



AGENDA

State and Public School Life and Health Insurance Board Benefits Sub-Committee

**September 16, 2016
10:00 a.m.**

EBD Board Room – 501 Building, Suite 500

- I. Call to Order Jeff Altemus, Chairman***
- II. Approval of July 1 & July 8, 2016 Minutes Jeff Altemus, Chairman***
- III. ASE-PSE Financials August, 2016 Marla Wallace, EBD Fiscal Officer***
- IV. EBD Wellness/AR Works PCP Visit Req. Dr. Joseph Thompson, Director ACHI***
- V. Director's Report Chris Howlett, EBD Executive Director***

2016 upcoming meetings:

October 7, November 4

***NOTE: All material for this meeting will be available by electronic means only
ethel.whittaker@dfa.arkansas.gov***

***Notice: Silence your cell phones. Keep your personal conversations to a minimum.
Observe restrictions designating areas as "Members and Staff only"***

**State and Public School Life and
Health Insurance Board
Benefits Sub-Committee
Minutes
September 16, 2016**

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on September 16, 2016, at 10:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Becky Walker
Janis Harrison
Shelby McCook
Jeff Altemus - Chair
Claudia Moran – Vice Chair
Ronnie Kissire
Susan Gardner
Carla Haugen

Members Absent

Dan Honey

Chris Howlett, Executive Director, Employee Benefits Division (EBD)

Others Present

Dwight Davis, UAMS; Robert Boyd, Board Member; Marla Wallace, Ethel Whittaker, Stella Greene, Cecilia Walker, Matt Turner, Terri Freeman, EBD; Jennifer Vaughn, Kristi Jackson, Com Psych; Sylvia Landers, Minnesota Life; Marc Watts, ASEA; Ronda Walthall, Wayne Whitley, AHTD; Jessica Atkins, Health Advantage; Karyn Langley, B.J. Himes, QualChoice; Bill Clary, H&H; Liz Tullos, WageWorks; Jackie Baker, ASP; Sean Seago, Merck; Andy Davis, Arkansas Democrat-Gazette; Martha Hill, Elizabeth Whittington, ACHI; Suzanne Woodall, MedImpact; Lee Lowther, WLJ

CALL TO ORDER

The meeting was called to order by Jeff Altemus, Chairman

APPROVAL OF MINUTES

A request was made by Altemus to approve the minutes from July 1 & July 8, 2016. Harrison made the motion to approve. Haugen seconded; all were in favor.

Minutes Approved.

ASE-PSE FINANCIALS AUGUST, 2016: *by Marla Wallace, EBD Fiscal Officer*

Wallace reported financials for August 2016. For August PSE, four (4) weeks of medical and pharmacy claims were paid. The FICA savings for the month is \$468,971. There was a net gain of \$2.09 million for the month, and \$25.2 million year-to-date. Net assets available are \$56 million.

For ASE for the month of August, four (4) weeks of medical and pharmacy claims were paid. The net gain was \$2.09 million. The year-to-date is \$17.6 million. The net assets available are \$17.4 million. The net assets appear lower because of the 50/30/20 rule, where future allocations of \$27.54 million are applied to the next three plan years; \$13.77 million is allocated for 2017, \$8.262 for 2018, and \$5.508 for 2019.

EBD WELLNESS/AR WORKS PCP VISIT REQUIREMENTS: *by Dr. Joseph Thompson, Director, ACHI*

Language from the Arkansas Works Legislation on Wellness Visit Requirements promotes health, wellness, and healthcare education about appropriate healthcare-seeking behaviors. In legislation, 23-61-1005, as it was passed, there are requirements for increased personal responsibility on individuals in the program to take steps to improve their health.

The law requires those above the federal poverty level have premiums, and all persons will need to have a wellness visit with their primary care provider to receive additional benefits beyond the standard essential health benefit.

To provide the best possible solution for the members several strategies were discussed. They are as follows:

- In addition to the on-line health risk appraisal, any contact with a clinical provider would serve as a wellness visit.
- Restrict the visit to only a primary care provider.
- Contact with the Attributing Primary Care Provider, which is selected by the Third Party Administrator.
- Require the member to provide a signed document from the physician that a wellness assessment was performed. This scenario could provide the most accurate result. However, administratively the most difficult to administer.
- There are a set of codes under the Affordable Care Act that do not assess co-pays for a wellness visit. There are two options under this scenario.

- a. Colonoscopies at a Gastroenterologist (Specialist) would count as a wellness visit.
- b. The wellness visit must be from a Primary Care Physician.

Altemus questioned how difficult it would be to prevent the doctor from coding the visit incorrect?

Dr. Thompson reported coding in this aspect is a challenge as the codes were developed to pay medical providers for their services and not for monitoring data.

McCook has concerns that there are no tracking methods to monitor the Health Risk Assessment in regards to members taking measures to promote positive health.

