



**Kansas State Employees Health Care Commission
December 5, 2011 Minutes
KPERs Boardroom, 611 S. Kansas Avenue, Topeka, Kansas**

CALL TO ORDER

The Kansas State Employees Health Care Commission (HCC) meeting was called to order at 1:30 p.m. in the KPERs Boardroom, 611 S. Kansas Avenue, Topeka, Kansas

1. Roll Call

Shelley King, Department of Administration's Office of Chief Counsel, conducted a roll call. The following persons were present in person: Commissioners Dennis R. Taylor (Chairman), Sandy Praeger, Nancy Ruoff, and J. Scott Day. Steve Dechant appeared by way of telephone conference. Mike Michael from the Division of Health Care Finance (HCF) within the Kansas Department of Health and Environment (KDHE), and Justin Kindy and Michael Morrow from AON were also in attendance.

2. Approval of Minutes

Chairman Taylor asked for the approval of the September 20, 2011 minutes.

IT WAS MOVED BY COMMISSIONER RUOFF AND SECONDED BY COMMISSIONER DAY TO APPROVE THE MINUTES OF SEPTEMBER 20, 2011. MOTION PASSED 5-0.

3. Dental Plan Renewal

The State Employee Health Plan (SEHP) offers members a self-funded dental plan administered by Delta Dental of Kansas. The Delta Dental program provides members with access to two networks of providers. The PPO network is smaller but offers greater discounts than the larger Premier network. The combination of these networks provides members access to dental care in both the urban and rural areas of Kansas. In reviewing our current dental claims, we found that ninety-eight (98) percent of claims being submitted to Delta Dental were by a network provider.

The Health Care Commission's contract for the dental plan administrative services will expire December 31, 2012. A renewal proposal was received from Delta Dental to extend the contract for three (3) years. The proposal would reduce the administrative fee in the current contract for plan year 2012 from \$1.37 per employee per month (PEPM) to \$1.35 PEPM. The proposal provides the option of doing benefit booklets with identification cards or identification cards only beginning with plan year 2013. Staff will be doing additional



research to review current laws to determine if we can reduce the frequency of publishing new benefit booklets.

Proposed Renewal Fees			
Year	Admin Fee	Booklet Fee	Id Card Only
2012	\$1.35	\$0.16	N/A
2013	\$1.35	\$0.16	\$0.10
2014	\$1.40	\$0.20	\$0.12
2015	\$1.45	\$0.22	\$0.14

SEHP staff recommended that the Health Care Commission approve a three (3) year contract extension with Delta Dental extending the contract to December 31, 2015 and staff stated they felt the fees were very reasonable.

Discussion was had as to percentage reductions, and it was noted that a decision could be made at a later time whether to print booklets or not.

IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY COMMISSIONER DECHANT TO APPROVE THE THREE YEAR CONTRACT EXTENSION WITH DELTA DENTAL OF KANSAS EXTENDING THE CONTRACT TO DECEMBER 31, 2015. MOTION PASSED 5-0.

4. Vision Plan Renewal

The vision plan was originally the recommendation of the Employee Advisory Committee (EAC) and it is an entirely member paid program. State Employee Health Plan (SEHP) members have the option of purchasing either a Basic or Enhanced vision insurance plan through Superior Vision. Superior offers our members an enhanced provider network that includes independent optometrists, ophthalmologists, retail chain stores, and mail order contact lenses. Members have indicated that it is important to them to have a choice of providers when selecting eyeglasses and contact lenses. (Eye exams are covered in full under the preventive care benefit of the medical plan.) Since moving to Superior Vision and their expanded provider network, the enrollment in the vision plans has increased from approximately 14,000 contracts in 2002 to over 38,000 for Plan Year 2012.

The Health Care Commission's contract for the vision insurance will expire December 31, 2012. A renewal proposal was received from Superior Vision to extend the contract for three (3) years. Under the renewal proposal, Superior offered the State the option to either maintain the current plan design with a small increase in premium on the Enhanced plan or to increase the premium and enhance the frame benefit being offered. Renewal options were discussed with the EAC at their November meeting and they voted to recommend the option that would increase the frame allowance on the Enhanced benefit plan to \$150 retail allowance with an additional premium cost of \$1.46 per month for this enhanced coverage. Overall, the EAC expressed their appreciation for this benefit and were interested in the coverage enhancements. Beginning in Plan Year 2013, under the proposal, the Basic plan



rates would remain unchanged and the contact lens fitting benefit (with a \$35 copay) would be added. On the Enhanced plan the employee only premium would increase \$1.46 per month (\$8.72 per month total) and the frame allowance would increase to \$150 (currently \$100).

