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May 26, 2014

State and Public School Life and Health Insurance Program Legislative Task Force

Arkansas State Capitol. Little Rock, AR

Dear Task Force Members,

I am writing to you once again, as the unofficial spokesperson for the teachers and school employees of Arkansas, to ask that before you make your final recommendations and plans for our health insurance, please take note of the most recent issues and opinions that have grown out of our experiences.

Through conversations with individuals and constant communications with the members of our Facebook group, I can tell you that I have not heard one positive opinion about EBD and its handling of our plans. Not one. The prevailing opinion is that they are *still* doing a terrible job of communicating and handling claims. As in previous letters, I have copy/pasted some of the conversations below so that you can see firsthand exactly what some of the problems are. These are the similar problems to those occurring 3 months ago, 6 months ago, and longer. If efforts have been made to streamline any processes or solve problems, it is not apparent to the many people who expect EBD to be doing what they are paid to do. Under our current teacher evaluation system we would be in severe trouble and probably looking at termination if we did our jobs this poorly. Most issues seem to fall into one of the following categories: Lack of clear communication and transparency, inability to give accurate and consistent answers when asked, unexpected changes to policies, especially pharmacy benefits, and general inability to manage benefits as expected. Please take the time to read these comments and questions by people in the online group.

1. Lack of clear communication and transparency: *Many of us received the online newsletter put out by EBD, in which we found this statement, which led to a conversation with several people who have dug deep into the state budget audit numbers:*

- *"Effective June 1, 2014, Employee Benefits Division coverage policies will no longer be in effect. Arkansas State and Public School Employees who have the Gold or Bronze Plans will be subject to Health Advantage coverage policies. Arkansas State and Public School Employees who have the Silver plan will be subject to QualChoice coverage policies. For dates of service prior to June 1, 2014, please continue to refer to www.ARBenefits.org for coverage information. To access coverage policies for dates of service starting June 1, 2014, please visit http://www.healthadvantage-hmo.com and www.qualchoice.com/members/ebd-medical-policies.aspx'*

- *OK.... from EBD newsletter received this evening...what does this mean?*
- *My sister is a state employee and basically explained it like this...the middle man (EBD) is going to be cut out. So instead of calling EBD with questions and/or issues, we'll have to call the insurance companies directly.*
- *I am the rep at my district. Called EBD about it and the response I got was that "my supervisor is looking in to it" so the district hasn't been given any info to share with our folks.*
- *We still have insurance, so it's not that. I have no idea what the implications are though. does it mean EBD is bowing out? Looks like we deal directly with the companies...as usual NO EXPLANATION. Oh well. I'm not worried, just confused.*
- *I'm worried and confused!*
- *I called EBD just now to find out what the purpose of the statement is. Spoke to someone. She said that her supervisor is researching it. She didn't know why it was there.*
- *Wasn't everyone wanting to get rid of the EBD, otherwise known as the useless middleman? It is also interesting that this applies to Ar. State as well as public school employees. This could be trying to level out the costs ? Maybe? Hopefully.*
- *I have not received anything! Newsletter or nothing! Once again we are not being informed anywhere!*
- *What, exactly, does that mean?*
- *I hope it means that EBD is gone and we get to work directly with the insurance company instead of going through the nonchalant middle man. Bye, bye EBD!*
- *I wonder if bc/bs is getting some heat or concern because the company from Memphis isn't related to them or a subsidiary of the blue cross system? They are providing some valuable data and hopefully they will shed light on the fact that PSE and ASE is a cash cow for bc/bs as they make $20 million for each fund or $40 million total just for administering the plans or processing the claims. Which is 2-3 times the normal they charge other companies, and they have had increases in "vendor fees" from about $12-15 million several years ago to $19-20+ million now. So by some chance if we could bid it out then this could save millions and also there might be a discovery to see where the money is going and what it is used for.*
- *20 & 40 million? For real? Where is that number stashed away?*
- *Good lord what a lot of stinkin money!!!! I still think we would be better off dealing directly with ins. Companies as a local or regional block. There would be no need to pay that kind of gigantic sum of $$ to administer anything. We just pay our freakin premiums and hopefully have half way decent coverage. This is ridiculous. Anyone have the numbers on how much could be saved by eliminating EBD and these vendor fees? I see a significant savings there.*
- *$1.4 mill in payroll...it's a service industry and if the overhead ratio is 1.5-2 % (norm)then your looking at another $1.5-@2.25 mill????? thats not accurate but an off the cuff shot in the dark for assumptions sake... remember it is a state govt. agency - costs usually trend higher than private industry... I would guess somewhere between $2 mill and $3.5mill...*
- *Then there is whatever is paid to Cheiron, I have heard $500,000 for their services. How about Datapath, Catamaran, etc. you know there's a "fee" in there somewhere. What a racket!!! I want to see some totals.*
- *http://www.dfa.arkansas.gov/.../Documents/benefits201101.pdf*
  Click on this link and look on page 4. This is where I got the $19 million for "administrative fees". It is a 2010 plan year review. I'm sure that <<name deleted-insurance agent>> can help clear this up as to the "reasonableness" of this, as it looks

like they are charging even more than I thought as it specifically says $31.54 per contract per month.

