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

July 17th, 2020
10:00 a.m.

EBD Board Room – 501 Building, Suite 500

I. Call to Order................................................................. Susan Gardner, Chair
II. Approval of June Minutes................................................. Susan Gardner, Chair
III. COVID Update....................................................... Elizabeth Montgomery & Mike Motley, ACHI
IV. Plan Update.............................................................. Paul Sakhrami & Courtney White, Milliman
V. Director’s Report......................................................... Chris Howlett, EBD Director
VI. Adjournment.................................................................... Susan Gardner, Chair

2020 Upcoming Meetings:
August 14th, September 18th, October 16th

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 July 17, 2020, at 10:00 a.m. via teleconference

Date | time 7/17/2020 10:00 AM | Meeting called to order by Susan Gardner, Chair

In Attendance

<table>
<thead>
<tr>
<th>Members Present</th>
<th>Members Absent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Susan Gardner – Chair</td>
<td></td>
</tr>
<tr>
<td>Claudia Moran</td>
<td></td>
</tr>
<tr>
<td>Stephanie Lilly-Palmer</td>
<td></td>
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<tr>
<td>Ronnie Kissire – Vice-chair</td>
<td></td>
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<tr>
<td>Cindy Allen</td>
<td></td>
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<tr>
<td>Carla Haugen</td>
<td></td>
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<tr>
<td>Herb Scott</td>
<td></td>
</tr>
<tr>
<td>Chris Howlett, Employee Benefits Division (EBD) Director</td>
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</tr>
</tbody>
</table>

Others Present
Rhoda Classen, Mary Massirer, Terri Freeman, Stella Greene, EBD; Elizabeth Montgomery, Mike Motley, ACHI; Micah Bard, Sherry Bryant, Octawia DeYoung, EBRx UAMS; Jessica Akins, Takisha Sanders, HA; Paul Sakhrani, Courtney White, Scott Cohen, Milliman; Treg Long, ACS; Sidney Keisner, UAMS; Suzanne Woodall, Kristin Dolphy, Medimpact; Marissa Keith, BI; Donna Morey, ARTA; Jim Musick, Sanofi; Lauren Brakebill; Kelly Strack; Mary Grace Smith, Sheila Weddington, ASE Retiree

Approval of Minutes by Susan Gardner, Chair

MOTION by Kissire:

Move to approve the June 12, 2020 minutes.

Scott seconded; all were in favor.

Minutes Approved.

COVID Update: Elizabeth Montgomery & Mike Motley, ACHI

Montgomery and Motley presented ongoing analyses regarding COVID-19 impact on the plan, reviewed preliminary output on COVID-19 drug treatment utilization within the plan, assessed preliminary output on COVID-19-related telemedicine utilization within the plan, and presented analyses regarding COVID-19 financial impact on the plan.

Discussion:

Allen: Is there any difference in the charge for having a telemedicine visit as opposed to an in-person visit?
Howlett: It depends on the coding for a telemedicine visit. There are up to 40 different options for codes. There’s an evaluation and monitoring code and additional codes that are in place from a telephonic perspective. There are only certain codes relative to the telemedicine visit, and the same codes can be used in an in-person visit. The restrictions would be that there are certain codes that cannot be used because they’re at a brick and mortar doctor’s office.

Plan Update by Paul Sakhrani & Courtney White, 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 March 2019 to February 2020 and paid through June 2020
- 2020 projected plan experience
  - Allocated reserves for 2020 is $25.1M
  - Estimated deficit of $11.1M
  - End of Year Assets: $60.4M
  - 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
  - No additional funding ($14.5M allocated assets)
  - Projected deficit: $35.4M
  - End of Year Assets: $10.6M
  - 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 June 2020
- 2020 plan experience
  - Allocated reserves for 2020 is $25.3M
  - Estimated deficit of $20.1M
  - End of Year Assets: $102.7M
  - 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
  - No additional funding ($15.5M allocated assets)
  - Projected deficit: $67.0M
• End of Year Assets: $20.2M
• 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 stated that the biggest thing is that we are monitoring the COVID scenario and the impact to the plan. We are also looking at different scenarios to bring forward to the committee and board regarding rates. Respective to ongoing, we are trying to get more real time data to be able to get that in front of you so that you can see the impact. As far as the rates, we’ll have some more information that we’re working with Milliman on to be able to provide some options for consideration.

**MOTION** by Scott:

I make a motion to adjourn the meeting.

