



**Kansas State Employees Health Care Commission
June 15, 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. Commissioners present were Dennis Taylor (Chairman), Sandy Praeger, Nancy Ruoff, Steve Dechant and John Staton. Mike Michael from the Kansas Health Policy Authority (KHPA), and Justin Kindy and Michael Morrow from AON were also in attendance.

1. Approval of Minutes

Chairman Taylor asked for approval of the April 25, 2011 minutes.

IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER STATON TO APPROVE THE MINUTES OF APRIL 25, 2011. MOTION PASSED 5-0.

2. Contracts for Administrative Services Only Providers

A request for proposal (RFP) for the Administrative Services Only (ASO) contracts for the medical plans was released January 31, 2011. A phone conference with potential vendors was held on February 24, 2011. The RFP closed on March 23, 2011 and four (4) bids were received. Based on a review of the services offered and the ability to administer the current plan designs, three (3) vendors, Blue Cross and Blue Shield of Kansas (BCBS), Coventry/Preferred Health Systems (PHS), and UnitedHealthCare (UHC), were invited in for negotiations. Each of the three vendors is offering ASO services for Plans A, B and C.

The vendors were asked as a follow-up to the face-to-face negotiations to provide written responses to the outstanding questions as well as to provide their best and final ASO rates. As there were still outstanding questions about the bid responses of Coventry/Preferred Health Systems and United HealthCare, additional phone conferences were held to obtain additional information, acceptance of the mandatory provisions of the RFP, and clarity on the vendors' proposals and fees. Staff has reviewed the vendors' responses with a focus on their abilities to accept the state



requirements for vendors; the proposed ASO rates; the vendors' flexibility; their ability to administer the program; and their capabilities to provide accurate, timely, and quality customer service and claims processing.

KHPA staff recommends that three (3) year ASO contracts be awarded to the following vendors: BCBS of Kansas, Coventry/PHS and UHC.

IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY COMMISSIONER STATON TO AWARD THREE-YEAR ADMINISTRATIVE SERVICES CONTRACTS TO BCBS OF KANSAS, COVENTRY/PHS AND UHC. MOTION PASSED 5-0.

3. Contract for Webhosting Enrollment Portal Vendor

Currently, enrollment and open enrollment activities for non-state employees and direct bill members are done on paper forms that must be scanned and keyed by membership staff. To automate this process an RFP for an enrollment portal for the non-state and direct bill members was released on January 12, 2011. The bid closed on April 6, 2011. Three bids were received from Ceridian, COBRAGuard and Mersoft. Negotiations were held with all three bidders.

The State Employee Health Plan (SEHP) reviewed the proposals submitted by each of the vendors. Careful consideration was given to startup and ongoing project costs, services offered, ability to customize member experience, and capacity to add future modules or functionality.

KHPA staff recommends awarding a three-year contract to COBRAGuard for webhosting enrollment portal development.

IT WAS MOVED BY COMMISSIONER STATON AND SECONDED BY COMMISSIONER DECHANT TO AWARD A THREE-YEAR CONTRACT TO COBRAGUARD FOR WEBHOSTING ENROLLMENT PORTAL DEVELOPMENT. MOTION PASSED 5-0.

4. Plan C Plan Design Changes

When the State Employee Health Plan (SEHP) released the original bid for a Qualified High Deductible Health Plan (QHDHP) with Health Savings Account (HSA), now known as Plan C, the program was an insured health plan with integrated medical and pharmacy benefits under one vendor. The original plan design was developed by the winning vendor and when the SEHP became a self-insured program the plan design of the prior vendor was maintained. One change that occurred is that the pharmacy program is now administered for all plans by Caremark. The pharmacy benefit under Plan C is subject to the overall plan deductible. After the deductible is met, members pay set copays for each 30-day



supply of medication purchased. Plans A and B both incorporate a coinsurance plan design rather than a copay design.

The medical benefits of Plans A, B and C have been standardized over time to have similar coverage. Staff is recommending that this same standardization occur with regard to the pharmacy program. This would mean changing the copays to coinsurance. This would make member education about the pharmacy benefits consistent and easier for the members to understand. The plan impact of making this change is minimal. Staff reviewed the claims for Plan Year 2010 and found that approximately 74 contracts would have been affected by this change and the plan would have saved \$4,100 under a coinsurance plan design. For these 74 contract holders, the change would have resulted in an increased average cost of \$55 annually.

