

**STATE EMPLOYEE GROUP BENEFITS ADVISORY COUNCIL
MEETING MINUTES**

Capitol Building, Room 137
Helena, Montana

June 7, 2016

SEGBAC Council Present

Chairman: Marilyn Bartlett, Administrator, Health Care and Benefits Division
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: Amy Sassano, Assistant Budget Director, Office of Budget and Program Planning
Member: Senator Jim Keane
Member: Brian Ehli, Representative, MEA-MFT
Member: Susan Byorth Fox, Executive Director, Legislative Services Division
Member: Mary Dalton, Branch Manager, DPHHS, Medicaid and Health Services Branch
Member: Doug Mitchell, Deputy Director, Department of Commerce
Member: Beth McLaughlin, Supreme Court Administrator

SEGBAC Council Not Present

Member: Jon Putnam, Board of Investments
Member: K'Lynn Sloan Harris, AV Coordinator, Legislative Services Division, ICCW Representative

Department of Administration

Sheila Hogan, Director, Department of Administration
Mike Manion, Chief Legal Counsel, Department of Administration

Consultants/Vendors

Kelly Grebinsky, FSA, Principal, Actuaries Northwest
Ron Dewsnap, Allegiance
Dr. Burkholder, Consultant to HCBD
Mark Eichler, MAHCP
Brittany Chandler, Delta Dental
Ernie Clevenger, CareHere
Jimmie Barnwell, Director Clinical Operations, CareHere

Staff

Amy Jenks, Operations Bureau Chief
Amber Thorvilson, Finance Manager
Amber Godbout, Attorney
Charlotte Hafer, Customer Service Assistant
Lance Zanto, Bureau Chief, Workers' Compensation Management
Sherri Rickman, Case Manager
Amanda Burkhart, Communications Manager

Guests

Collette Hanson, BCBSMT
Kim Browne, Allegiance
Nathan Sax, Board of Investments
Lesley Farry, Leg Branch
Kris Wilkinson, Legislative Fiscal Division

Call to Order and Minutes

Meeting called to order at 8:33 a.m.

Senator Keane moved to approve the minutes from December 5, 2015, John McEwen seconded the motion. Motion passed, minutes approved.

John McEwen moved to approve the minutes from March 29, 2016, Brian Ehli seconded the motion. Motion passed, minutes approved.

Plan Financial Performance

Kelly Grebinsky, Actuaries Northwest, presented the Financial Report as of March 31, 2016. During the first quarter of 2016, the Plan experienced a reduction in claims expense over the same period in 2015, the reduction in medical trend is due to lower utilization, as well as lower costs per unit of service. In regards to pharmacy, the drug spend for 2014 was \$30.8 million and in 2015 it was \$34.2 million. Drug trend over the last 12 months was driven by specialty medications.

Consultant/Vendor Updates

Ron Dewsnup, President and General Manager of Allegiance, presented the Population Health Management Reports which provided an executive summary of Plan data thru March 2016, noting that for this analysis Medicare retirees have not been included (due to the fact that they are Medicare prime). He noted 1% of the population accounts for 33.6% of the total claim costs. On the flip slid, 69% of the population accounts for only 6.1% of the total claim cost. Ron talked about the top ten disease states noting Verisk categorizes chronic diseases into quadrants, based on prevalence and growth pattern of the condition. The Plan does not have any chronic diseases in Quadrant 1 (top priority diseases with a high prevalence and fast growing) and the most prevalent disease conditions are back and neck pain.

Transparency Pricing will take effect July 1, 2016. Allegiance has negotiated contracts with 7 of the 10 largest hospitals in the state of Montana. Hospitals not a contracted to date are St. Patrick Hospital, Missoula, Benefis Health System, Great Falls, and Northern Montana Hospital, Havre. Transparent pricing affects critical access hospitals differently and these facilities are already reimbursed on a cost plus basis and are very sensitive to cash flow changes. Allegiance is diligently working with the critical access hospitals to implement contracts by July 1.

HCBD Update

Transparent Pricing Communication

Amanda Burkhart, HCBD, talked about the communication plan for Transparent Pricing. She showed a video that will be rolled out to all employees to explain Transparent Pricing and presented the timeline of the communication plan. A series of communications have been created that will include an email to all employees, a post card to all employees, and letters to retirees and Legislators.

