

# State of Arkansas Employee Benefits Division

## CY2022 Planning

**Arkansas State Board of Finance Meeting**  
*Arkansas State Employees (ASE) and Public-School Employees (PSE)*

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1 JUNE 2021

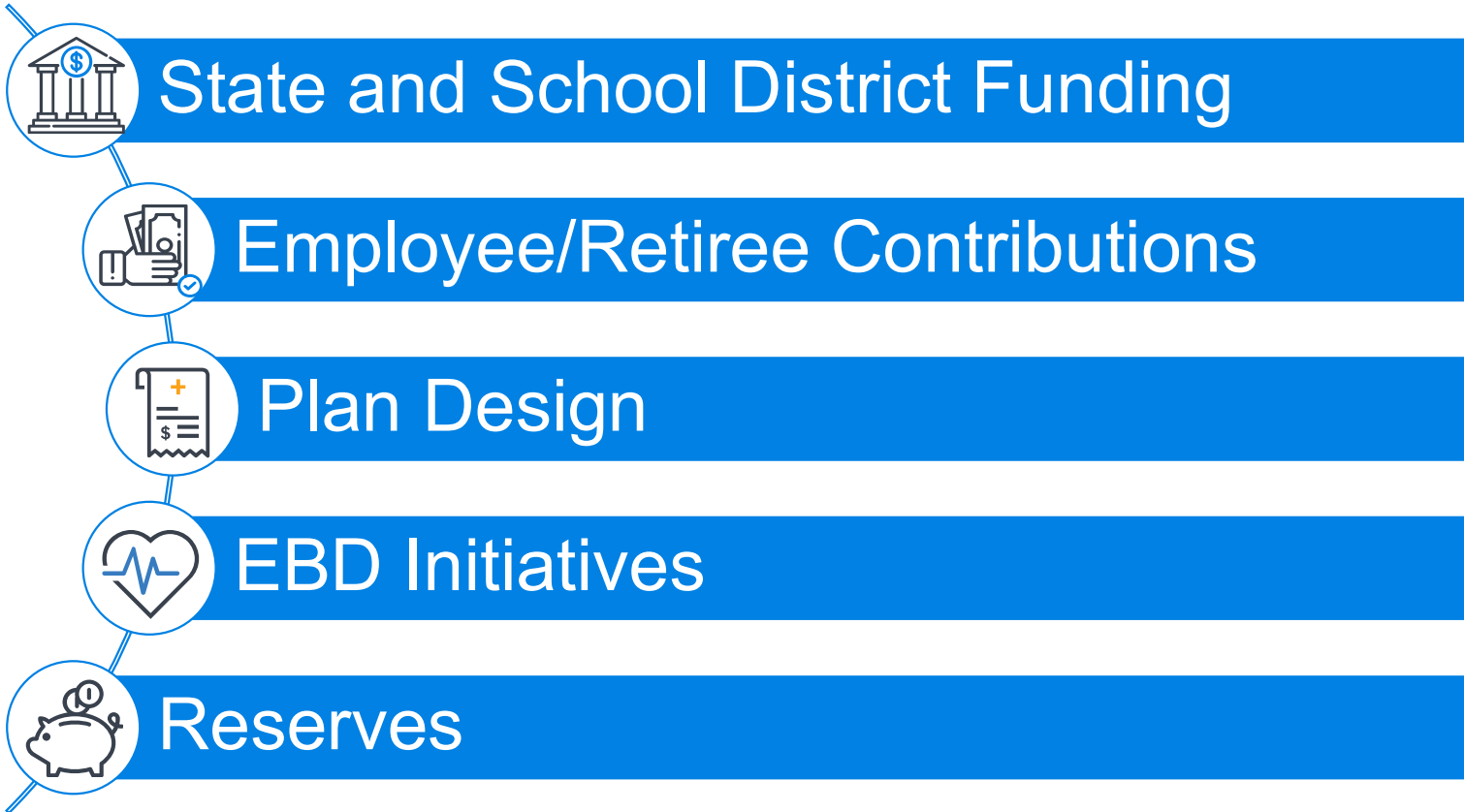


# Agenda

- Budget Levers & Guiding Principles
- ASE Benefit Benchmarking
- Wellness Program Benchmarking
- Retiree Coordination of Benefit
- Appendices

# Budget Levers

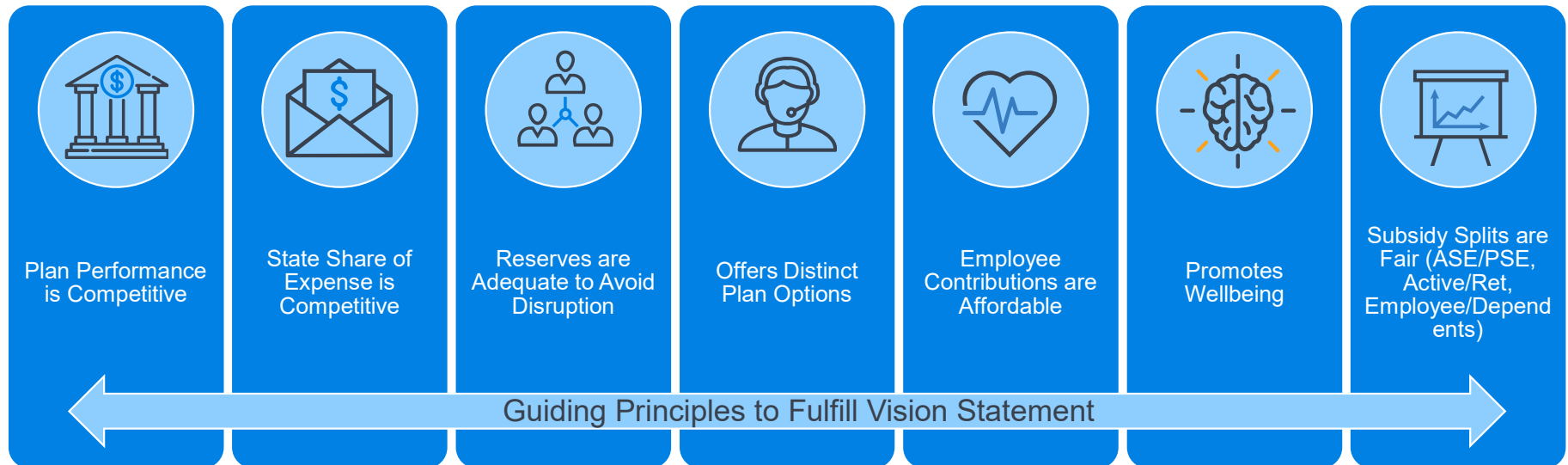
# Budget Levers



# Guiding Principles

## Draft Vision Statement:

The Board will offer plan options that provide competitive value and health promotion in comparison to other states and consistently ensure that the plan is fully funded to maximize value and remain solvent



