 (~$76/participant/month)

Results of the Rebate Contract Bid Evaluation

Part One:

- Accu-Check Test Strips (Roche) chosen as the exclusive covered blood glucose strip. Blood glucose monitors are provided at no cost.
- TruePlus insulin syringes and pen needles chosen as the exclusive syringe/pen needle products.

Part Two:

- Dexcom brand chosen as the exclusive Continual Blood Glucose Monitoring (CGM) device.

Financial Impact to the Plan (rebate modeling) – Part One

Per-Utilizing-Member-Per-Month Cost for Diabetes Supplies			
Before		**After**	
Blood Glucose Test Strips	Blood Glucose Test Strips	Blood Glucose Test Strips w/free meter	Blood Glucose Test Strips w/free meter
Lancets	Lancets	Lancets	Lancets
Syringes	Pen Needles	Syringes	Pen Needles
$70.35	**$78.84**	**$16.53**	**$19.26**

The blended Total Cost per utilizing member ***before*** considering the rebate bid was approximately $78/month.

The blended Total Cost per utilizing member ***after*** considering the rebate bid is $19/month.

The net savings per utilizing member resulting from the rebate bid is $59/month.

Summary of Rebate Impact – Part One

Current Program - Kannact	
Number of participants	3,118
Total Annual Plan Cost (includes supplies & counseling and is based on $59, $69, or $79 per participant per month, depending on condition)	$2,844,000
Total Annual Member Cost	$0.00
Rebate / discount to Plan	$0.00
Net Annual Plan Cost	**$2,844,000**

Option #1 (Move supplies to local community pharmacy)	
Number of participants	3,118
Annual Supply Cost (assume $78 / utilizing member/month)	$2,918,000
Counseling Cost (through Health Advantage)	$0.00
Total Member Cost (no copay)	$0.00
Rebate / discount to Plan (Savings) Pre-rebate PMPM = $78 vs. Post-rebate PMPM = $19	$2,200,000
Net Annual Plan Cost	**$718,000**

Option #2 (Includes Option #1 PLUS)	
Add Co-pay for Supplies	Up to $15/Rx
Projected Annual Copay collected (Additional Savings)	$718,000
Net Annual Plan Cost	**$0.00**

Summary of Rebate Impact – Part Two

Current Coverage of Dexcom	
Number of utilizing members	522
Total # of Claims	2,472*
Total Plan Paid	$548,400 ($222/claim)
Total Member Paid	$869,000 ($352/claim)
Total Cost	**$1,417,400 ($574/claim)**

* Claims volume indicates extremely low compliance to sensor use

Note:

1. Dexcom is a wearable device classified as a continual blood glucose monitor (CGM).
2. Dexcom involves three (3) components; sensors, transmitter, and a receiver.
3. Dexcom is currently obtained through the medical benefit (durable medical equipment).

Option #1 – Move from Medical to Pharmacy Coverage	
Number of utilizing members	522
Total # of Claims	6,264*
Total *Projected* Plan Cost	$2,501,400
Total *Projected* Member Cost	$0.00
Net *Projected* Plan Cost (net of rebates)	**$1,604,000**

* Projected claims volume reflects 100% compliance to sensor use

Option #2 (Includes Option #1 PLUS)	
Add Co-pay of $40/30-day supply Net Plan Cost after co-pay	$250,500 **$1,354,500**
Add Co-pay of $80/30-day supply Net Plan Cost after co-pay	$501,100 **$1,103,000**
Total *Projected* Annual Member Savings	**$368,000 - $619,000**
Total *Projected* Annual Plan Savings (assuming a copayment is required)	**$64,000 - $315,000**

Recommendations:

- Move coverage of all diabetes supplies (blood glucose test strips, lancets, syringes, pen needles) to the community pharmacies. (***Projected annual savings between $2,200,000 - $2,900,000***).
- Maintain monthly quantity limits on the blood glucose strips. (Currently, the quantity limit = 153 test strips/month)
- Require a contingency edit on blood glucose test strips: 120-day lookback period to identify antidiabetic medications before the supplies will be reimbursed. Otherwise, a prior authorization request is needed.
- Move the Dexcom products out of the medical (DME) benefit into the pharmacy benefit. Prior authorization policy will govern access. (***Projected annual Plan savings between $64,000 - $315,000 – depending on level of member copayment applied***)
- Apply a copay of $80/30-day supply for Dexcom sensors.
- Implementation date of July 1, 2020 (*or at a reasonable future date given the current circumstances*)

Questions??

State of Arkansas Employee Benefits Division

Interim Monitoring Report

Through March 31st

State and Public School Life and Health Insurance Board of Directors

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

14 APRIL 2020

Milliman

Agenda

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

Arkansas State Employees (ASE)

Executive Summary

- 2020 & 2021 projections updated to incorporate claims data incurred from February 2019 to January 2020 and paid through March 2020
- 2020 projected plan experience
  - Allocated reserves for 2020 is $25.1M
  - Estimated deficit of $14.4M
  - End of Year Assets: $57.2M
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  - 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	99.63	100.31
Other	23.47	21.65	21.80
Total Income	$ 294.53	$ 293.52	$ 294.35
Medical Claims	$ (194.56)	$ (222.28)	$ (223.99)
Pharmacy Claims	(86.58)	(98.48)	(107.18)
Administration Fees	(18.30)	(17.52)	(17.63)
Plan Administration	(2.90)	(2.81)	(2.91)
Total Expenses	$ (302.34)	$ (341.08)	$ (351.71)
Pharmacy Program	$ -	$ 8.12	$ 8.69
Net Income / (Loss) Before Reserve Allocation	$ (7.82)	$ (39.43)	$ (48.67)
Allocation of Reserves	$ 21.70	$ 25.08	$ 14.46
Net Income / (Loss) After Reserve Allocation	$ 13.89	$ (14.35)	$ (34.21)

Average Membership			
Active Employees / Pre-65 Retirees	47,720	46,904	46,904
Post-65 Retirees	13,346	13,805	14,219
Total Enrolled	61,066	60,708	61,122

Total Income PMPM[1]	$ 431.54	$ 437.35	$ 421.02
Total Expenses PMPM[2]	$ (412.59)	$ (457.05)	$ (467.66)

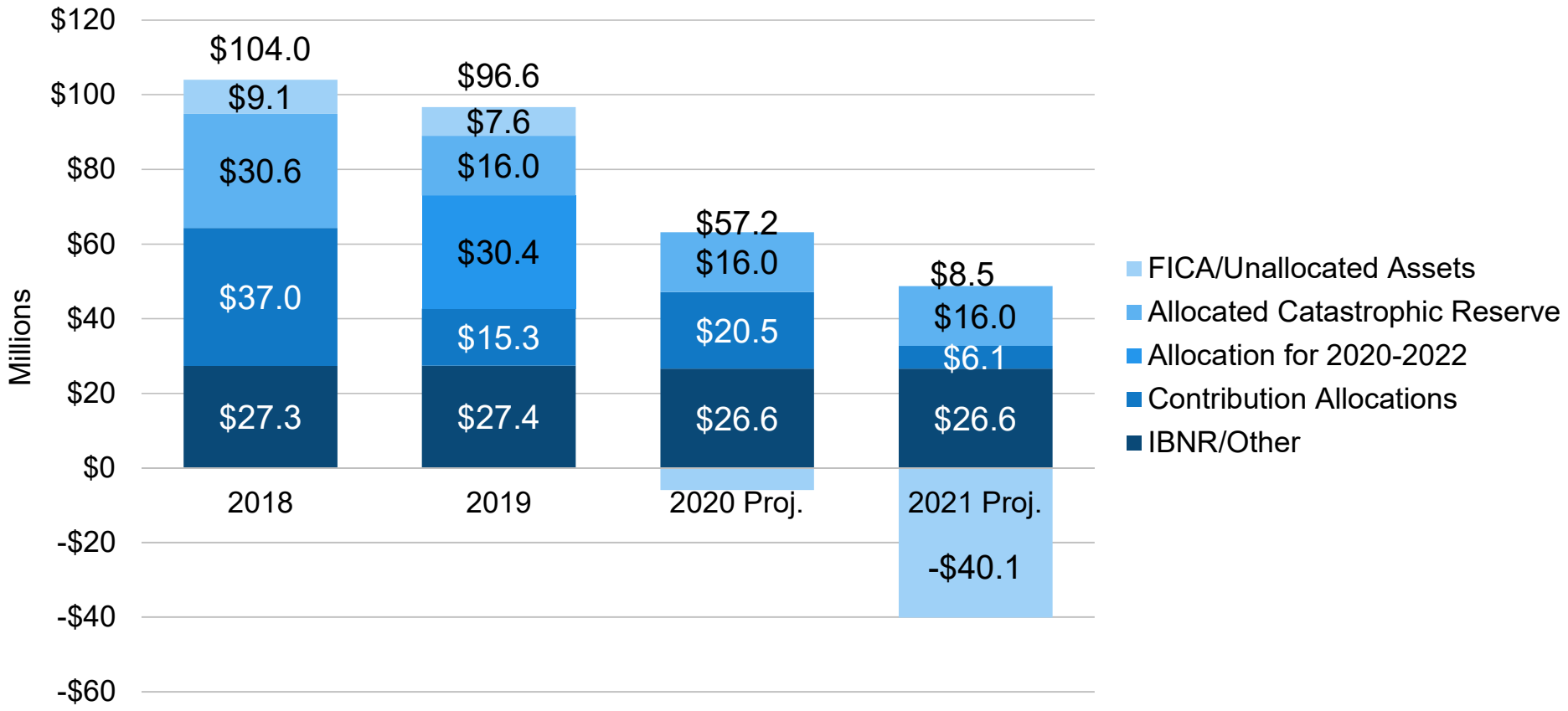
[1] Allocation of Reserves included in Total Income

