

Minutes

State, Local Education and Local Government Insurance Committees

August 27, 2020

1:00 pm (central)

The State, Local Education and Local Government Insurance Committees met on August 27, 2020 at 1:00 pm (central) via WebEx.

State Insurance Committee members attending:

Butch Eley, Commissioner, Finance and Administration
Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury
David Lillard, State Treasurer
Hodgen Mainda, Commissioner, Commerce and Insurance
Juan Williams, Commissioner, Human Resources
Vicki Burton, state employee representative
Michelle Consiglio-Young, state employee representative
Randy Stamps, Tennessee State Employees Association
Rob Chance, representing Higher Education
Representative Susan Lynn, Chair, House Finance Ways and Means Committee

Local Education Insurance Committee members attending:

Butch Eley, Commissioner, Finance and Administration
Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury
David Lillard, State Treasurer
Hodgen Mainda, Commissioner, Commerce and Insurance
Maryanne Durski, Department of Education
Erin Johnson, East Tennessee Teacher Representative
Jennifer White, Tennessee School Board Association

Local Government Insurance Committee members attending:

Butch Eley, Commissioner, Finance and Administration
Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury
David Lillard, State Treasurer
Nathan Brock, Tennessee County Services Association

Commissioner Eley called the meeting to order at 1:00 pm (central). A roll call attendance noted a quorum was present for each Committee. Commissioner Eley advised that Executive Order #51 signed by Governor Lee provides that a governing body may conduct essential business by electronic means without a quorum of members present in the same location, if the governing body determines that meeting electronically is necessary to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak.

The items on the agenda for the Committees' consideration included:

- Minutes of July 23, 2020 meeting
- 2021 Procurement Schedule
- Disability Procurement – Benefit Change
- 2021 Tennessee Plan Rates

Commissioner Eley made a motion that the State Insurance Committee approve proceeding electronically without a quorum present at the same location. Treasurer Lillard seconded the motion which passed with the following roll call vote:

| | | | |
|-----------------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | yes | Mainda | yes |
| Williams | yes | Burton | yes |
| Consiglio-Young | yes | Stamps | yes |
| Chance | yes | Lynn | yes |

On behalf of the Local Education Insurance Committee, Ms. Durski made a motion to approve proceeding electronically without a quorum present at the same location. Ms. White seconded the motion which passed with the following roll call vote:

| | | | |
|---------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | yes | Mainda | yes |
| Durski | yes | Johnson | yes |
| White | yes | | |

On behalf of the Local Government Insurance Committee, Commissioner Eley made a motion to approve proceeding electronically without a quorum present at the same location. Mr. Brock seconded the motion which passed with the following roll call vote:

| | | | |
|---------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | yes | Brock | yes |

Agenda Item #1 – Minutes of July 23, 2020 Meeting

Commissioner Eley made a motion that the State Insurance Committee approve the minutes as presented. Commissioner Mainda seconded the motion which passed with the following roll call vote:

| | | | |
|-----------------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | yes | Mainda | yes |
| Williams | yes | Burton | yes |
| Consiglio-Young | yes | Stamps | yes |
| Chance | yes | Lynn | yes |

On behalf of the Local Education Insurance Committee, Commissioner Eley made a motion to approve the minutes as presented. Ms. Durski seconded the motion which passed with the following roll call vote:

| | | | |
|---------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | yes | Mainda | yes |
| Durski | yes | Johnson | yes |
| White | yes | | |

On behalf of the Local Government Insurance Committee, Commissioner Eley made a motion to approve the minutes as presented. Mr. Brock seconded the motion which passed with the following roll call vote:

| | | | |
|---------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | yes | Brock | yes |

Agenda Item #2 – 2021 Procurement Schedule

Laurie Lee, Executive Director, Benefits Administration (BA) recommended approval of procurements for 2021 which included the following:

- Medical Third Party Administrators (TPAs)
- Disability (short and long-term)
- Supplemental medical insurance for retirees with Medicare (Tennessee Plan)
- Employee Assistance Program/Behavioral Health Organization (EAP/BHO)

Ms. Buckley made a motion, on behalf of the State Insurance Committee, to approve the 2021 Procurement Schedule as presented. Treasurer Lillard seconded the motion which passed with the following roll call vote:

| | | | |
|-----------------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | yes | Mainda | yes |
| Williams | yes | Burton | yes |
| Consiglio-Young | yes | Stamps | yes |
| Chance | yes | Lynn | yes |

On behalf of the Local Education Insurance Committee, Ms. Durski made a motion to approve the 2021 Procurement Schedule as presented. Ms. White seconded the motion which passed with the following roll call vote:

| | | | |
|---------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | yes | Mainda | yes |
| Durski | yes | Johnson | yes |
| White | yes | | |

On behalf of the Local Government Insurance Committee, Mr. Brock made a motion to approve the 2021 Procurement Schedule. Commissioner Eley seconded the motion which passed with the following roll call vote:

| | | | |
|---------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | yes | Brock | yes |

Agenda Item #3 – Disability Procurement – Benefit Change – STATE ONLY

Bob Smith, Director, Voluntary Benefits, BA, presented enrollment information for the short and long-term disability programs, which were implemented with benefits effective January 1, 2018. Mr. Smith noted that state government employees have both the short and long-term options while higher education offers only the state’s short-term disability to its employees. Following research conducted on short-term disability policies offered by other states, other companies and in consultation with Aon, BA’s contracted actuary, Mr. Smith recommended that no changes be made to the short-term disability program.

