

Minutes

State, Local Education and Local Government Insurance Committees

May 25, 2023

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

The State, Local Education and Local Government Insurance Committees met on Thursday, May 25, 2023 at 1:00 p.m. (central), in the Nashville Room, Third Floor, William R. Snodgrass TN Tower, Nashville, TN and via Cisco WebEx.

Jim Bryson, Chairman, Commissioner of TN Department of Finance & Administration, called the Insurance Committee meetings to order at 1:03 p.m. (central) and noted Jennifer Pfeiffer attending on behalf of Comptroller Jason Mumpower, and Lesley Farmer for Commissioner Juan Williams.

State Insurance Committee Members

Present:

- Jim Bryson, Chairman, Commissioner of Finance and Administration
- David Lillard, Jr., State Treasurer of the Treasury
- Jennifer Pfeiffer, representing Jason Mumpower, Comptroller of the Treasury
- Carter Lawrence, Commissioner, Commerce and Insurance
- Lesley Farmer, representing Juan Williams, Commissioner of Human Resources
- Terry Carroll, Tennessee State Employees Association
- Michelle Consiglio-Young, state employee representative
- Holly Girgies, representing Higher Education (TN Board of Regents)

Absent:

- Sen. Bo Watson, Chair of Senate Finance, Ways and Means Committee
- Rep. Patsy Hazlewood, Chair of House Finance, Ways and Means Committee
- Judi Knecht, state employee representative

Local Education Insurance Committee Members

Present:

- Jim Bryson, Chairman, Commissioner of Finance and Administration
- David Lillard, Jr., State Treasurer of the Treasury
- Jennifer Pfeiffer, 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)
- Kristy Baddour, West TN School Employee representative (by teleconference)

Absent:

- Erin Johnson, East TN School Employee representative

- Vacant Seat in Middle TN

Local Government Insurance Committee Members

Present:

- Jim Bryson, Chairman, Commissioner of Finance and Administration
- David Lillard, Jr., State Treasurer of the Treasury
- Jennifer Pfeiffer, representing Jason Mumpower, Comptroller of the Treasury
- Kevin Krushenski, Tennessee Municipal League

Absent:

- Nathan Brock, Tennessee County Services Association

Agenda Item #1 – [Action] Minutes of April 27, 2023 (All Committees):

Chairman Bryson called for a motion for the State Insurance Committee to adopt the minutes of the April 27, 2023 meeting. Motion was made by Commissioner Lawrence and seconded by Ms. Pfeiffer. No discussion occurred and a voice vote was taken.

Pfeiffer	Yes	Lillard	Yes
Lawrence	Yes	Farmer	Yes
Consiglio-Young	Yes	Carroll	Yes
Girgies	Yes	Bryson	Yes

Chairman Bryson called for a motion for the Local Education Insurance Committee to adopt the minutes of the April 27, 2023 meeting. Motion was made by Ms. Durski and seconded by Treasurer Lillard. No discussion occurred and a roll call vote was taken.

Pfeiffer	Yes	Lillard	Yes
Lawrence	Yes	Durksi	Yes
Baddour	Yes	White	Yes
Bryson	Yes		

Chairman Bryson called for a motion for the Local Government Insurance Committee to adopt the minutes of the April 27, 2023 meeting. Motion was made by Mr. Krushenski and seconded by Chairman Bryson. No discussion occurred and a voice vote was taken.

Pfeiffer	yes	Lillard	yes
Krushenski	yes	Bryson	yes

Agenda Item #2 – Background for 2024 Premium Recommendations

Colleen Huber, Senior Vice President with Aon Consulting, presented the background information for the 2024 premium recommendations.

Ms. Huber reminded the committees that the State Group Insurance Plan is self-funded and provided a breakdown of the claims, administrative fees, and premiums. As there were several benefit adjustments implemented in 2023, these adjustments carry through into 2024. Aon does not recommend any additional benefit changes for 2024 but discussed recommended premiums and premium adjustments.

The Committee discussed the recommended buy up premium amounts for BCBST Network P and Cigna OAP. The premiums relating to these networks do not cover the actual claims differential. The number of members selecting the broader networks has increased since 2019. Migration from narrow networks causes the healthcare trends to increase at a higher rate, which results in higher premiums across the whole plan. However, if the buy-up amounts were increased more than what is recommended, those remaining in the broad network would be those who are not in good health or are sicker and utilize the plan more. Therefore, the buy-up would grow each year. If set too low, then we would see a high migration to the broad networks and members and the plan would lose the discounts afforded by the narrow networks. Ms. Huber indicated the recommendations are intended to balance this dynamic.

Aon also explained that the CDHP premiums are based off the actuarial value, not necessarily the claims experience, and that the younger, healthier population will select the CDHP plan due to their willingness to take on more risk.

Ms. Huber discussed the recommendation to create a single level for the Local Government Plan going forward. Levels two and three were adjusted last year to get closer to level one. The additional funds received from the American Rescue Plan Act (ARPA) helps ease the transition to one level. Staff responded to questions about the potential impact to agencies' participation of moving to one level. Director Lee stated that some agencies have left because their level had not been re-evaluated since they joined the plan. Going forward the move to one level will reflect the actuarial experience of the employee and family tiers, as is the practice with the State and Local Education plans.

