

**State of Kansas Employees Health Care Commission
June 16, 2020**

CALL TO ORDER

The State of Kansas Employees Health Care Commission (HCC) meeting was called to order on June 16, 2020 at 1:33pm. The meeting was conducted in person with the board members, all other staff participated virtually using GoTo Webinar 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; Vicki Schmidt.

Mike Michael, SEHP director, from the Kansas Department of Health and Environment (KDHE) Division of Health Care Finance (HCF); John Yearly, DoFA Chief Counsel, Natalie Yoza, EAC Chair; Ken Viera, Segal Consulting; Patrick Klein, Segal Consulting; and Gina Sander, Segal Consulting were also in attendance.

ACTION ITEMS

1. Approval of the Minutes from April 24, 2020

There was a motion to approve the minutes from the April 24, 2020 meeting with the below edit by Commissioner Dechant.

Commissioner Garcia declared a second.

Discussion – page 2, ½ way down, 2nd prior to discussion.

The motion passed without opposition.

2. Consideration of the Medical Plans Administrative Services RFP Award

Mike Michael, director of the SEHP, presented on RFP efforts regarding the Medical Plans Administrative Services. *(Please reference attached memo from the SEHP staff)*

The HCC may award a three-year contract to either Aetna, Blue Cross Blue Shield of KS, both providers, or none of the providers.

Questions:

Commissioner Schmidt first apologized to HCC staff if her questions were perceived as anything other than questions to better understand the information.

Commissioner Schmidt requested that all RFP documents be made available to HCC members.

Commissioner Dechant wanted to note that when the BCBS additional fees are calculated into the cost that the PEPM is equal to AETNA.

Commissioner Dechant made a motion to approve a three-year contract with both Aetna and BCBBSKS.

Commissioner Garcia declared a second.

Discussion: None

The motion passed without opposition.

3. Plan Year 2021 Plan Design and Rates

Chair Burns-Wallace recalled all the work that has been done with information and multiple models. She and other HCC members have taken the time to meet one to one with Mike Michael to walk through the various models as well as compare the KS plan with regional and national benchmarks.

She also noted that it is difficult for the HCC to make these decisions in a single year model. She suggested that the HCC may look to see if a multi-year model decision could be better for future plan discussions.

Questions:

Commissioner Dechant wants the HCC to develop some overarching goals and strategies to help guide future plan year decisions. He has felt the commission has made knee-jerk reactions in recent years and looks forward developing a more strategic approach.

Commissioner Schmidt wanted to note some specifics:

- Where is the reserve fund held?
 - It comes in through the Treasurer and is then deposited into a state fund. Staff will verify which fund.
- Does this fund earn interest?
 - Model #3 notates a .8% return.
 - Any commercial plan earning less than 1% is unacceptable
- Has the SEHP considered a stop loss policy or an excess insurance policy?
 - This prevents a company from losing more than a set amount.
- The SEHP needs to get a handle on what the reserve balance should be and why it should be that amount.
- Does the SEHP get a General Fund allotment?
- As the numbers of people in various plans shift, does that impact the reserve fund balance?

In 2009, the state skipped 7 payments to the reserve fund. At the same time, employees didn't receive raises but never gave employees a holiday from paying their share of medical.

This is not the discussion to have today but would like these questions addressed for the future.

Chair Burns-Wallace acknowledged the need for a deep dive into strategic work for the plan. Some work needs to be done at the staff level and others need to be done at the Segal level but there is also a need for a working group meeting that HCC needs to better understand all of the data and develop a long-term strategy. Our current quarterly cadence isn't ideal for strategic development. Looking to schedule public working sessions in the future.

Commissioner Garcia agrees with what has been said previously. Would love to see a working group meeting to better set the long-term goals of the body.

Chair Burns-Wallace noted that with a working group format, it is possible to involve advisory bodies like the EAC.

