



April 25, 2011 Minutes

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. Commissioners present were Dennis Taylor (Chairman), Commissioners John Staton, Steve Dechant, Sandy Praeger and Nancy Ruoff. Mike Michael from KHPA was in attendance. Justin Kindy and Michael Morrow from Aon also attended the meeting.

1. Approval of Minutes

Chairman Taylor asked for the approval of the March 15, 2011 Minutes.

IT WAS MOVED BY COMMISSIONER STATON AND SECONDED BY COMMISSIONER PRAEGER TO APPROVE THE MINUTES OF THE MARCH 15, 2011 MINUTES. MOTION PASSED 4-0.

Renewal of the Employee Assistance Program

The State Employee Health Plan (SEHP) contracts with Alternatives EAP for the administration of the Employee Assistance Program (EAP). The current contract with Alternatives EAP is set to expire on December 31, 2011. The contract allows for the SEHP, at its option, to renew the contract for an additional agreed upon term. Alternatives EAP has presented a proposal to the SEHP to extend the current contract with a 5.76% increase. EAP has not increased the contract price in previous 7 years. This contract extension would be for the period January 1, 2012, through December 31, 2013.

KHPA staff recommends that the Health Care Commission approve an extension of the current Alternatives EAP contract through December 31, 2013.

The commission unanimously voted in favor of approving the extension.

Selection to Fill Vacant Employee Advisory Committee Position

The Employee Advisory Committee (EAC) is composed of twenty-one members, eighteen of whom are active employees and three who are participating through Direct Bill. Staff has been advised of the resignation of two of the current EAC members, active employee Jean Rozell and Direct Bill member Beth Fenske.



KHPA staff recommends that the following nominee be selected to serve on the EAC as a Direct Bill member:

<u>Nominee</u>	<u>Agency</u>	<u>City</u>	<u>Term</u>
David Boyle	Retired from KDOT	Wilson, KS	12/31/2013

The commission unanimously voted in favor of approving David Boyle to serve on the EAC as a Direct Bill member.

Approval of New Non State Eligible Employers

The State Employee Health Plan (SEHP) has been contacted by a public employer interested in joining the plan that has not previously been recognized by the HCC to join the plan. The information provided by the group, COF Training Services Inc., states that it is a nonprofit community facility as provided for in K.S.A. 19-4001 *et seq.*

When a public employer is interested in joining the SEHP, a two-part review occurs to determine eligibility. First, we ask them to document that they are eligible for coverage under the statute, which may include providing articles of incorporation, bylaws, tax status, etc. KHPA legal staff reviews the prospective group's documentation as well as K.S.A. 75-6506 to determine if the group is an eligible public employer to participate. If the group is eligible under the statute, then a second review is done to determine if the type of group has been recognized by the Health Care Commission as eligible to join. K.S.A. 75-6506(c) sets out the eligible groups that the HCC may recognize for inclusion in the SEHP. With regard to the above group requesting inclusion, K.S.A. 75-6506(c) states that, in the event that the Kansas state employees health care commission designates by rules and regulations a group of persons on the payroll of a nonprofit community facility as defined in K.S.A. 19-4001 *et seq.* and amendments thereto, they are qualified to participate in the SEHP.

After much discussion, the matter has been deferred to the next meeting.

Preferred Outpatient Laboratory Service Contract

Request for Proposal (RFP) number EVT0000348 for preferred outpatient laboratory services was released December 30, 2010, and closed on February 1, 2011. Two bids were received. One was from incumbent Quest Diagnostics to continue to offer a statewide and nationwide Lab Card network and the other was from Stormont-Vail HealthCare Inc., offering a regional lab benefit. Negotiations were held with both bidders.

The State Employee Health Plan (SEHP) negotiates with lab vendors for significant discounts on the cost for outpatient non emergency lab testing performed and billed by the lab vendor to medical Plans A and B. The SEHP benefits from the reduced fees for covered lab services and shares the savings with members by eliminating their out-of-pocket cost for the covered laboratory services that the preferred lab vendor performs and bills to the health plan. The preferred lab vendor is an optional benefit available to cover lab services on Plans A and B. Members, in conjunction with their medical providers, are free to decide where they get their lab services done. If they elect a lab



provider other than the preferred lab vendor, their lab services are subject to the overall plan deductible and coinsurance.