Each year, the Internal Revenue Service (IRS) establishes the maximum contribution amounts for HSAs. For Plan Year 2012, the IRS has established a maximum contribution of \$3,100 for employees with single coverage, up from \$3,050 this year, and for those with family coverage the maximum will be \$6,250, up from \$6,150 this year.

KHPA staff recommends adopting the coinsurance style prescription drug benefit as used for Plans A and B.

IT WAS MOVED BY COMMISSIONER RUOFF AND SECONDED BY COMMISSIONER STATON TO ADOPT THE COINSURANCE STYLE PRESCRIPTION DRUG BENEFIT AS USED FOR PLANS A AND B. MOTION PASSED 5-0.

5. Medicare Advantage Plan Renewals

Renewal proposals for Plan Year 2012 for both Medicare Advantage plans have been received. Medicare Advantage plans are another Medicare health plan choice sometimes called "Medicare Part C" or "MA" plans. For a member enrolled in a Medicare Advantage plan, the plan will provide all of the Medicare Part A (Hospital Insurance) and Part B (Medical Insurance) coverage and may include prescription drug coverage. Medicare pays the companies offering Medicare Advantage plans a fixed amount every month for each member enrolled. These companies must follow rules set by Medicare and have the option to provide different levels of benefits and member cost sharing. The Medicare Advantage plans are for direct bill members only and are fully-insured contracts. The entire premium for these plans is paid by the member.

Direct bill members currently have the option of selecting a Medicare Advantage (Part C) option with either Coventry Health Care (CHC) or Humana, Inc. Both



companies currently offer Preferred Provider Organization (PPO) options. PPO plans have a defined territory (regional or local) in which they have network providers available. Services can be received from a non-network provider; however, the member will incur higher out-of-pocket costs for these services.

2012 Coventry Advantra Renewal Proposal

Coventry is offering members who live in the CHC Kansas Advantra service area their Preferred Provider Organization (PPO) Advantage plan option. In their renewal proposal, Coventry offered an alternative plan design option for 2012. For Plan Year 2012, the cost for medical only coverage will remain \$75. Members electing to purchase their Medicare Part D program through Coventry may do so for an additional \$64 for a total premium of \$139 per member per month, the same as 2011. A summary of the proposed CHC Advantra PPO Plan design is attached. Coventry's proposed offering includes the following benefit changes for 2012:

- Adding an office visit copay of \$10 for a primary care provider and \$25 for a specialist
- Increasing the member copay for the first five (5) days of a hospital stay from \$100 to \$150 per day
- Increasing the member copay for preferred brand name drugs from \$25 to \$30
- Increasing the member copay for non-preferred generic and brand name drugs from \$50 to \$60
- Increasing the member cost share for specialty drugs from 25 percent to 33 percent
- The copay for preferred generic drugs will remain \$5.

Coventry indicates increased utilization combined with a decrease in reimbursements from the Centers for Medicare and Medicaid Services (CMS), prompted these plan changes and they are not out of line with other Advantage plan products.

2012 Humana Advantage Plan Renewal Proposal

The Humana Advantage Plan offering is also a PPO option. Members electing to enroll in medical only coverage in 2011 paid \$79 per month and will pay \$70 per month in 2012, and those electing medical and drug coverage paid \$160 per member per month this year and the proposed 2012 rate is \$184 per member per month. In addition to the premium changes, there are also plan design changes for 2012, including:

- Adding a \$100 network deductible for all services other than preventive services, emergency room, and diabetic monitoring supplies
- Decreasing the Primary Care Provider (PCP) office visit copayment from \$15



to \$10

- Decreasing the chiropractic office visit copay from \$35 to \$20
- Decreasing the Inpatient Hospital copay from \$175 (days 1-5) to \$165 (days 1-5)
- Decreasing the radiation therapy outpatient hospital copay from \$75 to \$60
- Increasing the Outpatient Hospital therapies (cardiac, occupational, physical, respiratory, audiology and speech) copay from \$35 to \$75
- Decreasing the Outpatient Hospital mental health and substance abuse copay from \$75 to \$40
- Increasing the emergency room copay from \$50 to \$65
- Decreasing the PCP surgical procedures copay from \$15 to \$10
- Decreasing the PCP mental health/substance abuse office visit copay from \$15 to \$10
- The pharmacy benefit will be a closed formulary four-tier plan instead of an open formulary five-tier plan for 2012:
 - Tier 1 Preferred Generic
 - Tier 2 Preferred Brand
 - Tier 3 Non Preferred Brand
 - Tier 4 Specialty

Humana indicates that these changes will bring the State's offering in line with their standard Advantage plan offering. The 2012 plan will use both their local PPO as well as their regional PPO networks to enhance the availability of providers. The above benefits are subject to approval by CMS. Attached is a copy of the proposed health and pharmacy plan design summaries.

