

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

### Meeting Minutes

July 31, 2018

A meeting of the State Group Insurance Advisory Committee was held on this date in the LBJ Building, Conference Room #B-9, 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 (DoA)

Senator Fred Martin

Representative Phylis King

Dick Humiston, State Retiree Member

Shelli Boggie, Senior Human Resource Specialist sitting in for Roxanne Lopez, Human Resource Manager, State Tax Commission, Employee Member

#### **Absent and Excused:**

Robert Geddes, Director, DoA and Committee Chair

Roxanne Lopez, Human Resource Manager, State Tax Commission, Employee Member

Andrea Patterson, Human Resource Manager, Judiciary Member

#### **Others Present:**

Jennifer Pike, Administrator, Office of Group Insurance (OGI)

Marilyn Whitney, Deputy Chief of Staff, Office of the Governor

Susan Buxton, Administrator, Division of Human Resources

Audrey Musgrave, Deputy Controller, State Controller's Office

Karen Thiel, Human Resource Officer, DoA

Michael Pearson, Financial Executive Officer, Department of Fish and Game

Robyn Lockett, Analyst, Legislative Services Office

Catherine Weitz, HR Operations Director, Boise State University

Diane Blume, Program Specialist, DoA

#### **APPROVAL OF MINUTES**

**MOTION: Representative King moved, and it was seconded by Senator Martin that the minutes of the March 20, 2018 Group Insurance Advisory Committee meeting be approved as written. The motion passed unanimously.**

#### **FY19 PLAN YEAR STATUS AND FINANCIALS**

Ms. Pike distributed reports for both the medical and dental plans. OGI's actuarial firm, Milliman, had projected the **medical plan** to expend \$256,880,000 in **FY18** but actual expenditures were \$238,427,394, she said. The spending trend has slowed down over the past 18 to 24 months. The ending reserve balance on June 30<sup>th</sup> was \$87,221,379; all dollars projected but not used are deposited into the reserve fund, she explained, and that pool of money can be utilized to offset appropriations in the future.

On July 1 of this year, \$13.14 million was transferred from the reserve back to the general fund which reduced the balance to just over \$74 million. This was a repayment of a transfer from the general fund a few years ago when the

reserve balance was short. The state holds a contingency reserve of 10% of annualized premiums so the carrier does not assess any risk charges. That 10% reserve amount for **FY18** was \$27,440,000.

As of the end of June there were 18,726 active employees enrolled in the plan and 27,867 dependents; and, 687 retirees and 164 dependents. The retiree numbers continue to go down as fewer retiring employees are eligible for the plan, she said. COBRA enrollees were 91 with 29 dependents. Overall, the plan was 93% of projected costs which will help to build up the reserve balance.

For **FY19**, she said, Milliman anticipated the state will pay \$277,160,000 in claims, administrative costs and expenses. The 10% contractually-required reserves are \$27,310,000. Projected enrollment is 18,870 for active employees and 27,932 for dependents. Projected retirees are 731 with 186 dependents and 84 COBRA enrollees. The projected appropriation per employee is \$11,395 and includes the two premium holidays scheduled for November and December.

Representative King inquired whether a study has been done that compares the size of claims for dependents to the size of claims for active employees. Ms. Pike indicated she will get that information out to the committee.

The **dental plan** is predictable, she continued, because it is capped with a maximum \$1,000 out-of-pocket benefit per year. Employees are required to participate in the plan, but it is optional for dependents. In **FY18** there were 26,221 dependents enrolled and 206 COBRA and dependent enrollees. Projections were nearly 100% accurate. Actual claims and expenses for **FY18** were \$12,553,316 compared to a projection of \$12,600,000. Required reserves were \$1,250,000 although the actual reserve balance at the end of the year was \$2,984,700. The appropriation per employee for **FY19** is \$255 and includes the premium holiday. Mr. Humiston asked that the \$255 projected rate be double checked.

## **REVIEW OF NEW BENEFIT OFFERINGS**

Ms. Pike reported there will be two new offerings in the state's medical plan for FY19. One is **Telemedicine** which allows employees to engage in visits with health professionals via their electronic devices, at the same copay or co-insurance as visiting the doctor in person. It offers convenience for minor health issues like pink eye, for example. Utilization statistics will be provided to the committee later in the plan year.