[2] Total Expenses offset by Pharmacy Program

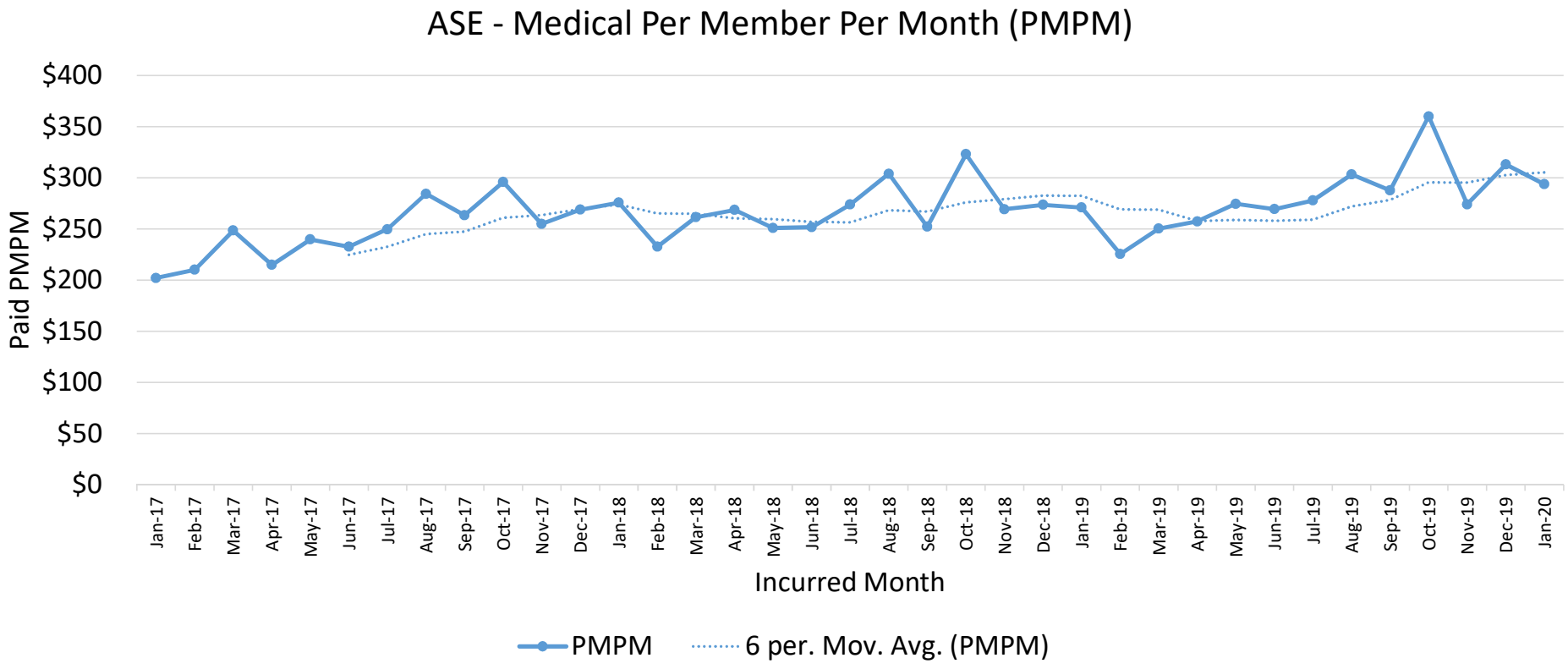
Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets			
(a)	2019	End-of-Year Assets	$96.6
(b)	2020	Total Income	$293.5
(c)		Total Expenses	($333.0)
(d)		Allocated Assets	$25.1
(e) = (b) + (c) + (d)		Total Surplus / (Deficit)	($14.3)
(f) = (a) - (d) + (e)		End-of-Year Assets	$57.2
(g)	2021	Total Income	$294.3
(h)		Total Expenses	($343.0)
(i)		Allocated Assets	$14.5
(j) = (g) + (h) + (i)		Total Surplus / (Deficit)	($34.2)
(k) = (f) – (i) + (j)		End-of-Year Assets	$8.5

