

Minutes

State, Local Education and Local Government Insurance Committees

May 23, 2019

9:00 am (central)

The State, Local Education and Local Government Insurance Committees met on May 23, 2019 at 9:00 am (central) in The Nashville Room, 3rd Floor, William R. Snodgrass Tennessee Tower, Nashville, TN.

State Insurance Committee members attending:

Eugene Neubert, representing Stuart McWhorter, Commissioner, Finance and Administration
Rick Dubray, representing David Lillard, State Treasurer
Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury
Brian Hoffmeister, representing 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

Local Education Insurance Committee members attending:

Eugene Neubert, representing Stuart McWhorter, Commissioner, Finance and Administration
Rick Dubray, representing David Lillard, State Treasurer
Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury
Brian Hoffmeister, representing 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

Local Government Insurance Committee members attending:

Eugene Neubert, representing Stuart McWhorter, Commissioner, Finance and Administration
Rick Dubray, representing David Lillard, State Treasurer
Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury
Kevin Krushenski, Tennessee Municipal League

The meeting was called to order at 9:00 am (central) and Deputy Commissioner Neubert noted a quorum was present for each Committee. Delegates attending on behalf of Committee members were noted.

Agenda Item #1 – Minutes of February 21, 2019 - ALL

Deputy Commissioner Neubert asked if there were additions or corrections to the minutes of the February 21, 2019 meeting. Mr. Stamps made a motion that the State Insurance Committee approve the minutes as presented. Mr. Hoffmeister seconded the motion, which passed with a unanimous voice vote.

On behalf of the Local Education Insurance Committee, Mr. Bennett made a motion that the minutes of the February 21, 2019 meeting be approved as presented. Ms. Durski seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Durski	yes
Hoffmeister	yes	Bennett	yes
Johnson	yes		

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion that the minutes of the February 21, 2019 meeting be approved as presented. Mr. Dubray seconded the motion, which passed with a unanimous voice vote.

Agenda Item #2 – Pharmacy Benefits Manager (PBM) Contract Award - ALL

Laurie Lee, Executive Director, Benefits Administration (BA) introduced Seannalyn Brandmeir, Contract Manager, BA who presented the Evaluation Team Report for the Pharmacy Benefits Management (PBM) procurement. The Request for Proposal (RFP) was issued on November 15, 2018 and BA received responses from CVS Health, Express Scripts, Inc., MedImpact Healthcare Systems and OptumRx by the deadline of February 21, 2019. Ms. Brandmeir outlined the Proposal Evaluation Criteria and the point value assigned to each section. All respondents met the Mandatory Respondent Qualifications and Ms. Brandmeir reviewed the details of each of the additional sections. The cost proposal was opened by Ms. Brandmeir and sent to Aon, BA's contracted actuary for evaluation. Following determination of the lowest evaluation cost amount by Aon, the information was used to determine the allocation of cost proposals for the remaining respondents.

Ms. Consiglio-Young joined the meeting during this discussion.

Based upon the results of the Evaluation Team scoring, the Evaluation Team recommended that the State, Local Education and Local Government Insurance Committees enter into a contract with MedImpact Healthcare Systems for PBM services with a contract term beginning July 15, 2019 and extending through June 30, 2025. Ms. Brandmeir noted that the benefit period for members under this contract would be January 1, 2020 through December 31, 2024 allowing for a six month implementation and a six month run-out period.

In response to member inquiries, staff distributed information regarding MedImpact's other large clients and network summary including access standards. Concern was expressed about prior authorization and other issues during the transition from the current vendor to the best evaluated

proposal. Ms. Brandmeir stated that there was a six month implementation period that included liquidated damages for failure to meet timeframes and requirements contained in the RFP. Additionally, a discussion of the number of evaluation team members was held with staff to seek advice from the Central Procurement Office (CPO) and present the information at the Committee's next meeting. Mr. Neubert asked Jane Howard, representative for MedImpact, if the company could fulfill all requirements contained in the RFP. Ms. Howard answered in the affirmative.

Mr. Dubray made a motion that the State Insurance Committee enter into a contract with MedImpact for PBM services with a contact term beginning July 15, 2019 and extending through June 30, 2025. Commissioner Williams seconded the motion which passed with a voice vote with Ms. Consiglio-Young voting against the motion.

