

GROUP INSURANCE ADVISORY COMMITTEE (GIAC)

Meeting Minutes
November 16, 2017

A meeting of the State Group Insurance Advisory Committee was held on this date in the LBJ Building, Conference Room #B-35, 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:

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
Robyn Lockett, Analyst, Legislative Services Office
Mary Tanner, Personnel Technician, OGI
Karen Thiel, Human Resources Officer, Department of Administration
Diane Blume, Program Specialist, Department of Administration
Jillian Roettker, Director of Marketing, Catapult Health
Shannon Schaul, VP, Sales and Strategic Relationships, Catapult Health

APPROVAL OF MINUTES

MOTION: Representative King moved and it was seconded by Senator Martin that the minutes of the July 20, 2017 Group Insurance Advisory Committee meeting be approved as written. The motion passed unanimously.

PRESENTATION BY CATAPULT HEALTH

Ms. Roettker provided an overview of services citing the company's mission to empower individuals to improve their health by bringing the doctor's office to the work place. It was discovered that utilization of preventative care is a lot lower than desired, she said, and only about 1 in 5 individuals have annual checkups. The biggest factor behind that low ratio is the time involved. Catapult can bring this level of service to the work place, she pointed out, with average checkups ranging from 30 to 40 minutes per patient, opposed to several hours for an off-site appointment.

While on site, diagnostics are collected including lab-accurate blood work via a simple finger stick. This is possible with an exclusive portable lab device that collects blood samples, blood pressure readings, and Body Mass Index, for example. Data is also collected from a health questionnaire and depression screening and input into electronic medical records. Subsequently, the patient meets on-line with a nurse practitioner who provides immediate results outlining risk factors and what can be done about them. Results are posted to the individual's patient portal and immediately sent to the

patient's regular doctor. For those who don't have a doctor, Catapult Health is able to recommend two or three quality-rated professionals within the insurance network.

The company's longest standing state customer is the state of Louisiana, Ms. Schaul explained, where 21,000 state employees and retirees are served. Catapult Health works with over 400 site contacts and 1,000 clinics there. It also has worked with the state of New Mexico and Mississippi in the past. Currently, the company is implementing services for the states of Arkansas and Texas. One of the biggest values for state entities, she said, is aggregate reporting. It identifies where the needs are in the population.

Representative King inquired of the level of care for employees in rural areas. Ms. Schaul replied Catapult Health reviews all locations throughout a state, where employees are located, and reaches out to the primary care providers or hospitals to get the patient connected to care.

Senator Martin asked if costs would go up in the initial implementation of the program. Preventative care constitutes about 20% of the plan costs right now, Ms. Pike responded, and it could be higher if Catapult Health services were implemented. Initially, there would be increased costs for preventative care claims but perhaps more cost avoidance down the road if health issues are caught and treated early. Ms. Schaul elaborated that the state of Texas has about 33,000 participants, and its cost avoidance was recently estimated at \$16.1 million.

A \$125 claims cost would be assessed to the plan per use of this service, which is about half the cost of visiting the primary care doctor and getting lab work done. Because increased utilization would result in higher claims costs, the state would likely want to take that into consideration as it is setting its upcoming budget. More detailed information will be brought back to the committee at its March meeting, she said.

MOTION: Senator Martin moved and it was seconded by Representative King that the committee support and encourage the use of Catapult Health to provide services to state of Idaho employees. The motion passed unanimously.

SICK LEAVE FUND

Ms. Buxton, Administrator of the Division of Human Resources, reported on efforts to enlist additional health care vendors available to retirees and funded by their unused sick leave. The way it is currently structured, she said, many retirees are not able to fully utilize the sick leave benefit they've earned.

It was discovered that legislation would not be necessary to extend use of the fund for additional coverages. Currently, vendors providing benefits via the fund are doing so via a Memorandum of Understanding. Upon consultation with PERSI and the Attorney General's Office, she said, it was agreed that the same vehicle be used to engage more options. However, alternative insurance options must be sponsored by the Office of Group Insurance. The Governor's Office is supportive of this expanded use of the retiree sick leave fund, she added. Consequently, Ms. Pike has drafted agreements for dental, vision, life, and long-term care, none of which are part of the state's retiree insurance coverage. She also set-up voluntary retiree insurance procedures and a voluntary retiree insurance agreement.

Director Geddes inquired whether there would be a tax impact for retirees with this expanded use of the sick leave benefit. Ms. Buxton responded that it is her understanding there would be no tax impact for the state, but she is uncertain whether retirees would be affected.

Ms. Pike noted that because setting up agreements for dental, vision, like, and long-term care are pretty straight forward, they can be in place within a couple of months. However, medical insurance will take more vetting as there could be issues with adverse selection on the group medical plan.

MOTION: Representative King moved, and it was seconded by Mr. Humiston, that the committee authorize the department to proceed with arrangements allowing state retirees to utilize their sick leave funds to pay for health care including dental, optical and other options. The motion passed unanimously.

STATE EMPLOYEE GROUP INSURANCE AND BENEFITS COMMITTEE

Ms. Pike provided an update on the legislative Interim Committee on State Employee Group Insurance and Benefits that has met several times this year. At its most recent meeting, Blue Cross provided a presentation on innovations and future plans. The committee hired its own consultant, Mercer, that will make a formal recommendation to the committee at its next meeting, December 1st.

