AGENDA

State and Public School Life and Health Insurance Board

March 29th, 2021

3:00 p.m.

EBD Board Room – Rockefeller Building, Suite 500

I. Call to Order...Renee Mallory, Chair

II. Trend Experience for PSE................................Paul Sakhrani & Courtney White, Milliman

III. Review Options for Potential Plan Savings Discussion

IV. Adjournment...Renee Mallory, Chair

2021 Upcoming Meetings:

April 20th, May 25th, June 22nd

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

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

STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE BOARD – WORKING SESSION MEETING MINUTES

The State and Public School Life and Health Insurance Board (hereinafter called the Board), met on March 29th, 2021, at 3:00 PM

Date | *time* 3/29/2021 3:00 PM | *meeting called to order by Renee Mallory -Chair*

Attendance

Members Present	**Members Absent**
Stephanie Lilly-Palmer	
Secretary Cindy Gillespie	
Secretary Amy Fecher	
Renee Mallory – Chair	
Herb Scott	
Shalada Toles, Employee Benefits Division Deputy Director	

Teleconference

Cindy Allen

Cynthia Dunlap

Dr. Lanita White

Dr. John Kirtley

Greg Rogers

Melissa Moore

Lisa Sherrill

Dori Gutierrez

Dr. Terry Fiddler

OTHERS PRESENT:

Rhoda Classen, Jennifer Goss, Megan Weick, Drake Rodriguez, Mary Massirer, Janella DeVille, Jake Bleed, EBD; Micah Bard, Dwight Davis, Oktawia DeYoung, Sherry Bryant, UAMS EBRX; Jessica Akins, Takisha Sanders, Jim Bailey, Health Advantage; Elizabeth Montgomery, ACHI; Courtney White, Paul Sakhrani, Greg Collins, Julia Weber, Milliman; Mitch Rouse, TSS; Sylvia Landers, Colonial Life; Kristie Banks, Mainstream; Judith Paslaski, MedImpact; Nicholas Poole, ASEA; Frances Bauman, Novo Nordisk; Stephen Carroll, AllCare Specialty; Erika Gee, WLJ; Robyn Keene, ASEA; Ronda Walthall, ARDOT; Robert McQuade, Pamela Mayo, Rich Macy, Trisha Grantham, BJ Henderson, Derrick Smith, Mary Grace Smith, ASE Retiree; Melissa Riffle, AGFC; David Kizzia, AEANEA; Dwane Tankersley, NovaSys Health; Brenda McCrady, Board of Pharmacy

Trend Experience for PSE by Courtney White & Paul Sakhrani, Milliman

White and Sakhrani provided an update on the Plan experience for ASE and PSE and presented the 2021 roadmap.

PSE

- Updated 2020 income and expenses based on EBD financials
- 2021 & 2022 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through February 2021 and pharmacy claims data incurred from January 2020 to December 2020 and paid through February 2021.
- 2021 projected plan experience
    - Allocated of Prior Years' Surplus for 2021 is $15.5M
    - Projected deficit: -$800K (after prior years' surplus allocation)
    - End of Year Unallocated Assets for 2021: $4.7M
    - Reflected 2021 program initiatives and board decisions
    - Increased membership based on historical patterns
    - Baseline trends (medical: 7%, pharmacy: 8%)
- 2022 projected plan experience
    - Allocated of Prior Years' Surplus for 2022 is $7.1M
    - Estimated deficit: -$65.2M (after prior years' surplus allocation)
    - End of Year Unallocated Assets for 2021: -$60.5M
    - Reflected baseline scenario
    - No plan design or contribution changes

Discussion

Allen: I did a little homework, I'm a retired teacher, with the emails we are getting, some of them do not have the correct information. I just want to tell the Board that I checked with an independent insurance agent that I know. The people that are on Medicare, if they lose their supplement because they are a spouse. They will be able to get coverage. There is no preexisting condition that will keep them from getting coverage. Usually, they have to do it within 30 days. The way our schedule works, they will be able to do it within the regular sign-in period because that would be in October, but the preexisting conditions would not keep them or exempt them from getting coverage. It would mean they have to get a drug plan. I was told there were about 30 different drug plans out there. They would have to check and see which one was the best for them. They can go to the Medicare website and it's spelled out there. We are getting some of the people who are just not educated on what is really going on. I just wanted to make that clear because of all the e-mails we have all been receiving and some of them just do not have the correct information. I wanted to make that clear before we went to the PSE information.

Scott: I think some of the concerns are with the coverages. Some fear that because of their existing conditions, you may not find plans that will do complete coverage. They're worried about things that are not covered and will it be something that they truly just cannot afford.

Fecher: Would this 65 million include any kind of reserve or not? We've been looking at a 10% reserve. Trying to get to that point. That would not include that or would it?

Sakhrani: This is the estimated net income. Just looking at our total expenses and income at the end of 2022. We will see what happens to the assets depending on how things play out in the next slide in terms of our overall assets.

Fecher: Just give us the number we are going to need to get to in order to have the 10% reserve.

Dr. Fiddler: Why did the Department of Education put $20 million instead of $30 million to get us where we are? Then we move into 2021 and 2022, why did we choose to put in $16 million from the reserve rather than $20 million to make it less? It wouldn't be $16 million; it would be $10 million. I see numbers moving around but I can't quite get a grasp on why we are doing it the way we are doing it. We aren't going to have anything left. I don't understand. Maybe everyone else does but I can't make a decision for PSE until I figure out why we are doing this and the way we're doing it.

Fecher: Greg can probably address the $20 million this year from the Department of Education. It was one-time money and it was not budgeted to be put in, but they are contributing that this year. It is not a source of funding that we will have in the future years going forward. It was just some excess. Greg, you can talk about where that money came from but it's not that we chose to take it out.

Dr. Fiddler: I'm not trying to be critical of anybody, I'm just trying to understand the $20 million versus if they have $30 million available or do they have just $15 million available and they went above and beyond to give us $20 million. It just lets me understand where we are in the coming year.

Rogers: Last fall, the governor gave his approval to increase the Department of Education funding by $20 million. At that time, we said Milliman's holding it to the end, we could come up with another $20 million out of our fund balance because of the restoration of some funding due to revenue forecasts. At that time when the trend line was still holding that we were negative, we went back to the governor's office and we have the governor's letter saying we are going to put $20 million in for this fiscal year, FY21. The new $20 million that the governor has also approved doesn't start until the fiscal year 2022. So, when it was showing that it was still going negative, we went and took that $20 million out of our fund balance. The reason why it's not more than that is because as Secretary Fecher said that's what we have available in our fund balance to put towards that. I'm having to take that out just because we had some restoration of the funding forecast.

Dr. Fiddler: So, that was an administrative action for you to give us what we needed for this year then?

Rogers: Yes.

Dr. Fiddler: I'm just trying to figure out 2021 and 2022. I don't mean to slow this down but with $130.45 million it would have been $110.45 million. Now we move down to the net income. It lets us break even basically. Then you move to 2022 and this allows us to break even which makes us feel good but by putting that much money in there is just pushing our problem ahead and I think Secretary Fecher has said this many times," we can't kick this down the road anymore". I'm just trying to figure out what we are going to

do. I think that's where we all are and trying to figure out where are we going to go from $72.2 million, to put us in the red, to basically being $2 million in the hole in one year. I'm just trying to figure out how in the world we can start catching up on this thing in 2023 and that's my whole bottom line on this.

Mallory: I think that's where we have to get to so once we get through with these presentations, then we can start talking about where we can go from here.

Fecher: If we do not dip into that catastrophic reserve, we would need that $72.2 million to have a 10% cushion. Is that correct?

Sakhrani: To have at least 10%, yes.

Fecher: For those listening on the phone, we never want to go into that catastrophic fund, but if we have a year of high claims, which I know some of you that are on the Board have sat through those years. We could put ourselves in a place where we are not able to pay them and that is the reason you really should never dip into catastrophic claim money.

Sherrill: For 2022 and on, we need to make sure we are bringing in enough revenue to cover all expenses. Is that our goal?

Mallory: I would say yes.

Dunlap: The slide said a target of 10% of assets as our reserve. So, we are actually wanting enough income to cover all expenses plus 10% as a reserve? So, that 10% for 2022 right now is $44.8 million?

Sakhrani: In 2022, our projected expenses are almost at $448 million. So, 10% is that $44.8 million. So, that's how many assets we would want at least available to cover any unexpected situations. That is going to be 10%. Historically we have been as high as 34%. So, that would be the minimum number of assets we would need available to be able to fund at least 10% of our expenses. Ideally, what we're trying to do is make our revenues match our expenses which would require us to have a $72 million increase in either the revenue or decrease in our expenditure for 2022.

Dunlap: If our loss is $72.2 million, we would want enough to match our expenses plus the reserve? How can we get there if we only raise $72.2 million without getting into catastrophic?

Sakhrani: We have assets today. So, we have more than $45 million worth of assets. If we make our revenues match our expenses, then we would have more than the $45 million to cover the reserve.

White: Remember, if that number goes to zero, that's $72 million you get to put into your savings account. They go into your assets as a reserve or funded for the future.

Dunlap: What are our assets now?

Sakhrani: At the end of 2021, they are projected to be at $17 million. If we are solving for the $72 million, that means we don't have to use any of our assets. We would be left with about

$70 million in assets at the end of 2022 and we now have closed the gap between the revenue and the expenses.

Dunlap: Is any of that $70.2 million catastrophic reserve?

Sakhrani: Most of it is catastrophic reserve. Historically, we have $58.5 million of catastrophic reserve.

Dr. Fiddler: What would be the monetary number of a 10% reserve?

Sakhrani: The $45 million.

Rogers: Are we talking about needing to do a 20% increase in revenue just to cover the 2% and the increased cost of what we think it's going to be next year. Is that what we are trying to do?

Sakhrani: Since we have been using our assets for the past few years now and not necessarily increasing the revenue. The revenue has continued to fall short of the expenses, year over year over year where it has built up to the point where you need a pretty big increase, the $72 million, to get the revenue back up to pace with the expenses.

Rogers: Which would be about 20%

Sakhrani: Yes.

Dr. Fiddler: That just seems to be a huge jump to me to say, if the Department of Education can fund an increase of $30 million. I just asked Greg, and I know they are doing all they can do over there, how did you get your 20 million dollars. Well, the governor gave it to us. So, we can give that $20 million. If there is not an administrative increase, I just don't see as we kick this thing down the road. Having been a school board president for almost 20 years, I just don't see how this is going to work at the coverage we're offering versus the salary that is earned by public school employees. I don't see how this is ever going to catch up unless something else is going to be done, because we can't be assured that there's going to be a $30 million out there. I know you are just throwing that out there, but it seems like a big jump for us to just start there and assume this is going to work.

Gillespie: Are you talking about with the Department of Education, a one-time $30 million in order to put the reserves in place, or are you talking about an ongoing increase?

Sakhrani: In order to get our revenue and expenses up to parity, ideally, you want this to be an ongoing funding

Dunlap: With $30 million in 2022, when you get to 2023 unless the expenses change, you are still going to need that $30 million or something else to make up that $30 million. Correct?

Rogers: I certainly hope we are going to talk about that "something else".

Sakhrani: So as we think about the different funding sources, and if this is only a one-time inflow, then we're going to have the same problem in 2023. So, this is probably a question for Greg, can there be something built into legislation similar to like ASE where there's an

amount that can be increased each year at some rate? That would help with maintaining sort of a level funding as a percent of expenses from the Department of Education and the districts.

Rogers: It would take legislation to change that. The current law is the minimum requirement for insurance has to be increased if districts change their minimum salary or an increase in the adequacy amount that's done by the General Assembly each year. But it's only for the minimum amount. So, if you have a district, and most of our districts are, already paying over that minimum amount, they might not have to contribute anything else additional. The trigger only increases the minimum amount by the same amount as that adequacy increase goes up, which typically, has been around 2%. Legislation is how that happens, so if anything changes, it would have to be from the General Assembly. The request for an additional $30 million, there's not much to say about that. That has not been built into the governor's balanced budget. Historically, we were at the $90 million and the governor went this last time and gave us the additional $20 million to get us up to the $110 million. To say that the Department of Education has continued an additional $30 million each year would be hard to say yes to right now.

Gillespie: Are you essentially saying that one option would be to set the percentage of the expenses, looking at this at 55% or 56%, would be paid by the employer and the remainder paid by the employee and just use that as an ongoing each year to set how each side goes up.

Sakhrani: Yes, it's a consideration. Each year most plan sponsors are going to see an increase in their expenditures. How they fund those expenditures, some of it is going to come from the employees, some of it is going to come from plan changes, some of it's going to come from incentives, and some of it from the plan sponsors, or in this case the state. Some set their cost shares to be a certain percentage of overall costs. But as Greg stated, while that may be an option that might require legislation or might require discussions.

Dr. Fiddler: How many public school teachers and administrators are there in the state?

Rogers: I don't know, but I can take just a second to look it up.

Dr. Fiddler: I think it's right at maybe 45,000 to 50,000. Of course, I know, whoever the teacher is, perhaps they get their insurance to their spouse. But I'm just trying to figure out our total amount of employees that we have with spouses and/or with children that actually get the insurance versus those who do not. I'm trying to see if there is another alternative. I'm trying to figure out our total number of employees that aren't participating versus how many EBD offers the insurance for. I was trying to get a number there so I could work through my head on the total amount that's offered versus the percentage versus the total employee load.

Sherrill: Does the state, ASE, contribute more than the PSE side, because I know it is going to vary from school district to school district on how much they are putting in. I know the legislation said there is a minimum the school districts must put in, but a lot of school districts put in more. So, that probably varies between school districts. When I compare ASE Premiums to PSE Premiums, there is a big difference.

Mallory: It's actually a difference in the funding formula.

Toles: I'm not sure about the funding formula. School districts are required to contribute about $165 per month for each employee whereas the state contributes about $450 per budgeted position. So, there is a vast difference between the two. You are right Lisa, some school districts do contribute more but that is the minimum contribution that is required.

Mallory: The school districts don't pay on each employee right?

Toles: It's everyone that has coverage.

Mallory: That's one of the significant differences. For schools, it's only on those who carry our insurance, and for the state it on every budgeted position whether they carry our insurance or not.

Toles: And whether that position is filled or not.

Dunlap: That $165 per employee that's covered under the PSE, is that something that requires legislation to change as well?

Rogers: Yes, that's what is set in law right now. There was a minimum when they first changed it during the special session and it's increased by that 2% in the foundation funding amount since 2018 and currently is at that $165. Yes, to change that would require legislation.

Dunlap: Is there anything that's being considered at this time?

Rogers: Not to my knowledge.

Moore: Coming from a small school superintendent perspective, that small schools really don't have it in their budget to increase insurance contributions anywhere close to the levels of what we are talking about here that would be helpful. It's just not in the budget. We have a set amount of money and trying to keep salaries where they are. I wish we could. I wish we could raise every employee's insurance contribution but it's not possible.

Fecher: I'm just trying to clarify. Are you saying we can't raise what the members pay or are you just addressing the school districts?

Moore: I'm just addressing the school districts and what we are able to do for our employees. We all, on this Board, understand that we are about to look at some pretty serious rate increases for PSE and ASE. I wish that school districts themselves, like the State of Arkansas do for their employees, were able to fund that more lucratively. What I'm saying is we can wish that school districts would do that like the State of Arkansas does for the ASE side, but it's not possible.

Fecher: Thank you for the clarification.

Mallory: Where would members like to go from here? Do y'all want to start talking about certain scenarios?

Rogers: Last time we met I was talking about the American Recovery Act, there was money that has been given to State and Federal, and I was asking about the possibility of asking Secretary Fecher to go through whatever process that would be. I'm assuming it's going to be like the CARES committee did last time, and ask if there is any way that we could request some of those Federal funds to at least sure up the PSE to account for the shortage. That way we wouldn't have to put it all on the backs of the school districts and school teachers at once. I didn't know if that was a possibility.

Fecher: The Governor has not announced yet how the new stimulus funds will be distributed whether that will be through a committee or house. I don't know the answer to that. I have asked DFA about the possibility of getting any funding to supplement the program. They just don't have a clear answer on that because the federal government has not put out all of the guidelines on it. We have our name in there that we want it. Whether it can be something we can use; we do not know at this time.

Dr. Fiddler: I'm not on the ASE or PSE plan and I'm not on the retiree plan. My question is, knowing the school teacher's salary and knowing most of the school districts and when we were 330 school districts. Now, we are down considerably on that. You just heard that one school district, which could probably speak for a lot of school districts, saying that they just cannot fit this into their budget. Our options are then to reduce the amount of services that we offer, that we increase the premium that we offer or a little of both. Can a normal school teacher, as we have so few in the Premium plan wherein ASE we have a lot in the Premium, stand the increase, or is it better to reduce the amount of coverage so that they do not have to have this large of an increase in the Premium? Let's ask the people who are there every day. What can they stand?

Mallory: Let me step in here a second because I did some quick math. If we don't get any Department of Education funding increase, and you leave the wellness credit and you leave the deductible. What you are looking at for the contribution increase is going to be about 35%-36% to get to where we need to be. That is what we need to base this question on, not necessarily the 10% that has been put out there. If we don't think that funding is coming from anywhere else.

Dr. Fiddler: That was my question to begin with. We are basing this on something that we don't know if they are going to get.

Fecher: I think we are not suggesting that that is how we go. We're just saying that if it were an option this is how we could get there. We are just trying to work through every possible option with the Board. If it weren't coming from the Department of Education and if it possibly came from the America Rescue Plan funding to that level. It's just a what-if. But no, we cannot count on it today at this time.

Dr. Fiddler: I don't know how we can do this until we know if we can afford to do so. There are still too many variables and I know we have got to do this in April, you have very well told us that, but we've got to know from these folks that are in the trenches every day tell us what they can do.

Gutierrez: I can only speak for myself, but I have been looking at the numbers. My family is on the classic plan, for PSE. So, scenario four with the 10% increase and the $25 wellness

reduction. I have seen how much it will go up for me. My school district right now is a better paying job than where I use to work before, so I think I could afford it. But if I was working at my other job, I probably wouldn't be able to because it was a smaller school district. It's not a big increase, it's like $63.33, but it does make a difference when you have a family and you are budgeting. I just don't see any other way. I don't see any other option because looking at the numbers is scary. I know where I was before, I was making ten thousand dollars less and that makes a big difference.

Gillespie: Let me say, I am not proposing this, I just like to know what options are. When Dr. Fiddler noted that there are not as many people in the Premium plan. What if we were only offering the Classic and Basic and not offering Premium. How much does that save?

