



March 15, 2011 Minutes

CALL TO ORDER

The Kansas State Employees Health Care Commission (HCC) meeting was called to order at 1:55 p.m. in the KPERs Boardroom, 611 S. Kansas Avenue, Topeka, Kansas. Commissioners present in person were Dennis Taylor (Chairman), Commissioners John Staton, Steve Dechant, Sandy Praeger and Nancy Ruoff. Mike Michael from KHPA was in attendance. Tom Leonard and Michael Morrow from Aon also attended the meeting.

1. Approval of Minutes

Chairman Taylor asked for the approval of the February 9, 2011 Minutes.

IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY COMMISSIONER STATON TO APPROVE THE MINUTES OF THE FEBRUARY 9, 2011 MINUTES. MOTION PASSED 4-0.

Kansas Senior Plan

Kansas Senior Plan C is a fully insured Medicare supplement policy for direct bill members who are retirees of the State or a covered non state public employer. The three-year contract with Blue Cross and Blue Shield of Kansas (BCBS) for Senior Plan C is expiring at the end of 2011. The contract allows for the State Employee Health Plan (SEHP), at its option, to renew the contract for an additional agreed upon term. BCBS has presented a proposal to the SEHP to extend the current contract for one year and offer Senior Plan C at the same premium rate of \$188.97 per member per month. The State does not contribute toward the cost of direct bill members' health insurance coverage.

KHPA staff recommends that the Health Care Commission approve a one-year extension of our current contract with BCBS for Kansas Senior Plan C at \$188.97 per member per month.

The commission unanimously voted in favor of approving the one year extension.



Administration of COBRA benefits

The State Employee Health Plan (SEHP) contracts with COBRAGuard for administration of the continuation of benefits required under the Consolidated Omnibus Budget Reconciliation Act (COBRA). The current three-year contract with COBRAGuard is set to expire on June 30, 2011. The contract allows for the SEHP, at its option, to renew the contract for an additional agreed upon term. COBRAGuard has presented a proposal to the SEHP to extend the current contract at the same administrative fees currently being paid. This contract extension would be for the period July 1, 2011 through December 31, 2012.

KHPA staff recommends that the Health Care Commission approve an extension of the current COBRAGuard contract with the same administrative fees through December 31, 2012.

The commission unanimously voted in favor of approving the extension through December 31, 2012.

2. 10 Year Projection Spreadsheet

As discussed at the February 9, 2011, meeting, the prior projections only kept the reserve fund balance above the target reserve fund balance until the plan year 2015.

After much discussion, the matter has been continued. KHPA will come back with models and examples for the commissioners to review.

3. Reports

Requests for Proposals (RFPs) for several products and services have been released. An RFP for Lab Card services was released December 30, 2010, and closed on February 1, 2011. Staff is currently reviewing the proposals submitted.

An RFP for an enrollment portal for the non state covered public employer groups was released on January 12, 2011. The bid was to close on February 23, 2011, but the closing date has been extended to April 6, 2011.

An RFP for the administrative services for the medical plans was released January 31, 2011. A phone conference with potential vendors was held on February 24, 2011. The RFP will close on March 23, 2011.

An RFP for the fully insured Medicare Advantage Plans, Employee Assistance Program, and HealthQuest Consultant may be released later this year depending on negotiations with the current vendors.



Recovery Audit Contract

As discussed at the February 9, 2011, meeting, House Substitute for Senate Bill No. 572 requires KHPA to enter into a three-year contract for a pilot project for health care cost containment and recovery services to be implemented regarding programs of state agencies or programs that are responsible for the payment of medical or pharmacy claims, and that includes the SEHP. KHPA has entered into a contract with Health Data Insights (HDI) to provide the recovery audit contract (RAC) pilot program.

HDI will be auditing the SEHP's self-funded benefit programs for medical, prescription drug, and dental services. HDI will be receiving claims data from the last four years (back to January 2007) from each vendor to begin the process and will be providing ongoing audit services throughout the course of the contract. At the previous meeting, the HCC asked what the process would be for reviewing any audit disputes and who would have the final decision. The contract with HDI does not have a formal process in place for review of SEHP claim disputes. Therefore, we reached out to HDI and have clarified the appeals process. First level appeals will be handled by HDI. Second level appeals will be to the SEHP. For questions of medical fact or medical necessity, the SEHP will work through the external review process with the Kansas Insurance Department to obtain a third party review.

HDI is only paid when money is actually recovered. The contract provides the SEHP with a minimum recovery guarantee from HDI of \$1,125,000 for FY 2012 and \$1,275,000 for FY 2013. The audits are expected to begin by the end of FY 2011.

Dependent Eligibility Audit

Most large employers periodically undertake some type of dependent eligibility review to verify continued eligibility for coverage. The SEHP will be conducting an audit to ensure the dependents covered under the SEHP meet the eligibility criteria to be a covered dependent. The SEHP is working with Claim Technologies Inc. (CTI) to finalize the parameters of the audit.

Phase one of the audit involves CTI accessing the SEHP records to determine a list of members with participating dependents who do not have appropriate supporting documentation on file. Phase two of the audit involves SEHP and/or CTI contacting the human resource representatives of the agency or non state covered public employer to obtain copies of any documentation they may have for these dependents in their files. When the documentation is received from the agency or non state covered public employer, the documentation will be reviewed to ensure the dependent meets the eligibility requirements for the plan, and the member's record will be updated. For Direct Bill members a list will be developed for handling during the next phase of the audit.

Once we have all the documentation from phase two, we will review to determine the next phase. One option is to contact all of the members who have missing documentation for their dependents and request copies. If the requested documentation



is not received those dependents would be removed. Any dependents we receive documentation for will be reviewed to ensure the dependent meets the eligibility requirements for the plan, and the member's record will be updated. If the dependent is determined ineligible they would be removed from the plan as well. A second option is to contact those members whose dependents have paid claims in excess of a set dollar amount.

The SEHP is in the process of securing a final cost estimate for the dependent eligibility audit. In order for CTI to provide an accurate estimate they will have two of their staff onsite the afternoon of March 30, 2011, and the morning of March 31, 2011, to review the SEHP database and conduct a productivity test. This will help CTI determine a timeline for the audit. The anticipated start date of the audit is May 2011.

Early Retiree Reinsurance Program

The Early Retiree Reinsurance Program (ERRP) provides reimbursement to participating employment-based plans for a portion of the costs of health benefits for early retirees' spouses, surviving spouses, and dependents. The program was authorized in the Patient Protection and Affordable Care Act (PPACA) and will expire on January 1, 2014.

The SEHP has applied and been accepted to participate in the ERRP. The required notice to members about the ERRP was recently mailed to members' homes. Under ERRP, plan sponsors may choose to use any funds received to reduce or offset increases in members' premium contributions, copayments, deductibles, coinsurance, or other out-of-pocket costs.

Staff worked with the medical vendors to compile the necessary claim information for submission to the ERRP. The health plan recently submitted its first file for consideration. The file submitted covers all of plan year 2010. Initial estimates are the health plan could recover approximately \$1.5 million if the entire claim file is approved. Moving forward, the plan will submit quarterly files for consideration.

4. Future Meetings

Next HCC Meeting scheduled for April 25, 2011 at 1:30 in the KPERS Conference Room.

MEETING ADJOURNED AT 2:45 PM