

## **Minutes**

State, Local Education and Local Government Insurance Committees

September 26, 2024

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

The State, Local Education and Local Government Insurance Committees met on Thursday, September 26, 2024 at 1:00 p.m. (central), in the Nashville Room, Third Floor, William R. Snodgrass TN Tower, Nashville, TN and via Cisco Webex.

Chairman Eugene Neubert, Deputy Commissioner of Finance and Administration, called the Insurance Committees meeting to order at 1:00 p.m. (central) and noted he was chairing on behalf of Jim Bryson, Commissioner of Finance and Administration, Nicole Sweitzer was attending on behalf of Comptroller Jason Mumpower in his absence later in the meeting, and Keisha Pittman on behalf of Terry Carroll for Tennessee State Employees Association.

### **State Insurance Committee Members**

#### **Present:**

- Eugene Neubert, representing Commissioner Jim Bryson, Finance and Administration, Chairman of the Insurance Committees
- David Lillard, State Treasurer
- Jason Mumpower, Comptroller of the Treasury (by teleconference) and Nicole Sweitzer, delegate
- Carter Lawrence, Commissioner, Commerce and Insurance
- Juan Williams, Commissioner, Human Resources
- Keisha Pittman, Tennessee State Employees Association (by teleconference)
- Rob Chance, representing Higher Education (UT System)
- Judi Knecht, state employee representative
- Michelle Consiglio-Young, state employee representative

#### **Absent:**

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

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

#### **Present:**

- Eugene Neubert, representing Commissioner Jim Bryson, Finance and Administration, Chairman of the Insurance Committees
- David Lillard, State Treasurer
- Jason Mumpower, Comptroller of the Treasury (by teleconference) and Nicole Sweitzer, delegate
- Carter Lawrence, Commissioner, Commerce and Insurance
- Maryanne Durski, Chief Financial Officer, Department of Education

- Jennifer White, Tennessee School Board Association (by teleconference)

**Absent:**

- Erin Johnson, East TN School Employee representative
- Vacant seat in West TN
- Vacant Seat in Middle TN

**Local Government Insurance Committee Members**

**Present:**

- Eugene Neubert, representing Commissioner Jim Bryson, Finance and Administration, Chairman of the Insurance Committees
- David Lillard, State Treasurer
- Jason Mumpower, Comptroller of the Treasury (by teleconference) and Nicole Sweitzer, delegate
- Kevin Krushenski, Tennessee Municipal League
- Shanna Boyette, Tennessee County Services Association (by teleconference)

**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] August 22, 2024 Minutes (All Committees)**

Chairman Neubert asked if any of the committees had any comments or edits for the minutes from August 22, 2024. No one asked to be recognized in any of the three committees.

On behalf of the State Insurance Committee, Treasurer Lillard moved to adopt the minutes of the August 22, 2024 meeting. Commissioner Williams seconded the motion. No discussion occurred and a roll call vote was taken.

Sweitzer	Yes	Lillard	Yes
Lawrence	Yes	Williams	Yes
Consiglio-Young	Yes	Knecht	Yes
Chance	Yes	Pittman	Yes
Neubert	Yes		

On behalf of the Local Education Insurance Committee, Ms. Durski moved to adopt the minutes of the August 22, 2024 meeting. Chairman Neubert seconded the motion. No discussion occurred and a roll call vote was taken.

Sweitzer	Yes	Lillard	Yes
Lawrence	Yes	Durski	Yes
White	Yes	Neubert	Yes

On behalf of the Local Government Insurance Committee, Mr. Krushenski moved to adopt the minutes of the August 22, 2024 meeting. Chairman Neubert seconded the motion. No discussion occurred and a roll call vote was taken.

Sweitzer	Yes	Lillard	Yes
Krushenski	Yes	Boyette	Yes
Neubert	Yes		

**Agenda Item #3 – [Action] Approval for Section 125 Plan (State Committee only)**

Laurie Lee, Executive Director of Benefits Administration (BA) at the Tennessee Department of Finance and Administration (F&A), explained the reason for Section 125 Plan. This document is not a new plan document but an operational document to guide health and dependent care pre-tax benefit offerings to state employees. This is in accordance with federal tax laws and Tennessee statute. The section 125 plan was reviewed by both the Commissioner of F&A and Treasurer for approval by the State Insurance Committee. Section 125 of the Internal Revenue Code of 1986 (26 U.S.C. § 125) gives authority to develop and implement the cafeteria plan for state employees.

Chairman Neubert thanked and acknowledged all the staff members who worked on preparing the document for the State Insurance Committee’s approval.

For the State Insurance Committee, Commissioner Lawrence moved approval to adopt Section 125 Plan, 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	Lillard	Yes
Lawrence	Yes	Williams	Yes
Consiglio-Young	Yes	Knecht	Yes
Chance	Yes	Pittman	Yes
Neubert	Yes		

**Agenda Item #4 – [Action] Approval of the Medical Plan Document Updates (State Committee Only)**

Chairman Neubert recognized Ms. Lee to discuss the Medical Plan Document updates. Ms. Lee explained the flexible benefits were specific to state and higher education employees, while the

parking and transportation section is only for state employees. The proposed change would create two separate sections for the programs.

