



Arkansas
BlueCross BlueShield
An Independent Licensee of the Blue Cross and Blue Shield Association



Seeking Balance ...for **Arkansas**

**Arkansas Blue Cross and Blue Shield:
Weighing healthcare's value against its costs**

High-value healthcare. Affordable coverage.

Arkansas Blue Cross and Blue Shield strives to make these two important aspirations a dual reality that the people, companies and organizations of Arkansas can count on.

For more than seven decades, now, Arkansas Blue Cross has engaged with other stakeholders in the healthcare system to improve the health, financial security and peace of mind of the members and communities we serve. Today, that work continues, with investments and initiatives designed to achieve balance.

The balance we seek is founded on:

- **Our desire for a healthy Arkansas** – helping people and communities to be as well as possible.
- **Our Arkansas roots** – as a home-grown Arkansas company with a statewide presence and a genuine commitment to our home state.
- **Our fiscal stewardship** – which helps us maintain low margins and still weather uncertain financial times.
- **Our powerful tools** – which enable us to share data and collaborate with healthcare providers and employers to identify trends and address issues in a timely and targeted fashion.
- **Our focus on the future** – meeting immediate needs while keeping an eye on the horizon to develop proactive, forward-looking strategies.

Because we've seen so many evolutions in healthcare and coverage over more than 75 years, we know that change never stops coming. We hope you will look to us as a resource for information as we work to give Arkansans access to the best care at the best value and proactively work together to meet our state's unique health challenges.



Arkansas foundation, Arkansas focus

Arkansas Blue Cross was founded in 1948 as a grassroots collaboration when the Arkansas Medical Society, the Arkansas Hospital Association and the Arkansas Farm Bureau Federation came together to stabilize the state's post-Depression healthcare financing and delivery system.

Today, Arkansas Blue Cross is one of 33 independent licensees of the national Blue Cross Blue Shield Association and is **the oldest and largest health insurer in Arkansas**. Arkansas Blue Cross and its family of affiliated companies **employ more than 3,200 Arkansans** who live and work throughout the state, filling in a multitude of diverse roles. **More than 10,000 healthcare professionals** participate in our provider networks.



Presence throughout Arkansas

We recognize that each part of our state is as unique as its diverse population. That's why we've maintained sales and service centers throughout the state. We currently have a local presence in the **Fayetteville, Fort Smith, Hot Springs, Little Rock, Jonesboro, Pine Bluff, Rogers** and **Springdale** areas. These regional centers give all Arkansans access to convenient, timely expertise and service from hometown folks who understand their needs.



Plans for all Arkansans

Arkansas Blue Cross offers two basic health plan categories for folks who live, work and play in Arkansas:

- **Consumer health plans** (for individuals) – We have a wide range of health, dental and vision insurance policies for individuals and families (including offerings on the Health Insurance Exchange) as well as Medicare Advantage and Medicare supplement policies for seniors.
- **Employer-sponsored health plans** – Employers may select from fully insured or self-funded versions of group health and dental plans to offer to their employees.



Affordability for Arkansans

We believe our primary role is to be a good steward of the premium dollars our members pay us. We work with doctors, hospitals and others in the medical community to address the continual rise in healthcare costs. When we share information and ideas, it leads to innovative care and payment models that focus on keeping people healthy, coordinating services among providers and producing the best care outcomes for each person.



Owned by Arkansans (our policyholders)

Arkansas Blue Cross is owned by our policyholders, not by stockholders. All our revenue goes to process and pay current or future medical claims. Of every premium dollar we collect, we pay out nearly **87 cents in benefits** for our customers. The remaining **13 cents goes toward operating costs and reserve funds**, which are required by law, to safeguard financial strength and to pay claims when costs run higher than anticipated – or during emergencies or disasters such as the COVID-19 pandemic. Thanks to our reserves, we were able to offer many hospitals no-interest loans to help with their cash flow issues during that trying time.

Since we cannot sell stock like the large national insurers, we have **limited access to capital** to fund ongoing infrastructure needs or respond to unexpected events. During more than 75 years of business, we have worked to build reserves to be used when cash flow could be disrupted. Though those reserves may seem sizable, it's important to note we insure the overwhelming majority of Arkansans. Accordingly, our reserve dollars amounted to only about **\$1,882 per covered member** at the end of 2023 – less than the cost of one day in a hospital. Clearly, if a catastrophe were to disrupt our revenue stream for an extended period, it would not take long to deplete these reserves.

The Affordable Care Act established the **medical loss ratio (MLR)**, which legally establishes the percentage of each premium dollar (80 percent for individual and small-group plans; 85 percent for large-group plans) that an insurer must spend directly on the payment of healthcare benefits. If an insurance company does not meet that threshold, **it must send refunds to its customers**. Historically, our performance greatly exceeds the federal medical loss ratio thresholds.

