

CHROME Compass

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Collier
INSURANCE FOR THE UNEXPECTED

Update for Members of the State and Public School Life and Health Insurance Program Legislative Task Force

February 18, 2014

Ladies and Gentlemen:

The purpose of this memorandum is to update the Task Force on activity undertaken by our team as part of the Health Information Management Consulting Services. Our goal is to deliver our initial report and presentation to the Task Force at the April meeting.

DATA GATHERING AND VALIDATION PHASE – 90% Complete

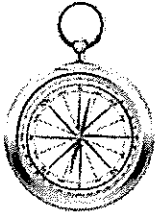
On Thursday, January 23, 2014, Henry Lindeman from our team met with Bob Alexander from the Employee Benefits Division (EBD) and members of Mr. Alexander's team along with Jody Carriero of Osborn, Carriero & Associates at the EBD office. The purpose of the meeting was to review the specific data requirements for our project and determine if the eligible employee data was readily available. All participants at that meeting were very helpful and willing to assist as needed.

During that meeting Mr. Alexander's team provided a Business Associate Agreement which is standardly required prior to sharing data of this sort. Collier has signed that agreement and returned it to Mr. Alexander. Also the group determined that the majority of the required data can be obtained from the Employee Benefits Division (EBD) systems.

The required data elements for each eligible employee are listed below:

- Social Security Number
- Personnel Number
- Group Number – Identify which district to be used to determine Employer Defined Contribution and therefore calculate the Employee contribution
- Group Name – To validate Group Number
- Gender
- Date of Birth
- Date of Hire
- Home Zip Code – First 5 digits only
- Medical Plan Name Chosen (Gold/Bronze)
- Medical Tier Election (Employee Only, Employee plus Spouse, Employee plus Child(ren), Employee plus Family, Waive)
- Carrier – BCBS of AR or Local Little Rock HMO

This Data was received on February 10, 2014 and is currently being evaluated by our team.



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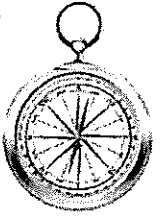
However the following two key data elements are not being tracked by EBD. On our behalf, Mr. Carriero reached out to the Arkansas Department of Education (ADE) in hopes that they might be able to assist. On January 28, 2014, Mr. Tony Wood with ADE assembled members of his team on a conference call during which we determined the following:

- Annual Income – We were able to obtain this information with assistance from the ADE. This data was received on February 10, 2014 and is currently being evaluated by our team.
- Hours Worked to determine eligibility for EBD Health Benefits. We discovered that EBD receives only an Eligibility Indicator (Yes/No) from the Individual, Local School Districts (Districts) and that hours worked is not centrally maintained and evaluated by EBD or by the Department of Education. Hours Worked is maintained only at the District level.

It would not be possible to deliver our initial report at the April Task Force meeting if we had to obtain actual hours worked for each employee from each of the 284 listed Districts. We will make some assumptions regarding Hours Worked and Benefit Eligibility on this initial report based on Job Title, Function Code and Part Time/Full Time indicators based on guidance from ADE. This data was received on February 10, 2014 and is currently being evaluated by our team. We will obtain the actual Hours Worked information from the Districts after the April meeting to validate those assumptions.

CUSTOMIZATION AND VALIDATION PHASE – Estimated Completion Data – March 15, 2014

During the Customization Phase of the initial project, we will be working with the CHROME technology to customize the CHROME Compass using your specific information including actuarial data from Osborn, Carreiro & Associates. The CHROME Compass framework is built upon a series of modeling engines specifically designed to illustrate the various market conditions, regulatory issues including provisions of health care reform, best practices from other states, funding and plan design options which are most important to your strategic planning. Once the initial customization is complete, the output is available for a period of Validation & Review by our team in comparison to other available data.



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INITIAL REPORT AND PRESENTATION – To be delivered at the April Task Force Meeting

At the April Task Force meeting we will present the output of the CHROME Compass. The Executive-level presentation will include educational background regarding the underlying concepts behind the CHROME Compass Framework as well as the detailed outcomes of “what if” scenarios. The scope of this presentation is focused on evaluating the estimated financial impact of these scenarios. While the specific agenda and flow of this presentation can vary, the following topics are included within most presentations:

- Key Concepts for the CHROME Compass Framework
 - Evaluation of Current Plans Offered
 - Fair Access Index - Identification of the full eligible population including those employees currently enrolled in coverage, as well as those who have waived coverage.
 - Household Income Population Analysis
- Scenario-based impact analysis including valuation of 2015, 2016 impact including:
 - Identification of all eligible employees and financial impact if EBD terminates coverage.
 - Projection of each plan’s 2015 total cost and respective employee contributions based on current costs and expected trend as determined in conjunction with the Actuarial Study conducted by Osborn, Carriero & Associates.
 - Projection of total cost in 2015 had alternative options been put in place.
 - Projection of each plan’s 2016 total cost and respective employee contributions based on current costs and expected trend as determined in conjunction with your Actuarial Study conducted by Osborn, Carriero & Associates.
 - Projection of financial impact of alternative medical plan strategy for 2015
 - Detailed comprehensive population mapping to align each individual eligible employee by their respective plan offering, enrollment tier level, plan’s premium total cost, employee contribution amount and estimated household income.
- Determination of assumptions for the eligible but waived population and manipulation of the census database for such assumptions.
- Analysis to segment each individual employee by plan, enrollment tier level and income.
- Background of Health Care Reform and other Regulatory Issues
- Based on this 2015 and 2016 analysis, we will estimate cost impact to the Task Force based on current program offerings, impact of automatic enrollment of waived population and expected cost impact of health care reform based on affordability requirements and level of household income.
- Identification of options or opportunities for consideration as the Task Force aligns its health care strategy toward 2015.