Sakhrani: It's something we can look at. You may recall, ASE is using a risk rating, meaning for the most part the plans are agnostic in terms of what plan an employee is electing whether they pick the Premium, the Classic or, the Basic Plan. The amount the state contributes to those plans after factoring in payroll deductions is actually about equivalent. That's sort of true on the ASE side. On the PSE side, it's not that way. If I recall correctly, the Classic and the Basic plans are being subsidized more than the Premium plan so if we were to eliminate the Premium plan and those employees had to go to Classic or Basic, we would probably see an increase in cost and not a savings. Assuming we don't do anything to the contribution side. The amount of contribution revenue loss would be more than what we would see a reduction on the plan cost from changes in the benefit.

Moore: I hate to see us do away with plans if people can afford to pay that we should make that their option for the people who do take the Premium plan. They obviously can afford those premiums because they pay a lot more for them. I'm getting a lot of emails from all over the state and one thing they seem to agree on is that they are willing to pay more money to not lose their benefits.

Fecher: I would concur. That is what I am hearing as well.

Lilly-Palmer: I would agree with that as well. To one of the things Secretary Gillespie is saying about the plans, I completely understand because I have pitched the reverse scenario for ASE. When you look at the Classic and Basic Plans, it's my understanding for the Basic that it's meeting the minimum ACA requirements but when you look at both of those plans, they are both high deductible plans so I'm curious. Because I do hear from the retirees and I hear from the employees "in the trenches". I do intermingle with my employees daily and they would rather pay more money than lose their benefits. I do know the state and the schools have different funding sources and that's something that we can't help. Is it possible to look at that similar scenario with the schools for the Premium and the Classic plan? Is that even an option for this since the Classic is the high deductible and the Premium does work as a point of service? I do know, again, the employees are willing to pay a little more in their premium to have the coverage that they have now.

Sakhrani: That is something that we can look at on the PSE side. I know we looked at it on the ASE side as one of the scenarios if we were to eliminate the Basic plan, and what would happen. We could talk about that on the ASE population at some point. We can also look at that on the PSE side and what that would mean to the plan and to the employees being impacted. On ASE, there are fewer people on the Basic plan. On the PSE side,

there are about 5,600 employees and retirees on the Basic plan that will now go up to the Classic plan. So, they will be getting a richer benefit but at the same time, they are going to have to pay a higher contribution dollars for their benefit. We can see if that's going to cost the plan money or save the plan money.

Sherrill: Is there a possible combination of increasing the deductible and the out-of-pocket and maybe raising the individual's monthly premium just not as high of a percentage. Is that something that can be considered?

Fecher: I think it is something we have to look at a combination of some or all of these suggestions to get us as close to the number that we are trying to get to. I would say that every time we lower the percentage rate, we are going to increase the amount that we've got to find elsewhere.

Sakhrani: If we want to keep the Premium plan, like a PPO plan, because employees find value in that. Maybe consolidate the Basic and the Classic plan and come up with a type of hybrid. We can try to do that and see what contribution structure would work to solve for a certain dollar or revenue amount. What is that dollar amount we want to try to aim for when we create this new hybrid plan and new contribution and we can see what that looks like.

Sherrill: I understand, I hate to raise premiums for the employees, however, it's not realistic that their premiums that they have now are never going to increase because we know everything, groceries, gas, everything increases every year. It's just life. You hate for it to be such a large increase that it makes people struggle to make ends meet each month.

Lilly-Palmer: I don't think any of us want to remove any benefits that we don't have to. We are taking this all very seriously. We do realize how hard all the employees work. I think that is something that we are all trying to take into consideration. We are at a historical point that we have not seen in years for our rates. While I agree, I don't think that any of the employees feel that rates would never increase. I think our presentation and our educational piece that we have been talking about the last few meetings, is going to be very pivotal for anything we must decide on, vote on, and move forward with.

Courtney: For PSE, the employee contribution hasn't gone up since 2015 other than the 2% in 2017 and the wellness change this year. So, they haven't received much in increases over the last five years or so.

Dr. Kirtley: It is going to be interesting because one thing on the PSE side that is definitely different, we can only solve our side of this equation, but we do know that even though there haven't been mandated increases for the school districts. Some of these school districts are doing further contributions or we have public school employees that will be asking their school districts to help support them with whatever raises we are going to have to put on this plan to help make it whole. That's out of our control but that is another avenue for the public-school employees to potentially explore if districts can help them.

Dr. Fiddler: The political side of this thing is school boards work under the idea that the people in their school districts will increase their millage payments per year in order to take care of their school teachers and COLA and insurance. If the citizens of the school district, do

not increase their millage, that teacher and that school district cannot increase their salary. We, the EBD Board, are trying to do everything we can. I've thought this for 22 years if you can't get that millage increase, and as you always say, all politics are local. Well, all millages are local. Unless that is shown to that school district that that school teacher must have that increase in salary in order to solve their insurance needs, all these things that we are doing here are going to always put that schoolteacher and that school district in a bind. That is something that is going to have to be at their level, however many school districts we have now, 200 plus, that we can't do anything about. Because I have been on both sides of this thing, we have to understand that we fit what we need to fit in order to make the ASE plan design profitable with a 10% increase in assets. Then the school district must deal with what they have to do. Someone said a while ago that "our school district does not figure that into their budget" and why is it? Because their millages are so small. So, we have to get a standard on what we think we need to have in order for us to not kick the can down the road, and then those individual school districts must figure out what they are going to do for their district and their school and their teachers.

Toles: On slide 35, where you propose some changes to the benefits increasing the deductible. Do you have any estimates of how much that would net the plan or how much that would save?

Sakhrani: On slide 35, this was the $5.1 million if we increased the deductible and out-of-pocket by $250.

Mallory: I just want to say again, we're only talking about 10%. If we get the $30 million that's on slide 28. If not, then we are talking about other things we are going to have to do to hit the dollar amount we are going to need. Everyone keeps talking about the 10% but that's built into that whole scenario.

Gillespie: If we do get the $30 million, it's only a one-time thing so it would only buy us a year to do some pretty significant plan redesign. We need to remember that.

Mallory: It's not sustained funding.

Fecher: The legislature is hiring a consultant to come in and work with EBD on a long-term plan and their report will be due in October. We cannot wait until that plan comes out because October is open enrollment for us. So, that's why we are trying to find answers for 2022. For future years, we feel like that expert will be able to give us some good direction

Allen: I'm looking at the slide and thinking, we're still $10 million from where we want to be, even if we do these things and not knowing about the $30 million, it's a little scary. We've got to have some other situations to look at. I don't know what else we can do. We are still way off from where we want to be.

Fecher: If you took the wellness credit down to zero, that would net another $11.7 million. I'm not suggesting that, I'm just saying that it's there.

Mallory: So that gets you to $72 million.

Scott: In terms of the wellness credit what is the impact for us to do the wellness credit? I know when I was an active employee, I did everything. I went to get the test and watched the videos but after I had completed all of that, I got a letter saying "congratulations, you have met the expectations. You will get $75," or it was at that time. That was kind of it. What is it?

Mallory: John, do you want to talk about the history of the wellness credit?

Dr. Kirtley: As I recall, we initially did the wellness credit because we had almost no biometric data to know about the population that we were dealing with and we wanted to know what measures we could take to help our population become healthier. Initially, that was a $75 credit. At first, we weren't really getting much information on it, but we are getting good information on the biometrics and the testing that we are doing now where we know a lot more about our population, as far as obesity, blood pressure, and some other health risks. But we are willing to weigh on it. It's always been a discount, not a penalty. You can't give a penalty for failing to do something, but you can give a discount or bonus for meeting some kind of criteria. Over the years when we have talked about it, it had to be meaningful and worthwhile to get the information we want, and the fear is if we didn't continue to do it, we would quit getting the information. People would quit going for their wellness and say what the heck is this worth? What's our money worth? I think it is giving us better information about our demographics and where we can work on some health habits issues, way better than what we were dealing with a decade ago. It's kind of a mess.

Dr. Fiddler: John, I know we are throwing things against a wall and see what will stick. We save $11.7 million if we reduce it back to $25 and I assume if we go to zero, even though it's not recommended, it will give us an additional $23.4 million in savings. My question is, is that $25 wellness enough out there that says it's worth it to me as an employee of the school district for that to go away and maybe keep me from having to pay so much money on my premium.

Dr. Kirtley: I think the best question for us as a Board is, is it worth us giving a $300 or a $600 discount for that information. It cost us money to get that information doing the wellness visits.

Mallory: In the $11.7 million savings, is that just the credit or does that take into consideration the Catapult dollars also that we must pay to get that information.

Sakhrani: Yes, that's just the credit.

Dr. Kirtley: If we canceled the program, it would be a different number.

Mallory: I just asked Shalada how much we paid Catapult. She said $200 per visit.

Toles: There are about 36,000 to 40,000 visits a year.

Fecher: What we have found is that a lot of people go to the Catapult clinic but then also go to their own doctor and so they double up because Catapult costs them nothing. Zero out-of-pocket but then they want to go to their doctor as well.

Mallory: We really need to look closely at the total that would be saved there.

Fecher: Courtney or Paul, could you kind of address the ROI on the wellness visit? I know the legislators had asked us some information about that, that you all had pulled together. Could you share that with the Board?

Sakhrani: When it comes to ROIs, that's the return on investment. With that and the wellness programs, a lot of employers do offer a wellness program. We did look at wellness programs across the other states. The state studies where we look at some of the surrounding states and what they offer in terms of a wellness credit to get some information and what are their requirements to earn the credit. Wellness programs, in general, are usually good. They make sure that your employees are hopefully healthy. In terms of an ROI, if you are now paying employees, historically it was $900 a year plus the catapult visit, which was $200 per year. So, over $1,100 per year for someone to get this wellness initiative. The question is, does it have a good ROI? Usually, what we would see is around changing the behavior. If this credit does not exist today, will employees still utilize Catapult or their doctor to get their physicals to make sure that they are staying healthy? For the most part, it is around how much behavior change are you getting based off of the credits. Are you changing enough behavior that is training how someone would actually seek care? So, is offering them $25, $50, or $75 per month, are they now going to get that screening, and is that screening going to be meaningful enough to change the overall cost of the program? What we have seen is that a lot of these people not only use a Catapult visit but also get a physical where you have that additional costs. It might not be necessary so there are some additional costs associated with the program for those extra visits. Currently, at the dollars, we were at whether that was $75 per month if that provides that positive ROI. I think when we factor all those things into place, I don't think it was.

Cohen: We did look at wellness programs in general. Even if you knew the information that you had, a weight issue or a blood sugar issue, would you change your behavior? The track record on wellness programs, in particular, is not very strong because behavior change is very difficult. A lot of times, employers and their consultants think that it is a knowledge gap. But it's not really a knowledge gap for employees but it's difficulty in changing behavior. From the viewpoint of the Board, was it a good idea to collect this information for a couple of years to understand the risks? Sure, it was a good idea to understand the risks, but the value of continuing to collect the same information over and over again, the value goes down. If the employee is told in 2018 that they have risk factors that they should try to change. It's not going to change much in 2019 or 2020 unless they make a behavior change. The challenge you have now though is this is built-in and removing this will look very much like a contribution increase. It's called reducing the wellness credit, but your participation has been so high that it is going to look like a contribution increase now. So, the track record in wellness programs is not great, maybe about break even, but you are paying so much to get the information that you probably are not even covering the wellness credit. Then when Shalada brought up how much you are also paying for all of these people to get physicals that some of whom shouldn't even get because they are younger people who don't have risk factors and they're only getting it because they are strongly incented to get it. The overall financial picture is not strong to support the wellness credit.

Dr. Fiddler: When I go to the gym and I see people working, that is my age, and is retired. They were healthy before they got the wellness credit, but they use this anyway. I would suggest this, and I'll be glad to say that I am wrong. Let's see what it would be on the cost savings to remove the wellness credit completely and the Catapult contract and see what all of that money coming back into our coffers to see how much there actually is in savings. We are throwing out all these options. Take that away. See what it will be. If we don't have that at all plus the Catapult and just see where that puts us. I'm requesting to see that.

Gillespie: So, just rough back of the envelope it's all about $30 million. We need a better estimate out of Milliman, but $30 million is a lot.

Cohen: And some of those Catapult visits will be replaced by members going to a physician in their communities. Some people will seek a wellness exam even if they are not incented to get one, so you won't eliminate all of those Catapult visits. They may not be with Catapult; they just see the physician in their community because they want to get a physical.

Mallory: It may break even though because we won't be paying for it twice.

Cohen: There were some that were being paid twice. I just don't want you to think you would go down that much as eliminating all the Catapult visits. We don't know. It would be a big number but not as big as the number of all the Catapult visits.

MOTION by Fecher:

I would like to make a motion for the Board if we are going to meet next Monday, as we have been doing at this time. If we can send out all of these options for ASE and PSE, you know, State funding increasing, contribution increases, wellness credit, and all these things that are in the PowerPoint that was attached to the meeting invite and what we went over last week at the Board meeting. If you could all spend some time and we could come in here and literally whiteboard it and say what percentage are you willing to go up on member contributions and let's see where everyone is. Some people may be at 5%, some may be at 7%, and some may be at 10%. I had a post, pre-65 retiree tell me today that they would much rather have their rates go up rather than lose their coverage for their spouse. I said, well, what does that look like to you, 10%, 20%? What do you see? He said to me, I would rather my rates go up 20% than lose my or my spouse's coverage. Could we all come in next Monday and see where we all are and see if the majority rules and if we went with one plan and see where that would get us?

Dr. Fiddler seconded

Dunlap: Does that include the suggestion about the wellness credit for the ASE side and looking at the changes in the Basic, Classic, and Premium plans?

Fecher: Yes, I don't think we have all the information on if we eliminated a plan. Yes, on the wellness credit on both the PSE and ASE side.

Dr. Fiddler: We have a change of administration at the end of 2022. We may have a change in those who are legislators. Is there any kind of handle that we can get to see where these people are willing to come to help our people on ASE and PSE? I would like for that to be on the table when we are putting it on the whiteboard.

Fecher: I do think that before we go to legislators or the Governor, the Board could say we are comfortable with doing these things and this is the projected number it gets us to, what can you do? I think that is where we need to be.

Dr. Fiddler: I think that's a fair way of doing it.

Scott: I wanted to make sure I understood the motion. We're just going to look at the options that we have all talked about we are not necessarily voting on the option, that will be later?

Fecher: I'm not saying we will vote next Monday. I'm saying we will look at options and poll all the Board members to see where our comfort level is.

Scott: Right now, we seem to have a lot on the table. I'm not sure what is so magical about April, but if we're not ready by April, what's the possibility of the major vote possibly coming in May? I'm just throwing it out there. I have been asked that question, "What is so magical about April?"

Fecher: There is nothing magical about it, we got accused of waiting too late last year. So, the earlier we can make a decision and give this Board more time. Others have said we need to get this information out there on what we are planning to do. That is the only push for April. It was August last year and that was too late. I think historically it's been done around June. I'm not saying that it must be April but I'm saying we can't sit here until June to make a decision. We must keep moving toward that and making progress.

Scott: So, May might not be out of the question?

Fecher: It may not be but I'm still not giving up on April yet, Herb.

Gillespie: So, next week in April, we will meet. In October, we will have a report from a consultant that EBD and the legislature will work with together that would give us a path forward for 2023. Even if we are dealing with one-time money as part of the 2022 plan, we don't need to be overly worried about that because that will be coming as part of the 2023 and forward plan. I'm just trying to make sure this is how we are thinking about this.

Fecher: I certainly hope so.

Dr. Fiddler: Before we vote on this, can we have our new executive director there so we can ask questions about the budget?

Fecher: I'm sure we can. He is splitting his time. He's on the call and at every one of these meetings, either virtually or in-person, and getting up to speed. He is still an employee of DFA, but we will see if we can get him here for next week. Again, I'm not saying we

decide next week. I am saying we get a better handle on where everybody stands and see where the majority is on each one of these options.

Mallory: We need to get a little closer each time.

All were in favor of the motion.
Motion Approved.

MOTION by Lilly-Palmer:
I make a motion to adjourn.
Dunlap seconded. All were in favor.
Meeting Adjourned

State of Arkansas Employee Benefits Division

Interim Monitoring Report

Through February 28th

State and Public School Life and Health Insurance Board of Directors

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

23 MARCH 2020

Agenda

- Arkansas State Employees (ASE)
- Public School Employees (PSE)
- 2021 Roadmap
- Assumptions and Methodology
- Appendices

Arkansas State Employees (ASE)

Executive Summary

- Updated 2020 income and expenses based on EBD financials
- 2021 & 2022 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through February 2021 and pharmacy claims data incurred from January 2020 to December 2020 and paid through February 2021
- 2021 projected plan experience
  - Allocation of Prior Years' Surplus for 2021: $14.5M
  - Projected deficit: -$3.4M (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2021: $15.5M
  - Reflects 2021 program initiatives and board decisions
  - Increased membership based on historical patterns
  - Baseline trends (medical: 5%, pharmacy: 8%)
- 2022 projected plan experience
  - Allocation of Prior Years' Surplus for 2022: $6.1M
  - Estimated deficit of -$26.9M (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2022: -$7.9M
  - Reflects baseline scenario
  - No plan design or contribution changes

Total Plan Experience

Funding	2020	2021	2022
State Contribution	$ 171.05	$ 184.48	$ 184.48
Employee Contribution	100.96	110.40	110.72
Other	17.43	17.94	19.03
Total Income	$ 289.44	$ 312.82	$ 314.24
Medical Claims	$ (201.46)	$ (219.17)	$ (227.16)
Pharmacy Claims	(90.53)	(98.01)	(106.46)
Administration Fees	(16.26)	(16.00)	(16.10)
Plan Administration	(2.55)	(2.51)	(2.52)
Life Insurance	(0.93)	(0.92)	(0.92)
Total Expenses	$ (311.74)	$ (336.60)	$ (353.16)
Program Savings	$ -	$ 5.89	$ 5.96
Net Income / (Loss) Before Reserve Allocation	$ (22.29)	$ (17.90)	$ (32.96)
Allocation of Reserves	$ 27.00	$ 14.46	$ 6.07
Net Income / (Loss) After Reserve Allocation	$ 4.71	$ (3.44)	$ (26.89)

