

State and Public School Life and Health Insurance Board

Benefits Sub-Committee

Minutes

January 23, 2009

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on Friday, January 23, 2009 at 9:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Joe Musgrove
Janis Harrison
Shelby McCook
Nancy Sheehan
Rhonda Hill
Becky Walker

Members Absent

Lloyd Black
Jeff Altemus

Jason Lee, Executive Director, Employee Benefits Division.

Others Present:

George Platt, Amy Tustison, Leigh Ann Chrouch; Sherri Saxby, Sherry Bryant, Paige Harrington, Pamela Lawrence; Jane Young, Shannon Roberts, Gina Grable, Cathy Harris, EBD; Bryan Meldrum, Novasys; Barbara Melugin, Kathy Ryan, David Bridges, Ron Deberry, AR Blue Cross Blue Shield/Health Advantage; Shonda Rocke, Informed Rx; Ed Freyer, Usable Life; Sharon Marcum, LifeSynch, Marc Watts, AR State Employee Association; Mona Neal, Public Service Commission; Wayne Whitley, Ronda Walthall, AR Highway and Transportation Department; Donna Havens, AR Economic Development Commission; Robbie Weaver, AR Children's Hospital

Call to Order

The meeting was called to order by Joe Musgrove, Chairman.

Approval of Minutes

A request was made by Musgrove to approve the October 10, 2008 minutes. Harrison made the motion to approve. Walker seconded. All were in favor. Motion carried.

Benefits Strategic Planning Workgroup (BSPW) Report by *George Platt*
BSPW Chairman, George Platt reported the work group met on January 13, 2009 and discussed a variety of issues. Platt said the work group continued their discussion for the Health Risk Assessment (HRA). Platt said they are trying to

develop a method that will encourage member to improve their health by participating in the variety of programs the plan offers.

The work group presented two options:

- **Tax Free Account Option / Administration.**
Platt said the estimated cost would be about \$4M in administrative fees in addition to current cost; therefore the work group does not feel that this is a cost effective method.
- **No Cost Incentive Option – Further review**
Platt reported the work group is waiting on some information from ACHI and hope to have a final recommendation in the next benefits meeting.

No action was required by the Committee at this time.

Other discussions: Ambulance Issue

Platt said currently ambulance services are limited to \$1,000 per member per plan year but does not include charges for emergency medications administered during transport.

Platt said an analysis report indicates that for some members the average cost is \$700 dollars; \$300 per event according to member claims. Platt said the cost on average consumes a good portion of the benefit for the entire plan year; but that the cap only applies to actives and pre-65 retirees. Platt explained there is no cap for Medicare retirees because the plan is secondary.

Platt informed the committee that EBD formed an Appeals Committee in October 2008 to review benefit types of appeals. The group consists of the Deputy Director, Chief Health Services Officer, Chief Fiscal Officer and the Communications Manager.

Platt said the Appeals Committee will be taking a closer look at the Ambulance issue, and the analytic group will be providing information to the BSPW over the next couple of weeks. Platt said the work group hopes to have a recommendation for the Benefits committee next month for both Ambulance and Air transport services.

No action was required by the Committee at this time.

Legislative Update by Jason Lee

Lee presented two Bills to the committee. Lee said the two Bills directly impact the Plan.

- House Bill 1031 – Prostate Screening

A requirement that health benefit plans provide prostate cancer screening for men forty (40) years of age and over

Lee explained the plan currently covers prostate screening under the preventive care benefit and if the Bill is passed the plan will continue to provide the benefit under the legal mandate.

- Senate Bill 48 - \$23 M for PSE
An additional \$23 M to be given to public school employees in lieu of Pulaski County desegregation settlement agreement appropriation for the 2009 -2010 fiscal year

Lee explained, per Milliman the impact would reduce the premium to the employee only plan by about \$38 dollars and \$71 for family.

Mental Health Parity Law by Sharon Marcum, LifeSynch

The Mental Health Parity Act requires that health insurance equally cover both mental and physical health.

Sharon Marcum with LifeSynch presented a summary of the required changes in benefits to bring the plans into compliance.

Marcum reported the behavioral healthcare benefit costs could increase by a projected maximum of 1.7% for the ASE group and by 2.7% for the PSE group. Marcum said LifeSynch will only adjust rates after the new provisions have gone into effect and based on actual experience; further, any related increases would not appear in rates until next plan year.

Director's Comments by Jason Lee

Request for Proposal (RFP)

Lee informed the committee that the actuarial and benefit consulting contract expires June 30, 2009. Lee said the current actuary has already set the ASE, PSE and Retirees rates for the 2010 plan year so if there is a new actuary they will not be required to set the rates.

Lee said the cafeteria plan and health savings account vendor contract expires December 31, 2009 for ASE and September 1, 2009 for PSE. Lee explained that last year both contracts were merged into a single RFP; but they will split them into two separate bids for the next plan year.

Lee reported the Case Management RFP with PBD is up for renewal. Lee said they want to go out with a consolidated full case management bid to account for the in-house case management (small cases) and out source case management (large cases).

Lee said it may be necessary for an RFP for the HRA Incentive Program if they move away from the current program provided by ACHI.

Other Issues

Lee informed the committee that EBD received a request from the North West Arkansas Times. Lee said they are doing an article about the public school employee's health insurance rates.

Lee said the Bureau of Legislative Research received a request from a member for the financial impact of the state retirees compared to the public school retiree, and how much additional monies it would take to have true cost parity between the two. Lee reported they provided some actuarial models.

Meeting Adjourned.