



## **AGENDA**

### **State and Public School Life and Health Insurance Board Benefits Subcommittee**

**February 21, 2014**

**9:00 a.m.**

**EBD Board Room – 501 Building, Suite 500**

- I. Call to Order ..... Gwen Wiggins, Vice-Chairman*
- II. Approval of October 4, 2013 Minutes ..... Gwen Wiggins, Vice-Chairman*
- III. New Committee Chairman ..... John Kirtley, Board Chairman*
- IV. Legislative changes on Benefits .....Bob Alexander, EBD Executive Director*
- V. Impact of Affordable Care Act in 2015.....Bob Alexander, EBD Executive Director*
- VI. Director's Report .....Bob Alexander, EBD Executive Director*

#### ***Upcoming Meetings***

***March 7<sup>th</sup>***

***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 Benefits Sub-Committee Minutes February 21, 2014**

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on February 21, 2014 in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

## **Members Present**

Gwen Wiggins  
Janis Harrison  
Carla Wooley-Haugen  
Jeff Altemus  
Becky Walker  
Shelby McCook  
Dr. John Kirtley

## **Members Absent**

Dan Honey

Bob Alexander, Executive Director, Employee Benefits Division (EBD)

## **Others Present**

David Keisner, Dwight Davis, UAMS; Michelle Hazelett, Marla Wallace, Doug Shackelford, Lori Eden, Stella Greene, Tammy McGill, Ethel Whittaker, Leslie Smith, EBD; Janna Keathley, ComPsych; Mark Meadors, BYSI; Takisha Sanders, Kathy Ryan, Kanita Collins, Ron DeBerry, David Bridges; ABCBS/Health Advantage; Ro Summers, ACHI; Mark Watts, ASEA; BJ Himes, Andra Kaufman, QualChoice; Sylvia Landers, Minnesota Life; Andy Davis, Arkansas Democrat; Tina Wiley, Cabot School District; Steve Hauser, Parks, J & J; Bill Clark, H & H; Shannon Roberts, Catamaran; Mona Neal, APSC

## **Call to Order**

The meeting was called to order by Gwen Wiggins, Chairman

## **Approval of Minutes**

A request was made by Wiggins to approve the October 4, 2013 minutes. Harrison made the motion to approve. Walker seconded. All were in favor.

## **Minutes approved**

## **NEW COMMITTEE CHAIRMAN** by *John Kirtley, Board Chairman*

Alexander reports the former Benefits Sub-Committee Chairman declined to be reappointed. Therefore, a new chairman will be voted.

Kirtley asked for nominee's for the Chair. Altemus nominated Gwen Wiggins. McCook seconded. Harrison motioned for nominations to cease. McCook seconded. All were in favor.

### **Motioned Approved**

Kirtley asked for nominee's for Vice-Chair. Harrison nominated McCook. Altemus seconded. Walker motioned for nominations to cease. Harrison seconded. All were in favor.

### **Motioned Approved**

## **LEGISLATIVE CHANGES ON BENEFITS** by *Bob Alexander, Executive Director*

Alexander reports that all ASE/PSE plans must have a deductible for the 2015 plan year. This will include the Gold Plan for both ASE/PSE. The Sub-Committee will make recommendations to the Board for the amount of the deductible and the items paid outside the deductible, for example, prescriptions, office co-pays, and other co-pays that would come from the deductible. The drug co-pays will be applied to the maximum out-of-pocket for the year. Should the out-of-pocket have an increase? For 2014, the medical co-pay applies to the maximum out-of-pocket.

For the PSE Plan spouses may be eliminated. There are approximately 5,000 spouses on the plan at a cost of over \$800,000. A similar Gold plan with the exchange has a less expensive premium. There is subsidy paid per spouse and those funds can be allocated to the active employees. The medical claims equal approximately \$3,600 per employee & claims \$6,400 for spouses.

McCook inquired if this will be applied to ASE as well as PSE? Alexander reports after several meetings with the Taskforce, Legislators, and The Governor's Office that Parity is no longer a goal although, it remains in the statute and has been the goal of the Board. It has been determined to have two separate plans. There is a restriction of three (3) plans for ASE and three (3) plans for PSE. There has been extensive discussion to have a Bronze only Plan for PSE.

Harrison inquired if there is a requirement to have three (3) plans or is that the most we are allowed?

Alexander reports we are not required to have three (3) plans, however; our contract with the vendors allows for six.

McCook requested the average co-pay and average out-of-pocket each member pays for meds for the year for each group. This information will be used for 2015 plan preparation.

Alexander reports additional topics discussed were how much it will take in additional funding to keep PSE rates in 2014 from a 50% increase. Additional funding needed was \$43 million, which was a 10% increase; the need for 2015 was determined to be \$87 million. Preliminary numbers indicate \$75 million is needed due to migration.

McCook requested information on co-pays, deductibles, & out-of-pocket amounts for plans on the exchange.

