

STATE EMPLOYEE GROUP BENEFITS ADVISORY COUNCIL MEETING

Room 152, State Capitol Building
Helena, Montana

February 23, 2010

SEGBAC Council Present

Chairman: Connie Welsh, Administrator, Department of Administration, Health Care and Benefits Division
Member: Monte Brown, Operations Manager, Department of Transportation
Member: Kelly DaSilva, Human Resource Manager, Legislative Services Division
Member: Richard Cooley, Portfolio Manager, Dept of Commerce, Board of Investments
Member: Erin Ricci, Admin. Asst. / ICCW Representative, Department of Natural Resources & Conservation
Member: Tom Schneider, Montana Public Employees' Association
Member: Mary Dalton, Medicaid & Health Services Branch Manager, DPHHS, Health Resources Division
Member: Amy Sassano, Deputy Budget Director, Governors Office, OBPP
Member: Steve Barry, Administrator, Human Resources, Department of Corrections
Member: Tom Bilodeau, Representative, MEA-MFT
Member: John McEwen, Representative, State of Montana Retirees
Member: Mike Cooney, Senator, Senate District 40

Staff

Karen Wood, Chief, Employee Benefits Bureau	Kim Pullman, Wellness Officer
Lance Zanto, Chief, Workers' Compensation Management Bureau	Cathy Reagor, Case Manager
Melanie Denning, Health Officer	Sherri Rickman, Case Manager
Jackie Dunbar, Medical Management Supervisor	Stephanie Stephens, Safety Officer
Jessie Eickert, Systems Analyst	Paige Tabor, Early Return to Work Officer
Amber Godbout, Attorney	John Thomas, Senior Health Officer
Charlotte Hafer, Customer Service Assistant	Amber Thorvilson, Financial Manager
Jessica Jones, Program Integrity Auditor	

Kelly Grebinsky, FSA, Principal, Actuaries Northwest

Guests

Ginger Lindsey, BCBS	Jim Dole, Delta Dental
Gary Burgess, New West	Russ Meyers, Lilly USA
John Larson, Peak	Sheryl Olson, DOA Director's Office
Don Creveling, MAHCP	

Call to Order

Connie called the meeting to order at 8:35 AM. She asked for any changes to the minutes from December 8, 2009. Monte pointed out that in the financial portion it said second quarter instead of third quarter. John McEwen had been in contact with Charlotte on a few changes and she is working on getting some clarification. Tom Schneider moved to approve the minutes with the changes that are being done. John McEwen seconded the motion. All approved, motion passed.

Old Business

Connie introduced Stephanie Stephens as the new safety officer within our division.

Financial Report

Kelly Grebinsky, with Actuaries Northwest Inc, went over the fourth quarter financial report. He explained that this is the final report for 2009. He explained that the table on page 1 is the comparison of Medical, Rx, and Dental claims. These numbers came down because of the rolling 12 months. The fourth quarter this year is nothing like the fourth quarter last year. The table on page 2 is the update on general reserves. This has increased from \$52.8 million to \$53.55 million. The projected yearend balance is \$39.2 million. He then moved on to page 4. This table shows the income and expense by combined medical plans and dental plan. We received a Medicare part D reimbursement for \$1.7 million. We received 2 years worth of reimbursements in the fourth quarter. For the fourth quarter, there is a \$1.8 million loss in Medical and a \$1.2 million loss for the 2009 plan year. There was a gain for dental in the amount of \$349,000 for the fourth quarter and a \$773,000 gain for the 2009 plan year. The total combined is a \$1.5 million loss for the fourth quarter and a \$436,000 loss for the plan year. Page 7 shows the Indemnity Plan. These are the higher risk people. The plan has a \$5.1 million loss for the plan year compared to \$3.5 million loss for the year before. Page 8 shows the Managed Care plan. Peak had a 179.5% loss, Blue Cross had a 95.8% gain, and New West had a 91.6% gain. The managed care plans had a total gain for \$3.9 million. The table on page 9 is the split of Actives and Retirees. There is a 88.9% loss ratio between the Actives and COBRA, 174.9% loss ratio for retirees under 65, 92.1% loss ratio for retirees 65 and over. There is a total loss ratio of 128.9% for all retirees. Page 10 shows the projected Health Care funding vs. Expenses. The third column represents the plan year. The Red funding line shows that we are right on track.

Kelly then went over the Risk Based Capital Analysis. The IBNR are claims that are not paid yet. The required reserve amount is \$12 million. There is also a reserve for grandfather of \$1.5 million. This is for people who were employed in August 1997 and the State is holding their state share and is spreading it out over time. The total assets as of December 31, 2009 is \$39.2 million. Blue Cross Blue Shield will be refunding administrative costs in the amount of \$2.3 million which will reflect in the first quarter. We are also working on contracts. We just notified Reliant Behavior Health that we will not be needing their services on health screenings.

Sick Leave Fund Policy Review

We looked at the initial draft in December 2009. Connie gave an overview of the sick leave fund. Currently we have 12,000 hours in the sick leave fund and 13,000 hours have been given in direct grants. This is now the format that is coming out of human resources. These are hours not dollars. The agencies have the responsibility to pay for the hours used. Amy suggested adding this to the enrollment process so everyone knows about this policy/benefit. Connie mentioned that there is still work to be done. She asked if any member of the committee would be willing to work with our focus group. Kelly, Steve, and Erin all said that they would be willing to work with the focus group.

URx Update

We have had a great implementation. Connie handed out results so far. We started the education in August 2009. There are 92% of the people are in the A-C categories. There are only 8% in the D & F category. In 2009, the weekly payments were \$525,000. So far, the average for 2010 is \$339,000 for a savings of 35%. We are achieving more in savings. January had a 80% success rate in claims processing. We are trained internally to help members. We can see their claims. In January, there were 500 calls to MedImpact. These were questions with regard to bill processing from pharmacies, plan exceptions, tier questions. In February, there were 1700 calls to MedImpact. Currently we have processed 896 plan exception forms. We approved 90% of them. We are starting to get calls from providers. There are also inquiries from the private sector and other states.

Quality Care Choices Update

This is an evidence based approach. We look at our needs and what we can do to help.

- Oncology—We are working with the Billings Clinic. We waive deductibles and copays if you use certain providers. We use a nurse navigator in Billings.
- Autism—We are working on developing behavioral therapy. The ABC committee is developing treatment guidelines. The goal is to have the guidelines in April and the treatment services in June 2010. There will be no deductibles and copays.
- Infusion—We have a contract with Wallgreens for certain drug regimens (non oncology). The deductibles and copays are waived. This program is working well.
- Bariatric—We had to start over due to provider issues. We are looking at a hospital to due this program. There is a dollar limit on this benefit. There is criteria that must be met upfront.

Scheduling and Work plan for 2010

Connie passed out her idea for a plan for the next year. The meetings are set for May, July, & August. They will be held at the Capitol Building. In May, Connie wants to start discussing benefit changes, retiree rating goals. In July, she wants to go over the GASB report. We may go over this report in May. Retiree rating goals, plan year for 2011-2013, and benefit changes for 2011. The August meeting rate recommendations, final benefit changes for 2011, 2013 biennium state share recommendations. The December meeting we will go over the annual change update.

Connie opened the meeting up for public comment.

Mike Cooney moved to close the meeting. Tom Schneider seconded the motion. Motion passed. The meeting was adjourned at 11:15 AM.