

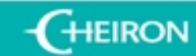


**Arkansas
Public School Employees (PSE)**

**Monitoring Report
Through December 31, 2013**

**Presented on
February 18, 2014**

John L. Colberg, FSA, MAAA



Classic Values, Innovative Advice

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Comments

- The number and amount of medical claims higher than \$1 million decreased from 3 claimants totalling nearly \$7 million in 2012 to 1 claimant with \$1.3 million in 2013.
- In aggregate, the active counts were close to projected in 2013. However, fewer actives elected Gold and Silver or more elected Bronze than assumed, which contributed to lower than projected assets in 2013 (reviewed in great detail last summer).
- The Plan added an unprecedented number of retirees toward the end of 2012, and that trend accelerated in 2013. The increase in retiree participation also contributed to lower than projected 2013 assets.
- While expenses were significantly higher than projected when setting 2013 rates, they were within \$0.4 million of our updated projections presented in March 2013. (Our projected number is intended to represent expenses less other income, generally rebates and investment income.)
- Assets ended \$2.5 million below IBNR. Our August 20, 2013 presentation had projected \$0.8 million above IBNR. The \$3.3 million deficit comes from claims \$3.5 million higher than projected, with expenses for the period (net of other income) \$0.2 million lower.
- Plan elections for 2014 appear to be more favorable than were assumed for the active population. Retirees continue to increase at a rapid rate. Still, the lower actives than projected for 2014, combined with slightly higher Gold actives and the \$5 per adult surcharge, is currently projected to replenish most of the catastrophic reserves by the end of 2014.

Please see Appendix F, which describes the methods and assumptions used to develop these conclusions and includes information on the scope, limitations, and certification of this report.

Total Plan Experience

Principal Results (\$ millions)	Plan Year 2013 - 1/1/2013 - 12/31/2013 -		Plan Year 2014 - 1/1/2014 - 12/31/2014 -		
	ACCOUNTING BASIS	Actual	Projected ¹	Updated Proj. ²	Projected ¹
State Contributions	\$ 101.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0
Minimum District Contributions ³	\$ 73.4	\$ 73.7	\$ 83.1	\$ 86.4	\$ 86.4
Participant Contributions ⁴	\$ 154.2	\$ 161.7	\$ 142.2	\$ 139.3	\$ 139.3
Other Income	1.9	-	-	-	-
TOTAL INCOME	\$ 330.5	\$ 285.4	\$ 275.3	\$ 275.7	\$ 275.7
Claims Paid + IBNR Change ⁵	(282.0)	(274.3)	(276.5)	(284.0)	(284.0)
Expenses	(27.4)	(18.4)	(29.9)	(32.5)	(32.5)
TOTAL EXPENDITURES	\$ (309.4)	\$ (292.7)	\$ (306.4)	\$ (316.5)	\$ (316.5)
NET PLAN GAIN / (LOSS)	\$ 21.1	\$ (7.3)	\$ (31.1)	\$ (40.8)	\$ (40.8)
INCURRED BASIS					
TOTAL INCOME ⁶	\$ 287.5	\$ 285.4	\$ 318.3	\$ 318.7	\$ 318.7
Claims Incurred	(272.5)	(275.9)	(276.5)	(284.0)	(284.0)
Expenses	(27.4)	(18.4)	(29.9)	(32.5)	(32.5)
TOTAL EXPENDITURES INCURRED	\$ (299.9)	\$ (294.3)	\$ (306.4)	\$ (316.5)	\$ (316.5)
NET CHANGE	\$ (12.4)	\$ (8.9)	\$ 11.9	\$ 2.2	\$ 2.2
PLAN ASSETS (END OF YEAR)					
Net Assets (Prior to IBNR)	\$ 70.3	\$ 40.5	\$ 39.1	\$ 32.2	\$ 32.2
IBNR Reserve	(29.8)	(28.5)	(29.8)	(29.8)	(29.8)
Reserve for Future Premiums	(43.0)	(3.6)	-	-	-
Catastrophic Reserve	-	(8.5)	(9.3)	(2.4)	(2.4)
NET ASSETS AVAILABLE	\$ (2.5)	\$ -	\$ -	\$ -	\$ -
ENROLLMENT					
Active Employees (includes COBRA)	46,683	46,878	46,150	47,985	47,985
Retirees	11,106	9,779	12,869	12,276	12,276
TOTAL ENROLLED	57,789	56,657	59,019	60,260	60,260
TOTAL INCOME PEPM	\$ 477	\$ 420	\$ 389	\$ 381	\$ 381
TOTAL EXPENDITURES PEPM	\$ (432)	\$ (433)	\$ (433)	\$ (438)	\$ (438)

¹ Projections are those done when setting the rates for the applicable plan year.

² Updated Projections reflect updated participant count and asset information.

³ District contributions are set to \$131 per employee for 2013, and \$150 per employee for 2014

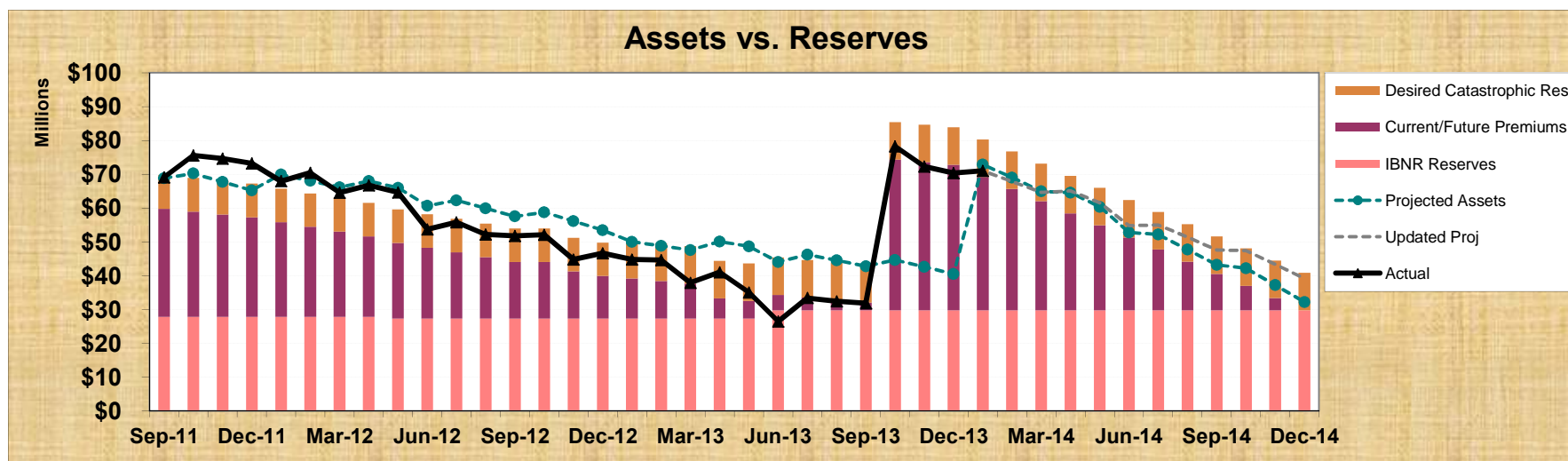
⁴ Includes school district contributions in excess of \$131 / \$150 per active employee

⁵ The IBNR change reflects only the June 30 modification shown on the financial statements.

⁶ Recognizes the additional \$43 million state contribution paid in October 2013 in the 2014 plan year.

