



## **AGENDA**

### **State and Public School Life and Health Insurance Board Benefits Sub-Committee**

**January 22<sup>nd</sup>, 2021  
10:00 a.m.**

**EBD Board Room – 501 Building, Suite 500**

- I. Call to Order..... Susan Gardner, Chair***
- II. Approval of December Minutes..... Susan Gardner, Chair***
- III. Trend Experience .....Paul Sakhrani & Courtney White, Milliman***
- IV. ACHI Presentation.....Elizabeth Montgomery & Mike Motley, ACHI***
  - a. COVID Update***
  - b. Bariatric Program Analysis***
- V. Director’s Report..... Shalada Toles, EBD Deputy Director***
- VI. Adjournment..... Susan Gardner, Chair***

**2021 Upcoming Meetings:**

**February 19<sup>th</sup>, March 19<sup>th</sup>, April 16<sup>th</sup>**

**NOTE: All material for this meeting will be available by electronic means only**

**Notice: Silence your cell phones. Keep your personal conversations to a minimum.**

# BENEFITS MEETING MINUTES

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met January 22, 2021, at 10:00 a.m. via teleconference

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*Date | time 1/22/2021 10:00 AM | Meeting called to order by Ronnie Kissire, Vice-Chair*

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## In Attendance

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### Members Present

Claudia Moran  
Herb Scott  
Stephanie Lilly-Palmer  
Ronnie Kissire – Vice-chair  
Shalada Toles, EBD Deputy Director

### Members Absent

Cindy Allen  
Susan Gardner – Chair

### Others Present

Rhoda Classen, Mary Massirer, Theresa Huber, Laura Thompson, Jennifer Goss, Drake Rodriguez, Stella Greene, EBD; Mike Motley, Elizabeth Montgomery, ACHI; Octavia DeYoung, Micah Bard, EBRx UAMS; Jessica Akins, Takisha Sanders, HA; Courtney White, Paul Sakhrani, Scott Cohen, Julia Weber, Milliman; Mitch Rouse, TSS; Judith Paslaski, MedImpact; Ronda Walthall, ARDOT; Sylvia Landers, Colonial Life; Kristie Banks, Mainstream; Frances Bauman, Novo Nordisk; Julie Grogan, UCB; Aaron Shaw, BI; Nicholas Poole, ASEA

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## Approval of Minutes by Ronnie Kissire, Vice-Chair

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**MOTION** by Lilly-Palmer:

Move to approve the December 11, 2020 minutes.

Scott seconded; all were in favor.

**Minutes Approved.**

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## Trend Experience by Courtney White and Paul Sakhrani, Milliman

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White and Sakhrani provided an update on the Plan experience for ASE and PSE and presented the 2020 and beyond roadmap.

ASE

- 2021 & 2022 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through December 2020 and pharmacy claims data incurred from November 2019 to October 2020 and paid through December 2020. 2020 reflects actual claims paid.
- 2020 projected plan experience
  - Allocation of Prior Years' Surplus for 2020 is \$25.1M
  - Estimated surplus of \$1.2M (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2020: \$9.6M
  - No Plan changes / 5% increase in employee contributions

- 2021 Plan experience
  - Allocated of Prior Years' Surplus for 2021 is \$14.5M
  - Projected deficit: **-\$400K** (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2021: \$9.2M
  - Reflected 2021 program initiatives and board decisions
  - Increased membership based on historical patterns
  - Baseline trends (medical: 5%, pharmacy: 8%)
- 2022 projected plan experience
  - Allocated of Prior Years' Surplus for 2022 is \$6.1M
  - Estimated deficit: **-\$32.8M** (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2021: **-\$23.6M**
  - Reflected baseline scenario
  - No plan design or contribution changes
  - Baseline trends (medical: 5%, pharmacy: 8%)

## PSE

- 2021 & 2022 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through December 2020 and pharmacy claims data incurred from November 2019 to October 2020 and paid through December 2020. 2020 reflects actual claims paid.
- 2020 projected plan experience
  - Allocation of Prior Years' Surplus for 2020 is \$25.3M
  - Estimated deficit of **-\$200K** (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2020: \$5.5M
  - No Plan changes / 0% increase in employee contributions
- 2021 Plan experience
  - Allocated of Prior Years' Surplus for 2021 is \$15.5M
  - Projected deficit: **-\$22.7M** (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2021: **-\$17.3M**
  - Reflected 2021 program initiatives and board decisions
  - Increased membership based on historical patterns
  - Baseline trends (medical: 7%, pharmacy: 8%)
- 2022 projected plan experience
  - Allocated of Prior Years' Surplus for 2022 is \$7.1M
  - Estimated deficit: **-\$66.2M** (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2021: **-\$83.5M**
  - Reflected baseline scenario
  - No plan design or contribution changes
  - Baseline trends (medical: 7%, pharmacy: 8%)

## Discussion:

ASE

Lilly-Palmer: Can you go back over what you were saying about September of 2019 through October 2020 regarding the trend being way up. I am seeing October 2019 spiked, but I'm not sure exactly what you meant.

White: You can see if you look at June of 2020 versus June of 2019, it did come back close to prior levels and the same with July. August 2020 was lower than 2019. Some of that could be due to extra days in the month, too, depending on how the calendar year falls. Then, you see that October of 2020 goes up but not near what it went up in 2018 or 2019. Usually, we expect claims to go down between August and September in both years, whereas this year it actually went up a little bit.

Lilly-Palmer: You were saying that we will probably have better reporting next meeting regarding November and December and possibly have January in there?

White: We will definitely have November, and we could probably add December. What I'm really trying to say is that we don't really know what 2021 is going to look like, but hopefully, by rate-setting time, June and July, we will at least have three months of real 2021 data and we can use that to project.

#### *2020 Roadmap*

Scott: How do you get to the portal you are referring to?

Toles: We will be sending an email out later provides some instructions. Once you get that email and are still having issues, please reach out to Rhoda or me and we will be happy to help you.

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### **ACHI Presentation: Elizabeth Montgomery & Mike Motley, ACHI**

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Montgomery and Motley presented updated analyses regarding COVID-19 impact on the plan and reviewed preliminary analyses of the bariatric surgery program.

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### **Director's Report by Shalada Toles, EBD Deputy Director**

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Toles reiterated Paul's statement about the training that is forthcoming to build up the fundamentals so that you are very informed about how the plan works. We will also be working with you to schedule some time training with EBRx to explain how the pharmacy part works.

**MOTION** by Moran:

I make a motion to adjourn the meeting.

Lilly-Palmer seconded; all were in favor.

**Meeting Adjourned**

# State of Arkansas Employee Benefits Division

## Interim Monitoring Report

Through December 31st

State and Public School Life and Health Insurance Benefits Subcommittee

Courtney White, FSA, MAAA  
Paul Sakhrani, FSA, MAAA

22 JANUARY 2020



# Agenda

- Arkansas State Employees (ASE)
- Public School Employees (PSE)
- 2021 Roadmap
- Assumptions and Methodology
- Appendices

# **Arkansas State Employees (ASE)**

# Executive Summary

- 2021 & 2022 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through December 2020 and pharmacy claims data incurred from November 2019 to October 2020 and paid through December 2020. 2020 reflects actual claims paid.
- 2020 projected plan experience
  - Allocation of Prior Years' Surplus for 2020: \$25.1M
  - Estimated surplus of \$1.2M (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2020: \$9.6M
  - No plan changes / 5% increase in employee contributions
- 2021 projected plan experience
  - Allocation of Prior Years' Surplus for 2021: \$14.5M
  - Projected deficit: **-\$400K** (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2021: \$9.2M
  - Reflects 2021 program initiatives and board decisions
  - Increased membership based on historical patterns
  - Baseline trends (medical: 5%, pharmacy: 8%)



# Executive Summary

- 2022 projected plan experience
  - Allocation of Prior Years' Surplus for 2022: \$6.1M
  - Estimated deficit of **-\$32.8M** (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2020: **-\$23.6M**
  - Reflects baseline scenario
  - No plan design or contribution changes
  - Baseline trends (medical: 5%, pharmacy: 8%)

# Total Plan Experience

<u>Funding</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
State Contribution	\$ 172.24	\$ 184.48	\$ 184.48
Employee Contribution	99.01	111.29	111.81
Other	21.65	21.80	21.95
<b>Total Income</b>	<b>\$ 292.91</b>	<b>\$ 317.57</b>	<b>\$ 318.25</b>
Medical Claims	\$ (205.71)	\$ (219.54)	\$ (234.31)
Pharmacy Claims	(90.92)	(100.01)	(109.85)
Administration Fees	(17.42)	(17.53)	(17.66)
Plan Administration	(2.79)	(2.81)	(2.91)
<b>Total Expenses</b>	<b>\$ (316.83)</b>	<b>\$ (339.89)</b>	<b>\$ (364.73)</b>
Program Savings	\$ -	\$ 7.50	\$ 7.60
<b>Net Income / (Loss) Before Reserve Allocation</b>	<b>\$ (23.93)</b>	<b>\$ (14.82)</b>	<b>\$ (38.88)</b>
Allocation of Reserves	\$ 25.08	\$ 14.46	\$ 6.07
<b>Net Income / (Loss) After Reserve Allocation</b>	<b>\$ 1.16</b>	<b>\$ (0.36)</b>	<b>\$ (32.81)</b>

<u>Average Membership</u>			
Active Employees / Pre-65 Retirees	46,614	46,614	46,614
Post-65 Retirees	13,746	14,158	14,583
<b>Total Enrolled</b>	<b>60,360</b>	<b>60,772</b>	<b>61,197</b>

<b>Total Income PMPM<sup>1</sup></b>	<b>\$ 439.02</b>	<b>\$ 455.29</b>	<b>\$ 441.63</b>
<b>Total Expenses PMPM<sup>2</sup></b>	<b>\$ (437.43)</b>	<b>\$ (455.79)</b>	<b>\$ (486.31)</b>

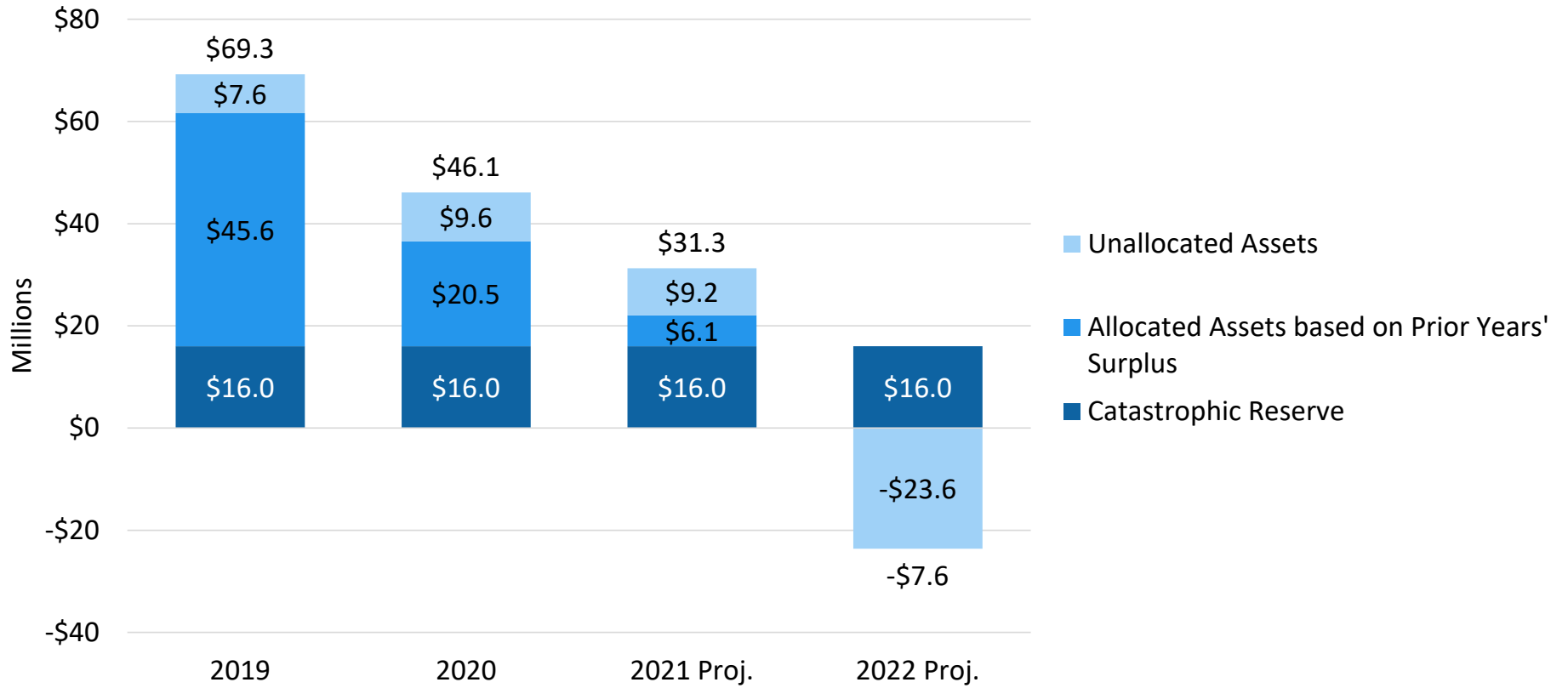
<sup>1</sup> Allocation of Reserves included in Total Income

<sup>2</sup> Total Expenses offset by Program Savings

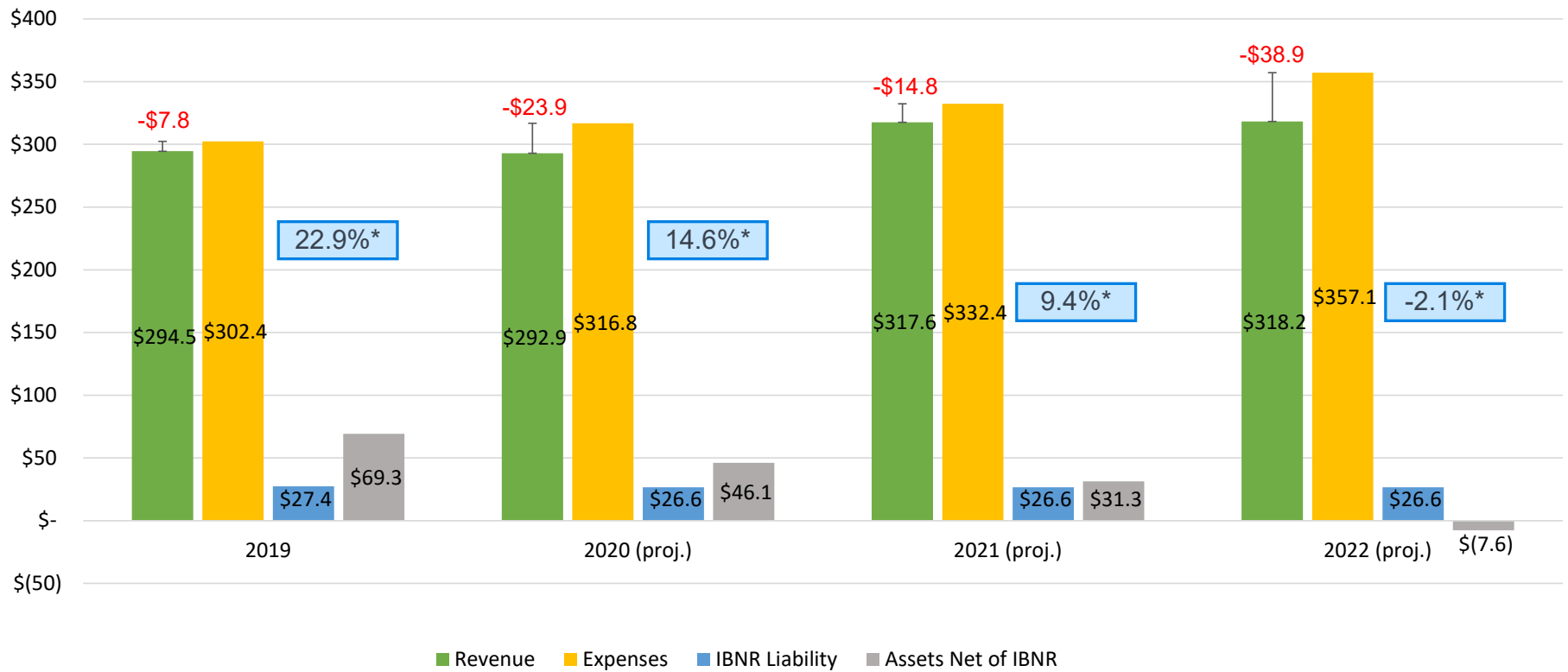
## Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets (\$millions)			
			Assets
(a)	Proj 2020	End-of-Year Gross Assets	\$72.7
(b)	2021	Allocation of Prior Years' Surplus	(\$14.5)
(c)		Total Surplus / (Deficit)	(\$0.4)
(d) = (a) + (b) + (c)		End-of-Year Gross Assets Available	\$57.9
(e)		Incurred but not reported (IBNR)	(\$26.6)
(f) = (d) + (e)		End of Year Net Assets Available	\$31.3
(g)	2022	Allocation of Prior Years' Surplus	(\$6.1)
(h)		Total Surplus / (Deficit)	(\$32.8)
(i) = (d) + (g) + (h)		End-of-Year Gross Assets Available	\$19.0
(j)		Incurred but not reported (IBNR)	(\$26.6)
(k) = (i) + (j)		End of Year Net Assets Available	(\$7.6)