# **ASE Benchmarking – Benefit Program**

## ASE Benchmarking – Plan Design Findings

- On average, states offer between 2 to 3 plans
  - Alabama only offers 1 plan, which is comparable to the Premium plan design
- The average deductible for the most generous plan ranges from \$300 to \$1,000 (excluding Texas, which is a copay plan) for individuals
- The average deductible for the least generous plan ranges from \$1,500 - \$2,100 (excluding Alabama, which only offers one plan) for individuals
- Most states offer a qualified high deductible plan option
  - Louisiana, Missouri, Oklahoma, Tennessee, and Texas offer HSA plans
  - Most states that offer a qualified HDHP provide a HSA seed
- Louisiana, Oklahoma, and Texas offer local HMO solutions

# ASE – State and Employee Funding Benchmarks

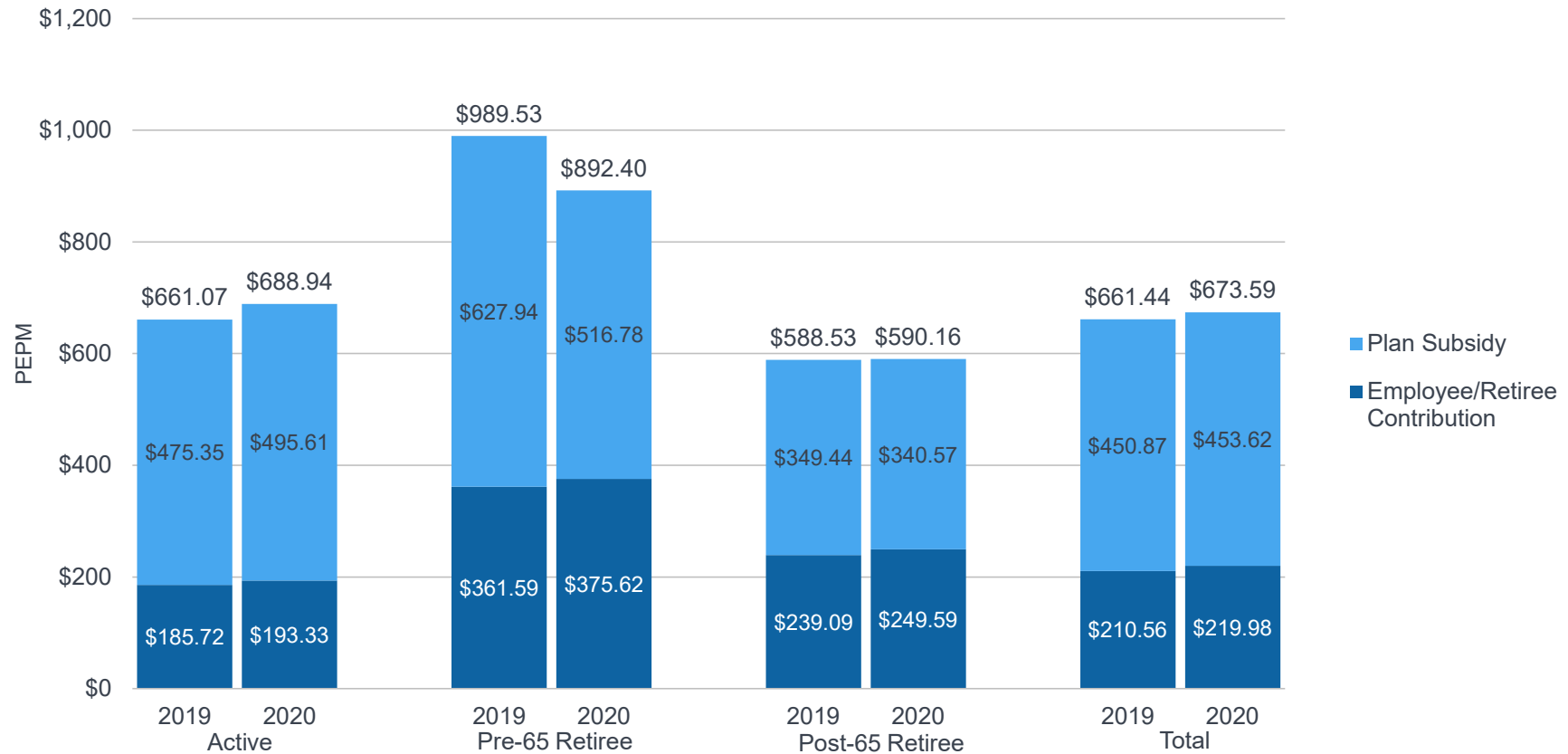
- Reviewed healthcare benefits of 7 states surrounding Arkansas. States included are:
  - Alabama, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, Texas
- Mapped Arkansas employees to the closest matching plan option in alternative State
  - This assumes that enrollment distribution between plan, tier, and employment status is similar to Arkansas, may not be actual dollars funded by the State
- Relied upon the 2020 premiums and employee payroll contributions published on State websites for employee payroll contributions, total plan cost, and State subsidy
  - Actuarial judgement used when information was limited
- State of Arkansas 2020 premiums, employee payroll contributions and plan subsidy based on actual 2020 cost estimates
- Benchmarking results are primarily for directional purposes

Statistics	ASE (Rank) - Active
Employee Contributions	Rank: 7 of 8 (high employee contributions)
Estimated Plan Cost	Rank: 2 of 8 (low cost)
Plan / State Subsidy	Rank: 2 of 8 (low subsidization)

