

Osborn, Carreiro & Associates, Inc.

ACTUARIES • CONSULTANTS • ANALYSTS

One Union National Plaza, Suite 1690
124 West Capitol Avenue
Little Rock, Arkansas 72201
(501)376-8043 fax (501)376-7847

August 19, 2016

Health Reform Legislative Task Force
c/o Bureau of Legislative Research
500 Woodlane Street
State Capitol Building, Room 315
Little Rock, AR 72201

via e-mail

RE: Power Pool Actuarial Study
August 2016 Update

Ladies and Gentlemen:

The Health Reform Legislative Task Force authorized our firm on February 17, 2016 to conduct a study of the various programs that provide health insurance/benefits that are fully or partially financed by the State of Arkansas. This study is scheduled to be completed by September 30, 2016 and is fully described in our proposal and the Statement of Work. There are to be monthly updates to the Task Force. This is an update of our work through August 19, 2016.

Work Completed through this Report

Since we are dealing with public insurance and benefits, a large amount of information about these plans is publicly available. We continue to collect and combine all of the available information through gathering SPD (Summary Plan Descriptions) and SBC (Summary of Benefits and Coverage), premium structures and other data. This also provides us with a more knowledgeable basis upon which to request additional information.

We have charted much of this information in a way to be able to compare the various plans. We have included preliminary charts for State Employees, K-12 Education employees, and Higher Education Employees. This will allow the committee to see the types of information that has been collected for these groups. There are other charts to be included in the final version to be reported to you.

One of the questions that is part of our review has to do with the handling of the reinsurance or self-insurance of large claims. This information is being updated and will be added to these charts or probably shown to the Task Force on a separate chart. The findings at this point are that the state employees and teachers (ASE and PSE) plans self-insure these risks by allocating a portion of premium. For the most part, the other self-insured groups are all paying an outside insurer a per member per month premium for this additional coverage. The groups that are buying insurance to cover the employees have this coverage built into their premiums.

Next Steps

We will continue to meet (either in person or through e-mail) the other agencies that use public money and provide health coverage. The groups that we need information from continue to develop based on the information we have been provided to date. We expect that this will continue to change as we are provided additional information.

We will making estimates of the stop/loss or large claim insurance as discussed above so that the Task Force has the information to explore a state self-insured stop/loss option.

We are working on value comparisons of the various plans. We are also working on a state-provided portion of the premium that is paid for the various coverages.

Please let me know if you have any questions or comments. We look forward to our discussion in your meeting of August 22.

Sincerely,

A handwritten signature in black ink that reads "Jody Carreiro". The signature is written in a cursive, flowing style.

Jody Carreiro, ASA, MAAA, EA
Actuary

State Employees

	State-ASE		State-ASE		State-ASE		State Police	
	Premium		Classic		Basic		Self Fund-QualChoice	
Employee Monthly Health Premium	Cost	% premium	Cost	% premium	Cost	% premium	Cost	% premium
Employee Premium	\$105	23%	\$46	12%	\$0	0%		
Employee & Spouse	\$379	37%	\$243	27%	\$132	17%		
Employee & Children	\$210	27%	\$109	16%	\$28	5%		
Family Premium	\$484	36%	\$306	27%	\$161	16%		
Dually Employed Family								
Employer Monthly Health Premium	Premium		Classic		Basic		Basic	
Employee Premium	\$355	77%	\$355	88%	\$355	100%		
Employee & Spouse	\$645	63%	\$645	73%	\$645	83%		
Employee & Children	\$557	73%	\$557	84%	\$557	95%		
Family Premium	\$847	64%	\$847	73%	\$847	84%		
Dually Employed Family								
Total Monthly Health Premium	Premium		Classic		Basic		Basic	
Employee Premium	\$460		\$402		\$355		\$0	
Employee & Spouse	\$1,024		\$888		\$778		\$0	
Employee & Children	\$767		\$666		\$585		\$0	
Family Premium	\$1,331		\$1,153		\$1,008		\$0	
Dually Employed Family								
Deductible	\$ 500		\$ 2,500		\$ 6,450		\$ 1,000	
Deductible Family	\$ 1,000		\$ 5,000		\$ 12,900		\$ 2,000	
Copay Primary Doc	\$25		D/CO		NA		\$30	
Copay Specialist***	\$50		D/CO		NA		D/CO	
Co-Insurance %	20%		20%		NA		20%	
Out of Pocket Max -	\$3,000		\$6,450		\$6,450		\$6,850	
Out of Pocket Max Family	\$6,000		\$12,900		\$12,900		\$13,700	
Prescription Co-Pay								
Generic	\$15		D/CO		NA		\$10	
Preferred Brand	\$40		D/CO		NA		\$30	
Non-Preferred Brand	\$80		D/CO		NA		\$50	
Employees Covered	23,668		1,682		1,219		661	
Total Emp/Dep Covered	41,275		2,840		2,048		2,174	
Total Retired/Dep Covered							849	