# End of Year Assets Net of IBNR

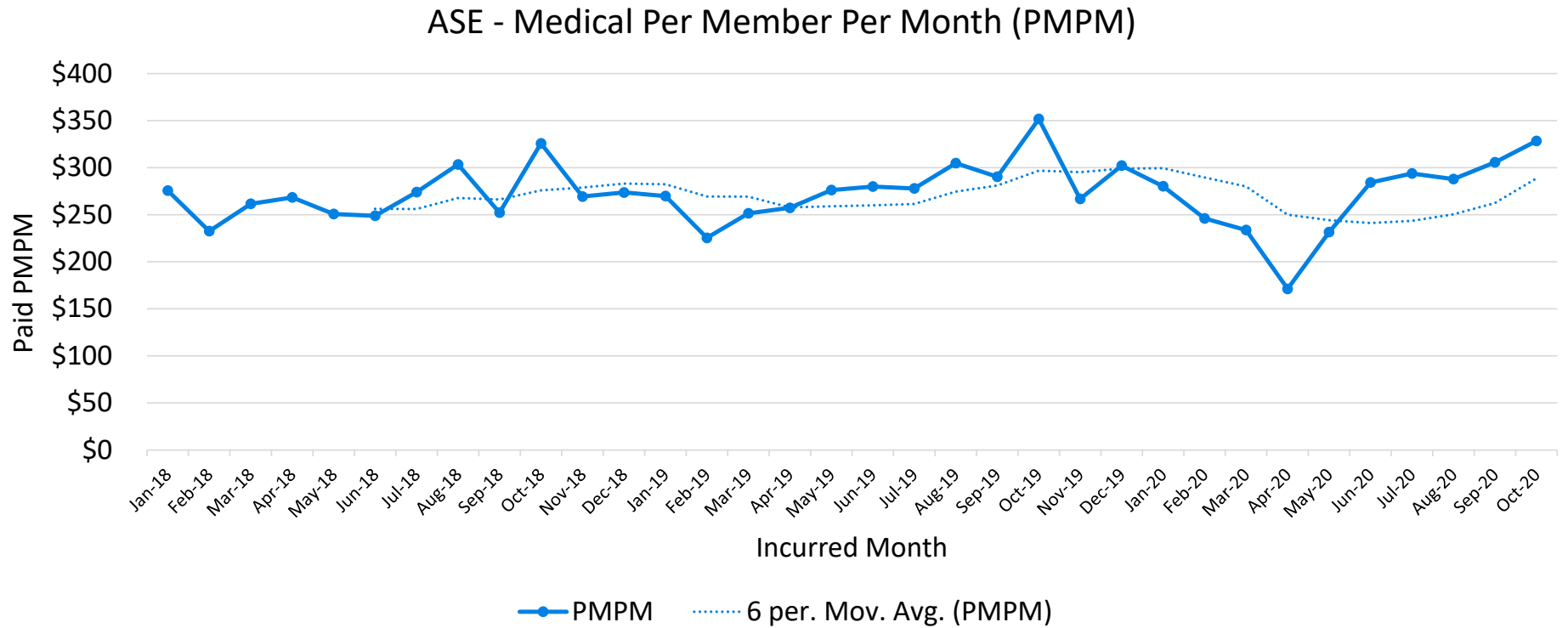


# Change in Revenue, Expenses, and Assets



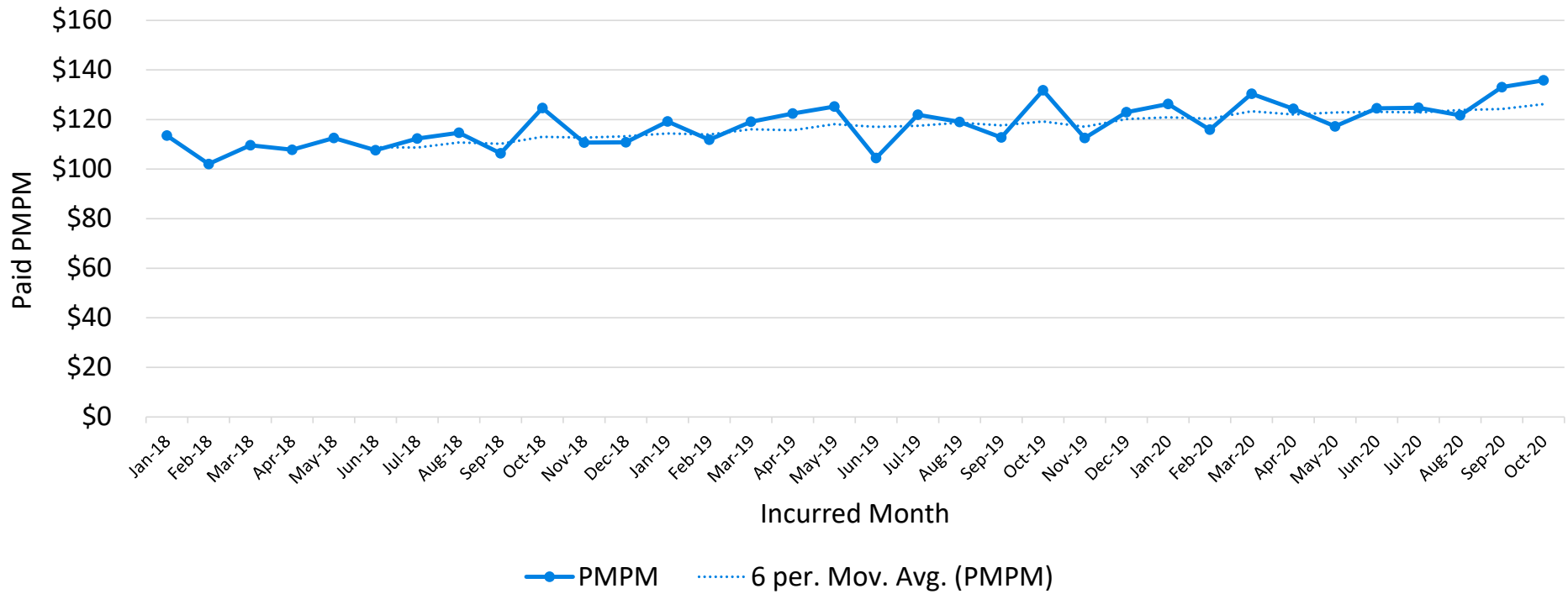
\* Assets Net of IBNR as a portion of Expenses

# Monthly Trend - Medical



# Monthly Trend - Pharmacy

## ASE - Pharmacy Per Member Per Month (PMPM)



# **Public School Employees (PSE)**



# Executive Summary

- 2021 & 2022 projections updated to incorporate medical claims data incurred from March 2019 to February 2020 and paid through December 2020 and pharmacy claims data incurred from November 2019 to October 2020 and paid through December 2020. 2020 reflects actual claims paid.
- 2020 plan experience
  - Allocation of Prior Years' Surplus for 2020: \$25.3M
  - Estimated deficit of **-\$200K** (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2020: \$5.5M
  - No plan changes / 0% increase to employee contributions
- 2021 projected plan experience
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# Executive Summary

- 2022 projected plan experience
  - Allocation of Prior Years' Surplus for 2022: \$7.1M
  - Estimated deficit of **-\$66.2M** (after prior years' surplus allocation)
  - End of Year Unallocated Assets for 2020: **-\$83.5M**
  - Reflects baseline scenario
  - No plan design or contribution changes
  - Baseline trends (medical: 7%, pharmacy: 8%)

# Total Plan Experience

<u>Funding</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
PPE Funding	\$ 105.10	\$ 108.61	\$ 112.24
Employee Contribution	123.89	138.68	143.03
Dept of Ed Funding	88.10	108.10	108.10
Other	14.88	15.38	15.89
<b>Total Income</b>	<b>\$ 331.98</b>	<b>\$ 370.76</b>	<b>\$ 379.27</b>
Medical Claims	\$ (259.30)	\$ (308.71)	\$ (343.25)
Pharmacy Claims	(67.43)	(74.02)	(82.07)
Administration Fees	(28.11)	(29.12)	(30.10)
Plan Administration	(2.54)	(2.63)	(2.80)
<b>Total Expenses</b>	<b>\$ (357.39)</b>	<b>\$ (414.48)</b>	<b>\$ (458.22)</b>
Program Savings	\$ -	\$ 5.50	\$ 5.66
<b>Net Income / (Loss) Before Reserve Allocation</b>	<b>\$ (25.41)</b>	<b>\$ (38.22)</b>	<b>\$ (73.29)</b>
Allocation of Reserves	\$ 25.25	\$ 15.48	\$ 7.05
<b>Net Income / (Loss) After Reserve Allocation</b>	<b>\$ (0.15)</b>	<b>\$ (22.74)</b>	<b>\$ (66.24)</b>

<u>Average Membership</u>			
Active Employees / Pre-65 Retirees	84,211	86,618	89,097
Post-65 Retirees	15,006	15,907	16,861
<b>Total Enrolled</b>	<b>99,217</b>	<b>102,524</b>	<b>105,957</b>

<b>Total Income PMPM<sup>1</sup></b>	<b>\$ 300.04</b>	<b>\$ 313.94</b>	<b>\$ 303.83</b>
<b>Total Expenses PMPM<sup>2</sup></b>	<b>\$ (300.17)</b>	<b>\$ (332.43)</b>	<b>\$ (355.93)</b>

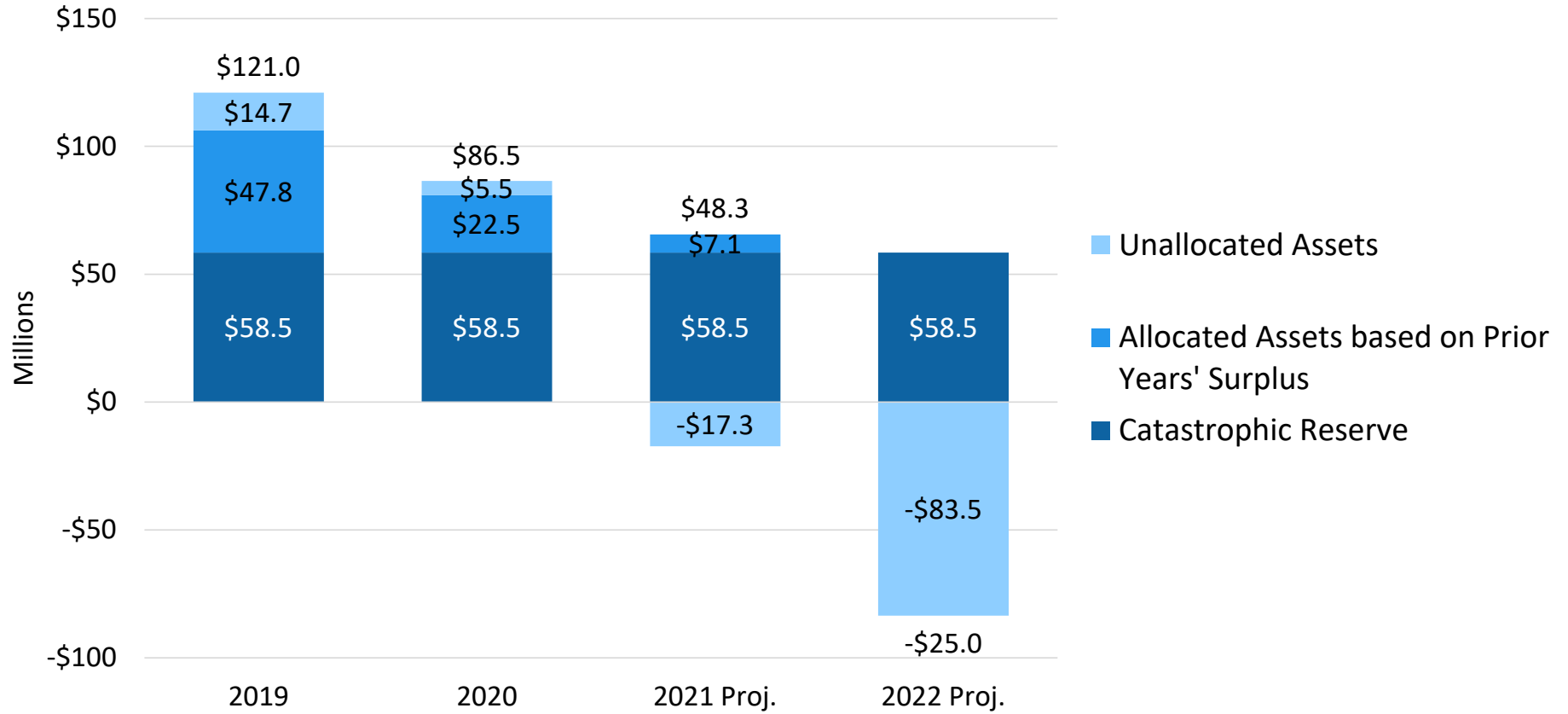
<sup>1</sup> Allocation of Reserves included in Total Income

