



J. Scott Day, Commissioner
Steve Dechant, Commissioner
Ken Selzer, Commissioner
Heather Young, Commissioner
Sarah L. Shipman, Chair

Kansas State Employees Health Care Commission

Sam Brownback, Governor

Kansas State Employees Health Care Commission
June 5, 2017, 1:30 p.m.
KPERs Boardroom, 611 S. Kansas Avenue, Topeka, Kansas

CALL TO ORDER

The Kansas State Employees Health Care Commission (HCC) meeting was called to order on June 5, 2017, at 1:30 p.m. in the KPERs Boardroom, 611 S. Kansas Avenue, Topeka, Kansas. The following persons were present: Commissioners Sarah L. Shipman (Chair), J. Scott Day, Steve Dechant, and Ken Selzer. Heather Young was absent. Dan Carroll of 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), were also in attendance.

ACTION ITEMS

1. Approval of Minutes

Chair Shipman asked for approval of the minutes of the April 12, 2017, meeting.

It was moved by Commissioner Day and seconded by Commissioner Dechant to approve the minutes of the April 12, 2017, meeting. Motion passed 4-0.

2. Approval of Preferred Outpatient Laboratory Service Contracts

Request for Proposal (RFP) number EVT0004950 for preferred outpatient laboratory services was released March 2, 2017, and closed on April 11, 2017. Two bids were received from the incumbent vendors Quest Diagnostics and Stormont-Vail HealthCare, Inc. Quest bid to continue to offer a statewide and nationwide Lab Card network. Stormont-Vail HealthCare Inc., is offering a regional lab benefit at designated locations in the following counties: Coffey, Douglas, Jefferson, Lyon, Osage, Pottawatomie, Shawnee and Riley counties. Negotiations were held with both vendors.

The preferred lab benefit is an optional benefit. Members, in conjunction with their medical providers, decide where they get their lab services done. If they elect a lab provider other than one of the preferred lab vendors, their covered lab services are subject to the applicable plan deductible and coinsurance requirements based on the plan of enrollment. Chair Shipman asked for approval of the Preferred Outpatient Laboratory Service Contracts.

Recommendation

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

It was moved by Commissioner Dechant and seconded by Commissioner Selzer to approve the Preferred Outpatient Laboratory Service Contracts. Motion passed 4-0.

3. Approval of Voluntary Benefits Contract

Request for Proposal EVT0004907 for Voluntary Benefits was released on February 10, 2017, and closed March 23, 2017. After reviewing the vendor responses, four (4) vendors were invited to negotiation meetings. Following the meetings, the vendors were asked to provide additional information to clarify their bids. Voluntary benefits are employee benefits paid for by the employee. Staff presented information on the current enrollment numbers, a list of the companies who provided bid responses, the benefit program options offered by the companies and the rates for each of the products.

Gina Sanders of Segal Consulting presented a PowerPoint showing a detailed analysis of the services provided by each of the four finalist companies. Discussion was held regarding the relative merits of each company and their product offerings. The pre-tax versus post-tax offering of these plans was discussed and, because of the potential tax implications to the employee and to the State of Kansas, it was recommended the voluntary benefits be offered on a post-tax basis. Segal recommended Metropolitan Life after the analysis of the company's bid.

Chair Shipman asked for approval of the Voluntary Benefits Contract.

Recommendation

Staff recommended that a three-year contract for voluntary benefits be awarded to Metropolitan Life Insurance Company.

A motion was presented by Commissioner Dechant to approve the award of a three-year contract for voluntary benefits to Metropolitan Life Insurance Company. Commissioner Day seconded the motion. The motion passed 3-0. Commissioner Selzer abstained from the vote.

4. Approval of the 2018 Medical Plan Design and Rates

Staff provided the current 10-year projection model to begin the plan year 2018 discussion and advised that a 9.4% premium contribution from the employer and the employee would be required without any plan design changes.

Staff provided an update to the potential new plan designs for 2018. There was an additional plan design which would accommodate the J1 visa participants. The new plan options N, Q, J1, and J2 were presented. Discussion was held on the rates and merits of each plan.

Discussion was held regarding the option for the member to elect either an HSA or HRA for those who participate in an high deductible health plan (HDHP). Currently, members can only elect an

HRA if they do not qualify for an HSA. This change would benefit both the member and the State Employee Health Plan (SEHP).

Discussion was held regarding the FSA program involving the runout period for employees who terminate their employment with the State of Kansas. Currently, the health plan pays an administrative fee for each of these members until their account balance is zero or through April 30th of the following plan year. The current FSA administrator for the SEHP advised that most plans limit access to the FSA funds to a period of 30 to 90 days after termination. The cost savings to the SEHP each year would be between \$30,000 and \$70,000.

