EXHIBIT C

Special Report

Arkansas Legislative Audit

Arkansas State and Public School Employees Health Benefits

Department of Transformation and Shared Services – Employee Benefits Division

For the Fiscal Year Ended June 30, 2024

INTRODUCTION

Ark. Code Ann. § 21-5-416 mandates that the Legislative Joint Auditing Committee conduct a review of the entity administering the claims of the State Employee Health and Life Insurance Program (Program). The Program was established to manage life and health insurance plan options for the benefit of state and public school employees and retirees. The Arkansas General Assembly routinely enacts changes affecting the benefits provided by the Program.

Health and pharmacy claim payments for Arkansas state and public school employees are administered by the Department of Transformation and Shared Services (DTSS)[1] – Employee Benefits Division (EBD). EBD pays United Healthcare a contracted amount per Medicare-eligible retiree enrolled in the ARBenefits Group Medicare Advantage (PPO) Plan, commonly referred to as the MAPD plan. This report is designed to provide information to assist in the legislative decision-making process regarding the state and public school employee health and benefit plans.

OBJECTIVES

The objectives of this report were to:

- Analyze the fund balances of the state and public school employee health and benefit plans at June 30, 2024.
- Review high-dollar claims and their corresponding case management services.
- Summarize primary service provider contracts.

SCOPE AND METHODOLOGY

This review was conducted for the period July 1, 2023 through June 30, 2024. Arkansas Legislative Audit (ALA) staff analyzed the fund balances of the state and public school employee health and benefit plans by reviewing financial data from the Arkansas Administrative Statewide Information System (AASIS). Additional information for this review was obtained from relevant documents, such as contracts, claims, plan descriptions, meeting minutes, actuarial reports, accounting systems, and claim review documentation, as well as discussions with EBD and DTSS employees and third-party vendors.

[1] Act 205 of the Regular Session of 2025 changed the Department's name to the Department of Shared Administrative Services.

ARKANSAS LEGISLATIVE AUDIT
500 Woodlane Street, Suite 172, Little Rock, AR 72201
Phone: 501-683-8600 • Fax: 501-683-8605
www.arklegaudit.gov

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FUND BALANCES

EBD administers the health and benefit plans for both state and public school employees. Benefits are provided through self-funding, a method by which the State takes in contributions from both the employee and the employing agencies. The two funds are as follows:

- Arkansas State Employee (ASE) Health and Benefit Plan General Fund.
- Public School Employee (PSE) Health and Benefit Plan Proprietary Fund.

The purposes of these funds are to pay health and pharmacy claims and to serve as reserves to prevent dramatic rate increases for subscribers (i.e., participating employees and retirees).

Both the ASE and PSE Plans are administered on a calendar-year basis (January to December). During plan years 2023 and 2024, Health Advantage managed the Premium, Classic, and Basic plans, as well as a Medicare Primary plan. United Healthcare managed the Group Medicare Advantage (PPO) plan. Pharmacy claims were managed by Navitus, and prescription drug plan management support was provided via a memorandum of understanding with the Evidence-Based Prescription Program (EBRx) at the University of Arkansas for Medical Sciences (UAMS). EBD paid Health Advantage for actuarial services provided by Milliman.

As detailed in **Exhibit I**, from fiscal year 2023 to 2024, the number of subscribers decreased by 12 for the ASE Plan and increased by 2,216 for the PSE Plan, creating a net increase of 2,204 for both Plans. **Exhibit II** provides ASE and PSE Medicare-eligible retirees by enrollment in a retiree plan.

Exhibit I

Arkansas State Employee (ASE) and Public School Employee (PSE)
Health and Benefit Plan Participants, Including Retirees
At June 30, 2023 and 2024

	ASE		PSE	
	Subscribers	Members	Subscribers	Members
Enrollment at June 30, 2023	36,437	55,858	64,732	100,271
Change in enrollment	(12)	(248)	2,216	4,197
Enrollment at June 30, 2024	36,425	55,610	66,948	104,468

Note: *Subscribers* refers to employees and retirees who are enrolled in the health and benefit plans. *Members* refers to subscribers plus their family members who are enrolled in the health and benefit plans.

Source: *Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

Exhibit II

Arkansas State Employee (ASE) and Public School Employee (PSE)
Medicare-Eligible Retiree Breakout
As of June 30, 2024

	ASE		PSE	
	Subscribers	Members	Subscribers	Members
Medicare Health Advantage Primary Plan	4,330	5,525	9,569	10,503
United Healthcare ARBenefits Group Medicare Advantage (PPO) MAPD Plan	7,140	8,987	6,622	7,228
Medicare Health Advantage Primary Plan Participation Rate	38%	38%	59%	59%
United Healthcare ARBenefitsGroup Medicare Advantage (PPO) MAPD Participation Rate	62%	62%	41%	41%

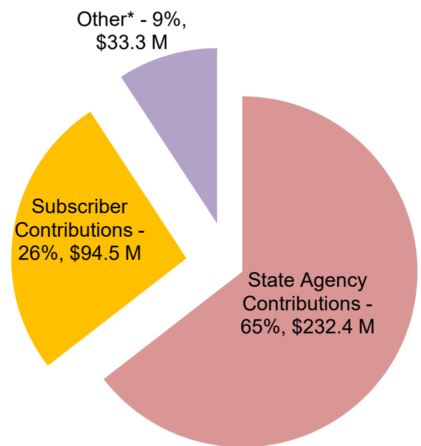
Source: *Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

Arkansas State Employee (ASE) Fund Balance Analysis

ASE Fund Revenue

Exhibit III

Arkansas State Employee (ASE)
Sources of Fund Revenue
For Fiscal Year 2024



Total: $360.2 M

*Other includes performance guarantees, penalties, investment income, pharmacy rebates, Medicare Part D subsidies, and FICA savings. FICA savings are the 7.65% FICA taxes the employer saves on employee pre-tax deductions that do not have to be remitted to the federal government. These savings are to be used for insurance premium assistance.