\*Based on dollars



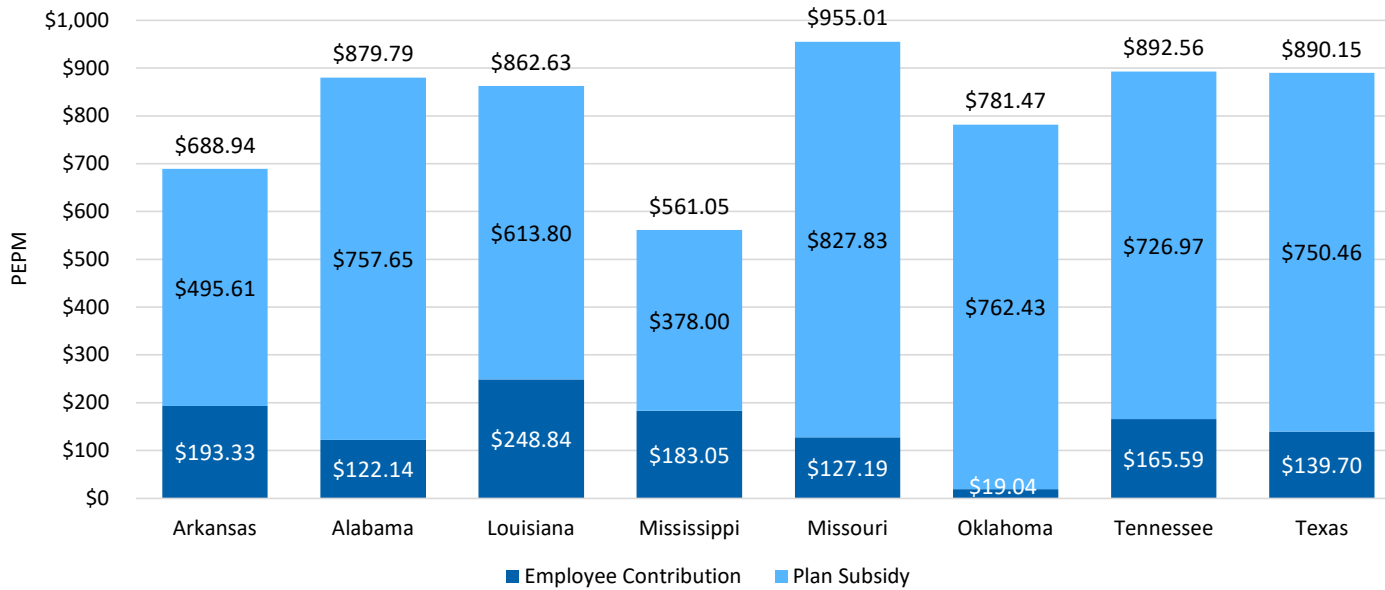
# Employee Contribution and Plan Subsidy by Employment Status



\*Plan subsidizes includes state contributions, other income, and use of assets / reserves

# 2020 Employee Contribution and Plan Subsidy by State

## Active Employees



- ◆ Many states appear to use Actuarial Pricing with a fixed subsidy by tier
- ◆ Oklahoma provides a subsidy that applies for all benefits combined.
- ◆ State of Arkansas subsidizes approximately 72% of costs for the active population in 2020.

\*Arkansas plan subsidizes includes state contributions, other income, and use of assets / reserves

	AR	AL	LA	MS	MO	OK	TN	TX
Plan Subsidy %	72%	86%	71%	67%	87%	98%	81%	84%
EE Contribution %	28%	14%	29%	33%	13%	2%	19%	16%

# ASE Benchmark – Medicare & Non-Medicare Eligible Retiree Coverage

- State of Arkansas Program
  - Offers benefits to Non-Medicare Eligible Retirees

State	Offer Coverage (NME)	Offer Med Coverage (ME)	Offer Rx Coverage (ME)	Comments
Arkansas	Yes	Yes	Yes*	PSE does not have Rx coverage
Alabama	Yes	Yes	Yes	Subsidy based on years of service
Louisiana	Yes	Yes	Yes	Subsidy based on years of service
Mississippi	Yes	Yes	No	Appears to be Access Only
Missouri	Yes	Yes	Yes	Subsidy based on years of service
Oklahoma	Yes	Yes	Yes	Appears to be a Stipend
Tennessee	Yes	Yes	No	Subsidy based on years of service (grandfathered benefit)
Texas	Yes	Yes	Yes	Subsidy based on years of service

\* PSE does not offer pharmacy benefits to Medicare eligible retirees

# **Wellness Program Benchmarking**

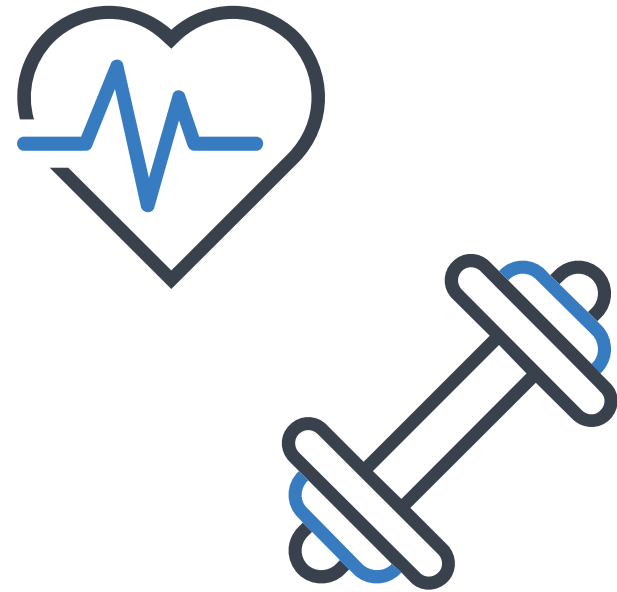
# State of Arkansas' Wellness Program

## Background

- Currently, employees can earn a \$50 monthly wellness credit towards their contribution
- Approximately 75-80% of enrolled employees satisfy the wellness requirements annually

## Program requirements

- Biometric screening / wellness visit
- Complete health assessment
- Be a non-tobacco user or complete a tobacco cessation program



## Benchmark – Wellness Programs

- State of Arkansas Program
  - In 2020, Active employees could earn \$75 per month premium credit if they complete the wellness program
  - Premium credit for completing wellness program was reduced to \$50 per month in 2021
- Wellness Program Comparison (State employees)

State	Offer Program	Incentive (per month)	Requirement
Arkansas	Yes	\$50	Screening / Tobacco Free
Alabama	Yes	\$25	Screening
Louisiana	Yes	\$10	Screening
Mississippi	No	\$0	N/A
Missouri	Yes	\$25	HRA / Quiz
Oklahoma	No	\$0	N/A
Tennessee	Yes	\$20.83 / \$41.67	Variety of Options
Texas	Yes	Gift (up to \$100 annually)	Variety of Options

## Benchmark – Tobacco Programs

- State of Arkansas Program
  - Embedded with Wellness Program
- Tobacco Program Comparison (State employees)

State	Offer Program	Surcharge (per month)	Comments
Arkansas	Yes*	\$0	Embedded with Wellness
Alabama	Yes	\$60	Per employee / spouse
Louisiana	No	\$0	N/A
Mississippi	No	\$0	N/A
Missouri	Yes	\$40	Per employee / spouse
Oklahoma	Yes	\$0	Required to enroll in “rich” plans
Tennessee	Yes*	\$0	Embedded with Wellness
Texas	Yes	\$30	Per employee / spouse / children

\* Tobacco program is embedded with the Wellness program.