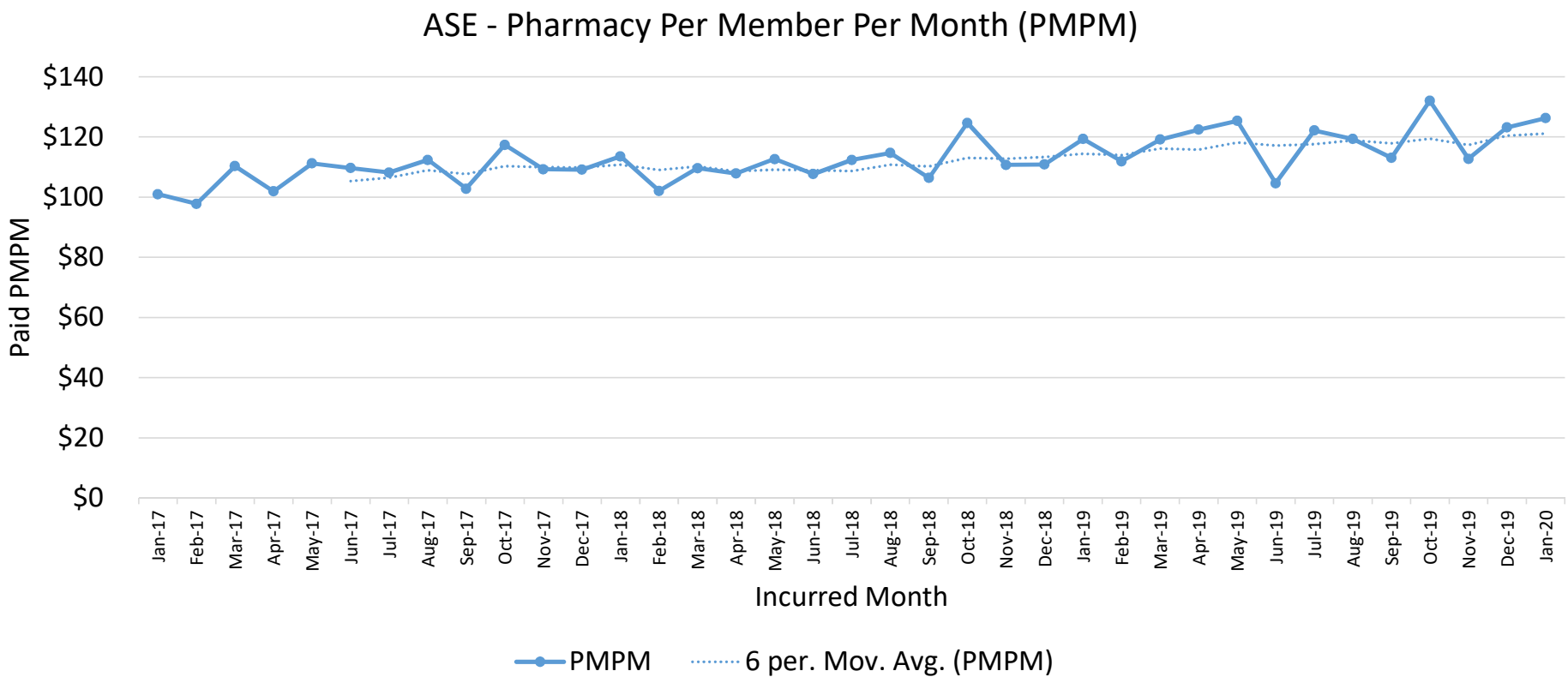
End of Year Assets



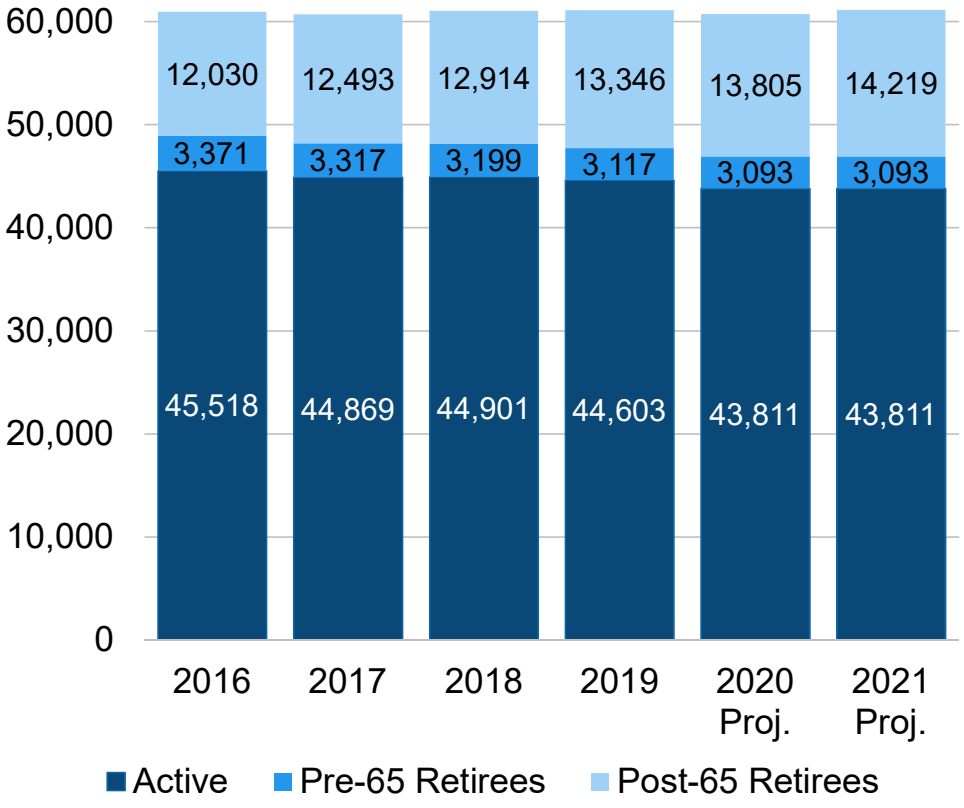
Monthly Trend - Medical

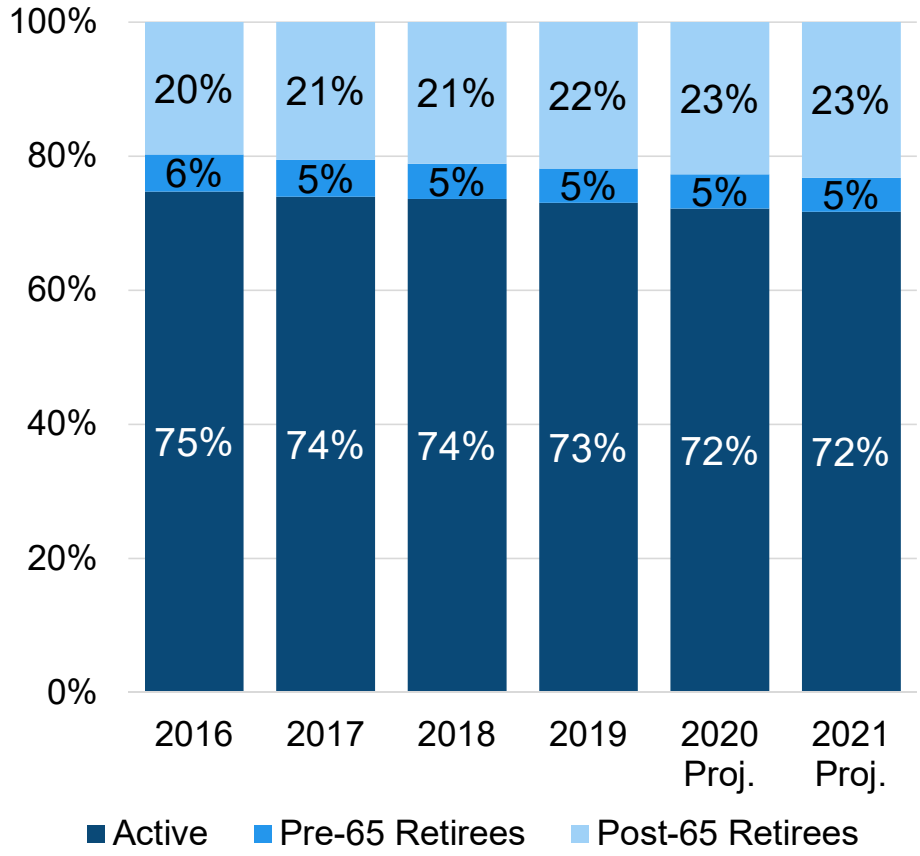


Monthly Trend - Pharmacy

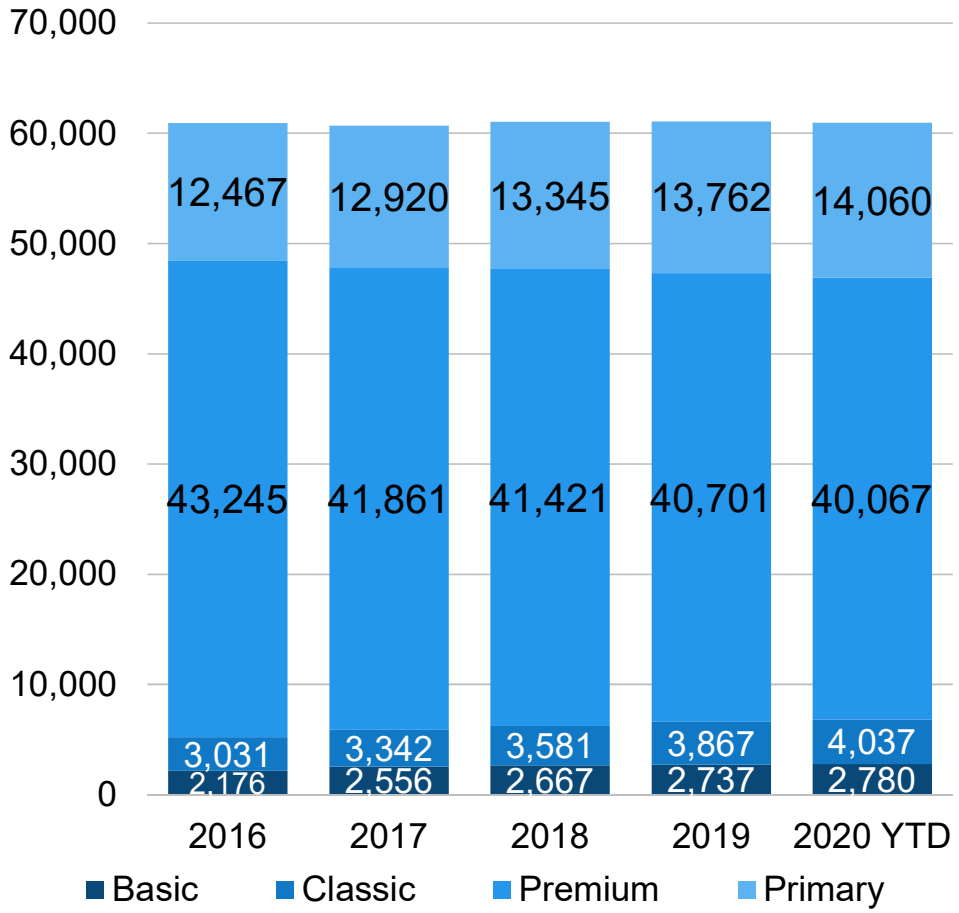


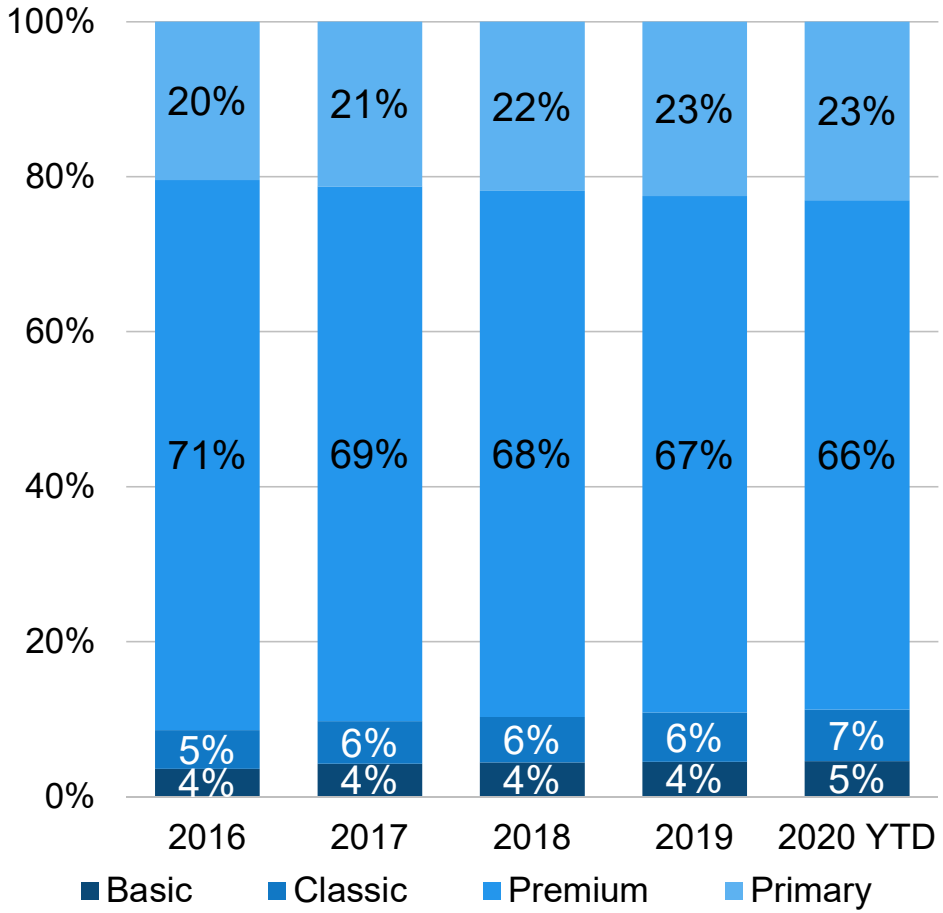
ASE - Average Membership by Status





ASE - Average Membership by Plan





Public School Employees (PSE)

Executive Summary

- Projections updated to incorporate claims data incurred from February 2019 to January 2020 and paid through March 2020
- 2020 plan experience
  - Allocated reserves for 2020 is $25.3M
  - Estimated deficit of $18.9M
  - End of Year Assets: $104.9M
  - No plan changes / 0% increase to employee contributions
- 2021 projected plan experience
  - Projected deficit: $58.3M
  - End of Year Assets: $31.1M
  - 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	$ 108.87
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	$ 340.67
Medical Claims	$ (247.12)	$ (281.30)	$ (311.14)
Pharmacy Claims	(60.87)	(70.56)	(77.79)
Administration Fees[2]	(28.46)	(28.16)	(29.17)
Plan Administration	(2.61)	(2.55)	(2.63)
Total Expenses	$ (339.06)	$ (382.57)	$ (420.74)
Pharmacy Program	$ -	$ 5.92	$ 6.31
Net Income / (Loss) Before Reserve Allocation	$ (12.42)	$ (44.14)	$ (73.76)
Allocation of Reserves	$ 12.66	$ 25.25	$ 15.48
Net Income / (Loss) After Reserve Allocation	$ 0.23	$ (18.88)	$ (58.29)

