

## Minutes

### State, Local Education and Local Government Insurance Committees May 27, 2021

The State, Local Education and Local Government Insurance Committees met on May 27, 2021 at 1:00 pm (central) via WebEx.

#### State Insurance Committee members participating:

Eugene Neubert, representing Butch Eley, Commissioner, Finance and Administration  
Rachel Buckley, representing Jason Mumpower, Comptroller of the Treasury (by teleconference)  
Rick Dubray, representing David Lillard, State Treasurer  
Carter Lawrence, Commissioner, Commerce and Insurance  
Juan Williams, Commissioner, Human Resources  
Michelle Consiglio-Young, state employee representative  
Randy Stamps, Tennessee State Employees Association  
Rob Chance, representing Higher Education (by teleconference)  
Senator Bo Watson, Chair, Senate Finance, Ways and Means Committee (by teleconference)

#### Local Education Insurance Committee members participating:

Eugene Neubert, representing Butch Eley, Commissioner, Finance and Administration  
Rachel Buckley, representing Jason Mumpower, Comptroller of the Treasury (by teleconference)  
Rick Dubray, representing David Lillard, State Treasurer  
Carter Lawrence, Commissioner, Commerce and Insurance  
Maryanne Durski, Department of Education (by teleconference)  
Scott Langford, Middle TN School Employee representative (by teleconference)

#### Local Government Insurance Committee members participating:

Eugene Neubert, representing Butch Eley, Commissioner, Finance and Administration  
Rachel Buckley, representing Jason Mumpower, Comptroller of the Treasury (by teleconference)  
Rick Dubray, representing David Lillard, State Treasurer  
Kevin Krushenski, Tennessee Municipal League

Deputy Commissioner Neubert called the meeting to order at 1:00 pm (central). A roll call of attendance noted a quorum from each Committee was participating in the meeting. Deputy Commissioner Neubert stated that due to scheduling conflicts, less than a quorum of State and Local Education Committee members was present in the meeting room. Under TCA Section 8-44-108, the Committees 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. Deputy Commissioner Neubert noted that the items on the agenda required action at this time to meet deadlines for

contract implementation and preparation of materials for printing and distribution to employees in time for the annual enrollment period.

Mr. Stamps made a motion that the State Insurance Committee proceed under the provisions of TCA 8-44-108. Commissioner Lawrence seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	absent
Dubray	yes	Lawrence	yes
Williams	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes		

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

Neubert	yes	Buckley	absent
Dubray	yes	Lawrence	yes
Durski	yes	Langford	yes

### **Agenda Item #1 – Minutes of April 22, 2021 Meeting**

Senator Watson made a motion that the State Insurance Committee approve the April 22, 2021 minutes as presented. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	absent
Dubray	yes	Lawrence	yes
Williams	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes		

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to approve the April 22, 2021 minutes as presented. Commissioner Lawrence seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	absent
Dubray	yes	Lawrence	yes
Durski	yes	Langford	yes

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the April 22, 2021 minutes as presented. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	absent
Dubray	yes	Krushenski	yes

## Agenda Item #2 – DPPO Contract Award

At the request of Deputy Commissioner Neubert, Seannalynn Brandmeir, Manager of Contracts and Procurement, Benefits Administration (BA) presented the Evaluation Team Report. Ms. Brandmeir noted that the Request For Proposals (RFP) was issued on March 10, 2021 with responses due April 28, 2021. BA received proposals from Aetna, Cigna, Delta Dental, Metropolitan Life Insurance Company (MetLife), and United Healthcare (United).

Members were advised that during the evaluation of the Cost Proposals, BA sought clarification of MetLife’s Cost Proposal because MetLife listed one of the weighted average fees as N/A. The Cost Proposal instructions required a current weighted average fee for each and every dental procedure code listed. As the RFP policies and guidelines did not allow for acceptance of an incomplete Cost Proposal or an alteration or update to the submitted Cost Proposal once the Response Deadline had passed, the proposal from MetLife was deemed non-responsive.

Ms. Brandmeir reviewed the components of each section of the RFP and the breakdown of points available for each section. In response to member inquiry, Ms. Brandmeir advised that premiums would decrease for 2022 if the Committees approved the Evaluation Team recommendation.

Based upon the results of the detailed evaluation, the Response Evaluation Team recommended that the State, Local Education and Local Government Insurance Committees enter into a contract with Delta Dental for the voluntary DPPO program with a contract term beginning July 1, 2021 and extending through December 31, 2025. The benefit period for members under this contract is January 1, 2022 through December 31, 2025. The months at the beginning of the contract include time for implementation activities.