# **Retiree Coordination of Benefit**



# Post-65 Retiree Coordination of Benefits (CoB)

## Background

- Arkansas provides Post-65 retirees with medical and pharmacy benefit coverage for state employees and medical coverage for public-school employees
- Approximately 11,300 state retirees and 15,500 public-school retirees are currently enrolled in the benefit
- Arkansas' Post-65 coverage coordinates with Medicare with Medicare being primary and Arkansas being secondary for medical services. There is no coordination for pharmacy.
- Currently, the Arkansas benefit program covers the Medicare deductible, inpatient/SNF copayment, and Part B deductible/coinsurance. Services not covered by Medicare are subject to Premium plan provisions.
- Arkansas could change the coordination of benefits such that the member would be subject to the Premium plan provisions on the Medicare deductible, inpatient/SNF copayment, and Part B deductible/coinsurance.

# Actuarial Formulas – Claim Costs – Medicare Coordination

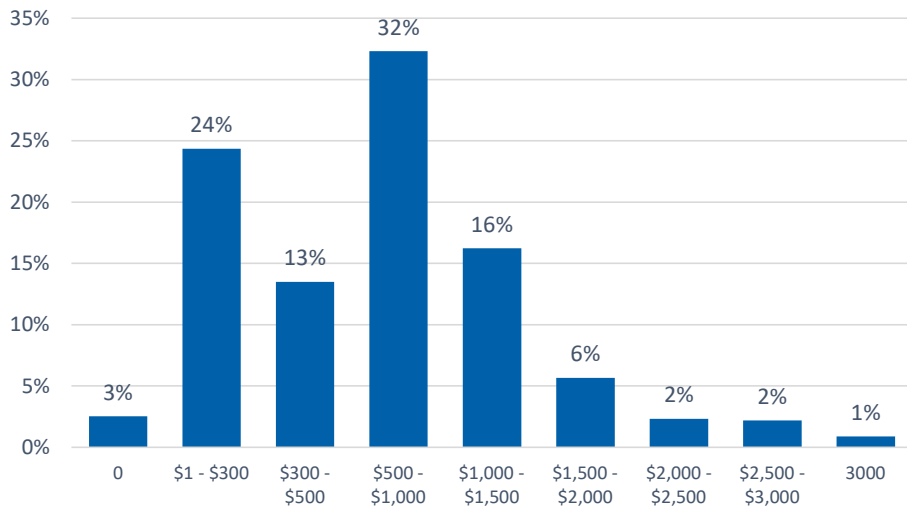
<u>Coordination Of Benefits</u>	
Eligible expenses	\$3,500
Medicare paid	<u>-\$2,500</u>
<b>Total plan expenses</b>	<b>\$1,000</b>
Member	\$0

<u>Maintenance Of Benefits</u>	
Eligible expenses	\$3,500
Medicare paid	<u>-\$2,500</u>
Subtotal expenses	\$1,000
Deductible	-\$500
Coin [Min {20%,\$3000}]	<u>-\$100</u>
<b>Total plan expenses</b>	<b>\$400</b>
Member	\$600

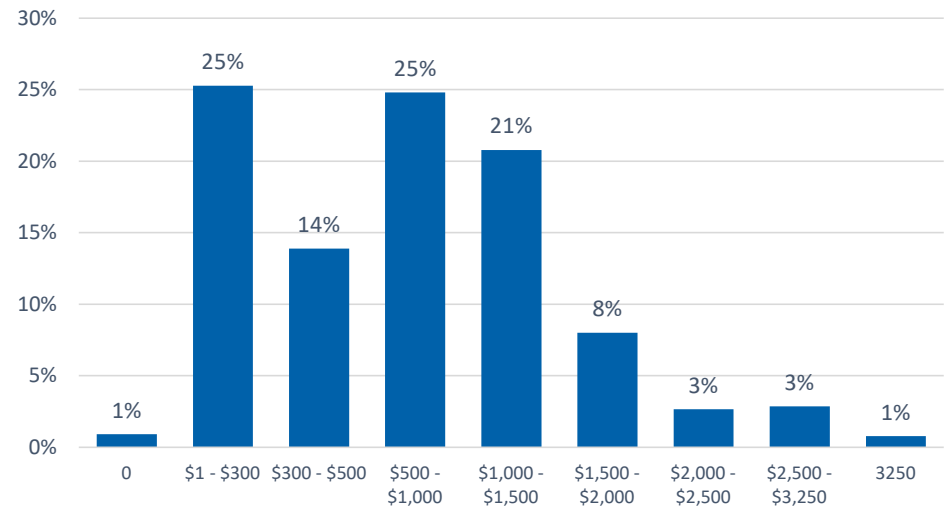
# Financial Impact

- The impact of changing the coordination impacts almost all retirees enrolled in the benefit
- The estimated plan savings is approximately \$9.3M for ASE and \$11.0M for PSE
- For every \$25 per month reduction in Post-65 retiree contributions is approximately \$3.4M for ASE and \$4.6M for PSE

ASE - Impact Per Retiree Member



PSE - Impact Per Retiree Member



*\*Estimated savings and impact based on 2019 claims experience and re-adjudicated under the premium plan provisions*

# 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, 2022 budgets, and the benefit benchmarking 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 benefit summaries and rate sheets from other State benefit programs; 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, EBD, and other state 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 CY2022 benefit planning and 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.



