

Minutes

State, Local Education and Local Government Insurance Committees

January 24, 2020

9:00 am (central)

The State, Local Education and Local Government Insurance Committees met on January 24, 2020 at 9:00 am (central) in The Nashville Room, 3rd Floor, William R. Snodgrass Tennessee Tower, Nashville, TN.

State Insurance Committee members attending:

Lucian Geise, representing Stuart McWhorter, Commissioner, Finance and Administration

David Lillard, State Treasurer

Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury

Brian Hoffmeister, representing Hodgen Mainda, Commissioner, Commerce and Insurance

Stephanie Penney, representing Juan Williams, Commissioner, Human Resources

Michelle Consiglio-Young, state employee representative (by teleconference)

Rob Chance, representing Higher Education

Randy Stamps, representing Tennessee State Employees Association

Senator Bo Watson, Chair, Senate Finance, Ways and Means (by teleconference)

Representative Susan Lynn, Chair, House Finance, Ways and Means (by teleconference)

Local Education Insurance Committee members attending:

Lucian Geise, representing Stuart McWhorter, Commissioner, Finance and Administration

David Lillard, State Treasurer

Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury

Brian Hoffmeister, representing Hodgen Mainda, Commissioner, Commerce and Insurance

Jennifer White, Tennessee School Board Association

Scott Langford, Middle Tennessee Teacher Representative (by teleconference)

Erin Johnson, East Tennessee Teacher Representative

Local Government Insurance Committee members attending:

Lucian Geise, representing Stuart McWhorter, Commissioner, Finance and Administration

David Lillard, State Treasurer

Rachel Buckley, representing Justin Wilson, Comptroller of the Treasury

Kevin Krushenski, Tennessee Municipal League

Nathan Brock, Tennessee County Services Association (by teleconference)

The meeting was called to order at 9:00 am (central). A roll call attendance noted a quorum was present for each Committee. Mr. Geise acknowledged the individuals attending as designees of Committee members. Mr. Geise announced that following action on the items listed on the agenda, the meeting of the Local Education and Local Government Committees would be

adjourned and the State Insurance Committee would go into Executive Session. The public would be dismissed at that time.

Agenda Item #1 – Minutes of October 24, 2019 - ALL

There being no corrections or additions to the minutes of October 24, 2019, Treasurer Lillard made a motion that the State Insurance Committee approve the minutes as presented. Mr. Stamps seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Penney	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes	Lynn	absent

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to approve the minutes of the October 24, 2019 meeting as presented. Treasurer Lillard seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	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 minutes of the October 24, 2019 meeting as presented. Treasurer Lillard seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Krushenski	yes
Brock	yes		

Agenda Item #6 – Minutes of December 6, 2019 – STATE Only

There being no additions or corrections to the minutes of the December 6, 2019 State Insurance Committee meeting, Treasurer Lillard made a motion that the minutes be approved as presented. Mr. Stamps seconded the motion, which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Penney	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes	Lynn	absent

Agenda Item #3 – Pharmacy Benefits Manager (PBM) Contract Award

Seannalyn Brandmeir, Benefits Administration (BA) Director of Procurement and Contracting, presented the Evaluation Team report for the PBM Contract. The Request for Proposals (RFP) was released on October 10, 2019 with a deadline of November 25, 2019 for submission of Technical and Cost Proposals. BA received responses from five respondents; CVS Health, Express Scripts, Inc., MedImpact Healthcare Systems, PharmPix, and OptumRx. Ms. Brandmeir reviewed the Proposal Evaluation Criteria noting that the Transmittal and Statements of Certificates and Assurances and Section A – Mandatory Respondent Qualifications were pass/fail as determined by the Director of Procurement and Contracting with the remaining items receiving a point value for each section determined by scores submitted by the RFP Evaluation team members.

Ms. Brandmeir noted that OptumRx did not pass the Proposal Transmittal and Statement of Certifications and Assurances as they would not agree to the pro forma contract as required by the RFP. Additionally, PharmPix’s proposal was determined to be non-responsive as they did not include one client with 100,000 or more lives currently receiving PBM services, as well as two (2) clients with at least 75,000 lives each.

Ms. Brandmeir briefly reviewed components of Sections B and C, General Qualifications and Experience and Technical Qualifications, Experience and Approach. Members were advised that the cost proposals were sent to Aon, BA’s actuarial consultant, for their calculation. Aon used the cost proposals to provide analysis and summarize the remaining respondents’ cost.

Based upon the results of the evaluation, the Evaluation Team recommended that the State, Local Education and Local Government Insurance Committees enter into a contract with CVS Health for PBM Services with a contract term beginning March 1, 2020 and extending through June 30, 2025. It was noted that the benefit period for members under the contract would be January 1, 2021 through December 31, 2024, with the remaining months in the contract to include time for implementation and claims runout.