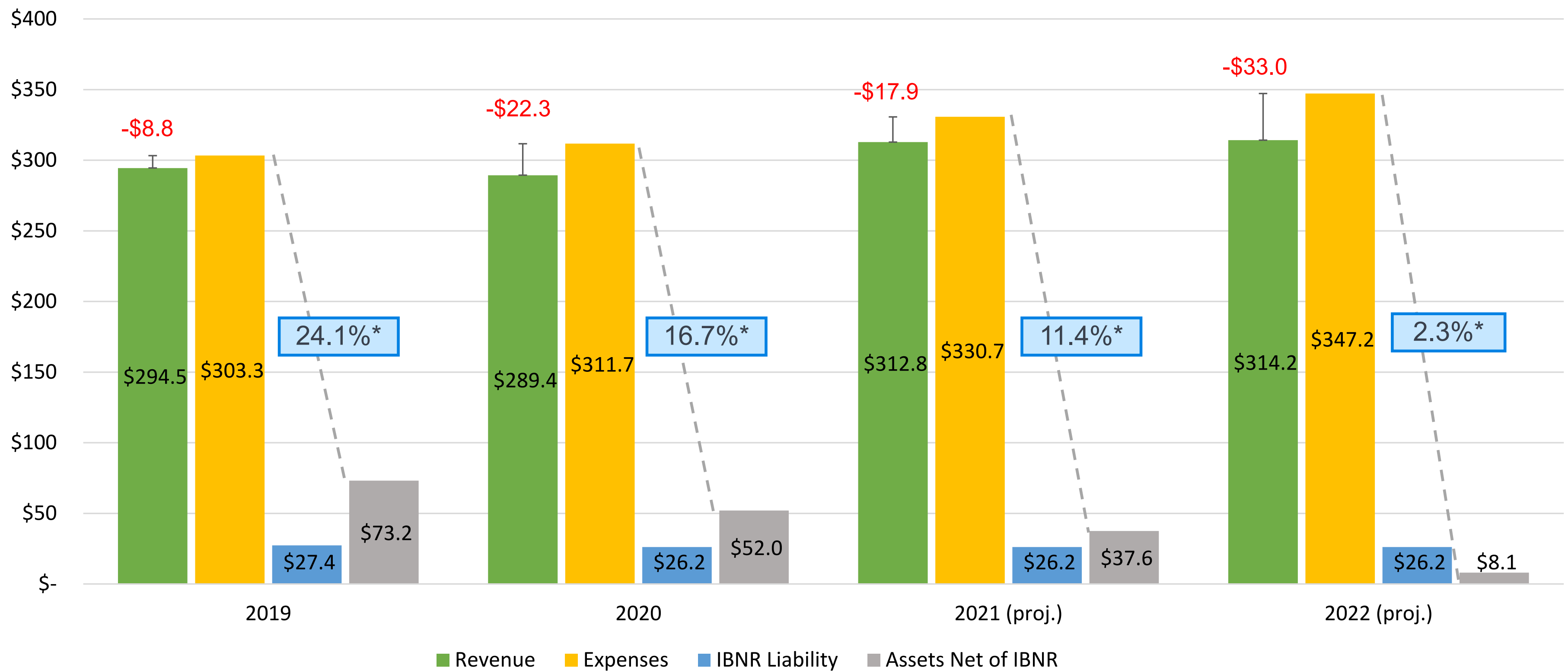
Average Membership	2020	2021	2022
Active Employees / Pre-65 Retirees	46,620	45,214	45,155
Post-65 Retirees	13,745	14,054	14,476
Total Enrolled	60,365	59,268	59,630

	2020	2021	2022
Total Income PMPM[1]	$ 436.85	$ 460.16	$ 447.63
Total Expenses PMPM[2]	$ (430.35)	$ (465.00)	$ (485.21)

[1] Allocation of Reserves included in Total Income

[2] Total Expenses offset by Program Savings

Change in Revenue, Expenses, and Assets



* Assets Net of IBNR as a portion of Expenses

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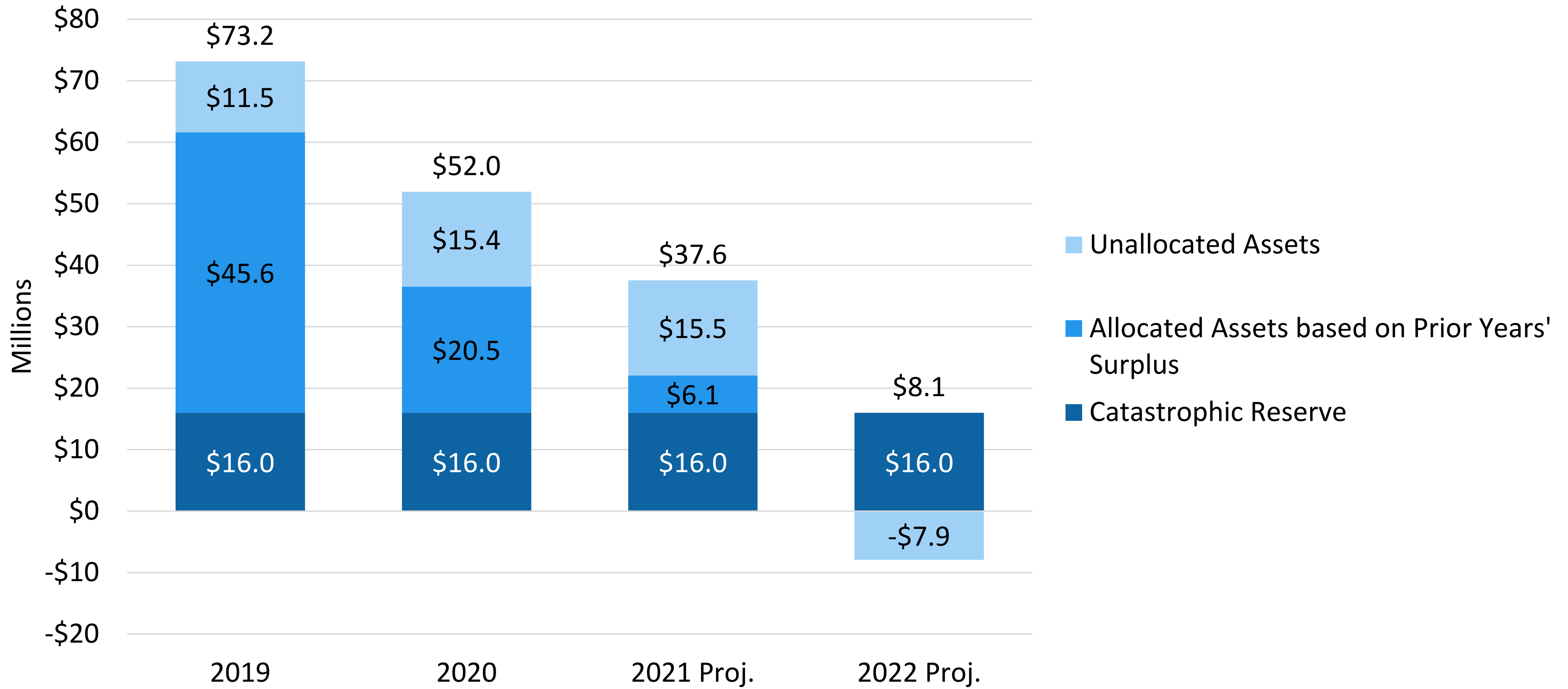
Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets ($millions)			
			Assets
(a)	2020	End-of-Year Gross Assets	$78.2
(b)	Proj 2021	Allocation of Prior Years' Surplus	($14.5)
(c)		Total Surplus / (Deficit)	($3.4)
(d)		FICA Funding	$3.5
(e) = (a) + (b) + (c) + (d)		End-of-Year Gross Assets Available	$63.8
(f)		Incurred but not reported (IBNR)	($26.2)
(g) = (e) + (f)		End of Year Net Assets Available	$37.6
(h)	Proj 2022	Allocation of Prior Years' Surplus	($6.1)
(i)		Total Surplus / (Deficit)	($26.9)
(j)		FICA Funding	$3.5
(k) = (e) + (h) + (i) + (j)		End-of-Year Gross Assets Available	$34.3
(l)		Incurred but not reported (IBNR)	($26.2)
(m) = (k) + (l)		End of Year Net Assets Available	$8.1

End of Year Assets Net of IBNR



Recap of Projected Funds Needed for 2022

Additional Funding and/or Savings Needed to Fund 2022 Projected Expenses and at least 10% Reserve
$33.0M

Total estimated funding needed / reduction in expenditure to cover 2022 expenses and achieve 10% reserve or maintain current reserve level

	ASE
2022 Projected Revenue	$314.2
2022 Projected Expenses	($347.2)
2022 Projected Income / (Loss)	**($33.0)**
Projected Net Assets End of 2022	$8.1
Target Net Assets (10% of Expenses)	$34.7
Needed Change in Net Assets	**$26.6**

Once budget is balanced with targeted reserve, will need to increase funding each year to match projected expenses

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Recommendations

For 2022

- Cover plan expense projection for 2022 + 10% reserve (minimum) using the levers of state funding and employee contributions or by reducing expense via reduction in plan value
- Complete a comprehensive plan performance review focused on utilization efficiency.

For 2023 and Subsequent Years

- Use benchmarking results to review and implement plan initiatives with best potential to reduce expense trend at an acceptable level of disruption to members and providers.
- Set revenue to match projected expenses each year (i.e., aim to maintain reserves at a reasonably consistent level).

Summary of Initiatives – Option 1

- 2022 ASE target: ($33.0M) (estimated deficit + 10% catastrophic reserve minimum)

	2022 Estimated Impact	
Initiative	Savings	Balance
State Funding Increase from $450 to $475	$10.3M	($22.7M)
5% Contribution Increase	$5.4M	($17.3M)
Reduction in Wellness Credit from $50 to $25[1]	$5.2M	($12.1M)
$250 Deductible & OOPM Increase	$3.4M	($8.7M)
Discontinue Medicare-Eligible Retiree Spouse Coverage[2]	$5.4M	($3.3M)
Total	$29.7M	

[1] Not recommending elimination of wellness program, showing value of change to credit

[2] Original estimate of $5.9M. However, if a 5% contribution increase is implemented across all plans and tiers, then the estimated savings drop from $5.9M to $5.4M

Summary of Initiatives – Option 2

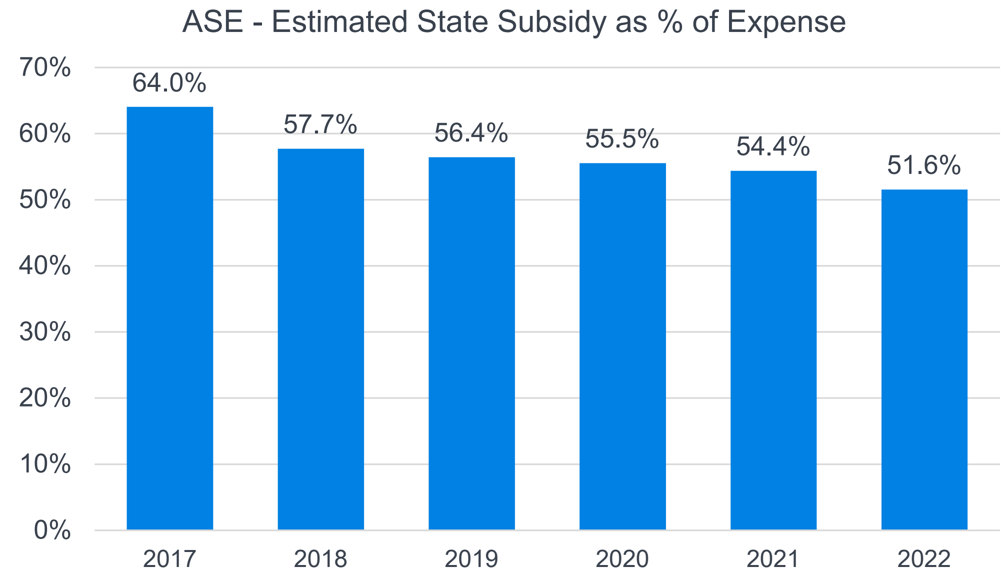
- 2022 ASE target: ($33.0M) (estimated deficit + 10% catastrophic reserve minimum)

	2022 Estimated Impact	
Initiative	Savings	Balance
State Funding Increase from $450 to $500	$20.5M	($12.5M)
5% Contribution Increase	$5.4M	($7.1M)
$250 Deductible & OOPM Increase	$3.4M	($3.7M)
Total	$29.3M	

ASE – Historical State Subsidy

2022 State Subsidy (PBPPM)	Additional Funding	% Increase	% of Expense
$450	$0	0%	51.6%
$475	$10.3M	6%	54.4%
$500	$20.5M	11%	57.3%
$530	$32.8M	18%	60.7%
$560	$45.1M	24%	64.2%

1. Assume no change in budgeted headcount



ASE State Subsidy was approximately 64% in 2017 and projected to be 51.6% in 2022 absent any changes

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ASE – 2022 Alternative Contribution Scenarios

- Scenario 1: 5% increase in employee and retiree contribution
- Scenario 2: 10% increase in employee and retiree contribution
- Scenario 3: $25 reduction in wellness credit[2]
  - Impacts active only
- Scenario 4: 5% increase in employee and retiree contribution and $25 reduction in wellness credit[2]
  - 5% increase in employee and retiree contributions
  - $25 reduction in wellness credit to active employees

	2022 Estimated Impact[1]		
Scenario	Savings	EEs/Rets Impacted	Range of Change
Scenario 1	$5.4M	36,850	$2.85 - $50.04
Scenario 2	$10.7M	36,850	$5.70 - $100.08
Scenario 3	$5.2M	17,810	($25.00) - $25.00
Scenario 4	$10.6M	36,850	($25.00) - $53.75

[1]Maintain $0 contribution for Active Basic with wellness Employee Only for all scenarios

[2]Wellness credit changes impact the "with Wellness" rates, not the "without Wellness" rates

ASE – Active with Wellness

Tier	Employees	2021 Contribution	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Premium						
Employee	9,403	$143.99	$151.19 / $7.20	$158.39 / $14.40	$168.99 / $25.00	$176.19 / $32.20
Employee & Spouse	1,196	$455.48	$478.25 / $22.77	$501.03 / $45.55	$480.48 / $25.00	$503.25 / $47.77
Employee & Child(ren)	3,734	$263.52	$276.70 / $13.18	$289.87 / $26.35	$288.52 / $25.00	$301.70 / $38.18
Family	1,056	$575.01	$603.76 / $28.75	$632.51 / $57.50	$600.01 / $25.00	$628.76 / $53.75
Classic						
Employee	1,331	$77.79	$81.68 / $3.89	$85.57 / $7.78	$102.79 / $25.00	$106.68 / $28.89
Employee & Spouse	129	$300.98	$316.03 / $15.05	$331.08 / $30.10	$325.98 / $25.00	$341.03 / $40.05
Employee & Child(ren)	383	$149.30	$156.77 / $7.47	$164.23 / $14.93	$174.30 / $25.00	$181.77 / $32.47
Family	195	$372.49	$391.11 / $18.62	$409.74 / $37.25	$397.49 / $25.00	$416.11 / $43.62
Basic						
Employee	986	$0.00	$0.00 / $0.00	$0.00 / $0.00	$0.00 / $0.00	$0.00 / $0.00
Employee & Spouse	92	$175.44	$184.21 / $8.77	$192.98 / $17.54	$200.44 / $25.00	$209.21 / $33.77
Employee & Child(ren)	185	$56.98	$59.83 / $2.85	$62.68 / $5.70	$81.98 / $25.00	$84.83 / $27.85
Family	106	$207.43	$217.80 / $10.37	$228.17 / $20.74	$232.43 / $25.00	$242.80 / $35.37

$YYY / $Z represents the new monthly contribution rate and the change in monthly contribution

Scenario 1: 5% increase, Scenario 2: 10% increase, Scenario 3: $25 wellness reduction, Scenario 4: 5% increase & $25 wellness reduction

ASE – Active without Wellness

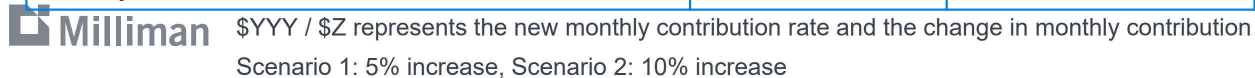
Tier	Employees	2021 Contribution	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Premium						
Employee	2,601	$193.99	$201.19 / $7.20	$208.39 / $14.40	$193.99 / $0.00	$201.19 / $7.20
Employee & Spouse	572	$505.48	$528.25 / $22.77	$551.03 / $45.55	$505.48 / $0.00	$528.25 / $22.77
Employee & Child(ren)	904	$313.52	$326.70 / $13.18	$339.87 / $26.35	$313.52 / $0.00	$326.70 / $13.18
Family	568	$625.01	$653.76 / $28.75	$682.51 / $57.50	$625.01 / $0.00	$653.76 / $28.75
Classic						
Employee	467	$127.79	$131.68 / $3.89	$135.57 / $7.78	$127.79 / $0.00	$131.68 / $3.89
Employee & Spouse	77	$350.98	$366.03 / $15.05	$381.08 / $30.10	$350.98 / $0.00	$366.03 / $15.05
Employee & Child(ren)	113	$199.30	$206.77 / $7.47	$214.23 / $14.93	$199.30 / $0.00	$206.77 / $7.47
Family	82	$422.49	$441.11 / $18.62	$459.74 / $37.25	$422.49 / $0.00	$441.11 / $18.62
Basic						
Employee	311	$50.00	$50.00 / $0.00	$50.00 / $0.00	$25.00 / ($25.00)	$25.00 / ($25.00)
Employee & Spouse	34	$225.44	$234.21 / $8.77	$242.98 / $17.54	$225.44 / $0.00	$234.21 / $8.77
Employee & Child(ren)	47	$106.98	$109.83 / $2.85	$112.68 / $5.70	$106.98 / $0.00	$109.83 / $2.85
Family	35	$257.43	$267.80 / $10.37	$278.17 / $20.74	$257.43 / $0.00	$267.80 / $10.37

$YYY / $Z represents the new monthly contribution rate and the change in monthly contribution

Scenario 1: 5% increase, Scenario 2: 10% increase, Scenario 3: $25 wellness reduction, Scenario 4: 5% increase & $25 wellness reduction

ASE – Pre-65 Retirees

Tier	Retirees	2021 Contribution	Scenario 1	Scenario 2
Premium				
Retiree	1,515	$293.71	$308.40 / $14.69	$323.08 / $29.37
Retiree & NME Spouse	240	$751.78	$789.37 / $37.59	$826.96 / $75.18
Retiree & Child(ren)	90	$542.75	$569.89 / $27.14	$597.03 / $54.28
Retiree & NME Spouse & Child(ren)	37	$1,000.80	$1,050.84 / $50.04	$1,100.88 / $100.08
Retiree & ME Spouse	164	$567.55	$595.93 / $28.38	$624.31 / $56.76
Retiree & ME Spouse & Child(ren)	11	$816.59	$857.42 / $40.83	$898.25 / $81.66
Classic				
Retiree	87	$227.51	$238.89 / $11.38	$250.26 / $22.75
Retiree & Spouse	16	$597.26	$627.12 / $29.86	$656.99 / $59.73
Retiree & Child(ren)	3	$428.53	$449.96 / $21.43	$471.38 / $42.85
Family	10	$798.27	$838.18 / $39.91	$878.10 / $79.83
Basic				
Retiree	41	$174.72	$183.46 / $8.74	$192.19 / $17.47
Retiree & Spouse	9	$471.74	$495.33 / $23.59	$518.91 / $47.17
Retiree & Child(ren)	2	$336.19	$353.00 / $16.81	$369.81 / $33.62
Family	3	$633.21	$664.87 / $31.66	$696.53 / $63.32



