

State of Kansas Employees Health Care Commission
February 24, 2020

CALL TO ORDER

The State of Kansas Employees Health Care Commission (HCC) meeting was called to order on February 24, 2020 at 1:31pm. The meeting was conducted in person at 611 Kansas Ave. in the KPERS Board Room following publication to the State of Kansas's Public Square web portal. The following persons were present: Chair DeAngela Burns-Wallace, Ed.D; Commissioners Steve Dechant; Ximena Garcia, M.D.; Heather Young. Commissioner Vicki Schmidt was out ill. Mike Michael, SEHP director, from the Kansas Department of Health and Environment (KDHE) Division of Health Care Finance (HCF) was also in attendance.

ACTION ITEMS

1. Approval of the Minutes from December 13, 2019

There was a motion to approve the minutes from the December 13, 2019 meeting by Commissioner Steve Dechant.

Commissioner Ximena Garcia declared a second.

The motion passed without opposition.

2. Approval of the Minutes from January 23, 2020

There was a motion to approve the minutes from the January 23, 2020 meeting by Commissioner Ximena Garcia.

Commissioner Steve Dechant declared a second.

The motion passed without opposition.

3. Consideration of the Preferred Lab Benefit RFP Award

Mike Michael, director of the SEHP, presented on RFP efforts regarding the Pharmacy Lab Benefit. *(Please reference attached memo from the SEHP staff)*

Commissioner Dechant inquired if there have been any issues with any of the providers over the years.

Mike Michael mentioned the issues have been few and far between, usually due to a delay for services utilizing the courier service.

There was a motion to award the Pharmacy Lab Benefit to all three qualified respondents: Quest Diagnostics, KU Health System and Stormont-Vail Health System, made by Commissioner Heather Young.

Commissioner Steve Dechant declared a second.

The motion passed without opposition.

4. Consideration of the Employee Advisory Committee (EAC) By-Laws

Natalie Yoza, chair of the EAC, presented on proposed bylaw changes to the EAC, including:

- Term limits for active employee seats
- Limits the length of time an officer can serve in a leadership role
- Specifies the selection process for members
- Adds a conflict of interest section

Discussion: Commissioner Dechant asked how the new diversity suggestion of employee representation from all three branches as that is beneficial for the committee and feedback

Chair Burns-Wallace expressed concerns around three, three-year term limits and stated that she would be more comfortable with two, three-year terms.

Natalie Yoza recapped the debate of the EAC meeting, including the value of historical knowledge of those that sit on the board.

Commissioner Dechant mentioned he thought the term recommendation of three terms is appropriate considering the group only meets two to three times per year. He informed the board that he values the EAC greatly as he served as both an active representative as well as a retired employee representative before being appointed to the board.

There was a motion to approve suggested changes to the EAC bylaws as presented made by Commissioner Dechant.

There was a second declared by Commissioner Garcia.

The motion passed without opposition.

REPORTS

5. Employee Advisory Committee Report

Natalie Yoza, chair of the EAC, presented a summary of the most recent EAC meeting.

Met on Jan. 10. First order of business was to elect new leadership:

- President is Natalie Yoza
- VP is Charlie Walker, Contract Specialist from KU
- Secretary is Alexandra Blasi, Executive Director of the Board of Pharmacy

They also established a five-member subcommittee focused on communications.

6. Contracts Report for Pending RFPs

Mike Michael reviewed the status of various contracts regarding the SEHP (see associated memo)

Commissioner Dechant asked if any conversations surrounding Medicare Part D would be pertinent to the plan year 2021 discussions.

Mike Michael suggested we will look at multiple plan designs surrounding Medicare members and plan to discuss at the August meeting in greater detail.

7. Finance Report – Segal

Ken Viera and Patrick Klein from Segal Consulting reviewed the quarterly plan financials.

Ken Viera and Patrick Klein from Segal Consulting presented the financial review:

Enrollment trends: since 2015, the plan has experienced membership decline and decrease in subscribers

Subscriber ratio is for every subscriber there are 1.96 members on Plan A

Reviewed the stats surrounding the paid employee per month (PEPM) for all of the various plans

- Stats follow industry standards where the younger healthier people typically select the less expensive plans where those that use insurance more select the more expensive plan
- The subscriber ratio tends to trend lower based on the amount states contribute toward dependent care coverage. States that contribute nothing toward dependent care experience the lowest ratio.

Per Member Per Month – more detailed data compared to PEPM

- Costs of medical over 2014-2019 average increase of 2% which is below industry benchmark
- Pharmacy costs have averaged 3.5% but 10% isn't out of the question

Commissioner Dechant wants the commission to look at anything that may be able to be done surrounding pharmacy costs, but doesn't want to overreact

The plan experienced a great increase in large claims over \$250k

2019 shows more in line with historical trend

Budget Gain/Loss for 2019 through Dec 2019: ended the year at \$3.7M loss compared to budget. Previously estimated a \$4.5M loss.

