GROUP INSURANCE ADVISORY COMMITTEE (GIAC)
Meeting Minutes
December 16, 2020

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

Members Present:
Keith Reynolds, Director, Department of Administration (DOA) and Committee Chairman
Paul Spannknebel, Business Support Manager, Veterans Services, Active Employee Member
Dick Humiston, State Retiree Member
Senator Fred Martin (via teleconference)
Representative Brooke Green (via teleconference)
Andrea Patterson, Human Resource Director, Judiciary Member (via teleconference)

Others Present:
Jennifer Pike, Statewide Group Insurance Manager, Office of Group Insurance (OGI)
Steve Bailey, Deputy Director/CFO, Department of Administration
Faith Cox, Administrator, Division of Insurance and Internal Support, DOA
Justin Seaman, OGI Benefits Analyst, DOA
Stephanie Wright, Blue Cross of Idaho
Sharon Duncan, Division of Human Resources (via teleconference)
Kylie Turner, Sullivan and Reberger (via teleconference)
Olga Voralik, Propel Insurance (via teleconference)
Diane Blume, Program Specialist, DOA

APPROVAL OF MINUTES

MOTION: Mr. Humiston moved, and it was seconded by Mr. Spannknebel that the minutes of the August 19, 2020 Group Insurance Advisory Committee meeting be approved as written. The motion passed unanimously.

NEW PROJECTS UPDATE

Self-Insurance Working Group

This working group met over the last several months, Chairman Reynolds noted, and just yesterday submitted its final report. All members of the study group represented non-state entities; several were benefit administrators and one was a Chief Financial Officer. The department did not participate in the meetings other than to watch, listen, and answer questions as submitted. The study group unanimously recommended that the state remain with its current medical insurance hybrid plan.

As background, he said, the Legislative Interim Committee on State Employee Group Insurance and Benefits met between 2016 and 2018 and suggested the state consider going to a self-insured plan. There were two main reasons and one was to avoid the Affordable Care Act fees of $7 to $8 million annually. These fees, however, have since been eliminated. The second reason was to allow more flexibility in plan design. In the final analysis, the study group concluded that since the grandfather clause has recently been eliminated, the state does have plan flexibility and should exercise it more often. This is the direction the state is already headed, he said.

The working group's study will most likely be discussed during the upcoming legislative session. The department's pledge, he said, is to exercise more plan design options and do whatever is necessary to have a modern cost-effective plan that delivers the best benefits possible for state employees. Should the plan ever become an impediment for achieving this, a self-insured plan will be considered again, he said.

Status of Request of RFP for Group Insurance Consulting Services

He reported that Request for Proposals (RFP) for a group insurance consulting services will be released this upcoming Monday, December 21st.

On-Site Health Clinic RFP Project

An on-site health clinic at the Chinden Campus has been discussed, he explained. A Request For Information (RFI) will soon be distributed to gather data needed to solicit proposals. Results of the RFI are expected before the end of the legislative session.

Ms. Patterson inquired whether a clinic is also considered for the Capitol Mall. Chairman Reynolds responded that the RFI will answer, for one thing, how many individuals are needed at a certain location to make a clinic viable. The Capitol Mall houses 2,500 employees, and soon there will be about 1,200 at the Chinden Campus. A clinic would be desirable at both locations; however, space is less available in the Mall than the Chinden Campus.

RETIREE USE OF SICK LEAVE

Mr. Humiston had requested at the last meeting that the Committee be provided an update from PERSI on the use of sick leave by retirees, Ms. Pike recalled. PERSI Director, Don Drum, was unavailable for this meeting but will be invited to provide an update at the next meeting of the Committee.

However, she included in the meeting packet a copy of the online flyer PERSI created explaining the steps for utilizing retiree sick leave balances as well as options available for usage. Currently, there are 8 to 10 carriers that have signed-on to offer different services.

