



AGENDA

State and Public School Life and Health Insurance Board

January 20, 2015

1:00 p.m.

EBD Board Room – 501 Building, Suite 500

- I. Call to Order John Kirtley, Chairman***
- II. Approval of Nov. 18, & Dec. 5, 2014 Minutes..... John Kirtley, Chairman***
- III. ASE-PSE Financials Nov & Dec, 2014Marla Wallace, EBD Chief Fiscal Officer***
- IV. Benefits Sub-committee Report.... Shelby McCook, Benefits Committee Chairman***
- V. Onsite Medical Clinic Update Bob Alexander, EBD Executive Director***
- VI. Director's Report..... Bob Alexander, EBD Executive Director***

Upcoming Meetings

February 17, 2015

March 17, 2015

NOTE: All material for this meeting will be available by electronic means only asepse-board@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 Minutes January 20, 2015

The 145th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met on January 20, 2015 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

MEMBERS PRESENT

Renee Mallory
Robert Boyd
Lori Freno-Engman
Dr. Joseph Thompson
Dan Honey
Shelby McCook
Dr. John Kirtley - Chairman
Carla Wooley-Haugen Vice-Chairman
Janis Harrison
Katrina Burnett
Becky Walker
Jeff Altemus
Claudia Moran
Dr. Andrew Kumpuris
Angela Avery
Dr. Tony Thurman

MEMBERS ABSENT

Bob Alexander, Executive Director, Employee Benefits Division

OTHERS PRESENT:

David Keisner, R.T. Fendly, UAMS; Janna Keathley, Ethel Whittaker, Gretchen Baggett, Marla Wallace, Lori Eden, Leslie Smith, Stella Green, EBD; Sylvia Landers, Eileen Wider; Minnesota Life; Kristi Jackson, Jennifer Vaughn, ComPsych; Marc Watts, ASEA; Andy Davis, Arkansas Democrat Gazette; Ronda Walthall, AR Highway & Transportation Dept; Takisha Sanders, Kanita Collins, Health Advantage; Ro Summers, Gini Ingram, ACHI; Kary Langley, B.J. Himes, QualChoice; Susan Walker, Datapath; Marlo James, AEA; Jennifer Smith, ASU; Jackie Baker, ASP; Steve Althoff, MTI; Connie Bennett, Lisa Westbrook, Catamaran; Martha Hill, Ashley Younger, Leo Houser, BPS; Lisa Bamburg, Insurance Advantage; Sharon Jackson, GSK, Donna Mora, Paul House, Jim Chapman,

Mary Ann Hodges, Craighead County Retired Teachers; Brian Strickland, Gilead; Treg Long, ACS; Frances Bauman, Robyn Keene, AAEA

CALL TO ORDER:

Meeting was called to order by John Kirtley, Chairman

APPROVAL OF MINUTES: *by John Kirtley, Chairman*

The request was made by Kirtley to approve the November 18th & December 5th, 2014 minutes.

Harrison made the motion to approve the minutes, Wooley-Haugen seconded; all were in favor.

Minutes approved

FINANCIALS: *by Marla Wallace, EBD Fiscal Officer*

Wallace reported financials for December 2014. For PSE this is a five week month for a loss of \$2.89 million. The fifth week-of-claims are \$4.5 million. The year-to-date gain is \$28.46 million. The catastrophic reserve is fully funded. There are net assets of \$14.8 million. The \$63.00 Transitional Reinsurance fee has been paid for members. The amount next year will be \$44.00 per non-Medicare members.

For ASE there was a loss of \$728,000. The year-to-date gain is \$23.4 million. The catastrophic reserve is fully funded. There are net assets of \$25.7 million.

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

The following report resulted from a meeting of the Benefits Sub-Committee from January 9, 2015 with Shelby McCook presiding.

Topics Discussed:

Medicare Advantage Plans

A Medicare Advantage Plan is a group Medicare Solution that offers Part A (Hospitalization), Part B (Physician and Outpatient Services) and/or Part D (Pharmacy Benefits).

