

Special Report

Arkansas Legislative Audit

Arkansas State and Public School Employees Health Benefits

Department of Transformation and Shared Services –
Employee Benefits Division

For the Fiscal Year Ended June 30, 2023



INTRODUCTION

Ark. Code Ann. § 21-5-416 mandates that the Legislative Joint Auditing Committee conduct a review of the entity administering the claims of the State Employee Health and Life Insurance Program (Program). The Program was established to manage life and health insurance plan options for the benefit of state and public school employees and retirees. The Arkansas General Assembly routinely enacts changes affecting the benefits provided by the Program.

Health and pharmacy claim payments for Arkansas state and public school employees are administered by the Department of Transformation and Shared Services (DTSS) – Employee Benefits Division (EBD). EBD pays United Healthcare a contracted amount per Medicare-eligible retiree enrolled in the ARBenefits Group Medicare Advantage (PPO) Plan, commonly referred to as the MAPD plan. This report is designed to provide information to assist in the legislative decision-making process regarding the state and public school employee health and benefit plans.

OBJECTIVES

The objectives of this report were to:

- Analyze the fund balances of the state and public school employee health and benefit plans at June 30, 2023.
- Review high-dollar claims and their corresponding case management services.
- Summarize primary service provider contracts.

SCOPE AND METHODOLOGY

This review was conducted for the period July 1, 2022 through June 30, 2023. Arkansas Legislative Audit (ALA) staff analyzed the fund balances of the state and public school employee health and benefit plans by reviewing financial data from the Arkansas Administrative Statewide Information System (AASIS). Additional information for this review was obtained from relevant documents, such as contracts, claims, plan descriptions, meeting minutes, actuarial reports, accounting systems, and claim review documentation, as well as discussions with EBD and DTSS employees and third party-vendors.

FUND BALANCES

EBD administers the health and benefit plans for both state and public school employees. Benefits are provided through self-funding, a method by which the State takes in contributions from both the employee and the employing agencies. The two funds are as follows:

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- Arkansas State Employee (ASE) Health and Benefit Plan General Fund.
- Public School Employee (PSE) Health and Benefit Plan Proprietary Fund.

The purposes of these funds are to pay health and pharmacy claims and to serve as reserves to prevent dramatic rate increases for subscribers (i.e., participating employees and retirees).

Both the ASE and PSE Plans are administered on a calendar-year basis (January to December). During plan years 2022 and 2023, Health Advantage managed the Premium, Classic, and Basic plans, as well as a Medicare Primary plan. United Healthcare managed the Group Medicare Advantage (PPO) plan beginning in 2023. Pharmacy claims were managed by MedImpact, and prescription drug plan management support was provided via a memorandum of understanding with the Evidence-Based Prescription Program (EBRx) at the University of Arkansas for Medical Sciences (UAMS). Actuarial services were provided by Health Advantage.

As detailed in **Exhibit I**, from fiscal year 2022 to 2023, the number of subscribers decreased by 272 for the ASE Plan and 1,283 for the PSE Plan, creating a net decrease of 1,555 for both Plans. **Exhibit II** provides ASE and PSE Medicare-eligible retirees by enrollment in a retiree plan.

Exhibit I

Arkansas State Employee (ASE) and Public School Employee (PSE)
Health and Benefit Plan Participants, Including Retirees
At June 30, 2022 and 2023

	ASE		PSE	
	Subscribers	Members	Subscribers	Members
Enrollment at June 30, 2022	36,709	56,851	66,015	102,070
Change in enrollment	(272)	(993)	(1,283)	(1,799)
Enrollment at June 30, 2023	36,437	55,858	64,732	100,271

Note: *Subscribers* refers to employees and retirees who are enrolled in the health and benefit plans. *Members* refers to subscribers plus their family members who are enrolled in the health and benefit plans.

Source: Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

Exhibit II

Arkansas State Employee (ASE) and Public School Employee (PSE)
Medicare-Eligible Retiree Breakout
As of June 30, 2023

	ASE		PSE	
	Subscribers	Members	Subscribers	Members
Medicare Health Advantage Primary Plan	3,962	5,134	8,941	9,810
United Healthcare ARBenefits Group Medicare Advantage (PPO) MAPD Plan	7,433	9,385	6,930	7,544
Medicare Health Advantage Primary Plan Participation Rate	35%	35%	56%	57%
United Healthcare ARBenefitsGroup Medicare Advantage (PPO) MAPD Participation Rate	65%	65%	44%	43%