$YYY / $Z represents the new monthly contribution rate and the change in monthly contribution

Scenario 1: 5% increase, Scenario 2: 10% increase

ASE – Post-65 Retirees

Tier	Retirees	2021 Contribution	Scenario 1	Scenario 2
Primary				
Retiree	8,229	$183.92	$193.12 / $9.20	$202.31 / $18.39
Retiree & Non-Medicare Spouse	297	$641.99	$674.09 / $32.10	$706.19 / $64.20
Retiree & Child(ren)	59	$432.96	$454.61 / $21.65	$476.26 / $43.30
Retiree & Non-Medicare Spouse & Child(ren)	17	$891.01	$935.56 / $44.55	$980.11 / $89.10
Retiree & Medicare Spouse	2,677	$440.62	$462.65 / $22.03	$484.68 / $44.06
Retiree & Medicare Spouse & Child(ren)	33	$689.66	$724.14 / $34.48	$758.63 / $68.97

$YYY / $Z represents the new monthly contribution rate and the change in monthly contribution

Scenario 1: 5% increase, Scenario 2: 10% increase

ASE – Alternative Plan Design

	Premium		Classic		Basic	
	Current	Proposed	Current	Proposed	Current	Proposed
Individual / Family Deductible	$500 / $1,000	$750 / $1,500	$2,500 / $5,000	$2,750 / $5,500	$6,450 / $12,900	$6,700 / $13,400
Individual / Family MOOP[1]	$3,000 / $6,000	$3,250 / $6,500	$6,450 / $12,900	$6,700 / $13,400	$6,450 / $12,900	$6,700 / $13,400
Primary Care Physician / Specialist	$25 / $50	$25 / $50	20% after ded.	20% after ded.	0% after ded.	0% after ded.
ER	$250	$250	20% after ded.	20% after ded.	0% after ded.	0% after ded.
Inpatient	20% after ded.	20% after ded.	20% after ded.	20% after ded.	0% after ded.	0% after ded.
Outpatient	20% after ded.	20% after ded.	20% after ded.	20% after ded.	0% after ded.	0% after ded.
Generic Drug	$15	$15	20% after ded.	20% after ded.	0% after ded.	0% after ded.
Preferred Brand Drug	$40	$40	20% after ded.	20% after ded.	0% after ded.	0% after ded.
Non-Preferred Brand Drug	$80	$80	20% after ded.	20% after ded.	0% after ded.	0% after ded.
Specialty Drug	$100	$100	20% after ded.	20% after ded.	0% after ded.	0% after ded.
Actuarial Value (AV)	85.3%	84.3%	75.5%	74.5%	70.0%	69.4%
Proj. 2022 Enrollment[2]	22,091	22,091	2,893	2,893	1,851	1,851

[1] Separate out-of-pocket maximum for pharmacy on Premium plan
[2] Represents Active and Pre-65 Retiree projected 2022 enrollment

Public School Employees (PSE)

Executive Summary

- Updated 2020 income and expenses based on EBD financials
- 2021 & 2022 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through February 2021 and pharmacy claims data incurred from January 2020 to December 2020 and paid through February 2021.
- 2021 projected plan experience
  - Allocation of Prior Years' Surplus for 2021: $15.5M
  - Additional $20M funding from the Department of Education
  - Projected deficit: -$800K (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2021: $4.7M
  - Reflected 2021 program initiatives and board decisions
  - Increased membership based on historical patterns
  - Baseline trends (medical: 7%, pharmacy: 8%)
- 2022 projected plan experience
  - Allocation of Prior Years' Surplus for 2022: $7.1M
  - Estimated deficit of -$65.2M (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2022: -$60.5M
  - Reflects baseline scenario
  - No plan design or contribution changes

Total Plan Experience

Funding	2020	2021	2022
PPE Funding	$ 102.23	$ 106.13	$ 109.77
Employee Contribution	124.15	137.08	142.16
Dept of Ed Funding	90.45	130.45	110.45
Other	13.41	12.90	13.40
Total Income	$ 330.24	$ 386.56	$ 375.79
Medical Claims	$ (253.50)	$ (303.06)	$ (339.40)
Pharmacy Claims	(67.04)	(73.74)	(81.69)
Administration Fees	(26.80)	(27.19)	(28.13)
Plan Administration	(3.16)	(3.13)	(3.22)
Total Expenses	$ (350.50)	$ (407.13)	$ (452.44)
Program Savings	$ -	$ 4.32	$ 4.45
Net Income / (Loss) Before Reserve Allocation	$ (20.26)	$ (16.25)	$ (72.20)
Allocation of Reserves	$ 22.00	$ 15.48	$ 7.05
Net Income / (Loss) After Reserve Allocation	$ 1.74	$ (0.77)	$ (65.15)

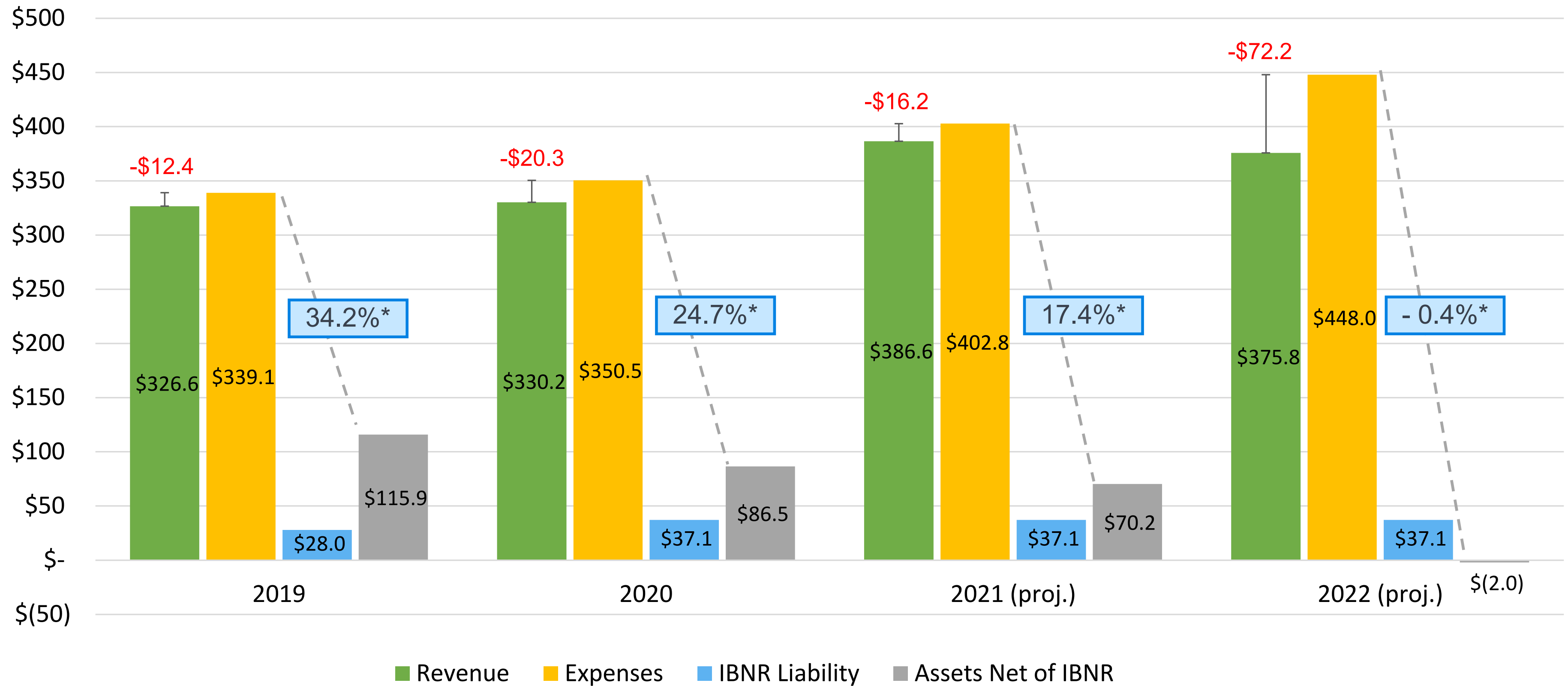
Average Membership	2020	2021	2022
Active Employees / Pre-65 Retirees	84,232	85,592	88,119
Post-65 Retirees	15,005	15,878	16,831
Total Enrolled	99,238	101,470	104,949

	2020	2021	2022
Total Income PMPM[1]	$ 295.79	$ 330.18	$ 303.99
Total Expenses PMPM[2]	$ (294.33)	$ (330.81)	$ (355.72)

[1] Allocation of Reserves included in Total Income

[2] Total Expenses offset by Program Savings

Change in Revenue, Expenses, and Assets

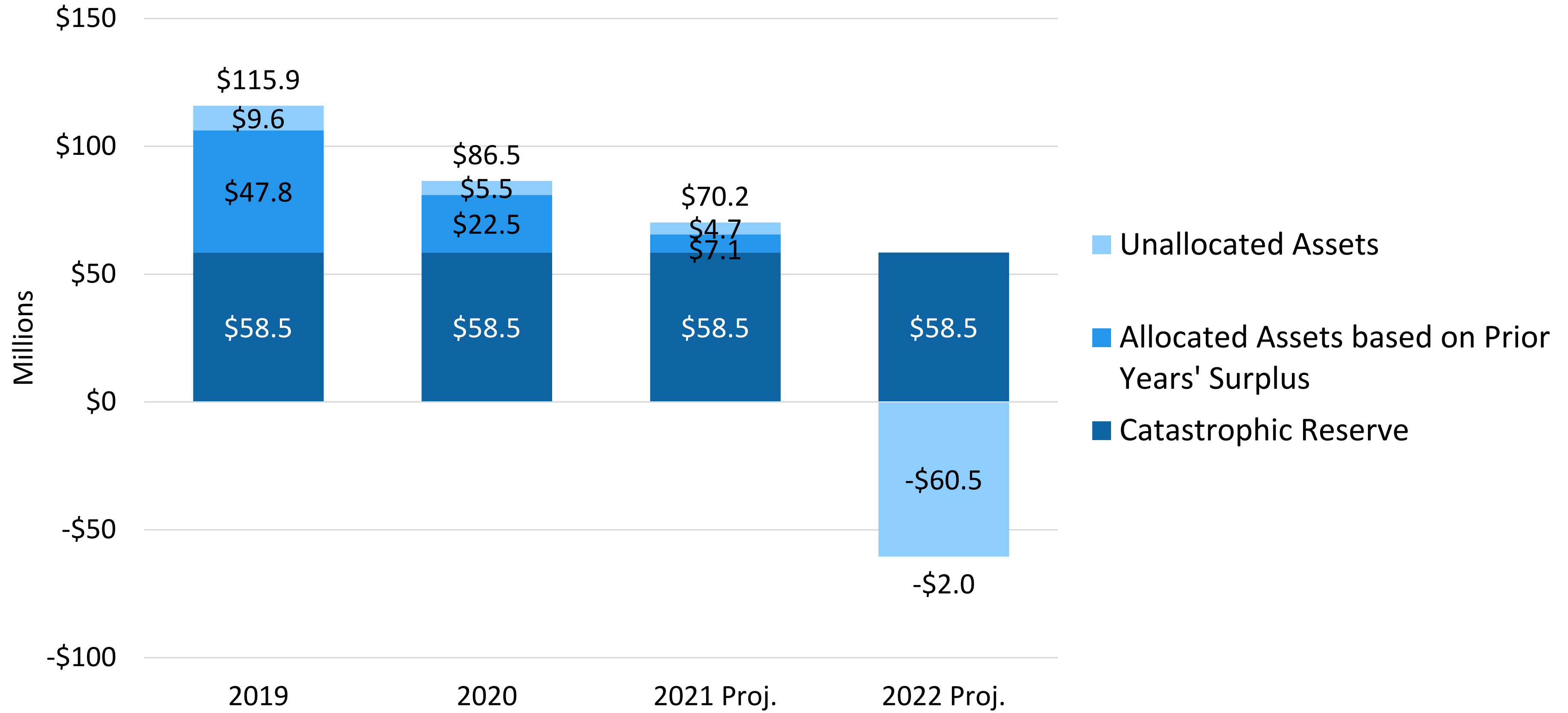


* Assets Net of IBNR as a portion of Expenses

Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets ($millions)			
			Assets
(a)	2020	End-of-Year Gross Assets	$123.6
(b)	Proj 2021	Allocation of Prior Years' Surplus	($15.5)
(c)		Total Surplus / (Deficit)	($0.8)
(d) = (a) + (b) + (c)		End-of-Year Gross Assets Available	$107.4
(e)		Incurred but not reported (IBNR)	($37.1)
(f) = (d) + (e)		End of Year Net Assets Available	$70.2
(g)	Proj 2022	Allocation of Prior Years' Surplus	($7.1)
(h)		Total Surplus / (Deficit)	($65.2)
(i) = (d) + (g) + (h)		End-of-Year Gross Assets Available	$35.2
(j)		Incurred but not reported (IBNR)	($37.1)
(k) = (i) + (j)		End of Year Net Assets Available	($2.0)

End of Year Assets Net of IBNR



Recap of Projected Funds Needed for 2022

Additional Funding and/or Savings Needed to Fund 2022 Projected Expenses and at least 10% Reserve
$72.2M

Total estimated funding needed / reduction in expenditure to cover 2022 expenses and achieve 10% reserve or maintain current reserve level

	ASE
2022 Projected Revenue	$375.8
2022 Projected Expenses	($448.0)
2022 Projected Income / (Loss)	**($72.2)**
Projected Net Assets End of 2022	($2.0)
Target Net Assets (10% of Expenses)	$44.8
Needed Change in Net Assets	**$46.8**

Once budget is balanced with targeted reserve, will need to increase funding each year to match projected expenses

Recommendations

For 2022

- Cover plan expense projection for 2022 + 10% reserve (minimum) using the levers of state funding and employee contributions or by reducing expense via reduction in plan value
- Complete a comprehensive plan performance review focused on utilization efficiency.

For 2023 and Subsequent Years

- Use benchmarking results to review and implement plan initiatives with best potential to reduce expense trend at an acceptable level of disruption to members and providers.
- Set revenue to match projected expenses each year (i.e., aim to maintain reserves at a reasonably consistent level).

Summary of Initiatives – Option 1

- 2022 PSE target: ($72.2M) (estimated deficit + maintain catastrophic reserve)

	2022 Estimated Impact	
Initiative	Savings	Balance
Department of Education Funding Increase from $108M to $138M	$30.0M	($42.2M)
10% Contribution Increase	$15.1M	($27.1M)
Reduction in Wellness Credit from $50 to $25[1]	$11.7M	($15.4M)
$250 Deductible & OOPM Increase	$5.1M	($10.3M)
Total	$61.9M	

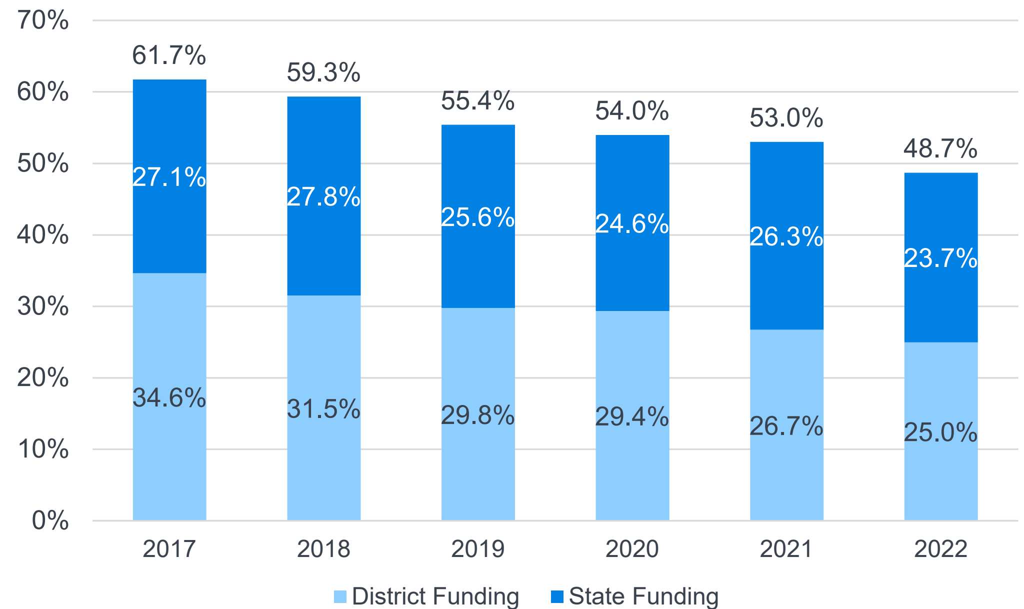
[1]Not recommending elimination of wellness program, showing value of change to credit

PSE – Historical State Subsidy

2022 Dept of Education	Additional Funding	% Increase	% of Expense[1]
$108.1M	$0	0%	48.7%
$138.1M	$30M	28%	55.3%
$168.1M	$60M	55%	61.9%
$178.1M	$70M	65%	64.1%

1. *Assume no change in district funding*

Consider Funding on a Per Eligible Basis (i.e. like ASE / School District)



PSE State and School Subsidy was approximately 62% in 2017 and projected to be 49% in 2022 absent any changes

PSE – 2022 Alternative Contribution Scenarios

- Scenario 1: 5% increase in employee and retiree contribution
- Scenario 2: 10% increase in employee and retiree contribution
- Scenario 3: $25 reduction in wellness credit[2]
  - Impacts active only
- Scenario 4: 10% increase in employee and retiree contribution and $25 reduction in wellness credit[2]
  - 10% increase in employee and retiree contributions
  - $25 reduction in wellness credit to active employees

2022 Estimated Impact[1]			
Scenario	Savings	EEs/Rets Impacted	Range of Change
Scenario 1	$7.5M	68,226	$1.81 - $100.43
Scenario 2	$15.1M	68,226	$3.63 – $200.86
Scenario 3	$11.7M	39,050	$25.00
Scenario 4	$26.8M	68,226	$3.63 - $200.86

[1]May need to risk rate active and pre-65 retirees separately depending upon contribution strategy

[2]Wellness credit changes impact the “with Wellness” rates, not the “without Wellness” rates