For the long-term disability program, Mr. Smith indicated that Options 3 and 4 include a cost of living adjustment (COLA), with the benefit being adjusted after 12 months of payable benefits. Further adjustments take effect on each anniversary of the first adjustment. Research conducted by BA indicated that typically the maximum COLAs allowed in the group long-term disability industry is limited to five (5). Mr. Smith recommended that State Insurance Committee adopt a maximum of five COLAs for these options of its long-term disability program during the next procurement process. Treasurer Lillard asked about the cost difference to the employee of the recommended COLA limitation versus no limitation; the requested information was not readily available.

Representative Lynn made a motion, on behalf of the State Insurance Committee, to approve the limit of five COLAs to the State’s long-term disability program. Commissioner Williams seconded the motion which passed with the following roll call vote:

| | | | |
|-----------------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | no | Mainda | yes |
| Williams | yes | Burton | yes |
| Consiglio-Young | yes | Stamps | yes |
| Chance | yes | Lynn | yes |

Agenda Item #4 – 2021 Tennessee Plan Rates – STATE ONLY

Director Lee advised that the Tennessee Plan was supplemental medical insurance for retirees and their spouses with Medicare. The premiums cover claims expenses, administrative fees, sufficient reserves to pay for claims incurred but not yet reported and claims fluctuation. Ms. Lee stated that BA, in consultation with Aon, had reviewed historical costs and anticipated future cost increases and recommended no premium increase for calendar year 2021.

Treasurer Lillard made a motion to approve the staff recommendation of no premium increase for the Tennessee Plan for 2021. Mr. Stamps seconded the motion which passed with the following roll call vote:

| | | | |
|-----------------|-----|---------|-----|
| Eley | yes | Buckley | yes |
| Lillard | yes | Mainda | yes |
| Williams | yes | Burton | yes |
| Consiglio-Young | yes | Stamps | yes |
| Chance | yes | Lynn | yes |

Agenda Item #5 – Updates

Medicare Advantage Plan

The Committees were advised that BA had issued a Request for Information, conducted assessment of the Tennessee Plan, researched Medicare Advantage and Part D plans and examined other state's retiree offerings. Based upon its research and, in consultation with Aon, BA decided not to offer a Medicare Advantage plan and continue to offer the Tennessee Plan.

COVID-19 Spending and Utilization

The Committees were provided with updated statistics for COVID-related spending and utilization in the areas of testing, emergency room, pharmacy, acute admissions and preventive visits.

DPPO Protest

Following the Committees' approval of the DPPO contract award to Aetna at its June 25, 2020 meeting, MetLife and Cigna filed protests to the contract award. The Committees were updated that an informal protest hearing was held on August 21st and the Central Procurement Office (CPO) will render a decision on the protest by August 31, 2020. At the request of the Committee, BA will update the members following the CPO decision.

Subcommittee to Review Procurement Activities

At the July 23, 2020 Committee meeting, Commissioner Eley committed to appoint a subcommittee to review the procurement process, identify best practices, and recommend opportunities to ensure timely implementation of procurement results. Members were advised that the Subcommittee had been established and membership included: Buddy Lea, Assistant Commissioner, F&A serving as Chair, Michelle Consiglio-Young (State Committee), Commissioner Mainda (Local Education Committee) and Kevin Krushenski (Local Government Committee). The first meeting was held on August 20, 2020 with a review of the current procurement process. The next meeting has been scheduled for September 9, 2020.

New Business

Director Lee addressed recent news articles claiming overcharges by TPAs for the State Group Insurance Program. Members were advised that three of the Plan's TPAs had filed legal challenges to prevent BA from releasing claims information in response to a public records request from Representative Martin Daniel. While working to resolve the litigation, the Attorney General entered into a contract for a third-party review of claims under certain terms and conditions with the review to remain confidential and not disclosed for any purpose.

Director Lee noted that the preliminary report was based on partial information and had not been reviewed or validated by BA. During its most recent session, the General Assembly appropriated funds for the Attorney General, with the Comptroller's Office, to conduct a more complete analysis. The full study will be conducted by the Attorney General's Office through the competitive procurement process. BA will work with the Attorney General's Office in the full study review. This matter will be discussed with the Audit Subcommittee at its September meeting.

There being no additional business, the meeting was adjourned at 1:55 pm.

Respectfully submitted,



Laurie S. Lee