Chairman Neubert acknowledged the F&A Office of General Counsel and BA staff who developed these Plan Document updates. He emphasized that the Plan Document has been going through a very thorough review and update--not a small task.

For the State Insurance Committee, Treasurer Lillard moved approval of the Medical Plan Document update, 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	Lillard	Yes
Lawrence	Yes	Williams	Yes
Consiglio-Young	Yes	Knecht	Yes
Chance	Yes	Pittman	Yes
Neubert	Yes		

#### **Agenda Item #5 – [Action] Approvals of the Other Medical Plan Document Updates (All Committees)**

Chairman Neubert recognized Ms. Lee for explanation on other Medical Plan Document updates for all Committees. Ms. Lee discussed the first recommendation on Covered Expenses for Enhanced Maternity and Newborn Coverage benefit. The second recommendation is an effort to simplify and add clarity to text, remove outdated terms, and include more updated terminology.

Michelle Consiglio-Young asked Ms. Lee to clarify if these recommended changes would be communicated to members leading up to the Annual Open Enrollment for those on the State Plan. Ms. Lee stated that communication would be sent out the following week, and these would take effect on January 1, 2025.

For the State Insurance Committee, Ms. Knecht moved approval of the Medical Plan Document updates, 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	Lillard	Yes
Lawrence	Yes	Williams	Yes
Consiglio-Young	Yes	Knecht	Yes
Chance	Yes	Pittman	Yes
Neubert	Yes		

For the Local Education Insurance Committee, Ms. Durski moved approval of the Medical Plan Document updates, based on the staff recommendation. The motion was seconded by Ms. Sweitzer. No further discussion occurred, and a roll call vote was taken.

Sweitzer	Yes	Lillard	Yes
Lawrence	Yes	Durski	Yes
White	Yes	Neubert	Yes

For the Local Government Insurance Committee, Mr. Krushenski moved approval of the Medical Plan Document updates, based on the staff recommendation. The motion was seconded by Ms. Sweitzer. No further discussion occurred, and a roll call vote was taken.

Sweitzer	Yes	Lillard	Yes
Krushenski	Yes	Boyette	Yes
Neubert	Yes		

#### **Agenda Item #6 – [Action] Allergy Serum Benefit Reconsideration (All Committees)**

Chairman Neubert recognized Dr. Andrea Dowdy, Director of Clinical Services with BA, to present the allergy serum benefit reconsideration. Dr. Dowdy stated that the allergy serum benefit was reviewed due to a request from the Comptroller at the August Insurance Committees meeting. Dr. Dowdy explained the alternative allergy treatments covered by the plan, including sublingual tablets, which uses the pharmaceutical benefit and allergy serum, which addresses the member’s specific allergens and is administered by providers under the medical benefit of the plan. Dr. Dowdy stated that BA compares our plan to other similar plans, checks the current market and trends to review benefits offered through the plan. These best practices help BA balance premiums and member cost-share to support affordable healthcare.

Dr. Dowdy explained four scenarios for consideration: scenario one would revert the plan back to how it was in 2022 of 100% coverage of allergy serum and injections, with a plan impact estimated at \$3 million dollars; scenario two, a copay with the office visits, or the lesser of allowed amount for allergy injections and allergy serum for the Preferred Provider Organization plans, with a plan impact of around \$1.5 million dollars; scenario three, coinsurance outside the deductible for allergy serum only and 100% coverage of allergy injections with an impact to the plan around \$1 million dollars; and scenario four, the current benefit, with deductible and coinsurance for allergy serum and 100% for allergy injections. BA recommended either scenario 2 or 4 to the committees. Committee members discussed the options.

Commissioner Lawrence asked about the decline in the allergy benefit use. While one could not precisely pinpoint why the allergy benefit decreased, Dr. Dowdy suggested the COVID-19 pandemic may have decreased members’ provider visits during that time frame.

Ms. Consiglio-Young asked about the fiscal impact, given that the premiums for 2025 were already set, and what 2026 premium setting may look like as a result. Ms. Lee responded that 2025 premiums are set and that we used the current and historical data in projecting the four scenario

financial impacts to the plan. After the Committees vote, BA will reach out to Aon Consulting to make sure this change is factored into forecasting for 2026 premiums along with other updated cost and use information.

Mr. Krushenski asked if scenario 2 was adopted, how the \$1.5 million dollars would be placed across all three plans. Ms. Lee responded that the \$1.5M cost represents the total estimated impact for all three plans and that the cost would be spread across the plans according to their respective volume.