PSE – Active with Wellness

Tier	Employees	2021 Contribution	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Premium						
Employee	10,706	$208.46	$218.88 / $10.42	$229.31 / $20.85	$233.46 / $25.00	$254.31 / $45.85
Employee & Spouse	170	$856.20	$899.01 / $42.81	$941.82 / $85.62	$881.20 / $25.00	$966.82 / $110.62
Employee & Child(ren)	1,861	$495.54	$520.32 / $24.78	$545.09 / $49.55	$520.54 / $25.00	$570.09 / $74.55
Family	335	$858.44	$901.36 / $42.92	$944.28 / $85.84	$883.44 / $25.00	$969.28 / $110.84
Classic						
Employee	12,571	$71.02	$74.57 / $3.55	$78.12 / $7.10	$96.02 / $25.00	$103.12 / $32.10
Employee & Spouse	1,280	$379.62	$398.60 / $18.98	$417.58 / $37.96	$404.62 / $25.00	$442.58 / $62.96
Employee & Child(ren)	5,642	$183.42	$192.59 / $9.17	$201.76 / $18.34	$208.42 / $25.00	$226.76 / $43.34
Family	2,627	$383.32	$402.49 / $19.17	$421.65 / $38.33	$408.32 / $25.00	$446.65 / $63.33
Basic						
Employee	2,902	$36.26	$38.07 / $1.81	$39.89 / $3.63	$61.26 / $25.00	$64.89 / $28.63
Employee & Spouse	194	$297.78	$312.67 / $14.89	$327.56 / $29.78	$322.78 / $25.00	$352.56 / $54.78
Employee & Child(ren)	485	$146.86	$154.20 / $7.34	$161.55 / $14.69	$171.86 / $25.00	$186.55 / $39.69
Family	277	$300.62	$315.65 / $15.03	$330.68 / $30.06	$325.62 / $25.00	$355.68 / $55.06

$YYY / $Z represents the new monthly contribution rate and the change in monthly contribution

Scenario 1: 5% increase, Scenario 2: 10% increase, Scenario 3: $25 wellness reduction, Scenario 4: 10% increase & $25 wellness reduction

PSE – Active without Wellness

Tier	Employees	2021 Contribution	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Premium						
Employee	2,922	$258.46	$268.88 / $10.42	$279.31 / $20.85	$258.46 / $0.00	$279.31 / $20.85
Employee & Spouse	83	$906.20	$949.01 / $42.81	$991.82 / $85.62	$906.20 / $0.00	$991.82 / $85.62
Employee & Child(ren)	451	$545.54	$570.32 / $24.78	$595.09 / $49.55	$545.54 / $0.00	$595.09 / $49.55
Family	188	$908.44	$951.36 / $42.92	$994.28 / $85.84	$908.44 / $0.00	$994.28 / $85.84
Classic						
Employee	2,744	$121.02	$124.57 / $3.55	$128.12 / $7.10	$121.02 / $0.00	$128.12 / $7.10
Employee & Spouse	441	$429.62	$448.60 / $18.98	$467.58 / $37.96	$429.62 / $0.00	$467.58 / $37.96
Employee & Child(ren)	1,013	$233.42	$242.59 / $9.17	$251.76 / $18.34	$233.42 / $0.00	$251.76 / $18.34
Family	1,153	$433.32	$452.49 / $19.17	$471.65 / $38.33	$433.32 / $0.00	$471.65 / $38.33
Basic						
Employee	881	$86.26	$88.07 / $1.81	$89.89 / $3.63	$86.26 / $0.00	$89.89 / $3.63
Employee & Spouse	91	$347.78	$362.67 / $14.89	$377.56 / $29.78	$347.78 / $0.00	$377.56 / $29.78
Employee & Child(ren)	128	$196.86	$204.20 / $7.34	$211.55 / $14.69	$196.86 / $0.00	$211.55 / $14.69
Family	162	$350.62	$365.65 / $15.03	$380.68 / $30.06	$350.62 / $0.00	$380.68 / $30.06

$YYY / $Z represents the new monthly contribution rate and the change in monthly contribution

Scenario 1: 5% increase, Scenario 2: 10% increase, Scenario 3: $25 wellness reduction, Scenario 4: 10% increase & $25 wellness reduction

PSE – Pre-65 Retirees

Tier	Retirees	2021 Contribution	Scenario 1	Scenario 2
Premium				
Retiree	390	$641.14	$673.20 / $32.06	$705.25 / $64.11
Retiree & NME Spouse	14	$1,457.18	$1,530.04 / $72.86	$1,602.90 / $145.72
Retiree & Child(ren)	7	$1,192.60	$1,252.23 / $59.63	$1,311.86 / $119.26
Retiree & NME Spouse & Child(ren)	2	$2,008.64	$2,109.07 / $100.43	$2,209.50 / $200.86
Retiree & ME Spouse	60	$795.12	$834.88 / $39.76	$874.63 / $79.51
Retiree & ME Spouse & Child(ren)	0	$1,346.58	$1,413.91 / $67.33	$1,481.24 / $134.66
Classic				
Retiree	2,017	$273.30	$286.97 / $13.67	$300.63 / $27.33
Retiree & Spouse	309	$565.78	$594.07 / $28.29	$622.36 / $56.58
Retiree & Child(ren)	70	$469.82	$493.31 / $23.49	$516.80 / $46.98
Family	41	$746.20	$783.51 / $37.31	$820.82 / $74.62
Basic				
Retiree	424	$148.50	$155.93 / $7.43	$163.35 / $14.85
Retiree & Spouse	66	$269.72	$283.21 / $13.49	$296.69 / $26.97
Retiree & Child(ren)	22	$238.52	$250.45 / $11.93	$262.37 / $23.85
Family	23	$335.72	$352.51 / $16.79	$369.29 / $33.57

$YYY / $Z represents the new monthly contribution rate and the change in monthly contribution

Scenario 1: 5% increase, Scenario 2: 10% increase

PSE – Post-65 Retirees

Tier	Retirees	2021 Contribution	Scenario 1	Scenario 2
Primary				
Retiree	14,135	$100.78	$105.82 / $5.04	$110.86 / $10.08
Retiree & Non-Medicare Spouse	92	$783.92	$823.12 / $39.20	$862.31 / $78.39
Retiree & Child(ren)	12	$757.10	$794.96 / $37.86	$832.81 / $75.71
Retiree & Non-Medicare Spouse & Child(ren)	7	$1,521.48	$1,597.55 / $76.07	$1,673.63 / $152.15
Retiree & Medicare Spouse	1,228	$263.04	$276.19 / $13.15	$289.34 / $26.30
Retiree & Medicare Spouse & Child(ren)	3	$888.58	$933.01 / $44.43	$977.44 / $88.86

$YYY / $Z represents the new monthly contribution rate and the change in monthly contribution

Scenario 1: 5% increase, Scenario 2: 10% increase

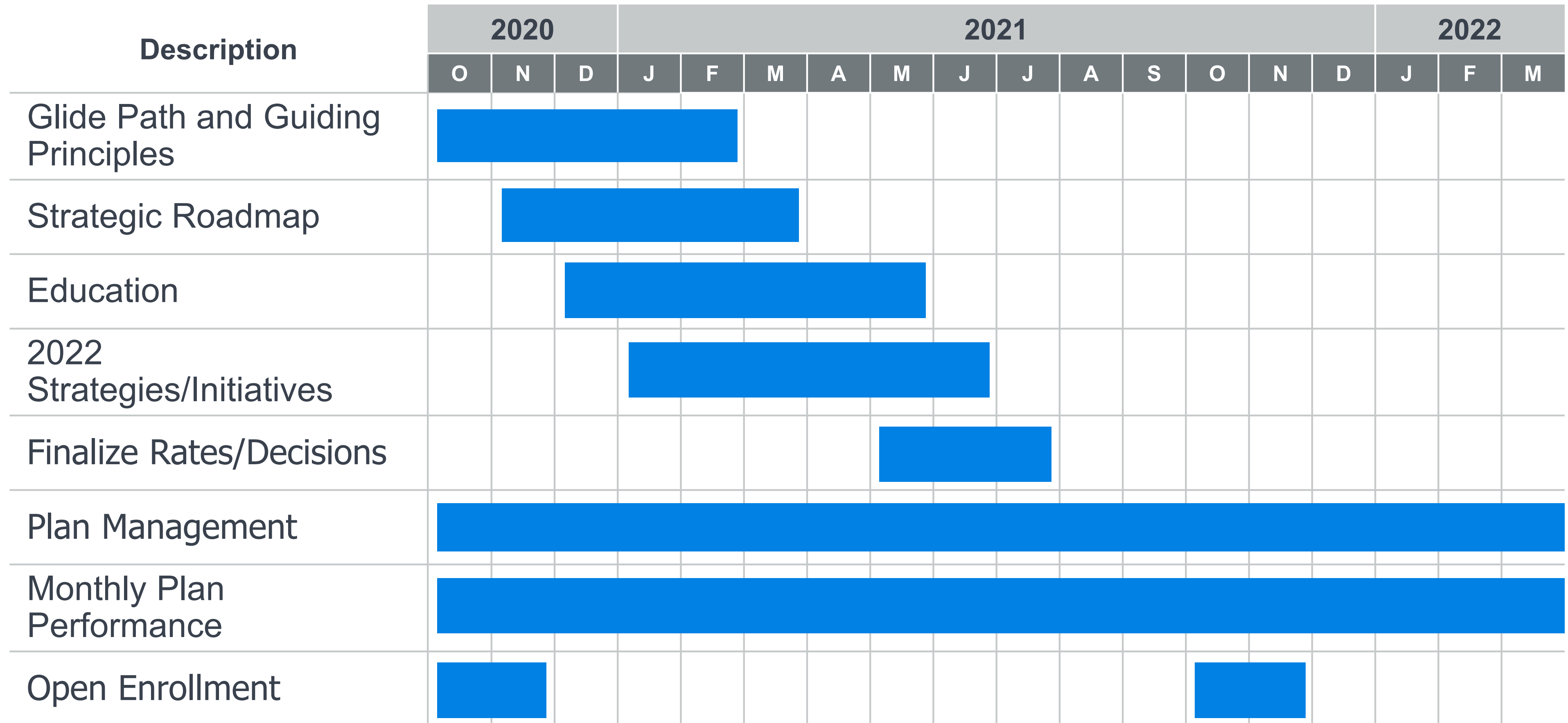
PSE – Alternative Plan Design

	Premium		Classic		Basic	
	Current	Proposed	Current	Proposed	Current	Proposed
Individual / Family Deductible	$750 / $1,500	$1,000 / $2,000	$1,750 / $2,850	$2,000 / $3,250	$4,000 / $8,000	$4,250 / $8,500
Individual / Family MOOP[1]	$3,250 / $6,500	$3,500 / $7,000	$6,450 / $9,675	$6,700 / $10,050	$6,450 / $12,900	$6,700 / $13,400
Primary Care Physician / Specialist	$25 / $50	$25 / $50	20% after ded.	20% after ded.	20% after ded.	20% after ded.
ER	$250	$250	20% after ded.	20% after ded.	20% after ded.	20% after ded.
Inpatient	20% after ded.	20% after ded.	20% after ded.	20% after ded.	20% after ded.	20% after ded.
Outpatient	20% after ded.	20% after ded.	20% after ded.	20% after ded.	20% after ded.	20% after ded.
Generic Drug	$15	$15	20% after ded.	20% after ded.	20% after ded.	20% after ded.
Preferred Brand Drug	$40	$40	20% after ded.	20% after ded.	20% after ded.	20% after ded.
Non-Preferred Brand Drug	$80	$80	20% after ded.	20% after ded.	20% after ded.	20% after ded.
Specialty Drug	$100	$100	20% after ded.	20% after ded.	20% after ded.	20% after ded.
Actuarial Value (AV)	84.3%	83.4%	74.4%	73.2%	68.2%	67.4%
Proj. 2022 Enrollment[2]	17,188	17,188	29,907	29,907	5,655	5,655

[1] Separate out-of-pocket maximum for pharmacy on Premium plan
[2] Represents Active and Pre-65 Retiree projected 2022 enrollment

2021 Roadmap

Timeline: Gantt chart



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Thank you

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

Appendices

Appendix

Assumptions & Methodology

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 (2020 to 2022)

- 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 January 2021
  - Projected February 2021 – December 2022 based on historical patterns
- Program Savings
  - Estimated remaining 2021 program savings of $6.5 million for ASE and $4.7 million for PSE
  - Estimated remaining 2022 program savings of $6.6 million for ASE and $4.9 million for PSE
  - Program savings offset as initiatives are reflected in the claims experience and projected pharmacy claims cost
- Plan Administration Expense
  - ASE - $3.85 PMPM for CY 2021 ($3.97 PMPM for CY 2022)
  - PSE - $2.14 PMPM for CY 2021 ($2.20 PMPM for CY 2022)
- Plan Administration Fees include PCORI charges for 2021 and 2022
- Percentage of Population earning wellness incentive
  - ASE – 76.4%
  - PSE – 79.2%
- Minimum District Funding: $161.87 in 2020 and $164.66 in 2021 and 2022

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 February 28, 2021. 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 December 1, 2019 to December 31, 2020 and paid from January 1, 2020 to February 28, 2021.
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 2019 to February 2020 (medical) and January 2020 to December 2020 (pharmacy).
5. Divided the summarized incurred claims by the appropriate member months to calculate PMPMs.
6. For 2020, utilized actual claims for January 2020 to December 2020.
7. 2021 and 2022 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 and July 1, 2022, respectively).
8. Made adjustments for seasonality, benefit changes, and age/gender mix.
9. Accounted for rating period fees and administrative expenses.
10. 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 Fellows of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render actuarial 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, 2021, and 2022 budgets relied on historical ASE and PSE medical and pharmacy claims from ABCBS and MedImpact, respectively; funding and plan administration from EBD; historical ASE and PSE members by benefit plan, age/gender, and by month from EBD; 2019, 2020, and 2021 ASE and PSE benefit plan summaries from EBD; 2020, 2021, and 2022 fees and administrative expenses from EBD: conversations with EBD regarding the program, and actuarial judgment.

While we reviewed the ABCBS, MedImpact, 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. It is certain that actual experience will not conform exactly to the assumptions used in 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 also 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.

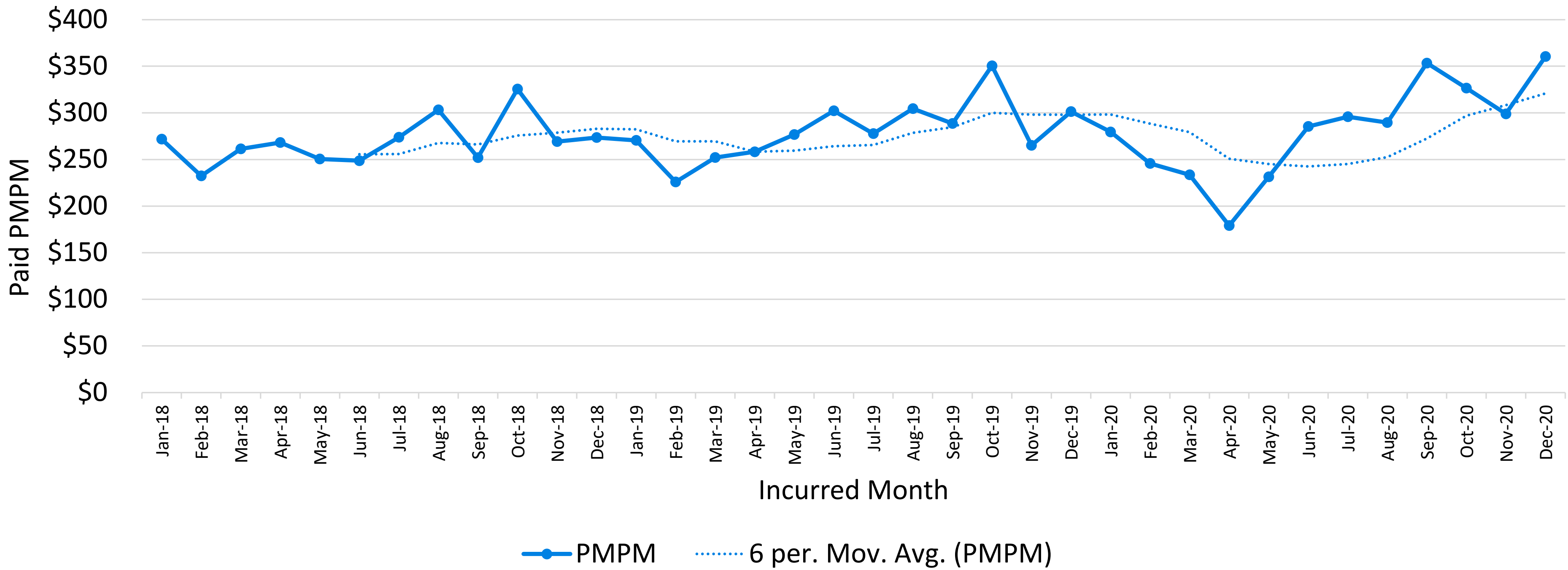
The terms of Milliman's Consulting Services Agreement as a subcontractor to Health Advantage, an affiliate of ABCBS, for the State of Arkansas dated October 29, 2019 apply to this email and its use.

This presentation has been provided for the internal use of the management of the State of Arkansas Employee Benefits Division for setting the ASE and PSE budget for CY2020, CY2021, and CY2022. The information contained in this presentation is confidential and proprietary. This information may not be appropriate for other uses and should not be distributed to or relied on by any other parties without Milliman's prior written consent. We do not intend this information to benefit any third party even if we permit the distribution of our work product to such third party. If this analysis is distributed internally or to a third party, we request that it be distributed in its entirety.

