EXHIBIT E

State of Arkansas

EBD Oversight Subcommittee

Review of Recommendations & Status Update

May 2022

Segal

Project Timeline

Segal was awarded the contract for consultant services on May 21, 2021. We worked within a condensed timeframe to meet all the RFP requirements. Below is a high-level illustration of key deliverables.

June 2021

June Meeting
- Introduction to Project
- Status on Data Request
- Comments of 2022 design changes

July 2021

July Meeting
- History Financial Review/Benchmarking
- Vendor Savings Opportunities (MAPD & PBM)
- Clinical Review

August 2021

August Meeting
- Funding & Reserves
- MAPD Market Analysis
- Medical Vendor Analysis
- Various Follow Ups

September 2021

September Meeting
- Initial Recommendations
- Clinical Deep Dive
- Various Follow Ups

November 2021

November Meeting

Deliver Final Report

Segal's report was adopted in November. Several of our recommendations were the basis for the EBD Bills.

Recommendations

Plans and Contributions

Reserves and Funding Strategy

MAPD

Medical and Pharmacy

Clinical

Communications

Additional Items

Plans and Contributions

Background

- The EBD plan designs have competitive actuarial values when compared in our benchmarking analysis:

Plan	ASE AV	PSE AV
Premium	85%	84%
Classic	78%	78%
Basic	72%	71%

- Logical spread between the three options and offer at least one HSA eligible high deductible plan
- Cost sharing is properly staggered — incentivizing members of Premium Plan to receive services at most cost efficient modality

Plan Designs

Recommendation

- Lower Urgent Care copay ($75) to further incentivize lower ER utilization
- Leave current designs intact while monitoring emerging plan specific experience and migration patterns
  - Tweak designs accordingly and index Classic per individual deductible for family coverage in order to maintain “qualified” status
  - Consider simplifying plan designs by eliminating PSE offerings
    - Would cost an additional 0.9% of PSE spend to move to ASE designs, or $3-$4M in 2021 if enrollment spread remained in tact

Employee Contribution

Background

- The plans utilize the most common tier structure (4-tier)
- Significant EE contribution increases for 2022 means EBD now higher than benchmarks
- Similar subsidy across all plans protects program from migration risk
- Employee Only and Employee + Children lower contribution as a percentage of total premium than Spouse and Family coverage
  - Thus, EE only makes up the greatest proportion of total contracts
- PSE contribution vary with district contribution
- ASE contribution defined

Employee Contribution

Recommendation

- Maintain same contribution structure
- When necessary, implement systematic annual increases
- State funding increase needs to outpace future employee increases to re-align with benchmarks
  - ASE contribution cost share of total rate is currently ~30% for Premium Plan (EE only) compared to 15% benchmark
- Keep ASE and PSE contribution structure separate due to current complexity of PSE.

Reserves and Future Funding

Background

- Historical financial issues stem from stagnant State funding and short term planning causing reactionary decision making
- Changes in 2022 mitigated short term financial issues, but long term strategy required
- Status-quo projection indicates assets nearing zero at the end of 2024
- The vast majority of states have reserve policy in place at varying degrees of risk tolerance
  - Most set a % for IBNR and adverse claims
- Segal model calculates appropriate claims fluctuation reserve of 8% given size of and structure of EBD
- Other states range from 3%–10%

Reserve and Future Funding

Recommendation

- Remove $500 cap on funding for ASE to allow for flexibility
- Institute a multi-year projection model (current year + 3 years)
- Establish a reserve target range of (12%–16% of claims)
  - 8% for IBNR ; 4%–8% range for claims fluctuation
- Keep ASE and PSE funds separate due to dissimilar funding methods
- Solve for annual funding increase needed to meet midpoint of reserve target (14%) at end of projection period
  - ASE Status Quo: 5.4% increase for State & employee rates for 2023-2025
  - Long term approach offers smoother changes
- If fund balance is projected to fall beneath target reserve range at a given point, execute a trigger
  - Short term bump to funding so min. target reserve range is maintained
  - If State doesn't comply with trigger, funding must come from employees

