

State of Arkansas

Medicare Advantage Update

Patrick Klein FSA, MAAA

October 2023

| Agenda

History

Enrollment

Rate Comparison

Financial Impact

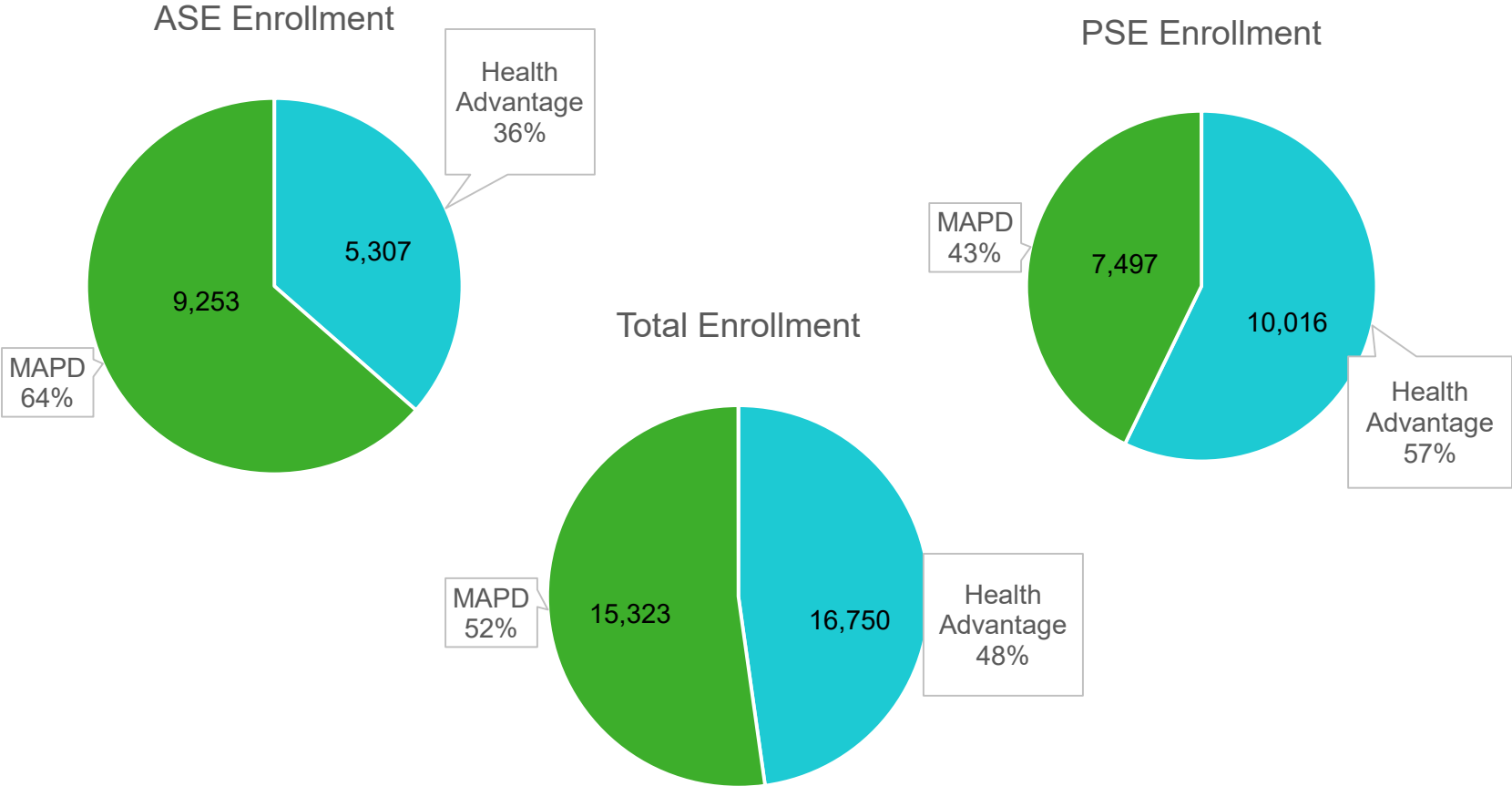
History

- Segal recommended that EBD conduct a bid for a Medicare Advantage Prescription Drug (MAPD) Plan as apart of the work with the BLR in 2021
- Recommend a side-by-side approach that would generate savings on a cash and OPEB liability basis
 - Market analysis conducted where preliminary rates were provided from two major carriers
 - Estimated savings of \$20.9M for plan and \$12.6M for ASE
 - Estimated \$4M in additional premium for PSE, however now receive an exceedingly rich prescription drug plan that was taken away
 - Assumed retiree contribution percentage consistent with prior splits and assumed 75% participation
- Recommendation was adopted and RFP was done for the new plan effective January 1, 2023