Average Membership			
Active Employees / Pre-65 Retirees	82,317	84,299	86,710
Post-65 Retirees	14,279	15,079	15,984
Total Enrolled	96,596	99,377	102,693

Total Income PMPM[1]	$ 292.71	$ 300.01	$ 289.00
Total Expenses PMPM[2]	$ (292.51)	$ (315.84)	$ (336.30)

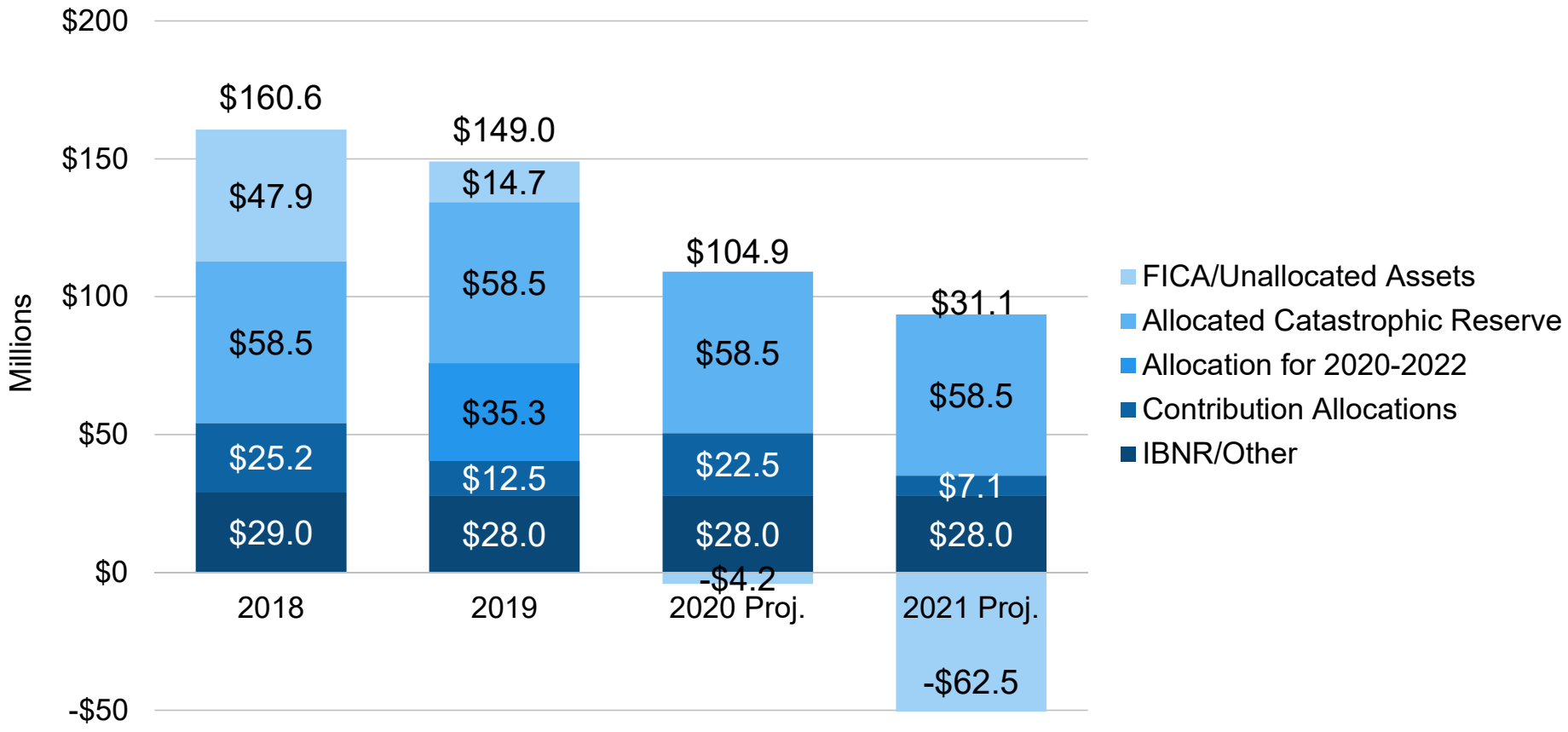
[1] Allocation of Reserves included in Total Income

[2] Total Expenses offset by Pharmacy Program

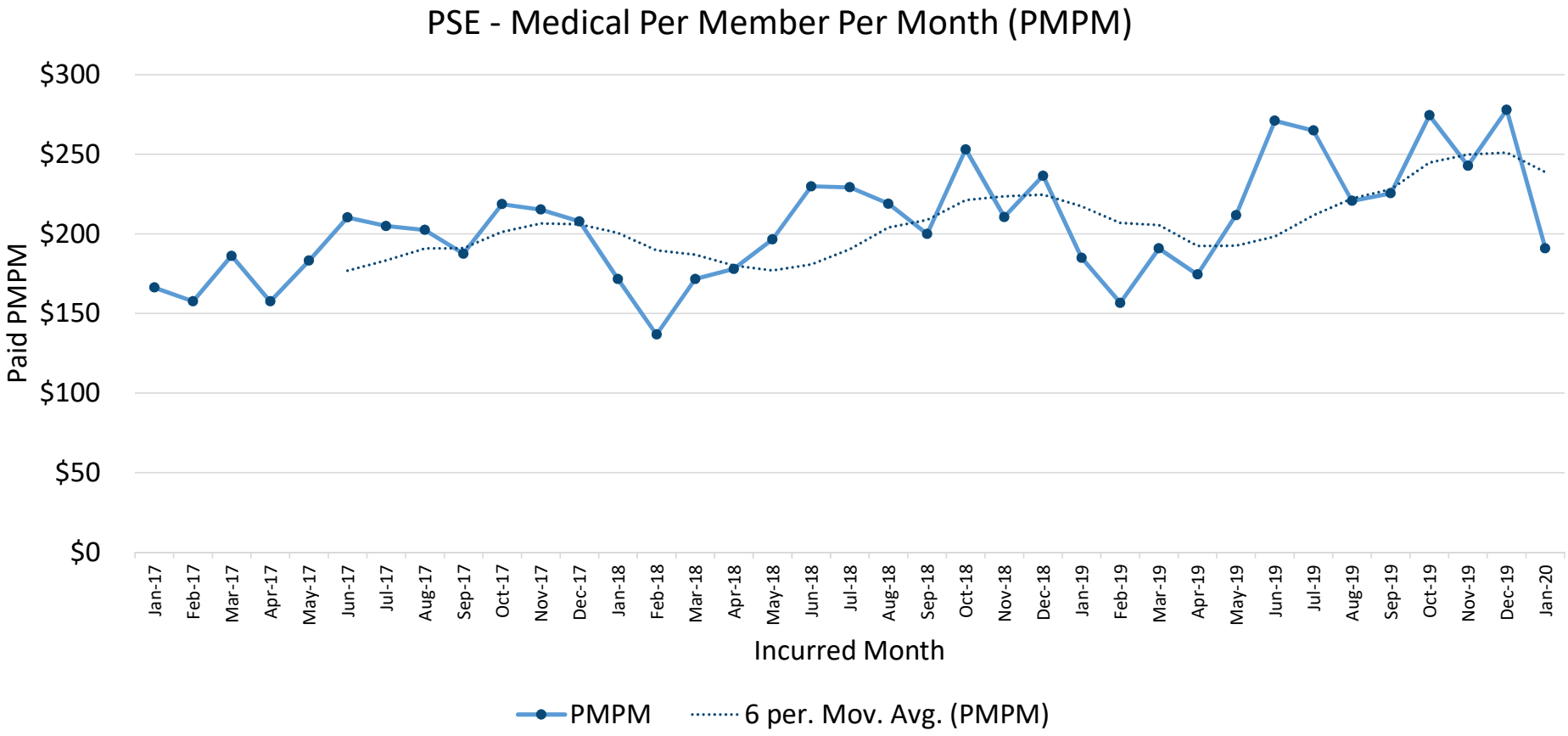
Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets			
(a)	2019	End-of-Year Assets	$149.0
(b)	2020	Total Income	$332.5
(c)		Total Expenses	($376.7)
(d)		Allocated Assets	$25.3
(e) = (b) + (c) + (d)		Total Surplus / (Deficit)	($18.9)
(f) = (a) - (d) + (e)		End-of-Year Assets	$104.9
(g)	2021	Total Income	$340.7
(h)		Total Expenses	($414.4)
(i)		Allocated Assets	$15.5
(j) = (g) + (h) + (i)		Total Surplus / (Deficit)	($58.3)
(k) = (f) – (i) + (j)		End-of-Year Assets	$31.1