Medicare Advantage Prescription Drug

MAPD

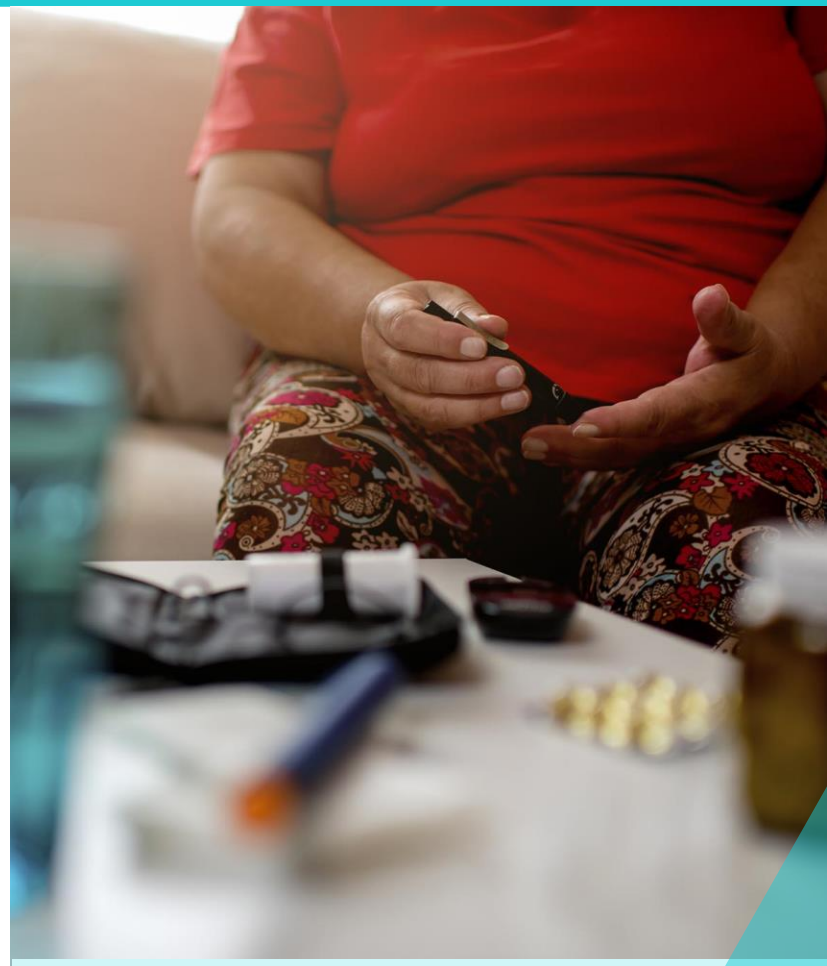
Background

- Group MAPD's are fully insured plan offered by Private Carriers
  - Combines Traditional Medicare (Parts A & B), Wrap Benefits and Part D
  - Carriers receive capitated payments from CMS to subsidize the cost of coverage
- Passive PPO network allows all members to receive care from any provider accepting Medicare
- Segal presented the benefits of this program at the July & August meetings
- Majority of states have moved to Medicare Advantage

MAPD

Background

- Arkansas is 1 of 2 states relying solely on RDS for ASE
  - No Rx coverage currently provided for PSE
- Segal has implemented this program for several state clients achieving substantial savings
  - Savings on a cash and OPEB liability basis
- Market analysis conducted where conservative rates (full replacement) were provided from the 2 largest carriers
  - MAPD rate roughly 50% of current cost
  - $45M reduction in total premium for ASE
  - $5M additional premium for PSE, which includes adding Rx coverage back into the design under the ASE



MAPD

Recommendation

- Conduct a formal procurement as soon as possible. Recommend approval by year-end to meet 1/1/2023 effective date
- Construct RFP to provide flexibly and maximize contract provisions:
  - Plan options
  - Rate guarantees
  - Medical loss ratio guarantees
- Make plan design equivalent to current
  - Give consideration to lower Rx coverage for PSE, since not currently provided
- Full replacement will maximize savings, but initially keeping MAPD as an option along with current plan easier to communicate

MAPD

Recommendation

Recommend a side-by-side approach

- Set the same State contribution percentage for MAPD plan to create buy-down effect incentivizing members to select MAPD
- Auto enroll into MAPD plan
- Estimated savings of $20.9M for plan and $12.6M for retiree at 75% enrollment assumption for MAPD
- Same approach for PSE costs plan $2.1M and $1.8M for retirees, however they now receive an exceedingly rich prescription drug plan
- Recommend reducing the value of the PSE drug plan to yield shared savings

Medical and Pharmacy

Medical

Background

- Currently using BCBS to administer medical plan
- Segal prepared discount database analysis to compare the four major carriers
  - Results indicate BCBS leader in aggregate discount based on actual membership footprint
  - Two other vendors within a reasonable range
  - Other carriers have adequate access
- An analysis of ASO fees show the current amount of $20.55 PMPM is competitive for the group's size
- Fees include most core services but missing some programs to help reduce costs