The Committees discussed the plans' reserves and that the premiums are set to continue to spend down surplus reserves while maintaining sufficient reserves for catastrophic or adverse issues from one year to the next. Aon prepares an IBNR estimate every month, which is updated every quarter to account for catastrophic or administrative costs.

The Committee discussed the potential impact of another premium holiday and/or partial holiday. A premium holiday would essentially remove all future surplus levels and our premiums would be higher if we were not spending down some of the reserves. Additionally, the administrative complexity of implementing a partial premium holiday is unknown.

Agenda Item #3a – [Action] 2024 State Plan Premium Increases (State Committee)

Chairman Bryson called for a motion for the State Insurance Committee to adopt the 2024 State Plan premium increases. Motion was made by Ms. Farmer and seconded by Treasurer Lillard. No discussion occurred and a roll call vote was taken.

Pfeiffer	Yes	Lillard	Yes
Lawrence	Yes	Farmer	Yes
Consiglio-Young	No	Carroll	No
Girgies	Yes	Bryson	Yes

Agenda Item #3b – [Action] 2024 Local Education Plan Premium Increases (Local Education Committee)

Chairman Bryson called for a motion for the Local Education Insurance Committee to adopt the 2024 Local Education Plan premium increases. Motion was made by Chairman Bryson and seconded by Ms. Pfeiffer. No discussion occurred and a roll call vote was taken.

Pfeiffer	Yes	Lillard	Yes
Lawrence	Yes	Durksi	Yes
Baddour	Yes	White	Yes
Bryson	Yes		

Agenda Item #3c – [Action] 2024 Local Government Plan Premium Increases (Local Government Committee)

Chairman Bryson called for a motion for the Local Government Insurance Committee to adopt the 2024 Local Government Plan premium increases. Motion was made by Treasurer Lillard and seconded by Mr. Krushenski. No discussion occurred and a roll call vote was taken.

Pfeiffer	yes	Lillard	yes
Krushenski	yes	Bryson	yes

Agenda Item #4 – [Action] Participation in Medicare Supplemental Coverage (Local Education and Local Government Committees)

Director Lee discussed recently passed legislation that properly aligns and vests the authority to offer the state sponsored Medicare supplemental coverage with the appropriate committees. The eligibility and participation reside with each committee while the State Committee procures the coverage.

Chairman Bryson called for a motion for the Local Education Insurance Committee to adopt the recommendation to continuously offer the supplemental coverage plan for the 2024 plan year and future plan years unless a subsequent vote is held to cease participation. Motion was made by Ms. Durksi and seconded by Commissioner Lawrence. No discussion occurred and a roll call vote was taken.

Pfeiffer	Yes	Lillard	Yes
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Lawrence	Yes	Durksi	Yes
Baddour	Yes	White	Yes
Bryson	Yes		

Chairman Bryson called for a motion for the Local Government Insurance Committee to adopt the recommendation to continuously offer the supplemental coverage plan for the 2024 plan year and future plan years unless a subsequent vote is held to cease participation. Motion was made by Mr. Krushenski and seconded by Ms. Pfeiffer. No discussion occurred and a roll call vote was taken.

Pfeiffer	yes	Lillard	yes
Krushenski	yes	Bryson	yes

Agenda Item #5 – [Action] Voluntary Term Life Insurance Enhancements (State Committee)

Director Lee presented on proposed enhancements to the voluntary term life insurance product. These recommendations are a result of the changes to the state-sponsored basic term life insurance. The recommended changes are to:

- Permit a spouse already enrolled in voluntary term life insurance to increase coverage by \$5,000 for January 1, 2024, subject to plan maximums, without answering medical questions; and
- Permit employees to enroll in or increase coverage in voluntary term life insurance in \$5,000 increments up to \$50,000, subject to plan maximums, effective January 1, 2024, without answering medical questions.

Discussion continued about the long-term plan for the product. Chairman Bryson asked the Director of Voluntary Products to report back any new information about improving the plan for members and any other pertinent information regarding this product.

Chairman Bryson asked for a motion for the State Insurance Committee to adopt the voluntary term life insurance enhancements. Motion was by Treasurer Lillard and seconded by Commissioner Lawrence. The motion had a roll call vote.

Pfeiffer	Yes	Lillard	Pass
Lawrence	Yes	Farmer	Yes
Consiglio-Young	Yes	Carroll	Yes
Girgies	Yes	Bryson	Yes

Agenda Item #6 – [Information Only] Population Health

Director Lee explained the expanded population health services available to Local Education and Local Government members and to retirees beyond current access, which will begin with the new contract starting January 1, 2024.

The Committee asked about any data concerning the benefit changes regarding emergency room visits and about Covid-19 benefits coming to an end on May 12, 2023. Director Lee responded that, due to the lag in claims reporting there is not yet sufficient data to report on the impact of the emergency department changes. The Director of Marketing and Communications will follow up with additional information about the various communications efforts about Covid-19 benefits.

The next meeting of the State, Local Education and Local Government Insurance Committees is scheduled for June 22, 2023. With no further business, Chairman Bryson adjourned the meeting at 2:25 p.m. (central).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Laurie S. Lee". The signature is fluid and cursive, with the first name being the most prominent.

Laurie S. Lee