Source: *Arkansas Administrative Statewide Information System (AASIS) (unaudited by Arkansas Legislative Audit)*

As illustrated in **Exhibit III**, the primary sources of revenue for the ASE Fund are employer (i.e., state agency) and subscriber contributions. Employer contributions are based on Ark. Code Ann. § 21-5-414, which requires each state agency to make a monthly contribution for each budgeted state employee position. The employer contribution amounts for calendar years 2023 and 2024 were $6,600 ($550 per month) and $7,260 ($605 per month), respectively, resulting in an average of $577.50 per budgeted position for fiscal year 2024. The 33,526 budgeted positions for 2024 reflected an increase of 292 from the number reported in the previous fiscal year.[2] Employer premium contributions totaled $232.4 million, an increase of $22.5 million (10.7%) from the previous year.

Subscriber contributions are based on plan type (Premium, Classic, or Basic) and coverage selected (employee only, employee and spouse, employee and family, employee and child(ren), retired, or COBRA). **Schedule 1 on page 12** provides subscriber contribution amounts for monthly premiums for plan year 2024. For the year, subscriber premium contributions totaled $94.5 million, a decrease of $7.7 million from the previous year.

Over a five-year period, EBD is implementing a transition plan to make employee contributions more competitive with those of surrounding states and jurisdictions. As a result, employee contributions for ASE active subscribers decreased for all plan types, with the exception of a 0.4% increase in the Premium employee and child(ren) rate and no change in the Basic employee only rate. ASE non-Medicare eligible premiums were a mix of increases and decreases among plan types. All non-Medicare eligible premiums for Basic and Classic plans decreased, with the exception of the Classic retiree and spouse rate, which increased 0.2%. All premiums for the ASE non-Medicare eligible Premium plan increased, with changes ranging from 1.2% to 7.8%, depending on the coverage selected. All ASE Medicare-eligible premium rates increased, with changes ranging from 6.7% to 10.0% for the Health Advantage plan and 0.6% to 4.3% for the United Healthcare plan. It should be noted that EBD has set a 10% cap on any increase for Medicare-eligible retiree plans.

Additionally, other revenues (FICA savings, investment income, and pharmacy rebates) increased by $3.7 million from the previous year. This increase was primarily due to higher interest earned ($2.7 million) as a result of increasing interest rates during the fiscal year.

[2] The number of budgeted positions is provided by the Department of Finance and Administration and can fluctuate throughout the year.

ASE Fund Expenditures

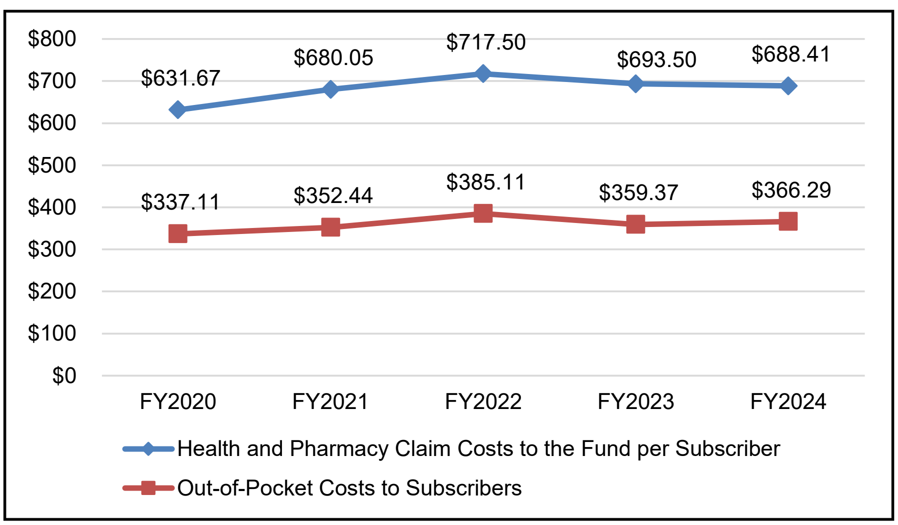
Health and pharmacy claims are the primary source of expenditures for the ASE Fund. For fiscal year 2024, health and pharmacy claims paid from the ASE Fund totaled $183.5 million and $99.7 million, respectively. As shown in **Schedule 2 on page 13**, from fiscal year 2023 to 2024, health claims decreased $12.6 million (-6.4%), and pharmacy claims increased $1.5 million (1.5%). MAPD cost was $17.7 million for fiscal year 2024. **Schedule 3 on page 14** provides health and pharmacy claims by plan type, and **Schedule 4 on page 15** provides a four-year comparison of health and pharmacy claims. A factor contributing to the change in health claims, identified through ALA staff discussion with EBD management, was the utilization of United Healthcare's MAPD plan for a full year.

Administrative cost was $20.03 million in fiscal year 2024, an increase of $2.35 million from 2023, primarily due to increased costs related to pharmacy claims managed by Navitus.

The health and pharmacy claim costs to the Fund per subscriber totaled $688.41 per month, a $5.09 decrease from the prior year's $693.50. The out-of-pocket costs to subscribers increased from $359.37 per subscriber per month in fiscal year 2023 to $366.29 in fiscal year 2024. **Exhibit IV** provides a five-year comparison of costs per subscriber for the ASE Plan. **Exhibit V on page 5** shows changes in health and pharmacy claims and administrative costs, as well as premiums and other revenues, for fiscal years 2020 through 2024.