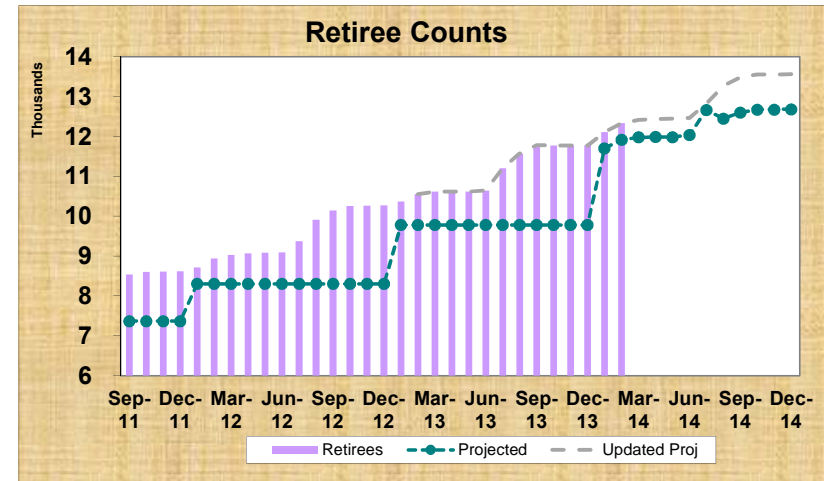
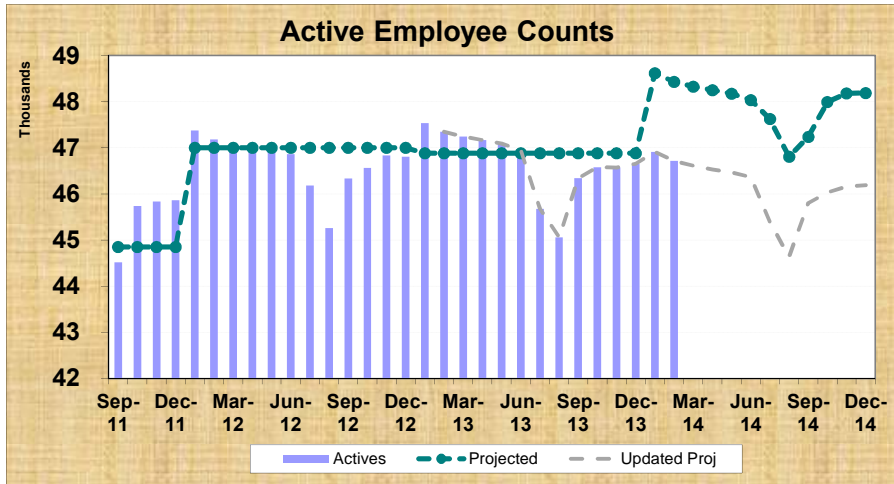
Total Plan Experience

The chart below shows the Plan's assets (solid line) compared to projected assets (dotted lines) and target reserve levels (bars). Projected assets represent the projections used to set the rates. The updated projections reflect asset experience and participant changes since those rates were set (August & October 2013). The average cost per rating tier has not been updated.



(In Millions \$)	As of	12/31/2011	12/31/2012	12/31/2013	Updated Proj. 12/31/2014
Net Assets before IBNR	\$	73.2	\$ 46.6	\$ 70.3	\$ 39.1
IBNR Reserve		(27.8)	(27.3)	(29.8)	(29.8)
Reserve for Current and Future Premiums		(29.4)	(12.6)	(43.0)	-
Catastrophic Reserve		(10.0)	(6.7)	-	(9.3)
Pharmacy Reward Program		-	-	-	-
Net Assets Available	\$	6.0	\$ -	\$ (2.5)	\$ -
Projected Assets	\$	65.2	\$ 53.5	\$ 40.5	\$ 32.2
Projected IBNR Reserve	\$	(27.5)	(27.8)	(28.5)	(29.8)
Reserve for Current and Future Premiums	\$	(11.4)	(12.6)	(3.6)	-
Catastrophic Reserve	\$	(9.1)	(10.0)	(8.5)	(2.4)
Pharmacy Reward Program	\$	-	-	-	-
Projected Net Assets	\$	17.2	\$ 2.0	\$ -	\$ -
	Plan Year Ending	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Funding	\$	275.3	\$ 275.7	\$ 330.5	\$ 275.3
Expenses		276.0	301.8	309.4	306.4
Net Income / (Loss)	\$	(0.7)	\$ (26.1)	\$ 21.1	\$ (31.1)
Projected Net Income / (Loss)	\$	(12.1)	\$ (14.7)	\$ (7.3)	\$ (40.8)

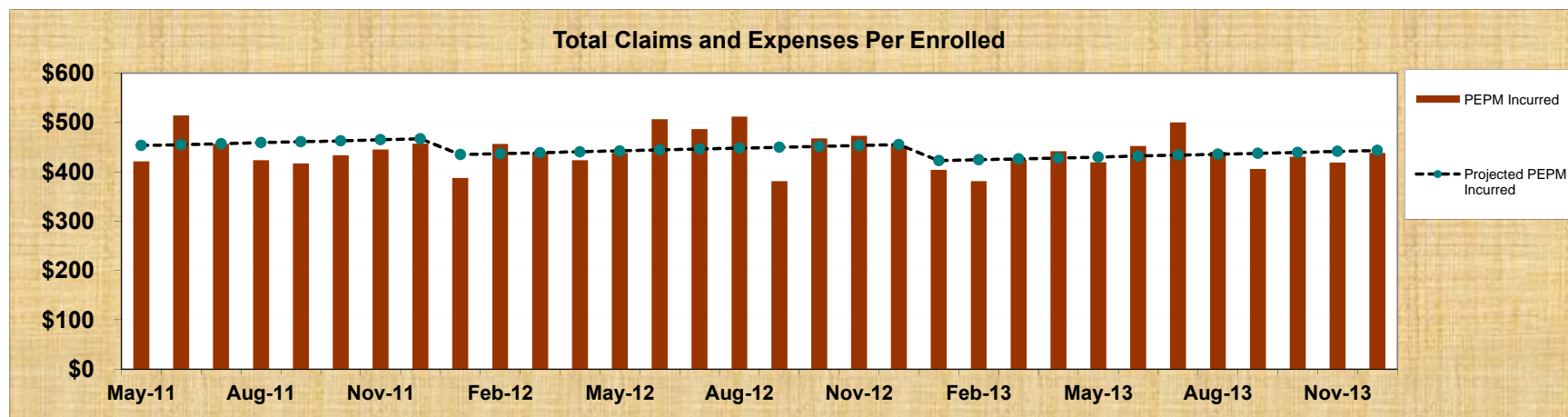
Enrollment



Average for Year Ending		12/31/2011	12/31/2012	12/31/2013	Updated Proj. 12/31/2014
Actives (includes COBRA contracts)	Health Advantage	37,829	36,570	27,463	18,434
	NovaSys	2,922	872	4,474	4,927
	NovaSys HD	4,901	9,254	14,746	22,789
	Total	45,652	46,696	46,683	46,150
	Projected	44,851	47,000	46,878	47,985
Retirees (includes Surviving Spouses)	Non-Medicare Retirees	2,101	2,304	2,377	2,377
				50	118
				859	1,346
	Medicare Retirees	6,128	6,914	7,820	9,028
	Total	8,228	9,217	11,106	12,869
Projected	7,367	8,300	9,779	12,276	
Total Counts		53,880	55,913	57,789	59,019
Total Projected		52,218	55,300	56,657	60,260

Claim & Expense Details - All Claims & Expenses

The chart below displays the total claims and expenses incurred on a per enrolled (active/retiree) basis. The total claims include medical, pharmacy, behavioral health, and expenses net of other income.



	<u>3/31/2012</u>	<u>6/30/2012</u>	<u>9/30/2012</u>	<u>12/31/2012</u>	<u>Prior 12 Months</u>	<u>3/31/2013</u>	<u>6/30/2013</u>	<u>9/30/2013</u>	<u>12/31/2013</u>	<u>Last 12 Months</u>
Total Incurred (In Millions \$)										
Total Claims & Expenses	\$ 72.0	\$ 76.6	\$ 76.8	\$ 79.5	\$ 304.9	\$ 70.1	\$ 75.8	\$ 77.0	\$ 75.2	\$ 298.0
- Change	(0.7)	4.6	0.2	2.7	22.9	(9.4)	5.7	1.2	(1.8)	(7.0)
Projected	\$ 72.5	\$ 73.4	\$ 74.3	\$ 75.2	\$ 295.5	\$ 72.1	\$ 73.1	\$ 74.1	\$ 75.0	\$ 294.3
- Change	(0.3)	0.9	0.9	0.9	9.6	(3.1)	1.0	1.0	1.0	(1.2)
Actual vs. Projected	\$ (0.5)	\$ 3.2	\$ 2.5	\$ 4.2	\$ 9.5	\$ (2.1)	\$ 2.7	\$ 2.9	\$ 0.1	\$ 3.7

Per Enrolled Basis										
	<u>3/31/2012</u>	<u>6/30/2012</u>	<u>9/30/2012</u>	<u>12/31/2012</u>	<u>Prior 12 Months</u>	<u>3/31/2013</u>	<u>6/30/2013</u>	<u>9/30/2013</u>	<u>12/31/2013</u>	<u>Last 12 Months</u>
Total Claims & Expenses	\$ 427.9	\$ 456.2	\$ 459.5	\$ 464.8	\$ 452.1	\$ 403.4	\$ 437.8	\$ 448.5	\$ 429.3	\$ 429.7
% Change	(3.9%)	6.6%	0.7%	(13.2%)	3.6%	(10.8%)	8.5%	2.4%	(4.3%)	(5.0%)
Projected	\$ 437.2	\$ 442.5	\$ 448.0	\$ 453.5	\$ 445.3	\$ 424.4	\$ 430.0	\$ 435.7	\$ 441.5	\$ 432.9
% Change	(6.0%)	1.2%	1.2%	(6.4%)	(2.4%)	(4.7%)	1.3%	1.3%	1.3%	(2.8%)