The program can be used as a tool to limit a plan's exposure without lowering benefits, restricting eligibility and/or increasing retiree contributions.

A Medicare Advantage Plan can be either fully or Self-Insured but the majority are Fully-Insured.

It can include a Pharmacy Benefit or a Plan may choose to manage it separately.

It can either mirror existing benefits or be customized to better serve the needs of that specific group.

Members would enjoy the same provider access as they do now.

It can also offer programs which may include senior-focused wellness, fitness, behavioral health and clinical programs (similar to those provided to active employees covered under a state's health plan) at no additional cost.

A number of large Retirement Systems currently offer a Medicare Advantage Plan to their eligible retirees and/or their dependents. There are 26 states that have implemented a Medicare Advantage Plan with their State Health Plan Retirement System. This includes Teacher Retirement Systems only and State/Teacher retiree health plans. Currently, over 15 million Medicare beneficiaries have enrolled in a Medicare Advantage Plan. This includes over 100,000 seniors in Arkansas.

The savings for a Medicare Advantage Plan could be as much as \$8 million.

Alexander reported the carrier receives funds from the Federal Government for the Medicare Advantage Program. With the additional funds additional services are provided. This often eliminates having to purchase a supplemental Plan.

Harrison motioned to recommend to the Board to study developing a RFP for a fully insured product, including pharmacy plan D, but priced separately. It should also include an open/closed network. The committee would like the Board to consider a RFP with these guidelines. Walker seconded. All were in favor.

Motion Approved

McCook motioned for the Board to accept the Sub-committee Report and develop an RFP to bring before the Sub-committee and the Board to request proposals for a Medicare Advantage Plan with equivalent medical coverage and potential options for pharmacy coverage that could be with or without a Medicare Advantage Plan. Boyd seconded. All were in favor.

Motion Approved

ONSITE MEDICAL CLINIC: *by, Bob Alexander, EBD Executive Director*

Alexander reported meeting with UAMS for different solutions for the clinic. There are some things that cannot be negotiated. (1)The clinic must be located in the Capital area. (2) The availability of office visits, and services for members in a timely manner. The clinic was not intended to be a primary care clinic. The clinic is primary for acute care, preventative, and wellness services for members. To also bring awareness to members of other services available to them. Disease management, EAP, and weight loss counseling are some of the services available.

McCook reported concerns with the legal issue of utilizing the trust fund money. McCook also recommended an RFP be developed for the clinic. In addition, McCook questioned the amount of employees located within two miles of the Capitol. Alexander reported trust funds will be used if the allocated slots for members are not used.

Dr. Thurman reported the clinic may be good for the future. However, many members are not in need of the clinic, but only the best services possible from Employee Benefits Division.

Dr. Kumpuris has concerns with the financial risk as well. Dr. Kumpuris motioned to recommend an RFP with strict criteria. Dr. Kumpuris amended to an RFQ. Harrison seconded.

EXPLANATION:

RFQ = Request for Qualifications

RFP = Request for Proposal

Alexander requested the timeframe to complete the RFQ.

McCook recommended Dr. Kumpuris amend the previous motion as follows: to recommend an RFQ with strict criteria, when the Employee Benefits Division staff are allocated the time and opportunity to develop an RFQ. Dr. Kumpuris agreed to amend. Harrison seconded. All were in favor except Dr. Thurman and Bob Boyd.

Motion Approved

DIRECTOR'S REPORT: *by Bob Alexander, EBD Executive Director*

Alexander requested for the Board to approve for the DUEC Committee Chairman and Vice-Chairman, in the event the committee is unable to meet at the scheduled time, can make an emergency recommendation to cover certain medications. The committee only meets quarterly, and sometimes the changes are frequent, and need to be addressed within a five month timeframe.