Moran seconded; all were in favor.

**Meeting Adjourned**
JULY 2020 BENEFITS
SUBCOMMITTEE PRESENTATION

Mike Motley, MPH
Director, Analytics

Izzy Montgomery, MPA
Policy Analyst

7.17.2020
OBJECTIVES

- Present ongoing analyses regarding COVID-19 impact on plan
- Review preliminary output on COVID-19 drug treatment utilization within plan
- Assess preliminary output on COVID-19-related telemedicine utilization within plan
- Present analyses regarding COVID-19 financial impact on plan
COVID-19: CONFIRMED CASES & DEATHS IN U.S.

At least 3,548,000 confirmed cases
At least 135,000 reported deaths

Sources: Washington Post and Johns Hopkins University, as of July 17
COVID-19: CONFIRMED CASES BY AR COUNTY

Cumulative Cases: 31,114 (6,578 active)

Source: Arkansas Department of Health, as of July 17
ADDITIONAL COVID-19 STATEWIDE STATISTICS

- Hospitalized: 470
- On Ventilator: 101
- Deaths: 341

Source: Arkansas Department of Health, as of July 17
DAILY ACTIVE COVID-19 CASES

Source: Arkansas Department of Health
WEEK 26: POSITIVE CASES AND NUMBER OF TESTS

Week beginning:
June 28, 2020

Notes: Excludes jail, not cumulative

Partial week
ALL: POSITIVE CASES AND NUMBER OF TEST

Cumulative

Notes: Excludes jail
COVID-19 HOSPITALIZATIONS IN ARKANSAS

Avg. daily number of patients hospitalized per week. Number is a 7-day average ending on a Monday.

Source: Average of daily numbers reported by Arkansas Department of Health
ADH ANALYSIS OF ARKANSANS HOSPITALIZED WITH COVID-19

- Information presented at July 1 press conference
- Of the 1,300 ever hospitalized (at that time):
  - 860 were discharged (66.2%)
  - 263 were still hospitalized (20.2%)
  - 177 died (13.6%)

As of 6-25-2020, Source: ADH
COVID-19 PATIENTS ON A VENTILATOR IN ARKANSAS

Avg. daily number of patients on a ventilator per week.
Number is a 7-day average ending on a Monday.

Source: Average of daily numbers reported by Arkansas Department of Health
ADH ANALYSIS OF ARKANSANS ON VENTILATORS WITH COVID-19

- Information presented at July 1 press conference
- Of the 203 ever on a ventilator (at that time):
  - 94 died (46.3%)
  - 57 were taken off a ventilator (28.1%)
  - 52 were still on a ventilator (25.6%)

As of 6-25-2020, Source: ADH
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 July 8, 2020
- Estimated total number of members ever tested: 19,100
- Total number of members with positive test: 942
- Total number of members ever hospitalized: 66
- Total numbers of members ever in ICU: 28
- Total number of members ever intubated: 10

Source: Arkansas Center for Health Improvement, as of July 8
DAILY POSITIVE TEST COUNT AMONG EBD MEMBERS

Source: Arkansas Center for Health Improvement, as of July 8
CUMULATIVE POSITIVE TEST COUNT AMONG EBD MEMBERS

Source: Arkansas Center for Health Improvement, as of July 8
COVID-19 TREATMENT UPDATES

- Convalescent plasma
- Remdesivir
  - Update: U.S. insurers will pay $3,120 for 5-day course
- Hydroxychloroquine
- Dexamethasone
HYDROXYCHLOROQUINE UTILIZATION WITHIN PLAN (JAN. 2020 – MAY 2020)

Source: Arkansas Center for Health Improvement
TELEMEDICINE SERVICE UTILIZATION WITH PLAN
(OCT. 2019–APR. 2020)

Number of Telemedicine Services


Source: Arkansas Center for Health Improvement
EBD PLAN PAID AMOUNT FOR TELEMEDICINE SERVICES (OCT. 2019 – APR. 2020)

<table>
<thead>
<tr>
<th>Month</th>
<th>Plan Paid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct-19</td>
<td>$6,233</td>
</tr>
<tr>
<td>Nov-19</td>
<td>$5,797</td>
</tr>
<tr>
<td>Dec-19</td>
<td>$6,052</td>
</tr>
<tr>
<td>Jan-20</td>
<td>$3,877</td>
</tr>
<tr>
<td>Feb-20</td>
<td>$6,207</td>
</tr>
<tr>
<td>Mar-20</td>
<td>$321,268</td>
</tr>
<tr>
<td>Apr-20</td>
<td>$1,522,853</td>
</tr>
</tbody>
</table>