Source: Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

Arkansas State Employee (ASE) Fund Balance Analysis

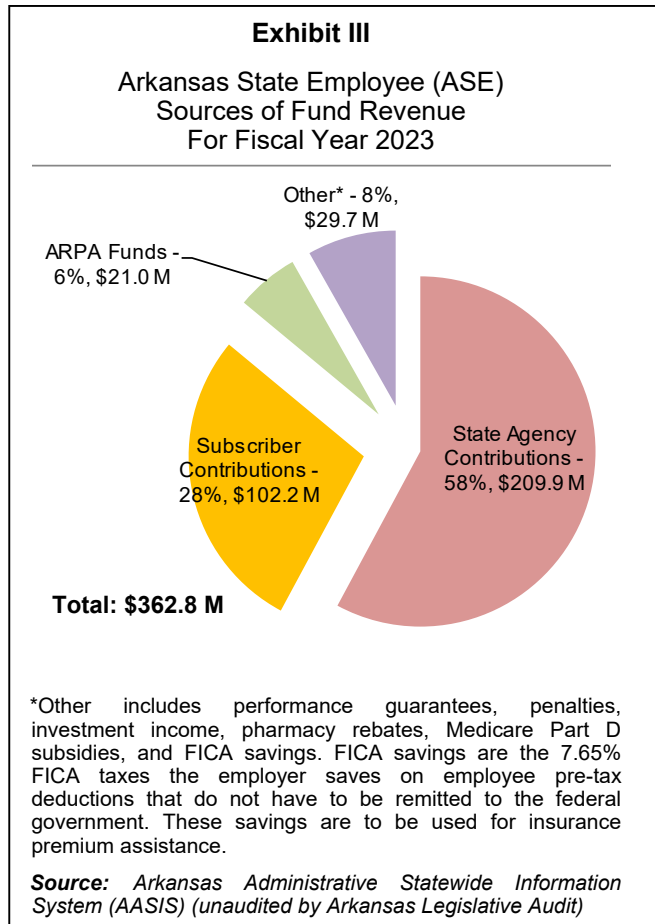
ASE Fund Revenue

As illustrated in **Exhibit III**, the primary sources of revenue for the ASE Fund are employer (i.e., state agency) and subscriber contributions. Employer contributions are based on Ark. Code Ann. § 21-5-414, which requires each state agency to make a monthly contribution for each budgeted state employee position. The employer contribution amounts for calendar years 2022 and 2023 were \$6,000 (\$500 per month) and \$6,600 (\$550 per month), respectively, resulting in an average of \$525 per budgeted position for fiscal year 2023. The 33,234 budgeted positions for 2023 reflected a decrease of 789 from the number reported in the previous fiscal year.¹ Employer premium contributions totaled \$209.9 million, an increase of \$7.0 million (3.4%) from the previous year.

Subscriber contributions are based on plan type (Premium, Classic, or Basic) and coverage selected (employee only, employee and spouse, employee and family, employee and child(ren), retired, or COBRA). **Schedule 1 on page 12** provides subscriber contribution amounts for monthly premiums for plan year 2023. For the year, subscriber premium contributions totaled \$102.2 million, a decrease of \$12.5 million from the previous year.

Over a five-year period, EBD is implementing a transition plan to make employee contributions more competitive with those of surrounding states and jurisdictions. As a result, employee contributions for ASE active subscribers decreased for all plan types, with the exception of a 2.7% increase in the Premium employee and child(ren) rate, a .3% increase in the Premium employee and family rate, and no change in the Basic employee only rate. ASE non-Medicare eligible premiums were a mix of increases and decreases among plan types. All non-Medicare eligible premiums for Basic and Classic plans decreased, with the exception of the Classic retiree and spouse rate, which increased 1.6%, and the Classic retiree and child(ren) rate, which increased .4%. All premiums for the ASE non-Medicare eligible Premium plan increased, with changes ranging from 2.9% to 5.2%, depending on the coverage selected. All ASE Medicare-eligible premium rates increased, with changes ranging from 3.7% to 9.7%. It should be noted that there is a 10% cap on any increase for Medicare-eligible retiree plans.

Additionally, other revenues (FICA savings, investment income, and pharmacy rebates) increased by \$3.6 million from the previous year. This increase was primarily due to higher interest earned (\$3.2 million) as a result of increasing interest rates during the fiscal year and additional funds being added to the investment account. The ASE Plan also received \$21 million in one-time American Rescue Plan Act (ARPA) funds.



¹ The number of budgeted positions is provided by the Department of Finance and Administration and can fluctuate throughout the year.

ASE Fund Expenditures

Health and pharmacy claims are the primary source of expenditures for the ASE Fund. For fiscal year 2023, health and pharmacy claims paid from the ASE Fund totaled \$196.1 million and \$98.2 million, respectively. As shown in **Schedule 2 on page 13**, from fiscal year 2022 to 2023, health claims decreased \$19.6 million (-9.1%), and pharmacy claims decreased \$2.2 million (-2.2%). MAPD cost, which began in January 2023, was \$8.95 million for fiscal year 2023. **Schedule 3 on page 14** provides health and pharmacy claims by plan type, and **Schedule 4 on page 15** provides a three-year comparison of health and pharmacy claims. Factors contributing to these changes, identified through ALA staff discussions with EBD management, included the following:

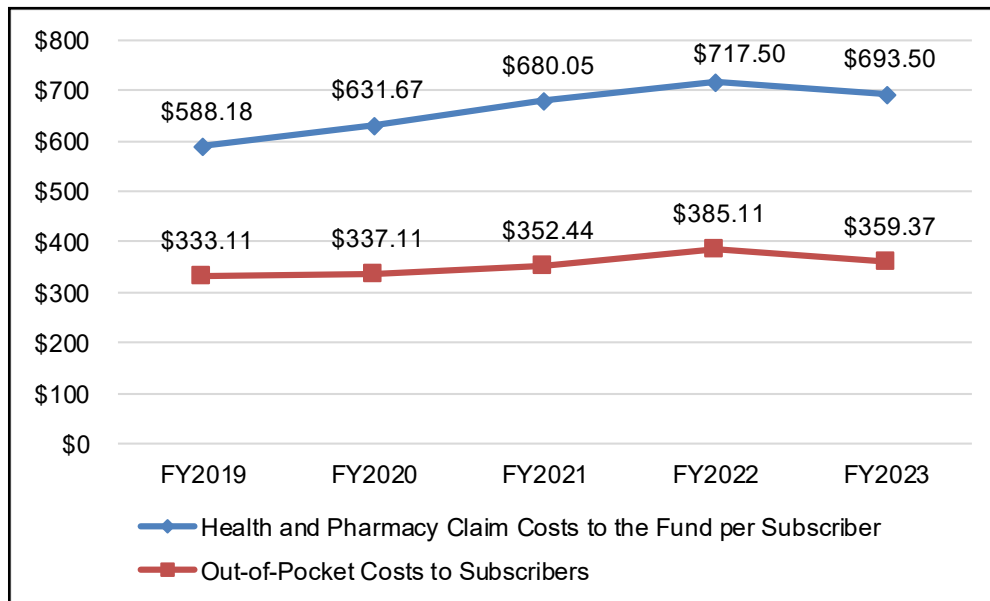
- A decrease of \$4.1 million in claims over \$250,000.
- Implementation of United Healthcare’s MAPD plan beginning in January 2023.

Administrative cost was \$17.69 million in fiscal year 2023, a decrease of \$2.14 million from 2022.

