

GROUP INSURANCE ADVISORY COMMITTEE (GIAC)

Meeting Minutes
December 13, 2022

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

Members Present:

Keith Reynolds, Department of Administration Director and Committee Chairman
Dick Humiston, State Retiree Member
Andrea Patterson, Judiciary Member
Paul Spannkebel, Idaho Division of Veterans' Services
Representative Lauren Necochea
Senator Kevin Cook (via Webex)

Others Present:

Jennifer Pike, Statewide Group Insurance Manager, Office of Group Insurance (OGI)
Tami Humiston, CFO, Department of Administration
Valerie Bollinger, Administrator, Division of Purchasing, Department of Administration
Steve Bailey, Deputy Director, Department of Administration
Frances Lippitt, Budget and Policy Analyst, DFM (via Webex)
Olga Voralik, Propel (via telephone)
Tyler Kapfhammer, Propel (via telephone)
Bret Rumbeck, Blue Cross of Idaho
Dan Satterlee, Blue Cross of Idaho

APPROVAL OF MINUTES:

MOTION: Mr. Humiston moved, and it was seconded by Mr. Humiston that the minutes of the August 23, 2022 meeting of the Group Insurance Advisory Committee be approved as written. The motion passed unanimously.

Medical ITN Update

**Valerie Bollinger, Administrator
Division of Purchasing**

Ms. Bollinger updated the Committee regarding the Employee Health Group Insurance Plan Intent to Negotiate (ITN), which closed on October 18, 2022. Discussion ensued.

FISCAL REPORT: FY23 FINANCIALS UPDATE

**Tami Humiston, CFO
Department of Administration**

CFO Humiston gave a financial update as of October 31, 2022:

The following chart provides a look at the medical plan status. So far this year, the state has spent \$112,706,631 in total claims compared with \$91,053,520 spent this time last year. The year to date reserve balance is \$97,516,512 which is well above the required reserve of \$32,870,000.

**State of Idaho - Department of Administration
Office of Group Insurance - Medical (Includes Rx, Vision & EAP)
As of October 31, 2022**

Note* School districts added to the plan

	Year to Date Actual FY2022	Year to Date Actual FY2023	% Increase	% to Projection	November Milliman Report FY2023 (4)
Total Claims (1), Admin Costs (2) & Expenses (3)	91,053,520	112,706,631	24%	26%	438,980,000
<i>*Does not include employee cost sharing, copays & deductibles</i>					
Actual Ending Reserve Balance	78,242,640	97,516,512			59,160,000 <i>End of FY2023</i>
Required Reserves					
Base Contractual @ 10% of expected Premiums	29,690,000	32,870,000			32,870,000
Enrollees:					
Active Employee	18,687	23,743			22,919
Active Dependents	27,616	33,173			32,293
Retiree	632	789			754
Retiree Dependents	185	197			191
COBRA Enrollee	147	129			129
COBRA Dependents	72	71			
Appropriation Per Employee	11,425	12,267			12,267
State Cash Cost Per Enrolled Employee (5)	14,031				14,891

Notes:

- (1) Includes claims incurred in FY2023
- (2) Includes BCI Administrative Fees, Premium Tax, Health Care Reform Fees and COBRA
- (3) Includes dependent eligibility verification expense
- (4) Milliman Report, November 2022
- (5) Retiree subsidy included in the State Cash Cost Per Employee calculation

Dental services: At this point in FY23, the state has spent \$5,868,706. The reserve balance is at \$2,734,876 which is well above the required reserve amount of \$1,610,000.

**State of Idaho - Department of Administration
Office of Group Insurance - Dental
As of October 31, 2022**

Note* School districts added to the plan

	Year to Date Actual FY2022	Year to Date Actual FY2023	%	% to Projection	November Milliman Projection FY2023 ⁽³⁾
			Increase		
Total Claims ⁽¹⁾, Admin Costs ⁽²⁾ & Expenses ⁽³⁾	5,247,674	5,868,706	12%	29%	20,410,000
Ending Reserve Balance	2,706,555	2,734,876			1,910,000
					<i>End of FY2023</i>
Required Reserves					
Base Contractual @ 10% of expected Premiums	1,500,000	1,610,000			1,610,000
Enrollees:					
Active Employee	18,687	23,743			22,917
Active Dependents	26,176	31,406			30,653
COBRA	159	15			147
COBRA Dependents	84	76			
Appropriation Per Employee	225	233			233
State Cash Cost Per Enrolled Employee	296				361

Notes:

⁽¹⁾ FY2023 incurred claims in the previous plan year

⁽²⁾ Includes BCI Administrative Fees, Premium Tax, Health Care Reform Fees and COBRA

⁽³⁾ Milliman Report, November 2022

School Districts Update:

**Jennifer Pike
Statewide Group Insurance Manager**

Ms. Pike shared an update regarding school district inclusion in the state’s group insurance plan. We are two and a half months into school districts being added to the plan. BCI was able to look at all the schools already on Blue Cross and provide a population overview of before and after the transition to the State’s insurance plan. The committee would like to see a breakdown of the enrollment of the state agencies vs schools. Jennifer will gather that information to be sent out to the committee. Unofficially we are approaching 50% of nonstate active participants in the group insurance plan.

Population overview before and after school transition: BCI to BCI populati

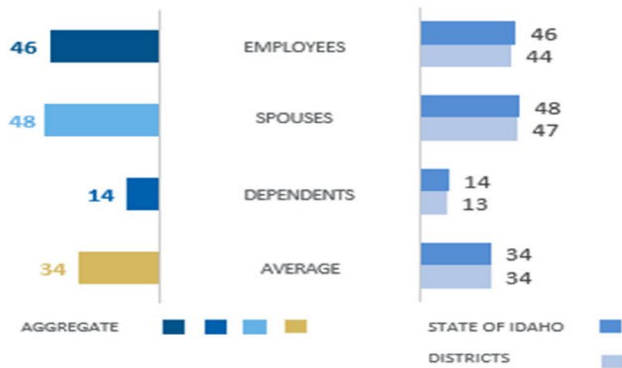
MEMBERSHIP OVERVIEW

- The State of Idaho and districts’ aggregate average membership is estimated at 51,207 members.
- District and State members both share an average age of 34.
- 59% of district members are employees compared to the State’s 42%.

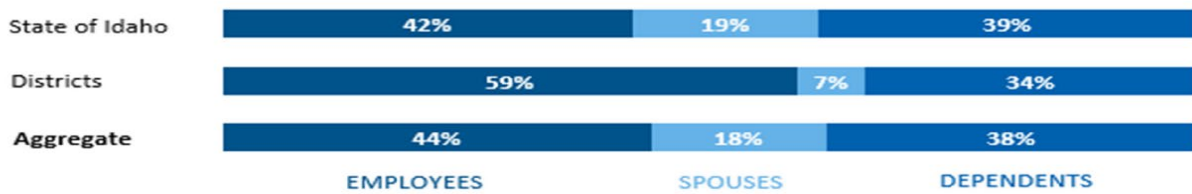
GENDER

	AVERAGE		EMPLOYEES ONLY	
	MALE	FEMALE	MALE	FEMALE
State of Idaho	48%	52%	48%	52%
Districts	37%	63%	25%	75%
Aggregate	47%	53%	44%	55%

AGE



RELATIONSHIP



FY24 Plan Design Recommendations

Jennifer Pike
Statewide Group Insurance Manager

Ms. Pike shared with the Committee the FY24 Plan Design Recommendations, as illustrated in the following chart:

FY2024 MEDICAL & DENTAL PLAN RENEWAL RECOMMENDATIONS

Priority Evaluation	Program	Description	Cost to the Plan
Low Cost Moderate Implementation Low Disruption	Fund Health Savings Accounts (HSA)	Fiscal Plan Management & Incentivizing Employees Assuming a 5% enrollment migration to the HDHP HSA, in addition to the 610 members currently enrolled, by funding of the HSA. Future years may see increased participation as members become more familiar with the HDHP plan. The HSA contribution will be collected as a portion of the appropriation/employer share of premiums and sent to the carrier each pay period.	\$1,210,000
Low Cost Easy Implementation Low Disruption	Increase HDHP Deductible	Fiscal Plan Management The current deductibles, \$2,000/\$4,000 have been kept low due to the State's inability to fund the HSA. However, with the additional funding starting July 1, deductibles should also be increased \$2,500/\$5,000, which are the industry standard deductibles for the level of funding the State is providing.	(\$94,000)
Low Cost Easy Implementation Low Disruption	Pharmacy Copay Maximizer (approved by GIAC last year, but implementation was delayed)	Fiscal Plan Management , Gives BCI Rx the ability to target specialty drugs by leveraging manufacturer coupon programs. Both the plan and members save; member pays \$0 and plan saves up to 25%.	(\$6,200,000)
Low Cost Easy Implementation Moderate Disruption	Increase PPO Coinsurance	Fiscal Plan Management & alignment with industry standard , Increase the current PPO coinsurance from, 15%/30% , to 20% in-network and 40% out-of-network in line with industry standards for this type of plan. Since most employees are on the PPO plan, this has a significant financial impact but effects only those employees using the plan, whereas premium increases effect everyone whether they use the plan or not.	(\$6,000,000)
Low Cost Easy Implementation Moderate Disruption	Increase Traditional Coinsurance	Fiscal Plan Management & alignment with industry standard , Increase the current Traditional coinsurance from 20% to 30% in line with industry standards for this type of plan. This change effects only those employees using the plan, whereas premium increases effect everyone whether they have claims or not.	(\$1,100,000)
Low Cost Easy Implementation High Disruption	Increase PPO Copays	Fiscal Plan Management , Increase the PPO office visit copays to: \$10 (regular PCP) & \$30 (Specialist) for Choice Docs and \$30 & \$50 for all other PPO providers. Currently copays are: \$0 (regular PCP) & \$20 (Specialist) for Choice Docs and \$20 & \$40 for all other PPO providers.	(\$4,000,000)
Low Cost Easy Implementation Moderate Disruption	Premium Strategies	Fiscal Plan Management & Incentivizing Employees Reduce HDHP premiums to incentivize enrollment along with the funded HSA. Keep PPO premiums flat for employee-only coverage and minimal increases for family tiers. Increase Traditional premiums as this is the most expensive plan with the most flexibility.	(\$240,000)
Low Cost Easy Implementation High Disruption	Increase Retiree Premiums	Fiscal Plan Management , Retiree premiums are currently being subsidized far beyond the statutory requirements. If these costs are not paid by the retirees they are paid by the active employees and the State/employers. Premiums for each retiree tier and plan are set based on expected utilization and enrollment. With far more retirees on the plan, the expected costs have significantly increased.	(\$6,000,000)
Net Savings in Medical & Dental Plan Costs			(\$22,424,000)

Below are other options that could be considered to further lower the State's cost for the plan.

Low Cost Easy Implementation High Disruption	Increase PPO Deductible	Fiscal Plan Management , Increase the PPO Deductible to \$400 Ind/\$1,000 Family and Out of Pocket Maximum for In-Network to \$3,300 Ind/\$6,600 family	(\$2,400,000)
Low Cost Easy Implementation High Disruption	Increase PPO Deductible	Fiscal Plan Management , Increase the PPO Deductible to \$450 Ind/\$1,125 Family and Out of Pocket Maximum for In-Network to \$3,350 Ind/\$6,700 family	(\$3,800,000)
Low Cost Easy Implementation Moderate Disruption	Increase Rx copays	Fiscal Plan Management , Increase Rx copays to: \$15/\$35/\$75/\$125. Currently Rx copays are \$10/\$30/\$60/\$100	(\$3,600,000)
Low Cost Easy Implementation Moderate Disruption	Increase Rx copays	Fiscal Plan Management , Increase Rx copays to: \$15/\$35/\$75/\$125. Currently Rx copays are \$10/\$30/\$60/\$100	(\$3,300,000)
Low Cost Easy Implementation Moderate Disruption	Increase Trad Deductible	Fiscal Plan Management , Increase the PPO Deductible to \$500 Ind/\$1,250 family and Out of Pocket Maximum to \$4,350 Ind/\$8,700 family	(\$241,000)
Low Cost Easy Implementation Moderate Disruption	Increase Trad Deductible	Fiscal Plan Management , Increase the PPO Deductible to \$550 Ind/\$1,375 family and Out of Pocket Maximum to \$4,400 Ind/\$8,800 family	(\$435,000)

Discussion ensued regarding the recommendations presented above and regarding a proposed ranking system of priority below:

- 1 Fund Health Savings
- 1 Pharmacy copay maximizer
- 1 Increase retiree premiums
- 2 Premium Strategies
- 2 Increase PPO Co-insurance
- 3 Increase PPO Co-Pay

MOTION: Representative Necochea moved, and it was seconded by Mr. Spannknebel to accept the ranking system as provided by Director Reynolds. The motion passed unanimously.

OTHER BUSINESS/PROPOSED MEETING SCHEDULE

April xx (To be determined), 2023 @ 2:00 PM

August 22, 2023 @ 2:00 PM

December 19, 2023 @ 2:00 PM

ADJOURNMENT

The meeting of the Group Insurance Advisory Committee adjourned at 3:14 p.m.

Kimberly Rau, Program Specialist
Department of Administration

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