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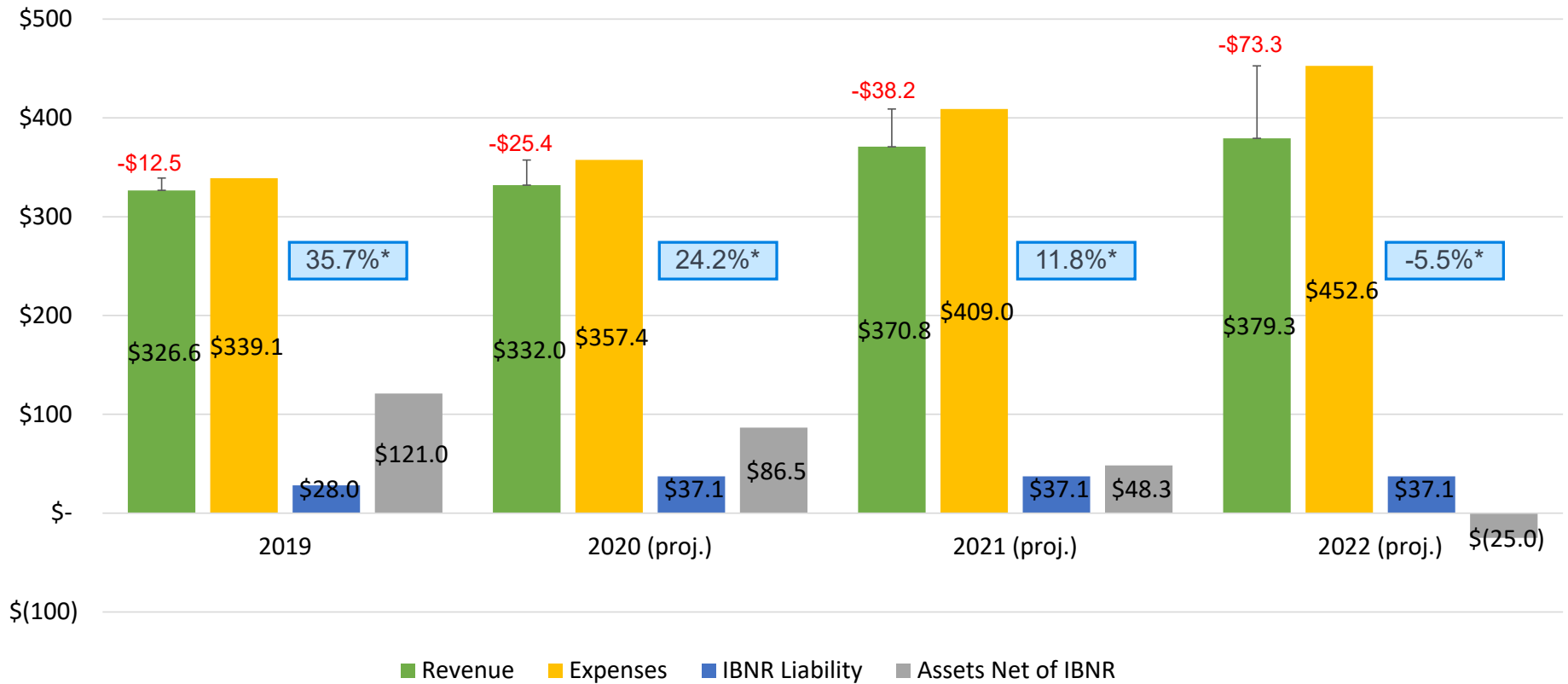
## Projected Assets: 2019 – 2021

Development of 2021 End-of-Year Assets (\$millions)			
			Assets
(a)	Proj 2020	End-of-Year Gross Assets	\$123.6
(b)	2021	Allocation of Prior Years' Surplus	(\$15.5)
(c)		Total Surplus / (Deficit)	(\$22.7)
(d) = (a) + (b) + (c)		End-of-Year Gross Assets Available	\$85.4
(e)		Incurred but not reported (IBNR)	(\$37.1)
(f) = (d) + (e)		End of Year Net Assets Available	\$48.3
(g)	2022	Allocation of Prior Years' Surplus	(\$7.1)
(h)		Total Surplus / (Deficit)	(\$66.2)
(i) = (d) + (g) + (h)		End-of-Year Gross Assets Available	\$12.1
(j)		Incurred but not reported (IBNR)	(\$37.1)
(k) = (i) + (j)		End of Year Net Assets Available	(\$25.0)

# End of Year Assets Net of IBNR

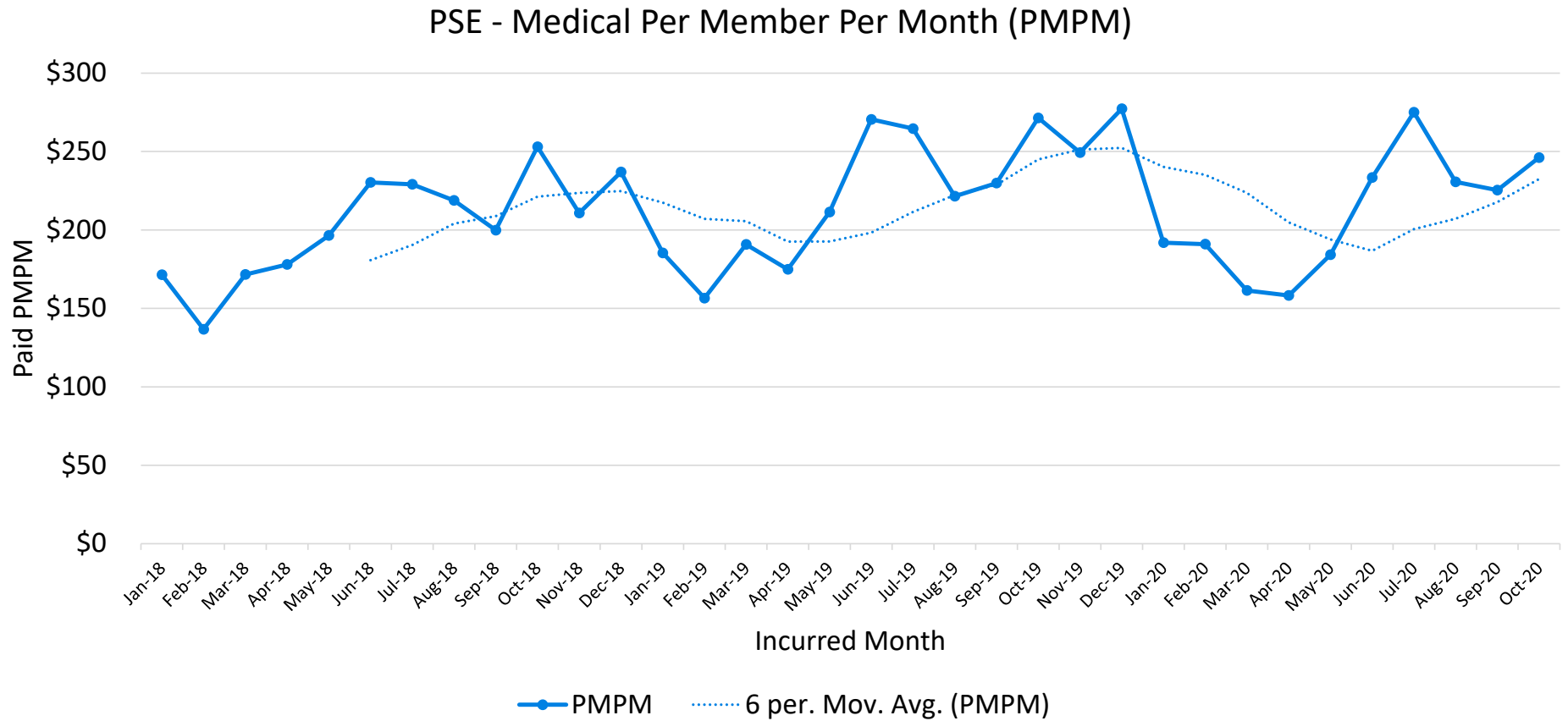


# Change in Revenue, Expenses, and Assets



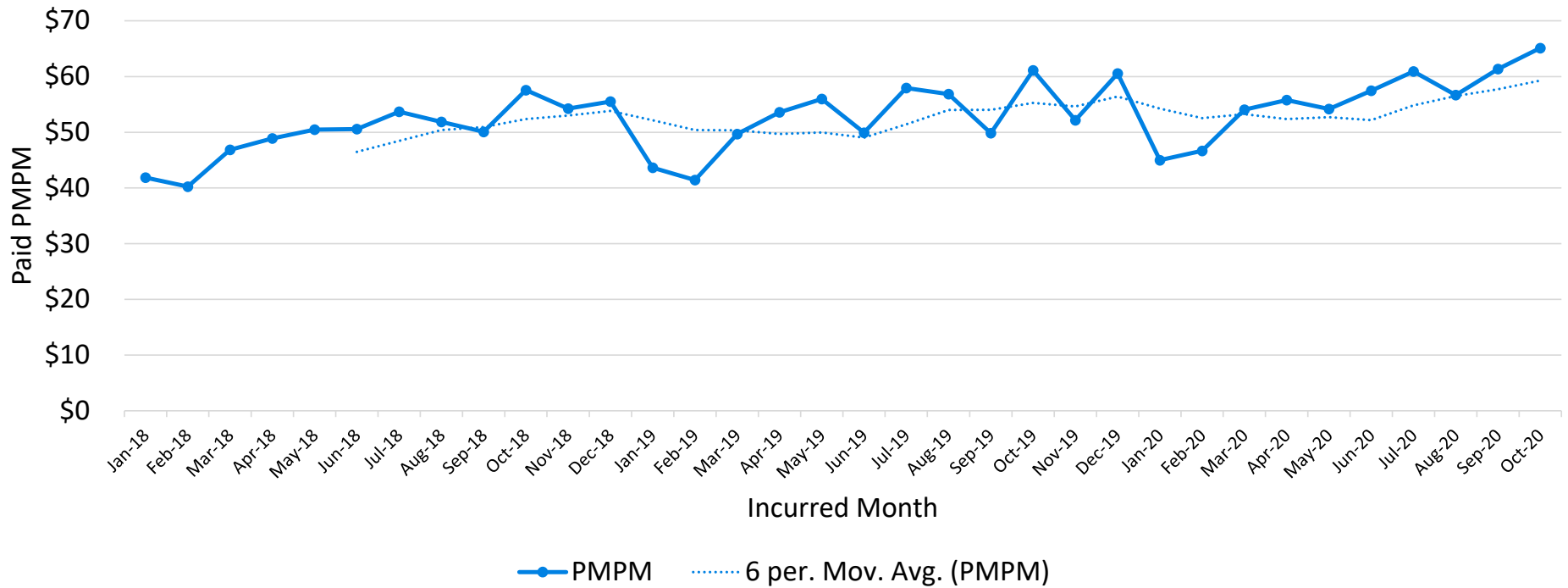
\* Assets Net of IBNR as a portion of Expenses

# Monthly Trend - Medical



# Monthly Trend - Pharmacy

## PSE - Pharmacy Per Member Per Month (PMPM)



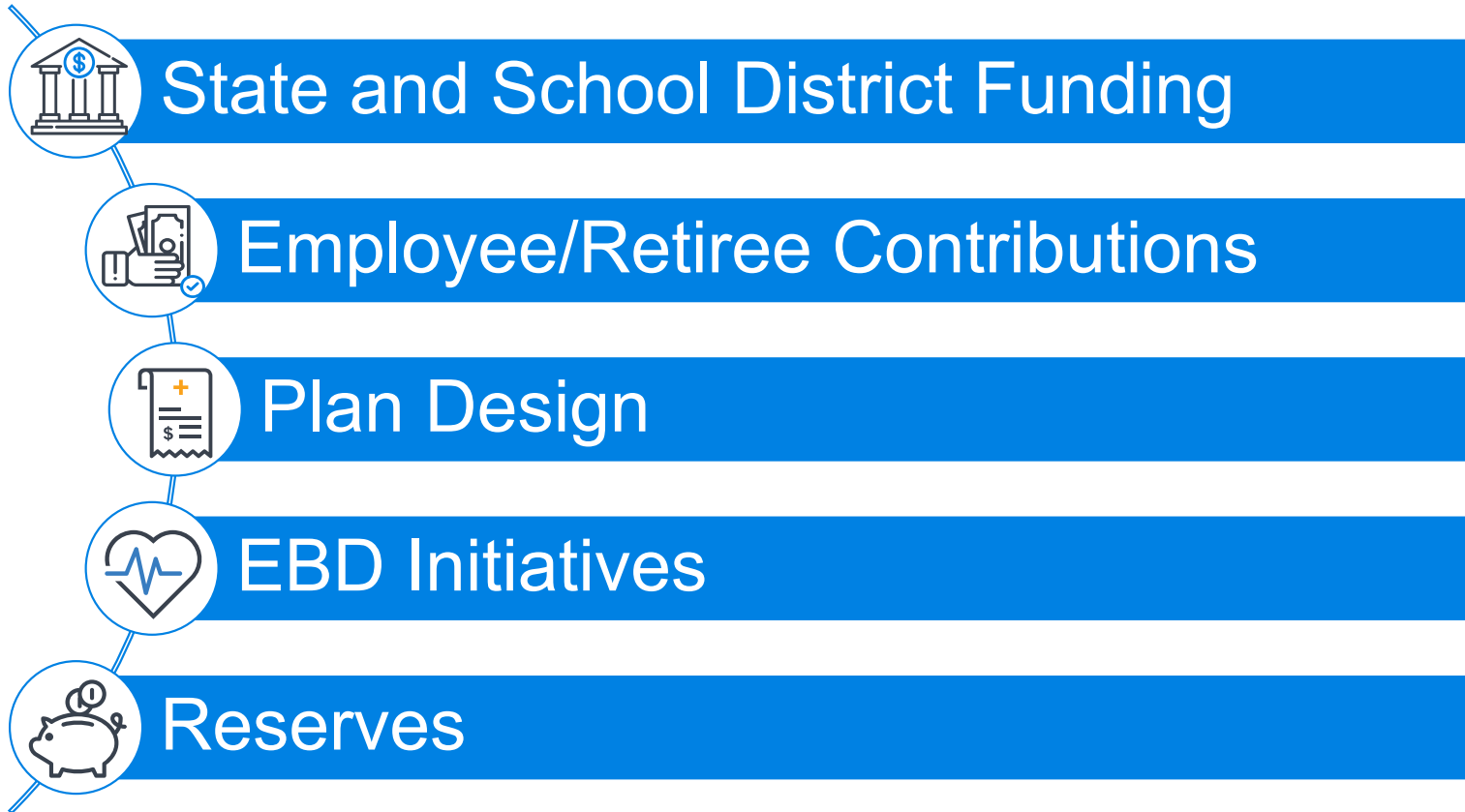


# 2021 Roadmap

# Timeline: Gantt chart

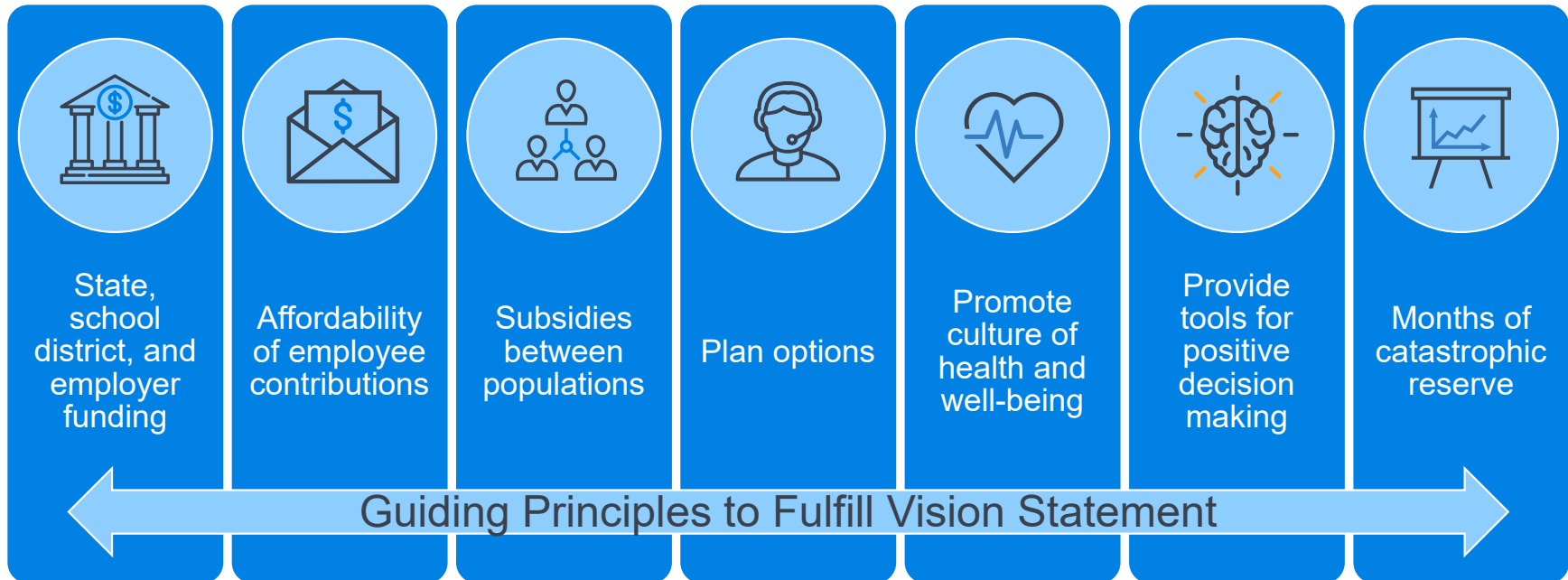
Description	2020			2021												2022			
	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	
Glide Path and Guiding Principles	█																		
Strategic Roadmap		█																	
Education			█																
2022 Strategies/Initiatives				█															
Finalize Rates/Decisions								█											
Plan Management	█																		
Monthly Plan Performance	█																		
Open Enrollment	█															█			