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to enter into a contract with MedImpact for PBM services with a contract term beginning July 15, 2019 and extending through June 30, 2025. Mr. Neubert seconded the motion which passed with a unanimous voice vote.

On behalf of the Local Education Insurance Committee, Ms. Durski made a motion to enter into a contract with MedImpact for PBM services with a contract term beginning July 15, 2019 and extending through June 30, 2025. Mr. Bennett seconded the motion which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Durski	yes
Hoffmeister	yes	Bennett	yes
Johnson	yes		

Agenda Item #3A – Benefit Changes – ALL Plans

Dr. Andrea Dowdy, Clinical Director, BA, presented two proposed benefit changes which represented enhancements for all plan members. The first recommendation was to incentivize the use of a Preferred Substance Use Disorder Network with an effective date of July 1, 2019. The incentive is to waive cost sharing for members who use a provider in the preferred substance use network (CDHP members must first meet their deductible before the coinsurance is waived.). Dr. Dowdy noted that most out of network facilities are very costly and use non-evidence based care with high readmission rates. This proposal would allow Optum to identify and partner with high-performing providers to ensure members have the most clinically appropriate options that lead to the best outcomes. Members requested that staff provide a listing of facilities located in Tennessee.

The second recommendation was the addition of an acupuncture benefit to the plan design. The acupuncture benefit would align with chiropractic benefits as to copays and limits but would have a separate limit accumulator. The intent of this benefit enhancement is to avoid opioid use, surgery and other costly interventions as individuals who choose acupuncture as a first line treatment for pain as much less likely to end up taking an opioid. Dr. Dowdy noted that there are 28 acupuncturists

in the network and the approximate cost to the plan would be \$309K per year. At the request of members, staff will distribute how the estimated cost was calculated by Aon.

Mr. Chance made a motion that the State Insurance Committee approve the benefits changes as presented by staff. Ms. Consiglio-Young seconded the motion which passed with a unanimous voice vote.

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the benefit changes as presented by staff. Mr. Dubray seconded the motion which passed with a unanimous voice vote.

On behalf of the Local Education Insurance Committee, Mr. Bennett made a motion to approve the benefit changes as presented by staff. Ms. Durski seconded the motion which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Durski	yes
Hoffmeister	yes	Bennett	yes
Johnson	yes		

Agenda Item #3B – Benefit Changes – State Plan Only

Paige Turner, Wellness Director, BA presented staff recommendations for population health incentives for State Plan members. The recommended incentives include:

- Maintaining the incentive at \$250 per employees and spouse (\$500 annual maximum)
- Adding a 'look back period' for preventive services and biometric screenings (December 1, 2019 – November 30, 2020)
- Adding annual physical (well visit) - \$50 incentive
- Adding well woman exam - \$50 incentive
- Adding lung cancer screening if the U.S. Services Preventive Task Force (USPSTF) updates recommendation to an A or B rated service - \$50 incentive - (if the USPSTF review is not complete by the 2020 incentive table posting date recommend holding this addition and revisit for 2021)
- Removing prostate screening as an incentive option as this service has been downgraded to grade C or D depending on age.

In response to member inquiry, Ms. Turner stated that approximately \$924,775 had been paid in incentives and in May of 2019, 4,332 individuals had received some incentive.

Mr. Dubray made a motion that the State Insurance Committee approve the population health incentives as presented by staff. Mr. Stamps seconded the motion which passed with a unanimous voice vote.

Agenda Item #4 – 2020 Premiums

Lynn Xiong, Vice President, Aon, presented the recommendation for premiums for 2020 which included no change to the current surcharge levels (\$40/\$80 for the Cigna OAP network). For the State Plan, Ms. Xiong noted that active employees hired on or after July 1, 2015 were not eligible for retiree healthcare which would decrease the eligible population by 10% each year. Additionally, the OPEB trust was operational effective January 1, 2019 to pay retiree costs. Beginning in 2019, the pre-65 retiree premium was not blended with the active employee population as the pre-65 retirees have higher costs that active employee and trend at a higher pace with more volatility. The recommended premiums would price the plan option in accordance with its actuarial value with the richest plan options having the highest premiums.