Dr. Thompson motioned for the Chairman and the Vice-Chairman of the DUEC Committee to have the authority to bring to the board an emergency decision outside the regular DUEC meeting. Avery seconded. All were in favor.

Motion Approved

Alexander reported open enrollment was very challenging in 2014 with the many new changes. There were 781 ASE members transferred to the basic plan, and 2,360 PSE members transferred to the basic plan. ASE enrollment was 38,311 this includes; active, retiree, and cobra. PSE was 57,790, which also includes; active, retiree, and cobra. There were 600 part-time employees with less than 30 hours terminated from the plan. There were 900 ASE spouses terminated, and 800 PSE terminated from the plan due to no response to the several spousal affidavits sent out.

There are 1,980 members enrolled in the high deductible plan that have not established a HSA. By statute HSA's can be established during the plan year. The statute does not have a penalty. Therefore, members not establishing a HSA, coverage will not terminate. Alexander reported to the taskforce regarding no penalties for possibly adopting penalties in the HSA.

Alexander reported on anesthesia for colonoscopy. There were 1,758 preventative colonoscopies, and 3,097 medical colonoscopies performed in 2014. Of those 4,800 colonoscopies, 1,068 had anesthesia, with 175 preventative, and 893 medical. About 40% are medically necessary.

Dr. Kumpuris inquired if the patient receiving anesthesia that requires a Gastroenterologist and Anesthesiologist in the same patient's room. Dr. Thompson reported administering anesthesia is not necessary for preventative or medical, unless there is a more complex procedure performed. Dr. Thompson also commented administering anesthesiology too many times could be a potential medical risk, and that conscious sedation should be a requirement for a routine medical and preventative colonoscopy. Dr. Kirtley and Dr. Thompson both recommended require a precertification for anesthesiology.

Dr. Thurman requested to table the discussion until next month's meeting in order to research the requirements of a precertification. McCook is concerned with members receiving anesthesia if they're not necessary. This could raise potential quality issues.

McCook motioned to table the colonoscopy discussion for next month in order for the director together with the physicians on the board; to research information for a possible decision at the next board meeting. Harrison seconded. All were in favor.

Motion Approved

Alexander reported on the taskforce update. The taskforce hired a consultant to research the claims data, and make recommendations. They were provided with two years of claims data to assist with research.

Alexander presented nine Legislative bills, previously approved by the Board, to the Taskforce for approval. Three out of nine items were approved.

There is continued discussion for first year teachers health insurance premium fully paid for the first school year. There will be additional information provided as it becomes available.

The Taskforce requested to conduct a member wide survey of the benefits and services for the plan.

Alexander reported Dr. Kumpuris reported on Medical utilization. The Quality of Care committee has not been active for over two years. Alexander would like to reactivate the Quality of Care Sub-Committee. The committee will be similar to the DUEC Committee, in terms of a medical utilization evaluation committee. There is discussion with UAMS for involvement, since they participate in the DUEC Committee. Recently, there was discussion with Medicaid regarding a similar program in Oregon, who evaluated medical procedures, in terms of, which are medically necessary, and those

that aren't. This project is in the early development stages. There will be additional information in future meetings.

McCook reported he presented information to a member of the Sub-committee regarding the stem cell review, and requested to include stem cell review on the next Benefits Sub-committee meeting agenda; for a recommendation from the board.

Dr. Kirtley reminded the Board to fill out the financial statements before January 31, 2015. Alexander advised members to submit them to EBD.

Dr. Kirtley requested the Board to adopt the stipend and travel policy. McCook motioned to adopt the resolution resolving to pay the Arkansas Code allowed per diem for board meetings, and that mileage for attendance to board and appropriate committees meetings be paid, and if the Board authorize specific travel for specific purpose for one or more board members; that those are paid also. Avery seconded. All were in favor.

Motion Approved

Dr. Kirtley opened the floor for audience members. Marc Watts with ASEA requested a better communication component for Medicare Advantage, as many retirees do not have access to computers or the internet. Watts requested for written communication to be mailed to eligible retirees.

