

GROUP INSURANCE ADVISORY COMMITTEE (GIAC)

Meeting Minutes
December 14, 2021

A meeting of the State Group Insurance Advisory Committee was held on this date in the JRW West Conference Room, Boise, Idaho. Chairman Reynolds called the meeting to order at 1:00 pm.

Members Present:

Keith Reynolds, Director, Department of Administration and Committee Chairman
Paul Spannkebel, Business Support Manager, Veterans Services, Active Employee Member
Dick Humiston, State Retiree Member (via teleconference)
Senator Kevin Cook (via teleconference)
Representative Brooke Green (via teleconference)
Andrea Patterson, Judiciary Member (via teleconference)

Others Present:

Jennifer Pike, Statewide Group Insurance Manager, Office of Group Insurance (OGI)
Steve Bailey, Deputy Director/CFO, Department of Administration
Faith Cox, Administrator, Division of Insurance and Internal Support, Department of Administration
Justin Seaman, OGI Benefits Analyst, Department of Administration
Stephanie Wright, Blue Cross of Idaho
Lori Wolff, Division of Human Resources
Frances Lippitt, Legislative Services Office
Leslie Mickelson, State Controller's Office
Olga Voralik, Propel Insurance (via teleconference)
Kim Rau, Program Specialist, Department of Administration

APPROVAL OF MINUTES

MOTION: Mr. Spannkebel moved, and it was seconded by Mr. Humiston that the minutes of the August 26, 2021 Group Insurance Advisory Committee meeting be approved as written. The motion passed unanimously.

NEW PROJECTS UPDATE

- **LUMA Phase 2: Benefits module updates**

Statewide Group Insurance Manager Jennifer Pike gave an overview of Luma Phase 2 project. Luma is the replacement of the State's ERP system to include payroll, purchasing, and the benefit system that is used for enrollment and processing of benefit transactions. OGI currently meets regularly with Luma to build the configuration behind the system and will begin testing the system this upcoming January, February, and March.

It is preferred that the new system have online enrollments available for all users. Discussion ensued regarding terminal sick leave use for coverage in retirement.

- **Medical and pharmacy repricing project**

This claims repricing project has begun, in collaboration with our consultants, our actuary Milliman, and with a contracted pharmacy entity to take all claims experiences over the last two years and compare cost with other carriers to determine the difference in cost. Consulting firm PSG looks at the pharmacy portion of the project to compare costs with other carriers. We project a final report be December 31, 2021.

- **Medical RFP status**

The information from the pricing project will inform how to proceed with a medical RFP. This project has been put on hold because of Luma implementation. This project will continue after the first of the year after the repricing project report results are received.

- **COVID-19 utilization, costs, and vaccination efforts**

There continues to be high claim costs due to Covid19 hospitalizations, testing, and treatments costs. We have provided several vaccination clinics and have worked with different agencies and downtown offices to make it as convenient as possible for employees to get vaccinated. Claims are impacting the plan costs. We are staying engaged, tracking cost and utilizations regarding Covid19. Last year, the Governor's CFAC committee provided an initial \$10m, along with an additional \$3M at the end of the year to help offset claims.

- **Review program recommendations for FY23 plan year:** Ms. Pike referred to chart below, outlining FY23 plan year recommendations.

