

## Minutes

### State, Local Education and Local Government Insurance Committees May 26, 2022

The State, Local Education and Local Government Insurance Committees met on May 26, 2022 at 1:00 pm (central) in The Nashville Room, Tennessee Tower, Nashville, TN and via WebEx.

#### State Insurance Committee members participating:

Lucian Geise, representing Butch Eley, Commissioner, Finance and Administration  
Jaclyn Harding, representing Jason Mumpower, Comptroller of the Treasury  
Rick Dubray, representing David Lillard, State Treasurer  
Brian Hoffmeister, representing Carter Lawrence, Commissioner, Commerce and Insurance  
Juan Williams, Commissioner, Human Resources  
Michelle Consiglio-Young, state employee representative  
Randy Stamps, Tennessee State Employees Association  
Holly Girgies, representing Higher Education  
Senator Bo Watson, Chair, Senate Finance, Ways and Means Committee (by teleconference)

#### Local Education Insurance Committee members participating:

Lucian Geise, representing Butch Eley, Commissioner, Finance and Administration  
Jaclyn Harding, representing Jason Mumpower, Comptroller of the Treasury  
Rick Dubray, representing David Lillard, State Treasurer  
Brian Hoffmeister, representing Carter Lawrence, Commissioner, Commerce and Insurance  
Scott Langford, Middle TN School Employee representative (by teleconference)  
Erin Johnson, East TN School Employee representative (by teleconference)  
Jennifer White, Tennessee School Board Association (by teleconference)

#### Local Government Insurance Committee members participating:

Lucian Geise, representing Butch Eley, Commissioner, Finance and Administration  
Jaclyn Harding, representing Jason Mumpower, Comptroller of the Treasury  
Rick Dubray, representing David Lillard, State Treasurer  
Kevin Krushenski, Tennessee Municipal League

Lucian Geise called the meeting to order at 1:00 pm (central) noting that he was representing Commissioner Eley who was unable to attend. Mr. Geise noted other delegates in attendance and a roll call of members noted a quorum from each Committee was participating in the meeting. Mr. Geise stated that due to scheduling conflicts, less than a quorum of Local Education Committee members was present in the meeting room. Under TCA Section 8-44-108, the Committee can rely on the participation of members by telephone or other electronic

means to constitute a quorum only upon a finding of necessity by the Committee. Mr. Geise noted that the items on the agenda required action at this time to provide premium information to local education agencies for their budgeting and to produce, print and distribute employee materials prior to the annual enrollment period.

On behalf of the Local Education Insurance Committee, Mr. Dubray made a motion to proceed under the provisions of TCA 8-44-108. Mr. Hoffmeister seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Langford	yes	Johnson	yes
White	yes		

### **Agenda Item #1 – Minutes of April 28, 2022 Meeting**

Executive Director Laurie Lee, Benefits Administration (BA) noted two typographical errors in the April 22, 2022 minutes as provided to members. Commissioner Williams made a motion that the State Insurance Committee approve the April 28, 2022 minutes as corrected. Ms. Harding seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Williams	yes	Consiglio-Young	yes
Stamps	yes	Girgias	yes
Watson	yes		

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to approve the April 28, 2022 minutes with the noted corrections. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Langford	yes	Johnson	yes
White	yes		

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the April 28, 2022 minutes as corrected. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Krushenski	yes

### **Agenda Item #2 - 2023 Benefit and Premium Recommendations**

Director Lee noted that Committee members had been presented with information at the April meeting to lay the groundwork for the 2023 benefit and premium recommendations. BA staff provided plan design guidelines, current forecasting, and financial impacts at that meeting. Extensive research on benchmarking, best practices, and benefits offered by other states had been conducted by the Vendor Services team in BA and were utilized to develop recommendations for benefit modifications. The benefit considerations were reviewed by Aon, the Plan's contracted actuarial firm, for the cost implication of each recommendation. Members were advised that the recommendations would be reviewed and approved by each component with the final premium recommendation contingent upon approval of all components. Director Lee introduced Colleen Huber, Senior Vice President of Aon, to present the recommendations.

