

## **Minutes**

### **State, Local Education and Local Government Insurance Committees**

January 26, 2023

1:00 PM-3:00 PM (CST)

The State, Local Education and Local Government Insurance Committees met on Thursday, January 26, 2023 at 1:00 pm (central), in Tennessee Room #2, Third Floor, William R. Snodgrass Tennessee Tower, Nashville, TN and via Cisco WebEx.

Chairman Bryson called the Insurance Committees meeting to order at 1:02 pm (central) and noted Jaclyn Harding attending on behalf of Comptroller Mumpower. A roll call of attendance noted a quorum from each Committee was present.

#### **State Insurance Committee Members**

##### **Present:**

- Jim Bryson, Commissioner, Finance and Administration
- David Lillard, State Treasurer
- Jaclyn Harding, representing Jason Mumpower, Comptroller of the Treasury
- Carter Lawrence, Commissioner, Commerce and Insurance
- Juan Williams, Commissioner, Human Resources
- Terry Carroll, Tennessee State Employees Association
- Michelle Consiglio-Young, state employee representative
- Judi Knecht, state employee representative
- Holly Girgies, representing Higher Education (TN Board of Regents) (by teleconference)

##### **Absent:**

- Rep. Patsy Hazlewood, Chair of House Finance, Ways and Means Committee
- Sen. Bo Watson, Chair of Senate Finance, Ways and Means Committee

#### **Local Education Insurance Committee Members**

##### **Present:**

- Jim Bryson, Commissioner, Finance and Administration
- David Lillard, State Treasurer
- Jaclyn Harding, representing Jason Mumpower, Comptroller of the Treasury
- Carter Lawrence, Commissioner, Commerce and Insurance
- Maryanne Durski, Department of Education
- Jennifer White, Tennessee School Board Association (by teleconference)
- Erin Johnson, East TN School Employee representative (by teleconference)
- Kristy Baddour, West TN School Employee representative (by teleconference at 18:53)

##### **Absent:**

- Vacant Seat in Middle TN

## Local Government Insurance Committee Members

### Present:

- Jim Bryson, Commissioner, Finance and Administration
- David Lillard, State Treasurer
- Jaclyn Harding, representing Jason Mumpower, Comptroller of the Treasury
- Kevin Krushenski, Tennessee Municipal League
- Nathan Brock, Tennessee County Services Association (by teleconference)

### **Agenda Item #1 – Request to address the State Insurance Committee**

Martin Daniel requested to address the State Insurance Committee regarding the Healthcare Horizons third party administrator (TPA) audits completed in 2022. Chairman Bryson asked Janet Kleinfelter, Deputy Attorney General, to first provide background of the audit. He also noted that representatives of Healthcare Horizons also requested to address the Committee. Representing Healthcare Horizons was Randy King (by teleconference), President of Healthcare Horizons and, in the same location, Ed Pershing, the founder of Healthcare Horizons.

General Kleinfelter provided an overview of the purpose of the Healthcare Horizons audit. Following a public records request for TPA data considered proprietary and confidential by the TPAs, the General Assembly appropriated \$400,000 in the 2020 budget to the Attorney General's Office for review/oversight of the State health plan, in conjunction with the Comptroller's office. Through the competitive procurement process, a contract was awarded to Healthcare Horizons to conduct a total of six audits--two for each TPA. One was a Targeted Audit, and one was Random Audit. The Targeted Audit required a 100% review of the claims for one-year while the Random Audit required them to do a random sampling. The Attorney General's office received the medical audits in June 2022.

Chairman Bryson asked if all audits had been presented to the Audit Committee. General Kleinfelter responded that all six have been presented to and reviewed by the Audit Committee.

Chairman Bryson recognized Mr. Daniel, who was asked to limit comments to five minutes. Mr. Daniel stated his concerns about the audit, based on a preliminary review conducted at no-cost by another firm, Claim Informatics. Mr. Daniel described the findings of this preliminary report prior to the Healthcare Horizons audit and presented a memorandum of his concerns for the Committee's consideration. See Exhibit 1.

