

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

Minutes
February 13, 2009

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on Friday, February 13, 2009 at 9:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Joe Musgrove
Janis Harrison
Lloyd Black
Nancy Sheehan
Rhonda Hill
Jeff Altemus

Members Absent

Shelby McCook
Becky Walker

Jason Lee, Executive Director, Employee Benefits Division.

Others Present:

John Bauerlein, Milliman; George Platt, Amy Tustison, Leigh Ann Chrouch, Sherri Saxby, Paige Harrington, Pamela Lawrence, Jane Young, Cathy Harris, EBD; Bryan Meldrum, Dwane Tankersley, Novasys; Barbara Melugin, Kathy Ryan, AR Blue Cross Blue Shield/Health Advantage; Shonda Rocke, Informed Rx; Ed Freyer, Usable Life; Sharon Marcum, LifeSynch, Marc Watts, AR State Employee Association; Wayne Whitley, Ronda Walthall, AR Highway and Transportation Department; Shirley Morgan, Carol White, PDB Enterprises; Peggy Nabors, AEA

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 January 23, 2009 minutes. Harrison made the motion to approve. Black 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 February 10, 2009. Platt informed the committee that Rhonda Walthall has participated in recent meetings and has added a different perspective to the discussions. Walthall is an Insurance Representative for the AR Highway and Transportation Department. Platt explained that the current BSPW structure does not consist of any state or school representative; and therefore the group would like to add two

additional primary members to the design; a Highway and School District Representative. Platt informed the committee that the work group has selected Walthall for the Highway Representative. Platt said the additions will help to strengthen the work group so they can provide better information to the Benefits subcommittee.

Air / Land Ambulance Recommendation

Platt presented a summarized report on the issue; Inadequate Ambulance Services Benefit. Currently ambulance services are limited to \$1,000 per member per plan year but do not include charges for emergency medications administered during transport. Platt said after much research and review by the analytic team, appeals committee and the compliance group; it became apparent that the benefit is insufficient for the needs of the members.

Platt said in order to solve the current financial and practical implementation issues with the ambulance benefits the BSPW recommends:

Recommendation: 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, and the actuaries will research and review the benefit; particularly air ambulance, to develop a long-term recommended strategy for future plan years.

Altemus made the motion to accept the recommendation for ambulance services. Harrison seconded. All were in favor. Motion carried.

Health Risk Assessment / Wellness Recommendation

Platt explained that for the past year, EBD, the BSPW, the Benefits Subcommittee, and the Board have struggled with how to tie the Health Risk Assessment, the discounted premium incentive, and the various wellness programs provided by the Plan into a comprehensive program with measurable outcomes. Platt talked about the guidance given by the Board.

Platt reported that a combination of financial, contracting, and operational issues has complicated the task.

Recommendations:

- 1) Eliminate the HRA load in the premiums for Plan Year 2010 but keep the current assessment available for voluntary use during that 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.

Hill talked about a small employer insurance plan that uses the same HRA. Hill said the HRA is completely voluntary and is only marketed through flyers that the members receive with their enrollment packets and they have a 33% response rate with no incentive. Hill said it will be interesting to see what the response rate will be for the ARHealth plan.

Chairman Musgrove suggested they communicate to the members that even though the HRA is voluntary; it is still an important device to help with the effectiveness of the health plan.

Sheehan asked if the members can receive some kind of small incentive for taking the survey; something that is wellness related.

Chairman Musgrove instructed the BSPW to work with third-party administrators (TPA) to see if they can get something that would not cost the plan very much; but would represent some kind of incentive for taking the HRA.

Harrison made the motion to adopt the BSPW recommendation for the HRA; the BSPW will research other incentives to give to members for taking the HRA as well. Sheehan 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 under 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 and that bodes well for the 2010 plan year.

Bauerlein reminded the committee that this is only preliminary and as new experiences become available it could be worse; but right now, the first look is pretty positive.

Bauerlein said they will present the preliminary underwriting for the PSE 2009 - 2010 Plan year in March.

Director's Comment

Lee reported HB1413 provides an additional contribution of \$25M for the PSE health insurance and also provides EBD the full amount of the appropriation given to the Department of Education on the existing \$35M.

HB1413- an act for the department of education - public school employee health insurance appropriation for the 2009-2010 fiscal year.

Meeting Adjourned.