Summary of Enrollment

- Enrollment below initial assumption of 75%



Arkansas Medicare Retiree Rates

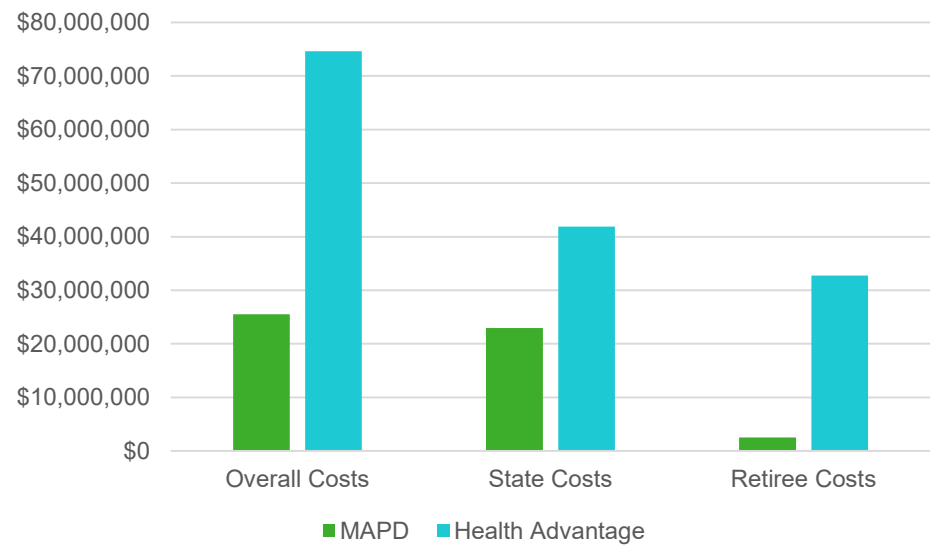
2023 Health Advantage vs. MAPD

- The competitive RFP yielded rates even better than initially gathered from the market analysis of \$257 PMPM.
- The \$85 MAPD rate for PSE includes prescription drug benefits, while the \$238 rate for the Health Advantage plan is medical only.

Monthly ASE Rate Comparison				Monthly PSE Rate Comparison		
	Health Adv	MAPD	% Difference	Health Adv	MAPD	% Difference
Total	\$ 483.05	\$ 165.31	66%	\$ 237.85	\$ 85.31	64%
ER	\$ 271.20	\$ 148.78	45%	\$ 126.96	\$ 76.78	40%
Retiree	\$ 211.85	\$ 16.53	92%	\$ 110.89	\$ 8.53	92%



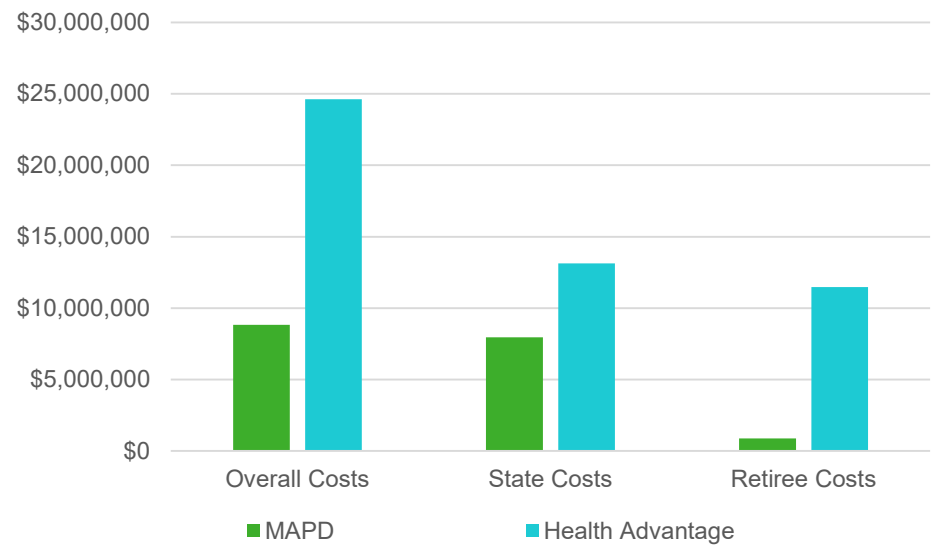
Dollar Impact (ASE)



