

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

Minutes

May 20, 2008 1:00 p.m.

The 93rd meeting of the State and Public School Life and Health Insurance Board (hereinafter called the Board), met Tuesday May 20, 2008 at 1:00 p.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, AR 72201.

Members Present

Shelby McCook
Renee Mallory
Joe Musgrove
Tom Emerick
Dr. Joseph Thompson
Anita Woodall
Charlie Campbell
Vance Strange
Lloyd Black
Janis Harrison
Robert Watson

Members Absent

Dr. Bobbie Davis

Sharon Dickerson, Executive Director, Employee Benefits Division.

Others Present:

Kevin Geurtsen, Milliman, George Platt, Leigh Ann Chrouch, Amy Tustison, Jason Lee, Stella Greene, Patricia Schafer, Martha Usrey, Sherry Bryant, Kim Wilmot, Tammy Henson, Shannon Roberts, Marilyn Jersild, Kristie Cox, Erica Backus-Harris, Jane Young, Sharon McDonald, Sherri Saxby, Cathy Harris EBD; Rhonda Jaster, ACHI/EBD; Shonda Rocke, Barry Fielder, NMHC; Ron DeBerry, ABCBS/HA; Eddie Freyer, USable; Ronda Walthall, Wayne Whitley, AHTD; Bryan Meldrum, Novasys; Peggy Nabors, AEA; Marc Watts, ASEA; Richard Brittain, DHS; Jill Johnson, Mark Helm, UAMS; Roy Lamm, Jon Foose, Qualchoice; Judy Prewitt, AHTD Retirees; John Robbins, DataPath, Jeff Britt, Pfizer; Susan Walker; Susanne Hill, Pamela Hickman, Mona Neal; Becky Adams, Kathy Kohl;

Call to Order

Meeting was called to order by Shelby McCook

Approval of Minutes

The request was made by McCook to approve the March 14, 2008 minutes. Musgrove made the motion to approve as amended. Strange seconded. Minutes approved.

Financials by Leigh Ann Chrouch, EBD

Chrouch presented detailed financial statements for the Arkansas State Employees (ASE) January 1, 2008 through February 29, 2008 and the Public School Employees (PSE) October 1, 2007 through February 29, 2008. In Addition; the ASE Cafeteria Plan Financials 2008 for January 1, 2008 through February 29, 2008.

Chrouch explained the ASE net assets available does not include the \$4 million withhold and the Medicare part D payment, \$791,000 dollars. Dickerson added they HDDP claims are also not included in the financials.

Chrouch also reported the penalties assessed for February and April 2008. The penalties for school districts and state agencies totaled \$1178 dollars because billing reports and payment were not received by the due date. Act 1009 of 2007(§21-5-415) states the division shall impose a penalty.

Committee Reports by Dr. Williams Golden & Shelby McCook

1. The Drug Utilization and Evaluation Committee (DUEC)

Dr. Golden reported the DUEC met on May 5, 2008 and had the following recommendations for the Board's consideration.

Vyvanse

Vyvanse is a prodrug for dextroamphetamine. It was originally approved for use in the treatment of Attention Deficit/Hyperactivity Disorder (ADHD) in children, 6-12 years of age. Vyvanse recently received FDA approval for the treatment of attention deficit hyperactivity disorder in adults.

Recommendation: Remove Vyvanse from tier 3 and exclude from the prescription drug plan at the beginning of the next quarter. Letters will be sent to Vyvanse users.

Miscellaneous Formulary Issues

While the branded medications do not have generic equivalents available today, they are all in drug categories where generic alternatives exist. In fact, for several of them there are multiple generic alternatives available. The products are in classes for which they have not had a specific class review.

Recommendation: move the following drugs to tier 3 and exclude Fosamax plus D from the prescription drug program.

- InnoPran XL
- Levatol
- Coreg
- Aceon

- Cardizem LA
- Kadian

Thiazolidinedione Class Review

Rosiglitazone (Avandia), Pioglitazone (Actos) are currently on tier 2. Rosiglitazone began receiving some bad press in 2007. The current best evidence indicates the CV risk issues with TZDs are not resolved.

Recommendation: leave Pioglitazone (Actos) at tier 2 and move all Avandia products to tier 3.

NEW DRUGS for January – March 2008

<u>DRUG</u>	<u>Tier</u>
Bystolic 2.5mg, 5mg, 10mg tablets	T3
Sanctura XR cap 60mg	T3 – Revisit in 1 yr
Intelence tab 100mg	T2 w/ PA
Simcor tabs 500/20, 750/20, & 1000/20	N/C
Omnaris Suspension, intranasal	T3
Pristiq	Exclude – Review in 6 mos.

Atenolol

Dr. Golden informed the Board about the recent data about the efficiency of the drug Atenolol. Research suggests it is less effective than other drugs at cutting heart attacks and deaths.

