

Arkansas Bureau of Legislative Research

Fiscal Note for

For Employee Benefit Division Impact

November 18, 2024 / Patrick Klein

PURPOSE

The State of Arkansas has requested the financial impact of the United Healthcare fully insured MAPD premium rate increases for calendar years 2025 and 2026. In 2025, the premium will be increased \$45 per member per month (PMPM) to \$215.31 for Arkansas State Retirees and \$135.31 for Public School Retirees. In 2026, the premium will be increased \$105 per member per month (PMPM) to \$275.31 for Arkansas State Retirees and \$195.31 for Public School Retirees versus the current 2024 rates.

ACTUARIAL STATEMENT

The Fiscal Impact Statement was prepared according to generally accepted actuarial principles and practices, in compliance with ACT 112. The Statement provides an estimate of the financial and actuarial effect of the proposed change(s) on the Plans, if possible. The Statement makes no comment or opinion with regard to the merits of the measure for which the Statement is prepared; however, any identified technical or mechanical defects have been noted.

We have reviewed the input and results of our analysis for reasonableness and relied upon the data and information provided.

A handwritten signature in black ink, appearing to read "Patrick Klein".

11/18/2024

Patrick Klein, FSA, MAAA
Vice President

Date

UNITED HEALTHCARE MAPD RATE INCREASE: PROJECTED IMPACT

	CY 2025	CY 2026
ASE Plan Cost Increase:	\$4,304,000	\$10,042,000
PSE Plan Cost Increase:	\$3,516,000	\$8,203,000
Combined Plan Cost Increase:	\$7,820,000	\$18,245,000

PRICING APPROACH AND COMMENTS

We utilized the latest enrollment and in force rates as our basis to determine the requested impact. The assumed number of retiree members are shown in the table below.

MAPD Arkansas State Retirees	8,855
MAPD Public School Retirees	7,234
Total	16,089

The PMPM rate increases of \$45 for 2025 and \$105 for 2026 are the exceed premium compared to the current 2024 rates. These increases reflect the full premium, which is paid collectively by the retiree and the plan. In 2024, the retirees' contribution rates were 10% of the full premium. The plan paid the remaining 90%. We assumed this same contribution split for 2025 and 2026. Therefore, the plan increase is ultimately \$40.50 PMPM in 2025 and \$94.50 PMPM in 2026.

The plan cost increases are simply equal to: number of MA retirees * plan rate increase * 12. Actual cost impacts may vary as actual future experience differs from the assumptions made in developing these cost estimates. Potential for actual experience to vary from the assumptions made in these estimates includes underlying changes in the number of members, contribution percentages or further changes to the rates.