Claim & Expense Details - Incurred Claims by Vendor

		3/31/2012	6/30/2012	9/30/2012	12/31/2012	Prior 12 Months	3/31/2013	6/30/2013	9/30/2013	12/31/2013	Last 12 Months	
TOTAL (\$000s)	Actual Incurred Claims	\$ 72,008	\$ 76,641	\$ 76,822	\$ 79,468	\$ 304,939	\$ 70,050	\$ 75,772	\$ 76,962	\$ 75,176	\$ 297,960	
	Projected	72,524	73,414	74,317	75,232	295,487	72,129	73,084	74,053	75,035	294,300	
	Actual vs. Projected	\$ (516)	\$ 3,227	\$ 2,505	\$ 4,236	\$ 9,452	\$ (2,079)	\$ 2,688	\$ 2,909	\$ 141	\$ 3,660	
Medical	Gold NME	Actual Incurred Claims	\$ 43,733	\$ 45,737	\$ 47,275	\$ 43,686	\$ 180,432	\$ 34,217	\$ 37,701	\$ 36,509	\$ 33,801	\$ 142,228
		Projected	45,544	46,191	46,846	47,511	186,093	39,177	39,752	40,335	40,927	160,192
		Actual vs. Projected	\$ (1,811)	\$ (454)	\$ 429	\$ (3,825)	\$ (5,661)	\$ (4,960)	\$ (2,051)	\$ (3,826)	\$ (7,126)	\$ (17,964)
Silver NME	Actual Incurred Claims	\$ 852	\$ 916	\$ 1,016	\$ 1,121	\$ 3,905	\$ 3,850	\$ 4,628	\$ 5,020	\$ 4,701	\$ 18,200	
	Projected	2,424	2,459	2,494	2,529	9,906	2,359	2,393	2,428	2,464	9,644	
	Actual vs. Projected	\$ (1,572)	\$ (1,543)	\$ (1,478)	\$ (1,408)	\$ (6,001)	\$ 1,491	\$ 2,235	\$ 2,592	\$ 2,237	\$ 8,556	
Bronze NME	Actual Incurred Claims	\$ 2,688	\$ 5,888	\$ 6,091	\$ 6,958	\$ 21,625	\$ 5,826	\$ 8,214	\$ 9,707	\$ 10,304	\$ 34,051	
	Projected	2,767	2,806	2,846	2,886	11,304	7,776	7,890	8,006	8,123	31,795	
	Actual vs. Projected	\$ (79)	\$ 3,082	\$ 3,245	\$ 4,072	\$ 10,321	\$ 7,779	\$ 324	\$ 1,701	\$ 2,181	\$ 2,256	
Gold ME	Actual Incurred Claims	\$ 3,208	\$ 2,834	\$ 2,943	\$ 2,877	\$ 11,862	\$ 3,829	\$ 3,285	\$ 3,341	\$ 3,438	\$ 13,893	
	Projected	2,825	2,873	2,922	2,972	11,591	3,286	3,334	3,383	3,432	13,434	
	Actual vs. Projected	\$ 383	\$ (39)	\$ 21	\$ (95)	\$ 271	\$ 543	\$ (49)	\$ (42)	\$ 6	\$ 459	
Rx	All	Actual Incurred Claims	\$ 15,393	\$ 15,782	\$ 15,622	\$ 16,892	\$ 63,689	\$ 15,702	\$ 15,694	\$ 15,683	\$ 17,040	\$ 64,119
		Projected	14,163	14,285	14,409	14,533	57,390	14,938	15,122	15,307	15,495	60,863
		Actual vs. Projected	\$ 1,230	\$ 1,497	\$ 1,213	\$ 2,359	\$ 6,299	\$ 764	\$ 572	\$ 376	\$ 1,545	\$ 3,256
Gold NME	Actual Incurred Claims	\$ 15,136	\$ 15,227	\$ 14,793	\$ 15,654	\$ 60,809	\$ 13,703	\$ 13,161	\$ 12,657	\$ 12,896	\$ 52,417	
	Projected	13,303	13,418	13,534	13,651	53,906	13,218	13,380	13,544	13,710	53,853	
	Actual vs. Projected	\$ 1,833	\$ 1,809	\$ 1,259	\$ 2,003	\$ 6,903	\$ 485	\$ (219)	\$ (887)	\$ (814)	\$ (1,436)	
Silver NME	Actual Incurred Claims	\$ 170	\$ 195	\$ 221	\$ 282	\$ 868	\$ 1,546	\$ 1,538	\$ 1,509	\$ 1,896	\$ 6,489	
	Projected	636	642	647	653	2,578	613	621	629	636	2,499	
	Actual vs. Projected	\$ (466)	\$ (447)	\$ (426)	\$ (371)	\$ (1,710)	\$ 933	\$ 917	\$ 880	\$ 1,260	\$ 3,990	
Bronze NME	Actual Incurred Claims	\$ 88	\$ 360	\$ 608	\$ 957	\$ 2,013	\$ 453	\$ 996	\$ 1,516	\$ 2,248	\$ 5,212	
	Projected	224	225	227	229	906	1,107	1,121	1,135	1,148	4,511	
	Actual vs. Projected	\$ (136)	\$ 135	\$ 381	\$ 728	\$ 1,107	\$ (654)	\$ (125)	\$ 381	\$ 1,100	\$ 701	
Expenses (net of other income)	All	Actual Next Expenses	\$ 6,134	\$ 5,483	\$ 3,875	\$ 7,933	\$ 23,425	\$ 6,626	\$ 6,250	\$ 6,703	\$ 5,892	\$ 25,471
		Projected	4,801	4,801	4,801	4,801	19,204	4,593	4,593	4,593	4,593	18,372
		Actual vs. Projected	\$ 1,333	\$ 682	\$ (926)	\$ 3,132	\$ 4,221	\$ 2,033	\$ 1,657	\$ 2,110	\$ 1,299	\$ 7,099

Claim & Expense Details - Trend Report

						<u>Prior 12</u>				<u>Last 12</u>		
		<u>3/31/2012</u>	<u>6/30/2012</u>	<u>9/30/2012</u>	<u>12/31/2012</u>	<u>Months</u>		<u>3/31/2013</u>	<u>6/30/2013</u>	<u>9/30/2013</u>	<u>12/31/2013</u>	<u>Months</u>
TOTAL	Actual PEPM	\$ 427.85	\$ 456.19	\$ 459.48	\$ 464.79	\$ 452.11	\$ 403.39	\$ 437.80	\$ 448.45	\$ 429.29	\$ 429.67	
	% Change	(3.9%)	6.6%	0.7%	1.2%	3.6%	(13.2%)	8.5%	2.4%	(4.3%)	(5.0%)	
	Projected PEPM	\$ 437.15	\$ 442.52	\$ 447.96	\$ 453.48	\$ 445.28	\$ 424.36	\$ 429.98	\$ 435.68	\$ 441.46	\$ 432.87	
	% Change	(6.0%)	1.2%	1.2%	1.2%	(2.4%)	(6.4%)	1.3%	1.3%	1.3%	(2.8%)	
Medical	All	Actual PEPM	\$ 299.94	\$ 329.61	\$ 342.86	\$ 319.60	\$ 322.95	\$ 274.81	\$ 311.01	\$ 318.01	\$ 298.34	\$ 300.48
		% Change	(17.2%)	9.9%	4.0%	(6.8%)	(8.5%)	(14.0%)	13.2%	2.3%	(6.2%)	(7.0%)
		Projected PEPM	\$ 322.84	\$ 327.48	\$ 332.17	\$ 336.94	\$ 329.86	\$ 309.45	\$ 313.99	\$ 318.60	\$ 323.27	\$ 316.33
		% Change	(11.5%)	1.4%	1.4%	1.4%	(8.0%)	(8.2%)	1.5%	1.5%	1.5%	(4.1%)
	Gold NME	Actual PEPM	\$ 366.78	\$ 386.96	\$ 410.49	\$ 383.60	\$ 386.79	\$ 369.69	\$ 412.63	\$ 415.63	\$ 391.61	\$ 397.20
		% Change	1.3%	5.5%	6.1%	(6.6%)	9.5%	(3.6%)	11.6%	0.7%	(5.8%)	2.7%
		Projected PEPM	\$ 380.96	\$ 386.37	\$ 391.86	\$ 397.42	\$ 389.15	\$ 396.64	\$ 402.46	\$ 408.37	\$ 414.36	\$ 405.46
		% Change	4.4%	1.4%	1.4%	1.4%	8.6%	(0.2%)	1.5%	1.5%	1.5%	4.2%
	Silver NME	Actual PEPM	\$ 407.19	\$ 411.12	\$ 391.23	\$ 307.07	\$ 369.50	\$ 296.63	\$ 352.96	\$ 372.38	\$ 319.53	\$ 335.25
		% Change	n/a	1.0%	(4.8%)	(21.5%)	n/a	(3.4%)	19.0%	5.5%	(14.2%)	(9.3%)
		Projected PEPM	\$ 359.18	\$ 364.28	\$ 369.45	\$ 374.69	\$ 366.90	\$ 385.59	\$ 391.25	\$ 396.99	\$ 402.81	\$ 394.16
		% Change	n/a	1.4%	1.4%	1.4%	n/a	2.9%	1.5%	1.5%	1.5%	7.4%
	Bronze NME	Actual PEPM	\$ 98.94	\$ 214.74	\$ 214.83	\$ 220.72	\$ 188.92	\$ 127.51	\$ 179.43	\$ 209.25	\$ 208.56	\$ 181.84
		% Change	(52.1%)	117.0%	0.0%	2.7%	3.2%	(42.2%)	40.7%	16.6%	(0.3%)	(3.7%)
		Projected PEPM	\$ 129.89	\$ 131.73	\$ 133.60	\$ 135.50	\$ 132.68	\$ 180.79	\$ 183.44	\$ 186.13	\$ 188.86	\$ 184.81
		% Change	(27.7%)	1.4%	1.4%	1.4%	(24.8%)	33.4%	1.5%	1.5%	1.5%	39.3%
	Gold ME	Actual PEPM	\$ 161.94	\$ 140.58	\$ 139.63	\$ 131.29	\$ 142.98	\$ 170.70	\$ 143.97	\$ 139.72	\$ 139.26	\$ 148.04
		% Change	29.6%	(13.2%)	(0.7%)	(6.0%)	3.0%	30.0%	(15.7%)	(3.0%)	(0.3%)	3.5%
		Projected PEPM	\$ 154.35	\$ 156.98	\$ 159.66	\$ 162.39	\$ 158.35	\$ 148.86	\$ 151.05	\$ 153.26	\$ 155.51	\$ 152.17
		% Change	3.5%	1.7%	1.7%	1.7%	8.1%	(8.3%)	1.5%	1.5%	1.5%	(3.9%)

