

State of Arkansas

# BLR Review

**Introductory Meeting and Project Review**

June 2021 / Patrick Klein and Matthew Kersting

# Agenda

Data Request

Cost Components

Segal's Planned Approach/Timeline

2022 Proposed Changes

Questions

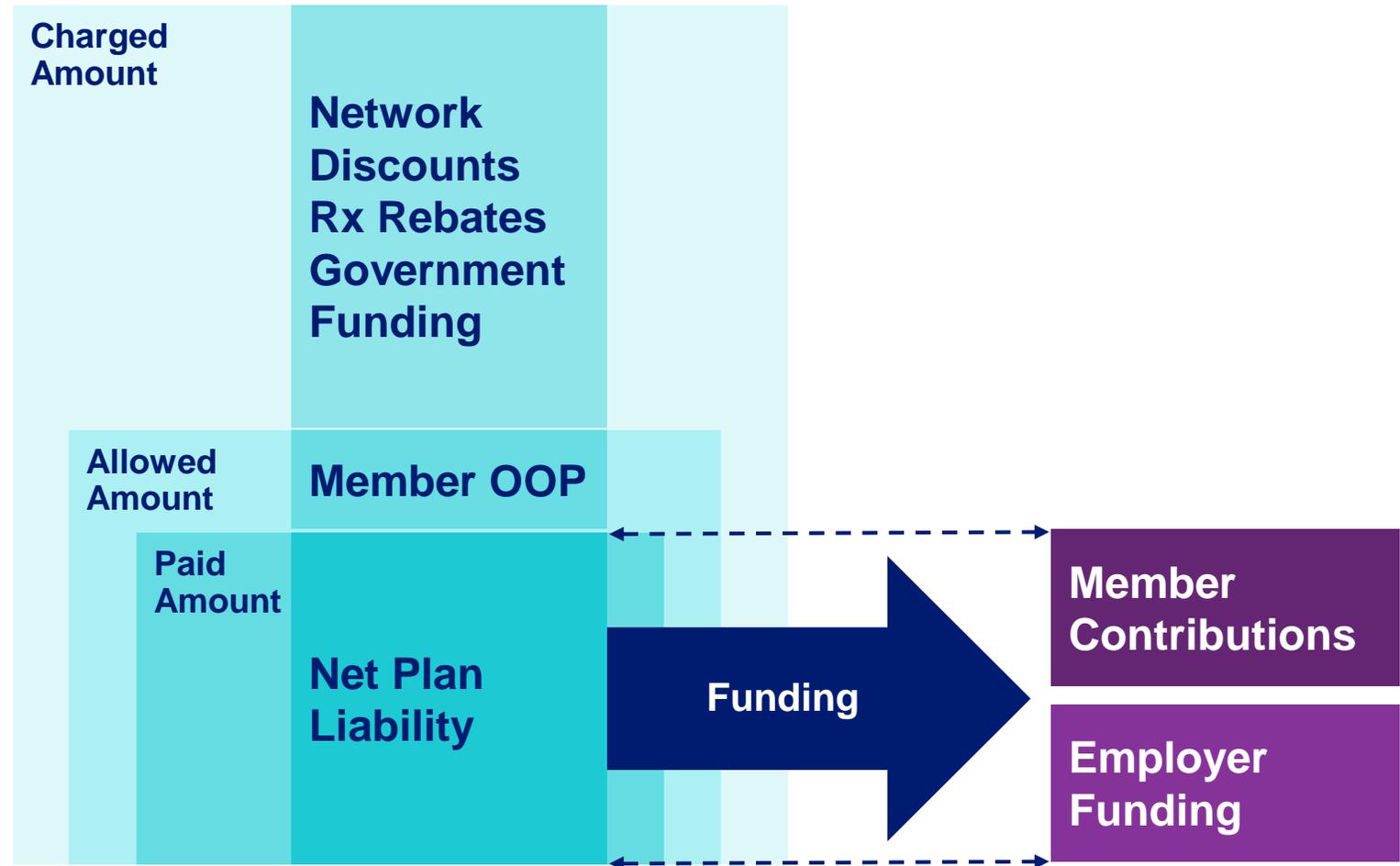
# Data Request

Segal has been working with BLR and EBD to secure necessary data in order to perform the analysis, including:

Data	Status		
	Pending	Received	Partially Received
Detailed individual claims information	✓		
Individual eligibility files	✓		
<b>Network information</b>			
Pharmacy		✓	
Medical		✓	
<b>Financial Information</b>			
Vendor utilization reports	✓		
Historical contributions and premium rates		✓	
Historical claims/enrollment reports by plan/tier			✓
Cash flow details for 2018, 2020, YTD 2021			✓
Retiree medical actuarial valuation report	✓		
<b>Miscellaneous</b>			
Medical/Pharmacy contracts	✓		
Plan communications		✓	
Local laws impacting benefits		✓	
Details on point solutions		✓	
Prior consultant reports		✓	

# Cost Savings Levers

- **Charged Amount** — Reduced by improved health, utilization mix
- **Allowed Amount** — Reduced by maximizing vendor efficiencies
- **Paid Amount** — Reduced by lowering reducing value of plan design



# Timeline

Segal plans to analyze information and work with BLR to review findings over the coming months as we develop final report/recommendations

We anticipate the following roadmap contingent upon data:



In certain months, multiple meetings may be needed.