Discussion was held regarding an engaged active open enrollment during the month of October for Plan Year 2018. This would require all members to actively elect the health plan of their choice and if no action was taken, their coverage would be waived for 2018. During the last open enrollment period, 68% of the employees actively engaged to make an election for 2017. This is an opportunity for the employee to review what is new for the upcoming plan year, review their personnel information, and gain additional information about the health plan programs and any policy changes.

Chair Shipman asked for approval of the 2018 Medical Plan Design and Rates.

Recommendations

After discussion by the Commission, and hearing the report of Cheryl Buxton, President of the Employee Advisory Committee, multiple votes were held on the 2018 plan options presented by the SEHP.

- A. Staff recommended approval of Plan J1 and stated this was the preferred option of KBOR.

Commissioner Day moved and Commissioner Selzer seconded a motion to adopt the EAC recommendation for approval of Plan J1. The motion passed 4-0.

- B. Staff recommended approval of Plans A and C with a 7.7 % increase to the employer and employee contributions. Plans A & C would also have an increase to the out of pocket maximum by \$500 for a single and \$1,000 for family.

A motion was presented by Commissioner Day and seconded by Commissioner Selzer to accept the recommendation of the EAC to approve Plans A and C with an additional increase of \$500/\$1,000 to the out of pocket maximum and a 7.7% increase in premium rate, and inclusion of new Plans N and Q to the plan offerings. The motion passed 4-0.

- C. Staff recommended that the cutoff period for a terminated plan member to remit qualified claims to the FSA administrator be limited to 90 days after termination, rather than extending the time limit until April 30 of the following year. This will result in a cost savings for the plan year between \$30,000 and \$70,000 for administrative fees.

A motion was presented by Commissioner Selzer and Commissioner Dechant seconded for approval of a 90-day cutoff for terminated employees to file FSA claims. The motion passed 4-0.

- D. Staff recommended that the member have the option to elect either an HSA or HRA for those who participate in an HDHP and remove the current rule.

A motion was presented by Commissioner Selzer and seconded by Commissioner Day to give members who participate in an HDHP the option to elect either an HSA or HRA . The motion passed 4-0.

- E. Staff recommended that active employees be required to actively engage to elect a health plan each year. Discussion was held by the Commission regarding options should the member not elect a plan.

A motion was presented by Commissioner Dechant and Secretary Shipman seconded for cancellation of a member's health insurance if the member does not actively enroll in a plan. Commissioner Day voted against the motion and Commissioner Selzer abstained from a vote. The motion failed 2-0.

A motion was presented by Commissioner Day and seconded by Commissioner Selzer that if the member does not actively choose a plan, then the member would be moved to Plan N, which offers the lowest cost to the member and to the SEHP, and that the member also stay with the current carrier and the current coverage tier for which they are already enrolled. The motion passed 4-0.

REPORTS

1. EAC Report

Prior to the vote on medical plan design and rates, Cheryl Buxton, President of the Employee Advisory Committee (EAC), presented the EAC's recommendations for changes to the 2018 plan design. The EAC recommended Plans A and C, with an additional increase of \$500/\$1,000 to the out-of-pocket maximum and the 7.7% increase in premium rates for both the employee and employer. The EAC also recommended implementation of Plan N with a 35% co-insurance and implementation of Plan Q with a 50% co-insurance. The EAC recommended Plan J1 be approved. The EAC did not recommend the approval of Plan J2.

Brian Vazquez, an attorney with the Kansas Department of Health and Environment, confirmed Plans J1 and J2 met the U.S. State Department's requirements for J1 visa holders. Mr. Vazquez also consulted with the Board of Regents and they also preferred Plan J1.

The EAC recommended the FSA runout period for terminated employees be set at 90 days.

They did not recommend a contribution increase for the direct bill members on Plans A or C due to the large increase these members had in 2017.

The EAC then recommended that active participants be required to re-enroll each year in a health care plan and that those employees who do not elect health care plan options have their health care insurance canceled until the following year's open enrollment period and they are again eligible to enroll.

2. **Contracts for RFPs**

- RFP EVT0004979 to provide Health Care Transparency Tools closed May 2, 2017.
- RFP EVT0004992 to provide Audit Services closed May 9, 2017.

Both of these RFPs will be presented at the next HCC meeting.

3. **Finance Report**

The Finance Report was presented by Segal and discussion was held regarding the statement of operations, projected reserve calculation, and the variance report.

FUTURE MEETINGS

The next meeting is scheduled for Monday, August 28, 2017, at 1:30 p.m. in the KPERS Boardroom, 611 S. Kansas Avenue, Topeka, Kansas.

Chair Shipman adjourned the meeting at 4:45 p.m.