In response to questions by Mr. Krushenski, Ms. Brandmeir noted that the savings under this contract were estimated at \$71 million per year. Also, Ms. Brandmeir noted that Optum’s proposal would not agree to liquidated damages section contained in the contract.

Treasurer Lillard made a motion, on behalf of the State Insurance Committee, to enter into a contract with CVS Health for PBM Services with a contract term beginning March 1, 2020 and extending through June 30, 2025. Mr. Hoffmeister seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Penney	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes	Lynn	yes

On behalf of the Local Education Insurance Committee, Ms. White made a motion to enter into a contract with CVS Health for PBM Services with a contract term beginning March 1, 2020 and extending through June 30, 2025. Ms. Johnson seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Langford	yes	Johnson	yes
White	yes		

On behalf of the Local Government, Treasurer Lillard made a motion to enter into a contract with CVS Health for PBM Services with a contract term beginning March 1, 2020 and extending through June 30, 2025. Mr. Krushenski seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Krushenski	yes
Brock	yes		

Agenda Item #4– Plan Document Changes – ALL Plans

Laurie Lee, Executive Director, BA presented proposed Plan Document language for all plans which clarified that the premium deferral period allowed applies to direct-billed premiums. Additionally, Ms. Lee recommended adding language allowing for a one-time opportunity for reinstatement to the Plan in the case of coverage termination for direct-billed participants. BA would assume responsibility for noting records to reflect approvals and reviewing reinstatement requests.

In response to questions from Michelle Consiglio-Young, Ms. Lee noted that this change would be effective immediately and notice would be given to Agency Benefit Coordinators as well as posting updated Plan Documents to the BA website.

Mr. Stamps made a motion that the State Insurance Committee approved the Plan Document language recommended by BA staff. Mr. Hoffmeister seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Penney	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes	Lynn	yes

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to approve the Plan Document language presented by BA staff. Ms. White seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	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 Plan Document language presented by BA staff. Ms. Buckley seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Krushenski	yes
Brock	yes		

Agenda Item #4 – Plan Document Changes – State and Local Education ONLY

Ms. Lee presented proposed Plan Document changes to modify employment language in the retiree sections for these plans. Current language allows state and local education retirees to combine creditable state and local education service to satisfy employment criteria for continuation of coverage. The individual is normally considered a retiree in the plan from employment ended immediately preceded retirement. The proposed change allows a retiree who meets the criteria without having to combine service to choose to be designated a retiree in the plan from which eligible criteria was first satisfied or the plan from which employment ended immediately preceding retirement.

In response to a question from Mr. Krushenski regarding exclusion of the Local Government Plan for this option, Ms. Lee noted that the creditable coverage was used to determine the state contribution toward the premium. Since the state did not contribution toward the Local Government Plan premiums, they were not included in this Plan Document change. In response to an inquiry from Ms. Consiglio-Young, it was noted that this change would become effective upon adoption by the State and Local Education Insurance Committees.

Mr. Stamps made a motion on behalf of the State Insurance Committee to approve the Plan Document changes as presented by staff. Ms. Buckley seconded the motion which passed by the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Penney	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes	Lynn	yes

On behalf of the Local Education Insurance Committee, Ms. White made a motion to approve the Plan Document changes as presented by staff. Ms. Johnson seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Langford	absent	Johnson	yes
White	yes		

Agenda Item #5 – Cigna Surgical and Treatment Support Program

Dr. Andrea Dowdy, Clinical Director, BA, presented a recommendation to participate in Cigna’s Surgical and Treatment Support program effective April 1, 2020. It was noted that as a result of the RFP issued for these services, Cigna had contracted with top performing providers and facilities across the state to deliver total joint replacements (hip and knee) and spinal surgeries (laminectomy and lumbar spinal fusion) at a minimum of 20% lower than the market. Dr. Dowdy briefly reviewed the quality measures utilized by Cigna in the selection of this network of providers and facilities.

The program would waive all member cost share when select network providers were utilized (with the exception of the Consumer Driven Health Plan (CDHP) deductible) and include a travel benefit of \$600 for individuals who travel more than 60 miles to receive care from these select providers and facilities. The program also offers concierge services to assist members utilizing this program.

Committee members were provided with the four Cigna providers participating in the program (Campbell Clinic, Covenant Health, Knoxville Orthopaedic Surgery Center and West Tennessee Bone and Joint), which surgical procedures are performed by each provider and whether in an in-patient or out-patient setting. Dr. Dowdy noted that Cigna was open to adding new providers and that a middle Tennessee contract was under consideration. Dr. Dowdy advised members of the estimated savings for the first three years based upon the state’s prior utilization.