Medical

Recommendation

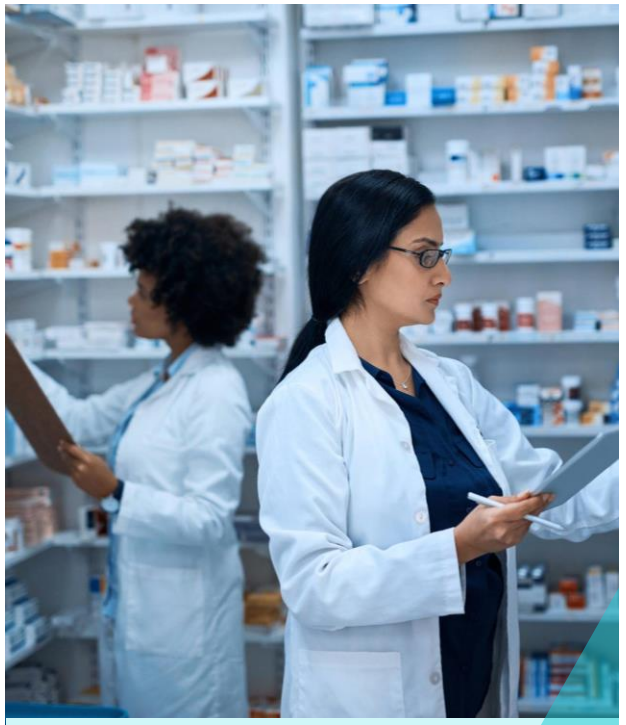
Release RFP and allow for plenty of time for analysis and potential transition

- Have bidders re-price actual claims to give a more accurate discount comparison
- Ensure the ASO fee includes wellness related programs that can reduce cost
- Evaluate from a “total cost of care” approach, rather than just discounts and fees
- Request potential ACO/narrow network options
- Establish quantifiable performance guarantees tied to members health

Pharmacy

Background

- Arkansas is currently using EBRx to manage formulary, clinical review and manufacturer rebates and using MedImpact to process claims, customer service, manage retail network, etc.
- The plan has performed above market with a generic dispensing rate (GDR) of 93%.
- However, generic drugs represent 15% of plan paid while specialty drugs represent 53% of plan paid and continue to grow
- Currently using a reference based pricing (RBP) program that sets the amount the plan will reimburse for a drug category based on the cheapest drug in the category. Members pay the difference for anything above the plan reimbursement amount.



Segal 20

Opportunities

- Rebates
  - Segal reviewed Arkansas data in detail and compared to several 2021 state bid guarantee proposals. Rebates in Arkansas compared to other states:
  - Current rebates are approximately 11-12% of gross discounted cost
  - Other state level plans are receiving 25-35% of gross discounted cost
  - Potential increase in rebates = $25-$50M annually ($200M annual discounted cost)
- Specialty Pharmacy
  - Currently negotiated with local specialty pharmacies and some other arrangements for limited distribution drugs.
  - Current specialty discounts realized are at least 30% lower than other state minimum guarantees
- Contract Guarantees
  - Currently no minimum guarantees on discounts or rebates which means the Plan is taking on 100% of the risk with no ability to have PBM take a portion of the risk.
  - Other state level plans have minimum guarantees on overall discounts and rebates by distribution channel with 100% pass through to the plan.
  - This structure allows for maximum payments with no limits on upside while putting downside risk on the PBM who has negotiating power with the manufacturers, retail network and specialty pharmacies

Recommendation

Release RFP and allow for plenty of time for analysis and potential transition

- Prepare an RFP that describes the flexibilities desired in the program including for example custom formulary, custom clinical rules and role of Independent pharmacies
- Have bidders provide proposals with minimum discount and rebate guarantees for each year of the contract
- Clearly define all terms so that you receive 100% pass through of manufacturer rebates including inflation protection and manufacturer admin fees
- May request trend guarantees for certain therapeutic classes to share risk with the PBM
- Have bidders propose rates with independent pharmacies guaranteed separately from all others
  - This will allow the Plan to have control over pricing terms for the independents
- Have bidders propose exclusive specialty pharmacy network (may include in-state presence)
- Remove requirement for RBP so that you do not limit potential bidders
  - Savings from other programs will outweigh increased cost