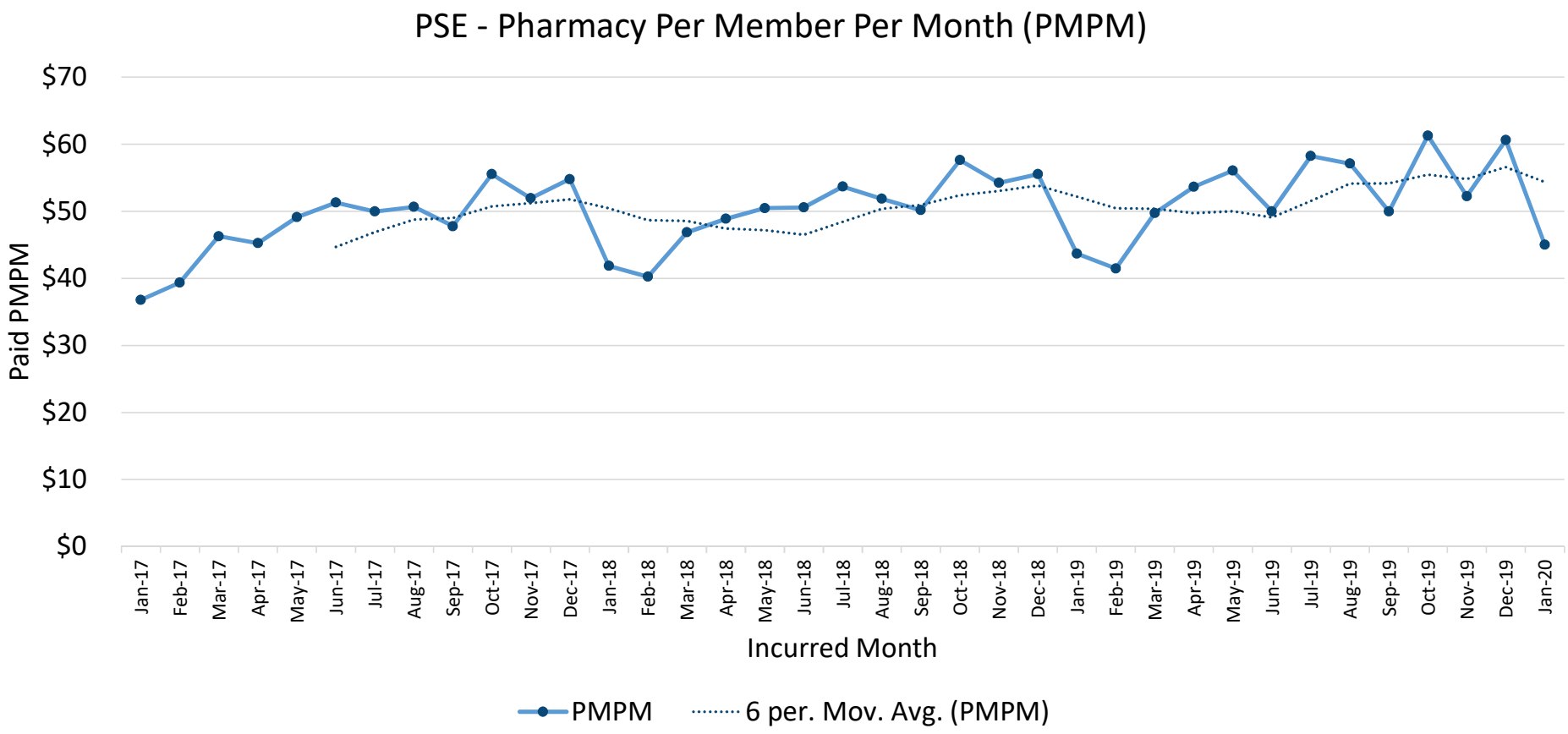
End of Year Assets



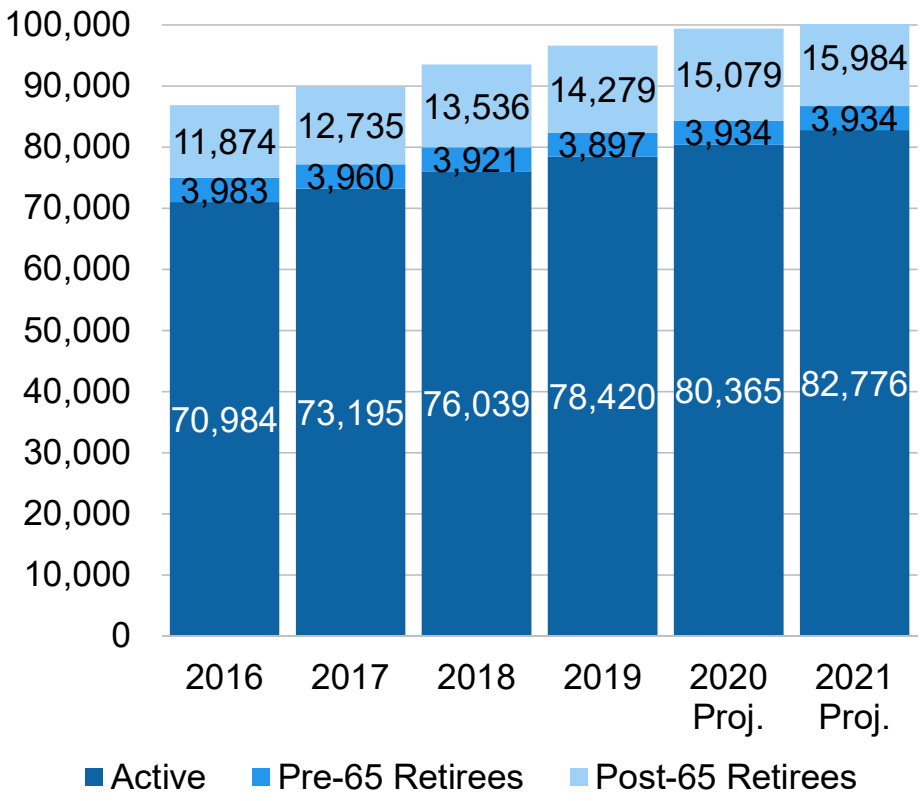
Monthly Trend - Medical

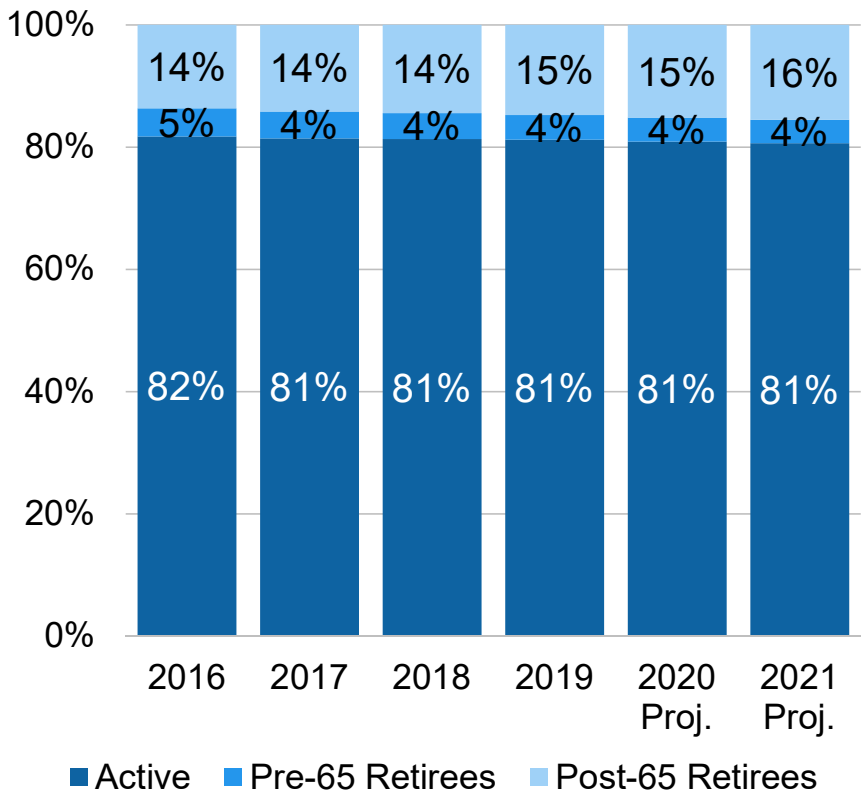


Monthly Trend - Pharmacy

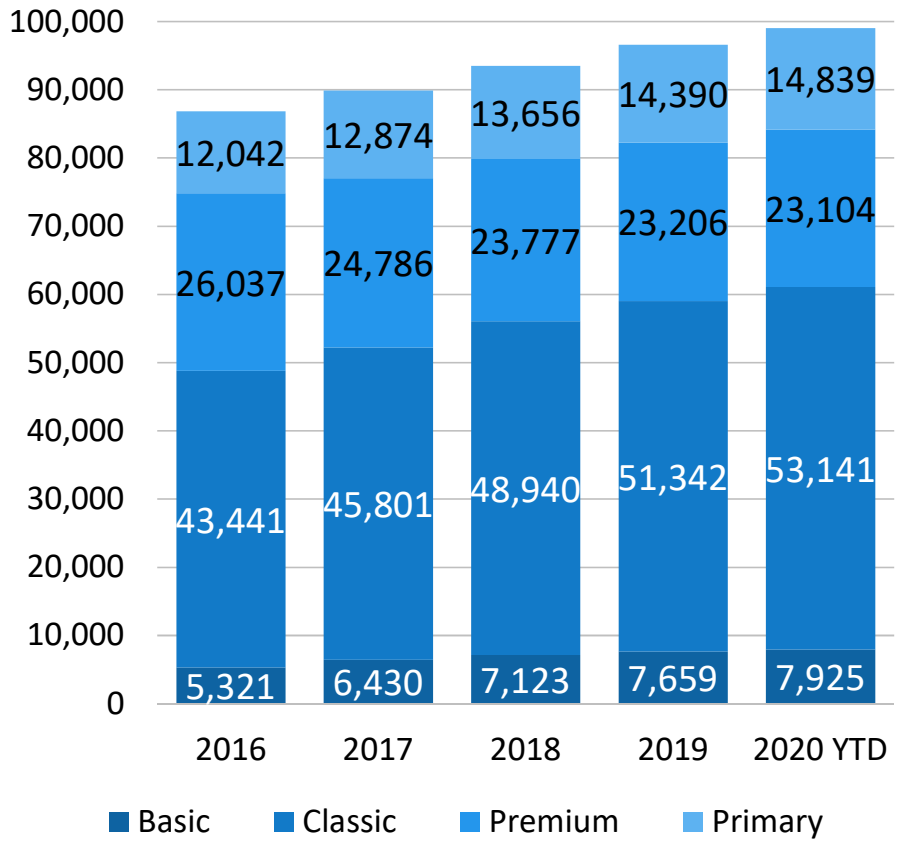


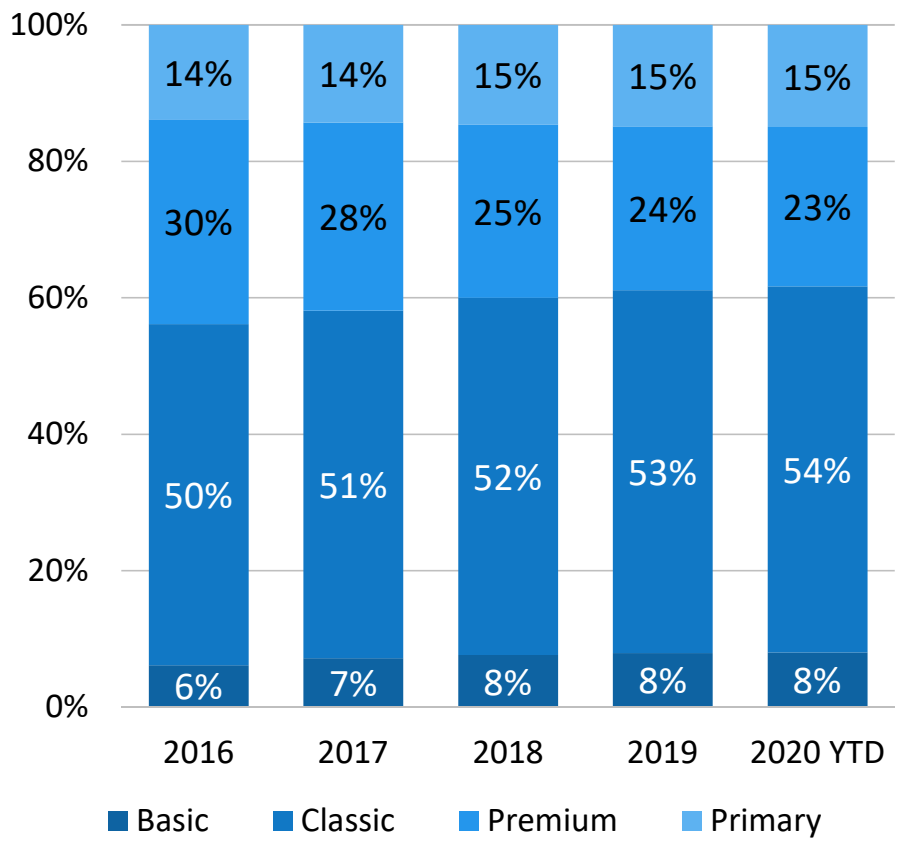
PSE - Average Membership by Status