Figures include changes in demographics, geography, and benefits as applicable. Comparative charts will be accounting for those items at the next meeting. For your general information, we had projection 6% for medical and 5% for prescription drugs after adjusting for demographics, geography, and benefit changes.

Claim & Expense Details - Trend Report

						<u>Prior 12</u>				<u>Last 12</u>					
		<u>3/31/2012</u>	<u>6/30/2012</u>	<u>9/30/2012</u>	<u>12/31/2012</u>	<u>Months</u>		<u>3/31/2013</u>	<u>6/30/2013</u>	<u>9/30/2013</u>	<u>12/31/2013</u>	<u>Months</u>			
TOTAL	Actual PEPM	\$ 427.85	\$ 456.19	\$ 459.48	\$ 464.79	\$ 452.11	\$ 403.39	\$ 437.80	\$ 448.45	\$ 429.29	\$ 429.67				
	% Change	(3.9%)	6.6%	0.7%	1.2%	3.6%	(13.2%)	8.5%	2.4%	(4.3%)	(5.0%)				
	Projected PEPM	\$ 437.15	\$ 442.52	\$ 447.96	\$ 453.48	\$ 445.28	\$ 424.36	\$ 429.98	\$ 435.68	\$ 441.46	\$ 432.87				
	% Change	(6.0%)	1.2%	1.2%	1.2%	(2.4%)	(6.4%)	1.3%	1.3%	1.3%	(2.8%)				
Rx	All	Actual PEPM	\$ 103.66	\$ 106.75	\$ 106.91	\$ 113.32	\$ 107.67	\$ 103.83	\$ 104.45	\$ 106.17	\$ 113.28	\$ 106.93			
		% Change	(1.4%)	3.0%	0.1%	6.0%	6.2%	(8.4%)	0.6%	1.6%	6.7%	(0.7%)			
		Projected PEPM	\$ 95.95	\$ 96.78	\$ 97.62	\$ 98.46	\$ 97.20	\$ 101.00	\$ 102.24	\$ 103.50	\$ 104.77	\$ 102.88			
		% Change	(15.7%)	0.9%	0.9%	0.9%	(12.0%)	2.6%	1.2%	1.2%	1.2%	5.8%			
	Gold NME	Actual PEPM	\$ 126.94	\$ 128.83	\$ 128.44	\$ 137.45	\$ 130.36	\$ 148.05	\$ 144.05	\$ 144.10	\$ 149.41	\$ 146.39			
		% Change	18.8%	1.5%	(0.3%)	7.0%	26.8%	13.6%	(2.7%)	0.0%	3.7%	12.3%			
		Projected PEPM	\$ 111.28	\$ 112.24	\$ 113.21	\$ 114.19	\$ 112.73	\$ 133.82	\$ 135.46	\$ 137.13	\$ 138.81	\$ 136.31			
		% Change	(3.4%)	0.9%	0.9%	0.9%	0.9%	17.2%	1.2%	1.2%	1.2%	20.9%			
	Silver NME	Actual PEPM	\$ 81.17	\$ 87.73	\$ 85.13	\$ 77.10	\$ 82.12	\$ 119.11	\$ 117.25	\$ 111.94	\$ 128.90	\$ 119.53			
		% Change	n/a	8.1%	(3.0%)	(9.4%)	n/a	45.0%	(1.6%)	(4.5%)	15.2%	45.6%			
		Projected PEPM	\$ 94.24	\$ 95.05	\$ 95.87	\$ 96.70	\$ 95.47	\$ 100.28	\$ 101.51	\$ 102.76	\$ 104.02	\$ 102.14			
		% Change	n/a	0.9%	0.9%	0.9%	(1.3%)	5.0%	1.2%	1.2%	1.2%	7.0%			
	Bronze NME	Actual PEPM	\$ 3.23	\$ 13.12	\$ 21.45	\$ 30.35	\$ 17.58	\$ 9.91	\$ 21.75	\$ 32.69	\$ 45.50	\$ 27.84			
		% Change	(86.9%)	306.2%	63.5%	41.5%	(0.4%)	(43.6%)	119.5%	50.3%	39.2%	58.4%			
		Projected PEPM	\$ 10.50	\$ 10.59	\$ 10.68	\$ 10.77	\$ 10.63	\$ 25.74	\$ 26.06	\$ 26.38	\$ 26.70	\$ 26.22			
		% Change	n/a	0.9%	0.8%	0.8%	(1.3%)	142.1%	1.2%	1.2%	1.2%	146.7%			
	Expenses (net of other income)	All	Actual PEPM	\$ 36.45	\$ 32.64	\$ 23.18	\$ 46.40	\$ 34.73	\$ 38.16	\$ 36.11	\$ 39.06	\$ 33.65	\$ 36.73		
			% Change	7.6%	(10.5%)	(29.0%)	100.2%	4.5%	(17.8%)	(5.4%)	8.2%	(13.9%)	5.8%		
			Projected PEPM	\$ 28.94	\$ 28.94	\$ 28.94	\$ 28.94	\$ 28.94	\$ 27.02	\$ 27.02	\$ 27.02	\$ 27.02	\$ 27.02		
			% Change	(13.5%)	0.0%	0.0%	0.0%	(13.5%)	(6.6%)	0.0%	0.0%	0.0%	(6.6%)		

Figures include changes in demographics, geography, and benefits as applicable. Comparative charts will be accounting for those items at the next meeting. For your general information, we had projection 6% for medical and 5% for prescription drugs after adjusting for demographics, geography, and benefit changes.