Exhibit IV

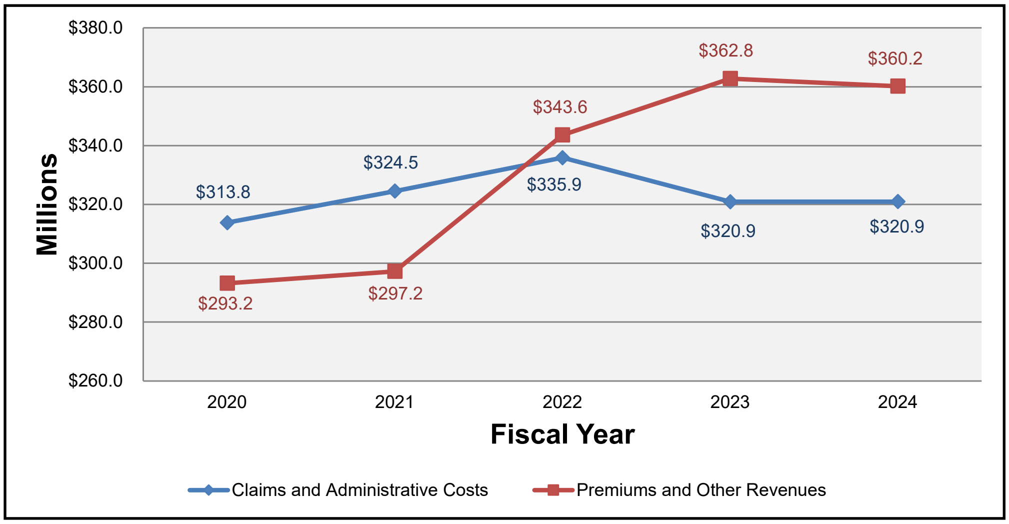
Arkansas State Employee (ASE) Fund
Five-Year Costs Per Subscriber Per Month Comparison
For Fiscal Years Ending June 30, 2020 through 2024



Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

Exhibit V

Arkansas State Employee (ASE) Health and Benefit Plan
Claims and Administrative Costs/Premiums and Other Revenues by Year
For Fiscal Years Ending June 30, 2020 through 2024



Note: Fiscal year 2023 ASE premiums and other revenues of $362.8 million include $21.0 million of one-time American Rescue Plan Act (ARPA) funds.

Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

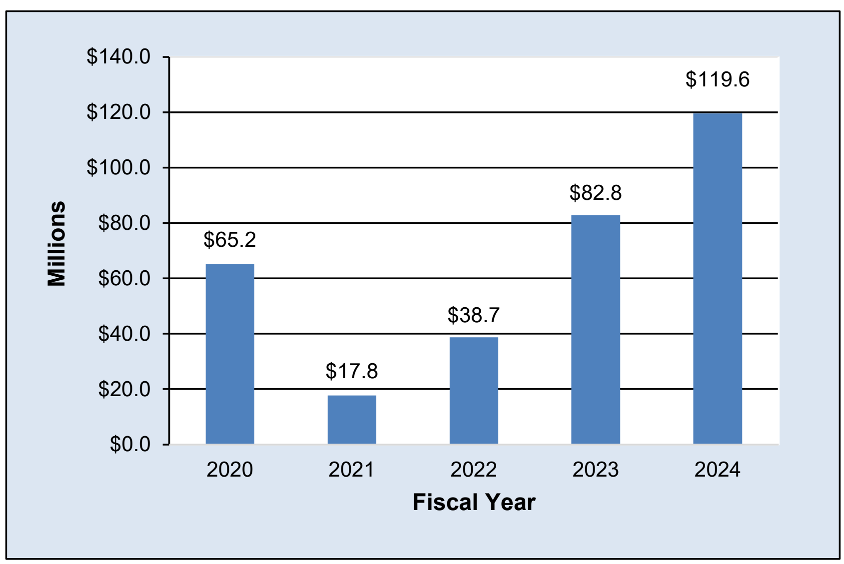
ASE Fund Balance

As shown in **Exhibit VI**, the ASE fund balance increased to $119.6 million at the end of the fiscal year.

The fund had a growth rate in fiscal year 2023 of 114.2% compared to the 44.3% growth rate in fiscal year 2024. The fund's growth was primarily the result of plan revenues exceeding expenditures by $38.8 million and a $1.8 million decrease in the actuarial IBNR (Incurred But Not Reported) health and pharmacy claims. Revenues were higher primarily due to the increase in employer monthly contribution rates.

Exhibit VI

Arkansas State Employee (ASE) Health and Benefit Plan
General Fund Balance
At June 30, 2020 through 2024



Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

Public School Employee (PSE) Fund Balance Analysis

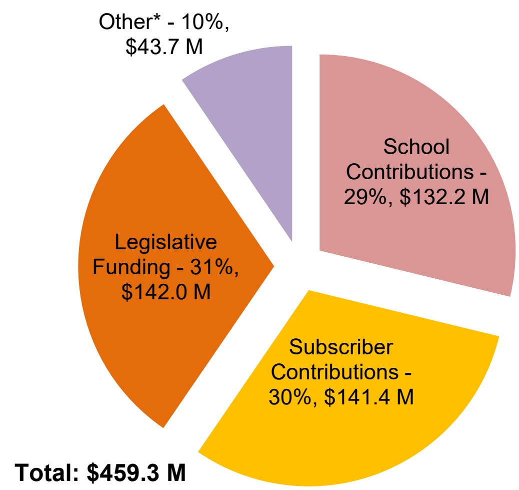
PSE Fund Revenue

As illustrated in **Exhibit VII**, the primary sources of revenue for the PSE Fund are school contributions, state appropriations (i.e., legislative funding), and subscriber contributions. School contributions are based on Ark. Code Ann. § 6-17-1117, which, effective January 1, 2023, states a school district shall pay each month, for each eligible employee electing to participate in the public school employees' health insurance program, the health insurance contribution rate enacted by the General Assembly. For the current fiscal year, this amount was $234.50 per active subscriber. The average school contribution amount for the current fiscal year was $1,974.46 ($164.54 per month) per active and retired subscriber. For the current fiscal year, school premium contributions totaled $132.2 million, a $5.6 million (-4.08%) decrease from the previous year's $137.8 million.

