

State and Public School Life and Health Insurance Board

Minutes

February 24, 2009

The 98th meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met Tuesday, February 24, 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
Charlie Campbell

Members Absent

Renee Mallory
Tom Emerick
Robert Watson

Jason Lee, Executive Director, Employee Benefits Division.

Others Present:

John Bauerlein, Milliman, George Platt, Leigh Ann Chrouch Sherry Bryant, Jane Young, Sharon McDonald, Sherri Saxby, Amy Redd, Gina Grable, Pamela Lawrence; Cathy Harris, EBD; Rhonda Hill, ACHI/EBD; Shonda Rocke, Barbara Melugin, Kathy Ryan, David Bridges, Ron Deberry; ABCBS/HA; Brandi Percefull, Carol White, PDB Enterprises; Bryan Meldrum, Mary Cathey, Dwane Tankersley, Novasys; Mona Neal , Public Service Commission; Ronda Walthall, Wayne Whitley, AHTD, Joseph Chang, MN Life; Jeff Britt, Pfizer; Karen Hensen, AGFC; Diann Shoptaw, EBI; Donna Havens, AEDC; Kim Henderson, ADFA; Susan Walker, Data Path

Call to Order

Meeting was called to order by Shelby McCook

Approval of Minutes

The request was made by McCook to approve the November 19, 2008 and February 3, 2009 minutes. Musgrove made the motion to approve. Goff seconded. Minutes approved.

The Benefits Subcommittee Report by Joe Musgrove

Musgrove reported the Benefits Subcommittee met on January 23rd and received and update from the BSPW on the Health Risk Assessment and the Ambulance Service Benefit.

Musgrove informed the Board the committee has looked at several options to tie the Health Risk Assessment, discount incentive and the various wellness programs provided by the Plan into a comprehensive program with measurable outcomes but a combination of financial, contracting, and operational issues complicated the task.

Musgrove made the recommendation: **1)** Eliminate the HRA load in the premiums for Plan Year 2010 but keep the current assessment available for voluntary use during the plan year. **2)** Pursue wellness programs with an integrated Health Risk Assessment for implementation in the Plan Year 2011; possibly as a result of integration with other state agencies or through a stand-alone RFP. **3)** Make the HRA a mandatory plan participation requirement starting with Plan year 2011.

Harrison made the motion to adopt. Black seconded.

A discussion ensued.

Platt explained eliminating the HRA load provides a reduced cost to plan members at a time when they need it most due to the current economic situation; particularly tied to the positive premium outlook for next year. It also allows resources to shift to developing a comprehensive wellness RFP that will finally integrate the assessment/wellness/outcomes measurement processes.

Platt said targeting Plan Year 2011 will provide the time necessary to implement this concept correctly with minimal disruption to the Plan and its members. It also allows us to wait for federal guidance contained in the Genetic Information Non-discrimination Act (GINA) which will be released in May 2008 and will impact what can be implemented.

Goff and Musgrove talked about the validity of a forced compliance. Goff said he believes school employees are truthful in their answer to the HRA. Goff said he is concerned that the quality of data may lessen if every one is forced to take the HRA.

Platt explained the current model is voluntary but they are paying people for certain answers so there is a lot more incentive for participant to exaggerate. Platt said by making the HRA mandatory it will take away the incentive to exaggerate. Platt said according to data analysis reports the trend is consistently dropping and the members are getting healthier; but yet, claims are going up.

Dr. Thompson explained they never expected the HRA or changes in behavior to make claims lower; but only to blunt the rate of rise of those claims.

Platt clarified what is being self reported isn't being reflected in the data.

All were in favor of the motion. Motion approved.

Musgrove explained currently the ambulance benefit is capped at \$1,000 per member per year. Musgrove said ambulance services are not contract providers with the plan's third party administrators so they can essentially charge what they want. Musgrove said claims have almost consistently been over limit and then an appeal is made to EBD and about 90% of those appeals are honored because the member could not have done anything about it and it is a necessary expense. Musgrove said all they are really doing by increasing the ambulance Benefit is saving people from having to go through the rigmarole of appealing when they are going to be approved anyway.

Dr. Thompson said there will be a better mechanism to deal with authorized air transport vs. not if they get action on the trauma system and there is a call center to coordinate ambulance service. Dr. Thompson said he would not want to expose the plan's fiscal resources to anything automatic on air ambulance without some sort of prior approval process with the anticipating trauma system call center coming online.