McCook recommended for BlueCross and Blue Shield to administer the wellness benefit to avoid additional administrative fees for hiring a third party to manage the program.

Boyd reported Windstream utilizes a third-party administrator to manage their wellness program and as a result, they achieve better, accurate data.

EBD DIRECTOR'S REPORT: *by Chris Howlett, EBD Executive Director*

State Employee open enrollment concluded September 15, 2016, with positive results. The Public School open enrollment will kick-off October 1, 2016, and will be open through October 15, 2016.

The ACA Nondiscrimination Mandate 1557 is currently still in review at the Attorney General's Office. The Attorney General (AG) will provide an opinion by month end, and recommendations will be presented to the Benefits Subcommittee at the October 7th meeting.

The procurement process for the actuarial services is currently awaiting proposals for evaluation and a winner should be announced in early October.

The procurement process for the medical management has ended. Active Health Management was awarded the contract. The contract will be addressed in legislative review the week of September 25, 2016. Once approved, it will proceed to the Office of State Procurement (OSP) for final approval. EBD had hoped to implement the process January 1, 2017. However, the date is not feasible as the final process could take several additional weeks. As a result, the contract with American Health Holding (AHH) will need to be extended to allow time for EBD to finalize the procedures.

The team is pending final information regarding a partial or fully funded opportunity or benefits structure for the plan design. Recommendations will be presented to the Benefits Sub-committee at the October 7th meeting.

Howlett will provide the Benefits Sub-committee and the Board the final recommendations for approval in March 2017 for the 2018 plan design.

Meeting adjourned.

Arkansas State Employees (ASE) Financials - January 1, 2015 through August 31, 2015

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	985	21		1006	1698	37		1735
CLASSIC	1806	68		1874	3082	99		3181
PREMIUM	23809	2218		26027	41578	2878		44456
PRIMARY		216	8880	9096		443	11673	12116
TOTAL	26600	2523	8880	38003	46358	3457	11673	61488

REVENUES & EXPENDITURES

	Current Month	Year to Date (8 Months)
Funding		
State Contribution	\$ 14,693,616	\$ 115,542,980
Employee Contribution	\$ 7,911,884	\$ 63,849,719
Other	\$ 584,466	\$ 9,724,740
Allocation for Actives - Plan Year 2015	\$ 971,667	\$ 7,773,333
Total Funding	\$ 24,161,632	\$ 196,890,772
Expenses		
Medical Expenses		
Claims Expense	\$ 12,640,165	\$ 103,138,894
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,075,952	\$ 8,609,392
Refunds	\$ -	\$ (89,076)
Employee Assistance Program (EAP)	\$ 55,580	\$ 449,753
Life Insurance	\$ 54,233	\$ 438,646
Pharmacy Expenses		
RX Claims	\$ 5,881,230	\$ 47,404,015
RX IBNR	\$ -	\$ -
RX Administration	\$ 171,673	\$ 1,654,671
Plan Administration	\$ 341,330	\$ 4,135,506
Total Expenses	\$ 20,220,163	\$ 165,741,801
Net Income/(Loss)	\$ 3,941,469	\$ 31,148,971

BALANCE SHEET

Assets	
Bank Account	\$ 17,130,179
State Treasury	\$ 81,282,008
Due from Cafeteria Plan	\$ 5,195,886
Due from PSE	\$ 99
Receivable from Provider	\$ -
Accounts Receivable	\$ (1,001,297)
Total Assets	\$ 102,606,875
Liabilities	
Accounts Payable	\$ 7,040
Deferred Revenues	\$ -
Due to Cafeteria	\$ 50
Due to PSE	\$ -
Due to Federal Government (\$44 fee)	\$ 1,119,712
Health IBNR	\$ 24,700,000
RX IBNR	\$ 1,800,000
Total Liabilities	\$ 27,626,802
Net Assets	\$ 74,980,072
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$6,260,000 + \$5,400,000)	\$ (3,886,667)
Premiums for Plan Year 1/1/16 - 12/31/16 (\$3,600,000 + \$12,600,000)	\$ (16,200,000)
Premiums for Plan Year 1/1/17 - 12/31/17 (\$7,560,000))	\$ (7,560,000)
Premiums for Plan Year 1/1/18 - 12/31/18 (\$5,040,000)	\$ (5,040,000)
Catastrophic Reserve (2015 \$10,400,000)	\$ (10,400,000)
Net Assets Available	\$ 31,893,406

Fifth Week of Claims \$0

Arkansas State Employees (ASE) Financials - January 1, 2016 through August 31, 2016

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL		ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	1302	39		1341		2147	54		2201
CLASSIC	1779	69		1848		2989	92		3081
PREMIUM	22740	2174		24914		39638	2799		42437
PRIMARY		213	9315	9528			435	12174	12609
TOTAL	25821	2495	9315	37631		44774	3380	12174	60328