Source: Arkansas Center for Health Improvement
COVID-19 FINANCIAL IMPACT ASSESSMENT

In addition to tracking COVID-19 positive tests, hospitalizations, and number of members tested, ACHI is also assessing financial impacts to plan:

- Costs of COVID-19 related hospitalizations
- Related costs for all members with a positive test result
- Costs to the plan for testing and related assessments
- Additional costs related to expanded telemedicine utilization
COVID-19 FINANCIAL IMPACT ASSESSMENT

- To assess financial impact, ACHI is linking claims data to ADH COVID-19 data.
- Current plan claims data available to ACHI is as current as May 20, 2020.
- Current analyses include total costs for members with a positive test and for members with a related hospitalization.
- Analyses also include costs of testing (molecular) and related assessment visits.
COVID-19 HOSPITALIZATION COSTS

- Due to 6-month timely filing requirements and necessary claims run-out periods, costs analyses specific to all hospital stays are not available at this time.
- ACHI will update hospitalization-specific cost analyses as more claims experience becomes available.
COSTS RELATED TO TESTING AND ASSESSMENTS

- Through May 21, claims for tests = 1,624
- Costs for tests = $125,504 (average of $77 per test)
- Outpatient or emergency department (ED) visits were associated with 1,003 of 1,624 tests (62%)
- Additional costs for associated OP or ED visits = $48,537
- Total amount paid by the plan for testing and associated OP or ED visits = $174,041
COSTS FOR MEMBERS WITH A HOSPITALIZATION

- As of June 4, 32 members were identified as having a hospitalization related to COVID-19
- 24 members deemed as having been hospitalized had claims experience within one week prior to their COVID positive test date through May 21
- Total amount paid by the plan across those claims = $197,468 (average of $8,228 per member)
- Future claims experience will provide a more complete picture of hospital costs
COSTS FOR MEMBERS WITH A POSITIVE TEST

- 121 members had claims within one week prior to their positive test date through May 21
- Total amount paid by the plan (including those with a hospitalization) = $237,825 (average of $1,965 per member)
NEXT STEPS

- ACHI will continue to provide updates on estimated number of members tested, number of positive tests, and number of hospitalizations

- Will continue providing updates on drug therapy utilization

- Will continue providing updates on telemedicine utilization and plan spend, including an update May 2020 experience

- Will continue assessing financial impact of COVID-19 on plan
State of Arkansas Employee Benefits Division

Interim Monitoring Report
Through June 30th

State and Public School Life and Health Insurance Benefits Subcommittee

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

17 JULY 2020
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 projected plan experience
  - Allocated reserves for 2020 is $25.1M
  - Estimated deficit of $11.1M
  - End of Year Assets: $60.4M
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## Total Plan Experience

### Funding

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Contribution</strong></td>
<td>$173.61</td>
<td>$172.24</td>
<td>$172.24</td>
</tr>
<tr>
<td><strong>Employee Contribution</strong></td>
<td>$97.45</td>
<td>$99.56</td>
<td>$100.24</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>$23.47</td>
<td>$21.65</td>
<td>$21.80</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>$294.53</td>
<td>$293.46</td>
<td>$294.28</td>
</tr>
<tr>
<td><strong>Medical Claims</strong></td>
<td>$(194.59)</td>
<td>$(216.03)</td>
<td>$(222.99)</td>
</tr>
<tr>
<td><strong>Pharmacy Claims</strong></td>
<td>$(86.58)</td>
<td>$(99.15)</td>
<td>$(109.26)</td>
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<tr>
<td><strong>Administration Fees</strong></td>
<td>$(18.30)</td>
<td>$(17.51)</td>
<td>$(17.63)</td>
</tr>
<tr>
<td><strong>Plan Administration</strong></td>
<td>$(2.90)</td>
<td>$(2.81)</td>
<td>$(2.90)</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>$(302.37)</td>
<td>$(335.50)</td>
<td>$(352.78)</td>
</tr>
<tr>
<td><strong>Program Savings</strong></td>
<td>-</td>
<td>$5.85</td>
<td>$8.66</td>
</tr>
<tr>
<td><strong>Net Income / (Loss) Before Reserve Allocation</strong></td>
<td>$(7.84)</td>
<td>$(36.19)</td>
<td>$(49.84)</td>
</tr>
<tr>
<td><strong>Allocation of Reserves</strong></td>
<td>$21.70</td>
<td>$25.08</td>
<td>$14.46</td>
</tr>
<tr>
<td><strong>Net Income / (Loss) After Reserve Allocation</strong></td>
<td>$13.86</td>
<td>$(11.10)</td>
<td>$(35.38)</td>
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### Average Membership