Claim & Expense Details - Loss Ratio Projections

2013 Actual 2013 Projected* 2014 Projected*

NME	Gold	Incurred Claims (\$mil)	\$	193.68	\$	213.49	\$	129.28
		Total Premium (\$mil)	\$	198.28	\$	230.46	\$	141.72
		Incurred Loss Ratio		98%		93%		91%
	Silver	Incurred Claims (\$mil)	\$	24.69	\$	12.14	\$	48.25
		Total Premium (\$mil)	\$	28.82	\$	13.08	\$	52.68
		Incurred Loss Ratio		86%		93%		92%
	Bronze	Incurred Claims (\$mil)	\$	39.26	\$	36.30	\$	100.44
		Total Premium (\$mil)	\$	50.47	\$	43.34	\$	115.31
		Incurred Loss Ratio		78%		84%		87%
TOTAL	Incurred Claims (\$mil)	\$	257.63	\$	261.93	\$	277.98	
	Total Premium (\$mil)	\$	277.58	\$	286.88	\$	309.71	
	Incurred Loss Ratio		93%		91%		90%	
Retiree ME	Total	Incurred Claims (\$mil)	\$	13.89	\$	13.97	\$	17.64
		Total Premium (\$mil)	\$	14.68	\$	14.02	\$	17.70
		Incurred Loss Ratio		95%		100%		100%

*Projected Incurred Claims for Actives and NME Retirees are based on blended experience

PSE Claim & Expense Details - Large Claim Review

		Medical			Rx			
		\$100,000 - \$249,999	\$250,000 - \$999,999	\$1,000,000+	\$25,000 - \$49,999	\$50,000+	Total	Change from Prior Year
1/1/2013-12/31/2013								
Total All Plans	Number of Claimants	102	19	1	172	86	389	(4)
	Claim Amount	\$ 15,507,718	\$ 7,166,511	\$ 1,296,988	\$ 5,704,584	\$ 6,691,722	\$ 36,367,524	\$ (11,595,474)
	Average Claim	\$ 152,036	\$ 377,185	\$ 1,296,988	\$ 33,166	\$ 77,811	\$ 93,490	\$ (28,553)
Gold	Number of Claimants	67	15	1	157	83	315	(44)
	Claim Amount	\$ 10,113,913	\$ 5,713,274	\$ 1,296,988	\$ 5,207,990	\$ 6,521,039	\$ 28,853,204	\$ (12,152,019)
	Average Claim	\$ 150,954	\$ 380,885	\$ 1,296,988	\$ 33,172	\$ 78,567	\$ 91,597	\$ (22,623)
Silver	Number of Claimants	13	2	-	-	-	34	29
	Claim Amount	\$ 2,144,566	\$ 782,883	\$ -	\$ -	\$ -	\$ 2,927,448	\$ 1,778,285
	Average Claim	\$ 164,967	\$ 391,441	\$ -	\$ -	\$ -	\$ 86,101	\$ (143,731)
Bronze	Number of Claimants	22	2	-	15	3	40	11
	Claim Amount	\$ 3,249,240	\$ 670,354	\$ -	\$ 496,594	\$ 170,683	\$ 4,586,871	\$ (1,221,741)
	Average Claim	\$ 147,693	\$ 335,177	\$ -	\$ 33,106	\$ 56,894	\$ 114,672	\$ (85,625)
1/1/2012-12/31/2012								
Total All Plans	Number of Claimants	131	26	3	175	71	393	95
	Claim Amount	\$ 18,703,339	\$ 11,260,468	\$ 6,895,403	\$ 5,862,326	\$ 5,241,462	\$ 47,962,998	\$ 15,005,873
	Average Claim	\$ 142,774	\$ 433,095	\$ 2,298,468	\$ 33,499	\$ 73,823	\$ 122,043	\$ 11,449
Gold	Number of Claimants	111	21	2	167	69	359	96
	Claim Amount	\$ 15,798,597	\$ 9,092,717	\$ 5,402,499	\$ 5,575,950	\$ 5,135,459	\$ 41,005,223	\$ 11,820,745
	Average Claim	\$ 142,330	\$ 432,987	\$ 2,701,250	\$ 33,389	\$ 74,427	\$ 114,221	\$ 3,253
Silver	Number of Claimants	2	1	-	1	2	5	(24)
	Claim Amount	\$ 356,107	\$ 645,828	\$ -	\$ 41,225	\$ 106,003	\$ 1,149,163	\$ (1,959,152)
	Average Claim	\$ 178,054	\$ 645,828	\$ -	\$ 41,225	\$ 53,001	\$ 229,833	\$ 122,649
Bronze	Number of Claimants	18	4	1	7	-	29	23
	Claim Amount	\$ 2,548,634	\$ 1,521,923	\$ 1,492,903	\$ 245,152	\$ -	\$ 5,808,612	\$ 5,144,280
	Average Claim	\$ 141,591	\$ 380,481	\$ 1,492,903	\$ 35,022	\$ -	\$ 200,297	\$ 89,575
1/1/2011-12/31/2011								
Total All Plans	Number of Claimants	125	16	-	121	38	298	-
	Claim Amount	\$ 18,367,377	\$ 7,375,855	\$ -	\$ 4,190,353	\$ 3,023,540	\$ 32,957,125	\$ 43,460
	Average Claim	\$ 146,939	\$ 460,991	\$ -	\$ 34,631	\$ 79,567	\$ 110,594	\$ 146
HA	Number of Claimants	107	15	-	107	36	263	35
	Claim Amount	\$ 15,550,310	\$ 7,071,324	\$ -	\$ 3,663,533	\$ 2,899,310	\$ 29,184,478	\$ 3,753,040
	Average Claim	\$ 145,330	\$ 471,422	\$ -	\$ 34,239	\$ 80,536	\$ 110,968	\$ (574)
NS	Number of Claimants	14	1	-	12	2	29	(7)
	Claim Amount	\$ 2,211,484	\$ 304,531	\$ -	\$ 468,071	\$ 124,230	\$ 3,108,315	\$ (2,942,770)
	Average Claim	\$ 157,963	\$ 304,531	\$ -	\$ 39,006	\$ 62,115	\$ 107,183	\$ (60,902)
NS HD	Number of Claimants	4	-	-	2	-	6	(2)
	Claim Amount	\$ 605,583	\$ -	\$ -	\$ 58,749	\$ -	\$ 664,332	\$ (766,810)
	Average Claim	\$ 151,396	\$ -	\$ -	\$ 29,374	\$ -	\$ 110,722	\$ (68,171)

Appendix A. - Contribution Rates: Actives Calendar Year 2014

Actives	Total Monthly Premium	State Cont. Act 1842/1421 & reserves Alloc.	School District Contrib.	2014 Total EE Cost	2013 Total EE Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold								
Employee Only	\$ 566.72	\$ 167.34	\$ 150.00	\$ 249.38	\$ 226.70	\$ 22.68	10%	16,330
Employee & Spouse	1,360.06	80.14	150.00	1,129.92	1,027.20	102.72	10%	92
Employee & Child(ren)	1,048.24	258.62	150.00	639.62	581.48	58.14	10%	793
Family	1,841.60	558.64	150.00	1,132.96	1,029.96	103.00	10%	23
Est. Monthly Total (\$mil)	\$ 10.3	\$ 3.0	\$ 2.6	\$ 4.7	\$ 4.3	\$ 0.4		17,237
Silver								
Employee Only	\$ 426.54	\$ 103.22	\$ 150.00	\$ 173.32	\$ 157.56	\$ 15.76	10%	5,301
Employee & Spouse	1,009.82	74.58	150.00	785.24	713.86	71.38	10%	260
Employee & Child(ren)	779.76	185.24	150.00	444.52	404.10	40.42	10%	1,523
Family	1,363.04	425.68	150.00	787.36	715.78	71.58	10%	460
Est. Monthly Total (\$mil)	\$ 4.3	\$ 1.0	\$ 1.1	\$ 2.2	\$ 2.0	\$ 0.2		7,544
Bronze								
Employee Only	\$ 267.66	\$ 106.66	\$ 150.00	\$ 11.00	\$ 10.00	\$ 1.00	10%	14,264
Employee & Spouse	600.98	184.26	150.00	266.72	242.48	24.24	10%	1,381
Employee & Child(ren)	468.20	199.04	150.00	119.16	108.32	10.84	10%	4,580
Family	801.52	382.02	150.00	269.50	245.00	24.50	10%	2,979
Est. Monthly Total (\$mil)	\$ 9.2	\$ 3.8	\$ 3.5	\$ 1.9	\$ 1.7	\$ 0.2		23,203
Total (Monthly) (\$ mil)	\$ 23.8	\$ 7.8	\$ 7.2	\$ 8.7	\$ 7.9	\$ 0.8		47,984
Est. Annual Total (\$ mil)	\$ 285.2	\$ 93.9	\$ 86.4	\$ 104.9	\$ 95.4	\$ 9.5		

