

# State of Arkansas Employee Benefits Division

## Premium Equivalent Rates and Employee / Retiree Contributions

*Arkansas Legislative Council Meeting  
Arkansas State Employees (ASE) and Public-School Employees (PSE)*

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23 AUGUST 2023



# Agenda

- 2024 Budget and Employee Contribution Considerations – ASE
- 2024 Budget and Employee Contribution Considerations – PSE
- 2024 Preliminary Proposed Base Rates
- Qualified High Deductible Health Plans
- Appendix
  - Assumptions and Methodology

# **2024 Budget and Employee Contribution Considerations – ASE**

# 2024 Proposed Initiatives

## ASE

- Calendar / Plan Year 2024 Initiatives
  - Continue 5-year transition of employee contributions to follow best practices from a financial and risk management perspective and become market competitive
  - Plan design changes for the Classic plan to maintain status as a qualified high deductible plan

## ASE – Active (Employee Contributions)

Active Employees	2023 # of Employees	2023 Employee Contributions	2024 Employee Contributions (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change	2023 vs 2022 \$ Change
<b>Premium</b>						
Employee Only	11,286	\$172.00	\$162.14	-5.7%	(\$9.86)	(\$4.20)
Employee + Spouse	1,551	\$494.22	\$474.24	-4.0%	(\$19.98)	(\$9.04)
Employee + Child(ren)	4,172	\$309.74	\$311.02	0.4%	\$1.28	\$8.04
Family	1,477	\$630.52	\$613.76	-2.7%	(\$16.76)	\$1.76
<b>Classic</b>						
Employee Only	1,583	\$98.70	\$85.52	-13.4%	(\$13.18)	(\$7.98)
Employee + Spouse	189	\$320.24	\$289.64	-9.6%	(\$30.60)	(\$20.80)
Employee + Child(ren)	464	\$180.18	\$172.72	-4.1%	(\$7.46)	(\$1.60)
Family	254	\$400.26	\$367.46	-8.2%	(\$32.80)	(\$15.86)
<b>Basic</b>						
Employee Only	1,726	\$0.00	\$0.00	N/A	\$0.00	\$0.00
Employee + Spouse	137	\$180.22	\$142.34	-21.0%	(\$37.88)	(\$29.00)
Employee + Child(ren)	225	\$76.36	\$62.72	-17.9%	(\$13.64)	(\$8.48)
Family	157	\$214.60	\$170.70	-20.5%	(\$43.90)	(\$28.20)

# ASE – Non-Medicare Eligible Retiree (Retiree Contributions)

Non-Medicare Eligible (NME) Retirees	2023 # of Retirees	2023 Retiree Contributions	2024 Retiree Contributions (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change	2023 vs 2022 \$ Change
<b>Premium</b>						
Retiree Only	1,404	\$322.08	\$331.06	2.8%	\$8.98	\$13.68
Retiree + NME Spouse	217	\$830.80	\$861.76	3.7%	\$30.96	\$41.43
Retiree + Child(ren)	88	\$591.34	\$607.24	2.7%	\$15.90	\$21.45
Retiree + NME Spouse + Child(ren)	38	\$1,081.06	\$1,093.86	1.2%	\$12.80	\$30.22
Retiree + ME Spouse	43	\$618.17	\$666.34	7.8%	\$48.17	\$22.24
Retiree + ME Spouse + Child(ren)	4	\$887.30	\$942.52	6.2%	\$55.22	\$29.88
Retiree + ME Spouse (MAPD)	91	\$338.64	\$348.38	2.9%	\$9.74	N/A
Retiree + ME Spouse + Child(ren) (MAPD)	4	\$607.92	\$624.56	2.7%	\$16.64	N/A
<b>Classic</b>						
Retiree Only	81	\$234.59	\$226.48	-3.5%	(\$8.11)	(\$4.30)
Retiree + Spouse	14	\$637.27	\$638.68	0.2%	\$1.41	\$10.15
Retiree + Child(ren)	3	\$451.68	\$449.04	-0.6%	(\$2.64)	\$1.72
Family	5	\$835.35	\$817.14	-2.2%	(\$18.21)	(\$2.83)
<b>Basic</b>						
Retiree Only	57	\$165.34	\$144.08	-12.9%	(\$21.26)	(\$18.12)
Retiree + Spouse	10	\$482.03	\$461.34	-4.3%	(\$20.69)	(\$13.30)
Retiree + Child(ren)	2	\$339.95	\$323.46	-4.9%	(\$16.49)	(\$13.05)
Family	2	\$637.64	\$596.64	-6.4%	(\$41.00)	(\$27.23)