SEHP staff recommended that the Health Care Commission approve the benefit changes to the Basic and Enhanced plan and approve the three (3) year contract extension with Superior Vision extending the contract to December 31, 2015.

IT WAS MOVED BY COMMISSIONER DAY AND SECONDED BY COMMISSIONER RUOFF TO APPROVE THE BENEFIT CHANGES TO THE BASIC AND ENHANCED PLAN AND APPROVE THE THREE YEAR CONTRACT EXTENSION WITH SUPERIOR VISION EXTENDING THE CONTRACT TO DECEMBER 31, 2015. MOTION PASSED 5-0.

5. COBRA Administration Contract Renewal

The Consolidated Omnibus Budget Reconciliation Act (COBRA) contains provisions giving certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of their health coverage when coverage is lost due to a qualifying event. The obligation is on the employer to comply with the requirements of COBRA and to notify eligible members of the availability of continuation coverage. The State Employee Health Plan (SEHP) has outsourced the management of COBRA to outside vendors specializing in administering and complying with COBRA since 2002.

The Health Care Commission's contract for the administration of the requirements of COBRA will expire December 31, 2012. The current vendor, COBRAGuard, handles all of the administration and notice requirements for the SEHP, and also provides us additional services through automated outbound phone calls to our members for Open Enrollment, access to the online COBRATrax system, notices of when a member's COBRA continuation period will be expiring, and other special communications needed for our COBRA members.

A renewal proposal was received from COBRAGuard to extend the contract for three (3) years. Under the renewal proposal COBRAGuard is proposing that the monthly administration fee per participant would remain at \$5.85 per COBRA participant per month. In addition, a per notice fee applies. This fee will increase by .25 per required notice (increase mainly due to paper and postage fee increases).

SEHP staff recommended that the Health Care Commission approve a three (3) year contract extension with CobraGuard extending the contract to December 31, 2015. Discussion as to the monthly costs followed.

IT WAS MOVED BY COMMISSIONER RUOFF AND SECONDED BY COMMISSIONER PRAEGER TO APPROVE THE THREE YEAR CONTRACT EXTENSION WITH COBRAGUAR EXTENDING THE CONTRACT TO DECEMBER 31, 2015. MOTION PASSED 5-0.



6. **Employee Advisory Committee**

The Employee Advisory Committee (EAC) is composed of 21 members. Eighteen of the members are active employees and three are state retirees participating through Direct Bill. Each member serves a three-year term. Five (5) memberships will expire December 31, 2011. Staff thanks Susan Warriner and Linda Prothe for their service on the EAC and congratulates them both on their retirement from State service.

SEHP staff recommended the reappointment to the EAC of Elizabeth Fultz, Topeka; Tracy Clarke, Wichita; Jackie Scott, Emporia; Marjorie Knoll, Hays; and Steve Stankiewicz, Topeka. Staff also recommended the appointment of the following new members to serve on the EAC: Jenny Braun, Norton; and Joshua Cersovsky, Oakley.

IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY COMMISSIONER DAY TO APPROVE ALL RECOMMENDED APPOINTMENTS TO SERVE ON THE EMPLOYEE ADVISORY COMMITTEE. MOTION PASSED 5-0.

7. **2012 RFP Report**

SEHP staff reported that a number of contracts are set to expire at the end of 2012. A Request for Proposal (RFP) for the fully insured Medicare Supplement and Advantage plans is expected in 2012, and staff is working to prepare the RFP for these direct bill insurance products. RFPs for the wellness program, actuarial and health plan consultant contract may be released later this year depending on negotiations with the current vendors.

Discussion followed.

8. **Open Enrollment 2012 Report, Active Employees**

Active employee Open Enrollment was held from October 1 through October 31. One hundred and nine (109) Open Enrollment meetings were held for employees in thirty-two (32) cities, and four online Open Enrollment webinars were held. Staff estimates that approximately 6,586 employees attended these meetings.

Approximately 33,570 employees utilized the online Open Enrollment system for State employees to review their health plan coverage. Of those logging into the Open Enrollment system, 33,139 reviewed and saved their health plan elections for Plan Year (PY) 2012. This was the first year for Non State Groups to use an online Open Enrollment portal for enrollment, and 7,420 Non State employees made their health care elections online.

