

DRAFT GROUP INSURANCE ADVISORY COMMITTEE (GIAC)

Meeting Minutes
November 27, 2018

A meeting of the State Group Insurance Advisory Committee was held on this date in the LBJ Building, Room #155, 650 W. State Street, Boise, Idaho. Keith Reynolds, who sat in for Chairman Geddes, called the meeting to order at 2:05 p.m.

Members Present:

Keith Reynolds, Deputy-Director, Department of Administration (DoA)
Dick Humiston, State Retiree Member
Roxanne Lopez, Human Resource Manager, State Tax Commission, Employee Member
Andrea Patterson, Human Resource Manager, Judiciary Member

Absent and Excused:

Robert Geddes, Director, DoA and Committee Chair
Representative Phylis King
Senator Fred Martin

Others Present:

Jennifer Pike, Administrator, Office of Group Insurance (OGI)
Susan Buxton, Administrator, Division of Human Resources (DHR)
Sarah Hilderbrand, Administrator, Division of Purchasing
Jill Randolph, Analyst, Legislative Services Office
Karen Thiel, Human Resource Officer, DoA
Audrey Musgrave, Deputy Controller, State Controller's Office (SCO)
Leslie Michelsen, Bureau Chief, Payroll Services, SCO
Janelle White, Human Resource Specialist Senior, DHR
Camile Mick, Human Resources, Boise State University
Don Murray, Delta Dental
Diane Blume, Program Specialist, DoA

APPROVAL TO AMEND AGENDA

MOTION: Ms. Patterson moved, and it was seconded by Ms. Lopez that the scheduled presentation by Susan Buxton be moved up to the first item of business on the agenda. The motion passed unanimously.

EMPLOYEE BENEFITS SURVEY UPDATE

Ms. Buxton explained the division contracted with the company, Korn Ferry, to conduct this survey and it was sent to 18,954 benefit-eligible state employees. It addressed total compensation regarding base salary, PPO, medical, dental, life and disability, retirement, and work satisfaction. Roughly two-thirds of the surveys were returned (12,354), which is a remarkable response rate, she said, and of those returned surveys, 10,600 included written comments, showing a huge level of interest in benefits.

The survey inquired of perceptions regarding **salary benefits**, and 75% of employees indicated they have a good understanding of pay policies and practices; 33% said they believe they are paid fairly opposed to 48% who indicated they are not. Finally, 53% said they do not think they are paid fairly in comparison to other organizations outside of state government.

Further, 79% indicated they have a good understanding of the **benefits program**; 77% indicated the benefits meet their needs, while 10% said they do not; and, 66% believe benefits are competitive. In conclusion, she said, employees seem to be much happier with their benefits than they are with their salary.

When asked about **rewards and performance**, she continued, 91% of responders indicated they understand what's expected of them in their job while 4% do not; 62% said they receive regular feedback/recognition/coaching; and, 35% were agreeable that there is a clear link between their performance and their compensation, while 41% disagreed.

Regarding **non-financial rewards**, 63% of responders said they have good opportunities for learning and development; 63% indicated the state supports them in achieving reasonable work-life balance; and, 71% agreed they would recommend the state as a good place to work.

With **mixed reward preferences**, only 10% were in favor of a greater base salary at the expense of benefits. The overall feedback, she said, is overwhelmingly that there is not a desire among employees to change the mix of rewards within the current benefit portfolio. Any scenario in the survey that proposed a shifted weight away from base salary toward other compensation elements was viewed with disfavor.

Ranking of 21 **priority benefits**, (no matter classification, years of service, branch of government, etc.) listed highest 1) medical/health care, 2) paid time off, 3) sick leave, and 4) pensions. Medium ranked benefits were 5) access to wide network of providers, 6) early retirement, 7) disability insurance, 8) death benefits. Lower ranked benefits were 9) onsite medical clinic, 10) professional association, and 11) stress/financial counseling.

Ranking of the top 15 **non-financial awards** in order were 1) good work climate/culture, 2) security/stability in employment, 3) interesting and meaningful work, 4) mission and purpose of the organization, 5) opportunities to collaborate/teams, 6) access to learning and development, 7) flexibility in work location, 8) recognition from others, and 9) opportunities for social events with colleagues.

