



**Kansas State Employees Health Care Commission
June 13, 2013 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 June 13, 2013 at 1:35 p.m. in the KPERs Boardroom, 611 S Kansas Avenue, Topeka, Kansas. The following persons were present: Commissioners Mark J. McGivern (Chairman), J. Scott Day and Steve Dechant; Sarah L. Shipman 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 Sandy Praeger participated via conference call.

AGENDA:

1. Approval of Minutes

Chairman McGivern asked for approval of the April 22, 2013 minutes.

IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER DAY TO APPROVE THE MINUTES OF APRIL 22, 2013. MOTION PASSED 4-0.

2. Action Items

Decision on the Autism Pilot Program

Section 1 of Senate Substitute for House Bill No. 2160 required the State Employee Health Plan (SEHP) to implement a pilot program providing coverage for Autism Spectrum Disorder (ASD).

Coverage for ASD services became available on January 1, 2011. Coverage is subject to the plan's appropriate deductible, copays and coinsurance requirement for other covered services. The ASD coverage pilot had a minimal impact on the SEHP during Plan Year 2011. Services were provided to 126 members. For claims incurred and processed during Plan Year 2011 with a diagnosis of ASD the total allowed amount was \$214,656 for all services. The program experienced a 60% increase in total costs for individuals with autism from 2011 to 2012, which was an expected increase after the first year of the pilot program. We are projecting a 30% increase in total program cost for 2013 and 15% for 2014 to reach full utilization of the program.



We would expect this program to follow projected healthcare trend for every year after 2014. The projected healthcare trend in 2015 is 7.5%.

Recommendation:

The Autism Spectrum Disorder benefit becomes a permanent benefit for the SEHP plan.

IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER PRAEGER TO INCLUDE THE AUTISM SPECTRUM DISORDER BENEFIT PERMANENTLY IN THE SEHP. MOTION PASSED 4-0.

Approval of the Contract for Onsite Flu Shot Program

The State Employee Health Plan (SEHP) began offering onsite flu shot clinics in 2009 in areas with large numbers of employees when the responsibility for hosting these clinics was transferred to the SEHP.

Request for Proposal (RFP) EVT0002234 for Onsite Flu Shot Clinics was released on April 4, 2013, and closed on May 3, 2013. The State Employee Health Plan staff held negotiation meetings with three (3) vendors.

In addition to pricing, other issues of specific focus were the vendor's ability to handle the day-to-day administration and marketing of the program, vendor capability to provide flu shot clinics at additional sites including those with less than 50 employees, and expansion of the program to include onsite clinics at our non state entities' locations.

Recommendation:

Staff recommends that a contract be awarded to OccuVAX for onsite flu shot services beginning with the 2013 flu season through December 31, 2016.

IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER DAY TO AWARD THE CONTRACT FOR ONSITE FLU SHOT SERVICES TO OCCUVAX BEGINNING WITH THE 2013 FLU SEASON THROUGH DECEMBER 31, 2016. MOTION PASSED 4-0.

Employee Assistance Program

The Employee Assistance Program (EAP) is a service provided for State of Kansas benefits eligible employees and their dependents at no charge.



Request for Proposal EVT0002118 for an Employee Assistance Program was released on February 28, 2013, and closed April 10, 2013. After careful review of the vendor responses, three (3) vendors were invited to further negotiation meetings.

Recommendation:

Staff recommends that a three (3) year contract for EAP services only be awarded to ComPsych.

IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY COMMISSIONER DAY TO AWARD A THREE (3) YEAR CONTRACT FOR EAP SERVICES TO COMPSYCH. MOTION PASSED 4-0.

Flexible Spending Account Administration Contract

Request for Proposal EVT0002176 for administration of the Flexible Spending Account (FSA) program was released on March 25, 2013, and closed on April 24, 2013. Staff held negotiation meetings with four (4) vendors.

Recommendation:

Staff recommends that a three (3) year contract be awarded to NueSynergy for administering the Flexible Spending Account program.

IT WAS MOVED BY COMMISSIONER PRAEGER AND SECONDED BY COMMISSIONER DECHANT TO AWARD A THREE (3) YEAR CONTRACT FOR ADMINISTERING THE FLEXIBLE SPENDING ACCOUNT PROGRAM TO NUESYNERGY. MOTION PASSED 4-0.

Contract for Wellness Services

Request for Proposal (RFP) EVT0002036 to provide administration for the wellness program was released on January 25, 2013, and closed March 20, 2013.

The State Employee Health Plan staff held negotiation meetings with four (4) vendors.

In addition to price, core wellness services offered, member's web experience, and flexibility of the vendor's web portal were all considered. While a number of the vendors offer a more robust, engaging and flexible web experience, these vendors were more expensive when reviewing the entire bid to provide wellness services. We also were not completely satisfied with the weight management services bid and



may recommend a separate RFP in the future to obtain a vendor that can provide these services.

Recommendation:

Staff recommends that a three (3) year contract be awarded to Alere for wellness services.

IT WAS MOVED BY COMMISSIONER DAY AND SECONDED BY COMMISSIONER DECHANT TO AWARD A THREE (3) YEAR CONTRACT TO ALERE FOR WELLNESS SERVICES. MOTION PASSED 4-0.

Pharmacy Benefit Management Contract

Request for Proposal (EVT0002059) for a prescription drug pharmacy benefit manager was released on February 7, 2013, and closed March 20, 2013. The State Employee Health Plan staff held negotiation meetings with four (4) vendors.