Chairman Bryson recognized Mr. King, of Healthcare Horizons, who was asked to limit comments to five minutes. Mr. King stated they have been doing medical claims audits for twenty-five years, working for Fortune 500 companies, government entities and have held working relationships with many companies for years. Mr. King addressed the preliminary report referenced by Mr. Daniel. Mr. King then described their audits, which included 100% of the claims, and provided an example of their approach and analysis.

Chairman Bryson thanked those who spoke before the Committee and asked if the Committee members had further questions to direct them to Benefits Administration. Chairman Bryson also directed Mr. Tarpley to ensure each member of the State Committee receive a copy of Mr. Daniel's memo.

**Agenda Item #2 – [Action] May 26, 2022 Meeting Minutes (Local Education & Local Government ONLY):**

Chairman Bryson noted that the State Insurance Committee had previously approved the May 2022 meeting minutes in a prior meeting, but the Local Education and Local Government Committees have not done so. Maryanne Durksi made a motion to approve the Local Education Insurance Committee minutes as presented. Jaclyn Harding seconded the motion, which passed with the following roll call vote:

Harding	yes	Lillard	yes
Lawrence	yes	Durksi	yes
Johnson	yes	Baddour	yes
White	yes	Bryson	yes

Treasurer Lillard made a motion to approve the May 26, 2022 Local Government Insurance Committee minutes as presented. Mr. Krushenski seconded the motion, which passed with the following roll call vote:

Harding	yes	Lillard	yes
Krushenski	yes	Brock	yes
Bryson	yes		

**Agenda Item #3 – [Action] July 28, 2022 (State ONLY):**

Commissioner Carter made a motion to approve the State Insurance Committee meeting minutes for July 28, 2022 as presented. Ms. Consiglio-Young seconded the motion, which passed with the following roll call vote:

Harding	yes	Lillard	yes
Lawrence	yes	Williams	yes
Consiglio-Young	yes	Knecht	yes
Carroll	yes	Girgies	yes
Bryson	yes		

**Agenda Item #4 – [Action] October 12, 2022 Meeting Minutes (Local Education ONLY):**

Jaclyn Harding made a motion to approve the October 12, 2022 Local Education Insurance Committee meeting minutes as presented. Commissioner Lawrence seconded the motion, which passed with the following roll call vote:

Harding	yes	Lillard	yes
Lawrence	yes	Durksi	yes
Johnson	yes	Baddour	yes
White	yes	Bryson	yes

**Agenda Item #5 – [Action] Decision Support System Contract Award:**

Chairman Bryson recognized Seannalyn Brandmeir, Director of Contracts and Procurement for Benefits Administration, to provide an overview of the Decision Support System procurement and recommended contract award. See Exhibit 2.

Ms. Brandmeir discussed the procurement process and clarified that the deadline for submission for Technical & Cost Proposals was October 3, not September 30, as was stated in the packet. Benefits Administration reissued the response deadline to correct a mandatory Section A requirement with the new RFP response deadline set at November 4, 2022. Benefits Administration received proposals from Artemis, Benefits Science, HDMS, Merative, Milliman and SAS. Artemis submitted a technical response but not a cost proposal by the November 4, 2022, and was deemed non-responsive.

Ms. Brandmeir detailed the response evaluation criteria and the point values for each section. All respondents met the requirements of the Proposal Transmittal and Statement of Certifications and Assurances and Section A, Mandatory Requirements. Section B, General Qualifications and Experience, Section C, Technical Qualifications, Experience and Approach, and Section D, Oral Presentation, were outlined by Ms. Brandmeir. These sections were scored independently by each member of the Evaluation Team. The Cost Proposal consisted of one chart which asked for cost for a variety of services. Those services included a general fee calculated per member per month and then annualized; a one-time implementation fee; and professional services fees per hour for the following: account client services director, client services manager, analytic manager, data manager, and data analyst/programmer. The cost proposal from each Respondent was entered and evaluated by the Solicitation Coordinator using the formulas outlined in the RFP.

