State and Public School Life
And Health Insurance Board
Minutes
January 17, 2012

The 120th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on January 17, 2012 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT	MEMBERS ABSENT
Renee Mallory	Coby Logan
John Kirtley	
Dr. Joseph Thompson	
Janis Harrison	
Kelly Chaney	
Shawn Cook	
Bob Alexander	
Mark White	
Carla Wooley	
Dr. Andrew Kumpuris	
Lloyd Black	

Jason Lee, Executive Director, Employee Benefits Division.

OTHERS PRESENT:
John Colberg, Cheiron; George Platt, Marla Wallace, Doug Shackelford, Stella Greene, Amy Tustison, Lori Eden, Sherri Saxby, Brad Campbell, Amy Redd, Sherry Bryant, Shannon Roberts, Latryce Taylor, Lori Eden, Cathy Harris, EBD; Rhonda Hill, EBD/ACHI; Ron Deberry, David Bridges, Barbara Melugin, Kathy Ryan, ABCBS/Health Advantage; Ronda Walthall, Wayne Whitley, AR Highway & Transportation Dept, Shonda Rocke, Connie Bennett, Alicia Hayden, Informed Rx; Steve Singleton, AR Retired Teacher Association; Karen Payton, American Health Holdings; Dwight Davis, Jill Johnson, Chelsea Shelman, UAMS, EBRx; Vicki Fleming, Doris Williams, AR Department of Health;; Joe Chang, MN Life; Bridget Johnson, Pfizer; Karen Payton, American Health Holdings; John Greer, Greer Consulting; Susan Walker, DataPath; Diann Shoptaw, Peggy Nabors, AR Education Association; Francine Bauman, Novo Nordisk; Stacy McGrew, Brenda McGrady; ASBP; BJ Himes, Andra Kaufman, Niki Thomas, QualChoice; Chris Costin, UHC; Derrick Smith, Mitchell Willaims; Richard Brittain, State Retiree

CALL TO ORDER
Meeting was called to order by Renee Mallory, Chairman.

APPROVAL OF MINUTES

The request was made by Mallory to approve the October 11, 2011 minutes. Chaney made the motion to approve minutes. Wooley seconded. All were in favor. Minutes approved.

FINANCIALS *by Marla Wallace, CFO*

Wallace presented detailed financial statements for the Arkansas State Employees (ASE) and the Public School Employees (PSE) for December 2011.

MEDICARE ADVANTAGE *by Cheiron*

Colberg provided an overview of a Medicare Advantage feasibility analysis for the plan's Medicare Retiree population.

Lee explained that in October the Benefits committee presented the concept to the Board and so now they would like to move forward with the Request for Proposal (RFP). Lee asked the Board for direction on the effective date to implement the Medicare Advantage plan. Lee explained that although 2013 is a tight deadline to implement the plan, he feels they can get it done, but 2014 is an option as well.

The Board talked about Medicare Advantage Plans and Healthcare Reform.

Harrison made the motion to hold off implementing anything until 2014 so that they can continue to study the issue in order to better assist the plan's retiree population. Dr. Thompson seconded. Motion carried.

Dr. Thompson commented there will be a lot of changes in the healthcare system between now and 2014, and so even when they come back to this issue later they will need to take into consideration the other moving parts of healthcare.

COVERAGE POLICY *by Jason Lee*

Lee explained how covered and excluded services are determined by the plan.

Covered or excluded services are determined by the Benefit Coordinators (Health Advantage and QualChoice for 2012) unless the Board has adopted a specific policy.

Lee said they are in a position to have Health Advantage and QualChoice provide their coverage policies to a policy review workgroup. The coverage policy workgroup will discuss the issues within each individual policy and adopt an ARBenefits Health Plan policy that both coordinators will configure in their claims system. This single policy will be applied to the full membership decreasing the likelihood of incorrect denials which may be overturned upon appeal and review.

Lee said it is important for the Board to have a full understanding as to how certain policies regarding the plan are handled at the operational level. Lee said and they have also taken the step to publish the coverage policies on the ARBenefits website so that the provider community (and members) can understand the limitations of the plan prior to seeking treatment.

Dr. Kumpuris said the process needs to be well documented and the Board should be provided with the denials and reviews to make sure the process is followed. Kumpuris said the Board should especially be made aware of those procedures members want to have done but denied by the plan so they can look into whether a procedure actually should be covered by the plan.

Chaney requested the Board be provided with a flowchart outlining the steps and stages of an appeal and review.

The Board also requested that the chart include the current external review process under the affordable care act and the steps for how a member can appeal to the Board.

Lee clarified he did not envisioned the Board making coverage policy decision; he only wanted to make the Board aware of the process and the outcomes.

Lee asked the members if they would like to create coverage policies at the Board level; although he does not want the members to feel they have to disclose their personal medical history in order to appeal to the Board. Lee said physician would have to appeal to the Board with non medical history of the patient by providing evidence that the coverage policy that is established by the plan is wrong.

Alexander said they only want to approve the coverage policy process and not individual procedures.

The Board agreed. Chaney commented the Board has an administrative role and their job is not to make a decision on medical coverage but to govern the policy and make sure the policy is followed.

Lee said he will provide a formal review of the appeal process in the next meeting.

STIPEND / EXPENSE APPROVAL *by Jason Lee*

Lee explained that every year the Board is required to review and adopt the approval of reimbursement of expenses and stipend.

Effective January 1, 2012. and in accordance with ACA §25-16-902, the State and Public School Life and Health Insurance Board ("Board") hereby approves the reimbursement of qualified expenses at the rate established for state employees by state travel regulations with the following limitation regarding non-board meetings; that

any meeting or conference attended by any member of the Board must be at the request of the Board Chair or the Executive Director.

Effective January 1, 2012 and in accordance with ACA § 25-16-903, the State and Public Life and Health Insurance Board ("Board") hereby approves the stipend amount of $60.

Harrison made the motion to adopt reimbursement of qualified expenses and stipend amount of $60. Chaney seconded. Motion carried.

DIRECTOR'S REPORT *by Jason Lee*

Lee informed the members that due to their position on the Board, it is required by state law that they complete an annual Statement of Financial Interest.

The Board decided to cancel the February meeting and change the March meeting date due to lack of agenda topics and spring break.

Lee said Cheiron will be presenting the 2013 rates in the April through July meetings.

Lee informed the Board the Life Insurance contract comes up for bid this year for the PSE group. Lee said there is a vast difference in the plan design between the PSE and ASE group and so the the BSPW will review the design and provide some adjustment options to the benefits subcommittee for consideration.

Lee reported he has gotten approval to purchase E-Book Readers for the Board.

Lee announced EBD will be conducting a Board member orientation meeting in February; a refresher course about the health plan and the development of the rates.

Lee took a moment to thank the EBD staff for the great work over the last eight months. Lee said it has been an extremely challenging time with all the new operational changes.

Meeting adjourned.

AGENDA

State and Public School Life and Health Insurance Board

EBD Board Room - 501 Building - 5th Floor

January 17, 2012 1:00 p.m.

