

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

January 7, 2014

Senator Jim Hendren
Representative Harold Copenhaver
State and Public School Life and Health Insurance
Legislative Task Force
State Capitol
Little Rock, AR 72201

RE: Services provided by Osborn, Carreiro & Associates

Gentlemen:

This letter is to provide you with a list of services we are ready to provide. This is intended to help you and the committee decide and discuss what additional services that may be needed as you make your decisions. A list of the services that we are ready to provide to the Task Force are:

1. Analysis of current pricing structure and breakdown of the sources of claim cost.
2. Analysis of reinsurance needs and costs. In particular, we can use our contacts to determine the price that would be charged to the fund for stop-loss reinsurance and compare that with the cost of internally reinsuring these risks.
3. Cost effect of any proposed changes in coverage and deductibles.
4. Estimating the cost of migration between coverage levels. This could include analyzing the characteristics of members who migrated between plans for the year beginning 1/1/2014 as well as those who opted out of coverage.
5. Modeling cost impact (to state and to employees) of possible changes in the program, including projection of income, claims and possible fluctuations.
6. Estimate liabilities of the programs.
7. Test various scenarios and funding ideas that arise from discussion of the Task Force.

Based on the discussion we heard at the last meeting of the Task Force, the only item that may be needed by the Task Force that we have not previously completed for other clients is an economic analysis of coverage choices and modeling broken down to the individual level.

Sincerely,



Steve Osborn, F.S.A., M.A.A.A.



Jody Carreiro, A.S.A, M.A.A.A.
Actuary