She explained the **two health care questions** were linked to discussions of the Interim Committee on State Employee Group Insurance and Compensation. One was "How likely would you be to select a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) if the state made an annual contribution to your account of \$500 for single coverage (\$2,000 deductible) and \$1,000 for family coverage (\$4,000 deductible)?" There were over 4,000 comments regarding this question supporting the response that 56% indicated they would be unlikely to select this option.

The other health care question was "How likely would you be to select a regional health plan with a narrow network of providers and hospitals for a lower monthly premium?" Responses indicate that 42% would be likely to select a narrower network compared to the 15% from the prior question who would be likely to select a high deductible plan. Over 4,000 comments were a mixed reception. She warned that this option could result in unequal treatment if an employee in one area of the state has better options than someone in another area of the state.

She pointed out employees used terms like "financial burden" or "stress", "hardship", and "detrimental" to describe the impact of modifying health benefits. A little less than 1,000 indicated they would look for other employment if changes were implemented.

In summary, she pointed out that by law, the state must provide a total compensation system that is competitive with the market to attract qualified applicants in the workforce, retain and motivate employees, and reward employees for outstanding performance.

APPROVAL OF MINUTES

MOTION: Mr. Humiston moved that the minutes of the July 31, 2018 Group Insurance Advisory Committee meeting be approved as written. The motion passed unanimously.

FY19 PLAN YEAR STATUS AND FINANCIALS

Financial reports distributed to the committee include projections for 2020, Ms. Pike explained, although no decisions have been made for next year.

The current **medical plan** year is about one-third of the way complete and as of October 31st, about \$83 million has been spent on claims, administrative costs, and expenses which is comparable to this time last year. Reserve balance is about \$102.8 million and does not reflect the premium holiday for November and December. The required reserve balance is nearly \$26 million; excess reserve dollars may be considered in 2020 to help moderate the appropriation, she said.

There are 18,743 active employees enrolled in the plan, with 27,804 dependents (9,800 are spouses and about 18,000 are children). The Interim Committee spent a lot of time discussing alternative premiums for spouses on the plan, she pointed out. There are 712 retirees on the plan with 202 dependents; 111 COBRA enrollees and 41 dependents. The annual appropriation per employee for just the medical part of the plan is \$11,395; however, the state's cash cost per enrolled employee is \$12,726.

For calendar year 2019, there is a moratorium on the Affordable Care Act tax. There was also a moratorium in 2017 but it was reinstated in 2018. The future of the tax in 2020 is uncertain, she said, and until further notice it is assumed that it will be assessed. Projected total plan costs for 2020 are about \$300 million assuming the ACA tax. This is about a 1% increase over last year which would mean that the required reserve balance would increase as well to about \$26.6 million. The retiree enrollees and costs continue to decrease.

The **dental plan** tends to trend similarly to the medical plan, she said. About 37% of projected costs have been spent—nearly \$4.6 million. This is very similar to expenditures this time last year. The dental reserve balance continues to increase slightly with a current total of nearly \$3.7 million, not including the premium holidays. Required reserves is \$1.25 million.

Active enrollees in the dental plan are always the same as medical enrollees (18,743), but the difference is in the number of dependents, which are voluntary. There are 26,274 dependents enrolled in the dental plan. Cobra has 156 enrollees with 63 dependents.

There is a slight increase in dental plan costs anticipated for 2020 from about \$12.3 million in 2019 to \$13.24 million. Required reserves will increase to \$1.32 million.

REVIEW FINDINGS OF GROUP INSURANCE REQUEST FOR INFORMATION (RFI)

Ms. Pike distributed an executive summary of the RFI issued earlier this year, and 16 responses were received. Six traditional carriers provided comprehensive packages like the state has in place now; one was from a third-party administrator; two were from pharmacy benefit managers; and, two from accountable care organizations. Most of the responses, she said, included some type of telemedicine option. Submittals were also received for wellbeing, disease management, EAP, and division administrator. The goal was to solicit information about all possible options available in Idaho. The state is able to partner with multiple vendors in order to pick the best product available, she said. Our current carrier has contracts with an EAP, vision, and pharmaceutical manager, for example.

The RFI process has provided some lessons learned should a Request for Proposal (RFP) be issued, she said. For example, there would be a need to do a very detailed network analysis to be able to geo-access all state employees who are scattered throughout Idaho and beyond. Respondents would then be able to discover what providers are available in the different counties. As a result of the RFI process, it was determined beneficial to partner with the state's actuary to verify whether respondents can do what they claim they can. Other aspects to focus on would be value-based strategies such as an enhanced advocacy and wellbeing program, getting employees engaged, and pharmaceutical contracting. The state has proposed several cost containment strategies that were discussed as part of this RFI process, she concluded.

