Special Report
Arkansas Legislative Audit

Arkansas State and Public School Employees Health Benefits
Department of Shared Administrative Services – Employee Benefits Division

For the Fiscal Year Ended June 30, 2025

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 Shared Administrative Services (DSAS)[1] – 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, 2025.
- 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, 2024 through June 30, 2025. 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 DSAS employees and third party-vendors.

---

[1] Act 205 of the Regular Session of 2025 changed the Department's name from Department of Transformation and Shared Services to Department of Shared Administrative Services.

ARKANSAS LEGISLATIVE AUDIT
500 Woodlane Street, Suite 172, Little Rock, AR 72201
Phone: 501-683-8600 • Fax: 501-683-8605
www.arklegaudit.gov

Report ID: SA16EBD25 Report Date: May 11, 2026

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:

- 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 2024 and 2025, Health Advantage managed the Premium, Classic, and Basic plans, as well as a Medicare Primary plan. United Healthcare managed the MAPD Plan. Pharmacy claims were managed by Navitus, 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). EBD paid Health Advantage for actuarial services provided by Milliman.

As detailed in **Exhibit I**, from fiscal year 2024 to 2025, the number of subscribers increased by 625 for the ASE Plan and increased by 1,027 for the PSE Plan, creating a total increase of 1,652 for both Plans. **Exhibit II** provides ASE and PSE Medicare-eligible retirees by enrollment in a retiree plan. **Schedule 1 on page 12** provides a three-year comparison of the member participation in the MAPD Plan.

Exhibit I

Arkansas State Employee (ASE) and Public School Employee (PSE)
Health and Benefit Plan Participants, Including Retirees
At June 30, 2024 and 2025

	ASE		PSE	
	Subscribers	Members	Subscribers	Members
Enrollment at June 30, 2024	36,425	55,610	66,948	104,468
Change in enrollment	625	625	1,027	2,110
Enrollment at June 30, 2025	37,050	56,235	67,975	106,578

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 Shared Administrative 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, 2025

	ASE		PSE	
	Subscribers	Members	Subscribers	Members
Medicare Health Advantage Primary Plan	4,502	5,674	10,150	11,204
United Healthcare ARBenefits Group Medicare Advantage (PPO) MAPD Plan	7,143	9,000	6,597	7,232
Medicare Health Advantage Primary Plan Participation Rate	39%	39%	61%	61%
United Healthcare ARBenefitsGroup Medicare Advantage (PPO) MAPD Participation Rate	61%	61%	39%	39%

Source: *Department of Shared Administrative Services − Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

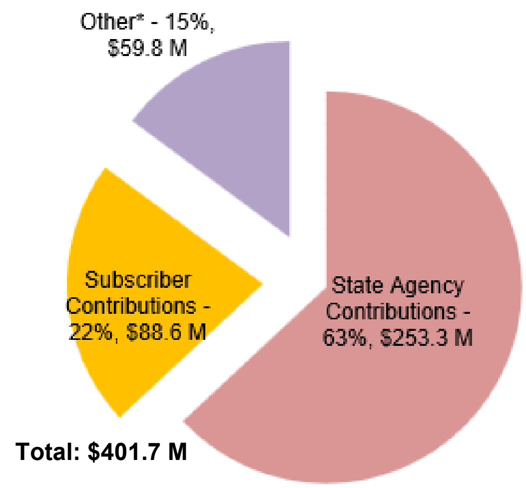
Arkansas State Employee (ASE) Fund Balance Analysis

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 2024 and 2025 were $7,260 ($605 per month) and $7,920 ($660 per month), respectively, resulting in an average of $632.50 per budgeted position for fiscal year 2025. The 33,308 budgeted positions for 2025 reflected a decrease of 218 from the number reported in the previous fiscal year.[2] Employer premium contributions totaled $253.3 million, an increase of $20.9 million (9.0%) from the previous year.

Exhibit III

Arkansas State Employee (ASE)
Sources of Fund Revenue
For Fiscal Year 2025



*Other includes performance guarantees, penalties, investment income, pharmacy rebates, Medicare Part D subsidies, and FICA savings. FICA savings are the 7.65% FICA taxes the employer saves on employee pre-tax deductions that do not have to be remitted to the federal government. These savings are to be used for insurance premium assistance.

Source: *Arkansas Administrative Statewide Information System (AASIS) (unaudited by Arkansas Legislative Audit)*

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 2 on page 13** provides subscriber contribution amounts for monthly premiums for plan year 2025. For the year, subscriber premium contributions totaled $88.6 million, a decrease of $5.9 million from the previous year.

Employee contributions for ASE active subscribers decreased for all plan types, with the exception of the Basic employee only rate, which did not change. 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. All premiums for the ASE non-Medicare eligible Premium plan increased, with changes ranging from 0.6% to 4.7%, depending on the coverage selected. All Medicare-eligible premium rates for the Health Advantage plan increased, with changes ranging from 1.7% to 10.0%, except for the Retiree, non-Medicare Spouse, and Child(ren) plans that decreased by 1.6%. All Medicare-eligible premium rates for the MAPD Plan increased by 0.4% to 29.4%.

Additionally, other revenues (FICA savings, investment income, Medicare Part D subsidies and pharmacy rebates) increased by $26.5 million in total from the previous year. This increase was primarily due to an increase of $25.1 million in pharmacy rebates.

[2] 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 2025, health and pharmacy claims paid from the ASE Fund totaled $203.2 million and $119.2 million, respectively. As shown in **Schedule 3 on page 14**, from fiscal year 2024 to 2025, health claims increased $19.7 million (10.7%), and pharmacy claims increased $19.5 million (19.6%). MAPD cost was $20.5 million for fiscal year 2025. **Schedule 4 on page 15** provides health and pharmacy claims by plan type, and **Schedule 5 on page 16** provides a five-year comparison of health and pharmacy claims. See **Appendix A** for agency responses regarding increases in health and pharmacy claims.