FY2023 MEDICAL & DENTAL PLAN RENEWAL RECOMMENDATIONS

Priority Evaluation	Program	Description	Cost to the Plan	Behavior Change	+ / -
Low Cost Easy Implementation Low Disruption	Weight Loss Medications	<u>Health Promotion</u> . Coverage for FDA approved weight loss medications to promote wellbeing of members. Will also work well in collaboration with new diabetes management (Livongo) and healthy living programs (WondrHealth).	\$10,000	Supports employee health by achieving healthier weight.	(+) Positive change for employees
Low Cost Moderate Implementation Low Disruption	Smart Shopper Incentive Program	<u>New program available</u> . Promotes informed consumer decisions. Members are financially incentivized to shop for and use lower cost providers and centers of care for services such as imaging, elective surgeries, etc.	(\$635,000)	Engaged members have the opportunity to (1) receive a financial incentive and (2) reduce their out of pocket costs by selecting a lower site of care for their needed service.	(+) Positive change for employees
Low Cost Easy Implementation Low Disruption	Implement \$0 Pediatric Copay (PPO Only)	<u>Remove barriers to care</u> . Ensure that no child is without primary care (PCP) or behavioral health services because of the inability to afford the copay. Also encourages members to direct services to the PCP instead of urgent care or ER facilities. Loss of copays is offset by claims savings.	\$0	Members are more inclined to seek primary care for their children on a routine basis.	(+) Positive change for employees
No Cost Easy Implementation Moderate Disruption	Remove the Dental Traditional Plan	<u>Fiscal plan management</u> . Currently employees select dental coverage, but the contracting rate for the provider isn't determined until they select a provider. This can cause sticker-shock for members who elect a Traditional provider at a much higher cost-share than they were anticipating. Approximately 300 members are using a Traditional dental provider and will be routed to a PPO provider.	(\$30,000)	Members have less confusion on cost-sharing when selecting a dental provider.	(+/-) Some members will have to change providers, however, they will receive a better benefit with their new provider.
Low Cost Low Implementation Low Disruption	Remove Dental Waiting Periods	<u>Remove barriers to care in line with industry standards</u> . Currently all new enrollees are subjected to a one-year waiting period for major dental. Deferring dental services can result in issues that ultimately become a medical claim because they were not addressed early on. Late enrollees, who passed up the opportunity to enroll as a new hire or with a qualifying life event, would still be subject to a one-year waiting period.	\$450,000	Better adherence to routine dental care and minimize claims that escalate to the medical plan.	(+) Positive change for employees
Low Cost Easy Implementation Low Disruption	Utilize a Copay Maximizer on Pharmacy	<u>Fiscal Plan Management</u> . Gives BCI Rx the ability to target specialty drugs by leveraging manufacturer coupon programs. Both plan and members save; member pays \$0 and plan saves up to 25%.	(\$2,600,000)	Allows the plan to take advantage of lower overall pharmacy costs.	(+) Positive change for employees
Net Savings in Medical & Dental Plan Costs			(\$2,805,000)		

MOTION: Mr. Humiston moved, and it was seconded by Mr. Spannkkebel to approve the FY23 plan year recommendations as presented for the upcoming plan year. The motion carries unanimously.

- **November Milliman projections:** Ms. Pike walked the committee through the below summary document, which reflects certain scenarios that demonstrate the effect on the reserve based on various appropriation levels and potential extra ARPA funds.

Executive Summary of the FY2023 Milliman Projection
Prepared December 7, 2021

The Office of Group Insurance's actuarial projections have been updated in preparation for the FY2023 budget development process. **The appropriation for FY2023 will need to increase even if all available medical and dental reserves are drawn down to the 10% contractual amount without additional funding.** Note, with no excess reserves available in future years the necessary appropriation in FY2024 will have to increase as well. Several scenarios below demonstrate the effect on the reserve based on various appropriation levels and potential extra funds from ARPA.

