

GROUP INSURANCE ADVISORY COMMITTEE (GIAC)

Meeting Minutes

July 20, 2017

A meeting of the State Group Insurance Advisory Committee was held on this date in the LBJ Building, Conference Room #B-9, 650 W. State Street, Boise, Idaho. Chairman Geddes called the meeting to order at 2:30 p.m.

Members Present:

Robert L. Geddes, Director, Department of Administration and Committee Chair

Senator Fred Martin

Representative Phylis King

Dick Humiston, State Retiree Member

Andrea Patterson, Human Resource Manager, Judiciary Member

Roxanne Lopez, Human Resource Manager, State Tax Commission, Employee Member

Others Present:

Keith Reynolds, Deputy Director and CFO, Department of Administration

Jennifer Pike, Administrator, Office of Group Insurance (OGI)

Cindy Dickinson, Benefits Manager, OGI

Susan Buxton, Administrator, Division of Human Resources (DHR)

Sharon Duncan, Bureau Chief, DHR

Tony Eldeen, Analyst, Division of Financial Management

Audrey Musgrave, Deputy Controller, State Controller's Office

Michael Pearson, Bureau Chief of Administration, Department of Fish and Game

Bill Cafferty, St. Alphonsus

Kimberly Beauchesne, St. Alphonsus

Lindy Hagedorn, St. Alphonsus

Diane Blume, Program Specialist, Department of Administration

APPROVAL OF MINUTES

Ms. Patterson asked that the minutes of the March 16, 2017 meeting be modified to reflect her attendance.

MOTION: Representative King moved and it was seconded by Senator Martin that the minutes of the March 16, 2017 Group Insurance Advisory Committee meeting be approved as written with the included notation that Ms. Patterson was present. The motion passed unanimously.

PRESENTATION OF MyeVisit

Ms. Beauchesne explained that St. Alphonsus has been offering telehealth for over a decade, but its new service, Myevisit, goes one step further. It's an online video visit for urgent care conditions such as sinus infections, upper respiratory infection, pink eye, and urinary tract infections, for example. It is accessible from 6:00 am to 10:00 pm seven days per week and is staffed by St. Alphonsus, family medicine and urgent care providers.

MyeVisit is integrated with St. Alphonsus electronic medical records, and there is a protocol used for assessing the service level need of the patient. During a session, should an in-person examination be deemed necessary, the most cost effective location will be communicated to the patient. The patient is not charged for the MyeVisit session in this

case. MyeVisit saves the patient time away from work and money, she explained. A trip to an urgent care facility costs about \$156, and the emergency room about \$570. Further, each trip represents about 100 minutes of lost productivity driving to and from a clinic.

Audio/visual connections are required for the two-way real-time visit. The video platform is a dynamic bandwidth that requires the least amount of bandwidth versus other video conferencing technologies. Resolution can be lowered to communicate in rural areas where connections are more difficult.

Upon accessing the service, for example, a state employee would be recognized by a member code; thereby, automatically prompting a co-pay or reduced rate. The standard rate for this service is \$45 per visit but through negotiations with the state's carrier it could be reduced. A care plan is ultimately provided with follow-up care instructions. About 94% of patients can be effectively treated through this modality. Ms. Pike indicated if the committee is interested in this type of benefit, the state's carrier can be asked to conduct research for consideration.

FY17 PLAN YEAR AND FINANCIAL WRAP UP

Ms. Pike distributed a spreadsheet illustrating the state's anticipated maximum financial obligation for claims, including contingency reserve, at just under \$291.6 million for FY17. A year ago, the state's actuary, Milliman, had projected a cost of just over \$269 million in total claims and expenses, but actual claims and expenses were about \$240.3 million. The difference between the projected costs and actual costs (nearly \$29 million) was deposited into the program reserve fund (a 10% contingency) bringing its balance to \$56,336,076. Use of the reserve is key in how the state will budget for this program in FY19, she said. In FY15 and FY16, it was necessary for the state to tap into its reserve fund balance.

Enrollment was close to that projected for FY17 with 18,590 active employees and 27,499 active dependents. There were 726 retirees and 189 retiree dependents and those numbers continue to decline, she said. For COBRA, there were 94 participants and 49 COBRA dependents. The appropriation per employee for FY17 for medical alone was \$12,012; however, the actual cost per active employee enrolled was \$11,837.

The total dental premium paid to Blue Cross, she continued, was just over \$12.3 million. The contingency was set at just over \$1.2 million bringing the state's maximum financial obligation for claims to nearly \$13.6 million. Paid claims were about \$11.1 million, and including expenses almost \$12 million was paid out. Projected expenses were about \$12.2 million and the difference was deposited into the reserve fund. Enrollment nearly matched projections. The appropriation for dental was \$228 per employee, and the actual cost per active employee enrolled was \$226.

FY18 PLAN YEAR AND PROJECTS

A copy of OGI's most current newsletter, "Benefits at a Glance", was presented. The publication provides a brief overview of everything OGI provides in FY18, Ms. Pike explained. The OGI website has been updated as well with the Blue Cross contract, new plans costs, and premium rates for active employees and retirees. For FY18, the appropriation amount is \$13,100 per benefit-eligible employee.

Senator Martin inquired about conditions contributing to the program's positive financial state after the close of FY17. Ms. Pike replied that more funding was collected in FY17 in anticipation of past upward trends in utilization. However, there was a more moderate use of the plan than expected. Other factors might include the fact that costs for new borns have dropped, inpatient services have declined, and the average length of stay in hospitals was less. There has also been an increased emphasis on case management which means patients get the care they need, and not more.