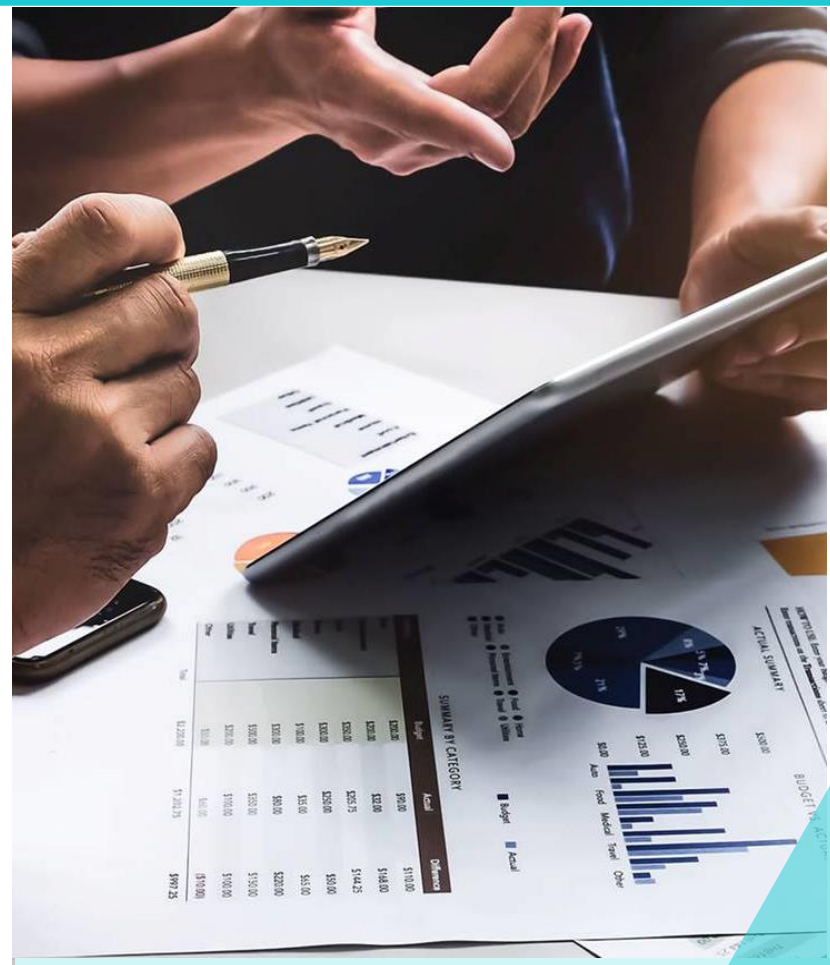
Clinical

Clinical - Wellness Program

Background

Currently providing information and resources

- Currently using Catapult to administer wellness program
  - Biometric Screening
  - Nicotine Screening
  - Health Assessment
- For completion members receive a $50 monthly contribution credit
- BCBS has diverted staff to focus on telephonic engagement attempts based on biometric results



Clinical - Wellness Program

Recommendation

Shift the wellness program from self-serve to results based to drive sustained behavior change

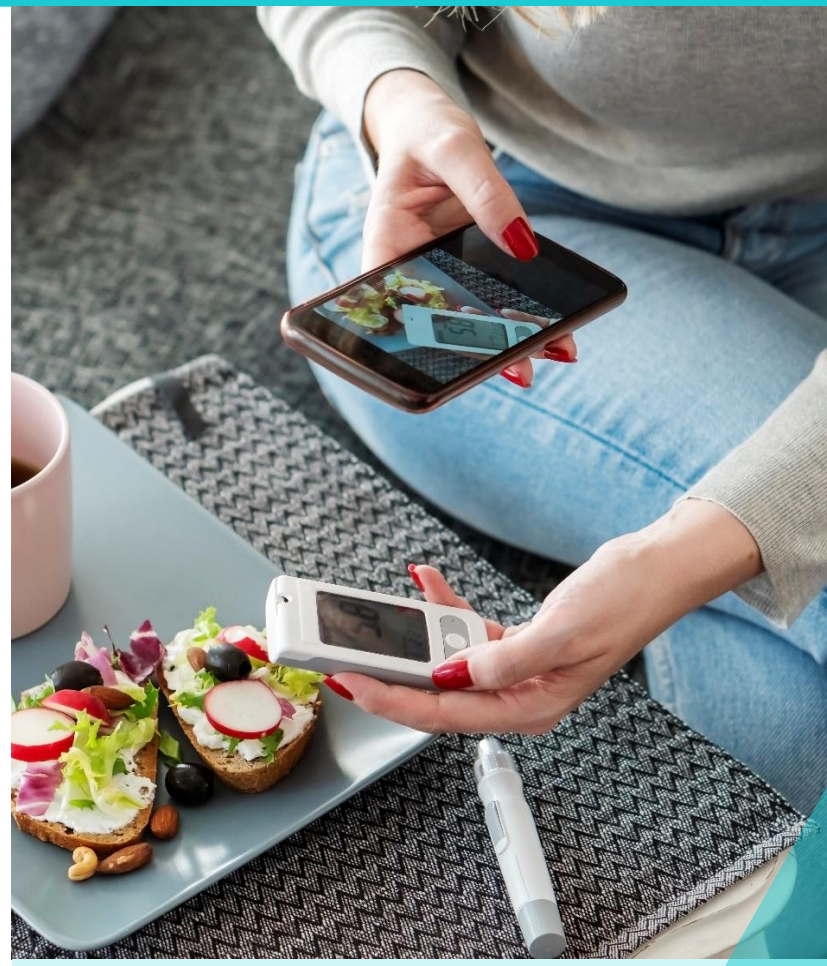
- Results-focused for broad population
  - Negotiate Performance Guarantees with vendors tied to improvement in the overall population health
  - Incentivize age and gender specific health screenings (i.e. primary care visit, flu shot, OBGYN screening, dental screening, cancer screenings, etc.)
- Results-focused for targeted population
  - Negotiate clinical Performance Guarantees that are condition specific
  - Incentivize condition specific program engagement and milestone achievement
- Carriers can offer incentive platforms or this can be bid independently

