

Kansas State Employees Health Care Commission  
March 4, 2019, 1:30 p.m.

**CALL TO ORDER**

The Kansas State Employees Health Care Commission (HCC) meeting was called to order on March 4, 2019, at 1:30 p.m. The following persons were present: Chair Duane A. Goossen, Commissioners J. Scott Day, Steve Dechant, Vicki Schmidt, and Heather Young. Mike Michael from the Division of Health Care Finance (HCF), Kansas Department of Health and Environment (KDHE), was also in attendance.

**ACTION ITEMS**

**1. Approval of Minutes**

Chair Goossen asked for approval of the minutes of the December 10, 2018, meeting.

*Commissioner Day moved and Commissioner Dechant seconded a motion to approve the minutes of the December 10, 2018, meeting. Motion passed 5-0.*

**2. Approval of Employee Assistance Program Contract**

Request for Proposal (RFP) EVT0006046 for an Employee Assistance Program was released on August 31, 2018, and it closed on October 9, 2018. Four (4) bids were received. Bids were received from ComPsych Corporation, Deer Oakes EAP Services, KEPRO and New Directions Behavioral Health. Based upon the vendors' responses, State Employee Health Plan staff held negotiation meetings with all four vendors. Following the negotiation meetings, the vendors were asked to provide their best and cost proposals.

The Employee Assistance Program (EAP) is a service provided for State of Kansas benefits eligible employees and their dependents at no charge. Some of the services the EAP provides is short-term counseling, legal and financial advice, marriage and relationship counseling, family and parenting advise, emotional and stress related issues, alcohol and drug problems and referrals to licensed professionals.

In addition to pricing, other issues of specific focus were the services offered to employees and their families, resources available to members for legal, financial and work/life services, ability to provide counseling services on a statewide basis and their ability to provide quality customer service.

**Recommendation:**

Based upon the information gathered in bid responses and during negotiation meetings, staff recommends that ComPsych Corporation be awarded a three-year contract to provide the Employee Assistance Program.

*Commissioner Dechant moved and Commissioner Day seconded a motion to award a three-year contract to provide the Employee Assistance Program to ComPsych Corporation. Motion passed 5-0.*

**REPORTS**

**Contract Reports for RFPs**

RFP EVT0005965 to provide the Wellness Program was released on July 20, 2018, and closed August 30, 2018. Negotiations are under way and the results will be discussed at the April 2019 meeting.

RFP EVT0006299 to provide Flu Vaccinations was released on January 8, 2019, and closed March 4, 2019. Negotiations are planned, and recommendations for a contract award will be discussed at the April 2019 meeting.

RFP EVT00006329 to provide Pharmacy Benefit Management (PBM) services was released on January 23, 2019, and it will close on March 14, 2019. Negotiations are planned, and recommendations for a contract award will be discussed at the April 2019 meeting.

An RFP will be released in early April 2019 for the Part D Prescription Drug plan. Discussion is expected to be held at the August 2019 meeting.

It was noted that all contracts are for a three-year term with an option for renewal or extension, including Part D. Currently, the Part D Prescription Drug plan is provided by Aetna and new approvals of the contract are brought to the Commission each year.

**Finance Reports**

Ken Vieira and Patrick Klein of Segal Consulting presented the Medical Claims Review and Finance Report.

**2018 Medical Claims Review – Segal Consulting**

Discussion was held regarding the enrollment trend which has dropped by around 11,000 members as a whole since 2015. The migration has mainly been from Plan A to Plan C and other plans. Premium cost is a factor in the loss due to large increases in costs for employees and significantly higher charges for spouse and dependents. Large claims for 2018 are higher than projected. There was an increase in claims in the \$250,000 range and the largest claim this year is \$2.3 million, \$1 million higher than last year. The Commission requested Segal obtain information from Blue Cross Blue Shield as to the administrative concerns and non-specific lab abnormalities shown in the report. Commissioner Schmidt requested a report on specialty drug costs. This information will be presented at the April 2019 meeting.

## **Finance Report—Segal Consulting**

Discussion was held regarding the statement of operations, projected reserve calculation, the variance report, and the ten-year projection sheet beginning in PY2020. Chair Goossen expressed an interest in further discussion about the rationale for the marked increase in employee contributions, particularly in spousal rates, concomitant with a decrease in employer contributions. Ken Vieira of Segal Consulting stated the plans vary by state, but it is uncommon to separate spouse/dependents into a separate, higher paying class. Chair Goossen requested that loss ratio percentages by class be provided. Segal will present at the next meeting.

## **EAC Report**

Cheryl Buxton, President of the Employee Advisory Committee, presented a report on the February 13, 2019, meeting of the committee at which Mike Michael presented summaries and updates of the 2019 open enrollment period, 2018 HealthQuest plan, SmartShopper Rewards Program, On-site Clinic, and a discussion of the PY2020 plan design.

For the HealthQuest plan, Ms. Buxton indicated it was the committee's view that all points should be required to be completed to receive any premium discount, and that spouses should also complete the same requirements. Further, the committee recommended that the activities required to complete points be monitored so that actual participation is required. Commissioner Schmidt suggested that wearable devices to track completion of wellness activities could be a future option.

In designing the Plan Year 2020 options, the committee is not in favor of raising dependents' rates or changing rates at this time to lower spousal rates. This would create an administrative tracking as well as budget hardship for the departments to absorb the employer premium cost increase. For direct bill retiree plans, more information is needed to determine appropriate rates.

The committee supported the proposed change in Plan C of the co-insurance from 80%-20% to 90%-10%.