KHPA staff recommends extending the contracts with Coventry and Humana for one year and approval of the 2012 plan designs.

IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER STATON TO EXTEND THE CONTRACTS WITH COVENTRY AND HUMANA FOR ONE YEAR AND APPROVED THE 2012 PLAN DESIGNS. MOTION PASSED 5-0.

6. 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. Due to the resignation of an active employee EAC member, we recommend that the following nominee be selected to serve on the EAC to fill the unexpired term of Jean Rozell:

<u>Nominee</u>	<u>Agency</u>	<u>City</u>	<u>Term</u>
----------------	---------------	-------------	-------------



Kris Holm

Ks. Dept on Aging

Topeka, KS 12/31/2012

IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY COMMISSIONER RUOFF TO SELECT KRIS HOLM OF THE KANSAS DEPARTMENT ON AGING, TOPEKA, TO SERVE ON THE EMPLOYEE ADVISORY COMMITTEE. MOTION PASSED 5-0.

7. 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 information provided by the group, COF Training Services Inc., states that it is a nonprofit community facility for the developmentally disabled as provided for in K.S.A. 19-4001.

When a public employer is interested in joining the SEHP, a two-part review occurs to determine eligibility. First, we ask the employer 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.

In response to the commissioners' questions regarding the number of possible groups and members that might want to join the SEHP, Medicaid provided us a list of twenty-seven (27) Community Developmental Disability Organizations (CDDOs) in the state. Staff prepared and sent a survey to each CDDO, asking about the number of individuals employed and insured and whether or not they would be interested in joining the SEHP. Attached is a summary of the responses received.

KHPA staff recommends authorization to the inclusion of nonprofit community facilities for the developmentally disabled as defined in K.S.A. 19-4001 for participation in the non-state public employer portion of the SEHP.

IT WAS MOVED BY COMMISSIONER STATON AND SECONDED BY COMMISSIONER PRAEGER TO AUTHORIZE THE INCLUSION OF NONPROFIT COMMUNITY FACILITIES FOR THE DEVELOPMENTALLY DISABLED AS DEFINED IN K.S.A. 19-4001 FOR



**PARTICIPATION IN THE NON-STATE PUBLIC EMPLOYER PORTION OF THE SEHP.
MOTION PASSED 5-0.**

8. Statement of Operations

Discussion only – no action requested at this time.

9. Approval of the 2012 Health Plan Rates and EAC Report

Mike Michael reported on the various plan rates for medical, pharmacy, dental and vision for plan year 2012. Discussion was held concerning the health rates followed by a motion to accept the 2012 rates as recommended by staff.

**IT WAS MOVED BY COMMISSIONER STATON AND SECONDED BY COMMISSIONER PRAGER AFTER RECOMMENDATIONS BY KHPA STAFF AND AFTER THE EAC REPORT TO ADOPT THE 2012 RATES FOR MEDICAL, PHARMACY, DENTAL AND VISION.
MOTION PASSED 5-0.**

Cheryl Buxton from EAC reported that employees would rather see an increase in premium than an increase in out-of-pocket expenses in support of option one. Prescription drugs were also discussed.

10. Non-State Entities Report

Discussion only – no action requested at this time.

11. HealthQuest Report – Health Engagement Program

Mike Michael gave a power point presentation on the Health Engagement Program. There is no additional cost to implement the program.

- Employees can participate in various wellness activities to earn credits.
- Employees can participate in the biometric screening, health assessment, wellness challenges, etc.
- The biometric screening and health assessment are required to earn the premium discount.
- Employees only need to earn 30 credits during plan year 2012.
- Employees can earn a premium discount of \$480 annually beginning in plan year 2013.

Discussion followed.

IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER PRAEGER TO IMPLEMENT THE HEALTH ENGAGEMENT PROGRAM. MOTION PASSED 5-0.



Sam Brownback, Governor

Next HCC Meeting

September 20, 2011.

ADJOURNMENT – 2:50 P.M.

IT WAS MOVED BY COMMISSIONER STATON AND SECONDED BY COMMISSIONER RUOFF TO ADJOURN THE MEETING. MOTION PASSED 5-0.