

Minutes

State, Local Education and Local Government Insurance Committees

May 23, 2024

1:00 P.M.-3:00 P.M. (central)

The State, Local Education and Local Government Insurance Committees met on Thursday, May 23, 2024 at 1:00 p.m. (central), in the Nashville Room, Third Floor, William R. Snodgrass TN Tower, Nashville, TN and via Cisco WebEx.

Eugene Neubert, Deputy Commissioner of TN Department of Finance and Administration, called the Insurance Committee meetings to order at 1:00 p.m. (central) and noted that he is attending on behalf of Commissioner Jim Bryson, Nicole Sweitzer attending on behalf of Comptroller Jason Mumpower, Rick DuBray for Treasurer David Lillard, Scott McAnally for Commissioner Carter Lawrence, and Keisha Pittman on behalf of Terry Carroll for Tennessee State Employees Association.

State Insurance Committee Members

Present:

- Eugene Neubert, Chairman, representing Jim Bryson, Commissioner, Finance and Administration
- Rick DuBray, representing David Lillard, State Treasurer, Department of Treasury
- Nicole Sweitzer, representing Jason Mumpower, Comptroller, Comptroller of the Treasury
- Scott McAnally, representing Commissioner Carter Lawrence, Commerce and Insurance
- Juan Williams, Commissioner, Human Resources
- Keisha Pittman, Tennessee State Employees Association
- Holly Gray, representing Higher Education (TN Board of Regents)
- Judi Knecht, state employee representative
- Michelle Consiglio-Young, state employee representative
- Sen. Bo Watson, Chair of Senate Finance, Ways and Means Committee (by teleconference)

Absent:

- Rep. Patsy Hazlewood, Chair of House Finance, Ways and Means Committee

Local Education Insurance Committee Members

Present:

- Eugene Neubert, Chairman, representing Jim Bryson, Commissioner, Finance and Administration
- Rick DuBray, representing David Lillard, State Treasurer, Department of Treasury
- Nicole Sweitzer, representing Jason Mumpower, Comptroller, Comptroller of the Treasury
- Scott McAnally, representing Commissioner Carter Lawrence, Commerce and Insurance
- Maryanne Durski, Chief Financial Officer, Department of Education
- Erin Johnson, East TN School Employee representative (by teleconference)
- Jennifer White, Tennessee School Board Association (by teleconference)

Absent:

- Vacant seat in West TN
- Vacant Seat in Middle TN

Local Government Insurance Committee Members

Present:

- Eugene Neubert, Chairman, representing Jim Bryson, Commissioner, Finance and Administration
- Rick DuBray, representing David Lillard, State Treasurer, Department of Treasury
- Nicole Sweitzer, representing Jason Mumpower, Comptroller, Comptroller of the Treasury
- Kevin Krushenski, Tennessee Municipal League
- Shanna Boyette, Tennessee County Services Association

Agenda Item #1 – Public Comment

No one requested in advance to address the committees. No one present in the room or by virtual means asked to make a public comment on any of the agenda items.

Agenda Item #2 – [Action] April 25, 2024 Minutes

Chairman Neubert recognized Executive Director Laurie Lee to provide an update to the committee members on one addition to the draft of the April 25, 2024 minutes for approval. Ms. Lee informed the committee members that the added information was on benefit change to the dental preferred provider organization (DPPO) and would be reflected in the April minutes upon approval.