Director Geddes remarked that the committee heard the up-sides and down-sides of the state becoming fully insured, and they have become very informed on what the state currently has in place, and associated costs. Ms. Pike indicated the state's actuary, Milliman, submitted a report on self-funding wherein it estimated operating costs of \$2 million to administer a self-funded program. It would also require that a Board of Trustees be established.

FY18 PLAN YEAR STATUS AND PROJECTS

The plan is performing better than anticipated, Ms. Pike explained. Costs are not rising as quickly as anticipated. It was projected that costs would go up about 8% over the year, but increases are closer to 2% or 3%. This could be due to a slightly younger demographic and a different mix and more efficient use of services. In addition, Blue Cross has renegotiated contracts, such as dialysis, which resulted in significant savings.

She distributed medical and dental financials as of the end of October. To date, she pointed out, total medical claims, administrative costs, and expenses are a little over \$84 million—slightly higher than last year at this time. This is about one-third of the way into the year and we have spent about one-third of projected costs.

Because fewer claims have been paid than expected, surplus moneys each month are deposited into the reserve account which is now at \$72.7 million. The actuarial-required balance is \$27.4 million. In planning for upcoming budgets, she said, the legislature will determine what to do with these excess dollars, whether they be held in reserve or utilized to offset plan costs.

She said enrollment includes 18,624 active employees and 27,551 active dependents, and each year it is projected enrollment will increase 1%. The retiree number continues to go down little by little and is currently at 742 with 183 dependents. Cobra enrollees fluctuate throughout the year, and are currently at 87 with 36 dependents. The appropriation per employee for FY18 is \$12,868.

The dental program is much smaller, she continued, and is much more predictable. As with medical, utilization is flat and about one-third of the projected amount has been spent—\$4.5 million. The required reserve balance is \$1.25 million but the actual balance is over \$2.5 million. Active employees must enroll in the plan but it is optional for dependents. The appropriation per employee is \$232.

FY19 MEDICAL AND DENTAL PROJECTIONS

Updated FY19 projections were recently completed by Milliman, Ms. Pike explained, and should the plan perform as projected it's expected the dental and medical rate trend will return to a 7% to 8% annual increase, which includes prescription drug costs. The current year's plan cost increased 3% to 4%, but total plan costs are projected to go up 7.6% in FY19, to \$311 million. This amount is funded through an appropriation, but should the legislature decide to utilize all excess reserve dollars to buy down the appropriation for FY19 while maintaining the 10% reserve, the appropriation per employee could be \$8,740. Milliman projects by the end of FY18 we could have as much as \$60 million in excess reserves. Regardless of the scenario chosen, employee premiums would go up in FY19 somewhere between \$4 and \$22, depending on the plan selected and the number of dependents enrolled.

FY19 PLAN DESIGN OPTIONS

This committee has discussed enhancements to the vision and dental benefits for FY19, she recalled. Currently, the state does not have a stand-alone vision plan; rather, it has a vision benefit within the medical plan that reimburses expenses up to a certain dollar amount. For seeing a vision doctor, employees are reimbursed \$50, which was increased from \$35 in 2011. Dental has not been changed since the state switched to Blue Cross of Idaho, she added. The maximum reimbursement is \$1,000—market is about \$1,500. Blue Cross has projected if dental benefits were to be increased to \$1,500, renewal rates would increase by 7.5%. If the state were to increase orthodontia benefits to \$1,500 as well, the increase would be 9.8%. Premium rates for employees would increase proportionately. For the current year the state expects to pay \$12.6 million. Representative King suggested this presentation be made to the legislative Change in Employee Compensation Committee.

Another way to modernize the plan, she said, is to consider mail-order prescriptions for maintenance-type drugs. The state could offer a voluntary plan which would be a good way to introduce the service. It would offer a savings, which could be an incentive for employees to volunteer to use it, she said. The other end of the spectrum is a strict mandatory mail-order program.

Besides cost, another benefit of the mail-order option is convenience. If the maintenance drug shows up at the doorstep, it makes it easy for patients to comply with their maintenance dosage, she explained. Non-maintenance prescriptions would be directed to a pharmacy.

MOTION: Senator Martin moved and it was seconded by Ms. Patterson that the committee authorize the department to consider the voluntary mail order prescription option for maintenance drugs in the FY19 group insurance plan design. The motion passed unanimously.

One more potential modernization option that Blue Cross is working on is an enterprise solution for Telehealth, Ms. Pike added. The contract is being finalized this month so as details and cost estimates become available the state can pursue that option as well.

An update on all modernization options will be brought back to the committee at its March meeting.

UPDATE TO MEDICARE SUPPLEMENT PROVIDER LIST

Ms. Pike explained the GIAC is charged by statute to establish a process that allows retirees to use their unused sick leave to pay for Medicare Supplemental, Advantage and Part D coverage. The state has five providers now that Aetna has been added, she reported.

OTHER BUSINESS/PROPOSED MEETING SCHEDULE

A 2018 meeting schedule was proposed to the committee. After discussion, it was agreed that it will meet at 2:30 pm on March 20th, July 31st, and November 27th.

ADJOURNMENT

MOTION: Senator Martin moved and it was seconded by Representative King that the November 16, 2017 meeting of the Group Insurance Advisory Committee be adjourned at 4:25 p.m. The motion passed unanimously.



Diane K. Blume, Program Specialist
Department of Administration