COVID-19 RESPONSE UPDATE

Regular reports are received from carriers illustrating how state monies have been spent on Covid-related treatment and testing, she explained. Testing has been sporadic although costs are beginning to increase. In each week there could be as many as 1,200 or as few as 400 individual services which includes second rounds of testing.

A couple of months ago the state's plan was granted funds from the Cares Act Fund of up to $10 million of reimbursements for treatment and testing costs. Claims had to be submitted by last week to apply and about $7.5 million was identified as applicable. These reimbursed monies will be deposited into the Reserve Fund, she said.

The vaccine may be covered under Cares Act funds, she anticipated, but the cost for administering would most likely be covered by the plan. Costs are gaged on the adult population since the vaccine has not yet been approved for children.

FY21 FINANCIALS THROUGH 11/30/20 AND PLAN PERFORMANCE

Ms. Pike referred to the following chart and pointed out that over $109 million has been spent to date this fiscal year on medical expenses, which is comparable to this time last year. This includes the added expenses related to Covid as well as deferred services such as surgeries, etc. The $109 million figure does not include $7.5 million to be reimbursed to the state which would make the year-to-date expense a reduction of about $4 million over last year.

The reserve balance of over $86 million includes about $4 million of the $7.5 million reimbursement dollars. The Legislature will consider this balance when it sets the budget for benefits this upcoming session. She pointed out that the contractual requirement for the reserve in FY21 is about $27.7 million, 10% of expected premiums.

Active employees typically increase by about 1% each year, while the number of retirees continues to decrease as there are fewer eligible participants. State employees are eligible for retiree coverage if they began employment with the state prior to July 1, 2009, and they can remain on the plan until they are 65. Dependents can also remain on the plan until they are 65.

State of Idaho - Department of Administration
Office of Group Insurance - Medical (Includes Rx, Vision & EAP)
As of November 30, 2020

	Year to Date Actual FY2020	Year to Date Actual FY2021	% to Projection	NOVEMBER Milliman October FY2021 (4)
Total Claims (1), Admin Costs (2) & Expenses (3)	106,697,406	109,202,741	37%	291,800,000
Actual Ending Reserve Balance	72,985,318	86,137,348		64,790,000 *End of FY2021*
Required Reserves				
Base Contractual @ 10% of expected Premiums	27,740,000	28,440,000		27,740,000
Enrollees:				
Active Employee	18,962	19,404		19,017
Active Dependents	28,106	28,032		28,445
Retiree	664	645		650
Retiree Dependents	174	168		178
COBRA Enrollee	114	115		103
COBRA Dependents	52	66		
Appropriation Per Employee	11,395	11,465		11,465
State Cash Cost Per Enrolled Employee (5)	12,190			13,300

Notes:
(1) Includes claims incurred in FY2021
(2) Includes BCI Administrative Fees, Premium Tax, Health Care Reform Fees and COBRA
(3) Includes dependent eligibility verification expense
(4) Milliman Report, October 23, 2020
(5) Retiree subsidy included in the State Cash Cost Per Employee calculation

The more predictable coverage, she continued, is dental which has capped limits. Numbers tend to be similar year over year although this year dental was slightly affected by Covid when dental offices were temporarily closed. Nevertheless, she said, employees are taking advantage of their dental benefit. Last year verbiage was modified in the contract specifying that cleanings are now covered "twice a year" rather than "once every six months" to provide more flexibility. Also, the annual cap for dental was increased from $1,000 to $1,500. Data available at the end of the fiscal year will illustrate how many employees benefitted from that increase.

Claims to date are about $5.8 million and the reserve requirement is about $1.4 million; however, the reserve balance is currently over $3.4 million. This too will be taken into consideration when budgets are set for next year. She reminded the Committee that retirees are not eligible for dental coverage in the state's retiree plan.