On behalf of the State Insurance Committee, Commissioner Williams moved to adopt the minutes of the April 25, 2024 meeting. Mr. DuBray seconded the motion. No discussion occurred and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
McAnally	Yes	Williams	Yes
Consiglio-Young	Yes	Knecht	Yes
Gray	Yes	Pittman	Yes
Watson	Yes	Neubert	Yes

On behalf of the Local Education Insurance Committee, Ms. Durski moved to adopt the minutes of the April 25, 2024 meeting. Chairman Neubert seconded the motion. No discussion occurred and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
McAnally	Yes	Durksi	Yes
Johnson	Yes	White	Yes

Neubert Yes

On behalf of the Local Government Insurance Committee, Ms. Boyette moved to adopt the minutes of the April 25, 2024 meeting. Mr. Krushenski seconded the motion. No discussion occurred and a voice vote was taken

Sweitzer	Yes	DuBray	Yes
Krushenski	Yes	Boyette	Yes
Neubert	Yes		

Agenda Item #3 – [Action] Approval for the Plan Year 2025 Benefit Design

Chairman Neubert introduced Kendra Gipson, Director of Vendor Services and Contracts. Ms. Gipson introduced two benefit design changes for plan year 2025: adding a third cost sharing tier for specialty medications and lower Talkspace PPO copays to align with other telehealth solutions.

The third cost sharing tier for specialty medications would allow for the lowest cost placements of certain products within the “brand tier”, or middle tier, and put higher cost drugs at that nonpreferred, or higher cost tier. Specialty medications are a large and growing part of our healthcare costs. These specialty medications have been about 41% to 45% of our total drug costs recently. If this had been in place in 2023, approximately 8% of specialty claims would have processed in that tier, or a little less than 400 prescriptions per year.

Members of the committees asked Ms. Gipson to explain how this will affect the members in the plan. Ms. Gipson stated that drugs in the “nonpreferred” would be a higher cost to the (plan) member. If the prescription was the only option, however, then it would not be listed in the third tier but would remain in the second tier. Ms. Gipson further explained that certain prescriptions may have medical necessity criteria that would require the member to produce specific medical evidence to support the need for that specific drug. Since 2015 the United States Food and Drug Administration has approved fifty-two biosimilars. We have thirteen on formulary and we expect more to come. The overall strategy is to achieve the lowest net cost. This is great news for the plan, as this will keep the market competitive and help drive down the cost.

The second benefit change was with Talkspace. Talkspace allows for (plan) members to communicate with a therapist through text, audio, and video twenty-four seven. The proposal is to align this benefit with other like products by setting the copay to \$15, as with the other telehealth plan options. The cost would be minimal to the plan.

For the State Insurance Committee, Ms. Sweitzer moved approval of the Plan Year 2025 Benefit Changes, based on the staff recommendation. The motion was seconded by Commissioner Williams. No further discussion occurred, and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
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McAnally	Yes	Williams	Yes
Consiglio-Young	Yes	Knecht	Yes
Gray	Yes	Pittman	Yes
Watson	Yes	Neubert	Yes

For the Local Education Insurance Committee, Ms. Durski moved approval of the Plan Year 2025 Benefit Changes, based on the staff recommendation. The motion was seconded by Chairman Neubert. No further discussion occurred, and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
McAnally	Yes	Durksi	Yes
Johnson	Yes	White	Yes
Neubert	Yes		

For the Local Government Insurance Committee, Ms. Boyette moved approval of the Plan Year 2025 Benefit Changes, based on the staff recommendation. The motion was seconded by Mr. Krushenski. No further discussion occurred, and a voice vote was taken.

Sweitzer	Yes	DuBray	Yes
Krushenski	Yes	Boyette	Yes
Neubert	Yes		

Agenda Item #4 – [Action] Premium Considerations and Assumptions for Proposed Plan Year 2025 Rates

Chairman Neubert introduced Colleen Huber, Senior Vice President with Aon Consulting. Ms. Huber presented on the Proposed Plan Year 2025 premium rates.

Ms. Huber provided a high-level explanation of how the consulting firm determined their recommend premium rates for the state active plan, state retiree plan, local education plan and local government plan. Aon recommended no change to the monthly buy-up amounts for broad networks. Each aggregate premium increase reflects the experience of the separate groups. The recommended 2025 aggregate rate increase for the State (both active and retirees) plan is 5.5%, for the Local Education plan, 5.9%, and for the Local Government plan, 1.6%.