1. **Call to Order** .....*Renee Mallory, Chair*
2. **Approval of Minutes** .....*Renee Mallory, Chair*
3. **Financials (November, 2011)**.....*Marla Wallace, CFO*
4. **Medicare Advantage** ..... *John Colberg, Cheiron*
5. **Coverage Policy** .....*Jason Lee, Executive Director*
6. **Stipend / Expense Approval**.....*Jason Lee, Executive Director*
7. **Director's Report**.....*Jason Lee, Executive Director*

Upcoming Meetings
February 21, 2012
March 20, 2012
April 17, 2012

Arkansas State Employees (ASE) Financials - January 1, 2011 through November 30, 2011				
	ARHealth	**Health Adv**	**NovaSys**	**Total**
Actives		25,386	865	26,251
Actives HD			1,103	1,103
Retirees	9,367			9,367
COBRA		122	8	130
Total	9,367	25,508	1,976	36,851

Operations as of 11/30/11

	Current Month	**Year to Date (11 months)**
Funding		
State Contribution	$ 13,498,754	$ 149,180,126
Employee Contribution, Rebates, Medicare Subsidy, and ERRP	$ 8,506,044	$ 90,620,456
Total Funding	$ 22,004,798	$ 239,800,582
Expenses		
Medical Expenses		
Claims Expense	$ 13,663,524	$ 150,720,570
Claims IBNR	$ -	$ -
Medical Admin Fees	$ 962,310	$ 10,735,349
Refunds	$ 3,579	$ 72,110
Behavioral Health	$ 655,453	$ 3,624,255
Life Insurance	$ 101,171	$ 1,119,182
Pharmacy Expenses		$ -
RX Claims	$ 5,897,193	$ 62,006,937
RX IBNR	$ -	$ -
RX Admin	$ 98,725	$ 1,014,887
Plan Administration	$ 210,586	$ 2,158,278
Total Expenses	$ 21,592,540	$ 231,451,569
Net Income/(Loss)	$ 412,258	$ 8,349,013

Balance Sheet as of 11/30/11

Assets	
Bank Account	$ 9,133,686
State Treasury	$ 109,959,599
Due from Cafeteria Plan	$ 575,933
Due from PSE	$ -
Receivable from Provider	$ 957,472
Accounts Receivable	$ 1,568,963
Total Assets	$ 122,195,653
Liabilities	
Accounts Payable	$ 1,413,354
Deferred Revenues	$ 4,191,069
Due to Cafeteria	$ -
Due to PSE	$ -
Health IBNR	$ 21,570,000
RX IBNR	$ 2,680,000
Total Liabilities	$ 29,854,423
Net Assets	$ 92,341,230
Less Reserves Allocated:	
Active/Retiree Premiums for Plan Year 1/1/12 - 12/31/12 ($18,650,000)	$ (18,650,000)
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13 ($11,190,000)	$ (11,190,000)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14 ($7,460,000)	$ (7,460,000)
Catastrophic Reserve	$ (8,900,000)
Pharmacy Reward Program (2010-$1,500,000)	$ (1,500,000)
Net Assets Available	$ 44,641,230

ASE Cafeteria Plan Financials 2011- January 1, 2011 through November 30, 2011

Cafeteria Plan Operations as of 11/30/11

Funding	**Current Month**	**Year to Date (11 months)**
FICA Savings	$ 341,012	$ 3,946,174
Interest, Penalties, Tax Set Off	$ 250	$ 41,048
Total Funding	$ 341,262	$ 3,987,222
Expenses		
Plan Administration	$ 13,153	$ 150,860
Forfeited Benefits (Annual Expense)	$ -	$ 4,211,275
FICA Savings Transfer (Annual Expense)	$ -	
Total Expenses	$ 13,153	$ 4,362,135
Net Income/(Loss)	$ 328,109	$ (374,913)

Balance Sheet as of 11/30/11

Assets	
State Cafeteria (Flexible Benefits)	$ 970,665
Admin Acct (FICA Savings)	$ 53,675
State Treasury	$ 1,732,535
Due from Health Plan	$ -
Due from State Employee Fund	$ -
Accounts Receivable	$ 20,627
Total Assets	$ 2,777,502
Liabilities	
Accounts Payable	$ 347,345
Due to Health Plan (FICA Savings Annual)	$ 8
Due to Health Plan (Forfeited Benefits Annual)	$ 575,924
Total Liabilities	$ 923,278
Net Assets	$ 1,854,224

Arkansas State Employees (ASE) Financials - January 1, 2011 through December 31, 2011				
	ARHealth	**Health Adv**	**NovaSys**	**Total**
Actives		25,435	860	26,295
Actives HD			1,118	1,118
Retirees	9,361			9,361
COBRA		125	7	132
Total	9,361	25,560	1,985	36,906

Operations as of 12/31/11

	Current Month	**Year to Date (12 months)**
Funding		
State Contribution	$ 13,504,106	$ 162,684,232
Employee Contribution, Rebates, Medicare Subsidy, and ERRP	$ 7,205,800	$ 97,826,256
Total Funding	$ 20,709,906	$ 260,510,488
Expenses		
Medical Expenses		
Claims Expense	$ 10,967,523	$ 161,688,093
Claims IBNR	$ -	$ -
Medical Admin Fees	$ 986,727	$ 11,722,076
Refunds	$ 7,891	$ 80,001
Behavioral Health	$ 328,609	$ 3,952,864
Life Insurance	$ 101,894	$ 1,221,076
Pharmacy Expenses		$ -
RX Claims	$ 6,301,802	$ 68,308,739
RX IBNR	$ -	$ -
RX Admin	$ 97,322	$ 1,112,209
Plan Administration	$ 165,649	$ 2,323,927
Total Expenses	$ 18,957,417	$ 250,408,986
Net Income/(Loss)	$ 1,752,489	$ 10,101,502
Reserve Activity:		
Allocation for Pharmacy Reward Program 2010	$ 460,634	$ 460,634
Net Income/(Loss) After Reserves	$ 2,213,123	$ 10,562,136

Balance Sheet as of 12/31/11

Assets	
Bank Account	$ 10,908,682
State Treasury	$ 109,960,074
Due from Cafeteria Plan	$ 575,997
Due from PSE	$ -
Receivable from Provider	$ 957,472
Accounts Receivable	$ 119,078
Total Assets	$ 122,521,304
Liabilities	
Accounts Payable	$ 2,826
Deferred Revenues	$ 4,174,604
Due to Cafeteria	$ 155
Due to PSE	$ -
Health IBNR	$ 21,570,000
RX IBNR	$ 2,680,000
Total Liabilities	$ 28,427,585
Net Assets	$ 94,093,718
Less Reserves Allocated:	
Active/Retiree Premiums for Plan Year 1/1/12 - 12/31/12 ($18,650,000)	$ (18,650,000)
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13 ($11,190,000)	$ (11,190,000)
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14 ($7,460,000)	$ (7,460,000)
Catastrophic Reserve	$ (8,900,000)
Net Assets Available	$ 47,893,718

ASE Cafeteria Plan Financials 2011- January 1, 2011 through December 31, 2011

Cafeteria Plan Operations as of 12/31/11

Funding	**Current Month**	**Year to Date (12 months)**
FICA Savings	$ 379,824	$ 4,325,997
Interest, Penalties, Tax Set Off	$ 286	$ 41,334
Total Funding	$ 380,109	$ 4,367,331
Expenses		
Plan Administration	$ 13,242	$ 164,102
Forfeited Benefits (Annual Expense)	$ -	$ 4,211,275
FICA Savings Transfer (Annual Expense)	$ -	
Total Expenses	$ 13,242	$ 4,375,377
Net Income/(Loss)	$ 366,867	$ (8,046)

