

GROUP INSURANCE ADVISORY COMMITTEE (GIAC)

Meeting Minutes

April 22, 2021

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 2:05 pm.

Members Present:

Keith Reynolds, Director, Department of Administration (DOA) and Committee Chairman
Paul Spannkebel, Business Support Manager, Veterans Services, Active Employee Member
Dick Humiston, State Retiree Member
Andrea Patterson, Human Resource Director, Judiciary Member (via teleconference)

Absent and Excused:

Senator Fred Martin
Representative Brooke Green

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
Don Drum, Director, PERSI
Jill Randolph, Analyst, Legislative Services Office
Scott Smith, Deputy Controller, Office of the State Controller
Diane Blume, Program Specialist, DOA

This Committee is statutorily created within the Group Insurance enabling statute, Chairman Reynolds reviewed. It is to be comprised of representatives of the legislative and judiciary branches of state government and shall include one active and one retired employee representatives. The director shall consult with this Committee in carrying out duties of formulating and negotiating a plan or plans for healthcare coverage for all active personnel and their dependents. It also says the state will have a retiree plan that is rated along with active employees and their dependents.

APPROVAL OF MINUTES

MOTION: Mr. Humiston moved, and it was seconded by Mr. Spannkebel that the minutes of the December 16, 2020 Group Insurance Advisory Committee meeting be approved as written. The motion passed unanimously.

SICK LEAVE FUND (SLF) OVERVIEW

In 1988, participating employers and most school districts began paying actuarially determined rates needed to fund the SLF, PERSI Director Don Drum explained. The status of the Fund represents this commitment to pay rates as well as strong investment returns.

At the end of 2019, PERSI actuaries reported that the state's and the schools' SLFs were overfunded. The PERSI Board took action to address the overfunding by declaring a rate holiday for the SLF beginning in 2020. The rate holiday saved the state a combined \$24 million per year (\$16 million for schools and \$8 million for the state). Last fall the Board approved extending the rate holiday to July 1, 2022.

Although the state's and the schools' funds are managed as a pool, the benefits are divided between two trusts, he said, and they both have a different funding status as well as sick leave benefits. The state's benefits are not quite as good as the schools' and because of this, the state's trust is better funded.

An actuarial evaluation completed last Fall showed the state's trust was funded at 262% and the schools' trust was funded at 158.2%. The Board changed the investment allocations (to de-risk) and created a scenario where a high-funded status could be maintained going forward. It changed the SLF from a 55-30-15 asset allocation to a 50-50 asset allocation. The Board's objective is for these funds to be self-sustaining.

Since the Fund was de-risked and investment allocations lowered, the state's trust is now funded at 270%, due to good market performance. For the schools' trust going forward 20 years, there is a chance that a contribution rate may need to be reinstated if the rates are not changed. However, the state's trust looking ahead 20 years shows only about an 8% chance that the Fund would not be funded at 100% if rates are not reimplemented; therefore, the state's plan may be self-sustaining going forward.

Director Drum noted that there is not enough data collected yet from the underwritten health plans, recently made available with sick leave dollars, to analyze usage and trends. Chairman Reynolds added that the state continues to see a decline in the number of retirees on the state-sponsored plan since employees hired after 2009 are not eligible to enroll. Over time, he said, more employees will shift over to the underwritten short-term version.

Ms. Pike provided an employee/retiree handout prepared collaboratively with PERSI that lists all approved carriers for services using sick leave dollars. Later in the meeting, she said, the Committee will be asked to approve Humana as an additional carrier.

NEW PROJECTS UPDATE

Status of the Request For Proposals (RFPs) for Group Insurance Consulting Services

An RFP for group insurance consulting services was released December 21st, Ms. Pike said. There were four responsive bidders, and the contract was awarded to the state's incumbent consultant, Propel Insurance. In the process, staff learned about other models available and what other entities are paying for similar consulting services.