Appendix A. - Contribution Rates: Retirees Calendar Year 2014

Non-Medicare Eligible Retirees	Total Monthly Premium	State Contributions	Add'l Holdback	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold								
Retiree Only	\$ 566.72	\$ 5.00	\$0.00	\$ 561.72	\$ 469.68	\$ 92.04	20%	2,065
Retiree & NME SP	1,360.06	10.00	0.00	1,350.06	1,186.36	163.70	14%	167
Retiree & Child(ren)	1,048.24	5.00	0.00	1,043.24	821.66	221.58	27%	21
Retiree & NME SP&CH	1,841.60	10.00	0.00	1,831.60	1,538.32	293.28	19%	17
Retiree & ME SP	720.18	10.00	0.00	710.18	609.06	101.12	17%	146
Retiree & ME SP & CH	1,201.70	10.00	0.00	1,191.70	961.04	230.66	24%	1
Est. Monthly Total (\$mil)	\$ 1.56	\$ 0.01	\$0.00	\$ 1.54	\$ 1.30	\$ 0.24		2,418
Silver								
Employee Only	\$ 426.54	\$ 5.00	\$ -	\$ 421.54	\$ 401.62	\$ 19.92	5%	99
Employee & Spouse	1,009.82	10.00	97.58	1,097.40	1,097.40	-	0%	3
Employee & Child(ren)	779.76	5.00	-	774.76	712.64	62.12	9%	2
Family	1,363.04	10.00	-	1,353.04	1,200.54	152.50	13%	4
Est. Monthly Total (\$mil)	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.05	\$ 0.05	\$ 0.00		107
Bronze								
Employee Only	\$ 267.66	\$ 5.00	\$ -	\$ 262.66	\$ 182.78	\$ 79.88	44%	958
Employee & Spouse	600.98	10.00	0.00	590.98	421.00	169.98	40%	197
Employee & Child(ren)	468.20	5.00	0.00	463.20	299.78	163.42	55%	30
Family	801.52	10.00	0.00	791.52	538.02	253.50	47%	51
Est. Monthly Total (\$mil)	\$ 0.4	\$ 0.0	\$0.00	\$ 0.4	\$ 0.3	\$ 0.1		1,236
Total (Monthly) (\$ mil)	\$ 2.0	\$ 0.0	\$ 0.0	\$ 2.0	\$ 1.6	\$ 0.4		3,761
Est. Annual Total (\$ mil)	\$ 24.5	\$ 0.3	\$ 0.0	\$ 24.2	\$ 19.7	\$ 4.5		

ME Retirees	Total Monthly Premium	Subsidy / Holdback	State Contributions and Res. Alloc.	2014 Total Ret. Cost	2013 Total Ret. Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Medicare Eligible								
Retiree Only	\$ 153.46	\$ 71.78	\$ 5.00	\$ 76.68	\$ 50.14	\$ 26.54	53%	7,738
Retiree & NME SP	708.98	-	10.00	698.98	597.87	101.11	17%	100
Retiree & Child(ren)	676.52	10.86	5.00	660.66	509.62	151.04	30%	15
Retiree & NME SP&CH	1,428.33	117.72	10.00	1,300.61	1,061.68	238.93	23%	3
Retiree & ME SP	306.92	35.89	10.00	261.03	206.42	54.61	26%	659
Retiree & ME SP & CH	788.44	-	10.00	778.44	630.74	147.70	23%	0
Est. Monthly Total (\$mil)	\$ 1.5	\$ 0.6	\$ 0.0	\$ 0.8	\$ 0.6	\$ 0.3		8,515
Total (Est. Annual)	\$ 17.7	\$ 7.0	\$ 0.6	\$ 10.2	\$ 7.1	\$ 3.1		

Appendix A. - Contribution Rates: Actives Calendar Year 2013

Actives	Base Monthly Premium	Act 1842 Contrib.	Res. Alloc.	School District Contrib.	2013 EE Total Cost	2012 EE Total Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Gold									
Employee Only	\$ 469.68	\$ 101.76	\$ 10.22	\$ 131.00	\$ 226.70	\$ 187.36	\$ 39.34	21%	24,946
Employee & Spouse	1,186.36	101.76	(73.60)	131.00	1,027.20	848.92	178.28	21%	846
Employee & Child(ren)	821.66	101.76	7.42	131.00	581.48	480.56	100.92	21%	4,470
Family	1,538.32	101.76	275.60	131.00	1,029.96	851.20	178.76	21%	1,375
Est. Monthly Total (\$mil)	\$ 18.51	\$ 3.22	\$ 0.60	\$ 4.14	\$ 10.54	\$ 8.71	\$ 1.83		31,637
Silver									
Employee Only	\$ 370.04	\$ 81.48	\$ 0.00	\$ 131.00	\$ 157.56	\$ 157.56	\$ 0.00	0%	1,200
Employee & Spouse	927.00	82.14	0.00	131.00	713.86	713.86	0.00	0%	79
Employee & Child(ren)	643.58	100.96	7.52	131.00	404.10	404.10	0.00	0%	351
Family	1,200.54	100.96	252.80	131.00	715.78	715.78	0.00	0%	228
Est. Monthly Total (\$mil)	\$ 1.02	\$ 0.16	\$ 0.06	\$ 0.24	\$ 0.55	\$ 0.55	\$ 0.00		1,858
Bronze									
Employee Only	\$ 182.78	\$ 41.78	\$ 0.00	\$ 131.00	\$ 10.00	\$ 0.00	\$ 10.00	n/a	9,290
Employee & Spouse	421.00	47.52	0.00	131.00	242.48	186.52	55.96	30%	795
Employee & Child(ren)	299.78	60.46	0.00	131.00	108.32	83.32	25.00	30%	1,729
Family	538.02	162.02	0.00	131.00	245.00	188.46	56.54	30%	1,569
Est. Monthly Total (\$mil)	\$ 3.40	\$ 0.78	\$ 0.00	\$ 1.75	\$ 0.86	\$ 0.59	\$ 0.27		13,383
Total (Monthly) (\$ mil)	\$ 22.92	\$ 4.17	\$ 0.67	\$ 6.14	\$ 11.95	\$ 9.85	\$ 2.10		46,878
Est. Annual Total (\$ mil)	\$ 275.04	\$ 50.00	\$ 7.98	\$ 73.69	\$ 143.37	\$ 118.19	\$ 25.18		

Appendix A. - Contribution Rates: Retirees Calendar Year 2013

Non-Medicare Eligible Retirees	Total Monthly Premium		Add'l Holdback		2013 Total Ret. Cost	2012 Total Ret. Cost	Change in Premiums (\$/%)		Assumed Enrollment
Gold									
Retiree Only	\$ 469.68		\$ 0.00		\$ 469.68	\$ 457.42	12.26	3%	1,096
Retiree & NME SP	1,186.36		0.00		1,186.36	1,152.01	34.35	3%	94
Retiree & Child(ren)	821.66		0.00		821.66	768.28	53.38	7%	12
Retiree & NME SP&CH	1,538.32		0.00		1,538.32	1,159.82	378.50	33%	9
Retiree & ME SP	609.06		0.00		609.06	596.82	12.24	2%	75
Retiree & ME SP & CH	961.04		0.00		961.04	907.71	53.33	6%	1
Est. Monthly Total (\$mil)	\$ 0.70		\$ 0.00		\$ 0.70	\$ 0.67	\$ 0.02		1,287
Silver									
Employee Only	\$ 370.04		\$ 31.58		\$ 401.62	\$ 401.62	\$ 0.00	0%	170
Employee & Spouse	927.00		170.40		1,097.40	1,097.40	0.00	0%	10
Employee & Child(ren)	643.58		69.06		712.64	712.64	0.00	0%	1
Family	1,200.54		0.00		1,200.54	1,105.20	95.34	9%	1
Est. Monthly Total (\$mil)	\$ 0.07		\$ 0.01		\$ 0.08	\$ 0.08	\$ 0.00		181
Bronze									
Employee Only	\$ 182.78		\$ 0.00		\$ 182.78	\$ 148.90	\$ 33.88	23%	784
Employee & Spouse	421.00		0.00		421.00	349.34	71.66	21%	136
Employee & Child(ren)	299.78		0.00		299.78	238.70	61.08	26%	10
Family	538.02		0.00		538.02	352.42	185.60	53%	24
Est. Monthly Total (\$mil)	\$ 0.22		\$ 0.00		\$ 0.22	\$ 0.18	\$ 0.04		954
Total (Monthly) (\$ mil)	\$ 0.99		\$ 0.01		\$ 0.99	\$ 0.93	\$ 0.06		2,422
Est. Annual Total (\$ mil)	\$ 11.83		\$ 0.08		\$ 11.92	\$ 11.16	\$ 0.76		