Balance Sheet as of 12/31/11

Assets	
State Cafeteria (Flexible Benefits)	$ 1,139,706
Admin Acct (FICA Savings)	$ 421,116
State Treasury	$ 1,732,550
Due from Health Plan	$ 155
Due from State Employee Fund	$ -
Accounts Receivable	$ 20,400
Total Assets	$ 3,313,928
Liabilities	
Accounts Payable	$ 516,839
Due to Health Plan (FICA Savings Annual)	$ 72
Due to Health Plan (Forfeited Benefits Annual)	$ 575,924
Total Liabilities	$ 1,092,836
Net Assets	$ 2,221,091

Public School Employees (PSE) Financials - October 1, 2010 through November 30, 2011				
	ARHealth	**Health Adv**	**NovaSys**	**Total**
Actives		36,629	2,798	39,427
Actives HD			5,255	5,255
Retirees	8,610			8,610
COBRA		1,022	123	1,145
Total	8,610	37,651	8,176	54,437

Operations as of 11/30/11

Funding	**Current Month**	**Year to Date (14 months)**
District Contribution	$ 5,850,984	$ 82,126,389
Employee Contribution, Rebates, and ERRP	$ 13,198,083	$ 182,166,612
Dept of Ed $35,000,000 & $15,000,000	$ 3,181,818	$ 60,113,636
Total Funding	$ 22,230,885	$ 324,406,637
Expenses		
Medical Expenses:		
Claims Expense	$ 15,619,913	$ 223,161,203
Claims IBNR	$ -	$ -
Medical Admin Fees	$ 1,446,920	$ 20,191,601
Refunds	$ 9,991	$ 46,541
Behavioral Health	$ 682,179	$ 5,061,627
Pharmacy Expenses:		
RX Claims	$ 5,024,937	$ 65,592,536
RX IBNR	$ -	$ -
RX Admin	$ 100,281	$ 1,202,096
Plan Administration	$ 277,439	$ 3,252,522
Total Expenses	$ 23,161,660	$ 318,508,126
Net Income/(Loss)	$ (930,775)	$ 5,898,511
Reserve Activity:		
Allocation for Active/Retiree Premiums for Plan Year 2011	$ 852,667	$ 12,897,539
Net Income/(Loss) After Reserves	$ (78,108)	$ 18,796,050

Balance Sheet as of 11/30/11

Assets	
Bank Account	$ 21,170,487
State Treasury	$ 55,913,993
Receivable from Provider	$ 864,364
Accounts Receivable	$ 200,969
Due from ASE	$ -
Total Assets	$ 78,149,813
Liabilities	
Accounts Payable	$ 3,488,414
Due to ASE	$ -
Deferred Revenues	$ -
Health IBNR	$ 25,500,000
RX IBNR	$ 2,340,000
Total Liabilities	$ 31,328,414
Net Assets	$ 46,821,399
Less Reserves Allocated:	
Active/Retiree Premiums for Plan Year 2011 ($13,750,205.76)	$ (852,667)
Active/Retiree Premiums for Plan Year 01/01/12 - 12/31/12 ($16,800,000)	$ (16,800,000)
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13 ($9,000,000)	$ (9,000,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14 ($3,600,000)	$ (3,600,000)
Catastrophic Reserve (2011 - $10,000,000)	$ (10,000,000)
Pharmacy Reward Program (2010-$1,500,000)	$ (1,500,000)
Net Assets Available	$ 5,068,732

Public School Employees (PSE) Financials - October 1, 2010 through December 31, 2011				
	ARHealth	**Health Adv**	**NovaSys**	**Total**
Actives		36,659	2,796	39,455
Actives HD			5,314	5,314
Retirees	8,623			8,623
COBRA		1,000	121	1,121
Total	8,623	37,659	8,231	54,513

Operations as of 12/31/11

		Current Month		**Year to Date (15 months)**
Funding				
District Contribution	$	5,861,333	$	87,987,722
Employee Contribution, Rebates, and ERRP	$	12,754,000	$	194,920,612
Dept of Ed $35,000,000 & $15,000,000	$	3,181,818	$	63,295,455
Total Funding	$	21,797,151	$	346,203,789
Expenses				
Medical Expenses:				
Claims Expense	$	15,316,215	$	238,477,418
Claims IBNR	$	-	$	-
Medical Admin Fees	$	1,624,496	$	21,816,097
Refunds	$	18,564	$	65,105
Behavioral Health	$	341,228	$	5,402,855
Pharmacy Expenses:				
RX Claims	$	5,625,892	$	71,218,428
RX IBNR	$	-	$	-
RX Admin	$	98,590	$	1,300,686
Plan Administration	$	215,379	$	3,467,901
Total Expenses	$	23,240,364	$	341,748,490
Net Income/(Loss)	$	(1,443,213)	$	4,455,298
Reserve Activity:				
Allocation for Active/Retiree Premiums for Plan Year 2011	$	852,667	$	13,750,206
Allocation for Pharmacy Reward Program 2010	$	610,608	$	610,608
Net Income/(Loss) After Reserves	$	20,063	$	18,816,113

Balance Sheet as of 12/31/11

Assets		
Bank Account	$	17,478,456
State Treasury	$	55,914,239
Receivable from Provider	$	864,364
Accounts Receivable	$	379,534
Due from ASE	$	-
Total Assets	$	74,636,593
Liabilities		
Accounts Payable	$	1,418,406
Due to ASE	$	-
Deferred Revenues	$	-
Health IBNR	$	25,500,000
RX IBNR	$	2,340,000
Total Liabilities	$	29,258,406
Net Assets	$	45,378,186
Less Reserves Allocated:		
Active/Retiree Premiums for Plan Year 2011 ($13,750,205.76)	$	(0)
Active/Retiree Premiums for Plan Year 01/01/12 - 12/31/12 ($16,800,000)	$	(16,800,000)
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13 ($9,000,000)	$	(9,000,000)
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14 ($3,600,000)	$	(3,600,000)
Catastrophic Reserve (2011 - $10,000,000)	$	(10,000,000)
Net Assets Available	$	5,978,186

Arkansas State Employees Health Benefits Program

Medicare Advantage Feasibility Analysis

John Colberg, FSA, MAAA
Gaelle Gravot, FSA, MAAA

January 17, 2012

Topics

- How ARHealth Medicare Benefits Work Now
  - Types of Medicare Providers
- How Medicare Advantage Works
- Feasibility Analysis
- Medicare Prescription Drug Approaches
- Summary of Options & Timelines

Appendices

A. Assumptions & Methods

B. Star Rating for Little Rock Organizations

How ARHealth Medicare Benefits Work Now

- Each claim is submitted to Medicare.
- Medicare pays its portion of benefits.
- Plan then pays its portion of benefits.

Example: $1,000 Claim

- Medicare pays 80%
- Plan pays remaining balance

	Coinsurance	Allowed	Paid
Medicare	20%	$ 1,000	$ 800
Plan	0%	$ 200	$ 200

Types of Medicare Providers

- Medicare Accepting – Bill & receive payment directly from Medicare; accept Medicare reimbursements.
- Medicare Participating but Non-Accepting – Do not bill Medicare directly; limited to 15% above Medicare.
- Not Medicare Participating – Charge not limited.