**Thank you**

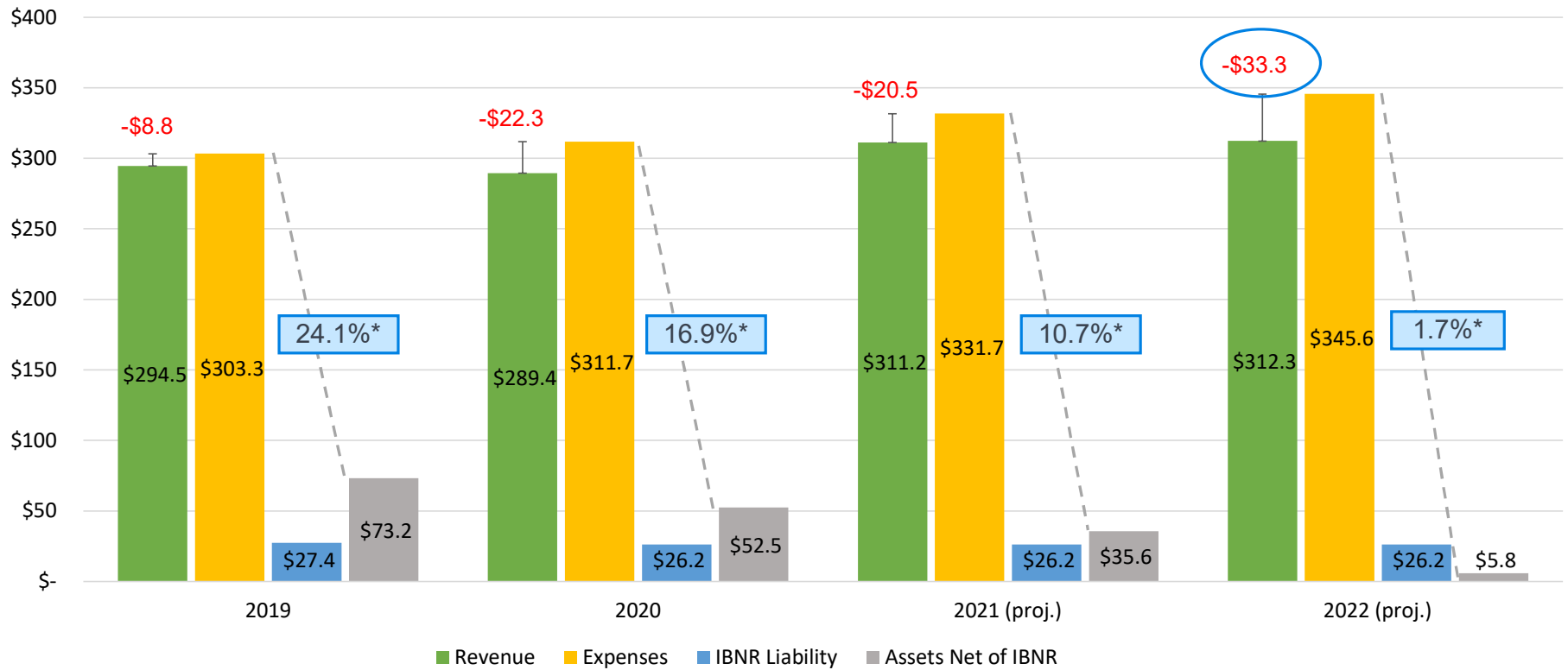
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# Appendices

# Arkansas State Employees (ASE)

Financial Recap

# ASE – Change in Revenue, Expenses, and Assets (\$millions)



\* Assets Net of IBNR as a portion of Expenses



## ASE - Summary of Initiatives from April 20<sup>th</sup> Board Meeting

- 2022 ASE target: **(\$33.3M)** (estimated deficit + 10% catastrophic reserve minimum)

Initiative	2022 Estimated	
	Savings	Balance
5% Active Contribution Increase	\$3.1M	<b>(\$30.2M)</b>
10% Pre-65 and Post-65 Retiree Contribution Increase	\$4.5M	<b>(\$25.7M)</b>
Reduction in Wellness Credit for Actives from \$50 to \$25	\$5.2M	<b>(\$20.5M)</b>
Add Non-Wellness Contribution for Actives (\$50 per month)	\$3.5M	<b>(\$17.0M)</b>
Eliminate Wellness Preventive Screening Requirement	\$2.7M	<b>(\$14.3M)</b>
Increase Monthly State Funding by \$50 Per Month to \$500	<u>\$20.5M</u>	\$6.2M
<b>Total</b>	<b>\$39.5M</b>	

Contribution changes do not reflect migration between benefit plans or tier

Add Non-Wellness Contribution impacts the spread between employees who earn the wellness incentive and those who do not earn the wellness incentive.

## ASE - Active Wellness (Based on April 20<sup>th</sup> Board Meeting)

Tier	Projected Employees	2021 Contribution	2022 Contribution	Contribution Change (\$)	Contribution Change (%)
<u>Premium</u>					
Employee	9,403	\$143.99	\$176.19	\$32.20	22.4%
Employee & Spouse	1,196	\$455.48	\$503.25	\$47.77	10.5%
Employee & Child(ren)	3,734	\$263.52	\$301.70	\$38.18	14.5%
Family	1,056	\$575.01	\$628.76	\$53.75	9.3%
<u>Classic</u>					
Employee	1,331	\$77.79	\$106.68	\$28.89	37.1%
Employee & Spouse	129	\$300.98	\$341.03	\$40.05	13.3%
Employee & Child(ren)	383	\$149.30	\$181.77	\$32.47	21.7%
Family	195	\$372.49	\$416.11	\$43.62	11.7%
<u>Basic</u>					
Employee	986	\$0.00	\$0.00	\$0.00	0.0%
Employee & Spouse	92	\$175.44	\$209.21	\$33.77	19.2%
Employee & Child(ren)	185	\$56.98	\$84.83	\$27.85	48.9%
Family	106	\$207.43	\$242.80	\$35.37	17.1%

## ASE - Active Non-Wellness (Based on April 20<sup>th</sup> Board Meeting)

Tier	Projected Employees	2021 Contribution	2022 Contribution	Contribution Change (\$)	Contribution Change (%)
<u>Premium</u>					
Employee	2,601	\$193.99	\$251.19	\$57.20	29.5%
Employee & Spouse	572	\$505.48	\$578.25	\$72.77	14.4%
Employee & Child(ren)	904	\$313.52	\$376.70	\$63.18	20.2%
Family	568	\$625.01	\$703.76	\$78.75	12.6%
<u>Classic</u>					
Employee	467	\$127.79	\$181.68	\$53.89	42.2%
Employee & Spouse	77	\$350.98	\$416.03	\$65.05	18.5%
Employee & Child(ren)	113	\$199.30	\$256.77	\$57.47	28.8%
Family	82	\$422.49	\$491.11	\$68.62	16.2%
<u>Basic</u>					
Employee	311	\$50.00	\$75.00	\$25.00	50.0%
Employee & Spouse	34	\$225.44	\$284.21	\$58.77	26.1%
Employee & Child(ren)	47	\$106.98	\$159.83	\$52.85	49.4%
Family	35	\$257.43	\$317.80	\$60.37	23.5%