Commissioner Schmidt noted the amount of time she has spent on the various models and noted that the figures don't all add up. One 10yr model noted percentages were off. She also noted that there should be additional columns on the models. She feels that the commission is making decisions in a vacuum. If a commercial insurance plan submitted these documents for a rate increase, the Insurance Commission would never approve them.

Commissioner Schmidt also noted that we are making decisions before we know what the impact of COVID would be. She feels that costs may be higher than necessary due to the delay of elective procedures.

Commissioner Dechant would also agree to the format of a future work group meeting.

Mike Michael noted that the PMIB is responsible for the SEHP reserve fund investment that was voted on by the legislature. He will have Segal update some additional info regarding the reserve fund balance and investment.

Chair Burns-Wallace noted that the task at hand today is to make a decision on PY21. She commits to a more in-depth and strategic process for future years. She asked that commissioners consider the current economic situation. She also cautioned commission members to not do too much too quickly until we have a better understanding of what the impacts may be.

Commissioner Dechant asked that Chair Burns-Wallace discuss the employer contribution rate and what we are looking at for the future.

Chair Burns-Wallace explained that the budget constraints that the state is looking at for the future will be extensive and reducing the employer contribution rate to 2.5% for this upcoming plan year is much more viable than the current 4.5%. Keeping the employee side flat, at a minimum, is important. If we decrease anything for them, we have to know that it will hit the reserve fund.

Commissioner Schmidt wanted to note that the state got an 8.5% decrease in contributions while employees got nothing. Historically, the state has funded the majority of the reserve balance on the backs of state employees. She feels that the state doesn't have the history of supporting employees. She feels it is her duty to represent the state employees in these decisions.

Chair Burns-Wallace noted that now is not a moment for corrective action to undo 10 years of history. She would request that the HCC members take the next year to get the deeper information so that they can make some better long-term decisions.

Commissioner Dechant noted model #12 doesn't balance after 10 years.

Chair Burns-Wallace noted that was on purpose.

Commissioner Schmidt noted that she doesn't have the appropriate background knowledge and assumptions being made to develop these models.

Ken Nelson from Segal noted that the model does have 3-4 pages of assumptions that just may not have provided to commissioners. The sheet also has the ability to balance to the end or to balance annually. He noted that the reserve rate is in line with the industry.

Commissioner Schmidt asked what the SEHP's target reserve is. Last year's reserve was \$52 million and today the target reserve is \$65 million.

Staff explained that the target reserve maintains steady. The \$65 million Commissioner Schmidt is referencing is the projected ending fund balance based on whatever model changes may be.

Commissioner Schmidt made a motion to approve Model #9 (combines #2-5 – see attached memo)

Commissioner Young declared a second.

Chair Burns-Wallace made a substitute motion to maintain employee contribution, decrease employer contribution to 2.5% and reduce the plan from a three-tier to a two-tier deductible.

Both commissioners withdrew their motions.

Commissioner Schmidt made a motion to reduce to a two-tier deductible combined with model #6 (but decreasing employer contribution to 3.5%)

Commissioner Young declared a second.

Chair Burns-Wallace proposed employer contribution to be 3% instead of 3.5%

Commissioner Young declared a second

Motions withdrawn

Commissioner Schmidt made a motion to move to a two-tier deductible, decrease the employer contribution to 3%, decrease employee+spouse rate by 2%, decrease Employee+family rate by 2%, and decrease non-Medicare retirees' premium by 2%.

Commissioner Garcia declared a second.

Discussion:

The motion passed without opposition.

PY20 Plan Year HealthQuest Points Adjustment

The EAC brought forth the challenges that currently exist for employees to earn the necessary HealthQuest credits to receive their annual premium incentive discount and/or their HRA/HAS dollars brought about by the COVID-19 pandemic. Examples included the difficulty scheduling dental appointments, social distancing and isolation requirements caused challenges with biometric screenings, as well as scheduling routine checkups.

Questions:

Commissioner Schmidt made a motion to reduce the total number of points required to receive the premium incentive discount from 40 to 20 points as well as doubling the HRA/HAS dollars per credit earned from \$10 to \$20 for PY20.