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Active Employees / Pre-65 Retirees</strong></td>
<td>47,752</td>
<td>46,885</td>
<td>46,885</td>
</tr>
<tr>
<td><strong>Post-65 Retirees</strong></td>
<td>13,345</td>
<td>13,815</td>
<td>14,229</td>
</tr>
<tr>
<td><strong>Total Enrolled</strong></td>
<td>61,098</td>
<td>60,700</td>
<td>61,114</td>
</tr>
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</table>

### Total Income PMPM

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Income PMPM</strong></td>
<td>$431.32</td>
<td>$437.32</td>
<td>$420.99</td>
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### Total Expenses PMPM

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Expenses PMPM</strong></td>
<td>$(412.41)</td>
<td>$(452.56)</td>
<td>$(469.23)</td>
</tr>
</tbody>
</table>

1. Allocation of Reserves included in Total Income
2. Total Expenses offset by Program Savings
**Projected Assets: 2019 – 2021**

<table>
<thead>
<tr>
<th>Development of 2021 End-of-Year Assets ($millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) 2019 End-of-Year Assets</td>
</tr>
<tr>
<td>(b) 2020 Total Income</td>
</tr>
<tr>
<td>(c) Total Expenses</td>
</tr>
<tr>
<td>(d) Allocated Assets</td>
</tr>
<tr>
<td>(e) = (b) + (c) + (d)</td>
</tr>
<tr>
<td>(f) = (a) - (d) + (e)</td>
</tr>
<tr>
<td>(g) 2021 Total Income</td>
</tr>
<tr>
<td>(h) Total Expenses</td>
</tr>
<tr>
<td>(i) Allocated Assets</td>
</tr>
<tr>
<td>(j) = (g) + (h) + (i)</td>
</tr>
<tr>
<td>(k) = (f) - (i) + (j)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) 2019 End-of-Year Assets</td>
<td>$96.6</td>
<td>$96.6</td>
<td></td>
</tr>
<tr>
<td>(b) 2020 Total Income</td>
<td></td>
<td>$293.5</td>
<td></td>
</tr>
<tr>
<td>(c) Total Expenses</td>
<td></td>
<td></td>
<td>($329.6)</td>
</tr>
<tr>
<td>(d) Allocated Assets</td>
<td></td>
<td></td>
<td>$25.1</td>
</tr>
<tr>
<td>(e) = (b) + (c) + (d)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(f) = (a) - (d) + (e)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(g) 2021 Total Income</td>
<td></td>
<td></td>
<td>$294.3</td>
</tr>
<tr>
<td>(h) Total Expenses</td>
<td></td>
<td></td>
<td>($344.1)</td>
</tr>
<tr>
<td>(i) Allocated Assets</td>
<td></td>
<td></td>
<td>$14.5</td>
</tr>
<tr>
<td>(j) = (g) + (h) + (i)</td>
<td></td>
<td></td>
<td>($35.4)</td>
</tr>
<tr>
<td>(k) = (f) - (i) + (j)</td>
<td></td>
<td></td>
<td>$10.6</td>
</tr>
</tbody>
</table>

**Notes:**
- Total Surplus / (Deficit) = (a) - (d) + (e)
- End-of-Year Assets = (b) + (c) + (d)
- Total Surplus / (Deficit) = (g) + (h) + (i)
### End of Year Assets

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Millions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FICA/Unallocated Assets</td>
<td>$30.6</td>
<td>$30.4</td>
<td>$15.3</td>
<td>$16.0</td>
</tr>
<tr>
<td>Allocated Catastrophic Reserve</td>
<td>$37.0</td>
<td>$30.4</td>
<td>$20.5</td>
<td>$16.0</td>
</tr>
<tr>
<td>IBNR/Other</td>
<td></td>
<td></td>
<td>$2.7</td>
<td>$10.6</td>
</tr>
</tbody>
</table>

**2020-2022 Allocation**
- $2.7

**Contribution Allocations**
- $6.1

**2020-2022 Projected**
- $16.0

**2021 Projected**
- $38.1
Monthly Trend - Medical

ASE - Medical Per Member Per Month (PMPM)