Policyholders are our top priority but not our only obligation. Arkansas Blue Cross has paid more than **\$822 million in state and premium taxes** over the past dozen years, and we are continually challenged to satisfy new and changing regulations from the state and federal governments.



Commitment to Arkansas' people – and its healthcare providers

Arkansas Blue Cross is proud to participate in programs that improve the health of all Arkansans. We're also proud of our partnership with the state on various initiatives throughout the years.

- Arkansas Blue Cross was the **only company that offered health plans in all 75 counties** during the launch of the Affordable Care Act's Private Option. That allowed the state to meet the federal government's requirements for implementing the program. That effort included an **initial investment of \$18 million** before the program even started – and the **addition of 200 employees** to our workforce. And today we're still the primary health insurance carrier for the most economically challenged areas of our state, where access to healthcare providers is lacking.
- In early 2024, Arkansas Blue Cross was the first health insurer in the state to follow the Arkansas General Assembly's lead and **expand access** to certain **pharmacist-delivered testing and treatment** services. Members now have coverage – at hundreds of pharmacies in communities throughout Arkansas – to receive testing (for conditions like COVID-19, flu and strep throat), prescriptions to fight those conditions and medicines to help combat opioid overdoses and tobacco dependency. Since the start of this expansion, more than 2,000 members have received essential health services from their community pharmacist. Since early 2024 through July 1, we have paid pharmacists more than \$300,000 in new revenue for these expanded medical tests and treatments.



Commitment to Arkansas' communities

In 2001, we established our charitable foundation, the Blue & You Foundation for a Healthier Arkansas. Since then, the foundation has funded grants from the interest earned on the investment made more than two decades ago.

So far, the Blue & You Foundation has:

- Awarded more than **\$63 million** in grants to **thousands of health-improvement programs** throughout our state – **in all 75 counties**.
- Awarded **\$11.9 million** in grants (in 2023 and 2024 alone) to initiatives targeting maternal and pediatric health, behavioral/mental health and social determinants of health.

Additionally, Arkansas Blue Cross contributes about **\$1 million in sponsorships** annually to civic, cultural, educational and health-improvement organizations in Arkansas and consistently supports disaster-relief efforts in our state, both through funding and through volunteerism by our employees.

Arkansas Blue Cross remains committed to improving the health of all Arkansans and to working toward a sustainable approach for the future of healthcare in our state.

I hope this overview gives you a better context to the role Arkansas Blue Cross plays in our state's healthcare system. We remain committed to our members, the dedicated healthcare providers who provide vital services to all Arkansans and to the communities throughout our state. I look forward to working with each of you as we continue improving our state's healthcare system and addressing the unsustainable escalation of medical costs. Please contact me or any of our legislative team with any questions or concerns you may have now or in the future.

Take care and be safe,

David Manns

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Common Insurance Terms



Affordable Care Act: Health reform legislation passed by the 111th Congress and signed into law in March 2010. Applies to the fully insured individual and group marketplaces.



Coinsurance: The percentage a member is responsible to pay out of their own pocket after their health plan pays a claim. For example, if the health plan covers 80% of an allowable charge, the member is responsible to pay the remaining 20%. This is a form of cost-sharing.



Copayment: A set amount a member is required to pay at the point of service – usually at a medical appointment or when getting a prescription filled. This is a form of cost-sharing.



Cost-sharing: Expenses a health plan member is responsible to pay.



Deductible: Set amount a member must pay every year toward medical bills before their health plan starts paying. This is a form of cost-sharing.



Fully insured: Healthcare policies usually purchased by individuals and small groups. Monthly premiums are paid to an insurance company and in return, the insurance company pays medical claims and assumes all the risk for those costs.



Medical loss ratio (MLR): The percent of premium an insurer spends (on claims and expenses) that improve healthcare quality. If the federally defined MLR threshold is not met, health plans are required to send refunds to their customers.



Medicare supplement: These plans are sold by private health insurers and are only available to individuals who are eligible for Medicare. These policies pay costs not covered by Medicare – copayments, coinsurance, deductibles, etc.



Premium: Amount an individual or organization pays an insurer to purchase health insurance coverage.



Reserves: Funds health insurance carriers are required to maintain to show a company's financial strength and to serve as "insurance" for payments of claims in times when costs run higher than anticipated or emergencies or disasters occur.



Self-funded: A group health plan in which the sponsoring organization pays medical claims from its own funds. Federal law allows self-funded plans to determine their own benefit structures and policies. Third-party administrators often process claims, issue payments and handle other administrative tasks for self-funded health plans.



Small group: Under Arkansas law, a small group is generally defined as one with 2-50 employees.

More vocabulary: <https://www.arkansasbluecross.com/members/employer-coverage/getting-started/glossary>