How Medicare Advantage Works

- Plan/insurance company contracts with Center for Medicare & Medicaid Services (CMS) to become a Medicare Advantage Organization (MAO).
  - MA-PD (including prescription drugs)
  - MA only (excluding prescription drugs)
- MAO submits bids (rate filings) to CMS every year.
  - Bid = Amount Per Member Per Month (PMPM) required by MAO to cover Medicare Traditional Benefits. Risk and geographically adjusted.
  - Benchmark = Amount PMPM CMS is ready to pay MAO for covering Medicare Traditional Benefits. Risk and geographically adjusted.
  - Savings = Bid – Benchmark. At expected risk and geographic distribution.
  - MA Rebates = Percentage of Savings
    - Based on "Star" (quality) rating of MAO (e.g. 66.7% for 3-Star MAO, 73.3% for 5-Star MAO in 2012).
    - Used to pay toward benefits provided beyond Medicare FFS.
  - Premium = Portion of the required revenue that is not covered by Bid and MA Rebates. Premium cannot be negative but can be $0.
- Network based product (PPO, HMO, POS, PFFS) ➔ Utilization management savings opportunity.

How Medicare Advantage Works

- Revenue:
  - Medicare Pays MAO Bid amount + MA Rebates monthly.
    - Bid amount varies by:
      - Health of population (risk score)
      - Geography (at county level)
    - MA Rebates are set at time of bid
- Claims:
  - MAO pays claims based on total allowed (include Medicare FFS portion).
- In a self-funded environment, the State would be liable for the difference between claims and revenue (plus admin cost).
- Total benefits to participant likely could remain same. Provider network would likely be more restrictive similar to how the Non-Medicare Network is.

Employer Group Waiver Program (EGWP)

- Special arrangement for Medicare Advantage plans (MA-PD, MA or PD) are offered to the Employer market.
  - Simplifies bidding process.
  - Waives some reporting requirements.
  - Allows flexibility in plan design (only the bare bone Medicare benefits are filed).
  - Allows “blanket” enrollment rather than individual enrollment.

Examples

- CMS Payment to MAO

	Expected Bid	Actual Ex # 1	Actual Ex # 2
Star-Rating	3	3	3
Risk Score	1.050	0.900	1.100
Geography	1.000	1.000	0.950
Bid	$ 700.00	$ 600.00	$ 696.67
Benchmark	$ 800.00	$ 685.71	$ 796.19
Savings	$ 100.00	$ 85.71	$ 99.52
Rebates	$ 66.70	$ 66.70	$ 66.70
Payment to MAO	$ 766.70	$ 666.70	$ 763.37

- MAO Claim Payment

	Coinsurance	Allowed	Paid
Plan	0%	$ 1,000	$ 1,000

2012 Risk Score Timeline

- Based on 2011 claim diagnoses:
- Claim diagnoses (Dx) submitted to CMS by MAO up until January 2013

Pmt Month	Pmt reason	Dx dates
1/12-6/12	Monthly revenue	7/10-6/11
7/12 or 8/12	Adjustment for 1/12-6/12 pmt	1/11- 12/11
7/12-12/12	Monthly revenue	1/11- 12/11
7/13 or 8/13	Final Adjustment for 1/12-6/12 pmt	1/11- 12/11

Risk Scores Cash Flow Impact

- Payment understated when:
  - Physicians/facilities do not code all diagnoses
    - Coding initiatives (chart review, audit).
  - MAO misses deadline for claim diagnoses submissions
    - If before final deadline, make sure final deadline has complete submissions.
  - Member not enrolled in plan per CMS
    - Enrollment reconciliation.
  - Plan new to Medicare Advantage
    - MOA/Plan has no control over reporting of prior year diagnoses.

Medicare Feasibility

- Medicare Advantage more advantageous if net cost (claims + admin - revenue) is less than current program expense (claims in excess of Medicare + admin).
- Key assumptions:
  - Medicare Allowed Medical cost
  - Risk score
  - Geographic distribution of membership
  - Utilization Management savings
  - MAO Star-rating
  - Admin/profit load in the bid

Results: 2012 Projected Claim Cost

	ASE	PSE	Total
Member-Months	108,417	80,062	188,479
Claim & ASO Cost PMPM	$ 184.32	$ 169.47	$ 178.01
Best Guess			
Risk Score	1.062	0.930	1.021
UM Savings	-8.0%	-8.0%	-8.0%
Est'd Premium + ASO PMPM	$ 166.79	$ 146.99	$ 158.38
Net Gain/(Loss) PMPM	$ 17.52	$ 22.48	$ 19.63
Break Even; Assumed Risk Score			
Risk Score	1.062	0.930	1.021
UM Savings	-5.7%	-4.9%	-5.3%
Est'd Premium + ASO PMPM	$ 184.29	$ 169.49	$ 178.00
Net Gain/(Loss) PMPM	$ 0.02	$ (0.02)	$ 0.01

Results (cont'd)

	ASE	PSE	Total
Lower Risk Score; 4% UM Savings			
Risk Score	1.041	0.897	1.014
UM Savings	-4.0%	-4.0%	-4.0%
Est'd Premium + ASO PMPM	$ 216.79	$ 208.09	$ 213.09
Net Gain/(Loss) PMPM	$ (32.48)	$ (38.62)	$ (35.08)
Assumed Risk Score; 10% UM Savings			
Risk Score	1.062	0.930	1.021
UM Savings	-10.0%	-10.0%	-10.0%
Est'd Premium + ASO PMPM	$ 152.19	$ 134.49	$ 144.67
Net Gain/(Loss) PMPM	$ 32.12	$ 34.98	$ 33.34
Lower Risk Score; 12% UM Savings			
Risk Score	1.041	0.897	1.014
UM Savings	-12.0%	-12.0%	-12.0%
Est'd Premium + ASO PMPM	$ 149.09	$ 139.69	$ 145.10
Net Gain/(Loss) PMPM	$ 35.22	$ 29.78	$ 32.91

Keys to Medicare Advantage

- Ensure Accurate Revenue
  - Reconcile enrollment with Medicare frequently.
  - Ensure risk adjustment is accurate.
  - Reconcile payments with Medicare.
- Invest in programs to reduce claims
  - Examples: Audits, Case Management, Disease Management.
- Help MAO improve Star rating
  - Star ratings are at MAO level, which include all participants.
  - Might mean helping MAO with cost of new programs.
- Know that cash flow timing will be different
  - Medical CMS revenue payment is risk adjusted. Risk Scores won't be finalized before January of following Calendar Year.
  - MAO may be willing to help smooth cash flow.

Considerations

- Unknown experience: data used for our analysis did not have Medicare Allowed amounts
- Political environment: rules can change at any time.
- Lots of moving parts:
  - Benchmark rates
  - MAO Star-rating
  - Risk Scores
  - MAO bids components
  - Geographic distribution
- All are reset annually.
- Incentive for MAO to:
  - Maximize Star-rating: higher MA rebates, higher benchmark.
  - Maximize risk score: higher bid payment.
  - Maximize UM savings: higher MA rebates.