K-12 Education

	Teachers-PSE		Teachers-PSE		Teachers-PSE	
	Premium		Classic		Basic	
Employee Monthly Health Premium	Cost	% premium	Cost	% premium	Cost	% premium
Employee Premium	\$179	30%	\$45	17%	\$11	8%
Employee & Spouse	\$813	62%	\$347	62%	\$267	110%
Employee & Children	\$460	43%	\$155	33%	\$119	58%
Family Premium	\$815	45%	\$350	46%	\$270	85%
Dually Employed Family						
Employer Monthly Health Premium	Premium		Classic		Basic	
Employee Premium	\$411	70%	\$225	83%	\$122	92%
Employee & Spouse	\$495	38%	\$216	38%	-\$25	-10%
Employee & Children	\$618	57%	\$314	67%	\$88	42%
Family Premium	\$981	55%	\$410	54%	\$47	15%
Dually Employed Family						
Total Monthly Health Premium	Premium		Classic		Basic	
Employee Premium	\$590		\$270		\$133	
Employee & Spouse	\$1,308		\$562		\$242	
Employee & Children	\$1,078		\$468		\$207	
Family Premium	\$1,796		\$761		\$316	
Dually Employed Family						
Deductible	\$ 1,000		\$ 2,000		\$ 4,250	
Deductible Family	\$ 2,000		\$ 3,000		\$ 8,500	
Copay Primary Doc	\$25		D/CO		D/CO	
Copay Specialist***	\$50		D/CO		D/CO	
Co-Insurance %	20%		20%		NA	
Out of Pocket Max -	\$3,500		\$6,450		\$6,450	
Out of Pocket Max Family	\$7,000		\$12,900		\$12,900	
Prescription Co-Pay						
Generic	\$15		D/CO		D/CO	
Preferred Brand	\$40		D/CO		D/CO	
Non-Preferred Brand	\$80		D/CO		D/CO	
Employees Covered	19,713		21,996		3,188	
Total Emp/Dep Covered	25,411		40,774		4,765	

Higher Education

	ASU		ATU		Henderson		UAMS		UAMS		UA Fayetteville		UA Fayetteville	
	Blue Advantage		Blue Cross		Blue Cross		UMR - Classic		UMR - POS		UMR - Classic <28K		UMR - Class >150k	
Employee Monthly Health P	Cost	% Premium	Cost	% Premium	Cost	% Premium	Cost	% premium	Cost	% premium	Cost	% premium	Cost	% premium
Employee Premium	\$64	14%	\$0	0.00%	\$52	13%	\$101	25%	\$145	32%	\$67	16%	\$82	20%
Employee & Spouse	\$254	29%	\$390	46.15%	\$436	52%	\$233	25%	\$333	32%	\$150	16%	\$203	22%
Employee & Children	\$205	30%	\$162	26.30%	\$436	52%	\$192	25%	\$273	32%	\$118	15%	\$159	21%
Family Premium	\$271	25%	\$560	55.18%	\$436	52%	\$325	25%	\$465	32%	\$202	16%	\$272	21%
Dually Employed Family					\$113									
Employer Monthly Health Premium											Classic <28K		Classic >150K	
Employee Premium	\$384	86%	\$455	100%	\$362	87%	\$310	75%	\$310	68%	\$343	84%	\$328	80%
Employee & Spouse	\$621	71%	\$455	54%	\$400	48%	\$699	75%	\$699	68%	\$782	84%	\$729	78%
Employee & Children	\$478	70%	\$455	74%	\$400	48%	\$576	75%	\$576	68%	\$650	85%	\$609	79%
Family Premium	\$819	75%	\$455	45%	\$400	48%	\$975	75%	\$975	68%	\$1,098	84%	\$1,028	79%
Dually Employed Family					\$723									
Total Monthly Health Premium											Classic <28K		Classic >150K	
Employee Premium	\$448		\$455		\$414		\$410		\$455		\$410		\$410	
Employee & Spouse	\$875		\$845		\$836		\$932		\$1,032		\$932		\$932	
Employee & Children	\$683		\$617		\$836		\$768		\$850		\$768		\$768	
Family Premium	\$1,090		\$1,015		\$836		\$1,300		\$1,440		\$1,300		\$1,300	
Dually Employed Family					\$836									
Deductible	\$ 600		\$ 950		\$ 1,000						\$ 750		\$ 750	
Deductible Family	\$ 1,200		\$ 1,900		\$ 3,000						\$ 1,500		\$ 1,500	
Copay Primary Doc	\$35		\$35		\$30						\$35		\$35	
Copay Specialist***	\$50		D/CO		\$40 + 20%						\$50		\$50	
Co-Insurance %	20%		20%		Copay + 20%						30%		30%	
Out of Pocket Max -	\$2,500		\$2,500		\$5,000						\$3,250		\$3,250	
Out of Pocket Max Family	\$5,000		\$5,000		\$10,000						\$6,500		\$6,500	
Prescription Co-Pay														
Generic	\$12		\$15		\$15						\$15		\$15	
Preferred Brand	\$35		\$45		\$40						\$50		\$50	
Non-Preferred Brand	\$60		\$65		\$65						\$80		\$80	
Employees Covered	2,000						18,000	UA sys total						
Total Emp/Dep Covered	4,200						36,000	UA sys total						