Mr. Chance asked if moving to scenario 2 would move BA's plan out of sync with other like plans. Ms. Lee stated that when the Committees were presented this change for calendar year 2023, it was due to the market, how other plans were trending, and to ensure best practices. When the Committees voted approval of this in 2022, it was to keep the BA plan aligned with other like plans. However, as we have a hybrid of copay/deductible and many other plans are strictly deductible/coinsurance, either is consistent. Scenario 2 is consistent with how we administer other benefits in the State Group Insurance Plan. We do try to align the benefit internally as well as with prevailing market practice.

Ms. Knecht asked about the member impact of the current scenario versus Scenario 2. Dr. Dowdy indicated that there would be a lower cost burden on average to members, which is why there is a cost to the plan. Members will have to pay for the injections, however, which they don't pay now. Injection costs vary by provider.

Ms. Consiglio-Young expressed concern about making this decision now, as 2025 premium rates are already set. Chairman Neubert reminded the Committees if scenario 2 was approved, this would take effect January 1, 2025. Comptroller Mumpower thanked staff for their review and work on this issue.

After this discussion the Committees voted.

For the State Insurance Committee, Comptroller Mumpower moved approval of Scenario 2 for coverage of allergy serum and administration. The motion was seconded by Commissioner Lawrence. No further discussion occurred, and a roll call vote was taken.

Mumpower	Yes	Lillard	Yes
Lawrence	Yes	Williams	Yes
Consiglio-Young	Yes	Knecht	Yes
Chance	Yes	Pittman	Yes
Neubert	Yes		

For the Local Education Insurance Committee, Treasurer Lillard moved approval of Scenario 2 for coverage of allergy serum and administration. The motion was seconded by Chairman Neubert. No further discussion occurred, and a roll call vote was taken.

Mumpower	Yes	Lillard	Yes
Lawrence	Yes	Durksi	Yes

White Yes Neubert Yes

For the Local Government Insurance Committee, Comptroller Mumpower moved approval of Scenario 2 for coverage of allergy serum and administration. The motion was seconded by Mr. Krushenski. No further discussion occurred, and a roll call vote was taken.

Mumpower Yes Lillard Yes  
Krushenski Yes Boyette Yes  
Neubert Yes

**Agenda Item #7 – [Action] Decision Support System Contract (All Committees)**

Chairman Neubert recognized Ms. Lee to update the Committees about the Decision Support System Contract. Ms. Lee stated we received correspondence from HDMS on September 4, 2024 that they would not be fulfilling their contractual obligations after December 2025 and were winding down their business. HDMS was awarded the contract on January 26, 2023 and BA has worked with the contractor to implement with a go-live date of January 1, 2024. Ms. Lee expressed the importance of this product by describing how BA uses the system: reviewing service cost and utilization, program forecasting, rate setting, and review of other plan benefits. This is a very important tool for BA to carry out its responsibilities. Communication of this caught BA off guard and BA is acting quickly to pursue all available options to move forward. Due to this circumstance, BA is seeking the Committees' approval to offer the contract to the company receiving the second highest score in the competitive procurement, which is Merative.

Mr. Krushenski asked if Merative would be agreeing to HDMS' proposal or to their own. Ms. Lee clarified it would be based on Merative's original proposal. Mr. Krushenski inquired about the cost difference and Ms. Lee responded that BA is reviewing the cost difference and will hold HDMS accountable.

For the State Insurance Committee, Commissioner Williams moved approval to enter into a contract with Merative for the Decision Support System. The motion was seconded by Treasurer Lillard. No further discussion occurred, and a roll call vote was taken.

Sweitzer Yes Lillard Yes  
Lawrence Yes Williams Yes  
Consiglio-Young Yes Knecht Yes  
Chance Yes Pittman Yes  
Neubert Yes

For the Local Education Insurance Committee, Commissioner Lawrence moved approval to enter into a contract with Merative for the Decision Support System. The motion was seconded by Ms. Durski. No further discussion occurred, and a roll call vote was taken.

Sweitzer Yes Lillard Yes

Lawrence	Yes	Durksi	Yes
White	Yes	Neubert	Yes

For the Local Government Insurance Committee, Mr. Krushenski moved approval to enter into a contract with Merative for the Decision Support System. The motion was seconded by Chairman Neubert. No further discussion occurred, and a roll call vote was taken.

Sweitzer	Yes	Lillard	Yes
Krushenski	Yes	Boyette	Yes
Neubert	Yes		

**New Business – [Information Only] Change Healthcare HIPAA Data Breach**

Chairman Neubert asked if there were any further items to be brought to the committees. Ms. Lee informed the Committees of the Change Healthcare data breach referenced in the supplemental memo sent to all Committee members. Ms. Lee explained that BA is unable to know if our plan members were affected by this or not based on current information. BA is notifying our plan members of this potential breach; members will also likely hear from Change Healthcare as well.

The next meeting of the State, Local Education and Local Government Insurance Committees is scheduled for October 24, 2024 at 1:00 p.m. (central) in the Nashville Room. With no further business, Chairman Neubert adjourned the meeting at 1:51 p.m. (central).

Respectfully submitted,



Laurie S. Lee