Paid PMPM

$0

$50

$100

$150

$200

$250

$300

$350

$400

In incurred Month

Jan-17

Feb-17

Mar-17

Apr-17

May-17

Jun-17

Jul-17

Aug-17

Sep-17

Oct-17

Nov-17

Dec-17

Jan-18

Feb-18

Mar-18

Apr-18

May-18

Jun-18

Jul-18

Aug-18

Sep-18

Oct-18

Nov-18

Dec-18

Jan-19

Feb-19

Mar-19

Apr-19

May-19

Jun-19

Jul-19

Aug-19

Sep-19

Oct-19

Nov-19

Dec-19

Jan-20

Feb-20

Mar-20

Apr-20

PMPM

6 per. Mov. Avg. (PMPM)
Monthly Trend - Pharmacy

ASE - Pharmacy Per Member Per Month (PMPM)

Paid PMPM

Incurred Month

PMPM  6 per. Mov. Avg. (PMPM)
Public School Employees (PSE)
Executive Summary


- 2020 plan experience
  - Allocated reserves for 2020 is $25.3M
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## Total Plan Experience

### Funding

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<tr>
<th></th>
<th>2019</th>
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<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPE Funding</td>
<td>$102.39</td>
<td>$105.38</td>
<td>$108.89</td>
</tr>
<tr>
<td>Employee Contribution</td>
<td>$121.12</td>
<td>$124.21</td>
<td>$128.35</td>
</tr>
<tr>
<td>Dept of Ed Funding</td>
<td>$88.10</td>
<td>$88.10</td>
<td>$88.10</td>
</tr>
<tr>
<td>Other</td>
<td>$15.02</td>
<td>$14.88</td>
<td>$15.38</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>$326.64</td>
<td>$332.56</td>
<td>$340.72</td>
</tr>
<tr>
<td>Medical Claims</td>
<td>$(247.12)</td>
<td>$(280.49)</td>
<td>$(317.69)</td>
</tr>
<tr>
<td>Pharmacy Claims</td>
<td>$(60.87)</td>
<td>$(72.20)</td>
<td>$(80.03)</td>
</tr>
<tr>
<td>Administration Fees</td>
<td>$(28.46)</td>
<td>$(28.18)</td>
<td>$(29.20)</td>
</tr>
<tr>
<td>Plan Administration</td>
<td>$(2.61)</td>
<td>$(2.55)</td>
<td>$(2.63)</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$(339.06)</td>
<td>$(383.42)</td>
<td>$(429.56)</td>
</tr>
<tr>
<td>Program Savings</td>
<td>$-</td>
<td>$4.55</td>
<td>$6.34</td>
</tr>
<tr>
<td><strong>Net Income / (Loss) Before Reserve Allocation</strong></td>
<td>$(12.42)</td>
<td>$(46.31)</td>
<td>$(82.50)</td>
</tr>
<tr>
<td>Allocation of Reserves</td>
<td>$12.66</td>
<td>$25.25</td>
<td>$15.48</td>
</tr>
<tr>
<td><strong>Net Income / (Loss) After Reserve Allocation</strong></td>
<td>$0.23</td>
<td>$(21.05)</td>
<td>$(67.02)</td>
</tr>
</tbody>
</table>

### Average Membership

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Employees / Pre-65 Retirees</td>
<td>82,391</td>
<td>84,441</td>
<td>86,856</td>
</tr>
<tr>
<td>Post-65 Retirees</td>
<td>14,279</td>
<td>15,038</td>
<td>15,940</td>
</tr>
<tr>
<td><strong>Total Enrolled</strong></td>
<td>96,669</td>
<td>99,478</td>
<td>102,795</td>
</tr>
</tbody>
</table>

### Total Income PMPM

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income PMPM</td>
<td>$292.49</td>
<td>$299.75</td>
<td>$288.76</td>
</tr>
</tbody>
</table>