The health and pharmacy claim costs to the Fund per subscriber totaled \$693.50 per month, a \$24.00 decrease from the prior year’s \$717.50. The out-of-pocket costs to subscribers decreased from \$385.11 per subscriber per month in fiscal year 2022 to \$359.37 in fiscal year 2023. **Exhibit IV** provides a five-year comparison of costs per subscriber for the ASE Plan. **Exhibit V on page 5** shows changes in health and pharmacy claims and administrative costs, as well as premiums and other revenues, for fiscal years 2019 through 2023.

Exhibit IV

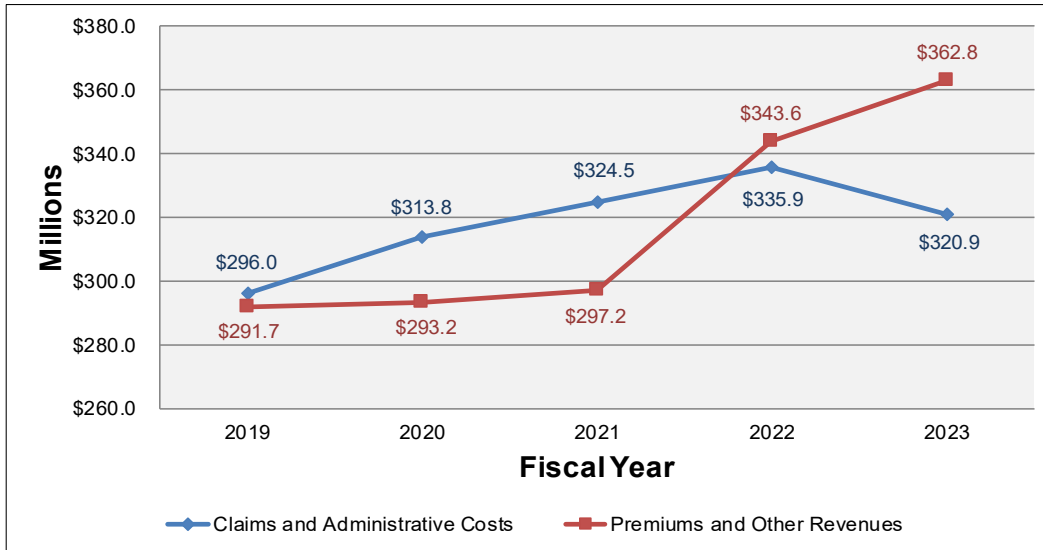
Arkansas State Employee (ASE) Fund
Five-Year Costs Per Subscriber Per Month Comparison
For Fiscal Years Ending June 30, 2019 through 2023



Source: Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

Exhibit V

Arkansas State Employee (ASE) Health and Benefit Plan
Claims and Administrative Costs/Premiums and Other Revenues by Year
For Fiscal Years Ending June 30, 2019 through 2023



Note: Fiscal year 2023 ASE premiums and other revenues of \$362.8 million include \$21.0 million of one-time American Rescue Plan Act (ARPA) funds.

Source: Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

Exhibit VI

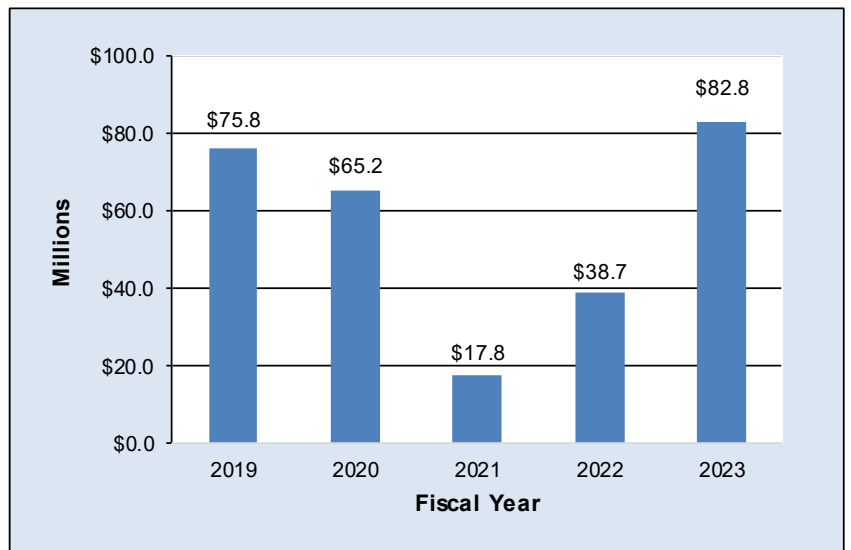
ASE Fund Balance

As shown in **Exhibit VI**, the ASE fund balance increased to \$82.8 million at the end of the fiscal year.

The fund had a growth rate in fiscal year 2022 of 117.9% compared to the 114.2% growth rate in fiscal year 2023. The fund’s growth was primarily the result of plan revenues exceeding expenditures by \$41.9 million and a \$2.6 million decrease in the actuarial IBNR claims (Incurred But Not Reported) health and pharmacy claims.

Revenues were higher primarily due to \$21.0 million in one-time ARPA funds and \$3.2 million in high interest earnings.

Arkansas State Employee (ASE) Health and Benefit Plan
General Fund Balance
At June 30, 2019 through 2023



Source: Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

Public School Employee (PSE) Fund Balance Analysis

PSE Fund Revenue

As illustrated in **Exhibit VII**, the primary sources of revenue for the PSE Fund are school contributions, state appropriations (i.e., legislative funding), and subscriber contributions. School contributions are based on Ark. Code Ann. § 6-17-1117, which, effective January 1, 2023, states a school district shall pay each month, for each eligible employee electing to participate in the public school employees’ health insurance program, the health insurance contribution rate enacted by the General Assembly. For the current fiscal year, this amount was \$234.50 per active subscriber. The average school contribution amount for the current fiscal year was \$2,129.02 (\$177.42 per month) per active and retired subscriber. For the current fiscal year, school premium contributions totaled \$137.8 million, a \$28.6 million (26.2%) increase from the previous year’s \$109.2 million.