#### Item 2A – 2023 Benefit Recommendations

Ms. Huber provided an overview of the rationale for the recommended benefits changes which included aligning benefits with the market, aligning the actuarial value and premiums to provide price/value trade-off, incentivizing the most appropriate site of care, high value care and cost of lower cost medication with the same efficacy. The following benefit recommendations were presented for the Committees' consideration:

- Increase deductibles for Premier, Standard and State CDHP
- Increase maximum out of pocket for Standard and State CDHP
- Increase in-network coinsurance for Premier from 10% to 15%
- Move emergency room (ER) services and allergy serum from copay to deductible/coinsurance for Premier, Standard and Limited
- Adjust cost sharing for PPO specialty drugs by offering two cost tiers and increasing the related coinsurance and minimum and maximum amounts for Premier, Standard and Limited
- Implement a prescription vitamin/supplement per claim maximum for multivitamins, nutritional supplements, prenatal vitamins, and pediatric vitamins (with rejected claims to permit clinician review for potential override)

Additionally, several benefit enhancements were proposed to align with the market and/or to drive the use of high value care. These changes included:

- Increase State CDHP employer HSA funds from \$250/\$500 to \$500/\$1,000
- Place diagnostic tests for A1c (average blood sugar), LDL (cholesterol) and INR (blood clotting) outside the deductible for the CDHP
- Treat retinopathy (diabetic eye screening) as preventive and cover at 100% for both PPO and CDHP

For Applied Behavior Analysis (ABA), Ms. Huber noted a recommended shift from an office visit copay as a result of clinical policy review to support mental health parity compliance. ABA benefits were recommended to be aligned with current outpatient physical/occupational/speech therapy benefits. For PPOs, in-network outpatient ABA benefits would have coinsurance with the deductible waived. For out-of-network PPOs, ABA treatment would be subject to deductible/coinsurance.

In response to questions regarding changes to ER services benefits, Andrea Dowdy, Clinical Director, BA advised members that changes were recommended to provide for appropriate site of care in the plan design. For example, for urgent care facilities, members pay a specialist copay; for retail clinics, members pay a PCP level copay. Dr. Dowdy reminded members that if an ER visit resulted in a hospital admission, the deductible/coinsurance is waived. Dr. Dowdy confirmed that there were no changes to member cost for allergy injections without an office visit and the proposed benefit changes align with benefits offered by other states. Committee members urged BA to clearly communicate to members alternatives to seeking ER care and other appropriate sites of care for urgent needs.

In reference to the prescription vitamin/supplement benefit change, Keith Athow, Director of Pharmacy Services and HSA, BA, confirmed that there was an option for a clinician overview for rejected claims for potential override. Director Lee provided a response to a question regarding the recently passed Pharmacy Benefits Management legislation noting that no costs were factored into the proposed recommendations as the legislation affects contracts that are amended or extended after January 1, 2023.

In response to an inquiry regarding reinsurance for the Local Government Plan, Ms. Huber opined that Aon would not recommend reinsurance as although the plan enrollment is small, the solvency reserve was sufficient to accommodate concerns of that nature.

#### Item 2B – Premium Tier Adjustments – Coverage Tier Ratios

Ms. Huber noted that in keeping with discussions of the premium tier adjustments in 2021, it was recommended to continue to increase the premium of the “employee + spouse” tier to bring it closer to actual experience. It was advised that without adjustments over time to reflect the actual claims experience, some tiers’ premiums would be priced higher than claims experience while others would be undervalued. Members were advised that the recommended adjustments would not change the overall, aggregate premiums; however, the premium increase would vary slightly within the coverage tiers.

#### Item 2C – Network Buy-Up

Ms. Huber reminded members that in 2022, the State added a second broad network with a buy-up premium differential to allow members to choose between networks and premium levels. In 2022, the Committees approved increasing the broad network buy-up amounts to

\$65/\$130 per month. For 2023, BA recommended no change to the buy-up amounts for the following reasons:

- the small population results in less credible claims experience;
- with the selection risk of this population, it is prudent to adjust the buy-up amounts gradually as the population stabilizes; and
- additional claims experience is needed to assess the actual experience of the newest broad network option.

It was noted that the buy-up amount would be evaluated for future years.

