

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

Minutes

May 16, 2008 – 9:00 AM

The Benefits Sub-Committee of the State and Public School Life and Health Insurance Board (hereinafter called the Committee) met on Friday, May 16, 2008 at 9:00 a.m. in the EBD Board Room, 501 Woodlane, Suite 500, Little Rock, Arkansas.

Members Present

Becky Walker
Janis Harrison
Shelby McCook
Nancy Sheehan

Members Absent

Jeff Altemus
Lloyd Black
Joe Musgrove

Sharon Dickerson, Executive Director, Employee Benefits Division.

Others Present:

Kevin Geurtsen, Milliman; George Platt, Patricia Schafer; Amy Tustison, Leigh Ann Chrouch; Stella Greene, Jason Lee; Kim Wilmot, Faith Houston, Jane Young, Shannon Roberts, Sherry Bryant, Marilyn Jersild, Amy Redd, Marty Usrey, Sharon McDonald, Ellen Justus, Melissa Fox, Cathy Harris, EBD; Bryan Meldrum, NovaSys Health; Kathy Ryan, Barbara Melugin, ABCBS/HA; Shonda Rocke, NMHC; Eddie Fryer, Usable Life; Sharon Marcum, Corphealth, Ronda Walthall, AHTD; Kristi Clark, ABA; Kim Henderson, ADFA; Karen Henson, AGFC; Steve Singleton, ARTA; Susan Walker; Scott Winter; Wayne Whitley

Call to Order

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

Approval of Minutes

A request was made by Walker to approve the April 11, 2008 minutes. McCook made the motion to approve. Sheehan seconded. All were in favor. Motion carried.

The Benefits Strategic Planning Workgroup (BSPW) Report *by George Platt, Chief Operating Officer, EBD*

Platt explained the Benefits Strategic Planning Workgroup (BSPW) has been charged by the Benefits Subcommittee to research and develop ideas consistent with the long-term sustainability and management of the Plan.

Platt informed the Committee the BSPW met on Tuesday, May 13, 2008 and as a result of the meeting, presented two recommendations for consideration.

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.

Platt described an incident that occurred due to the lack of member understanding and oversight by agency officials regarding dependent coverage. Platt said they will be able to capture more of these types of issues; incidental or fraudulent with the technology they have if they can shift some of the resources from the student verification process onto other things. Platt said the return on investment will be much higher.

Milliman reported the risk could go as high as \$2.4 million dollars. Platt added the amount is only about 15 to 20% of the total spent last year for all the 19 to 23 year olds. Platt said 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.

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).

McCook and Dickerson discussed federal regulations regarding dependent children. Jason Lee, Director of Communications explained the US Code Collection § 152. Dependent defined.

Motion: Sheehan made the motion to adopt the recommendation. Harrison seconded.

Walker opened the floor for discussion. Platt addressed questions from the audience.

Amendment: McCook amended the motion. Qualifying dependents under the age of 24, not covered under the plan since the age of 19 for any reason other than fraud will be allowed to enroll back in the plan.

Walker clarified the motion: The BSPW are recommending a two year pilot program to include dependent children who would otherwise meet all eligibility requirements from 19 thru age 23 without having to be a student. It also allows anyone who currently is in that age group and previously dropped off of the plan to enroll again in the plan for any reason other than fraud. All were in favor. Motion carried.

HRA Assessment

ARHealth members have completed a voluntary, self-reported HRA since fall 2004 with an update to the question / format in 2006. Current questions address the issues of tobacco use, alcohol consumption, seat belt use, physical activity, and body mass index calculated by height and weight. Adult members who choose to complete the HRA receive a discounted monthly insurance premium of \$10 for HRA completion and a possible additional \$10 discount for a healthy lifestyle. The HRA is administered by ACHI with respect to system management, question development, and multi-year data management & analysis.

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.

Hill talked about the research that was done on three separate approaches for an enhanced HRA; the Department of Health's HRA (Trale), Corphealth's HRA (Health Media), ACHI's HRA (current model).

Recommendation: Based on the research, it is the recommendation of EBD 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.

McCook suggested they follow up with Corphealth to see if members are enrolled in the recommended programs because they have reached a point where the information can be tied together to measure the outcome. McCook said members should forfeit the \$10 incentive if they do not enroll in the recommended programs.

