

**Employee Advisory Committee Meeting Minutes**  
**January 28, 2009**  
**Landon State Office Building, Room 106**

Attending: Pres. Jan Sides, Cheryl Buxton, Kim Fowler, Barbara Barto, Steve Dechant, Patty Delmott, Elizabeth Fultz, Linda Kelly, John Oswald, Greg Piper, Elizabeth Smith, Marjorie Knoll, and Susan Warriner

On the Phone: Kyle Austin, Tori Dinkel, Claudia Keller, Ben Middleton, and Linda Prothe

Absent: David Rapson

Call to Order: 10:30 by Pres. Jan Sides

Greg Piper made a motion to approve the minutes with changes as discussed, motion seconded by Susan Warriner, motion passed.

Election of Officers

Nominations were opened for the positions of President, Vice-President, and Secretary. A motion was made to nominate Jan Sides to continue as President, the motion was seconded and passed. A motion was made to nominate Cheryl Buxton to continue as Vice-President, the motion was seconded and passed. Kim Fowler volunteered to serve as Secretary; the motion was made, seconded, and passed.

Personal Health Assessment Gift Cards

Jennifer reported that in plan year 2008, it was thought that the gift card would be de minimus and would not be taxable. After the gift card program had already started, the IRS advised that it would be taxable. At the point that the decision was made by the IRS, it was posted immediately to the website and an effort was made to make employees aware of this ruling.

For plan year 2009 both the screening and the personal health assessment are required to be completed in order to be eligible for the gift card. Direct bill members can claim their gift cards either online or over the phone. The gift card is taxable to the employee and for those dependants who receive the gift card. For active state employees and their dependants, the estimated tax will be deducted from the employee's paycheck. Other members of the health plan who are not state employees and retirees need to declare the value on their taxes. They will not receive a 1099.

Open Enrollment

The question was asked about providing online enrollment for direct bill members. This is being explored with the Department of Administration; however, DOA resources are currently directed toward the development of a new financial system.

Dental Plan

The medical plan is designed to encourage and to pay for more preventative care services. They would like to apply this philosophy to the dental plan. There are currently two proposals for this change. Plan Design #1 is very similar to our current plan except for coinsurance would change for those not taking advantage of preventative services. Under this proposal, employees and family members who do not receive a routine cleaning or exam in the prior 12-month period would have to pay a larger amount of restorative services. For example, if a member has not gone to the dentist for a diagnostic or preventative screening during the prior 12 months, they would have to pay 50%. In other words, there would be a penalty for not getting routine services. Currently, these preventative services are paid 100% for two visits per year. Coinsurance returns to standard level 90 days after a routine cleaning or exam.

Currently, about 40% of employees are not receiving preventative care. If the benefits for restorative services are tied to the routine cleaning and exam, there might be an increase in that number. Research has shown that people going to a dentist at least once a year have less restorative services such as crown, dentures, or bridges.

On Plan Design #2, the restorative coinsurance is enhanced but the required preventative care is two cleanings in the prior 18-month period. It also has the 90 day provision. Plan Design #2 would cost approximately an additional \$1.1 million. There will not be a choice of plans for employees; they will only be offered one choice. Communication would start about mid-point of 2009 that the proposed changes would be taking place, if adopted. Jennifer was asked to provide an estimate of how much more out-of-pocket this plan would cost our employees.

It is recognized that there will need to be a grace period when this is first implemented. Also, there was discussion about waiving the penalty for new employees for a year. There are no pre-existing conditions for the medical plan, so the dental plan should be the same.

Another change pointed out is that currently fillings and emergency care are not subject to deductibles. Delta Dental said this is not the norm in the industry and it will be recommended that the deductible now apply to fillings and emergency care. Some committee members felt that emergency service should remain as is since it will not result in additional cost to the state. Fillings are considered basic restorative and currently the deductible only applies to major restorative work. Also, the deductible will go from \$45 to \$50 in addition to the coinsurance. A request was made for rate information to be provided by the next meeting.

### Salary Tiers

Currently, the number of covered employees distributed among the three salary tiers is as follows:

Tier 1 (\$27,000 and less):	6,204
Tier 2 (\$27,001 to \$48,000):	23,219
Tier 3 (\$48,001 and up):	9,273

Traditionally, a bell curve is used to distribute employees in tiers. To change the tiers so that employees are distributed in the bell curve would cost the state \$1.55 million. An alternative solution being discussed is a 5% shift. The tiers would change as follows:

Tier 1 (\$28,000 and less):	7,365
Tier 2 (\$28,001 to \$56,000):	22,522
Tier 3 (\$56,001 and up):	8,809

This alternative would cost about \$255,000. There has not been a recommendation made, the information will be presented to the Health Care Commission. A copy of the report submitted will be posted on the website after the meeting.

### Health Care Savings Plan

Patty Delmott presented on a Health Care Savings Plan. Jennifer reported that it was tried about five years ago with no results. The Department of Administration will not allow employees to use vacation overages to apply to health insurance. If you want to try again, it will have to go through DOA. A Health Savings Plan Account would need to be set up like a Flex Spending Account and would be specifically designated to pay for health care premiums and costs after retirement. Unlike the Flex Spending Account that requires the use of the money in that plan year, the Health Savings Plan Account would not be accessible until the employee retires.

Minnesota currently has such a plan and the details of their plan were discussed. Minnesota's is broken down by agencies or groups as to what portion of the plan is utilized. Minnesota allows for contributions of annual leave but not sick leave plus an additional percentage from their retirement plan contributions. Classified employees have to vote on their plan and it is mandatory.

A Health Care Savings Plan would take legislation to implement in Kansas, but it could have many benefits for retirees. A few members of this committee will arrange to talk to a DPS representative and report back to the whole committee.

### Other

There have been complaints from individuals retiring that the first paperwork they receive is COBRA information. They receive that first so they feel they have to fill it out instead of their retirement information. What needs to be done to only receive the direct bill information? Jennifer will research and respond at a future meeting.

Currently, there are Requests for Proposal posted or will soon be posted for Vision, Dental, and Long Term Care plans. The problem being experienced with the Long Term Care plan is that we're required to offer a group product and most vendors only offer individual products.

The next Health Care Commission Meeting is scheduled for February 6, 2009, at 1:30.

### **Meeting Adjourned.**

Next EAC meeting: March 9, 2009, at 10:30 a.m., Landon State Office Building, Rms. 9E/9F.