In response to insurance committee member questions, Ms. Huber stated there are no recommended changes in the deductible or out-of-pocket to the members. The reserve spenddown varies between each plan (State, Local Education and Local Government) with some having higher use than originally predicted. While some of the actual spend may have been off slightly from the forecast, it did not cause

concern and overall spending continues to go as planned. The frequency used for forecasting is a rolling three-year model.

Agenda Item #4a – [Action] Premium Rate Increase of 5.5% for State Active Plan

For the State Insurance Committee, Mr. DuBray moved approval of the aggregate State Active Plan Premium Rate Increase at 5.5% for Plan Year 2025, based on the staff recommendation. The motion was seconded by Commissioner Williams. No further discussion occurred, and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
McAnally	Yes	Williams	Yes
Consiglio-Young	No	Knecht	Yes
Gray	Yes	Pittman	No
Watson	Yes	Neubert	Yes

Agenda Item #4a – [Action] Premium Rate Increase of 5.5% for State Retiree Plan

For the State Insurance Committee, Commissioner Williams moved approval of the aggregate State Retiree Plan Premium Rate Increase at 5.5% for Plan Year 2025, based on the staff recommendation. The motion was seconded by Chairman Neubert. No further discussion occurred, and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
McAnally	Yes	Williams	Yes
Consiglio-Young	No	Knecht	Yes
Gray	Yes	Pittman	No
Watson	Yes	Neubert	Yes

Agenda Item #4b – [Action] Premium Considerations and Assumptions for Proposed Plan Year 2025 Rates for Local Education Plan

For the Local Education Insurance Committee, Ms. Sweitzer moved approval of the aggregate Local Education Plan Premium Rate Increase at 5.9% for Plan Year 2025, based on the staff recommendation. The motion was seconded by Ms. Durski. No further discussion occurred, and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
McAnally	Yes	Durksi	Yes
Johnson	Yes	White	Yes
Neubert	Yes		

Agenda Item #4c – [Action] Premium Considerations and Assumptions for Proposed Plan Year 2025 Rates for Local Government Plan

For the Local Government Insurance Committee, Ms. Boyette moved approval of the aggregate Local Government Plan Premium Rate Increase at 1.6% for Plan Year 2025, based on the staff recommendation. The motion was seconded by Mr. Krushenski. No further discussion occurred, and a voice vote was taken.

Sweitzer	Yes	DuBray	Yes
Krushenski	Yes	Boyette	Yes
Neubert	Yes		

Agenda Item #4 – [Information Only] Play Year 2025 Vision and Dental Premium Rate Changes

No committee action was needed for the 2025 vision and dental premium rates, as both dental and vision rates are defined in each of their respective contracts.

- Vision rates will not change as they are locked in its current contract through 2027
- Dental rates will have the following increases:
 - dental preferred provider organization by 1.5%
 - dental health maintenance organization by 3.5%

Agenda Item #5 – Solicitation Status Update

Chairman Neubert stated that Benefits Administration communicated to Committee members on May 21, 2024 that the Tiered Copay Plan solicitation is cancelled for the time being. Evaluation is ongoing and BA is still considering reissuing a solicitation in the future. He also stated that due to the ongoing nature of the solicitation, BA is unable to discuss any further information about the procurement or the proposals.

Members expressed appreciation to BA staff in exploring this concept and look forward to continuing this effort. Ms. Lee stated that the original target date for implementation was January 2025 but that, with the cancellation, we will not be able to implement the plan next year. BA will continue to explore this option and will keep committee members apprised with updates.

The next meeting of the State, Local Education and Local Government Insurance Committees is scheduled for June 27, 2024 at 1:00 p.m. (central) in the Nashville Room. With no further business, Chairman Neubert adjourned the meeting at 1:48 p.m. (central).

Respectfully submitted,



Laurie S. Lee