On-Site Health Clinic RFP Project

A Request For Information was released in early April to help identify what the state needs to know about on-site health clinics. The plan is to locate a clinic at the Chinden Campus to serve state employees and others located there. It was the vision of the Legislature and the Governor in the original purchase of the campus to make it a comprehensive place for state employees by including a health clinic and possibly a day care, Chairman Reynolds explained. This is not only a benefit for employees, but for employers as well because it increases the amount of time employees can stay at work and stay healthy. He anticipates about 1,000 to 1,200 state employees at the campus by the end of fiscal year 2022.

COVID-19 RESPONSE UPDATE

Ms. Pike reminded the Committee that when Cares Act funds came into the state, the Group Health Care plan was allotted \$10 million of reimbursements for Covid-related expenses. All those moneys have since been recouped with expenses realized through January. Covid costs continue, she said, but much less testing and treatment and more in the vaccine-related services. It costs the plan about \$40 to vaccinate an individual but it costs a lot more to treat the illness. Not everyone on the health plan is being vaccinated through the plan.

Mr. Spannkebel commented that Cares Act moneys end the 31st of December and the American Rescue Plan Act (ARPA) starts on July 1st. He asked if funds will be available to the plan through the ARPA. Ms. Pike replied that requests for those funds will be made as soon as there is opportunity, and Legislative Interim Committees will be convened to address how to utilize those funds. She added that because the federal emergency is still in place the plan is required to continue to cover all medical costs associated with COVID. Nevertheless, the plan will cover expenses through the plan year (end of June) regardless of whether the emergency remains in place.

FY21 FINANCIALS THROUGH 3/31/21 AND PLAN PERFORMANCE

The following chart provides a year-over-year look at the **medical plan** status, she explained. As of March 31st, which is 75% through the plan year, 69% has been expended of the year’s total projection by Milliman. The state has spent about \$201 million in total claims compared with \$204.7 million spent last year at the same time. The difference can be partially explained by the postponement of procedures this year due to Covid, such as orthopedic surgeries.

The reserve is about \$87 million which is significantly above the required \$28.4 million reserve balance. The Legislature has drawn down this balance with the FY22 appropriation per employee for medical/dental insurance.

State of Idaho - Department of Administration
Office of Group Insurance - Medical (Includes Rx, Vision & EAP)
As of March 31, 2021

	Year to Date Actual FY2020	Year to Date Actual FY2021	% to Projection	NOVEMBER Milliman October FY2021 (4)
Total Claims (1), Admin Costs (2) & Expenses (3)	204,710,601	201,297,771	69%	291,800,000
Actual Ending Reserve Balance	75,213,351	86,938,016		64,790,000 <i>End of FY2021</i>
Required Reserves				
Base Contractual @ 10% of expected Premiums	27,740,000	28,440,000		27,740,000
Enrollees:				
Active Employee	18,948	18,952		19,017
Active Dependents	28,155	28,042		28,445
Retiree	642	632		650
Retiree Dependents	182	172		178
COBRA Enrollee	110	122		103
COBRA Dependents	50	72		
Appropriation Per Employee	11,395	11,465		11,465
State Cash Cost Per Enrolled Employee (5)	12,190			13,300

Notes:

- (1) Includes claims incurred in FY2021
- (2) Includes BCI Administrative Fees, Premium Tax, Health Care Reform Fees and COBRA
- (3) Includes dependent eligibility verification expense
- (4) Milliman Report, October 23, 2020
- (5) Retiree subsidy included in the State Cash Cost Per Employee calculation

Dental services are starting to increase again now that more people have had their vaccines, she continued. At this point in the year the state has spent a bit over \$10 million which is close to that spent last year at this time. The reserve is at \$3.5 million which is also well above the required reserve amount. The balance was also considered when setting the appropriation for FY22. The state is 72% where Milliman has projected the plan to be at the end of the year, she explained.