Based on the results of the evaluation, the Response Evaluation Team recommended that the State, Local Education, and Local Government Insurance Committees enter into a contract with HDMS with a contract term beginning March 1, 2023 and extending through December 31, 2028. The proposed new contract will result in a 10.4% reduction in cost over the life of the contract from our current contract.

Commissioner Lawrence made a motion for the State Committee to approve the contract award with HDMS. Treasurer Lillard seconded the motion, which passed with the following roll call vote:

Harding	yes	Lillard	yes
Lawrence	yes	Williams	yes
Consiglio-Young	yes	Knecht	yes
Carroll	yes	Girgies	yes
Bryson	yes		

Maryanne Durski made a motion for the Local Education Committee to approve the contract award to HDMS. Jaclyn Harding seconded the motion, which passed with the following roll call vote:

Harding	yes	Lillard	yes
Lawrence	yes	Durksi	yes
Johnson	yes	Baddour	yes
White	yes	Bryson	yes

Kevin Krushenski made a motion for the Local Government Committee to approve the contract award to HDMS. Jaclyn Harding seconded the motion, which passed with the following roll call vote:

Harding	yes	Lillard	yes
Krushenski	yes	Brock	yes
Bryson	yes		

#### **Agenda Item #6 – [Action] COVID-19 Reporting:**

Chairman Bryson recognized Laurie Lee, Executive Director of Benefits Administration to present a recommendation regarding COVID-19 reporting. Ms. Lee presented the background on the Comptroller’s request for weekly reporting, which was then approved for monthly reporting. Ms. Lee noted the 42% decrease in COVID-19 costs in 2022 over 2021, and the significant resources required to compile this information. She therefore recommended that the Committees approve stopping the monthly reporting of these data. Ms. Lee noted that Benefits Administration will continue to gather the information and still can provide information to members upon request.

Treasurer Lillard made a motion to permit Benefits Administration staff to no longer provide the State Committee with monthly COVID-19 Reports. Commissioner Lawrence seconded the motion, which passed with the following roll call vote:

Harding	yes	Lillard	yes
---------	-----	---------	-----

Lawrence	yes	Williams	yes
Consiglio-Young	yes	Knecht	yes
Carroll	yes	Girgies	yes
Bryson	yes		

Commissioner Lawrence made a motion to permit Benefits Administration staff to no longer provide the Local Education Committee with monthly COVID-19 Reports. Treasurer Lillard seconded the motion, which passed with the following roll call vote:

Harding	yes	Lillard	yes
Lawrence	yes	Durksi	yes
Johnson	yes	Baddour	yes
White	yes	Bryson	yes

Jaclyn Harding made a motion to permit Benefits Administration staff to no longer provide the Local Government Insurance Committee with monthly COVID-19 Reports. Kevin Krushenski seconded the motion, which passed with the following roll call vote:

Harding	yes	Lillard	yes
Krushenski	yes	Brock	yes
Bryson	yes		

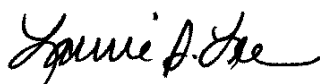
**Agenda Item #7 – [Action] Information Only – Calendar Year 2022 Audit Committee Activities:**

Chairman Bryson recognized Christa Martin Director of Financial Management and Program Integrity, who presented the Audit Committee activities completed in 2022.

Chairman Bryson asked for a motion to end the meeting. Treasurer Lillard made a motion, which was seconded by Kevin Krushenski.

The next meeting of the State, Local Education and Local Government Insurance Committees is scheduled for February 23, 2023. With no further business, Chairman Bryson adjourned the meeting at 2:04 pm (central).

Respectfully submitted,



Laurie S. Lee