FY2023 Projected Medical and Dental Appropriations Options						
	Surplus Eliminator Scenario		\$12,500 w/ \$25M ARPA		\$12,750 w/ \$25M ARPA	
	FY2023	FY2024	FY2023	FY2024*	FY2023	FY2024*
Medical Carrier Premiums	\$ 14,001.86	\$ 14,718.35	\$ 14,001.86	\$ 14,718.35	\$ 14,001.86	\$ 14,718.35
Medical Retiree Subsidy	\$ 132.37	\$ 130.44	\$ 132.37	\$ 130.44	\$ 132.37	\$ 130.44
State Administration	\$ 44.40	\$ 45.28	\$ 44.40	\$ 45.28	\$ 44.40	\$ 45.28
Funding from Medical Sweep	\$ (1,021.44)	\$ (1,065.99)	\$ (1,044.92)	\$ (1,025.42)	\$ (1,066.22)	\$ (1,004.06)
Funding from Medical Excess	\$ (116.31)	\$ -	\$ (866.99)	\$ (1,536.01)	\$ (595.69)	\$ (1,808.17)
	\$ 13,040.88	\$ 13,828.08	\$ 12,266.72	\$ 12,332.64	\$ 12,516.72	\$ 12,081.84
Dental Carrier Premiums	\$ 316.49	\$ 325.09	\$ 316.49	\$ 325.09	\$ 316.49	\$ 325.09
Funding from Dental Sweep	\$ (19.88)	\$ (22.93)	\$ (19.88)	\$ (22.93)	\$ (19.88)	\$ (22.93)
Funding from Dental Excess	\$ (63.33)	\$ -	\$ (63.33)	\$ -	\$ (63.33)	\$ -
	\$ 233.28	\$ 302.16	\$ 233.28	\$ 302.16	\$ 233.28	\$ 302.16
Projected Per FTP Appropriation <i>*Sums rounded to the nearest \$10</i>	\$ 12,230	\$ 14,130	\$ 12,500	\$ 12,640	\$ 12,750	\$ 12,490
Projected reserve needed for each fiscal year	\$ 32.8 M	\$ 34.7 M	\$ 32.8 M	\$ 34.7 M	\$ 32.8 M	\$ 34.7 M
Resulting reserve balance for each scenario	\$34.7 M	\$ 36.9 M	\$65.8 M	\$36.9 M	\$71 M	\$36.9 M

- Medical/Dental Sweep is funding from the current plan year budgeted for employees who ultimately did not enroll in benefits. Those funds are "swept" into the Office of Group Insurance and used to moderate the appropriation. The percentage of employees who decline benefits has been fairly consistent for many years.
- Medical/Dental Excess is funding from prior plan years that was deposited into the reserve due to favorable claims experience or additional funding, such as CARES funding.
- The FY2024 appropriation is projected to use all available excess funding bringing the reserve balance to the 10% required heading into FY2025.

The federal government routinely evaluates the excess reserve levels for the plan. The chart below demonstrates the minimum reserve level needed to meet the contractual requirements (10% contingency), two actuarially recommended levels, and the federally allowed level maximum reserve level:

	Reserve Balance at the End of FY2023
10% Contingency	\$34.7 M
90th Percentile	\$55.8 M
Federally Allowed	\$58.7 M
95th Percentile	\$67.6 M

In FY2021, the plan received \$10 M in CARES money to offset the costs associated with the testing, treatment, and vaccinations of COVID-19. In FY2022, the plan received nearly \$3 M in CARES money. Continued costs due to COVID-19 are contemplated in the most recent renewal, and any additional opportunities to seek additional financial assistance from other sources, such as ARPA, will be pursued in consultation with DFM.

FY22 FINANCIAL UPDATES THROUGH 10/31/2021

Medical: Deputy Director Steve Bailey referred to the following chart and pointed out that claims and expenses have been \$91,053,520 to date this fiscal year. The year-over-year 9% increase is attributed to the ongoing expenses related to Covid and the deferred services such as surgeries, etc. The FY23 claims and expense projection of \$314,660,000 considers the renewal recommendations presented in the meeting.

The reserve balance is at \$78,242,640 which is a deliberate draw down from last year so we move within the preferred range of \$50M to \$70M. At the current rate it's projected that at the end of the fiscal year the reserve will be drawn down near the Milliman projection of \$54,730,000. The FY2023 reserve projection of \$33,070,000 will be dependent on future funding by the legislature.

