

NOTES FOR JANUARY 2015 FINANCIAL REPORTS

There are a couple of changes to the format of the financials so I would like to point them out to you.

- Member count format has been changed so that it includes 4 plans instead of 3. The Employee Only section is separate from the Employee + Dependents section. Basic, Classic, and Premium are Health Advantage and Primary is QualChoice
- Because PSE is now paying us Premium Assistance (FICA Savings), the amount collected as revenue appears in the "Other" row under Funding. This is designed to be used for premium assistance so the total amount of FICA Savings will also appear in the Less Reserves Allocated section. Each month this amount will increase and we will be able to track the amount of funds received during the year and apply this amount to assist with future year premiums.
- The Due to Federal Government Fee drops to \$44 per non-Medicare members for 2015. Right now it's showing zero but in June we will calculate an accrual up through June 30th.

Something else that affects both ASE and PSE is that Health Advantage asked to go back to the "old way" of submitting requests for us to pay them for claims incurred. This has not been a smooth process. We have only paid claims for two weeks in January. There are several categories where their records and EBD records don't match. Our Tech Team and Health Advantage have been working to resolve these issues. Because we have only paid two weeks of claims, the Net Income for the month of January is not a true picture – the net income would have been much lower had the claims been paid. There are approximately \$6.6 million of January unpaid claims for PSE and \$6.6 million of January unpaid claims for ASE. If these claims had been paid, then the Net Income would be approximately \$5.4 million for PSE and approximately \$3.2 million for ASE.

In January, the Catastrophic Reserve is recalculated. This is calculated by taking the medical and pharmacy claims from July through December, getting a monthly average and dividing that average in half. This is our Catastrophic Reserve amount. For both ASE and PSE this reserve amount has decreased by \$200,000 from 2014. The PSE Catastrophic Reserve is now \$10,900,000 and the ASE Catastrophic Reserve is now \$10,400,000.

Net Assets Available for PSE are \$26.67 million and for ASE \$35.79 million, however since we have not paid two weeks of claims, these numbers are higher than they should be.

Arkansas State Employees (ASE) Financials - January 1, 2015 through January 31, 2015

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	809	8		817	1459	19		1478
CLASSIC	1781	59		1840	3075	97		3172
PREMIUM	24850	2157		27007	43507	2777		46284
PRIMARY		232	8629	8861		475	11396	11871
TOTAL	27440	2456	8629	38525	48041	3368	11396	62805

REVENUES & EXPENDITURES

<u>Funding</u>	Current Month	Year to Date (1 Month)
State Contribution	\$ 14,344,074	\$ 14,344,074
Employee Contribution	\$ 8,024,828	\$ 8,024,828
Other	\$ 446,120	\$ 446,120
Allocation for Actives - Plan Year 2015	\$ 971,667	\$ 971,667
Total Funding	\$ 23,786,689	\$ 23,786,689
Expenses		
Medical Expenses		
Claims Expense	\$ 6,697,294	\$ 6,697,294
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,060,440	\$ 1,060,440
Refunds	\$ (4,543)	\$ (4,543)
Employee Assistance Program (EAP)	\$ 56,452	\$ 56,452
Life Insurance	\$ 55,034	\$ 55,034
Pharmacy Expenses		
RX Claims	\$ 5,599,292	\$ 5,599,292
RX IBNR	\$ 212,417	\$ 212,417
RX Administration	\$ -	\$ -
Plan Administration	\$ 266,123	\$ 266,123
Total Expenses	\$ 13,942,509	\$ 13,942,509
Net Income/(Loss)	\$ 9,844,180	\$ 9,844,180

BALANCE SHEET

<u>Assets</u>	
Bank Account	\$ 14,029,194
State Treasury	\$ 71,138,556
Due from Cafeteria Plan	\$ 709,521
Due from PSE	\$ -
Receivable from Provider	\$ -
Accounts Receivable	\$ 1,103,435
Total Assets	\$ 86,980,705
Liabilities	
Accounts Payable	\$ 3,758
Deferred Revenues	\$ -
Due to Cafeteria	\$ -
Due to PSE	\$ -
Due to Federal Government (\$44 fee)	\$ -
Health IBNR	\$ 24,700,000
RX IBNR	\$ 1,800,000
Total Liabilities	\$ 26,503,758
Net Assets	\$ 60,476,948
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000 + \$5,400,000)	\$ (10,688,333)
Premiums for Plan Year 1/1/16 - 12/31/16 (\$3,600,000)	\$ (3,600,000)
Catastrophic Reserve (2015 \$10,400,000)	\$ (10,400,000)
Net Assets Available	\$ 35,788,614