For the State Plan, the staff recommendation was an active employee premium increase of 0% and an increase in the retiree premium of 3.2%. The recommended increase in the retiree premium would keep the historical rate setting process in place while keeping the rate at the current level plus the trend of active and retirees combined.

Mr. Stamps made a motion to approve the recommended 0% increase for State Plan employees and a 3.2% increase in State Plan retirees. Commissioner Williams seconded the motion which passed with a unanimous voice vote.

For the Local Education and Local Government Plans, staff recommended a 0% increase in insurance premiums for 2020. In response to member questions about the potential for larger increases in future years, Ms. Xiong referenced information in the Details of Projections which indicated the anticipated revenues and expenditures for future years and supported the staff recommendation.

Mr. Krushenski made a motion that the Local Government approve the recommended 0% premium increase. Ms. Buckley seconded the motion which passed with a unanimous voice vote.

On behalf of the Local Education Insurance Committee, Ms. Durski made a motion to approve the staff recommendation of 0% premium increase for 2020. Mr. Bennett seconded the motion which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Durski	yes
Hoffmeister	yes	Bennett	yes
Johnson	yes		

Agenda Item #5 – Dental Contract Extensions

Ms. Lee recommended approval of the final one-year extension for both current dental contracts; the Dental Preferred Provider Organization (DPPO) contract with Metropolitan Life Insurance Company and the Prepaid Dental Program with Cigna Health and Life Insurance Company. Ms. Lee explained that the dental contracts were procured for a two-year term with three one-year extensions for a

total of five years. The recommendation also included no premium increase for either contract for 2020. The Committee was advised that staff is in the planning phase for development of the RFP for new contracts to succeed the end of the terms permitted under the current contracts.

Ms. Consiglio-Young advised that she was unable to vote to approve the recommendation as she continues to receive complaints regarding the availability of providers for this coverage. Ms. Lee noted that staff had worked with dental providers and reported growth of 11% in general dentists and 9% in specialists in participating providers.

Commissioner Williams made a motion that the State Insurance Committee approve the one-year extension of the dental contracts. Mr. Hoffmeister seconded the motion which passed with a voice vote with Ms. Consiglio-Young voting against the motion.

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the one-year extension for the dental contracts. Mr. Dubray seconded the motion which passed with a unanimous vote.

On behalf of the Local Education Insurance Committee, Mr. Bennett made a motion to approve the one-year extension for the dental contracts. Ms. Durski seconded the motion which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Durski	yes
Hoffmeister	yes	Bennett	yes
Johnson	yes		

Agenda Item #6 – Disability Contract Extension – (State Committee Only)

Ms. Lee recommended a two-year extension for the short-term and long-term disability contract maintained by MetLife with no premium increase for 2020 and 2021. The initial contract was for two years with the option of a two-year extension.

Commissioner Williams made a motion to approve the two-year extension for the disability contract. Mr. Campbell seconded the motion which passed with a unanimous voice vote.

Agenda Item #7 – Request for Positions to Support Other Post-Employment Benefits (OPEB) Valuation and Trust Administration (State Committee Only)

Ms. Lee presented a staff request for approval of the establishment of three positions to support the Division's responsibilities associated with the OPEB valuation and trust administration. Committee members were informed that these positions are necessary due to the additional detailed data and analytical support request for actuarial determinations and work with Aon to produce the OPEB valuations and to calculate annually the Actuarially Determined Contribution (ADC) required for the OPEB trust. Ms. Lee noted that the authority for the Committee's approval of establishment of positions is Public Chapter 453, Section 17 (Item 5).

Mr. Stamps made a motion to approve the request for positions to support OPEB responsibilities. Mr. Chance seconded the motion which passed with a unanimous voice vote.

Agenda Item #8 – Payflex Flexible Spending Account (FSA)

Ms. Lee advised members that BA has received email and phone call complaints regarding customer service issues with Payflex, the contractor for the FSA program administration. Members were advised that staff are researching these complaints and staff will provide an update on this issue at its next meeting.

Ms. Durski advised members that in recent meetings with school finance directors across the state, she had received positive feedback on the recent changes approved by the Committee for occupational and physical therapy.

There being no further business, the Committees adjourned their meeting at 10:25 am.

Respectfully submitted,



Laurie S. Lee