## ASE - Pre-65 Retirees (Based on April 20<sup>th</sup> Board Meeting)

Tier	Projected Retirees	2021 Contribution	2022 Contribution	Contribution Change (\$)	Contribution Change (%)
<u>Premium</u>					
Retiree	1,515	\$293.71	\$323.08	\$29.37	10.0%
Retiree & NME Spouse	240	\$751.78	\$826.96	\$75.18	10.0%
Retiree & Child(ren)	90	\$542.75	\$597.03	\$54.28	10.0%
Retiree & NME Spouse & Child(ren)	37	\$1,000.80	\$1,100.88	\$100.08	10.0%
Retiree & ME Spouse	164	\$567.55	\$624.31	\$56.76	10.0%
Retiree & ME Spouse & Child(ren)	11	\$816.59	\$898.25	\$81.66	10.0%
<u>Classic</u>					
Retiree	87	\$227.51	\$250.26	\$22.75	10.0%
Retiree & Spouse	16	\$597.26	\$656.99	\$59.73	10.0%
Retiree & Child(ren)	3	\$428.53	\$471.38	\$42.85	10.0%
Family	10	\$798.27	\$878.10	\$79.83	10.0%
<u>Basic</u>					
Retiree	41	\$174.72	\$192.19	\$17.47	10.0%
Retiree & Spouse	9	\$471.74	\$518.91	\$47.17	10.0%
Retiree & Child(ren)	2	\$336.19	\$369.81	\$33.62	10.0%
Family	3	\$633.21	\$696.53	\$63.32	10.0%

## ASE - Post-65 Retirees (Based on April 20<sup>th</sup> Board Meeting)

Tier	Projected Retirees	2021 Contribution	2022 Contribution	Contribution Change (\$)	Contribution Change (%)
<u>Primary</u>					
Retiree	8,229	\$183.92	\$202.31	\$18.39	10.0%
Retiree & Non-Medicare Spouse	297	\$641.99	\$706.19	\$64.20	10.0%
Retiree & Child(ren)	59	\$432.96	\$476.26	\$43.30	10.0%
Retiree & Non-Medicare Spouse & Child(ren)	17	\$891.01	\$980.11	\$89.10	10.0%
Retiree & Medicare Spouse	2,677	\$440.62	\$484.68	\$44.06	10.0%
Retiree & Medicare Spouse & Child(ren)	33	\$689.66	\$758.63	\$68.97	10.0%

## ASE - Summary of All Initiatives Modeled YTD

An interactive contribution and state funding model was developed that allowed the board to host working sessions to evaluate different contributions and state funding impacts.

Initiative	2022 Estimated Savings
5% Contribution Increase for Actives, Pre-65 Retirees, and Post-65 Retirees	\$5.4M
Reduction in Wellness Credit from \$50 to \$25 <sup>1</sup>	\$5.2M
Eliminate Wellness Preventive Screening Requirement	\$2.7M
Increase Non-Wellness Contribution for Actives (\$25 per month)	\$1.7M
\$250 Deductible & OOPM Increase for Actives/Pre-65 Retirees	\$3.4M
Post-65 Retiree Coordination of Benefit Change	\$9.3M
State Funding Increase from \$450 to \$475	\$10.2M
Eliminate Basic Plan for Actives/Pre-65 Retirees	\$0.0M
Discontinue Medicare-Eligible Retiree Spouse Coverage <sup>2</sup>	\$5.4M
Discontinue Medicare-Eligible Retiree Pharmacy Coverage	\$33.9M
Reduce Medicare-Eligible Retiree Contributions by \$25 per month	(\$3.4M)



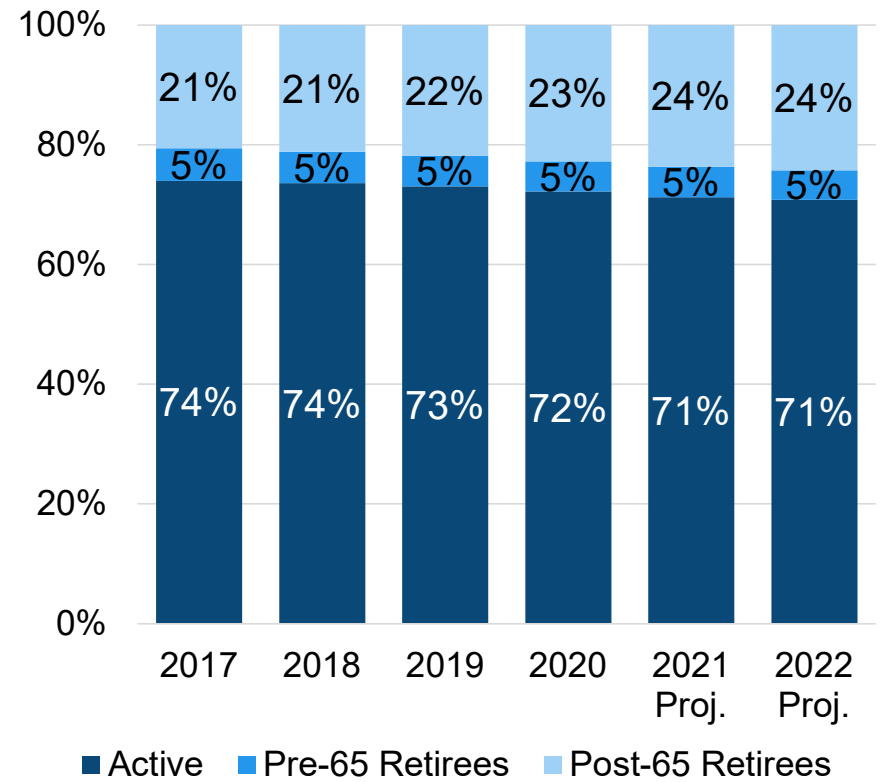
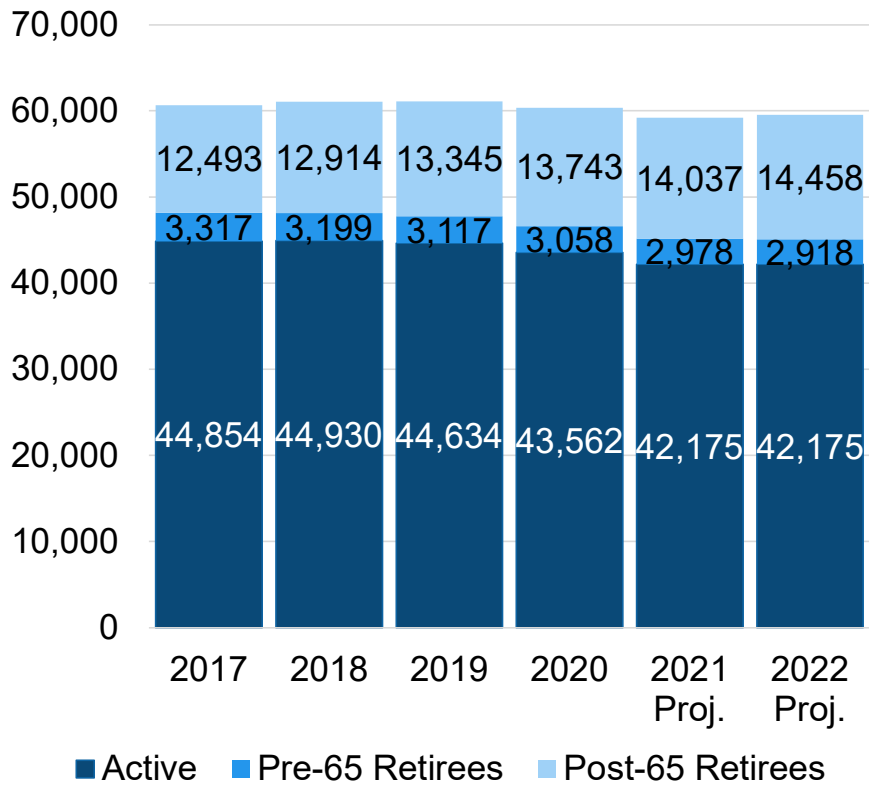
<sup>1</sup> Not recommending elimination of wellness program, showing value of change to credit