LEGISLATIVE INTERIM COMMITTEE ON STATE EMPLOYEES GROUP INSURANCE AND BENEFITS UPDATE

Mr. Reynolds explained that at the Interim Committee's final meeting earlier this month Ms. Pike reported on the RFI and Ms. Buxton presented the outcome of the employee survey. In addition, Mercer, the consultant hired by the committee, offered a presentation. The committee expressed its expectation that the Department of Administration fulfill the intent language of its appropriation. Last summer, David Hensley, the Governor's Chief of Staff, submitted a timeline to the committee for issuance of an RFP and so far, the department is on track, including completing an RFI by November 1st, he said. The next step is to meet with the Governor-elect to discuss the RFI and determine how to issue the RFP. The RFI and a draft RFP will be reviewed at the legislative germane committees with a tentative RFP release date of March 2019 and completion the following June.

The intent language states that the RFP shall be issued in conformance with recommendations of the final report of the Interim Committee. This would include an HSA high-deductible plan, continuation of the same or similar PPO plan, and/or evaluation of a value-based care model where the primary care physician is the central point for all needed care. That provider is incentivized to make sure that the best care at the best price is provided, he said.

An RFP oversight committee will need to be created, and Sarah Hilderbrand, Administrator of the Division of Purchasing, said the degree of decision-making power would need to be determined as well as what role it would have in the procurement process. First, a governance document would be required to include those roles and responsibilities as well as a communications plan. In addition, she said, the oversight committee, the RFP lead, and the committee that will be working on the solicitations will be walked through the procurement process in general. Committee members would also need to sign a confidentiality agreement and a document outlining the roles and responsibilities, including any conflict of interests.

The communications plan would define how the oversight committee would interact with the RFP team in terms of getting updates on the process. Questions that are posed by vendors would be discussed between the team and the oversight committee to understand what changes may need to be made. Once the RFP closes, the RFP lead will go through the RFP and make sure there are no discrepancies, or need for clarification, etc.

ORIGINAL MOTION: Ms. Patterson moved, and it was seconded by Ms. Lopez that the Department of Administration make recommendations regarding the composition of the oversight committee for the RFP process.

Mr. Humiston suggested that the department recommend the committee have a similar composition as the Group Insurance Advisory Committee, including retiree representation.

SUBSTITUTE MOTION: Ms. Patterson moved, and it was seconded by Ms. Lopez that the Department of Administration make recommendations regarding the composition of an oversight committee, whether that is the current Group Insurance Advisory Committee or some other similarly-constituted committee with representation

from the legislative branch, executive branch, retirees, a large agency, as well as the judicial branch. The motion passed unanimously.

Mr. Humiston expressed that results of the RFP process must include equal services to employees across the state. Mr. Reynolds indicated that as he reads the intent language, the requirement is to broaden the options the state now has such as offering an HSA eligible, high deductible plan. The committee's other recommendation is to maintain the current PPO. He said the department will be sensitive to the fact that all benefits must be equally available across the state.

VOLUNTARY RETIREE INSURANCE OPTIONS AND UNUSED SICK LEAVE UPDATE

Over the course of the last year, Group Insurance has been able to expand its offerings to six qualified carriers that can now offer Medicare supplemental advantage and/or Part D, Ms. Pike explained. Other types of coverages are also considered since dental, life, and long-term care are appropriate uses for sick leave dollars. Two dental providers are now participating, and she indicated other carriers may be coming on board as well. This has been a great way for retirees to utilize some of their unused sick leave.

OTHER BUSINESS/PROPOSED MEETING SCHEDULE

Proposed meetings of the Group Insurance Advisory Committee for 2019 are as follows:

Thursday, March 14th at 2:30 pm

Tuesday, July 23rd at 2:00 pm

Tuesday, November 19th at 2:00 pm

ADJOURNMENT

MOTION: Mr. Humiston moved that the November 27, 2018 meeting of the Group Insurance Advisory Committee be adjourned at 3:30 p.m. The motion passed unanimously.



Diane K. Blume, Program Specialist
Department of Administration