

**State and Public School Employees Life and Health Insurance  
Board Meeting**

Minutes

July 15, 2008 – 1:00 PM

The 95<sup>th</sup> meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met Tuesday July 15, 2008 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

**Members Present**

Shelby McCook  
Janis Harrison  
Joe Musgrove  
Tom Emerick  
Lloyd Black  
Renee Mallory

**Members Absent**

Anita Woodall  
Charlie Campbell  
Robert Watson  
Dr. Joseph Thompson  
Vance Strange

Sharon Dickerson, Executive Director, Employee Benefits Division.

**Others Present:**

Kevin Geurtsen, John Bauerlein, Milliman, George Platt, Leigh Ann Chrouch, Amy Tustison, Jason Lee, Stella Greene, Marty Usrey, Faith Houston; Sherry Bryant, Tammy Henson, Kim Wilmot, Shannon Roberts, Sherri Saxby, Undrea Ellis, Cathy Harris, EBD; Shonda Roche, Barry Fielder, InformedRx; Barbara Melugin, Ron DeBerry, ABCBS/HA; Eddie Freyer, USable; Sharon Marcum, Corphealth; Bryan Meldrum, Novasys; Richard Brittain, Becky Adams, DHS; Kim Henderson, ADFA; Kristi Clark, ABA; Roy Lamm, Qualchoice; Larry Dickerson, Wayne Whitley, Ronda Walthall; AHTD; Susan Walker; Pamela Hickman; Richard Hutchinson;

**Call to Order**

Meeting was called to order by Shelby McCook

**Approval of Minutes**

The request was made by Chairman McCook to approve the June 17, 2008 minutes. Mallory made the motion to approve the minutes as amended. Musgrove seconded. Minutes approved.

**Committee Reports** *by Janis Harrison, the Benefits Subcommittee*

Harrison reported the Benefits Subcommittee met on July 14, 2008 to discuss the 2009 ASE & PSE Retiree and ASE Actives rates. Harrison provided an overview of Milliman's preliminary underwriting.

Harrison made the following recommendations:

**Motion:** adopt exhibit #4 –pg 6 of the ASE Retirees rates that include the required additional funding of \$1.4 M from the trust fund for the 2009 plan year. Musgrove seconded. All were in favor. Motion carried.

**Motion:** Adopt exhibit #4 – pg 6 of the PSE Retiree rates and apply a total of \$4.2 M dollars from the reserve towards the PSE Retirees rates; \$1.3 M for retirees Medicare eligible and \$2.9 M for retirees not Medicare eligible. Black seconded. All were in favor. Motion carried

**Motion:** Review the fund balances in September 2008 and use the PSE reserve to the extent available to decrease the amount of 2009 premiums for the PSE actives. Black seconded. All were in a favor. Motion carried

McCook explained that although they have already set the rates for PSE Actives, they will review the funding again to determine if there are reserves available that can appropriately be used to buy down the PSE rates. McCook said it will be somewhat of a problem for school administrators to adjust the rates midstream; but it will be all to their benefit.

**Motion:** Adopt exhibit #4 –pg 6 of the 2009 ASE Active Rates with the required additional funding of approximately \$6.5 M. Black seconded. All were in favor of the motion. Motion carried.

Chairman McCook reported the Governor has authorized an additional \$25 dollars per budgeted position for ASE Actives.

All were in favor of the motion. Motion carried.

Harrison reported the Benefits Strategic Planning Workgroup (BSPW) presented some questions to the Benefits Committee regarding the HRA program and incentive design. The Board reviewed the questions provided by the BSPW.

**Motion:** Musgrove made the motion; to the extent legally possible, completion of the HRA is required in order for members to participate in the health plan. Harrison seconded. All were in favor. Motion carried.

**2009 Preliminary ASE & PSE Retirees and Actives Rates** *by John Bauerlein & Kevin Geurtsen, Milliman*

Bauerlein commented that based on the financials they don't have any concerns with the allocations of the reserves that the board approved. Bauerlein said he expects they will be able to do something for the PSE Actives, although a lot will depend on the PSE claims activity during the summer months.

Kevin reported they have started the process of repricing ASE and PSE claims using Medicaid and Medicare fee schedule to determine what the cost to the state would be if the claims were paid using those reimbursement levels.

Geurtsen said they are going to simplify the analysis a bit more by looking at key facilities and key contracts. Geurtsen said they hope to have some preliminary information for the Board in September or October.

Musgrove commented that providers have a tendency to increase utilization to counter the loss of revenue. Musgrove suggested the Board keep that in mind going forward.

**Other Business:**

Black informed the Board that EBD's Director and Chief Operating Officer; Dickerson and Platt made a presentation to the joint Committee on June 25<sup>th</sup> on public retirement and social security. Black said they did a nice job sharing information and many legislators asked several questions; whereupon, it became apparent to them that there has to be an increase in funding in order to improve the state program. Black said he is optimistic that they will do much better in the 87<sup>th</sup> general assembly than they have in the past.

**Meeting Adjourned.**