2. Inability to give accurate and consistent answers when asked, and inability to manage benefits as expected.

- *The big recommendation that is making me nervous is dropping spouses if they are eligible for insurance with their work. My husband is a diabetic and currently on my plan. The insurance with his work has open enrollment ending June 1st. I hate to switch if they don't drop him but certainly don't want him to be without insurance for 6-8 months. They won't enroll him until I know.*
- *Frustrated!! Bronze member. I've met the deductible of $3000. They are not paying 80% of any RX medications because they are saying I have to meet a separate $3000 deductible for medications. What?!? This did not happen last year. Is this a new stipulation I was unaware of? And no one at EBD can answer questions....They are now looking through all claims for this year to see what might have gone wrong. I do not have to meet the $3000 deductible for two different departments from what she said. I should get a call within a day or two with all this worked out. In the meantime my 2 year old son doesn't have his inhaler....They did not call me back. I had to call and harass them again and explain that teachers can't answer their phone between 8-3, so I needed answers pronto!*
- *I am arguing this same thing right now and have been waiting since Thursday for their pharmaceutical call back.*
- *This is disheartening! We shouldn't have to monitor our own deductibles! Is this a fault of the pharmacy or the insurance company??*
- *After an experience today with EBD, I come away shaking my head in frustration and shame. Never have been so many well educated professionals with advanced degrees been so subject to the whims of bureaucrats trained only to read a script. One of those people today tried to tell me that I needed a Prior Authorization for a drug I had been taking for about eight years....then told me that they had paid no claims on my account since September 2013. That's kind of odd for someone who has 16 ongoing prescriptions totaling several hundred dollars a month. I asked her, "So, Kroger has just been giving me these prescriptions because I'm so nice?" The poor fool never caught the irony.... just kept repeating the script. Finally, she agreed to have my case reviewed by a Prescription Drug Manager. Fifteen minutes later, she called back and explained that had found the previous Prior Authorization and they would be issuing a corrective check in 3-4 weeks. So sad that we have to deal with such incompetence.*
- *My husband tried to set up an appointment with a concussion specialist for our son today, and Children's told him my insurance is inactive because of a change over. Does anyone know anything about this?*
- *Who knows. When I had my baby last year all my claims were denied due to no coverage but his were paid. Somehow when they added him they removed me. I wasn't covered on my own policy!*
- *That's strange you said that because the pharmacist said the same thing to me today about my son's insurance. They said several rejections came up, such as expired, inactive... Will have to call about this!*
- *Ok. I am so tired of all this nonsense. Don't they have a legal obligation to inform us if our healthcare coverage is stopped? They can't just expire our coverage*

- *My son needed a prescription refill today and the fax from the dr's office to the pharmacy said. " patient unknown". How could that happen after years of visits?*
- *Again, why have Doug Shackelford and Bob Alexander not been FIRED??*

3. Unexpected changes to policies, especially pharmacy benefits

- *Some of my meds now have $300 + deductibles (I'm on Gold). I've had to quit what works for what I can afford.*
- *Yes copays are forever! I can't believe that we're going to have to pay an extra $1,000 deductible with what we're already paying for gold next year!!! And sure they also want a premium increase and will offer fewer benefits. EBD sucks. I wonder what they're doing on THEIR end to save money.*
- *Why is it that the only meds I can take without side effects are not covered by our Gold plan? And why do they cost over $200 with no generic equivalent in this country? What is the point of saying I have health insurance if it won't cover the meds my doctor prescribed for me? And I'm paying into this plan? Why?*
- *I am in the same boat! 2 of my prescriptions cost over $200 for each one. I can't take the generic. I thought generic medicines were the same EXACT medicine without the name brand. NOT TRUE! One of my friend's prescriptions cost over $1500 a month. He can't take the generic.*
- *I can buy all my muscle relaxers and pain meds at 10$ a pop but to get my asthma meds to just BREATHE is 60-100$ each!!! and the generic Cymbalta which has no coupons is over 200$. I pay more for meds than I do my car, with insurance. It's sickening what they've done to our insurance and prescription plan this year!!!*
- *Co-payments, for prescription drugs etc, do not count towards OOP maximum.*
- *I talked to my case manager and she verified that was correct. I still have to pay those fees. .* ***<<note: policy says they do count, but this is not being done and members are paying for meds and services that they should not have to>>***
- *I just switched from gold to silver this year and I'm discovering I owe money every time I turn around. Met my deductible in January and still received a bill from doctor on top of the deductible.*

