

## Minutes

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

August 24, 2023

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

The State, Local Education and Local Government Insurance Committees met on Thursday, August 24, 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 1:07 p.m. (central) and noted Nicole Sweitzer attending on behalf of Comptroller Jason Mumpower, and Rick DuBray for Treasurer David Lillard, Jr.

#### State Insurance Committee Members

##### Present:

- Jim Bryson, Chairman, Commissioner of Finance and Administration
- Rick DuBray, Representing David Lillard, Jr., State Treasurer of the Treasury
- Nicole Sweitzer, representing Jason Mumpower, Comptroller of the Treasury
- Carter Lawrence, Commissioner, Commerce and Insurance
- Juan Williams, Commissioner of Human Resources
- Terry Carroll, Tennessee State Employees Association
- Judi Knecht, state employee representative
- Holly Girgias, representing Higher Education (TN Board of Regents) (by teleconference)

##### Absent:

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

#### Local Education Insurance Committee Members

##### Present:

- Jim Bryson, Chairman, Commissioner of Finance and Administration
- Rick DuBray, Representing David Lillard, Jr., State Treasurer of the Treasury
- Nicole Sweitzer, 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)

##### Absent:

- Kristy Baddour, West TN School Employee representative
- Vacant Seat in Middle TN

**Local Government Insurance Committee Members**

**Present:**

- Jim Bryson, Chairman, Commissioner of Finance and Administration
- Rick DuBray, Representing David Lillard, Jr., State Treasurer of the Treasury
- Nicole Sweitzer, representing Jason Mumpower, Comptroller of the Treasury
- Kevin Krushenski, Tennessee Municipal League

**Absent:**

- Nathan Brock, Tennessee County Services Association

**Agenda Item #1 – [Information Only] Public Comment:**

Laurie Lee, the Executive Director of Benefits Administration, gave a brief overview of Public Chapter 300 passed earlier in 2023. Per PC 300, this segment of the Insurance Committee meetings allows public comments related to agenda items. The notice on the Insurance Committee website has been updated to reflect this change and provides additional information about how to notify BA staff if anyone wishes to make a comment.

Chairman Bryson noted that the Executive branch agencies are still working on the process but will continue to stay in compliance and pass along any further information once it is available.

Charmain Bryson asked if anyone in person or joined virtually wished to be recognized and make a comment. There were no requests to be recognized.

**Agenda Item #2 – [Action] Approval of May 25, 2023 Minutes (All Committees):**

Chairman Bryson called for a motion for the State Insurance Committee to adopt the minutes of the May 25, 2023 meeting. Motion was made by Commissioner Williams and seconded by Mr. DuBray. No discussion occurred and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
Lawrence	Yes	Williams	Yes
Knecht	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 May 25, 2023 meeting. Motion was made by Ms. Durski and seconded by Mr. DuBray. No discussion occurred and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
Lawrence	Yes	Durksi	Yes
Johnson	Yes	White	Yes

Bryson Yes

Chairman Bryson called for a motion for the Local Government Insurance Committee to adopt the minutes of the May 25, 2023 meeting. Motion was made by Mr. Krushenski and seconded by Mr. DuBray. No discussion occurred and a roll call vote was taken.

Sweitzer yes DuBray yes

Krushenski yes Bryson yes

**Agenda Item #3 – [Action] Approval for the 2024 Tennessee Plan Rates (State Committee Only)**

Director Lee summarized and explained the process which resulted in the 5.4% premium increase recommendation. Factors included medical trend, no premium increase during calendar years 2021 and 2022, and expected future costs.

Judi Knecht asked if this was specific to the state plan alone. Director Lee confirmed that the State Committee only approves the Tennessee Plan rates but that those covered include eligible retired state, local education, and local government employees and their eligible spouses.

Chairman Bryson asked how much money would be pulled from the reserves. Colleen Huber, Senior Vice-President with Aon Consulting responded it would be approximately six million dollars.

Chairman Bryson called for a motion for the State Insurance Committee to adopt the 2024 Tennessee Plan premium increases. Motion was made by Chairman Bryson and seconded by Mr. DuBray. No further discussion occurred, and a roll call vote was taken.