Recommendation: Remove Atenolol by Jan 1, 2009 after a year's transition period. Authorize appropriate staff members to communicate with prescribers about the grace period to transition patients and include an educational piece.

Campbell said the educational piece and the grace period are very important because it allows the members a chance to consult with their physicians; also the members are not always aware that there are generics available that are therapeutically substitutable. Campbell said he hopes they continue to move towards therapeutic substitutes when there are generic equivalents in a therapeutic class which are deemed by our group of experts to be entertained.

Dickerson explained the Pharmacy Benefit Manager (PBM) sends communications to the members and EBD relates the information to the agency and school officials; and whenever possible, officials will send the information via-mail to the members also.

Dr. Thompson made the motion to approve the DUEC recommendations. Harrison seconded. All were in favor. Motion carried.

2. The Benefits Subcommittee report

Chairman McCook reported the Benefits subcommittee met on May 16, 2008 and received two recommendations from the Benefits Strategic Workgroup.

HRA Assessment

In order to maximize the impact of the HRA for our members and to receive the best possible data for analysis, significant changes should be applied to the current HRA. Changes should include additional questions to capture member's "motivation" and "willingness or readiness to change" as well as the creation of a connection to established wellness programs such as the smoking cessation or nutrition programs. By facilitating a greater awareness of the wellness programs and tailoring the message based on member's motivation, ARHealth should reap the benefits of a healthier population and increased participation in current wellness initiative.

Chairman McCook explained participants will receive a \$10 dollar discount off their monthly insurance premiums for taking the survey, and an additional \$10 for low-to-no health risks, as identified on the HRA. Those individuals identified as having unhealthy behaviors will receive an additional \$10 dollars only if they enroll and complete a wellness program recommended by Corphealth. McCook said now that the information can be tied together; they will be able to measure the results. The Benefits Strategic Planning Workgroup has been instructed to provide the Benefit Subcommittee with the new structure in 60 days on how to make the program accountable.

Recommendation: Based on the research, it is the recommendation to have a phased implementation of the Corphealth / Health Media HRA due to its cost, integrated connection to established wellness programs, and the flexibility of data reporting.

Phase I: Continue with the current HRA provided by ACHI through 12/31/2008. The HRA would be positioned behind the ARBenefits login using a single sign-on / trusted link connection to streamline login for the members where only the ARBenefits login information would be managed by the members. No new questions would be incorporated at this time and the discount program would remain as is through both PSE and ASE open enrollments (August & October respectively).

Phase II: As soon as approved by the Board, EBD would begin establishing the connection with the Health Media's HRA to finalize the phone survey system (web survey system already in place with phone capabilities in-house but not as a "live" product), finalize the translation of the phone system into Spanish (web system already in English & Spanish), facilitate the trusted link behind ARBenefits Health Record, and thoroughly test all security / data transfers / scoring functions. The

Health Media HRA would be launched on or about January 1, 2009 for new hires. This mid-year implementation will allow both EBD and Health Media to address any “live” issues that were not detected during testing & implementation.

NOTE: ACHI will receive a data feed on a scheduled basis for continued data management & analysis services as well as consultation regarding questions and scoring.

Dr. Thompson made the motion to approve the recommendation. Harrison seconded. All were in favor. Motion carried.

Admission Co-pay for Maternity Services

Dickerson referred to an 82 page document that included members with high cost incurred in the last two years due to premature births and high risk pregnancies.

Dickerson told the Board about an EBD employee who was a high risk pregnancy patient. During her pregnancy she received case management services from her nurse, PDB Enterprises and a collaboration of others. Dickerson said Case Managers provided education, reminded/encouraged her to adhere to treatment plans that could potentially help prevent a preterm delivery. Dickerson said the member delivered a healthy baby, and had they not managed the member, she would have continued with unhealthy behaviors and delivered a premature baby.

Recommendation: Waive the \$250.00 inpatient hospital admission co-pay for maternity service associated with the delivery of the baby as an incentive for members to enroll and participate satisfactorily in a monitoring program with case management.

Dickerson said the waiver will cost the plan about \$325,000 dollars, but if they can prevent one premature delivery the Plan will save hundreds of thousands of dollars. Dickerson explained the original recommendation was to waive all co-pay(s) associated with inpatient maternity services; but, they have since been informed of other issue, therefore they can only allow one waiver per pregnancy.

Dickerson informed the Board about the new health enhancement program: Mommy 2 B, an education based program put in place to reduce the number of premature births and complicated deliveries. Dickerson introduced the O.B. Case Manager for the program, Faith Houston, RN.

Motion: Musgrove moved to adopt the recommendation. Mallory seconded. All were in favor. Motion carried.

Student Verification

Currently EBD completes a student verification process when a dependent turns age 19 and annually until they turn 24. Failure to complete the verification form prior to the deadline results in termination of benefits for that dependent. The dependent age restrictions have created an undue administrative burden on members, health insurance representatives and the staff of EBD. The return on this investment is minimal to the plan, as the dependents involved are generally healthier than the rest of the population.