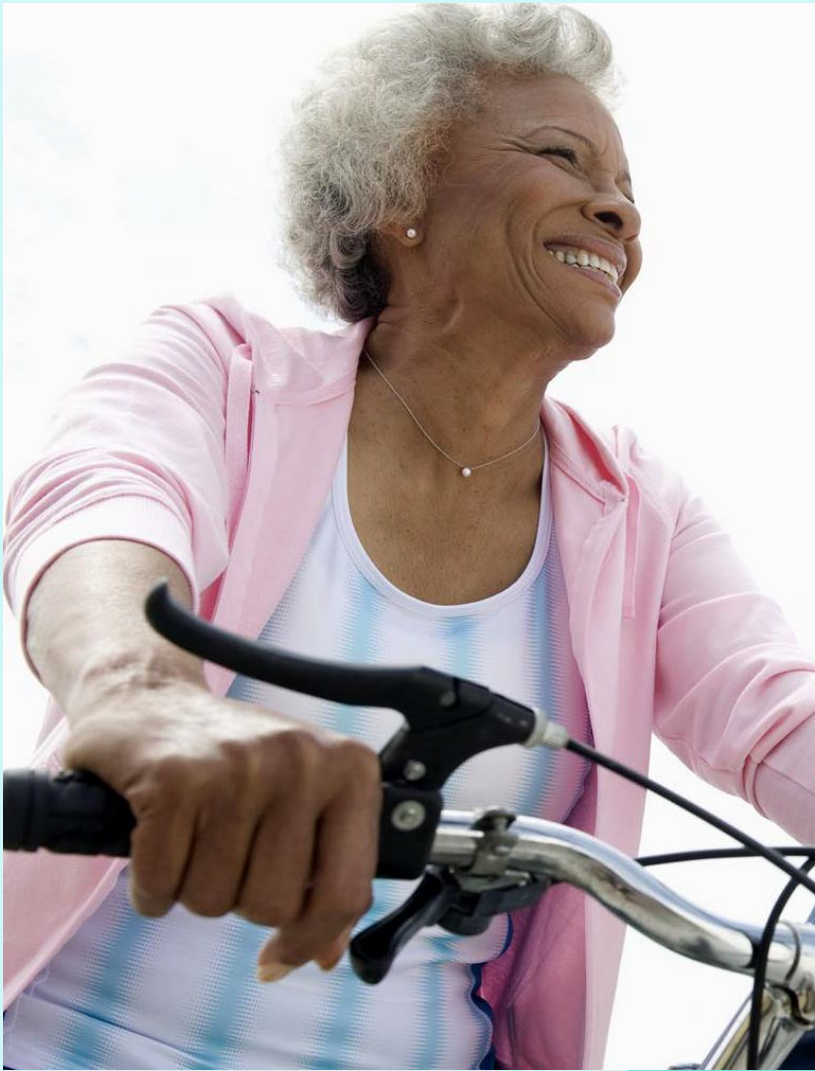
2023 Savings for Retiree Plans (ASE)				
	MAPD	Health Advantage	Amount Saved	% Saved
Overall Costs	\$25,537,000	\$74,626,000	\$49,089,000	66%
State Costs	\$22,984,000	\$41,895,000	\$18,912,000	45%
Retiree Costs	\$2,554,000	\$32,727,000	\$30,173,000	92%



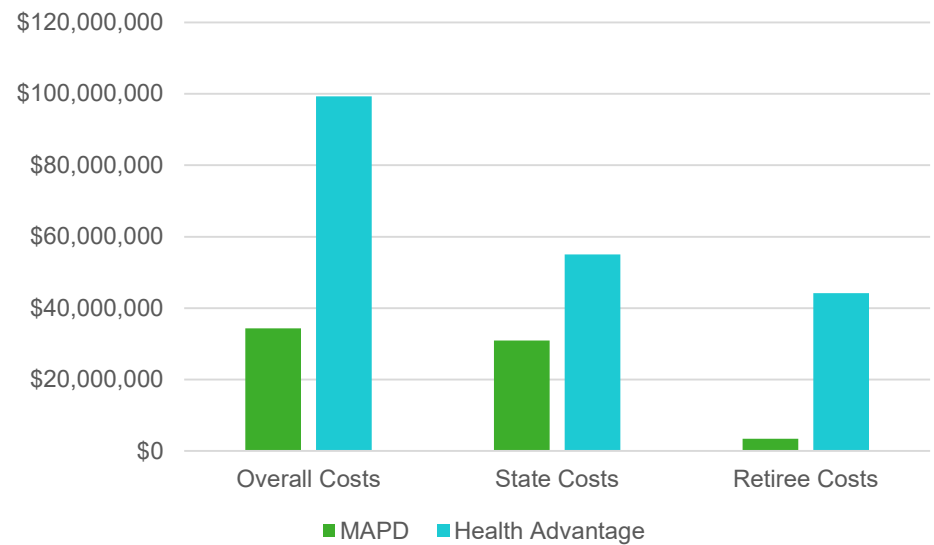
Dollar Impact (PSE)



2023 Savings for Retiree Plans (PSE)				
	MAPD	Health Advantage	Amount Saved	% Saved
Overall Costs	\$8,831,000	\$24,621,000	\$15,790,000	64%
State Costs	\$7,948,000	\$13,142,000	\$5,194,000	40%
Retiree Costs	\$883,000	\$11,479,000	\$10,596,000	92%



Dollar Impact (Total)



2023 Savings for Retiree Plans (ASE + PSE)				
	MAPD	Health Advantage	Amount Saved	% Saved
Overall Costs	\$34,368,000	\$99,247,000	\$64,879,000	65%
State Costs	\$30,932,000	\$55,038,000	\$24,106,000	44%
Retiree Costs	\$3,437,000	\$44,206,000	\$40,769,000	92%





Questions?

