

STATE EMPLOYEE GROUP BENEFITS ADVISORY COUNCIL MEETING MINUTES

2401 Colonial Dr; Board of Investments Board Room
Helena, Montana

March 2, 2015

SEGBAC Council Present

Chairman: Marilyn Bartlett, Administrator, Health Care and Benefits Division
Member: Brian Ehli, Representative, MEA-MFT
Member: Richard Cooley, Senior Investment Officer, Dept of Commerce, Board of Investments
Member: John McEwen, Representative, State of Montana Retirees
Member: Quint Nyman, Montana Public Employees' Association
Member: Peggy MacEwen, Human Resource Manager, Department of Environmental Quality
Member: Beth McLaughlin, Supreme Court Administrator
Member: Doug Mitchell, Deputy Director, Department of Commerce

SEGBAC Council Not Present

Member: Susan Byorth Fox, Executive Director, Legislative Services Division
Member: Amy Sassano, Assistant Budget Director, Office of Budget and Program Planning
Member: Senator Jim Keane
Member: Mary Dalton, Branch Manager, DPHHS, Medicaid and Health Services Branch
Member: K'Lynn Sloan Harris, AV Coordinator, Legislative Services Division, ICCW Representative

Staff

Karen Wood, Deputy Administrator, Health Care & Benefits Division
John Thomas, Senior Health Officer
Amber Godbout, Attorney
Charlotte Hafer, Customer Service Assistant
Lance Zanto, Bureau Chief, Workers' Compensation Management

Kelly Grebinsky, FSA, Principal, Actuaries Northwest

Guests

Ginger MacDonald, BCBS	Melanie Denning, HCBD
Amber Thorvilson, HCBD	Collette Hanson, BCBS
Lynn Morrison, Cigna	Brittany Chandler, Delta Dental
Nancy Schultz, Senior Account Manager, Cigna	Ron Dewsnup, Allegiance
Kim Browne, Allegiance	Amber Ireland, Allegiance
Mark Eichler, MAHCP, URX	Lesley Farry, Leg Branch

Call to Order & Old Business

Marilyn called the meeting to order at 8:33AM. Before the meeting, John McEwen made note of a couple of changes to the minutes. Quint moved to approve the corrected minutes. John M seconded the motion. All voted in favor. Motion passed.

Mike Manion, Chief Legal Counsel for the Department of Administration went over the roles and responsibilities of SEGBAC. Mike explained that Advisory Councils are outlined in statute. They are created under the executive branch. He went over their functions. Advisory councils can furnish advice, gather information, and make recommendations. What they don't do is administer programs and they don't make policy. When they vote on something, it is only a recommendation to the executive branch. It isn't binding. That is outlined in Statute. They also have to be careful of confidentiality and sharing information about themselves or even family members. They have to be careful because of HIPAA.

Plan Financial Performance

Kelly presented the financials in a [power point presentation](#). He presented 4th quarter information. He gave an update on claim lag. He reported that there were more claims incurred in 2013 and paid in 2014 than originally thought. The lag wasn't as long as originally thought. He went back and looked at each claim and when they were incurred and when they were paid. By doing this, it was discovered that the claim lag was way better than the estimate. Kelly also reported that hospital charges have increased 9.3% annually. By looking at the data hospital utilization has gone down but the costs have increased. There are some things being done to look at what can be done about the increase in costs at hospitals. Cigna/Allegiance is working on reference based pricing reimbursement; HCBD is working with the Northern Rockies Alliance to see if some things can be done with them. HCBD has hired Dr. Burkholder to do some consulting. We are also looking at air ambulance services.

Cigna cost and Utilization Update

Nancy Schultz from Cigna gave a brief update on catastrophic claims through the third quarter. Neoplasms continue to be number one. She then showed the member relationship. There are a total of 169 members with claims over \$100,000. Of these, there are 88 employees, 57 spouses, and 24 dependents. The cost per member for employees is \$212,747, for Spouses is \$213,833, and dependents is \$259,340.

Health Center Update

John Thomas gave an update on the health centers. Anaconda is just about ready to open. We are doing something different with Anaconda. We have contracted with the Anaconda Hospital. They will service state employees one day a week on Wednesdays. With this model, we will use their doctor and their facilities. We are in the final stages of finalizing the contract.