Ms. Pike provided information about “Cost Advisor”, a transparency tool available on the Blue Cross website. Because employees are unfamiliar with this service, OGI will conduct a stronger communication campaign. Cost Advisor helps enrollees locate providers who offer procedures, for example, at a lower cost. Last session’s Senate Concurrent Resolution 104 directed the Department of Administration to either provide a transparency tool for state employees on a state website, or work with a vendor to establish a medical diversion program.

Ms. Lopez asked if there are plans for increasing dental benefits since the state is behind on its coverage. This is one comment she frequently hears from employees, she said. Ms. Pike replied that enhancing the dental plan is always a possibility, but a higher maximum comes with a higher price. The average plan has a \$1,500 reimbursement; the state’s maximum is \$1,000. She said she is gathering information to prepare future recommendations.

FY19 MEDICAL AND DENTAL PROJECTIONS

Forecasting is underway for the FY19 plan year, she continued. The medical and dental appropriation amount for agencies’ budget planning in FY19 is \$11,190 per employee. This compares to \$11,200 in FY16, \$12,240 in FY17, and, \$13,100 in FY18. The reduction in cost for FY19 is the result of utilizing reserves. Earlier in the meeting it was explained that partly due to reduced utilization of the plan in FY17 about \$29 million of unused projected costs were deposited into the reserve account. The utilization of a portion of these reserve moneys to offset the FY19 appropriation will reduce the reserve fund back to a 10% base.

A future policy decision for the state to consider, she said, is whether the reserve fund should continue to be funded at 10%, or at a higher level to anticipate years when costs come in higher than expected. This is what happened a couple of years ago and the department had to request \$13 million from the legislature to replenish its balance.

She provided a spreadsheet comparing total claims, administration costs and expenses over the last couple years and projections into FY19 including Affordable Care Act fees. Enrollment increase over the years is consistently projected at 1%. The medical appropriation per employee for FY19 is projected at \$11,015, and \$175 for dental.

SICK LEAVE FUND

Mr. Reynolds explained the question about use of unused sick leave came up partly because the state has a decreasing amount of people eligible for the state’s retirement insurance plan (those hired after June 30, 2009). For those eligible, a certain amount of unused sick leave can be utilized to pay for insurance premiums.

Since the last GIAC meeting, he said, he and Ms. Buxton met with Don Drum, Executive Director, Public Employee Retirement Systems of Idaho (PERSI). There were two take-aways from this meeting, he said. One was that PERSI had engaged a tax attorney to look at what changes in the use of the fund can be done within statute, and to consider whether the current system of MOU’s with outside firms working with the state-sponsored plan in providing benefits is appropriate. The second take-away is that a statute change would likely be necessary for any type of expanded use of the sick leave fund, and that would involve many stakeholders, including school districts, he said.

Director Drum has since confirmed that the MOU process as it exists is correct and does not expose employees to tax liability. Per a Milliman report estimating funding level and accrued liability, the sick leave fund is funded at 157%, which means the PERSI Board must find a way to use this money or reduce what’s paid into it.

The question on the use of the sick leave fund involves several sections of code. The transfer of sick leave to PERSI upon retirement is part of DHR’s statute; design of the retiree insurance plan is included in Administration’s enabling statute; and, administration of the sick leave fund is statutorily assigned to PERSI. Ultimately, he said, it is a compensation issue.

He plans to meet with Director Drum again later in the summer to plan a course of action and devise recommendations. Administrator Buxton expressed her desire that this issue be addressed sooner than later. The way the system is set up now, she said, we are encouraging employees to use up their sick leave because there is no incentive to save it.

Director Geddes remarked that currently, sick leave moneys cannot be used for vision or dental benefits and retirees have asked him why they are restricted. Use of retirees' sick leave moneys in some cases is very limited. Ms. Pike clarified that employees hired after June 30, 2009 can transfer a portion of their unused sick leave to PERSI upon retiring; however, it will sit there until they are 65 when the moneys can be used for Medicare supplemental payments.

She provided a flyer created by OGI in collaboration with SHIBA and PERSI addressing the use of sick leave for state retirees over 65 years of age. The flyer outlines steps to be taken and explains what entity is responsible for the different aspects of the process.

OTHER BUSINESS/PROPOSED MEETING SCHEDULE

Upcoming Plan Design

Senator Martin expressed his desire to pursue the idea of telehealth for the state plan. Ms. Pike said with the committee's support, the state's carrier can be asked to consider this option. Director Geddes suggested that the MyeVisit presentation be made to the Legislative Interim Committee on Employee Benefits and Compensation.

Ms. Patterson indicated she would like to see design changes to the state's plan that include telemedicine as a covered claim. Additionally, she proposed upgraded benefit levels for the vision and dental components. She also proposed that research be conducted of other states to determine what incentives are used for employees to accumulate sick leave. Ms. Buxton responded she will pose this question to the National Association of State Personnel Executives at its upcoming conference.

Mail Order Pharmacy

The state considered mail order pharmacy years ago, Ms. Pike explained, but the idea was not pursued. There are benefits with this method of dispersal such as convenience. It's not for every type of drug but for such things as diabetes medication or high blood pressure medicine, mail order would offer an easy method to acquire the drugs thus encourage individuals to continue their medications. By the time this committee meets next, she said, the department will have some design options for FY19.

Statewide Flu Clinics

Ms. Buxton thanked OGI for partnering with DHR to arrange for flu clinics across the state.

The next meeting of the committee is scheduled for November 16th at 2:30 p.m.

ADJOURNMENT

MOTION: Senator Martin moved and it was seconded by Representative King that the July 20, 2017 meeting of the Group Insurance Advisory Committee be adjourned at 4:00 p.m. The motion passed unanimously.

Diane K. Blume, Program Specialist
Department of Administration