

STATE EMPLOYEE GROUP BENEFITS ADVISORY COUNCIL MEETING MINUTES

Wilderness Conference Room, 2401 Colonial Drive
Helena, Montana

August 23, 2012

SEGBAC Council Present

Chairman: Russ Hill, Administrator, Department of Administration, Health Care and Benefits Division
Member: Steve Barry, Administrator, Staff Services Division, Department of Corrections
Member: Kelly DaSilva, Human Resource Manager, Legislative Services Division
Member: Amy Sassano, Assistant Budget Director, Office of Budget and Program Planning
Member: Richard Cooley, Senior Investment Officer, Dept of Commerce, Board of Investments
Member: Senator Jim Keane, Senate District 38
Member: Mary Dalton, Medicaid and Health Services Branch Manager, DPHHS
Member: Erin Ricci, Admin Asst. / ICCW Representative, Department of Natural Resources & Conservation
Member: John McEwen, Representative, State of Montana Retirees
Member: Quint Nyman, Executive Director, Montana Public Employees' Association
Member: Brian Ehli, Representative, MEA-MFT

SEGBAC Council not Present

Member: Christopher Abbott, Attorney, Office of Public Defenders

Staff

Karen Wood, Deputy Administrator
John Thomas, Senior Health Officer
Amber Godbout, Attorney
Jackie Dunbar, Medical Management Supervisor
Charlotte Hafer, Customer Service Assistant

Kelly Grebinsky, FSA, Principal, Actuaries Northwest
Jay Krueger – Partner, Aon Hewitt Northwest Market Leader
Brent Crane – Senior Vice President, Aon Hewitt Northwest Market Leader

Guests

| | |
|--|---------------------------------------|
| Janet Kelly, Director of Dept of Admin | Ginger McDonald, BCBS |
| Mark Eichler, MAHCP | Leslie Bergman, Legislative Services |
| Don Creveling, MAHCP | Paige Tabor, Communications Mgr, HCBD |
| Sherri Rickman, Nurse Case Manager, HCBD | Torry Pescasolido, CIGNA/Allegiance |
| Sheri Parsons, Eligibility & Benefit Mgr, HCBD | Nancy Schultz, CIGNA/Allegiance |
| Jim Dole, Delta Dental | Sue O'Connell, Legislative Services |
| Nate Eslava, Actuaries Northwest | |

Call to Order & Old Business

Russ Hill called the meeting to order at 8:35 AM.

Russ called for approval of the minutes from the May 29, 2012 meeting. John McEwen moved to approve the minutes. Erin seconded the motion. Motion passed.

Russ mentioned that Christopher Abbott will be replacing Jenny Kaleczyc. He is unable to be at this meeting but will hopefully be available for the December meeting.

Health Care Reform

Brent Crane and Jay Krueger from Aon Hewitt gave a presentation about Health Care Reform. They gave their presentation in a [power point](#). Brent summarized the Supreme Court ruling that the individual insurance mandate is not a valid exercise of Congress's commerce power. Congress can regulate commercial activity, not

commercial inactivity. But Congress cannot create commercial activity in order to regulate it. The Supreme Court upheld the individual insurance mandate as a valid exercise of Congress's taxing power. The Court ruled that congress could not coerce state to expand Medicaid eligibility by threatening to withhold all Medicaid matching funds.

He went on to explain the major provisions that go into effect in 2012. They include a summary of benefits and coverage notices, w-2 reporting of employer Health Care Coverage (due December 31, 2013), Reporting (quality of care reports to HHS and additional reports to state and local governments), Comparative Effectiveness Fee (\$1 per covered live in first year, \$2 per covered live thereafter, paid by employer/insurer, due July 2013), Medical loss ratio rules (insured plans only), reinsurance fees (states will charge employer plans a reinsurance fee for 2014, 2015, and 2016, final rules on amount of fee are expected from Federal government in Oct 2012, could be up to \$60 PMPM or PEPM basis). In 2013, plans must notify all employees about exchanges, eligibility, services and contact information. In 2014, grandfathering goes away and exchanges start. Exchanges are a competitive market place that consists of suppliers and buyers. In 2017 & 2018, large employers may be allowed into exchanges. There will be an excise tax on Cadillac plans. Without aggressive action, employer health care costs will increase 60% in the next five years.

Plan Financial Performance

Kelly Grebinsky, with Actuaries Northwest Inc, went over the second quarter financial report. He presented the report in a [power point presentation](#).

Employee Health Center Update

Russ gave a quick update on the Employee Health Center. Contracts are signed with providers. Dr Sargent will be working at the center one day a week on Thursdays. He will oversee everyone at the center. Dr Jennifer Brunson will be working at the center one day a week on Fridays. Dr Nate Buffington will be fulltime starting January 2, 2013. He was recruited from Polson by CareHere. All providers are Montana based. The Center will open August 31. It will be open Monday through Friday from 7 AM to 6 PM. A provider will be at the center at all times. Some of the other staff include health coaches and a registered dietitian. There will be no copays for anyone who uses the Center. The contract with CareHere was signed June 20 and the Center will open August 31. There will be an official open house on August 30 at 11 AM with the Governor being the first patient. For right now the Employee Health Center is only available to active employees and their dependents over the age of 2.

TPA Transition Update

John gave an update on the names of the plans for the next year. The traditional plan will be called the Classic Plan and the Managed Care plan will be called the Choice Plan.