Ms. Consiglio-Young made a motion that the State Insurance Committee enter into a contract with Delta Dental for the voluntary DPPO program with a contract term beginning July 1, 2021 and extending through December 31, 2025. Mr. Stamps seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Williams	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes		

On behalf of the Local Education Insurance Committee, Commissioner Lawrence made a motion to enter into a contract with Delta Dental for the voluntary DPPO program with a contract term

beginning July 1, 2021 and extending through December 31, 2025. Deputy Commissioner Neubert seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Durski	yes	Langford	yes

Mr. Krushenski made a motion that the Local Government Insurance Committee enter into a contract with Delta Dental for the voluntary DPPO program with a contract term beginning July 1, 2021 and extending through December 31, 2025. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Krushenski	yes

**Agenda Item #3 – 2022 Benefit and Premium Recommendations**

Laurie Lee, Executive Director, BA, advised that each benefit recommendation would be voted on separately and then premium recommendations would be approved as the recommended premiums were based upon approval of the benefit recommendations. Ms. Lee introduced Colleen Huber, Actuarial Consultant with Aon, BA’s contracted actuary, to present the 2022 benefit and premium recommendations.

Ms. Huber reviewed the 2020 health care trends and performance of each plan, noting that the State and Local Education Plans were trending very close to the projected trend at 6.25% and both had significant decreases in medical claims in April 2020. For the Local Government Plan, Ms. Huber noted that health care claims did not follow the patterns of the other plans due to high-cost claimants that occurred in 2020 and 2021 and the smaller size of the plan at approximately 17,000 employees. Members were advised that premiums were set with the intention of spending down excess reserves over a three-year period while incurring smooth premium increases. Ms. Huber reviewed the financial activity of the plans as of March 31, 2021 and noted that the decrease in medical claims for the State and Local Education plans had offset some of the projected spend down in reserves. Next, Mr. Huber reviewed COVID-19 national experience and the impact on inpatient procedures and surgeries, as well as the impact to 2021 and 2022 claims projections. Members were advised of COVID effects and the factors both inflating and suppressing costs in the marketplace.

The first benefit consideration was the premium differential for the broad networks; Cigna Open Access and BlueCross Network P. The recommendation was to increase the broad network buy-up to \$65 for employee only coverage and \$130 for all other tiers. This recommendation was based upon the actual experience of the broad network, its smaller population with less credible claims experience, potential risk selection and lessening the subsidization between the narrow and broad networks.

The next recommendation was to set the out-of-network maximum out-of-pocket (MOOP) at 2 times the cost of the in-network level. Ms. Huber noted that the recommended increase in MOOP aligned with the industry best practices to discourage out-of-network utilization, affected less than 0.2% of members and would have a minimal fiscal impact. Some members expressed concerns over providers changing from in-network to out-of-network mid-year with that potential cost coupled with the difference in coinsurance between in-network and out-of-network providers. Staff noted that the Plans contract with the carriers to utilize their networks and the carriers have required provider access standards outlined in their contracts. Additionally, members can request continuous care exceptions if their providers leave the network mid-treatment. Members discussed the possibility of phasing in the maximum out-of-pocket over a three-year period and its impact on the premium recommendations. Staff noted that the premium recommendations as presented were contingent upon approval of the benefit modification recommendations.

The final benefit recommendation was to gradually increase the premium for the Employee + Spouse tier in all plans to actual experience with this recommendation being phased in over a three-year period. Members were advised that the overall aggregate premium increase would be the same, but slightly different within the coverage tiers.

Next, Ms. Huber reviewed the historical premium changes for each plan and presented the following recommendations for premium increases for each plan:

- State Plan - aggregate increase for active employees and retirees of 3.2%
- Local Education Plan – aggregate increase of 2.5%
- Local Government Plan – aggregate increase of 4.4%

Ms. Huber noted that the premium recommendations priced the plan options in accordance with their actuarial values, provided aggregate increases for all plan offerings, continued the spend down plan of excess reserves over a three year period, while making adjustments to the Employee + Spouse tier and accounting for future COVID-19 claims.