John gave the utilization numbers for each of the other health centers.

Billings: The utilization was low. There was a modification of hours and they are only open 4 days a week. By doing this, the utilization has gone up to 85%.

Miles City continues to struggle. The utilization is 30-40 %. There are a couple of options being looked at. One possibility is to using a PA for 1 or 2 days a week. Another possibility would be to use the PA for 30 hours per week. A final option would be to do something similar to Anaconda.

The utilization numbers for all health centers are as follows:

- Billings: 83%
- Butte: 88%
- Helena: 87 %
- Miles City: 36%
- Missoula: 85%

HCBD Update

Marilyn gave an update for the 2017 biennium in a [power point](#). They include deliver financial stability of the state employee health benefits fund.

- Vendor management driven by HCBD: After doing some analysis, it was determined that multiple vendors are providing the same services and programs. Analysis needs to be done to determine which program is the best program to be doing.
 - Effective May 1, 2015, we have terminated the capitated programs with Cigna. We are moving to a fee for service for behavior health claims.
 - The wellness programs are going to move from Cigna.
 - There will be an EAP component for behavioral health with more added features. There is an RFP going out for EAP services.
 - The contract with MAHCP will be terminated as of July 1. All data services will be moved to the State.
- PPO Networks and Agreements
 - The current focus is on hospitals
 - We are looking at air ambulance services. There was \$1.8 million billed, \$843,000 paid for 81 trips.
 - We are leveraging our Allegiance Provider Direct Network to bundle when possible.
- Leveraging the services of the Health Centers
 - We are developing metrics for health centers. We want to implement a performance guarantee. We will be renegotiating with CareHere January 1.
 - We are going to go back to focusing on primary care. The occupational health or support to other agencies has been tabled.
- Partnering with local providers
 - We have hired Dr. Burkholder as a part-time consultant. He was originally hired for clinical expertise for Case Management. He is an independent data analytics from a clinical perspective. He can assist with provider negotiation suggestions and benefit changes.
- Data Analytics
 - The audit team has been auditing eligibility. They have started looking at claims audits.
 - The Data Analyst position has been posted and most of the data analysis will move to HCBD.
 - The claims loss ratio for COBRA members is 200%. We have been reaching out to them to let them know of other options.
- Specialty Drugs and RX
 - AON completed a study for us and said that there could be a 5-6% savings in rebates by moving away from URx.
 - The specialty drugs have had some in house contracting work. This is an area of focus.
- Retiree Options
 - It was decided that all retirees will have retreat rights.

Marilyn then went over some projections. Her projections make the plan look in much better shape but it will still need some work. Her projections include the following changes:

- Eliminating Capitation
- Working on the PPO Networks and agreements
- Terminating the contract with MAHCP
- Assume an 8% trend for pharmacy instead of 10%. Specialty has not been addressed yet.
- Retirees. 493 retirees left the plan and 42% of them were early retirees. That accounts for a reduction of 27% in the early retiree population
- About 500 new employee lives were added to the plan from an audit and ACA requirements
- During open enrollment this past year, 349 total lives were added to the plan. This includes 90 spouses, 26 domestic partners, and 233 children.

Marilyn's projections also show stabilization in reserves.

Kim Pullman, from HCBD, went over a few of the changes for the discount for 2016. First the requirement to do the Cigna health assessment has been eliminated. We heard a lot of feedback from our member about how difficult the process was. Also for next year, we are asking members to complete 4 of the 6 next step discount items.

Kim also reported that the wellness programs with Cigna will be dissolved when the capitation contract is terminated. She is working on some options for our members. CareHere has the same wellness programs and Kim is seeing about a transition plan for the health centers.

Quint mentioned that in our communications if we could frame the message to reflect that this is for cost savings.

Work Comp Update

Lance gave his report in a [power point](#). He reported that premiums have gone down 40%. He also noted that 30% of injuries occur within the first 30 days of employment.

Public Comment

There was no public comment.

The next SEGBAC meeting will be May 19 in the Wilderness Room beginning at 8:30.

The meeting adjourned at 11:43 am.