<sup>2</sup> 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

# Appendix

ASE Supporting Monthly Exhibits

# ASE - Average Membership by Status





# Appendix

Monthly Reporting - Assumptions & Methodology

# Assumptions & Methodology

## Assumptions - Trend

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

# Assumptions & Methodology

## Assumptions – Benefit Plan Changes (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 March 2021
  - Projected April 2021 – December 2022 based on historical patterns
- Program Savings
  - Estimated remaining 2021 program savings of \$5.3 million for ASE and \$3.9 million for PSE
  - Estimated remaining 2022 program savings of \$5.4 million for ASE and \$4.0 million for PSE
  - Program savings offset as initiatives are reflected in the claims experience and projected pharmacy claims cost
- Plan Administration Expense
  - ASE - \$2.17 PMPM for CY 2021 (\$2.16 PMPM for CY 2022); UAMS shifted to Administration Fees PMPM
  - PSE - \$1.47 PMPM for CY 2021 (\$1.47 PMPM for CY 2022); UAMS shifted to Administration Fees PMPM
- 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 March 1, 2019 to March 31, 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 February 1, 2020 to January 31, 2021 and paid from February 1, 2020 to March 31, 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 February 2020 to January 2021 (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. For 2021, utilized actual claims for January 2021 and projected February – December 2021.
8. 2021 and 2022 projected the incurred claims PMPM from the midpoint of the experience period (September 1, 2019 for medical / August 1, 2020 for pharmacy) to the midpoint of the contract period (July 1, 2021 and July 1, 2022, respectively).
9. Made adjustments for seasonality, benefit changes, and age/gender mix.
10. Accounted for rating period fees and administrative expenses.
11. Where applicable, converted incurred budget to paid budget based on historical payment patterns.

# Appendix

ASE Benchmarking – Plan Design Comparison

# 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 <sup>1</sup>	\$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 <sup>2</sup>	22,091	17,188	2,893	29,907	1,851	5,655



<sup>1</sup> Separate out-of-pocket maximum for pharmacy on Premium plan  
<sup>2</sup> Represents Active and Pre-65 Retiree projected 2022 enrollment

## Plan Design – Alabama

	BlueCard PPO
Individual / Family Deductible	\$300 / \$900
Individual / Family MOOP	\$8,150 / \$16,300
Primary Care Physician / Specialist	\$35
ER	\$150
Inpatient	\$200 per admin + \$25 per day for days 2-5
Outpatient	\$150
Generic Drug	\$10
Preferred Brand Drug	20% (min 40, max 80)
Non-Preferred Brand Drug	50% up to \$150
Specialty Drug	\$150



# Plan Design – Louisiana

	Magnolia Open Access	Magnolia Local Plus	Magnolia Local	Pelican HRA 1000 <sup>1</sup>	Pelican HSA 775 <sup>2</sup>
Individual / Family Deductible	\$900 / \$2,700	\$400 / \$1,200	\$400 / \$1,200	\$2,000 / \$4,000	\$2,000 / \$4,000
Individual / Family MOOP	\$3,500 / \$8,500	\$3,500 / \$8,500	\$2,500 / \$7,500	\$5,000 / \$10,000	\$5,000 / \$10,000
Primary Care Physician / Specialist	10% after ded.	\$25 / \$50	\$25 / \$50	20% after ded.	20% after ded.
ER	\$150 + 10% after ded.	\$200	\$150	20% after ded.	20% after ded.
Inpatient	10% after ded.	\$100 per day	\$100 per day	20% after ded.	20% after ded.
Outpatient	10% after ded.	\$100	\$100	20% after ded.	20% after ded.
Generic Drug	50% up to \$30	50% up to \$30	50% up to \$30	50% up to \$30	\$10 after ded.
Preferred Brand Drug	50% up to \$55	50% up to \$55	50% up to \$55	50% up to \$55	\$25 after ded.
Non-Preferred Brand Drug	65% up to \$80	65% up to \$80	65% up to \$80	65% up to \$80	\$50 after ded.
Specialty Drug	50% up to \$80	50% up to \$80	50% up to \$80	50% up to \$80	\$50 after ded.

1.State contributes \$1,000 into HRA.