# ASE – Medicare Eligible Retiree (Retiree Contributions)

Medicare Eligible (ME) Retirees	2023 # of Retirees	2023 Retiree Contributions	2024 Retiree Contributions (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change	2023 vs 2022 \$ Change
<b>Primary Plan - EBD Offering</b>						
Retiree Only	2,822	\$211.85	\$233.04	10.0%	\$21.19	\$18.73
Retiree + NME Spouse	78	\$720.46	\$792.50	10.0%	\$72.04	\$46.37
Retiree + Child(ren)	19	\$480.83	\$528.92	10.0%	\$48.09	\$26.22
Retiree + NME Spouse + Child(ren)	7	\$970.63	\$1,035.22	6.7%	\$64.59	\$35.07
Retiree + ME Spouse	993	\$507.52	\$558.28	10.0%	\$50.76	\$44.87
Retiree + ME Spouse + Child(ren)	11	\$776.53	\$854.18	10.0%	\$77.65	\$52.39
<b>Medicare Eligible (ME) Retirees</b>						
<b>MAPD - New Offering*</b>						
Retiree Only	5,601	\$16.53	\$17.03	3.0%	\$0.50	N/A
Retiree + NME Spouse	161	\$525.31	\$548.02	4.3%	\$22.71	N/A
Retiree + Child(ren)	37	\$285.86	\$293.52	2.7%	\$7.66	N/A
Retiree + NME Spouse + Child(ren)	9	\$775.57	\$780.14	0.6%	\$4.57	N/A
Retiree + ME Spouse	1,609	\$33.06	\$34.06	3.0%	\$1.00	N/A
Retiree + ME Spouse + Child(ren)	17	\$302.43	\$310.84	2.8%	\$8.41	N/A

# **2024 Budget and Employee Contribution Considerations – PSE**



# 2024 Proposed Initiatives

## PSE

- Calendar / Plan Year 2024 Initiatives
  - Continue 5-year transition of employee contributions to follow best practices from a financial and risk management perspective and become market competitive
  - Plan design changes for the Classic plan to maintain status as a qualified high deductible plan

## PSE – Active (Employee Contributions)

Active Employees	2023 # of Employees	2023 Employee Contributions	2024 Employee Contributions (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change	2023 vs 2022 \$ Change
<b>Premium</b>						
Employee Only	11,284	\$221.10	\$201.96	-8.7%	(\$19.14)	(\$12.36)
Employee + Spouse	260	\$806.66	\$706.92	-12.4%	(\$99.74)	(\$74.54)
Employee + Child(ren)	2,178	\$496.95	\$457.28	-8.0%	(\$39.67)	(\$23.59)
Family	546	\$848.74	\$779.68	-8.1%	(\$69.06)	(\$34.70)
<b>Classic</b>						
Employee Only	14,888	\$94.83	\$88.38	-6.8%	(\$6.45)	(\$1.19)
Employee + Spouse	1,724	\$386.95	\$347.76	-10.1%	(\$39.19)	(\$17.67)
Employee + Child(ren)	6,581	\$215.40	\$209.30	-2.8%	(\$6.10)	\$6.98
Family	3,773	\$414.77	\$391.88	-5.5%	(\$22.89)	\$6.45
<b>Basic</b>						
Employee Only	4,518	\$54.31	\$43.24	-20.4%	(\$11.07)	(\$6.95)
Employee + Spouse	260	\$291.61	\$241.58	-17.2%	(\$50.03)	(\$31.17)
Employee + Child(ren)	714	\$161.38	\$140.02	-13.2%	(\$21.36)	(\$10.48)
Family	464	\$306.68	\$262.12	-14.5%	(\$44.56)	(\$18.94)