Medicare Prescription Drug Alternatives

- Current approach:
  - ASE: Same benefits as actives; apply for Retiree Drug Subsidy from Medicare.
  - PSE: not offered.
- Alternative approaches:
  - Integrate with a Medicare Advantage Employer Group Waiver Program (EGWP) plan (cover Medical & Drug).
  - Convert program to Part D EGWP + wraparound.

Part D Employer Group Waiver Program + Wraparound

- How it Works
  - Plan contracts with Pharmacy Benefit Manager (PBM) that is also a Medicare Prescription Drug Program sponsor.
  - CMS pays PBM:
    - Monthly: Premium subsidy, prospective subsidy payments
    - Year-end reconciliation: subsidy payments true-up
  - Create wraparound benefit program to provide difference between plan benefits and Medicare benefits.
  - Plan reimburses PBM for cost of wraparound.
- Advantages
  - Can take advantage of mandated pharmacy discounts in the “donut hole”.
  - Can take advantage of federal subsidies and reinsurance not available under RDS.
  - Generally lower total cost than RDS subsidy.
  - Lowers GASB OPEB liability.
- Disadvantages
  - Additional administrative complexity.
  - Additional administrative cost.

Summary of Options

- Medicare Advantage
  - Mandatory or Voluntary
    - Likely difficult to self-insure if voluntary approach
  - Medical only or medical + pharmacy
    - E.g., PSE – MA only; ASE – MA-PD
  - Effective date
    - 1/1/2013 or 1/1/2014
- Traditional Medicare
  - Keep with RDS or change to Part D EGWP 1/1/2013 (ASE)
    - Could combine with PBM RFP
  - May have other options to control current costs (additional claims data detail should be available starting 1/1/2012).

Tentative Timeline: MA Effective 1/1/2013

- State of Arkansas:
  - March: Release RFP
  - Mid May: Deadline for proposal submission
  - Mid August: latest possible RFP award
  - September: possible adjustments to rates/benefits
  - October: Open Enrollment
- Vendor:
  - June 4: Bids are due to CMS
  - Mid August: Bids are finalized (all federal subsidies known).
  - End of August: Pricing finalized. Start benefit set-up
  - October-Mid December: Enrollment set-up
    - Internal enrollment
    - CMS enrollment
- CMS:
  - April 2, 2012: Bid instructions published. Most Federal Subsidies announced
  - Early August 2012: Part D premium subsidy announced
  - Mid-late August 2012: Approve bids
  - December 17-20: CMS pays January 2013 premiums and subsidies to vendor

Appendix A – Assumptions & Methods

- Risk Score (RS) assumptions based on relationship of ASE/PSE claim cost to Ingenix Benchmark claim cost.
  - Raw RS = ASE(PSE) paid claim/Benchmark paid claim
  - Best Guess/Default RS = (Raw RS)^0.75 if Raw RS > 1, (Raw RS)^(1/0.75) if Raw RS < 1

Assumptions (cont'd)

- UM Savings assumptions:
  - Default set so that Medicare Advantage and Med Supp are equivalent
  - Best Guess = 8% UM Savings, including provider discounting
  - High Assumption = 12% UM Savings
  - Low Assumption = 4% UM Savings

	UM Savings			Risk Score		
	ASE	PSE	Total	ASE	PSE	Total
Best Guess	-8.00%	-8.00%	-8.00%	1.0623	0.9302	1.0215
Default	-5.66%	-4.90%	-5.30%	1.0623	0.9302	1.0215
Low Assumption	-4.00%	-4.00%	-4.00%	1.0411	0.8971	1.0143
High Assumption	-12.00%	-12.00%	-12.00%	1.0411	0.8971	1.0143

Assumptions (cont'd)

- Geographic Distribution:
  - 100% in Pulaski County (Little Rock area)
    - ➔2012 Benchmark at 1.00 Risk Score = $806.84
- Star-Rating: 3
- Admin load in bid: $90 (PMPM)
- Profit load in bid: 5% of required revenue
- Current ASO Admin Costs (PMPM): $20.95 ASE; $24.72 PSE
- ASO Admin Costs under MA (PMPM): $1.29 ASE; $0.49 PSE

Methodology

- Using 2010 incurred claims from the ARK Claim Database, we calculated the ME medical experience (allowed and paid) for CY 2010.
- We then projected 2012 Plan Allowed and Paid using the same benefit assumptions and trends (7%) as presented on 7/19/2011.
- We used Ingenix Pricing model to estimate the total Allowed and Paid (Medicare + Plan).
- We calibrated our projections so that the Plan paid match 2012 projected claim cost PMPM for ME retirees.
- Using Ingenix distribution of claims by service category, and CMS Bid Pricing Tool (BPT) spreadsheet, we estimated the "member premium" for each UM savings/Risk Score combination.
- We then added to the member premium, the ASO cost (PMPM) for NME spouse and dependent, and compared the sum to the projected 2012 claims + ASO cost PMPM.

Disclaimer

- In preparing the information in this presentation, we relied without audit, on information (some oral and some written) supplied by the EBD and the plan's vendors. This information includes, but is not limited to, the plan provisions, employee eligibility data, financial information and claims data.

- Cheiron's presentation was prepared exclusively for the State of Arkansas for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose. Any third party recipient of Cheiron's work product (other than the Fund's auditor, attorney, third party administrator or other professional when providing professional services to the Fund) who desires professional guidance should not rely upon Cheiron's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

Appendix B – Star Rating as of October 2010 for Organization with Plans in Little Rock

Organization	Plan Name	Overall Rating
Arkansas Blue Cross - Medi-Pak Advantage	AR Blue Cross - Medi-Pak Advantage MA (PFFS)	Plan too new to be measured (1)
	AR Blue Cross - Medi-Pak Advantage MA-PD (PFFS)	Plan too new to be measured (1)
Arkansas Blue Cross and Blue Shield	Medi-Pak Advantage . St. Vincent (PPO)	Plan too new to be measured (1)
Care Improvement Plus	Care Improvement Plus Medicare Advantage (PPO)	Not enough data (1)
	Care Improvement Plus Medicare Advantage (Regional PPO)	Not enough data (1)
Humana Insurance Company	Humana Gold Choice H8145-120 (PFFS)	Plan too new to be measured (1)
	Humana Gold Choice H8145-122 (PFFS)	Plan too new to be measured (1)
	HumanaChoice H7188-003 (PPO)	3 out of 5 stars
	HumanaChoice H7188-005 (PPO)	3 out of 5 stars
	HumanaChoice R5826-010 (Regional PPO)	2.5 out of 5 stars
	HumanaChoice R5826-067 (Regional PPO)	2.5 out of 5 stars
Mercy Health Plans	Mercy MedicareADVANTAGE AR (PPO)	4.5 out of 5 stars
Sterling Life Insurance Company	Sterling Partners (PPO)	Plan too new to be measured (1)
Windsor Medicare Extra	Windsor Medicare Extra Diamond Plan (HMO)	2.5 out of 5 stars
	Windsor Medicare Extra Emerald Plan (HMO)	2.5 out of 5 stars
	Windsor Medicare Extra Gold Plan (HMO)	2.5 out of 5 stars
	Windsor Medicare Extra Silver Plan (HMO)	2.5 out of 5 stars

(1): New Plans or plan with not enough data are granted 3 Stars

Sources: CMS 12/17/2010 Landscape files and Part C Report Card Master Table Summary as of 10/14/2010

From: Jason Lee
Sent: Thursday, January 12, 2012 11:05 AM
Subject: Board meeting information

Dear Board Members:

One of the items on the agenda for next week's meeting is "Coverage Policy". What I am looking for from this agenda item is a discussion regarding how the covered and excluded services are determined for the plan, how we communicate those coverage policies to the members and physicians, and also to get the Board to have a chance to weigh in and comment on this subject.