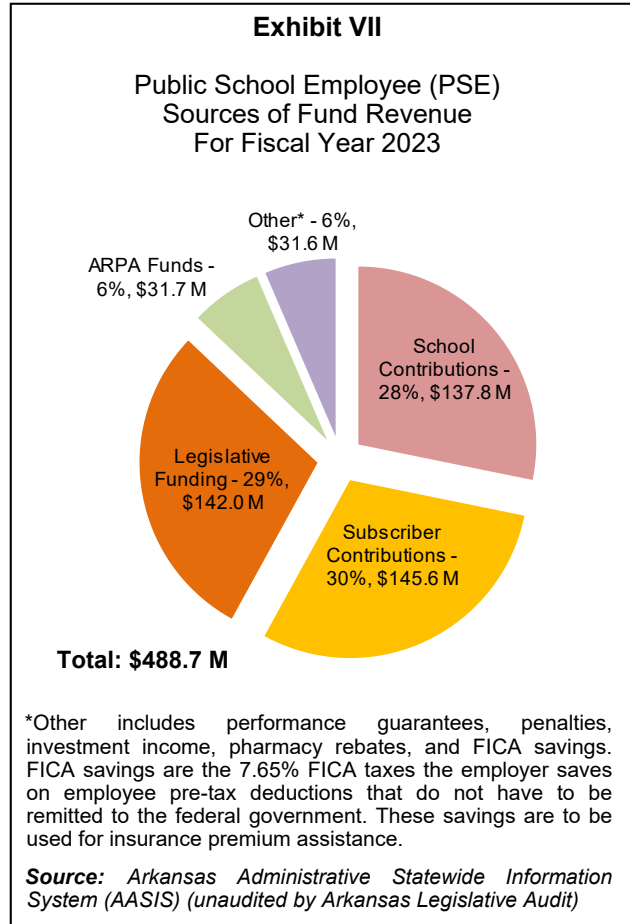
State premium contributions of \$142 million were funded in the current fiscal year through Act 217 of 2022.

Subscriber contributions are based on plan type (Premium, Classic, Basic) and coverage selected (employee only, employee and spouse, employee and family, employee and child(ren), retired, or COBRA). **Schedule 1 on page 12** provides subscriber contribution amounts for monthly premiums for the current plan year. Subscriber premium contributions totaled \$145.6 million, a \$1.1 million decrease from the previous year. Premium contributions totaled \$425.4 million for fiscal year 2023, a net increase of \$6.4 million from the \$419 million in premium contributions for the prior year. The PSE Fund also received an additional \$31.67 million in one-time ARPA funding.

PSE Fund Expenditures

Health and pharmacy claims are the primary source of expenditures for the PSE Fund. For the current fiscal year, health and pharmacy claims paid from the Fund totaled \$293.2 million and \$85.7 million, respectively. As shown in **Schedule 5 on page 16**, from the previous fiscal year to the current fiscal year, health claims increased \$5.8 million, and pharmacy claims increased \$6.8 million. An increase of \$6.6 million in claims over \$250,000 contributed to the increase. MAPD costs, which began in January 2023, were \$3.80 million for fiscal year 2023. The MAPD plan also provided Medicare Part D (prescription drug) coverage for PSE Medicare-eligible subscribers who did not have this coverage previously. **Schedule 3 on page 14** provides health and pharmacy claims by plan type, and **Schedule 6 on page 17** provides a three-year comparison of health and pharmacy claims.

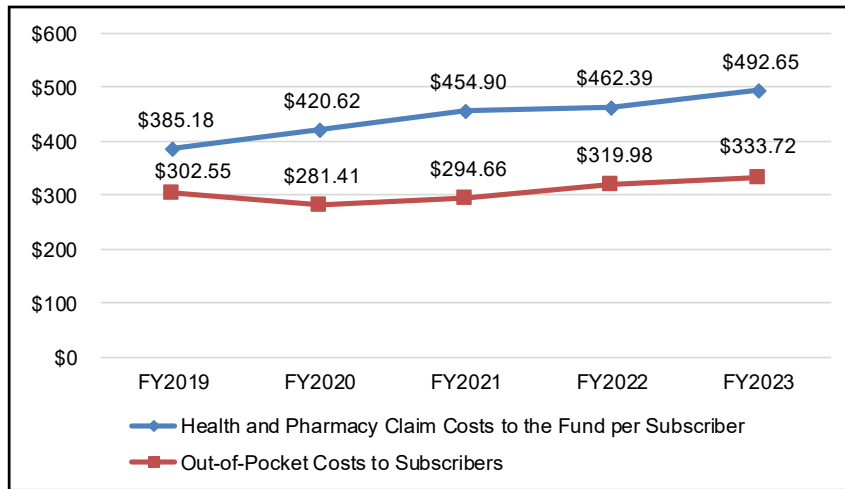
Additionally, administrative costs increased by \$1.85 million to \$34.34 million in fiscal year 2023.



The health and pharmacy claim costs to the plan per subscriber totaled \$492.65 per month, a \$30.26 increase from the prior year's \$462.39 per subscriber per month claim cost. Out-of-pocket costs to employees increased \$13.74 from \$319.98 per subscriber per month in the previous fiscal year to \$333.72 per subscriber per month. **Exhibit VIII** provides a five-year comparison of costs per subscriber for the PSE Plan. **Exhibit IX** shows changes in health and pharmacy claims and administrative costs, as well as premiums and other revenues, for fiscal years 2019 through 2023.