# Budget Levers



# Guiding Principles - *ILLUSTRATION*

Vision Statement:





**Thank you**

**Courtney White, FSA, MAAA**  
**Paul Sakhrani, FSA, MAAA**

# **Assumptions & Methodology**

# Assumptions & Methodology

## Assumptions - Trend

Division	Group	Medical Trend	Pharmacy Trend
ASE	Active/Pre-65 Retirees	5.0%	8.0%
	Post-65 Retirees	5.0%	8.0%
PSE	Active/Pre-65 Retirees	7.0%	8.0%
	Post-65 Retirees	7.0%	8.0%

# Assumptions & Methodology

## Assumptions – Benefit Plan Changes (2020 to 2022)

- ASE
  - No significant plan cost changes for Active, Pre-65, and Post-65 benefit plans
- PSE
  - No significant plan cost changes for Active, Pre-65, and Post-65 benefit plans



# Assumptions & Methodology

## Assumptions – Other

- Age/Gender
  - Age/Gender factor based on Milliman Health Cost Guidelines™
- Enrollment Projections
  - Actual enrollment utilized for March 2019 through December 2020
  - Projected January 2021 – December 2022 based on historical patterns
- Program Savings
  - 2021 program savings estimated to be \$7.5 million for ASE and \$5.5 million for PSE
  - 2022 program savings estimated to be \$7.6 million for ASE and \$5.7 million for PSE
- Plan Administration Expense
  - ASE - \$3.85 PMPM for CY 2021 (\$3.97 PMPM for CY 2022)
  - PSE - \$2.14 PMPM for CY 2021 (\$2.20 PMPM for CY 2022)
- Plan Administration Fees include PCORI charges for 2021 and 2022
- Percentage of Population earning wellness incentive
  - ASE – 76.4%
  - PSE – 79.2%

# Assumptions & Methodology

## Methodology

1. Summarized fee-for-service (FFS) medical claims incurred from March 1, 2019 to February 29, 2020 and paid from March 1, 2019 to December 31, 2020. Medical claims are gross of withholds. Reports reflects the timing of when EBD is expected to pay the withhold.
2. Summarized fee-for-service (FFS) pharmacy claims incurred from November 1, 2019 to October 31, 2020 and paid from November 1, 2019 to December 31, 2020.
3. Converted the paid and incurred claims to incurred claims using completion factors. This incorporates the incurred but not reported (IBNR) claim reserve.
4. Summarized member months for March 1, 2019 to February 29, 2020 (medical) and November 1, 2019 to October 31, 2020 (pharmacy).
5. Divided the summarized incurred claims by the appropriate member months to calculate PMPMs.
6. For 2020, utilized actual claims for January 2020 to December 2020.
7. 2021 and 2022 Projected the incurred claims PMPM from the midpoint of the experience period (September 1, 2019) to the midpoint of the contract period (July 1, 2021 and July 1, 2022, respectively).
8. Made adjustments for seasonality, benefit changes, and age/gender mix.
9. Accounted for rating period fees and administrative expenses.
10. Where applicable, converted incurred budget to paid budget based on historical payment patterns.

# Limitations

Courtney White and Paul Sakhrani are Members of the American Academy of Actuaries and Fellows of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render actuarial opinion contained herein. To the best of our knowledge and belief, this analysis is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

The assumptions used in the development of the 2020, 2021, and 2022 budgets relied on historical ASE and PSE medical and pharmacy claims from ABCBS and MedImpact, respectively; funding and plan administration from EBD; historical ASE and PSE members by benefit plan, age/gender, and by month from EBD; 2019, 2020, and 2021 ASE and PSE benefit plan summaries from EBD; 2020, 2021, and 2022 fees and administrative expenses from EBD; conversations with EBD regarding the program, and actuarial judgment.

While we reviewed the ABCBS, MedImpact, and EBD information for reasonableness, we have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

Expected outcomes are sensitive to the underlying assumptions used. Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

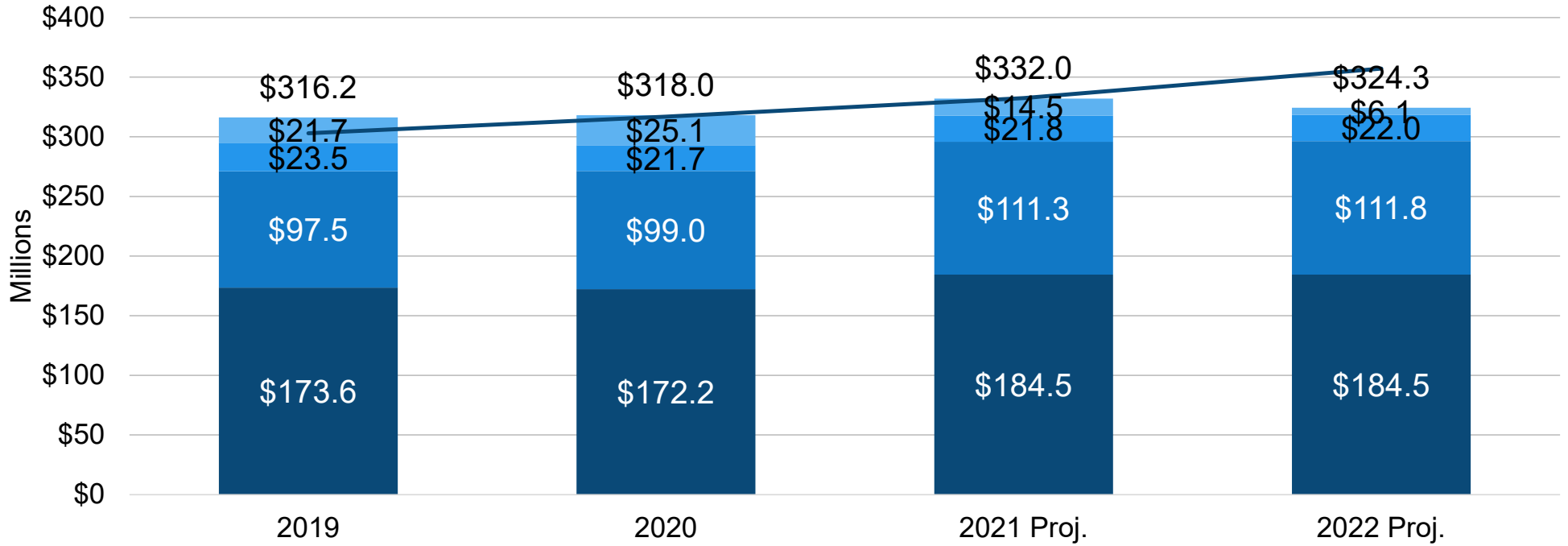
Any reader of this report should possess a certain level of expertise in areas relevant to this analysis to appreciate the significance of the assumptions and the impact of these assumptions on the illustrated results. The reader should also be advised by their own actuaries or other qualified professionals competent in the subject matter of this report, so as to properly interpret the material.

The terms of Milliman's Consulting Services Agreement as a subcontractor to Health Advantage, an affiliate of ABCBS, for the State of Arkansas dated October 29, 2019 apply to this email and its use.

This presentation has been provided for the internal use of the management of the State of Arkansas Employee Benefits Division for setting the ASE and PSE budget for CY2020, CY2021, and CY2022. The information contained in this presentation is confidential and proprietary. This information may not be appropriate for other uses and should not be distributed to or relied on by any other parties without Milliman's prior written consent. We do not intend this information to benefit any third party even if we permit the distribution of our work product to such third party. If this analysis is distributed internally or to a third party, we request that it be distributed in its entirety.

# Appendix

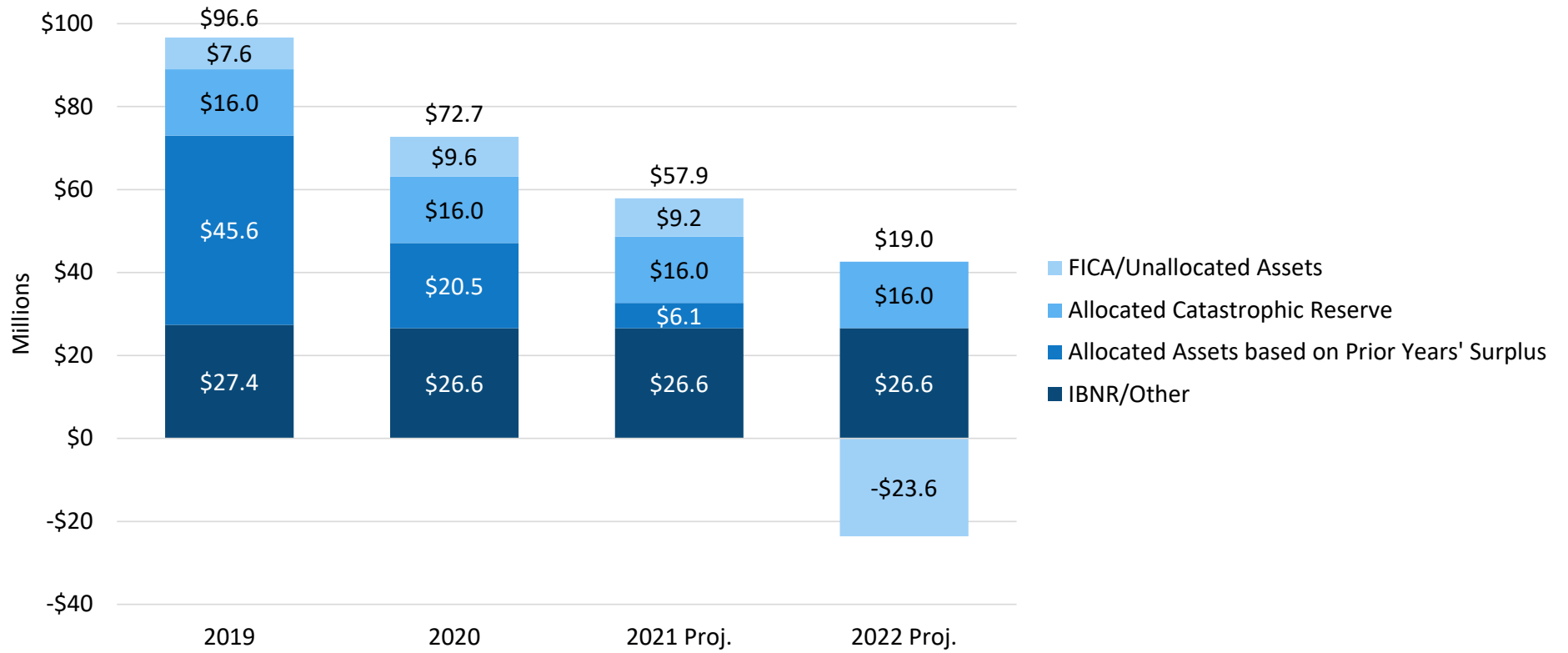
# ASE - Income vs. Expenditure



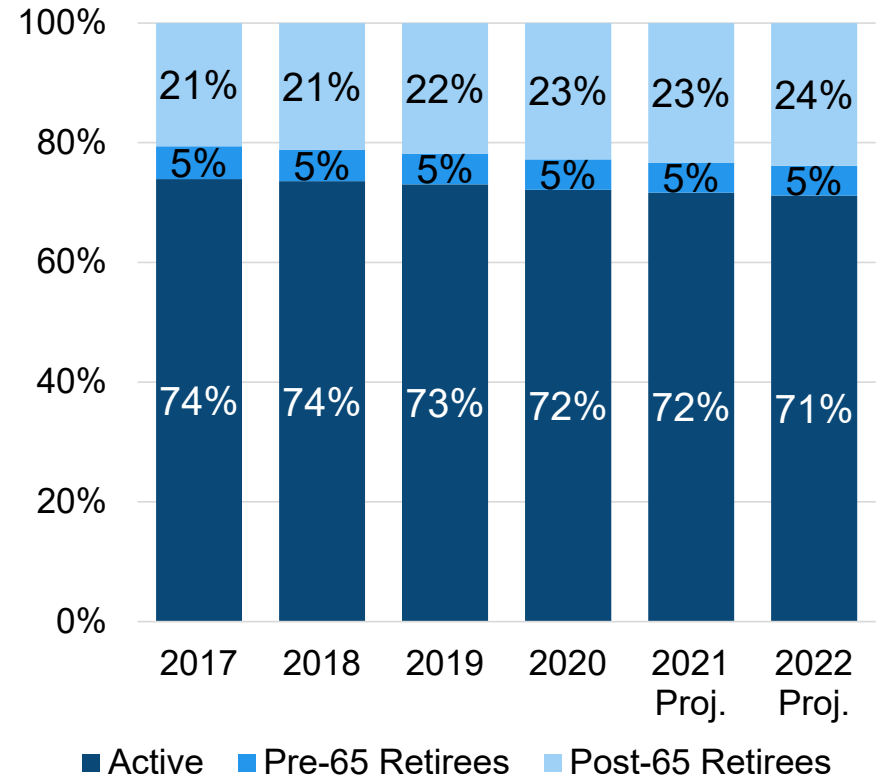
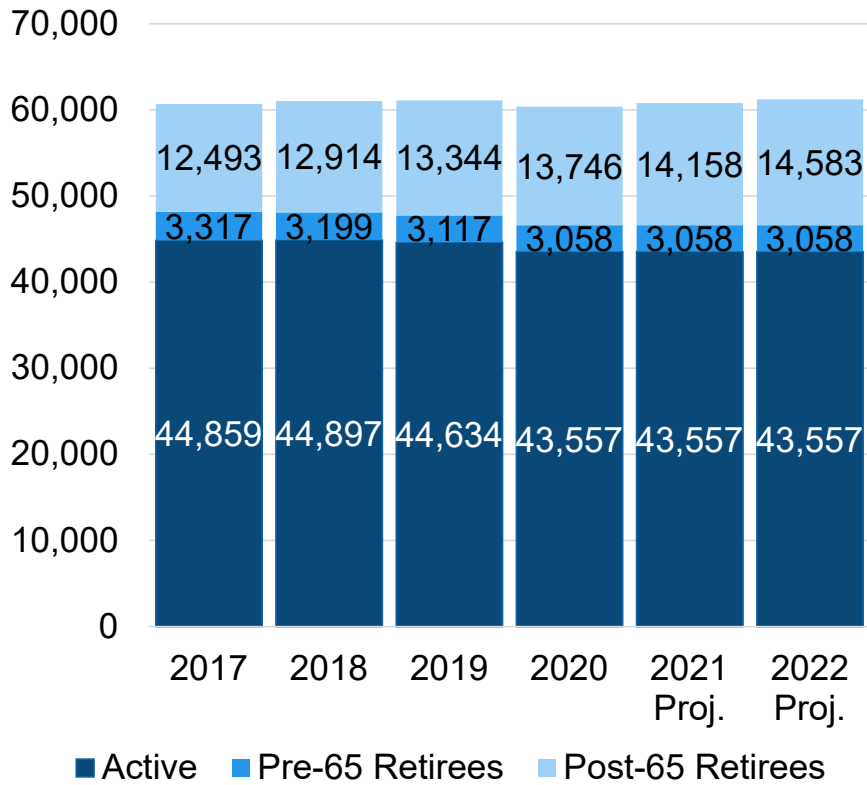
■ State Contribution 
 ■ Employee Contribution 
 ■ Other Income 
 ■ Allocation of Prior Years' Surplus 
 — Total Expenses\*