In prior meetings, it has been discussed that covered or excluded services are determined by the Benefit Coordinators (Health Advantage and QualChoice for 2012) unless the Board has adopted a specific policy. One recent example deals with the coverage for bariatric surgery where it was an excluded service until the Board acted and adopted the coverage criteria including the surgical location at a center of excellence, required participation in case management, and other criteria.

The issue that arises from this process is that the member may have a procedure covered under one plan option but subsequently denied when they go to a different plan option at open enrollment. The denial would typically cause the member to appeal to EBD's appeal committee where the two coverage policies would be compared and the claim adjusted according to the most liberal coverage policy. The end result would be a fair and equitable coverage for the member but only after disruption and denials.

What we are now in a position to do, is to have Health Advantage and QualChoice provide their coverage policies to a new Coverage Policy Review workgroup, discuss the issues within each individual policy and adopt an ARBenefits Health Plan policy that both coordinators will configure in their claims system. The workgroup is chaired by the EBD Chief Health Services Officer and includes physicians from both benefit coordinators. This single policy will be applied to the full membership decreasing the likelihood of incorrect denials which may be overturned upon appeal and review. When any of the policies are reviewed at either of the coordinators, the updated policy is set to the workgroup and will be reviewed at their next monthly meeting.

We have also taken the step to publish the coverage policies on the ARBenefits website so that the provider community (and members) can understand the limitations of the plan prior to seeking treatment. If you click the link and go to www.arbenefits.org, there is an option under Coverage Policies labeled "Search". By clicking that option, anyone can see a list of the coverage policies as well as searching for a specific term.

It is expected that not all treating physicians will agree with the established coverage policy, so each policy includes the following statement:

Physician Request for Reconsideration:
This coverage policy is the result of the clinical data, peer-reviewed material, documented trials, and other non-member specific clinical data available to and reviewed by the ARBenefits Health Plan Coverage Policy review panel. In the event that the treating physician has additional clinical data, peer-reviewed material, documented trials, or non-member specific clinical data, it should be provided to the Employee Benefits Division, P.O. Box 15610, Little Rock, AR 72231, Attn: Coverage Policy Review panel c/o Chief Health Services Officer.

It is our hope that peer-reviewed clinical data along with anything else such as other health plan coverage policies can be provided by the treating physician and, once reviewed by the workgroup, reconsideration or updating the coverage policy may occur. What would not be considered at this point of the process would be the medical records of any one particular member. At this point, the review group would be looking at the establishment or updating of plan policy, not exceptions to the plan.

Additionally, we have renewed the contract with the UAMS College of Medicine to add their input for any provider requested coverage policy reconsiderations. Dr. Charles Smith, Executive Associate Dean for Clinical Affairs, has agreed to assist us with reviews of this nature. He has served us well for many years regarding clinical review of member appeals and is very familiar with the operations of the plan and the division and has many more resources at his disposal than we do, especially considering the input from his peers throughout UAMS.

All of this process would take place before the procedure is performed and the claim submitted to Health Advantage or QualChoice. If the member has already gotten the procedure and the claim was denied, we would adhere to our current appeals process, up to and including the external provider review. That is a service performed by an outside professional, not Dr. Smith through UAMS, but rather a provider unassociated with our plan and able to perform an impartial full review of the claim, the denial, the member's specific medical record, the plan document, and the coverage policy in force at the time of the service. It is at this stage, where member's medical history can be considered to see if the service performed is considered standard and acceptable treatment in the eyes of the external review physician.

I realize this is lengthy, but I feel that it is important for the Board to have a full understanding as to how certain policies regarding the plan are handled at the operational level. This is certainly not an attempt to provide anything less than a comprehensive health plan but is rather a method to ensure fair and equitable policies for the full membership. This is also not an attempt to create more red tape for the membership but instead, provide full transparent and public rules regarding how the plan operates.

I look forward to the discussion on Tuesday regarding this agenda item.

Jason Lee

STATE OF ARKANSAS
Department of Finance and Administration

EMPLOYEE BENEFITS DIVISION
501 Woodlane, Suite 500
Little Rock, AR 72201-1011
Post Office Box 15610
Little Rock, AR 72231-5610
Phone: (501) 682-9656
Toll Free: (877) 815-1017
http://www.arkansas.gov/dfa/ebd

MEMORANDUM

TO: State and Public School Life and Health Insurance Board

FROM: Jason Lee
Executive Director, Employee Benefits Division

DATE: January 4, 2012

SUBJECT: Expense Reimbursement and Stipend

Stated below are two items, which I present to the Board and ask for a motion to consider:

1. Effective January 1, 2012 and in accordance with A.C.A. § 25-16-902, the State and Public School Life and Health Insurance Board ("Board") hereby approves the reimbursement of qualified expenses at the rate established for state employees by state travel regulations with the following limitation regarding non-board meetings; that any Meeting or Conference attended by any member of the Board must be at the request of the board chair or the executive director.

2. Effective January 1, 2012 and in accordance with ACA § 25-16-903, the State and Public School Life and Health Insurance Board ("Board") hereby approves the stipend amount of $60.

Secretary of State

Filing for year _____

Election Division
State Capitol, Rm 026
Little Rock, AR 72201
501/682/5070

Extra Income Statement Of State Employees

1. Name of Employee: _____

2. Name and address of agency where employed:

_____
(Name of Agency)

_____
(Street, PO Box, Rural Route)

_____
(City) (State) (Zip)

3. Source and amount of income in excess of $500.00:

(a) _____ $_____
(Name of Public Agency) (Amount in Excess of $500 Only)

(b) _____ $_____
(Name of Public Agency) (Amount in Excess of $500 Only)

(c) _____ $_____
(Name of Public Agency) (Amount in Excess of $500 Only)

NOTE: *Extra Income statements must be filed by January 31 of each year. Persons employed by institutions of higher learning must file with the President of that institution.*

- Verification -

I do solemnly swear that the foregoing Extra Income Statement filed herewith is in all things true and correct, and fully shows all the information required to be reported by me.

_____
Signature of State Employee

State of Arkansas
County of _____

Subscribed and sworn to before me, a Notary Public, this the _____ day of _____, _____.

_____
Notary Public

My Commission Expires: _____

Arkansas Codes
Addressing
Extra Income Statement

21-8-203. Disclosure of income required.

The General Assembly determines that it is essential to the efficient operation of government, and to minimize the opportunities for conflicts of interest, that all state employees who are employed on a regular salary basis shall be required to disclose each source of income in excess of five hundred dollars ($500) earned during any calendar year from sources other than their regular salary from employment or from professional or consultant services rendered for any public agency.

History. Acts 1977, No. 849, 1; A.S.A. 1947, 12-1628.