Exhibit VIII

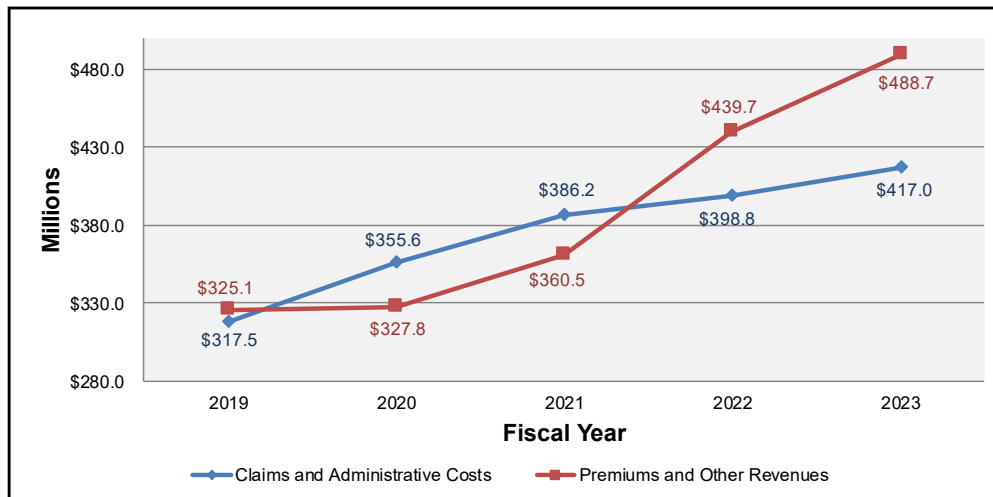
Public School Employee (PSE) Fund
Five-Year Costs Per Subscriber Per Month Comparison
For Fiscal Years Ending June 30, 2019 through 2023



Source: Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

Exhibit IX

Public School Employee (PSE) Health and Benefit Plan Claims and Administrative Costs/Premiums and Other Revenues by Year
For Fiscal Years Ending June 30, 2019 through 2023



Note: Fiscal year 2023 PSE premiums and other revenues of \$488.7 million includes \$31.7 million of one-time American Rescue Plan Act (ARPA) funds.

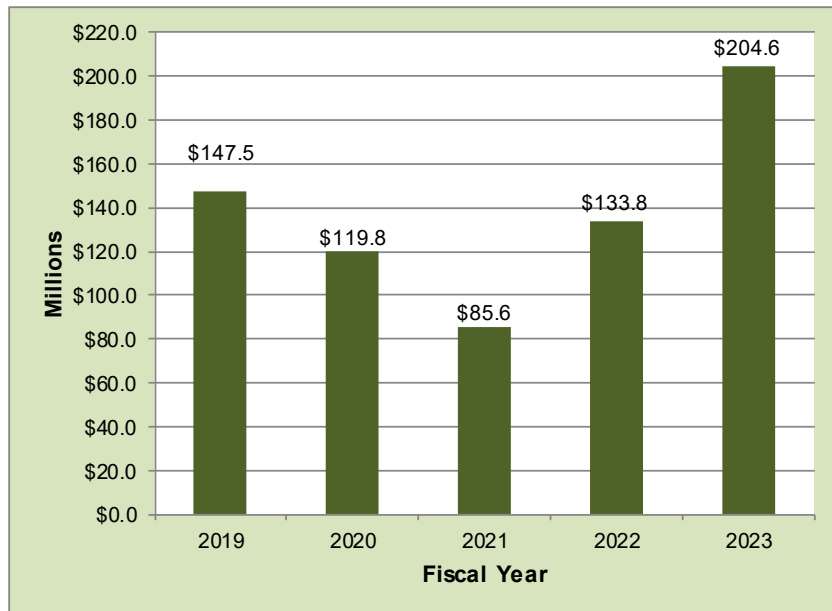
Source: Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

PSE Fund Balance

As shown in **Exhibit X**, the PSE fund balance increased to \$204.6 million at the end of the fiscal year. In fiscal year 2022, the fund balance grew at a rate of 56.2% over fiscal year 2021. The rate of growth rose in fiscal year 2023 by 53.0%. The fund’s growth rate was primarily due to \$31.67 million in one-time ARPA funds and a \$28.6 million increase in school district premiums due to the required school contribution rate increasing.

Exhibit X

Public School Employee (PSE) Health and Benefit Proprietary Fund Balance
At June 30, 2019 through 2023



Source: Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

LARGE CLAIMS AND CLAIMANTS REVIEW

From fiscal year 2022 to fiscal year 2023, overall expenditures for large claims (i.e., those exceeding \$250,000) increased \$2.5 million, from \$19.3 million to \$21.8 million. Eighteen ASE members had health claims exceeding \$250,000 for a total of \$8 million, which was a \$4.1 million decrease from the prior year. Twenty-one PSE members had health claims exceeding \$250,000 for a total of \$13.9 million, which was a \$6.6 million increase from the prior year. ALA staff conducted a test of claims exceeding \$250,000 for accuracy and timeliness in eligibility, covered procedures, payment amounts, and case management services. No material discrepancies were noted.

Additionally, for fiscal year 2023, 20 ASE members and 22 PSE members had cumulative claims greater than \$500,000. ALA reviewed the accuracy and timeliness of case management services for these members and noted no discrepancies. The cumulative health and pharmacy claims exceeding \$500,000 totaled \$32.7 million in fiscal year 2023, an increase of \$4.7 million from fiscal year 2022.

SERVICE PROVIDER CONTRACTS

For fiscal year 2023, EBD entered into various contracts with outside vendors to assist in providing insurance benefits to plan participants at a cost of \$26.6 million for ASE participants and \$38.1 million for PSE participants. The majority of service provider contract costs were as follows:

- Health Advantage: \$14.6 million for ASE and \$28.5 million for PSE.
- Mainstream: \$1.3 million each for ASE and PSE.
- United Healthcare: \$8.95 million for ASE and \$3.8 million for PSE.

OTHER MATTERS

Effective July 1, 2023, EBD contracted with a new pharmacy benefit manager: Navitus Health Solutions. Navitus administers the State's formularies, processes prescription drug claims, and manages rebates to the State. Savings to the State are anticipated; however, the amount of any savings is unknown at this time.

Additionally, EBD completed a Request for Proposal (RFP) for a consultant, approved by the General Assembly, to assist in developing an RFP for the third-party administrator contract, which will expire in December 2025.