ME Retirees	Total Monthly Premium	Subsidy / Holdback	Res. Alloc.	2009 Total Ret. Cost	2013 Total Ret. Cost	2012 Total Ret. Cost	Change in Premiums (\$ / %)		Assumed Enrollment
Medicare Eligible									
Retiree Only	\$ 139.38	\$ 77.49	\$ 11.75	\$ 41.44	\$ 50.14	\$ 41.44	\$ 8.70	21%	6,632
Retiree & NME SP	597.87	0.00	0.00	674.34	597.87	568.37	29.50	5%	107
Retiree & Child(ren)	523.12	11.72	1.78	421.18	509.62	421.17	88.45	21%	15
Retiree & NME SP&CH	1,208.03	127.09	19.26	1,054.08	1,061.68	877.42	184.26	21%	4
Retiree & ME SP	278.77	62.83	9.52	170.60	206.42	170.59	35.82	21%	597
Retiree & ME SP & CH	630.74	0.00	0.00	550.33	630.74	550.32	80.42	15%	1
Est. Monthly Total (\$mil)	\$ 1.17	\$ 0.55	\$ 0.08	\$ 0.46	\$ 0.53	\$ 0.45	\$ 0.08		7,357
Total (Est. Annual)	\$ 14.02	\$ 6.63	\$ 1.00	\$ 5.52	\$ 6.39	\$ 5.38	\$ 1.01		

Appendix B. - Enrollment Details

Average for Year Ending		12/31/2011		12/31/2012	12/31/2013	Projected 12/31/2014	Updated Proj. 12/31/2014
Health Advantage	Single	29,364	Gold	28,906	22,814	16,330	16,404
	Employee/Spouse	1,259		955	501	92	259
	Employee/Child(ren)	5,358		5,172	3,408	793	1,445
	Family	1,847		1,537	740	23	326
	Total	37,829		36,570	27,463	17,238	18,434
	Member Counts	54,386		51,756	36,559	18,898	22,355
NovaSys	Single	2,287	Silver	502	2,902	5,301	3,568
	Employee/Spouse	77		39	181	260	195
	Employee/Child(ren)	428		192	954	1,523	838
	Family	130		139	437	460	327
	Total	2,922		872	4,474	7,544	4,927
	Member Counts	4,196		1,699	7,810	12,148	7,731
NovaSys HD PPO	Single	3,528	Bronze	5,950	9,231	14,264	14,314
	Employee/Spouse	267		710	1,019	1,381	1,434
	Employee/Child(ren)	526		1,137	2,240	4,580	3,756
	Family	580		1,457	2,256	2,979	3,286
	Total	4,901		9,254	14,746	23,203	22,789
	Member Counts	7,882		16,436	26,746	42,167	41,224
TOTAL	Single	35,179	TOTAL	35,358	34,947	35,895	34,286
	Employee/Spouse	1,604		1,703	1,702	1,732	1,887
	Employee/Child(ren)	6,312		6,502	6,602	6,895	6,039
	Family	2,557		3,133	3,432	3,462	3,939
	Total	45,652		46,696	46,683	47,985	46,150
	Member Counts	66,464		69,890	71,116	73,213	71,311

Appendix B. - Enrollment Details

Average for Year Ending		12/31/2011	12/31/2012	12/31/2013	Projected 12/31/2014	Updated Proj. 12/31/2014
Retirees Non-Medicare Eligible (NME) Gold	Retiree Only	1,783	1,963	2,035	2,065	2,033
	Retiree + NME Spouse	186	178	158	167	149
	Retiree + Child(ren)	10	16	19	21	19
	Retiree + NME Spouse + Child(ren)	9	17	17	17	17
	Retiree + ME Spouse	111	129	146	146	159
	Retiree + ME Spouse + Child(ren)	2	1	1	1	-
	Total	2,101	2,304	2,377	2,418	2,377
Silver	Retiree Only	-	9	45	99	115
	Retiree + NME Spouse	-	-	2	3	2
	Retiree + Child(ren)	-	-	1	2	1
	Retiree + NME Spouse + Child(ren)	-	-	2	4	-
	Total	-	9	50	107	118
Bronze	Retiree Only	-	222	665	958	1,077
	Retiree + NME Spouse	-	47	141	197	206
	Retiree + Child(ren)	-	7	20	30	24
	Retiree + NME Spouse + Child(ren)	-	8	34	51	39
	Total	-	285	859	1,236	1,346
TOTAL	NME Retirees	2,101	2,597	3,286	3,761	3,841
	NME Member Counts	2,435	2,970	3,639	4,508	4,219

Retirees Medicare Eligible (ME)	Retiree Only	5,553	6,268	7,107	7,738	8,184
	Retiree + NME Spouse	98	98	87	100	87
	Retiree + Child(ren)	14	14	14	15	16
	Retiree + NME Spouse + Child(ren)	3	2	3	3	1
	Retiree + ME Spouse	459	530	609	659	740
	Retiree + ME Spouse + Child(ren)	1	1	1	0	-
	Total	6,128	6,914	7,820	8,515	9,028
ME Member Counts	6,721	7,575	8,577	9,322	9,883	

Appendix C. - Summary of Plan or Policy Changes

<u>Date</u>	<u>Major Change</u>
For 2014 Plan Year	<p>Increase Gold Plan in-network maximum out of pocket (MOOP) to \$2,500 for individual, \$5,000 for family</p> <p>Increase Gold and Silver Plans' Office Visit copays to \$35/\$70 for Primary Care Physician (PCP)/Specialists</p> <p>Increase Gold and Silver Plans' Pharmacy copays to \$15/\$40/\$80/\$100 for Generic/Preferred Brand/non-Preferred Brand/Spec</p> <p>Increase Gold Plan ER copay to \$250, Silver plan ER copay to \$300, Gold and Silver Plans' Ambulance copay to \$50</p> <p>Change Gold and Silver Plans' rehab cost share to \$35 copay</p> <p>Increase Silver Plan in-network deductible to \$1,000 for individual, \$2,000 for family, maximum out of pocket to \$3,000 for ind</p> <p>Increase Silver Plan out-of-network deductible to \$2,000 for individual, \$4,000 for family, maximum out of pocket to \$8,000 fo</p> <p>Increase Bronze Plan in-network deductible to \$2,000 for individual, \$3,000 for family, MOOP to \$6,350 for individual, \$9,525 f</p> <p>Increase Bronze Plan out-of-network deductible to \$4,000 for individual, \$8,000 for family, MOOP to \$12,700 for individual, \$1</p>
For 2013 Plan Year	<p>Women's preventive care covered at 100%</p>
For 2012 Plan Year	<p>ARHealth plan became Gold Plan; network is only Health Advantage (Novasys no longer an option)</p> <p>HD PPO became Bronze Plan; network changed from Novasys to Health Advantage</p> <p>Silver Plan with \$25 PCP copay and \$750 deductible offered through Qualchoice</p> <p>NME Retirees eligible to elect Gold, Silver or Bronze (ME Retirees are Gold only)</p> <p>Bariatric surgery covered through pilot program</p> <p>Coverage for Autism added</p> <p>Behavioral Health changed to self-insured and integrated with Medical</p>
For 2011 Plan Year	<p>Lifetime Max for Out-of-Network (OON) changed to match the In Network's (INN) Unlimited Lifetime Maximum</p> <p>Immunizations covered at 100% for OON coverage</p> <p>Some services under Behavioral Health now do not require pre-authorization</p> <p>Intensive Out-Patient Services under Behavioral Health now require 20% member coinsurance</p> <p>\$10,000 Benefit Maximum Removed for Durable Medical Equipment / Enteral Feeding</p> <p>Hearing/Vision Screening copayment changed to \$35 OON (ARHealth), and \$35 INN & OON (ARHealth HD)</p> <p>Active and Non-Medicare experience was blended in determining the rates</p> <p>Increased credibility was given to the High Deductible Plan in determining the rates</p> <p>Child covered until age 26</p>
For 2010 Plan Year	<p>Hearing Aids benefit added</p> <p>Hearing and Vision exams are now covered as wellness benefits</p>
For 2009 Plan Year	<p><u>AR Health Plan (including Retirees)</u></p> <p>Coinsurance percentage for In-Network services will increase from 10% to 20%</p> <p>Annual Coinsurance Limit will increase from \$1,000 to \$1,500 for employee only</p> <p>and from \$2,000 to \$3,000 for the other coverage tiers</p> <p><u>ARHealth HD PPO Plan</u></p> <p>Deductible will increase from \$1,250 to \$1,500 for employee only and from</p> <p>\$2,500 to \$3,000 for the other coverage tie</p>