**Agenda Item #3A – Approval to Increase Monthly Broad Network Buy-Up to \$65/\$130**

Commissioner Williams made a motion that the State Insurance Committee approve the increased monthly broad network buy-up to \$65 for employee only coverage and \$130 for all other tiers. Mr. Stamps seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Williams	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes		

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to approve the increased monthly broad network buy-up to \$65 for employee only coverage and \$130 for all other tiers. Ms. Durski seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Durski	yes	Langford	yes

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the increased monthly broad network buy-up to \$65 for employee only coverage and \$130 for all other tiers. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Krushenski	yes

**Agenda Item #3B – Approval to Set Maximum Out-of-Network Costs at 2 Times In-Network**

Commissioner Williams made a motion that the State Insurance Committee approve the out-of-network maximum at 2 times the in-network maximum amount. Mr. Stamps seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Williams	yes	Consiglio-Young	no
Stamps	no	Chance	yes
Watson	no		

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to approve the out-of-network maximum at 2 times the in-network maximum amount. Ms. Durski seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Durski	yes	Langford	yes

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the out-of-network maximum at 2 times the in-network maximum amount. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Krushenski	yes

**Agenda Item #3C – Approval of Premium Tier Adjustments (Employee + Spouse)**

Commissioner Williams made a motion that the State Insurance Committee approve the recommended premium tier adjustments. Mr. Stamps seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Williams	yes	Consiglio-Young	no
Stamps	yes	Chance	yes
Watson	no		

On behalf of the Local Education Insurance Committee, Commissioner Lawrence made a motion to approve the recommended premium tier adjustments. Ms. Durski seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Durski	yes	Langford	yes

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the recommended premium tier adjustments. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Krushenski	yes

**Agenda Item #3D – Approval of Aggregate Premium Increase for 2022**

Commissioner Williams made a motion that the State Insurance Committee approve the 2022 aggregate state active and retiree premium increase of 3.2%. Mr. Stamps seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Williams	yes	Consiglio-Young	no
Stamps	yes	Chance	yes
Watson	no		

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to approve the 2022 aggregate premium increase of 2.5%. Commissioner Lawrence seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Durski	yes	Langford	yes

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the 2022 aggregate premium increase of 4.4%. Deputy Commissioner Neubert seconded the motion. Mr. Krushenski introduced an amendment to his motion that the aggregate premium increase be reduced to 4.0%. The amended motion failed for lack of a second. The original motion to approve the 2022 aggregate premium increase of 4.4% passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Krushenski	yes

**Agenda Item #4 – Approval to End Waiver of Member Cost-Sharing for COVID-19 Benefits**

Executive Director Lee advised members that the Committees had previously approved the waiver of member cost-sharing for all visits conducted through carrier-sponsored medical telehealth programs and waiver of member cost-sharing for COVID-19 related medical treatment. Director Lee recommended that the Plans cease waiving member cost-sharing for these services effective June 30, 2021. Members were advised that the plans will continue to cover tests and vaccinations for COVID-19 as directed by the federal government and that telehealth visits would be covered, but the member cost-share would not be waived after June 30, 2021. In response to member inquiry about communication to members, staff noted that they would communicate to Agency Benefits Coordinators, update the website, and communicate through emails to members for whom BA had email addresses.

Mr. Stamps made a motion that the State Insurance Committee approve the staff recommendation to end the waiver of member cost-sharing for all visits conducted through carrier-sponsored medical telehealth programs and COVID-19 related medical treatment effective June 30, 2021. Commissioner Williams seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Williams	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes
Watson	yes		

On behalf of the Local Education Insurance Committee, Commissioner Lawrence made a motion to end the waiver of member cost-sharing for all visits conducted through carrier-sponsored medical telehealth programs and COVID-19 related medical treatment effective June 30, 2021. Ms. Durski seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Lawrence	yes
Durski	yes	Langford	yes



On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to end the waiver of member cost-sharing for all visits conducted through carrier-sponsored medical telehealth programs and COVID-19 related medical treatment effective June 30, 2021. Mr. Dubray seconded the motion, which passed with the following roll call vote:

Neubert	yes	Buckley	yes
Dubray	yes	Krushenski	yes

#### **Agenda Item #5 – Informational Items**

Director Lee informed members that BA would advise our Pharmacy Benefits Manager, CVS Caremark, to end the waiver of the early refill edit effective June 30, 2021.

Additionally, BA will implement the 2022 HSA contribution limits as recently announced by the IRS. The amounts are:

- Individual: \$3,650 (\$50 increase from 2021)
- Family: \$7,300 (\$100 increase from 2021)

There being no further business for the Committees' consideration, the meeting adjourned at 3:15 pm.

Respectfully submitted,



Laurie S. Lee