Commissioner Garcia declared a second.

Discussion: None

The motion passed without opposition.

REPORTS

4. Employee Advisory Committee Report

Natalie Yoza, president of the EAC presented an update.

Expressed the importance of communicating with the employees.
Two action items were made and you all have coordinating memos:

1. PY 21 recommendations
2. HealthQuest points reduction

The EAC would like to work with the SEHP staff to survey employees to get their feedback regarding the Health Plan.

Chair Burns-Wallace encouraged the EAC to continue working with the SEHP on this project.

Commissioner Schmidt asked how the EAC plans to address questions for future meetings. Will they get added to the next agenda?

Natalie Yoza said, yes. The EAC takes the first step to hear the issue and then at the next meeting provides the information and then act upon those concerns.

Commissioner Dechant cautioned the EAC to establish parameters for engagement with employees.

5. Contracts Report for Pending RFPs

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

Questions:

None

6. Finance Report – Segal

Ken Viera and Patrick Klein from Segal Consulting reviewed the quarterly plan financials. (see attached report)

Questions:

Did Segal follow-up on Commissioner Dechant's request from the previous meeting? (reference minutes)

Segal will follow up.

OLD BUSINESS

7. Items

HealthQuest Program – Metrics/Annual Report

Mike Michael gave a presentation regarding the HealthQuest points program. (see attached PowerPoint presentation)

Questions: None

RxSavings Solutions Follow-up

Mike Michael provided answers to questions as requested by Commissioner Schmidt at the previous meeting. (see attached memo)

Questions:

RFP Process

Mike Michael provided a memo regarding the SEHP procurement process (see attached memo)

Questions:

Commissioner Schmidt expressed that The HCC has a fiduciary responsibility when they are awarding contracts worth millions of dollars. The SEHP staff does not bear that responsibility.

She expressed that the issue for her is that the impression is that the HCC is not sufficiently informed or involved in the procurement practices for matters the HCC is requested to take action on. She asked if the only difference between the state RFP and the HCC RFP process that the HCC does not utilize the procurement negotiating committee (PNC)?

- Commissioner Schmidt said that the HCC should have its own policies for the SEHP RFP process.
- The policies should address the types of services or contracts that are subject to the policy. There should be guidelines for HCC member involvement in designing any RFP.
- Commissioners should have input into the content of the RFP in terms of deliverables, scope of work, etc.
- There should be guidelines for HCC members to ask questions of bidders in a meaningful timeframe (i.e., prior to voting on submitted proposals).
- There should be guidelines for review of bids PRIOR to action taken by the HCC.

Commissioner Schmidt suggested that a subcommittee of the HCC should be tasked with developing a procurement policy and that it should look at other state agencies, boards, or commissions that are exempt from the statutes to determine policies and procedures generally applicable to the procurement of goods and services based on sound business practices.

Commissioner Schmidt stated that if the HCC wants to follow the statutes pertaining to procurement it is otherwise exempt from, it can, but it should make an affirmative statement on the record to reflect that position.

Commissioner Schmidt also acknowledged and recognized that the Department of Administration its work on the procurement process and that she applauds the work that has been done thus far. The new director, Mr. Beattie has reached out to the Department of Insurance for a conversation about procurement procedures and issues. This proposal is not meant to disrupt the process. She hopes that we could continue discussing this issue at future meetings.

NEW BUSINESS

8. COVID-19 & SEHP

Mike Michael gave a brief overview of existing trends the Health Plan is seeing with COVID-19 claims as well as COVID-related coverage available to Health Plan members. (see attached memo)

FUTURE MEETINGS

- **September 9, 2020 at 1:30 pm**
 - **Plans to meet in-person and apply any social distancing guidelines that may be in place at that time.**

ADJOURNMENT

Chair Burns-Wallace asked for any additional topics of discussion, with none raised, the meeting was adjourned at 5:11 pm.