

GROUP INSURANCE ADVISORY COMMITTEE (GIAC)

Meeting Minutes
November 19, 2019

A meeting of the State Group Insurance Advisory Committee was held on this date in Room WW17, Capitol Building, Boise, Idaho. Chairman Mooney called the meeting to order at 2:00 pm.

Members Present:

Bryan Mooney, Director, Department of Administration (DOA) and Committee Chairman
Dick Humiston, State Retiree Member
Andrea Patterson, Human Resource Director, Judiciary Member
Senator Fred Martin
Representative Brooke Green
Paul Spannkebel, Business Support Manager, Veterans Services, Active Employee Member

Others Present:

Jennifer Pike, Administrator, Office of Group Insurance (OGI)
Tyler Kapfhammer, Director of Analytics/Consultant, Propel Insurance
Susan Buxton, Administrator, Division of Human Resources (DHR)
Scott Smith, Deputy Controller, State Controller's Office (SCO)
Joanna Ramer, Delta Dental of Idaho
Mitch Toryanski, Regence Blue Shield of Idaho
Diane Blume, Program Specialist, DoA

Chairman Mooney introduced and welcomed the Committee's newest member, Paul Spannkebel to serve as the active employee representative.

APPROVAL OF MINUTES

MOTION: Senator Martin moved, and it was seconded by Representative Green that the minutes of the July 18, 2019 Group Insurance Advisory Committee meeting be approved as written. The motion passed unanimously.

FY20 FINANCIALS AND PLAN PERFORMANCE

Ms. Pike distributed financial reports for both the medical and dental plans as of October 31, 2019 providing a past, present, and future snapshot. At this time last year, the cost of claims, administration and expenses for the **medical plan** was close to \$83 million compared with this year at a bit over \$88 million. This is 31% of what Milliman had projected for the entire fiscal year.

Last year at this time the state had over \$102.7 million in reserves and at the same time this year reserves are over \$71.6 million. This large reduction was the result of the two-month premium holiday implemented in November and December of 2018 when the state paid the premium for both the employer and employee. The reserve balance had grown over time, she said, and the federal government took issue with the high level of funds. The Division of Financial Management (DFM) has been contacted by Health and Human Services asking for a refund of its portion of the account, which is about \$10 million. The committee will be kept apprised of the outcome. The state has never had to repay funds to the federal government out of the medical reserves.

The required reserve balance based on our contract with Blue Cross of Idaho (BCI) is about \$27.7 million dollars, 10% of expected premiums, she continued. Active employees total 18,914 with 28,054 dependents; retirees are 676 with 168 dependents; and there are 113 COBRA enrollees with 54 dependents. The appropriation this year per employee is \$11,395, the same as last year, she added.

Milliman, the state's actuary, reruns projections every six months. She distributed a graph showing the last four Milliman reports and how they changed over time. The most recent projections include results of this year's plan changes and is illustrated on the graph by a much slower growth in costs over the next few years. Those changes include such things as deductible changes, changes in the co-pay, and changes from the three-tier to 4-tier pharmacy, for example. Milliman also took into consideration recent favorable claims experience. Health costs continue to go up, she said, and the state has been successful in flattening out that trend. Just from May 2019 to November 2019, the cost avoidance was about \$10 million. There have been very few negative comments or feedback at all from employees about these changes, she added, just clarifying questions.

These projections have been provided to DFM and the Legislative Budget Office (LSO) as they consider next year's budget. For FY21 total claims and administration is projected at slightly over \$297 million, and there are more opportunities to flatten out the trend further in FY21, she said. Proposed is the implementation of an ER copay, which is a standard in the industry. Also, there is a new Choice Docs program that incentivizes employees to go to lower-cost providers by reducing their copay on the PPO plan. Additionally, BCI has recently engaged with a vendor for a wellbeing platform that will pull in elements of total wellbeing. Finally, implementation of an in-network VSP vision benefit is being considered where visits are a \$10 copay and frame allowances are about \$130; and, the out-of-network reimbursement could remain the same as currently in place. She explained that another impact of savings in the coming fiscal year is the fact that BCI has remarketed its pharmacy benefit manager (PBM) and will switch January 1. Enrollees will receive a new member ID card toward the end of the fiscal year, and it's anticipated that several million dollars in savings to the state will be realized.

Ms. Buxton advised members about a recent conclusion from survey results of Korn Ferry, and Milliman's compensation report that is submitted to the Legislature and Governor. She said the recent increase in deductible for medical/dental insurance has lowered the state's total compensation by about 1%. This reduction also considers increases in salary.

For the **dental plan** year-to-date, she continued, the state has paid over \$4.8 million in claims, administrative costs, and expenses; but, at the same time last year over \$4.57 million was expended. The Dental Plan is very predictable because of the maximum benefit cap. That cap was increased this year from \$1,000 to \$1,500, she reminded the group, so toward the later part of the year a higher balance of claims and expenses will be realized.

The ending dental reserves was also in excess of what is needed of the 10% contingency. At this point last year there was almost \$3.7 million in the reserve and this year there is over \$2.6 million. This reserve was also affected by the premium holidays implemented last year. There are 18,914 active employees enrolled in the dental program with 26,470 dependents and 128 COBRA participants with 63 dependents. Retirees do not have a dental benefit.

FY21 BUDGET DEVELOPMENT

Ms. Pike referred to an executive summary of the FY21 Milliman Projection where several appropriation options were proposed for use by LSO and the Governor's Office along with illustrations of their impact on reserve balances.

UNUSED SICK LEAVE UPDATE

There is a group of retirees who do not need to purchase insurance for various reasons, so their unused sick leave dollars go unused. For the past couple of years, Ms. Pike remarked, staff has been working to identify ways retirees can utilize their unused sick leave dollars that are transferred over to PERSI. For example, just recently she has been working on an agreement for long-term care policies.

Additionally, future retirees, hired after July 1, 2009, are not eligible to purchase the state's health insurance, so individual medical plans are being considered for those under 65 years of age. Unused sick leave moneys will be able to be used toward purchase of these plans. She noted that statute restricts the use of sick leave dollars for only medical, dental, long term care and/or life insurance.

FUTURE PROJECTS

RFP for Group Insurance Consultant

She reported that staff is working on an RFP for consulting services. The target date to issue the RFP is this spring so it will be awarded before the end of the fiscal year. She said staff will be working closely with DHR and the Division of Purchasing to get this accomplished.

Self-Insurance Budget Request

Administration has included in its budget request to the Governor's Office a line item to continue the study on self-insurance and efforts with legal counsel to determine how the program would be set-up.

Communications

In efforts to engage employees, BCI is working on a mobile app for the medical plan available January 1st, she said. Also, this year a monthly Benefit Highlight publication is being sent to HR contacts for distribution to all employees and it is posted on the newly-design OGI website, as well. BCI has also targeted outreach to certain groups. For example, information about the prenatal program was sent to female employees and dependents of a certain age group. And finally, she commented that OGI will be working closely with the State Controller's Office on the Luma project to address benefit enrollment options for the new system.

OTHER BUSINESS/PROPOSED MEETING SCHEDULE

Three dates were discussed for the upcoming 2020 meetings of the committee.

April 21st at 2:00 pm

August 19th at 2:00 pm

December 16th at 2:00 pm

ADJOURNMENT

MOTION: Senator Martin moved that the November 19, 2019 meeting of the Group Insurance Advisory Committee be adjourned at 2:45 p.m. The motion passed unanimously.



Diane K. Blume, Program Specialist
Department of Administration