

MINUTES

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

Friday, July 17, 2015

09:00 A.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 09:00 a.m.

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

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Senator Alan Clark; Senator Jonathan Dismang; Senator Joyce Elliott; Representative Charles L. Armstrong; Representative Nate Bell; Representative Jon Eubanks; Representative Joe Jett; Representative Jack Ladyman; Representative Greg Leding; Representative Kelley Linck; Representative Mark Lowery; Representative Stephen Meeks; Representative Betty Overbey; and Representative Marshall Wright.

Minutes:

Without objection, the minutes of April 21, 2015 were approved as written.

Exhibit:

Exhibit C – 04/21/15 Minutes

Senator Hendren stated the review of the financial condition of the Employee Benefits Division (EBD) is one of the most important parts, if not *the* most important part, of every monthly meeting. He said it is critical that the financial reports be monitored moving forward.

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 Arkansas State Employees (ASE) and the Public School Employees (PSE) plans, comparing numbers from January 1, 2015 through June 30, 2015, January 1, 2015 through May 31, 2015, and January 1, 2015 through April 30, 2015 with those from the same time periods in 2014. Mr. Alexander said PSE financials show \$49,232,149 in net assets available through June 30, 2015. He noted the number was \$3,536,711 through June 30, 2014. He commented that, if projections are correct, and taking into consideration that the Board allocates 50% of available funds to offset any premium increases, a reduction in these reserves to \$34 million is anticipated by the end of the year. He stated the current figures track with actuarial projections; however, if reserves fall significantly below \$34 million, there will be a concern over the stability of rates. Mr. Alexander said the ASE plan had a positive balance of \$3.5 million for the month, even with a fifth week of claims, and shows a positive balance of \$22 million for the year. He said that, as

of right now, there is \$48,310,253 in unallocated reserves, from which the Board will allocate 50% towards premiums. He noted the reserves are expected to be a little higher by the end of the year. He said there was also a \$3 million positive month this time last year, with a \$15 million surplus in the ASE plan. He said that has been increased by \$30 million.

Issue Included in the Discussion:

≈ series of steps which were taken that led to making differences in the fiscal status.

Handout:

EBD Financials

Review of 2016 Premiums for State Employees and Public School Employees

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander stated that this year there will be no rate increases for employees in either plan, and there will be no benefit changes in either plan. He said his goal for this year is not to have any changes whatsoever. He noted that the open enrollment period for health insurance has been shortened to two weeks. He said the ASE plan will start the first week of September, giving EBD time for processing forms before the PSE plan starts. He said that, although the health insurance plans will have a two-week open enrollment period, a 60-day open enrollment period will continue for voluntary programs.

Issue Included in the Discussion:

– rates for retired PSE employees.

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 discussed the membership survey concerning the ARBenefits health plan and its administrators. He said the survey process has started and 3,200 postcards are being mailed out. He said the postcards include instructions for completing the survey online. He stated that the returns will be tallied and analyzed in mid-August, and, if necessary, a second postcard will be sent out to make sure survey samples have been received in the numbers necessary to make it a valid survey. Mr. Alexander said results of the survey will be available in the first week of November. Mr. Alexander continued with a discussion of EBD staff visits to school districts and the lack of participation by school districts' health insurance representatives. He also commented on problems occurring on the ASE side because of lack of access to state-operated facilities or offices provided to EBD staff and authorized third-party vendors of supplemental health insurance financial products to furnish information one-on-one with employees.

Contributor to the Discussion:

Mr. Carlton Saffa, Policy Advisor, Office of the Governor

Issues Included in the Discussion:

- ≡ getting people to participate in surveys,
- ≡ promoting the survey,
- ≡ crafting questions in the survey,
- ≡ involvement in site visits,
- ≡ giving new employees the opportunity to “opt out,”
- ≡ ability for employees to decline enrolling in a program,

- ≡ improving the utilization rate in plans, and
- ≡ meeting with state employees included as part of the vendor contract.

Senator Hendren commented that he is hearing two things: 1) ensure that state agencies provide access, and 2) develop a process whereby state employees acknowledge the fact that they are declining participation in an available program.

The Honorable Bruce Cozart, State Representative, District 24, was recognized, and made the following motion:

The State and Public School Life and Health Insurance Program Legislative Task Force requests that all state agencies and departments allow on-site access to be provided to representatives from EBD and their authorized vendors during open enrollment periods for health insurance. The purpose is to have the licensed professionals meet one-on-one with each state employee and comprehensively explain available options regarding health insurance financial products and services. In addition, the Task Force requests a review by your office of the feasibility of creating a check-off system whereby state employees acknowledge that they have participated in a one-on-one meeting regarding their options, and record their decision whether or not to participate in any option.

The motion was seconded by Representative Charlene Fite and adopted without objection.

Handouts:

ARBenefits Membership Survey Postcard
ARBenefits Membership Survey Timeline

Senator Hendren announced that he and Representative Bill Gossage, Vice Chair, have requested from the President Pro Tem and the Speaker of the House to allow them to step aside and to appoint new members to the Task Force. He said a new chair and vice chair would be elected at the next meeting. He said the work of the Task Force is far from over, in fact, the survey is going to be vital tool in helping to restore trust and to start getting employees satisfied with the benefits they are receiving. He said he appreciates all the work done by the Task Force.

Representative Bill Gossage said he appreciated the opportunity to have served on the Task Force.

Other Handouts:

2015 Interim Report FINAL
Legislative Audit Report Re EBD

Next Scheduled Meeting:

There is not a meeting scheduled in August. The next meeting will be in September, or at the call of the chair.

Adjournment:

The meeting adjourned at 10:08 a.m.

Approved: 10/21/15