There was concern expressed by some members that there were no providers in the middle Tennessee grand division. Dr. Dowdy noted that members can continue to utilize in-network facilities at their normal network benefit rate. In response to inquiries about the timeframe for current negotiations with providers in the middle Tennessee area, Matt Ung with Cigna confirmed that there are entitles in middle Tennessee in negotiations with Cigna for participation; however, Mr. Ung was unable to provide a date when the negotiations would be complete.

Mr. Hoffmeister made a motion that the State Insurance Committee participate in the Cigna Surgical and Treatment Program effective April 1, 2020. Mr. Chance seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Penney	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	no	Lynn	yes

On behalf of the Local Education Insurance Committee, Ms. White made a motion to approve participation in the Cigna Surgical and Treatment Program effective April 1, 2020. Ms. Johnson seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Langford	yes	Johnson	yes
White	yes		

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve participation in the Cigna Surgical and Treatment Program effective April 1, 2020. Mr. Geise seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Krushenski	yes
Brock	yes		

Agenda Item #6 – Transplant Benefit

Dr. Dowdy presented a staff recommendation that the Committees approve waiving the cost share of participants who receive medically necessary organ transplants at a carrier designated Center of Excellence (COE). Under this proposal, PPO plan members would not pay a deductible or coinsurance; CDHP members would still be required to pay a deductible, but coinsurance would be waived. BA staff also recommended that the cost share for kidney transplants be waived for BlueCross Blue Shield (BCSBT) members if performed at an in-network facility as BCBST does not designate COEs for kidney transplants.

In response to a question from Mr. Krushenski, Committee members were advised that the current benefit for use of a facility that is not a COE would continue to be an option with the member paying the applicable cost share. Additionally, the travel benefit would still be available to east Tennessee members and would not be limited to Tennessee facilities. Dr. Dowdy identified each carrier's facilities in the program and clarified that there are no Center for Medicare Services (CMS) designated transplant facilities in east Tennessee.

Mr. Stamps made a motion that the State Insurance Committee approve the staff recommendation for transplant benefits. Mr. Hoffmeister seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Penney	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes	Lynn	yes

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to approve the staff recommendation for transplant benefits. Ms. White seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	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 staff recommendation for transplant benefits. Treasurer Lillard seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Krushenski	yes
Brock	yes		

Agenda Item #7 – Premium Holiday – State ONLY

Ms. Lee presented a staff recommendation that the State Insurance Committee authorize a premium holiday to take effect May 2020 for all active members (higher education and state employees) in the State Plan. The premium holiday would be for medical benefits only and would not apply to retirees. Members were advised that the State Plan healthcare trend has been at or below forecasted trend for the past three years. Ms. Lee noted that despite several years of setting premium increases below the expected trend, the Plan reserves exceed the minimum target solvency reserve of 10%. Colleen Huber, Aon Consulting, was in attendance at the meeting for specific questions related to forecasting of premiums.

Ms. Lee noted that there is more volatility in the Local Education and Local Government Plans with frequent movement in and out of the plan with no underwriting at enrollment. Additionally, with over 300 individual agencies and associated payrolls, the administration of a premium holiday would be extremely difficult for those plans. Mr. Krushenski requested staff to look at other ways to use one-time excess reserves for the Local Government Plan and offered to work with BA staff and/or Aon Consulting in this effort. Treasurer Lillard commented that time period for the premium holiday was an unaudited period and expressed concern that

actions based upon unaudited numbers could cause issues. Treasurer further noted that the Committee might consider, from a state budget standpoint, whether an appropriation to designate the savings of the 80% state contribution into a particular fund or as an addition to the rainy day fund would be appropriate rather than leaving it solely to the discretion of the Administration.

Mr. Stamps made a motion that the State Insurance Committee approve the staff recommendation for a premium holiday to take effect in May 2020. Mr. Chance seconded the motion which passed with the following roll call vote:

Geise	yes	Buckley	yes
Lillard	yes	Hoffmeister	yes
Penney	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes	Lynn	yes

Agenda Item #8 – Shared Savings Incentive Program

Ms. Lee advised members that pursuant to Public Chapter 407, the State Insurance Committee was required to publish a report by January 1, 2020 of examples of shared savings incentive program in other states. The State Insurance Committee, at their December 6, 2019 meeting, authorized staff to publish the report on the website. Ms. Lee presented highlights from the published report and noted that the legislation stated that the Committee may consider such a program if it was deemed to be cost effective. BA will engage Aon Consulting to prepare an evaluation of the cost effectiveness of such a program and those findings will be presented to the State, Local Education and Local Government Insurance Committees once complete.

Mr. Geise advised members that the next scheduled meeting was February 24, 2020.

At this point, the meeting of the Local Education and Local Government Insurance Committees was adjourned and the State Insurance Committee entered an Executive Session to discuss a pending lawsuit.

Respectfully submitted,



Laurie S. Lee
Executive Director