

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

Minutes

April 11, 2008 – 9:00 AM

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on Friday, April 11, 2008 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  
Jeff Altemus  
Nancy Sheehan

**Members Absent**

Becky Walker  
Lloyd Black

Sharon Dickerson, Executive Director, Employee Benefits Division.

**Others Present:**

Kevin Geurtsen, Milliman; George Platt, Patricia Schafer; Amy Tustison, Leigh Ann Chrouch; Stella Greene, Jason Lee; Kim Wilmot, Faith Houston, Jane Young, Shannon Roberts, Sherry Bryant, Marilyn Jersild, Amy Redd, Marty Usrey, Sharon McDonald, Ellen Justus, Melissa Fox, Cathy Harris, EBD; Bryan Meldrum, NovaSys Health; Kathy Ryan, Barbara Melugin, ABCBS/HA; Shonda Roche, NMHC; Eddie Fryer, Usable Life; Sharon Marcum, Corphealth, Ronda Walthall, AHTD; Kristi Clark, ABA; Kim Henderson, ADFA; Karen Henson, AGFC; Steve Singleton, ARTA; Susan Walker; Scott Winter; Wayne Whitley

**Call to Order**

The meeting was called to order by Joe Musgrove.

**Approval of Minutes**

A request was made by Musgrove to approve the March 14, 2008 minutes. McCook made the motion to approve. Sheehan seconded. All were in favor. Motion approved.

**The Benefits Strategic Planning Workgroup (BSPW)** *by George Platt, Chief Operating Officer, EBD*

Platt explained the purpose of the Benefits Strategic Planning Workgroup (BSPW). The workgroup will be responsible for researching and developing ideas consistent with the long-term sustainability and management of the Plan. These items would then be provided for consideration by the Subcommittee and, as directed, the Board.

The BSPW will be made up of primary and advisory members. Primary members will be responsible for the answering requests from the Subcommittee, as well as developing strategic concepts for consideration. Advisory members will be responsible for providing subject matter.

Meetings will be held monthly. Summarized minutes will be taken and published for each meeting. EBD's Deputy Executive Director will act as liaison between this group and the Subcommittee.

Platt talked about some of the issues the workgroups plan to address.

- Student verification form (SVF)
- Healthy Lifestyle Programs
- Emergency Room Visit Management

McCook requested the BSPW review Medicaid's pricing structure as well.

**Preliminary 2009 ASE & PSE Retiree Rates** *by Kevin Geurtsen, Milliman*

Geurtsen said the medical increase for Retirees not Medicare eligible is consistent with last year and the Pharmacy increases are consistent with the pharmacy increase for retirees who are Medicare eligible. Geurtsen said the big focus is on the medical component for the Retirees that are Medicare eligible because the plan has seen consistent increases in the last two years. Geurtsen explained the plan is filling in the gaps for what Medicare does not pay, and also the increase in utilizations.

Geurtsen explained the ASE Target Funding is 60% for retirees and 50% for dependents if funds are available. Next month they will be able to look at all of the ASE Retiree factors to figure out the actual percentage.

Geurtsen explained PSE Retirees coverage has been reduced because the number of retirees is growing faster than the number of actives; in addition, the PSE group does not have the same reserve allocations as they had last year. PSE Target Funding is \$11.20 times the number of PSE active employees.

The underwriting is based upon claims incurred from January 2007 through December 2007 and paid through February 2008. Geurtsen stated they've assumed no rate increase in CorpHealth premium and the annual trends remains consistent.

Geurtsen reported the required rate increases (experience only) for Retirees not Medicare eligible is 14.2% for medical and 10.9% for pharmacy. The required rate increases (experience only) for Retirees Medicare eligible is 3.9% for medical and 9.2% for pharmacy. Geurtsen explained the ASE and PSE Retiree cost for medical and pharmacy are the same but the big difference is the state

contributions. Geurtsen said they will return next month with updated data, and should be able to report on any reserve allocation that is available.

McCook said the ASE rates are pretty fair, as far as contributions are concerned; however, the PSE rates are high, but they don't have any control over the contributions.

Altemus suggested they discontinue referring to "state contributions" for PSE Retirees and rename it "contributions from active employees" because it creates a conception that the state is participating in the PSE Retiree plan in some way. Altemus stated he agreed with the numbers but does not know how the members can possibly pay the rates.

Chairman Musgrove commented the fact is uncomfortable and unpleasant but there is little that can be done unless the healthcare cost goes down.

**Other Business** *by Sharon Dickerson*

Dickerson informed the Committee about a conversation she had with a representative; whereupon, it was requested that EBD and Milliman provide some information about the \$35M subsidy for teacher health-insurance premiums that the Legislature approved in 2005.

Dickerson provided the Committee with information about the PSE Health Insurance Rates and Cost for 2005 through 2010.

Dickerson said she received a report from the Department of Education that indicated the exact number of people that are eligible for insurance in the school plan. Dickerson said the Plan covers 71% of school employees.

Dickerson informed the committee that according to a report from Health Advantage, the Plan has saved \$1M a month since switching Qualchoice members over to Health Advantage.

Chairman Musgrove commented it is helpful to know that it turned out to be the right thing to do.

**Meeting adjourned.**

Altemus moved to adjourn. All were in favor. The meeting adjourned at 10:15 a.m. The next meeting is scheduled for May 16, 2008 at 9:00a.m in the EBD Board room.