#### Item 2D – Premium Level Adjustments – Local Government ONLY

Ms. Huber provided background on the premium levels for the Local Government Plan noting that agencies were assigned a level upon entry into the Plan to account for the risk associated with the age of an agency's members. An analysis of the medical loss ratios for each level conducted by Aon indicated that the premium differential between levels is not warranted to the current extent. A recommendation to adjust levels 2 and 3 closer to level 1 was presented with a differential between levels at 5%.

#### 2E – 2023 Premiums

Ms. Huber noted that the premium recommendations for each plan were based on Aon's three-year forecast, which projects the impact on the fund balance and utilizes surplus reserves. Additionally, members were provided with the claims health care trend and historical premium changes for each plan. The underlying considerations and assumptions for the premium recommendations were reviewed by Ms. Huber and it was noted each component discussed under this topic was factored into the final recommendations. For state/higher education enrollees, an aggregate increase for active employees of 6.2% was recommended; a 3.6% aggregate increase for state/higher education retirees. For the Local Education Plan, an aggregate increase of 6.1% was recommended. An aggregate premium increase of 7.5% was recommended for the Local Government Plan.

In response to member inquiry, Director Lee clarified that each Committee would be voting on each component of the benefit and premium considerations. It was noted that the recommended premium increases were contingent upon the Committees' approval of all the components discussed in the 2023 benefits and premium considerations because the benefit modifications as presented reduced the premium increase by one percentage point. Mr. Stamps asked the record to reflect that he would be voting against increasing member out of pocket costs in favor of a higher premium increase.

Commissioner Williams made a motion that the State Insurance Committee approve Item 2A - Benefit Recommendations as presented. Mr. Hoffmeister seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Williams	yes	Consiglio-Young	no
Stamps	no	Girgies	yes
Watson	no		

On behalf of the Local Education Insurance Committee, Ms. Harding made a motion to approve Item 2A - Benefit Recommendations as presented. Mr. Langford seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Langford	yes	Johnson	yes
White	yes		

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve Item 2A - Benefit Recommendations as presented. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Krushenski	yes

Commissioner Williams made a motion that the State Insurance Committee approve Item 2B – Premium Tier Adjustments as presented. Mr. Hoffmeister seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Williams	yes	Consiglio-Young	no
Stamps	no	Girgies	yes
Watson	no		

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to approve Item 2B – Premium Tier Adjustments as presented. Ms. Harding seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Langford	yes	Johnson	yes
White	yes		

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve Item 2B – Premium Tier Adjustments as presented. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Krushenski	yes

Mr. Geise noted that there was no change proposed to the Network Buy-Up; therefore, a vote was not required on Item 2C.

Mr. Krushenski made a motion that the Local Government Insurance Committee approved Item 2D – Premium Level Adjustments as the data presented supported the recommendation. Mr. Geise seconded the motion. Mr. Krushenski requested that if Items 2D and 2E were approved, staff considering “slowing down the differential”. The motion passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Krushenski	yes

Ms. Consiglio-Young asked that the record reflect that adjustments to insurance benefits make it difficult to recruit and retain employees and that salaries are not increasing at the same percentage rate as premium increases. She noted that the Administration needs to look at this and determine how to address these issues moving forward and for these reasons, she would not be voting in favor of the recommended premium increases.

Commissioner Williams made a motion that the State Insurance Committee approved Item 2E – 2023 Premiums. Mr. Hoffmeister seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Williams	yes	Consiglio-Young	no
Stamps	no	Girgias	yes
Watson	no		

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to approve Item 2E – 2023 Premiums. Ms. Harding seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Langford	yes	Johnson	yes
White	yes		

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve Item 2E – 2023 Premium. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Geise	yes	Harding	yes
Dubray	yes	Krushenski	yes

### Agenda Item #3 – Benefit Update

Director Lee advised that due to IRS rules, only preventive medications are allowed pre-deductible for CDHP members. This will require an adjustment to the maintenance tier medication list to ensure compliance. To be in compliance, the Plans will adopt Caremark’s preventive drug list for CDHP members receiving 90-day maintenance tier medication. Director Lee noted some drugs will no longer be included while other will be added. Committee members were advised that the maintenance tier list for PPOs will remain unchanged. In response to member inquiry, it was noted that this change would be communicated to employees through updates to the website and annual enrollment materials.

There being no further business, the meeting adjourned at 2:15 pm.

Respectfully submitted,



Laurie S. Lee