# PSE – Non-Medicare Eligible Retiree (Retiree Contributions)

Non-Medicare Eligible (NME) Retirees	2023 # of Retirees	2023 Retiree Contributions	2024 Retiree Contributions (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change	2023 vs 2022 \$ Change
<b>Premium</b>						
Retiree Only	271	\$601.18	\$528.96	-12.0%	(\$72.22)	(\$39.96)
Retiree + NME Spouse	10	\$1,384.57	\$1,246.62	-10.0%	(\$137.95)	(\$72.61)
Retiree + Child(ren)	5	\$1,104.50	\$971.80	-12.0%	(\$132.70)	(\$88.10)
Retiree + NME Spouse + Child(ren)	1	\$1,871.20	\$1,650.92	-11.8%	(\$220.28)	(\$137.44)
Retiree + ME Spouse	38	\$762.11	\$696.78	-8.6%	(\$65.33)	(\$33.01)
Retiree + ME Spouse + Child(ren)	2	\$1,265.47	\$1,139.64	-9.9%	(\$125.83)	(\$81.11)
Retiree + ME Spouse (MAPD)	32	\$609.68	\$538.00	-11.8%	(\$71.68)	N/A
Retiree + ME Spouse + Child(ren) (MAPD)	2	\$1,113.68	\$981.36	-11.9%	(\$132.32)	N/A
<b>Classic</b>						
Retiree Only	2,117	\$277.46	\$252.18	-9.1%	(\$25.28)	\$4.16
Retiree + Spouse	328	\$612.46	\$599.54	-2.1%	(\$12.92)	\$46.68
Retiree + Child(ren)	63	\$485.58	\$460.78	-5.1%	(\$24.80)	\$15.76
Family	40	\$791.00	\$759.94	-3.9%	(\$31.06)	\$44.80
<b>Basic</b>						
Retiree Only	472	\$154.70	\$133.54	-13.7%	(\$21.16)	\$6.20
Retiree + Spouse	86	\$329.75	\$334.40	1.4%	\$4.65	\$60.03
Retiree + Child(ren)	22	\$268.93	\$261.68	-2.7%	(\$7.25)	\$30.41
Family	18	\$408.05	\$409.56	0.4%	\$1.51	\$72.33

# PSE – Medicare Eligible Retiree (Retiree Contributions)

Medicare Eligible (ME) Retirees	2023 # of Retirees	2023 Retiree Contributions	2024 Retiree Contributions (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change	2023 vs 2022 \$ Change
<b>Primary Plan - EBD Offering</b>						
Retiree Only	8,158	\$110.89	\$121.98	10.0%	\$11.09	\$10.11
Retiree + NME Spouse	53	\$783.92	\$765.18	-2.4%	(\$18.74)	\$0.00
Retiree + Child(ren)	8	\$544.22	\$520.62	-4.3%	(\$23.60)	(\$212.88)
Retiree + NME Spouse + Child(ren)	4	\$1,383.88	\$1,254.48	-9.4%	(\$129.40)	(\$137.60)
Retiree + ME Spouse	746	\$271.82	\$298.10	9.7%	\$26.28	\$8.78
Retiree + ME Spouse + Child(ren)	1	\$769.96	\$737.06	-4.3%	(\$32.90)	(\$118.62)
<b>Medicare Eligible (ME) Retirees</b>						
<b>MAPD - New Offering*</b>						
Retiree Only	6,493	\$8.53	\$9.03	5.9%	\$0.50	N/A
Retiree + NME Spouse	41	\$715.32	\$669.28	-6.4%	(\$46.04)	N/A
Retiree + Child(ren)	3	\$398.94	\$367.22	-8.0%	(\$31.72)	N/A
Retiree + NME Spouse + Child(ren)	1	\$1,239.92	\$1,102.06	-11.1%	(\$137.86)	N/A
Retiree + ME Spouse	533	\$17.06	\$18.06	5.9%	\$1.00	N/A
Retiree + ME Spouse + Child(ren)	2	\$480.19	\$430.84	-10.3%	(\$49.35)	N/A

# **2024 Proposed Base Rates – ASE**

## ASE – Active (Base Rates)

Active Employees	2023 # of Employees	2023 Base Rates	2024 Base Rates (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change
<b>Premium</b>					
Employee Only	11,286	\$547.78	\$563.41	2.9%	\$15.63
Employee + Spouse	1,551	\$1,369.45	\$1,408.52	2.9%	\$39.07
Employee + Child(ren)	4,172	\$1,040.78	\$1,070.48	2.9%	\$29.70
Family	1,477	\$1,862.45	\$1,915.59	2.9%	\$53.14
<b>Classic</b>					
Employee Only	1,583	\$476.23	\$489.81	2.9%	\$13.58
Employee + Spouse	189	\$1,190.58	\$1,224.52	2.9%	\$33.94
Employee + Child(ren)	464	\$904.84	\$930.64	2.9%	\$25.80
Family	254	\$1,619.18	\$1,665.36	2.9%	\$46.18
<b>Basic</b>					
Employee Only	1,726	\$420.32	\$432.30	2.9%	\$11.98
Employee + Spouse	137	\$1,050.80	\$1,080.77	2.9%	\$29.97
Employee + Child(ren)	225	\$798.60	\$821.38	2.9%	\$22.78
Family	157	\$1,429.08	\$1,469.84	2.9%	\$40.76