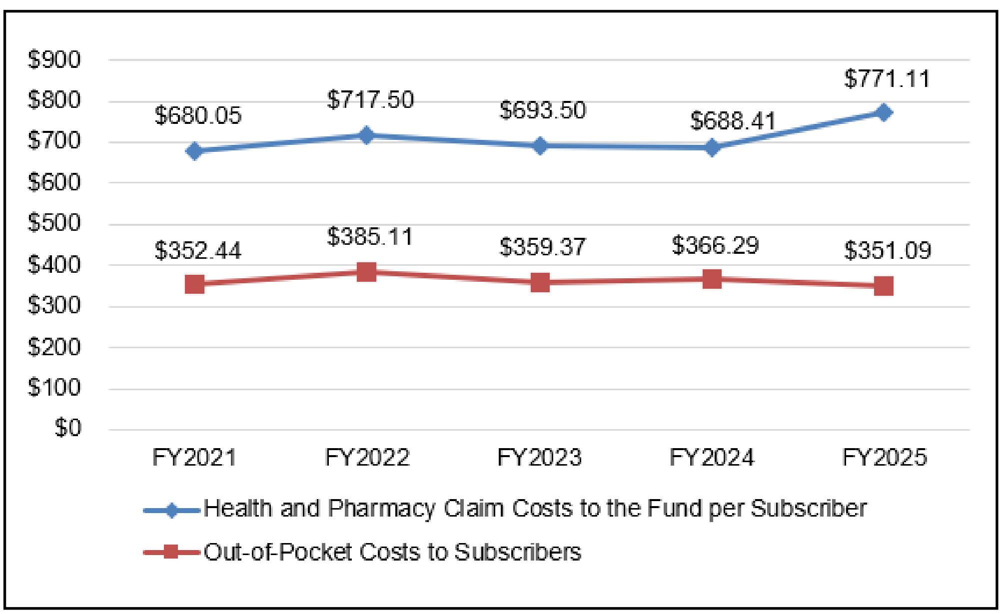
Administrative cost was $20.72 million in fiscal year 2025, an increase of $0.68 million from 2024.

The health and pharmacy claim costs to the Fund per subscriber totaled $771.11 per month, a $82.70 increase from the prior year's $688.41. The out-of-pocket costs to subscribers decreased from $366.29 per subscriber per month in fiscal year 2024 to $351.09 in fiscal year 2025. **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 2021 through 2025.

In fiscal year 2024, pharmacy claims cost totaled $99.7 million, and pharmacy rebates totaled $21.9 million, resulting in a net cost of $77.8 million. In fiscal year 2025, pharmacy claims increased to $119.2 million, and pharmacy rebates increased to $47.0 million, resulting in a net cost of $72.2 million. Year-over-year costs decreased by $5.6 million.

Exhibit IV

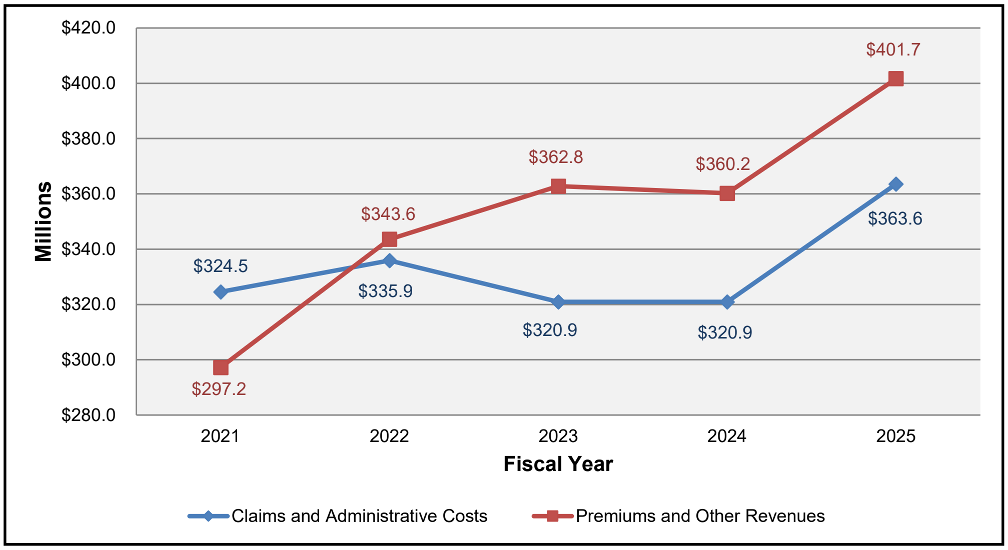
Arkansas State Employee (ASE) Fund
Five-Year Costs Per Subscriber Per Month Comparison
For Fiscal Years Ending June 30, 2021 through 2025



Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Shared Administrative 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, 2021 through 2025



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 Shared Administrative Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

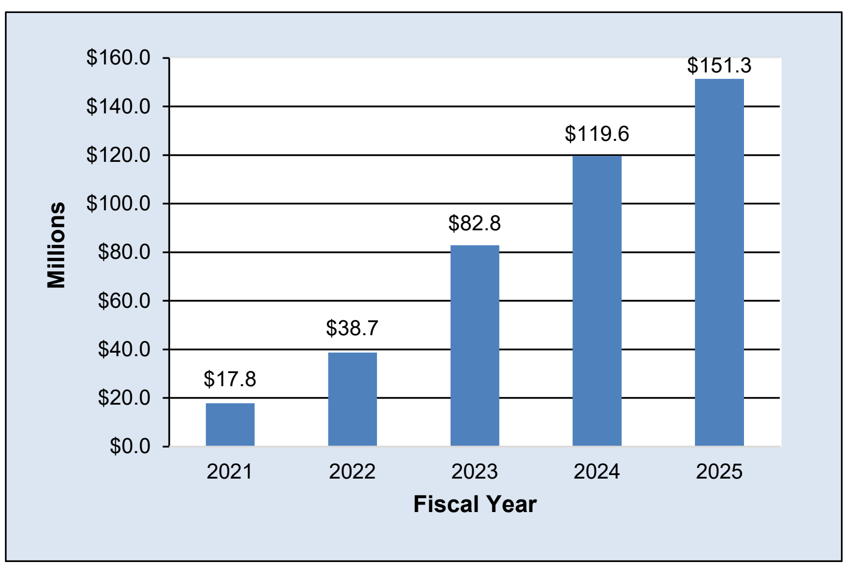
ASE Fund Balance

As shown in **Exhibit VI**, the ASE fund balance increased to $151.3 million at the end of the fiscal year.