State premium contributions of $142 million were funded in the current fiscal year through Act 572 of 2023.

Exhibit VII

Public School Employee (PSE)
Sources of Fund Revenue
For Fiscal Year 2024



*Other includes performance guarantees, penalties, investment income, pharmacy rebates, and FICA savings. FICA savings are the 7.65% FICA taxes the employer saves on employee pre-tax deductions that do not have to be remitted to the federal government. These savings are to be used for insurance premium assistance.

Source: *Arkansas Administrative Statewide Information System (AASIS) (unaudited by Arkansas Legislative Audit)*

Subscriber contributions are based on plan type (Premium, Classic, Basic) and coverage selected (employee only, employee and spouse, employee and family, employee and child(ren), retired, or COBRA). **Schedule 1 on page 12** provides subscriber contribution amounts for monthly premiums for the current plan year. Subscriber premium contributions totaled $141.4 million, a $4.3 million decrease from the previous year. Premium contributions totaled $415.5 million for fiscal year 2024, a net decrease of $9.9 million from the $425.4 million in premium contributions for the prior year.

PSE Fund Expenditures

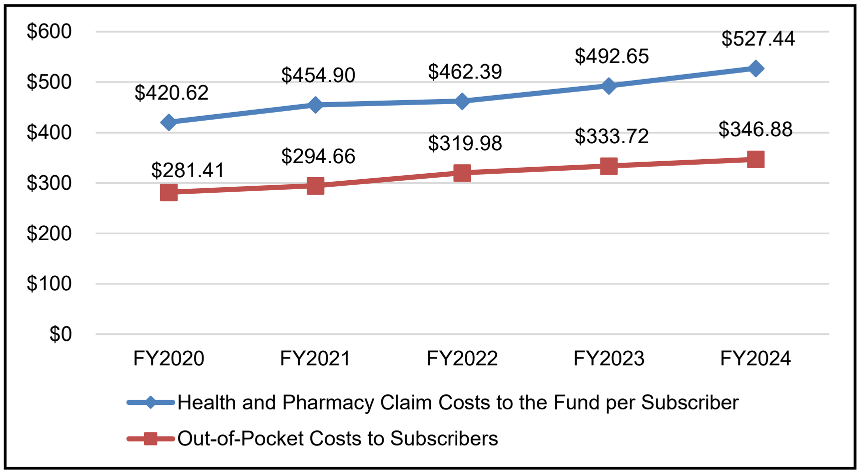
Health and pharmacy claims are the primary source of expenditures for the PSE Fund. For the current fiscal year, health and pharmacy claims paid from the Fund totaled $310.6 million and $106.1 million, respectively. As shown in **Schedule 5 on page 16**, from the previous fiscal year to the current fiscal year, health claims increased $17.3 million, and pharmacy claims increased $20.5 million. MAPD costs were $7.03 million for fiscal year 2024. **Schedule 3 on page 14** provides health and pharmacy claims by plan type, and **Schedule 6 on page 17** provides a four-year comparison of health and pharmacy claims. Factors contributing to the change in health and pharmacy claims, identified through ALA staff discussion with EBD management, were the increases in plan subscribers, plan members, and plan utilization.

Additionally, administrative costs increased by $6.1 million to $40.5 million in fiscal year 2024, primarily due to increased costs related to pharmacy claims managed by Navitus.

The health and pharmacy claim costs to the plan per subscriber totaled $527.44 per month, a $34.79 increase from the prior year's $492.65 per subscriber per month claim cost. Out-of-pocket costs to employees increased $13.16 from $333.72 per subscriber per month in the previous fiscal year to $346.88 per subscriber per month. **Exhibit VIII** provides a five-year comparison of costs per subscriber for the PSE Plan. **Exhibit IX** shows changes in health and pharmacy claims and administrative costs, as well as premiums and other revenues, for fiscal years 2020 through 2024.

Exhibit VIII

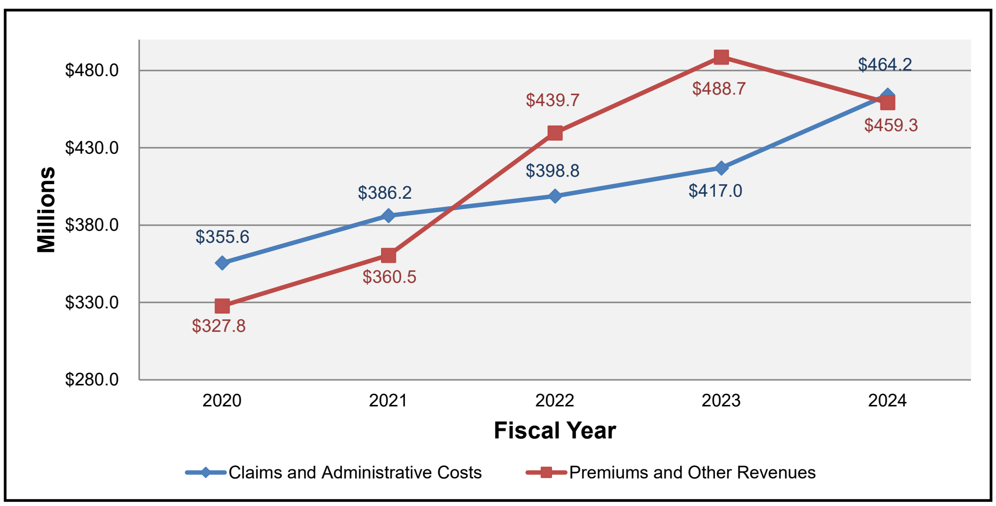
Public School Employee (PSE) Fund
Five-Year Costs Per Subscriber Per Month Comparison
For Fiscal Years Ending June 30, 2020 through 2024



Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

Exhibit IX

Public School Employee (PSE) Health and Benefit Plan Claims and Administrative Costs/Premiums and Other Revenues by Year
For Fiscal Years Ending June 30, 2020 through 2024



Note: Fiscal year 2023 PSE premiums and other revenues of $488.7 million include $31.7 million of one-time American Rescue Plan Act (ARPA) funds.