Clinical – Comprehensive Diabetes Strategy

Recommendations

Comprehensive Diabetes management strategy should include a focus on prevention, management, and lifestyle improvement

- Diabetes Prevention
  - Add a CDC approved Diabetes Prevention Program (DPP) through a digital platform
  - Incentive enrollment and key millstones
- Diabetes Management
  - Add a digital management program that reduces the out of pocket cost to the member and increases compliance with prescribed treatment
- Risk Reduction
  - Add a digital diabetes program that focuses on dose optimization with lifestyle changes reducing independence on high cost injectable insulin
- Establish quantifiable performance guarantees tied to individual health outcomes
  - A pilot can be focused on the highest cost diabetics
- With 20% engagement of diabetics and pre-diabetics, we estimate that the State could achieve **savings of 1.3% - 1.9%, or $10M - $14M**



Clinical - Oncology

Recommendations

The pandemic reduced access to preventive care screenings and many rural communities lack access to high quality oncology care

- Communicate and incentivize age/gender specific cancer screenings
- Enhance utilization management programs that require adherence to national standards of oncology care (NCCN Guidelines and appropriate genetic testing)
- Connect oncology patients to nationally recognized Oncology Centers of Excellence (COE) virtually
- Established vendor partnerships exist within different carriers and independent cancer care centers can offer virtual consultation

Clinical - Musculoskeletal

Long Term Recommendations

Comprehensive musculoskeletal program includes site of service steerage and virtual access to care

- Consider a prevention program related to early interventions for physical therapy and weight loss
- Direct contracting through bundled payments can be established independent of a carriers network for high volume high cost procedures
- Established vendor partnerships exist within different carriers and independent vendors can offer virtual physical therapy or a separate network

“Onsite” Clinic

Long Term Recommendations

Onsite clinics and other models can reduce inappropriate medical spending and can reduce the burden of medically underserved communities and high social deprivation index

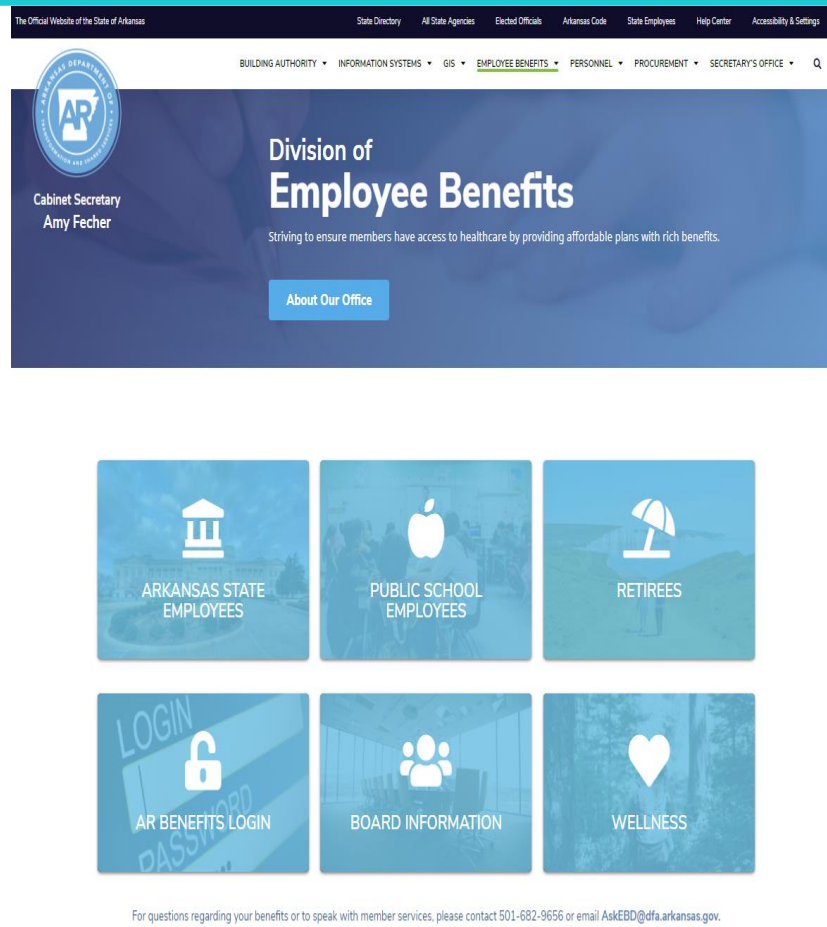
Options to consider:

- Onsite clinic vendor with satellite kiosks and nursing care
- Strategic health system partnerships
- Retail partnerships for onsite, virtual, and in home care
- These will require a full bid and analysis based on geographic alignment

