

Minutes

State, Local Education and Local Government Insurance Committees August 26, 2021

The State, Local Education and Local Government Insurance Committees met on August 26, 2021 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
Rachel Buckley, representing Jason Mumpower, Comptroller of the Treasury
Rick Dubray, representing David Lillard, State Treasurer
Carter Lawrence, Commissioner, Commerce and Insurance
Juan Williams, Commissioner, Human Resources
Michelle Consiglio-Young, state employee representative (by teleconference)
Terry Carroll, Tennessee State Employees Association
Holly Girgias, representing Higher Education (by teleconference)
Senator Bo Watson, Chair, Senate Finance Ways and Means Committee (by teleconference)

Local Education Insurance Committee members participating:

Butch Eley, Commissioner, Finance and Administration
Rachel Buckley, representing Jason Mumpower, Comptroller of the Treasury
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)
Jennifer White, Tennessee School Boards Association (by teleconference)

Local Government Insurance Committee members participating:

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

Commissioner Eley called the meeting to order at 1:00 pm (central). Commissioner Eley noted designees attending on behalf of members and a roll call of attendance noted a quorum from each Committee was participating in the meeting. It was noted 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. Commissioner Eley noted that items on the agenda necessitated that the Local Education Committee meet under the provisions of 8-44-108.

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

| | | | |
|--------|-----|----------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Durski | yes | Langford | yes |
| White | yes | | |

Agenda Item #1 – Minutes of July 22, 2021 Meeting

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

| | | | |
|----------|-----|-----------------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Williams | yes | Consiglio-Young | yes |
| Carroll | yes | Girgias | yes |
| Watson | yes | | |

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

| | | | |
|--------|-----|----------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Durski | yes | Langford | yes |
| White | yes | | |

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

| | | | |
|--------|-----|------------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Krushenski | yes |

Agenda Item #2 – 2022 Procurement Schedule

At the request of Commissioner Eley, Seannalynn Brandmeir, Director of Contracts and Procurement, Benefits Administration (BA), presented the 2022 Procurement Schedule. Ms. Brandmeir noted that BA would develop and issue Request For Proposals (RFPs) for vision coverage and life insurance products – basic term, basic AD&D, voluntary term and voluntary AD&D. Following completion of the procurement process, contract award recommendations would be presented to the Committees for approval. Ms. Brandmeir advised that, based upon recommendations of the Procurement Subcommittee, BA conducted 14 potential vendor engagement meetings for the upcoming procurements. Members were

advised that potential vendors were very receptive to the meetings as this type of engagement was new to the market. Ms. Brandmeir outlined the questions and key takeaways from these sessions, noting that some of the proposed changes to the life insurance coverage were a result of these engagement meetings.

Ms. Buckley made a motion, on behalf of the State Insurance Committee, to approve the 2022 Procurement Schedule as presented. Commissioner Williams seconded the motion, which passed with the following roll call vote:

| | | | |
|----------|-----|-----------------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Williams | yes | Consiglio-Young | yes |
| Carroll | yes | Girgias | yes |
| Watson | yes | | |

On behalf of the Local Education Insurance Committee, Commissioner Lawrence made a motion to approve the 2022 Procurement Schedule as presented. Mr. Langford seconded the motion, which passed with the following roll call vote:

| | | | |
|--------|-----|----------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Durski | yes | Langford | yes |
| White | yes | | |

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

| | | | |
|--------|-----|------------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Krushenski | yes |

Agenda Item #3 – 2022 Insurance Committee Meeting Schedule

Laurie Lee, Executive Director, BA presented the proposed 2022 Insurance Committee meeting schedule for approval. Director Lee noted that members would be provided with notice of cancellation if there was no business for Committee action on any of the schedule meeting dates.