Appendix

ASE Supporting Exhibits

Monthly Trend - Medical



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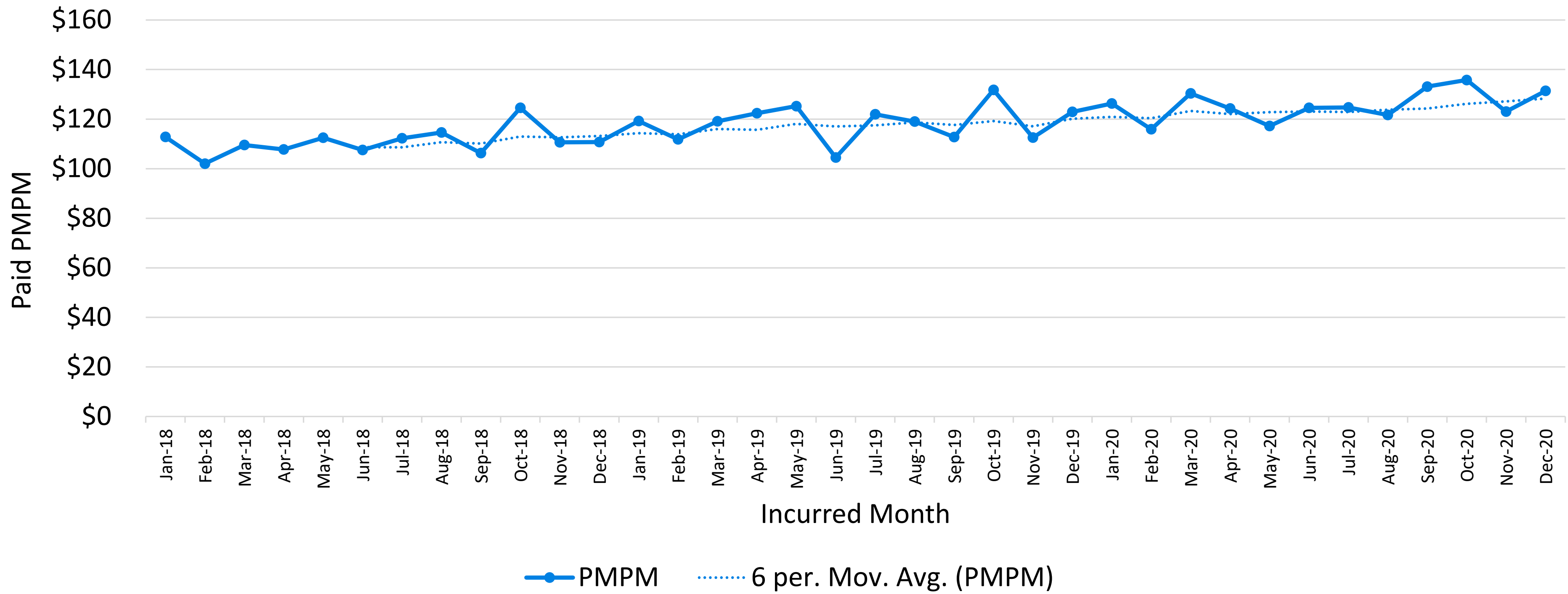
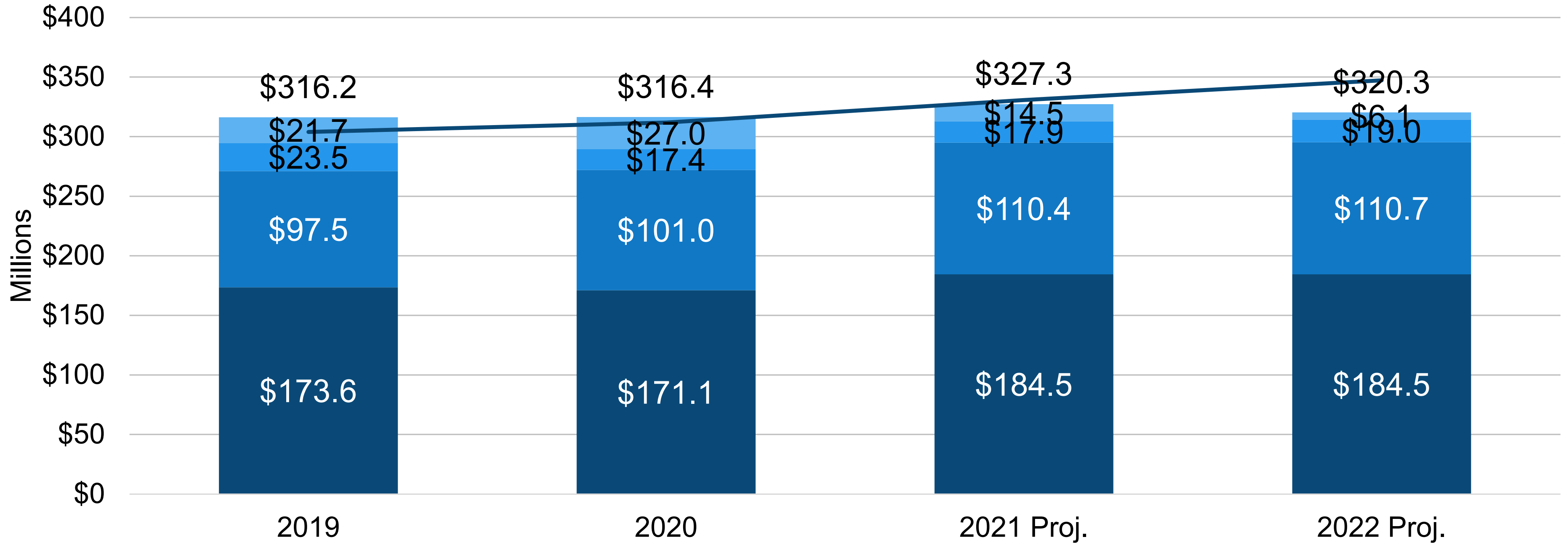
Monthly Trend - Pharmacy

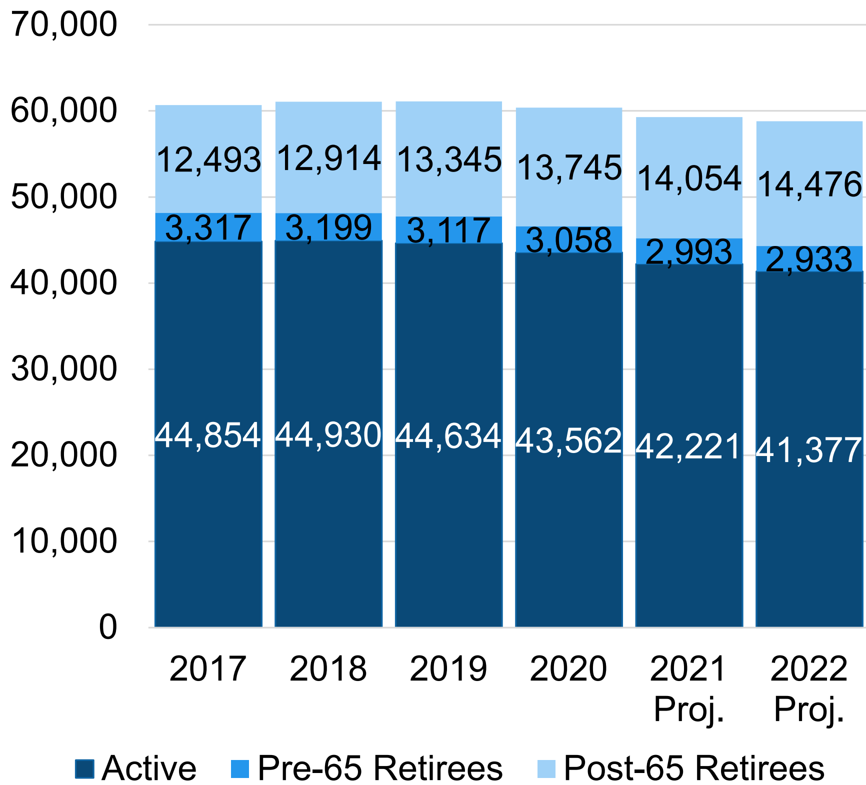


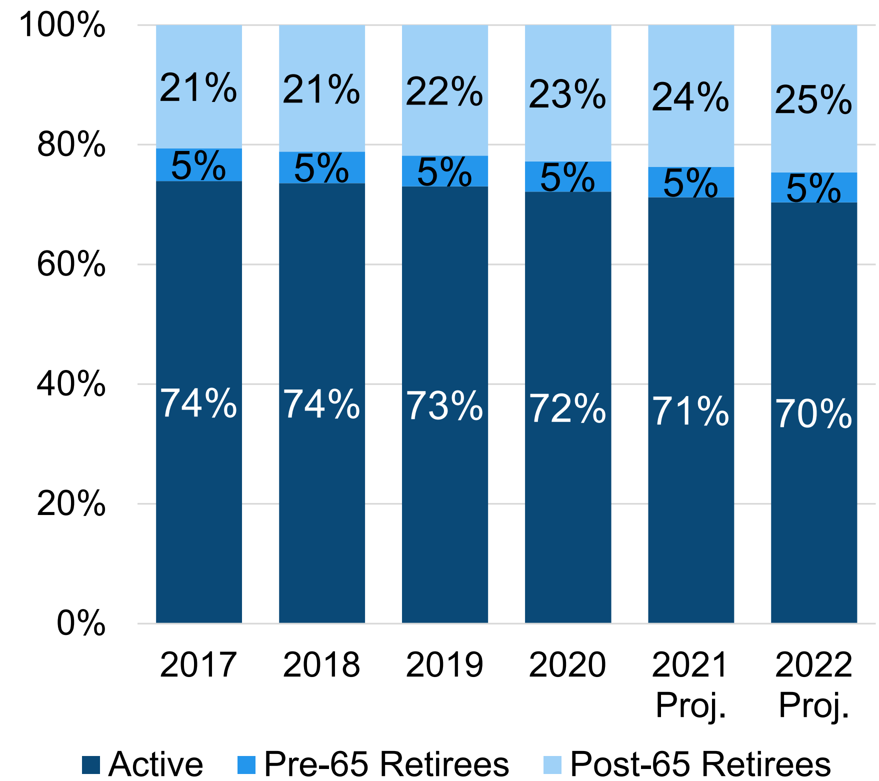
ASE - Income vs. Expenditure



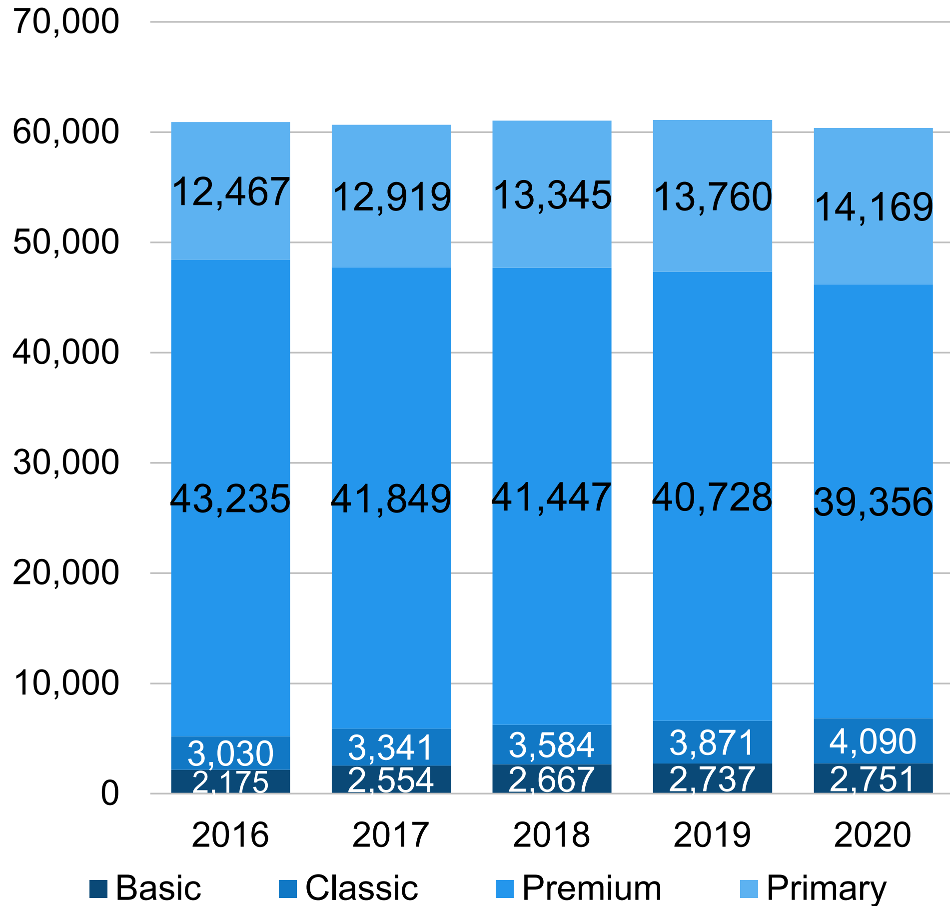
* Total Expenses offset by Program Savings