# July Meeting

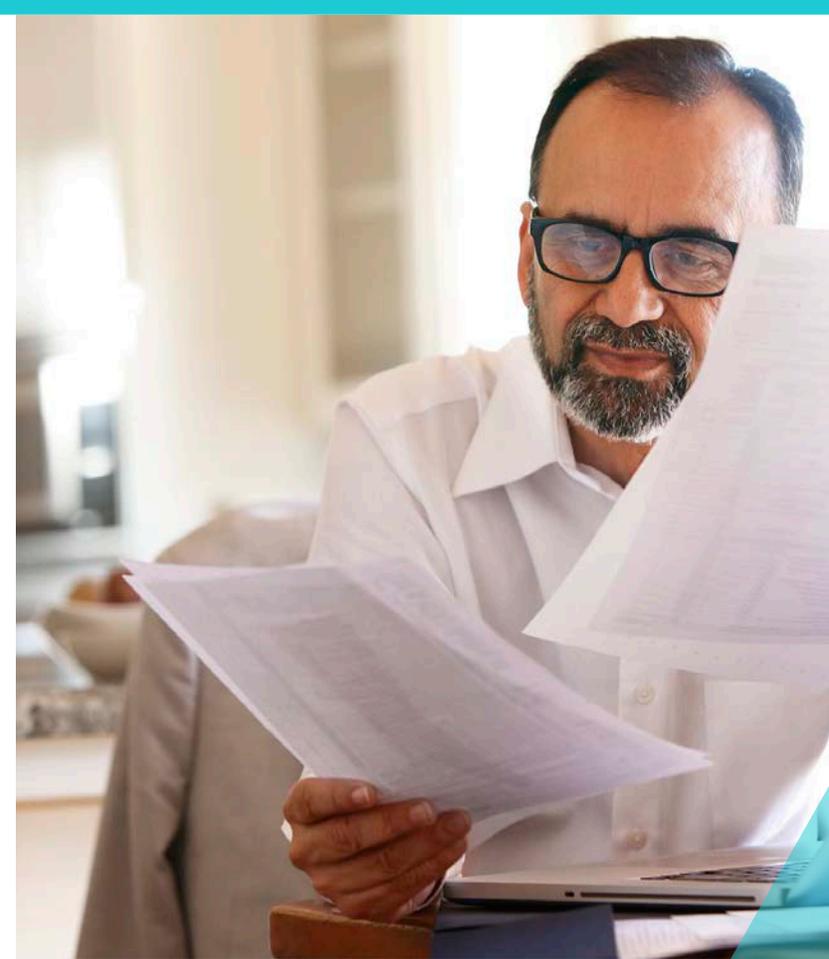
**July will focus on history of the program and savings opportunities related to vendors**

## **Historical Review**

- Benchmarking
- Plan history
- Review of past deficits and causes

## **Savings Opportunities**

- Network savings analysis — does the current vendor drive the best overall discounts in the area
- Contract review — are there opportunities related to contract terms that can lower overall costs
- Retiree opportunities — is the plan taking advantage of money government subsidies (e.g., EGWP, Medicare Advantage)



Vendor savings will focus on controlling top line costs, rather than shifting costs to participants.

# August Meeting

**August will take a deeper dive into the claims and enrollment data to review strategies related to plan design, contributions, and clinical programs**

## **Plan design/contributions**

- Review of actuarial value
- Plan selection/loss ratios
- Alternative plan/contribution approaches
- Multi-year projection with prescribed funding triggers

## **Clinical Review**

- Cost drivers and point solutions
- Network approaches
- Social determinants



Focus will turn within the plan to strategies to improve utilization of the program and overall health of the population.

# September/October Meeting

**In September, we plan to review/revise any prior considerations and work toward the development of final recommendations**

## **September**

- Review/update considerations based on feedback
- Explore any new options requested by BLR
- Work toward development of final recommendations

## **October**

- Segal will present final recommendations to BLR based on feedback throughout the summer



Will extend beyond October if requested by BLR

# 2022 Proposed Changes

At the June 1 Board Meeting, the following changes were approved for State Employees

These changes are projected to reduce close the funding gap by \$33.9M, resulting in a small projected surplus for FY2022

<p>Active contributions increased by</p> <p><b>5%</b></p>	<p>Pre-65 contributions increased by</p> <p><b>5%</b></p>	<p>Wellness credit reduced from</p> <p><b>\$50 to \$25</b></p> <p>per month</p>
<p>Non-wellness credit of</p> <p><b>\$25</b></p> <p>added for actives</p>	<p>Required wellness visit through physician to earn</p> <p><b>Credit</b></p>	<p>Monthly State Funding increased from</p> <p><b>\$450 to \$500</b></p> <p>(August 2021)</p>

While savings projected seem reasonable, they are short term fixes in nature. Larger changes will be required in order to create a sustainable program.



# Q&A

