

MEETING SUMMARY

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

**Monday, December 12, 2016
10:00 A.M.
Room 171, State Capitol
Little Rock, Arkansas**

Senator Eddie Cheatham, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 10:00 a.m.

**MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM
LEGISLATIVE TASK FORCE IN ATTENDANCE:** Senator Eddie Cheatham, Chair; Representative Charlene Fite, Vice Chair; and Senator Linda Chesterfield.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Representative Rick Beck; Representative LeAnne Burch; Representative Jon Eubanks; Representative Kim Hammer; Representative Micah S. Neal; and Representative Sue Scott.

Minutes:

Without objection, the minutes of August 24, 2016, were approved as written.

Exhibit:

Exhibit C – 08/24/16 Minutes

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

Mr. Chris Howlett, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Howlett requested that the Chair recognize Ms. Marla Wallace to make the presentation.

Presenter:

Ms. Marla Wallace, Chief Fiscal Officer, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Ms. Wallace discussed highlights of financials for Arkansas State Employees (ASE) and Public School Employees (PSE) for the period from January 1, 2016 through November 30, 2016, drawing comparisons, as necessary, with financials from the same period in 2015. She started with ASE financials from January 1, 2016 through November 30, 2016 on page 11 of the report. She said there was a net gain of \$1.4 million for the month and \$21 million for the year-to-date. She said additional expenses are included in Plan Administration in line 14 for the transitional reinsurance fee required by the Affordable Care Act (ACA); and line 26 shows the year-to-date amount for this transitional reinsurance fee. She said this should be the last year this fee has to be paid. Ms. Wallace next explained PSE financials on page 21. She said line 3 shows the Arkansas Department of Education (ADE) funding is \$23 million for the month, an amount greater than it has been in the past. She noted this is because the ADE has \$20 million in its appropriation that it sends to EBD each November. She said this amount has been taken out of line 17 because the money is earmarked for Plan Year 2017. She said the financials show a net gain of \$1.7 million for the month and \$33.5 million for year-to-date. She said the transitional reinsurance fee appears on line 26; and this is also the last year this fee has to be paid.

Ms. Wallace pointed out the FICA Savings on line 33 which went into effect last year. She said \$4.8 million is being set aside for next year's premiums; and EBD is on track to do \$5.8 million by the end of the year.

Update on Health Insurance Premium Rates for Arkansas State Employees (ASE) and Public School Employees (PSE) for Plan Year 2017

Presenter:

Mr. Chris Howlett, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Howlett discussed the Plan Year 2017 rates for PSE and ASE. He discussed employee contribution rate increases for employee only to family coverage for the Basic, Classic, and Premium Plans; and said no recommendations were made to change benefits (copays, deductibles, out-of-pocket max, Rx, etc.). Mr. Howlett commented that the actuarial is presently recommending an approximate 2% increase for 2018, and as high as a 20% increase for 2019 forward for employee/retiree contributions. He stated the Board and Benefits Subcommittee, along with DFA have committed to working diligently to keep rate increases at a minimum. He said some things EBD is currently looking at to offset future increases include a complete program plan design breakdown and review, additional cost containment measures, and adjustments to the funding structure.

Update on the Termination by the Employee Benefits Division of the Vendor Contract with WageWorks for Flexible Spending Accounts (FSAs) and Health Savings Accounts (HSAs)

Presenter:

Mr. Chris Howlett, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Howlett discussed lack of success in negotiating contracts with WageWorks for Plan Year 2017. He stated that in October, 2016, EBD started vetting additional vendors that might be able to come in a do a turnkey approach. Three vendors were vetted, DataPath being one of those. He said that on November 30, 2016, he sent a letter to WageWorks initiating a no cost termination effective December 31, 2016; and EBD started negotiations with DataPath. EBD is currently on track with a January 1, 2017 implementation for the new vendor.

Issues Included in the Discussion:

- * fees involved in the cost of the transition,
- * balances in the ASE and PSE trust funds,
- * recourse, if any, against WageWorks for failure to comply with contractual agreements,
- * reason for previous disqualification of DataPath as a vendor, and
- * transfer of fees to new vendor, not to membership.

Handout:

EBD Financials

Next Scheduled Meeting:

The next meeting date is TBD.

Adjournment:

The meeting adjourned at 10:24 a.m.

Approved: 07/25/17