Meeting Adjourned

Arkansas State Employees (ASE) Financials - January 1, 2013 through December 31, 2013				
	Gold	Silver	Bronze	Total
Actives	44,728	2,409	3,647	50,784
Retirees	3,420	31	91	3,542
Medicare	10,707			10,707
Total	58,855	2,440	3,738	65,033
Revenues & Expenditures				
			Current Month	Year to Date (12 months)
Funding				
State Contribution			\$ 14,319,162	\$ 167,154,548
Employee Contribution			\$ 7,207,061	\$ 86,780,258
Other			\$ 1,186,453	\$ 10,412,853
Allocation for Active/Retiree Plan Year 2013			\$ 2,236,667	\$ 26,840,000
Total Funding			\$ 24,949,343	\$ 291,187,659
Expenses				
Medical Expenses				
Claims Expense			\$ 14,913,439	\$ 187,248,151
Claims IBNR			\$ -	\$ 2,100,000
Medical Admin Fees			\$ 1,112,146	\$ 13,157,408
Refunds			\$ 6,336	\$ 84,695
Employee Assistance Program (EAP)			\$ 56,187	\$ 676,555
Life Insurance			\$ 54,623	\$ 657,589
Pharmacy Expenses				
RX Claims			\$ 6,170,778	\$ 82,091,540
RX IBNR			\$ -	\$ (800,000)
RX Admin			\$ 247,725	\$ 3,050,819
Plan Administration			\$ 348,327	\$ 4,005,348
Total Expenses			\$ 22,909,560	\$ 292,272,105
Net Income/(Loss)			\$ 2,039,784	\$ (1,084,446)
Balance Sheet				
Assets				
Bank Account				\$ 7,732,880
State Treasury				\$ 71,461,427
Due from Cafeteria Plan				\$ 668,305
Due from PSE				\$ 69
Receivable from Provider				\$ -
Accounts Receivable				\$ 279,818
Total Assets				\$ 80,142,498
Liabilities				
Accounts Payable			\$ 2,520	
Deferred Revenues			\$ 4,970	
Due to Cafeteria			\$ 160	
Due to PSE			\$ 516,886	
Health IBNR			\$ 23,200,000	
RX IBNR			\$ 2,400,000	
Total Liabilities			\$ 26,124,536	
Net Assets				\$ 54,017,963
Less Reserves Allocated:				
Active/Retiree Premiums for Plan Year 1/1/13 - 12/31/13		(\$11,190,000 + \$15,650,000)	\$	0
Active/Retiree Premiums for Plan Year 1/1/14 - 12/31/14		(\$7,460,000 + \$9,390,000 + \$9,000,000)	\$	(25,850,000)
Active/Retiree Premiums for Plan Year 1/1/15 - 12/31/15		(\$6,260,000 + \$5,400,000)	\$	(11,660,000)
Active/Retiree Premiums for Plan Year 1/1/16 - 12/31/16		(\$3,600,000)	\$	(3,600,000)
Catastrophic Reserve			\$	(10,000,000)
Net Assets Available				\$ 2,907,963

Arkansas State Employees (ASE) Financials - January 1, 2014 through December 31, 2014								
	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents
Actives	23392	42736	1668	3012	2426	4589	27486	50337
Retirees	2331	3240	28	55	63	111	2422	3406
Medicare	8579	11357					8579	11357
TOTAL	34302	57333	1696	3067	2489	4700	38487	65100