The second benefit is **mail order pharmacy** through CVS caremark. Enrollees can sign up to have their maintenance medication mailed automatically to them with up to a three-month's supply for a two-month copay. This not only offers convenience for the enrollee and motivation to continue taking medications, but it also saves the plan money. A communication effort is underway now for both new benefits

Finally, she handed out the "Benefits At a Glance" brochure for FY19 which is distributed to all agencies. Agencies are asked to include the brochure in their new hire packets.

## **LEGISLATIVE INTERIM COMMITTEE ON STATE EMPLOYEES GROUP INSURANCE AND BENEFITS UPDATE**

Mr. Reynolds explained this update resolves around intent language included in the Department of Administration's appropriation bill. The language directed the department to work with the interim committee and consultant in preparing an RFP for remarketing the group medical plan by November 30<sup>th</sup>. This process was underway when the Governor asked that work be paused so he could speak with the co-chairs of the committee about an alternative schedule. A letter was sent to the committee by the Governor's Chief of Staff, David Hensley, that offered a new timeline and implored the committee to involve state employees in the process. Director Geddes was then asked to address a meeting of the committee which resulted in good discussion, he said. In the end, the committee passed a motion to

defer formal action until November with the understanding that the co-chairs have authority to finalize a contract with their consultant, Mercer, to assist the committee in working with Administration in the development of an RFI and RFP.

Mr. Humiston noted that much of the committee's discussion centered around the State Health Insurance Program grant and he asked that for the next meeting a presentation on the grant be made to the committee. Mr. Reynolds also encouraged members of the committee to read the minutes of the Interim Committee discussions.

#### **EMPLOYEE BENEFITS SURVEY UPDATE**

Ms. Buxton indicated she has been in talks with the Governor's Office and the interim committee regarding an employee survey to gain insight on how state employees might be affected by changes in compensation policies and insurance plan design. A contract has been executed with the company, Korn Ferry, since it has a model already in place and a method to analyze survey results. This survey will be issued to all state employees during the middle of August for a period of two weeks, she said.

The customized portion of the survey will include for employees an overview of the interim committee, information about HSA's, and inquiries about how they may be affected by an increase in their contributions, for example. Some of the questions will be broad to solicit perceptions of the compensation program and preferences (salary and benefits) and what is important to them. Demographics will also be elicited for analytical purposes. This is the first time in recent memory that a complete workforce survey has been accomplished, she said. For that reason, the survey will encompass more than just health insurance questions and will aid in formulating recommendations to the Change in Employee Compensation committee. Representative King remarked that it is her hope the survey captures what new benefits and level of benefits employees are interested in receiving.

#### **VOLUNTARY RETIREE INSURANCE OPTIONS AND UNUSED SICK LEAVE UPDATE**

Over the past couple of years there has been discussions about the use of unused sick leave by retirees for options other than the state retiree health insurance. Since, options for use of sick leave have been expanded to include dental, life, vision, and long-term care insurance. Sick leave can be used toward Medicare Advantage as well, and soon there will be six carriers to choose from.

Mr. Humiston inquired about outreach efforts to retirees about the availability of these new options. Ms. Pike responded that PERSI is the entity that maintains contact information for retirees, and OGI will assist in formulating communications.

Ms. Musgrave noted the statute that allows retirees to utilize half of their sick leave balance up to 600 hours has not changed since 1977. The cost of insurance has increased over this timeframe, and she asked whether there are plans to increase the 600-hour limit. Ms. Buxton agreed it is a good idea and said it would take reviewing the sick leave fund to see if it is able to withstand an increase. Mr. Reynolds added that the account is funded through a percentage of payroll and at this point it has a very healthy balance. Nevertheless, he said if the benefit is increased the contribution would have to be increased as well.

#### **OTHER BUSINESS/PROPOSED MEETING SCHEDULE**

The committee will meet next at 2:00 pm on November 27<sup>th</sup>.

**ADJOURNMENT**

**MOTION:** Senator Martin moved that the July 31, 2018 meeting of the Group Insurance Advisory Committee be adjourned at 3:15 p.m. The motion passed unanimously.

A handwritten signature in cursive script that reads "Diane K. Blume".

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Diane K. Blume, Program Specialist  
Department of Administration