21-8-204. Filing of income disclosure statement.

(a) On or before January 31 following the close of each calendar year, all state employees who are employed by a state office, agency, department, board, commission, or institution of higher learning in this state on a regular salary basis shall file a statement under oath reflecting all income in excess of five hundred dollars ($500) received by them during the preceding calendar year as wages or salary or as fees or payments for professional or consultant services rendered to any public agency of this state, as defined in 21-8-201 hereof, other than the salary said person receives on a regular salary basis.

(b)(1) All state employees who are employed by any state office, agency, department, board, or commission, other than employees of institutions of higher learning, shall file the statement required herein with the Secretary of State.

(2) All employees of institutions of higher learning in the state shall file the statement with the president of the institution of higher learning by which the employee is employed, and all such statements filed with the presidents of the various institutions of higher learning shall be public records and shall be open to public inspection during reasonable business hours.

History. Acts 1977, No. 849, 3, 4; A.S.A. 1947, 12-1630, 12-1631.

STATEMENT OF FINANCIAL INTEREST

State/District officials file with:
Mark Martin, Secretary of State
State Capitol, Room 026
Little Rock, AR 72201
Phone (501) 682-5070
Fax (501) 682-3548

Calendar year covered _____
(Note: Filing covers the previous calendar year)

Is this an amendment? ☐ **Yes** ☐ **No**

For assistance in completing this form contact:
Arkansas Ethics Commission
Post Office Box 1917
Little Rock, AR 72203
Phone (501) 324-9600
Toll Free (800) 422-7773

Please provide complete information. If the information requested in a particular section does not apply to you, indicate such by noting **"Not Applicable"** in that section. Do not leave any part of this form blank. If additional space is needed, you may attach the information to this document.

SECTION 1- NAME AND ADDRESS

Name _____
(Last) (First) (Middle)

Address _____
(Street or P.O. Box Number) (City) (State) (Zip Code)

Phone _____

Spouse's name _____
(Last) (First) (Middle)

All names under which you and/or your spouse do business: _____

SECTION 2- REASON FOR FILING

☐ Public Official _____
(office held)

☐ Candidate _____
(office sought)

☐ District Judge _____
(name of municipality)

☐ City Attorney _____
(name of city)

☐ State Government: Agency Head/Department Director/Division Director _____
(name of agency/department/division)

☐ Chief of Staff or Chief Deputy _____
(name of Constitutional Officer, Senate, or House of Representatives)

☐ Public appointee to State Board or Commission _____
(name of board/commission)

☐ School Board member _____
(name of school district)

☐ Candidate for school board _____
(name of school district)

☐ Public or Charter School Superintendent _____
(name of school district/school)

☐ Executive Director of Education Service Cooperative _____
(name of cooperative)

☐ Appointee to one of the following municipal, county or regional boards or commissions (list name of board or commission):

☐ Planning board or commission _____

☐ Airport board or commission _____

☐ Water or Sewer board or commission _____

☐ Utility board or commission _____

☐ Civil Service commission _____

The law provides for a maximum penalty of $2,000 per violation and/or imprisonment for not more than one year for any person who knowingly or willfully fails to comply with the provisions of A.C.A.§ 21-8-401 through § 21-8-804. This report constitutes a public record. This form has been approved by the Arkansas Ethics Commission.

SECTION 3- SOURCE OF INCOME

List each employer and/or each other source of income from which you, your spouse, or any other person for the use or benefit of you or your spouse receives gross income amounting to more than $1,000. (You are not required to disclose the individual items of income that constitute a portion of the gross income of the business or profession from which you or you spouse derives income. For example: accountants, attorneys, farmers, contractors, etc. do not have to list their individual clients.) If you receive gross income exceeding $1,000 from at least one source, the answer N/A is not correct.

a) Check appropriate box: ☐ More than $1,000 ☐ More than $12,500

_____

(name of employer or source of income)

_____

(address)

_____

(name under which income received)

Provide a brief description of the nature of the services for which the compensation was received _____

_____

b) Check appropriate box: ☐ More than $1,000 ☐ More than $12,500

_____

(name of employer or source of income)

_____

(address)

_____

(name under which income received)

Provide a brief description of the nature of the services for which the compensation was received _____

_____

c) Check appropriate box: ☐ More than $1,000 ☐ More than $12,500

_____

(name of employer or source of income)

_____

(address)

_____

(name under which income received)

Provide a brief description of the nature of the services for which the compensation was received _____

_____

d) Check appropriate box: ☐ More than $1,000 ☐ More than $12,500

_____

(name of employer or source of income)

_____

(address)

_____

(name under which income received)

Provide a brief description of the nature of the services for which the compensation was received _____

_____

The law provides for a maximum penalty of $2,000 per violation and/or imprisonment for not more than one year for any person who knowingly or willfully fails to comply with the provisions of A.C.A.§ 21-8-401 through § 21-8-804. This report constitutes a public record. This form has been approved by the Arkansas Ethics Commission.

SECTION 4- BUSINESS OR HOLDINGS

List the name of every business in which you, your spouse or any other person for the use or benefit of you or your spouse have an investment or holding. Individual stock holdings should be disclosed. Figures should be based on fair market value at the end of the reporting period.

a) Check appropriate box: ☐ More than $1,000 ☐ More than $12,500

_____
(name of corporation, firm or enterprise)

_____
(address)

_____
(name under which investment held)

b) Check appropriate box: ☐ More than $1,000 ☐ More than $12,500

_____
(name of corporation, firm or enterprise)

_____
(address)

_____
(name under which investment held)

c) Check appropriate box: ☐ More than $1,000 ☐ More than $12,500

_____
(name of corporation, firm or enterprise)

_____
(address)

_____
(name under which investment held)

d) Check appropriate box: ☐ More than $1,000 ☐ More than $12,500

_____
(name of corporation, firm or enterprise)

_____
(address)

_____
(name under which investment held)

e) Check appropriate box: ☐ More than $1,000 ☐ More than $12,500

_____
(name of corporation, firm or enterprise)

_____
(address)

_____
(name under which investment held)

f) Check appropriate box: ☐ More than $1,000 ☐ More than $12,500

_____
(name of corporation, firm or enterprise)

_____
(address)

_____
(name under which investment held)

The law provides for a maximum penalty of $2,000 per violation and/or imprisonment for not more than one year for any person who knowingly or willfully fails to comply with the provisions of A.C.A.§ 21-8-401 through § 21-8-804. This report constitutes a public record. This form has been approved by the Arkansas Ethics Commission.

