

## Minutes

State, Local Education and Local Government Insurance Committees  
February 21, 2019  
1:00 pm (central)

The State, Local Education and Local Government Insurance Committees met on February 21, 2019 at 1:00 pm (central) in The Nashville Room, 3<sup>rd</sup> Floor, William R. Snodgrass Tennessee Tower, Nashville, TN.

### State Insurance Committee members attending:

Eugene Neubert, representing Stuart McWhorter, Commissioner, Finance and Administration  
David Lillard, State Treasurer  
Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury  
Julie McPeak, Commissioner, Commerce and Insurance  
Juan Williams, Commissioner, Human Resources  
Randy Stamps, Tennessee State Employees Association (TSEA)  
Todd Campbell, state employee representative  
Michelle Consiglio-Young, state employee representative  
Rob Chance, representing Higher Education  
Senator Bo Watson, Chair, Senate Finance Ways and Means Committee  
Representative Susan Lynn, Chair, House Finance Ways and Means Committee

### Local Education Insurance Committee members attending:

Eugene Neubert, representing Stuart McWhorter, Commissioner, Finance and Administration  
David Lillard, State Treasurer  
Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury  
Julie McPeak, Commissioner, Commerce and Insurance  
Maryanne Durski, Department of Education  
Erin Johnson, East Tennessee Teacher Representative (by teleconference)  
Randall Bennett, Tennessee School Board Association  
Paula Yates, West Tennessee Teacher Representative (by teleconference)

### Local Government Insurance Committee members attending:

Eugene Neubert, representing Stuart McWhorter, Commissioner, Finance and Administration  
David Lillard, State Treasurer  
Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury  
Kevin Krushenski, Tennessee Municipal League  
Nathan Brock, Tennessee County Services Association (by teleconference)

The meeting was called to order at 1:00 pm (central) and attendance by roll call indicated a quorum was present for each Committee. Deputy Commissioner Neubert noted delegates attending on behalf

of Committee members, members participating by teleconference and introduced new members, Rep. Susan Lynn and Commissioner Juan Williams.

**Agenda Item #1 – Minutes of August 23, 2018 - ALL**

Deputy Commissioner Neubert asked if there were additions or corrections to the minutes of the August 23, 2018 meeting. Mr. Stamps made a motion that the State Insurance Committee approve the minutes as presented. Treasurer Lillard seconded the motion, which passed with a unanimous voice vote.

On behalf of the Local Education Insurance Committee, Ms. Durksi made a motion that the minutes of the August 23, 2018 meeting be approved as presented. Mr. Bennett seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Lillard	yes	Durski	yes
McPeak	yes	Bennett	yes
Johnson	yes	Yates	yes

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion that the minutes of the August 23, 2018 meeting be approved as presented. Deputy Commissioner Neubert seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Lillard	yes	Krushenski	yes
Brock	yes		

**Agenda Item #2 – Minutes of December 7, 2018 – Local Education**

Mr. Bennett made a motion that the minutes of the December 7, 2018 meeting be approved as presented. Ms. Durski seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Lillard	yes	Durski	yes
McPeak	yes	Bennett	yes
Johnson	yes	Yates	yes

**Agenda Item #3 – Minutes of January 17, 2019 – Local Government**

Mr. Krushenski made a motion that the minutes of the January 17, 2019 meeting be approved as presented. Treasurer Lillard seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Lillard	yes	Krushenski	yes
Brock	yes		

#### **Agenda Item #4 – Presentation and Discussion: Health Care Landscape and Benefits Administration Development Agenda**

Laurie Lee, Executive Director, and Kendra Gipson, Director of Vendor Services, BA, along with Trey Sarsfield and Colleen Huber, Aon Consulting, the Division's consulting actuary, presented an overview of national healthcare trends and solutions, as well as cost-drivers and strategies employed to offer value to members enrolled in the state group insurance programs. The PowerPoint presentation is incorporated as part of the minutes.

Senator Watson stated that since he and Rep. Lynn are Chair and Vice Chair, respectively, of the Council on Pensions and Insurance, they review legislation that has an impact on insurance coverage. Much of the legislation involves models that are driven by the insurance industry. He expressed concern that the savings that are reported for the state plan may not be passed along to the employee. Senator Watson noted that the House had introduced legislation that involved an 11 point care plan/package for patient centered care system.

Mr. Krushenski noted that benefit modifications had created substantial savings and asked whether health outcomes have changed and enhanced the quality of life for members. Ms. Lee noted the return on investment for the wellness program was positive; however, chronic diseases like diabetes were not being managed as well as had been hoped. Examples of benefit design modifications to assist employees were placing outpatient physical therapy outside of the deductible to remove cost barriers to effective non-surgical and non-pharmacy therapy for pain and waiving outpatient cardiac rehabilitation cost sharing in an effort to increase compliance with physician recommendations.

Ms. Consiglio-Young expressed support of alternative treatments such as acupuncture and chiropractic visits noting the recent reduction in annual visits for chiropractic care. Dr. Andrea Dowdy, Clinical Director, BA, advised that the limit for chiropractic care at 50 visits per year was generous and was within acceptable guidelines for care. Additionally, Dr. Dowdy noted that currently only 200 acupuncturists are licensed in the state and generally those providers accept cash payments rather than billing insurance coverage for services.

At this point in the meeting, Gayle Robb represented TSEA for the remainder of the meeting due to Mr. Stamp's departure.

The Local Education and Local Government Insurance Committees were adjourned as the remaining agenda items pertained to the State Insurance Committee only.

#### **Agenda Item #5 – Presentation of Mercer Survey Highlights**

Ms. Gipson presented a summary of the study conducted by Mercer regarding health benefits offerings. A copy of the PowerPoint presentation is incorporated as a part of the minutes. Ms. Gipson noted that staff would analyze the feedback to better understand member concerns and preferences

and the findings would be used to inform future procurements, benefit designs and communications. Some key takeaways included:

- Controlling health care deductibles and premiums rank high, signaling the **cash flow** is top of mind among survey respondents.
- Choice and access are more important to those with more discretionary income.
- Only the highest earners are in favor of paying more to increase certain aspects of health care, such as access to preferred providers in network.

Treasurer Lillard expressed the need to proceed with caution about changing benefits that could later prove not to be in the best interest of the state or its employees citing examples of changes to life insurance and the additional benefit option offered to local education and local government agencies that had a detrimental impact on claims experience.

### **Agenda Item #6 – Short Term Disability Question**

Staff noted that a concern had been raised by Ms. Consiglio-Young regarding short term disability benefits, communications regarding the benefits in general and the value of the benefit specifically as it related to maternity. Ms. Lee noted that a review of all communications distributed to employees did not reveal any misrepresentations regarding the elimination periods or the exhaustion of annual or sick leave prior to benefits payment by the short term disability policy. A review of the industry standard for short term disability products confirmed that “riders” or other mechanisms to provide a benefit for disease-specific issues do not exist.

There being no further business, the meeting was adjourned at 3:00 pm.

Respectfully submitted,



Laurie S. Lee