

MEETING SUMMARY

**STATE AND PUBLIC SCHOOL
LIFE AND HEALTH INSURANCE PROGRAM
LEGISLATIVE TASK FORCE**

**Tuesday, January 7, 2014
3:00 p.m.
Room 171, State Capitol
Little Rock, Arkansas**

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 3:00 p.m.

MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE IN ATTENDANCE: Senator Jim Hendren, Chair; Representative Harold Copenhaver, Vice Chair; Senator Cecile Bledsoe; Senator Eddie Cheatham; Senator Linda Chesterfield; Senator Jason Rapert; Senator David Sanders; Representative Bill Gossage; Representative Allen Kerr; and Representative George McGill.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Senator Alan Clark; Representative Sheilla Lampkin; and Representative Homer Lenderman.

Remarks by the Chair and Vice Chair

Senator Hendren thanked the Bureau of Legislative Research (BLR) for the fast turnaround in getting bids from consultants.

Minutes:

Without objection, the minutes of December 17, 2013, were approved as written.

Exhibit:

Exhibit C – 12/17/13 Minutes

Senator Hendren announced a deviation from the agenda and said the Committees would next take up Item E.

Continued Discussion of Procurement of Additional Services to Assist the Task Force

Senator Hendren reviewed recent history with regard to procurement of additional consultant services. He stated that on December 23, 2013, the BLR, at the direction of the Task Force, sent out a Request for Proposal (RFP), with a response deadline of December 30, 2013, to seven (7) consultant firms for a consultant services contract to augment the contract for actuarial services that is already in place with Osborn, Carreiro and Associates, Inc. He said there were three (3) responses: The Alexander Group, LLC, Catamaran, and Collier Insurance (representing ContinuousHealth). He noted that three (3) companies said they would not be able to respond for various reasons and one (1) company did not respond at all. Senator Hendren stated that the Task Force would hear presentations, review and discuss proposal summaries, and make a decision on whether to proceed and enter into a contract with any of the firms that had submitted proposals. He explained that, should the Task Force decide to proceed, a motion would be presented at the January 17, 2014 meeting of the Arkansas Legislative Council (ALC), and that, if the motion is signed and approved by the ALC, services by the additional consultant could be used.

The Honorable Harold Copenhaver, State Representative, District 58, and Vice Chair of the Task Force, was recognized. He reminded the Task Force of the relevance this work has for state employees and teachers. He stated it is the due diligence of the Task Force to be fiscally responsible in moving forward. He said all questions are important and need to be asked.

Senator Hendren explained that, following a review of the evaluation criteria for selection put forth in the RFP and a review of the summaries of information, two (2) of the respondents would make presentations. He noted that a representative of The Alexander Group, LLC was not present at the meeting.

Presenter & Synopsis:

Ms. Jill Thayer, Legal Counsel to the Director, Bureau of Legislative Research, was recognized. Ms. Thayer reviewed three (3) responses to the RFP, detailing information based on the evaluation criteria:

- Directly related experience;
- Price, including individual amounts and total maximum amount;
- Plan for providing services;
- Availability to perform work and attend meetings;
- Proposed schedule for providing services;
- Proposed personnel and the credentials of those assigned;
- Compliance with the requirements of the RFP; and
- Past performance.

Issues Included in the Discussion:

- ≈ options for adjusting contract terms, and
- ≈ actuarial services of current provider.

Presenter & Synopsis:

Ms. Deborah Creten, Senior Manager, Product Development, Innovation Center, Clinical Strategies and Health Outcomes Research Group, Catamaran, was recognized. Ms. Creten provided a background for Catamaran, including its history of providing pharmacy benefit services to the Employee Benefits Division (EBD). She said those services included delivery of a software package and providing analytical and technical support for users.

Issues Included in the Discussion:

- ≡ structural changes in the current system,
- ≡ experience in providing reform measures to a self-insured program for any other government entity,
- ≡ impact of high-deductible plans on outbreaks of preventable diseases,
- ≡ gap in Catamaran's services to EBD,
- ≡ differentiating between Pharmacy Benefit Management (PBM) and consultant services,
- ≡ communicating information about packages, and
- ≡ hearing from EBD about its relationship with Catamaran.