Stormont-Vail HealthCare, Inc. has agreed to allow all SEHP members access to use its lab services even if their health plan does not contract with Stormont-Vail for other medical services. The Stormont-Vail lab benefit would include the labs operating at the Cotton-O'Neil main campus in Topeka and satellite clinic sites. Cotton-O'Neil operates satellite clinics in Coffey, Douglas, Jefferson, Lyon, Osage, Pottawatomie and Wabaunsee counties.

Quest Diagnostics would continue to offer services in Topeka as well as statewide as it does today. Quest has recently announced that it will be expanding its services to meet the needs of state employees in the Manhattan area with a new draw site. Employees may continue to use Quest draw sites or to have their physician draw the sample and send it to Quest for processing. Quest has announced that state employees have access to the new Gazelle mobile application that allows Quest users to view test results and store and share their vital health information with ease and security while on the go.

The SEHP reviewed the proposals submitted by each of the preferred lab vendors. Careful consideration was given to member access to care, quality, vendor capacity and available discounts. Based upon the information available, staff believes a dual offering is appropriate.

Staff recommends issuing three-year contracts to Quest Diagnostics and Stormont-Vail HealthCare, Inc. to be preferred lab vendors.

The commission unanimously voted in favor of awarding a 3 year contract to Quest Diagnostic and Stormont-Vail HealthCare, Inc. to be preferred lab vendors.

2. Reports

Non State Entities Report

The following shows the current enrollment in the Non State portion of the State Employee Health Plan (SEHP). Effective April 1, 2011, there will be 163 Non State entities enrolled in the SEHP.

Summary	Number of Groups	Covered Employees
Public Schools/Community Colleges	33	3,488
Cities	50	587
Counties	27	2,318
Townships	2	22
Public Hospitals & Community Mental Health Centers	18	1,158
Misc. Local Governmental Entities	33	154
Total	163	7,727



Contracts have been issued or signed by the following new groups joining the SEHP:

New Group Name	Covered Employees	Effective Date
Pottawatomie Creek Watershed Joint District No. 90	1	4-1-11
Consolidated Rural Water District No. 4	6	5-1-11
Atchison County Community Schools	116	6-1-11
Stevens County	86	7-1-11
Morton County	70	7-1-11
Total	279	

No action needed. Discussion only.

Report on the Renewal of the Wellness Consulting Contract

The State Employee Health Plan (SEHP) contracts with CBIZ for consulting services for the HealthQuest Wellness program. The current contract with CBIZ is set to expire on December 31, 2011. The contract allows for the SEHP, at its option, to renew the contract for an additional agreed upon term, and the State has exercised its option to renew this contract. As this contract is for an amount under the threshold required to obtain competitive bids, it was not necessary for the Health Care Commission to approve this contract extension. CBIZ has presented a proposal to the SEHP to extend the current contract at the same fee currently being paid. This contract extension is set to expire on December 31, 2012.

No action needed. Discussion only.

3. Financial Spreadsheet

At the last couple of meetings, a 10-year projection spreadsheet was presented to the commission. Based on comments and feedback from the commission, an additional 5 projections were presented to the commission today. The commission had asked for what the dollar impact would be based upon various plan design changes, whether it's with the co-insurance, deductible, or pharmacy program and that is included as a reference for the committee.

The projection sheets now include the recovery audit contract money that was discussed at the last meeting along with the Early Retiree Re-insurance Program (ERRP). KHPA recently received their funds for ERRP, and that was almost 2.9 million dollars. That has been incorporated into the spreadsheet and those will carry over into all the spreadsheets.

When discussing policy changes, which is the section with employers and employee dependent contribution, those increases apply to plans A, B, and C because the commission already approved the rates for the Kansas Senior Plan C. Later this year



discussion will take place about the rates associated with the fully insured plans on the Medicare advantage plans.

4. EAC REPORT

Jan Sides reported that Cheryl Buxton was out sick and she asked that he fill in for her. Jan stated that the EAC met and after long discussions it was determined that plans D and E in the packets were the plans that everybody could live with the best. It was a tight vote, a one vote difference. They recommend to the committee that plan D in the packet was the best for all concerned. It's not a very high increase and offers a better balance down the line.

Jan stated that from the employees point of view the plan was changed just last year and it would probably be better if the plan wasn't changed again this year. They might have to recommend it next year depending on what the situation is going to be, but for now it would be best to not make too many changes every year.

4. Future Meetings

Next HCC Meeting scheduled for June 15, 2011 at 1:30 in the KPERS Conference Room.

MEETING ADJOURNED AT 2:30 PM