The fund had a growth rate in fiscal year 2024 of 44.3% compared to the 26.6% growth rate in fiscal year 2025. The fund's growth was primarily the result of plan revenues exceeding expenditures by $34.0 million and a $2.2 million increase in the actuarial IBNR (Incurred But Not Reported) health and pharmacy claims. Revenues were higher primarily due to the increase in employer monthly contribution rates and the increase in pharmacy rebates.

Exhibit VI

Arkansas State Employee (ASE) Health and Benefit Plan
General Fund Balance
At June 30, 2021 through 2025



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

Public School Employee (PSE) Fund Balance Analysis

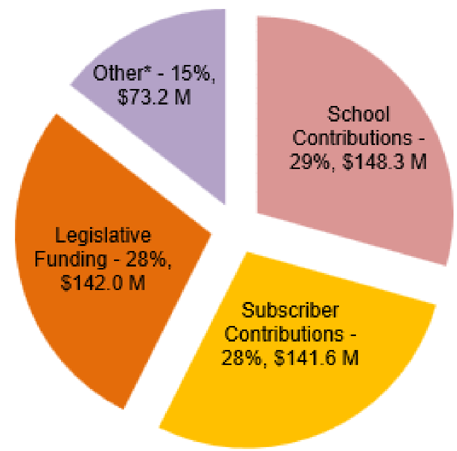
PSE Fund Revenue

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. For the current fiscal year, school premium contributions totaled $148.3 million, a $16.1 million (12.2%) increase from the previous year's $132.2 million. Factors contributing to the increase were the increase in number of subscribers as well as the Department of Education's one time supplement payment of $15 million.

State premium contributions of $142 million were funded in the current fiscal year through Act 146 of 2024.

Exhibit VII

Public School Employee (PSE)
Sources of Fund Revenue
For Fiscal Year 2025



*Other includes performance guarantees, penalties, investment income, pharmacy rebates, and FICA savings. FICA savings are the 7.65% FICA taxes the employer saves on employee pre-tax deductions that do not have to be remitted to the federal government. These savings are to be used for insurance premium assistance.

Source: *Arkansas Administrative Statewide Information System (AASIS) (unaudited by Arkansas Legislative Audit)*

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 2 on page 13** provides subscriber contribution amounts for monthly premiums for the current plan year. Subscriber premium contributions totaled $141.6 million, a $0.3 million increase from the previous year. Premium contributions totaled $431.9 million for fiscal year 2025, a net increase of $16.4 million from the $415.5 million in premium contributions for the prior year.

Additionally, other revenues (FICA savings, investment income, and pharmacy rebates) increased by $29.4 million in total from the previous year. This increase was primarily due to an increase of $31.1 million in pharmacy rebates.

PSE Fund Expenditures

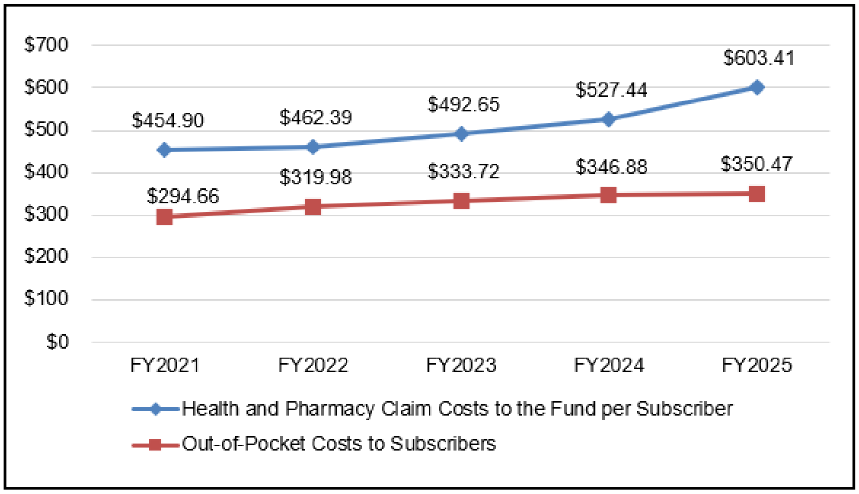
Health and pharmacy claims are the primary source of expenditures for the PSE Fund. For the current fiscal year, health and pharmacy claims paid from the Fund totaled $347.1 million and $135.2 million, respectively. As shown in **Schedule 6 on page 17**, from the previous fiscal year to the current fiscal year, health claims increased $36.5 million (11.8%), and pharmacy claims increased $29.0 million (27.4%). MAPD costs were $10.0 million for fiscal year 2025. **Schedule 4 on page 15** provides health and pharmacy claims by plan type, and **Schedule 7 on page 18** provides a five-year comparison of health and pharmacy claims. See **Appendix B** for agency responses regarding increases in health and pharmacy claims.

Additionally, administrative costs decreased by $1.2 million to $39.3 million in fiscal year 2025.