State of Idaho - Department of Administration
Office of Group Insurance - Dental
As of November 30, 2020

	Year to Date Actual FY2020	Year to Date Actual FY2021	% to Projection	NOVEMBER Milliman Projection FY2021 (3)
Total Claims (1), Admin Costs (2) & Expenses (3)	5,960,722	5,850,649	41%	14,250,000
Ending Reserve Balance	2,747,565	3,407,820		2,660,000 *End of FY2021*
Required Reserves				
Base Contractual @ 10% of expected Premiums	1,390,000	1,420,000		1,390,000
Enrollees:				
Active Employee	18,962	19,040		19,016
Active Dependents	26,483	26,372		26,574
COBRA	129	127		127
COBRA Dependents	65	68		
Appropriation Per Employee	255	310		310
State Cash Cost Per Enrolled Employee	215			278

Notes:
(1) FY2020 incurred claims in the previous plan year
(2) Includes BCI Administrative Fees, Premium Tax, Health Care Reform Fees and COBRA
(3) Milliman Report, October 23, 2020

FY22 PLAN DESIGN

The following chart is a summary of the most recent actuary projection which is utilized by the Governor's Office when setting appropriations.

Should the reserve amount be drawn down to the required 10% contractual amount, she explained, the appropriation per employee could be as low as $11,050 in FY22. The report includes alternate contingencies to show impact on the reserve balance including contemplated changes in the design making the plan more balanced. The federal government does not want the reserve balance to be too high because some of those dollars are federal funds.

The projected total plan costs for FY22 is $337 million (an increase of 2.8% over FY21) and dental costs is $16 million, she continued. The appropriation amount, which is the state's portion for funding the plan is $258 million.

The projected total plan costs for FY21 is just over $327 million and includes all claims and expenses. This amount includes plan changes made this year which decreased claims by about $4.4 million. The current cost to the plan is about $13,000 per enrolled employee in FY21 but the appropriation per enrolled employee is $11,650. The difference is made up with reserve funds.

Executive Summary of the FY2022 Milliman Projection
Prepared October 23, 2020

The Office of Group Insurance's actuarial projections have been updated in preparation for the FY2022 budget setting process. **The appropriation for FY2022 could potentially decrease if all available medical and dental reserves are drawn down to the 10% contractual amount.** Note, with no excess reserves available in future years the necessary appropriation in FY2023 will have to increase.

FY2022 Projected Medical and Dental Appropriations and Reserves

	FY2021	FY2022	FY2023
Medical Carrier Premiums	$ 12,999.84	$ 13,280.10	$ 14,078.91
Medical Retiree Subsidy	$ 132.48	$ 167.67	$ 166.07
Disabled Employee Medical/Dental Premium Reserve	$ -	$ -	$ -
State Administration	$ 63.60	$ 44.40	$ 45.28
Funding from Medical Sweep	$ (1,002.68)	$ (921.88)	$ (1,034.10)
Funding from Medical Excess	$ (728.44)	$ (1,747.97)	$ -
Non-Reserve Medical Funding Level	$ 11,464.80	$ 10,822.32	$ 13,256.16
Dental Carrier Premiums	$ 279.84	$ 300.67	$ 311.16
Funding from Dental Sweep	$ (16.18)	$ (19.24)	$ (21.72)
Funding from Dental Excess	$ (78.38)	$ (55.59)	$ -
Non-Reserve Dental Funding Level	$ 185.28	$ 225.84	$ 289.44
Projected Per FTP Appropriation *Sums rounded to the nearest $10	$ 11,650	$11,050	$13,550
Projected reserve needed for each fiscal year	$ 29.9 M	$31.4 M	$ 33.5 M

Full Time Employee Medical Premiums Projected Increase $2 - $20/month

Assumptions:
- The Contingency Reserve remains at 10%
- Appropriation contemplates plan changes including implementing an exclusive specialty pharmacy and ER copay, swapping the HDHP for a narrow network option and increasing the pediatric orthodontia max to $1,500

Other appropriation levels have been calculated to demonstrate the impact on the reserve balances:

With contemplated changes

	Appropriation	Resulting Reserve Balance at the End of FY2022
10% Contingency	$11,050	$33.5 M
Current Level	$11,650	$46.2 M
90th Percentile	$12,020	$53.9 M
Federally Allowed	$12,330	$60.3 M
95th Percentile	$12,560	$65.2 M

If no plan changes are made

	Appropriation	Resulting Reserve Balance at the End of FY2022
10% Contingency	$11,180	$33.8 M
Current Level	$11,650	$43.8 M
90th Percentile	$12,160	$54.4 M
Federally Allowed	$12,470	$60.8 M
95th Percentile	$12,710	$65.8 M

The impact of COVID-19 on plan costs are considered in these projections as well as $4.7 M of the $10 M in CARES money the plan was granted by CFAC.

Plan Changes

Over the last two years the state has been proactive in making changes to the insurance plan made possible because of the elimination of the grandfather status. Changes made to the FY21 plan included reduction of claims and expenses of just under $10.85 million. Specifically, those included the addition of ChoiceDocs PPO, new Pharmacy Benefit Manager, and removal of the ACA health insurer fee.

There were also $364,400 in added costs for enhancements to the plan such as inclusion of an in-network vision benefit, inclusion of a 24/7 Nurse Advise Line, dental coverage for nitrous oxide, and the update of dental cleanings coverage. Also included in this amount is the reinstatement of the $116,000 Patient-Centered Outcomes Research Institute (PCORI) tax that is paid by all plans.

The FY22 plan costs are the combination of $271,740,000 in medical claims and expenses, $1,920,000 in vision claims and expenses, and $9,080,000 in dental claims and expenses. Contemplated changes for next year include an exclusive specialty pharmacy for the 250 members that make up about 50% of the state's pharmacy expense. Moving these members into a mail-order delivery program could reduce claims by about $1.26 million.

The second potential change is switching out the high deductible health plan for a Narrow Network Option. Right now, there is only about 100 individuals enrolled in the high deductible plan out of about 19,000 employees. With constraints of the current software system, plans cannot be added but they can be replaced. A Narrow Net Option (or Connected Care Organization) could save the state about $800,000.

A standard in other plans, an emergency room copay of $100 is also an optional change. Its intent is for the employee to consider whether an ER visit is necessary. If the employee does go to the ER and is admitted, the copay would not apply.

The only contemplated change that would add cost to the plan is an increase of the $1,000 lifetime maximum for pediatric orthodontia to $1,500, which is an industry standard. The increase to the plan is projected at $400,000.

A Naturally Slim Weight Loss Program, or Health Coaching Service is another consideration. Its projected net decrease to the plan is $234,926. Inclusion of this benefit is an attempt to incorporate a wellness component into the plan, she noted.

Finally, it's anticipated that $802,000 could be saved with a diabetes management program via a contractual arrangement for a platform provided by Livongo Health Inc. It's an interactive application for the phone and alerts a coach if blood tests become too high or too low. It's very sophisticated and includes one-on-one interaction, she explained.

MOTION: Senator Martin commented that because he feels comfortable with the direction of the FY22 plan renewal design recommendations he moved that it be approved by the Committee, with additional follow-up information to be provided. Ms. Patterson seconded the motion and it passed unanimously.

OTHER BUSINESS/PROPOSED MEETING SCHEDULE

The following dates and times were proposed for the 2021 meeting schedule of the GIAC.
Thursday, April 22, 2:00 pm
Thursday, August 26, 2:00 pm
Monday, December 20, 2:00 pm

ADJOURNMENT

MOTION: Senator Martin moved, and it was seconded by Mr. Spannknebel to adjourn the December 16, 2020 meeting of the Group Insurance Advisory Committee at 2:55 p.m. The motion passed unanimously.

Diane K. Blume

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Diane K. Blume, Program Specialist
Department of Administration

Note: *After the meeting it determined that the actual CARES reimbursement was $8.1 million rather than $7.5 million.*