\* Total Expenses offset by Program Savings

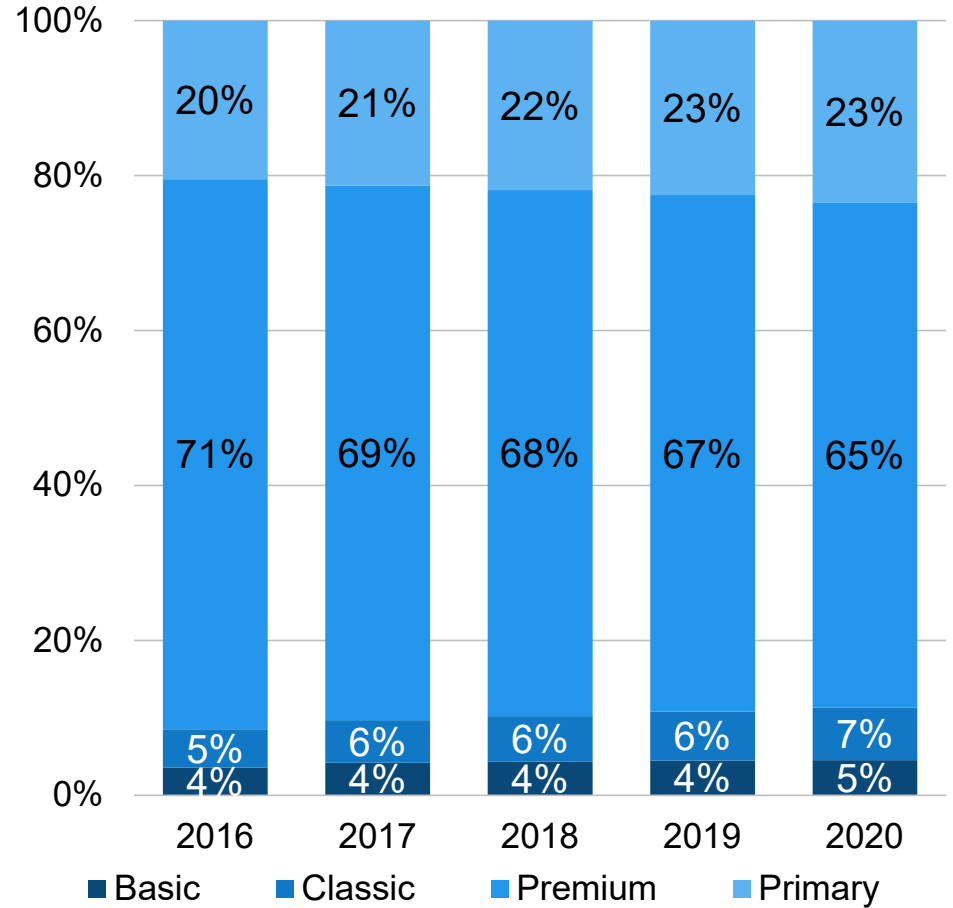
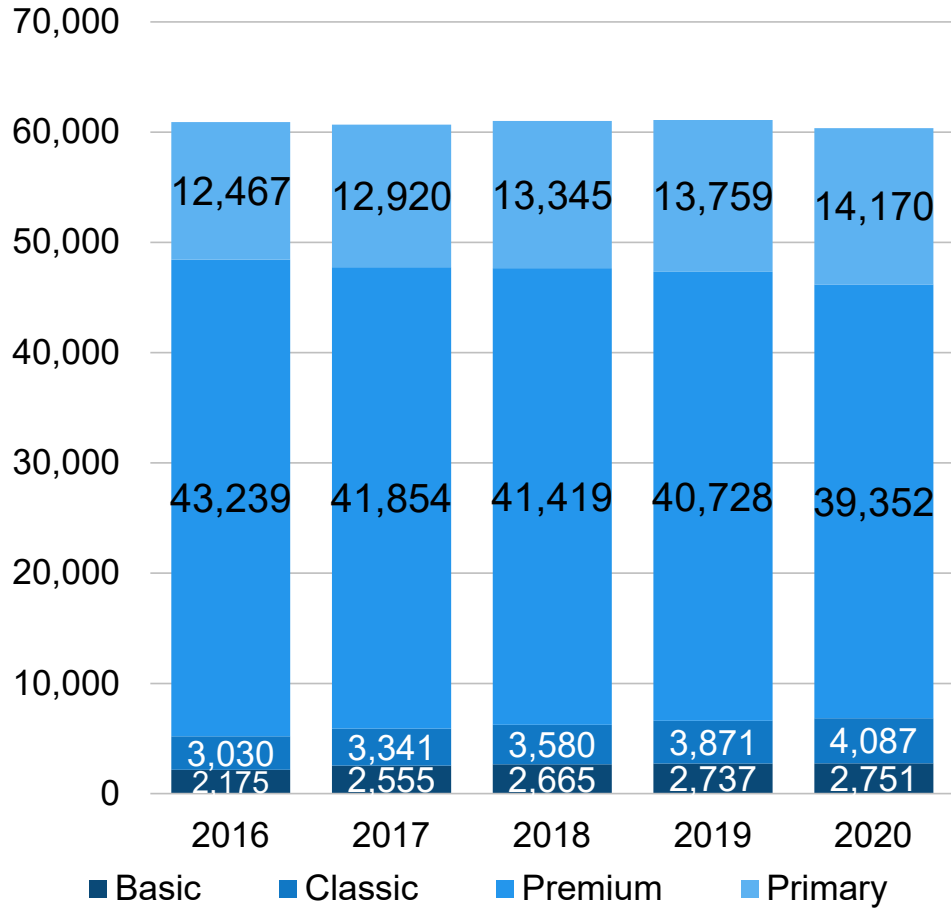
# ASE - End of Year Assets



# ASE - Average Membership by Status

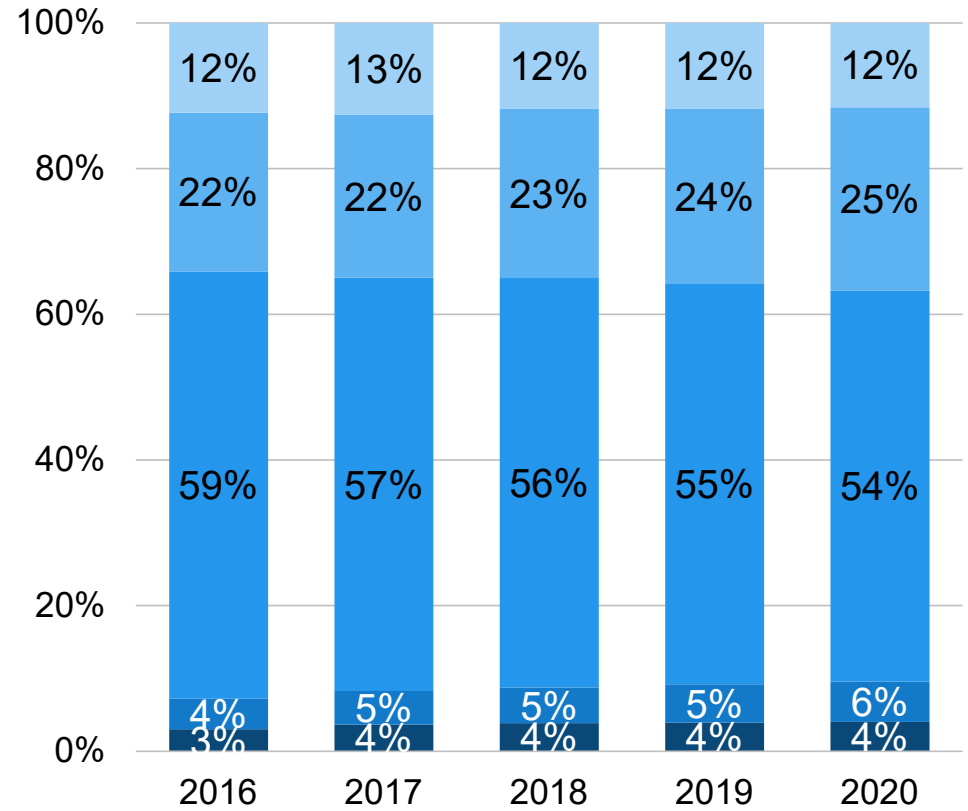
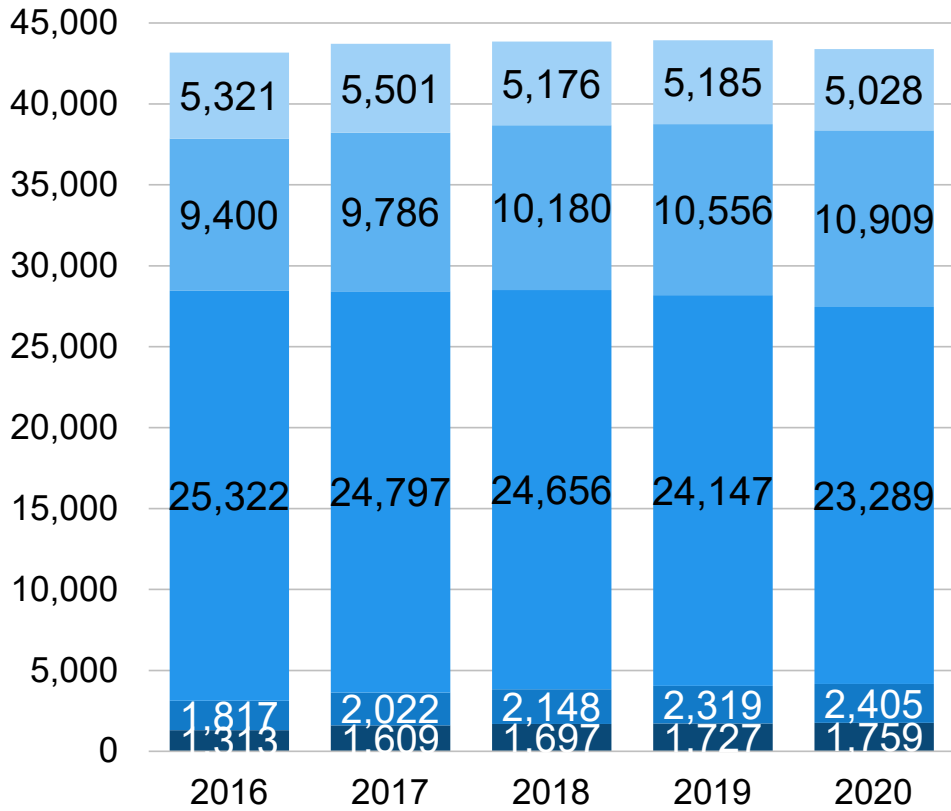


# ASE - Average Membership by Plan





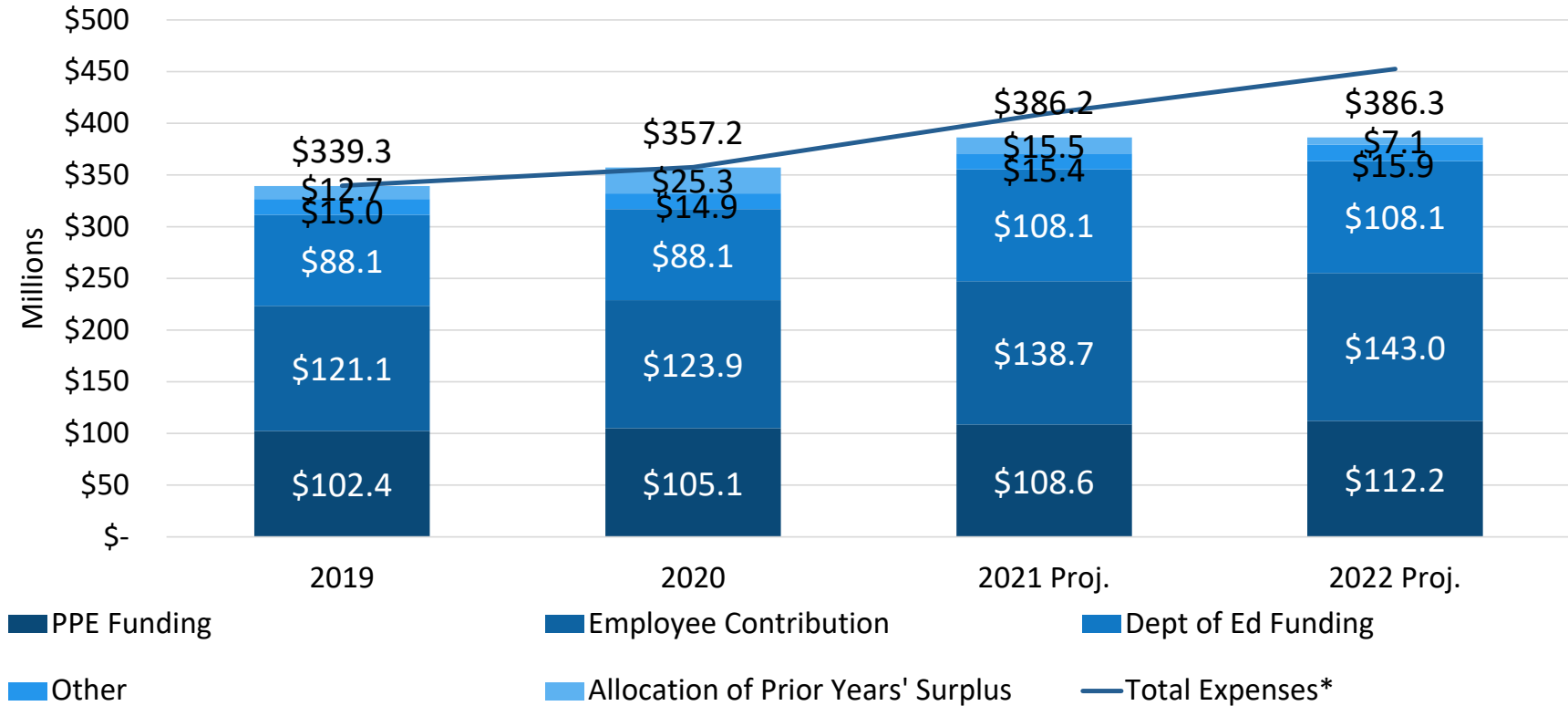
# ASE - Average Enrollment (Subscribers) by Plan