Commissioner Eley made a motion that the State Insurance Committee approve the 2022 meeting schedule as presented. Mr. Carroll seconded the motion, which passed with the following roll call vote:

| | | | |
|----------|-----|-----------------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Williams | yes | Consiglio-Young | yes |
| Carroll | yes | Girgias | yes |
| Watson | yes | | |

On behalf of the Local Education Insurance Committee, Commissioner Lawrence made a motion to approve the 2022 meeting schedule as presented. Ms. Buckley seconded the motion, which passed with the following roll call vote:

| | | | |
|--------|-----|----------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Durski | yes | Langford | yes |
| White | yes | | |

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

| | | | |
|--------|-----|------------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Krushenski | yes |

Agenda Item #4 – Audit Committee Appointments

Director Lee noted that the current term for the Audit Committee members will expire December 31, 2021. BA recommends re-appointment of the following Audit Committee members for the three-year term starting January 1, 2022 and concluding December 31, 2023:

- Treasurer David Lillard, Chair
- Holly Girgies, State Representative
- Maryanne Durski, Local Education Representative
- Kevin Krushenski, Local Government Representative

Ms. Buckley informed the members that due to the role and nature of work completed by the Comptroller’s Office, she would abstain from voting on this issue. Mr. Carroll made a motion that the State Insurance Committee approve the Audit Committee membership as recommended by staff. Commissioner Williams seconded the motion, which passed with the following roll call vote:

| | | | |
|----------|-----|-----------------|---------|
| Eley | yes | Buckley | abstain |
| Dubray | yes | Lawrence | yes |
| Williams | yes | Consiglio-Young | yes |
| Carroll | yes | Girgies | yes |
| Watson | yes | | |

On behalf of the Local Education Insurance Committee, Commissioner Lawrence made a motion to approve the Audit Committee membership as recommended by staff. Mr. Langford seconded the motion, which passed with the following roll call vote:

| | | | |
|--------|-----|----------|---------|
| Eley | yes | Buckley | abstain |
| Dubray | yes | Lawrence | yes |
| Durski | yes | Langford | yes |
| White | yes | | |

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the Audit Committee membership as recommended by staff. Mr. Dubray seconded the motion which passed with the following roll call vote:

| | | | |
|--------|-----|------------|---------|
| Eley | yes | Buckley | abstain |
| Dubray | yes | Krushenski | yes |

Agenda Item #5 – Section 2 Plan Document Effective Dates

Executive Director Lee noted that the Committees, at their July 22, 2021 meeting, approved changes to Section 2 of the Plan Documents. No effective dates were specified as BA was determining the implementation requirements of the changes. Members were advised that BA has moved forward with removing the exclusion for telephone consultants (13.04), removing the sections on transferring between health insurance plans (2.09) and election of a plan option (2.10) and replacing those sections with a new Section 2.09 on annual enrollment elections. Director Lee recommended an effective date of January 1, 2022 for the remaining Section 2 Plan Document changes.

Mr. Carroll made a motion that the State Insurance Committee approve the Plan Document effective dates as presented. Commissioner Lawrence seconded the motion, which passed with the following roll call vote:

| | | | |
|----------|-----|-----------------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Williams | yes | Consiglio-Young | yes |
| Carroll | yes | Girgias | yes |
| Watson | yes | | |

On behalf of the Local Education Insurance Committee, Commissioner Lawrence made a motion to approve the Plan Document effective dates as presented. Mr. Langford seconded the motion, which passed with the following roll call vote:

| | | | |
|--------|-----|----------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Durski | yes | Langford | yes |
| White | yes | | |

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the Plan Document effective dates as presented. Mr. Dubray seconded the motion, which passed with the following roll call vote:

| | | | |
|--------|-----|------------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Krushenski | yes |

Noting no further business for the Local Education and Local Government Insurance Committees, the meeting for those Committees was adjourned.

Agenda Item #6 – Tennessee Plan Rates (State Committee Only)

Executive Director Lee advised that The Tennessee Plan, a supplemental coverage for Medicare, was reviewed by Aon Consulting, BA’s consulting actuary, to determine the proposed premium rates for the following calendar year. Based on Aon’s analysis of claims and projection of trend, BA recommended a 0% increase for The Tennessee Plan effective January 1, 2022.