2.State contributions up to \$775 into HSA

3.Additional local HMOs are available

## Plan Design – Mississippi

	Select	Base
Individual / Family Deductible	\$1,000 / \$2,000	\$1,800 / \$3,000
Individual / Family MOOP	\$6,500 / \$13,000	\$6,500 / \$13,000
Primary Care Physician / Specialist	\$25 / 20%	\$10 / 20%
ER	\$50 first visit 200 + 20% after first visit	\$50 first visit 200 + 20% after first visit
Inpatient	20% after ded.	20% after ded.
Outpatient	20% after ded.	20% after ded.
Generic Drug	\$12	\$12
Preferred Brand Drug	\$45	\$45
Non-Preferred Brand Drug	\$100	\$100
Specialty Drug	\$100	\$100

## Plan Design – Missouri

	PPO 750	PPO 1250	HSA
Individual / Family Deductible	\$750 / \$1,500	\$1,250 / \$2,500	\$1,650 / \$3,300
Individual / Family MOOP	\$2,250 / \$4,500	\$3,750 / \$7,500	\$4,950 / \$9,900
Primary Care Physician / Specialist	20% after ded.	\$25 / \$40	20% after ded.
ER	\$250 + 20% after ded.	\$250 + 20% after ded.	20% after ded.
Inpatient	\$200 + 20% after ded.	\$200 + 20% after ded.	20% after ded.
Outpatient	20% after ded.	20% after ded.	20% after ded.
Generic Drug	\$10	\$10	10% up to \$50 after ded.
Preferred Brand Drug	\$40	\$40	30% up to \$100 after ded.
Non-Preferred Brand Drug	\$100	\$100	40% up to \$200 after ded.
Specialty Drug	\$75	\$75	

1. Separate out-of-pocket maximum for pharmacy on PPO plans

2. State will contribute up to \$600 into HSA

# Plan Design – Oklahoma

	HealthChoice High	HealthChoice Basic	HealthChoice HDHP
Individual / Family Deductible <sup>1</sup>	\$750 / \$2,000	\$1,000 / \$1,500	\$1,750 / \$3,500
Individual / Family MOOP	\$3,300 / \$8,400	\$4,000 / \$9,000	\$6,000 / \$12,000
Primary Care Physician / Specialist	\$30 / \$50	50% after ded.	\$30 / \$50 after ded.
ER	\$200 + 20%	50% after ded.	\$200 + 20% after ded.
Inpatient	20% after ded.	50% after ded.	20% after ded.
Outpatient	20% after ded.	50% after ded.	20% after ded.
Generic Drug	\$10	\$10	\$10 after ded.
Preferred Brand Drug	\$45	\$45	\$45 after ded.
Non-Preferred Brand Drug	\$75	\$75	\$75 after ded.
Specialty Drug	\$10 / \$100 / \$200	\$10 / \$100 / \$200	\$10 / \$100 / \$200 after ded.

1. Basic Plan has \$500 first dollar coverage paid by plan. Amount shown is after first dollar coverage.

2. Additional local HMOs and Alternative plans are available

3. Basic and High plan have a separate pharmacy deductible before copay applies

## Plan Design – Tennessee

	Premier PPO	Standard PPO	CDHP / HSA
Individual / Family Deductible	\$500 / \$1,250	\$1,000 / \$2,500	\$1,500 / \$3,000
Individual / Family MOOP	\$3,600 / \$9,000	\$4,000 / \$10,000	\$2,500 / \$5,000
Primary Care Physician / Specialist	\$25 / \$45	\$30 / \$50	20% after ded.
ER	\$150	\$175	20% after ded.
Inpatient	10% after ded.	20% after ded.	20% after ded.
Outpatient	10% after ded.	20% after ded.	20% after ded.
Generic Drug	\$7	\$14	20% after ded.
Preferred Brand Drug	\$40	\$50	20% after ded.
Non-Preferred Brand Drug	\$90	\$100	20% after ded.
Specialty Drug	10% (min \$50, max \$100)	10% (min \$50, max \$100)	20% after ded.

1.State contributes up to \$500 into HSA

## Plan Design – Texas

	HealthSelect of Texas	Consumer Direct HealthSelect
Individual / Family Deductible	\$0 / \$0	\$2,100 / \$4,200
Individual / Family MOOP	\$6,750 / \$13,500	\$6,750 / \$13,500
Primary Care Physician / Specialist	\$25 / \$40	20% after ded.
ER	\$150 + 20%	20% after ded.
Inpatient	\$150 per day (max \$750) + 20%	20% after ded.
Outpatient	\$100 + 20%	20% after ded.
Generic Drug	\$10	20% after ded.
Preferred Brand Drug	\$35	20% after ded.
Non-Preferred Brand Drug	\$60	20% after ded.
Specialty Drug	\$35 / \$60	20% after ded.

1. Additional local HMOs plans are available

2. State will contribute up to \$1,080 into HSA for the Consumer Direct HealthSelect Plan

3. HealthSelect of Texas plan has a pharmacy deductible

# Benchmarking - Assumptions & Methodology

- Reviewed healthcare benefits of 7 states surrounding Arkansas. States included are:
  - Alabama, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, Texas
- Mapped Arkansas employees to the closest matching plan option in alternative State
  - This assumes that enrollment distribution between plan, tier, and employment status is similar to Arkansas
- Relied upon the 2020 premiums and employee payroll contributions published on State websites for employee payroll contributions, total plan cost, and State subsidy
  - Actuarial judgement used when information was limited
  - Some Plans appear that the active & pre-65 retirees were underwritten together and have the same total premium rate
  - Blended child + child(ren) rate when applicable
- State of Arkansas 2020 premiums, employee payroll contributions and plan subsidy based on actual 2020 cost estimates
  - 2020 Plan Subsidy includes funding from the State agencies, reserves, and other revenue
- Compared healthcare benefits of each state using Arkansas as a 1.00 basis
  - For example, 1.10 indicates a 10% increase
- Alabama
  - Alabama subsidy is \$930 per active employee (assumed this was per active enrolled)
  - Relied upon subsidy use case to estimate total premium
  - Assume all spouses get spousal waiver credit
  - All employees who currently get wellness credit would still get wellness credit

# Benchmarking - Assumptions & Methodology

- Louisiana
  - Assumed employees who earn the wellness credit would continue to earn the \$10 credit
- Mississippi
  - Based on Horizon rates (hired after 2006)
- Missouri
  - Employees earning wellness credit would get the partnership rate
  - Employees who do not earn wellness credit would get the standard rate without tobacco incentives
- Oklahoma
  - Employees who do not earn wellness credit would enroll in the HDHP
  - Employees earn a benefit allowance. Assume the benefit allowance goes entirely towards medical, however, the employee contributions would not go below zero
- Tennessee
  - Assume employees select BCBST as its vendor
- Texas
  - Employees earning wellness credit would receive the tobacco free rate, whereas employees not earning the wellness credit will have a tobacco surcharge