SECTION 5- OFFICE OR DIRECTORSHIP

List every office or directorship held by you or your spouse in any business, corporation, firm, or enterprise subject to jurisdiction of a regulatory agency of this State, or of any of its political subdivisions.

a) _____
(name of business, corporation, firm, or enterprise)
_____
(address)
_____
(office or directorship held)
_____
(name of office holder)

b) _____
(name of business, corporation, firm, or enterprise)
_____
(address)
_____
(office or directorship held)
_____
(name of office holder)

SECTION 6- CREDITORS

List each creditor to whom the value of five thousand dollars ($5,000) or more was personally owed or personally obligated and is still outstanding. (This does not include debts owed to members of your family or loans made in the ordinary course of business by either a financial institution or a person who regularly and customarily extends credit.)

a) _____
(name of creditor)
_____
(address of creditor)

b) _____
(name of creditor)
_____
(address of creditor)

c) _____
(name of creditor)
_____
(address of creditor)

SECTION 7- GUARANTOR OR CO-MAKER

List each guarantor or co-maker who has guaranteed a debt of yours that is still outstanding. (This includes debt guarantors arising or extended and refinanced after Jan. 1, 1989. Members of your family who are your guarantors are not required to be disclosed.)

a) _____
(name)
_____
(address)

b) _____
(name)
_____
(address)

The law provides for a maximum penalty of $2,000 per violation and/or imprisonment for not more than one year for any person who knowingly or willfully fails to comply with the provisions of A.C.A.§ 21-8-401 through § 21-8-804. This report constitutes a public record. This form has been approved by the Arkansas Ethics Commission.

SECTION 8- GIFTS

List the source, date, description, and a reasonable estimate of the fair market value of each gift of more than $100 received by you or your spouse and of each gift of more than $250 received by your dependent children. The term "gift" is defined as "any payment, entertainment, advance, services, or anything of value unless consideration of equal or greater value has been given therefor." There are a number of exceptions to the definition of "gift." Those exceptions are set forth in the Instructions for Statement of Financial Interest prepared for use with this form. (Note: The value of an item shall be considered to be less than $100 if the public servant reimburses the person from whom the item was received any amount over $100 and the reimbursement occurs within ten (10) days from the date the item was received.)

a) _____
(description of gift)

_____
(date) (fair market value)

_____
(source of gift)

b) _____
(description of gift)

_____
(date) (fair market value)

_____
(source of gift)

c) _____
(description of gift)

_____
(date) (fair market value)

_____
(source of gift)

d) _____
(description of gift)

_____
(date) (fair market value)

_____
(source of gift)

e) _____
(description of gift)

_____
(date) (fair market value)

_____
(source of gift)

f) _____
(description of gift)

_____
(date) (fair market value)

_____
(source of gift)

g) _____
(description of gift)

_____
(date) (fair market value)

_____
(source of gift)

The law provides for a maximum penalty of $2,000 per violation and/or imprisonment for not more than one year for any person who knowingly or willfully fails to comply with the provisions of A.C.A.§ 21-8-401 through § 21-8-804. This report constitutes a public record. This form has been approved by the Arkansas Ethics Commission.

SECTION 9- AWARDS

If you are an employee of a public school district, the Arkansas School for the Blind, the Arkansas School for the Deaf, the Arkansas School for Mathematics, Sciences, and the Arts, a university, a college, a technical college, a technical institute, a comprehensive life-long learning center, or a community college, the law requires you to disclose each monetary or other award over one hundred dollars ($100) which you have received in recognition of your contributions to education. The information disclosed with respect to each such award should include the source, date, description, and a reasonable estimate of the fair market value.

a) _____
(description of award)

_____
(date) (fair market value)

_____
(source of award)

b) _____
(description of award)

_____
(date) (fair market value)

_____
(source of award)

c) _____
(description of award)

_____
(date) (fair market value)

_____
(source of award)

d) _____
(description of award)

_____
(date) (fair market value)

_____
(source of award)

SECTION 10- NONGOVERNMENTAL SOURCES OF PAYMENT

List each nongovernmental source of payment of your expenses for food, lodging, or travel which bears a relationship to your office when you appear in your official capacity when the expenses incurred exceed $150.

a)_____
(name of person or organization paying expense)

_____
(business address)

_____$_____
(date of expense) (amount of expense)

_____
(nature of expenditure)

b)_____
(name of person or organization paying expense)

_____
(address)

_____$_____
(date of expense) (amount of expense)

_____(
nature of expenditure)

The law provides for a maximum penalty of $2,000 per violation and/or imprisonment for not more than one year for any person who knowingly or willfully fails to comply with the provisions of A.C.A.§ 21-8-401 through § 21-8-804. This report constitutes a public record. This form has been approved by the Arkansas Ethics Commission.

SECTION 11- DIRECT REGULATION OF BUSINESS

List any business which employs you and is under direct regulation or subject to direct control by the governmental body which you serve.

a) _____
(name of business)

_____
(governmental body which regulates or controls)

b) _____
(name of business)

_____
(governmental body which regulates or controls)

c) _____
(name of business)

_____
(governmental body which regulates or controls)

d) _____
(name of business)

_____
(governmental body which regulates or controls)

SECTION 12- SALES TO GOVERNMENTAL BODY

List the goods or services sold to the governmental body for which you serve which have a total annual value in excess of $1,000. List the compensation paid for each category of goods or services sold by you or any business in which you or your spouse is an officer, director, or stockholder owning more than 10% of the stock of the company.

a) _____
(goods or services)

_____
(governmental body to whom sold)

_____
(compensation paid)

b) _____
(goods or services)

_____
(governmental body to whom sold)

_____
(compensation paid)

c) _____
(goods or services)

_____
(governmental body to whom sold)

_____
(compensation paid)

d) _____
(goods or services)

_____
(governmental body to whom sold)

_____
(compensation paid)

The law provides for a maximum penalty of $2,000 per violation and/or imprisonment for not more than one year for any person who knowingly or willfully fails to comply with the provisions of A.C.A.§ 21-8-401 through § 21-8-804. This report constitutes a public record. This form has been approved by the Arkansas Ethics Commission.

SECTION 13- SIGNATURE

I certify under penalty of false swearing that the above information is true and correct.

_____
Signature

STATE OF ARKANSAS
} ss
COUNTY OF_____

Subscribed and sworn before me this _____ day of _____, 20_____ .

_____
(Legible Notary Seal) Notary Public

My commission expires: _____

Note: If faxed, notary seal must be legible (i.e., either stamped or raised and inked) and the original must follow within ten (10) days pursuant to Ark. Code Ann. § 21-8-703(b)(3).

IMPORTANT

Where to file:

State or district candidates/public servants file with the Secretary of State.
County, township, and school district candidates/public servants file with the county clerk.
Municipal candidates/public servants file with the city clerk or recorder, as the case may be.
Municipal judges and city attorneys file with the city clerk of the municipality in which they serve.
Members of regional boards or commissions file with the county clerk of the county in which they reside.

General Information:

* The Statement of Financial Interest should be filed by January 31 of each year.

* The filing covers the previous calendar year.

* Candidates for elective office shall file the Statement of Financial Interest for the previous calendar year on the first Monday following the close of the period to file as a candidate for elective office unless already filed by January 31.

* Agency heads, department directors, and division directors of state government shall file the Statement of Financial Interest within thirty (30) days of appointment or employment unless already filed by January 31.

* Appointees to state boards or commissions shall file the Statement of Financial Interest within thirty (30) days after appointment unless already filed by January 31.

* If a person is included in any category listed above for any part of a calendar year, that person shall file a Statement of Financial Interest covering that period of time regardless of whether they have left their office or position as of the date the statement is due.

The law provides for a maximum penalty of $2,000 per violation and/or imprisonment for not more than one year for any person who knowingly or willfully fails to comply with the provisions of A.C.A.§ 21-8-401 through § 21-8-804. This report constitutes a public record. This form has been approved by the Arkansas Ethics Commission.