REVENUES & EXPENDITURES

	Current Month	Year to Date (8 Months)
Funding		
1 State Contribution	\$ 14,702,184	\$ 117,561,304
2 Employee Contribution	\$ 7,880,195	\$ 63,639,252
3 Other	\$ 142,367	\$ 9,194,272
4 Allocation of Reserves	\$ 1,350,000	\$ 10,800,000
Total Funding	\$ 24,074,746	\$ 201,194,828
Expenses		
Medical Expenses		
5 Claims Expense	\$ 14,757,836	\$ 115,496,288
6 Claims IBNR	\$ -	\$ 3,300,000
7 Medical Administration Fees	\$ 1,021,588	\$ 8,694,702
8 Refunds	\$ -	\$ 265
9 Employee Assistance Program (EAP)	\$ 54,313	\$ 441,157
Life Insurance	\$ 78,180	\$ 634,178
Pharmacy Expenses		
11 RX Claims	\$ 5,496,320	\$ 50,123,760
12 RX IBNR	\$ -	\$ (100,000)
13 RX Administration	\$ 184,306	\$ 1,510,593
14 Plan Administration	\$ 391,453	\$ 4,030,751
Total Expenses	\$ 21,983,997	\$ 184,131,693
15 Net Income/(Loss)	\$ 2,090,750	\$ 17,063,135

BALANCE SHEET

Assets		
16 Bank Account		\$ 8,358,214
17 State Treasury		\$ 91,037,313
18 Due from Cafeteria Plan		\$ 5,018,599
19 Due from PSE		\$ 177,363
20 Receivable from Provider		\$ -
21 Accounts Receivable		\$ (563,221)
Total Assets		\$ 104,028,267
Liabilities		
22 Accounts Payable		\$ 1,253
23 Deferred Revenues		\$ -
24 Due to Cafeteria		\$ 28
25 Due to PSE		\$ 84
26 Due to Federal Government (\$27 fee)		\$ 664,295
27 Health IBNR		\$ 28,000,000
28 RX IBNR		\$ 1,700,000
Total Liabilities		\$ 30,365,660
Net Assets		\$ 73,662,608
Less Reserves Allocated		
29 Premiums for Plan Year 1/1/16 - 12/31/16 (\$3,600,000 + \$12,600,000)		\$ (5,400,000)
30 Premiums for Plan Year 1/1/17 - 12/31/17 (\$7,560,000 + \$13,770,000)		\$ (21,330,000)
31 Premiums for Plan Year 1/1/18 - 12/31/18 (\$5,040,000 + \$8,262,000)		\$ (13,302,000)
Premiums for Plan Year 1/1/19 - 12/31/19 (\$5,508,000)		\$ (5,508,000)
32 Catastrophic Reserve (2016 \$10,700,000)		\$ (10,700,000)
33 Net Assets Available		\$ 17,422,608

34 Fifth Week of Claims \$0

Public School Employees (PSE) Financials - January 1, 2015 through August 31, 2015

	EMPLOYEE ONLY				EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREES	MEDICARE	TOTAL	ACTIVES	RETIREES	MEDICARE	TOTAL
BASIC	2571	233		2804	3780	291		4071
CLASSIC	20994	1965		22959	38626	2401		41027
PREMIUM	19680	1245		20925	25323	1337		26660
PRIMARY		102	10369	10471		206	11324	11530
TOTAL	43245	3545	10369	57159	67729	4235	11324	83288

REVENUES & EXPENDITURES

	Current Month	Year to Date (8 Months)
Funding		
Per Participating Employee Funding (PPE Funding)	\$ 7,841,011	\$ 65,231,790
Employee Contribution	\$ 8,984,535	\$ 72,883,745
Department of Education \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 49,816,680
Other	\$ 507,421	\$ 4,833,043
Allocation for Actives	\$ 1,666,667	\$ 13,333,333
Total Funding	<u>\$ 22,181,451</u>	<u>\$ 206,098,591</u>
Expenses		
Medical Expenses		
Claims Expense	\$ 15,552,738	\$ 111,358,983
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,496,529	\$ 12,453,683
Refunds	\$ -	\$ (66,503)
Employee Assistance Program (EAP)	\$ 73,388	\$ 612,835
Pharmacy Expenses		
RX Claims	\$ 3,819,840	\$ 30,320,007
RX IBNR	\$ -	\$ -
RX Administration	\$ 230,370	\$ 2,273,777
Plan Administration	\$ 339,664	\$ 5,510,519
Total Expenses	<u>\$ 21,512,530</u>	<u>\$ 162,463,301</u>
Net Income/(Loss)	\$ 668,921	\$ 43,635,290