FINDING

DTSS – EBD made two accounting errors during fiscal year 2023. A review of transactions revealed the following:

- Patient-Centered Outcome Research Institute (PCORI) fees for both ASE and PSE were paid out of the ASE Fund. The Agency then erroneously transferred PSE PCORI fees of \$281,798 from the ASE Fund to the PSE Fund, duplicating the erroneous entry amount. As a result, ASE expenditures were overstated by \$563,596, which resulted in the ASE Fund Balance being understated by the same amount. Inversely, PSE expenditures were understated by \$563,596, which resulted in the PSE Fund Balance being overstated by the same amount.
- Expected contributions could not be reconciled to actual contributions recorded in AASIS for both ASE and PSE Funds.

Recommendation: ALA recommends the Agency develop a process through which all accounting transactions are processed and reviewed timely.

Management Response: EBD Accounting corrected the Patient-Centered Outcome Research Institute fee transfer error on April 16, 2024, and implemented a two-step review process to make sure that payments are posted and transfers are processed and reviewed timely. Additionally, we introduced changes to enhance transparency and streamline the reconciliation of items by reviewing general ledger accounts for consistency.

CONCLUSION

In fiscal year 2023, the fund balances of the ASE and PSE Plans increased \$44.1 million and \$70.8 million, respectively. Both funds grew in fiscal year 2023, largely due to increases in revenue.

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SCHEDULES

- Schedule 1:** Arkansas State Employee (ASE) and Public School Employee (PSE) Maximum Monthly Premiums – For Plan Year 2023
- Schedule 2:** Changes in the Arkansas State Employee (ASE) Fund From Fiscal Year 2022 to Fiscal Year 2023
- Schedule 3:** Arkansas State Employee (ASE) and Public School Employee (PSE) Health and Pharmacy Claims by Plan Type – Fiscal Year 2023
- Schedule 4:** Arkansas State Employee (ASE) Three-Year Health and Pharmacy Claims Comparison
- Schedule 5:** Changes in the Public School Employee (PSE) Fund From Fiscal Year 2022 to Fiscal Year 2023
- Schedule 6:** Public School Employee (PSE) Three-Year Health and Pharmacy Claims Comparison

Schedule 1

Arkansas State Employee (ASE) and Public School Employee (PSE) Maximum Monthly Premiums For Plan Year 2023

Arkansas State Employee (ASE)					
Coverage Available to Subscriber	Premium Plan	Classic Plan	Basic Plan	Regular Health Advantage Medicare Plan (Medical and Pharmacy)	Regular United Healthcare MAPD Plan
<i>Active</i>					
Employee Only	\$ 172.00	\$ 98.70	\$ 0.00	N/A	N/A
Employee and Spouse	494.22	320.24	180.22	N/A	N/A
Employee and Child(ren)	309.74	180.18	76.36	N/A	N/A
Employee and Family	630.52	400.26	214.60	N/A	N/A
<i>Retirees</i>					
Retiree Only	\$ 322.08	\$ 234.59	\$ 165.34	\$ 211.85	\$ 16.53
Retiree and Non-Medicare Spouse	830.80	637.27	482.03	720.46	525.31
Retiree and Child(ren)	591.34	451.68	339.05	480.83	285.86
Retiree, Non-Medicare Spouse, and Child(ren)	1,081.06	835.35	637.64	970.63	775.57
Retiree and Medicare Primary Spouse	618.17	N/A	N/A	507.52	N/A
Retiree, Medicare Primary Spouse, and Child(ren)	887.30	N/A	N/A	776.53	N/A
Retiree and MAPD Primary Spouse	338.64	N/A	N/A	N/A	33.06
Retiree and MAPD Primary Spouse, and Child(ren)	607.92	N/A	N/A	N/A	302.43

Note: The \$25 wellness discount available for active members in plan year 2022 was discontinued for plan year 2023. ASE Health Advantage Medicare Plan (Medical Only) was not an option in plan year 2023. COBRA premiums ranged from \$428.73 for the "Basic/Emp Only" plan type to \$1,899.70 for the "Premium/Emp and Family" plan type.

Public School Employee (PSE)					
Coverage Available to Subscriber	Premium Plan	Classic Plan	Basic Plan	Regular Health Advantage Medicare Plan	Regular United Healthcare MAPD Plan
<i>Active</i>					
Employee Only	\$ 221.10	\$ 94.83	\$ 54.31	N/A	N/A
Employee and Spouse	806.66	386.95	291.61	N/A	N/A
Employee and Child(ren)	496.95	215.40	161.38	N/A	N/A
Employee and Family	848.74	414.77	306.68	N/A	N/A
<i>Retirees</i>					
Retiree Only	\$ 601.18	\$ 277.46	\$ 154.70	\$ 110.89	\$ 8.53
Retiree and Non-Medicare Spouse	1,384.57	612.46	329.75	783.92	715.32
Retiree and Child(ren)	1,104.50	485.58	268.93	544.22	398.94
Retiree, Non-Medicare Spouse, and Child(ren)	1,871.20	791.00	408.05	1,383.88	1,239.92
Retiree and Medicare Primary Spouse	762.11	N/A	N/A	271.82	N/A
Retiree, Medicare Primary Spouse, and Child(ren)	1,265.47	N/A	N/A	769.96	N/A
Retiree and MAPD Primary Spouse	609.68	N/A	N/A	N/A	17.06
Retiree, MAPD Primary Spouse, and Child(ren)	1,113.68	N/A	N/A	N/A	480.19

Note: The \$25 wellness discount available for active members in plan year 2022 was discontinued for plan year 2023. COBRA premiums ranged from \$383.00 for the "Basic/Emp Only" plan type to \$1,647.19 for the "Premium/Emp and Family" plan type.

COBRA - The U.S. Consolidated Omnibus Budget Reconciliation Act of 1985 allows an individual to continue health insurance coverage for a time after termination of employment.

Note: *Subscriber* refers to employees and retirees who are enrolled in the health and benefit plans. Deductible amounts are different for each of the ASE and PSE Plans. Public school districts have the option of paying a portion of the employees' premiums.