Chairman McCook opened the floor to the audience. David Bridges with Health Advantage said they offer \$1,000 for ambulances services in both their policies. Bridges talked about legislation and then explained why they do not contract with ambulance services.

Musgrove explained they are not really exposing themselves to something they have not been doing anyway; they just want to do it without causing hardship for the member.

Goff said he likes the idea because typically the member does not have very much negotiating room when they are seeking ambulance service. Goff said he wonders what will happen with ambulance rates when ambulance providers learn the limit has been doubled.

Platt said there is minimal financial risk since the plan is already absorbing the cost more than 50% of the time. Platt explained they only recommend an increase of limited benefit for ambulance services for the plan year 2009 and the BSPW will continue to review the issue for future plan years.

Dr. Thompson suggested that with the Chairman signature, they ask the Department of Health how to efficiently optimize payment availability and coordination of services inside of emergent care as they implement the trauma system upon its passing. Dr. Thompson said by doing so, it will tie the Board needs to the Health Department's obligations.

After Amendment, a motion by Musgrove was adopted "To solve the current financial and practical implementation issues with the ambulance benefits, for

plan year 2009, the limitation for ambulance services will be changed to read: "Limited Benefit: \$2,000 per member per plan year but does not include charges for emergency medications administered during transport" The BSPW, working with the actuaries and the Department of Health in coordination with the trauma system, will research and review the benefit particularly air ambulance, to develop a long-term recommended strategy for future plan years.

Dr. Thompson made the motion for the director of Board to request the Governor's Trauma Advisory Counsel and the director of the Health department guidance on reimbursement for emergency care services. Harrison seconded. All were in favor. Motion approved.

Platt informed the Board about Genetic Information Nondiscrimination Act (GENA).

Dr. Thompson made the motion to approve the Benefit subcommittee report. Strange seconded. All were in favor. Motion carried.

Financial Monitoring Report by *John Bauerlein, Milliman*

Bauerlein presented the monthly monitoring reports for the PSE and ASE group for each plan; Health Advantage, Novasys, Novasys HD PPO. Bauerlein's reports also included information for ASE and PSE Retirees and Pharmacy.

Bauerlein said they look at the incurred claims from January through September 2008 for ASE and incurred claims from October 2007 through September 2008 for PSE. Bauerlein reported there is a significant amount of reserve built up among most of the plans.

Dr. Thompson referenced the 2009 forecast gain for the NovaSys HD PPO plan for ASE and PSE Actives regarding the 28% surplus in the HD PPO plan.

After which, an in-depth discussion ensued regarding the HD PPO Plan.

Goff requested a report indicating what the rates would look like if they offered only one plan; a HD PPO plan.

McCook requested information for a basic plan; a high deductible plan with a buy up situation.

Bauerlein said they will present the preliminary underwriting for the PSE 2009 - 2010 Plan year in March and the information requested by the Board members.

Director's Report

Lee said they will present the Plan design changes in the next meeting and the first look at the preliminary PSE Active premiums. Lee said they hope to finalize the PSE Active premiums and the plan design changes (if any) in April and they

will look at the ASE Actives and ASE & PSE Retiree Premium in May and hope to finalize them in June. Lee said they are fast-tracking because the current contract with Milliman expires in June 30th

Lee informed the Board that the Speaker of the House has retained Regions Insurance Benefit Services to do a stability study on the plan. Lee said the group will review claims trend, historic financial reports, contribution philosophy and also the plan design and then report back to the House on how the plan is functioning in preparation for continued discussion around HB 1413. Lee said they probably will receive an early draft of the report sometime during the month of April.

Lee said HB 1413- provides an additional contribution of \$25M in addition to the \$35M from the Department of Education and in addition to the \$131 dollars of per participating member; and should the Bill pass, it will be a nice benefit to the members on the public school side.

Lee presented the Board with a copy of the Benefits Subcommittee Strategic Planning Workgroup Organization Charter and referenced the changes to the charter.

- Justification for creation of the BSPW: The workgroup would be responsible for researching and developing ideas consistent with the long-term sustainability and management of the Plan to include ideas brought to the Plan by current or prospective vendors.
- Goals and Activities: Review of prospective offerings made by vendors
- Structure: Additions to the BSPW group: Highway Representative and School District Representative

Musgrove made the motion to adopt the proposed changes to the charter. Dr. Thompson seconded.

A discussion ensued. All were in favor. Motion carried.

Meeting adjourned.