In addition to pricing, other issues of specific focus were the preferred drug list and member disruption, flexibility, vendor capability to provide quality customer service, and access to an in-state specialty pharmacy program.

Hitesh Patel with Aon discussed the review of the pricing for these RFP's.

Recommendation:

Staff recommends that a three (3) year contract be awarded to CVS Caremark for pharmacy benefit management services.

IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER DAY TO AWARD A THREE (3) YEAR CONTRACT FOR PHARMACY BENEFIT MANAGEMENT SERVICES TO CVS CAREMARK.

Bariatric Surgery Coverage for Play Year 2014

Over the course of the last few meetings, information about bariatric surgery and the options for adding a bariatric surgery benefit to the State Employee Health Plan (SEHP) have been presented. Mike Michael introduced Dr. James Hamilton of Tallgrass Prairie Surgical Specialists. Dr. Hamilton spoke about his experiences with Bariatric Surgery, both as a patient and a surgeon.



The coverage for bariatric surgery would be limited in scope to focus on members at greater risk and who have demonstrated their readiness to make the necessary life changes. To be eligible for coverage the member must:

- Have a Body Mass Index (BMI):
 - Between 35 and 40 with 2+ comorbidities or
 - Greater than 40 with 1+ comorbidities
- Have participated in at least one failed medically supervised weight loss program of at least 6 months in length
- Complete a medical and psychological assessment
- Complete a 3 month multi-disciplinary pre-operative regimen
- Agree to work with a case manager post-operatively for a minimum of six (6) months.
- Use no tobacco products

In addition:

- Coverage is limited to one bariatric surgery procedure per lifetime
- Services must be provided at a Center of Excellence

Discussion followed.

Recommendation:

The SEHP include coverage for bariatric services beginning with Plan Year 2014 with the Commission's recommendation to add to the requirements that the individual is using no tobacco products and extend to the post-operative treatment follow-up to 2 years.

IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER PRAEGER THAT THE SEHP INCLUDE COVERAGE FOR BARIATRIC SERVICES BEGINNING WITH PLAN YEAR 2014. MOTION PASSED 4-0.

Approval of the 2014 Plan Designs and Rates

Mike Michael in conjunction with Ashley Cummins with Aon discussed changes which will be required by the Affordable Care Act in 2014 and 2015 with respect to the accumulation of copays towards the out-of-pocket maximum and the ceiling on out-of-pocket maximum limits. Mike presented 3 Projection Models and discussion followed. Mike stated that the EAC had recommended Model 1 which provides for a 2% decrease in contributions and a Coinsurance increase in Plans A & B. The



Sam Brownback, Governor

Coinsurance in Plan Year 2014 for Plan A will be \$1,700/\$3,400 and Plan B will be \$3,500/\$7,000.

There was discussion on moving the timing of the employer HSA contribution from the first payroll cycle of Plan Year 2014 to the second payroll cycle and the first payroll cycle in July. The employer contribution will remain the same in 2014.

The rates were reviewed for the medical, pharmacy, dental, and vision. Mr. Michael explained that the 2% rate decrease in projection model one represented an overall decrease to the annual contribution amount and was not specific to each rate listed in the current rate chart. The rates for each of the carriers are based on the efficiencies of the networks; higher discounts and better plan management which drive significant savings to the plan and the contribution rates reflect these advantages by carrier and result in the dynamically adjusted contributions.

Information was provided on the plan design changes for 2014 and discussion followed. (See attachment)

During discussion, Commissioner Praeger had to disconnect due to a prior commitment.

IT WAS MOVED BY COMMISSIONER DECHANT AND SECONDED BY COMMISSIONER DAY TO APPROVE PROJECTION MODEL ONE, FOR PLAN DESIGN AND RATES FOR MEDICAL, PHARMACY, DENTAL AND VISION ALONG WITH THE PLAN DESIGN CHANGES FOR PLAN YEAR 2014, THE EMPLOYER HSA CONTRIBUTION MOVING TO A JANUARY AND JULY DISTRIBUTION WITH NO CHANGE IN THE HSA CONTRIBUTION AMOUNT. MOTION PASSED 3-0.

3. Reports

PY 2013 RFP Report

Mike Michael presented a spreadsheet which detailed the bids on the RFP presented.

There are two RFP's that staff is working on to release. The Medicare Par D EGWP plan and the transparency tool. The SEHP is partnering with the State's tobacco quit line on an RFP for tobacco cessation services and this RFP will close on June 19, 2013.

Discussion followed.



Finance Report

Mike Michael introduced Ashlee Cummins from Aon Hewitt who presented a statement of operations for the State Employee Health Plan (SEHP) for plan year 2013.

Discussion followed.

4. Discussion Items

Mike Michael discussed regulations needed in order to implement the Affordable Care Act. He stated that there will need to be changes and cleanup in K.A.R 108-1, 3 & 4. There will be a detailed discussion on this topic during the September meeting and the Commission will need to approve changes.

5. Future Meetings

The next meeting is scheduled for September 18, 2013 at 1:30 pm in the KPERS Boardroom.

**IT WAS MOVED BY COMMISSIONER DAY AND SECONDED BY
COMMISSIONER DECHANT TO ADJOURN THE MEETING. MOTION PASSED
3-0. MEETING WAS ADJOURNED AT 3:50 PM.**