John also gave an update on the implementation. Cigna, Delta Dental and SOM have had regular weekly implementation calls - Cigna on Wednesdays and Delta Dental on Thursdays. During these calls we have created agendas to ensure a smooth transition occurs going into the new plan year. We have been tracking requirements for: Annual Change, Benefit definition and implementation, Eligibility, Banking, Data/Claim exchanges, Provider Education, Claim System setup, Customer Service, Member ID cards, Billing, and access to each vendor's website.

To date we are on track with no major hurdles identified. Each team is very positive with how the implementation process has worked to date and the it has been a pleasure to work with the Cigna and Delta Dental teams.

CIGNA NETWORK UPDATE

SOM and Cigna compared the list of all health care providers used by SOM members in 2011 with the Cigna/Allegiance network. What we found is that roughly 98% of providers and 100% of facilities are in the Cigna/Allegiance network in Montana. In addition, Cigna has a very robust national network available for use by SOM members. Cigna/Allegiance are in the process of signing additional providers and will continue the recruitment process as an ongoing concern. The Cigna/Allegiance integration is progressing smoothly and is on track with no concerns at this point, nor do they anticipate any in the future. Bottom line is that the process is going smoothly and we are very positive.

DELTA DENTAL UPDATE

Net Numbers by Network

Delta Dental has 2 provider networks for our members to utilize – Delta Dental PPO and Delta Dental Premier. While both networks provide members with savings and out-of-pocket cost protections, Delta Dental PPO dentists provide the greatest potential savings.

Since being awarded the contract for administration of the State’s dental program, Delta Dental has worked to recruit additional Montana dentists to the PPO network. To date, based on **processed** contracts, the networks have seen net increases of 16 PPO providers and 13 Premier providers since January:

| | January 2012 | May 2012 | August 2012 | Net Change |
|-----------------------------|-------------------------|-----------------|------------------------|-----------------------|
| Delta Dental PPO | 123 | 127 | 139 | 16 |
| | | | | 13.0% |
| Delta Dental Premier | 256 | 257 | 269 | 13 |
| | | | | 5.1% |

New Contracts

From a more detailed perspective, Delta Dental has received 36 new PPO contracts (**processed** and **pending**) and 11 new Premier contracts (**processed** and **pending**). “Processed” represents those which have been added to the directories, and “pending” represents contracts received, but not yet added to the directories). Of the 36 PPO additions, 26 are new Delta Dental providers and 10 represent Premier dentists who have joined the PPO network.

As part of the implementation for the transition to Delta Dental, the State identified 121 Highly Utilized dentists who were not in the Delta Dental PPO network. The State’s dental program had paid approximately \$4.5 Million in claims (\$4,492,527.10) for services provided by these dentists. Based on **processed** and **pending** contracts:

- Delta’s recruiting efforts have resulted in \$1.324 Million (29.5%) of these paid claims (13 dentists) being captured within the PPO network.
- An additional \$2,142,977.36 (47.4%) of the paid claims (104 dentists) fall within Delta’s Premier network.
- In total, Delta Dental’s 2 networks captured 77% of the total paid claims or \$3.467 Million of the total \$4.5 Million.

In addition, since receiving a signed contract, Delta Dental has communicated the changes to the 2013 dental program with all licensed/practicing Montana dentists.

2013 Benefit and Rating Issues

The goals and objectives for discussion are:

- Address the deficit for 2013 of \$17 million
- Doesn’t include the reinsurance fee
- Assume lose grandfather status
- Address how to join best and most efficient plan
- Address dependent subsidies
- Keep competitive with other plans
- Balance between benefit and cost
- Several years with no major changes
- Keep one plan with no out of pocket for employee only

[Attached](#) is a copy of the handouts Russ presented with the preliminary changes.

We are assuming to that we will not keep the grandfather status for 2013. By not being grandfathered, our plan must start covering preventative wellness at 100% and have a zero dollar for contraceptive. By implementing these two changes, costs will increase in the classic plan by 2.7% for wellness and .5% for contraceptives and 1.2% increase on the choice plan for wellness and .5% for contraceptives.

Dental Benefit

We are looking at the option of having two dental plans for 2013; a basic and a premier.

There was extensive discussion on what to do with the rates and benefits. John recommends an 8.5% increase in income to make up the difference and look somewhere else to make up the difference. Erin mentioned that she is okay with higher deductibles but not happy about the increase in contributions but something needs to be done. Quint mentioned that there won't be a lot of push back with regard to adjusting deductibles but he needs more information on what other choices there are before he can make a decision on increasing contributions. Steve recommends move people to the managed care plan since it is the better plan

The High Deductible Plan is not an option for 2013 but will look at it for 2014.

Flex Spending

Last year the council voted to not have an admin fee for 2013. This year the plan is right on the edge of having enough to do it again next year. Steve recommends not having an admin fee for flex for 2013.

Incentive Discussion

The ADA requires prior notification of a Tobacco incentive. The notice will appear in the annual change book this year with an implementation date of January 2014.

The \$5 discount will continue for all members and their dependents who participate in a health screening for 2014.

The next SEGBAC meeting will be December 4, 2012 in the Wilderness Room.

Russ asked for public comment. Seeing no public comment, Russ asked for a motion to adjourn. Quint moved to adjourn and John seconded the motion. There was no discussion, meeting adjourned at 3:20 P.M.