State of Idaho - Department of Administration
Office of Group Insurance - Dental
As of March 31, 2021

	Year to Date Actual FY2020	Year to Date Actual FY2021	% to Projection	NOVEMBER Milliman Projection FY2021 ⁽³⁾
Total Claims ⁽¹⁾, Admin Costs ⁽²⁾ & Expenses ⁽³⁾	10,301,498	10,195,153	72%	14,250,000
Ending Reserve Balance	2,984,143	3,551,008		2,660,000 <i>End of FY2021</i>
Required Reserves				
Base Contractual @ 10% of expected Premiums	1,390,000	1,420,000		1,390,000
Enrollees:				
Active Employee	18,948	18,952		19,016
Active Dependents	26,471	24,399		26,574
COBRA	125	126		127
COBRA Dependents	74	77		
Appropriation Per Employee	255	310		310
State Cash Cost Per Enrolled Employee	215			278

Notes:

⁽¹⁾ FY2021 incurred claims in the previous plan year

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

⁽³⁾ Milliman Report, October 23, 2020

FY22 RENEWAL AND PLAN DESIGN

Since the plan was relieved of its grandfather status, Ms. Pike explained, several new benefits have been added to the plan over the last two plan renewal years. The programs to be added for next year include resources for members to control chronic conditions. A **Weight Management Program** will be available through *Wondr Health* with a lifestyle intervention program that teaches healthy habits. Through a partnership with *Livongo*, a **Diabetic Lifestyle Management Program** will be offered using technology and diabetic coaching to help manage the condition. For example, a mobile application alerts individuals of their insulin levels. Both programs are of no extra cost to the members. The concept is to realize a net savings by offering proactive preventive measures.

An **Exclusive Specialty Pharmacy** will be included for funneling all specialty drugs through one pharmacy to enhance members adherence to their medication routine as well as realize better rates on medications. There are currently about 350 members who apply and will be contacted by the state's pharmacy benefits manager and specialty drug supplier to help them get their medications more easily.

Finally, staff went through the medical contract and questioned everything that was listed as excluded. As a result, some benefits that were once excluded are now available such as **acupuncture, breast reduction surgeries, nutritional formula for infants, cranial helmets for infants, wigs, diabetic shoes, and orthognathic (jaw) surgeries**. Open enrollment for the new plan year begins April 26th.

Another change to the plan design is the implementation of a \$100 **emergency room copay**. If the visit results in an admission, no copay is assessed. To incentivize employees to go to the dentist, the new plan will cover **all preventive services**, and the deductible for non-preventive services will be increased to \$50. **Day Care Flexible Spending Accounts limits** have been increased to match the federal contribution maximum of \$7,466, pre-tax.

She distributed monthly retiree and active employee **medical and dental premium rates** for FY22. Employee premiums are increasing \$2 to \$28 per month depending on the member's enrollment category. The state's actuary is analyzing premium rates and identifying categories with the largest expenses. Results will be brought back to the Committee to consider any changes in rates.

Overall renewal increases for the medical and dental plans for active employees and retirees is 3.9%. For next year, the per employee appropriation remains at \$11,650 for the third consecutive year made possible by drawing down reserve balances.

ADDITIONAL MEDICARE SUPPLEMENTAL AND ADVANTAGE GROUP CARRIER

MOTION: Mr. Spanknebel moved, and it was seconded by Mr. Humiston, that the Committee approve Humana as a Medicare Supplemental and Advantage Group carrier for the Sick Leave Fund. The motion passed unanimously.

It would be preferable to one day have a retiree health option that is not an underwritten plan but resembles a group plan with a set rate, Chairman Reynolds said.

OTHER BUSINESS/PROPOSED MEETING SCHEDULE

The following meeting dates and times are set for the GIAC for the remainder of 2021.

Thursday, August 26, 2:00 pm

Monday, December 20, 2:00 pm

ADJOURNMENT

MOTION: Ms. Patterson moved to adjourn the April 22, 2021 meeting of the Group Insurance Advisory Committee at 3:00 p.m. The motion passed unanimously.



Diane K. Blume, Program Specialist
Department of Administration