Fifth Week of Claims \$

Arkansas State Employees (ASE) Financials - January 1, 2014 through January 31, 2014				
	Gold	Silver	Bronze	Total
Actives	24,410	1,484	2,252	28,146
Refirees	2,485	25	50	2,560
Medicare	8,114			8,114
Total	35,009	1,509	2,302	38,820
Revenues & Expenditures				
			Current Month	Year to Date (1 month)
Funding				
State Contribution			\$ 14,318,044	\$ 14,318,044
Employee Contribution			\$ 7,650,132	\$ 7,650,132
Other			\$ 12,940	\$ 12,940
Allocation for Active/Retiree Plan Year 2014			\$ 2,154,167	\$ 2,154,167
Total Funding			\$ 24,135,282	\$ 24,135,282
Expenses				
Medical Expenses				
Claims Expense			\$ 16,068,212	\$ 16,068,212
Claims IBNR			\$ -	\$ -
Medical Admin Fees			\$ 1,116,720	\$ 1,116,720
Refunds			\$ 14,270	\$ 14,270
Employee Assistance Program (EAP)			\$ 56,247	\$ 56,247
Life Insurance			\$ 54,696	\$ 54,696
Pharmacy Expenses				
RX Claims			\$ 6,189,444	\$ 6,189,444
RX IBNR			\$ -	\$ -
RX Admin			\$ 255,855	\$ 255,855
Plan Administration			\$ 314,891	\$ 314,891
Total Expenses			\$ 24,070,335	\$ 24,070,335
Net Income/(Loss)			\$ 64,947	\$ 64,947
Balance Sheet				
Assets				
Bank Account			\$	5,797,207
State Treasury			\$	71,461,818
Due from Cafeteria Plan			\$	668,305
Due from PSE			\$	-
Receivable from Provider			\$	-
Accounts Receivable			\$	(395,478)
Total Assets			\$	77,531,852
Liabilities				
Accounts Payable			\$	2,520
Deferred Revenues			\$	50
Due to Cafeteria			\$	539
Due to PSE			\$	-
Health IBNR			\$	23,200,000
RX IBNR			\$	2,400,000
Total Liabilities			\$	25,603,109
Net Assets				\$ 51,928,743
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14			(\$7,460,000 + \$9,390,000 + \$9,000,000)	\$ (23,695,833)
Active/Retiree Premiums for Plan Year 1/1/15 - 12/31/15			(\$6,260,000 + \$5,400,000)	\$ (11,660,000)
Active/Retiree Premiums for Plan Year 1/1/16 - 12/31/16			(\$3,600,000)	\$ (3,600,000)
Catastrophic Reserve				\$ (10,600,000)
Net Assets Available			\$	2,372,910

Fifth week of claims totaled: \$4,552,715.15

Public School Employees (PSE) Financials - January 1, 2015 through January 31, 2015

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	2324	130		2454	3446	153		3599
CLASSIC	21544	1614		23158	39500	1970		41470
PREMIUM	20959	1407		22366	26849	1516		28365
PRIMARY		117	9788	9905		236	10717	10953
TOTAL	44827	3268	9788	57883	69795	3875	10717	84387

