



STATE EMPLOYEES HEALTH CARE COMMISSION

*Mark Parkinson, Governor  
Duane Goossen, Chairman  
Connie Hafenstine, Commissioner  
Sandy Praeger, Commissioner  
John Staton, Commissioner  
Nancy Ruoff, Commissioner*

## **Kansas State Employees Health Care Commission**

**May 27, 2010 Minutes**

### **CALL TO ORDER**

The Kansas State Employees Health Care Commission (HCC) meeting was called to order at 1:40 p.m. in the KPERS Boardroom, 611 S. Kansas Avenue, Topeka, Kansas. Introduction was made of new AON representative Tom Leonard. Commissioners present were Duane Goossen (Chairman), John Staton, Steve Dechant and Sandy Praeger. Doug Farmer and Mike Michael from KHPA and Debbie Donaldson and Justin Kindy from AON were also in attendance.

#### **1. Approval of Minutes**

Chairman Goossen asked for the approval of the March 15, 2009 Minutes.

**IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER STATON TO APPROVE THE MINUTES OF MARCH 15, 2009. MOTION PASSED 4-0.**

#### **2. Financial Report**

Doug Farmer presented the financial report. Discussed that April was a high month due to having the extra week, and that trending is where they anticipated it would be. At last check we were a couple million dollars below where we anticipated being at this time of year for 2010 which is good news, but not low enough to adjust where we think we will end the year at, but we're trending right below that number. The good news is we're not spending over the estimates. No action needed. Discussion only.

#### **3. EAC Report**

Cheryl Buxton from EAC reported that the EAC recommended retaining Plans A, B & C, but is trying to move more members from A to B. Plan A costs would change from moving deductibles from 150/single 300/family to 400/single 800/family as well as a \$5.00 increase in co-pay's from 20.00 to 25.00 which would also increase the specialist co-pay from 40.00 to 45.00. The annual co-insurance would move from 1,200/single to 1,400/single and 2,400/family to 2,800/family. On Plan B there would be two changes, add a deductible of 300/single and 600/family. Increase co-insurance by 5% which would go up to 35%. Plan C would stay the same. No action needed. Discussion only.

#### **4. Medical Plan and Design Rates**

Doug Farmer presented the 2011 Health plan offerings. The Health plan offerings for 2011 will remain basically the same as now, but with some modest changes to Plans A and B. Plan A changes include a \$5.00 increase in the office visit co-pay (both PCP and Specialist), the

deductible will be \$300/\$600 and the co-insurance max will be \$1,400/\$2,800. Changes to Plan B, include increasing the co-insurance to 35%, a deductible of \$150/\$300 and the co-insurance max will be \$3,000/\$6,000. However, rates that both the employer and employees pay will go up in order to deal with a continuing imbalance between revenues and plan expenditures. For a single employee, an 8 % increase does not equate to a large dollar amount because the state covers about 95 % of the cost. However, the increase will be more noticeable for dependent coverage because the state covers only about 55% of that cost. On the employer side, the new rates will not kick in for state agencies until the beginning of FY 2012.

**IT WAS MOVED BY COMMISSIONER STATON AND SECONDED BY COMMISSIONER DECHANT TO APPROVE THE BENEFIT CHANGES. MOTION PASSED 4-0.**

Discussed the federal obligation for dependents to be covered to the age of 26 and whether the commission wanted to make a change now or wait until January 1, 2011. An emergency regulation change will be put into place effective July 1<sup>st</sup> 2010, that will allow anyone who ages out to remain in the plan from July 1<sup>st</sup> forward. Total compliance is not available until January 1<sup>st</sup>, 2011.

**IT WAS MOVED BY COMMISSIONER PRAGER AND SECONDED BY COMMISSIONER DECHANT TO ALLOW THOSE WHO WOULD NORMALLY AGE OUT AT 23 TO REMAIN ON THE PLAN FOR THE LAST SIX MONTHS OF THIS PLAN. MOTION PASSED 4-0.**

**5. Prescription Benefit Manager Contract**

Doug Farmer discussed the RFP for a prescription drug pharmacy benefit manager. Four vendors met with KHPA staff. KHPA staff recommended that CVS Caremark be awarded a three-year contract to administer the State Employee Health Plan prescription drug program.

**IT WAS MOVED BY COMMISSIONER PRAGER AND SECONDED BY COMMISSIONER STATON TO APPROVE THE THREE YEAR CONTRACT WITH CVS CAREMARK. MOTION PASSED 4-0.**

**6. Laboratory Testing Contract**

Doug Farmer discussed the RFP for lab card services through Quest Diagnostics. Quest was the lone bidder for the statewide contract. KHPA staff recommended issuing a three-year contract with Quest as our vendor. Commissioner Dechant suggested that the commission consider a one-year extension option on the current contract.

**IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER STATON TO EXTEND THE CURRENT CONTRACT BY ONE YEAR. MOTION PASSED 4-0.**

**7. Flexible Spending Account Administrator Contract**

Doug Farmer discussed the RFP for administration of the flexible spending account. KHPA staff recommended that a three-year contract be awarded to ASI for administering the flexible spending account program.

**IT WAS MOVED BY COMMISSIONER STATON AND SECONDED BY COMMISSIONER PRAGER TO APPROVE THE THREE YEAR CONTRACT WITH ASI. MOTION PASSED 4-0.**

**8. HealthQuest 2011 and 2012 Strategy**

Doug Farmer presented the HealthQuest Strategy for 2011 and 2012. For plan year 2011, the same three programs that were available in 2008, 2009, and 2010 will still be offered. KHPA staff recommended a change in the tobacco program to move it from a post-open enrollment program to a pre-open enrollment program for Plan Year 2012. To do this, during open enrollment members who use tobacco will enroll in the tobacco program and if they complete the program successfully, they would be eligible for the discounted health plan rates for all of Plan Year 2011 and 2012. Employees in Plan Year 2012 would disclose their tobacco status and enroll in the tobacco control program to receive the discounted rates for Plan Year 2013. Employees who enroll in the tobacco control program but fail to complete the program would lose the discount for Plan Year 2011. However, these employees would be given one opportunity to rejoin the tobacco control program to pre-qualify for the 2012 discount.

**IT WAS MOVED BY COMMISSIONER PRAGER AND CHAIRMAN GOOSSEN ACKNOWLEDGING NO SECOND ASKED FOR ALL THOSE IN FAVOR TO RESOND WITH AYE TO APPROVE THE HEALTHQUEST STRATEGY FOR 2011 AND 2012. MOTION PASSED 4-0.**

**Dates of Next Meetings**

Monday, September 13, 2010

**MEETING ADJOURNED AT 3:40**