COBRA enrollees are up slightly for the fiscal year due to the federal subsidy covering the first 6 months of premiums. It's projected that the State cash cost per enrolled employee will increase from \$13,570 for FY2022 to \$14,177 for FY2023 due to higher claims, other Covid related costs, and different mixes of services as members take advantage of their benefits.

**State of Idaho - Department of Administration
Office of Group Insurance - Medical (Includes Rx, Vision & EAP)
As of October 31, 2021**

	Year to Date Actual FY2021	Year to Date Actual FY2022	% Increase	% to Projection	November Milliman Report FY2022 ⁽⁴⁾	FY2023 Milliman Projections
Total Claims ⁽¹⁾, Admin Costs ⁽²⁾ & Expenses ⁽³⁾	83,876,190	91,053,520	9%	31%	297,740,000	314,660,000
<i>*Does not include employee cost sharing, copays & deductibles</i>						
Actual Ending Reserve Balance	84,774,848	78,242,640			54,730,000 <i>End of FY2022</i>	33,070,000 <i>End of FY2023</i>
Required Reserves						
Base Contractual @ 10% of expected Premiums	28,440,000	29,690,000			29,690,000	31,150,000
Enrollees:						
Active Employee	18,957	18,687			18,875	19,053
Active Dependents	27,933	27,616			27,533	28,238
Retiree	652	632			629	629
Retiree Dependents	178	185			185	185
COBRA Enrollee	119	147			114	116
COBRA Dependents	63	72				
Appropriation Per Employee	11,465	11,425			11,425	11,990
State Cash Cost Per Enrolled Employee ⁽⁵⁾	12,956				13,570	14,177

Notes:

⁽¹⁾ Includes claims incurred in FY2022

⁽²⁾ Includes BCI Administrative Fees, Premium Tax, Health Care Reform Fees and COBRA

⁽³⁾ Includes dependent eligibility verification expense

⁽⁴⁾ Milliman Report, November 2021

⁽⁵⁾ Retiree subsidy included in the State Cash Cost Per Employee calculation

Dental: Claims to date are \$5,247,674 which is a year-over-year increase of 9% due to the COVID restrictions on dental work in FY2021. The reserve balance is currently at \$2,706,555, which is being drawn down so it will be closer to the contractual reserve amount of \$1,500,000.

**State of Idaho - Department of Administration
Office of Group Insurance - Dental
As of October 31, 2021**

	Year to Date Actual FY2021	Year to Date Actual FY2022	% Increase	% to Projection	November Milliman Projection FY2022 ⁽³⁾	FY2023 Milliman Projections
Total Claims (1), Admin Costs (2) & Expenses (3)	4,824,731	5,247,674	9%	36%	14,390,000	16,010,000
Ending Reserve Balance	3,462,965	# 2,706,555			2,840,000 <i>End of FY2022</i>	1,660,000 <i>End of FY2023</i>
Required Reserves						
Base Contractual @ 10% of expected Premiums	1,390,000	1,500,000			1,500,000	1,600,000
Enrollees:	18,956	18,687			18,876	
Active Employee	26,301	26,176			26,559	19,054
Active Dependents	138	125			129	26,816
COBRA	75	84				131
COBRA Dependents						
	185	225			225	
Appropriation Per Employee	246				268	233
State Cash Cost Per Enrolled Employee						316

Notes:

⁽¹⁾ FY2022 incurred claims in the previous plan year

⁽²⁾ Includes BCI Administrative Fees, Premium Tax,

⁽³⁾ Milliman Report, November 2021

OTHER BUSINESS/PROPOSED MEETING SCHEDULE

The following dates and times were proposed for the 2022 meeting schedule of the GIAC:

April 25, 2:00 pm

August 22, 2:00 pm

December 12, 2:00 pm

ADJOURNMENT

MOTION: Mr. Spannkebel motioned to adjourn the December 14, 2021, meeting of the Group Insurance Advisory Committee at 1:55 p.m. The motion passed unanimously.

Kimberly Rau, Program Specialist
Department of Administration