Sweitzer Yes DuBray Yes

Lawrence Yes Williams Yes

Knecht Yes Carroll Yes

Girgias Yes Bryson Yes

**Agenda Item #4 – [Action] Approval for Procurement – Pharmacy Benefits Manager (All Committees)**

Heather Pease, Director of Procurement and Contracts for BA, explained the process for the Pharmacy Benefits Manager (PBM) Request for Proposal (RFP). The RFP will begin in late 2023 through early 2024. Implementation will continue through 2024, with benefits starting on January 1 of 2025. Ms. Pease said BA conducted one-hour vendor engagement meetings with a total of seven potential Pharmacy Benefits Management (PBM) vendors.

In response to Chairman Bryson’s question, Keith Athow, Director of Pharmacy FSA/HSA defined “AWP” and “NADAC”. AWP is Average Wholesale Price, the primary drug reimbursement model used in the United States currently for brand drugs. NADAC is National Average Drug Acquisition Cost. Due to Public Chapter 1070, there will be a shift closer to NADAC pricing for low-volume pharmacies, which are defined as those dispensing less than sixty-five thousand drugs per year.

Ms. Pease said that some companies have integrated consumer programs such as GoodRx into their claims adjudication. Other companies have chosen to do something similar in building a discount program to use. This may cause some issues in accounting for some of the cost.

Ms. Knecht asked for the timeline for the procurement process. Mr. Athow responded that the RFP would be released in late September, respondents will send the proposals to BA around Thanksgiving. Through the holidays and mid-January, BA and Aon will review the technical portion and cost proposals, respectively, and will bring the findings back to the committees by February of next year.

Commissioner Lawrence asked Director Lee how Public Chapter 1070 will be incorporated into state’s PBM contract. Director Lee commented on how these new requirements will be implemented in upcoming contracts and also in the current contract.

Chairman Bryson made a motion for the State Insurance Committee to approval the PBM procurement. It was seconded by Commissioner Williams. Kevin Krushenski continued the discussion by asking if the ‘cancellation clause’ will remain in the contract with a shorter, three year contract term. Ms. Pease confirmed it would continue to be in future contracts. No further discussion occurred, and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
Lawrence	Yes	Williams	Yes
Knecht	Yes	Carroll	Yes
Girgies	Yes	Bryson	Yes

Chairman Bryson called for a motion for the Local Education Insurance Committee for approval for PBM Procurement. Motion was made by Commissioner Lawrence and seconded by Mr. DuBray. No discussion occurred and a roll call vote was taken.

Sweitzer	Yes	DuBray	Yes
Lawrence	Yes	Durksi	Yes
Johnson	Yes	White	Yes
Bryson	Yes		

Chairman Bryson called for a motion for the Local Government Insurance Committee approval for PBM Procurement. Motion was made by Mr. Krushenski and seconded by Mr. DuBray. No discussion occurred and a roll call vote was taken.

Sweitzer	yes	DuBray	yes
Krushenski	yes	Bryson	yes

## Agenda Item #5 – [Information Only] Follow-up on Legislative Session

Director Lee briefed the committees on three pieces of legislation that passed during session, due to their impact on the State Group Program.

### Public Chapter 216:

- Effective January 2024 for active state and higher education employees
  - State will fund 50% of dental insurance at all coverage tiers, and
  - 100% of long-term disability insurance

### Public Chapter 162:

- Requires the State Group Insurance Plan (SGIP) to cover hypo-fractioned proton therapy for conditions outlined in the law.
- As defined, this requirement is cost-neutral

### Public Chapter 379:


- Requires coverage of diagnostic imaging and supplemental breast screenings services at 100%, with no expense to members

## Agenda Item #6 – [Information Only] Follow-up on Voluntary Term Life

Director Lee explained this was a follow-up from Insurance Committee members' questions about the nature of the Voluntary Term Life market and declining enrollment. Ms. Lee presented highlights of research conducted by the BA Voluntary Products staff. Sources included Securian and the Life Insurance Marketing and Research Association (LIMRA). As the research noted, there is generally a lack of understanding of these products. BA committed to doing more communication around these products during Annual Enrollment.

The next meeting of the State, Local Education and Local Government Insurance Committees is scheduled for September 28, 2023. With no further business, Chairman Bryson adjourned the meeting at 1:38 p.m. (central).

Respectfully submitted,



Laurie S. Lee