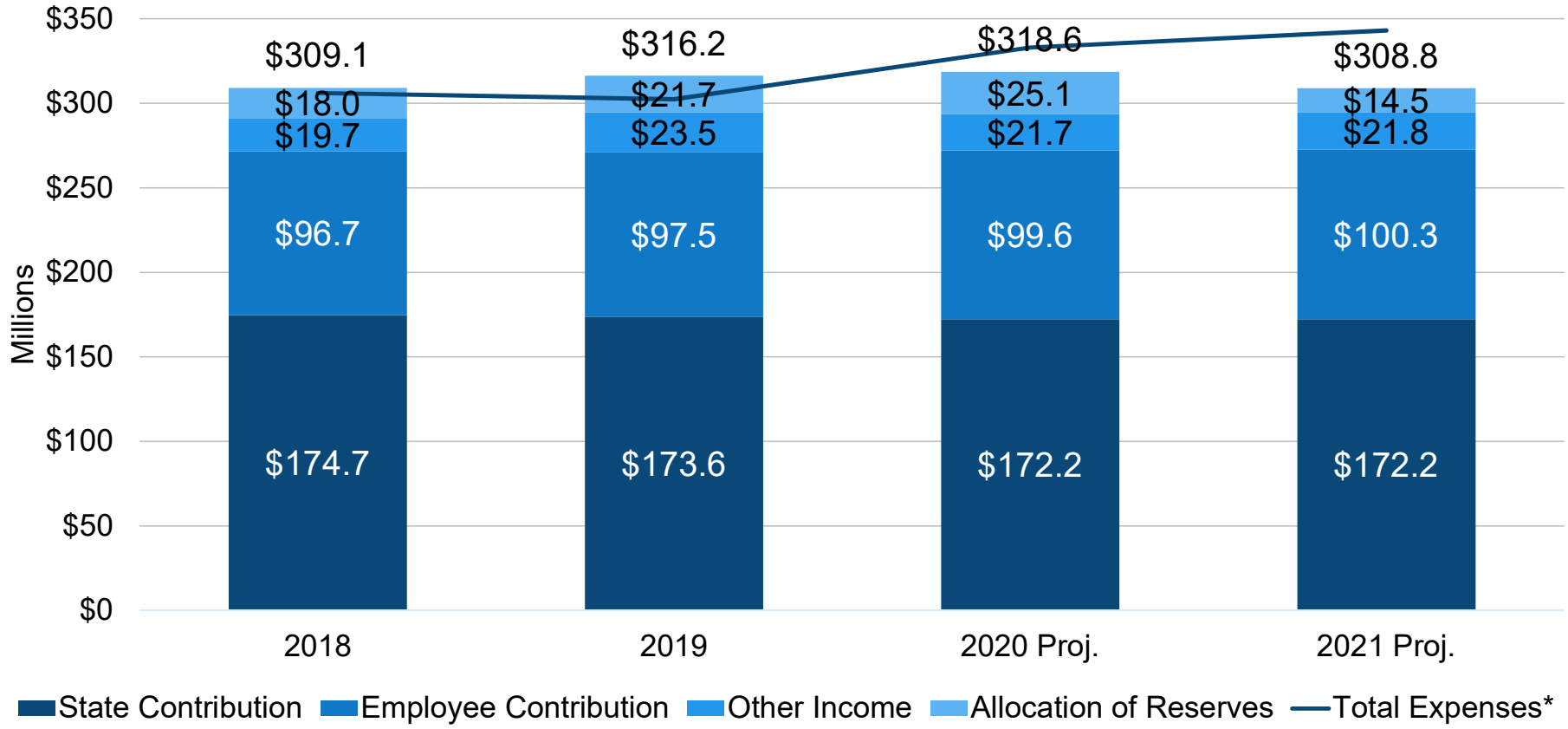
PSE - Average Membership by Plan





Appendix

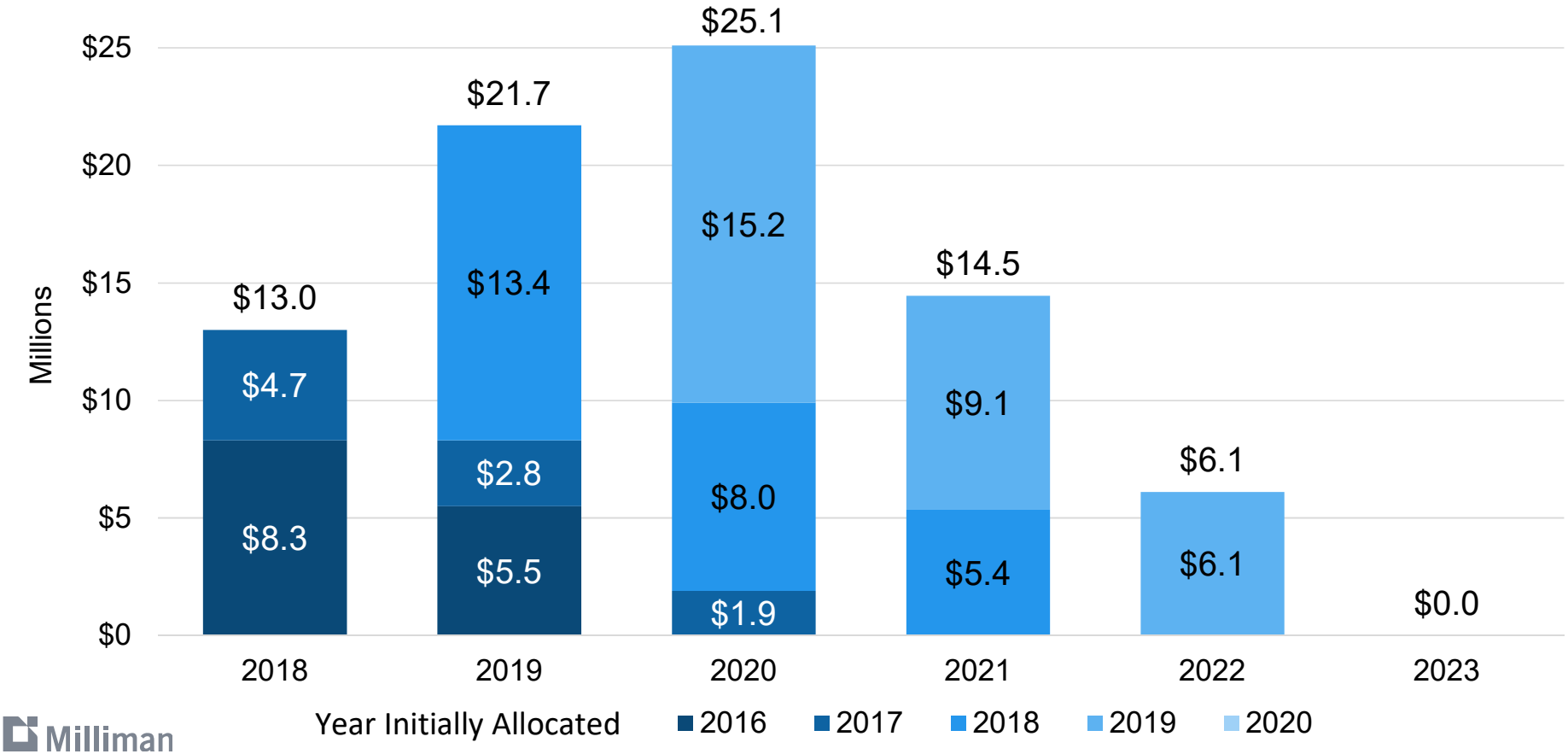
ASE - Income vs. Expenditure



* Total Expenses offset by Pharmacy Program

ASE - Reserves Allocation by Year

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