■ Basic ■ Classic ■ Premium ■ Primary ■ Waived

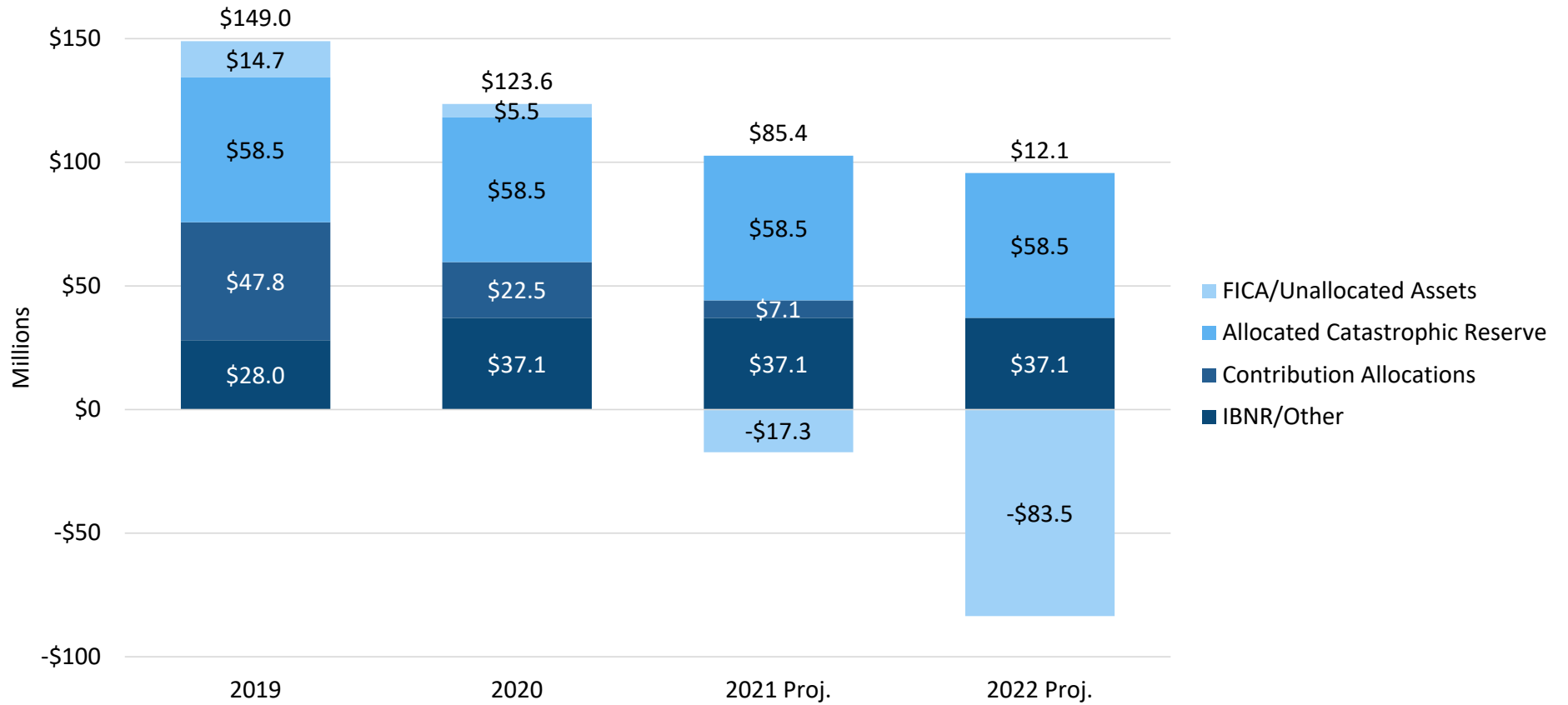
■ Basic ■ Classic ■ Premium ■ Primary ■ Waived

# PSE - Income vs. Expenditure

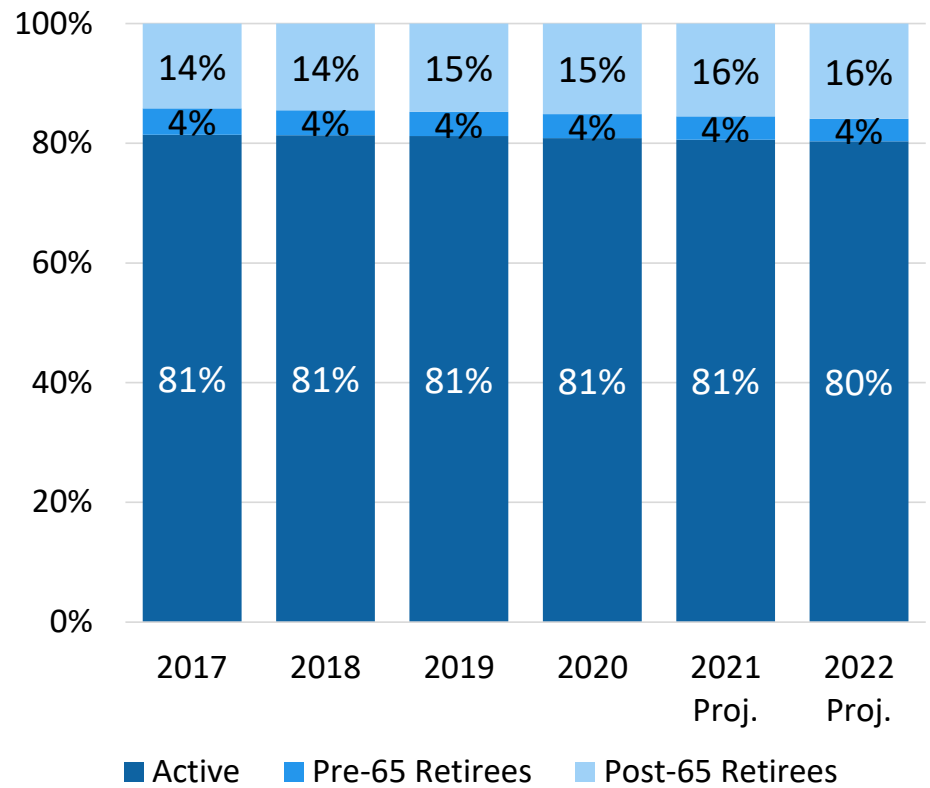
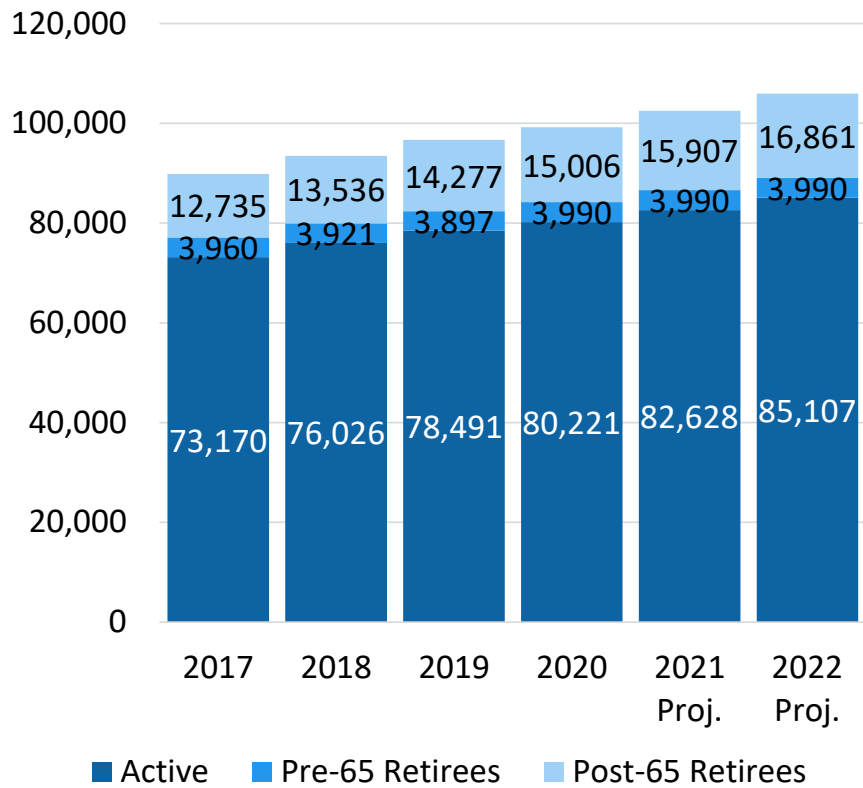


\* Total Expenses offset by Program Savings

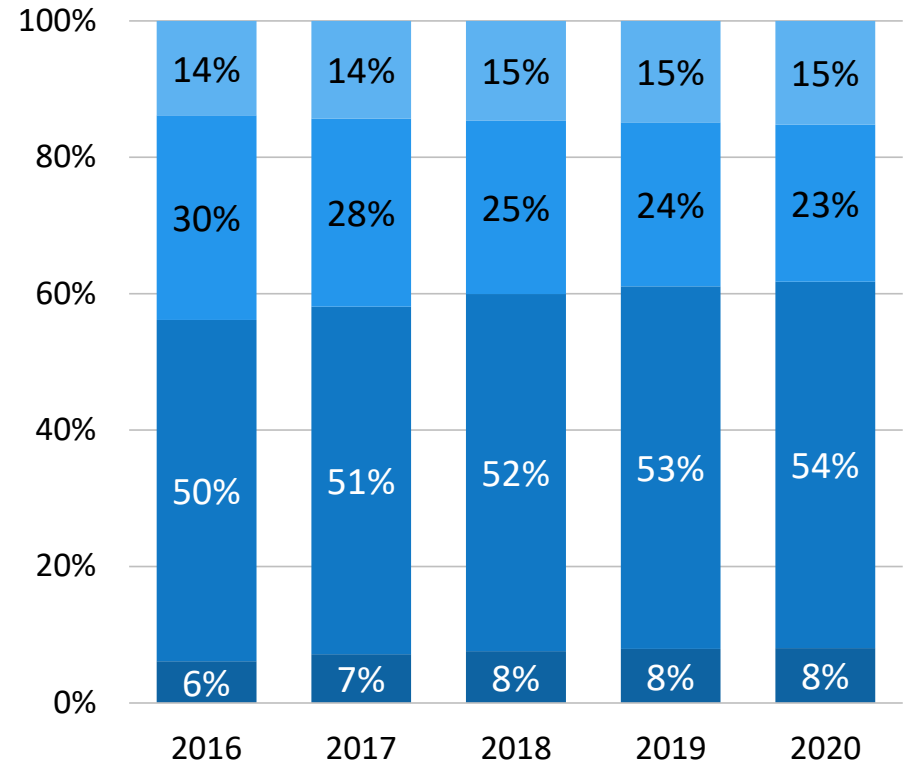
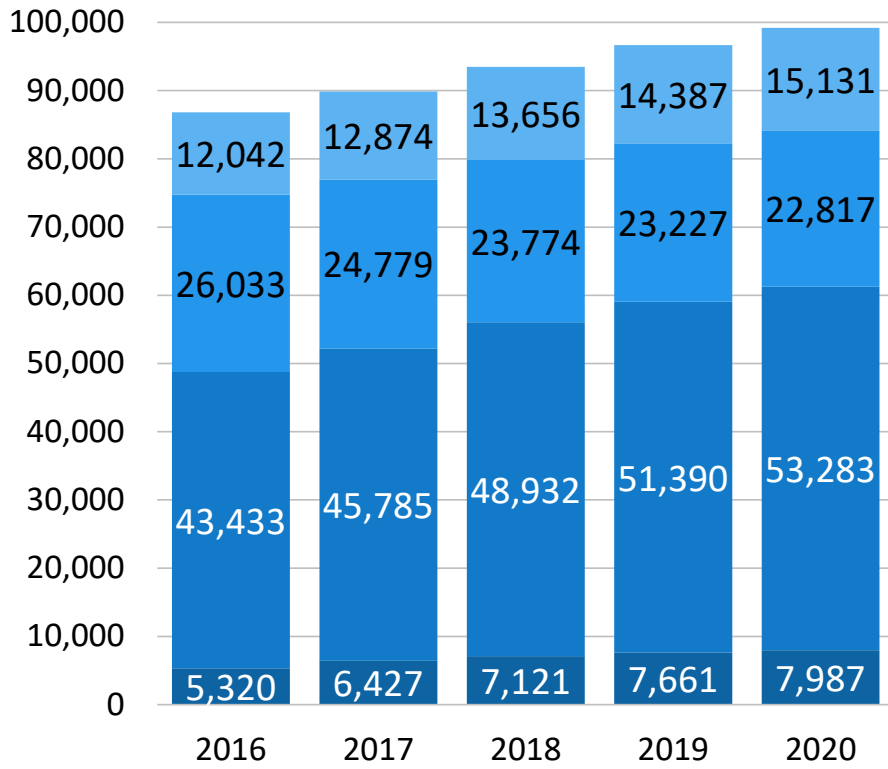
# PSE - End of Year Assets



# PSE - Average Membership by Status



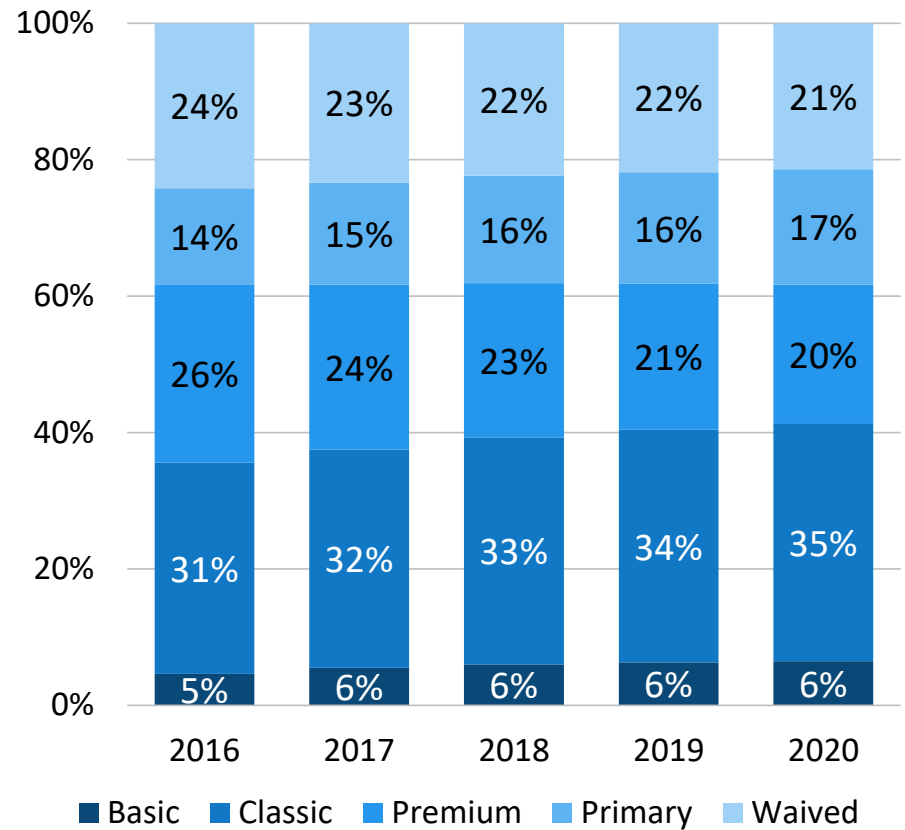
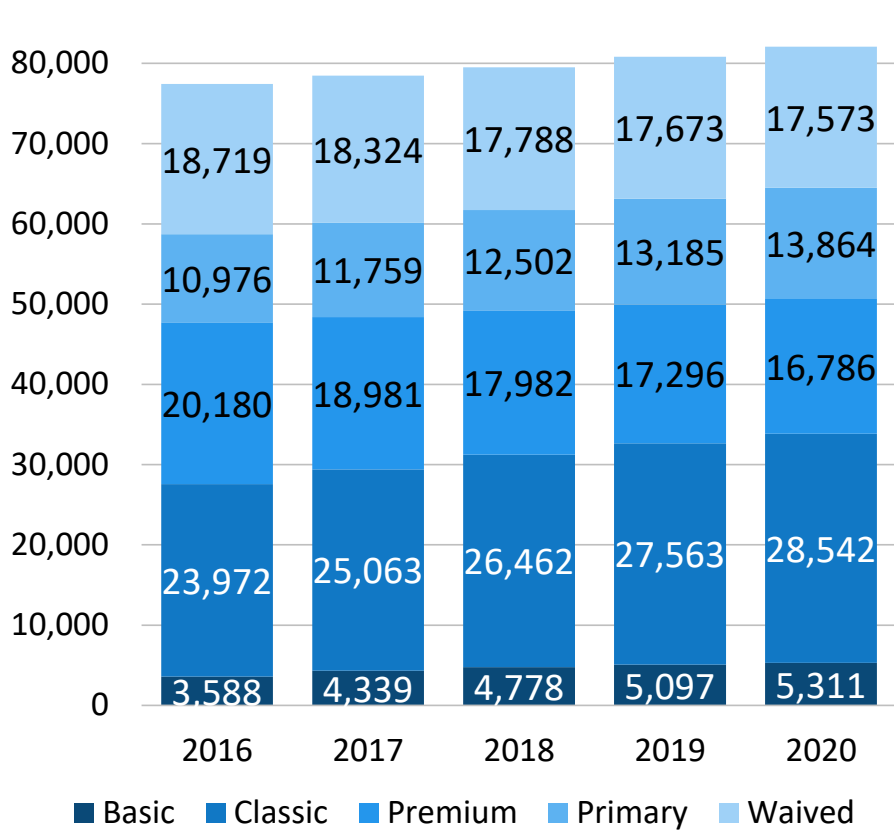
# PSE - Average Membership by Plan