BALANCE SHEET

Assets	
Bank Account	\$ 10,286,315
State Treasury	\$ 88,679,540
Receivable from Provider	\$ -
Accounts Receivable	\$ 8,344,102
Due from ASE	\$ -
Total Assets	<u>\$ 107,309,958</u>
Liabilities	
Accounts Payable	\$ 983
Due to ASE	\$ 99
Deferred Revenues	\$ 577
Due to Federal Government (\$44 fee)	\$ 1,613,216
Health IBNR	\$ 28,000,000
RX IBNR	\$ 1,400,000
Total Liabilities	<u>\$ 31,014,874</u>
Net Assets	\$ 76,295,083
Less Reserves Allocated	
Premiums for Plan Year 1/1/15 - 12/31/15 (\$20,000,000 rec'd from Dept. of Education)	\$ (6,666,667)
Premiums for Plan Year 1/1/16 - 12/31/16 (\$9,600,000)	\$ (9,600,000)
Premiums for Plan Year 1/1/17 - 12/31/17 (\$5,760,000)	\$ (5,760,000)
Premiums for Plan Year 1/1/18 - 12/31/18 (\$3,840,000)	\$ (3,840,000)
Premium Assistance (FICA Savings)	\$ (3,747,244)
Catastrophic Reserve (2015 \$10,900,000)	\$ (10,900,000)
Net Assets Available	<u>\$ 35,781,172</u>

Fifth Week of Claims \$0

Public School Employees (PSE) Financials - January 1, 2016 through August 31, 2016

	EMPLOYEE ONLY					EMPLOYEE + DEPENDENTS			
	ACTIVES	RETIREEES	MEDICARE	TOTAL		ACTIVES	RETIREEES	MEDICARE	TOTAL
BASIC	3392	337		3729		5066	416		5482
CLASSIC	21931	2139		24070		40845	2594		43439
PREMIUM	18644	1008		19652		24382	1075		25457
PRIMARY		83	11163	11246			166	12164	12330
TOTAL	43967	3567	11163	58697		70293	4251	12164	86708

REVENUES & EXPENDITURES

	Current Month	Year to Date (8 Months)
Funding		
1 Per Participating Employee Funding (PPE Funding)	\$ 7,815,057	\$ 64,782,914
2 Employee Contribution	\$ 9,222,257	\$ 74,262,507
3 Department of Education \$35,000,000 & \$15,000,000 & Other Funding	\$ 3,181,818	\$ 33,522,727
4 Other	\$ 592,338	\$ 5,091,514
5 Allocation of Reserves	\$ 3,975,000	\$ 31,800,000
Total Funding	\$ 24,786,470	\$ 209,459,663
Expenses		
Medical Expenses		
6 Claims Expense	\$ 16,689,049	\$ 128,873,475
7 Claims IBNR	\$ -	\$ 2,000,000
8 Medical Administration Fees	\$ 1,585,694	\$ 13,111,411
9 Refunds	\$ -	\$ -
10 Employee Assistance Program (EAP)	\$ 73,828	\$ 613,970
Pharmacy Expenses		
11 RX Claims	\$ 3,700,481	\$ 32,525,296
12 RX IBNR	\$ -	\$ (300,000)
13 RX Administration	\$ 257,927	\$ 2,179,252
14 Plan Administration	\$ 390,828	\$ 5,228,958
Total Expenses	\$ 22,697,807	\$ 184,232,362
16 Net Income/(Loss)	\$ 2,088,664	\$ 25,227,301

BALANCE SHEET

Assets	
17 Bank Account	\$ 15,392,607
18 State Treasury	\$ 109,089,802
19 Receivable from Provider	\$ -
20 Accounts Receivable	\$ 3,942,815
21 Due from ASE	\$ 84
Total Assets	\$ 128,425,308
Liabilities	
22 Accounts Payable	\$ 2,889
23 Due to ASE	\$ 177,363
24 Deferred Revenues	\$ 303
25 Due to Federal Government (\$27 fee)	\$ 1,010,826
26 Health IBNR	\$ 30,000,000
27 RX IBNR	\$ 1,100,000
Total Liabilities	\$ 32,291,381
28 Net Assets	\$ 96,133,927
Less Reserves Allocated	
29 Premiums for Plan Year 1/1/16 - 12/31/16 (\$9,600,000 + \$20,000,000 DOE + 18,100,000 DOE)	\$ (15,900,000)
30 Premiums for Plan Year 1/1/17 - 12/31/17 (\$5,760,000)	\$ (5,760,000)
31 Premiums for Plan Year 1/1/18 - 12/31/18 (\$3,840,000)	\$ (3,840,000)
33 Premium Assistance (FICA Savings)	\$ (3,881,786)
32 Catastrophic Reserve (2016 \$10,500,000)	\$ (10,500,000)
34 Net Assets Available	\$ 56,252,140
35 Fifth Week of Claims	\$0