## ASE – Non-Medicare Eligible Retiree (Base Rates)

Non-Medicare Eligible (NME) Retirees	2023 # of Retirees	2023 Base Rates	2024 Base Rates (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change
<b>Premium</b>					
Retiree Only	1,404	\$986.00	\$1,014.13	2.9%	\$28.13
Retiree + NME Spouse	217	\$1,972.01	\$2,028.26	2.9%	\$56.25
Retiree + Child(ren)	88	\$1,353.01	\$1,391.61	2.9%	\$38.60
Retiree + NME Spouse + Child(ren)	38	\$2,339.02	\$2,405.74	2.9%	\$66.72
Retiree + ME Spouse	43	\$1,469.05	\$1,534.29	4.4%	\$65.24
Retiree + ME Spouse + Child(ren)	4	\$1,836.06	\$1,911.77	4.1%	\$75.71
Retiree + ME Spouse (MAPD)	91	\$1,151.31	\$1,184.44	2.9%	\$33.13
Retiree + ME Spouse + Child(ren) (MAPD)	4	\$1,518.32	\$1,561.92	2.9%	\$43.60
<b>Classic</b>					
Retiree Only	81	\$857.21	\$881.66	2.9%	\$24.45
Retiree + Spouse	14	\$1,714.43	\$1,763.31	2.9%	\$48.88
Retiree + Child(ren)	3	\$1,176.28	\$1,209.83	2.9%	\$33.55
Family	5	\$2,033.50	\$2,091.49	2.9%	\$57.99
<b>Basic</b>					
Retiree Only	57	\$756.57	\$778.15	2.9%	\$21.58
Retiree + Spouse	10	\$1,513.14	\$1,556.30	2.9%	\$43.16
Retiree + Child(ren)	2	\$1,038.18	\$1,067.79	2.9%	\$29.61
Family	2	\$1,794.75	\$1,845.94	2.9%	\$51.19

## ASE – Medicare Eligible Retiree (Base Rates)

Medicare Eligible (ME) Retirees	2023 # of Retirees	2023 Base Rates	2024 Base Rates (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change
<b>Primary Plan - EBD Offering</b>					
Retiree Only	2,822	\$483.05	\$520.16	7.7%	\$37.11
Retiree + NME Spouse	78	\$1,469.06	\$1,534.29	4.4%	\$65.23
Retiree + Child(ren)	19	\$850.06	\$897.64	5.6%	\$47.58
Retiree + NME Spouse + Child(ren)	7	\$1,836.07	\$1,911.77	4.1%	\$75.70
Retiree + ME Spouse	993	\$966.10	\$1,040.32	7.7%	\$74.22
Retiree + ME Spouse + Child(ren)	11	\$1,333.11	\$1,421.51	6.6%	\$88.40
<b>Medicare Eligible (ME) Retirees</b>					
<b>MAPD - New Offering*</b>					
Retiree Only	5,601	\$165.31	\$170.31	3.0%	\$5.00
Retiree + NME Spouse	161	\$1,151.32	\$1,184.44	2.9%	\$33.12
Retiree + Child(ren)	37	\$532.32	\$547.79	2.9%	\$15.47
Retiree + NME Spouse + Child(ren)	9	\$1,518.33	\$1,561.92	2.9%	\$43.59
Retiree + ME Spouse	1,609	\$330.62	\$340.62	3.0%	\$10.00
Retiree + ME Spouse + Child(ren)	17	\$697.63	\$718.10	2.9%	\$20.47



# **2024 Proposed Base Rates – PSE**

## PSE – Active (Base Rates)

Active Employees	2023 # of Employees	2023 Base Rates	2024 Base Rates (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change
<b>Premium</b>					
Employee Only	11,284	\$489.36	\$489.36	0.0%	\$0.00
Employee + Spouse	260	\$1,150.00	\$1,150.00	0.0%	\$0.00
Employee + Child(ren)	2,178	\$954.25	\$954.25	0.0%	\$0.00
Family	546	\$1,614.89	\$1,614.89	0.0%	\$0.00
<b>Classic</b>					
Employee Only	14,888	\$425.44	\$425.44	0.0%	\$0.00
Employee + Spouse	1,724	\$999.78	\$999.78	0.0%	\$0.00
Employee + Child(ren)	6,581	\$829.61	\$829.61	0.0%	\$0.00
Family	3,773	\$1,403.95	\$1,403.95	0.0%	\$0.00
<b>Basic</b>					
Employee Only	4,518	\$375.49	\$375.49	0.0%	\$0.00
Employee + Spouse	260	\$882.41	\$882.41	0.0%	\$0.00
Employee + Child(ren)	714	\$732.21	\$732.21	0.0%	\$0.00
Family	464	\$1,239.13	\$1,239.13	0.0%	\$0.00

