

GROUP INSURANCE ADVISORY COMMITTEE (GIAC)

Meeting Minutes

March 20, 2018

A meeting of the State Group Insurance Advisory Committee was held on this date in the LBJ Building, Conference Room #155, 650 W. State Street, Boise, Idaho. Keith Reynolds, who sat in for Chairman Geddes, called the meeting to order at 2:30 p.m.

Members Present:

Keith Reynolds, Deputy-Director, Department of Administration

Senator Fred Martin (until 2:55 pm)

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)

Audrey Musgrave, Deputy Controller, State Controller's Office

Diane Blume, Program Specialist, Department of Administration

APPROVAL OF MINUTES

MOTION: Senator Martin moved and it was seconded by Mr. Humiston that the minutes of the November 16, 2017 Group Insurance Advisory Committee meeting be approved as written. The motion passed unanimously.

MOTION: Senator Martin moved and it was seconded by Ms. Patterson to move the one action item scheduled later on the agenda to the first order of business. The motion passed unanimously.

VOLUNTARY RETIREE INSURANCE OPTIONS AND UNUSED SICK LEAVE

Ms. Pike reported on progress made toward authorizing the use of sick leave dollars by retirees toward insurance options other than solely for the state retiree insurance. She provided copies of the finalized *Voluntary Retiree Insurance Options Procedures* as well as a *Voluntary Retiree Insurance Options Agreement*, drafted by Ms. Buxton.

The agreement is to be executed by OGI with carriers that have been engaged to provide vision, dental, long term care and/or life insurance through use of sick leave dollars, Ms. Pike explained. PERSI has supported this endeavor by having its tax counsel vet outcomes of the implementation. The only limitation discovered, she said, is the maximum payout on the life insurance option of \$50,000. The next step will be to post the documents on the website and begin to engage with carriers.

In response to an inquiry, Mr. Reynolds reminded the group there will be a minimal administrative cost paid to PERSI out of the sick leave fund to implement this option. The fund holds sick leave dollars that have been earned by retirees. Mr. Humiston added that the cash balance in this fund far exceeds the benefits scheduled to be paid.

Ms. Patterson asked and Ms. Pike agreed that the document be modified to clarify that procedures are to be established by the Department of Administration and not by individual agencies.

MOTION: Mr. Humiston moved and it was seconded by Ms. Lopez that with the one change to be made to the procedures, as discussed above, the committee approve the procedures and the agreement as presented, and support their implementation. The motion passed unanimously.

FY18 PLAN YEAR STATUS AND FINANCIALS

Ms. Pike distributed a financial report for both the medical and the dental plans. Total year-to-date expenditures of **medical claims and expenses** as of February 28th is \$167,693,759 (65% of the plan year), which is just slightly higher than at this same point last year, she explained. It was projected that medical costs would increase at a faster rate than has occurred, which contributed to the increasing reserve balance. The reserve balance at the end of February was \$84,448,500, significantly higher than the required contingency reserves of \$27,440,000. The state's actuary, Milliman, has estimated the reserve balance at the end of the year at about \$95 million.

Enrollment has been consistent at 18,662 active employees and 27,642 dependents representing about a 1% increase each year. Every month the retiree number goes down—there are currently 712 and 165 retiree dependents. Cobra enrollees number 83 with 36 dependents. She said the plan is performing well with sufficient funds coming in from agencies. In 2017 there was no Affordable Care fee but there will be one this year. No fee will be assessed in calendar year 2019.

The **dental year-to-date actual** as of February 28th is \$8,438,039 (67% of the plan year) slightly up from last year at this time and very predictable over time. The ending reserve balance is \$2,856,132 compared to the required reserve balance of \$1,250,000. The same number of active employees are enrolled in the dental coverage as the medical plan, and 26,092 dependents. About 227 are enrolled in cobra dental (including dependents).

Responding to a question about utilization of the reserve balances for increased benefits, Chairman Reynolds pointed out there has been a legislative interim committee researching the state's insurance offerings and whether or not there are better options. He also explained \$13 million of the reserve amount will be transferred back to the general fund as of July 1 paying back a transfer that was made from the fund a few years ago when the insurance reserve was short.

LEGISLATIVE UPDATE

Because there are restrictions on how much money can remain in the reserve, the Governor recommended and the legislature approved, the appropriation level for the upcoming plan year at \$11,650 per eligible employee. Also approved was a two-month premium holiday for all active employees and agencies for November and December. Those premiums will be paid from the reserve balances to help draw down the balance, although the amount will still remain high. With the interim committee researching an appropriate funding model and plan design, a healthy reserve balance will provide some flexibility. She added that intent language in the Department of Administration's budget bill for FY19 directs the department to prepare for remarketing the group plan for implementation in FY2020.

HEALTH CARE REFORM UPDATE

The federal government has placed another moratorium on the health insurer fee for calendar year 2019, she said. This fee is the largest tax the state pays on the plan. Because our plan is doing wo well and with this anticipated moratorium, the state's carrier is anticipating an actual decrease in total claims cost as well as a decrease in premiums to be paid in the coming year.

FY19 RENEWAL UPDATE

As part of the renewal process, currently underway, a voluntary mail order option was added, she continued. The actuaries at Blue Cross estimate this will initially save the state about \$500,000 annually in pharmacy costs. Also included in the renewal is the Telehealth option. Our carrier has engaged with an enterprise provider and the state has negotiated a very minimal cost for this service. For a \$10 copay, employees can engage in a tele-visit that costs the plan about \$39. This is an alternative to a \$150 to \$200 office visit to take care of non-emergency needs, she said. Both new options, that were recommendations by this committee, will be available on July 1st.

OTHER BUSINESS/PROPOSED MEETING SCHEDULE

Ms. Buxton reported that Angela Craft, Masters in Public Health, has recently been hired to oversee DHR's Health Matters program.

The committee will meet next at 2:30 pm on July 31st, and November 27th.

ADJOURNMENT

MOTION: Representative King moved and it was seconded by Mr. Humiston that the March 20, 2018 meeting of the Group Insurance Advisory Committee be adjourned at 3:10 p.m. The motion passed unanimously.



Diane K. Blume, Program Specialist
Department of Administration