Presenter & Synopsis:

Mr. Eric T. Helman, Founder and President, ContinuousHealth, LLC, was recognized. Mr. Helman clarified that ContinuousHealth would be providing subcontractor services under the Collier Insurance proposal. He stated that the company has had experience with making recommendations for structural reform measures with the CHROME Compass platform. He commented that the power of having done this type of analysis through the rubric of the continually changing world of healthcare reform for 2,800 private and public sector employers gives ContinuousHealth a unique perspective to provide objective feedback to the Task Force on what others are doing to deal with similar healthcare inflation challenges.

Issues Included in the Discussion:

- # providing a specific example of experience with a public employee health plan,
- # largest group with which business has been done,

- # data analysis completed with the CHROME Compass platform,
- # timelines and pricing of services,
- # using technology *and* people to implement strategies,
- # provision in the proposal of any type of guaranteed results,
- # success rate on implementation of strategies,
- # length of association with Mr. Stuart Collier, and
- # contracting directly with a vendor and not going through a distributor.

Following presentations by the two (2) vendors, a discussion ensued among the legislators. Topics included:

- where the Task Force goes from here and the timeline,
- due date for interim report,
- depth and breadth of existing EBD contracts,
- importance of having a fresh look from the outside,
- legislators having a chance to challenge the plan to be innovative, and
- ability to continue using existing EBD services.

At Senator Hendren's request, **Mr. Bob Alexander**, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, and **Mr. Doug Shackelford**, Deputy Director, Employee Benefits Division, Arkansas Department of Finance and Administration, were recognized, and addressed questions that had been raised about services available through the current contract with Osborn, Carreiro and Associates, Inc., and whether there was merit in having another outside consulting contract to provide additional services.

Senator Hendren remarked that the Task Force could spend more time getting proposals from additional vendors, but then nothing would be ready for the 2015 Session. He said he had no problem with choosing a consulting product that is marketed through an insurance agency. He said it is critical to have someone from outside the current system come in and advise the Task Force.

Relevant Action:

The Honorable Linda Chesterfield, State Senator, District 30, made a motion:

I move that the Task Force authorize the Bureau of Legislative Research to negotiate the terms of a contract for consultant services with Collier Insurance that substantially matches the terms of the proposal submitted in the response to the RFP, and that the chair and vice-chair of the Task Force be authorized on behalf of the Task Force to approve the final form of the contract that will be sent to the Policy-Making Subcommittee and the Legislative Council. This motion will serve as the Intent to Award a Contract as referenced in the RFP.

The Honorable Bill Gossage, State Representative, District 82, seconded the motion.

Pursuant to the motion by Senator Chesterfield, and without objection, the motion was carried.

Handouts:

Bureau of Legislative Research Request for Proposal (RFP)
Catamaran Summary of Response
Collier Insurance Summary of Response
The Alexander Group LLC Summary of Response
Osborn Carreiro & Associates, Inc., Letter dated January 7, 2014

Senator Hendren announced that the Committees would return to Item D on the agenda.

Discussion of Statutory Requirements That Impact the Operations of the Employee Benefits Division (EBD)

Presenters & Synopses:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, and **Mr. Doug Shackelford**, Deputy Director, Employee Benefits Division, Arkansas Department of Finance and Administration, were recognized. Mr. Alexander reviewed statutory requirements that are in place that have impacted the ability to maintain cash reserves. He discussed the barriers of open enrollment, mandatory benefits, and part-time employees' eligibility.

Issues Included in the Discussion:

- comparing costs of complications or other outcomes following bariatric surgery,
- latest research on results of bariatric surgery,
- effect of offering coverage vs. cutting off part-time employees on individuals and on the plan,
- retirees reentering the plan, and other adverse selection issues,
- ability of consultants to compare plan and Exchange numbers,
- EBD timelines,
- can't change the law at this time, but can change the plan,
- educating school districts on changes in plan designs,
- major changes will come in 2016 school year,
- hiring a Communications Manager at EBD, and
- issuing additional RFPs.

Handout:

EBD Information Packet

Next Scheduled Meeting:

Tuesday, February 4, 2014, at 1:30 p.m. in Room 171 of the State Capitol

Adjournment:

The meeting adjourned at 5:15 p.m.

Approved: 02/24/14