



J. Scott Day, Commissioner
Steve Dechant, Commissioner
Sandy Praeger, Commissioner
Jim Clark, Chair

Kansas State Employees Health Care Commission

Sam Brownback, Governor

**Kansas State Employees Health Care Commission
February 24, 2014 Minutes
KPERs Boardroom, 611 S Kansas Ave., Topeka, Kansas**

CALL TO ORDER

The Kansas State Employees Health Care Commission (HCC) meeting was called to order on February 24, 2014 at 1:42 p.m. in the KPERs Boardroom, 611 S Kansas Avenue, Topeka, Kansas. The following persons were present: Commissioners Jim Clark (Chairman) and Sandy Praeger; John Yeary from the Department of Administration, Office of Chief Counsel; and Mike Michael from the Division of Health Care Finance (HCF) within the Kansas Department of Health and Environment (KDHE). Commissioner Steve Dechant participated via conference call. Commissioner J. Scott Day was absent.

AGENDA:

1. Approval of Minutes

Chairman Clark asked for approval of the December 9, 2013 minutes.

IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER PRAEGER TO APPROVE THE MINUTES OF DECEMBER 9, 2013. MOTION PASSED 3-0.

2. Action Items

Approval of Transparency Tools for Health Care Purchasing Decisions

The Transparency Tool is a service provided for State of Kansas benefits eligible employees and their dependents at no charge. The Transparency Tool will help members make decisions about their health care, so that they can find lower-cost, high-quality providers with attributes that are important to them. The vendor needs to offer a comprehensive program to drive member engagement. The tool needs to be highly configurable and easily integrated with the health plan vendors to provide a user-friendly platform.

Request for Proposal EVT0002662 for a Transparency Health Care Purchasing Decision Tool was released on September 17, 2013, and closed October 21, 2013. After careful review of the vendor responses, three (3) vendors were invited to



further negotiation meetings. Following the meetings, the vendors were asked to provide additional information to clarify their bids, and their best and final pricing.

Recommendation:

Staff recommends that a three (3) year contract for Transparency Tools be awarded to Castlight and Rx Savings Solutions.

Discussion followed.

IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY COMMISSIONER CLARK TO APPROVE A THREE (3) YEAR CONTRACT FOR TRANSPARENCY TOOLS TO CASTLIGHT AND Rx SAVINGS SOLUTIONS. MOTION PASSED 3-0.

Approval of Health Care Flexible Spending Account Rollover Option

The State Employee Health Plan (SEHP) established Health Care Flexible Spending Accounts (HCFSA) and Dependent Care Flexible Spending Accounts (DCFSA) authorized under Internal Revenue Code 125 and 129 effective February 1, 1991. Flexible Spending Accounts allow employees to set aside funds from their paycheck before taxes are applied; employee funds in an FSA must be spent for qualified services during that calendar year or are forfeited. This is commonly referred to as the use it or lose it provision.

In 2005, the IRS provided employers the option of allowing a "grace period" (an additional 2 ½ months following the end of the plan year) for employees to use any remaining funds. The SEHP implemented this option in Plan Year 2006.

In late 2013, the IRS released Notice 2013-71 outlining a new option to allow for a limited amount of unused health care FSA funds to be rolled over. Employers may choose to allow up to a maximum of \$500 in unused funds to be rolled over to the following plan year. The rollover amount would be available to pay for health care services during the entire next plan year. An employee would also still be eligible to contribute an additional \$2,500 (current maximum annual contribution allowed) to their HCFSA during that same plan year.

An employer cannot offer both the grace period and the rollover option. An analysis was done comparing the current grace period option with the new rollover option for plan year 2009 to the present to see which option would provide a better benefit to the employees. The attached document shows that, in each plan year, the rollover option would have resulted in more employees having access to their funds for a



longer period, potentially reducing the amount of lost contributions, compared with the grace period method. The 2013 results are still pending, as the grace period does not end until March 15, 2014.

Recommendation:

Staff recommends that the rollover option be adopted to replace the current grace period option beginning with Plan Year 2015.

IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY COMMISSIONER DECHANT TO APPROVE THE ADOPTION OF THE ROLLOVER OPTION TO REPLACE THE CURRENT GRACE PERIOD OPTION BEGINNING WITH THE PLAN YEAR 2015. MOTION PASSED 3-0.

3. Reports

Direct Bill Open Enrollment

Mike Michael reported on Direct Bill open enrollment for retirees which was held from November 1 through November 20, 2013, and provided final enrollment numbers as of February 1, 2014.

RFP Update

Mike Michael reported that an RFP to provide medical administrative services was released January 22, 2014, and an RFP for Preferred Lab Services was provided to Procurement and Contracts the week of February 17th.

Non State Public Employer Group Report

Mike Michael provided a chart showing the current enrollment in the Non State employer groups. Effective February 1, 2014, there are 170 Non State entities enrolled in the SEHP.

HCC Annual Report: Plan Year 2013

Mike Michael provided the Annual Report for 2013, which is sent to the Kansas Legislature yearly, for review.

Aon Health Plan Trend Analysis

Justin Kindy of Aon Hewitt presented the 2012/2013 State Employee Health Plan Trend Analysis. He then opened the floor for discussion and/or questions.



Finance Report

Justin Kindy presented the Finance Report which reflected reserve balances, projected cash flow, expenses and projected reserve balances through January 2014.

4. Discussion Items

Annual Contract Review

Mike Michael presented a chart detailing all SEHP contracts as of January 1, 2014. Discussion followed and no changes were made.

10-Year Projection Sheet

Mike Michael and representatives from Aon Hewitt discussed the information that was used to calculate projected reserves through 2023.

Student Employee Health Coverage Analysis

Michael Halford of Aon Hewitt presented an analysis of options in considering health care coverage for students under the SEHP. He reviewed the options and discussion followed.

K.A.R.'s 108-1-1, 108-1-3, 108-1-4

Mike Michael attended a meeting of the Kansas Board of Regents Council of Business Officers. He reported that the members of the council were in favor of establishing a new entry level threshold of 1560 hours in order for student employees to participate in the SEHP.

Discussion followed. Mike was asked to find out what alternate plans are available for students and how many students would be unable to obtain any alternate coverage.

5. SEHP Membership Administration Portal (MAP) ROI:

Mike Michael presented information on the ROI for the MAP system showing the cost savings/cost avoidance and discussion followed.

6. Future Meetings

The next meeting is scheduled for April 21, 2014 at 1:30 pm in the KPERs Boardroom.



Sam Brownback, Governor

**IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY
COMMISSIONER DECHANT TO ADJOURN THE MEETING. MOTION PASSED
3-0. MEETING WAS ADJOURNED AT 3:28 PM.**