



STATE OF ARKANSAS
**Department of Finance
and Administration**

EMPLOYEE BENEFITS DIVISION

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Date: May 3, 2007
To: Arkansas Public School Business Officials
Regarding: ARHealth Plan Changes for 2007 – 2008 Public School Employee Plan Year

The State & Public School Life & Health Insurance Board, the governing body for your health insurance, approved changes to the insurance benefits for the State and Public School Employees at the April 17th board meeting. They elected to expand the ARHealth Plan to the active employees as was previously done for the retirees. The goal is to streamline the benefits program, maintain a quality schedule of benefits and control cost now and in the future. This transition to ARHealth has allowed us to negotiate significant discounts on our administrative fees and provide a broader network of providers for our members.

The ARHealth Plan is a Point of Service (POS) type plan. ARHealth Plan has all the features of the HMO and PPO plans, but at an overall lower plan cost for the benefits that members will receive. For those members who have always had an HMO plan, they can continue to stay in network but will have the ability to access specialty services without a paper referral and approval from the benefit coordinator. Those members who have remained in the PPO plan and wish to access care without a referral can continue to access services within the network just as they have in the past. The plans that exist today will be rolled into the ARHealth plan. ARHealth will be offered through Health Advantage and NovaSys Health. Additionally, NovaSys Health will continue to offer the HD PPO plan option.

Plans offered through Arkansas Blue Cross and Blue Shield and QualChoice will not be offered for the 2007 – 2008 plan year. This move to reduce the number of carriers from 4 to 2 is in response to a recent ARHealth RFP (Request for Proposal) issued earlier this year. The evaluation process included a claims review where each bidder was asked to re-price one year of incurred claims. Health Advantage and NovaSys Health earned significantly higher scores on the technical and cost components of the RFP compared to any of the other prospective bidders and were chosen to provide the ARHealth Plan benefit coordination for the plan year.

In our effort to provide the same benefit to the public school employees as state employees, you received enhanced medical benefits last year. In addition, we are now enhancing your behavioral benefit this year to achieve full parity between the state and school employees as mandated in Act 1009 of 2007.

It is our goal to provide a quality schedule of benefits at a price that will allow every willing member an opportunity to participate. It is only through aggressive management and flexibility that this can be achieved.

Sincerely,

A handwritten signature in cursive script that reads "Sharon Dickerson".

Sharon Dickerson
Executive Director
Employee Benefits Division