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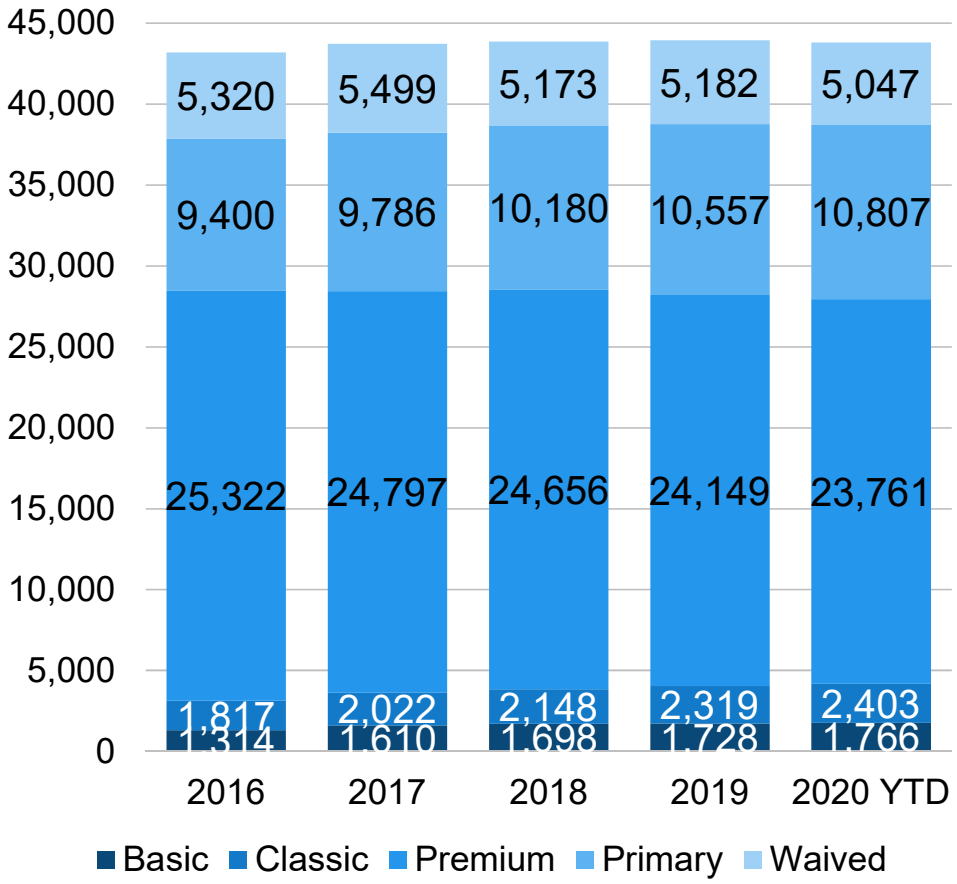
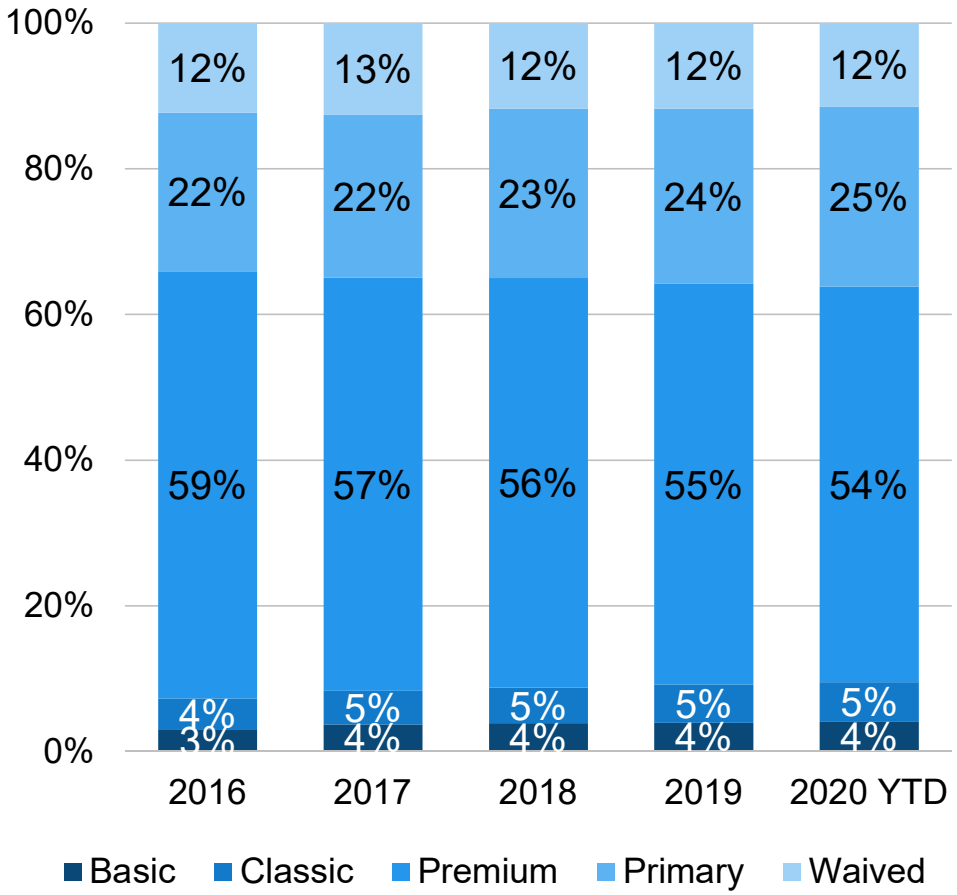
ASE - Average Enrollment (Subscribers) by Plan





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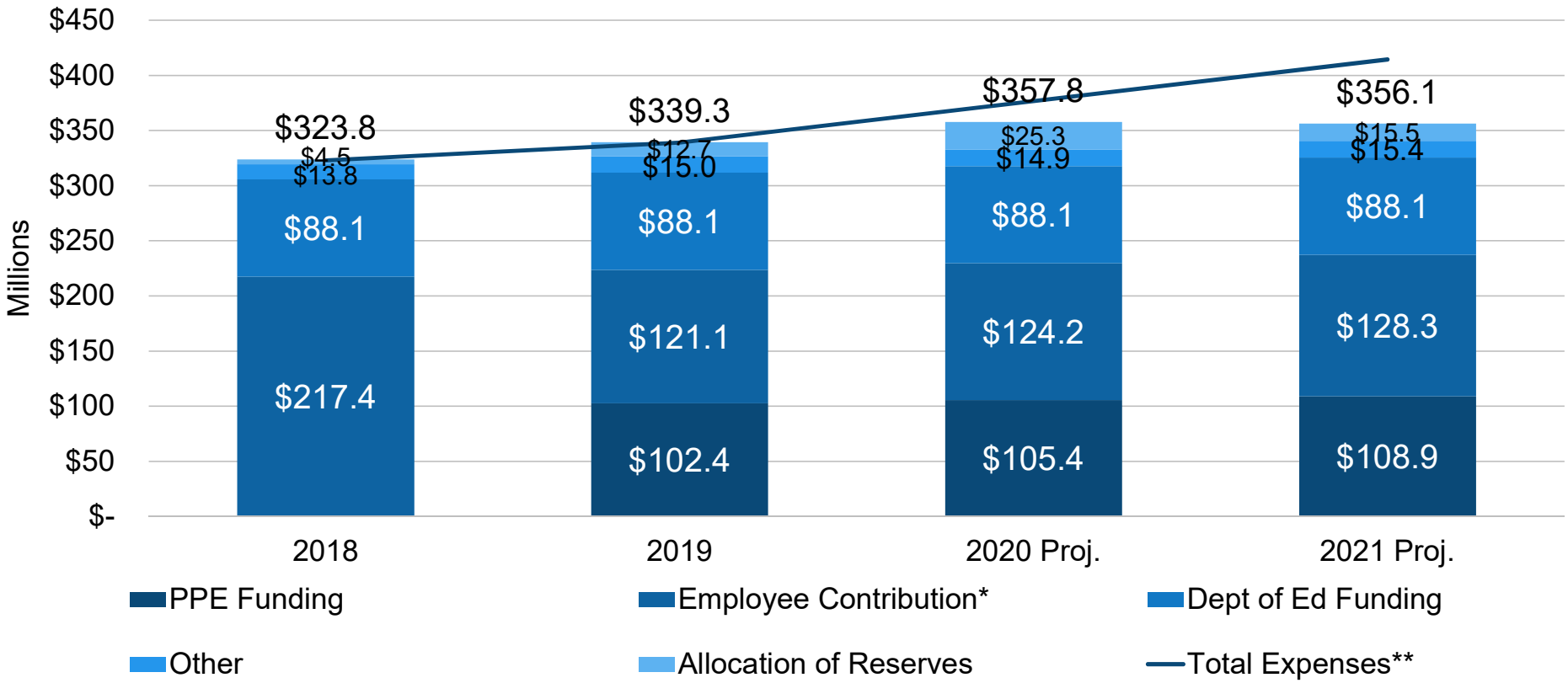
PSE - Income vs. Expenditure