Allegiance and HCBD have also been working on an online and mobile tool, Healthcare Bluebook, which helps members quickly find cost and quality comparison information by ranking local providers in an easy-to-read color system. The Healthcare Bluebook tool will be rolled out to members during the fall Annual Change presentations.

Rx RFP

Lance Zanto informed the committee that the State Plan currently covers 30,000 lives and prescriptions account for \$32 million in annual spend. HCBD worked with Alliant, benefit consultant to HCBD, for assistance in drafting the RFP with a focus on minimal disruption to members, a transparent full pass through pricing model, and the PBMs only source of revenue will come from monthly admin fees. The RFP allows for the Plan to complete a separate RFP for specialty medications due to the high cost of these medications and the need for the Plan to manage these costs under a separate contract. There are 55 vendors who have reviewed the RFP, of which 25 have shown interest in

bidding. Currently there are 6 submitted bids and June 27 is the deadline for responses. The public scoring meeting is scheduled for July 20-22. The contract will be awarded August 15. Oral interviews will be sometime between July 22-August 5 if needed.

The intent of the RFP is to be for the State of Montana Benefit Plan only. However, it will be left open so other public entities may take advantage of the contract.

HCBD Update

Marilyn provided a presentation on HCBD activities, highlighting the following:

- The Summary Plan Document (SPD) has been updated and goes into effect July 1. It was distributed to plan members on May 1, 2016 (Material Modifications are required to be distributed to members 60 days prior to the effective date when the effective date is not the first day of the Plan Year). The SPD was mailed to all plan members, with a cost of \$26,000 for printing and \$47,000 for postage. HCBD is looking at software options to distribute this electronically in the future and reduce mailing costs associated with the delivery of the document.
- SPD's are being drafted for dental, vision, flex, and the health center. These documents will be distributed as they are completed.
- Potential 2017 benefit changes include joint core rate setting, Medicare retirees to be required to be enrolled in Medicare Part A and Part B which results in reduced benefit contributions, dental benefits, and the new Rx program as determined during the RFP process.

Marilyn also went over the list of HCBD contracts and the status of each contract.

Amanda talked about the new web-based incentive tracking system, www.MyActiveHealth.com/som. The site will be used by members to see the current status of their incentive and provide a platform for members to self-report Next Step Activities. The system is anticipated to be fully available in late June or early July. Senator Keane has concerns about State employees who don't have access to a computer. Amanda explained HCBD will be sending post cards to all members to notify them of the new system and HCBD will have a process in place to deal with Retirees who do not have computer/internet access.

Legislative Audit Division Work

The Legislative Audit Division is conducting a performance audit of the health centers. The three audit objectives identified by LAD include evaluation of cost savings, the impact on private providers, and contract management. An audit request was received requesting 2010-2015 medical claims data and 2013-2015 MT Health Center Office visits, and HCBD sent de-identified files to LAD. LAD has also requested to link the patient data received from claims and health center visits to SABHRs for employee names and/or employee identification numbers. There was discussion among the committee about whether or not the audit division has a right to member's PHI, as well as to have the ability to tie the PHI back to the employee name. Mike Manion, DOA Chief Legal Counsel, suggested the Committee send a letter to LAD outlining their concerns and asking for clarification as to why this type of data is needed and the intended use of such data.

Senator Keane made a motion for HCBD to not allow the claims data files to be linked to SABHRS personnel records for the Legislative Audit Division work on the Health Center performance audit. Quint Nyman seconded the motion. Motion passed.

Mary Dalton moved to have SEGBAC send a letter to HCBD regarding SEGBAC's concerns regarding the data disclosure, the use of such data, and the direction of the committee to not release such data. Quint Nyman seconded. Senator Keane said the first motion was to not release. Motion passed. Mary Dalton will draft the letter and send it to the committee for comments.

Public Comment

Jimmie Barnwell, Director of Clinical Operations for CareHere, spoke with regard to the Legislative Audit request stating that CareHere objects to the audit request. He feels LAD should audit what the original focus of the clinics was, which was to get employees healthy by creating a cost effective avenue for State employees to receive the care they need.

Next SEGBAC meeting will be August 16, 2016 in room 172. Rates should be set by this time and will be a topic of discussion.

Quint Nyman moved to adjourn, John McEwen seconded, motion passed. Meeting adjourned 12:00.