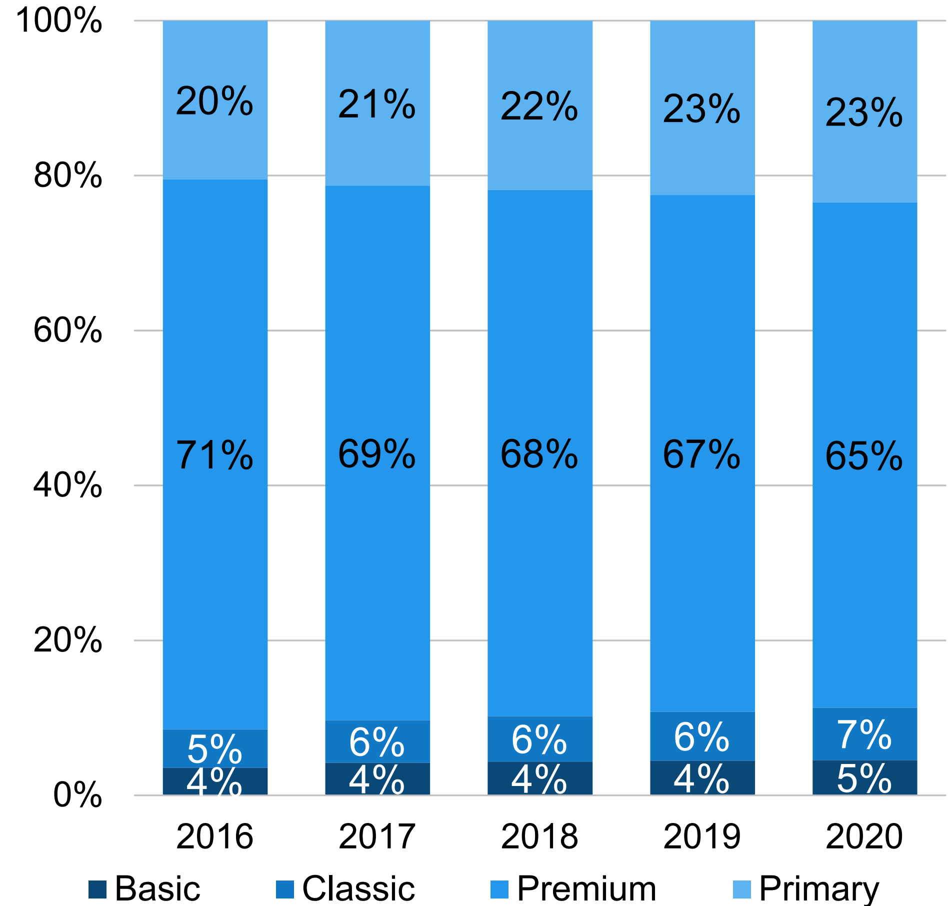
ASE - Average Membership by Status



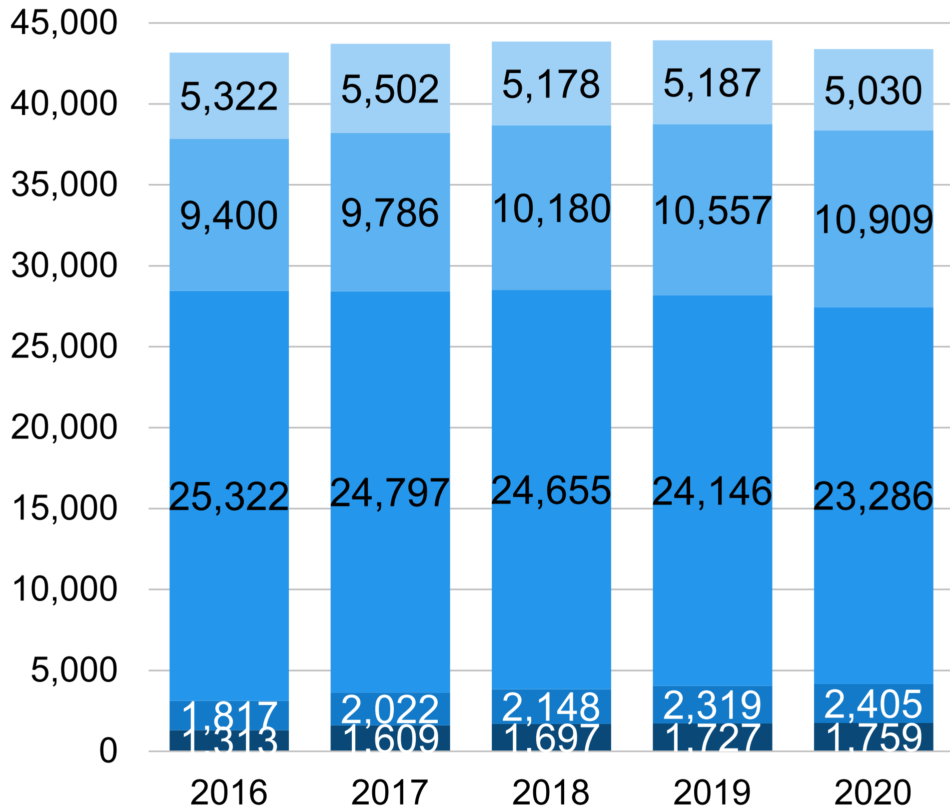


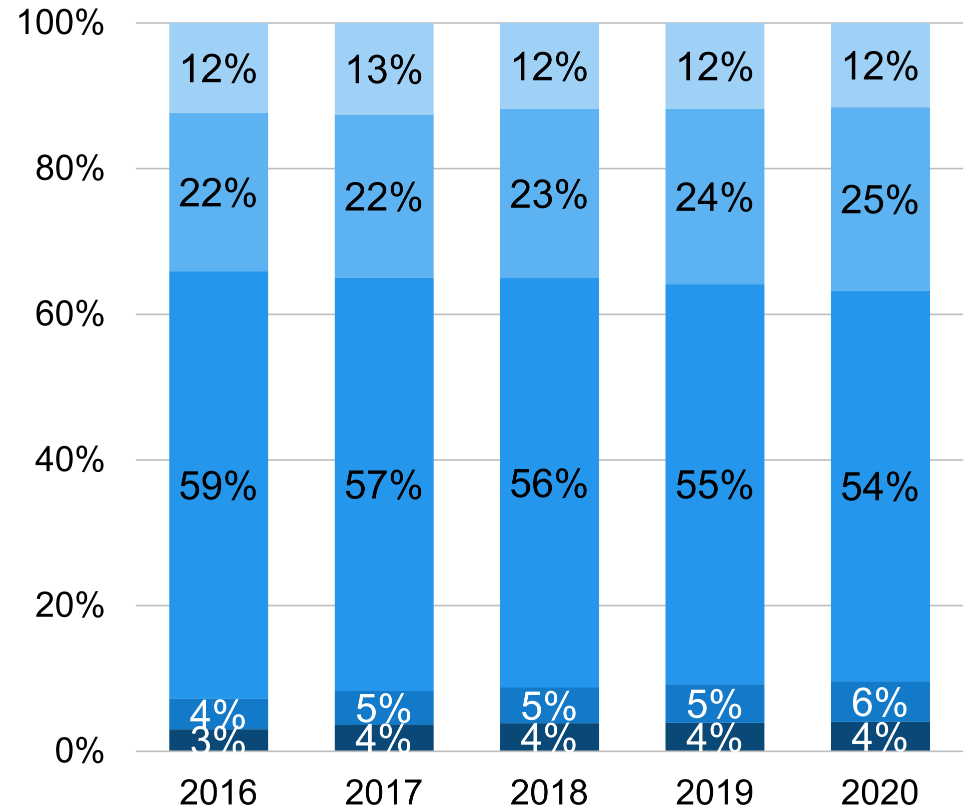
ASE - Average Membership by Plan





ASE - Average Enrollment (Subscribers) by Plan

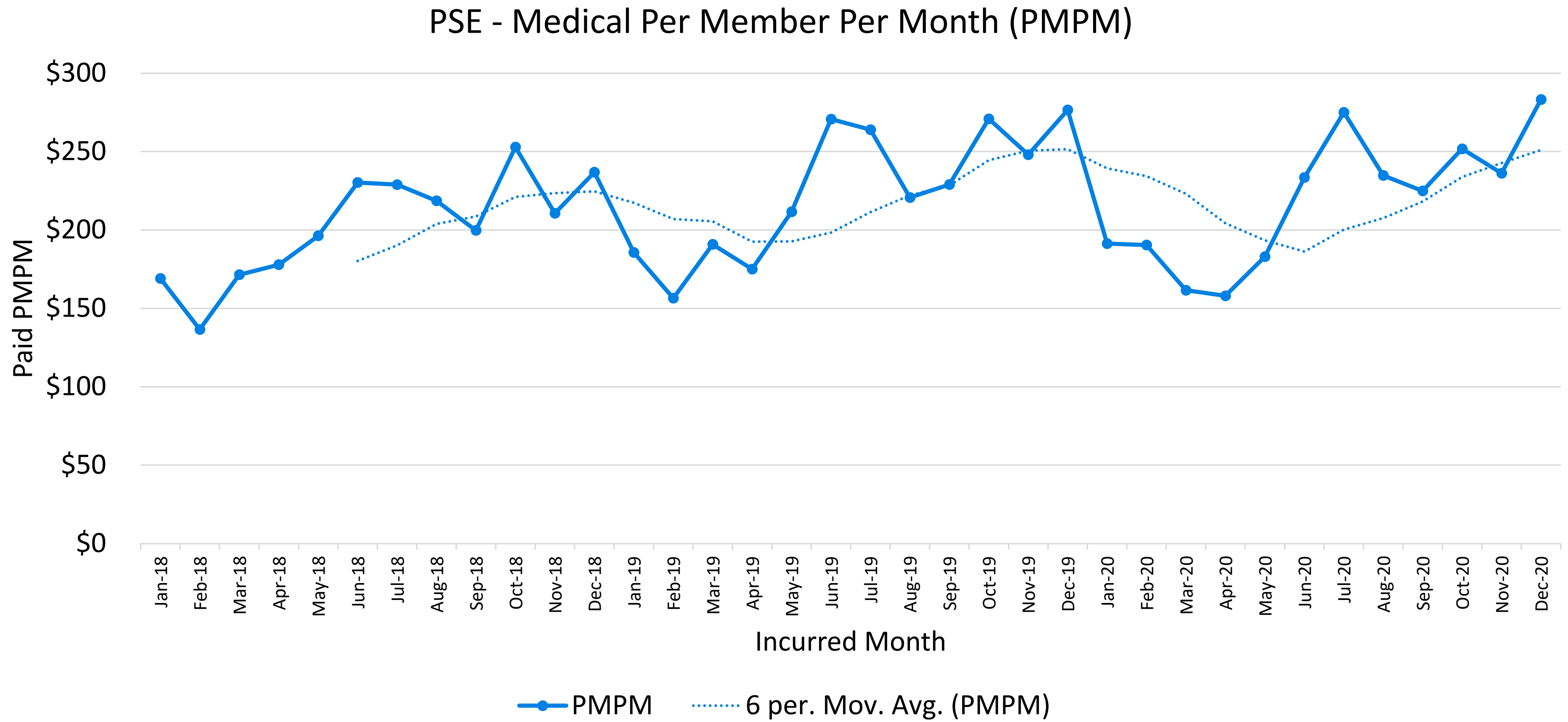




Appendix

PSE Supporting Exhibits

Monthly Trend - Medical



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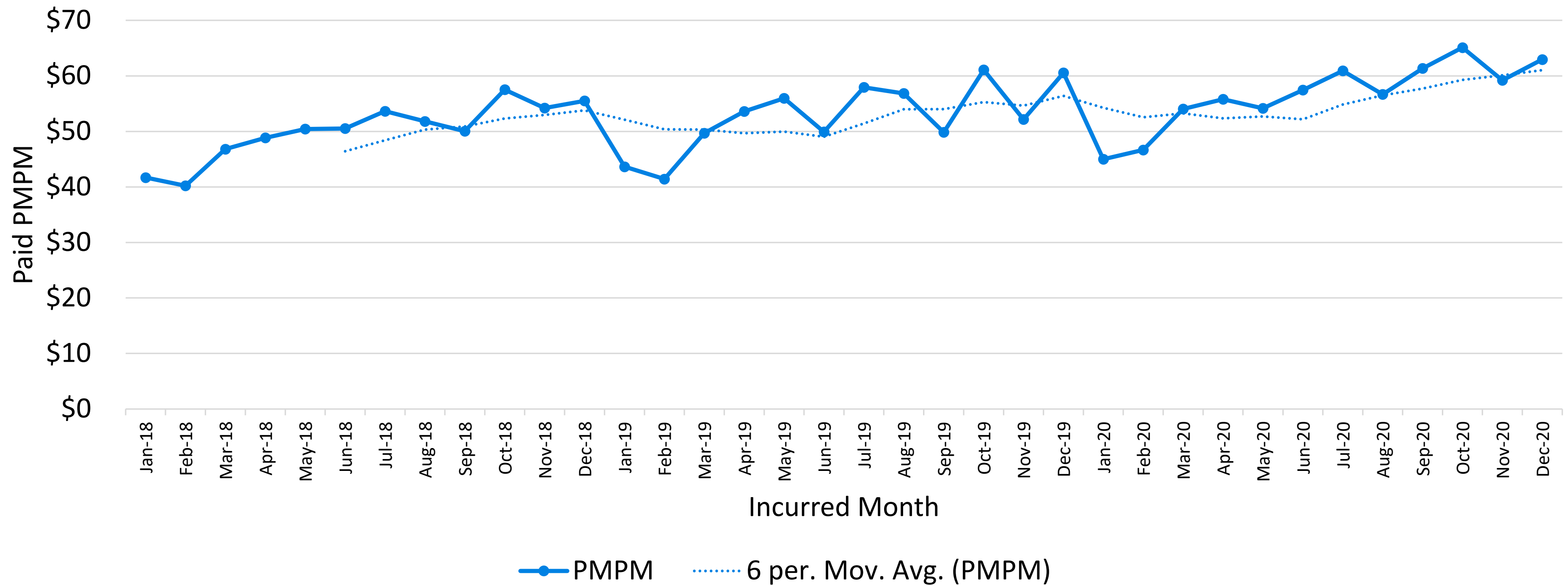
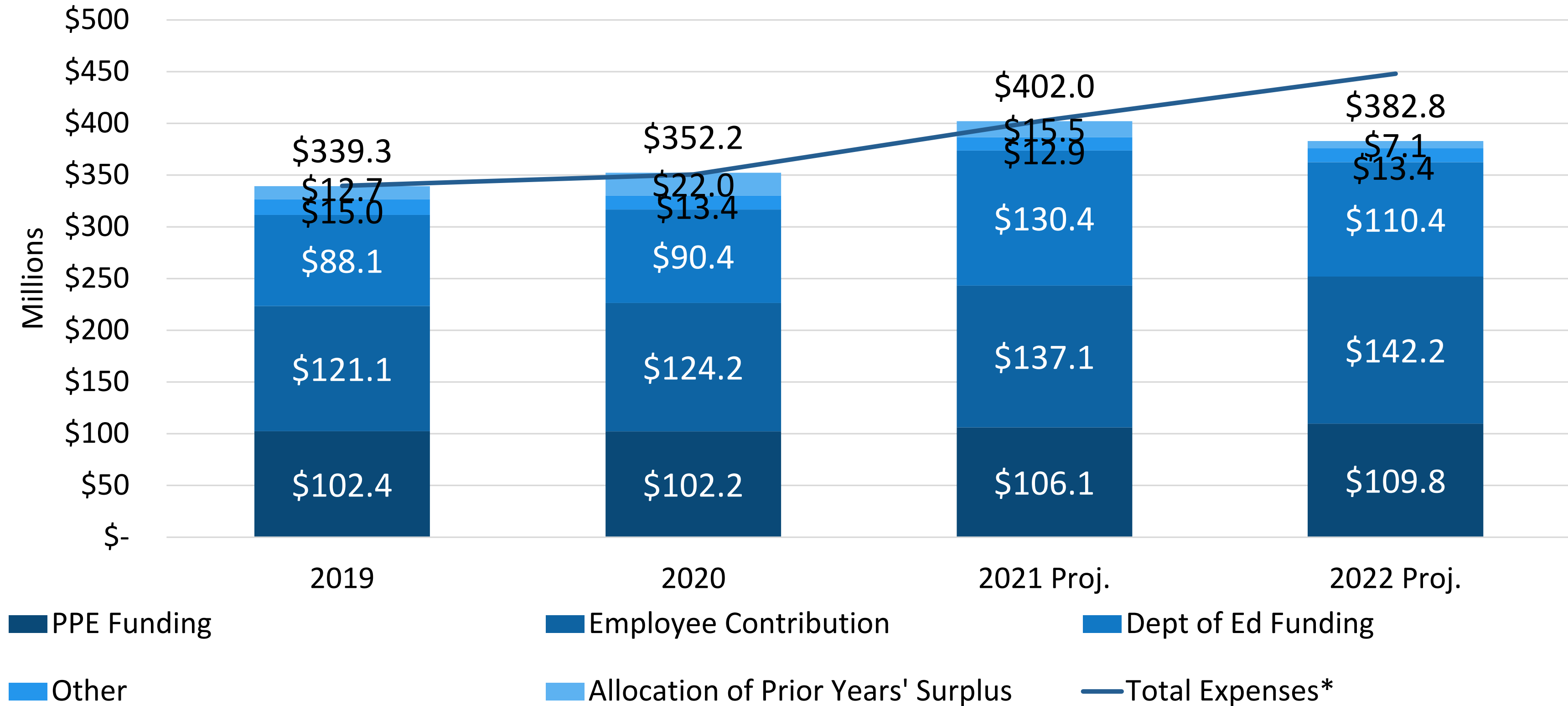
Monthly Trend - Pharmacy



Milliman

PSE - Income vs. Expenditure



* Total Expenses offset by Program Savings

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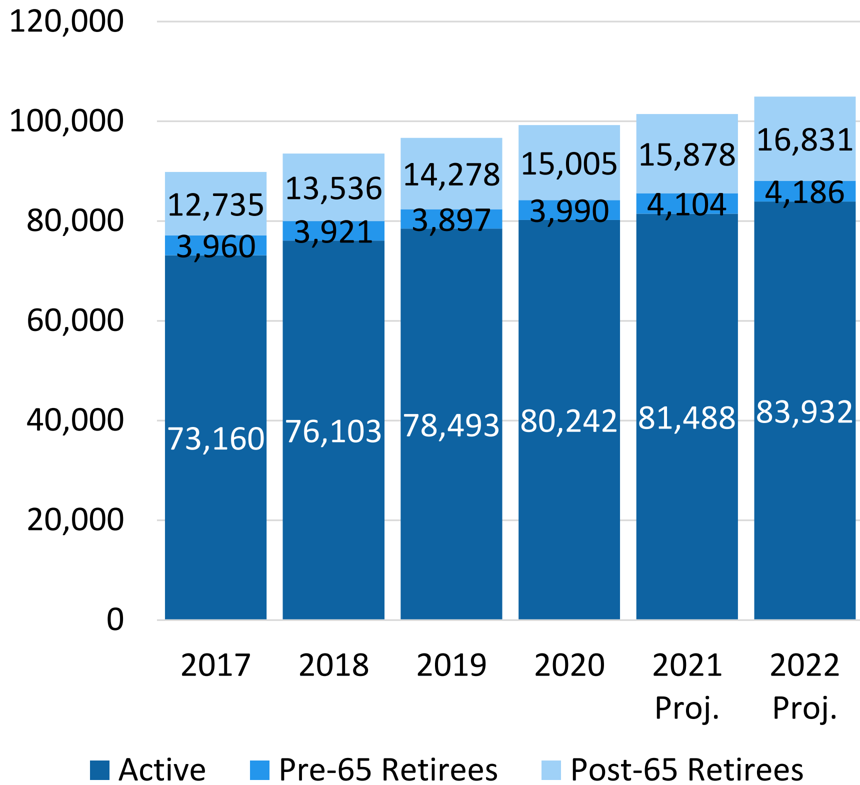
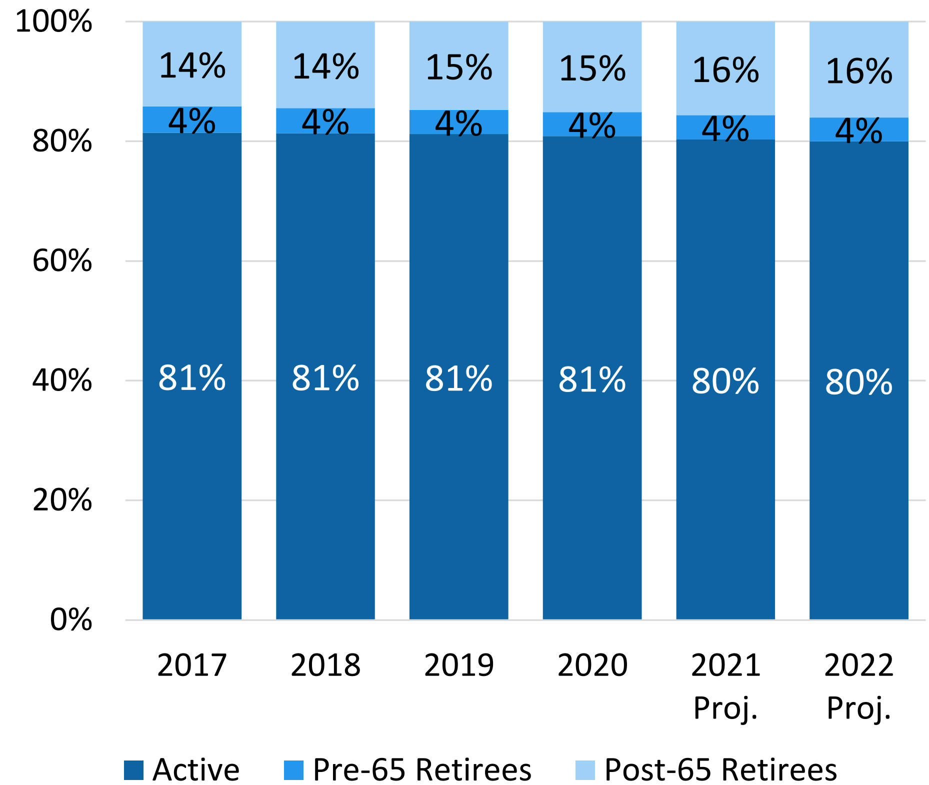
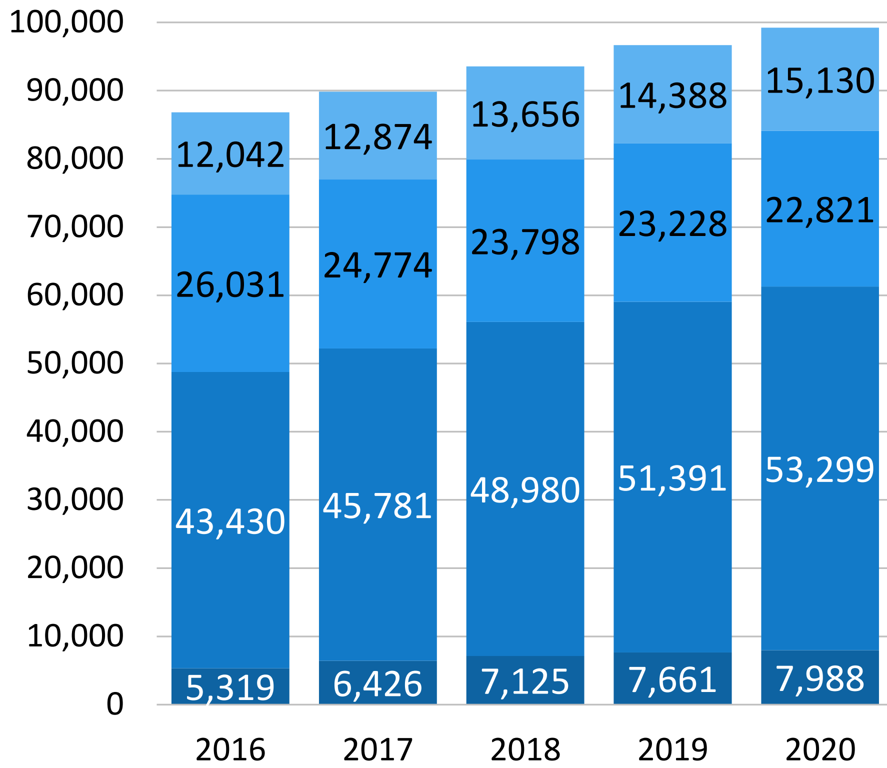
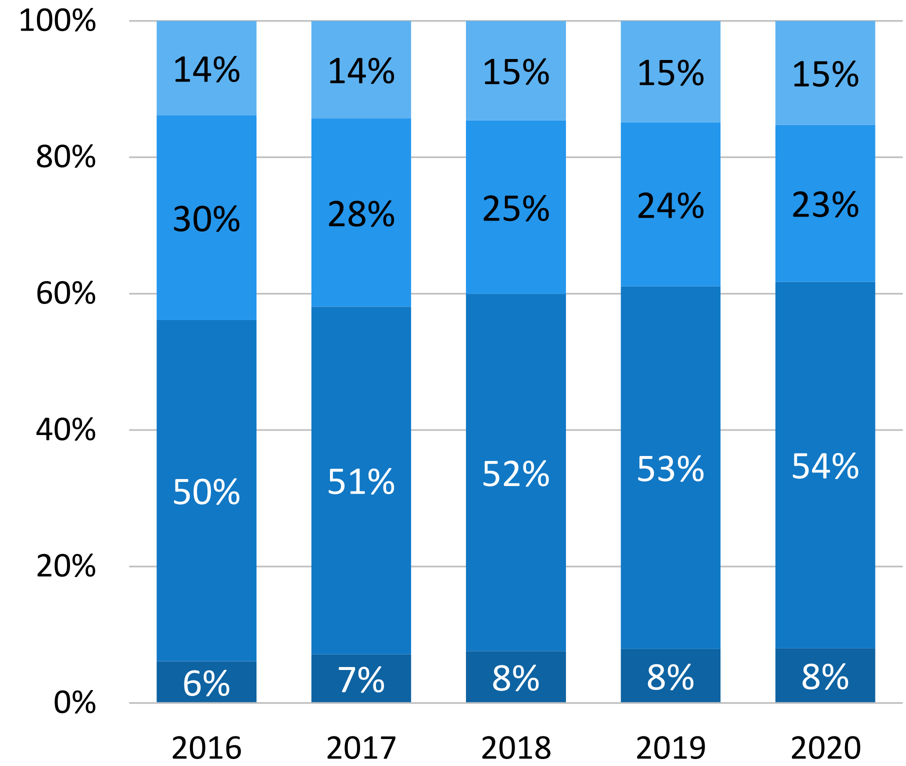
PSE - Average Membership by Status