### Total Expenses PMPM

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenses PMPM</td>
<td>$(292.28)</td>
<td>$(317.38)</td>
<td>$(343.09)</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>2019 End-of-Year Assets</td>
<td>$149.0</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>2020 Total Income</td>
<td>$332.6</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>2020 Total Expenses</td>
<td>($378.9)</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>2020 Allocated Assets</td>
<td>$25.3</td>
<td></td>
</tr>
<tr>
<td>(e)</td>
<td>2020 Total Surplus / (Deficit)</td>
<td>($21.1)</td>
<td></td>
</tr>
<tr>
<td>(f)</td>
<td>2020 End-of-Year Assets</td>
<td>$102.7</td>
<td></td>
</tr>
<tr>
<td>(g)</td>
<td>2021 Total Income</td>
<td>$340.7</td>
<td></td>
</tr>
<tr>
<td>(h)</td>
<td>2021 Total Expenses</td>
<td>($423.2)</td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>2021 Allocated Assets</td>
<td>$15.5</td>
<td></td>
</tr>
<tr>
<td>(j)</td>
<td>2021 Total Surplus / (Deficit)</td>
<td>($67.0)</td>
<td></td>
</tr>
<tr>
<td>(k)</td>
<td>2021 End-of-Year Assets</td>
<td>$20.2</td>
<td></td>
</tr>
</tbody>
</table>
End of Year Assets

2018
- FICA/Unallocated Assets: $47.9
- Allocated Catastrophic Reserve: $58.5
- Allocation for 2020-2022: $25.2
- Contribution Allocations: $29.0

2019
- FICA/Unallocated Assets: $14.7
- Allocated Catastrophic Reserve: $35.3
- Allocation for 2020-2022: $12.5
- Contribution Allocations: $28.0

2020 Proj.
- FICA/Unallocated Assets: $58.5
- Allocated Catastrophic Reserve: $22.5
- Allocation for 2020-2022: $7.1
- Contribution Allocations: $37.1

2021 Proj.
- FICA/Unallocated Assets: $58.5
- Allocated Catastrophic Reserve: $7.1
- Allocation for 2020-2022: $37.1
- Contribution Allocations: -$82.5

Millions

$200
$150
$100
$50
$0
-$50

2018
2019
2020 Proj.
2021 Proj.
Monthly Trend - Medical

PSE - Medical Per Member Per Month (PMPM)

Paid PMPM

$0

$50

$100

$150

$200

$250

$300

In incurred month


PMPM  6 per. Mov. Avg. (PMPM)
Monthly Trend - Pharmacy

PSE - Pharmacy Per Member Per Month (PMPM)

Paid PMPM

Incurred Month

PMPM
6 per. Mov. Avg. (PMPM)
Appendix
ASE - Income vs. Expenditure


State Contribution | $174.7 | $173.6 | $172.2 | $172.2
Employee Contribution | $18.0 | $21.7 | $25.1 | $14.5
Other Income | $96.7 | $97.5 | $99.6 | $100.2
Allocation of Reserves | $309.1 | $316.2 | $318.5 | $308.7
Total Expenses* | $309.1 | $316.2 | $318.5 | $308.7

* 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.


- 2018: $13.0, $4.7, $8.3
- 2019: $13.4, $2.8, $5.5
- 2020: $21.7, $8.0, $1.9
- 2021: $25.1, $9.1, $5.4
- 2022: $14.5, $6.1
- 2023: $6.1, $0.0
ASE - Average Membership by Status

<table>
<thead>
<tr>
<th>Year</th>
<th>Active</th>
<th>Pre-65 Retirees</th>
<th>Post-65 Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>12,030</td>
<td>3,371</td>
<td>45,511</td>
</tr>
<tr>
<td>2017</td>
<td>12,493</td>
<td>3,317</td>
<td>44,897</td>
</tr>
<tr>
<td>2018</td>
<td>12,914</td>
<td>3,199</td>
<td>44,859</td>
</tr>
<tr>
<td>2019</td>
<td>13,345</td>
<td>3,117</td>
<td>44,635</td>
</tr>
<tr>
<td>2020 Proj.</td>
<td>13,815</td>
<td>3,059</td>
<td>44,635</td>
</tr>
<tr>
<td>2021 Proj.</td>
<td>14,229</td>
<td>3,059</td>
<td>44,635</td>
</tr>
</tbody>
</table>

2016: 20% Active, 6% Pre-65 Retirees, 75% Post-65 Retirees
2017: 21% Active, 5% Pre-65 Retirees, 74% Post-65 Retirees
2018: 21% Active, 5% Pre-65 Retirees, 74% Post-65 Retirees
2019: 22% Active, 5% Pre-65 Retirees, 73% Post-65 Retirees
2020 Proj.: 23% Active, 5% Pre-65 Retirees, 72% Post-65 Retirees
2021 Proj.: 23% Active, 5% Pre-65 Retirees, 72% Post-65 Retirees
ASE - Average Membership by Plan

