

GROUP INSURANCE ADVISORY COMMITTEE (GIAC)

Meeting Minutes

August 19, 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
Senator Fred Martin
Paul Spannkebel, Business Support Manager, Veterans Services, Active Employee Member
Dick Humiston, State Retiree Member (via teleconference)
Representative Brooke Green (via teleconference)

Members Absent:

Andrea Patterson, Human Resource Director, Judiciary Member

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
Maggie Smith, Analyst, Legislative Services Office (via teleconference)
Scott Smith, Deputy Controller, State Controller's Office (via teleconference)
Michael Pearson, Executive Financial Officer, Department of Fish and Game (via teleconference)
Diane Blume, Program Specialist, DOA

APPROVAL OF MINUTES

MOTION: Mr. Humiston moved, and it was seconded by Mr. Spannkebel that the minutes of the April 23, 2020 Group Insurance Advisory Committee meeting be approved as written. The motion passed unanimously.

NEW PROJECTS

Self-Insurance Working Group Update

A Working Group will be convened to study the advantages and disadvantages of alternate funding models including a fully self-insured model, Chairman Reynolds explained, and then make a recommendation(s) to the GIAC, the Governor, and the Legislature. An appropriation was approved as part of the Group Insurance budget for FY21 to hire a consultant to run that group and help with the recommendation. A Request for Information has since been issued to gather best methods to facilitate the Working Group discussion. Submittals have been reviewed and negotiation is currently underway.

The six Working Group members have been identified and invited to participate by the Governor. It will convene as soon as possible with an expectation that delivery of a report and recommendation will be available by the next meeting of this Committee in December.

Status of Request For Proposal (RFP) for Group Insurance Consulting Services

Services will be sought through the Division of Purchasing for ongoing insurance consulting, he said, and the RFP is ready to be issued at any time. An update will be ready to present to the Committee in December. These services have been provided by Propel Insurance for many years.

COVID-19 RESPONSE UPDATE

Ms. Pike noted there have been many inquiries about how the coronavirus has affected the state's health plan as far as costs and federal mandates. Health and Human Services requires insurance plans to cover 100% of **diagnostic testing** for COVID-19 regardless of their funding model or status. Plans are provided the option to decide how they cover treatment, although there is no mandate to cover treatment. The plan covers treatment subject to deductible and cost sharing.

Through mid-August the state has paid for 3,635 diagnostic tests for members and/or dependents. There are a few agencies who are testing employees themselves such as Veterans Services, so not all tests are run through the state's plan. Testing for antibodies is not currently a covered expense; however, if the test is medically required it is covered. So far, there have been about 780 claims, but so far only a few have been paid by the plan, she said.

Mr. Spannkebel asked whether employees have inquired about the state's plan covering the newly marketed saliva tests now available at Albertsons, for example. Ms. Pike replied that Blue Cross has indicated tests must have medical efficacy before they are covered, and to date she said she is unaware of any insurance plan that is covering these tests.

Mr. Humiston asked whether the state's plan will cover tests required to play sports, for example, even though the test is not medically required. Chairman Reynolds responded that the state covers any testing that is ordered by a physician and Ms. Pike confirmed that so far OGI has not received any complaints that physicians have not ordered testing when needed.

The plan has spent about \$300,000 for testing so far, she continued. Treatments including office visits, emergency room services, and pharmaceuticals for Covid-19 treatments have cost the plan \$1.7 million. While these additional expenses have been accruing, other medical expenses have been deferred during the pandemic, such as elective surgeries.

The delivery of medical services has changed as a result of the pandemic with the biggest change in **Telehealth**, she pointed out. Prior to the pandemic, utilization was less than 1% of services delivered via telehealth. When clinics and doctors' offices closed, providers found a way to treat their own patients through the phone or video chat for example. This new forum is larger than the plan's MDLive which is the option to call in and talk with a medical expert picked from a pool. Currently, about 15% of medical visits are conducted through telehealth and about 45% to 50% of behavior health services are being conducted through telehealth. In addition, the Governor has relaxed some of the regulations around telehealth so more individuals have access.

When the Committee last met, she continued, the IRS had not yet made provisions about the use of **Flexible Spending Accounts** (FSA) and the ability to carry moneys over to spend differently, considering the pandemic. Several changes have since been made to the plan so employees are not harmed financially by the closing of services during the pandemic. Changes include additional enrollment opportunities, as well as a longer grace period for the 4,000 to 5,000 employees enrolled in the FSA.