Commissioner Garcia requested follow-up regarding diagnosis on the list of top 10 claimants.

OLD BUSINESS

8. 2021 Plan Year Models

Mike Michael reviewed the modeling abilities of Segal and the SEHP. They reviewed a couple sample options and are seeking model requests from the commissioners. The HCC will then plan to review the final models at the next HCC meeting in April. Final plan decisions will be made at the June meeting.

Last year, the HCC focused on the employee contribution percentage.

SEHP staff will be available to meet with any commissioners to review suggestions.

Chair Burns-Wallace gave background surrounding the additional information to help commissioners to be prepared for April conversations and June decisions.

Commissioner Dechant raised the topic/trend of contribution amounts for employee vs employer. Does the commission want to set some type of limit on percentage of employee salary put toward health insurance plans. Would like to see the commission set a larger umbrella of guidelines regarding percentage contributions compared to salary. Would like to see what other states do and where we sit as a state compared to other states.

Mike Michael explained how the three-legged stool of plan funding works: employee contributions, employer contributions and cost-share with members for their claims. Years ago, the state saw increases required in one or more of those streams to keep the plan viable.

Commissioner Young mentioned that when she started 20 years ago, the state had a tiered contribution rate so that those making \$12/hr didn't contribute at the same level as someone making twice that amount.

Reviewed Model #2 – moving Plan A from a three-tier deductible to a two-tier deductible

Model #3 reviewed if an HRA/HSA was added to Plan A

Model #4

Chair Burns-Wallace asked that each commissioner review existing data and submit specific questions to Mike Michael to answer for all commissioners. She also asked that each commissioner set up an individual meeting with Mike Michael to review individual questions and requests.

Commissioner Garcia mentioned the importance of attractive benefits packages to encourage people to move to Kansas and work for the state. Feels that if we lack other attractive attributes then we should have great benefits.

9. Flu Vaccination Program – update

Mike Michael recapped the discussion regarding the onsite Flu Vaccination Clinic benefit from the January 23 meeting. He also presented a proposed MOU from KDHE Bureau of Public Health to administer the program for FY2020. KDHE would like to present a proposal to administer this program for 2021 at the December meeting.

10. Email to the personnel offices with the EAC members – update

Email was sent to personnel offices on Jan. 21

11. Appeal Process – working group – update

Group was formed and met for the first time on Feb. 5

12. Appeals Memo from the Dec. 13, 2019 Meeting – update

The memo was reviewed and has been finalized and posted to the HCC website in reference to the Dec. 2019 meeting.

NEW BUSINESS

13. State Employee Health Plan Executive Reorganization Order

Chair DeAngela Burns-Wallace presented on the Governor's submitted Executive Reorganization Order No. 45. The ERO would relocate the SEHP and State Workers Compensation Self-Insurance Fund from KDHE to the Department of Administration.

The ERO was transmitted to the House of Representatives and the Senate on Thursday, January 30, 2020 and was printed in both journals on Thursday, January 30, 2020.

ERO No. 45 was referred to the House General Government Budget committee and the Senate Committee on Ways & Means. Under Senate rules, the committees have 30 calendar days, or until Sunday, March 1 to report its recommendations.

Both the House and Senate Committees reported a recommendation of approval.

The House and the Senate have until March 30 to take up the matter.

An ERO becomes effective when:

- No action is taken by either house
- Approval by one house and no action by the other house
- Approval by both houses

An ERO is disapproved when:

- Either house adopts a resolution disapproving the ERO

Should ERO No. 45 be approved, it will become effective on July 1, 2020.

14. HealthQuest Health Center – Metrics/Annual Report

Chair DeAngela Burns-Wallace mentioned that Commissioner Schmidt would like SEHP staff to complete an evaluation and provide statistics related to both the health center and the wellness plan. Any benchmarking data from Segal would also be helpful.

This data would be ideal to have presented at the April meeting to help with a more strategic conversation surrounding the plan for 2021.

15. New Employee Waiting Period

Chair DeAngela Burns-Wallace would like the SEHP team to look into the current process for employee eligibility and what our options may be. As the 30-day waiting period may actually be closer to 60 days depending on the employee's start date.

What is possible and what is the potential impact to employees and process and what is required to make any potential changes.

No other new items requested.

FUTURE MEETINGS

- **Friday, April 17, 2020 at 1:30pm in the KPERS Board Room**

ADJOURNMENT

Chair Burns-Wallace asked for any additional topics of discussion, with none raised, the meeting was adjourned at 3:18 pm.