In light of all these problems, and the many more not included in this letter, one has to ask several questions:

- What is the purpose of EBD, and do we still need it? A growing number of people believe that they should be done away with, we would be better off without them. If you go to the website ARBenefits.org and scroll down past the pictures of the board members *who are no longer on that board* (new member information has yet to be published on the website), you will find this statement: "The board was established to set policy and to select plans and coverages for the state and public school personnel health insurance, life insurance and self-funded medical programs, as to enhance the ability to control premiums, expand health care options, and utilize managed care capabilities where feasible and in

the best interest of state and public school employees." Clearly this mission statement has been ignored and abandoned, or at least forgotten. It's all about money and number-crunching now. Management of benefits has been contracted to Blue Cross Blue Shield/Health Advantage and Qualchoice; actuarial work is done by Cheiron; pharmaceutical benefits are managed by Catamaran; and Datapath handles the health savings accounts. We know that contracting some work is normal, but how much money...OUR money...is being funneled to other companies to do the job that presumably EBD is responsible for? Some say millions of dollars. If that much of the work has to be contracted to other companies, then it seems more reasonable to allow districts or regional groups of districts, to deal directly with insurance companies themselves and negotiate better deals for their employees.

- If we cannot do away with EBD, then can ASE and PSE be put together into one large insurance pool? This does not mean we are state employees, it simply means that the state of Arkansas recognizes that PSE and ASE are equally entitled to fair and reasonably priced insurance benefits. The funding matrix *can* be changed.
- If it is not possible to put us all in the same insurance pool, then what about two separate boards? At the very least have equal representation on the current board, or representation that reflects the number of employees involved in each of the two groups. That would mean there would be **more PSE representatives** than ASE since, according to the Cheiron report in the minutes of the January 2014 board meeting, there are more PSE employees (84,576 active and retired) than ASE (65,033 active and retired).
- What exact purpose does the task force serve in shaping policy? It is apparent that EBD may not accept the recommendations of the task force, as referenced in the minutes of the March 18th board meeting, in the section entitled "Director's Report" It states: "Boyd inquired about the difference in the taskforce and the Board and their recommendations. Alexander reported the Board has the final decisions in all benefits and rates. The taskforce consult and makes recommendations upon their research. Alexander reported to keep the rates the same there is $71 million needed for the plan year 2015" Clearly they will ask for a lot of money, but will they make any substantial or beneficial changes?
- One of the reasons given for the huge deficit in the PSE fund was the unusually high amount of catastrophic claims for several years. Apparently EBD never purchased re-insurance specifically for that exact purpose. Has that been done this year, so as to prevent such a massive loss from happening again? Members who have paid their premiums faithfully and have devastating circumstances in their lives should never be made to feel responsible for the failure of the entire plan. That is not their burden, it is the burden of the managing body to insure

that the plan can survive when catastrophic needs arise. What good is insurance if it does not help you in the time of greatest need? That's why we have it. To lay the blame as it were, on a few premature babies and cancer patients is unconscionable.

- Are the EBD recommendations going to be beneficial to public school employees? No. They will not. At the last task force meeting several proposals were tabled, specifically the EBD idea that they take over the cafeteria plan, HSA and FICA savings. If there are already so many problems managing current responsibilities, why would anyone expect that they could manage more? More of our hard-earned money? Please do not allow this to happen!

In all honesty I must say that the proposed changes that have been discussed thus far seem to be primarily cosmetic. They do not address the fundamental problem, which is that EBD has consistently fallen well below expectations and the standard of its own mission statement. Cost-saving measures may temporarily alleviate some financial distress for the plans, but not for plan members. For employees struggling to continue in the profession we love, that struggle rages on. Rates will inevitably go up, benefits will go down, medicines will be excluded, co-pays and out of pocket costs will go up. Nothing much will change in the long run, and many will hide behind the Affordable Care Act as their excuse shield. There are people in this conversation with the knowledge and the plans to permanently correct these problems. I respectfully ask…no I'll just beg…PLEASE talk to them and listen to their advice. PLEASE do not allow EBD to continue to gut our insurance coverage with no accountability to the people it is supposed to serve. PLEASE consider even radical solutions to this problem. Teaching in Arkansas has become such a heavy burden that many are looking at other employment options, as evidenced in the recent survey done by ASTA that indicated that 53% of the surveyed members were considering leaving the profession. I have been trying to convey the gravity of this situation for 2 years now, and it seems as if no one is really listening, or willing to do what it takes to truly make the change happen in the right way for the right reasons.

PLEASE do not allow all of this overwhelming work to yield such underwhelming results. Your commitment to this issue is very much appreciated. Please do not mistake my words as criticism, I do not intend them to be so. I am just trying to make sure you have a clear understanding of how educators feel, and what is at stake here.

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