

## **GROUP INSURANCE ADVISORY COMMITTEE (GIAC)**

### Meeting Minutes

April 12, 2016

A meeting of the Idaho State Group Insurance Advisory Committee was held on this date in the LBJ Building, Conference Room #155, 650 W. State Street, Boise, Idaho. Chairman Geddes called the meeting to order at 3:30 p.m.

#### **Members Present:**

Robert L. Geddes, Director, Department of Administration and Committee Chair  
Representative Phylis King  
Andrea Patterson, Judiciary Member  
Dick Humiston, State Retiree Member  
Roxanne Lopez, Employee Member

#### **Members Absent:**

Senator Fred Martin

#### **Others Present:**

Keith Reynolds, Deputy Director and CFO, Department of Administration  
Jennifer Pike, Administrator, Office of Group Insurance  
Cindy Dickinson, Benefits Manager, Office of Group Insurance  
Amanda Visosky, Health Promotion Program Coordinator, Office of Group Insurance  
Rebecca Fry, Human Resources Officer, Department of Administration  
Karen Thiel, Human Resources Specialist, Senior, Department of Administration  
Gideon Tolman, Analyst, Division of Financial Management  
Audrey Musgrave, State Controller's Office  
Diane Blume, Program Specialist, Department of Administration

#### **APPROVAL OF MINUTES**

**MOTION:** Representative King moved and Mr. Humiston seconded that the minutes of the January 11, 2016 Group Insurance Advisory Committee meeting be accepted as written, with the correction of a grammatical error. The motion passed unanimously. Ms. Lopez was absent from voting.

#### **LEGISLATIVE REVIEW**

##### **JFAC Transfer of \$13.14 Million to Reserve**

Chairman Geddes explained the legislature approved transferring \$13.14 million into the Group Insurance Reserve Account in order for the state to remain solvent in anticipation of next year's projections of insurance benefits costs. That transfer has taken place, Mr. Reynolds added.

##### **thriveidaho**

Chairman Geddes noted thriveidaho was not funded by the legislature for future operation and the department is now in the process of closing down the program. Ms. Visosky addressed the group and said it has been a pleasure to be a part of thriveidaho and she thanked everyone for their support of her efforts. It was a great program, Director Geddes

added, and he said there were some positive lifestyle changes as a result. Ms. Visosky has done a tremendous job in helping to administer the program, and she is an excellent presenter, he said. He thanked her for her good service.

Representative King said she is disappointed the program was cancelled before it really had a chance to get going. Chairman Geddes responded that unfortunately results are not always tangible and in state government when there are no immediate and measurable outcomes, a program is sometimes deemed unsuccessful.

Ms. Pike remarked that as thriveidaho is wrapped up, employees will be transitioned at no additional charge to Blue Cross's program, "Well Connected". This will provide access to a resource library and a personal health assessment program, but there won't be rewards earned. Communications about this change will begin next month.

### **Proposed Health Savings Account Legislation**

Chairman Geddes reported this legislative proposal was held-up in committee this session. He said he feels this type of saving account could be a good thing for employees and may come up again with the Legislative Interim Committee on Employee Compensation and Benefits.

### **Interim Legislative Committee on State Employee Group Insurance and Benefits**

An interim committee will convene this year to consider salaries and benefits of our state employees. The committee will be organized during the first legislative council meeting in June.

## **FY16 FINANCIAL UPDATE**

### **Medical Update**

Ms. Pike provided the members with a financial report for both the medical and dental plans. She said year-to-date medical actuals as of February 29<sup>th</sup> are 52% of projected annual claims (\$133,571,786) which is not uncommon 8 months into a 12-month cycle since medical claims increase toward the end of the plan year. Reserve balance is \$27,018,293 and does not reflect the \$13.14 million transfer, she said. Active employee and dependent counts are up slightly from last year, but retiree counts are down.

### **Dental Update**

Actuals for employee dental is slightly higher at \$7,674,507 or 63% of projected annual claims. Reserve balance is \$1,424,305 which is a good position to be in, she said. Enrollee trends are reflective of the medical account.

In response to the decreased number of retirees enrolled in the plan, Ms. Patterson inquired if there is data about the average retiree age and whether employees are holding off on retiring until 65. Ms. Pike indicated that PERSI would have those numbers and she will request them for members' information.

## **FY17 PLAN COST PROJECTION AND APPROPRIATION**

Ms. Pike noted that JFAC has set the appropriation for employee FY17 benefits at \$12,240 per employee which is an increase of just over \$1,000 per employee over last year. The most recent projection from the state's consultant, Milliman, confirms earlier estimates for the FY17 plan at \$270 million. She reminded the group that the employee

premium will stay constant next year. The projections Milliman will provide in May will not only be for FY17 but also a first look at FY18. Those numbers will be refined once again by Milliman in November.