Communications

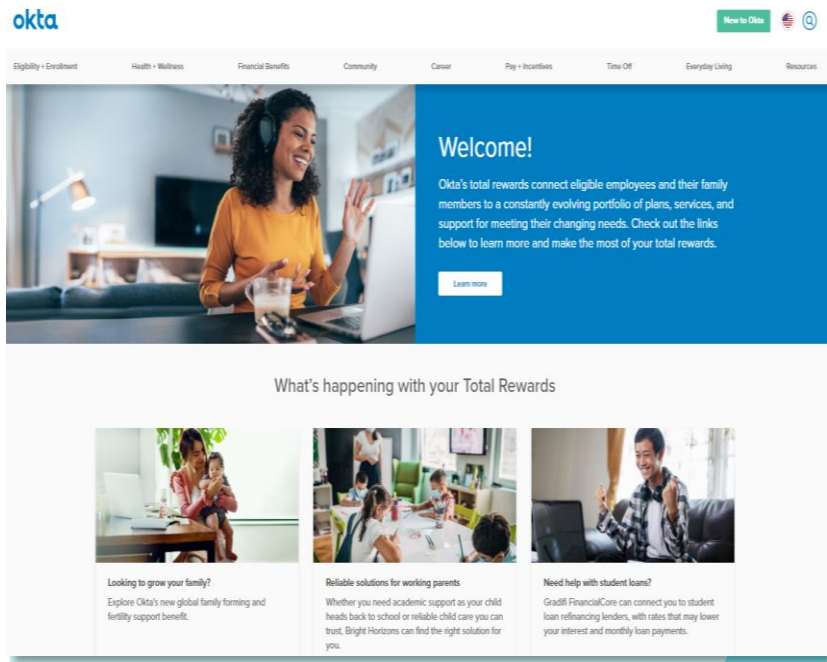
transform.ar.gov Benefits Websites Review

- **transform.ar.gov** has 2 similar benefits information website subsections:
  - State employees
  - Public School employees
- Segal took a brief look at the sites, analyzing them at a high level to help determine sites' value to current and prospective employees. We looked at:
  - Usability
  - Design
  - Content accessibility, hierarchy, and organization
  - Navigation
  - Naming and information linking conventions