## PSE – Non-Medicare Eligible Retiree (Base Rates)

Non-Medicare Eligible (NME) Retirees	2023 # of Retirees	2023 Base Rates	2024 Base Rates (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change
<b>Premium</b>					
Retiree Only	271	\$880.85	\$880.85	0.0%	\$0.00
Retiree + NME Spouse	10	\$1,761.70	\$1,761.70	0.0%	\$0.00
Retiree + Child(ren)	5	\$1,213.61	\$1,213.61	0.0%	\$0.00
Retiree + NME Spouse + Child(ren)	1	\$2,094.47	\$2,094.47	0.0%	\$0.00
Retiree + ME Spouse	38	\$1,118.70	\$1,118.70	0.0%	\$0.00
Retiree + ME Spouse + Child(ren)	2	\$1,451.46	\$1,451.46	0.0%	\$0.00
Retiree + ME Spouse (MAPD)	32	\$966.16	\$966.16	0.0%	\$0.00
Retiree + ME Spouse + Child(ren) (MAPD)	2	\$1,299.74	\$1,299.74	0.0%	\$0.00
<b>Classic</b>					
Retiree Only	2,117	\$765.79	\$765.79	0.0%	\$0.00
Retiree + Spouse	328	\$1,531.58	\$1,531.58	0.0%	\$0.00
Retiree + Child(ren)	63	\$1,055.09	\$1,055.09	0.0%	\$0.00
Family	40	\$1,820.88	\$1,820.88	0.0%	\$0.00
<b>Basic</b>					
Retiree Only	472	\$675.89	\$675.89	0.0%	\$0.00
Retiree + Spouse	86	\$1,351.77	\$1,351.77	0.0%	\$0.00
Retiree + Child(ren)	22	\$931.22	\$931.22	0.0%	\$0.00
Family	18	\$1,607.11	\$1,607.11	0.0%	\$0.00

## PSE – Medicare Eligible Retiree (Base Rates)

Medicare Eligible (ME) Retirees	2023 # of Retirees	2023 Base Rates	2024 Base Rates (Proposed)	2024 vs 2023 % Change	2024 vs 2023 \$ Change
<b>Primary Plan - EBD Offering</b>					
Retiree Only	8,158	\$237.85	\$240.37	1.1%	\$2.52
Retiree + NME Spouse	53	\$1,118.70	\$1,118.70	0.0%	\$0.00
Retiree + Child(ren)	8	\$571.43	\$571.43	0.0%	\$0.00
Retiree + NME Spouse + Child(ren)	4	\$1,454.46	\$1,454.46	0.0%	\$0.00
Retiree + ME Spouse	746	\$475.69	\$480.74	1.1%	\$5.05
Retiree + ME Spouse + Child(ren)	1	\$808.45	\$809.46	0.1%	\$1.01
<b>Medicare Eligible (ME) Retirees</b>					
<b>MAPD - New Offering*</b>					
Retiree Only	6,493	\$85.31	\$90.31	5.9%	\$5.00
Retiree + NME Spouse	41	\$966.16	\$966.16	0.0%	\$0.00
Retiree + Child(ren)	3	\$418.89	\$418.89	0.0%	\$0.00
Retiree + NME Spouse + Child(ren)	1	\$1,301.92	\$1,301.92	0.0%	\$0.00
Retiree + ME Spouse	533	\$170.62	\$180.62	5.9%	\$10.00
Retiree + ME Spouse + Child(ren)	2	\$504.20	\$508.44	0.8%	\$4.24

# **Qualified High Deductible Health Plans (HDHPs)**

# Qualified High Deductible Health Plans

- Plan requirements to qualify as an HDHP in 2024
  - Annual Deductible Minimum Requirements
  - Maximum Out-of-Pocket (MOOP) Requirements
  - Rev. Proc. 2023-23 - IRS
- Propose increase Classic Plan family deductibles to maintain compliance with the IRS Revenue Procedure Codes

<b>HDHP Annual Deductible Minimum</b>			
Individual		Family	
2023	2024	2023	2024
\$1,500	\$1,600	\$3,000	\$3,200

<b>HDHP Annual MOOP</b>			
Individual		Family	
2023	2024	2023	2024
\$7,500	\$8,050	\$15,000	\$16,100

# Limitations

Paul Sakhrani and Courtney White are Members of the American Academy of Actuaries. Paul and Courtney are 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 2023-2028 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; 2021 and 2022 ASE and PSE benefit plan summaries from EBD; 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.