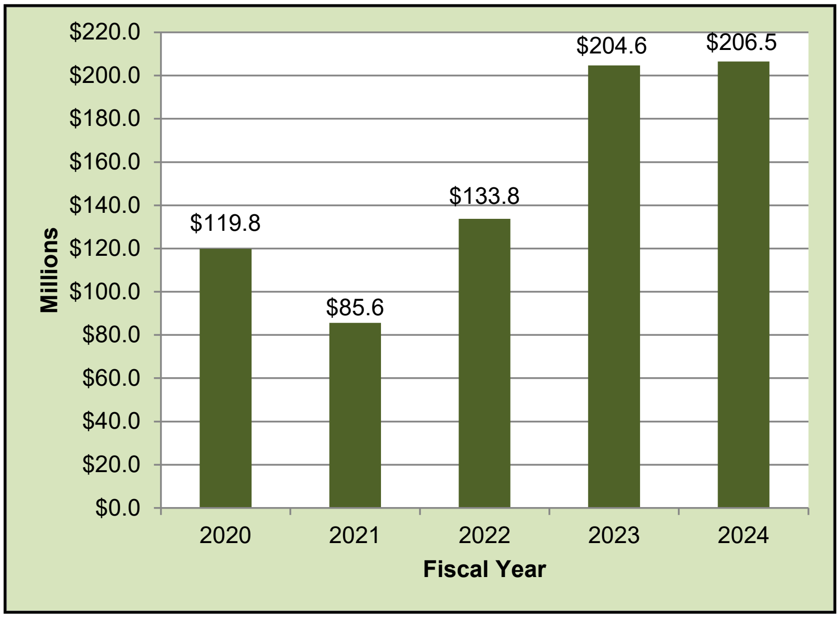
Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

PSE Fund Balance

As shown in **Exhibit X**, the PSE fund balance increased to $206.5 million at the end of the fiscal year. In fiscal year 2023, the fund balance grew at a rate of 53.0% over fiscal year 2022. The rate of growth rose in fiscal year 2024 by 0.9%.

Exhibit X

Public School Employee (PSE) Health and Benefit Proprietary Fund Balance
At June 30, 2020 through 2024



Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

LARGE CLAIMS AND CLAIMANTS REVIEW

From fiscal year 2023 to fiscal year 2024, overall expenditures for large claims (i.e., those exceeding $250,000) decreased $1.7 million, from $21.8 million to $20.1 million. Fifteen ASE members had health claims exceeding $250,000 for a total of $9.3 million, which was a $1.4 million increase from the prior year. Sixteen PSE members had health claims exceeding $250,000 for a total of $10.7 million, which was a $3.1 million decrease from the prior year. ALA staff conducted a test of claims exceeding $250,000 for accuracy and timeliness in eligibility, covered procedures, payment amounts, and case management services. No material discrepancies were noted.

Additionally, for fiscal year 2024, 13 ASE members and 16 PSE members had cumulative claims greater than $500,000. ALA reviewed the accuracy and timeliness of case management services for these members and noted no discrepancies. The cumulative health and pharmacy claims exceeding $500,000 totaled $26.1 million in fiscal year 2024, a decrease of $6.6 million from fiscal year 2023.

SERVICE PROVIDER CONTRACTS

For fiscal year 2024, EBD entered into various contracts with outside vendors to assist in providing insurance benefits to plan participants at a cost of $37.8 million for ASE participants and $47.5 million for PSE participants. The majority of service provider contract costs were as follows:

- Health Advantage: $15.1 million for ASE and $31.4 million for PSE.
- Mainstream: $1.1 million each for ASE and PSE.
- United Healthcare: $17.7 million for ASE and $7.0 million for PSE.
- Navitus: $3.2 million for ASE and $4.9 million for PSE.

OTHER MATTERS

EBD has been in the process of two significant procurements during the past year: (1) selecting a new technology vendor and (2) issuing a Request for Proposals (RFP) for a new third-party administrator vendor. The technology vendor will be responsible for designing and implementing a new benefits administration portal for EBD staff, members, and health insurance representatives from agencies and school districts across the State. As of report date, the third-party administrator RFP process is ongoing.

Additionally, EBD has been monitoring necessary plan changes as a result of the Inflation Reduction Act (IRA). The IRA focuses on prescription drug costs and benefits and seeks to lower out-of-pocket spending caps, negotiate better drug prices, and eliminate coverage gaps. As a result, funding and subsidy changes have occurred for Medicare Advantage plans, requiring EBD to increase its base rates and premiums to offset the increased costs plans are having to absorb and to address the impact these changes will have on the overall budget.

FINDING

In accordance with R1-19-4-702 of the Department of Finance and Administration Financial Management Guide, if an agency pays an invoice in the fiscal year subsequent to when goods or services are received, that invoice should be recorded as a payable and attributed to the prior fiscal year's budget. EBD paid $3,765,296 for ASE Health Claims and $6,504,086 for PSE Health Claims in fiscal year 2025 that should have been recorded as a payable in fiscal year 2024, resulting in the understatement of accounts payable and expenditures at the end of fiscal year 2024. Amounts reflected throughout this report have been adjusted for these errors, where applicable.

Recommendation: *ALA recommends the Agency ensures all liabilities are recorded in the year they are incurred.*

Management Response: *DTSS agrees with the finding and has taken steps to better educate accounting staff regarding the proper reporting of these invoices. The DTSS Controller will perform additional review of all invoices paid in July and August each year to ensure they are recorded correctly.*

CONCLUSION

In fiscal year 2024, the fund balances of the ASE and PSE Plans increased $36.8 million and $1.9 million, respectively.