## **DISCUSSION ITEMS**

### **Plan Design for PY 2020**

Three possible changes for PY 2020 were discussed. The first is the rates for the early retiree members (non-Medicare eligible). Second were the rates being calculated without rating the spousal tiers and retirees separately and, third, the coinsurance amount on Plan C moving from the current 80%/20% to 90%/10%. There was discussion held on the 2015 A&M report which impacted the retiree rates and resulted in the PY 2016 and PY 2017 large rate increases as the recommendation in the report was to move those members to the marketplace which the HCC did not elect to implement. The rate increased due to the implied subsidy of \$10.5 million which the A&M report recommended eliminating by moving the retiree to the market place. Discussion was held regarding the percentage rate increase differences for the two spousal tiers as outlined on the 10-year projection sheet. Commissioner Goossen requested plan design modeling be presented at the next meeting to move towards the prior rate calculation process that aligns more towards a group rated plan. Commissioner Dechant stated his preference is to see a less dramatic incline or drop in the percentages of increase or decrease than the rate changes implemented in the last three years.

Commissioner Schmidt related her concerns regarding the specialty drug market pricing and requested modeling of the overall prescription drug price trends. There were no other plan options presented.

### **HealthQuest Program PY 2018 Review**

Mike Michael provided an overview of the participation in the HealthQuest program for Plan Year 2018. There were 23,532 members who completed the 40 credits and were eligible to receive the premium incentive discount for Plan Year 2019. The plan had 11,031 members earn 50 credits which provided \$500 in employer funding to their HSA or HRA account during 2018. The program saw 89% of the employees and 83% of the spouses earn 1 or more credits. The on-site biometric screening had 23,980 members participate and 1,987 of these members were referred for immediate medical care from their provider for elevated blood pressure, glucose, or both. The Commission asked how many of these members followed up with their provider. This information will be presented at the next meeting. The Commission would also like to discuss the premium incentive amount awarded to the employee/spouse coverage tiers for Plan Year 2020.

### **Rewards Program – Smart Shopper**

Mike Michael provided an overview of the program that launched June 2018 with reportable data beginning in July through December 2018. The program is a full-service incentive and engagement program that provides employees an opportunity to shop for certain incentivized health care services. There are 4,636 distinct households with a registered member and there are 10,507 distinct households who had a shoppable claim. The majority of the members access this program through the website with a smaller percentage utilizing the phone service. Through December 2018, fifty-nine members have received an incentive check. The net savings to the health plan during this period is \$22,568.

### **On-Site Clinic**

A contract was awarded to Marathon Health for an on-site health clinic. The on-site clinic is recognized as an opportunity for the State Employee Health Plan (SEHP) to offer high quality, value-added services and is projected to reduce medical and drug claim costs. This clinic is being implemented as a pilot and the HCC could elect in the future to offer additional clinics in other communities for the SEHP members.

The clinic will be staffed by one physician, two nurse practitioners, and other nursing / support personnel. Required minimum services of the clinic include general primary care services, limited dispensing of medications, on-site laboratory services that are granted waived status under the federal clinical laboratory improvement amendments of 1988 by the FDA, access to third-party laboratory services that are not eligible for waiver status, behavioral health services, physical medicine services, and services that align with the SEHP wellness initiatives. The clinic will maintain data security for all patient and clinic data, provide an interoperable electronic medical record that enables the exchange of health data, and provide the SEHP with detailed information on cost avoidance and return on investment.

The clinic is located in the Mills Building at 901 S. Kansas Ave., Topeka, Kansas. Demolition began the week of January 7<sup>th</sup> and the clinic is projected to open the first week of May 2019.

Dissemination of information to employees will be communicated to employees through direct messaging.

There is no out-of-pocket cost for employees in Plan A. Employees in other plans will incur a \$40 fee, which includes medication. Clinic services are available to all employees enrolled in the plan except those on Medicare are excluded from participation.

### **Legislative Update**

**HB 2298.** *Allowing the assignment of dental insurance benefits under the state healthcare benefits program.* The bill was introduced February 13, 2019, by the Committee on Health and Human Services. The bill allows plan coverage information and assignment of benefits be provided to dental providers and provides further that all licensed dentists meeting liability insurance requirements be eligible for in-network contract status with the SEHP. The SEHP provided a fiscal note for the bill.

**HB2107.** *Requiring full reimbursement for contraceptive prescriptions.* The bill was introduced January 30, 2019, by the Committee on Federal and State Affairs. This bill allows provider to cover a 12-month supply of contraceptives to be dispensed at once. The SEHP provided a fiscal note for the bill.

**HB 2124.** *Requiring health insurance plans to cover contraceptives.* The bill was introduced February 4, 2019, and it was referred to Committee on Insurance. The bill relates to contraceptive drugs and devices are provided without imposition of deductibles, co-payment or other cost sharing with Plan members as mandated under the ACA. However, under high-deductible Plans C and N, male contraceptives are not covered prior to reaching the deductible. The SEHP is monitoring the bill.

**HB 2387/SB 217.** *Requiring the state employee healthcare benefits program to accept participation as a provider by any willing pharmacist.* The bill was introduced on February 25, 2019, and it was referred to the Committee on Appropriations. SB 217 was introduced on February 25, 2019, and it was referred to the Committee on Financial Institutions and Insurance. It is specific to contract pharmacies willing to accept plan terms for specialty drugs. The SEHP provided a fiscal impact statement.

Commissioner Schmidt stated that she would like to meet with Mike Michael so she could get a better understanding of the fiscal impact reported.

### **FUTURE MEETINGS**

The next meeting is scheduled for Monday, April 22, 2019, at 1:30 p.m. in the KPERS Boardroom, 611 S. Kansas Avenue, Topeka, Kansas.

At the Chair's request for additional business and none being raised, the meeting was adjourned by unanimous consent at 3:44 p.m.