REVENUES & EXPENDITURES		
Funding	Current Month	Year to Date (12 months)
State Contribution	\$ 14,346,946	\$ 171,974,828
Employee Contribution	\$ 7,480,580	\$ 90,921,623
Other	\$ 664,400	\$ 11,491,617
Allocation for Actives - Plan Year 2014	\$ 2,154,167	\$ 25,850,000
Total Funding	\$ 24,646,092	\$ 300,238,068
Expenses		
Medical Expenses		
Claims Expense	\$ 16,722,517	\$ 181,099,682
Claims IBNR	\$ -	\$ 1,500,000
Medical Administration Fees	\$ 1,185,563	\$ 13,549,174
Refunds	\$ -	\$ (14,653)
Employee Assistance Program (EAP)	\$ 56,438	\$ 674,608
Life Insurance	\$ 55,000	\$ 656,950
Pharmacy Expenses		
RX Claims	\$ 6,916,936	\$ 69,885,532
RX IBNR	\$ -	\$ (600,000)
RX Administration	\$ 218,097	\$ 2,888,705
Plan Administration	\$ 219,854	\$ 7,161,597
Total Expenses	\$ 25,374,404	\$ 276,801,595
Net Income/(Loss)	\$ (728,312)	\$ 23,436,472
BALANCE SHEET		
Assets		
Bank Account		\$ 6,409,862
State Treasury		\$ 71,130,322
Due from Cafeteria Plan		\$ 709,521
Due from PSE		\$ -
Receivable from Provider		\$ -
Accounts Receivable		\$ 183,755
Total Assets		\$ 78,433,459
Liabilities		
Accounts Payable		\$ 3,758
Deferred Revenues		\$ 17,630
Due to Cafeteria		\$ -
Due to PSE		\$ 307,636
Due to Federal Government (\$63 fee)		\$ -
Health IBNR		\$ 24,700,000
RX IBNR		\$ 1,800,000
Total Liabilities		\$ 26,829,024
Net Assets		\$ 51,604,435
Less Reserves Allocated:		
Premiums for Plan Year 1/1/14 - 12/31/14	(\$7,460,000 + \$9,390,000 + \$9,000,000)	\$ 0
Premiums for Plan Year 1/1/15 - 12/31/15	(\$6,260,000 + \$5,400,000)	\$ (11,660,000)
Premiums for Plan Year 1/1/16 - 12/31/16	(\$3,600,000)	\$ (3,600,000)
Catastrophic Reserve		\$ (10,600,000)
Net Assets Available		\$ 25,744,435

Fifth Week of claims totaled: \$4,265,225.48

Public School Employees (PSE) Financials - January 1, 2013 through December 31, 2013

	Gold	Silver	Bronze	Total
Actives	35,051	8,288	28,013	71,352
Retirees	2,475	87	1,356	3,918
Medicare	9,306			9,306
Total	46,832	8,375	29,369	84,576

Revenues & Expenditures

Funding	Current Month	Year to Date (12 months)
District Contribution	\$ 8,058,423	\$ 96,836,451
Employee Contribution	\$ 10,693,847	\$ 130,792,442
Dept of Ed \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 50,000,000
Other	\$ 527,655	\$ 52,947,373
Allocation for Active/Retiree Premiums for Plan Year 2013	\$ 750,000	\$ 9,000,000
Total Funding	\$ 23,211,744	\$ 339,576,265
Expenses		
Medical Expenses:		
Claims Expense	\$ 16,944,388	\$ 213,820,201
Claims IBNR	\$ -	\$ 3,300,000
Medical Admin Fees	\$ 1,637,469	\$ 19,153,067
Refunds	\$ 5,455	\$ 7,428
Employee Assistance Program (EAP)	\$ 80,748	\$ 968,629
Pharmacy Expenses:		
RX Claims	\$ 5,125,338	\$ 64,664,724
RX IBNR	\$ -	\$ (800,000)
RX Admin	\$ 328,417	\$ 3,971,229
Plan Administration	\$ 265,128	\$ 4,294,094
Total Expenses	\$ 24,386,944	\$ 309,379,371
Net Income/(Loss)	\$ (1,175,200)	\$ 30,196,894
Less Reserve for 2014		\$ (43,000,000)
Net Income (Loss) for 2013	\$ (1,175,200)	\$ (12,803,106)

