

**IDAHO STATE GROUP INSURANCE
ADVISORY COMMITTEE
April 21, 2014
MEETING MINUTES**

The April 21, 2014 meeting of the Idaho State Group Insurance Advisory Committee was held in the LBJ Building, Conference Room 155, located at 650 W. State Street, Boise, Idaho.

ATTENDANCE

Members Present:

Directory Teresa Luna, Chair
Senator Fred Martin
Representative Phylis King
Retiree Employee Dick Humiston
Judiciary Member Andrea Patterson

Members Absent:

Employee Member Roxanne Lopez

Others Present:

Department of Administration: Amy Johnson, Cindy Dickinson, Rebecca Fry, Keith Reynolds and Jennifer Pike.
Robyn Lockett, LSO
Shelby Kerns, DFM

WELCOME

Director Luna called the meeting to order at 9:05 a.m. and welcomed all members.

GENERAL BUSINESS

Approval of Minutes:

MOTION: Senator Martin moved to accept the February 28, 2014 minutes as written. Seconded by Representative King, motion passed.

Financial Update: Amy Johnson, Group Insurance Administrator, began the financial update by reviewing the Medical Plan mid-year financials as of March 31, 2014. To date, the Office of Group Insurance (OGI) has collected 80.4% of the premiums or \$195,270,000; trending about 5% higher than projected for this point in the year. Expenses to date are at 69.8% or (\$210,330,000). Reserves have been drawn down some, but are still on target to meet the 5% base contractual requirements.

The Dental plan is similar with 80% or \$8,690,636 in premiums collected and expenses at 74% or (\$8,611,211). The reserve balance is currently below the base contractual, and OGI will likely have to shift some funds to this reserve to meet that amount before the beginning of the next plan year, but less than the \$2.5 million shift previously projected. Ms. Johnson explained that the significant difference in the reserve balance from the previous year to the current year is a result of the on-going premium holidays, each month, for the dental plan.

Ms. Johnson and Director Luna explained that the increase in the number of active employees and dependents on the medical plan is very standard, due to employees coming and going, for a group the size of the State.

Open Enrollment: Cindy Dickinson, Group Insurance Benefits Manager, let the Committee know that Open Enrollment for active employees would run April 28 – May 16 and for retirees, May 12 – May 30.

Plan enhancements for the coming year, as requirements of PPACA, include:

- The Preexisting Condition Waiting Period for adults will be removed from all medical plans.
- The \$500 annual maximum for Chiropractic Services will be replaced with an annual eighteen (18) visit limit.
- The \$2 Million annual lifetime maximum will be removed.
- The \$500 annual dollar limit for Diabetes Self-Management Education Services will be removed.
- The \$10,000 lifetime limit on Hospice Covered Services will be removed.
- The definition of an eligible dependent child will change; the exclusion for dependents that are eligible for their own employer-based coverage will be removed. Essentially, if an employee has a dependent who is under the age of 26, regardless of their living situation, marital status, etc., if the State's plan is less expensive for them, the State is required to let the employee add their dependent to the plan.

Flexible Spending Account Changes: Beginning in FY2015, the Grace Period in the Flexible Spending Account – Medical Reimbursement Account will be replaced with an annual \$500 Rollover option. OGI surveyed all State employees in February about the option for this change and received over 1,200 responses. Of those respondents, 85% indicated that they would prefer a Rollover option. The Rollover option will allow employees greater flexibility with their FSA funds.

Any balances more than the \$500 rollover for FY2015, or those previously unused balances for FY2014, revert to the FSA reserve account only. This reserve account allows the FSA administrator to meet its financial obligations.

Premium Rates: The FY2015 premium rates for active and retired employees are now available. In addition to the necessary 6% increase in funding, 2% of projected covered charges are being shifted from the State to employees. This will result in a total increase in employee-paid premiums of approximately 34% for all active employee plans.

Director Luna noted that during the legislative presentations to JFAC and the CEC Committee, OGI had projected a 50% increase in employee-paid premiums.

The Committee discussed at length how the premium increases and the 2% CEC approved by the Legislature, both for FY2015, play a role in employee compensation. Director Luna commented that while ThriveIdaho is participation-based, and not linked to employee premiums, it will give participants the opportunity to earn a \$250 cash reward which could help employees offset premium increases.

Retiree premium rates also required the necessary 6% increase in funding. However, since there is no employer contribution to the monthly premium, there is no shift in the cost of the covered charges. The Medicare rate had a reduction from \$197 to \$179 which is not uncommon anomaly due to the changes in subsidies.

Dependent Eligibility Verification Update: Ms. Johnson informed the Committee that the Dependent Eligibility Verification is still in the planning process and on track. Communications will be sent to those employees with dependents on June 9.

The Office of Group Insurance is conducting an All HR and Payroll staff meeting on May 20 that will include a presentation and Q&A from HMS Employer Solutions.

Directors and HR staff were notified that they would receive several communications over the next weeks including information on Open Enrollment, Premium Increases, Plan Enhancements, FSA Changes and the Dependent Eligibility Verification. Several of these communications will be intended for the HR staff to forward on to all employees.

Other Business: The next meeting will be scheduled for mid-June. At the next meeting, agenda items will include an update on the progress of the Dependent Eligibility Verification and a discussion on how the State can keep the dependent list compliant moving forward, as well as a review of Year 1 of thriveidaho and an overview of the program for the coming year.

Adjournment: The Committee adjourned at 9:36 a.m.

Respectfully Submitted

Jennifer Pike