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>3,030</td>
<td>3,341</td>
<td>3,580</td>
<td>3,871</td>
<td>4,082</td>
</tr>
<tr>
<td>Classic</td>
<td>2,176</td>
<td>2,556</td>
<td>2,666</td>
<td>2,738</td>
<td>2,774</td>
</tr>
<tr>
<td>Premium</td>
<td>43,240</td>
<td>41,853</td>
<td>41,418</td>
<td>40,728</td>
<td>39,953</td>
</tr>
<tr>
<td>Primary</td>
<td>41,097</td>
<td>39,920</td>
<td>39,515</td>
<td>38,704</td>
<td>38,034</td>
</tr>
</tbody>
</table>

Percentage Breakdown:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Classic</td>
<td>21%</td>
<td>19%</td>
<td>19%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Premium</td>
<td>71%</td>
<td>69%</td>
<td>68%</td>
<td>67%</td>
<td>66%</td>
</tr>
<tr>
<td>Primary</td>
<td>20%</td>
<td>21%</td>
<td>22%</td>
<td>23%</td>
<td>23%</td>
</tr>
</tbody>
</table>
## ASE - Average Enrollment (Subscribers) by Plan

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>5,320</td>
<td>5,499</td>
<td>5,174</td>
<td>5,183</td>
<td>5,074</td>
</tr>
<tr>
<td>Classic</td>
<td>9,400</td>
<td>9,786</td>
<td>10,180</td>
<td>10,557</td>
<td>10,843</td>
</tr>
<tr>
<td>Premium</td>
<td>25,322</td>
<td>24,797</td>
<td>24,656</td>
<td>24,149</td>
<td>23,673</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>1,817</td>
<td>2,022</td>
<td>2,148</td>
<td>2,319</td>
<td>2,414</td>
</tr>
<tr>
<td>Waived</td>
<td>1,734</td>
<td>1,610</td>
<td>1,698</td>
<td>1,728</td>
<td>1,770</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic</th>
<th>Classic</th>
<th>Premium</th>
<th>Primary</th>
<th>Waived</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>12%</td>
<td>4%</td>
<td>59%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>2017</td>
<td>13%</td>
<td>5%</td>
<td>57%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>2018</td>
<td>12%</td>
<td>6%</td>
<td>56%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>2019</td>
<td>12%</td>
<td>5%</td>
<td>55%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>2020</td>
<td>12%</td>
<td>4%</td>
<td>54%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>YTD</td>
<td>12%</td>
<td>4%</td>
<td>54%</td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Source:** Milliman
PSE - Income vs. Expenditure

* 2018 Employee Contribution includes PPE Funding

** Total Expenses offset by Program Savings

---

<table>
<thead>
<tr>
<th>Year</th>
<th>PPE Funding</th>
<th>Employee Contribution*</th>
<th>Dept of Ed Funding</th>
<th>Other</th>
<th>Allocation of Reserves</th>
<th>Total Expenses**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$323.8</td>
<td>$13.8</td>
<td>$217.4</td>
<td>$88.1</td>
<td>$4.5</td>
<td>$356.2</td>
</tr>
<tr>
<td>2019</td>
<td>$339.3</td>
<td>$15.6</td>
<td>$212.1</td>
<td>$88.1</td>
<td>$5.0</td>
<td>$356.2</td>
</tr>
<tr>
<td>2020 Proj.</td>
<td>$357.8</td>
<td>$25.3</td>
<td>$124.2</td>
<td>$88.1</td>
<td>$7.5</td>
<td>$356.2</td>
</tr>
<tr>
<td>2021 Proj.</td>
<td>$356.2</td>
<td>$15.4</td>
<td>$128.3</td>
<td>$88.1</td>
<td>$7.4</td>
<td>$356.2</td>
</tr>
</tbody>
</table>
PSE - Reserves Allocation by Year

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

<table>
<thead>
<tr>
<th>Year Initially Allocated</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$0.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$12.3</td>
<td>$12.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>$7.4</td>
<td>$17.6</td>
<td>$25.3</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td>$10.6</td>
<td>$15.5</td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td>$7.1</td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td></td>
<td>$0.0</td>
</tr>
</tbody>
</table>
### PSE - Average Membership by Status