Appendix C (cont.) - Plan Summary for 2013

Benefit Option Name: Last Modified: Provider Network:	Gold 1/1/2013 Health Advantage	Silver 1/1/2013 QualChoice	Bronze 1/1/2013 Health Advantage
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	None / None	\$750 / \$1500	\$1500 / \$3000
Coinsurance	20%	20%	20%
Copays			
Office Visit - Primary Care (PCP)	\$25	\$25	Ded. & Coins.
OV - Specialist Care Provider (SCP)	\$35	\$50	Ded. & Coins.
Urgent Care (UC)	\$100	\$150	Ded. & Coins.
Emergency Room (ER) Non-admitted	\$100	\$150	Ded. & Coins.
Outpatient Surgery	\$100 then Ded. & Coins.	\$150 then Ded. & Coins.	Ded. & Coins.
Hospital Inpatient	\$250 then Ded. & Coins.	\$300 then Ded. & Coins.	Ded. & Coins.
Out-of-Pocket Max (Individual / Family)	\$1500 / \$3000	\$2000 / \$4000	\$2500 / \$5000
<u>Out-of-Network (OON) Benefits ¹</u>			
Deductible (Individual / Family)	\$1000 / \$2000	\$1500 / \$3000	\$3000 / \$6000
Coinsurance	40%	40%	40%
Out-of-Pocket Max (Individual / Family)	\$5000 / \$10000	\$5000 / \$10000	\$5000 / \$10000
Annual Maximum INN / OON	Unlimited	Unlimited	Unlimited
<u>Prescription Drugs</u>			
Separate Deductible then the following Copays:			
Retail (31 Days) - Generic/Formulary /Non-Form.	\$10 / \$30 / \$60	\$10 / \$35 / \$70	Ded. & Coins.
Mail Order (93 Days) - Generic/Form. /Non-Form.	\$30 / \$90/ \$180	\$30 / \$105 / \$210	Ded. & Coins.
<u>Selected Detail Benefits</u>			
Emergency Transportation - Ambulance	INN: \$0 Copay; OON: Ded & Coins.	INN: \$0 Copay; OON: Ded & Coins.	Ded. & Coins.
Psychiatry	INN: \$25 Copay; OON: Ded & Coins.	INN: \$25 Copay; OON: Ded & Coins.	Ded. & Coins.
Rehabilitation (i.e., speech, occup. physical):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Chiropractors:	INN: \$35 then Ded & Coins; OON: Ded & Coins.	INN: \$50 then Ded & Coins; OON: Ded & Coins.	Ded. & Coins.
Hearing Aids:	No Cost; Limit of \$1400 per ear every 3 years	No Cost; Limit of \$1400 per ear every 3 years	Ded. & Coins.
Durable Medical Equipment (DME):	Ded. & Coins.	Ded. & Coins.	Ded. & Coins.
Preventive Care:	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost	INN: No Cost; OON: Coins. except immun. no cost

Appendix C (cont.) - Plan Summary for 2013

<p><u>Medical Management</u> PCP referral to specialists required: Inpatient: Outpatient: Case Management: Disease Management: Wellness Nurse-Line / Informed Decision Support:</p>	<p style="text-align: center;">No American Health Holding American Health Holding Health Advantage Yes, select conditions Yes Yes</p>	<p style="text-align: center;">No American Health Holding American Health Holding Health Advantage Yes, select conditions Yes Yes</p>	<p style="text-align: center;">No American Health Holding American Health Holding Health Advantage Yes, select conditions Yes Yes</p>
<p><u>Medicare Integration:</u> Non- Medicare Benefits Covered: Non- Medicare Providers Covered: Pharmacy Covered:</p>	<p style="text-align: center;">Coordination of Benefits Yes, same as NME Non-Par & Non-Accepting Non-Par & Non-Accepting</p>	<p style="text-align: center;">Not Available</p>	<p style="text-align: center;">Not Available</p>

¹When an in-network provider is not available within 50 miles for a hospital and 25 miles for all other providers, then in-network benefits apply.

Appendix D. - Provider Contract Summary

Service Providers	Cost	Effective Dates
Benefit and Claims Coordination (Actives & NME Retirees)		
- Gold	\$27.04	Per Employee Per Month
- Silver	\$22.51	Per Employee Per Month
- Bronze	\$25.00	Per Employee Per Month
Benefit and Claims Coordination (ME Retirees)		
- Medicare	\$27.04	Per Employee Per Month
Prescription Drugs Claims Administration	<u>All Plans</u>	
- CatamaranRx (Includes Integrail and staff)	\$3.40	Per Member Per Month
- RDS	\$0.10	Per RDS Member Per Month
Medical Appeals - UAMS		
- Physician Appeals	\$150.00	Per Physician Appeal
Pharmacy Prior Authorization - EBRx		
- Prior Authorization	\$0.70	Per Employee Per Month
Pharmacy Appeals - American Health Holding Inc.		
- Physician Appeals	\$150.00	Per Physician Appeal
Medical Utilization Review - American Health Holding, Inc.	\$0.85	Per Member Per Month
Condition Management - American Health Holding, Inc.	\$2.85	Per Member Per Month
Case Management - American Health Holding, Inc.	\$0.89	Per Member Per Month
ACHI	\$0.11	Per Member Per Month
Life Insurance - Minnesota Life		
- No longer age banded	\$1.70	Per Employee Per Month
Employee Assistance Program - ComPsych	\$1.73	Per Employee Per Month
Health Savings Account (HSA) Administrator - DataPath Admin. Services		
- Enrollment Fee (Electronic)	\$15.00	Per Enrollment
- Enrollment Fee (Paper)	\$25.00	Per Enrollment
- Monthly Fee	\$4.00	Per Enrolled Employee Per Month

Appendix E. - Reserve Details

(In Millions \$)	12/31/2011	12/31/2012	12/31/2013	Updated Proj. 12/31/2014
Net Assets (Prior To IBNR)	\$ 73.2	\$ 46.6	\$ 70.3	\$ 39.1
Incurred But Not Recorded Claims	(27.8)	(27.3)	(29.8)	(29.8)
Net Assets After IBNR	\$ 45.4	\$ 19.3	\$ 40.5	\$ 9.3
ALLOCATED RESERVES				
Active/Retiree Premiums for Plan Year	\$ -	\$ -	\$ -	\$ -
Act/Ret Premiums for Next Plan Year	(16.8)	(9.0)	(43.0)	-
Act/Ret Premiums for 2nd Year After	(12.6)	(3.6)	-	-
Catastrophic Reserve	(10.0)	(6.7)	-	(9.3)
Total Allocated Reserves	\$ (39.4)	\$ (19.3)	\$ (43.0)	\$ (9.3)
Net Assets Available	\$ 6.0	\$ -	\$ (2.5)	\$ -

Note: Actual Reserves are those certified by Cheiron in July 2012. Original and updated Reserve projections are based on expected changes in incurred and paid claims. Note that any projected IBNR Reserves presented in this report may NOT be used for financial statements.

Appendix F. - Definitions & Methods

Definitions:

- Actual:** Results based on actual paid and incurred claims and enrollment experience through December 2013. Actual incurred reflects an updated estimate of incurred but not recorded (IBNR) claims.
- Projected:** Projections produced for use in setting annual rates. Details on the assumptions & methods used for Cheiron's 2014 and 2013 projections can be found in our November 13, 2013 (for 2014) letter to Bob Alexander and November 15, 2012 (for 2013) letter to Jason Lee (for 2013).
- Updated Projections:** Projections produced in October 2013 by Cheiron for 2014 rates, adjusted for actual asset experience through December 2013 and enrollment changes through January 2013.

Methods:

- Updated Projections:** Population projections for the remainder of 2014 are based on using historical average changes from January during the year for 2012 & 2013 for actives and 2011 through 2013 for retirees. Projections are adjusted for count changes and associated expected changes in risk characteristics for each plan in accordance with the population change. *Note that the updated projections presented in this report do NOT reflect updated claims experience.*
- Incurred Claims:** Based on service dates and process dates through December 31, 2013. A blend of methods based on actuarial judgment was used to estimate the incurred claims by month.
- IBNR (Incurred But Not Recorded) Claim Reserves:** Actual Reserves are those certified by Cheiron in July 2013. Original and updated Reserve projections assume claims will be paid so that IBNR does not change. *Note that any projected IBNR Reserves presented in this report may NOT be used for financial statements.*

Qualification Statements:

Reliance Statement: In preparing our report, we relied without audit, on information (some oral and some written) supplied by the Employee Benefits Division and the Plan's vendors. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.

Scope: Actuarial computations provided in this report are for purposes of assisting the Trustees in monitoring the Plan's experience. The projections and reserve calculations reported in the enclosed exhibits have been made on a basis consistent with our understanding of the associated Actuarial Standards of Practice. Determinations for purposes other than monitoring the Plan's performance (for example, rate setting, benefit design changes or vendor evaluation) may be significantly different from the results in this report. Actual results will be different than our projections and vary to the extent that the Plan experience differs from the assumptions.

Certification: To the best of our knowledge, this report has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice as Promulgated by the Actuarial Standards Board. We are members of the American Academy of Actuaries, and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. This report does not address any contractual or legal issues. We are neither attorneys nor accountants, and our firm does not provide any legal or tax services or advice.

Third Party Reliance: This report was prepared for the Arkansas State Life & Health Insurance Board for the purposes described herein. This Monitoring Report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.