Higher Education

	UA Fayetteville		UA Fayetteville		UCA		UCA		SAU		AHEC Consort		AHEC Consort	
	UMR - POS <28K		UMR - POS >\$150K		United Health - PPO		United Health - HAS				QualChoice		QualChoice-Buy up	
Employee Monthly Health P	Cost	% premium	Cost	% premium	Cost	% premium	Cost	% premium	Cost	% premium	Cost	% premium	Cost	% premium
Employee Premium	\$104	23%	\$128	28%	\$51	12%	\$26	9%			\$495	100%	\$495	100%
Employee & Spouse	\$234	23%	\$316	31%	\$272	31%	\$197	31%						
Employee & Children	\$184	22%	\$248	29%	\$186	23%	\$136	23%						
Family Premium	\$314	22%	\$424	29%	\$433	37%	\$333	38%						
Dually Employed Family					\$202		\$152							
Employer Monthly Health P	POS<28K		POS>150K		PPO		H.S.A.		H.S.A.					
Employee Premium	\$351	77%	\$327	72%	\$368	88%	\$280	91%				0%		0%
Employee & Spouse	\$798	77%	\$716	69%	\$593	69%	\$440	69%						
Employee & Children	\$666	78%	\$602	71%	\$610	77%	\$455	77%						
Family Premium	\$1,126	78%	\$1,016	71%	\$753	63%	\$539	62%						
Dually Employed Family					\$984		\$720							
Total Monthly Health Premi	POS<28K		POS>150K		PPO		H.S.A.		H.S.A.					
Employee Premium	\$455		\$455		\$419		\$306		\$0		\$495		\$495	
Employee & Spouse	\$1,032		\$1,032		\$865		\$637		\$0		\$0		\$0	
Employee & Children	\$850		\$850		\$796		\$591		\$0		\$0		\$0	
Family Premium	\$1,440		\$1,440		\$1,186		\$872		\$0		\$0		\$0	
Dually Employed Family					\$1,186		\$872		\$0		\$0		\$0	
Deductible	\$ 750		\$ 750		\$ 1,000		\$ 2,000		\$ 2,000		\$ 1,500		\$ 750	
Deductible Family	\$ 1,500		\$ 1,500		\$ 2,000		\$ 4,000		\$ 4,000		\$ 3,000		\$ 1,500	
Copay Primary Doc	\$35		\$35		\$20		D/CO		D/CO		\$25		\$25	
Copay Specialist***	\$50		\$50		\$35		D/CO		D/CO		\$50		\$50	
Co-Insurance %	30%		30%		20%		20%		20%		Copay + 20%		Copay + 20%	
Out of Pocket Max -	\$3,250		\$3,250		\$4,000		\$4,000		\$4,000		\$5,500		\$3,250	
Out of Pocket Max Family	\$6,500		\$6,500		\$8,000		\$8,000		\$8,000		\$11,000		\$6,500	
Prescription Co-Pay														
Generic	\$15		\$15		\$10		D/CO		D/CO		\$15		\$15	
Preferred Brand	\$50		\$50		\$35		D/CO		D/CO		\$45		\$45	
Non-Preferred Brand	\$80		\$80		\$50		D/CO		D/CO		\$60		\$60	
Employees Covered														
Total Emp/Dep Covered														