

**OSBORN, CARREIRO & ASSOCIATES, INC.**  
**Previous services provided to the State and Public School Life and Health Insurance  
Program Legislative Task Force**

- Actuarial review and analysis of the Public School Employees portion of the State and Public School Life and Health Insurance Program
- Analysis of past claims and premiums of the Public School Employees portion of the State and Public School Life and Health Insurance Program
- Estimate of impact of migration between plans or tiers and effects of migration to the State and Public School Life and Health Insurance Program
- Development of possible changes to the State and Public School Life and Health Insurance Program
- Evaluation of the impact of changes and recommendations to the State and Public School Life and Health Insurance Program
- Review of assumptions used by consultant hired by the State and Public School Life and Health Insurance Program Legislative Task Force
- Analysis of variability of annual aggregate claims of the State and Public School Life and Health Insurance Program
- Did not audit enrollment data of the State and Public School Life and Health Insurance Program but reviewed the data for reasonableness and consistency

## **STATEMENT OF WORK**

This document represents the statement of work to be performed by Osborn, Carreiro & Associates, Inc. (“Osborn”) for the Health Reform Legislative Task Force (the “Task Force”), in accordance with and under the provisions of the Actuarial Consultant Services Agreement entered by and between Osborn and the Bureau of Legislative Research (the “Agreement”), which is attached hereto for reference.

All provisions of the Agreement remain in full force and effect and the purpose of this document is not to amend that Agreement, but to set forth work to be done for the Task Force, as follows:

### **A. Background.**

Currently, there are multiple programs providing health insurance/benefits that are fully or partially financed by the State of Arkansas. Osborn has been asked to examine the actuarial impact of creating a “power pool” grouping most of these programs into one insurance pool with four tiers or metal groups. Medically frail individuals would be covered under existing programs rather than the “power pool”. Osborn will examine whether any savings or benefits exist in creating this new group.

### **B. Services.**

1. A review of the benefits, costs, and financing of current programs. Osborn will use existing reports, prepared by the various programs and their actuaries rather than recreating eligibility and claims data. Osborn will review the data for reasonableness and consistency.
2. Development of a summary of the results of the review. The summary will include possible benchmarks and a template of current status of the programs. The summary will also provide information on other sources of income for the programs and estimates of what that income would be if the group were in the “power pool”.
3. Determine an actuarial cost of the proposed Power Pool. The actuarial cost will be developed for various subgroups in the event the “power pool” doesn’t cover everyone within the programs (e.g. working people only or employees and non-Medicare retirees, etc.)
4. Outline a possible four tier/metal structure for the Power Pool. Because the gross claim cost of the “power pool” is affected by who chooses which tier of coverage, Osborn will develop the actuarial cost for a likely tier coverage scenario and for possible variations around that likely scenario.

### **C. Reports.**

1. Monthly Reports. Osborn will provide monthly updates to the Task Force regarding the progress of its work as described herein. The reports shall be submitted by the last day of each month during the term of the work.
2. Final Report. Osborn will provide the Task Force with its final report no later than September 30, 2016.

**Thayer, Jill E.**

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**Subject:** FW: FW: Rep Hammer - Power Pool Study Estimate

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**From:** Jody Carreiro [mailto:JodyC@oca-actuaries.com]  
**Sent:** Wednesday, February 10, 2016 9:13 AM  
**To:** Thayer, Jill E.  
**Cc:** Garrity, Marty; Steve Osborn  
**Subject:** RE: FW: Rep Hammer - Power Pool Study Estimate

Good morning Jill,

I just read through this. I don't think what Mark has suggested is outside of what we will be doing and would not affect the estimates we have already provided. As we discussed last week, we would have to collect all of the various pieces to put side by side so that everyone could see the relative size of how the pieces would fit together. So Mark's thought fits together with what we are planning.

I read the Statement of Work you sent yesterday afternoon. I don't see any problem with it as you have it presented.

Thanks.

Will Steve or I need to be available on Friday for the committee meeting? Or has he decided for sure if that is the committee he wants to approach?

Jody

**Jody Carreiro**

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**From:** Kim Hammer [mailto:kimdavidhammer@gmail.com]  
**Sent:** Tuesday, February 09, 2016 10:19 PM  
**To:** Beel, Jessica M  
**Subject:** Re: FW: Rep Hammer - Power Pool Study Estimate

Can you check with the actuary to determine if there would be a change in the estimate to do what Mark is suggesting in last paragraph. Thank You, Rep. Hammer

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**From:** Mark Story [mailto:Mark.Story@dhs.arkansas.gov]  
**Sent:** Monday, February 08, 2016 11:56 AM  
**To:** Beel, Jessica M  
**Subject:** RE: Rep Hammer - Power Pool Study Estimate

Good morning,

The proposal appears reasonable to me and the data generated would appear to be relevant and beneficial to legislators attempting to get a fair and competitive rate for employee benefits paid by state agencies.

I still have doubts as to how much of the project cost CMS would be willing to fund as the elements of the Power Pool are far more broad than just the expansion population.

If Representative Hammer and the committees on which he serves elect to move forward we will be glad to present it to CMS for their evaluation of the level of participation they are willing to approve.

It would be helpful if the actuaries could provide data supporting the portion of the Power Pool applicable to Medicaid recipients versus the Power Pool as a whole. CMS will definitely need that information should the decision be made to pursue their participation in funding for the project.

Thanks and let me know if I can be of further assistance.

A handwritten signature in black ink, reading "R. Mark Story". The signature is stylized with a large, sweeping "S" at the end.

**R. Mark Story, CPA MBA**

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**From:** Beel, Jessica M  
**Sent:** Friday, February 05, 2016 10:16 AM  
**To:** '[mark.story@dhs.arkansas.gov](mailto:mark.story@dhs.arkansas.gov)'  
**Subject:** Rep Hammer - Power Pool Study Estimate

Mark:

Representative Kim Hammer requested that I send you the proposal for actuarial services for the Power Pool Study drafted by Osborn, Carreiro, & Associates, Inc. He would like you to review the proposal and provide us with your comments, thoughts, and input by **Monday, February 8<sup>th</sup>**.

If you have any questions, please do not hesitate to contact me.

Have a great day!

Jessica M. Beel, Legislative Attorney

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