■ Basic ■ Classic ■ Premium ■ Primary

■ Basic ■ Classic ■ Premium ■ Primary

# PSE - Average Enrollment (Subscribers) by Plan



# JANUARY 2021 BENEFITS SUBCOMMITTEE PRESENTATION

Mike Motley, MPH  
Director, Analytics

Izzy Montgomery, MPA  
Policy Analyst

1.22.2021



# OBJECTIVES

- Present updated analyses regarding COVID-19 impact on plan
- Review preliminary analyses of bariatric surgery program

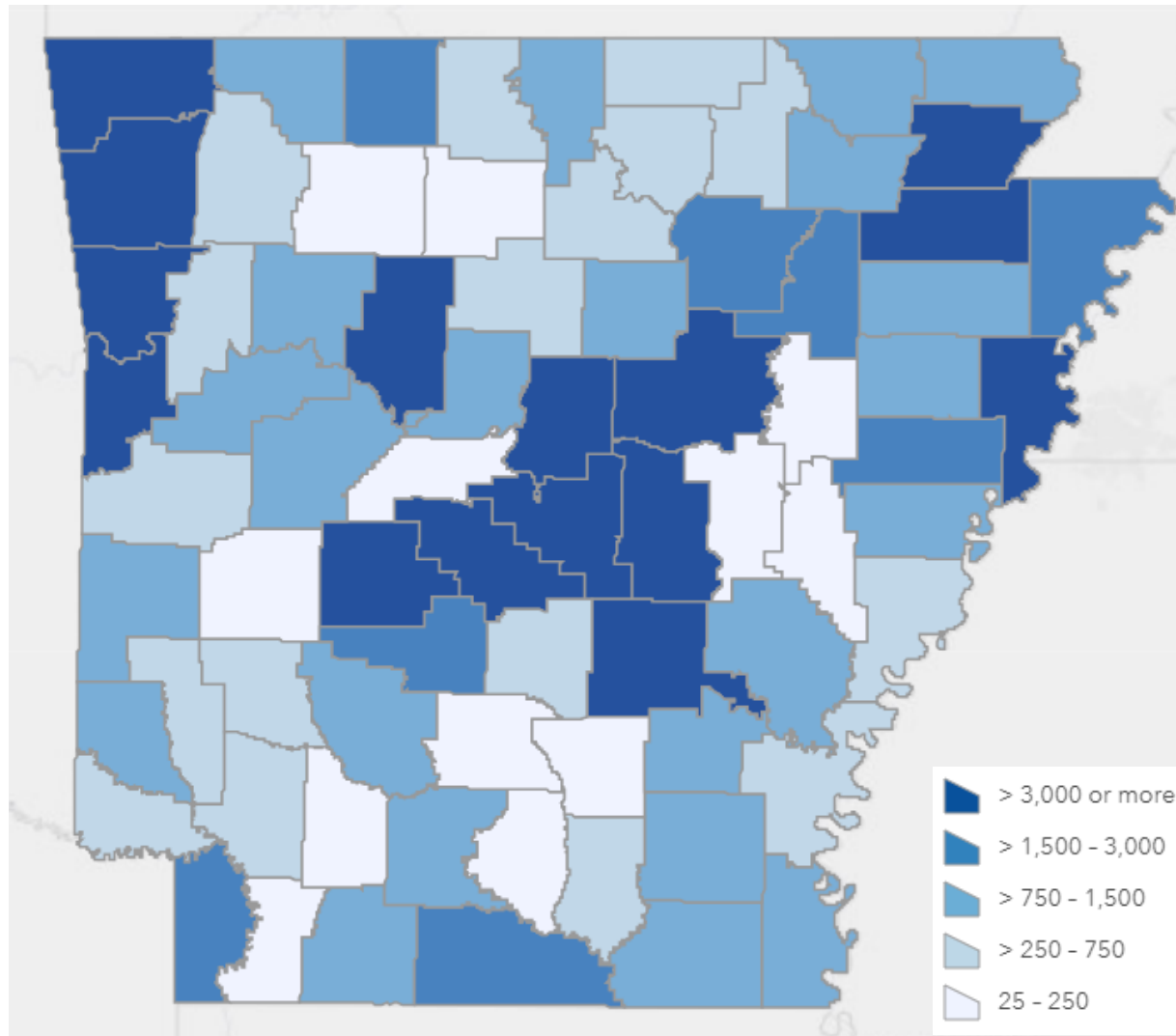




# COVID-19 PLAN UPDATE



# COVID-19 IN ARKANSAS



Total Cases: 276,114

Total Active Cases: 20,391

Hospitalized: 1,179

On Ventilators: 212

Total Deaths: 4,441



# COVID-19 ANALYSES

- Data from March 16–December 21, 2020
- Estimated total members ever tested: **76,039**
- Total with positive test: **10,088** (ASE=4,178; PSE=5,910)
- Total positive antigen tests plus total presumptive other: **3,038**

Source: Arkansas Center for Health Improvement based on data from the Arkansas Department of Health, as of December 21, 2020.



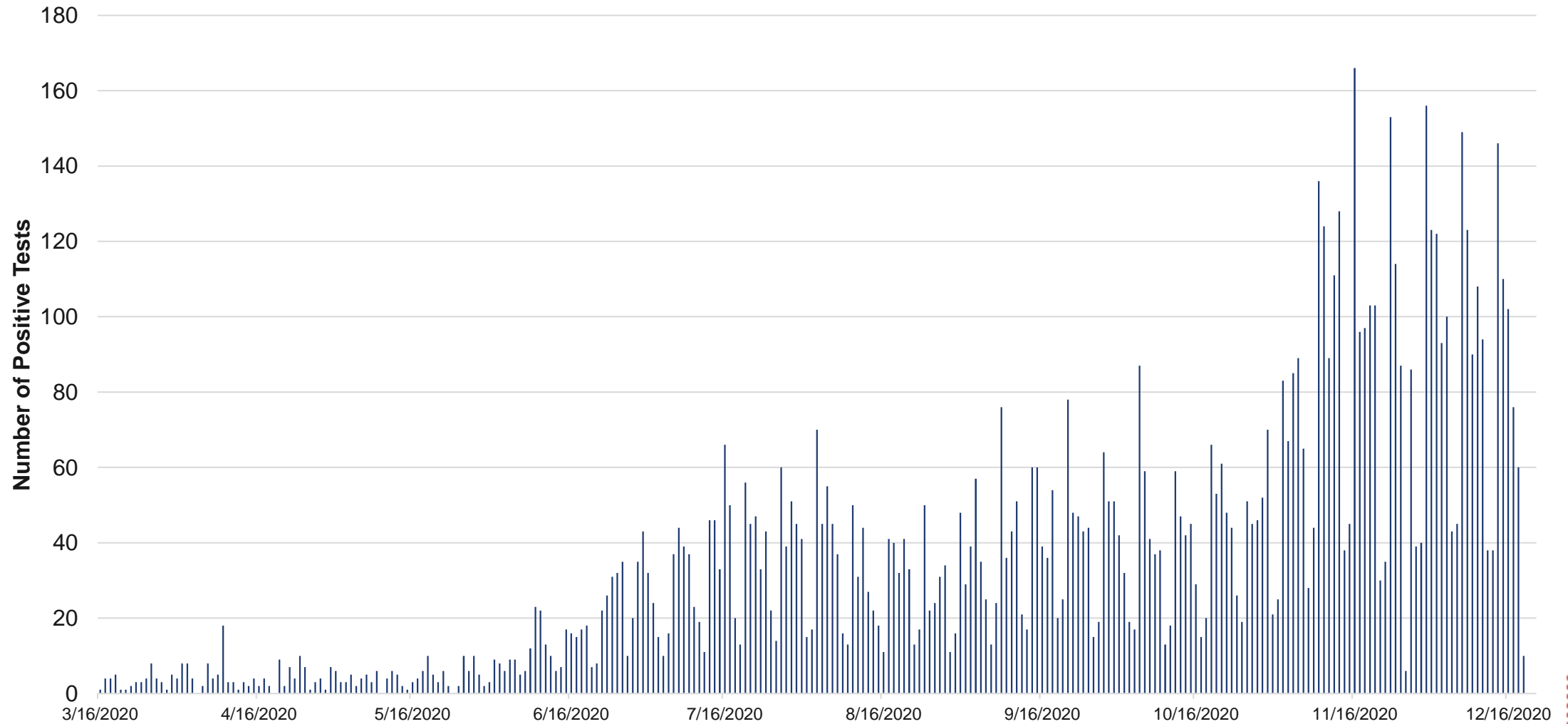
# COVID-19 ANALYSES

- Total members ever hospitalized: 524
- Total members ever in ICU: 162 (1.6% of positive cases)
- Total members ever on a ventilator: 72 (0.7% of positive cases)
- Deaths: 89

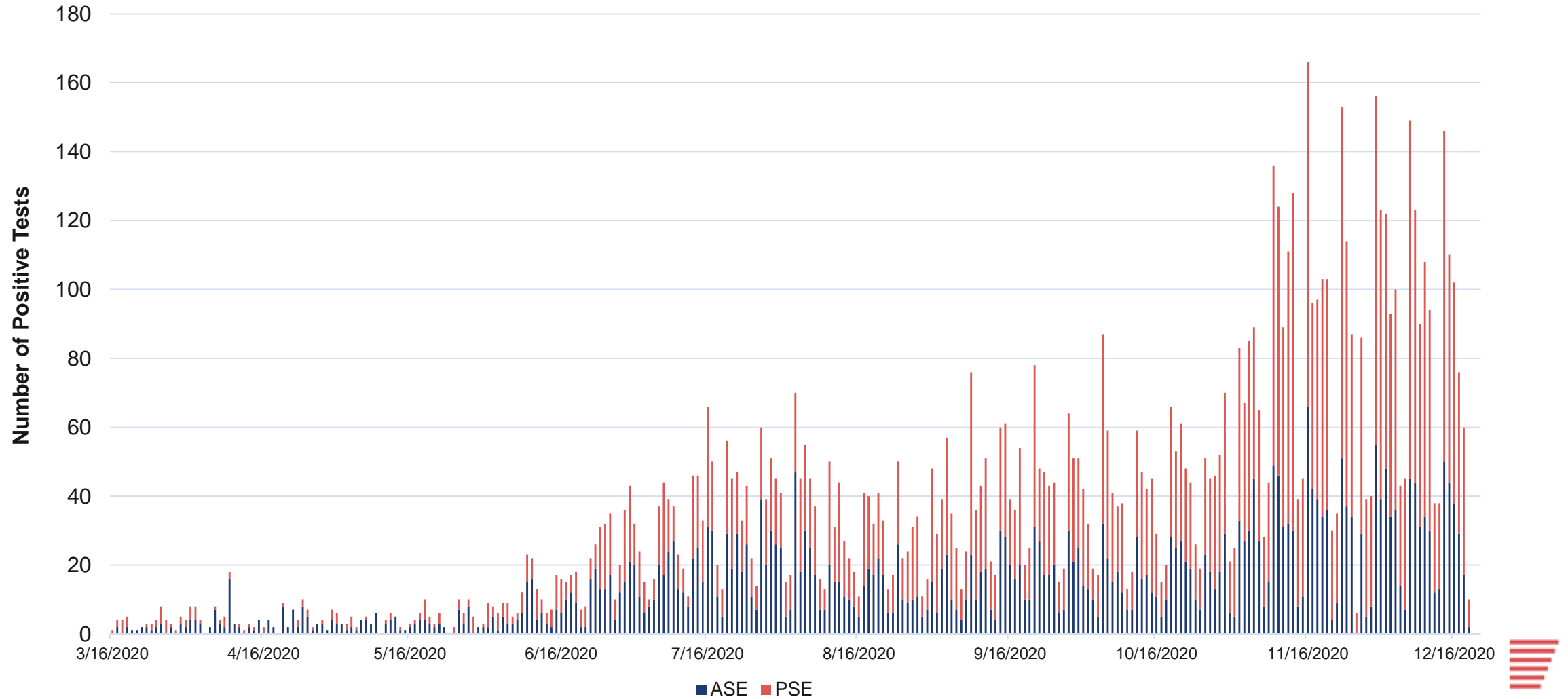
Source: Arkansas Center for Health Improvement based on data from the Arkansas Department of Health, as of December 21, 2020.