Mr. Humiston inquired if there have been claims yet for anyone in long term intensive care. Ms. Pike explained there was one high-dollar hospitalization so far but did not fall into the extreme high-dollar category.

FY20 FINANCIALS

Ms. Pike reviewed the current **medical plan** as of June 30, 2020. At the end of FY20 total claims, administrative costs and expenses were over \$267.7 million compared to FY19 at just over \$266.4 million. Keep in mind, she said, that claims were low during the last two months of the fiscal year due to COVID-19. Milliman has projected over \$282.6 million in claims for FY21. The state's reserve balance continues to increase due to reduced claims, and Milliman has projected the balance at about \$61.5 million at the end of FY20 but the actual balance was over \$74.6 million. The required base reserve at 10% was just over \$27.7 million.

Active employees enrolled in the medical plan were 19,085 and dependents 28,194. Retirees were 638 with 171 dependents which will eventually reduce to zero, she said. There were 101 people on Cobra with 48 dependents.

For FY21, she continued, Milliman projects claims to total about \$287.2 million and the reserve drawn down to roughly \$67.4 million. The budget for FY21 was set just before the pandemic hit so it will be interesting to see how claims come in throughout the year, she said. The appropriation per employee for FY21 is \$11,465.

As requested by Mr. Humiston at the last meeting, she provided the Committee with a three-year historic look back of the plan to show how it has performed over time. For the last three years, she pointed out, it performed very close to what Milliman has projected or slightly below. Chairman Reynolds commented that the increasing reserve balance is a result of the plan continuing to come in under projected costs, especially during 2017. It has been the state's intent to maintain a higher reserve amount over the 10% required by contract.

Mr. Humiston proposed that reports to the Committee on the reserve balance will assure the federal government that it's being monitored, should the fund be audited. Ms. Pike noted that the Division of Financial Management is in regular contact with the federal government on the medical and dental plan reserves and as of a couple months ago it indicated it was fine with the status of the balance understanding that because of COVID-19, it may increase for a few months. Chairman Reynolds said this report will be a regular item on the Committee agenda for future meetings.

The **dental plan** is performing much like the medical plan Ms. Pike pointed out. At the end of the fiscal year, expenses to date were nearly \$12.8 million in claims and the year prior nearly \$12.5. The reserve balance at the end of the year was over \$4.4 million compared to the year prior at over \$2.8. Dental offices were closed for awhile during the pandemic so there were larger returns to the reserve during the last couple months in the year. There were 19,085 active employees on the plan with 26,427 dependents. There were 125 enrolled in Cobra with 66 dependents.

For FY21, Milliman has projected that the plan will expend over \$14.4 million and the reserve balance at the end of the year will be almost \$2.9 million. The contractual 10% amount that must be maintained for FY21 is just over \$1.5 million. In FY20 it was just under \$1.4 million.

Dental benefits are capped, she explained, and last year the cap was increased from \$1,000 per year to \$1,500. Over the last few years, the plan has performed just under or just over that projected by Milliman. Visits to the dentists have recently returned to near-normal, she added.

COMMUNICATIONS

Ms. Pike distributed examples of flyers provided to plan members. A “Benefit Highlight” newsletter is provided every month. Highlighted this year was the enhanced Vision Plan with an in-network benefit including a \$20 copay and increased coverage for glasses. Costco and Walmart are now in-network providers.

Several communication pieces were distributed addressing the new Pharmacy Benefit Manager, IngenioRX, and all members received new cards to access this benefit. There is now a 24/7 Nurse Advise Line available to members to utilize if they have questions about whether they need to see a doctor, guidance on health conditions, etc.

Finally, she noted OGI maintains a robust website, and Blue Cross has recently launched a new mobile application for its website.

OTHER BUSINESS/PROPOSED MEETING SCHEDULE

Chairman Reynolds asked that Committee members to let him know if there are other topics or information they would like covered at their regular meetings. Mr. Humiston asked that the Committee receive an update from PERSI on use of the sick leave fund at its next meeting. Ms. Pike noted there are several options available now for use of those funds such as short-term access plans for retirees to use prior to accessing Medicare, long-term care insurance, two different dental providers, and several options for Medicare Advantage Part D and Supplemental Plans.

The next meeting of the Committee is scheduled for Wednesday, December 16th at 2:00 pm

ADJOURNMENT

MOTION: Senator Martin moved, and it was seconded by Mr. Spannkebel to adjourn the August 19, 2020 meeting of the Group Insurance Advisory Committee at 2:40 p.m. The motion passed unanimously.



Diane K. Blume, Program Specialist
Department of Administration