The health and pharmacy claim costs to the plan per subscriber totaled $603.41 per month, a $75.97 increase from the prior year's $527.44 per subscriber per month claim cost. Out-of-pocket costs to employees increased $3.59 from $346.88 per subscriber per month in the previous fiscal year to $350.47 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 2021 through 2025.

Exhibit VIII

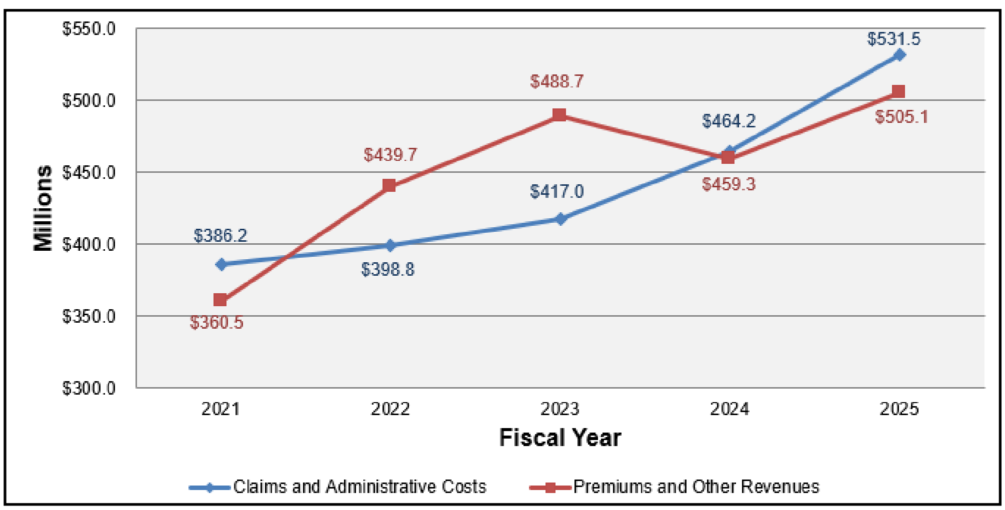
Public School Employee (PSE) Fund
Five-Year Costs Per Subscriber Per Month Comparison
For Fiscal Years Ending June 30, 2021 through 2025



Source: *Arkansas Administrative Statewide Information System (AASIS) and Department of Shared Administrative 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, 2021 through 2025



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 Shared Administrative Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

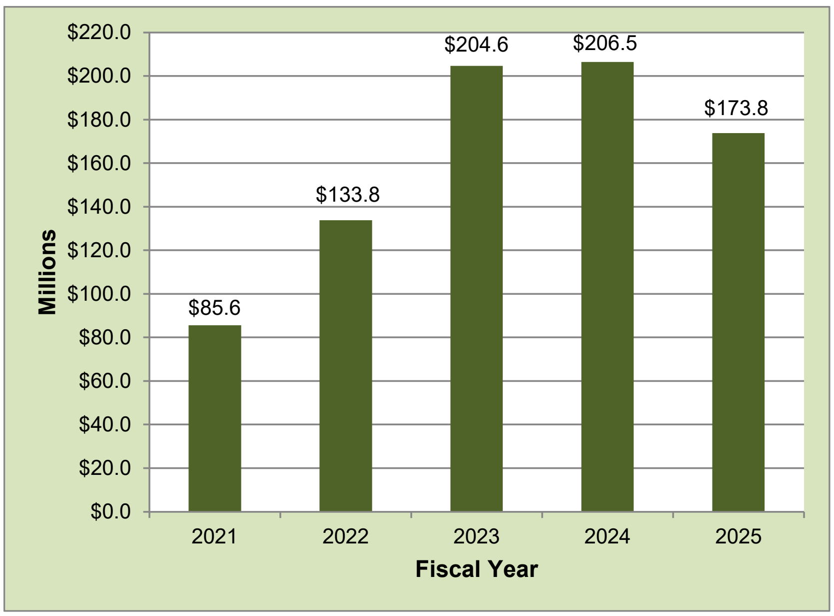
In fiscal year 2024, pharmacy claims cost totaled $106.1 million, and pharmacy rebates totaled $22.5 million, resulting in a net cost of $83.6 million. In fiscal year 2025, pharmacy claims increased to $135.2 million, and pharmacy rebates increased to $53.6 million, resulting in a net cost of $81.6 million. Year-over-year costs decreased by $2.0 million.

PSE Fund Balance

As shown in **Exhibit X**, the PSE fund balance decreased to $173.8 million at the end of the fiscal year. In fiscal year 2024, the fund balance grew at a rate of 0.9% over fiscal year 2023. For fiscal year 2025, the fund balance experienced a decline of 15.8%.

Exhibit X

Public School Employee (PSE) Health and Benefit Proprietary Fund Balance
At June 30, 2021 through 2025



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

LARGE CLAIMS AND CLAIMANTS REVIEW

From fiscal year 2024 to fiscal year 2025, overall expenditures for large claims (i.e., those exceeding $250,000) increased $1.0 million, from $20.1 million to $21.1 million. Fifteen ASE members had health claims exceeding $250,000 for a total of $6.3 million, which was a $3.1 million decrease from the prior year. Twenty-nine PSE members had health claims exceeding $250,000 for a total of $14.8 million, which was a $4.1 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 2025, ALA reviewed 12 ASE members and 34 PSE members that 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 reviewed by ALA totaled $37.5 million in fiscal year 2025.

SERVICE PROVIDER CONTRACTS

For fiscal year 2025, EBD entered into various contracts with outside vendors to assist in providing insurance benefits to plan participants at a cost of $41.2 million for ASE participants and $49.3 million for PSE participants. The majority of service provider contract costs were as follows:

- Health Advantage: $14.9 million for ASE and $31.0 million for PSE.
- Navitus: $3.2 million for ASE and $5.1 million for PSE.
- United Healthcare: $20.5 million for ASE and $10.0 million for PSE.