Hill suggested that all participants received a \$10 dollar incentive for taking the survey for the sake of data management and analysis purposes; and if they are identified as a candidate for one of the programs they will only receive an additional \$10 dollars if they enroll and complete the program. McCook agreed.

McCook requested the BSPW provide the Committee with the information for how to measure the program in 60 days.

Walker opened the floor for discussion. Platt concluded the BSPW will work out the details and the structure of the program.

McCook made the motion to approve the approach; the current HRA and the implementation of Corphealth’s Health Media. The BSPW is required to provide the Committee with the new structure in 60 days on how to make the program accountable. Harrison seconded. All were in favor. Motion carried.

Director’s Report *by Sharon Dickerson*

Dickerson informed the Committee 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 was truly thankful for everyone’s help.

Dickerson reported that over the last 2 years, the plan paid \$1.7M on the highest most expensive baby.

Recommendation: Dickerson recommended they waive the \$250.00 inpatient hospital admissions co-pay for maternity services as an incentive for members to participate in a monitoring program with case management.

Dickerson said it would cost the program about \$325,000, but if one premature birth is prevented, it would more than pay for itself.

Motion: McCook made the motion to adopt the recommendation. Harrison seconded.

Walker opened the floor for discussion.

Walker restated the motion: Waive the \$250.00 inpatient hospital admission co-pay for maternity patients who enroll and participate satisfactorily in the monitoring program offered through EBD. All were in favor. Motion carried.

Dickerson clarified that the waiver would be for all inpatient stays associated with maternity services.

Amendment: McCook amended the motion: The waiver will include all inpatient stays associated with maternity services. Harrison seconded. All were in favor. Motion carried.

Dickerson talked about the meeting she had with Legislators and Superintendents in Monticello; whereupon, the idea of limiting open enrollment came up as a solution to help with cost. Dickerson explained open enrollment was legislated because of the Cafeteria Plan, but they have since learned differently. Dickerson said limited enrollment will probably increase the numbers on the school side and bring in healthier people.

Dickerson said she believes it is a valid suggestion and has asked Milliman to provide some numbers. Dickerson referenced one of the high cost claim for maternity services that could have been prevented if they had limited enrollment.

McCook said he believes it is a budget issue for the school and the Plan would not be enjoying the increased enrollment in the PSE group if they didn't have the legislation changed a few years ago to include the open enrollment process. McCook said they want less uninsured people in the state of Arkansas and if they do all they can to help make the members healthier, the plan will save money and premiums will be lower.

Hill suggested they consult with UAMS about their experience with closed enrollment.

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 medical component is less than what was reported last month for Retirees not Medicare eligible because the claims are a little less than what was anticipated. The medical claims for Retirees Medicare eligible are a little higher than what was presented last month because the “run outs” are a little bit larger than what was anticipated.

Geurtsen presented the 2009 proposed ASE and PSE Retiree rates with and without additional funding.

Dickerson informed the Committee they will not have to set the rates until late July or early August because EBD is no longer printing the booklets; therefore, they will not have to have the rates as early as they have in the past. Dickerson said EBD will inform PSE and ASE members by sending them a letter with the rates and the plan changes and EBD will also update the guide to enrollment on the web.

ASE Actives

The required medical rate increase; Health Advantage 4% and Novasys 16%.

Pharmacy will require a 22% increase. Geurtsen explained that in the last few years they have been receiving better data from both the vendors and EBD and are now able to true up the data better. Geurtsen said pharmacy is doing extremely well.

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.

Geurtsen presented 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 the picture isn't as bleak as it was when they started with the 2009 PSE Active Employee rates because there is more reserve available for Actives than they anticipated.

Other Business

McCook asked the Committee to think about the concept of adopting the Medicaid reimbursement rate structure or something very similar. McCook said claim payers are familiar with Medicaid's reimbursement and it will reduce a lot of administrator fees. McCook said Milliman reported it will cost a maximum of \$40,000 dollars. McCook said he plans to discuss the idea in the next Board meeting.

Platt said the BSPW is currently in the process of researching the issue and have reviewed the West Virginia Model.

McCook explained that it is the duty of the Board to investigate every possible scenario to lower reimbursement and administrative fees expenses. McCook said they have an obligation to look at some approach, and not necessary the Medicaid's rates.

Dr. Patricia Schafer, EBD Health Services announced Arkansas Surgeon General Dr. Joe Thompson received the *2008 Health Care Quality Award* from the National Committee for Quality Assurance.

Meeting Adjourned.