Source: Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

Schedule 2

Changes in the Arkansas State Employee (ASE) Fund
From Fiscal Year 2022 to Fiscal Year 2023

	Total Amount Paid		Increase / (Decrease) from FY2022 to FY2023	Average Amount Paid Per Subscriber* Per Month in FY2023
	FY2022	FY2023		
Premiums and Other Income				
Agency Contributions	\$ 202,935,393	\$ 209,933,111 ^A	\$ 6,997,718	\$ 480
Paid by Subscribers				
Active	66,249,257	69,417,807	3,168,550	159
Retirees (excluding MAPD)	48,463,987	31,122,035	(17,341,951)	71
MAPD Retirees		1,691,667	1,691,667	4
Total Subscriber Premiums	114,713,244	102,231,509 ^A	(12,481,735)	234 ^D
ARPA Funds		21,040,134	21,040,134	48
Other Income				
FICA Tax Savings	3,090,679	3,059,273	(31,406)	7
Medicare Part D Subsidy	6,643,273	3,405,121	(3,238,152)	8
Pharmacy Rebate	15,787,318	19,804,545	4,017,227	45
Other Income	417,193	3,317,247	2,900,054	8
Total Other Income	25,938,463	29,586,186	3,647,723	68
Total Plan Premiums and Income	\$ 343,587,100	\$ 362,790,940	\$ 19,203,840	\$ 830
Paid from the ASE Fund				
Administrative Costs				
Health Advantage	\$ 15,732,571	\$ 14,634,612	\$ (1,097,959)	\$ 33
Mainstream	1,141,000	1,313,096	172,096	3
Other	2,954,743	1,740,409	(1,214,334)	4
Total Administrative Costs	19,828,314	17,688,117	(2,140,197)	40
Healthcare Costs				
Healthcare Provider Claims Reimbursement	215,729,274	196,097,600 ^B	(19,631,674)	448 ^C
Pharmacy Claims Reimbursement	100,334,762	98,177,561 ^B	(2,157,201)	225 ^C
United Healthcare (MAPD) Costs		8,953,190 ^B	8,953,190	21 ^C
Total Paid from the ASE Fund	\$ 335,892,350	\$ 320,916,468	\$ (14,975,882)	\$ 734
Other Items Paid by Subscribers				
Copays, Coinsurance, and Deductibles				
Healthcare Providers	\$ 36,480,106	\$ 36,232,824	\$ (247,282)	\$ 83
Pharmacy	18,450,570	15,810,798	(2,639,772)	36
United Healthcare (MAPD) Pharmacy		2,856,221	2,856,221	7
Total Copays, Coinsurance, and Deductibles	\$ 54,930,676	\$ 54,899,843	\$ (30,833)	\$ 126 ^D
Sum of A = \$312,164,620; Sum of B = \$303,228,351; Sum of C = \$694; Sum of D = \$360				
*Subscriber includes active and retired employees.				

Source: Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

Schedule 3

Arkansas State Employee (ASE) and Public School Employee (PSE)
Health and Pharmacy Claims by Plan Type
Fiscal Year 2023

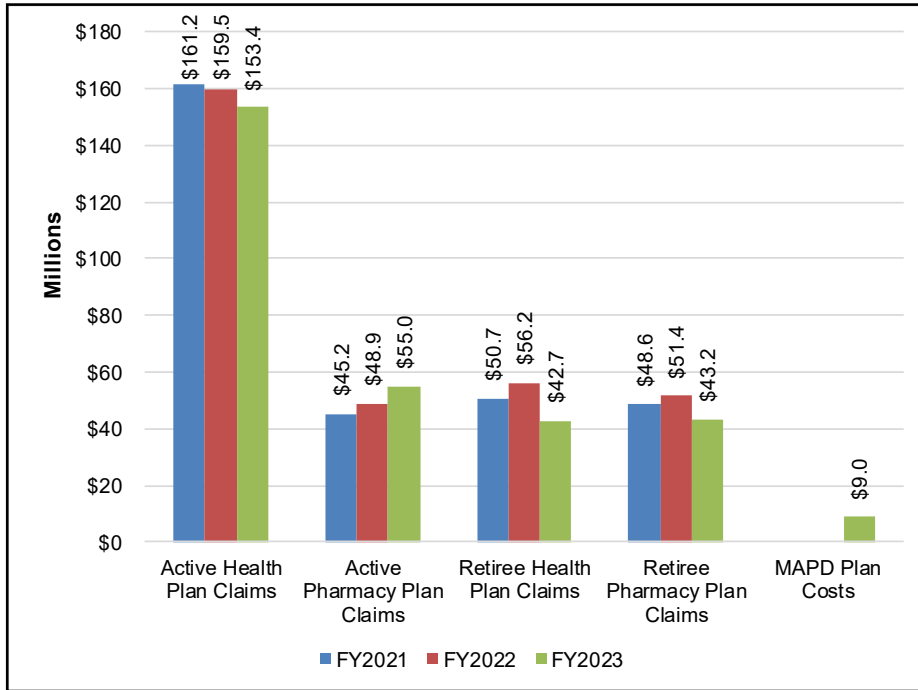
Plan Type	Arkansas State Employees			Public School Employees		
	Health Plan Claims	Pharmacy Plan Claims	MAPD Plan Costs	Health Plan Claims	Pharmacy Plan Claims	MAPD Plan Costs
Active¹						
Premium	\$ 141,754,599	\$ 52,098,521		\$ 94,665,035	\$ 40,891,142	
Classic	7,836,343	1,279,260		132,655,231	33,399,283	
Basic	3,785,430	1,590,621		12,062,961	2,348,598	
Active Total	\$ 153,376,372	\$ 54,968,402	\$ 0	\$ 239,383,227	\$ 76,639,023	\$ 0
Retiree						
Premium	\$ 14,487,697	\$ 6,977,281		\$ 3,693,081	\$ 2,080,353	
Classic	422,106	236,465		17,118,474	5,379,031	
Basic	122,307	7,464		2,546,207	640,322	
Health Advantage Medicare Primary	26,179,004	35,177,775		30,125,315	336,577	
United Healthcare Medicare Primary			\$ 8,953,190			\$ 3,795,074
Primary Retired	1,510,114	810,174		358,901	588,858	
Retiree Total	\$ 42,721,228	\$ 43,209,159	\$ 8,953,190	\$ 53,841,978	\$ 9,025,141	\$ 3,795,074
Total Claims/Costs	\$ 196,097,600	\$ 98,177,561	\$ 8,953,190	\$ 293,225,205	\$ 85,664,164	\$ 3,795,074

¹ Includes COBRA plans.

