

State and Public School Life and Health Insurance Board
Minutes
June 16, 2009

The 100th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met Tuesday, June 16, 2009 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

Members Present

Shelby McCook
Lloyd Black
Joe Musgrove
Vance Strange
Dr. Joseph Thompson
Janis Harrison
Anita Woodall
William Goff
Dr. Andrew Kumpuris
Renee Mallory
Robert Watson

Members Absent

Charlie Campbell

Jason Lee, Executive Director, Employee Benefits Division.

Others Present:

John Bauerlein, Milliman, George Platt, Leigh Ann Chrouch, Michelle Hazelett, Doug Shackelford, Stella Greene, Donna Cook, Paige Harrington, Latryce Taylor, Tracy Collins, Sherry Bryant, Kristi Cox, Pamela Lawrence, Shannon Roberts, Cathy Harris, EBD; Kathy Ryan, Ron Deberry; ABCBS/Health Advantage; Dwane Tankersley, Novasys; Mona Neal , Public Service Commission; Ronda Walthall, Wayne Whitley, AR Highway & Transportation Dept, Jeff Britt, Logan Kersley Pfizer; Karen Henson, Pamela Hickman, AR Game & Fish Commission; Kim Henderson, AR Development Finance Authority; John Robbins, Dwight Davis; Data Path; Patricia Brown, PDB Enterprise; Barry Fielder, Shonda Rocke, Informed Rx; Sharon Marcum, LifeSync; Vicki Fleming, AR Dept of Health; Derrick Smith, Mitchell Williams Law Firm; BJ Humes, Andra Kaufman, Qual Choice; Steve Singleton, AR Retired Teacher Association; Peggy Nabors, AR Education Association

Call to Order

Meeting was called to order by Shelby McCook

Approval of Minutes

The request was made by McCook to approve the May 19, 2009, minutes. Mallory made the motion to approve. Strange seconded. Minutes approved.

Benefits Subcommittee Report *by Jason Lee*

a. New Vendor Review Process

Lee informed the Board that the BSPW created a process for vendors to submit a request for a new product to the plan. Lee provided an overview of the new vendor approval process.

Recommendation: Adopt the proposed process for vendor request to review new product offerings.

Chairman McCook said the Board does not have a formal process for those who wish to do business with the plan and sometime vendors will contact a board member.

Strange made the motion to adopt the process for vendor request to review new product offerings. Goff seconded.

Dr. Thompson requested the work group provide the Board with a summary of those vendors who have submitted a request to the plan so if a board member receives a call from a vendor they will know if the vendor has been through the process and also the status of the request. Thompson said this will keep the Board optimally informed and they can support the process.

Lee said they we will also provide the Benefits committee with the information as well and then it will go to the Board.

All were in favor of the motion. Motion carried.

b. PSE Retiree Rates for 2010 Plan Year *by John Bauerlein, Milliman*

Bauerlein reported they have been looking at some scenarios for how much of the \$4 M gets allocated to the Retiree not Medicare Eligible (RNME) vs. the Retiree Medicare Eligible (RME). Bauerlein said they also took the opportunity to look at another month of emerging claims data for the Retiree groups and as a result they were able to put through a 1% decrease for medical cost for RNME and 2% decrease for RME.

The Board viewed four scenarios for PSE Retiree Rates and the 2010 proposed benefit changes.

Scenarios:

1. 2010 Proposed Rates with No Reserve Allocation
2. 2010 Proposed Rates with \$8 M Reserve Allocation (50% in 2010) - \$2 M Each for RNME and RME
3. 2010 Proposed Rates with \$8 M Reserve Allocation (50% in 2010) - Weighted Reserve Allocation (70% for RNME & 30% for RME)
4. 2010 Proposed Rates with \$8 M Reserve Allocation (50% in 2010) - weighted Reserve Allocation (55% for RNME & 45% for RME)

Proposed Benefit Changes

Hearing Aid Coverage	\$1,400 every 3 years
Removal of \$15k on Orthotics/Prosthetics	No Max
Hearing Exams	1 exam every 3 years
Vision Exams	1 exam every 2 years

Recommendation: Allocate reserve of \$4 M as follows: 55% to Retirees not Medicare eligible (RNME) and 45% to Retirees Medicare Eligible (RME).