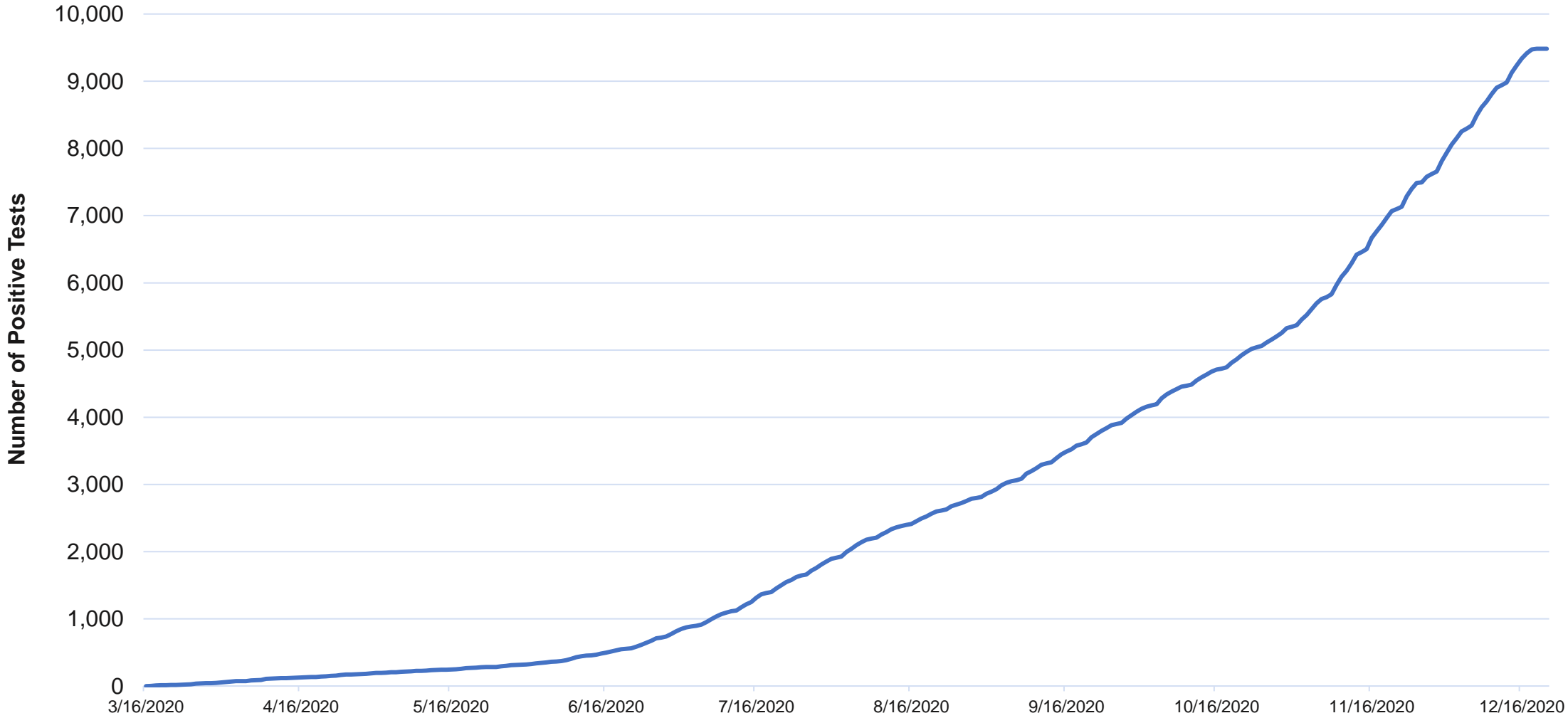
# DAILY NEW POSITIVE TEST COUNT – EBD MEMBERS



# DAILY NEW POSITIVE TEST COUNT BY ASE & PSE

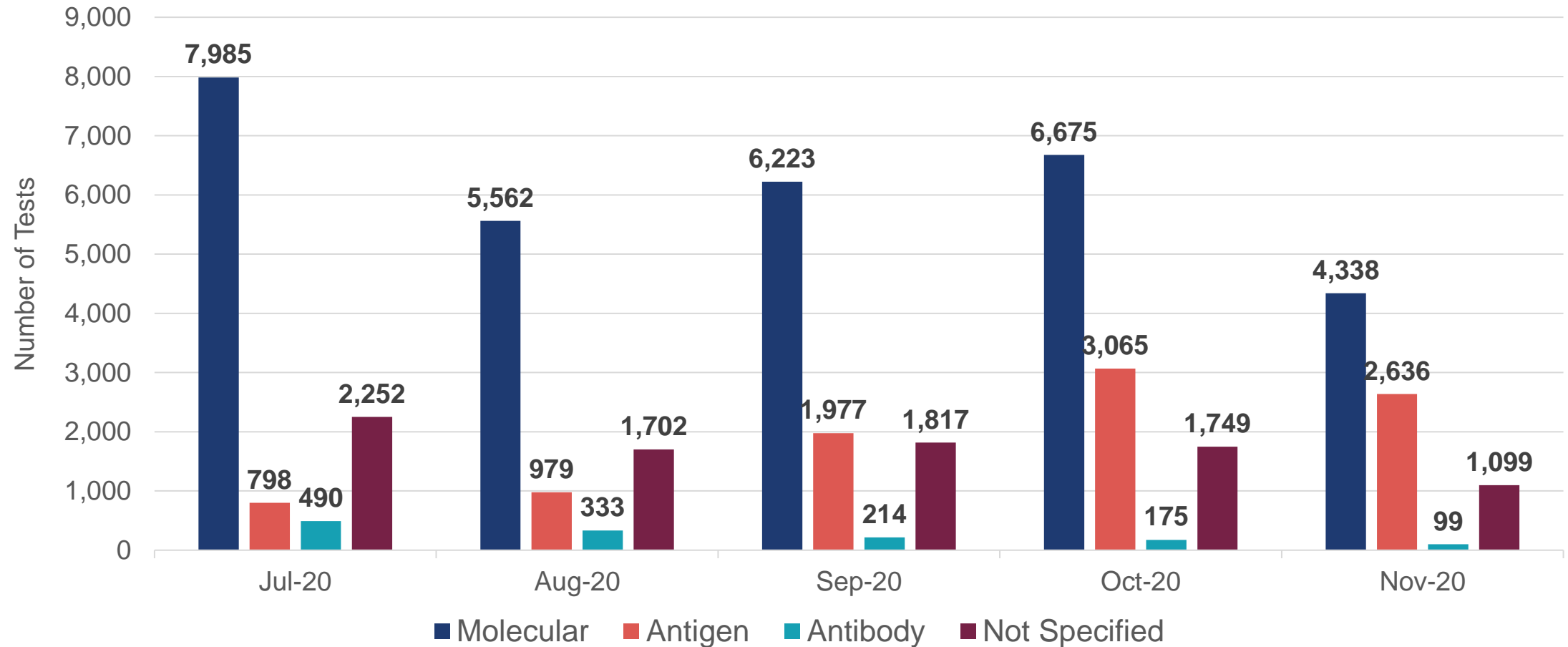


# CUMULATIVE POSITIVE TEST COUNT – EBD MEMBERS



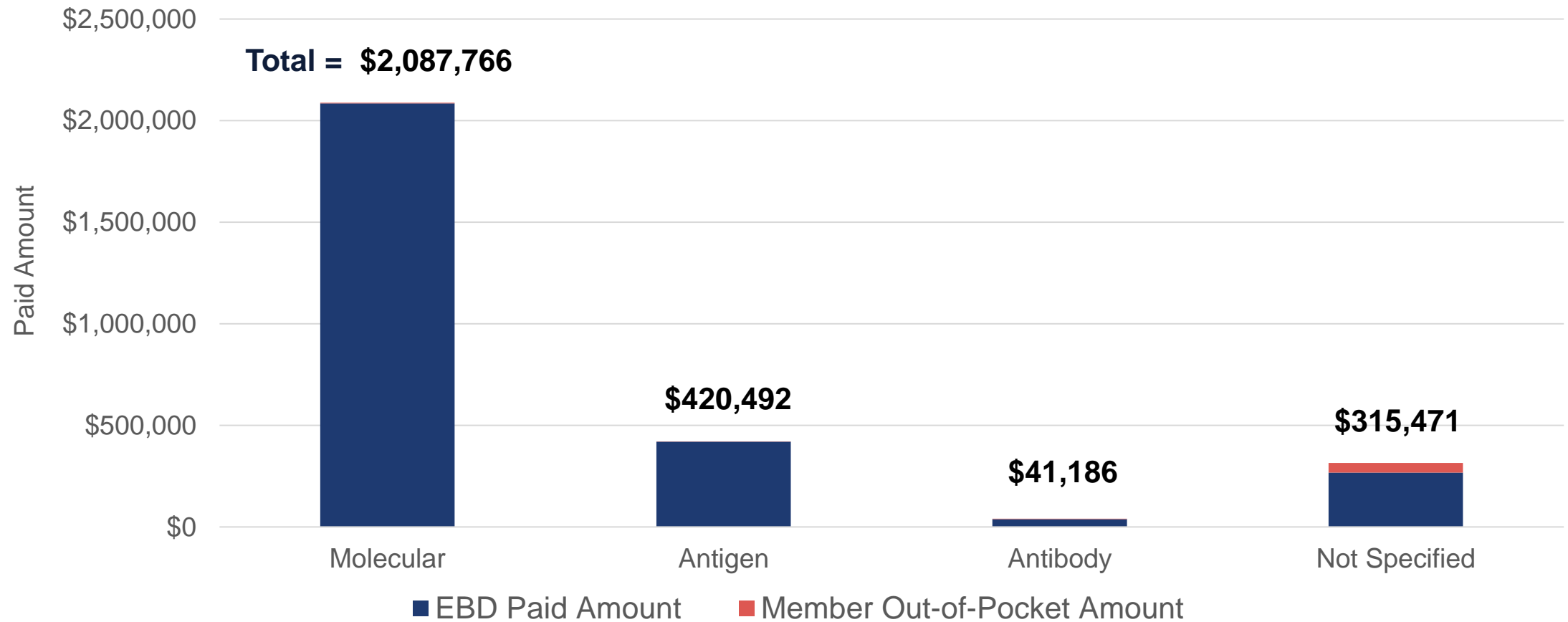
Source: Arkansas Center for Health Improvement based on data from the Arkansas Department of Health, as of December 21

# COVID-19 TEST VOLUME BY TYPE FROM CLAIMS DATA (JULY 1–NOV. 25, 2020)





# EBD PLAN PAID AMT. & MEMBER OUT-OF-POCKET AMT. FOR COVID-19 TESTS, JULY 1–NOV. 25, 2020



# COVID-19 TESTING & OTHER COVID-19-RELATED COSTS WITHIN PLAN (JULY 1–NOV. 25, 2020)

- Total costs for all COVID-19 tests = \$2,811,411 (average of \$56 per test)
- Outpatient (OP) or emergency department (ED) visits were associated with 24,265 of 50,168 tests (48.4%)
- Additional costs for associated OP or ED visits = \$1,559,247
- Total amount paid by the plan for testing and associated OP or ED visits = \$4,370,658



# BARIATRIC SURGERY PILOT PROGRAM ANALYSES



# BARIATRIC SURGERY PILOT PROGRAM ENABLING LEGISLATION

- 2011 Legislation charged EBD to create a pilot program for bariatric surgery (*Act 855 of 2011*) ending on Dec. 31, 2017
- Enrollment began in 2011 with initial surgeries taking place in 2012



# BARIATRIC SURGERY PILOT PROGRAM LEGISLATIVE CHANGES

- 2012–2013 programmatic costs exceeded initially projected costs
- 2014 legislation required that costs for program should not exceed \$3 million for ASE or \$3 million for PSE



# BARIATRIC SURGERY PILOT PROGRAM LEGISLATIVE CHANGES

- During 2017 session, pilot program was extended through Dec. 31, 2021 (*Act 927 of 2017*)
- Continued requirement that costs for the program not exceed \$3 million for ASE or \$3 million for PSE



# EBD BOARD ACTION

- In 2017, the EBD Board passed the following motion related to pilot program requirements:
  - The Board conditionally cover up to \$3M each for ASE and for PSE plans
  - Utilize Medicare requirements for surgery eligibility (BMI of 35+ with comorbidity or BMI of 40+ with no comorbidity, as well as unsuccessfully attempted medical weight loss treatment)



# EBD BOARD ACTION (CONTINUED)

- In 2017, the EBD Board passed the following motion related to pilot program requirements:
  - Require prior authorization for surgery and that it be performed at a Center of Excellence
  - Withhold 25% of provider and hospital pay with payment reconciliation contingent upon completion of all pre-surgery and all post-surgery follow up requirements
  - Program components to be specified by EBD prior to implementation





# 2021 BARIATRIC SURGERY PROGRAM REQUIREMENTS

- Be policyholder on plan for at least 1 year as of Feb. 1, 2021
- BMI between 36-39 with a weight-related comorbidity or BMI between 40-59 without a comorbidity
- No previous bariatric surgery
- Be financially prepared to cover all member cost-share at or before the scheduled surgery date
- Participate in monthly case management phone calls M-F between 8 a.m.-4 p.m.



# 2021 BARIATRIC SURGERY PROGRAM REQUIREMENTS (CONTINUED)

- Be an active employee at the time of surgery
- Have surgery on or before Dec. 31, 2021
- Enroll in 3 months of coaching with Health Advantage nurse
- Telephone contact must be documented monthly, no less than 20 days nor more than 40 days between contacts
- Surgery must be completed within 1 year after enrollment



# 2021 BARIATRIC SURGERY PROGRAM REQUIREMENTS (CONTINUED)

- A 3-month physician-supervised nutrition & exercise program:
  - Low-calorie diet or diet program recommended for member by his/her physician (or surgeon)
  - Increased physical activity and behavior modification
  - Member's compliance with program must be documented in the medical record at least monthly
  - *Records must document compliance with the program and must show progress of weight loss or no net weight gain; Member's weight must be documented at each visit*



# BARIATRIC SURGERY BACKGROUND



# BARIATRIC SURGERY BACKGROUND

- More than 340,000 bariatric surgery procedures performed worldwide in 2011
- Demonstrated to be effective at achieving weight loss and improving coexisting conditions
- 3 most commonly performed bariatric procedures:
  - Gastric bypass
  - Gastric sleeve
  - Lap banding



# ESSENTIAL COMPONENTS FOR BARIATRIC SURGERY PROGRAM

- Intensive behavioral management before referral for surgery
- Multidisciplinary team approach (bariatric specialist, psychologist/psychiatrist, nutritionist, etc.)
- Post-surgery care, including ongoing weight monitoring, review of dietary changes, and assessment of coexisting conditions



# BODY MASS INDEX (BMI) EXAMPLES

Example: Individual with height measurement of 5'9"

Weight Range	BMI	Considered
124 lbs. or less	Below 18.5	Underweight
125–168 lbs.	18.5–24.9	Healthy weight
169–202 lbs.	25.0–29.9	Overweight
203 lbs. or more	30 or higher	Obese
271 lbs. or more	40 or higher	Class 3 Obese

Source: [Centers for Disease and Control \(CDC\), "Defining Adult Overweight and Obesity."](#)



# ADULT BMI CHART

**Weight (lbs)**

120 130 140 150 160 170 180 190 200 210 220 230 240 250 260 270 280 290 300

Height	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300
5'0"	23	25	27	29	31	33	35	37	39	41	43	45	47	49	51	53	55	57	59
5'2"	22	24	26	27	29	31	33	35	37	38	40	42	44	46	48	49	51	53	55
5'4"	21	22	24	26	28	29	31	33	34	36	38	40	41	43	45	46	48	50	52
5'6"	19	21	23	24	26	27	29	31	32	34	36	37	39	40	42	44	45	47	49
5'8"	18	20	21	23	24	26	27	29	30	32	34	35	37	38	40	41	43	44	46
5'10"	17	19	20	22	23	24	26	27	29	30	32	33	35	36	37	39	40	42	43
6'0"	16	18	19	20	22	23	24	26	27	29	30	31	33	34	35	37	38	39	41
6'2"	15	17	18	19	21	22	23	24	26	27	28	30	31	32	33	35	36	37	39
6'4"	15	16	17	18	20	21	22	23	24	26	27	28	29	30	32	33	34	35	37





# UTILIZATION AND COST ANALYSES



# BARIATRIC SURGERY RECIPIENT DEMOGRAPHICS, 2019 & 2020

Gender		
	2019	2020
Female	301 (86%)	58 (91%)
Male	50 (14%)	6 (9%)
Total	351	64

Plan Type		
	2019	2020
ASE	171 (49%)	27 (42%)
PSE	180 (51%)	37 (58%)
Total	351	64

Age Group		
	2019	2020
<=35	48 (14%)	6 (9%)
36-45	119 (34%)	20 (31%)
46-55	113 (32%)	17 (27%)
56-65	55 (16%)	11 (17%)
>66+	16 (4%)	10 (16%)
Total	351	64



# BARIATRIC SURGERY BY TYPE OF PROCEDURE, 2019 & 2020

Surgery Type		
	2019	2020
<b>Gastric Bypass</b>	74	11
<b>Sleeve Gastrectomy</b>	277	53
Total	351	64



# BARIATRIC SURGERY MEDIAN COSTS, 2017–2020

Median Surgery Costs*	
2017	\$10,971
2018	\$11,502
2019	\$9,746
2020	\$9,536

\*Costs include amount paid by plan one day prior to surgery date through discharge date.



# BARIATRIC SURGERY PROGRAM UTILIZATION & COST

Year	Bariatric Surgery Recipients	Plan Amount Paid for Surgery Admission
2012	189	\$2,144,633
2013	298	\$3,516,403
2014	181	\$2,301,193
2015	48	\$481,850
2016	59	\$622,782
2017	123	\$1,201,964
2018	253	\$2,695,825
2019	351	\$3,435,292
2020	64	\$578,859
<b>Total</b>	<b>1,567</b>	<b>\$16,978,801</b>

\*Costs include amount paid by plan one day prior to surgery date through discharge date.