Final enrollment numbers were not available on December 5, 2011 but, as of November 23, 2011, the State and Non State active employee enrollment was as follows:



Vendor	Plan A	Plan B	Plan C	Waived
Blue Cross and Blue Shield of Kansas	35,781	2,842	455	
Coventry Health Care of Kansas	2,337	275	277	
UnitedHealthcare	273	72	91	
Waived Coverage				2,680
Total	38,391	3,189	823	2,680

It was noted that there was an increase in Plan C enrollment of 65%.

Flexible Spending Accounts (FSAs) require an annual election to participate, and 9,631 State employees elected the traditional medical FSA, 46 elected the new limited FSA for Plan C members, and 1,241 elected a dependent care FSA.

Non Tobacco Use Discount

	Non Tobacco Users			Tobacco Users			Did Not Disclose/ No Discount		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
State	29,851	30,252	29,374	2,273	2,753	2,811	3,472	3,467	2,812
Non State	5,479	6,109	6,143	524	541	876	178	163	350
Total	35,330	36,361	35,517	2,797	3,294	3,687	3,650	3,630	3,162

The category “did not disclose” their tobacco status includes members who elected not to disclose their tobacco status or took no action during open enrollment and were defaulted into the “did not disclose” category. PY 2012 is the last year for the non tobacco user’s discount. The Health Care Commission (HCC) voted to replace the tobacco discount with the new HealthQuest Rewards Program beginning with PY 2013. Employees will need to earn 20 points by participating in the wellness program by July 31, 2012, in order to qualify for the premium discount for PY 2013. Employees are required to complete the online health assessment worth 10 points and earn 10 points for other wellness activities, including being a non tobacco user or completing the tobacco cessation program.

Enrollment in the voluntary vision plan through Superior Vision as of November 23, 2011:

<u>Coverage Level</u>	<u>Enrolled</u>
Basic Plan	9,149
Enhanced Plan	24,161
Waived Vision	11,768
Total Enrolled	33,310

The Direct Bill open enrollment for retirees began November 1 and runs through November 30. Enrollment numbers for the Direct Bill program are not available at this time. The Direct



Bill call center staff conducted twenty seven (27) Direct Bill open enrollment meetings at thirteen (13) locations throughout the state.

Discussion followed.

9. Finance Report

The Statement of Operations report through October was discussed. January through October, the plan is on track to have adequate reserves to meet the financial obligations. Revenue projections are expected to decrease about \$13M due to a reduction in enrollment. We have seen more dependents added since January due to qualifying events such as job loss, newborns, and loss of medical coverage for a spouse. We had a plan year high enrollment of 100,133 members. As of December 1st we have 99,255 members enrolled. The month of July shows an increase of revenue due to the employer rate increasing 15% for FY 2012. Plan expenses are estimated to be about \$34M less than projected, so when netted against the loss of revenue we have a change of about \$21M. At our last meeting we talked about our expenses ... past trends in October and December have generally been our two largest months of expenditures ... generally they have been about 18% higher than the monthly average, but this year in 2011 that did not trend out for the month of October.

10. Dependent Eligibility Audit

SEHP continues to receive a high volume of documentation from the agencies. The agency cooperation has been outstanding as they understand the need for the audit. We project that the audit will be complete by the end of January 2012. Overall it has been very well received by the agencies.

11. Voluntary Insurance Programs

SEHP staff met with the EAC on November 16th to discuss the voluntary insurance plans and it was noted that a survey of the membership was needed as to the types of plans and the employee population interest in the voluntary plans. The EAC provided some feedback on the survey questions. We're putting the questions together and will be meeting with the Department of Administration's legal staff to review the survey questions as requested before we post the survey. We plan have the survey available electronically for 30 days. We will also be meeting with the Office of General Services to determine a cost estimate for implementing a payroll deduction option. We will gather this information and bring it back to the next commission meeting for further discussion.

Discussion was had as to the four different types that were issued – would the intent be to do a single provider that would offer those four different types or would the RFP go out separate for each of those four so we could have multiple providers. SEHP staff stated this is something that would be determined after the survey was complete.

Next HCC Meeting

Next meeting is scheduled for Tuesday, February 21, 2012.



Sam Brownback, Governor

Adjournment – 2:05 p.m.

**IT WAS MOVED BY COMMISSIONER RUOFF AND SECONDED BY COMMISSION DAY
TO ADJOUR THE MEETING. MOTION PASSED 5-0.**