



Media Release

Contact:

**Amy Webb, DHS Director of Communications
(501) 682-8650**

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Independent Analysis Shows Private Option Budget on Target with Allowable Adjustment

Actuaries hired to analyze the cost of the Private Option confirmed Wednesday that spending on health insurance premiums remains in line with the budget approved in the state's federal waiver and will not exceed budget targets after allowable adjustments are made.

Optumas, which worked with the Department of Human Services on the original budget projections for the waiver, used actual enrollment data from the first four months of the Private Option to complete the new analysis. It showed that participants are approximately 2 years older than the projection used as a baseline for the state's approved waiver budget cap, said Optumas founder Steve Schramm.

Because the Private Option is a new program with no historic budget data, the federal government established a standard process for adjusting caps if demographic factors used to create budgets, such as age, turn out to be different than expected.

Optumas found that the increase in age for actual enrollees added \$24 dollars to the average premium paid in the first four months of the program, Schramm explained.

"We are giving people private coverage at no more cost than serving them through the traditional Medicaid program," said Arkansas Medicaid Director Andy Allison. "There's a tangible reason for the higher-than-projected premiums that we can address. Moreover, it's one that we would have seen even if these enrollees had been in traditional Medicaid."