Alexander reports Mark Meadors, EBD Consultant, will answer all Benefits related questions.

**IMPACT OF AFFORDABLE CARE ACT IN 2015** *by Bob Alexander, Executive Director*

Alexander reports the exchange has become the benchmark for health plans. In comparing EBD's current plan with the exchange plans for spouses and dependents, there is a significant difference in dependent coverage. With our current coverage, there is not a limit on the amount of dependents that may be covered. However, the exchange coverage is rate paid per dependent. In 2015, there may be a limit to the amount of dependents that may be covered under our plans.

Alexander reports the PSE plan covers employees who work 900 hours annually. This averages 19 hours weekly. Bus drivers who work lesser hours are also covered. This was established because no other coverage was available. It is questionable to continue this coverage for part-time employees. Based on income, employees can receive subsidy on the exchange to help pay their premiums. However, this applies only if you are not covered under your employer's plan.

McCook reports state employees must work 1,050 hours to be covered under the Plan. Alexander reports state employees must work 1,000 hours to be covered under the plan.

Altemus inquired if there are guidelines with the Federal Government for the amount of hours that are considered part-time.

Alexander reports because of the public school contracts, there are guidelines. There are special rules because they do not work twelve (12) months out of the year.

Boyd reports removing the spouses from the plan and by making the Bronze plan unaffordable, which is 9 1/2 % of family income will allow certain employees to become eligible for the exchange, and would include full-time employees as well.

Alexander reports the Taskforce is requesting information regarding how many part-time employees are currently covered under the PSE plan.

Meadors reports he spoke with Collier Insurance, the Consultant for the Taskforce. They both will work with several individuals to gather information to make recommendations for full-time and part-time employees. Meadors along with Collier Insurance will research how the part-time employees affect the plan and how many are covered.

Alexander reports it's questionable to continue covering the drug program for Medicare eligible Retirees under the ASE Plan. "What is the cost for this benefit?" The benefit was established because no other options were available. However, Part D is now offered. It is questionable whether or not drug coverage for Medicare eligible Retirees is still needed.

McCook stated if the Medicare drug program was dropped for ASE that the premiums would also decrease. In addition, McCook would like to propose EBD contract with another source so when the retiree's sign up they would be able to elect drug coverage through the new source with one open enrollment, and possibly get better rates as a large group. It would be a great service for state employees, retirees, Medicare eligible, and PSE. This would avoid reading extensive data during open enrollment.

Alexander reports previously there was discussion to have a Medicare Advantage Plan. There is an RFP prepared to consider having a Medicare Advantage option for retirees. At the next meeting there will be a presentation on Medicare Advantage.

Boyd reports there are private exchanges provided for retirees. They would remain eligible for state subsidy. The retiree could select any Medicare Advantage Plan with all the components and still receive the same subsidy they currently receive.

Alexander reports, in 2014, there has been an increase in co-pays, and reference pricing was implemented, which has resulted in extremely high volume of phone calls; as much as 600 daily. The information was published in the EBD Buzz, and through email.

However, most were not aware of the change until they tried filling their prescriptions. Our new Communications Manager is preparing new information for publication. The reference pricing classification is included. In addition, there is a link where members can log onto our site and be directed to Catamaran's website. After entering the drug name, complete information is given for that drug. This will assist in decreasing the phone calls.

Kirtley reports in 2015, reference pricing will be viewed as co-pays. In 2015, if a member chooses to pay the out-of-pocket of \$289.00 and receive a \$50.00 coupon, they will only pay \$249.00. However, they will receive credit for \$289.00 towards their out-of-pocket. In 2015, there may need to be significant changes for coupon and reference price drugs.

Alexander reports it has been discussed in previous meetings to possibly exclude the drug program due to the massive changes in the industry. Members are receiving name brand drugs at no cost, but at a high cost to the plan. There will be further discussion on how to handle the drugs with coupons.

Alexander reports on the Accumulator under the Bronze Plan. "When do members meet their deductible?" EBD will no longer handle this process. The vendors will track the Accumulators.

Alexander reports the committee is scheduled to meet monthly, however, this year there will be special meetings as well. There are many challenges and tasks for this plan year. Alexander reports there will be two open enrollment periods for 2015. It is anticipated in 2015 there will be different plans for ASE & PSE. Open enrollment for ASE will be held in October and PSE in September. In an effort to meet those deadlines, Alexander would like the approval of rates for ASE to be made in August, PSE rates in July, and the plan options for ASE to be decided in July, and PSE plan options in June.

The Board members will be invited to attend the sub-committee meetings. Alexander thanked the committee members for their service and also thanked the present Board members for attending.

#### **DIRECTOR'S REPORT** by *Bob Alexander, Executive Director*

Alexander reports this meeting was scheduled without much notification; (1) because there has not been a meeting since October, 2013; (2) there was a timeline to deliver the information discussed.

Altemus motioned to adjourn the meeting. Wooley-Haugen seconded. All were in favor.

#### **Meeting adjourned**