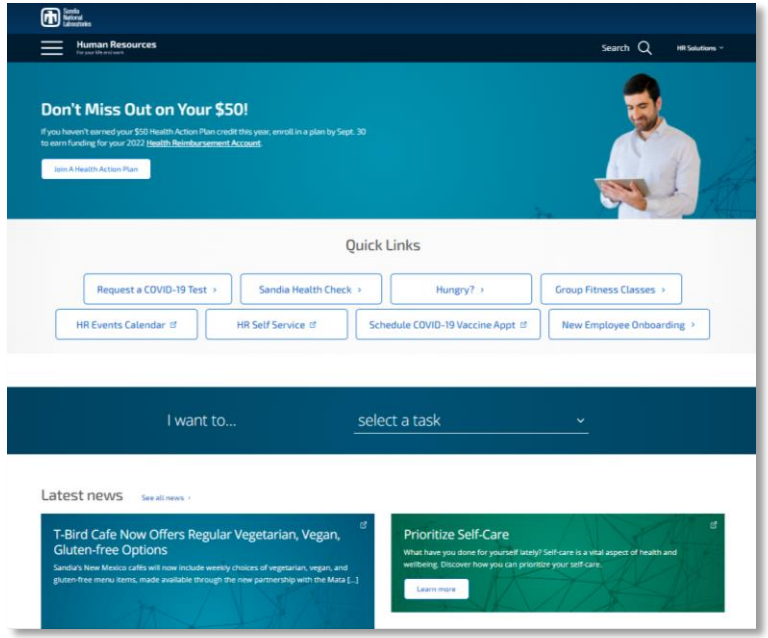


Recommendations and Best Practices

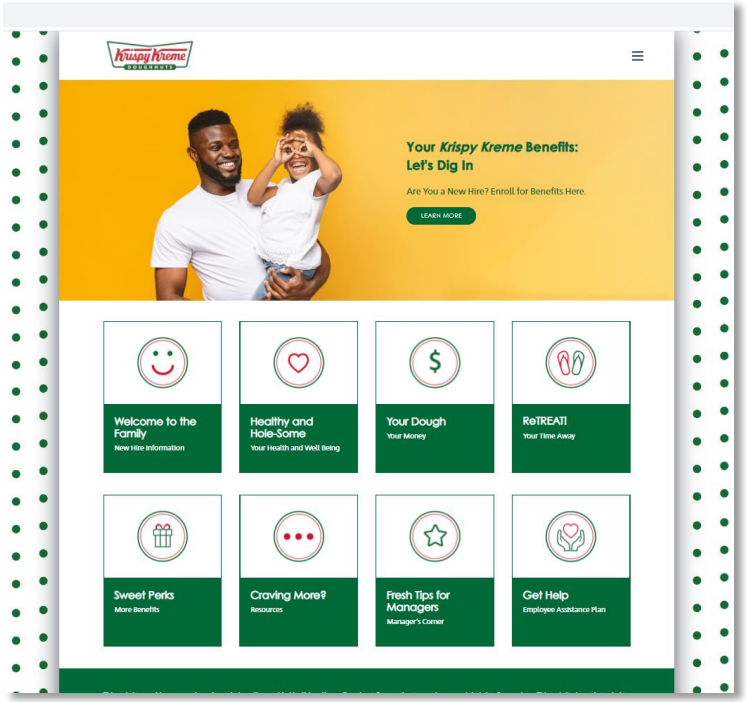
- Highlight home page content using “tiles”
- Direct “call-to-action” buttons to featured information
- Spell out all acronyms
- Have design elements properly anchor page text
- Include HTML (web-specific) text that’s descriptive \ provides links to details
- Use consistent and descriptive terminology
- Configure search engine to return relevant results
- Use primary navigation to separate topics clearly and intuitively
- Optimize for mobile viewing / use
- Organize content around employees’ goals and priorities (not HR / Benefits organization silos)
- Promote as the go-to source for all benefits information
- Keep content and design fresh by updating consistently
- Review and act on site analytics regularly



Sample Client Sites



hr.sandia.gov/



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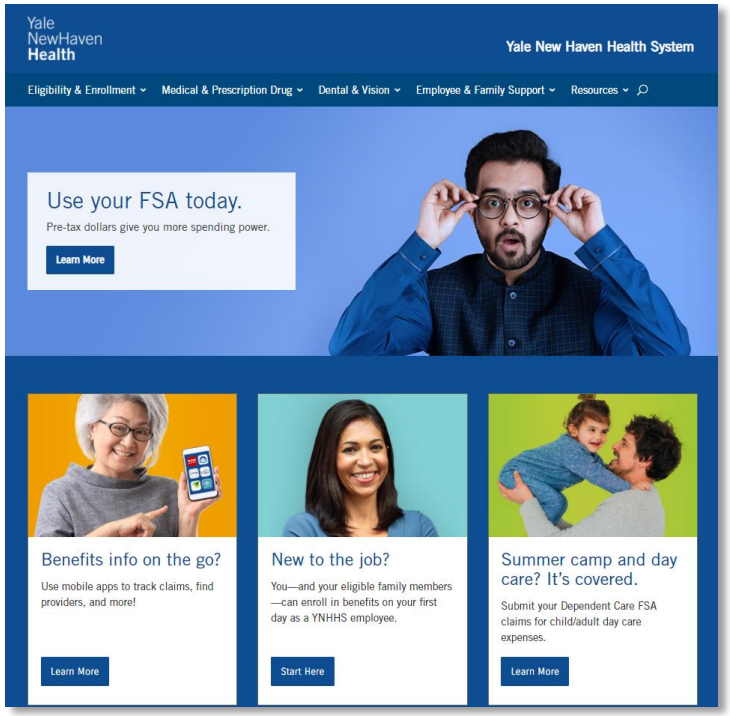


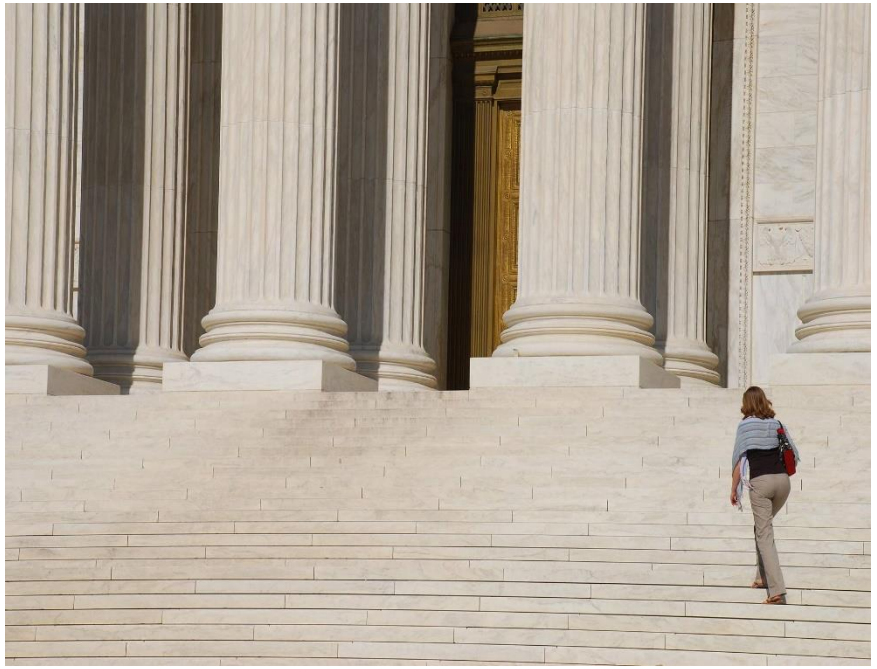
ynhhsbenefitsconnection.org/ynhhs/

Additional Items

Additional Items

Recommendation

- Several other states require actuarial notes to accompany bills to help voters understand the potential financial impact of said bill.
- Segal recommends a bill filing deadline and requirement for an actuarial statement for each bill impacting either the ASE or PSE plans, similar to the requirements in place for legislation filed affecting the state retirement systems.