REVENUES & EXPENDITURES

<u>Funding</u>	Current Month	Year to Date (1 Month)
Per Participating Employee Funding (PPE Funding)	\$ 8,253,023	\$ 8,253,023
Employee Contribution	\$ 9,249,102	\$ 9,249,102
Department of Education \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 6,931,818
Other	\$ 485,365	\$ 485,365
Allocation for Actives	\$ 1,666,667	\$ 1,666,667
Total Funding	\$ 26,585,974	\$ 26,585,974
Expenses		
Medical Expenses		
Claims Expense	\$ 8,784,181	\$ 8,784,181
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,545,589	\$ 1,545,589
Refunds	\$ (3,153)	\$ (3,153)
Employee Assistance Program (EAP)	\$ 77,611	\$ 77,611
Pharmacy Expenses		
RX Claims	\$ 3,439,718	\$ 3,439,718
RX IBNR	\$ -	\$ -
RX Administration	\$ 289,680	\$ 289,680
Plan Administration	\$ 400,130	\$ 400,130
Total Expenses	\$ 14,533,757	\$ 14,533,757
Net Income/(Loss)	\$ 12,052,217	\$ 12,052,217

BALANCE SHEET

Assets	
Bank Account	\$ 15,645,653
State Treasury	\$ 62,232,888
Receivable from Provider	\$ -
Accounts Receivable	\$ 7,901,011
Due to ASE	\$ -
Total Assets	\$ 85,779,552
Liabilities	
Accounts Payable	\$ 875
Due to ASE	\$ -
Deferred Revenues	\$ -
Due to Federal Government (\$44 fee)	\$ -
Health IBNR	\$ 28,000,000
RX IBNR	\$ 1,400,000
Total Liabilities	\$ 29,400,875
Net Assets	\$ 56,378,677
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$20,000,000 rec'd from Dept. of Education)	\$ (18,333,333)
Premium Assistance (FICA Savings)	\$ (473,769.10)
Catastrophic Reserve (2015 \$10,900,000)	\$ (10,900,000)
Net Assets Available	\$ 26,671,575

Fifth Week of Claims \$

Public School Employees (PSE) Financials - January 1, 2014 through January 31, 2014

	Gold	Silver	Bronze	Total
Actives	18,706	5,004	23,187	46,897
Retirees	1,941	108	1,218	3,267
Medicare	8,843			8,843
Total	29,490	5,112	24,405	59,007

Revenues & Expenditures

	Current Month	Year to Date (1 month)
Funding		
Per Participating Employee Funding (PPE Funding)	\$ 8,507,337	\$ 8,507,337
Employee Contribution	\$ 10,269,259	\$ 10,269,259
Dept of Ed \$35,000,000 & \$15,000,000	\$ 6,931,818	\$ 6,931,818
Other	\$ 3,766	\$ 3,766
Allocation for Active Premiums for Plan Year 2014	\$ 3,583,333	\$ 3,583,333
Total Funding	\$ 29,295,513	\$ 29,295,513
Expenses		
Medical Expenses:		
Claims Expense	\$ 19,719,798	\$ 19,719,798
Claims IBNR	\$ -	\$ -
Medical Admin Fees	\$ 1,603,941	\$ 1,603,941
Refunds	\$ 6,120	\$ 6,120
Employee Assistance Program (EAP)	\$ 81,139	\$ 81,139
Pharmacy Expenses:		
RX Claims	\$ 4,853,330	\$ 4,853,330
RX IBNR	\$ -	\$ -
RX Admin	\$ 333,878	\$ 333,878
Plan Administration	\$ 281,465	\$ 281,465
Total Expenses	\$ 26,879,672	\$ 26,879,672
Net Income/(Loss)	\$ 2,415,842	\$ 2,415,842

Balance Sheet

Assets	
Bank Account	\$ 14,989,662
State Treasury	\$ 49,103,394
Receivable from Provider	\$ -
Accounts Receivable	\$ 5,072,599
Due from ASE	\$ -
Total Assets	\$ 69,165,654
Liabilities	
Accounts Payable	\$ 642
Due to ASE	\$ -
Deferred Revenues	\$ -
Health IBNR	\$ 28,000,000
RX IBNR	\$ 1,800,000
Total Liabilities	\$ 29,800,642
Net Assets	\$ 39,365,012
Less Reserves Allocated:	
Active Premiums for Plan Year 01/01/14 - 12/31/14 (\$43,000,000)	\$ (39,416,667)
Catastrophic Reserve (2014 - \$11,100,000)	
Net Assets Available	\$ (51,655)

Fifth week of claims totaled: \$3,900,981.40