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SCHEDULES

Schedule 1: Arkansas State Employee (ASE) and Public School Employee (PSE) Maximum Monthly Premiums – For Plan Year 2024

Schedule 2: Changes in the Arkansas State Employee (ASE) Fund – From Fiscal Year 2023 to Fiscal Year 2024

Schedule 3: Arkansas State Employee (ASE) and Public School Employee (PSE) Health and Pharmacy Claims by Plan Type – Fiscal Year 2024

Schedule 4: Arkansas State Employee (ASE) Four-Year Health and Pharmacy Claims Comparison

Schedule 5: Changes in the Public School Employee (PSE) Fund – From Fiscal Year 2023 to Fiscal Year 2024

Schedule 6: Public School Employee (PSE) Four-Year Health and Pharmacy Claims Comparison

Schedule 1

Arkansas State Employee (ASE) and Public School Employee (PSE) Maximum Monthly Premiums
For Plan Year 2024

Arkansas State Employee (ASE)					
Coverage Available to Subscriber	Premium Plan	Classic Plan	Basic Plan	Regular Health Advantage Medicare Plan (Medical and Pharmacy)	Regular United Healthcare MAPD Plan
	Active				
Employee Only	$ 162.14	$ 85.52	$ 0.00	N/A	N/A
Employee and Spouse	474.24	289.64	142.34	N/A	N/A
Employee and Child(ren)	311.02	172.72	62.72	N/A	N/A
Employee and Family	613.76	367.46	170.70	N/A	N/A
	Retirees				
Retiree Only	$ 331.06	$ 226.48	$ 144.08	$ 233.04	$ 17.03
Retiree and Non-Medicare Spouse	861.76	638.68	461.34	792.50	548.02
Retiree and Child(ren)	607.24	449.04	323.46	528.92	293.52
Retiree and MAPD Child	N/A	N/A	N/A	N/A	34.06
Retiree, Non-Medicare Spouse, and Child(ren)	1,093.86	817.14	596.64	1,035.22	780.14
Retiree, Non-Medicare Spouse, and MAPD Child	N/A	N/A	N/A	N/A	565.05
Retiree and Medicare Primary Spouse	666.34	N/A	N/A	558.28	N/A
Retiree, Medicare Primary Spouse, and Child(ren)	942.52	N/A	N/A	854.18	N/A
Retiree and MAPD Primary Spouse	348.38	N/A	N/A	N/A	34.06
Retiree and MAPD Primary Spouse, and Child(ren)	624.56	N/A	N/A	N/A	310.84
Retiree and MAPD Primary Spouse, and MAPD Child	N/A	N/A	N/A	N/A	51.09

Note: COBRA premiums ranged from $440.95 for the “Basic/Emp Only” plan type to $1,953.90 for the “Premium/Emp and Family” plan type.

Public School Employee (PSE)					
Coverage Available to Subscriber	Premium Plan	Classic Plan	Basic Plan	Regular Health Advantage Medicare Plan	Regular United Healthcare MAPD Plan
	Active				
Employee Only	$ 201.96	$ 88.38	$ 43.24	N/A	N/A
Employee and Spouse	706.92	347.76	241.58	N/A	N/A
Employee and Child(ren)	457.28	209.30	140.02	N/A	N/A
Employee and Family	779.68	391.88	262.12	N/A	N/A
	Retirees				
Retiree Only	$ 528.96	$ 252.18	$ 133.54	$ 121.98	$ 9.03
Retiree and Non-Medicare Spouse	1,246.62	599.54	334.40	765.18	669.28
Retiree and Child(ren)	971.80	460.78	261.68	520.62	367.22
Retiree and MAPD Child	N/A	N/A	N/A	N/A	18.06
Retiree, Non-Medicare Spouse, and Child(ren)	1,650.92	759.94	409.56	1,254.48	678.31
Retiree, Non-Medicare Spouse, and MAPD Child	N/A	N/A	N/A	N/A	780.14
Retiree and Medicare Primary Spouse	696.78	N/A	N/A	298.10	N/A
Retiree, Medicare Primary Spouse, and Child(ren)	1,139.64	N/A	N/A	737.06	N/A
Retiree and MAPD Primary Spouse	538.00	N/A	N/A	N/A	18.06
Retiree, MAPD Primary Spouse, and Child(ren)	981.36	N/A	N/A	N/A	430.84
Retiree, MAPD Primary Spouse, and MAPD Child	N/A	N/A	N/A	N/A	27.09

Note: COBRA premiums ranged from $383.00 for the “Basic/Emp Only” plan type to $1,647.19 for the “Premium/Emp and Family” plan type.

COBRA - The U.S. Consolidated Omnibus Budget Reconciliation Act of 1985 allows an individual to continue health insurance coverage for a time after termination of employment.

Note: *Subscriber* refers to employees and retirees who are enrolled in the health and benefit plans. Deductible amounts are different for each of the ASE and PSE Plans. Public school districts have the option of paying a portion of the employees’ premiums.

Source: *Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

Schedule 2

Changes in the Arkansas State Employee (ASE) Fund
From Fiscal Year 2023 to Fiscal Year 2024