Report Outcomes

- **Our final report was adopted in November and helped trigger several bills passed during the 2022 Fiscal Session**
- **In January 2022, the BLR and Segal agreed to a new contract. The scope of work includes:**
  - Assisting EBD in procuring a PBM and MAPD vendor. These RFP's are currently active.
  - Assisting the subcommittee with its study regarding the feasibility of a diabetes management report. The study has yet to commence.
- **The contract stipulates we provide updates on the various project's progress each month**

Project Update

RFP Process

- In collaboration with TSS OSP and EBD, Segal developed and provided initial RFP drafts, technical and cost, on MA-PD and PBM services
  - Segal also provided templates for analyses required for each RFP such as provider disruption, formulary and retail disruption analyses
- Segal worked with TSS OSP and EBD to finalize the RFPs to provide optimal services to best meet the needs of EBD and its members, based on specifications by EBD and TSS OSP procurement rules
- Segal also worked extensively with EBD and their incumbent carriers to develop accurate data extracts to be provided with the RFPs, upon receipt of NDAs from Prospective Contractors
- SS OSP issued RFPs for EBD to obtain pricing and a contract for:
  - **MA-PD services for its Medicare-eligible retirees and Medicare-eligible dependents of retirees**
  - **PBM services for active and retiree membership**

RFP Process continued

- Each RFP solicitation was posted to the State's procurement website, ARBUY.
- A Bidders Conference for each RFP was led by TSS OSP, with EBD and Segal in attendance.
- TSS OSP responded to questions about the RFPs from Prospective Contractors
  - Responses to questions were developed and finalized by TSS OSP, EBD and Segal.
- EBD provided NDAs to Segal, who released confidential RFP data to Prospective Contractors, via SFT.
- All Prospective Contractors provided a Technical Proposal Packet, Cost Proposal and requested forms.
- The TSS OSP reviewed each Technical Proposal Packet.

Status Update

- Evaluators and MA-PD experts from Segal individually reviewed and evaluated the Technical Proposal Packets and provided feedback to TSS OSP.
- Evaluators completed an Individual Score Worksheet for each proposal, based upon their review and expert input from Segal.
- The TSS OSP led individual interviews for the Prospective Contractors with EBD and Segal in attendance.
- The TSS OSP, with input from EBD and Segal, led final consensus meetings and **final scoring on Technical and Cost Proposals were determined and recorded**.
- TSS OSP then entered into discussions with Prospective Contractors. **Discussions are sill underway.**
- Once discussions are concluded final draft documents will become part of the resulting contract.
- Segal will assist TSS OSP with negotiations, finalization of contract.

RFP Timeline

- Currently in “Final Discussions” activity – anticipated completion date of June 1st

Activity	Date
RFP Release to Prospective Contractors	April 1, 2022
Bidders Conference	April 6, 2022, 9:00 am
Deadline for Prospective Contractor Questions	April 11, 2022, 4:00 pm
Answers to Questions Posted to ARBuy	April 15, 2022
Proposal Due Date	April 25, 2022, 2:00 pm
Initial Proposal Evaluation	April 27 - May 3, 2022
Interviews	May 5, 2022
Final Proposal Evaluation	May 6, 2022
Discussions Kick Off Meeting	May 13, 2022
Finalize Discussions	June 1, 2022
Post Anticipation to Award	June 10, 2022
Award Contract	June 15, 2022

RFP Timeline

- Followed same process at MA-PD RFP – approximately 1 month later than MA-PD
- Incorporated the Pharmacy RFP Recommendations
- Currently in “Proposal Due Date” activity – which was extended 8 days per vendor request

Activity	Date
RFP Release to Prospective Contractors	May 6, 2022
Bidders Conference	May 10, 2022, 1:00 pm
Deadline for Prospective Contractor Questions	May 13, 2022, 4:00 pm
Answers to Questions Posted to ARBuy	May 20, 2022
Proposal Due Date	June 10, 2022, 2:00 pm
Initial Proposal Evaluation	June 13-15, 2022
Interviews	June 20-21, 2022
Final Proposal Evaluation	June 21, 2022
Discussions Kick Off Meeting	June 28, 2022
Finalize Discussions	July 19, 2022
Post Anticipation to Award	July 20, 2022
Award Contract	August 15, 2022

Thank You!