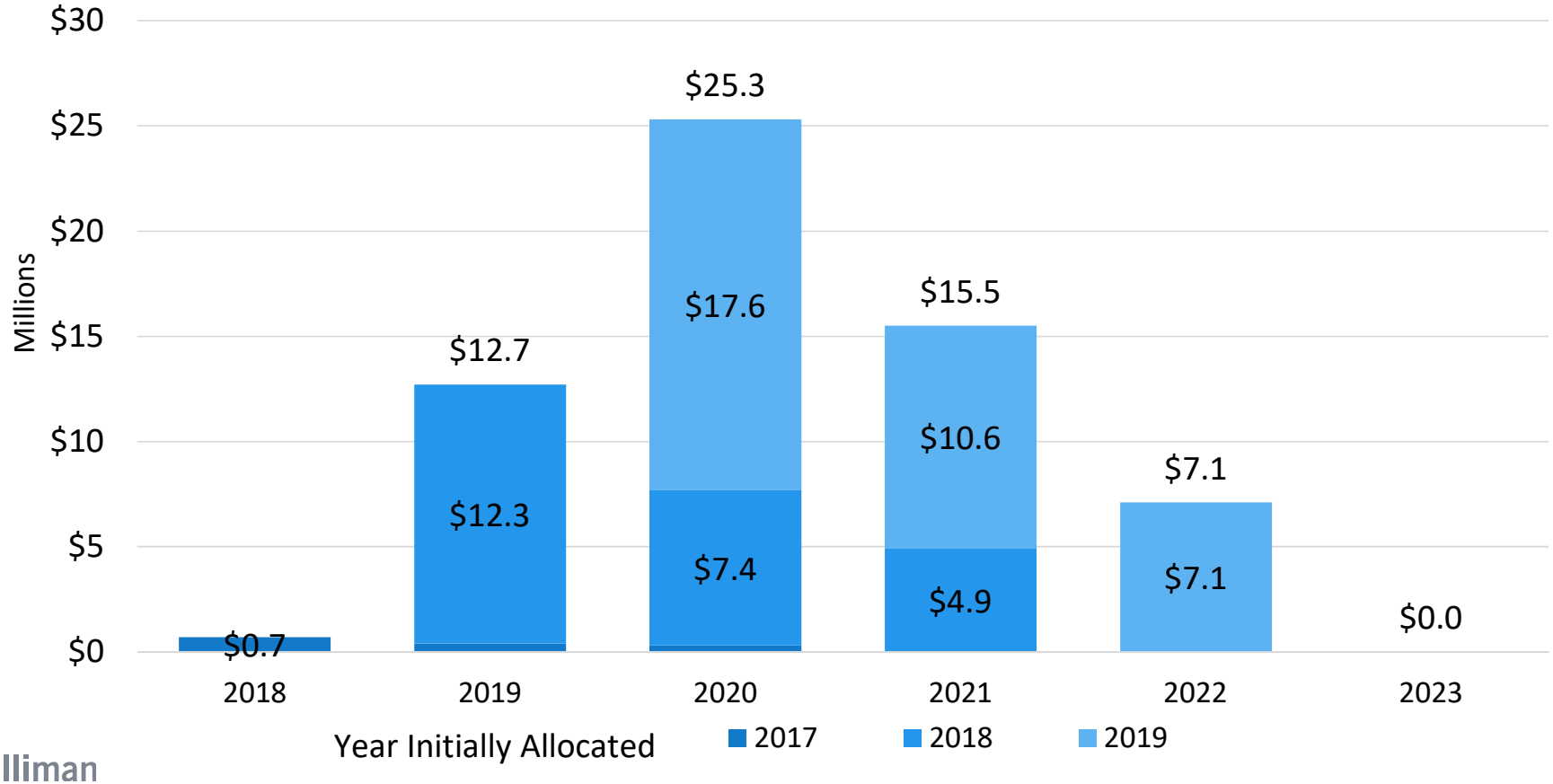


* 2018 Employee Contribution includes PPE Funding

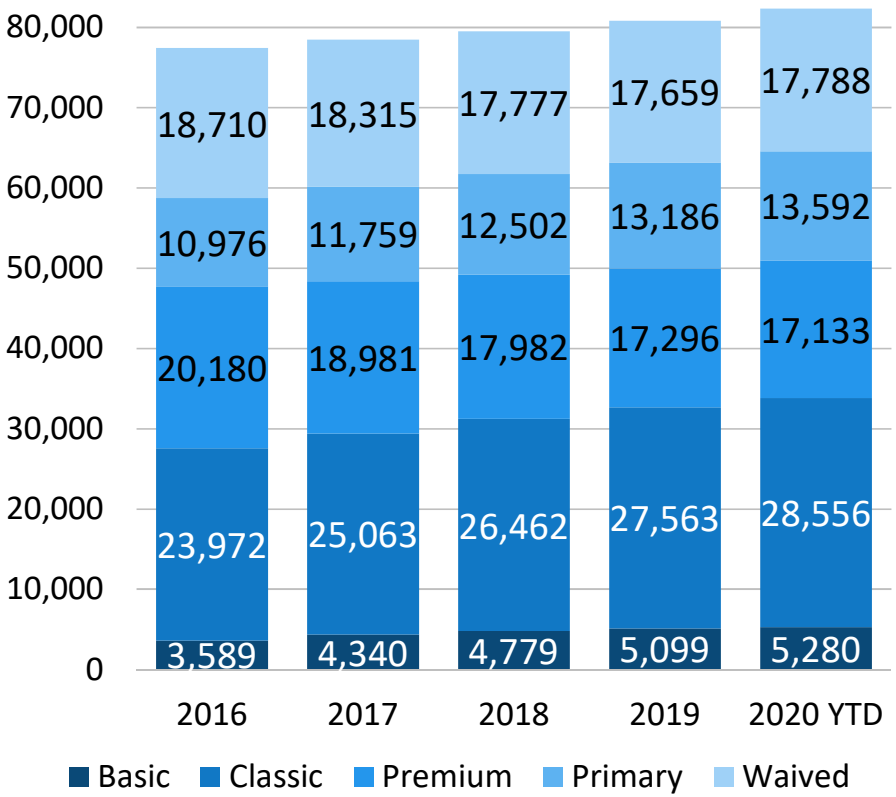
** Total Expenses offset by Pharmacy Program

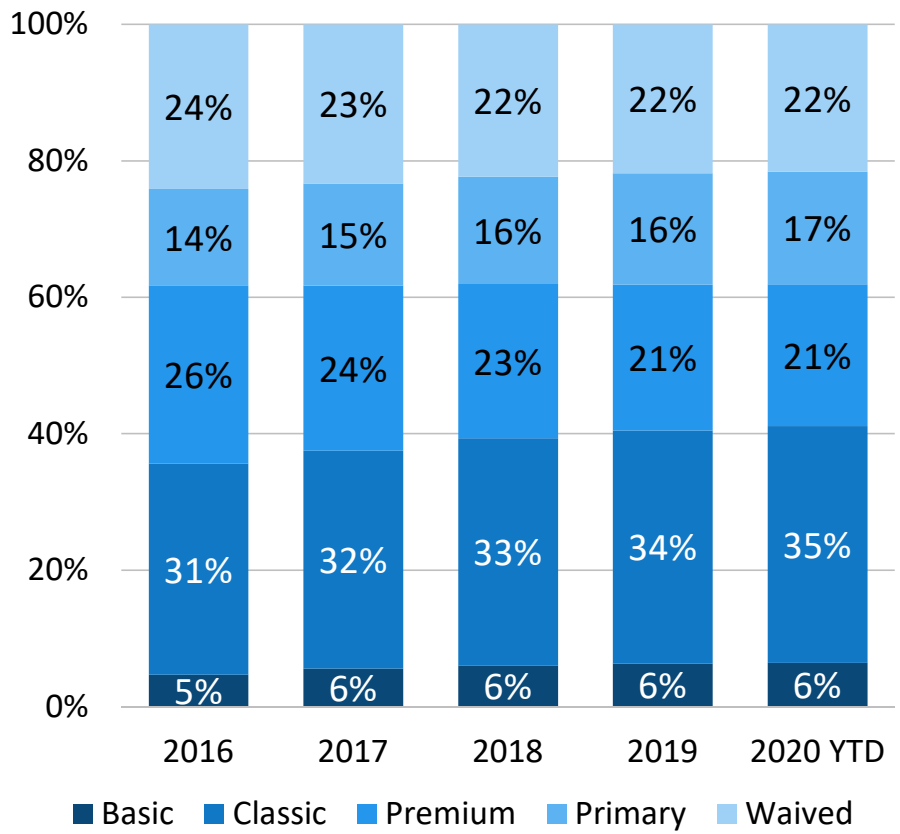
PSE - Reserves Allocation by Year

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



PSE - Average Enrollment (Subscribers) by Plan





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 January 2019 through February 2020
  - Projected March – December 2020 based on historical patterns
- Pharmacy Program
  - Projected program of $1.25 million per month for 2020, allocated between ASE / PSE based on pharmacy claims expense.
- Plan Administration Expense
  - ASE - $3.85 PMPM for CY2020 ($3.96 PMPM for CY2021)
  - PSE - $2.14 PMPM for CY2020 & CY2021
- Plan Administration Fees include PCORI charges for 2020 and 2021

Assumptions & Methodology

Methodology

1. Summarized fee-for-service (FFS) medical and pharmacy claims incurred from February 1, 2019 to January 31, 2020 and paid from February 1, 2019 to March 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 February 1, 2019 to January 31, 2020.
4. Divided the summarized incurred claims by the appropriate member months to calculate PMPMs.
5. 2020 Projected the incurred claims PMPM from the midpoint of the experience period (August 1, 2019) to the midpoint of the contract period (July 1, 2020).
6. 2021 Projected the incurred claims PMPM from the midpoint of the experience period (August 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