

Minutes

State, Local Education and Local Government Insurance Committees

April 28, 2022

The State, Local Education and Local Government Insurance Committees met on April 28, 2022, at 1:00 pm (central) in The Nashville Room, 3rd Floor Tennessee Tower, Nashville, Tennessee and via WebEx.

State Insurance Committee members participating:

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
Terry Carroll, Tennessee State Employees Association
Holly Girgias, representing Higher Education

Local Education Insurance Committee members participating:

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
Maryanne Durski, Department of Education
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:

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 (by teleconference)
Nathan Brock, Tennessee County Services Association (by teleconference)

Commissioner Eley called the meeting to order at 1:00 pm (central) and noted designees attending on behalf of members. A roll call of attendance noted a quorum from each Committee was present.

Agenda Item #1 – Approval of Minutes of February 24, 2022 Meeting

Ms. Harding made a motion that the February 24, 2022 meeting minutes be approved as presented. Commissioner Williams seconded the motion, which passed with the following roll call vote:

Eley	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Williams	yes	Consiglio-Young	yes
Carroll	yes	Girgies	yes

Ms. Durski made a motion that the Local Education Insurance Committee approve the February 24, 2022 minutes as presented. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Eley	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Durski	yes	Langford	yes
Johnson	yes		

On behalf of the Local Government Insurance Committee, Commissioner Eley made a motion to approve the February 24, 2022 minutes as presented. Ms. Harding seconded the motion, which passed with the following roll call vote:

Eley	yes	Harding	yes
Dubray	yes	Krushenski	yes
Brock	yes		

Agenda Item #2 – Supplemental Plan Review Procedure for Higher Education Institutions (State ONLY)

Laurie Lee, Executive Director, Benefits Administration (BA) advised members that the procedure for review of supplemental plan offerings for higher education institutions was recommended to ensure that any proposed offerings did not adversely impact the State Plan’s financial position or purchasing power. The procedure would include a review and recommendation by Benefits Administrations (BA’s) actuary, with final approval or denial made by the Insurance Committee. Ms. Lee noted that this recommended procedure was the same process required for local education and local government agencies, which was included in the agencies’ Memoranda of Understanding. In response to a member inquiry about the current long-term disability coverage offered by higher education, Ms. Lee noted that the Committee had previously reviewed and approved that offering.

Mr. Hoffmeister made a motion that the State Insurance Committee approve the supplemental plan review procedure as presented. Commissioner Williams seconded the motion, which passed with the following roll call vote:

Eley	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Williams	yes	Consiglio-Young	yes
Carroll	yes	Girgies	yes

At this point in the meeting, Jennifer White joined the meeting virtually.

Agenda Item #3 – Approval of 2023 Procurement Schedule

Ms. Lee presented the 2023 procurement schedule for approval by the Committees, which included:

- Data warehouse and decision support tool
- Population health services
- Actuarial, OPEB and consulting services

Members were advised that typically BA seeks approval of the procurement schedule in the fall; however, due to the complexity of the procurement and implementation of the data warehouse and decision support tool, an earlier approval was requested.

Ms. Harding made a motion that the 2023 procurement schedule be approved as presented. Commissioner Williams seconded the motion, which passed with the following roll call vote:

Eley	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Williams	yes	Consiglio-Young	yes
Carroll	yes	Girgies	yes

Ms. Durski made a motion that the Local Education Insurance Committee approve the 2023 procurement schedule as presented. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Eley	yes	Harding	yes
Dubray	yes	Hoffmeister	yes
Durski	yes	Langford	yes
Johnson	yes	White	yes

On behalf of the Local Government Insurance Committee, Ms. Harding made a motion to approve the 2023 procurement schedule as presented. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Eley	yes	Harding	yes
Dubray	yes	Krushenski	yes
Brock	yes		

Agenda Item #4 – Preparation for 2023 Benefits and Premiums

Ms. Lee noted that BA would present recommendations for 2023 benefits and premiums at the May 26, 2022 meeting. In preparation for those discussions, background information on COVID experience, financial activity and impacts and benefit design considerations were being provided at this meeting. Ms. Lee introduced Colleen Huber, actuarial consultant, Aon, to review the presentation.

Ms. Huber presented statistics on post-COVID-19 medical claims costs and the effects of COVID-19 on the state’s claims experience and expenses. A breakdown of expenses by testing costs, vaccine costs and treatments costs, as well as potential suppression of other claims, was shared with the Committee. Ms. Huber noted that economy-wide inflation would have an impact on medical claims trends with expected trends from 2021 to 2022 and 2022 to 2023 being higher than originally forecast by 1 point in each year.

Next, Ms. Huber reviewed information on preventative visits, cancer screenings, diabetes testing, elective procedures and provider-based telehealth. Members were reminded that premiums had been set with the intent to spend down excess reserves over a three-year period. Additionally, the State Plan had a premium holiday in May 2021 as part of that effort. The information showed that the spend down in the Local Education Plan was less than expected due to school closures/hybrid schedules but that costs had started to pick up. For the Local Government Plan, the spend down was more than anticipated due to increased claims, higher costs and high-cost claimants.

Ms. Lee advised the Committees of pending legislation that could have a financial impact on the Plan, specifically relating to Pharmacy Benefit Management and mammography. Members were advised that BA would continue to follow the legislation and anticipated costs and funding and would be able to better address the impact at the May Insurance Committee meeting.

Ms. Lee reviewed the guiding principles of the plan design which included alignment with market benefits, a meaningful price differential between options, incentivizing high value care and premium increases within the funding appropriated in the budget for insurance costs. Members were also reminded that there had been no substantial cost sharing changes in the past five years. Ms. Lee noted that having no cost sharing changes results in an increase in the actuarial value of the plan. Members reviewed historical statistics on the actuarial value for each plan option noting that the difference between the options was not significant.

Committee members were provided with benefit design and premium considerations which included forecasting of premiums for each plan. Preliminary forecasting for premium increases

indicated 7.2% for the State Plan, 7.2% for the Local Education Plan and 8.4% for the Local Government Plan. Ms. Lee noted that these forecasts were determined prior to any benefit changes and that BA would be recommending benefit changes at the May meeting to reduce the premium increases. The aim of the benefit adjustments is to reduce 1 point of the percentage increase noted in the preliminary forecasting as well as align the benefits with the actuarial value of the products. Other items under consideration are tier adjustments to bring premiums closer to actual experience for the tier, evaluation of broad network enrollment and experience and Local Government premium level tiers. Members were advised that BA and Aon would continue reviewing Plan finances, claim experience and benefit changes for presentation at the May meeting.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Laurie S. Lee". The signature is written in a cursive, flowing style.

Laurie S. Lee