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**Thank you**

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# Appendix

Assumptions & Methodology

# Assumptions & Methodology

## Assumptions - Trend

Division	Group	Medical Trend	Pharmacy Trend	Enrollment Trend
ASE	Active	5.0%	8.0%	-2% for 2023, 0% thereafter
	Pre-65 Retirees	5.0%	8.0%	-2%
	Post-65 Retirees*	5.0%	8.0%	3%
PSE	Active	6.0%	8.0%	0% for 2023, 2% thereafter
	Pre-65 Retirees	6.0%	8.0%	2%
	Post-65 Retirees*	6.0%	8.0%	6%

\*Post-65 Retirees enrolled in EBD's plan.

# Assumptions & Methodology

Assumptions – Post-65 Retirees MAPD

Division	Year	Premium
ASE	2023	\$165.31
	2024 and beyond	\$5 increase per year
PSE	2023	\$85.31
	2024 and beyond	\$5 increase per year

# Assumptions & Methodology

## Assumptions – Post-65 Retirees MAPD

Division	Year	Premium
ASE	2023	\$165.31
	2024 and beyond	\$5 increase per year
PSE	2023	\$85.31
	2024 and beyond	\$5 increase per year

	Post-65 Retiree Allocation			
	ASE		PSE	
Year	MAPD	Primary	MAPD	Primary
2023	65%	35%	50%	50%
2024	69%	31%	55%	45%
2025	72%	28%	60%	40%
2026	75%	25%	65%	35%
2027	78%	22%	70%	30%
2028	81%	19%	75%	25%

# Assumptions & Methodology

## Assumptions – Other

- Age/Gender
  - Age/Gender factor based on Milliman Health Cost Guidelines™
- Enrollment Projections
  - Actual enrollment utilized for March 2021 through May 2023
  - Projected June 2023 based on historical patterns
  - Reduced budgeted ASE headcount by about 800 starting in July 2022 as per EBD instructions
- Program Savings
  - Program savings offset as initiatives are reflected in the claims experience
- Plan Administration Expense
  - ASE - \$2.52 PMPM for CY 2023; \$2.52 PMPM CY2024
  - PSE - \$1.45 PMPM for CY 2023; \$1.42 PMPM CY2024
- Administration Fees include Health Advantage, UAMS, EAP (PSE), and PCORI charges
- Wellness incentive program removed as of 2023
- Interest income yields a 2.5% return on assets
- Minimum District Funding: \$161.87 in 2020, \$164.66 in 2021, and \$168.52 in 2022, \$300.00 from January - June 2023, \$234.50 from July 2023 onwards (no growth)
- Department of Education funding: total \$142M, \$35.5M paid quarterly

# Assumptions & Methodology

## Methodology

1. Summarized and blended two experience periods (EP) at a 25/75 weighting for fee-for service (FFS) medical and pharmacy claims. Medical claims are gross of withholds. Reports reflects the timing of when EBD is expected to pay the withhold.
  - EP 1: Incurred from April 1, 2021 to March 31, 2022 and paid April 1, 2021 to May 31, 2023
  - EP 2: Incurred from April 1, 2022 to March 31, 2023 and paid April 1, 2022 to May 31, 2023
2. Converted the paid and incurred claims to incurred claims using completion factors. This incorporates the incurred but not reported (IBNR) claim reserve.
3. Summarized and blended member months at a 25/75 weighting for experience periods 1 and 2.
4. Divided the summarized incurred claims by the appropriate member months to calculate PMPMs.
5. For 2021, utilized actual claims for January 2021 to December 2021.
6. For 2022, utilized actual claims for January 2022 to December 2022.
7. 2023-2028 projected the incurred claims PMPM from the midpoint of the experience period (e.g., EP 2: October 1, 2022) to the midpoint of the contract period (e.g., August 15, 2023).
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.