#### Active, Pre-65 Retirees, Post-65 Retirees

<table>
<thead>
<tr>
<th>Year</th>
<th>Active</th>
<th>Pre-65 Retirees</th>
<th>Post-65 Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>70,972</td>
<td>11,874</td>
<td>3,984</td>
</tr>
<tr>
<td>2017</td>
<td>73,173</td>
<td>12,735</td>
<td>3,960</td>
</tr>
<tr>
<td>2018</td>
<td>76,029</td>
<td>13,536</td>
<td>3,921</td>
</tr>
<tr>
<td>2019</td>
<td>78,494</td>
<td>14,279</td>
<td>3,897</td>
</tr>
<tr>
<td>2020 Proj.</td>
<td>80,494</td>
<td>15,038</td>
<td>3,947</td>
</tr>
<tr>
<td>2021 Proj.</td>
<td>82,908</td>
<td>15,940</td>
<td>3,947</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Active</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>15%</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Pre-65 Retirees</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Post-65 Retirees</td>
<td>82%</td>
<td>81%</td>
<td>81%</td>
<td>81%</td>
<td>81%</td>
<td>81%</td>
</tr>
</tbody>
</table>

*Proj.* = Projected

---

**Note:** The data reflects the average membership by status for the years 2016 to 2021, with projections for 2020 and 2021. The percentage distribution for Active, Pre-65 Retirees, and Post-65 Retirees is also shown for each year specified.
PSE - Average Membership by Plan

- **Basic**: 5,320 (2016) → 26,033 (2020 YTD)
- **Classic**: 12,042 (2016) → 43,434 (2020 YTD)
- **Premium**: 12,874 (2016) → 53,193 (2020 YTD)
- **Primary**: 6,428 (2016) → 24,779 (2020 YTD)

Percentage by Plan:

- **Basic**: 6% (2016) → 50% (2020 YTD)
- **Classic**: 7% (2016) → 30% (2020 YTD)
- **Premium**: 8% (2016) → 50% (2020 YTD)
- **Primary**: 8% (2016) → 20% (2020 YTD)
PSE - Average Enrollment (Subscribers) by Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic</th>
<th>Classic</th>
<th>Premium</th>
<th>Primary</th>
<th>Waived</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3,589</td>
<td>4,340</td>
<td>4,779</td>
<td>5,099</td>
<td>5,276</td>
</tr>
<tr>
<td>2017</td>
<td>23,972</td>
<td>25,063</td>
<td>26,462</td>
<td>27,563</td>
<td>28,527</td>
</tr>
<tr>
<td>2018</td>
<td>18,712</td>
<td>18,317</td>
<td>17,779</td>
<td>17,662</td>
<td>17,723</td>
</tr>
<tr>
<td>2019</td>
<td>10,976</td>
<td>11,759</td>
<td>12,502</td>
<td>13,186</td>
<td>13,627</td>
</tr>
<tr>
<td>2020 YTD</td>
<td>20,180</td>
<td>18,981</td>
<td>17,982</td>
<td>17,296</td>
<td>17,101</td>
</tr>
</tbody>
</table>

Percentages:

- Basic: 5%, 14%, 26%, 31%, 5%
- Classic: 6%, 15%, 24%, 32%, 6%
- Premium: 6%, 16%, 23%, 33%, 6%
- Primary: 6%, 22%, 21%, 34%, 6%
- Waived: 6%, 22%, 21%, 35%, 6%
### Assumptions & Methodology

#### Assumptions - Trend

<table>
<thead>
<tr>
<th>Division</th>
<th>Group</th>
<th>Medical Trend</th>
<th>Pharmacy Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASE</td>
<td>Active/Pre-65 Retirees</td>
<td>5.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td></td>
<td>Post-65 Retirees</td>
<td>5.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>PSE</td>
<td>Active/Pre-65 Retirees</td>
<td>7.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td></td>
<td>Post-65 Retirees</td>
<td>7.0%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>
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 May 2020
  - Projected June – 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.

- Plan Administration Expense
  - ASE - $3.85 PMPM for CY2020 ($3.96 PMPM for CY2021)
  - PSE - $2.14 PMPM for CY2020 ($2.14 PMPM for CY2021)

- 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 and pharmacy claims incurred from March 1, 2019 to February 29, 2020 and paid from March 1, 2019 to June 30, 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.


4. Divided the summarized incurred claims by the appropriate member months to calculate PMPMs.

5. 2020 Projected the incurred claims for May 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 (September 1, 2020). Utilize actual claims for January 2020 to April 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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