Recommendation: Eliminate the “student” requirement effective Jan 1, 2009, for 19+ year olds and go to a dependent threshold for coverage through age 23 (benefits term when dependent turns 24.) Dependent must meet all requirements to be eligible. Pilot the program for two years with review in 12 months. Implement an audit / verification process by sampling all covered dependents (0-24).

Platt explained the proposal concept in detail. Platt said it’s not just an administrative burden; they would like to shift some of the resources towards an audit process. Also, by pushing the students off the plan they are increasing the pool of the uninsured in Arkansas, which has an impact on the bottom line and the cost of services overtime.

Dickerson reported the actuaries have reported the risk could go as high as \$2.4 million dollars.

An in-depth discussion ensued.

Platt talked about the problems they would encounter with the cafeteria plan, the school payroll system and other issues if they started the process immediately.

Emerick talked about the risk pool. Emerick suggested they take into consideration some of the other affordable plans that are available for dependent, such as Blue Cross and Blue Shield for dependent children age nineteen and over.

Dr. Thompson suggested they only allow a one time enrollment period for dependents 19-23 who were previously dropped from the plan due to the “student” process”, combined with those dependents that are currently eighteen and turning 19; and for all future periods, dependents are required to be continuously enrolled, and if they drop from the plan, they are excluded from future dependent child coverage.

Motion: Musgrove moved they refer the issue back to the Benefits Strategic Planning Workgroup for some additional tweaking in view of the guidance they have received from the conversation in the Board meeting. Harrison seconded. All were in favor. Motion carried.

Dr. Thompson commented it is an important option to extend the parental support for kids with insurance coverage until their mid twenty years. It is more important than the efficiency of the staff operations which only has some merit if the new process can be done safely, without being placed into the risk pool.

Closed Enrollment

Dickerson talked about the meeting she had with Legislators and Superintendents in Monticello. Dickerson said it was a very positive meeting and the individuals were really in search of a solution to help with cost. Dickerson said she was told about a few incidents whereas members were coming in the plan only when they required services, then dropping out later. Dickerson said the concept of closed enrollment was suggested during the meeting.

Emerick said more and more people will be incentive into abusing the system as long as insurance premiums continue to increase. Emerick said there are other things that they can do to discourage people from taking advantage of the plan; for example, the first year of benefits can be capped at \$5,000 dollars.

An in-depth discussion ensued. The Board talked about the federal law and HIPAA regarding insurance coverage.

Peggy Nabors, AEA Legal Services Director told the Board she would hate to think that they would disenfranchise people at the beginning of their career in such a way and hoped that you would not consider that concept as a viable option.

Dr. Thompson concluded the AEA and legislation will need to solve the school employer contribution piece, or the Board will have to add some protective fiduciary phases to the plan.

No action was taken by the Board.

Medicaid Reimbursement Rate

Chairman McCook talked about adopting the Medicaid reimbursement rate structure or something very similar. McCook said the EBD Staff and Milliman reported it will cost \$40,000 dollars to review and compare what the Plan is currently spending for all the arrangements with the current contractors. McCook asked the Board to think about the concept.

No action was taken by the Board.

2009 PRELIMINARY ASE & PSE RETIREES and ACTIVES RATES

by Kevin Geurtsen, Milliman

ASE & PSE Retirees

Geurtsen reported there really have not been any significant changes since the last report. They used one more month of run outs "claims paid through March 2008". There is an additional funding requirement of \$3.3M to reach the target; 60% for retirees and 50% for dependent split. Geurtsen said there is no additional allocation for the PSE group to report at this time.

Geurtsen reviewed the Plan design changes approved by Board: 20% coinsurances & \$1,500/3,000 OOP (currently 10% coinsurance & \$1,000 / \$2,000 OOP) and increase deductible for High Deductible plan to \$1,500.

The Board viewed the 2009 proposed ASE and PSE Retiree rates with and without additional funding.

ASE Actives

Geurtsen explained that the funding is about 67% for employee coverage and about 44% for dependent coverage with the existing funding. Geurtsen said they will need about \$15M additional funding in order to hit the target of 75% employee and 50% dependent.

The required medical rate increase

Health Advantage	4%
Novasys	16%.
Pharmacy	22%

The Board viewed the 2009 proposed ASE Active Employee rates with and without additional funding.

Geurtsen said they will refresh the report over the next couple of months as more data becomes available. Geurtsen stated in general the rate increases are pretty reasonable given the claims experience.

Dickerson said there is more reserve available for Actives than they anticipated.

Other Business

Arkansas Surgeon General Dr. Joe Thompson received the *2008 Health Care Quality Award* from the National Committee for Quality Assurance.

Dr. Thompson talked about plan reimbursement for trauma services. Dr. Thompson requested Mallory be put on the agenda to discuss trauma services in the next Board meeting and also requested the Benefits Strategic Planning Workgroup review the issue and report their findings.

Meeting Adjourned.