Ms. Girgies made a motion that the State Insurance Committee approve the recommended 0% increase for the Tennessee Plan effective January 1, 2022. Commissioner Lawrence seconded the motion, which passed with the following roll call vote:

| | | | |
|----------|-----|-----------------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Williams | yes | Consiglio-Young | yes |
| Carroll | yes | Girgies | yes |
| Watson | yes | | |

Agenda Item #7 – Life Insurance Benefits for Procurement

Kendra Gipson, Director of Vendor Services, noted that BA had conducted extensive research of group life and AD&D plans for both public and private sector plans in preparation of the release of the life insurance RFP in 2022. Members were advised that staff recommendations would include changes to the traditional life insurance benefits as well as an option for a contemporary benefits package. Ms. Gipson explained that the traditional benefit changes would be effective January 1, 2023 and would be budget neutral to the state. The option for contemporary benefits would be included in the RFP for a future effective date as determined by the state and subject to state appropriations.

For the basic term and AD&D, members were advised of enhancements to the proposed traditional coverage including no requirement for employees or dependents to be enrolled in the medical plan, offering 1.5 times salary instead of current salary bands and the opportunity for employees to waive employee paid portions of coverage. For advanced benefits under the traditional proposal, the requested payment would be 80% of the scheduled amount with a minimum of \$10,000 coverage required to be eligible. The development of Special Qualifying Events (SQEs) specific to the life insurance program, instead of continuing to mirror medical SQEs, was also proposed. The contemporary proposal would also include 1 times salary, minimum coverage of \$50K and maximum coverage of \$250K for both term and AD&D, no coverage for dependents and the opportunity to waive coverage over \$50K for basic term and AD&D.

For the voluntary term coverage, the traditional proposal would permit a spouse to enroll in \$5K when first eligible without underwriting. Additionally, the advanced benefit would be revised similar to the basic term proposal to permit a payment of 80% of the scheduled amount instead of the current 100% and the SQEs would be customized for the life insurance product. For the proposed contemporary benefit, a non-enrolled spouse would have a guaranteed issue of \$5K upon elimination of dependent coverage with contemporary basic term and allowed to add a child term rider. If already enrolled, the spouse can add a child term rider or make changes to an existing child term rider. Also included in the

contemporary proposal would be allowance for a one-time guaranteed issue of \$5K for employees with children losing the traditional basic term life coverage upon implementation of the contemporary basic term life program if not already enrolled and adding a child term rider. For employees already enrolled who have children losing basic term coverage, they may add a child term rider or make changes to an existing child term rider.

For the voluntary AD&D, the proposed traditional benefit would replace the current 13 salary bands offering coverage amount between \$6K – \$60K with flat amounts (\$50K, \$60K, \$100K, \$250K OR \$500K). Additionally, the coverage options would be expanded to four tiers; employee, employee plus spouse, employee plus child(ren), employee plus spouse and child(ren) and the SQEs would be customized for the life insurance product.

In response to member questions about the cost of the basic contemporary plan, Director Lee advised that although many factors would impact the cost, Aon had modelled the cost at \$6.1M above current cost. Commissioner Eley noted that the contemporary option would be available should the Administration and General Assembly provide funding for that option. Members were advised that planning for the contemporary benefits would be done in conjunction with the Department of Human Resources benefits study to include review of salary, benefits, and overall compensation.

Commissioner Williams made a motion that the State Insurance Committee approve the proposed traditional and contemporary benefits options as presented for inclusion in the life insurance RFP to be issued in 2022. Commissioner Lawrence seconded the motion, which passed with the following roll call vote:

| | | | |
|----------|-----|-----------------|-----|
| Eley | yes | Buckley | yes |
| Dubray | yes | Lawrence | yes |
| Williams | yes | Consiglio-Young | yes |
| Carroll | yes | Girgias | yes |
| Watson | yes | | |

There being no further business, the meeting was adjourned at 2:10 pm.

Respectfully submitted,



Laurie S. Lee