OTHER MATTERS

During the course of our review, EBD notified ALA of the following matters:

- EBD began working with a new actuary/consultant, Public Consulting Group, and a new Health Savings Account (HSA) and Flexible Spending Account (FSA) provider, Beneliance, in January 2026.
- EBD issued an RFP for a Third-Party Provider (TPA) in March 2026 and is in the process of evaluating potential awardees.
- EBD will launch a new administrator/Human Resources (HR)/member portal in September 2026. The following should be noted:
    - EBD anticipates developing partnerships with other systems to create a more efficient, timely, and accurate system for ARBenefits.
    - The new portal will provide improved reporting capabilities, which will be further enhanced in 2027.
    - The new portal will also provide better accounting functionality and reporting.

CONCLUSION

In fiscal year 2025, the fund balance of the ASE Plan increased by $31.7 million, while the fund balance for the PSE Plan decreased by $32.7 million.

THIS PAGE LEFT INTENTIONALLY BLANK

SCHEDULES

Schedule 1: Arkansas State Employee (ASE) and Public School Employee (PSE) Three-Year MAPD Member Participation Rates

Schedule 2: Arkansas State Employee (ASE) and Public School Employee (PSE) Maximum Monthly Premiums – For Plan Year 2025

Schedule 3: Changes in the Arkansas State Employee (ASE) Fund – From Fiscal Year 2024 to Fiscal Year 2025

Schedule 4: Arkansas State Employee (ASE) and Public School Employee (PSE) Health and Pharmacy Claims by Plan Type – Fiscal Year 2025

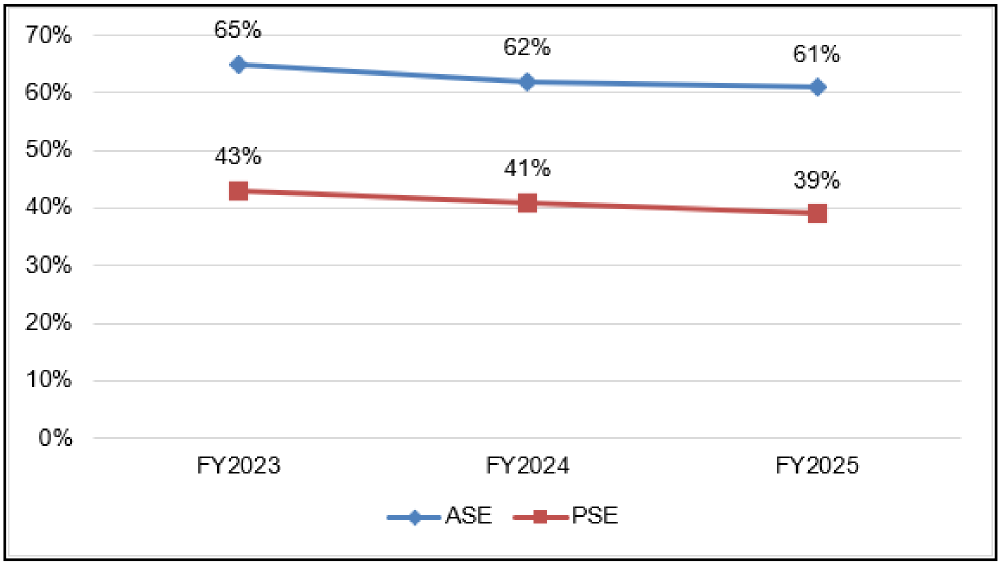
Schedule 5: Arkansas State Employee (ASE) Five-Year Health and Pharmacy Claims Comparison – From Fiscal Year 2021 to Fiscal Year 2025

Schedule 6: Changes in the Public School Employee (PSE) Fund – From Fiscal Year 2024 to Fiscal Year 2025

Schedule 7: Public School Employee (PSE) Five-Year Health and Pharmacy Claims Comparison – From Fiscal Year 2021 to Fiscal Year 2025

Schedule 1

Arkansas State Employee (ASE) and Public School Employee (PSE)
Three-Year MAPD Member Participation Rates



Note: The MAPD Plan began in January 2023.

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

Schedule 2

Arkansas State Employee (ASE) and Public School Employee (PSE) Maximum Monthly Premiums
For Plan Year 2025

