

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

**Wednesday, April 16, 2014**  
**8:00 a.m.**

**Arkansas Ballroom**  
**Little Rock Marriott Hotel**  
**Three Statehouse Plaza**  
**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 8:00 a.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 Tommy Wren.

**OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE:** Senator Joyce Elliott; Senator Keith Ingram; Representative David Kizzia; and Representative James Ratliff.

Minutes:

Without objection, the minutes of February 24, 2014 and March 11, 2014, were approved as written.

Exhibits:

Exhibit C1 – 02/24/14 Minutes

Exhibit C2 – 03/11/14 Minutes

Remarks by the Chair and Vice Chair

Senator Hendren welcomed Task Force members and members of the public to the meeting. He reviewed the responsibilities given to the Task Force in its authorizing legislation, which included recommending changes that will ensure the financial stability of the Public School Employee (PSE) Health Insurance Program while offering participants affordable healthcare coverage. He said the state has brought in experienced consultants to help develop recommendations for improving the finances of the PSE Program. He commented that the meeting today would contain a lot of information and several optional recommendations, but no actionable items. He stated that additional recommendations would be presented for consideration at the April 30<sup>th</sup> meeting of the Task Force, and that Task Force members would vote on recommendations at the May meeting. He reminded members that the preliminary report of the Task Force is due in June, and that the deadline for giving guidance to the Employee Benefits Division (EBD) as they prepare for the 2015 plan year is quickly approaching. He said other areas, including funding, Health Savings Accounts (HSAs), wellness issues, and other efficiency improvements would be worked on in the future. Senator Hendren said that the consultants and actuarial team have put a lot of effort into today's presentation. He requested that questions be held until after the presentation, unless there is need for clarification.

Representative Copenhaver said he was "ready to go."

Preliminary Discussion of Programmatic Options Regarding the Public School Employee (PSE)  
Health Insurance Program

Presenter & Synopsis:

**Mr. Eric Helman**, President, ContinuousHealth, LLC, was recognized. Mr. Helman began his presentation by establishing the methodology for reviewing the data associated with this complex issue. He said it would be reviewed against the backdrop of the changes in the healthcare financing system in the United States resulting from the passage of the Affordable Care Act (ACA). He said the ACA provides a new framework with which to deal with the challenge of healthcare inflation. He said the CHROME Compass analytical tool was used to review the data. He stated actuarial science has been applied to the foundational assumptions that then go into the mathematical models. In a comprehensive PowerPoint presentation, Mr. Helman reviewed current PSE plan statistics, data completion methodology, contributions by school districts, and funding distribution. He talked about plan design and the current cost and contribution structure for the Gold, Silver, and Bronze plans, and the benefit of pre-tax deductions. Based upon data for the plan presented to this point, Mr. Helman compared the bottom line of maintaining current strategies with that of exercising alternative options, *i.e.*, terminate, minimize, or optimize. Mr. Helman continued with a discussion of new benchmarks and options brought about by Health Care Reform (HCR), and discussed “fair” access indices and “acceptable” health coverage indices. Mr. Helman next covered employee affordability, showing “affordable” contribution indices in the education, government, and professional & business services industries. He discussed the interaction of the PSE plan with alternative markets and the factors which affect eligibility and cost of insurance coverage, including individual tax credits, relationship to the federal poverty level, and eligibility for Medicaid or other subsidies. He provided examples of insurance options for hypothetical individuals. Mr. Helman again addressed the bottom line of maintaining current strategies with that of exercising alternative options from both an employer and an employee perspective. Mr. Helman concluded with a discussion of three strategic action plans: “Fair” Employee Access, “Acceptable” Health Coverage, and “Affordable” Contributions.

Contributors to the Discussion:

**Mr. Jody Carreiro**, Vice President, Osborn, Carreiro & Associates, Inc.

**Mr. Stuart Collier**, Chief Executive Officer, Collier Insurance

Issues Included in the Discussion:

- ∴ clarification of Preferred Provider Organization (PPO) Average as a benchmark in the cost and contribution structure slides,
- ∴ explanation of acronyms,
- ∴ difference between HSA and cafeteria plans,
- ∴ clarification of use of fully-insured and self-insured data in “Fair” Access indices,
- ∴ managing per-employee, per-year costs and budget costs,
- ∴ effect of HCR on the Children’s Health Insurance Program (CHIP),
- ∴ arriving at an estimated gross household income without the availability of raw data,
- ∴ changes to the plan by regulation or by changing the state code,
- ∴ spousal access and cost,
- ∴ providing coverage to children,
- ∴ part-time employees and the continuation of the ACA,
- ∴ attaching an HSA to a high-deductible plan,
- ∴ effect of change on the demographics of participation,
- ∴ being more prescriptive with allocation of dollar amounts sent to school districts,
- ∴ effect of plan changes on procurement,
- ∴ possibility of a Special Session,
- ∴ validation of assumptions in models, and
- ∴ need for studying and thinking about plan changes.

Senator Hendren commented that the Task Force is now ready to review documents showing the three strategic action plans with premium costs and proposed benefit plan structure.

Representative Copenhaver reminded Task Force members that all options would be considered.

Senator Hendren stated that no decision has been made. He said if a member of the Task Force has an additional recommendation, it should be complete with numbers and ready to be presented at the April 30<sup>th</sup> meeting.

Handouts:

Actuarial Review of PSE portion of the State and Public School Life and Health Insurance Program, Osborn, Carreiro & Associates, Inc.

Additional Information to the Actuarial Review, Osborn, Carreiro & Associates, Inc.

Collier ContinuousHealth PowerPoint Presentation Handout

Next Scheduled Meeting:

Wednesday, April 30, 2014, at 10:00 a.m. in Room 171 of the State Capitol

Adjournment:

The meeting adjourned at 12:00 Noon

*Approved: 04/30/14*