

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

Capitol Building, Room 137
Helena, Montana

March 29, 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

SEGBAC Council Not Present

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: K'Lynn Sloan Harris, AV Coordinator, Legislative Services Division, ICCW Representative
Member: Doug Mitchell, Deputy Director, Department of Commerce
Member: Beth McLaughlin, Supreme Court Administrator
Member: Jon Putnam, Board of Investments

Consultants/Vendors

Kelly Grebinsky, FSA, Principal, Actuaries Northwest
Ron Dewsnap, Allegiance
Mark Eichler, MAHCP, URX

Staff

Amy Jenks, Operations Bureau Chief
Amber Thorvilson, Finance Manager
John Thomas, Senior Health Officer
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	Brittany Chandler, Delta Dental
Judy Erb, CareHere, MT Health Center	Eric Weiner, Grand Rounds
Lesley Farry, Leg Branch	Kim Browne, Allegiance
Kris Wilkinson, Legislative Fiscal Division	Lynn Morrison, Allegiance
Vicky Simonson, MT Hospital Association	Drew Geiger, Allegiance

Call to Order & Old Business

Marilyn called the meeting to order at 8:35 AM. Since there wasn't a quorum at the beginning of the meeting, the minutes were voted on later in the meeting. Senator Keane moved to approve the minutes; Quint Nyman seconded the motion, minutes approved.

Plan Financial Performance

Kelly Grebinsky from Actuaries Northwest presented the financials in a [power point](#). Results are through 2015. This is the year-end report. This is a comparison to what we thought when we set rates. Enrollment we thought was 16,095. It was actually 15,475. The reduction was in retirees. Revenues declined as well. Claims came down which is in line with enrollment. Things are looking up for 2016.

There was a loss for 4th quarter. Part of that is the run out claims from Cigna.

Trends look better than a year ago. Average trend over 2 year period is 9%. Prescription drug trend is up a little. This is driven by specialty drugs. Combined trend is down 3.4%

The large claimants were down in 2015, though total claim dollars for these claimants were on par with 2014. Large claimant payments in the 4th quarter of 2015 offset the low levels of the previous quarter and are in line with 2014 totals. The average cost is up.

2015 ended the year with a little bit of a gain and there is a projected gain for 2016. It looks like for 2017, the plan doesn't have to make too many adjustments.

Plan assets are \$58.8 million at the end of December. The plan is at 197% of ACL.

Consultant/Vendor Updates

Ron Dewsnup, President and General Manager of Allegiance, gave an update using data from the Verisk database. The data in Verisk is for the past 2 years. Ron gave his presentation in a [power point](#). He also gave a handout with the same information. He started on page 3. This report does not include retirees since it won't match up to the employee norm population. The State has more dependents than the normal book of business. The member count has decreased slightly from the previous year.

With regard to claims expense distribution, 1% of the population represents 33.4% of the cost. 5% account for 65% of the cost. He noted that this is in line with the norm.

Ron then went over Reference based pricing update. This pertains to hospitals. Working with the larger facilities and working down. One signed contract with Great Falls Clinic. Final redline contract with Billings Clinic, Community Medical Center, Kalispell Regional Healthcare, The Health Center, Community Hospital of Anaconda. Redline with St Peter's Hospital, Benefis Health System & Marcus Daly Memorial Hospital. Contract presented to SCL Health, & others

He showed a copy of the draft communication plan. The plan is to implement July 1. Communication meetings with state employees begin in May.

Ron then gave a quick overview of the presentation that he gave on Air Ambulance to the Economic Affairs Committee.

HCBD Update

Marilyn gave an update from HCBD. She gave her update in a [power point](#).

The Pharmacy program

Alliant completed a review of the pharmacy plan. They concluded the discount guarantees are low compared to the market. We used to have a pass through model but that moved in 2013 plus spread in 2013. The rebates are lower than market and are not aligned with the formulary. The administrative fees are higher than in the market.

The pharmacy plan will go out to bid this summer for an implementation date of January 1, 2017. We are working with Alliant with the RFP.

Plan changes

Summary Plan document has been gone through. This is the first time this has been done in a long time to get this cleaned up. These changes will make the Plan more clear and consistent; put us in line with industry standards; save the Plan money by managing vendor, providers, and facilities; and make us compliant with Federal laws and regulations. Some of the changes have gone into effect January 1. We are required to give 60 day notice. The goal is to have all changes made by April 15 so it can go into effect July 1, 2016. We will be mailing out the new summary plan document to all members by May 1.

Public Comment

There was no public comment.

Senator Keane moved to adjourn, Quint Seconded, meeting adjourned 11:15.