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
	Active				
Employee Only	$ 151.80	$ 72.42	$ 0.00	N/A	N/A
Employee and Spouse	452.48	258.68	105.20	N/A	N/A
Employee and Child(ren)	310.56	164.62	49.28	N/A	N/A
Employee and Family	594.32	333.98	127.64	N/A	N/A
	Retirees				
Retiree Only	$ 337.86	$ 217.46	$ 122.90	$ 256.34	$ 22.03
Retiree and Non-Medicare Spouse	886.76	636.52	438.96	805.68	570.19
Retiree and Child(ren)	619.20	444.04	305.84	537.78	302.47
Retiree and MAPD Child	N/A	N/A	N/A	N/A	44.06
Retiree, Non-Medicare Spouse, and Child(ren)	1,100.16	795.20	554.02	1,019.04	783.53
Retiree, Non-Medicare Spouse, and MAPD Child	N/A	N/A	N/A	N/A	592.22
Retiree and Medicare Primary Spouse	697.60	N/A	N/A	614.11	N/A
Retiree, Medicare Primary Spouse, and Child(ren)	978.64	N/A	N/A	896.54	N/A
Retiree and MAPD Primary Spouse	359.49	N/A	N/A	N/A	44.06
Retiree and MAPD Primary Spouse, and Child(ren)	640.61	N/A	N/A	N/A	324.04
Retiree and MAPD Primary Spouse, and MAPD Child	N/A	N/A	N/A	N/A	66.09
Note: COBRA premiums ranged from $447.24 for the "Basic/Emp Only" plan type to $1,981.75 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
	Active				
Employee Only	$ 201.96	$ 88.38	$ 43.24	N/A	N/A
Employee and Spouse	706.92	347.76	241.58	N/A	N/A
Employee and Child(ren)	457.28	209.30	140.02	N/A	N/A
Employee and Family	779.68	391.88	262.12	N/A	N/A
	Retirees				
Retiree Only	$ 528.96	$ 252.18	$ 133.54	$ 121.98	$ 14.03
Retiree and Non-Medicare Spouse	1,246.62	599.54	334.40	765.18	674.28
Retiree and Child(ren)	971.80	460.78	261.68	520.62	372.22
Retiree and MAPD Child	N/A	N/A	N/A	N/A	28.06
Retiree, Non-Medicare Spouse, and Child(ren)	1,650.92	759.94	409.56	1,254.48	1,107.06
Retiree, Non-Medicare Spouse, and MAPD Child	N/A	N/A	N/A	N/A	688.31
Retiree and Medicare Primary Spouse	696.78	N/A	N/A	298.10	N/A
Retiree, Medicare Primary Spouse, and Child(ren)	1,139.64	N/A	N/A	737.06	N/A
Retiree and MAPD Primary Spouse	543.00	N/A	N/A	N/A	28.06
Retiree, MAPD Primary Spouse, and Child(ren)	986.36	N/A	N/A	N/A	440.84
Retiree, MAPD Primary Spouse, and MAPD Child	N/A	N/A	N/A	N/A	42.09
Note: COBRA premiums ranged from $391.59 for the "Basic/Emp Only" plan type to $1,684.12 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 Shared Administrative Services – Employee Benefits Division (unaudited by Arkansas Legislative Audit)*

Schedule 3

Changes in the Arkansas State Employee (ASE) Fund
From Fiscal Year 2024 to Fiscal Year 2025

	Total Amount Paid FY2024	Total Amount Paid FY2025	Increase / (Decrease) from FY2024 to FY2025	Average Amount Paid Per Subscriber* Per Month in FY2025
Premiums and Other Income				
Agency Contributions	$ 232,438,474	$ 253,307,221 [A]	$ 20,868,747	$ 570
Paid by Subscribers				
Active	66,310,364	58,926,743	(7,383,621)	133
Retirees (excluding MAPD)	24,996,249	26,364,308	1,368,059	59
MAPD Retirees	3,179,932	3,344,718	164,786	8
Total Subscriber Premiums	94,486,545	88,635,769 [A]	(5,850,776)	200 [D]
Other Income				
FICA Tax Savings	2,760,339	1,815,300	(945,039)	4
Medicare Part D Subsidy	2,291,953	3,074,517	782,564	7
Pharmacy Rebate	21,930,558	47,048,644	25,118,086	106
Other Income	6,288,257	7,802,700	1,514,443	18
Total Other Income	33,271,107	59,741,161	26,470,054	135
Total Plan Premiums and Income	$ 360,196,126	$ 401,684,151	$ 41,488,025	$ 905
Paid from the ASE Fund				
Administrative Costs				
Health Advantage	$ 15,076,806	$ 14,876,993	$ (199,813)	$ 33
Navitus	3,183,779	3,235,124	51,345	7
Other	1,774,123	2,605,072	830,949	6
Total Administrative Costs	20,034,708	20,717,189	682,481	46
Healthcare Costs				
Healthcare Provider Claims Reimbursement	183,498,753	203,162,282 [B]	19,663,529	457 [C]
Pharmacy Claims Reimbursement	99,670,708	119,217,982 [B]	19,547,274	268 [C]
United Healthcare (MAPD) Costs	17,734,981	20,455,938 [B]	2,720,957	46 [C]
Total Paid from the ASE Fund	$ 320,939,150	$ 363,553,391	$ 42,614,241	$ 817
Other Items Paid by Subscribers				
Copays, Coinsurance, and Deductibles				
Healthcare Providers	$ 36,811,415	$ 39,268,457	$ 2,457,042	$ 88
Pharmacy	23,048,858	22,861,197	(187,661)	51
United Healthcare (MAPD) Pharmacy	5,759,163	5,330,864	(428,299)	12
Total Copays, Coinsurance, and Deductibles	$ 65,619,436	$ 67,460,518	$ 1,841,082	$ 151 [D]

Sum of A = $341,942,990; Sum of B = $342,836,202; Sum of C = $771; Sum of D = $351
*Subscriber includes active and retired employees.

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

Schedule 4

Arkansas State Employee (ASE) and Public School Employee (PSE)
Health and Pharmacy Claims by Plan Type
Fiscal Year 2025