Black made the motion to adopt the recommendation. Woodall seconded.

Goff inquired as to how the Benefits subcommittees came up with the rational for the allocation amount.

McCook explained the committee took into consideration that this is just 1/3 of the RME insurance premium. The RME monthly cost is going up by as much as the RNME because they are also getting hit by Medicare Part B and D. McCook said they are trying to make it a little more palatable.

A discussion ensued.

Dr. Thompson asked if the Teachers Association is supportive of the recommendation from the benefits committee.

Steve Singleton addressed the Board. Singleton is the Executive Director of the AR Retired Teachers Association (ARTA). Singleton informed the Board that the ARTA has an estimated 11,000 members in the association. Singleton said he is enrolled in one of the retiree group plans and so he is uncomfortable in making a recommendation that would be beneficial to that group; but that he made the statement in the benefits meeting that he would probably go with splitting the difference between the non Medicare eligible and the Medicare eligible because of the other increases the Medicare eligible are going to get in Part B and D this year.

Singleton said he has been telling the ARTA membership that they are all in this together and they need to be lobbying to increase the subsidy at the state level because now it has come down to dividing up the money and it's a no win situation. Singleton inform the Board that he made a request at the benefits meeting for someone to send some kind of communication to the Governor and the Legislature to inform them that the situation is getting untenable for the retiree groups.

Singleton said the ARTA do not have an official recommendation but they do not have a problem with the options the benefits committee has recommended to the Board. Singleton said he certainly would refer this to the committee based on what information they have and that the ARTA will work to try to increase the subsidy and would appreciate any help from the plan.

McCook informed the Board that the EBD Director will write a letter to the AR Retired Teachers Association to share with the Legislators and the Governor about the financial situation.

All were in favor of the motion to allocate reserve of \$4 M as follows: 55% to Retirees not Medicare eligible (RNME) and 45% to Retirees Medicare Eligible (RME). Motion Carried.

c. ASE Retiree Rates for 2010 Plan Year

Bauerlein said because they changed the PSE Retiree rates they have to change the ASE Retiree rates as well because they are all lumped together for underwriting purposes

Lee explained that the additional month of claims has impacted the ASE Retiree group as well.

Recommendation: Adopt the revised 2010 ASE Retiree rates. Premiums are less than what was presented in the Board meeting on May 19, 2009 due to updated information.

A discussion ensued.

Strange made the motion to rescind the 2010 ASE Retiree rates and adopt the revised 2010 ASE Retiree rates. Black seconded. All were in favor. Motion carried.

Lee reported the Benefits Subcommittee elected Jeff Altemus as Chairman of the Benefits Subcommittee and Lloyd Black as Vice Chairman.

Goff made the motion to approve the nominations for the Benefits Subcommittee. Vance seconded. All were in favor. Motion carried.

Election of Board Chair & Vice-Chair *by Shelby McCook*

Chairman McCook called for nominations for the 2009-2010 Chairman of the Board.

Strange nominated Janis Harrison for Chairman of the Board. Woodall seconded. Black moved that the nomination cease. Dr. Thompson seconded. All were in favor. Motion carried.

Chairman McCook called for nominations for the 2009-2010 Vice-Chairman of the Board.

Harrison made the motion to nominate Renee Mallory for Vice-Chairman. Strange seconded. Watson moved that the nomination cease. All were in favor. Motion carried.

Lee introduced EBD's new Chief Health Services Officer, Michelle Hazelett.

The Board said good-bye to Milliman.

Meeting adjourned.