### **Flexible Spending Account (FSA) RFP Results**

Ms. Pike reported the contract for the FSA vendor is nearly finalized with Navia Benefits Solutions from Washington, and savings will be realized by both participating employees and the state. Employees will see a reduced administrative fee from \$3.30 per month to \$2.70, guaranteed for the life of the contract. Another reduction in cost for the employee is no charge for the access card. Total annual savings to the employee is about \$17. The state had previously paid for Cobra administration, but this service will be provided at no additional cost by Navia, which will result in an annual savings to the state of approximately \$20,000.

The company will create an Idaho-specific website, and webinars will be available to employees during open enrollment to educate them on the FSA benefit.

Ms. Dickinson explained that any claims incurred during FY16 will be processed through the prior FSA vendor (SHDR) and claims made during FY17 and beyond will be processed through Navia.

### **Outreach and Communications**

Ms. Pike pointed out the most recent copy of the Benefits Focus Newsletter, included in the members' packets. She added that later this month the Office of Group Insurance is hosting an OGI/HR Payroll Meeting just ahead of the open enrollment period to communicate changes in the enrollment process. The new administrator of the Division of Human Resources, Susan Buxton, and the new Deputy Director of PERSI, Michael Hampton, will both be in attendance to introduce themselves to the group.

The Office of Group Insurance website is in the process of getting a new look, she said, and the redesign will make it easier for employees to find the information they are looking for.

Ms. Patterson expressed her appreciation to the Office of Group Insurance for getting advance notice to agencies on the dates of open enrollment. It gives agencies adequate time to get word out to employees.

### **Expanded Use of Sick Leave Fund**

Mr. Reynolds explained that the sick leave fund allows employees to use up to 1,200 hours of their sick leave balance times .5 (maximum of 600 hours) to be cashed out and paid toward state retiree insurance premiums. The ability to utilize sick leave dollars this way is an incentive for employees to report to work and not use up their sick leave balance, Director Geddes said.

A question was raised regarding other ways this fund might be utilized by the employee, such as utilizing funds toward health premiums for other plans not offered by the state, Mr. Reynolds explained. The statute says "the sum shall be used by the Idaho Public Employee Retirement Board to pay premiums as permitted by and subject to applicable

federal tax laws and limits for such health, dental, vision, long- term care, prescription drug, and life insurance programs as may be maintained by the state”. This leads to the question about what the tax laws say, as well as the wording, “as may be maintained by the state”, he said.

After reviewing the tax laws and talking with the attorney general’s office and PERSI, the conclusion is that a specialist would need to be hired to help make that determination, he said, which would be very expensive. In addition, there is a risk that the interpretation is more restrictive, affecting not only the state but also school districts, cities and counties. The use of sick leave to pay for plans other than that maintained by the state could inadvertently create a tax liability assessed upon the person receiving the benefit.

He said he looked outside Idaho and found three other states that allow the use of sick leave in this manner and in all three cases, the funds were restricted to be used for the state-sponsored plan. No other state could be found that allows use of the funds to pay for Medicare supplemental insurance, as Idaho now permits.

Because retiree health coverage will only be available to retirees who began with the state prior to 2009, those eligible to utilize the sick leave fund are dwindling. He said money in the sick leave fund is administered by PERSI and at June 30, 2015 the balance of the state’s portion of the fund was \$157 million. Benefits paid out over FY15 were \$4.5 million, and unused portions remain in the fund.

He said his recommended course of action is to take this matter up with the new Administrator of the Division of Human Resources and determine whether funds should be expended to legally and financially research this issue.

**MOTION: Representative King moved and Mr. Humiston seconded that the committee request the Department of Administration to research options for enhanced use of the Employee Sick Leave Fund and to report back to the committee at its next meeting. The motion passed unanimously.**

#### **Status of Bonneville School District Request**

The Bonneville School District recently submitted a letter to the Department of Administration requesting consideration for employees of the District to be included in the state’s group insurance program. Ms. Pike said statute does allow school districts and political subdivisions to request participation and stipulates that if granted, participation is not to obligate the state financially.

The department responded to the request outlining all costs to the District, and to date have not received a response. Chairman Geddes indicated that the District does currently pay less per employee but dependent coverage is very expensive. The Committee will be kept apprised of this issue.

#### **Upcoming Meeting Schedule**

The next meeting of the Committee will be August 30<sup>th</sup> at 1:30 pm; its subsequent meeting is August 30<sup>th</sup> at 1:30 pm.

## **ADJOURNMENT**

**Motion: Representative King moved and Mr. Humiston seconded that the April 12, 2016 meeting of the Group Insurance Advisory Committee be adjourned at 4:30 p.m. The motion passed unanimously.**

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Diane K. Blume, Program Specialist  
Department of Administration