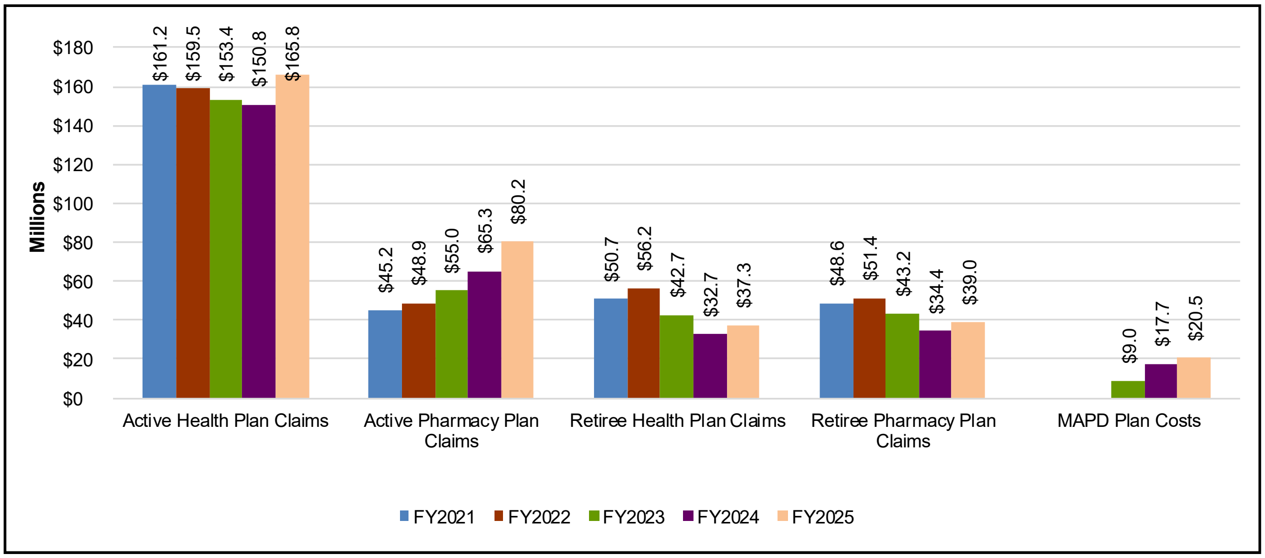
Plan Type	Arkansas State Employees Health Plan Claims	Arkansas State Employees Pharmacy Plan Claims	Arkansas State Employees MAPD Plan Costs	Public School Employees Health Plan Claims	Public School Employees Pharmacy Plan Claims	Public School Employees MAPD Plan Costs
Active [1]						
Premium	$ 150,000,900	$ 76,270,538		$ 117,602,678	$ 63,025,481	
Classic	10,610,630	2,064,784		148,029,453	53,023,370	
Basic	5,224,752	1,889,672		19,603,302	4,253,796	
Active Total	**$ 165,836,282**	**$ 80,224,994**	**$ 0**	**$ 285,235,433**	**$ 120,302,647**	**$ 0**
Retiree						
Premium	$ 17,087,919	$ 8,351,739		$ 5,452,491	$ 3,160,172	
Classic	1,042,530	315,114		21,583,383	9,652,553	
Basic	292,234	50,688		4,942,390	727,098	
Health Advantage Medicare Primary	17,683,330	29,686,921		27,877,917	455,592	
United Healthcare Medicare Primary			$ 20,455,938			$ 9,954,003
Primary Retired	1,219,987	588,526		1,980,623	880,992	
Retiree Total	**$ 37,326,000**	**$ 38,992,988**	**$ 20,455,938**	**$ 61,836,804**	**$ 14,876,407**	**$ 9,954,003**
Total Claims/Costs	**$ 203,162,282**	**$ 119,217,982**	**$ 20,455,938**	**$ 347,072,237**	**$ 135,179,054**	**$ 9,954,003**

[1] Includes COBRA plans.

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

Schedule 5

Arkansas State Employee (ASE)
Five-Year Health and Pharmacy Claims Comparison
From Fiscal Year 2021 through Fiscal Year 2025



Note: The MAPD Plan began in January 2023; therefore, FY2023 only represents half a fiscal year of MAPD costs.

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

Schedule 6

Changes in the Public School Employee (PSE) Fund
From Fiscal Year 2024 to Fiscal Year 2025

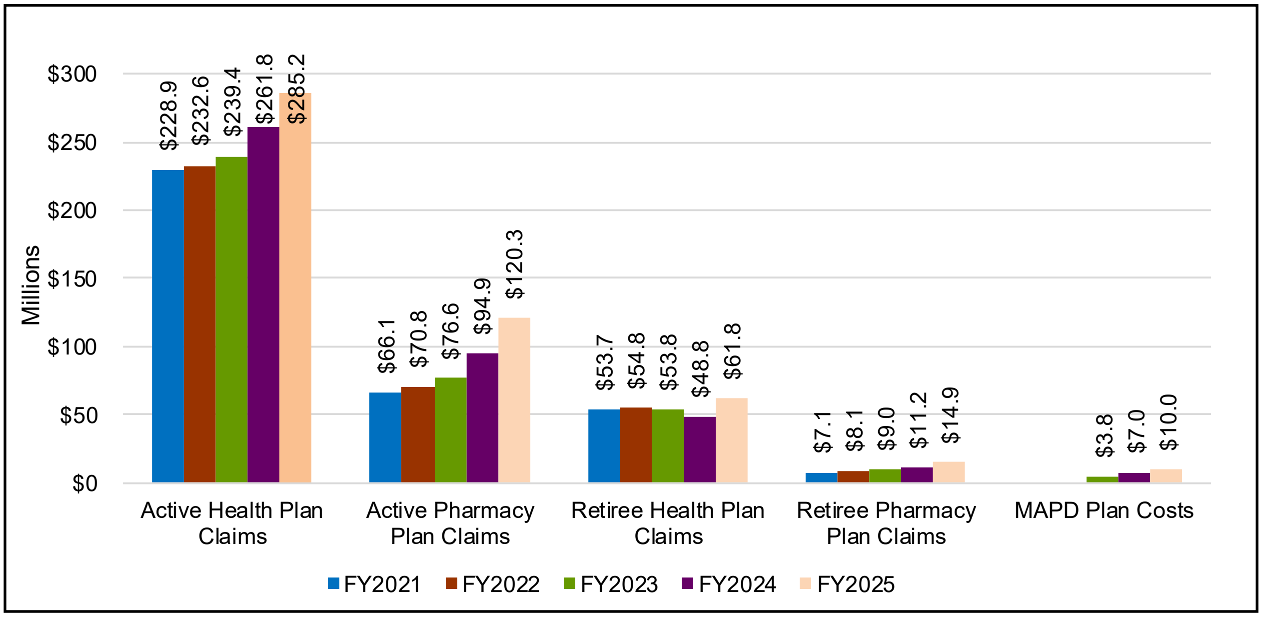
	Total Amount Paid FY2024	Total Amount Paid FY2025	Increase / (Decrease) from FY2024 to FY2025	Average Amount Paid Per Subscriber* Per Month in FY2025
Premiums and Other Income				
Legislative Funding	$ 142,000,000	$ 142,000,000 [A]	$ 0	$ 174
School District Contributions	132,186,108	148,317,097 [A]	16,130,989	182
Paid by Subscribers				
Active	111,381,269	109,396,714	(1,984,555)	134
Retirees (excluding MAPD)	28,662,818	30,714,148	2,051,330	38
MAPD Retirees	1,313,804	1,503,994	190,190	2
Total Subscriber Premiums	141,357,891	141,614,856 [A]	256,965	174 [D]
Other Income				
FICA Tax Savings	8,200,613	7,997,420	(203,193)	10
Interest Income	12,227,716	9,906,291	(2,321,425)	12
Pharmacy Rebate	22,532,467	53,595,200	31,062,733	66
Other Income	762,944	1,645,398	882,454	2
Total Other Income	43,723,740	73,144,309	29,420,569	90
Total Plan Premiums and Income	$ 459,267,739	$ 505,076,262	$ 45,808,523	$ 620
Paid from the PSE Fund				
Administrative costs				
Health Advantage	$ 31,364,116	$ 30,989,799	$ (374,317)	$ 38
Navitus	4,943,110	5,113,858	170,748	6
Other	4,169,536	3,209,462	(960,074)	4
Total Administrative costs	40,476,762	39,313,119	(1,163,643)	48
Healthcare Costs				
Healthcare Provider Claims Reimbursement	310,561,016	347,072,237 [B]	36,511,221	425 [C]
Pharmacy Claims Reimbursement	106,143,885	135,179,054 [B]	29,035,169	166 [C]
United Healthcare (MAPD) Costs	7,027,241	9,954,003 [B]	2,926,762	12 [C]
Total paid from the PSE Fund	$ 464,208,904	$ 531,518,413	$ 67,309,509	$ 651
Other Items Paid by Subscribers				
Copays, coinsurance, and deductibles				
Healthcare providers	$ 91,816,791	$ 96,633,497	$ 4,816,706	$ 118
Pharmacy	41,199,202	43,567,750	2,368,548	53
United Healthcare (MAPD) Pharmacy	4,303,917	4,059,677	(244,240)	5
Total paid by subscribers	$ 137,319,910	$ 144,260,924	$ 6,941,014	$ 176 [D]