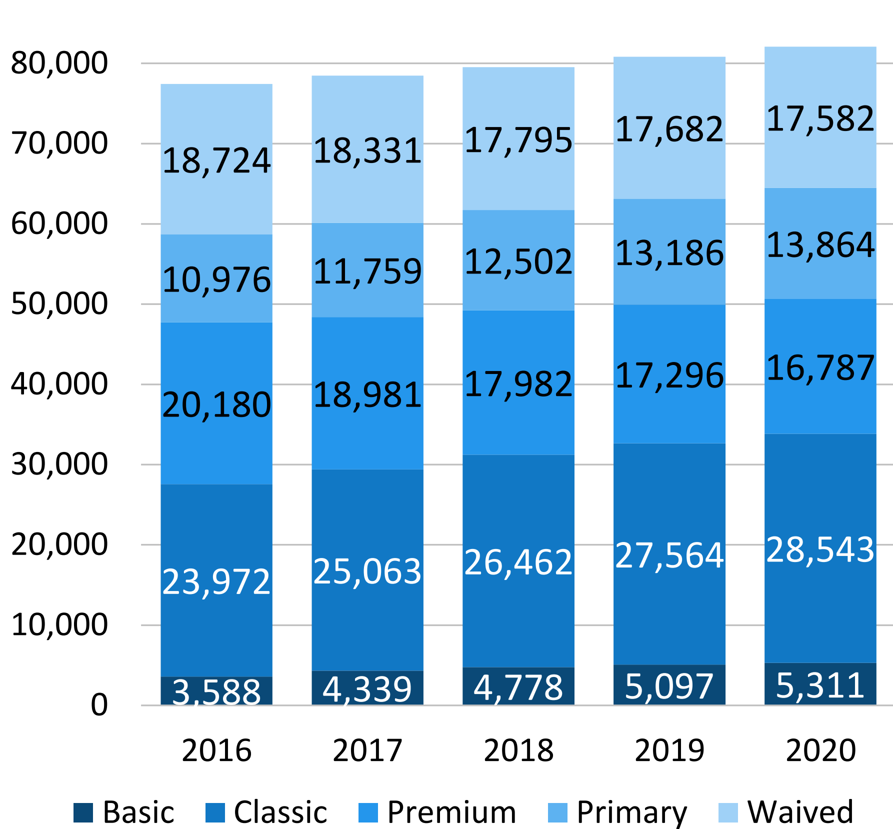


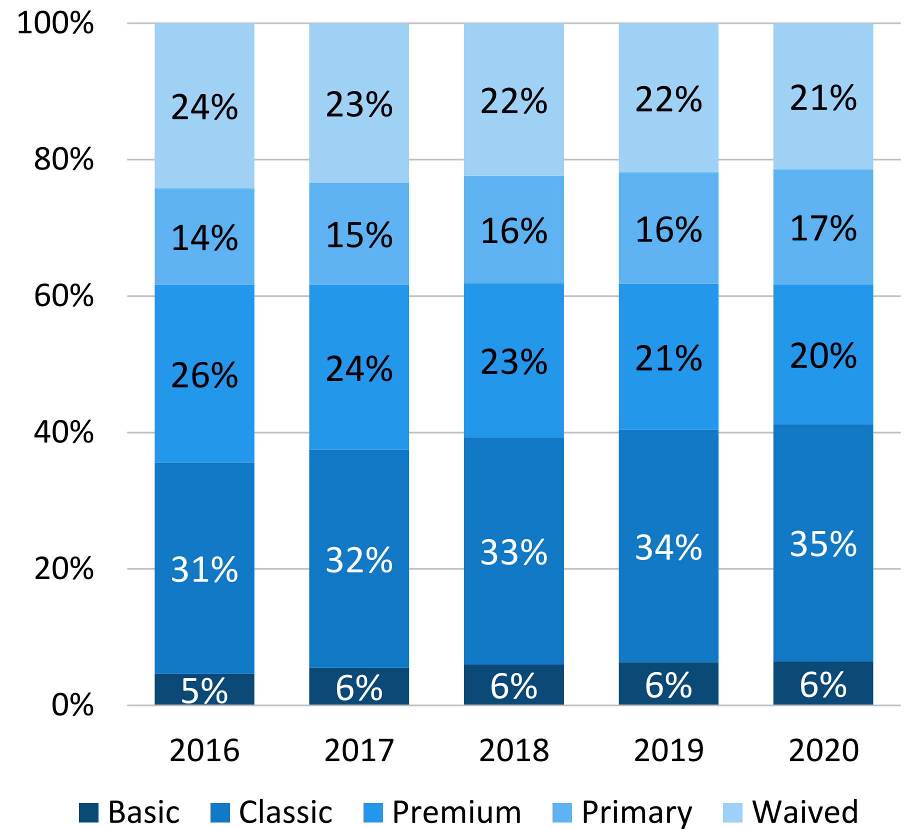
PSE - Average Membership by Plan





PSE - Average Enrollment (Subscribers) by Plan





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Appendix

2021 Plan Design

Plan Design

	Premium		Classic		Basic	
	ASE	PSE	ASE	PSE	ASE	PSE
Individual / Family Deductible	$500 / $1,000	$750 / $1,500	$2,500 / $5,000	$1,750 / $2,850	$6,450 / $12,900	$4,000 / $8,000
Individual / Family MOOP[1]	$3,000 / $6,000	$3,250 / $6,500	$6,450 / $12,900	$6,450 / $9,675	$6,450 / $12,900	$6,450 / $12,900
Primary Care Physician / Specialist	$25 / $50	$25 / $50	20% after ded.	20% after ded.	0% after ded.	20% after ded.
ER	$250	$250	20% after ded.	20% after ded.	0% after ded.	20% after ded.
Inpatient	20% after ded.	20% after ded.	20% after ded.	20% after ded.	0% after ded.	20% after ded.
Outpatient	20% after ded.	20% after ded.	20% after ded.	20% after ded.	0% after ded.	20% after ded.
Generic Drug	$15	$15	20% after ded.	20% after ded.	0% after ded.	20% after ded.
Preferred Brand Drug	$40	$40	20% after ded.	20% after ded.	0% after ded.	20% after ded.
Non-Preferred Brand Drug	$80	$80	20% after ded.	20% after ded.	0% after ded.	20% after ded.
Specialty Drug	$100	$100	20% after ded.	20% after ded.	0% after ded.	20% after ded.
Actuarial Value (AV)	85.3%	84.3%	75.5%	74.4%	70.0%	68.2%
Proj. 2022 Enrollment[2]	22,091	17,188	2,893	29,907	1,851	5,655

[1] Separate out-of-pocket maximum for pharmacy on Premium plan
[2] Represents Active and Pre-65 Retiree projected 2022 enrollment

Appendix

2021 Rates and Contributions

ASE – 2021 Active with Wellness Rates

Tier	Premium	State Contribution	Employee Contribution
Premium			
Employee	$552.28	$408.30	$143.99
Employee & Spouse	$1,243.01	$787.53	$455.48
Employee & Child(ren)	$927.68	$664.16	$263.52
Family	$1,618.38	$1,043.37	$575.01
Classic			
Employee	$480.14	$402.34	$77.79
Employee & Spouse	$1,070.98	$770.00	$300.98
Employee & Child(ren)	$801.25	$651.95	$149.30
Family	$1,392.07	$1,019.59	$372.49
Basic			
Employee	$423.77	$423.77	$0.00
Employee & Spouse	$936.82	$761.37	$175.44
Employee & Child(ren)	$702.61	$645.63	$56.98
Family	$1,215.66	$1,008.23	$207.43

ASE – 2021 Active without Wellness Rates

Tier	Premium	State Contribution	Employee Contribution
Premium			
Employee	$552.28	$358.30	$193.99
Employee & Spouse	$1,243.01	$737.53	$505.48
Employee & Child(ren)	$927.68	$614.16	$313.52
Family	$1,618.38	$993.37	$625.01
Classic			
Employee	$480.14	$352.34	$127.79
Employee & Spouse	$1,070.98	$720.00	$350.98
Employee & Child(ren)	$801.25	$601.95	$199.30
Family	$1,392.07	$969.59	$422.49
Basic			
Employee	$423.77	$373.77	$50.00
Employee & Spouse	$936.82	$711.37	$225.44
Employee & Child(ren)	$702.61	$595.63	$106.98
Family	$1,215.65	$958.23	$257.43

ASE – 2021 Pre-65 Retiree Rates

Tier	Premium	State Contribution	Retiree Contribution
Premium			
Retiree	$552.28	$258.58	$293.71
Retiree & NME Spouse	$1,243.01	$491.23	$751.78
Retiree & Child(ren)	$927.68	$384.93	$542.75
Retiree & NME Spouse & Child(ren)	$1,618.38	$617.59	$1,000.80
Retiree & ME Spouse	$1,041.48	$473.94	$567.55
Retiree & ME Spouse & Child(ren)	$1,416.88	$600.30	$816.59
Classic			
Retiree	$480.13	$252.62	$227.51
Retiree & Spouse	$1,070.98	$473.72	$597.26
Retiree & Child(ren)	$801.25	$372.72	$428.53
Family	$1,392.07	$593.80	$798.27
Basic			
Retiree	$423.77	$249.05	$174.72
Retiree & Spouse	$936.82	$465.07	$471.74
Retiree & Child(ren)	$702.61	$366.42	$336.19
Family	$1,215.65	$582.44	$633.21

ASE – 2021 Post-65 Retiree Rates

Tier	Premium	State Contribution	Retiree Contribution
Primary			
Retiree	$489.20	$305.28	$183.92
Retiree & NME Spouse	$1,191.83	$549.84	$641.99
Retiree & Child(ren)	$871.07	$438.11	$432.96
Retiree & NME Spouse & Child(ren)	$1,573.70	$682.69	$891.01
Retiree & ME Spouse	$978.39	$537.77	$440.62
Retiree & ME Spouse & Child(ren)	$1,360.26	$670.60	$689.66

PSE – 2021 Active with Wellness Rates

Tier	Premium	State Contribution	School Contribution	Employee Contribution
Premium				
Employee	$632.92	$259.80	$164.66	$208.46
Employee & Spouse	$1,533.81	$512.95	$164.66	$856.20
Employee & Child(ren)	$1,121.77	$461.57	$164.66	$495.54
Family	$1,810.56	$787.46	$164.66	$858.44
Classic				
Employee	$374.00	$138.32	$164.66	$71.02
Employee & Spouse	$849.95	$305.67	$164.66	$379.62
Employee & Child(ren)	$625.80	$277.72	$164.66	$183.42
Family	$1,091.70	$543.72	$164.66	$383.32
Basic				
Employee	$311.44	$110.52	$164.66	$36.26
Employee & Spouse	$690.19	$227.75	$164.66	$297.78
Employee & Child(ren)	$517.77	$206.25	$164.66	$146.86
Family	$853.38	$388.10	$164.66	$300.62

PSE – 2021 Active without Wellness Rates

Tier	Premium	State Contribution	School Contribution	Employee Contribution
Premium				
Employee	$632.92	$209.80	$164.66	$258.46
Employee & Spouse	$1,533.81	$462.95	$164.66	$906.20
Employee & Child(ren)	$1,121.77	$411.57	$164.66	$545.54
Family	$1,810.56	$737.46	$164.66	$908.44
Classic				
Employee	$374.00	$88.32	$164.66	$121.02
Employee & Spouse	$849.95	$255.67	$164.66	$429.62
Employee & Child(ren)	$625.80	$227.72	$164.66	$233.42
Family	$1,091.70	$493.72	$164.66	$433.32
Basic				
Employee	$311.44	$60.52	$164.66	$86.26
Employee & Spouse	$690.19	$177.75	$164.66	$347.78
Employee & Child(ren)	$517.77	$156.25	$164.66	$196.86
Family	$853.38	$338.10	$164.66	$350.62

PSE – 2021 Pre-65 Retiree Rates

Tier	Premium	State / School Contribution	Retiree Contribution
Premium			
Retiree	$641.14	$0.00	$641.14
Retiree & NME Spouse	$1,457.18	$0.00	$1,457.18
Retiree & Child(ren)	$1,192.60	$0.00	$1,192.60
Retiree & NME Spouse & Child(ren)	$2,008.64	$0.00	$2,008.64
Retiree & ME Spouse	$795.12	$0.00	$795.12
Retiree & ME Spouse & Child(ren)	$1,346.58	$0.00	$1,346.58
Classic			
Retiree	$273.30	$0.00	$273.30
Retiree & Spouse	$565.78	$0.00	$565.78
Retiree & Child(ren)	$469.82	$0.00	$469.82
Family	$746.20	$0.00	$746.20
Basic			
Retiree	$148.50	$0.00	$148.50
Retiree & Spouse	$269.72	$0.00	$269.72
Retiree & Child(ren)	$238.52	$0.00	$238.52
Family	$335.72	$0.00	$335.72

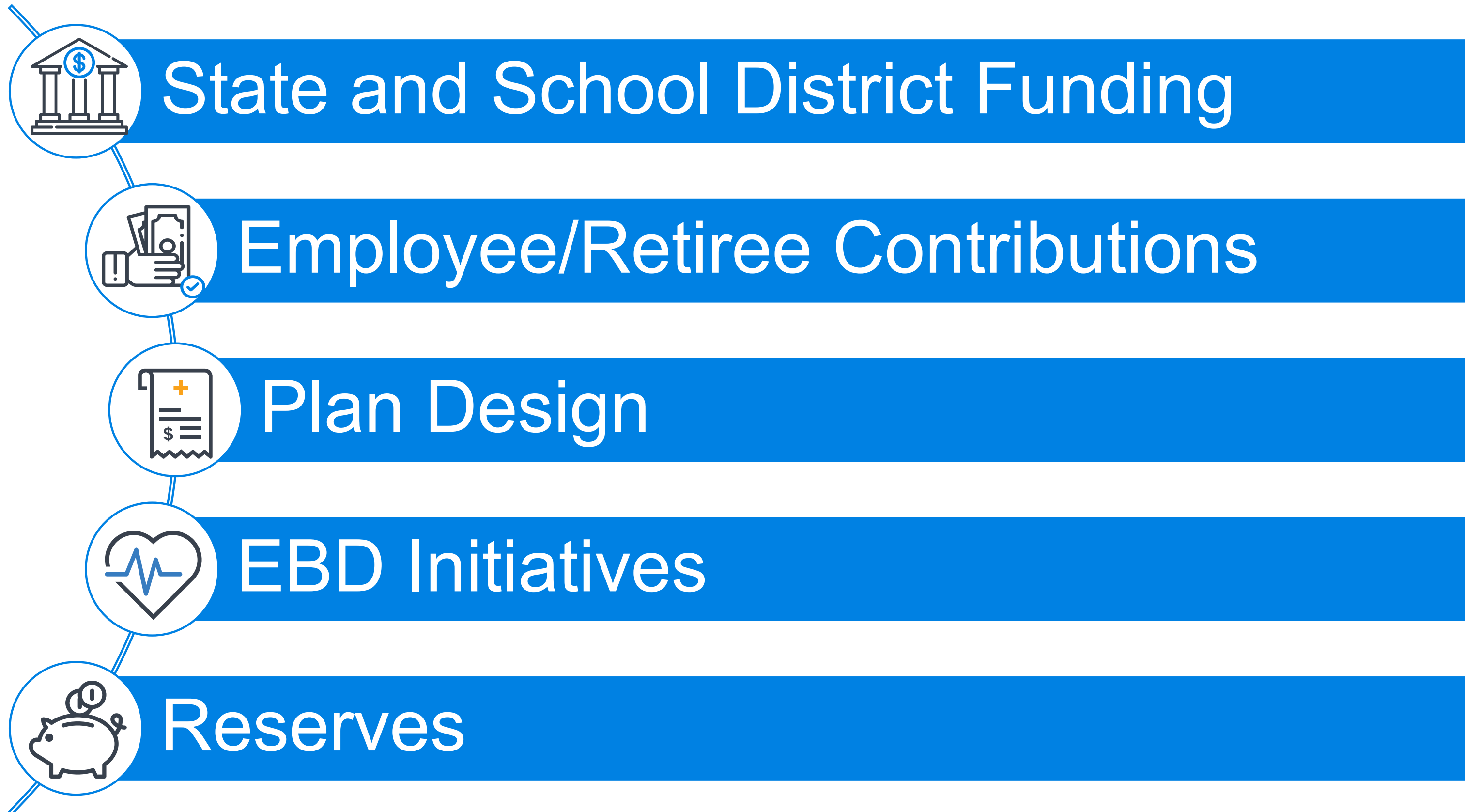
PSE – 2021 Post-65 Retiree Rates

Tier	Premium	State Contribution	School Contribution	Employee Contribution
Primary				
Retiree	$217.76	$116.98	$0.00	$100.78
Retiree & NME Spouse	$841.08	$57.16	$0.00	$783.92
Retiree & Child(ren)	$812.30	$55.20	$0.00	$757.10
Retiree & NME Spouse & Child(ren)	$1,632.41	$110.93	$0.00	$1,521.48
Retiree & ME Spouse	$397.68	$134.64	$0.00	$263.04
Retiree & ME Spouse & Child(ren)	$953.37	$64.79	$0.00	$888.58

Appendix

Miscellaneous

Budget Levers



Guiding Principles - *ILLUSTRATION*