

ACTION SHEET

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

Monday, March 23, 2015
Upon Adjournment of the House and Senate
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 4:30 p.m.

MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM LEGISLATIVE TASK FORCE IN ATTENDANCE: Senator Jim Hendren, Chair; Representative Bill Gossage, Vice Chair; Representative Charlie Collins; Representative Bruce Cozart; and Representative Laurie Rushing.

Minutes:

Without objection, the minutes of February 23, 2015, were approved as written.

Exhibit:

Exhibit C – 02/23/15 Minutes

Remarks by the Chair

Senator Hendren announced that the meeting today would be about presentation of data and that no official action would be taken.

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander reviewed financials for both the ASE and the PSE plans, comparing numbers from January 1, 2015 through February 28, 2015 with those from January 1, 2014 through February 28, 2014. He noted that both plans were in the positive and, between the two, were up a little over \$20 million during the first two months of this year. He said the ASE plan has \$35 million in net assets available compared to \$5.5 million this time last year; and the PSE plan has \$25 million in net assets available compared to zero last year.

Senator Hendren said this was good news coming from the financial reports.

Handout:

ASE and PSE Financials, January 1, 2015 through February 28, 2015 and January 1, 2014 through February 28, 2014

Discussion of Calculation Methodology Used in the Development of the Employee Benefits Division (EBD)'s Employee Premium Estimates

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander explained the source of the numbers for premium projections and reasons for the seeming delay in reporting premium increases two years ago. He noted a unique thing about two years ago was dealing with a 2013 year-end deficit. He additionally discussed numbers generated for increases in FICA savings and trend factors.

Contributor to the Discussion:

Mr. John Colberg, Principal Consulting Actuary, Cheiron, Inc.

Issues Included in the Discussion:

- pending bills impacting health insurance plans,
- effect of rising costs, including pharmaceutical and administrative costs, on rate increases, and
- legislative actions and impact on cash flow of the plans.

Senator Hendren requested that rate projections be reported as a monthly item to the Task Force.

Senator Hendren announced that there would be a deviation from the agenda, and the Committees would next take up Item H.

Response of the Employee Benefits Division (EBD) to the Population Health Management Report by Human Factor Analytics, Inc.

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander presented highlights of the Population Health Management Report. He discussed providing incentives for preventive colonoscopies, health risk assessment tools for chronic disease groups, and rewarding participation in Wellness and other voluntary programs. He noted that early intervention is the best preventative tool.

Contributor to the Discussion:

Mr. John Colberg, Principal Consulting Actuary, Cheiron, Inc.

Senator Hendren requested Mr. Alexander to prepare a summary in written format for presentation in the next meeting of the Task Force. Senator Hendren said he was looking for specific action items on each of the key findings.

Mr. Alexander additionally commented on a program initiated the first of the year in which the \$250 co-pay would be waived if a person calls the 24/7 nurse hotline for advice on going to the emergency room (ER) or on other available treatments. He said calls made to the nurse hotline during the first two months of the year went up 185% and that this program will have a big impact on unnecessary ER visits.

Mr. Colberg commented that a lot of other initiatives are already underway.

Senator Hendren said that the presentation of Item G, Discussion of Coverage Policy Developed by the Employee Benefits Division (EBD) Regarding Hepatitis-C Drugs, would be deferred to the next meeting of the Task Force.

Handout:

Discussion of Coverage Policy Developed by the Employee Benefits Division (EBD) Regarding Hepatitis-C Drugs, March 23, 2015

Senator Hendren said the Committees would now take up Item I.

Update on the Development of a Member Satisfaction Survey by the Employee Benefits Division (EBD)

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander said an outside consultant who is familiar with surveys has put together information which will be forwarded to the Board. He said data is still being collected, including that on what other states have done. He noted that this state is not a typical employer. Mr. Alexander said he will look to the Task Force for more guidance at the next meeting.

Senator Hendren informed new members that a feedback method for teachers and state employees to give likes and dislikes about plans was being developed so a baseline could be established to see if the Task Force is going in the right direction. He requested member input. He said it is important that a survey be done and be done well.

Next Scheduled Meeting:

A notification will sent out in late April.

Adjournment:

The meeting adjourned at 5:05 p.m.

Approved: 04/21/15