	Total Amount Paid		Increase / (Decrease) from	Average Amount Paid Per Subscriber* Per
	FY2023	FY2024	FY2023 to FY2024	Month in FY2024
Premiums and Other Income				
Agency Contributions	$ 209,933,111	$ 232,438,474 [A]	$ 22,505,363	$ 532
Paid by Subscribers				
Active	69,417,807	66,310,364	(3,107,443)	152
Retirees (excluding MAPD)	31,122,035	24,996,249	(6,125,786)	57
MAPD Retirees	1,691,667	3,179,932	1,488,265	7
Total Subscriber Premiums	102,231,509	94,486,545 [A]	(7,744,964)	216 [D]
ARPA Funds	21,040,134		(21,040,134)	
Other Income				
FICA Tax Savings	3,059,273	2,760,339	(298,934)	6
Medicare Part D Subsidy	3,405,121	2,291,953	(1,113,168)	5
Pharmacy Rebate	19,804,545	21,930,558	2,126,013	50
Other Income	3,317,247	6,288,257	2,971,010	14
Total Other Income	29,586,186	33,271,107	3,684,921	75
Total Plan Premiums and Income	$ 362,790,940	$ 360,196,126	$ (2,594,814)	$ 823
Paid from the ASE Fund				
Administrative Costs				
Health Advantage	$ 14,634,612	$ 15,076,806	$ 442,194	$ 34
Mainstream	1,313,096	1,101,620	(211,476)	3
Other	1,740,409	3,856,282	2,115,873	9
Total Administrative Costs	17,688,117	20,034,708	2,346,591	46
Healthcare Costs				
Healthcare Provider Claims Reimbursement	196,097,600	183,498,753 [B]	(12,598,847)	420 [C]
Pharmacy Claims Reimbursement	98,177,561	99,670,708 [B]	1,493,147	228 [C]
United Healthcare (MAPD) Costs	8,953,190	17,734,981 [B]	8,781,791	41 [C]
Total Paid from the ASE Fund	$ 320,916,468	$ 320,939,150	$ 22,682	$ 735
Other Items Paid by Subscribers				
Copays, Coinsurance, and Deductibles				
Healthcare Providers	$ 36,232,824	$ 36,811,415	$ 578,591	$ 84
Pharmacy	15,810,798	23,048,858	7,238,060	53
United Healthcare (MAPD) Pharmacy	2,856,221	5,759,163	2,902,942	13
Total Copays, Coinsurance, and Deductibles	$ 54,899,843	$ 65,619,436	$ 10,719,593	$ 150 [D]

Sum of A = $326,925,019; Sum of B = $300,904,442; Sum of C = $689; Sum of D = $366
*Subscriber includes active and retired employees.

Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

Schedule 3

Arkansas State Employee (ASE) and Public School Employee (PSE)
Health and Pharmacy Claims by Plan Type
Fiscal Year 2024

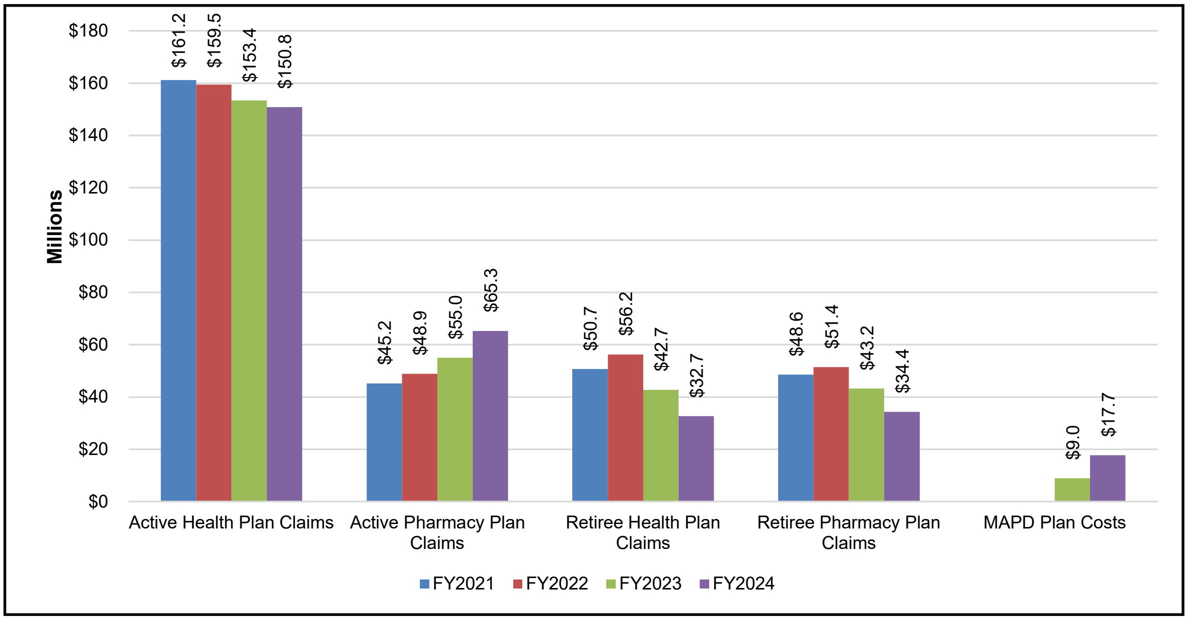
Plan Type	Arkansas State Employees Health Plan Claims	Arkansas State Employees Pharmacy Plan Claims	Arkansas State Employees MAPD Plan Costs	Public School Employees Health Plan Claims	Public School Employees Pharmacy Plan Claims	Public School Employees MAPD Plan Costs
Active[1]						
Premium	$ 138,163,396	$ 62,277,949		$ 108,934,859	$ 49,965,693	
Classic	8,755,445	1,554,228		138,512,098	41,611,182	
Basic	3,925,015	1,467,000		14,308,589	3,360,067	
Active Total	**$ 150,843,856**	**$ 65,299,177**	**$ 0**	**$ 261,755,546**	**$ 94,936,942**	**$ 0**
Retiree						
Premium	$ 15,503,635	$ 8,458,289		$ 3,781,385	$ 2,619,939	
Classic	445,567	276,976		17,869,412	6,943,806	
Basic	185,059	43,114		2,664,820	689,029	
Health Advantage Medicare Primary	15,057,679	24,993,837		23,609,807	416,380	
United Healthcare Medicare Primary			$ 17,734,981			$ 7,027,241
Primary Retired	1,462,958	599,314		880,046	537,790	
Retiree Total	**$ 32,654,898**	**$ 34,371,530**	**$ 17,734,981**	**$ 48,805,470**	**$ 11,206,944**	**$ 7,027,241**
Total Claims/Costs	**$ 183,498,754**	**$ 99,670,707**	**$ 17,734,981**	**$ 310,561,016**	**$ 106,143,886**	**$ 7,027,241**

[1] Includes COBRA plans.

Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

Schedule 4

Arkansas State Employee (ASE)
Four-Year Health and Pharmacy Claims Comparison



Note: MAPD Plan began January 2023; therefore, FY2023 only represents half a fiscal year of MAPD costs.

Source: *Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

Schedule 5

Changes in the Public School Employee (PSE) Fund
From Fiscal Year 2023 to Fiscal Year 2024

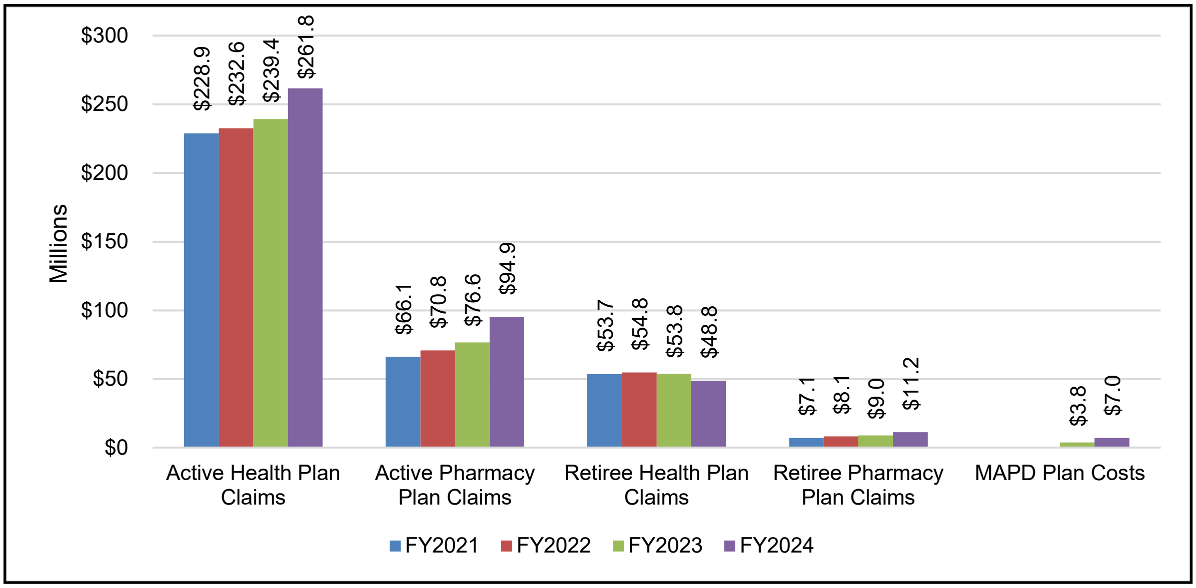
	Total Amount Paid FY2023	Total Amount Paid FY2024	Increase / (Decrease) from FY2023 to FY2024	Average Amount Paid Per Subscriber* Per Month in FY2024
Premiums and Other Income				
Legislative Funding	$ 142,000,000	$ 142,000,000 [A]	$ 0	$ 177
School District Contributions	137,815,832	132,186,108 [A]	(5,629,724)	165
Paid by Subscribers				
Active	115,916,249	111,381,269	(4,534,980)	138
Retirees (excluding MAPD)	28,992,052	28,662,818	(329,234)	36
MAPD Retirees	705,620	1,313,804	608,184	2
Total Subscriber Premiums	145,613,921	141,357,891 [A]	(4,256,030)	176 [D]
ARPA Funds	31,661,740		(31,661,740)	
Other Income				
FICA Tax Savings	8,429,584	8,200,613	(228,971)	10
Interest Income	7,463,883	12,227,716	4,763,833	15
Pharmacy Rebate	15,413,165	22,532,467	7,119,302	28
Other Income	294,899	762,944	468,045	1
Total Other Income	31,601,531	43,723,740	12,122,209	54
Total Plan Premiums and Income	$ 488,693,024	$ 459,267,739	$ (29,425,285)	$ 572
Paid from the PSE Fund				
Administrative costs				
Health Advantage	$ 28,525,136	$ 31,364,116	$ 2,838,980	$ 39
Mainstream	1,313,096	1,130,301	(182,795)	1
Other	4,504,539	7,982,345	3,477,806	10
Total Administrative costs	34,342,771	40,476,762	6,133,991	50
Healthcare Costs				
Healthcare Provider Claims Reimbursement	293,225,205	310,561,016 [B]	17,335,811	387 [C]
Pharmacy Claims Reimbursement	85,664,164	106,143,885 [B]	20,479,721	132 [C]
United Healthcare (MAPD) Costs	3,795,074	7,027,241 [B]	3,232,167	9 [C]
Total paid from the PSE Fund	$ 417,027,214	$ 464,208,904	$ 47,181,690	$ 578
Other Items Paid by Subscribers				
Copays, coinsurance, and deductibles				
Healthcare providers	$ 86,835,973	$ 91,816,791	$ 4,980,818	$ 114
Pharmacy	24,706,745	41,199,202	16,492,457	51
United Healthcare (MAPD) Pharmacy	2,072,339	4,303,917	2,231,578	5
Total paid by subscribers	$ 113,615,057	$ 137,319,910	$ 23,704,853	$ 170 [D]

Sum of A = $415,543,999; Sum of B = $423,732,142; Sum of C = $528; Sum of D = $346
*Subscriber includes active and retired employees.

Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas of Legislative Audit)*

Schedule 6

Public School Employee (PSE)
Four-Year Health and Pharmacy Claims Comparison



Note: MAPD Plan began January 2023; therefore, FY2023 only represents half a fiscal year of MAPD costs.

Source: *Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*