Balance Sheet

Assets		
Bank Account		\$ 14,954,544
State Treasury		\$ 49,103,106
Receivable from Provider		\$ -
Accounts Receivable		\$ 5,758,680
Due from ASE		\$ 516,886
Total Assets		\$ 70,333,215
Liabilities		
Accounts Payable		\$ 642
Due to ASE		\$ 69
Deferred Revenues		\$ -
Health IBNR		\$ 28,000,000
RX IBNR		\$ 1,800,000
Total Liabilities		\$ 29,800,711
Net Assets		\$ 40,532,504
Less Reserves Allocated:		
Active/Retiree Premiums for Plan Year 01/01/13 - 12/31/13 (\$9,000,000)		\$ -
Active/Retiree Premiums for Plan Year 01/01/14 - 12/31/14 (\$43,000,000)		\$ (43,000,000)
Catastrophic Reserve (2013 - \$11,100,000)		\$ -
Net Assets Available		\$ (2,467,496)

Public School Employees (PSE) Financials - January 1, 2014 through December 31, 2014

	GOLD		SILVER		BRONZE		GRAND TOTALS	
	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents	Employee Only	Plus Dependents
Actives	16998	20736	5258	8185	23139	42098	45395	71019
Retirees	1644	1899	156	171	1488	1855	3288	3925
Medicare	9695	10624					9695	10624
TOTAL	28337	33259	5414	8356	24627	43953	58378	85568

REVENUES & EXPENDITURES

	Current Month	Year to Date (12 months)
Funding		
Per Participating Employee Funding (PPE Funding)	\$ 8,270,338	\$ 100,107,352
Employee Contribution	\$ 9,828,062	\$ 119,936,980
Department of Education \$35,000,000 & \$15,000,000	\$ 3,181,818	\$ 50,000,000
Other	\$ 415,975	\$ 22,087,440
Allocation for Actives - Plan Year 2014	\$ 3,583,333	\$ 43,000,000
Total Funding	\$ 25,279,526	\$ 335,131,772
Expenses		
Medical Expenses		
Claims Expense	\$ 20,447,807	\$ 204,284,742
Claims IBNR	\$ -	\$ -
Medical Administration Fees	\$ 1,644,479	\$ 19,466,790
Refunds	\$ (115,795)	\$ (112,836)
Employee Assistance Program (EAP)	\$ 78,513	\$ 949,801
Pharmacy Expenses		
RX Claims	\$ 5,409,917	\$ 49,666,683
RX IBNR	\$ -	\$ (400,000)
RX Administration	\$ 293,563	\$ 3,793,996
Plan Administration	\$ 413,638	\$ 9,021,972
Total Expenses	\$ 28,172,121	\$ 286,671,149
Less Allocation for Plan Year 2015		\$ 20,000,000
Net Income/(Loss)	\$ (2,892,595)	\$ 28,460,623

BALANCE SHEET

Assets	
Bank Account	\$ 11,710,394
State Treasury	\$ 62,225,451
Receivable from Provider	\$ -
Accounts Receivable	\$ 1,150,520
Due from ASE	\$ 307,636
Total Assets	\$ 75,394,002
Liabilities	
Accounts Payable	\$ 875
Due to ASE	\$ -
Deferred Revenues	\$ -
Due to Federal Government (\$63 fee)	\$ -
Health IBNR	\$ 28,000,000
RX IBNR	\$ 1,400,000
Total Liabilities	\$ 29,400,875
Net Assets	\$ 45,993,127
Less Reserves Allocated:	
Premiums for Plan Year 1/1/14 - 12/31/14 (\$43,000,000)	\$ (0)
Catastrophic Reserve (2014 - \$11,100,000)	\$ (11,100,000)
Premiums for Plan Year 1/1/15 - 12/31/15 (\$20,000,000 received from Dept of Education)	\$ (20,000,000)
Net Assets Available	\$ 14,893,127

Fifth Week of claims totaled: \$4,520,879.96