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June 7, 2016

Health Reform Legislative Task Force
c/o Bureau of Legislative Research
500 Woodlane Street
State Capitol Building, Room 315
Little Rock, AR 72201

via e-mail

RE: Power Pool Actuarial Study
May 2016 Update

Ladies and Gentlemen:

The Health Reform Legislative Task Force authorized our firm on February 17, 2016 to conduct a study of the various programs that provide health insurance/benefits that are fully or partially financed by the State of Arkansas. This study is scheduled to be completed by September 30, 2016 and is fully described in our proposal and the Statement of Work. There are to be monthly updates to the Task Force. This is an update of our work through May, 2016.

Work Completed through May

Since we are dealing with public insurance and benefits, a large amount of information about these plans is publicly available. We continue to collect and combine all of the available information through gathering SPD (Summary Plan Descriptions), premium structures and other data. This also provides us with a more knowledgeable basis upon which to request additional information.

We have visited with the Municipal League. They provide a single program in which just under half of all city employees in the state are participating. Their self-insured program competes with the insurance companies for the various cities' business. We plan to collect the benefit structure of other cities not participating in their program to get an idea of the range of benefits and premiums that are being used. These plans also cover the fire and police members for incorporated cities.

The counties in Arkansas each provide health benefits from individual carriers. We will sample some large and small counties to provide a better picture of the range of benefits and premiums for these groups.

We have only found one group (state police officers) that are state employees that are not part of ASE. We have the information to contact them to fill in that part of the state employee landscape of benefits and premiums available.

We have discussed with Rep. Hammer other groups that might be left out of these various coverages and are reviewing those and hope to include an “other” category to explore the possibility of bringing these under the “umbrella” of the proposal.

Next Steps

We will continue to meet (either in person or through e-mail) the other agencies that use public money and provide health coverage. The groups that we need information from continue to develop based on the information we have been provided to date. We expect that this will continue to change as we are provided additional information.

We will also track the changes proposed on the Arkansas Works benefits and premiums to see if any trends are developing that could affect Rep. Hammer’s proposals.

We will be sorting and categorizing the various coverages and premiums into a single chart as discussed in our proposal so that the Task Force can see the coverages provided by public money and the way that premiums are distributed among employees, employers, and other state funding.

Please let me know if you have any questions or comments. We look forward to our discussion in your meeting of June 8.

Sincerely,



Jody Carreiro, ASA, MAAA, EA
Actuary