

**State and Public School Life and Health Insurance Board**  
**Benefits Sub-Committee**  
**Minutes**  
**June 12, 2009**

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on Friday, June 12, 2009 at 9:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

**Members Present**

Joe Musgrove / Proxy  
Janis Harrison  
Lloyd Black  
Nancy Sheehan  
Jeff Altemus  
Shelby McCook  
Becky Walker

**Members Absent**

Jason Lee, Executive Director, Employee Benefits Division.

**Others Present:**

Dan Honey, AR Dept of Ins; John Bauerlein, Milliman; George Platt, Michelle Hazelett, Leigh Ann Chrouch, Paige Harrington, Sherri Saxby, Donna Cook, Sherry Bryant, Cathy Harris, EBD; Tera Gardner, FBMC, Dwane Tankersley, NovaSys; Barbara Melugin, Connie Britt, AR Blue Cross Blue Shield/Health Advantage; Diann Shoptaw, EBI; Steve Singleton, ARTA

**Call to Order**

The meeting was called to order by Becky Walker, Vice-Chairman.

**Approval of Minutes**

A request was made by Vice -Chairman Walker to approve the April 17, 2009 minutes. Black made the motion to approve. Altemus seconded. All were in favor. Minutes Approved.

**Benefits Strategic Planning Workgroup (BSPW) Report** *by George Platt, Chairman*

Platt reported the BSPW met on May 5, 2009. Platt said the Board requested that the BSPW create a process for vendors to offer new products to the plan. Platt referenced a flow chart titled "Process for Vendors Request to Review New Product Offerings" and then provided the committee with an overview.

McCook made the motion to adopt the process for vendor requests to review new product offerings. Harrison seconded. All were in favor. Motion carried.

### **PSE Retiree Rates** by John Bauerlein, Milliman

Bauerlein said the Board wanted them to look at some options for allocating the reserve; and also an amount to allocate between the pre-65 and post 65-retirees.

Bauerlein said they also looked at the underwriting in the interim and as a result of the updated claims information they were able to put through a small decrease for the ASE and PSE retiree group. Bauerlein said they can reduce the medical projected cost for the next year by 1% for Retirees not Medicare eligible and by 2% for Retirees Medicare eligible

The committee viewed the preliminary 2010 Plan year PSE Retiree rates and the proposed benefit changes for the 2010 ARHealth Plan.

Scenarios for the PSE retiree included:

- 2010 Proposed Rates - No Reserve Allocation
- 2010 Proposed Rates - \$8 M Reserve Allocation (50% in 2010) - \$2 M Each for RNME and RME
- 2010 Proposed Rates - \$8 M Reserve Allocation (50% in 2010) - weighted Reserve Allocation (70% for RNME & 30% for RME)
- Allocate a greater portion of the \$4 M reserve to the pre-65. This is an approach that allocates 70% of the \$4 M to the pre-65 and 30% to the post-65 so (\$2.8 M goes to pre and \$1.2 M goes to post)

McCook said it is hard to defend 50% increase. A discussion ensued about Medicare Part B and Part D premiums.

Altemus requested Steve Singleton addressed the committee to share his views on the PSE Retiree rates. Singleton is the Executive Director of the AR Retired Teachers Association.

Singleton said the allocation needs to be a high amount. Singleton said the committee is not the problem but rather the solution because they are trying to help everyone they can but that it's a no win situation in the end. Singleton said he preferred not to talk about one group vs. the other and then requested that someone on the subcommittee submit a letter to the legislative leadership pointing out that they have a serious problem; and explain to them that last year they used allocations and subsidy to buy down the rates and in doing so they are postponing the solution and getting further in debt.

McCook moved to allocate \$4 M reserve; 55% to pre-65 retirees and 45% to post 65 retirees. Harrison seconded. All were in favor.

McCook requested the EBD Director prepare a letter for the Governor and the Legislature, explaining the rationale for the allocation of the reserve. McCook said the letter should include information about the formula the Board set in place and charts to illustrate the contributions and trends.

### **ASE Retiree Rates**

Bauerlein explained that because they changed the PSE Retiree rates they have to change the ASE Retiree rates as well because they are all lumped together for underwriting purposes

Lee explained that the additional month of claims has impacted the ASE Retiree group as well. Lee suggested the committee request a reconsideration of the ASE Retiree rates that were approved in the last Board meeting for the rates that are shown in the packet because they are slightly reduced premiums.

Bauerlein referenced the ASE Retiree Exhibit #3. Bauerlein said there is not a major decrease but they want to make sure that the underwriting on both groups stays consistent.

McCook moved they recommend to the Board the adjusted ASE Retiree rates that include more updated information. Harrison seconded. All were in favor. Motion carried.

### **Election of Chairman & Vice-Chairman** *by Jason Lee, Director*

Lee explained the Board has a standing and annual election of Chair and Vice-Chair with no more than 2 consecutive terms. Lee said the subcommittees don't really have a rule but that the standard practice has been to follow the same election process as the Board.

McCook made the motion to elect Jeff Altemus as Chairman and Lloyd Black as Vice Chairman. Harrison seconded and then moved that the nomination cease. All were in favor. Motion carried.

### **Director's Comments** *by Jason Lee*

Lee introduced EBD's new Chief Health Service Officer, Michelle Hazelett.

Sheehan announced her retirement. Sheehan said this was her last meeting and then said good-bye to the committee members.

The Committee said their farewells to Nancy Sheehan. Sheehan filled the seat of the school district employee.

**Meeting adjourned.**