Source: Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

Schedule 4

Arkansas State Employee (ASE)
Three-Year Health and Pharmacy Claims Comparison



Note: MAPD Plan costs are for the period January 1, 2023 through June 30, 2023 (i.e., the beginning of implementation through the end of the fiscal year).

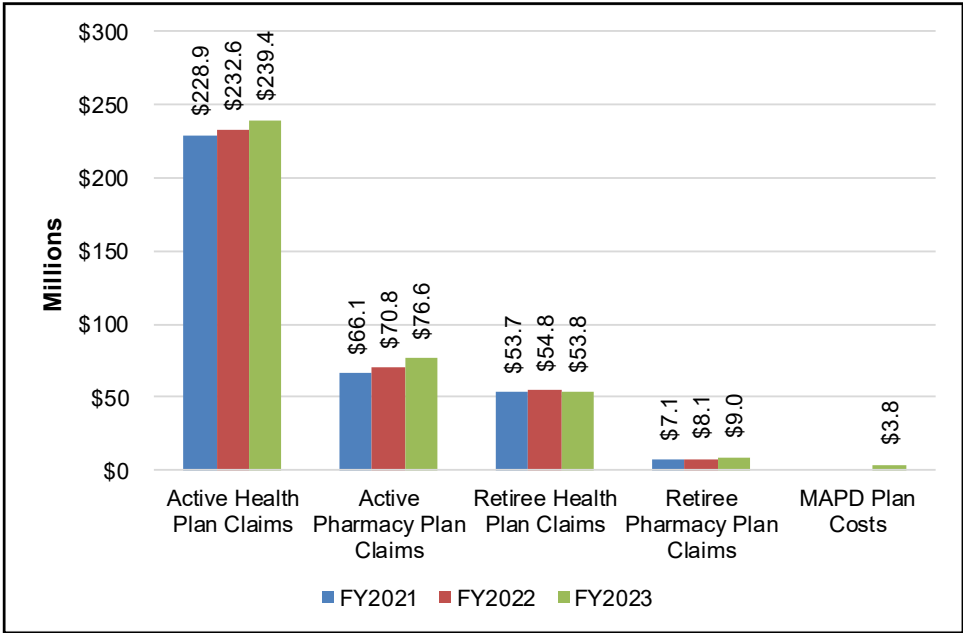
Source: Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

Changes in the Public School Employee (PSE) Fund
From Fiscal Year 2022 to Fiscal Year 2023

	Total Amount Paid		Increase / (Decrease) from FY2022 to FY2023	Average Amount Paid Per Subscriber* Per Month in FY2023
	FY2022	FY2023		
Premiums and Other Income				
Legislative Funding	\$ 163,100,000	\$ 142,000,000 ^A	\$ (21,100,000)	\$ 183
School District Contributions	109,174,635	137,815,832 ^A	28,641,197	177
Paid by Subscribers				
Active	108,601,607	115,916,249	7,314,642	149
Retirees (excluding MAPD)	38,159,463	28,992,052	(9,167,412)	37
MAPD Retirees		705,620	705,620	1
Total Subscriber Premiums	146,761,071	145,613,921 ^A	(1,147,150)	187 ^D
ARPA Funds		31,661,740	31,661,740	41
Other Income				
FICA Tax Savings	7,978,246	8,429,584	451,338	11
Interest Income	197,671	7,463,883	7,266,212	10
Pharmacy Rebate	12,156,919	15,413,165	3,256,246	20
Other Income	343,606	294,899	(48,707)	0
Total Other Income	20,676,442	31,601,531	10,925,089	41
Total Plan Premiums and Income	\$ 439,712,148	\$ 488,693,024	\$ 48,980,876	\$ 629
Paid from the PSE Fund				
Administrative costs				
Health Advantage	\$ 28,147,742	\$ 28,525,136	\$ 377,394	\$ 37
Mainstream	1,141,000	1,313,096	172,096	1
Other	3,205,686	4,504,539	1,298,853	6
Total Administrative costs	32,494,428	34,342,771	1,848,343	44
Healthcare Costs				
Healthcare Provider Claims Reimbursement	287,425,174	293,225,205 ^B	5,800,031	377 ^C
Pharmacy Claims Reimbursement	78,872,345	85,664,164 ^B	6,791,819	110 ^C
United Healthcare (MAPD) Costs		3,795,074 ^B	3,795,074	5 ^C
Total paid from the PSE Fund	\$ 398,791,947	\$ 417,027,214	\$ 18,235,267	\$ 536
Other Items Paid by Subscribers				
Copays, coinsurance, and deductibles				
Healthcare providers	\$ 82,670,552	\$ 86,835,973	\$ 4,165,421	\$ 112
Pharmacy	24,049,564	24,706,745	657,181	32
United Healthcare (MAPD) Pharmacy		2,072,339	2,072,339	3
Total paid by subscribers	\$ 106,720,116	\$ 113,615,057	\$ 6,894,941	\$ 147 ^D
Sum of A = \$425,429,753; Sum of B = \$382,684,443; Sum of C = \$492; Sum of D = \$334				
*Subscriber includes active and retired employees.				

Source: Arkansas Administrative Statewide Information System (AASIS) and Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas of Legislative Audit)

Public School Employee (PSE)
Three-Year Health and Pharmacy Claims Comparison



Note: MAPD Plan costs are for the period January 1, 2023 through June 30, 2023 (i.e., the beginning of implementation through the end of the fiscal year).

Source: Department of Transformation and Shared Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)