Sum of A = $431,931,953; Sum of B = $492,205,294; Sum of C = $603; Sum of D = $350
*Subscriber includes active and retired employees.

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

Schedule 7

Public School Employee (PSE)
Five-Year Health and Pharmacy Claims Comparison
From Fiscal Year 2021 through Fiscal Year 2025



Note: The MAPD Plan began in January 2023; therefore, FY2023 only represents half a fiscal year of MAPD costs.

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

Appendix A

Arkansas State Employee (ASE) Health and Pharmacy Claims Increase Explanations
Provided by the Employee Benefits Division (EBD)

Of the total ASE variance, **$15.6M** can be attributed to inflationary increase in medical costs, while **$4.1M** can be attributed to an update EBD made to the processing of Y-Vouchers.

A brief explanation for the increase in **ASE Health** Claims:

- National averages show that Medical Health claims increased by approximately 7% from 2024 to 2025, and EBD's claims fell in line with the national trend.
- Among the service types driving the increase spend for **ASE Health** claims from 2024 to 2025 were:
    - Inpatient Surgical
        - Cardiac Disorders - 62.8%
        - Infections - 11.5%
        - Musculoskeletal Disorders - 8.0%
    - Outpatient Services
        - Cancer - 33.6%
        - Musculoskeletal Disorders - 16.9%
        - Gynecological/Breast Disorders - 15.0%
    - Emergency Room
        - Gastrointestinal Disorders - 20.9%
        - Trauma/Accidents - 19.3%
        - Neurological Disorders - 18.5%

The total ASE Pharmacy claim variance of **$19.5M** can be attributed to inflationary increase in pharmacy costs, and the variance of drug utilization for the audited year.

A brief explanation for the increase in **ASE Pharmacy** claims:

- National averages show that Pharmacy claims increased by approximately 10% from 2024 to 2025, and EBD's claims fell in line with the national trend. The drugs primarily responsible for driving the increase were GLP-1s and targeted immunomodulators.

Appendix B

Public School Employee (PSE) Health and Pharmacy Claims Increase Explanations
Provided by the Employee Benefits Division (EBD)

Of the total PSE variance, **$27.8M** can be attributed to inflationary increase in medical costs, while **$8.7M** can be attributed to an update EBD made to the processing of Y-Vouchers.

A brief explanation for the increase in **PSE Health** Claims:

- National averages show that Medical Health claims increased by approximately 7% from 2024 to 2025, and EBD's claims fell in line with the national trend.
- Among the service types driving the increase spend for **PSE Health** claims from 2024 to 2025 were:
  - All Other Inpatient
    - Pregnancy-related Disorders - 78.0%
    - Cardiac Disorders - 6.0%
    - Gastrointestinal Disorders - 4.8%
  - Outpatient Services
    - Spine-related Disorders - 25.8%
    - Medical/Surgical Complications - 17.2%
    - Trauma/Accidents - 14.2%
  - Emergency Room
    - Gastrointestinal Disorders - 20.8%
    - Trauma/Accidents - 14.3%
    - Eye/ENT Disorders - 10.1%

The total PSE Pharmacy claim variance of **$29M** can be attributed to inflationary increase in pharmacy costs, and the variance of drug utilization for the audited year.

A brief explanation for the increase in **PSE Pharmacy** claims:

- National averages show that Pharmacy claims increased by approximately 10% from 2024 to 2025, and EBD's claims fell in line with the national trend. The drugs primarily responsible for driving the increase were GLP-1s and targeted immunomodulators.